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August 9, 2024

Consolidated Financial Results for the Six Months Ended June 30, 2024 (Under IFRS)

Company name: TRYT Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 9164
 URL: <https://tryt-group.co.jp/>
 Representative: Hidetaka Sasai, President and Representative Director, CEO
 Inquiries: Takaaki Inoue, Managing Executive Officer, CFO, General Manager of Administration Division
 Telephone: +81-6-6365-1131
 Scheduled date to file semi-annual securities report: August 9, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2024	31,958	9.7	6,695	(3.8)	6,135	(11.1)	4,190	(10.3)
June 30, 2023	29,135	21.0	6,962	37.8	6,903	34.8	4,673	36.4

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
June 30, 2024	4,190	(10.3)	4,190	(10.3)	41.91	41.53
June 30, 2023	4,673	36.4	4,673	36.4	46.73	–

	EBITDA	
	Millions of yen	%
Six months ended		
June 30, 2024	7,445	(2.2)
June 30, 2023	7,613	33.8

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2024	82,258	30,118	30,118	36.6
December 31, 2023	79,947	25,927	25,927	32.4

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2024	–	0.00			
Fiscal year ending December 31, 2024 (Forecast)			10.00	11.00	21.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

* For the fiscal year ending December 31, 2024, the Company will pay a dividend with a record date of September 30, 2024 as a special shareholder return. For details, please refer to the “Notice Concerning Revision of Year-End Dividend Forecast and Dividend of Surplus” announced today.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	57,500	9.0	6,200	(17.5)	5,300	(24.8)	3,500	(28.6)	3,500	(28.6)

	Basic earnings per share		EBITDA	
	Yen	%	Millions of yen	%
Full year	35.00	(28.6)	7,800	(12.0)

Note: Revision to the financial results forecast announced most recently: Yes

* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: –

Excluded: –

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	100,000,000 shares
As of December 31, 2023	100,000,000 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	– shares
As of December 31, 2023	– shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2024	100,000,000 shares
Six months ended June 30, 2023	100,000,000 shares

(4) The calculation method for each indicator

EBITDA is defined as profit (loss) + income tax expense + financial expenses – financial income + depreciation (including right of use assets, customer related assets and other assets) + loss on retirement of fixed assets.

(5) Adjusted EBITDA stated in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2023” is the amount obtained by adding back one-time expenses such as IPO-related costs to the EBITDA stated above, and for the six months ended June 30, 2023, adjusted EBITDA was ¥7,714 million. The Company is omitting the presentation of this adjusted metric for the fiscal year ending December 31, 2024 because IPO-related costs are not expected to arise. Please note that this is not a metric prescribed by IFRS.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements presented in this report are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and accordingly do not purport that the Company pledges to achieve such results. Moreover, actual results may differ substantially from the earnings forecasts due to various factors. Please refer to “1. Qualitative information regarding financial results for the six months ended June 30, 2024, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 4 of the attachment hereto for details including assumptions underlying the earnings forecasts and cautions when using the earnings forecasts.

Contents of Attached Materials

1. Qualitative information regarding financial results for the six months ended June 30, 2024.....	2
(1) Information regarding operating results	2
(2) Explanation of financial position.....	4
(3) Explanation of consolidated earnings forecasts and other forward-looking statements.....	4
2. Condensed semi-annual consolidated financial statements and significant notes thereto	5
(1) Condensed semi-annual consolidated statement of financial position	5
(2) Condensed semi-annual consolidated statement of profit or loss and condensed semi-annual consolidated statement of comprehensive income	7
(3) Condensed semi-annual consolidated statement of changes in equity	9
(4) Condensed semi-annual consolidated statement of cash flows	10
(5) Notes to condensed semi-annual consolidated financial statements	11
Notes on going concern assumption.....	11
Segment information	11
Significant subsequent events.....	11

1. Qualitative information regarding financial results for the six months ended June 30, 2024

(1) Information regarding operating results

The TRYT Group (the “Group”) has set its purpose “we create a future where everyone has a fulfilling life by solving the issues faced by essential industries with a focus on healthcare and welfare industry,” and developed its HR services mainly for this industry.

Specifically, we offer placement services, recruitment support, and temporary staffing services mainly targeting licensed or qualified professionals in the healthcare and welfare industry, focusing on the elderly care, nursing care and childcare sectors.

The Group will continue to draw on its industry-leading database in considering and implementing the development of services, which include services for healthcare/welfare institutions that entail providing operational and business management services for supporting recruitment, education and retention, as well as services for healthcare/welfare professionals that entail provision of education, community and specialized knowledge.

In addition to its HR services in the healthcare and welfare industry, the Group also offers temporary staffing services primarily targeting qualified personnel such as architects, building operation and management engineers, and civil engineering works execution managing engineers, mainly dispatching them to general contractors and major construction firms.

During the six months ended June 30, 2024, the Group continued to face a deepening labor shortage in Japan. Particularly, the healthcare and welfare industry and the construction industry encountered a chronic labor shortage due to the necessity of those industries. As a result, jobs-to-applicants ratio in those industries continued to be elevated as compared to the overall industry averages.

Amidst this business environment, in order to fulfill its corporate social responsibility, the Group has supported to solve customers’ problems related to human resources and worked to improve customer satisfaction and differentiate itself from peer companies by developing new business areas and strengthening its internal alliances, in addition to enhancing its existing services. Specifically, the Group endeavored to create a system that can offer various ways to contribute to solving social issues such as labor shortages faced by the healthcare and welfare industry and improving productivity, in part by focusing on promoting ICT in the elderly care field through its subsidiary BRIGHTVIE Co., Ltd., and also by continuing to strengthen the reskilling business for healthcare and welfare industry workers.

Consequently, with respect to operating results for the six months ended June 30, 2024, the Group posted revenue of ¥31,958 million (up 9.7% YoY), operating profit of ¥6,695 million (down 3.8% YoY) due to an increase of advertising expenses, profit before tax of ¥6,135 million (down 11.1% YoY), profit of ¥4,190 million (down 10.3% YoY), and profit attributable to owners of parent of ¥4,190 million (down 10.3% YoY).

Meanwhile, EBITDA (*1) for the six months ended June 30, 2024, was ¥7,445 million (EBITDA was ¥7,613 million in the same period of the previous fiscal year (*2)).

*1 EBITDA is defined as profit (loss) + income tax expense + financial expenses – financial income + depreciation (including right of use assets, customer related assets and other assets) + loss on retirement of fixed assets.

*2 Adjusted EBITDA (*3) stated in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2023” is the amount obtained by adding back one-time expenses such as IPO-related costs to the EBITDA stated above, and for the six months ended June 30, 2023, adjusted EBITDA was ¥7,714 million. The Company is omitting the presentation of this adjusted metric for the fiscal year ending December 31, 2024 because IPO-related costs are not expected to arise.

*3 Adjusted EBITDA is defined as EBITDA + M&A related costs + refinance related costs (excluding financial expenses) + IPO-related costs.

*4 Adjusted EBITDA is not an indicator prescribed under IFRS but a financial indicator that the Group deems useful for investors in terms of evaluating the Group’s performance. However, adjusted EBITDA excludes certain temporary expenses and accordingly should not be considered as a substitute for other indicators presented in accordance with IFRS given material limitations as analytical tools. Adjusted EBITDA with respect to the Group are derived using calculation methods that differ from those used in determining the same or similar indicators of peer companies in the

same industry. As such, these indicators may be subject to diminished usefulness in cases where it is not possible to make comparisons with indicators used by peer companies.

- *5 EBITDA and adjusted EBITDA are not subject to interim review pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

The operating results of the major businesses are as follows.

Healthcare business

During the six months ended June 30, 2024, the healthcare business posted revenue of ¥23,135 million (up 8.3% YoY) as a result of addressing the strong demand from healthcare/welfare institutions rooted in chronic labor shortages.

Non-healthcare business

During the six months ended June 30, 2024, the non-healthcare business posted revenue of ¥8,823 million (up 13.7% YoY) as a result of addressing the strong demand from construction companies against a backdrop of a high jobs-to-applicants ratio.

(2) Explanation of financial position

(i) Assets, liabilities and equity

Assets

Total assets as of June 30, 2024 were ¥82,258 million (an increase of ¥2,310 million compared to the end of the previous fiscal year). This was mainly due to increases of ¥1,114 million in cash and cash equivalents, ¥944 million in trade receivables and ¥348 million in other current assets.

Liabilities

Total liabilities as of June 30, 2024 were ¥52,139 million (a decrease of ¥1,880 million compared to the end of the previous fiscal year). This was mainly due to increases of ¥1,018 million in accounts payable - other, ¥600 million in income taxes payable and ¥354 million in other current liabilities, despite decreases of ¥463 million in lease liabilities, ¥712 million in contract liabilities and ¥2,678 million in long-term borrowings (including current portion).

Equity

Total equity as of June 30, 2024 were ¥30,118 million (an increase of ¥4,190 million compared to the end of the previous fiscal year). This was due to an increase of ¥4,190 million in retained earnings due to recording of profit.

(ii) Cash flows

Cash and cash equivalents as of June 30, 2024 were ¥6,590 million, an increase of ¥1,114 million from the end of the previous fiscal year.

The respective cash flow positions during the six months ended June 30, 2024 are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥5,276 million (¥6,460 million provided in the same period of the previous fiscal year). This was mainly due to ¥6,135 million of profit before tax, ¥747 million of depreciation and amortization and ¥444 million of increase in trade and other payables, despite ¥934 million of increase in trade and other receivables, ¥269 million of interest paid and ¥1,327 million of income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥308 million (¥647 million used in the same period of the previous fiscal year). This was due to ¥46 million of purchase of property, plant and equipment, ¥258 million of purchase of intangible assets and ¥3 million of other expenditures.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥3,854 million (¥2,046 million used in the same period of the previous fiscal year). This was due to ¥29,650 million of proceeds from long-term borrowings due to refinancing of borrowings, despite ¥33,020 million of repayments of long-term borrowings, ¥471 million of repayments of lease liabilities and ¥12 million of other expenditures.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The forecast figures of the consolidated earnings forecasts and cash dividends forecasts for the fiscal year ending December 31, 2024, which were announced on February 13, 2024, have been revised. For details, please refer to the “Notice Regarding Revisions to Full-Year Financial Results Forecast” and “Notice Concerning Revision of Year-End Dividend Forecast and Dividend of Surplus” announced today.

2. Condensed semi-annual consolidated financial statements and significant notes thereto

(1) Condensed semi-annual consolidated statement of financial position

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
<u>Assets</u>		
Current assets		
Cash and cash equivalents	5,476	6,590
Trade receivables	4,070	5,014
Other current assets	464	813
Total current assets	10,011	12,418
Non-current assets		
Property, plant and equipment	11,688	11,181
Goodwill	52,009	52,009
Intangible assets	3,587	3,601
Other financial assets	1,971	2,375
Deferred tax assets	667	667
Other non-current assets	11	3
Total non-current assets	69,936	69,840
Total assets	79,947	82,258

TRYT Inc. (9164)
Consolidated Financial Results for the Six Months Ended June 30, 2024 (Under IFRS)

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable - other	1,681	2,699
Current portion of long-term borrowings	1,700	2,000
Lease liabilities	937	934
Income taxes payable	1,344	1,944
Contract liabilities	997	285
Provisions	2	3
Other current liabilities	5,710	6,064
Total current liabilities	12,373	13,932
Non-current liabilities		
Long-term borrowings	29,648	26,669
Provisions	463	463
Lease liabilities	10,152	9,692
Deferred tax liabilities	1,381	1,381
Total non-current liabilities	41,646	38,207
Total liabilities	54,019	52,139
Equity		
Share capital	10	10
Capital surplus	17,928	17,928
Retained earnings	7,989	12,180
Total equity attributable to owners of parent	25,927	30,118
Total equity	25,927	30,118
Total liabilities and equity	79,947	82,258

(2) Condensed semi-annual consolidated statement of profit or loss and condensed semi-annual consolidated statement of comprehensive income

Condensed semi-annual consolidated statement of profit or loss

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Revenue	29,135	31,958
Cost of sales	8,468	9,735
Gross profit	20,666	22,223
Selling, general and administrative expenses	13,757	15,624
Other income	61	104
Other expenses	7	7
Operating profit	6,962	6,695
Financial income	310	411
Financial expenses	369	972
Profit before tax	6,903	6,135
Income tax expense	2,230	1,944
Profit	4,673	4,190
Profit attributable to		
Owners of parent	4,673	4,190
Profit	4,673	4,190
Earnings per share		
Basic earnings per share (Yen)	46.73	41.91
Diluted earnings per share (Yen)	-	41.53

Condensed semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	4,673	4,190
Comprehensive income	4,673	4,190
Comprehensive income attributable to		
Owners of parent	4,673	4,190
Comprehensive income	4,673	4,190

(3) Condensed semi-annual consolidated statement of changes in equity

Six months ended June 30, 2023

(Millions of yen)

	Equity attributable to owners of parent				Total equity
	Share capital	Capital surplus	Retained earnings	Total	
Balance as of January 1, 2023	10	17,928	3,088	21,026	21,026
Profit	–	–	4,673	4,673	4,673
Total comprehensive income	–	–	4,673	4,673	4,673
Balance as of June 30, 2023	10	17,928	7,761	25,699	25,699

Six months ended June 30, 2024

(Millions of yen)

	Equity attributable to owners of parent				Total equity
	Share capital	Capital surplus	Retained earnings	Total	
Balance as of January 1, 2024	10	17,928	7,989	25,927	25,927
Profit	–	–	4,190	4,190	4,190
Total comprehensive income	–	–	4,190	4,190	4,190
Balance as of June 30, 2024	10	17,928	12,180	30,118	30,118

(4) Condensed semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before tax	6,903	6,135
Depreciation and amortization	648	747
Financial income	(310)	(411)
Financial expenses	369	972
Decrease (increase) in trade and other receivables	(1,005)	(934)
Increase (decrease) in trade and other payables	54	444
Other	331	(78)
Subtotal	6,992	6,874
Interest and dividends received	0	0
Interest paid	(402)	(269)
Income taxes paid	(346)	(1,327)
Proceeds from compensation	216	–
Net cash provided by (used in) operating activities	6,460	5,276
Cash flows from investing activities		
Purchase of property, plant and equipment	(61)	(46)
Purchase of intangible assets	(192)	(258)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(577)	–
Other	185	(3)
Net cash provided by (used in) investing activities	(647)	(308)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(800)	–
Proceeds from long-term borrowings	–	29,650
Repayments of long-term borrowings	(798)	(33,020)
Repayments of lease liabilities	(435)	(471)
Other	(11)	(12)
Net cash provided by (used in) financing activities	(2,046)	(3,854)
Net increase (decrease) in cash and cash equivalents	3,766	1,114
Cash and cash equivalents at beginning of period	2,300	5,476
Cash and cash equivalents at end of period	6,066	6,590

(5) Notes to condensed semi-annual consolidated financial statements

Notes on going concern assumption

Not applicable.

Segment information

This information is omitted as the Group operates in a single segment of the Human Resource Services Business.

Significant subsequent events

Not applicable.