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November 14, 2024

Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under IFRS)

Company name: TRYT Inc.
Listing: Tokyo Stock Exchange
Securities code: 9164
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Scheduled date to commence dividend payments: November 20,2024
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 nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	44,681	8.4	6,407	(14.1)	5,288	(26.1)	3,612	(25.5)
September 30, 2023	41,213	20.5	7,457	31.1	7,159	29.7	4,846	31.3

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2024	3,612	(25.5)	3,612	(25.5)	36.13	–
September 30, 2023	4,846	31.3	4,846	31.3	48.46	47.73

	EBITDA	
Nine months ended	Millions of yen	%
September 30, 2024	7,537	(10.8)
September 30, 2023	8,447	24.2

(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	%
September 30, 2024	80,022	28,540	28,540	35.7
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	10.00		
Fiscal year ending December 31, 2024 (Forecast)				11.00	21.00

Note: 1. Revisions to the forecast of cash dividends most recently announced: None

2. The source of cash dividends for the third quarter of the fiscal year ending December 31, 2024 is capital surplus. For details, please refer to the "Breakdown of cash dividends paid from capital surplus" below.

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: None

*** 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 September 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 September 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)

Nine months ended September 30, 2024	100,000,000 shares
Nine months ended September 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 nine months ended September 30, 2023, adjusted EBITDA was ¥8,965 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.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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 nine months ended September 30, 2024, (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on pages 4 and 5 of the attachment hereto for details including assumptions underlying the earnings forecasts and cautions when using the earnings forecasts.

Breakdown of cash dividends paid from capital surplus

The breakdown of cash dividends paid from capital surplus for the third quarter of the fiscal year ending December 31, 2024 is as follows.

Record date	Third quarter-end
Dividend per share	¥10.00
Total cash dividends	¥1,000 million

Note: Percentage decrease in net assets: zero

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1. Qualitative information regarding financial results for the nine months ended September 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 nine months ended September 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 nine months ended September 30, 2024, the Group posted revenue of ¥44,681 million (up 8.4% YoY), operating profit of ¥6,407 million (down 14.1% YoY) due to an increase of advertising expenses, profit before tax of ¥5,288 million (down 26.1% YoY), profit of ¥3,612 million (down 25.5% YoY), and profit attributable to owners of parent of ¥3,612 million (down 25.5% YoY).

Meanwhile, EBITDA (*1) for the nine months ended September 30, 2024, was ¥7,537 million (EBITDA was ¥8,447 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 nine months ended September 30, 2023, adjusted EBITDA was ¥8,965 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 nine months ended September 30, 2024, the healthcare business posted revenue of ¥31,304 million (up 6.8% YoY) as a result of addressing the strong demand from healthcare/welfare institutions rooted in chronic labor shortages.

Non-healthcare business

During the nine months ended September 30, 2024, the non-healthcare business posted revenue of ¥13,377 million (up 12.3% 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 September 30, 2024 were ¥80,022 million (an increase of ¥74 million compared to the end of the previous fiscal year). This was mainly due to increases of ¥724 million in trade receivables and ¥214 million in other current assets, despite decreases of ¥176 million in cash and cash equivalents and ¥747 million in property, plant and equipment.

Liabilities

Total liabilities as of September 30, 2024 were ¥51,481 million (a decrease of ¥2,538 million compared to the end of the previous fiscal year). This was mainly due to increases of ¥931 million in accounts payable - other and ¥1,112 million in other current liabilities due to recording of ¥1,000 million in dividends payable (*), despite decreases of ¥765 million in income taxes payable, ¥670 million in lease liabilities, ¥582 million in contract liabilities and ¥2,567 million in long-term borrowings (including current portion).

* At the Board of Directors meeting held on August 9, 2024, it was resolved to pay a cash dividend from capital surplus to shareholders of record in the shareholder register as of September 30, 2024, with an effective date of November 20, 2024.

Equity

Total equity as of September 30, 2024 were ¥28,540 million (an increase of ¥2,612 million compared to the end of the previous fiscal year). This was due to an increase of ¥3,612 million in retained earnings as a result of recording of profit, while capital surplus decreased by ¥1,000 million due to the resolution to distribute cash dividends paid from capital surplus.

(ii) Cash flows

Cash and cash equivalents as of September 30, 2024 were ¥5,300 million, a decrease of ¥176 million from the end of the previous fiscal year.

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

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥4,332 million (¥7,117 million provided in the same period of the previous fiscal year). This was mainly due to ¥5,288 million of profit before tax, ¥1,125 million of depreciation and amortization and ¥33 million of increase in trade and other payables, despite ¥715 million of increase in trade and other receivables, ¥295 million of interest paid and ¥2,420 million of income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥416 million (¥830 million used in the same period of the previous fiscal year). This was due to ¥56 million of purchase of property, plant and equipment, ¥351 million of purchase of intangible assets and ¥8 million of other expenditures.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥4,092 million (¥2,282 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, ¥709 million of repayments of lease liabilities and ¥12 million of other expenditures.

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

The earnings forecasts for the fiscal year ending December 31, 2024 remain unchanged from the earnings forecasts announced on August 9, 2024.

The earnings forecasts presented herein reflect judgments and assumptions made based on information available as of the date on which this report is released, and actual results may differ from the forecasts due to variety of factors.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	5,476	5,300
Trade receivables	4,070	4,794
Other current assets	464	679
Total current assets	10,011	10,774
Non-current assets		
Property, plant and equipment	11,688	10,941
Goodwill	52,009	52,009
Intangible assets	3,587	3,585
Other financial assets	1,971	2,036
Deferred tax assets	667	667
Other non-current assets	11	7
Total non-current assets	69,936	69,248
Total assets	79,947	80,022

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable - other	1,681	2,612
Current portion of long-term borrowings	1,700	2,000
Lease liabilities	937	943
Income taxes payable	1,344	578
Contract liabilities	997	415
Provisions	2	5
Other current liabilities	5,710	6,823
Total current liabilities	12,373	13,378
Non-current liabilities		
Long-term borrowings	29,648	26,780
Provisions	463	463
Lease liabilities	10,152	9,476
Deferred tax liabilities	1,381	1,381
Total non-current liabilities	41,646	38,102
Total liabilities	54,019	51,481
Equity		
Share capital	10	10
Capital surplus	17,928	16,928
Retained earnings	7,989	11,602
Total equity attributable to owners of parent	25,927	28,540
Total equity	25,927	28,540
Total liabilities and equity	79,947	80,022

(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income

Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Revenue	41,213	44,681
Cost of sales	13,002	14,745
Gross profit	28,210	29,936
Selling, general and administrative expenses	20,842	23,640
Other income	98	123
Other expenses	9	13
Operating profit	7,457	6,407
Financial income	434	68
Financial expenses	732	1,186
Profit before tax	7,159	5,288
Income tax expense	2,313	1,676
Profit	4,846	3,612
Profit attributable to		
Owners of parent	4,846	3,612
Profit	4,846	3,612
Earnings per share		
Basic earnings per share (Yen)	48.46	36.13
Diluted earnings per share (Yen)	47.73	–

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	4,846	3,612
Comprehensive income	4,846	3,612
Comprehensive income attributable to		
Owners of parent	4,846	3,612
Comprehensive income	4,846	3,612

(3) Condensed quarterly consolidated statement of changes in equity

Nine months ended September 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	–	–	4,846	4,846	4,846
Total comprehensive income	–	–	4,846	4,846	4,846
Balance as of September 30, 2023	10	17,928	7,935	25,873	25,873

Nine months ended September 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	–	–	3,612	3,612	3,612
Total comprehensive income	–	–	3,612	3,612	3,612
Dividends of surplus	–	(1,000)	–	(1,000)	(1,000)
Total transactions with owners	–	(1,000)	–	(1,000)	(1,000)
Balance as of September 30, 2024	10	16,928	11,602	28,540	28,540

(4) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Cash flows from operating activities		
Profit before tax	7,159	5,288
Depreciation and amortization	986	1,125
Financial income	(434)	(68)
Financial expenses	732	1,186
Decrease (increase) in trade and other receivables	(1,040)	(715)
Increase (decrease) in trade and other payables	489	33
Other	656	198
Subtotal	8,550	7,048
Interest and dividends received	0	0
Interest paid	(429)	(295)
Income taxes paid	(1,219)	(2,420)
Proceeds from compensation	216	–
Net cash provided by (used in) operating activities	7,117	4,332
Cash flows from investing activities		
Purchase of property, plant and equipment	(93)	(56)
Purchase of intangible assets	(328)	(351)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(577)	–
Other	170	(8)
Net cash provided by (used in) investing activities	(830)	(416)
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	(672)	(709)
Other	(11)	(12)
Net cash provided by (used in) financing activities	(2,282)	(4,092)
Net increase (decrease) in cash and cash equivalents	4,004	(176)
Cash and cash equivalents at beginning of period	2,300	5,476
Cash and cash equivalents at end of period	6,305	5,300

(5) Notes to condensed quarterly 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.