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February 13, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (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, Administration
 Department
 Telephone: +81-6-6365-1131
 Scheduled date of ordinary general meeting of shareholders: March 28, 2024
 Scheduled date to commence dividend payments: –
 Scheduled date to file annual securities report: March 28, 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 fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Operating profit		Profit before income taxes		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	52,767	19.4	7,514	26.1	7,050	26.8	4,901	35.3
December 31, 2022	44,195	–	5,959	–	5,559	–	3,621	–

Fiscal year ended	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
December 31, 2023	4,901	35.3	4,901	35.3	49.01	48.39
December 31, 2022	3,621	–	3,621	–	36.22	–

Fiscal year ended	Ratio of profit to equity attributable to owners of parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue	Adjusted EBITDA	
	%	%	%	Millions of yen	%
December 31, 2023	20.9	9.1	14.2	9,385	15.0
December 31, 2022	18.9	7.8	13.5	8,161	–

Fiscal year ended	Adjusted profit attributable to owners of parent		Adjusted basic earnings per share
	Millions of yen	%	Yen
December 31, 2023	5,427	21.9	54.27
December 31, 2022	4,451	–	44.51

(Reference) Share of profit (loss) of investments accounted for using equity method:
Fiscal year ended December 31, 2023: ¥- million;
Fiscal year ended December 31, 2022: ¥- million

(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	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2023	79,947	25,927	25,927	32.4	259.28
December 31, 2022	74,638	21,026	21,026	28.2	210.27

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	7,380	(981)	(3,222)	5,476
December 31, 2022	3,647	(1,550)	(1,378)	2,300

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, 2022	–	0.00	–	0.00	0.00
Fiscal year ended December 31, 2023	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2024 (Forecast)	–	0.00	–	0.00	0.00

	Total cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends attributable to owners of parent (consolidated)
	Millions of yen	%	%
Fiscal year ended December 31, 2022	–	–	–
Fiscal year ended December 31, 2023	–	–	–
Fiscal year ending December 31, 2024 (Forecast)		–	

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 income taxes		Profit		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	61,000	15.6	9,500	26.4	8,300	17.7	5,500	12.2	11,000	24.0

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): 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 December 31, 2023	100,000,000 shares
As of December 31, 2022	100,000,000 shares

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

As of December 31, 2023	– shares
As of December 31, 2022	– shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	100,000,000 shares
Fiscal year ended December 31, 2022	100,000,000 shares

(4) The calculation method for each indicator

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

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

Adjusted profit attributable to owners of parent = Profit attributable to owners of parent + amortization of customer related assets + M&A related costs + refinance related costs (excluding financial expenses) + financial expenses related to refinancing + IPO-related costs + tax and tax adjustments.

Adjusted basic earnings per share = Adjusted profit attributable to owners of parent / (Total number of issued shares at the end of the period - Number of treasury shares at the end of the period)

* Financial results reports are exempt from audit 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. Overview of operating results and others, (4) Future outlook” on page 5 of the attachment hereto for details including assumptions underlying the earnings forecasts and cautions when using the earnings forecasts.

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year

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.

In the fiscal year ended December 31, 2023, many industries finally escaped from the challenging conditions caused by COVID-19 and faced a deepening labor shortage throughout Japan due to increased economic activity. 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 during this fourth quarter 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. Particularly in the fiscal year ended December 31, 2023, by promoting ICT in the healthcare and welfare industry through BRIGHTVIE Co., Ltd. which became a subsidiary in June and the opening of a new reskilling business place in October for healthcare and welfare industry workers, 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.

Consequently, with respect to operating results for the fiscal year ended December 31, 2023, the Group posted revenue of ¥52,767 million (up 19.4% YoY), operating profit of ¥7,514 million (up 26.1% YoY), profit before income taxes of ¥7,050 million (up 26.8% YoY), profit of ¥4,901 million (up 35.3% YoY), and profit attributable to owners of parent of ¥4,901 million (up 35.3% YoY).

Meanwhile, adjusted EBITDA for the fiscal year ended December 31, 2023, was ¥9,385 million (up 15.0% YoY) and adjusted profit attributable to owners of parent was ¥5,427 million (up 21.9% YoY).

The operating results of the major businesses are as follows.

Healthcare business

During the fiscal year ended December 31, 2023, the healthcare business posted revenue of ¥36,478 million (up 17.5% YoY) as a result of addressing the strong demand from healthcare/welfare institutions rooted in chronic labor shortages.

Non-healthcare business

During the fiscal year ended December 31, 2023, the non-healthcare business posted revenue of ¥16,288 million (up 23.9% YoY) as a result of addressing the strong demand from construction companies against a backdrop of a high jobs-to-applicants ratio.

- * Adjusted EBITDA, adjusted profit attributable to owners of parent, and adjusted basic earnings per share are not indicators prescribed under IFRS but financial indicators that the Group deems useful for investors in terms of evaluating the Group's performance. However, adjusted EBITDA, adjusted profit attributable to owners of parent, and adjusted basic earnings per share exclude certain temporary expenses and revenues, as well as certain items that affect profit, 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, adjusted profit attributable to owners of parent, and adjusted basic earnings per share 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.
- * Adjusted EBITDA, adjusted profit attributable to owners of parent, and adjusted basic earnings per share are not subject to audit pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

(2) Overview of financial position for the fiscal year

Assets

Total assets as of December 31, 2023 were ¥79,947 million (an increase of ¥5,309 million compared to the end of the previous fiscal year). This was mainly due to increases of ¥3,176 million in cash and cash equivalents, ¥676 million in trade receivables, ¥558 million in property, plant and equipment, ¥597 million in goodwill, and ¥368 million in other financial assets.

Liabilities

Total liabilities as of December 31, 2023 were ¥54,019 million (an increase of ¥408 million compared to the end of the previous fiscal year). This was mainly due to increases of ¥251 million in accounts payable - other, ¥550 million in lease liabilities, ¥981 million in income taxes payable and ¥800 million in other current liabilities, and decreases of ¥800 million in short-term borrowings and ¥1,572 million in long-term borrowings (including current portion).

Equity

Total equity as of December 31, 2023 were ¥25,927 million (an increase of ¥4,901 million compared to the end of the previous fiscal year). This was due to an increase of ¥4,901 million in retained earnings due to recording of profit.

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents as of December 31, 2023 were ¥5,476 million, an increase of ¥3,176 million from the end of the previous fiscal year.

The respective cash flow positions during the fiscal year ended December 31, 2023 are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥7,380 million (¥3,647 million provided in the same period of the previous fiscal year). This was mainly due to ¥7,050 million of profit before income taxes, ¥1,345 million of depreciation and amortization, ¥839 million of increase in trade and other payables, ¥141 million of other income and ¥216 million of proceeds from compensation, despite ¥622 million of increase in trade and other receivables, ¥834 million of interest paid and ¥1,235 million of income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥981 million (¥1,550 million used in the same period of the previous fiscal year). This was mainly due to ¥119 million of purchase of property, plant and equipment, ¥444 million of purchase of intangible assets, ¥577 million of purchase of shares of subsidiaries resulting in change in scope of consolidation, despite ¥160 million of other income.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥3,222 million (¥1,378 million used in the same period of the previous fiscal year). This was mainly due to ¥800 million of net decrease in short-term borrowings, ¥1,498 million of repayments of long-term borrowings, and ¥908 million of repayments of lease liabilities.

(4) Future outlook

The earnings forecasts for the next fiscal year are as follows.

(Millions of yen)

	Revenue	Operating profit	Profit before income taxes	Profit	EBITDA
Fiscal year ending December 31, 2024 (Forecast)	61,000	9,500	8,300	5,500	11,000
Fiscal year ended December 31, 2023 (Results)	52,767	7,514	7,050	4,901	8,867
Change (%)	15.6	26.4	17.7	12.2	24.0

Note: The earnings forecasts mentioned above are based on information available to the Company as of the date of the announcement of this document and are not intended to be a commitment by the Company to achieve them. Additionally, actual performance may differ from the forecast figures due to various factors.

(5) Basic policy regarding the distribution of profit

Our basic policy regarding the distribution of profit is to enhance our internal reserves in order to further develop our existing businesses as well as to secure investment in new areas. We will also implement stable and continuous returns to our shareholders while taking into account the extent of our internal reserves and the operating environment. Specifically, our policy is to initiate shareholder returns at the stage in which the likelihood has increased for our “interest-bearing debt divided by our EBITDA” to be less than 3 at the end of the fiscal year.

2. Basic rationale for selection of accounting standards

For the purposes of improving the international comparability of financial information in the capital market, and enhancing our disclosure, as of the fiscal year ended December 31, 2021, the Company has voluntarily applied the International Financial Reporting Standards (IFRS).

3. Consolidated financial statements and significant notes thereto

(1) Consolidated statement of financial position

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	2,300	5,476
Trade receivables	3,394	4,070
Other current assets	803	464
Total current assets	6,497	10,011
Non-current assets		
Property, plant and equipment	11,130	11,688
Goodwill	51,412	52,009
Intangible assets	3,405	3,587
Other financial assets	1,602	1,971
Deferred tax assets	571	667
Other non-current assets	18	11
Total non-current assets	68,140	69,936
Total assets	74,638	79,947

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(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable - other	1,429	1,681
Short-term borrowings	800	-
Current portion of long-term borrowings	1,300	1,700
Lease liabilities	885	937
Income taxes payable	362	1,344
Contract liabilities	848	997
Provisions	2	2
Other current liabilities	4,909	5,710
Total current liabilities	10,538	12,373
Non-current liabilities		
Long-term borrowings	31,620	29,648
Provisions	423	463
Lease liabilities	9,653	10,152
Deferred tax liabilities	1,373	1,381
Other non-current liabilities	0	-
Total non-current liabilities	43,072	41,646
Total liabilities	53,611	54,019
Equity		
Share capital	10	10
Capital surplus	17,928	17,928
Retained earnings	3,088	7,989
Total equity attributable to owners of parent	21,026	25,927
Total equity	21,026	25,927
Total liabilities and equity	74,638	79,947

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income
Consolidated statement of profit or loss

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Revenue	44,195	52,767
Cost of sales	14,183	17,797
Gross profit	30,011	34,969
Selling, general and administrative expenses	24,337	27,582
Other income	329	141
Other expenses	42	14
Operating profit	5,959	7,514
Financial revenue	436	300
Financial expenses	837	764
Profit before income taxes	5,559	7,050
Income tax expense	1,937	2,148
Profit	3,621	4,901
Profit attributable to		
Owners of parent	3,621	4,901
Profit	3,621	4,901
Earnings per share		
Basic earnings per share (Yen)	36.22	49.01
Diluted earnings per share (Yen)	-	48.39

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	3,621	4,901
Comprehensive income	3,621	4,901
Comprehensive income attributable to		
Owners of parent	3,621	4,901
Comprehensive income	3,621	4,901

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2022

(Millions of yen)

	Equity attributable to owners of parent				Total equity
	Share capital	Capital surplus	Retained earnings	Total	
Balance as of January 1, 2022	300	17,605	(533)	17,372	17,372
Profit	–	–	3,621	3,621	3,621
Total comprehensive income	–	–	3,621	3,621	3,621
Issuance of share acquisition rights	–	32	–	32	32
Capital reduction	(290)	290	–	–	–
Total transactions with owners	(290)	322	–	32	32
Balance as of December 31, 2022	10	17,928	3,088	21,026	21,026

Fiscal year ended December 31, 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	–	–	4,901	4,901	4,901
Total comprehensive income	–	–	4,901	4,901	4,901
Balance as of December 31, 2023	10	17,928	7,989	25,927	25,927

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,559	7,050
Depreciation and amortization	1,394	1,345
Financial revenue	(436)	(300)
Financial expenses	837	764
Decrease (increase) in trade and other receivables	(551)	(622)
Increase (decrease) in trade and other payables	741	839
Other	(149)	141
Subtotal	7,395	9,218
Interest and dividends received	0	0
Interest paid	(859)	(834)
Income taxes refund	127	16
Income taxes paid	(3,016)	(1,235)
Proceeds from compensation	–	216
Net cash provided by (used in) operating activities	3,647	7,380
Cash flows from investing activities		
Purchase of property, plant and equipment	(310)	(119)
Purchase of intangible assets	(249)	(444)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(514)	(577)
Other	(475)	160
Net cash provided by (used in) investing activities	(1,550)	(981)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	554	(800)
Repayments of long-term borrowings	(1,184)	(1,498)
Repayments of lease liabilities	(762)	(908)
Proceeds from issuance of share acquisition rights	32	–
Other	(19)	(15)
Net cash provided by (used in) financing activities	(1,378)	(3,222)
Net increase (decrease) in cash and cash equivalents	717	3,176
Cash and cash equivalents at beginning of period	1,582	2,300
Cash and cash equivalents at end of period	2,300	5,476

(5) Notes to 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.

Per share information

The basis for calculation of basic earnings per share and diluted earnings per share were as follows:

(1) Basis for calculation of basic earnings per share

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit attributable to owners of parent (Millions of yen)	3,621	4,901
Profit not attributable to common shareholders of parent (Millions of yen)	–	–
Profit used for calculating basic earnings per share (Millions of yen)	3,621	4,901
Weighted-average number of ordinary shares (Thousands of shares)	100,000	100,000
Basic earnings per share (Yen)	36.22	49.01

(2) Basis for calculation of diluted earnings per share

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit used for calculating basic earnings per share (Millions of yen)	–	4,901
Profit adjustments (Millions of yen)	–	–
Profit used for calculating diluted earnings per share (Millions of yen)	–	4,901
Weighted-average number of ordinary shares (Thousands of shares)	–	100,000
Increase in the number of ordinary shares		
Share acquisition rights (Thousands of shares)	–	1,283
Weighted-average number of diluted ordinary shares (Thousands of shares)	–	101,283
Diluted earnings per share (Yen)	–	48.39

Notes: 1. Diluted earnings per share for the fiscal year ended December 31, 2022 are not presented despite the presence of share acquisition rights. They are outside the scope of calculation of the dilution effect because their vesting conditions are not met.

2. As of December 31, 2022, the number of potential ordinary shares is 2,951,514.

Significant subsequent events

Not applicable.