

# TRYT Inc. (Code: 9164) Business plan and matters concerning growth potential

March 21, 2024



# TRYT

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**1.**

## **Company introduction**

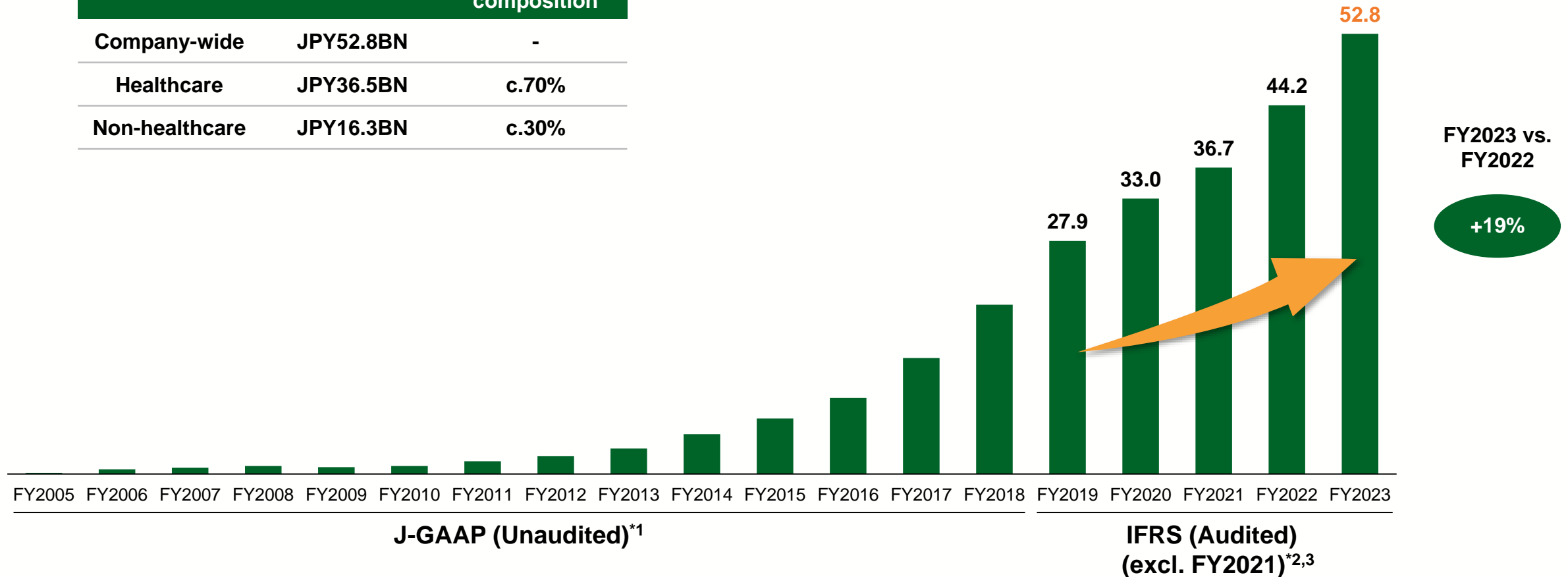
<b>Company name</b>	TRYT Inc.	
<b>Head office</b>	<b>Osaka Head Office</b> Seiwa Umeda Building 13F 2-12-7, Sonezaki, Kita-ku, Osaka City, Osaka, 530-0057 TEL/FAX +81 6-6365-1131 / +81 6-6365-1157	<b>Tokyo Head Office</b> Art Village Osaki Central Tower 17F 1-2-2 Osaki, Shinagawa-ku, Tokyo, 141-0032 TEL/FAX +81 3-5436-7670 / +81 3-5436-7329
<b>Representative</b>	Hidetaka Sasai (President and Representative Director, CEO)	
<b>Founded</b>	2004 *Establishment of TS Kouken Co., Ltd. (current: TRYT Engineering Inc.)	
<b>Number of employees</b>	7,512*1 *as of December 31, 2023 (group total)	
<b>Capital</b>	JPY10MM	
<b>Our business</b>	<ul style="list-style-type: none"> <li>■ TRYT Inc.: Provides group business management and ancillary or related businesses in the same industry as a holding company</li> <li>■ TRYT Career Inc.: Provides human resource services for the healthcare and welfare industry</li> <li>■ TRYT Engineering Inc.: Provides human resource services for the construction industry</li> <li>■ HAB&amp;Co. Inc.: Provides DX services to local governments and small- to medium-sized corporations in connection with recruiting activities</li> <li>■ bright vie Co., Ltd.: Provides healthcare data utilization platform services and communication tools focused on elderly care</li> </ul>	

\*1: Number of part-time employees are FTE conversion basis. Includes executive officers

**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**

## Historical revenue (JPY BN)

FY2023	Revenue	Revenue composition
Company-wide	JPY52.8BN	-
Healthcare	JPY36.5BN	c.70%
Non-healthcare	JPY16.3BN	c.30%



\*1: Financials from FY2005 to FY2013 are calculated by summing up the yearly financials of group companies without adjusting fiscal year periods and are based on Japanese tax accounting standards. FY2014 to FY2018 are calculated on a proforma basis as if group companies' close of accounts being December, by summing up their monthly financials and are based on Japanese tax accounting standards

\*2: FY2019 and FY2020 figures are on audited basis of former TRYT

\*3: Current TRYT merged former TRYT on December 1, 2021. FY2021 figures are a simple aggregate of FY2021 financials of current TRYT and financials of the former TRYT from January 1, 2021 to November 30, 2021 (unaudited)

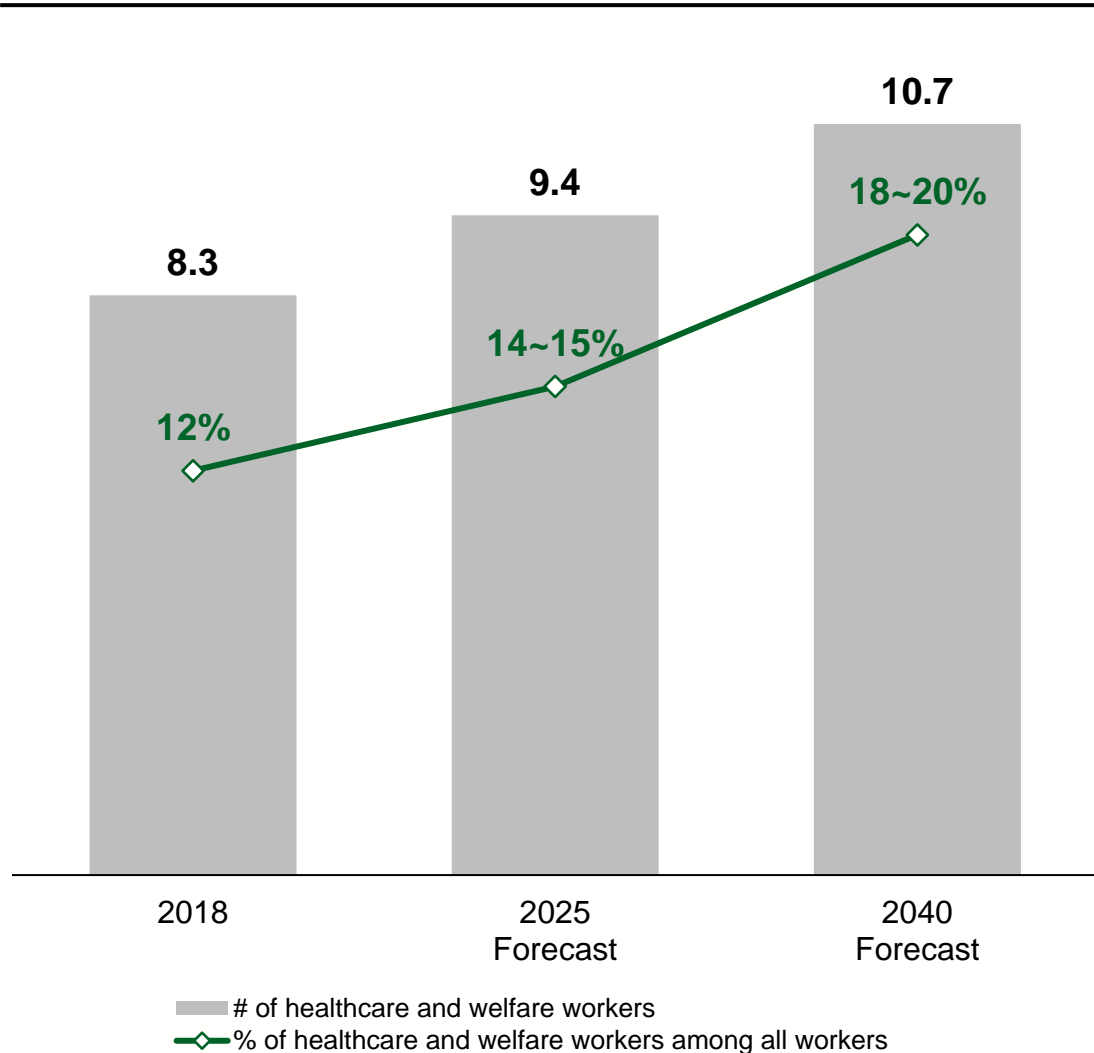


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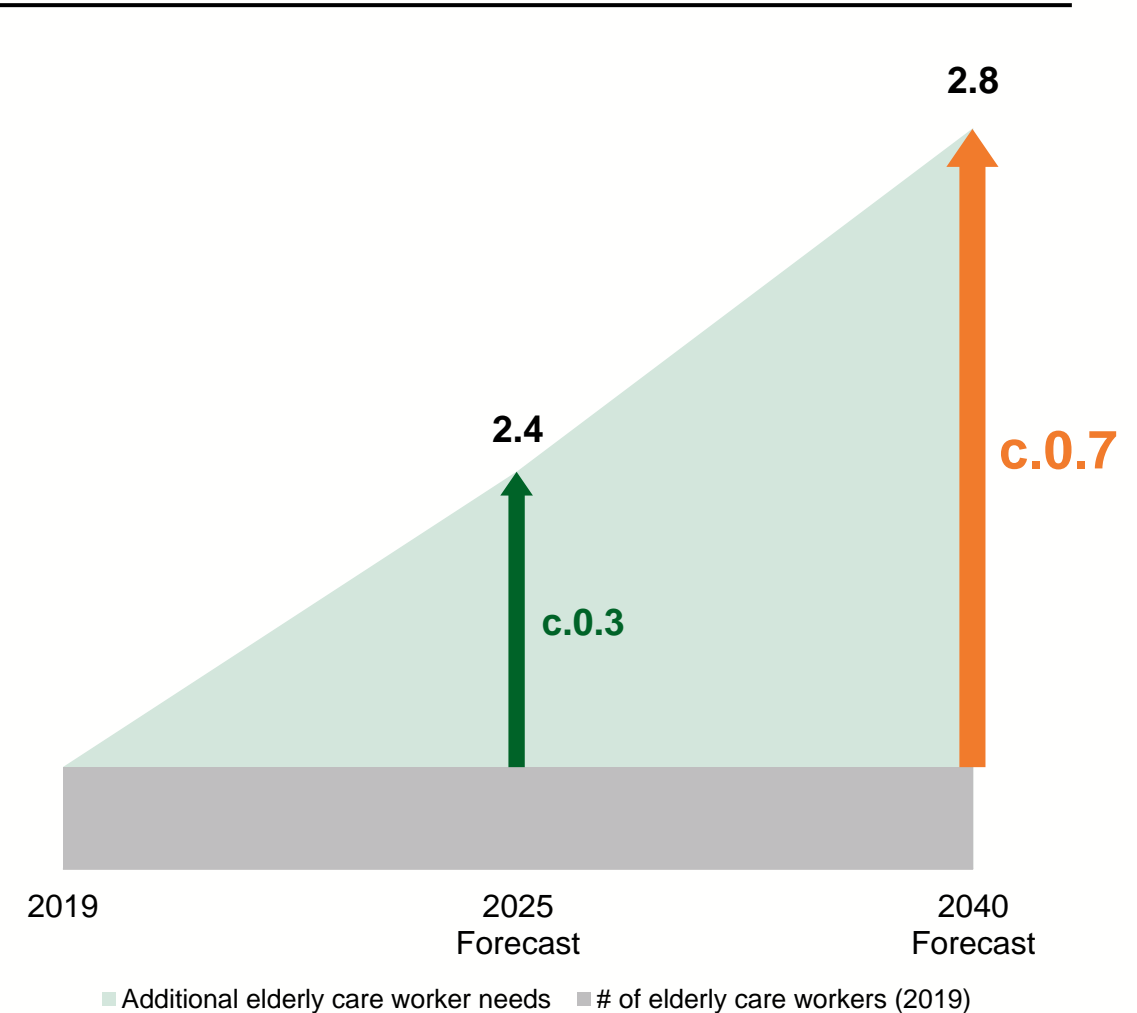
## **Business environment and features**

# Despite the increase of healthcare and welfare workers by 2040, the shortage of 0.7MM workers is expected vs. elderly care workers in 2019

## # of healthcare and welfare workers (MM)<sup>\*1</sup>



## Additional elderly care worker needs (MM)<sup>\*2</sup>



\*1: Ministry of Health, Labour and Welfare, "2022 White paper on health, labour and welfare". Total number of workers in the medical, elderly care, and other welfare fields

\*2: Ministry of Health, Labour and Welfare, "Number of elderly care workers required based on the 8th elderly care insurance business plan"



## Database accumulated through high candidate acquisition capability

Rich database of c.2.0MM\*<sup>1</sup> healthcare/welfare professionals which the new entrants are unable to acquire easily

## Personnel with healthcare and welfare field expertise

Securing sales personnel with abundant knowledge of the healthcare and welfare industry which is essential for accurate understanding of healthcare/welfare institutions' needs and robust relationship with c.81K\*<sup>1</sup> healthcare/welfare institutions

## Achieving high sales productivity

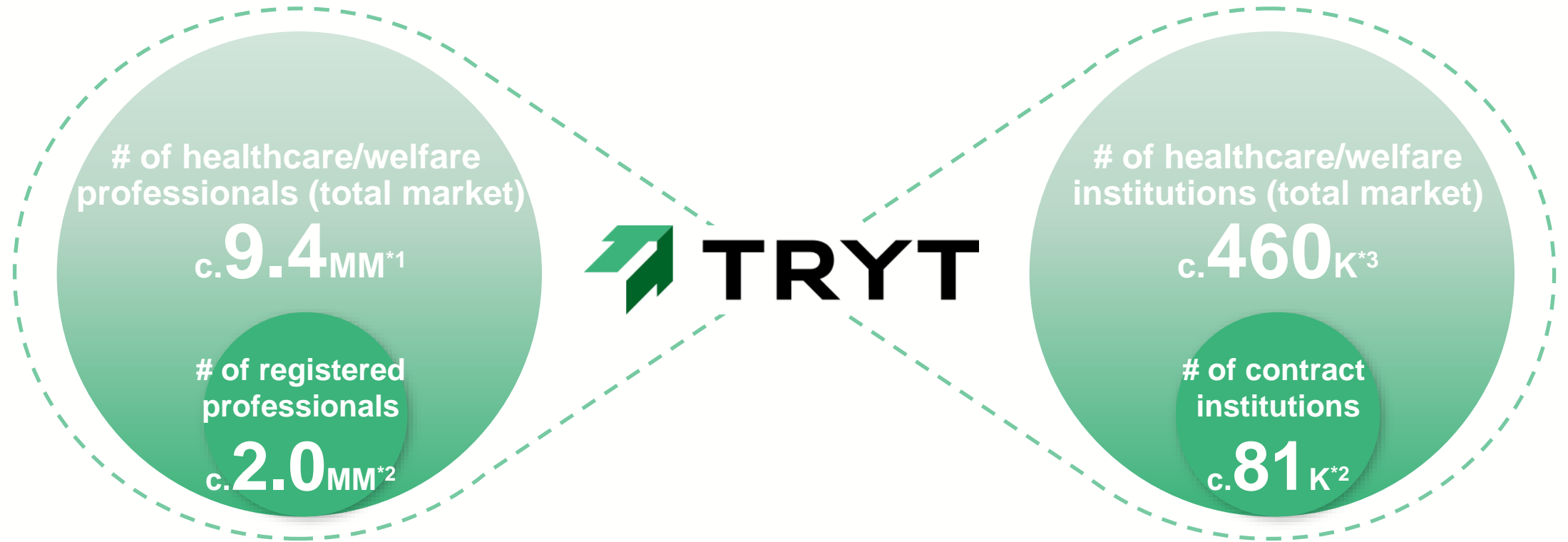
Achieving high sales productivity through KPI management, standardized sales processes, and integration of performance-oriented corporate culture and an incentive scheme

**High barriers exist for new entrants' business expansion**

# Significant potential remains in further expanding both our healthcare/welfare professional database and the number of contract institutions

## # of healthcare/welfare professionals

## # of healthcare/welfare institutions



\*1: Ministry of Health, Labour and Welfare, "2022 White paper on health, labour and welfare". Total number of workers in the medical, elderly care, and other welfare fields in 2025

\*2: As of December 31, 2023

\*3: Ministry of Health, Labour and Welfare, "Overview of the elderly care service facilities / offices survey (2022)" "Overview of the medical facilities (dynamic) survey / hospitals report (2022)", Children and Families Agency, "Summary of related situation for childcare facilities and etc. (April 1, 2023)". Sum of the number of elderly care service facilities / offices, hospitals / general clinics, childcare facilities and etc.

### 3.

## Business strategy

(Reference)

[FY2024 Financial Forecast] FY2024 financial forecast disclosed on February 13, 2024

[FY2025 Plan] FY2025 plan in “FY2023-FY2025 Medium-term Management Plan” (TRYT2025) disclosed on April 24, 2023

# Healthcare: Increase sales personnel and revenue per sales personnel

## Non-healthcare: Growth driven by the increase of staffing employees

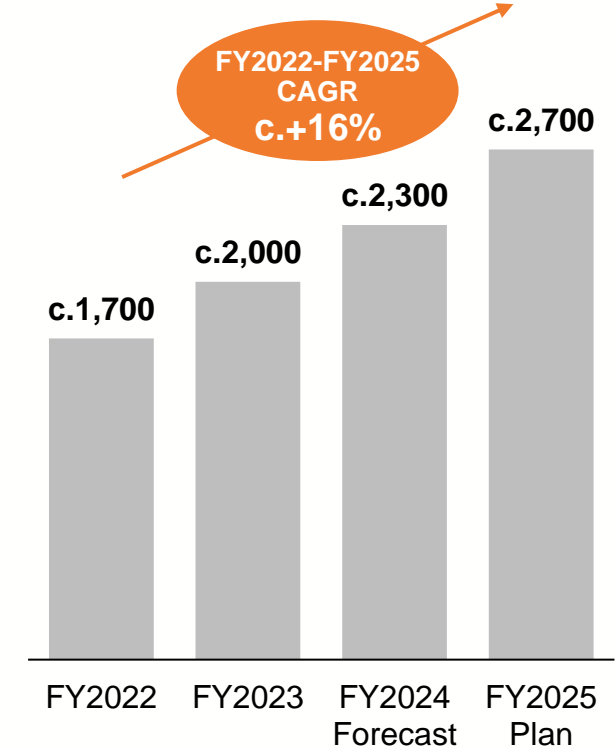
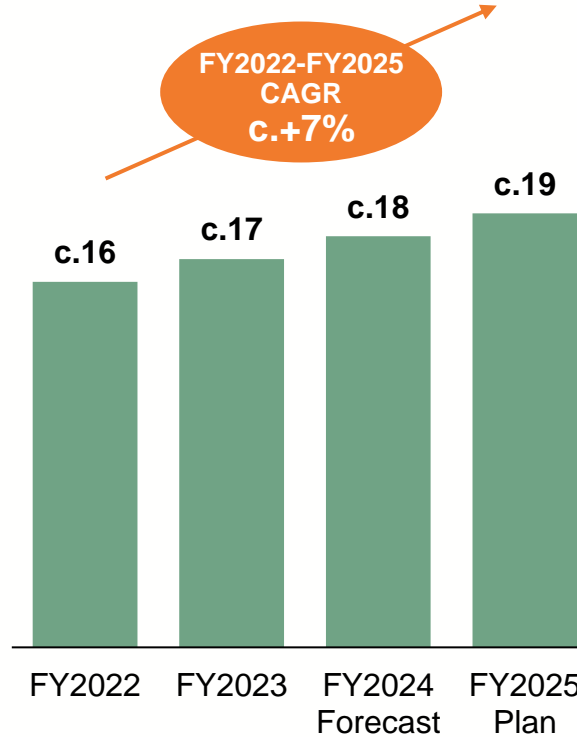
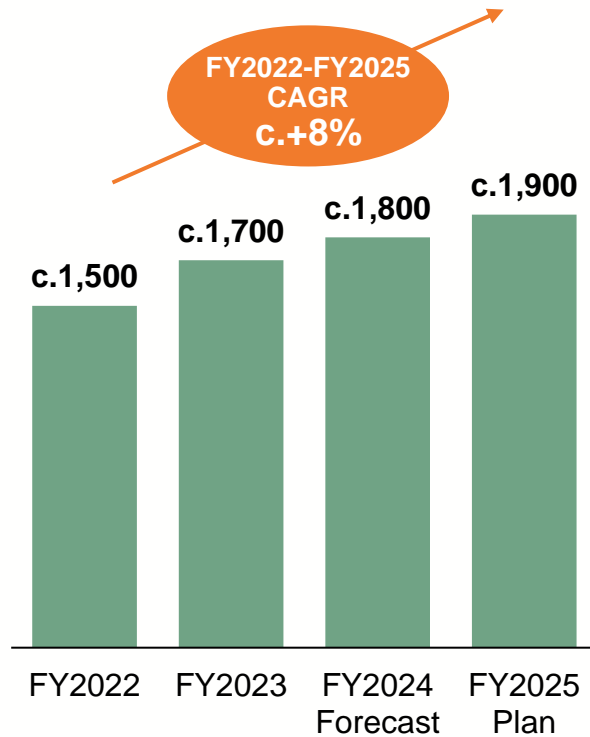
### Healthcare

### Non-healthcare

Annual average # of sales personnel in each period (persons)<sup>\*1</sup>  
(incl. sales planning team, etc. in addition to career advisors)

Annual revenue per sales personnel (JPY MM)<sup>\*2</sup>

Annual average # of staffing employees in each period (persons)






\*1: Figures are for sales personnel engaged in the healthcare placement business only

\*2: Calculated by dividing the revenue of the healthcare placement business by the average number of sales personnel for the respective period



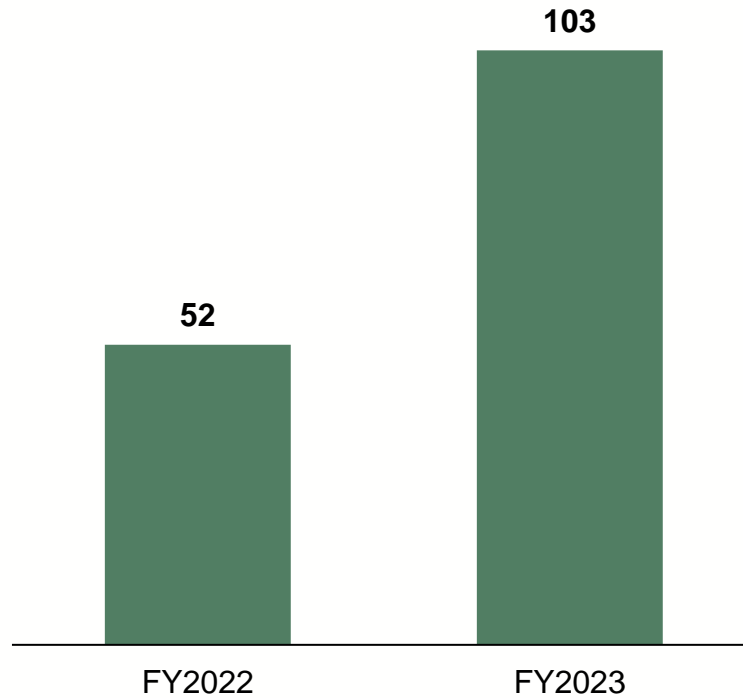
\*1: Prognosis management, disease prevention, drug discovery support, communication support with family, healthcare program planning (workout, supplements) are services that are planned to be released in FY2025 or later, however they are conceptual and are not guaranteed to be realized

Target	Services	Acquisition impact
<p data-bbox="193 339 410 386">Aug 2021</p> 	HR tech	<ul style="list-style-type: none"> <li>✓ Experienced engineering team</li> <li>✓ Developed basic function for direct recruiting</li> </ul>
<p data-bbox="198 682 410 729">Jan 2022</p> 	Childcare placement	<ul style="list-style-type: none"> <li>✓ Contributed to forming top position in the childcare placement industry</li> <li>✓ Developed childcare direct recruiting business</li> </ul>
<p data-bbox="198 1035 410 1082">Jun 2023</p> 	ICT platform & back-office software provider in the healthcare and welfare industry	<ul style="list-style-type: none"> <li>✓ ICT/IoT platform, back-office cloud system focused on elderly care</li> </ul>

# Despite the limited contribution to the company-wide revenue, DR and ICT solution businesses realized steady growth

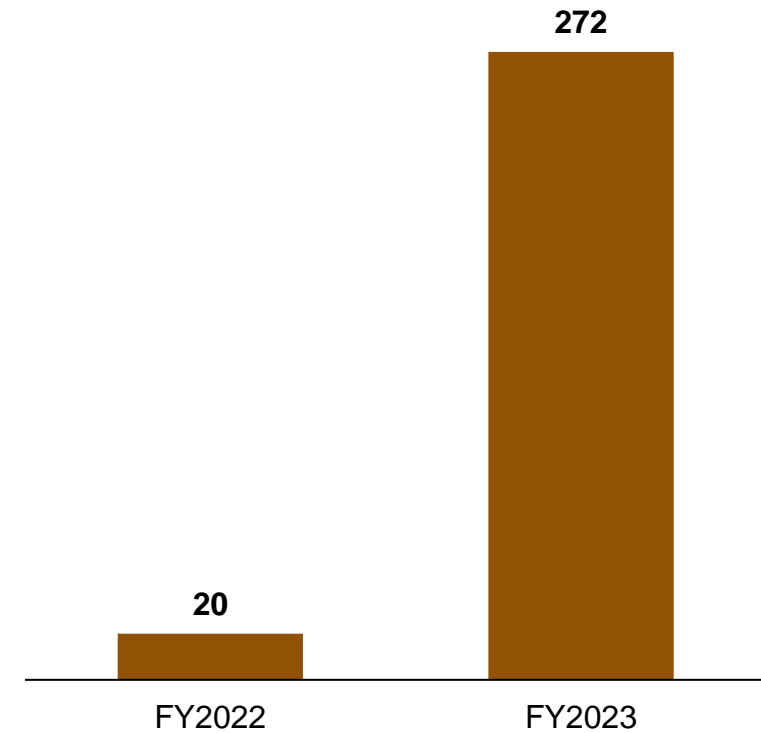
## DR business

Revenue (JPY MM)



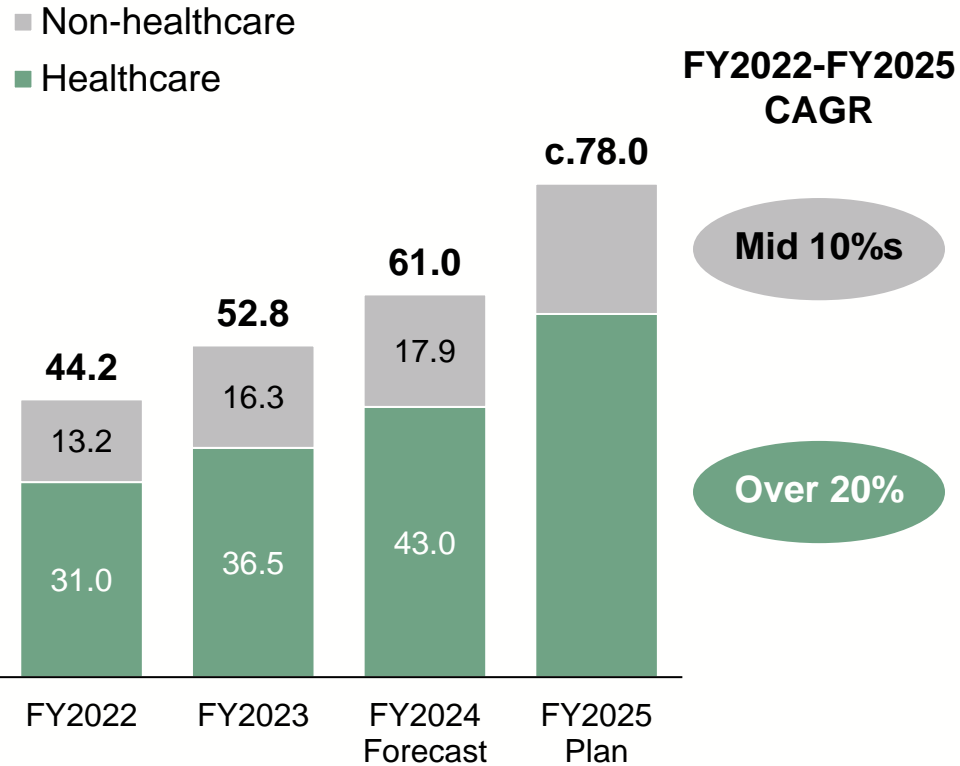
## ICT solution business

Revenue (JPY MM)  
(total of ICT HR related business and BRIGHT VIE)

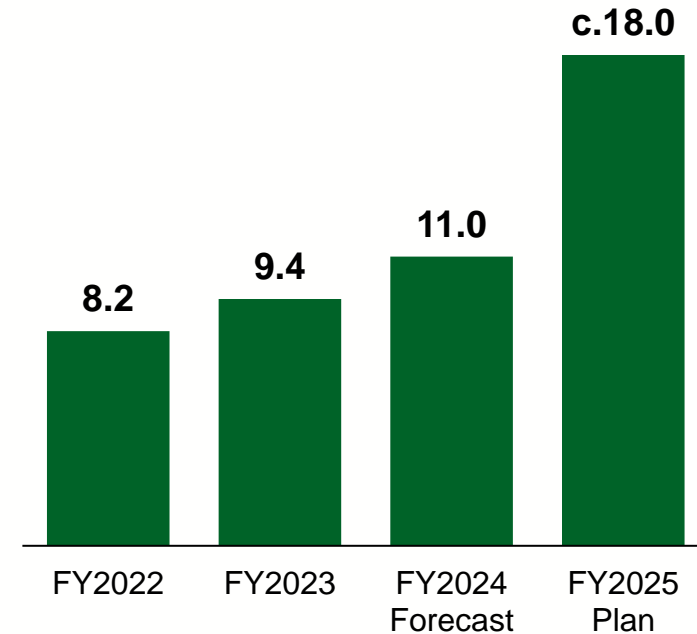


# Continue to strive towards financial target in “FY2023-FY2025 Medium-term Management Plan” disclosed on April 24, 2023

## Revenue (JPY BN)



## EBITDA (JPY BN)\*1 (Adjusted EBITDA\*2 before FY2023)



### (Reference)

[FY2024 Financial Forecast] FY2024 financial forecast disclosed on February 13, 2024

[FY2025 Plan] FY2025 plan in “FY2023-FY2025 Medium-term Management Plan” (TRYT2025) disclosed on April 24, 2023

\*1: EBITDA = profit (loss) + income tax expense + financial expenses - financial revenue + depreciation (including right of use assets, customer related assets and other assets) + impairment of fixed assets / loss on disposal of fixed assets

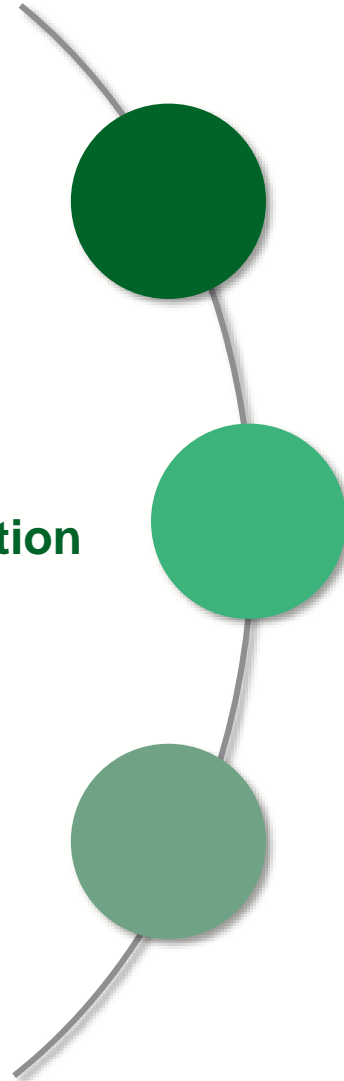
\*2: Adjusted EBITDA = EBITDA + M&A related costs + refinance related costs (excluding financial expenses) + IPO-related costs





## Abundant cash flow generation

through strong profitability & asset light business model



## Financial soundness

- ✓ In case of the absence of investments including large-scale M&A, **net debt<sup>\*1</sup> / EBITDA<sup>\*2</sup> target at the end of FY2024: 2.5x-2.9x** (Medium-term target: less than 3x at the end of FY2025)

## M&A

- ✓ Aggressive M&A execution under a disciplined investment policy
- ✓ Aim to realize a well-balanced business portfolio with high growth and profitability by developing multiple businesses in diverse areas

## Shareholder return

(Previous)

- ✓ Consider shareholder return after achieving net debt / EBITDA of below 3x

(Revised)

- ✓ Plan to **start shareholder return once the probability of achievement** of net debt / EBITDA of below 3x **becomes high**

\*1: Net debt = borrowings + lease liabilities - cash and cash equivalents

\*2: EBITDA = profit (loss) + income tax expense + financial expenses - financial revenue + depreciation (including right of use assets, customer related assets and other assets) + impairment of fixed assets / loss on disposal of fixed assets

## Consolidated statement of profit or loss

Unit: JPY MM	FY2021 <sup>*1</sup>	FY2022	FY2023
Revenue	36,735	44,195	52,767
Gross profit	25,175	30,011	34,969
Operating profit	6,269	5,959	7,514
Profit	4,366	3,621	4,901
EBITDA <sup>*2</sup>	7,228	7,389	8,867
Adjusted EBITDA <sup>*3</sup>	7,693	8,161	9,385

<sup>\*1</sup>: Current TRYT merged former TRYT on December 1, 2021. FY2021 figures are a simple aggregate of FY2021 financials of current TRYT and financials of the former TRYT from January 1, 2021 to November 30, 2021 (unaudited)

<sup>\*2</sup>: EBITDA = profit (loss) + income tax expense + financial expenses - financial revenue + depreciation (including right of use assets, customer related assets and other assets) + impairment of fixed assets / loss on disposal of fixed assets

<sup>\*3</sup>: Adjusted EBITDA = EBITDA + M&A related costs + refinance related costs (excluding financial expenses) + IPO-related costs

### Consolidated statement of financial position / consolidated statement of cash flows

Unit: JPY MM	FY2023
Cash and cash equivalents	5,476
Trade receivables	4,070
Other	464
<b>Total current assets</b>	<b>10,011</b>
Property, plant and equipment	11,688
Goodwill	52,009
Intangible assets	3,587
Other	2,650
<b>Total non-current assets</b>	<b>69,936</b>
<b>Total assets</b>	<b>79,947</b>
Account payable - other	1,681
Short-term borrowings	-
Current portion of long-term borrowings	1,700
Lease liabilities	937
Other	8,054
<b>Total current liabilities</b>	<b>12,373</b>
Long-term borrowings	29,648
Lease liabilities	10,152
Other	1,845
<b>Total non-current liabilities</b>	<b>41,646</b>
<b>Total liabilities</b>	<b>54,019</b>
<b>Total equity</b>	<b>25,927</b>
<b>Total liabilities and equity</b>	<b>79,947</b>
<b>Net debt<sup>*1</sup> / adjusted EBITDA<sup>*2</sup></b>	<b>3.9x</b>
<b>Net cash provided by (used in) operating activities</b>	<b>7,380</b>
<b>Net cash provided by (used in) investing activities</b>	<b>(981)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(3,222)</b>

\*1: Net debt = borrowings + lease liabilities - cash and cash equivalents

\*2: Adjusted EBITDA = EBITDA + M&A related costs + refinance related costs (excluding financial expenses) + IPO-related costs;

EBITDA = profit (loss) + income tax expense + financial expenses - financial revenue + depreciation (including right of use assets, customer related assets and other assets) + impairment of fixed assets / loss on disposal of fixed assets

**4.**

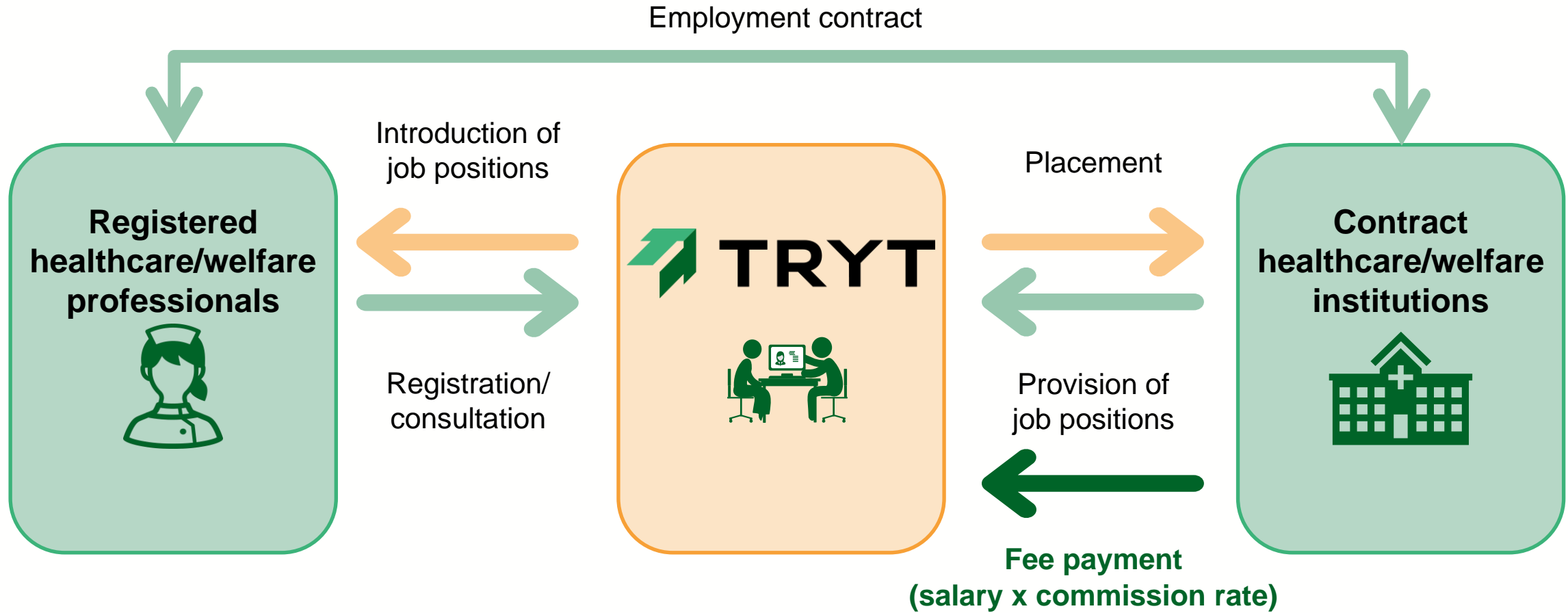
**Risk information**

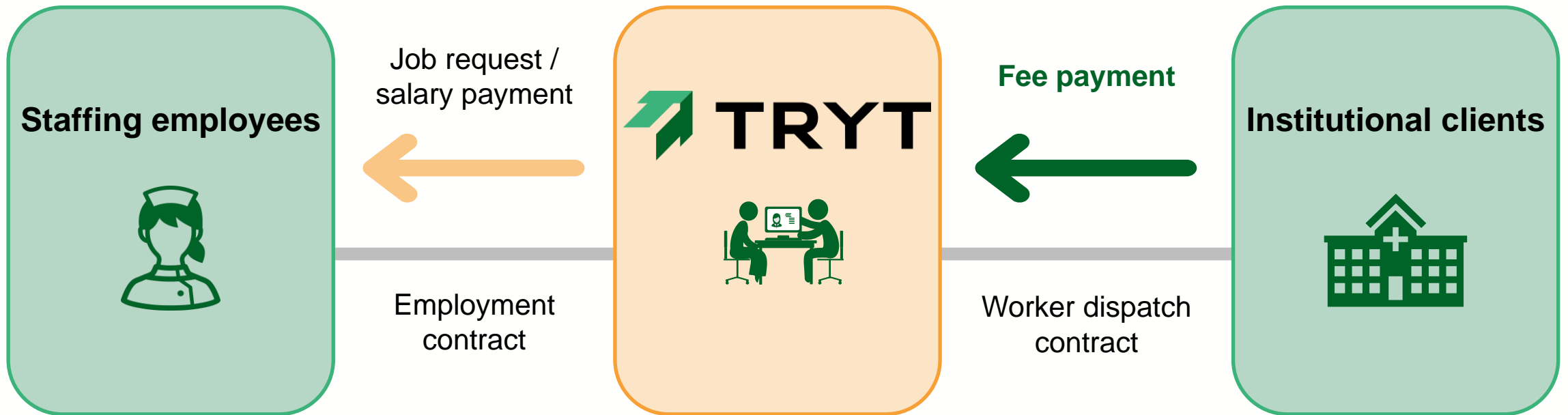
# Key risks recognized in the management

Items	Key risks	Possibility	Period	Impact	Risk measures
Evolving needs of healthcare/welfare professionals and institutions	The ability of our group to provide services tailored to the respective needs and preferences of healthcare/welfare professionals and institutions are crucial. Career advisors are required to properly understand diverse needs and propose suitable options. In the recent years, not only a fee-charging employment placement business but also DR services are beginning to gain recognition in the healthcare and welfare field. Failure to recognize and adopt to the evolving needs of healthcare/welfare professionals and institutions in a timely and appropriate manner may result in a loss of competitiveness and market share.	Medium	Mid- to long-term	Large	To adapt to such changes in the business environment, we began trial operations of DR services from December 2021. After a pilot operation following the extensive renewal of our group's website in December 2022, we fully launched this business in February 2023.
Human assets	Securing and nurturing talented individuals is essential for our group to expand its corporate foundation for growth. Failure to secure necessary talents or in the case of human resources outflow, our group's business or financial performance may be impacted.	Medium	No specific period	Large	Our group has been actively working to reduce the turnover rate of sales personnel and making continuous recruitment effort.
New business	The steady expansion of our product and service offerings and entrance into new business areas have been part of our growth strategy. Our entrance into new businesses, whether organically or through acquisitions or partnerships, may involve a series of risks that are different from those in our existing businesses, incur unanticipated costs, or require the commitment of significant management and capital resources. Furthermore, if we are not able to successfully identify new business opportunities or anticipate trends and achieve the anticipated benefits of any future strategic initiatives, our business, financial condition and results of operations could be materially and adversely affected.	Medium	No specific period	Large	We have established business development department specifically for identifying new business opportunities. In addition, we are trying to avoid unexpected loss by setting sufficient period for proof of concept when starting a new business.
Regulation	Our group must comply with the laws and regulations of the country or region where we operate in. In particular, our human resource services require licensing from Ministry of Health, Labour and Welfare and are subject to supervision by the authorities. If we receive disciplinary measures such as business suspension orders from the authorities, it may prevent us from engaging in our core businesses and damage our group's social credibility.	Low	No specific period	Large	Our group has established a system for the sales department to comply with laws and regulations by closely coordinating with the legal affairs department, general affairs department and external law firms. We have also implemented regular internal audits to monitor and improve the compliance status.
Safety management of temporary staffs	Under the Labor Standards Act, we are obligated to compensate temporary staffing employees who become injured, sick or disabled in the course of their work or while commuting to and from their temporary employer. In the event of such incidents, it may impact our group's business, financial performance and other aspects.	Medium	No specific period	Large	Our group strives to understand the working environment of staffing employees and takes measures to prevent incidents.

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## Appendix







- This material contains forward-looking statements. These statements are only based on information available at the time they were created. Furthermore, such statements do not guarantee future outcomes and involve risks and uncertainties. Please note that actual results may differ significantly from the forward-looking statements due to changes in the environment and other factors.
- Various risks and uncertainties are inherent in these forward-looking statements. Known or unknown risks, uncertainties and other factors could cause results to differ from those contained in the forward-looking statements.
- In addition, all information in this material excluding those related to our company are sourced from public information and similar sources, which we have not conducted any verification and does not guarantee the accuracy, appropriateness or any other aspects of such information.
- Next update of this material is planned to be in March following annual financial results announcement.



**TRYT**

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