

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



November 14, 2023

Consolidated Financial Results for the Nine Months Ended September 30, 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 to file quarterly securities report: November 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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, 2023 (from January 1, 2023 to September 30, 2023)

(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	%
Nine months ended								
September 30, 2023	41,213	20.5	7,457	31.1	7,159	29.7	4,846	31.3
September 30, 2022	34,205	–	5,688	–	5,520	–	3,690	–

	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
Nine months ended						
September 30, 2023	4,846	31.3	4,846	31.3	48.46	47.73
September 30, 2022	3,690	–	3,690	–	36.91	–

	Adjusted EBITDA		Adjusted profit attributable to owners of parent		Adjusted basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Nine months ended					
September 30, 2023	8,965	19.8	5,325	24.5	53.26
September 30, 2022	7,483	–	4,278	–	42.78

(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
	Millions of yen	Millions of yen	Millions of yen	%
As of				
September 30, 2023	81,364	25,873	25,873	31.8
December 31, 2022	74,638	21,026	21,026	28.2

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

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

3. Consolidated financial results forecast for the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	52,676	19.2	7,226	21.2	6,829	22.8	4,588	26.7	45.88

	Adjusted EBITDA		Adjusted profit attributable to owners of parent		Adjusted basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Full year	9,094	11.4	5,114	14.9	51.14

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

*** 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 September 30, 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 September 30, 2023	– shares
As of December 31, 2022	– shares

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

Nine months ended September 30, 2023	100,000,000 shares
Nine months ended September 30, 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) + impairment of fixed 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)

* Quarterly financial results reports are exempt from quarterly 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 “(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 nine months ended September 30, 2023	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 quarterly consolidated financial statements and significant notes thereto.....	5
(1) Condensed quarterly consolidated statement of financial position	5
(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income	7
(3) Condensed quarterly consolidated statement of changes in equity	9
(4) Condensed quarterly consolidated statement of cash flows	10
(5) Notes to condensed quarterly 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 nine months ended September 30, 2023

(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, 2023, the Japanese economy showed signs of recovery from challenging circumstances incurred due to the COVID-19 pandemic along with gradual improvement with respect to the environment surrounding the HR services industry. Particularly, the healthcare and welfare industry and the construction industry have been encountering a chronic labor shortage stemming from mounting demand, which has culminated in a situation where the jobs-to-applicants ratio during this third quarter has been held to levels significantly higher than the overall industry averages.

Amidst this business environment, in order to promote and continue its businesses with the aim of fulfilling its corporate social responsibility, the Group has worked to improve customer satisfaction and differentiate itself from peer companies in terms of lending its client enterprises support in their efforts to address staffing-related challenges in part by cultivating new priority domains and strengthening alliances within the Group, in addition to enhancing its existing services. This has particularly involved welcoming bright vie Co. Ltd. to the Group as a subsidiary in June 2023, thereby enabling the Group to integrate bright vie’s ICT services in the healthcare and welfare domain with the Group’s operations with respect to its robust sales structure developed in its placement and recruitment support businesses, its extensive healthcare/welfare professional database, and its abundant network of healthcare/welfare institutions. We believe that this arrangement will contribute to solving social issues such as labor shortages faced by the healthcare and welfare industry and the need to increase productivity in that industry.

Consequently, with respect to operating results for the nine months ended September 30, 2023, the Group posted revenue of ¥41,213 million (up 20.5% YoY), operating profit of ¥7,457 million (up 31.1% YoY), profit before income taxes of ¥7,159 million (up 29.7% YoY), profit of ¥4,846 million (up 31.3% YoY), and profit attributable to owners of parent of ¥4,846 million (up 31.3% YoY).

Meanwhile, adjusted EBITDA for the nine months ended September 30, 2023, was ¥8,965 million (up 19.8% YoY) and adjusted profit attributable to owners of parent was ¥5,325 million (up 24.5% YoY).

The operating results of the major businesses are as follows.

Healthcare business

During the nine months ended September 30, 2023, the healthcare business posted revenue of ¥29,297 million (up 18.6% YoY) as a result of our efforts to increase sales personnel and to address the strong demand from healthcare/welfare institutions.

Non-healthcare business

During the nine months ended September 30, 2023, the non-healthcare business posted revenue of ¥11,915 million (up 25.4% 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 quarterly review pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

(2) Explanation of financial position

(i) Assets, liabilities and equity

Assets

Total assets as of September 30, 2023 were ¥81,364 million (an increase of ¥6,726 million compared to the end of the previous fiscal year). This was mainly due to increases of ¥4,004 million in cash and cash equivalents, ¥1,080 million in trade receivables, and ¥643 million in goodwill.

Liabilities

Total liabilities as of September 30, 2023 were ¥55,490 million (an increase of ¥1,879 million compared to the end of the previous fiscal year). This was mainly due to increases of ¥602 million in lease liabilities, ¥1,077 million in income taxes payable and ¥1,744 million in other current liabilities, and decreases of ¥800 million in short-term borrowings and ¥682 million in long-term borrowings (including current portion).

Equity

Total equity as of September 30, 2023 were ¥25,873 million (an increase of ¥4,846 million compared to the end of the previous fiscal year). This was due to an increase of ¥4,846 million in retained earnings due to recording of profit.

(ii) Cash flows

Cash and cash equivalents as of September 30, 2023 were ¥6,305 million, an increase of ¥4,004 million from the end of the previous fiscal year.

The respective cash flow positions during the nine months ended September 30, 2023 are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥7,117 million (¥2,519 million provided in the same period of the previous fiscal year). This was mainly due to ¥7,159 million of profit before income taxes, ¥986 million of depreciation and amortization, ¥489 million of increase in trade and other payables, ¥653 million of other income and ¥216 million of proceeds from compensation, despite ¥1,040 million of increase in trade and other receivables, ¥429 million of interest paid and ¥1,219 million of income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥830 million (¥1,201 million used in the same period of the previous fiscal year). This was mainly due to ¥93 million of purchase of property, plant and equipment, ¥328 million of purchase of intangible assets, ¥577 million of purchase of shares of subsidiaries resulting in change in scope of consolidation, despite ¥170 million of other income.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥2,282 million (¥495 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, ¥798 million of repayments of long-term borrowings, and ¥672 million of repayments of lease liabilities.

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

The forecast figures of the consolidated earnings forecasts for the fiscal year ending December 31, 2023, which were announced on July 24, 2023, have been revised.

For details, please refer to the “Notice Concerning Revisions to Full-Year Earnings Forecasts” announced today.

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, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	2,300	6,305
Trade receivables	3,394	4,474
Other current assets	803	560
Total current assets	6,497	11,339
Non-current assets		
Property, plant and equipment	11,130	11,735
Goodwill	51,412	52,056
Intangible assets	3,405	3,488
Other financial assets	1,602	2,093
Deferred tax assets	571	636
Other non-current assets	18	13
Total non-current assets	68,140	70,024
Total assets	74,638	81,364

TRYT Inc. (9164)

Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Under IFRS)

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable - other	1,429	1,801
Short-term borrowings	800	-
Current portion of long-term borrowings	1,300	1,500
Lease liabilities	885	935
Income taxes payable	362	1,440
Provisions	2	0
Contract liabilities	848	382
Other current liabilities	4,909	6,653
Total current liabilities	10,538	12,714
Non-current liabilities		
Long-term borrowings	31,620	30,738
Lease liabilities	9,653	10,206
Provisions	423	458
Deferred tax liabilities	1,373	1,373
Other non-current liabilities	0	-
Total non-current liabilities	43,072	42,776
Total liabilities	53,611	55,490
Equity		
Share capital	10	10
Capital surplus	17,928	17,928
Retained earnings	3,088	7,935
Total equity attributable to owners of parent	21,026	25,873
Total equity	21,026	25,873
Total liabilities and equity	74,638	81,364

(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, 2022	Nine months ended September 30, 2023
Revenue	34,205	41,213
Cost of sales	10,227	13,002
Gross profit	23,978	28,210
Selling, general and administrative expenses	18,545	20,842
Other income	299	98
Other expenses	44	9
Operating profit	5,688	7,457
Financial revenue	651	434
Financial expenses	820	732
Profit before income taxes	5,520	7,159
Income tax expense	1,829	2,313
Profit	3,690	4,846
Profit attributable to		
Owners of parent	3,690	4,846
Profit	3,690	4,846
Earnings per share		
Basic earnings per share (Yen)	36.91	48.46
Diluted earnings per share (Yen)	–	47.73

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	3,690	4,846
Comprehensive income	<u>3,690</u>	<u>4,846</u>
Comprehensive income attributable to		
Owners of parent	<u>3,690</u>	<u>4,846</u>
Comprehensive income	<u>3,690</u>	<u>4,846</u>

(3) Condensed quarterly consolidated statement of changes in equity

Nine months ended September 30, 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	–	–	3,690	3,690	3,690
Total comprehensive income	–	–	3,690	3,690	3,690
Issuance of share acquisition rights	–	32	–	32	32
Total transactions with owners	–	32	–	32	32
Balance as of September 30, 2022	300	17,638	3,157	21,095	21,095

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

(4) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	5,520	7,159
Depreciation and amortization	1,078	986
Financial revenue	(651)	(434)
Financial expenses	820	732
Loss on retirement of fixed assets	31	2
Decrease (increase) in trade and other receivables	(970)	(1,040)
Increase (decrease) in trade and other payables	(271)	489
Other	513	653
Subtotal	6,070	8,550
Interest and dividends received	0	0
Interest paid	(662)	(429)
Income taxes paid	(2,888)	(1,219)
Proceeds from compensation	–	216
Net cash provided by (used in) operating activities	2,519	7,117
Cash flows from investing activities		
Purchase of property, plant and equipment	(174)	(93)
Purchase of intangible assets	(181)	(328)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(514)	(577)
Other	(331)	170
Net cash provided by (used in) investing activities	(1,201)	(830)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	754	(800)
Repayments of long-term borrowings	(684)	(798)
Repayments of lease liabilities	(585)	(672)
Proceeds from issuance of share acquisition rights	32	–
Other	(12)	(11)
Net cash provided by (used in) financing activities	(495)	(2,282)
Net increase (decrease) in cash and cash equivalents	822	4,004
Cash and cash equivalents at beginning of period	1,582	2,300
Cash and cash equivalents at end of period	2,404	6,305

(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.