

**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2023  
(Three Months Ended September 30, 2022)**

[Japanese GAAP]

November 14, 2022

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Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2023**

**(July 1, 2022 to September 30, 2022)**

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Sep. 30, 2022	7,719	17.6	284	126.1	312	148.0	200	138.3
Three months ended Sep. 30, 2021	6,566	26.3	125	-	126	295.1	83	134.0

Note: Comprehensive income (millions of yen) Three months ended Sep. 30, 2022: 196 (up 124.8%)

Three months ended Sep. 30, 2021: 87 (up 168.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Sep. 30, 2022	25.86	24.90
Three months ended Sep. 30, 2021	12.27	11.30

Note: Hirayama Holdings conducted a 2-for-1 common stock split on July 1, 2022. Net income per share and diluted net income per share are calculated as if this stock split had been taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2022	9,294	3,605	38.8	492.96
As of Jun. 30, 2022	8,174	3,584	41.1	490.07

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2022: 3,605 As of Jun. 30, 2022: 3,583

Note: Hirayama Holdings conducted a 2-for-1 common stock split on July 1, 2022. Net assets per share are calculated as if this stock split had been taken place at the beginning of the previous fiscal year.

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2022	-	-	-	48.00	48.00
Fiscal year ending Jun. 30, 2023	-	-	-	-	-
Fiscal year ending Jun. 30, 2023 (forecasts)	-	-	-	25.00	25.00

Note: Revisions to the most recently announced dividend forecast: None

Note: Hirayama Holdings conducted a 2-for-1 common stock split on July 1, 2022. Dividends per share for the fiscal years ended June 30, 2022 and earlier are the actual amounts before the stock split. Dividends per share for the fiscal year ending June 30, 2023 have been adjusted to reflect the stock split.

**3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	-	-	-	-	-	-	-	-	-
Full year	32,000	14.4	900	30.0	900	16.0	520	27.0	71.11

Note: Revisions to the most recently announced consolidated earnings forecast: None

Note: Hirayama Holdings conducted a 2-for-1 common stock split on July 1, 2022. Net income per share forecast has been calculated based on the number of shares issued (excluding treasury shares) after the stock split.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

1) Number of outstanding shares as of the end of the period (including treasury shares)

As of Sep. 30, 2022:	7,740,800 shares	As of Jun. 30, 2022:	7,740,800 shares
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2) Number of treasury shares as of the end of the period

As of Sep. 30, 2022:	427,740 shares	As of Jun. 30, 2022:	427,740 shares
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3) Average number of outstanding shares during the period

Three months ended Sep. 30, 2022:	7,740,800 shares	Three months ended Sep. 30, 2021:	6,849,060 shares
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Note: Hiramaya Holdings conducted a 2-for-1 common stock split on July 1, 2022. Number of shares are calculated as if this stock split had been taken place at the beginning of the previous fiscal year.

\* The current quarterly financial results are not subject to the quarterly review by certified public accountants or auditing firms .

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to Hiramaya Holdings at the time these materials were prepared. These materials are not promises by Hiramaya Holdings regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to the section "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" of the attachments regarding preconditions or other related matters for the forecasts.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the current fiscal year (July 1 to September 30, 2022), regarding the Bank of Japan Tankan released on October 3, 2022, the manufacturing business sentiment (DI) for large companies declined for the third consecutive quarter, falling one point from June to plus eight. Higher prices of raw materials due to the rising cost of resources and the yen's depreciation are having a negative impact on business sentiment. Business sentiment at large non-manufacturing companies increased to plus 14, the improvement for the second consecutive quarter as the severity of the pandemic declined.

Japan's unemployment rate was 2.5% in August 2022, 0.1 percentage point lower than in July, the first improvement in four months. The seasonally adjusted August jobs-to-applicants ratio was 1.32, an increase of 0.03 point from July. This ratio has increased for eight consecutive months. Although the recovery is continuing, this ratio is still below the pre-pandemic level of 1.49 in January 2020.

During the first quarter of the current fiscal year, some companies pushed back production due to limited supplies of semiconductors and other components to supply chain disruptions. Despite these challenges, the Hirayama Group achieved higher sales and earnings in all business segments mainly by meeting the demand for personnel as production recovered following the pandemic and by providing in-sourcing and temp staff services. The fiscal year operating profit was higher than planned. A temporary increase in expenses caused by arrivals and assignments of non-Japanese engineers after Japan reduced restrictions in March 2022 on the entry of foreigners negatively affected earnings. However, earnings benefited from Genba Kaizen (improving how work is performed) at outsourcing job sites, the receipt of orders with high rates, and the use of robotic process automation and other measures for using selling, general and administrative expenses more efficiently.

Net sales increased 17.6% year-on-year to 7,719 million yen and operating profit increased 126.1% year-on-year to 284 million yen. Ordinary profit increased 148.0% to 312 million yen, which includes foreign exchange gains of 22 million yen. Profit attributable to owners of parent increased 138.3% to 200 million yen after income taxes of 112 million yen.

Results by business segment were as follows.

#### 1) In-sourcing & temp staffing services

As in the previous fiscal year, some production was pushed back in the automobile and electronic component sectors because of supply chain disruptions caused by shortages of semiconductors and other parts. However, there is gradual progress with measures to meet manufacturing demand. Demand for in-sourcing and temp staffing services is very strong in the medical equipment, agricultural equipment, home equipment, semiconductor, logistics, aerospace, tourism, retail, convenience store and other business sectors. As companies increase production, there is an increasing number of orders from new customers and additional orders from existing customers to meet the need for more people. As a result, sales in this segment were generally as planned.

Earnings were negatively affected by customers' production suspensions and delays because of difficulties procuring semiconductors and other parts. Nevertheless, first quarter earnings were higher due to an improvement in profitability resulting from continuing manufacturing outsourcing Genba Kaizen; allocation of personnel to new and existing customers of orders for staffing at high rates; and the ability to receive orders from clients and allocating personnel while focusing on training high-end skilled human resources.

Recently hired new college graduates have quickly acquired skills and are making contributions to the stability of manufacturing operations. However, the environment for mid-career recruitment is starting to become difficult as the Japanese economy recovers. In response to the increase in recruiting expenses because of the higher minimum wage and other reasons, this business is diversifying recruiting channels and increasing the use of SNS and information about prospective employees received from current employees.

Segment sales in the first quarter increased 16.3% year-on-year to 6,250 million yen and segment profit increased 31.6% to 445 million yen.

## 2) Engineer placement services

Orders received by the Hirayama Group recovered with the upturn occurring primarily for engineers used to design industrial plants and for semiconductor and IT engineers. Demand for engineers was supported by a recovery in expenditures based on a medium to long-term perspective by some major manufacturers that use the group's engineer placement services. New graduates in engineering fields hired in April 2022 were placed in jobs faster than expected, resulting in a large number of engineers on assignments. To meet the needs of customers, this business continued to conduct engineering training programs and increased measures for improving the retention of engineers. Activities include giving experienced engineers training at Hirayama Group training centers to enhance their skills and the establishment of classes for people with no engineering experience.

Recruiting activities are being strengthened based on the outlook for medium to long-term growth in the engineer placement market. However, the persistent labor shortage in this sector makes it extremely difficult to hire experienced engineers as well as engineers who do not yet have work experience.

This segment became profitable because of higher sales and measures to reduce selling, general and administrative expenses.

Segment sales increased 25.3% year-on-year to 632 million yen and segment profit was 15 million yen, compared with a loss of 365 thousand yen one year earlier.

## 3) Overseas operations

In Thailand, the primary location of operations outside Japan, the manufacturing production index increased 4.7% from one year earlier in the fourth quarter, 1.6% in the first quarter of 2022, but decreased 0.8% in the second quarter. The pandemic, lockdowns in China and the semiconductor shortage are all impacting manufacturing activity. The number of temporary staffing employees of the Hirayama Group in Thailand as of June 2022 was 2.9% higher than one year earlier. This segment was profitable despite a downturn in the utilization of personnel in some locations because of a new wave of the pandemic (Omicron variant), an increase in the use of paid vacation time, and higher expenses for PCR tests.

Segment sales increased 12.9% year-on-year to 616 million yen and the segment profit increased 14.7% to 19 million yen.

Note: There is a three-month delay in the disclosure of results of operations in the overseas operations segment. The sales and earnings reported for the first quarter of the fiscal year that ending in June 2023 are for overseas operations in the period from April to June 2022.

## 4) Others

As Japan and other countries reduce or eliminate restrictions on international travel and other activities due to the pandemic, interest is increasing in Genba Kaizen consulting services and study tours to Japan from other countries. This business segment also includes consulting to assist companies returning manufacturing operations to Japan to locate suitable sites for factories.

Segment earnings increased because of higher earnings in the employment management support business for foreign nationals in Japan. This business is placing an increasing number of engineers and interns from other countries in jobs in Japan now that Japan has reduced restrictions on the entry of foreign nationals.

Segment sales increased 54.7% year-on-year to 220 million yen and the segment profit increased 812.0% year-on-year to 28 million yen.

**(2) Explanation of Financial Position**

Total assets increased 579 million yen from the end of the previous fiscal year to 9,294 million yen at the end of the first quarter of the current fiscal year.

Current assets increased 457 million yen to 7,845 million yen. This was mainly due to increases in cash and deposits of 309 million yen and income taxes refund receivable of 109 million yen, which were partially offset by a decrease in notes and accounts receivable-trade of 10 million yen.

Non-current assets increased 122 million yen to 1,448 million yen. This was mainly attributable to increases in intangible assets of 6 million yen and investments and other assets of 121 million yen, which were partially offset by a decrease in property, plant and equipment of 5 million yen.

Total liabilities increased 558 million yen to 5,688 million yen.

Current liabilities increased 149 million yen to 4,080 million yen. This was mainly attributable to increases in provision for bonuses of 172 million yen and current portion of long-term borrowings of 70 million yen, which were partially offset by a decrease in accounts payable-other of 82 million yen.

Non-current liabilities increased 409 million yen to 1,608 million yen. This was mainly due to increases in long-term borrowings of 390 million yen and retirement benefit liability of 25 million yen.

Net assets increased 21 million yen to 3,605 million yen. The main factors include booking of profit attributable to owners of parent of 200 million yen, which was partially offset by dividends paid of 175 million yen.

**(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements**

The revised outlook for the global economy announced on October 11, 2022 by the International Monetary Fund includes forecasts for real growth rates in Japan of 1.7% in 2022 and 1.6% in 2023. On September 21, 2022, the Asia Development Bank announced a revised 2022 outlook for Asia with forecasts of economic growth in Thailand of 2.9% in 2022 and 4.2% in 2023. On the same day, Japan's Cabinet Office announced that the Japan Economy Watchers Survey had improved in September for the second consecutive month.

The outlook for the Hirayama Group is positive despite delays in some production activities caused by shortages of semiconductors and other parts and materials. This outlook is based on the expectation for a large volume of orders as manufacturing in Japan recovers, and for a contribution to manufacturing as newly hired new college graduates receive job assignments.

Based on the above, sales and earnings in the first quarter were mostly in line with the initial plan. Accordingly, there are no revisions to the forecast that was announced on August 15, 2022 for the fiscal year ending in June 2023.

\* Forecasts are based on information currently available to Hirayama Holdings. Actual performance may differ from these forecasts for a number of reasons.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY6/22 (As of Jun. 30, 2022)	First Quarter of FY6/23 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	3,413,194	3,723,041
Notes and accounts receivable-trade	3,360,024	3,349,417
Income taxes refund receivable	201,186	310,920
Other	458,155	471,940
Allowance for doubtful accounts	(44,031)	(9,579)
Total current assets	7,388,528	7,845,741
Non-current assets		
Property, plant and equipment	409,827	404,302
Intangible assets	51,834	58,807
Investments and other assets		
Other	873,408	989,227
Allowance for doubtful accounts	(9,039)	(3,768)
Total investments and other assets	864,368	985,458
Total non-current assets	1,326,030	1,448,568
Total assets	8,714,559	9,294,309
Liabilities		
Current liabilities		
Current portion of long-term borrowings	153,003	223,857
Accounts payable-other	2,378,695	2,296,337
Income taxes payable	257,079	189,992
Provision for bonuses	144,579	316,770
Accrued consumption taxes	725,728	668,297
Other	271,950	385,157
Total current liabilities	3,931,036	4,080,412
Non-current liabilities		
Long-term borrowings	64,828	454,890
Retirement benefit liability	755,849	781,418
Provision for retirement benefits for directors (and other officers)	313,363	311,435
Other	65,225	60,657
Total non-current liabilities	1,199,266	1,608,401
Total liabilities	5,130,302	5,688,814
Net assets		
Shareholders' equity		
Share capital	517,921	517,921
Capital surplus	437,852	437,852
Retained earnings	2,823,514	2,848,185
Treasury shares	(195,142)	(195,142)
Total shareholders' equity	3,584,145	3,608,816
Accumulated other comprehensive income		
Foreign currency translation adjustment	(260)	(3,792)
Total accumulated other comprehensive income	(260)	(3,792)
Share acquisition rights	301	301
Non-controlling interests	69	169
Total net assets	3,584,256	3,605,495
Total liabilities and net assets	8,714,559	9,294,309

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income  
(For the Three-month Period)**

(Thousands of yen)

	First three months of FY6/22 (Jul. 1, 2021 – Sep. 30, 2021)	First three months of FY6/23 (Jul. 1, 2022 – Sep. 30, 2022)
Net sales	6,566,673	7,719,276
Cost of sales	5,449,160	6,398,130
Gross profit	1,117,513	1,321,145
Selling, general and administrative expenses	991,817	1,036,966
Operating profit	125,696	284,179
Non-operating income		
Foreign exchange gains	-	22,882
Subsidy income	10,832	1,849
Other	3,346	4,231
Total non-operating income	14,179	28,963
Non-operating expenses		
Interest expenses	953	325
Foreign exchange losses	11,781	-
Other	1,035	40
Total non-operating expenses	13,769	366
Ordinary profit	126,105	312,777
Profit before income taxes	126,105	312,777
Income taxes-current	185,167	225,527
Income taxes-deferred	(143,012)	(113,026)
Total income taxes	42,155	112,500
Profit	83,950	200,276
Profit (loss) attributable to non-controlling interests	(48)	91
Profit attributable to owners of parent	83,998	200,184



**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Three-month Period)**

(Thousands of yen)

	First three months of FY6/22 (Jul. 1, 2021 – Sep. 30, 2021)	First three months of FY6/23 (Jul. 1, 2022 – Sep. 30, 2022)
Profit	83,950	200,276
Other comprehensive income		
Foreign currency translation adjustment	3,570	(3,531)
Total other comprehensive income	3,570	(3,531)
Comprehensive income	87,520	196,744
Comprehensive income attributable to:		
Owners of parent	87,569	196,652
Non-controlling interests	(48)	91

**(3) Notes to Quarterly Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*