

**Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending June 30, 2023**  
**(Nine Months Ended March 31, 2023)**

[Japanese GAAP]

May 15, 2023

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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 Third Quarter of the Fiscal Year Ending June 30, 2023**

**(July 1, 2022 to March 31, 2023)**

(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	%
Nine months ended Mar. 31, 2023	23,519	15.4	783	40.1	824	36.7	506	44.2
Nine months ended Mar. 31, 2022	20,379	22.1	559	52.2	603	32.4	351	15.1

Note: Comprehensive income (millions of yen) Nine months ended Mar. 31, 2023: 499 (up 41.0%)

Nine months ended Mar. 31, 2022: 353 (up 20.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Mar. 31, 2023	69.24	66.52
Nine months ended Mar. 31, 2022	51.10	47.17

Note: Hirayama Holdings conducted a 2-for-1 common stock split on July 1, 2022. Net income per share is 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 Mar. 31, 2023	9,789	3,911	40.0	533.85
As of Jun. 30, 2022	8,714	3,584	41.1	490.07

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2023: 3,910 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 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
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 Mar. 31, 2023:	7,753,600 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 Mar. 31, 2023:	427,773 shares	As of Jun. 30, 2022:	427,740 shares
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3) Average number of outstanding shares during the period

Nine months ended Mar. 31, 2023:	7,316,870 shares	Nine months ended Mar. 31, 2022:	6,873,998 shares
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Note: Hirayama 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 Hirayama Holdings at the time these materials were prepared. These materials are not promises by Hirayama 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 nine of the current fiscal year (July 1, 2022 to March 31, 2023), according to the Bank of Japan Tankan released on April 3, 2023, the business sentiment (DI: the figure obtained by the percentage of companies that described conditions as favorable minus the percentage of companies that described the conditions as unfavorable) for large manufacturing companies edged down 6 points from the December survey to plus 1. The index stayed positive, although it declined for the fifth consecutive quarter. Higher prices of raw materials due to the yen's depreciation and the rising cost of resources are having a negative impact on business sentiment. Business sentiment at large non-manufacturing companies increased to plus 20, the improvement for the fourth consecutive quarter as the severity of the pandemic declined.

Furthermore, employment is improving. The seasonally adjusted February jobs-to-applicants ratio announced by the Ministry of Health, Labour and Welfare on March 31 was 1.34, down 0.01 points from the previous month. Job offers increased particularly in the lodging and food services sectors as spending by foreign visitors to Japan recovered and were the highest since the pre-pandemic August 2019 level. Furthermore, the number of people voluntarily seeking an even better job is increasing because of expectations about an economic recovery and upturn in wages. As a result, the February unemployment rate announced on the same day by the Ministry of Internal Affairs and Communications was 2.6%, an increase of 0.2 points.

During the first nine of the current fiscal year, some companies in the automobile sector pushed back production due to supply chain disruptions caused by limited supplies of components as in the previous fiscal year. 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. Earnings were higher than planned due to benefits 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 15.4% year-on-year to 23,519 million yen and operating profit increased 40.1% to 783 million yen. Ordinary profit increased 36.7% to 824 million yen. Profit attributable to owners of parent increased 44.2% to 506 million yen after income taxes of 312 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 sector because of supply chain disruptions caused by shortages of components. During the fiscal year's first half, performance was strong in the agricultural equipment, home equipment and semiconductor sectors. However, many companies in these sectors reduced output in the third quarter in order to reduce inventories prior to their March 2023 fiscal year end. Although this had a negative effect on third quarter performance of this segment, the volume of work in the medical equipment sector remained high. Demand for in-sourcing and temp staffing services remained very strong as in the previous year in the logistics, aerospace, tourism, retail, convenience store and other business sectors. As demand increased in these sectors, we received additional orders from existing customers, added new customers and resumed business with customers who had temporarily suspended business with us during the pandemic.

Earnings were negatively affected by some production delays in the automobile sector. Nevertheless, earnings in the first nine months were higher due to continuing manufacturing outsourcing Genba Kaizen; allocation of personnel to new customers placing orders for staffing at high rates; and the ability to receive orders and allocate personnel while focusing on training to give our workforce high-end skills.

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 business sentiment improves. In response to the increase in recruiting expenses, we focused on diversifying recruiting channels while enhancing our corporate image by increasing the use of cost-effective local TV commercials, SNS and information about prospective employees received from current employees.

Segment sales in the first nine months increased 12.9% year-on-year to 18,852 million yen and segment profit increased 9.6% to 1,155 million yen.

## 2) Engineer placement services

Orders received by the Hirayama Group recovered with the upturn occurring primarily for embedded software development engineers for electronic equipment, semiconductor engineers and engineers specializing in production equipment technologies. 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. The number of engineers on assignments remains high. The main reasons are placements of new graduates hired in April 2022 and a lower attrition rate resulting from upgraded career counseling and the establishment of a techno counseling service. In addition, this business continued to conduct many activities to retain engineers, such as training programs for experienced engineers at Hirayama Group training centers, customized training to meet customers' needs and other programs to upgrade technological skills. 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 remain extremely difficult to hire experienced engineers as well as engineers who do not yet have work experience.

Segment earnings increased because of higher sales and measures to reduce selling, general and administrative expenses.

Segment sales increased 23.1% year-on-year to 1,974 million yen and segment profit increased 65.0% to 69 million yen.

## 3) Overseas operations

In Thailand, the primary location of operations outside Japan, the manufacturing production index decreased 1.1% from one year earlier in the second quarter, increased 7.7% in the third quarter, and decreased 6.0% in the fourth quarter. In the automobile industry, which is the main source of orders, the manufacturing production index increased 11.7% in 2022 from the previous year. The number of temporary staffing employees of the Hirayama Group in Thailand as of December 2022 was 11.7% higher than one year earlier.

Segment earnings increased due to an increase in the number of personnel placed at high-profit clients and a reduction in the cost of sales due to measures to reduce social insurance premium rates.

Segment sales increased 26.6% year-on-year to 1,997 million yen and segment profit increased 50.4% to 56 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 nine months of the fiscal year that ending in June 2023 are for overseas operations in the period from April to December 2022.

## 4) Others

As Japan and other countries reduce or eliminate pandemic restrictions on international travel and other activities, there was a growth in Genba Kaizen consulting services and training programs. Study tours to Japan from the U.S., Europe, and the Middle East also resumed. Interest is increasing in consulting services 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 37.4% year-on-year to 694 million yen and segment profit increased 138.6% to 125 million yen.

**(2) Explanation of Financial Position**

Total assets increased 1,074 million yen from the end of the previous fiscal year to 9,789 million yen at the end of the third quarter of the current fiscal year.

Current assets increased 891 million yen to 8,280 million yen. This was mainly due to increases in cash and deposits of 643 million yen, notes and accounts receivable-trade of 74 million yen, income taxes refund receivable of 65 million yen and other current assets of 74 million yen.

Non-current assets increased 182 million yen to 1,508 million yen. This was mainly attributable to increases in intangible assets of 11 million yen and investments and other assets of 174 million yen, which were partially offset by a decrease in property, plant and equipment of 3 million yen.

Total liabilities increased 747 million yen to 5,877 million yen.

Current liabilities increased 60 million yen to 3,991 million yen. This was mainly attributable to increases in current portion of long-term borrowings of 94 million yen and provision for bonuses of 189 million yen, which were partially offset by decreases in accounts payable-other of 62 million yen, income taxes payable of 29 million yen and accrued consumption taxes of 93 million yen.

Non-current liabilities increased 686 million yen to 1,886 million yen. This was mainly due to increases in long-term borrowings of 615 million yen and retirement benefit liability of 74 million yen.

Net assets increased 327 million yen to 3,911 million yen. The main factors include booking of profit attributable to owners of parent of 506 million yen, which was partially offset by dividends paid of 175 million yen.

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

In the annual report announced on March 31, 2023 of its survey of the Japanese economy, the International Monetary Fund predicted real growth of 1.3% in 2023 based on the outlook for the economic recovery to continue for the time being with the support of consumer spending. The Asian Development Bank announced its outlook for the Asian economy on April 4, 2023. In Thailand, this bank forecasts 3.3% economic growth in 2023 due to the outlook for increasing economic activity backed in part by Chinese tourists linked to the recovery of China's economy. In Japan, the March Economy Watchers Survey released by the Cabinet Office on April 10, 2023 improved for the second consecutive month. The DI for current economic conditions was up by 1.3 points from the previous month and the DI for future economic conditions was up by 3.3 points from the previous month. As a result, the economic assessment was upgraded to "rebounding."

The outlook for the Hirayama Group remains positive. Business operations are expected to perform well as the recovery of manufacturing in Japan generates a large volume of orders and group companies continue to step up recruiting activities.

Sales in the first nine months were mostly in line with the plan for the fiscal year, and earnings were higher than planned. Sales of 23,519 million yen were 73.5% of the initial fiscal year plan and operating profit of 783 million yen and ordinary profit of 824 million yen were 87.1% and 91.6% of the plan, respectively. Profit attributable to owners of parent of 506 million yen was 97.4% of the plan. Consequently, there are currently no revisions to the forecast that was announced on August 15, 2022 for the fiscal year ending in June 2023. An announcement will be made promptly if this forecast is revised.

\* 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)	Third Quarter of FY6/23 (As of Mar. 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	3,413,194	4,057,028
Notes and accounts receivable-trade	3,360,024	3,434,555
Income taxes refund receivable	201,186	266,445
Other	458,155	532,621
Allowance for doubtful accounts	(44,031)	(10,152)
Total current assets	7,388,528	8,280,499
Non-current assets		
Property, plant and equipment	409,827	406,602
Intangible assets	51,834	63,008
Investments and other assets		
Other	873,408	1,039,219
Allowance for doubtful accounts	(9,039)	(218)
Total investments and other assets	864,368	1,039,000
Total non-current assets	1,326,030	1,508,610
Total assets	8,714,559	9,789,110
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term borrowings	153,003	247,099
Accounts payable-other	2,378,695	2,316,609
Income taxes payable	257,079	228,022
Accrued consumption taxes	725,728	632,099
Provision for bonuses	144,579	334,029
Other	271,950	233,747
Total current liabilities	3,931,036	3,991,607
Non-current liabilities		
Long-term borrowings	64,828	680,180
Retirement benefit liability	755,849	830,460
Provision for retirement benefits for directors (and other officers)	313,363	311,435
Other	65,225	64,076
Total non-current liabilities	1,199,266	1,886,151
Total liabilities	5,130,302	5,877,759
<b>Net assets</b>		
Shareholders' equity		
Share capital	517,921	519,557
Capital surplus	437,852	439,638
Retained earnings	2,823,514	3,154,591
Treasury shares	(195,142)	(195,168)
Total shareholders' equity	3,584,145	3,918,618
Accumulated other comprehensive income		
Foreign currency translation adjustment	(260)	(7,751)
Total accumulated other comprehensive income	(260)	(7,751)
Share acquisition rights	301	289
Non-controlling interests	69	194
Total net assets	3,584,256	3,911,351
Total liabilities and net assets	8,714,559	9,789,110

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

(Thousands of yen)

	First nine months of FY6/22 (Jul. 1, 2021 – Mar. 31, 2022)	First nine months of FY6/23 (Jul. 1, 2022 – Mar. 31, 2023)
Net sales	20,379,332	23,519,135
Cost of sales	16,777,783	19,461,586
Gross profit	3,601,548	4,057,548
Selling, general and administrative expenses	3,042,085	3,273,936
Operating profit	559,462	783,611
Non-operating income		
Foreign exchange gains	-	20,582
Subsidy income	36,024	8,425
Other	23,221	15,118
Total non-operating income	59,246	44,126
Non-operating expenses		
Interest expenses	2,374	2,892
Foreign exchange losses	11,795	-
Other	1,302	129
Total non-operating expenses	15,472	3,022
Ordinary profit	603,236	824,715
Extraordinary income		
Gain on sale of non-current assets	-	249
Total extraordinary income	-	249
Extraordinary losses		
Loss on retirement of non-current assets	982	-
Loss on valuation of investments in capital of subsidiaries and associates	-	5,480
Total extraordinary losses	982	5,480
Profit before income taxes	602,254	819,485
Income taxes-current	377,934	449,432
Income taxes-deferred	(126,933)	(136,656)
Total income taxes	251,000	312,775
Profit	351,253	506,710
Profit (loss) attributable to non-controlling interests	(20)	119
Profit attributable to owners of parent	351,273	506,590



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

(Thousands of yen)

	First nine months of FY6/22 (Jul. 1, 2021 – Mar. 31, 2022)	First nine months of FY6/23 (Jul. 1, 2022 – Mar. 31, 2023)
Profit	351,253	506,710
Other comprehensive income		
Foreign currency translation adjustment	2,710	(7,485)
Total other comprehensive income	2,710	(7,485)
Comprehensive income	353,963	499,224
Comprehensive income attributable to:		
Owners of parent	353,975	499,098
Non-controlling interests	(11)	125

**(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.*