

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2024  
(Six Months Ended December 31, 2023)**

[Japanese GAAP]

February 14, 2024

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 Scheduled date of payment of dividend: March 4, 2024  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: Yes (for analysts)

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

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2024  
(July 1, 2023 to December 30, 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	%
Six months ended Dec. 31, 2023	17,685	12.1	674	15.3	708	15.0	451	15.9
Six months ended Dec. 31, 2022	15,769	17.6	585	49.6	616	52.1	389	83.2

Note: Comprehensive income (millions of yen) Six months ended Dec. 31, 2023: 453 (up 15.3%)  
 Six months ended Dec. 31, 2022: 393 (up 76.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2023	61.19	59.04
Six months ended Dec. 31, 2022	53.26	51.19

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2023	10,979	4,203	38.3	569.89
As of Jun. 30, 2023	10,114	3,987	39.4	536.87

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2023: 4,201 As of Jun. 30, 2023: 3,986

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2023	-	-	-	25.00	25.00
Fiscal year ending Jun. 30, 2024	-	12.00			
Fiscal year ending Jun. 30, 2024 (forecasts)			-	30.00	42.00

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

**3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 to June 30, 2024)**

(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	34,300	8.3	1,200	34.3	1,190	25.5	700	27.5	94.28

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

**\* 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 Dec. 31, 2023:	7,864,800 shares	As of Jun. 30, 2023:	7,852,800 shares
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2) Number of treasury shares as of the end of the period

As of Dec. 31, 2023:	492,773 shares	As of Jun. 30, 2023:	427,773 shares
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3) Average number of outstanding shares during the period

Six months ended Dec. 31, 2023:	7,379,486 shares	Six months ended Dec. 31, 2022:	7,313,873 shares
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\* 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 half of the current fiscal year (July 1 to December 31, 2023), according to the Bank of Japan Tankan released on December 13, 2023, the business sentiment (DI: the difference between the percentages of companies that described conditions as favorable or unfavorable) of large manufacturing companies improved by three points from the September survey to plus 12. Business sentiment has improved in three consecutive quarters. The Japanese economy is continuing to recover as companies raise prices to reflect higher costs and automobile production increases. Business sentiment at small and midsize companies improved by six points to plus one, returning to a positive number for the first time in four years and nine months. Furthermore, business sentiment at large non-manufacturing companies improved by three points to plus 30. This was the seventh consecutive quarter of improvement due to the end of the pandemic and price increases to reflect higher costs. Business sentiment in this category is now the highest since November 1991. In the lodging and food services sector, business sentiment improved from plus 44 to plus 51, the highest level since the business sentiment survey in this sector started in 2004.

Unemployment in Japan was 2.5% in November 2023, the same as in October. The seasonally adjusted November jobs-to-applicants ratio was 1.28, down 0.02 point from October. Due to slow growth of real wages, many people have second jobs or are seeking different jobs. An increasing number of companies are reducing hiring as the high cost of raw materials holds down earnings. Hiring is even declining in the lodging and food services sector where the demand for labor had been strong.

During the first half, 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 generally as planned despite the negative effects of higher expenses resulting from the acquisition and consolidation in the first quarter of Hirayama GL (formerly Bridgestone Green Landscape Co., Ltd.) and of strategic expenses for business sites, a larger workforce and more recruiting activities for more growth of the Hirayama Group.

Net sales increased 12.1% year-on-year to 17,685 million yen and operating profit increased 15.3% to 674 million yen. Ordinary profit increased 15.0% to 708 million yen, which includes foreign exchange gains of 19 million yen. Profit attributable to owners of parent increased 15.9% to 451 million yen after income taxes of 258 million yen.

Business segment performance was as follows.

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

There was a recovery in the performance of this segment mainly due to consistent production activities during the first half of companies in the automobile industry and at manufacturers of agricultural equipment and small construction machinery. Performance in the food and medical equipment sectors remained strong. Demand continued to be very strong in the logistics, aerospace, hotel, retail and convenience store sectors. One reason is the large number of foreign tourists in Japan. As a result, there were additional orders for temp staffing from existing customers and a large volume of orders from new customers. In the semiconductor sector, which is a priority market for growth, new orders are supporting a slow recovery in sales. First half results of operations in this segment include Hirayama GL, which became a consolidated subsidiary in the first quarter.

Expenses for future growth increased due to the inclusion of newly consolidated subsidiary Hirayama GL. In addition, there was an increase in expenses involving training and the growth of the workforce. People were assigned to projects that have high rates in areas where there is substantial demand at customers for workers and training programs to give people high-end skills were expanded. Recruiting expenditures were used strategically and new business sites and a new training center were established. Furthermore, the number of people involved with recruiting and training activities increased. Despite these higher expenses, earnings benefited from the strong performances of the automobile and medical equipment sectors and of service-sector subsidiaries, where earnings began to improve in the previous fiscal year.

New college graduates who were hired in 2023 are now making a contribution to the stability of manufacturing operations. However, the recruiting environment for people with previous work experience is more difficult than in the previous fiscal year because of the recovery of the service sector. During the first half, the Hirayama Group used cost-effective advertising on regional TV stations and other media, social networking services, information about

prospective employees from current employees and other measures to continue strengthening recruiting operations. These activities are also aimed at improving the public perception of the Hirayama Group. Furthermore, the diversification of recruiting channels and other actions are being used to hire more people. Expenses for recruiting new graduates and people with previous work experience as well as labor expenses in general are increasing because of inflation, rising wages and other reasons. To reflect these expenses, activities are under way to improve earnings with the understanding of client companies.

Segment sales in the first half increased 11.5% year-on-year to 14,213 million yen and segment profit increased 1.8% to 886 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. Training center programs to further upgrade skills of experienced personnel and customized training to meet specific customer requirements facilitated the placement of people in projects with high rates, which contributed to sales and earnings growth. The start of business in AI and other new categories also contributed to this growth.

Recruiting activities in this business increased due to the outlook for long-term growth. Activities for recruiting 2024 new graduates have been generally successful. However, recruiting engineers with previous work experience remains challenging because of the increasingly severe shortage of engineers. Numerous measures are being used to attract more people to the Hirayama Group, such as the addition of new recruiting channels and a redesign of the corporate website to improve Hirayama's corporate image.

Segment earnings increased because of higher sales and the efficient use of selling, general and administrative expenses.

Segment sales increased 14.4% year-on-year to 1,493 million yen and segment profit increased 160.5% to 95 million yen.

## 3) Overseas operations

In Thailand, the primary location of operations outside Japan, the manufacturing production index decreased 6.0% from one year earlier in the fourth quarter of 2022, decreased 3.7% in the first quarter of 2023, decreased 5.5% in the second quarter of 2023 and decreased 6.3% in the third quarter of 2023, and continued to weaken. The number of temporary staffing employees of the Hirayama Group in Thailand as of September 2023 decreased 10.3% from one year earlier to 2,737, but sales were higher due to an increase in the number of personnel placed at high-profit clients.

The cost of sales and selling, general and administrative expenses increased in part because of the end of measures to reduce social insurance premium rates that were used in the previous fiscal year and expenses associated with employee income tax refunds. Although these expenses were higher, earnings increased due to activities to hold down expenses.

Segment sales increased 13.1% year-on-year to 1,437 million yen and segment profit increased 27.0% to 47 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 half of the fiscal year ending in June 2024 are for overseas operations in the period from April to September 2023.

## 4) Others

The performance of this segment was supported by an increase in orders for Genba Kaizen consulting in Japan and training programs in other countries. Sales and earnings were also supported by activities for the development of AI solutions for improving productivity and by an increase in factory start-up consultation orders from companies that are bringing manufacturing operations back to Japan.

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.

Segment sales increased 20.8% year-on-year to 539 million yen and segment profit increased 90.3% to 122 million yen.

## **(2) Explanation of Financial Position**

### **1) Analysis of Financial Position**

Total assets increased 864 million yen from the end of the previous fiscal year to 10,979 million yen at the end of the second quarter of the current fiscal year.

Current assets increased 727 million yen to 9,367 million yen. This was mainly due to increases in cash and deposits of 363 million yen and notes and accounts receivable-trade of 334 million yen.

Non-current assets increased 136 million yen to 1,611 million yen. This was mainly attributable to increases in property, plant and equipment of 59 million yen, intangible assets of 3 million yen and investments and other assets of 73 million yen.

Total liabilities increased 648 million yen to 6,775 million yen.

Current liabilities increased 467 million yen to 4,685 million yen. This was mainly attributable to increases in accounts payable-other of 137 million yen and other current liabilities of 507 million yen. These increases were partially offset by decreases in accrued consumption taxes of 205 million yen and current portion of long-term borrowings of 13 million yen.

Non-current liabilities increased 180 million yen to 2,090 million yen. This was mainly due to an increase in retirement benefit liability of 268 million yen, which was partially offset by a decrease in long-term borrowings of 99 million yen.

Net assets increased 215 million yen to 4,203 million yen. The main factors include an increase in retained earnings due to profit attributable to owners of parent of 451 million yen, which was partially offset by dividends paid of 185 million yen.

### **2) Cash flows**

Cash and cash equivalents (hereinafter referred to as “net cash”) increased 345 million yen from the end of the previous fiscal year to 4,646 million yen at the end of the first half of the current fiscal year.

The cash flow components during the first half of the current fiscal year and the main reasons for changes are as described below.

#### Cash flows from operating activities

Net cash provided by operating activities was 651 million yen, compared with net cash provided of 469 million yen one year earlier. Positive factors include profit before income taxes of 711 million yen, a 420 million yen increase in deposits received and income taxes refund of 147 million yen, while there were negative factors including a 144 million yen increase in trade receivables, a 216 million yen decrease in accrued consumption taxes and income taxes paid of 454 million yen.

#### Cash flows from investing activities

Net cash provided by investing activities was 42 million yen, compared with net cash used of 57 million yen one year earlier. Positive factors include proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation of 151 million yen, while there were negative factors including payments into time deposits of 18 million yen, purchase of property, plant and equipment of 74 million yen and purchase of intangible assets of 18 million yen.

### Cash flows from financing activities

Net cash used in financing activities amounted to 353 million yen, compared with net cash provided of 619 million yen one year earlier. The main factors include repayments of long-term borrowings of 112 million yen and dividends paid of 185 million yen.

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

In the revised outlook for the global economy announced on January 9, 2024 by the World Bank, the forecast for 2024 economic growth in Japan is 0.9%, which is 0.2 percentage point higher than the previous forecast. The forecast for the U.S. economy is growth of 1.6% in 2024, 0.8 percentage point higher than the previous forecast. In its outlook for the Asian economy announced on December 13, the Asian Development Bank forecasts economic growth in Thailand to increase from the expected 2.5% in 2023 to 3.3% in 2024.

The outlook for the Hirayama Group is positive. 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. We will continue to recruit a large number of people and provide education and other training for jobs requiring specialized skills, such as facility maintenance and welding. These activities are expected to increase the number of people we can send to client companies for technical tasks that demand highly trained workers.

Based on the above, sales and earnings in the first half were mostly in line with the initial plan. Consequently, there are no revisions to the forecast that was announced on August 14, 2023 for the fiscal year ending in June 2024.

\* 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)

	FY6/23 (As of Jun. 30, 2023)	Second Quarter of FY6/24 (As of Dec. 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	4,334,259	4,698,162
Notes and accounts receivable-trade	3,532,494	3,867,159
Income taxes refund receivable	268,152	294,106
Other	516,938	519,087
Allowance for doubtful accounts	(11,773)	(10,702)
<b>Total current assets</b>	<b>8,640,071</b>	<b>9,367,813</b>
Non-current assets		
Property, plant and equipment	411,077	471,017
Intangible assets	58,591	62,241
Investments and other assets	1,004,670	1,077,941
<b>Total non-current assets</b>	<b>1,474,339</b>	<b>1,611,201</b>
<b>Total assets</b>	<b>10,114,410</b>	<b>10,979,014</b>
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term borrowings	213,013	199,860
Accounts payable-other	2,578,139	2,715,402
Income taxes payable	238,992	216,577
Provision for bonuses	152,019	216,792
Accrued consumption taxes	742,072	536,382
Other	292,985	800,060
<b>Total current liabilities</b>	<b>4,217,221</b>	<b>4,685,076</b>
Non-current liabilities		
Long-term borrowings	630,215	530,840
Retirement benefit liability	898,576	1,166,658
Provision for retirement benefits for directors (and other officers)	311,435	314,315
Other	69,761	79,017
<b>Total non-current liabilities</b>	<b>1,909,988</b>	<b>2,090,830</b>
<b>Total liabilities</b>	<b>6,127,210</b>	<b>6,775,907</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	534,205	535,748
Capital surplus	453,776	455,374
Retained earnings	3,197,128	3,463,032
Treasury shares	(195,168)	(250,272)
<b>Total shareholders' equity</b>	<b>3,989,941</b>	<b>4,203,883</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	(3,633)	(2,623)
<b>Total accumulated other comprehensive income</b>	<b>(3,633)</b>	<b>(2,623)</b>
Share acquisition rights	165	159
Non-controlling interests	726	1,688
<b>Total net assets</b>	<b>3,987,200</b>	<b>4,203,107</b>
<b>Total liabilities and net assets</b>	<b>10,114,410</b>	<b>10,979,014</b>



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

(Thousands of yen)

	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)
Net sales	15,769,304	17,685,201
Cost of sales	12,995,069	14,621,290
Gross profit	2,774,235	3,063,910
Selling, general and administrative expenses	2,189,191	2,389,263
Operating profit	585,044	674,647
Non-operating income		
Foreign exchange gains	17,684	19,861
Subsidy income	3,873	2,596
Other	11,134	14,594
Total non-operating income	32,692	37,052
Non-operating expenses		
Interest expenses	1,487	2,244
Other	102	693
Total non-operating expenses	1,589	2,937
Ordinary profit	616,146	708,762
Extraordinary income		
Gain on sale of non-current assets	249	-
Gain on bargain purchase	-	13,718
Total extraordinary income	249	13,718
Extraordinary losses		
Loss on retirement of non-current assets	-	696
Loss on liquidation of subsidiaries and associates	-	2,486
Company-sponsored funeral	-	8,029
Total extraordinary losses	-	11,212
Profit before income taxes	616,396	711,268
Income taxes-current	314,119	265,333
Income taxes-deferred	(87,369)	(6,502)
Total income taxes	226,749	258,831
Profit	389,647	452,436
Profit attributable to non-controlling interests	107	907
Profit attributable to owners of parent	389,539	451,529

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

(Thousands of yen)

	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)
Profit	389,647	452,436
Other comprehensive income		
Foreign currency translation adjustment	3,575	1,019
Total other comprehensive income	3,575	1,019
Comprehensive income	393,222	453,456
Comprehensive income attributable to:		
Owners of parent	393,106	452,539
Non-controlling interests	115	917

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	616,396	711,268
Depreciation	24,139	30,394
Amortization of goodwill	4,904	4,904
Increase (decrease) in allowance for doubtful accounts	(42,553)	(1,071)
Increase (decrease) in provision for bonuses	26,829	29,044
Increase (decrease) in retirement benefit liability	58,445	72,184
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(1,928)	540
Interest and dividend income	(120)	(261)
Interest expenses	1,487	2,244
Foreign exchange losses (gains)	(17,684)	(19,861)
Loss (gain) on sale of non-current assets	(249)	-
Loss on retirement of non-current assets	-	696
Gain on bargain purchase	-	(13,718)
Decrease (increase) in trade receivables	(116,520)	(144,857)
Decrease (increase) in accounts receivable-other	18,032	37,270
Increase (decrease) in accounts payable-other	33,636	64,078
Increase (decrease) in accrued consumption taxes	(152,702)	(216,471)
Increase (decrease) in deposits received	391,412	420,260
Other, net	(23,401)	(15,051)
Subtotal	820,123	961,594
Interest and dividends received	527	74
Interest paid	(1,881)	(2,088)
Income taxes paid	(420,764)	(454,883)
Income taxes refund	71,190	147,097
Net cash provided by (used in) operating activities	469,195	651,794
Cash flows from investing activities		
Net decrease (increase) in time deposits	(18,000)	(18,000)
Purchase of property, plant and equipment	(10,606)	(74,339)
Purchase of intangible assets	(15,845)	(18,662)
Purchase of investment securities	(10,000)	-
Proceeds from refund of leasehold and guarantee deposits	13,021	3,275
Payments of leasehold and guarantee deposits	(17,243)	(19,489)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	151,267
Other, net	1,325	17,965
Net cash provided by (used in) investing activities	(57,349)	42,016
Cash flows from financing activities		
Proceeds from long-term borrowings	900,000	-
Repayments of long-term borrowings	(102,613)	(112,528)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,041	3,080
Purchase of treasury shares	-	(55,103)
Dividends paid	(175,310)	(185,376)
Other, net	(4,585)	(3,346)
Net cash provided by (used in) financing activities	619,532	(353,274)
Effect of exchange rate change on cash and cash equivalents	12,884	5,366
Net increase (decrease) in cash and cash equivalents	1,044,263	345,902
Cash and cash equivalents at beginning of period	3,379,194	4,300,259
Cash and cash equivalents at end of period	4,423,458	4,646,162

**(4) 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.*