

# Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending June 30, 2024 (Nine Months Ended March 31, 2024)

[Japanese GAAP]  
May 15, 2024

Company name: HIRAYAMA HOLDINGS Co., Ltd.      Listing: Tokyo Stock Exchange  
Securities code: 7781      URL: <https://www.hirayamastaff.co.jp/>  
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Scheduled date of filing of Quarterly Report: May 15, 2024  
Scheduled date of payment of dividend: -  
Preparation of supplementary materials for quarterly financial results: None  
Holding of quarterly financial results meeting: Yes

(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, 2024 (July 1, 2023 to March 31, 2024)

(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, 2024 | 26,264          | 11.7 | 855              | 9.1  | 896             | 8.7  | 583                                     | 15.1 |
| Nine months ended Mar. 31, 2023 | 23,519          | 15.4 | 783              | 40.1 | 824             | 36.7 | 506                                     | 44.2 |

Note: Comprehensive income (millions of yen)      Nine months ended Mar. 31, 2024: 583 (up 16.9%)  
Nine months ended Mar. 31, 2023: 499 (up 41.0%)

|                                 | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
|                                 | Yen                  | Yen                          |
| Nine months ended Mar. 31, 2024 | 79.02                | 76.31                        |
| Nine months ended Mar. 31, 2023 | 69.24                | 66.52                        |

## (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, 2024 | 11,202          | 4,250           | 37.9         | 574.41               |
| As of Jun. 30, 2023 | 10,114          | 3,987           | 39.4         | 536.87               |

Reference: Shareholders' equity (millions of yen)      As of Mar. 31, 2024: 4,248      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 Mar. 31, 2024: | 7,888,800 shares | As of Jun. 30, 2023: | 7,852,800 shares |
|----------------------|------------------|----------------------|------------------|

2) Number of treasury shares as of the end of the period

|                      |                |                      |                |
|----------------------|----------------|----------------------|----------------|
| As of Mar. 31, 2024: | 492,773 shares | As of Jun. 30, 2023: | 427,773 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of outstanding shares during the period

|                                  |                  |                                  |                  |
|----------------------------------|------------------|----------------------------------|------------------|
| Nine months ended Mar. 31, 2024: | 7,382,167 shares | Nine months ended Mar. 31, 2023: | 7,316,870 shares |
|----------------------------------|------------------|----------------------------------|------------------|

\* 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 months of the current fiscal year (July 1, 2023 to March 31, 2024), according to the Bank of Japan Tankan released on April 1, 2024, the business sentiment (DI: the difference between the percentages of companies that described conditions as favorable or unfavorable) of large manufacturing companies worsened for the first time in four quarters, falling two points from the December survey to plus 11. There was a downturn in business sentiment in the automobile and related industries due to lower production of automobiles caused by the discovery of falsified safety test data. Business sentiment at large non-manufacturing companies improved by two points to plus 34, the eighth consecutive quarter of improvement and the highest level since August 1991. One reason is strong demand created by foreign tourists in Japan.

Unemployment in Japan was 2.6% in February 2024, an increase of 0.2 point from January. The seasonally adjusted February jobs-to-applicants ratio was 1.26, down 0.01 point from January. An increasing number of companies are reducing hiring as the high cost of raw materials holds down earnings. In the lodging and food services sector, although sales have been strong following the Japanese government's downgrade of COVID-19, there was a decline in employment from the high level one year earlier when there was a national travel subsidy program.

During the first nine months, sales and earnings were higher than one year earlier mainly due to activities for meeting the demand for personnel as production recovered following the pandemic. Earnings were negatively affected by higher expenses resulting from the acquisition and consolidation in the first quarter of Hirayama GL (formerly Bridgestone Green Landscape Co., Ltd.); strategic expenses for business sites, a larger workforce and more recruiting activities for more growth of the Hirayama Group; and, in the third quarter, the suspension of production by an automaker and two fewer working days in March, a very busy period of the year for the Hirayama Group, than in March 2023.

Net sales increased 11.7% year-on-year to 26,264 million yen and operating profit increased 9.1% to 855 million yen. Ordinary profit increased 8.7% to 896 million yen, which includes foreign exchange gains of 25 million yen. Profit attributable to owners of parent increased 15.1% to 583 million yen after income taxes of 313 million yen.

Business segment performance was as follows.

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

In the third quarter, there were several negative effects on sales and earnings. One is the suspension of operations at some companies caused by supply chain disruptions following the January Noto Peninsula earthquake. Another is two fewer working days in March, a busy month for the Hirayama Group, than in March 2023. There were also negative effects of many production reductions and suspensions, primarily in the automobile industry. Performance in the food and medical equipment sectors remained strong. Demand continued to be very strong in the logistics, passenger transport and retail 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 manufacturing sector, which is a priority market for growth, new orders are supporting a slow growth in sales. Results of operations for the first nine months in this segment include Hirayama GL, which became a consolidated subsidiary in the first quarter.

There were contributions to earnings from the medical equipment sector and from service-sector subsidiaries, where earnings began to improve in the previous fiscal year. However, the smaller number of working days in March and higher expenses involving the consolidation of Hirayama GL in anticipation of more growth held down earnings. 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. Due to this upturn in expenses involving human resources, earnings in this segment decreased.

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 nine months, 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 nine months increased 11.6% year-on-year to 21,039 million yen and segment profit decreased 4.6% to 1,102 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 large 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 medium- to 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 11.7% year-on-year to 2,205 million yen and segment profit increased 92.6% to 133 million yen.

## 3) Overseas operations

In Thailand, the primary location of operations outside Japan, the manufacturing production index decreased 3.7% from one year earlier in the first quarter of 2023, decreased 5.5% in the second quarter, decreased 6.3% in the third quarter and decreased 5.1% in the fourth quarter, and continued to weaken. The number of temporary staffing employees of the Hirayama Group in Thailand as of December 2023 decreased 11.3% from one year earlier to 2,806, but sales were higher because of the consistently high number of personnel assigned to projects that have high rates.

Earnings increased due to the above factors and activities to hold down expenses.

Segment sales increased 8.1% year-on-year to 2,159 million yen and segment profit increased 21.4% to 68 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 ending in June 2024 are for overseas operations in the period from April to December 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 23.8% year-on-year to 860 million yen and segment profit increased 98.2% to 249 million yen.

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

Total assets increased 1,088 million yen from the end of the previous fiscal year to 11,202 million yen at the end of the third quarter of the current fiscal year.

Current assets increased 914 million yen to 9,554 million yen. This was mainly due to increases in cash and deposits of 472 million yen and notes and accounts receivable-trade of 239 million yen.

Non-current assets increased 173 million yen to 1,647 million yen. This was mainly attributable to increases in property, plant and equipment of 53 million yen, intangible assets of 4 million yen and investments and other assets of 115 million yen.

Total liabilities increased 824 million yen to 6,951 million yen.

Current liabilities increased 745 million yen to 4,962 million yen. This was mainly attributable to increases in accounts payable-other of 55 million yen and other current liabilities of 543 million yen. These increases were partially offset by decreases in income taxes payable of 109 million yen and accrued consumption taxes of 29 million yen.

Non-current liabilities increased 79 million yen to 1,989 million yen. This was mainly due to an increase in retirement benefit liability of 297 million yen, which was partially offset by a decrease in long-term borrowings of 229 million yen.

Net assets increased 263 million yen to 4,250 million yen. The main factors include an increase in retained earnings due to profit attributable to owners of parent of 583 million yen, which was partially offset by dividends paid of 274 million yen.

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

In the quarterly outlook for the global economy announced on April 16, 2024 by the International Monetary Fund, the forecast for 2024 economic growth in Japan is 0.9%, same as the previous forecast. The forecast for the U.S. economy is growth of 2.7% in 2024, 0.6 percentage point higher than the previous forecast. In its outlook for the Asian economy announced on April 11, the Asian Development Bank forecasts 2.6% economic growth in Thailand, down 0.7 percentage point from the previous forecast.

The outlook for the Hirayama Group is positive. A survey of manufacturing plans at large companies conducted by the Ministry of Economy, Trade and Industry, which was announced on April 30, 2024, shows that April production was 4.1% higher than in March and output in May is expected to increase by 4.4%. As a result, orders are expected to remain strong as manufacturing in Japan recovers and group companies continue assigning recently hired new college graduates to jobs in the manufacturing sector. 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, 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<br>(As of Jun. 30, 2023) | Third Quarter of FY6/24<br>(As of Mar. 31, 2024) |
|--|---------------------------------|--|
| <b>Assets</b>  |                                 |  |
| Current assets   |                                 |  |
| Cash and deposits  | 4,334,259                       | 4,806,425  |
| Notes and accounts receivable-trade                                  | 3,532,494                       | 3,772,339  |
| Income taxes refund receivable                                       | 268,152                         | 321,195  |
| Other  | 516,938                         | 665,716  |
| Allowance for doubtful accounts                                      | (11,773)                        | (10,681)   |
| Total current assets   | 8,640,071                       | 9,554,994  |
| Non-current assets   |                                 |  |
| Property, plant and equipment  | 411,077                         | 464,201  |
| Intangible assets  | 58,591                          | 62,870   |
| Investments and other assets   | 1,004,670                       | 1,120,456  |
| Total non-current assets   | 1,474,339                       | 1,647,528  |
| Total assets   | 10,114,410                      | 11,202,522                                       |
| <b>Liabilities</b>   |                                 |  |
| Current liabilities  |                                 |  |
| Current portion of long-term borrowings                              | 213,013                         | 233,200  |
| Accounts payable-other   | 2,578,139                       | 2,633,854  |
| Income taxes payable   | 238,992                         | 129,093  |
| Accrued consumption taxes  | 742,072                         | 712,875  |
| Provision for bonuses  | 152,019                         | 417,589  |
| Other  | 292,985                         | 836,057  |
| Total current liabilities  | 4,217,221                       | 4,962,670  |
| Non-current liabilities  |                                 |  |
| Long-term borrowings   | 630,215                         | 400,300  |
| Retirement benefit liability   | 898,576                         | 1,195,873  |
| Provision for retirement benefits for directors (and other officers) | 311,435                         | 314,585  |
| Other  | 69,761                          | 78,328   |
| Total non-current liabilities  | 1,909,988                       | 1,989,086  |
| Total liabilities  | 6,127,210                       | 6,951,757  |
| <b>Net assets</b>  |                                 |  |
| Shareholders' equity   |                                 |  |
| Share capital  | 534,205                         | 538,532  |
| Capital surplus  | 453,776                         | 458,083  |
| Retained earnings  | 3,197,128                       | 3,506,366  |
| Treasury shares  | (195,168)                       | (250,272)  |
| Total shareholders' equity   | 3,989,941                       | 4,252,709  |
| Accumulated other comprehensive income                               |                                 |  |
| Foreign currency translation adjustment                              | (3,633)                         | (4,333)  |
| Total accumulated other comprehensive income                         | (3,633)                         | (4,333)  |
| Share acquisition rights   | 165                             | 159  |
| Non-controlling interests  | 726                             | 2,231  |
| Total net assets   | 3,987,200                       | 4,250,765  |
| Total liabilities and net assets                                     | 10,114,410                      | 11,202,522                                       |

**(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 FY6/23<br>(Jul. 1, 2022 – Mar. 31, 2023) | First nine months of FY6/24<br>(Jul. 1, 2023 – Mar. 31, 2024) |
|--|---|---|
| Net sales  | 23,519,135  | 26,264,124  |
| Cost of sales  | 19,461,586  | 21,837,516  |
| Gross profit   | 4,057,548   | 4,426,607   |
| Selling, general and administrative expenses                               | 3,273,936   | 3,571,304   |
| Operating profit   | 783,611   | 855,303   |
| Non-operating income   |   |   |
| Foreign exchange gains   | 20,582  | 25,015  |
| Subsidy income   | 8,425   | 3,720   |
| Other  | 15,118  | 16,519  |
| Total non-operating income   | 44,126  | 45,254  |
| Non-operating expenses   |   |   |
| Interest expenses  | 2,892   | 3,398   |
| Other  | 129   | 718   |
| Total non-operating expenses   | 3,022   | 4,117   |
| Ordinary profit  | 824,715   | 896,440   |
| Extraordinary income   |   |   |
| Gain on sale of non-current assets   | 249   | 45  |
| Gain on bargain purchase   | -   | 13,718  |
| Total extraordinary income   | 249   | 13,764  |
| Extraordinary losses   |   |   |
| Loss on retirement of non-current assets                                   | -   | 1,160   |
| Loss on valuation of investments in capital of subsidiaries and associates | 5,480   | -   |
| Loss on liquidation of subsidiaries and associates                         | -   | 2,486   |
| Company-sponsored funeral  | -   | 8,029   |
| Total extraordinary losses   | 5,480   | 11,676  |
| Profit before income taxes   | 819,485   | 898,528   |
| Income taxes-current   | 449,432   | 358,731   |
| Income taxes-deferred  | (136,656)   | (44,852)  |
| Total income taxes   | 312,775   | 313,878   |
| Profit   | 506,710   | 584,649   |
| Profit attributable to non-controlling interests                           | 119   | 1,322   |
| Profit attributable to owners of parent                                    | 506,590   | 583,327   |



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

|   | (Thousands of yen)  |   |
|---|---|---|
|   | First nine months of FY6/23<br>(Jul. 1, 2022 – Mar. 31, 2023) | First nine months of FY6/24<br>(Jul. 1, 2023 – Mar. 31, 2024) |
| Profit                                  | 506,710   | 584,649   |
| Other comprehensive income              |   |   |
| Foreign currency translation adjustment | (7,485)   | (688)   |
| Total other comprehensive income        | (7,485)   | (688)   |
| Comprehensive income                    | 499,224   | 583,961   |
| Comprehensive income attributable to:   |   |   |
| Owners of parent                        | 499,098   | 582,626   |
| Non-controlling interests               | 125   | 1,334   |

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

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Material Subsequent Events**

Significant new loan

At the extraordinary meeting of the Board of Directors held on May 15, 2024, the Hirayama Holdings approved a resolution to procure funds as follows for the purpose of funding measures to support the expected rapid growth of business operations.

- (1) Use of funds: Working capital
- (2) Lenders: Five counterparty financial institutions
- (3) Amount borrowed: 1,000 million yen
- (4) Interest rate: Fixed interest rate (Standard rate + Spread)
- (5) Borrowing date: May 31, 2024 (tentative)
- (6) Tenor: 4 to 5 years
- (7) Collateral: No collateral or guarantee

*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.*