

# Consolidated Financial Results for the Fiscal Year Ended June 30, 2024

[Japanese GAAP]

August 14, 2024

Company name: HIRAYAMA HOLDINGS Co., Ltd.

Securities code: 7781

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Scheduled date of Annual General Meeting of Shareholders: September 26, 2024

Scheduled date of payment of dividend: September 27, 2024

Scheduled date of filing of Annual Securities Report: September 27, 2024

Preparation of supplementary materials for financial results: None

Holding of financial results meeting: Yes (for securities analysts and institutional investors)

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

## 1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (July 1, 2023 to June 30, 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                         | %    |
| Fiscal year ended Jun. 30, 2024 | 35,292          | 11.4 | 1,119            | 25.3 | 1,166           | 23.0 | 757                                     | 37.9 |
| Fiscal year ended Jun. 30, 2023 | 31,674          | 13.2 | 893              | 29.1 | 948             | 22.2 | 549                                     | 34.1 |

Note: Comprehensive income (millions of yen) Fiscal year ended Jun. 30, 2024: 760 (up 39.3%)

Fiscal year ended Jun. 30, 2023: 545 (up 33.5%)

|                                 | Net income per share | Diluted net income per share | Return on equity | Ordinary profit to total assets | Operating profit to net sales |
|---------------------------------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|
|                                 | Yen                  | Yen                          | %                | %                               | %                             |
| Fiscal year ended Jun. 30, 2024 | 102.32               | 98.86                        | 17.9             | 10.4                            | 3.2                           |
| Fiscal year ended Jun. 30, 2023 | 74.99                | 71.96                        | 14.5             | 10.1                            | 2.8                           |

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Jun. 30, 2024: -

Fiscal year ended Jun. 30, 2023: -

### (2) Consolidated financial position

|                     | Total assets    | Net assets      | Equity ratio | Net assets per share |
|---------------------|-----------------|-----------------|--------------|----------------------|
|                     | Millions of yen | Millions of yen | %            | Yen                  |
| As of Jun. 30, 2024 | 12,294          | 4,466           | 36.3         | 591.31               |
| As of Jun. 30, 2023 | 10,114          | 3,987           | 39.4         | 536.87               |

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2024: 4,462 As of Jun. 30, 2023: 3,986

### (3) Consolidated cash flows

|                                 | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of the period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                                 | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                                |
| Fiscal year ended Jun. 30, 2024 | 1,003                                | 70                                   | 534                                  | 5,915  |
| Fiscal year ended Jun. 30, 2023 | 561                                  | (100)                                | 472                                  | 4,300  |

## 2. Dividends

|  | Dividend per share |        |        |          |       | Total dividends | Dividend payout ratio (consolidated) | Dividends on equity (consolidated) |
|--|--------------------|--------|--------|----------|-------|-----------------|--------------------------------------|------------------------------------|
|  | 1Q-end             | 2Q-end | 3Q-end | Year-end | Total |                 |                                      |                                    |
|  | Yen                | Yen    | Yen    | Yen      | Yen   | Millions of yen | %                                    | %                                  |
| Fiscal year ended Jun. 30, 2023              | -                  | -      | -      | 25.00    | 25.00 | 185             | 33.3                                 | 4.9                                |
| Fiscal year ended Jun. 30, 2024              | -                  | 12.00  | -      | 30.00    | 42.00 | 314             | 41.0                                 | 7.4                                |
| Fiscal year ending Jun. 30, 2025 (forecasts) | -                  | 16.00  | -      | 34.00    | 50.00 |                 | 44.4                                 |                                    |

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2025 (July 1, 2024 to June 30, 2025)

(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  | 38,000          | 7.7 | 1,347            | 20.4 | 1,336           | 14.5 | 850                                     | 12.3 | 112.62               |

\* Notes

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

(2) 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

(3) Number of shares outstanding (common shares)

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

|                      |                  |                      |                  |
|----------------------|------------------|----------------------|------------------|
| As of Jun. 30, 2024: | 8,040,400 shares | As of Jun. 30, 2023: | 7,852,800 shares |
|----------------------|------------------|----------------------|------------------|

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

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

3) Average number of outstanding shares during the period

|                                  |                  |                                  |                  |
|----------------------------------|------------------|----------------------------------|------------------|
| Fiscal year ended Jun. 30, 2024: | 7,399,473 shares | Fiscal year ended Jun. 30, 2023: | 7,322,739 shares |
|----------------------------------|------------------|----------------------------------|------------------|

\* The current financial results are not subject to the audit 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. Overview of Results of Operations, (4) Outlook” of the attachments regarding preconditions or other related matters for the forecasts.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year ended in June 2024, according to the Bank of Japan Tankan released on July 1, 2024, the business sentiment (DI: the difference between the percentages of companies that described conditions as favorable or unfavorable) of large manufacturing companies improved by two points from the March survey to plus 13. This was the first improvement in two quarters. There was an upturn in business sentiment in the basic materials sector and production began to recover in the automobile industry as the impact of the suspension of shipments declined. Business sentiment at large non-manufacturing companies remained high at plus 33 due in part to consistently strong demand created by foreign tourists in Japan.

Unemployment in Japan was 2.6% in May 2024, unchanged from April. The seasonally adjusted May jobs-to-applicants ratio was 1.24, down 0.02 point from April. As inflation continues, an increasing number of job seekers are switching to companies that offer higher salaries or looking for a second job. However, companies that are unable to raise prices to offset higher expenses caused by the yen's depreciation and other reasons are reluctant to hire more people.

During the fiscal year, sales and earnings were higher than one year earlier in all business segments mainly because of activities for meeting the demand for personnel as production recovered following the pandemic. Earnings were negatively affected by higher expenses resulting from strategic expenses for business sites, a larger workforce and more recruiting activities for more growth of the Hirayama Group. In the third quarter, earnings were affected by 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. Despite these negative effects, sales and earnings increased mainly because a subsidiary providing service sector temporary staffing became profitable, the result of strong demand created by foreign tourists in Japan, and sales growth more than offset an increase in expenses due to the first quarter acquisition and consolidation of Hirayama GL (formerly Bridgestone Green Landscape Co., Ltd.).

Net sales increased 11.4% year-on-year to 35,292 million yen and operating profit increased 25.3% to 1,119 million yen. Ordinary profit increased 23.0% to 1,166 million yen, which includes subsidy income of 4 million yen and foreign exchange gains of 25 million yen. Profit attributable to owners of parent increased 37.9% to 757 million yen after income taxes of 422 million yen.

Business segment performance was as follows.

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

Sales increased because of recoveries in the automobile, medical equipment and semiconductor manufacturing sectors and a large volume of orders and outsourcing in other categories of manufacturing too. 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 in this segment include Hirayama GL, which became a consolidated subsidiary in the first quarter.

Earnings were held down by the impact of lower production and suspension of operations at some automakers because of the safety test scandal and production adjustments at housing-component companies, and by local disruptions of production caused by flooding in northern Kyushu in the summer of 2023 and the January 2024 Noto Peninsula earthquake. There were contributions to earnings from the medical equipment sector, an improvement in the profitability of a group company that provides temporary staffing to the service sector, and newly consolidated subsidiary Hirayama GL. To continue the growth of in-sourcing and temporary staffing, this business strategically used recruiting and other expenses to add people for high-rate projects where customer needs are substantial and to strengthen training programs that give people high-end skills. The addition of business sites and a training center and hiring of recruiting and training personnel also contributed to higher expenses as the workforce increased.

New college graduates who were hired in 2023 are now making a contribution to the stability of manufacturing operations. However, recruiting expenses increased because the recruiting environment for people with previous work experience is more difficult than in the previous fiscal year due to the recovery of the service sector. During the fiscal year, 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 fiscal year increased 11.8% year-on-year to 28,273 million yen and segment profit increased 12.3% to 1,619 million yen.

#### (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. In the manufacturing sector, recruiting people is difficult because of the increasingly severe shortage of people with technical expertise. Despite this challenging business climate, this sector contributed to earnings as young engineers were placed in projects that have high rates. The start of business in AI, IoT and other new categories also contributed to growth of engineer placement services.

Recruiting activities in this business increased due to the outlook for medium- to long-term growth. The demand at manufacturers for hiring new graduates and people with previous experience has become even stronger, resulting in consistently intense competition for recruiting these people. Hirayama responded by adding new recruiting channels and redesigning the recruiting website for an even more favorable corporate image. Another initiative is training programs for people with little or no experience in a particular field and other measures for enabling group companies to hire a larger number of people.

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

Segment sales increased 9.8% year-on-year to 2,939 million yen and segment profit increased 95.1% to 125 million yen.

#### (Overseas operations)

In Thailand, the primary location of operations outside Japan, the manufacturing production index decreased 4.9% from one year earlier in the second quarter of 2023, decreased 5.2% in the third quarter, decreased 2.9% in the fourth quarter, and decreased 3.9% in the first quarter of 2024 and continued to weaken. In the automobile industry, which is the main source of orders, the manufacturing production index decreased 2.2% in 2023 from the previous year and decreased 18.5% from one year earlier in the first quarter of 2024. The number of temporary staffing employees of the Hirayama Group in Thailand as of March 2024 was down 10.3% from one year earlier to 2,650, but earnings increased due to the consistently high number of personnel assigned to projects that have high rates as well as activities to hold down expenses.

Segment sales increased 6.4% year-on-year to 2,881 million yen and segment profit increased 10.8% to 81 million yen.

Note: There is a three-month delay in the announcement of results of operations in the overseas operations segment. The sales and earnings reported for the fiscal year that ended in June 2024 are for overseas operations in the period from April 2023 to March 2024.

#### (Others)

The performance of this segment was supported by an increase in orders for Genba Kaizen consulting in Japan and overseas and training programs for overseas companies and human resource education institutions. The development of AI solutions for improving productivity and an increase in factory start-up consultation orders, including support for updating IT systems for a digital transformation, also contributed to growth.

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 19.2% year-on-year to 1,198 million yen and segment profit increased 42.4% to 299 million yen.

## (2) Financial Position

Total assets increased 2,179 million yen from the end of the previous fiscal year to 12,294 million yen at the end of the current fiscal year.

Current assets increased 2,044 million yen to 10,684 million yen. This was mainly due to increases in cash and deposits of 1,614 million yen, notes and accounts receivable-trade of 364 million yen and other current assets of 119 million yen.

Non-current assets increased 135 million yen to 1,609 million yen. This was mainly attributable to increases in property, plant and equipment of 48 million yen, intangible assets of 1 million yen and investments and other assets of 85 million yen.

Total liabilities increased 1,700 million yen to 7,828 million yen.

Current liabilities increased 783 million yen to 5,000 million yen. This was mainly attributable to increases in accounts payable-other of 153 million yen and current portion of long-term borrowings of 185 million yen. These increases were partially offset by decreases in income taxes payable of 78 million yen and accrued consumption taxes of 128 million yen.

Non-current liabilities increased 917 million yen to 2,827 million yen. This was mainly due to increases in long-term borrowings of 556 million yen and retirement benefit liability of 349 million yen.

Net assets increased 479 million yen to 4,466 million yen. The main factors include increases in share capital of 23 million yen and capital surplus of 23 million yen mainly due to issuance of shares resulting from exercise of share acquisition rights, booking of profit attributable to owners of parent of 757 million yen, which was partially offset by dividends paid of 274 million yen.

## (3) Cash Flows

Cash and cash equivalents (hereinafter referred to as “net cash”) increased 1,614 million yen from the end of the previous fiscal year to 5,915 million yen at the end of the current fiscal year.

Net cash provided by operating activities was 1,003 million yen, compared with net cash provided of 561 million yen one year earlier. Positive factors include profit before income taxes of 1,181 million yen and increases in retirement benefit liability of 153 million yen and deposits received of 431 million yen, while there were negative factors including a 184 million yen increase in trade receivables and income taxes paid of 447 million yen.

Net cash provided by investing activities was 70 million yen, compared with net cash used of 100 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 and proceeds from business divestitures of 50 million yen, while there were negative factors including purchase of property, plant and equipment of 92 million yen, purchase of intangible assets of 27 million yen and payments of leasehold and guarantee deposits of 50 million yen.

Net cash provided by financing activities amounted to 534 million yen, compared with net cash provided of 472 million yen one year earlier. Negative factors include repayments of long-term borrowings of 258 million yen and dividends paid of 273 million yen, while there were positive factors including proceeds from long-term borrowings of 1,000 million yen and proceeds from issuance of shares resulting from exercise of share acquisition rights of 47 million yen.

Reference: Trends in cash flow indicators

|  | FY6/20 | FY6/21 | FY6/22 | FY6/23 | FY6/24 |
|--|--------|--------|--------|--------|--------|
| Equity ratio (%)                                 | 38.9   | 39.0   | 41.1   | 39.4   | 36.3   |
| Market value-based equity ratio (%)              | 60.8   | 58.9   | 59.7   | 66.1   | 62.2   |
| Interest-bearing debt to cash flow ratio (years) | 1.3    | 0.7    | 0.9    | 1.5    | 1.6    |
| Interest coverage ratio (times)                  | 88.9   | 104.9  | 83.5   | 122.4  | 249.3  |

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

Notes: 1. All the indicators are calculated using financial reporting figures on a consolidated basis.

2. Cash flows are calculated using the figures for operating cash flows in the consolidated statement of cash flows.

3. Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest.

#### (4) Outlook

In the revised outlook for the global economy announced on July 16, 2024, the International Monetary Fund (IMF) reduced its outlook for 2024 economic growth in Japan to 0.7% from the 0.9% forecast announced in April. The reason is an annualized contraction of almost 3% of Japan's economy in the first quarter of 2024 caused mainly by the suspension of some automobile production and shipments. The forecast for global economic growth is unchanged from the 3.2% forecast announced in April. In the July 2024 Monthly Economic Report of the Japanese government, assessment of the economy was upgraded to "recovering moderately."

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, and despite no change in production in Thailand. 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, we forecast net sales of 38,000 million yen (up 7.7% year-on-year), operating profit of 1,347 million yen (up 20.4% year-on-year), ordinary profit of 1,336 million yen (up 14.5% year-on-year), and profit attributable to owners of parent of 850 million yen (up 12.3% year-on-year) in the fiscal year ending in June 2025.

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

#### (5) Profit Allocation Policy and Dividend Payment Plan for the Current and Next Fiscal Years

The payment of dividends is one of the highest priorities of Hirayama Holdings in order to distribute earnings to shareholders. Based on the policy of continuing to pay a stable dividend while retaining earnings as needed for future business operations and strengthening current operations, the guideline is to maintain a dividend payout ratio of at least 40%. In addition, to distribute a substantial amount of earnings to shareholders, the guideline for all earnings distributions, including the repurchase of stock, while taking into account the Hirayama Group's results of operations, financial condition, stock price and other factors, is a maximum of 50% of earnings.

Consolidated total earnings distribution ratio =

(Fiscal year dividends + Stock repurchased in the following fiscal year) / Fiscal year profit attributable to owners of parent

For the fiscal year that ended in June 2024, Hirayama Holdings plans to pay a dividend per share of 30 yen.

In the fiscal year ending in June 2025, in accordance with this policy for shareholder distributions, Hirayama Holdings plans to pay a dividend and repurchase stock, based on results of operations and stock market conditions, that result in a total earnings distribution ratio of not more than 50%.

## 2. Basic Approach to the Selection of Accounting Standards

The Hirayama Group will take suitable actions with regard to timing of application of International Financial Reporting Standards (IFRS) by taking into account associated factors.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

|  | (Thousands of yen)              |                                 |
|--|---------------------------------|---------------------------------|
|  | FY6/23<br>(As of Jun. 30, 2023) | FY6/24<br>(As of Jun. 30, 2024) |
| <b>Assets</b>  |                                 |                                 |
| Current assets   |                                 |                                 |
| Cash and deposits  | 4,334,259                       | 5,949,094                       |
| Notes and accounts receivable-trade                                  | 3,532,494                       | 3,896,926                       |
| Income taxes refund receivable                                       | 268,152                         | 212,981                         |
| Other  | 516,938                         | 636,717                         |
| Allowance for doubtful accounts                                      | (11,773)                        | (11,201)                        |
| Total current assets   | 8,640,071                       | 10,684,518                      |
| Non-current assets   |                                 |                                 |
| Property, plant and equipment  |                                 |                                 |
| Buildings and structures, net  | 189,151                         | 204,632                         |
| Land   | 119,137                         | 110,125                         |
| Other, net   | 102,787                         | 145,053                         |
| Total property, plant and equipment                                  | 411,077                         | 459,812                         |
| Intangible assets  |                                 |                                 |
| Other  | 58,591                          | 59,994                          |
| Total intangible assets  | 58,591                          | 59,994                          |
| Investments and other assets   |                                 |                                 |
| Investment securities  | 168,855                         | 145,710                         |
| Deferred tax assets  | 526,351                         | 614,462                         |
| Other  | 309,464                         | 329,745                         |
| Total investments and other assets                                   | 1,004,670                       | 1,089,917                       |
| Total non-current assets   | 1,474,339                       | 1,609,724                       |
| Total assets   | 10,114,410                      | 12,294,242                      |
| <b>Liabilities</b>   |                                 |                                 |
| Current liabilities  |                                 |                                 |
| Current portion of long-term borrowings                              | 213,013                         | 398,200                         |
| Accounts payable-other   | 2,578,139                       | 2,731,283                       |
| Income taxes payable   | 238,992                         | 160,924                         |
| Accrued consumption taxes  | 742,072                         | 613,120                         |
| Provision for bonuses  | 152,019                         | 188,845                         |
| Deposits received  | 189,992                         | 642,438                         |
| Other  | 102,992                         | 265,960                         |
| Total current liabilities  | 4,217,221                       | 5,000,773                       |
| Non-current liabilities  |                                 |                                 |
| Long-term borrowings   | 630,215                         | 1,187,000                       |
| Retirement benefit liability   | 898,576                         | 1,247,967                       |
| Provision for retirement benefits for directors (and other officers) | 311,435                         | 311,435                         |
| Other  | 69,761                          | 80,837                          |
| Total non-current liabilities  | 1,909,988                       | 2,827,240                       |
| Total liabilities  | 6,127,210                       | 7,828,013                       |



|  | (Thousands of yen)    |                       |
|--|-----------------------|-----------------------|
|  | FY6/23                | FY6/24                |
|  | (As of Jun. 30, 2023) | (As of Jun. 30, 2024) |
| Net assets                                   |                       |                       |
| Shareholders' equity                         |                       |                       |
| Share capital                                | 534,205               | 558,186               |
| Capital surplus                              | 453,776               | 477,673               |
| Retained earnings                            | 3,197,128             | 3,680,151             |
| Treasury shares                              | (195,168)             | (250,272)             |
| Total shareholders' equity                   | 3,989,941             | 4,465,739             |
| Accumulated other comprehensive income       |                       |                       |
| Foreign currency translation adjustment      | (3,633)               | (2,769)               |
| Total accumulated other comprehensive income | (3,633)               | (2,769)               |
| Share acquisition rights                     | 165                   | 76                    |
| Non-controlling interests                    | 726                   | 3,181                 |
| Total net assets                             | 3,987,200             | 4,466,228             |
| Total liabilities and net assets             | 10,114,410            | 12,294,242            |

**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Statement of Income**

|  | (Thousands of yen)             |                                |
|--|--------------------------------|--------------------------------|
|  | FY6/23                         | FY6/24                         |
|  | (Jul. 1, 2022 – Jun. 30, 2023) | (Jul. 1, 2023 – Jun. 30, 2024) |
| Net sales  | 31,674,036                     | 35,292,145                     |
| Cost of sales  | 26,442,918                     | 29,325,894                     |
| Gross profit   | 5,231,118                      | 5,966,251                      |
| Selling, general and administrative expenses                               | 4,337,711                      | 4,847,229                      |
| Operating profit   | 893,406                        | 1,119,021                      |
| Non-operating income   |                                |                                |
| Subsidy income   | 8,685                          | 4,012                          |
| Foreign exchange gains   | 28,250                         | 25,585                         |
| Other  | 22,848                         | 23,435                         |
| Total non-operating income   | 59,784                         | 53,033                         |
| Non-operating expenses   |                                |                                |
| Interest expenses  | 4,274                          | 4,902                          |
| Other  | 395                            | 762                            |
| Total non-operating expenses   | 4,670                          | 5,664                          |
| Ordinary profit  | 948,520                        | 1,166,389                      |
| Extraordinary income   |                                |                                |
| Gain on sale of non-current assets   | 250                            | 46                             |
| Gain on bargain purchase   | -                              | 13,718                         |
| Gain on transfer from business divestitures                                | -                              | 36,256                         |
| Total extraordinary income   | 250                            | 50,021                         |
| Extraordinary losses   |                                |                                |
| Loss on retirement of non-current assets                                   | 183                            | 1,160                          |
| Impairment loss  | 3,898                          | -                              |
| Loss on valuation of investments in capital of subsidiaries and associates | 5,480                          | -                              |
| Loss on valuation of investment securities                                 | -                              | 23,144                         |
| Loss on liquidation of subsidiaries and associates                         | -                              | 2,486                          |
| Company-sponsored funeral  | -                              | 8,029                          |
| Total extraordinary losses   | 9,562                          | 34,821                         |
| Profit before income taxes   | 939,208                        | 1,181,590                      |
| Income taxes-current   | 486,736                        | 427,363                        |
| Income taxes-deferred  | (96,792)                       | (5,093)                        |
| Total income taxes   | 389,943                        | 422,270                        |
| Profit   | 549,264                        | 759,319                        |
| Profit attributable to non-controlling interests                           | 136                            | 2,207                          |
| Profit attributable to owners of parent                                    | 549,127                        | 757,112                        |

**Consolidated Statement of Comprehensive Income**

|   | (Thousands of yen)             |                                |
|---|--------------------------------|--------------------------------|
|   | FY6/23                         | FY6/24                         |
|   | (Jul. 1, 2022 – Jun. 30, 2023) | (Jul. 1, 2023 – Jun. 30, 2024) |
| Profit                                  | 549,264                        | 759,319                        |
| Other comprehensive income              |                                |                                |
| Foreign currency translation adjustment | (3,362)                        | 878                            |
| Total other comprehensive income        | (3,362)                        | 878                            |
| Comprehensive income                    | 545,902                        | 760,198                        |
| Comprehensive income attributable to:   |                                |                                |
| Owners of parent                        | 545,755                        | 757,976                        |
| Non-controlling interests               | 147                            | 2,221                          |

**(3) Consolidated Statement of Changes in Equity**

FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 517,921              | 437,852         | 2,823,514         | (195,142)       | 3,584,145                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Issuance of new shares                               | 16,283               | 16,283          | -                 | -               | 32,567                     |
| Dividends of surplus                                 | -                    | -               | (175,513)         | -               | (175,513)                  |
| Profit attributable to owners of parent              | -                    | -               | 549,127           | -               | 549,127                    |
| Purchase of treasury shares                          | -                    | -               | -                 | (25)            | (25)                       |
| Net changes in items other than shareholders' equity | -                    | (359)           | -                 | -               | (359)                      |
| Total changes during period                          | 16,283               | 15,924          | 373,614           | (25)            | 405,796                    |
| Balance at end of period                             | 534,205              | 453,776         | 3,197,128         | (195,168)       | 3,989,941                  |

|  | Accumulated other comprehensive income  |  | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|--|--------------------------|---------------------------|------------------|
|  | Foreign currency translation adjustment | Total accumulated other comprehensive income |                          |                           |                  |
| Balance at beginning of period                       | (260)                                   | (260)  | 301                      | 69                        | 3,584,256        |
| Changes during period                                |   |  |                          |                           |                  |
| Issuance of new shares                               | -                                       | -  | -                        | -                         | 32,567           |
| Dividends of surplus                                 | -                                       | -  | -                        | -                         | (175,513)        |
| Profit attributable to owners of parent              | -                                       | -  | -                        | -                         | 549,127          |
| Purchase of treasury shares                          | -                                       | -  | -                        | -                         | (25)             |
| Net changes in items other than shareholders' equity | (3,372)                                 | (3,372)                                      | (136)                    | 656                       | (3,212)          |
| Total changes during period                          | (3,372)                                 | (3,372)                                      | (136)                    | 656                       | 402,943          |
| Balance at end of period                             | (3,633)                                 | (3,633)                                      | 165                      | 726                       | 3,987,200        |

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 534,205              | 453,776         | 3,197,128         | (195,168)       | 3,989,941                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Issuance of new shares                               | 23,981               | 23,981          | -                 | -               | 47,962                     |
| Dividends of surplus                                 | -                    | -               | (274,089)         | -               | (274,089)                  |
| Profit attributable to owners of parent              | -                    | -               | 757,112           | -               | 757,112                    |
| Purchase of treasury shares                          | -                    | -               | -                 | (55,103)        | (55,103)                   |
| Net changes in items other than shareholders' equity | -                    | (83)            | -                 | -               | (83)                       |
| Total changes during period                          | 23,981               | 23,897          | 483,022           | (55,103)        | 475,797                    |
| Balance at end of period                             | 558,186              | 477,673         | 3,680,151         | (250,272)       | 4,465,739                  |

|  | Accumulated other comprehensive income  |  | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|--|--------------------------|---------------------------|------------------|
|  | Foreign currency translation adjustment | Total accumulated other comprehensive income |                          |                           |                  |
| Balance at beginning of period                       | (3,633)                                 | (3,633)                                      | 165                      | 726                       | 3,987,200        |
| Changes during period                                |   |  |                          |                           |                  |
| Issuance of new shares                               | -                                       | -  | -                        | -                         | 47,962           |
| Dividends of surplus                                 | -                                       | -  | -                        | -                         | (274,089)        |
| Profit attributable to owners of parent              | -                                       | -  | -                        | -                         | 757,112          |
| Purchase of treasury shares                          | -                                       | -  | -                        | -                         | (55,103)         |
| Net changes in items other than shareholders' equity | 863                                     | 863  | (88)                     | 2,455                     | 3,147            |
| Total changes during period                          | 863                                     | 863  | (88)                     | 2,455                     | 479,028          |
| Balance at end of period                             | (2,769)                                 | (2,769)                                      | 76                       | 3,181                     | 4,466,228        |

**(4) Consolidated Statement of Cash Flows**

|  | (Thousands of yen)             |                                |
|--|--------------------------------|--------------------------------|
|  | FY6/23                         | FY6/24                         |
|  | (Jul. 1, 2022 – Jun. 30, 2023) | (Jul. 1, 2023 – Jun. 30, 2024) |
| Cash flows from operating activities   |                                |                                |
| Profit before income taxes   | 939,208                        | 1,181,590                      |
| Depreciation   | 50,774                         | 64,379                         |
| Amortization of goodwill   | 9,809                          | 9,809                          |
| Impairment losses  | 3,898                          | -                              |
| Increase (decrease) in allowance for doubtful accounts   | (41,297)                       | (572)                          |
| Interest and dividend income   | (1,389)                        | (1,813)                        |
| Interest expenses  | 4,274                          | 4,902                          |
| Foreign exchange losses (gains)  | (28,250)                       | (25,585)                       |
| Loss on valuation of investments in capital of subsidiaries and associates                     | 5,480                          | -                              |
| Loss (gain) on valuation of investment securities  | -                              | 23,144                         |
| Loss (gain) on sale of non-current assets  | (250)                          | (46)                           |
| Loss on retirement of non-current assets   | 183                            | 1,160                          |
| Decrease (increase) in trade receivables   | (156,988)                      | (184,503)                      |
| Decrease (increase) in accounts receivable-other   | (16,551)                       | 18,347                         |
| Decrease (increase) in distressed receivables  | 218                            | -                              |
| Increase (decrease) in deposits received   | 13,995                         | 431,721                        |
| Increase (decrease) in accounts payable-other  | 182,102                        | 69,574                         |
| Increase (decrease) in provision for bonuses   | 7,439                          | (2,374)                        |
| Increase (decrease) in provision for retirement benefits for directors (and other officers)    | (1,928)                        | (2,340)                        |
| Increase (decrease) in retirement benefit liability  | 142,727                        | 153,494                        |
| Increase (decrease) in accrued consumption taxes   | 14,316                         | (140,336)                      |
| Gain on bargain purchase   | -                              | (13,718)                       |
| Gain on transfer from business divestitures  | -                              | (36,256)                       |
| Other, net   | (1,202)                        | (97,177)                       |
| Subtotal   | 1,126,572                      | 1,453,400                      |
| Interest and dividends received  | 1,708                          | 1,633                          |
| Interest paid  | (4,585)                        | (4,025)                        |
| Income taxes paid  | (562,358)                      | (447,637)                      |
| Net cash provided by (used in) operating activities  | 561,336                        | 1,003,372                      |
| Cash flows from investing activities   |                                |                                |
| Proceeds from sale of property, plant and equipment  | 285                            | 258                            |
| Purchase of property, plant and equipment  | (26,986)                       | (92,575)                       |
| Purchase of intangible assets  | (29,673)                       | (27,891)                       |
| Proceeds from sale of investment securities  | 185                            | 250                            |
| Purchase of investment securities  | (10,000)                       | (136)                          |
| Proceeds from refund of leasehold and guarantee deposits                                       | 12,797                         | 31,588                         |
| Payments of leasehold and guarantee deposits   | (46,689)                       | (50,699)                       |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | -                              | 151,267                        |
| Proceeds from business divestitures  | -                              | 50,468                         |
| Other, net   | (210)                          | 7,611                          |
| Net cash provided by (used in) investing activities  | (100,292)                      | 70,141                         |

|   | (Thousands of yen)             |                                |
|---|--------------------------------|--------------------------------|
|   | FY6/23                         | FY6/24                         |
|   | (Jul. 1, 2022 – Jun. 30, 2023) | (Jul. 1, 2023 – Jun. 30, 2024) |
| Cash flows from financing activities  |                                |                                |
| Proceeds from short-term borrowings   | -                              | 80,000                         |
| Proceeds from long-term borrowings  | 900,000                        | 1,000,000                      |
| Repayments of long-term borrowings  | (274,603)                      | (258,028)                      |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights              | 32,436                         | 47,874                         |
| Purchase of treasury shares   | (25)                           | (55,103)                       |
| Dividends paid  | (175,432)                      | (273,796)                      |
| Other, net  | (9,645)                        | (6,756)                        |
| Net cash provided by (used in) financing activities   | 472,729                        | 534,189                        |
| Effect of exchange rate change on cash and cash equivalents                                       | 7,291                          | 7,131                          |
| Net increase (decrease) in cash and cash equivalents  | 941,065                        | 1,614,834                      |
| Cash and cash equivalents at beginning of period  | 3,379,194                      | 4,300,259                      |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (20,000)                       | -                              |
| Cash and cash equivalents at end of period  | 4,300,259                      | 5,915,094                      |

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Segment and Other Information****Segment Information**

## 1. Outline of reportable segments

The reportable segments of the Hirayama Group are the constituent units for which separate financial information is available and which are subject to periodic reviews by the Board of Directors to determine allocations of resources and to evaluate performance.

The primary activity of the Hirayama Group is the provision in Japan and overseas of a comprehensive lineup of staffing services, including temporary staffing, in-sourcing and other activities, for the manufacturing and the technology development operations of manufacturers. There are three reportable segments: In-sourcing & temp staffing services, Engineer placement services, and Overseas operations.

The activities of each segment are as follows.

|                                       |  |
|---------------------------------------|--|
| In-sourcing & temp staffing services: | In-sourcing and temp staffing for the factories of manufacturers                                       |
| Engineer placement services:          | Temp staffing of engineers for specific tasks, such as design and development, and outsourced projects |
| Overseas operations:                  | Temp staffing and other businesses in other countries  |

## 2. Calculation method of the amounts of net sales, profit or loss, assets and other items by reportable segment

The accounting methods used for reportable operating segments are the same as those adopted for preparing the consolidated financial statements.

Profits for reportable segments are generally operating profit.

Inter-segment sales and transfers are based on prevailing market prices.



## 3. Information related to net sales, profit or loss, assets and other items by reportable segment

FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)

(Thousands of yen)

|   | Reportable segment                |                       |                        |            | Other<br>(Note 1) | Total      | Adjustment<br>(Note 2) | Amount in the<br>consolidated<br>financial<br>statements<br>(Note 3) |
|---|-----------------------------------|-----------------------|------------------------|------------|-------------------|------------|------------------------|--|
|   | In-sourcing<br>& temp<br>staffing | Engineer<br>placement | Overseas<br>operations | Total      |                   |            |                        |  |
| Net sales   |                                   |                       |                        |            |                   |            |                        |  |
| Sales to external customers                                     | 25,283,111                        | 2,676,256             | 2,709,039              | 30,668,407 | 1,005,628         | 31,674,036 | -                      | 31,674,036   |
| Inter-segment sales and transfers                               | -                                 | 8,341                 | 2,110                  | 10,451     | 132,427           | 142,879    | (142,879)              | -  |
| Total   | 25,283,111                        | 2,684,597             | 2,711,150              | 30,678,859 | 1,138,056         | 31,816,915 | (142,879)              | 31,674,036   |
| Segment profit (loss)   | 1,441,719                         | 64,315                | 73,475                 | 1,579,510  | 210,645           | 1,790,156  | (896,750)              | 893,406  |
| Segment assets  | 3,254,207                         | 268,218               | 477,021                | 3,999,446  | 596,541           | 4,595,987  | 5,518,422              | 10,114,410   |
| Other items   |                                   |                       |                        |            |                   |            |                        |  |
| Depreciation  | 7,868                             | 5,781                 | 1,300                  | 14,950     | 10,834            | 25,785     | 24,988                 | 50,774   |
| Amortization of goodwill  | -                                 | -                     | 230                    | 230        | 9,579             | 9,809      | -                      | 9,809  |
| Increase in property, plant and equipment and intangible assets | 28,531                            | 6,395                 | 21                     | 34,948     | 18,610            | 53,558     | 19,010                 | 72,569   |

Notes: 1. "Other" is a business segment that is not included in reportable segments. This segment consists primarily of the consulting business, education business and the fee-based employment placement agency business.

2. The adjustment of minus 896,750 thousand yen to segment profit (loss) includes inter-segment transaction elimination of 82,559 thousand yen and corporate expenses of minus 979,310 thousand yen that are not allocated to reportable segments. Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

The adjustment of 5,518,422 thousand yen to segment assets is for corporate assets including cash and deposits that are not allocated to reportable segments.

The adjustment of 24,988 thousand yen to depreciation is for corporate expenses that cannot be attributed to reportable segments.

3. Segment profit (loss) is adjusted with operating profit shown on the consolidated financial statements.

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

(Thousands of yen)

|   | Reportable segment                |                       |                        |            | Other<br>(Note 1) | Total      | Adjustment<br>(Note 2) | Amount in the<br>consolidated<br>financial<br>statements<br>(Note 3) |
|---|-----------------------------------|-----------------------|------------------------|------------|-------------------|------------|------------------------|--|
|   | In-sourcing<br>& temp<br>staffing | Engineer<br>placement | Overseas<br>operations | Total      |                   |            |                        |  |
| Net sales   |                                   |                       |                        |            |                   |            |                        |  |
| Sales to external customers                                     | 28,273,178                        | 2,939,469             | 2,881,205              | 34,093,853 | 1,198,292         | 35,292,145 | -                      | 35,292,145   |
| Inter-segment sales and transfers                               | -                                 | 19,236                | 3,539                  | 22,776     | 152,488           | 175,264    | (175,264)              | -  |
| Total   | 28,273,178                        | 2,958,706             | 2,884,745              | 34,116,629 | 1,350,780         | 35,467,410 | (175,264)              | 35,292,145   |
| Segment profit (loss)   | 1,619,080                         | 125,486               | 81,390                 | 1,825,957  | 299,912           | 2,125,870  | (1,006,848)            | 1,119,021  |
| Segment assets  | 3,539,672                         | 431,639               | 478,188                | 4,449,499  | 568,869           | 5,018,368  | 7,275,873              | 12,294,242   |
| Other items   |                                   |                       |                        |            |                   |            |                        |  |
| Depreciation  | 13,747                            | 7,597                 | 1,110                  | 22,454     | 12,506            | 34,961     | 29,418                 | 64,379   |
| Amortization of goodwill  | -                                 | -                     | 230                    | 230        | 9,579             | 9,809      | -                      | 9,809  |
| Increase in property, plant and equipment and intangible assets | 54,965                            | 3,796                 | 46                     | 58,807     | 10,662            | 69,469     | 57,993                 | 127,462  |

- Notes: 1. "Other" is a business segment that is not included in reportable segments. This segment consists primarily of the consulting business, education business and the fee-based employment placement agency business.
2. The adjustment of minus 1,006,848 thousand yen to segment profit (loss) includes inter-segment transaction elimination of 77,371 thousand yen and corporate expenses of minus 1,084,220 thousand yen that are not allocated to reportable segments. Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.
- The adjustment of 7,275,873 thousand yen to segment assets is for corporate assets including cash and deposits that are not allocated to reportable segments.
- The adjustment of 29,418 thousand yen to depreciation is for corporate expenses that cannot be attributed to reportable segments.
3. Segment profit (loss) is adjusted with operating profit shown on the consolidated financial statements.

**Related Information**

FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)

## 1. Information about products and services

Omitted because this information is presented in Segment Information.

## 2. Geographical information

(1) Net sales (Thousands of yen)

| Japan      | Asia (excluding Japan) | Other  | Total      |
|------------|------------------------|--------|------------|
| 28,906,503 | 2,720,603              | 46,929 | 31,674,036 |

## (2) Property, plant and equipment

Omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

## 3. Information of specific major customer

(Thousands of yen)

| Name               | Sales     | Related segments            |
|--------------------|-----------|-----------------------------|
| Terumo Corporation | 4,591,402 | In-sourcing & temp staffing |

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

## 1. Information about products and services

Omitted because this information is presented in Segment Information.

## 2. Geographical information

(1) Net sales (Thousands of yen)

| Japan      | Asia (excluding Japan) | Other  | Total      |
|------------|------------------------|--------|------------|
| 32,325,816 | 2,908,064              | 58,264 | 35,292,145 |

## (2) Property, plant and equipment

Omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

## 3. Information of specific major customer

(Thousands of yen)

| Name               | Sales     | Related segments            |
|--------------------|-----------|-----------------------------|
| Terumo Corporation | 4,852,693 | In-sourcing & temp staffing |

**Information related to impairment loss of non-current assets by reportable segment**

FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)

(Thousands of yen)

|                 | In-sourcing & temp staffing | Engineer placement | Overseas operations | Other (Note 1) | Adjustment (Note 2) | Total |
|-----------------|-----------------------------|--------------------|---------------------|----------------|---------------------|-------|
| Impairment loss | -                           | -                  | -                   | -              | 3,898               | 3,898 |

Notes: 1. "Other" is a business segment that is not included in reportable segments. This segment consists primarily of the consulting business, education business and the fee-based employment placement agency business.

2. The amount of adjustment is an impairment loss on corporate assets that are not allocated to any of the reportable segments.

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

Not applicable.

**Information related to amortization of goodwill and unamortized balance by reportable segment**

FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)

(Thousands of yen)

|                                | In-sourcing &<br>temp staffing | Engineer<br>placement | Overseas<br>operations | Other (Note) | Adjustment | Total  |
|--------------------------------|--------------------------------|-----------------------|------------------------|--------------|------------|--------|
| Amortization for<br>the period | -                              | -                     | 230                    | 9,579        | -          | 9,809  |
| Balance at end of<br>period    | -                              | -                     | 461                    | 9,579        | -          | 10,040 |

Note: “Other” is a business segment that is not included in reportable segments. This segment consists primarily of the consulting business, education business and the fee-based employment placement agency business.

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

(Thousands of yen)

|                                | In-sourcing &<br>temp staffing | Engineer<br>placement | Overseas<br>operations | Other (Note) | Adjustment | Total |
|--------------------------------|--------------------------------|-----------------------|------------------------|--------------|------------|-------|
| Amortization for<br>the period | -                              | -                     | 230                    | 9,579        | -          | 9,809 |
| Balance at end of<br>period    | -                              | -                     | 230                    | -            | -          | 230   |

Note: “Other” is a business segment that is not included in reportable segments. This segment consists primarily of the consulting business, education business and the fee-based employment placement agency business.

**Information related to gain on bargain purchase by reportable segment**

- 1) Value of gain on bargain purchase

13,718 thousand yen

- 2) Source of gain on bargain purchase

As the acquisition cost was less than the net amount allocated to the assets acquired and liabilities assumed, the difference was recognized as a gain on bargain purchase.

**Per-share Information**

(Yen)

|                              | FY6/23<br>(Jul. 1, 2022 – Jun. 30, 2023) | FY6/24<br>(Jul. 1, 2023 – Jun. 30, 2024) |
|------------------------------|--|--|
| Net assets per share         | 536.87                                   | 591.31                                   |
| Net income per share         | 74.99                                    | 102.32                                   |
| Diluted net income per share | 71.96                                    | 98.86                                    |

Note: The basis of calculating the net income per share and diluted net income per share is as follows:

(Thousands of yen, unless otherwise stated)

|   | FY6/23<br>(Jul. 1, 2022 – Jun. 30, 2023) | FY6/24<br>(Jul. 1, 2023 – Jun. 30, 2024) |
|---|--|--|
| (1) Net income per share  |  |  |
| Profit attributable to owners of parent   | 549,127                                  | 757,112                                  |
| Amount not attributable to common shareholders  | -  | -  |
| Profit attributable to common shareholders of parent  | 549,127                                  | 757,112                                  |
| Average number of shares during the period (shares)   | 7,322,739                                | 7,399,473                                |
| (2) Diluted net income per share  |  |  |
| Adjusted profit attributable to owners of parent  | -  | -  |
| Increase in the number of common shares (shares)  | 308,364                                  | 259,294                                  |
| [Share acquisition rights (shares)]   | [308,364]                                | [259,294]                                |
| Summary of dilutive shares not included in the calculation of diluted net income per share since there was no dilutive effect | -  | -  |

**Material Subsequent Events**

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.*