

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2025
(Three Months Ended September 30, 2024)

[Japanese GAAP]

November 14, 2024

Company name: HIRAYAMA HOLDINGS Co., Ltd. Listing: Tokyo Stock Exchange
Securities code: 7781 URL: <https://www.hirayamastaff.co.jp/>
Representative: Yoshikazu Hirayama, President
Contact: Shingo Tsukahara, Executive officer, General Manager of Group Strategy Division
Tel: +81-(0)3-5769-4680

Scheduled date of payment of dividend: -
Preparation of supplementary materials for financial results: None
Holding of financial results meeting: None

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2025
(July 1, 2024 to September 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	%
Three months ended Sep. 30, 2024	8,844	3.6	301	38.3	326	36.1	211	34.5
Three months ended Sep. 30, 2023	8,538	10.6	218	(23.2)	240	(23.2)	157	(21.3)

Note: Comprehensive income (millions of yen) Three months ended Sep. 30, 2024: 215 (up 37.3%)
Three months ended Sep. 30, 2023: 156 (down 20.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Sep. 30, 2024	27.92	27.50
Three months ended Sep. 30, 2023	21.32	20.57

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2024	11,977	4,474	37.3	585.88
As of Jun. 30, 2024	12,294	4,466	36.3	591.31

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2024: 4,470 As of Jun. 30, 2024: 4,462

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2024	-	12.00	-	30.00	42.00
Fiscal year ending Jun. 30, 2025	-	-	-	-	-
Fiscal year ending Jun. 30, 2025 (forecasts)	-	16.00	-	34.00	50.00

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

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

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

* Notes

(1) Significant changes in the scope of consolidation during the period: None

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

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

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

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

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

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

As of Sep. 30, 2024:	8,122,800 shares	As of Jun. 30, 2024:	8,040,400 shares
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2) Number of treasury shares as of the end of the period

As of Sep. 30, 2024:	492,773 shares	As of Jun. 30, 2024:	492,773 shares
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3) Average number of outstanding shares during the period

Three months ended Sep. 30, 2024:	7,588,184 shares	Three months ended Sep. 30, 2023:	7,389,988 shares
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* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* 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, (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. Overview of Results of Operations

(1) Results of Operations

In the first quarter of the current fiscal year (July 1 to September 30, 2024), according to the Bank of Japan Tankan released on October 1, 2024, the business sentiment (DI: the difference between the percentages of companies that described conditions as favorable or unfavorable) of large manufacturing companies was plus 13, the same as in the previous survey in June. There was growth in the semiconductor sector as the IT market began to recover and the electrical machinery sector improved by 10 points to plus 11. The motor vehicles sector was down 5 points to plus 7 but the outlook improved by 2 points to plus 9. The negative impact of the certification scandal is decreasing but an August typhoon and other natural disasters forced automakers to suspend some production. The DI for large companies in the nonmanufacturing category improved by 1 point from the previous survey to plus 34, the first improvement in two quarters. The retail sector improved 9 points to plus 28 because of higher demand for summer apparel and other merchandise that consumers wanted due to the very hot summer. In the hospitality and food and beverage services sector, there was a 3 point improvement to plus 52 due to increasing demand created by the large number of foreign tourists in Japan.

Unemployment in Japan was 2.4% in September 2024, a decrease of 0.1 point from August. The seasonally adjusted September jobs-to-applicants ratio was 1.24, up 0.01 point from August. Although there is still a labor shortage in Japan, some companies are holding down recruiting activities in response to rising expenses caused by inflation.

First quarter sales and earnings were higher than one year earlier. There is no growth in Thailand's manufacturing sector but demand is increasing in Japan for the Hirayama Group's services in Japan due to the recovery of manufacturing activity. In-sourcing & temp staffing services were a major source of growth. The main reasons are higher orders from new and current customers, the negative impact on earnings one year earlier of expenses for adding newly consolidated subsidiary Hirayama GL (formerly Bridgestone Green Landscape) to the Hirayama Group, and an improvement in production efficiency by using the Hirayama Group's Genba Kaizen expertise.

Net sales increased 3.6% year-on-year to 8,844 million yen and operating profit increased 38.3% to 301 million yen. Ordinary profit increased 36.1% to 326 million yen, which includes subsidy income of 660 thousand yen and foreign exchange gains of 24 million yen. Profit attributable to owners of parent increased 34.5% to 211 million yen after income taxes of 114 million yen.

Business segment performance was as follows.

(In-sourcing & temp staffing services)

Sales increased due to a large volume of in-sourcing and temp staffing orders from three customers in the electronic device and semiconductor manufacturing, medical equipment and automotive sectors. 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 current customers and many orders from new customers. Hirayama GL, which became a consolidated subsidiary in the previous fiscal year, was another reason for sales growth in this segment.

The August typhoon and two fewer working days in July and September than in 2023 had a negative effect on earnings. However, earnings were higher than one year earlier because of the strong performance of the medical equipment sector and the earnings of 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 resulted in higher expenses.

New college graduates who were hired in 2024 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 first quarter, 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 quarter increased 4.5% year-on-year to 7,157 million yen and segment profit increased 29.6% to 455 million yen.

(Engineer placement services)

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. Orders are recovering mainly for engineers for embedded control software for automotive applications and precision equipment, semiconductor jobs, and manufacturing equipment. Most significant was the contribution to earnings growth of orders for younger engineers in positions that have high fees because of the continuing shortage of engineers in Japan's manufacturing sector.

Activities are continuing for hiring a large number of young IT engineers to meet the demand for people with the skills needed in the AI, IoT, DX and other parts of the IT sector. Recruiting activities are accompanied by training programs to further increase the value of these engineers to prospective employers. There was a temporary increase from July to September in the number of people hired with previous work experience who received training. The number of these people has surpassed the goal and they are expected to start contributing to sales and earnings growth.

Recruiting activities in this business increased due to the outlook for medium- to long-term growth. Competition for hiring engineers is remaining intense because of the growth of hiring of new graduates and experienced people at manufacturers and temporary staffing and placement firms. To recruit these people, the Hirayama Group is increasing the number of people who perform recruiting activities and launched a new recruiting website in September. This website is used for corporate branding activities and establishing a new channel to attract job applicants with the goal of improving profitability.

Segment sales increased 4.8% year-on-year to 755 million yen and segment profit decreased 70.0% to 13 million yen.

(Overseas operations)

In Thailand, the primary location of operations outside Japan, the manufacturing production index decreased 5.2% in the third quarter of 2023, decreased 2.9% in the fourth quarter, decreased 3.6% in the first quarter of 2024, decreased 0.2% in the second quarter and has continued to weaken. In the automobile industry, which is the main source of orders, the manufacturing production index decreased 18.4% from one year earlier in the first quarter of 2024 and decreased 16.3% in the second quarter. Due to these declines, the number of Hirayama Group temporary staffing personnel on assignments in Thailand was 2,301 in June 2024, down 24.5% from one year earlier. Despite this downturn, there was a profit because of continuing initiatives to hold down expenses. More activities are underway for further cost cutting to improve profitability.

Segment sales decreased 16.5% year-on-year to 607 million yen and segment profit decreased 59.2% to 9 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 first quarter of the fiscal year ending in June 2025 are for overseas operations in the period from April to June 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. Support for updating IT systems for a digital transformation and factory start-up consulting orders increased.

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. Firm orders and production of midsize products at Heiwa Ironworks Co., Ltd. and a large number of requests from manufacturers of heavy electrical equipment for the fabrication of tiny items also contributed to

earnings.

Segment sales increased 35.7% year-on-year to 323 million yen and segment profit increased 122.3% to 99 million yen.

(2) Financial Position

Total assets decreased 316 million yen from the end of the previous fiscal year to 11,977 million yen at the end of first quarter of the current fiscal year.

Current assets decreased 380 million yen to 10,304 million yen. This was mainly due to decreases in cash and deposits of 229 million yen and notes and accounts receivable-trade of 254 million yen, while there was an increase in other current assets of 92 million yen.

Non-current assets increased 63 million yen to 1,673 million yen. This was mainly attributable to increases in property, plant and equipment of 8 million yen and investments and other assets of 54 million yen, while there was a decrease in intangible assets of 157 thousand yen.

Total liabilities decreased 324 million yen to 7,503 million yen.

Current liabilities decreased 253 million yen to 4,747 million yen. This was mainly attributable to increases in provision for bonuses of 226 million yen and accrued consumption taxes of 130 million yen. These increases were partially offset by decreases in accounts payable-other of 161 million yen and income taxes payable of 29 million yen.

Non-current liabilities decreased 71 million yen to 2,756 million yen. This was mainly due to a decrease in long-term borrowings of 99 million yen, while there was an increase in retirement benefit liability of 16 million yen.

Net assets increased 8 million yen to 4,474 million yen. The main factors include increases in share capital of 9 million yen and capital surplus of 9 million yen mainly due to issuance of shares resulting from exercise of share acquisition rights, which was partially offset by dividends paid of 226 million yen.

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

In the revised outlook for the global economy announced on October 22, 2024, the International Monetary Fund (IMF) reduced the outlook for 2024 economic growth in Japan to 0.3% from the outlook in July of 0.7%. For 2025, the July outlook of 1.0% has been increased to 1.1%. Furthermore, the IMF now forecasts global economic growth of 3.2% in 2025, down from the 3.3% forecast announced in July.

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 this outlook, there are no revisions to the forecast that was announced on August 14, 2024 for 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.

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

	(Thousands of yen)	
	FY6/24 (As of Jun. 30, 2024)	First Quarter of FY6/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	5,949,094	5,719,821
Notes and accounts receivable-trade	3,896,926	3,642,610
Income taxes refund receivable	212,981	222,864
Other	636,717	729,682
Allowance for doubtful accounts	(11,201)	(10,919)
Total current assets	10,684,518	10,304,059
Non-current assets		
Property, plant and equipment	459,812	468,694
Intangible assets	59,994	59,836
Investments and other assets	1,089,917	1,144,847
Total non-current assets	1,609,724	1,673,378
Total assets	12,294,242	11,977,437
Liabilities		
Current liabilities		
Short-term borrowings	80,000	80,000
Current portion of long-term borrowings	398,200	398,200
Accounts payable-other	2,731,283	2,569,834
Income taxes payable	160,924	131,500
Provision for bonuses	188,845	414,941
Accrued consumption taxes	613,120	743,580
Other	828,399	409,117
Total current liabilities	5,000,773	4,747,173
Non-current liabilities		
Long-term borrowings	1,187,000	1,087,450
Retirement benefit liability	1,247,967	1,264,699
Provision for retirement benefits for directors (and other officers)	311,435	314,795
Other	80,837	89,056
Total non-current liabilities	2,827,240	2,756,001
Total liabilities	7,828,013	7,503,175
Net assets		
Shareholders' equity		
Share capital	558,186	567,744
Capital surplus	477,673	487,135
Retained earnings	3,680,151	3,665,559
Treasury shares	(250,272)	(250,272)
Total shareholders' equity	4,465,739	4,470,167
Accumulated other comprehensive income		
Foreign currency translation adjustment	(2,769)	81
Total accumulated other comprehensive income	(2,769)	81
Share acquisition rights	76	76
Non-controlling interests	3,181	3,936
Total net assets	4,466,228	4,474,262
Total liabilities and net assets	12,294,242	11,977,437

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

(Thousands of yen)

	First three months of FY6/24 (Jul. 1, 2023 – Sep. 30, 2023)	First three months of FY6/25 (Jul. 1, 2024 – Sep. 30, 2024)
Net sales	8,538,347	8,844,278
Cost of sales	7,169,709	7,315,364
Gross profit	1,368,637	1,528,913
Selling, general and administrative expenses	1,150,505	1,227,333
Operating profit	218,132	301,580
Non-operating income		
Foreign exchange gains	18,557	24,269
Subsidy income	2,301	660
Other	2,920	4,402
Total non-operating income	23,779	29,332
Non-operating expenses		
Interest expenses	1,216	3,426
Other	615	659
Total non-operating expenses	1,831	4,085
Ordinary profit	240,079	326,826
Extraordinary income		
Gain on bargain purchase	13,718	-
Total extraordinary income	13,718	-
Extraordinary losses		
Loss on retirement of non-current assets	399	-
Loss on liquidation of subsidiaries and associates	2,486	-
Total extraordinary losses	2,886	-
Profit before income taxes	250,911	326,826
Income taxes-current	133,178	161,823
Income taxes-deferred	(40,180)	(47,427)
Total income taxes	92,997	114,395
Profit	157,913	212,430
Profit attributable to non-controlling interests	389	594
Profit attributable to owners of parent	157,524	211,836

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

(Thousands of yen)

	First three months of FY6/24 (Jul. 1, 2023 – Sep. 30, 2023)	First three months of FY6/25 (Jul. 1, 2024 – Sep. 30, 2024)
Profit	157,913	212,430
Other comprehensive income		
Foreign currency translation adjustment	(1,102)	2,865
Total other comprehensive income	(1,102)	2,865
Comprehensive income	156,811	215,295
Comprehensive income attributable to:		
Owners of parent	156,413	214,687
Non-controlling interests	398	608

(3) Notes to Quarterly Consolidated Financial Statements**Segment and Other Information****Segment Information**

I First three months of FY6/24 (Jul. 1, 2023 – Sep. 30, 2023)

1. Information related to net sales and profit for each reportable segment

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	In-sourcing & temp staffing	Engineer placement	Overseas operations	Total				
Net sales								
Sales to external customers	6,851,126	721,137	727,768	8,300,031	238,315	8,538,347	-	8,538,347
Inter-segment sales and transfers	-	3,728	1,003	4,732	36,679	41,412	(41,412)	-
Total	6,851,126	724,866	728,771	8,304,764	274,995	8,579,759	(41,412)	8,538,347
Segment profit	351,565	43,972	24,426	419,964	44,651	464,615	(246,483)	218,132

- 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 246,483 thousand yen to segment profit includes inter-segment transaction elimination of 18,727 thousand yen and corporate expenses of minus 265,211 thousand yen that are not allocated to reportable segments. Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.
3. Segment profit is adjusted with operating profit shown on the quarterly consolidated financial statements.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

II First three months of FY6/25 (Jul. 1, 2024 – Sep. 30, 2024)

1. Information related to net sales and profit for each reportable segment

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	In-sourcing & temp staffing	Engineer placement	Overseas operations	Total				
Net sales								
Sales to external customers	7,157,813	755,397	607,688	8,520,899	323,379	8,844,278	-	8,844,278
Inter-segment sales and transfers	-	1,033	1,126	2,159	43,019	45,178	(45,178)	-
Total	7,157,813	756,430	608,814	8,523,058	366,398	8,889,457	(45,178)	8,844,278
Segment profit	455,501	13,208	9,970	478,679	99,243	577,923	(276,342)	301,580

- 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 276,342 thousand yen to segment profit includes inter-segment transaction elimination of 19,777 thousand yen and corporate expenses of minus 296,120 thousand yen that are not allocated to reportable segments. Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.
3. Segment profit is adjusted with operating profit shown on the quarterly consolidated financial statements.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Going Concern Assumption

Not applicable.

Notes to Quarterly Consolidated Statement of Cash Flows

The Quarterly Consolidated Statements of Cash Flows for the first three months of the fiscal year ending June 30, 2025 have not been prepared. Depreciation (includes amortization expenses related to intangible assets) and amortization of goodwill for the first three months of each fiscal year are as follows.

(Thousands of yen)

	First three months of FY6/24 (Jul. 1, 2023 – Sep. 30, 2023)	First three months of FY6/25 (Jul. 1, 2024 – Sep. 30, 2024)
Depreciation	14,211	16,742
Amortization of goodwill	2,452	82

Notes to Quarterly Consolidated Balance Sheet**Overdraft agreements**

At Hirayama Holdings and its consolidated subsidiaries, there are overdraft agreements with three banks to facilitate the efficient procurement of funds for business requirements. The balance of unused credit lines under these agreements is as follows.

(Thousands of yen)

	FY6/24 (As of Jun. 30, 2024)	First Quarter of FY6/25 (As of Sep. 30, 2024)
Current account overdraft	1,080,000	1,080,000
Credit used	80,000	80,000
Credit available	1,000,000	1,000,000

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.