

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2025 (Six Months Ended December 31, 2024)

[Japanese GAAP]

February 14, 2025

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Scheduled date of payment of dividend: March 4, 2025

Preparation of supplementary materials for financial results: None

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

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

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2025

(July 1, 2024 to December 31, 2024)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Dec. 31, 2024	18,051	2.1	747	10.8	776	9.6	491	8.8
Six months ended Dec. 31, 2023	17,685	12.1	674	15.3	708	15.0	451	15.9

Note: Comprehensive income (millions of yen) Six months ended Dec. 31, 2024: 496 (up 9.5%)

Six months ended Dec. 31, 2023: 453 (up 15.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2024	64.49	63.78
Six months ended Dec. 31, 2023	61.19	59.04

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2024	12,617	4,761	37.7
As of Jun. 30, 2024	12,294	4,466	36.3

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2024: 4,756 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	-	16.00			
Fiscal year ending Jun. 30, 2025 (forecasts)			-	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
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 interim consolidated financial statements: None

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

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

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

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

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

As of Dec. 31, 2024:	8,149,200 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 Dec. 31, 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

Six months ended Dec. 31, 2024:	7,618,597 shares	Six months ended Dec. 31, 2023:	7,379,486 shares
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* The current semi-annual financial results are not subject to review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to Hirayama Holdings at the time these materials were prepared. These materials are not promises by Hirayama Holdings regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to the section “1. Qualitative Information on Interim Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements” of the attachments regarding preconditions or other related matters for the forecasts.

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1. Qualitative Information on Interim Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year (July 1 to December 31, 2024), according to the Bank of Japan Tankan released on December 13, 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 one point from the September survey to plus 14, the first improvement in two quarters since the June survey. Automobile production, which had been stagnant due to the certification scandal, is recovering, and demand for capital investment has also remained firm, showing a slight improvement. The DI for large companies in the nonmanufacturing category decreased by one point from the previous survey to plus 33, worsened for the first time in two quarters since the June survey. Robust inbound demand from the large influx of foreign tourists, driven by the weak yen, has sustained business sentiment at a high level. However, rising labor costs due to workforce shortages have also had an impact.

Unemployment in Japan was 2.5% in November 2024 and the seasonally adjusted November jobs-to-applicants ratio was 1.25, both the same as in October. 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 half 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 (on-site contract work) & 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 2.1% year-on-year to 18,051 million yen and operating profit increased 10.8% to 747 million yen. Ordinary profit increased 9.6% to 776 million yen, which includes foreign exchange gains of 28 million yen. Profit attributable to owners of parent increased 8.8% to 491 million yen after income taxes of 282 million yen.

Business segment performance was as follows.

1) In-sourcing & temp staffing services

Sales increased due to a large volume of in-sourcing and temp staffing orders from several customers in the electronic device and semiconductor manufacturing, medical equipment, automotive, and major automotive component 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.

Earnings were higher than one year earlier as a result of customer approval of the increase in staffing rates following the minimum wage revision in October 2024, as well as 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 half, the Hirayama Group used cost-effective advertising on regional TV stations and other media, social networking services, information about prospective employees from current employees and other measures to continue strengthening recruiting operations. These activities are also aimed at improving the public perception of the Hirayama Group. Furthermore, the diversification of recruiting channels and other actions are being used to hire more people. Expenses for recruiting new graduates and people with previous work experience are increasing because of inflation, rising wages and other reasons. To reflect these expenses, activities are under way to improve earnings with the understanding of client companies.

Segment sales in the first half increased 3.1% year-on-year to 14,656 million yen and segment profit increased 13.6% to 1,006 million yen.

2) 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 increasing mainly for engineers for embedded control software for automotive applications and precision equipment, and manufacturing equipment. Furthermore, with the growing shortage of engineers in Japan's manufacturing industry, we are progressively assigning younger engineers to upstream processes to develop their skills, enhance their market value, and ultimately drive revenue growth.

Recruiting activities in this business increased due to the outlook for medium- to long-term growth. Competition for hiring engineers is 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, we are enhancing our recruitment capabilities by increasing the number of people who perform recruiting activities, leveraging a new recruiting website used for corporate branding activities and establishing a new channel to attract job applicants. Activities are continuing for hiring a large number of young IT engineers to meet the growth of demand for people with the skills needed in the AI, IoT, DX and other parts of the IT sector. With the increase in the number of people hired with previous work experience, we are utilizing training programs to further increase the value of these engineers to prospective employers while also accelerating the placement of those awaiting assignments, contributing to sales and earnings growth. Additionally, to address the shortage of engineers, we are actively recruiting highly skilled foreign talent.

Segment sales increased 3.8% year-on-year to 1,551 million yen, but segment profit decreased 39.7% to 57 million yen, mainly due to the time required for assigning actively recruited engineers.

3) Overseas operations

In Thailand, the primary location of operations outside Japan, the manufacturing production index decreased 2.9% from one year earlier in the fourth quarter of 2023, decreased 3.6% in the first quarter of 2024, decreased 0.2% in the second quarter, and decreased 1.1% in the third 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, decreased 16.3% in the second quarter and decreased 21.0% in the third quarter. Due to these declines, the number of Hirayama Group temporary staffing personnel on assignments in Thailand was 2,154 in September 2024, down 21.3% 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 18.3% year-on-year to 1,175 million yen and segment profit decreased 61.5% to 18 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 half of the fiscal year ending in June 2025 are for overseas operations in the period from April to September 2024.

4) 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 on-site guidance projects for overseas-based companies 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 23.9% year-on-year to 668 million yen and segment profit increased 55.5% to 190 million yen.

(2) Explanation of Financial Position

1) Analysis of Financial Position

Total assets increased 323 million yen from the end of the previous fiscal year to 12,617 million yen at the end of the second quarter of the current fiscal year.

Current assets increased 237 million yen to 10,921 million yen. This was mainly due to an increase in cash and deposits of 362 million yen and a decrease in notes and accounts receivable-trade of 152 million yen.

Non-current assets increased 85 million yen to 1,695 million yen. This was mainly attributable to increases in property, plant and equipment of 64 million yen, intangible assets of 6 million yen and investments and other assets of 15 million yen.

Total liabilities increased 27 million yen to 7,855 million yen.

Current liabilities increased 130 million yen to 5,131 million yen. This was mainly attributable to increases in income taxes payable of 129 million yen and provision for bonuses of 26 million yen. These increases were partially offset by decreases in accounts payable-other of 61 million yen and accrued consumption taxes of 36 million yen.

Non-current liabilities decreased 103 million yen to 2,724 million yen. This was mainly due to a decrease in long-term borrowings of 199 million yen, which was partially offset by increases in retirement benefit liability of 55 million yen and other non-current liabilities of 37 million yen.

Net assets increased 295 million yen to 4,761 million yen. The main factors include an increase in retained earnings due to profit attributable to owners of parent of 491 million yen, which was partially offset by dividends paid of 226 million yen.

2) Cash flows

Cash and cash equivalents (hereinafter referred to as “net cash”) increased 344 million yen from the end of the previous fiscal year to 6,259 million yen at the end of the first half of the current fiscal year.

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

Cash flows from operating activities

Net cash provided by operating activities was 891 million yen, compared with net cash provided of 651 million yen one year earlier. Positive factors include profit before income taxes of 774 million yen, a 168 million yen decrease in trade receivables, a 95 million yen increase in deposits received and income taxes refund of 98 million yen, while there were negative factors including income taxes paid of 219 million yen.

Cash flows from investing activities

Net cash used in investing activities was 92 million yen, compared with net cash provided of 42 million yen one year earlier. Positive factors include proceeds from refund of leasehold and guarantee deposits of 20 million yen, while there were negative factors including payments into time deposits of 18 million yen, purchase of property, plant and equipment of 50 million yen, purchase of intangible assets of 15 million yen and payments of leasehold and guarantee deposits of 26 million yen.

Cash flows from financing activities

Net cash used in financing activities amounted to 464 million yen, compared with net cash used of 353 million yen one year earlier. Negative factors include repayments of long-term borrowings of 228 million yen and dividends paid of 226 million yen.

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

In the outlook for the global economy announced on January 17, 2025 by the International Monetary Fund (IMF), the forecast for 2025 economic growth in Japan is 1.1%, unchanged from the October forecast. The 2025 global economic growth forecast is 3.3%, up from the 3.2% forecast announced in October.

In its outlook for the Asian economy announced on December 11, 2024, the Asian Development Bank forecasts Thailand's economic growth at 2.6% and 2.7% in 2024 and 2025, respectively (previous forecasts were 2.3% and 2.7%), assuming a better-than-expected recovery in public spending and exports.

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

	(Thousands of yen)	
	FY6/24 (As of Jun. 30, 2024)	Second Quarter of FY6/25 (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	5,949,094	6,311,792
Notes and accounts receivable-trade	3,896,926	3,744,583
Income taxes refund receivable	212,981	188,601
Other	636,717	688,107
Allowance for doubtful accounts	(11,201)	(11,114)
Total current assets	10,684,518	10,921,969
Non-current assets		
Property, plant and equipment	459,812	523,952
Intangible assets	59,994	66,009
Investments and other assets	1,089,917	1,105,353
Total non-current assets	1,609,724	1,695,315
Total assets	12,294,242	12,617,285
Liabilities		
Current liabilities		
Short-term borrowings	80,000	50,000
Current portion of long-term borrowings	398,200	398,600
Accounts payable-other	2,731,283	2,670,279
Income taxes payable	160,924	290,190
Provision for bonuses	188,845	214,875
Accrued consumption taxes	613,120	576,204
Other	828,399	931,437
Total current liabilities	5,000,773	5,131,587
Non-current liabilities		
Long-term borrowings	1,187,000	987,500
Retirement benefit liability	1,247,967	1,303,712
Provision for retirement benefits for directors (and other officers)	311,435	315,065
Other	80,837	117,928
Total non-current liabilities	2,827,240	2,724,206
Total liabilities	7,828,013	7,855,793
Net assets		
Shareholders' equity		
Share capital	558,186	570,807
Capital surplus	477,673	490,081
Retained earnings	3,680,151	3,945,065
Treasury shares	(250,272)	(250,272)
Total shareholders' equity	4,465,739	4,755,682
Accumulated other comprehensive income		
Foreign currency translation adjustment	(2,769)	1,104
Total accumulated other comprehensive income	(2,769)	1,104
Share acquisition rights	76	43
Non-controlling interests	3,181	4,661
Total net assets	4,466,228	4,761,491
Total liabilities and net assets	12,294,242	12,617,285

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

(Thousands of yen)

	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)	First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 2024)
Net sales	17,685,201	18,051,800
Cost of sales	14,621,290	14,763,829
Gross profit	3,063,910	3,287,971
Selling, general and administrative expenses	* 2,389,263	* 2,540,375
Operating profit	674,647	747,595
Non-operating income		
Foreign exchange gains	19,861	28,082
Subsidy income	2,596	870
Other	14,594	8,837
Total non-operating income	37,052	37,789
Non-operating expenses		
Interest expenses	2,244	7,587
Other	693	1,302
Total non-operating expenses	2,937	8,890
Ordinary profit	708,762	776,495
Extraordinary income		
Gain on reversal of share acquisition rights	-	33
Gain on bargain purchase	13,718	-
Total extraordinary income	13,718	33
Extraordinary losses		
Loss on retirement of non-current assets	696	574
Loss on valuation of investment securities	-	989
Loss on liquidation of subsidiaries and associates	2,486	-
Company-sponsored funeral	8,029	-
Total extraordinary losses	11,212	1,563
Profit before income taxes	711,268	774,965
Income taxes-current	265,333	288,206
Income taxes-deferred	(6,502)	(5,733)
Total income taxes	258,831	282,473
Profit	452,436	492,492
Profit attributable to non-controlling interests	907	1,149
Profit attributable to owners of parent	451,529	491,342

Interim Consolidated Statement of Comprehensive Income

(Thousands of yen)

	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)	First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 2024)
Profit	452,436	492,492
Other comprehensive income		
Foreign currency translation adjustment	1,019	3,891
Total other comprehensive income	1,019	3,891
Comprehensive income	453,456	496,383
Comprehensive income attributable to:		
Owners of parent	452,539	495,216
Non-controlling interests	917	1,167

(3) Interim Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)	First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	711,268	774,965
Depreciation	30,394	36,968
Amortization of goodwill	4,904	140
Increase (decrease) in allowance for doubtful accounts	(1,071)	(86)
Increase (decrease) in provision for bonuses	29,044	25,942
Increase (decrease) in retirement benefit liability	72,184	55,744
Increase (decrease) in provision for retirement benefits for directors (and other officers)	540	3,630
Interest and dividend income	(261)	(1,442)
Interest expenses	2,244	7,587
Foreign exchange losses (gains)	(19,861)	(28,082)
Loss on retirement of non-current assets	696	574
Gain on bargain purchase	(13,718)	-
Decrease (increase) in trade receivables	(144,857)	168,563
Decrease (increase) in accounts receivable-other	37,270	(19,126)
Increase (decrease) in accounts payable-other	64,078	(66,734)
Increase (decrease) in accrued consumption taxes	(216,471)	(38,710)
Increase (decrease) in deposits received	420,260	95,938
Other, net	(15,051)	2,421
Subtotal	961,594	1,018,293
Interest and dividends received	74	1,322
Interest paid	(2,088)	(7,536)
Income taxes paid	(454,883)	(219,099)
Income taxes refund	147,097	98,696
Net cash provided by (used in) operating activities	651,794	891,677
Cash flows from investing activities		
Net decrease (increase) in time deposits	(18,000)	(18,000)
Purchase of property, plant and equipment	(74,339)	(50,087)
Purchase of intangible assets	(18,662)	(15,209)
Proceeds from refund of leasehold and guarantee deposits	3,275	20,866
Payments of leasehold and guarantee deposits	(19,489)	(26,880)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	151,267	-
Other, net	17,965	(3,072)
Net cash provided by (used in) investing activities	42,016	(92,383)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(30,000)
Repayments of long-term borrowings	(112,528)	(228,767)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	3,080	25,241
Purchase of treasury shares	(55,103)	-
Dividends paid	(185,376)	(226,282)
Other, net	(3,346)	(5,083)
Net cash provided by (used in) financing activities	(353,274)	(464,891)
Effect of exchange rate change on cash and cash equivalents	5,366	10,296
Net increase (decrease) in cash and cash equivalents	345,902	344,697
Cash and cash equivalents at beginning of period	4,300,259	5,915,094
Cash and cash equivalents at end of period	* 4,646,162	* 6,259,792

(4) Notes to Interim Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Notes to Interim 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)	Second Quarter of FY6/25 (As of Dec. 31, 2024)
Current account overdraft	1,080,000	1,080,000
Credit used	80,000	50,000
Credit available	1,000,000	1,030,000

Notes to Interim Consolidated Statement of Income***Major items of selling, general and administrative expenses**

	(Thousands of yen)	
	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)	First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 2024)
Salaries and bonuses	899,655	980,313
Provision for bonuses	31,345	33,864
Retirement benefit expenses	11,019	10,385
Provision of allowance for doubtful accounts	1,114	1,475

Notes to Interim Consolidated Statement of Cash Flows

*The relationship between the balance of cash and cash equivalents at the end of the second quarter and the amount of items posted in the interim consolidated balance sheet is as follows.

	(Thousands of yen)	
	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)	First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 2024)
Cash and deposits	4,698,162	6,311,792
Time deposit with maturities over three months	(52,000)	(52,000)
Cash and cash equivalents	4,646,162	6,259,792

Segment and Other Information**Segment Information**

I First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 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 interim consolidated statement of income (Note 3)
	In-sourcing & temp staffing	Engineer placement	Overseas operations	Total				
Net sales								
Sales to external customers	14,213,860	1,493,739	1,437,896	17,145,496	539,704	17,685,201	-	17,685,201
Inter-segment sales and transfers	-	16,088	1,982	18,071	75,909	93,981	(93,981)	-
Total	14,213,860	1,509,828	1,439,879	17,163,568	615,614	17,779,182	(93,981)	17,685,201
Segment profit	886,219	95,370	47,497	1,029,087	122,385	1,151,473	(476,826)	674,647

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 476,826 thousand yen to segment profit includes inter-segment transaction elimination of 39,619 thousand yen and corporate expenses of minus 516,445 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 interim consolidated statement of income.

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

Not applicable.

II First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 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 interim consolidated statement of income (Note 3)
	In-sourcing & temp staffing	Engineer placement	Overseas operations	Total				
Net sales								
Sales to external customers	14,656,364	1,551,235	1,175,335	17,382,935	668,864	18,051,800	-	18,051,800
Inter-segment sales and transfers	-	2,570	2,170	4,741	88,807	93,548	(93,548)	-
Total	14,656,364	1,553,806	1,177,506	17,387,677	757,671	18,145,349	(93,548)	18,051,800
Segment profit	1,006,593	57,552	18,285	1,082,432	190,314	1,272,746	(525,151)	747,595

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 525,151 thousand yen to segment profit includes inter-segment transaction elimination of 39,892 thousand yen and corporate expenses of minus 565,044 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 interim consolidated statement of income.

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

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.