

HIRAYAMA HOLDINGS Co., Ltd.

7781

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FISCO Ltd. Analyst

Yuzuru Sato



FISCO Ltd.

<https://www.fisco.co.jp>

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Summary

Focusing on the field engineer sector, achieving consecutive increases in both revenue and profit

HIRAYAMA HOLDINGS Co., Ltd. <7781> is a manufacturing support company that underpins Japan's manufacturing industry. It operates in areas such as in-sourcing & temp staffing services, engineer placement services, and overseas operations. It has strong consulting capabilities that lead to improvements on manufacturing sites and is expanding its business scale through M&A initiatives.

1. Overview of FY6/25 results

In FY6/25 consolidated results, the Company achieved record-high results for consecutive periods, with net sales increasing 2.6% year on year (YoY) to ¥36,220mn and operating profit increasing 13.5% to ¥1,270mn. Although the Company slightly fell short of its original plans (net sales of ¥38,000mn, operating profit of ¥1,347mn) due to some difficulties in talent recruitment, the core in-sourcing & temp staffing services led earnings growth. By industry, growth was seen in sectors such as automotive parts (including rubber products), medical equipment and pharmaceuticals, and semiconductors and electronic components. In addition, strong inbound demand led to increases in retail, hotel, and service sectors. On the profit front, the effects of higher sales, improved productivity at contracted sites, and rising unit prices for temporary staffing and contracting offset higher upfront investments for business expansion, resulting in increased profits.

2. FY6/26 forecasts

For FY6/26 consolidated results, the Company forecasts net sales growth of 4.3% YoY to ¥37,770mn and operating profit growth of 5.6% to ¥1,341mn, continuing the trend of higher sales and profits. Amid lingering uncertainty in the external environment, including US protectionist tariff policies and exchange rate fluctuations, the Company has projected steady revenue growth. Expansion of in-sourcing & temp staffing services is set to continue, while engineer placement services, which struggled with recruitment in the previous year, is projected to return to profit growth thanks to smooth hiring. Furthermore, FUN to FUN Inc., which has operated a staffing business targeting the service industry, is scheduled to be merged into Hirayama Corporation in December 2025, and the cost-saving effects from branch consolidation and other measures are also expected to contribute to increased profits.

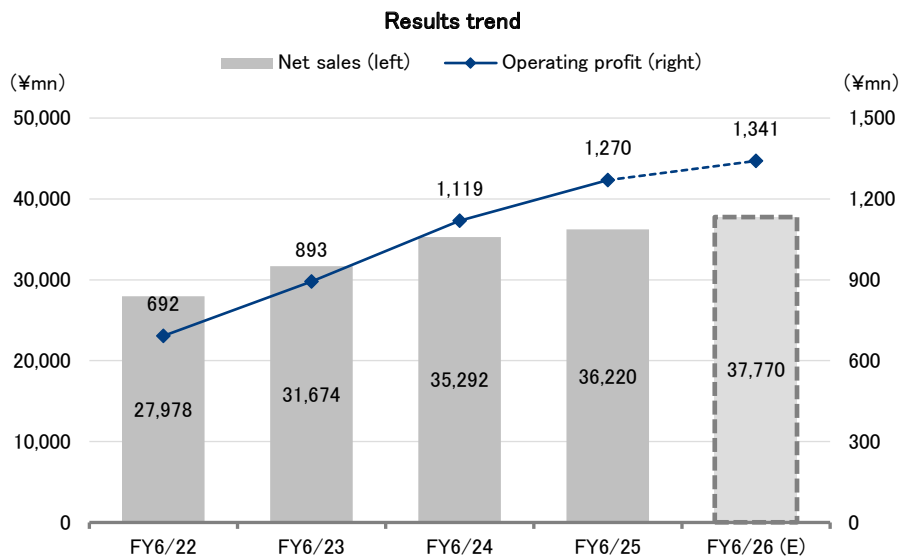
Summary

3. Growth strategy and shareholder return policy

In July 2024, the Company announced its Medium-Term Management Plan, “FIRST STAGE 2027,” starting from FY6/25. Under the fundamental policy of “promoting the sustainability of ‘manufacturing without facilities or premises,’ addressing the societal issue of the shortage of highly skilled personnel through human resource development, and enhancing earning power,” the Company has set the following business targets for FY6/27: net sales of ¥46.0bn, operating profit of ¥2.2bn, and ROE exceeding 20%. Currently, the Company is facing a discrepancy with respect to its targets due to increased uncertainty in the external environment. The Company aims to achieve its operating profit target by focusing on three initiatives: “enhancing earning power and transforming to a high-profit structure,” “advancing M&A and alliance strategies,” and “strengthening the business foundation.” Specifically, in 2025, it is strengthening recruitment and training of field engineers specializing in maintenance and preservation of manufacturing equipment—a field with robust demand—aiming for an increase of 170 employees compared to the previous fiscal year and generating ¥250mn in gross profit. As a new solution, the Company also promotes proposals integrating human resources and advanced technology (AI, robots) to differentiate itself. The shareholder return policy stipulates a total payout ratio of up to 50%, with a dividend payout ratio exceeding 40%. Based on this policy, the dividend per share for FY6/25 was increased ¥8.0 YoY to ¥50.0 (dividend payout ratio of 44.5%). For FY6/26, the dividend per share is projected to increase by ¥1.0 to ¥51.0 (dividend payout ratio of 44.2%), marking six consecutive years of dividend increases.

Key Points

- For FY6/25, sales increased for the 14th consecutive period, with all profit categories reaching record highs for consecutive terms
- Sales and profit are forecast to increase in FY6/26 despite external uncertainties
- Focusing on the field engineer sector, aiming to achieve an operating profit target of ¥2.2bn in FY6/27
- Stable dividends are maintained based on a dividend payout ratio exceeding 40%, with the aim of a total payout ratio of up to 50%



Source: Prepared by FISCO from the Company's financial results

■ Company profile

Expanding business domains by leveraging M&A, with in-sourcing & temp staffing services as the foundation

1. Company profile

The Company group primarily engages in the in-sourcing & temp staffing services sector and operates both domestically and internationally. Personnel from the Company group support all stages of the manufacturing process through contract manufacturing and temporary staffing. In contract manufacturing, the Company group cooperates with on-site improvement consultants to implement operational enhancements within client factories and achieve higher productivity. This enables the Company to deliver high-quality services that are both a strength and a distinguishing feature. In July 2015, with the aim of raising brand awareness and securing human resources, the Company was listed on the Tokyo Stock Exchange (TSE) JASDAQ (Standard). In March 2017, it transitioned to a holding company structure to advance its M&A strategy, and has continued to grow while expanding its business domains. It was transferred to the Standard Market following the revision of the TSE market segments in April 2022.

2. History

The Company's origins can be traced back to 1955, when Joichi Hirayama, the father of current President Yoshikazu Hirayama, established a sole proprietorship for the wholesale of daily goods in Shimonoseki City, Yamaguchi Prefecture. Subsequently, as the wholesale business for daily goods matured and a transformation of the business model became necessary, the Company launched on-site contracting operations in the manufacturing industry (currently in-sourcing & temp staffing services) in 1989. In 1992, when the business had gained traction, the Company reorganized as HIRAYAMA.

While automotive-related companies in the Chugoku region were its primary customers, the Company expanded its business scale by extending its sales area to the Tokai and Kanto regions after 1993. Initially, its main clients were export-oriented companies, but as the shift to overseas production accelerated with the appreciation of the yen, the Company diversified the industries of its business partners. In particular, at Terumo <4543>, where the Company secured a contract in 2000, its service quality—including its on-site improvement consulting capabilities—was highly valued. As a result, the scale of business transactions increased year after year, serving as a driving force behind the Company's significant performance growth. Although the sales composition ratio for Terumo has declined due to business expansion, Terumo remains the largest customer and a stable source of revenue, accounting for 13.7% of total sales in FY6/25. The Company was awarded the first certification under the Certification System for Superior Manufacturing Contractor*, which was launched in 2011.

* A certification system operated by the Council for the Promotion of Improvements in the Manufacturing Contracting Business (commissioned by the Ministry of Health, Labour and Welfare) that recognizes contractors engaged in contracted work who comply with relevant laws and regulations, have achieved improved employment management, and have enhanced contract systems, as businesses conducting excellent and appropriate contract work. The aim is to advance proper manufacturing contracting business and improvement of employment management, enhance healthy competition in the manufacturing contracting industry, improve employee welfare, and lead to long-term qualitative improvement in the manufacturing operations of clients (manufacturing companies).

Company profile

In order to expand its business domains beyond manufacturing, the Company acquired Topengineering, Inc., which was engaged in engineer placement services, as a subsidiary in 2009. For overseas expansion, HIRAYAMA (Thailand) Co., Ltd. (hereafter, also “HIRAYAMA Thailand”) was established in 2014, followed by JOB SUPPLY HUMAN RESOURCES Co., Ltd. (hereafter, also “JSHR”), a local human resource service company, acquired by HIRAYAMA Thailand in 2015. Furthermore, in order to expand the scope of its domestic in-sourcing & temp staffing services, the Company successively acquired FUN to FUN Inc. and Heiwa Ironworks Co.,Ltd. as subsidiaries in 2018, followed by Daimatsu Automobile Co., Ltd. (currently HIRAYAMA Care Services Co, Ltd.) in 2019. HIRAYAMA Care Services initially operated both an automobile maintenance business and a long-term care facility business. However, in June 2024, it divested its automobile maintenance business and is now focusing exclusively on the operation of care facilities and the provision of long-term care services. In July 2023, the Company made Bridgestone Green Landscape Co., Ltd (currently HIRAYAMA GL Co., Ltd.), a Bridgestone <5108> Group company engaged in automotive ancillary operations such as tire manufacturing at four plants in Kyushu, into a subsidiary.

3. Group companies

As of the end of FY6/25, there were 12 consolidated subsidiaries. The core in-sourcing & temp staffing services business are operated by three companies: HIRAYAMA, FUN to FUN, and HIRAYAMA GL. Engineer placement services are operated by Topengineering, Inc., and overseas operations are conducted by HIRAYAMA Thailand, JSHR, and HIRAYAMA MYANMAR Co., Ltd. For others, the consulting business is operated by HIRAYAMA, and the employment management support business for foreign nationals and other businesses are operated by HIRAYAMA Global Supporter Co.,Ltd. (hereafter, also HIRAYAMA GS) and SUNRISE Cooperative Association. Other group companies include Heiwa Ironworks Co.,Ltd., HIRAYAMA Care Services Co, Ltd., and Hirayama LACC Inc.

As of the end of FY6/25, the number of group employees (including limited-term regular employees and contract employees) decreased 244 YoY to 10,591 employees, primarily due to a reduction in personnel in overseas operations. However, the workforce in the in-sourcing & temp staffing services—which accounts for approximately 70% of the total—continued to grow, increasing 332 to 7,536 employees.

Consolidated subsidiaries and business description

Company name	Business description	Voting rights ownership ratio
Hirayama Corporation	In-sourcing & temp staffing services, others (improvement consulting, training, study tours, seminars, and fee-based employment placement agency business)	100.0%
FUN to FUN Inc.	In-sourcing & temp staffing services, others (fee-based employment placement agency business)	100.0%
Topengineering, Inc.	Engineer placement services	100.0%
Heiwa Ironworks Co.,Ltd.	Others (manufacturing and repair of machinery and equipment, dispatch of highly skilled technicians)	100.0%
HIRAYAMA Global Supporter Co.,Ltd.	Others (employment support services for foreign nationals, etc.)	100.0%
Hirayama LACC Inc.	Others (disability welfare services)	100.0%
SUNRISE Cooperative Association	Others (acceptance of foreign technical intern trainees, employment management support, etc.)	90.5%
HIRAYAMA Care Services Co, Ltd.	Others (operation of care facilities, etc.)	100.0%
HIRAYAMA GL Co., Ltd.	In-sourcing & temp staffing services	100.0%
HIRAYAMA (Thailand) Co., Ltd.	Overseas operations (manufacturing staffing, improvement consulting, training)	49.0%
JOB SUPPLY HUMAN RESOURCES Co.,Ltd.	Overseas operations (manufacturing staffing, improvement consulting, training)	99.9%
HIMARAYA MYANMAR Co., Ltd.	Overseas operations (employment activities, training)	100.0%

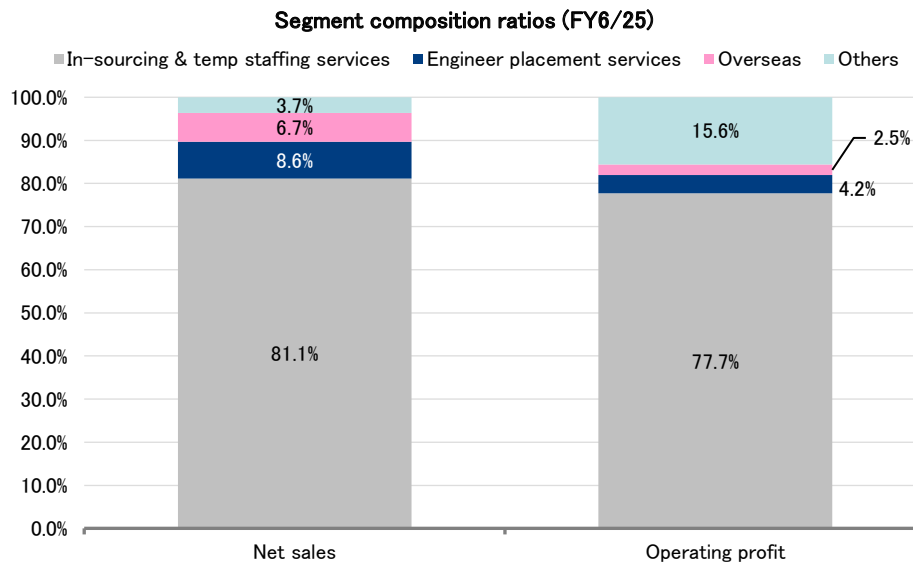
Source: Prepared by FISCO from the Company's securities report

Business overview

Businesses focused on in-sourcing & temp staffing services for the manufacturing industry account for approximately 80% of both net sales and operating profit

1. Business description

The Company discloses four segments: in-sourcing & temp staffing services targeting primarily manufacturing clients, engineer placement services dispatching development and design engineers, overseas operations primarily focused on manufacturing staffing in Thailand, and others. In the segment composition ratio for FY6/25, the in-sourcing & temp staffing services segment constitutes the core business, accounting for 81.1% of net sales and 77.7% of operating profit.



Note: Operating profit before deduction of corporate-wide common expenses
Source: Prepared by FISCO from the Company's financial results

(1) In-sourcing & temp staffing services

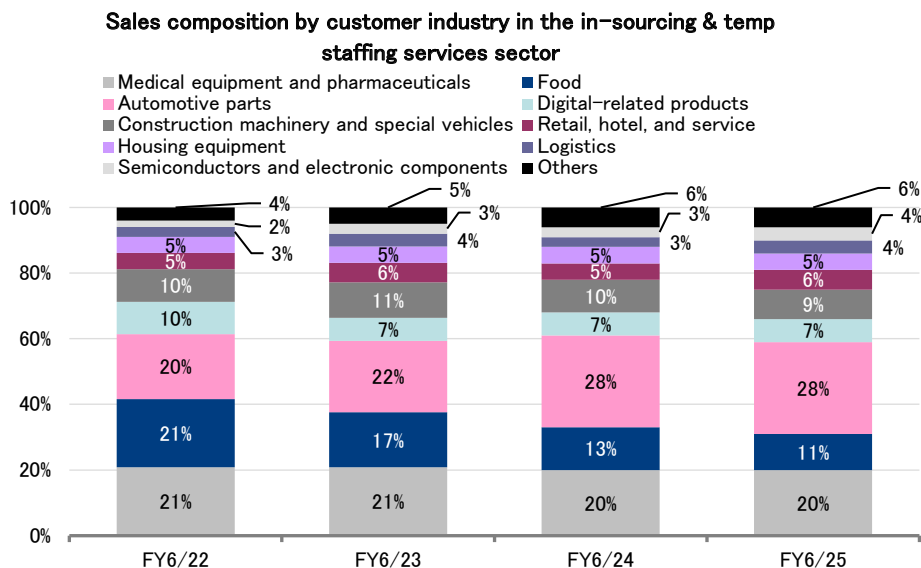
In-sourcing & temp staffing services are operated by three companies—HIRAYAMA, FUN to FUN, and HIRAYAMA GL—which offer contracting and staffing services. As of the end of FY6/25, the proportion of contracting stands at just under 40%. Manufacturing contracting features differentiation by providing unique services, such as productivity improvement, cost reduction, and the like cooperating with on-site improvement consultants* belonging to HIRAYAMA.

* Comprised of individuals with years of experience in improvement activities at manufacturing sites of major manufacturers and similar organizations, they strive to address issues from the customer's perspective, enhance competitiveness in terms of technology, quality, and cost, and build highly productive manufacturing environments. Approximately 5 full-time employees and about 20 consultants are engaged as partners.

Business overview

The business model of manufacturing contracting is based on an agreement in which the client pays compensation for the deliverables. Net sales are determined by the unit price of the deliverable multiplied by the production volume (manufacturing equipment is rented from the business partner (manufacturer)). Therefore, if productivity can be improved through on-site improvements and manufacturing costs can be reduced, profit margins will increase; conversely, if productivity falls below expectations, profit margins will decrease. For staffing services, since net sales are determined by the number of staffed employees multiplied by the hourly wage multiplied by the number of hours worked, the gross profit margin stabilizes at a certain level. However, this makes it difficult to differentiate from competitors. Therefore, as a sales strategy for new customers, the Company is proposing a switch to a contract-based arrangement after accumulating a track record of transactions through temporary staffing contracts.

Sales composition by customer industry shows that three sectors—automotive parts, medical equipment and pharmaceuticals, and food—account for approximately 60% of the total. In addition, the Company operates across a wide range of industries including construction machinery and special vehicles, digital-related products (office equipment, home appliances, electronic printing, etc.), retail, hotels, and services, housing equipment, logistics, and semiconductors and electronic components. HIRAYAMA and HIRAYAMA GL handle manufacturing, while FUN to FUN manages most of the service industries, such as retail, hotel, and logistics, as well as the majority of the food industry. Looking at the trend over the past few years, the composition ratio for the food industry has declined from 21% in FY6/22 to 11% in FY6/25. This is due to the Company’s phased restructuring of transactions with less profitable customers. Conversely, with the addition of HIRAYAMA GL in FY6/24, the composition ratio of the automotive parts has increased to 28%, of which Hirayama GL accounts for 6%. Major clients by industry include the Toyota Motor <7203> Group and Bridgestone in automotive parts; Terumo in medical equipment and pharmaceuticals; Ricoh <7752> Group in office equipment; My Basket CO., LTD., which operates urban small-format grocery supermarkets “My Basket” in retail; and the LIXIL <5938> Group and TOTO <5332> Group in housing equipment. The number of active client companies for FY6/25 reached 754, marking a record high for the first time in two periods.

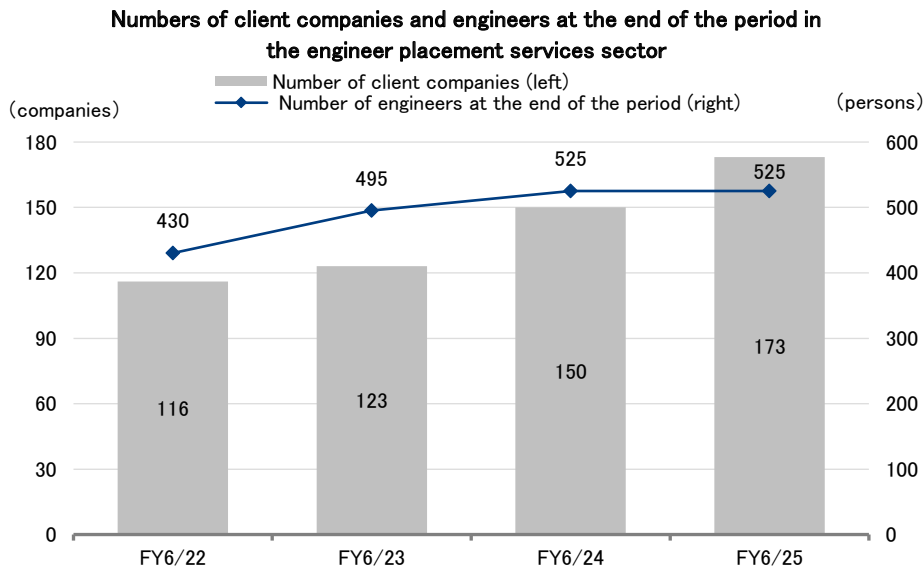


Source: Prepared by FISCO from the Company’s results briefing materials

Business overview

(2) Engineer placement services

The engineer placement services are primarily conducted by Topengineering. The Company dispatches engineers specializing in design, development, evaluation, and analysis to manufacturers across a wide range of industries, including aerospace, automotive, railway, plant, home appliances, and precision instruments. In addition, it provides field engineers and IT engineers for data center operations. The number of active client companies for FY6/25 increased to 173 (compared to 150 in the previous fiscal year), demonstrating year-on-year growth. However, the number of engineers on staff at the end of the fiscal year remained flat at 525 compared to the previous year-end, highlighting challenges in both talent acquisition and employee retention.



Note: From FY6/22, the data center staffing services have been transferred from the others sector.
Source: Prepared by FISCO from the Company's results briefing materials

(3) Overseas operations

Sales from overseas operations are primarily generated by manufacturing staffing services for Japanese-affiliated companies operating locally in Thailand. As in Japan, the Company is differentiating itself by offering services in collaboration with on-site improvement consultants. Manufacturing staffing services are managed by JSHR, while consulting operations and foreign labor management services are handled by HIRAYAMA Thailand. Since most of the Company's customers are in the automotive industry, the business is highly correlated with Thailand's automotive production trends.

(4) Others

Others include a consulting business, employment management support business for foreign nationals, fee-based employment placement agency business, and disability welfare services, as well as manufacturing and repair of machinery and equipment by Heiwa Ironworks, and operation of care facilities and the provision of long-term care services by HIRAYAMA Care Services. In FY6/25, approximately 50% of net sales and about 70% of operating profit were generated by the employment management support business for foreign nationals.

Business overview

In the consulting business, the Company provides consulting services aimed at enhancing productivity in manufacturing sites. Additionally, it plans and offers study tours that combine on-site visits to Japanese manufacturing facilities with training programs for managerial staff from overseas manufacturers. Furthermore, in response to the growing trend of manufacturing reshoring, the Company has launched factory establishment support consulting services since 2022. Due to the prolonged shift to overseas production in the manufacturing industry, there has been a shortage of personnel with experience in establishing new factories. The Company launched these services to meet the needs of such companies. In order to enhance the productivity of the new factory, it is essential to implement layout design of the equipment lines and build a production management system that enables real-time visualization. Therefore, the Company is providing support from the design phase.

The employment management support business for foreign nationals provides comprehensive assistance for foreign technical intern trainees, covering everything from support with immigration procedures and entry into host companies, to dormitory and company housing management and daily life support, as well as return support. SUNRISE Cooperative Association, a group company, has obtained authorization for “Excellent Supervising Organizations” from the Organization for Technical Intern Training (OTIT), and is accepting technical intern trainees in collaboration with local specialized agencies in Vietnam, Myanmar, and the Philippines.

Strengths include the provision of high value-added services and capabilities in human resource development

2. SWOT analysis

The external environment surrounding the Company’s business and the current state of its operations are summarized using a SWOT analysis. SWOT analysis is a common management tool that categorizes and summarizes a company’s internal strengths and weaknesses, as well as external opportunities and threats, into four categories. It is utilized when formulating an organizational vision and business strategies.

SWOT analysis

	Helpful	Harmful
External	<p><Opportunities></p> <ul style="list-style-type: none"> • Growth of human resource services industry due to declining domestic workforce and diversification of workstyles • Policy for expanding the acceptance of foreign workers • Reshoring of manufacturing as a national strategy 	<p><Threats></p> <ul style="list-style-type: none"> • Decrease in job openings due to the deterioration of the global economy • Decrease in labor demand due to the proliferation of robots and IT services
Internal	<p><Strengths></p> <ul style="list-style-type: none"> • Enables the provision of high-value-added services through improvement of on-site operations by integrating consulting and IT • Operates across a wide range of industries, less susceptible to economic fluctuations in specific sectors • Creating an environment that facilitates skill development and career transitions • Provides foreign workers acceptance (training and employment) services through the group company 	<p><Weaknesses></p> <ul style="list-style-type: none"> • Turnover rate in engineer placement services is in the upper teens, which is considered high • The profitability of engineer placement services tends to fluctuate depending on the status of personnel recruitment, as the business scale is small during the initial investment phase

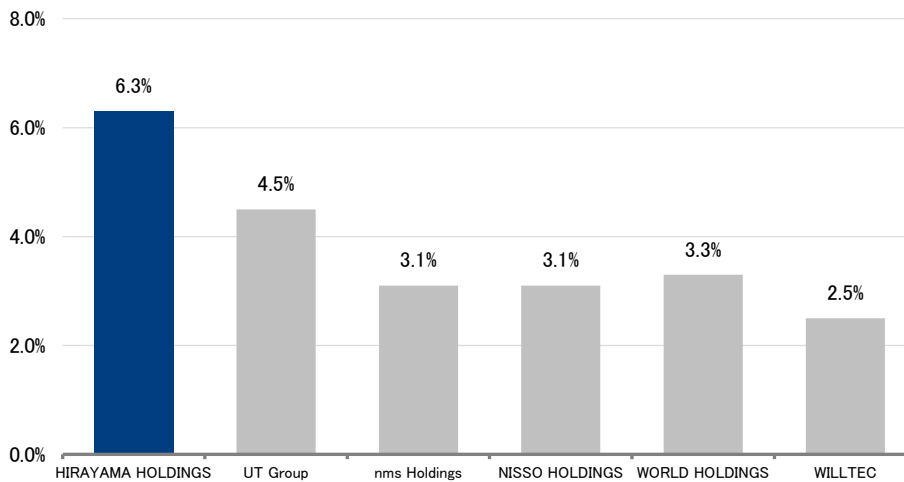
Source: Prepared by FISCO from interviews, company materials, and the like related to the Company

Business overview

Regarding the outlook for the human resources services market, stable medium-term growth is expected, underpinned by factors such as the continued decline in the domestic workforce, diversification of workstyles, increased labor participation among women and seniors, the promotion of policies to accept foreign workers to address future labor shortages, and initiatives to bring manufacturing back to the domestic market as a national strategy. Market risk factors include a decline in job openings due to economic downturns, as well as a decrease in demand for human resources resulting from the proliferation of robotics and IT services.

The Company's unique strengths lie in its capability of improving productivity in its core business of contract manufacturing by cooperating with on-site improvement consultants. The ability to drive on-site improvement through consulting is considered to be a significant differentiating factor compared to competitors engaged in contract manufacturing and staffing services, such as Nikken Total Sourcing Inc., NISSO HOLDINGS Co.,Ltd. <9332>, UT Group Co., Ltd. <2146>, BREXA Next Inc.. (formerly OUTSOURCING Inc.), WORLD HOLDINGS CO., LTD. <2429>, WILLTEC Co.,Ltd. <7087>, and nms Holdings Corporation <2162>. In fact, when comparing the segment profit margin of the in-sourcing & temp staffing services for the one-year period from July 2024 to June 2025 with that of its industry peers, the Company achieved the highest level at 6.3%. FISCO thinks that the Company's strong on-site improvement capabilities are the key factor contributing to this difference in profitability. Additionally, the Company has packaged its know-how in on-site improvement accumulated over many years and offers it as on-site improvement consulting and training services to Japanese companies' overseas factories. In recent years, the Company has also focused on proposing solutions that further enhance the effectiveness of on-site improvement by integrating advanced technologies such as AI and IoT. The ability to support improvements in manufacturing sites from various perspectives is another strength of the Company.

**Profit margin for manufacturing staffing-related business segments
(July 2024-June 2025)**



Note: HIRAYAMA HOLDINGS (in-sourcing & temp staffing services), UT Group (Company-wide), nms HD (human resource solution business), NISSO HD (Company-wide), WORLD HD (products human resources business), and Willtec (manufacturing support business)

Source: Prepared by FISCO from each company's financial results

Business overview

Furthermore, the in-sourcing & temp staffing services span a wide range of industries, from export-oriented companies to domestic demand-driven companies. This makes the Company less susceptible to economic fluctuations in specific sectors and gives it strong resilience against downturns, which is another key strength. Additionally, the Company has established its own unique human resource development system to provide high-quality services, and also offers a service to introduce such personnel to client companies upon request. As a result, it has established a win-win system that is chosen not only by employees but also by companies. The Company aims to become a talent-producing enterprise, an educational organization that contributes to society by nurturing human resources internally and giving back to society. In order to support contract and temporary employees in discovering their desired career paths and achieving independence, it offers two Employee Assistance Programs: “SOLO FLIGHT PLAN”^{*1} for career support and “Mental Care Support”^{*2} for mental health assistance.

^{*1} A system designed to train employees who join as contract or temporary employees, with the goal of ultimately placing them as regular employees at the Company or other companies. Individual career counseling is provided, and training curricula are developed according to each person’s goals, allowing participants to receive education that will help them transition to full-time employment while working.

^{*2} The Company recognizes that providing mental health support is essential for assisting employees’ career development. To enhance its mental healthcare services, nationally certified counselors—selected either from within the Company or from external organizations—offer on-site counseling (home-visit consultation support) at each business location or at employees’ preferred meeting places, maintaining a neutral stance.

The challenges faced by the Company include a relatively high turnover rate (21.6% in FY6/25) in the engineer placement services, as well as a smaller sales scale compared to major competitors in the industry and its profit margins tend to fluctuate significantly depending on trends in the number of personnel hired and recruitment costs. The Company expects that once its sales reach a scale of ¥4.0bn or more, the operating profit margin will stabilize at around 7–8%.

Results trends

For FY6/25, sales increased for the 14th consecutive period, with all profit categories reaching record highs for consecutive terms

1. Overview of FY6/25 results

In FY6/25 consolidated results, net sales increased 2.6% YoY to ¥36,220mn, operating profit increased 13.5% to ¥1,270mn, ordinary profit increased 11.5% to ¥1,300mn, and profit attributable to owners of parent increased 13.3% to ¥858mn. Net sales rose for 14th consecutive fiscal year, and profits at each stage successively reached record highs. Domestic manufacturing recovery provided tailwinds to expand core in-sourcing & temp staffing services and drove performance.

Results trends

FY6/25 consolidated results

	FY6/24			FY6/25				(¥mn)
	Results	vs. net sales	Company's plan	Results	vs. net sales	YoY	vs. plan	
Net sales	35,292	-	38,000	36,220	-	2.6%	-4.7%	
Gross profit	5,966	16.9%	-	6,574	18.2%	10.2%	-	
SG&A expenses	4,847	13.7%	-	5,303	14.6%	9.4%	-	
Operating profit	1,119	3.2%	1,347	1,270	3.5%	13.5%	-5.7%	
Ordinary profit	1,166	3.3%	1,336	1,300	3.6%	11.5%	-2.7%	
Profit attributable to owners of parent	757	2.1%	850	858	2.4%	13.3%	1.0%	

Source: Prepared by FISCO from the Company's financial results

The gross profit margin rose 1.3 percentage points (pp) YoY. It was mainly due to improved productivity by progress in onsite improvement at manufacturing contracting sites and increased unit prices for contracting/temporary staffing services. The factors changing operating profit include ¥156mn due to profit growth by higher sales and ¥451mn due to effects of productivity improvement and unit price increase, offsetting a ¥456mn rise in SG&A expenses. An increase in SG&A expenses was due to an increase in strategic investment costs, such as human resource acquisition and expansion of branches, aimed at future growth. Compared to the Company's plan, net sales, operating profit, and ordinary profit were slightly below the targets, primarily due to the number of mid-career hires falling short of projections and the accelerated accumulation of strategic investment expenses.

In-sourcing & temp staffing services and others increased sales and profit

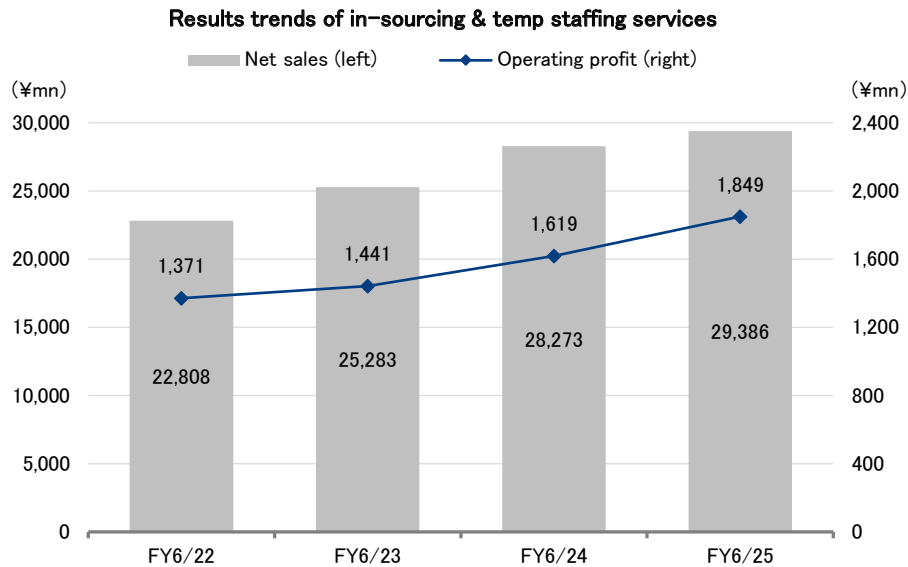
2. Trends by business segment

(1) In-sourcing & temp staffing services

In in-sourcing & temp staffing services, net sales increased 3.9% YoY to ¥29,386mn and operating profit increased 14.2% to ¥1,849mn, marking four consecutive fiscal years of growth and reaching record highs. Against the backdrop of domestic manufacturing recovery and robust inbound demand, labor shortages have been perceived, but net sales remained steady. On the profit front, despite increased strategic investment in hiring, training, and branch openings, profit increased due to productivity improvement at contracted sites*, increased unit prices of contracting/temporary staffing services, and relief from one-time costs for making HIRAYAMA GL a subsidiary recorded in 1H. Average unit prices for temporary staffing rose 1.8% YoY.

* Profit growth effect from productivity improvement produced a profit of ¥45mn in FY6/25 (¥30mn in plan), which was ¥44mn in FY6/24.

Results trends

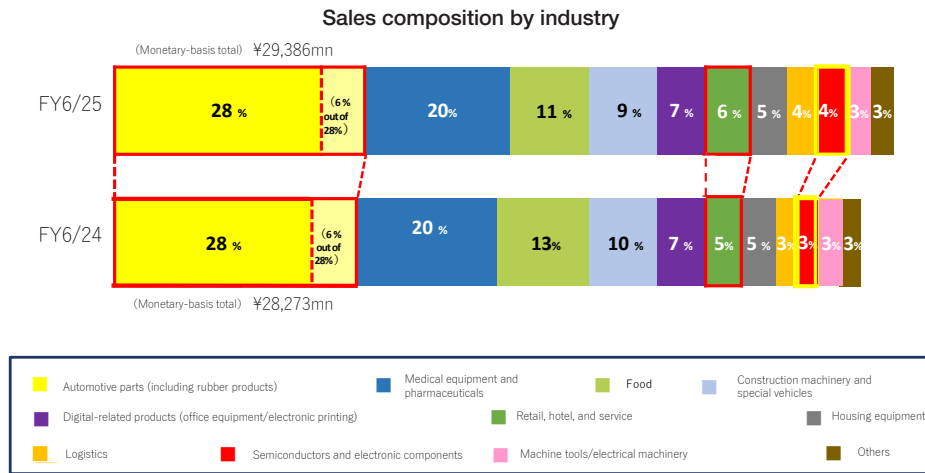


Source: Prepared by FISCO from the Company's results briefing materials

The number of active clients increased 72 YoY to 754, reaching a record high. Acquisition of customers mainly related to electronic devices in the focused fields was advanced. New hires included 501 new graduates (451 in the previous fiscal year) and 3,440 mid-career hires (3,628 in the previous fiscal year), and the number of employees at the end of FY6/25 increased 4.6% YoY to 7,536 (including regular employees with limited work conditions and contract employees). The Company initially planned 615 new graduate hires and 5,400 mid-career hires, but struggled with intense recruitment competition and caused shortfalls in net sales against results forecast (net sales ¥30,775mn and operating profit ¥1,784mn).

Sales composition by industry saw automotive parts flat YoY at 28% (HIRAYAMA GL occupies 6%) with single-digit sales growth ratio. The demands from Toyota Group remained steady and US anti-dumping tariffs on rubber products from the Southeast Asian countries caused major clients to restructure supply chains (expand domestic production), expanding HIRAYAMA GL's profit. The medical equipment and pharmaceuticals remained flat at 20% with single-digit sales growth. Sales to its major client, Terumo, remained steady and increased 2.5% to ¥4,974mn. Although growth in net sales was modest, progress in improvements at contracted sites contributed to an increase in profit margins. Food declined 2pp to 11% with double-digit sales decline. The main factor was progress in rationalization of low-profit projects. However, contract projects handling in-flight meals increased due to inbound demand. It appears that the completion of rationalization of low-profit projects is almost within reach. The construction machinery and special vehicles declined 1pp to 9%. Although sluggish demand for construction machinery business had an impact, the current order trend is showing signs of recovery. Additionally, driven by growing inbound demand, retail, hotel, and service rose 1pp to 6%, logistics, in which significant labor shortages have been perceived, also increased 1pp to 4%, and semiconductors and electronic components in the focused fields likewise increased 1pp to 4%. Each business achieved steady sales growth.

Results trends



Source: The Company's results briefing materials

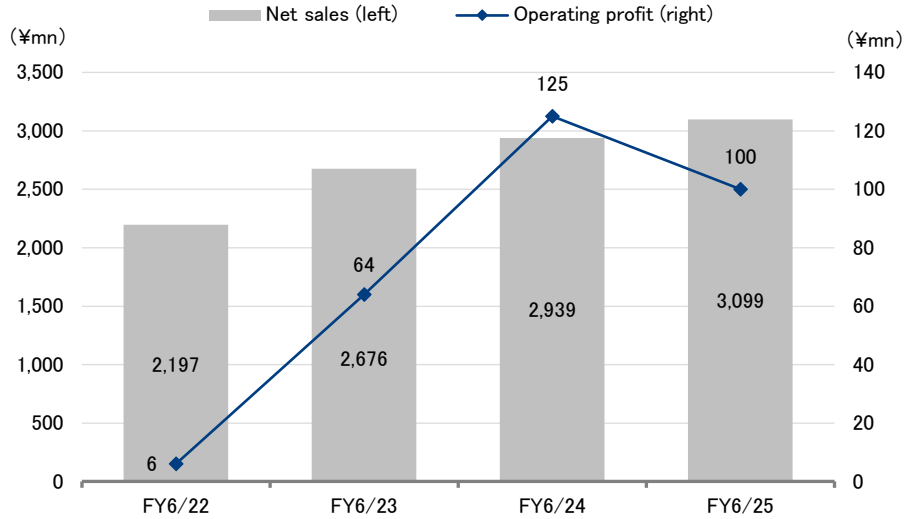
(2) Engineer placement services

Net sales of engineer placement services increased 5.4% YoY to ¥3,099mn, but operating profit declined 19.8% to ¥100mn. Orders increased mainly for embedded control software of automotive-related equipment and precision instrument, as well as for production facility-related projects. In addition, demand also grew for development projects of aircraft onboard systems for the defense industry. In contrast, although robust demand persists in the web-based IT industry, the recruitment and development of talent aligned with these needs has lagged behind, leaving challenges to be addressed in the future. Average unit prices for temporary staffing rose 4.0% YoY, contributing to sales growth. On the profit front, profit declined due to delay in training young IT engineers and deploying them to clients, and increased expenses for enhancing the organization to improve hiring capability.

The number of active clients increased from 150 in the previous fiscal year to 173, the number of temporary staff members increased 3.7% YoY to 474 at the end of FY6/25, the number of enrollees was flat at 525, and utilization rate increased 3.3pp to 90.3%. Additionally, the number of new graduate hires was 54 (76 in the previous fiscal year) and the number of mid-career hires was 62 (49). Against the initial plan (115 new graduates and 58 mid-career hires), the Company struggled with new graduate recruitment. Turnover rate rose from 19.8% in the previous fiscal year to 21.6% due to more transferees to manufacturing companies, preventing the expansion of human resources, thereby causing shortfall in results forecast (net sales ¥3,212mn and operating profit ¥128mn).

Results trends

Results trends of engineer placement services



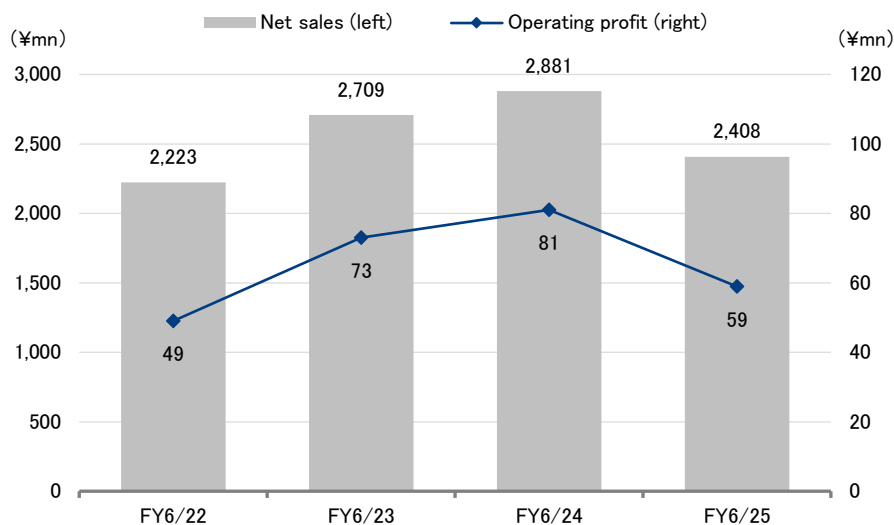
Source: Prepared by FISCO from the Company's results briefing materials

(3) Overseas operations

In overseas operations, net sales declined 16.4% YoY to ¥2,408mn and operating profit declined 27.2% to ¥59mn. Sales and profit decreased for the first time in four fiscal years*. Amid a double-digit drop in Thailand auto production YoY, the number of temporary employees of the Company also declined 19.4% to 2,231 at the end of the fiscal year (as of the end of March 2025), decreasing sales and profit. Overseas operations continue to prioritize securing profit and maintain low-cost operations. Although net sales fell short of the initial plan (net sales ¥2,658mn, operating profit ¥38mn), operating profit exceeded the initial plan.

* Thai subsidiary's fiscal year ends in March, results covering April 2024–March 2025.

Results trends of engineer placement

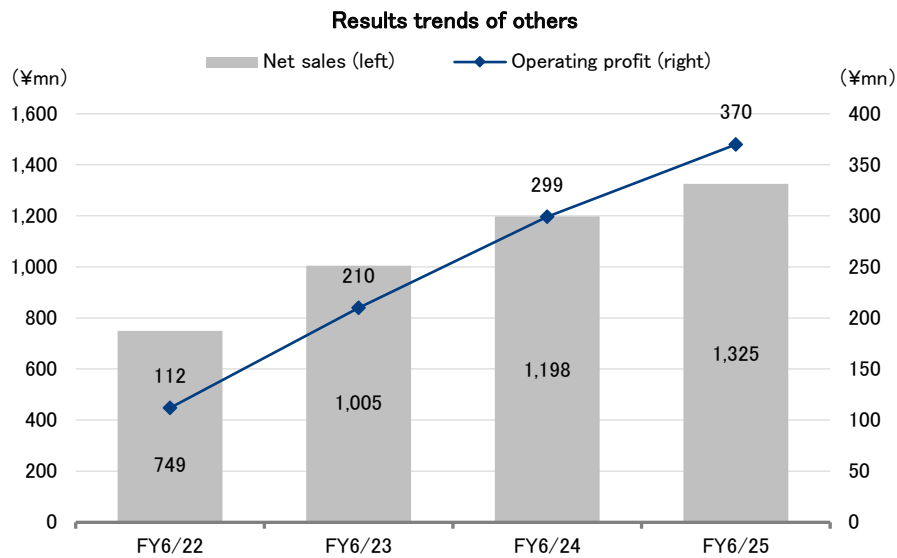


Source: Prepared by FISCO from the Company's results briefing materials

Results trends

(4) Others

Net sales of others increased 10.6% YoY to ¥1,325mn and operating profit increased 23.6% to ¥370mn. The sales and profit successively grew. Sales and profit growth factors were the expansion of the employment management support business for foreign nationals due to increased acceptance of foreign engineers and technical interns and the growth of Heiwa Ironworks which acquired a large spot order from major electrical manufacturers. In addition, consulting services related to domestic and overseas on-site improvements, training projects commissioned by overseas companies and educational institutions, as well as plant-launch support projects contributed to sales growth.



Source: Prepared by FISCO from the Company's results briefing materials

Net cash reached a record high; ROE rose to 18.1%

3. Financial position and management indicators

Total assets at the end of FY6/25 increased to ¥12,358mn, up ¥64mn from the end of FY6/24. For current assets, cash and deposits increased ¥113mn, notes and accounts receivable - trade increased ¥31mn, respectively, while other current assets decreased. For fixed assets, property, plant and equipment increased ¥82mn, intangible assets increased ¥12mn, and investments and other assets increased ¥73mn, respectively.

Total liabilities decreased ¥476mn YoY to ¥7,351mn. Income taxes payable increased ¥161mn and retirement benefit liability increased ¥153mn, respectively, while interest-bearing debt declined ¥428mn and accounts payable declined ¥485mn. Total net assets increased ¥540mn to ¥5,006mn. The Company paid dividends ¥348mn, but recorded profit attributable to owners of parent ¥858mn, so retained earnings increased ¥509mn.

Results trends

Regarding management indicators, equity ratio rose for the first time in three fiscal years, from 36.3% at the end of FY6/24 to 40.5%, and interest-bearing debt ratio declined from 37.3% to 24.7% due to progress in repayment of borrowings. Net cash (cash and deposits - interest-bearing debt) rose ¥541mn YoY to ¥4,825mn, reaching a record high. It is considered that financial conditions are sound. Regarding profitability, although operating profit margin remains relatively low at 3.5%, it has increased for six consecutive fiscal years, and ROE also rose 0.2pp YoY to 18.1%, indicating a steady improvement in profitability. The main factor is increased profitability of in-sourcing & temp staffing services due to improvements at contracted sites and other efforts. The Company prioritizes operating profit margin as a management indicator and targets 6.0% as a medium- to long-term goal.

Consolidated balance sheet

	(¥mn)				
	FY6/22	FY6/23	FY6/24	FY6/25	Change
Current assets	7,388	8,640	10,684	10,579	-104
Cash and deposits	3,413	4,334	5,949	6,062	113
Non-current assets	1,326	1,474	1,609	1,778	168
Total assets	8,714	10,114	12,294	12,358	64
Current liabilities	3,931	4,217	5,000	4,689	-311
Non-current liabilities	1,199	1,909	2,827	2,662	-164
Total liabilities	5,130	6,127	7,828	7,351	-476
Interest-bearing debt	217	843	1,665	1,237	428
Total net assets	3,584	3,987	4,466	5,006	540
Management indicators					
<Safety>					
Equity ratio	41.1%	39.4%	36.3%	40.5%	4.2pp
Interest-bearing debt ratio	6.1%	21.2%	37.3%	24.7%	-12.6pp
Net cash	3,195	3,491	4,283	4,825	541
<Profitability>					
ROA	9.2%	10.1%	10.4%	10.5%	0.1pp
ROE	12.1%	14.5%	17.9%	18.1%	0.2pp
Operating profit margin	2.5%	2.8%	3.2%	3.5%	0.3pp

Source: Prepared by FISCO from the Company's financial results

Outlook

Sales and profit are forecast to increase in FY6/26 despite external uncertainties

1. FY6/26 forecasts

For FY6/26 consolidated results, the Company forecasts net sales growth of 4.3% YoY to ¥37,770mn, operating profit growth of 5.6% to ¥1,341mn, ordinary profit growth of 3.7% to ¥1,349mn, and profit attributable to owners of parent growth of 2.9% to ¥883mn, and expects sales to grow for the 15th consecutive period, continuing the trend of higher sales and profits in all profit categories. The Company conservatively estimates the impact of US protectionist tariff policies on domestic automotive parts and semiconductors and electronic components industries, and it plans to firmly maintain a trend of sales and profit growth. In-sourcing & temp staffing services drive the growth and engineer placement services smoothly proceed with recruitment, so the Company forecasts sales and profit growth. Although hiring-related expenses are expected to remain elevated, the Company plans to merge FUN to FUN into HIRAYAMA in December 2025 and expects cost reduction effects from branch consolidation and rationalization.

Consolidated outlook for FY6/26

	FY6/25		FY6/26		
	Results	vs. net sales	Company's plan	vs. net sales	YoY
Net sales	36,220	-	37,770	-	4.3%
Operating profit	1,270	3.5%	1,341	3.6%	5.6%
Ordinary profit	1,300	3.6%	1,349	3.6%	3.7%
Profit attributable to owners of parent	858	2.4%	883	2.3%	2.9%
EPS (¥)	112.36		115.33		

Source: Prepared by FISCO from the Company's financial results

Outlook for business segments

Net sales by segment	FY6/23				
	FY6/23	FY6/24	FY6/25	FY6/26 (E)	Growth rate
In-sourcing & temp staffing services	25,283	28,273	29,386	30,913	5.2%
Engineer placement services	2,676	2,939	3,099	3,320	7.1%
Overseas	2,709	2,881	2,408	2,224	-7.6%
Others	1,005	1,198	1,325	1,312	-1.0%
Total	31,674	35,292	36,220	37,770	4.3%

Operating profit by segment	FY6/23				
	FY6/23	FY6/24	FY6/25	FY6/26 (E)	Growth rate
In-sourcing & temp staffing services	1,441	1,619	1,849	2,129	15.1%
Engineer placement services	64	125	100	109	9.0%
Overseas	73	81	59	27	-54.2%
Others	210	299	370	274	-25.9%
Adjustments	-896	-1,006	-1,109	-1,199	-
Total	893	1,119	1,270	1,341	5.6%

Source: Prepared by FISCO from the Company's results briefing materials

Outlook

(1) In-sourcing & temp staffing services

For in-sourcing & temp staffing services, the Company forecasts net sales to increase 5.2% YoY to ¥30,913mn and operating profit to increase 15.1% to ¥2,129mn, expecting continued growth in sales and profit. The Company expects net sales from the core businesses including automotive parts and medical equipment and pharmaceuticals to remain steady and an increase in the focused fields, especially semiconductors and electronic components industries. The Company focuses on training of field engineers highly demanded across a wide range of industries, aiming to expand sales. Although strong demand from inbound-related industries continues, the Company forecasts it to remain flat YoY.

On the profit front, the Company expects double-digit profit growth due to productivity improvement at contracted sites, increased unit prices of temporary staffing services, expansion of projects with high unit prices (field engineers), and cost reduction effects from the merger of FUN to FUN into HIRAYAMA. The Company is consolidating nine domestic business offices operated by FUN to FUN into HIRAYAMA's branches and plans to complete the consolidation by January 2026. The merger aims for operational efficiency, improved governance, lower corporate management costs, and expansion of logistics, food, and retail contracting using HIRAYAMA's expertise. FUN to FUN's SG&A expenses were approximately ¥800mn in FY6/25, and the Company cuts the expenses and conducts optimized operation to strengthen profitability in a medium term.

The Company aims to hire 606 new graduates (501 in the previous fiscal year), and 3,963 mid-career hires (3,440). Regarding field engineers, it plans to hire 170 (71), up 2.4 times. As the measures for strengthening recruitment, the Company proceeds with enhancement of branding, expansion of hiring channels, and raising awareness through advertisements on TV and SNS. It has made its first entry into Okinawa and opened a recruitment center in July 2025, proceeding with expansion of its hiring area. As the measures for improving retention, the Company provides its employees with safe and stable employment based on permanent employment and environments and opportunities for career development or career change, and fosters initiatives including but not limited to building a positive and joyful workplace by activating internal communications. Regarding the business branches (including a training center), it plans to open two or three new branches.

(2) Engineer placement services

For engineer placement services, the Company forecasts net sales to increase 7.1% YoY to ¥3,320mn and operating profit to increase 9.0% to ¥109mn, expecting growth in sales and profit. It expands engineer placement in IT fields amid acceleration of digital transformation, while addressing the ongoing demand on engineers in existing fields. It enhances technical training for currently employed engineers to proceed with upskilling and reskilling to IT, cloud, or infrastructure engineer's fields and also focuses efforts on mid-career recruitment and client acquisition in the same fields. The Company plans to hire 90 new graduates (54 in the previous fiscal year) and 130 mid-career hires (62), significantly increasing the number of hires. Although the Company struggled with recruitment and failed to achieve its forecasts in the previous fiscal year, it strengthened a hiring system, smoothly advancing hiring so far. It aims to improve retention by securing more projects with high unit prices matched to engineer's skills.

In July 2025, Topengineering acquired "ARIGATO WORK," a placement service specific to foreign engineers in Japan, from HIRAYAMA, aiming to create synergies by meeting diverse client needs. "ARIGATO WORK" began in 2020, the registered engineers are increasing at a pace of over 300 per month, and the total number of registrants reaches 12,863 (from 93 countries) at the end of July 2025.

Outlook

(3) Overseas operations

For overseas operations, the Company forecasts net sales to decline 7.6% YoY to ¥2,224mn and operating profit to decline 54.2% to ¥27mn, expecting a decrease in sales and profit. As automotive manufacturing in Thailand remains sluggish due to weak exports, the Company intends to advance profit prioritized order-acquisition activities and low-cost operations in FY6/26. The Company is anticipating a stronger yen and the assumed exchange rate is ¥4.10/THB against ¥4.41/THB in the previous fiscal year. However, the current rate is fluctuating around ¥4.6/THB. If the exchange rate remains in the same range going forward, it can be a factor improving business performance.

(4) Others

For others, the Company forecasts net sales to decline 1.0% YoY to ¥1,312mn and operating profit to decline 25.9% to ¥274mn, conservatively expecting a decrease in sales and profit. Consulting business is expected to see sales growth due to an increase in the number of plant-launch support projects* and collaboration projects with AI and IoT related companies, but the results of Heiwa Ironworks which acquired a large spot order in the previous year will drop. The Company plans to increase the number of contracted individuals for employment management support business for foreign nationals by 120 compared to the end of the previous fiscal year, reaching 1,724 at the end of the fiscal year. While net sales are expected to continue rising, FY6/26 is the end of three-year training period for a number of foreign technical interns, and therefore, increased costs associated with the replacement of technical interns are anticipated. Thus, the Company forecasts profit to remain flat.

* The number of inquiries continues to show an upward trend, increasing from 4 in FY6/24 to 12 in FY6/25.

In March 2025, HIRAYAMA GS, a provider of employment support services for foreign nationals, signed “the Agreement on the Operation of Japanese Language Courses and the Acceptance of Engineering Students Wishing to Work in Japan” with Diponegoro University and a Japanese language school in Indonesia and launched “INDONESIA-JAPAN ENGINEER PROJECT (IJEPE).” The project provides students wishing to work in Japan with smooth post-graduation employment through free Japanese language courses and on-site engineer training and supports Japanese companies in promoting globalization. The Company signed a similar agreement with Mandalay Technological University in Myanmar in 2018, and thus Indonesia is the second country with which a partnership is established.

Focusing on the field engineer sector, aiming to achieve an operating profit target of ¥2.2bn in FY6/27

2. Future growth strategy

In July 2024, the Company disclosed “VISION HIRAYAMA 2030” representing an ideal state to be achieved in 2030 and the medium-term management plan “FIRST STAGE 2027” for FY6/25–FY6/27. “FIRST STAGE 2027” defines the period from FY6/25 to FY6/27 as the three years for building a business foundation enabling sustainable growth to realize “VISION HIRAYAMA 2030,” aiming to be a global ‘only one’ manufacturing support company continually developing unique services. Under the fundamental policy of “promoting the sustainability of ‘manufacturing without facilities or premises,’ addressing the societal issue of the shortage of highly skilled personnel through human resource development, and enhancing earning power,” the Company aims to enhance corporate value by focusing on the three basic strategies, “enhancing earning power and transforming to a high-profit structure,” “advancing M&A and alliance strategies,” and “strengthening the business foundation.”

Outlook

(1) Business targets

The Company has set the following business targets for FY6/27 that is the final fiscal year of the Medium-Term Management Plan: net sales of ¥46.0bn, operating profit of ¥2.2bn, and ROE exceeding 20%. It has also set net sales of ¥60.0bn, operating profit of ¥3.6bn, and ROE exceeding 24% as the long-term targets for FY6/30. Regarding business performance progress, heightened uncertainty stemming from US protectionist tariff policies has led to a slowdown in demand compared to the planning stage across export-oriented companies, particularly those serving high-value customers in the automotive and semiconductor sectors. This has resulted in a deviation from the target figures. However, the Company remains focused on achieving operating profit of ¥2.2bn for FY6/27.

Medium-Term Management Plan and business targets for "VISION HIRAYAMA 2030"

	FY6/25 results	FY6/27 plan	FY6/30 target	CAGR (FY6/24–FY6/30)
Net sales	¥36.2bn	¥46.0bn	¥60.0bn	9.2%
Operating profit	¥1.27bn	¥2.2bn	¥3.6bn	21.5%
Operating profit margin	3.5%	4.8%	6.0%	-
ROE	18.1%	20% or more	24% or more	-
Dividend policy and payout ratio	Total payout ratio within 50%, dividend payout ratio 40% or more			

Note: The plan does not include the additional amount from new M&A.

Source: Prepared by FISCO from the Company's presentation materials

(2) Measures to achieve operating profit of ¥2.2bn for FY6/27

a) Enhancing earning power and transforming to a high-profit structure

By focusing group-wide efforts on recruitment and development of talent in the field engineer sector, where high unit prices can be expected, the Company projects a ¥250mn YoY increase in gross profit for this sector in FY6/26. There is a shortage of field engineers across a wide range of manufacturing industries, resulting in strong demand for temporary staffing. If recruitment of personnel (170 employees) proceeds smoothly, the likelihood of achieving the plan is high. The Company will strengthen the on-site improvement consulting services and engineer placement services. Furthermore, by reinforcing collaboration between the employment management support business for foreign nationals, in-sourcing & temp staffing services, and engineer placement services, it aims to expand revenue opportunities and address diverse customer needs.

The Company will expand contracting services incorporating cutting-edge AI technologies, which are expected to become pillars of future growth. It will also develop new businesses. The Company has been collaborating with AI startups for about three years to improve productivity by utilizing AI cameras and image recognition technology. By partnering with AI startups, the Company, with its deep understanding of manufacturing sites, can develop more effective solutions, creating a distinct competitive advantage over its industry peers. As the population continues to decline, the adoption of robots in manufacturing lines is expected to further accelerate, leading to increased demand for field engineers involved in the maintenance and preservation of robots. The Company will pursue diversification of revenue opportunities accordingly.

b) Generating synergies through mergers among group companies

The Company merges FUN to FUN into HIRAYAMA in December 2025 to promote effective use of FUN to FUN's SG&A expenses (about ¥800mn) and it plans to expand logistics, food, and retail contracting using HIRAYAMA's expertise, building profitable organization.

Outlook

c) Promotion of M&A

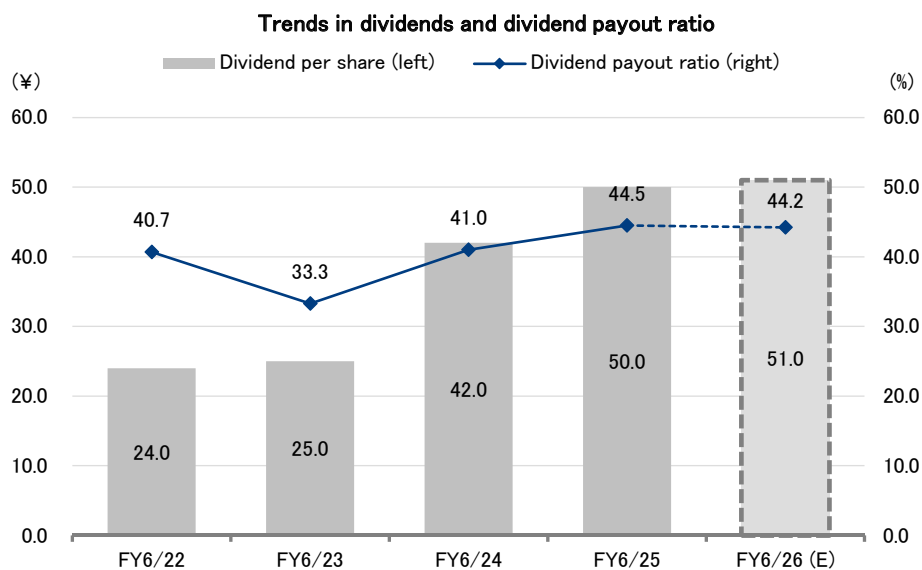
Manufacturing contracting/temporary staffing industries in Japan are increasingly becoming dominated by some major corporations. The Company will also proactively pursue M&A. The target includes companies that provide technical staffing services, as well as specialized technical departments within manufacturers (such as development, verification, and quality assurance) that the Company has not yet engaged with. When conducting M&A activities, the Company will continue to prioritize efficiency by utilizing investment indicators such as ROIC.

Shareholder return policy

Stable dividends are maintained based on a dividend payout ratio exceeding 40%, with the aim of a total payout ratio of up to 50%

The Company recognizes the return of profits to shareholders as a key management issue. As part of the shareholder return policy, the Company will secure the necessary retained earnings to reinforce the corporate structure and support future business development. In addition, it will continue to provide stable dividends with a target consolidated dividend payout ratio of 40% or more. Taking into account its business performance, stock price levels, and financial position, if necessary, the Company will also consider share buybacks, while keeping the consolidated total payout ratio* within 50%. The dividend per share for FY6/25 was increased ¥8.0 YoY to ¥50.0 (dividend payout ratio of 44.5%). For FY6/26, the dividend per share is projected to increase by ¥1.0 to ¥51.0 (dividend payout ratio of 44.2%), marking six consecutive years of dividend increases. The Company conducted a share buyback in FY6/22, but did not conduct one in FY6/25.

* Consolidated total return ratio = (annual dividend for current fiscal year + amount of share buybacks for the following fiscal year) ÷ profit attributable to owners of parent for the current fiscal year



Note: FY6/22 includes a special dividend of ¥5.0. A 2-for-1 stock split was conducted in July 2022, and dividends were retroactively adjusted.

Source: Prepared by FISCO from the Company's financial results and results briefing materials



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■ For inquiries, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: support@fisco.co.jp