

COMPANY RESEARCH AND ANALYSIS REPORT

|| COMPANY RESEARCH REPORT ||

HIRAYAMA HOLDINGS Co., Ltd.

7781 Tokyo Stock Exchange Standard Market

Company information >>>

27-Oct.-2026

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■ Summary

Earning power improved through group reorganization, with demand from the semiconductor and defense industries expanding

HIRAYAMA HOLDINGS Co., Ltd. <7781> (hereafter, also “the Company”) is a manufacturing support company that underpins Japan’s manufacturing industry. It operates in areas such as insourcing (on-site contract work) & temp staffing services, engineer placement services, and overseas operations. It has strengths in manufacturing site improvement consulting and is expanding its business scale through M&A initiatives. The Company will change its name to KEDiX Holdings Co. Ltd. in January 2027.

1. Overview of FY6/26 results

In the FY6/26 consolidated results, the Company achieved record-high results for consecutive periods, with net sales increasing 4.4% year on year (YoY) to ¥37,815mn and operating profit increasing 51.8% to ¥1,928mn. The main factor was that in the core insourcing & temp staffing services, net sales increased 4.7% to ¥30,766mn and operating profit increased 37.6% to ¥2,544mn, driven by the expansion of transactions with existing customers, the acquisition of new customers, productivity improvements at subcontracting sites, and revisions of temp staffing and subcontracting rates. In addition, the foreign employment management support business grew steadily, and a ¥100mn decrease in retirement benefit expenses also contributed to profit growth. As a result, the ratio of operating profit to net sales rose 1.6 percentage points (pp) YoY to 5.1%, reaching the 5% range for the first time since the Company began consolidated reporting (FY6/13).

2. FY6/27 forecasts

For the FY6/27 consolidated results, the Company forecasts net sales growth of 3.9% YoY to ¥39,300mn and an operating profit decline of 16.3% to ¥1,614mn, planning for higher sales but lower profit. The main factor is that the Company plans to invest aggressively in human resources to expand engineer placement services and expects an increase in personnel-related expenses, such as recruitment and training costs. In addition, for the foreign employment management support business, the impact on results of the start of operation of the Employment for Skill Development system, which will be newly established in April 2027, is uncertain, so the Company has factored it into the plan conservatively. On the other hand, in insourcing & temp staffing services, orders from new clients, mainly large companies in the semiconductor and defense industries, are increasing, and the plan does not factor in the effects of the rate increases for temp staffing and subcontracting expected going forward. For these reasons, FISCO believes there is a high possibility that FY6/27 results will exceed the Company’s forecasts. Furthermore, having made TOKUDEN Co., Ltd. <3437> an equity-method affiliate* in July 2026, the Company expects to record a combined total of just over ¥500mn in gain on negative goodwill and equity in earnings of affiliates as non-operating income, and ordinary profit is forecast to continue to grow, rising 11.7% to ¥2,217mn.

* The Company acquired the equivalent of 26.4% of the issued shares for ¥1,531mn.

3. Progress of the Medium-Term Management Plan and targets for FY6/30

Under its Medium-Term Management Plan “FIRST STAGE 2027,” which started in FY6/25, the Company has been working on three priority measures—“enhancing earning power and transforming to a high-profit structure,” “advancing M&A and alliance strategies,” and “strengthening the business foundation”—and set targets for FY6/27 of net sales of ¥46.0bn, operating profit of ¥2.2bn, and ROE exceeding 20%. Although “enhancing earning power and transforming to a high-profit structure” is progressing steadily, net sales and operating profit are likely to fall short of the initial targets, because M&A has not progressed, the pace of sales expansion in insourcing & temp staffing services for the automotive and semiconductor-related industries and in engineer placement services has been below expectations, and the Company has been rationalizing low-profit projects in order to shift to a high-profit structure. ROE, however, is forecast to exceed 20%. As for achieving the long-term operating profit target of ¥3.6bn for FY6/30, the Company recognizes that it is making steady progress, as the synergies from the group reorganization pursued since the previous fiscal year and the effects of active investment in human resources in engineer placement services to be made in FY6/27 are expected to materialize from FY6/28 onward. Furthermore, demand for high value-added solutions that combine “human resources” with “physical AI” at manufacturing sites is expected to grow, and FISCO believes this will be an opportunity for the Company, which has extensive expertise in manufacturing site improvement consulting, to expand its business scale.

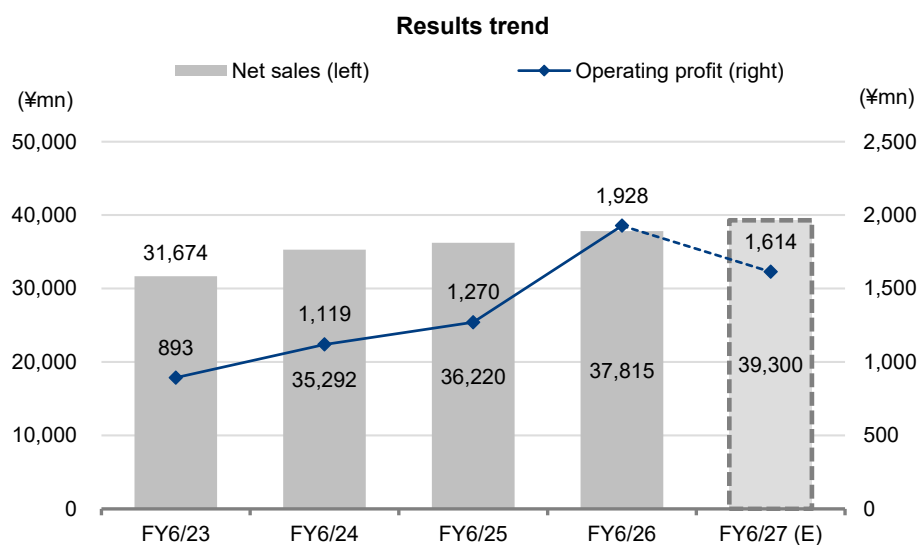
4. Policy for shareholder distributions

The policy for shareholder distributions stipulates a total earnings distribution ratio of up to 50%, with a dividend payout ratio exceeding 40%. Based on this policy, the dividend per share for FY6/26 was increased ¥16.0 YoY to ¥66.0 (dividend payout ratio of 40.2%). The Company conducted a 2-for-1 common stock split in July 2026, and for FY6/27 it plans a dividend of ¥42.0 (dividend payout ratio of 40.1%), representing an effective increase of ¥9.0 on a post-split basis and marking 7 consecutive fiscal years of dividend increases.

Key Points

- For FY6/26, sales increased for the 15th consecutive period, with all profit categories reaching record highs for consecutive terms
- For FY6/27, operating profit is expected to decline due to growth investment, but there is potential for upside
- Steady progress is being made in building a business foundation to achieve the operating profit target of ¥3.6bn for FY6/30
- Stable dividends are maintained based on a dividend payout ratio exceeding 40%, with the aim of a total earnings distribution ratio of up to 50%

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

■ Company profile

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

1. Company profile

The Hirayama Group primarily engages in the insourcing & temp staffing services sector and operates both domestically and internationally. Personnel from the Hirayama Group support all stages of the manufacturing process through manufacturing subcontracting and temp staffing. In manufacturing subcontracting, the Hirayama Group cooperates with on-site improvement consultants to implement Genba Kaizen (on-site improvements) within client factories and achieve higher productivity. The ability to deliver these high-quality services is a key strength and distinguishing feature of the Group. 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.

Effective January 1, 2027, the Company will change its trade name to KEDiX Holdings Co. Ltd. The purposes of the change are 1) to establish a brand as a “public company” that does not depend on the name of a specific individual, 2) to clarify its identity as a “comprehensive improvement solutions company” encompassing AI, robotics, and consulting, going beyond the image of a temp staffing company, and 3) to raise market awareness with “Kaizen,” a term used worldwide, as its core. The name KEDiX combines the initial letters of K (Kaizen: the spirit of continuous improvement), E (Engineering: design, development, and manufacturing), D (Dynamics: the power of change and growth), I (Insourcing: subcontracting and integration), and X (Transformation: evolution and reform). The trade name of HIRAYAMA Co., Ltd., the core subsidiary, will also be changed around the same time, and the other subsidiaries are scheduled to change their names in the future.

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 contract work in the manufacturing industry (currently insourcing & temp staffing services) in 1989. In 1992, when the business had gained traction, the Company reorganized as HIRAYAMA Co., Ltd.

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, the Company secured a contract at Terumo Corporation <4543> in 2000, and its service quality—including its manufacturing 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 13.3% of total sales in FY6/26.

In order to expand its business domains, 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 insourcing & temp staffing services, the Company successively acquired FUNtoFUN Inc. and Heiwa Iron Works Co., Ltd. as subsidiaries in 2018, followed by Daimatsu Automobile Co., Ltd. (currently HIRAYAMA Care Services Co., Ltd.)* in 2019. In July 2023, the Company made Bridgestone Green Landscape Co., Ltd. (currently HIRAYAMA GL Co., Ltd.), a Bridgestone Corporation <5108> Group company engaged in automotive ancillary operations such as tire manufacturing at four plants in Kyushu, into a subsidiary.

* 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 currently operates care facilities and provides long-term care services.

In addition, the Company has begun reorganizing and integrating group companies to strengthen its management foundation. Specifically, following the absorption-type mergers of FUNtoFUN Inc. into HIRAYAMA Co., Ltd. in December 2025 and of Heiwa Iron Works Co., Ltd. in July 2026, Topengineering, Inc. is scheduled to be merged into HIRAYAMA Co., Ltd. in January 2027.

3. Group companies

As of the end of FY6/26, there were 11 consolidated subsidiaries. The core insourcing & temp staffing services business is operated by two companies: HIRAYAMA and HIRAYAMA GL. Engineer placement services are operated by Topengineering, and overseas operations are conducted by HIRAYAMA Thailand, JSHR, and HIRAYAMA MYANMAR Co., Ltd. In the others segment, the consulting business is operated by HIRAYAMA, and the foreign employment management support business and other businesses are operated by HIRAYAMA Global Supporter Co., Ltd. (hereafter, also “HIRAYAMA GS”) and SUNRISE Cooperative Association. Other group companies include Heiwa Iron Works, HIRAYAMA Care Services, and Hirayama LACC Inc.

As of the end of FY6/26, the number of group employees (including limited-term regular employees and contract employees) was 10,697, of which 7,551 were in insourcing & temp staffing services, 606 in engineer placement services, 2,268 in overseas operations, and 175 in others.

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Consolidated subsidiaries and business description
(As of the end of June 2026)

Company name	Business description	Voting rights ownership ratio
HIRAYAMA Co., Ltd.	Insourcing & temp staffing services, others (improvement consulting, training, study tours, seminars, and fee-based employment placement agency business)	100.0%
Topengineering, Inc.	Engineer placement services	100.0%
Heiwa Iron Works 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 interns, employment management support, etc.)	89.6%
HIRAYAMA Care Services Co., Ltd.	Others (operation of care facilities, etc.)	100.0%
HIRAYAMA GL Co., Ltd.	Insourcing & temp staffing services	100.0%
HIRAYAMA (Thailand) Co., Ltd.	Overseas operations (manufacturing temp staffing, improvement consulting, training)	49.0%
JOB SUPPLY HUMAN RESOURCES Co., Ltd.	Overseas operations (manufacturing temp staffing, improvement consulting, training)	99.9%
HIRAYAMA MYANMAR Co., Ltd.	Overseas operations (employment activities, training)	100.0%

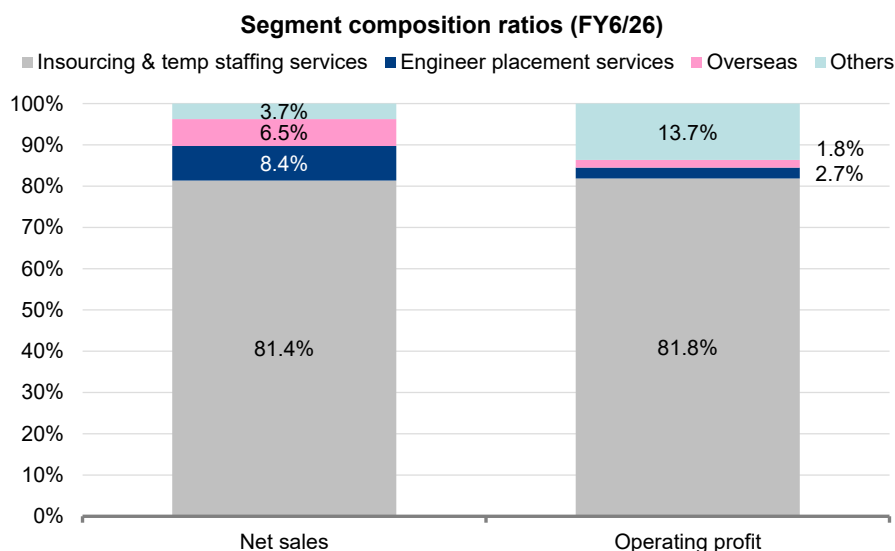
Source: Prepared by FISCO from the Company's Annual Securities Report

■ Business overview

Businesses focused on insourcing & 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: insourcing & temp staffing services targeting primarily manufacturing clients, engineer placement services dispatching development and design engineers, overseas operations primarily focused on manufacturing temp staffing in Thailand, and others. In the segment composition ratio for FY6/26, the insourcing & temp staffing services segment constitutes the core business, accounting for 81.4% of net sales and 81.8% of operating profit.



Note: Operating profit before deduction of corporate-wide common expenses

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

(1) Insourcing & temp staffing services

Insourcing & temp staffing services are operated by two companies—HIRAYAMA and HIRAYAMA GL—which offer subcontracting and temp staffing services. As of the end of FY6/26, the proportion of subcontracting stands at just under 40%. Manufacturing subcontracting is differentiated by providing unique services, such as productivity improvement, cost reduction, and the like in cooperation 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.

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The business model of manufacturing subcontracting 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)). This makes it possible to raise profit margins through the Company's own efforts, such as improving productivity through Genba Kaizen. For temp 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 remains stable 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 subcontracting arrangement after accumulating a track record of transactions through temp staffing contracts.

Sales composition by customer industry shows that three sectors—automotive parts, medical devices 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.), housing equipment, retail, hotel, and service, semiconductors and electronic components, machine tools and electrical machinery, and logistics. Looking at the trend over the past few years, the composition ratio for the food industry, where the Company has been phasing out transactions with less profitable customers, has declined from 17% in FY6/23 to 10% in FY6/26. Conversely, with the addition of HIRAYAMA GL in FY6/24 and other factors, the composition ratio for automotive parts has risen from 22% in FY6/23 to 30% in FY6/26 (of which HIRAYAMA GL accounts for 6%). Major clients by industry include the Toyota Motor Corporation <7203> Group and Bridgestone Corporation in automotive parts; Terumo in medical devices and pharmaceuticals; the Ricoh Company, Ltd. <7752> Group in office equipment; My Basket CO., LTD., which operates urban small-format grocery supermarkets "My Basket," in retail; and the LIXIL Corporation <5938> Group and TOTO LTD. <5332> Group in housing equipment. The number of active client companies for FY6/26 was 738.

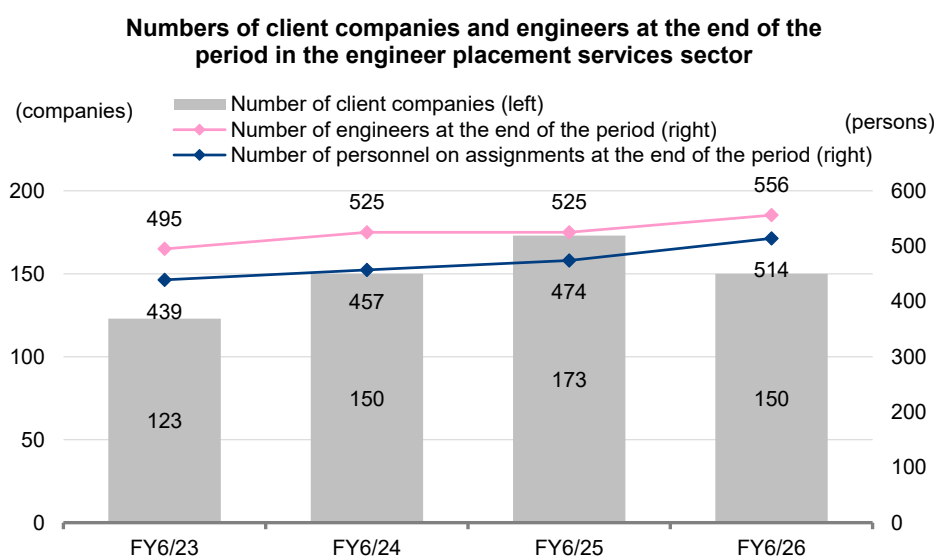
Sales composition by customer industry in the insourcing & temp staffing services sector

	FY6/23	FY6/24	FY6/25	FY6/26
Automotive parts	22%	28%	28%	30%
Medical devices and pharmaceuticals	21%	20%	20%	19%
Food	17%	13%	11%	10%
Construction machinery and special vehicles	11%	10%	9%	10%
Digital-related	7%	7%	7%	7%
Housing equipment	5%	5%	5%	6%
Retail, hotel, and service	6%	5%	6%	5%
Semiconductors and electronic components	3%	3%	4%	5%
Machine tools and electrical machinery	2%	3%	3%	4%
Logistics	4%	3%	4%	2%
Others	3%	3%	3%	4%

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

(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 FY6/26 decreased slightly to 150 (compared to 173 in the previous fiscal year), but as a result of promoting an active recruitment strategy, the number of engineers on staff at the end of the fiscal year increased to 556 (525) and the number of temp staffing personnel on assignments at the end of the fiscal year increased to 514 (474).



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

(3) Overseas operations

Sales from overseas operations are primarily generated by manufacturing temp 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 temp staffing services are managed by JSHR, while consulting operations and foreign labor management services are handled by HIRAYAMA Thailand. Since many of the Company's customers are in the automotive industry, the business is highly correlated with Thailand's automotive production trends, and from FY6/26 the Company has also started doing business with Chinese EV manufacturers that have entered the local market.

(4) Others

Others include a consulting business, foreign employment management support business, fee-based employment placement agency business, and disability welfare services, as well as manufacturing and repair of machinery and equipment by Heiwa Iron Works, and operation of care facilities and the provision of long-term care services by HIRAYAMA Care Services. In FY6/26, approximately 60% of net sales and about 80% of operating profit were generated by the foreign employment management support business.

In the consulting business, the Company provides consulting services aimed at enhancing productivity at 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 launched factory establishment support consulting services in 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 new factories, it is essential to design the layout of equipment lines and build production management systems that enable real-time visualization. Therefore, the Company provides support from the design phase.

In the foreign employment management support business, HIRAYAMA GS provides comprehensive assistance for foreign technical interns, covering everything from support with immigration procedures and joining host companies, to dormitory and company housing management and daily life support, as well as support for returning home after the end of the acceptance period. In addition, SUNRISE Cooperative Association has obtained authorization for the General Supervising Business from the Organization for Technical Intern Training (OTIT), and is accepting technical interns in collaboration with local specialized agencies in Vietnam, Myanmar, and the Philippines. Based on standards set by the national government, there are two types of supervising businesses conducted by organizations that provide support to and conduct audits of foreign technical interns: the Specific Supervising Business and the General Supervising Business, the latter being a category for excellent supervising organizations. SUNRISE Cooperative Association obtained authorization for the General Supervising Business in December 2023, which expanded the number of technical interns it can accept and has led to the growth of this business.

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.

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SWOT analysis

	Helpful	Harmful
External	<Opportunities>	<Threats>
	• Growth of human resource services industry due to declining domestic workforce and diversification of workstyles • Continuation of policies for expanding the acceptance of foreign workers • Reshoring of manufacturing as a national strategy	• Decrease in job openings due to the deterioration of the global economy • Decrease in labor demand due to the proliferation of robots and IT/AI
Internal	<Strengths>	<Weaknesses>
	• Enables the provision of higher value-added services by combining on-site consulting capabilities with advanced technologies such as IT/AI • 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 (Employment for Skill Development) services through a group company	• The turnover rate in engineer placement services is in the upper teens, which is somewhat 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

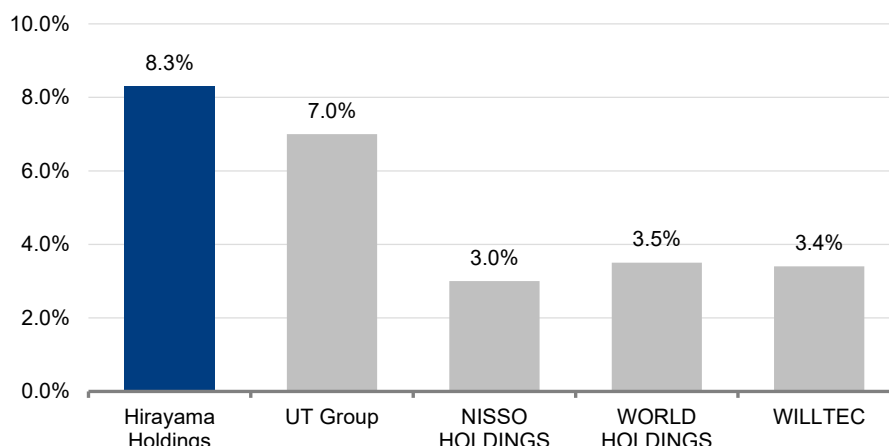
Source: Prepared by FISCO from interviews, the Company's results briefing materials, and the like

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/AI services.

The Company's unique strengths lie in its capability to improve productivity in its core business of manufacturing subcontracting by collaborating with on-site improvement consultants. The ability to drive Genba Kaizen through consulting is considered to be a significant differentiating factor from competitors engaged in manufacturing subcontracting and temp 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>, and WILLTEC Co., Ltd. <7087>. In fact, a comparison of the segment profit margin for the insourcing & temp staffing services over the one-year period from July 2025 to June 2026 with those of industry peers shows that the Company achieved the highest level at 8.3%. FISCO believes that the Company's strong Genba Kaizen capabilities are a key factor contributing to this difference in profitability. Additionally, the Company has packaged its know-how in Genba Kaizen accumulated over many years and offers it as manufacturing 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 Genba Kaizen by integrating advanced technologies such as AI and IoT, as well as on new factory establishment support. The ability to support improvements at manufacturing sites from various perspectives is another strength of the Company.

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**Profitability of manufacturing subcontracting and temp staffing businesses
(July 2025–June 2026)**



Note: Hirayama Holdings (insourcing & temp staffing services), UT Group (Company-wide), NISSO HOLDINGS (Company-wide), WORLD HOLDINGS (products human resources business), and WILLTEC (manufacturing subcontracting and temp staffing businesses)

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

Furthermore, the insourcing & 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 employees and temp staff 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 employees or temp staff, 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 (in the 18% range in FY6/26) in the engineer placement services, as well as a smaller sales scale compared to major competitors in the industry. Its profit margins also tend to fluctuate significantly depending on trends in the number of personnel hired and recruitment costs. The Company expects that once its sales reach ¥4.0bn or more, the ratio of operating profit to net sales will stabilize at around 7–8%.

■ Results trends

For FY6/26, sales increased for the 15th consecutive period, with all profit categories reaching record highs for consecutive terms

1. Overview of FY6/26 results

In the FY6/26 consolidated results, net sales increased 4.4% YoY to ¥37,815mn, operating profit increased 51.8% to ¥1,928mn, ordinary profit increased 52.6% to ¥1,984mn, and profit attributable to owners of parent increased 46.7% to ¥1,258mn. Net sales rose for the 15th consecutive fiscal year, and profits at each stage successively reached record highs.

FY6/26 consolidated results

	FY6/25			FY6/26			
	Results	vs. net sales	Company's forecast	Results	vs. net sales	YoY	vs. forecast
Net sales	36,220	-	37,770	37,815	-	4.4%	0.1%
Gross profit	6,574	18.2%	-	7,555	20.0%	14.9%	-
SG&A expenses	5,303	14.6%	-	5,627	14.9%	6.1%	-
Operating profit	1,270	3.5%	1,341	1,928	5.1%	51.8%	43.8%
Ordinary profit	1,300	3.6%	1,349	1,984	5.2%	52.6%	47.1%
Profit attributable to owners of parent	858	2.4%	883	1,258	3.3%	46.7%	42.5%

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

Net sales growth was limited to single digits, partly due to the rationalization of low-profit projects in insourcing & temp staffing services, but profit increased substantially and significantly exceeded the Company's forecast. Looking at the factors behind the change in operating profit, the positive factors were ¥290mn from higher sales, ¥692mn from an improvement in the gross profit margin (up 1.8pp YoY) resulting from the rationalization of low-profit projects, improvements at subcontracting sites, and rate increases for temp staffing and subcontracting (an increase of approximately 3% group-wide), and ¥100mn from a decrease in retirement benefit expenses (SG&A expenses) due to the effect of actuarial differences. These absorbed a ¥424mn increase in SG&A expenses, mainly for growth investments such as personnel recruitment, training costs, and the costs of opening new branches. Operating profit exceeded the Company's forecast by ¥587mn. The main factors include progress in rate increases for temp staffing and subcontracting and in the improvement of profitability at subcontracting sites, growth in sales to the automotive-related industry including rubber products, and a decrease in retirement benefit expenses.

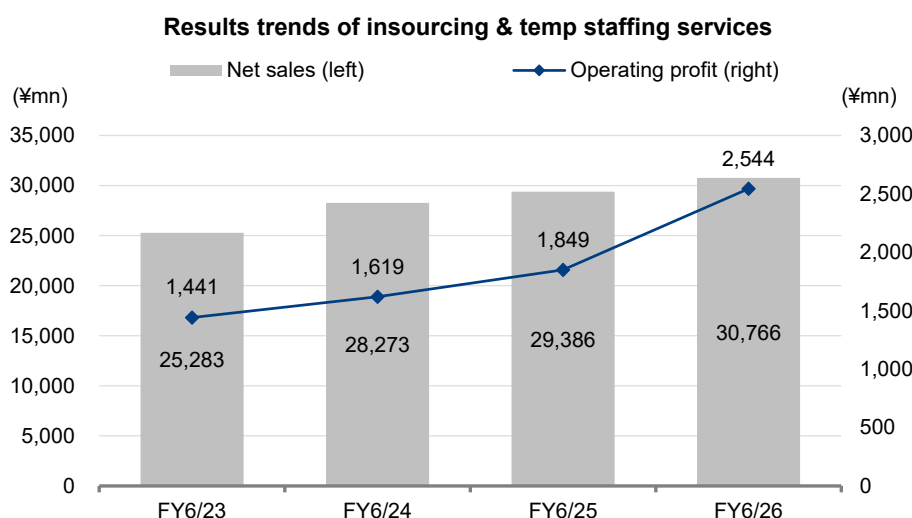
Sales increased in all businesses, with a substantial profit increase in insourcing & temp staffing services

2. Trends by business segment

(1) Insourcing & temp staffing services

In insourcing & temp staffing services, net sales increased 4.7% YoY to ¥30,766mn and operating profit increased 37.6% to ¥2,544mn, marking five consecutive fiscal years of growth in both sales and profit and reaching record highs. Orders from the defense industry, medical devices, semiconductors and electronic components, and automotive-related sectors remained firm, and sales increased in both temp staffing and subcontracting. While the Company proceeded with the rationalization of low-profit projects in the food and service industries, transactions with large companies expanded, including new orders won in 4Q from global companies in air conditioning equipment and semiconductors. On the profit front, despite increases in personnel-related expenses such as recruitment and training costs and in branch opening costs, profit increased thanks to the effects of rate increases and productivity improvements at subcontracting sites*, as well as integration effects (such as reductions in indirect costs) of ¥125mn (for seven months) from the absorption-type merger of FUNtoFUN into HIRAYAMA in December 2025.

* The profit growth effect from productivity improvement was ¥85mn in FY6/26, compared with ¥45mn in FY6/25.



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

The number of active client companies decreased 16 YoY to 738. Although the acquisition of new customers progressed smoothly, the main factor was the rationalization of low-profit projects held by the former FUNtoFUN (the rationalization involved approximately 40 companies). New hires included 600 new graduates (501 in the previous fiscal year) and 2,495 mid-career hires (3,440), and the number of employees at the end of the fiscal year (including limited-term regular employees and contract employees) increased 0.2% YoY to 7,551. Hiring of new graduates proceeded generally as planned, but mid-career hiring declined significantly. This was the result of rationalizing low-profit short-term temp staffing projects and had no negative impact on profit.

Looking at YoY changes in sales composition by industry, automotive parts rose 2pp YoY and contributed to higher sales. The main factor was growth in domestic production of some transportation equipment, as major customers reviewed their supply chains against the backdrop of the implementation of US anti-dumping tariffs on Southeast Asia. In addition, construction machinery and special vehicles, housing equipment, semiconductors and electronic components, and machine tools and electrical machinery each rose 1pp, contributing to higher sales. Medical devices and pharmaceuticals declined 1pp, but sales to Terumo, the main customer, increased 1.3% to ¥5,041mn, the fourth consecutive fiscal year of growth. On the other hand, food, where low-profit projects were rationalized, declined 1pp, logistics declined 2pp, and retail, hotel, and service declined 1pp. The review of low-profit projects is continuing in FY6/27, and the Company intends to withdraw from projects where price negotiations are unsuccessful. The sales scale of the projects concerned is estimated at around ¥0.5bn–¥1.0bn.

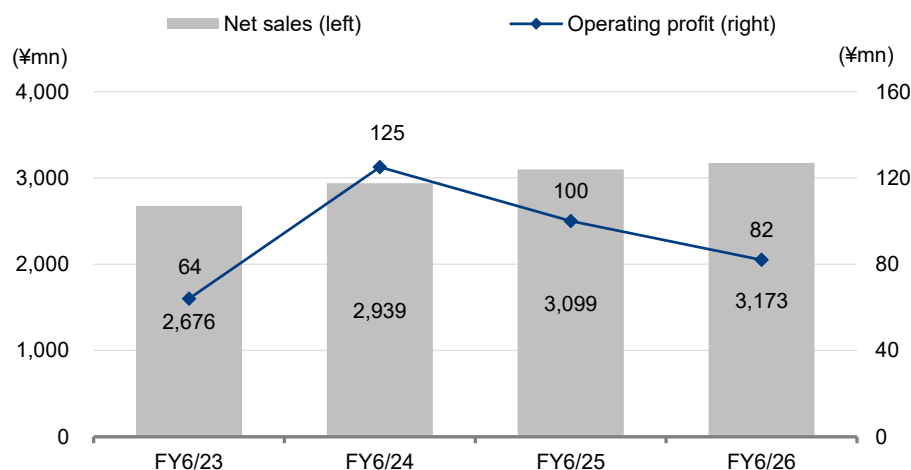
(2) Engineer placement services

Net sales of engineer placement services increased 2.4% YoY to ¥3,173mn, but operating profit declined 17.6% to ¥82mn. In the material handling systems sector and the aerospace industry, which are its main customers, orders centered on control and embedded software and on production equipment and production technology remained firm. On the other hand, demand diverged, as some companies in the automotive industry were forced to change their EV development policies, and in the web-based IT industry demand for young engineers slowed due to the widespread adoption of generative AI. Net sales reached a record high for consecutive years, but on the profit front, profit declined for the second consecutive fiscal year due to increased expenses associated with active recruitment of personnel and the time required to assign engineers to clients.

Although the number of active client companies decreased from 173 in the previous fiscal year to 150, as a result of efforts to strengthen recruitment, the number of engineers on staff at the end of the fiscal year increased 5.9% YoY to 556 and the number of temp staffing personnel on assignments at the end of the fiscal year increased 8.4% to 514, both record highs. Although the number of hires increased in the second half of the fiscal year, the workforce utilization rate at the end of the fiscal year rose 2.1pp to 92.4%. In addition, the number of new graduate hires was 79 (54 in the previous fiscal year) and the number of mid-career hires was 73 (62), both increases, but both figures fell short of the initial plan (90 new graduates and 130 mid-career hires), which remains an issue going forward. Meanwhile, the turnover rate, which had risen to the 21% range in the previous fiscal year, declined to the 18% range as measures to improve retention proved effective, showing some progress.

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Results trends of engineer placement services



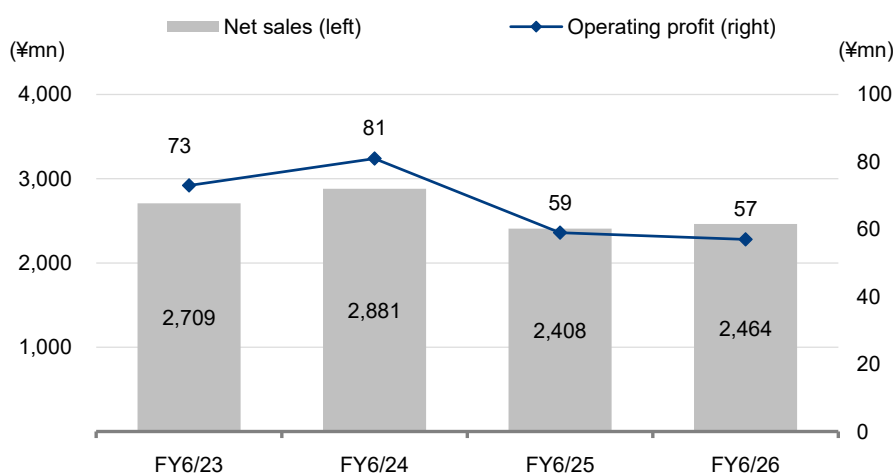
Source: Prepared by FISCO from the Company's financial results

(3) Overseas operations

In overseas operations, net sales increased 2.3% YoY to ¥2,464mn and operating profit declined 3.4% to ¥57mn*. Amid a single-digit YoY increase in automobile production in Thailand, the first increase in two fiscal years, orders from existing clients recovered, and new orders won from Chinese EV manufacturers also contributed to higher sales. The Company's number of temp staffing personnel on assignments also turned upward, increasing 4.6% from the end of the previous fiscal year to 2,234 at the end of the fiscal year (as of the end of March 2026). On the profit front, however, profit declined slightly due to SG&A expenses allocated for future growth.

* The Thai subsidiary's fiscal year ends in March, with results covering April 2025–March 2026.

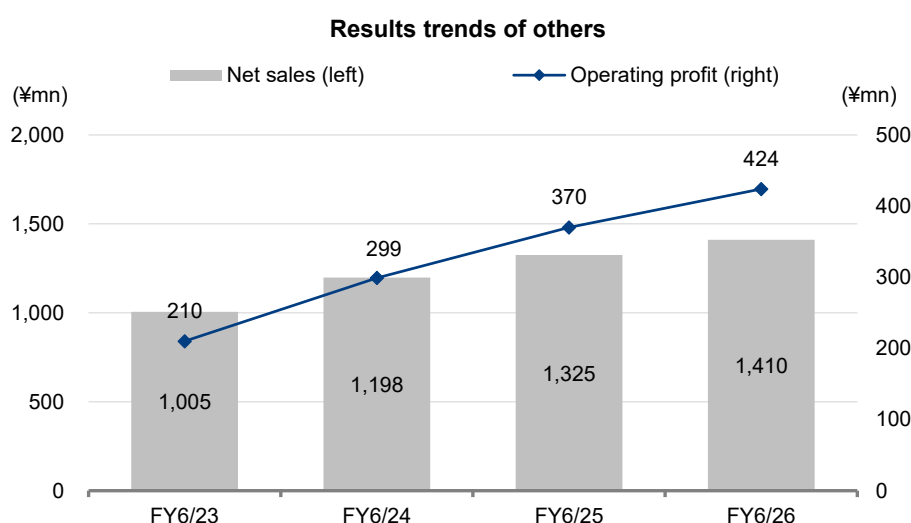
Results trends of overseas operations



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

(4) Others

Net sales of others increased 6.4% YoY to ¥1,410mn and operating profit increased 14.5% to ¥424mn, continuing the trend of higher sales and profit. Although Heiwa Iron Works posted lower sales and profit in reaction to a large project in the previous fiscal year, the foreign employment management support business remained strong, and manufacturing site improvement consulting for the overseas production bases of Japanese companies and study tours for managerial staff of overseas companies increased. The number of technical interns and Specified Skilled Workers under contract in the foreign employment management support business was 1,531, down 4.6% from the end of the previous fiscal year, but this was due to the cancellation of a contract by one large customer with low rates, and the impact on results was minor.



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

Financial foundation strengthened by earnings growth, with ROE reaching the targeted 20% range

3. Financial position and management indicators

Total assets at the end of FY6/26 increased ¥881mn from the end of the previous fiscal year to ¥13,240mn. In current assets, cash and deposits increased ¥603mn and notes and accounts receivable-trade increased ¥316mn, while in non-current assets, property, plant and equipment decreased ¥21mn, intangible assets decreased ¥22mn, and investments and other assets decreased ¥37mn.

Total liabilities decreased ¥16mn from the end of the previous fiscal year to ¥7,334mn. Income taxes payable and accrued consumption taxes increased ¥127mn, deposits received increased ¥118mn, and accounts payable-other increased ¥93mn, while interest-bearing debt decreased ¥432mn. Total net assets increased ¥898mn to ¥5,905mn. The main factor was an ¥860mn increase in retained earnings, as the Company paid dividends of ¥398mn but recorded profit attributable to owners of parent of ¥1,258mn.

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Regarding management indicators, the equity ratio, which indicates financial soundness, rose from 40.5% at the end of the previous fiscal year to 44.4%, and the interest-bearing debt ratio declined from 24.7% to 13.7% due to progress in the repayment of borrowings. Net cash (cash and deposits – interest-bearing debt) also increased ¥1,035mn from the end of the previous fiscal year to ¥5,860mn, reaching a record high level, and the financial foundation was further strengthened by earnings growth. Profitability also improved, with the ratio of operating profit to net sales rising from 3.5% to 5.1%, ROE from 18.1% to 23.1%, and ROA from 10.5% to 15.5%, all reaching their highest levels since the Company's stock listing. This can be highly evaluated as steady progress in “enhancing earning power and transforming to a high-profit structure,” a priority measure in the Medium-Term Management Plan “FIRST STAGE 2027.”

Consolidated balance sheet

(¥mn)

	FY6/23	FY6/24	FY6/25	FY6/26	Change
Current assets	8,640	10,684	10,579	11,542	962
Cash and deposits	4,334	5,949	6,062	6,665	603
Non-current assets	1,474	1,609	1,778	1,697	-80
Total assets	10,114	12,294	12,358	13,240	881
Current liabilities	4,217	5,000	4,689	5,013	324
Non-current liabilities	1,909	2,827	2,662	2,321	-340
Total liabilities	6,127	7,828	7,351	7,334	-16
Interest-bearing debt	843	1,585	1,237	805	-432
Total net assets	3,987	4,466	5,006	5,905	898
Management indicators	FY6/23	FY6/24	FY6/25	FY6/26	Change
<Safety>					
Equity ratio	39.4%	36.3%	40.5%	44.4%	3.9pp
Interest-bearing debt ratio	21.2%	35.5%	24.7%	13.7%	-11.0pp
Net cash (¥mn)	3,491	4,363	4,825	5,860	1,035
<Profitability>					
ROA	10.1%	10.4%	10.5%	15.5%	5.0pp
ROE	14.5%	17.9%	18.1%	23.1%	5.0pp
Operating profit to net sales	2.8%	3.2%	3.5%	5.1%	1.6pp

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

■ Outlook

For FY6/27, operating profit is expected to decline due to growth investment, but there is potential for upside

1. FY6/27 forecasts

For the FY6/27 consolidated results, the Company forecasts net sales growth of 3.9% YoY to ¥39,300mn, an operating profit decline of 16.3% to ¥1,614mn, ordinary profit growth of 11.7% to ¥2,217mn, and growth in profit attributable to owners of parent of 27.5% to ¥1,604mn, with sales and profits continuing to increase except for operating profit.

Consolidated outlook for FY6/27

(¥mn)

	FY6/26		FY6/27		
	Results	vs. net sales	Company's forecast	vs. net sales	YoY
Net sales	37,815	-	39,300	-	3.9%
Operating profit	1,928	5.1%	1,614	4.1%	-16.3%
Ordinary profit	1,984	5.2%	2,217	5.6%	11.7%
Profit attributable to owners of parent	1,258	3.3%	1,604	4.1%	27.5%
Net income per share (¥)	82.12		104.65		

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

Although net sales of insourcing & temp staffing services are expected to decline 1.0% due to the impact of the ongoing rationalization of low-profit projects, net sales of engineer placement services are expected to grow substantially, up 53.1%, thanks to active recruitment, which will drive higher sales. On the other hand, although operating profit of insourcing & temp staffing services is expected to increase 31.6%, the factors behind the decline in profit are that profit of engineer placement services will decline ¥303mn due to an increase in personnel-related expenses, including recruitment costs; that overseas operations and others are also conservatively expected to post lower profit; and that corporate expenses will increase ¥634mn, including the ¥80mn in costs related to the change of the trade name scheduled for January 2027. However, as in the previous fiscal year, the Company's forecast does not factor in the effects of the rate increases for temp staffing and subcontracting expected going forward; the order environment in insourcing & temp staffing services remains robust, particularly in the semiconductor and defense industries, and increased orders from new customers* can be expected; and for the foreign employment management support business, the Company has conservatively factored in the impact of the Employment for Skill Development system, to be newly introduced in April 2027, as its effect on results is unclear. For these reasons, FISCO believes there is a high possibility that FY6/27 results will also exceed the Company's forecast, unless the market environment deteriorates rapidly.

* New customers acquired since FY6/26 include Kioxia Corporation, Renesas Electronics Corporation <6723>, IHI Corporation <7013>, and Daikin Industries, Ltd. <6367>.

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Outlook for business segments

(¥mn)

Net sales by segment	FY6/24	FY6/25	FY6/26	FY6/27 (E)	Growth rate
Insourcing & temp staffing services	28,273	29,386	30,766	30,465	-1.0%
Engineer placement services	2,939	3,099	3,173	4,859	53.1%
Overseas	2,881	2,408	2,464	2,705	9.8%
Others	1,198	1,325	1,410	1,273	-9.7%
Total	35,292	36,220	37,815	39,300	3.9%
Operating profit by segment	FY6/24	FY6/25	FY6/26	FY6/27 (E)	Growth rate
Insourcing & temp staffing services	1,619	1,849	2,544	3,348	31.6%
Engineer placement services	125	100	82	-221	-
Overseas	81	59	57	42	-26.3%
Others	299	370	424	260	-38.7%
Adjustment	-1,006	-1,109	-1,180	-1,814	-
Total	1,119	1,270	1,928	1,614	-16.3%

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

In July 2026, the Company acquired the equivalent of 26.4% of the issued shares of TOKUDEN, which engages in welding construction and the manufacture and sale of welding materials, for ¥1,531mn (¥3,622 per share), making it an equity-method affiliate. In connection with this share acquisition, the Company expects to record a combined total of just over ¥500mn in gain on negative goodwill and equity in earnings of affiliates as non-operating income, which will contribute to higher ordinary profit. The purpose of acquiring the TOKUDEN shares is that the Company judged that combining its own “manufacturing site improvement consulting and human resource supply capabilities” with TOKUDEN’s “advanced welding technology and surface modification know-how” would generate strong synergies in optimizing maintenance and production processes in the manufacturing industry. Discussions have only just begun, and it is expected to take a certain amount of time for synergies to materialize. However, if the collaboration leads to the acquisition of new customers and expansion into new domains, the positive effect on results would be significant, and future developments warrant attention.

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Consolidated results of TOKUDEN and expected synergies from the collaboration

(¥mn)

	FY3/25	FY3/26	FY3/27 (E)
Net sales	10,539	10,915	11,134
Operating profit	635	583	445
Profit attributable to owners of parent	467	457	319

1) Development of “high value-added subcontracting” combining Genba Kaizen with specialized technologies

• Efficient acquisition of technical skills

Utilize the Company’s training know-how to standardize and document TOKUDEN’s expert hardfacing (overlay welding)* techniques in manuals. This will accelerate the development of young engineers and enable the Company to respond to a broader range of maintenance demand

• One-stop maintenance

Collaboration between the Company, which performs subcontracted operation of manufacturing lines, and TOKUDEN, which has strengths in hardfacing and repair work on equipment. This makes it possible to provide a packaged service ranging from routine manufacturing management to equipment maintenance requiring advanced expertise

2) Mutual utilization of customer bases and expansion of sales channels

• Cross-selling

Propose TOKUDEN’s environment-related equipment and hardfacing repair to customers in the automotive, semiconductor, and chemical plant fields, where the Company has strengths. Conversely, propose the introduction of the Company’s engineer placement, human resource training services, and manufacturing site improvement consulting services to heavy industries such as steel and electric power, which are TOKUDEN’s main customers.

3) Securing a stable supply of highly skilled technicians and building career paths

• Strengthening recruitment capabilities

Leverage the Company’s brand of “manufacturing support” to recruit a wide range of young people interested in specialized skills such as welding

* Hardfacing (overlay welding) is a technique that imparts properties such as wear resistance, heat resistance, and corrosion resistance by welding an alloy suited to the purpose onto the surface of equipment, machine parts, and the like.

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

(1) Insourcing & temp staffing services

For insourcing & temp staffing services, the Company forecasts net sales to decline 1.0% YoY to ¥30,465mn and operating profit to increase 31.6% to ¥3,348mn, with lower sales but higher profit. The net sales forecast incorporates the impact of lower sales from rationalizing low-profit projects (¥0.5bn–¥1.0bn) in the food industry and non-manufacturing fields. However, FISCO believes there is a high possibility that results will exceed the forecast, as the core automotive parts and medical devices sectors are expected to remain firm and demand from the semiconductor and defense industries remains robust.

As initiatives for FY6/27, while responding to the needs of existing customers, the Company will promote the development of new customers with high rates, centered on manufacturing temp staffing. In particular, it will enhance its training centers to develop personnel who meet the needs of the semiconductors and electronic components industry, where the reshoring of production to Japan continues. The hiring plan targets 605 new graduates (600 in the previous fiscal year) and 2,571 mid-career hires (2,495). As measures to strengthen new graduate hiring, the Company will continue to enhance branding, expand hiring channels, and raise awareness through the use of SNS and TV commercials (in regional areas). As measures to improve retention, it will provide safe and stable employment based on permanent employment, provide environments and opportunities for career changes to diverse jobs matched to each individual, and build a positive and enjoyable workplace by activating internal communications. Furthermore, the Company will strengthen recruitment and training in order to increase the number of field engineers (maintenance and repair engineers), who command high rates, on assignments at the end of the fiscal year from 170 at the end of the previous fiscal year to 256. Specifically, it plans to strategically invest in recruitment expenses and the like to strengthen high-end skilled workers, and to establish new sales branches and training centers. It plans to open three to five new branches in western Japan, including the Kansai and Kyushu areas.

In July 2026, the Company merged Heiwa Iron Works into HIRAYAMA through an absorption-type merger, and the results of the former Heiwa Iron Works will be added to insourcing & temp staffing services (Heiwa Iron Works' results for FY6/26 were net sales of ¥440mn and ordinary profit of ¥61mn). The purposes of the merger are to create synergies by integrating the technological capabilities of both companies and expand the high-profit model, as well as to improve operational efficiency and reduce management costs by integrating back-office functions. Through the review of overlapping costs, the approximately ¥60mn in SG&A expenses recorded by Heiwa Iron Works (FY6/26 results) will be allocated to the manufacturing and repair of industrial machinery and parts and to human resource development for manufacturing temp staffing.

(2) Engineer placement services

For engineer placement services, the Company forecasts net sales to increase 53.1% YoY to ¥4,859mn and an operating loss of ¥221mn (compared with a profit of ¥82mn in the previous fiscal year). The loss is attributable to active investment in human resources to expand the business scale. While continuing to meet engineer needs in existing fields, the Company will expand the number of forward deployed engineers (FDEs) who can use AI, against the backdrop of the acceleration of digital transformation (DX). It will provide training to existing engineers to develop them into highly skilled engineers, strengthen the recruitment of veteran engineers, and pursue the acquisition of customers in new fields in the IT domain.

The hiring plan targets a substantial increase to 195 new graduates (79 in the previous fiscal year) and 173 mid-career hires (73). For new graduate hiring, the Company will strengthen its system, including by increasing the number of recruitment staff. For mid-career hiring, the absorption-type merger into HIRAYAMA in January 2027 is expected to broaden hiring channels and hiring areas, enabling a larger increase in headcount than before. Previously, Topengineering had only four recruitment bases in the Tokyo, Nagoya, and Osaka areas, whereas HIRAYAMA operates more than 40 business locations from Hokkaido to Okinawa. The merger is therefore expected not only to further strengthen recruitment capabilities but also to broaden the customer base. The Company aims to quickly expand the number of engineers on staff from 556 at the end of the previous fiscal year to 1,500 and achieve net sales of ¥10.0bn. Once the business scale expands to ¥10.0bn or more, profitability is expected to remain stable.

Other synergies expected from the merger include accelerating the speed of transformation through faster management decision-making and execution, reducing management costs by integrating back-office functions, strengthening the training system by integrating training centers, and strengthening the governance system. Through the review of overlapping costs, the approximately ¥700mn in SG&A expenses recorded by Topengineering (FY6/26 results) will be used efficiently for personnel recruitment, training costs, and the like.

In addition, to improve the retention of existing engineers, the Company has renewed its evaluation system. Specifically, by introducing a salary structure linked to employees' capabilities (temp staffing rates), it has revised the system so as to raise the retention of highly capable personnel. A higher retention also leads to lower costs such as recruitment and training expenses and is therefore a factor in improving profitability.

(3) Overseas operations

For overseas operations, the Company forecasts net sales to increase 9.8% YoY to ¥2,705mn and operating profit to decline 26.3% to ¥42mn, with higher sales but lower profit. The number of temp staffing personnel on assignments in Thailand was up 4.6% YoY as of March 2026, a gradual recovery trend, and sales are expected to continue to grow, centered on motorcycle manufacturers, where demand remains firm, and Chinese EV manufacturers. The Company will continue to prioritize securing profit through profit-focused, low-cost operations. The assumed exchange rate is ¥4.20/THB, anticipating a stronger yen than the ¥4.88/THB in the previous fiscal year. However, the current rate is fluctuating around ¥4.7/THB, and if the exchange rate remains in the same range going forward, it can be a factor that improves business performance.

(4) Others

For others, the Company forecasts net sales to decline 9.7% YoY to ¥1,273mn and operating profit to decline 38.7% to ¥260mn, with lower sales and profit. Heiwa Iron Works, which was included in others until the previous fiscal year, has been merged into HIRAYAMA and transferred to insourcing & temp staffing services, which was a factor behind the decline in sales and profit. Excluding this impact, net sales are estimated to increase approximately 31% and operating profit to decrease approximately 28%.

In the consulting business, the Company aims to expand by providing high value-added solutions, through factory establishment support consulting associated with the reshoring of production bases and collaboration with venture companies that have AI/IoT technologies. In addition, while physical AI is expected to be widely adopted at manufacturing sites, demand is also expected to grow for work to collect data sets for the optimal control of robots, and the Company aims to expand its business in collaboration with engineer placement services and other businesses.

Meanwhile, for the foreign employment management support business, the Company targets 1,917 contracted individuals at the end of the fiscal year, up 386 from the end of the previous fiscal year. To address the labor shortage in Japan, the government expanded the acceptance quota for foreign workers under the Specified Skilled Worker program from fiscal 2024 to over 800,000, 2.3 times the previous level. Furthermore, from fiscal 2027, the manufacture of automotive accessories, one of the Company's main markets, has been added as a new target field, which will also be a tailwind. On the other hand, since the Technical Intern Training Program will be abolished from fiscal 2027 and the new Employment for Skill Development system* will start, the impact on results is uncertain, so the Company has factored this into the plan conservatively on the profit front. If there is no negative impact from the system change, profit is highly likely to increase thanks to the effect of higher sales.

* The main differences between the Technical Intern Training Program and the Employment for Skill Development system lie in the “purpose of the system” and the “rules on transfers (changing employers).” In terms of the purpose of the system, the Technical Intern Training Program aims to contribute internationally through the transfer of skills, whereas the Employment for Skill Development system aims to develop and secure human resources in fields in Japan facing serious labor shortages and is premised on transition to the Specified Skilled Worker program. Accordingly, transfers are not permitted in principle under the Technical Intern Training Program, whereas under the Employment for Skill Development system they are possible within the same job category if certain requirements are met. Current technical interns will continue to be covered by the Technical Intern Training Program after April 2027 until the end of their training periods.

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 the “INDONESIA-JAPAN ENGINEER PROJECT (IJEP).” 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. In FY6/26, several alumni of the university were sent to Japan, and from FY6/27 onward, new graduates will also be sent. Mandalay Technological University in Myanmar, with which the Company signed an agreement in 2018, sends several dozen graduates to Japan each year.

Steady progress is being made in building a business foundation to achieve the operating profit target of ¥3.6bn for FY6/30

2. Future growth strategy

In July 2024, the Company announced “VISION HIRAYAMA 2030,” representing its ideal state 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 a three-year period for building a business foundation to realize “VISION HIRAYAMA 2030,” under which the Company aims 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 three basic strategies: “enhancing earning power and transforming to a high-profit structure,” “advancing M&A and alliance strategies,” and “strengthening the business foundation.”

The Company has set the following business targets for FY6/27, 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. FY6/27 results are likely to fall short of the initial targets due to growth investments and other factors, but the Company is expected to achieve the initial ROE target of over 20%, thanks to the Company’s efforts to strengthen earning power through group reorganization and other measures, as well as the recording of gain on negative goodwill. The main factors behind the gap between net sales and the initial target are that the pace of expansion of insourcing & temp staffing services, centered on automotive-related and semiconductor-related customers with high rates, has been below expectations due to heightened uncertainty stemming from US protectionist tariff policies, and that in engineer placement services the pace of growth in the number of engineers has also been below expectations due to intensifying competition for talent.

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To achieve the targets for FY6/30, the Company needs to grow net sales at an annual rate of 12.2% and operating profit at an annual rate of 16.9%. For net sales, the future growth of engineer placement services is seen as the key. For operating profit, the target appears to be within reach, given that synergies from the group reorganization are expected to materialize going forward and that growth can be expected in the foreign employment management support business, whose market continues to expand at an annual rate of over 10%. The Company also continues to consider M&A as one of its growth strategies. Potential acquisition targets include companies that provide engineer placement services, as well as technical departments of manufacturers (such as development, verification, and quality assurance) in highly specialized fields that the Company does not currently operate in. When conducting M&A activities, the Company will continue to prioritize efficiency by, for example, using ROIC as an investment indicator.

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

	FY6/26	FY6/27	FY6/30	CAGR
	Results	Initial target	Plan	(FY6/26–FY6/30)
Net sales	¥37.8bn	¥46.0bn	¥39.3bn	¥60.0bn
Operating profit	¥1.92bn	¥2.2bn	¥1.61bn	¥3.6bn
Operating profit to net sales	5.1%	4.8%	4.1%	6.0%
ROE	23.1%	Over 20%	Over 20%	Over 24%
Dividend policy and payout ratio	Total earnings distribution ratio within 50%, dividend payout ratio over 40%			

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

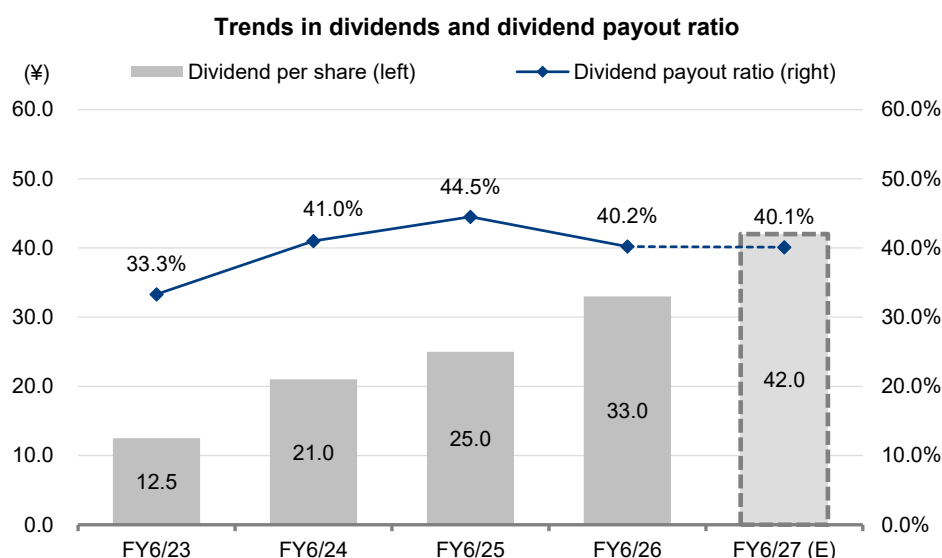
Source: Prepared by FISCO from the Company's financial results and Medium-Term Management Plan materials

■ Shareholder return policy

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

As its policy for shareholder distributions, the Company's basic policy is to secure the necessary retained earnings to strengthen its corporate structure and support future business development, to continue to provide stable dividends with a target consolidated dividend payout ratio of over 40%, and, taking into account its business performance, stock price levels, and financial position, to also consider repurchases of stock as appropriate when deemed necessary, while keeping the consolidated total earnings distribution ratio* within 50%. Based on this policy, the dividend per share for FY6/26 was increased ¥16.0 YoY to ¥66.0 (dividend payout ratio of 40.2%). The Company conducted a 2-for-1 common stock split in July 2026, and for FY6/27 it plans a dividend per share of ¥42.0 (dividend payout ratio of 40.1%), effectively a ¥9.0 increase on a post-split basis, marking 7 consecutive fiscal years of dividend increases.

* Consolidated total earnings distribution ratio = (annual dividend for the current fiscal year + amount of repurchases of stock for the following fiscal year) ÷ profit attributable to owners of parent for the current fiscal year



Note: A 2-for-1 common stock split was conducted in July 2026, and dividends were retroactively adjusted.

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

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