

(Note) This English translation of the summary of the financial statement was prepared for reference only.
In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.



Summary of Consolidated Financial Statements For the Fiscal Year Ended March 31, 2023 (Japanese GAAP)

May 15, 2023

Listed company name: UT Group Co., Ltd. Stock exchange listing: Tokyo
Code number: 2146 URL: <http://www.ut-g.co.jp>
Representative: Yoichi Wakayama, President, Representative Director & CEO
For inquiries: Takahito Yamada, Executive Officer and Division Manager, General Affairs Division
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Scheduled date of ordinary general meeting of shareholders: June 24, 2023
Scheduled date of cash dividend payment: —
Scheduled date of filing securities report: June 26, 2023
Supplemental material for the financial results provided: Yes (uploaded on the Company's website on May 15, 2023)
Results briefing for the period under review provided: Yes (to be held on May 16, 2023 for institutional investors and analysts)

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

1. Consolidated Results for FY3/2023 (April 1, 2022 – March 31, 2023)

(1) Consolidated Earnings Results

(Percentages indicate year-on-year changes.)

	Sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/2023	170,631	8.8	15,714	109.5	8,914	42.5	8,834	48.4	3,831	22.0
FY3/2022	156,769	36.2	7,502	(6.2)	6,257	(12.6)	5,954	(17.2)	3,140	(27.0)

(Note) Comprehensive income (million yen) FY3/2023: 4,365 [23.4%] FY3/2022: 3,536 [(18.3%)]

	Net profit per share	Net profit per share, diluted	Net profit to equity	Ordinary profit to total assets	Operating profit to sales
	Yen	Yen	%	%	%
FY3/2023	94.92	90.18	18.0	13.0	5.2
FY3/2022	77.81	—	16.2	10.2	4.0

(Reference) Equity income of equity-method affiliates (million yen) FY3/2023: (141) FY3/2022: (247)

*EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/2023	71,630	29,928	31.8	563.70
FY3/2022	64,107	21,232	30.8	489.28

(Reference) Equity capital (million yen) FY3/2023: 22,752 FY3/2022: 19,748

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
FY3/2023	13,004	(2,139)	(4,748)	31,969
FY3/2022	2,279	(6,300)	4,554	25,827

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2. Cash Dividends

	Dividend per share					Total amount of dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	FY-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/2022	0.00	0.00	0.00	24.00	24.00	968	30.8	5.0
FY3/2023	0.00	0.00	0.00	0.00	0.00	—	—	—
FY3/2024 (Plan)	—	—	—	—	—	—	—	—

(Notes) The dividend forecast for FY3/2024 is undecided.

3. Consolidated Forecasts for FY3/2024 (April 1, 2023 – March 31, 2024)

(Percentages indicate year-over-year changes.)

	Sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	200,000	17.2	16,400	4.4	14,400	61.5	14,100	59.6	9,000	134.9	222.98

EBITDA* = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation) : Yes

One eliminated company: Green Speed Co., Ltd.

(2) Changes in accounting policies and accounting-based estimates, and restatements

- | | |
|---|-----|
| (a) Changes in accounting policies due to revisions in accounting standards and others: | Yes |
| (b) Changes in accounting policies other than (a) above: | No |
| (c) Changes in accounting-based estimates: | No |
| (d) Restatements: | No |

(3) Number of outstanding shares (common stock)

(a) Number of shares outstanding at the end of the period (including treasury shares):

FY3/2023	40,363,067	FY3/2022	40,363,067
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(b) Number of treasury shares at the end of the period:

FY3/2023	307	FY3/2022	180
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(c) Average number of shares outstanding during the period:

FY3/2023	40,362,835	FY3/2022	40,362,888
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(Reference) Summary of the Non-Consolidated Results

Non-Consolidated Results for FY3/2023 (April 1, 2022 – March 31, 2023)

(1) Non-consolidated Earnings Results

(Percentages represent year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/2023	10,282	(3.4)	(1,073)	—	(1,140)	—	(1,321)	—
FY3/2022	10,642	(7.1)	5,151	(22.6)	4,959	(24.2)	4,850	(26.0)

	Net profit per share	Net profit per share, diluted
	Yen	Yen
FY3/2023	(32.73)	—
FY3/2022	120.17	—

(Notes) 1. In FY3/2023, 5,562 million yen of stock-based compensation expenses was recorded.

2. Diluted net income per share for FY3/2023 is not stated due to the Company's net loss position although there are potential shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/2023	48,152	22,319	33.6	400.31
FY3/2022	45,793	19,048	40.3	457.05

(Reference) Equity capital (million yen) FY3/2023: 16,157 FY3/2022: 18,447

* The Summary of Consolidated Financial Statements is not subject to be reviewed by certified public accountants and auditing firms.

* Explanation concerning appropriate use of earnings forecasts and other notes

(Cautionary statement with respect to forecasts of future performance and other items)

Forecasts regarding future performance and other forward-looking statements in these materials are based on certain assumptions judged to be valid and information currently available to the Company. Actual performance may differ significantly from these forecasts due to risks and uncertain factors concerning future economic conditions, market fluctuations, etc.

(How to receive the supplemental materials for the financial results and the results briefing video)

The results briefing video and the supplemental materials for the financial results are scheduled to be uploaded on the Company's website on May 15, 2023.

1. Qualitative Information on Financial Results for Current Fiscal Year

(1) Overview of Results of Operations for Current Fiscal Year

In FY3/2023 (April 1, 2022 – March 31, 2023), Japan's economy showed signs of a gradual recovery due to the relaxation of restrictions on socio-economic activities caused by the COVID-19 pandemic. However, the economic outlook remained uncertain due to the rise in raw material and energy prices caused by factors including Russia's invasion of Ukraine, the surge in prices in general, as well as the increase in policy interest rates in several countries and the depreciation of the yen, and the prolonged problem of supply constraints driven by global supply chain disruptions.

Concerning the environment surrounding UT Group, although demand for semiconductors is expected to increase over the medium to long term on the back of the expansion of information and communication technology and the acceleration of global decarbonization, capital investment and production activities by semiconductor manufacturing equipment (SME) makers and semiconductor makers have recently been affected by inventory adjustments and other factors and have shown a sign of slowdown. Automobile-related manufacturers continued to experience production adjustments due to a shortage of parts and materials.

Under these circumstances, UT Group advanced its Fourth Medium-term Business Plan (FY3/2021 - FY3/2025). With a medium-term target of "creating a diversity & inclusion workstyle platform," the following three growth strategies have been promoted: One-stop Strategy to provide personnel to large manufacturers; Area Platform Strategy; and Solution Strategy. In the core business of worker dispatch to large manufacturers, the Company aims to enhance development of SME engineers so as to raise its share in all processes at client factories. The Company also seeks to establish a stable employment environment in local workplaces via alliances with and M&As of local major companies, and to further expand and strengthen its business base by supporting personnel mobilization of large corporate groups.

The current FY3/2023 was the third year of the Medium-term Business Plan. The Company sought to raise its top line based on the increased number of technical employees accumulated through the enhanced hiring activities in the previous year. The Company made efforts to establish a leaner business base and improve profitability in order to realize accelerated growth over the medium to long term.

Effective April 1, 2022, UT Group carried out a major reorganization within the Group. Operating companies with common business characteristics were integrated to enhance the ability to execute each growth strategy of the Medium-term Business Plan. In addition, since April 2022, we have been gradually introducing a new business system to standardize and communize administration and other tasks among the operating companies with the aim of improving productivity and further optimizing staffing. Moreover, efforts to improve hiring efficiency have been made by integrating job opportunities held by each operating company and promoting optimal hiring operations.

As a result, in FY3/2023, UT Group recorded net sales of 170,631 million yen (up 8.8% year-on-year from 156,769 million yen), operating profit of 8,914 million yen (up 42.5% from 6,257 million yen), EBITDA of 15,714 million yen (up 109.5% from 7,502 million yen), ordinary profit of 8,834 million yen (up 48.4% from 5,954 million yen), and profit attributable to owners of the parent of 3,831 million yen (up 22.0% from 3,140 million yen). The number of technical employees was 45,530 (up 144 from 45,386).

With regard to expenses, stock-based compensation expenses of 5,562 million yen have been recorded consequent to achieving the performance conditions for the exercise of stock acquisition rights resolved at the meeting of the Board of Directors held on May 20, 2020.

* EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization
+ Stock-based compensation expenses

The operating results of each business segment are summarized below. From the first quarter of FY3/2023, the segment classification has been changed from the previous three segments (Manufacturing, Solution, and Engineering) to five segments (Manufacturing, Area, Solution, Engineering, and Overseas). The year-over-year comparison has therefore been made using the reclassified segment basis for the first quarter of FY3/2022. Please see details in (Segment Information) of "(5) Notes to the Consolidated Financial Statements" in "3. Consolidated Financial Statements and Significant Notes."

(Manufacturing Business)

In the Transportation Equipment subsegment, automotive-related manufacturers continued to experience production adjustments due to the shortage of parts and materials. The Industrial and Commercial Machinery subsegment and Electronics subsegment have cautiously carried out hiring activities since the beginning of autumn, taking into account customer conditions such as postponement of new demand for both increased headcount and filling of vacancies, against the backdrop of inventory adjustments in semiconductors and other factors. The subsegments also strengthened relationships with client companies by making problem-solving proposals that were welcomed by clients and increased the share of dispatched workers in the factories, which led to minimizing the impact of the decline in personnel demand. Under these circumstances, the number of technical employees decreased year-on-year, but segment sales increased due to high-level human resource management and the dispatch of highly-skilled workers whose abilities were developed in-house. In terms of expenses, segment profit increased significantly due to successful efforts to reduce SG&A expenses such as streamlining hiring-related expenses.

As a result, in FY3/2023, the segment recorded net sales of 82,089 million yen (up 8.0% year-on-year from 76,003 million yen) and segment profit of 10,988 million yen (up 73.2% from 6,345 million yen), while the number of technical employees was 14,001 (down 962 from 14,963).

(Area Business)

The Area Business strived to develop new clients and deal with more diversified job openings of its existing clients in each of its operating areas, so that to respond to diverse needs of job applicants. The segment conducted hiring activities accordingly, which resulted in a significant increase in the number of technical employees and sales growth in the first nine months of FY3/2023. Segment profit also increased significantly due to efforts to reduce SG&A expenses, such as commonizing the operating base through the Group's major reorganization on April 1, 2022.

As a result, in FY3/2023, the segment recorded net sales of 51,222 million yen (up 14.8% year-on-year from 44,611 million yen) and segment profit of 1,902 million yen (loss of 941 million yen), while the number of technical employees was 13,332 (up 1,107 from 12,225).

(Solution Business)

The Solution Business segment sales decreased as the positive effects of sales increase from UT FSAS Creative, which became a consolidated subsidiary in October 2021, came to an end and due to the sale of UT System Products Co., Ltd. at the end of March 2022. The segment, however, increased profits due to an increase in the number of technical employees at the existing subsidiaries and an increase in operation at some contract sites.

As a result, in FY3/2023, the segment recorded net sales of 18,645 million yen (down 11.6% year-on-year from 21,081 million yen) and segment profit of 146 million yen (up 91.8% from 76 million yen), while the number of technical employees was 3,134 (up 74 from 3,060).

(Engineering Business)

The segment's efforts to develop and assign new graduates have been successful and approximately 200 new graduates who joined UT Group in April 2022 were assigned and began productive activities at an earlier time than those who joined in the previous year. In addition, order booking was favorable for both the construction and IT fields, and the number of technical employees increased y-o-y, resulting in an increase in segment sales and profit.

As a result, in FY3/2023, the segment recorded net sales of 9,040 million yen (up 13.9% year-on-year from 7,934 million yen) and segment profit of 1,131 million yen (up 43.6% from 787 million yen), while the number of technical employees was 1,469 (up 81 from 1,388).

(Overseas Business)

Vietnam's economy achieved a clear recovery, as COVID-19 restrictions were lifted and GDP maintained high growth. The Overseas Business has expanded its business areas from the southern region centering on Ho Chi Minh City, Vietnam, where it has offices, to the northern region centering on Hanoi, and made efforts to acquire contracts from Japanese companies. And since the relaxation of COVID-19 restrictions in October 2021, production activities in Vietnam have recovered, resulting in an increase in segment sales and profit.

As a result, in FY3/2023, the segment recorded net sales of 9,663 million yen (up 34.6% year-on-year from 7,180 million yen) and segment profit of 326 million yen (up from 13 million yen), while the number of technical employees was 13,594 (down 156 from 13,750).

Please note that the Overseas Business recorded its results for the January-December 2022 period in the FY3/2023 with a delay of three months because its settlement date was the last day of December.

(2) Overview of Financial Position for Current Fiscal Year

(Assets)

Current assets as of the end of the current fiscal year increased by 6,036 million yen from the end of the previous fiscal year to 55,784 million yen. This was mainly due to an increase of 6,142 million yen in cash and deposits. Non-current assets amounted to 15,846 million yen, an increase of 1,486 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,473 million yen in software along with the progress of an investment to system construction of UT Group.

As a result, total assets increased by 7,523 million yen from the end of the previous fiscal year to 71,630 million yen.

(Liabilities)

Current liabilities at the end of the current fiscal year increased by 2,436 million yen from the end of the previous fiscal year to 27,903 million yen. This was mainly due to a decrease of 984 million yen in deposits received, and an increase of 3,699 million yen in income taxes payable. Non-current liabilities amounted to 13,798 million yen, down 3,609 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 3,589 million yen in long-term borrowings.

In sum, total liabilities were 41,702 million yen, down 1,173 million yen from the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the current fiscal year was 29,928 million yen, up 8,696 million yen from the end of the previous fiscal year. Profit attributable to owners of the parent amounted to 3,831 million yen and an increase of 5,561 million yen in share acquisition rights was more than offset by distribution of dividends from surplus of 968 million yen. As a result, the equity ratio was 31.8%, compared to 30.8% at the end of the previous fiscal year.

(3) Overview of Cash Flows for Current Fiscal Year

(Cash flows from operating activities)

Cash flow provided by operating activities amounted to 13,004 million yen (compared to 2,279 million yen provided in the previous fiscal year). This was mainly attributable to the recording of net profit before income taxes of 8,734 million yen (14,296 million yen of net profit before income taxes excluding 5,562 million yen of stock-based compensation expenses).

(Cash flow from investing activities)

Cash flow used by investing activities was 2,139 million yen (compared to 6,300 million yen used in the previous fiscal year), mainly due to 2,446 million yen in payments for purchase of intangible assets.

(Cash flow from financing activities)

Cash flow used by financing activities totaled 4,748 million yen (compared to 4,554 million yen provided in the previous fiscal year), mainly due to 3,648 million yen in repayments of long-term borrowings and 975 million yen in dividend payment.

(Reference) Cash flow information

	FY3/2023
Equity ratio (%)	31.8
Equity ratio, at market value (%)	138.4
Ratio of interest-bearing debts to cash flow (%)	126.3
Interest coverage ratio (times)	117.5

Equity ratio: Shareholders' equity / Total assets

Equity ratio, at market value: Market capitalization / Total assets

Ratio of interest-bearing debts to cash flow: Interest-bearing debts / Cash flow

Interest coverage ratio: Cash flow / Interests paid

(Notes)

- 1) All indicators above are calculated using the consolidated results.
- 2) Total market capitalization is calculated using the number of outstanding shares less treasury shares.
- 3) The cash flow stated above uses cash flow from operating activities.
- 4) Interest-bearing debts cover all debt on the consolidated balance sheet for which interest is paid.

(4) Outlook for Next Fiscal Year

In Japan's labor market, labor shortages are expected to intensify further against the backdrop of a decline in the working-age population due to the declining birth rate and aging population. Under these circumstances, in order to respond to the diverse needs of diverse types of job seekers and to respond to corporate human resource needs, the UT Group has mapped its long-term management vision, UT Vision 2030, with the aim of "Becoming the company with a future workstyle platform" that will enable the sustainable creation of and support for vigorous workers.

The first five years of our long-term management vision have been designated for implementing the Fourth Medium-term Business Plan (FY3/2021 – FY3/2025) with the medium-term aim of "Creating a 'diversity & inclusion' workstyle platform." We have been committed to keep investing in enhancement of the value and the convenience that we offer to job seekers.

In the meantime, the number of technical employees in Japan in FY3/2023 fell short of the plan. The shortfall was due to a slowdown in capital investment and production activities at semiconductor manufacturing equipment manufacturers and semiconductor manufacturers, and a delay in the recovery of production activities at automotive-related manufacturers.

Regarding the future business environment, the production activities of automobile-related manufacturers are on the way to recovery, and the production activities of SME makers and semiconductor makers are also anticipated to recover from the second half of 2023 onward.

FY3/2024 started with the less-than-planned number of technical employees. However, we intend to continue hiring activities that match demand trends in 1H and to strengthen hiring activities from 2H in line with an expected increase in demand. In addition, in order to meet the diverse needs of job seekers, we will promote the development of new client companies in each area of Japan and the diversification of dispatch worker projects by existing clients, while also focusing on the utilization of foreign workers to make up for the labor shortage in Japan. In addition, we will make investments throughout the year to achieve EBITDA of 25 billion yen in the final year of the Fourth Medium-term Business Plan.

In sum, as for forecasts for FY3/2024, we are projecting consolidated net sales of 200,000 million yen (up 17.2% from the previous fiscal year), EBITDA* of 16,400 million yen (up 4.4%), operating profit of 14,400 million yen (up 61.5%), ordinary profit of 14,100 million yen (up 59.6%), and net profit attributable to owners of the parent of 9,000 million yen (up 134.9%).

* EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization

(5) Basic policy on profit distribution and dividends for the current term and next term

UT Group's management goal is to "establish a stable financial base and actively develop our business to continuously improve corporate value through high growth." In addition, the continuous return of profits to shareholders is considered an important management issue. With a total return ratio of 30% as our baseline target, we have adopted the policy of making overall judgment of the share price level, business environment, and other factors and to deliver optimal shareholder returns through dividend payment or share buyback that helps to improve capital efficiency.

We will use internal retention funds effectively to strengthen our corporate structure and actively develop our business in anticipation of future changes in the business environment.

For FY3/2023, stock-based compensation expenses of 5.5 billion yen have been recorded based on the stock acquisition rights resolved at the meeting of the Board of Directors held in May 2020. Excluding the stock-based compensation expenses, we set a significant record high in earnings. Considering the EPS growth rate excluding the stock-based compensation expenses that do not involve cash-out, as the actual profit growth potential of the UT Group, the share price is at an extremely undervalued level. Therefore, we will buy back our own shares, funded by the amount of 2,817 million yen, which is equivalent to 30% of net income attributable to owners of the parent, excluding the stock-based compensation expenses, for FY3/2023. As a result, the total payout ratio will be 73.6% for profit attributable to owners of the parent after taking into account the stock compensation expenses.

As for the return to shareholders for FY3/2024, in accordance with the above shareholders' return policy, we plan to distribute profits to shareholders according to a total return ratio of 30% or more, based on the combination of dividend payment and share buyback, and taking into account the company's operating performance and trends in the stock market.

(Note) Concerning details on shareholder returns for FY3/2023, please refer to the "Notice Regarding the Determination of Matters Relating to Stock Acquisition" announced today on.

2. Basic Policy on Selection of Accounting Standard

UT Group adopts the Japanese Accounting Standards in order to facilitate comparison with our competitors in Japan.

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

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	25,827	31,969
Notes receivable - trade	43	138
Accounts receivable - trade	21,401	21,712
Merchandise and finished goods	12	13
Work in process	15	7
Raw materials and supplies	58	84
Other	2,442	1,992
Allowance for doubtful accounts	(53)	(133)
Total current assets	49,748	55,784
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,326	1,318
Accumulated depreciation	(538)	(591)
Buildings and structures, net	788	727
Other	970	895
Accumulated depreciation	(347)	(313)
Other, net	623	582
Total property, plant and equipment	1,411	1,309
Intangible assets		
Goodwill	5,731	5,414
Leased assets	5	2
Software	461	1,935
Other	3,311	3,452
Total intangible assets	9,509	10,804
Investments and other assets		
Investment securities	1,176	1,033
Long-term loans receivable	13	11
Long-term prepaid expenses	15	169
Deferred tax assets	1,663	2,001
Other	625	516
Allowance for doubtful accounts	(56)	(1)
Total investments and other assets	3,438	3,731
Total non-current assets	14,359	15,846
Total assets	64,107	71,630

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023
(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	280	246
Short-term borrowings	235	403
Current portion of long-term borrowings	3,648	3,589
Accounts payable - other	2,492	1,783
Accrued expenses	9,106	8,879
Lease liabilities	10	10
Income taxes payable	412	4,112
Accrued consumption taxes	3,943	4,215
Provision for bonuses	2,305	2,558
Provision for bonuses for directors (and other officers)	49	77
Deposits received	2,882	1,897
Other	99	128
Total current liabilities	25,467	27,903
Non-current liabilities		
Long-term borrowings	15,990	12,400
Lease liabilities	22	17
Retirement benefit liability	727	772
Deferred tax liabilities	613	554
Other	54	53
Total non-current liabilities	17,408	13,798
Total liabilities	42,875	41,702
Net assets		
Shareholders' equity		
Share capital	686	686
Capital surplus	338	338
Retained earnings	18,567	21,430
Treasury shares	(0)	(0)
Total shareholders' equity	19,592	22,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	156	297
Total accumulated other comprehensive income	156	297
Share acquisition rights	600	6,161
Non-controlling interests	882	1,014
Total net assets	21,232	29,928
Total liabilities and net assets	64,107	71,630

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

(Million yen)

	FY3/2022 (April 1, 2021 March 31, 2022)	FY3/2023 (April 1, 2022 March 31, 2023)
Net sales	156,769	170,631
Cost of sales	128,998	137,530
Gross profit	27,770	33,101
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	367	162
Salaries and bonus	6,161	6,177
Share-based payment expenses	—	5,562
Provision for bonuses	1,397	1,658
Provision for bonuses for directors (and other officers)	52	77
Welfare expenses	1,373	1,432
Recruiting expenses	6,116	3,549
Depreciation	554	800
Commission expenses	2,226	1,623
Amortization of goodwill	671	423
Other	2,591	2,719
Total selling, general and administrative expenses	21,513	24,186
Operating profit	6,257	8,914
Non-operating income		
Interest income	2	8
Foreign exchange gains	29	65
Subsidies for employment adjustment	71	106
Dividend income of insurance	32	22
Surrender value of insurance policies	21	—
Other	48	72
Total non-operating income	206	274
Non-operating expenses		
Interest expenses	54	110
Commission expenses	82	3
Share of loss of entities accounted for using equity method	247	141
Loss on valuation of derivatives	—	38
Donations	60	—
Other	65	60
Total non-operating expenses	508	355
Ordinary profit	5,954	8,834

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023

	FY3/2022 (April 1, 2021 March 31, 2022)	FY3/2023 (April 1, 2022 March 31, 2023)
Extraordinary income		
Gain on sale of non-current assets	21	0
Gain on sale of shares of subsidiaries and associates	2	86
Gain on reversal of share acquisition rights	2	0
Gain on sale of investment securities	1	—
Total extraordinary income	27	87
Extraordinary losses		
Loss on retirement of non-current assets	15	39
Loss on sale of non-current assets	—	3
Restructuring cost	284	86
Loss on COVID19	15	4
Loss on termination of retirement benefit plan	23	19
Loss on valuation of investments in capital	—	35
Loss on step acquisitions	289	—
Loss on sale of shares of subsidiaries and associates	6	—
Loss on cancellation of rental contracts	111	—
Total extraordinary losses	745	188
Profit before income taxes	5,235	8,734
Income taxes - current	1,966	4,920
Income taxes - deferred	(41)	(386)
Total income taxes	1,924	4,534
Profit	3,311	4,200
Profit attributable to non-controlling interests	170	368
Profit attributable to owners of parent	3,140	3,831

(Quarterly Consolidated Statements of Comprehensive Income)

(Million yen)

	FY3/2022 (April 1, 2021 March 31, 2022)	FY3/2023 (April 1, 2022 March 31, 2023)
Profit	3,311	4,200
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	225	165
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	225	165
Comprehensive income	3,536	4,365
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,325	3,972
Comprehensive income attributable to non-controlling interests	211	392

(3) Consolidated Statements of Changes in Shareholders' Equity

FY3/2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	686	338	18,091	(0)	19,116
Changes during period					
Dividends of surplus			(2,663)		(2,663)
Profit attributable to owners of parent			3,140		3,140
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	476	(0)	476
Balance at end of period	686	338	18,567	(0)	19,592

	Accumulated other comprehensive income			Share acquisition rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	0	(28)	(28)	602	507	20,198
Changes during period						
Dividends of surplus						(2,663)
Profit attributable to owners of parent						3,140
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(0)	185	184	(2)	375	557
Total changes during period	(0)	185	184	(2)	375	1,034
Balance at end of period	(0)	156	156	600	882	21,232

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023

FY3/2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	686	338	18,567	(0)	19,592
Changes during period					
Dividends of surplus			(968)		(968)
Profit attributable to owners of parent			3,831		3,831
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,862	(0)	2,862
Balance at end of period	686	338	21,430	(0)	22,454

	Accumulated other comprehensive income			Share acquisition rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(0)	156	156	600	882	21,232
Changes during period						
Dividends of surplus						(968)
Profit attributable to owners of parent						3,831
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(0)	141	141	5,561	131	5,834
Total changes during period	(0)	141	141	5,561	131	8,696
Balance at end of period	(0)	297	297	6,161	1,014	29,928

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY3/2022 (April 1, 2021 March 31, 2022)	FY3/2023 (April 1, 2022 March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	5,235	8,734
Share-based payment expenses	—	5,562
Depreciation	574	814
Amortization of goodwill	671	423
Commission expenses	82	3
Increase (decrease) in allowance for doubtful accounts	3	25
Increase (decrease) in provision for bonuses	213	253
Increase (decrease) in provision for bonuses for directors (and other officers)	(39)	27
Interest and dividend income	(2)	(9)
Interest expenses	54	110
Share of loss (profit) of entities accounted for using equity method	247	141
Loss (gain) on sale of shares of subsidiaries and associates	5	(86)
Loss on retirement of non-current assets	10	39
Decrease (increase) in trade receivables	(3,980)	(197)
Decrease (increase) in prepaid expenses	(312)	12
Decrease (increase) in inventories	(239)	(17)
Decrease (increase) in long-term prepaid expenses	19	(212)
Increase (decrease) in trade payables	74	(44)
Increase (decrease) in accrued consumption taxes	1,186	536
Increase (decrease) in accounts payable - other	(161)	(604)
Increase (decrease) in accrued expenses	1,518	(296)
Increase (decrease) in deposits received	(34)	(985)
Other, net	22	(181)
Subtotal	5,147	14,048
Interest and dividends received	1	9
Interest paid	(54)	(110)
Income taxes paid	(2,815)	(943)
Net cash provided by (used in) operating activities	2,279	13,004
Cash flows from investing activities		
Purchase of property, plant and equipment	(53)	(63)
Purchase of intangible assets	(1,445)	(2,446)
Proceeds from maturity of insurance funds	234	—
Payments for investments in capital	—	(35)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,955)	—

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023

	FY3/2022 (April 1, 2021 March 31, 2022)	FY3/2023 (April 1, 2022 March 31, 2023)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	67	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(867)	—
Purchase of shares of subsidiaries and associates	(1,415)	—
Proceeds from sale of shares of subsidiaries and associates	4	313
Net decrease (increase) in short-term loans receivable	35	78
Decrease (increase) in guarantee deposits	45	0
Other, net	49	12
Net cash provided by (used in) investing activities	(6,300)	(2,139)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3)	92
Proceeds from long-term borrowings	10,630	—
Repayments of long-term borrowings	(3,301)	(3,648)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,665)	(975)
Dividends paid to non-controlling interests	(3)	(202)
Other, net	(100)	(14)
Net cash provided by (used in) financing activities	4,554	(4,748)
Effect of exchange rate change on cash and cash equivalents	25	26
Net increase (decrease) in cash and cash equivalents	560	6,142
Cash and cash equivalents at beginning of period	25,266	25,827
Cash and cash equivalents at end of period	25,827	31,969

(5) Notes to the Consolidated Financial Statements

(Note on the Assumption as a Going Concern)

Not applicable

(Change in accounting policies)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) has been applied since the start of FY3/2023, and the Company has decided to apply the new accounting policy set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement into the future in accordance with the transitional procedures stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This will have no impact on consolidated financial statements.

(Segment Information)

1. Outline of reportable business segments

The reportable business segments of the UT Group consist of those for which separate financial information is available within the Group's structural units. Segments are also subject to regular reviews as the Board of Directors in order to determine the allocation of management resources and assess the business performance.

UT Group consists of business segments, based on their business domains. There are five reportable segments: Manufacturing Business, Area Business, Solution Business, Engineering Business, and Overseas Business.

The main business of each segment is as follows.

- (1) Manufacturing Business: Providing personnel dispatch and outsourcing services for major manufacturers
- (2) Area Business: Providing community-based personnel dispatch and outsourcing services
- (3) Solution Business: Accepting employees from major manufacturers which undertake structural reform, and providing personnel dispatch and outsourcing services
- (4) Engineering Business: Providing engineer dispatch and outsourcing services in construction and IT field
- (5) Overseas Business: Providing personnel services in overseas

From the current fiscal year, the segment classification has been changed due to reorganization within the Group. Therefore, the segment information for the previous fiscal year has been stated using the segmentation method after the change.

2. Calculation method for sales, profit or loss, assets, liabilities, and other items by reportable business segment

The accounting method for the reported business segments is the same as the accounting method employed to prepare the consolidated financial statements. Reportable segment income is a figure that is based on operating income. Inter-segment income and transfers are based on the prevailing market price.

3. Sales, profit or loss, assets, liabilities, and other items by reportable business segment, and information on revenue breakdown

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable Business Segments						Adjustment amount ¹	Amounts on the consolidated statements ²
	Manufacturing Business	Area Business	Solution Business	Engineering Business	Oversea Business	Total		
Sales								
Dispatching	59,166	37,628	7,986	7,202	4,730	116,713	—	116,713
Contracting	14,789	6,450	6,767	577	2,455	31,041	—	31,041
Other	2,019	531	6,313	154	(5)	9,014	—	9,014
Revenue from contracts with customers	75,975	44,610	21,068	7,934	7,180	156,769	—	156,769
Sales to clients	75,975	44,610	21,068	7,934	7,180	156,769	—	156,769
Inter-segment sales or transfers	27	0	13	0	—	42	(42)	—
Total	76,003	44,611	21,081	7,934	7,180	156,812	(42)	156,769
Segment profit (loss)	6,345	(941)	76	787	13	6,281	(24)	6,257
Segment assets	13,477	15,537	4,635	2,074	3,386	39,111	24,996	64,107
Other items								
Depreciation	120	322	55	19	55	574	—	574
Goodwill amortization	12	480	60	40	76	671	—	671
Increase in property, plant and equipment, and intangible assets	50	3,405	30	1	2	3,490	1,796	5,287

Notes:

1. The adjusted amounts are as follows:

- (1) Adjustment to segment profit (loss) of (24) million yen is elimination of inter-segment transactions.
- (2) Adjustment to assets of 24,996 million yen are mainly corporate assets not allocated to a particular reportable segment.
- (3) The standards for allocation of non-current assets by segment and the standards for allocation of depreciation by segment are different.
- (4) Adjustment to increase in property, plant and equipment, and intangible assets of 1,796 million yen is mainly increase in property, plant and equipment, and intangible assets not allocated to a particular reportable segment.

2. Segment profit (loss) is adjusted to correspond to operating profit in the consolidated statements of income.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable Business Segments						Adjustment amount ¹	Amounts on the consolidated statements ²
	Manufacturing Business	Area Business	Solution Business	Engineering Business	Oversea Business	Total		
Sales								
Dispatching	65,386	45,534	9,871	8,304	6,280	135,376	—	135,376
Contracting	14,191	4,944	8,697	575	3,362	31,771	—	31,771
Other	2,509	727	66	159	20	3,483	—	3,483
Revenue from contracts with customers	82,086	51,207	18,634	9,040	9,663	170,631	—	170,631
Sales to clients	82,086	51,207	18,634	9,040	9,663	170,631	—	170,631
Inter-segment sales or transfers	3	15	10	—	—	29	(29)	—
Total	82,089	51,222	18,645	9,040	9,663	170,661	(29)	170,631
Segment profit (loss)	10,988	1,902	146	1,131	326	14,495	(5,580)	8,914
Segment assets	15,743	15,135	5,254	2,117	3,680	41,931	29,699	71,630
Other items								
Depreciation	232	416	73	30	60	814	—	814
Goodwill amortization	4	261	28	38	89	423	—	423
Increase in property, plant and equipment, and intangible assets	4	3	9	0	1	19	2,387	2,406

Notes:

1. The adjusted amounts are as follows:

- (1) Adjustment to segment profit of (5,580) million yen consists of 18 million yen of elimination of inter-segment transactions and stock-based compensation expenses of 5,562 million yen, which are company-wide expenses not allocated to each reportable business segment.
- (2) Adjustment to assets of 29,699 million yen are mainly corporate assets not allocated to a particular reportable segment.
- (3) The standards for allocation of non-current assets by segment and the standards for allocation of depreciation by segment are different.
- (4) Adjustment to increase in property, plant and equipment, and intangible assets of 2,387 million yen is mainly increase in property, plant and equipment, and intangible assets not allocated to a particular reportable segment.

2. Segment profit is adjusted to correspond to operating profit in the consolidated statements of income.

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023

(Per Share Data)

(Yen)

	FY3/2022 (April 1, 2021 - March 31, 2022)	FY3/2023 (April 1, 2022 - March 31, 2023)
Net assets per share	489.28	563.70
Net profit per share	77.81	94.92
Diluted net income per share	—	90.18

(Notes) The basis for calculating net profit per share and diluted net income per share is provided below.

	FY3/2022 (April 1, 2021 - March 31, 2022)	FY3/2023 (April 1, 2022 - March 31, 2023)
Net profit per share		
Net profit attributable to owners of the parent (million yen)	3,140	3,831
Amount not attributable to common stockholders (million yen)	—	—
Common stock-related profit attributable to owners of the parent (million yen)	3,140	3,831
Average number of common stocks during the fiscal year (shares)	40,362,888	40,362,835
Diluted net income per share		
Adjustments to profit attributable to owners of parent	—	—
Increase in common stock	—	2,122,120
(Of which share acquisition rights)	(—)	(2,122,120)

(Significant Subsequent Events)

Not applicable