

(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, 2022 (Japanese GAAP)

May 13, 2022

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, Division Manager, General Affairs Division

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Scheduled date of ordinary general meeting of shareholders: June 25, 2022

Scheduled date of cash dividend payment: June 27, 2022

Scheduled date of filing securities report: June 27, 2022

Supplemental material for the financial results provided: Yes (uploaded on the Company's website on May 13, 2022)

Results briefing for the period under review provided: Yes (to be held on May 16, 2022 for institutional investors and analysts)

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

1. Consolidated Results for FY3/2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated Earnings Results

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/2022	156,769	36.2	6,257	(12.6)	5,954	(17.2)	3,140	(27.0)
FY3/2021	115,131	13.8	7,163	(10.9)	7,191	(11.4)	4,299	(4.6)

(Note) Comprehensive income: FY3/2022 3,536 million yen (-18.3%); FY3/2021 4,326 million yen (-4.6%)

	Net profit per share	Net profit per share, diluted	Net profit to equity	Ordinary profit to total assets	Operating profit to sales
	Yen	Yen	%	%	%
FY3/2022	77.81	—	16.2	10.2	4.0
FY3/2021	106.53	—	25.3	16.2	6.2

(Reference) Equity income of equity-method affiliates: FY3/2022 -247 million yen; FY3/2021 — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/2022	64,107	21,232	30.8	489.28
FY3/2021	52,666	20,198	36.2	472.90

(Reference) Equity capital: FY3/2022 19,748 million yen; FY3/2021 19,087 million yen

(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
FY3/2022	2,279	(6,300)	4,554	25,827
FY3/2021	6,654	(2,413)	2,613	25,266

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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	%	%
FY3/2021	0.00	0.00	0.00	66.00	66.00	2,663	62.0	15.7
FY3/2022	0.00	0.00	0.00	24.00	24.00	968	30.8	5.0
FY3/2023 (Plan)	—	—	—	—	—		—	

(Notes) Breakdown of the year-end dividend for FY3/2022: common dividend 24.00 yen
The dividend forecast for FY3/2023 is undecided.

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

(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	180,000	14.8	150,000	—	7,700	23.1	7,500	26.0	3,200	1.9	79.28

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

* Notes

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

Two new companies: Progress Group Co., Ltd. (absorbed by UT Progress Co., Ltd.) and Fujitsu FSAS Creative Inc. (changed the company name to UT FSAS Creative Inc.)

Note: While not applicable to “Changes in significant subsidiaries,” Progress Co., Ltd. (changed the company name to UT Progress Co., Ltd.) has been included in scope of consolidation since the first quarter of the current fiscal year.

(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):

As of March 31, 2022	40,363,067	As of Mar. 31, 2021	40,363,067
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(b) Number of treasury shares at the end of the period:

As of March 31, 2022	180	As of Mar. 31, 2021	154
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(c) Average number of shares outstanding during the period:

FY3/2022	40,362,888	FY3/2021	40,362,915
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(Reference) Summary of the Non-Consolidated Results

Non-Consolidated Results for FY3/2022 (April 1, 2021 – March 31, 2022)

(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	%
FY3/2022	10,642	(7.1)	5,151	(22.6)	4,959	(24.2)	4,850	(26.0)
FY3/2021	11,451	6.3	6,658	0.4	6,545	(0.8)	6,551	1.2

	Net profit per share	Net profit per share, diluted
	Yen	Yen
FY3/2022	120.17	—
FY3/2021	162.30	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/2022	45,793	19,048	40.3	457.05
FY3/2021	31,927	16,864	50.9	402.88

(Reference) Equity capital: FY3/2022 18,447 million yen; FY3/2021 16,261 million yen

* 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 13, 2022.

1. Qualitative Information on Financial Results for Current Fiscal Year

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

In FY3/2022 (April 1, 2021 - March 31, 2022), Japan's economy remained to be in a severe situation due to the spread of COVID-19 but the progress of vaccination and measures to prevent infection contributed to a gradual spread of the economic recovery. However, since the beginning of 2022, a rebound of COVID-19 infection cases caused by the Omicron variant threatened prospects for economic normalization resulting from containment of the COVID-19 pandemic. In February, Russia's invasion of Ukraine exposed new geopolitical risks, and the rise in resource prices and its impact through the supply chain needed to be carefully monitored. In the meantime, the jobs-to-applicants ratio in the production process rose to 1.92 times in March, and the manufacturing employment situation, including recruitment, was firm.

Concerning the environment surrounding UT Group, in the automotive-related sector, some major automobile manufacturers made production adjustments due to a shortage of materials and components, caused by the lockdown in some ASEAN countries and the global shortage of semiconductors. However, personnel demand was firm as demand for finished vehicles remained strong and the production normalization is expected. Meanwhile, in the semiconductor and electronics components sector, production of semiconductor manufacturing equipment and devices is expanding due to an increase in demand for semiconductors for automobiles and demand related to the next-generation wire communication standard 5G, and the global shortage of semiconductors worldwide further accelerated, leading to a tight semiconductor supply and demand. Semiconductor manufacturing equipment manufacturers and semiconductor manufacturers strived to rapidly boost their production capacity, which resulted in a robust demand for personnel.

Under these circumstances, UT Group has been advancing its Fourth Medium-term Business Plan (FY3/2021 - FY3/2025), announced on May 20, 2020. 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 manufacturing engineers so as to expand its business domain and 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 build a career platform covering each area. The Company further expands and strengthens its business base by supporting personnel mobilization of large corporate groups.

In FY3/2022, as a result of aggressive hiring activities to respond to the rapidly recovering demand for personnel since the second half of FY3/2021, UT Group hired 17,662 persons in its domestic operations. In May 2021, the Company acquired all shares of Progress Group, Inc. (changed company name to UT Progress Co., Ltd.), which fully owns Progress Co., Ltd., and of SURI-EMU Corp (changed company name to UT SURI-EMU Co., Ltd.), which fully owns SURI-EMU Chubu Co., Ltd., SURI-EMU Tokai Co., Ltd. and SURI-EMU Staff Co., Ltd. These companies are local worker dispatch companies mainly in Aichi Prefecture. They have become consolidated subsidiaries of UT Group. In October 2021, UT Group newly consolidated Fujitsu FSAS Creative Inc., a worker dispatch company of the Fujitsu Group (changed company name to UT FSAS Creative Co., Ltd.) to promote the Solution Strategy based on the Medium-term Business Plan. As a result of these efforts, the number of domestic technical employees has increased 7,900 on a net basis from the end of FY3/2021 to a record high, and sales have increased significantly. On the profit side, however, a decline in profit was caused by a one-off increase in hiring-related expenses, as hiring activities were strengthened to accelerate sales growth.

As a result, in FY3/2022, UT Group recorded net sales of 156,769 million yen (up 36.2% year-on-year from 115,131 million yen), operating profit of 6,257 million yen (down 12.6% from 7,163 million yen), ordinary profit of 5,954 million yen (down 17.2% from 7,191 million yen), and profit attributable to owners of the parent of 3,140 million yen (down 27.0% from 4,299 million yen). The number of technical employees was 45,386 (up 8,374 from 37,012 a year ago).

The operating results of each business segment are summarized as follows:

(Manufacturing Business)

In the Manufacturing Business, order booking was favorable as major automobile manufacturers were expected to normalize their production despite their continued production adjustments and the delay in recovery of production, and as personnel demand continued to be strong in the semiconductor and electronic component-related sector. In order to respond quickly to the strong personnel demand of client companies, the segment carried out aggressive hiring activities and greatly increased the number of technical employees. In addition, with the aim of deepening and expanding the area career platforms, six companies of two local worker dispatch groups, centered in Aichi Prefecture, became UT Group's consolidated subsidiaries. In May 2021, UT Group acquired all shares of Progress Group, Inc. (changed company name to UT Progress Co., Ltd.), which fully owned Progress Co., Ltd., and of SURI-EMU Corp (changed company name to UT SURI-EMU Co., Ltd.), which fully owned SURI-EMU Chubu Co., Ltd., SURI-EMU Tokai Co., Ltd. and SURI-EMU Staff Co., Ltd. These acquisitions contributed to an increase in sales.

On the cost side, SG&A expenses increased due to the strategic investment in hiring-related expenses and an increase in personnel expenses associated with the new consolidation.

As a result, in FY3/2022, the segment recorded net sales of 104,984 million yen (up 51.6% year-on-year from 69,252 million yen) and segment profit of 2,628 million yen (down 23.5% from 3,437 million yen), and the number of technical employees was 36,844 (up 6,888 from 29,956 a year ago). Excluding Green Speed Joint Stock Company, Green Speed Co., Ltd., and Hoang Nhan Company Limited, which were newly consolidated subsidiaries in the fourth quarter of FY3/2021, the domestic segment recorded net sales of 97,803 million yen (up 44.9% from 67,503 million yen) and segment profit of 2,637 million yen (down 22.1% from 3,385 million yen) while the number of technical employees was 23,094 (up 6,414 from 16,680).

(Solution Business)

In the Solutions Business, in addition to the increase in operations related to the production of automotive batteries along with the worldwide expansion of electric vehicle (EV) production, a new contract project of In-house Solutions® (a full-time employee transfer-type contract) for a major corporate group started in July 2021 and Fujitsu FSAS Creative Inc., which was a worker dispatch company of the Fujitsu Group, was newly consolidated and changed company name to UT FSAS Creative Co., Ltd. in October 2021. These resulted in an increase in technical employees and sales. Meanwhile, hiring-related expenses increased due to the strengthening of hiring of technical employees in line with the firm growth in personnel demand, despite some impacts from a shortage of semiconductors and an insufficient procurement of materials and components.

As a result, in FY3/2022, the segment recorded net sales of 35,035 million yen (up 17.9% year-on-year from 29,717 million yen), segment profit of 1,168 million yen (down 10.8% from 1,309 million yen), and the number of employees of 5,852 (up 1,383 from 4,469 a year ago).

(Engineering Business)

In the Engineering Business, mainly leading semiconductor manufacturing equipment manufacturers and semiconductor manufacturers increased demand for field engineers. UT Group resumed the "One UT" program that supports career change from manufacturing operator to engineer, which had been difficult to operate due to the spread of COVID-19 in the previous fiscal year. In addition, the fourth "Technology Skill Development Center," a specialized training facility for developing semiconductor manufacturing equipment engineers, has been opened in Osaka to strengthen the development and production capabilities of semiconductor manufacturing equipment engineers. In response to the growing demand in the field of construction engineers, UT Group focused on hiring and rapid assignment of technical employees and increased sales. On the cost side, hiring-related expenses increased due to the strengthening of the hiring of technical employees to meet the strong demand for personnel.

As a result, in FY3/2022, the segment recorded net sales of 16,792 million yen (up 3.5% year-on-year from 16,218 million yen) and segment profit of 2,485 million yen (up 2.2% from 2,431 million yen), while the number of technical employees was 2,690 (up 103 from 2,587 a year ago).

(2) Overview of Financial Position for Current Fiscal Year

(Assets)

Current assets at the end of the current fiscal year increased by 5,768 million yen from the end of the previous fiscal year to 49,748 million yen. This was mainly due to an increase in cash and deposits of 560 million yen and a 4,669 million yen increase in notes and accounts receivable – trade. Non-current assets amounted to 14,359 million yen, an increase of 5,672 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,726 million yen in goodwill, 848 million yen in other of intangible assets through M&As, and a 1,518 million yen increase in software in progress through an investment to system construction of UT Group.

As a result, total assets increased by 11,440 million yen from the end of the previous fiscal year to 64,107 million yen.

(Liabilities)

Current liabilities at the end of the current fiscal year increased by 2,903 million yen from the end of the previous fiscal year to 25,467 million yen. This was mainly due to a decrease in notes and accounts payable - trade of 2,236 million yen, and increases in accrued expenses of 1,999 million yen, current portion of long-term borrowings of 1,320 and accrued consumption taxes of 1,102 million yen. Non-current liabilities amounted to 17,408 million yen, an increase of 7,503 million yen from the end of the previous fiscal year. This was mainly due to an increase in long-term borrowings of 6,826 million yen.

In sum, total liabilities were 42,875 million yen, up 10,406 million yen from the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the current fiscal year were 21,232 million yen, up 1,034 million yen from the end of the previous fiscal year. This was mainly due to the recognition of profit attributable to owners of parent of 3,140 million yen, an increase in non-controlling interests of 375 million yen, and dividend payments from surplus of 2,663 million yen.

As a result, the equity ratio was 30.8%, compared to 36.2% 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 2,279 million yen (compared to 6,654 million yen provided in the previous fiscal year). This was mainly attributable to the recording of net profit before income taxes of 5,235 million yen, despite a 2,815 million yen in income taxes paid.

(Cash flow from investing activities)

Cash flow used by investing activities was 6,300 million yen (compared to 2,413 million yen used in the previous fiscal year), mainly due to 2,955 million yen in payments for purchase of shares of subsidiaries resulting in change in scope of consolidation, 1,445 million yen in payments for purchase of intangible assets, and 1,415 million yen in payments for purchase of shares of subsidiaries and associates.

(Cash flow from financing activities)

Cash flow provided by financing activities totaled 4,554 million yen (compared to 2,613 million yen provided in the previous fiscal year), mainly due to 10,630 million yen in proceeds from long-term loans payable, which more than offset 3,301 million yen in repayments of long-term loans payable and 2,665 million yen in dividend payment.

(Reference) Cash flow information

	FY3/2022
Equity ratio (%)	30.8
Equity ratio, at market value (%)	195.5
Ratio of interest-bearing debts to cash flow (%)	873.2
Interest coverage ratio (times)	42.0

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 .
- 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

Concerning the future business environment, the supply and demand balance for human resources in Japan is expected to remain tight due to the shortage of human resources in the manufacturing sector despite the ongoing concerns such as about resource price hikes and inflation.

In light of the above situation, we have decided to revise our earnings targets from FY3/2023 to FY3/2025, anticipating sufficient opportunities to further expand our share of existing businesses by continuing to promote the three business strategies of the Fourth Medium-term Business Plan. We will strive to achieve the plan targets by providing services that meet the corporate personnel needs, while enhancing our support for career formation and our hiring capabilities in order to continue to be selected by job seekers more than ever before.

In sum, as for forecasts for FY3/2023, we are projecting consolidated net sales of 180,000 million yen (up 14.8% from the previous fiscal year), EBITDA of 15,000 million yen, operating profit of 7,700 million yen (up 23.1%), ordinary profit of 7,500 million yen (up 26.0%), and net profit attributable to owners of the parent of 3,200 million yen (up 1.9%).

If EBITDA 15,000 million yen is realized, the conditions for the exercise of the stock acquisition rights (performance-linked acquisition rights) announced on May 20, 2020 will be met, and 5,540 million yen will be recorded as stock-based compensation expenses in the consolidated income statement of FY3/2023.

(Notes)

- 1) Please see the "Notice of Revision of Earnings Targets in the Fourth Medium-term Business Plan" disclosed today for details about revision of earnings targets from FY3/2023 to FY3/2025.
- 2) EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization+ Stock-based compensation expenses

(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 a policy to make overall judgment of 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 the internal retention funds effectively to strengthen our corporate structure and actively develop our business in response to future changes in the business environment.

As for the return to shareholders for FY3/2022, we will pay a regular dividend of 24.00 yen per share, 30% of profit attributable to owners of the parent, in accordance with the above policy.

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

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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	25,266	25,827
Notes receivable - trade	30	43
Accounts receivable - trade	16,732	21,401
Merchandise and finished goods	25	12
Work in process	7	15
Raw materials and supplies	52	58
Other	1,907	2,442
Allowance for doubtful accounts	(42)	(53)
Total current assets	43,979	49,748
Non-current assets		
Property, plant and equipment		
Buildings and structures	484	1,326
Accumulated depreciation	(144)	(538)
Buildings and structures, net	339	788
Other	331	970
Accumulated depreciation	(207)	(347)
Other, net	124	623
Total property, plant and equipment	464	1,411
Intangible assets		
Goodwill	4,005	5,731
Leased assets	8	5
Software	585	461
Other	942	3,311
Total intangible assets	5,541	9,509
Investments and other assets		
Investment securities	882	1,176
Long-term loans receivable	17	13
Long-term prepaid expenses	13	15
Deferred tax assets	1,264	1,663
Other	559	625
Allowance for doubtful accounts	(56)	(56)
Total investments and other assets	2,681	3,438
Total non-current assets	8,687	14,359
Total assets	52,666	64,107

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,517	280
Short-term borrowings	191	235
Current portion of long-term borrowings	2,328	3,648
Accounts payable - other	1,590	2,492
Accrued expenses	7,106	9,106
Lease liabilities	9	10
Income taxes payable	855	412
Accrued consumption taxes	2,841	3,943
Provision for bonuses	2,095	2,305
Provision for bonuses for directors (and other officers)	94	49
Deposits received	2,878	2,882
Other	53	99
Total current liabilities	22,564	25,467
Non-current liabilities		
Long-term borrowings	9,163	15,990
Lease liabilities	29	22
Retirement benefit liability	534	727
Deferred tax liabilities	114	613
Other	62	54
Total non-current liabilities	9,904	17,408
Total liabilities	32,468	42,875
Net assets		
Shareholders' equity		
Share capital	686	686
Capital surplus	338	338
Retained earnings	18,091	18,567
Treasury shares	(0)	(0)
Total shareholders' equity	19,116	19,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	(28)	156
Total accumulated other comprehensive income	(28)	156
Share acquisition rights	602	600
Non-controlling interests	507	882
Total net assets	20,198	21,232
Total liabilities and net assets	52,666	64,107

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

(Million yen)

	FY3/2021 (April 1, 2020 March 31, 2021)	FY3/2022 (April 1, 2021 March 31, 2022)
Net sales	115,131	156,769
Cost of sales	93,529	128,998
Gross profit	21,602	27,770
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	317	367
Salaries and bonus	4,426	6,161
Provision for bonuses	1,291	1,397
Provision for bonuses for directors (and other officers)	94	52
Welfare expenses	1,134	1,373
Recruiting expenses	2,406	6,116
Depreciation	372	554
Commission expenses	1,711	2,226
Amortization of goodwill	454	671
Other	2,229	2,591
Total selling, general and administrative expenses	14,438	21,513
Operating profit	7,163	6,257
Non-operating income		
Interest income	0	2
Foreign exchange gains	—	29
Subsidies for employment adjustment	149	71
Dividend income of insurance	19	32
Surrender value of insurance policies	—	21
Other	20	48
Total non-operating income	189	206
Non-operating expenses		
Interest expenses	52	54
Foreign exchange losses	59	—
Commission expenses	4	82
Share of loss of entities accounted for using equity method	—	247
Donations	—	60
Other	45	65
Total non-operating expenses	161	508
Ordinary profit	7,191	5,954
Extraordinary income		
Gain on sale of non-current assets	—	21

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022

Gain on reversal of share acquisition rights	1	2
Gain on sale of shares of subsidiaries and associates	—	2
Gain on sale of investment securities	—	1
Total extraordinary income	1	27
Extraordinary losses		
Loss on retirement of non-current assets	61	15
Restructuring cost	95	284
Loss on termination of retirement benefit plan	13	23
Loss on step acquisitions	—	289
Loss on sale of shares of subsidiaries and associates	—	6
Loss on COVID19	—	15
Loss on cancellation of rental contracts	—	111
Loss on valuation of investments in capital	19	—
Other	0	—
Total extraordinary losses	191	745
Profit before income taxes	7,000	5,235
Income taxes - current	2,644	1,966
Income taxes - deferred	6	(41)
Total income taxes	2,650	1,924
Profit	4,349	3,311
Profit attributable to non-controlling interests	49	170
Profit attributable to owners of parent	4,299	3,140

Consolidated Statements of Comprehensive Income

(Million yen)

	FY3/2021 (April 1, 2020 March 31, 2021)	FY3/2022 (April 1, 2021 March 31, 2022)
Profit	4,349	3,311
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	(28)	225
Remeasurements of defined benefit plans, net of tax	5	—
Share of other comprehensive income of entities accounted for using equity method	—	(0)
Total other comprehensive income	(22)	225
Comprehensive income	4,326	3,536
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,280	3,325
Comprehensive income attributable to non-controlling interests	46	211

(3) Consolidated Statements of Changes in Shareholders' Equity

FY3/2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	686	422	13,791	(0)	14,900
Changes of items during the period					
Dividends from retained earnings					—
Net profit attributable to owners of the parent			4,299		4,299
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(83)			(83)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(83)	4,299	(0)	4,216
Balance at end of the period	686	338	18,091	(0)	19,116

	Accumulated other comprehensive income				Share acquisition rights	Minority interests	Total net assets
	Valuation difference on other securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year in review	—	—	(5)	(5)	—	129	15,023
Changes during year in review							
Dividends from retained earnings							—
Net profit attributable to owners of the parent							4,299
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							(83)
Net changes in items other than shareholders' equity	0	(28)	5	(22)	602	378	958
Total changes during year in review	0	(28)	5	(22)	602	378	5,174
Balance at end of year in review	0	(28)	—	(28)	602	507	20,198

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022

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

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	686	338	18,091	(0)	19,116
Changes of items during the period					
Dividends from retained earnings			(2,663)		(2,663)
Net profit attributable to owners of the parent			3,140		3,140
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	476	(0)	476
Balance at end of the period	686	338	18,567	(0)	19,592

	Accumulated other comprehensive income				Share acquisition rights	Minority interests	Total net assets
	Valuation difference on other securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year in review	0	(28)	—	(28)	602	507	20,198
Changes during year in review							
Dividends from retained earnings							(2,663)
Net profit attributable to owners of the parent							3,140
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes in items other than shareholders' equity	(0)	185	—	184	(2)	375	557
Total changes during year in review	(0)	185	—	184	(2)	375	1,034
Balance at end of year in review	(0)	185	—	156	600	882	21,232

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY3/2021 (April 1, 2020 March 31, 2021)	FY3/2022 (April 1, 2021 March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	7,000	5,235
Depreciation	378	574
Amortization of goodwill	454	671
Commission expenses	4	82
Increase (decrease) in allowance for doubtful accounts	(9)	3
Increase (decrease) in provision for bonuses	508	213
Increase (decrease) in provision for bonuses for directors (and other officers)	57	(39)
Interest and dividend income	(0)	(2)
Interest expenses	52	54
Share of loss (profit) of entities accounted for using equity method	—	247
Loss (gain) on sale of shares of subsidiaries and associates	—	5
Loss on retirement of non-current assets	64	10
Decrease (increase) in trade receivables	(841)	(3,980)
Decrease (increase) in prepaid expenses	(50)	(312)
Decrease (increase) in inventories	(10)	(239)
Decrease (increase) in long-term prepaid expenses	0	19
Increase (decrease) in trade payables	(278)	74
Increase (decrease) in accrued consumption taxes	(257)	1,186
Increase (decrease) in accounts payable - other	249	(161)
Increase (decrease) in accrued expenses	982	1,518
Increase (decrease) in deposits received	602	(34)
Other, net	(4)	22
Subtotal	8,903	5,147
Interest and dividends received	0	1
Interest paid	(54)	(54)
Income taxes paid	(2,194)	(2,815)
Net cash provided by (used in) operating activities	6,654	2,279
Cash flows from investing activities		
Purchase of property, plant and equipment	(173)	(53)
Purchase of intangible assets	(108)	(1,445)
Proceeds from maturity of insurance funds	—	234
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,591)	(2,955)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,079	67

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022

Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(867)
Purchase of shares of subsidiaries and associates	(604)	(1,415)
Proceeds from sale of shares of subsidiaries and associates	—	4
Net decrease (increase) in short-term loans receivable	(25)	35
Decrease (increase) in guarantee deposits	7	45
Other, net	3	49
Net cash provided by (used in) investing activities	(2,413)	(6,300)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(142)	(3)
Proceeds from long-term borrowings	5,003	10,630
Repayments of long-term borrowings	(2,839)	(3,301)
Proceeds from issuance of share acquisition rights	603	—
Purchase of treasury shares	(0)	(0)
Dividends paid	(1)	(2,665)
Dividends paid to non-controlling interests	—	(3)
Other, net	(9)	(100)
Net cash provided by (used in) financing activities	2,613	4,554
Effect of exchange rate change on cash and cash equivalents	(3)	25
Net increase (decrease) in cash and cash equivalents	6,851	560
Cash and cash equivalents at beginning of period	18,415	25,266
Cash and cash equivalents at end of period	25,266	25,827

(5) Notes to the Consolidated Financial Statements

(Note on the Assumption as a Going Concern)

Not applicable

(Change in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Accounting Standard for Revenue Recognition (ASBJ No. 29, March 31, 2020) and others have been applied since the start of the current fiscal year and the Company recognizes the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the client. In adopting the Accounting Standard for Revenue Recognition, etc., UT Group followed the transitional treatment stipulated in the provision of Paragraph 84 of the Accounting Standard for Revenue Recognition. However, the impact on earnings surplus at the beginning of the current fiscal year ended March 31, 2022 is negligible. In addition, the impact on profit and loss for the fiscal year is also negligible.

In the Consolidated Balance Sheets, “Notes and accounts receivable – trade” stated in “Current assets” until the previous quarter is stated as “Notes receivable – trade” and “Accounts receivable – trade”.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and others have been applied since the start of the current fiscal year, and the Company has decided to apply the new accounting policy set forth by the Accounting Standard for Fair Value Measurement, etc. into the future in accordance with the transitional procedures stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This will have no impact on quarterly 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 three reportable segments: Manufacturing Business, Solution Business, and Engineering Business.

The main business of each segment is as follows:

- (1) Manufacturing Business: Manufacturing dispatching and subcontracting work; provision of personnel services
- (2) Solution Business: Services to assist large manufacturing companies’ structural reform, such as to receive workers transferred from client companies
- (3) Engineering Business: Dispatching of and subcontracting work by engineers in design and development, IT, construction, and other areas and; provision of personnel services

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, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable Business Segments				Adjustment amount ¹	Amounts on the consolidated statements ²
	Manufacturing Business	Solution Business	Engineering Business	Total		
Sales						
Dispatching	57,682	14,680	14,074	86,436	—	86,436
Contracting	10,476	8,483	1,938	20,899	—	20,899
Other	1,042	6,547	205	7,795	—	7,795
Revenue from contracts with customers	69,201	29,711	16,218	115,131	—	115,131
Sales to clients	69,201	29,711	16,218	115,131	—	115,131
Inter-segment sales or transfers	51	5	—	57	(57)	—
Total	69,252	29,717	16,218	115,188	(57)	115,131
Segment profit (loss)	3,437	1,309	2,431	7,179	(16)	7,163
Segment assets	21,530	9,332	4,920	35,783	16,883	52,666
Other items						
Depreciation	265	75	38	378	—	378
Goodwill amortization	313	53	88	454	—	454
Increase in property, plant and equipment, and intangible assets	3,072	532	—	3,605	266	3,871

Notes:

1. The adjusted amounts are as follows:

- (1) Adjustment to segment profit of -16 million yen is inter-segment eliminations.
- (2) Adjustment to assets of 16,883 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 266 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.

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	Solution Business	Engineering Business	Total		
Sales						
Dispatching	84,825	17,300	14,587	116,713	—	116,713
Contracting	17,975	11,093	1,971	31,041	—	31,041
Other	2,156	6,625	232	9,014	—	9,014
Revenue from contracts with customers	104,957	35,020	16,792	156,769	—	156,769
Sales to clients	104,957	35,020	16,792	156,769	—	156,769
Inter-segment sales or transfers	27	15	0	42	(42)	—
Total	104,984	35,035	16,792	156,812	(42)	156,769
Segment profit (loss)	2,628	1,168	2,485	6,281	(24)	6,257
Segment assets	27,963	7,527	3,604	39,095	25,012	64,107
Other items						
Depreciation	471	73	28	574	—	574
Goodwill amortization	557	65	48	671	—	671
Increase in property, plant and equipment, and intangible assets	3,458	30	1	3,490	1,796	5,287

Notes:

1. The adjusted amounts are as follows:

- (1) Adjustment to segment profit of -24 million yen is inter-segment eliminations.
- (2) Adjustment to assets of 25,012 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 is adjusted to correspond to operating profit in the consolidated statements of income.

(Per Share Data)

(Yen)

	FY3/2021 (April 1, 2020 - March 31, 2021)	FY3/2022 (April 1, 2021 - March 31, 2022)
Net assets per share	472.90	489.28
Net profit per share	106.53	77.81

(Notes)

1. Diluted net income per share information has not been stated because potential shares are stock acquisition rights, which are treated as potential shares to be conditionally issued and they do not meet required conditions and hence do not have dilutive effects.

2. The basis for calculating earnings per share is provided below.

	FY3/2021 (April 1, 2020 - March 31, 2021)	FY3/2022 (April 1, 2021 - March 31, 2022)
Net profit attributable to owners of the parent (million yen)	4,299	3,140
Amount not attributable to common stockholders (million yen)	—	—
Common stock-related profit attributable to owners of the parent (million yen)	4,299	3,140
Average number of common stocks during the fiscal year (shares)	40,362,915	40,362,888
Summary of potential shares which are not included in the calculation of fully diluted net profit per share due to lack of dilutive effective with significant changes from the previous fiscal year	—	—

(Significant Subsequent Events)

Not applicable