

(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 First Quarter of Fiscal Year Ending March 31, 2023 (Japanese GAAP)

August 10, 2022

Listed company name: UT Group Co., Ltd. Stock Exchange Listing: Tokyo
Code number: 2146 URL: <https://www.ut-g.co.jp>
Representative: Yoichi Wakayama, President, Representative Director & CEO
For inquiries: Takahito Yamada, Senior Executive Officer, General Affairs Division Manager
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Scheduled date of filing securities report: August 12, 2022

Schedule date of cash dividend payment: —

Supplemental material for the financial results provided: Yes (Uploaded on the Company's website on August 10, 2022)

Results briefing for the period under review provided: No (The briefing video will be uploaded on the Company's website on August 10, 2022)

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

1. Consolidated Results for the First Quarter of FY3/2023 (April 1, 2022 – June 30, 2022)

(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	%
1Q of FY3/2023	41,567	18.0	3,614	129.8	3,341	165.7	3,249	156.7	2,105	—
1Q of FY3/2022	35,215	36.3	1,572	-18.8	1,257	-28.7	1,265	-29.0	191	-83.4

(Note) Comprehensive income: 1Q of FY3/2023 2,253 million yen (547.4%); 1Q of FY3/2022 348 million yen (-70.1%)

	Net profit per share	Net profit per share, diluted
	Yen	Yen
1Q of FY3/2023	52.17	—
1Q of FY3/2022	4.74	—

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
	Million yen	Million yen	%
1Q of FY3/2023	63,472	22,491	33.0
FY3/2022	64,107	21,232	30.8

(Reference) Equity capital: 1Q of FY3/2023 20,917 million yen; FY3/2022 19,748 million yen

2. Cash Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/2022	0.00	0.00	0.00	24.00	24.00
FY3/2023	0.00	—	—	—	—
FY3/2023 (Plan)	—	—	—	—	—

(Notes) Revision of the dividend forecast disclosed recently: None

The dividend forecast for FY3/2023 is undecided.

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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 Yen
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Full year	180,000	14.8	150,000	99.9	7,700	23.1	7,500	26.0	3,200	1.9	79.28

(Note) Revision of the earnings forecasts disclosed recently: None

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): None

(2) Use of particular accounting procedures in preparation of quarterly consolidated financial statements: Yes

(3) 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: | None |
| (c) Changes in accounting-based estimates: | None |
| (d) Restatements: | None |

(4) Number of outstanding shares (common stock)

- | | | | |
|--|------------|----------------|------------|
| (a) Number of shares outstanding at the end of the period (including treasury shares): | | | |
| 1Q of FY3/2023 | 40,363,067 | FY3/2022 | 40,363,067 |
| (b) Number of treasury shares at the end of the period: | | | |
| 1Q of FY3/2023 | 180 | FY3/2022 | 180 |
| (c) Average number of shares outstanding during the period: | | | |
| 1Q of FY3/2023 | 40,362,887 | 1Q of FY3/2022 | 40,362,893 |

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

* Cautionary statement with respect to forecasts of future performance and other special 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. These statements are not promises by the Company regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. For precautions on usage of forecasts of future performance, please refer to the section "1. Qualitative Information on Financial Results for Current First Quarter, (3) Description of Consolidated Earnings Forecast and Other Forward-looking Information" on page 5 of the attachments.

The supplemental material for the financial results provided and the results briefing video are scheduled to be uploaded on the Company's website on August 10.

1. Qualitative Information on Financial Results for Current First Quarter

(1) Overview of Results of Operations

In the first quarter of FY3/2023 (April 1, 2022 - June 30, 2022), although Japan's economy was expected to recover as economic and social activities were normalized, the economic outlook remained uncertain due to a surge in raw material prices prompted by Russia's invasion of Ukraine, the depreciation of the yen caused by the reversal of monetary easing policies in various countries, and the problem of supply constraints driven by global supply chain disruptions.

The environment surrounding UT Group has seen a sharp increase in demand for semiconductors, reflecting the digitization of society partly prompted by the COVID-19 pandemic and the acceleration of efforts aimed at decarbonization worldwide. As a result, semiconductor manufacturing equipment (SME) makers and semiconductor makers have been rapidly increasing their production capacity, and personnel demand has been robust. Meanwhile, since the summer of 2021, major automobile manufacturers have intermittently suspended operation mainly due to shortages of semiconductors and other parts. However, personnel demand remained steady, reflecting the anticipated recovery in production activities. In June 2022, the jobs-to-applicants ratio in the production process rose to 1.86 times vs. the ratio of 1.09 times for all job categories, indicating the continued tight supply and demand balance for personnel in manufacturing industries.

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 is the third year of the Medium-term Business Plan. The Company is seeking 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 will also strive 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 labor 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 the first quarter of FY3/2023, UT Group recorded net sales of 41,567 million yen (up 18.0% from 35,215 million yen in the first quarter of FY3/2022), EBITDA of 3,614 million yen (up 129.8% from 1,572 million yen), operating profit of 3,341 million yen (up 165.7% from 1,257 million yen), ordinary profit of 3,249 million yen (up 156.7% from 1,265 million yen), and profit attributable to owners of the parent of 2,105 million yen (up 1,000.5% from 191 million yen). The number of technical employees was 46,135 (up 6,387 from 39,748 a year ago).

* 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 current 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 "(3) Notes to the Quarterly Consolidated Financial Statements" in "2. Quarterly Consolidated Financial Statements and Significant Notes."

(Manufacturing Business)

The new Manufacturing Business is made up of UT Aim, which acquired UT Pabec on April 1, 2022. It is divided into the "Industrial and Commercial Machinery," "Electronics," "Transportation Equipment," and "Other" subsegments. The Manufacturing Business focuses on personnel services for large manufacturing industries, which UT Group has traditionally identified as a core business, and is strongly promoting the "One-stop Strategy to provide personnel to large manufacturers" in the Medium-term Business Plan. Personnel services that meet regional demand, mainly in the "Other" subsegment of the Manufacturing Business prior to the segment change, have been transferred to the newly established "Area Business" segment. Personnel services in Vietnam have been transferred to the newly established "Overseas Business" segment. In addition, some of the design and development engineers and all of the semiconductor manufacturing equipment engineers in the "Design and manufacturing engineers" subsegment in the Engineering Business prior to the segment change have been transferred to this business segment.

In the first quarter of FY3/2023, personnel demand remained as firm as in FY3/2022 for the "Industrial and Commercial Machinery," "Electronics," and "Transportation Equipment" subsegments. In the "Transportation Equipment" subsegment, major automobile manufacturers' production adjustments have caused a decrease in the number of operating days and overtime hours of some technical employees dispatched by UT Group, but demand for UT Group employees has not declined, given the anticipation of production normalization. Similarly, in the "Industrial Machinery and Commercial" and "Electronics" subsegments, demand for dispatched workers, particularly those of UT Group, was robust as demand for semiconductors increased. In response to these circumstances, UT Group focused on the efficiency of its hiring activities, achieved a y-o-y increase in the number of technical employees, and promoted high-level personnel management and the dispatch of internally-developed, highly-skilled personnel. These initiatives resulted in an increase in segment sales. Segment profit also increased due to efforts to reduce SG&A expenses, such as raising the efficiency of hiring-related expenses.

As a result, in the first quarter of FY3/2023, the segment recorded net sales of 20,512 million yen (up 17.7% from 17,420 million yen in the same period of the previous year) and segment profit of 2,536 million yen (up 88.9% from 1,342 million yen), while the number of technical employees was 14,919 (up 1,517 from 13,402 a year ago).

(Area Business)

The Area Strategy Business Division responsible for the Area Platform Strategy of UT Aim was transferred to UT Community through the absorption-type company split on April 1, 2022. In addition, UT HP, Support System, Seekel Holdings and UT Progress were absorbed into UT Community, which then changed its name to UT Connect.

The Area Business, which is composed of UT Connect and UT SURI-EMU, is strongly promoting the "Area Platform Strategy" in the Medium-term Business Plan.

In the first quarter of FY3/2023, segment sales increased y-o-y, driven by a surge in the number of technical employees which was resulted from efforts in hiring based on the strength of diverse job opportunities in response to strong demand for personnel in each area. Segment profit also increased 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 the first quarter of FY3/2023, the segment recorded net sales of 12,253 million yen (up 18.0% from 10,387 million yen in the same period of the previous year) and segment profit of 496 million yen (loss of 186 million yen), while

the number of technical employees was 12,546 (up 2,024 from 10,522 a year ago).

(Solution Business)

The Solution Business is composed of Fujitsu UT, UT Toshiba, UT FSAS Creative, and UT MESC, and is promoting personnel mobilization based on the strong relationship established through capital alliances and other means with large corporate groups. UT Pabec and UT HP, which formed the "Solution Business" before the segment change, were transferred to a separate segment. UT Pabec was transferred to the "Manufacturing Business" and UT HP to the "Area Business." In addition, UT Group sold all of its shares of UT System Products outside UT Group at the end of March 2022.

In the first quarter of FY3/2023, the Solution Business segment increased sales and profit due to the addition of UT FSAS Creative in October 2021, the increase in the number of technical employees led by Fujitsu UT, and efforts to reduce SG&A expenses.

As a result, in the first quarter of FY3/2023, the segment recorded net sales of 4,583 million yen (up 15.9% from 3,955 million yen in the same period of the previous year) and segment profit of 15 million yen (loss of 54 million yen), while the number of technical employees was 3,114 (up 1,243 from 1,871 a year ago).

(Engineering Business)

The Engineering Business after the segment change is composed of UT Construction and UT Technology, and is divided into "Construction Engineers" and "IT Engineers" as subsegments. And some of the design and development engineers and all of the semiconductor manufacturing equipment engineers in the "Design and manufacturing engineers" subsegment in the Engineering Business prior to the segment change have been transferred to the Manufacturing business segment.

In the first quarter of FY3/2023, approximately 200 new graduates who joined UT Group in April 2022 were assigned and in active operation at an early stage. The segment's efforts to develop and assign new graduates have been successful and the new graduates who joined this year were assigned and became operational 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 the first quarter of FY3/2023, the segment recorded net sales of 2,240 million yen (up 16.4% from 1,925 million yen in the same period of the previous year) and segment profit of 260 million yen (up 59.9% from 163 million yen), while the number of technical employees was 1,574 (up 192 from 1,382 a year ago).

(Overseas Business)

The Overseas Business is comprised of Green Speed Joint Stock Company, Green Speed Co., Ltd. And Hoang Nhan Company Limited, which were newly consolidated in January 2021. It is engaged in personnel services, mainly in manufacturing, in Vietnam. The Overseas Business recorded its results for the January-March 2022 period in the first quarter of FY3/2023 with a delay of three months because its settlement date was the last day of December.

In the first quarter of FY3/2023, Vietnam's economy achieved a clear recovery, as COVID-19 restrictions were lifted and GDP maintained high growth. The Overseas Business has been expanding its business areas from the southern region centering on Ho Chi Minh City, where it has offices, to the northern region centering on Hanoi. New orders have increased in the northern region and in particular from Japanese companies. The number of technical employees tends to seasonally decrease around the time of the Tet Lunar New Year holiday (which usually occurs in January or February) in Vietnam, but the number of technical employees at the end of March 2022 was higher than at the end of December 2021, resulting in an increase in segment sales and profit.

As a result, in the first quarter of FY3/2023, the segment recorded net sales of 1,986 million yen (up 29.4% from 1,535 million yen in the same period of the previous year) and segment profit of 40 million yen (up 173.4% from 14 million yen), while the number of technical employees was 13,982 (up 1,411 from 12,571 a year ago).

(2) Overview of Financial Position for Current First Quarter

(Assets)

Current assets as of the end of the current first quarter of the fiscal year decreased by 1,289 million yen from the end of the previous fiscal year to 48,458 million yen. This was mainly due to a decrease in cash and deposits by 1,455 million yen. Non-current assets amounted to 15,013 million yen, an increase of 653 million yen from the end of the previous fiscal year. This was mainly due to increases of 397 million yen in software and 246 million yen in software in progress through an investment to system construction of UT Group.

As a result, total assets decreased by 635 million yen from the end of the previous fiscal year to 63,472 million yen.

(Liabilities)

Current liabilities at the end of the first quarter of the fiscal year decreased by 1,010 million yen from the end of the previous fiscal year to 24,456 million yen. This was mainly due to a decrease of 993 million yen in provision for bonuses. Non-current liabilities amounted to 16,523 million yen, down 884 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 872 million yen in long-term loans payable.

In sum, total liabilities were 40,980 million yen, down 1,894 million yen from the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the current first quarter was 22,491 million yen, up 1,259 million yen from the end of the previous fiscal year. Profit attributable to owners of the parent amounted to 2,105 million yen was more than offset by distribution of dividends from surplus of 968 million yen.

As a result, the equity ratio was 33.0%, compared to 30.8% at the end of the previous fiscal year.

(3) Description of Consolidated Earnings Forecast and Other Forward-looking Information

UT Group's consolidated forecasts for FY3/2023 remain unchanged, as announced on May 13, 2022.

2. Quarterly Consolidated Financial Statements and Significant Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of FY3/2022 (As of March 31, 2022)	End of First quarter of FY3/2023 (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	25,827	24,371
Notes and accounts receivable - trade	21,445	21,683
Merchandise and finished goods	12	10
Work in process	15	29
Raw materials and supplies	58	93
Other	2,442	2,354
Allowance for doubtful accounts	(53)	(84)
Total current assets	49,748	48,458
Non-current assets		
Property, plant and equipment	1,411	1,374
Intangible assets		
Goodwill	5,731	5,672
Leased assets	5	4
Software	461	859
Other	3,311	3,510
Total intangible assets	9,509	10,046
Investments and other assets		
Investment securities	1,176	1,128
Long-term loans receivable	13	13
Long-term prepaid expenses	15	211
Deferred tax assets	1,663	1,663
Other	625	631
Allowance for doubtful accounts	(56)	(56)
Total investments and other assets	3,438	3,592
Total non-current assets	14,359	15,013
Total assets	64,107	63,472

(Million yen)

	End of FY3/2022 (As of March 31, 2022)	End of First quarter of FY3/2023 (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	280	207
Short-term borrowings	235	614
Current portion of long-term borrowings	3,648	3,628
Accounts payable - other	2,492	1,943
Accrued expenses	9,106	9,253
Lease liabilities	10	10
Income taxes payable	412	1,118
Accrued consumption taxes	3,943	3,669
Provision for bonuses	2,305	1,311
Provision for bonuses for directors (and other officers)	49	19
Deposits received	2,882	2,465
Other	99	214
Total current liabilities	25,467	24,456
Non-current liabilities		
Long-term borrowings	15,990	15,118
Lease liabilities	22	21
Retirement benefit liability	727	746
Deferred tax liabilities	613	584
Other	54	52
Total non-current liabilities	17,408	16,523
Total liabilities	42,875	40,980
Net assets		
Shareholders' equity		
Share capital	686	686
Capital surplus	338	338
Retained earnings	18,567	19,704
Treasury shares	(0)	(0)
Total shareholders' equity	19,592	20,729
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	156	187
Total accumulated other comprehensive income	156	187
Share acquisition rights	600	600
Non-controlling interests	882	973

(Million yen)

	End of FY3/2022 (As of March 31, 2022)	End of First quarter of FY3/2023 (As of June 30, 2022)
Total net assets	21,232	22,491
Total liabilities and net assets	64,107	63,472

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income(Quarterly Consolidated Statements of Income)

(Million yen)

	1Q of FY3/2022 (April 1, 2021 - June 30, 2021)	1Q of FY3/2023 (April 1, 2022 - June 30, 2022)
Net sales	35,215	41,567
Cost of sales	29,129	33,594
Gross profit	6,085	7,972
Selling, general and administrative expenses	4,828	4,631
Operating profit	1,257	3,341
Non-operating income		
Interest income	1	0
Foreign exchange gains	—	19
Subsidies for employment adjustment	27	7
Dividend income of insurance	0	0
Refund income	—	12
Other	18	11
Total non-operating income	47	52
Non-operating expenses		
Interest expenses	16	24
Commission expenses	4	3
Share of loss of entities accounted for using equity method	16	47
Loss on valuation of derivatives	—	43
Other	3	24
Total non-operating expenses	39	143
Ordinary profit	1,265	3,249
Extraordinary income		
Gain on sale of non-current assets	4	—
Gain on reversal of share acquisition rights	—	0
Total extraordinary income	4	0
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Loss on sale of non-current assets	—	3
Restructuring cost	7	67
Loss on step acquisitions	289	—
Loss on COVID19	—	2
Total extraordinary losses	299	73
Profit before income taxes	970	3,176
Income taxes	750	1,020
Profit	219	2,156

	1Q of FY3/2022 (April 1, 2021 - June 30, 2021)	1Q of FY3/2023 (April 1, 2022 - June 30, 2022)
Profit attributable to non-controlling interests	28	50
Profit attributable to owners of parent	191	2,105

(Quarterly Consolidated Statements of Comprehensive Income)

(Million yen)

	1Q of FY3/2022 (April 1, 2021 - June 30, 2021)	1Q of FY3/2023 (April 1, 2022 - June 30, 2022)
Profit	219	2,156
Other comprehensive income		
Valuation difference on available-for-sale securities	0	—
Foreign currency translation adjustment	128	97
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	128	97
Comprehensive income	348	2,253
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	302	2,137
Comprehensive income attributable to non-controlling interests	45	116

(3) Notes to the Quarterly Consolidated Financial Statements**(Note on the Assumption as a Going Concern)**

Not applicable

(Notes in Case of Significant Change in the Amount of Shareholders' Equity)

1. First quarter of FY3/2022 (from April 1, 2021 to June 30, 2021)

(1) Items concerning dividend

Resolved	Type of stock	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date	Dividend source
Board of Directors meeting, held on May 10, 2021	Common stock	2,663	66.00	March 31, 2021	June 28, 2021	Retained earnings

Note: The dividend per share is comprised of 32.00 yen in ordinary dividend and 34.00 yen in commemorative dividend.

(2) Significant change in the amount of shareholders' equity

Not applicable

2. First quarter of FY3/2023 (from April 1, 2022 to June 30, 2022)

(1) Items concerning dividend

Resolved	Type of stock	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date	Dividend source
Board of Directors meeting, held on May 13, 2022	Common stock	968	24.00	March 31, 2022	June 27, 2022	Retained earnings

Note: The dividend per share is comprised of 24.00 yen in ordinary dividend.

(2) Significant change in the amount of shareholders' equity

Not applicable

(Application of special accounting methods for presenting consolidated financial statements)

(Calculation of tax expenses)

Taxes are calculated by multiplying profit before income taxes for the first-quarter period under review by the reasonably estimated effective tax rate after adjustments for tax effect accounting to the profit income before income taxes for the current consolidated fiscal year ending March 31, 2023 including the first quarter.

In case that the tax expenses calculated by the estimated effective tax rate result in a significantly unreasonable amount, the legal effective tax rate is used.

(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 the current quarter, 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 quarterly consolidated financial statements.

(Segment Information)**I Previous first quarter of FY3/2022 (from April 1, 2021 to June 30, 2021)**

1. Sales and profit (loss) by segment

(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	13,437	8,658	1,874	1,747	1,034	26,753	—	26,753
Contracting	3,580	1,599	730	144	499	6,555	—	6,555
Other	397	129	1,345	32	1	1,906	—	1,906
Revenue from contracts with customers	17,415	10,387	3,951	1,925	1,535	35,215	—	35,215
Sales to clients	17,415	10,387	3,951	1,925	1,535	35,215	—	35,215
Inter-segment sales or transfers	5	—	3	—	—	9	(9)	—
Total	17,420	10,387	3,955	1,925	1,535	35,224	(9)	35,215
Segment profit (loss)	1,342	(186)	(54)	163	14	1,279	(21)	1,257

Notes: (1) Adjustment to segment profit (loss) of -21million is elimination of inter-segment transactions.

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

2. Impairment losses of non-current assets or goodwill, etc. by reportable segment

(Significant change in the amount of goodwill)

The Are Business segment acquired all shares of Progress Group Co., Ltd., which fully owned Progress Co., Ltd., as well as all shares of SURI-EMU Corporation, which fully owned SURI-EMU Chubu Co., Ltd., SURI-EMU Tokai Co., Ltd., and SURI-EMU Staff Co., Ltd. in May 2021. These companies have been included in the scope of consolidation. This has increased goodwill by 2,335 million yen in the first quarter of FY3/2022.

II Current first quarter of FY3/2023 (from April 1, 2022 to June 30, 2022)**1. Sales and profit (loss) by segment**

(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	16,345	10,495	1,910	2,066	1,300	32,119	—	32,119
Contracting	3,554	1,590	2,651	126	684	8,606	—	8,606
Other	609	160	21	47	2	841	—	841
Revenue from contracts with customers	20,509	12,246	4,583	2,240	1,986	41,567	—	41,567
Sales to clients	20,509	12,246	4,583	2,240	1,986	41,567	—	41,567
Inter-segment sales or transfers	3	6	—	—	—	9	(9)	—
Total	20,512	12,253	4,583	2,240	1,986	41,576	(9)	41,567
Segment profit (loss)	2,536	496	15	260	40	3,350	(9)	3,341

Notes: (1) Adjustment to segment profit (loss) of -9 million is elimination of inter-segment transactions.

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

2. Impairment losses of non-current assets or goodwill, etc. by reportable segment

Not applicable

3. Changes in reportable segments, etc.

From the current first quarter of FY3/2023, in accordance with the reorganization within the Group, 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 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

Segment Information of previous first quarter of FY3/2022 was made using the reclassified segment basis.