

(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 Six Months of Fiscal Year Ending March 31, 2023 (Japanese GAAP)

November 11, 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
TEL: 03-5447-1710

Scheduled date of filing securities report: November 14, 2022

Schedule date of cash dividend payment: —

Supplemental material for the financial results provided: Yes (Uploaded on the Company's website on November 11, 2022)

Results briefing for the period under review provided: Yes (To be held for institutional investors and analysts on November 14, 2022)

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

1. Consolidated Results for the Six Months of FY3/2023 (April 1, 2022 – September 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	%
2Q of FY3/2023	84,284	16.1	7,426	156.9	6,844	201.3	6,777	199.6	4,440	525.2
2Q of FY3/2022	72,578	36.8	2,890	-25.3	2,271	-35.4	2,262	-36.6	710	-69.6

(Note) Comprehensive income: 2Q of FY3/2023 4,867 million yen (435.9%); 2Q of FY3/2022 908million yen (-61.3%)

	Net profit per share	Net profit per share, diluted
	Yen	Yen
2Q of FY3/2023	110.02	—
2Q of FY3/2022	17.60	—

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	%
2Q of FY3/2023	66,712	25,104	35.1
FY3/2022	64,107	21,232	30.8

(Reference) Equity capital: 2Q of FY3/2023 23,441 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	0.00			
FY3/2023 (Plan)			—	—	—

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

The dividend forecast for FY3/2023 is undecided.

(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.

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	15,000	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): | | | |
| 2Q of FY3/2023 | 40,363,067 | FY3/2022 | 40,363,067 |
| (b) Number of treasury shares at the end of the period: | | | |
| 2Q of FY3/2023 | 221 | FY3/2022 | 180 |
| (c) Average number of shares outstanding during the period: | | | |
| 2Q of FY3/2023 | 40,362,877 | 2Q of FY3/2022 | 40,362,890 |

* 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 Half, (3) Description of Consolidated Earnings Forecast and Other Forward-looking Information" on page 4 of the attachments.

The supplemental material for the financial results and the results briefing video are scheduled to be uploaded on the Company's website on November 11.

1. Qualitative Information on Financial Results for Current First Half

(1) Analysis of Operating Results

In the first half of FY3/2023 (April 1, 2022 - September 30, 2022), Japan's economy was expected to recover with the effect of the COVID-19 pandemic waning but the economic outlook remained uncertain mainly due to a surge in raw material prices and energy prices prompted by Russia's invasion of Ukraine and other factors, the sharp depreciation of the yen, and the continuing 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 enhancement of information and communications technology and the acceleration of efforts aimed at decarbonization worldwide. As a result, semiconductor manufacturing equipment (SME) makers and semiconductor makers have been increasing their production capacity, and the related personnel demand was robust. Meanwhile, mainly automobile-related manufacturers have continued intermittent operation suspension due to supply shortage of components.

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 has been making 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 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 half of FY3/2023, UT Group recorded net sales of 84,284 million yen (up 16.1% from 72,578 million yen in the first half of FY3/2022), EBITDA of 7,426 million yen (up 156.9% from 2,890 million yen), operating profit of 6,844 million yen (up 201.3% from 2,271 million yen), ordinary profit of 6,777 million yen (up 199.6% from 2,262 million yen), and profit attributable to owners of the parent of 4,440 million yen (up 525.2% from 710 million yen). The number of technical employees was 45,488 (up 4,312 from 41,176 a year ago).

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

UT Group Co., Ltd. (Code 2146): Summary of Consolidated Financial Statements for the Six Months of FY3/2023
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 "(4) Notes to the Quarterly Consolidated Financial Statements" in "2. Quarterly Consolidated Financial Statements and Significant Notes."

(Manufacturing Business)

In the first half of FY3/2023, the Manufacturing Business focused efforts on the "Industrial and Commercial Machinery" and "Electronics" subsegments, as the "Transportation Equipment" subsegment was expected to continue dealing with production adjustments caused by the component shortages experienced by automotive-related manufacturers. Under 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 half of FY3/2023, the segment recorded net sales of 41,345 million yen (up 15.5% from 35,796 million yen in the same period of the previous year) and segment profit of 5,328 million yen (up 114.1% from 2,488 million yen), while the number of technical employees was 14,786 (up 653 from 14,133 a year ago).

(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 half of FY3/2023. 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 half of FY3/2023, the segment recorded net sales of 24,903 million yen (up 18.4% from 21,031 million yen in the same period of the previous year) and segment profit of 895 million yen (loss of 525 million yen), while the number of technical employees was 12,947 (up 1,861 from 11,086 a year ago).

(Solution Business)

In the first half of FY3/2023, the Solution Business segment increased sales and profit, in spite of the impact of a subsidiary UT System Products sold, thanks to the increases in the number of technical employees of the existing subsidiaries and in operating days and hours in some outsourced workplaces as well as the addition of UT FSAS Crea in October 2021.

As a result, in the first half of FY3/2023, the segment recorded net sales of 9,255 million yen (up 7.4% from 8,620 million yen in the same period of the previous year) and segment profit of 65 million yen (loss of 8 million yen), while the number of technical employees was 3,103 (up 937 from 2,166 a year ago).

(Engineering Business)

In the first half 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 half of FY3/2023, the segment recorded net sales of 4,503 million yen (up 15.9% from 3,884

UT Group Co., Ltd. (Code 2146): Summary of Consolidated Financial Statements for the Six Months of FY3/2023 million yen in the same period of the previous year) and segment profit of 487 million yen (up 47.3% from 331 million yen), while the number of technical employees was 1,561 (up 226 from 1,335 a year ago).

(Overseas Business)

In the first half 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 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. The number of technical employees tends to seasonally decrease around the time of the Tet Lunar New Year holiday (from late January to mid- February) in Vietnam, but the relaxation of COVID-19 restrictions in October 2021 led to lifting of restrictions in production activities. As a result, a higher number of technical employees continued be active in operation in 2022 compared to the previous year, and the Overseas Business increased sales and profit.

As a result, in the first half of FY3/2023, the segment recorded net sales of 4,290 million yen (up 31.5% from 3,263 million yen in the same period of the previous year) and segment profit of 80 million yen (up 1,756.7% from 4 million yen), while the number of technical employees was 13,091 (up 635 from 12,456 a year ago).

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

(2) Analysis of Financial Position

(i) Status of Assets, Liabilities and Net Assets

(Assets)

Current assets as of the end of the current first half of the fiscal year increased by 1,618 million yen from the end of the previous fiscal year to 51,367 million yen. This was mainly due to increases of 988 million yen in notes and accounts receivable – trade and 618 million yen in cash and deposits. Non-current assets amounted to 15,345 million yen, an increase of 985 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,356 million yen in software and a decrease of 262 million yen in software in progress along with the progress of an investment to system construction of UT Group.

As a result, total assets increased by 2,604 million yen from the end of the previous fiscal year to 66,712 million yen.

(Liabilities)

Current liabilities at the end of the first half of the fiscal year increased by 598 million yen from the end of the previous fiscal year to 26,066 million yen. This was mainly due to decreases of 951 million yen in deposits received and 784 million yen in accrued consumption taxes and increases of 1,947 million yen in income taxes payable and 188 million yen in provision for bonuses. Non-current liabilities amounted to 15,541 million yen, down 1,866 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,844 million yen in long-term borrowings.

In sum, total liabilities were 41,608 million yen, down 1,267 million yen from the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the current first half was 25,104 million yen, up 3,872 million yen from the end of the previous fiscal year. Profit attributable to owners of the parent amounted to 4,440 million yen was more than offset by distribution of dividends from surplus of 968 million yen.

As a result, the equity ratio was 35.1%, compared to 30.8% at the end of the previous fiscal year.

(ii) Status of cash flows

Cash and cash equivalents at the end of the current first half of FY3/2023 were 26,445 million yen (up 618 million yen from the end of the previous fiscal year). The cash flow conditions for the current first half and reasons for increases or decreases are explained below.

(Cash flows from operating activities)

Cash flow provided by operating activities amounted to 4,973 million yen (compared to 1,146 million yen used in the first half of the previous fiscal year). This was mainly attributable to the recording of net profit before income taxes and other adjustments of 6,697 million yen, and decreases of 952 million yen in deposits received and 819 million yen in accrued consumption taxes.

(Cash flow from investing activities)

Cash flow used by investing activities was 1,592 million yen (compared to 4,297 million yen used in the first half of the previous fiscal year), mainly due to 1,533 million yen payment in purchase of intangible assets such as software and other.

(Cash flow from financing activities)

Cash flow used by financing activities totaled 2,787 million yen (compared to 4,111 million yen used in the first half of the previous fiscal year), mainly due to 1,884 million yen in repayments of long-term loans payable and 982 million yen in dividend payment.

(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)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	25,827	26,445
Notes and accounts receivable - trade	21,445	22,433
Merchandise and finished goods	12	10
Work in process	15	16
Raw materials and supplies	58	71
Other	2,442	2,513
Allowance for doubtful accounts	(53)	(123)
Total current assets	49,748	51,367
Non-current assets		
Property, plant and equipment	1,411	1,356
Intangible assets		
Goodwill	5,731	5,668
Leased assets	5	3
Software	461	1,818
Other	3,311	2,963
Total intangible assets	9,509	10,454
Investments and other assets		
Investment securities	1,176	1,086
Long-term loans receivable	13	13
Long-term prepaid expenses	15	199
Deferred tax assets	1,663	1,663
Other	625	609
Allowance for doubtful accounts	(56)	(38)
Total investments and other assets	3,438	3,534
Total non-current assets	14,359	15,345
Total assets	64,107	66,712

UT Group Co., Ltd. (Code 2146): Summary of Consolidated Financial Statements for the Six Months of FY3/2023
(Million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	280	214
Short-term borrowings	235	411
Current portion of long-term borrowings	3,648	3,608
Accounts payable - other	2,492	2,501
Accrued expenses	9,106	9,172
Lease liabilities	10	10
Income taxes payable	412	2,360
Accrued consumption taxes	3,943	3,158
Provision for bonuses	2,305	2,493
Provision for bonuses for directors (and other officers)	49	38
Deposits received	2,882	1,931
Other	99	165
Total current liabilities	25,467	26,066
Non-current liabilities		
Long-term borrowings	15,990	14,145
Lease liabilities	22	18
Retirement benefit liability	727	745
Deferred tax liabilities	613	578
Other	54	52
Total non-current liabilities	17,408	15,541
Total liabilities	42,875	41,608
Net assets		
Shareholders' equity		
Share capital	686	686
Capital surplus	338	338
Retained earnings	18,567	22,039
Treasury shares	(0)	(0)
Total shareholders' equity	19,592	23,064
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	156	377
Total accumulated other comprehensive income	156	376
Share acquisition rights	600	600
Non-controlling interests	882	1,062
Total net assets	21,232	25,104
Total liabilities and net assets	64,107	66,712

UT Group Co., Ltd. (Code 2146): Summary of Consolidated Financial Statements for the Six Months of FY3/2023
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income(Quarterly Consolidated Statements of Income)

(Million yen)

	For the Six Months ended September 30,2021	For the Six Months ended September 30,2022
Net sales	72,578	84,284
Cost of sales	60,119	67,990
Gross profit	12,459	16,293
Selling, general and administrative expenses	10,187	9,449
Operating profit	2,271	6,844
Non-operating income		
Interest income	2	3
Foreign exchange gains	7	42
Subsidies for employment adjustment	43	39
Dividend income of insurance	0	0
Refund income	—	12
Other	29	50
Total non-operating income	84	149
Non-operating expenses		
Interest expenses	30	48
Commission expenses	4	3
Share of loss of entities accounted for using equity method	43	89
Loss on valuation of derivatives	10	38
Other	5	36
Total non-operating expenses	93	216
Ordinary profit	2,262	6,777
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	4	1
Loss on sale of non-current assets	—	3
Restructuring cost	23	71
Loss on COVID19	5	3
Loss on termination of retirement benefit plan	11	—
Loss on step acquisitions	289	—
Loss on sale of shares of subsidiaries and associates	7	—
Total extraordinary losses	341	79
Profit before income taxes	1,925	6,697

UT Group Co., Ltd. (Code 2146): Summary of Consolidated Financial Statements for the Six Months of FY3/2023

	For the Six Months ended September 30,2021	For the Six Months ended September 30,2022
Income taxes	1,134	2,128
Profit	791	4,568
Profit attributable to non-controlling interests	80	127
Profit attributable to owners of parent	710	4,440

(Quarterly Consolidated Statements of Comprehensive Income)

(Million yen)

	For the Six Months ended September 30,2021	For the Six Months ended September 30,2022
Profit	791	4,568
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	116	298
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	116	298
Comprehensive income	908	4,867
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	810	4,661
Comprehensive income attributable to non-controlling interests	97	205

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the Six Months ended September 30,2021	For the Six Months ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	1,925	6,697
Depreciation	282	369
Amortization of goodwill	336	213
Commission expenses	4	3
Increase (decrease) in allowance for doubtful accounts	14	52
Increase (decrease) in provision for bonuses	151	180
Increase (decrease) in provision for bonuses for directors (and other officers)	(81)	(11)
Interest and dividend income	(2)	(3)
Interest expenses	30	48
Share of loss (profit) of entities accounted for using equity method	43	89
Loss on retirement of non-current assets	3	1
Decrease (increase) in trade receivables	(912)	(705)
Decrease (increase) in prepaid expenses	(68)	(606)
Decrease (increase) in inventories	(55)	(9)
Decrease (increase) in long-term prepaid expenses	4	(182)
Increase (decrease) in trade payables	(541)	(74)
Increase (decrease) in accrued consumption taxes	(418)	(819)
Increase (decrease) in accounts payable - other	(185)	250
Increase (decrease) in accrued expenses	229	(16)
Increase (decrease) in deposits received	(1,139)	(952)
Other, net	141	334
Subtotal	(238)	4,859
Interest and dividends received	1	4
Interest paid	(32)	(49)
Income taxes refund (paid)	(876)	158
Net cash provided by (used in) operating activities	(1,146)	4,973

	For the Six Months ended September 30,2021	For the Six Months ended September 30,2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(24)	(57)
Purchase of intangible assets	(487)	(1,533)
Proceeds from maturity of insurance funds	230	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,955)	—
Purchase of shares of subsidiaries and associates	(1,188)	—
Net decrease (increase) in short-term loans receivable	54	(8)
Decrease (increase) in guarantee deposits	55	0
Other, net	19	6
Net cash provided by (used in) investing activities	(4,297)	(1,592)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(13)	116
Proceeds from long-term borrowings	630	—
Repayments of long-term borrowings	(2,051)	(1,884)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,658)	(982)
Dividends paid to non-controlling interests	(3)	(26)
Other, net	(15)	(10)
Net cash provided by (used in) financing activities	(4,111)	(2,787)
Effect of exchange rate change on cash and cash equivalents	14	25
Net increase (decrease) in cash and cash equivalents	(9,540)	618
Cash and cash equivalents at beginning of period	25,266	25,827
Cash and cash equivalents at end of period	15,726	26,445

UT Group Co., Ltd. (Code 2146): Summary of Consolidated Financial Statements for the Six Months of FY3/2023
(4) 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. For the Six-Month Period of FY3/2022 (from April 1, 2021 to September 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. For the Six-Month Period of FY3/2023 (from April 1, 2022 to September 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 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 second 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 this first 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

UT Group Co., Ltd. (Code 2146): Summary of Consolidated Financial Statements for the Six Months of FY3/2023 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 For the Six-Month Period of FY3/2022 (from April 1, 2021 to September 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	27,600	17,495	3,472	3,518	2,155	54,242	—	54,242
Contracting	7,271	3,280	2,300	296	1,106	14,256	—	14,256
Other	914	254	2,839	69	1	4,079	—	4,079
Revenue from contracts with customers	35,786	21,031	8,613	3,884	3,263	72,578	—	72,578
Sales to clients	35,786	21,031	8,613	3,884	3,263	72,578	—	72,578
Inter-segment sales or transfers	9	—	7	—	—	16	(16)	—
Total	35,796	21,031	8,620	3,884	3,263	72,595	(16)	72,578
Segment profit (loss)	2,488	(525)	(8)	331	4	2,289	(18)	2,271

Notes: (1) Adjustment to segment profit (loss) of -18 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

(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 Six-Month Period of FY3/2022.

II For the Six-Month Period of FY3/2023 (from April 1, 2022 to September 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	32,938	21,738	4,945	4,140	2,760	66,523	—	66,523
Contracting	7,180	2,817	4,277	271	1,526	16,073	—	16,073
Other	1,223	336	32	91	3	1,686	—	1,686
Revenue from contracts with customers	41,342	24,892	9,255	4,503	4,290	84,284	—	84,284
Sales to clients	41,342	24,892	9,255	4,503	4,290	84,284	—	84,284
Inter-segment sales or transfers	3	10	—	—	—	13	(13)	—
Total	41,345	24,903	9,255	4,503	4,290	84,298	(13)	84,284
Segment profit (loss)	5,328	895	65	487	80	6,857	(13)	6,844

Notes: (1) Adjustment to segment profit (loss) of -13 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 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 for the Six-Month Period of FY3/2022 was made using the reclassified segment basis.