

(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, 2024 (Japanese GAAP)

August 10, 2023

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, Executive Officer, General Affairs Division Manager
TEL: 03-5447-1710

Scheduled date of filing securities report: August 14, 2023

Schedule date of cash dividend payment: —

Supplemental material for the financial results provided: Yes (Uploaded on the Company's website on August 10, 2023)

Results briefing for the period under review provided: No (The briefing video will be uploaded on the Company's website on August 10, 2023)

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

1. Consolidated Results for the First Quarter of FY3/2024 (April 1, 2023 – June 30, 2023)

(1) Consolidated Earnings Results

(Percentages indicate year-on-year changes.)

	Sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of the parent
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen
1Q of FY3/2024	41,220	-0.8	3,248	-10.1	2,792	-16.4	2,753	-15.3	1,956
1Q of FY3/2023	41,567	18.0	3,614	129.8	3,341	165.7	3,249	156.7	2,105

(Note) Comprehensive income: 1Q of FY3/2024 2,012 million yen (-10.7%); 1Q of FY3/2023 2,253million yen (547.4%)

	Net profit per share	Net profit per share, diluted
	Yen	Yen
1Q of FY3/2024	48.57	45.56
1Q of FY3/2023	52.17	—

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1Q of FY3/2024	66,680	31,087	35.8
FY3/2023	71,630	29,928	31.8

(Reference) Equity capital: 1Q of FY3/2024 23,891 million yen; FY3/2023 22,752 million yen

2. Cash Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/2023	0.00	0.00	0.00	0.00	0.00
FY3/2024	0.00	—	—	—	—
FY3/2024 (Plan)	—	—	—	—	—

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

The dividend forecast for FY3/2024 is undecided.

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

(Percentages indicate year-over-year changes.)

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

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

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

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): 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: None
(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 FY3/2024 40,363,067 FY3/2023 40,363,067
(b) Number of treasury shares at the end of the period:
1Q of FY3/2024 288,084 FY3/2023 307
(c) Average number of shares outstanding during the period:
1Q of FY3/2024 40,274,954 1Q of FY3/2023 40,362,887

* 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 4 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, 2023.

1. Qualitative Information on Financial Results for Current First Quarter

(1) Overview of Results of Operations

In the first quarter of FY3/2024 (April 1, 2023 – June 30, 2023), Japan's economy was on a gradual recovery trend due to improvements in the employment environment and a pick-up in personal consumption against the backdrop of the reclassification of the COVID-19 as a Class 5 Infectious Disease in Japan. However, in the midst of prolonged geopolitical risks arising from Russia's invasion of Ukraine and ongoing global monetary tightening, continued close monitoring is required of the risk that a downturn in overseas economies will exert downward pressure on Japan's economy, of the rise of prices, and of the impact of changes in financial and capital policies.

As for the environment surrounding the Group, although demand for semiconductors is expected to increase over the medium to long term, reflecting the digitalization of society and the acceleration of efforts aimed at decarbonization worldwide, production activities at semiconductor manufacturing equipment (SME) makers and semiconductor makers have continued to stagnate since the beginning of autumn 2022 due to inventory adjustments and other factors. Meanwhile, automobile-related manufacturers' production activities are on a gradual recovery trend as the impact of the shortage of semiconductors and other components has eased.

With these circumstances in the background, UT Group made advances in materializing 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.

In the first half of FY3/2024, while continuing hiring activities in line with trends in human resource demand, UT Group will build a system that enables monthly mid-career hiring of 2,000 employees, will further improve the retention rate of technical employees, and will strengthen functions to improve their skills toward the second half of FY3/2024 when demand is expected to increase. By doing so, we will achieve the performance targets for the final year of the Medium-term Business Plan and accelerate UT Group's growth over the medium- to long-term.

In the first quarter of FY3/2024, amid stagnant demand for human resources, particularly for SME makers and semiconductor makers, UT Group strived to strengthen relationships with client companies in preparation for the future recovery in demand. In addition, we strengthened the Group's business foundation for achieving its performance targets for FY3/2025 by investing in ways such as strengthening new client development activities and improving hiring tools.

As a result, in the first quarter of FY3/2024, UT Group recorded net sales of 41,220 million yen (down 0.8% from 41,567 million yen in the first quarter of FY3/2023), EBITDA of 3,248 million yen (down 10.1% from 3,614 million yen), operating profit of 2,792 million yen (down 16.4% from 3,341 million yen), ordinary profit of 2,753 million yen (down 15.3% from 3,249 million yen), and profit attributable to owners of the parent of 1,956 million yen (down 7.1% from 2,105 million yen). The number of technical employees was 44,742 (down 1,393 from 46,135 a year ago).

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

The operating results of each business segment are summarized below.

(Manufacturing Business)

The Industrial and Commercial Machinery subsegment and the Electronics subsegment continued to be affected by inventory adjustments in semiconductors which began in the fall of 2022. In the Transportation Equipment subsegment, production activities of automobile-related manufacturers were recovering as the impact of the shortage of parts eased but some makers had production adjustment. As a result, overall demand for human resources remained sluggish and the Manufacturing Business Segment restrained its hiring activities. Under these circumstances, the segment worked to strengthen relationships with client companies in preparation for the future recovery in demand. As specific initiatives, the segment developed a "collaborative human resource development and dispatch model" to provide educational programs that enable inexperienced employees to acquire the necessary skills at an early stage, and to realize continuous workplace improvement, in close collaboration with client companies.

In order to provide optimal services for our client companies, dispatched workplaces of some clients belonging to a business subsidiary of the Manufacturing Business have been transferred to a business subsidiary of the Area Business. This has resulted in a move out of approximately 1,900 technical employees. For comparison information with past segment information regarding this matter, please refer to the supplemental material for the financial results ("Financial Results Briefing Material for the First Quarter of the Fiscal Year Ending March 2024" posted on the Company's website).

As a result, in the first quarter of FY3/2024, the segment recorded net sales of 16,818 million yen (down 18.0% from 20,512 million yen in the same period of the previous year) and segment profit of 2,125 million yen (down 16.2% from 2,536 million yen), while the number of technical employees was 11,526 (down 3,393 from 14,919 a year ago).

(Area Business)

In order to better respond to diverse needs of job applicants, the Area Business Segment strengthened "inside sales" and focused on developing clients and strengthening its sales base in each area. The segment also focused on making our existing client companies offer more diversified job openings and promoted hiring activities based on these efforts. And, as mentioned above, in order to provide the best service for each client company, we have transferred dispatched workplaces of some clients from the Manufacturing Business to the Area Business. This has resulted in a move in of approximately 1,900 technical employees.

As a result, in the first quarter of FY3/2024, the segment recorded net sales of 15,479 million yen (up 26.3% from 12,253 million yen in the same period of the previous year) and segment profit of 641 million yen (up 29.2% from 496 million yen), while the number of technical employees was 15,299 (up 2,753 from 12,546 a year ago).

(Solution Business)

In addition to actively making proposals aimed at acquiring new solution projects, the Solution Business strived to develop new client companies and contracting projects in which technical employees of a wide range of ages can be expected to play an active role. However, net sales decreased due to the termination of some subcontracting projects and other factors.

As a result, in the first quarter of FY3/2024, the segment recorded net sales of 4,496 million yen (down 1.9% from 4,583 million yen in the same period of the previous year) and segment profit of 7 million yen (down 51.5% from 15 million yen), while the number of technical employees was 3,265 (up 151 from 3,114 a year ago).

(Engineering Business)

184 new graduates who joined UT Group in April 2023 were assigned and engaged in active operations at an early stage. In light of strong demand trends for Construction Engineers and IT Engineers, the segment made more

aggressive efforts than usual to hire new graduates who will join UT Group in April 2024 and hiring-related expenses increased. In the field of Construction Engineers, 76 employees transferred to client companies during the first quarter of FY3/2024. This measure aims at strengthening relationships with client companies and supporting the career development of engineers.

As a result, in the first quarter of FY3/2024, the segment recorded net sales of 2,264 million yen (up 1.1% from 2,240 million yen in the same period of the previous year) and segment profit of 166 million yen (down 36.2% from 260 million yen), while the number of technical employees was 1,574 (1,574 a year ago).

(Overseas Business)

In the first quarter of FY3/2024, production activities in Vietnam's major export industries stagnated due to the impact of the global economic slowdown, while the segment was affected by the reaction to the "With Covid-19" policy and economic revitalization measures by the Vietnamese government in the previous year. Against this backdrop, the decrease in personnel demand, mainly by client companies in the manufacturing sector, resulted in a decline in the number of technical employees in the Overseas Business. Under such circumstances, the segment strived to acquire business opportunities not only in the production process industry, which had been its strengths, but also in the service industry and expanded its business areas from the southern region centered on Ho Chi Minh City, where the segment has had offices, to the northern region centering on Hanoi, and focused on acquiring contracts from Japanese companies.

In addition, as the total conditional consideration for the acquisition of shares of Green Speed Joint Stock Company in October 2020 was finalized, goodwill of 687 million yen was newly recorded from the first quarter of FY3/2024, and the goodwill amortization of 129 million yen corresponding to the period from the initial share acquisition date to the determination of the consideration for the acquisition was recorded at the determination date of acquisition price.

As a result, in the first quarter of FY3/2024, the segment recorded net sales of 2,168 million yen (up 9.2% from 1,986 million yen in the same period of the previous year) and segment loss of 144 million yen (profit of 40 million yen), while the number of technical employees was 13,078 (down 904 from 13,982 a year ago).

Please note that the Overseas Business recorded its results for the January-March 2023 period in the first quarter of FY3/2024 with a delay of three months because its settlement date was the last day of December.

(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 4,453 million yen from the end of the previous fiscal year to 51,330 million yen. This was mainly due to a decrease in cash and deposits by 5,788 million yen. Non-current assets amounted to 15,350 million yen, a decrease of 495 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,026 million yen in investment securities attributable to sale of J-CEP Co., Ltd. exceeding an increase of 687 million yen in goodwill attributable to the determination of the total amount of conditional consideration for the acquisition of shares of Green Speed Joint Stock Company.

As a result, total assets decreased by 4,949 million yen from the end of the previous fiscal year to 66,680 million yen.

(Liabilities)

Current liabilities at the end of the first quarter of the fiscal year decreased by 3,928 million yen from the end of the previous fiscal year to 23,975 million yen. This was mainly due to decreases of 3,506 in income taxes payable and accrued consumption taxes, and of 1,296 million yen in provision for bonuses by the payment of summer bonuses. Non-current liabilities amounted to 11,617 million yen, down 2,180 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,040 million yen in long-term borrowings.

In sum, total liabilities were 35,593 million yen, down 6,108 million yen from the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the current first quarter was 31,087 million yen, up 1,159 million yen from the end of the previous fiscal year. 1,956 million yen recorded as profit attributable to owners of the parent was more than offset by share buybacks of 820 million yen as shareholder returns.

As a result, the equity ratio was 35.8%, compared to 31.8% 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 FY3/2024 remain unchanged, as announced on May 15, 2023.

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

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	31,969	26,181
Notes and accounts receivable - trade	21,851	21,066
Merchandise and finished goods	13	14
Work in process	7	69
Raw materials and supplies	84	107
Other	1,992	4,050
Allowance for doubtful accounts	(133)	(160)
Total current assets	55,784	51,330
Non-current assets		
Property, plant and equipment	1,309	1,293
Intangible assets		
Goodwill	5,414	5,866
Leased assets	2	2
Software	1,935	2,020
Other	3,452	3,465
Total intangible assets	10,804	11,355
Investments and other assets		
Investment securities	1,033	7
Long-term loans receivable	11	10
Long-term prepaid expenses	169	153
Deferred tax assets	2,001	2,026
Other	516	510
Allowance for doubtful accounts	(1)	(7)
Total investments and other assets	3,731	2,701
Total non-current assets	15,846	15,350
Total assets	71,630	66,680

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	246	193
Short-term borrowings	403	890
Current portion of long-term borrowings	3,589	3,557
Accounts payable - other	1,783	1,473
Accrued expenses	8,879	9,036
Lease liabilities	10	10
Income taxes payable	4,112	1,388
Accrued consumption taxes	4,215	3,433
Provision for bonuses	2,558	1,261
Provision for bonuses for directors (and other officers)	77	22
Deposits received	1,897	2,657
Other	128	51
Total current liabilities	27,903	23,975
Non-current liabilities		
Long-term borrowings	12,400	10,360
Lease liabilities	17	15
Retirement benefit liability	772	692
Deferred tax liabilities	554	496
Other	53	53
Total non-current liabilities	13,798	11,617
Total liabilities	41,702	35,593
Net assets		
Shareholders' equity		
Share capital	686	686
Capital surplus	338	338
Retained earnings	21,430	23,386
Treasury shares	(0)	(821)
Total shareholders' equity	22,454	23,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustment	297	301
Total accumulated other comprehensive income	297	301
Share acquisition rights	6,161	6,161
Non-controlling interests	1,014	1,033
Total net assets	29,928	31,087
Total liabilities and net assets	71,630	66,680

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

(Million yen)

	For three months Ended June 30, 2022	For three months Ended June 30, 2023
Net sales	41,567	41,220
Cost of sales	33,594	33,498
Gross profit	7,972	7,722
Selling, general and administrative expenses	4,631	4,929
Operating profit	3,341	2,792
Non-operating income		
Interest income	0	1
Foreign exchange gains	19	—
Subsidies for employment adjustment	7	26
Dividend income of insurance	0	0
Refund income	12	—
Other	11	9
Total non-operating income	52	38
Non-operating expenses		
Interest expenses	24	35
Foreign exchange losses	—	33
Commission expenses	3	6
Share of loss of entities accounted for using equity method	47	—
Loss on valuation of derivatives	43	—
Other	24	2
Total non-operating expenses	143	76
Ordinary profit	3,249	2,753
Extraordinary income		
Gain on sale of non-current assets	—	0
Gain on sale of shares of subsidiaries and associates	—	528
Gain on reversal of share acquisition rights	0	—
Total extraordinary income	0	529
Extraordinary losses		
Loss on retirement of non-current assets	0	—
Loss on sale of non-current assets	3	0
Loss on termination of retirement benefit plan	—	13
Restructuring cost	67	—
Loss on COVID19	2	—
Total extraordinary losses	73	13
Profit before income taxes	3,176	3,269

	For three months Ended June 30, 2022	For three months Ended June 30, 2023
Income taxes	1,020	1,266
Profit	2,156	2,002
Profit attributable to non-controlling interests	50	46
Profit attributable to owners of parent	2,105	1,956

(Quarterly Consolidated Statements of Comprehensive Income)

(Million yen)

	For three months Ended June 30, 2022	For three months Ended June 30, 2023
Profit	2,156	2,002
Other comprehensive income		
Valuation difference on available-for-sale securities	—	0
Foreign currency translation adjustment	97	8
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	97	9
Comprehensive income	2,253	2,012
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,137	1,960
Comprehensive income attributable to non-controlling interests	116	51

(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 FY3/2023 (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

2. First quarter of FY3/2024 (from April 1, 2023 to June 30, 2023)

(1) Items concerning dividend

Not applicable

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

Based on the resolution of the Board of Directors' meeting held in May 2023, the Company acquired 287,700 shares of its common shares. As a result, including the repurchase of shares less than one unit, treasury shares increased by 820 million yen in the first quarter of FY3/2024, reaching 821 million yen at the end of the first quarter of FY3/2024.

(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.

(Segment Information)**I Previous 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	2,482	2,066	1,300	32,691	—	32,691
Contracting	3,554	1,590	2,079	126	684	8,034	—	8,034
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	2,536	496	15	260	40	3,350	(9)	3,341

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

(2) Segment profit 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

II Current first quarter of FY3/2024 (from April 1, 2023 to June 30, 2023)**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	13,177	14,145	2,467	2,034	1,693	33,517	—	33,517
Contracting	3,081	1,025	1,988	112	464	6,672	—	6,672
Other	558	304	38	117	10	1,030	—	1,030
Revenue from contracts with customers	16,817	15,475	4,494	2,264	2,168	41,220	—	41,220
Sales to clients	16,817	15,475	4,494	2,264	2,168	41,220	—	41,220
Inter-segment sales or transfers	0	4	2	—	—	6	(6)	—
Total	16,818	15,479	4,496	2,264	2,168	41,227	(6)	41,220
Segment profit (loss)	2,125	641	7	166	(144)	2,797	(4)	2,792

Notes: (1) Adjustment to segment profit (loss) of -4 million yen 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)**

In the Oversea Business segment, Goodwill was newly recorded due to the determination of the total amount of conditional consideration for the acquisition of shares of Green Speed Joint Stock Company in October 2020. And an increase of goodwill regarding this matter was 687 million yen in the first quarter of FY3/2024.