

August 5, 2020

UT Group Co., Ltd.

(Code number: 2146)

Consolidated Financial Results of the First Quarter of Fiscal 2020 Ending March 31, 2021

UT Group Reports Net Sales of 25.8 Billion Yen, an Increase of 0.4% Y-o-y

and Operating Profit of 1.8 Billion Yen, an Increase of 4.8% Y-o-y

Increased both sales and profit by minimizing the impact from some clients' suspended operations associated with the spread of the COVID-19

In the first quarter of fiscal 2020 Ending March 31, 2021 (FY3/2021), UT Group recorded net sales of 25.8 billion yen (up 0.4% from the same period of the previous fiscal year), EBITDA of 1.9 billion yen (up 7.8%), operating profit of 1.7 billion yen (up 6.4%), profit attributable to owners of the parent of 1.1 billion yen (up 282.1%) and EPS of 28.64 yen (up 281.9%). The number of technical employees at the end of the first quarter totaled 21,090 (up 2.2%).

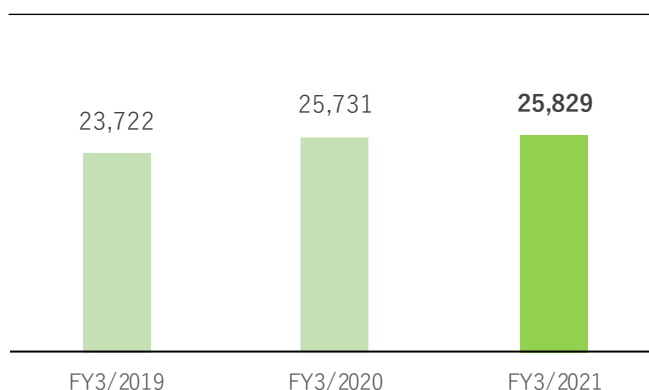
Due to the global spread of the novel coronavirus (COVID-19) and the resultant infection prevention measures taken by the government, UT Group's automotive-related sector experienced a rise in the clients' temporary suspension of operations and reduction in demand for dispatched workers, mainly due to disruption of supply chains and weaker demand for automobiles. This had the most significant impact on UT Group's mainstay Manufacturing Business, which recorded a decline in sales and profit. On the other hand,

Major indicators

(Million yen)	FY3/2019	FY3/2020	Y-O-Y
Net sales	25,731	25,829	0.4%
EBITDA	1,795	1,935	7.8%
Operating profit	1,657	1,763	6.4%
Net profit attributable to UT Group	302	1,156	282.1%
EPS (Yen)	7.50	28.64	281.9%
Number of technical employees (Persons)	20,640	21,090	2.2%

Net sales

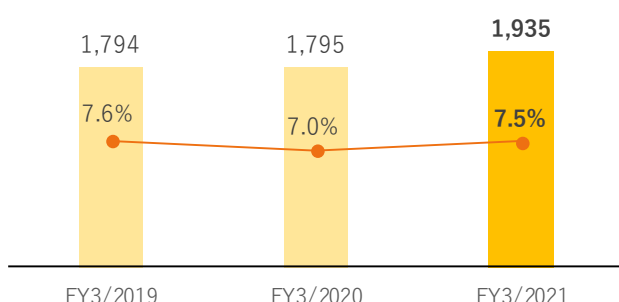
(Million yen)



EBITDA

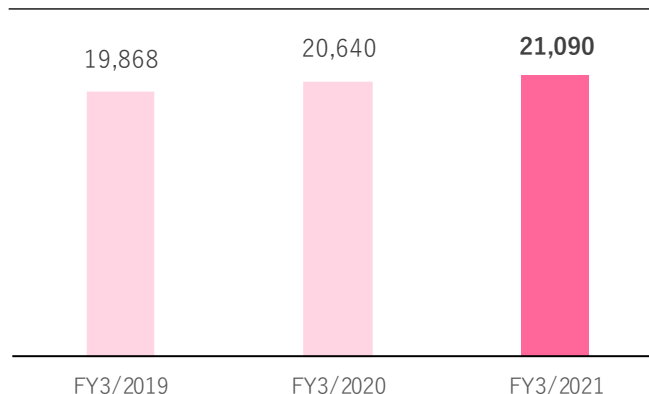
(Million yen)

EBITDA EBITDA margin



Number of technical employees

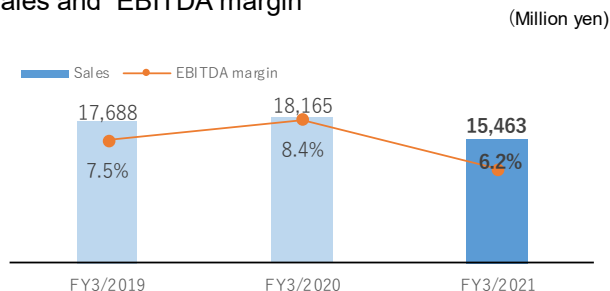
[Persons]



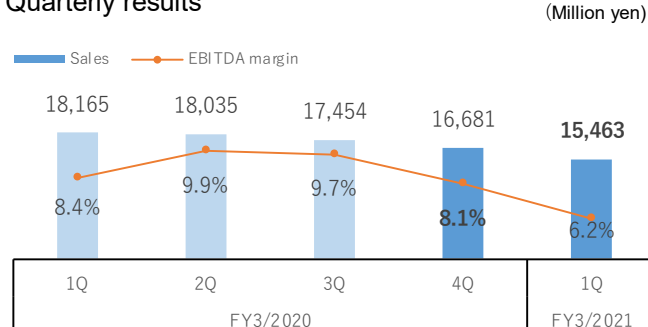
Results by Sector

Manufacturing Business

Sales and EBITDA margin



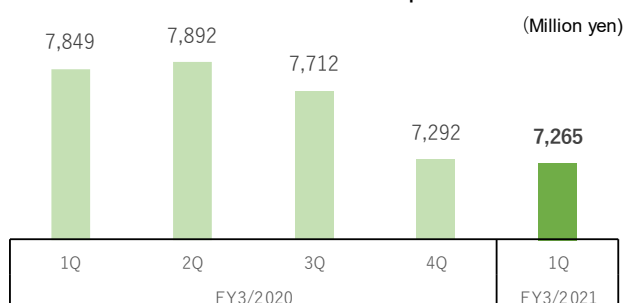
Quarterly results



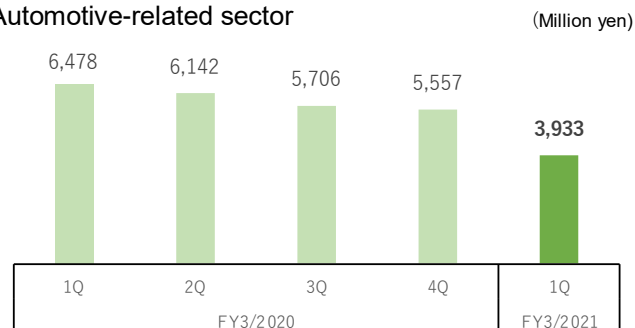
- The Manufacturing Business was greatly affected by the spread of COVID-19 and decreased sales y-o-y.
- Specifically, the automotive-related sector experienced a rise in some clients' temporary suspension of factory operations and reduction in demand for dispatched workers, mainly due to disruption of supply chains and weaker demand in automobiles. The automotive-related sector recorded a significant decrease in sales, a reversal from a year ago when demand was boosted prior to the consumption tax rate hike in October 2019 in Japan.
- The semiconductors and electronic components sector was less affected by temporary suspension of operations but demand for personnel was stagnant.
- Due to an uncertain outlook over the client factories' plans to increase workers, UT Group restrained hiring activities and reduced the number of technical employees.

Sales by sector

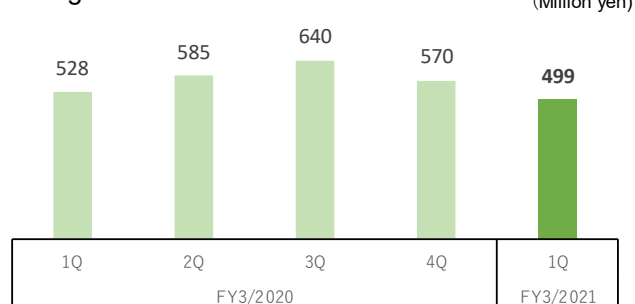
Semiconductors and electronic components sector



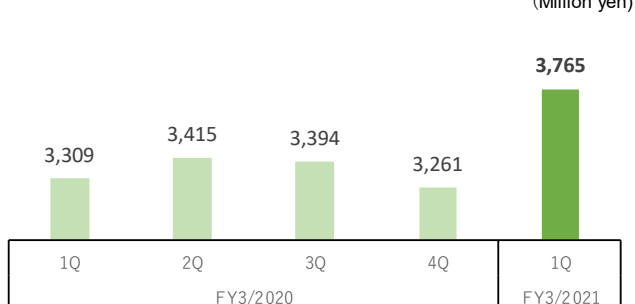
Automotive-related sector



Housing-related sectors



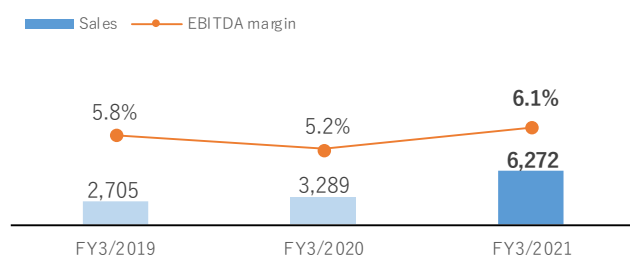
Other sectors



Solution Business

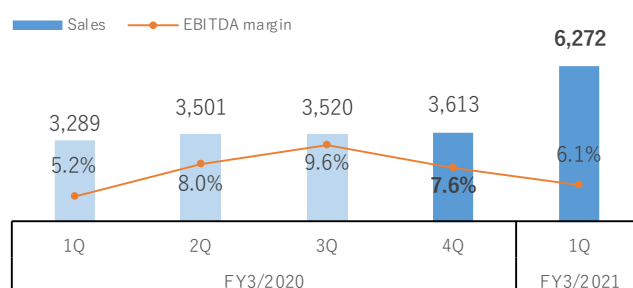
Sales and EBITDA margin

(Million yen)



Quarterly results

(Million yen)

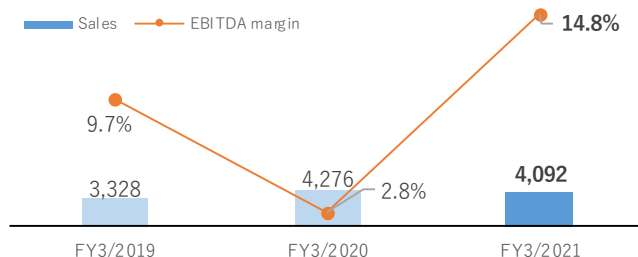


- Some client factories that manufacture automotive components, construction machinery, and other products temporarily suspended operation due to the impact of the spread of COVID-19.
- In addition to a rise in unit price, which corresponds to the same-labor, same-wage principle, three Toshiba Group companies became UT's consolidated subsidiaries in April, which significantly boosted sales and the

Engineering Business

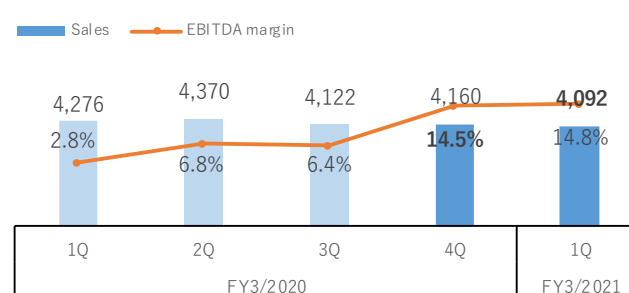
Sales and EBITDA margin

(Million yen)



Quarterly results

(Million yen)



- Demand for field engineers and equipment maintenance operators was solid mainly from clients in the manufacturing field. New hiring, however, was restrained following a business strategy review, resulting in a decline in sales and the number of technical employees.
- Due to reorganization of operating companies, the design and manufacturing engineer sector is collaborating with Manufacturing Business and enhancing capability to make proposals for business of field engineers and equipment maintenance, mainly to clients in the manufacturing industry.
- The software development engineer sector posted a decline in sales due to a sale of an operating company.
- Operating margin improved significantly, contributed by improvement in operating efficiency, driven by the reorganization of operating companies and improvement in operating rate, following a review of a support and placement system for new hires.

Outlook

From the second quarter of FY3/2021, production in the automotive-related sector is recovering, despite mixed conditions by clients. In the semiconductors and electronic components sector, UT Group anticipates an increase in production of the next-generation wireless communication standard 5G-related products, such as semiconductor production equipment, which have not been installed due to delay forced by the COVID-19 prevention measures.

In the meantime, the global economic outlook remains uncertain as the spread of COVID-19 continues worldwide with no sign of being contained and the deteriorating U.S.-China relationship is affecting even Europe as an international security risk. In Japan, the COVID-19 cases are re-emerging and its impact on the economic activities needs to be continually monitored. UT Group will continue to make utmost efforts in maintaining employment and to be prepared to promptly respond to clients' needs for personnel.

Other financial result-related documents are available on UT Group's website.

<https://www.ut-g.co.jp/ir/library/index.html>

End

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