



# Summary of Consolidated Financial Statements

## For the First Half of Fiscal Year Ending March 31, 2021

### (Japanese GAAP)

November 5, 2020

Listed company name: UT Group Co., Ltd.

Stock Exchange Listing: Tokyo

Code number: 2146

URL: <https://www.ut-q.co.jp>

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Scheduled date of filing securities report: November 6, 2020

Schedule date of cash dividend payment: —

Supplemental material for the financial results provided: Yes

(Uploaded on the Company's website on November 5, 2020)

Results briefing for the period under review provided: Yes

(for institutional investors and analysts to be held on November 9, 2020)

(Note) This English translation of the summary of the financial statement was prepared for reference only and conforms to the original Japanese version.

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

## 1. Consolidated Results for the First Half of FY3/2021 (April 1, 2020 – September 30, 2020)

### (1) Consolidated Earnings Results

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1H of FY3/2021	53,045	2.7	3,515	-9.0	3,567	-8.5	2,332	33.3
1H of FY3/2020	51,638	6.5	3,862	23.6	3,897	24.7	1,749	-14.2

(Note) Comprehensive income: 2Q of FY3/2021 2,346million yen (33.6%); 2Q of FY3/2020 1,756million yen (-14.5%)

	Net profit per share	Net profit per share, diluted
	Yen	Yen
1H of FY3/2021	57.80	—
1H of FY3/2020	43.36	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1H of FY3/2021	46,406	17,999	37.1
FY3/2020	36,308	15,023	41.0

(Reference) Equity capital: 1H of FY3/2021 17,227million yen; FY3/2020 14,894million yen

## 2. Cash Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/2020	0.00	0.00	0.00	0.00	0.00
FY3/2021	0.00	0.00			
FY3/2021 (Plan)			—	—	—

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

The dividend forecast for FY3/2021 is undecided.

## 3. Consolidated Forecasts for FY3/2021 (April 1, 2020 – March 31, 2021)

(Percentages indicate year-over-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	108,800	7.5	6,000	-25.4	6,000	-26.1	3,700	91.67

(Note) Revision of the earnings forecasts disclosed recently: Yes

### \* Notes

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

One new company: UT Toshiba Co., Ltd.

Note: While not applicable to “changes in significant subsidiaries,” TBLS Service Business Corporation (changed corporate name to UT Business Service Co., Ltd.), Toshiba Information System Products Incorporated (UT System Products, Co., Ltd.) , and Mito Engineering Service Co., Ltd. are included in scope of consolidation from the current fiscal year.

(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):			
2Q of FY3/ 2021	40,363,067	FY3/2020	40, 363,067
(b) Number of treasury shares at the end of the period:			
2Q of FY3/ 2021	154	FY3/2020	117
(c) Average number of shares outstanding during the period:			
2Q of FY3/ 2021	40,362,916	2Q of FY3/ 2020	40,362,980

\* 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 Quarterly Financial Results, (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 November 5, 2020.

## Attachments

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## 1. Qualitative Information on Financial Results for Current First Half

### (1) Overview of Results of Operations for Current First Half

In the first half of the FY3/2021 (from April 1, 2020, to September 30, 2020), Japan's economic activities resumed in stages since the government's lifting of a state of emergency on COVID-19 in late May. Partly due to effects of various government measures, the Japanese economy showed some signs of recovery but its outlook remained highly uncertain as people engaged in economic activities had to be mindful of the COVID-19 risk and there were downward risks in the overseas economy, which could be triggered by geopolitical risks. In that environment, Japan's jobs-to-applicants ratio has been on a downtrend and the domestic employment situation was extremely weak.

In terms of the environment surrounding UT Group, the number of temporarily-suspended clients' factories has decreased since the lifting of the emergency state, and in the automobile-related sector, which was most significantly affected by the global COVID-19 outbreak, there were signs of recovery in personnel demand, along with a recovery in production activities, driven by major automakers. The semiconductors and electronic components sector witnessed a certain level of personnel demand by foreseeing production growth in semiconductor manufacturing equipment and devices, driven by demand related to the next-generation wireless communication standard 5G. Nevertheless, the overall manufacturing activities remained weak and personnel demand did not fully recover.

In that environment, in May 2020 UT Group has formulated its Fourth Medium-term Business Plan for the period from the current FY3/2021 to FY3/2025. With a medium-term target of "creating a diversity & inclusion workstyle platform," the following three growth strategies have been devised: One-stop Strategy to provide personnel to large manufacturers; Area Platform Strategy; and Solution Strategy. In our core business of worker dispatch to large manufacturers, UT Group will enhance development of manufacturing engineers so as to expand its business domain and raise its share in all processes at client factories. In addition, the Company aims to strengthen and expand its business by establishing a stable employment environment in local workplaces via alliances with and M&As of local major companies. The Company further expands and strengthens its business base by supporting human resources mobilization of large corporate groups.

In the first half of FY3/2021, client companies' production activities gradually recovered but a full recovery in personnel demand is expected to require a certain length of time. UT Group therefore strived to strengthen its relationships with clients in order to protect the employment and workplaces, and focused on the business infrastructure enhancement, which included activities to make proposals to clients and establishment of a hiring base by area, so as to be better prepared for a full personnel recovery. As a part of support for personnel mobilization, based on its above-mentioned growth strategy, UT Group consolidated Mito Engineering Service Co., Ltd. as a subsidiary in July 2020. Mito was a Hitachi, Ltd. group company, engaged in manufacturing outsourcing and dispatch of design engineers for elevators and escalators.

As a result, in the first half of FY3/2021, UT Group recorded net sales of 53,045 million yen (up 2.7% from 51,638 million yen year-on-year), operating profit of 3,515 million yen (down 9.0% from 3,862 million yen), ordinary profit of 3,567 million yen (down 8.5% from 3,897 million yen), and profit attributable to owners of the parent of 2,332 million yen (up 33.3% from 1,749 million yen). The number of technical employees was 20,985 (up 683 from 20,302 a year ago).

### (Manufacturing Business)

In the Manufacturing Business, personnel demand was robust in the semiconductors and electronic component sector thanks to an increase in demand related to the next-generation wireless communication standard 5G and telework. In the meantime, the automobile-related sector was most significantly affected by the impact of the COVID-19 outbreak. However, many clients' temporary suspension of factory operation or reduction in the number of dispatched workers came to a halt and there were signs of a recovery in personnel demand associated with a recovery in production activities. Nevertheless, as the overall manufacturing activities had not fully returned, UT Group restrained hiring activities, which

resulted in a decline in the number of technical employees. The Company recorded a year-on-year decrease in sales due to a significant negative impact from the automotive sector, which experienced a complete change from the first half of FY3/2020 when an increase in automobile demand prior to the October 2019 consumption tax rate hike substantially boosted personnel demand.

As a result, in the first half of FY3/2021, the segment recorded net sales of 31,152 million yen (down 14.2% from 36,309 million yen year-on-year) and segment profit of 1,741 million yen (down 44.0% from 3,111 million yen), while the number of technical employees was 13,973 (down 701 from 14,674 a year ago).

### **(Solution Business)**

In the Solution Business, while some workplaces were affected by the COVID-19 outbreak, the overall segment increased the number of technical employees and net sales year-on-year, driven mainly by UT Pabec, specialized in battery manufacturing, in addition to an increase in unit price, associated with adherence to the principle of equal pay for equal work. Moreover, UT Business Service Co., Ltd., UT System Products Co., Ltd. and UT Toshiba Co., Ltd., all of which are group companies of Toshiba Corporation, became a newly consolidated subsidiary of UT Group on April 1, 2020, Mito Engineering Service Co., Ltd. became a newly consolidated subsidiary of UT Group on July 1, 2020, contributing to growth in the segment sales and profit.

As a result, in the first half, the segment recorded net sales of 13,808 million yen (up 103.3% from 6,792 million yen year-on-year), segment profit of 606 million yen (up 38.5% from 437 million yen), and the number of technical employees of 4,403 (up 1,601 from 2,802 a year ago).

### **(Engineering Business)**

In the Engineering Business, demand for field engineers and equipment maintenance operators was solid mainly from clients in the manufacturing field. However, due to the business strategy review, UT Group sold all shares of its consolidated subsidiary Lei Hau'oli on January 29, 2020, which led to a decline in sales. In the meantime, operating efficiency improved significantly, driven by the reorganization of operating companies and a review of a support and placement system for new hires. This contributed to a significant increase in segment profit.

As a result, in the first half, the segment recorded net sales of 8,138 million yen (down 5.9% from 8,646 million yen year-on-year) and segment profit of 1,174 million yen (up 234.6% from 351 million yen), while the number of technical employees was 2,609 (down 217 from 2,826 a year ago).

## **(2) Overview of Financial Position for Current First Half**

### **1) Overview of assets, liabilities, and net assets**

#### **(Assets)**

Current assets as of the end of the current first half of the fiscal year increased by 9,418 million yen from the end of the previous fiscal year to 41,359 million yen. This was mainly due to a 7,959 million yen increase in cash and deposits and a 1,427 million yen increase in notes and accounts receivable - trade. Non-current assets increased by 679 million yen to 5,046 million yen, mainly due to increases of 249 million yen in goodwill and 373 million yen in deferred tax assets. As a result, total assets increased by 10,097 million yen from the end of the previous fiscal year to 46,406 million yen.

#### **(Liabilities)**

Current liabilities as of the end of the first half increased by 3,470 million yen from the end of the previous fiscal year to 17,747 million yen. This was mainly due to increases of 1,844 million yen in notes and accounts payable - trade and 1,089 million yen in income taxes payable. Non-current liabilities amounted to 10,660 million yen, up 3,652 million yen,

mainly due to a 3,067 million yen increase in long-term loans payable.

In sum, total liabilities were 28,407 million yen, up 7,122 million yen from the end of the previous fiscal year.

**(Net assets)**

Net assets as of the end of the first half were 17,999 million yen, up 2,975 million yen from the end of the previous fiscal year. This was mainly contributed by profit attributable to owners of the parent of 2,332 million yen and share acquisition rights of 603 million yen.

As a result, the equity ratio was 37.1%, compared to 41.0% at the end of the previous fiscal year.

**2) Overview of cash flows**

Cash and cash equivalents at the end of the current first half of FY3/2021 were 26,374 million yen (up 7,959 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 flow from operating activities)**

Cash flow provided by operating activities amounted to 2,868 million yen (compared to 195 million yen used in the first half of the previous fiscal year). This was mainly attributable to a decrease of 888 million yen in deposits received, despite the recording of net profit before income taxes and other adjustments of 3,561 million yen.

**(Cash flow from investing activities)**

Cash flow provided by investing activities was 753 million yen (compared to 135 million yen used in the first half of the previous fiscal year), mainly due to 1,079 million yen proceeds in purchase of shares of subsidiaries resulting in change in scope of consolidation, despite 289 million yen payment in purchase of shares of subsidiaries resulting in change in scope of consolidation.

**(Cash flow from financing activities)**

Cash flow provided by financing activities totaled 4,336 million yen (compared to 3,384 million yen used in the first half of the previous fiscal year), mainly due to 5,000 million yen in proceeds from long-term loans payable and 603 million yen in share acquisition rights, despite 1,261 million yen in repayments of long-term loans payable.

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

UT Group's consolidated earnings forecasts for FY3/2021 (from April 1, 2020 to March 31, 2021), announced on May 8, 2020, have been revised upward, given consideration to the recent business situation. Please see the "Notice Concerning Revised Earnings Forecasts" disclosed today for details.

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

(Million yen)

	End of FY3/2020 (As of March 31, 2020)	End of first half of FY3/2021 (As of September 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	18,415	26,374
Notes and accounts receivable - trade	12,342	13,769
Merchandise and products	—	136
Work in process	—	11
Raw materials and supplies	3	4
Other	1,230	1,124
Allowance for doubtful accounts	(49)	(60)
Total current assets	31,941	41,359
Non-current assets		
Property, plant and equipment	282	303
Intangible assets		
Goodwill	1,598	1,848
Lease assets	11	11
Software	622	632
Other	308	291
Total intangible assets	2,541	2,784
Investments and other assets		
Investment securities	6	6
Long-term loans receivable	6	40
Long-term prepaid expenses	1	1
Deferred tax assets	1,066	1,440
Other	518	526
Allowance for doubtful accounts	(55)	(57)
Total investments and other assets	1,543	1,958
Total non-current assets	4,366	5,046
Total assets	36,308	46,406

(Million yen)

	End of FY3/2020 (As of March 31, 2020)	End of first half of FY3/2021 (As of September 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	—	1,844
Short-term loans payable	250	250
Current portion of long-term loans payable	1,785	2,456
Accounts payable	800	858
Accrued expenses	5,353	5,794
Lease obligations	3	2
Income taxes payable	264	1,353
Accrued consumption taxes	2,245	1,738
Provision for bonuses	1,270	1,825
Provision for directors' bonuses	36	202
Deposits received	2,208	1,371
Other	58	50
<b>Total current liabilities</b>	<b>14,277</b>	<b>17,747</b>
Non-current liabilities		
Long-term loans payable	6,742	9,809
Lease obligations	8	17
Net defined benefit liability	151	704
Deferred tax liability	68	74
Other	38	52
<b>Total non-current liabilities</b>	<b>7,088</b>	<b>10,660</b>
<b>Total liabilities</b>	<b>21,285</b>	<b>28,407</b>
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	686	686
Capital surplus	422	422
Retained earnings	13,791	16,124
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>14,900</b>	<b>17,232</b>
Accumulated other comprehensive income		
Valuation difference on other securities	—	0
Remeasurements of defined benefit plans	(5)	(5)
<b>Total accumulated other comprehensive income</b>	<b>(5)</b>	<b>(5)</b>
<b>Share acquisition rights</b>	<b>—</b>	<b>603</b>

Non-controlling interests	129	167
Total net assets	15,023	17,999
Total liabilities and net assets	36,308	46,406

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

(Million yen)

	2Q of FY3/2020 (April 1, 2019 - September 30, 2019)	2Q of FY3/2021 (April 1, 2020 - September 30, 2020)
Net sales	51,638	53,045
Cost of sales	41,655	43,399
Gross profit	9,982	9,645
Selling, general and administrative expenses	6,119	6,130
Operating profit	3,862	3,515
Non-operating income		
Interest income	0	0
Insurance bonus	—	19
Subsidies for employment adjustment	50	51
Other	4	14
Total non-operating income	55	86
Non-operating expenses		
Interest expenses	14	21
Commission fee	3	4
Other	3	8
Total non-operating expenses	20	33
Ordinary profit	3,897	3,567
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Loss on retirement of non-current assets	—	4
Expenses related to reorganization	—	1
25 <sup>th</sup> anniversary expenses	70	—
One-off cost due to the change in the ESOP-type Stock Benefit Trust Plan	1,180	—
Total extraordinary losses	1,251	6
Net profit before income taxes and other adjustments	2,646	3,561
Income taxes	889	1,215
Net profit	1,756	2,346
Net profit attributable to non-controlling interests	6	13
Net profit attributable to owners of the parent	1,749	2,332

**(Quarterly Consolidated Statements of Comprehensive Income)**

(Million yen)

	2Q of FY3/2020 (April 1, 2019 - September 30, 2019)	2Q of FY3/2021 (April 1, 2020 - September 30, 2020)
Net profit	1,756	2,346
Other comprehensive income		
Valuation difference on other securities	—	0
Adjustment related to retirement benefits	0	0
Total other comprehensive income	0	0
Comprehensive income	1,756	2,346
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,750	2,333
Comprehensive income attributable to non-controlling interests	6	13

**(3) Quarterly Consolidated Statements of Cash Flows**

(Million yen)

	2Q of FY3/2020 (April 1, 2019 - September 30, 2019)	2Q of FY3/2021 (April 1, 2020 - September 30, 2020)
Cash flow from operating activities		
Profit before income taxes and other adjustments	2,646	3,561
Depreciation	120	158
Goodwill amortization	156	196
Commission paid	3	4
Increase (decrease) in allowance for doubtful accounts	17	10
Increase (decrease) in provision for bonus	137	278
Increase (decrease) in provision for directors' bonus	(257)	134
Interest income and dividend income	(0)	(0)
Interest expenses	14	21
Loss on disposal of fixed assets	—	4
Decrease (increase) in accounts receivable	163	892
Decrease (increase) in prepaid expenses	135	148
Decrease (increase) in inventories	(1)	(83)
Decrease (increase) in long-term prepaid expenses	1,227	—
Increase (decrease) in trade payable	—	(873)
Increase (decrease) in accrued consumption taxes	(1,021)	(664)
Increase (decrease) in accounts payable - other	90	(150)
Increase (decrease) in accrued expenses	(875)	277
Increase (decrease) in deposits received	(1,345)	(888)
Other	96	80
Subtotal	1,307	3,108
Interest and dividends received	0	0
Interest paid	(14)	(22)
Income taxes paid	(1,489)	(217)
Cash flow provided by (used in) operating activities	(195)	2,868

(Million yen)

	2Q of FY3/2020 (April 1, 2019 - September 30, 2019)	2Q of FY3/2021 (April 1, 2020 - September 30, 2020)
Cash flow from Investing activities		
Purchase of property, plant and equipment	(4)	(20)
Purchase of intangible assets	(140)	(41)
payment in purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(289)
proceeds in purchase of shares of subsidiaries resulting in change in scope of consolidation	—	1,079
Net decrease (increase) in loans receivable	7	(0)
Net decrease (increase) in guarantee deposits	(5)	21
Other	8	4
Net cash provided by (used in) investing activities	(135)	753
Cash flows from financing activities		
Proceeds from long-term loans payable	—	5,000
Payments of long-term loans payable	(883)	(1,261)
Proceeds from issuance of share acquisition rights	—	603
Purchase of treasury shares	(0)	(0)
Payment of dividends	(2,487)	(1)
Payment of dividends to non-controlling interests	(11)	—
Other	(3)	(4)
Net cash provided by (used in) financing activities	(3,384)	4,336
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	(3,715)	7,959
Cash and cash equivalents at beginning of period	14,990	18,415
Cash and cash equivalents at end of period	11,275	26,374

**(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. Previous second quarter of FY3/2020 (from April 1, 2019, to September 30, 2019)

(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, held on May 9, 2019	Common stock	2,499	61.93	March 31, 2019	June 24, 2019	Retained earnings

Note: The dividend per share is comprised of 36.93 yen in ordinary dividend and 25.00 yen in commemorative dividend.

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

Not applicable

2. Current second quarter of FY3/2021 (from April 1, 2020, to September 30, 2020)

(1) Items concerning dividend

Not applicable

(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)**

Tax expenses are calculated by multiplying net pre-tax profits for the quarter by the estimated effective tax rate. Note that the "estimated effective tax rate" is a reasonable estimation of the effective tax rate after tax effect accounting has been applied to pre-tax net profits for the consolidated fiscal year, including the current quarter.

Note that in the absence of any significant rationality for calculating tax expenses using an estimated effective tax rate, the expenses should be calculated by using the statutory effective tax rate.

**(Segment Information, etc.)****[Segment Information]****I Previous second quarter of FY3/2020 (from April 1, 2019 to September 30, 2019)**

## 1. Sales and profit (loss) by segment

(Million yen)

	Reportable Business Segments				Adjustment amount <sup>1</sup>	Amounts on the consolidated statements <sup>2</sup>
	Manufacturing Business	Solution Business	Engineering Business	Total		
Sales						
Sales to clients	36,200	6,791	8,646	51,638	—	51,638
Inter-segment sales or transfers	108	1	—	110	(110)	—
Total	36,309	6,792	8,646	51,749	(110)	51,638
Segment profit (loss)	3,111	437	351	3,899	(37)	3,862

Notes: (1) Adjustment to segment profit (loss) of -37 million is elimination of inter-segment transactions.

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

## 2. Impaired loss on fixed assets or goodwill by segment

Not applicable

**II Current second quarter of FY3/2021 (from April 1, 2020 to September 30, 2020)**

## 1. Sales and profit (loss) by segment

(Million yen)

	Reportable Business Segments				Adjustment amount <sup>1</sup>	Amounts on the consolidated statements <sup>2</sup>
	Manufacturing Business	Solution Business	Engineering Business	Total		
Sales						
Sales to clients	31,099	13,807	8,138	53,045	—	53,045
Inter-segment sales or transfers	53	0	—	54	(54)	—
Total	31,152	13,808	8,138	53,099	(54)	53,045
Segment profit (loss)	1,741	606	1,174	3,522	(7)	3,515

Notes: (1) Adjustment to segment profit (loss) of -7 million is elimination of inter-segment transactions.

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

## 2. Impaired loss on fixed assets or goodwill by segment

(Significant change in the amount of goodwill)

The Solution Business acquired all shares of TBLS Service Business Corporation and Toshiba Information System

Products Incorporated and 80% of shares of Toshiba Office Mate Co., Ltd. on April 1, 2020 and they have been included in the scope of consolidation. This has increased goodwill by 387 million yen in the Second quarter of FY3/2021. In addition, on July 1, 2020, all shares of Mito Engineering Service Co., Ltd. were acquired and included in the scope of consolidation. As a result, goodwill increased by 58 million yen in the second quarter of FY3/2021.

### (Significant Subsequent Events)

#### Business Combination by Acquisition

##### 1. Green Speed Joint Stock Company

At the Board of Directors' meeting of UT Group Co., Ltd. held February 14, 2020, a resolution was made for UT Group to acquire 51% of shares of Green Speed Joint Stock Company, which fully owned Green Speed Co., Ltd. and Hoang Nhan Co., Ltd. The shares were acquired on October 22, 2020.

##### (1) Summary of business combination

###### 1) Name and business of the acquired company

Name of an acquired company	Green Speed Joint Stock Company
Business	Management of subsidiaries; personnel dispatch and outsourcing service business

###### Names and businesses of subsidiaries of the acquired company

Name of subsidiaries of an acquired company	Green Speed Co., Ltd.	Hoang Nhan Co., Ltd.
Business	Personnel dispatch and outsourcing service business	Personnel dispatch business

##### 2) Purpose of the acquisition of shares

Japanese, Korean, and other foreign companies are entering Vietnam as a manufacturing base to replace China. Investment into Vietnam is expected to accelerate, being affected by a surge in personnel cost in China, the U.S.-China trade friction, and other reasons.

Green Speed Co., Ltd. dispatches over 15,000 workers to manufacturers and other companies in Vietnam. It has a strong hiring capability, using its 30 hiring bases in the country. Hoang Nhan Co., Ltd. is also engaged in personnel dispatch business. Both companies are ahead of its competitors in putting focus on employees' development and career advancement and have some similarity to UT Group's basic concept concerning its employees.

In the meantime, UT Group is conducting a management agency business for foreign technical interns to work in manufacturing plants in Japan. This business mainly targets Vietnamese interns. It is important to ensure consistency to these interns' careers after their completion of the intern program and return to their home country. Through alliance with Green Speed and Hoang Nhan, which have many workplaces in Vietnam, UT Group will be able to secure jobs for the interns before their return to the country. Believing this arrangement will contribute to further creation of corporate value for UT Group, we acquired shares of Green Speed Joint Stock Company, a wholly shareholding company of Green Speed and Hoang Nhan.

3) Date of business combination

October 22, 2020

4) Legal form of business combination

Share acquisition with cash as consideration

5) Company names after business combination

No change

6) Percentage of voting rights acquired

51%

7) Primary basis for determining the acquired companies

It is because UT Group acquired shares of the company by using cash.

(2) Acquisition cost and breakdown by the type of considerations

Consideration for acquisition    Cash and deposits:    259,626 million Vietnamese Dong

Acquisition cost:    259,626 million Vietnamese Dong

Note: The acquisition value has yet been fixed as the payment amount can be 378,930 million Vietnamese Dong at maximum, depending on the extent of achievement in operating performance. In the case additional payment for the acquisition is generated, the acquisition cost will be revised and considered to be paid at the time of acquisition and the amount of goodwill and the amortization amount of goodwill will be revised.

(3) Major expenses and their amount related to the acquisition

They have yet been fixed.

(4) Amount of goodwill, its reasons, and amortization method and period

They have yet been fixed.

(5) Amounts and breakdown of assets acquired and liabilities assumed at the time of business combination

They have yet been fixed.

2. Seekel Holdings Co., Ltd.

At the Board of Directors' meeting of UT Group Co., Ltd. held November 5, 2020, a resolution was made for UT Group to acquire all shares of Seekel Holdings Co., Ltd.

(1) Summary of business combination

1) Name and business of the acquired company

Name of an acquired company	Seekel Holdings Co., Ltd.
Business	Management of subsidiaries

Name and business of a subsidiary of the acquired company

Name of subsidiaries of an acquired company	Seekel Co., Ltd.
Business	Personnel dispatch and outsourcing service business

## 2) Purpose of the acquisition of shares

Seekel Co., Ltd., a core company of Seekel Holdings, is a personnel dispatch company with 30 years in history and six bases in Ibaraki Prefecture. The company dispatches about 1,000 workers mainly to housing equipment, semiconductor, home appliances and office equipment, automotive, and other manufacturers. It has long provided community-based high-quality services to satisfy local personnel demand.

Within the UT Group, UTHP Co., Ltd. and Mito Engineering Service Co., Ltd. are based in Ibaraki Prefecture and have established strong relationships mainly with the Hitachi Group companies in a local industrial concentrated industrial cluster of major manufacturers. By adding Seekel Holdings' sales base and client base to UT Group's existing local business base, we believe we can further expand our local business base as well as our career platform. We have therefore made a resolution to acquire shares of Seekel Holdings.

### 3) Date of business combination

November 30, 2020 (plan)

#### 4) Legal form of business combination

### Share acquisition with cash as consideration

5) Company names after business combination

No change

## 6) Percentage of voting rights acquired

100%

## 7) Primary basis for determining the acquired companies

It is because UT Group acquired shares of the company by using cash.

(2) Acquisition cost and breakdown by the type of considerations

Consideration for acquisition      Cash and deposits: 1,700 million yen

Acquisition cost: 1,700 million yen

(3) Major expenses and their amount related to the acquisition

They have yet been fixed.

(4) Amount of goodwill, its reasons, and amortization method and period

They have yet been fixed.

(5) Amounts and breakdown of assets acquired and liabilities assumed at the time of business combination

They have yet been fixed.