

(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, 2022 (Japanese GAAP)

November 5, 2021

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, Division Manager, General Affairs Division

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Scheduled date of filing securities report: November 8, 2021

Schedule date of cash dividend payment: —

Supplemental material for the financial results provided: Yes (Uploaded on the Company's website on November 5, 2021)

Results briefing for the period under review provided: Yes (for institutional investors and analysts to be held on November 8, 2021)

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

1. Consolidated Results for the Six Months Ended September 30, 2021 (April 1, 2021 – September 30, 2021)

(1) Consolidated Earnings Results

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
Six Months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2021	72,578	36.8	2,271	-35.4	2,262	-36.6	710	-69.6
September 30, 2020	53,045	2.7	3,515	-9.0	3,567	-8.5	2,332	33.3

(Note) Comprehensive income: Six Months ended September 30, 2021: 908 million yen (-61.3%)

Six Months ended September 30, 2020: 2,346million yen (33.6%)

	Net profit per share	Net profit per share, diluted
Six Months ended	Yen	Yen
September 30, 2021	17.60	—
September 30, 2020	57.80	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2021	50,200	18,439	34.3
March 31, 2021	52,666	20,198	36.2

(Reference) Equity capital: As of September 30, 2021: 17,234 million yen

As of March 31, 2021 : 19,087 million yen

2. Cash Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/2021	0.00	0.00	0.00	66.00	66.00
FY3/2022	0.00	0.00			
FY3/2022 (Plan)			—	—	—

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

The dividend forecast for FY3/2022 is undecided.

3. Consolidated Forecasts for FY3/2022 (April 1, 2021 – March 31, 2022)

(Percentages indicate year-over-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	Profit per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
	160,000	39.0	6,000	-16.2	6,000	-16.6	3,400	-20.9
								84.24

(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: Progress Group Co., Ltd.

Note: While not applicable to “Changes in significant subsidiaries,” Progress Co., Ltd. has been included in scope of consolidation since the first quarter of 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: | 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 FY3/2022: 40,363,067

FY3/2021: 40,363,067

(b) Number of treasury shares at the end of the period:

2Q of FY3/2022: 180

FY3/2021: 154

(c) Average number of shares outstanding during the period:

2Q of FY3/2022: 40,362,890

2Q of FY3/2021: 40,362,916

* 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.

1. Qualitative Information on Quarterly Financial Results

(1) Analysis of Operating Results

In the first half of the FY3/2022 (April 1, 2021 - September 30, 2021), Japan's economy remained severe due to the prolonged spread of COVID-19 and, despite some signs of pickup in economic activity, the COVID-19 situation in Japan and overseas and its impact concerning supply chains continued to require close monitoring. Industrial production was temporarily slumped, particularly in the automobile industry. However, the employment situation showed solid progress in job offers, mainly in the manufacturing sector, and the jobs-to-applicants ratio in the production process increased to 1.69 times in September.

Concerning the environment surrounding UT Group, in the automotive-related sector, some major automobile manufacturers made production adjustments due to a shortage of materials and components, caused by the lockdown in some ASEAN countries. However, personnel demand was not affected as demand for finished vehicles remained strong and the production normalization at an early stage is expected. Meanwhile, in the semiconductor and electronics components sector, production of semiconductor manufacturing equipment and devices is expanding due to an increase in demand for semiconductors for automobiles and demand related to the next-generation wire communication standard 5G, and the global shortage of semiconductors worldwide further accelerated, leading to a tight semiconductor supply and demand. Semiconductor manufacturing equipment manufacturers and semiconductor manufacturers strived to rapidly boost their production capacity, which resulted in a robust demand for personnel.

Under these circumstances, UT Group has been advancing its Fourth Medium-term Business Plan (FY3/2021 - FY3/2025), announced on May 20, 2020. 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 manufacturing engineers so as to expand its business domain and 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 build a career platform covering each area. The Company further expands and strengthens its business base by supporting personnel mobilization of large corporate groups.

In the current second quarter of FY3/2022, the Company continued aggressive hiring activities as in the first quarter, hiring 4,655 employees, a record-high number in quarterly new hires, and significantly increased both the number of technical employees and sales. In May 2021, the Company acquired all shares of Progress Group, Inc., which fully owns Progress Co., Ltd., and of SURI-EMU Corp, which fully owns SURI-EMU Chubu Co., Ltd., SURI-EMU Tokai Co., Ltd. and SURI-EMU Staff Co., Ltd. These companies are local worker dispatch companies mainly in Aichi Prefecture. They have become consolidated subsidiaries of UT Group and contributed to its sales growth. On the profit side, however, a decline in profit was caused by a one-off increase in hiring-related expenses, as hiring activities were strengthened to accelerate sales growth.

As a result, in the first half of FY3/2022, UT Group recorded net sales of 72,578 million yen (up 36.8% year-on-year from 53,045 million yen), operating profit of 2,271 million yen (down 35.4% from 3,515 million yen), ordinary profit of 2,262 million yen (down 36.6% from 3,567 million yen), and profit attributable to owners of the parent of 710 million yen (down 69.6% from 2,332 million yen). The number of technical employees was 41,176 (up 20,985 from 20,191 a year ago).

The operating results of each business segment are summarized as follows:

(Manufacturing Business)

In the Manufacturing Business, the order acquiring situation was favorable as major automobile manufacturers are expected to normalize their production at an early stage from production adjustments that occurred mainly in September-October 2021, and personnel demand continued to be strong in the semiconductor and electronic component-related sector. In order to respond quickly to the strong personnel demand of client companies, the segment carried out aggressive hiring activities and greatly increased the number of technical employees. In addition, with the aim of deepening and expanding the area career platforms, six companies of two local worker dispatch groups, centered in Aichi Prefecture, became UT Group's consolidated subsidiaries. At the end of May 2021, UT Group acquired all shares of Progress Group, Inc., which fully owned Progress Co., Ltd., and of SURI-EMU Corp, which fully owned SURI-EMU Chubu Co., Ltd., SURI-EMU Tokai Co., Ltd. and SURI-EMU Staff Co., Ltd. These acquisitions contributed to an increase in sales.

On the cost side, SG&A expenses increased due to the strategic investment in hiring-related expenses and an increase in personnel expenses associated with the new consolidation.

As a result, in the first half of FY3/2022, the segment recorded net sales of 48,777 million yen (up 56.6% year-on-year from 31,152 million yen) and segment profit of 652 million yen (down 62.5% from 1,741 million yen), and the number of technical employees was 33,690 (up 19,717 from 13,973 a year ago). Excluding Green Speed Joint Stock Company, Green Speed Co., Ltd., and Hoang Nhan Company Limited, which were newly consolidated subsidiaries in the fourth quarter of FY3/2021, the domestic segment recorded net sales of 45,514 million yen (up 46.1% from 31,152 million yen) and segment profit of 659 million yen (down 62.2% from 1,741 million yen) while the number of technical employees was 21,234 (up 7,261 from 13,973).

(Solution Business)

In the Solution Business, both the number of technical employees and sales increased as a result of the efforts to support personnel mobilization of major companies. Since July 2021, UT Group started to receive In-house Solutions® (full-time employee transfer-type contract) projects from major corporate groups, which led to an increase in sales. Meanwhile, hiring-related expenses increased due to the strengthening of hiring of technical employees in line with the firm growth in personnel demand, despite some impacts from a shortage of semiconductors and an insufficient procurement of materials and components.

As a result, in the first half of FY3/2022, the segment recorded net sales of 15,488 million yen (up 12.2% year-on-year from 13,808 million yen), segment profit of 476 million yen (down 21.5% from 606 million yen), and the number of employees of 4,791 (up 388 from 4,403 a year ago).

(Engineering Business)

In the Engineering Business, mainly leading semiconductor manufacturing equipment manufacturers and semiconductor manufacturers increased demand for field engineers. UT Group resumed the "One UT" program that supports career change from manufacturing operator to engineer, which had been difficult to operate due to the spread of COVID-19 in the previous fiscal year. In addition, the fourth "Technology Skill Development Center," a specialized training facility for developing semiconductor manufacturing equipment engineers, has been opened in Osaka to strengthen the development and production capabilities of semiconductor manufacturing equipment engineers.

As a result, in the first half of FY3/2022, the segment recorded net sales of 8,329 million yen (up 2.3% year-on-year from 8,138 million yen) and segment profit of 1,160 million yen (down 1.2% from 1,174 million yen), while the number of technical employees was 2,695 (up 86 from 2,609 a year ago).

(2) Analysis of Financial Position

(i) Status of Assets, Liabilities and Net Assets

(Assets)

Current assets at the end of the current second quarter of the fiscal year decreased by 7,487 million yen from the end of the previous fiscal year to 36,491 million yen. This was mainly due to an increase in notes and accounts receivable – trade of 2,070 million yen, and a decrease in cash and deposits of 9,540 million yen. Non-current assets amounted to 13,709 million yen, an increase of 5,021 million yen from the end of the previous fiscal year. This was mainly due to increases of 2,067 million yen in goodwill, 1,511 million yen in other of intangible assets, and 905 million yen in property, plant and equipment through M&As.

As a result, total assets decreased by 2,466 million yen from the end of the previous fiscal year to 50,200 million yen.

(Liabilities)

Current liabilities at the end of the second quarter of the fiscal year decreased by 498 million yen from the end of the previous fiscal year to 22,065 million yen. This was mainly due to a decrease in notes and accounts payable – trade of 535 million yen. Non-current liabilities amounted to 9,695 million yen, an decrease of 208 million yen from the end of the previous fiscal year. This was mainly due to an increase in deferred tax liabilities of 512 million yen, and a decrease in long-term loans payable of 784 million yen.

In sum, total liabilities were 31,761 million yen, down 707 million yen from the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the current second quarter were 18,439 million yen, down 1,758 million yen from the end of the previous fiscal year. This was mainly due to the recognition of profit attributable to owners of parent of 710 million yen and dividend payments from surplus of 2,663 million yen.

As a result, the equity ratio was 34.3%, compared to 36.2% 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 FY3/2022 were 15,726 million yen (down 9,540 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 used by operating activities amounted to 1,146 million yen (compared to 2,868 million yen provided 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 1,925 million yen, a decrease of 1,139 million yen in deposits received, an increase in trade receivables of 912 million yen, and decrease in trade payables of 541 million yen.

(Cash flow from investing activities)

Cash flow used by investing activities was 4,297 million yen (compared to 753 million yen provided in the first half of the previous fiscal year), mainly due to 2,955 million yen payment in purchase of shares of subsidiaries resulting in change in scope of consolidation and 1,188 million yen payment in purchase of shares of subsidiaries and associates.

(Cash flow from financing activities)

Cash flow used by financing activities totaled 4,111 million yen (compared to 4,336 million yen provided in the first half of the previous fiscal year), mainly due to 2,658 million yen in dividend payment and 2,051 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 FY3/2022 (from April 1, 2021 to March 31, 2022), announced on May 10, 2021, have been revised, given consideration to the recent business situation. Please see the "Notice of Revision of Consolidated Results Forecast" disclosed today for details.

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

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	25,266	15,726
Notes and accounts receivable - trade	16,762	18,832
Merchandise and finished goods	25	29
Work in process	7	19
Raw materials and supplies	52	106
Other	1,907	1,843
Allowance for doubtful accounts	(42)	(67)
Total current assets	43,979	36,491
Non-current assets		
Property, plant and equipment	464	1,370
Intangible assets		
Goodwill	4,005	6,072
Leased assets	8	6
Software	585	504
Other	942	2,454
Total intangible assets	5,541	9,038
Investments and other assets		
Investment securities	882	1,155
Long-term loans receivable	17	14
Long-term prepaid expenses	13	10
Deferred tax assets	1,264	1,574
Other	559	604
Allowance for doubtful accounts	(56)	(56)
Total investments and other assets	2,681	3,300
Total non-current assets	8,687	13,709
Total assets	52,666	50,200

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,517	1,981
Short-term borrowings	191	225
Current portion of long-term borrowings	2,328	2,509
Accounts payable - other	1,590	1,646
Accrued expenses	7,106	7,793
Lease obligations	9	9
Income taxes payable	855	1,187
Accrued consumption taxes	2,841	2,574
Provision for bonuses	2,095	2,218
Provision for bonuses for directors (and other officers)	94	76
Deposits received	2,878	1,761
Other	53	79
Total current liabilities	22,564	22,065
Non-current liabilities		
Long-term borrowings	9,163	8,379
Lease obligations	29	24
Retirement benefit liability	534	610
Deferred tax liabilities	114	626
Other	62	54
Total non-current liabilities	9,904	9,695
Total liabilities	32,468	31,761
Net assets		
Shareholders' equity		
Share capital	686	686
Capital surplus	338	338
Retained earnings	18,091	16,137
Treasury shares	(0)	(0)
Total shareholders' equity	19,116	17,162
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(28)	71
Total accumulated other comprehensive income	(28)	72
Share acquisition rights	602	602
Non-controlling interests	507	602

Summary of Consolidated Financial Statements for the Six Months of Fiscal Year Ending March 31, 2022

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Total net assets	20,198	18,439
Total liabilities and net assets	52,666	50,200

(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, 2020	For the Six Months ended September 30, 2021
Net sales	53,045	72,578
Cost of sales	43,399	60,119
Gross profit	9,645	12,459
Selling, general and administrative expenses	6,130	10,187
Operating profit	3,515	2,271
Non-operating income		
Interest income	0	2
Subsidies for employment adjustment	51	43
Dividend income of insurance	19	0
Other	14	37
Total non-operating income	86	84
Non-operating expenses		
Interest expenses	21	30
Commission expenses	4	4
Share of loss of entities accounted for using equity method	—	43
Other	8	15
Total non-operating expenses	33	93
Ordinary profit	3,567	2,262
Extraordinary income		
Gain on sale of non-current assets	—	4
Total extraordinary income	—	4
Extraordinary losses		
Loss on retirement of non-current assets	4	4
Restructuring cost	1	23
Loss on termination of retirement benefit plan	—	11
Loss on step acquisitions	—	289
Loss on sale of shares of subsidiaries and associates	—	7
Loss related to COVID	—	5
Total extraordinary losses	6	341
Profit before income taxes	3,561	1,925
Income taxes	1,215	1,134
Profit	2,346	791
Profit attributable to non-controlling interests	13	80
Profit attributable to owners of parent	2,332	710

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the Six Months ended September 30,2020	For the Six Months ended September 30,2021
Profit	2,346	791
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	—	116
Remeasurements of defined benefit plans, net of tax	0	—
Share of other comprehensive income of entities accounted for using equity method	—	0
Total other comprehensive income	0	116
Comprehensive income	2,346	908
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,333	810
Comprehensive income attributable to non-controlling interests	13	97

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the Six Months ended September 30, 2020	For the Six Months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	3,561	1,925
Depreciation	158	282
Amortization of goodwill	196	336
Commission expenses	4	4
Increase (decrease) in allowance for doubtful accounts	10	14
Increase (decrease) in provision for bonuses	278	151
Increase (decrease) in provision for bonuses for directors (and other officers)	134	(81)
Interest and dividend income	(0)	(2)
Interest expenses	21	30
Share of loss (profit) of entities accounted for using equity method	—	43
Loss on retirement of non-current assets	4	3
Decrease (increase) in trade receivables	892	(912)
Decrease (increase) in prepaid expenses	148	(68)
Decrease (increase) in inventories	(83)	(55)
Decrease (increase) in long-term prepaid expenses	—	4
Increase (decrease) in trade payables	(873)	(541)
Increase (decrease) in accrued consumption taxes	(664)	(418)
Increase (decrease) in accounts payable - other	(150)	(185)
Increase (decrease) in accrued expenses	277	229
Increase (decrease) in deposits received	(888)	(1,139)
Other, net	80	141
Subtotal	3,108	(238)
Interest and dividends received	0	1
Interest paid	(22)	(32)
Income taxes paid	(217)	(876)
Net cash provided by (used in) operating activities	2,868	(1,146)

Summary of Consolidated Financial Statements for the Six Months of Fiscal Year Ending March 31, 2022

	For the Six Months ended September 30, 2020	For the Six Months ended September 30, 2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(20)	(24)
Purchase of intangible assets	(41)	(487)
Proceeds from maturity of insurance funds	—	230
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(289)	(2,955)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,079	—
Purchase of shares of subsidiaries and associates	—	(1,188)
Net decrease (increase) in short-term loans receivable	(0)	54
Decrease (increase) in guarantee deposits	21	55
Other, net	4	19
Net cash provided by (used in) investing activities	753	(4,297)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	(13)
Proceeds from long-term borrowings	5,000	630
Repayments of long-term borrowings	(1,261)	(2,051)
Proceeds from issuance of share acquisition rights	603	—
Purchase of treasury shares	(0)	(0)
Dividends paid	(1)	(2,658)
Dividends paid to non-controlling interests	—	(3)
Other, net	(4)	(15)
Net cash provided by (used in) financing activities	4,336	(4,111)
Effect of exchange rate change on cash and cash equivalents	—	14
Net increase (decrease) in cash and cash equivalents	7,959	(9,540)
Cash and cash equivalents at beginning of period	18,415	25,266
Cash and cash equivalents at end of period	26,374	15,726

(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 FY3/2021 (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

2. Current second quarter 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

(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, 2022 including the first quarter.

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

(Change in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Accounting Standard for Revenue Recognition (ASBJ No. 29, March 31, 2020) and others have been applied since the start of the first quarter of the current fiscal year and the Company recognizes the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the client. This change in the accounting policy has immaterial impact.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and others have been

applied since the start of the current quarter, and the Company has decided to apply the new accounting policy set forth by the Accounting Standard for Fair Value Measurement, etc. into the future in accordance with the transitional procedures stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This will have no impact on quarterly consolidated financial statements.

(Segment Information)**I Previous 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 ¹	Amounts on the consolidated statements ²
	Manufacturing Business	Solution Business	Engineering Business	Total		
Sales						
Dispatching	25,697	6,471	7,108	39,277	—	39,277
Contracting	4,959	4,520	921	10,402	—	10,402
Other	442	2,815	108	3,365	—	3,365
Revenue from contracts with customers	31,099	13,807	8,138	53,045	—	53,045
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 -7million 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

(Significant change in the amount of goodwill)

The Solution Business segment acquired all shares of Mito Engineering Service Co., Ltd. (changed corporate name to UT MESC Co., Ltd.) in July 2020 as well as all shares of TBLS Service Business Corporation (UT Business Service Co., Ltd.) and Toshiba Information System Products Incorporated (UT System Products, Co., Ltd.) and 80% of shares of Toshiba Office Mate Co., Ltd. in April 2020. These companies have been included in the scope of consolidation. This has increased goodwill by 445 million yen in the second quarter of FY3/2021.

II Current Second quarter 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	Solution Business	Engineering Business	Total		
Sales						
Dispatching	38,969	8,051	7,222	54,242	—	54,242
Contracting	8,832	4,425	998	14,256	—	14,256
Other	967	3,003	108	4,079	—	4,079
Revenue from contracts with customers	48,768	15,480	8,329	72,578	—	72,578
Sales to clients	48,768	15,480	8,329	72,578	—	72,578
Inter-segment sales or transfers	8	8	—	16	(16)	—
Total	48,777	15,488	8,329	72,595	(16)	72,578
Segment profit (loss)	652	476	1,160	2,289	(18)	2,271

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

(Significant change in the amount of goodwill)

The Manufacturing 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 second quarter of FY3/2022.

(Significant Subsequent Events)

Business Combination by Acquisition

At the Board of Directors' meeting of UT Group Co., Ltd. held on August 30, 2021, a resolution was made for UT Group to acquire 51% of shares of Fujitsu FSAS Creative Inc. and has acquired 51% of its share on October 1, 2021.

(1) Summary of business combination

1) Name and business of an acquired company

Name of an acquired company	Fujitsu FSAS Creative Inc.
Business	Worker dispatch business; outsourced services, such as for operations in system management and help desks

2) Major reason of business combination

Fujitsu FSAS Creative has primarily Fujitsu Group companies, including Fujitsu Limited and Fujitsu FSAS Limited, as its main clients. With approximately 1,200 employees, the company dispatches office staff and ICT-related engineers to various industries and business types, including banks, government agencies, and foreign-affiliated companies. It is also engaged in outsourced operations of help desks and support desks concerning the operation of IT infrastructure, including internal mainframe systems. Fujitsu FSAS Creative thereby provides optimal human resources solutions that promptly respond to the business environment of its clients.

UT Group's Solution Business provides support for structural reform of major corporate groups, including mobilization of their human resources. Based on the long-cultivated relationship with the Fujitsu Group in manufacturing dispatch, UT Group acquired a 51% stake of Fujitsu Aprico Limited (renamed to Fujitsu UT Co., Ltd.) in 2018, and has been collaborating with the Fujitsu Group in the personnel dispatch business. The acquisition of shares of Fujitsu FSAS Creative will further strengthen the relationship with the Fujitsu Group. We concluded that, by combining the strengths and know-how of both companies, we, as a career platform company that meets the needs of more workers, could contribute to solving the major challenges of structural changes in human resource utilization, which were expected to progress significantly going forward. We therefore resolved to acquire 51% of shares of Fujitsu FSAS Creative and has acquired 51% of its share on October 1, 2021.

3) Date of business combination

October 1, 2021

4) Legal form of business combination

Share acquisition with cash as consideration

5) Company name after business combination

UT FSAS Creative Co., Ltd.

6) Percentage of voting rights acquired

51%

7) Primary basis for determining the acquired company

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

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

Consideration for acquisition	Cash and deposits:	178 million yen
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Acquisition cost:		178 million yen

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

They have not yet been fixed.

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

They have not yet been fixed.

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

They have not yet been fixed.