

(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 Nine Months of Fiscal Year Ending March 31, 2022 (Japanese GAAP)

February 4, 2022

Listed company name: UT Group Co., Ltd.

Stock Exchange Listing: Tokyo

Code number: 2146

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

Representative: Yoichi Wakayama, President, Representative Director & CEO

For inquiries: Takahito Yamada, Division Manager, General Affairs Division

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Scheduled date of filing securities report: February 7, 2022

Schedule date of cash dividend payment: —

Supplemental material for the financial results provided: Yes (Uploaded on the Company's website on February 4, 2022)

Results briefing for the period under review provided: No (The briefing video to be uploaded on the Company's website on February 4, 2022)

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

1. Consolidated Results for the Nine Months Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(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	%
Nine Months ended December 31, 2021	113,995	37.9	4,443	-22.4	4,424	-23.0	1,846	-50.5
December 31, 2020	82,647	7.7	5,728	-4.1	5,745	-4.5	3,734	18.5

(Note) Comprehensive income: Nine Months ended December 31, 2021: 2,105 million yen (-44.1%)

Nine Months ended December 31, 2020: 3,766 million yen (18.8%)

	Net profit per share	Net profit per share, diluted
Nine Months ended	Yen	Yen
December 31, 2021	45.75	—
December 31, 2020	92.52	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2021	55,259	19,803	33.3
March 31, 2021	52,666	20,198	36.2

(Reference) Equity capital: As of December 31, 2021: 18,394 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	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: None

* Notes

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

Two new companies: Progress Group Co., Ltd. and Fujitsu FSAS Creative Inc. (changed the company name to UT FSAS Creative Inc.)

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):

3Q of FY3/2022:	40,363,067
FY3/2021:	40,363,067

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

3Q of FY3/2022:	180
FY3/2021:	154

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

3Q of FY3/2022:	40,362,889
3Q of FY3/2021:	40,362,915

* 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 3 of the attachments.

The supplemental material for the financial results and the results briefing video are scheduled to be uploaded on the Company’s website on February 4.

1. Qualitative Information on Quarterly Financial Results

(1) Analysis of Operating Results

In the first nine months of FY3/2022 (April 1, 2021 - December 31, 2021), Japan's economy remained to be in a severe situation due to the spread of COVID-19 but the progress of vaccination and measures to prevent infection contributed to a gradual spread of the economic recovery. As industrial production rose in many industries, particularly in the automobile industry, compared with the same period of the previous year, the employment situation in the manufacturing industry continued to pick up, showing signs of firmness. For example, the jobs-to-applicants ratio in the production process rose to 1.86 times in December 2021. At present, however, the rebound of COVID-19 infections caused by the emergence of the Omicron variant both in Japan and overseas as well as its impact through the supply chain need to be closely monitored.

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 and the global shortage of semiconductors. However, personnel demand was not affected as demand for finished vehicles remained strong and the production normalization 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 first nine months of FY3/2022, as a result of aggressive hiring activities to respond to the rapidly recovering demand for personnel since the second half of FY3/2021, UT Group hired 13,219 persons in its domestic operations. The number of domestic technical employees has reached a record high, and sales have increased significantly. 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 an increase in sales. In October 2021, UT Group newly consolidated Fujitsu FSAS Creative Inc., a worker dispatch company of the Fujitsu Group (changed company name to UT FSAS Creative Co., Ltd.) to promote the Solution Strategy based on the Medium-term Business Plan. 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 nine months of FY3/2022, UT Group recorded net sales of 113,995 million yen (up 37.9% year-on-year from 82,647 million yen), operating profit of 4,443 million yen (down 22.4% from 5,728 million yen), ordinary profit of 4,424 million yen (down 23.0% from 5,745 million yen), and profit attributable to owners of the parent of 1,846 million yen (down 50.5% from 3,734 million yen). The number of technical employees was 40,078 (up 17,613 from 22,465 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 despite the recent continued production adjustments, 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 nine months of FY3/2022, the segment recorded net sales of 76,177 million yen (up 55.7% year-on-year from 48,937 million yen) and segment profit of 1,760 million yen (down 37.1% from 2,796 million yen), and the number of technical employees was 31,638 (up 16,163 from 15,475 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 71,366 million yen (up 45.8% from 48,937 million yen) and segment profit of 1,777 million yen (down 36.5% from 2,796 million yen) while the number of technical employees was 22,076 (up 6,601 from 15,475).

(Solution Business)

In the Solutions Business, a new contract project of In-house Solutions® (a full-time employee transfer-type contract) for a major corporate group started in July 2021 and Fujitsu FSAS Creative Inc., which was a worker dispatch company of the Fujitsu Group, was newly consolidated and changed company name to UT FSAS Creative Co., Ltd. in October 2021. These resulted in an increase in technical employees and 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 nine months of FY3/2022, the segment recorded net sales of 25,260 million yen (up 17.2% year-on-year from 21,553 million yen), segment profit of 860 million yen (down 20.5% from 1,082 million yen), and the number of employees of 5,742 (up 1,294 from 4,448 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. In response to the growing demand in the field of construction engineers, UT Group focused on hiring and rapid assignment of technical employees and increased sales. On the cost side, hiring-related expenses increased due to the strengthening of the hiring of technical employees to meet the strong demand for personnel.

As a result, in the first nine months of FY3/2022, the segment recorded net sales of 12,584 million yen (up 3.2% year-on-year from 12,196 million yen) and segment profit of 1,835 million yen (down 1.4% from 1,862 million yen), while the number of technical employees was 2,698 (up 156 from 2,542 a year ago).

(2) Analysis of Financial Position

(Assets)

Current assets at the end of the current third quarter of the fiscal year decreased by 2,592 million yen from the end of the previous fiscal year to 41,387 million yen. This was mainly due to a 3,533 million yen increase in notes and accounts receivable – trade, and a decrease in cash and deposits of 6,729 million yen. Non-current assets amounted to 13,872 million yen, an increase of 5,184 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,923 million yen in goodwill, 1,748 million yen in other of intangible assets, and 931 million yen in property, plant and equipment through M&As.

As a result, total assets increased by 2,592 million yen from the end of the previous fiscal year to 55,259 million yen.

(Liabilities)

Current liabilities at the end of the current third quarter of the fiscal year increased by 3,651 million yen from the end of the previous fiscal year to 26,215 million yen. This was mainly due to a decrease in provision for bonuses of 664 million yen, and increases in accrued expenses of 2,783 million yen, accounts payable – other of 525, and accrued consumption taxes of 435 million yen. Non-current liabilities amounted to 9,240 million yen, a decrease of 663 million yen from the end of the previous fiscal year. This was mainly due to increases in deferred tax liabilities of 494 million yen and retirement benefit liability of 205 million yen, and a decrease in Long-term borrowings of 1,358 million yen.

In sum, total liabilities were 35,456 million yen, up 2,987 million yen from the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the current second quarter were 19,803 million yen, down 395 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 1,846 million yen and dividend payments from surplus of 2,663 million yen.

As a result, the equity ratio was 33.3%, compared to 36.2% 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 FY3/2022 remain unchanged, as announced on November 5, 2021.

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

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	25,266	18,537
Notes and accounts receivable - trade	16,762	20,296
Merchandise and finished goods	25	289
Work in process	7	42
Raw materials and supplies	52	59
Other	1,907	2,236
Allowance for doubtful accounts	(42)	(74)
Total current assets	43,979	41,387
Non-current assets		
Property, plant and equipment	464	1,395
Intangible assets		
Goodwill	4,005	5,928
Leased assets	8	5
Software	585	517
Other	942	2,690
Total intangible assets	5,541	9,142
Investments and other assets		
Investment securities	882	1,114
Long-term loans receivable	17	13
Long-term prepaid expenses	13	8
Deferred tax assets	1,264	1,621
Other	559	632
Allowance for doubtful accounts	(56)	(56)
Total investments and other assets	2,681	3,334
Total non-current assets	8,687	13,872
Total assets	52,666	55,259

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

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,517	2,687
Short-term borrowings	191	17
Current portion of long-term borrowings	2,328	2,463
Accounts payable - other	1,590	2,116
Accrued expenses	7,106	9,890
Lease obligations	9	10
Income taxes payable	855	1,235
Accrued consumption taxes	2,841	3,277
Provision for bonuses	2,095	1,431
Provision for bonuses for directors (and other officers)	94	96
Deposits received	2,878	2,887
Other	53	103
Total current liabilities	22,564	26,215
Non-current liabilities		
Long-term borrowings	9,163	7,804
Lease obligations	29	25
Retirement benefit liability	534	740
Deferred tax liabilities	114	608
Other	62	61
Total non-current liabilities	9,904	9,240
Total liabilities	32,468	35,456
Net assets		
Shareholders' equity		
Share capital	686	686
Capital surplus	338	338
Retained earnings	18,091	17,273
Treasury shares	(0)	(0)
Total shareholders' equity	19,116	18,298
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(28)	95
Total accumulated other comprehensive income	(28)	96
Share acquisition rights	602	602
Non-controlling interests	507	805
Total net assets	20,198	19,803
Total liabilities and net assets	52,666	55,259

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

(Million yen)

	For the Nine Months ended December 31, 2020	For the Nine Months ended December 31, 2021
Net sales	82,647	113,995
Cost of sales	66,943	93,741
Gross profit	15,703	20,253
Selling, general and administrative expenses	9,975	15,810
Operating profit	5,728	4,443
Non-operating income		
Interest income	1	1
Foreign exchange gains	—	23
Subsidies for employment adjustment	105	54
Dividend income of insurance	19	0
Other	17	42
Total non-operating income	144	123
Non-operating expenses		
Interest expenses	35	42
Foreign exchange losses	71	—
Commission expenses	4	4
Share of loss of entities accounted for using equity method	—	84
Other	16	10
Total non-operating expenses	127	142
Ordinary profit	5,745	4,424
Extraordinary income		
Gain on sale of non-current assets	—	4
Gain on reversal of share acquisition rights	—	0
Total extraordinary income	—	5
Extraordinary losses		
Loss on retirement of non-current assets	4	4
Restructuring cost	8	74
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-19	—	5
Loss on cancellation of rental contracts	—	111
Total extraordinary losses	12	503
Profit before income taxes	5,732	3,925
Income taxes	1,980	1,971
Profit	3,751	1,953

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

Profit attributable to non-controlling interests	17	107
Profit attributable to owners of parent	3,734	1,846

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the Nine Months ended December 31, 2020	For the Nine Months ended December 31, 2021
Profit	3,751	1,953
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	13	151
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	14	151
Comprehensive income	3,766	2,105
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,747	1,971
Comprehensive income attributable to non-controlling interests	18	134

(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. Previous Third quarter of FY3/2021 (from April 1, 2020 to December 31, 2020)

(1) Items concerning dividend

Not applicable

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

Not applicable

2. Current Third quarter of FY3/2022 (from April 1, 2021 to December 31, 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 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 current 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 Third quarter of FY3/2021 (from April 1, 2020 to December 31, 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	40,474	10,906	10,641	62,022	—	62,022
Contracting	7,392	6,179	1,402	14,975	—	14,975
Other	1,031	4,464	152	5,648	—	5,648
Revenue from contracts with customers	48,898	21,551	12,196	82,647	—	82,647
Sales to clients	48,898	21,551	12,196	82,647	—	82,647
Inter-segment sales or transfers	38	2	—	40	-40	—
Total	48,937	21,553	12,196	82,687	-40	82,647
Segment profit (loss)	2,796	1,082	1,862	5,741	-13	5,728

Notes: (1) Adjustment to segment profit (loss) of -13million 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 third quarter of FY3/2021.

In the Manufacturing Business Segment, Seekel Holdings Co., Ltd. has also been included in the the scope of consolidation, after all its shares were acquired by UT Group on November 2020. Seekel Holdings fully owned Seekel Co., Ltd. In addition, Green Speed Joint Stock Company, 51% of which shares were acquired by UT Group on October 2020, has been included in the scope of consolidation. Green Speed Joint Stock Company fully owned subsidiaries—Green Speed Co., Ltd. and Hoang Nhan Co., Ltd.

The above accounting treatments have increased goodwill by 2,518 million yen in the third quarter of FY3/2021.

II Current Third quarter of FY3/2022 (from April 1, 2021 to December 31, 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	61,263	12,637	10,935	84,835	—	84,835
Contracting	13,322	7,738	1,488	22,549	—	22,549
Other	1,577	4,872	160	6,610	—	6,610
Revenue from contracts with customers	76,162	25,248	12,584	113,995	—	113,995
Sales to clients	76,162	25,248	12,584	113,995	—	113,995
Inter-segment sales or transfers	14	11	—	26	-26	—
Total	76,177	25,260	12,584	114,021	-26	113,995
Segment profit (loss)	1,760	860	1,835	4,456	-13	4,443

Notes: (1) Adjustment to segment profit (loss) of -13million 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 third quarter of FY3/2022.