

April 23, 2021

Company name: UT Group Co., Ltd.
Representative: Yoichi Wakayama, President,
Representative Director & CEO
(Securities code number: 2146,
TSE First Section)
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Notice Regarding Acquisition of Shares (Conversion into Subsidiary) of Progress Group Co., Ltd. by UT Group

The Board of Directors' meeting of UT Group Co., Ltd., held today, resolved that UT Group will acquire all shares of Progress Group Co., Ltd. as follows, and make it a subsidiary.

1. Purpose of the acquisition of shares

Given heightened concerns over the resurgence and prolonged spread of the COVID-19 virus, the employment situation has been weak in Japan. Going forward, we anticipate that the supply and demand conditions of labor in Japan will be affected by the recovery of socio-economic activities and by agile, effective employment policies and that the way to use human resources will structurally change. At present, personnel demand, particularly in the manufacturing industry, has been recovering significantly, as production activities, particularly in the semiconductor and electronic parts sectors and automobile-related sectors, have been recovering and the long-sluggish jobs-to-applicants ratio has bottomed out.

Under the ongoing Fourth Medium-Term Management Plan formulated in May 2020, in addition to expanding its share of personnel dispatch to the major manufacturing industries, which is the existing core business area, UT Group has been establishing a stable employment environment at local workplaces through alliances with or acquisitions of leading local companies, and is building a career platform system that spans regions.

Progress Co., Ltd., which belongs to Progress Group, does business mainly in Aichi Prefecture but also in Gifu, Mie, Nagano and Ibaraki prefectures. The company is engaged in personnel dispatch, etc., mainly in the manufacturing industry of automobiles, automotive parts, electronic parts, and rubber products. With approximately 1,100 Japanese and non-Japanese employees employed as dispatch workers, the company provides high-quality services to satisfy local producers' requirements in personnel.

The Tokai region, centered on Aichi Prefecture, is a regional center of industries, and where the automobile industry and other major manufacturing industries are concentrated. The UT Group, mainly UT Aim, has established strong relationships with clients in the region. The UT Group's regional business base will be expanded by SURI-EMU Corporation, which is scheduled to become a wholly-owned subsidiary on May 31,

2021, and by Progress Group. By utilizing the operating, client and recruitment bases of each company in business development, UT's career platform within the region will be further expanded and deepened. We will thereby strengthen our ability to respond to the needs of our clients and the employment environment, which will change significantly in the future, and will continue to provide stable, high-quality services to our clients. As a platform company that supports more diverse workstyles, we are committed to helping solve the major challenge of securing human resources at manufacturing sites that support the deep roots of manufacturing in Japan, where the decline in the working population has required new approaches to staffing factories.

2. Outline of a company to be converted into a subsidiary (Progress Group Co., Ltd.)

(1)	Name	Progress Group Co., Ltd.		
(2)	Address	3-71, Daichi-Shinmachi, Iwakura City, Aichi Prefecture		
(3)	Name and title of the representative	Toru Kani, President and Representative Director		
(4)	Business	Management of subsidiaries and real estate rent		
(5)	Capital	100 million yen		
(6)	Established	June 25, 2019		
(7)	Major shareholder and ownership percentage	Rising Japan Equity No.2 Investment LLP		
(8)	Relationships between UT Group and the company	Capital relationship	There is no particular capital relationship that should be disclosed between UT Group and the company, nor between UT Group's related persons and companies and the company's related persons and companies.	
		Personnel relationship	There is no particular personnel relationship that should be disclosed between UT Group and the company, nor between UT Group's related persons and companies and the company's related persons and companies.	
		Business relationship	There is no particular business relationship that should be disclosed between UT Group and the company, nor between UT Group's related persons and companies and the company's related persons and companies.	
(9)	Operating performance and financial condition in the last three fiscal years			
	Fiscal years	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020
	Net assets	—	—	943 million yen
	Total assets	—	—	3,058 million yen
	BPS	—	—	47,177 yen

Net sales	—	—	— million yen
Operating profit	—	—	-5 million yen
Ordinary profit	—	—	-56 million yen
Net profit	—	—	-56 million yen
EPS	—	—	-2,822 yen

Note: Since the company was established in June 2019, the financial status and operating results are only available for the fiscal year ended March 2020.

3. Outline of a company to be converted into a second-tier subsidiary company (Progress Co., Ltd.)

(1)	Name	Progress Co., Ltd.		
(2)	Address	3-71, Daichi-Shinmachi, Iwakura City, Aichi Prefecture		
(3)	Name and title of the representative	Toru Kani, President and Representative Director		
(4)	Business	Personnel dispatch and contracting business		
(5)	Capital	10 million yen		
(6)	Established	April 1, 1997		
(7)	Major shareholder and ownership percentage	Progress Co., Ltd.		
(8)	Relationships between UT Group and the company	Capital relationship	There is no particular capital relationship that should be disclosed between UT Group and the company, nor between UT Group's related persons and companies and the company's related persons and companies.	
		Personnel relationship	There is no particular personnel relationship that should be disclosed between UT Group and the company, nor between UT Group's related persons and companies and the company's related persons and companies.	
		Business relationship	There is no particular business relationship that should be disclosed between UT Group and the company, nor between UT Group's related persons and companies and the company's related persons and companies.	
(9)	Operating performance and financial condition in the last three fiscal years			
	Fiscal years	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020
	Net assets	445 million yen	241 million yen	390 million yen
	Total assets	895 million yen	818 million yen	1,276 million yen
	BPS	2,225,970 yen	1,206,165 yen	1,953,025 yen

Net sales	3,182 million yen	3,762 million yen	4,569 million yen
Operating profit	97 million yen	116 million yen	192 million yen
Ordinary profit	105 million yen	122 million yen	323 million yen
Net profit	85 million yen	82 million yen	67 million yen
EPS	428,846 yen	414,119 yen	339,590 yen

4. Outline of a party from whom shares will be acquired

(1)	Name	Rising Japan Equity No.2 Investment LLP	
(2)	Address	1-7-2 Otemachi, Chiyoda-ku, Tokyo	
(3)	Rationale for the establishment, etc.	The Law Concerning Investment Business Limited Liability Partnership Contracts	
(4)	Purpose of establishment	The objective is to provide risk money for financial needs such as business expansion, business restructuring, and succession of small and medium-sized enterprises supporting the Japanese economy, and to provide business financing that supports sustainable growth and further growth through hands-on management support.	
(5)	Established	February 1, 2017	
(6)	Total amount of investment	30,750 million yen (maximum)	
(7)	Shareholders, equity participation ratios, and investor profile	Domestic institutional investors and corporations	
(8)	Outline of the managing partner	Name	Rising Japan Equity Inc.
		Address	1-7-2 Otemachi, Chiyoda-ku, Tokyo
		Name and title of the representative	Tetsuo Maruyama, President and Representative Director
		Business	Investment management
		Capital	100 million yen
(9)	Relationships between UT Group and the fund	Relationship between UT Group and the fund	There is no particular capital relationship that should be disclosed between UT Group and the fund, nor between UT Group's related persons and companies and the fund's related persons and companies.
		Relationships between UT Group and the	There is no particular personnel relationship that should be disclosed between UT Group and the managing partner, nor between UT Group's related

	managing partner	persons and companies and the managing partner's related persons and companies.
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5. Number of shares to acquire, the purchase price, and shareholding before and after the acquisition

(1)	Number of shares held before the change	- Shares (Voting rights ownership: —%)						
(2)	Number of shares to acquire	20,000 shares (Voting rights ownership: 100.0%)						
(3)	Purchase price	<table> <tr> <td>Progress Group common stock</td> <td>3,085 million yen</td> </tr> <tr> <td>Advisory costs, etc. (Approximate)</td> <td>10 million yen</td> </tr> <tr> <td>Total (Approximate)</td> <td>3,095 million yen</td> </tr> </table>	Progress Group common stock	3,085 million yen	Advisory costs, etc. (Approximate)	10 million yen	Total (Approximate)	3,095 million yen
Progress Group common stock	3,085 million yen							
Advisory costs, etc. (Approximate)	10 million yen							
Total (Approximate)	3,095 million yen							
(4)	Number of shares to be held	20,000 shares (Voting rights ownership: 100.0%)						

6. Date

(1)	Date of resolution of the Board of Directors meeting	April 23, 2021
(2)	Date of signing contract for share transfer	April 23, 2021
(3)	Execution date of share transfer	May 27, 2021 (plan)

7. Outlook

The impact of this transaction to UT Group's consolidated financial results for the fiscal year ending March 2022 will be incorporated into the consolidated earnings forecasts for the year, which is scheduled to be announced in May 2021.

End