



Upward Together
UT Group Co., Ltd.
<https://www.ut-g.co.jp/>

UT Group 2020 Annual Report



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Change is certain to come, as in all eras of history.

Now, a giant tsunami is striking the entire society.

This is likely to change the world's landscape.

UT Group has used such change as a trigger

to make the next advance as a company.

Our mission now is to present

an exemplary workstyle of a new era to the society.

Our new stage of creation is kicking off.

Let us together create a "diversity & inclusion"

workstyle platform.

O u r M i s s i o n

Create vigorous workplaces empowering workers.



Contents

		Chapter 02	Chapter 03
02	Message from the President and CEO		
Chapter 01		33	41
15	Creation of value that dovetails with development of employees	Sustainable enhancement of corporate value	Financial information
16	UT Group's value creating process	34	42
18	Measures to develop high-value human resources	UT Group's corporate governance framework	Business overview by segment
22	Voices from UT People	36	44
28	Value proposition to client companies	Roles of organizations that comprise the internal control system	Analysis of operational results of fiscal 2020
32	Profit distribution to employees	37	46
		Message from External Director and Audit & Supervisory Board Member	The Fourth Medium-term Business Plan
		38	48
		Team of Board Directors and Audit & Supervisory Board Members	Financial statements
		39	56
		Team of Executive Officers	Corporate profile and stock information
		40	
		UT Group's IR activities	

A period of drastic change in society is opportunity for growth for UT Group. We will implement new strategies to achieve growth.



President and CEO
Yoichi Wakayama

Kick-off of new strategies, responding to the changing environment in 2020

In April 2020 UT Group celebrated its 25th anniversary. I would like to express my sincere appreciation to shareholders and all other stakeholders.

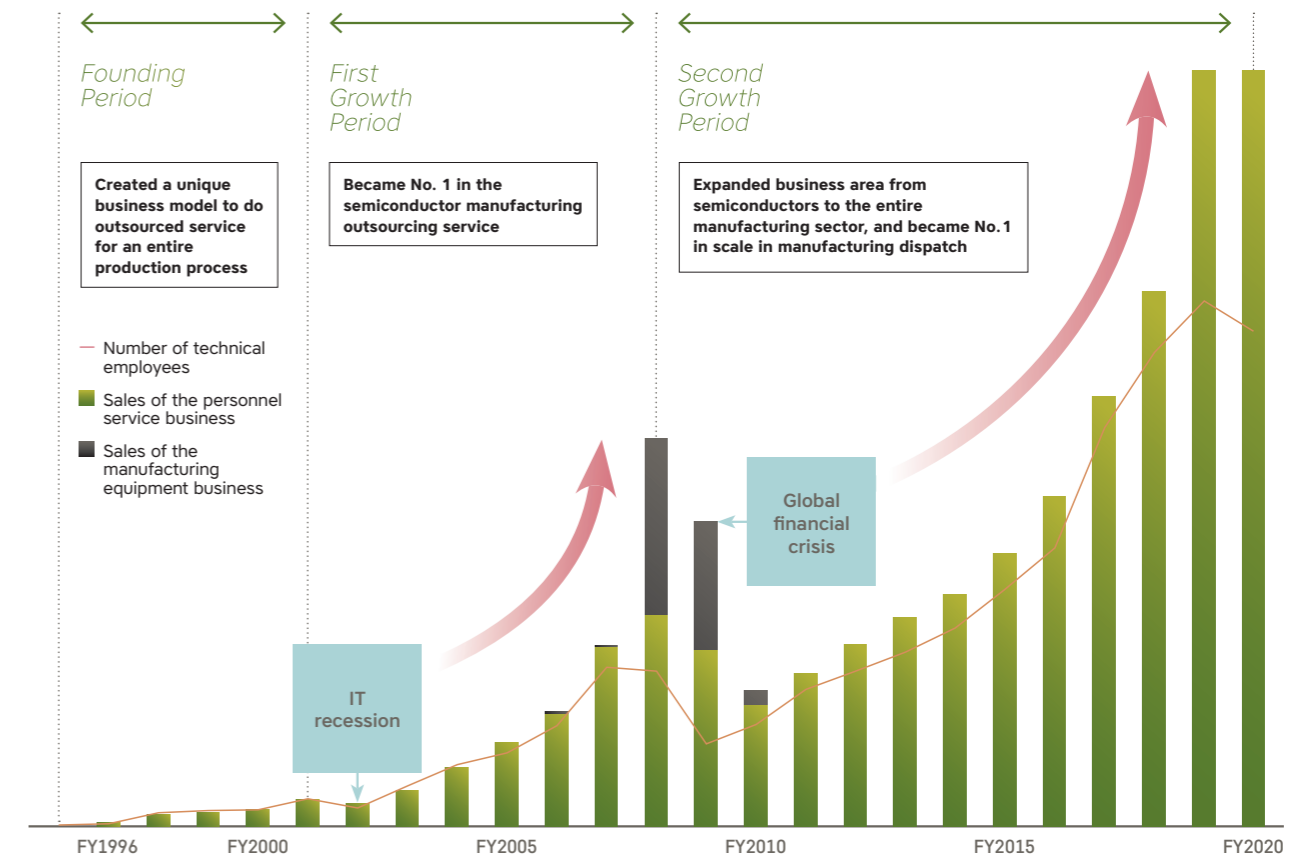
During the past 25 years from 1995 when I was 24 years old, the IT bubble burst, the global financial crisis occurred, and the East Japan Earthquake and Tsunami thrust us into a difficult situation but we overcame each difficult phase by flexibly responding to social needs. I firmly believe that our unwavering mission, "Create vigorous workplaces empowering workers," has supported our growth.

Currently, the COVID-19 outbreak is forcing the world to make significant changes. The manufacturing industry – our main field of operation – is not an exception. UT Group has always used significant changes in society as a trigger for a great advance. For example, during the global financial crisis

of 2008, we strived to establish a strong relationship of trust with client companies and acquired a high share to provide dispatched workers at their manufacturing workplace. This led us to receive an even higher share of business during the next economic recovery phase, creating a virtuous cycle. Any time when an external factor forces an old status quo to change greatly, it is natural that dispatched operators are to be sorted out and consolidated in a process of reformation.

Over the next five years we are likely to see a significant change in the business environment. I expect this period to become another growth phase for UT Group. We have decided that now is an opportune time for UT Group to kick-off new strategies. We are therefore starting the fourth medium-term management plan from fiscal 2021 (ending March 2021) to fiscal 2025.

UT Group's sales and growth phases



Achieved a CAGR of 36.2% in EBITDA, exceeding our target of the third medium-term business plan

Let me first review the third medium-term management plan (from fiscal 2017 ended March 2017 to fiscal 2020). During this period, thanks to the revised Worker Dispatching Act that protects rights of dispatched workers, demand for regular (indefinite-term) dispatched workers, an area of strength of UT Group, increased and resulted in a significant growth in sales and operating profit. As a background, major companies began to select dispatch operators who focused on compliance concerning labor-related laws and regulations, and the dispatch industry was consolidated into companies which did meet this criteria. In such an environment, UT Group enhanced its relationships with major corporate groups through "committed orders," which involve committing to dates of assignment and numbers of personnel particularly to meet large-scale corporate HR needs. Partly due to the successful outcome of this, we recorded net sales of ¥101.1 billion and operating profit of ¥8.0 billion in fiscal 2020. As we had approached close to the initial target of ¥8.2 billion in operating profit for fiscal 2021, we shortened the plan period by one year and finished it in the fiscal 2020, instead of fiscal 2021.

UT Group's initiatives that satisfied market needs have also

been highly regarded in society. In 2018 UT Aim, a core company of our group, received the Good Career Company Awards 2018 Grand Prize from the Minister of Health, Labour and Welfare, from the viewpoint of its career development support programs for dispatched employees. In October 2019, we received the Porter Prize from Hitotsubashi University Business School. The name of the award is derived from Professor Michael E. Porter of Harvard University, a leading authority on competition strategy. I am grateful that high competitiveness of our business model was academically endorsed from the competitive strategy viewpoint. Given our expanded social influence and responsibility, we strengthened our corporate governance structure and changed our listed stock exchange from the JASDAQ to the First Section of the Tokyo Stock Exchange in November 2019.

Meanwhile, the business environment surrounding UT Group has been changing since 2019. First, demand for dispatched workers in the semiconductors and electronic components segment – our mainstay segment in the Manufacturing Business – became stagnant, mainly due to the impact of the U.S.-China trade problems. In the automotive-related segment where orders were increasing and offset that weak-

ness, demand turned into a downtrend after Japan's consumption tax hike in October 2019. Then came the COVID-19 outbreak at the beginning of 2020. The disruption of the automotive supply chain caused suspension of some clients' operation, leading to a harsh market environment.

In spite of such external environment, we recorded in fiscal 2020 (ended March 2020) net sales of ¥101.1 billion and operating profit of ¥8.0 billion. They were at similar levels to the favorable results achieved in the previous year. As we began the third medium-term management plan starting with operating profit of about ¥2.4 billion in 2016, CAGR of 36.2% in EBITDA was achieved, exceeding our commitment or target CAGR of 32%. The average total return ratio for the period was 27.7%. As the COVID-19 outbreak caused the business environment to be extremely uncertain, we opted to increase internal reserves and be prepared for an emergency situation, as the action which we believe should be for the best interests of shareholders. We therefore decided to forgo return to shareholders in fiscal 2020, which was the final year of the third business plan.

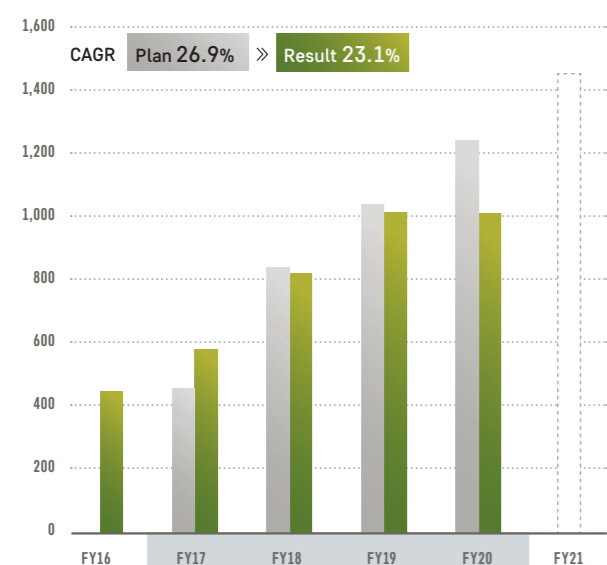
I think that our shareholders must naturally be concerned



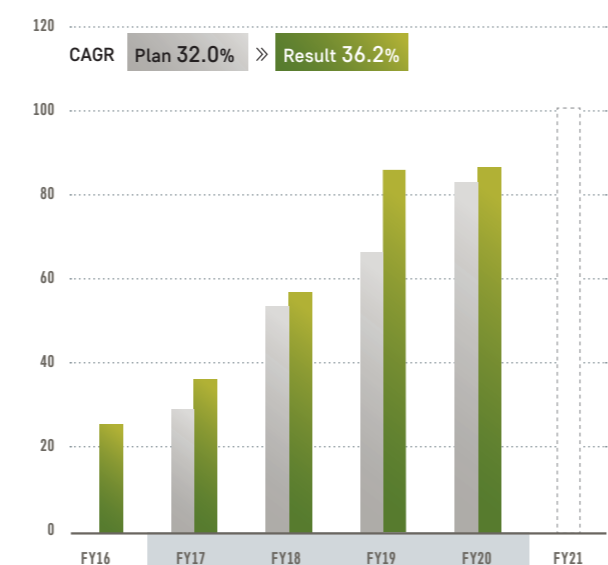
over the future outlook. The COVID-19 has greatly been affecting the supply chain of the automotive and other manufacturing industries. I am convinced that the key point in the current fiscal 2021 is to devise a specific strategy for a recovery phase, while assessing the external environment.

Review of the Third Medium-term Business Plan

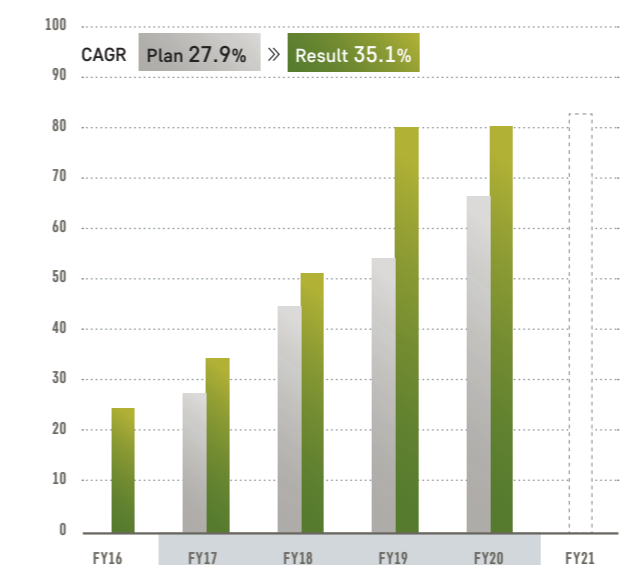
Net sales (100 million yen)



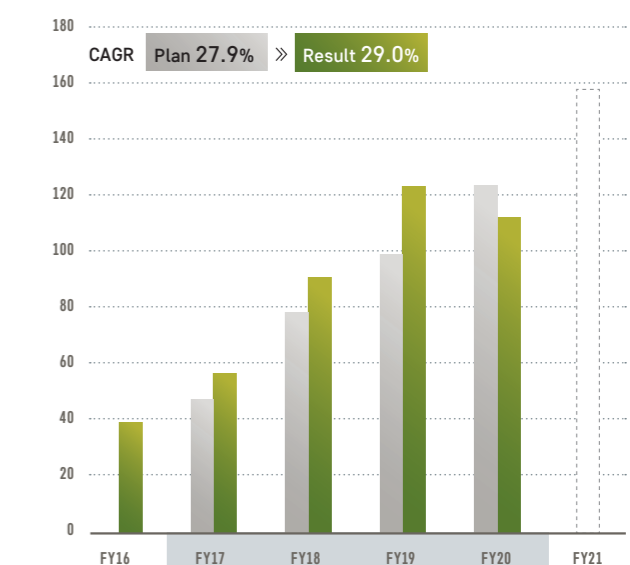
EBITDA (100 million yen)



Operating profit (100 million yen)



EPS (100 million yen)



※A dotted bar on the graphs indicate the targets for the initial final year.

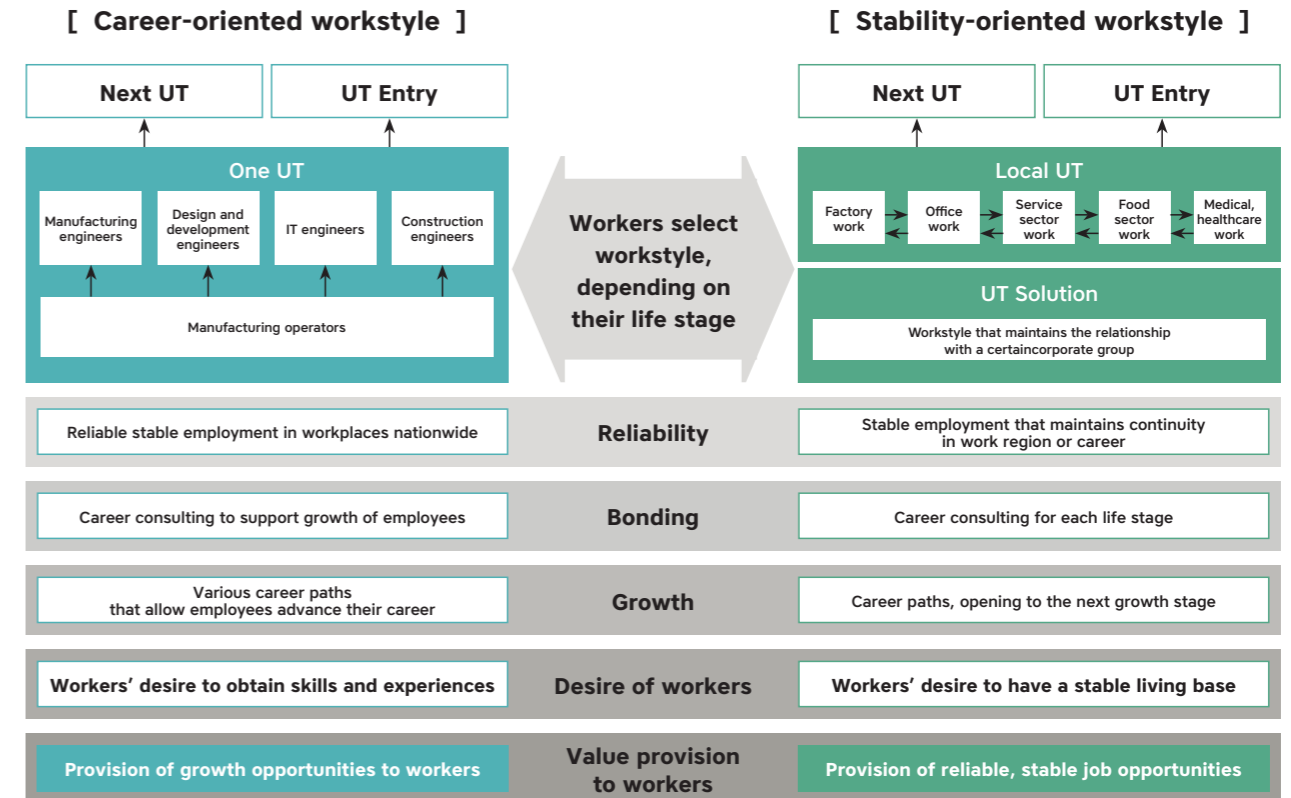
Creating a career platform that can satisfy needs of more workers

Since its 1995 start, UT Group has consistently been dedicated to the interests of dispatched workers, and particularly for improvement of their benefits and enhanced added value. We created a new workstyle of "regular employee dispatch," which means to hire dispatched workers in a manufacturing workplace as our regular (indefinite-term) employees and to make them fully covered by social insur-



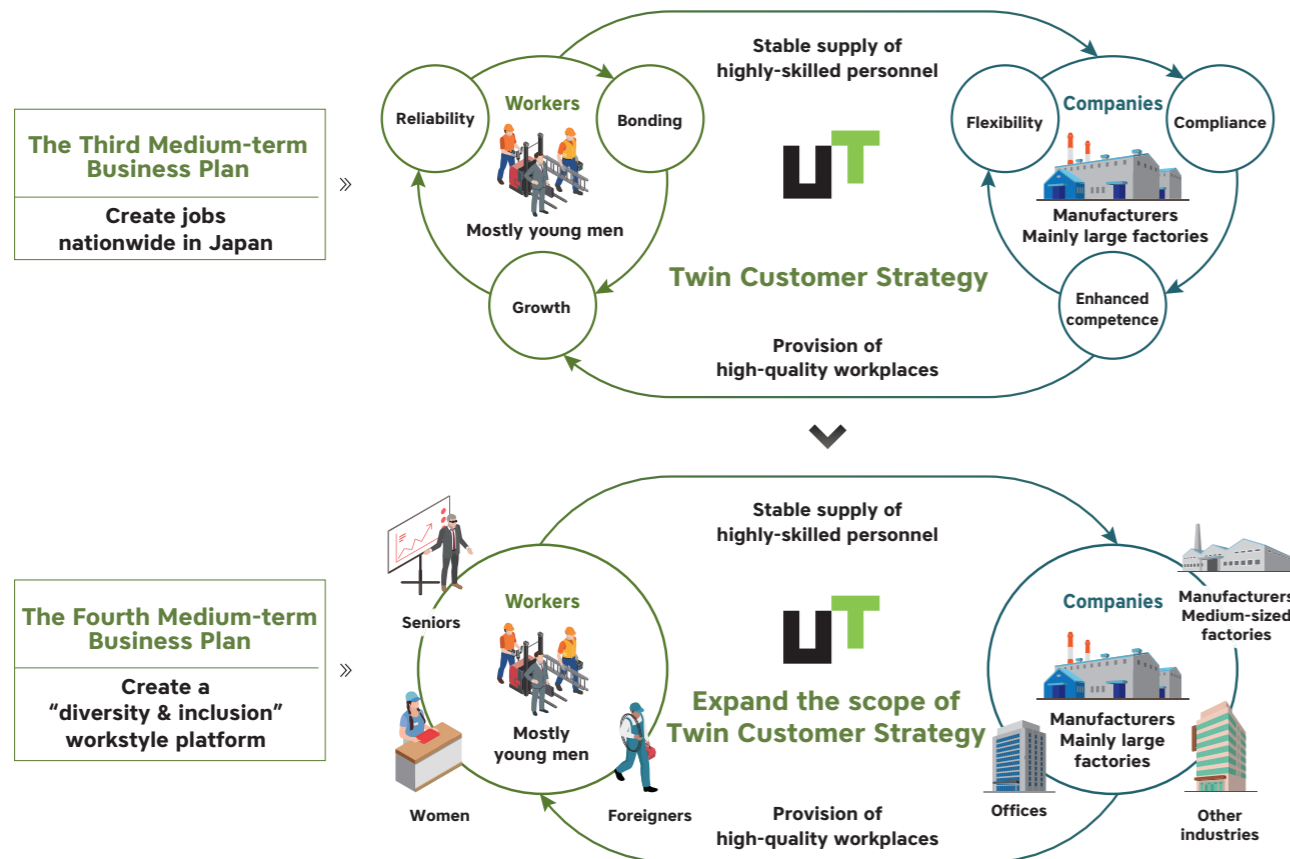
We want to present to society a career platform that copes with changing work values.

Flexible workstyle to match each life stage of workers



One UT: Program to provide opportunities to change job/career within UT Group
 Local UT: Provision of a variety of work opportunities within a local area
 Next UT: Program to make UT Group employees become employees of client companies
 UT Solution: Workstyle that maintains the relationship with a certain corporate group

Career platform evolution



ance and eligible for career development support programs. We then launched the Twin Customer Strategy, which aimed at being chosen by workers as well as by Monozukuri companies. Our value proposition to workers was described in three key words – reliability, bonding, and growth. Conforming to the corporate mission, "Create vigorous workplaces empowering workers," we created a new workstyle platform. This was the successful achievement of our third medium-term business plan.

In the next fourth management plan for five years starting from the current fiscal 2021, we are expanding targets of our career platform, with the underlying theme, "Create a 'diversity & inclusion' workstyle platform." We are expanding our targets mainly from young men in a Monozukuri workplace to include women, elder people, and foreigners. Target client workplaces will also be expanded mainly from production processes of large manufacturers to offices and service areas.

Our growth strategies in the worker dispatch market are also expected to change over the next five years. Up to

now, "committed orders," which responded to large companies' large-scale HR needs, were a driving force of our growth. Even in the environment of a historically high-level jobs-to-applicants ratio of 1.6 times, we were able to hire many personnel across Japan, thanks to doing business on favorable terms, as we committed dates of assignment and numbers of personnel. However, the COVID-19 outbreak is changing the landscape. Various industries are adjusting the number of personnel and the jobs-to-applicants ratio may substantially drop in the short term. Workers' aspiration may also change in the post COVID-19 world. Many people may want to have a stable job in a local community and we must respond to such changing needs. If the market focuses more on locality, dispatch companies may have to operate in units of each area. Up to now, our premise was for our employees to work anywhere in Japan. Going forward, we may need to establish a system to make career advance opportunities from a manufacturing operator to an engineer self-sufficiently available within the same area. We will begin to create another new workstyle, which will also be associated with a new area strategy, new management style, and all that goes with the changes.

Three new growth strategies befitting to the post-COVID-19 age

While the economy cannot escape the impact of the COVID-19, there must be ways to turn it into new growth opportunities. Let me now explain UT Group's specific growth strategies in the midst of the COVID-19 crisis. Our growth strategies over the next five years is to focus on these: 1) One-stop personnel strategy for major manufacturers; 2) Area platform strategy; and 3) Solution strategy.

Firstly, the One-stop personnel strategy for major manufacturers. We plan to further enhance our industry's top personnel services for manufacturers, which we achieved during the third management plan, and to solidify its base as core business. Specifically, we will provide one-stop HR service, that includes a wide range from manufacturing operators to engineers in production technology and facility maintenance, as we have a strong relationship with major manufacturers - our existing business partners. As outcome, we expect career development of our on-site workers, and our partners may find it easy to give broader assignment to familiar dispatched workers. For highly-motivated employees, career advance to being a design/development engineer, which requires technology expertise, will also be available. This strategy is actually positioned as part of UT Group's mission in the manufacturing dispatch industry as it involves development of next-generation Monozukuri personnel.

Next, the Area platform strategy is to respond to needs of those who want stable work in a local community; to expand

the role of area offices so as to promptly respond to different client needs by each region; and to reorganize our structure so that area offices can make discretionary decisions from sales and marketing to hiring. It is said that there are over 700 dispatch companies in Japan. We will promote alliance with and M&A of local dispatch operators, which are deeply rooted in a community, so as to raise employees' workplace satisfaction level in the area and establish a new career platform. Therein lies another objective of ours - to ingrain compliance awareness in small/medium dispatch operators of each area and make a more viable dispatch industry in Japan. I am confident that our strategy to present a workstyle for each life stage to those who desire to work in a familiar local area, according to a safety/reliability standard, will be welcomed as response to strong needs.

Lastly, the Solution strategy is simply to strengthen our Solution Business, which increased sales and profit in fiscal 2020. This involves support for large corporate groups' HR strategy, specifically in solving certain managerial issues, including review of almost-fixed personnel composition or business portfolio, and reemployment of retired employees. This is also projected to be a business domain with growing needs in the manufacturing industry. We have supported HR mobilization by accepting employees of Japan's representative companies and other diverse client companies as employees of UT Group. Going forward, demand for personnel mobilization will continue to rise in the rapidly changing business environment, which was affected by the COVID-19.

We want to build a long-lasting relationship of trust with shareholders

My ideal in managing a company is to establish a long-lasting relationship of trust with our shareholders. Coping with the external environment, UT Group has created various businesses and services, and has achieved sustainable growth. Our 25-year history can be described as the creation of growth opportunities through flexible response to the changing business environment. Strategies may differ depending on the period, but our fundamental value proposition to client companies remain unchanged. Our mission has been and will be to "Create vigorous workplaces empowering workers." Our business of connecting workers with client

companies will be in need in whatever environment.

I am proud to say that UT Group can be synonymous for a company that has coped with changes and has achieved growth. I am committed to creating a new career platform, befitting an age of change, and to disseminate it across Japan over the next five years.

I sincerely hope that our shareholders and stakeholders will be excited by our sustainable growth prospect from a medium- to long-term perspective.

I am proud to say that UT Group can be synonymous for a company that has coped with changes and has achieved growth.



Three growth strategies

<p>1</p> <p>Expand the service to an engineer domain One-stop strategy for major manufacturers</p> <p>We plan to expand the fields for our manufacturing engineers by using our existing client base and raising competitiveness in our core business of outsourcing of manufacturing by large client companies.</p>	<p>2</p> <p>Establish a scheme that enables employees develop careers even with in a local area Area platform strategy</p> <p>Raise market share in regions via alliances with and M&A of local dispatch operators; and integrate the Group's career platform to raise profitability.</p>	<p>3</p> <p>Accelerate support for the HR mobilization of large manufacturers Solution strategy</p> <p>Large company structural reform needs will increase; to cope with this we will improve mobilization of human resources -- and capture business.</p>
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UT Group has successfully challenged the common practice of "dispatched workers = non-regular employees"

UT Group has employed dispatched workers as regular employees and has enabled them to develop their careers. This new workstyle was our challenge to the industry's common practice of "dispatched workers = non-regular employees."

Classification of regular employees and non-regular employees in general terms

[Regular employees]

In general, regular employees have (1) an indefinite-term labor contract; (2) full-time normal working hours; and (3) are directly employed by a company. In addition, they are eligible for participation in social insurance, such as health insurance, employees' pension insurance, and employment insurance programs and plans. In addition, they cannot be terminated without consent of the employer and the employee.

[Non-regular employees]

Non-regular employees mean all types of workers other than regular employees in Japan. They include part-timers, dispatched workers, contract workers, and commissioned workers (all defined in the next page). Their status is weak due to fixed-term (limited) employment, they tend to receive less training, and consistency in their career is hardly ensured. This has been increasingly recognized as social problems.

Provide dispatched workers an environment to work at ease and grow

Back in 1995 when UT Group was founded, dispatched workers in manufacturing plants had no social security and were disengaged with no bonding with co-workers. Would they have more initiative in choosing work, if they were hired as regular employees and acquired skills? Such thought was materialized as "indefinite-term employment (regular employee) dispatch." Nowadays, some other dispatch agencies have also adopted the similar scheme and the common practice of "dispatched workers = non-regular employees" is diminishing in use.

Conventional dispatched workers

- Fixed-term employment
Uncertainty over long-term prospects for work and income
- Individual dispatch
Disengaged in a workplace of a client company
- Minimum training
No systematic skills to be acquired
- Uncertain work environment
No consistent career development

UT Group's new workstyle of "indefinite-term employment (regular employee) dispatch"

Reliability, bonding, and growth

[Indefinite-term employment]
Obtaining of a stable base for living

[Dispatching of teams]
A sense of ease from working together with colleagues

[Favorable workplace]
Improved retention rate and growth rate

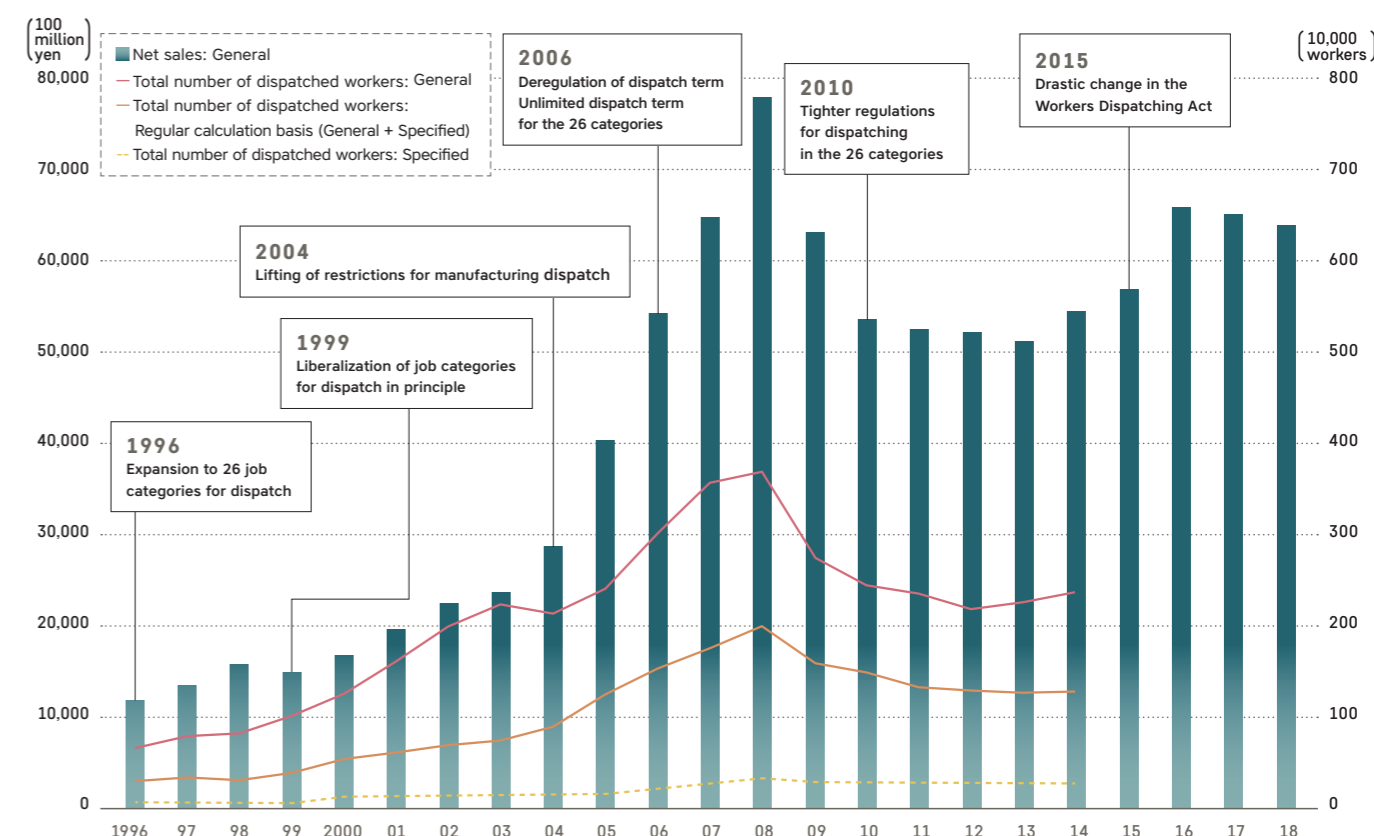
[Ample training programs]
Enhanced mind-set to advance own career

The Worker Dispatching Act has been developed to satisfy needs of society

The human resources dispatching business refers to a business of a dispatch agency, that dispatches its workers to client companies. This definition is based on the "Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (Workers Dispatching Act)," with oversight by the Ministry of Health, Labour and Welfare. The Act, enforced in 1986, has prompted development of legal systems of the human resources dispatching business from the viewpoint of protecting workers. Initially temporary dispatch into 13 specialized job categories became possible. Then in 1996, the target categories were expanded to 26 and the market for accepting dispatched workers also expanded. In 1999 the target categories were deregulated in principle, allowing the dis-

patch of workers in job categories other than those 26. In 2004, restrictions on dispatching workers in the manufacturing sector were lifted. This was followed by the implementation of a plan to tighten regulations for dispatching in 26 specified job categories in 2010. The Revised Workers Dispatching Act in 2015 obliged dispatch agencies to take measures for stable employment of dispatched workers and to support their career development. In its revision in April 2020, adherence to the principle of equal pay for equal work was adopted with the objective of eliminating unreasonable differences in salary and other benefits, caused by differences in employment status. Resonating to changing public awareness on workstyle, the personnel dispatch industry is also moving into a new era.

The worker dispatch market



Source: Special Survey on Worker Dispatch Industry; Ministry of Health, Labour and Welfare
•The graph covers only up to 2014, prior to the enforcement of the Revised Workers Dispatching Act on September 30, 2015.

<Keywords>

Dispatched workers

They have an employment contract with a dispatch agency and are dispatched to a client company. They do not have any direct employment contract with the company they are dispatched to. No fixed contract term, in general.

Contract workers

They have a direct employment contract with an employer but, unlike regular employees, their contract specifies their assignment and term of employment. In general, the contract terminates when the contract term expires.

Commissioned workers

They are directly commissioned or assigned by an employer. They work according to case-by-case agreements. They are paid compensation for a specific assignment. In general, the labor contract terminates when the assignment is completed. They are also called independent contractors.

Personnel placement

A business model to introduce personnel to a client company and receive a commission when the person is hired. "Employment placement dispatching" is another business of dispatching personnel on the premise that the person will eventually be hired as a regular employee.

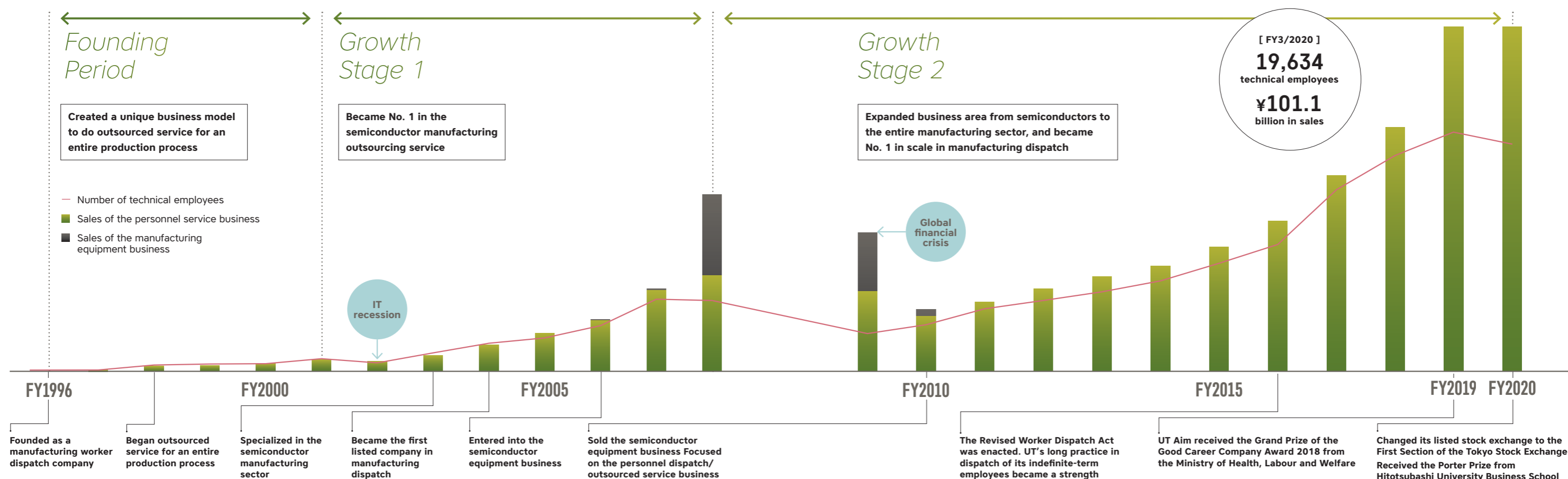
Why cannot dispatched workers work happily? Our story began from a simple question.

UT Group began with two persons with a shared ambition to change the human resources dispatching industry. In March 2019, we passed a big milestone of ¥100 billion in net sales. We are now entering into a next growth phase.

The Revised Worker Dispatching Act is a strong tailwind, pushing UT Group to its greatest strong phase since foundation

UT Group began its human resources dispatching and subcontracting business in 1995, overcame the IT recession in 2001 and the global financial crisis in 2008, and is now entering its second growth stage. In particular, the Revised Worker Dispatching Act enforced in 2015, which strengthened protection of rights of workers, created a strong tailwind to boost our growth. According to the Revised Act, dispatch agencies are obliged to provide stable employment and career advancement opportunities for dispatched workers, and to obtain a license instead of just filing a notification of doing certain business. This has resulted in shake-ups of agencies which could not cope with the revision. Moreover, the conventional three-year limit of a dis-

patch term has been abolished and UT Group is receiving more requests for dispatched workers from clients as we have a long track record in dispatching regular (indefinite-term) workers. Meanwhile, due to the Revised Labor Contract Law, enforced in April 2013, fixed-term contract workers with contract periods of over five years in total are required to convert their employment contract to an employment contract without a definite period. As five years had passed since the enforcement, manufacturers are accelerating their efforts to replace contract workers with dispatched workers. Here again, UT Group, with its strength in in dispatching regular (indefinite-term) workers, is playing a significant role as a new employment base.



1995-2000 Founding period

Founded as a manufacturing dispatching company

UT Group originated from Aim C.I.C. Company, founded by 24-year-old Yoichi Wakayama in 1995. Its corporate name in Japanese included the English word "aim" to emphasize its high aspirations and determination. With a strong conviction that Japan's strength lies in its Monozukuri, we started a personnel dispatching and subcontracting company focused on the manufacturing industry. The company was renamed Nihon Aim in 1996.

Provide "safety and reliability" with the "regular employment"

Back in 1995, Japan's makers in general were troubled with a low retention rate of dispatched workers and the resultant lower efficiency in production. We then proposed a scheme that would help dispatched workers grow through training prior to sending them to the client factories, and raised their pay based on their skill levels. Nihon Aim adopted the policies of providing "regular (indefinite-term) employment" and "social insurance for all employees," defying the industry norms.

2001-2007 First growth stage

"Power to work creates vigorous workplaces."

In 2001, the IT recession hit the industry and Nihon Aim recorded a decrease in sales and profit for the first time. We then discussed the survival of the company for more than a year and from that discussion arose our mission "Create vigorous workplaces empowering workers." We concentrated our managerial resources in the semiconductor sector, established hiring, personnel, and training systems, and became No. 1 in the semiconductor manufacturing outsourcing service.

2008- Second growth stage

Becoming Japan's No. 1 manufacturing outsourcing provider

In 2008 UT Group recorded significant decline in profit, triggered by the global financial crisis. We carried out some reforms, including the sale of the manufacturing equipment business which we began in 2006 and the renewed focus on the personnel dispatching business. We emerged from this crisis and diversified business domains to manufacturers in general other than semiconductors. Aiming to become a company most chosen by workers, we were able to achieve one of the largest business scales in manufacturing outsourcing.

Listed on the First Section of the Tokyo Stock Exchange, and moving on to the next stage forward

UT Group received the Grand Prize of the Good Career Company Award 2018 from the Ministry of Health, Labour and Welfare in 2018 and the Porter Prize from Hitotsubashi University Business School in 2019, having been highly accredited by these institutions. In November 2019 UT Group changed its market listing to the First Section of the Tokyo Stock Exchange, making a step forward to the company's next stage.

History

1995	Apr.	Aim CIC Company was founded for the factory work dispatch and outsourcing business in Yokohama, Kanagawa Pref.
1996	July	Aim CIC Company was reorganized to Nihon Aim Co., Ltd.
2003	Dec.	Nihon Aim was listed in the JASDAQ market.
2006	Apr.	Nihon Aim made Artista Co., Ltd. a subsidiary (entry into a design engineer dispatch business.)
2007	Apr.	Nihon Aim and Apex Inc. were integrated via a joint share transfer and established United Technology Holdings Co., Ltd. (currently UT Group Co., Ltd.) (entry into a manufacturing equipment business), which was simultaneously listed in the JASDAQ market.
2008	June	Moved the head office to Shinagawa-ku, Tokyo.
2009	Jan.	United Technology Holdings was renamed UT Holdings Co., Ltd.
	Nov.	Sold all shares of Apex to Hachitoku Co., Ltd. (withdrawal of the manufacturing equipment business.)
2010	Jan.	Comm Leading Co., Ltd. was established.
	Mar.	Comm Agent Co., Ltd. was established. UT Revive Co., Ltd. was established.
2011	Dec.	Arista and Comm Leading were merged and integrated as Comm Leading.
2012	Apr.	Comm Agent was renamed UT icom Co., Ltd. UT Career Co., Ltd. was established. UT Construction Network Co., Ltd. was established.
	July	Nihon Aim was renamed UT Aim, Co., Ltd. and Comm Leading, UT Leading, Co., Ltd.
2013	July	Acquired 81% of shares of Panasonic Battery Engineering Co., Ltd. from Panasonic Corporation, made it a consolidated subsidiary, and was renamed UT Pabec Co., Ltd.
2014	Apr.	UT Aim absorbed and merged UT icom and UT Revive.
2015	Mar.	Acquired all shares of System Revolution Co., Ltd. and made it a consolidated subsidiary.
	July	UT Holdings was renamed UT Group Co., Ltd.
	Oct.	UT Leading was renamed UT Technology, System Revolution was renamed UT System Co., Ltd., and UT Construction Network was renamed UT Construction Co., Ltd.
2016	June	UT Career Co., Ltd. was renamed UT Agent Co., Ltd.
	Dec.	UT Global Co., Ltd. was established. UTHP Co., Ltd. was established.
2017	Mar.	Acquired shares of Tight Work, K.K. and made it a consolidated subsidiary. Acquired 19% shares of UT Pabec and made it a wholly-owned subsidiary.
	July	Acquired all shares of Lei Hau'oli Co., Ltd. and made it a consolidated subsidiary.
2018	Apr.	UT Technology and UT System were merged. Tight Work was renamed UT Community Co., Ltd. Acquired 51% of Fujitsu Aprico Limited and made it a consolidated subsidiary (renamed Fujitsu UT Co., Ltd.)
2019	Nov.	Moved its listed stock exchange to the First Section of the Tokyo Stock Exchange.
2020	Jan.	Sold all shares of Lei Hau'oli.
	Mar.	Acquired all shares of Support System Co., Ltd. and made it a consolidated subsidiary.
	Apr.	Acquired all shares of TBSL Service Business Corporation and made it a consolidated subsidiary (renamed UT Business Service Co., Ltd.) Acquired all shares of Toshiba Information System Products Incorporated and made it a consolidated subsidiary (renamed UT System Products, Co., Ltd.) Acquired 80% shares of Toshiba Office Mate Co., Ltd. and made it a consolidated subsidiary (renamed UT Toshiba Co., Ltd.) UT Aim absorbed and merged UT Global.
	May	UT Aim absorbed and merged the design/development engineer dispatch business of UT Technology.

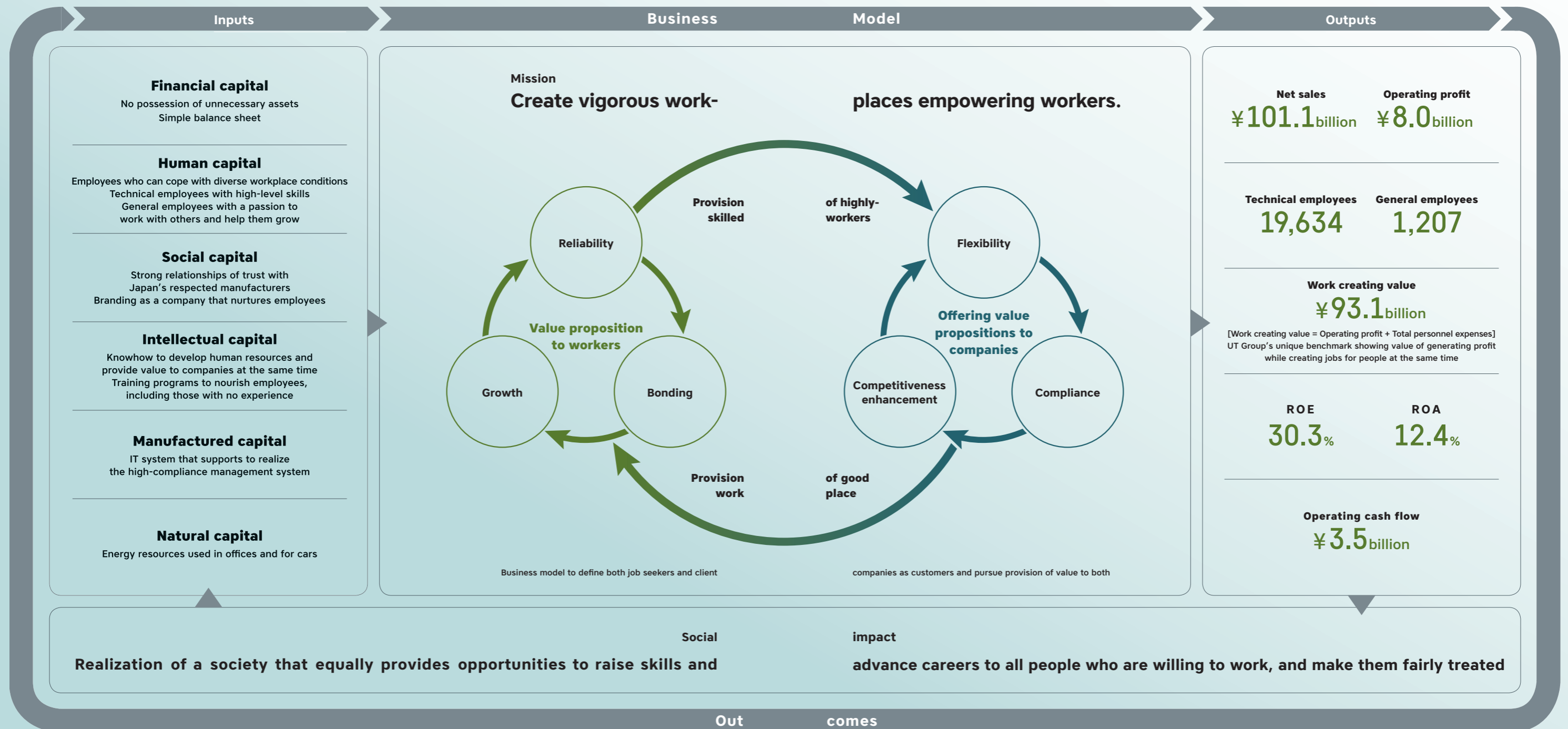
Creation of value that dovetails with development of employees

Contents

- 16 UT Group's value creating process
- 18 Measures to develop high-value human resources
- 22 Voices from UT People
- 28 Value proposition to client companies
- 32 Profit distribution to employees

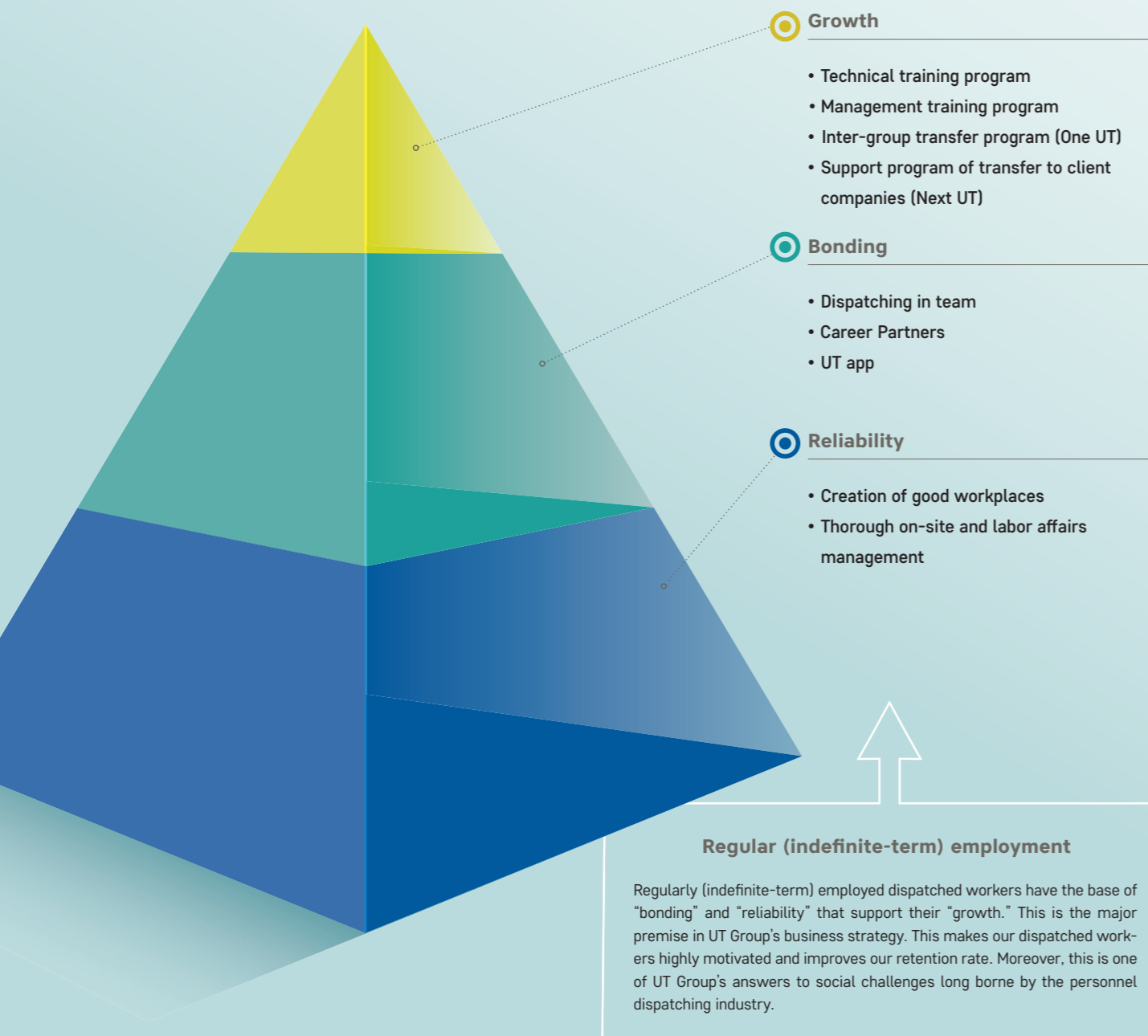
UT Group's value creating process

UT Group's growth is driven by its business model that identifies both workers and client companies as customers and makes everyone involved aim at sustainable growth. By providing equal growth opportunities to everyone who is willing to work, we nurture highly skillful workers. At the same time, we enhance corporate competitiveness and cope with the drastically changing business environment.



Measures to develop high-value human resources Potential of each and everyone's "growth", which is expanded by "reliability" and "bonding"

UT Group's dispatched workers are motivated by a safe, reliable working environment as well as self-realization through growth and career advance. They also benefit from the company's arrangements to allocate return to them, which gives another reason to our employees to try their best. Their growth leads to growth of the company and return to themselves in a form of better compensation.



"Reliability" enhances dispatched workers' willingness to work

Creation of good workplaces

We identify client companies which are willing to accept many dispatched workers who can be sent in team units and an increase in cost according to a level of their skills. We also establish a strong compliance system in order to create worthwhile workplaces chosen by job seekers. We establish close relationships with clients and raise our share of dispatched workers in their plants so that to secure stable workplaces.

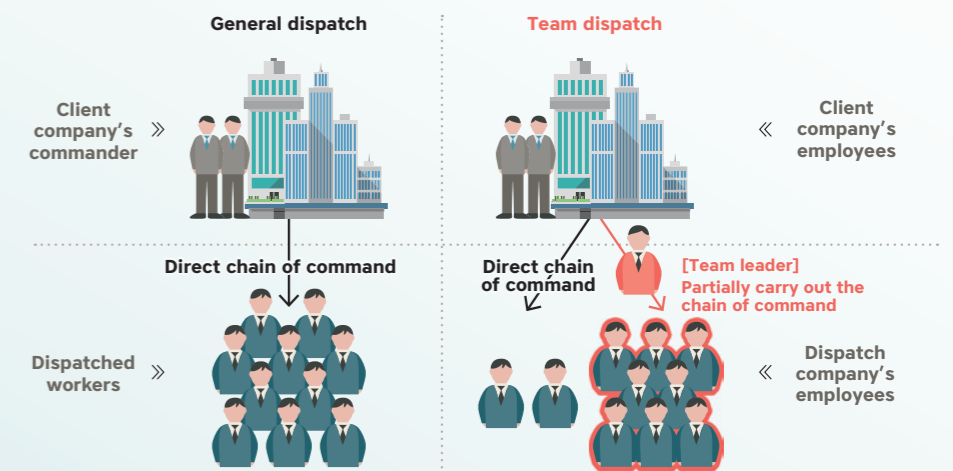
Thorough on-site and labor affairs management

Our on-site managers capture needs of clients and are also engaged in managing labor affairs of on-site employees. The managers make sure not to cause trouble in clients' production plants, by managing attendance of employees and caring for their physical and mental wellness. Such caring attitude also contributes to creating good workplaces for dispatched workers.

"Bonding" helps improve retention rate of employees

Dispatch in team

In general, dispatched workers receive work instructions from client companies' employees. UT Group, however, does outsourcing service for an entire production process with our leader and our employees working as a single team. This saves the client company from giving detailed instructions to dispatched workers, while the team members create bonding with each other and benefit from augmented ability to acquire practical skills in leadership and management.



Career Partners

Workers nowadays think and choose their career path so as to enhance their skill or advance their career by themselves. UT Group's internally certified Career Partner system assists employees' career formation in align with their life plan. UT employees can consult the Career Partners about training courses, obtaining of certifications, or transfer to a client company, among other subjects. Career Partners give face-to-face support and advice to them.



UT app

UT app for smartphones is available to employees to facilitate smooth communications with their leader or team members. Messages can be exchanged, UT Group's information can be seen, and their attendance and their paycheck stub can be checked. UT app is a useful tool for creating a better work environment and a teamwork.



- Messages**
To keep in touch with a leader or members of a team
- Q&A**
Check various procedures and FAQs
- Paycheck stub**
Check details of payment.

Major career support programs that help "growth" of employees

UT Group's employees in on-site workplaces can draw up their career advancement plan, such as to be promoted to an executive position, transferred to an engineer position, or to work at a certain client company. We have career advancement schemes as well as diverse support programs to realize these objectives. We help the self-realization process of each employee, centered around career consulting.

Major career support programs



UT Entry

The UT Entry System is to respect willingness of employees and enable employees to nominate themselves for a position to operate business or an important position. This is one of attempts to facilitate workers to expand their own potential.



Available programs to enhance job skills

Initial training to become an engineer

The One UT program that supports employees who work in manufacturing workplaces to change a career to that of an engineer gives applicants the initial training course on basic knowledge as the first step. By taking this course, UT employees in a different job category can open up a possibility to move to another group company or to change their career. About 500 employees in manufacturing workplaces change their career every year. We thus respond to employees' ambition and develop highly-valuable employees.

Super Manager School

Super Manager School is a training program for selected employees to foster future top-level executives of UT Group. The school emphasizes the ability to understand the corporate policies and take initiatives in how to contribute to the group, instead of just waiting to get instructions from a boss or the company. We intend to foster those who can make a strategy to achieve operating targets and deliver results, and those who take up the challenge to grow themselves and the organization through work.

Equipment maintenance training

Equipment maintenance training programs respond to such needs in the manufacturing industry. Responding to needs of client companies leads to deepening of the relationship of trust with them and to expanding our employment. Our other objectives include development of more skillful employees, enhancement of their salary level, and creation of a longer-term career formation environment for these employees. The programs are oriented from the viewpoint of employees. Career options include a transfer to a major manufacturer.

UT Advanced Career Center (UTACC) for engineers

We currently focus on the Engineering Business in order to fulfill needs for dispatch engineers in Monozukuri workplaces and to promote our inter-group transfer program One UT, which enables a career change from a manufacturing operator to an engineer. Aimed at further expanding the Engineering Business, we opened the UT Advanced Career Center (UTACC) near our head office in Shinagawa-ku, Tokyo, in January 2017. A great feature of the UTACC is a variety of practical programs to train employees with no experience in engineering to become engineers. The courses from basic training to expert training include a lot of group work to nurture a culture of giving of help and competing with each other in addition to obtaining knowledge. We find it important that they make conscious ef-

orts in training. We also give guidance tailored to the competence of each learner by repeated interviews by lecturers, so that the learner would not lose sight of the how and why to stay in the course. The UTACC also has a program for experienced engineers to step up in their careers. We in particular are focusing on the Product Lifecycle Management (PLM) software course, which has recently been emphasized in the Monozukuri workplaces. In alliance with Siemens, a frontrunner in this field, we carry out a training course using Siemens' software with a view of the Industry 4.0 era. We are thus developing high-value-added engineers who will support future Monozukuri.



Voices from UT People

UT Group has many employees who, while working at clients' workplaces, use our diverse career supporting programs to raise the level of their skills and advance their careers. There are also other employees who assist and support on-site associates to help them grow and be active in improving their work environment. Each and every one of UT people help enhance the value of UT Group and may ultimately have a part to play in creating a viable future workstyle in Japan.

UT × Interview

UT Group's long-term career development support programs are unique and help create highly valuable services

Supporter

Supporter

Takahiro TOKUYASU

Senior Manager, PCP Promotion Unit, Career Development Division
 Management of professional career partners
 Head up career development support to enhance value of staff



Personnel training of many conventional personnel dispatch agencies tends to be limited to support of staff at the initial stage of learning the job and getting accustomed to the dis-

patched workplace. They are not readied for engagement in the next career step, and even less so for assisting the future life design of dispatched workers. UT Group is different. Its career

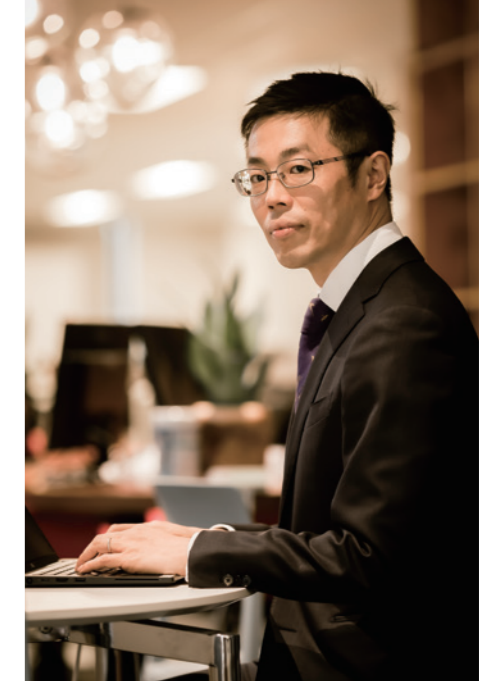
partners are deeply involved not merely in dispatched workers' current jobs but also in their next career formation or future life design. This is a valuable service and a source of great human resource power, unique to UT Group.

I am currently in a position to head up professional career partners (PCP) activities in the Career Development Division. We have two types of Career Partners: those who support workers' everyday assignment at their workplaces; and those who support their career development from a longer perspective (PCPs). While Career Partners help solve daily work troubles, the role of PCPs is to help create a future career path for workers. PCPs help the workers draw a future design by choosing among options in the career platform, such as an advance from a manufacturing operator to an engineer, acquisition of advanced skills, and a move to the client company.

Forming of a long-term career plan motivates employees, resulting in a high retention rate

After being dispatched, workers learn skills needed and gradually come to have a settled or stable life. Conventional dispatch companies relax support during that time but in fact, many workers start questioning about their future – "Shall I continue at my current job?" or "What do I really want to do?" – at this timing of getting used to the job and a stable life. This may possibly lead to a passive attitude toward the work or to a reason to leave the job. UT Group has therefore established a system wherein a PCP meets with a dispatched employee and encourages the person to decide on a future goal, such as to aim at becoming an engineer in X years or at raising skills so as to get a desired job, and to be motivated in the daily job.

Such measures have contributed to raising our employee retention rate and securing experienced, skillful staff, in addition to motivating our employees. PCP's considerate career support to workers results in high evaluation of UT Group's staff and a value to differentiate oneself from peers, as dispatched workers at a manufacturing site are evaluated by the learning level of a team,



beside the skill of each worker, with the exception of some advanced technical staff.

Interestingly, not many dispatch companies undertake such long-term career development support, as it requires a long-term vision and fair cost.

UT Group's philosophy and high aspiration help me keep committed to workers

With regard to measures to assist employees' long-term career formation, cost comes first in the immediate term and good earnings are not easily brought about. I sometimes struggled with this reality but UT Group has continued to deeply commit itself to its employees because of high aspiration and desire of Mr. Wakayama when he founded the company to raise the value of dispatched workers and to expand the potential of workers. Such an ideal has remained a fundamental source of our initiative, which by now is regarded as UT Group's strength in human resources and has resulted in receiving orders at high unit prices and expanding our share at the clients' workplaces. Major manufacturers and other clients have urgent need to secure highly-motivated human resources who make long-term commitments to work. More and more client companies empathize with our initiative and help jointly develop dispatched workers. Sometimes, a contract with a client is terminated and our dispatched workers lose their workplace. At such a time, Career Partners scramble to find the next workplace for the workers. Other Career Workers struggle with workers toward realizing their goals and share their joy when the goal is achieved. Such images of Career Workers may symbolize UT Group. We may look like overly polite and disregard business, compared to our peers. However, it is a part of my important responsibility to appeal that our initiative be taken as a service that creates value and helps bring about good operating performance. We intend to enhance offering of opportunities for our workers to grow, and strengthen our career platform. Our Career Partners will deeply commit themselves to our workers and we will thereby have a better environment to realize workers' growth. I firmly believe that these will lead to UT Group's unshaken strength and contribution to society via our business.

UT × Cross Talk

Mr. Hiraoka's workstyle of being locally based and expanding his career is an ideal form of work.

Supporter



Experience of seeing my supervisor develop staff with passion up close has made who I am today.

Career-minded Employee



Nomura: I am Manager of the West Japan Section of the PCP Promotion Unit, Career Development Division, the same unit as Mr. Tokuyasu (P22). I am based in the Kita-Kyushu Career Center and my assignment is to head up career design training and career development support of employees in the Kyushu, Kansai, Chugoku, Shikoku, and Hokuriku Areas. In plain words, I am engaged in development and follow-up of Career Partners (CP), who are consultants to our on-site employees.

Hiraoka: I actually received Nomura-san's guidance to become a CP. I am now the Career Center Manager in the Kita-Kyushu Career Center. My assignment is diverse: from organization management and general labor affairs of the Fukuoka and Oita Areas to development of young staff and new client development. In the Kita-Kyushu Career Center, I have three Career Managers, who look after over 250 employees dispatched to eight clients' workplaces.

Nomura: You moved to our company from another dispatched company?

Hiraoka: Yes. I started as a dispatched engineer at a plant and worked as an on-site leader before joining UT Group. I was gravely concerned over my future at the previous dispatch company, which drove me to change jobs.

Nomura: What was a decisive factor for the job change?

Hiraoka: I was very intrigued to learn UT Group's career development support scheme. Dispatched workers are not treated as mere cogs on a wheel at UT Group and its kind treatment of employees surprised me.

Nomura: At that time, we were looking for a reliable on-site leader as we were thinking about opening an outsourcing office

Supporter
—
Manami NOMURA
Joined in 2012;
Head up career formation support as the General Manager of the West Japan Section, PCP Career Promotion Unit, Career Development Division

at the client's site.

Hiraoka: I feel lucky to be able to join UT Group at a good timing. I joined UT in 2014, worked as an on-site process manager, and in 2016 filed myself as a candidate for executive position, by using the "UT Entry" system (P20). This is thanks to advice and encouragement by you and Tokuyasu-san. I was 33 back then. That was my Aha! moment. I felt I could advance my career even from an on-site job, if I make efforts.

Nomura: 2016 is when "One UT", "Next UT" and other programs became functional and career advance options were expanded. I myself was also excited with the great potential of the career development support initiative.

Hiraoka: I was greatly aspired to see up close my supervisor who was passionate in helping develop staff. Nomura-san, what do you keep in mind when supporting career development of staff?

Nomura: No less than my wish that each employee will become aware of his or her potential. Each and every individual is unique and should have a place where he or she can be successful. How can I present a next opportunity to those who have built

Career-minded Employee
—
Kentaro HIRAOKA
Joined in 2014;
Career Center Manager, Kita-Kyushu Career Center
In charge of organization management and general labor affairs of the Fukuoka and Oita Areas

walls around themselves because of their academic background or career? With no manual I have sought how to give them a supportive push forward. Hiraoka-san, what triggered you to be eagerly aware of career advance?

Hiraoka: I participated in the Super Manager School (P21), thanks to your recommendation, in 2016. This was a great turning point. Prior to that, I was locally oriented. The school opened up my eyes that going out of my comfort zone would enable me to grow. I was made to think about what makes me happy and came to realize that to grow and increase my potential is a workstyle I was looking for.

Nomura: I think Hiraoka-san's workstyle of being locally based and expanding your career is an ideal form of work. By the way, what do you think is a role of an on-site leader of UT Group?

Hiraoka: In my view, the role of Career Planners and other on-site leaders is to be a model who enjoy to keep learning. Actually, it is not easy to keep learning [laughing]. However, I want to overcome my feeling, keep growing, and vigorously and happily work. I am always making conscious efforts.

Nomura: I am all for enjoying to work, as my utmost joy is to

support employees' development.

Hiraoka: Nomura-san, are you thinking of taking up a challenge?

Nomura: I would like to create workplaces that empower women and the elderly. A little modification of work shifts will allow parenting moms or seniors to work comfortably. I am hoping to cooperate with our clients and propose a new workstyle for adoption across Japan.

Hiraoka: I want to make efforts even for just a bit in realizing UT Group's goal: Creating a "diversity & inclusion" workstyle platform. As I believe, in particular, that our mission is to expand area platforms, I hope to increase more workplaces that empower our staff, after assisting their career development.



UT × Interview

"With the help of Kuragaki-san, I was able to grow." I feel so rewarded when an employee under my coverage tells me so.

Supporter

Noboru KURAGAKI

Joined in 2018;
currently Career Manager in the Kita-Kyushu Career Center
In charge of labor affairs of 75 employees
in 4 CFs of the Kita-Kyushu Area

I am a Career Manager in the Kita-Kyushu Career Center, Fukuoka Prefecture, and am in charge of four client factories (CF). The Center dispatches workers to diverse clients, including semiconductor makers and automotive parts makers. I am in charge of general labor affairs of 75 dispatched workers in four CFs. My assignment is everything that supports workers, which includes attendance management as well as individual interviews and matching of employees and their dispatched workplace.

As a Career Manager, I always keep two things in mind. First is to sincerely face with employees and clients. When I become aware of anything unusual at a work site, I listen to employees even for a small matter for consultation, and respond properly. Honest, early actions are most important in avoiding a trivial trouble turning into a big deal of someone resigning.

Supporter

Second is to raise compliance awareness, together with clients. The possibility of a conventional practice, such as off-time work, at a manufacturing workplace to become compliance violation even unintentionally is not zero. I therefore strive to firmly inform others about the importance of compliance so as to protect our on-site staff and to raise clients' corporate value.

I used to do similar administrative work at a different dispatch company but I was lucky to be able to move to UT Group, as I was attracted by its diverse career advance options. Opportunities to consult with a Career Partner, learning support for acquisition of qualifications, and "One UT", "Next UT", and other attractive programs are all what I could not dream of in my previous workplace.

In Fukuoka Prefecture where I am based, people tend to be locally-oriented and prefer stable work rather than frantic work for higher salary or advanced career. I therefore make it a habit to tell young employees about diverse growth opportunities while supporting a local community as an employee of UT Group. I feel so rewarded when an employee under my coverage told me "With the help of Kuragaki-san, I was able to grow." The COVID-19 infections are greatly changing the work environment of dispatched workers. I feel strongly more than ever before that my mission as Career Manager is to build a strong relationship of trust with clients and grow our share in the clients' work site.

I am currently in charge of evaluation and quality control of semiconductor manufacturing equipment at a foreign semiconductor maker. It is a job with a lot of responsibility as I need to rigorously adjust the equipment for achieving the quality required by the client. I have a background in liberal arts and did not image four years ago when I graduated from university that I would be in charge of such specialized assignment. I joined UT Aim as a new graduate and began my career as an LCD panel assembly operator in the Kumamoto Career Center. I subsequently moved to the Okayama Career Center and became a manufacturing equipment operator of a Japanese semiconductor maker. That was when my supervisor or Career Manager spoke to me about participating in an "One Unit" briefing and I attended it. Back then, I vaguely questioned myself whether I was truly satisfied with my job as an operator and dispatched staff. At the briefing, I learned about a potential next step and became hopeful. I remember I was highly motivated. In November of my second year at UT Aim, I used the "One UT" program and transferred to UT Technology (current UT Aim after being absorbed and merged). Since then, I have expanded my work to a domain of engineers at the present foreign semiconductor maker. "One UT" is truly attractive as it allows you to maintain a regular employee status while expanding your career. As I thought job transfer was risky, this program was perfect to me.

Recently I feel getting great challenge in being trusted to make a discretionary judgment concerning the process I am in charge,



although this may be unique to a foreign company. I was also rewarded with a higher salary. I was nervous when I transferred from the previous work environment where I was used to. However, I am now grateful for taking up the challenge to advance my career by use of "One UT". In fact, I would never experience a job of a foreign market unless I would not join UT Group. I am now enjoying to learn a new job and expand my work. My goal is to make use of my on-site experience of the world's cutting-edge technology of the semiconductor industry and work as a specialist in semiconductor manufacturing 5 or 10 years from now.

I strongly recommend the "One UT" program to those who have concern over their present work or who want to change. I believe that if you think and act, and raise your value, you can contribute to revitalizing the entire UT Group.

Career-minded Employee

UT × Interview

I work in the world's cutting-edge manufacturing site of a foreign semiconductor maker, as UT has expanded my career.

Career-minded employee

Kouki KATASE

Joined in 2016;
Applied for the "One Unit" program in 2017
and has worked at a foreign semiconductor maker since that year



Value proposition to client companies

Ensuring flexibility in the number of workers, matching demand. Providing workers who meet expectations, for manufacturers throughout Japan

A core value that UT Group creates is to provide as many highly-motivated workers as needed to a client company when needed.

We even strive to provide workers who exceed expectation of a client company.

As we give clients flexibility in the number of workers who have similar levels of capability to those of their directly-employed workers, clients are shifting from temporary use of dispatched workers to constant use of them.

Ensuring flexibility in the number of workers, matching demand

Having branches and (because of traditional employment practices in Japan) company housing nationwide, we have a strong nation-wide mobility to move regular (indefinite-term) employees across Japan. We also have diverse employment adjustment functions, including the acceptance of workers from clients and the assistance for workers' transfers to client companies.

A workplace management system that emphasizes compliance

Our group-wide compliance is based on the RBA* standard, which is stricter than Japan's labor regulations. We maintain and manage an appropriate labor environment in order to enhance protection of the rights of workers and to raise corporate productivity and evaluation.

* Responsible Business Alliance, formerly the Electronic Industry Citizenship Coalition's (EICC) CSR alliance, sets standards to ethically carrying out operations, such as provision of a safe labor environment and treatment with respect and dignity to workers.

Provision of a quality workforce

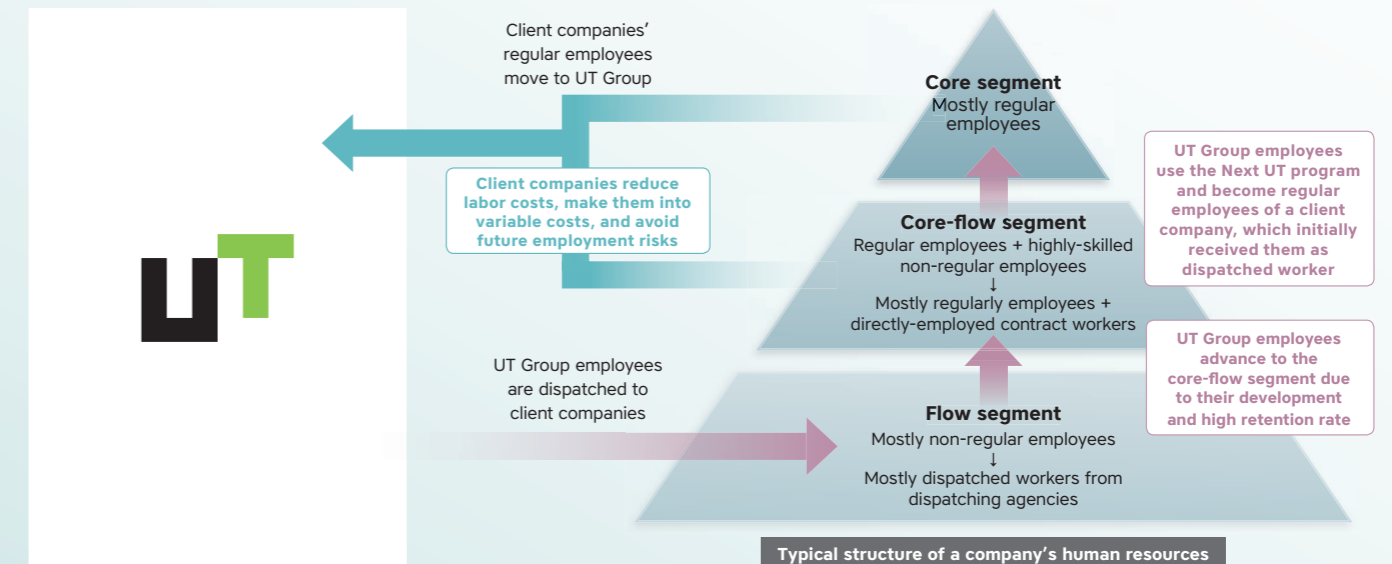
Workers' high motivation and high retention rates, in addition to their high skills, are UT Group's strength. We constantly upgrade training programs and address advanced areas to keep up with advances at client companies. Disciplined performance by our teams of dispatched workers further raises our production efficiency.

Solution consulting on labor affairs

UT Group's consulting services provide solutions that precisely match the personnel structure of manufacturing workplaces: the "flow segment" is where the number of workers fluctuates according to the level of production; the "core-flow segment" is where workers' skill level is high; and the "core segment" is where mostly client companies' regular employees are engaged in a key production process.

Our proposed solution to the "flow segment," which faces the challenge of a low retention rate of general dispatched workers and hence a low productivity, is to introduce the Job Grade System which provides for wages to increase according to the level of skills and functions to raise retention rates. Our solution to the "core-flow segment" of a client company which uses its directly-employed contract workers is to use UT Group's highly-

skilled dispatch workers in order to comply with the Revised Labor Contract Act and other regulations. Lastly, in the "core segment" where the decline in hiring of regular employees for manufacturing workplaces has resulted in a labor shortage, we propose to client companies that they make use of our Next UT program. We furnish those companies with information on our skilled workers as applicants to be hired as their regular employees. We also offer the client employee transfer-type of outsourced work (In-house Solution Service) in which tall manufacturing employees of one plant of the client company as well as of its work are transferred to UT Group. This is useful to companies which have had some of their manufacturing business to become non-core due to restructuring. Through these comprehensive HR services, we help solve diverse labor-related issues of client companies.

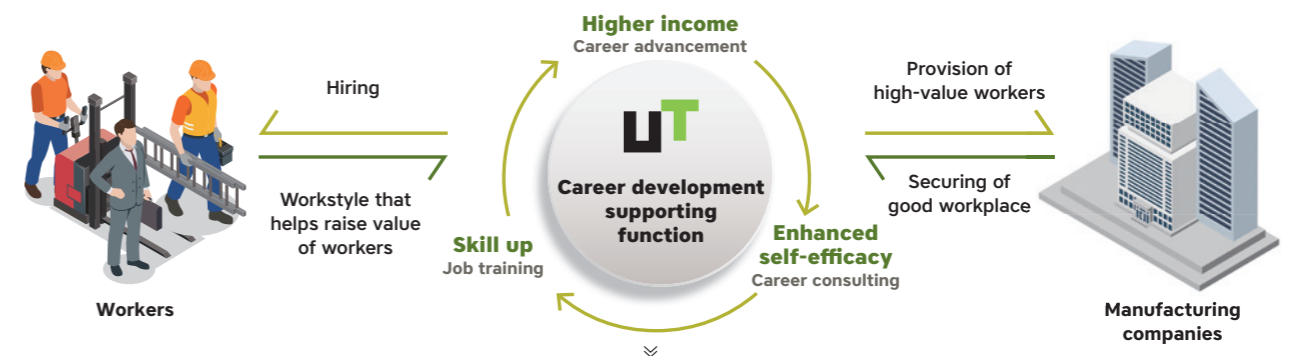


Strong hiring capacity due to strength in development of personnel and ensuring of good workplaces

While the personnel dispatch industry has conventionally regarded workers as purchased asset, and as "cost and flow", UT Group has pursued "value for workers" since foundation. By providing "reliability" in the form of infinite-term employment and dispatch to good workplaces and "bonding"

stemming from team dispatch and support by Career Partners, which leads to "growth" of workers, UT Group has become a company chosen by workers and ranked the first in mid-career personnel hiring* in Japan.

* Mid-career personnel ranking in 2018 (Nikkei Sangyo Shimbun; October 15, 2018)



As a company chosen by workers, UT Group hires over 1,000 workers every month

Nobuyuki TSUKUI

Senior Executive Officer
in charge of Manufacturing,
Engineering, and Service Business
President of UT Aim Co., Ltd.

Takahito YAMADA

Senior Executive Officer
In charge of General
Affairs Division
Chairman of the Compliance
Risk Management Conference

UT × Interview

One-stop provision of highly-skilled personnel in areas from design and development to manufacturing and quality control

During the third medium-term business plan (FY3/2016 – FY3/2020), we enhanced "capacity in hiring and worker and team mobility" in view of the labor shortage environment and further strengthened "capacity in sales and marketing," thereby creating a virtuous cycle. In addition to facilitating that cycle, we enhanced career development activities. As a result, we received high-unit-price, large-lot committed orders from major manufacturers and established a strong business base with high growth potential. UT Aim, where I currently serve as president, I had a great dynamic experience of seeing the number of our staff doing hiring explode from an initial five to 100, who now hire or mobilize 1,000 persons a month. I am proud that we were able to achieve this growth because of superior prompt supply of large numbers of high-quality personnel, greater and better than our peers do, to satisfy the clients' manufacturing sites' robust personnel demand. During the next fourth medium-term business plan period, demand for personnel is expected to change significantly, being affected by COVID-19 effects. I believe that now is the time to return to basics, sincerely listen to needs of our clients, and establish solid relationships.

With regard to the "One-stop strategy to provide personnel to large manufacturers" – one of growth strategies of the fourth medium-term business plan – a shift into growth industries will be an important theme, in my view. Despite the COVID-19 crisis, semiconductor and other 5G-related industries have stable require-

ment for personnel. Having identified these industries as a core business that has large order potential, along with the automotive industry, we intend to supply highly-skilled personnel who are able to satisfy clients' expectations in the manufacturing site. This makes development of engineers all the more important. We have therefore integrated some of UT Technology's functions at UT Aim, a core company of UT Group, and have enhanced a career path scheme that enables a manufacturing operator to advance and become a production technical engineer. For employees, career advance opportunities will expand and for client companies, a structure to provide one-stop service – from design and development into manufacturing and quality control – will become available.

Another core strategy of the fourth medium-term business plan is the "Area platform strategy." The COVID-19 crisis is expected to result in an increase in people who want to stay in a local community and have a stable job or advance skills. In order to meticulously respond to such diverse needs, we plan to promote alliances with or M&A activities involving dispatch agencies in various parts of Japan and to establish an organization engaged in sales, hiring, and personnel development in each area. Our goal over the next five years is to establish a career platform that allows anyone, anywhere, in any job type to use UT Group's high-quality services. Please look out for UT Group's new challenges that transform the changes of the times into opportunities.

UT × Interview

Needs for dispatch workers shift focus from quantity to quality High compliance awareness is becoming greater strength of UT Group

Risk management is becoming increasingly important in maintaining stable business growth. What is required is to enhance compliance awareness in the organization and to establish a compliance management scheme. UT Group holds the Compliance Risk Management Conference once a month. I am Chairperson and other members are two outside lawyers, two Internal Directors, two Senior Executive Officers, one Internal Audit & Supervisory Board Member, and one External Audit & Supervisory Board Member. At conference meetings, after identifying and understanding potential risks for each job ranking such as senior positions and mid-level managers, we identify possible risks and discuss specific issues. We then control or evaluate these risks, and take preventive measures as well as measures to minimize loss or prevent recurrence in case the risk occurs. Recently, we have been discussing urgent issues such as employee safety risks and risks in maintaining employment, in addition to risks associated with business growth.

In the present Internet Society, one employee's trivial behavior may affect the entire group's performance or image. We therefore regularly carry out compliance training to close to 20,000 employees nationwide, not only for managers but also for technical employees and general staff. Given the ongoing COVID-19 crisis, we plan to proactively organize online training, using web contents. In response to ongoing chang-

es of the required compliance standard, we have carried out a three-year plan to raise compliance awareness of all employees, that started in 2016. Dispatching of engineers who have both high-quality skills and compliance awareness to a client's manufacturing site leads to raise the value of the client company. Strict adherence to compliance, which is evolving at the global level, is our strength and contributes to differentiating ourselves from peers.

One of the growth strategies in the fourth medium-term business plan is the "Area platform strategy," which calls for alliances with and M&A of local dispatch companies. This is one reason that labor affairs management will become increasingly important along with the expansion of our business base. Here again, UT Group's strength of having employees with strong compliance awareness manage a manufacturing work site is likely to stand out. In the future, the workforce will be more diverse and include more women, elderly persons, and foreigners. We are determined to further enhance our compliance system and create safe, reliable workplace for all workers.

Profit distribution to employees

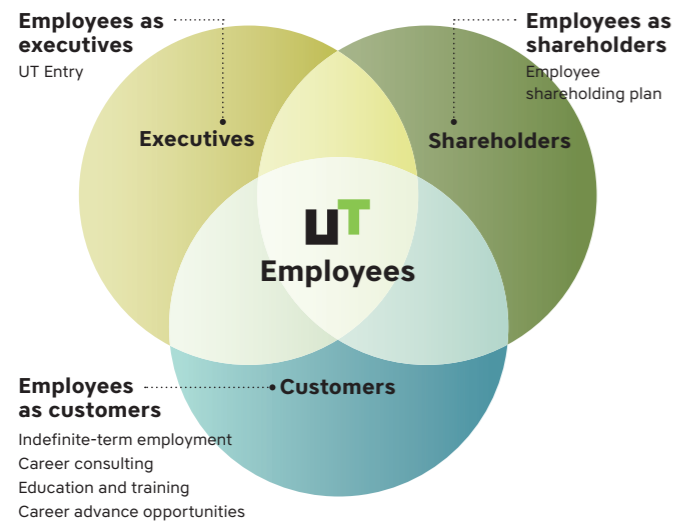
Growth of each and every employee directly links to corporate performance. That gives a reason to employees to try their best.

UT Group’s dispatched workers are motivated by a safe, reliable working environment as well as self-realization through growth and career advance. They also benefit from the company’s arrangements to allocate return to them, which gives another reason to our employees to try their best. Their growth leads to growth of the company and return to themselves in a form of better compensation.



Virtuous growth cycle

UT Group’s policy to support its workers has not been changed since UT’s foundation. Employees enhance their skills and therefore their value, which leads to higher unit prices, higher salaries, and higher sales and profit of the company. We also assist employees to become UT Group’s shareholders in order to make them feel the impact of their efforts in growth of the company and to support their long-term asset formation.



UT’s core

In keeping with the mission to "create vigorous workplaces empowering workers", UT Group has created a cycle in which workers play a key role, manage the organization, and support other workers. UT Group’s workers include dispatch workers who work at our client companies’ site and employees who support business as administrative or office staff. In the management team, roughly one half has the experience of having been a dispatched worker. UT Group’s workers can also be its shareholders through the employee shareholding plan. That is why we say that our employees are our customers, managers, and shareholders. This is another reason why UT Group continues to realize growth.

Sustainable enhancement of corporate value

Contents

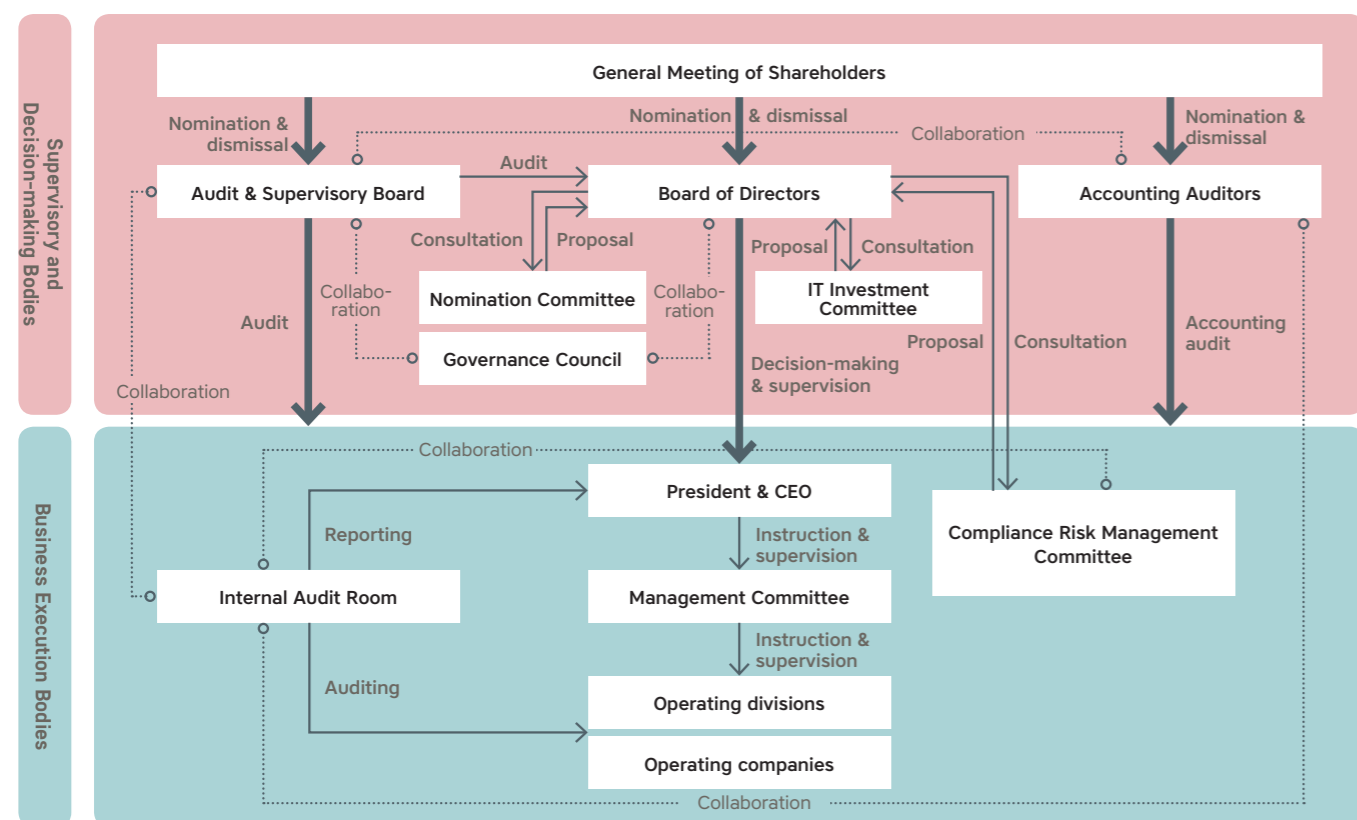
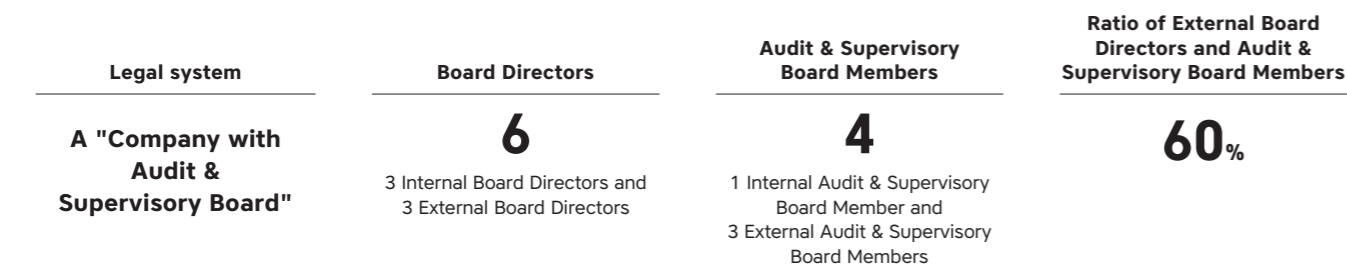
- 34 UT Group’s corporate governance framework
- 36 Roles of organizations that comprise the internal control system
- 37 Message from External Director and Audit & Supervisory Board Member
- 38 Team of Board Directors and Audit & Supervisory Board Members
- 39 Team of Executive Officers
- 40 UT Group’s IR activities

UT Group's corporate governance framework

Fairness is very important for UT Group, which is engaged in a business primarily involving human resources. We have always believed there is a certain correct way of managing from the perspectives of both of investors who provide financial capital and employees who provide human capital.

As a company that has a role in social infrastructure by its supporting Japan's employment environment, UT Group aims at raising its sustainable corporate value through management that is responsible to all stakeholders. In this regard, we recognize continual enhancement of our corporate governance structure as an important management priority. In addition, as the human resources service business is susceptible to economic fluctuations, we believe that we must appropriately and promptly make decisions and execute business so as to minimize business risks, and construct an organization that appropriately su-

pervises and monitors these operations. Based on such a train of thought, UT Group's basic policies of governance policy are (1) to carry out speedy decision making and respond to changes in a flexible, prompt manner from the viewpoint of "responding to change in the management environment"; (2) to enrich the supervisory function of management from a viewpoint of "management transparency"; and (3) to comply with laws and regulations and respect social ethics from a viewpoint of "management soundness."



Board Directors and Audit & Supervisory Board Members

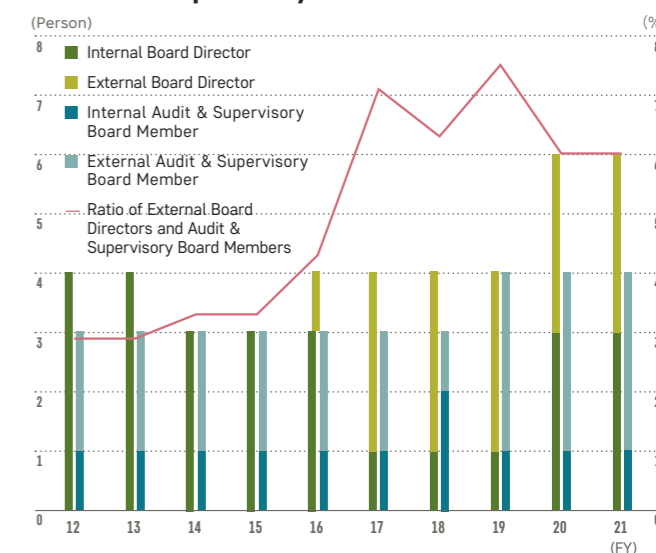
	Title in UT Group	Term of office	Independent board director/audit & supervisory board member	Nomination Committee member	Compliance Risk Management Committee member	IT Investment Committee member	Governance Council member
Yoichi WAKAYAMA	President & CEO	1 year		●		◎	
Yuji WATANABE	Full-time Board Director Concurrently Senior Executive Officer	1 year		●	●	●	
Manabu SOTOMURA	Full-time Board Director Concurrently Senior Executive Officer	1 year		●	●	●	
Noboru HACHIMINE	Board Director	1 year	●	●			●
Tetsuro YOSHIMATSU	Board Director	1 year	●	●			●
Taisuke IGAK	Board Director	1 year	●	●			●
Riichiro KOMATSU	Full-time Audit & Supervisory Board Member	4 years	●	●	●		◎
Masahito FUKUMORI	Full-time Audit & Supervisory Board Member	4 years		●	●		●
Hirokazu MIZUKAMI	Audit & Supervisory Board Member	4 years	●				●
Hiroyuki YOSHIDA	Audit & Supervisory Board Member	4 years	●				●

◎Chairperson

Advisory Bodies

	Nomination Committee	Compliance Risk Management Committee	IT Investment Committee
Chairperson	External expert	Senior executive officer	President
Members	President	2 full-time board directors	President
	2 full-time board directors	1 internal audit & supervisory board member	2 full-time board directors
	3 external board directors	1 external audit & supervisory board member	1 external expert
	2 external expert	2 external lawyer	1 senior executive officer
	1 internal audit & supervisory board member	2 senior executive officer	
Objective	Ensure transparency and objectivity in the procedure to designate candidates for positions of board director, audit & supervisory board member or executive officer	Control UT Group's breach in compliance and risks, and minimize loss	Consider long-term development and investment plans for UT Group's information system infrastructure

Numbers of Board Directors and Audit & Supervisory Board Members, and Ratio of External Board Directors and Audit & Supervisory Board Members



Initiatives to Enhance Corporate Governance

Fiscal 2018 (ended March 2018)

- Established the Nomination Committee, chaired by an outside expert, to enhance objectivity in selection of board directors and audit & supervisory board members.

Fiscal 2019 (ended March 2019)

- Added highly-independent outside experts to the Nomination Committee.
- Expanded the Nomination Committee's scope of nomination for the selection of executive officers
- Extended the discussion time at the Board of Directors meetings
- Established a study group on a corporate governance structure, comprised of external board directors and external audit & supervisory board members, to discuss on a continuing basis enhancement of corporate governance

Fiscal 2020 (ended March 2020)

- Set agenda items for the Board of Directors meetings, based on opinions raised at the governance study group
- Give advance explanations of the Board of Director agenda items to the Audit & Supervisory Board

Roles of organizations that comprise the internal control system

UT Group's legal system of board governance, based on Japan's Companies Act, is a "Company with Audit & Supervisory Board."

Under this system, separation of business supervisory functions and business execution functions is called for, the Board of Directors grants the majority of business execution authority to executive officers, and advisory bodies are established for each important managerial theme.

Board of Directors

As UT Group's highest decision-making body of management, the Board of Directors decides basic management policies and important matters based on the Companies Act, UT Group's Articles of Incorporation, and internal rules. It also focuses on appropriately supervising execution of duties by board directors. In order to accomplish these roles, the number of board directors is limited to facilitate active discussion, while independent board directors represent over a half of the Board in order to enable highly objective supervision.

Executive Officer System

The Company has adopted an Executive Officer System to separate business supervisory functions from business execution functions. The term of office for Executive Officers has been set as one year. They perform business operations based on the management policy decided by the Board of Directors. Executive officers perform their respective assigned functions according to their area of expertise, while senior executive officers manage such function for a certain unit of organization and are assigned to a group-wide coordinating function. Once a year, executive officers are appointed by the Board of Directors among candidates selected by the Nomination Committee out of those who obtained a certain level of managerial experience, applied at their own initiative and were screened according to the Executive Officer Entry System.

Management Committee

The Management Committee, which is chaired by the Representative Director and is comprised of full-time board directors and senior executive officers, is positioned as the second decision-making body following the Board of Directors in the internal control system. The Committee discusses policies of matters discussed by the Board of Directors and basic management policies as resolved by the Board. The status of execution and issues on important matters concerning execution of duties by executive officers are reported at the Committee, so that the group-wide management issues are shared and discussed in order to be resolved.

Nomination Committee

The Company has established a Nomination Committee as an advisory entity serving the Board of Directors, with the aim of ensuring transparency and objectivity in the procedure to designate candidates for positions of board director, audit & supervisory board member and executive officer, and of enhancing accountability of the Board of Directors. The Nomination Committee, chaired by an outside lawyer and composed of some board directors, audit & supervisory board members and outside experts, designates persons who shall contribute to the Group's sustainable growth and medium- to long-term increase in corporate value and refers the candidates to the Board of Directors.

Compliance Risk Management Committee

The UT Group Compliance Risk Management Committee, chaired by the Representative Director and with participation by senior executive officers in charge of business division and management division and a few outside lawyers, is an advisory entity serving the Board of Directors. The Committee discusses compliance policy and action plans, studies matters needed for ensuring legal compliance, does research, and establishes recurrence prevention measures. In addition, the Committee identifies types of risks of the Company and its Group, controls and evaluates these risks, takes action to prevent risk occurrence, and, in the event of risk occurrence, minimizes loss and establishes recurrence prevention measures.

IT Investment Committee

The IT Investment Committee has two roles: a role as an advisory body to the Board of Directors by which it reviews medium- to long-term development and investment plans concerning the information system infrastructure of the entire UT Group; and a role as a decision-making body concerning execution of duties related to shorter-term system investment and the like. The committee, chaired by the President and comprised of full-time board directors and outside IT experts, reviews IT system solutions for managerial issues and discusses the appropriateness of investment decisions and effectiveness after investments have been made.

Governance Council

The Governance Council, chaired by a full-time audit & supervisory board member, shares information concerning corporate governance and exchanges opinions in order to facilitate external executives to engage in active discussions at the Board of Directors. Certain opinions shared at the Governance Council are submitted to the Board of Directors as a discussion theme to enhance corporate governance, as needed.

Internal Audit Room

The Internal Audit Room, which is under the direct control of the President, examines and evaluates compliance, effectiveness, and efficiency of the status of corporate organization establishment and business management of the entire Group, based on the internal control plan, and reports the results to the President and Audit & Supervisory Board Members. The Internal Audit Room also cooperates with Audit & Supervisory Board Members to appropriately audit effectiveness of the status of governance and the internal control system of the entire Group.

Accounting Audit

The Company has entered into an accounting audit agreement with Gyosei & Co. As its accounting auditor who performs audits of financial statements based on the Companies Act and the Financial Instruments and Exchange Act.



**Tetsuro
YOSHIMATSU**

Board Director
President & CEO of
Istyle Inc.

Hiroyuki YOSHIDA

Audit & Supervisory
Board Member
Director of Yoshida Certified
Public Accountant Office
Representative Director of
High Brain Co., Ltd.

The unpredictable age calls for a new type of governance

I first met with President Wakayama at a study group of founders of start-up companies, which meets on a regular basis. I was impressed with his coherent manner and clear-headed personality. A few years later he asked me to become an external director of UT Group. I accepted his offer, thinking I myself would have a lot to learn as UT Group differs from my company in terms of business fields and size.

When I joined the Board, President Wakayama was taking up various challenges concerning the company's medium- to long-term growth and governance to help bring the company to a next stage. For example, the company introduced the Entry system for advancement to managerial positions, or a system to encourage in-house candidates for executive posts. Some people may think governance as a means to apply the brakes to what the top management wants to do or to avoid risks. UT Group, however, thinks of governance as a means for decision making and to take or control risks upon full understanding of them. Over the course of structure enhancement, such as creation of a Governance Council or a Nomination Committee, President Wakayama's policy to emphasize rules and principles has served as a valuable basis for what is done.

And now, the unprecedented, unpredictable nature of our age has arrived, with grave changes in the social environment. In the midst of it, governance calls for realizing an environment that allows the top management to fully exert its strength. I believe that "governance of an unpredictable age" needs to be established by incorporating internal and external opinions and making top management spearhead business development. While UT Group is seeking to further enhance its governance, I take it as my own challenge, as I am personally in the same position of being a founder of a start-up company as President Wakayama. I am determined to share and return my accumulated experiences as management executive to UT Group.

Toward creating a flexible governance system, tailored to an expanded business scale

I was appointed as an Outside Director of UT Group in the mid-2010s when the company began M&A activities for business expansion. The previous Auditor of UT Group recommended me to replace him as I had professional experience in M&A. UT Group back then was a fast-moving organization with a young workforce in the midst of a significant growth stage but I must say that the company had a lot to do for establishing a sufficient governance system. With the goal of becoming listed in the First Section of the Tokyo Stock Exchange as an objective, UT Group people then were raising awareness of the need to establish a solid governance system.

I was therefore proactively involved in achieving highly effective corporate governance. There were three crucial points for improvement: 1) to enhance the supervisory function of the Board of Directors; 2) to adopt an executive officer system to achieve prompt execution of operations; and 3) to set up a nomination committee. I also think that a successful clear separation of supervision and execution deserves high evaluation. Meanwhile, the term of office for executive officers has been set as one year. I think this has contributed to realizing agile, speedy organization management.

In November 2019 UT Group achieved its goal to be listed in the First Section of the Tokyo Exchange but we should not be complacent. During business expansion via M&A activities, we need to through a steady integration process and with the understanding that change in our corporate culture could result. We also need to make conscious efforts concerning country risks if we aim at using foreign workers and expanding overseas. By the way, I highly regard UT Group's thorough, appropriate COVID-19 measures. It is critically important to create a flexible organization which can cope with business expansion and changes in the business environment. I am committed to making efforts for realizing an organization that can manage diverse risks.

Team of Board Directors and Audit & Supervisory Board Members as of June 30, 2020

Term in office/Number of shares held * Independent Director ◎ Concurrently Senior Executive Officer

Board Directors

Yoichi WAKAYAMA (49)

President & CEO
13 years/
9,031,178 shares

After having worked at Temporary Center, Inc. (currently Pasona Inc.) and other companies since 1989, Mr. Wakayama established Nihon Aim Co., Ltd. (current UT Aim Co., Ltd.). He has been President & CEO (current position) of UT Group since 2007.

Yuji WATANABE (50)

Full-time Board Director◎
1 year/
48,714 shares

Mr. Watanabe joined Argus Co., Ltd. in 1991. After serving Icon World Co., Ltd. (currently Fujiwork Co., Ltd.) as Director, he joined UT Group in 2012. After serving as Senior Executive Officer of the Solution Division, he was appointed Board Member (current position) in 2019.

Manabu SOTOMURA (52)

Full-time Board Director◎
1 year/
1,500 shares

Board Director of UT Life Support Co, Ltd.
Mr. Sotomura joined Recruit Group in 1991. After service Bellsystem 24 Holdings, Inc. as Executive Officer, he joined UT Group in 2017. After serving as Senior Executive Officer and Head Officer of the CEO's Office, he was appointed Board Member (current position) in 2019.

Audit & Supervisory Board Members

Riichiro KOMATSU* (73)

Full-time Audit & Supervisory Board Member
2 years/—

After serving many years in the banking business, at Taiyo Bank and Sakura Bank (both currently Sumitomo Mitsui Banking Corporation), Mr. Komatsu was assigned to a position of a representative director and president of KOSAIDO Co., Ltd. and has abundant knowledge and insights on general management.

Masahito FUKUMORI (59)

Full-time Audit & Supervisory Board Member
3 years/2,200 shares

After working at Daiwa Bank (currently Resona Bank, Limited) and Icon World Co., Ltd., Mr. Fukumori joined UT Group. After serving as Head Officer of Internal Audit Office and Senior Manager of General Affairs Division, he was appointed Audit & Supervisory Board Member of UT Group in 2017.

Noboru HACHIMINE* (53)

Board Director
4 years/2,000 shares

Chairman of Digital Holdings, Inc. President of Digital Soft, Inc.

Worked at Mori Building Co., Ltd. and then founded OPT Holding (current Digital Holdings), which supports growth of many IT companies in the rapidly-changing IT industry, based on the "business creation platform concept."

Tetsuro YOSHIMATSU* (47)

Board Director
4 years/1,400 shares

President, istyle Inc. Director, Outside Director, Planet, Inc.

After working at Andersen Consulting (currently Accenture plc), Mr. Yoshimatsu founded istyle Inc. and has expanded its business that uses its proprietary database under the vision of "consumer-centered market creation."

Taisuke IGAKI* (47)

Board Director
2 years/—

LPC Partner, Nishimura & Asahi Japan Association of Arbitrators, Deputy Secretary of Kansai Branch Guest Professor, Graduate School of Medicine, Osaka University Outside Statutory Auditor, en-japan Inc.

After working at Kitahama Partners, Mr. Igaki joined Nishimura & Asahi (law firm). He has abundant knowledge and experience on overall corporate legal affairs, particularly on cross-border deals, M&As, business restructuring and lawsuits. He was appointed External Board Director (current position) in June 2018.

Hirokazu MIZUKAMI* (72)

Audit & Supervisory Board Member
11 years/—

Representative Director, Advan Capital K.K.

After serving as Director of The Sumitomo Trust and Banking (currently Sumitomo Mitsui Trust Bank) and President of Aozora Bank, Ltd., Mr. Mizukami established Advan Capital K.K. He has many years of experience in financial institutions and abundant knowledge.

Hiroyuki YOSHIDA* (51)

Audit & Supervisory Board Member
5 years/—

Director of Yoshida Certified Public Accountant Office Representative Director of High Brain Co., Ltd.

After working at Deloitte Touche Tohmatsu LLC and Hongo Tsuji Tax & Consulting, Mr. Yoshida joined Watanabe & Co. (tax accountant corporation). He has professional knowledge in tax and accounting and a wide range of experience.

Team of Executive Officers as of August 31, 2020

Senior Executive Officers



Nobuyuki TSUKUI

Manufacturing, Engineering, and Service Business Division President, UT Aim Co., Ltd.



Yuji WATANABE

Group Sales and Solution Business Division



Kentaro YAMAGISHI

Career Development Division



Satoshi MORIYASU

Business Development Division



Takahito YAMADA

General Affairs Division President, UT Heartful Co., Ltd.



Manabu SOTOMURA

Management Reformation Division

Executive Officers

Toshinori MIGITA

Manufacturing, Engineering, and Service Business Division President, UT Community Co., Ltd.

Naoki ITO

Manufacturing, Engineering, and Service Business Division President, Support System Co., Ltd.

Tsutomu KOKUBO

Manufacturing, Engineering, and Service Business Division

Masaru MORIOKA

Manufacturing, Engineering, and Service Business Division

Hiroshi HOKARI

Manufacturing, Engineering, and Service Business Division President, UT Construction Co., Ltd.

Hisanori KINOSHITA

Manufacturing, Engineering, and Service Business Division

Kosuke KASHIWAGI

Group Sales and Solution Business Division

Koji SHIGETA

Group Sales and Solution Business Division President, UT Toshiba Co., Ltd. President, UT Business Service Co., Ltd.

Masumi SATO

Group Sales and Solution Business Division

Koji HIROTA

Group Sales and Solution Business Division

Riken ISHIWATA

Group Sales and Solution Business Division President, UT Pabec Co., Ltd.

Koji MORIKAWA

Group Sales and Solution Business Division President, UT Technology Co., Ltd. President, FUJITSU UT Co., Ltd.

Hajime NISHIKAWA

Group Sales and Solution Business Division

Okihiko OGUCHI

Group Sales and Solution Business Division, in charge of Corporate Strategy Business President, UTHP Co., Ltd.

Yuki OMORI

Group Sales and Solution Business Division

Masahiko HIOKI

Career Development Division

Tomokazu NAGAI

Business Development Division

Akihiro HOTATE

General Affairs Division

Masaki ISOBE

General Affairs Division

Junya KOIKE

Management Reformation Division

Dai NAMIKI

Management Reformation Division

Chonga HON

Unit directly controlled by the President



UT Group's IR activities

Enhancement of corporate value through dialogues with shareholders and investors

UT Group recognizes that engagement with shareholders, investors, and other stakeholders is indispensable for the achievement of sustainable growth and medium- to long-term increase in its corporate value. Along this line, investor relations (IR) activities are considered as one of the most important matters of the management and UT Group actively communicates with stakeholders.

Promotion of constructive dialogues with shareholders

The general meeting of shareholders is UT Group's highest decision-making body and a place of dialogues where the management shares thoughts and vision with shareholders. We hold the meeting on a Saturday when there is not a concentration of annual meetings (a long-standing tendency in Japan), so that as many shareholders as possible can attend it. The 13th general meeting of shareholders was conducted and its live video streaming was simultaneously arranged, with due consideration to the impact of COVID-19. We also try to send a convocation notice well ahead in order to provide sufficient time for shareholders to review proposals for resolution. After the general meeting of shareholders, a presentation by the president is made, sharing future business plans with shareholders and including constructive dialogue. After the 13th general meeting of shareholders, a presentation by the president was not held in view of the COVID-19 outbreak.

Participants in the general meeting of shareholders71 shareholders
 Number of questions.....3 questions
 Voting rights exercise rate.....80.10%



Promotion of constructive dialogues with institutional investors

UT Group holds IR briefings on financial results with presentations by the president. UT Group's executive officer in charge of IR activities is mainly responsible for engagement in constructive dialogues with institutional investors, such as one-on-one meetings and small meetings with investors in Japan and abroad, and participation in conferences and other occasions. Opinions of institutional investors obtained through these dialogues are reported at the Board of Directors meeting and used for improvement in management and IR activities.

IR briefing in 2019

Institutional investors who we have had dialogues with.....342 companies in fiscal 2020
 IR briefings..... 5 times
 Participants in IR briefings...774 investors
 * Financial results briefings for the first quarter and the third quarter were conducted in video streaming. The above figures included the number of video views from outside the company.



Financial information

Contents

- 42 Business overview by segment
- 44 Analysis of operational results of fiscal 2020
- 46 The Fourth Medium-term Business Plan
- 48 Financial statements
- 56 Corporate profile and stock information

Business overview by segment

Supply a high-value workforce to a wide range of industries; mainly manufacturing dispatch

UT Group provides diverse high-value human resources to client companies nationwide, to staff mechanical assembly and processing workplaces and operate advanced electronic manufacturing equipment. These men and women provide needed skills and abilities in a wide range of industries with a main focus on manufacturing but also including design and development, and construction and management. Operational reporting for this business is classified based on characteristics into three components – Manufacturing, Solutions, and Engineering.



[Manufacturing]

Diverse equipment operation; product inspection; quality assurance; production management; production technologies; logistics management; equipment maintenance



[Design and development]

Design & development; production & process technologies; CAD & CAM; measurement; structural analysis; system consultant; sales engineering; assessment & inspection; R&D



[Construction and management]

Diverse management functions (production, manufacturing, construction); quality assurance & control; operation & maintenance (systems, equipment); technical support; help desk; environmental preservation, management, research & analysis)

We can promptly plan and deliver a large workforce to every industry domain nationwide

Under the vision "Create jobs nationwide in Japan", UT Group serves customers and takes care of workers at branches and corporate housing across Japan. By making use of economies of scale in doing this, we can and do promptly deliver a large workforce to client companies nationwide.

To manufacturing industries and advanced domains in engineering, UT Group delivers capable workforce

UT Group's industry coverage in dispatch business is diverse: the manufacturing business extends from semiconductors and electronic equipment to automobiles, environment and energy, and medical domains; the engineering business includes fields such as machinery and electric design, production technologies, ICT systems, construction and civil engineering, and robot simulation. We have diverse training programs that address needs in these diverse domains to further develop workers and support Monozukuri workplaces all over Japan.

UT workers' abundant experience and high skills greatly contribute to production efficiency in clients' workplaces

UT Group's overall workforce has high motivation and high levels of skill, acquired through unique training programs. Our high retention rate has resulted in having many experienced employees. Combined with disciplined performance driven by our unique dispatch of teams rather than individual workers, these strengths have become clearly evident, as a manifestation of how UT Group contributes greatly to clients' manufacturing workplaces as compared to other workers from general dispatch companies.

As of June 30, 2020

Manufacturing Business

This segment is engaged in manufacturing dispatch and outsourced work services and is carried out by three subsidiaries – UT Aim, UT Community, and Support System. UT Aim dispatches teams of workers for outsourced work of an entire production line to Japan's major manufacturers engaged in production of semiconductors and electronic components, and automobiles. UT Community and Support System provide personnel dispatch services to mid-sized growth companies.

UT Aim Co., Ltd.

(Manufacturing personnel services, Administration service and consulting business of the Training Programs for Foreign Workers)

UT Community Co., Ltd.

(General personnel dispatch and outsourcing)

Support System Co., Ltd.

(General personnel dispatch and outsourcing)

Solution Business

This segment supplies large corporate groups with labor issue solutions by accepting their employees as UT Group's employees. The Group deploys diverse solutions to assist client companies' structural reforms, including the type of outsourced work called client employee transfer (In-house Solution Service) in which all manufacturing employees of one plant of the client company as well as their work are transferred to UT Group. Reforms also include establishment of a joint company with a client company in which we assist fixed-term employees' change in status to regular (infinite-term) employment.

UT Pabec Co., Ltd.

(Primary battery assembly, packaging, and manufacture personnel dispatch and outsourcing)

UTHP Co., Ltd.

(Manufacturing personnel dispatch and outsourcing)

FUJITSU UT Co., Ltd.

(Manufacturing personnel dispatch, outsourcing, and consulting services)

UT Toshiba Co., Ltd.

(General personnel dispatch and outsourcing)

UT Business Service Co., Ltd.

(General personnel dispatch and outsourcing)

UT System Products Co., Ltd.

(Sales of information system equipment)

Engineering Business

This segment is engaged in transfer of engineers in design & development, software, IT, and construction. In addition to new graduates, operators in the Manufacturing Business with no experience in engineering are trained and transferred to client companies as engineers. We also focus on developing high-value-added engineers by operating a training facility where we assist engineers to further enhance their skills.

UT Aim Co., Ltd.

(Design and manufacturing engineer outsourcing and commissioned business)

UT Technology Co., Ltd.

(IT engineer outsourcing and commissioned business)

UT Construction Co., Ltd.

(Construction engineer outsourcing)

[Major client companies or groups]

- | | | | | |
|------------------------|--------------------------------|----------------------------------|---------------------------|---|
| ■ Aishin Group | ■ Kurita Water Industries Ltd. | ■ Daiwa House Industry Co., Ltd. | ■ NEC Group. | ■ Mitsubishi Electric Group |
| ■ INES Corporation | ■ Keihin Corporation | ■ Takenaka Corporation | ■ Hakuyosha Co., Ltd. | ■ Meltec Business Co., Ltd. |
| ■ Asahi Chemical Group | ■ GS Yuasa Group | ■ Disco Group | ■ Panasonic Group. | ■ Yamaha Group |
| ■ Isuzu Group | ■ Shimizu Corporation | ■ Densan System Co., Ltd. | ■ Hitachi Group | ■ Yokogawa Solution Service Corporation |
| ■ Intec Inc. | ■ SCREEN Group | ■ Tokyo Electron Group | ■ Hibiya Engineering Ltd. | ■ Likes Co., Ltd. |
| ■ NTT Group | ■ SUBARU Group | ■ Toshiba Group | ■ Fujitsu Group | ■ LIXIL Group |
| ■ Obayashi Corporation | ■ Sony Group | ■ Toyota Group | ■ Honda Group | ■ Renesas Group |
| ■ Olympus Group | ■ Taisei Corporation | ■ Nissan Motor Group | ■ MITSUBISHI MOTORS Group | ■ Rohm Group |
| ■ Kajima Corporation | ■ Daihatsu Motor Group | ■ NISSHA Group | | |

Analysis of Operating Results of Fiscal 2020

Minimized the adverse impact of the deteriorating business environment and maintained the flattish y-o-y operating results

In fiscal 2020 (April 1, 2019 – March 31, 2020), the Japanese economy experienced lackluster consumer spending in the second half, mainly due to the October 2019 consumption tax rate hike, in the midst of a gradual recovery in capital expenditures by domestic companies and a moderate increase in consumer spending. Looking at the global economy, in addition to the U.S.-China trade friction which emerged in 2019, the global spread of the novel coronavirus (COVID-19), which began in early 2020, had seriously damaged the society and the economy. With no prospect of the end of COVID-10, the economic and social outlook remains extremely uncertain.

In terms of the environment surrounding UT Group, the clients in the semiconductors and electronic components sector continued production adjustments, due to a slowdown of China's economy, global sluggish demand for smartphones, and semiconductor manufacturers' postponement of capital expenditures. The automotive-related sector, where we had increased orders to offset the weakness in the semiconductor and electronic components sector, was affected by a decline in production after the consumption tax rate hike and temporary suspension of production lines as the spread of COVID-19 disrupted automakers' supply chains. These developments mainly affected our mainstay Manufacturing Business.

In this environment, in addition to the established strategy of dispatching of many employees to large companies, we promoted the Area-based strategy to increase local opportunities to dispatch workers at second-tier and medium-sized companies for the purpose of meeting the needs of job seekers who want to

work in their local community. We also sought to strengthen relations with major corporate groups by offering comprehensive HR services to them. As a result, in fiscal 2020, UT Group recorded net sales of 101,191 million yen (up 0.1% from 101,103 million yen in fiscal 2019), operating profit of 8,040 million yen (down 0.5% from 8,083 million yen), ordinary profit of 8,113 million yen (down 0.7% from 8,166 million yen), and profit attributable to owners of the parent of 4,509 million yen (down 9.2% from 4,968 million yen). Despite various deteriorating factors in the business environment, we managed to keep the impact low and maintained the same level of operating performance to the previous year. In the first quarter of fiscal 2020, extraordinary loss was recorded due to a change in the ESOP-type stock benefit trust plan, which was implemented as part of employees' benefit programs. The number of technical employees was 19,634 (down 949 from 20,583 a year ago). We have basically kept our workforce stable -- no significant reduction. In the meantime, as the COVID-19 outbreak caused the business environment to be extremely uncertain, we opted to increase internal reserves and be prepared for an emergency situation, as the action which we believe should be for the best interests of shareholders. We therefore decided to forgo return to shareholders in fiscal 2020.

Received the Porter Prize, which highly recognized unique business strategies

UT Group was the first company in the manufacturing dispatch industry to be listed, in 2003. On November 14, 2019, we changed our listing from the JASDAQ (Standard) to the First Section of the Tokyo Stock Exchange. On the occasion of celebrating the Company's 25th anniversary in April 2020, we re-committed

Minimized the impact of the U.S.-China trade friction and the COVID-19 outbreak and maintained the results. Posting of extraordinary loss in the 1Q led to a decline in net profit.

ourselves to making the manufacturing dispatch industry more open to society and to continuing a good relationship with our stakeholders.

In October 2019, we received the Porter Prize from Hitotsubashi University Business School. The name of the award is derived from Professor Michael E. Porter of Harvard University, a leading authority on competition strategy. This prize bestows recognition on Japanese companies that have achieved and maintained superior profitability in a particular industry by implementing unique strategies based on innovations in products, processes, and ways of managing. We believe that our business model's high competitiveness, from the competitive strategy viewpoint, was academically endorsed.

Acquisition of new clients in the Engineering and Solution Businesses resulted in an increase in profit

Manufacturing Business

In the Manufacturing Business, personnel demand was robust in the automobile-related sector, responding to a production increase ahead of the October 2019 consumption tax hike, but tapered off along with a production decline after the tax hike. In the meantime, in the semiconductors and electronic component sector, production adjustment by some clients appeared to bottom out, but the trend to reduce dispatched workers continued and the number of technical employees and revenues decreased due to the impact of the spread of the coronavirus effects.

As a result, in fiscal 2020, the segment recorded net sales of 70,336 million yen (down 6.1% from 74,880 million yen in fiscal 2019) and segment profit of 5,951 million yen (down 4.2% from

6,213 million yen), while the number of technical employees was 14,044 (down 1,604 from 15,648 a year ago).

Solution Business

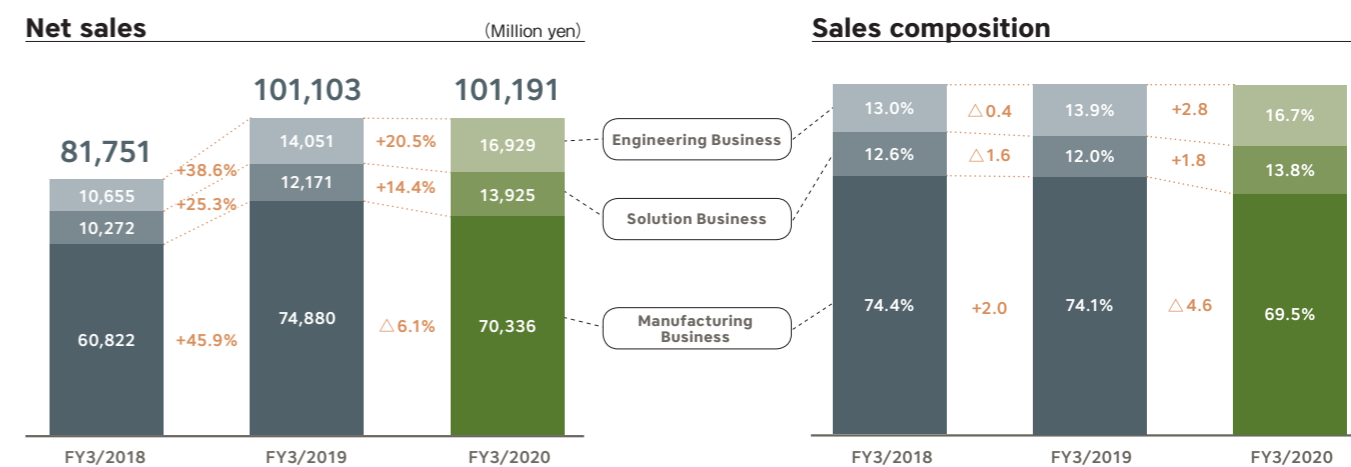
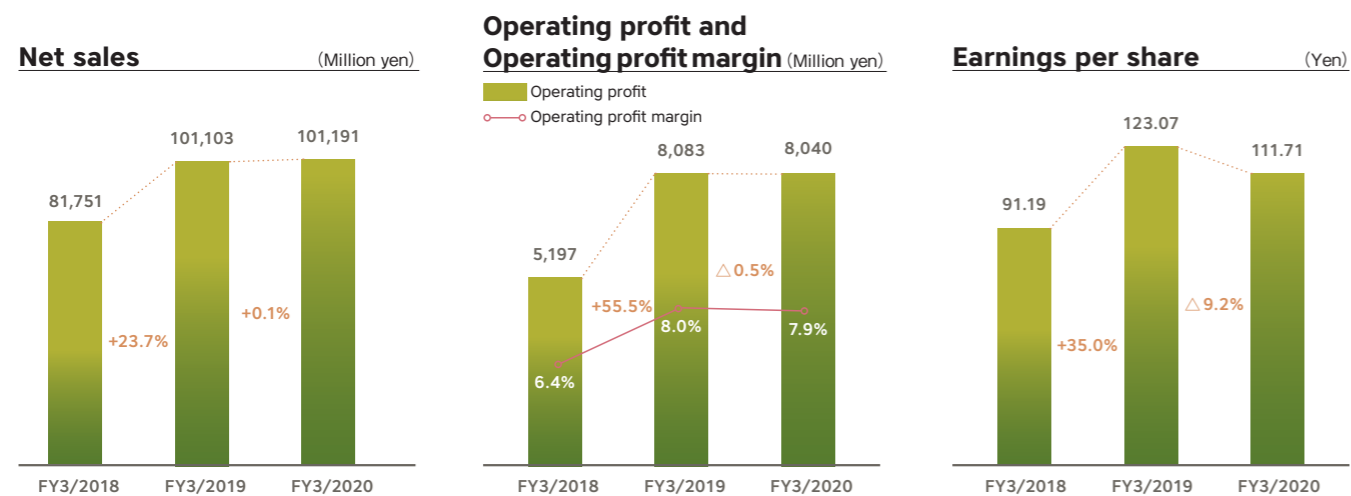
In the Solution Business, the number of technical employees and segment sales increased, contributed by the enhanced relationship with major manufacturers by receiving a large order for dispatched workers and by making comprehensive HR service proposals, in spite of production adjustments by some clients in electric vehicle batteries.

As a result, in fiscal 2020, the segment recorded net sales of 13,925 million yen (up 14.4% from 12,171 million yen in fiscal 2019), segment profit of 1,031 million yen (up 12.3% from 918 million yen), and the number of technical employees of 2,970 (up 326 from 2,644 a year ago).

Engineering Business

In the Engineering Business, while demand in personnel by the semiconductor manufacturing equipment-related clients calmed down, being affected by their production adjustment, demand for field engineers, equipment maintenance operators, and workers for construction and civil engineers continued to be strong. UT Group roughly doubled new hires from a year ago and placed them in these positions.

As a result, in fiscal 2020, the segment recorded net sales of 16,929 million yen (up 20.5% from 14,051 million yen in fiscal 2019) and segment profit of 1,152 million yen (up 7.2% from 1,074 million yen), while the number of technical employees was 2,620 (up 329 from 2,291 a year ago).



The Fourth Medium-term Business Plan

The Fourth Medium-term Business Plan aimed at business expansion in adjacent areas of the established business base

In the long-term vision up to fiscal 2030 as a final year, we aim to "Create a 'diversity & inclusion' workstyle platform" with numerical targets of 600 billion yen in sales and 100 billion yen in EBITDA. During the Third Five-year Business Plan (fiscal 2017 – fiscal 2021), we achieved higher profit growth than projected in 2016 and thus shortened the plan period by one year and revised profit target in May 2019. We then quickly moved on to develop the next plan that would start in fiscal 2021. However, the U.S.-China trade friction and the COVID-19 outbreak have greatly affected the global economy and social situations. Our business environment was also greatly affected and we were forced to make a change in our fourth business plan in preparation with due consideration to the post-COVID-19 situation.

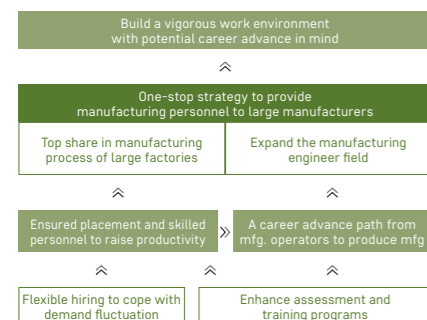
As part of the basis of the Fourth Medium-term Business Plan, we adopted our Twin Customer strategy and built on the foundation put in place in the Third Business Plan: to hire regular employees (indefinite-term employment), dispatch these regular employees to worksites of clients, provide them with stability for life planning, raise their skills through career consulting and training, and enable them to become engineers or to become client-company employees. We have thus established an environment that enables workers to be aware of their growth through work. To client

companies, which are mainly major manufacturers, we provided value, through means such as provision of highly-skilled personnel, an administrative system based on high-level compliance, and a scheme to re-allocate dispatch workers to other plants during production adjustment. This business base is at the heart of our expansion of our business base in adjacent areas in the Fourth Five-year Business Plan (fiscal 2021 – fiscal 2025).

Six medium-term main themes and three growth strategies for expansion of a workstyle platform

"Create a 'diversity & inclusion' workstyle platform" is our goal in the Fourth Medium-term Business Plan. To date, UT has mainly targeted young men in hiring but looking ahead, we now welcome women, senior citizens, and foreigners. Our customer base will also be expanded from large factories in the manufacturing industry to mid-tier factories in the manufacturing and other industries and offices. We thereby can cope with the "workstyle that prioritizes stability" (focus on work-life balance) in addition to the "workstyle that prioritizes career development" (focus on acquisition of skills and career advance). We will enhance the assessment process to find the optimal job for each person and the training programs for personnel to obtain skills needed for a job. We will thus expand targets in hiring, capture more client companies, and expand our business areas in order to "create a

1. Develop and provide manufacturing workers



2. Expand area platforms



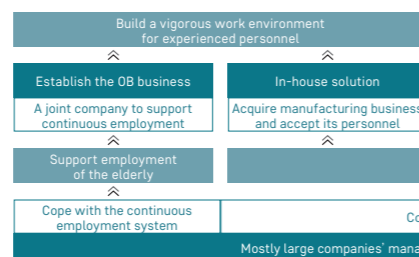
3. Create vigorous work environment empowering foreign workers



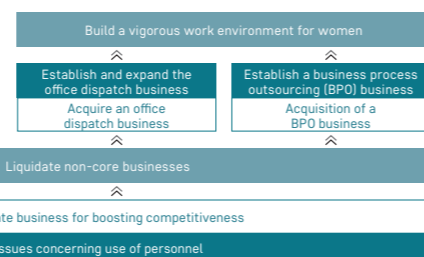
4. Exploit work areas for highly-skilled engineers



5. Accelerate support for the mobilization of human resources



6. Build a business base in new job areas



Expand a workstyle platform, incorporating hiring of more diverse personnel and client companies. Respond to the imminent social changes and evolve a business model.

'diversity & inclusion' workstyle platform." At the same time, we seek to establish a highly flexible business model.

Toward realizing this goal, six medium-term main themes have been set: 1) develop and provide manufacturing workers; 2) expand area platforms; 3) create vigorous work environment empowering foreign workers; 4) exploit work areas for highly skilled engineers; 5) accelerate support for the mobilization of human resources; and 6) build a business base in new job areas. These themes are then expressed in three growth strategies: 1) One-stop strategy for major manufacturers; 2) Area platform strategy; and 3) Solution strategy.

One-stop strategy for major manufacturers

We aim to expand the fields for our manufacturing engineers by using our existing client base and raising competitiveness in our core business of outsourcing of manufacturing by large client companies.

Area platform strategy

We plan to raise market share in regions via alliances with and M&A of local dispatch operators; and integrate the Group's career platform to raise profitability.

Solution strategy

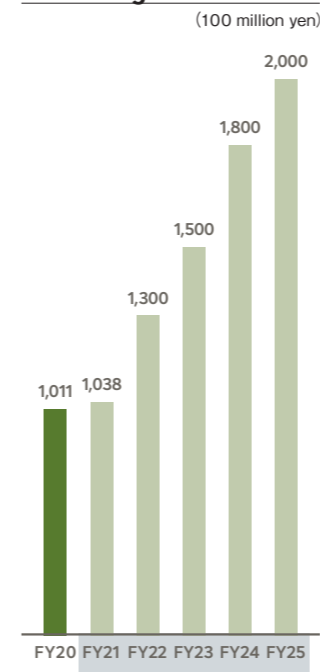
Foreseeing large company structural reform needs, driven by the COVID-19 outbreak and other reasons, we will enhance our hu

man resources mobilization business.

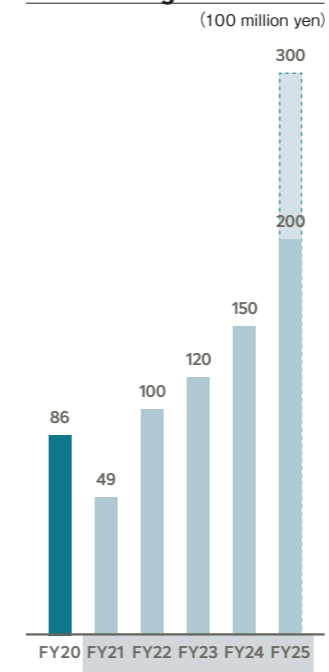
The prolonged infection prevention measures against COVID-19 and the slowdown in the economy have drastically changed the labor shortage situation and a supply-demand balance for personnel may be relaxed for a short term. These new three growth strategies aim at achieving sustainable growth by flexible changing the content of business according to the changes of the times, without changing UT Group's mission of achieving growth of both workers and client companies. Facing the seriously-damaged Japanese economy and at the prospect of further changes, we were forced to modify our Fourth Medium-term Business Plan at the last minute near its completion. Nevertheless, expansion of the business broadly needed for weathering the current changes in the society is expected to further solidify our Long-term Vision "Facilitating the healthy birth of the next workstyle platform."

Numeric goals of the Fourth Medium-term Business Plan are ¥200 billion in net sales and ¥20-30 billion in EBITDA. To our shareholders, we are committed to surefire return, including a total payout ratio of 30% or more, while balancing M&A-driven growth and financial stability.

Sales targets



EBITDA targets



Commitments

EBITDA growth rate: 30% or more (CAGR starting from FY3/2021)
The UT Group emphasizes earnings growth as much as sales growth by business expansion. The Fourth Medium-term Business Plan includes strategic M&A activities aimed at formation of a long-term business base. We therefore use EBITDA to show our commitment in earnings growth and set 30% or more CAGR in EBITDA for the period starting from FY3/2021.

Total return ratio: 30% or more
The UT Group recognizes return to shareholders as an important management priority. We intend to achieve a corporate growth through strategic investment as well as return to shareholders. We are committed to a total return ratio of 30% or more by dividend payment and share buyback.

Gross D/E ratio: 1.0 or less (at the end of FY3/2025)
We intend to achieve both a high growth and a stable financial position by balancing debts with shareholders' equity, which stems from efficient business operation and capital policy.

Total return ratio
The total return ratio represents the proportion of shareholder return to net profit.
Total return ratio = (Dividends + Shares bought back) / Net profit after tax

Gross D/E ratio
The gross debt/equity ratio indicates the ratio of interest-bearing debt to shareholders' equity of the fund sources of a company. A ratio of 1.0 or less is generally regarded as indicating a healthy financial position.

10-year Data

| Fiscal year from April 1 of the previous year to March 31 of the year |

(Million yen)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	20,227	24,106	27,854	30,779	36,478	44,050	57,588	81,751	101,103	101,191
Gross profit	3,740	4,314	4,484	5,429	6,760	8,747	11,462	16,010	20,738	20,006
EBITDA	1,520	1,519	1,523	1,882	2,288	2,574	3,652	5,713	8,686	8,604
Operating Profit	1,442	1,453	1,473	1,824	2,232	2,462	3,413	5,197	8,083	8,040
Net profit before income taxes and other adjustments	1,237	1,273	1,217	1,432	2,149	2,353	3,154	5,385	7,718	6,705
Net profit attributable to owners of the parent	766	880	922	934	1,168	1,497	2,033	3,534	4,969	4,509
Net profit attributable to owners of the parent	17	75	85	86	24	376	236	371	543	286
Depreciation and amortization	78	66	49	56	51	68	155	118	195	251
Total assets	9,022	8,550	9,505	12,058	16,427	17,139	23,144	29,710	33,720	36,308
Shareholders' equity	2,586	3,120	2,711	3,101	3,520	4,096	5,605	8,947	12,890	14,900
Interest-bearing debts	4,040	2,577	3,732	5,495	6,856	7,049	7,822	7,696	5,543	8,789
Cash flow from operating activities	1,585	1,367	915	358	3,131	517	3,107	4,942	6,864	3,509
Cash flow from investing activities	△32	△527	△447	△23	△679	△334	△1,052	△975	△669	△805
Cash flow from financing activities	△1,828	△1,916	△220	1,196	515	△789	△147	△519	△3,184	721
Free cash flow	1,553	840	468	335	2,451	183	2,054	3,967	6,195	2,703

Per-share data

Earnings per share	18.03	21.30	22.63	23.96	30.29	40.40	57.19	91.19	123.07	111.71
Fully-diluted earnings per share	△154.7%	18.1%	6.2%	5.9%	26.4%	33.4%	41.6%	59.4%	35.0%	△9.2%
Dividend per share	60.81	73.34	69.49	79.58	91.20	111.16	158.75	220.45	319.26	369.01
Book value per share	12.00	12.50	13.00	13.50	0.00	0.00	0.00	0.00	61.93	0.00

Financial indices

Gross profit margin	18.5%	17.9%	16.1%	17.6%	18.5%	19.9%	19.9%	19.6%	20.5%	19.8%
EBITDA margin	7.5%	6.3%	5.5%	6.1%	6.3%	5.8%	6.3%	7.0%	8.6%	8.5%
Operating margin	7.1%	6.0%	5.3%	5.9%	6.1%	5.6%	5.9%	6.4%	8.0%	7.9%
Return on Equity (ROE) ¹	30.6%	30.9%	31.7%	32.2%	35.3%	39.3%	41.4%	48.1%	45.5%	30.3%
Return on Equity (ROE) ²	8.1%	10.0%	10.2%	8.7%	8.2%	8.9%	10.1%	13.4%	15.7%	12.4%
Return on Invested Capital (ROIC) ³	13.2%	17.7%	17.3%	14.2%	12.2%	14.7%	16.9%	20.5%	28.4%	21.7%
Equity ratio	28.7%	36.5%	28.5%	25.7%	21.4%	23.9%	24.2%	30.1%	38.2%	41.0%
Debt to Equity Ratio (D/E Ratio) ⁴	1.56	0.83	1.38	1.77	1.95	1.72	1.40	0.86	0.43	0.59

Stock information

Stock price (fiscal year end)	235	305	328	540	470	525	1,447	3,500	2,536	1,110
Price to Earnings Ratio (PER)	13.0	14.3	14.5	22.5	15.5	13.0	25.3	38.4	20.6	9.9
Price/Earnings-to-Growth Ratio (PEG Ratio) ⁵	△0.08	0.96	1.54	3.37	0.59	0.39	0.61	0.65	0.59	△1.07

Return to shareholders

Total shareholder return	514	531	507	526	999	749	609	1,060	2,499	0
Total dividend amount	514	531	507	526	0	0	0	0	2,499	0
Purchase of treasury shares	0	0	529	0	999	749	609	1,060	0	0
Total payout ratio	66.6%	60.4%	54.9%	56.3%	85.6%	50.1%	30.0%	30.0%	50.3%	0.0%

Non-financial information

Number of employees	5,489	6,272	6,983	7,955	9,489	11,370	16,104	19,581	21,746	22,180
Number of technical employees	5,346	6,082	6,821	7,768	9,299	10,926	15,488	18,569	20,583	20,906 ^{※7}
Number of general employees	143	190	162	187	190	444	616	1,012	1,163	1,274 ^{※8}
Work creating value ⁶ (million yen)			25,586	28,029	32,944	39,188	51,061	73,867	92,050	93,120

1 ROE = [Net profit attributable to owners of the parent] / [Shareholders' equity (fiscal year average)]

2 ROA = [Net profit attributable to owners of the parent] / [Total assets (fiscal year average)]

3 ROIC = [Net profit attributable to owners of the parent] / [Shareholders' equity (fiscal year average) + Interest-bearing debt (fiscal year average)]

4 D/E Ratio = [Interest-bearing debt] / [Shareholders' equity]

5 PEG Ratio = [P/E Ratio at year end] / [EPS growth rate] X 100

6 Work creating value = [Operating profit] + [Total personnel expenses]

7 and 8 including the number of employees of Support System, which was newly consolidated in March 2020

Consolidated Balance Sheets

| As of March 31, the last day of a fiscal year. |

	(Million yen)	
	FY2019	FY2020
Assets		
Current assets		
Cash and deposits	14,990	18,415
Notes and accounts receivable - trade	12,429	12,342
Raw materials and supplies	1	3
Other	1,394	1,230
Allowance for doubtful accounts	△62	△49
Total current assets	28,753	31,941
Non-current assets		
Property, plant and equipment		
Buildings and structures	335	340
Accumulated depreciation	△87	△109
Property, plant and equipment (net)	247	231
Other	165	154
Accumulated depreciation	△89	△103
Other (net)	76	51
Total property, plant and equipment	324	282
Intangible assets		
Goodwill	1,410	1,598
Lease assets	0	11
Software	522	622
Other	173	308
Total intangible assets	2,107	2,541
Investments and other assets		
Investment securities	5	6
Long-term loans receivable	39	6
Long-term prepaid expenses	1,229	1
Deferred tax assets	801	1,066
Other	515	518
Allowance for doubtful accounts	△55	△55
Total investments and other assets	2,535	1,543
Total non-current assets	4,966	4,366
Total assets	33,720	36,308

	(Million yen)	
	FY2019	FY2020
Liabilities		
Current liabilities		
Short-term loans payable	250	250
Current portion of long-term loans payable	1,609	1,785
Accounts payable	840	800
Accrued expenses	6,231	5,353
Lease obligations	0	3
Income taxes payable	1,407	264
Accrued consumption taxes	2,345	2,245
Provision for bonuses	1,330	1,270
Provision for directors' bonuses	90	36
Deposits received	2,741	2,208
Other	59	58
Total current liabilities	16,907	14,277
Non-current liabilities		
Long-term loans payable	3,682	6,742
Lease obligations	1	8
Net defined benefit liability	94	151
Deferred tax liability	-	68
Other	38	38
Total non-current liabilities	3,815	7,008
Total liabilities	20,723	21,285
Net assets		
Shareholders' equity		
Capital stock	686	686
Capital surplus	422	422
Retained earnings	11,781	13,791
Treasury shares	△0	△0
Total shareholders' equity	12,890	14,900
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	△4	△5
Total accumulated other comprehensive income	△4	△5
Non-controlling interests	110	129
Total net assets	12,996	15,023
Total liabilities and net assets	33,720	36,308

Consolidated Statements of Income

| Fiscal year from April 1 of the previous year to March 31 of the year |

	(Million yen)	
	FY2019	FY2020
Net sales	101,103	101,191
Cost of sales	80,364	81,184
Gross profit	20,738	20,006
Selling, general and administrative expenses		
Compensation for directors	260	251
Salaries and bonus	3,655	3,925
Provision of reserve for bonus	936	855
Provision of reserve for directors' bonus	90	36
Welfare expenses	853	944
Expenses for hiring activities	2,839	1,854
Depreciation	195	251
Commission paid	1,166	1,406
Goodwill amortization	406	312
Other	2,250	2,128
Total selling, general and administrative expenses	12,655	11,966
Operating profit	8,083	8,040
Non-operating income		
Interest income	1	0
Subsidies for employment adjustment	86	89
Insurance bonus	11	20
Tax exemption gains for consumption tax, etc.	24	-
Other	16	11
Total non-operating income	141	122
Non-operating expenses		
Interest expenses	40	31
Commission fee	10	13
Other	7	4
Total non-operating expenses	58	48
Ordinary profit	8,166	8,113
Extraordinary income		
Gain from reversal of special account concerning business combination	-	8
Total extraordinary income	-	8
Extraordinary losses		
Loss on disposal of non-current assets	29	16
Impairment loss	378	-
Loss on disaster	12	-
25th anniversary expenses	-	205
One-off cost due to the change in the ESOP-type Stock Benefit Trust Plan	-	1,180
Other	28	14
Total extraordinary losses	448	1,417
Net profit before income taxes and other adjustments	7,718	6,705
Income taxes		
Income tax, resident tax and business tax	2,816	2,427
Adjustment for income taxes	△103	△261
Total income taxes	2,712	2,166
Net profit	5,005	4,538
Net profit attributable to non-controlling interests	36	29
Net profit attributable to owners of the parent	4,968	4,509
Per-share data	FY2019	FY2020
Earnings per share	123.07	111.71
Fully-diluted earnings per share	-	-
Dividend per share	61.93	0.00
Book value per share	319.26	369.01

Consolidated Statements of Comprehensive Income

| Fiscal year from April 1 of the previous year to March 31 of the year |

	(Million yen)	
	FY2019	FY2020
Net profit	5,005	4,538
Other comprehensive income		
Remeasurements of defined benefit plans	△4	△1
Total other comprehensive income	△4	△1
Comprehensive income	5,000	4,537
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	4,963	4,507
Comprehensive income attributable to non-controlling interests	36	29

Consolidated Statements of Changes in Shareholders' Equity

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income		Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of March 31, 2018	686	422	7,875	△36	8,947	-	-	-	8,947
Changes of items during the period					-				-
Net profit attributable to owners of the parent			4,968		4,968				4,968
Purchase of treasury shares				△1,076	△1,076				△1,076
Cancellation of treasury shares			△1,060	1,060	-				-
Disposal of treasury shares			△0	52	51				51
Net changes of items other than shareholders' equity						△4	△4	110	105
Total changes of items during the period	-	-	3,906	36	3,943	△4	△4	110	4,049
Balance as of March 31, 2019	686	422	11,781	△0	12,890	△4	△4	110	12,996
Changes of items during the period			△2,499		△2,499				△2,499
Net profit attributable to owners of the parent			4,509		4,509				4,509
Purchase of treasury shares				△0	△0				△0
Cancellation of treasury shares					-				-
Disposal of treasury shares					-				-
Net changes of items other than shareholders' equity						△1	△1	18	17
Total changes of items during the period	-	-	2,009	△0	2,009	△1	△1	18	2,026
Balance as of March 31, 2020	686	422	13,791	△0	14,900	△5	△5	129	15,023

Consolidated Statements of Cash Flows | Fiscal year from April 1 of the previous year to March 31 of the year |

(Million yen)

	FY2019	FY2020
Cash flow from operating activities		
Net profit before income taxes and other adjustments	7,718	6,705
Depreciation	195	251
Amortization of goodwill	406	312
Commission fee	10	13
Increase (decrease) in allowance for doubtful accounts	12	△12
Increase (decrease) in provision for bonuses	150	△67
Increase (decrease) in provision for directors' bonuses	113	△53
Interest and dividend income	△1	△0
Interest expenses	40	31
Loss (gain) on sale of shares of affiliated companies	-	△8
Loss on disposal of non-current assets	29	16
Impairment loss	378	-
Decrease (increase) in notes and accounts receivable - trade	△1,087	308
Decrease (increase) in prepaid expenses	△196	157
Decrease (increase) in inventories	0	△1
Decrease (increase) in long-term prepaid expenses	132	1,229
Increase (decrease) in accrued consumption taxes	206	△164
Increase (decrease) in accrued expenses	761	△1,068
Increase (decrease) in accounts payable	△459	△84
Increase (decrease) in deposits received	1,088	△529
Other	139	11
Subtotal	9,639	7,046
Interest and dividend income received	1	0
Interest expenses paid	△39	△33
Income taxes paid	△2,736	△3,503
Net cash provided by (used in) operating activities	6,864	3,509
Cash flow from investing activities		
Purchase of property, plant and equipment	△72	△14
Purchase of intangible assets	△471	△222
Payments for investments for capital	△20	-
Payments for purchase of subsidiary shares associated with change in scope of consolidation	△13	△634
Payments for sale of subsidiary shares associated with change in scope of consolidation	-	△77
Net decrease (increase) in short-term loans receivable	△7	19
Net decrease (increase) in guarantee deposits	△88	12
Proceeds from maturity of insurance funds	6	-
Other	△3	111
Net cash provided by (used in) investing activities	△669	△805
Cash flow from financing activities		
Proceeds from long-term loans payable	-	5,000
Payments of long-term loans payable	△1,998	△1,764
Redemption of bonds	△150	-
Payments of purchase of treasury shares	△1,076	△0
Proceeds from sale of treasury shares	51	-
Dividends paid to owners of the Company	-	△2,490
Dividends paid to non-controlling interests	-	△11
Other	△10	△13
Net cash provided by (used in) financing activities	△3,184	721
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	3,010	3,424
Cash and cash equivalents at beginning of period	11,979	14,990
Cash and cash equivalents at end of period	14,990	18,415

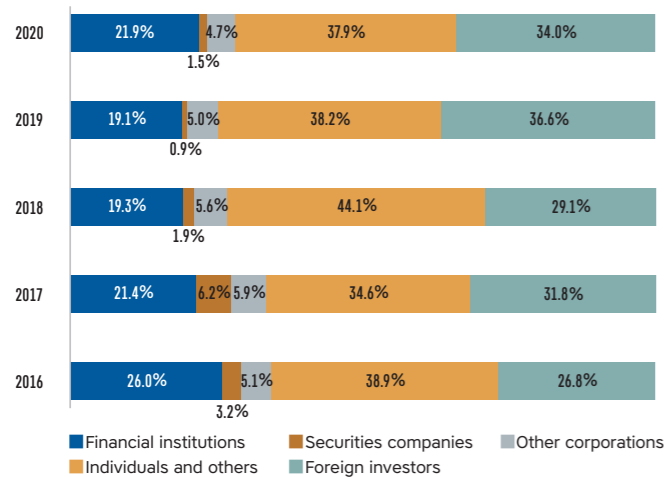
Corporate Profile | as of March 31, 2020 |

Name	UT Group Co., Ltd.
Location	1-11-15 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-0022 Japan
Originally started	April 14, 1995
Established	April 2, 2007
Capital	¥680 million
Number of employees	22,180 (consolidated); 560 (non-consolidated)
Listed stock exchange	Tokyo Stock Exchange, First Section
Securities code	2146
Fiscal year	April 1 to March 31
General meeting of shareholders	Annually held in June
Shareholder record dates	Four times a year (June 30, September 30, December 31, and March 31)
Trading unit	100 shares
Number of shares authorized	160,000,000 shares
Number of issued and outstanding shares	40,363,067 shares
Number of shareholders	7,478
Shareholders registry administrator	Mitsubishi UFJ Trust and Banking Corporation, Securities Agency Division, Shin-Tokyo Post Office, PO box No.29, Tokyo 137-8081 Japan

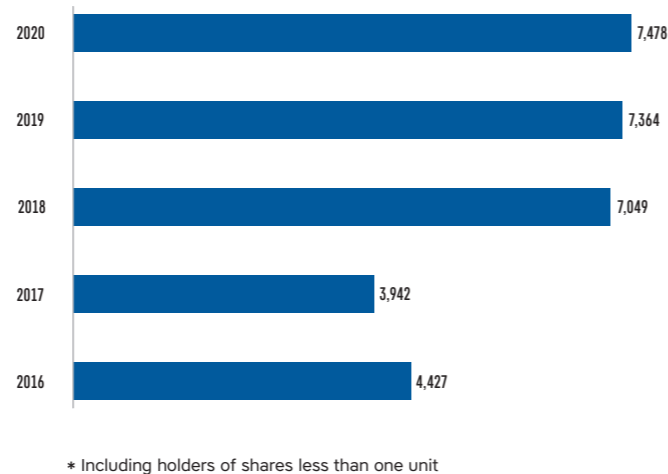
Major Shareholders

	Number of Shares Owned	Percentage (%)
Yoichi Wakayama	9,031,178	22.37
Trust & Custody Services Bank, Ltd. (Trust Account)	3,178,900	7.88
The Master Trust Bank of Japan, Ltd (Trust Account)	1,953,900	4.84
Japan Trustee Services Bank, Ltd. (Trust Account)	1,369,400	3.39
CREDIT SUISSE (LUXEMBOURG) S.A./CUSTOMER ASSETS, FUNDS UCITS (Standing proxy: MUFJ Bank, Ltd.,)	1,100,000	2.73
J.P. Morgan BANK LUXEMBOURG S.A. 1300000 (Standing proxy: Mizuho Bank, Ltd., Settlement Sales Department)	1,041,161	2.58
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement Sales Department)	1,021,039	2.53
Infinity Co., Ltd	908,600	2.25
Copernicus Co., Ltd.	908,600	2.25
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT (Standing proxy: MUFJ Bank, Ltd.,)	860,000	2.13

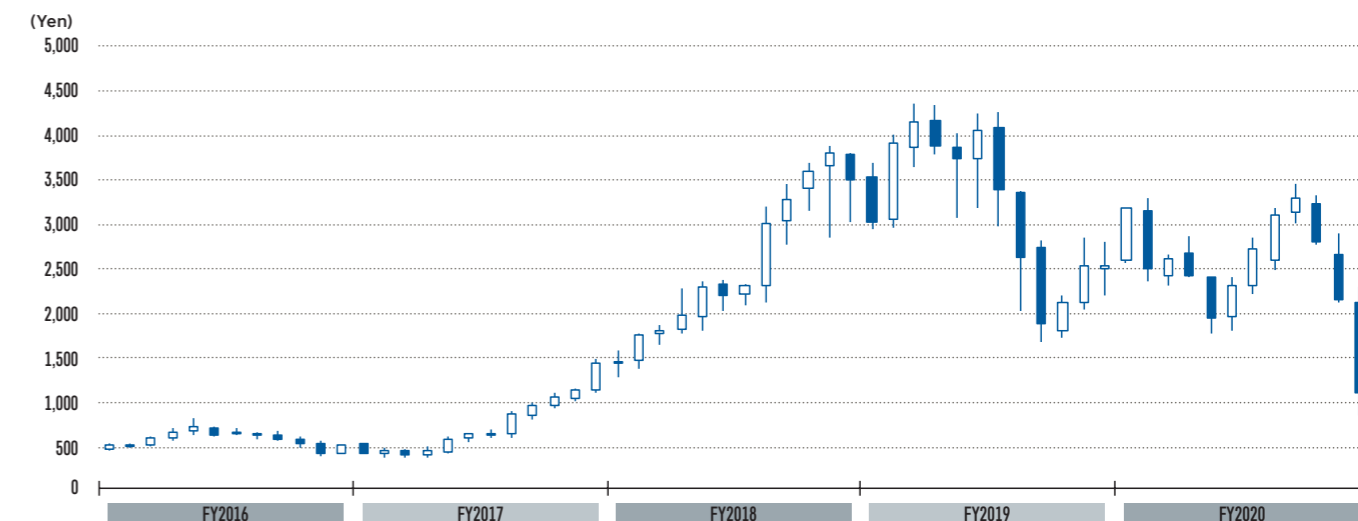
Distribution of shares



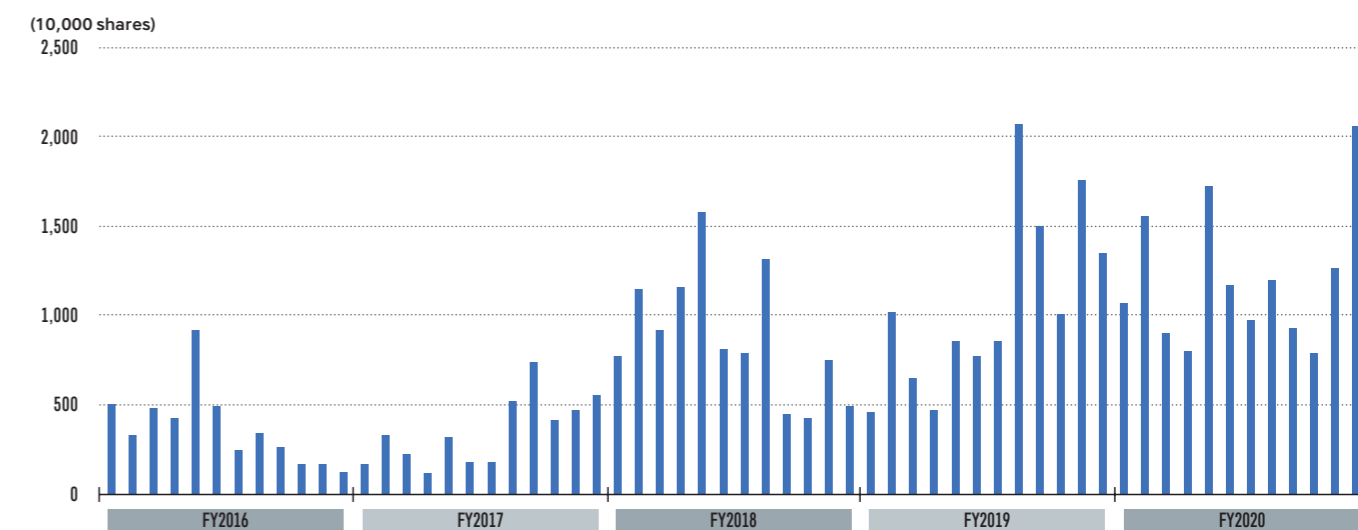
Number of shareholders



Share price performance



Trading volume



Share price performance relative to TOPIX

