

2021

UT Group INTEGRATED REPORT

UT Group's "Integration Report 2021" is structured to provide an orderly understanding of the development and current status of the worker dispatch market, UT's progress and value creation process, and medium- to long-term plans, while linking them to the Essence of UT Group as shown below. It is also possible to start reading from the specific initiatives of the Essence of UT Group.

The Essence of UT Group		Theme Category	Key Themes and Initiatives	Materialities	
Purpose A	Mission Vision Values B	Policy on Value Creation Basic Policy on Individual Dignity and Growth	Value creation activities to realize the mission C	Individuals' potential to be broadened D We respect and are engaged with each worker and continue to create an environment where workers can vigorously work.	03 One-to-One Spirit 09 Top message 15 Changes in the worker dispatch market and progress of UT Group 17 The worker dispatch market up to now and in the future 19 Progress of UT Group which continues to pursue value enhancement for workers 21 Challenges that must be addressed to grow together with workers 23 UT Group's value creating process
		Basic Policies on Organizational Governance Basic Policy on Corporate Governance Basic Policy on Sustainability Basic Policy on Stakeholder Engagement Basic Policy on Internal Control System Basic Policy on Risk Management Basic Policy on Compliance Basic Policy on Information Security	Organizational support and business base to support value creation activities	Continued strengthening of business base E We continue to lead the staffing industry from the perspective of workers, without being constrained by legacy customs.	25 Nurturing people who support Japan's manufacturing — Business strategy 27 Business development in three segments 29 Strengthening competitiveness in the personnel dispatch business 31 Expanding UT's share of dispatched workplaces through support for personnel mobilization
		Basic Policy on Environmental Policy	Environmental-friendly sustainable business management	Fair and transparent organizational controls F We foster a corporate culture that respects each individual, and maintain an open and fair corporate attitude.	33 For workers, from the workers' viewpoint — The enhancement of the business base and growth strategies 35 UT Group's unique value chain 37 Efforts to strengthen the value creation base 41 Voices from UT associates 45 UT Group's future depicted in the Fourth Medium-term Business Plan 47 Aiming to further increase the value of workers 49 Expanding and enhancing business areas mainly by M&As
				Appropriate environmental considerations We recognize our impact on the natural environment and appropriately control it.	51 UT Group today — Financial and non-financial highlights 53 Financial position and operating results FY3/2021 56 Sustainability indices (non-financial KPIs) 57 10-year financial data
					Development of environmental policies and environmental management
				59 Responsibilities to be fulfilled for associates and client companies — Corporate governance 61 Policy on Corporate Governance 64 Messages from Outside Directors 68 UT Group's IR activities 69 Team of Board Directors and Audit & Supervisory Board Members 70 Team of Executive Officers 71 Corporate profile and stock information	
				74 In issuing of the Integrated Report 2021	

CONTENTS



In FY3/2021, when the COVID-19 pandemic hit the world, we reconfirmed the four values that we at UT Group have cherished while protecting our associates* and workplaces.

The phrase "One-to-One Spirit" was derived from this process.

Presented here are voices of our associates in workplaces where they stand by people and stay face to face with them.

* Note: UT Group has decided to use the term "associate" to describe its "employees." This is to more accurately express how its people are positioned in UT Group: In addition to getting paid to work, they can also become its shareholders, can be promoted to the management, and are regarded as its customers in the Twin Customer Strategy.

One-to-One Spirit

We stand by people and stay face to face with them.

**We contribute to the growth of clients through the growth of our associates.
Our business is only possible when our associates receive high expectations
and are highly valued.**

**Through those associates, we contribute to our clients' business and society.
While our services are invisible and intangible, UT Group works for clients and
for society through the action taken by each of UT Group's associates.**

**With that in mind, each of us will continue to act autonomously and strive for
self-improvement on the basis of our Four Values.**

**In the One-to-One Spirit, each of us stands by each other and stays face to face
with each job, task, and desire.**

UT Group's Four Values

Presence: Increase your presence

Believe and broaden the potential of each individual.

Fairness: Stick to fairness

Share the perspective of workers and always act correctly.

All for one: Exceed the simple sum of targets, by a team effort

Utilize our diverse organization for each and every one.

Challenging: Take up the challenge

Set high goals and aspirations and take up the challenge.

Urged by a desire to increase my own value, I moved into the unknown world of the semiconductor industry.

Presence | Increase your presence

In the fourth year at UT Aim, when I wanted to change myself in a new environment, I encountered the job of a semiconductor manufacturing equipment engineer.

I had neither experience nor knowledge but I roused myself to take up this challenge to "increase my value."

After eight months since being assigned to a workplace after training, I feel that my potential has expanded as more tasks are assigned to me.

Takahiko ISHIBASHI

—
Joined UT Aim Co., Ltd. in 2017
Currently, Iwate Kitakami CF
Manufacturing North Japan
Business Unit.

I would like to share with many colleagues the joy of tackling a big goal together.

All for one | Exceed the simple sum of targets, by a team effort

The appeal of working in the UT Group is that you work toward high goals with your colleagues and feel the joy of achieving them.

In order to realize this, I, as an on-site manager, have strived to clearly communicate the vision of the top management to those in the workplace.

Sharing goals with each and every associate* helps unite the workplace.

My desire is to have more colleagues overcome challenges together in a team.

Note: "Associate" is a term UT Group has decided to use to describe its employees.

Yuri KINOSHITA

—
Joined UT Pabec Co., Ltd. in 1997
Currently, Office Manager of Kosai
Office, and
Senior Manager of Shonan Branch,
Product Service Head Office

As a manager, I have secured the opportunity for each associate to play empowered and vigorous roles.

Fairness | Stick to fairness

As a manager leading 400 technical associates, I try to make them aware of their strengths.

This is because if they have a solid skill, they can live wherever they go.

I would like to convey my core ideas to the next generation so that all associates can maintain an environment where they can all work with empowerment and vigor.

Koji ANDO

—
Joined UT Aim Co., Ltd. in 2007
Currently, Career Manager of Kokubu
CF and Higashi Kumamoto CF, and
Manager of the First Group, Second
Section of Kyushu,
Manufacturing Kyushu
Business Unit

Everyday at UT is to me a history of challenges. My dream is to start up a business in which non-Japanese workers work vigorously.

Challenging | Take up the challenge

Everyday at UT is to me a history of challenges.

Since the first year at UT Aim, I have undertaken various assignments, including proposals for new businesses, sales in Japanese, and training of foreign technical interns.

My dream is to start up a new business utilizing non-Japanese workers.

And eventually, I would like to become a business person who can serve as a bridge between my home country, Myanmar, and Japan.

Thiha SOE

—
Joined UT Aim Co., Ltd. in 2017
Currently, East Japan Business
Section,
Global Business Unit

The Essence of UT Group

Our Mission

Create vigorous workplaces empowering workers

We, UT Group, have grown since our foundation with a focus on realizing our workers' personal growth and reassurance in their lives.

The power of working really brings us a variety of empowerment.

The power of working brings us reassurance in life.

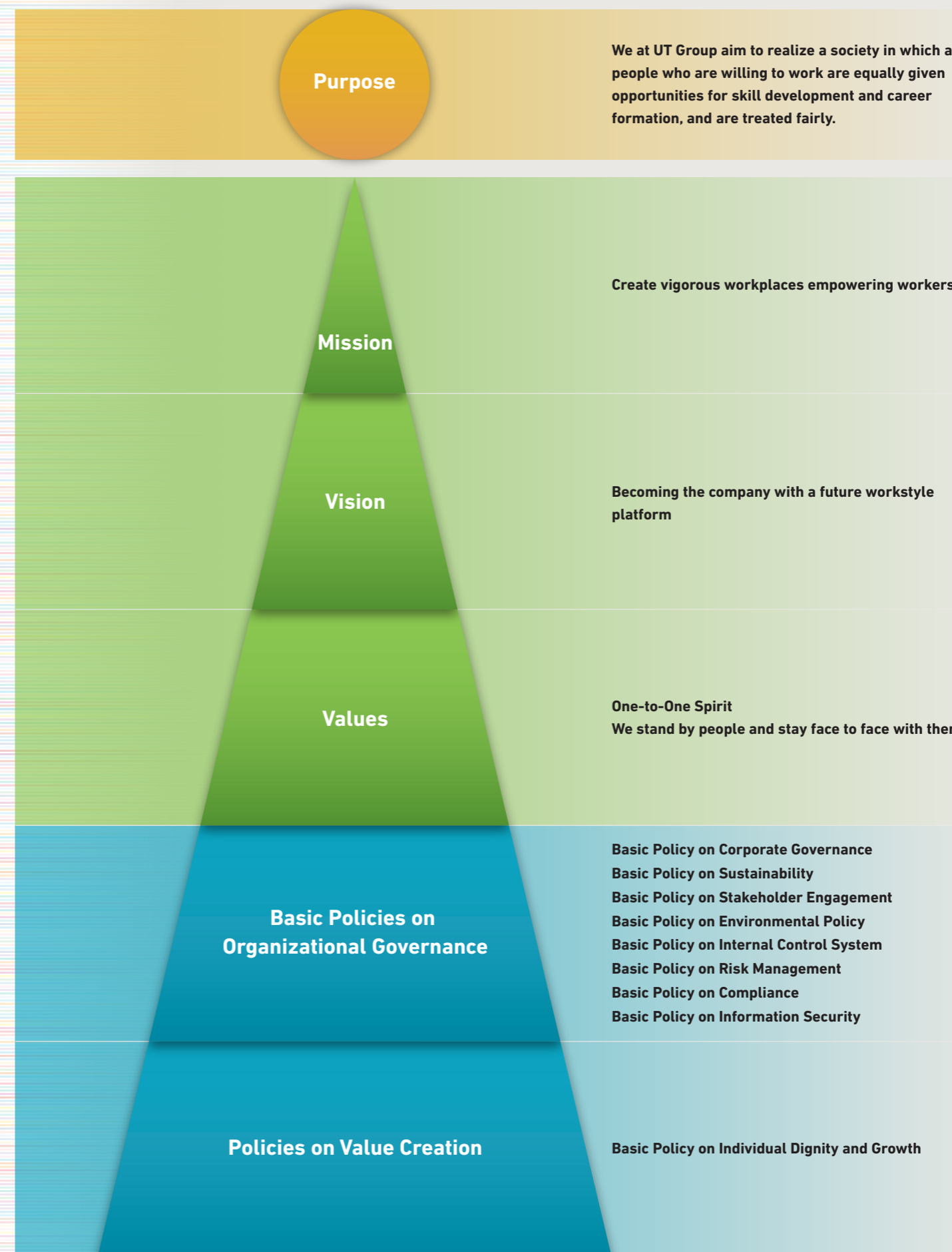
The power of working brings us bonding in society.

And the power of working sometimes helps us realize our potential, which we could not have imagined ourselves.

It gives us the joy of living up to dreams and aspirations that had been given up or forgotten.

We offer opportunities for skill development and career formation to people who are willing to work. We also build a "good place to work" with our clients, and continually increase the number of people who are aware of their potential and who live their lives seriously.

We believe that increasing the number of such individuals and increasing the overall sum of individuals' empowerment end up helping our clients' businesses to grow and ultimately contributing to society.



Top message

Even during the COVID-19 crisis, we aimed to increase our market share by flexibly responding to the changing business environment while protecting employment of each associate*.

Yoichi Wakayama
President, Representative Director and CEO
UT Group Co., Ltd.

Note: *Associate* is a term UT Group has decided to use to describe its employees.

In FY3/2021 we made a great advance by protecting the employment and the workplaces in the midst of unprecedented COVID-19 crisis.

I would like to express my heartfelt sympathy to those affected by the COVID-19 infections and appreciate the medical workers and others who have supported the social infrastructure. I would also like to thank all our shareholders and stakeholders for supporting us in these circumstances.

The COVID-19 pandemic has transformed the society. In fiscal year ended March 31, 2021, we kept our eyes open for changes in business conditions in the midst of the unprecedented COVID-19 crisis. We were particularly hit hard in the first quarter, from April to June 2020. Numerous factories of our client companies suspended operations and our 4,000 associates in total were forced to be on standby. Without knowing an extent of the impact, I remember that we considered multiple response measures, even assuming a scenario of sales to shrink by half.

Fortunately, the situation has quickly improved since July in the second quarter. Demand for human resources, particularly in the automotive-related sector and the semiconductors and electronic parts sector, resurged, which led us to achieve a V-shaped recovery that exceeded our expectations in the second half (2H) of the fiscal year, which started in October.

In such an extremely difficult situation in the first half (1H), the UT Group devoted to taking care of its associates and client companies, upholding its corporate-wide mission of protecting employment and the workplaces. By maintaining employment without hesitation, we were able to quickly respond to a resurging demand for personnel in 2H. Client companies reached a full recovery phase in production activities and their demand for personnel exceeded our expectations. We therefore made corporate-wide efforts in hiring with a target of 1,000 new hires per month. This resulted in hiring approximately 5,600 people in 2H. Combined with additional employees from the acquired companies, our number of technical associates at the end of FY3/2021 reached 23,736, significantly renewing the record high. Despite the COVID-19 pandemic, we thus achieved record-high sales in FY3/2021. Our rapid response to changes, I believe, was the key for such great results.

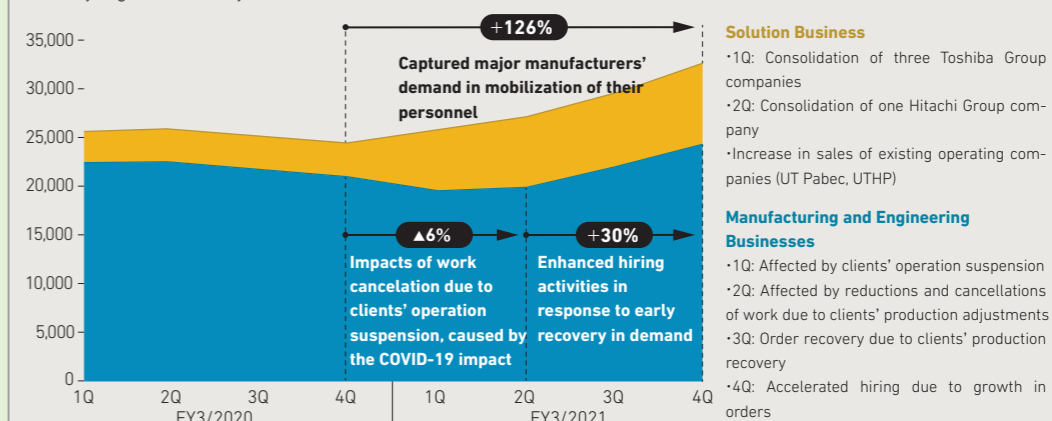
"One-to-One Spirit" became the criterion for judgment during the changing phase

I always think that "responding to change" is an essential part of management. How a company acts in the time of a change in the environment manifests an important characteristic of the company. UT Group has a history of overcoming difficult business conditions, such as the IT recession around 2001 and the global financial crisis in 2008. In fact, UT Group has used significant changes in society as a catalyst for its great advance.

Whenever I face change, I go back to our values, "One-to-One Spirit," and our mission, "Create vigor-

Stable growth, driven by a rock solid business portfolio, despite the COVID-19 pandemic

Sales by segment (million yen)



Respond to change. This is what corporate management is all about.

ous workplaces empowering workers.” We stand by and stay face to face with each and every associate, and focus on creating vigorous workplaces, in order to provide higher value to our clients. Even during the COVID-19 crisis, we adhered to these values and acted on the basis of these values. I believe this has enabled us to overcome this difficult situation.

UT Group, founded in 1995, has consistently been working to improve the treatment of dispatched workers and raise their skills. We created a business model in which we dispatch our regular associate under open-ended (indefinite) employment contract to production sites of client companies in the manufacturing industry. We arranged for all associates to be fully covered by social insurance — not following the dispatch industry’s practice of not insuring dispatched workers — and established a career formation support system aimed at associates’ skill development and growth. Subsequently, we introduced a “Twin Customer Strategy” with the aim of becoming a company chosen not only by manufacturing companies (clients) but also by workers. We have since endeavored to increase the value of workers by providing various support using the three keywords “Reassurance, Bonding and Growth.” The management decision to maintain employment rather than seek profit during the COVID-19 pandemic was based on our long-accumulated “One-to-One Spirit” that we have abided by since our foundation.

The “Top Share Strategy” adopted after the global financial crisis proved to be successful

We have made good use of our experience in the global financial crisis of 2008 in our recent thorough response to client companies. The shutdown of client plants was much more advanced and severer back in 2008 than in the COVID-19 crisis. Back then, dispatch contracts were immediately canceled, and the “layoff of dispatched workers” even became a social issue. Looking at the data of that time, we found that the contract of a dispatched company with a high work share in the client’s plant was not terminated. A high share in the factory reflects high evaluation by our clients. After the 2008 crisis, we had executed the Top Share Strategy that remained in place for over ten years. There are several conditions to be satisfied for there to be an increase in the share of the work in a client’s factory. First, the ability to mobilize a large number of high-quality workers. Second, dispatched workers need to ensure compliance in the workplace. While this was quite a challenge for small dispatch companies, we have steadily increased our share by maintaining a virtuous cycle of large-scale hiring, development of hired personnel, compliance education, and mass mobilization.

Furthermore, unlike many dispatch companies which diversified their business as a risk hedge, we chose to become closer to major clients in manufacturing. Our strategy was to work closely with clients, to focus on dispatching quality workers, and to help increase the value of them and us. This strategy proved to be successful to make us become the fastest-growing company in the manufacturing dispatching industry over the years after the global financial crisis. And at this time of the COVID-19 pan-



dem, we were scarcely affected even though several of our client companies adjusted their production activities again.

Looking back at FY3/2021, despite somewhat being affected by some clients’ operation suspension, we took advantage of a rapid recovery in production activities. This led to an increase in share and a record-high sales level. I am pleased that our efforts resulted in attaining such results.

Three growth strategies of the Fourth Medium-term Business Plan were given attention during the COVID-19 pandemic

In May 2020, UT Group launched the Fourth Medium-term Business Plan for the five-year period from FY3/2021 to FY3/2025 and has since been promoting it. The plan has identified three growth strategies —“One-Stop Strategy for Major Manufacturers,” “Area Platform Strategy” and “Solution Strategy” under the medium-term management goal “Create a ‘diversity & inclusion’ workstyle platform.” Interestingly, due to the COVID-19 pandemic, I believe our three strategies have become more aligned with the needs of society.

Let me walk you through the three strategies and give their update. First, the “One-Stop Strategy for Major Manufacturers” is to provide a one-stop set of services, from manufacturing operators to manufacturing engineers in charge of production technology and equipment maintenance, based on our strong relationship with the leading manufacturers, which have been our conventional partners. We expect that our expanded service range helps our on-site associates to advance their career and that highly-motivated associates may also benefit from access to a career path to become highly-skilled design and development engineers. This also directly links to the “Top Share Strategy” in the client factories. Nowadays clients demand dispatched companies not only to provide the service of large mobilization of workers but also higher-value-added workers and compliance. Demand for development of workers is particularly high, and we also focus on this. As an example, we have established the Technology Skill Development Centers as a base for developing specialized engineers on our own in the rapidly-expanding semiconductor sector. After the opening of a center in Kitakami City, Iwate Prefecture in December 2020, we have opened three more centers across Japan developing semiconductor manufacturing equipment engineers. With the goal of nurturing and producing 3,000 engineers in three years, we are committed to meeting the high needs of client companies.

Next, on the “Area Platform Strategy.” This is to provide a variety of “working opportunities” in each region in response to the desire of job seekers to work in their local area. In order to achieve this goal, we are actively promoting business alliances and M&As with leading local dispatch operators, strengthening our local hiring capability, and establishing a stable employment environment. Another aim behind this strategy is to implant compliance awareness on the part of small and medium-sized local operators and promote the soundness of the dispatch industry as a whole by ensuring their business in their re-

Three growth strategies

<p>Expand services to the engineer field 1</p> <p>One-Stop Strategy for Major Manufacturers</p> <p>Further enhance the competitiveness of manufacturing dispatch for large companies, which is a core business area of the dispatch, and expand the manufacturing engineer field, leveraging the existing client base.</p>	<p>Build the structure to advance career in a local area 2</p> <p>Area Platform Strategy</p> <p>Promote partnerships with and M&As of local dispatch operators, enhance the local workplace, integrate their employees in UT’s career platforms, and raise profitability.</p>	<p>Promote support for mobilization of personnel of major manufacturers 3</p> <p>Solution Strategy</p> <p>Promote and ensure support for human resource mobilization in response to the potentially growing demand in structural reform of large companies due to the changing business environment.</p>
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UT Group's mission is to spread the new career platform throughout Japan

spective area. Our aim is to build a new career platform that presents a variety of workstyles fitted to each life stage of those who prefer jobs in their familiar area and prioritize reassurance and safety in value standard. We believe that the COVID-19 pandemic has further augmented the social significance of this strategy.

And finally, the "Solution Strategy." This used to be our solution business, repositioned as one of the new strategies. In this strategy, we support large corporate groups' human resource strategy with a focus on resolving management issues including optimal staffing and reemployment of retiring workers, in connection with review of strategies and business portfolios. As the business environment is drastically changing, large companies have to undertake structural reforms — now or never. In the past, UT Group had supported the mobilization of human resources of the largest corporate groups in Japan, such as Panasonic and Fujitsu, by accepting their employees as full-time associates of UT Group. In FY3/2021, we started similar collaboration with the Toshiba Group and the Hitachi Group.

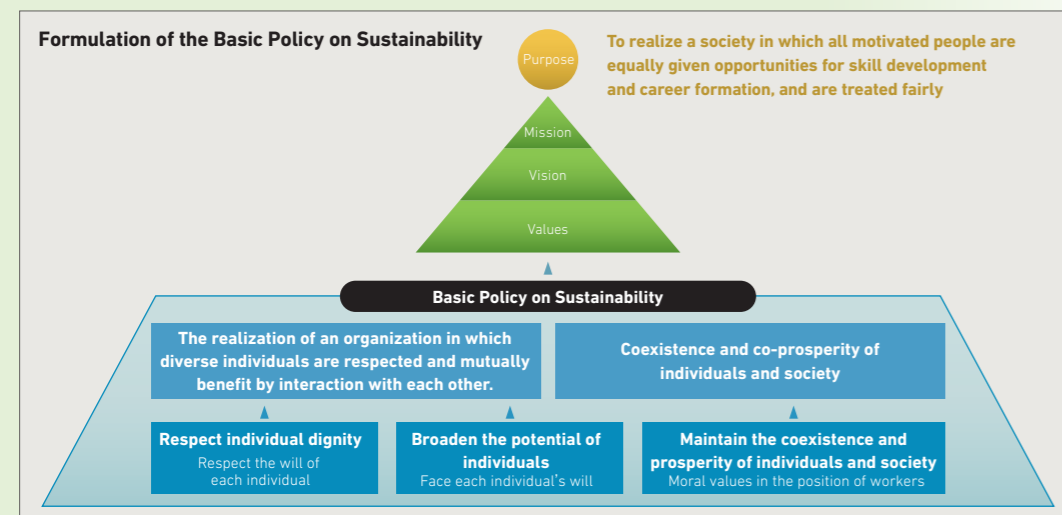
Drastic changes, such as the electrification of automobiles, are taking place across the entire industrial arena. The relationship between companies and workers is also changing. For example, work-life balances are changing and working at side jobs are encouraged by some companies. In the current trend of structural reforms by large companies across Japan, I believe that UT Group should play a role of proposing new solutions.

While pursuing these efforts, we are working to improve corporate value through high growth in a sustainable manner. Our targets for FY3/2025, the final year of the Fourth Medium-term Business Plan, are ¥200 billion in net sales and ¥20-30 billion in EBITDA.

Established the Basic Policy on Sustainability which made visual our existing efforts

Workstyles are drastically changing in Japan and so is the raison d'être of dispatch companies. As I have explained, the dispatch operators are expected to play a greater role in supporting career formation of workers and enhancing compliance. By integrating our existing efforts, we compiled them into a Basic Policy on Sustainability in April 2021 as a part of efforts to help create sustainable society. This process of preparation made us reconfirm what we value as a company in order to realize a sustainable society. Our accumulated efforts were put into the wording of the basic policy: Respect individual dignity, broaden the potential of individuals, and maintain the coexistence and prosperity of individuals and society.

We will disclose our efforts in keeping with the basic policy and their relation to stakeholders, and report on the process of how consistent they are to the policy, and are managed from the perspective of corporate governance. I believe that is our responsibility as a leading company in manufacturing dispatch.



Target to achieve ¥15 billion in EBITDA in FY3/2023, a year ahead of the plan

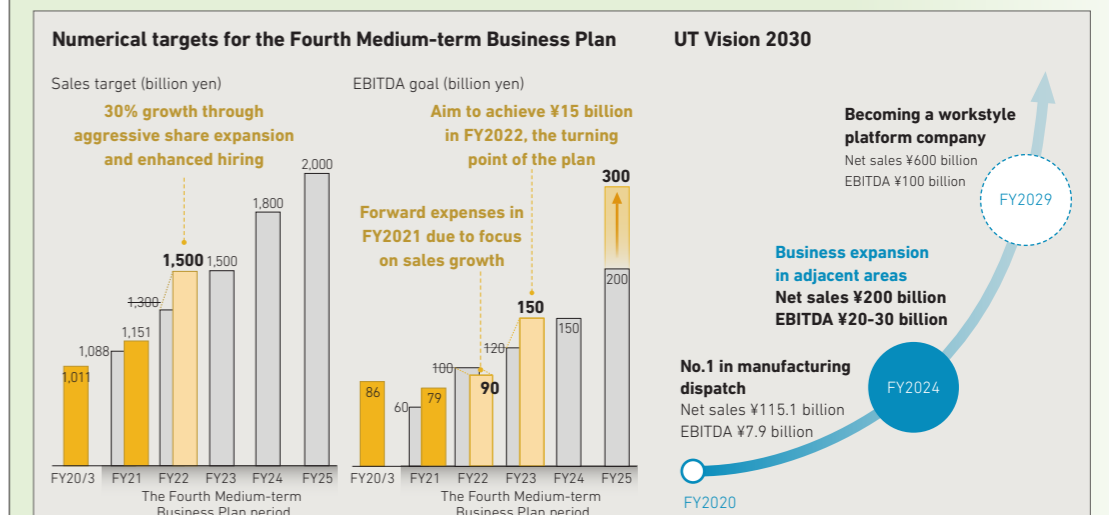
In the current fiscal year ending March 2022, we are continuing to strengthen our hiring activities and focusing on the "Top Share Strategy" in the worker dispatch business for large manufacturers. Personnel demand is expected to remain strong as our main clients in manufacturing are experiencing a shortage in manpower.

In order to achieve the EBITDA target of ¥20-30 billion yen in the final year of the Fourth Medium-term Business Plan, it would be essential to achieve EBITDA of ¥15 billion in FY3/2023, which is a turning point of the plan period. Therefore, in anticipation of the recovery of economic activities, we aim at achieving ¥15 billion in EBITDA in FY3/2023, one year ahead of the originally-planned FY3/2024. Accordingly, the sales target for the FY3/2022 is ¥150 billion and we will continue to emphasize sales growth.

With regard to hiring activities, which is a major driver of sales growth, our targets remain to be hiring of 1,000 people per month and 12,000 people per year. While hiring-related expenses are expected to increase, sales growth in FY3/2022 will be a key to raise the certainty of achieving EBITDA of ¥15 billion in FY3/2023. We will also continue to work on alliances with and M&As of local major companies, and on support for personnel mobilization of large corporate groups.

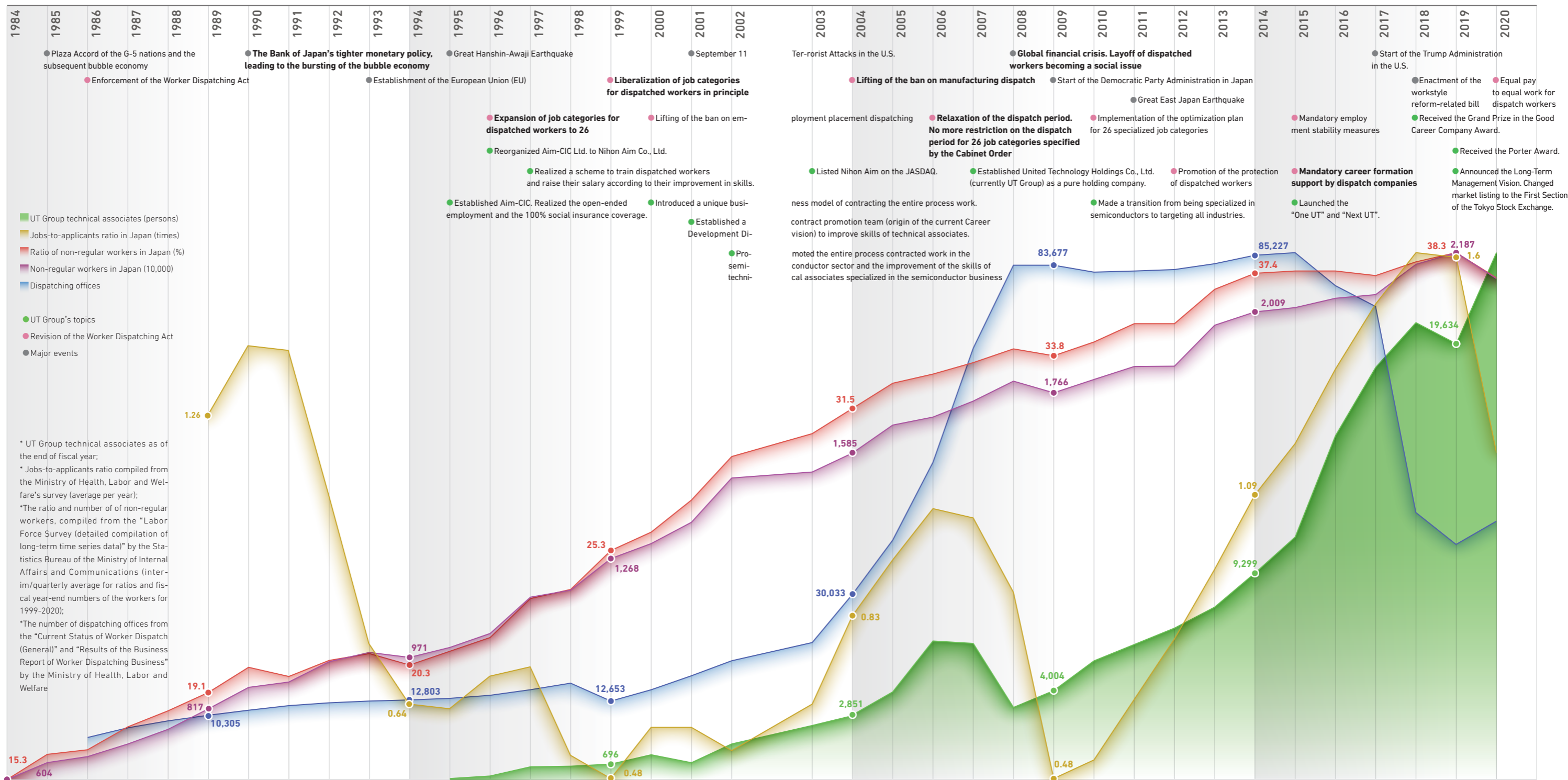
Beyond the Medium-term Business Plan is the longer-term "UT Vision 2030," in which we have set targets of ¥600 billion in sales and ¥100 billion yen in EBITDA for fiscal year ending March 2030.

With the workstyle undergoing a major transformation, I strongly believe in UT Group's mission to build a new career platform and disseminate it throughout Japan. Profiting from a solid demand for personnel, UT Group is committed to realizing sustainable growth.



Changes of the worker dispatch market and progress of UT Group

The worker dispatch market in Japan has expanded and become transformed, due to the impact of social circumstances and legal revisions. UT Group has been a leader in the industry in adopting new systems, including the open-ended employment of dispatched workers.



The worker dispatch market has been growing to meet the needs of the times since its inception.

The number of dispatching offices has been increasing in the worker dispatch market, regardless of social circumstances or the economy. The dispatch industry has gained greater recognition amid the increase in the number of non-regular workers. A turning point in the rise of the prosperous dispatch market came in 1999, when the Worker Dispatching Act was revised and the scope of work and the dispatch period were relaxed. However, the global financial crisis in 2008

triggered the layoff of dispatched workers, and their unstable employment status was once again highlighted, bringing greater focus on the protection of dispatched workers. As a result, employment stability measures and career formation support became mandatory for dispatch companies, their asset requirements became severer from the perspective of business continuity, and the worker dispatch business became centrally controlled by a permit system. These moves to enhance the protection of the rights of dispatch workers have been affecting dispatch companies' business operations.

Dedication to workers led to UT Group's creation of a business model that was ahead of the times.

While the protection of dispatch workers has been called for in recent years, UT Group, since its foundation, has been working on introducing friendly measures for its associates, including open-ended employment and 100% social insurance coverage. Unlike many of our competitors which are still struggling to build a system to support employee education and career formation, we started to do this in the early 2000s and have already established the industry's

best system. We simply thought hard about what we should do for our workers and devoted our efforts to doing the obvious right things with a focus on those who work with us. Now the times have caught up with us from behind. That is how we feel. We are pleased that our efforts have resulted in the current growth of our business. UT Group's "One-to-One Spirit" is the backbone of our business to support workers and broadly contribute to society in the past and in the future.

The worker dispatch market up to now and in the future

The Revised Worker Dispatching Act of 1986 has set the rules for the worker dispatch market, which continues to expand by incorporating the diverse needs of workers and companies involved.

It is said that the business of dispatching labor has existed in Japan since the Edo period. Prior to the enforcement of the Worker Dispatching Act, however, it was in the form of "job contracting" because the dispatch business had not been approved. The pioneer companies in the worker dispatch business were born in the 1960s and 1970s, and the Worker Dispatching Act was enforced in 1986, creating the foundation for current worker dispatch services.

Thereafter, the expansion of the scope of dispatch work through revisions to the Worker Dispatching Act expanded the worker dispatch market. Although the instability of employment during recessions tends to be a problem, the market is expected to expand further amid growing social needs for diverse workstyles in tandem with an emphasis on the protection of workers.

Types of employment in Japan's labor market

Japan's labor market can be classified by three factors: direct or indirect employment, contract period, and applicable law. As opposed to regular employees who are primarily full-time employees of a company, non-regular workers include part-time workers, contract workers, and dispatched

workers. Dispatched workers do not have a direct employment relationship with the company they are dispatched to. The company they work at and the company by whom they are paid are different, and the Worker Dispatching Act is applicable to them.

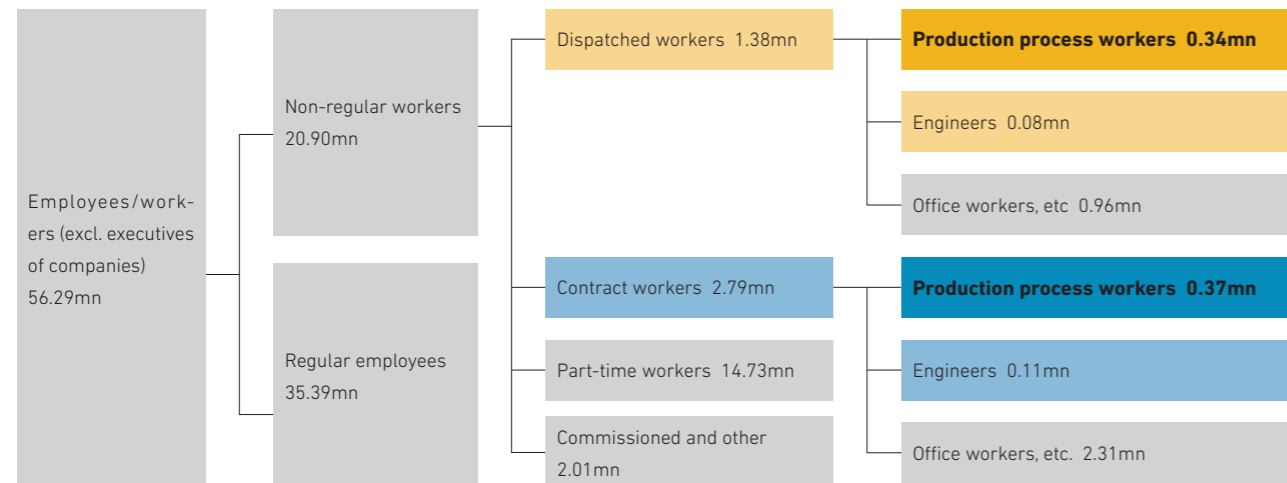
Classification		Term of the employment contract	Applicable legislation
Employment status	Direct	Regular	Full-time employee * Limited full-time employee
		Non-regular	Part-time worker
	Indirect	Contract worker	Fixed term
Dispatched worker or temporary worker		Fixed/ Indefinite (open-ended) term	

The strategic targets and the areas of strength of the UT Group

The size of the dispatch worker market targeted by UT Group

UT Group's main target is the dispatch of workers engaged in production processes in the manufacturing industry, with a primary focus on the semiconductor, automotive and machinery sectors. According to the the Labor Force Survey (FY3/2021) by the Statistics Bureau of the Ministry of Internal Affairs and Communications, out of 1.38 million

dispatched workers in Japan, there are 340,000 production process workers who are the target for UT Group. In addition, 80,000 engineers with more advanced skills and knowledge in the dispatched worker category as well as 370,000 production process workers in the contract worker category are also UT's prospective target categories.



From the Labor Force Survey, Statistical Bureau, Ministry of Internal Affairs and Communications basic data for 2020

Social background of the increasing number of non-regular workers

Over 300% increase in the number of dispatched workers since 2002, and an increasing shift from contract workers to dispatched workers

Changes in the competitive landscape are forcing many companies to have different employment needs so they are shifting away from the Japanese-style employment environment. Job seekers also prefer more diverse workstyles. Owing to such changes in society, the number of non-regular workers is on a rising trend. The number of dispatched workers, in particular, increased by more than 300 percent from 2002 to 1.38 million in 2020. In 2013, the

Labor Contract Law was revised, and rules were established so that workers whose work period exceeded a total of five years under a fixed-term labor contract could apply for an open-ended labor contract and convert their employment status. This has led companies to employ fewer contract workers and more dispatched workers and the worker dispatch market is thus expected to expand further.

Dispatched workers vs. contract workers (10,000)



From the Labor Force Survey, Statistics Bureau, Ministry of Internal Affairs and Communications (detailed data for 2020)

Revision of the Worker Dispatching Act which affected the worker dispatch market

- 1999: Liberalization in principle of allowable job categories for worker dispatch
- 2004: Lifting of the ban on dispatch to manufacturing operations

When the Worker Dispatching Act came into effect in 1986, the number of allowable job categories for worker dispatch was limited to 13 specialized jobs, but this has since been expanded as a result of subsequent revisions. This deregulation has encouraged more industries to use dispatched workers.

- 2012: Promotion of the protection of dispatched workers
- 2015: Mandatory implementation of career formation support and employment stability measures by dispatch companies
- 2020: Elimination of unreasonable difference in treatment of regular versus non-regular employees

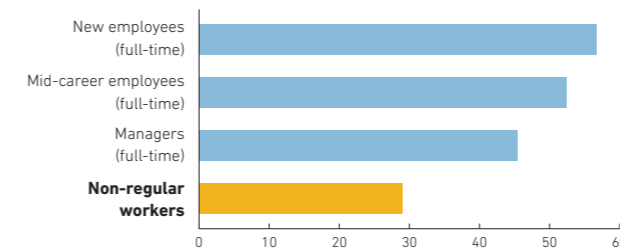
Since 2010, the laws have been revised to improve the working environment of dispatched workers, including a ban in principle on daily labor dispatch of 30 days or less, and an obligation on dispatch companies to explain the treatment of workers. As the "notification system" was also abolished and unified into a "permit system," some dispatch operators could not respond to these changes and withdrew from the business.

Issues raised by lack of career formation support for non-regular workers

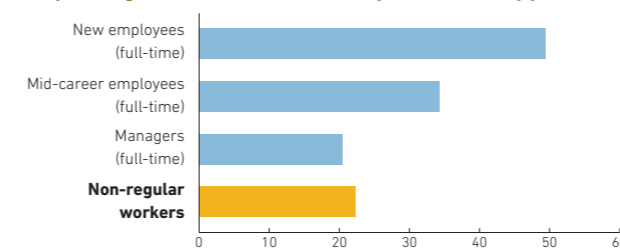
Although the revised Worker Dispatching Act of 2015 required dispatch companies to train their dispatched workers, educational support has not yet been enhanced. The 2021 Basic Survey on Skill Development by the Ministry of Health, Labour and Welfare shows the reality that both off-JT and

OJT undertaken for non-regular workers were far less than for full-time employees. The lack of career formation support for non-regular employees, particularly among young people, is a noteworthy problem as it is expected to eventually affect the future growth of the Japanese economy.

Dispatching offices which carried out off-JT (by job class) (%)



Dispatching offices which carried out planned OJT (by job class) (%)



From the Basic Survey on Skill Development (2021) of the Ministry of Health, Labor and Welfare

Issues raised by lack of career formation support for non-regular workers behind their increase

- Shortage of high-skill workers at companies
- Difficulty in achieving long-term stability for non-regular workers
- Decline in labor productivity in Japan as a whole

Increasing needs for dispatch companies that have a solid career formation support system

Many dispatch companies and companies which use dispatch workers do not provide sufficient training to dispatch workers. This is not only due to lack of awareness of dispatch companies, but also because of a shortage of instructors, systems, and facilities. UT Group is different. Since foundation, UT Group has focused on supporting career formation and has expanded training facilities and training menus to suit the purpose and level of workers. This has therefore become UT's strength and UT has become a company that is chosen by client companies and workers alike.

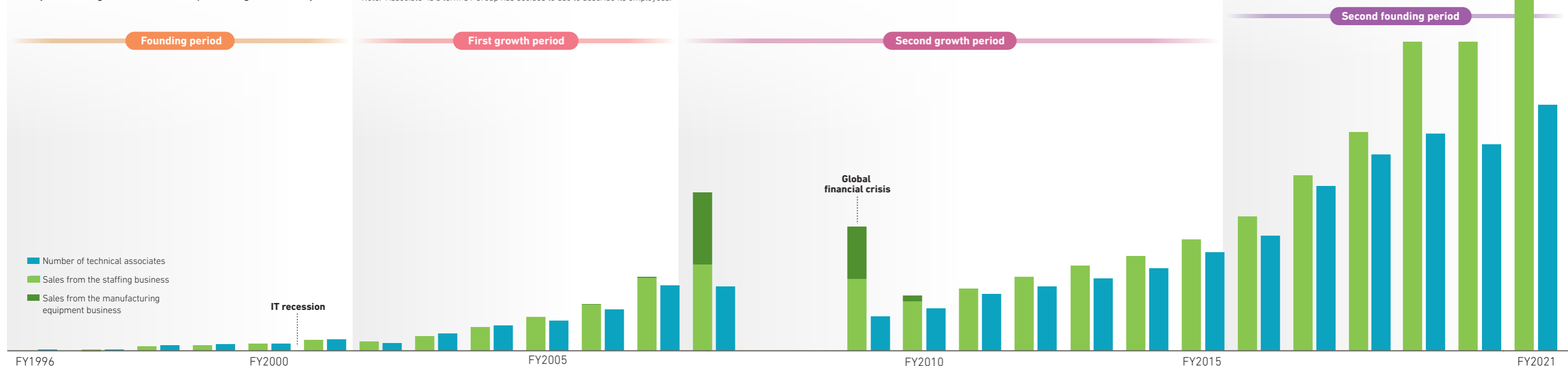
Progress of UT Group which continues to pursue value enhancement for workers

UT Group, founded in 1995, celebrated its 26th anniversary in 2021. We experienced numerous difficulties and turning points in becoming a leading company in manufacturing dispatch.

In 1995, UT Group began with just two people with a shared ambition to change the worker dispatch industry. We have turned the IT recession of 2001, the global financial crisis of 2008, and numerous other hardships into opportunities and are now entering another growth period. In March 2019, we passed a big milestone of ¥100 billion in net sales. In fiscal year ending March 2022, despite being troubled by the

spread of COVID-19 infections, we are expanding the number of technical associates* and aiming to help realize a society in which all those who are willing to work will have equal opportunities to improve their skills and develop their careers. We are determined not to forget our initial resolution to make efforts for workers.

Note: *Associate is a term UT Group has decided to use to describe its employees.



Founding period

Strived hard to change the worker dispatch industry without being held back by so-called common sense

At the time of UT's founding, the low retention rate for manufacturing dispatch workers was the general norm. In order to break this status quo, we proposed a system to provide educational support for dispatch workers and raise their salary according to their skill improvement. We adopted the employment of full-time employees and 100% social insurance coverage, breaking the industry norm. However, the IT recession in 2001 adversely affected us and we recorded a loss for two years in a row despite the continued uptrend in sales. To reconsider the raison d'être of the company, a Group of Aims was established by volunteer members within the company. This has resulted in the creation of UT Group's basic philosophy of "Creating vigorous workplaces empowering workers".

- 1995: Yoichi Wakayama established Aim-CIC Ltd. at the age of 24.
- 1996: Aim-CIC was reorganized into Nihon Aim Co., Ltd.
- 2000: Introduced a unique business model of contracting the entire process work.
- 2001: Established a contract promotion team to improve skills of technical associates.

First growth period

**The first stock listing in the manufacturing dispatch industry
Expansion of business to achieve further growth**

In 2003, Nihon Aim became the first company in the manufacturing dispatch industry to be listed on the JASDAQ market. In addition to the worker dispatch business specializing in the semiconductor manufacturing sector, we subsequently expanded business through M&A and other means, into a design and development business for embedded software development, and a manufacturing equipment business for the sale of used manufacturing equipment, with the aim of further growth. Our aim was to become a comprehensive provider of cost-cutting solutions by fully supporting manufacturing companies from the three perspectives of design, equipment, and human resources. In fiscal 2007, we achieved rapid growth, including a 65% increase in consolidated sales and an 80% increase in operating income.

- 2002: Promoted specialization in the semiconductor manufacturing sector.
- 2003: Nippon Aim was listed on the JASDAQ.
- 2006: Entered a design and development business and a manufacturing equipment business.
- 2007: Became a holding company, making a new start as United Technology Holdings.

Second growth period

Setbacks, caused by the global recession, and then a return to basics in order to achieve recovery

After achieving rapid growth through its expansion strategy, UT Group recorded a significant decline in profit, due to the global recession triggered by the global financial crisis in 2008. We then sold the design and development business and the manufacturing equipment business in efforts aimed at revival. We decided to return to basics of foundation and to concentrate management resources in the original worker dispatch business. The major setback caused by the economic recession therefore prompted us to rethink our purpose and what we should achieve in business. This turned into our second growth period and a trigger for the foundation of our base to date.

- 2009: Changed company name to UT Holdings Co., Ltd.
- 2009: Sold the design and development business and the manufacturing equipment business.
- 2010: Broke away from dependence on semiconductors and Nihon Aim and shifted to an all-direction strategy.
- 2012: Changed all subsidiaries' names to start from UT.
- 2015: Launched the One UT and the Next UT.

Second founding period

Toward the realization of a career platform concept that allows both workers and client companies to grow together

UT Group was ahead of the times in developing various leading initiatives for personnel development and career formation, in addition to the launch of the One UT and the Next UT in 2015. These initiatives have gradually become our strength in being chosen by workers and client companies alike. We grew to become a top company in scale in the manufacturing dispatch industry in 2018. Our business has been highly accredited externally, including the receipt of the Porter Award in 2019. In November 2019, we changed our market listing to the First Section of the Tokyo Stock Exchange and we are now moving forward to the next stage.

- 2018: Became Japan's No. 1 in manufacturing dispatch.
- 2018: UT Aim received the Grand Prize of the Good Career Award.
- 2019: UT Group received the Porter Award.
- 2019: Announced the long-term management vision "UT Vision 2030".
- 2019: Changed market listing to the First Section of the Tokyo Stock Exchange.

Challenges that must be addressed to grow together with workers

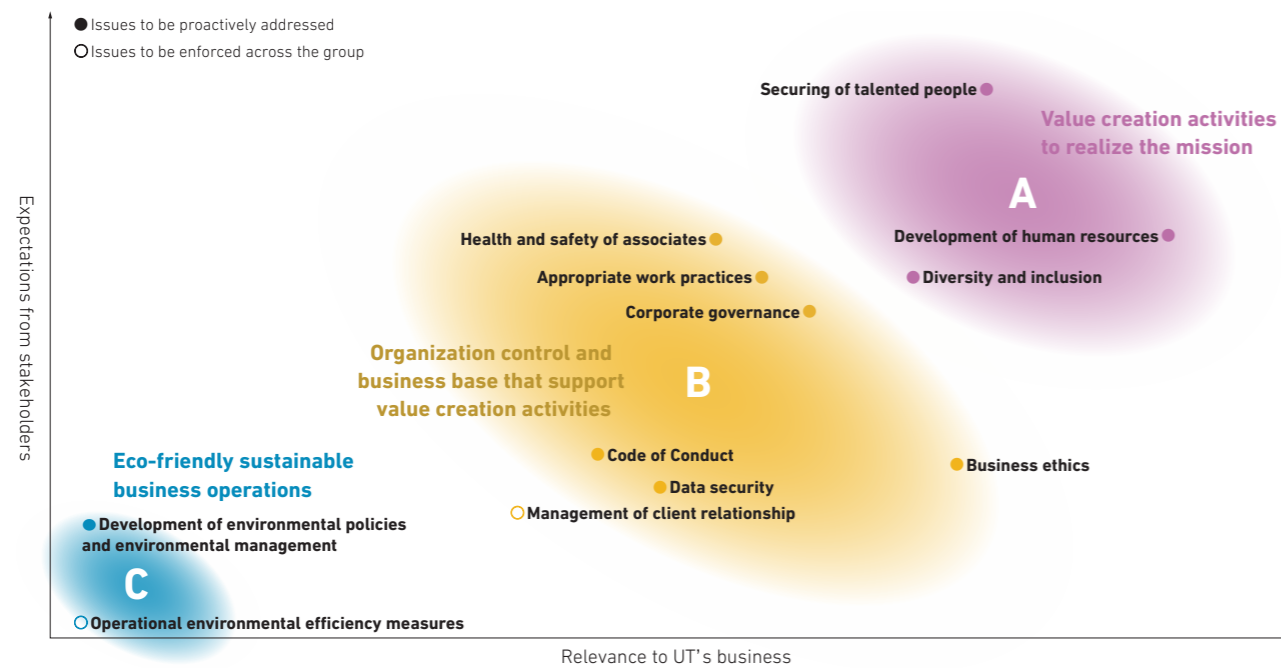
To realize a society in which workers can live with reassurance now and in the future. Our key challenges (materiality) are closely aligned with our thoughts on workers.

Materiality assessment process

In order to understand the social needs of the staffing industry so that we properly identify our materiality, we looked at the items of the SASB Materiality Map's service sector and the items that RobecoSAM has set as criteria to focus on in the Professional Services sector. We did this to facilitate extracting 12 items that are considered to be highly desirable in the staffing industry. We then had dialogues with external stakeholders and asked what they expected of

UT Group. In order to discuss matters from a common perspective, we asked them to assign relative priorities to the 12 items of the staffing industry and asked for their specific opinions based on that. Similar processes were carried out internally, to receive opinions from executives, managers, associates*, and others. We thus set priority on the relevance of UT Group's business to its items.

Note: "Associate" is a term UT Group has decided to use to describe its employees.



Materiality of UT Group

Nowadays companies are questioned about how they address social challenges. UT Group has established materiality (priority issues) in four categories: A) associates; B)

strengthening of business base; C) organizational controls; and D) environmental considerations. We are making group-wide efforts to resolve these issues.

A	Associates' potential to be broadened We respect and are engaged with each worker and continue to create an environment where workers can vigorously work.	<ul style="list-style-type: none"> • Development of human resources • Securing of talented people • Diversity and inclusion
B	Continued strengthening of business base We continue to lead the staffing industry from the perspective of workers, without being constrained by legacy customs.	<ul style="list-style-type: none"> • Appropriate work practices • Health and safety of associates • Data security
	Fair and transparent organizational controls We foster a corporate culture that respects each individual, and maintain an open and fair corporate attitude.	<ul style="list-style-type: none"> • Code of Conduct • Corporate governance • Business ethics
C	Appropriate environmental considerations We recognize our impact on the natural environment and appropriately control it.	<ul style="list-style-type: none"> • Development of environmental policies and environmental management

Basic Policy on Sustainability and Basic Policy on Environment

In addition to identifying materiality (priority issues), we have formulated the Basic Policy on Sustainability to continuously increase corporate value, and the Basic Policy on Environment to contribute to the realization of a globally important

sustainable society. We are committed to thinking about the proper way to operate our business as a company that can broadly contribute to our workers, client companies, stakeholders, and society.

Basic Policy on Sustainability

UT Group respects each and every worker and seeks to harmonize with society from the perspective of workers.

UT Group strives to create, with client companies, good workplaces that allow many workers to be empowered and pursue their potential, and to increase workplaces where both workers and companies grow in a virtuous circle. Under the mission "Create vigorous workplaces empowering workers," all UT Group executives and associates are expected to naturally contribute to the sustainable coexistence and co-prosperity of individuals and society by realizing an "organization in which diverse individuals are recognized and mutually benefit by interaction with each other."

1 Respect individual dignity

Respect of individual dignity is essentially the corporate purpose of UT Group, which aims to realize a society in which all motivated people are equally given opportunities for skill development and career formation, and are treated fairly. While striving to ensure the reassurance and security of the working environment and information security, we will work to create an organization in which diverse individuals are recognized and utilized by each other.

2 Broaden potential of individuals

UT Group will strive to enhance career support that enables many individuals to pursue their individuality and potential throughout their lives. We will also expand our business and its domains through sound transactions so that we can sustainably provide employment and growth opportunities.

3 Maintain the coexistence and prosperity of individuals and society

UT Group strives to create and increase, with client companies, good workplaces where both workers and companies grow in a virtuous circle in order to provide a dependable workplace where as many people as possible are empowered and work vigorously for a long time. In doing so, we will always have a public perspective. Also, not only will we vigorously comply with social ethics and prevailing trends, but also will strengthen corporate governance and to reduce environmental impact. We will thus strive to maintain the coexistence and mutual prosperity of individuals and society with strong connections to the public perspective.

Basic Policy on Environment

Just as each individual is the one and only in the world, the environment of this planet, which is the stage for all people's lives and for all corporate activities, is also the invaluable one and only. UT Group has established a basic policy on the environment in order to ensure that all officers and associates understand the importance of the environment and give consideration to the global environment of the present and the future in performing their business activities.

1 Compliance with environmental laws and regulations and environmental-related agreements

UT Group will understand and comply with environmental laws and regulations in each country and international environmental-related agreements.

2 Reduction in environmental impact

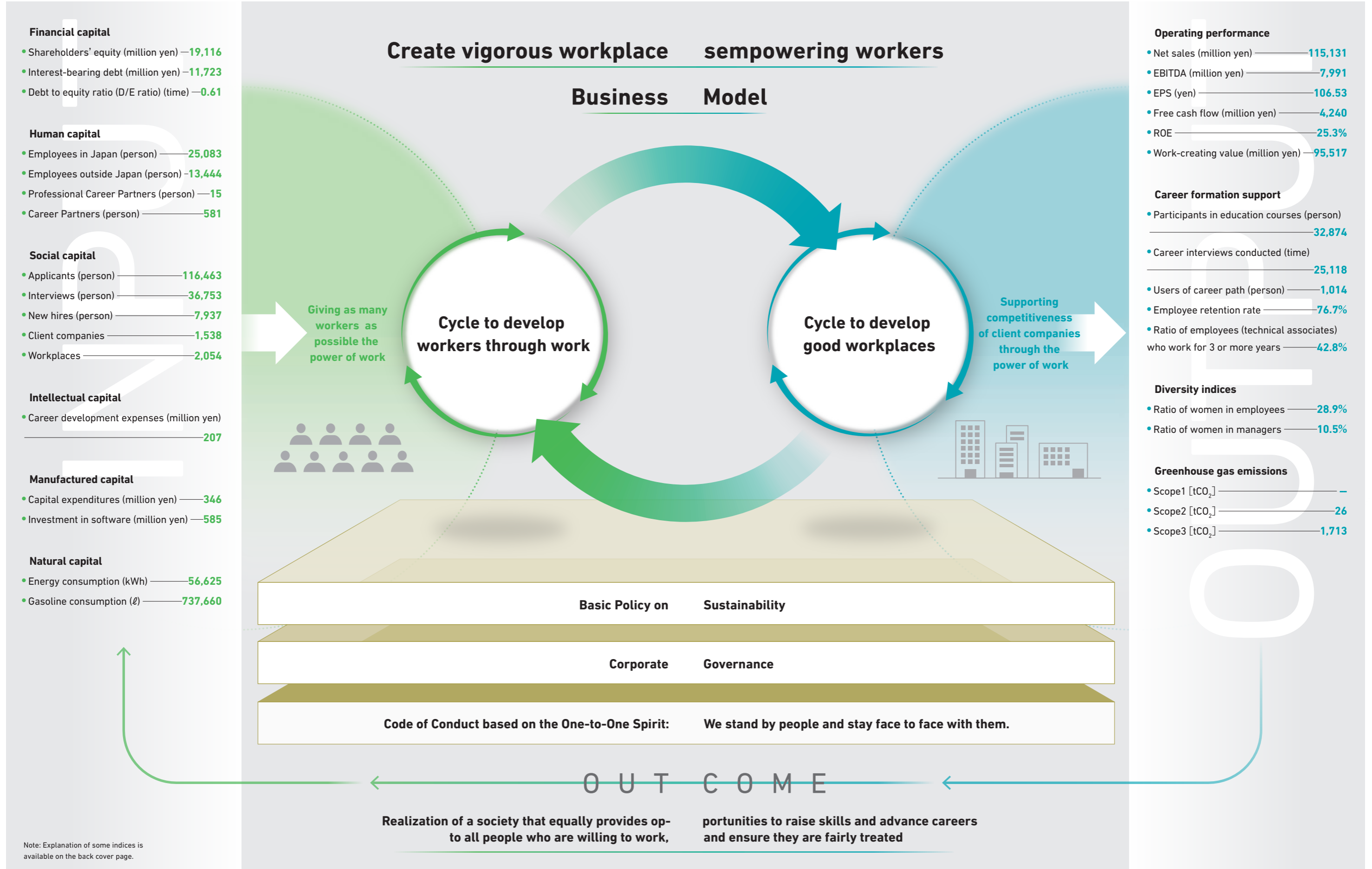
UT Group will strive to make efficient use of environmental resources, reduce greenhouse gases emitted as a result of its business activities, and conserve the global environment.

3 Environmental education and awareness raising

UT Group will carry out educational activities to ensure that officers and associates of each group company understand the importance of environmental conservation.

UT Group's value creating process

UT Group is creating value that is deeply associated with the development of society in order to help realize a society where workers and companies can grow sustainably.



Financial capital

- Shareholders' equity (million yen) —19,116
- Interest-bearing debt (million yen) —11,723
- Debt to equity ratio (D/E ratio) (time) —0.61

Human capital

- Employees in Japan (person) —25,083
- Employees outside Japan (person) —13,444
- Professional Career Partners (person) —15
- Career Partners (person) —581

Social capital

- Applicants (person) —116,463
- Interviews (person) —36,753
- New hires (person) —7,937
- Client companies —1,538
- Workplaces —2,054

Intellectual capital

- Career development expenses (million yen) —207

Manufactured capital

- Capital expenditures (million yen) —346
- Investment in software (million yen) —585

Natural capital

- Energy consumption (kWh) —56,625
- Gasoline consumption (ℓ) —737,660

Operating performance

- Net sales (million yen) —115,131
- EBITDA (million yen) —7,991
- EPS (yen) —106.53
- Free cash flow (million yen) —4,240
- ROE —25.3%
- Work-creating value (million yen) —95,517

Career formation support

- Participants in education courses (person) —32,874
- Career interviews conducted (time) —25,118
- Users of career path (person) —1,014
- Employee retention rate —76.7%
- Ratio of employees (technical associates) who work for 3 or more years —42.8%

Diversity indices

- Ratio of women in employees —28.9%
- Ratio of women in managers —10.5%

Greenhouse gas emissions

- Scope1 [tCO₂] —
- Scope2 [tCO₂] —26
- Scope3 [tCO₂] —1,713

Note: Explanation of some indices is available on the back cover page.

Nurturing people who support Japan's manufacturing —**Business strategy**

The goal of our business is to have both workers and client companies as customers and help everyone involved achieve sustainable growth.

UT Group's business model is based on the growth of workers and aims to contribute to client companies' improvement of productivity and mobilization of human resources.

Business development in three segments

UT Group reports its performance in three segments: Manufacturing, Engineering and Solution.

Manufacturing Business

This segment is engaged in manufacturing dispatch and outsourced work services. Our strength is that we can dispatch teams of associates* for outsourced work of an entire production line to Japan's major manufacturers of semi-conductors, electronic components, and automobile-related products. In addition to being able to mobilize a large number of highly skilled personnel, our high personnel retention rate has been highly evaluated by client companies.

Note: *Associate" is a term UT Group has decided to use to describe its employees.

- **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 outsourced work
- **Support System Co., Ltd.**
General personnel dispatch and outsourced work
- **Seekel Holdings Co., Ltd.**
General personnel dispatch and outsourced work
- **Green Speed Joint Stock Company**
General personnel dispatch and outsourced work in Vietnam
- **Progress Group Inc.**
General personnel dispatch and outsourced work
- **SURI-EMU Corp.**
General personnel dispatch and outsourced work

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 higher-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

Solution Business

This segment supplies large corporate groups with labor issue solutions by accepting their employees as UT Group's employees. We 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 (open-ended) employment.

- **UT Pabec Co., Ltd.**
Battery manufacturing personnel dispatch and outsourced work
- **UTHP Co., Ltd.**
Manufacturing personnel dispatch and outsourced work
- **Fujitsu UT Co., Ltd.**
General personnel dispatch and outsourced work
- **UT Toshiba Co., Ltd.**
General personnel dispatch and outsourced work
- **UT System Products Co., Ltd.**
Sales of information system equipment
- **UT MESCo., Ltd. (formerly Mito Engineering Service Co., Ltd.)**
Manufacturing outsourced work and dispatch of engineer for elevators, escalators, etc.

Major client companies or groups

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

As of August 31, 2021

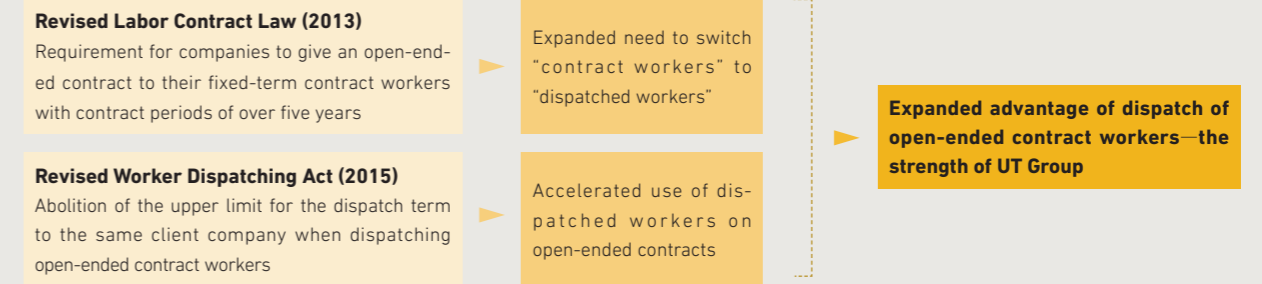
Supply high-value-added personnel to a wide range of industrial fields

Under the vision "Create jobs nationwide in Japan", UT Group is engaged in business at workplaces 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. UT Group's industry coverage in dispatch business is diverse: the manufacturing business extends from semi-conductors and electronic equipment to automobiles, envi-

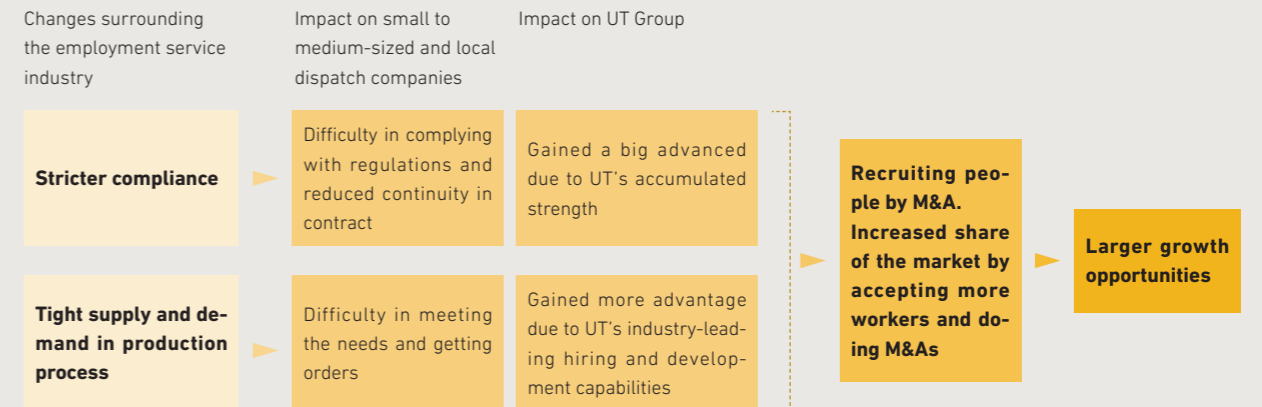
ronment and energy, and medical domains; the engineering business includes fields such as machinery and electric design, production technologies, ICT systems, construction and civil engineering, and robot simulation. We have diverse training programs that address needs in these diverse domains to develop value-added workers and support manufacturing workplaces all over Japan.

The strength that UT Group has cultivated has become a great advantage

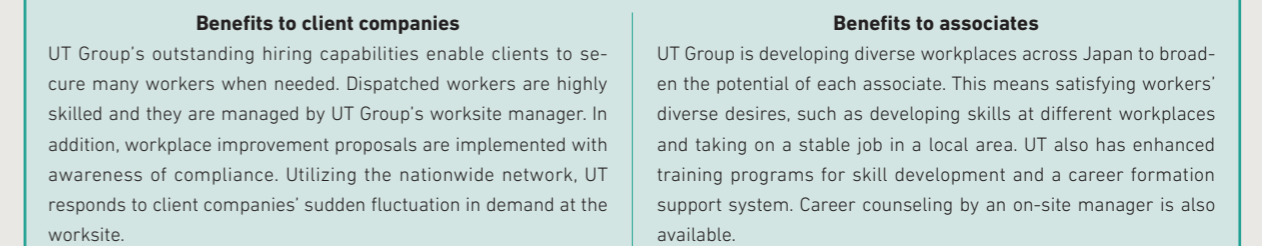
The revision of labor-related laws has expanded the need for the dispatch of open-ended (indefinite) contract workers



Accelerating dominance by major dispatch companies



Benefits provided by UT Group to client companies and associates



Strengthening competitiveness in the personnel dispatch business

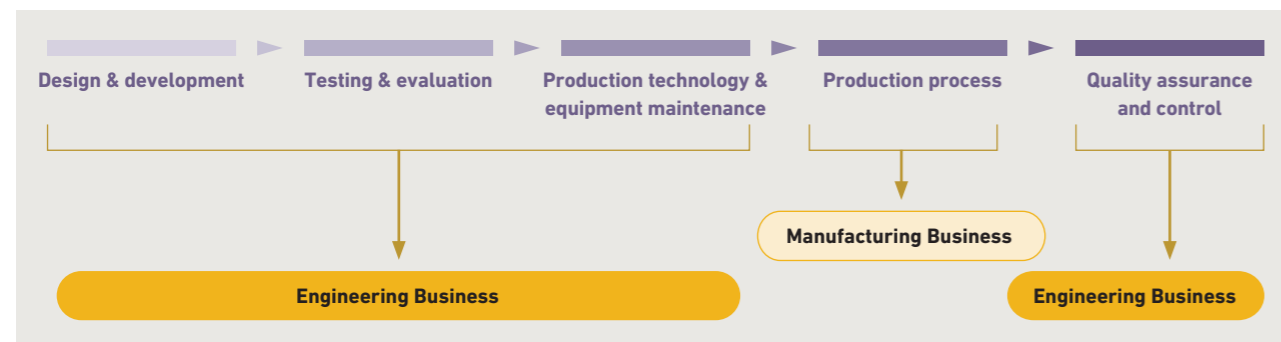
UT Group's strength lies in its ability to support all manufacturing processes, from design and development to manufacturing processes and quality control. Our overwhelming hiring capability and personnel development capability support the supply of high-value-added personnel.

One-stop support for everything in the manufacturing process

UT Group was established as a personnel dispatching company for the manufacturing industry and has since expanded its business fields to design and development, testing and assessment, production technology and facility maintenance, and quality assurance and control, in response to the needs of clients. Our support system that provides one-stop,

reliable quality support for all processes at the production site is our major strength in the manufacturing dispatch industry.

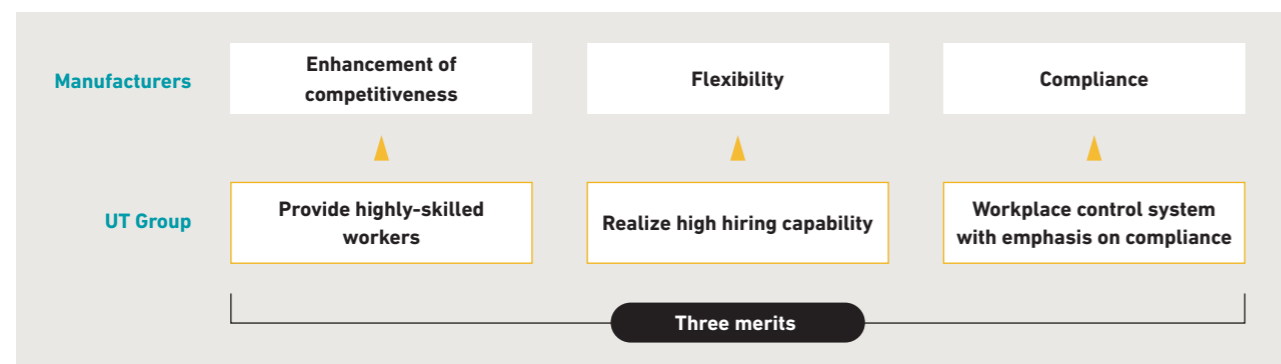
UT's Manufacturing Business Unit is responsible for the production process process, while the Engineering Business Unit is responsible for other processes.



Increase the value of client companies through overwhelming "hiring capabilities" and "personnel development capabilities"

Since its inception, UT Group has been considering workers as customers and providing its unique value of reassurance, bonding and growth to them. We are proud to become a company chosen by many workers, as evidenced in our outstanding capability to hire more than 1,000 people per month. We have also achieved a high retention rate in the

workplace through a unique development system that increases the added value of recruited personnel. In addition, our worksite management system with a focus on compliance contributes to the enhancement of the value of manufacturing companies.



TOPIC The Area Platform Strategy

The Area Platform Strategy is one of the three strategies promoted in UT Group's Fourth Medium-term Business Plan. This is in response to the desires of people who want to have a stable job in the local community. As the COVID-19 pandemic further boosted these needs, we introduced a division system that enables area offices to make their own decisions from sales to recruitment in April 2021. This system expands the role of area offices so that they can meet the different needs of different customer by area. Across Japan there are many dispatching companies. We are promoting

M&As of local dispatching companies which have local hiring capabilities and a local network of client companies, thereby enhancing the level of workplace development in the area and aiming at building a new career platform. Another objective of ours here is to promote the soundness of the entire dispatch industry by making smaller local dispatch operators aware of compliance. We firmly believe that there is a high need in proposing workstyles tailored to the life stage of workers, with reassurance and safety as value standard.

CLOSE-UP

Becoming a one-stop partner in the new era that develops and supplies high-skill talent

Nobuyuki TSUKUI

Senior Executive Officer in charge of the Manufacturing Business Division President of UT Aim Co., Ltd. Joined Victor Company of Japan, Limited in 1989. After serving as Director, Business Planning Office of Daitec Co., Ltd. (Crystal Group), and as Managing Executive Officer of Icon World Co., Ltd. (currently, Fujiwork Co., Ltd.), he joined UT Group in 2012.



UT Group's hiring and personnel development capabilities are gaining more attention in the time of change

The "One-Stop Strategy for Major Manufacturers"—one of the three growth strategies of the Fourth Medium-term Business Plan—is undertaken by the Manufacturing Business Division and the Engineering Business Division, which are mainly engaged in worker dispatch to leading Japanese companies in the automotive, semiconductor, and electronic parts sectors. One of the strengths of UT Group is its ability to mobilize a large number of high-quality workers. The high retention rate, which resulted from the emphasis on personnel management in workplaces, is also an advantage over competitors.

We are highly evaluated by client companies thanks to our overwhelming hiring capability. The number of technical associates* at the end of FY3/2021 was 23,736, a record high. In fact, it has only been the last several years that we are able to hire a large number of workers as it is today. Since around 2013, eight years ago, we have focused on hiring and steadily achieved results. Back then, the hiring team started with five people with a goal of 500 new hires per month, and it now grew to the team of over 100 staffs. The monthly hires reached 1,000 workers in 2018, three years ago.

The more hiring capability to secure workers we have, the more we can naturally acquire client companies. The more value we can add to workers through our development programs, the greater power to negotiate with client companies we have. In recognition of our efforts to achieve this virtuous cycle, UT Aim, a core member of the UT Group, received the Grand Prize in the Good Career Company Award 2018 sponsored by the Ministry of Health, Labour and Welfare. In 2019, we also received the Porter Award, operated by Hitotsubashi University Business School.

Opened a dedicated facility to internally nurture manufacturing engineers in the semiconductor field

The COVID-19 pandemic had a limited impact on the factories of manufacturers—our main field of business. Since September 2020, personnel demand has had a V-shaped recovery and is further increasing. The semiconductor and electronic parts markets, in particular, are booming. In FY3/2021, UT Group's sales to those markets represented

44.1% of sales in the Manufacturing Business on the back of the global shortage of semiconductors, driven by the expansion of 5G-related businesses. There is no doubt that personnel demand will remain steady.

In response to the needs of such markets, we have established the Technology Skill Development Centers, which are dedicated facilities to foster manufacturing engineers in the semiconductor field. We are now operating four centers nationwide: Kitakami City (Iwate Prefecture), Yokkaichi City (Mie Prefecture), Osaka City, and Kumamoto City. Our plan is to nurture 3,000 semiconductor manufacturing equipment engineers and assign them in workplaces within three years.

Another area where we are making efforts, in addition to personnel development, is the strengthening of internal compliance. Our efforts have been highly noted by client companies, and some have asked for our advice concerning compliance at their factory where our workers are dispatched.

At present, manufacturers in Japan face a variety of challenges. The environment is changing constantly, including the decline in the working population, ICT development, globalization, changes in labor legislation, and the risk of COVID-19 infections. In this phase, UT Group's capability to hire and develop workers is certainly a strength. Our monthly target in hiring is expected to increase from the present 1,000 to 1,500, and 2,000.

This also requires a digital shift in personnel management. Recently, the COVID-19 pandemic has rapidly accelerated the use of online interviews. It appears that digitalization in personnel development will be essential as the workforce increases.

As shown in the case of the semiconductor industry shows, UT Group is expected to take a greater role in workers' career formation support and motivation management on behalf of client companies. As we further build the know-how for personnel development, we will attract more workers. Under the mission to "create vigorous workplaces empowering workers," we are committed to contributing to the sustainable development of manufacturers in Japan by expanding our career platform, which covers a wide range of industries, a wide range of areas, and a wide range of people.

Note: "Associate" is a term UT Group has decided to use to describe its employees.

Expanding UT's share of dispatched workplaces through support for personnel mobilization

UT Group's Solution Business Division is engaged in supporting the personnel mobilization of large companies that need to undertake structural reform. Needs are expanding due to the changing business environment and the COVID-19 impact.

Sales growth achieved in the Solution Business for FY3/2021

The Solution Business segment has been performing well since FY3/2020. In FY3/2021, three Toshiba Group companies became UT Group's consolidated subsidiaries in April 2020 and one Hitachi Group company also became a subsidiary in July 2020. Due to these additions and an increase in

sales at UT Pabec and other existing subsidiaries, which previously became subsidiaries, the segment increased sales in FY3/2021. In the future, demand for structural reform from large manufacturers, our existing clients, is expected to grow more and more.

Major consolidated subsidiaries in the Solution Businesses

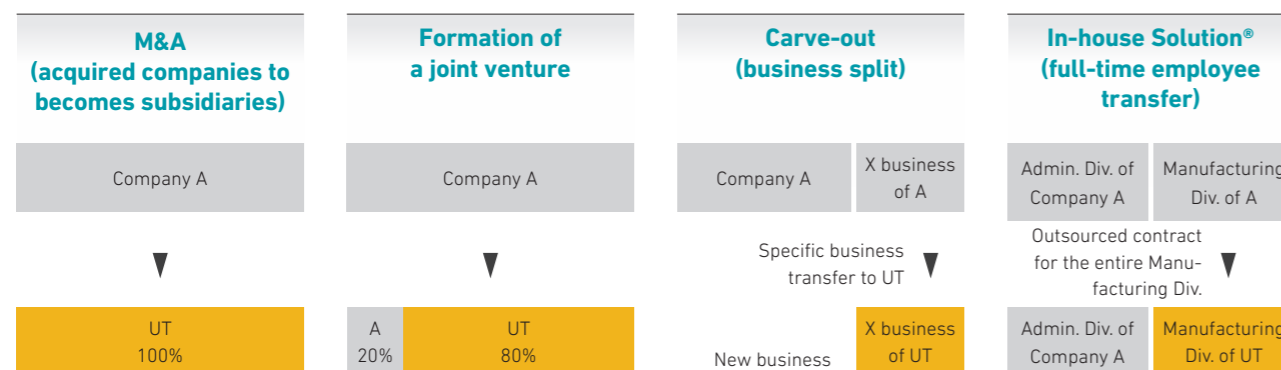
July 2013	UT Pabec Co., Ltd. ▶ Formerly a Panasonic Group company	April 2020	UT Toshiba Co., Ltd. UT Business Service Co., Ltd. UT System Products Co., Ltd. ▶ Formerly three Toshiba Group companies
April 2018	Fujitsu UT Co., Ltd. ▶ Formerly a Fujitsu Group company	July 2020	Mito Engineering Service Co., Ltd. (Currently UT MESCo Co., Ltd.) ▶ Formerly a Hitachi Group company

Basic scheme of the Solution Business

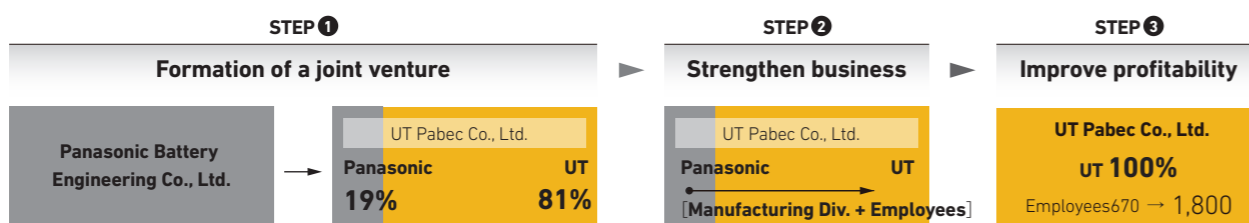
The Solution Business is driven by four major schemes: 1) to create subsidiaries through M&A; 2) to form joint ventures based on joint investment; 3) business splits called carve-outs; and 4) the transfer of clients' full-time employees to UT Group, called "In-house Solution®."

The most unique scheme is the "In-house Solution®", in

which UT Group takes over the specific business and employees of a client company. We have so far accepted a total of 2,400 employees from 11 clients as our full-time employees, and have enhanced the relationship of trust with these companies by maintaining continuity in these employees' employment and career.



Example of UT Pabec Co., Ltd.



STEP 1 UT Group acquired an 81% stake in Panasonic Battery Engineering, made it a subsidiary, and changed the company name to UT Pabec.

STEP 2 UT Group took over the JV's Manufacturing Division and its employees. This group of battery specialists strengthened manufacturing outsourcing services specializing in batteries.

STEP 3 UT Group acquired all the equity. Significantly improved profitability to expand organization.

CLOSE-UP

We will strengthen the relationship with client companies by responding to their needs for structural reform.

Yuji WATANABE

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



The employment of full-time associates, since inception, is a unique element of UT's personnel solutions.

The Solution Strategy is one of the growth strategies of UT Group's Fourth Medium-term Business Plan. Its objective is to help resolve large corporate groups' management issues through support for mobilization of their personnel, and to further strengthen our relationship with them.

Large corporate groups that operate in multiple areas tend to have subsidiaries that support indirect operations within the group, in addition to operating subsidiaries that generate direct profits, and employ many people. However, the changing business environment may force them to require more flexibility in their organization and use of personnel. Since the 2000s, major electric equipment manufacturers have reviewed their management strategies and boldly carried out structural reforms. UT Group has provided various forms of support related to personnel strategy to these clients by utilizing its know-how in the personnel business and track record of full-time employment since its inception. Support services include the reemployment of clients' retiring personnel, in addition to consolidation of their group companies and mobilization of their workforce in connection with structural reform.

The Solution Business has various schemes to meet client needs. For example, if a client is unable to secure workplaces for its employees when their plant is closed due to a business strategy review, these employees can be transferred to a joint venture with UT Group and be assigned to a nearby workplace of UT Group, thereby maintaining their employment. In the case of a client which has a non-

core employee dispatch company within its Group, this dispatch company alone cannot cope well with the revision of the Worker Dispatching Act and the Labor Contract Law, so it may be acquired by UT Group. One of the most distinctive schemes is UT's In-house Solution® (full-time employee transfer-type contract) in which UT Group takes over the specific production work and employees of a client company's manufacturing plant. The affected employees are transferred to UT Group, but continue to do the same job at the same workplace.

In any of these schemes, UT Group hires the transferred employee as UT's full-time employees. The transferred employees obtain not only job stability but also more career options as UT Group has good workplaces nationwide. This is one of the reasons why UT Group is chosen by clients.

When we present a solution to clients, the focus is on expanding the potential of their employees. They can raise their value, even when their work or conditions may change, as long as an environment where they can continue working vigorously over the next 10 or 20 years is provided. UT's support schemes for personnel mobilization have been highly praised by clients, leading to further strengthening of their relationships of trust with us.

As the business environment continues to change at an accelerating pace, needs for the Solution Business will expand into a wide range of sectors besides the electronics sector. In order to advance the structural workstyle reform of not only manufacturing companies but also across Japan, we intend to develop support for personnel mobilization that is a step ahead of the times.

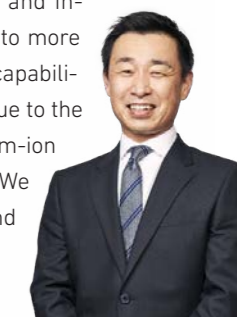
We expect further synergies with UT Group's hiring and sales capabilities.

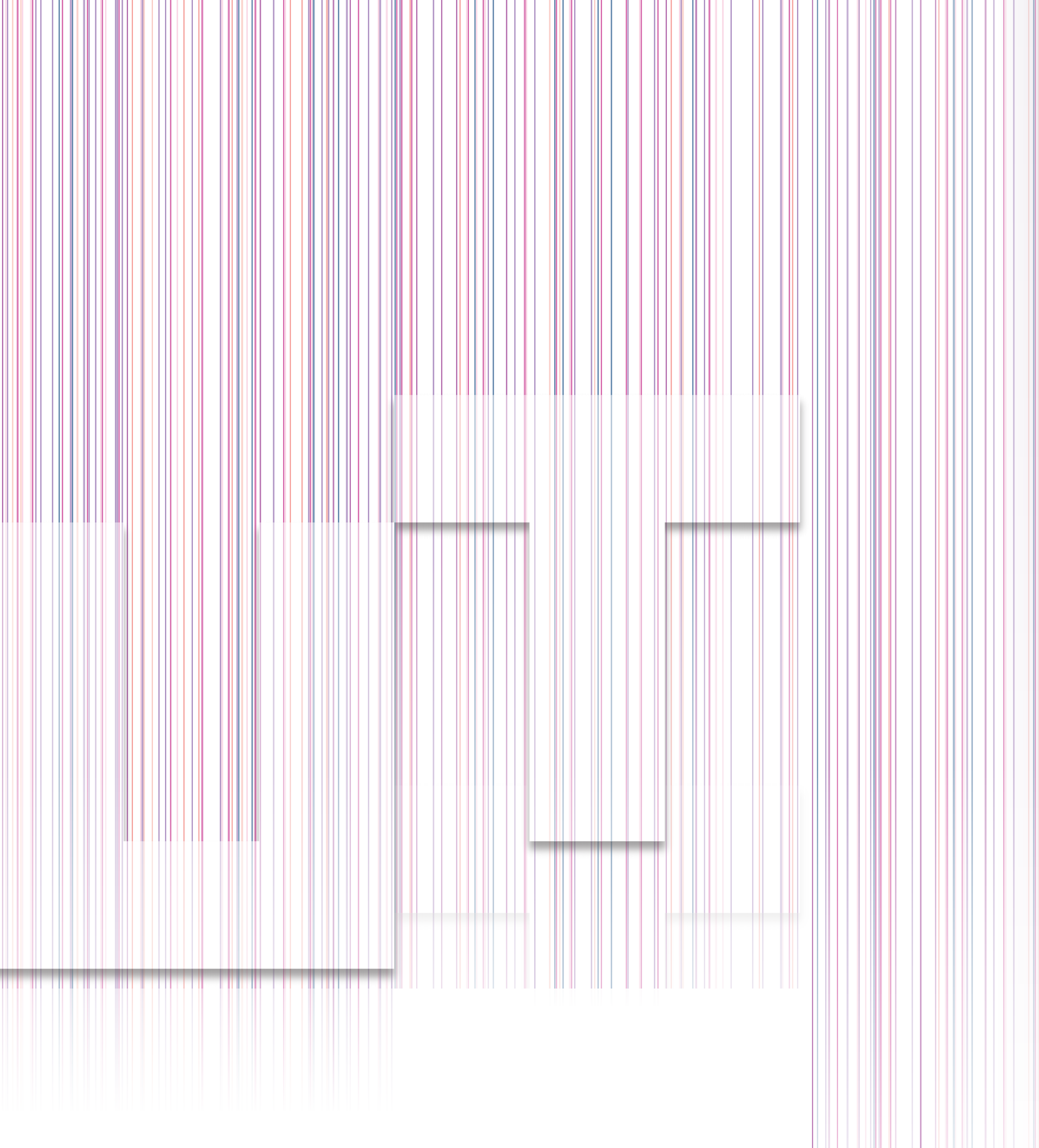
Ken ISHIWATARI

President and Representative Director
UT Pabec Co., Ltd.

Panasonic Battery Engineering Co., Ltd. joined the UT Group in 2013. After the business integration, the renamed UT Pabec benefitted from strong growth in battery demand with the acceleration of electrification of vehicles and increased the number of associates* from around 700 in 2013 to more than 1,800 in April 2021. Without UT Group's hiring and sales capabilities, the current development could not have been achieved. Due to the major trend toward a decarbonized society, demand for lithium-ion batteries, our main manufacturing product, will grow further. We are anticipating greater synergies from UT Group's hiring and sales capabilities and UT Pabec's technical capabilities.

Note: "Associate" is a term UT Group has decided to use to describe its employees.





**For workers,
from the workers' viewpoint**
— **Enhancement of the business base
and growth strategies**

How can a workplace with highly-motivated, highly-skilled employees be developed?

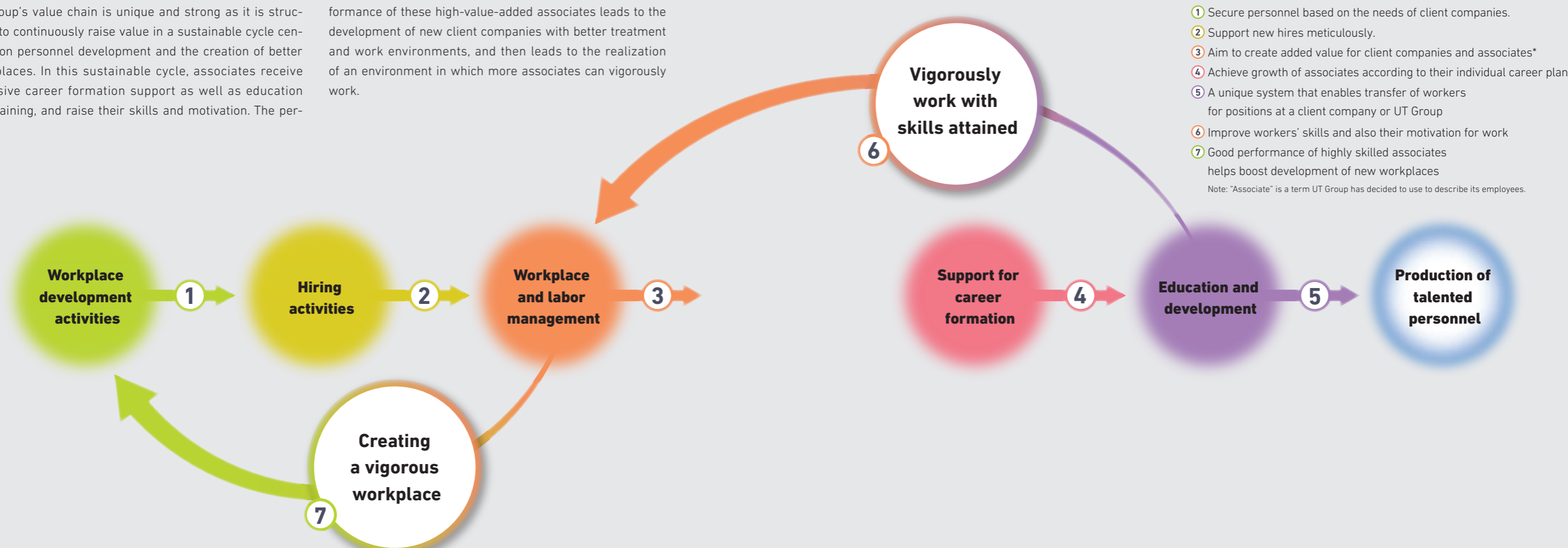
UT Group's various long-cultivated systems — from educational support to recruiting and hiring activities and career formation schemes — create high added value, which is chosen by workers and client companies alike.

UT Group's unique value chain

UT Group's value chain facilitates continuous growth of associates and the improvement of their working environment.

UT Group's value chain is unique and strong as it is structured to continuously raise value in a sustainable cycle centered on personnel development and the creation of better workplaces. In this sustainable cycle, associates receive extensive career formation support as well as education and training, and raise their skills and motivation. The per-

formance of these high-value-added associates leads to the development of new client companies with better treatment and work environments, and then leads to the realization of an environment in which more associates can vigorously work.



- ① Secure personnel based on the needs of client companies.
 - ② Support new hires meticulously.
 - ③ Aim to create added value for client companies and associates*
 - ④ Achieve growth of associates according to their individual career plan
 - ⑤ A unique system that enables transfer of workers for positions at a client company or UT Group
 - ⑥ Improve workers' skills and also their motivation for work
 - ⑦ Good performance of highly skilled associates helps boost development of new workplaces
- Note: "Associate" is a term UT Group has decided to use to describe its employees.

Enhancement of the business base and growth strategies

UT Group's unique value chain

Workplace development activities

The basic system of UT Group is to improve the skills and motivation of associates, under its extensive career formation support. By proposing such a system for fostering personnel and enhancing their added value, we seek to improve their treatment and the working environment at their dispatched workplaces and develop new clients. A sustainable cycle centered on personnel development and the creation of better workplaces is a unique value chain and a great strength of UT Group.

Main initiatives: Client development, proposals on use of personnel, business outsourcing proposals, compliance system construction, and workplace improvement proposals

Hiring activities

Our hiring activities aim to match the needs of job seekers to the needs of client companies on a nationwide scale, using recruitment methods according to the characteristics of each area. When recruiting, job seekers' wishes and potentials, in addition to their current skills, are put into consideration. We also secure a wide range of recruitment channels, including marketing for recruitment, call centers that serve as application points for job seekers, interviews at offices nationwide and online interviews

Main initiatives: Recruiting job seekers according to areas and job characteristics, call centers accepting applications, interviews at offices nationwide and online interviews

Workplace and labor management

On-site managers are responsible for managing the health and motivation of each associate, as well as understanding and managing the status of the working environment at client companies and outsourced workplaces where UT associates work daily. At the outsourced workplaces, we have established and have been operating a labor safety and health management system based on the OSHMS*, and at the dispatched workplaces, we work hard to create pleasant workplaces jointly with client companies. We encourage both associates and client companies to join us in creating an environment where associates can work safely and reassured.

Main initiatives: Labor management by on-site managers, corporate housing arrangement and management, transportation, labor management, joint safety and health conference, and regular meetings for workplace improvement with clients

Support for career formation

UT Group's internally certified Career Partners suggest the best career path for each associate and support motivated and growing associates through regular career interviews. In the personnel system, we have achieved a fair and highly transparent evaluation system by utilizing a common group-wide system consisting of "base evaluation", which is centered on the duration of service, attendance rate, and collaboration, and "job evaluation", which is centered on job quality.

Main initiatives: Support by Career Partners, regular career interviews, enhanced career paths of choice, and a common group HR system for performance evaluation

Education and development

Based on the Group's unique three-step education system, we offer a wide range of programs from the basics to professional knowledge. In addition to collective training and online live training, e-learning and other self-learning programs are available. In addition, we have educational facilities that allow associates to develop knowledge and skills through first-hand experience of using special equipment. Even the unexperienced can acquire practical skills step by step.

Main initiatives: Practical training to nurture professionals by job type, development of a three-step education system, rich educational opportunities, and curriculum of hands-on learning at training facilities

Production of talented personnel

A variety of job and transfer opportunities are realized with UT's systems, including One UT (job change from manufacturing operator to highly-skilled engineer), Next UT (transfer from UT's dispatched worker to a client company's full-time employee) and UT Entry (associates' voluntary nomination to the position of person in charge of group management or of executive officer). We respect the will and careers of associates and have established a system to promote even the production of talented personnel as part of business goals.

Main initiatives: One UT, Next UT, and UT Entry

*Occupational Safety and Health Management System (OSHMS): A system of health and safety management aimed at improving the standard in workplace

Efforts to strengthen the value creation base

UT Group considers the securing and development of personnel as the foundation of value creation and is committed to creating good workplaces and conducting careful hiring activities.

Reassurance and Bonding to expand Growth of each individual

UT Group has strived to provide Reassurance, Bonding, and Growth to associates* since foundation. This is a base to improve their skills and provide a higher quality workforce to client companies. We employ dispatched workers as regular employees with an open-ended employment contract, and

our Career Partners support their career formation. Our associates are further motivated by our internal training programs and transfer systems. These result in raising value of our workers and ultimately, higher customer satisfaction.

Note: *Associate* is a term UT Group has decided to use to describe its associates.

Three key factors provided by UT Group to associates

Reassurance

Creation of quality workplaces; Thorough labor management

We ensure stability of life and continuity of careers for our associates by hiring them as regular employees with an open-ended employment contract. They are covered by social insurance and some corporate housing is available. We also work on developing more workplaces.

Bonding

Career Partners; Dispatch in team

We offer an environment where associates can communicate with their managers and colleagues so that they can work with peace of mind. Regular interviews with a Career Partner are held. A work-style of team dispatch that enables working with colleagues in the same workplace is also established.

Growth

Training programs; Personnel promotion systems

We offer training programs and career opportunities. Systems for internal career change and transfer to a client company and a system to participate in management based on skills and experience have also been established.

Workplace Development Activities to expand the potential of individuals

UT Group is committed to creating good workplaces where associates can expand their potential and feel their growth. A key here is to create a comfortable working environment with a client company which receives dispatched workers. For example, UT Group's on-site managers are engaged in managing labor affairs of on-site associates. The on-site managers make sure not to cause trouble in clients' production plants, by managing attendance of associates and caring for their physical and mental wellness. In order to prevent industrial accidents, health and safety education is carried out in accordance with the OSHMS (Occupational

Safety and Health Management System) guidelines.

In recent years, we have also been focusing on workplace development activities across Japan in response to the need of people who want to work locally. There is also an increase in the support work for the establishment of compliance systems for local dispatch operators that have joined the UT Group through M&A. The creation of a good workplace that is thoroughly managed by the on-site manager and abides by laws and regulations is highly appreciated by both the workers and client companies.

Hiring Activities for accepting as many as possible

UT Group is actively striving to hire a targeted 1,000 people per month. We have expanded our business by providing "opportunities to work" to as many people with a willingness to work as possible. Based on this mission, we are now expanding our headquarters call center to accommodate hiring of as many people as possible. In addition, in line with the development of the "Area Platform Strategy" of the Fourth Medium-term Business Plan, we are building an

online interview system to enable hiring across Japan. The most important thing we keep in mind in hiring is to provide the best employment opportunity for each individual. For that purpose, we thoroughly face people and their challenge. To provide fair and equitable opportunities to all associates is the personnel policy that UT Group has cherished since its foundation.

CLOSE-UP

Women's Empowerment Promotion Project to boost diversity in workforce

Manabu SOTOMURA

Director and Senior Executive Officer in charge of Management Reformation Division
Joined Recruit Co., Ltd. in 1991. After serving as BELLSYSTEM24 Co., Ltd. as Executive Officer, he joined UT Group in 2017 and has been in the current position since 2019.



UT Group has widely accepted people who have a desire to work

UT Group has been providing work opportunities for all motivated people and has expanded their growth potential since its foundation. The criteria for employment have never been limited to age, gender, or education. We have accepted everyone who wanted to work, reassured them with an infinite-term (open-ended) employment contract and a social insurance coverage, and provided career formation opportunities. These are what we have achieved up to now.

In personnel management and development UT Group has always focused on providing fair and equitable opportunities. We have also been constantly dealing with the challenges of our associates. This has led to the creation of a unique personnel system that was beyond the thinking of conventional dispatch companies, including our One UT, Next UT, and UT Entry. Our attitude of staying face to face with associates is what lies behind these systems. Our associates are at various stages of their lives. Some want to focus on learning skills, some are busy raising children, and some others are challenging a second career. We face each associate's way of life and present career paths with numerous different colors to them. This history is incorporated in the present UT Group.

Now, UT Group is taking on new challenges. So far, our workforce in manufacturing dispatch — UT's main business

— has been dominated by young men. However, against the backdrop of the social issue of the declining working population, we will also focus on women and the elderly. Recently, we have been particularly making efforts to expand opportunities for women to play an active role.

Building a career platform that aligns with a diversified workforce

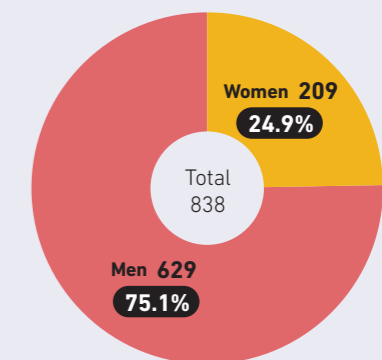
UT Group started the Women's Empowerment Promotion Project in April 2021. The main objectives are to develop women leaders as role models and to build internal networks of women associates. We are implementing various measures with the goal of raising the ratio of female managers in general office works from 11.3% as of April 2021 to 15% by April 2025. Concerning candidates for female managers in general office work, their ratio is not low at 24.9% even at present. In the future, we intend to develop the similar trend in local workplaces. Creating workplaces where female leaders play an active role nationwide is essential in promoting the "Area Platform Strategy" of the Fourth Medium-term Business Plan.

Looking ahead to a new era, we are committed to building a career platform that aligns with a diversified workforce, including women, the elderly, non-Japanese, and freelancers.

The ratio of female managers in general office work target:
15% by April 2025!

	FY3/2021	FY3/2025 (targets)
Number of managers	408	—
Number of female managers	46	73
Ratio of female managers	11.3%	15.0%

Associates in general office work by gender (as of April 1, 2021)



To become a company that plays a role in producing people who can continue to update their learning to society.



Kentaro YAMAGISHI

Senior Executive Officer in charge of Career Development Division

Since 1991 up to 2015, he had been engaged in research and development in the HR assessment area at a company related to Recruit. After being in the management of the artificial intelligence business, he joined UT Group in 2018.

UT Group to play the role of personnel development in the manufacturing industry on behalf of manufacturers

In order to realize the growth strategies of the Fourth Medium-term Business Plan, I believe that UT Group has to enhance its educational function. This has also been a trend in the personnel dispatch industry in recent years.

It was driven by the revision of the Worker Dispatching Act in 2015, which required dispatch companies to implement measures for the stable employment of dispatched workers and to support their career formation. Since then, social awareness has changed dramatically. Meanwhile, large manufacturers — major clients of UT Group — face the challenge of securing sufficient time to nurture young talents in a rapidly changing business environment. Their expectations for dispatched workers are rising year after year. In other words, supplying value-added dispatched workers to these manufacturers directly lead to increase their corporate value.

UT Group has expanded the scope of its business since its foundation, with a focus on the growth of our associates and the reassurance of their lives. As we have consistently strived to promote the career formation of our associates since 1995, the organizational culture to think first about broadening the potential of each associate is rooted in the mindset of our on-site managers throughout Japan. In other words, UT Group does not merely set goals to realize the growth of associates but goes deeper to devise measures to achieve these and makes serious efforts to implement them.

The core of personnel development at UT Group is to support manufacturing operators advance career to manufacturing engineers for production technology and facility maintenance. The latest example of our measures is the opening of the Technology Skill Development Centers at the end of 2020. The Centers are dedicated facilities to nurture manufacturing equipment engineers in the semiconductor field. The Centers are now operating at four locations nationwide — Kitakami City (Iwate Prefecture), Yokkaichi City (Mie Prefecture), Osaka City (Osaka Prefecture), and Kumamoto City (Kumamoto Prefecture). We plan to develop 3,000 engineers in three years through training from basic working skills to knowledge and skills in specialized areas.

A unique feature of the Centers is that those with no experience can take up the challenge of changing career to

a semiconductor manufacturing equipment engineer. The training period is set up according to the learner's level of proficiency, and the learner receives guidance before, during, and after the training course. In addition, the Centers' education system features a two-step education curriculum. This means building on basic skills such as communication, which is required regardless of the job role, and then on the specialized knowledge and skills that are specific to the job type. Unless you have solid fundamental social skills, you cannot use the expertise, which is added on top of it, in the actual field. As we have the training know-how accumulated in the UTACC engineer training facility and other programs, our associates are able to make a career change from scratch.

Optimal career formation for each associate The goal is to help our associates to develop their careers as they like

In the development of our associates, what we emphasize most is their learning attitude. Anyone can change at any age if the person has the right learning attitude. Even those who have entered the dispatch industry with not much career orientation can change their future by taking up the challenge of a new job at UT Group, and becoming a new person, in other words, by doing successful re-learning.

Our corporate mission is to offer work opportunities to people who are willing to work, build good workplaces with our clients, and continually increase the number of people who realize their own potential and live their lives seriously with their own will. As the trend to take charge of human resource development on behalf of client companies accelerates, sending out as many people as possible into society who can continue to "update their learning" will become the new role of UT Group.

Going forward, UT Group aims to build a system that enables "career development of your choice." "Individual optimization" of education will require the construction of AI and e-learning systems. In order to realize our target of "Creating a 'diversity & inclusion' workstyle platform" set forth in the Fourth Medium-term Business Plan, the Career Development Division intends to keep updating itself at all times.

Career paths to choose from, according to associates' life stages and desires

UT Group has developed career paths that enable each associate to grow according to their life stages. This includes "Good Job," which allows associates to freely choose their workplace within UT Group, "One UT," which allows them to change careers within UT Group, "Next UT," which supports the transfer of dispatched associates to positions as full-

time employees at client companies, and "UT Entry," which allows any associate to nominate themselves for an executive position. All of these systems were beyond the thinking of conventional dispatch companies. They have truly embodied UT Group's philosophy of broadening the potential of each associate since the Group's foundation.

Primary career paths

Good Job Select an optimal job	One UT Career path to become an engineer	Next UT Support the transfer to a dispatched client company	UT Entry Career path to become a business manager or an executive
Enable associates in the manufacturing division to select their own workplace	Enable a career change from a manufacturing operator to an engineer	Support the transfer for position as full-time employee at a dispatched client company	Enable voluntary nomination to a business staff, a manager, or an executive

UT Advanced Career Center (UTACC), a dedicated facility for developing engineers

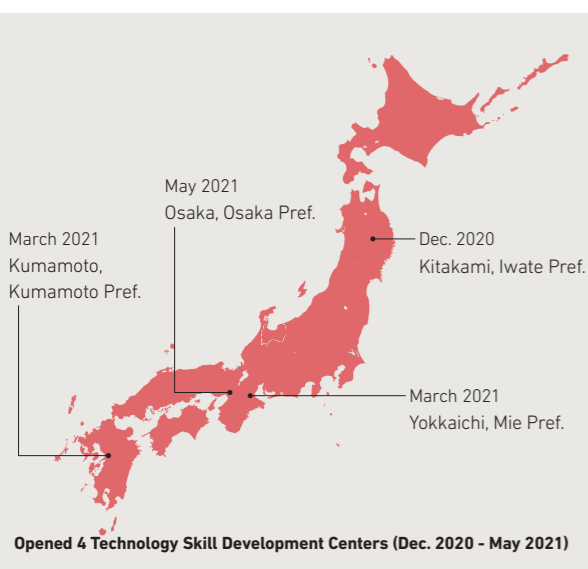
UT Group operates the UT Advanced Career Center (UTACC), a dedicated facility that fosters manufacturing engineers who become ready to work at the manufacturing site. UTACC has a variety of practical programs to train associates with no experience in engineering to become engineers. The courses from basic training to expert training include a lot of

group work to nurture a culture of help and competing with each other in addition to obtaining knowledge. Each learner is given guidance tailored to the learner's competence by repeated interviews by a lecturer before, during, and after the training course.

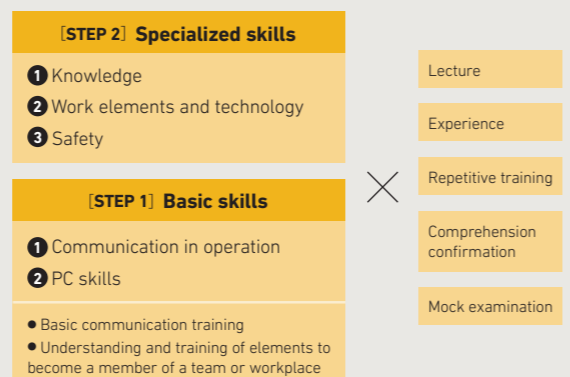
Technology Skill Development Centers for developing semiconductor manufacturing equipment engineers

In response to the growing demand for semiconductors worldwide, UT Group has established the UT Group Technology Skill Development Centers in four locations, in Kitakami City (Iwate Prefecture) in December 2020, and subsequently in Yokkaichi City (Mie Prefecture), Osaka City (Osaka Prefec-

ture), and Kumamoto City (Kumamoto Prefecture) as training facilities for developing semiconductor manufacturing equipment engineers. Through training from basic working skills to knowledge and skills in specialized areas, we plan to develop 3,000 engineers in three years.



The Centers' unique two-step education curriculum



Two-step education curriculum to develop Basic skills required for all job types as a base and then Specialized skills required for a specific job

Voices from UT associates

Associates working nationwide embody in their workplace the "One-to-One Spirit"
— the unchanged values of UT Group.

Presence | Increase your presence

**Urged by a desire to increase my own value,
I moved into the unknown world of the semiconductor industry.**

When I joined UT Aim at the age of 20, I had no particular dream. While attending a vocational school for sports, I was not sure what to do after graduation. I just happened to look at UT Group' application form that my friend had, and I applied because I was attracted for the local work opportunity.

After I joined UT Aim, I worked at a factory in Niigata Prefecture, where I was responsible for the assembly process of LED lighting fixtures. It was a kind of simple work and I began to think about doing something different. Then in July 2020 I was told that the production line will be closed next month.

When I was thinking about what to do next, the manager in charge offered me a job at a semiconductor manufacturing plant in Kitakami City, Iwate Prefecture. The semiconductor work seemed to be difficult, and I had no knowledge. Back then, I was not even sure about using a PC and wondered about what I should do, but I roused myself to take up this challenge to become a new me and increase my value.

I took a training course at the Tohoku Technology Skill Development Center in Kitakami City. It started with how to use a PC and tools and I also learned about difficult chemistry and electromagnetism. I did not study these subjects at high school and I felt like my head was going to explode every day. I was able to overcome the challenge because I and my colleagues encouraged each oth-

er. After completing the six-week course, I began working at a semiconductor manufacturer's plant in January 2021, together with my four colleagues who also completed the same tough course with me.

Initially everything I saw and heard at the plant was new to me and, honestly speaking, I memorized the work process by using my hands and body. There were some difficult processes, but I overcame them one by one in the last eight months. It made me happy to be able to do things that I could not do. As more tasks are assigned to me, I feel that my potential has expanded.

My next goal is to become a workplace leader who can handle problems. The first step is to catch up with the leader of my team. I am always aware of the leader who can instantly give an answer to any question. And if I can make a good income, I want to send more money to my family. I want to proudly tell my mother who has raised me and my two sisters what kind of work I am now doing. To do so, first, I need to be able to do more tasks on my own. I am really glad to have joined the UT Group, which has expanded my potential in the unknown world of the semiconductor industry.



Takahiko ISHIBASHI

Joined UT Aim Co., Ltd. in 2017
Currently, Iwate Kitakami CF
Manufacturing North Japan Business Unit

Challenging | Take up the challenge

**Everyday at UT is to me a history of challenges.
My workplace has a constantly stimulating environment.**

I am in charge of the education and life support of non-Japanese technical interns from Asian countries, mainly from Vietnam and Indonesia, in UT Aim's Global Business Unit, which is responsible for overseas business operations. I came to Japan from Myanmar in 2007 and after working other industries, I joined UT Global (now UT Aim) in 2017.

Everyday at UT is to me a history of challenges. In the first year, I took up a challenge to devise a new business plan, while working at the headquarters. The proposal I presented made into the final review round. Although my business proposal was not materialized, I received great feedback. In the second year, I applied for a selective training system named the Super Manager School (currently Stage-up Training). I submitted a research paper and was selected as one of 55 students from all over the country. Then in the third year, I applied and was accepted for a manager in the manufacturing workplace. I wanted to learn not only the theory of management but also the practical skills in workplace, and my boss encouraged

Thiha SOE

Joined UT Aim Co., Ltd. in 2017
Currently, East Japan
Business Section,
Global Business Unit



me to pursue my desire. In the fourth year, I expanded my task to telephone sales using Japanese. In the current fifth year (2021), while caring for non-Japanese technical interns, I am striving to improve skills so that I can achieve results in sales.

I have a dream. It is to start up a new business utilizing non-Japanese workers. And eventually, I would like to become a business person who can serve as a bridge between my home country, Myanmar, and Japan. That is why I continue to take up the challenges at UT Group.

All for one | Exceed the simple sum of targets, by a team effort

**I would like to share with many colleagues
the joy of tackling a big goal together.**

Since joining UT Pabec in 1997, I have been watching the UT Group's business expansion, while I took a childcare leave in between. At UT Pabec, which is engaged in battery manufacturing, I am currently working on the development of managers.

The appeal of working in the UT Group is that you work toward high goals with your colleagues and feel the joy of achieving them. The management consistently imposes challenging numerical goals to workplaces but leaves how they can be achieved to leaders in workplaces. As a leader, I have experienced it many times. My role there is clear. It is to clearly communicate the vision of the top management to those in the workplace. Sharing goals with each and every associate helps unite the workplace. As a manager, I therefore had a close communication with those in the workplace. For me, all associates I was in charge of are like family members. In numerous occasions, I talked over with associates who expressed to me "The work is tough. I want to quit." and eventually told me "I will try a little more!" Such anecdotal experiences

Yuri KINOSHITA

Joined UT Pabec Co., Ltd. in 1997
Currently, Office Manager of
Kosai Office, and Senior
Manager of Shonan Branch,
Product Service Head Office



remind me that I am continuing this job because I really like people.

My current goal is to increase female managers at workplaces across Japan. I believe the perspective of women who tend to notice fine details can be a great strength in managing the manufacturing workplace. I want to create a vigorous workplace empowering people, and to share with more and more people the joy of working as a team toward a big goal.

Fairness | Stick to fairness

As a manager, I have secured the opportunity for each associate to play empowered and vigorous roles.

Dispatch companies that simply send people to manufacturing sites are unlikely to survive in the future. This is because “on-site capability” and “contracting capability” – the capabilities to nurture workers in worksite, work on the quality control, and create the worksite together with a client company – are always required of dispatch companies. This makes my job difficult but also worthwhile. At present, I am currently in charge of the Higashi Kumamoto Client Factory (CF) and the Kokubu CF in Kagoshima Prefecture as Career Manager of UT Aim. For many years, UT Aim has been engaged in large-scale outsourced work of semiconductor plants of major manufacturers, and has more than 400 technical associates in the area.

I joined UT Aim in 2007, moving from a competitor in the same industry, and had been a manager of the Kokubu CF. In 2015 I was also assigned to look after the Higashi Kumamoto CF. Then the Kumamoto Earthquake of a magnitude of over 6 hit us in April 2016. It caused great damage to the factory where I work. It was forced to suspend operation for a long time, and several of my colleagues quit the job.

At the time, on the verge of a crisis that all 450 associates I was in charge could have lost job, I decided to keep one thing in my mind. It is to make each associate become conscious of own strength. If you have skills that can be used anywhere, you do not need to worry about temporarily losing job. I thus question associates on the worksite about their strengths. Since the Kumamoto Earthquake, I have been conscious of this in managing workplaces.

During the COVID-19 crisis in 2020, I did not hesitate to make judgment in workplaces. The most important thing was to protect the employment. In order to ensure that every associate could keep working vigorously regardless of the circumstances, I properly responded while assuming all risks. Fortunately, the Higashi Kumamoto CF was not greatly affected by the COVID-19, and since the fall of 2020, the factory operation has returned to the pre-COVID-19 level. The semiconductor business is in a further growth phase as global demand increases. If we receive a larger order in the future, the personnel development will become increasingly important.

My next mission is to nurture a manager as my successor. It is a great pleasure for me to nurture young people who will play a role in the development of the region. Employees who are conscious of their strengths and are willing to grow are highly evaluated on the worksite, which is leading into a virtuous cycle of personnel development and quality improvement. I would like to convey my core ideas to the next generation so that all associates can maintain an environment where they can all work with empowerment and vigor.

Koji ANDO

Joined UT Aim Co., Ltd. in 2007
Currently, Career Manager of Kokubu CF and Higashi Kumamoto CF, and Manager of the First Group, Second Section of Kyushu, Manufacturing Kyushu Business Unit



One-to-One | We stand by people and stay face to face with them.

“One-to-One Spirit” has been built up at worksites

Tanaka—Yamada-san, you joined Nihon Aim (now UT Aim) in 2005 as the first cohort of new hires. I remember that I was really glad that Nihon Aim was chosen by a graduate with a master’s degree in science who had seriously studied physics.

Yamada—Semiconductor was a keyword I searched, which led me to Nihon Aim. You were in charge of hiring and my first impression of you is of a nice uncle from Osaka. While holding out a can of coffee, you said to me “What do you want to do in the future?” You politely explained to me that Nihon Aim was looking for future executive candidates, and I thought that this company took young people, such as new graduates, seriously.

Tanaka—Back then, when I said “outsourcing,” applicants couldn’t understand this well. I tried to seriously convince you that this company could offer various opportunities to you.

Yamada—After I joined Nihon Aim, I met you only about once a year or so but, every time, you greeted me nicely.

Tanaka—I always asked you to come and speak at a recruitment briefing session for new hires, as a speech by an associate working on the frontline makes the greatest impression on prospective applicants.

Yamada—Whenever I met you at the recruitment briefing session, I felt like I was back at the beginning and it was an important event for me. As I was a bit overwhelmed with my expanding work assignment and responsibility, I looked at you, reminded myself what I wanted to do at this company, and reset myself.

Tanaka—Mie, Kyoto, Shiga... you were a manager in

various workplaces and applied for an executive officer position in 2016. You have now become an executive officer in a company of 20,000 associates but have not become big-headed. You treat everyone equally. I think this is truly amazing.

Yamada—That is thanks to your guidance, Tanaka-san, and that of other senior members. Just as you stay face to face with each new hire like a family member and listen politely, I have always stayed face to face with my associates in the workplace I was in charge of.

Tanaka—The same can be said for President Wakayama. His attitude has not changed for over 25 years. He always makes sure to share our goals with associates in workplaces no matter how large our Group has grown, and he maintains an environment where everyone has a fair opportunity.

Yamada—You have to keep on working on the frontline, too, Tanaka-san.

Tanaka—I will soon be 71 years old, but if I can be of help, I want to keep working hard. I want to encounter more nice students.

Yamada—I think it is most important to do your best regardless of your position. Now, as a person responsible for the Area Strategy, I feel it is rewarding to share with and communicate UT Group’s philosophy to new associates who joined our Group from acquired companies.

Tanaka—So, here too, we have to meet face to face with each other and overcome each challenge.

Yamada—I think that’s exactly what the UT Group’s “One-to-one Spirit” is about.

Tsutoshi YAMADA (right)

Senior Executive Officer in charge of Area Strategy Business Division
UT Group

Masakazu TANAKA (left)

New Graduate Recruiter Section
New Graduate Recruiting Unit, Group Recruiting Division
UT Group



UT Group's future depicted in the Fourth Medium-term Business Plan

A platform that supports diversity of workstyle is needed. UT Group will create a future that will broaden the potential of workers.

UT VISION 2030

Becoming the company with a future workstyle platform

Based on the foundation that we have established, we aim to help achieve a sustainable society by balancing an environment in which everyone with a desire to work can work vigorously, and an environment in which companies that use workers can achieve growth even in the changing business environment.

What we want to accomplish in the Fourth Medium-term Business Plan

Expand coverage of the career platform

The recruitment target, which is mainly young men, is being expanded to include women, the elderly, and non-Japanese. The client target is also being expanded to medium-sized factories, offices, and other industries, in addition to large manufacturing companies.

Respond to various workstyles in accordance with the life stage of associates

We are responding to the needs of people who want to advance their careers as well as those who want a stable job in a local area. Our support for career formation is in accordance with the life stage of each associate.

Expand job types and career paths

We are further expanding workstyle options through business expansion. The assessment and education system to realize various forms of workstyles is also being enhanced throughout Japan.

Numerical goals and commitments of the Fourth Medium-term Business Plan

We are focusing on increasing the number of technical employees and increasing sales growth in FY3/2022, in order to achieve EBITDA of ¥15 billion yen in FY3/2023.

Commitments

• **EBITDA growth rate: 30% or more (CAGR starting from FY3/2021)**

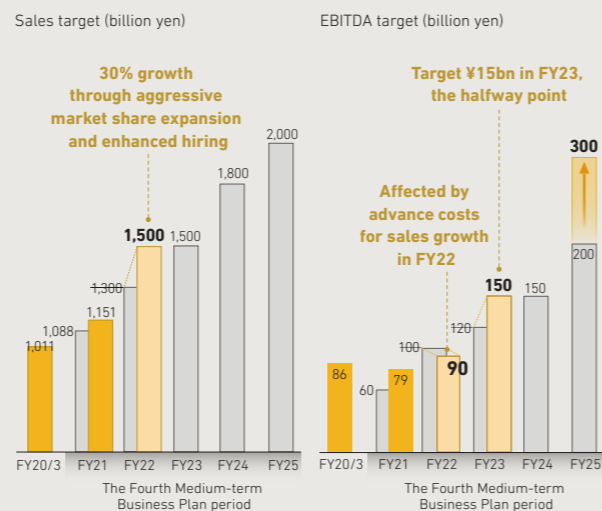
The UT Group emphasizes earnings growth as much as sales growth by business expansion. The Fourth Medium-term Business Plan includes strategic M&A activities aimed at formation of a long-term business base. We therefore use EBITDA to show our commitment in earnings growth and set 30% or more CAGR in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

Toward a company that realizes diverse forms of workstyles tailored to each associate

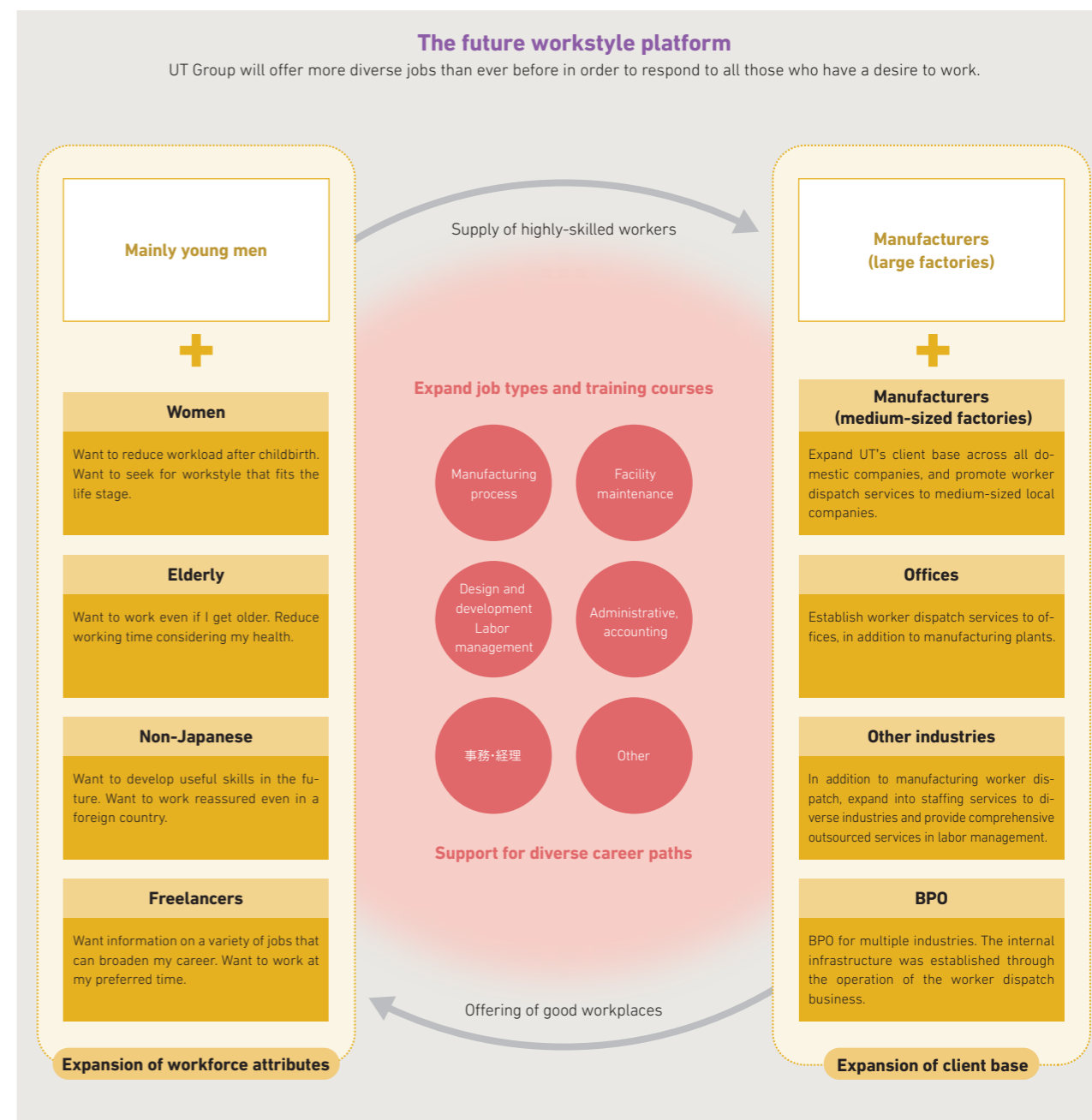
Until now, the primary hiring target of UT Group's business model, which is focused on manufacturing dispatch, has been young men who want to develop skills and build experience. We are now expanding the target to include women, the elderly, non-Japanese, and freelancers in the Fourth Medium-term Business Plan.

The client base will also be expanded to a wide range of areas, including medium-sized factories, offices, and other industries. In addition, our service offerings will be extended to business process outsourcing (BPO), with the aim of helping more companies grow.

By launching the new strategy, the value offered to workers will also diversify. Provision of stable work opportunities,

in addition to provision of growth opportunities, will become more important. The COVID-19 pandemic has also boosted demand to continue the same work in the same area. In the future, the form of support for career formation will change to fit each individual's life stage.

As workforce attributes expand, more diverse career paths than ever before will need to be available. We will therefore further enhance assessment to find the best job for each individual and the education system for the skills required for the job. The UT Group will continue to evolve to achieve its long-term vision of "Becoming the company with a future workstyle platform."



Aiming to further increase the value of workers

The Fourth Medium-term Business Plan has six key themes, from which three growth strategies have been developed and steadily implemented.

Six main themes of the Fourth Medium-term Business Plan

1 Develop and provide manufacturing workers

We will further strengthen and expand the industry-leading manufacturing personnel services established in the third medium-term business plan, and make a robust base as a core business. Specifically, we will incorporate HR Technology and other technologies into UT Group's core functions of hiring and personnel development, in order to improve functions, raise efficiency, and enhance the quality of corporate services. At the same time, we will effectively promote the career formation of our associates in response to their career-oriented workstyle.

2 Expand area platforms

Depending on their life stage, some associates may prefer a stability-first workstyle. We will therefore include a function of offering a stable living base in the career platform and further expand that role. Specifically, we will expand the role of our regional offices so that we can quickly respond to different local needs of clients and reorganize to enable them make own decisions from sales to recruitment.

3 Create vigorous work environment empowering non-Japanese workers

In Japan, where the population of production ages is declining, manufacturing sites that support Japan's manufacturing are facing a major challenge of securing workers. Meanwhile, in emerging countries, the manufacturing industry is expected to grow along with its economic development. Anticipating the growing needs of non-Japanese who want to acquire skills in Japan and work in their home country and the growing needs of Japanese companies that build manufacturing bases in emerging countries, we aim to foster non-Japanese workers in Japan and serve as a bridge between Japan and emerging countries.

4 Exploit work areas for highly-skilled engineers

Technology is critical to improving corporate productivity. In addition, more highly-skilled people with knowledge and experience across business domains are needed due to an increase in product development where software and networking are integrated with manufacturing. We will expand business and enhance functions in this area, through alliance with proven large companies and M&As, in order to respond to the needs of engineers who want to continue working in the technical field by expanding their scale and enhancing their functions.

5 Accelerate support for personnel mobilization

The Elderly Employment Stabilization Act, which was revised as part of the Japanese government's campaign for a society in which all 100 million people can work actively, requires companies to rehire those who want to work after retirement. UT Group aims to support continued employment by establishing joint-venture companies, particularly for large companies with large numbers of employees, and to develop workplaces where the wealth of experience of the elderly is used in a variety of fields.

6 Build a business base in new job areas

UT Group takes over operations in non-core businesses, such as manufacturing of non-core products and office dispatching, as well as personnel engaged in these areas from manufacturers which need to reorganize operations due to changes in the business environment and management strategy. We will establish a business base in new areas such as office dispatch and business process outsourcing (BPO), based on new companies that have joined in UT's Solution Business.

The basic strategy for each segment



Three growth strategies



Expanding and enhancing business areas mainly through M&A

UT Group is actively engaged in good workplace development through M&A across Japan to promote the Fourth Medium-term Business Plan.

M&A-driven good workplace development across Japan

Since the start of the 2020s, we have been actively strengthening our business base through M&A. Among the six key themes of the Fourth Medium-term Business Plan, the four relevant themes are 1) to expand area platforms; 2) to exploit work areas for highly-skilled engineers; 3) to accelerate support for personnel mobilization; and 4) to create vigorous work environment empowering non-Japanese workers. In particular, in the Area Platform Strategy, we have produced several achievements in partnerships and M&A with local dispatch operators. In addition to enhancing local workplac-

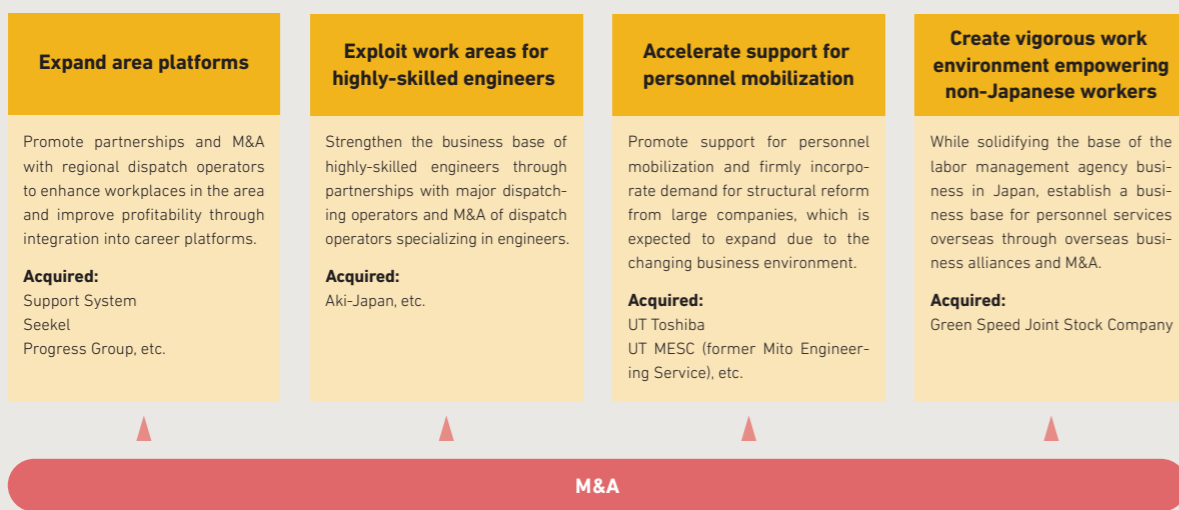
es, this will also improve profitability through the integration of career platforms. We plan to roll out the M&A strategy throughout Japan.

Among several schemes for M&A, the main one is business integration through acquisition of 100% of equity of a company. The way in which a deal proceeds depends on discussions with the company to be affiliated. In all cases, we will promote M&A that can result in improving the value of workers and client companies.

Major M&As (2020 March - 2021 May)

2020 March	Support System Co., Ltd.(Osaka Prefecture): Comprehensive personnel dispatch and outsourcing business centered in the Kansai region. UT acquired all shares and made it a consolidated subsidiary.
April	Three Toshiba Group companies (Kanagawa Prefecture): The three Toshiba Group companies engaged in personnel dispatch and other activities have become UT's consolidated subsidiaries.
July	Mito Engineering Service Co., Ltd. (currently UT MESOC Co., Ltd., Ibaraki Prefecture): A Hitachi Group company engaged in manufacturing outsourcing and dispatch of design engineers for elevators. UT acquired all shares and made it a consolidated subsidiary.
October	Green Speed Joint Stock Company (Vietnam): A holding company of two staffing companies in Vietnam. UT acquired a 51% stake and entered into a capital alliance. To serve as a career bridge of non-Japanese technical interns.
November	Seekel Holdings (Ibaraki Prefecture): Comprehensive personnel dispatch and outsourcing business based in Ibaraki Prefecture. UT acquired all shares and made it a consolidated subsidiary.
2021 April	Aki-Japan Corp. (Tokyo): An engineer dispatching operator specialized in the construction industry. UT acquired a 20% stake of a special holding company which held all shares of Aki-Japan, and entered into a capital alliance, on the premise of a business alliance.
May	Progress Group, Co., Ltd. (Aichi Prefecture): Comprehensive personnel dispatch and contracting business based in Aichi Prefecture. Its workforce were Japanese and people of Japanese descent. UT acquired all shares and made it a consolidated subsidiary. SURIEMU Corp. (Aichi Prefecture): Comprehensive personnel dispatch and contracting business based in Aichi Prefecture. Its workforce included many Japanese-Brazilians. UT acquired all shares and made it a consolidated subsidiary.

Positioning of M&A in the Fourth Medium-term Business Plan



CLOSE-UP

Building better relationships between workers and client companies through M&A

Satoshi MORIYASU

Senior Executive Officer in charge of Business Development Division

Started his career with a consulting firm. After serving as Director of Peach John Co., Ltd., Manager of of G.U. Co., Ltd. and Executive Officer of TAKE AND GIVE NEEDS Co., Ltd., he is currently Senior Executive Officer of UT Group.



The M&A strategy is essential for building area platforms.

I believe that the M&A strategy will play the role of a driver that strongly drives UT Group's Four Medium-term Business Plan. Of the six key themes, the M&A strategy is incorporated in the three themes of expanding area platforms, exploiting work areas for highly-skilled engineers, and accelerating support for personnel mobilization. In addition, M&A will have a significant effect on the theme of creating vigorous work environment empowering non-Japanese workers.

Among them, we are making particular efforts on M&A aimed at expanding the area platform. Partly due to the COVID-19 impact, there is an increasing demand for people to work in their local community, and UT Group needs to develop jobs in each area. That is why the strategy to acquire a local dispatch operator which has established a local hiring system and a network with client companies and make it our subsidiary is greatly beneficial for UT Group to build a business base that is closely tied to the area. Collaboration with UT Group will also benefit dispatch workers working for local dispatch operators and their client companies. The workers can use UT Group's personnel development programs, and compliance at workplaces will be enhanced, increasing the trust of the client. We have recently seen an increasing number of cases involving business succession due to the aging of the business owner.

I would like to emphasize that we are not making acquisitions to secure immediate sales. We are carrying them out to accelerate the realization of the Fourth Medium-term Business Plan and to increase our associates nationwide in order to realize UT Group's mission to "Create vigorous workplaces empowering workers" together.

There are detailed numerical criteria for evaluating target companies for M&A, such as sales volume and the number of employees. Of course, we also closely simulate how much the target company's profitability can be raised when acquired. However, I believe that even more important is how it fits with UT Group's corporate philosophy and policies. In interviews with the owner and the top management of the target company in its assessment, we particularly focus on their views of employees and their corporate culture. If the company can share the values of UT Group, it makes sense to have that company join UT Group.

We are receiving more and more prospective local M&A

deals due to an increase in costs associated with responding to the revised Worker Dispatching Act of 2015, the selection of dispatch operators, driven by client companies' increased awareness of compliance, and business deterioration triggered by COVID-19 since 2020. UT Group's Business Development Division currently has four members. Each of us has over 10 years of experience practical M&A and related businesses in the areas of corporate management planning, financial advice, and management consulting. This enables us to perform due diligence, post-integration planning, and post-merger integration (PMI) practice at a level of experience equivalent to that of M&A specialists at consulting firms. We always make sure to include a post-integration business manager from the early stage of the M&A project. We believe this is of utmost importance in PMI to ensure that the business manager is committed to grouping in with the acquired company and to gain trust in its workplaces.

The development of work areas for highly-skilled engineers and the creation of a vigorous work environment empowering non-Japanese workers.

In the future, we will also focus on M&A measures in the development of work areas for highly-skilled engineers. We can also expect collaboration with companies that have expertise in technical education and personnel development. We also believe that creating an environment where non-Japanese can work with vigor is the mission of UT Group, and we are focusing our attention on dispatch operators which have connections with the community of people of Japanese descent.

Again, we do not pursue superficial M&A that entails re-labeling acquired companies. Our first priority is to promote a relationship of trust between the workers and clients of the acquired company and our group. We believe it is important to bring in associates who can empathize with UT Group's values. We explain to those in the acquired company UT Group's culture of creating fair opportunities for everyone and making it a business and UT's long-cherished values. We also want to expand the nationwide network of associates who appreciate UT Group's values. We are dedicated to advance M&As to build better relationships between workers and client companies.

UT Group today

—Financial and non-financial highlights

Since the fall of 2020, as the COVID-19 impact had settled down, client plants recovered production. In response to their growing personnel demand, UT Group took a major step forward in its hiring activities.

Financial position and operating results for FY3/2021

Recovery of manufacturing on-site operations since the fall of 2020 Engaged in group-wide aggressive hiring activities

The spread of COVID-19, which began in January 2020, continued to have a significant impact on the world economy and social life, even after mid-2021. In March 2020, the Tokyo Olympic and Paralympic Games was postponed for one year, and in April, seven prefectures issued an emergency declaration. The spread of COVID-19 did not settle down and we started FY3/2021 in April 2020 in the midst of the COVID-19 pandemic.

The environment surrounding UT Group was also greatly affected, and in the automotive-related sector, supply chain disruption forced some client plants to temporarily suspend operation, which resulted in order suspension for some of UT's associates. However, since the lifting of the emergency state in May 2020, the number of temporarily-suspended clients' factories had decreased and in the automobile-related sector, which was most significantly affected by the global COVID-19 outbreak, personnel demand had increased along with a recovery in production activities, driven by major automakers. The semiconductors and electronic components sector also showed signs of recovery in personnel demand, in response to growth in production of semiconductor manufacturing equipment and devices, driven by an increase in semiconductor demand for automobiles and demand related to the next-generation wireless communication standard 5G.

In response to these strong demand, the order-taking environment for the UT Group significantly improved with the recovery of clients' production activities since the fall of 2020. In the Manufacturing Business, which is a core business, we were engaged in aggressive hiring activities throughout the Group companies with the aim of recruiting 1,000 people per month in order to respond quickly to the

personnel demand of client companies at a potential full-scale recovery stage in production activities. In addition, under the Area Platform Strategy and Solution Strategy set forth in the Medium-term Business Plan, we promoted alliances with and M&As of local leading companies, acceptance of personnel from major corporate groups, and business transfer. In FY3/2021 nine companies joined the UT Group as consolidated subsidiaries.

As a result, we renewed record-highs in net sales and the number of technical employees in FY3/2021, as we recorded net sales of ¥115,131 million (up 13.8% from ¥101,191 million in fiscal 2020), operating profit of ¥7,163 million (down 10.9% from ¥8,040 million), ordinary profit of ¥7,191 million (down 11.4% from ¥8,113 million), and profit attributable to owners of the parent of ¥4,299 million (down 4.6% from ¥4,509 million). The number of technical employees was 37,012 (up 17,378 from 19,634 a year ago).

Results by segment

Manufacturing Business

In the Manufacturing Business, clients' suspension of factory operations in the automobile-related sector—the most severely affected sector by the COVID-19 spread, came to a halt by the end of the second quarter and personnel demand has since been recovering strong along with a recovery in production activities. In the semiconductors and electronic components sector, personnel demand was also robust thanks to an increase in semiconductor demand for automobiles and demand related to the next-generation wireless communication standard 5G and telework.

In response to this increase in personnel demand at client companies, UT Group made efforts in hiring activities and the number of employees who joined the company was increased. In November 2020, Seekel Holdings Co., Ltd. and Seekel Co., Ltd. became consolidated subsidiaries of UT

Group. These resulted in a significant increase in the number of technical employees. In addition, since January 2021, Green Speed Joint Stock Company, which owned 100% of the shares of Green Speed Co., Ltd. and Hoang Nhan Co., Ltd., which had been engaged in the staffing business in Vietnam, has become a consolidated subsidiary.

Because of these developments, the Manufacturing Business has begun to increase quarterly sales since the third quarter. Segment profit, however, decreased y-o-y due to a significant increase in hiring expenses, which were positioned as advance investment.

As a result, in FY3/2021, the Manufacturing Business segment recorded net sales of ¥69,252 million (down 1.8% from ¥70,527 million in the previous fiscal year) and segment profit of ¥3,437 million (down 42.2% from ¥5,951 million), while the number of technical employees was 29,956 (up 15,912 from 14,044 a year ago). Excluding Green Speed Joint Stock Company, Green Speed and Hoang Nhan, stated above, the segment's domestic net sales were ¥67,503 million (down 4.1% from ¥70,527 million in the previous fiscal year) and segment profit was ¥3,385 million (down 43.1% from ¥5,951 million), while the number of technical employees was 16,680 (up 2,636 from 14,044 a year ago).

Solution Business

In the Solution Business, impacts from production adjustment and other measures taken by some clients, due to the COVID-19 spread, came to a halt and personnel demand has since been recovering, mainly at UT Pabec, which is specialized in battery manufacturing. In addition, the unit price has increased, associated with adherence to the principle of equal pay for equal work. As a result, the number of technical employees as well as segment sales and profit increased substantially. Moreover, UT Toshiba Co., Ltd., UT Business Service Co., Ltd., and UT System Products Co., Ltd., all of which were group companies of Toshiba Corporation, be-

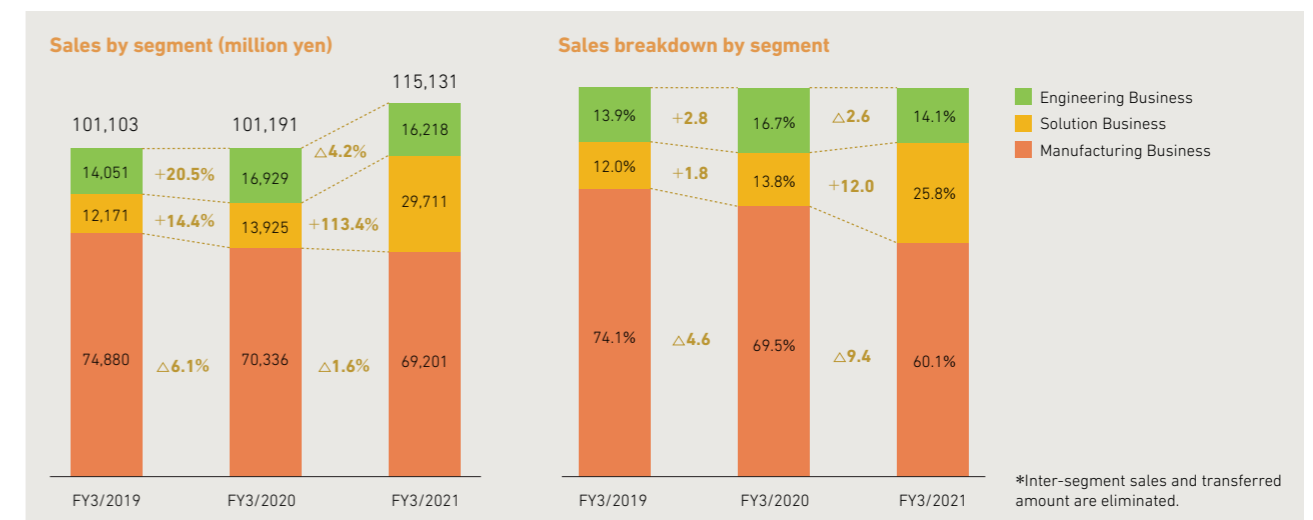
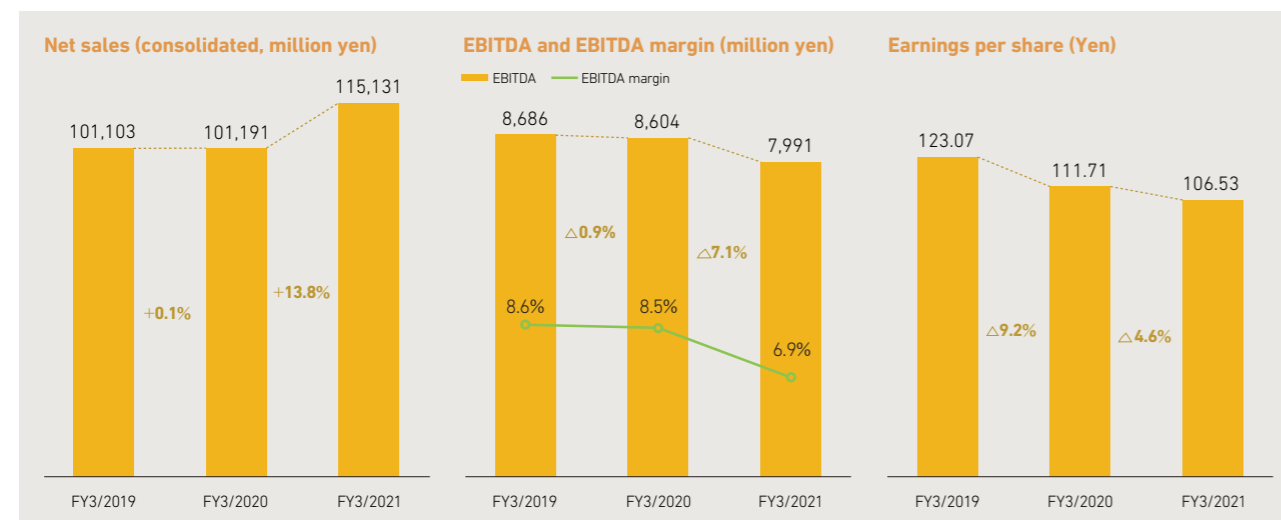
came consolidated subsidiaries of UT Group on April 1, 2020, and Mito Engineering Service Co., Ltd., a Hitachi Group company, also became a consolidated subsidiary of UT Group on July 1, 2020. These companies also contributed to increase in segment sales and profit.

As a result, in FY3/2021, the segment recorded net sales of ¥29,717 million (up 113.3% from ¥13,930 million in the previous fiscal year), segment profit of ¥1,309 million (up 27.0% from ¥1,031 million), and the number of technical employees of 4,469 (up 1,499 from 2,970 a year ago).

Engineering Business

In the Engineering Business, as a part of the business strategy review, we sold one subsidiary engaged in dispatch of IT engineers on January 29, 2021. In addition, One UT, our internal system that encourages employee status transfer from manufacturing operators to engineers, was difficult to be implemented under conditions imposed by the COVID-19 pandemic. Mainly due to these factors, segment sales decreased year-on-year and the number of technical employees declined. In the meantime, segment profit increased substantially thanks to 1) robust demand for field engineers and equipment maintenance operators mainly from clients in the manufacturing field, 2) improvement in operating efficiency, driven by the reorganization of operating companies, and 3) a review of a support and placement system for new hires, which led to their earlier start in assignment and improved operating rate. demand for field engineers and equipment maintenance operators was solid mainly from clients in the manufacturing field.

As a result, in FY3/2021, the segment recorded net sales of ¥16,218 million (down 4.2% from ¥16,929 million in the previous year) and segment profit of ¥2,431 million (up 111.0% from ¥1,152 million), while the number of technical employees was 2,587 (down 33 from 2,620 a year ago).



*Inter-segment sales and transferred amount are eliminated.

Returning profits to shareholders through dividends
Total return ratio of 62.0%, including an additional portion for previous year's unpaid dividend

We recognize that returning profits to shareholders is one of our primary management issues. Our baseline target is a total return ratio of 30% or more through dividend payments or share buybacks, which help to improve capital efficiency.

In the previous year of fiscal 2019, we forwent a return to shareholders. The amount equivalent to 30% of profit attributable to owners of the parent for that year was paid as a special dividend in addition to the regular dividend, which was 30% of profit attributable to owners of the parent for FY3/2021. In aggregate, the dividend for FY3/2021 amounted to ¥66 per share (a total return ratio of 62.0%).

Outlook for FY3/2022

As for FY3/2022 (from April 1, 2021 to March 31, 2022), the spread of COVID-19 infection is expected to gradually settle as vaccinations are progressing in each country, but the impact on economic activity is expected to continue to a certain degree. In addition, although demand for end products such as automobiles and smartphones is strong, the global shortage of semiconductor supplies could be a bottleneck, causing temporary delays in production of these end products. In the meantime, personnel demand is expected to

remain strong, as the large manufacturing industry, which is a major client base for UT Group, is experiencing tight labor conditions to respond to production plans.

UT Group has set an EBITDA target of ¥20-30 billion for the final year of the fourth Medium-Term Business Plan announced in May 2020. In order to achieve this target, it would be essential to achieve EBITDA of ¥15 billion in FY3/2023, which is a turning point of the plan period. Therefore, in anticipation of the recovery of economic activities, driven by the present increase in personnel demand and the progress of vaccinations, we will focus on increasing share and sales in FY3/2022 with the aim of achieving ¥15 billion in EBITDA in FY3/2023, one year ahead of originally-planned FY3/2024.

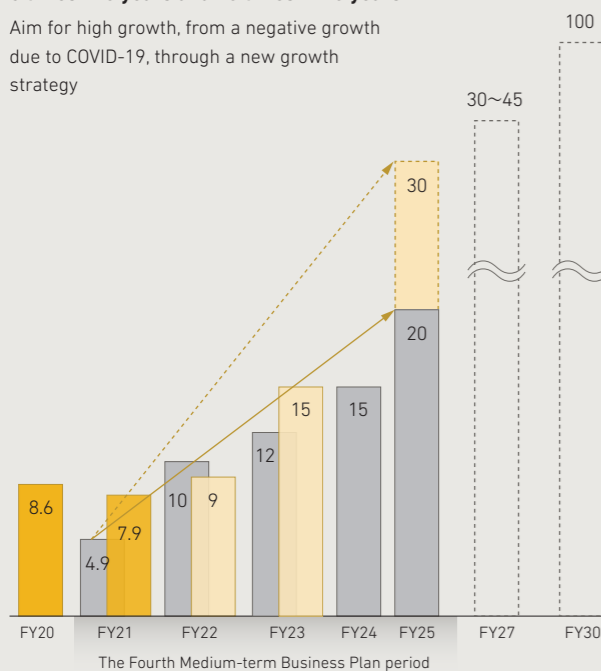
With regard to hiring activities, which is a major driver of sales growth, UT Group aims to regularly employ 1,000 people a month and 12,000 people a year. While employment-related expenses is expected to increase as a result of strengthening of hiring activities, we will seek to improve hiring efficiency throughout the year, taking into account the target to achieve ¥15 billion in EBITDA in FY3/2023. We will also continue to promote the Area Platform Strategy as well as alliances with and M&As of local major companies.

In sum, as for forecasts for FY3/2022, we are projecting consolidated net sales of ¥150,000 million (up 30.3% from the previous fiscal year), operating profit of ¥8,000 million (up 11.7%), ordinary profit of ¥8,000 million (up 11.2%), and net profit attributable to owners of the parent of ¥4,800 million (up 11.6%).

EBITDA target (billion yen)

3 times in 5 years and 10 times in 10 years

Aim for high growth, from a negative growth due to COVID-19, through a new growth strategy



* Initial forecasts as of May 2020

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.

Sustainability indices (non-financial KPIs)

Indices aimed at respecting the will of each and every worker, and aiming for co-existence and co-prosperity with society from the perspective of workers have been set as follows:

Broaden the potential of each individual

• Hiring activities	FY3/2019	FY3/2020	FY3/2021
Applicants *1	133,644	109,220	116,463
Number of interviews *1	40,077	35,252	36,753
Graduates hired (technical jobs) *2	637	951	553
Graduates hired (general jobs) *3	12	26	17
Mid-career hired (technical jobs) *4	10,060	6,483	7,291
Mid-career hired (general jobs) *3	165	93	76
Workforce *3	21,746	22,305	25,083

• Career formation support activities

	FY3/2019	FY3/2020	FY3/2021
Recipients of training courses *5	19,955	37,005	32,874

• Workplace development activities

	FY3/2019	FY3/2020	FY3/2021
Client companies *3	909	1,042	1,538

• Career path

	FY3/2019	FY3/2020	FY3/2021
One UT users *6	607	322	236
Next UT users *2	561	456	412
UT Entry users *3	443	406	348
Job changers, from a technical job to a general job *3	71	55	18

• Diversity indices

	FY3/2019	FY3/2020	FY3/2021
Elderly hired *7	260	569	425
Disabled persons hired *7	29	33	14
Women hired (technical jobs) *4	2,512	1,914	2,838
Women hired (general jobs) *7	50	49	36
Ratio of female directors *3	0.0%	0.0%	0.0%
Ratio of female managers *3	8.5%	11.0%	10.5%
Ratio of female associates *3	20.8%	28.0%	28.9%

Continued strengthening of business base

• Proper labor practices	FY3/2019	FY3/2020	FY3/2021
Acquirers of child-care leave *3	—	—	242
Return rate after child-care leave *3	91.8%	83.1%	79.6%
Acquirers of nursing-care leave *3	—	—	4.0

• Health and Safety	FY3/2019	FY3/2020	FY3/2021
Average overtime hours *8	—	18.2	11.5

Fair and transparent organizational controls

• Corporate Governance	FY3/2019	FY3/2020	FY3/2021
Attendees at the general meeting of shareholders *7	77	71	32
Questions raised at the general meeting of shareholders *7	12	11	3
Voting rights exercise rate *7	80.8%	85.0%	80.1%
Ratio of independent outside officers *7	63.0%	75.0%	60.0%
Average attendance rate of the Board of Directors *7	97.0%	99.0%	100.0%
Board meetings held *7	18	21	19
Nomination Committee meetings held *7	4	4	4

• Code of Conduct	FY3/2019	FY3/2020	FY3/2021
Internal whistleblowing cases *3	5	5	0

• Business Ethics	FY3/2019	FY3/2020	FY3/2021
Recipients of compliance training courses *9	713	21,788	17,411
Cases of serious violations of laws and regulations *3	0	0	0

Appropriate environmental considerations

• Environmental management	Unit	FY3/2019	FY3/2020	FY3/2021
Greenhouse gas emissions *10 *12	tCO ₂	—	2,015.5	1,738.3
Greenhouse gas emissions (Scope 1)	—	—	—	—
Greenhouse gas emissions (Scope 2)	—	34.1	25.7	—
Greenhouse gas emissions (Scope 3)	—	1,981.4	1,712.6	—
Paper consumption to sales *11 *13	—	—	100.0	79.8

*1 | UT Aim, UT Community, Support System, UT Pabec, UTHP, and UT Construction
 *2 | UT Aim, UT Community, UT Pabec, UT Technology, and UT Construction
 *3 | UT Group companies in Japan
 *4 | UT Aim, UT Community, Support System, UT Pabec, UTHP, UT Technology, and UT Construction
 *5 | UT Group, UT Aim, UT Community, UT Pabec, UTHP, UT Technology, and UT Construction
 *6 | UT Aim, UT Community, UT Pabec, UTHP, UT Technology, and UT Construction
 *7 | UT Group (Attendees at the general meeting of shareholders include viewers of live broadcasts.)
 *8 | UT Group, UT Aim, UT Community, UT Pabec, UTHP, UT Technology, UT Construction, and UT Heartful

*9 | UT Group, UT Aim, UT Community, UT Pabec, UTHP, Fujitsu UT, UT Toshiba, UT Technology, UT Construction, and UT Heartful
 *10 | UT Group and UT Aim
 *11 | UT Group, UT Aim, UT Community, UT Pabec, UTHP, UT Toshiba, UT System Products, UT Technology, UT Construction, and UT Heartful
 *12 | Emissions are calculated based on the "Green Value Chain Platform" of the Environment Ministry and the Ministry of Economy, Trade and Industries.
 Scope1: Direct emissions of greenhouse gases from burning fuel at business site
 Scope2: Carbon dioxide emissions from electricity use in the offices
 Scope3: Major indirect emissions excluding the above (use of company vehicles for business)
 *13 | Indices are set based on 100 for FY3/ 2020.

(Million yen)

	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021
Net sales	24,106	27,854	30,779	36,478	44,050	57,588	81,751	101,103	101,191	115,131
Gross profit	4,314	4,484	5,429	6,760	8,747	11,462	16,010	20,738	20,006	21,602
EBITDA	1,519	1,523	1,882	2,288	2,574	3,652	5,713	8,686	8,604	7,991
Operating Profit	1,453	1,473	1,824	2,232	2,462	3,413	5,197	8,083	8,040	7,163
Net profit before income taxes and other adjustments	1,273	1,217	1,432	2,149	2,353	3,154	5,385	7,718	6,705	7,000
Net profit attributable to owners of the parent	880	922	934	1,168	1,497	2,033	3,534	4,968	4,509	4,299
Capital expenditures	75	85	86	24	376	236	371	543	286	346
Depreciation and amortization	66	49	56	51	68	155	118	195	251	378
Total assets	8,550	9,505	12,058	16,427	17,139	23,144	29,710	33,720	36,308	52,666
Shareholders' equity	3,120	2,711	3,101	3,520	4,096	5,605	8,947	12,890	14,900	19,116
Interest-bearing debts	2,577	3,732	5,495	6,856	7,049	7,822	7,696	5,543	8,789	11,723
Cash flow from operating activities	1,367	915	358	3,131	517	3,107	4,942	6,864	3,509	6,654
Cash flow from investing activities	△527	△447	△23	△679	△334	△1,052	△975	△669	△805	△2,413
Cash flow from financing activities	△1,916	△220	1,196	515	△789	△147	△519	△3,184	721	2,613
Free cash flow	840	468	335	2,451	183	2,054	3,967	6,195	2,703	4,240
Per-share data										
Earnings per share (Yen)	21.30	22.63	23.96	30.29	40.40	57.19	91.19	123.07	111.71	106.53
Fully-diluted earnings per share	18.1%	6.2%	5.9%	26.4%	33.4%	41.6%	59.4%	35.0%	△9.2%	△4.6%
Book value per share (Yen)	73.34	69.49	79.58	91.20	111.16	158.75	220.45	319.26	369.01	472.90
Dividend per share (Yen)	12.50	13.00	13.50	0.00	0.00	0.00	0.00	61.93	0.00	66.00
Financial indices										
Gross profit margin	17.9%	16.1%	17.6%	18.5%	19.9%	19.9%	19.6%	20.5%	19.8%	18.8%
EBITDA margin	6.3%	5.5%	6.1%	6.3%	5.8%	6.3%	7.0%	8.6%	8.5%	6.9%
Operating margin	6.0%	5.3%	5.9%	6.1%	5.6%	5.9%	6.4%	8.0%	7.9%	6.2%
Return on Equity (ROE)	30.9%	31.7%	32.2%	35.3%	39.3%	41.9%	48.6%	45.5%	32.5%	25.3%
Return on Assets (ROA)*1	10.3%	9.7%	7.8%	7.1%	8.7%	8.8%	11.9%	14.7%	12.4%	8.2%
Return on Invested Capital (ROIC)*2	17.7%	17.3%	14.2%	12.2%	14.7%	16.9%	20.5%	28.4%	23.0%	14.4%
Equity ratio	36.5%	28.5%	25.7%	21.4%	23.9%	24.2%	30.1%	38.2%	41.0%	36.2%
Debt to Equity Ratio (D/ERatio)*3	0.83	1.38	1.77	1.95	1.72	1.40	0.86	0.43	0.59	0.61
Stock information										
Stock price (fiscal year end) (Yen)	305	328	540	470	525	1,447	3,500	2,536	1,110	3,635
Price to Earnings Ratio (PER)	14.3	14.5	22.5	15.5	13.0	25.3	38.4	20.6	9.9	34.1
Price/Earnings-to-Growth Ratio (PEG Ratio)*4	0.96	1.54	3.37	0.59	0.39	0.61	0.65	0.59	△1.07	△7.35
Return to shareholders										
Total shareholder return	531	507	526	999	749	609	1,060	2,499	0	2,663
Total dividend amount	531	507	526	0	0	0	0	2,499	0	2,663
Purchase of treasury shares	0	529	0	999	749	609	1,060	0	0	0
Total payout ratio	60.4%	54.9%	56.3%	85.6%	50.1%	30.0%	30.0%	50.3%	0.0%	62.0%
Non-financial information										
Number of employees	6,272	6,983	7,955	9,489	11,370	16,104	19,581	21,746	22,180	38,527
Number of technical employees (Japan)	6,082	6,821	7,768	9,299	10,926	15,488	18,569	20,583	20,906	23,736
Number of technical employees (Overseas)	-	-	-	-	-	-	-	-	-	13,276
Number of general employees	190	162	187	190	444	616	1,012	1,163	1,274	1,515
Work creating value*5 (million yen)	-	25,586	28,029	32,944	39,188	51,061	73,867	92,050	93,120	95,517

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

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

*3 | D/E Ratio = [Interest-bearing debt] / [Shareholders' equity] *1|ROA= Net income/total assets belonging to the parent company's shareholders

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

*5 | Work creating value = [Operating profit] + [Total personnel expenses], UT Group's unique indicator for providing jobs to many people and supporting their growth

Responsibilities to be fulfilled for associates and client companies

—**Corporate governance**

UT Group's business is always centered around people. This is why corporate compliance and corporate governance that supports it are the most important management issues. We will continue to move on by always keeping the right perspective for the sake of associates and client companies.

Policy on Corporate Governance

As a company that supports the employment of workers and corporate production activities, we will continue to consider corporate governance as the most important management issue and to fulfill our social responsibilities.

Basic Policy on Corporate Governance

In realizing UT Group's mission to "Create vigorous workplaces empowering workers," we believe it is important to expand, with a sense of speed, environments in which workers can broaden their potential. In doing so, we are highly aware that our business has a strong character as a public infrastructure that provides stable employment for individuals and labor for corporate production activities, and that we have a serious social responsibility. To fulfill our responsibility, first and foremost, we must respect the human rights of individuals and comply with laws, regulations, and social norms while maintaining high ethical standards. In order to gain the trust of our associates*, clients, other stakeholders, and society, we disclose information with high transparency, communicate appropriately, and fulfill our accountability.

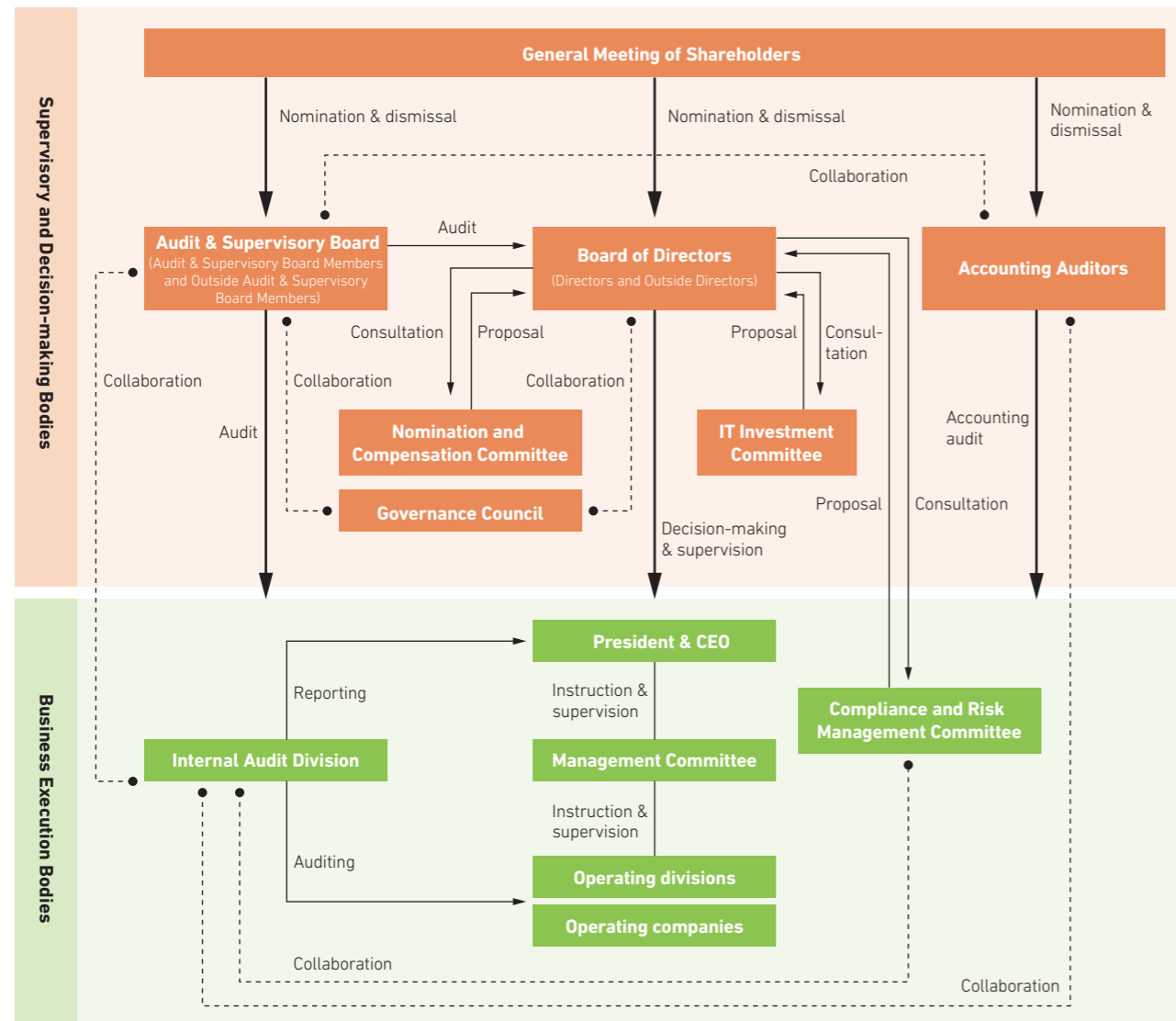
At the same time, our business is heavily influenced by changes in the business environment, such as fluctuations

in personnel demand from clients and their markets, and fluctuations in supply volumes of dispatch workers. In order to consistently improve corporate value with high growth potential while maintaining employment even in such a business environment, we believe that we need both "defensive governance" and "aggressive governance." What we mean by defensive governance is to constantly control risks and operate the business in an appropriate manner. By aggressive governance, what we mean is to support flexible thinking and bold risk-taking that can quickly respond to environmental changes and turn into new business opportunities.

Based on these ideas, we will continue to strengthen our corporate governance by positioning it as one of the most important issues of management.

Note: *Associate" is a term UT Group has decided to use to describe its employees.

Corporate governance structure



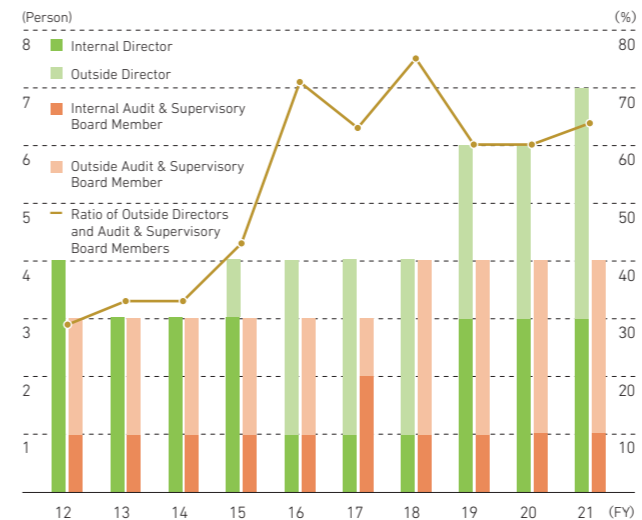
As of August 31, 2021

Board Directors and Audit & Supervisory Board Members

	Title in UT Group	Term of office	Independent officer	Nomination and Compensation Committee	Compliance and Risk Management Committee	IT Investment Committee	Governance Council
Yoichi WAKAYAMA	President & CEO	1		●		◎	
Yuji WATANABE	Full-time Board Director and Senior Executive Officer	1			●	●	
Manabu SOTOMURA	Full-time Board Director and Senior Executive Officer	1		●	●	●	
Noboru HACHIMINE	Board Director	1	●				●
Tetsuro YOSHIMATSU	Board Director	1	●	●			●
Taisuke IGAKE	Board Director	1	●	●			●
Hiroko SASAKI	Board Director	1	●				●
Riichiro KOMATSU	Full-time Audit & Supervisory Board Member	4	●		●		◎
Masahito FUKUMORI	Full-time Audit & Supervisory Board Member	4			●		●
Hirokazu MIZUKAMI	Audit & Supervisory Board Member	4	●				●
Hiroyuki YOSHIDA	Audit & Supervisory Board Member	4	●				●

◎ Chairperson; as of August 31, 2021

Board Directors and Audit & Supervisory Board Members: Numbers and Ratios of Outside Directors and Audit & Supervisory Board Members



Advisory bodies

	Nomination and Compensation Committee	Compliance and Risk Management Committee	IT Investment Committee
Chairperson	External expert	Senior Executive Officer	President
Members	President 1 full-time director 2 outside directors 1 external expert	2 full-time directors 1 internal audit & supervisory board member 1 outside audit & supervisory board member 2 external lawyers 1 senior executive officer 1 executive officer	President 2 full-time directors 1 external expert 1 senior executive officer
Objectives	Ensure transparency and objectivity in the procedure to designate candidates for positions of board director, audit & supervisory board member or executive officer; establish basic policies for CEO succession planning and supervision	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

Skills matrix of the Board of Directors and the Audit & Supervisory Board

	Attributes	Experience and expertise										
		Independence	Gender	Corporate management	Human resources business	Global business	M&A	Business development	IT and digital technology	Personnel affairs and development	Finance and accounting	Legal and risk management
Board Directors	Yoichi WAKAYAMA			●	●		●	●				
	Yuji WATANABE				●							
	Manabu SOTOMURA				●							
	Noboru HACHIMINE	●		●			●	●	●			
	Tetsuro YOSHIMATSU	●		●				●	●			
	Taisuke IGAKE	●					●	●				●
Audit & Supervisory Board Members	Riichiro KOMATSU	●									●	
	Masahito FUKUMORI				●							●
	Hirokazu MIZUKAMI	●		●			●				●	
	Hiroyuki YOSHIDA	●					●				●	

Roles of organizations that comprise the supervisory and decision-making bodies

UT Group's corporate governance system is characterized by the separation of management supervision and execution, the granting of the majority of business execution authority of the Board of Directors to executive officers, and the establishment of advisory bodies for each important management 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.

Nomination and Compensation Committee

A Nomination and Compensation Committee is established 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 and Compensation 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. (On August 30, 2021, a Nomination and Compensation Committee was thus newly established as an advisory body for the Board of Directors by enhancing the function of the Nomination Committee and adding the function of a Compensation Committee.)

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 infra-structure 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.

Accounting Auditors

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.

CLOSE-UP



Aiming to achieve organizational change, including ensuring diversity.

Hiroko SASAKI

Outside Director, President & CEO of ChangeWAVE Inc.

The worker dispatch industry was sometimes regarded as an industry in which workers could not have options or build careers. In such an industry, the concept of UT Group to stand by workers and bring about a new workstyle is expected to greatly change the foundation of society. I have been involved in the organizational transformation of industries and companies as a "transformer" and I assumed the position of outside director of UT Group in empathy with its vision to change society.

While the speed and unity of UT Group's organization are evidenced in its realization of a significant business expansion in a short period of time, I feel that many challenges remain in ensuring diversity. For example, the fact that I am the only woman in positions of executive officer and above is in general rather rare. I believe that it is my duty to explore the cause of this problem and encourage the organization to realize transformation by boldly working as a "different element."

Of course, a seamless organization has advantages, but these are limited to periods when the market still has significant room to grow and the organization can expand by expanding and reproducing past business models. When the society or the market changes or when the organization matures, a lack of diversity causes a delay in awareness of issues and risks, and, ultimately a delay in making important decisions. I believe that UT's management should be highly evaluated, as it has recognized this issue and has focused on recruiting new personnel. I intend to make efforts in the area of organizational transformation so that UT Group moves away from its current organizational structure, achieves further evolution and advances to the next step.

Enhanced risk hedging to realize strategic M&A

Taisuke IGAKI

Outside Director and LPC Partner of Nishimura & Asahi Law Firm

Approximately three years have passed since being appointed as outside director of UT Group, I believe that UT Group's Board of Directors has been strengthened along with the expansion of business. The Board now has three internal directors, compared to just having President Wakayama three years ago, and four outside directors. At times, the balance between supervision and execution was pointed out. However, UT Group has focused on strengthening the effectiveness of the Board of Directors around the time of changing its market listing to the TSE First Section, and has added diverse perspectives on the Board, enabling more effective supervision and more reasonable decision making. I believe this has led to enhanced business continuity and the building a foundation for growth.

As a lawyer, I have been engaged in two major areas of specialization: Corporate matters related to business expansion, such as M&A and financing, and matters of disputes, such as litigation and arbitration. Based on these experiences, I, as an outside director, am consciously playing the role of risk control in the "offensive actions" required for corporate growth, as well as the role of putting on the brakes of predicting and preventing risks. In particular, in recent years, the number of M&A cases has increased significantly at UT Group. The rapid pace of M&A has been enabled by UT's significant presence in the industry and its excellent M&A team. I consciously try to adopt a critical viewpoint in the process of approving each case, such as overseeing proper due diligence and pointing out risks. Going forward, in order to achieve the Fourth Medium-term Business Plan, we will need systems, such as establishing a mechanism to determine risks and determining whether an acquisition is in line with the management plan. While the internal risk control system has been established to a certain extent, I intend to strive to further enhance that level.

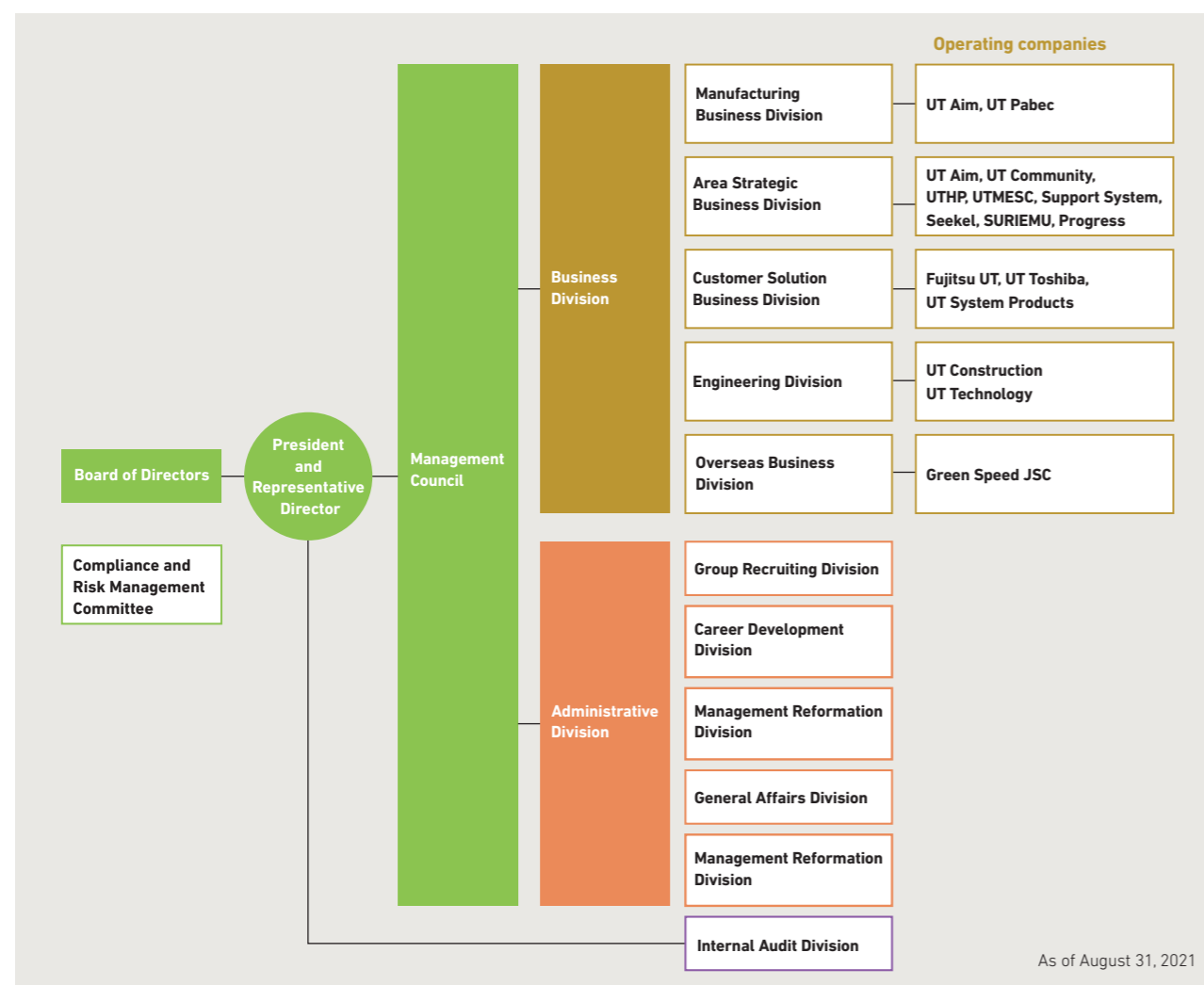
Execution function and compliance

Basic Policy of the Business Execution Bodies

UT Group has adopted a system that enables the rapid execution of its operations while clarifying its responsibilities by delegating part of its business execution authority to executive officers. Senior Executive Officers are responsible for the divisions that are established in line with the business scale and strategy and are engaged in coordination among

the divisions as well as the overall executive responsibilities of the divisions. Executive Officers are responsible for the functions and operations that are fragmented within the division, which enables the management's intentions to be reflected in the execution of the business even in areas with high levels of expertise.

Business Execution Bodies' structure



Compliance and Risk Management Committee

The UT Group Compliance and Risk Management Committee, chaired by the Senior Executive Office and with participation by other Senior Executive Officers in charge of Business Division and Administrative 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.

Roles of organizations that comprise the Business Execution Bodies

Manufacturing Business Division

This division develops and implements business plans based on the One-Stop Strategy for Major Manufacturers. Having Japan's leading manufacturers as clients, the division is engaged in the dispatch of design and manufacturing engineers, the worker dispatch and manufacturing outsourcing required in the production process by a team of workers including a dedicated on-site manager, and the management of non-Japanese technical interns.

Area Strategy Business Division

This division develops and implements business plans based on the Area Platform Strategy. It is engaged in a community-based worker dispatch business that provides a workstyle platform for workers and client companies in each area. In order to provide more detailed services, an organization for sales and marketing, hiring, and management is established by each small areas throughout Japan.

Customer Solution Business Division

This division develops and implements business plans based on the Solution Strategy. It operates operating companies through capital alliances with client companies. In addition to manufacturing outsourcing, worker dispatch to production processes, and the dispatch of engineers and administrative operators, the division strives to solve personnel challenges faced by major corporate groups and to realize stable employment for workers by re-employing retiring employees of corporate groups.

Engineering Division

This division is engaged in the dispatch of engineers in the mechanical and electrical, IT, and construction fields. Besides new hires and mid-career hires, the division steadily provides engineers with highly specialized skills to client companies by using UT Group's network and training associates* who have moved from manufacturing operating work at group companies, according to their aptitude as one of the career paths.

Note: "Associate" is a term UT Group has decided to use to describe its employees.

Engineering Division

This division is responsible for establishing and developing the overseas staffing business through overseas business alliances and M&As. By establishing a business base overseas from a medium- to long-term perspective, the division aims to build a career bridge in which non-Japanese workers who have gained technical skills through internship in Japan can utilize their technology after returning to their home country.

Group Recruiting Division

This division is responsible for managing the call center as a common function required by the Group's operating companies, hiring new graduates, operating the company's own recruitment medium, and managing the recruitment information of Group companies as a hub for recruitment.

Career Development Division

This division develops and promotes the Career Platform Strategy. It develops the educational content and assessment programs, as a mechanism to support the career development of associates. It also nurtures managers and career partners, and operates educational facilities.

Business Development Division

This division develops plans for the M&A Strategy in areas to be enhanced and expanded by M&A in the medium-term business plan. The division is also engaged in operations related to capital alliances and M&A, from finding deals to their closing and early PMI.

General Affairs Division

This division plays an important role in supporting the management of the entire group, such as the management of compliance systems, including dispatch management of group companies; corporate functions including finance, accounting, and legal affairs; the management of support desks for associates; and the establishment of a management base of acquired companies.

Management Reformation Division

This division is responsible for the planning and monitoring of the entire group's business plan as well as the promotion of corporate-wide projects toward the realization of the medium-term business plan, the planning and management of personnel management and personnel affairs, and the corporate communication for constructive dialogues with stakeholders.

Internal Audit Division

This division, 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 Division also cooperates with the Board of Directors and Audit & Supervisory Board Members to appropriately audit effectiveness of the status of governance and the internal control system of the entire Group.

UT Group's stance of prioritizing compliance since its foundation has supported its evolution.

Takahito YAMADA

Senior Executive Officer in charge of General Affairs Division

Engaged in the Financial Instruments Exchange Law and Corporate Law Audit at Deloitte Touche Tohmatsu LLC. Joined UT Group in 2018, after serving as Executive Officer, General Manager of the Accounting Department of Culture Convenience Club Co., Ltd.



UT's compliance system is thoroughly ensured down to the level of workplaces, because our business involves people.

One of UT Group's basic values is to see things from the perspective of workers and always do the right thing. As our business involves people, our compliance system is a very important element of business continuity, and we have been working on it to ensure that compliance with laws and regulations, such as the Labor Law and the Worker Dispatching Act, is enforced down to the level of each workplace. Since our foundation, we have aimed to build and continuously operate a system that is free of legal defects. In recent years, we have strengthened the system that enables comprehensive management, including connecting the site management with the monitoring at the headquarters, to ensure the management of working hour and compliance with the Worker Dispatching Act.

Among past efforts, I particularly remember our initial period of strategic business expansion around 2015-2016, when we had to increase the number of managers with management knowledge and skills in tandem with an increase in business bases. In order to train managers, we had established a system for developing managers, including the development of educational content for managers at each level. Confronting the challenge of management development at that time turned into an opportunity to create internal awareness of what knowledge and skills managers need and their ideal status. Building awareness and a manager development system as well as strengthening the base management system during that period are the foundation of UT's compliance until today.

Aiming to prevent increased risk from rapid business expansion through M&A

In recent years, UT Group has once again been boosting the number of offices and associates nationwide, and there is concern about elevated compliance risks. The Company has therefore adopted a process to incorporate the opinions of those in the compliance management system, including me, from the study stage of each M&A deal. At present, there are many prospective M&A deals involving unlisted owner companies, based on one of the key themes of the Fourth Medium-term Business Plan, that is, to expand area platforms.

In rare cases, target companies may have serious issues. In order to identify such risks, we have established a system in which the internal legal department checks the Worker Dispatching Act-related aspects that cannot be covered by legal due diligence alone so that we can understand the risks and consider measures before concluding a deal.

In the post-merger integration (PMI) process, the dedicated PMI team identifies issues in about three months, using mechanisms and tools, and has a system in place to proceed with the integration of operations and awareness in accordance with our compliance requirements. In April 2021, we established various concepts and principles, including the Basic Policy on Compliance and the Basic Policy on Risk Management. While we are striving to realize the medium-term business plan, we know that the establishment and operation of the compliance system has no goal and must be continuously addressed as the business expands.

In terms of UT Group's current issues, I recognize the challenge to further strengthen the system to match the increasing number of offices and associates as the business expands. While thorough implementation of labor-management agreements, including the management of working hours, should be performed as fundamental matters, there may be differences in the system and the knowledge of managers, which may lead to poor workplace management at some offices. At the Compliance Risk Management Council that I chair, we clarify specific issues and adopt effective measures by delving into the case of these high-risk offices or even specific individuals. Other things we are working on are to develop and operate a system that allows daily monitoring of work conditions at the headquarters and workplaces, and managing compliance that had previously been performed remotely from the headquarters' specialist division at each operating company and each office, by placing personnel with legal knowledge there, so that they can be managed more closely to the workplaces.

In 2020, UT Group made Green Speed Joint Stock Company in Vietnam a subsidiary and began overseas business. Foreign countries have different laws and labor practices to Japanese and we have to respond differently. By accumulating know-how to develop a compliance system that can accommodate a variety of countries and regions, we will strengthen the compliance platform of the entire UT Group.

UT Group's IR activities

UT Group recognizes that engagement with shareholders is indispensable for the achievement of sustainable growth. Along this line, investor relations (IR) activities are considered as important management matters 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 14th 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 14th general meeting of shareholders, a presentation by the president was not held in view of the COVID-19 pandemic.)

- Participants in the general meeting of shareholders: 32 shareholders (2 attendees and 30 viewers of live broadcasts)
- Number of questions: 3 questions
- Voting rights exercise rate: 80.1%



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.

- Institutional investors whom we have had dialogues with: 286 companies in FY3/2021
- IR briefings: 3times
- Participants in IR briefings: 1,101 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.



IR briefing in 2019

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 | 50

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

After having worked at Temporary Center, Inc. (currently Pasona Inc.) and other companies, Mr. Wakayama established Nihon Aim Co., Ltd. (current UT Aim Co., Ltd.) in 1995 and made it the manufacturing dispatch industry's first OTC-registered (current JASDAQ Market) company. He has been President & CEO (current position) of UT Group since 2007.

Tetsuro YOSHIMATSU* | 48

Board Director (Outside)
 5 years/-

President & CEO, istyle Inc.
 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."

Yuji WATANABE | 51

Full-time Board Director ○
 2 years/51,114 shares

Director, UT Toshiba Co., Ltd.
 Director, UT System Products Co., Ltd.
 Director, Green Speed JSC

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.

Taisuke IGAKI* | 48

Board Director (Outside)
 3 years/-

LPC Partner, Nishimura & Asahi
 Outside Director, 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.

Manabu SOTOMURA | 53

Full-time Board Director ○
 2 years/1,500 shares

Director, UT Construction Co., Ltd.
 Director, UT Technology Co., Ltd.

Mr. Sotomura joined Recruit Group in 1991. After serving 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.

Hiroko SASAKI* | 48

Board Director (Outside)
 Newly elected

President & CEO, ChangeWAVE Inc.
 President & CEO, Lyxis Co., Ltd.
 Outside Director, Shinsei Bank, Limited

After working at The Bank of Japan, Ms. Sasaki was engaged in numerous corporate business transformation projects of financial, retail, telecommunication companies and public institutions at McKinsey & Company, Inc. After she left McKinsey, she work as a corporate "transformation" designer and established ChangeWAVE Inc.

Noboru HACHIMINE* | 54

Board Director (Outside)
 5 years/2,000 shares

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

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

Audit & Supervisory Board Members

Riichiro KOMATSU* | 74

Full-time Audit & Supervisory Board Member (Outside)
 3 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 KOSAIIDO Co., Ltd. and has abundant knowledge and insights on general corporate management.

Masahito FUKUMORI | 60

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

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

Hirokazu MIZUKAMI* | 73

Audit & Supervisory Board Member (Outside)
 12 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* | 52

Audit & Supervisory Board Member (Outside)
 6 years/-

Director, Yoshida Certified Public Accountant Office

Representative Director, High Brain Co., Ltd.
 Outside Director, Nihon Highway Service Co., Ltd.

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



(From left) Hiroyuki YOSHIDA, Riichiro KOMATSU, Tetsuro YOSHIMATSU, Manabu SOTOMURA, Hiroko SASAKI, Yoichi WAKAYAMA, Hirokazu MIZUKAMI, Yuji WATANABE, Noboru HACHIMINE, Taisuke IGAKI, and Masahito FUKUMORI

Team of Executive Officers

69 | 70
 As of August 31, 2021

Senior Executive Officers



Nobuyuki TSUKUI

In charge of Manufacturing Business Division
 President, UT Aim Co., Ltd.



Tsutoshi YAMADA

In charge of Area Strategy Business Division
 Representative Director, UT Aim Co., Ltd.
 President, SURI-EMU Corp.



Yuji WATANABE

In charge of Customer Solution Business Division



Kentaro YAMAGISHI

In charge of Career Development Division



Satoshi MORIYASU

In charge of Business Development Division



Takahito YAMADA

In charge of General Affairs Division and Overseas Business Division
 President, UT Heartful Co., Ltd.



Manabu SOTOMURA

In charge of Management Reformation Division

Executive Officers of UT Group

Masumi SATO

Manufacturing Business Division

Shinichiro YAGI

Manufacturing Business Division

Ken ISHIWATARI

Manufacturing Business Division
 President, UT Pabec Co., Ltd.

Koji HIROTA

Area Strategy Business Division
 Executive Officer, UT Aim Co., Ltd.

Masato ONO

Area Strategy Business Division
 In charge of Group Recruiting Division

Okihiko OGUCHI

Area Strategy Business Division
 President, UTHP Co., Ltd.

Toshinori MIGITA

Area Strategy Business Division
 President, UT Community Co., Ltd.

Naoki ITO

Area Strategy Business Division
 President, Support System Co., Ltd.

Hiroshi HOKARI

In charge of Engineering Business Division
 President, UT Construction Co., Ltd.
 President, UT Technology Co., Ltd.

Hajime NISHIKAWA

Customer Solution Business Division

Masahiko HIOKI

Customer Solution Business Division

Koji MORIKAWA

Customer Solution Business Division
 President, FUJITSU UT Co., Ltd.

Koji SHIGETA

Customer Solution Business Division
 President, UT Toshiba Co., Ltd.
 President, UT Business Service Co., Ltd.

Chonga HON

Overseas Business Division

Masaki ISOBE

Overseas Business Division

Kenichi TOYODA

Business Development Division

Kosuke KASHIWAGI

Management Reformation Division

Dai NAMIKI

Management Reformation Division

Junya KOIKE

Management Reformation Division

Executive Officers of UT Aim

Masaru MORIOKA

Manufacturing Business Division

Jun OTA

Manufacturing Business Division

Tsutomu KOKUBO

Manufacturing Business Division

Masato HAYAMA

Manufacturing Business Division

Hiromi KASHIHARA

Manufacturing Business Division

Kenya ONO

Manufacturing Business Division

Takanobu HONMA

Area Strategy Business Division

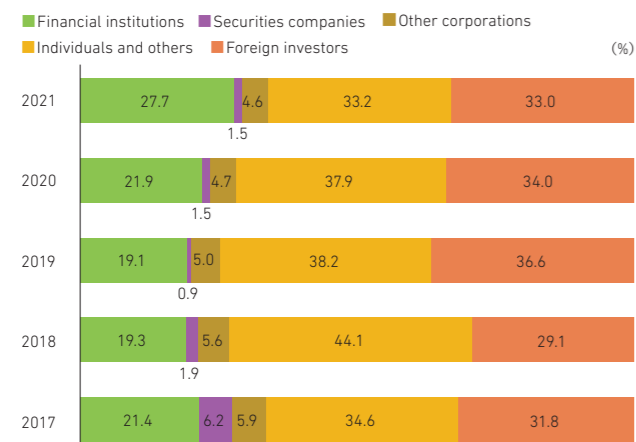
Hideo YOSHIDA

Area Strategy Business Division

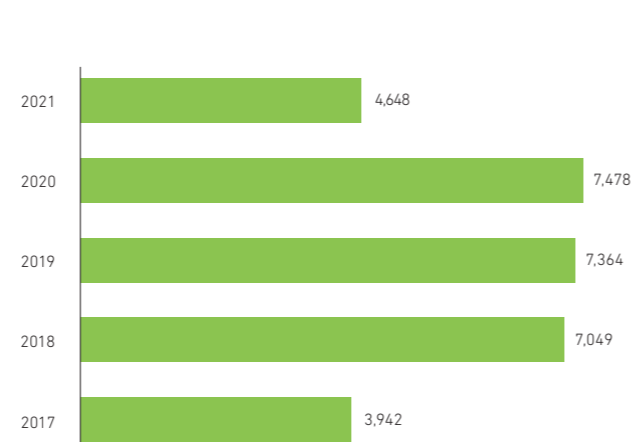
Name	UT Group Co., Ltd.
Location	1-11-15 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-0022 Japan
Originally started	April 14, 1995
Established	April 2, 2007
Capital	¥680 million
Number of employees	38,527 (consolidated); 615 (non-consolidated)
Listed stock exchange	Tokyo Stock Exchange, First Section
Securities 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	4,648
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
The Master Trust Bank of Japan, Ltd (Trust Account)	3,786,900	9.38
Trust & Custody Services Bank, Ltd. (Trust E Account)	2,919,700	7.23
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	1,672,600	4.14
Trust & Custody Services Bank, Ltd. (Trust Account)	1,477,900	3.66
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	950,000	2.35
Lei Hau'oli Co., Ltd.	908,600	2.25
Copernicus Co., Ltd.	908,600	2.25
CREDIT SUISSE (LUXEMBOURG) S.A. / CUSTOMER ASSETS, FUNDS UCITS	884,500	2.19
THE BANK OF NEW YORK MELLON 140044	830,500	2.06

Distribution of shares



Number of shareholders



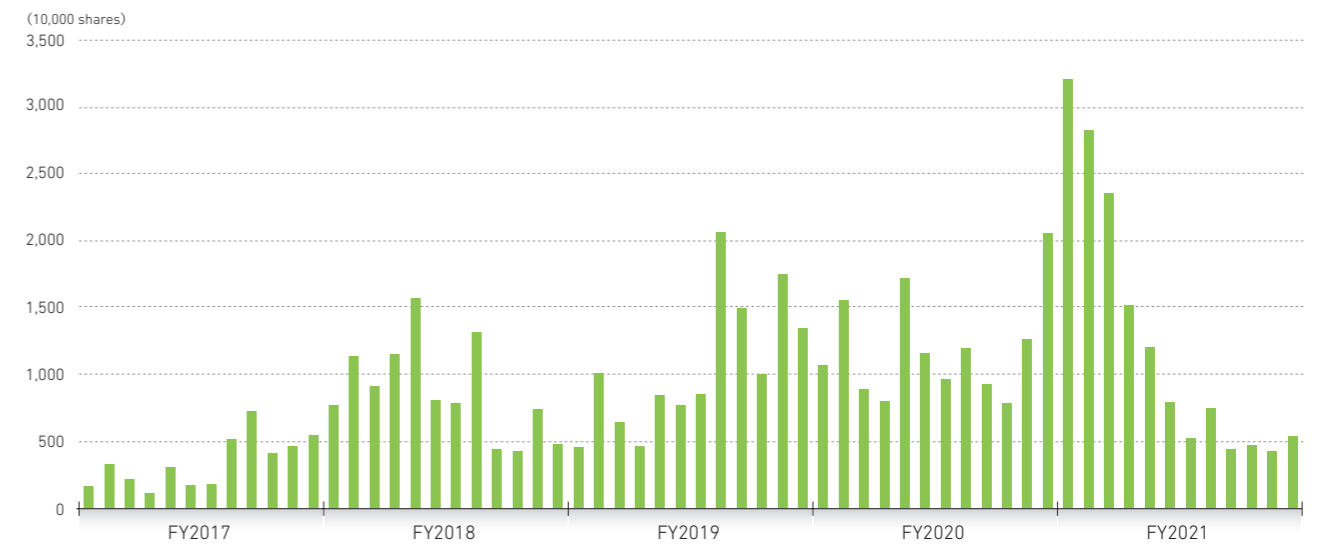
*The number of outstanding shares includes the treasury stock of 154 shares. Shareholding ratios are calculated by excluding the treasury stock.

*Including holders of shares less than one unit

Share price performance



Trading volume



Share price performance relative to TOPIX



On the publication of the Integrated Report 2021

UT Group published its first annual report in FY3/2018 and began reflecting a greater focus on integrated thinking in the report in FY3/2019. We are now issuing our first integrated report.

In 2020, the COVID-19 pandemic sharply increased social uncertainty, and workers became more concerned about employment stability. In this situation, UT Group has put together its management philosophy of supporting the employment stability and growth of dispatched workers since its foundation in a sustainability context, and articulated this as the Basic Policy on Sustainability in April 2021.

Based on this, this Integrated Report incorporates sustainability aspects in the conventional annual report. It also integrates financial and non-financial information, and seeks to make it easier for shareholders, investors, and other stakeholders to understand our efforts to improve corporate value in the medium to long term.

Going forward, we intend to utilize the integrated report and strive to improve our corporate value through constructive dialogue with stakeholders.

Further information is also available on the Sustainability page of our website.

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

P23-24 UT Group's value creating process

Explanation of some indices

Financial capital

- Debt to equity ratio (D/E ratio) = interest-bearing debt / Shareholder's equity

Human capital

- Professional Career Partner (PCP): A professional who supports the career formation of technical employees from a long-term perspective
- Career Partner (CP): An in-house certified career counselor that supports technical employees' job assignment at their workplace and also helps their career formation

Intellectual capital

- Career development expenses: The total expenses of the Career Development Division, which performs institutional design and educational content development related to career formation support

Natural capital

- Energy consumption: Annual electricity usage of the UT Group's Gotanda headquarters
- Gasoline consumption: Annual gasoline consumption for company vehicles managed by UT Group Co., Ltd.

Operating performance

- Work-creating value: UT Group's unique benchmark for providing work opportunities to many people and supporting their growth: Operating income + total personnel expenses

Career formation support

- Users of career path: Annual users of the One UT, Next UT, UT Entry, and job transfer from technical employees to general employees

Greenhouse gas emissions

Calculation is based on the Green Value Chain Platform by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (METI).

- Scope 1: Direct emissions of greenhouse gases from burning fuel at business sites
- Scope 2: Carbon dioxide emissions from electricity use in offices
- Scope 3: Major indirect emissions excluding the above (use of company vehicles for business)

Editorial Policy: This Integrated Report is positioned as a communication tool for conducting constructive dialogues with shareholders, investors, and other stakeholders and we hope they understand our value creating process as we provide financial and non-financial information concerning UT Group's mission, management strategies and business model for medium- to long-term corporate value enhancement, and operating performance among others.

Reporting Organization: UT Group Co., Ltd. and its consolidated subsidiaries

Reporting period: FY3/2021 (April 2020-March 2021)

* Including some activities since April 2021

Reference Guidelines: The International Framework of the International Integration Reporting Council (IIRC) / The "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" of the Ministry of Economy, Trade and Industry of Japan / GRI Standards, Global Reporting Initiative

Forward-looking statements: The information contained in this report contains forward-looking statements. They are based on the Company's judgment at the time of this report, and include factors such as risks and uncertainties. Actual results and results may differ from those stated in this report.