



1Q of Fiscal Year Ending March 31, 2023

Financial Results

August 10, 2022

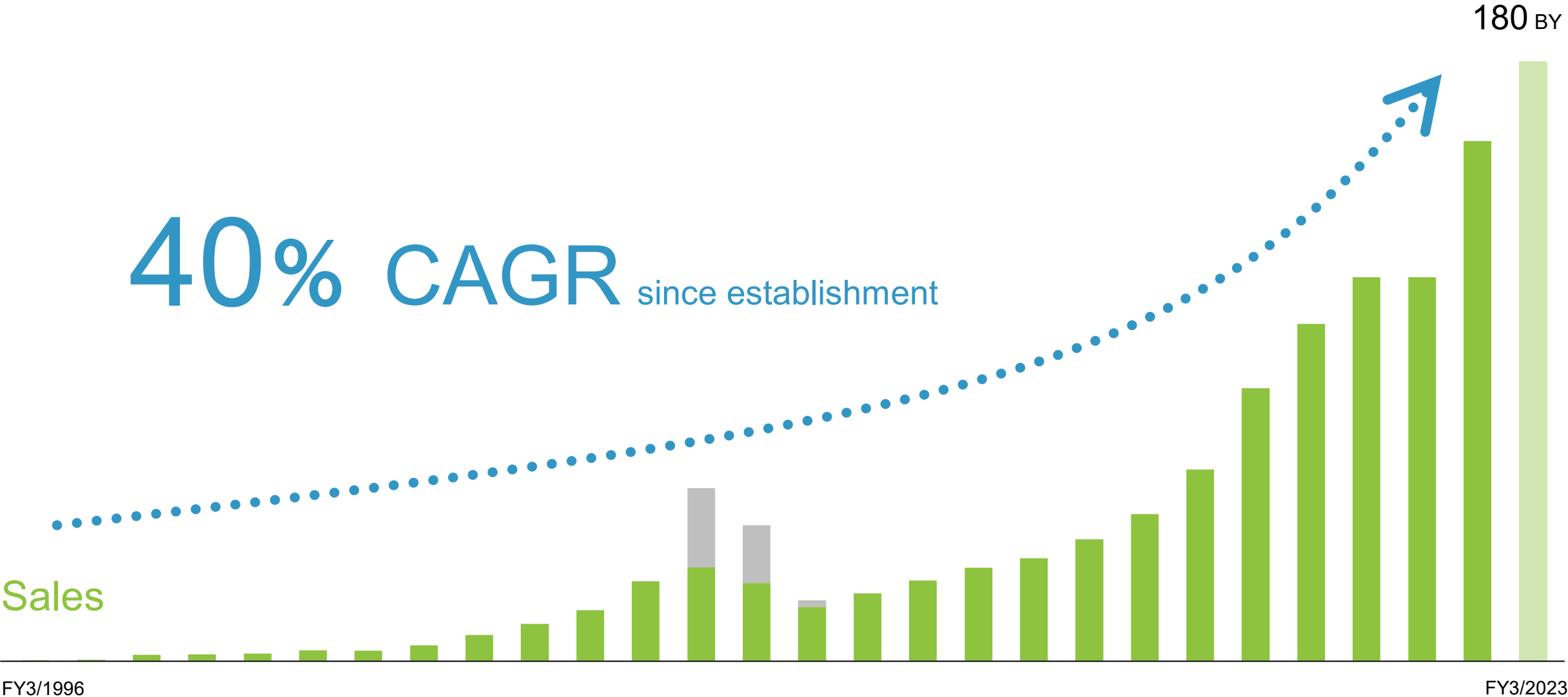
UT Group Co., Ltd.

Securities Code: 2146(TSE Prime Market)

UT Group's Growth Potential

Since the establishment (FY3/1996),
we've consistently been achieving high sales growth.

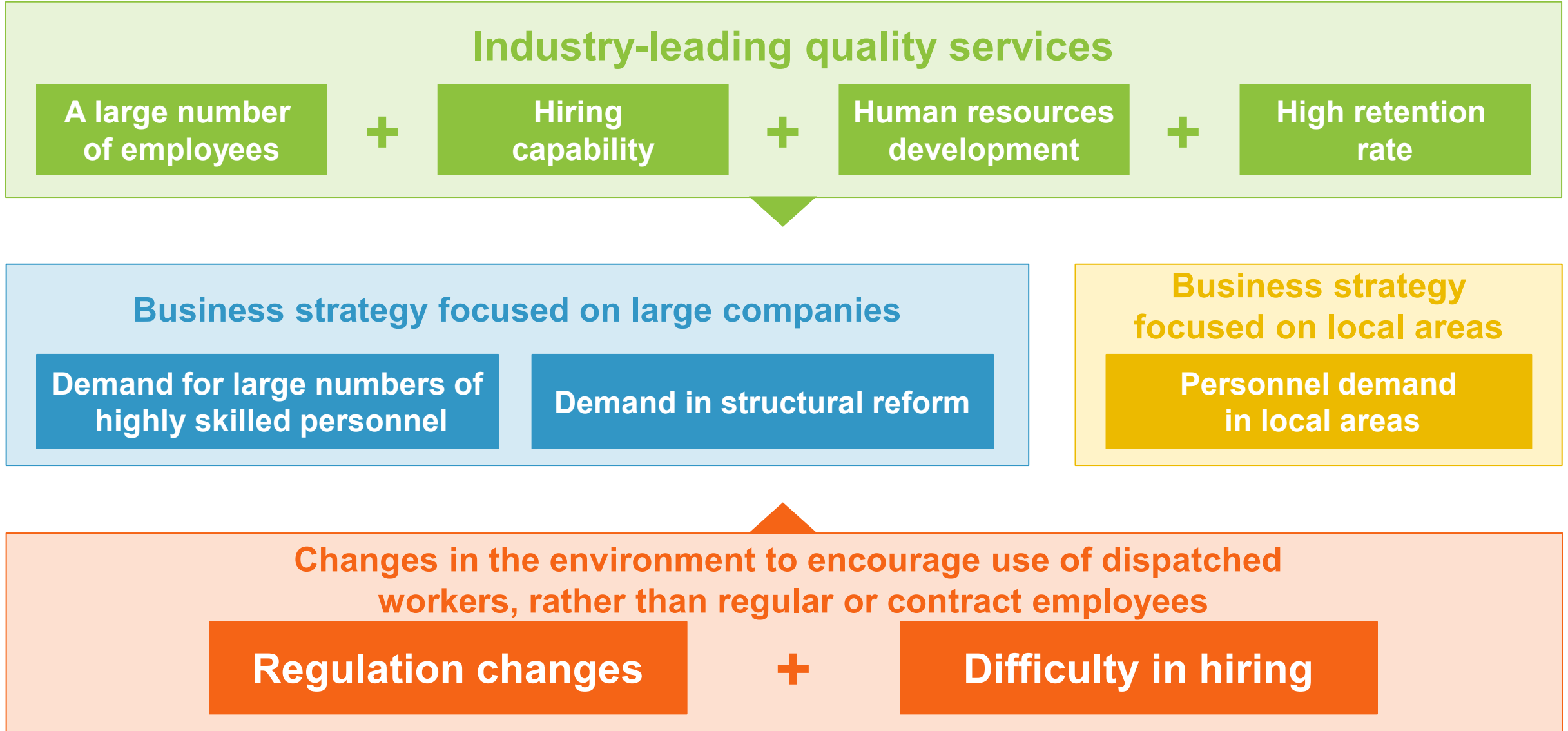
40% CAGR since establishment



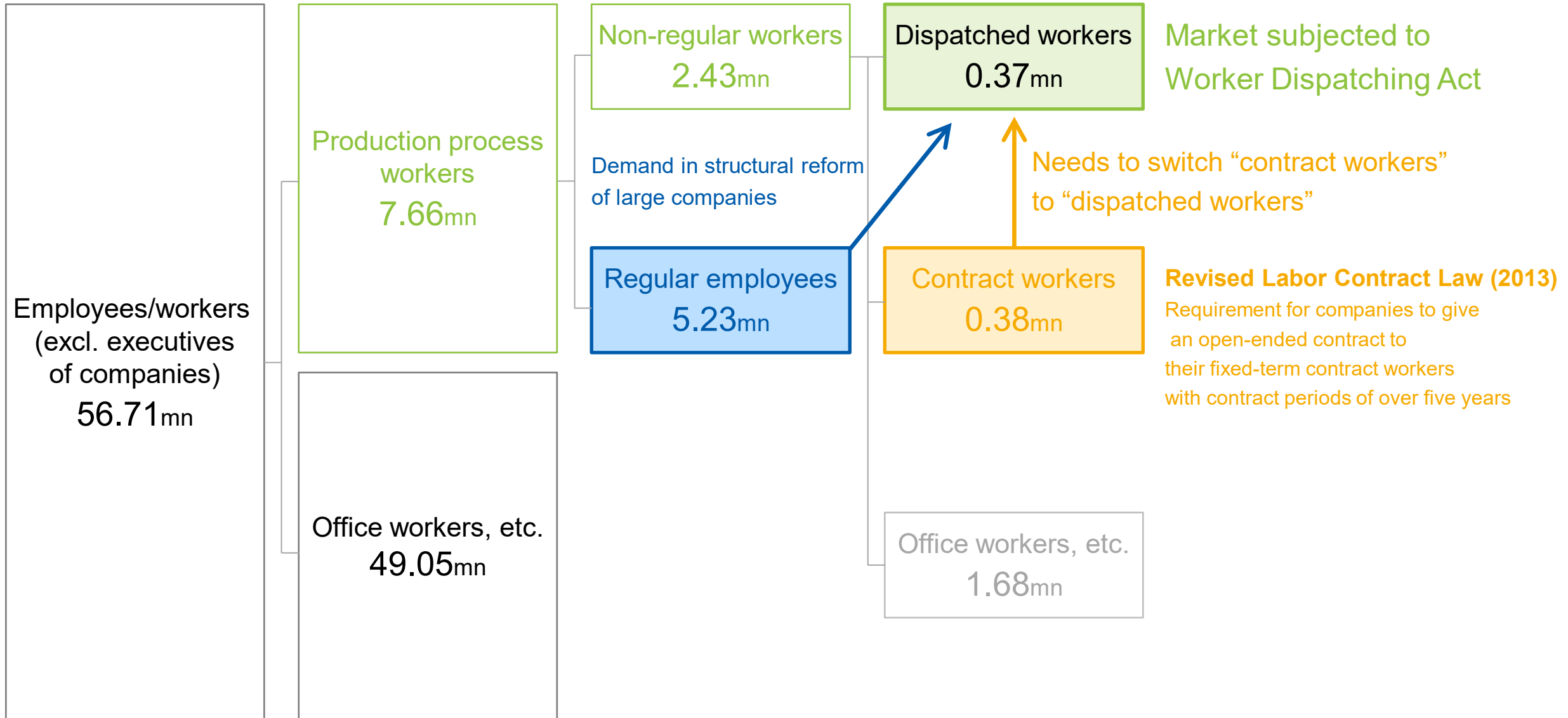
UT's Growth is less susceptible to economic fluctuations



Competitive advantage and growth strategies



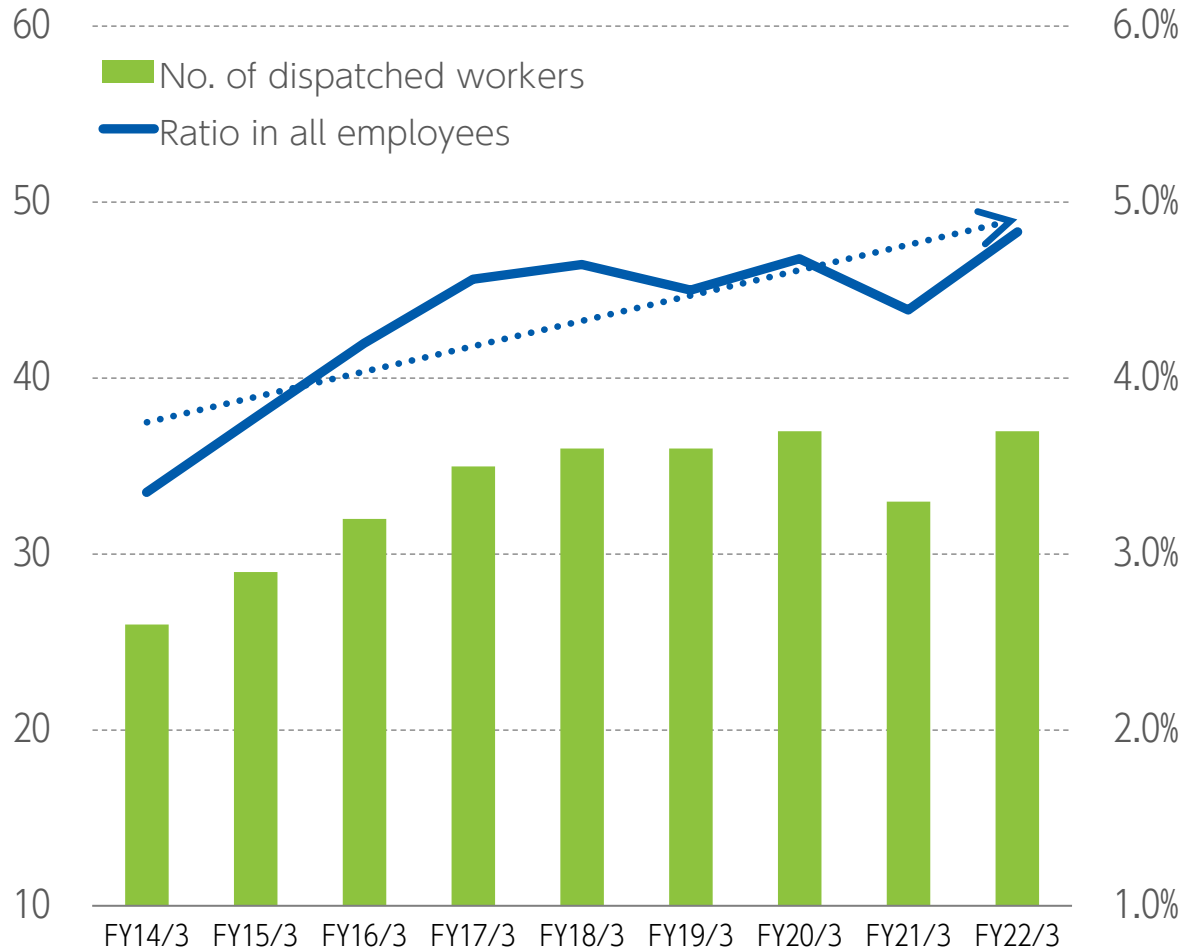
Demands in structural reform and for switching to dispatched workers are increasing



Outlook of the worker dispatch market in Japan

No. of dispatched workers in production process and the ratio in all employees

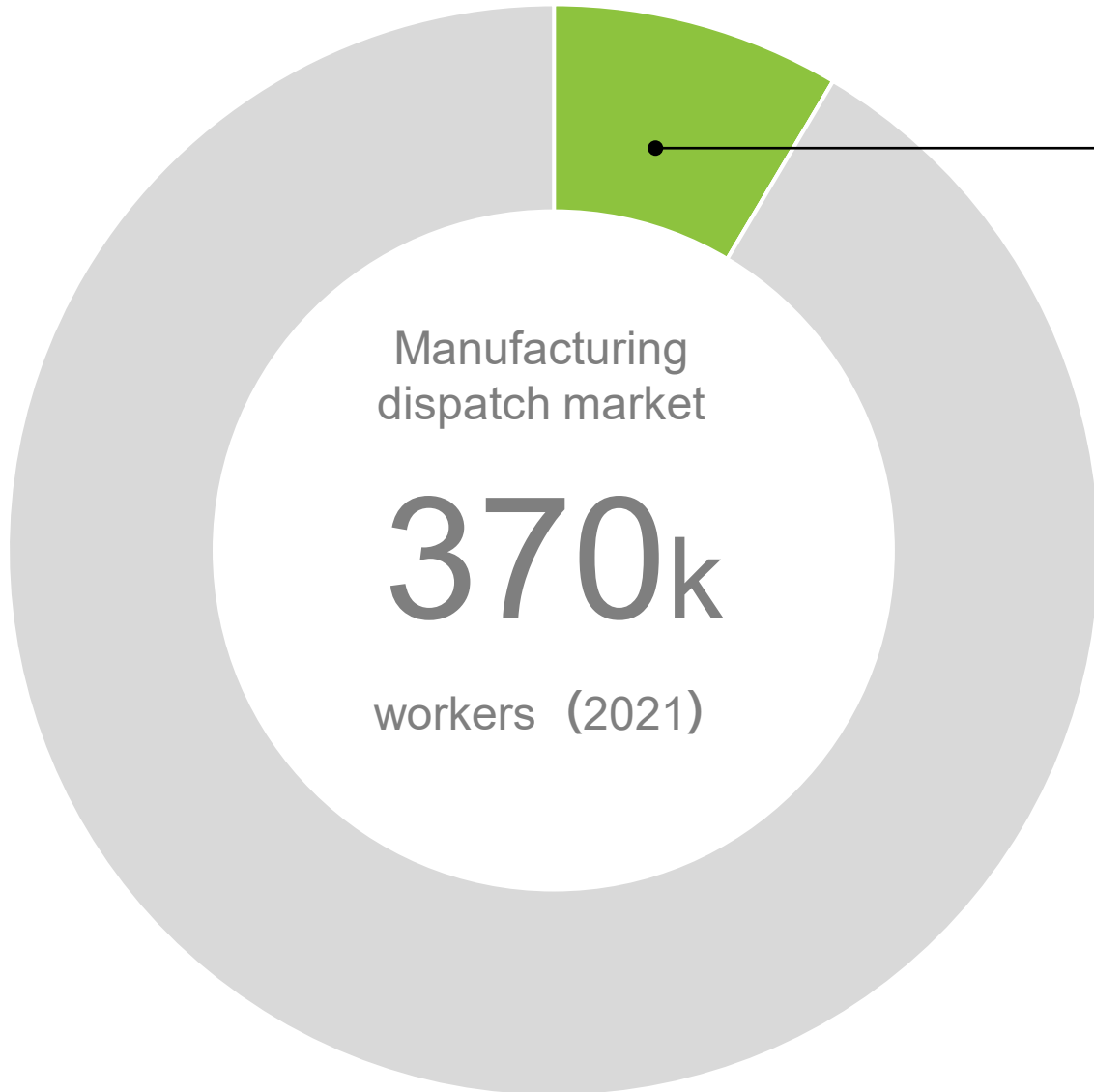
[ten-thousand]



In production process,
Use of dispatched workers
has been increasing

From the Labor Force Survey, Ministry of Internal Affairs and Communications basic data for 2021)

UT will lead the market with further increase in market share



FY2022/3

31k_{workers} / 8.5%



by FY2025/3

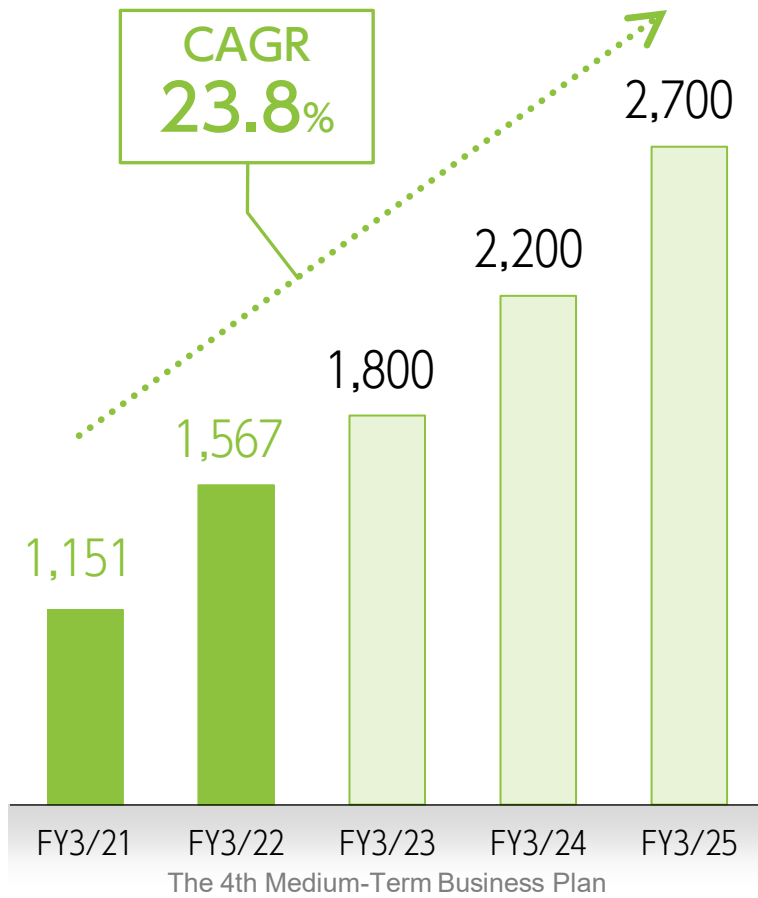
increase to **50-60k**_{workers}

The Target of the 4th Medium-term Business Plan

Sales target

[100 million yen]

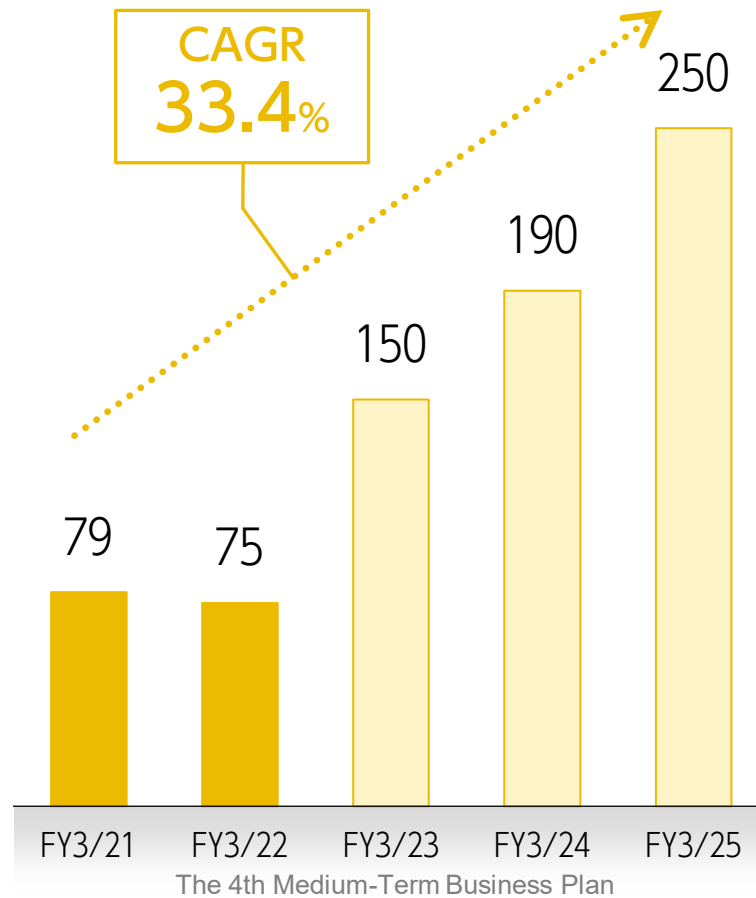
■ Result □ Target



EBITDA target^{※1}

[100 million yen]

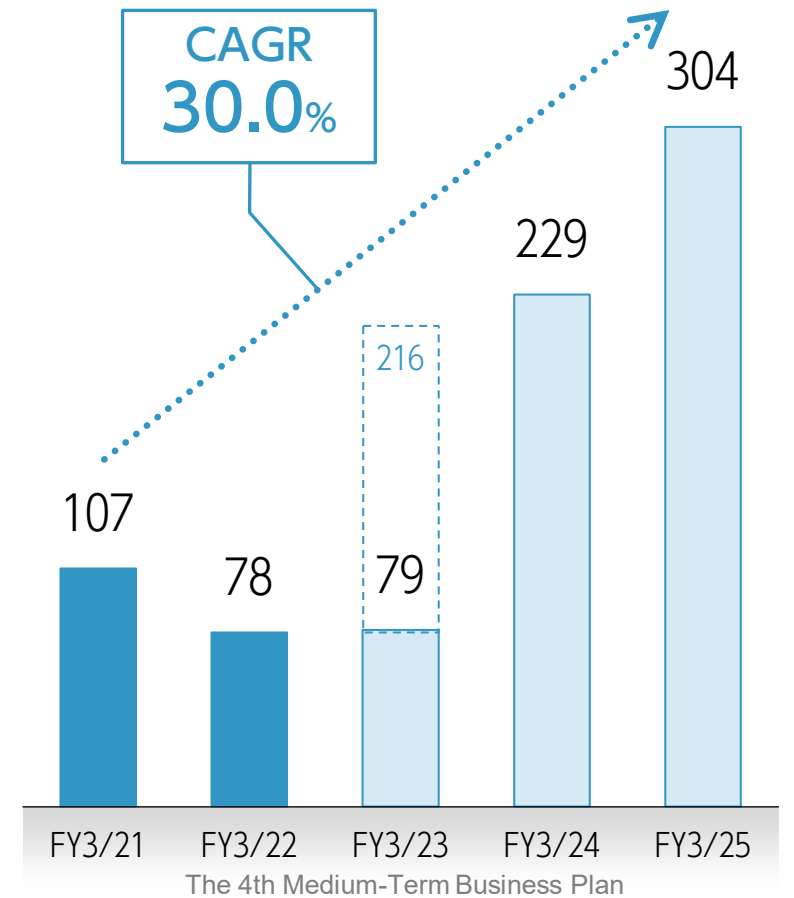
■ Result □ Target



EPS target^{※2}

[yen]

■ Result □ Target □ EPS excl. stock-based compensation expense

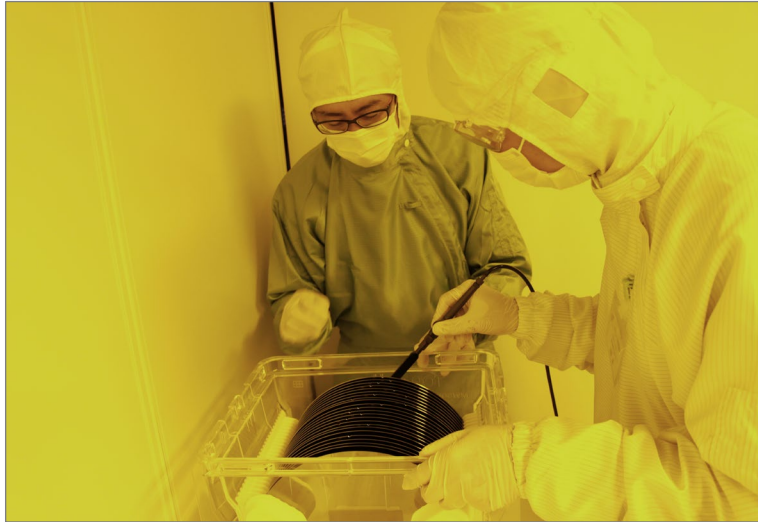


※1 EBITDA = Operating profit
 + Depreciation (Property, plant and equipment, and Intangible assets)
 + Amortization + Stock-based compensation expenses

※2 EPS of FY3/2024 and FY3/2025 are diluted

Three measures to accelerate corporate growth

Enhanced development of highly-skilled personnel at the technology skill development centers for SME engineers



Average salary of tech employees
20% increase*

※2021年3月期と比較した2025年3月期の目標

Productivity improvement by reorganization and standardization of business infrastructure



SG&A expenses to sales
10% level

Enhanced hiring system by integrating group-wide hiring activities



Monthly hiring by UT Group
2,000 new hires

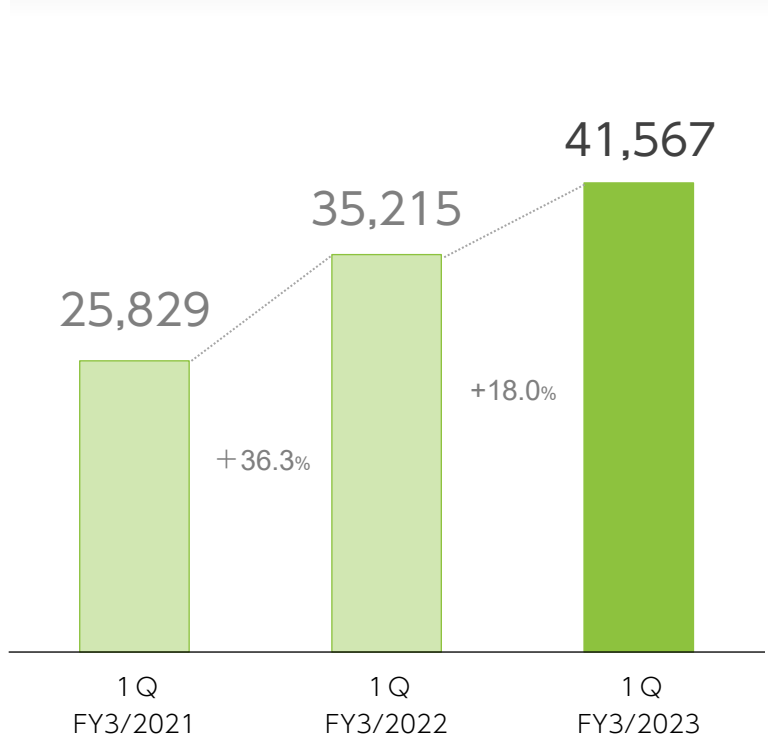
FY3/2022 1Q Financial Results

Highlights

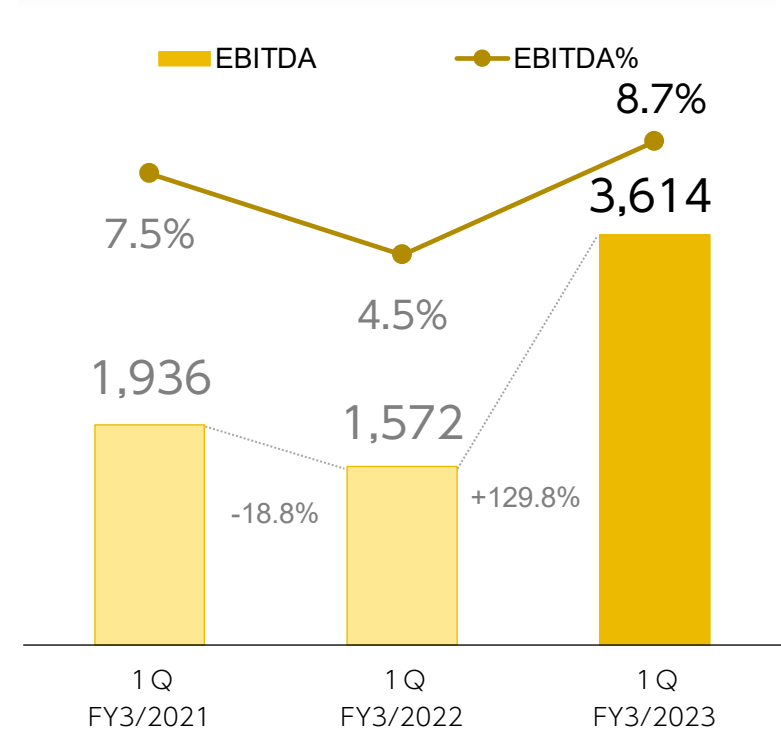
Significantly renewed a record-high in earnings

Established a business base for achieving the profit target of the mid-term business plan

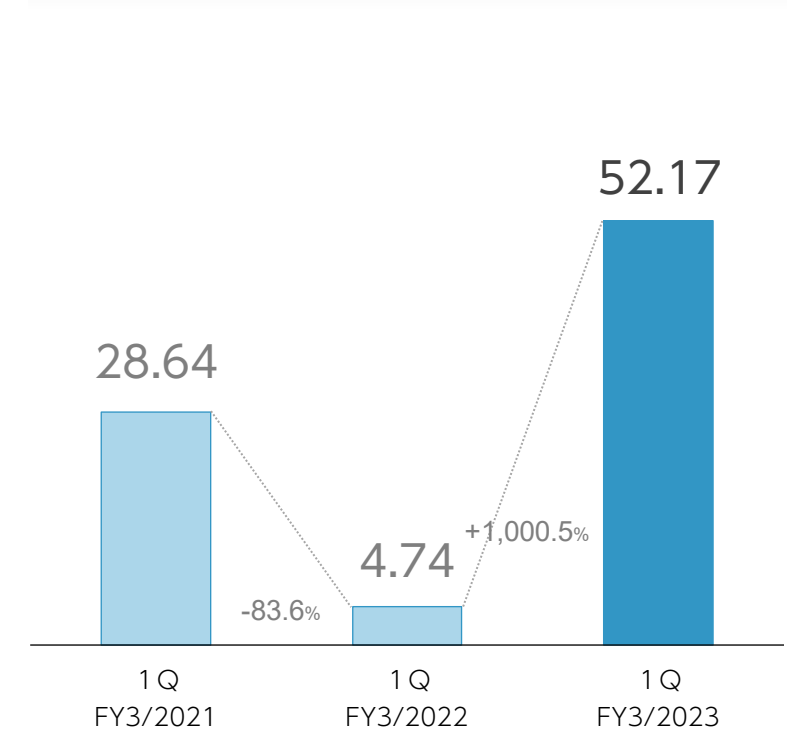
Net sales (Million yen)



EBITDA and EBITDA margin (Million yen)



Net profit per share (EPS) (yen)



Summary of Statement of Income

[million yen]

	1Q of FY3/2022		1Q of FY3/2023		Y-o-Y change	
	Results	% to net sales	Results	% to net sales	Amount	%
Net sales	35,215	100.0%	41,567	100.0%	+6,352	+18.0%
Gross profit	6,085	17.3%	7,972	19.2%	+1,886	+31.0%
SG&A expenses	4,828	13.7%	4,631	11.1%	-197	-4.1%
EBITDA	1,572	4.5%	3,614	8.7%	+2,041	+129.8%
Operating profit	1,257	3.6%	3,341	8.0%	+2,083	+165.7%
Ordinary profit	1,265	3.6%	3,249	7.8%	+1,984	+156.7%
Net profit attributable to UT Group	191	0.5%	2,105	5.1%	+1,914	+1,000.5%
EPS (yen)	4.74	—	52.17	—	+47.43	+1,000.5%
No. of Tech employees (Domestic)	27,177	—	32,153	—	+4,976	+18.3%
No. of Tech employees (Overseas)	12,571	—	13,982	—	+1,411	+11.2%

(note) EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

Consolidated Balance Sheets

[million yen]

	March 31, 2022		June 31, 2022		Change from the end of the previous FY	
	Results	% to total assets	Results	% to total assets	Amount	%
Current assets	49,748	77.6%	48,458	76.3%	-1,289	-2.6%
Cash and deposits	25,827	40.3%	24,371	38.4%	-1,455	-5.6%
Notes and accounts receivable – trade	21,445	33.5%	21,683	34.2%	+238	+1.1%
Non-current assets	14,359	22.4%	15,013	23.7%	+653	+4.6%
Property, plant and equipment	1,411	2.2%	1,374	2.2%	-37	-2.7%
Intangible assets	9,509	14.9%	10,046	15.8%	+536	+5.6%
Goodwill	5,731	9.0%	5,672	8.9%	-59	-1.0%
Investments and other assets	3,438	5.4%	3,592	5.7%	+154	+4.5%
Total assets	64,107	100.0%	63,472	100.0%	-635	-1.0%
Current liabilities	25,468	39.8%	24,456	38.5%	-1,012	-4.0%
Short-term borrowings and Current portion of long-term borrowings	3,884	6.1%	4,242	6.7%	+358	+9.2%
Current liabilities	17,408	27.2%	16,523	26.0%	-884	-5.1%
Long-term borrowings	15,990	25.0%	15,118	23.8%	-872	-5.5%
Net assets	21,232	33.1%	22,491	35.4%	+1,259	+5.9%
Shareholders' equity	19,592	30.6%	20,729	32.7%	+1,137	+5.8%
Total liabilities and net assets	64,107	100.0%	63,472	100.0%	-635	-1.0%
Gross debt/equity ratio	1.0	—	0.9	—	—	—

Current assets

- Decrease in cash and deposits

Non-current assets

- Increase in software and software suspense account due to investment in system construction

Current liabilities

- Decrease in provision for bonuses

Non-current liabilities

- Decrease in long-term loans payable

Net assets

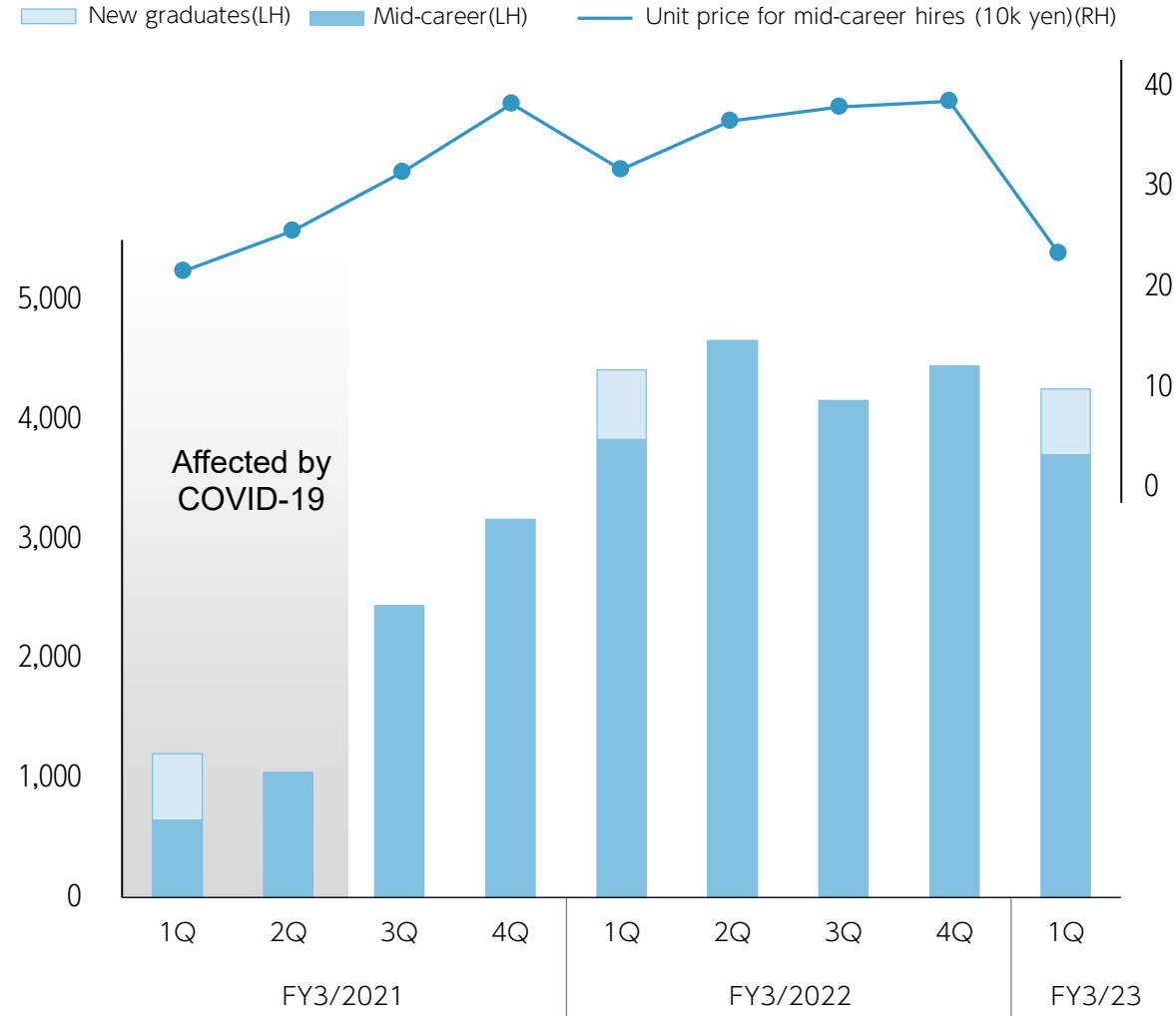
- Recording of net profit attributable to owners of the parent
- A decrease in retained earnings due to dividend payment

Quarterly Changes in Sales and Number of Technical Employees



Improvement of efficiency on recruitment activities

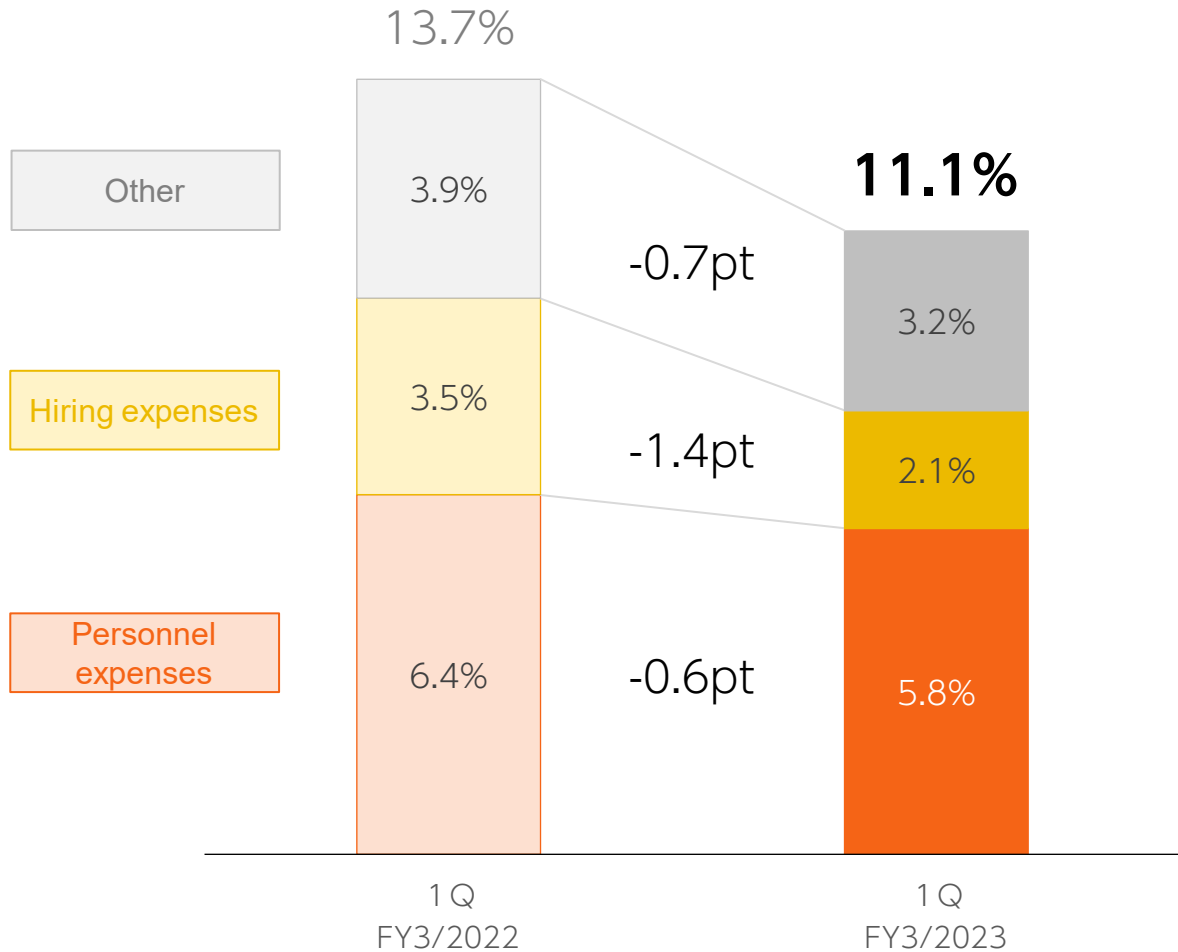
Quarterly changes in the number of recruits and unit price for mid-career hires (Domestic)



Unit price for mid-career hires was significantly improved thanks to integration of group-wide hiring activities

Raising the efficiency of SG&A expenses

Analysis of SG&A expenses ratio to sales



Curbing the SG&A ratio to sales by raising the SG&A efficiency

13.7% → 11.1%

Personnel expenses -0.6 pt

- Optimizing staffing through reorganization within the Group (Apr. 2022)
- Improving labor productivity by standardizing and communizing administration and other tasks

Hiring expenses -1.4 pt

- Consolidating the Group's database of job opportunities (Apr. 2022)
- Promoting optimal hiring operations

Other expenses -0.7pt

- Decreases of commission expenses and amortization of goodwill

Results by segment

Change in business segments corresponding to growth strategies

Segments to promote the growth strategies of the Fourth Medium-term Business Plan

Manufacturing Business

One-stop Strategy to Large Manufacturers

Development of manufacturing workers into effective workforce

Provide personnel services from hiring of personnel needed by large manufacturers to their retention and development into effective workforce. Aim to expand its share in the client workplace by one-stop provision of personnel, from workers in production process to engineers.

Area Business

Area Platform Strategy

Creation of jobs nationwide

Establish an employment base in various areas of Japan to respond to demand for local jobs. Raise workplace satisfaction and market shares in various parts of Japan by promoting alliances with large companies and acquisition of engineer dispatch companies, and integrate the business base to improve profitability.

Solution Business

Solution Strategy

Support to personnel mobilization aimed at enhancing corporate competitiveness

Support personnel mobilization by creating workplaces for excess workers of large corporate groups, which have personnel issues and demand for structural reform.

Segments to establish a business base from a longer-term perspective

Engineering Business

Development of high-skill engineers

Secure workers with hiring and the use of the intra-group transfer system One UT and develop those with no experience in the construction and IT sectors. Aim to enhance functions and establish a business base through alliances with large companies and acquisition of engineer dispatch companies.

Overseas Business

Establishment of the environment for non-Japanese workers to work vigorously

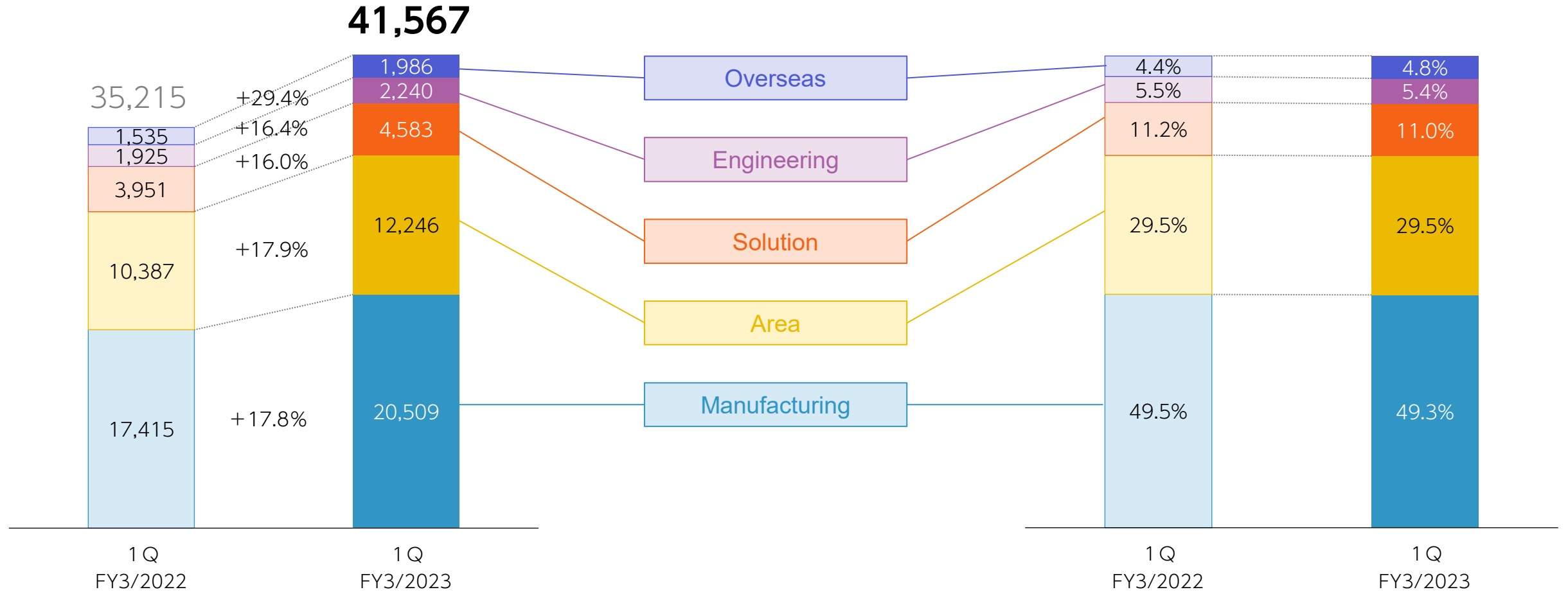
Plan to establish an overseas personnel service business through overseas alliances and acquisition in order to create workplaces where foreign interns in Japan can work empowered back at their home country.

Results by Segment: Net Sales and Sales Composition

Net sales

(Million yen)

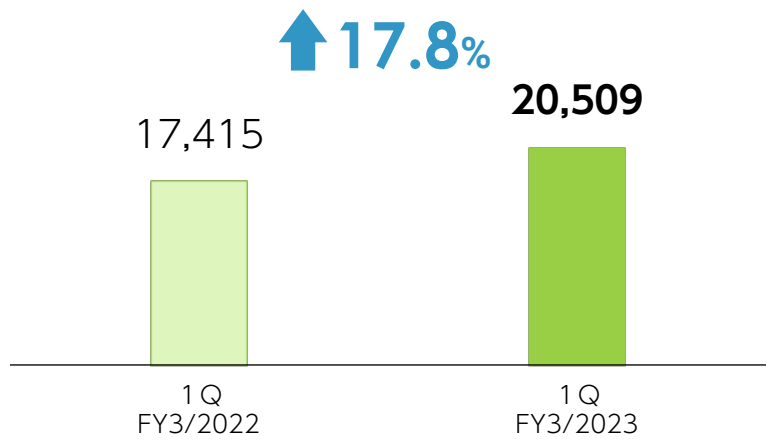
Sales composition



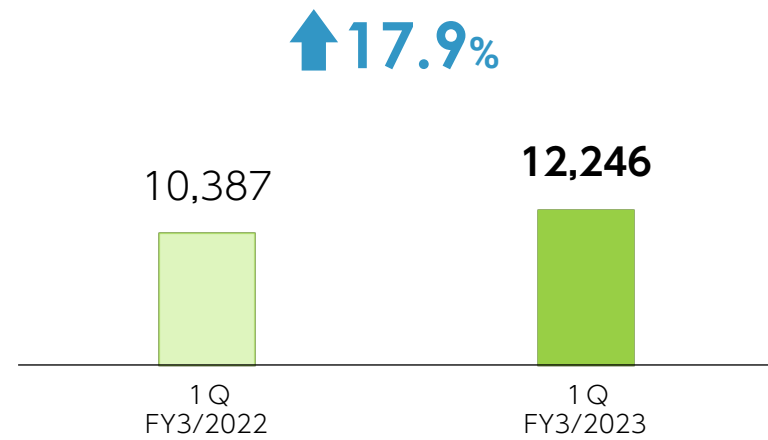
(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for the first quarter of FY3/2022

Net Sales by Segment

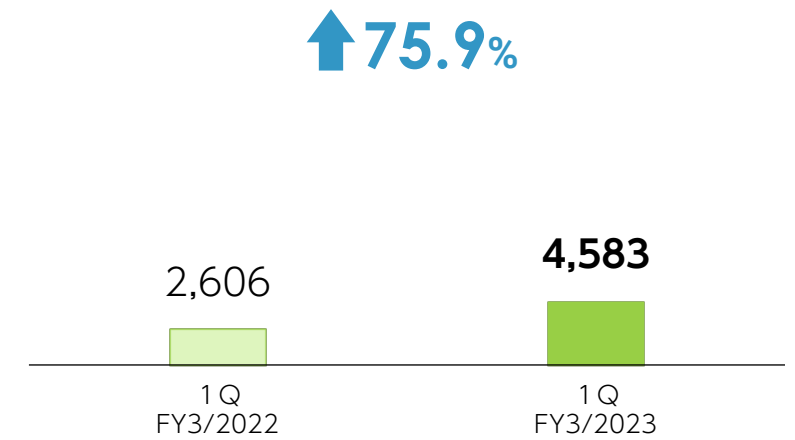
Manufacturing Business (Million yen)



Area Business (Million yen)

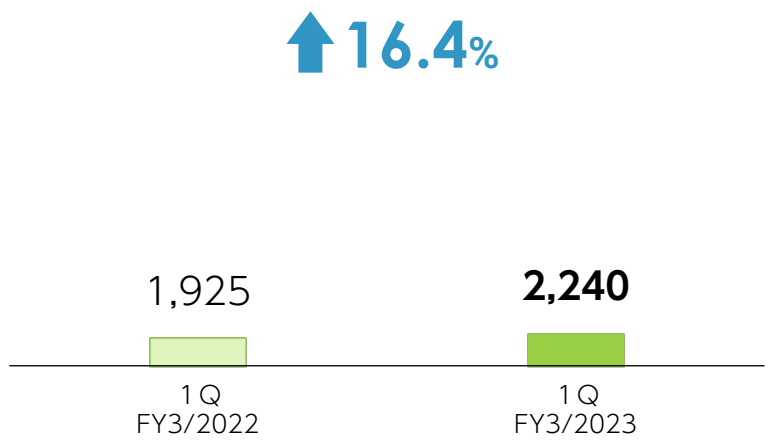


Solution Business (Million yen)

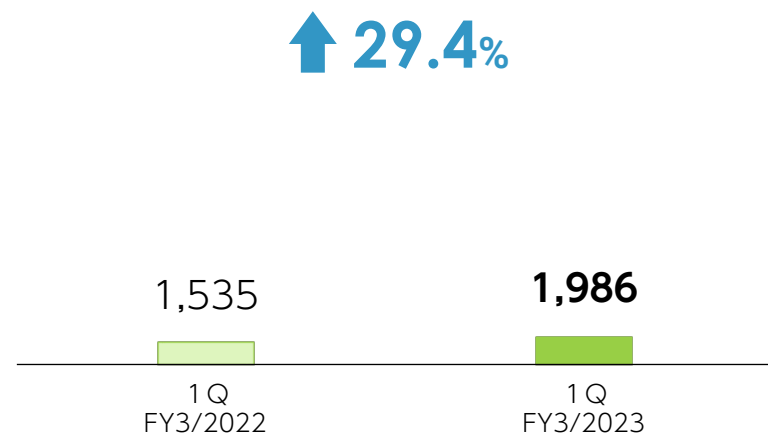


(note) The year-over-year comparison has been made excluding Net Sales from UT System Products which was sold at the end of March 2022.

Engineering Business (Million yen)

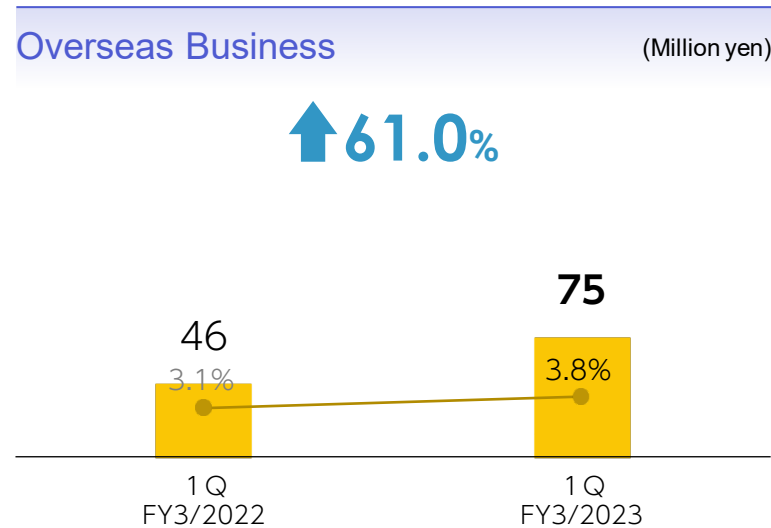
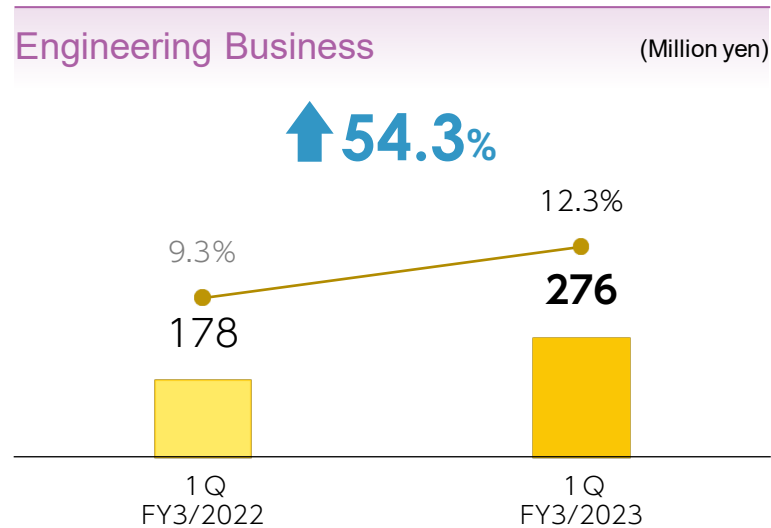
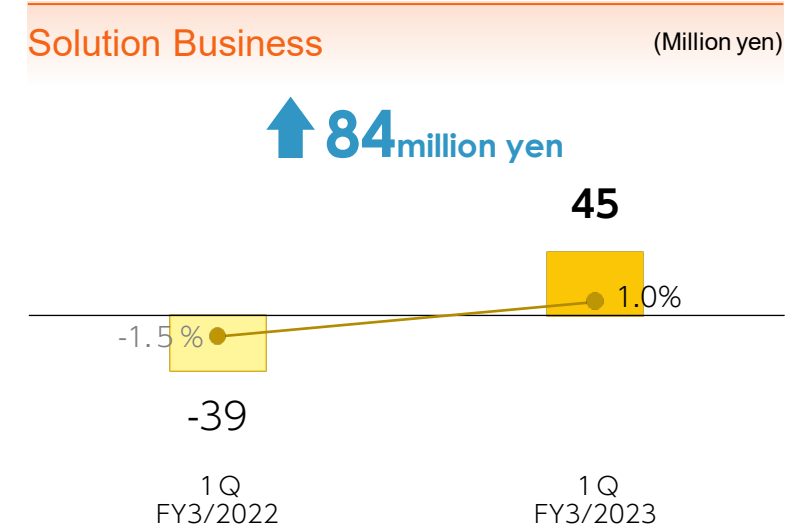
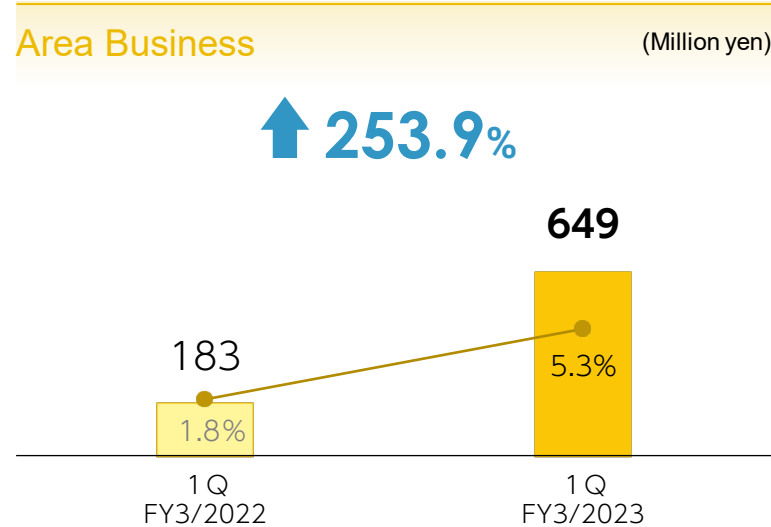
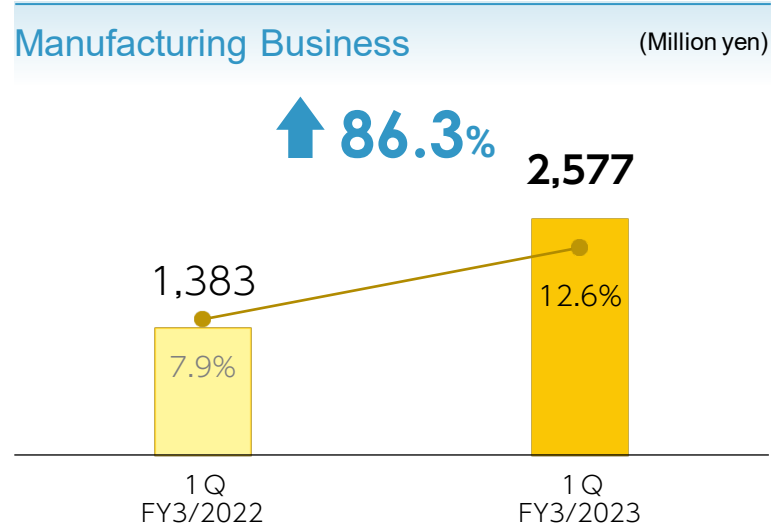


Overseas Business (Million yen)



(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for the first quarter of FY3/2022

EBITDA by Segment

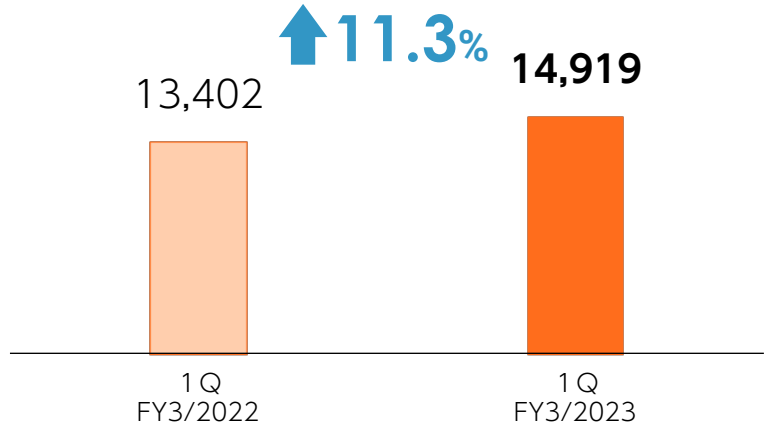


(note) The year-over-year comparison has been made excluding EBITDA from UT System Products which was sold at the end of March 2022.

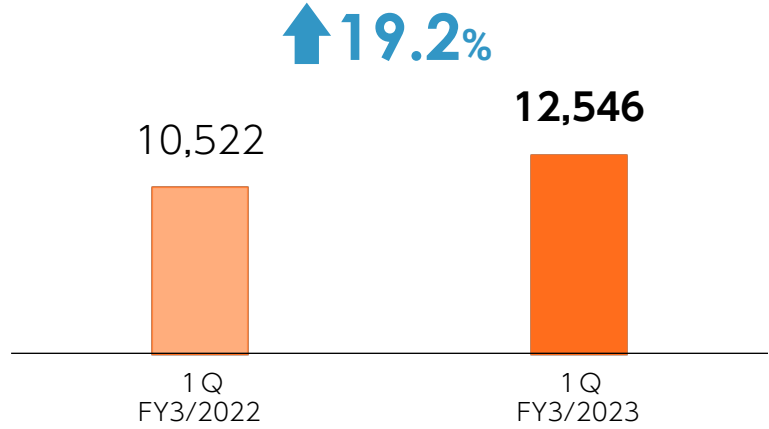
(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for the first quarter of FY3/2022

Technical employees by Segment

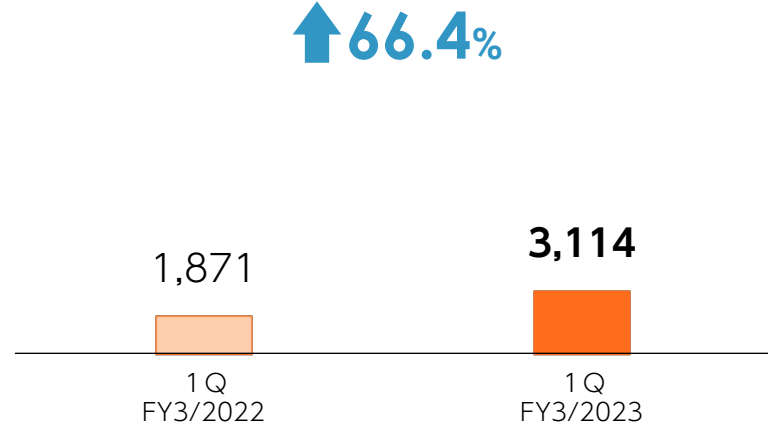
Manufacturing Business (Person)



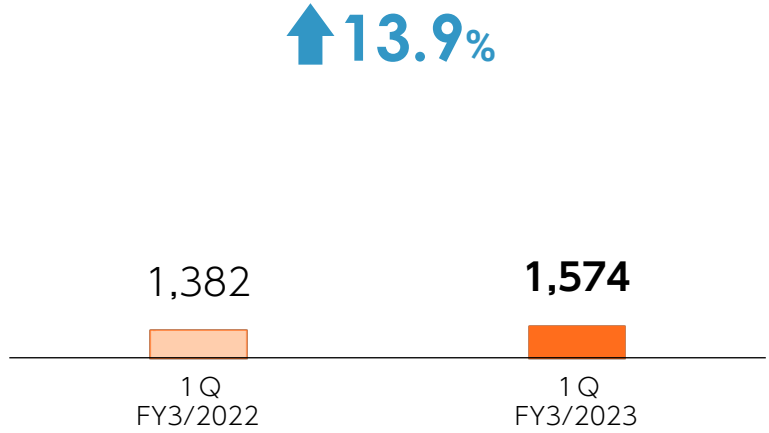
Area Business (Person)



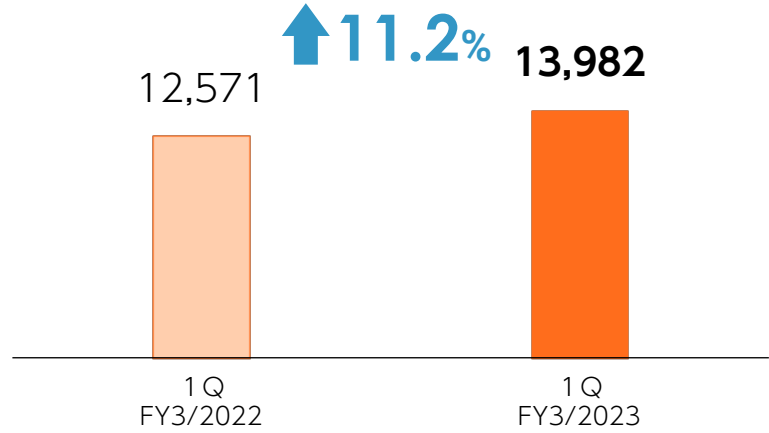
Solution Business (Person)



Engineering Business (Person)



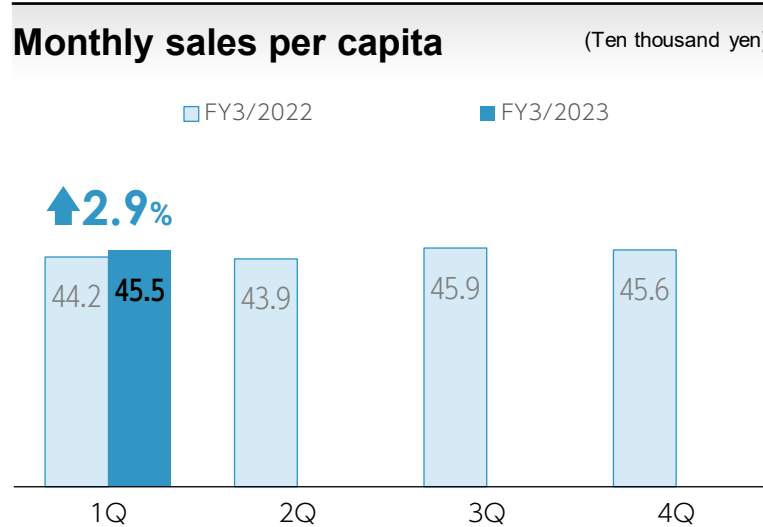
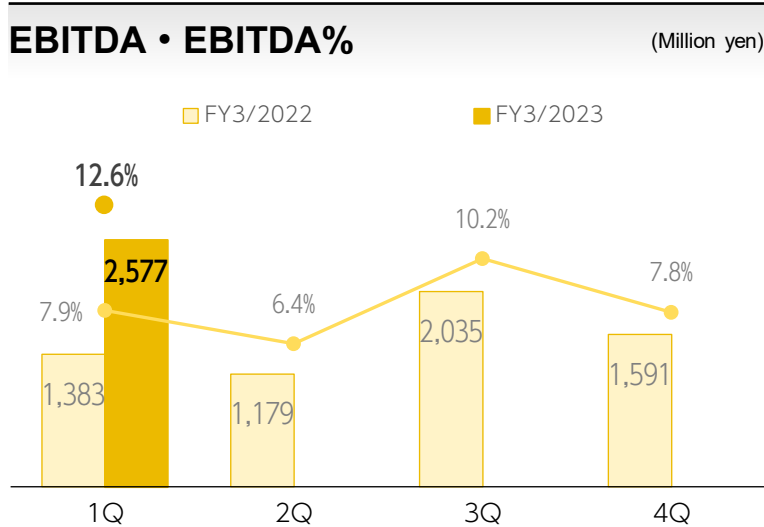
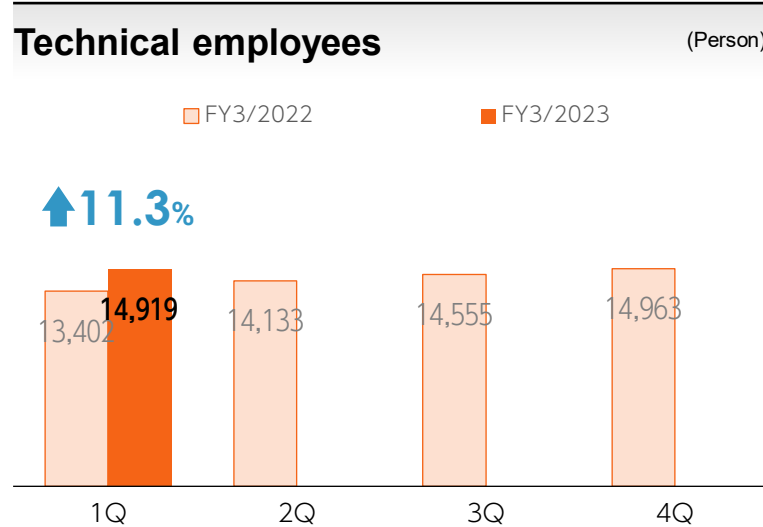
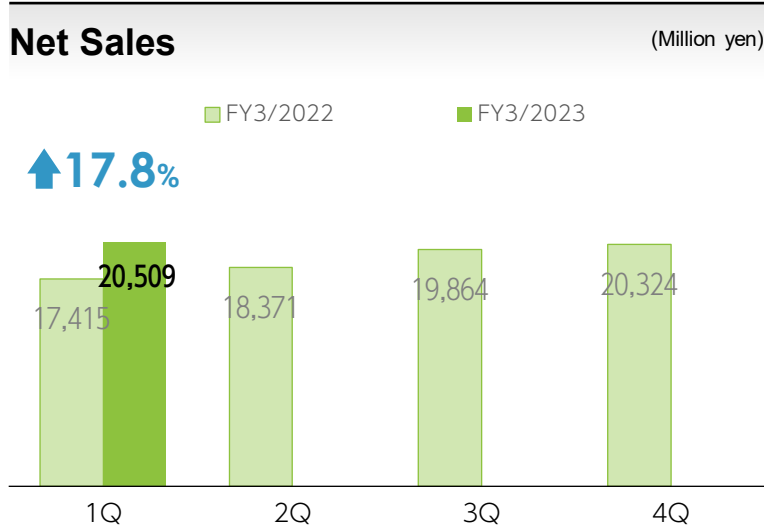
Overseas Business (Person)



(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for the first quarter of FY3/2022

Segment Results

※Please refer P.43 for Business Summary after the segment reclassification.



Sales and technical employees

- Personnel demand continued to be robust as in FY3/2022.
- Shifted to efficiency-conscious hiring activities from FY3/2022 and had a gradual net increase in the number of new hires.

EBITDA

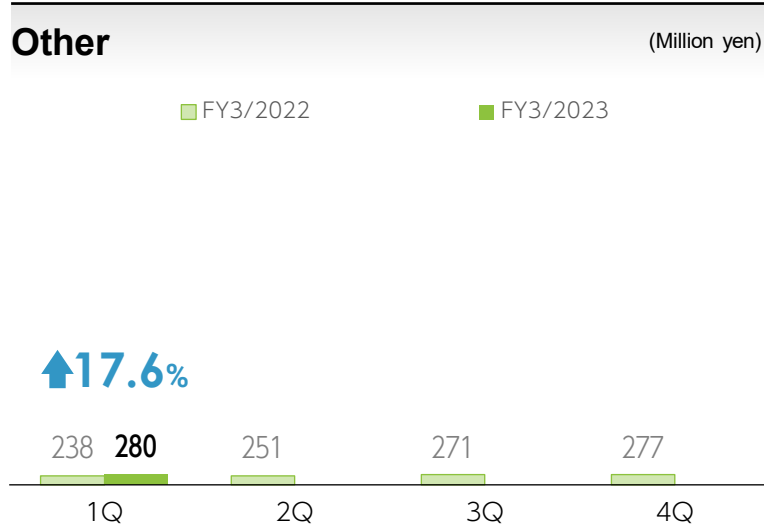
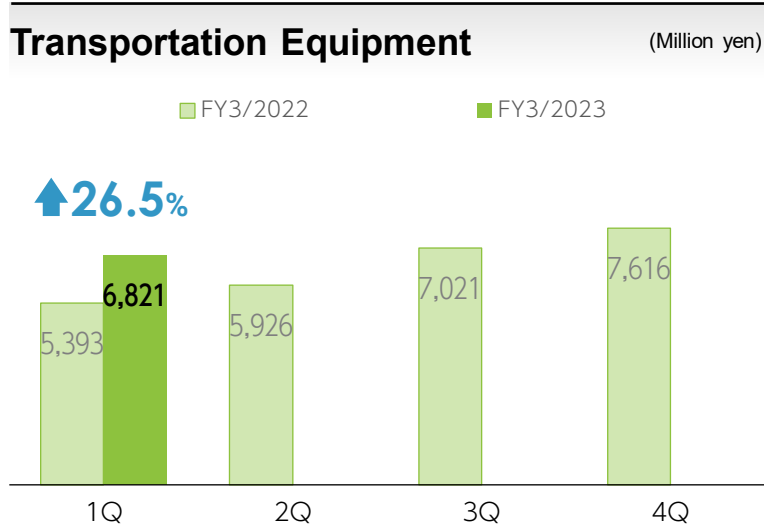
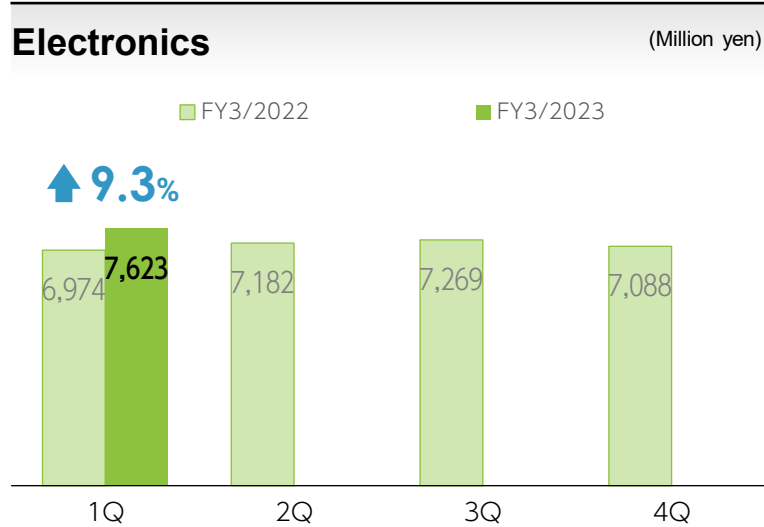
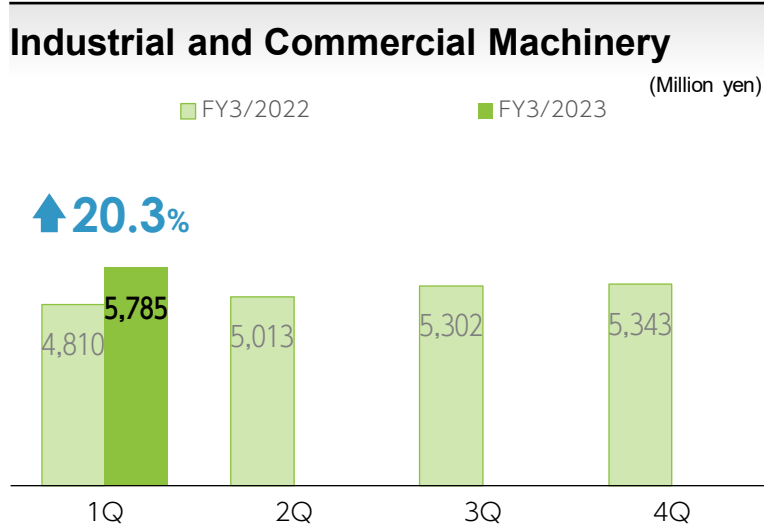
- Improved gross margin due to reduction in hiring-related expenses (cost), such as cash gift for joining the company and so on.
- Improved SG&A efficiency by streamlining recruitment activities

Monthly sales per person

- Benefited from the enhanced sales activities aimed at increasing high-unit-price projects and raising contract unit prices in FY3/2022.
- Affected by no q-o-q increase in the number of operating days and hours mainly due to partial suspension of automakers.

(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for FY3/2022.

Net Sales by Subsegment



Industrial and Commercial Machinery

Electronics

- High unit price orders received were favorable and focused on developing and assigning technical employees in this segment.

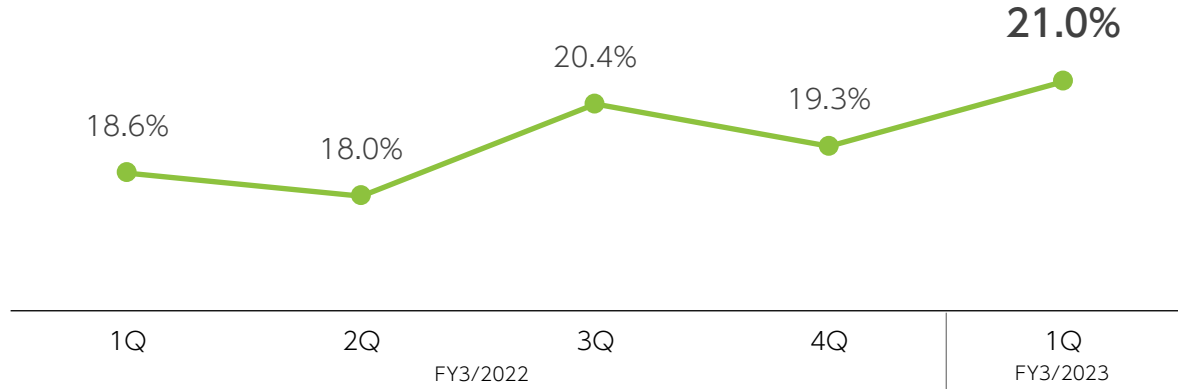
Transportation Equipment

- A significant increase in the workforce increased sales despite some impacts from a decrease in working days and hours, caused by some production adjustments.

(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for FY3/2022.

Significant improvement in gross margin

Gross margin of the Manufacturing Business

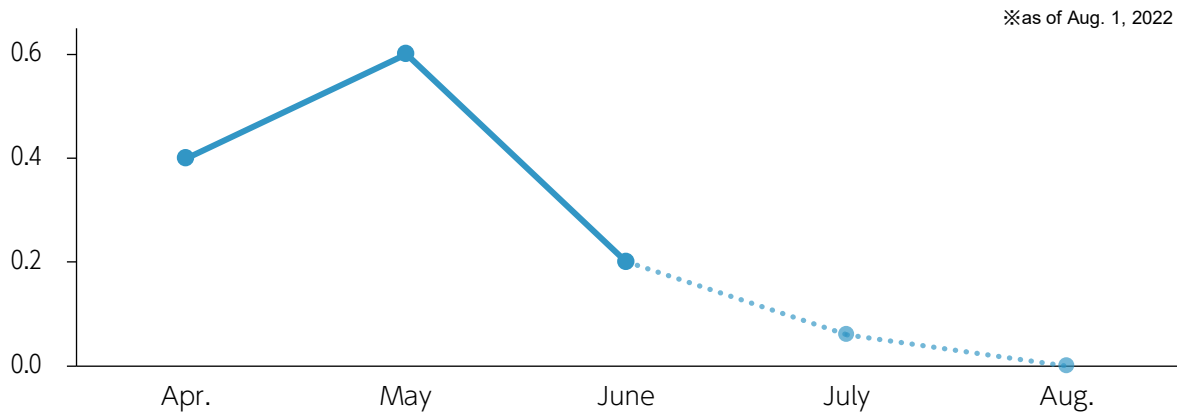


Significant improvement in gross margin

despite being affected by the automobile production cut

18.6% → 21.0%

Impact of the absence of work caused by the automobile production cut, etc. (Loss of Gross Profit) (100 Million yen)



Healthy development of SME engineers



Established the technology skill development centers
in Kitakami, Yokkaichi, Osaka and Kumamoto

Produced 1,000 engineers

(April 30, 2022)



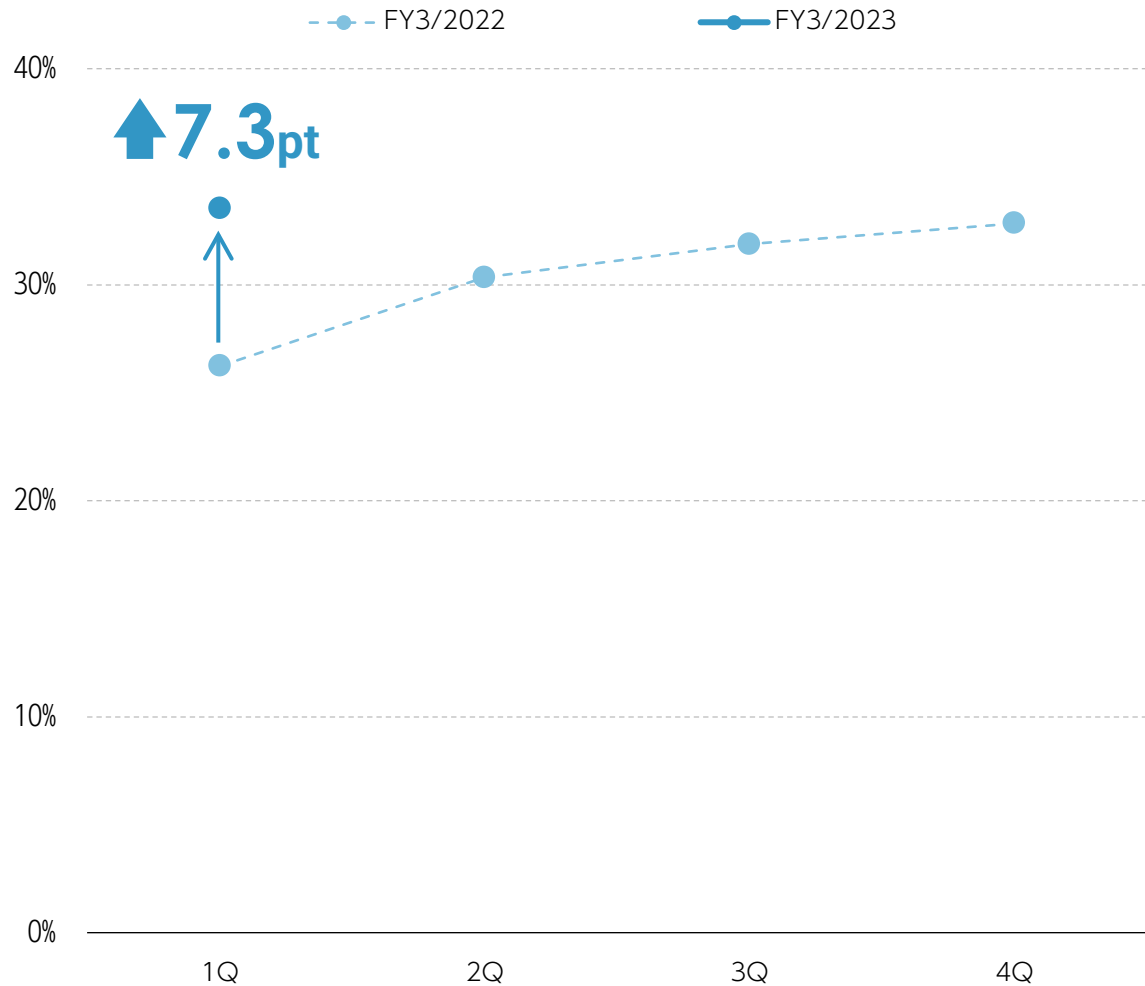
Target:

Produce 5,000 engineers

in FY3/2022 – FY3/2025

Increase in high unit price projects thanks to personnel development

Changes in high unit price projects



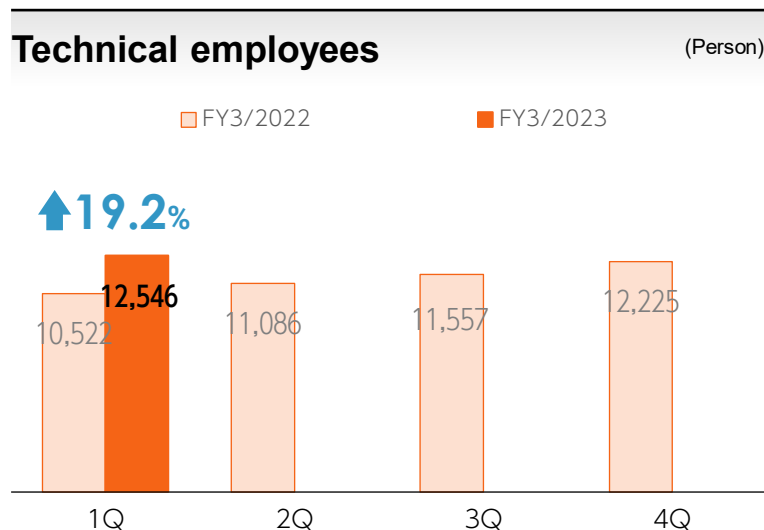
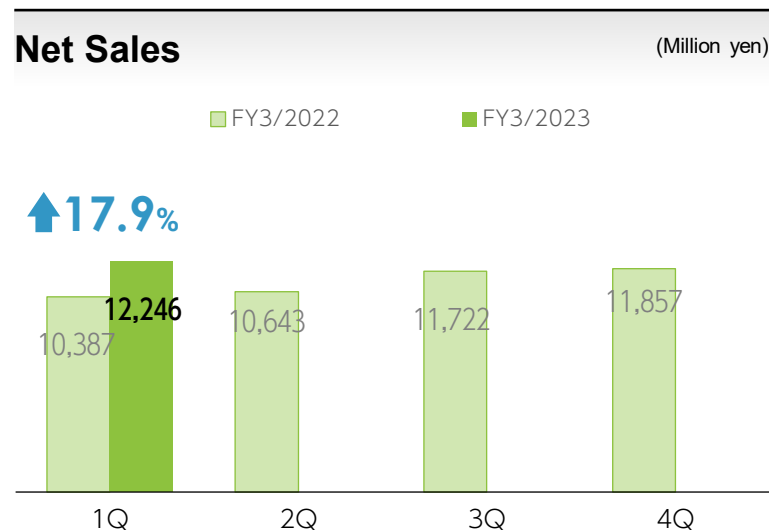
High unit price project ratio has increased thanks to personnel development

7.3pt increased (Y-o-Y basis)

※Ratio of technical employees who are in ¥2,700/h or more projects

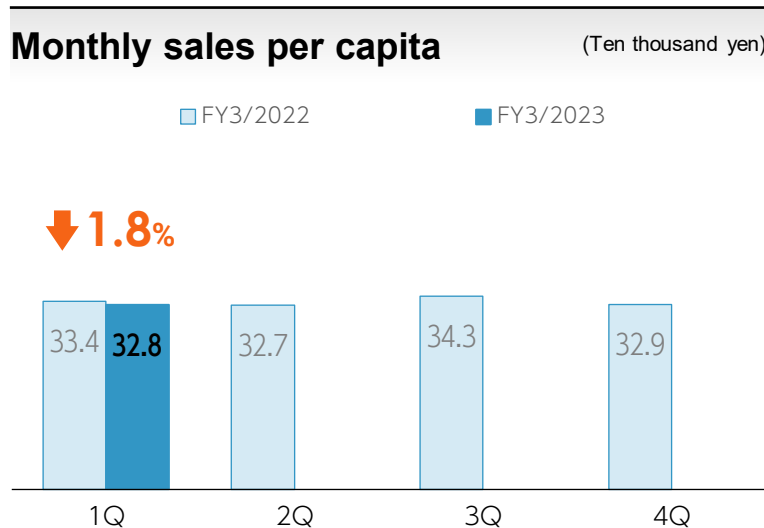
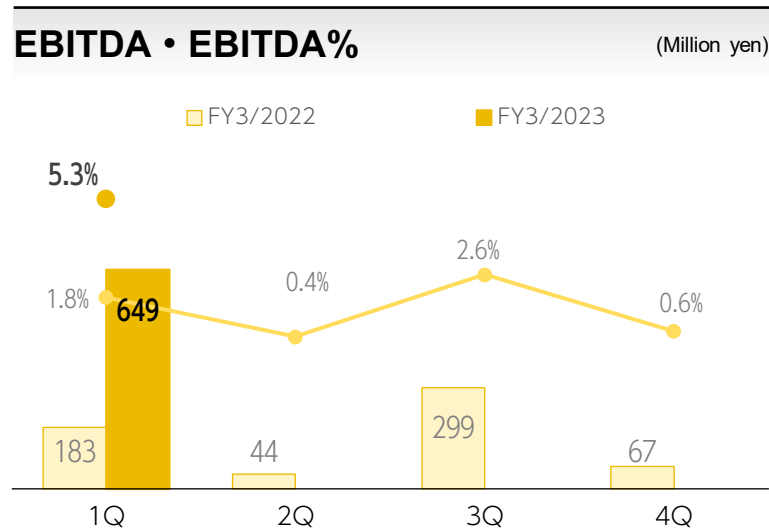
Segment Results

※Please refer P.44 for Business Summary after the segment reclassification.



Sales and technical employees

- Reorganized each area and enhanced sales activities, which resulted in an increase in contracts.
- The number of technical employees increased due to smooth progress in hiring activities.



EBITDA

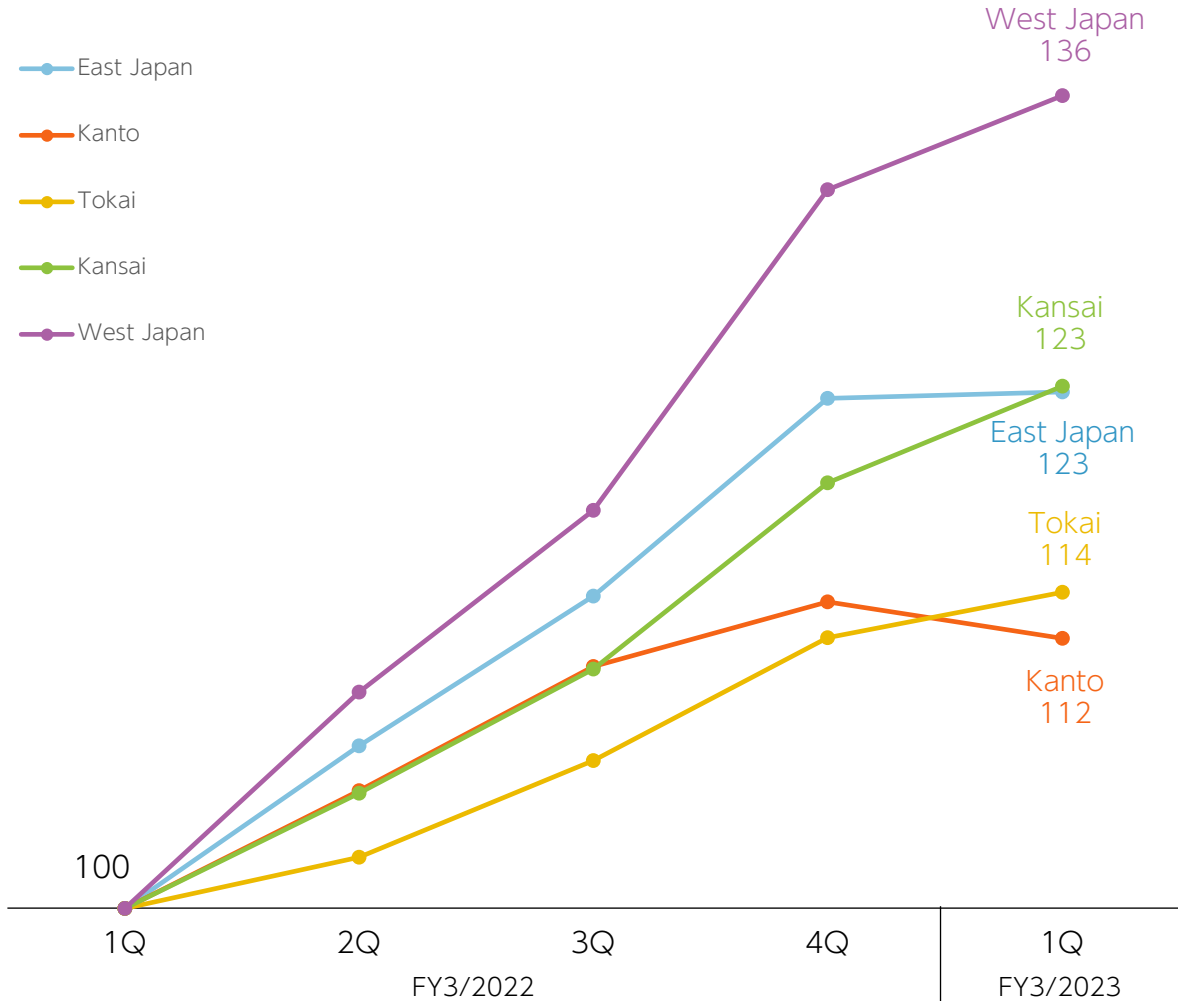
- Some operating companies were affected by automakers' production cut but the enhanced sales activities resulted in an increase in sales and profit.
- Integration of operating companies in April 2022 has led to improve the efficiency in use of SG&A expenses including personnel expenses.

(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for FY3/2022.

Stick to the viewpoint of job seekers and create the No. 1 outlet in each area

Number of dispatched workers by area in the Area Business

※ Indexed with the figures in April 2021 as 100

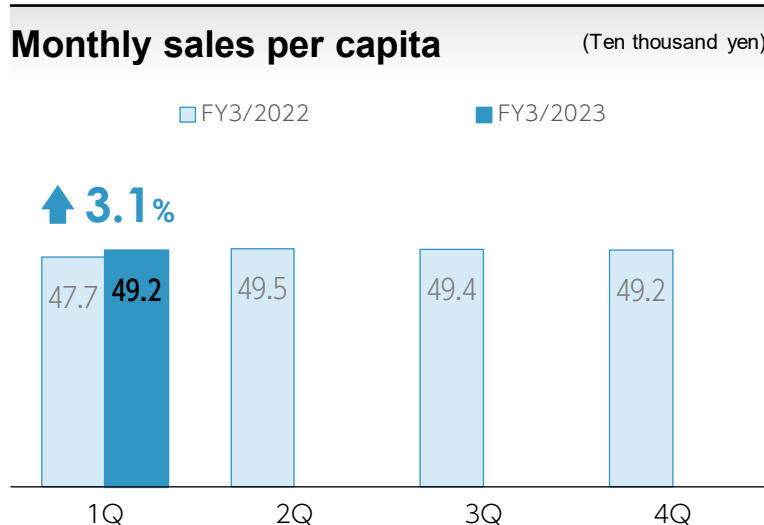
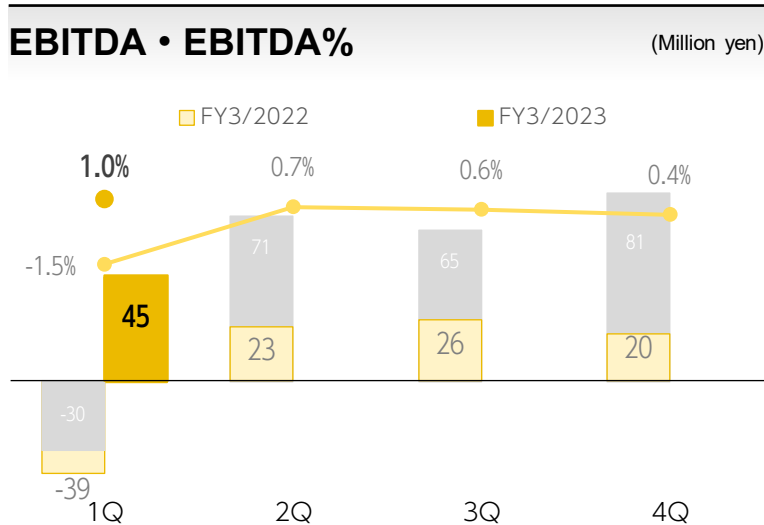
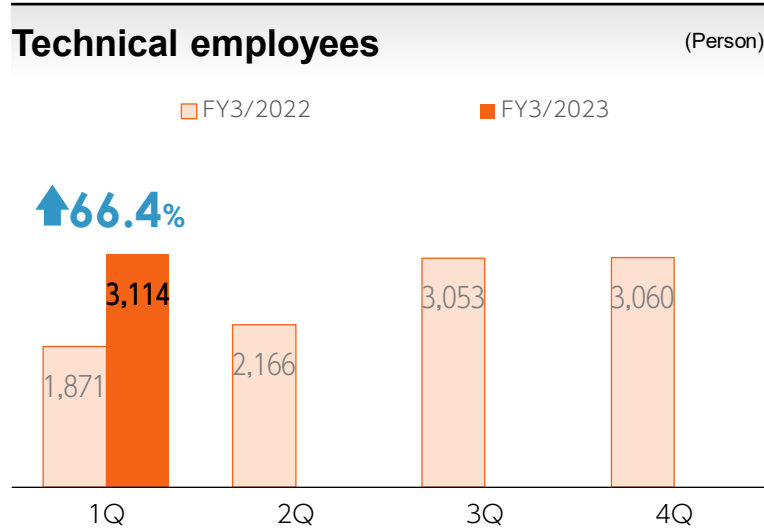
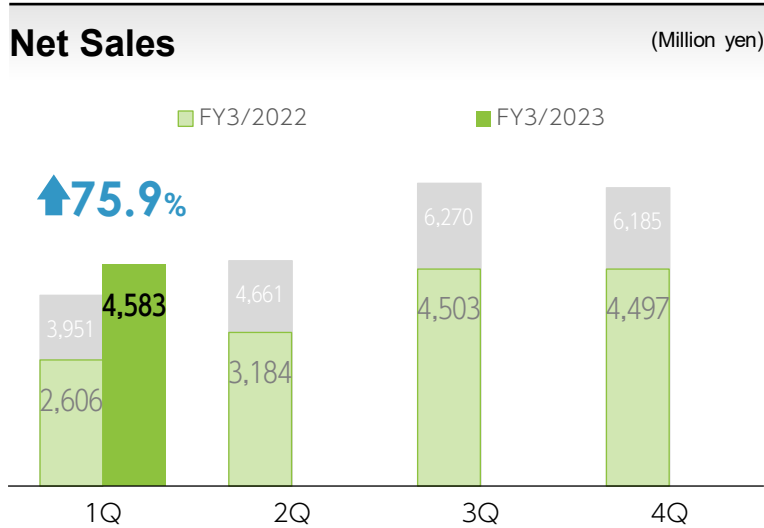


Focus on the number of contracts and diversity in contracts

Steady growth in dispatched workers

Segment Results

※Please refer P.45 for Business Summary after the segment reclassification.



Sales and technical employees

- The start of new In-house Solution® contracts in July 2021 and a new consolidated company from October 2021 contributed to sales increase.
- Sales decreased q-o-q due to a sale of UT System Products (¥6.27 billion in sales and no technical employee in FY3/2021; see the TOPIC below).

EBITDA

- EBITDA increased on the above-stated sales gain.
- Reduction in SG&A expenses improved the efficiency in use of SG&A expenses.

TOPIC

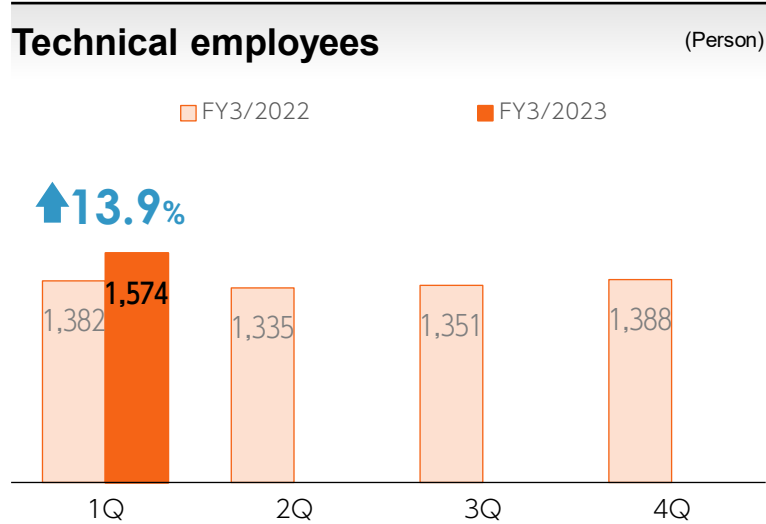
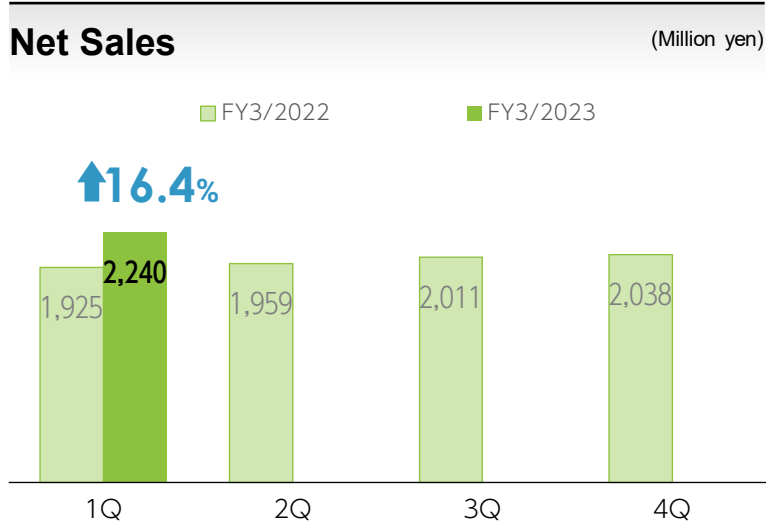
- Sold UT System Products on March 31, 2022.
- * UT Group acquired shares of UT System Products (engaged in sales of information system equipment) as well as UT Toshiba (engaged in general personnel dispatch and outsourced work from the Toshiba on April 1, 2020).

(note) Net Sales and EBITDA excludes impacts of UT System Products which was sold at the end of March 2022. (figures in gray in the graph include the impact). "Monthly sales per capita" is calculated excluding the impacts.

(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for FY3/2022.

Segment Results

※Please refer P.46 for Business Summary after the segment reclassification.

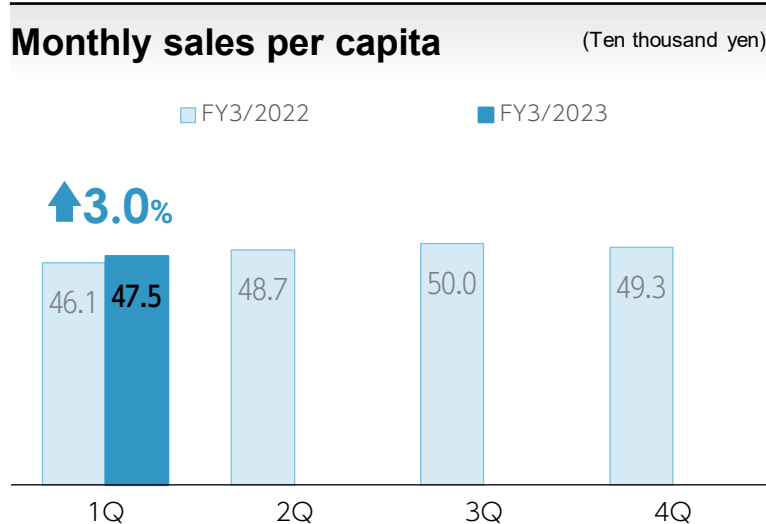
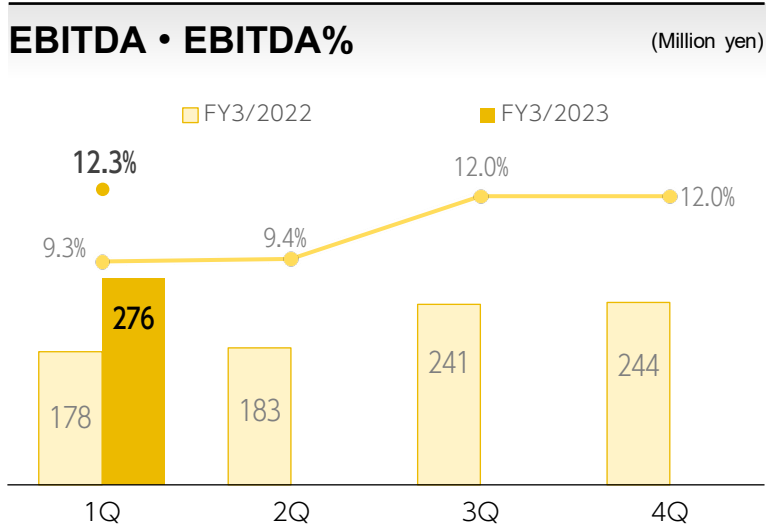


Sales and technical employees

- Approximately 200 new graduates joined the segment in April 2022 and were placed for operation at an early stage.
- Sales increased due to favorable order intake for both the construction and IT sectors and a resultant increase in technical employees.

EBITDA

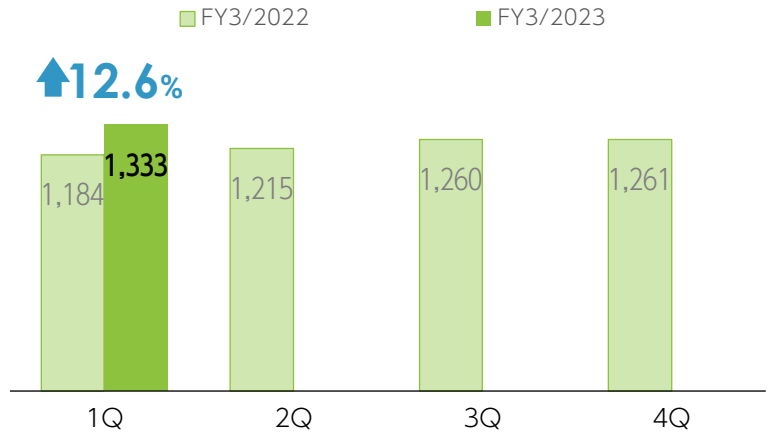
- The EBITDA margin increased as new graduates became operational at an earlier stage than in the previous year.



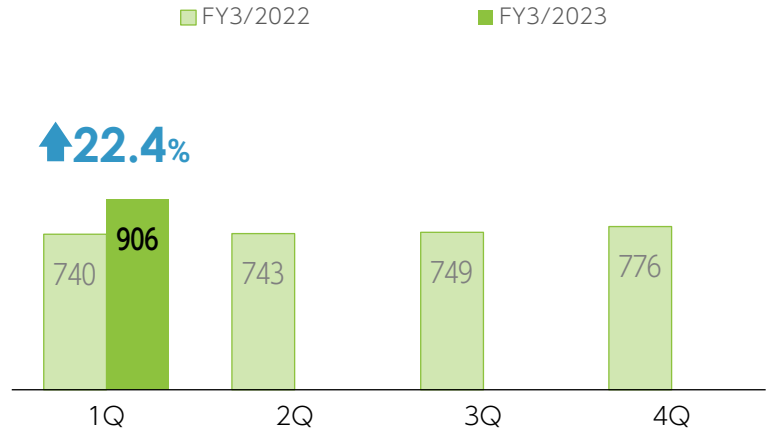
(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for FY3/2022.

Net Sales by Subsegment

Construction engineers (Million yen)



IT engineers (Million yen)



Construction engineers

- Demand for engineers mainly for the work of equipment and plant increased.
- New graduates were assigned at an early stage.

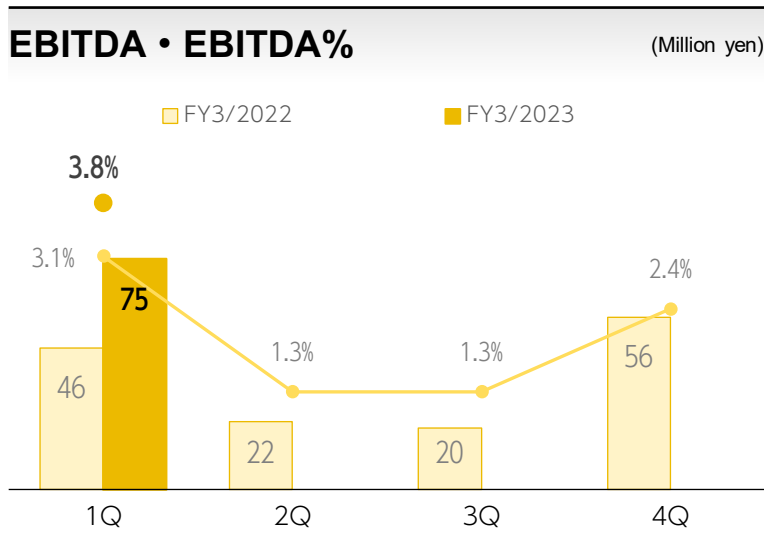
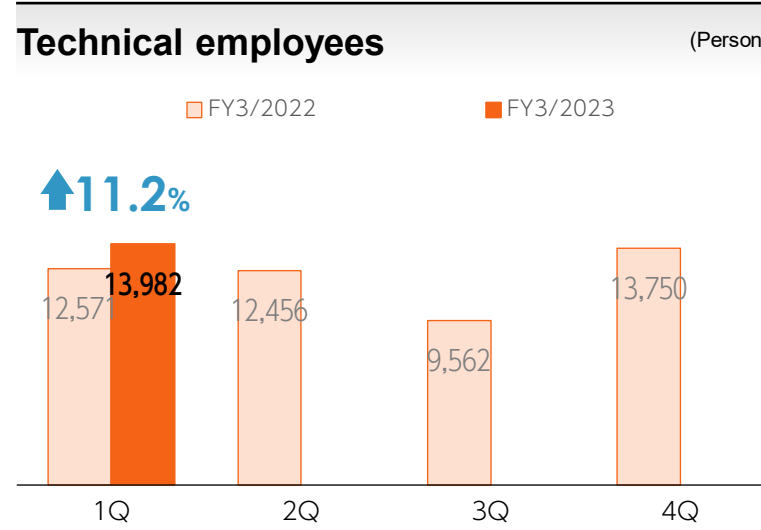
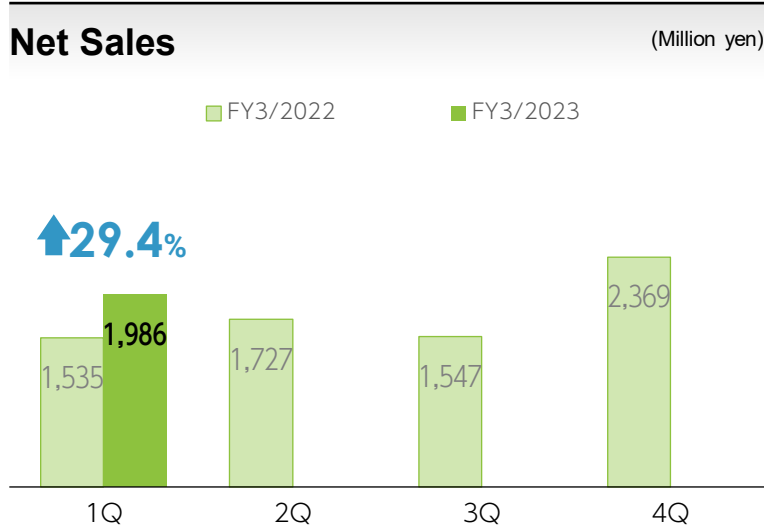
IT engineers

- A portion of (former) design & manufacturing engineers was reclassified as (new) IT engineers.
- New graduates were assigned at an early stage.
- Order intake for dispatch of engineers with no experience was favorable.

(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for FY3/2022.

Segment Results

※Please refer P.46 for Business Summary after the segment reclassification.



Sales and technical employees

- Demand for personnel increased along with an economic recovery in Vietnam.
- Sales coverage was expanded from the base area in the south region to the north region, where many Japanese companies are located. This resulted in an increase in new contracts.
- Despite seasonal decrease in the number of employees around the Tet Lunar New Year holiday, the number of employees increased q-o-q.

EBITDA

- The EBITDA margin improved, due to sales increase driven by higher personnel demand and the improved efficiency in use of SG&A expenses.

(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for FY3/2022.

FY3/2023 Earnings Forecasts and Target of Medium-Term Business Plan

FY3/2023 Earnings Forecasts

- Expect the supply and demand balance for personnel to remain tight due to the labor shortage in the manufacturing industry
- Improve operational efficiency and cost efficiency through group-wide integrated hiring activities and large-scale restructuring of operating companies
- Focus on expanding market share toward FY3/2025 and establish a strong, streamlined business base to achieve medium- to long-term growth.

(100 million yen)

	FY3/2022		FY3/2023		change amount	change %
	Results	% to net sales	Forecasts	% to net sales		
Net sales	1,567	100.0%	1,800	100.0%	+232	+14.8%
EBITDA [※]	75	4.8%	150	8.3%	+74	+99.9%
Operating profit <small>Excl. Stock-based compensation expenses</small>	62	4.0%	132	7.3%	+70	+112.9%
Operating profit	62	4.0%	77	4.2%	+14	+23.1%
Ordinary profit	59	3.8%	75	4.1%	+15	+26.0%
Net profit attributable to UT Group	31	2.0%	32	1.8%	+0.5	+1.9%
EPS (yen)	77.81	—	79.28	—	+1.47	—

Net Sales

- Plan to increase net sales based on No. tech employees at the end of March 2022, in spite of ¥6 billion reduction due to a subsidiary sold.

EBITDA

- Will improve profit margin through efficiency promotion measures such as subsidiary reorganization and optimizing productivity.

Operating profit

- Assuming to meet the conditions for the exercise of the performance-linked acquisition rights, 5.5 billion yen will be recorded as stock-based compensation expenses

※EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

Target of the 4th Medium-Term Business Plan

(100 million yen)

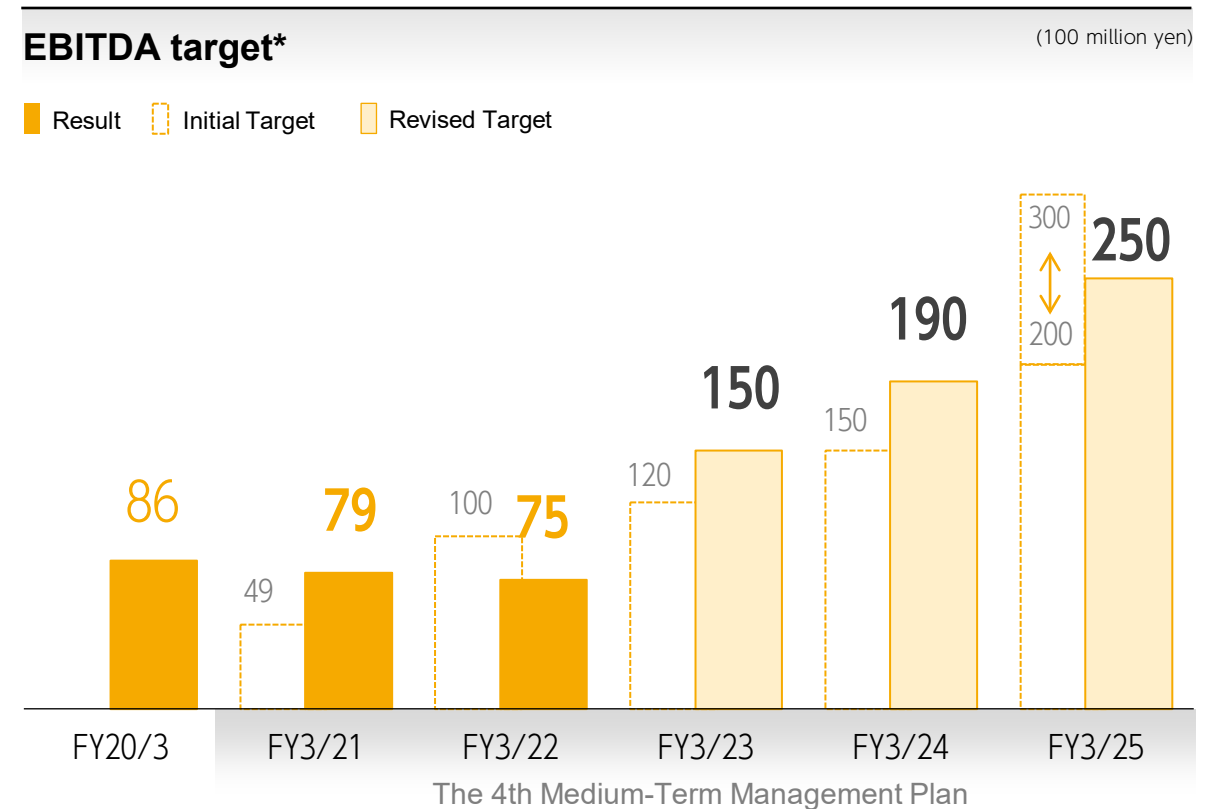
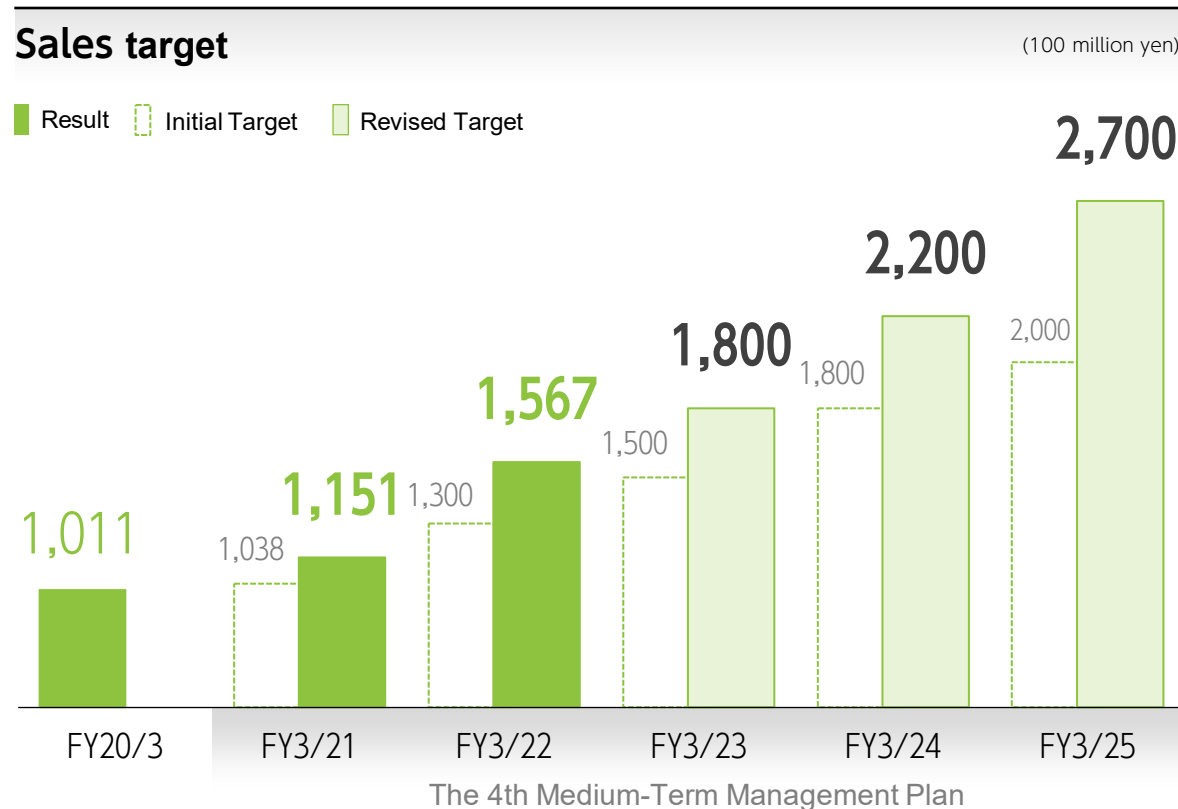
	The 3rd-Plan	The 4th Medium-Term Management Plan					
	FY3/2020	FY3/2021	FY3/2022	FY3/2023		FY3/2024	FY3/2025
	Results	Results	Results	Forecasts	excluding stock compensation-based expenses	Forecasts	Forecasts
Net sales	1,011	1,151	1,567	1,800	-	2,200	2,700
EBITDA ^{※1}	86	79	75	150	-	190	250
Operating profit	80	71	62	77	132	170	225
Ordinary profit	81	71	59	75	130	168	223
Net profit attributable to UT Group	45	42	31	32	87	111	147
EPS (yen) (EPS of FY3/2024 and FY3/2025 are diluted)	111.71	106.53	77.81	79.28	215.54	228.92	303.87
Total return to shareholders	0	26	9	26	26	33~	44~
Total return ratio	0%	62% ^{※2}	31%	81%	30%	30%~	30%~

※1 EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

※2 Dividends for FY3/2021 included the addition dividends for FY3/2020, when the dividends were not paid due to the COVID-19 pandemic.

Target of F3/Y2023 - F3/Y2025

Based on sales which have been increasing ahead of the plan, we plan to further increase sales and improve productivity so as to raise profitability



*EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

Appendix



Newly-consolidated company's contribution

Contribution of newly-consolidated company to 1Q of FY3/2022

Business Segment	Sub-Segment	Consolidated subsidiary	Time of consolidation	Contribution to FY3/2022	
				Net Sales (billion yen)	Number of technical employees (1Q-end)
Solution Business	—	UT FSAS Creative Inc Former Fujitsu FSAS Creative Inc.	Oct. 2021	1.2	900
Total				1.2	

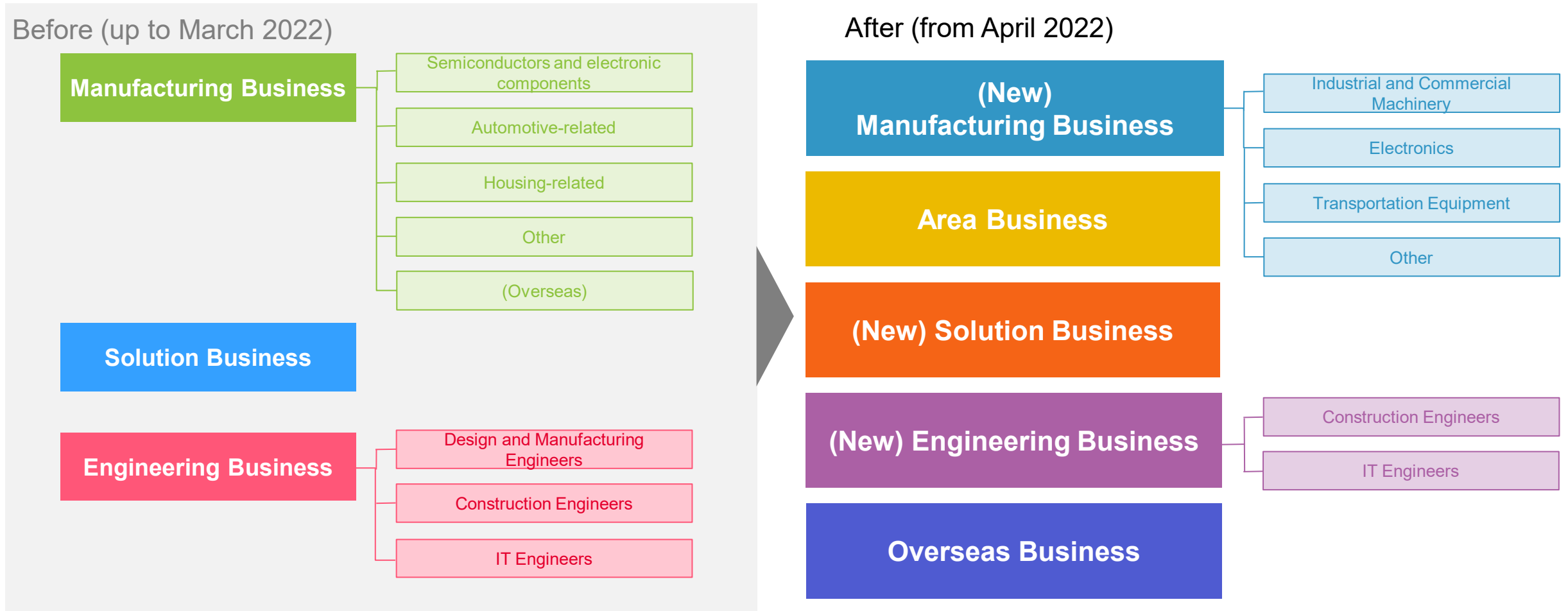
Analysis of SG&A expenses

(100 million yen)

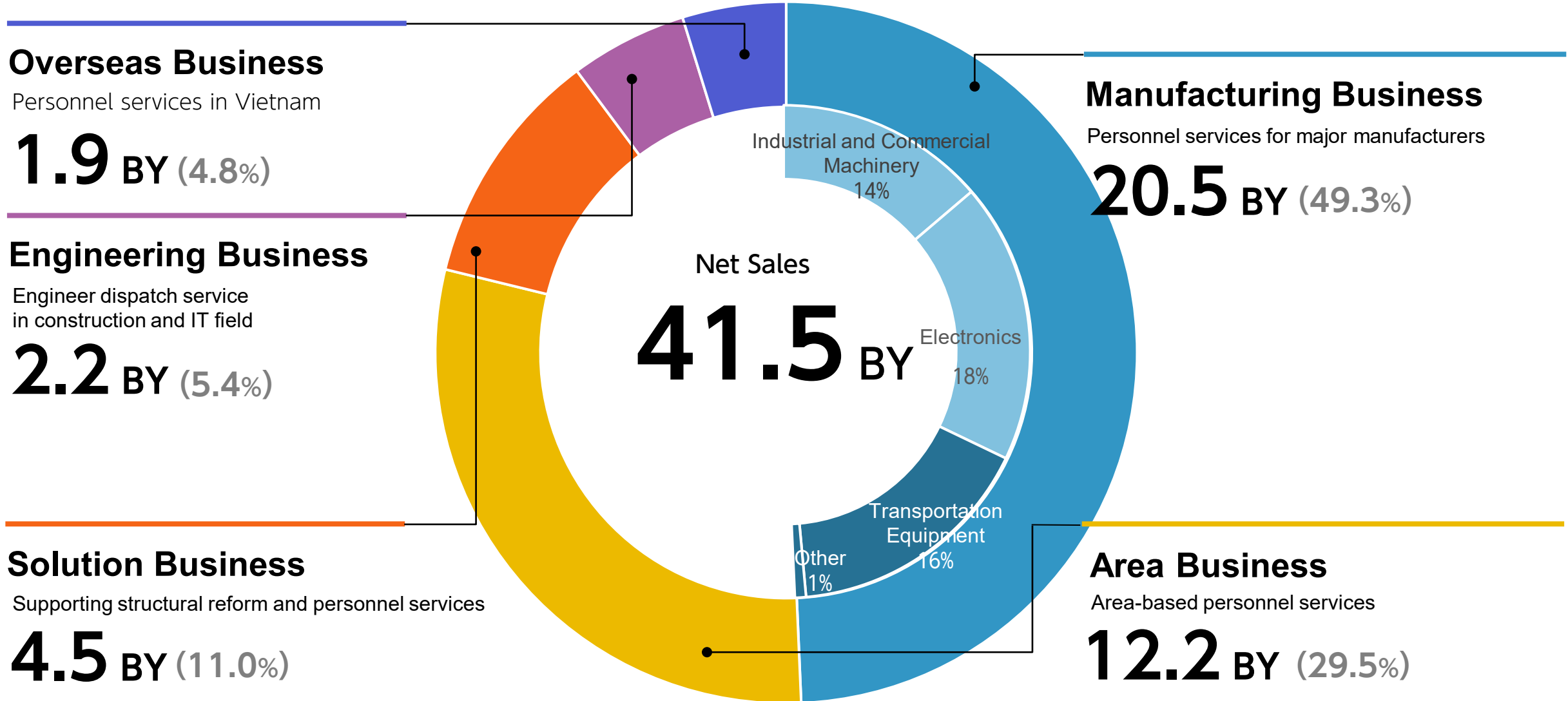
	FY3/2019					FY3/2020					FY3/2021					FY3/2022					FY3/23
	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q	3 Q	4 Q	Full year	1 Q
personnel expenses	1,301	1,409	1,486	1,677	5,873	1,574	1,522	1,530	1,467	6,093	1,665	1,981	1,828	1,837	7,311	2,246	2,362	2,547	2,391	9,546	2,403
ratio to sales	5.5%	5.7%	5.5%	6.6%	5.8%	6.1%	5.9%	6.1%	6.0%	6.0%	6.4%	7.3%	6.2%	5.7%	6.4%	6.4%	6.3%	6.1%	5.6%	6.1%	5.8%
Hiring expenses	833	993	724	289	2,839	490	527	496	341	1,854	151	267	770	1,218	2,406	1,215	1,608	1,575	1,719	6,117	877
ratio to sales	3.5%	4.0%	2.7%	1.1%	2.8%	1.9%	2.0%	2.0%	1.4%	1.8%	0.6%	1.0%	2.6%	3.7%	2.1%	3.5%	4.3%	3.8%	4.0%	3.9%	2.1%
depreciation and amortization of goodwill	140	145	155	161	601	137	139	142	145	563	171	181	218	256	826	309	303	305	307	1,225	267
ratio to sales	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.8%	0.7%	0.9%	0.8%	0.7%	0.7%	0.8%	0.6%
Other	801	879	933	729	3,342	889	841	803	923	3,456	883	831	1,029	1,152	3,895	1,058	1,086	1,196	1,285	4,625	1,083
ratio to sales	3.4%	3.5%	3.5%	2.9%	3.3%	3.5%	3.2%	3.2%	3.8%	3.4%	3.4%	3.1%	3.5%	3.5%	3.4%	3.0%	2.9%	2.9%	3.0%	3.0%	2.6%
SG&A Expenses	3,075	3,426	3,298	2,856	12,655	3,090	3,029	2,971	2,876	11,966	2,870	3,260	3,845	4,463	14,438	4,828	5,359	5,623	5,703	21,513	4,631
ratio to sales	13.0%	13.8%	12.2%	11.2%	12.5%	12.0%	11.7%	11.8%	11.8%	11.8%	11.1%	12.0%	13.0%	13.7%	12.5%	13.7%	14.3%	13.6%	13.3%	13.7%	11.1%

Overview of Segment Reclassification

- From “Manufacturing Business” centered on the business for major manufacturers, “Area Business” and “Overseas Business” with different business characteristics were separated. And the classification changed to 5 segments.



Segment composition (from 1Q of FY3/2023)



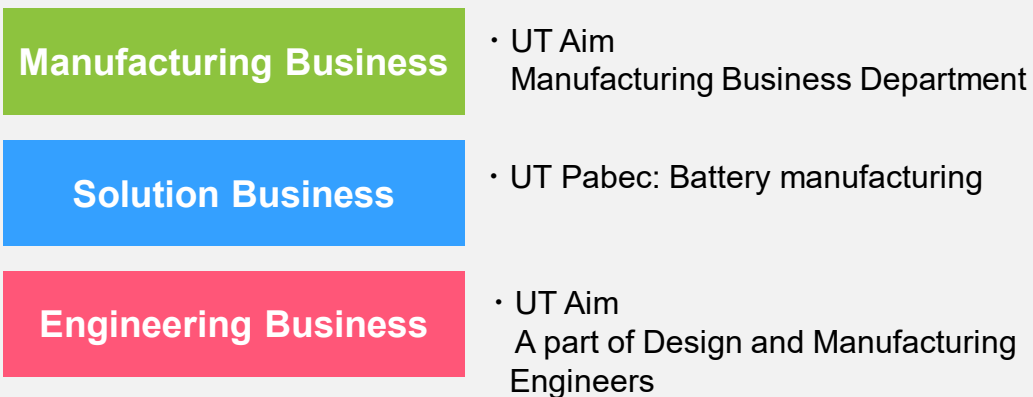
Manufacturing Business

Development and provision of manufacturing workers

Deepen the One-stop Strategy to provide personnel to large manufacturers

- Enhance competitiveness of the core business of manufacturing dispatch to large manufacturers and use the existing client base to expand into dispatching of manufacturing engineers.
- The semiconductor manufacturing equipment (SME) engineers (previously in the former Engineering Business segment) has been reclassified to the (new) Manufacturing Business segment in order to provide one-stop services to clients of the Manufacturing Business segment.

Before (up to March 2022)



After (from April 2022)

UT Pabec was merged to the Manufacturing Business Department of UT Aim.



Area Business

Expand the Area Platforms

Expand the Area Platform Strategy

- Accelerate alliances with and M&As of local dispatch companies to enhance the workplace quality in areas, integrate career platforms, and improve profitability.
- Local dispatch companies which joined the UT Group were merged to UT Connect (renamed from UT Community) in April 2022. Aim to improve productivity by standardizing the business base.

Before (up to March 2022)

Manufacturing Business

- UT Aim's Area Strategy Department
- UT Community
- Support System
- Seekel Holdings
- Seekel
- UT Progress
- UT SURI-EMU

Solution Business

- UT HP

After (from April 2022)

All the companies on the left, excluding UT SURI-EMU, were absorbed to UT Community, which then changed its name to UT Connect.

Area Business

- UT Connect
- UT SURI-EMU

Solution Business

Promoting the support for personnel mobilization

Expand the Solution Strategy

- Promote the support for personnel mobilization and ensure to capture a growing demand for large companies' structural reforms, driven by the changing business environment.
- The segment is mainly consisted of operating companies with minority shareholders to enhance the relationship with large corporate groups.

Before (up to March 2022)

Solution Business

- FUJITSU UT
- UT Toshiba
- UT FSAS Creative
- UT MESC

- UT Pabec
- UT HP

- UT System Products

After (from April 2022)

UT Pabec was reclassified to the Manufacturing Business Segment, and UT HP to the Area Business Segment. UT System Products was sold at the end of March 2022.

Solution Business

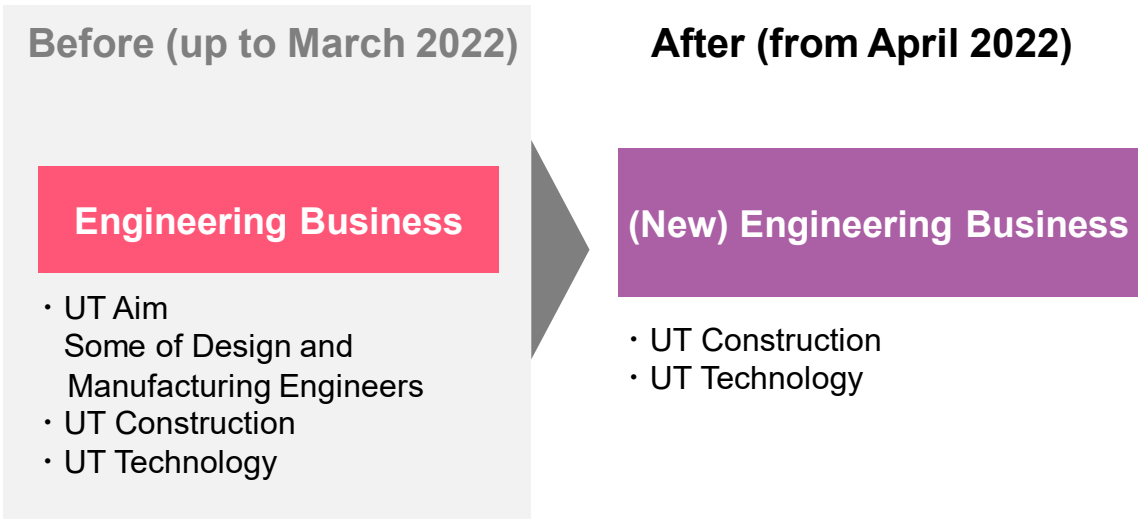
- FUJITSU UT
- UT Toshiba
- UT FSAS Creative
- UT MESC

Engineering Business

Development of high-skill engineers

M&As to expand business base

- Establish a business base by enhancing functions through alliances with major companies and acquisition of engineer dispatch companies.
- SME engineers were reclassified to the (new) Manufacturing Business Segment so as to focus on construction engineers and IT engineers for establishing a business base.

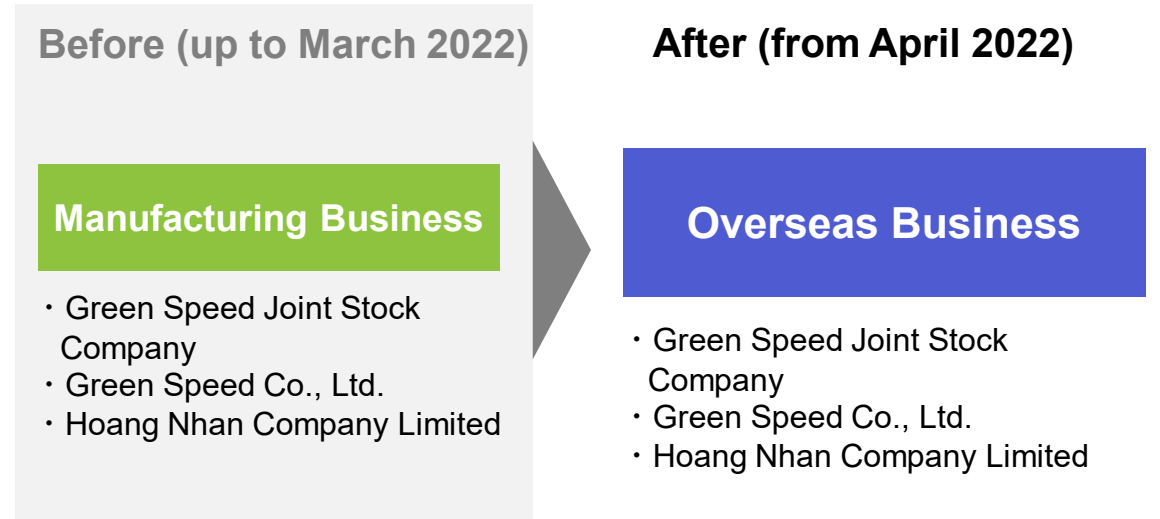


Overseas Business

Establishment of the empowered environment for non-Japanese workers

M&As to expand business base

- Establish the overseas personnel service business through overseas alliances and M&As, while solidifying a base for the personnel management agency business in Japan.



Performance-linked stock acquisition rights, Stock-based compensation expenses

Overview of the performance-linked stock acquisition rights

Resolved by the Board of Directors
(2020/5/20)

Objective

to strengthen our commitment to pursuit of expanding corporate value of the Company in the medium- to long-term.

Total number of stock acquisition rights:

80,592 units (equivalent to 20% of issued shares)

Conditions for exercise of stock acquisition rights

If any of (A), (B), and (C) below is fulfilled

A : EBITDA of ¥15 billion or more in any of FY3/2021-FY3/2024

B : EBITDA of ¥20 billion or more in any of FY3/2021-FY3/2025

C : EBITDA of ¥30 billion or more in any of FY3/2021-FY3/2027

Exercise period

May 1, 2021 to April 30, 2028

The exercise condition is a profit growth of 1.7-3.5 times EBITDA in FY3/2020, even though dilution of up to 20% will occur.

When to recognize stock-based compensation expenses

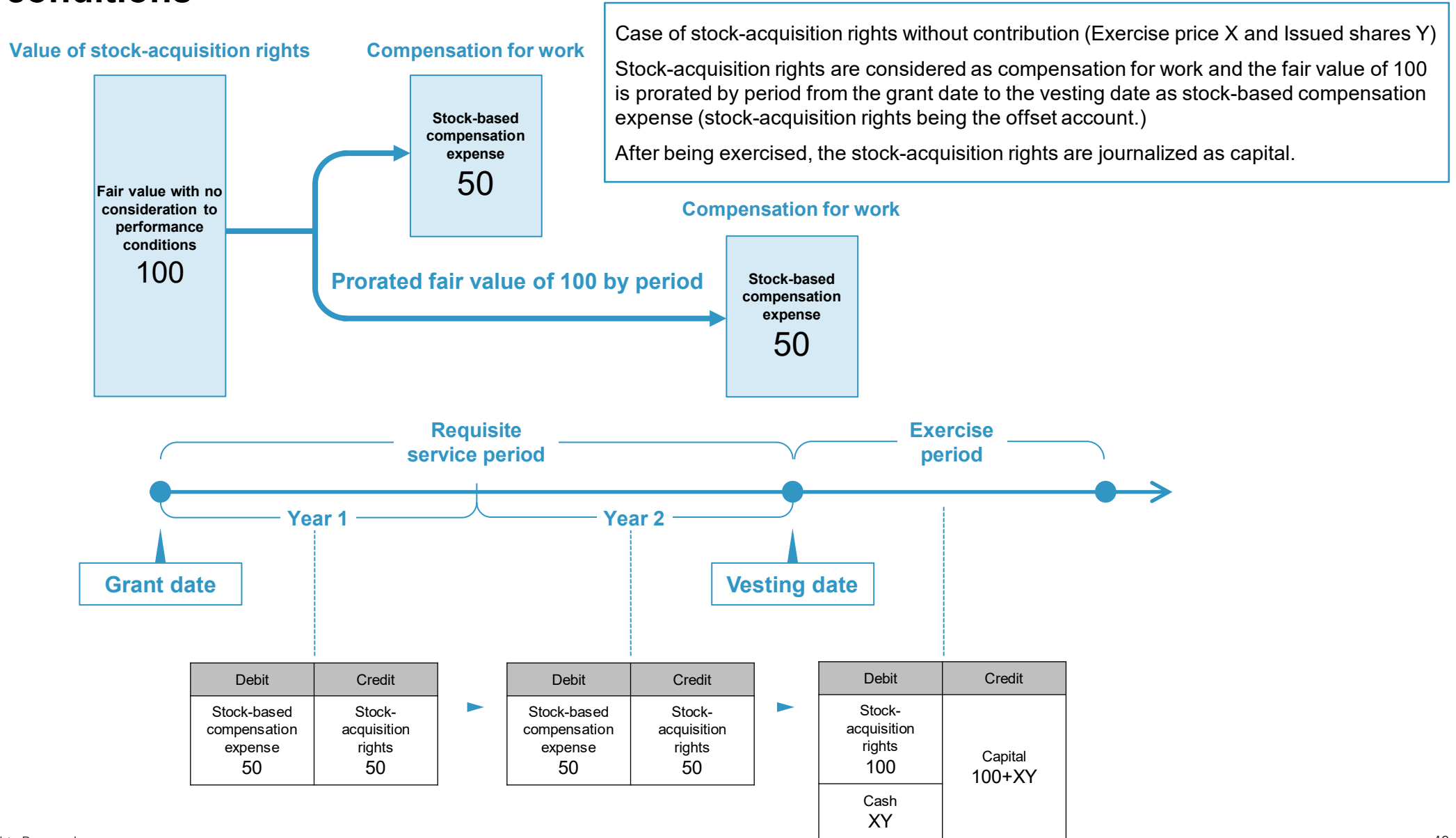
As the condition A is supposed to be met in FY3/2023, 5.5 billion yen of stock-based compensation expenses is included in FY3/2023 Earnings Forecasts.

When it is found that the performance conditions are met, the stock-based compensation expenses will be recognized.

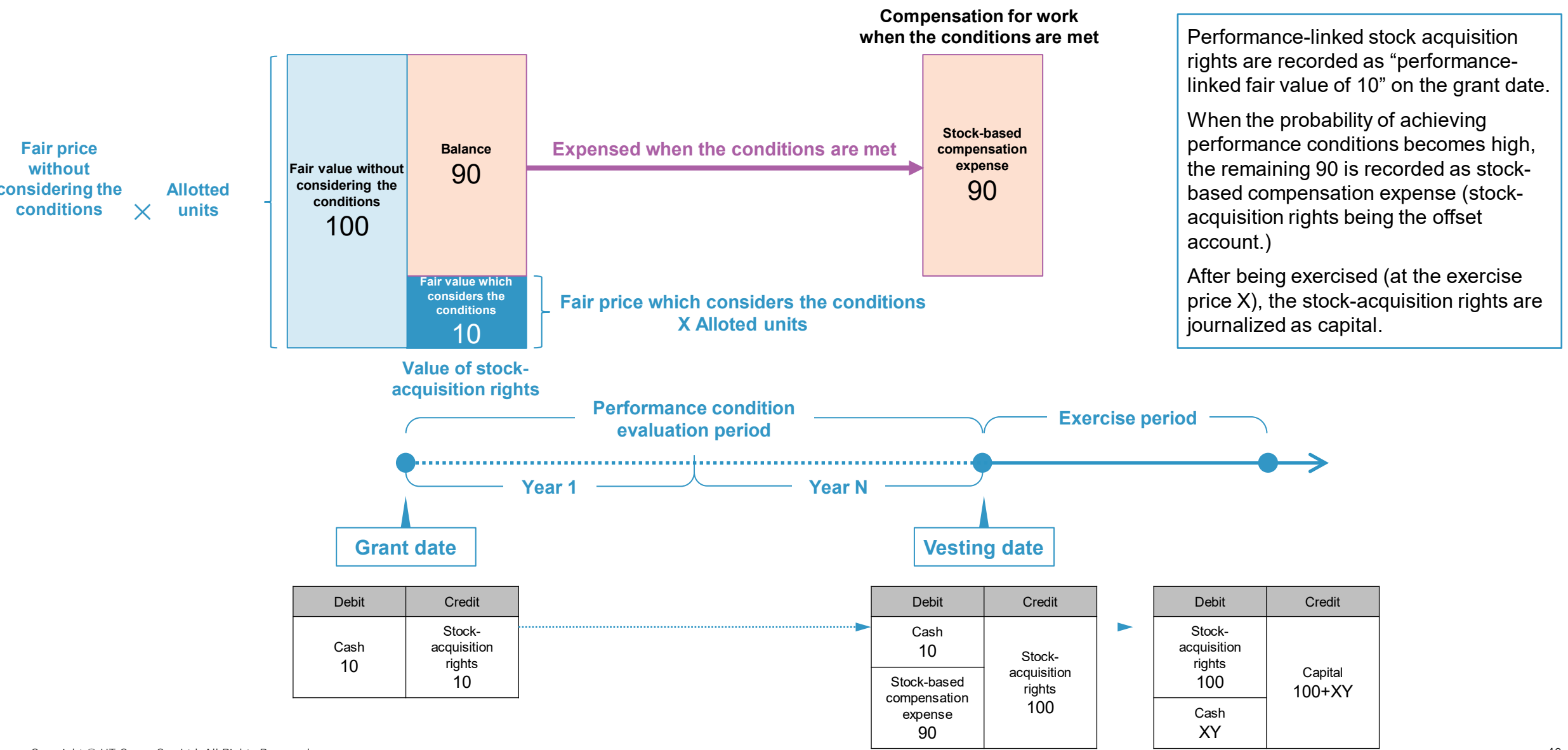
If the exercise conditions are not met, no expenses will be recorded.

※EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

(Ref.) Accounting treatment of stock acquisition rights without contribution with no performance conditions



(Ref.) Accounting treatment of performance-linked stock acquisition rights with contribution

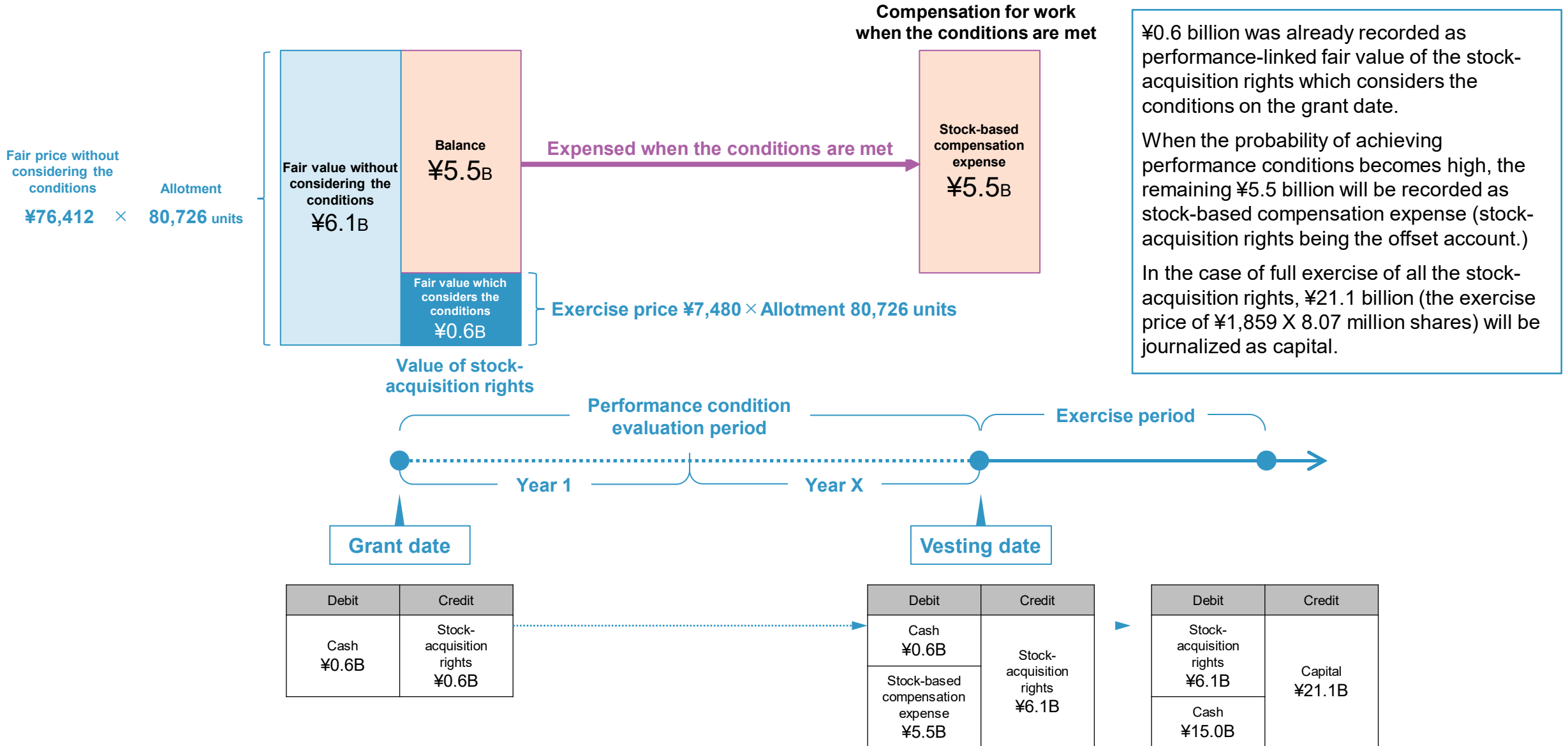


Performance-linked stock acquisition rights are recorded as “performance-linked fair value of 10” on the grant date.

When the probability of achieving performance conditions becomes high, the remaining 90 is recorded as stock-based compensation expense (stock-acquisition rights being the offset account.)

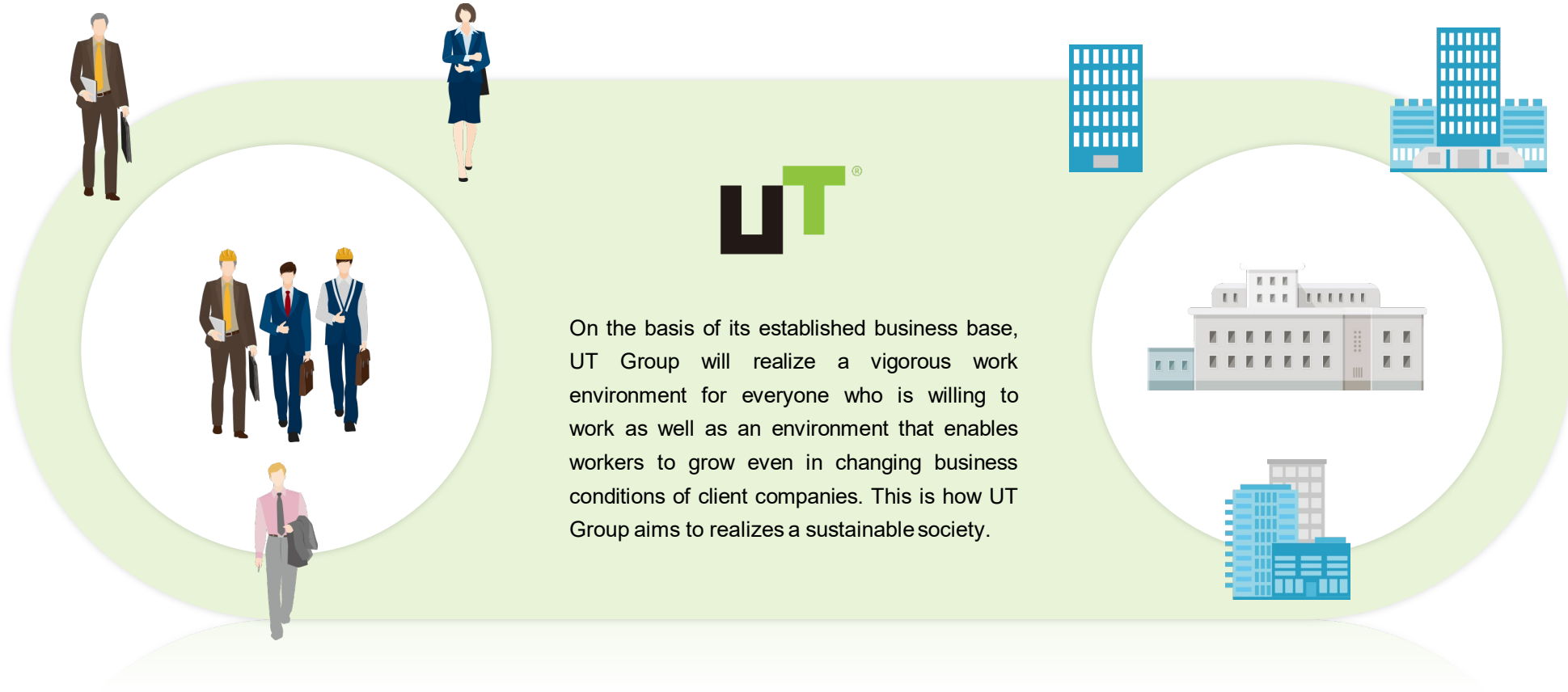
After being exercised (at the exercise price X), the stock-acquisition rights are journalized as capital.

【UT Group】 Accounting treatment of performance-linked stock acquisition rights with contribution

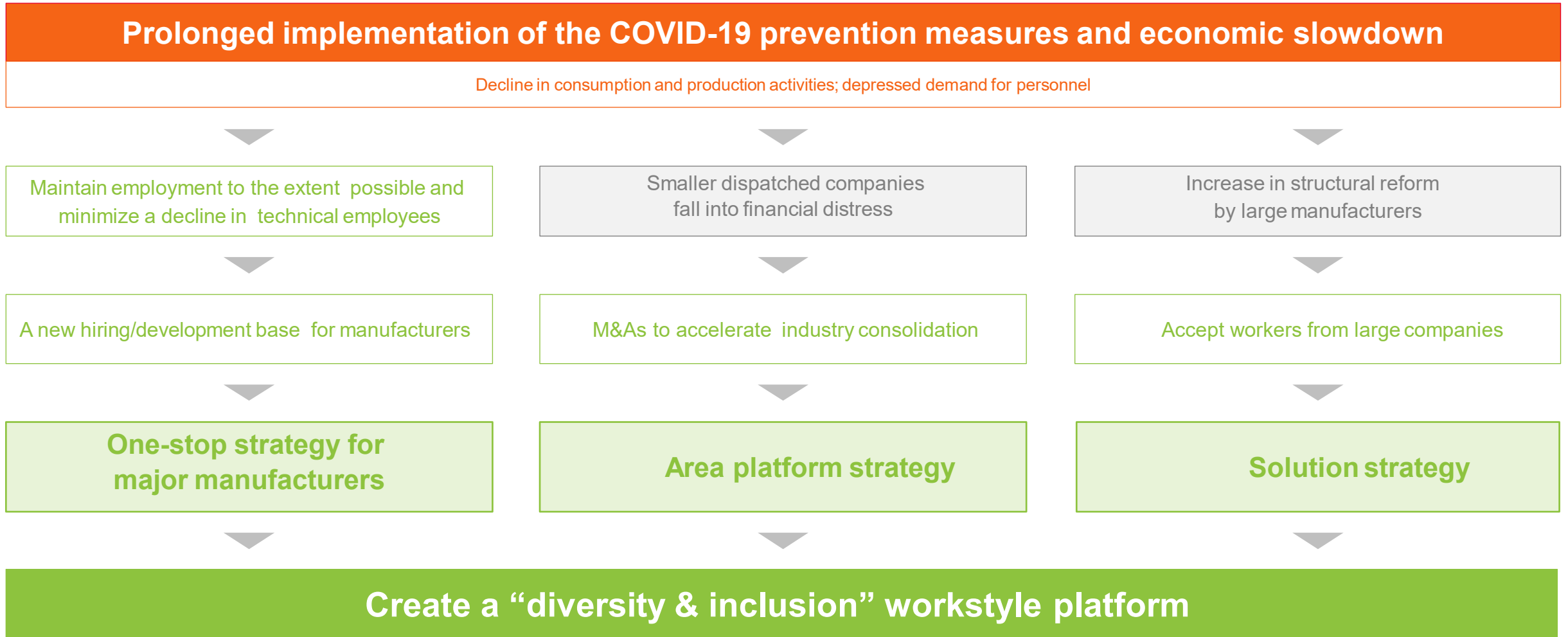


Medium-term business objective

Create a “diversity & inclusion” workstyle platform



Growth strategies



Measures for economic recovery are expected to produce a V-shaped recovery and enable UT Group to achieve its plans

Change in business segments corresponding to growth strategies(Repost)

Segments to promote the growth strategies of the Fourth Medium-term Business Plan

Manufacturing Business

One-stop Strategy to Large Manufacturers

Development of manufacturing workers into effective workforce

Provide personnel services from hiring of personnel needed by large manufacturers to their retention and development into effective workforce. Aim to expand its share in the client workplace by one-stop provision of personnel, from workers in production process to engineers.

Area Business

Area Platform Strategy

Creation of jobs nationwide

Establish an employment base in various areas of Japan to respond to demand for local jobs. Raise workplace satisfaction and market shares in various parts of Japan by promoting alliances with large companies and acquisition of engineer dispatch companies, and integrate the business base to improve profitability.

Solution Business

Solution Strategy

Support to personnel mobilization aimed at enhancing corporate competitiveness

Support personnel mobilization by creating workplaces for excess workers of large corporate groups, which have personnel issues and demand for structural reform.

Segments to establish a business base from a longer-term perspective

Engineering Business

Development of high-skill engineers

Secure workers with hiring and the use of the intra-group transfer system One UT and develop those with no experience in the construction and IT sectors. Aim to enhance functions and establish a business base through alliances with large companies and acquisition of engineer dispatch companies.

Overseas Business

Establishment of the environment for non-Japanese workers to work vigorously

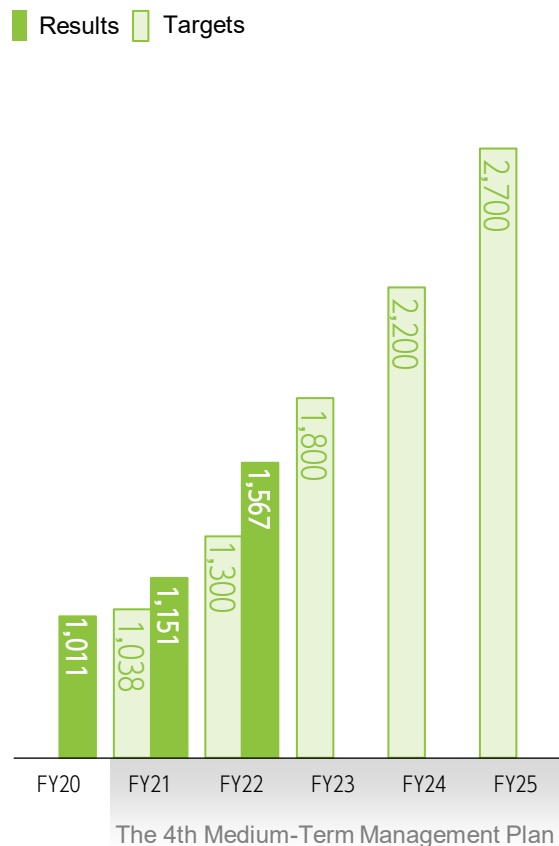
Plan to establish an overseas personnel service business through overseas alliances and acquisition in order to create workplaces where foreign interns in Japan can work empowered back at their home country.

Numeric Targets and Commitments

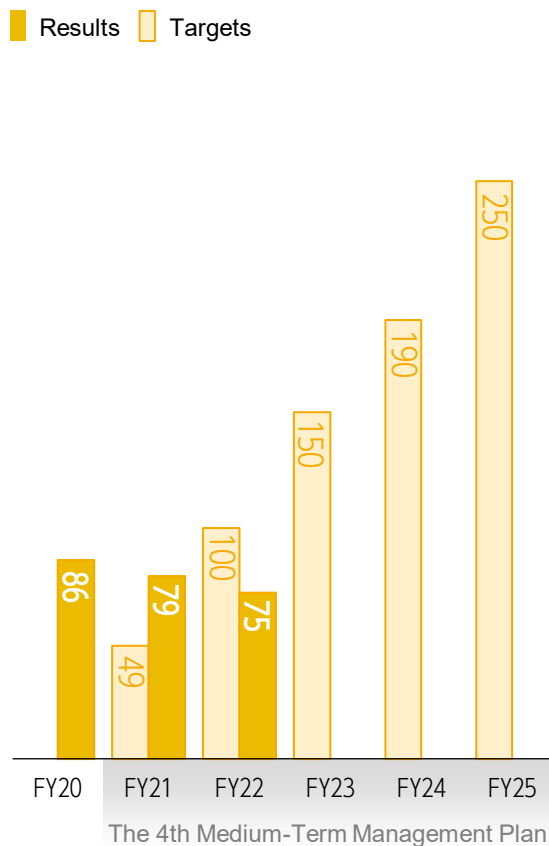
As sales target for FY3/2023 was realized one year ahead of schedule in FY3/2022, we revised earning targets of FY3/2023 - FY3/2025 (announced May 13, 2022).

We are determined to achieve M&A-driven growth and financial stability, and to ensure return to shareholders.

Sales target [100 million yen]



EBITDA[※] target [100 million yen]



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.

※EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

Corporate Outline

Corporate Outline

As of Mar. 31, 2022

Corporate name:	UT Group Co., Ltd.
Founded:	April 2, 2007
Capital:	680 million yen
Listing:	TSE Prime Market (Securities code: 2146)
Representative:	President, Representative Director & CEO Yoichi Wakayama
Location:	1-11-15 Higashi-Gotanda, Shinagawa-ku, Tokyo
Number of issued and outstanding shares :	40,363,067 shares
Number of shareholders:	4,344

Group Companies

As of June. 30, 2022

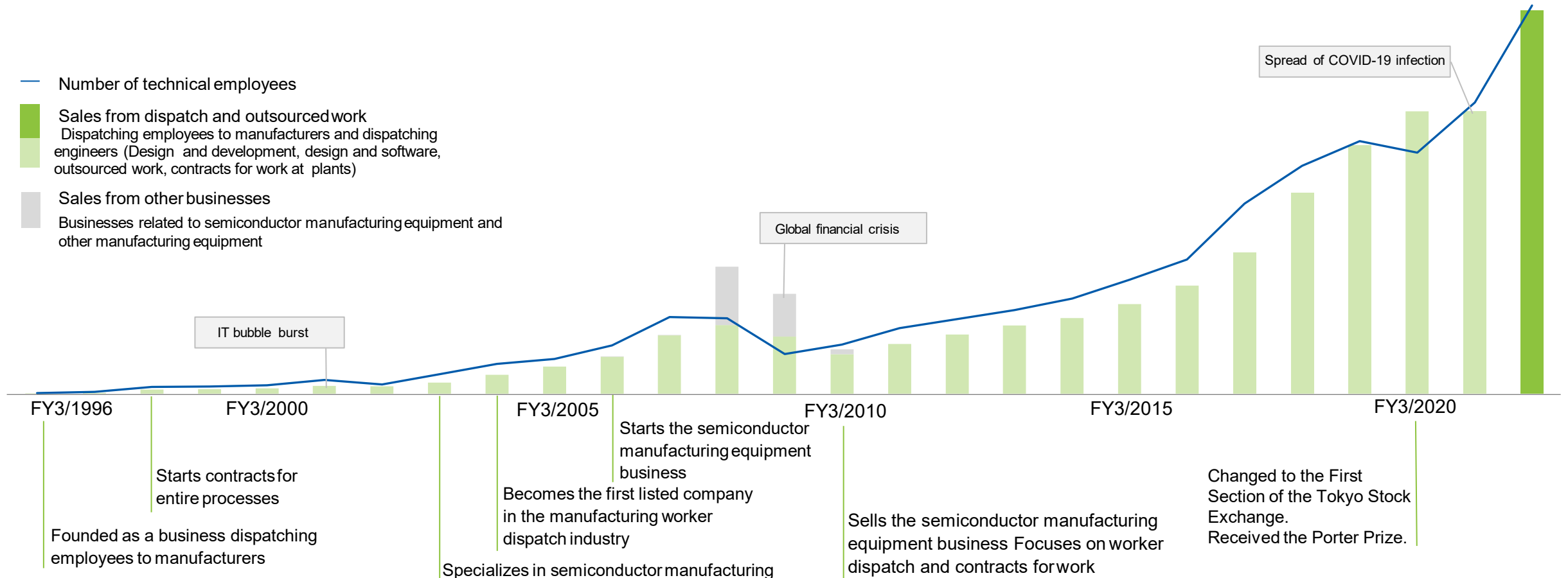
UT Aim Manufacturing personnel services	UT Technology IT engineer outsourcing
UT Community General personnel dispatch and outsourcing	UT Construction Construction engineer outsourcing
UT SURI-EMU General personnel dispatch and outsourcing	Green Speed Joint Stock Company General personnel dispatch and outsourcing in Vietnam
FUJITSU UT General personnel dispatch and outsourcing	UT Life Support Internal benefit program management
UT Toshiba General personnel dispatch and outsourcing	UT Heartful Special subsidiary company
UT FSAS Creative Office work and IT personnel dispatch and outsourcing of operations system management and help desks	
UT MESC Elevator/escalator manufacturing outsourced work and dispatch of design engineers	

The Leading Company in Manufacturing Dispatch Industry

Creating vigorous workplaces empowering workers.

Adopting the twin customer strategy that identifies both workers and companies as clients, UT Group transformed the process of manufacturing worker dispatch into a sustainable business model that facilitates growth by both workers and companies. Create a “diversity & inclusion” workstyle platform.

FY3/2022
 Domestic Technical employees
31,636
 Consolidated sales
¥156.7bn



UT Group's Mission and Vision

Mission

Create vigorous workplaces empowering workers.

UT Group gives opportunities to its entire workforce to take on challenges.

We believe that bravely taking on a challenge to achieve a high goal helps a person grow and brings joy to that person.

We further believe that such a vigorous work attitude results in a better response to client expectations and in contributing to a better future for Japan.

Strategy to make workers vigorous and empowered

Job security and stability

- Regular employment (open-ended employment)
- Company housing all over the country
- Fulfilling welfare benefits



Team dispatch and support for career development

- Start-to-finish outsourced production service
- Cultivation of inexperienced employees by teams
- Career consulting



Developing motivation

- Entry system for positions
- Job change within the group (One UT)
- Engineer development program
- Management training

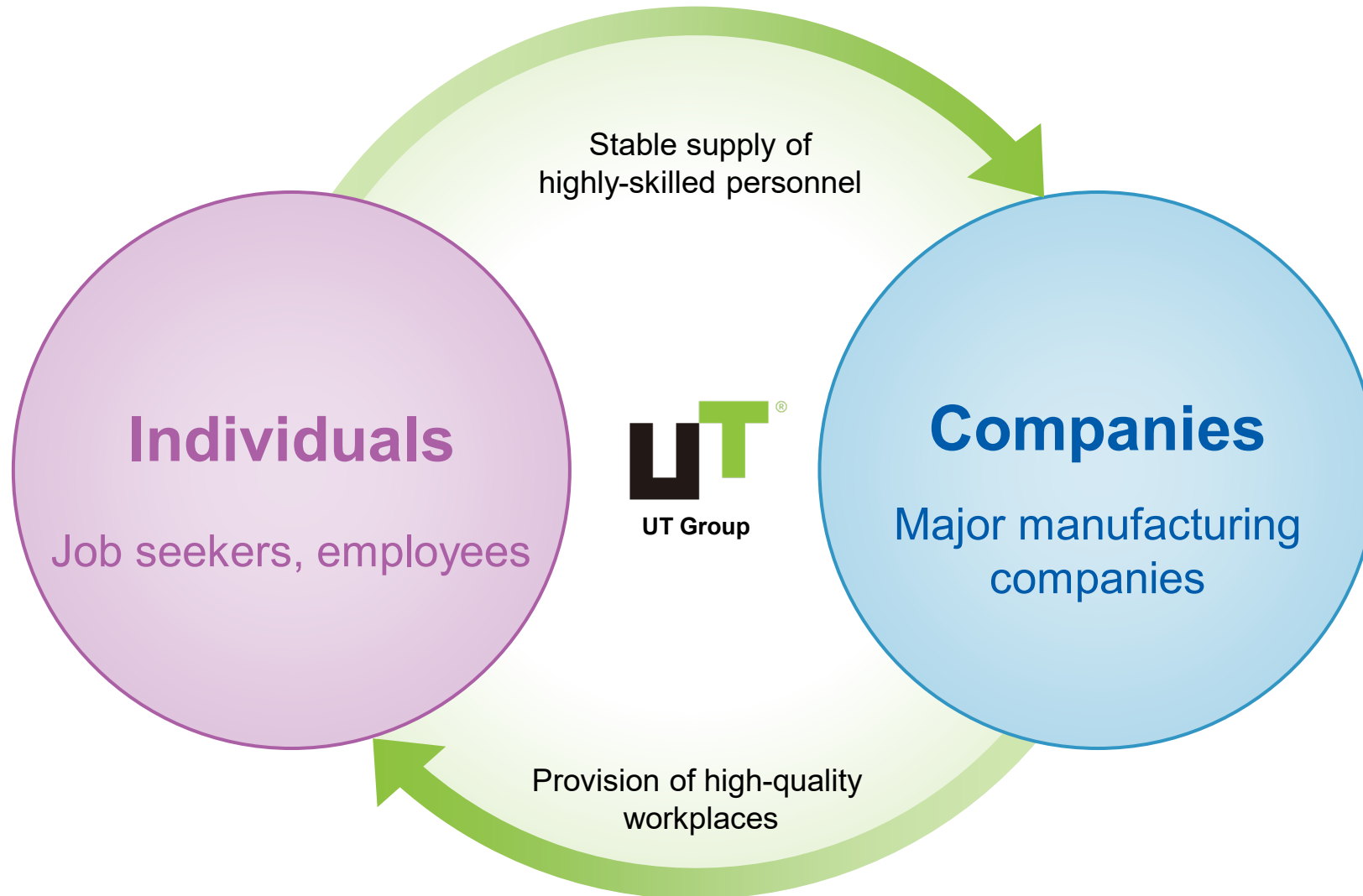


Share profit from enhanced corporate value with employees

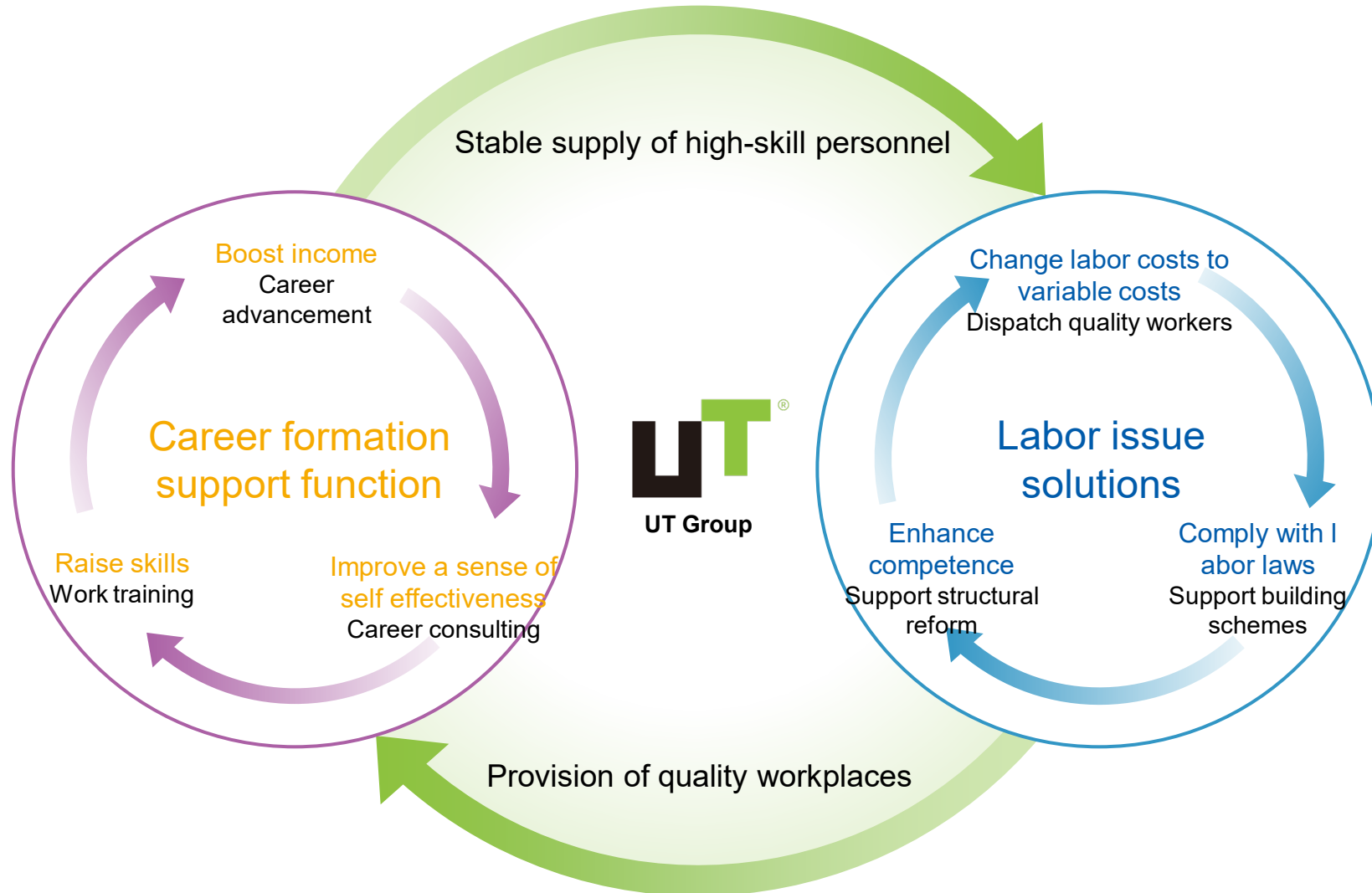
- Measures to encourage employees to become shareholders



Twin-Customer Strategy and Career Platform



Twin-Customer Strategy and Career Platform



Enhancement of the systems that enable technical employees to advance their careers

- Good Job

A system that allows manufacturing operators and engineers to freely choose a workplace

(Own workplaces can be selected)
- One UT STEP UT

A system that supports career changes from manufacturing operators to engineering jobs at Group companies. Provides opportunities to build various careers within the Group.

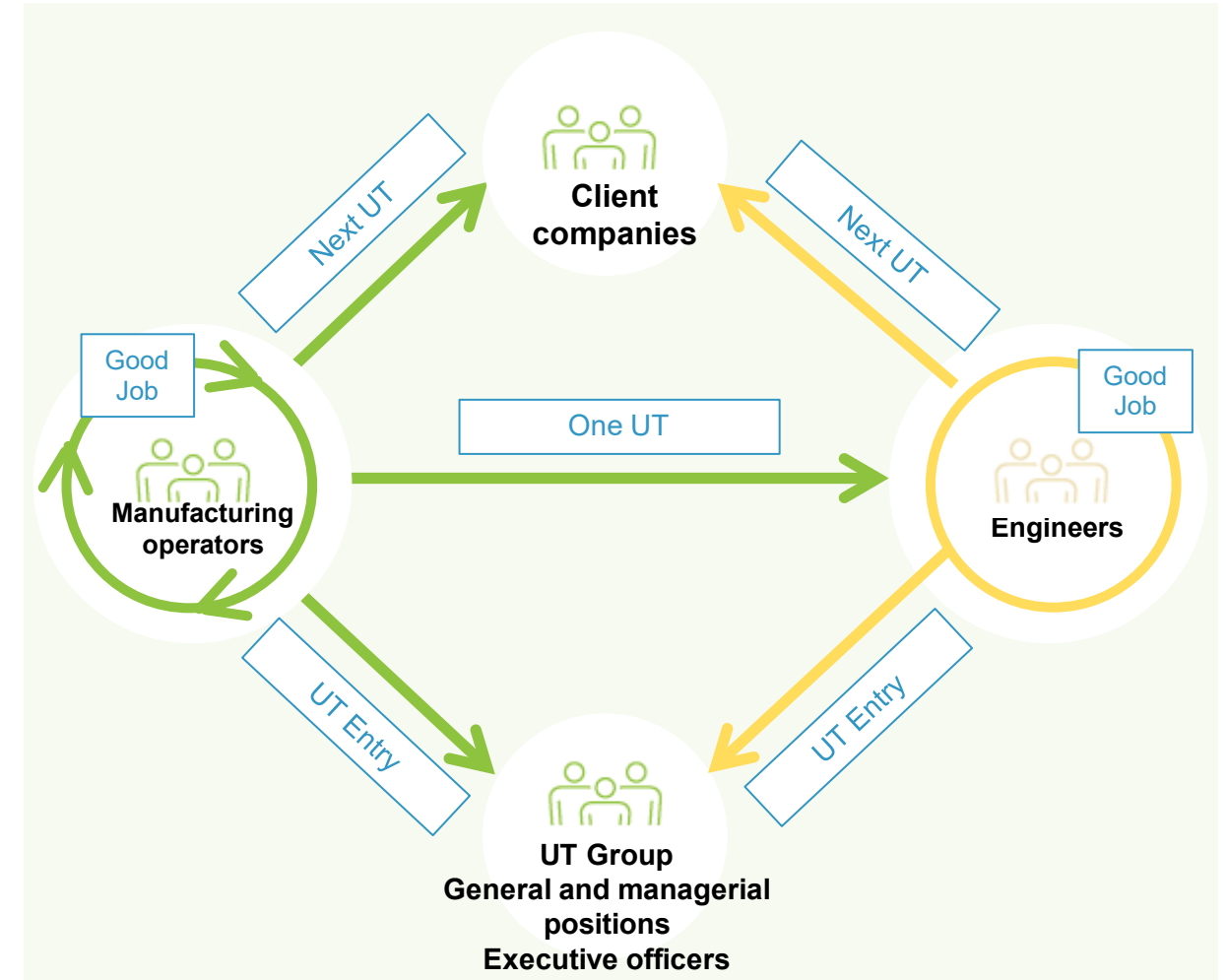
(Intra-group transfers)
- Next UT

A system that supports the transfer to a client company (mainly major manufacturers). Expand career path options to motivate employees.

(Transfer from UT's dispatched worker status to being a client company's full-time employee)
- UT Entry

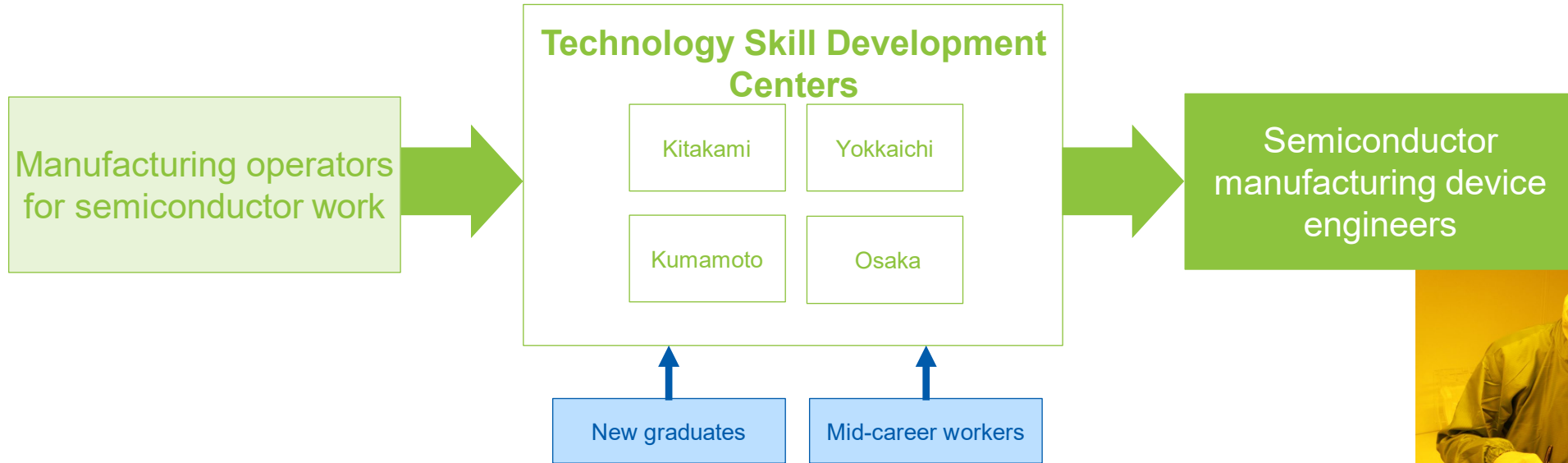
A voluntary nomination system to a manager or an executive. The industry's first system that provides all employees with a fair career opportunity regardless of their years of service, experience, or age.

(Voluntary nomination to the position of a manager or an executive)



Strongly promote SME engineer development

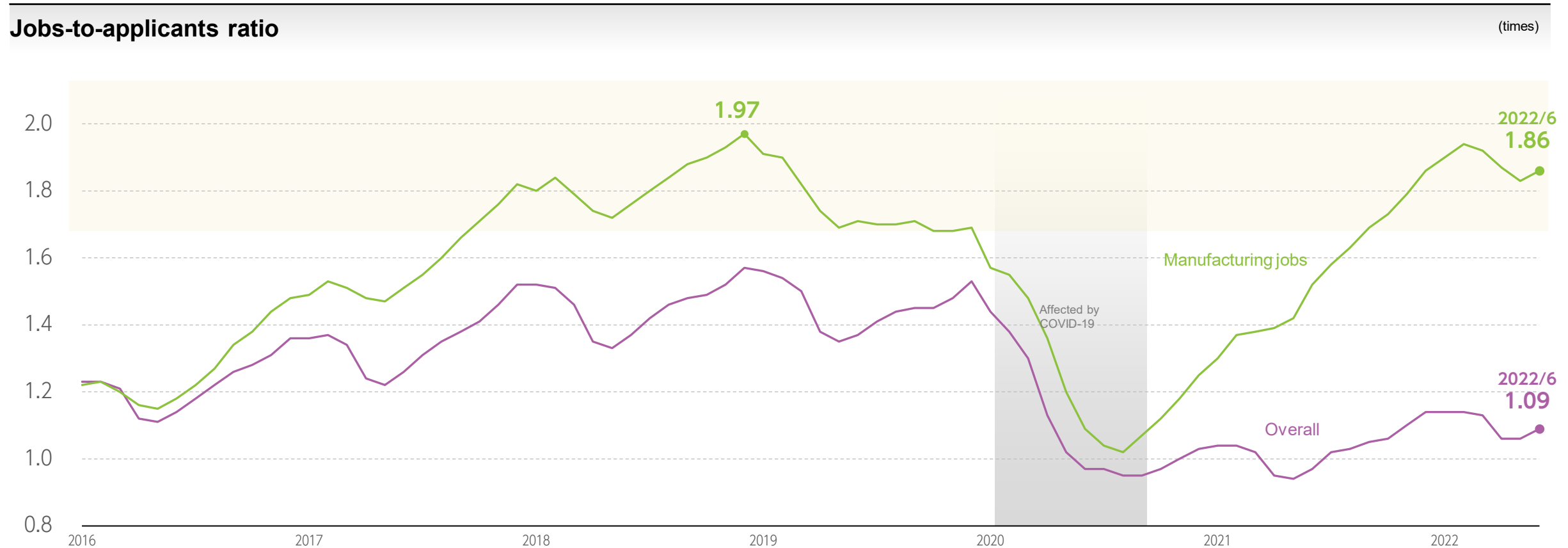
- Established four technology skill development centers for manufacturing engineers in the semiconductor field (Dec. 2020: Kitagami City in Iwate; March 2021: Yokkaichi City in Mie and Kumamoto City in Kumamoto; May 2021 Osaka City in Osaka)
- Targeting to produce 5,000 engineers in FY3/2022 – FY3/2025.



Practical training in a clean room

Tight supply and demand situation in the manufacturing industry due to the labor shortage

- The jobs-to-applicants ratio for manufacturing jobs surged to the level in 2018 and the supply/demand balance in personnel continues to be tight in manufacturing.



Source: Ministry of Health, Labour and Welfare, The status of general job placements (seasonally adjusted)

UT Group's market share growth potential in the worker dispatch market

Japan's Labor Force Distribution "Regional Classification" (10k person)

2021	Employees/workers (excl. executives of companies)				
	Regular employees	Non-regular workers	Dispatched workers	Contract workers	
Domestic	5,629	3,565	2,064	140	275
Hokkaido	218	133	85	4	13
Tohoku region	368	242	126	7	20
South Kanto region	1,759	1,124	635	51	94
North Kanto and Koshin regions	419	263	156	11	18
Hokuriku region	230	155	75	4	10
Tokai region	690	434	255	20	27
Kinki region	891	543	348	23	42
Chugoku region	314	204	110	6	12
Shikoku region	148	96	51	2	7
Kyushu region	532	333	199	10	26
Okinawa	61	37	23	1	5

Japan's Labor Force Distribution "Occupational Classification" (10k person)

Average for FY 2021	Employees/workers (excl. executives of companies)				
	Regular employees	Non-regular workers	Dispatched workers	Contract workers	
Overall	5,671	3,594	2,077	142	280
Professional and engineering workers	1,094	854	240	13	44
Clerical workers	1,310	899	411	50	79
Sales workers	727	432	295	5	23
Service workers	685	258	427	8	29
Security workers	128	96	32	-	10
Agriculture, forestry and fishery workers	54	27	28	1	2
Manufacturing process workers	766	523	243	37	38
Transport and machine operation workers	202	154	48	3	14
Construction and mining workers	181	159	23	0	7
carrying, cleaning, packaging, and related workers	443	143	300	21	31
Other	56	26	30	4	3

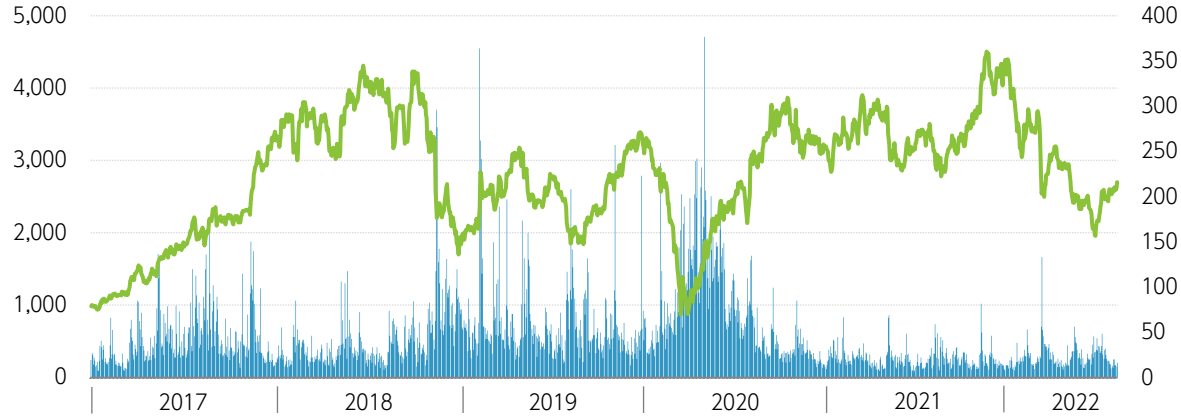
Source: Basic Data of Labor Force Survey, Ministry of Internal Affairs and Communications (2021)

Based on its infrastructure for manufacturing dispatch, UT Group has sufficient room for expansion of its area bases and non-manufacturing occupations by replacing contract workers with dispatch workers.

Trends of Stock Price

Stock price (LH) and trading volume (RH)

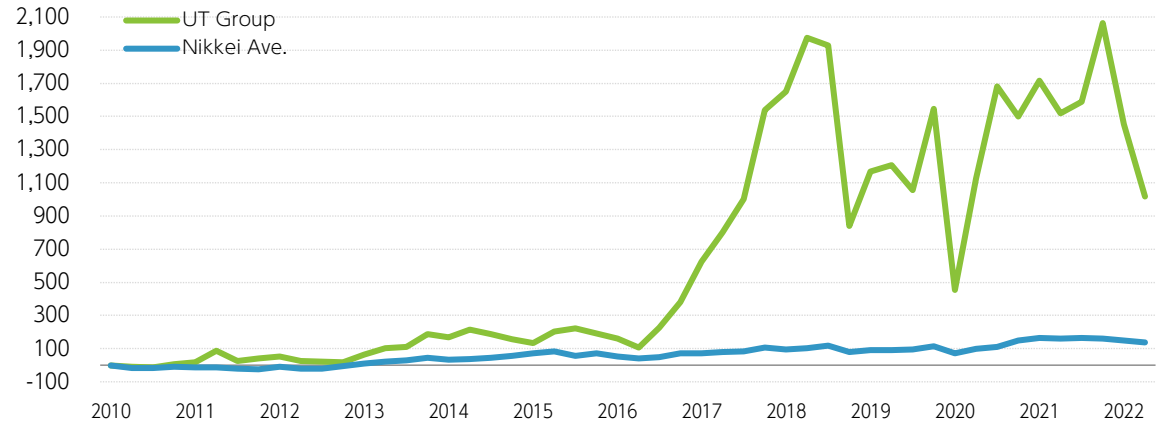
(Yen / 10,000 shares)



Changes in stock price

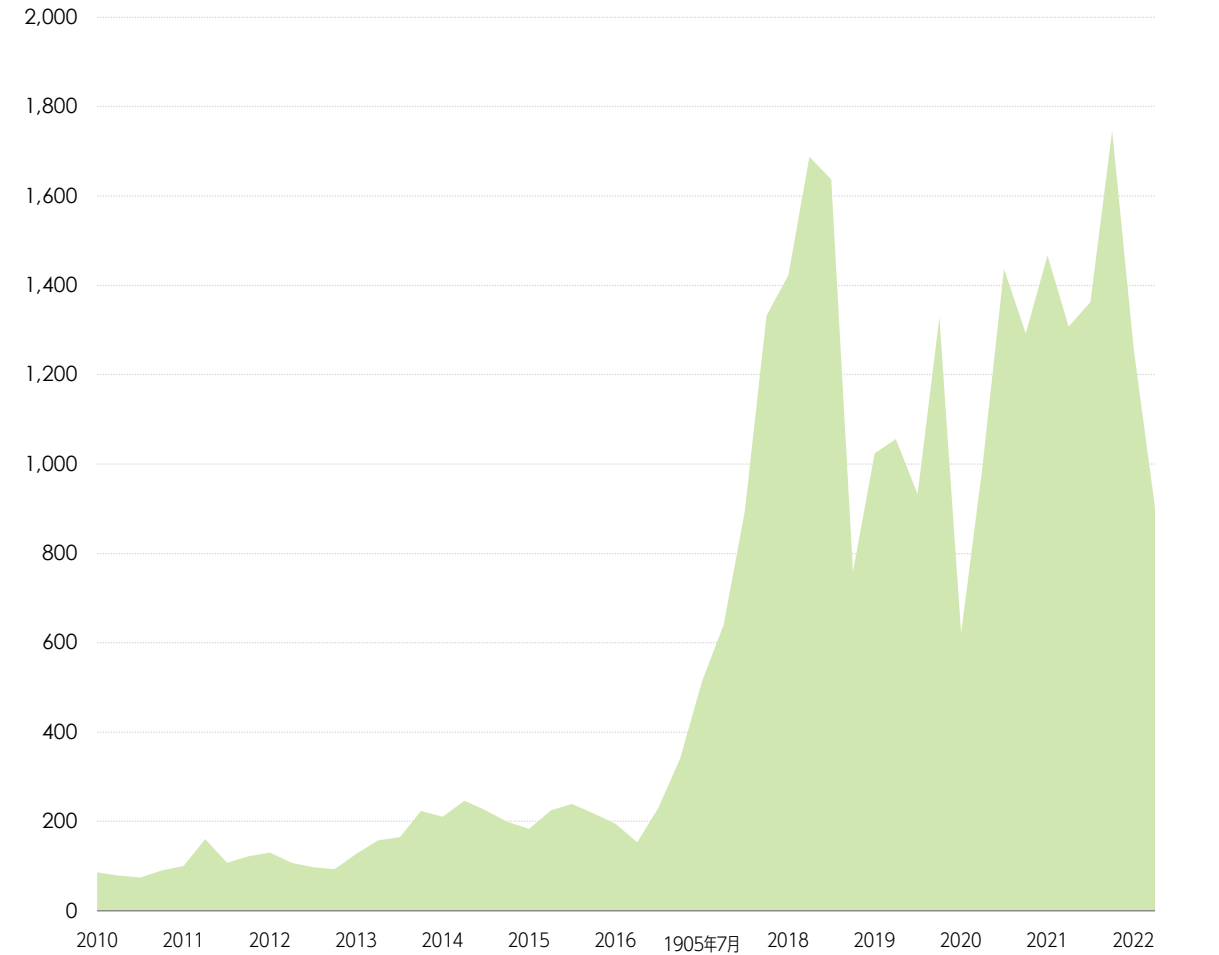
(compared with the level on March 31, 2010)

(%)

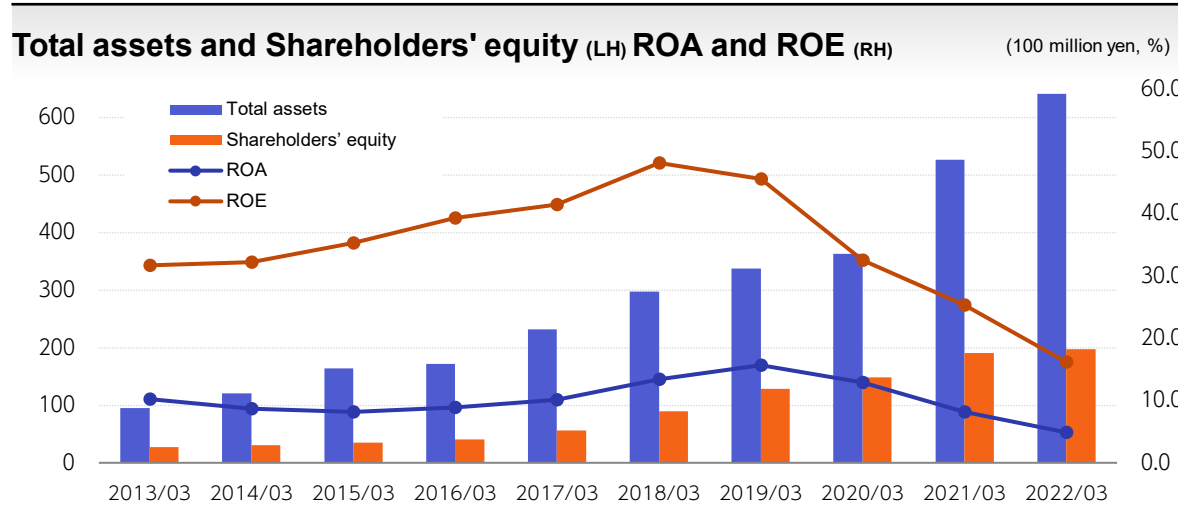
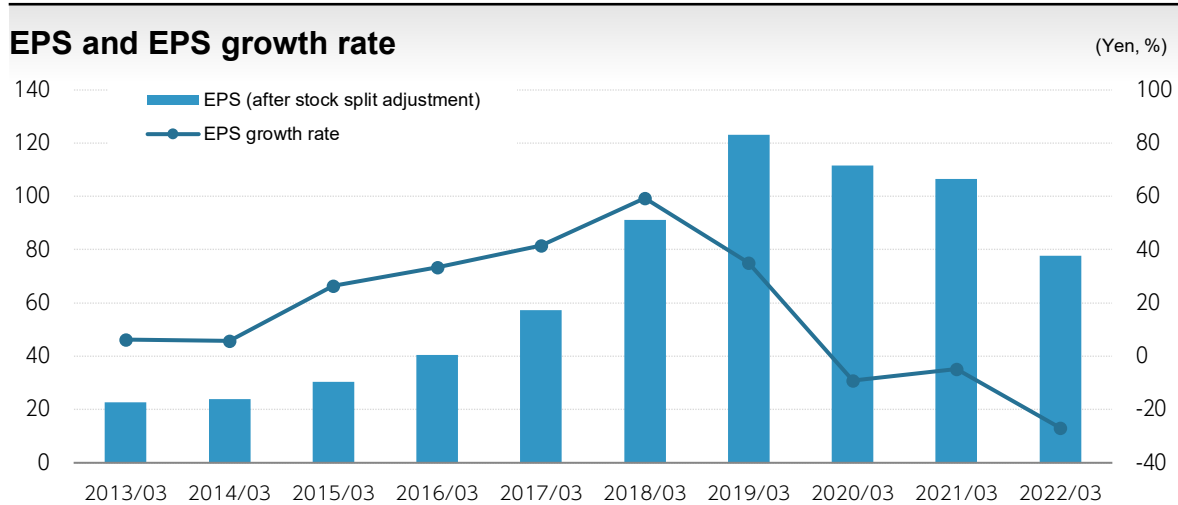
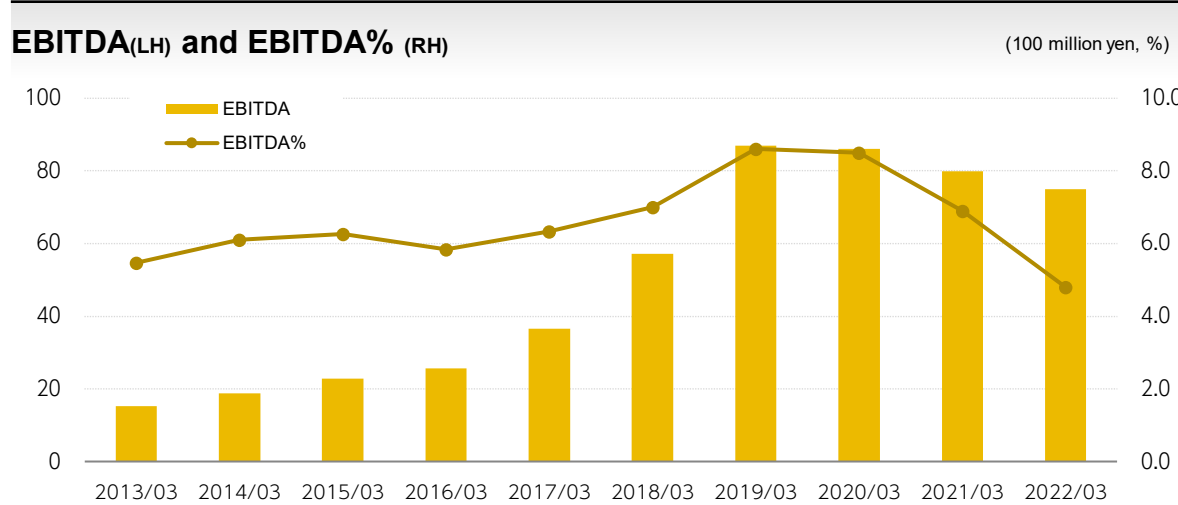
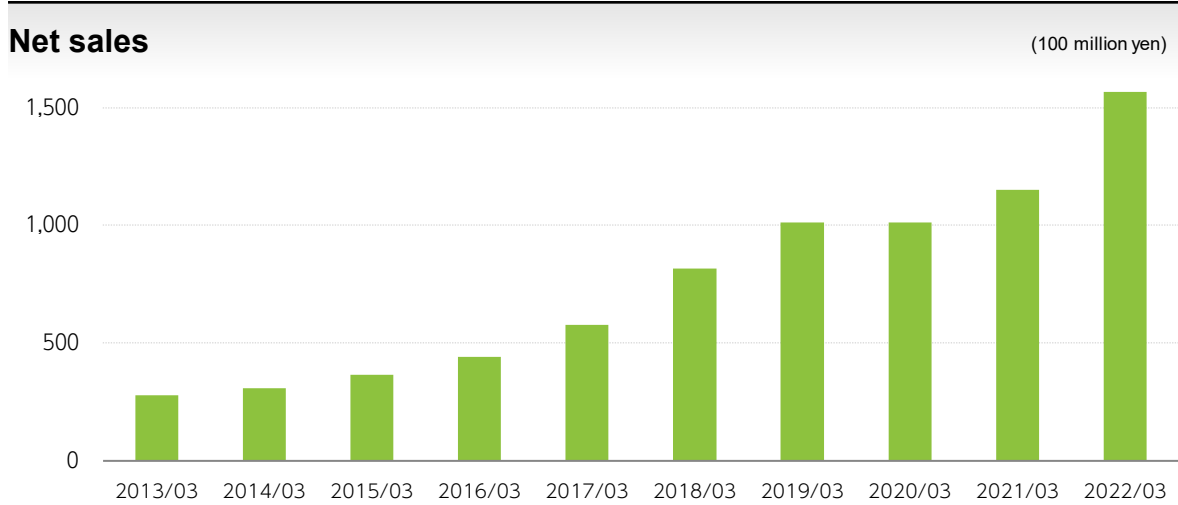


Market capitalization

(100 million yen)



Trends of Business Results



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

Basic Policy on Shareholders' Return

Basic policy on shareholders' return

UT Group's management aims at establishing a stable financial position and promoting aggressive business development to achieve high growth and ultimately raise sustainable corporate value. UT Group regards returning profits to shareholders as an important management issue and intends to make an appropriate return to shareholders based on a total return ratio of 30% or more by dividends and share buyback, which helps improve capital efficiency, and in consideration of stock price level, business environment, and other factors

UT Group forwent return to shareholders in FY3/2020, given consideration to the impact of the COVID-19 pandemic.

Total return ratio

$(\text{Dividends share buyback})/\text{Net profit} \geq 30\%$

Total return ratio

(Thousand yen)

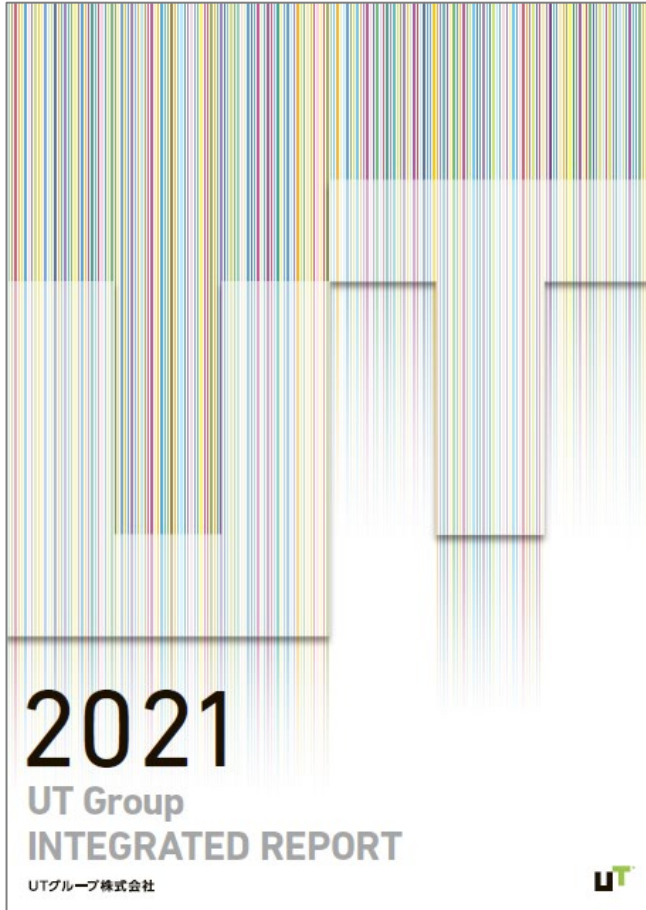
	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Net profit	3,534,596	4,968,446	4,562,294	4,299,825	3,140,593
Dividends paid	-	2,499,281	-	2,663,952	968,709
Amount of share buyback	1,060,818	-	-	-	-
Total return ratio	30.0%	50.3%	0.0%	62.0%	30.8%

*In light of changes in the business environment and other factors, shareholder return in FY3/2019 is all in the form of dividend payment, including special dividend.

* Shareholder return for March 2020 has been postponed in consideration of the impact of the spread of the new coronavirus.

*In FY3/2021, returns to shareholders were entirely in cash dividends. In addition to the ordinary dividend of 30% of net income, a special dividend (equivalent to 30% of net income for FY3/2020, payment of which had been forgone) was paid.

INTEGRATED REPORT 2021 was released



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.

Please download the Integrated Report from here:

https://ssl4.eir-parts.net/doc/2146/ir_material14/173646/00.pdf

Create vigorous workplaces empowering workers.



Upward Together

UT Group Co., Ltd.

Disclaimer

This document has been prepared solely for the purpose of providing information regarding the Company's business forecasts. The forward-looking comments and forecasts expressed in this document are the plans based on the Company's judgment based on information available at the time of its preparation and are subject to change without notice. Actual results may differ from the above forecasts, due to various factors.

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