



3Q of Fiscal Year Ending March 31, 2023

Financial Results

February 6, 2023

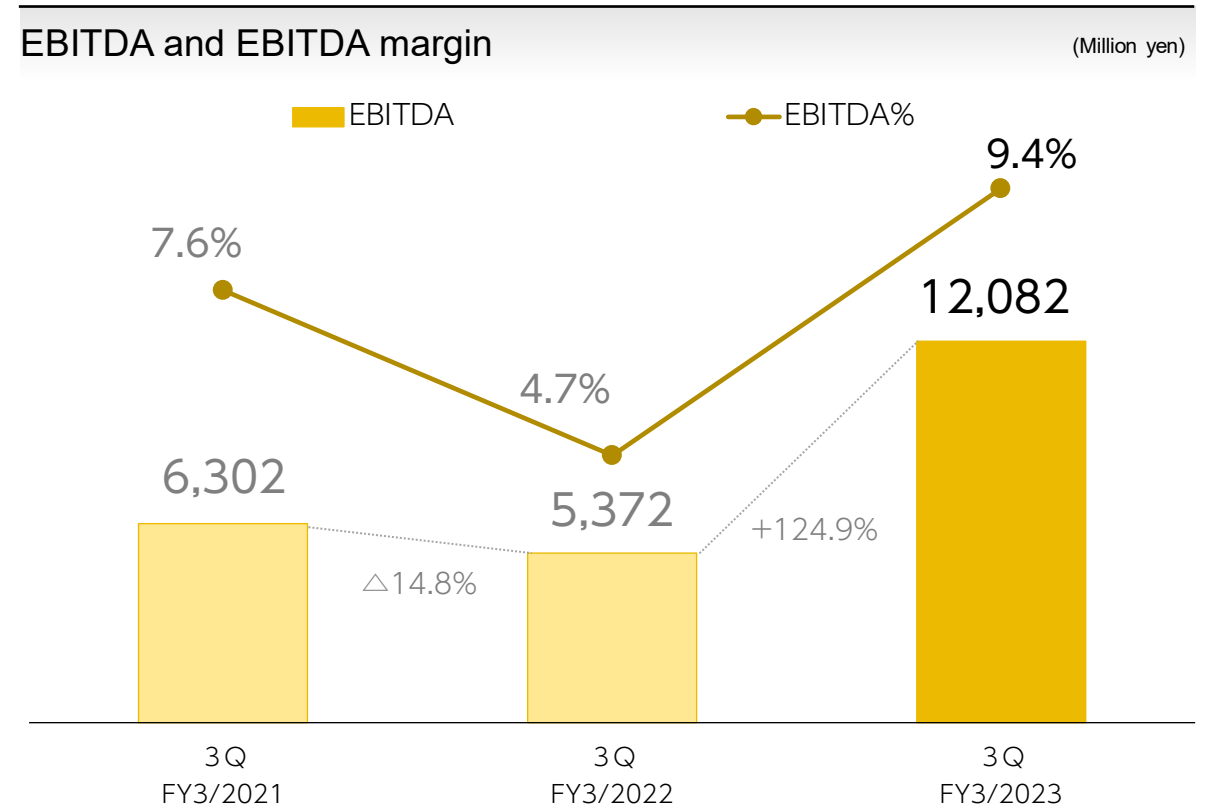
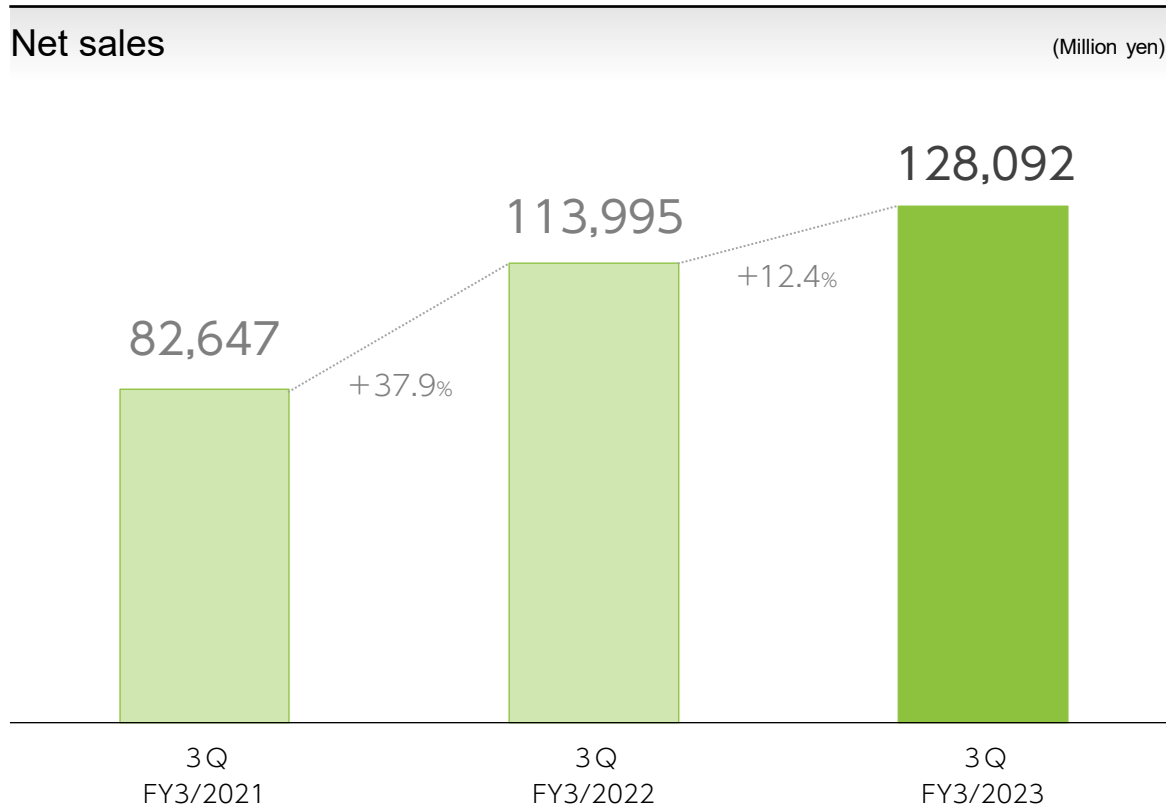
UT Group Co., Ltd.

Securities Code: 2146 (TSE Prime Market)

FY3/2023 3Q Financial Results

Highlights

Achieved a record high in quarterly EBITDA while establishing a business base for sustainable growth



Close scrutiny of demand trend to flexibly respond to changes at clients

Concerns over economic slowdown, driven by raw materials/energy price surges, increase in prices in general, depreciation of the yen, and supply constraint caused by global supply chain disruptions

Decline in consumption and production activities, and stagnant demand for additional workers

Manufacturing Business: Demand trend

Industrial and Commercial Machinery Sector
Electronics Sector

Expect an increase in mid-term demand due to increased production capacity. However, some clients suspended or postponed demand for additional workers

Transportation Equipment Sector

The impact of clients' production adjustments, caused by shortage of parts, had little impacts but did not result in strong demand for additional workers

Continued to strengthen hiring and allocation to clients with stronger demand for workers in 3Q, as in 2Q

Area Business: Demand trend

Worker demand in each area

The jobs-to-applicants ratio in each area is on an upward trend; UT's share of the areas is low, and there is ample room for growth

Strengthen marketing sales to expand area shares

Made close scrutiny of demand trend by clients and flexibly allocated resources to achieve sustainable growth

Summary of Statement of Income

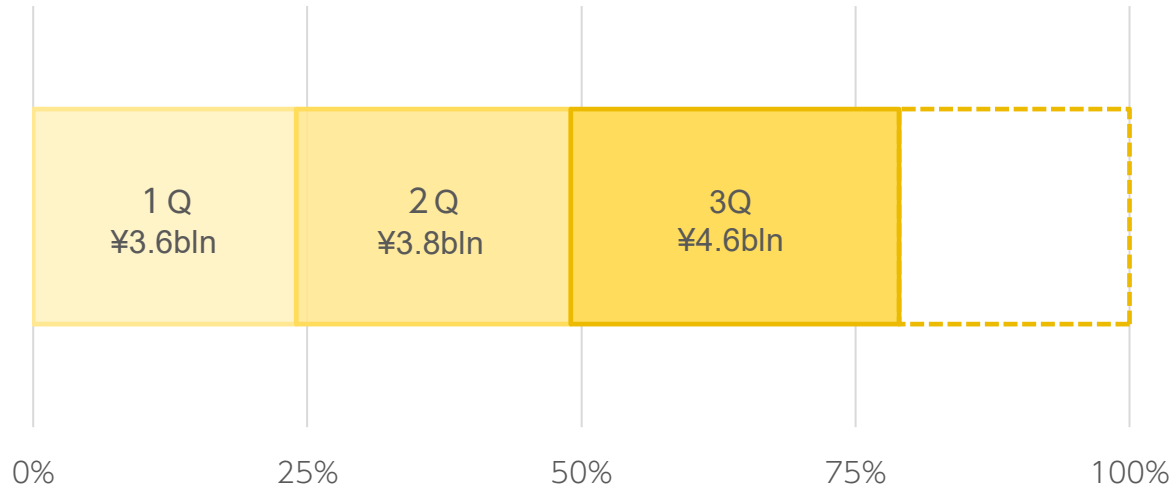
[million yen]

	3Q of FY3/2022		3Q of FY3/2023		Y-o-Y change		Ref.) 3Q of FY3/2023 excl. stock-based compensation expenses	
	Results	% to net sales	Results	% to net sales	Amount	%	Results	% to net sales
Net sales	113,995	100.0%	128,092	100.0%	+14,097	+12.4%	128,092	100.0%
Gross profit	20,253	17.8%	25,147	19.6%	+4,893	+24.2%	25,147	19.6%
SG&A expenses	15,810	13.9%	19,540	15.3%	+3,729	+23.6%	13,971	10.9%
EBITDA	5,372	4.7%	12,082	9.4%	+6,709	+124.9%	12,082	9.4%
Operating profit	4,443	3.9%	5,606	4.4%	+1,163	+26.2%	11,175	8.7%
Ordinary profit	4,424	3.9%	5,526	4.3%	+1,102	+24.9%	11,095	8.7%
Net profit attributable to UT Group	1,846	1.6%	1,758	1.4%	△87	△4.8%	7,327	5.7%
EPS (yen)	45.75	—	43.58	—	△2.17	△4.7%	181.55	—
No. of Tech employees (Domestic)	30,516	—	32,341	—	+1,825	+6.0%	32,341	—
No. of Tech employees (Overseas)	9,562	—	14,208	—	+4,646	+48.6%	14,208	—

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

Recorded stock-based compensation expenses in 3Q, given the increased probability of achieving the performance conditions for the exercise

Progress in estimated EBITDA for FY3/2023*



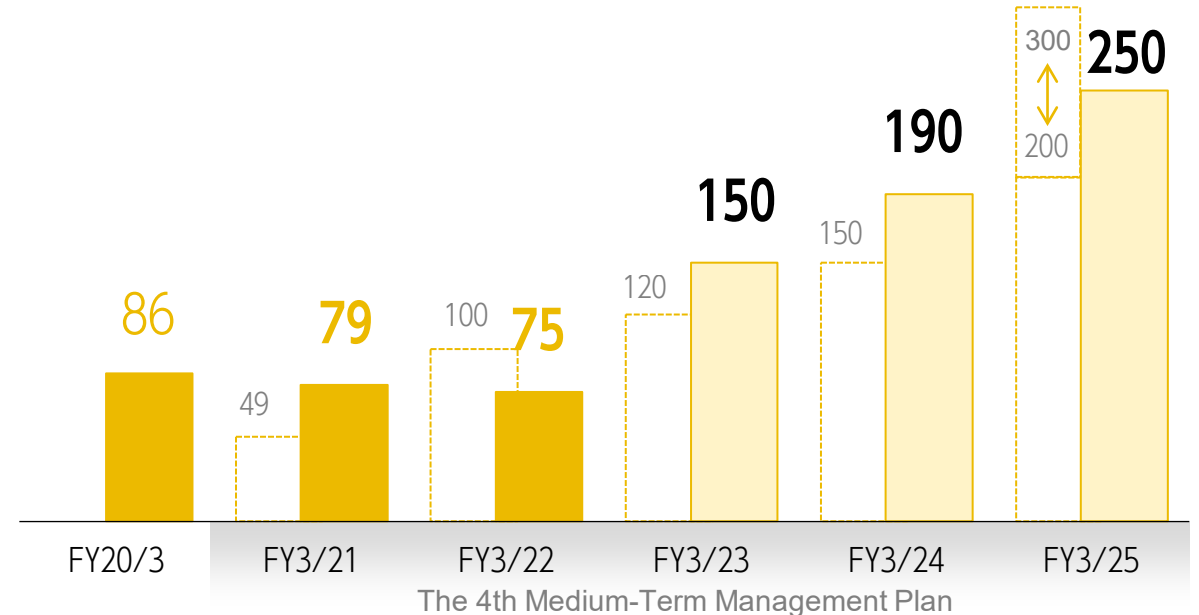
Recorded stock-based compensation expenses of ¥5.5bln, which was recognized as expense for accounting purposes but didn't involve cash-out

- EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses
- Please see page 51 for details on the stock-based compensation expenses.

EBTIDA Targets for the Fourth Medium-Term Management Plan

■ Result □ Initial Target ■ Revised Target [100 million yen]

Achieving ¥15bn EBITDA in FY3/2023, one year ahead of the initial plan



Consolidated Balance Sheets

[million yen]

	March 31, 2022		December 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%	55,060	78.1%	+5,312	+10.7%
Cash and deposits	25,827	40.3%	31,454	44.6%	+5,627	+21.8%
Notes and accounts receivable – trade	21,445	33.5%	21,651	30.7%	+206	+1.0%
Non-current assets	14,359	22.4%	15,446	21.9%	+1,087	+7.6%
Property, plant and equipment	1,411	2.2%	1,332	1.9%	△79	△5.6%
Intangible assets	9,509	14.8%	10,639	15.1%	+1,129	+11.9%
Goodwill	5,731	8.9%	5,597	7.9%	△134	△2.3%
Investments and other assets	3,438	5.4%	3,475	4.9%	+37	+1.1%
Total assets	64,107	100.0%	70,507	100.0%	+6,399	+10.0%
Current liabilities	25,467	39.7%	27,840	39.5%	+2,373	+9.3%
Short-term borrowings and Current portion of long-term borrowings	3,884	6.1%	3,951	5.6%	+67	+1.7%
Non-current liabilities	17,408	27.2%	14,673	20.8%	△2,734	△15.7%
Long-term borrowings	15,990	24.9%	13,278	18.8%	△2,711	△17.0%
Net assets	21,232	33.1%	27,992	39.7%	+6,760	+31.8%
Shareholders' equity	19,592	30.6%	20,382	28.9%	+789	+4.0%
Share acquisition rights	600	0.9%	6,169	8.8%	+5,568	927.2%
Total liabilities and net assets	64,107	100.0%	70,507	100.0%	+6,399	+10.0%
Gross debt/equity ratio	1.0	—	0.8	—	—	—

Current assets

- Increase in cash and deposits

Non-current assets

- Increase in software along with the progress of an investment to system construction

Current liabilities

- Increase in income taxes payable

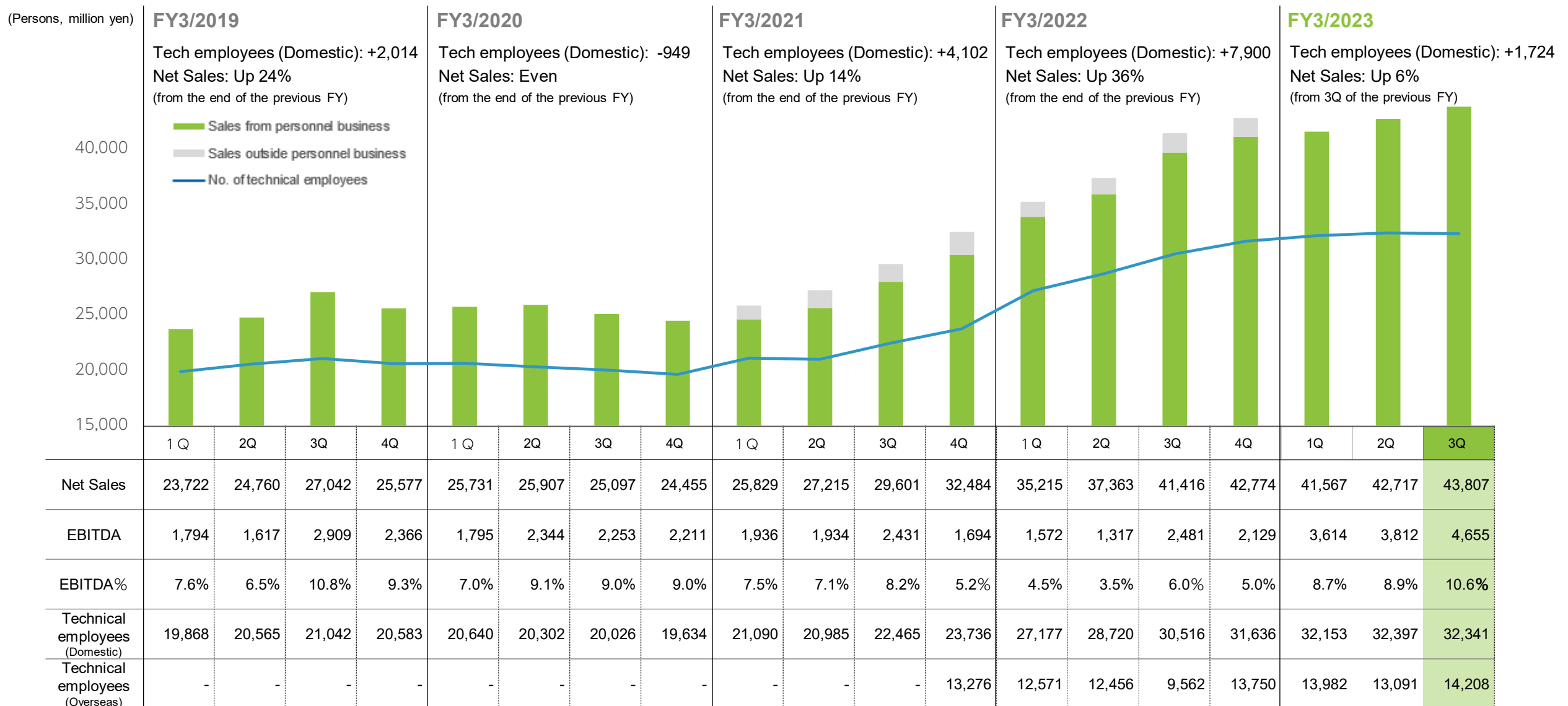
Non-current liabilities

- Decrease in long-term borrowings

Net assets

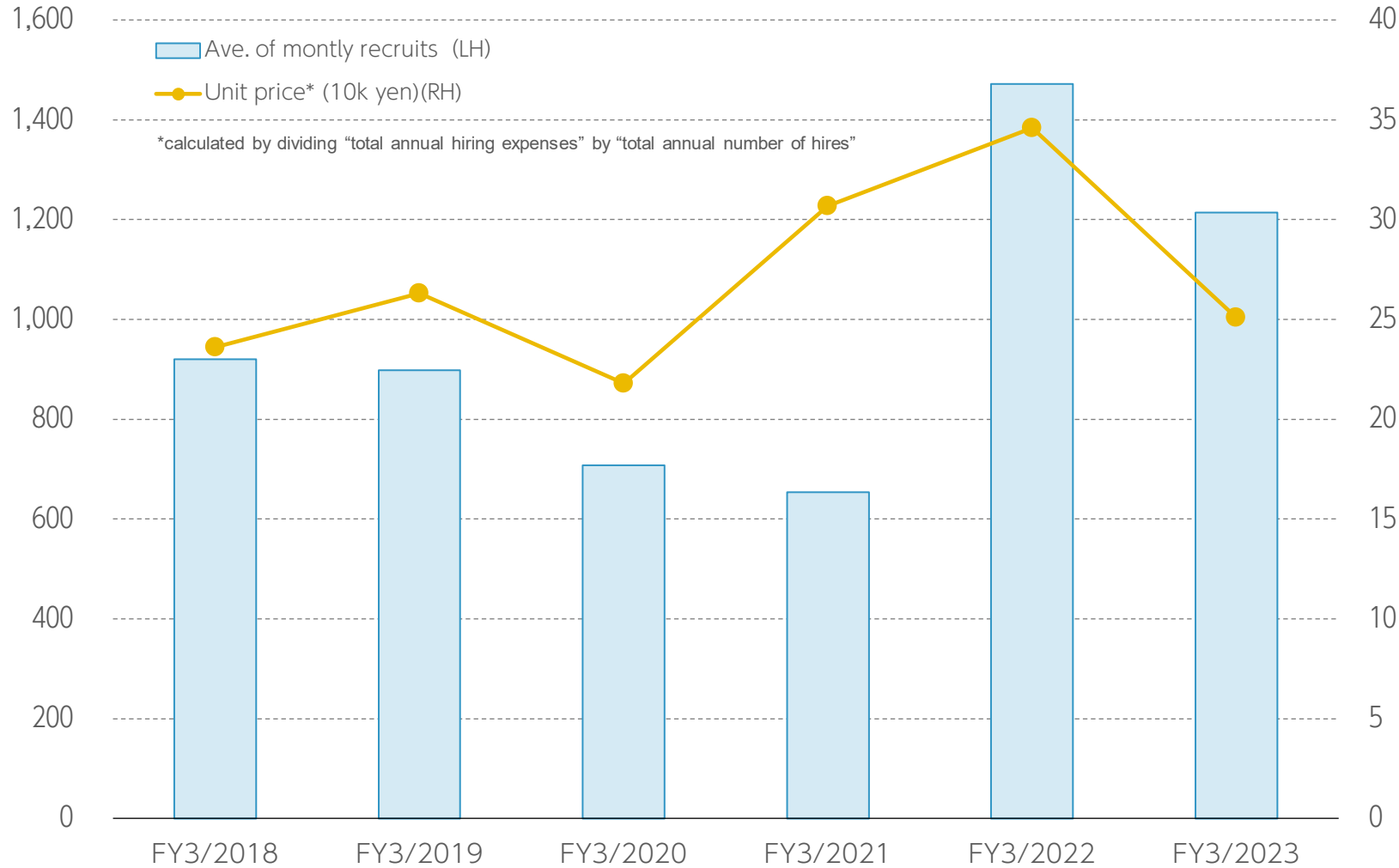
- Recording of net profit attributable to owners of the parent
- Increase in share acquisition rights (+5,568M)
- Decrease in retained earnings due to dividend payment
- Equity ratio 29.5% (30.8% as of March 31, 2022)

Quarterly Changes in Sales and Number of Technical Employees



Efficiently secure the number of hires

Average number of monthly recruits and unit price for hires



**Keeping unit price
under 300k yen**

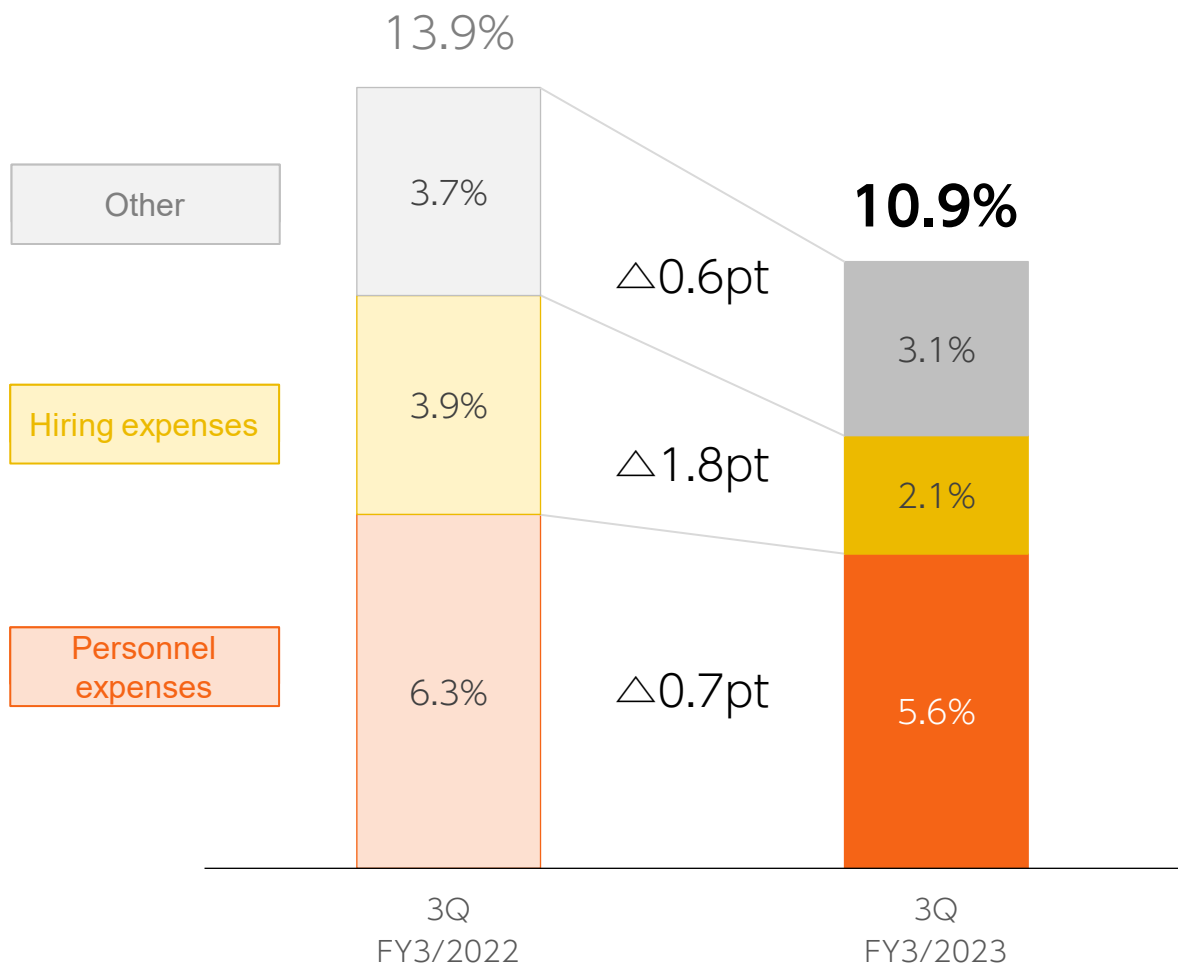
+

**Monthly target
1,200~1,300 hires**

※Ave. of 9 months period

Raising the efficiency of SG&A expenses

Analysis of SG&A expenses ratio to sales
(excluding stock-based compensation expenses recognized in this 3Q)



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

13.9% → 10.9%

Personnel expenses -0.7pt

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

Hiring expenses -1.8 pt

- Consolidating the Group's database of job opportunities (Apr. 2022)
- Promoting optimal hiring operations
- Made close scrutiny of demand trend by clients and took a cautious stance in spending hiring expenses.

Other expenses -0.6pt

- Decreases of commission expenses and amortization of goodwill

Results by segment

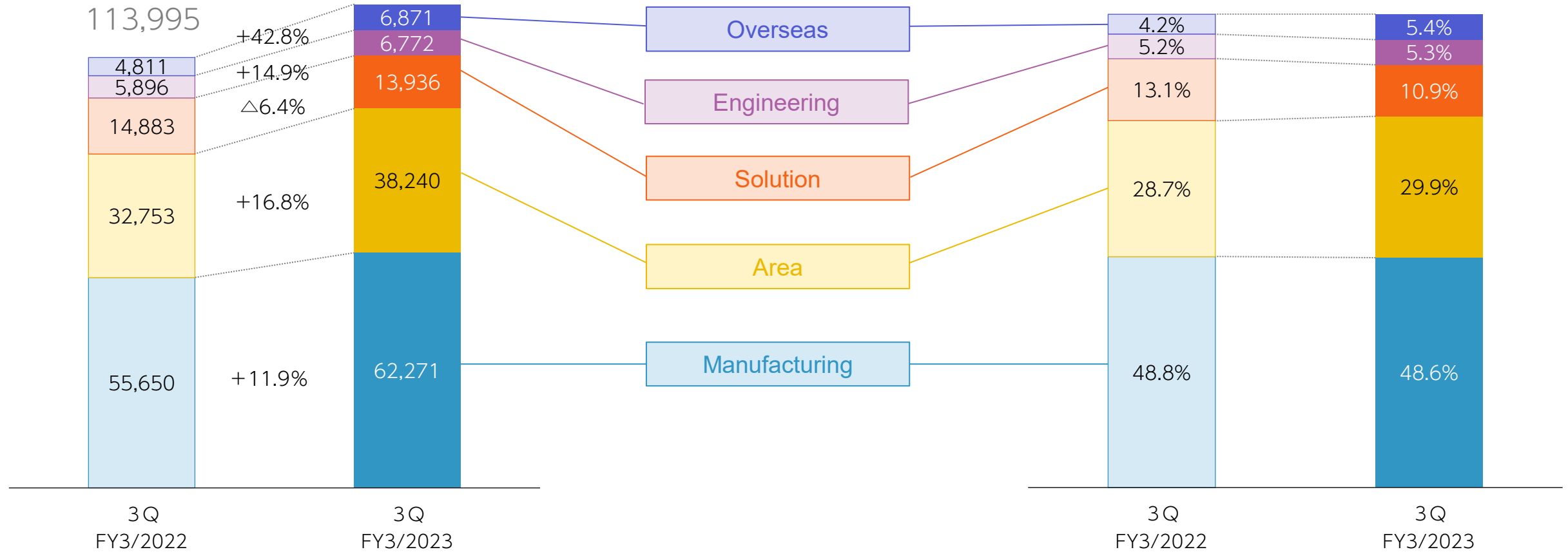
Results by Segment: Net Sales and Sales Composition

Net sales

(Million yen)

Sales composition

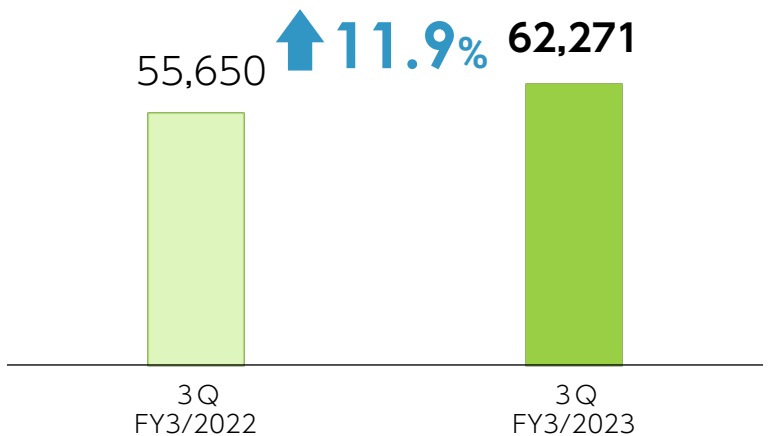
128,092



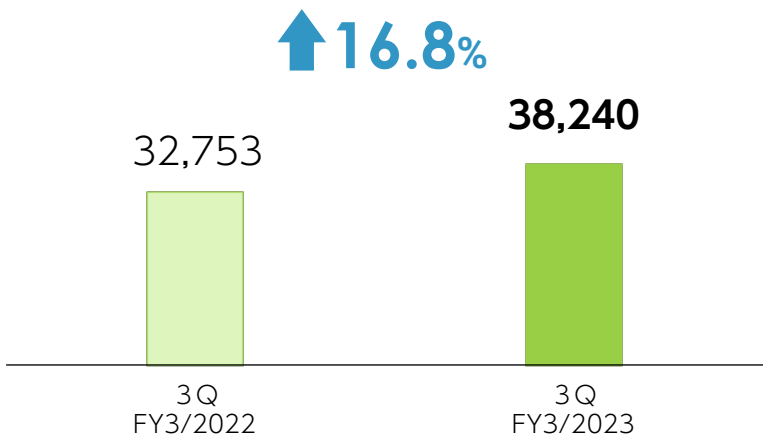
(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for the first quarter of FY3/2022

Net Sales by Segment

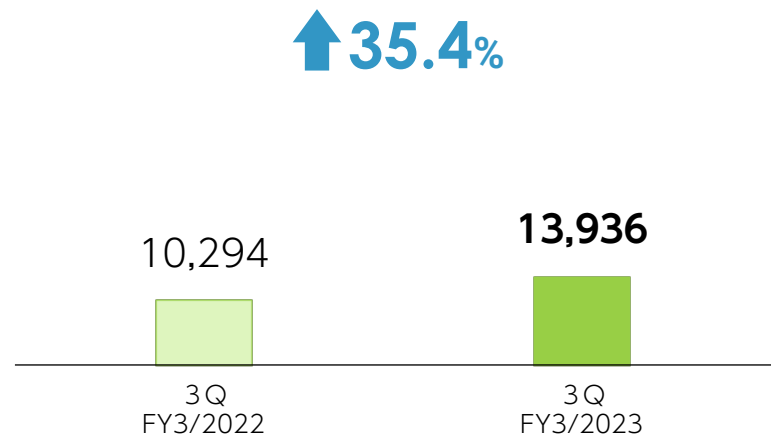
Manufacturing Business (Million yen)



Area Business (Million yen)

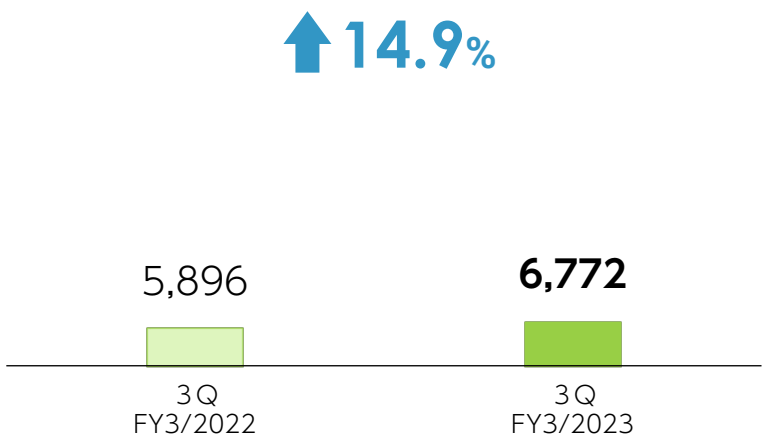


Solution Business (Million yen)

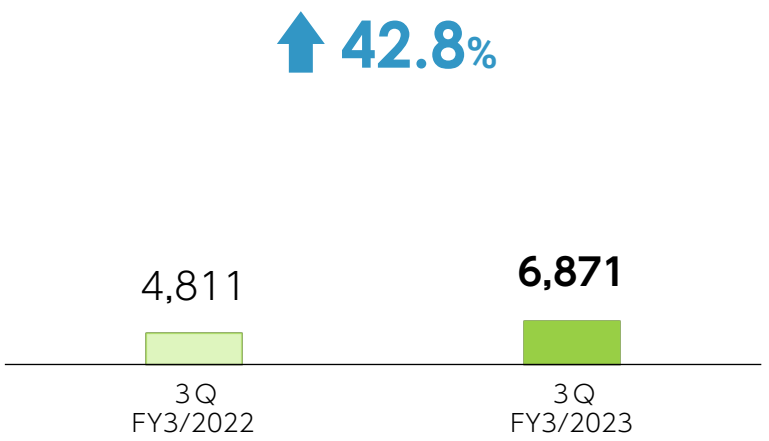


(note) The year-over-year comparison has been made excluding Net Sales from UT System Products which was sold at the end of March 2022.

Engineering Business

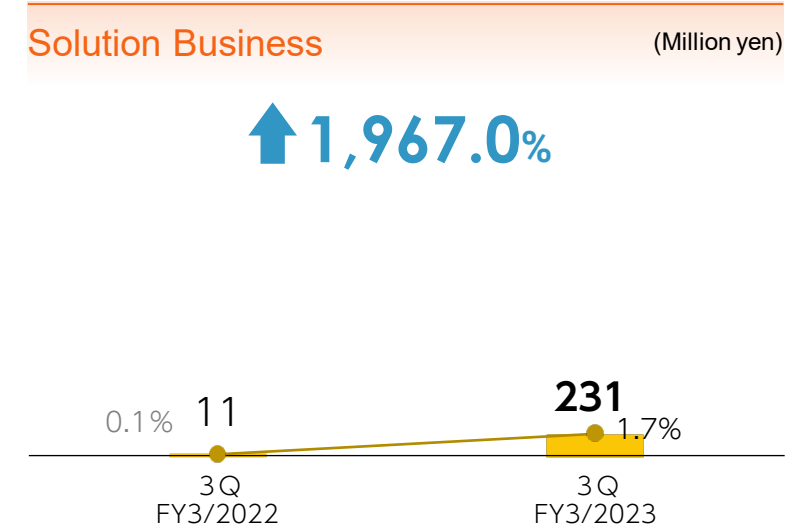
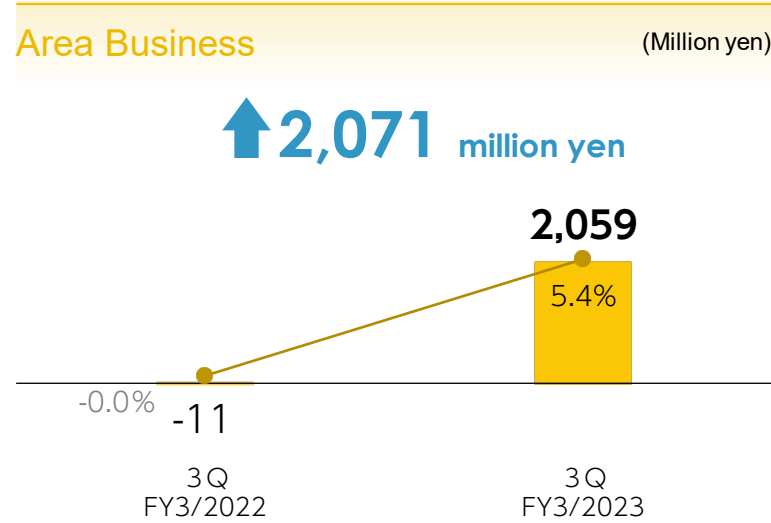
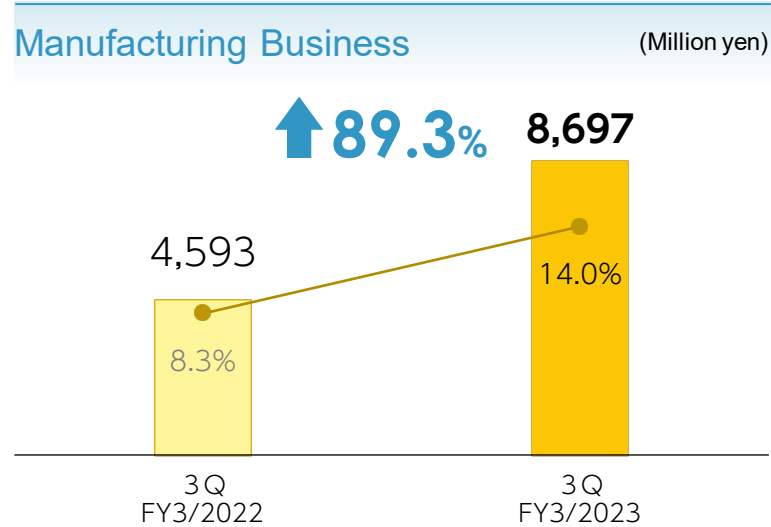


Overseas Business

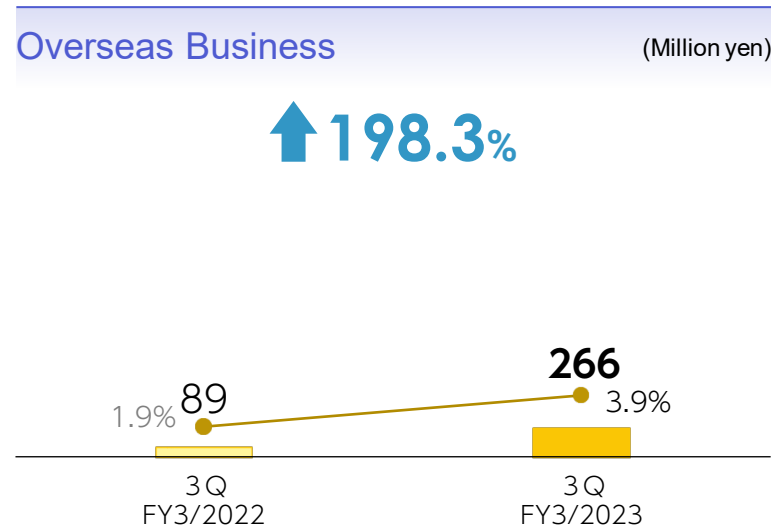
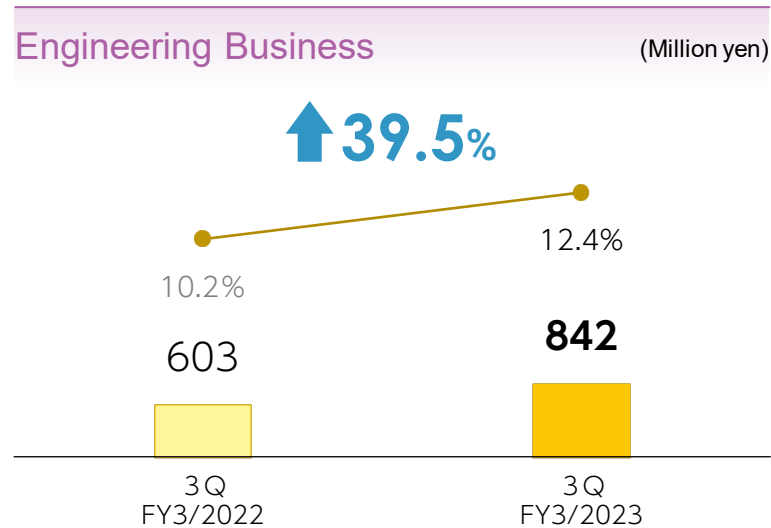


(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for the first quarter of FY3/2022

EBITDA by Segment



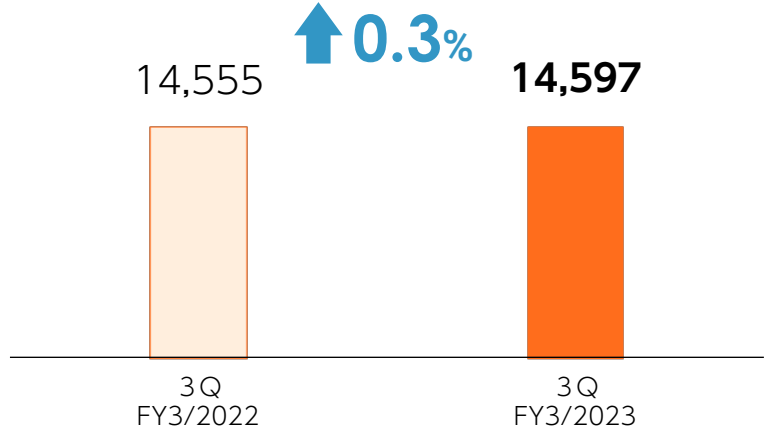
(note) The year-over-year comparison has been made excluding EBITDA from UT System Products which was sold at the end of March 2022.



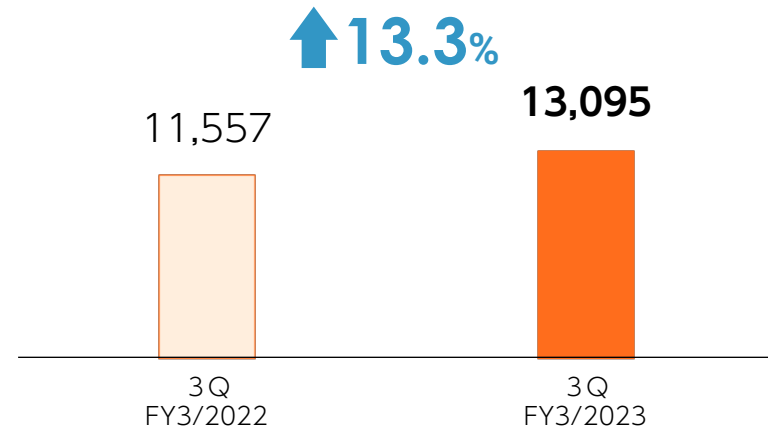
(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for the first quarter of FY3/2022

Technical employees by Segment

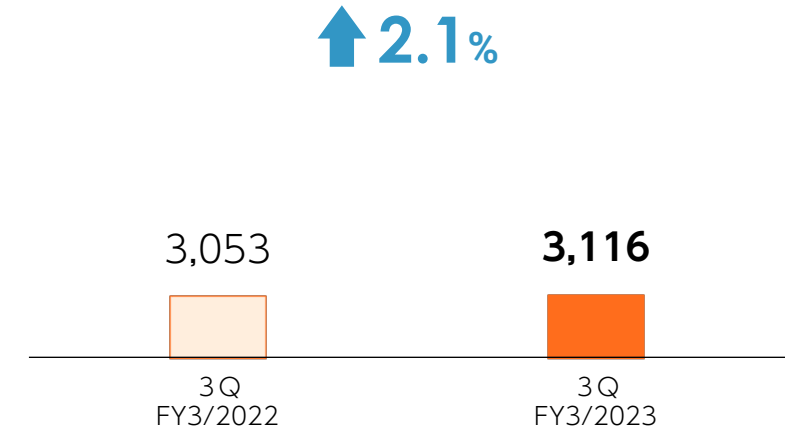
Manufacturing Business (Person)



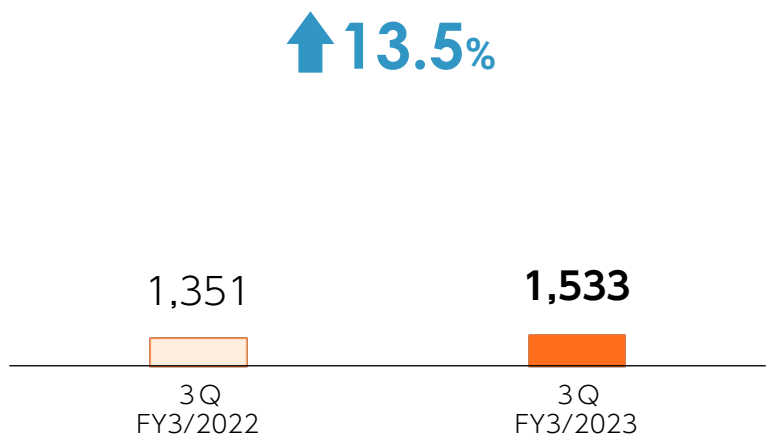
Area Business (Person)



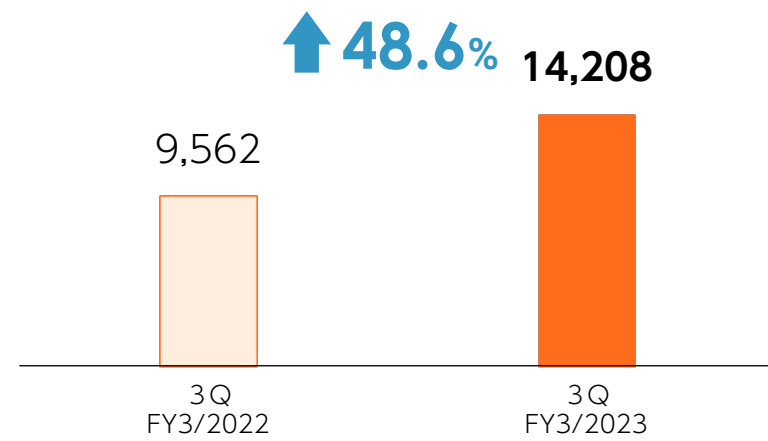
Solution Business (Person)



Engineering Business (Person)



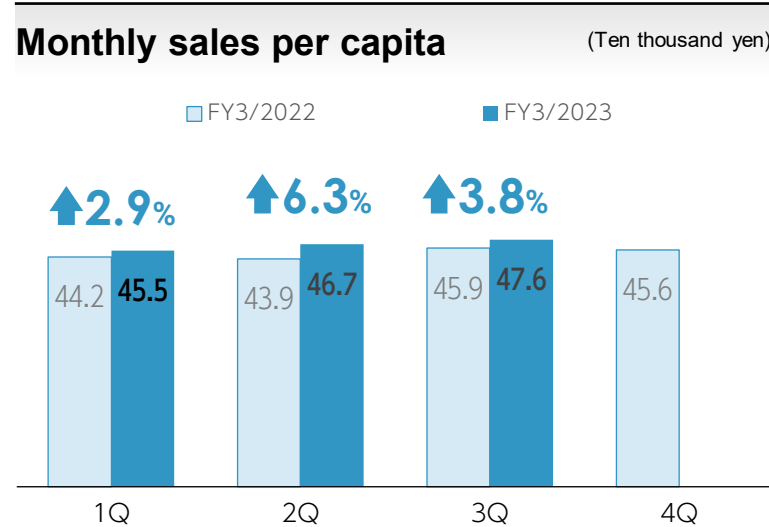
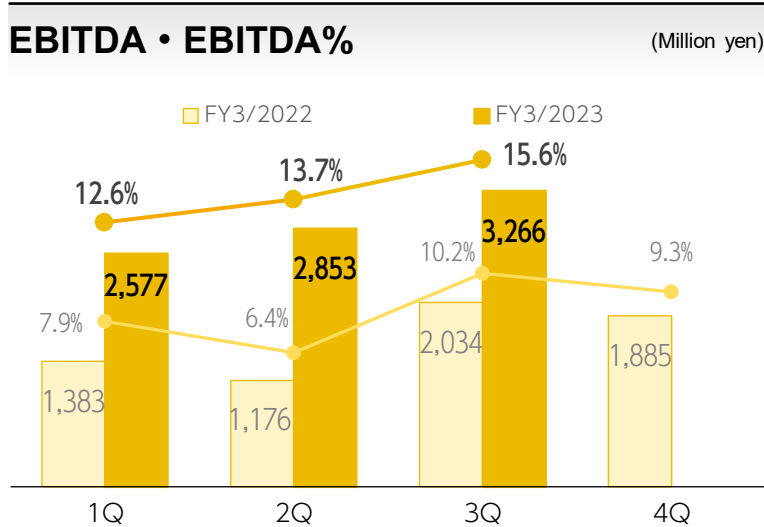
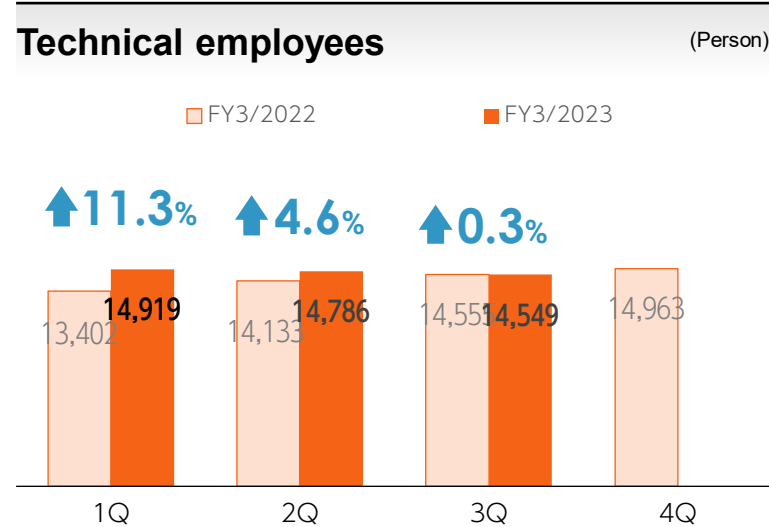
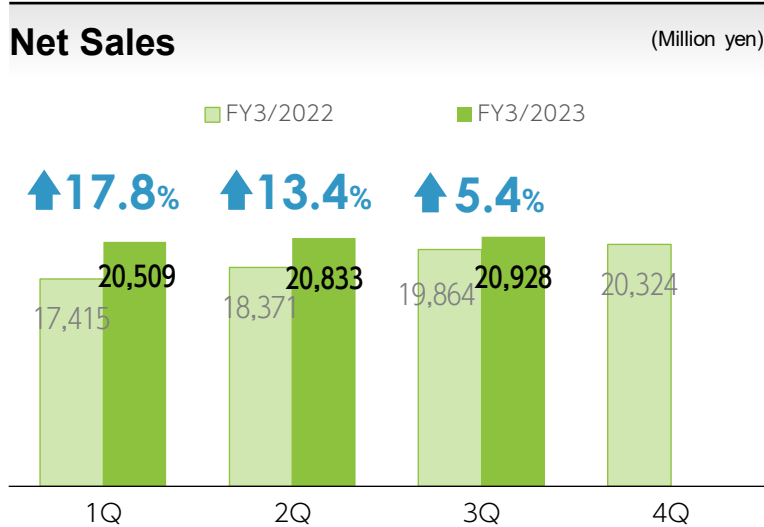
Overseas Business (Person)



(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.47 for Business Summary after the segment reclassification.



Sales and technical employees

- Focused on clients who had strong demand as demand for workers varied by client.
- Shifted the focus in hiring activities on hiring efficiency.
- Made close scrutiny of demand by client and took a cautious stance in hiring.

EBITDA

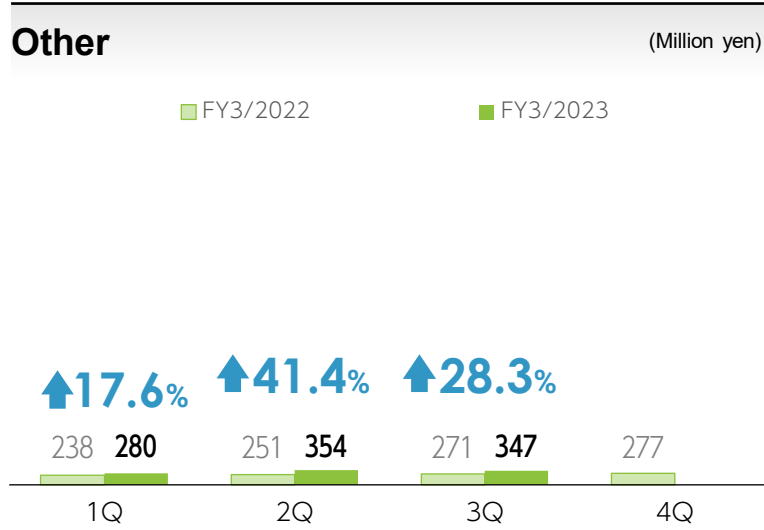
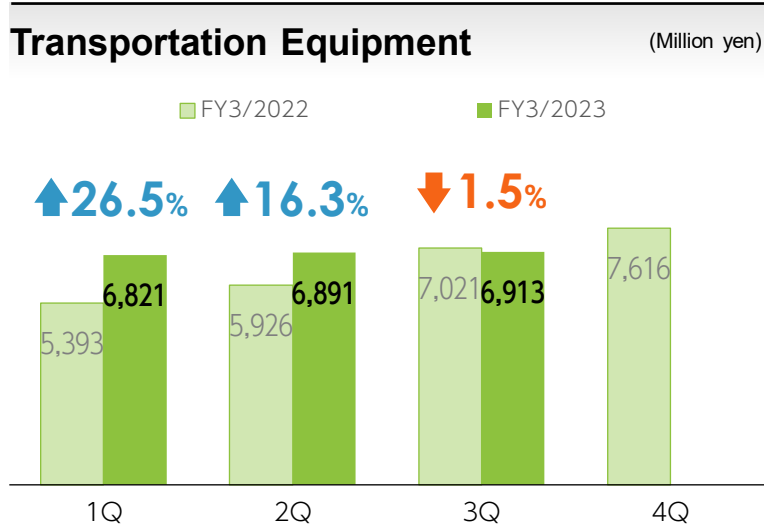
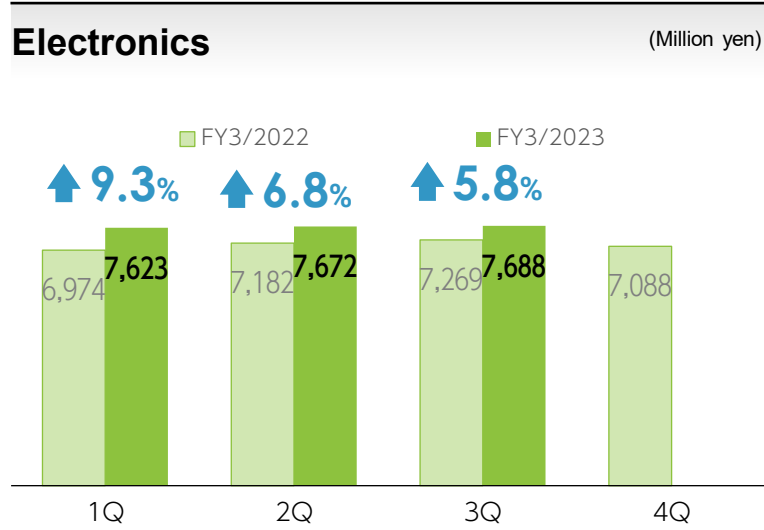
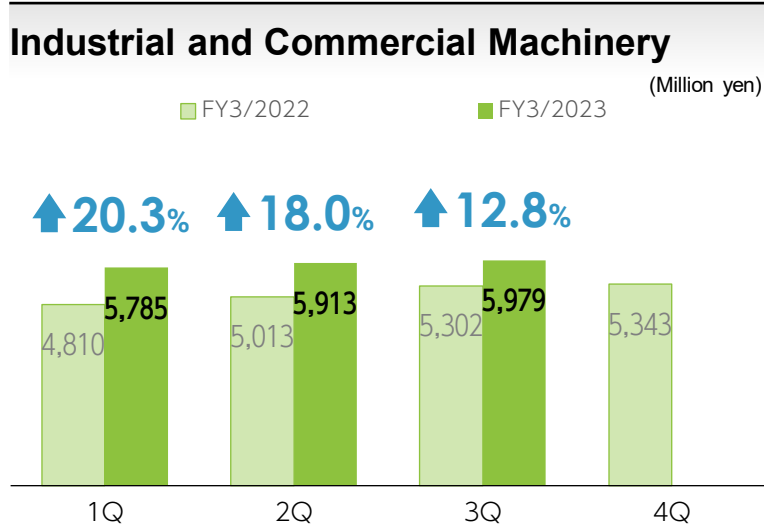
- Improved gross margin due to reduction in hiring-related expenses (cost), such as cash gift for joining the company, and shift to projects with strong demand.
- Raised the efficiency of SG&A expenses by promoting optimal hiring operations

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.
- Improved the q-o-q operating rate due to the further-alleviated impact from the absence of work such as partial suspension of production by 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

- The trend to suspend or postpone to satisfy demand for additional workers has expanded since the fall, mainly due to semiconductor inventory adjustments.

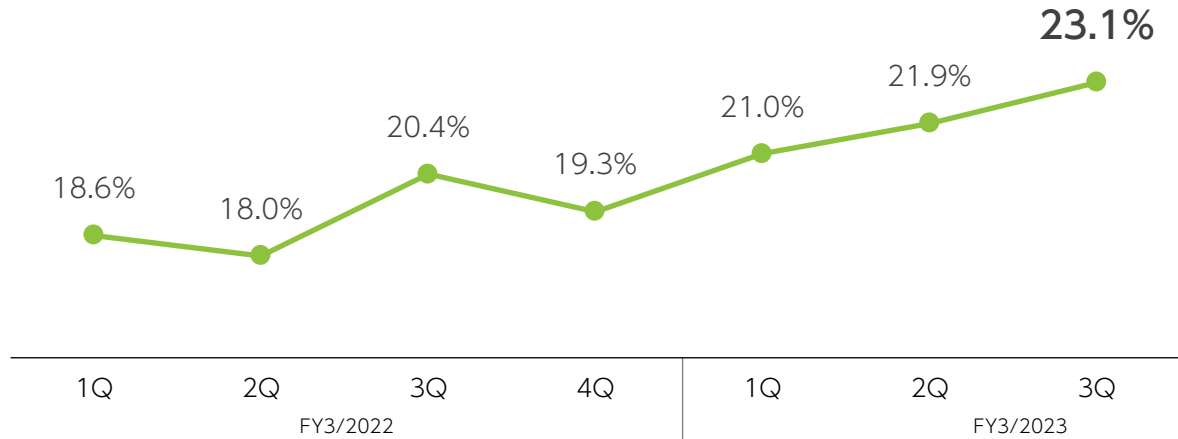
Transportation Equipment

- The impact from the absence of work such as partial suspension of production by automakers was alleviated q-o-q.

(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

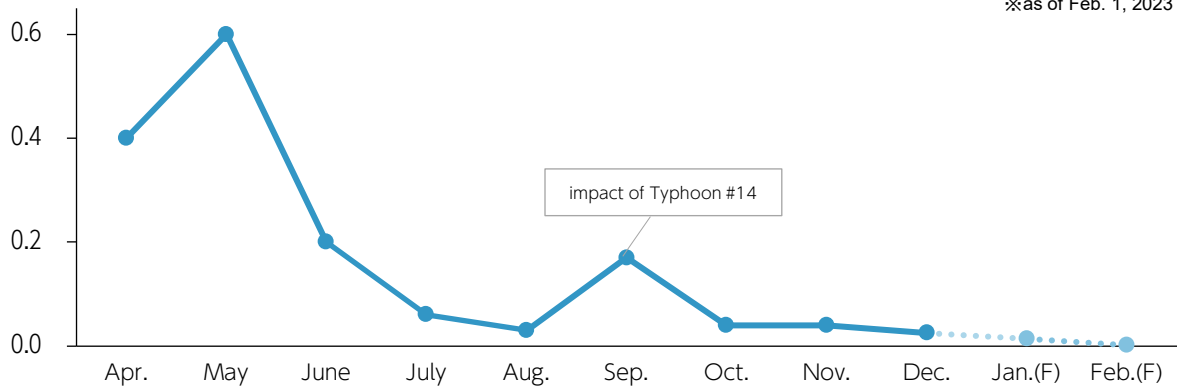
by concentrating on client companies which have strong demand for workers

20.4% → 23.1%

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

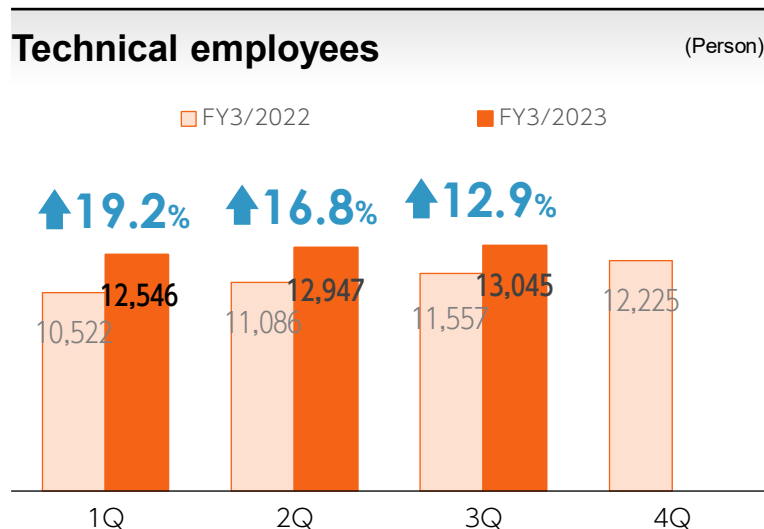
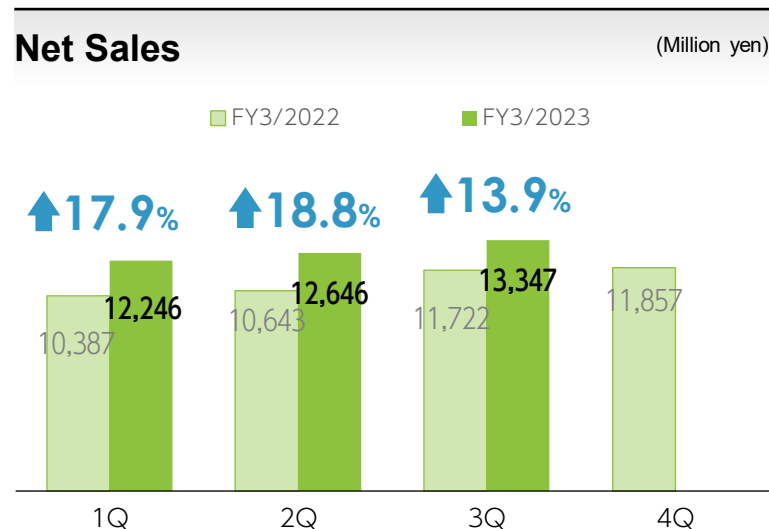
(100 Million yen)

※as of Feb. 1, 2023



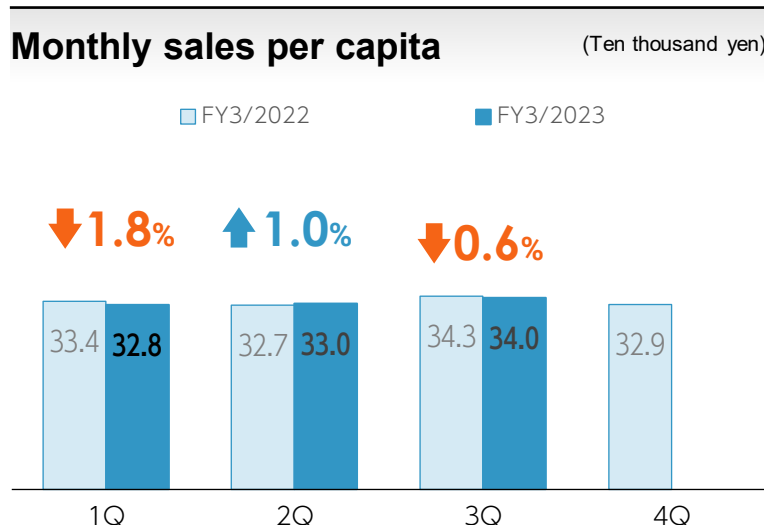
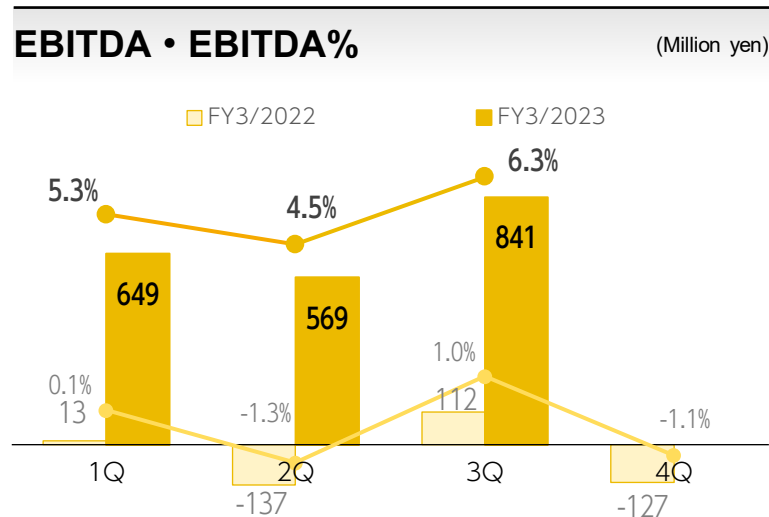
Segment Results

※Please refer P.48 for Business Summary after the segment reclassification.



Sales and technical employees

- Reorganized each area and enhanced sales activities, which resulted in an increase in job openings, the number of technical employees, and sales increase.



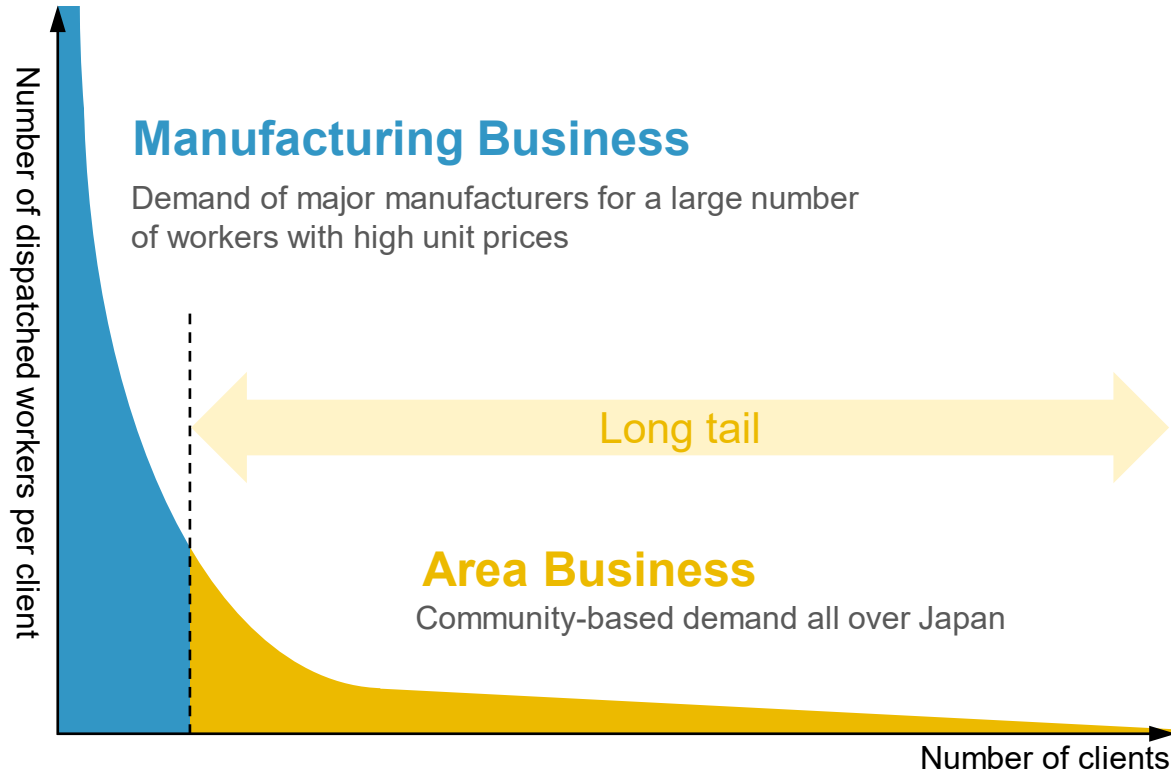
EBITDA

- 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.

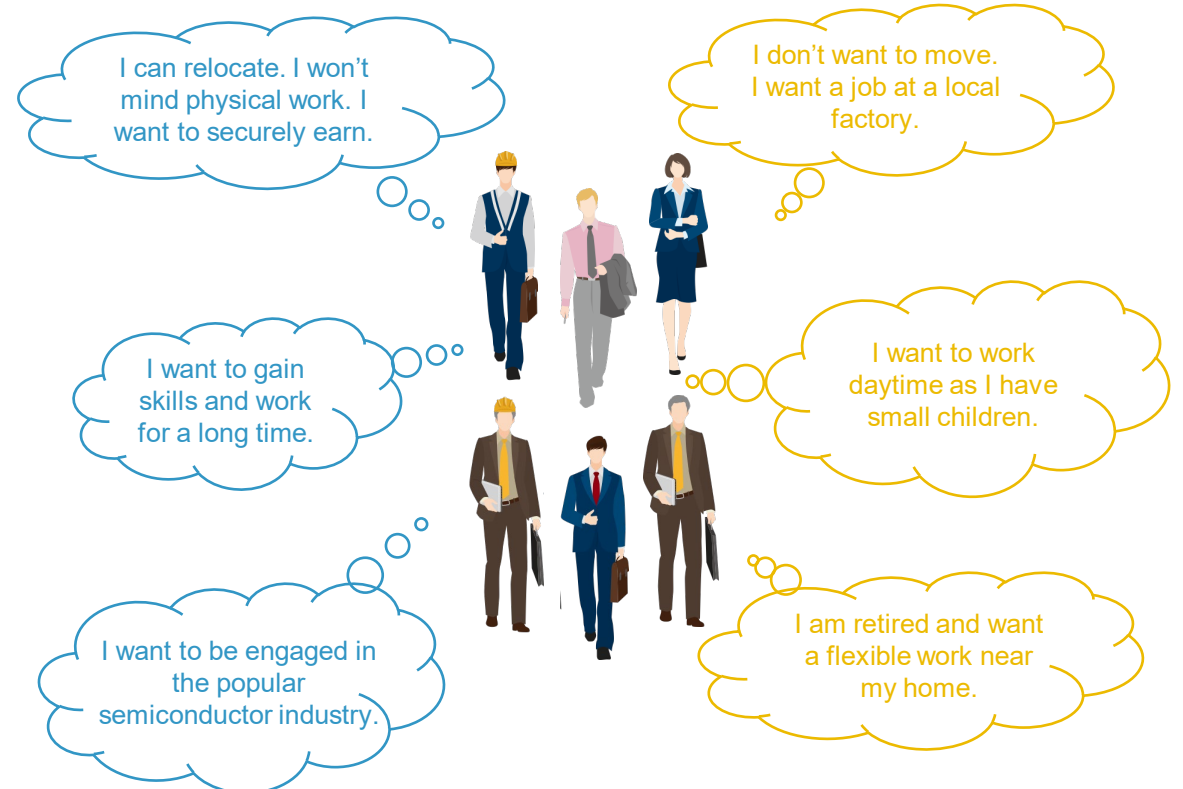
Area Business and Manufacturing Business complement each other

■ Different demand by client



Ensure diversity in work types and expand in areas as a platform

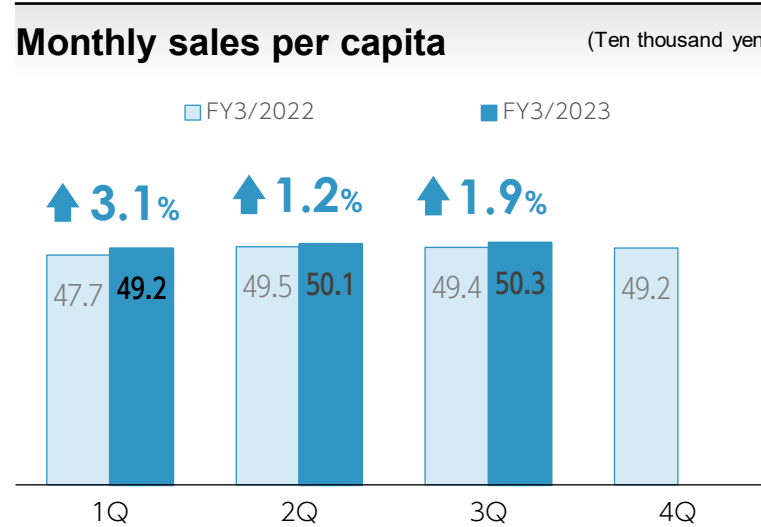
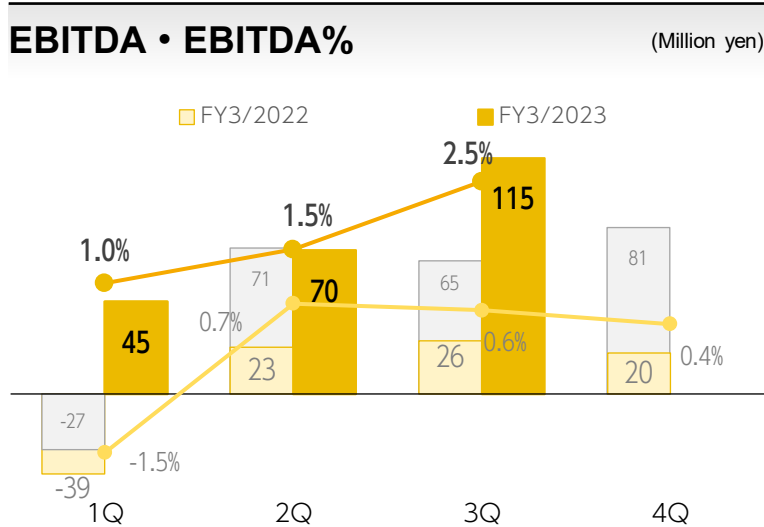
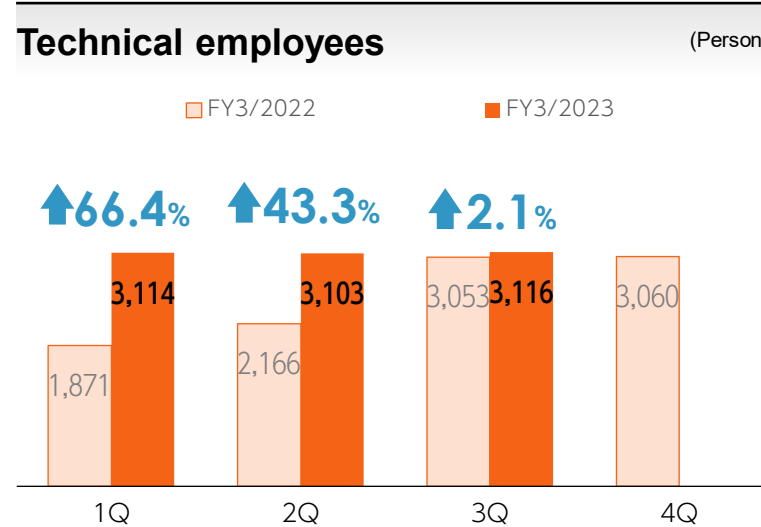
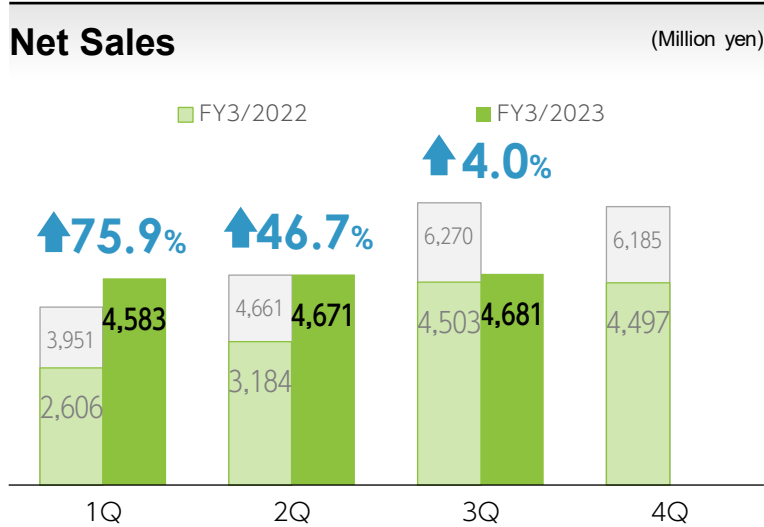
■ Different intention for work by job seeker



Improve the accuracy in matching from the UT Group's base of over 10,000 applicants per month

Segment Results

※Please refer P.49 for Business Summary after the segment reclassification.



Sales and technical employees

- Sales decreased due to the sale of UT System Products on March 31, 2022.
- The impact of consolidating UT FSAS Crea in October 2021 ended.

EBITDA

- EBITDA increased due to an increase in technical employees at the existing subsidiaries and increased operations at some dispatched worksites.
- Reduction in SG&A expenses improved the efficiency in use of SG&A expenses.

TOPIC

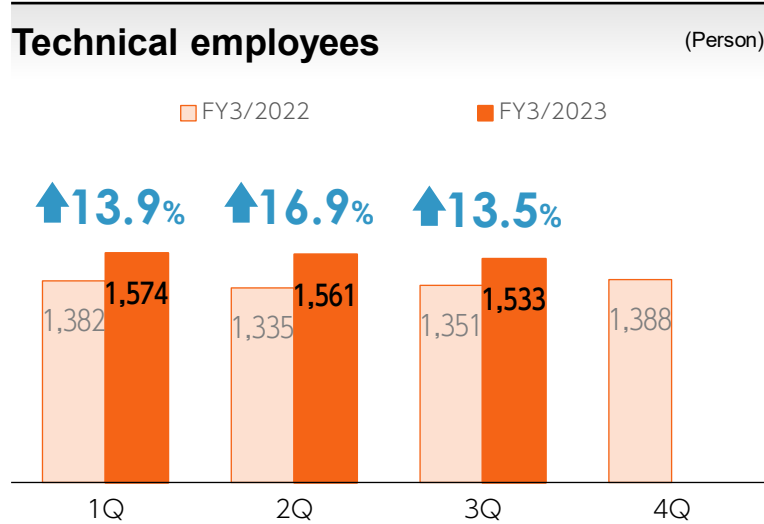
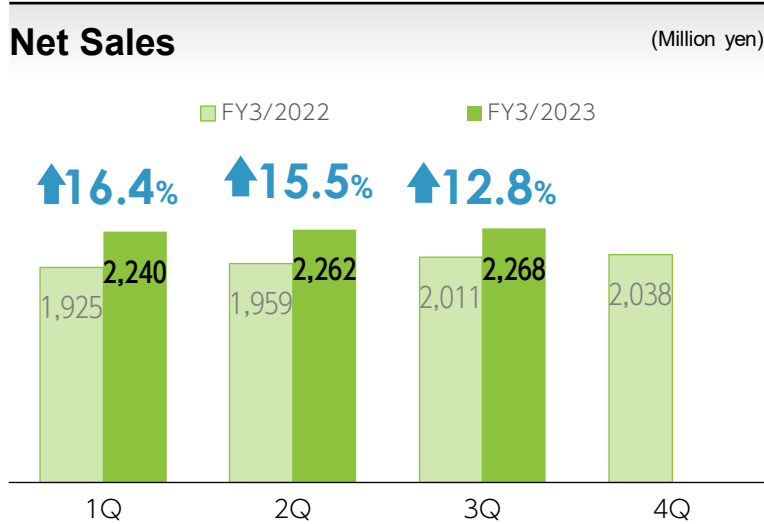
- Sold UT System Products on March 31, 2022.
- * UT Group acquired shares of UT System Products (engaged in sales of information system equipment) as well as UT Toshiba (engaged in general personnel dispatch and outsourced work) from the Toshiba on April 1, 2020. ¥6.27 billion in sales and no technical employee in FY3/2021.

(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.50 for Business Summary after the segment reclassification.

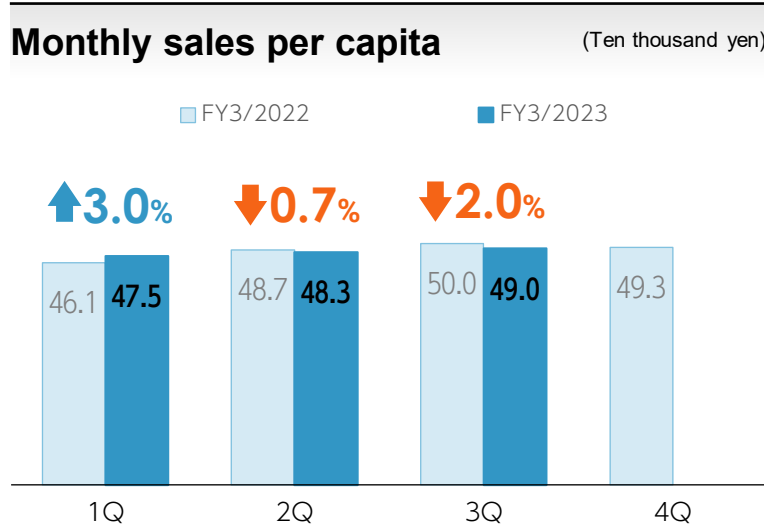
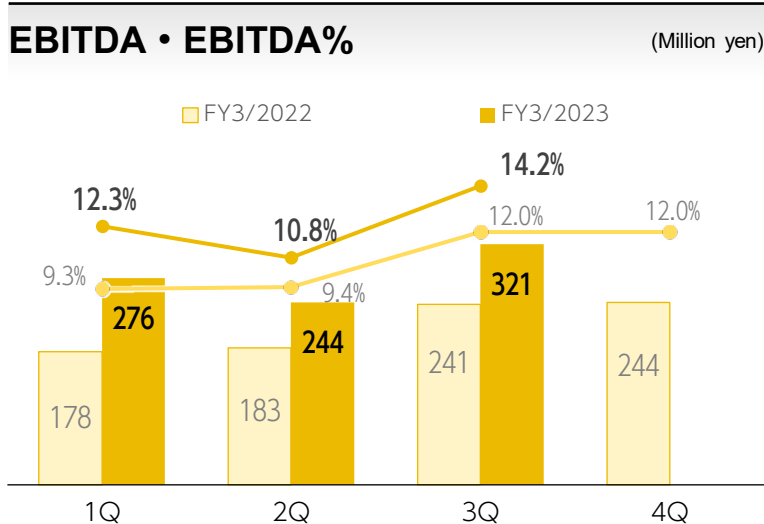


Sales and technical employees

- Sales increased due to favorable order intake for both the construction and IT sectors and a resultant increase in technical employees.

EBITDA

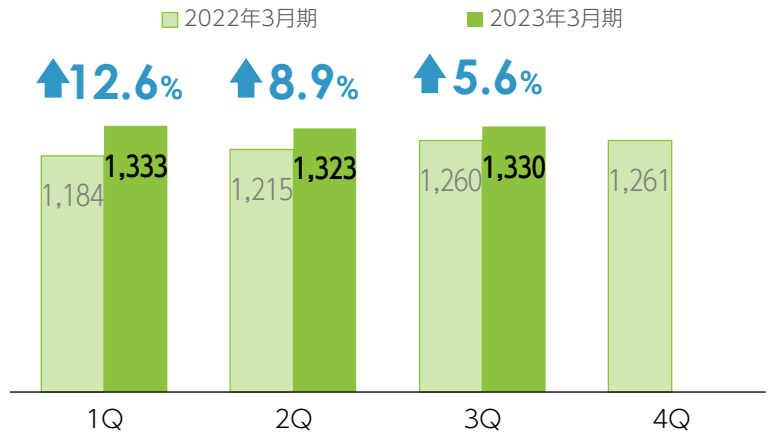
- The order receiving trend was robust in the construction and IT sectors. Hiring activities were strengthened but the competition to hire was intensified.
- The EBITDA margin increased due to rising operating rates mainly in the construction sector.



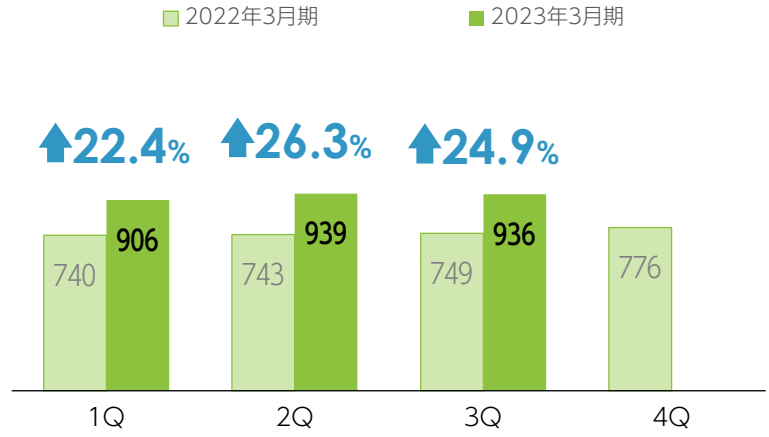
(note) As the segment classification has been changed since Apr. 2022, the year-over-year comparison has been made using the reclassified segment basis for FY3/2022.

Net Sales by Subsegment

Construction engineers (Million yen)



IT engineers (Million yen)



Construction engineers

- Demand for engineers was strong mainly for the work of equipment and plant.
- A sense of shortage of engineers was strong and the competition to hire was intensified.

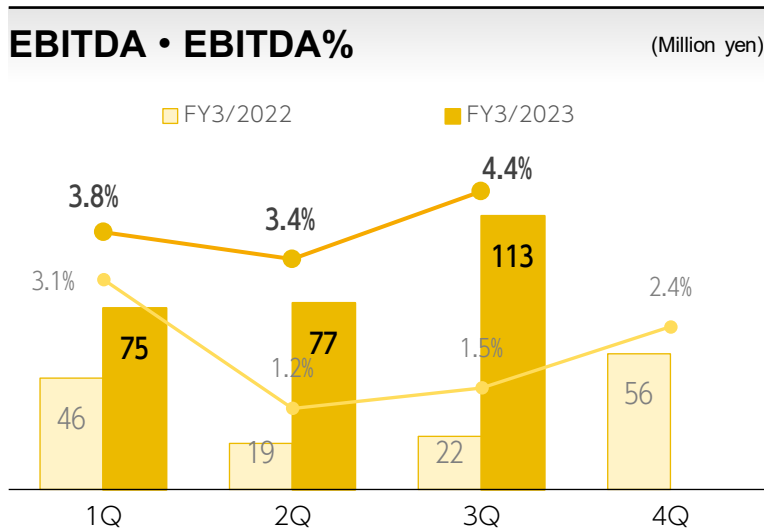
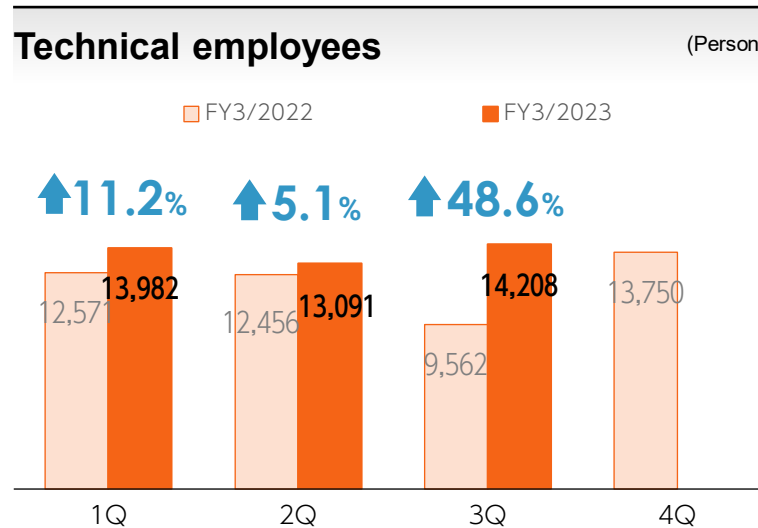
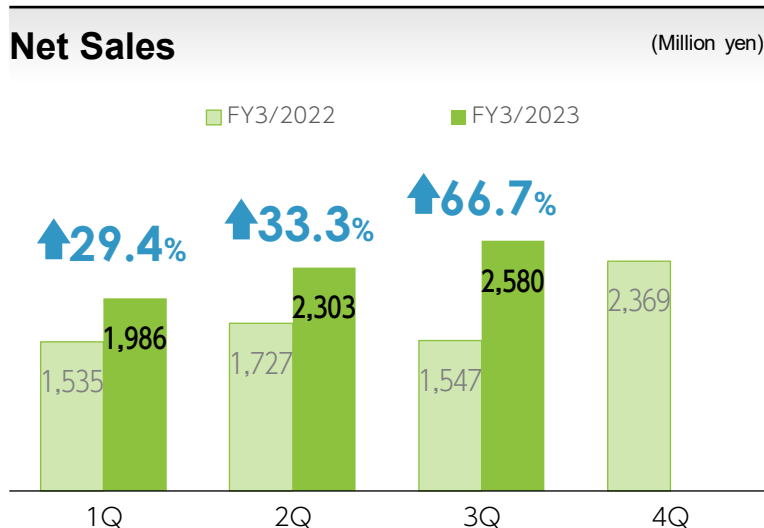
IT engineers

- A portion of (former) design & manufacturing engineers was reclassified as (new) IT engineers.
- Demand for dispatch of engineers with no experience was also strong and the competition was intensified.

(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.50 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. Made efforts to acquire contracts from Japanese companies in the north region.
- In the previous 3Q, due to the lockdown in Vietnam and the impact of labor regulations, etc., the number of technical employees decreased significantly.
- Impact of the change in exchange rate on sales
 - +200-million-yen impact for 1Q period
 - +350-million-yen impact for 2Q period
 - +480-million-yen impact for 3Q period

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

Shareholder Return for FY3/2023

[100 million yen]

	FY3/2023	
	Forecasts	Excl. stock-based compensation expense
Net sales	1,800	-
EBITDA*	150	-
Operating profit	77	132
Ordinary profit	75	130
Net profit attributable to UT Group	32	87
EPS (yen)	79.28	215.54
Total return to shareholders	26	26
Total return ratio	81%	30%

**we plan to return to shareholders
the amount equivalent to 30%
of the estimated net profit
Excluding the impact from the stock-based
compensation expenses,
and to make a total shareholder return ratio
of around **81%**.**

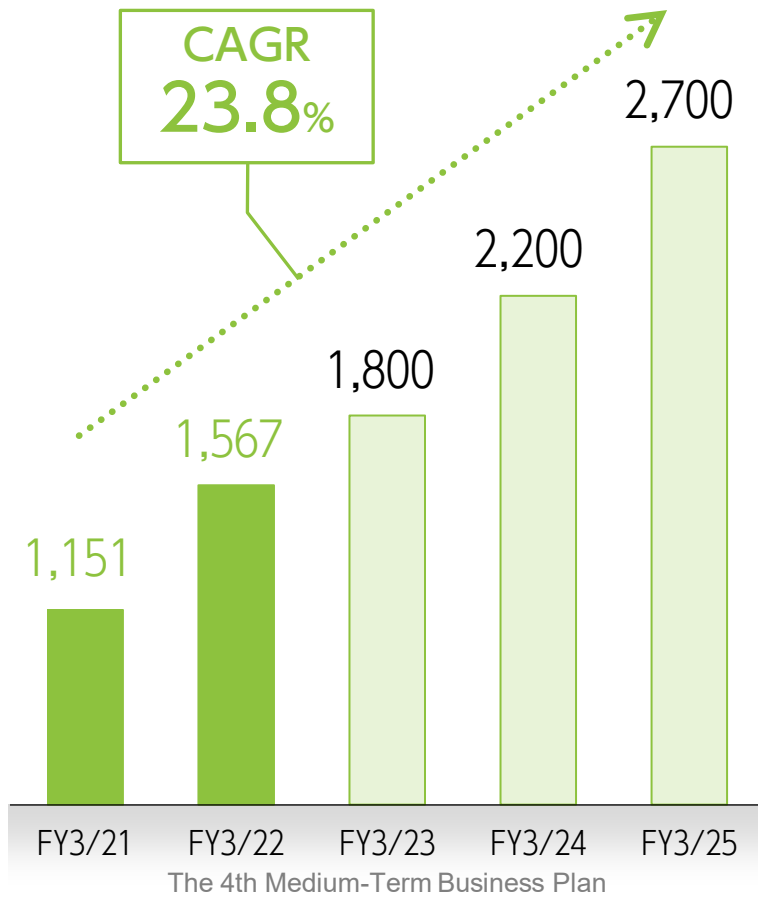
※EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

The Target of the 4th Medium-term Business Plan

Sales target

[100 million yen]

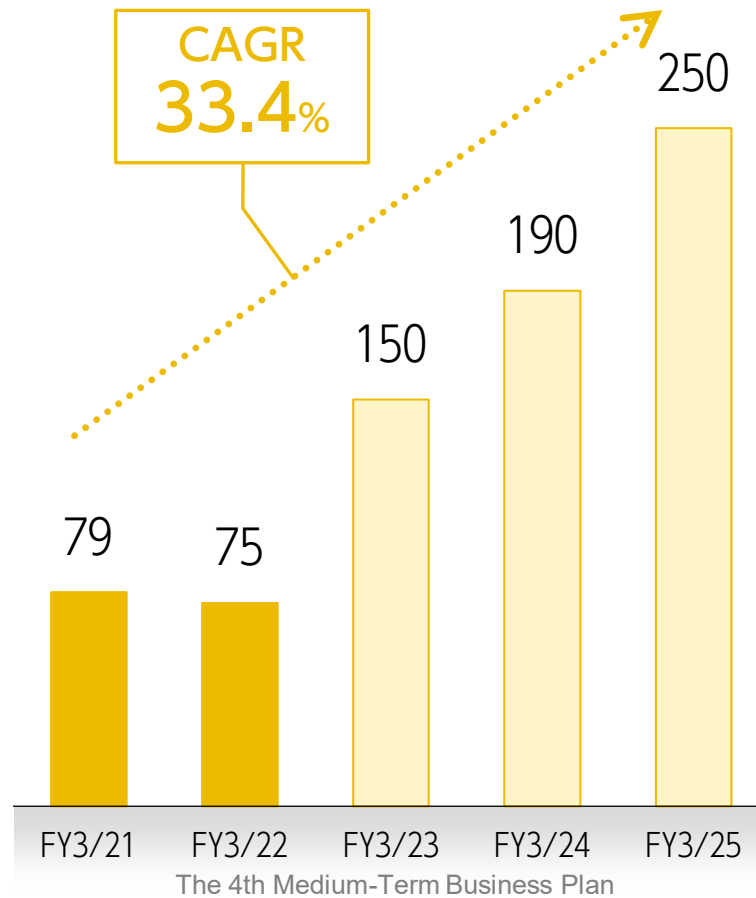
■ Result □ Target



EBITDA target^{※1}

[100 million yen]

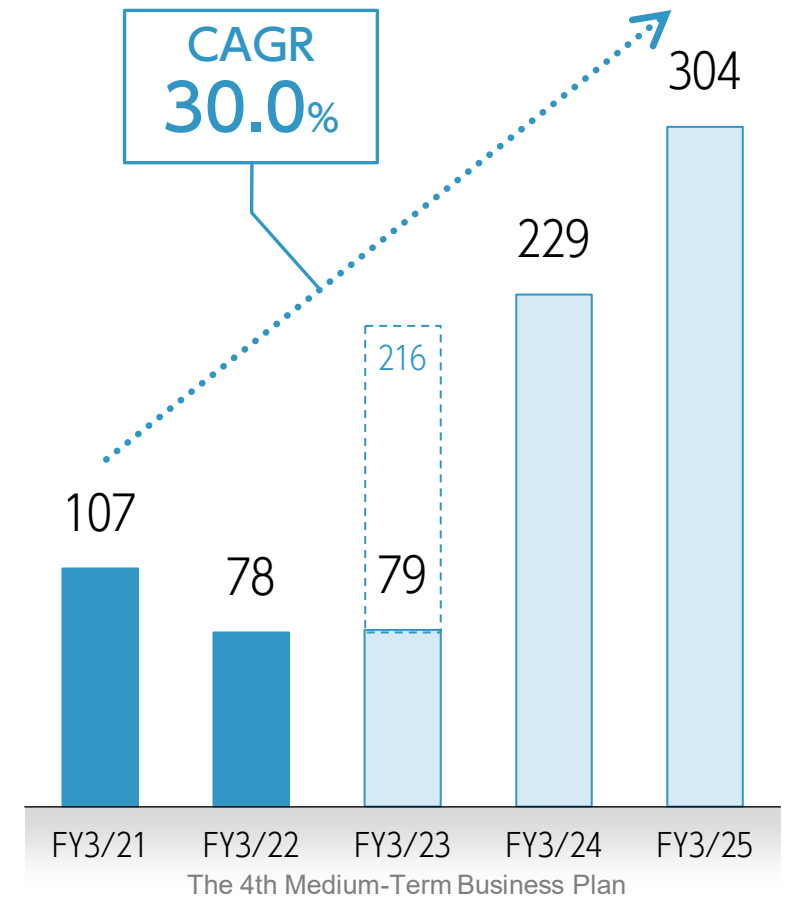
■ Result □ Target



EPS target^{※2}

[yen]

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

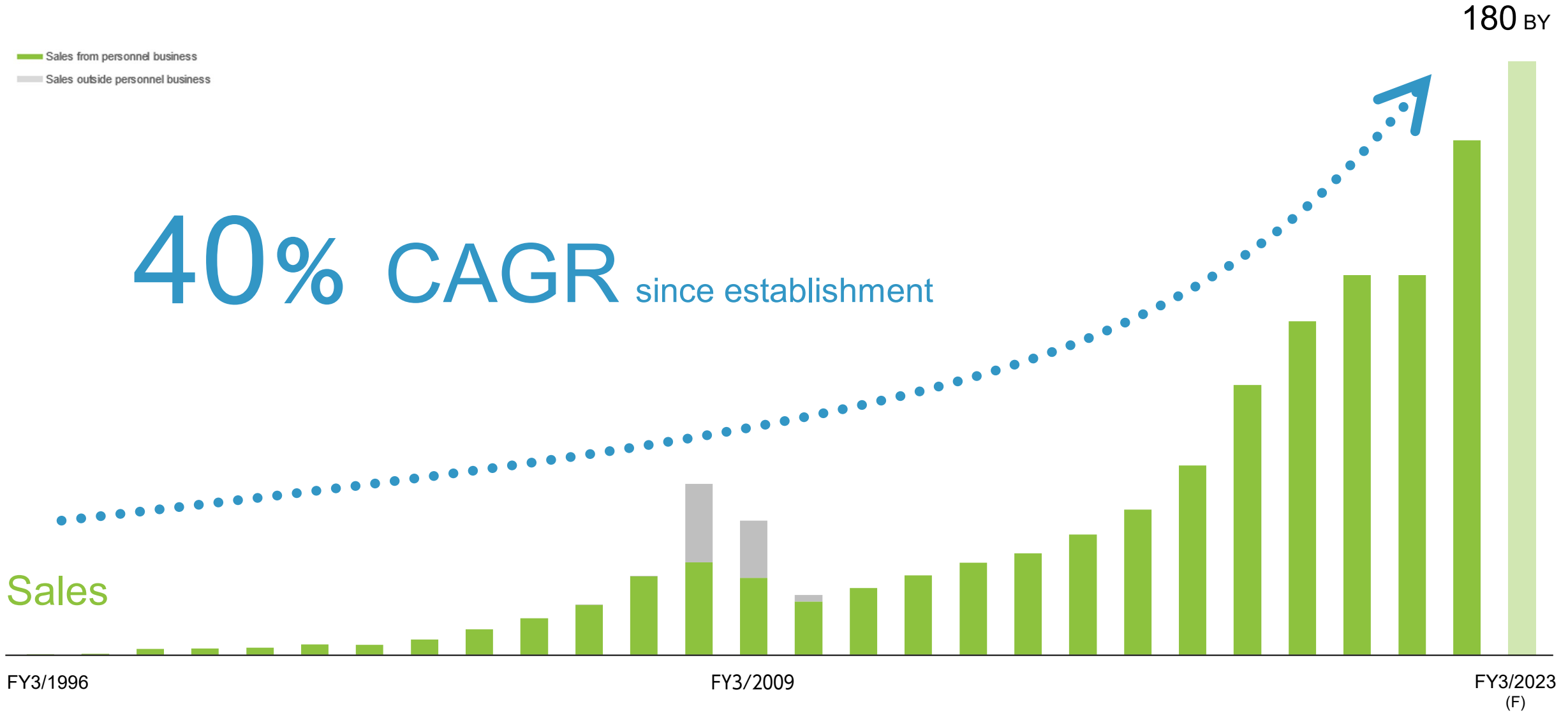


※1 EBITDA = Operating profit
 + Depreciation (Property, plant and equipment, and Intangible assets)
 + Amortization + Stock-based compensation expenses

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

UT Group's Growth Potential

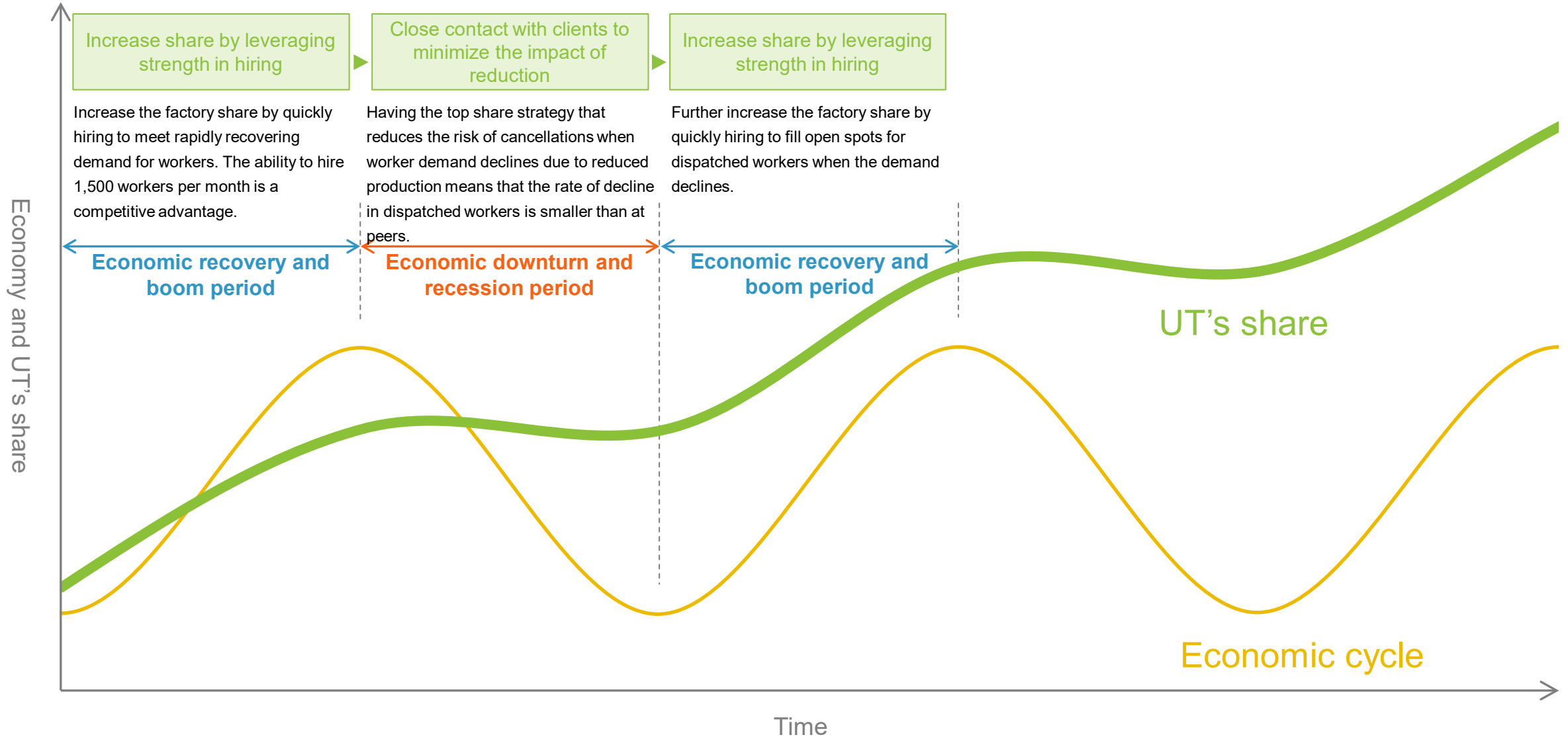
Since the establishment (FY3/1996),
we've consistently been achieving high sales growth.



UT's Growth is less susceptible to economic fluctuations



A strategy to capitalize on economic fluctuations and increase market share in client factories



A strategy to capitalize on economic fluctuations and increase market share in client factories

About the top strategy

UT's Manufacturing Business is promoting the strategy, based on the analysis at the time of the global financial crisis that showed that dispatched companies with a higher share in the factory received less cancellation or reduction in dispatched workers.

Features of the top-share factories

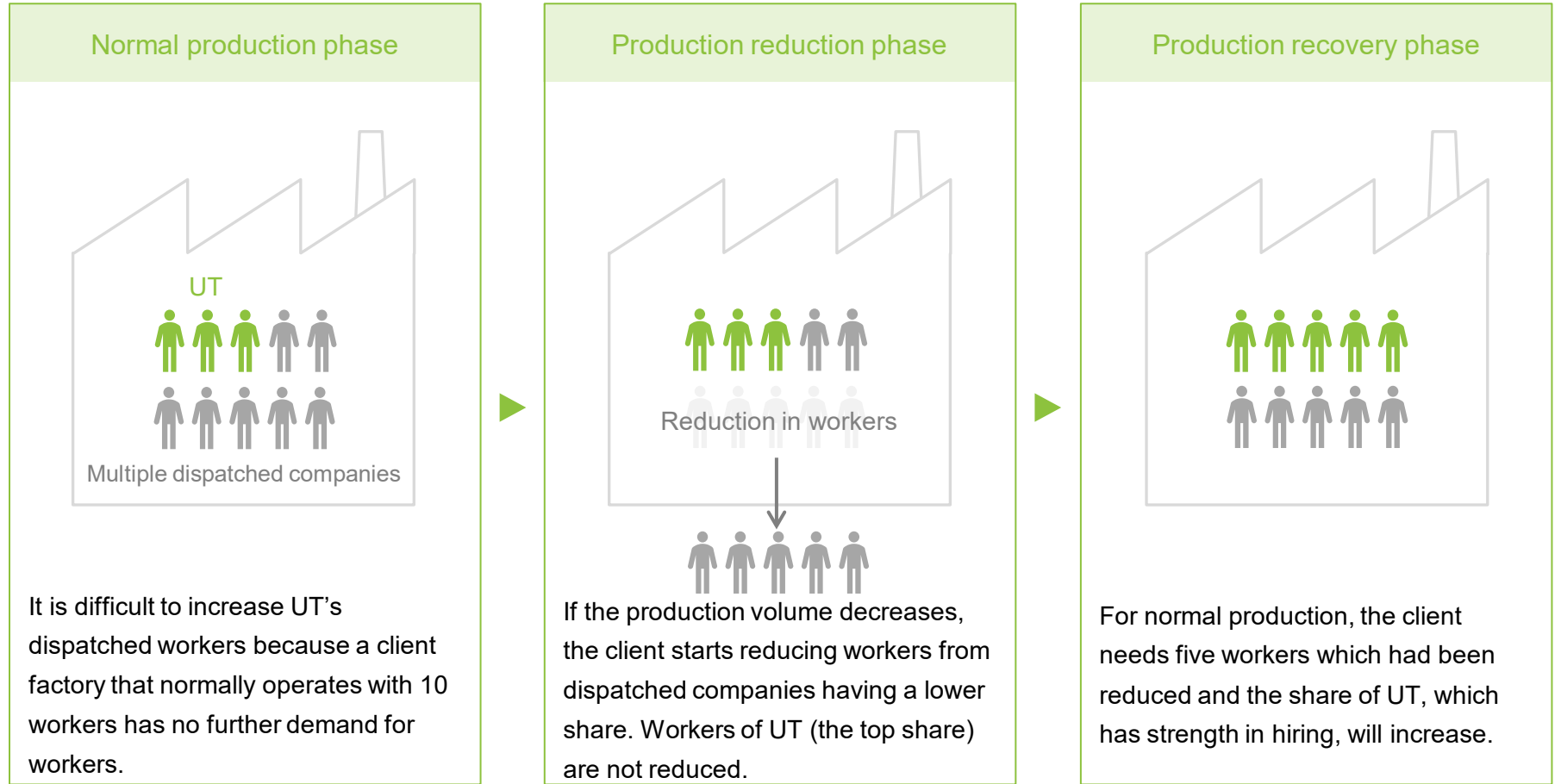
Less cancellation or reduction

A strong relationship with clients results in receiving a lower impact of cancellations and reductions relative to that of peers.

High profit margin

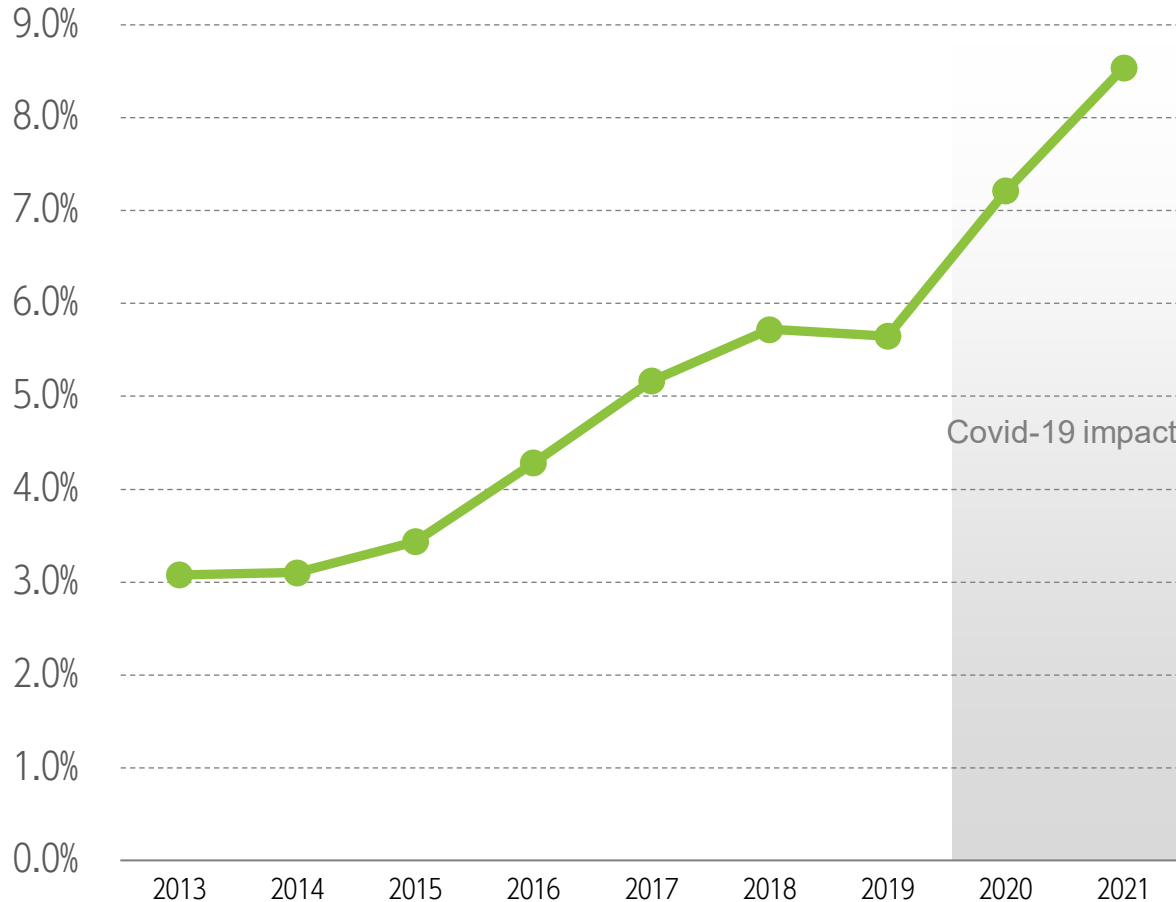
More technical employees in a single factory means higher management efficiency.

Mechanism to expand factory share by the top share strategy



A strategy to capitalize on economic fluctuations and increase market share in client factories

The share of UT's technical employees in dispatched workers of production processes in Japan



※Calculated by dividing the number of technical employees by the number of dispatched workers of production processes*
(*Source: Basic Data of Labor Force Survey, Ministry of Internal Affairs and Communications (2021))

Significantly increased market share
by strengthening hiring during a period of recovery in demand

Expansion of business areas for sustainable growth

Area Business

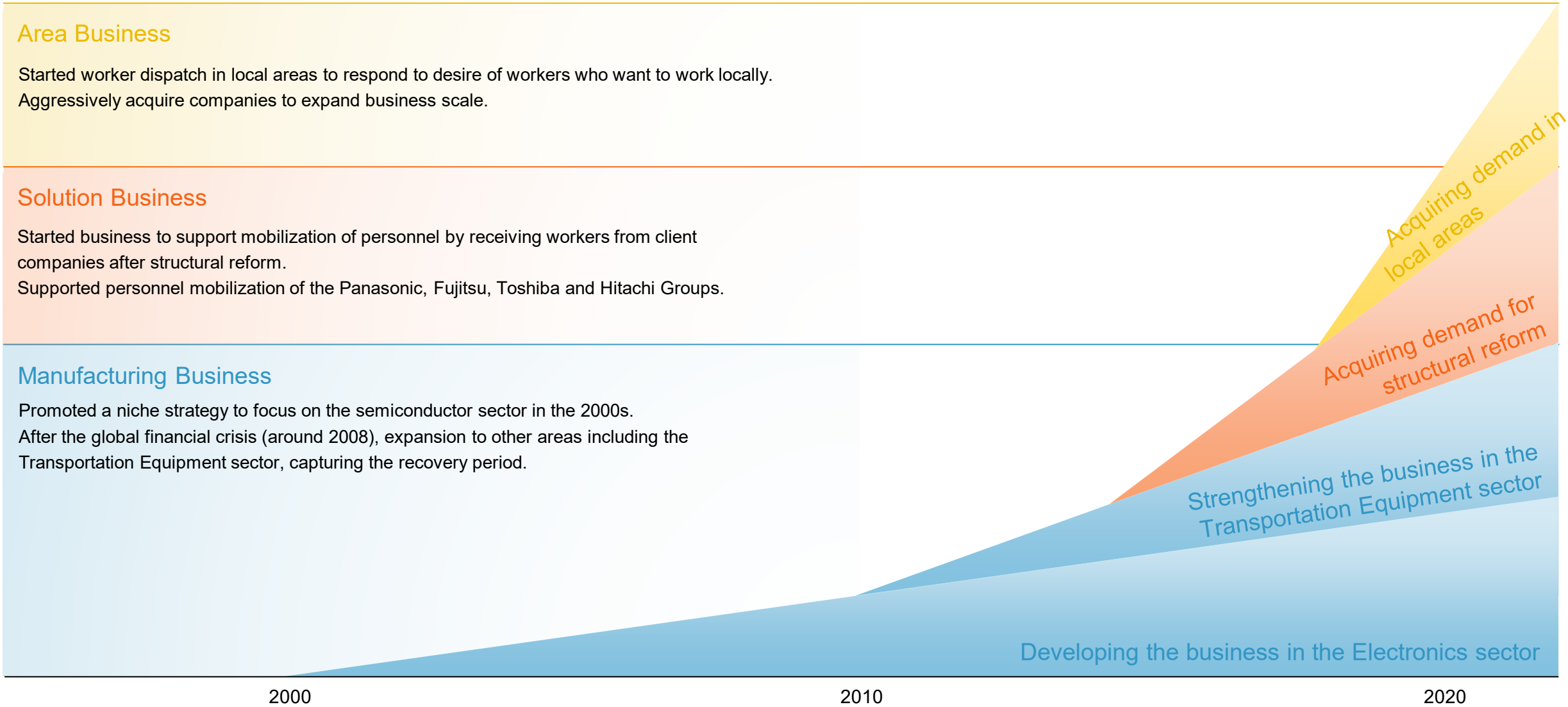
Started worker dispatch in local areas to respond to desire of workers who want to work locally.
Aggressively acquire companies to expand business scale.

Solution Business

Started business to support mobilization of personnel by receiving workers from client companies after structural reform.
Supported personnel mobilization of the Panasonic, Fujitsu, Toshiba and Hitachi Groups.

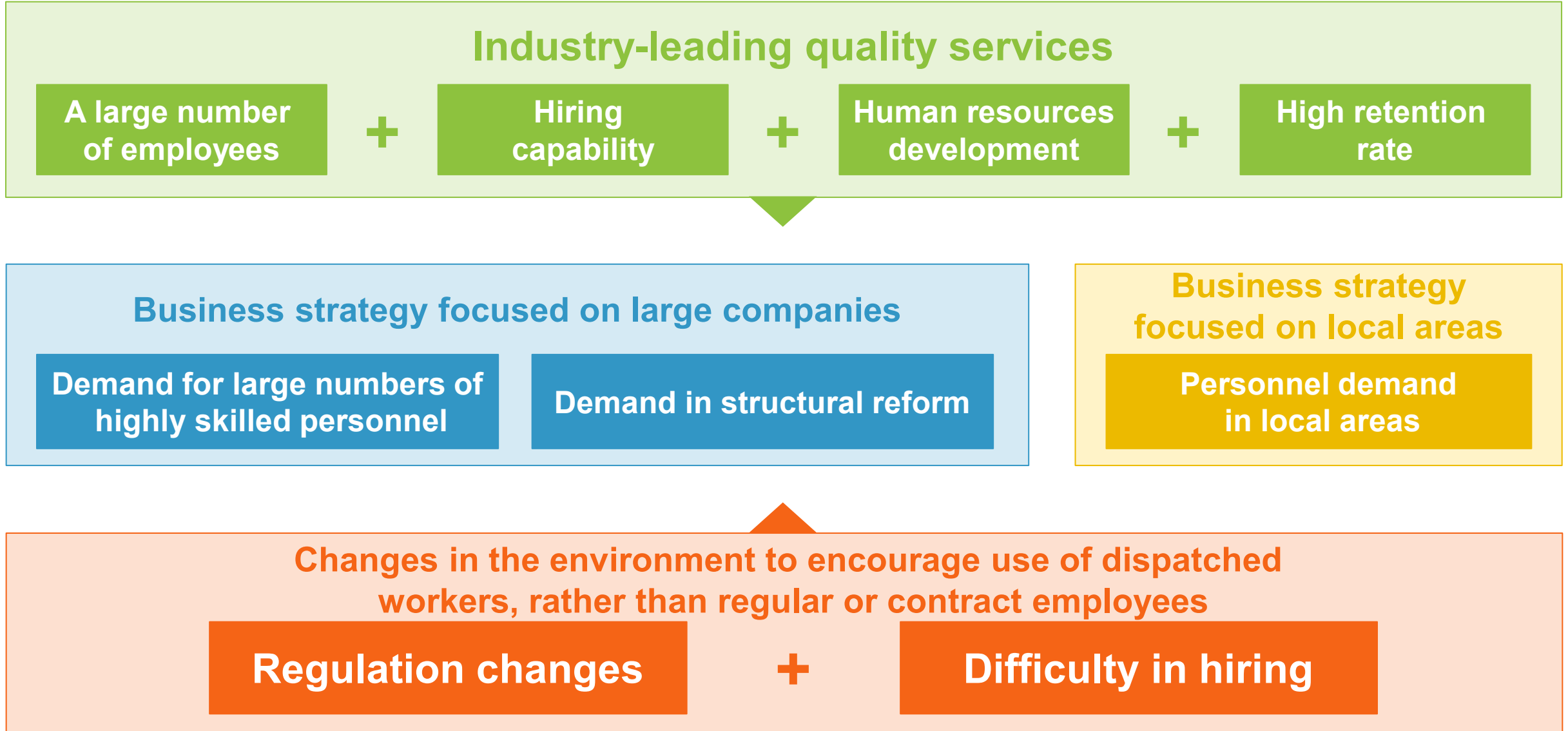
Manufacturing Business

Promoted a niche strategy to focus on the semiconductor sector in the 2000s.
After the global financial crisis (around 2008), expansion to other areas including the Transportation Equipment sector, capturing the recovery period.

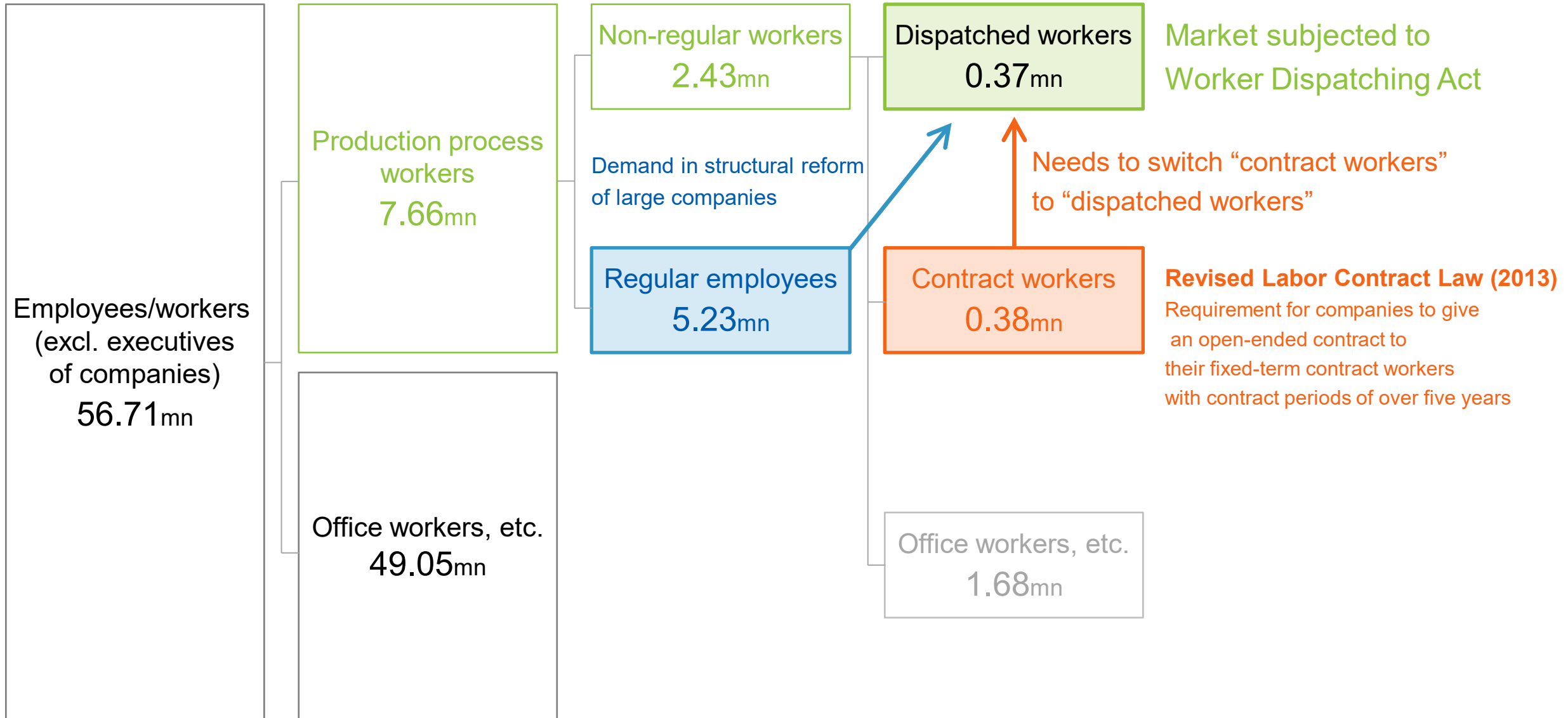


※ Outline of accumulated sales since foundation

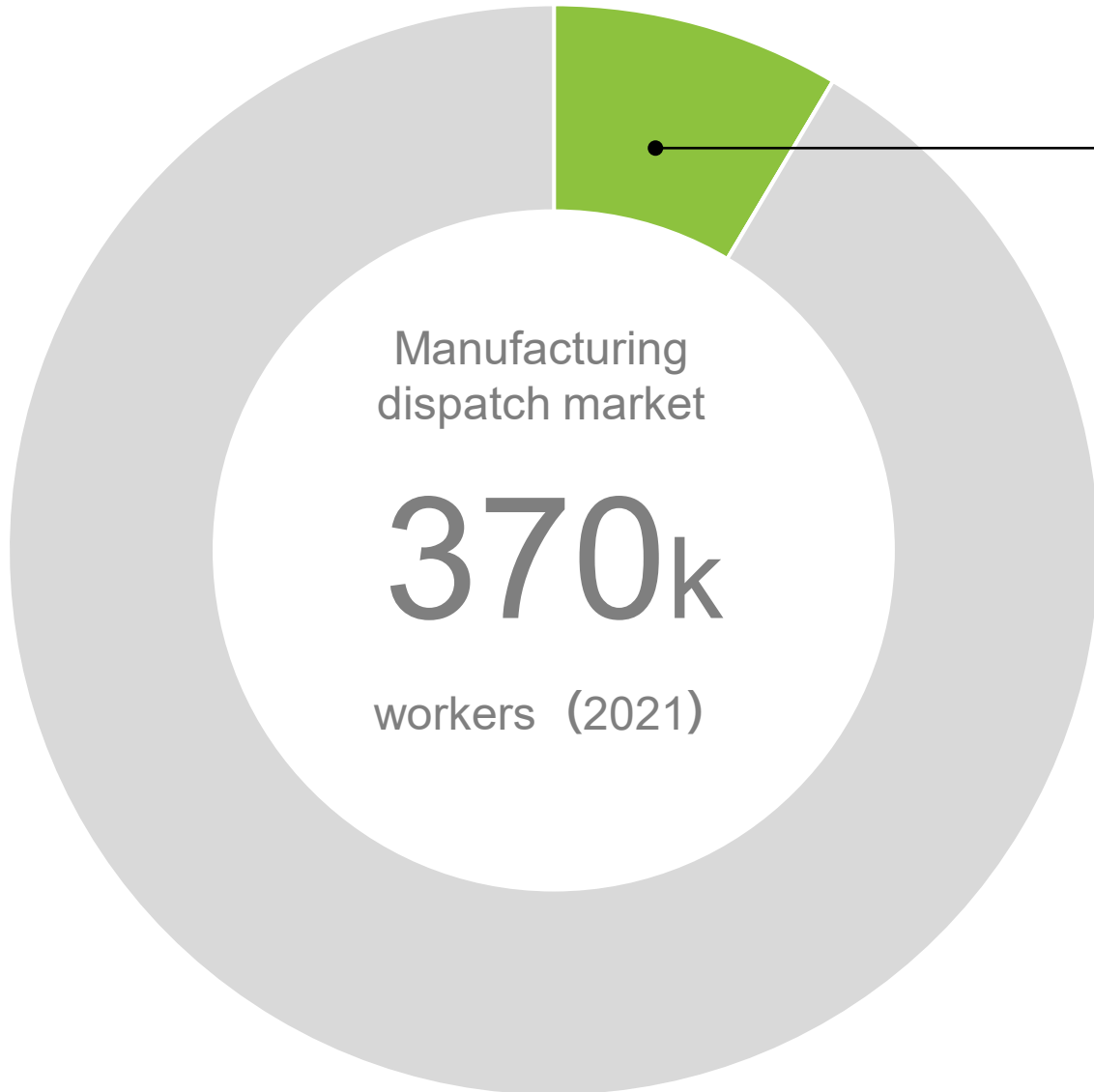
Competitive advantage and growth strategies



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



UT will lead the market with further increase in market share



FY2022/3

31k workers / 8.5%



by FY2025/3

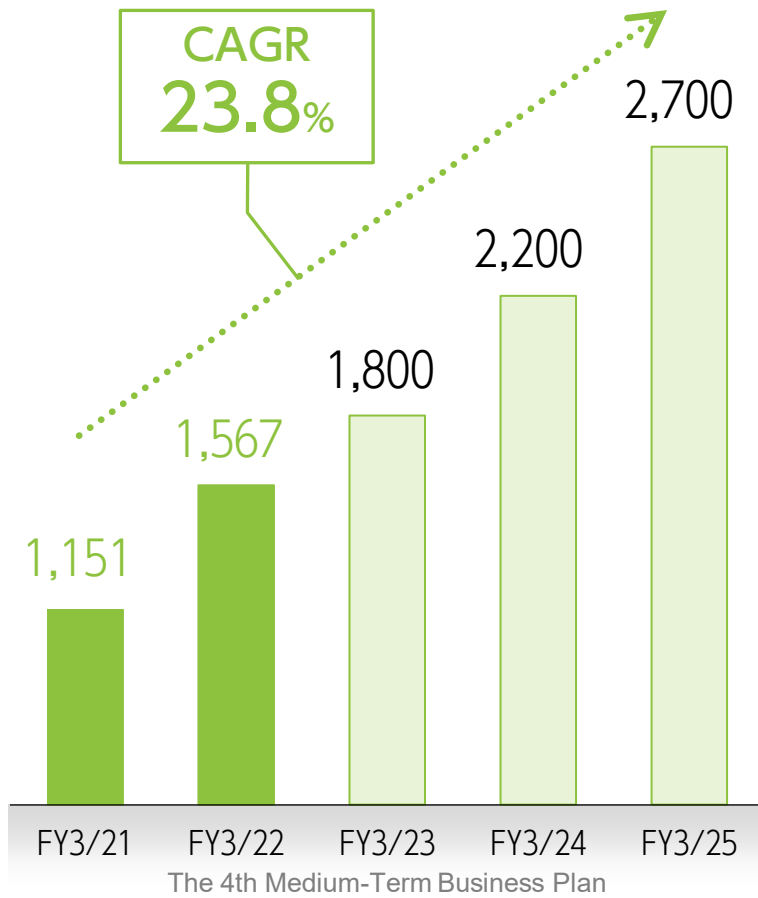
increase to **50-60k** workers

The Target of the 4th Medium-term Business Plan (Repost)

Sales target

[100 million yen]

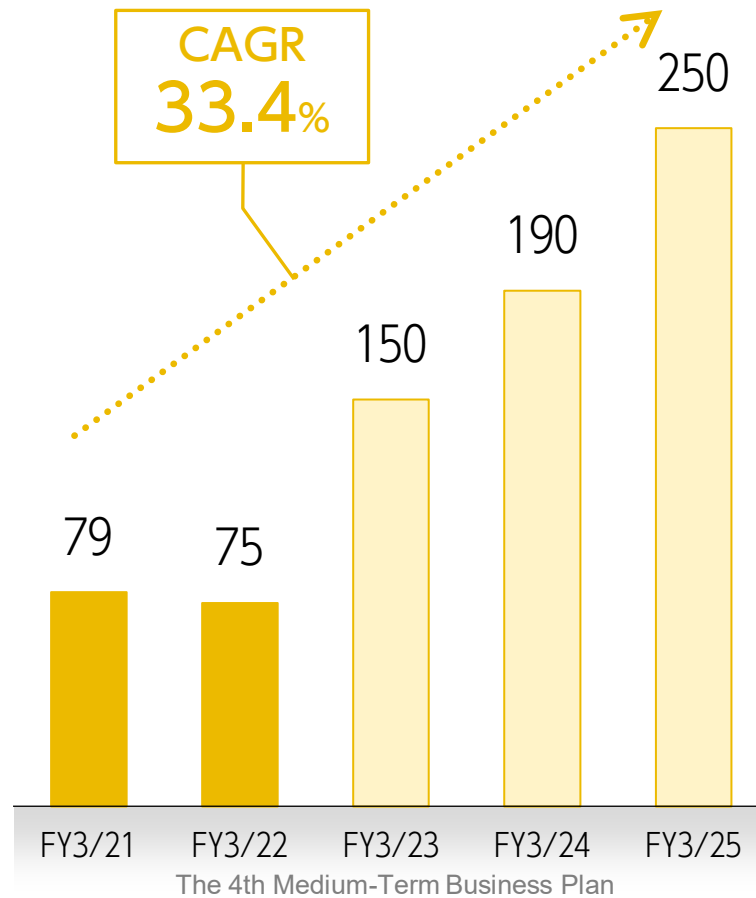
■ Result □ Target



EBITDA target^{※1}

[100 million yen]

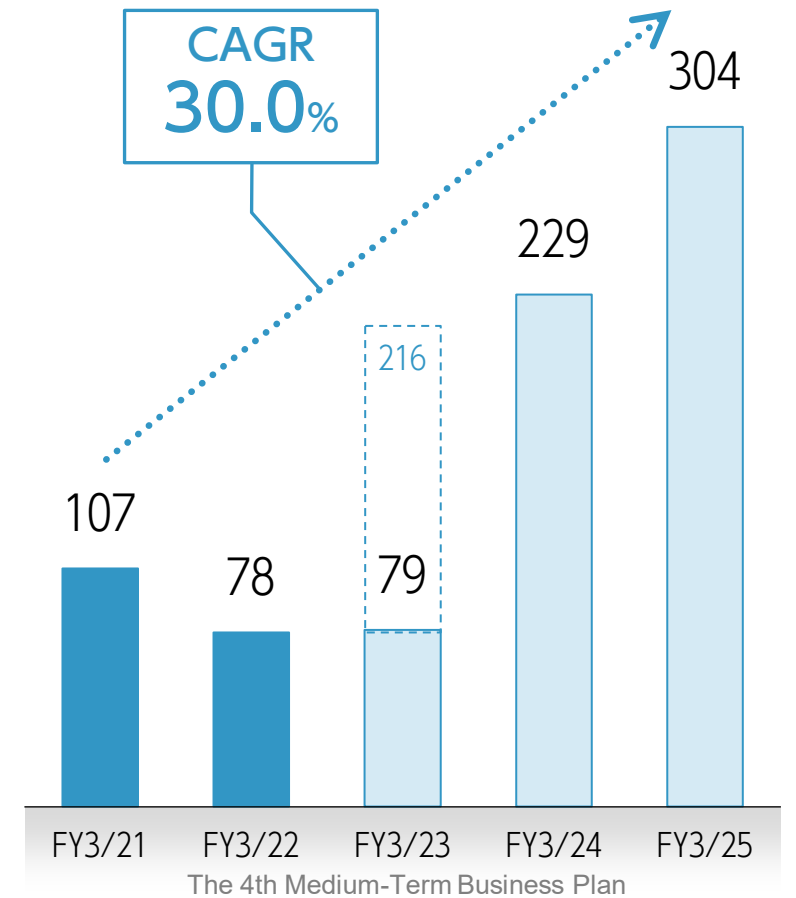
■ Result □ Target



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

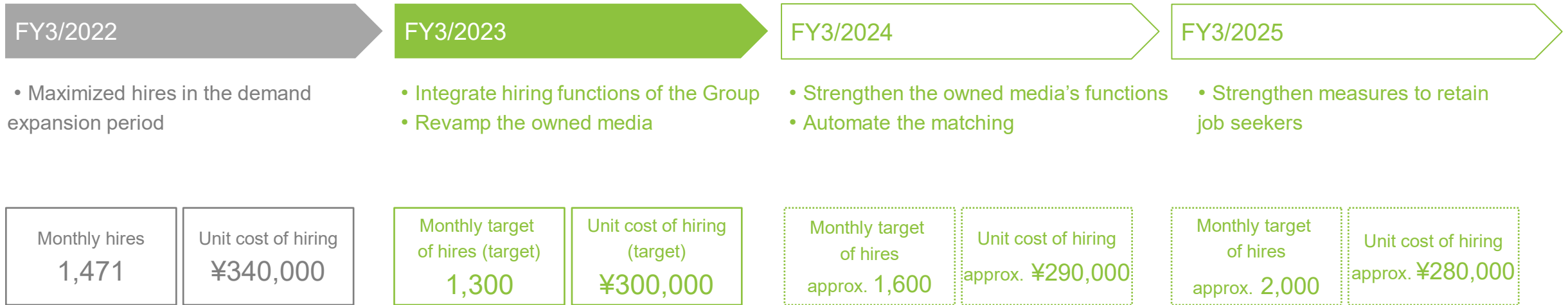
Enhanced hiring system by integrating group-wide hiring activities



Monthly hiring by UT Group
2,000 new hires

Continuously strengthen the hiring system to achieve both growth in the number of hires and cost efficiency

- Build a hiring system that takes advantage of UT Group's merits of scale
- Provide the content that job seekers need with revamped owned media
- Use DX to automate the process from application to hiring



Appendix



Newly-consolidated company's contribution

Contribution of newly-consolidated company to 3Q of FY3/2023

Business Segment	Sub-Segment	Consolidated subsidiary	Time of consolidation	Contribution to FY3/2022	
				Net Sales (billion yen)	Number of technical employees (2Q-end)
Solution Business	—	UT FSAS Creative Inc Former Fujitsu FSAS Creative Inc.	Oct. 2021 *consolidation impact has already ended.	2.4	872
Total				2.4	

Analysis of SG&A expenses

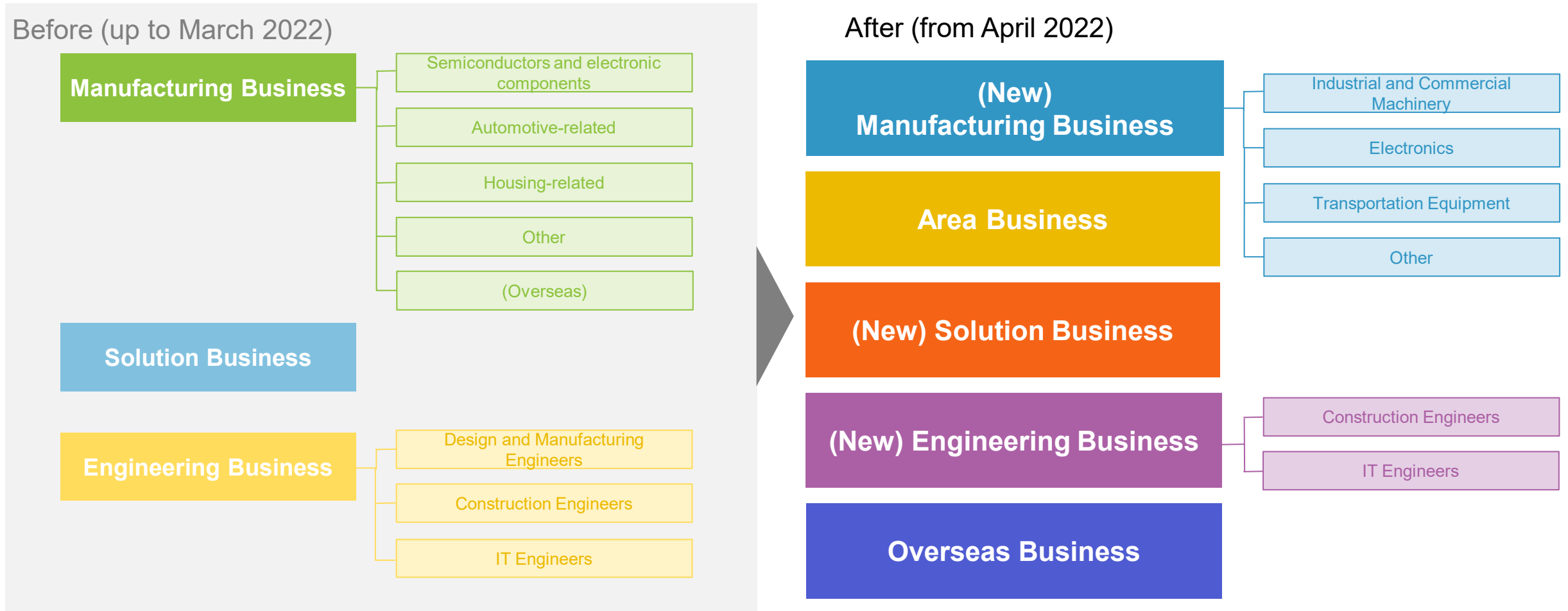
(100 million yen)

	FY3/2019					FY3/2020					FY3/2021					FY3/2022					FY3/2023		
	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	2 Q	3 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	2,414	2,393
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%	5.7%	5.5%
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	1,041	817
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%	2.4%	1.9%
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	308	320
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%	0.7%	0.7%
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	1,053	990
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%	2.5%	2.3%
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	4,817	4,521
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%	11.3%	10.3%

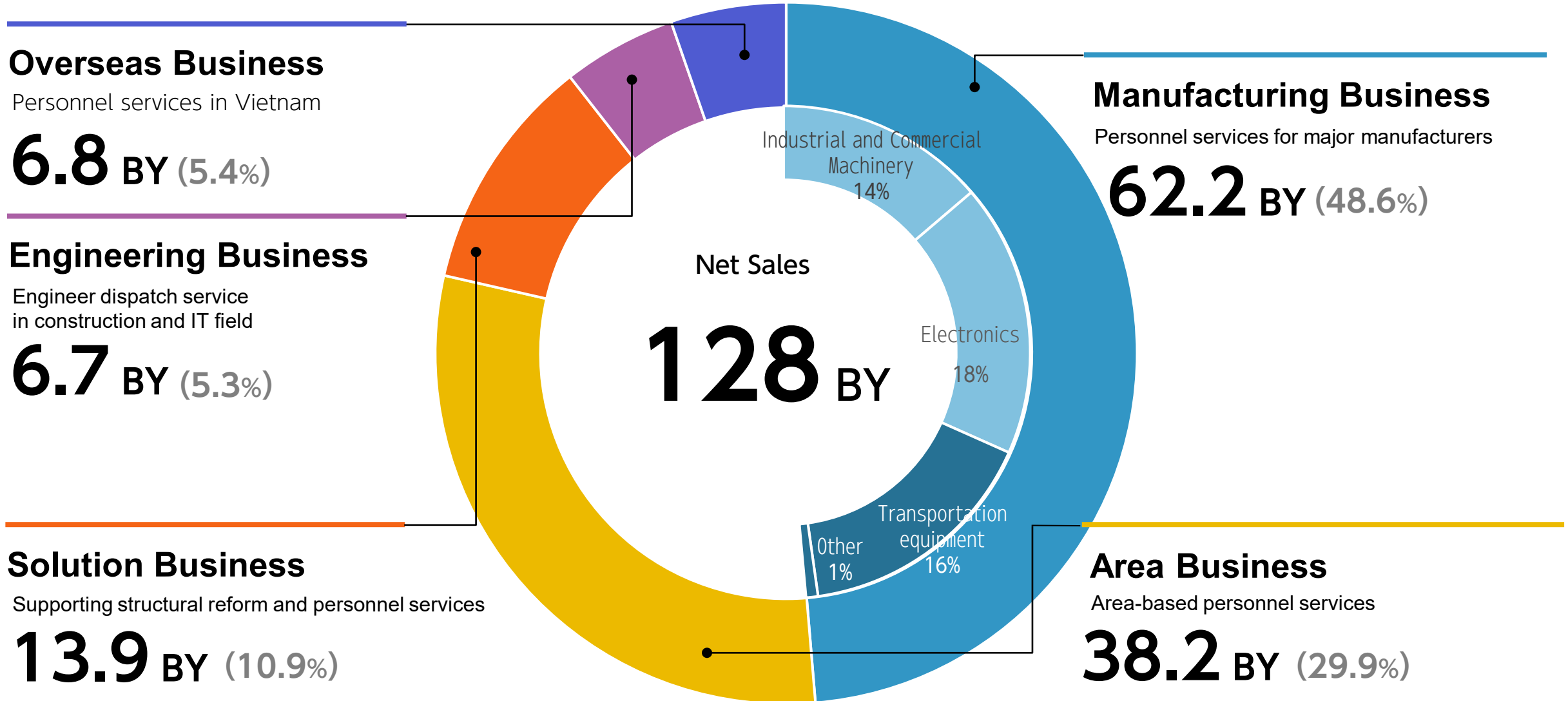
Results for 3Q FY3/2023 exclude the one-off impact from the stock-based compensation expenses

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 (Nine-month period of FY3/2023)

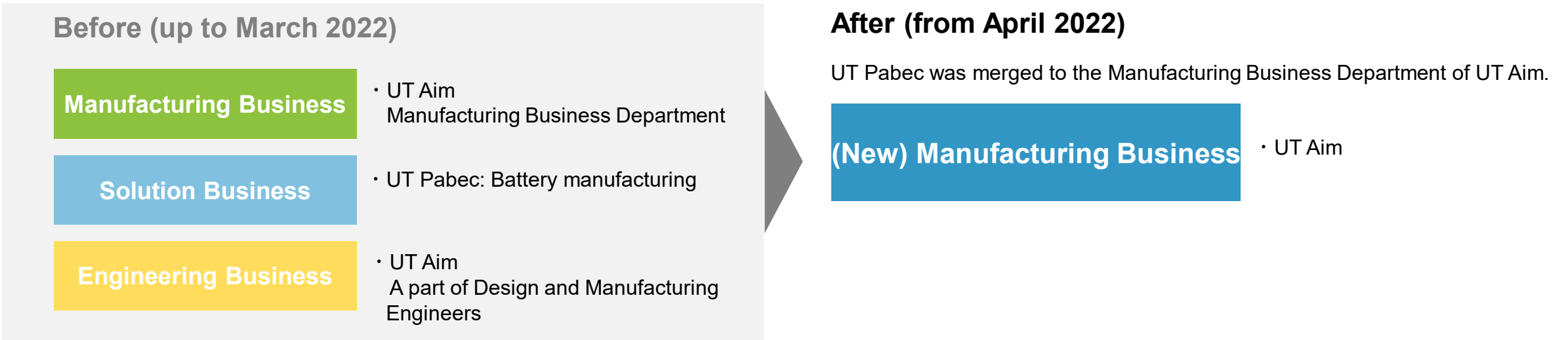


Manufacturing Business

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.



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

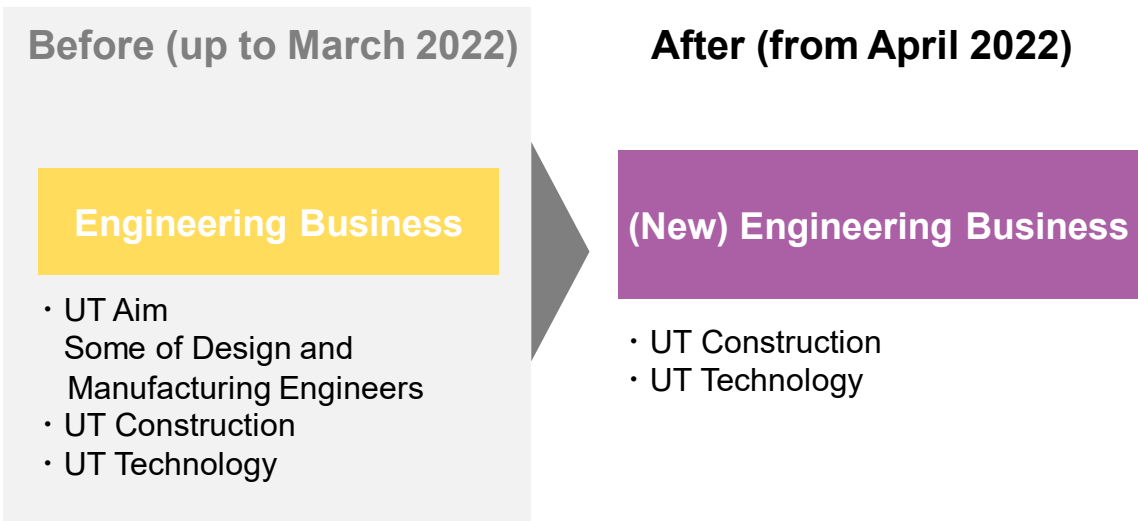
- FUJITSU UT
- UT Toshiba
- UT FSAS Creative
- UT MESC

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.

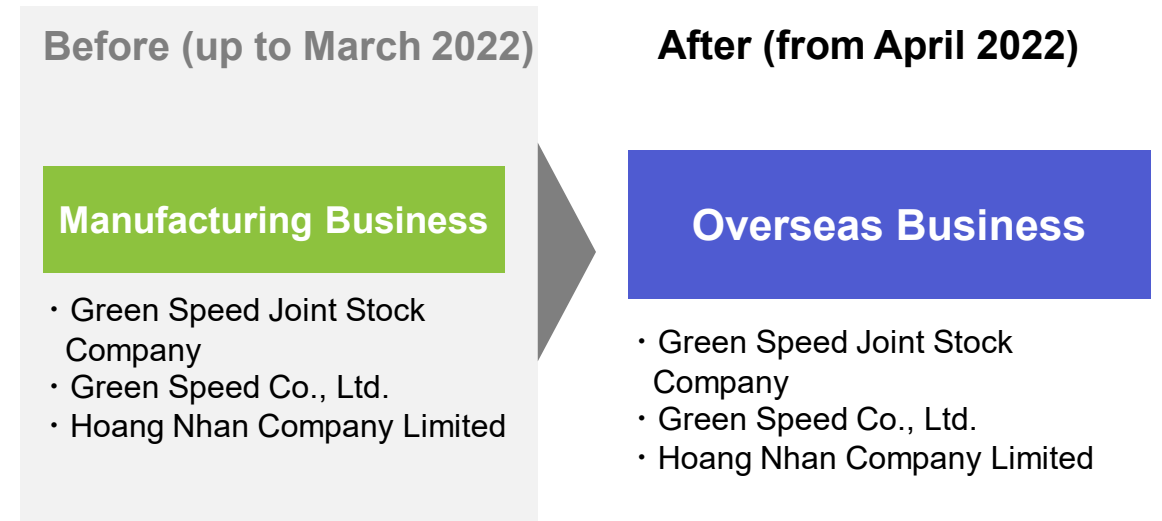


Overseas Business

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) * At the issuance

Conditions for exercise of stock acquisition rights

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

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 1.7-2.9 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.

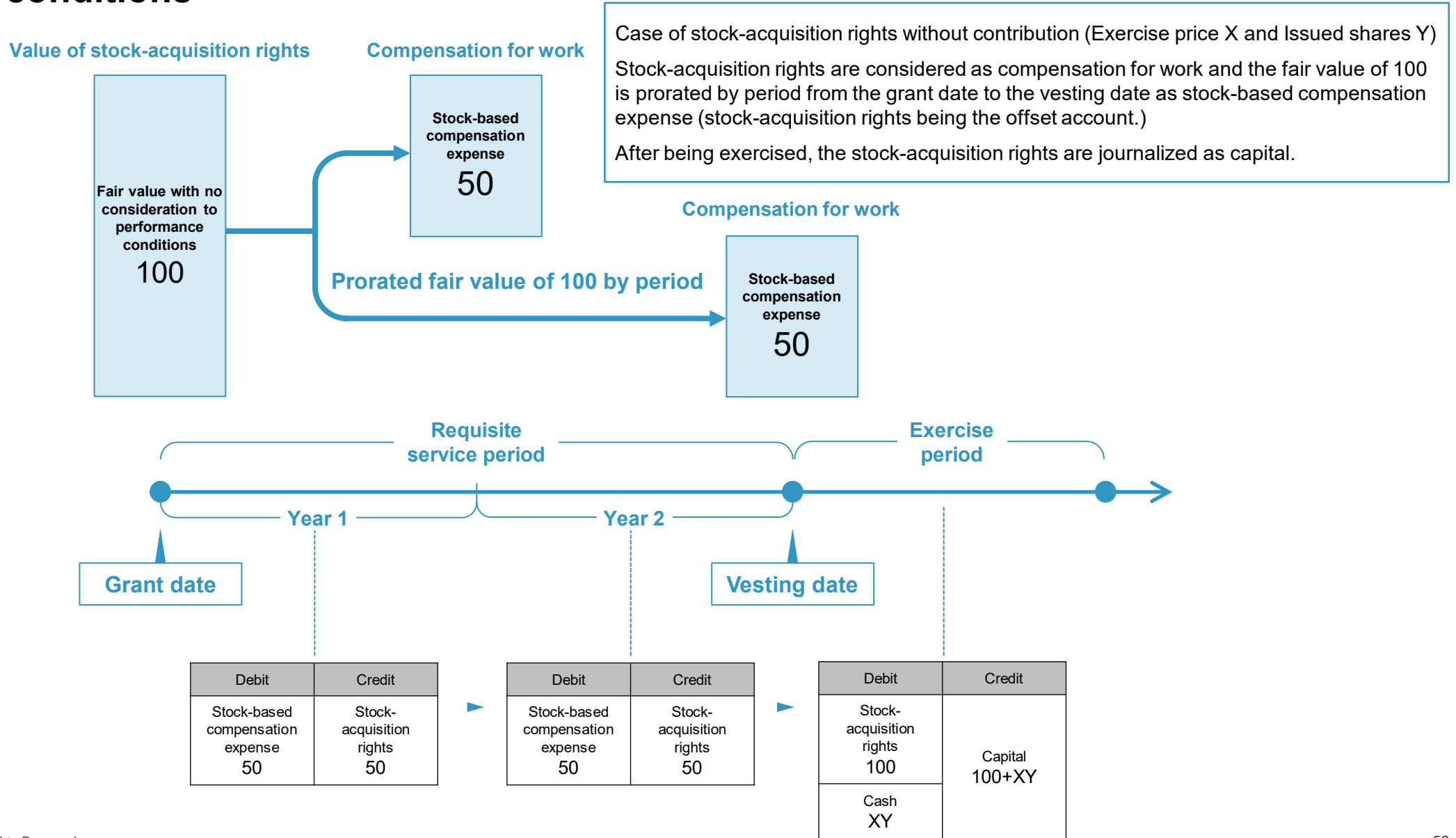
Due to the adoption of the accounting treatment of the paid stock option since April 2018, the stock-based compensation expenses are considered as compensation for labor when its performance conditions are achieved and the expenses are to be recorded as expenses (SG&A expenses).

The stock-based compensation expenses of ¥5.5 billion has been recognized as expense for accounting purposes, do not involve cash-out, and do not affect cash and deposits.

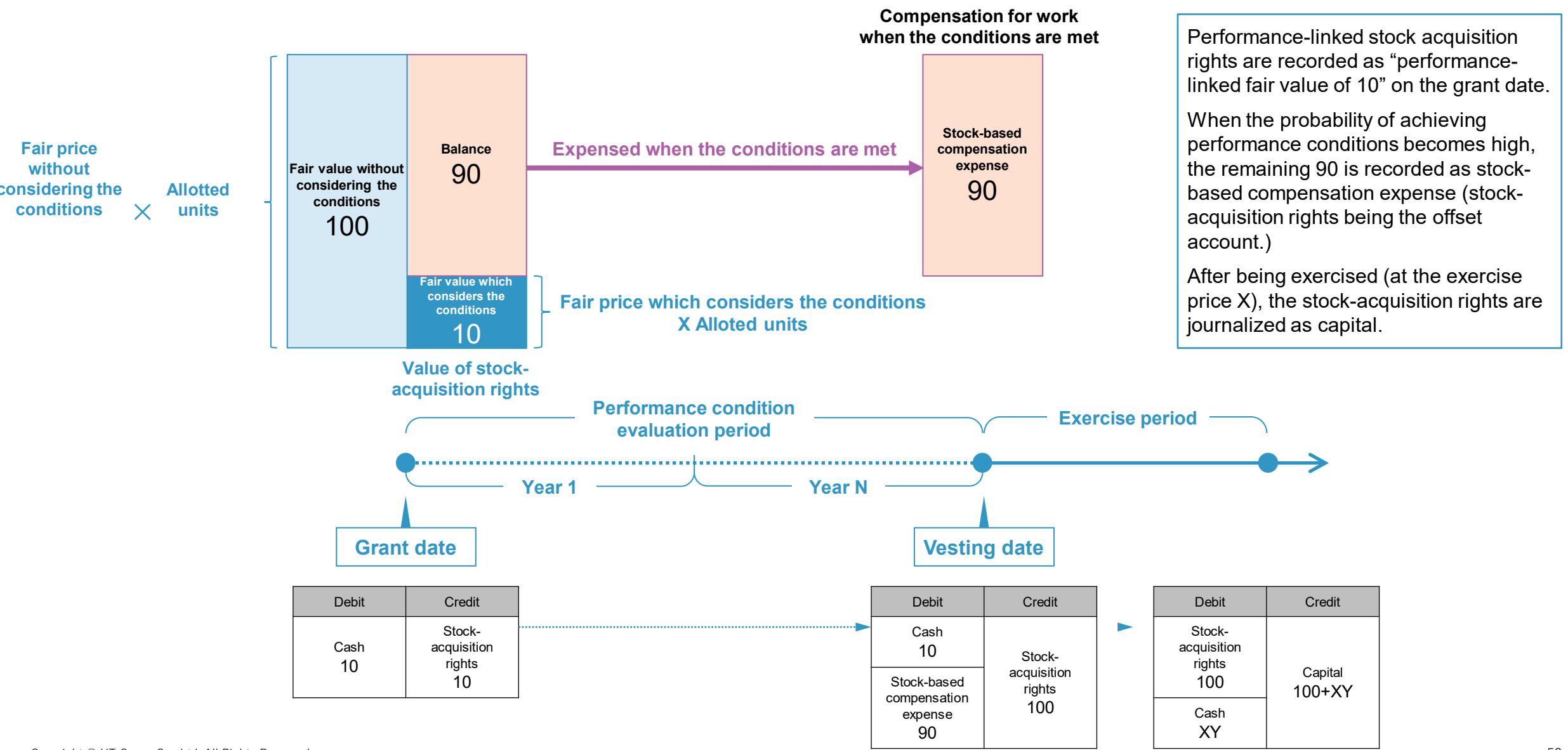
When all the rights are exercised, cash will increase and be transferred to stated capital and additional paid-in capital.

※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

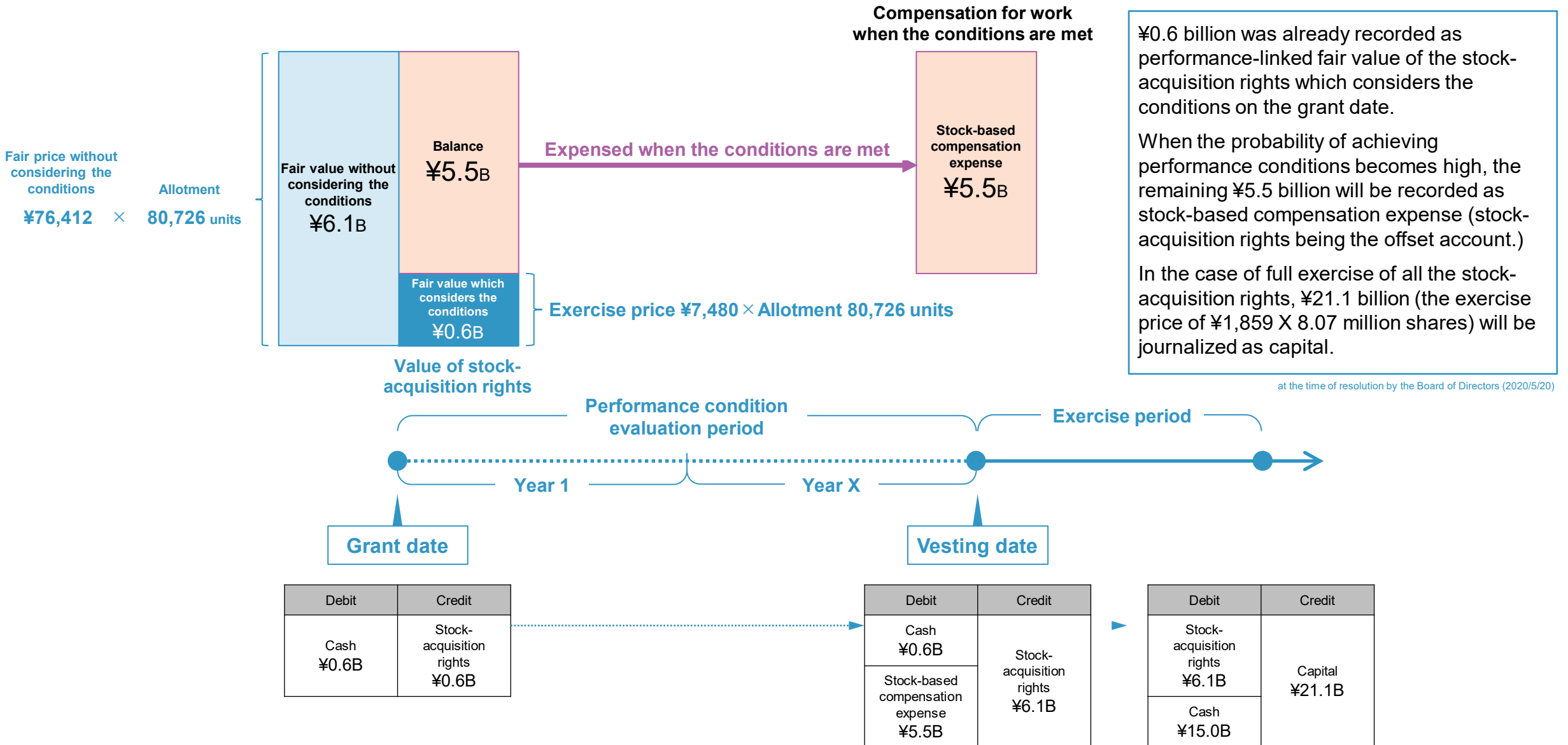


Performance-linked stock acquisition rights are recorded as “performance-linked fair value of 10” on the grant date.

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



¥0.6 billion was already recorded as performance-linked fair value of the stock-acquisition rights which considers the conditions on the grant date.

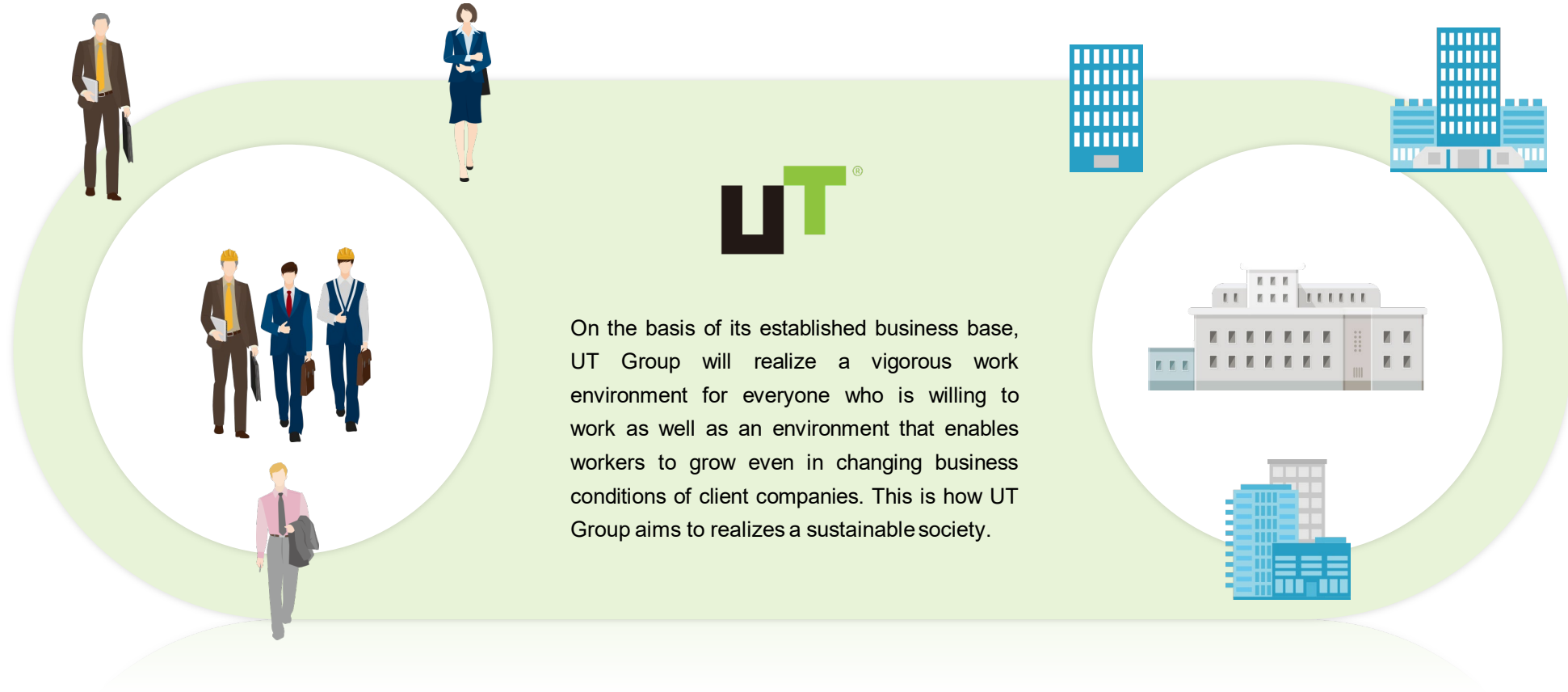
When the probability of achieving performance conditions becomes high, the remaining ¥5.5 billion will be recorded as stock-based compensation expense (stock-acquisition rights being the offset account.)

In the case of full exercise of all the stock-acquisition rights, ¥21.1 billion (the exercise price of ¥1,859 X 8.07 million shares) will be journalized as capital.

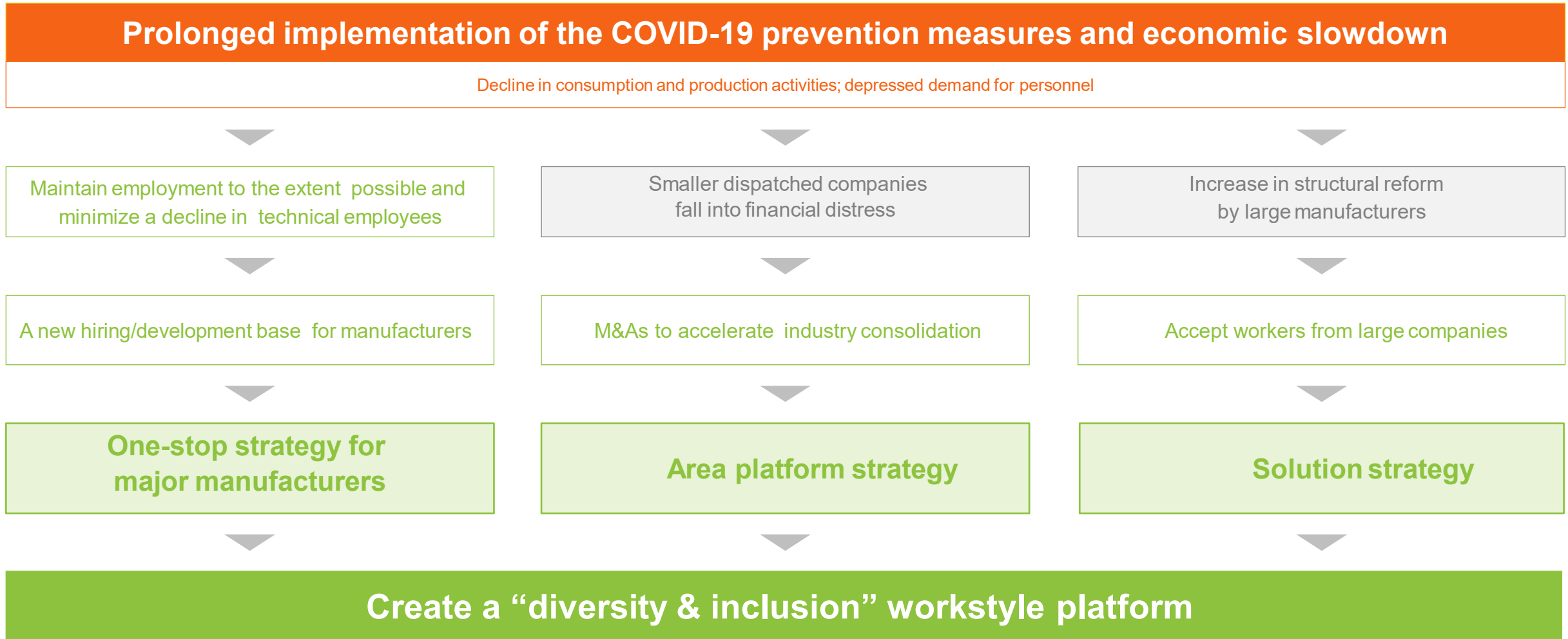
at the time of resolution by the Board of Directors (2020/5/20)

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

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

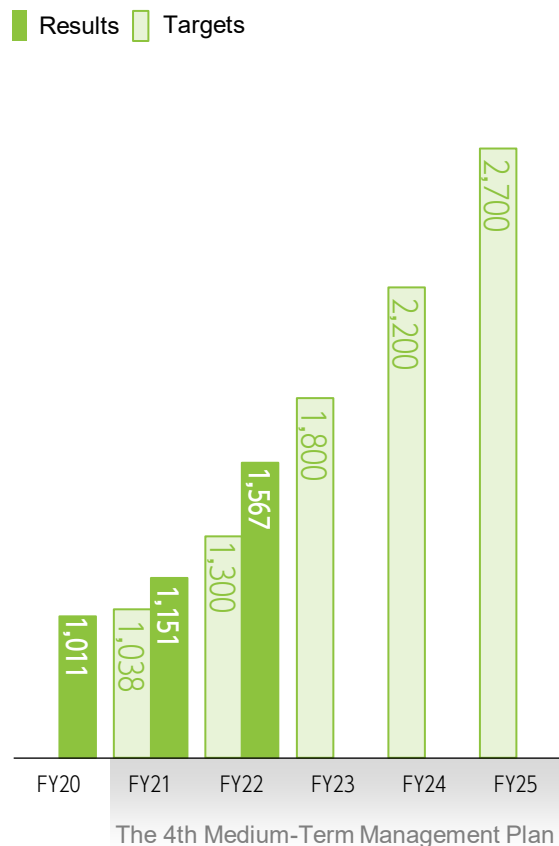
Plan to establish an overseas personnel service business through overseas alliances and acquisition in order to create workplaces where foreign interns in Japan can work empowered back at their home country.

Numeric Targets and Commitments

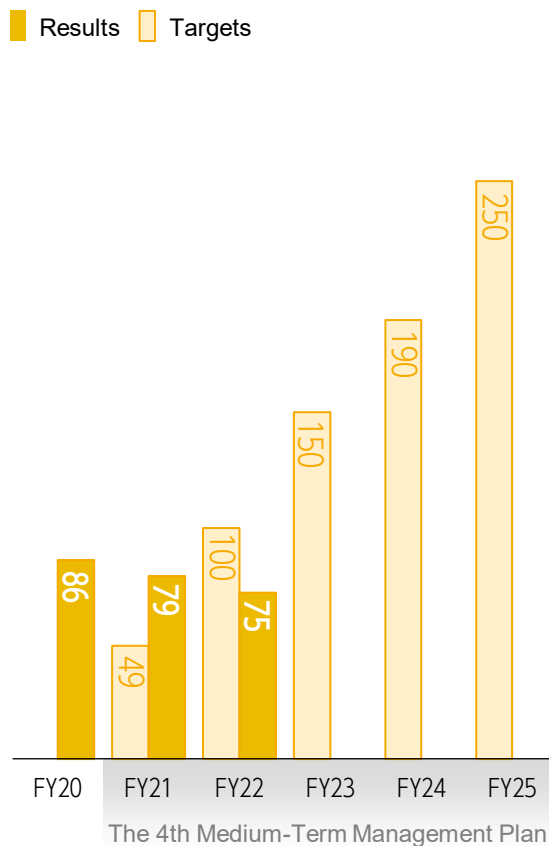
As sales target for FY3/2023 was realized one year ahead of schedule in FY3/2022, we revised earning targets of FY3/2023 - FY3/2025 (announced May 13, 2022).

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.

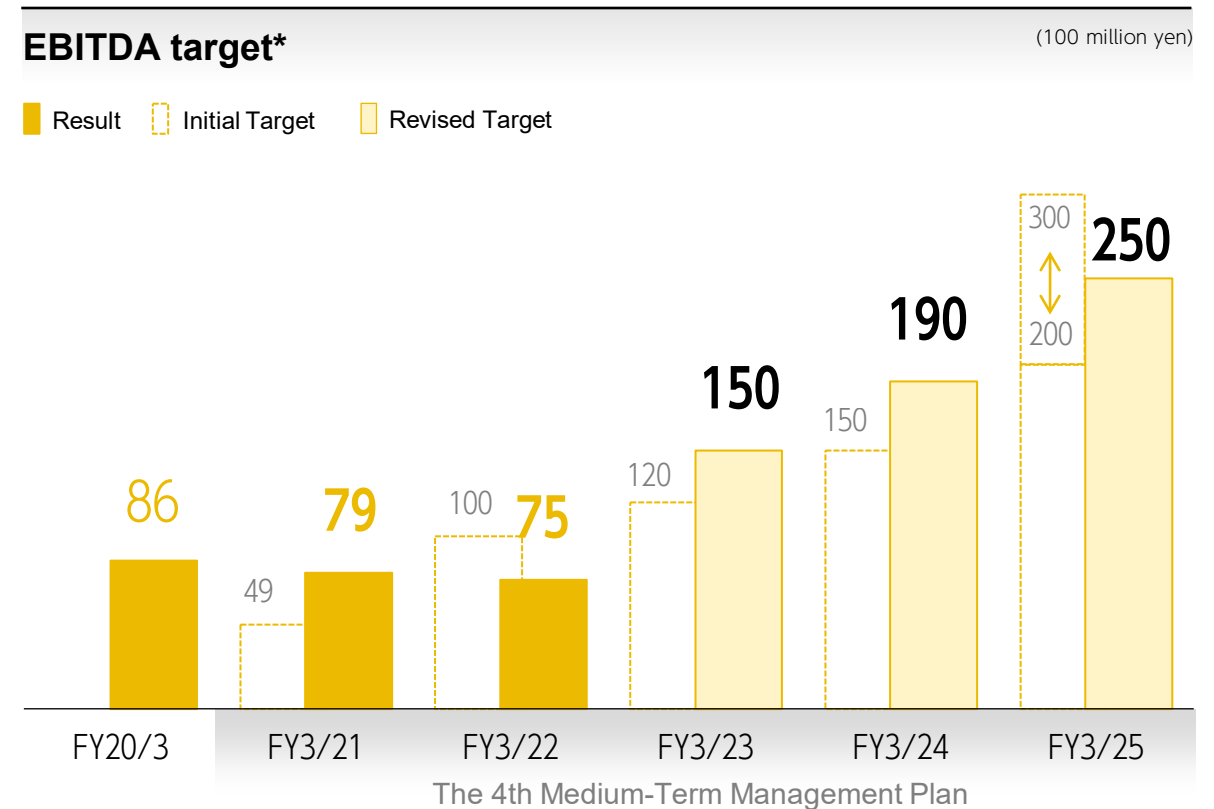
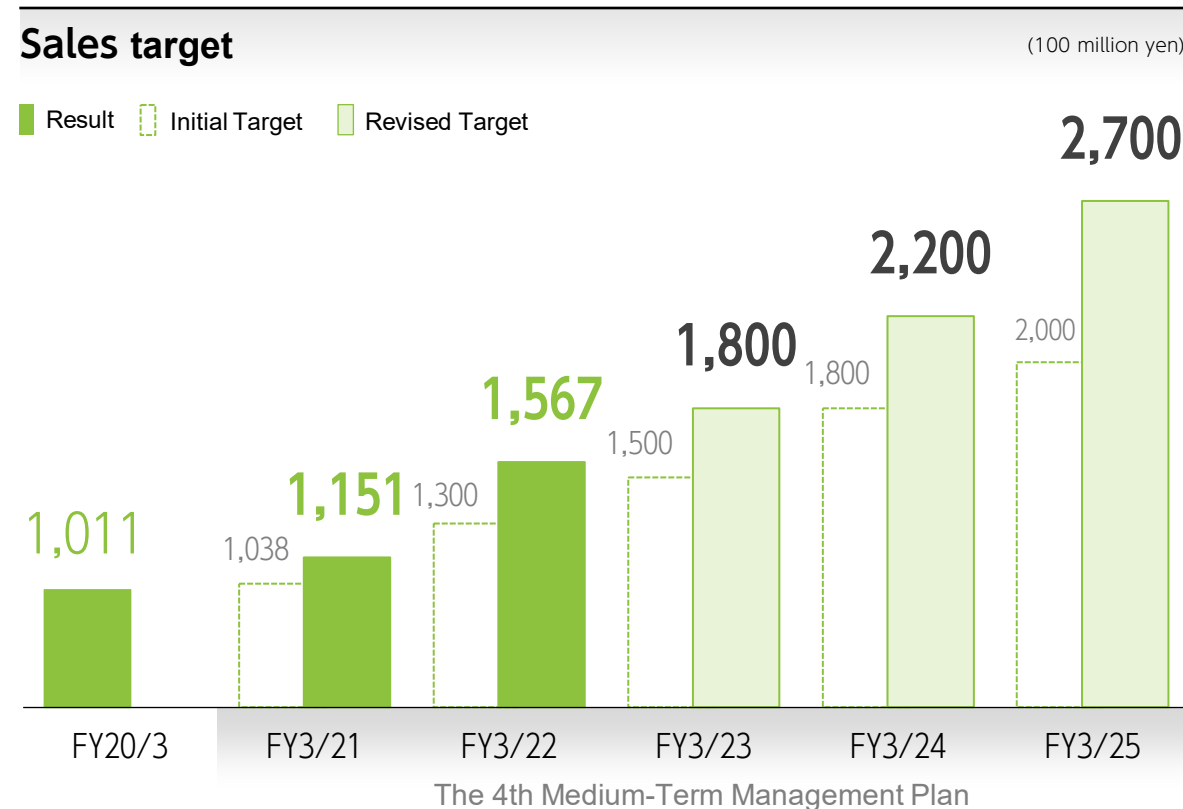
Total return ratio
 The total return ratio represents the proportion of shareholder return to net profit.
 Total return ratio = (Dividends + Shares bought back) / Net profit after tax

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

Sales have been increasing ahead of the initial plan

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

Corporate Outline

Corporate Outline

As of Dec. 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:	4,855

Group Companies

As of Dec. 31, 2022

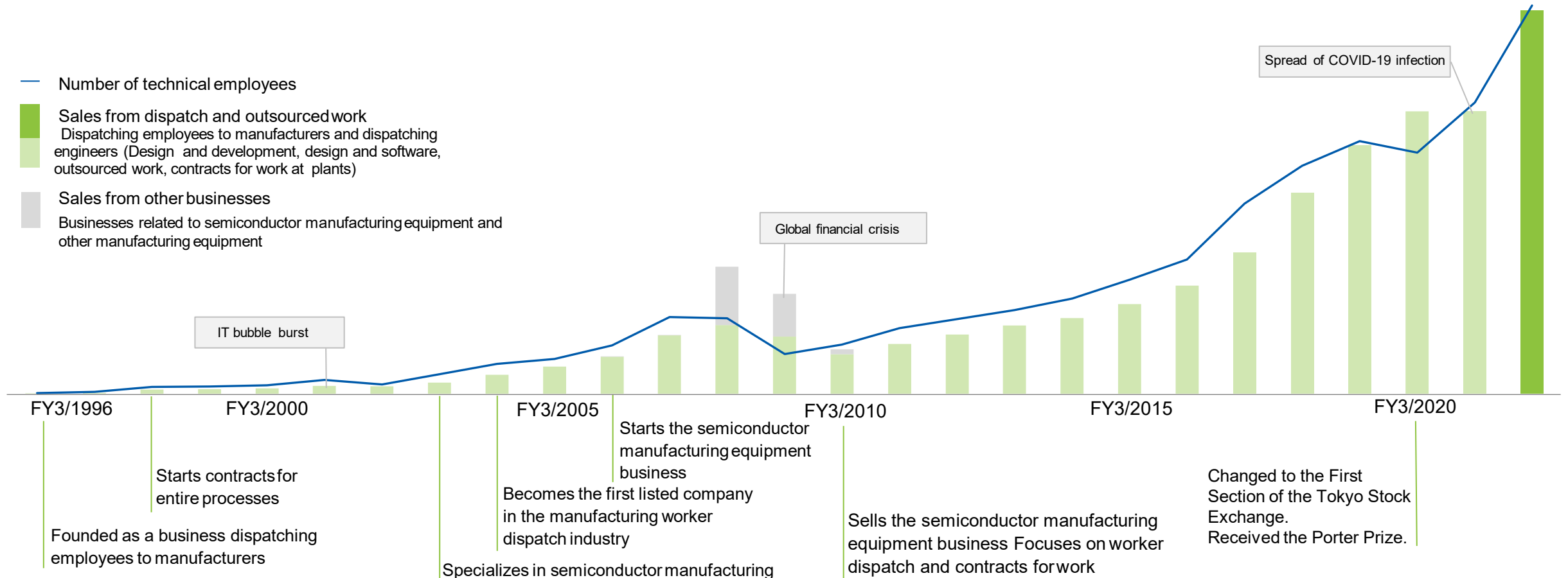
UT Aim Manufacturing personnel services	UT Technology IT engineer outsourcing
UT Connect General personnel dispatch and outsourcing	UT Construction Construction engineer outsourcing
UT SURI-EMU General personnel dispatch and outsourcing	Green Speed Joint Stock Company General personnel dispatch and outsourcing 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/STEP UT)
- Engineer development program
- Management training

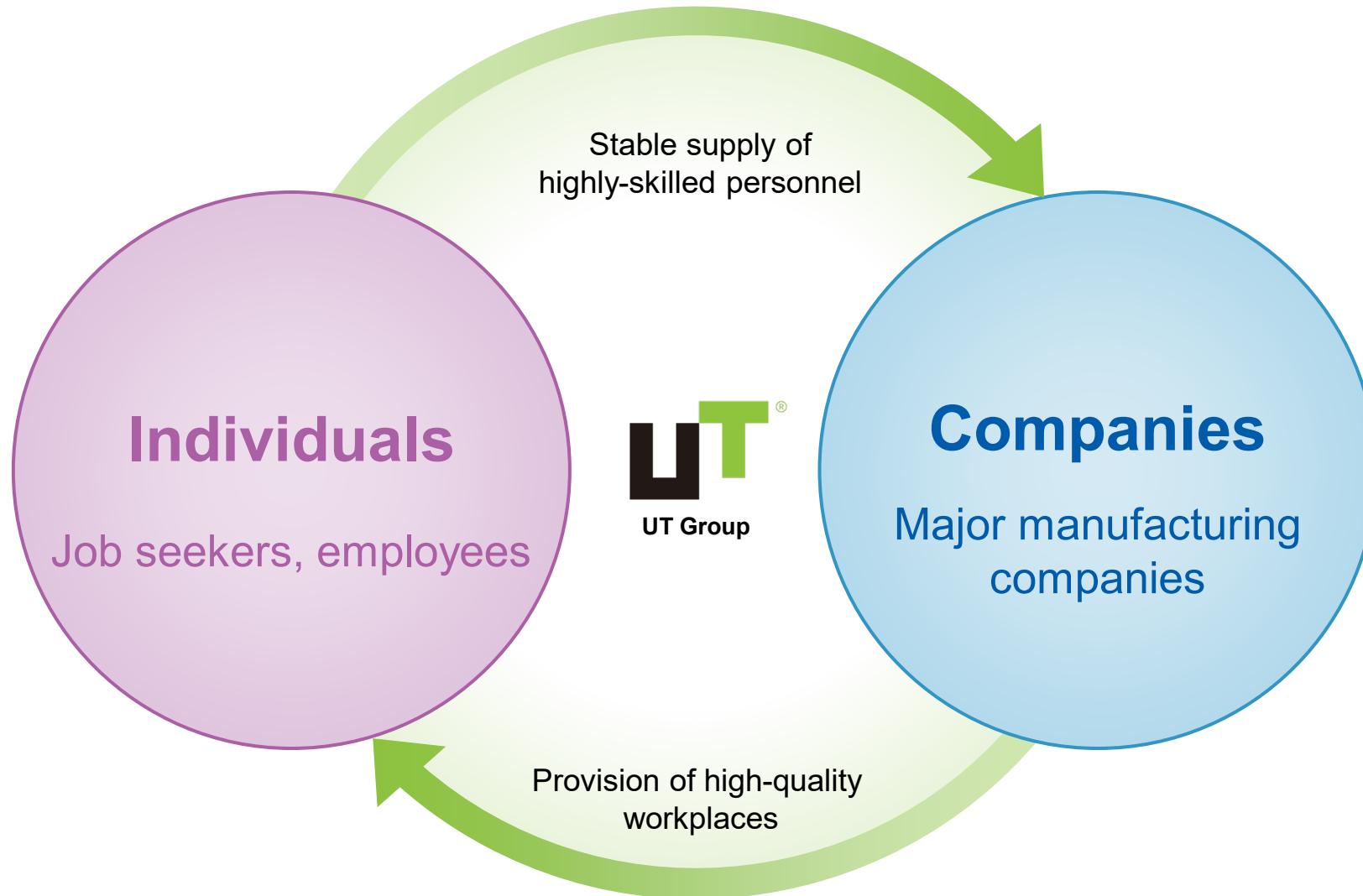


Share profit from enhanced corporate value with employees

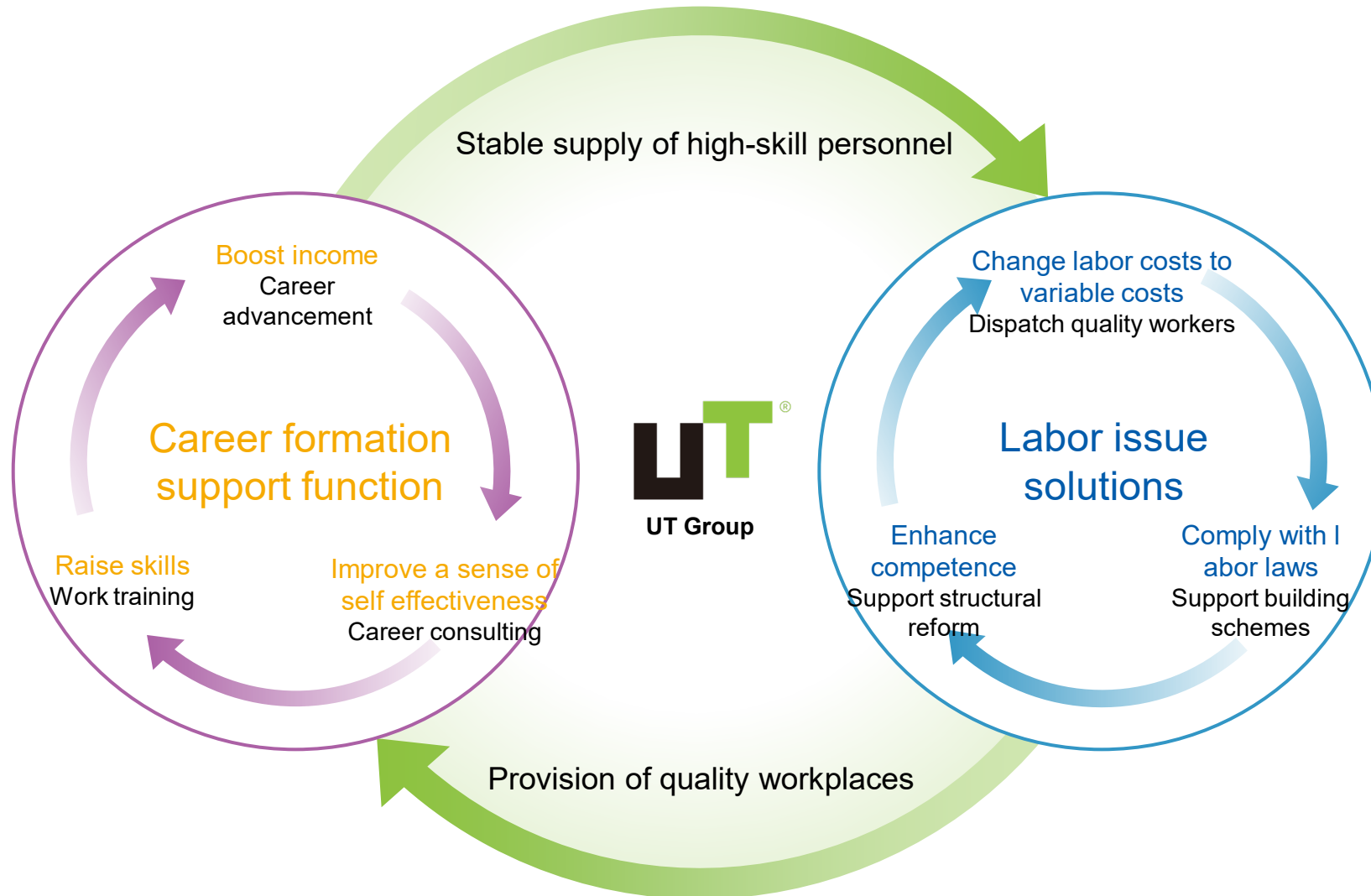
- Measures to encourage employees to become shareholders



Twin-Customer Strategy and Career Platform

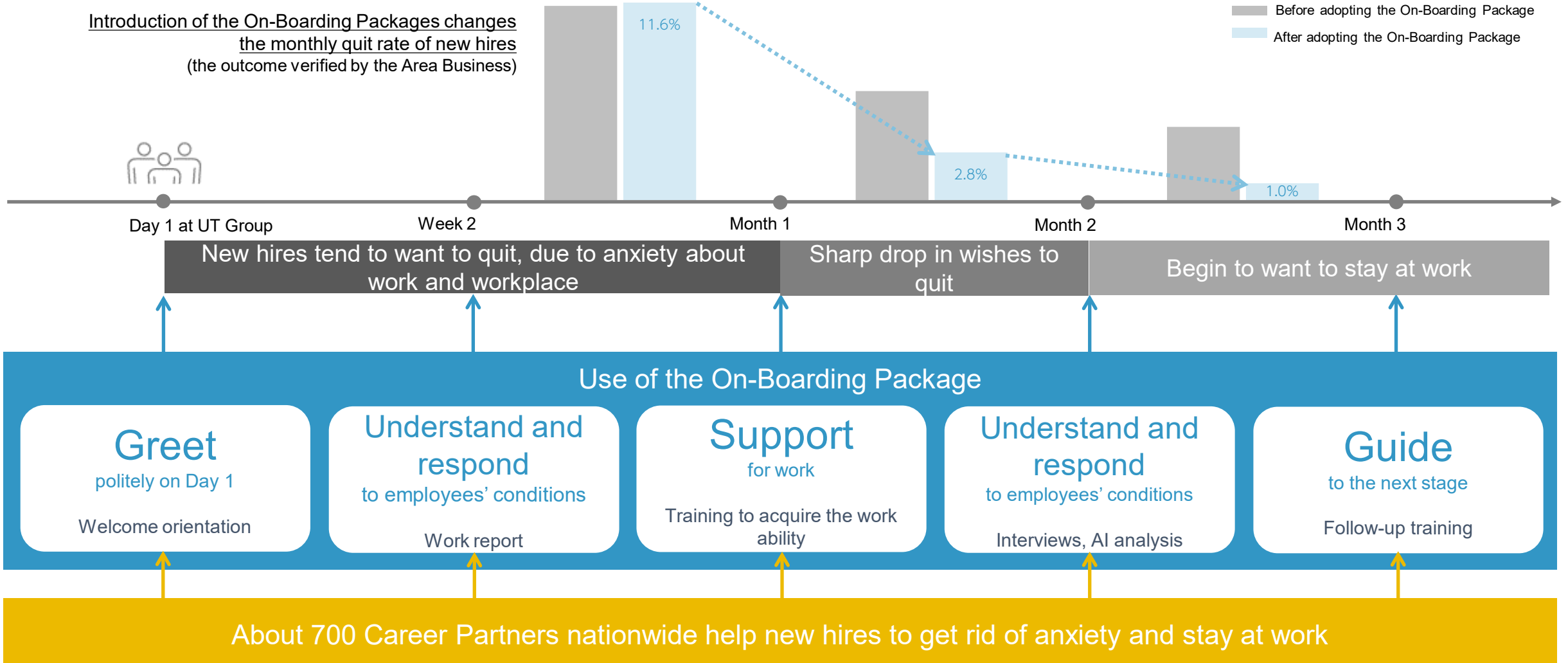


Twin-Customer Strategy and Career Platform



Restrain new hires from quitting by consistent support for their growth

- The Area Business introduces in stages the On-Boarding Package, which removes factors to quit and creates factors to stay



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.

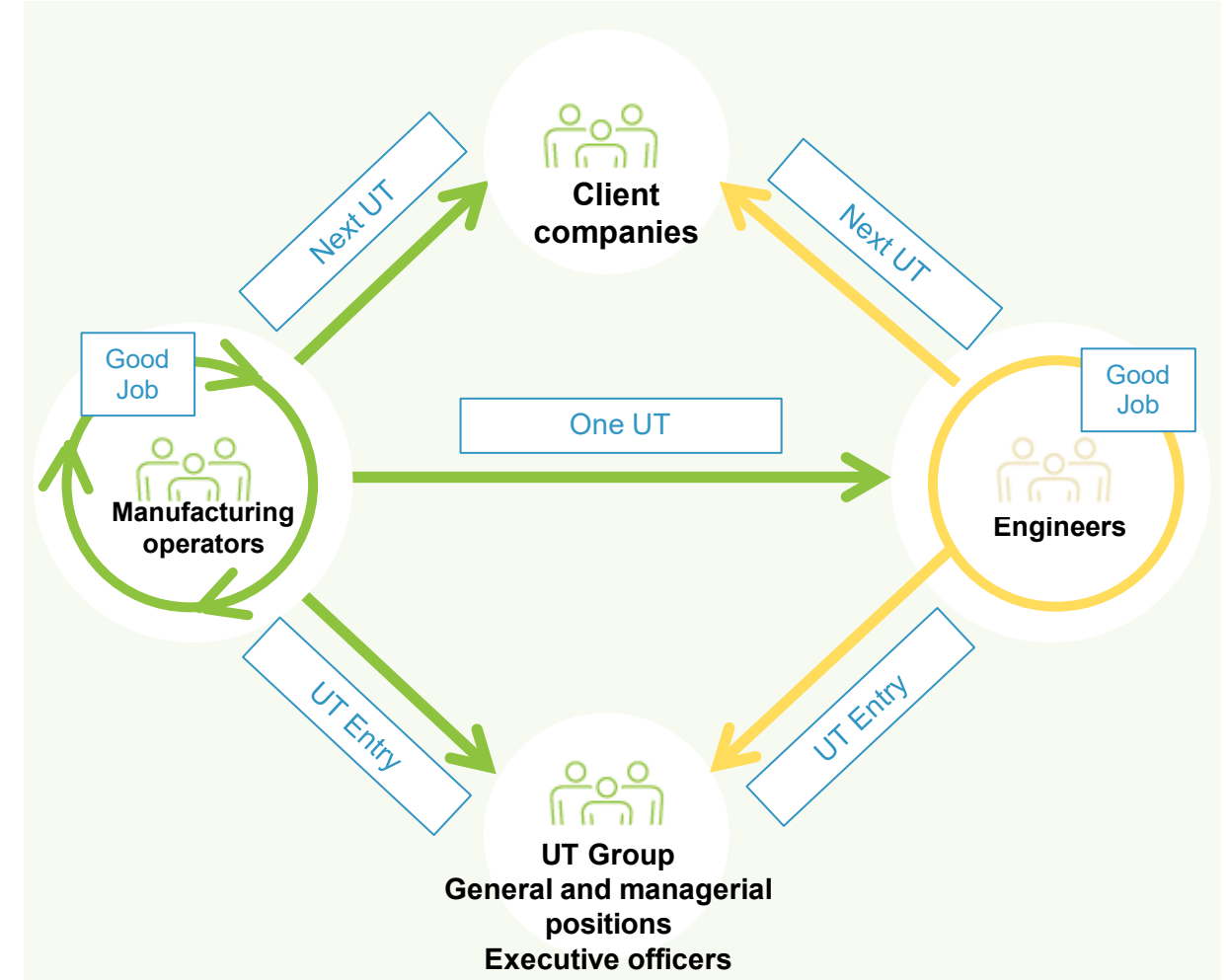
(Intra-group transfers)
- Next UT

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

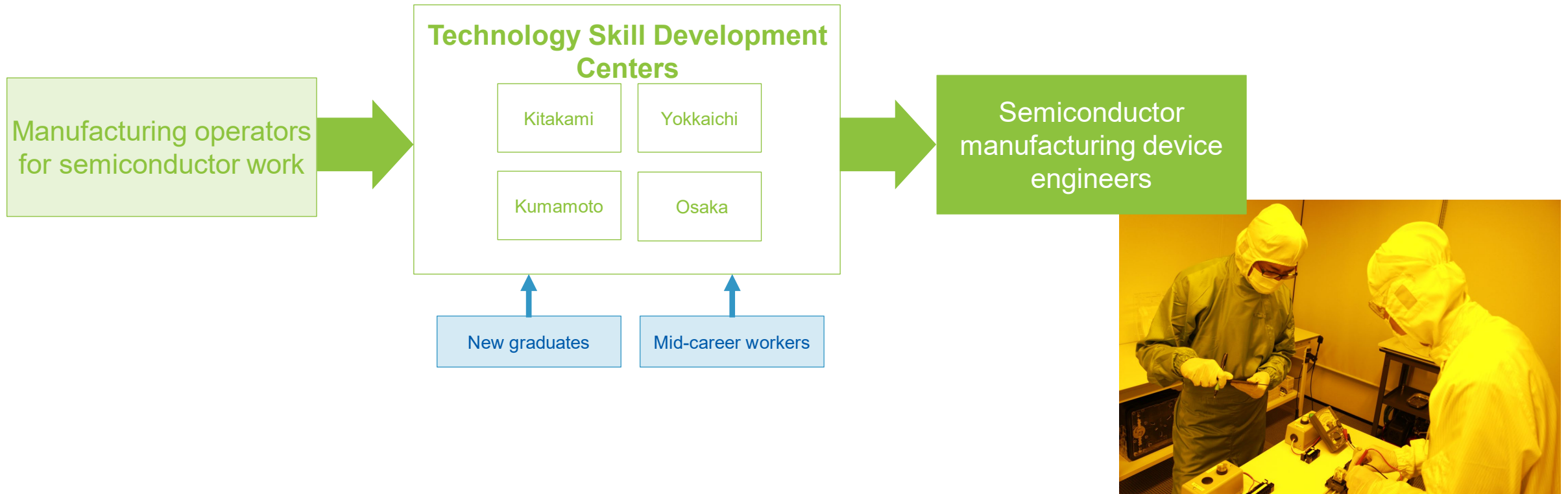
A voluntary nomination system to a manager or an executive. The industry's first system that provides all employees with a fair career opportunity regardless of their years of service, experience, or age.

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



Strongly promote SME engineer development

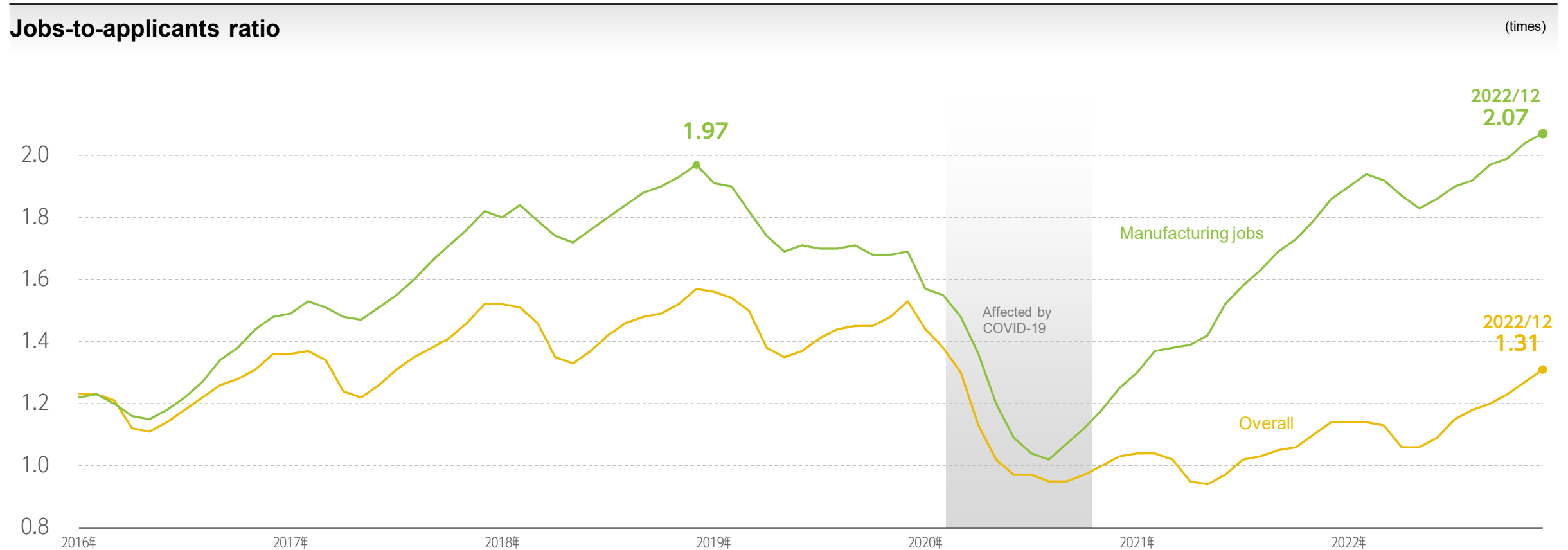
- Established four technology skill development centers for manufacturing engineers in the semiconductor field (Dec. 2020: Kitagami City in Iwate; March 2021: Yokkaichi City in Mie and Kumamoto City in Kumamoto; May 2021 Osaka City in Osaka)
- Targeting to produce 5,000 engineers in FY3/2022 – FY3/2025.



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 is more than doubled, reaching a record high since the monthly statistics in 2012.



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

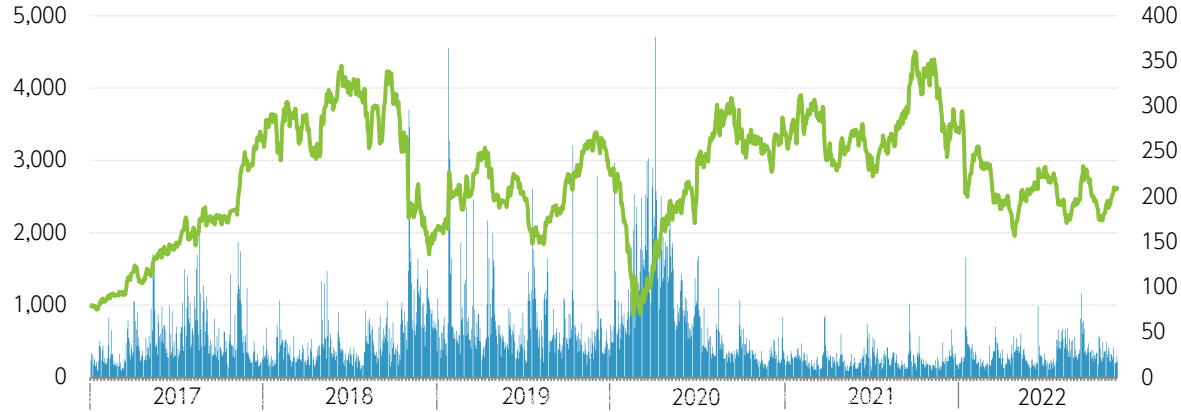
Source: Basic Data of Labor Force Survey, Ministry of Internal Affairs and Communications (2021)

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

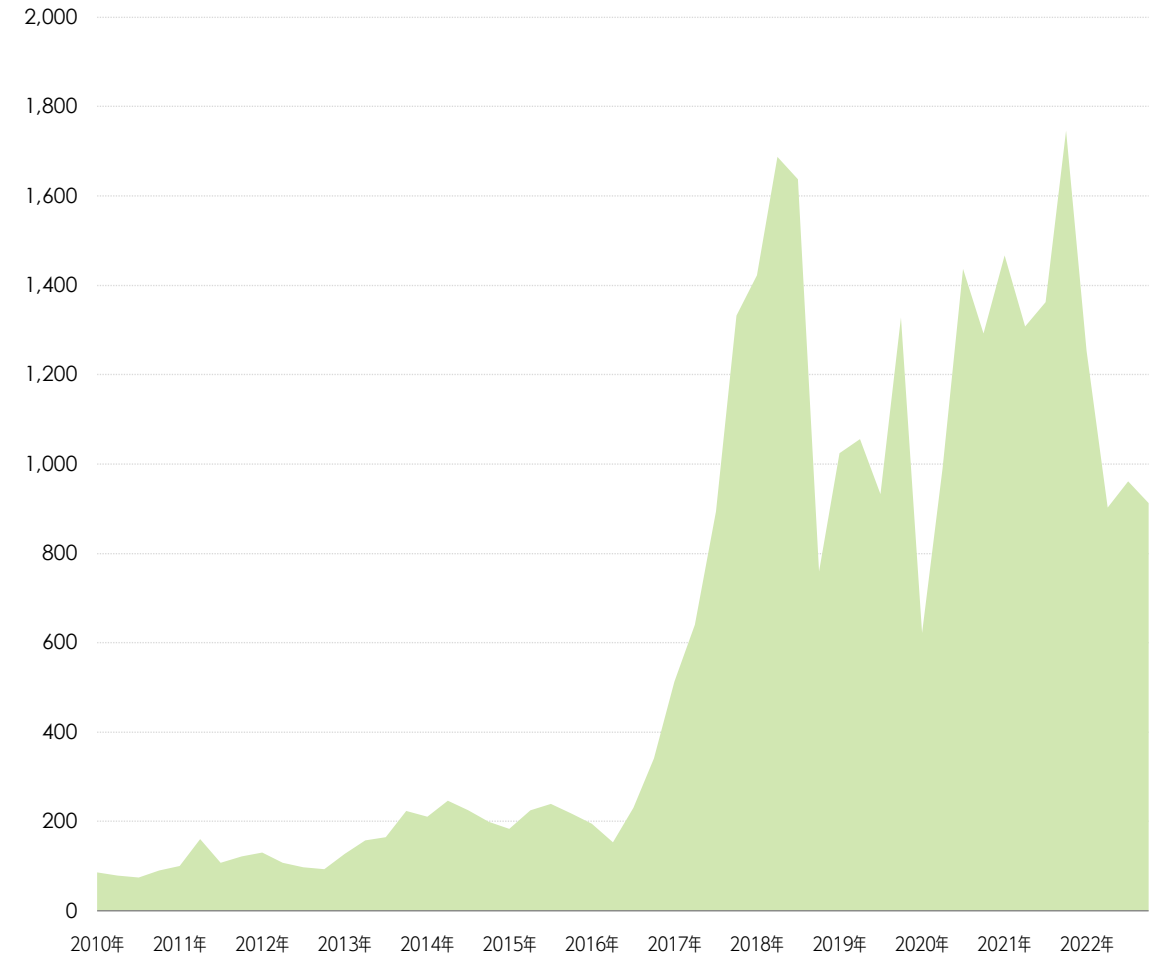
Stock price (LH) and trading volume (RH)

(Yen / 10,000 shares)



Market capitalization

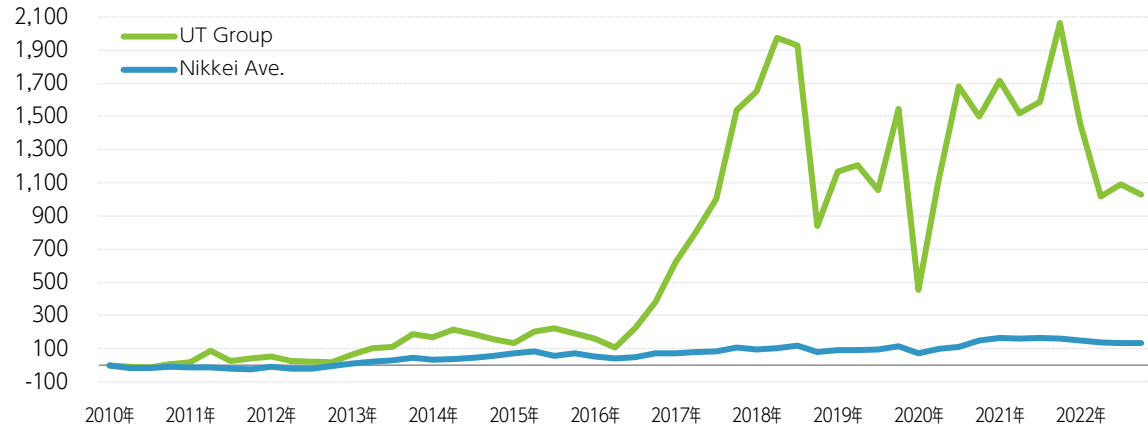
(100 million yen)



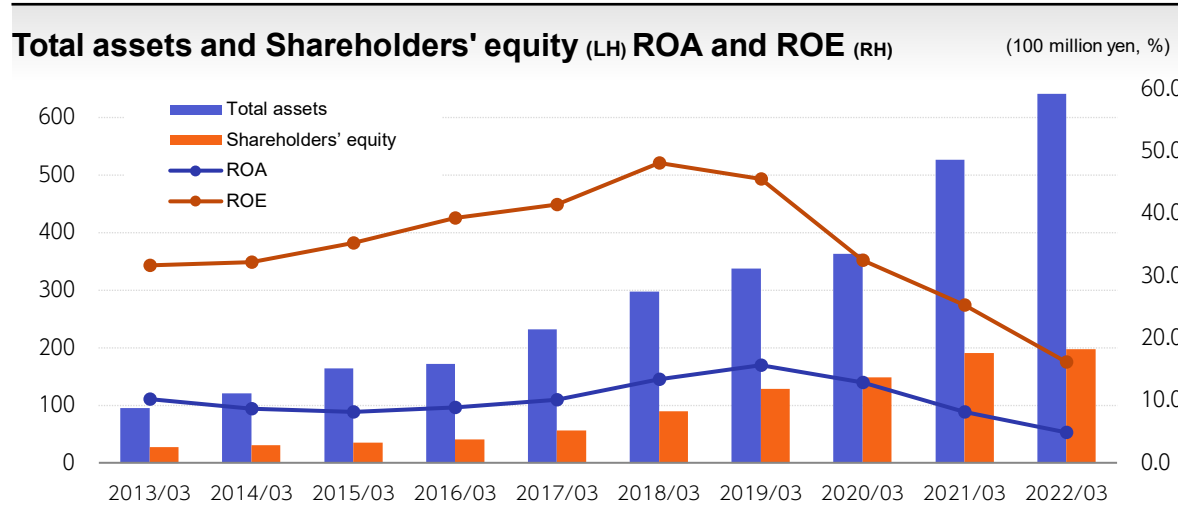
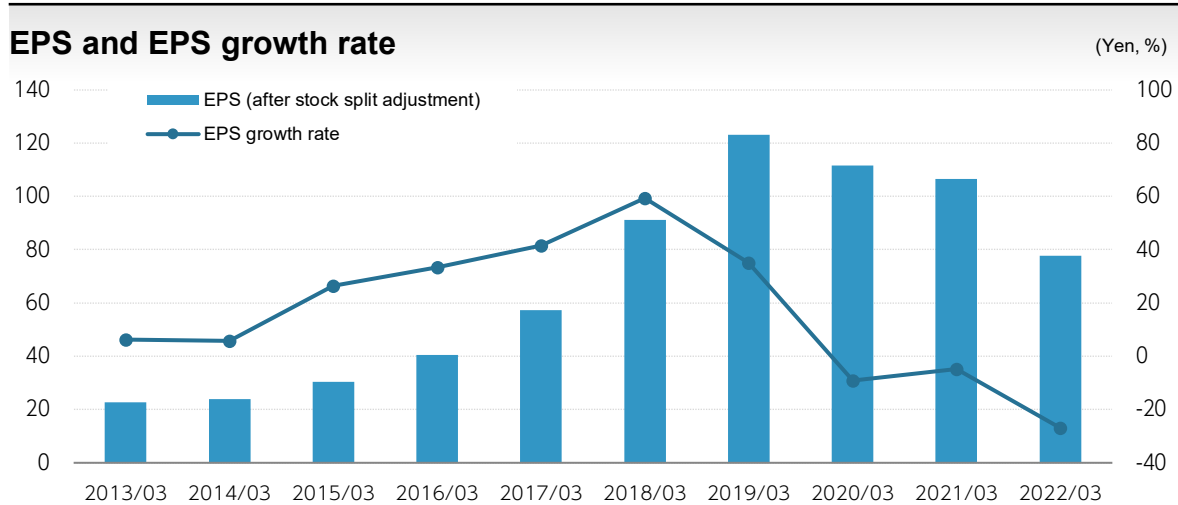
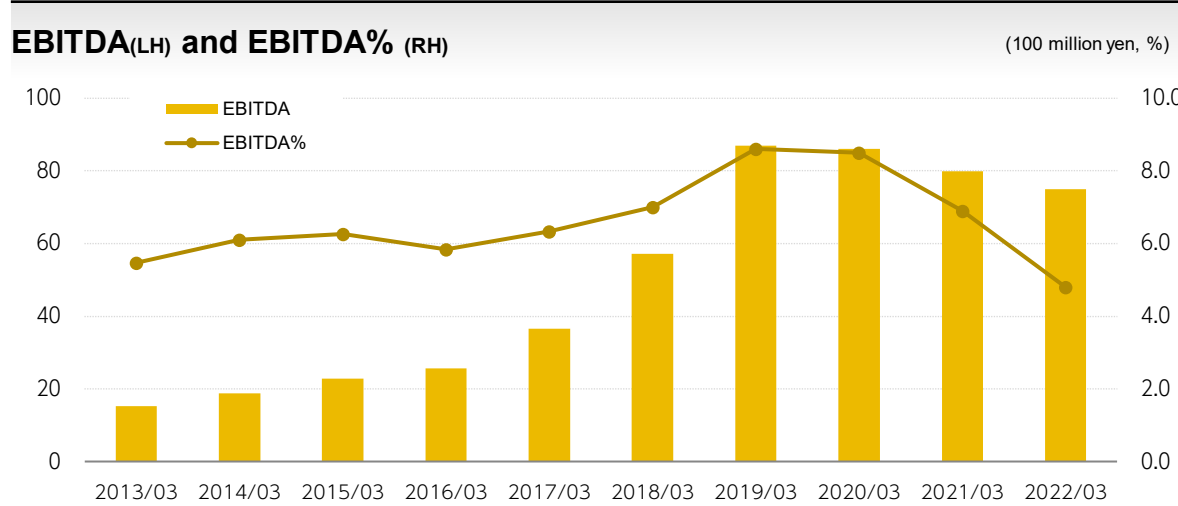
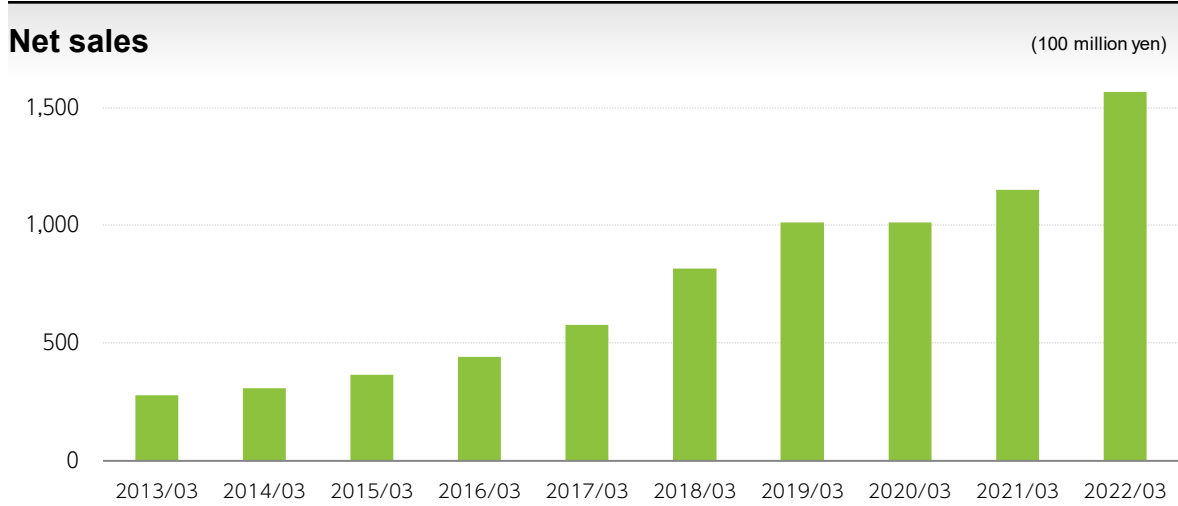
Changes in stock price

(compared with the level on March 31, 2010)

(%)



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)

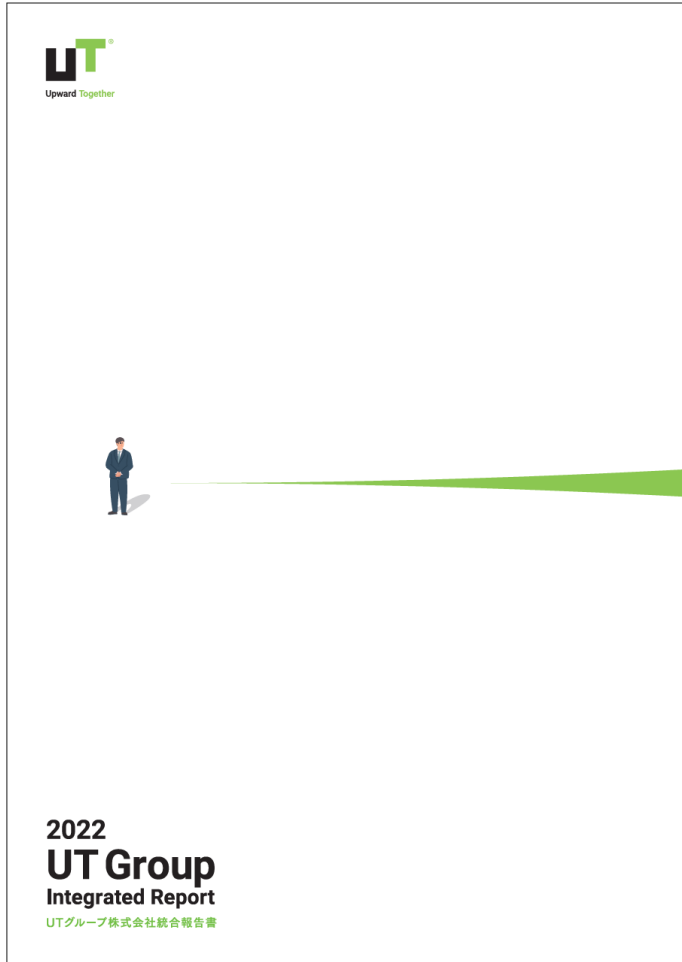
	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Net profit	3,534,596	4,968,446	4,562,294	4,299,825	3,140,593
Dividends paid	-	2,499,281	-	2,663,952	968,709
Amount of share buyback	1,060,818	-	-	-	-
Total return ratio	30.0%	50.3%	0.0%	62.0%	30.8%

*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 2022 was released



In FY3/2022, when demand for human resources rapidly recovered from the COVID-19 pandemic period, UT Group focused on expanding its market share, creating better workplaces and strengthening hiring activities. These efforts resulted in welcoming many new associates and creating workplaces for more than 30,000 technical employees in Japan.

Amid changes in the macroeconomic environment that cause great anxiety for working men and women, UT Group has stuck to the basic management philosophy it has had since its founding: supporting the stable employment and growth of dispatch workers. We have thereby successfully “created vigorous workplaces empowering people.”

In the Integrated Report 2022, we devised ways to convey in a more easily understood manner how we support the stable employment of workers and their growth, by clarifying it within our unique value chain. This is the second year that we produce an integrated report. We hope that the integrated report will be one of the meaningful tools for constructive dialogue with stakeholders and ultimately for increasing our corporate value.

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

Please download the Integrated Report from here:

https://ssl4.eir-parts.net/doc/2146/ir_material4/192255/00.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.

[Inquiries]

UT Group Co., Ltd.

IR Section e-mail: ir@ut-g.co.jp