

February 27, 2023

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(Securities code: 2146, TSE Prime Market)  
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## Notice Regarding Decision on the Shareholder Return Method and Dividend Forecast for FY3/2023

UT Group resolved at its Board of Directors meeting held on February 27, 2023 to buy back its own shares as its shareholder return for FY3/2023.

### 1. Shareholder return method for FY3/2023

We recognize returning profits to shareholders as an important management issue. To achieve a total return ratio of 30% as our baseline target, we adopted the policy of making a comprehensive assessment of the share price level, business environment, and other factors and on that basis to deliver optimal shareholder returns through dividend payment or share buyback that helps to improve capital efficiency.

Regarding a shareholder return policy for FY3/2023, in light of the business environment stated below we have decided not to pay a cash dividend but to buy back our own shares.

### 2. Background of the decision

FY3/2023, the third year of our Fourth Medium-term Business Plan, has been positioned as the year in which we will strive to improve profitability by establishing a solid business foundation for the UT Group to accelerate growth over the medium to long term. We have been building a business foundation for the Group's sustainable growth. Specific measures include organizational restructuring including the integration of operating companies so as to optimize the allocation of personnel, improvement in labor productivity through standardization of operations, and improvement in the efficiency of hiring activities through the integration of hiring databases and improvement of hiring operations. As a result, EBITDA of 15 billion yen, which was set as the target for FY3/2024 in the initial version of the Medium-term Business Plan, has been moved forward by one year, and the probability of reaching this target in FY3/2023 is increasing. We can therefore say that we have further evolved our ability to generate profits.

For FY3/2023, stock-based compensation expenses of 5.5 billion yen have been recorded in light of the increased probability of achieving the performance conditions for the exercise of stock acquisition rights resolved at the meeting of the Board of Directors held on May 20, 2020. However, we expect to set a significant record high in earnings if the impact of stock-based compensation expenses is excluded. Considering the EPS growth rate excluding stock-based compensation expenses that do not involve cash-out, as the actual profit growth potential of the UT Group, the share price is at an extremely undervalued level, as shown in the table below, and we have determined that the share buyback method is appropriate for shareholder returns for FY3/2023. That is why we intend to buy back our own shares on a scale equivalent to 30% of net income attributable to owners of the parent, excluding the impact of stock-based compensation expenses, for FY3/2023. As a result, when calculated using the previously announced forecast of profit attributable to owners of the parent taking into account the impact of stock-based compensation expenses, the total payout ratio would be approximately 82%.

We would like to express our gratitude to the shareholders for their continued support during the ongoing Fourth Medium-term Business Plan, which began with the spread of COVID-19 and continues to present uncertainty in the business environment.

	FY3/2022	FY3/2023 (forecasts)	FY3/2023 (forecasts) excluding the impact of stock-based compensation expenses
Net profit attributable to UT Group	3,140 mln yen	3,200 mln yen	8,768 mln yen
EPS	77.81 yen	79.28 yen	217.25 yen
EPS growth rate (1)	-27.0%	1.9%	179.2%
PER (2) * PER for FY3/2023 as of February 24, 2023	39.91	28.97	10.57
PEG ratio = (2)/(1)	-1.48	15.32	0.06

PEG ratio compares the price earnings ratio (PER) and the EPS growth rate, and is referred to when determining the shareholder return method as an indicator of the share price level relative to growth potential

- PEG ratio of less than 1 time: Considered to indicate that the stock price is undervalued
- PEG ratio of over 2 times: Considered to indicate that the stock price is fully valued by the market

### 3. Dividend forecast

	Annual dividend per share (yen)				
	1Q-end	2Q-end	3Q-end	FY-end	Total
FY3/2023 Previous forecasts				TBD	TBD
FY3/2023 Revised forecasts				0.00	0.00
FY3/2023 Results	0.00	0.00	0.00		
FY3/2022 Results	0.00	0.00	0.00	Ordinary div. 24.00	Ordinary div. 24.00

### (Reference) Performance and forecast of the shareholder return policy

(Million yen)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023 (forecasts)
Profit attributable to owners of the parent	3,534	4,968	4,509	4,299	3,140	3,200
Total dividend amount	—	2,499	—	2,663	968	—
Amount of shares bought back	1,060	—	—	—	—	2,630*
Total return ratio	30.0%	50.3%	0.00%	62.0%	30.8%	82.2%*

Note: Current forecasts calculated based on consolidated earnings forecasts for the fiscal year ending March 31, 2023

Details of the share buyback resulting from this decision (i.e., total number of shares to be repurchased, total acquisition price, and repurchase period) will be disclosed in a timely manner as soon as they are determined, in the form of "Notice Concerning Share Buyback".

End