UT Group
Upward Together

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Company name: UT Group Co., Ltd.
Representative: Manabu Sotomura
President and Representative Director
(Securities code: 2146, TSE Prime Market)
For inquiries: Takahito Yamada
Executive Officer and Division Manager
Service Infrastructure Division
TEL: +81-3-5447-1710

Notice Concerning Changes to the Policy for the Acquisition and Disposal of Treasury Shares for Employee Stock Compensation Plan

UT Group Co., Ltd. resolved at its Board of Directors meeting held today, to temporarily suspend the acquisition of treasury shares for the stock compensation plan for employees, and instead to acquire treasury shares for the purpose of mitigating the dilutive effect associated with the exercise of existing stock options. The details of the changes to the policy concerning the acquisition and disposal of treasury shares, which was previously resolved at the Board of Directors meetings held on August 25, 2025, and February 12, 2026, are as follows.

1. Reason for changes

At the Board of Directors meeting held on August 25, 2025, the Company resolved to introduce a stock based compensation plan for employees of the UT Group (the "Plan"), with the aim of enhancing engagement with Group employees, improving their retention and re-employment rates, and increasing corporate value over the medium to long term.

The Plan is scheduled to operate until FY3/2028, and a decision on its continuation thereafter will be made based on an evaluation of its effectiveness. Concurrently with the introduction of the Plan, we have been acquiring treasury shares under a policy to conduct quarterly repurchases of treasury shares equivalent to 30% of quarterly net income for the period from FY3/2026 to FY3/2028.

Furthermore, at the Board of Directors meeting held on February 12, 2026, we resolved on the disposal of 26,451,100 shares of its common stock, with Sumitomo Mitsui Trust Bank, Limited (Trust Account) as the planned allottee and executed it. This disposal was intended to secure the shares expected to be delivered to employees during the trust period from March 3, 2026 to June 30, 2028 (planned) based on the Company's share delivery rules, taking into account the Company's net income.

Since we have already secured the shares expected to be delivered to employees during the trust period under the Plan by using the shares already contributed to the trust, we will temporarily suspend

the acquisition of treasury shares for the purpose of the Plan. This change does not signify the abolition of the Employee Stock Compensation Plan itself. Meanwhile, at the Board of Directors meeting held on May 20, 2020, we resolved to issue stock options as incentives for directors and employees to increase corporate value, and currently, unexercised stock options (potential shares) equivalent to a certain percentage of total shares outstanding (16.1% as of September 30, 2026) exist.

Taking these circumstances into account and considering the potential dilutive impact of an increase in the number of shares resulting from the exercise of stock options, and from the perspective of maintaining and enhancing shareholder value, we have decided to repurchase treasury shares while maintaining financial soundness, with the aim of allocating the repurchased treasury shares to the delivery of shares upon the exercise of stock options.

The funds required for this acquisition of treasury shares are planned to be fully funded by the Company's own funds. UT Group’s consolidated cash and cash equivalents as of September 30, 2026, stood at 28.7 billion yen, and a sufficient level of liquidity is expected to be maintained even after allocating funds for this acquisition of treasury shares.

2. Details of changes

(Before change)

Concurrently with the introduction of the stock compensation plan for Group employees, UT Group will conduct quarterly repurchases of treasury shares equivalent to 30% of quarterly net income for the period from FY3/2026 to FY3/2028.

(After change)

UT Group's policy is to acquire up to 6.0 billion yen of its treasury shares, with the acquisition period running from November 16, 2026 to March 31, 2027. In addition, while the repurchased treasury shares are planned to be allocated to the delivery of shares upon the exercise of stock options, if the stock options are not exercised in the future, we will consider utilizing them for the stock compensation plan or canceling them.

Regarding the acquisition of treasury shares from FY3/2028 and thereafter, we will implement repurchases flexibly, taking into comprehensive consideration factors such as business performance, financial condition, share price levels, capital efficiency, and growth investment opportunities.

Regarding the dividend policy, UT Group's basic policy is to return profits to shareholders in tandem with its business performance while striving to maintain stable dividends. Under the Fifth Medium-Term Business Plan announced in November 2025 (covering the period from FY3/2026 to FY3/2029), we target a consolidated dividend payout ratio of 100% or more of profit attributable to owners of parent,

with a minimum annual dividend of 10 yen per share. We will continue to maintain this policy going forward.

End