

Second Quarter of Fiscal Year Ending March 31, 2021

Financial Results

November 5, 2020

UT Group Co.,Ltd.

Securities Code: 2146

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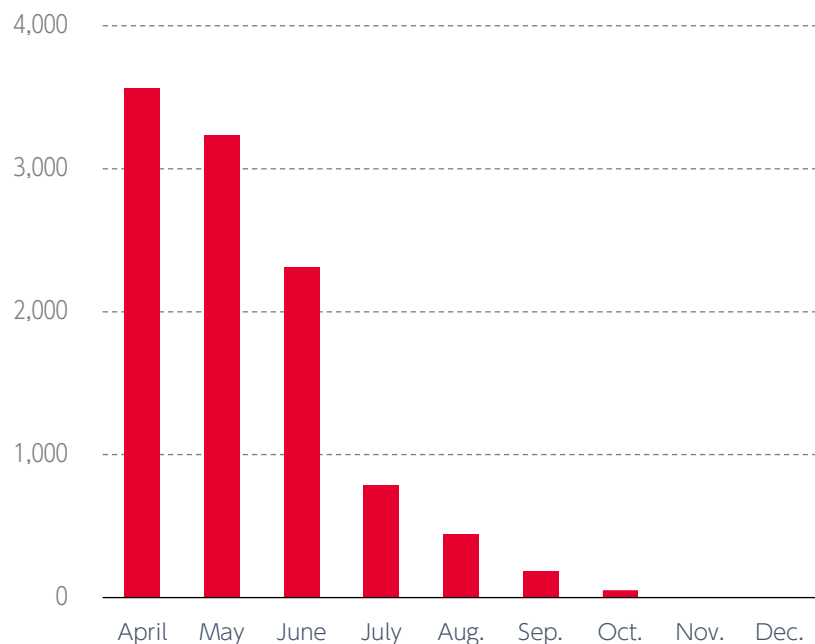
1. Topic

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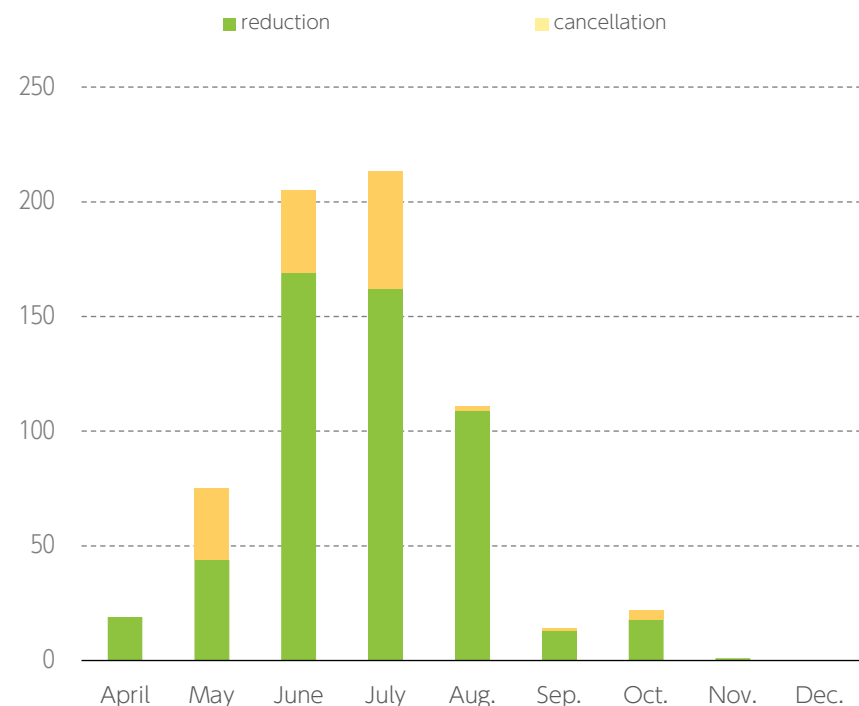
Status of Suspended Operation, etc. Due to the COVID-19 Impact

- Impacts from closure, caused by clients' operation suspension, peaked in the 1Q and impacts from reductions or cancellations, caused by their production adjustment, peaked in the 2Q.

Impact of suspension and closure of operation [person]



Reduced/canceled dispatched workers due to clients' production adjustment [person]

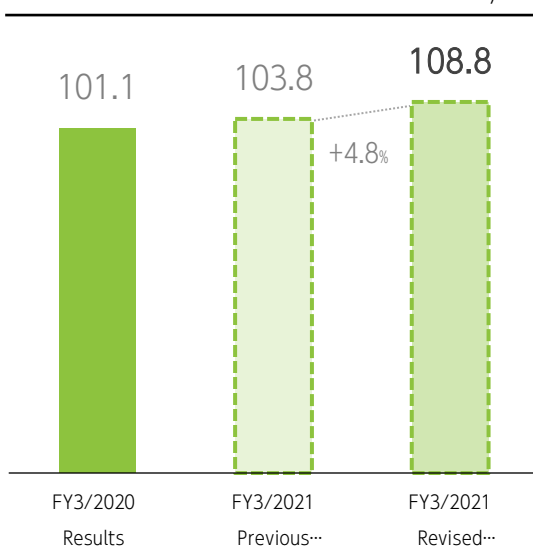


1. Topic

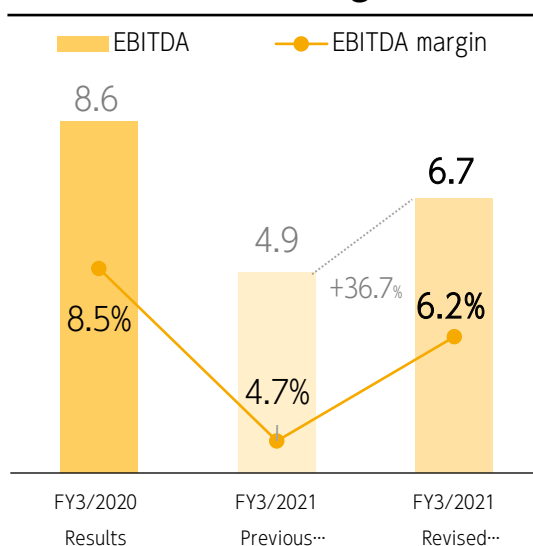
Upward revision in consolidated earnings forecasts for FY3/2021

- UT's initial forecasts were based on the assumption that the COVID-19 impact in May 2020 would persist throughout the year. However, business is recovering earlier than expected, with the cases of closure, caused by clients' operation suspension, peaked in the 1Q.
- Compensation for loss of earnings, which we received from some clients, were not incorporated in the initial forecasts.
- UT plans to make aggressive hiring, foreseeing a pick-up in demand for additional works from the 2H.

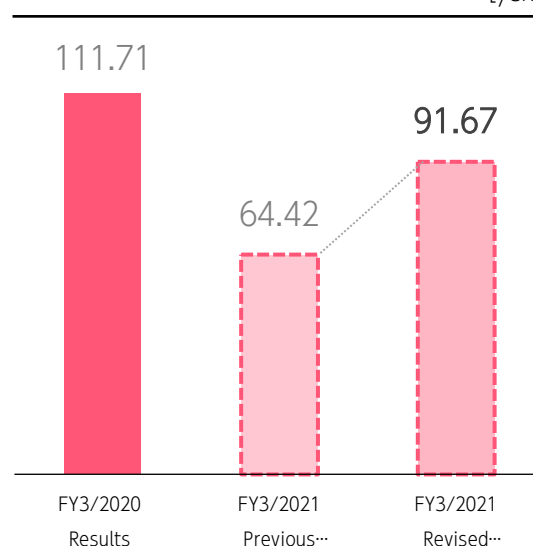
Net sales [Billion yen]



EBITDA • EBITDA margin [Billion yen]



EPS [yen]



2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

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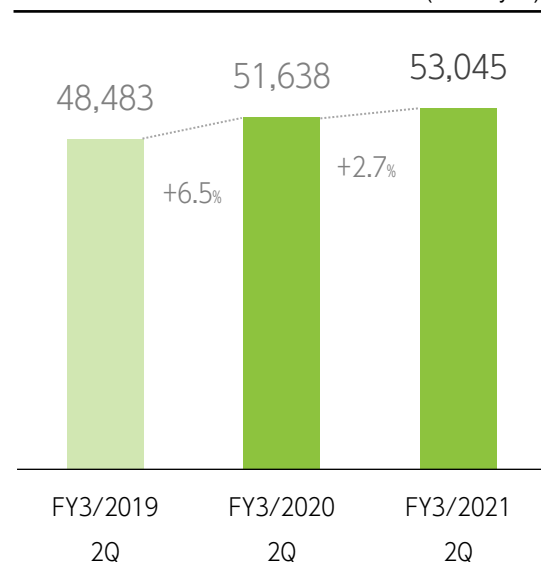
Highlights of Consolidated Results

Maintained the levels of sales and profit, thanks to earlier mitigation of the COVID-19 impact and positive effects from the recent M&A deals

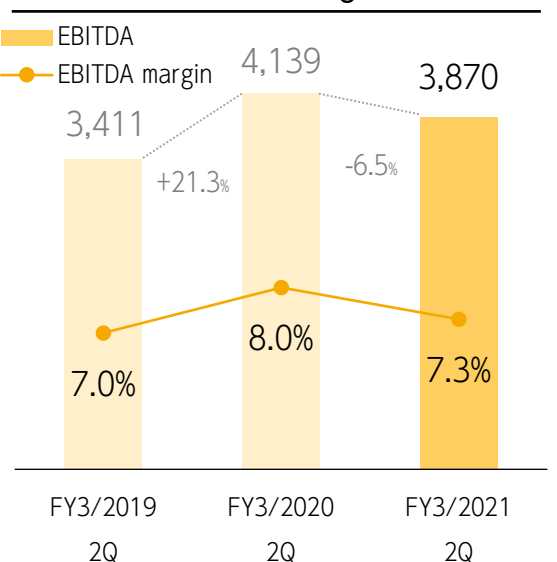
A moderate recovery trend in business, due to improving production activities by clients, despite a time lag in an increase in demand for dispatched workers

Increased the number of technical employees by consolidating five newly-acquired companies

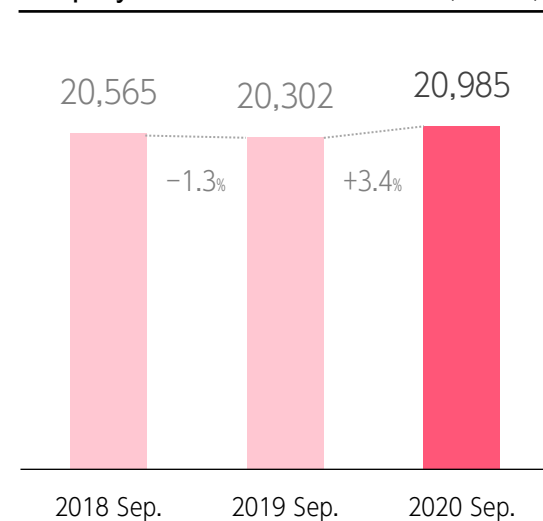
Net sales (Million yen)



EBITDA • EBITDA margin (Million yen)



Number of technical employees (Persons)



2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

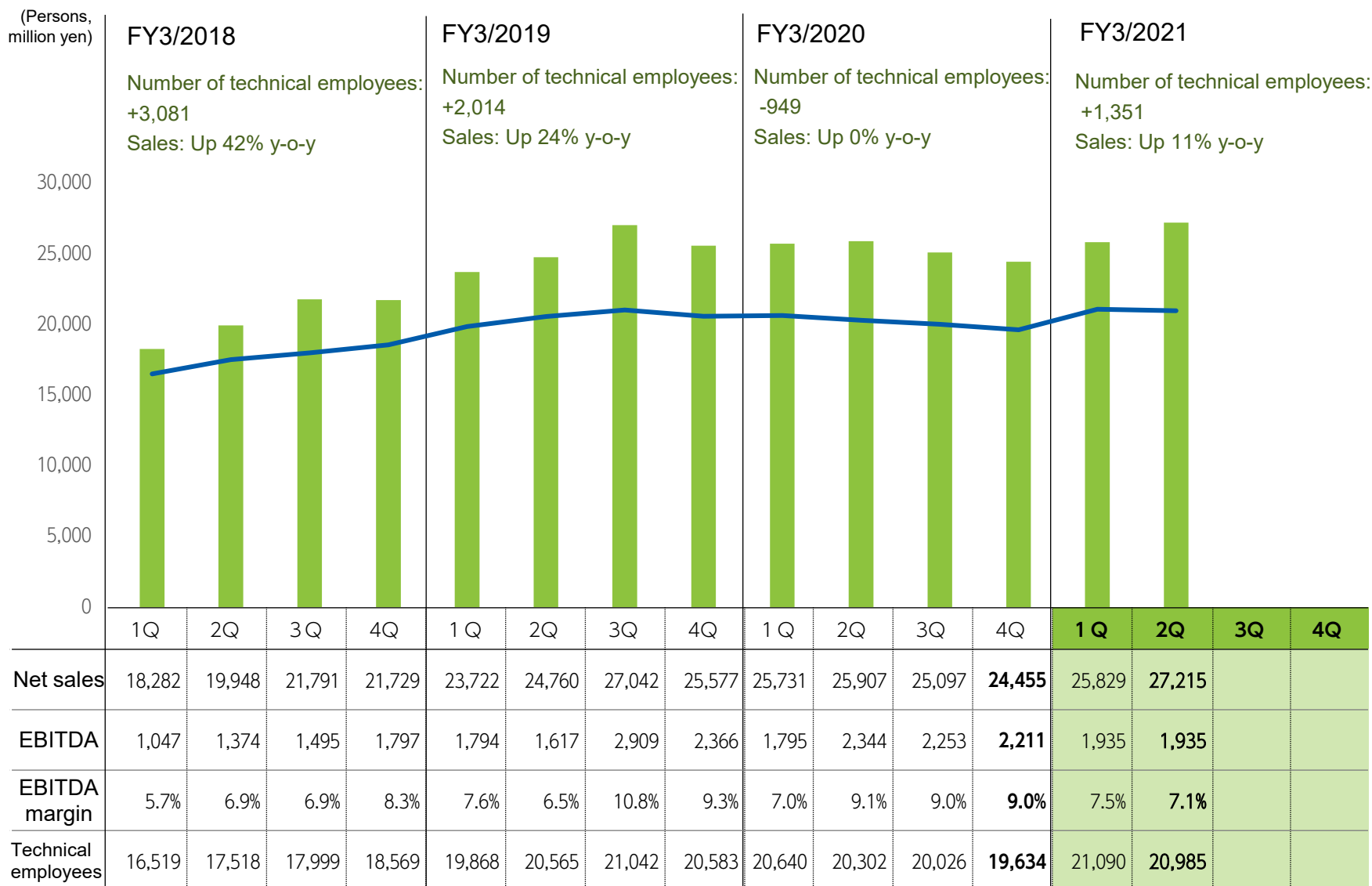
Summary of Statement of Income

(Million yen)

	2Q of FY3/2020		2Q of FY3/2021		Year-on-Year	
	Results	% to net sales	Results	% to net sales	Amount	Change
Net sales	51,638	100.0%	53,045	100.0%	+1,406	+2.7%
Gross profit	9,982	19.3%	9,645	18.2%	-336	-3.4%
Selling, general and administrative expenses	6,119	11.9%	6,130	11.6%	+10	0.2%
Operating profit	3,862	7.5%	3,515	6.6%	-347	-9.0%
EBITDA	4,139	8.0%	3,870	7.3%	-269	-6.5%
Ordinary profit	3,897	7.5%	3,567	6.7%	-329	-8.5%
Net profit attributable to UT Group	1,749	3.4%	2,332	4.4%	+582	+33.3%
Number of technical employees	20,302	—	20,985	—	+683	3.4%

2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Quarterly Changes in Sales and Number of Technical Employees



2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Summary of Balance Sheet

(Million yen)

	June 30, 2020		September 30, 2020		Quarter-on-Quarter	
	Results	% of total	Results	% of total	Amount	%
Current assets	39,343	88.7%	41,359	89.1%	2,016	5.1%
Cash and deposits	24,440	55.1%	26,374	56.8%	1,934	7.9%
Notes and accounts receivable - trade	13,389	30.2%	13,769	29.7%	379	2.8%
Non-current assets	5,001	11.3%	5,046	10.9%	45	0.9%
Property, plant and equipment	313	0.7%	303	0.7%	-9	-2.9
Intangible assets	2,856	6.4%	2,784	6.0%	-71	-2.5%
Goodwill	1,892	4.3%	1,848	4.0%	-43	-2.3%
Investments and other assets	1,831	4.1%	1,958	4.2%	126	6.9%
Total assets	44,344	100.0%	46,406	100.0%	2,062	4.7%
Current liabilities	16,519	37.3%	17,747	38.2%	1,228	7.4%
Short-term borrowings and current portion of long-term debts	2,878	6.5%	2,706	5.8%	-172	-6.0%
Long-term liabilities	11,008	24.8%	10,660	23.0%	-348	-3.2%
Long-term debts	10,386	23.4%	9,809	21.1%	-577	-5.6%
Net assets	16,816	37.9%	17,999	38.8%	1,182	7.0%
Shareholders' equity	16,056	36.2%	17,232	37.1%	1,176	7.3%
Total liabilities and net assets	44,344	100.0%	46,406	100.0%	2,062	4.7%
Gross debt/equity ratio	0.83	—	0.73	—	—	—

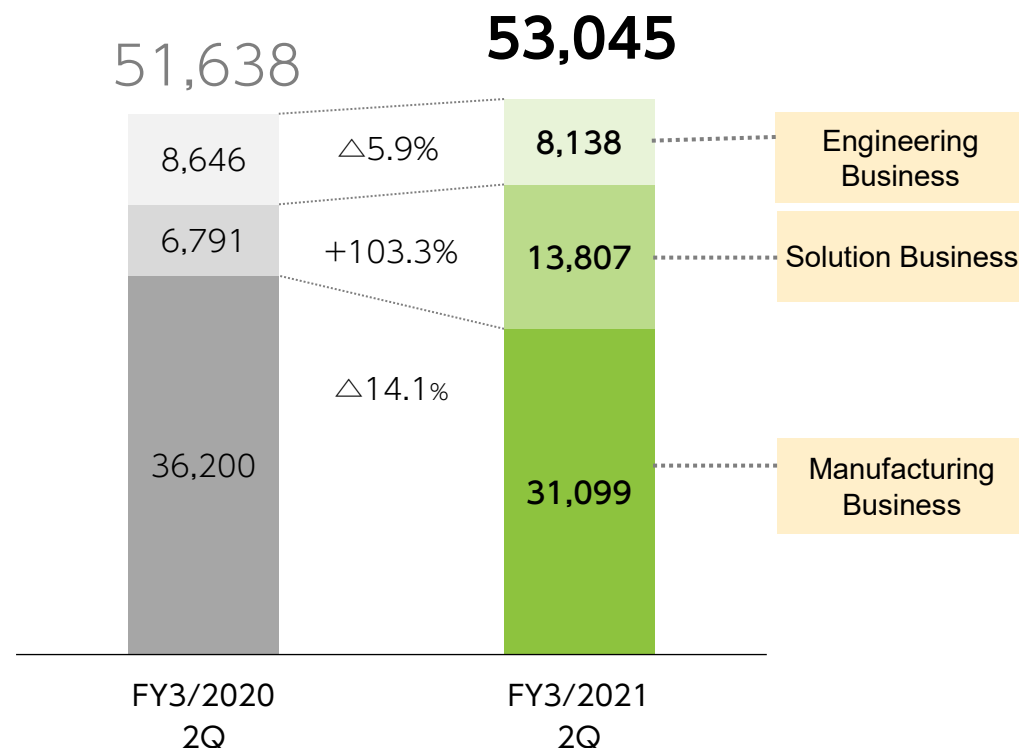
2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Results by Segment: Segment Sales and Their Ratios to Total Sales

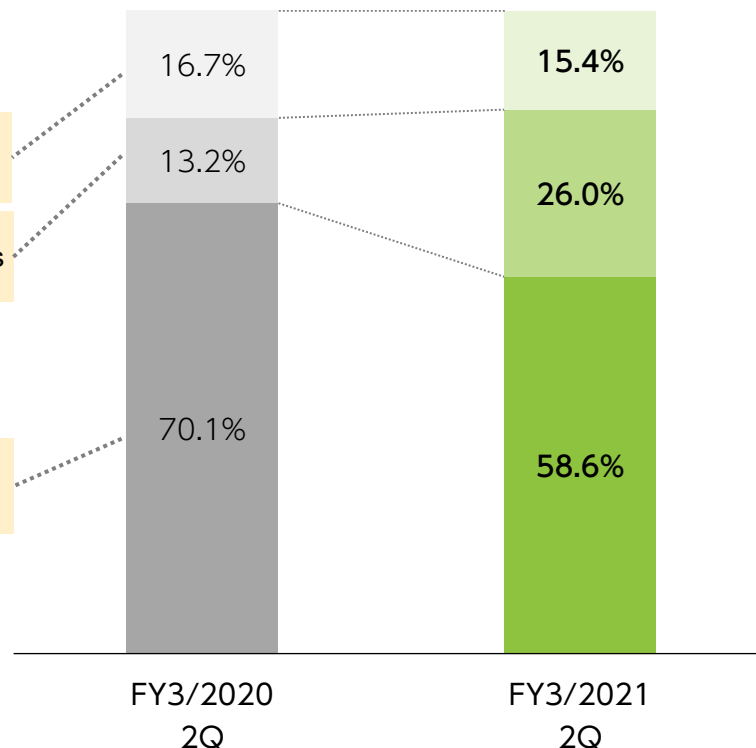
- The Manufacturing Business was greatly affected by the spread of COVID-19 and decreased sales y-o-y.
- The Solution Business increased sales, contributed by acquisition and new consolidation of three Toshiba-affiliated companies and one Hitachi-affiliated company.
- The Engineering Business decreased sales due to a sale of an IT-related company.

Net sales

(Million yen)



Sales composition

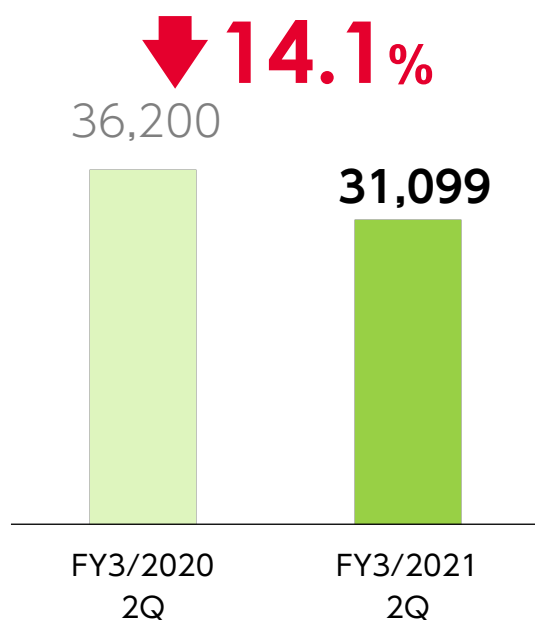


2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

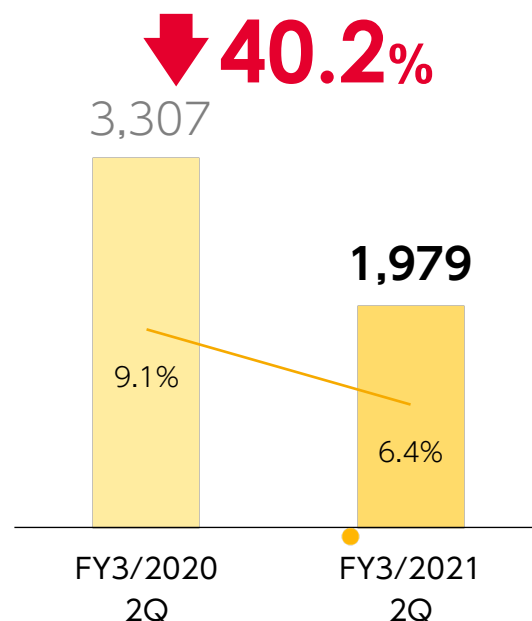
Results by Segment: Manufacturing Business

- Due to the spread of COVID-19, mainly the automotive-related sector experienced temporary suspension of factory operations by some clients, which eased in the 2Q but demand for additional workers has not fully recovered yet.
- The automotive-related sector significantly decreased sales, due to a complete change from the 1H of FY3/2020 when automobile demand was boosted prior to the consumption tax rate hike.
- UT Group gradually enhanced hiring activities, anticipating demand for additional workers in the 2H.

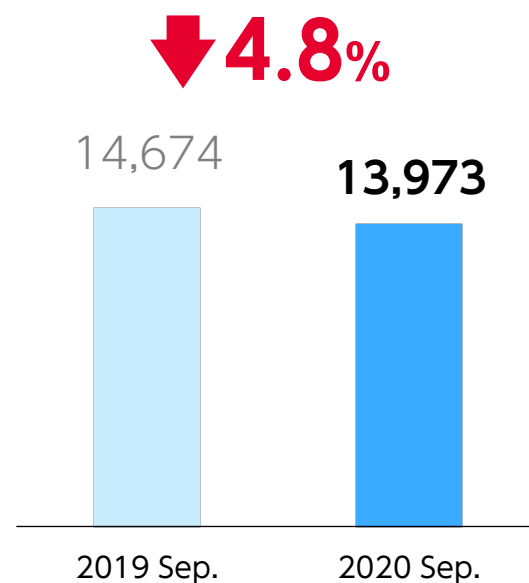
Sales (Million yen)



EBITDA • EBITDA margin (Million yen)



Technical employees (Persons)

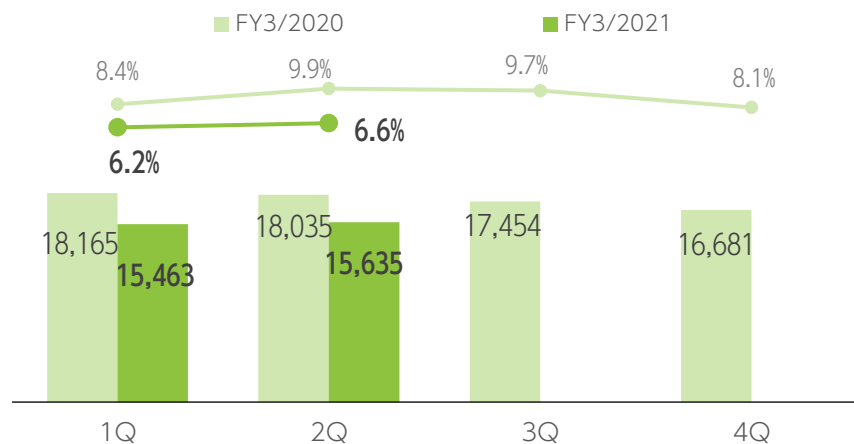


2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Results by Segment: Manufacturing Business

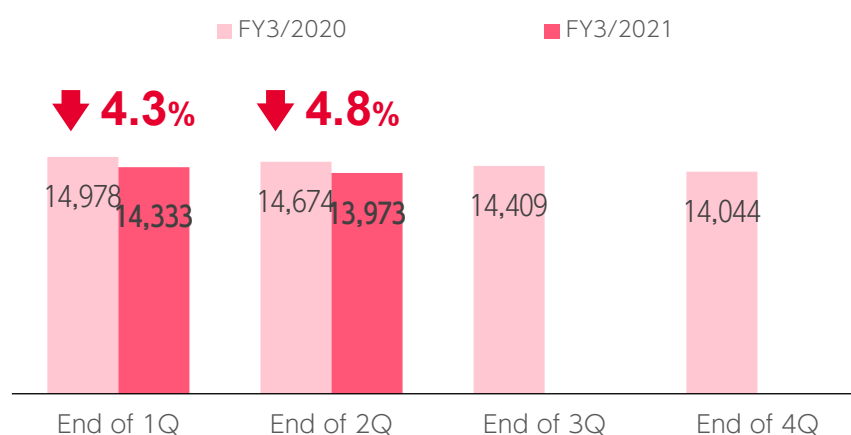
Sales and EBITDA margin

(Million yen)



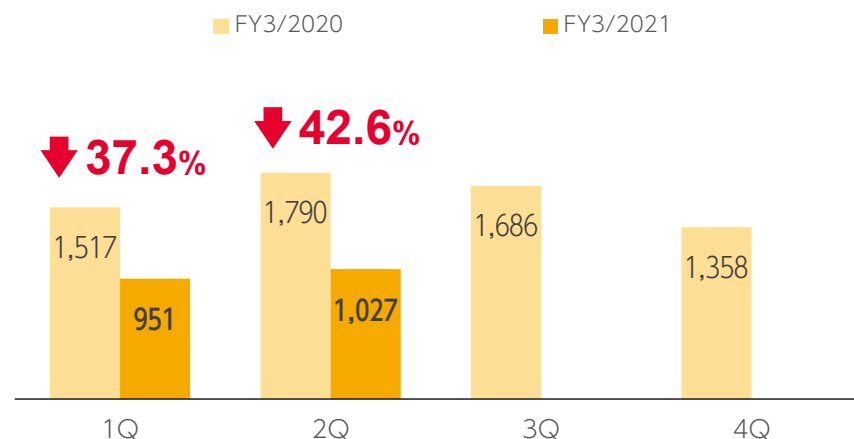
Technical employees

(Persons)



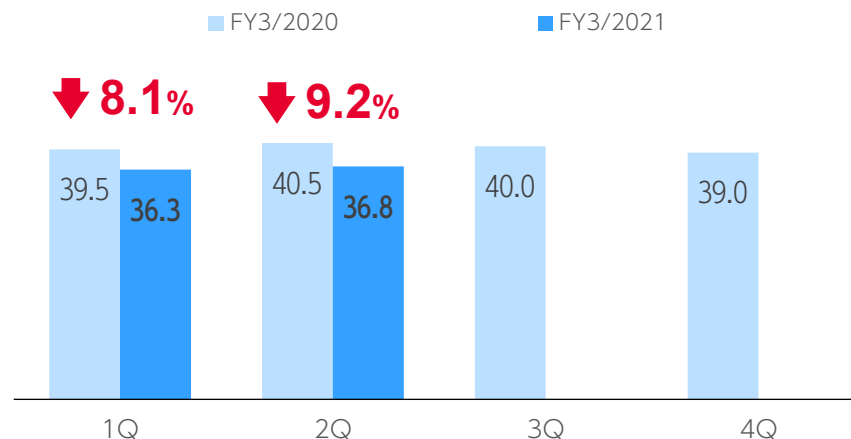
EBITDA

(Million yen)



Monthly sales per capita

(Ten thousand yen)

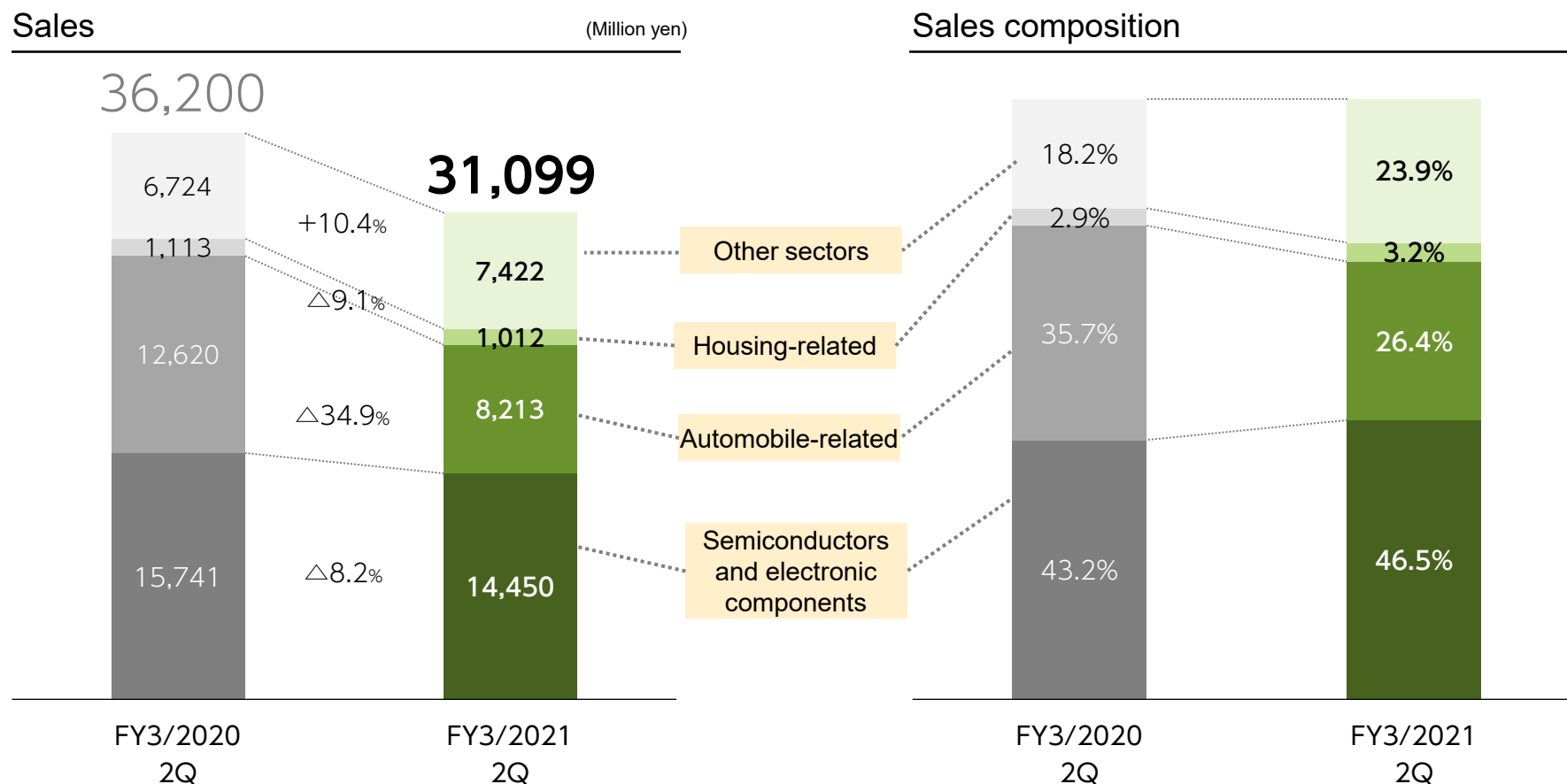


* Average monthly sales is calculated by dividing quarterly sales by the quarterly average number of technical employees

2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Results by Segment: Manufacturing Business (Sales by Sector)

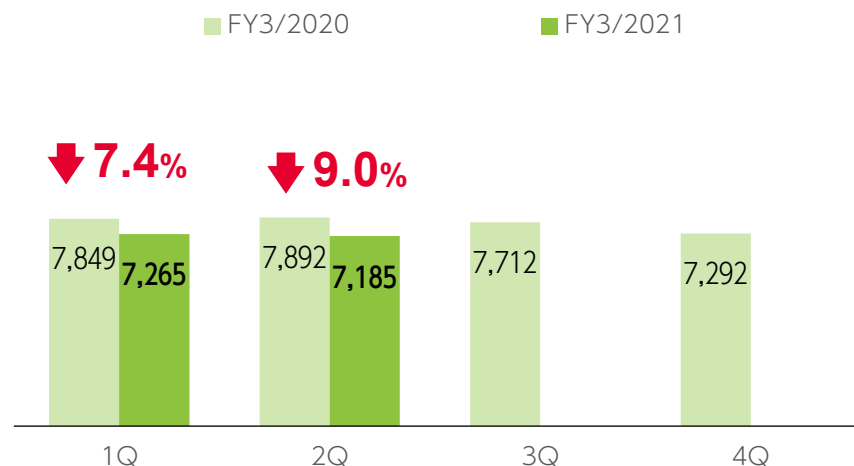
- The semiconductors and electronic components sector was less affected by suspension of operations but demand for personnel was stagnant.
- Absence of work orders, driven by temporary suspension of operations, came to a halt in the automotive-related sector but a time lag is expected for a full recovery in demand. A reversal from a year ago when demand was boosted prior to the consumption tax rate hike in October 2019.



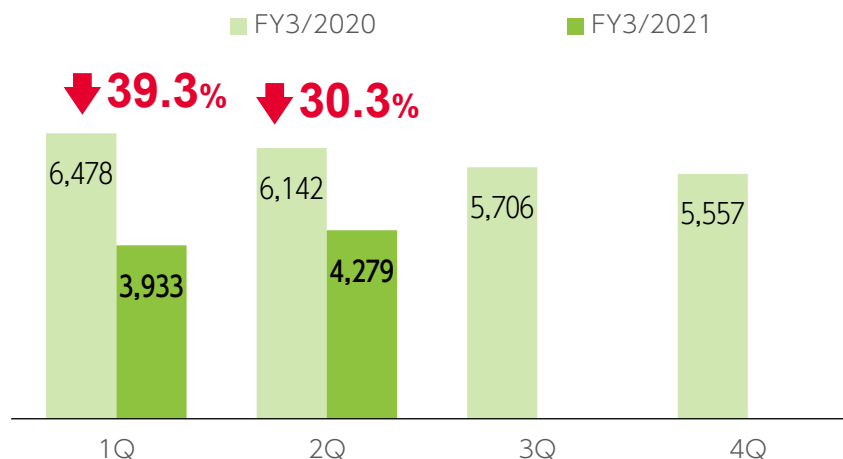
2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Results by Segment: Manufacturing Business (Sales by Sector)

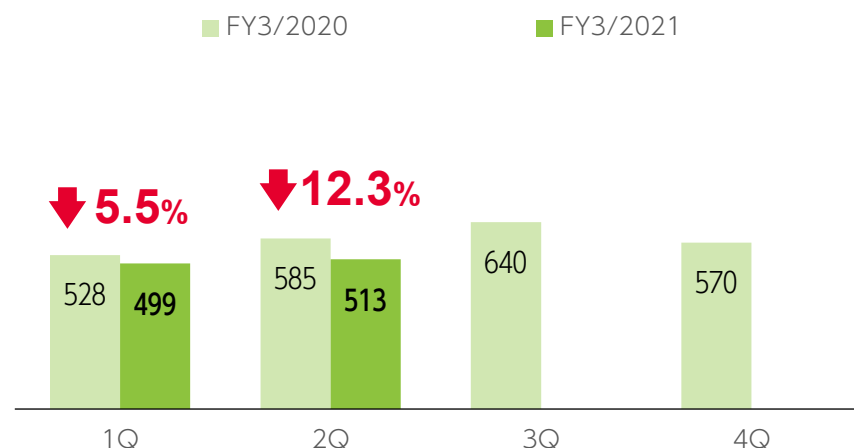
Semiconductors and electronic components (Million yen)



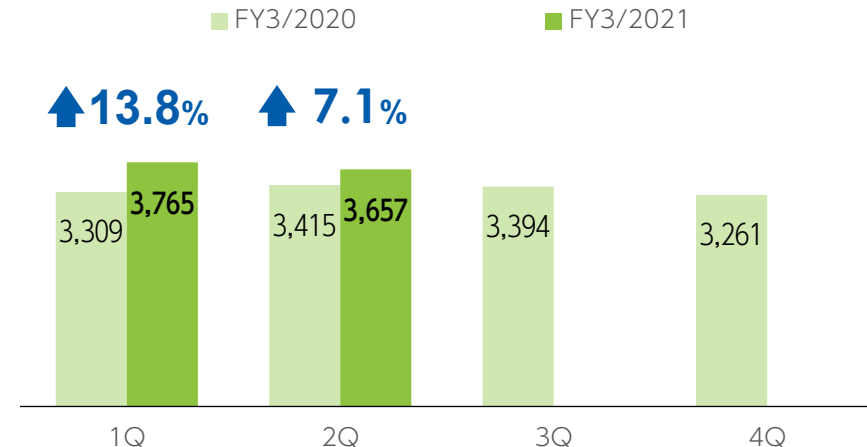
Automobile-related (Million yen)



Housing-related (Million yen)



Other sectors (Million yen)



2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Results by Segment: Solution Business

- In addition to a rise in unit price, associated with adherence to equal pay for equal work, consolidation of three Toshiba-affiliated companies in April and one Hitachi-affiliated company in July significantly boosted sales and the number of technical employees.
- Some client factories temporarily adjusted production due to the impact of the spread of COVID-19.

Sales (Million yen)

↑103.3%

13,807

6,791

FY3/2020
2Q

FY3/2021
2Q

EBITDA • EBITDA margin (Million yen)

↑45.3%

659

453

6.7%

4.8%

FY3/2020
2Q

FY3/2021
2Q

Technical employees (Persons)

↑57.1%

4,403

2,802

2019 Sep.

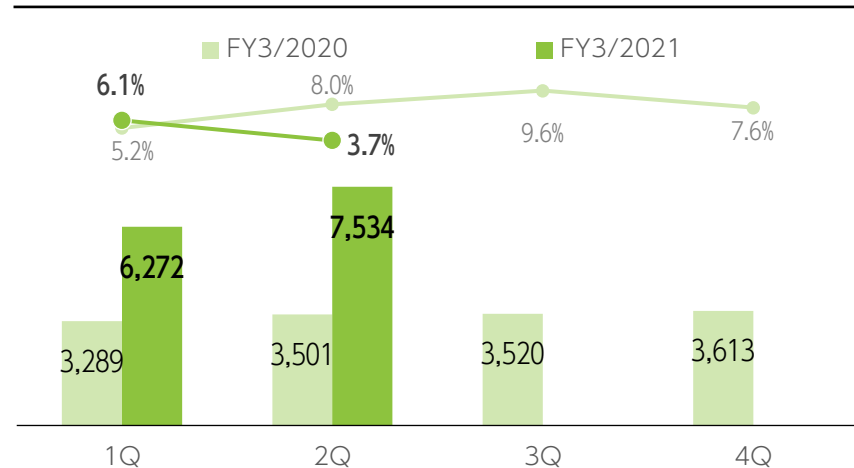
2020 Sep.

2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Results by Segment: Solution Business

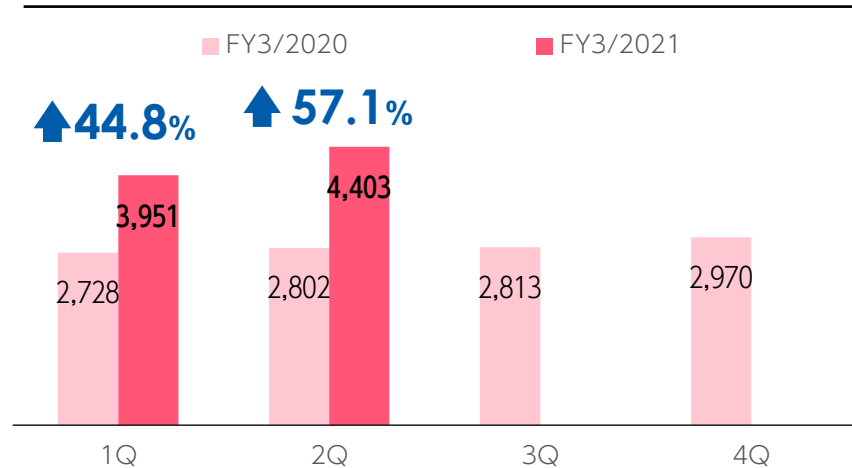
Sales and EBITDA margin

(Million yen)



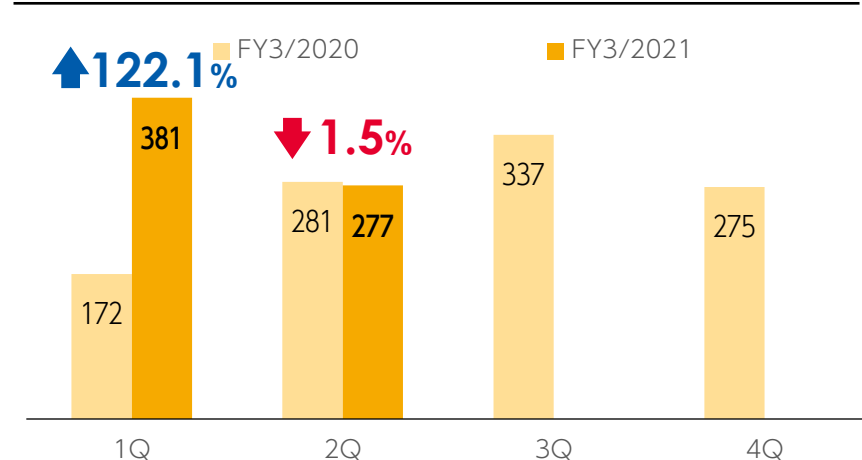
Technical employees

(Persons)



EBITDA

(Million yen)



Results by Segment: Solution Business

UT Pabec Co., Ltd.

Battery assembly; manufacturing dispatch and outsourced work

UTHP Co., Ltd.

Manufacturing dispatch and outsourced work

FUJITSU UT Co., Ltd.

Manufacturing dispatch and outsourced work

UT Toshiba Co., Ltd.

Manufacturing dispatch and outsourced work

UT Business Service Co., Ltd.

Manufacturing dispatch and outsourced work

UT System Products Co., Ltd.

Sale of office supplies

Mito Engineering Service Co., Ltd.

Elevator/escalator manufacturing outsourced work and dispatch of design engineers

Consolidated 3 Toshiba Group companies

April 2020 (1Q)

- Enhanced relationship with the Toshiba Group
- Established the working environment for women and the elderly
- Expanded a business field
- Reorganized a function to provide after-retirement workplace for Toshiba Group employees

Number of technical employees (June 30): 1,085

Consolidated a Hitachi Group company

July 2020 (2Q))

- Enhanced relationship with the Hitachi Group
- Expanded a field for dispatched engineers
- Improved local workplaces, mainly in Ibaraki Pref.

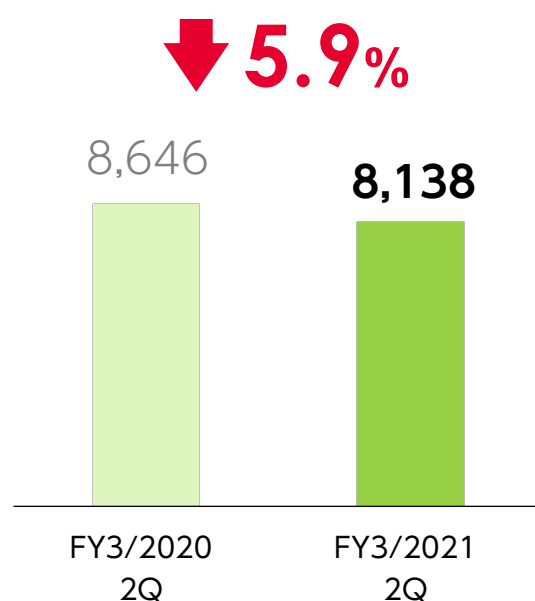
Number of technical employees (July 1): 390

2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

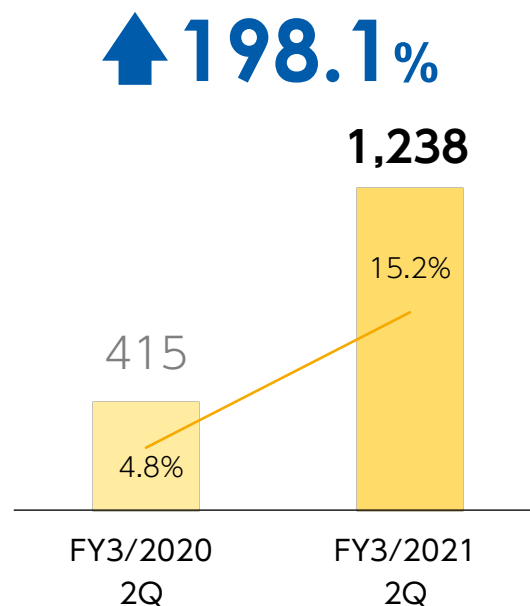
Results by Segment: Engineering Business

- Demand for field engineers and equipment maintenance operators was solid mainly from clients in the manufacturing field but the number of technical employees and sales decreased y-o-y due to a sale of an operating company, following the business strategy review.
- Operating margin improved significantly, contributed by improvement in operating efficiency, driven by the reorganization of operating companies and improvement in operating rate, following a review of a support and placement system for new hires.

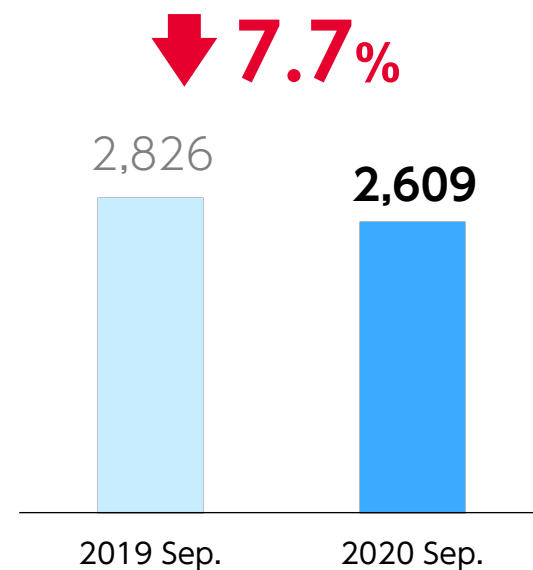
Sales (Million yen)



EBITDA • EBITDA margin (Million yen)



Technical employees (Persons)

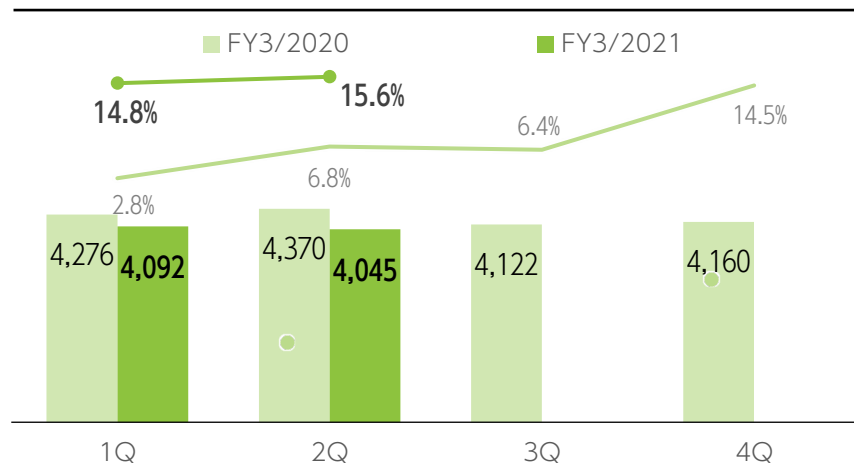


2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Results by Segment: Engineering Business

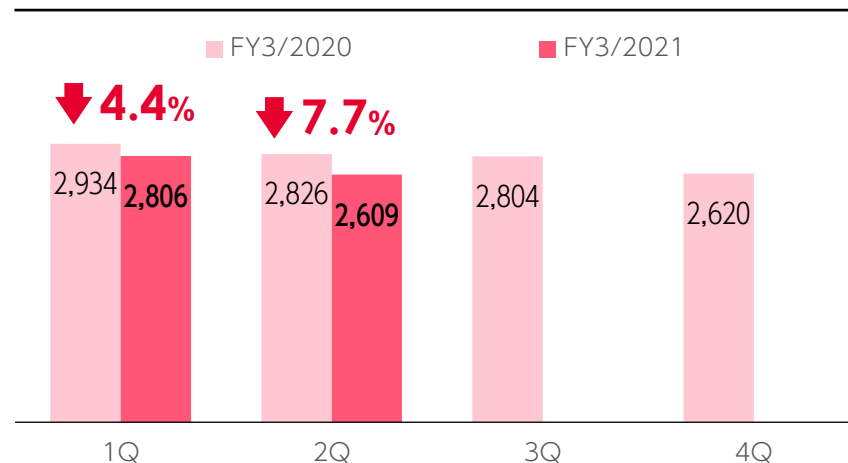
Sales and EBITDA margin

(Million yen)



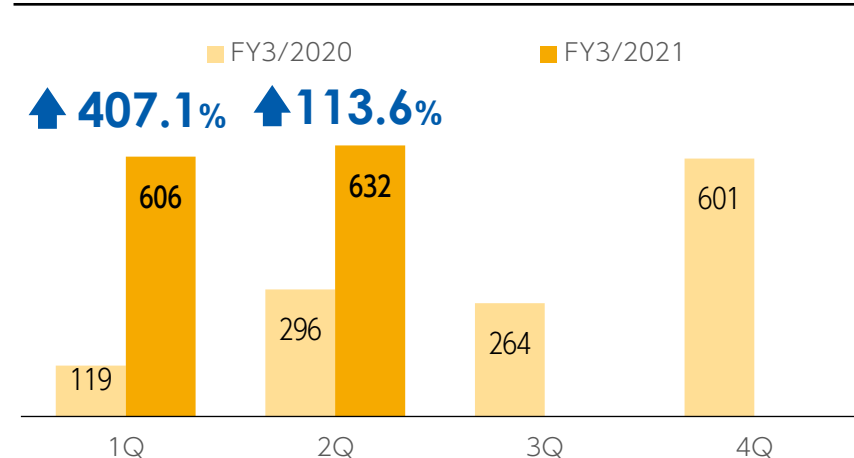
Technical employees

(Persons)



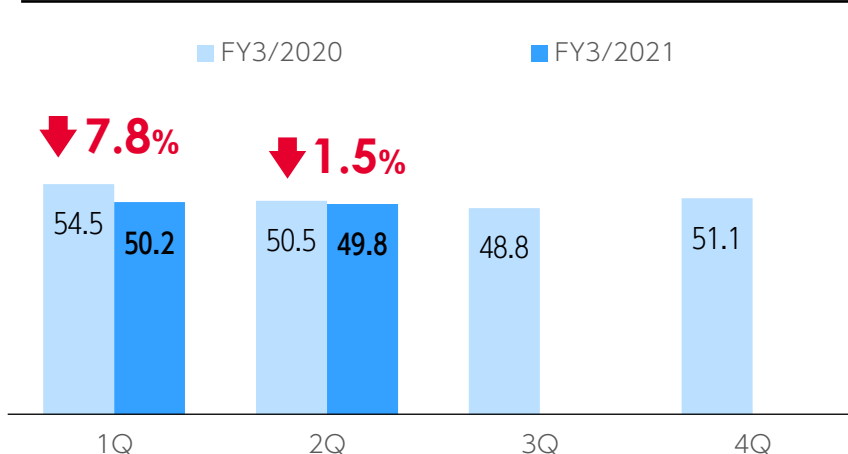
EBITDA

(Million yen)



Monthly sales per capita

(Ten thousand yen)

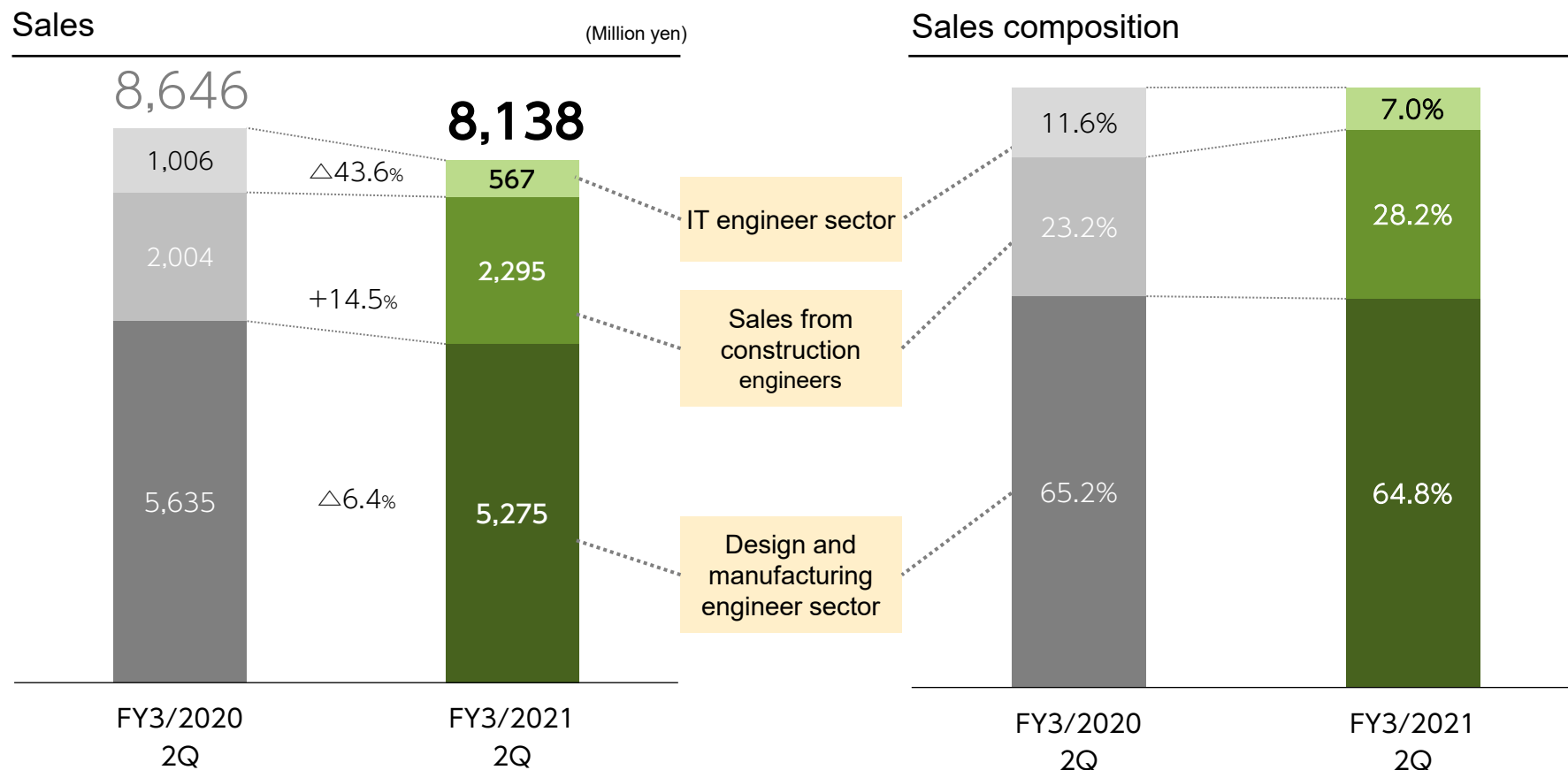


* Average monthly sales is calculated by dividing quarterly sales by the quarterly average number of technical employees

2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Results by Segment: Engineering Business (Sales by Sector)

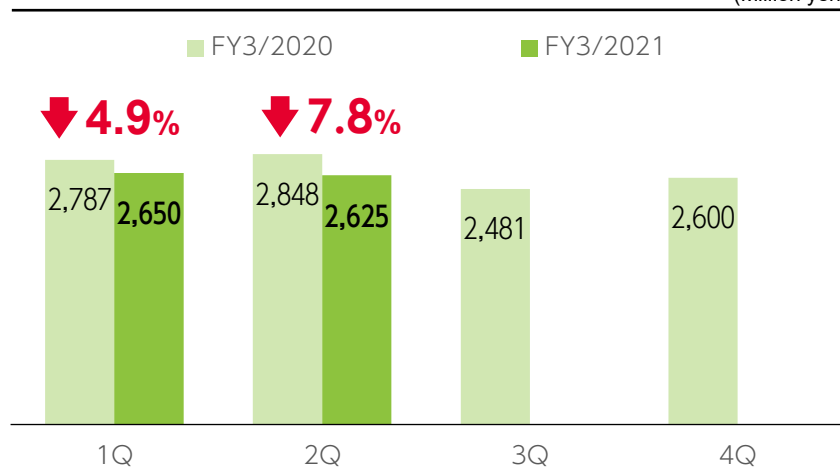
- Due to reorganization of operating companies, the design and manufacturing engineer sector is collaborating with the Manufacturing Business and enhancing capability to make proposals on business of field engineers and equipment maintenance, mainly to clients in manufacturing.
- The IT engineer sector posted a decline in sales due to a sale of an operating company.



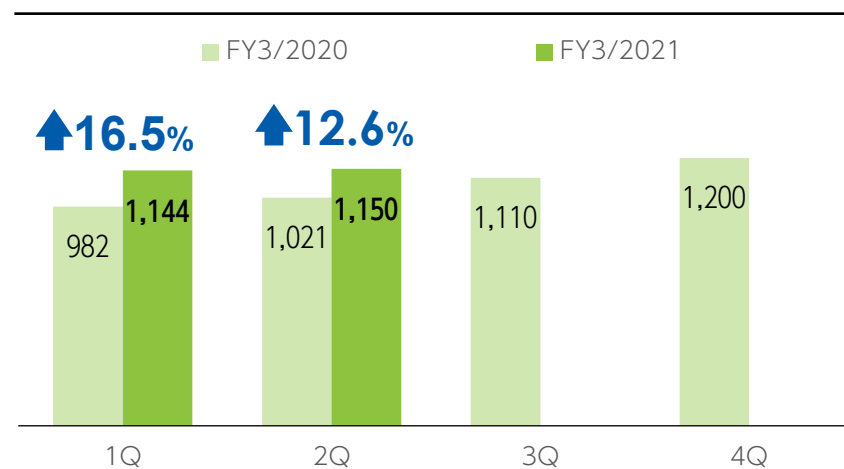
2. Financial Highlights of Second Quarter of Fiscal Year Ending March 2021

Results by Segment: Engineering Business (Sales by Sector)

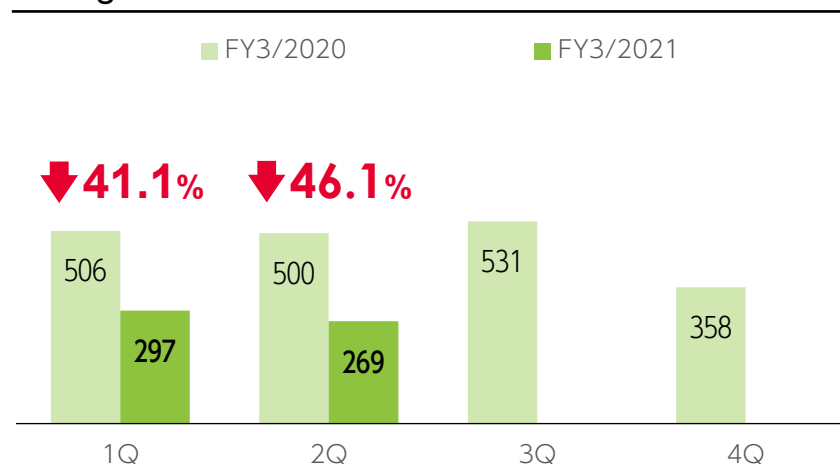
Design and manufacturing engineer sector (Million yen)



Sales from construction engineers (Million yen)



IT engineer sector (Million yen)



3. Forecasts and Outlook for Fiscal Year Ending March 2021

3. Forecasts and Outlook for Fiscal Year Ending March 2021

Revised consolidated earnings forecasts for FY3/2021

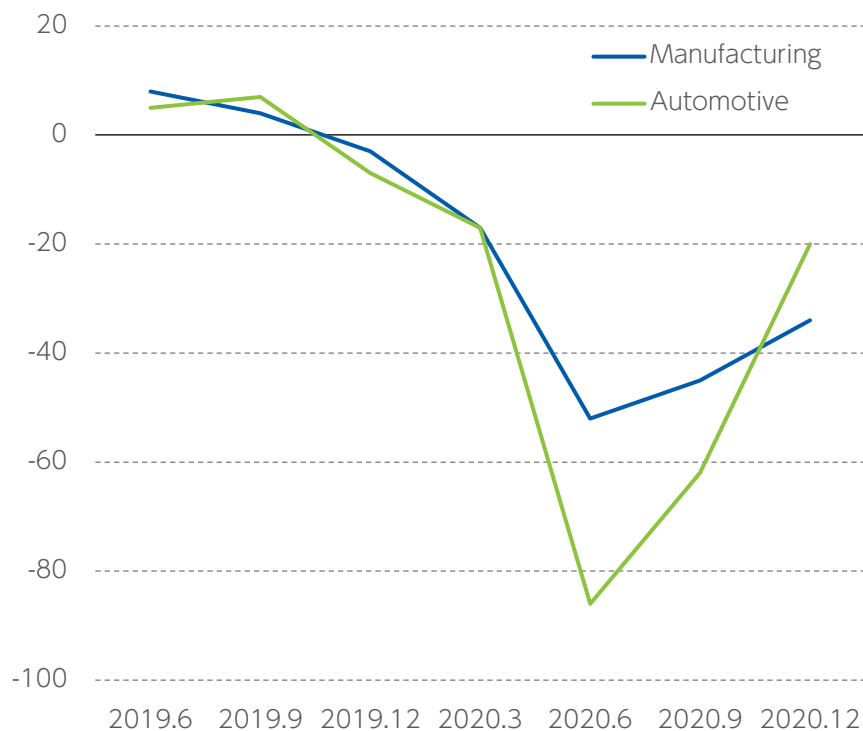
(Billion yen)

	FY3/2020 Results		FY3/2021 Initial forecasts (disclosed in May 2020) ^(A)		FY3/2021 Revised forecasts (disclosed in Nov. 2020) ^(B)		Increase /decrease Amount (B-A)	Increase /decrease (%)
	Results	% of total	Forecasts	% of total	Forecasts	% of total		
Net sales	101.1	100.0%	103.8	100.0%	108.8	100.0%	5.0	+4.8%
EBITDA	8.6	8.5%	4.9	4.7%	6.7	6.2%	1.8	+36.7%
Operating profit	8.0	7.9%	4.1	3.9%	6.0	5.5%	1.9	+46.3%
Ordinary profit	8.1	8.0%	4.1	3.9%	6.0	5.5%	1.9	+46.3%
Net profit attributable to UT Group	4.5	4.5%	2.6	2.5%	3.7	3.4%	1.1	+42.3%
EPS (yen)	111.71	—	64.42	—	91.67	—	—	—

The Automotive-related Sector's Current Situation

- The sector was significantly affected by clients' suspension of operations but demand for additional workers was recovering in the 2Q.

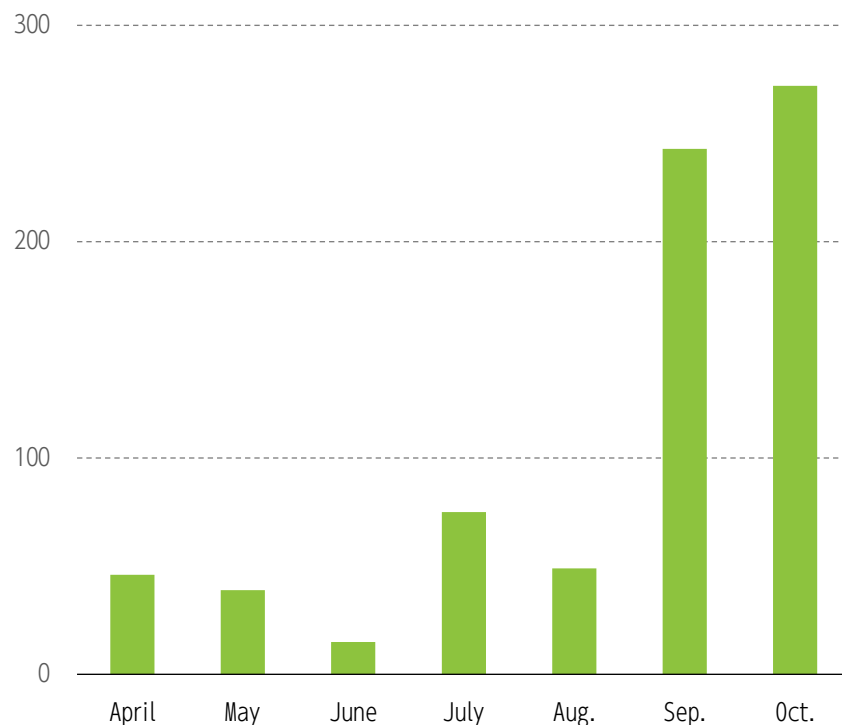
Business conditions diffusion indices of the three Tokai prefectures



Source: BOJ Nagoya Branch "Tankan Economic Survey Results of the Three Tokai Prefectures"
(Forecasts for December 2020)

UT Group's new hires in the automotive-related sector

(Persons)

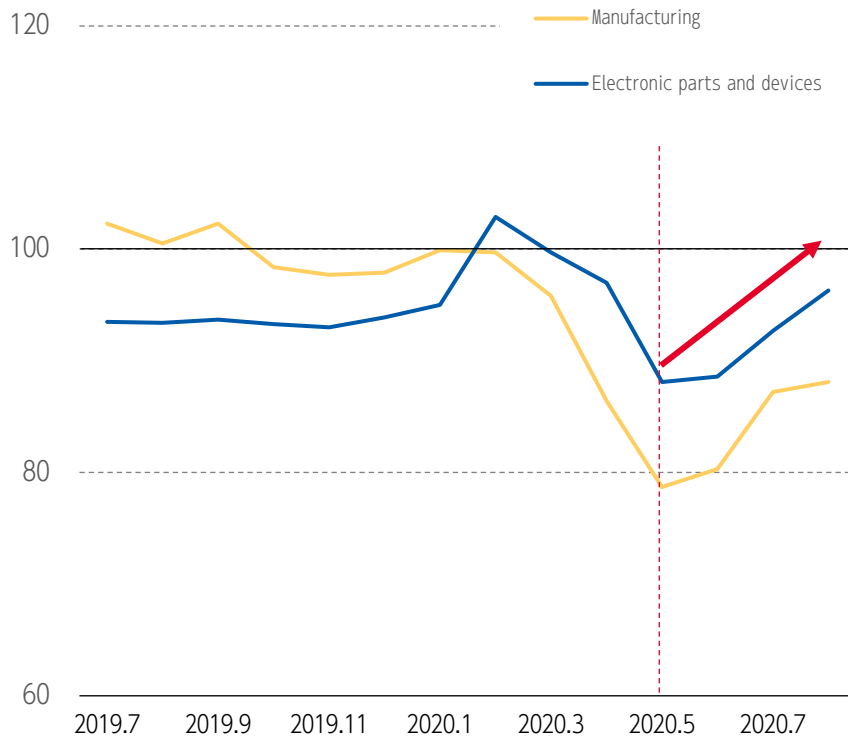


3. Forecasts and Outlook for Fiscal Year Ending March 2021

The Semiconductors and Electronic Components Sector's Current Situation

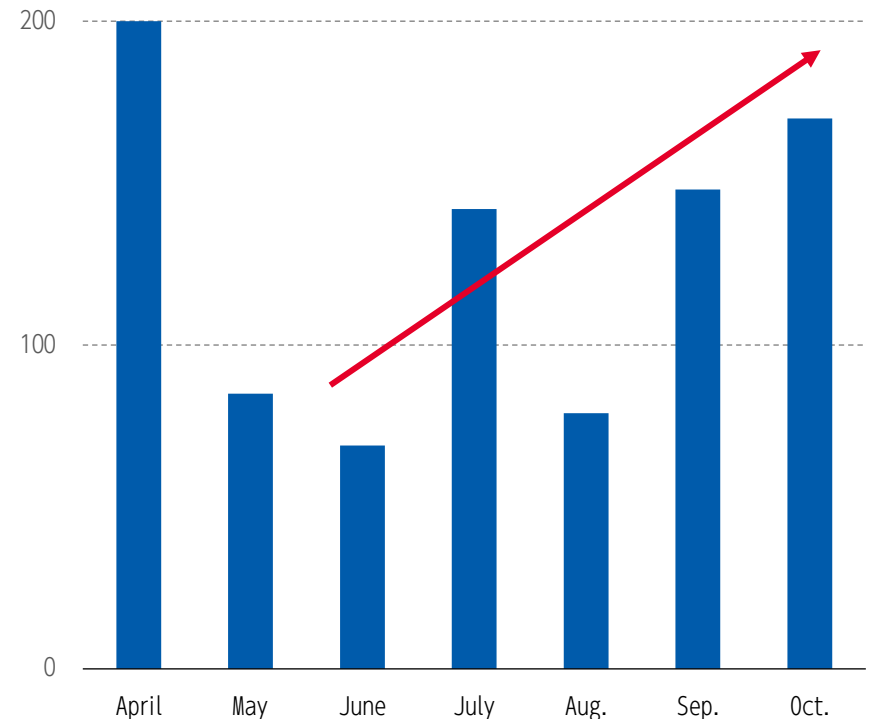
- The sector was on a moderate recovery trend.

Industrial production indices (100 in 2015)



Source: METI "Indices of Industrial Production by Sector; Seasonally-Adjusted" (Updated on October 14, 2020)

UT Group's new hires in the semiconductors and electronic components sector (Persons)



Promoting the Area Platform Strategy

- Executed a contract to acquire shares of a personnel dispatch company based in Ibaraki Prefecture on November 5, 2020.
- Plans to further expand a business base in the area by closely working with UTHP and Mito Engineering Service, both of which are also based in Ibaraki.

UTHP Co., Ltd. (Established in December 2016)

- A general manufacturing dispatch and outsourcing service company
- 13 bases in Ibaraki Pref. Strong relationships with the Hitachi Group and other major manufacturers
- Approx. 800 technical employees

Mito Engineering Services, Co., Ltd. (Consolidated in July 2020)

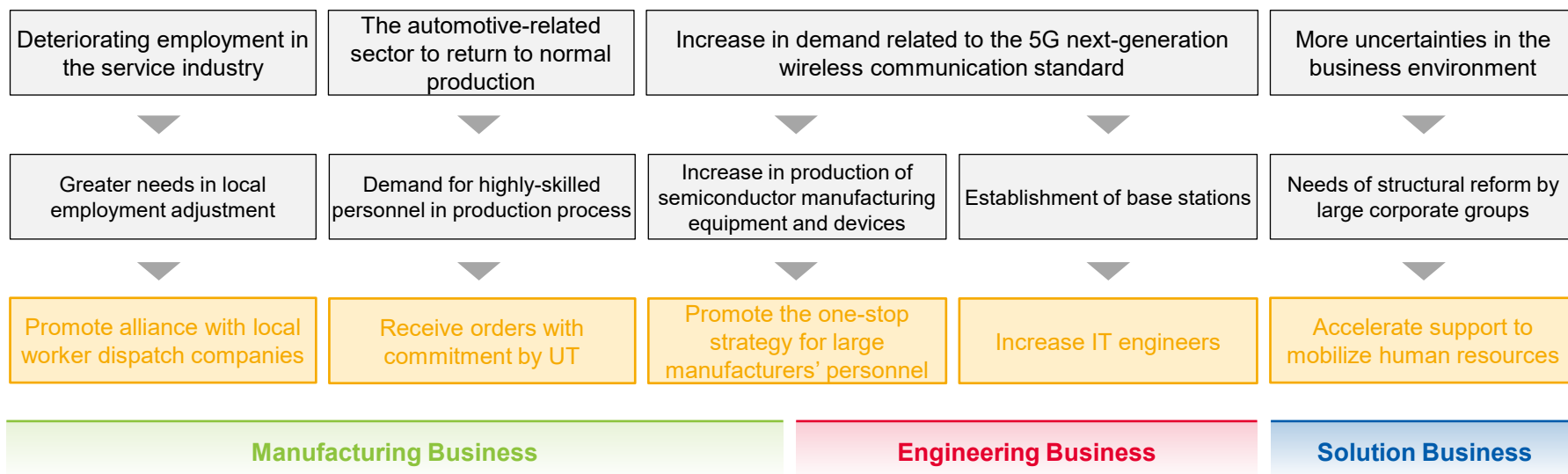
- A Hitachi Group company before being consolidated by UT Group
- Manufacturing outsourcing service of elevators and escalators and dispatch of design engineers
- Approx. 400 technical employees

Seekel Co., Ltd. (To be consolidated in November 2020)

- A personnel dispatch and outsourcing service company, 30 years since establishment.
- Main clients are housing equipment, semiconductor, home appliances, office equipment, automotive, and other manufacturers.
- Approx. 1,000 technical employees

Business Outlook by Segment

As-yet resolved COVID-19 crisis; persistent concern over geopolitical risks

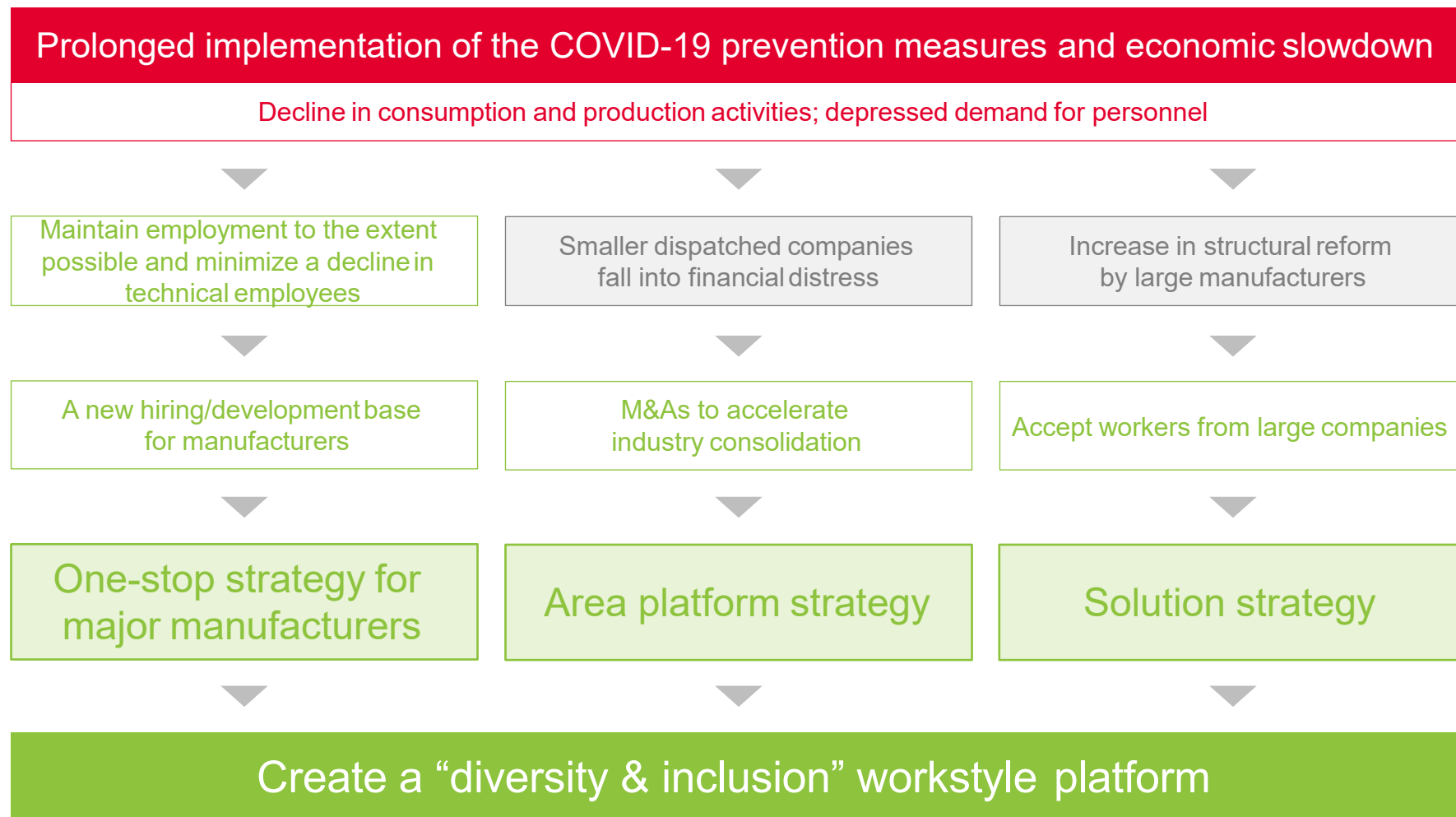


UT Group intends to focus on hiring activities along with a recovery in personnel demand, in spite of continuing uncertainty

4. Fourth Medium-term Business Plan (Repost)

4. Fourth Medium-term Business Plan

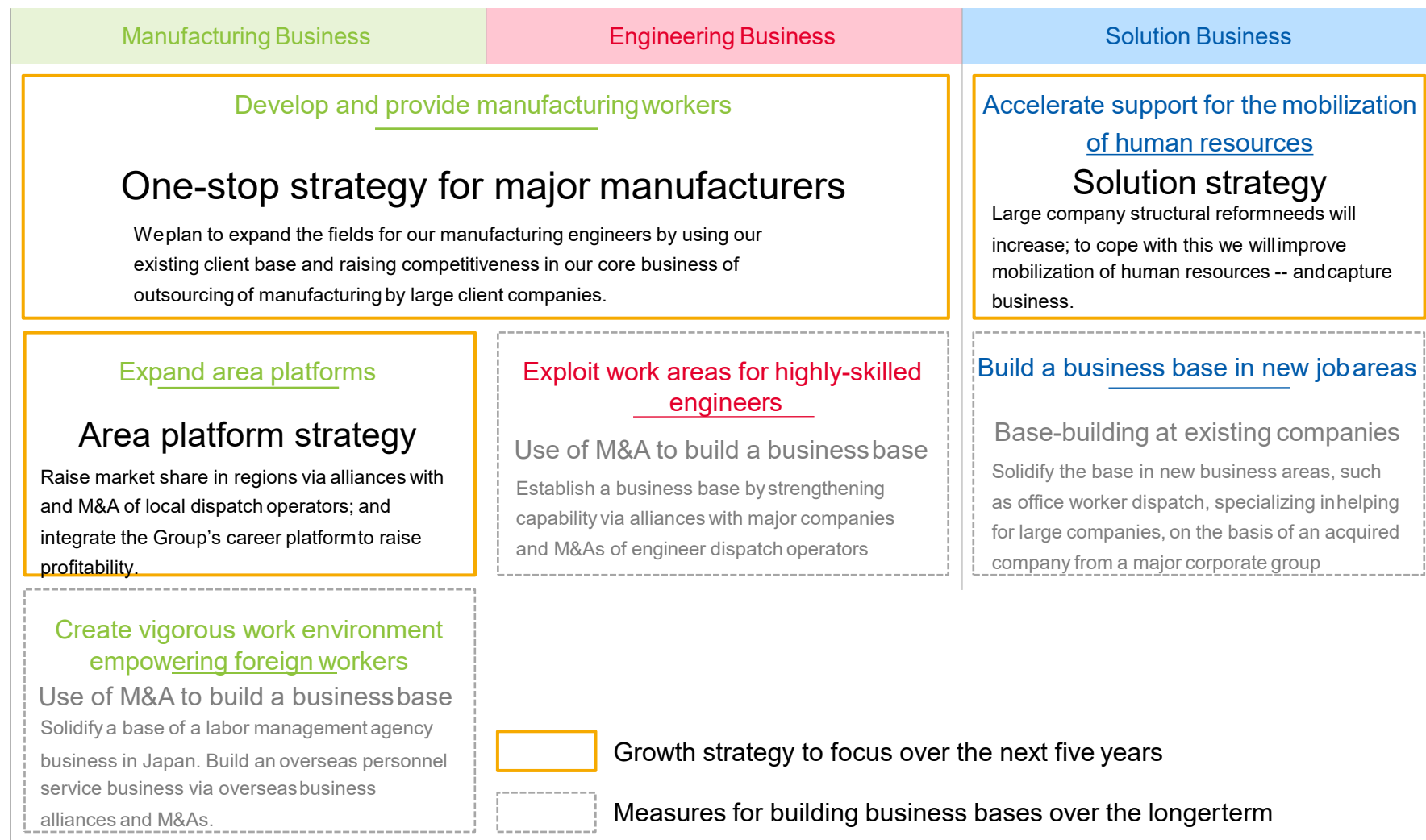
Growth strategy



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

4. Fourth Medium-term Business Plan

Basic policy by segment



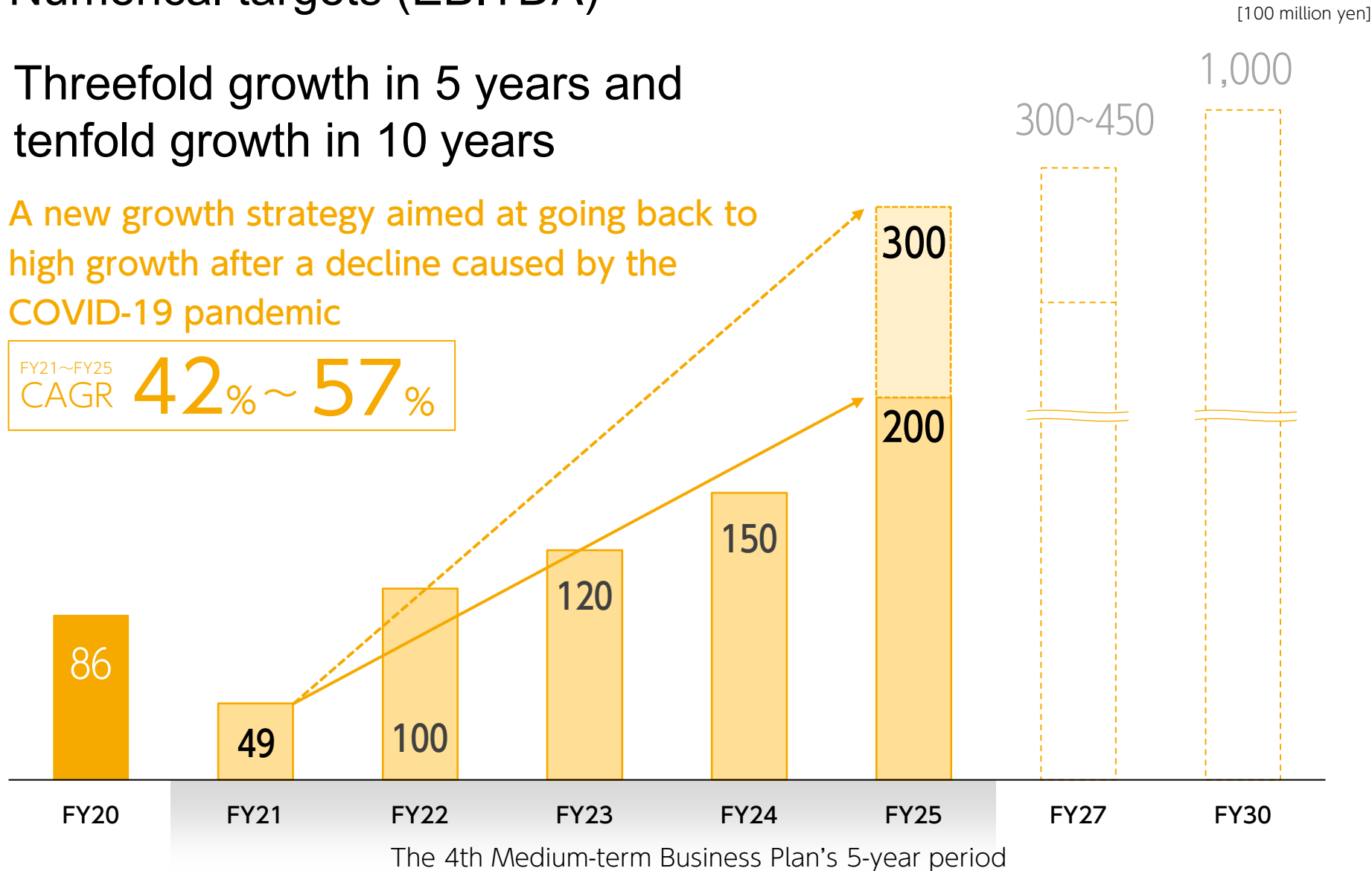
4. Fourth Medium-term Business Plan

Numerical targets (EBITDA)

Threefold growth in 5 years and
tenfold growth in 10 years

A new growth strategy aimed at going back to
high growth after a decline caused by the
COVID-19 pandemic

FY21~FY25
CAGR **42% ~ 57%**



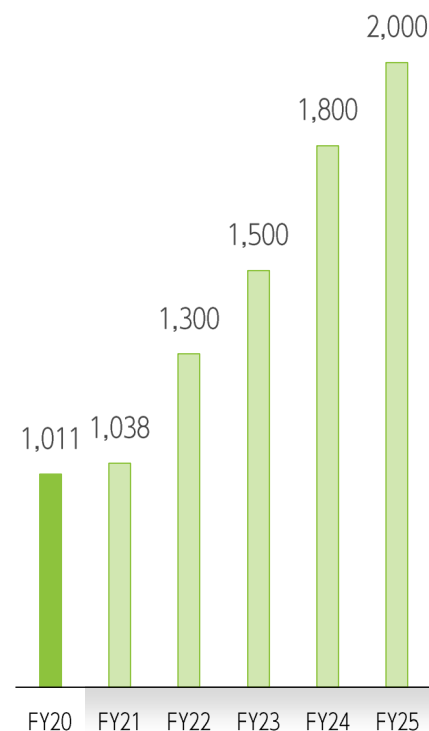
4. Fourth Medium-term Business Plan

Numeric Targets and Commitments

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

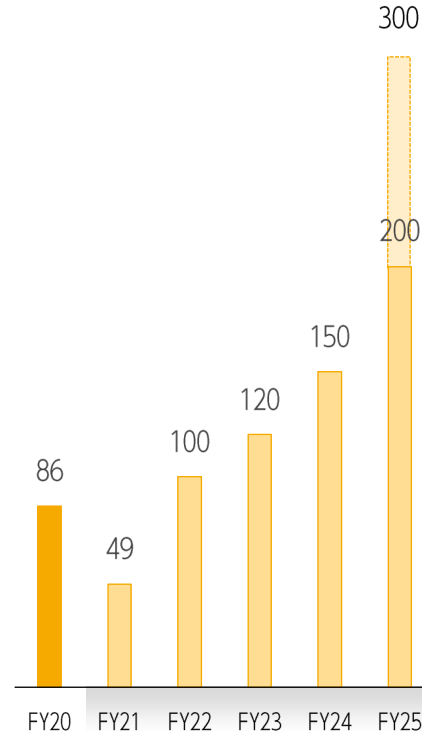
Sales target

[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.

$\text{Total return ratio} = (\text{Dividends} + \text{Shares bought back}) / \text{Net profit after tax}$

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.

Appendix

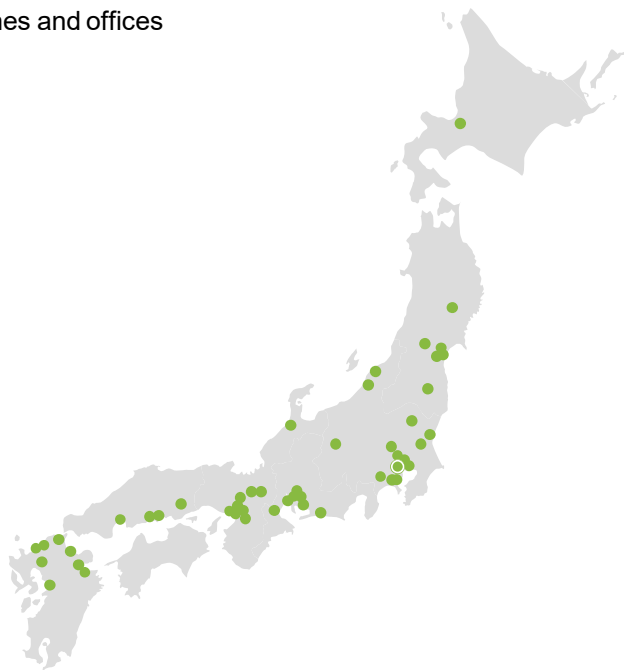
5. About UT Group

Corporate Outline

As of May 1, 2020

Corporate name:	UT Group Co., Ltd.
Founded:	April 2, 2007
Capital:	680 million yen
Listing:	TSE 1st Section (Securities code: 2146)
Representative:	President, Representative Director & CEO Yoichi Wakayama
Location:	1-11-15 Higashi-Gotanda, Shinagawa-ku, Tokyo

Branches and offices



Group Companies

Manufacturing Business

UT Aim

Manufacturing personnel services

UT Community

General personnel dispatch and outsourcing

Support System

General personnel dispatch and outsourcing

Solution Business

UT Pabec

Battery manufacturing outsourcing

UTHP

Manufacturing personnel dispatch and outsourcing

FUJITSU UT

General personnel dispatch and outsourcing

UT Toshiba

General personnel dispatch and outsourcing

UT Business Service

General personnel dispatch and outsourcing

UT System Products

Sales of information system equipment

Mito Engineering Service

Elevator/escalator manufacturing outsourced work
and dispatch of design engineers

Engineering Business

UT Technology

IT engineer outsourcing

UT Construction

Construction engineer outsourcing

Other Business

UT Life Support

Internal benefit program management

UT Heartful

Special subsidiary company

5. About UT Group

Facilitating the healthy birth of the next workstyle platform

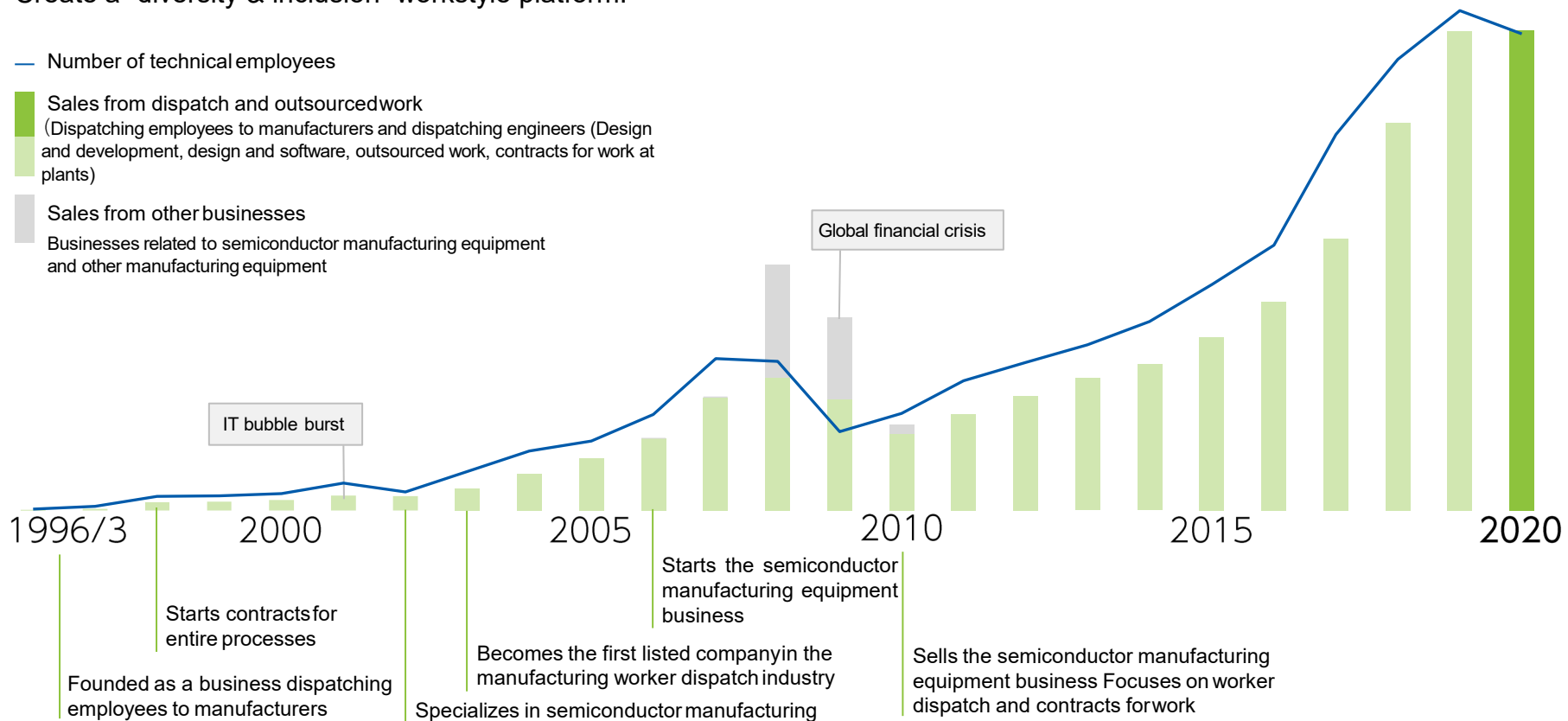
Creating vigorous workplaces empowering workers.

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.

FY3/2020
Technical employees
19,634
Consolidated sales
¥101.1bn



Business Segment

Manufacturing Business

Staffing service in production processes

¥70.3 billion

69.5%

Solution Business

Structural reform support and BPO services

¥13.9 billion

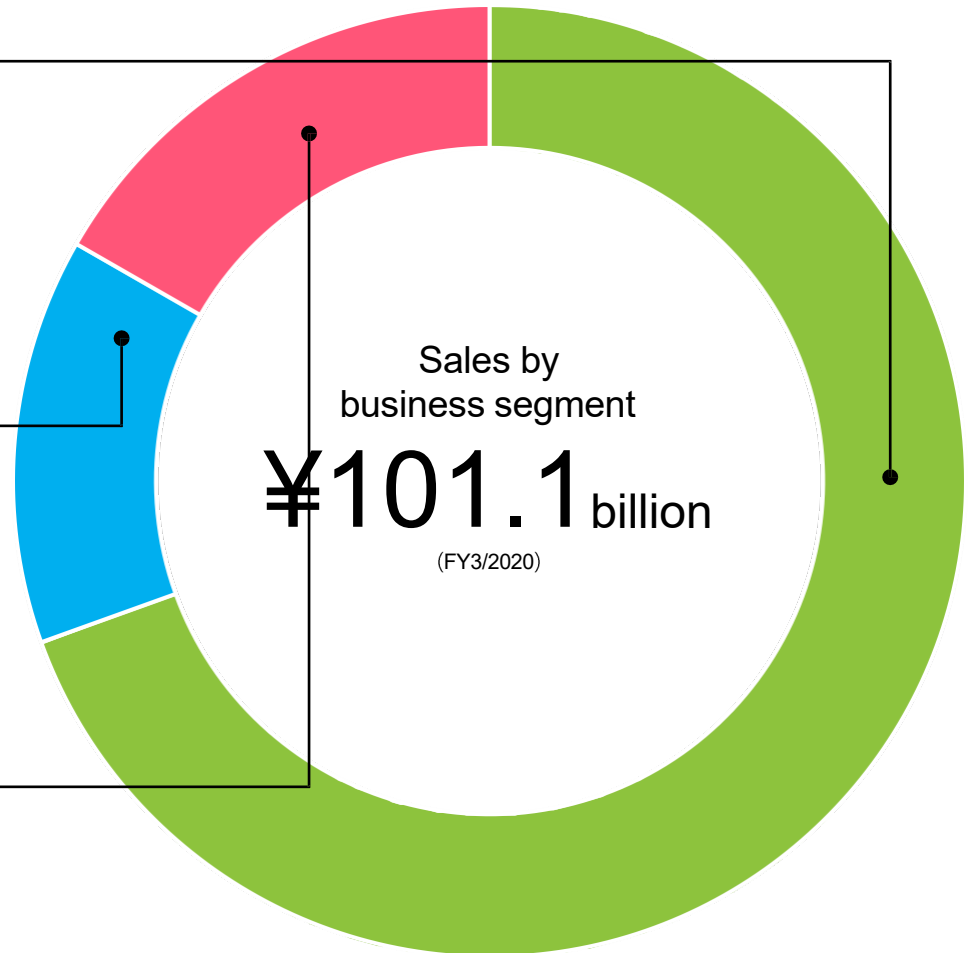
13.8%

Engineering Business

Dispatching of design, development and IT engineers

¥16.9 billion

16.7%



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 Project)
- Engineer development program
- Management training

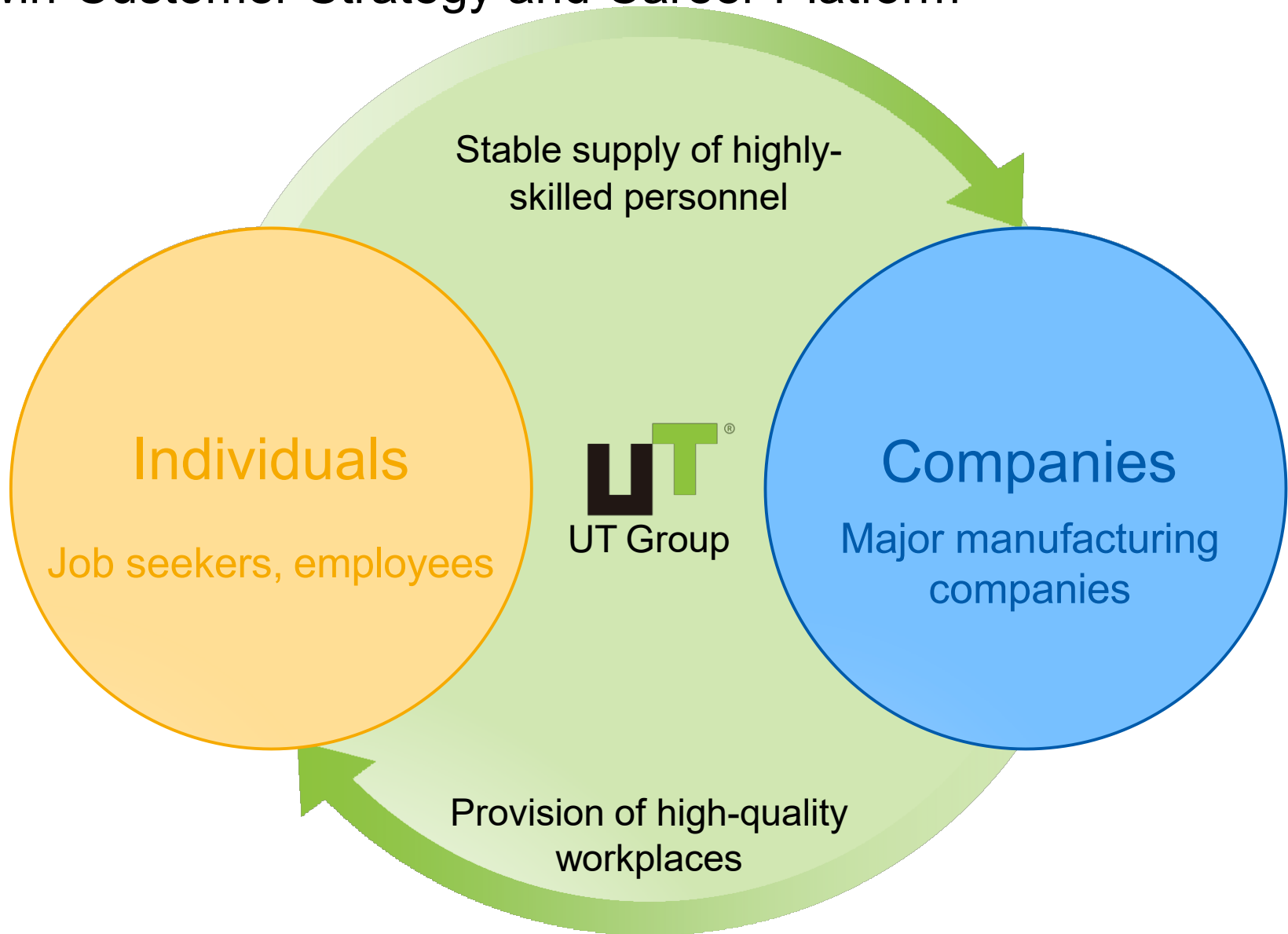


Share profit from enhanced corporate value with employees

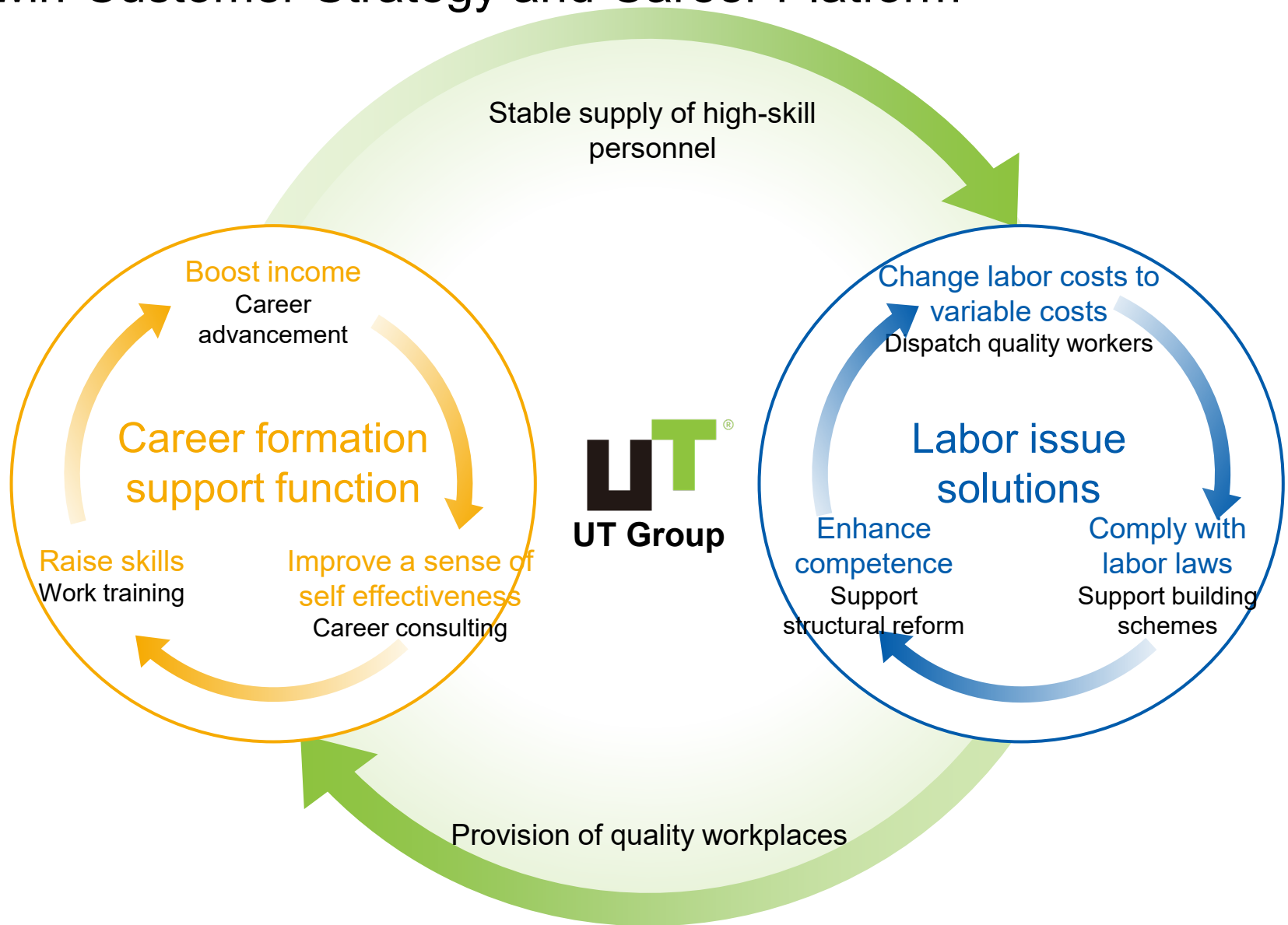
- Measures to encourage employees to become shareholders



Twin-Customer Strategy and Career Platform



Twin-Customer Strategy and Career Platform



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

(Thousand yen)

	FY3/2017	FY3/2018	FY3/2019	FY3/2020
Net profit	2,033,027	3,534,596	4,968,446	4,562,294
Dividends paid	-	-	2,499,281	--
Amount of share buyback	609,862	1,060,818	-	-
Total return ratio	30.0%	30.0%	50.3%	0.0%

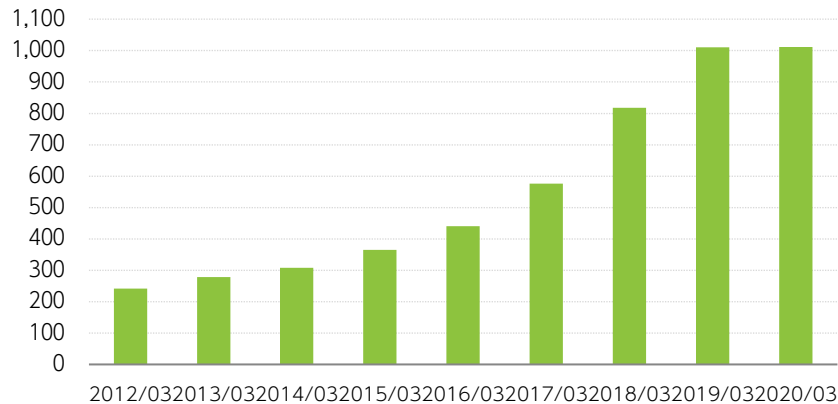
* In light of changes in the business environment and other factors, shareholder return in FY3/2019 is all in the form of dividend payment, including special dividend.

Total return ratio (Dividends + share buyback)/Net profit \geq 30%

Trends of Business Results

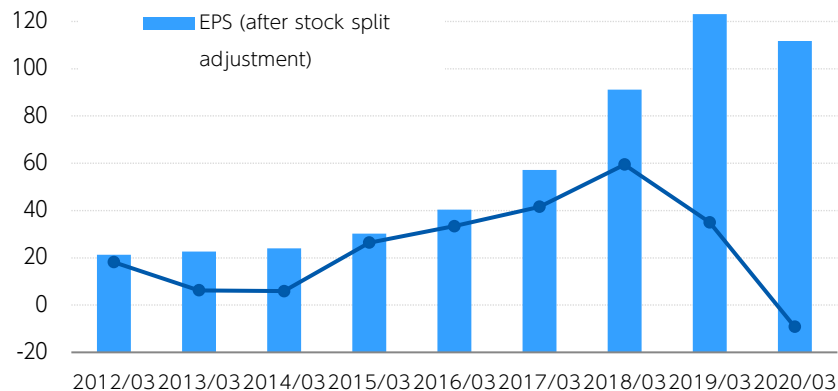
Net sales

(100 million yen)



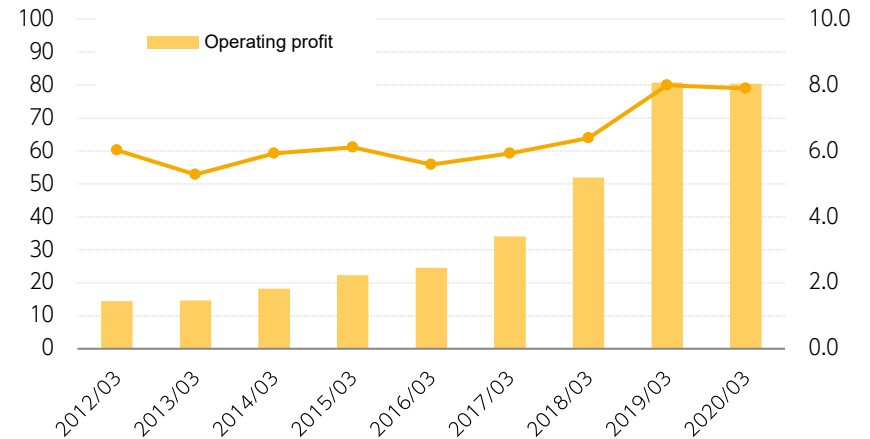
EPS and EPS growth rate

(Yen, %)



Operating profit (LH) and Operating profit margin (RH)

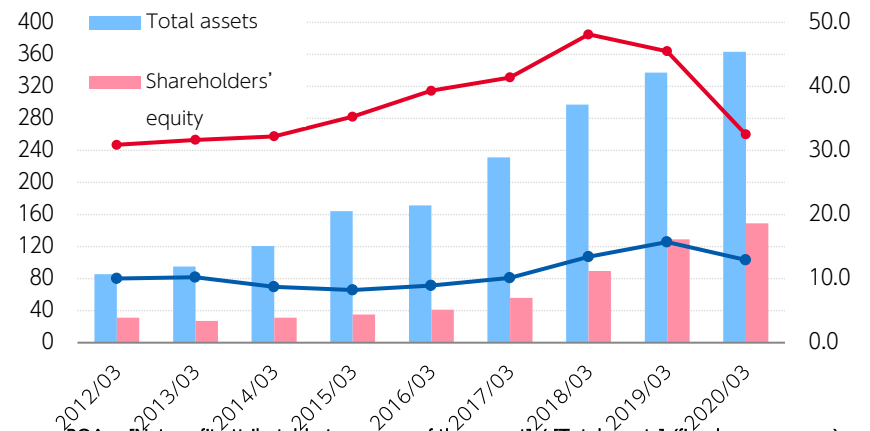
(100 million yen, %)



Total assets and Shareholders' equity (LH)

ROA and ROE (RH)

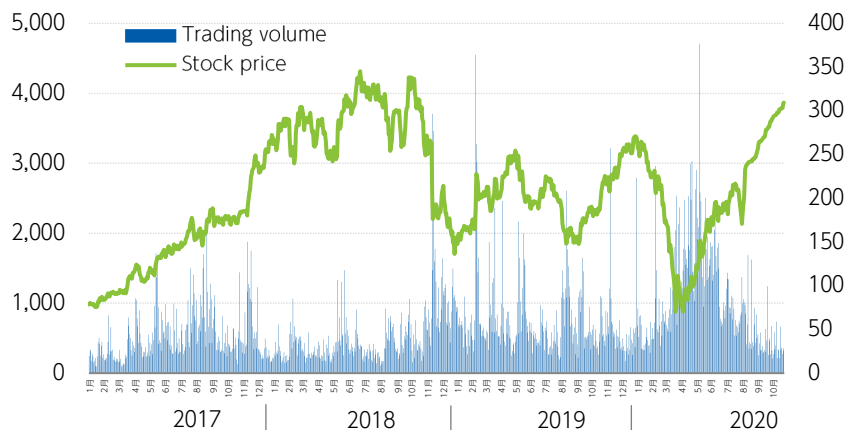
(100 million yen, %)



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)

Trends of Stock Price

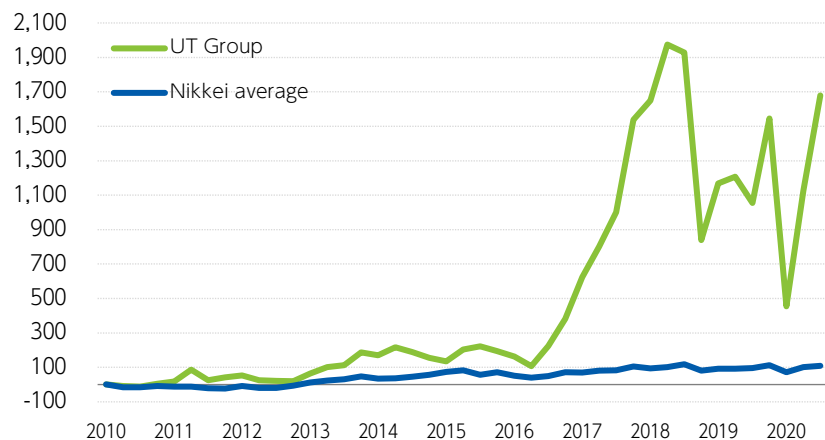
Stock price (LH) and trading volume (RH) (Yen / 10,000 shares)



Changes in stock price

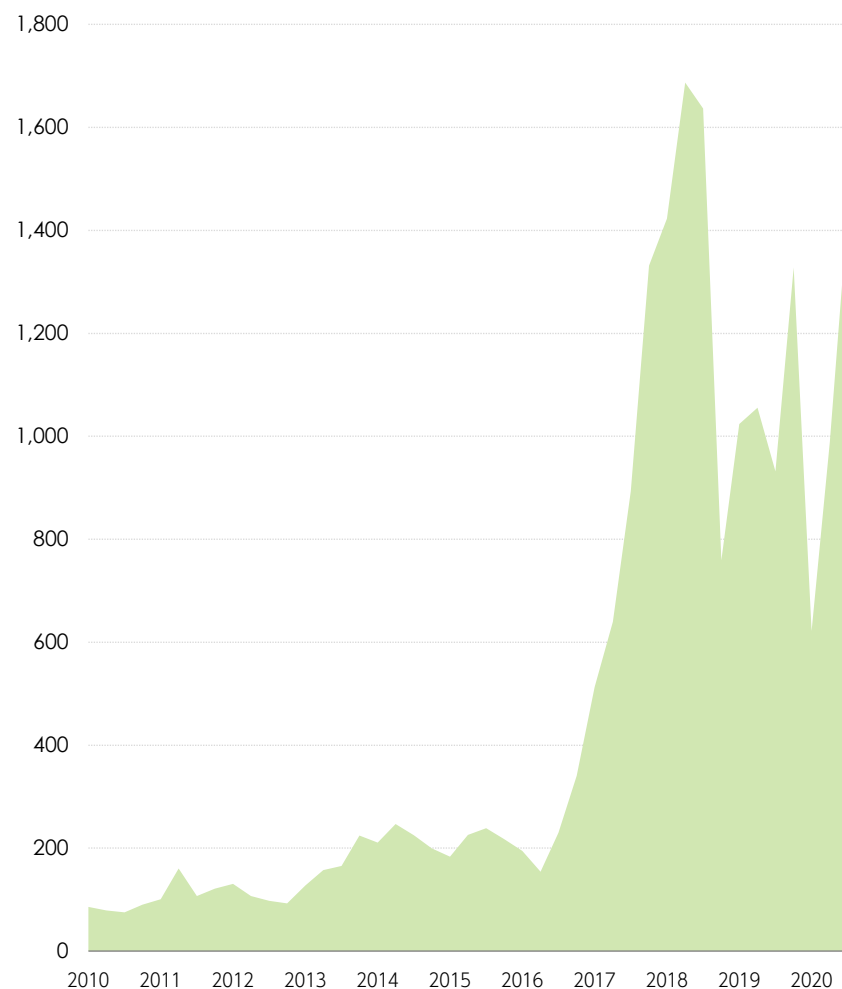
(compared with the level on March 31, 2010)

(%)



Market capitalization

(100 million yen)



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.

Management Reformation Division

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