

Third Quarter of Fiscal Year Ending March 31, 2021

Financial Results

February 5, 2021

UT Group Co.,Ltd.

Securities Code: 2146

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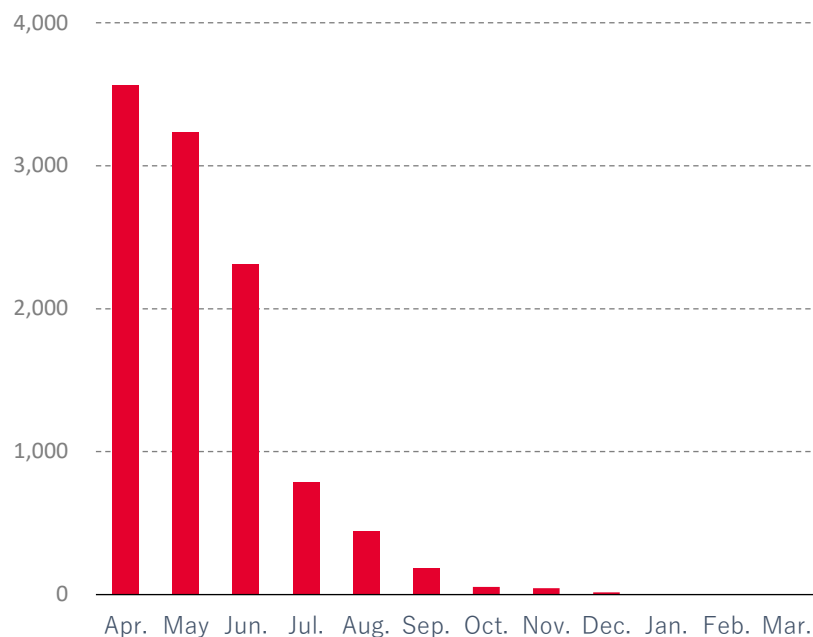
1. Topic

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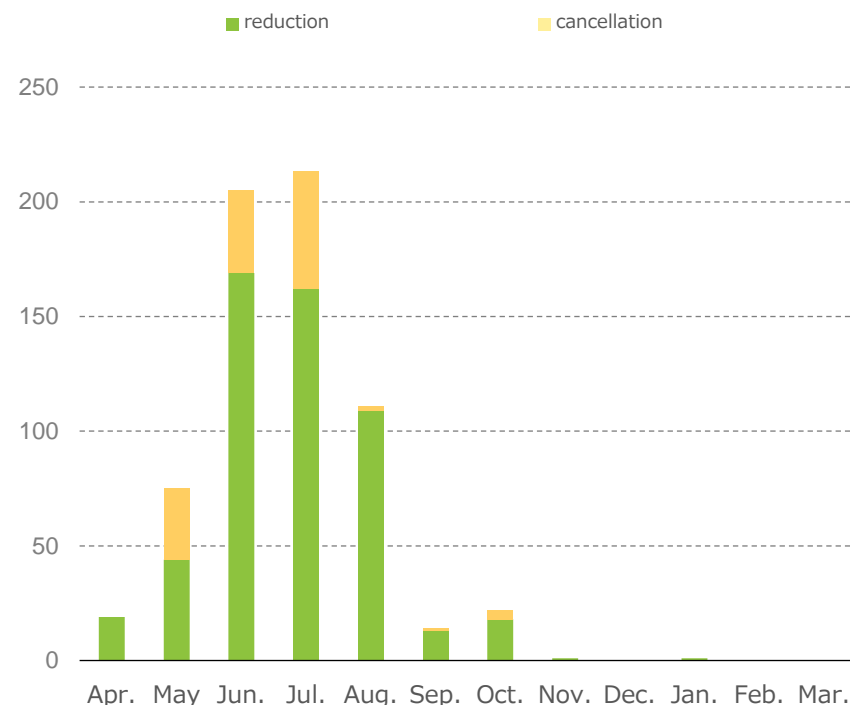
Status of Suspended Operation, etc. Due to the COVID-19 Impact

- Impact of lost work, caused by clients' suspension of operations and of work reduction and cancelation, caused by their production adjustment, has been contained.
- Personnel demand, mainly in the automotive-related sector, has recovered since the containment of the COVID-19 second wave.
- Japan's declaration of the state of emergency in January 2021 currently has no impact.

Impact of suspension and closure of operation [person]



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



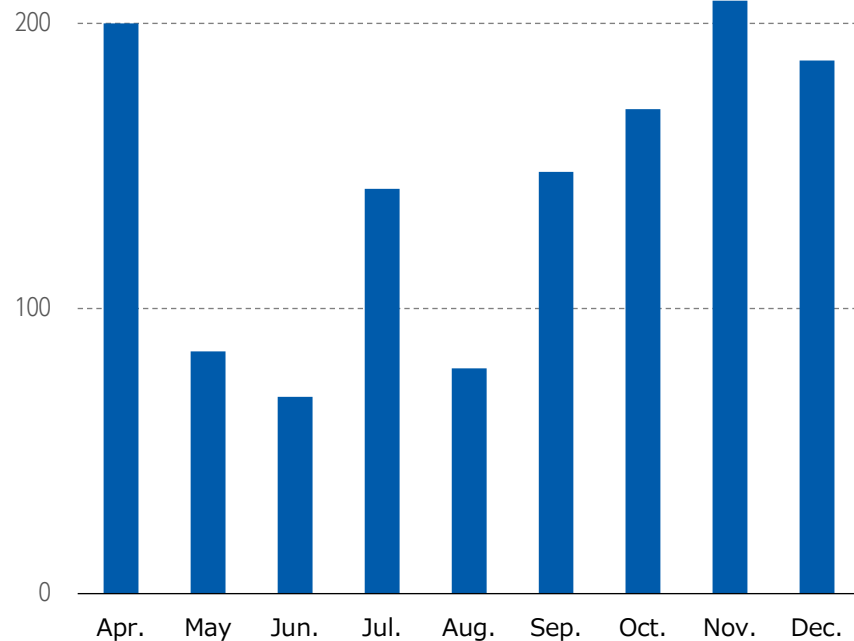
1. Topic

Current Status of Hiring

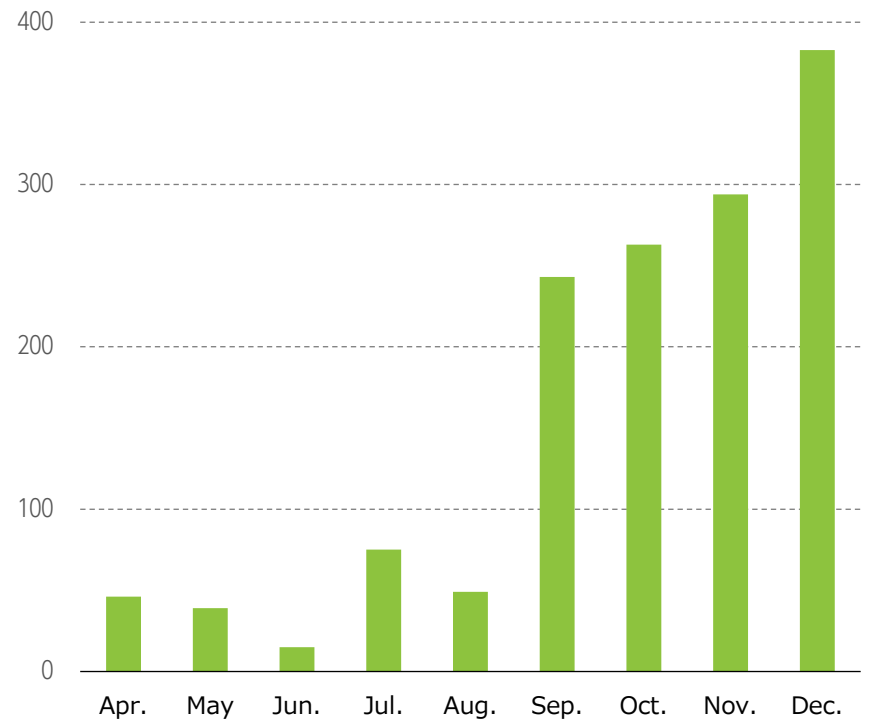
(Semicon. and Electronic Components, and Automobile-related Sectors)

- The semiconductors and electronic components sector is on a recovery trend since a bottom in June.
- The automobile-related sector was greatly affected by clients' suspension of operations but has increased hiring since September to satisfy growth in personnel demand.

UT Group's new hires in the semiconductors and electronic components sector [person]



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



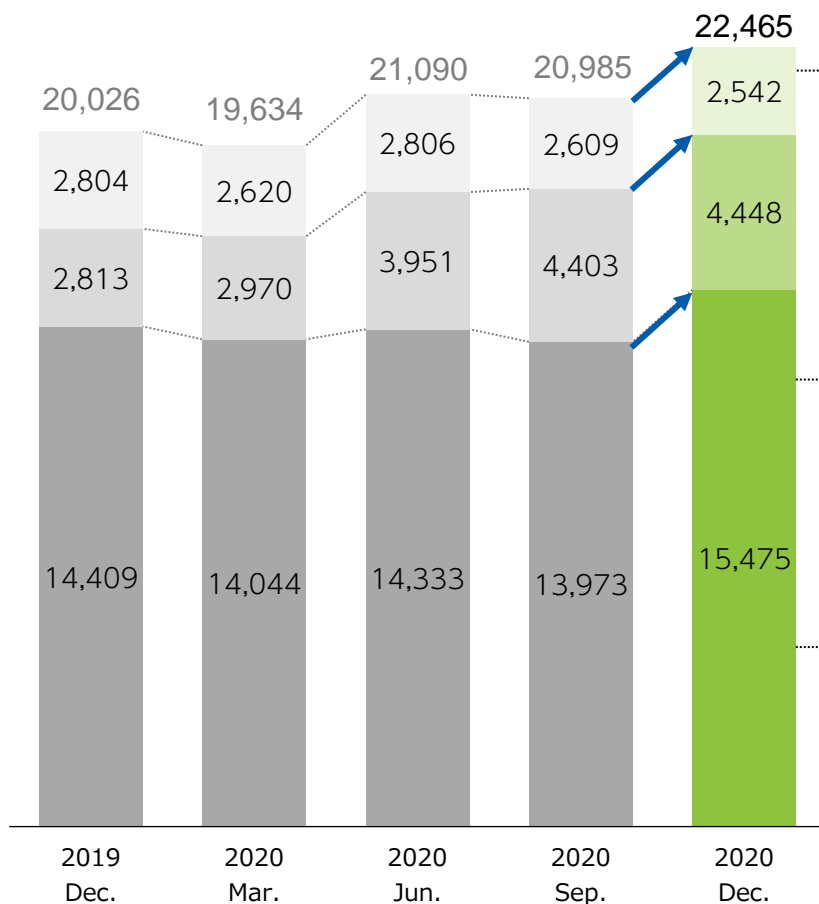
1. Topic

Quarterly Changes in Number of Technical Employees

- The number of technical employees increased 1,480 from the end of September to a record-high of 22,465.
- Since October, the focus is on hiring of mid-career workers, mainly in the Manufacturing Business.

Number of technical employees

[person]



Engineering Business

Down by 67 since the 2Q-end

- Approx. 400 new hires (1Q)
- Net decrease without any implementation of One UT¹—a factor for net increase in an interim period.

1: An internal system that encourages employee status transfer from manufacturing operators to engineers

Solution Business

Up by 45 since the 2Q-end

- A slight increase on the back of robust demand in battery manufacturing
- Approx. 1,080 from the three Toshiba companies (consolidated in 1Q)
- Approx. 400 from Mito Engineering (consol. in 1Q)

Manufacturing Business

Up 1,502 since the 2Q-end

- Approx. 920 from Seekel (consolidated in 3Q)
- Enhanced hiring activities resulted in an increase in mid-career workers in the semiconductors and electronic components sector and the automobile-related sector.

1. Topic

Newly-consolidated Companies

- Seekel Holdings based in Ibaraki Prefecture was consolidated as a part of the Area Platform Strategy.
- Green Speed, a major personnel dispatch company in Vietnam, was consolidated.

Seekel Holdings Co., Ltd.

“Promotion of the Area Platform Strategy”

(Acquisition of shares in November 2020)

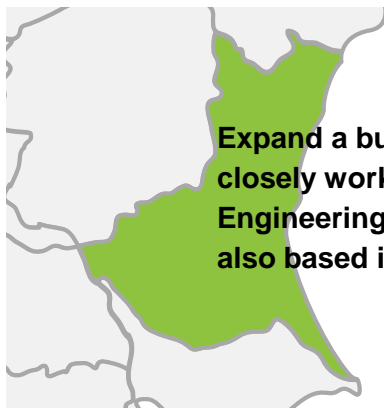
- Acquire all shares of Seekel Co., Ltd.
- A personnel dispatch and outsourcing service company, 30 years since establishment.
- Main clients are housing equipment, semiconductor, home appliances, office equipment, automotive, and other manufacturers.

Green Speed Joint Stock Company

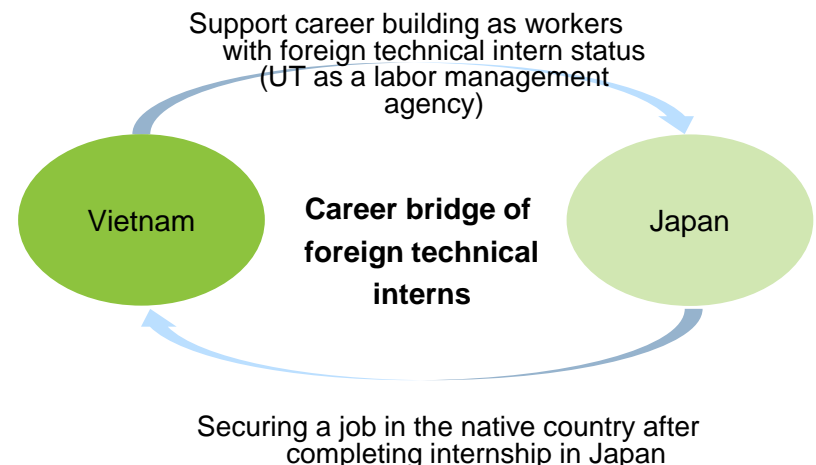
“Creating an environment in which foreigners can work vigorously”

(Acquisition of shares in October 2020)

- Fully owns Green Speed Co., Ltd. and Hoang Nhan Co., Ltd.
- Personnel dispatch business, mainly in Ho Chi Minh City.
- Main clients are manufacturing industry in Vietnam.



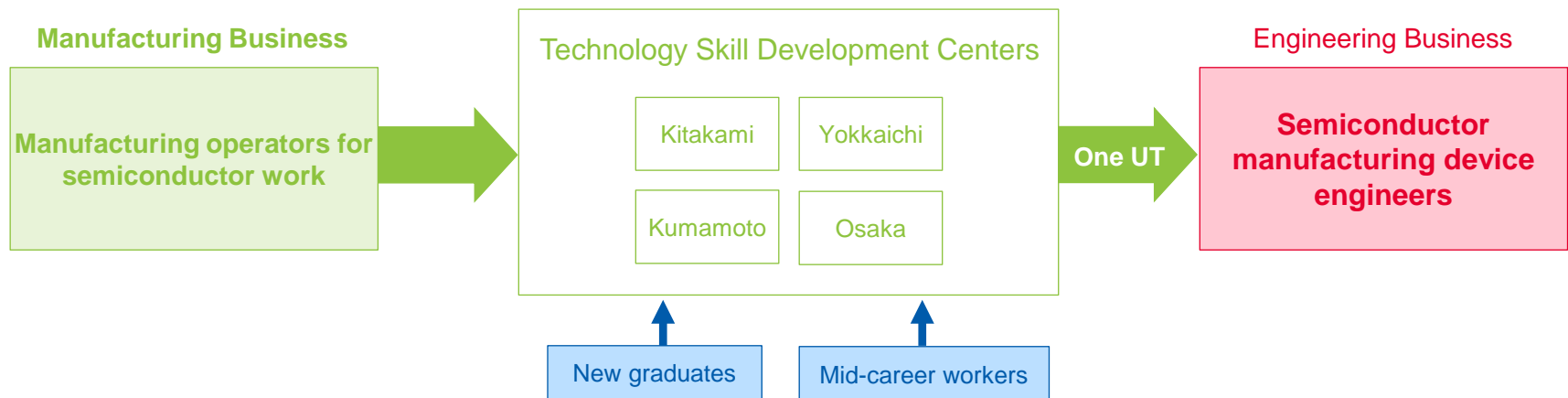
Expand a business base in the area by closely working with UTHP and Mito Engineering Service, both of which are also based in Ibaraki.



1. Topic

Establishment of the Technology Skill Development Centers

- Established a facility to foster development of engineers for semiconductor manufacturing devices in Kitakami City, Iwate Prefecture in December 2020. Another facility will be established in Yokkaichi City, Mie Pref. and Kumamoto City in Kumamoto Pref. in March 2021.
- Enhance the manufacturing engineering domain and strongly promote the one-stop strategy for large manufacturers' personnel.
- Plans to establish an additional facility in Kadoma City, Osaka Prefecture, in March 2021, where demand is high.



**Aim at fostering development of
3,000 semiconductor device engineers in 3 years**

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

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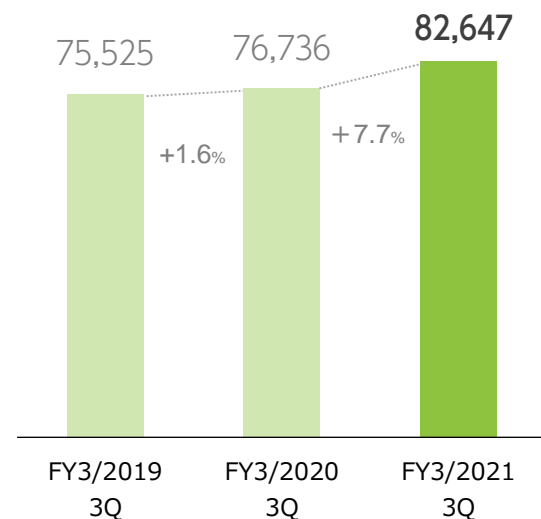
Highlights of Consolidated Results

Achieved record-high sales,
thanks to improved order accepting situation and impacts of the recent acquisitions

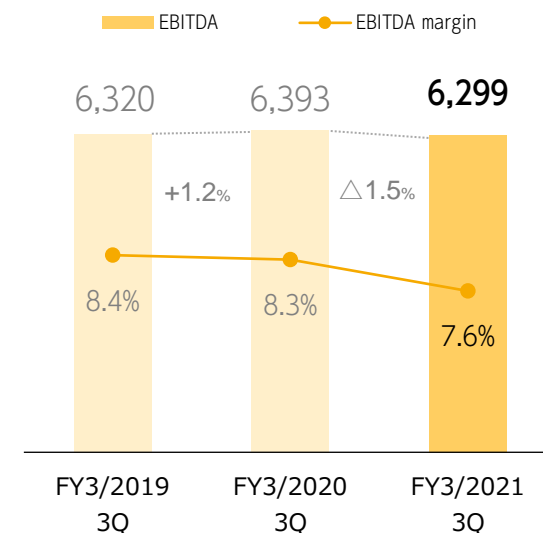
Focus on hiring activities in the 2H and increase in new hires
mainly in the automotive-related sector

Achieved a record-high level in the number of technical employees,
thanks to solid hiring activities and the acquisitions

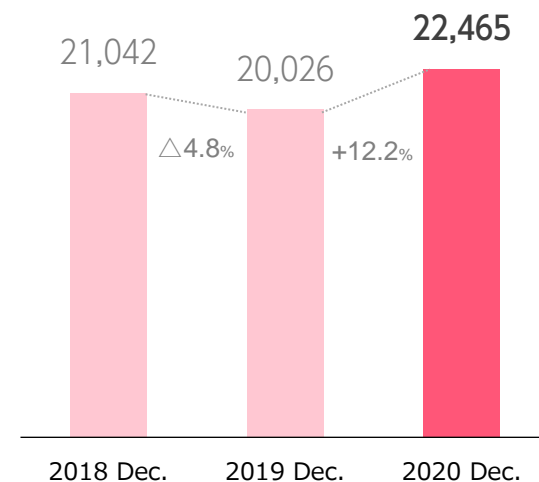
Net sales (Million yen)



EBITDA • EBITDA margin (Million yen)



Number of technical employees (Persons)



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

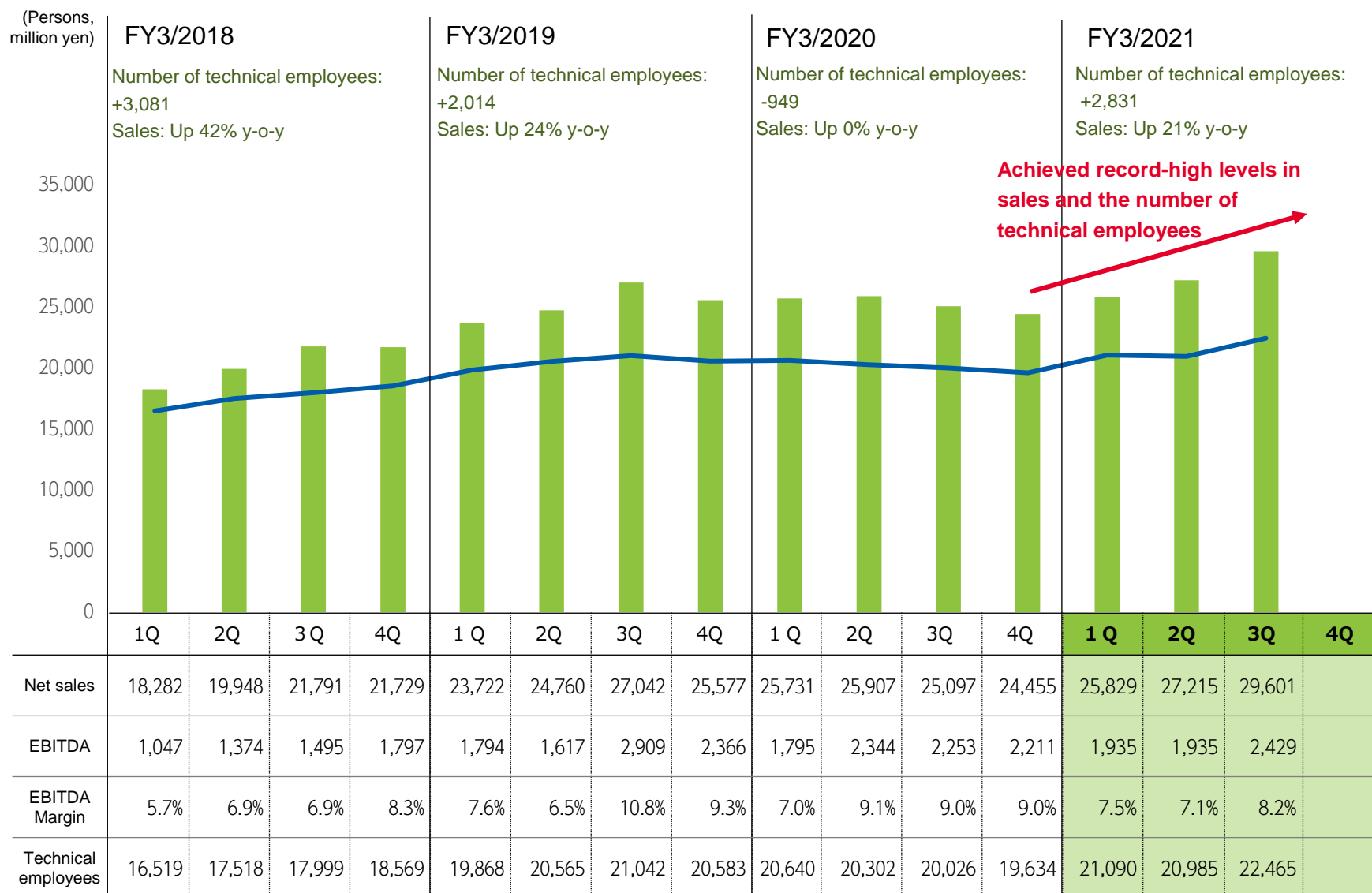
Summary of Statement of Income

(Million yen)

	3Q of FY3/2020		3Q of FY3/2021		Year-on-Year	
	Results	% to net sales	Results	% to net sales	Amount	Change
Net sales	76,736	100.0%	82,647	100.0%	+5,910	+7.7%
Gross profit	15,065	19.6%	15,703	19.0%	+638	+4.2%
Selling, general and administrative expenses	9,090	11.8%	9,975	12.1%	+884	+9.7%
Operating profit	5,974	7.8%	5,728	6.9%	-246	-4.1%
EBITDA	6,393	8.3%	6,299	7.6%	-93	-1.5%
Ordinary profit	6,014	7.8%	5,745	7.0%	-268	-4.5%
Net profit attributable to UT Group	3,150	4.1%	3,734	4.5%	+583	+18.5%
Number of technical employees	20,026	—	22,465	—	+2,439	+12.2%

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

Quarterly Changes in Sales and Number of Technical Employees



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

Summary of Balance Sheet

(Million yen)

	September 30, 2020		December 31, 2020		Quarter-on-Quarter	
	Results	% of total	Results	% of total	Amount	%
Current assets	41,359	89.1%	43,410	84.6%	2,050	5.0%
Cash and deposits	26,374	56.8%	26,382	51.4%	7	0.0%
Notes and accounts receivable - trade	13,769	29.7%	15,426	30.0%	1,656	12.0%
Non-current assets	5,046	10.9%	7,927	15.4%	2,880	57.1%
Property, plant and equipment	303	0.7%	374	0.7%	71	23.4%
Intangible assets	2,784	6.0%	5,563	10.8%	2,779	99.8%
Goodwill	1,848	4.0%	4,257	8.3%	2,408	130.3%
Investments and other assets	1,958	4.2%	1,988	3.9%	30	1.5%
Total assets	46,406	100.0%	51,337	100.0%	4,931	10.6%
Current liabilities	17,747	38.2%	20,915	40.7%	3,168	17.9%
Short-term borrowings and current portion of long-term debts	2,706	5.8%	2,537	4.9%	-169	-6.3%
Non-current liabilities	10,660	23.0%	10,869	21.2%	209	2.0%
Long-term debts	9,809	21.1%	9,860	19.2%	50	0.5%
Net assets	17,999	38.8%	19,552	38.1%	1,553	8.6%
Shareholders' equity	17,232	37.1%	18,634	36.3%	1,401	8.1%
Total liabilities and net assets	46,406	100.0%	51,337	100.0%	4,931	10.6%
Gross debt/equity ratio	0.73	—	0.67	—	—	—

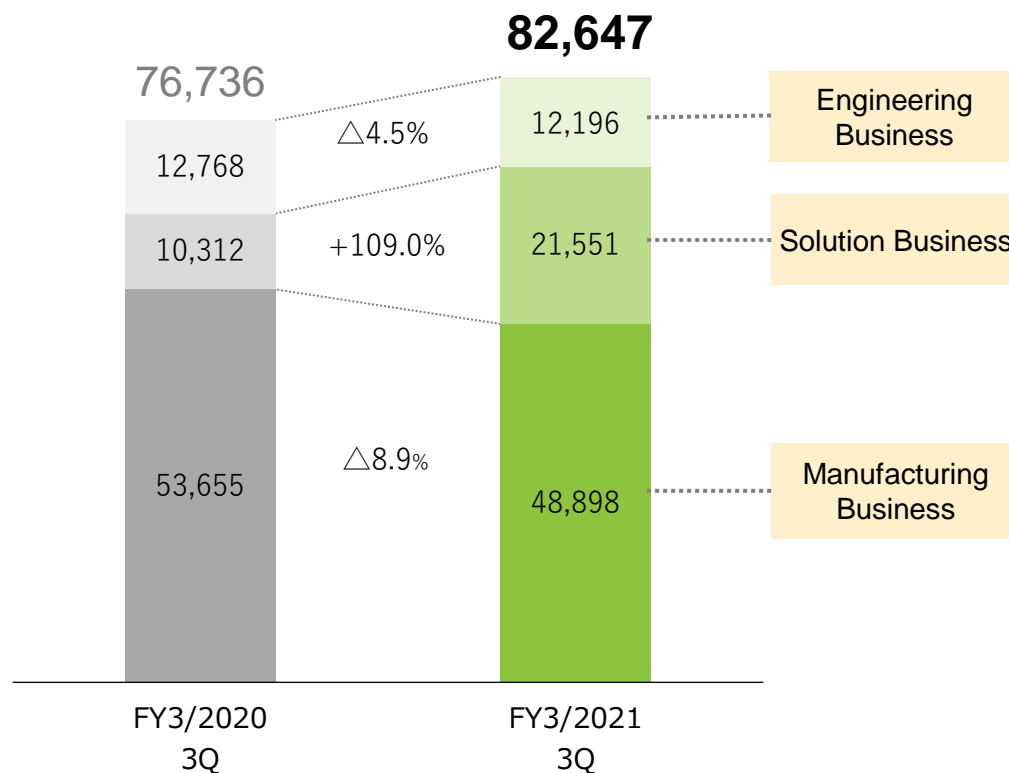
2. Financial Highlights of Third Quarter of Fiscal Year Ending March 2021

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

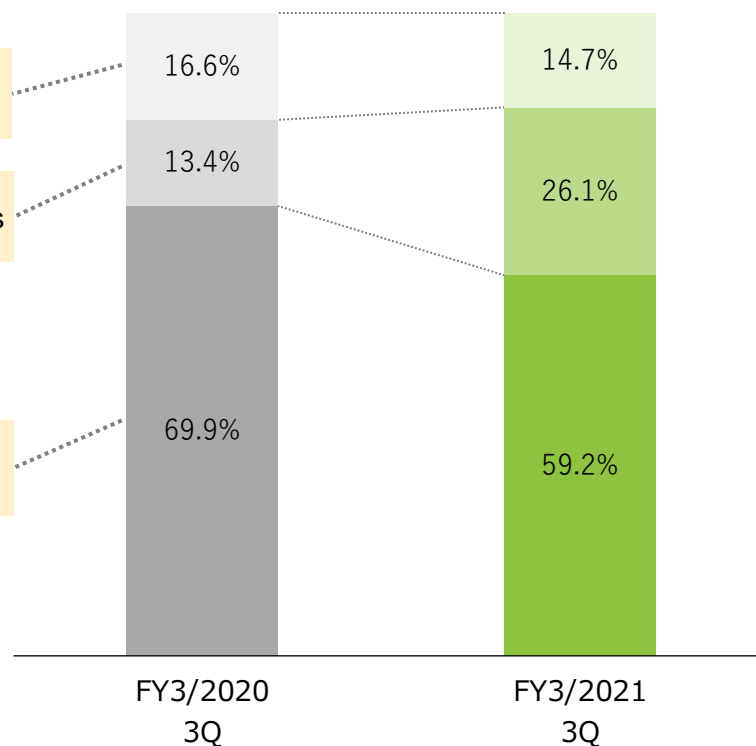
- The Manufacturing Business reduced a q-o-q decrease in sales, thanks to a recovery in the automobile-related sector.
- The Solution Business increased sales, contributed by acquisition and new consolidation of three Toshiba-affiliated companies and one Hitachi-affiliated company.
- The Engineering Business decreased sales due to a sale of an IT-related company.

Net sales

(Million yen)



Sales composition

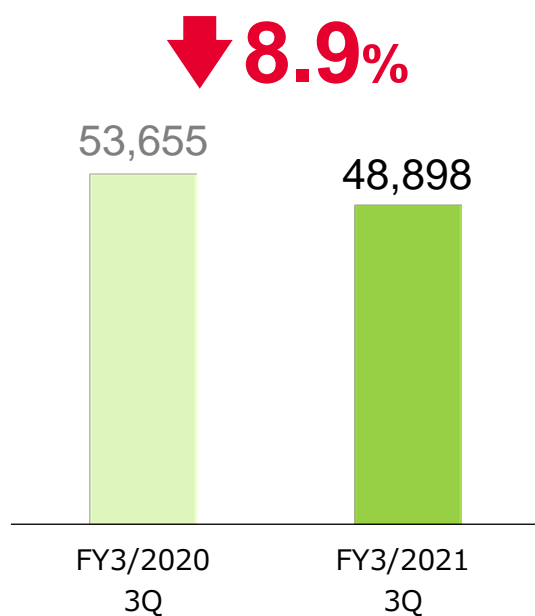


2. Financial Highlights of Third Quarter of Fiscal Year Ending March 2021

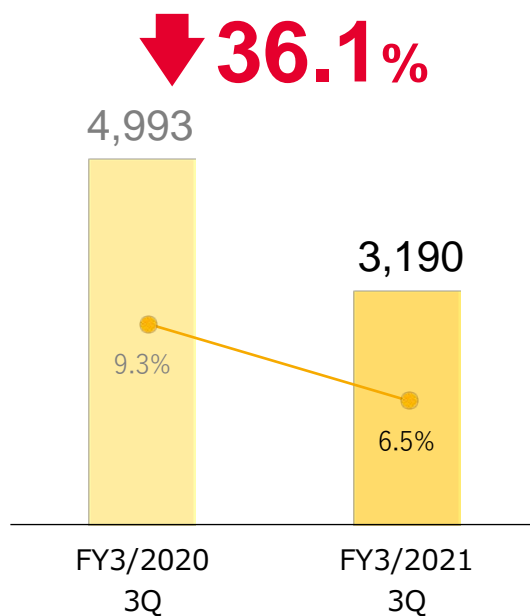
Results by Segment: Manufacturing Business

- Easing of the COVID-19 impact led to a recovery in personnel demand in the automobile-related, and semiconductors and electronic components, sectors.
- Investment for maximizing the number of technical employees in the next fiscal year has boosted hiring-related expenses.
- Newly consolidated Seekel Holdings (Ibaraki Pref.) in November 2020 and expanded the area platform.

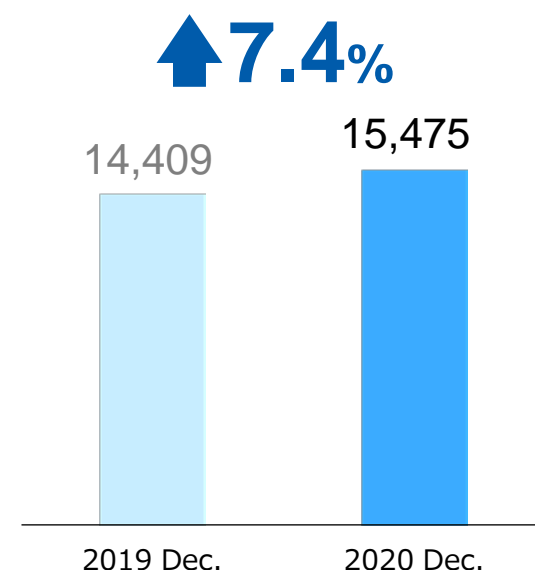
Sales (Million yen)



EBITDA • EBITDA margin (Million yen)



Technical employees (Persons)

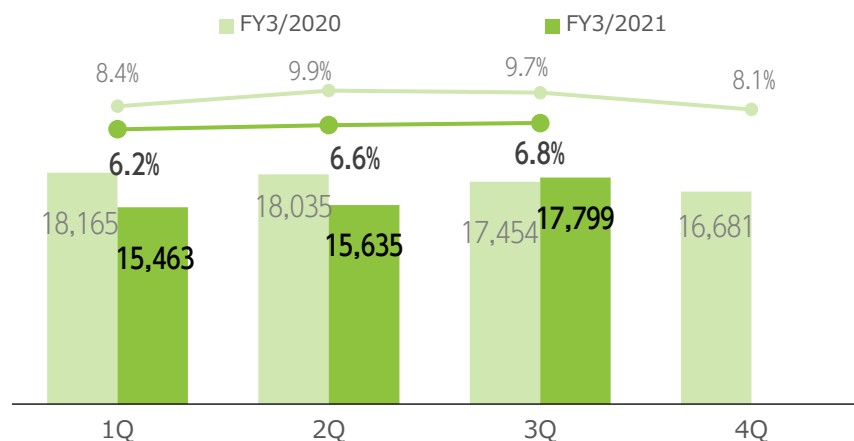


2. Financial Highlights of Third Quarter of Fiscal Year Ending March 2021

Results by Segment: Manufacturing Business

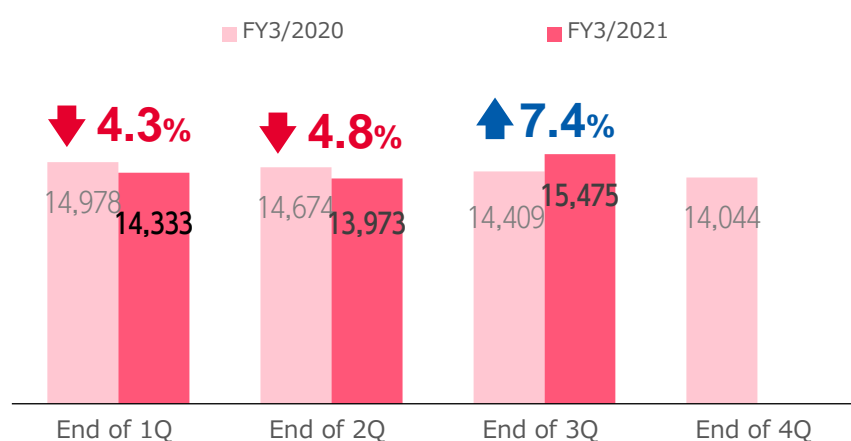
Sales and EBITDA margin

(Million yen)



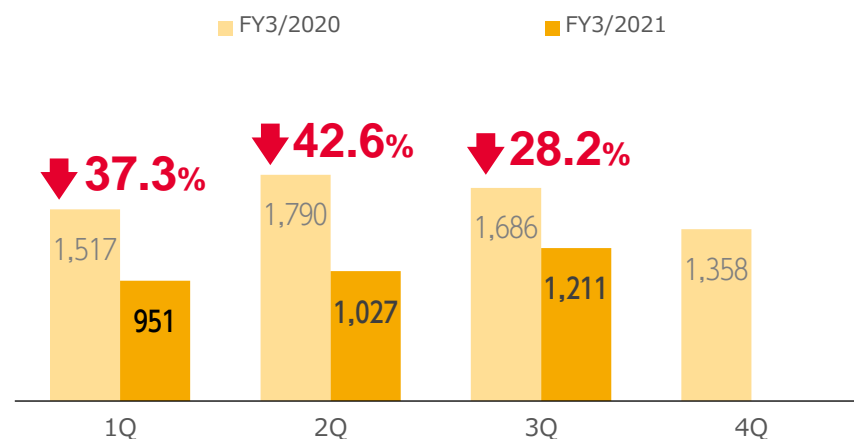
Technical employees

(Persons)



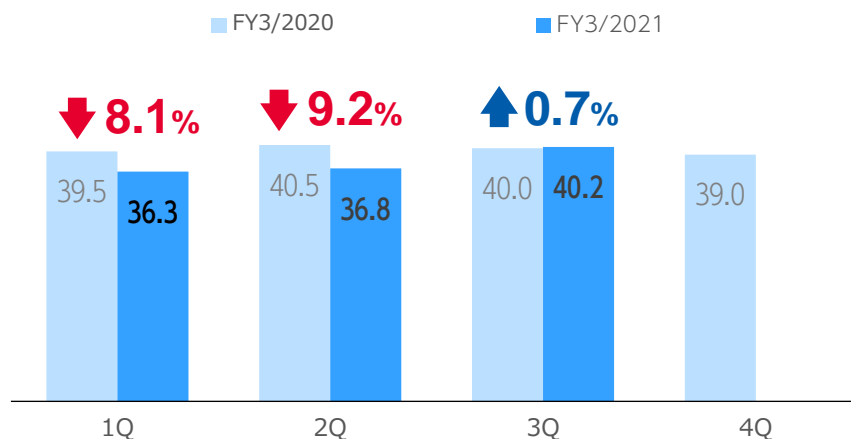
EBITDA

(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

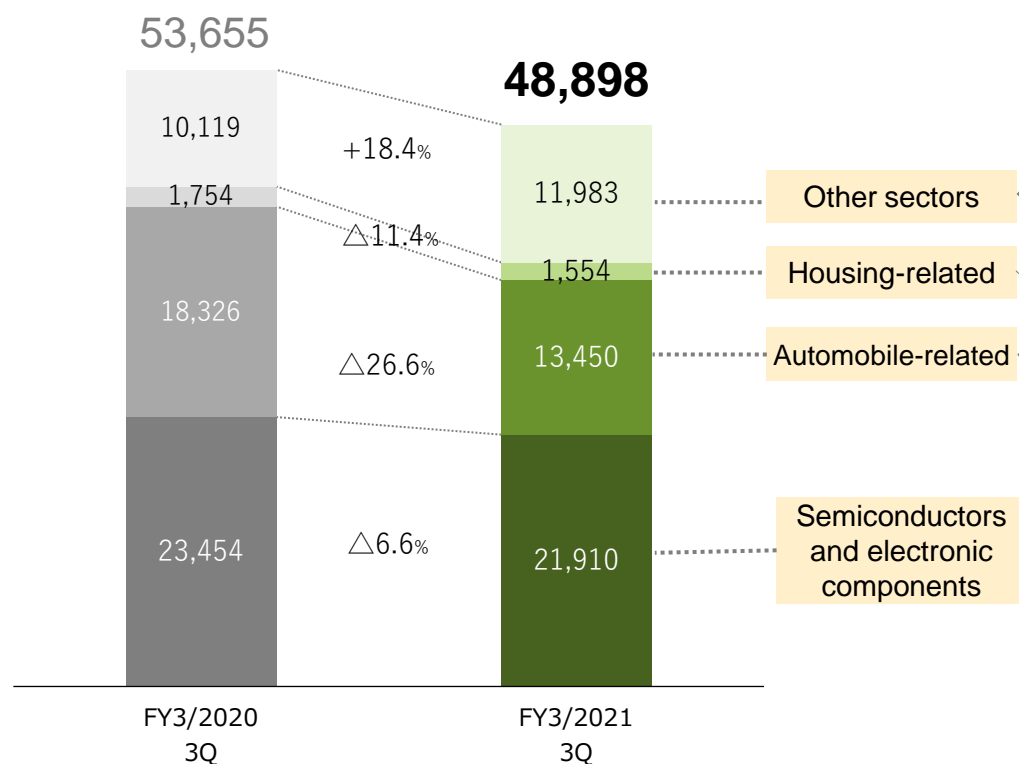
2. Financial Highlights of Third Quarter of Fiscal Year Ending March 2021

Results by Segment: Manufacturing Business (Sales by Sector)

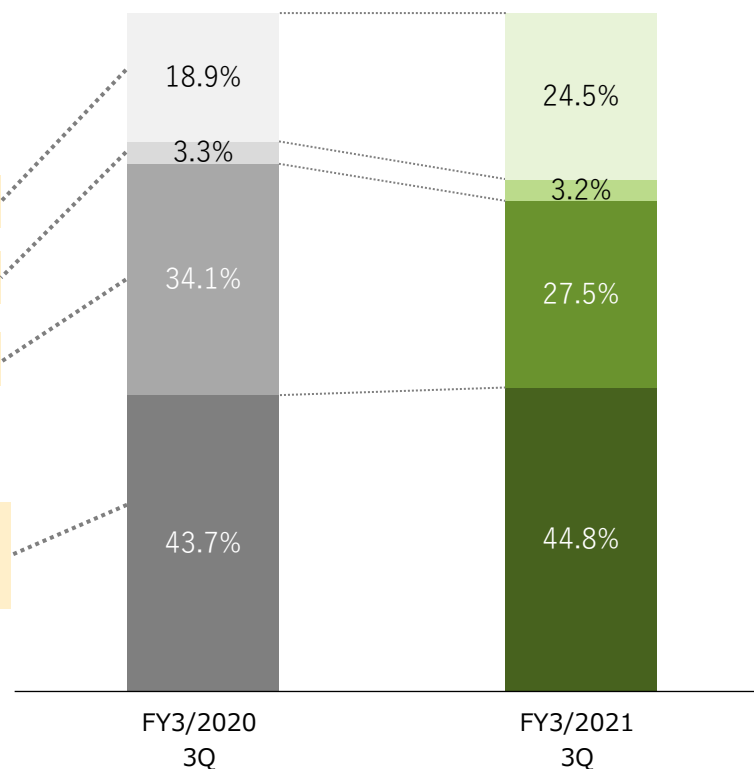
- The semiconductors and electronic components sector had solid demand for personnel, thanks to growth in 5G-related demand.
- Demand for personnel in the automobile-related sector sharply recovered as client companies' production recovered.
- Other sectors recovered moderately and the recent acquisitions contributed to sales increase.

Sales

(Million yen)



Sales composition

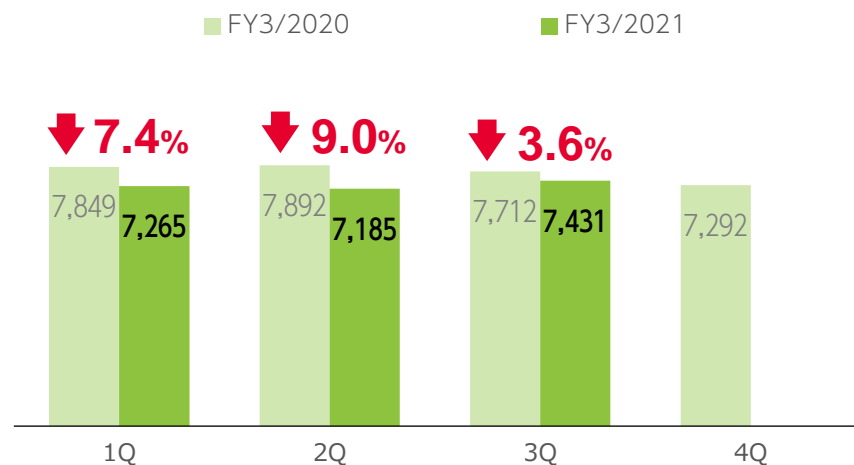


2. Financial Highlights of Third Quarter of Fiscal Year Ending March 2021

Results by Segment: Manufacturing Business (Sales by Sector)

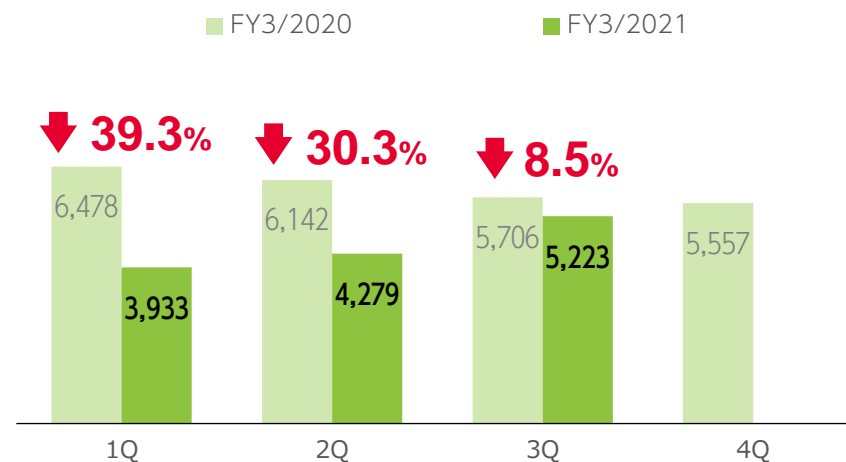
Semiconductors and electronic components

(Million yen)



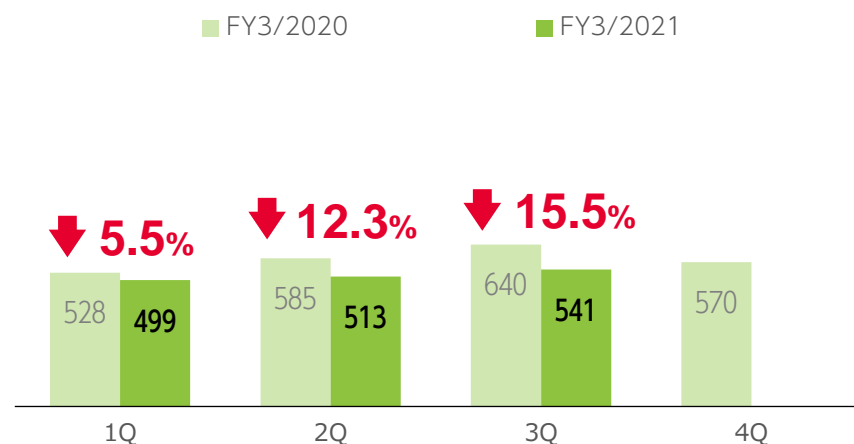
Automobile-related

(Million yen)



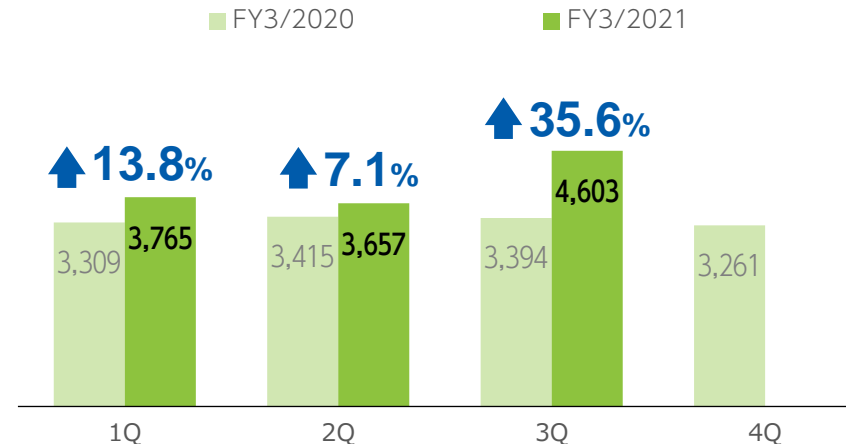
Housing-related

(Million yen)



Other sectors

(Million yen)



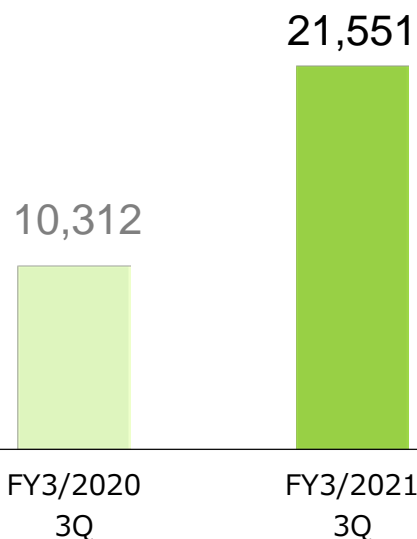
2. Financial Highlights of Third Quarter of Fiscal Year Ending March 2021

Results by Segment: Solution Business

- Impacts of production adjustment by some client companies due to the COVID-19 spread have eased.
- 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.

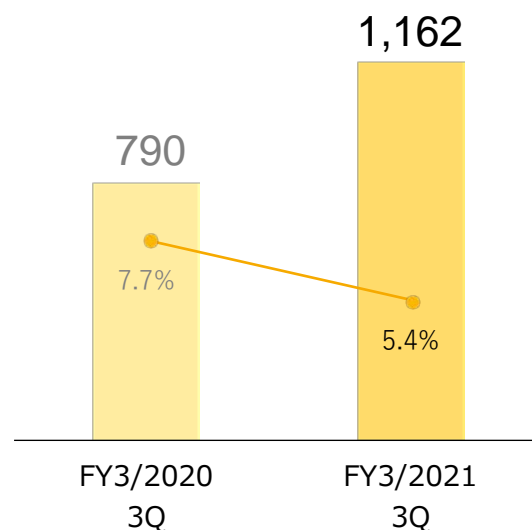
Sales (Million yen)

↑ **109.0%**



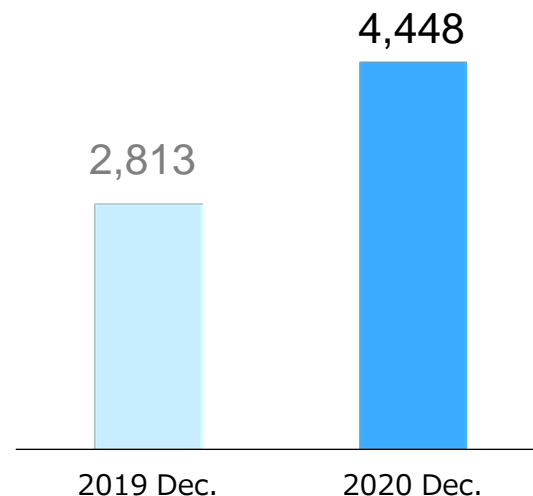
EBITDA • EBITDA margin (Million yen)

↑ **47.0%**



Technical employees (Persons)

↑ **58.1%**

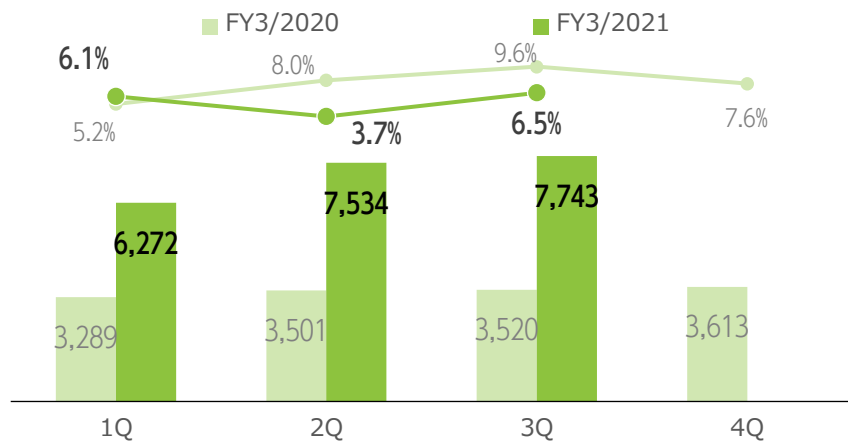


2. Financial Highlights of Third Quarter of Fiscal Year Ending March 2021

Results by Segment: Solution Business

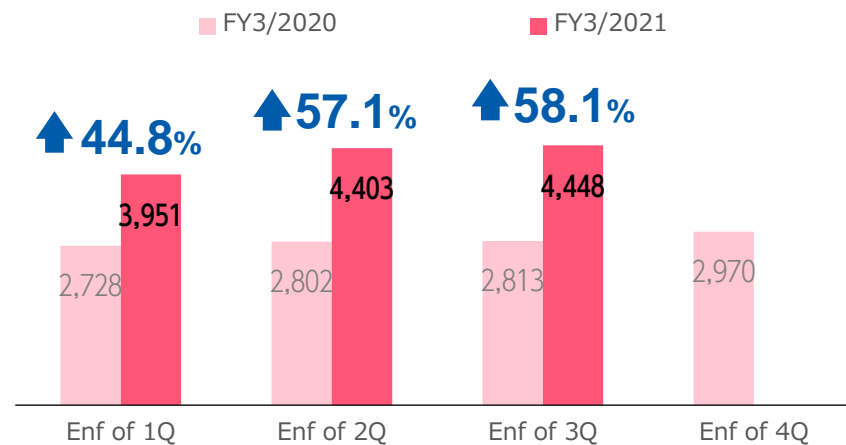
Sales and EBITDA margin

(Million yen)



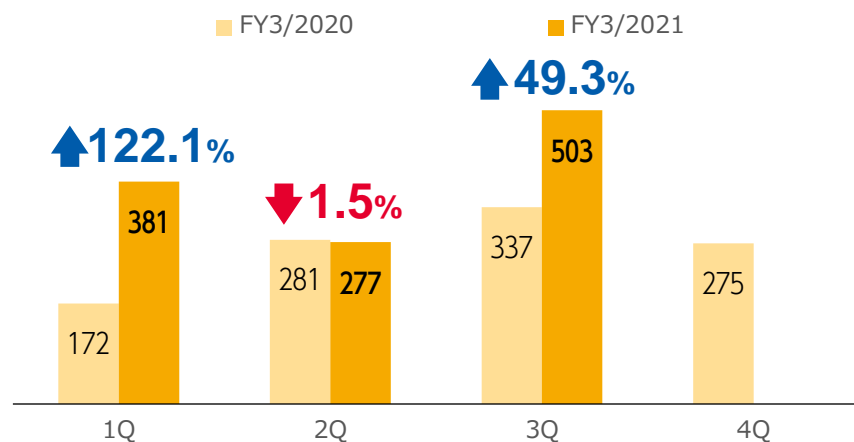
Technical employees

(Persons)



EBITDA

(Million yen)



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

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

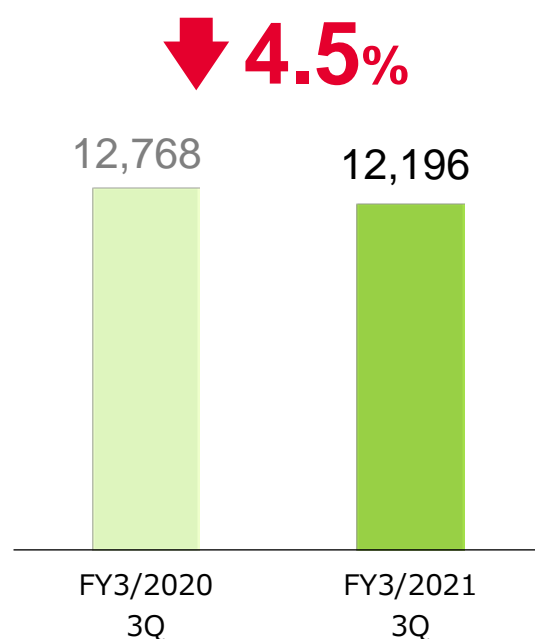
→ **UTHP and newly-consolidated Seekel alike have a strong foothold in Ibaraki Prefecture. By coordinating their business and client bases, they aim at deepening and expanding the area platform.**

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

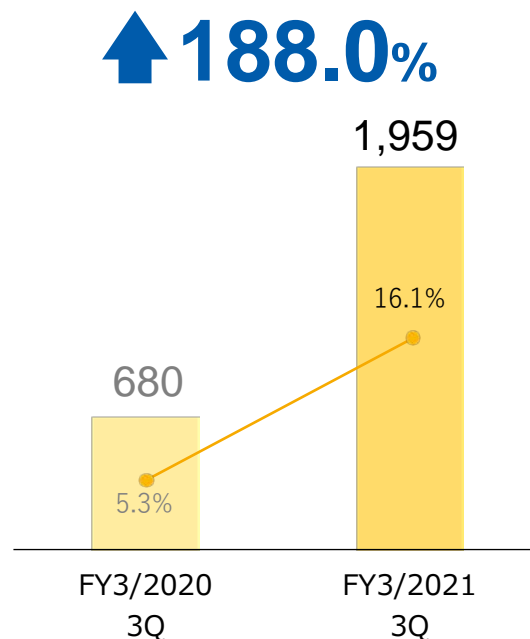
Results by Segment: Engineering Business

- Business of field engineers and equipment maintenance operators was solid mainly for clients in the manufacturing field.
- The number of technical employees and sales decreased due to sale of an operating company, following the business strategy review and difficulty in implementing One UT* under conditions imposed by the COVID-19 pandemic.
- Operating margin improved significantly, with a contribution from improved operating efficiency, driven by the reorganization of operating companies and higher operating rate, and the improvement of the support and placement system for new hires.

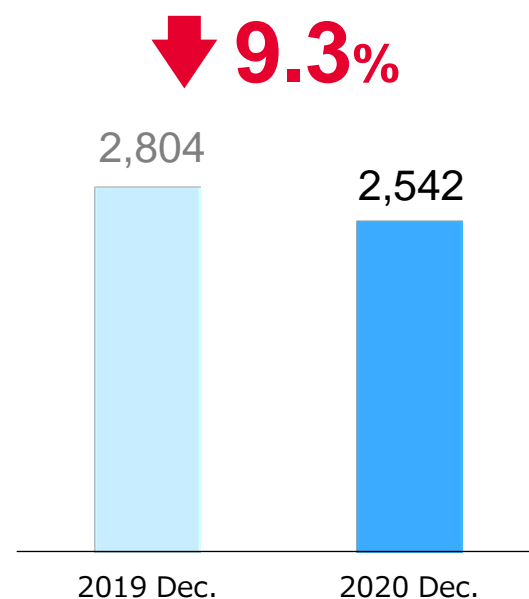
Sales (Million yen)



EBITDA • EBITDA margin (Million yen)



Technical employees (Persons)



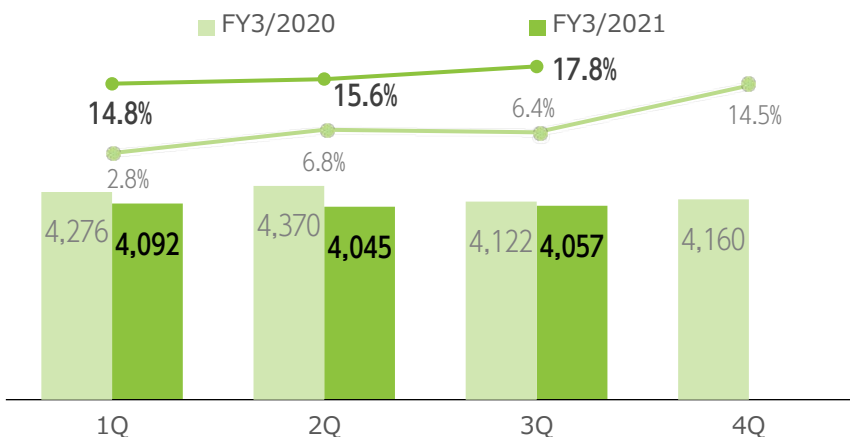
* : An internal system that encourages employee status transfer from manufacturing operators to engineers

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

Results by Segment: Engineering Business

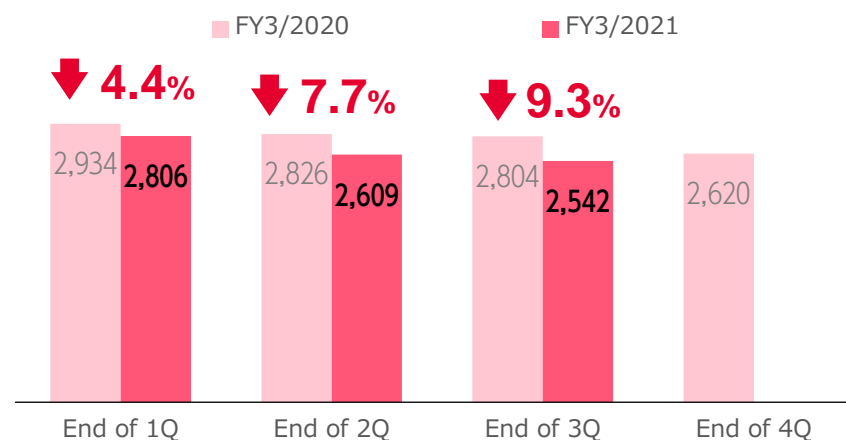
Sales and EBITDA margin

(Million yen)



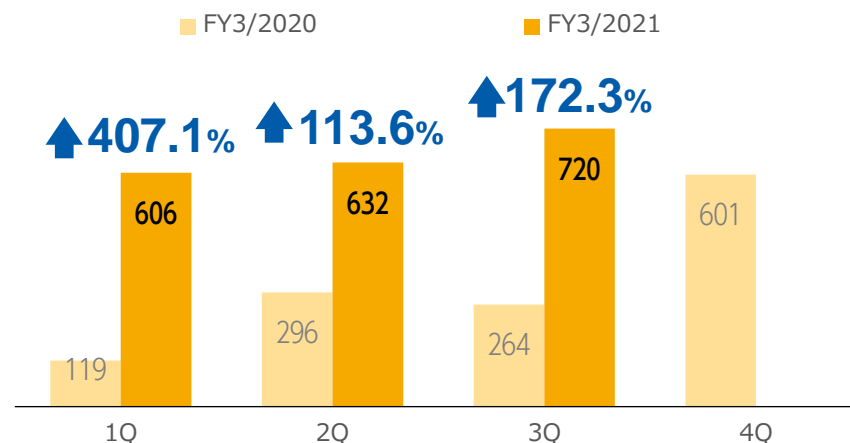
Technical employees

(Persons)



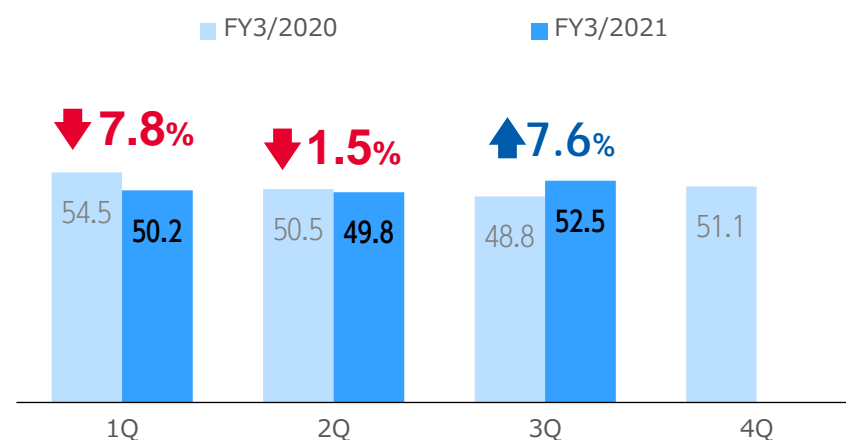
EBITDA

(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

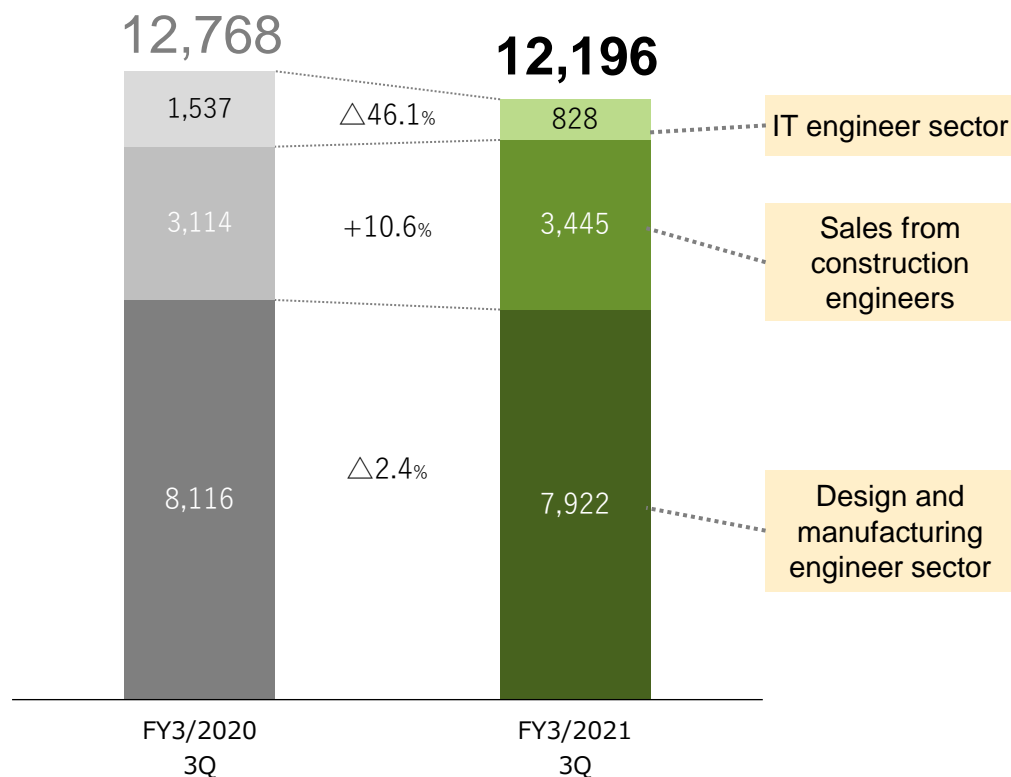
2. Financial Highlights of Third Quarter of Fiscal Year Ending March 2021

Results by Segment: Engineering Business (Sales by Sector)

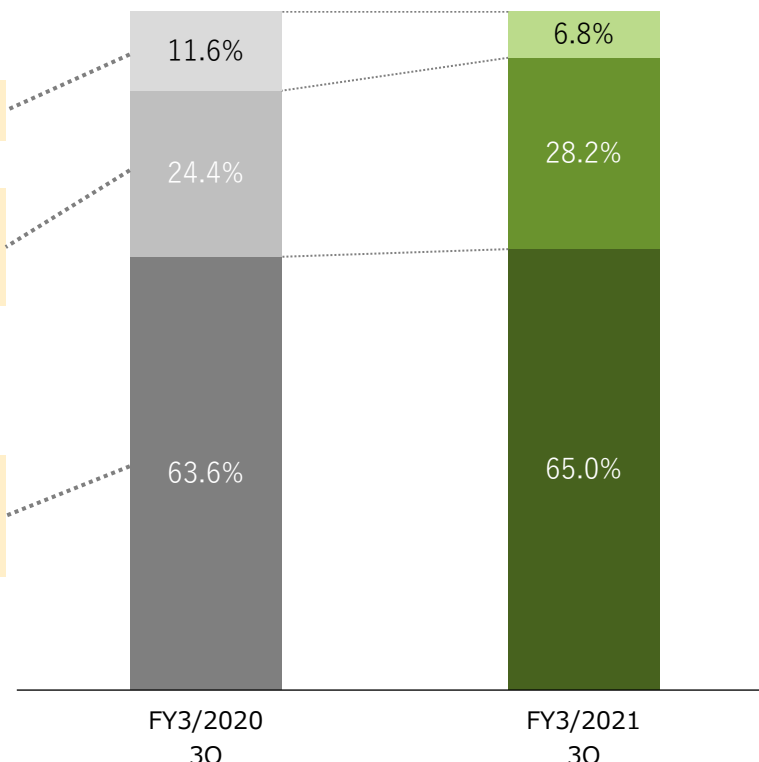
- Due to reorganization of operating companies, the design and manufacturing engineer sector is collaborating with the Manufacturing Business and enhancing capability to make proposals on business of field engineers and equipment maintenance, mainly to clients in manufacturing.
- The IT engineer sector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

Sales

(Million yen)



Sales composition



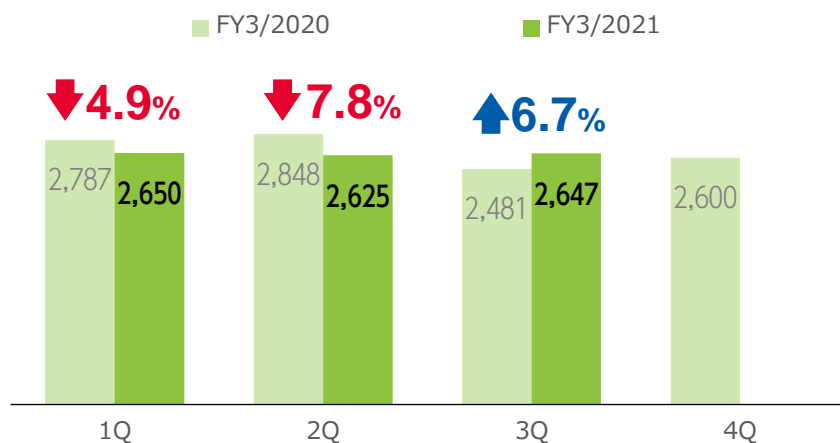
Note: Effective from the fiscal year ending March 31, 2021, we have partially changed the name of each business field, changing "Design Engineers" to "Design and Manufacturing Engineers" and "Software Development Engineers" to "IT Engineers".

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

Results by Segment: Engineering Business (Sales by Sector)

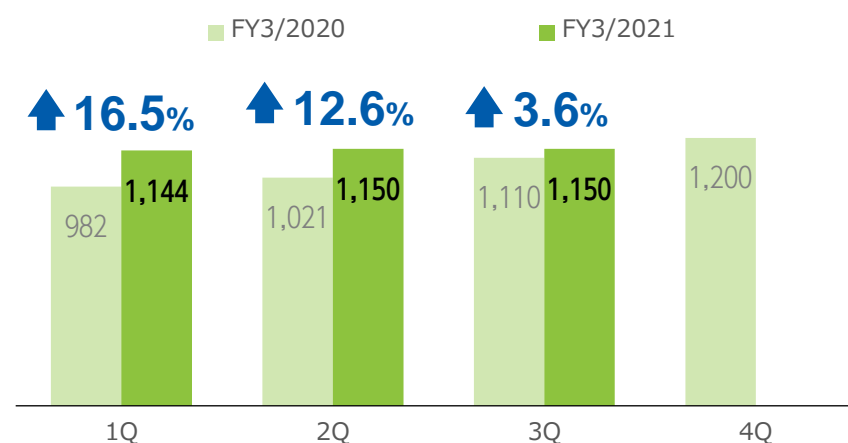
Design and manufacturing engineer sector

(Million yen)



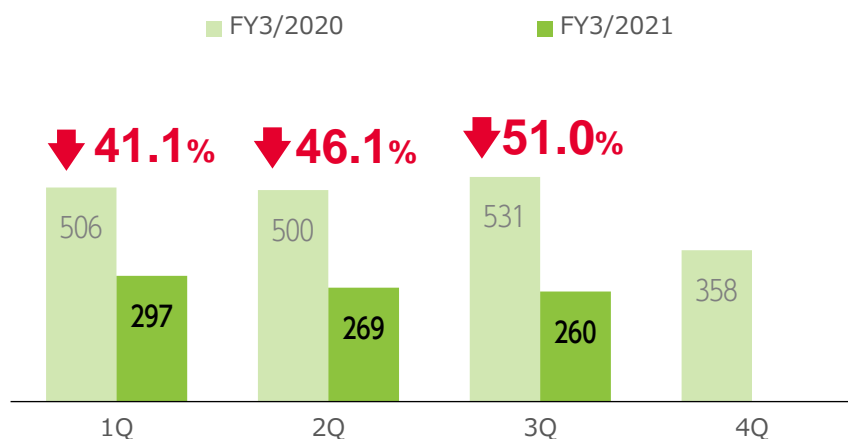
Sales from construction engineers

(Million yen)



IT engineer sector

(Million yen)



3. Outlook

3. Outlook

Consolidated earnings forecasts for FY3/2021

- In light of strong order booking following a recovery in production by client companies, and business outlook, hiring activities will be further enhanced in the 4Q, compared to the 3Q, and hiring expenses are expected to increase.
- Acquisition of local personnel dispatch companies and acquisitions to support large manufacturers' HR mobilization will be promoted and related costs are projected to increase.

(Billion yen)

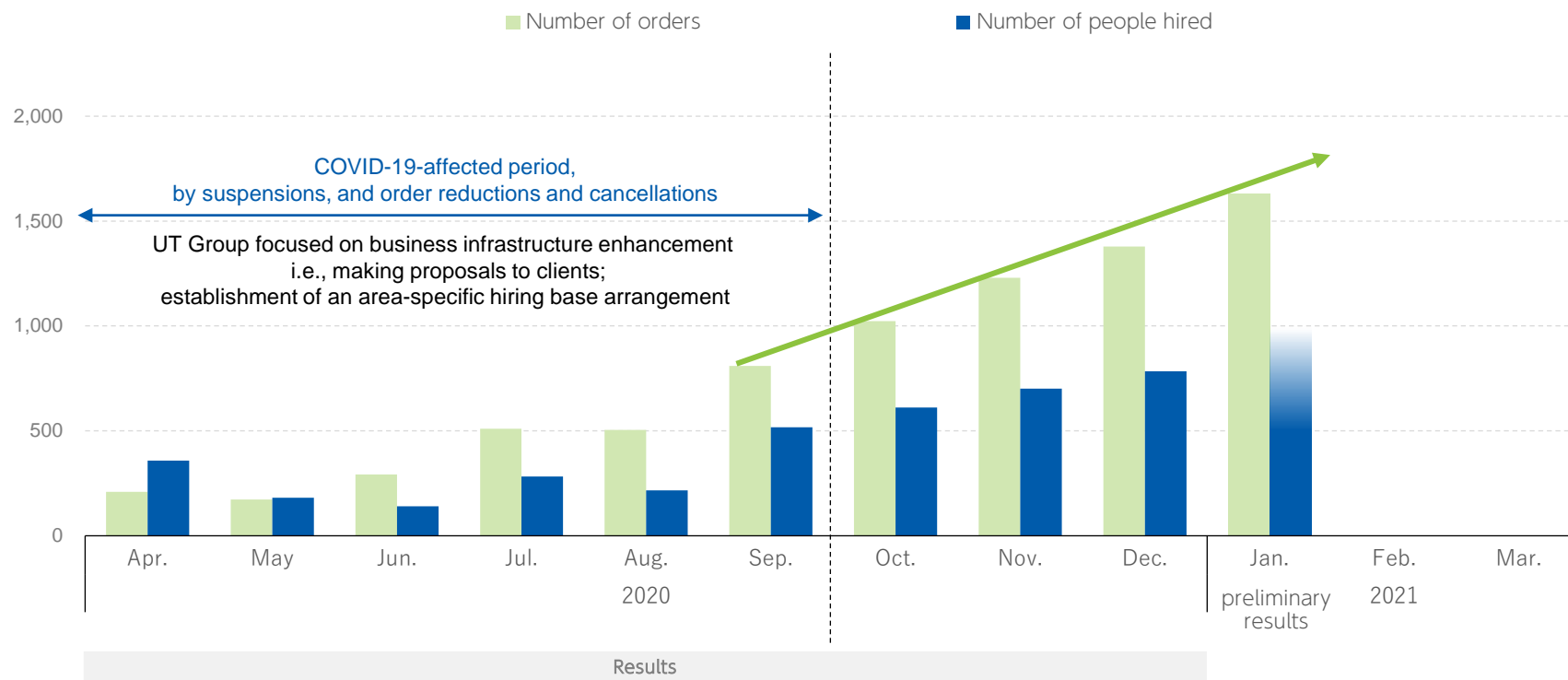
	FY3/2020 Results		FY3/2021 Revised forecasts (disclosed in Nov. 2020)		Increase /decrease Amount	Increase /decrease
	Results	% of total	Forecasts	% of total		
Net sales	1,011	100.0%	1,088	100.0%	+77	+7.6%
EBITDA	86	8.5%	67	6.2%	-19	-22.1%
Operating profit	80	7.9%	60	5.5%	-20	-25.0%
Ordinary profit	81	8.0%	60	5.5%	-21	-25.9%
Net profit attributable to UT Group	45	4.5%	37	3.4%	-8	-17.8%
EPS (yen)	111.71	—	91.67	—	—	—

3. Outlook

Outlook in Hiring Activities

- Despite steady progress in hiring activities in the 3Q, the order level is expected to accelerate in and after the 4Q and exceed our present level of new hires.
- Hiring activities will be enhanced in the 4Q in order to secure the number of new hires to satisfy demand and to expand our share.
- The target number of technical employees is 23,700 at the end of FY3/2021, as we aim to maximize the number at the initial stage of the Fourth Mid-Term Business Plan.

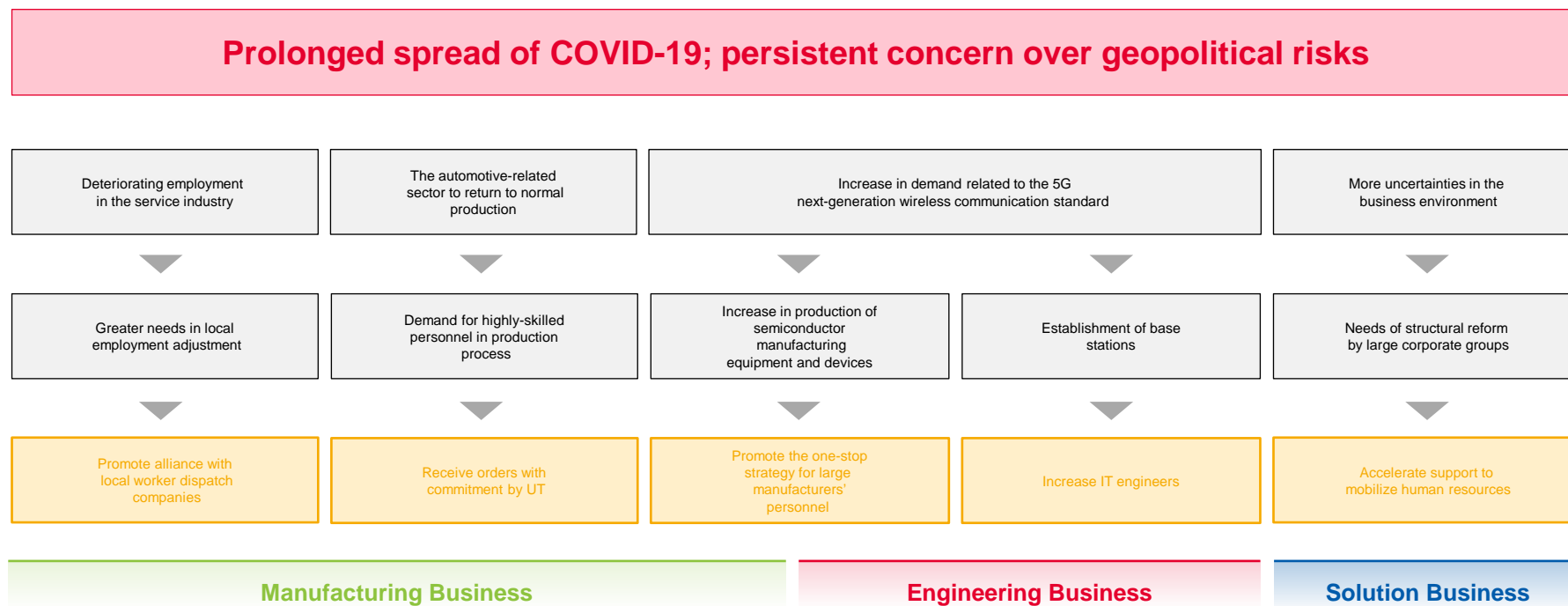
Order booking and new hires



* Sum of 4 main UT Group companies, including UT Aim. Not a consolidated basis

3. Outlook

Business Outlook by Segment



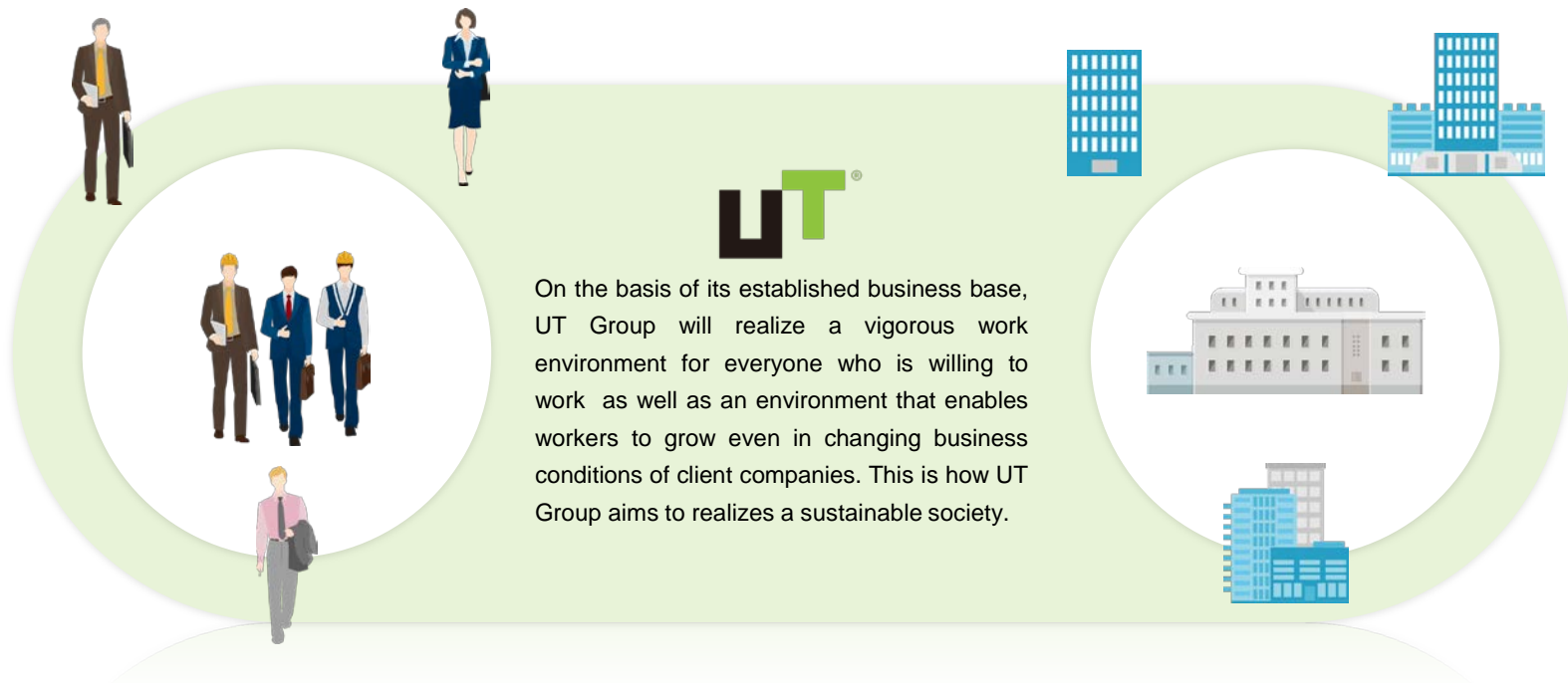
UT Group intends to focus on hiring activities in line with a recovery in personnel demand, and aims at achieving a record-high number of technical employees in the early stages of the fourth medium-term management plan.

4. Fourth Medium-term Business Plan (Repost)

4. Fourth Medium-term Business Plan

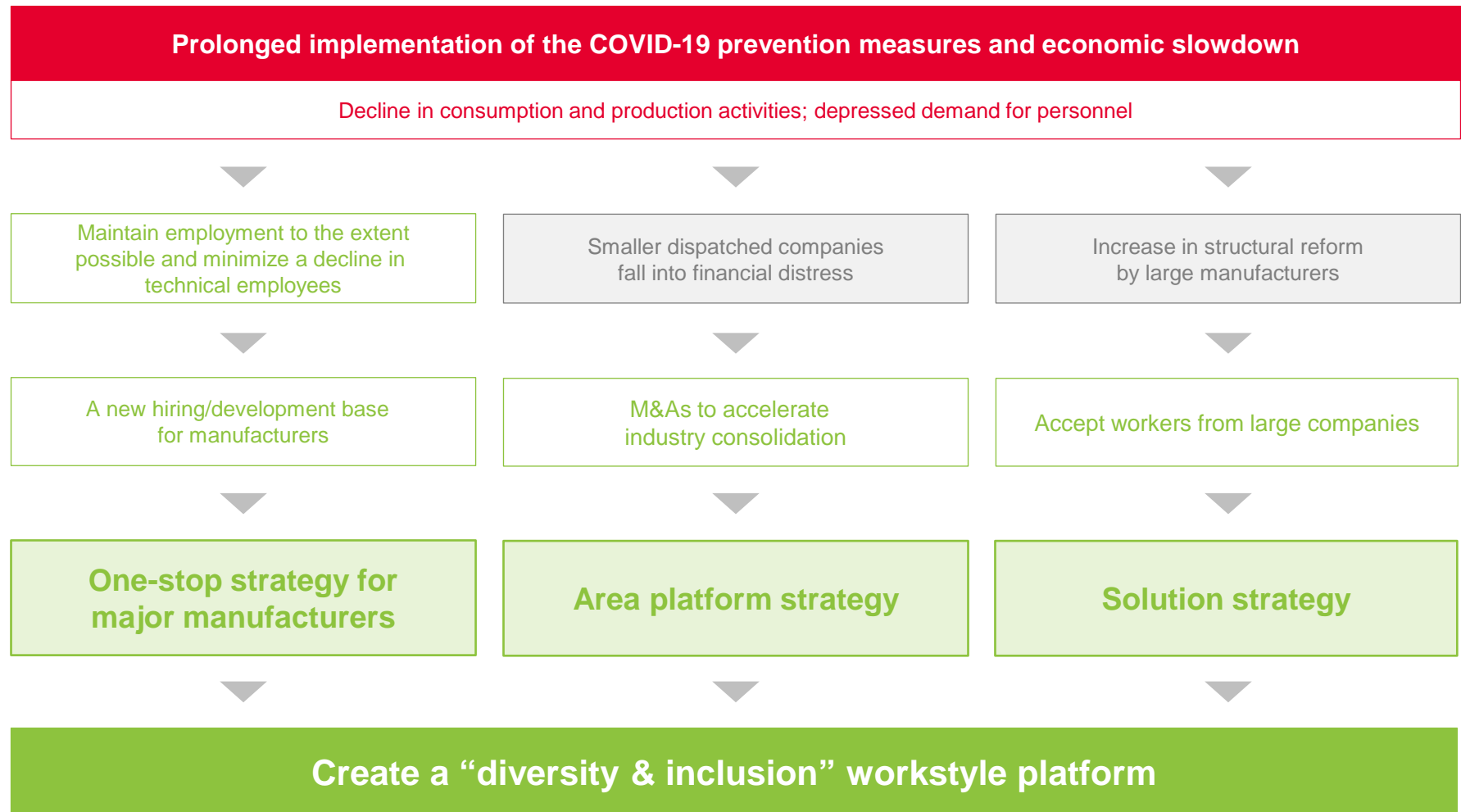
Medium-term business objective

Create a “diversity & inclusion” workstyle platform



4. Fourth Medium-term Business Plan

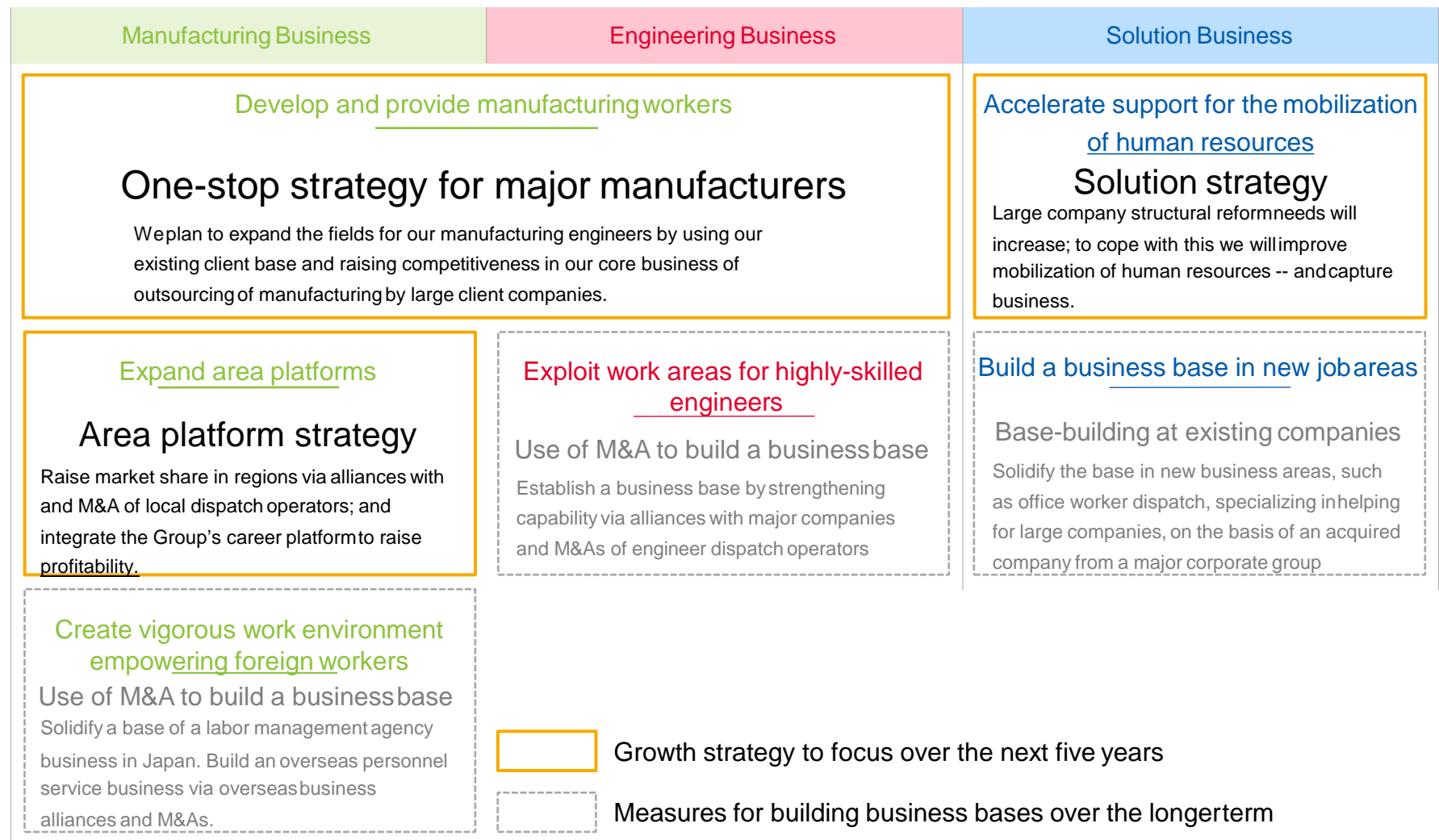
Growth strategy



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



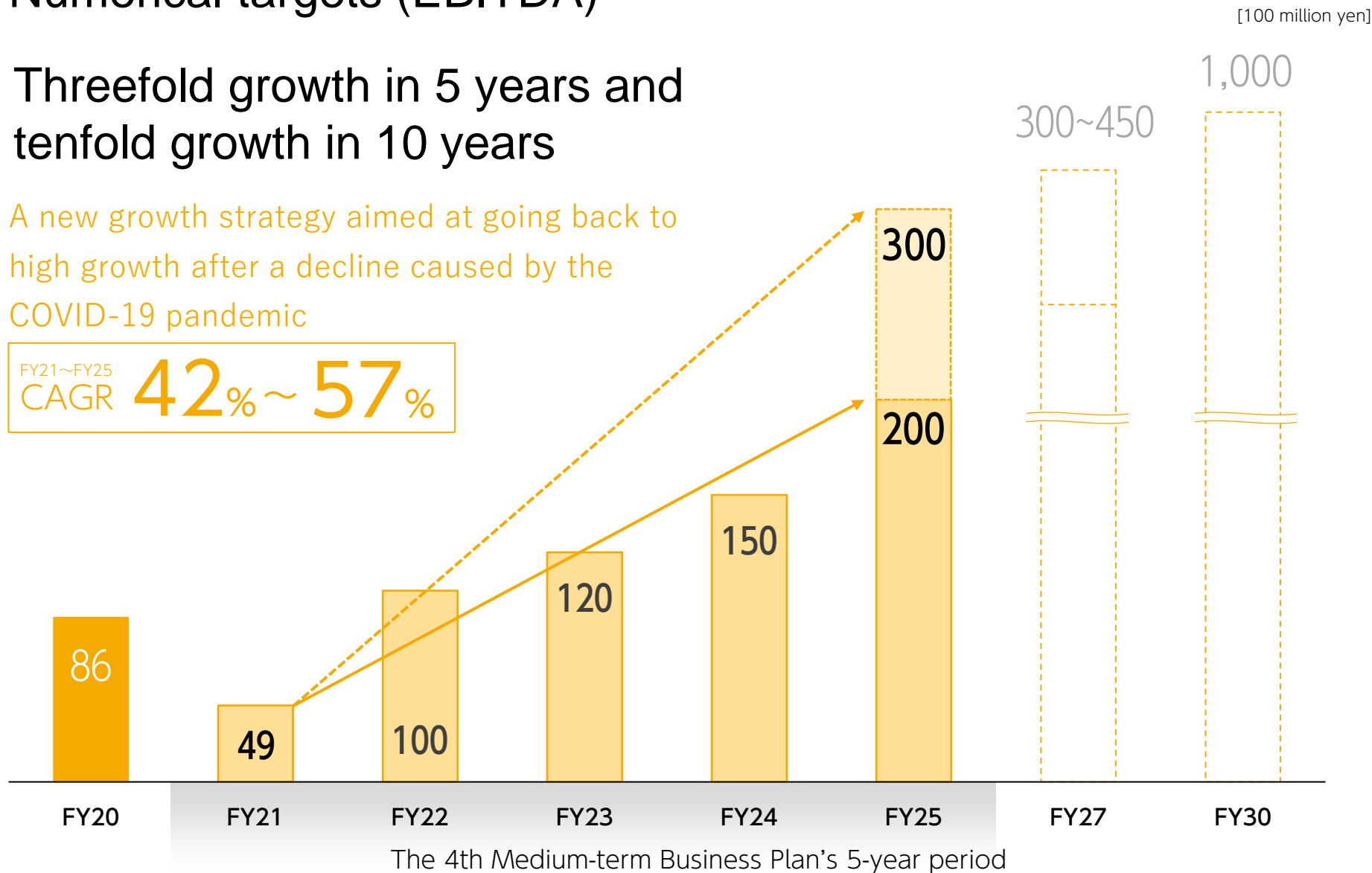
4. Fourth Medium-term Business Plan

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%**



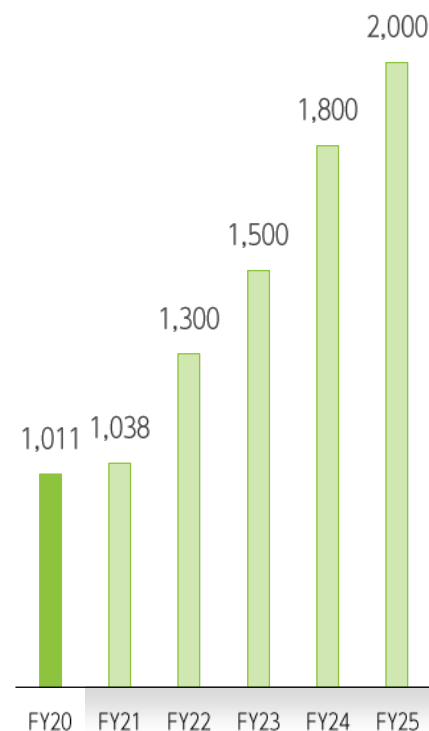
4. Fourth Medium-term Business Plan

Numeric Targets and Commitments

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

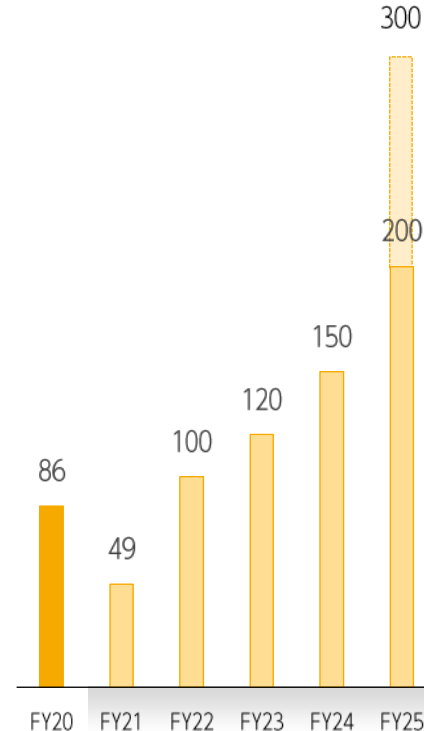
Sales target

[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.

Note: FY2021 target is the initial forecast at the time of formulation in May 2020.

Appendix

5. About UT Group

5. About UT Group

Corporate Outline

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

Group Companies

As of December 31, 2020

Manufacturing Business	UT Aim Manufacturing personnel services	Solution Business	UT Pabec Battery manufacturing outsourcing
	UT Community General personnel dispatch and outsourcing		UTHP Manufacturing personnel dispatch and outsourcing
	Support System General personnel dispatch and outsourcing		FUJITSU UT General personnel dispatch and outsourcing
	Seekel Holdings General personnel dispatch and outsourcing		UT Toshiba General personnel dispatch and outsourcing
	Green Speed Joint Stock Company General personnel dispatch and outsourcing in Vietnam		UT Business Service General personnel dispatch and outsourcing
Engineering Business	UT Technology IT engineer outsourcing		UT System Products Sales of information system equipment
	UT Construction Construction engineer outsourcing		Mito Engineering Service Elevator/escalator manufacturing outsourced work and dispatch of design engineers
	UT Life Support Internal benefit program management		
Other Business	UT Heartful Special subsidiary company		

5. About UT Group

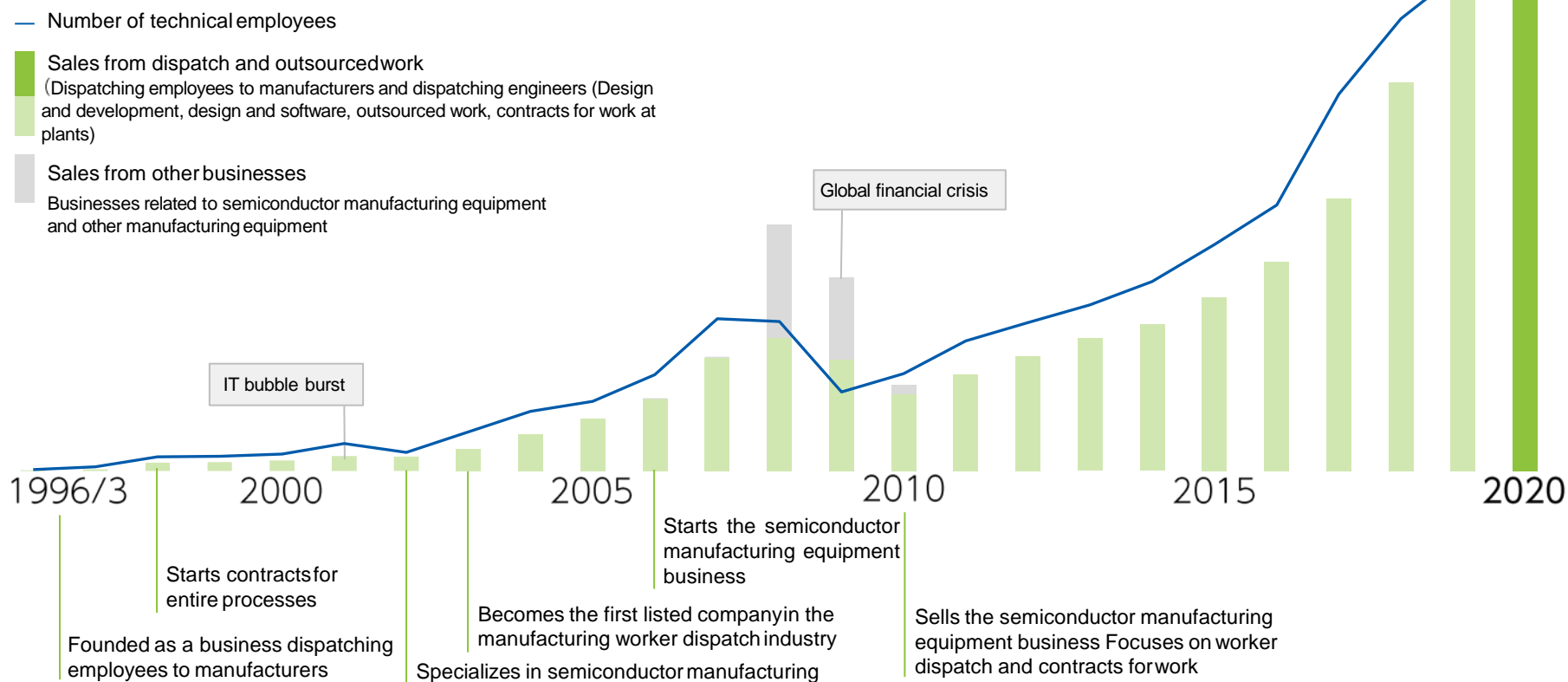
Facilitating the healthy birth of the next workstyle platform

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

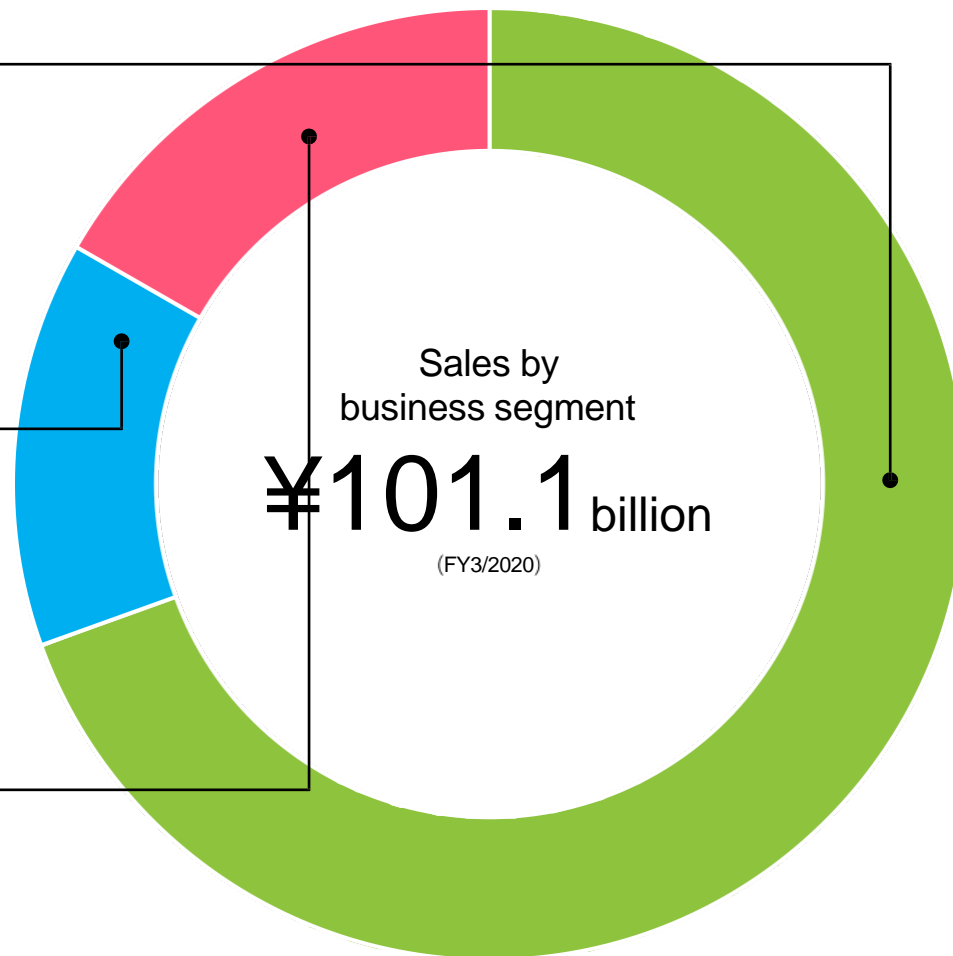
13.8%

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

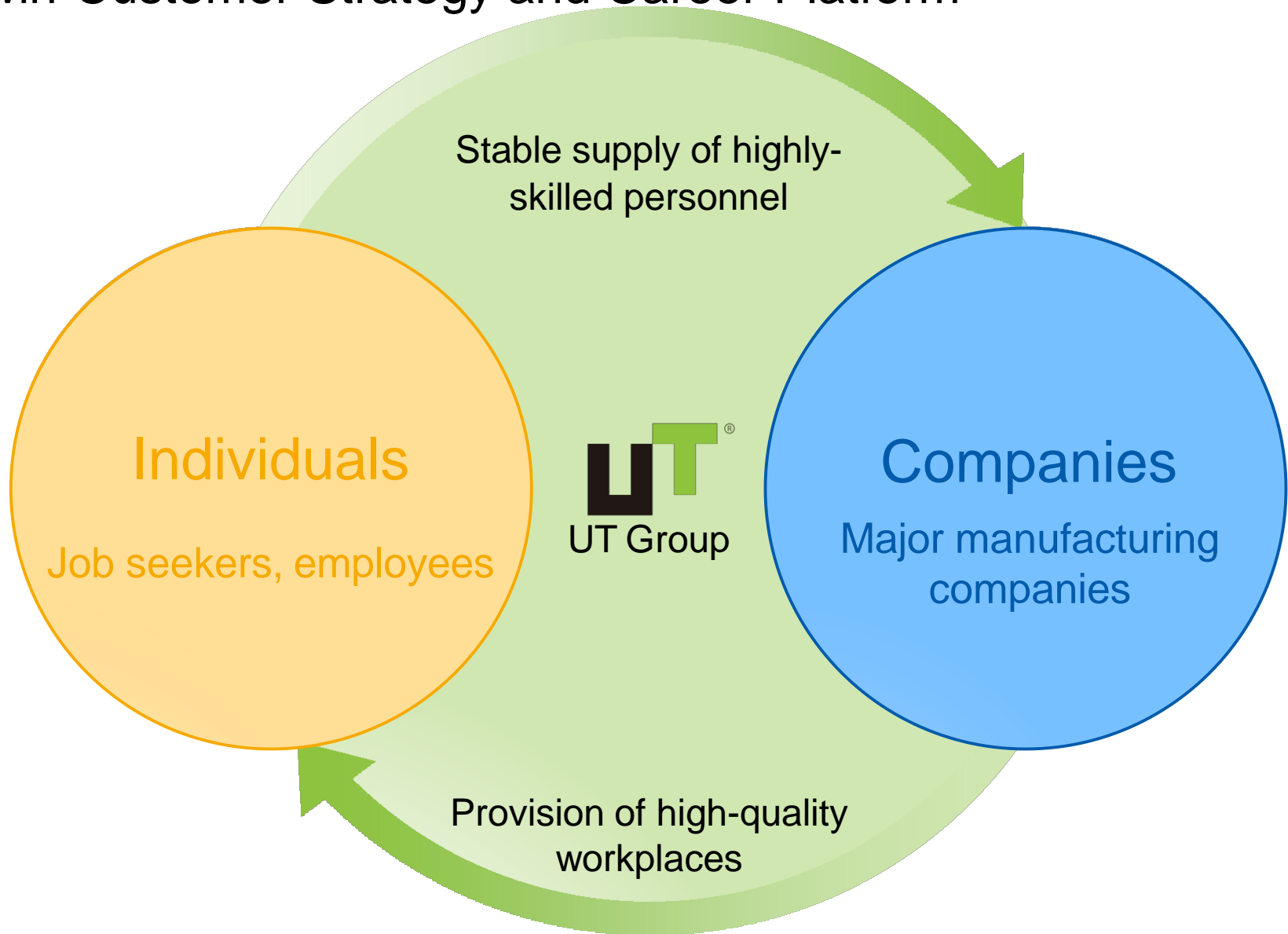


Share profit from enhanced corporate value with employees

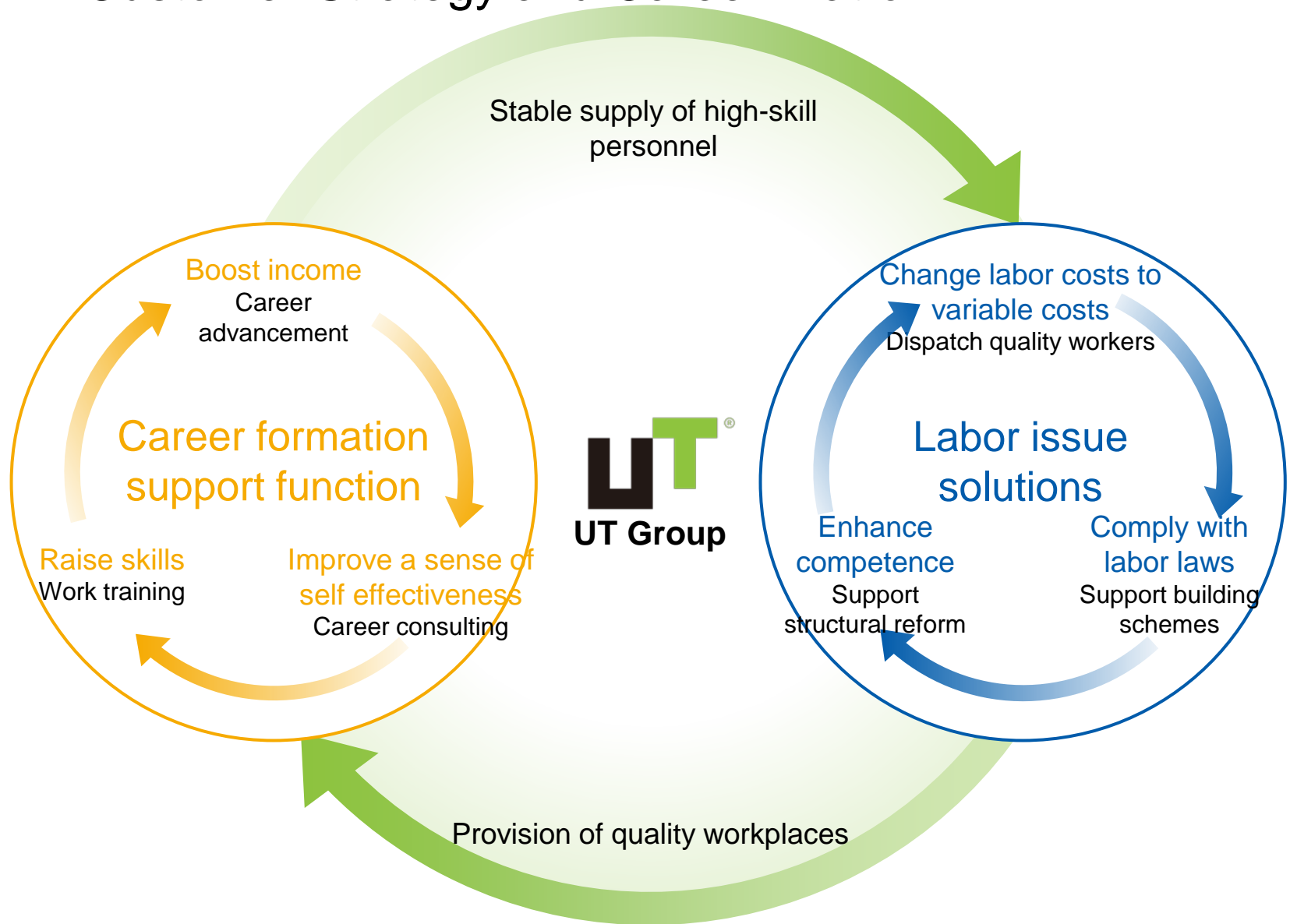
- Measures to encourage employees to become shareholders



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%

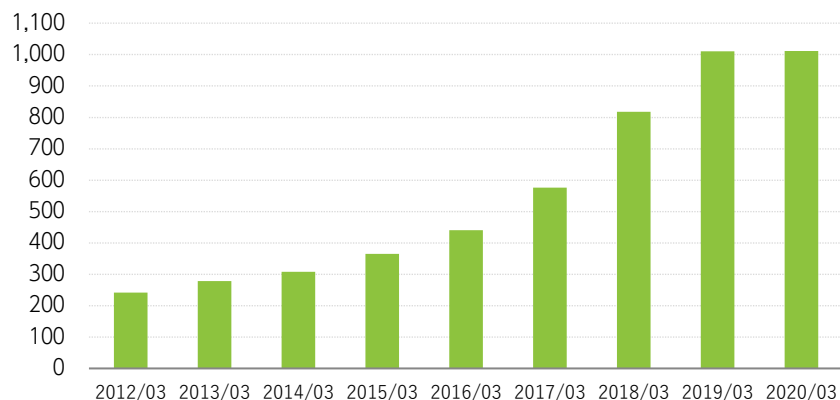
* In light of changes in the business environment and other factors, shareholder return in FY3/2019 is all in the form of dividend payment, including special dividend.

$$\text{Total return ratio} = (\text{Dividends} + \text{share buyback}) / \text{Net profit} \geq 30\%$$

Trends of Business Results

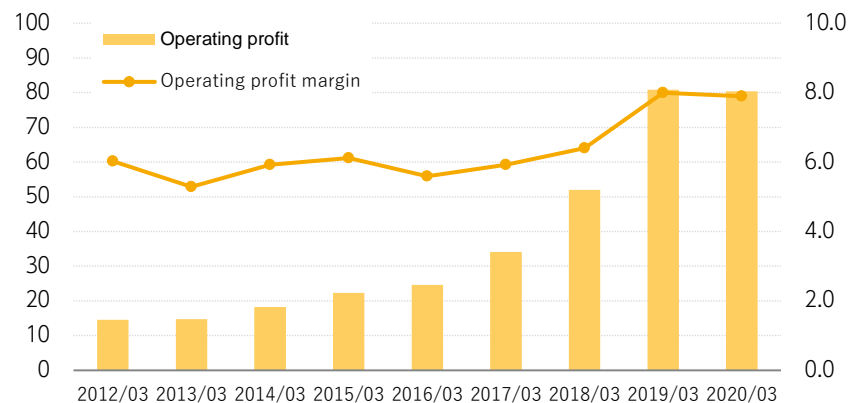
Net sales

(100 million yen)



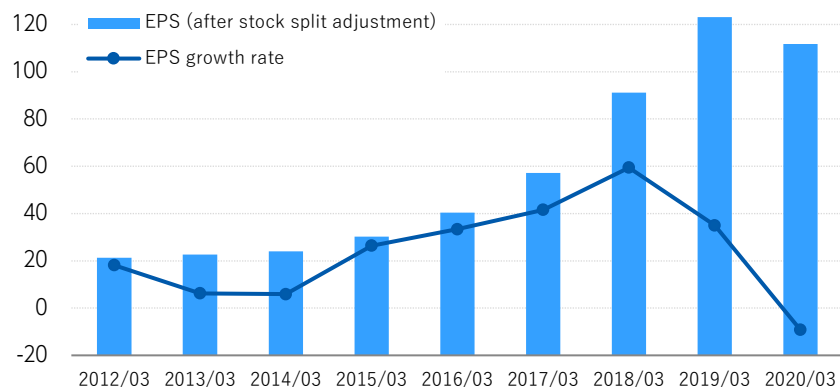
Operating profit (LH) and Operating profit margin (RH)

(100 million yen, %)



EPS and EPS growth rate

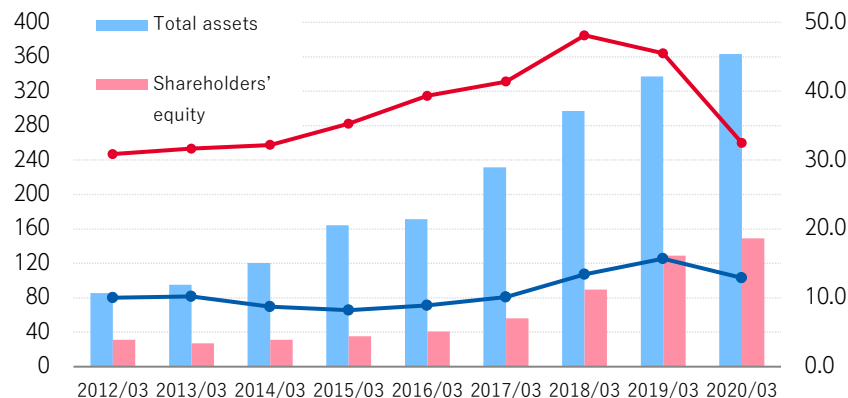
(Yen, %)



Total assets and Shareholders' equity (LH)

ROA and ROE (RH)

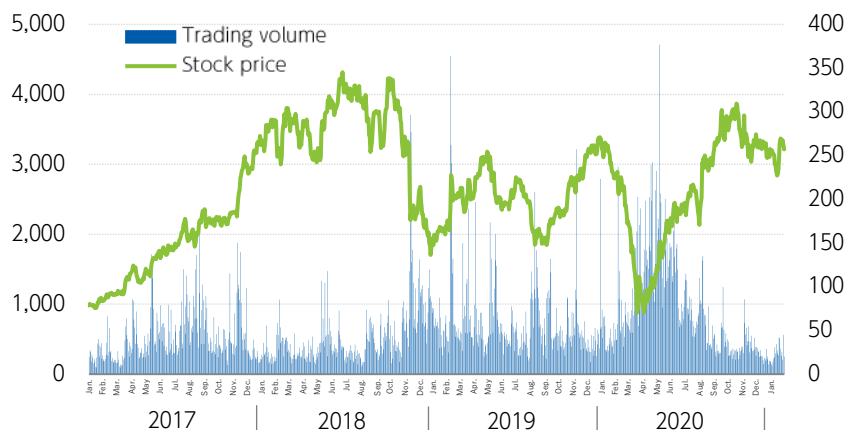
(100 million yen, %)



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

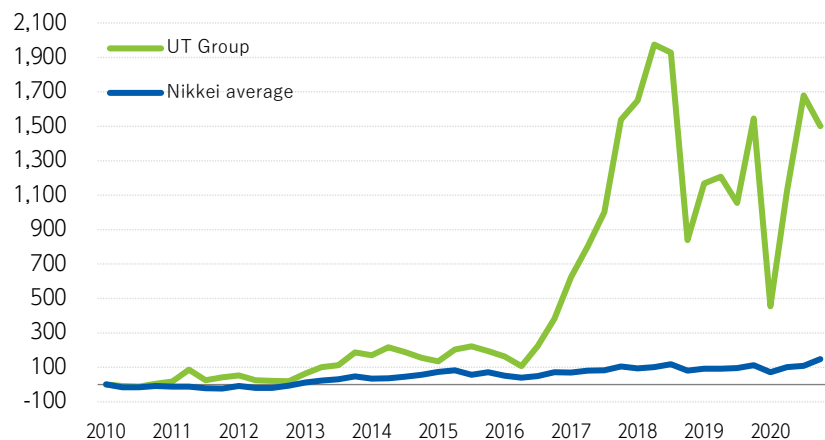
Stock price (LH) and trading volume (RH) (Yen / 10,000 shares)



Changes in stock price

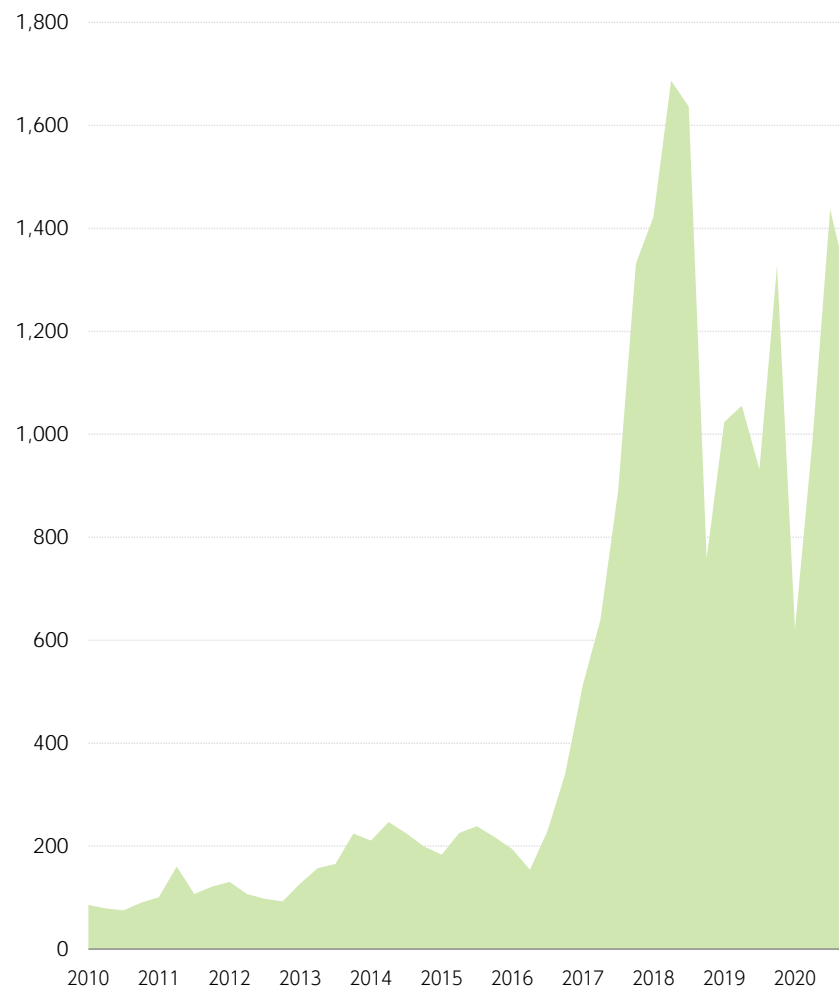
(compared with the level on March 31, 2010)

(%)



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.

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