

**2nd Quarter of Fiscal Year Ending March 31, 2022**

# Financial Results

November 5, 2021

**UT Group Co., Ltd.**

Securities Code: 2146(TSE)

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# 1. Management Policy for 2H of FY3/2022

# Partial change in the business policy for 2H FY3/2022

Enhance hiring activities toward raising a growth target for early FY3/2023

## Maximize the technical workforce by March 2022

- Continue to strengthen hiring activities as orders remained strong in 2H.
- Changed the policy to maximize the number of technical employees at the end of FY3/2022 in order to achieve ¥15 billion in EBITDA in FY3/2023.

Upward revision of the target for the number of domestic technical employees at the end of March 2022

**34,000 employees**

※ Domestic business only (excluding the overseas business employees)

Promote initiatives aimed at achieving ¥15 billion in EBITDA in FY3/2023

## Promote cost-efficiency initiatives

- Promote measures to reduce hiring costs and improve efficiency by improving hiring yields.
- Improve efficiency by reorganizing subsidiaries aimed at appropriate personnel allocation, and by consolidating common indirect functions. (Announced on September 27, 2021)

[FY3/2023 forecast]

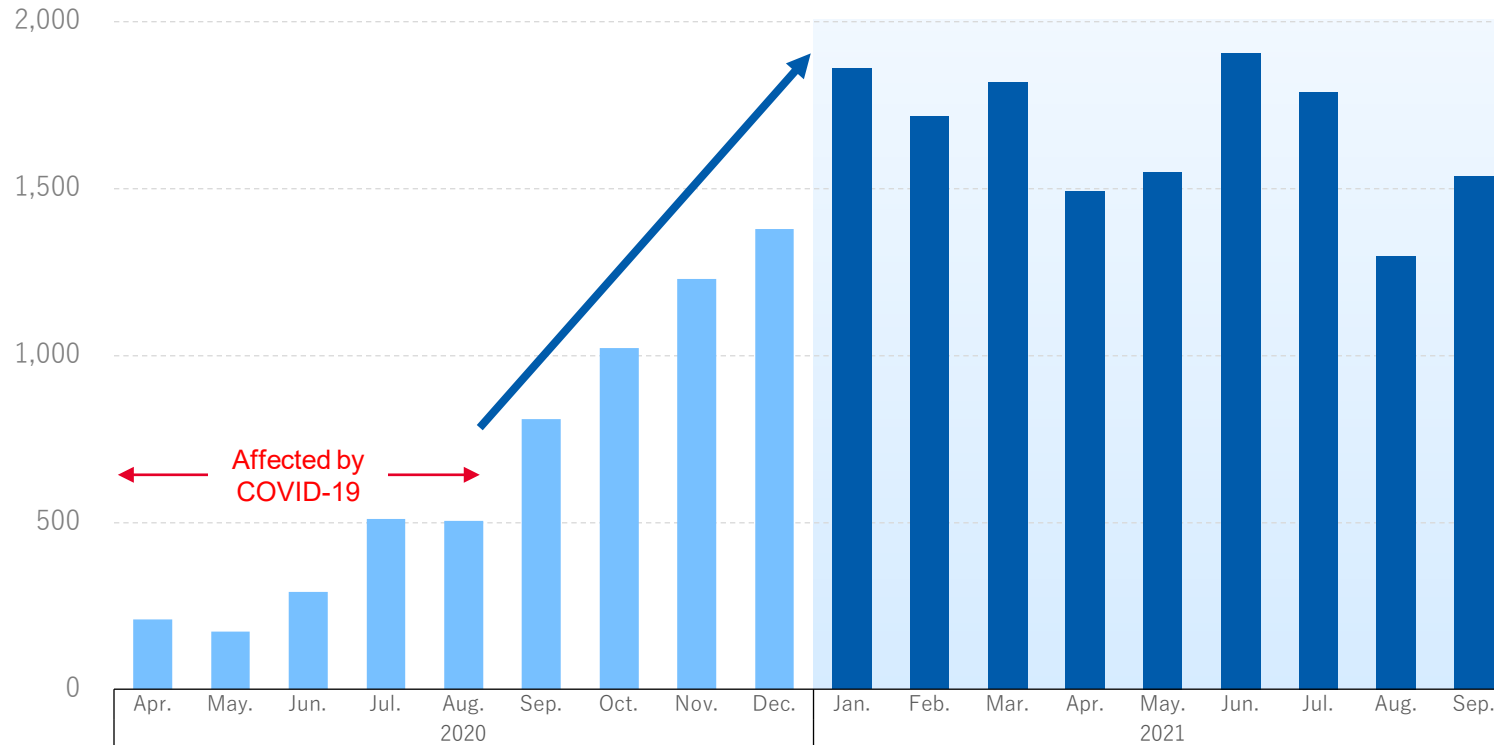
- Gross profit of ¥34 billion or more
- Improved efficiency and substantial cut in SG&A expenses, mainly hiring expenses

# Robust personnel demand and the continued high level in orders received

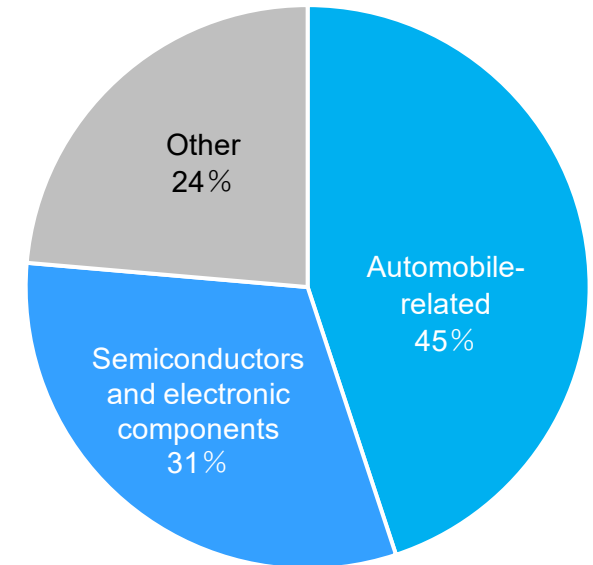
- A high level in orders received continued without being affected by automobile-related production adjustments.
- Order booking has been favorable since the beginning of 2021 with over two-third of orders being related to the automotive-related sector and the semiconductor and electronic parts sector.

Order accepting situation (Domestic)

(Person)



Orders by sector in September 2021



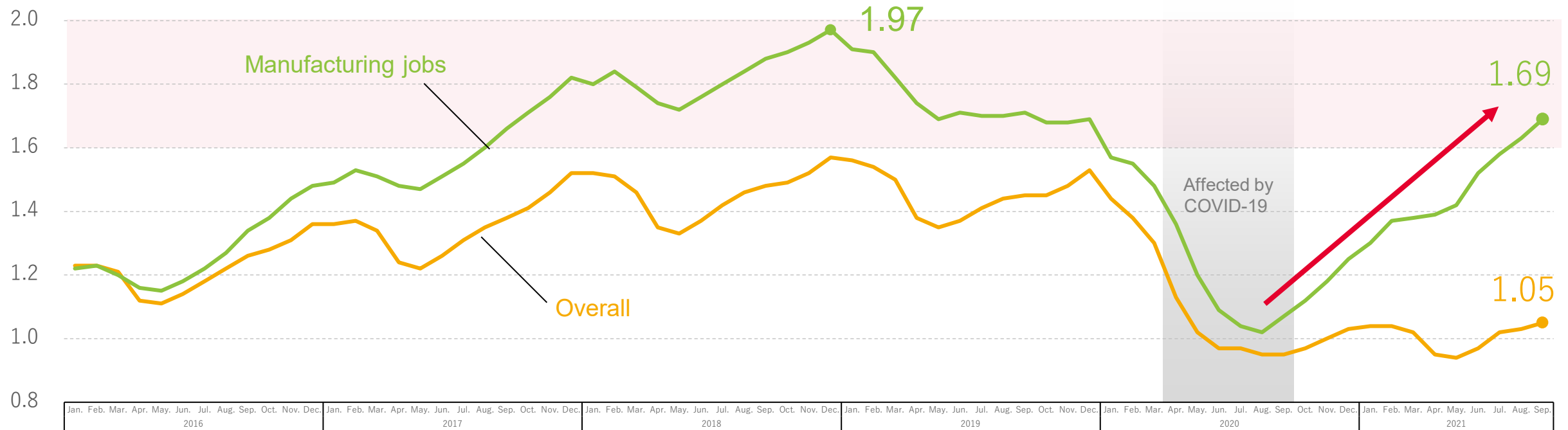
※Orders are total of 4 main companies including UT Aim

## The jobs-to-applicants ratio in production processes rose to the level in 2017

- The jobs-to-applicants ratio for manufacturing jobs surged to the level in 2017 and the supply/demand balance in personnel continued to be tight.

### Jobs-to-applicants ratio

(times)

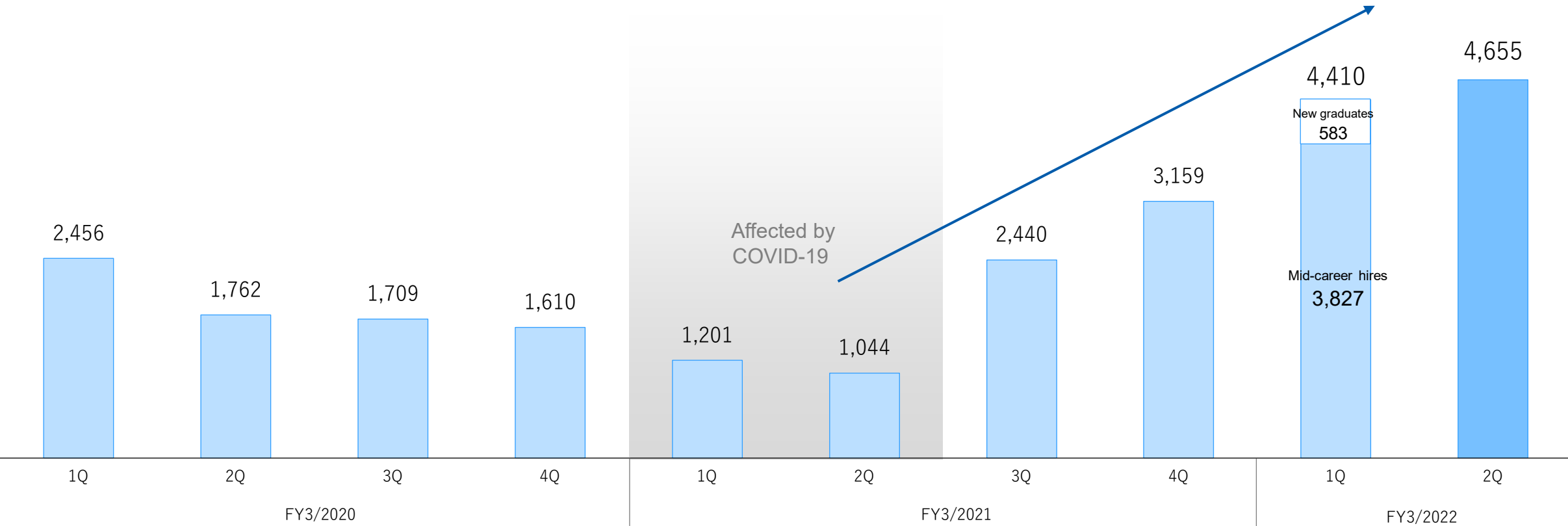


Source: Ministry of Health, Labour and Welfare, The status of general job placements (seasonally adjusted)

# Hired 1,551 per month on average, due to the strategic enhanced hiring

- 2Q hiring: 4,655, 1H hiring: 9,065
- Record-high new hires in a quarter, driven by strategic disbursement in hiring expenses and the improved hiring process.
- Intend to expand shares in the period of post-COVID-19 demand recovery.

Number of new hires (Domestic business) (Person)

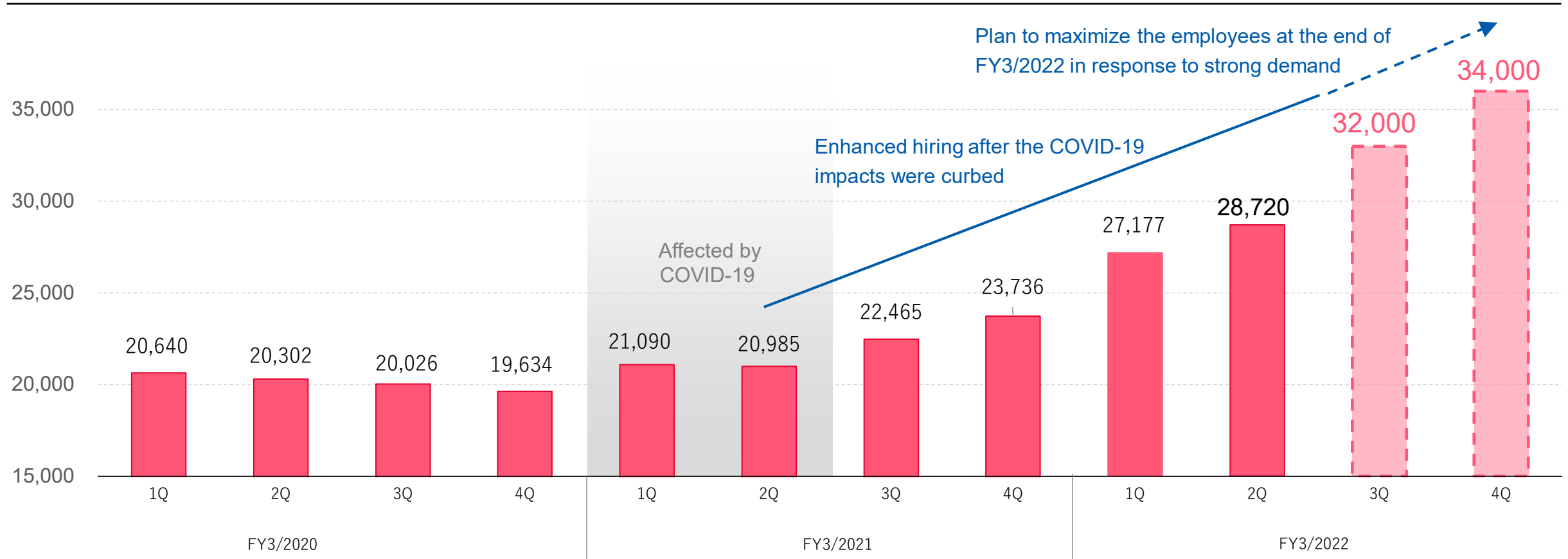


## Favorable orders received and hiring. Aim to maximize the number of technical employees at the end of FY3/2022.

- Higher-than-planned 28,720 technical employees at 2Q-end, driven by continued strong demand and favorable hiring activities.
- Decided to continue enhanced hiring, anticipating demand growth in 2H.
- Raised the target for the number of technical employees at the end of March 2022 to 34,000.

Number of technical employees (at end of each Q / Domestic business only)

(Person)





# Revision of consolidated results forecast for FY3/2022 (As of Nov. 5, 2021)

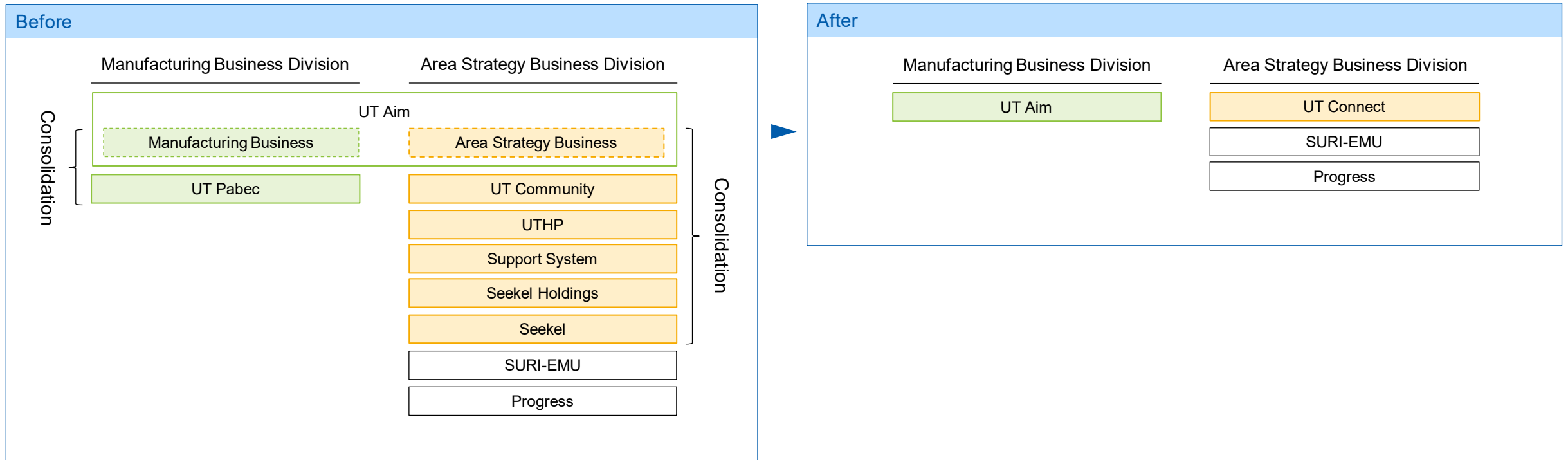
- Upward revision to the sales forecast due to UT Group's continued focus on increasing its market share in 2H
- Downward revision to the profit forecast due to UT Group's decision to continue strategic hiring-related expenses in 2H, in response to robust demand
- Significantly increase the top line by maximizing the technical workforce by March 2022.

(100 million yen)

	Previous forecast (A)		Revised forecast(B)		Increase/ decrease (B – A)	Change	Results for FY3/2021	
	Forecasts	% to net sales	Forecasts	% to net sales			Results	% to net sales
Net sales	1,500	100%	1,600	100%	+100	+6.7%	1,151	100%
EBITDA	90	6.0%	70	4.4%	-20	-22.2%	79	6.9%
Operating profit	80	5.3%	60	3.8%	-20	-25.0%	71	6.2%
Ordinary profit	80	5.3%	60	3.8%	-20	-25.0%	71	6.2%
Net profit attributable to UT Group	48	3.2%	34	2.1%	-14	-29.2%	42	3.7%
EPS (yen)	118.92	—	84.24	—	-34.68	—	106.53	—

# Organizational consolidation of subsidiaries to improve productivity (from April 2022)

- Decided to reorganize subsidiaries in order to promote growth strategies aimed at achieving the Fourth Medium-term Business Plan (to be implemented on April 1, 2022).
- Accelerate the One-stop Strategy for Large Manufacturers and the Area Platform Strategy.
- Aim to standardize the operational base and improve productivity by integration.



## 2. Financial Results for 2Q of FY3/2022

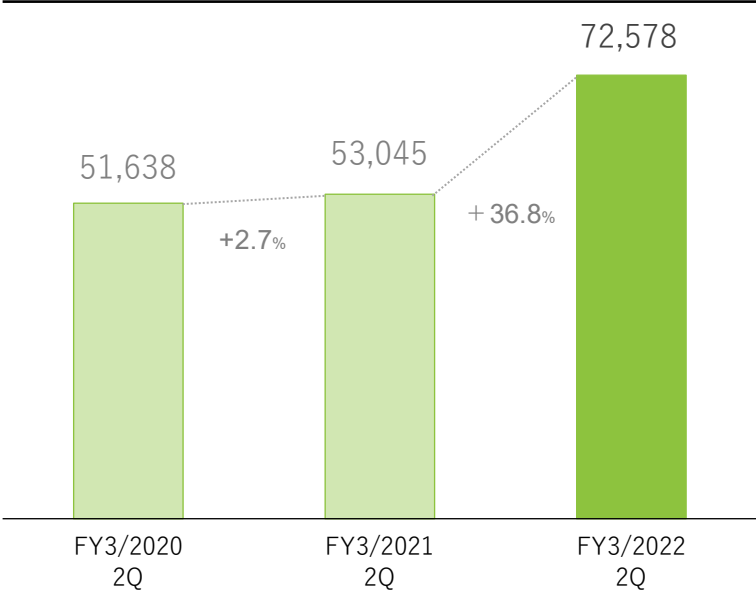
# Highlights of Consolidated Results

Favorable, higher-than-planned sales thanks to prompt hiring to meet robust demand and the acquisitions

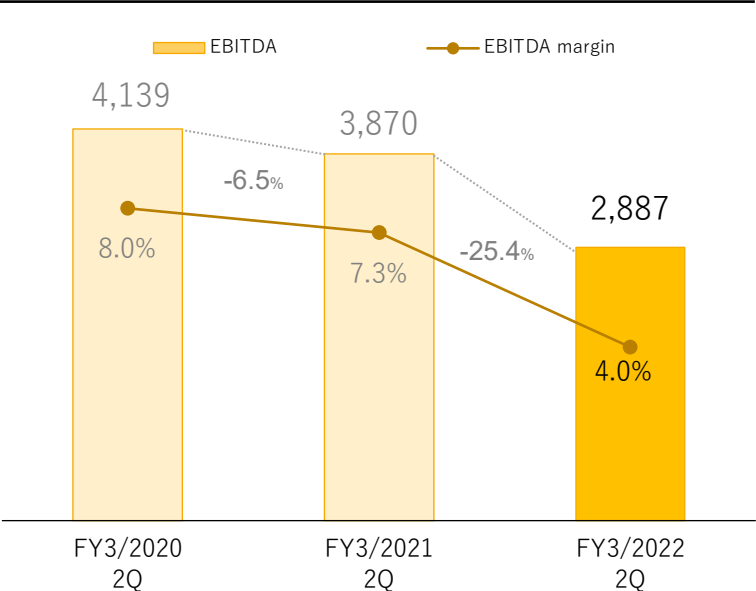
Immediately focused on share expansion after the initial COVID-19 impacts were curbed and continued to strategical disburse hiring-related expenses in 1H FY3/2022 from 2H FY3/2021.

The enhanced hiring activities and the acquisitions led to a 37% increase in the number of technical employees, steadily building up the workforce toward FY3/2023.

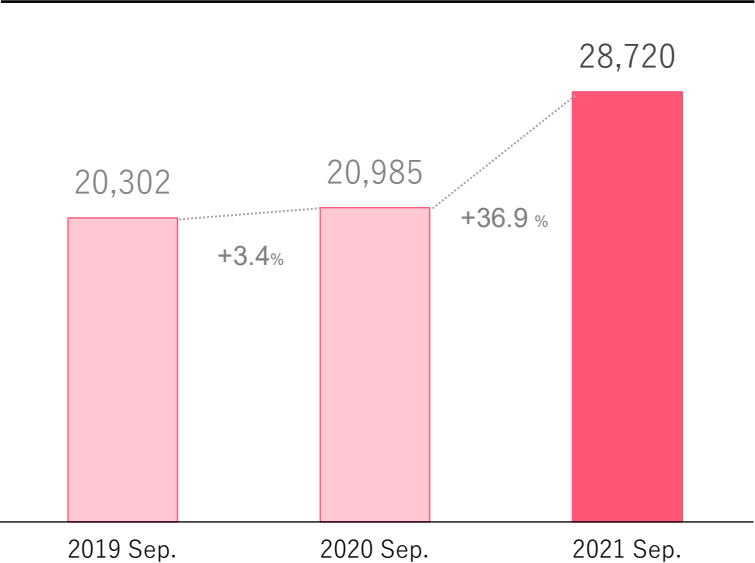
Net sales (Million yen)



EBITDA and EBITDA margin (Million yen)

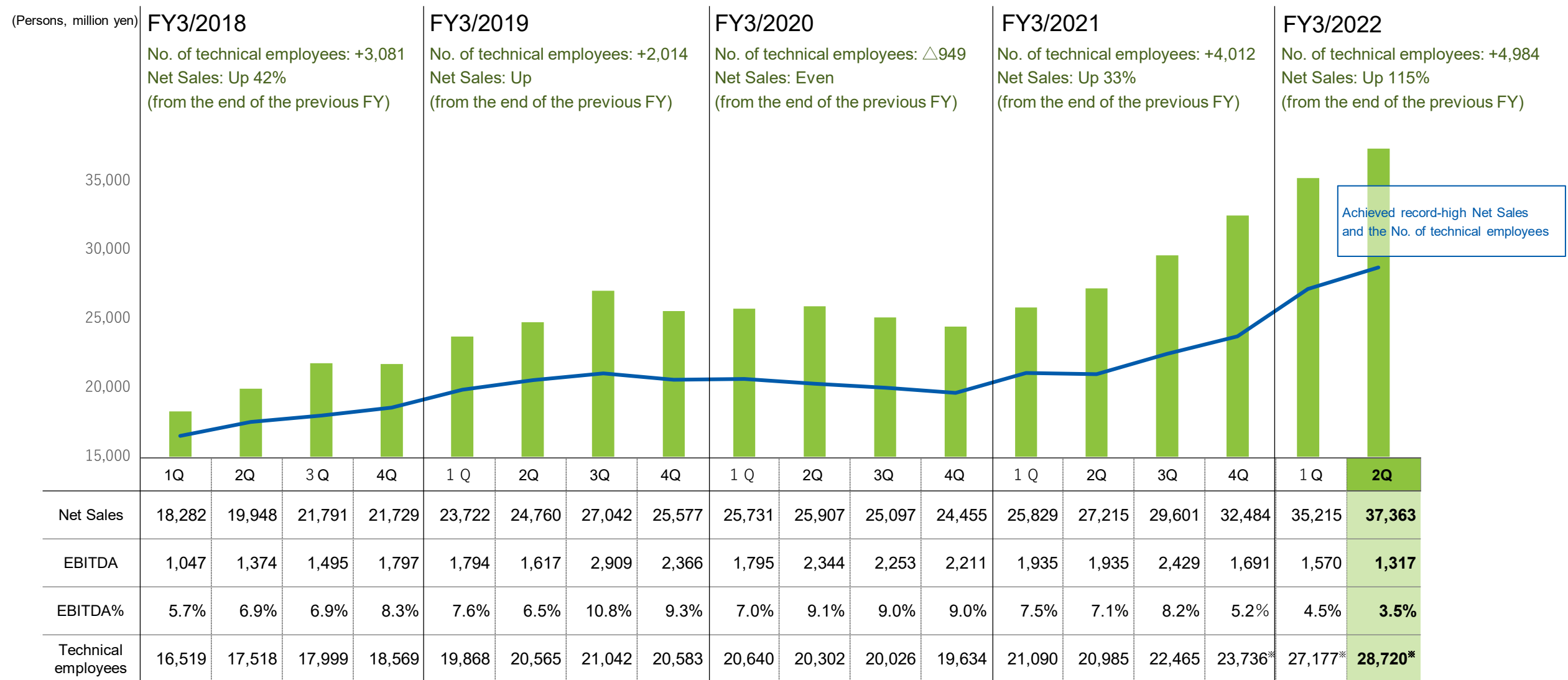


Number of technical employees (Person)



※ Domestic operations only  
(excluding number of employees in overseas operations)

# Quarterly Changes in Sales and Number of Technical Employees



※ Domestic operations only  
(excluding number of employees in overseas operations)

# Summary of Statement of Income

(Million yen)						
	FY3/2021 2Q		FY3/2022 2Q		Year-on-Year	
	Results	% to net sales	Results	% to net sales	Results	% to net sales
Net sales	<b>53,045</b>	100.0%	<b>72,578</b>	100.0%	+19,533	+36.8%
Gross profit	<b>9,645</b>	18.2%	<b>12,459</b>	17.2%	+2,813	+29.2%
Selling, general and administrative expenses	<b>6,130</b>	11.6%	<b>10,187</b>	14.0%	+4,057	+66.2%
Operating profit	<b>3,515</b>	6.6%	<b>2,271</b>	3.1%	-1,244	-35.4%
EBITDA	<b>3,870</b>	7.3%	<b>2,887</b>	4.0%	-982	-25.4%
Ordinary profit	<b>3,567</b>	6.7%	<b>2,262</b>	3.1%	-1,305	-36.6%
Net profit attributable to UT Group	<b>2,332</b>	4.4%	<b>710</b>	1.0%	-1,622	-69.6%
Technical employees(Persons)	<b>20,985</b>	—	<b>28,720*</b>	—	+7,735	+36.9%

## Sales

- Renewed record-high quarterly sales again in 2Q (¥37.3 billion) as in 1Q.
- Significant increase in the number of technical employees due to enhanced hiring activities to satisfy robust demand in the automotive-related sector and the semiconductors and electronics components sector. In addition, contribution by newly-consolidated companies (see P40-41).

## Gross margin

- Acquisitions resulted in operations with a different earnings model, which reduced the gross margin.
- Increase in hiring expenses temporarily depressed margin, similar to 1Q.

## Operating profit and EBITDA

- Hiring expenses increased due to the strategical hiring activities, and temporarily depressed profit margin.

## Extraordinary profit/loss

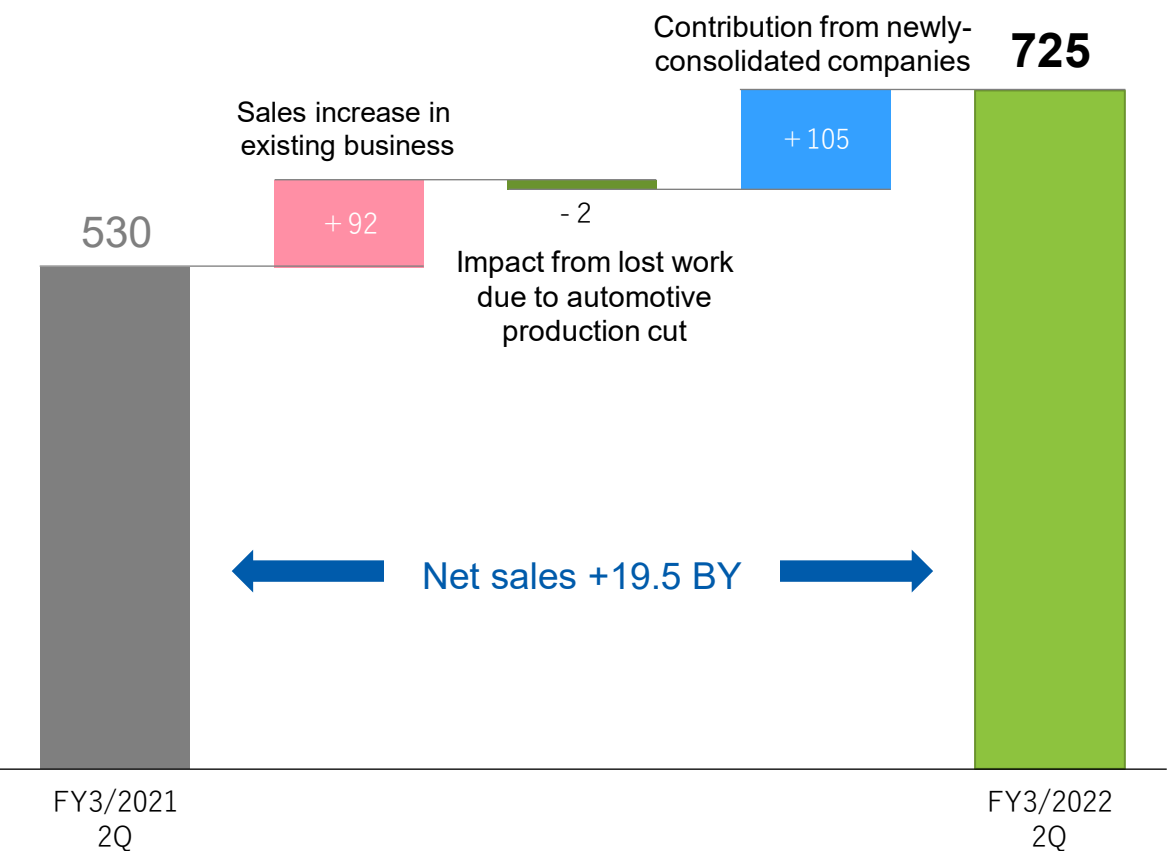
- An extraordinary loss was recorded due to a partial delay in the posting of acquisition expenses for newly-consolidated companies (SURI-EMU), which were acquired in two batches in 2H FY3/2021 and 1H FY3/2022.

※ Domestic operations only  
(excluding number of employees in overseas operations)

# Analysis of Consolidated Net sales

## Net sales

(100 million yen)

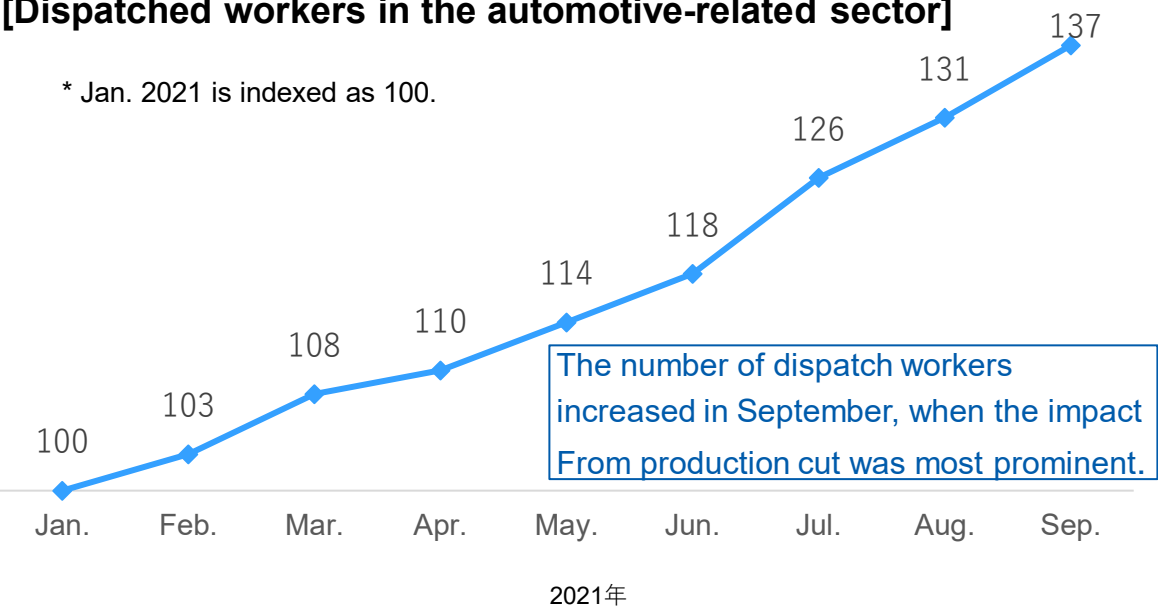


## Impact from lost work due to production cut in automobiles

- A shortage in components caused by the lockdown in some ASEAN countries led to production adjustment in the automotive industry. However, due to a strong final demand for automobiles, automakers have dealt the issue with temporary shutdown or transfer of working days.
- The working hours such as overtime hours slightly decreased but the number of workers has not been reduced.
- Favorable orders for dispatch workers have continued and the number of dispatch workers in the automotive sector has increased due to the tight personnel demand in production processes.

## [Dispatched workers in the automotive-related sector]

\* Jan. 2021 is indexed as 100.

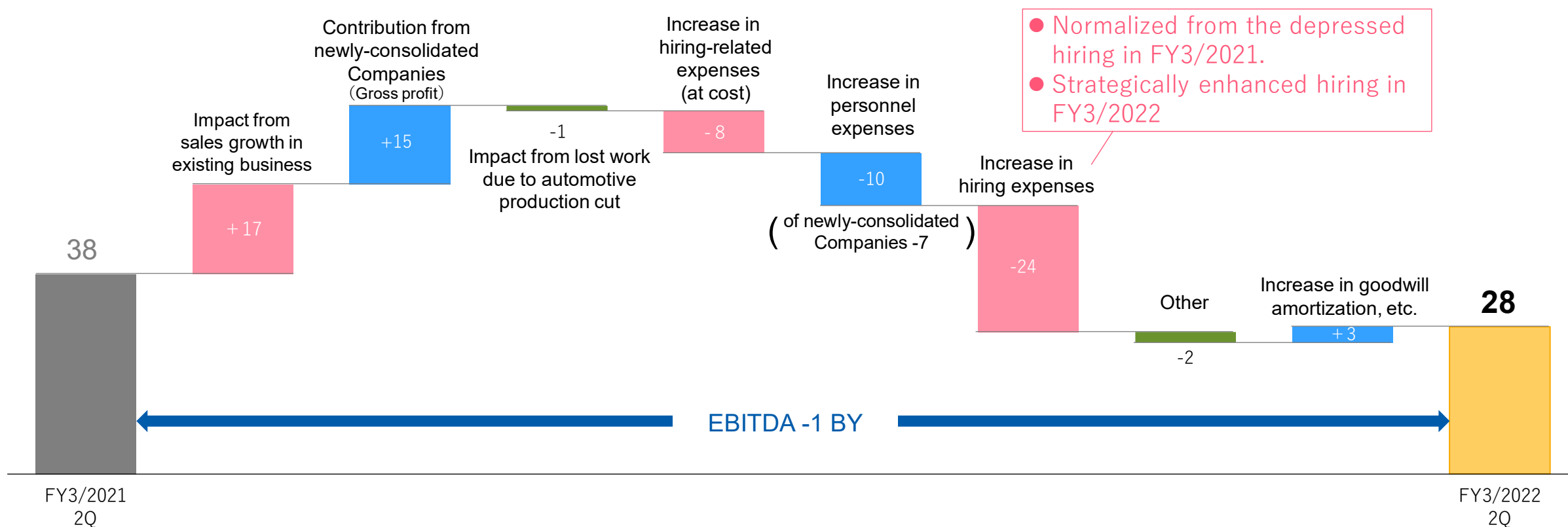


# Analysis of Consolidated EBITDA

- Increase in costs through strategic investment (hiring activities and M&A) to increase share at the recovery phase of the shrunk dispatch market
- Controlled hiring expenses in line with the change in orders.

## EBITDA

(100 million yen)





# Summary of Balance Sheet

(Million yen)

	March 31, 2021		June 30, 2021		from the end of the previous FY	
	Results	% to net sales	Results	% to net sales	Results	% to net sales
Current assets	43,979	83.5%	36,491	72.7%	-7,487	-17.0%
Cash and deposits	25,266	48.0%	15,726	31.3%	-9,540	-37.8%
Notes and accounts receivable – trade	16,762	31.8%	18,832	37.5%	2,070	12.3%
Non-current assets	8,687	16.5%	13,709	27.3%	5,021	57.8%
Property, plant and equipment	464	0.9%	1,370	2.7%	905	195.1%
Intangible assets	5,541	10.5%	9,038	18.0%	3,496	63.1%
Goodwill	4,005	7.6%	6,072	12.1%	2,067	51.6%
Investments and other assets	2,681	5.1%	3,300	6.6%	619	23.1%
Total assets	52,666	100.0%	50,200	100.0%	-2,466	-4.7%
Current liabilities	22,564	42.8%	22,065	44.0%	-498	-2.2%
Short-term borrowings and current portion of long-term debts	2,520	4.8%	2,735	5.4%	215	8.5%
Long-term liabilities	9,904	18.8%	9,695	19.3%	-208	-2.1%
Long-term debts	9,163	17.4%	8,379	16.7%	-784	-8.6%
Net assets	20,198	38.4%	18,439	36.7%	-1,758	-8.7%
Shareholders' equity	19,116	36.3%	17,162	34.2%	-1,953	-10.2%
Total liabilities and net assets	52,666	100.0%	50,200	100.0%	-2,466	-4.7%
Gross debt/equity ratio	0.61	—	0.65	—	—	—

## Current assets

- Cash and deposits decreased mainly due to dividend payment, despite an increase in notes and accounts receivable – trade.

## Non-current assets

- Goodwill, Investments and other intangible assets, and Property, plant and equipment increased due to the acquisitions.

## Non-current liabilities

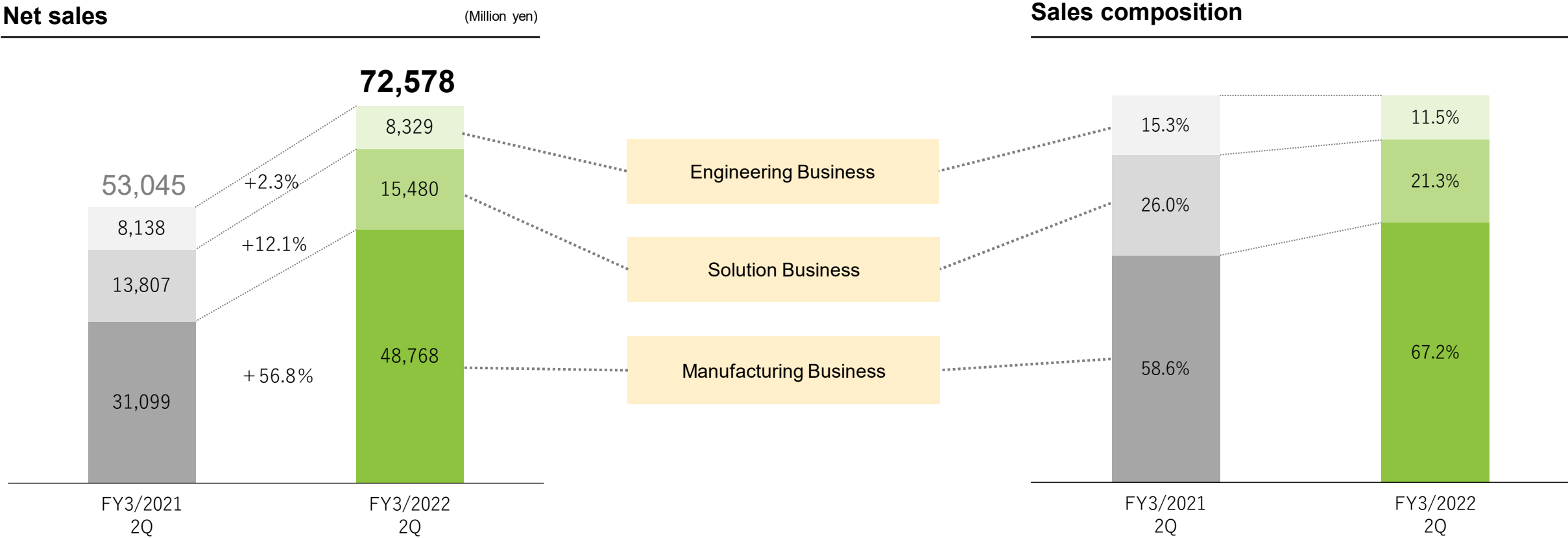
- Long-term loans payable decreased while deferred tax liabilities increased.

## Net assets

- Net assets decreased due to the dividend payment from earnings surplus.

# Results by Segment: Sales and Composition

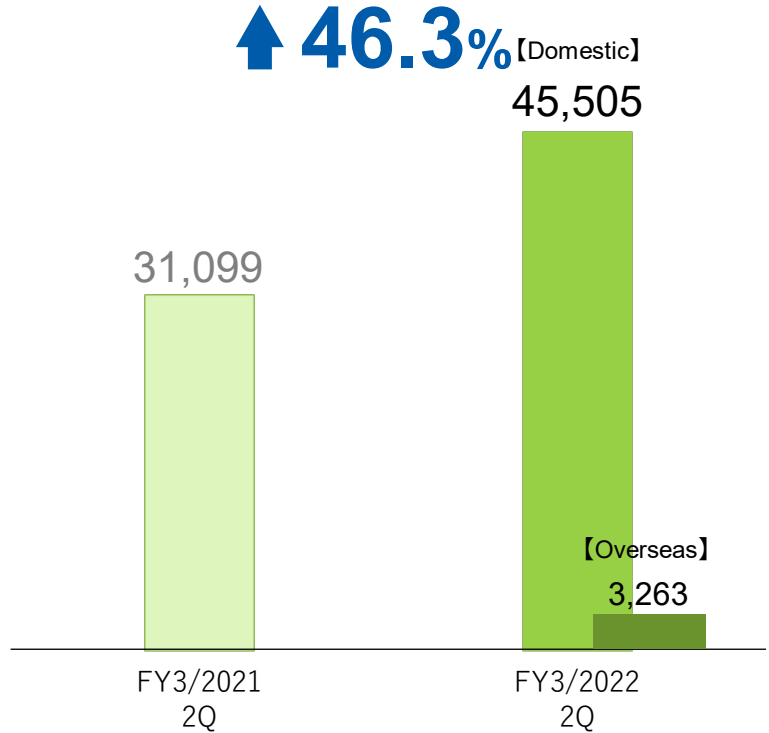
- The Manufacturing Business increased sales by 57% y-o-y due to growth in the automotive as well as the semiconductor and electronic parts sectors and contribution from newly-consolidated companies.
- The Solution Business increased sales due to steady growth of the existing operating companies despite the completion of the contribution from a newly-consolidated company.
- The Engineering Business increased sales due to an increase in the number of engineers mainly in design and manufacturing



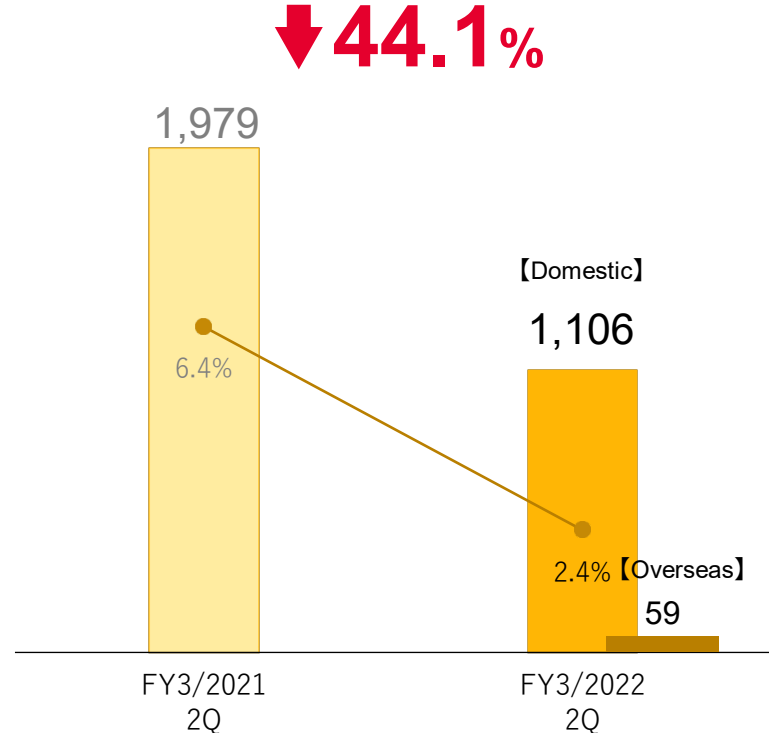
# Manufacturing Business (Domestic and Overseas)

- [Domestic] Increased sales due to robust personnel demand mainly in the automobile-related and the semiconductors and electronic components sectors and contribution from newly-consolidated companies.
- [Domestic] Increased hiring-related expenses and focused on maximizing the number of new hires, in order to offensively boost efforts aimed at share expansion.
- [Domestic] Significantly renewed a record-high in the number of technical employees, up 7,261 on a net basis from a year ago.

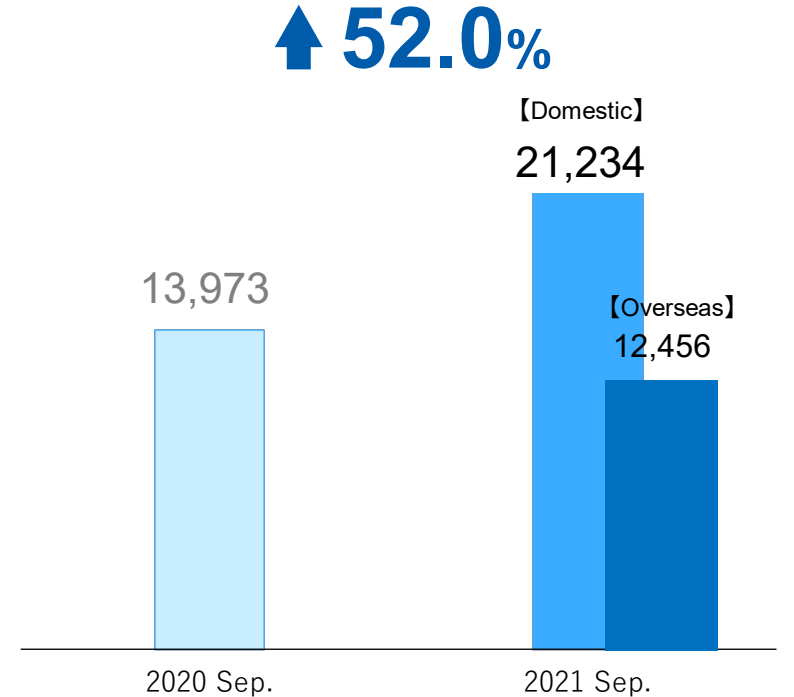
**Sales** (Million yen)  
(% is comparison of Domestic)



**EBITDA and EBITDA margin** (Million yen)  
(% is comparison of Domestic)

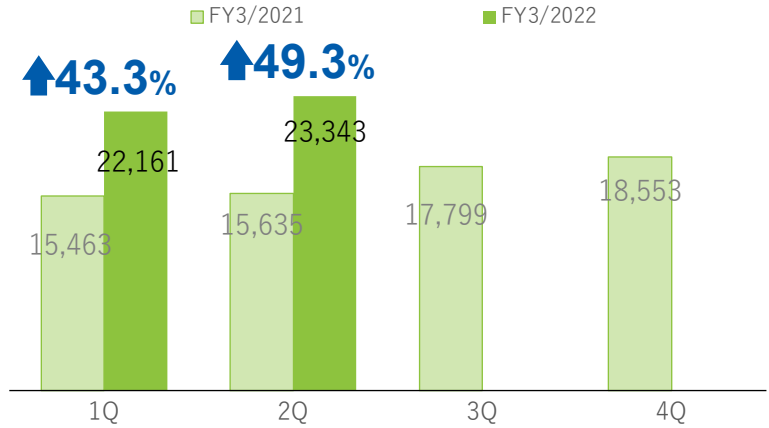


**Technical employees** (Person)  
(% is comparison of Domestic)

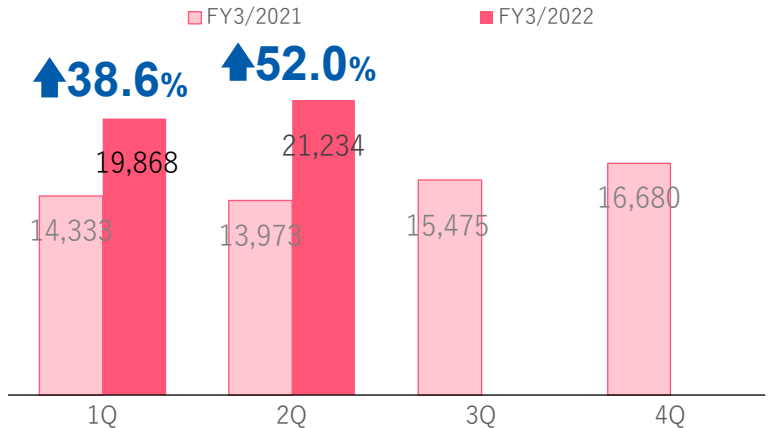


# Manufacturing Business (Domestic and Overseas)

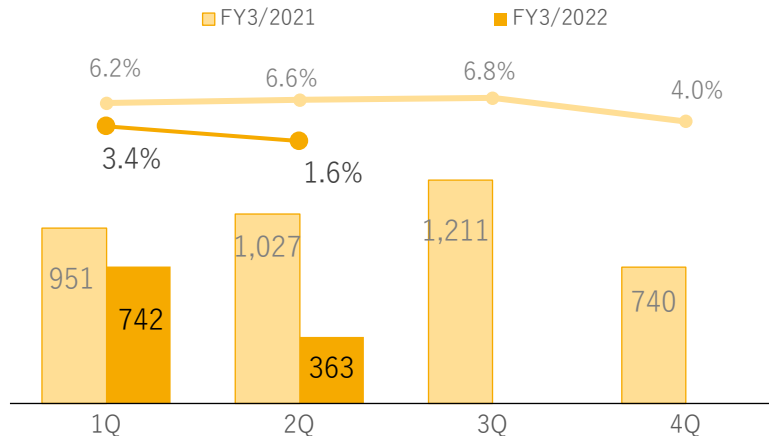
**Sales** (Million yen)



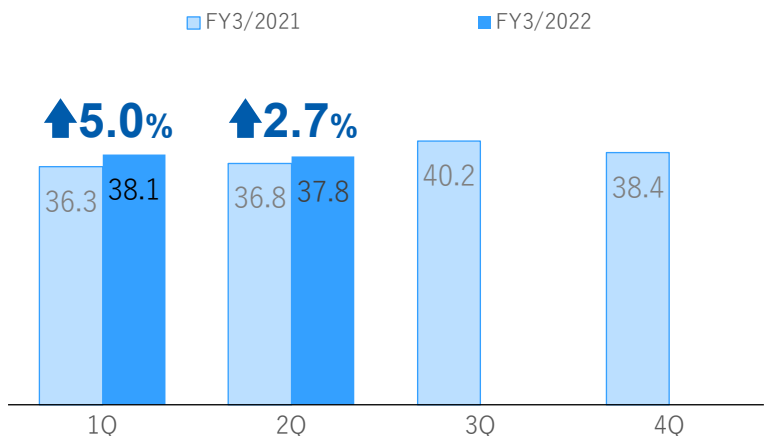
**Technical employees** (Person)



**EBITDA and EBITDA margin** (Million yen)



**Monthly sales per capita** (Ten thousand yen)



## Sales and technical employees

- Net increase of 4,554 employees from the end of FY3/2021 to a record-high in total due to enhanced hiring activities and the acquisitions.
- Organic growth and the acquisitions led to a significant growth in sales.

## EBITDA

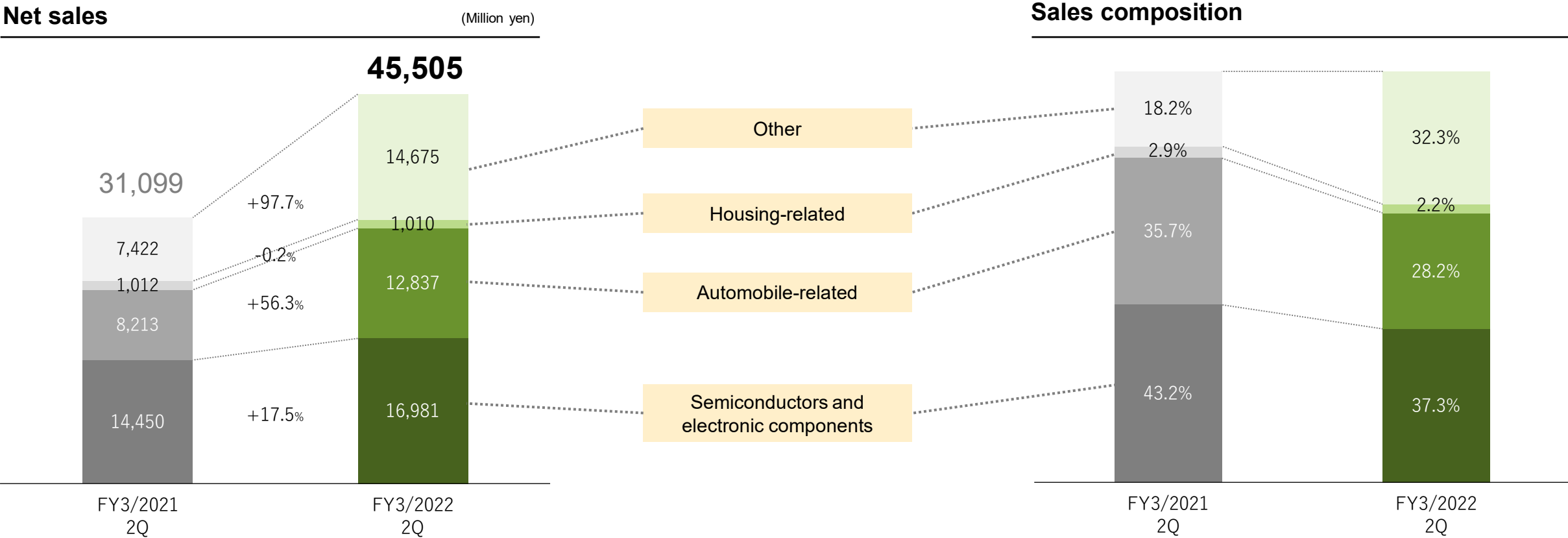
- EBITDA decreased from 1Q due to a temporary increase in hiring expenses caused by enhanced hiring activities in order to promptly respond to robust demand.
- The Manufacturing Business segment roughly accounted for ¥2.4 billion of ¥2.8 billion in total hiring expenses (consolidated).

## Monthly sales per capita

- Monthly sales per capita increased, boosted by major high-unit-price, large-lot orders in the automotive and semiconductors and electronic components sectors, where the impact of COVID-19-driven suspension of operations disappeared, while the lower-unit-price area platforms were expanded.

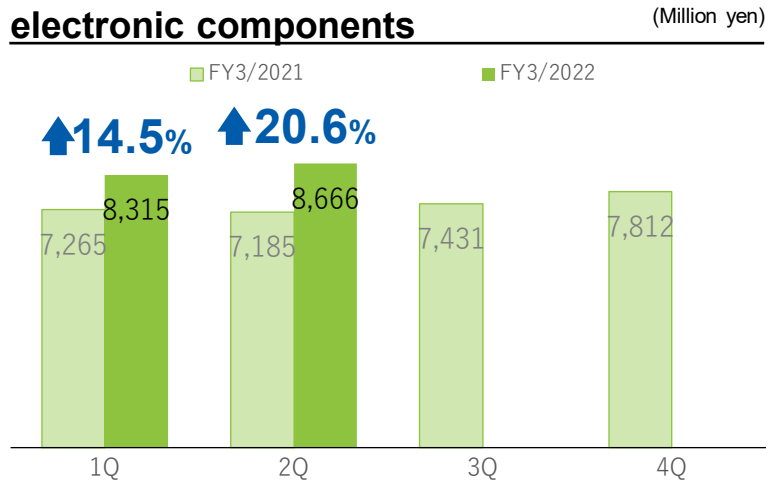
# Manufacturing Business: Sales by Sector (excl. overseas business)

- The semiconductors and electronic components sector had a tight supply/demand for personnel, thanks to growth in demand for semiconductors, and orders received were favorable.
- The automobile-related sector was affected by lost work due to clients' production cut in September and October, but demand for personnel was not affected and Net sales renewed a record-high.
- “Other” sector increased sales thanks to the acquisitions based on the Area Platform Strategy.

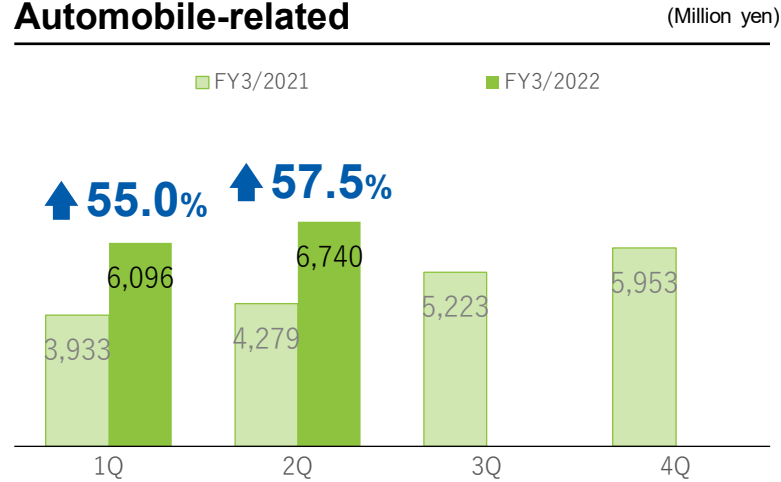


# Manufacturing Business: Sales by Sector (excl. overseas business)

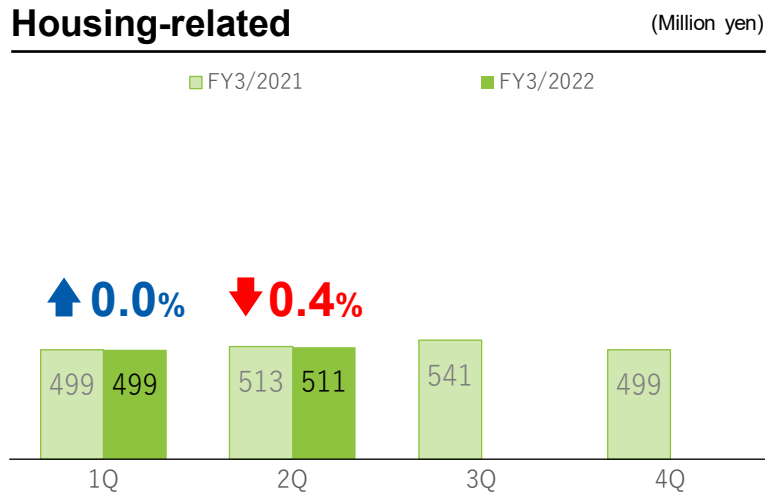
## Semiconductors and electronic components



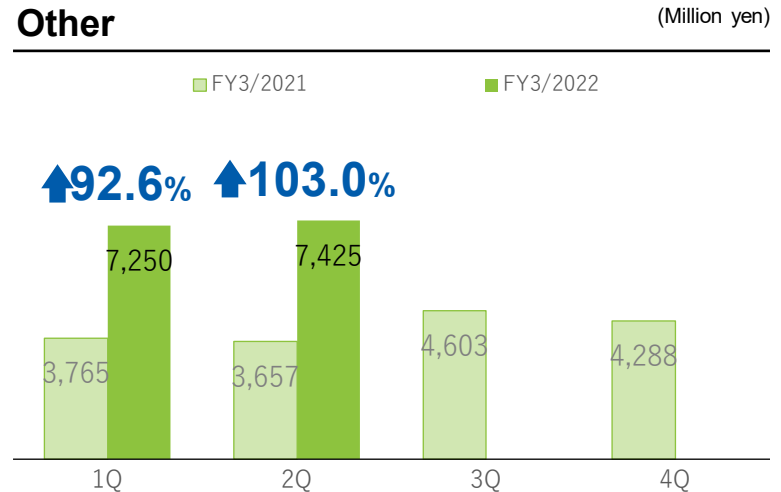
## Automobile-related



## Housing-related



## Other



### Semiconductors and electronic components

- Sales increased mainly for semiconductor manufacturing equipment and semiconductors.
- The number of dispatch workers increased, while both the number of operating days and overtime hours were at the similar level to 1Q.

### Automobile-related

- On a y-o-y basis, the COVID-19 impacts were eliminated.
- The automobile-related sector increased sales, thanks to a significant increase in workers despite decreases in the number of operating days and overtime hours due to the impact from production adjustment.
- Sales increased 10.6% q-o-q. Quarterly sales in the automotive-related sector were the highest.

### Other

- This sector increased sales due to positive contribution by newly-consolidated Seekel, Progress Group, and SURI-EMU (¥6.5 billion in 1H) based on the Area Platform Strategy.

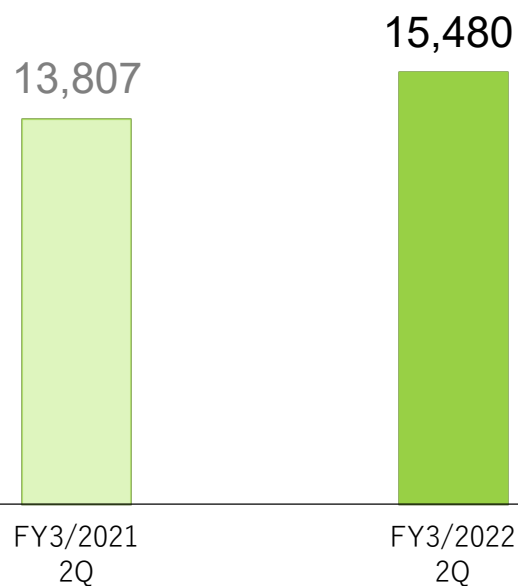
# Solution Business

- An In-house Solution® (outsourced work and transfer of employees) project of a large corporate group began in July 2021.
- Hiring activities were enhanced as personnel demand was strong despite some impact from the shortage in semiconductors and component procurement.

### Sales

(Million yen)

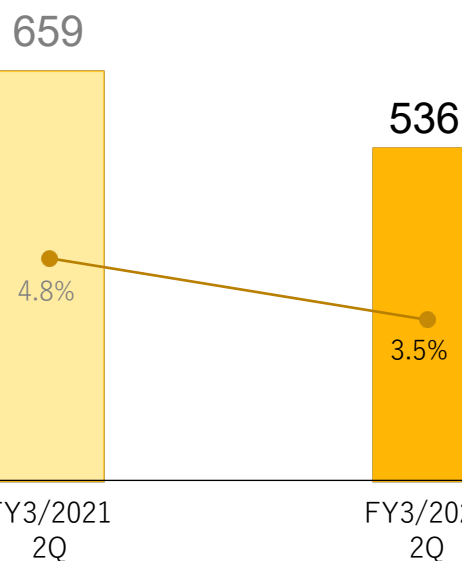
↑12.1%



### EBITDA and EBITDA margin

(Million yen)

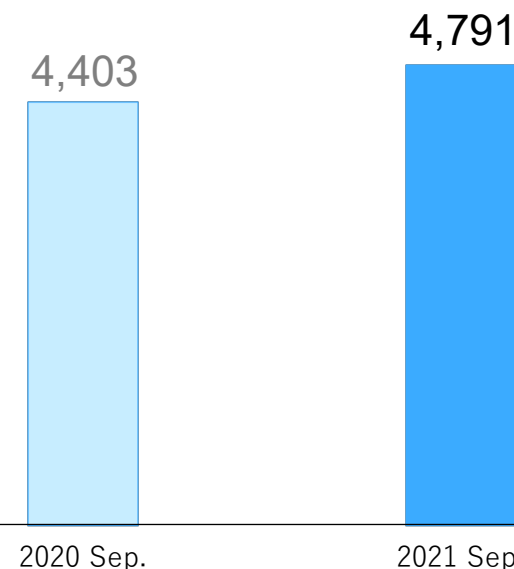
↓18.7%



### Technical employees

(Person)

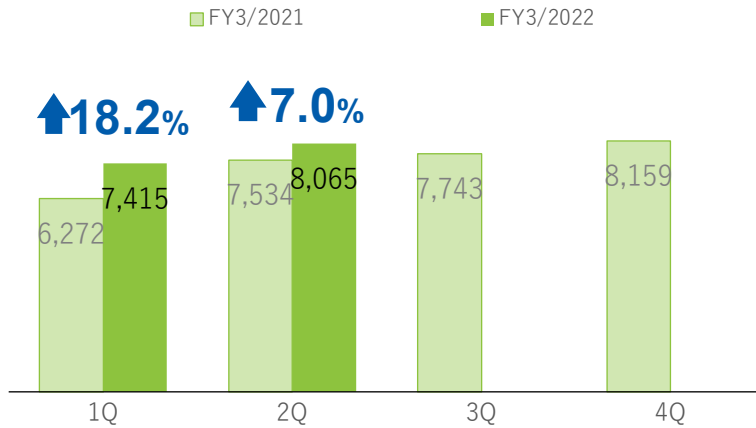
↑8.8%



# Solution Business

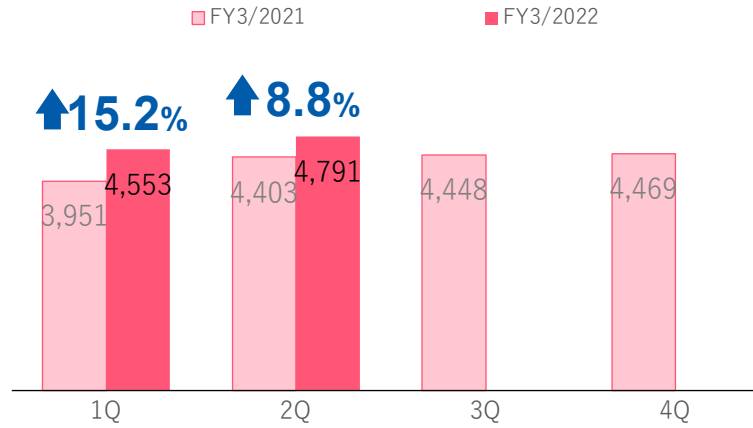
## Sales

(Million yen)



## Technical employees

(Person)



### Sales and technical employees

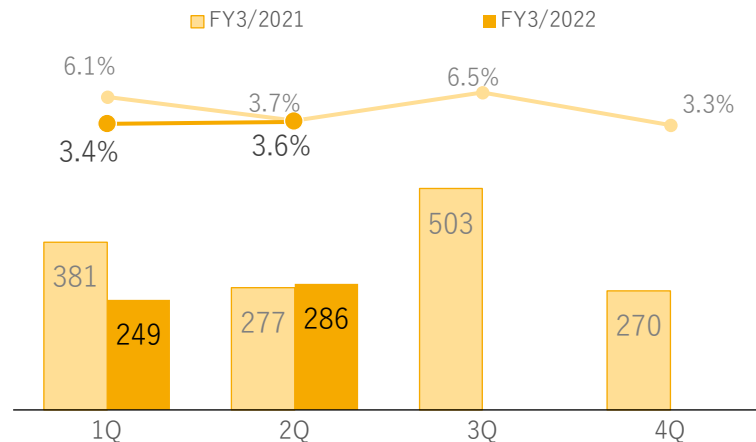
- The new In-house Solution® project began while the existing business by operating companies increased sales.

### EBITDA

- Hiring activities were enhanced as personnel demand was strong
- The EBITDA margin temporarily declined y-o-y due to an addition of an operating company.

## EBITDA and EBITDA margin

(Million yen)





## Progress in Solution Strategy. A new company was consolidated in October.

- Newly consolidated a personnel dispatch company of the Fujitsu FSAS Group in October 2021.
- Further strengthen the relationship with with the Fujitsu Group, together with the existing Fujitsu UT Co., Ltd.

### Newly Consolidated Company

#### UT FSAS Creative Inc.

(Consolidated in Oct., 2021)

※former Fujitsu FSAS Creative Inc.

Ownership: UT Group 51%, Fujitsu FSAS 49%

- Worker dispatch and outsourced operations and help desks and support desks of system management
- Main customers: Fujitsu Group and Fujitsu FSAS Group
- Approximately 1,150 employees (October 2021)

### Existing Business Company

#### Fujitsu UT Co., Ltd.

(Consolidated in Apr., 2018)

※former Fujitsu Aprico Limited.

Ownership: UT Group 51%, Fujitsu FSAS 49%

- General worker dispatch and outsourced work business
- Approximately 680 employees (September 30, 2021)

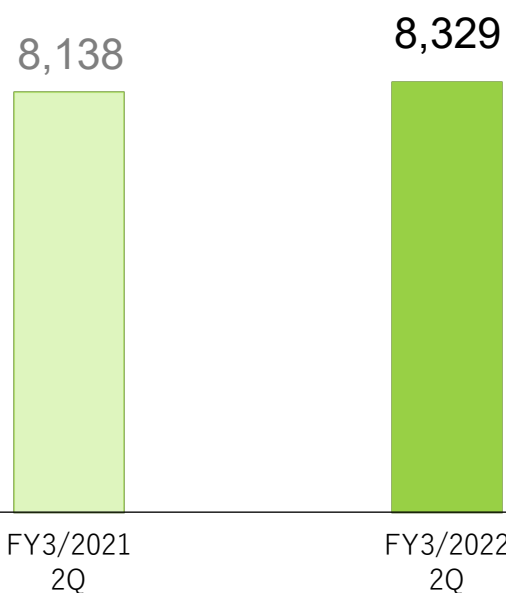
# Engineering Business

- The Engineering Business increased sales, due to an increase in field engineers, equipment maintenance operators, and construction engineers.
- The “One UT” program that supports career change from manufacturing operator to engineer was resumed.
- The EBITDA margin stayed at a high level despite a y-o-y increase in new hires.

### Sales

(Million yen)

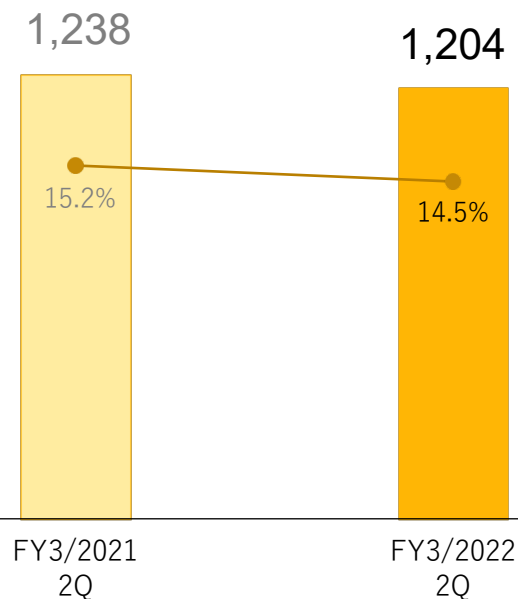
↑ 2.3%



### EBITDA and EBITDA margin

(Million yen)

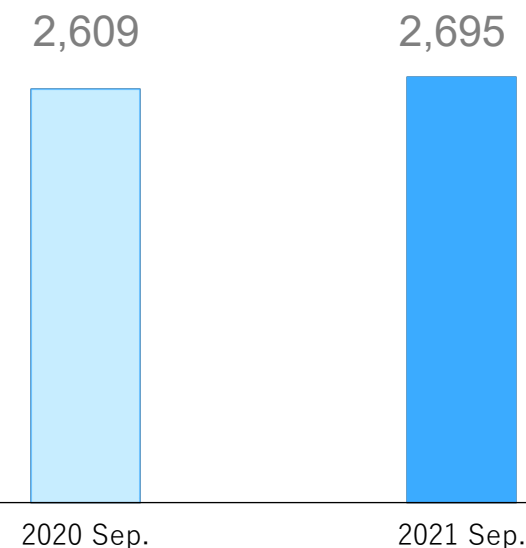
↓ 2.8%



### Technical employees

(Person)

↑ 3.3%

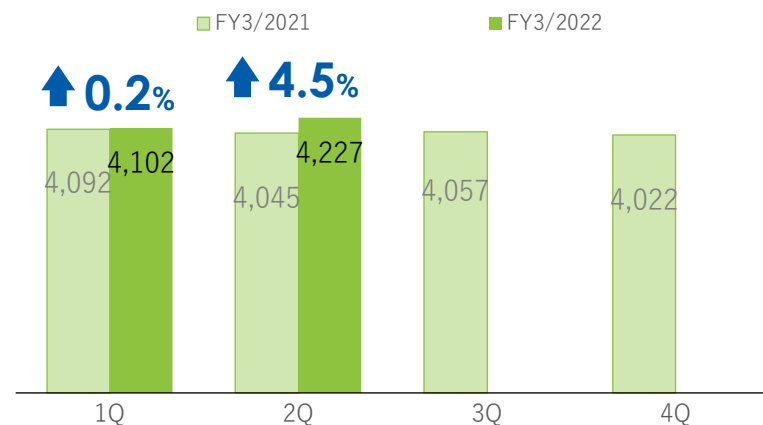


## 2. Financial Results for 2Q of FY3/2022

# Engineering Business

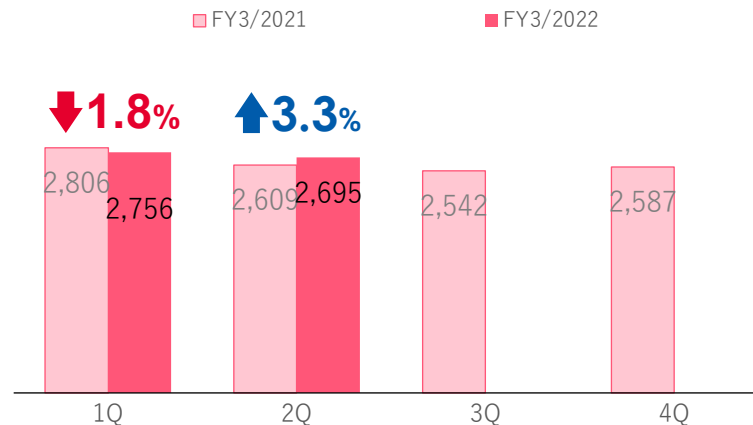
### Sales

(Million yen)



### Technical employees

(Person)



### Sales and technical employees

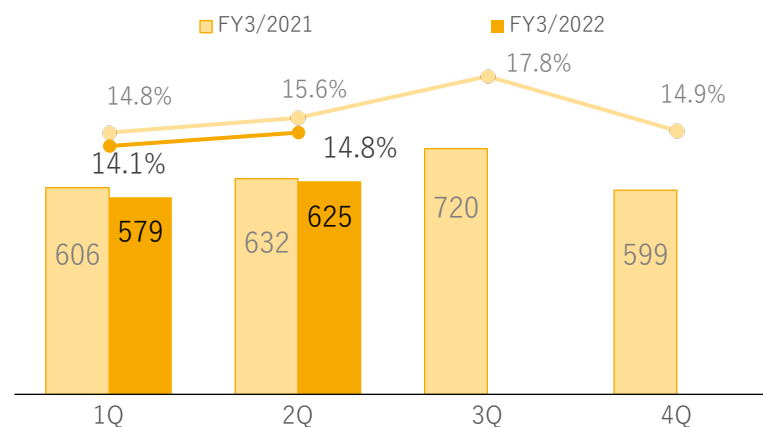
- A net y-o-y increase in the number of technical employees for the first time in five quarters.
- Sales increased due to an increase in engineers in design and manufacturing.

### EBITDA

- The EBITDA margin stayed at a high level, as a high operating rate was maintained.

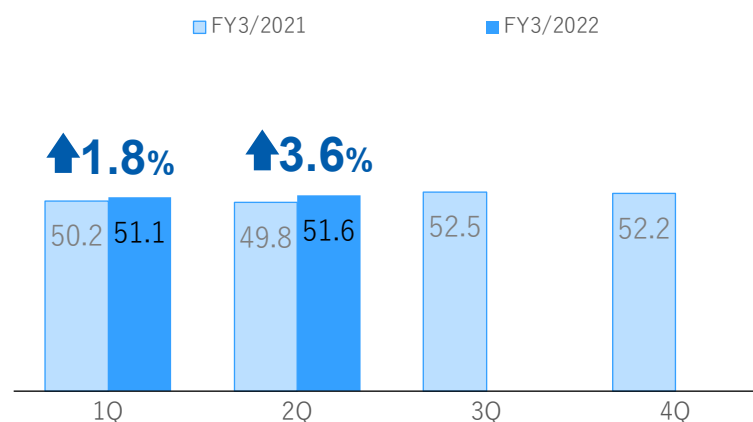
### EBITDA and EBITDA margin

(Million yen)



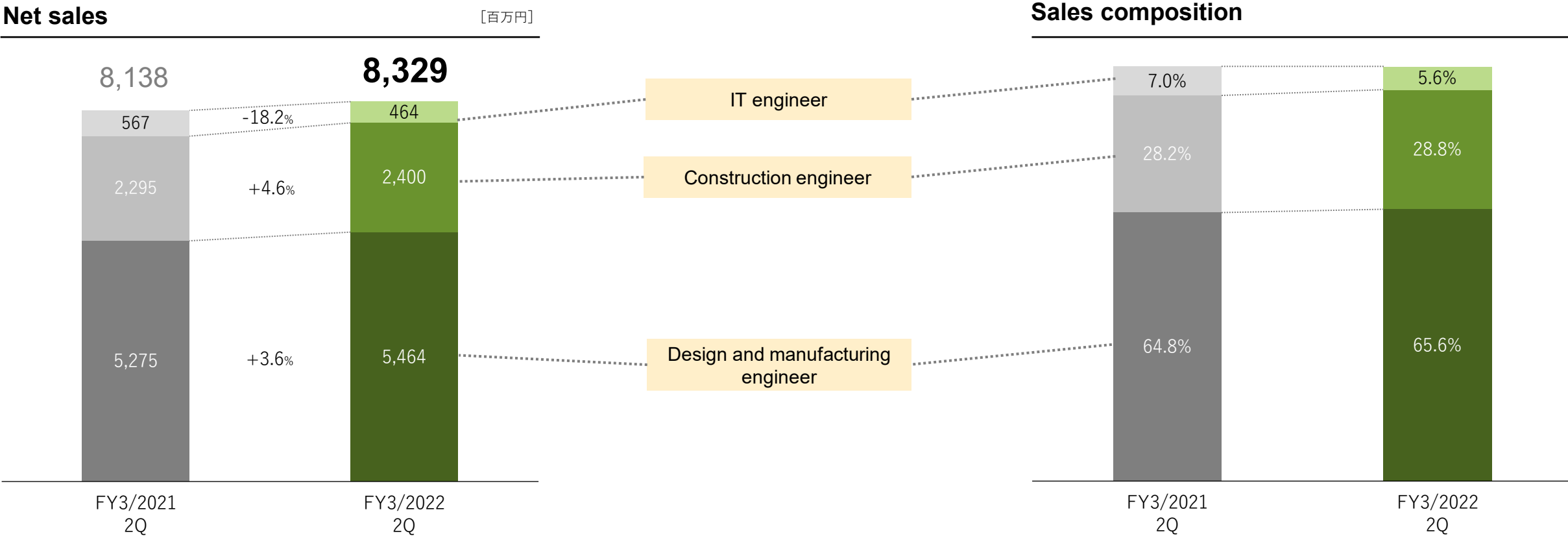
### Monthly sales per capita

(Ten thousand yen)



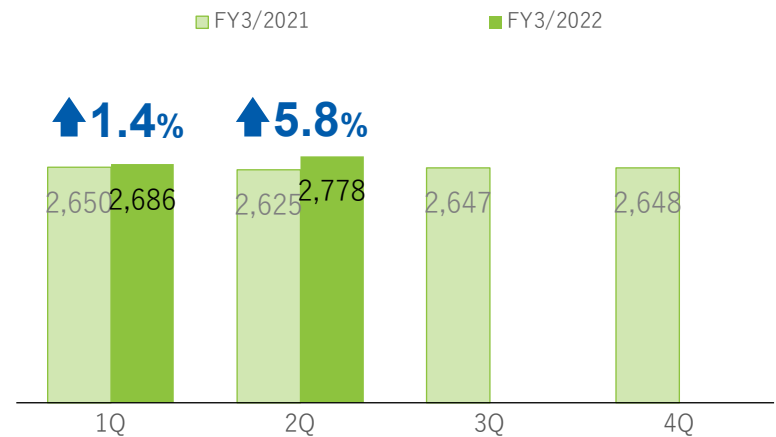
# Engineering Business: Sales by Sector

- The design and manufacturing engineer sector is collaborating with the Manufacturing Business and enhancing capability to make proposals that combine with the maintenance service of semiconductor manufacturing equipment.
- Demand for construction engineers was robust mainly in the equipment and plant sector.

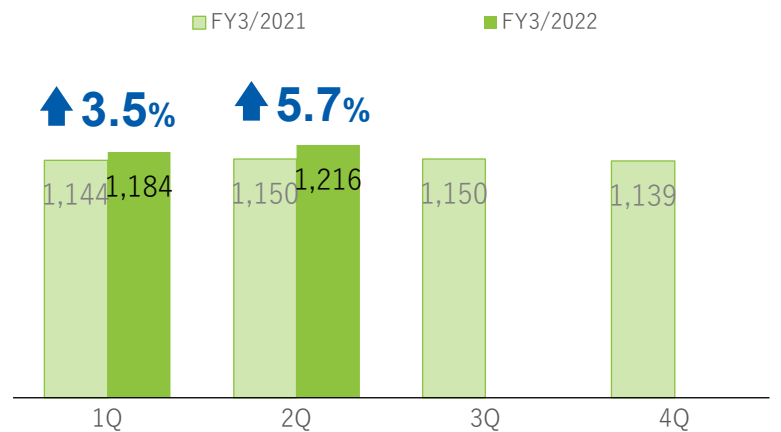


# Engineering Business: Sales by Sector

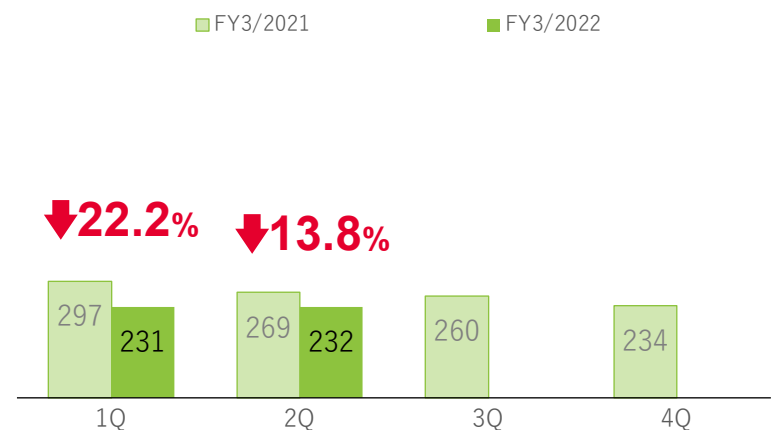
**Design and manufacturing engineer** (Million yen)



**Construction engineer** (Million yen)



**IT engineer** (Million yen)



## Design and manufacturing engineer sector

- Personnel demand, mainly of semiconductor manufacturing equipment engineers, was robust.

## Construction engineer sector

- Personnel demand was robust mainly in the equipment and plant sector.
- The operating rate was improved due to earlier fixing of assignment from hiring for new hires.

## IT engineer sector

- The impact of a sale of business was completed and the sector promoted to be prepared for achieving profitability growth going forward.

### 3. FY3/2022 Earnings Forecasts and Outlook

# Revision of consolidated results forecast for FY3/2022 (repost)

- Upward revision to the sales forecast due to UT Group's continued focus on increasing its market share in 2H
- Downward revision to the profit forecast due to UT Group's decision to continue strategic hiring-related expenses in 2H, in response to robust demand
- Significantly increase the top line by maximizing the technical workforce by March 2022.

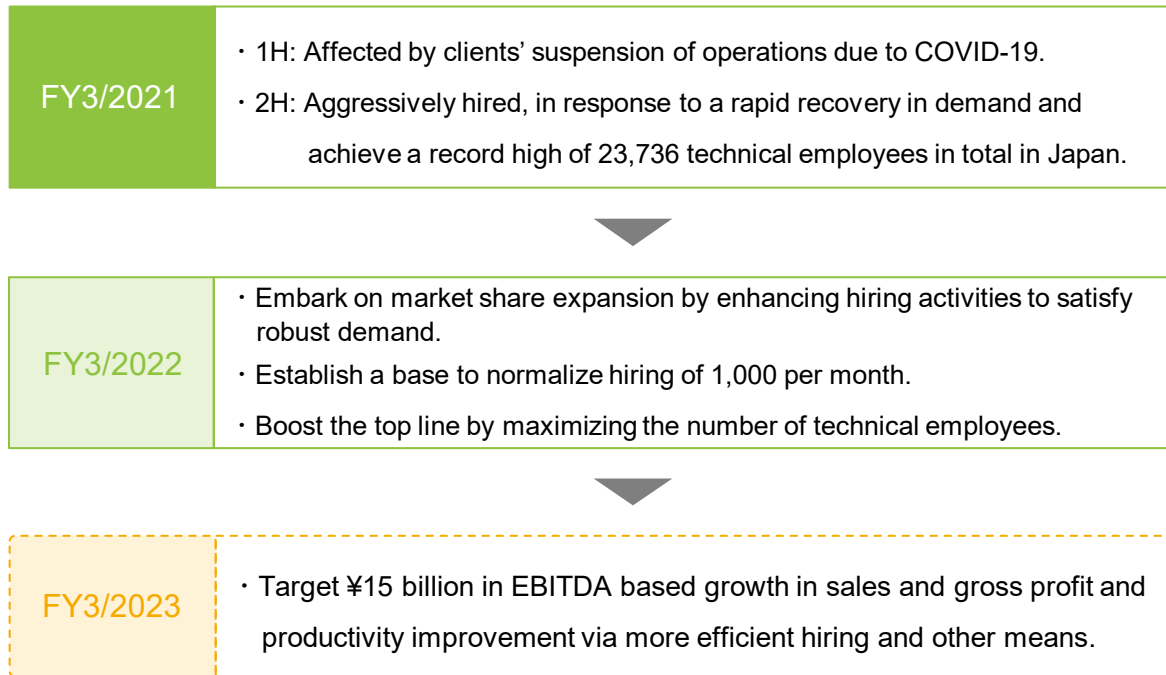
(100 million yen)

	Previous forecast (A)		Revised forecast(B)		Increase/ decrease (B – A)	Change	Results for FY3/2021	
	Forecasts	% to net sales	Forecasts	% to net sales			Results	% to net sales
Net sales	1,500	100%	1,600	100%	+100	+6.7%	1,151	100%
EBITDA	90	6.0%	70	4.4%	-20	-22.2%	79	6.9%
Operating profit	80	5.3%	60	3.8%	-20	-25.0%	71	6.2%
Ordinary profit	80	5.3%	60	3.8%	-20	-25.0%	71	6.2%
Net profit attributable to UT Group	48	3.2%	34	2.1%	-14	-29.2%	42	3.7%
EPS (yen)	118.92	—	84.24	—	-34.68	—	106.53	—

## Management Policy for FY3/2022 (As of Nov. 5, 2021)

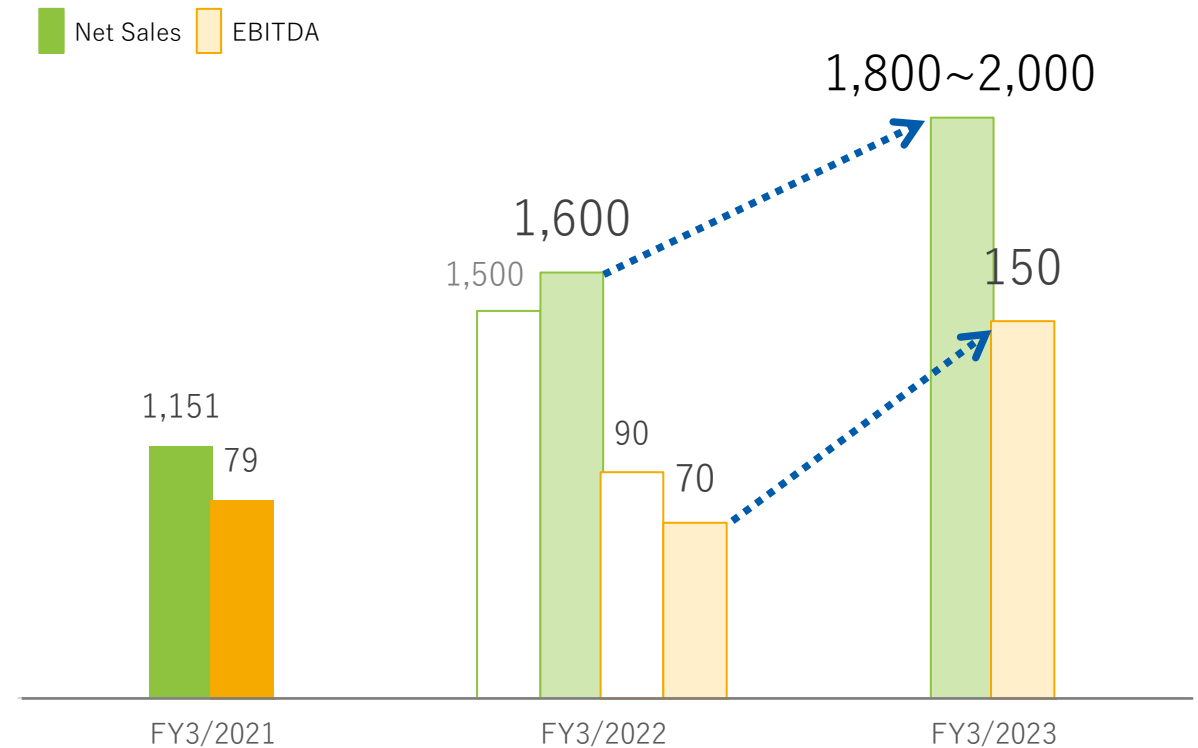
- Employment-related expenses, which were heavily allocated in 1H, will continue to be injected in 2H to strengthen hiring activities, in response to strong personnel demand.
- Changed the plan to maximize the number of technical employees by year-end in order to achieve ¥15 billion EBITDA in FY3/2023. Raised the sales targets and increased hiring budget.
- Upward revision to a year-end target in the number of technical employees to 34,000.

#### Policies and measures



#### Forecasts for sales and EBITDA

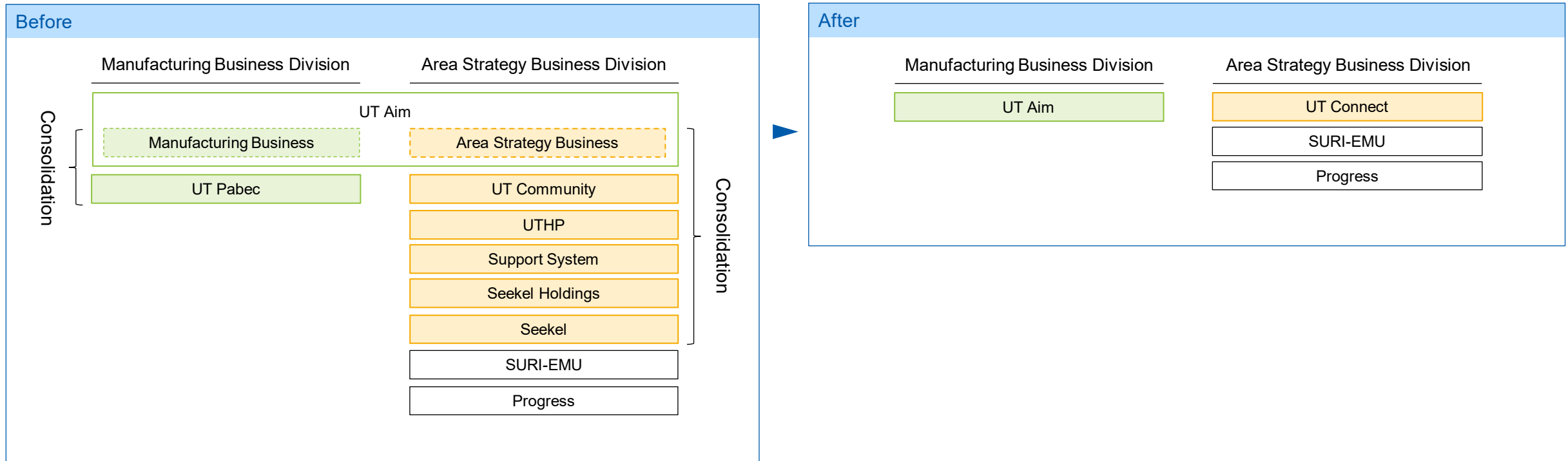
(100 million yen)





# Organizational consolidation of subsidiaries to improve productivity (from April 2022) (Repost)

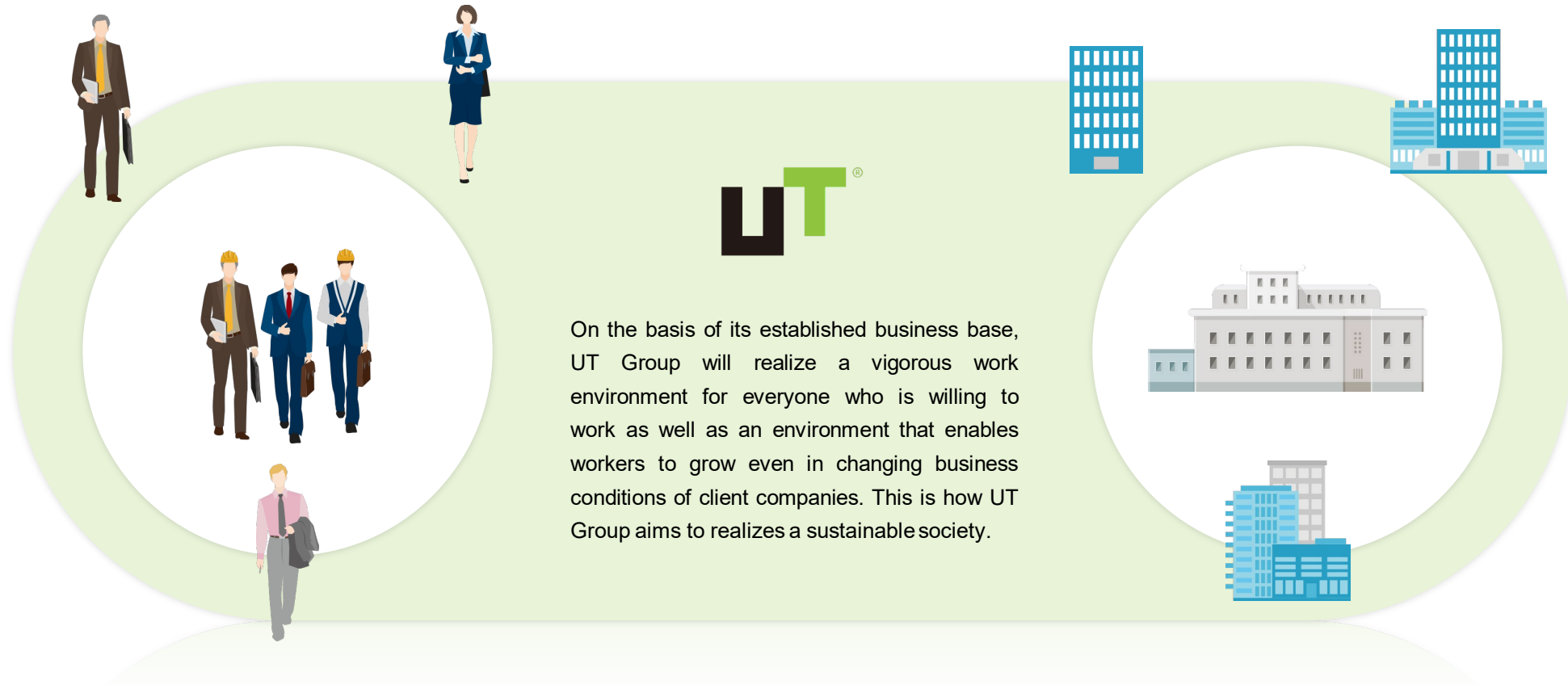
- Decided to reorganize subsidiaries in order to promote growth strategies aimed at achieving the Fourth Medium-term Business Plan (to be implemented on April 1, 2022).
- Accelerate the One-stop Strategy for Large Manufacturers and the Area Platform Strategy.
- Aim to standardize the operational base and improve productivity by integration.



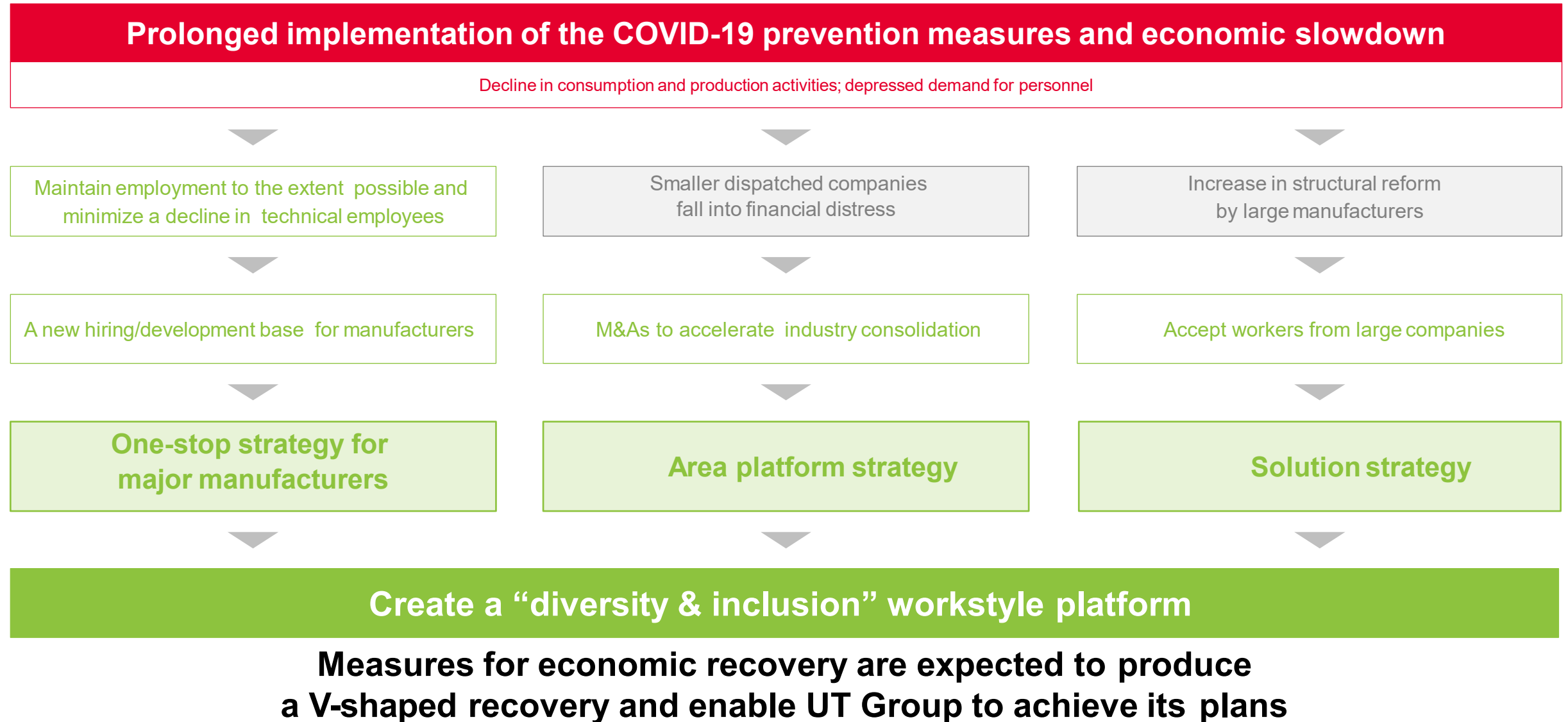
## 4. The 4th Medium-Term Business Plan

# Medium-term business objective

## Create a “diversity & inclusion” workstyle platform

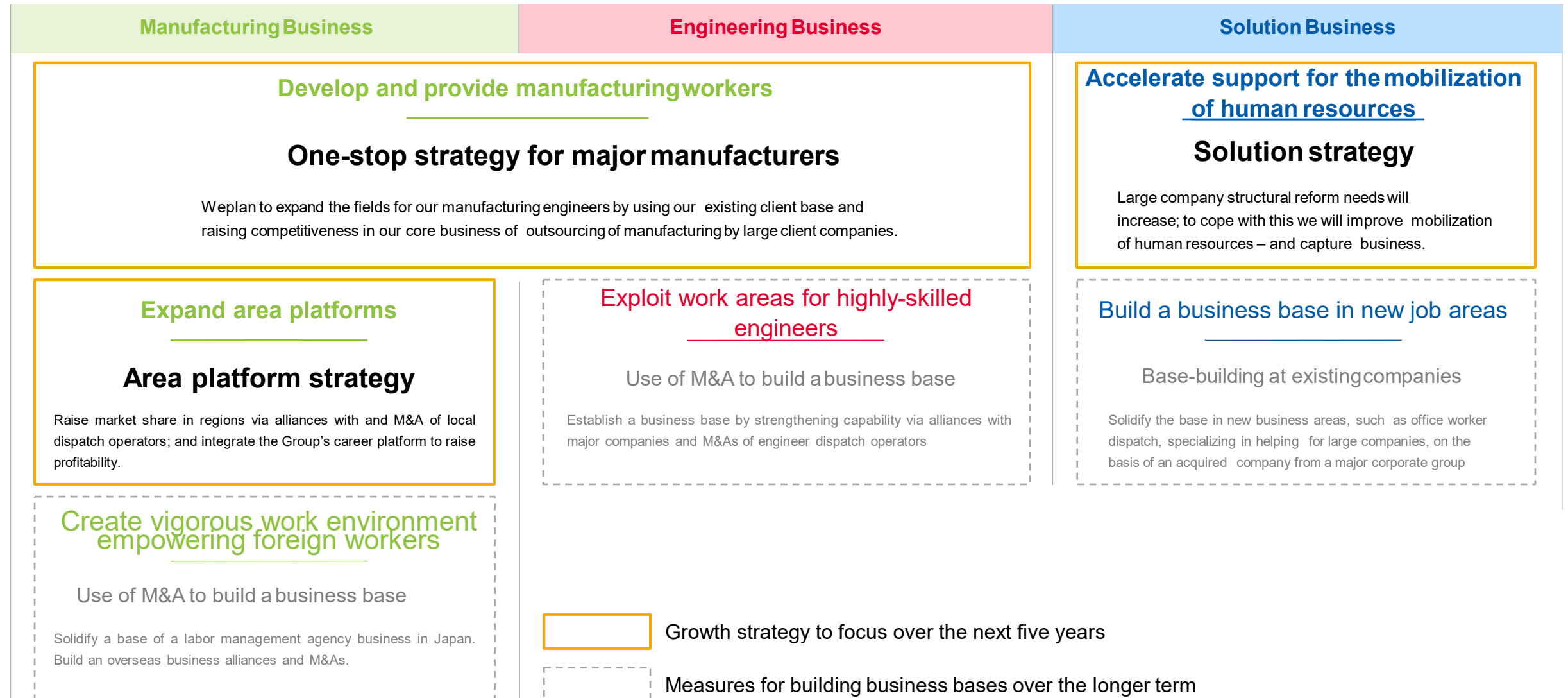


## Growth strategy



## 4. The 4th Medium-Term Business Plan

# Basic policy by segment

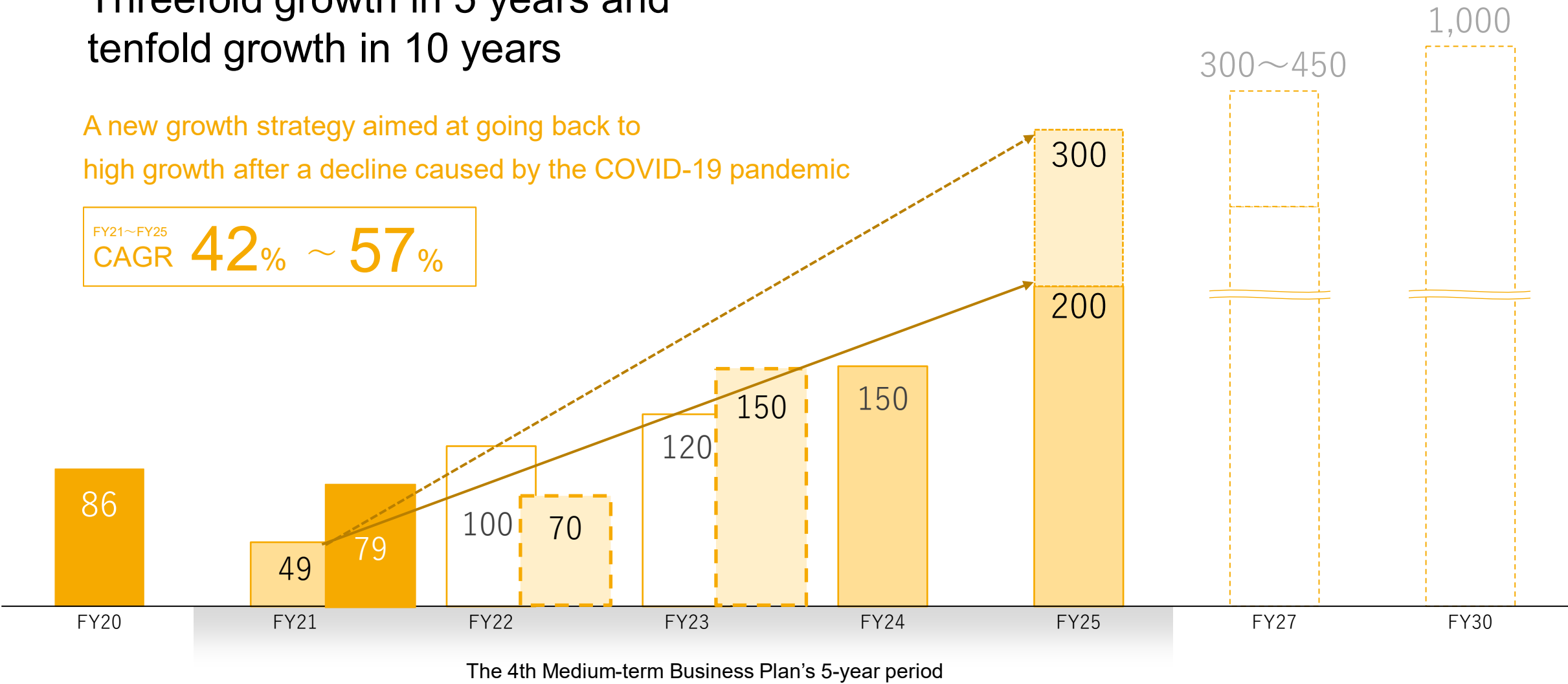


Numerical targets (EBITDA)

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%



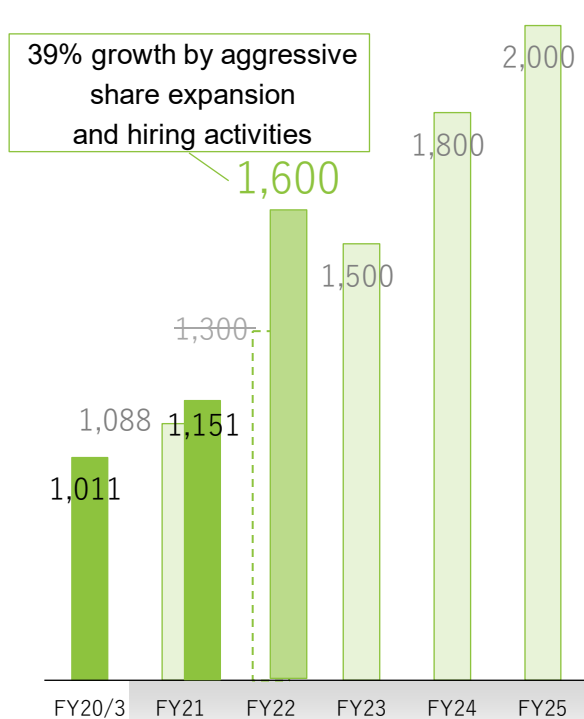
## 4. The 4th Medium-Term Business Plan

# Numeric Targets and Commitments

On the back of the rapid recovery of personnel demand in the manufacturing industries as well as that the impact of COVID-19 was slight, we have set the FY23 goal of EBITDA 150 in order to achieve the EBITDA 30 billion yen as the maximum target of the 4th Medium-Term Business Plan. And considering FY22 as the market share growth period toward the goal, we revised the numeric targets of the fiscal year with aim of aggressive expansion of market share.

### Sales target (100 million yen)

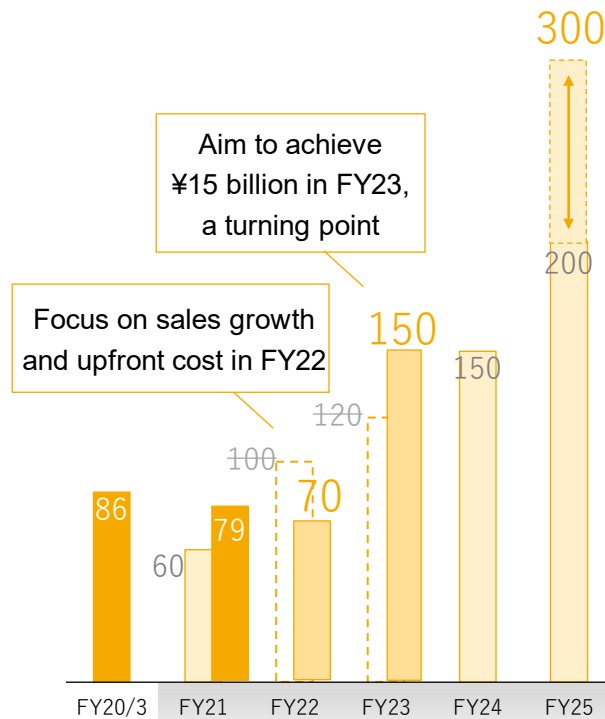
■ Result ■ Medium-Term Business Plan ■ FY22 Forecast



The 4th Medium-Term Management Plan

### EBITDA target (100 million yen)

■ Result ■ Medium-Term Business Plan ■ FY22 - 23 Forecast



The 4th Medium-Term Management Plan

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

### 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.

# 5. Appendix

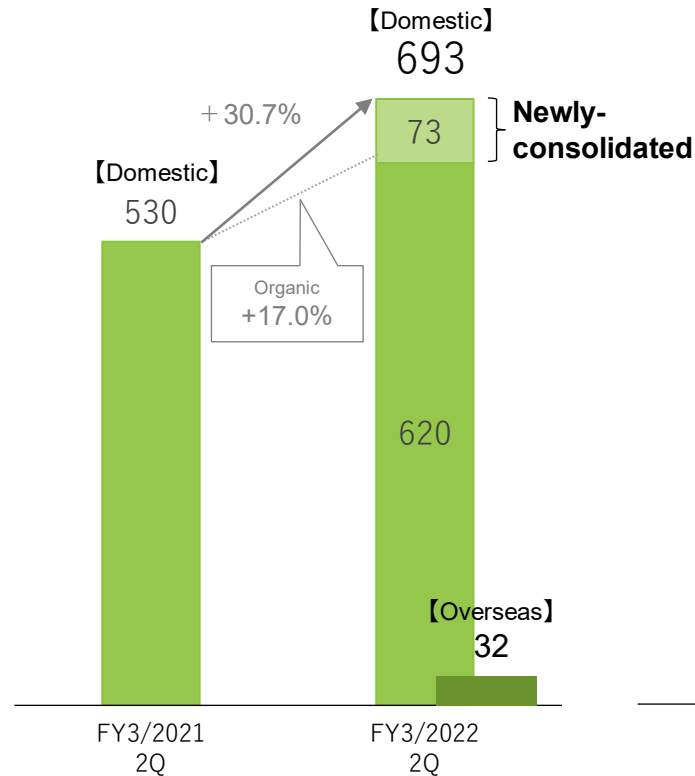


# Organic growth and the acquisitions to enhance the profit base

- Strived for share expansion by increasing the technical employees for existing business and made a steady growth.
- Expanded the “Area” business bases, based on the "Area Platform Strategy"– the Growth strategy.

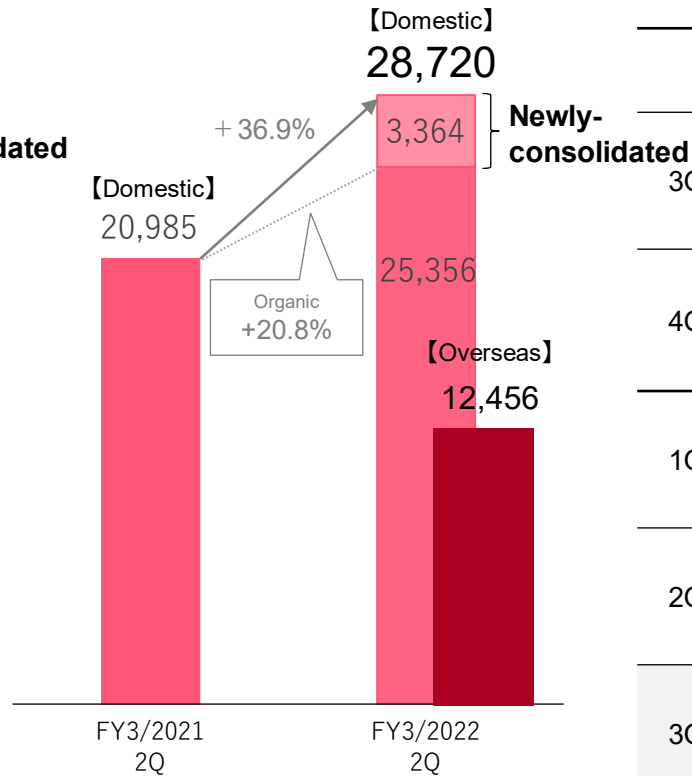
Net sales

(100 million yen)



Number of technical employees

(Person)



Newly-consolidated subsidiaries since 3Q FY3/2021

	Manufacturing Business	Solution Business
3Q FY3/2021	Seekel Co., Ltd.	
4Q FY3/2021	Green Speed Co., Ltd. (Vietnam)	
1Q FY3/2022	Progress Group Co., Ltd. SURI-EMU Corp.	
2Q FY3/2022	-	-
3Q FY3/2022	-	UT FSAS Creative Inc. (Consolidated from October 1,2021)

# Newly-consolidated companies' contribution to sales

Sales contribution of subsidiaries which have been newly consolidated since 2Q FY3/2021

Business Segment	Sector	Consolidated subsidiary	Time of consolidation	1Q FY3/2022	
				Sales (billion yen)	Number of technical employees (term end)
Manufacturing Business	Other	Seekel Co., Ltd.	Oct. 2020	6.5	1,034
	Other	Progress Group Co., Ltd.	April 2021		1,212
	Other	SURI-EMU Corporation	April 2021		1,118
	Overseas	Green Speed Co., Ltd (Vietnam)	Jan. 2021 (Consolidation of Income statement)	3.2	12,456
Solution Business	—	UT MESC Co., Ltd. Former Mito Engineering Service	July 2020	0.7	※Since its consolidation was on 2Q of FY3/2021, Only 1Q Sales was the newly-consolidated contribution. —
Total				10.5	<b>Domestic: 3,364</b> <b>Domestic: 12,456</b>

# Analysis of SG&A expenses

SG&A expenses' breakdown (million yen)

	FY3/2019					FY3/2020					FY3/2021					FY3/2022	
	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
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
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%
Hiring	833	993	724	289	2,839	490	527	496	341	1,854	151	267	770	1,218	2,406	1,215	1,608
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%
depreciation and amortization of goodwill	140	145	155	161	601	137	139	142	145	563	171	181	218	256	826	309	303
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%
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
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%
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
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%

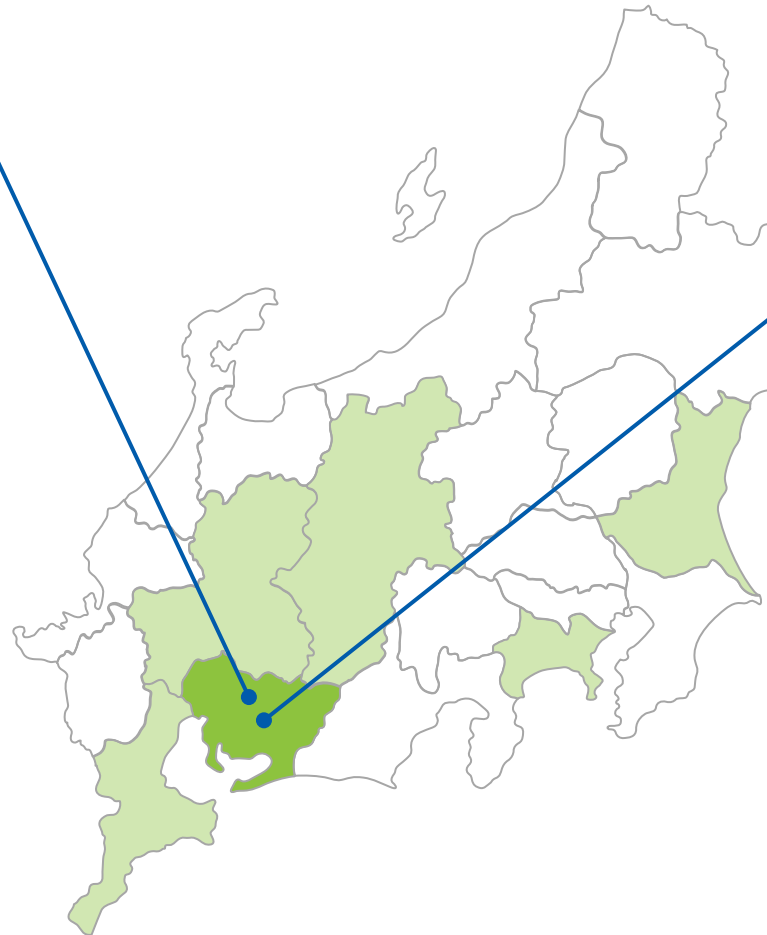
Note: A portion of "personnel expenses" included in "other SG&A expenses" of the financial statements until 1Q FY3/2022 have been transferred to "personnel expenses" and revised retroactively.

# Expansion of the area platform by consolidating 6 companies of 2 groups

- Newly consolidated local worker dispatch operators who operate mainly in Aichi Prefecture in May 2021
- Enhance alliances of business companies with different strengths, in hiring, marketing and sales, and administration, and expand UT Group's business base within the area

**Progress Group Co., Ltd.**  
**Progress Co., Ltd.**  
(Acquisition of shares in May 2021)

- Worker dispatch and outsourced business operation
- Business bases: mainly in Aichi Prefecture but also in Gifu, Mie, Nagano, and Ibaraki Prefectures
- Major clients: Manufacturers of automobiles and parts, electronic devices, rubber products, etc.
- 1,177 employees (Japanese and foreigners of Japanese decent)  
(June 30, 2021)



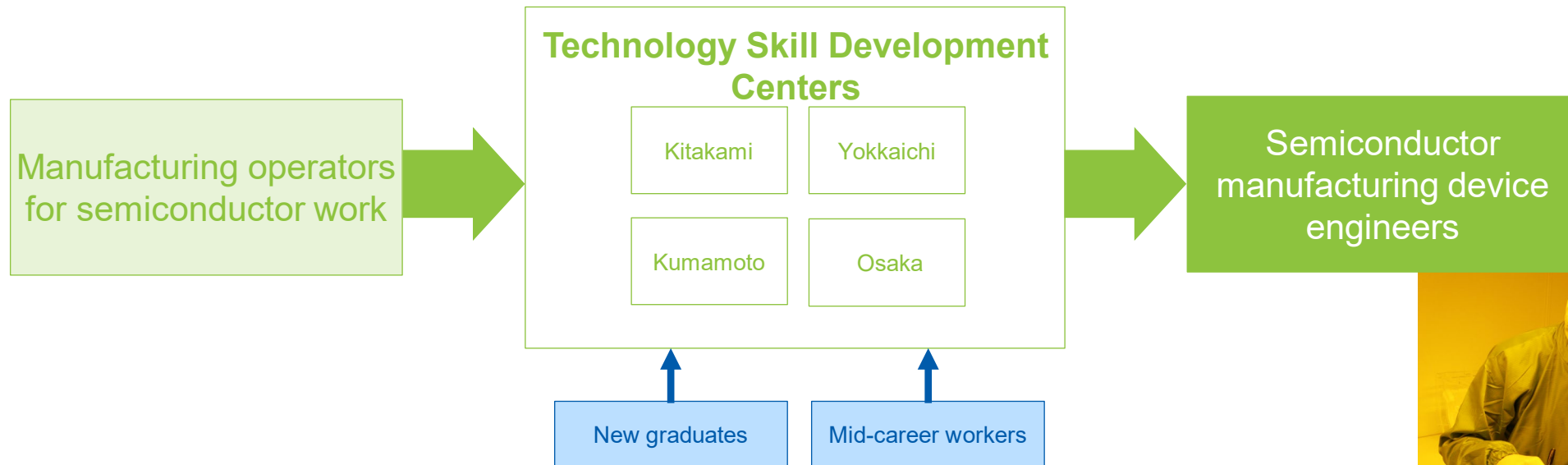
**SURI-EMU Corporation**  
**SURI-EMU Chubu Co., Ltd.**  
**SURI-EMU Tokai Co., Ltd.**  
**SURI-EMU Staff Co., Ltd.**  
(Acquisition of shares in May 2021)

\* Acquisition of all shares in two batches  
18.8% (Feb. 28, 2021) → 100.0% (May 31, 2021)

- Worker dispatch and outsourced business operation
- Business bases: mainly in Aichi Prefecture but also in Miyagi and Kanagawa Prefectures
- Major clients: Major manufacturers of automotive-related, electronic devices, etc.
- 1,055 employees, mainly Japanese-Brazilians  
(June 30, 2021)

# Completed the formulation of an SME engineer development system

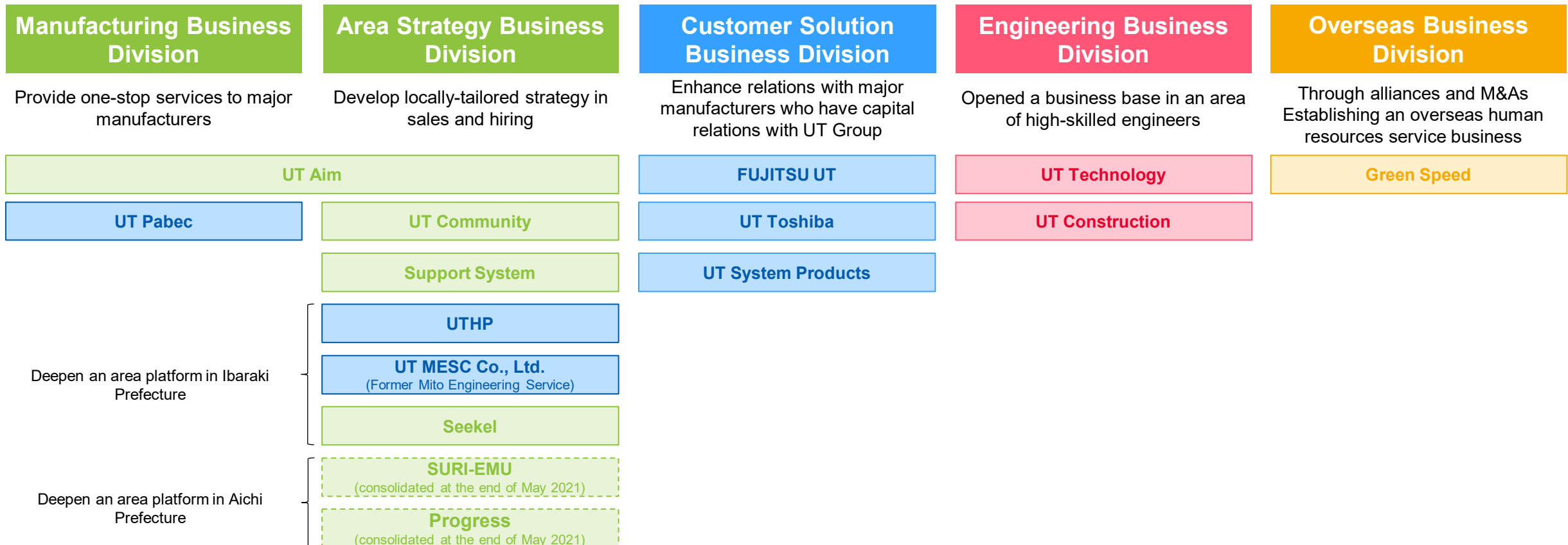
- Established four technology skill development centers for manufacturing engineers in the semiconductor field (Dec. 2020: Kitagami City in Iwate; March 2021: Yokkaichi City in Mie and Kumamoto City in Kumamoto; May 2021 Osaka City in Osaka)
- Seek to enhance the manufacturing engineer field and develop 3,000 semiconductor manufacturing equipment (SME) engineers in three years
- Plan to develop 890 engineers in FY3/2022



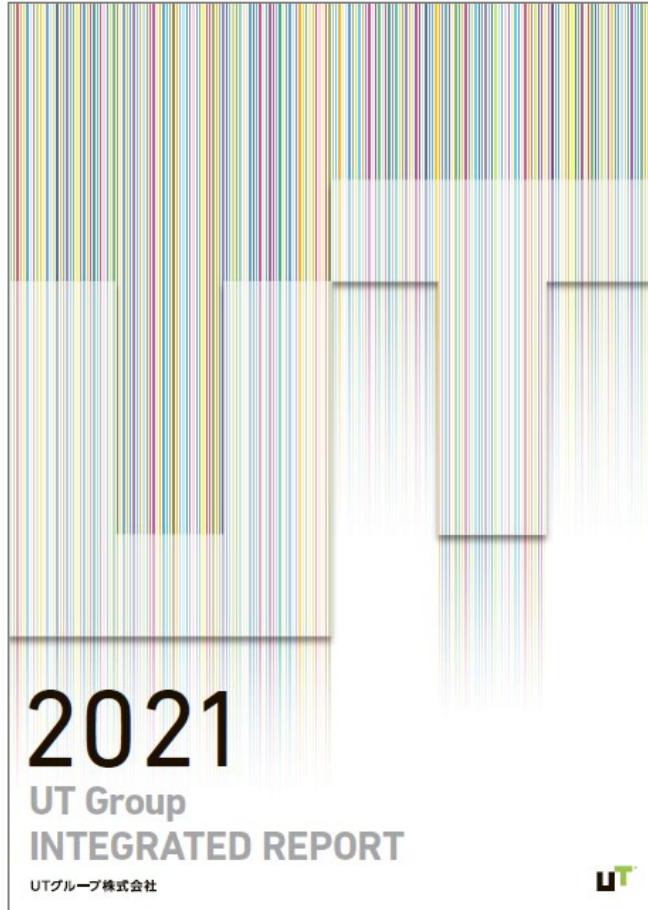
Practical training in a clean room

# Organization change to Achieve the Medium-Term Management Plan (from April 2021)

- Reorganized to a corporate structure of business divisions, in order to respond to diversified business models and expansion of business areas.
- Aim to be an organization where each business division takes initiative in its management in sales, hiring, and personnel development.



## INTEGRATED REPORT 2021 was released



In 2020, the COVID-19 pandemic sharply increased social uncertainty, and workers became more concerned about employment stability. In this situation, UT Group has put together its management philosophy of supporting the employment stability and growth of dispatched workers since its foundation in a sustainability context, and articulated this as the Basic Policy on Sustainability in April 2021.

Based on this, this Integrated Report incorporates sustainability aspects in the conventional annual report. It also integrates financial and non-financial information, and seeks to make it easier for shareholders, investors, and other stakeholders to understand our efforts to improve corporate value in the medium to long term.

Please download the Integrated Report from here:

[https://ssl4.eir-parts.net/doc/2146/ir\\_material4/169809/00.pdf](https://ssl4.eir-parts.net/doc/2146/ir_material4/169809/00.pdf)

# Corporate Outline

Corporate Outline

As of Oct. 1, 2021

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 Oct. 1, 2021

Manufacturing Business	Engineering Business	Solution Business	Other Business
<div>UT Aim</div> <div>Manufacturing personnel services</div> <div>UT Community</div> <div>General personnel dispatch and outsourcing</div> <div>Support System</div> <div>General personnel dispatch and outsourcing</div> <div>Seekel Holdings</div> <div>General personnel dispatch and outsourcing</div> <div>Green Speed Joint Stock Company</div> <div>General personnel dispatch and outsourcing in Vietnam</div> <div>Progress Group Co., Ltd.</div> <div>General personnel dispatch and outsourcing</div> <div>SURI-EMU Corporation</div> <div>General personnel dispatch and outsourcing</div>	<div>UT Aim</div> <div>Manufacturing personnel services</div> <div>UT Technology</div> <div>IT engineer outsourcing</div> <div>UT Construction</div> <div>Construction engineer outsourcing</div>	<div>UT Pabec</div> <div>Battery manufacturing outsourcing</div> <div>UTHP</div> <div>Manufacturing personnel dispatch and outsourcing</div> <div>FUJITSU UT</div> <div>General personnel dispatch and outsourcing</div> <div>UT Toshiba</div> <div>General personnel dispatch and outsourcing</div> <div>UT System Products</div> <div>Sales of information system equipment</div> <div>UT MESC Co., Ltd (Former Mito Engineering Service)</div> <div>Elevator/escalator manufacturing outsourced work and dispatch of design engineers</div> <div>UT FSAS Creative Inc.</div> <div>Office work and IT personnel dispatch and outsourcing of operations system management and help desks</div>	<div>UT Life Support</div> <div>Internal benefit program management</div> <div>UT Heartful</div> <div>Special subsidiary company</div>

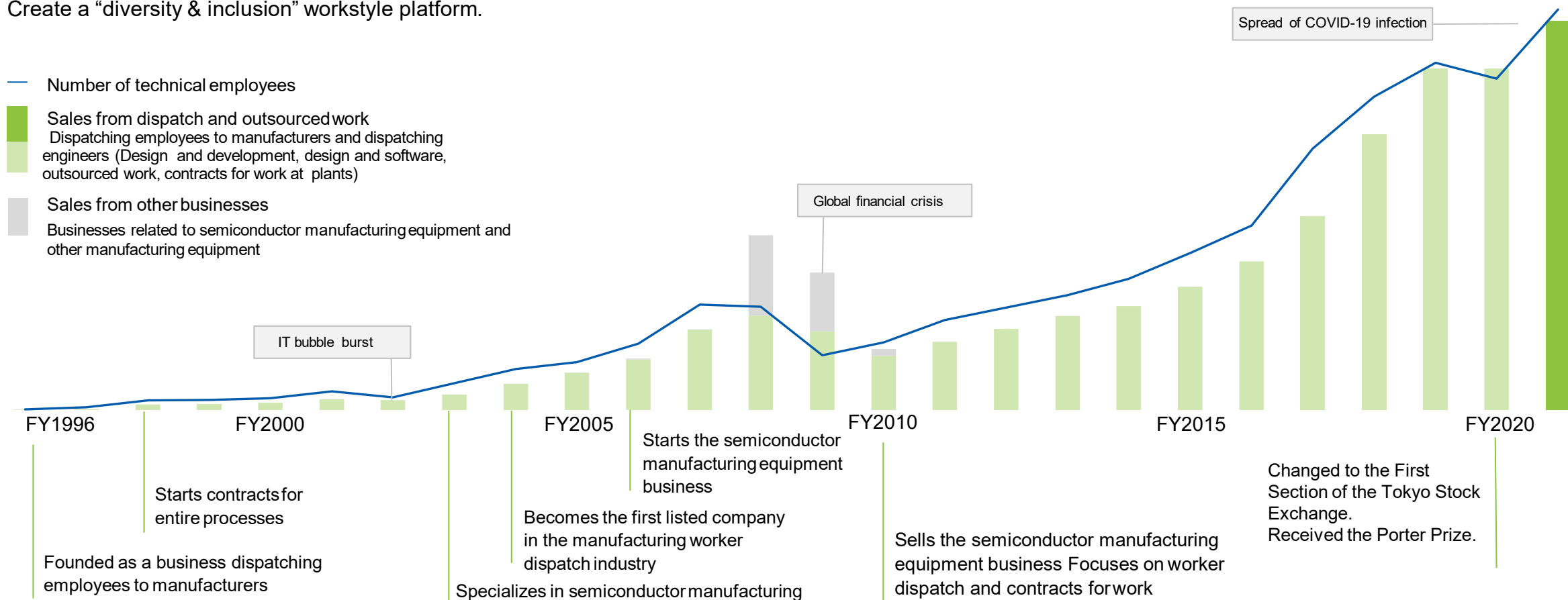


# Facilitating the healthy birth of the next workstyle platform

## 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.

FY3/2021  
Domestic Technical employees  
**23,736**  
Consolidated sales  
**¥115.1bn**



## Business Segment

### Manufacturing Business

Staffing service in production processes

¥69.2 billion

60.1%

### Solution Business

Structural reform support and BPO services

¥29.7 billion

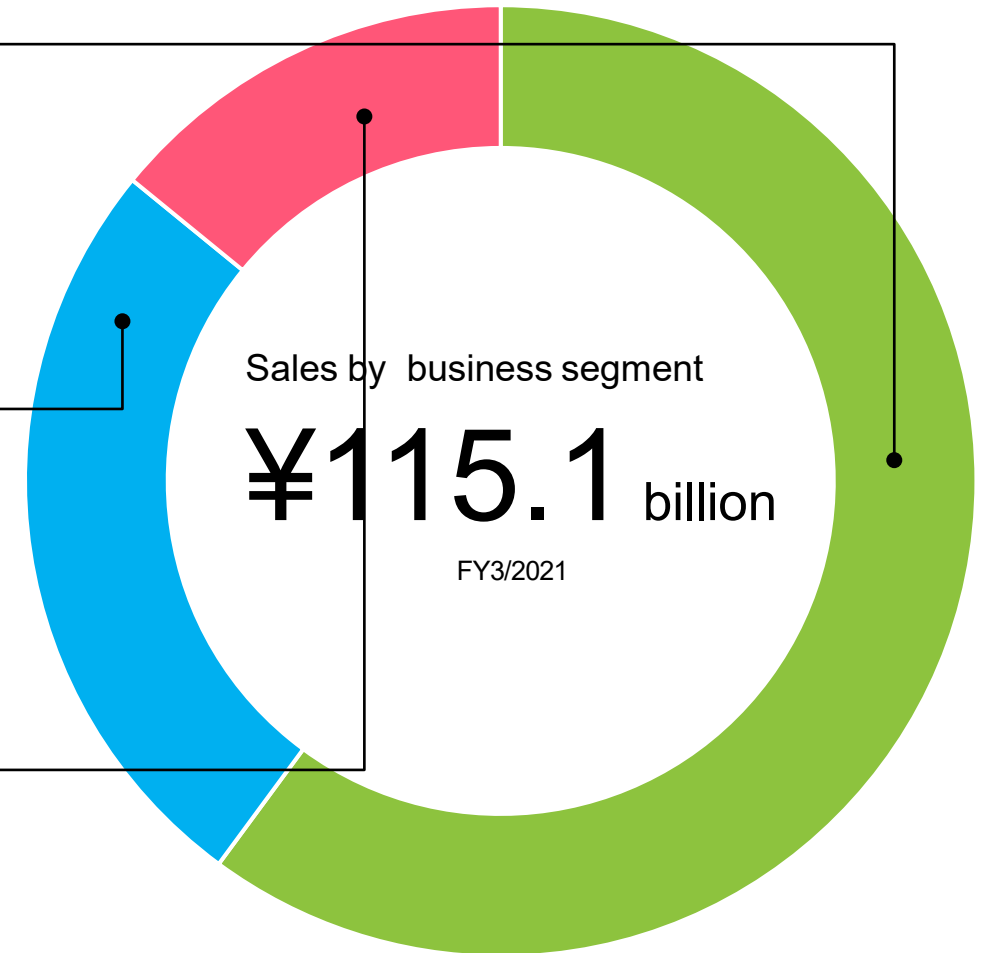
25.8%

### Engineering Business

Dispatching of design, development and IT engineers

¥16.2 billion

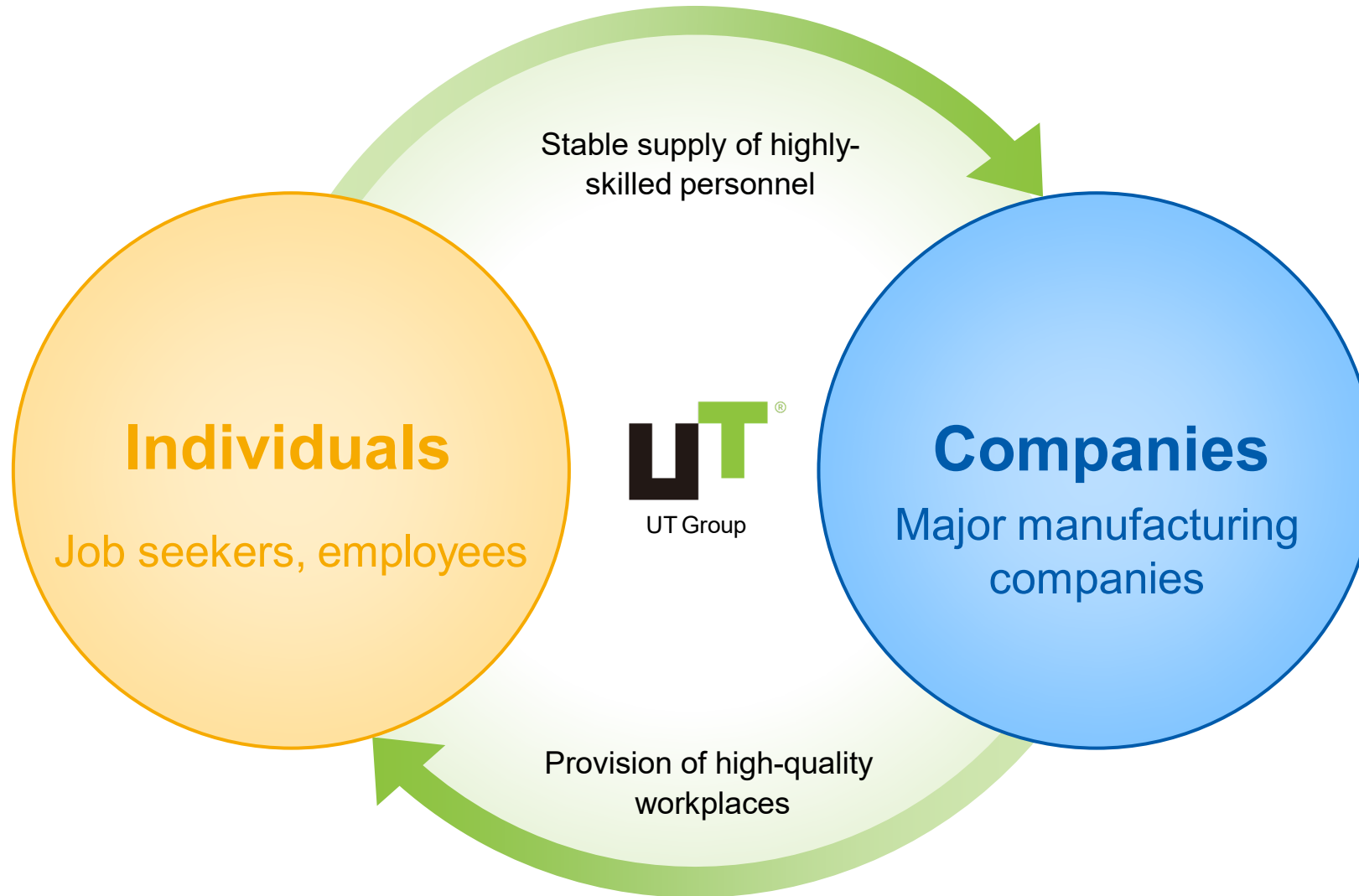
14.1%



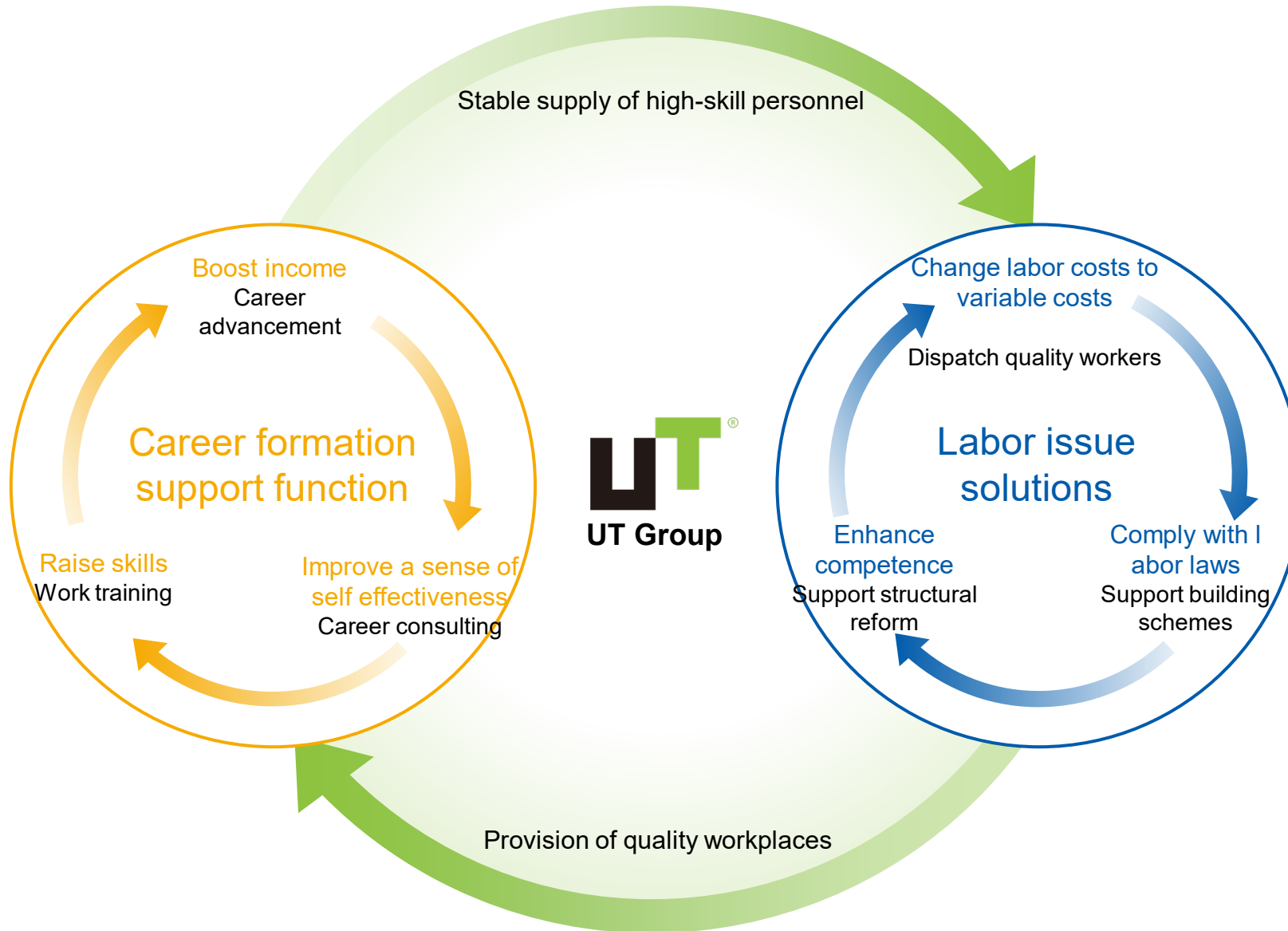
# UT Group's Mission and Vision



## 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

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

## Total return ratio

(Thousand yen)

	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021
Net profit	2,033,027	3,534,596	4,968,446	4,562,294	4,299,825
Dividends paid	-	-	2,499,281	-	2,663,952
Amount of share buyback	609,862	1,060,818	-	-	-
Total return ratio	30.0%	30.0%	50.3%	0.0%	62.0%

\* 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.

\* Shareholder return for March 2020 has been postponed in consideration of the impact of the spread of the new coronavirus.

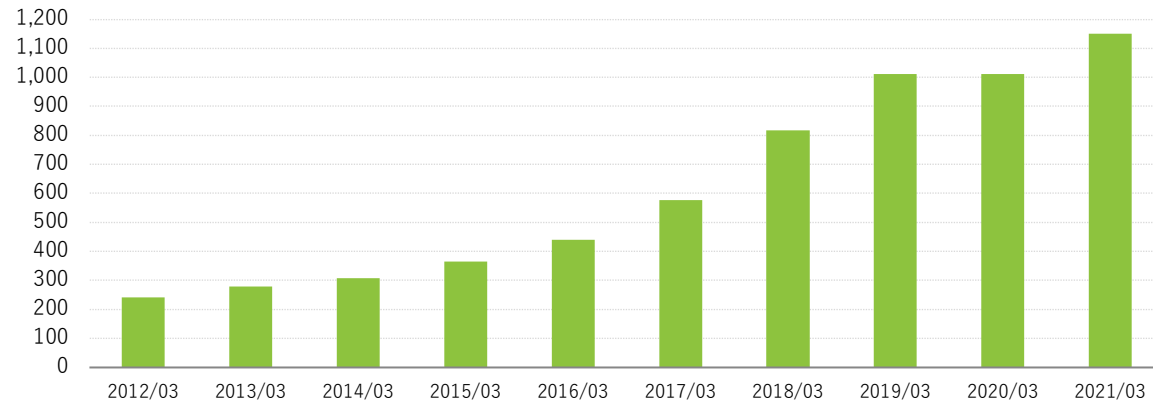
For the fiscal year ending March 31, 2021, we will pay a dividend of 32 yen per share, which is 30% of net income.

In addition, the company will pay a special dividend of 34 yen per share, equivalent to 30% of net income for the fiscal year ending March 2020, for a total dividend return of 66 yen per share.

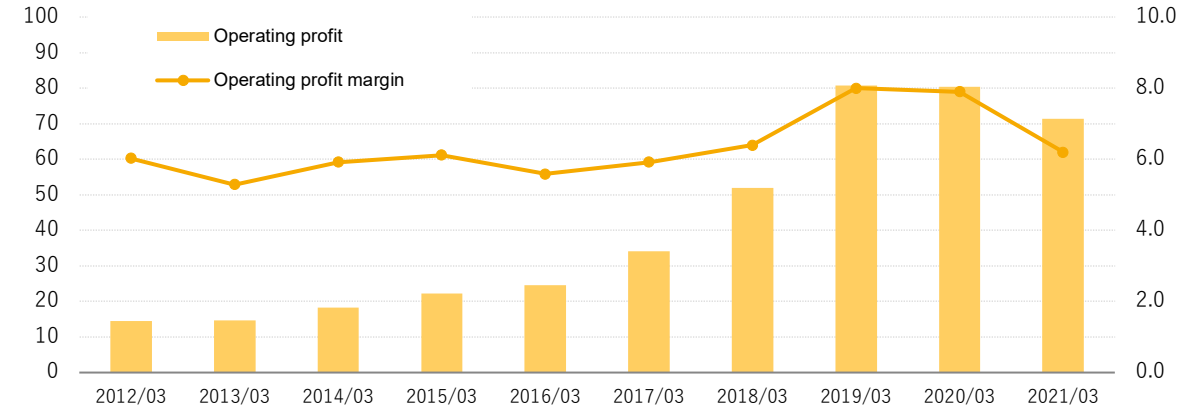
# Trends of Business Results

**Net sales**

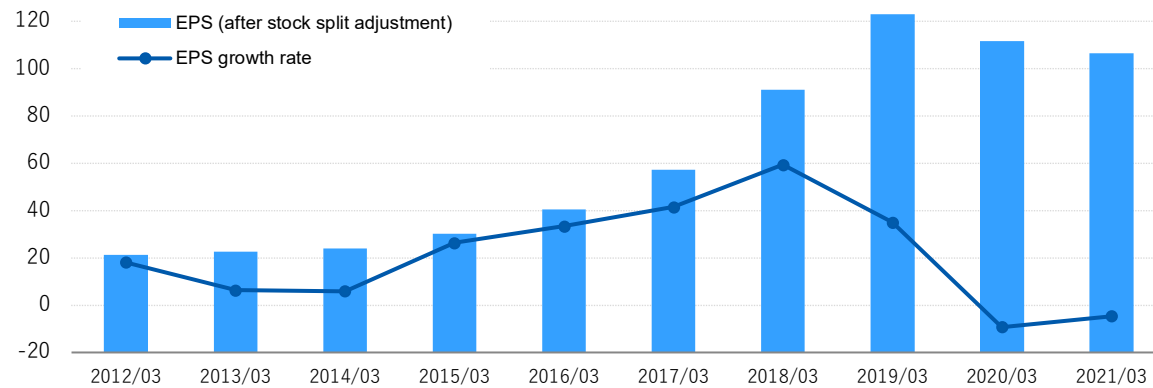
(100 million yen)


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

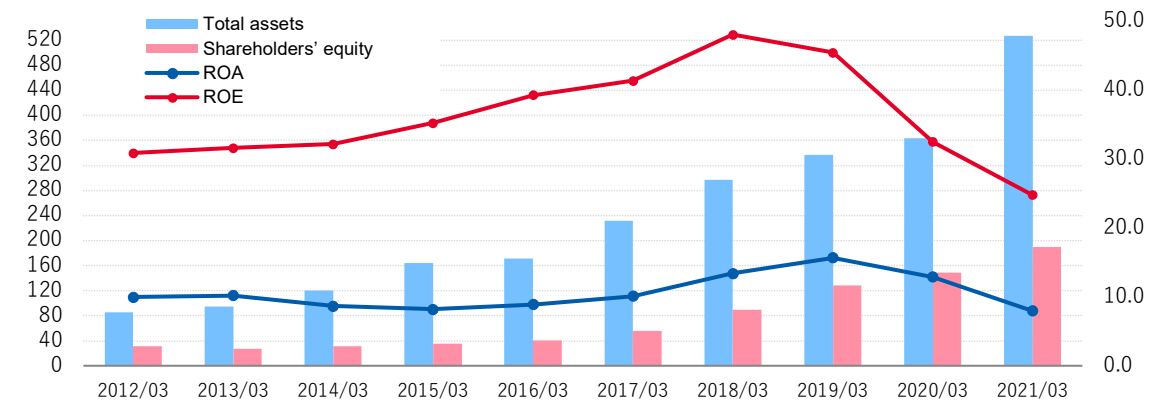
(100 million yen, %)


**EPS and EPS growth rate**

(Yen, %)


**Total assets and Shareholders' equity (LH) ROA and ROE (RH)**

(100 million yen, %)

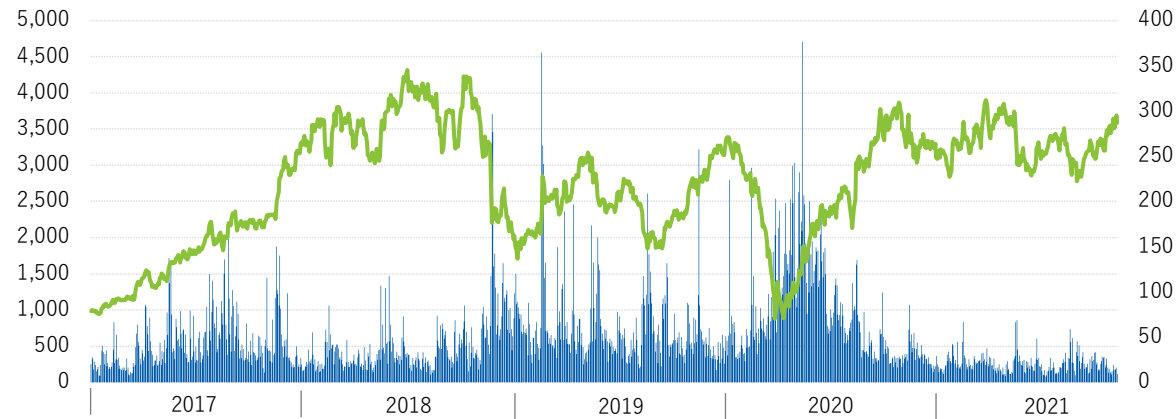


ROA = [Net profit attributable to owners of the parent] / [Total assets] (fiscal year average)  
 ROE = [Net profit attributable to owners of the parent] / [Shareholders' equity] (fiscal year average)

# Trends of Stock Price

Stock price (LH) and trading volume (RH)

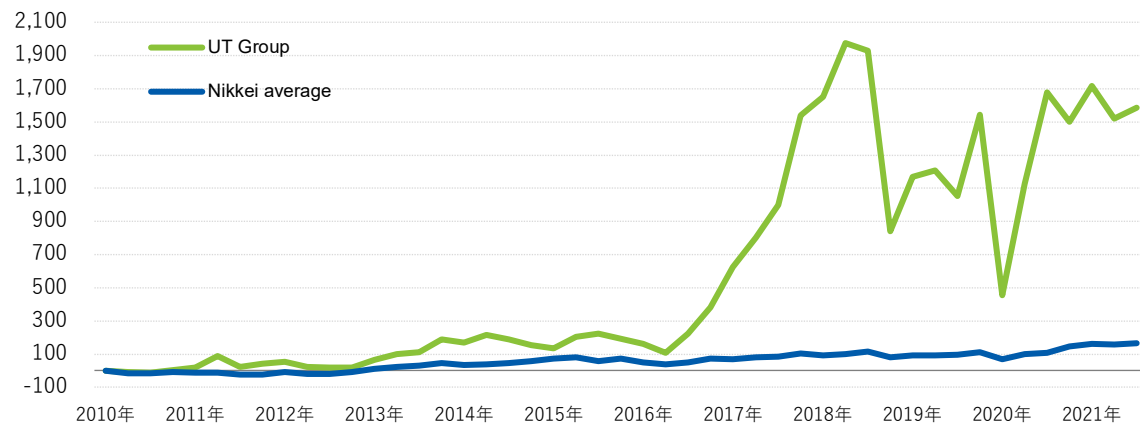
(Yen / 10,000 shares)



Changes in stock price

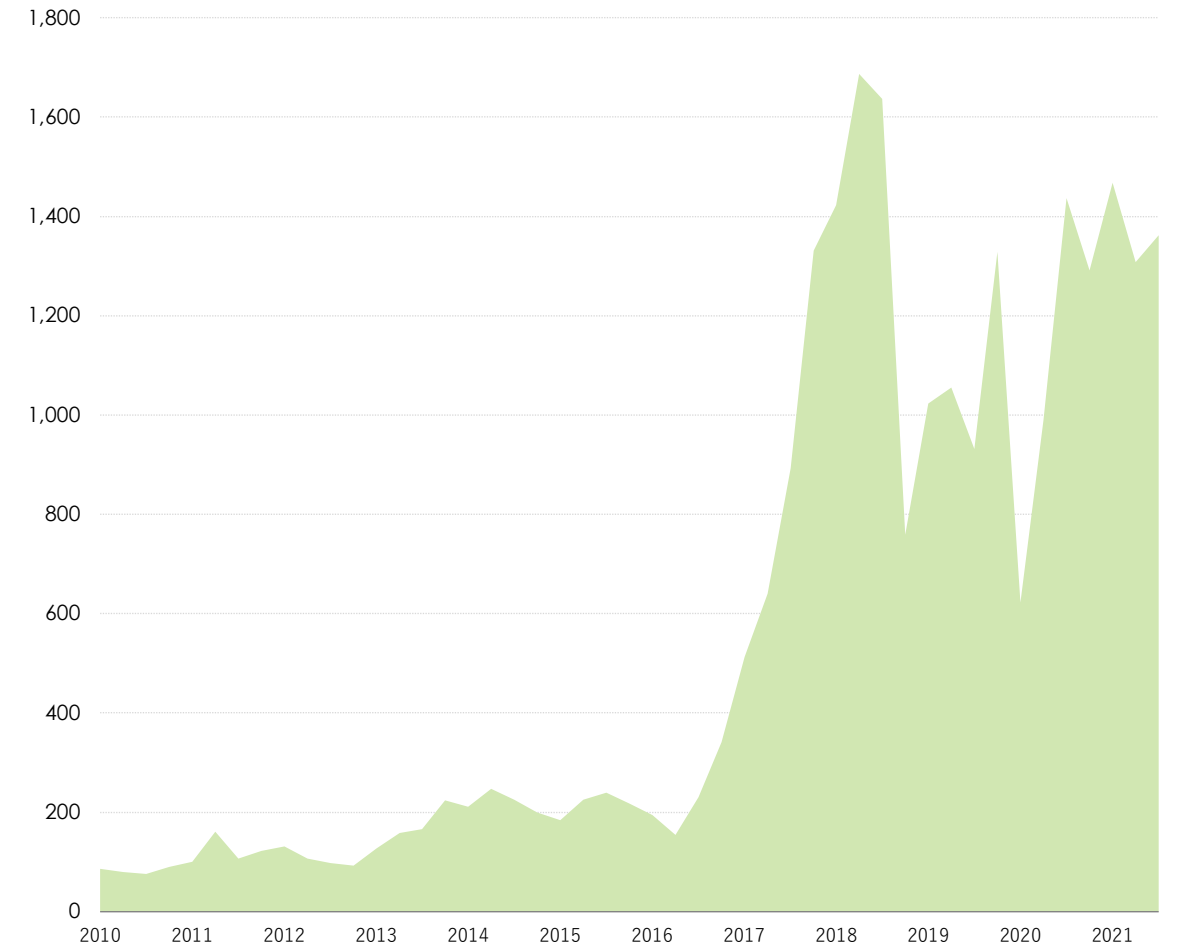
(compared with the level on March 31, 2010)

[%]



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.

## [Inquiries]

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