

Fiscal Year Ending March 31, 2022

Financial Results

May 13, 2022

UT Group Co., Ltd.

Securities Code: 2146(TSE Prime Market)

FY3/2022 Financial Results

FY3/2022 Financial Results

1. Highlights
2. Progress of the 4th Medium-Term Business Plan
3. FY3/2023 Earnings Forecasts
4. Revision of Earnings Targets in the 4th Medium-term Business Plan

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2. Information on Business Segments
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FY3/2022 Financial Results

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Aim to achieve ¥15 billion EBITDA at the turning point

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Updated the Earnings Targets for FY3/2023 - FY3/2025

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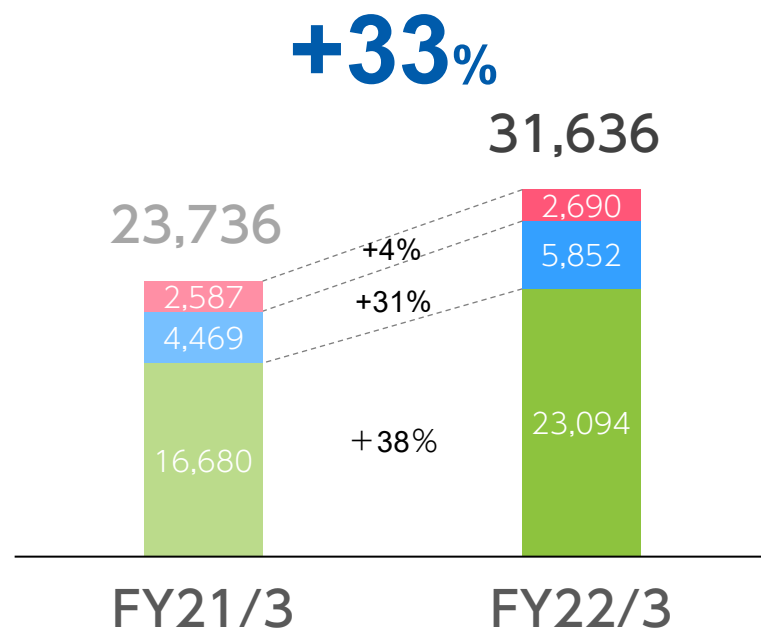
Updated the Earnings Targets for FY3/2023 - FY3/2025

1. Highlights

Achieved record-high No. of tech employees and net sales

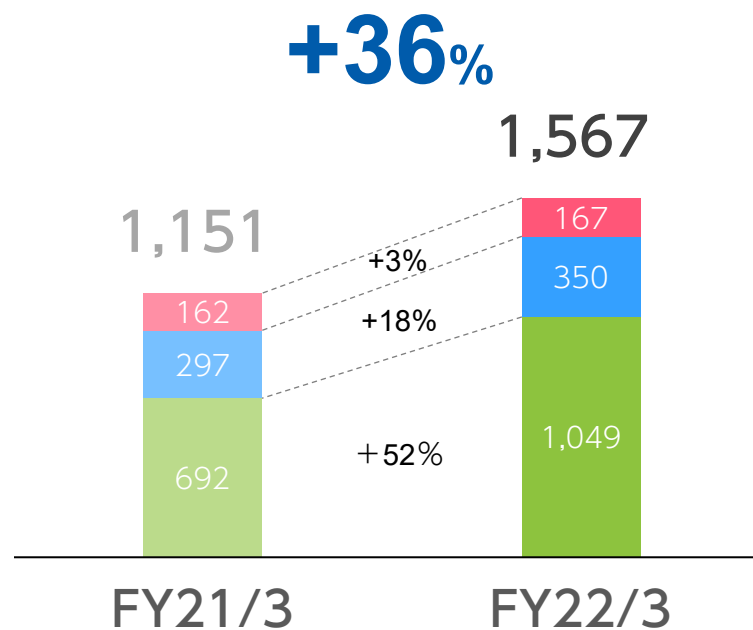
- ✓ Hired over 1,400 mid-career employees per month on average
- ✓ Expanded the Area Platforms through M&As of mid-sized dispatching companies
- ✓ Received new projects of Solution Business

No. of tech employees (Domestic)



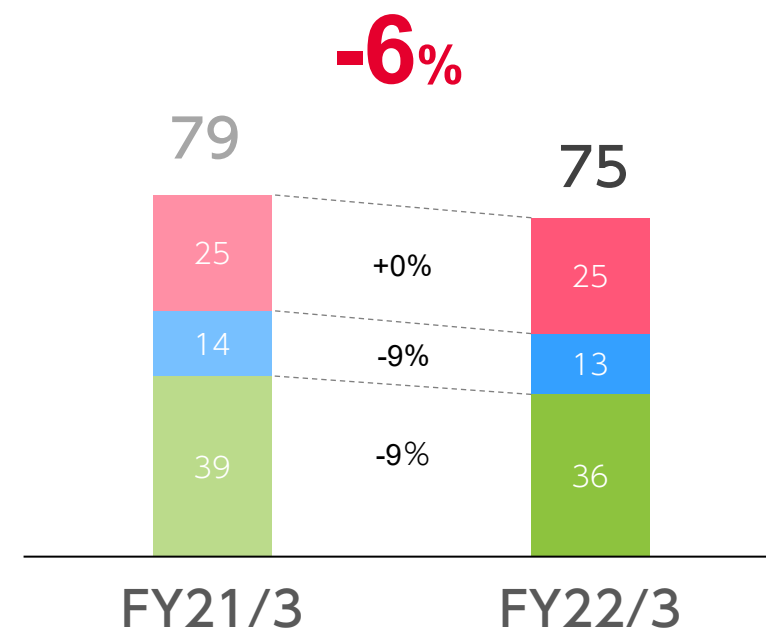
Net Sales

[100 Million yen]



EBITDA

[100 Million yen]

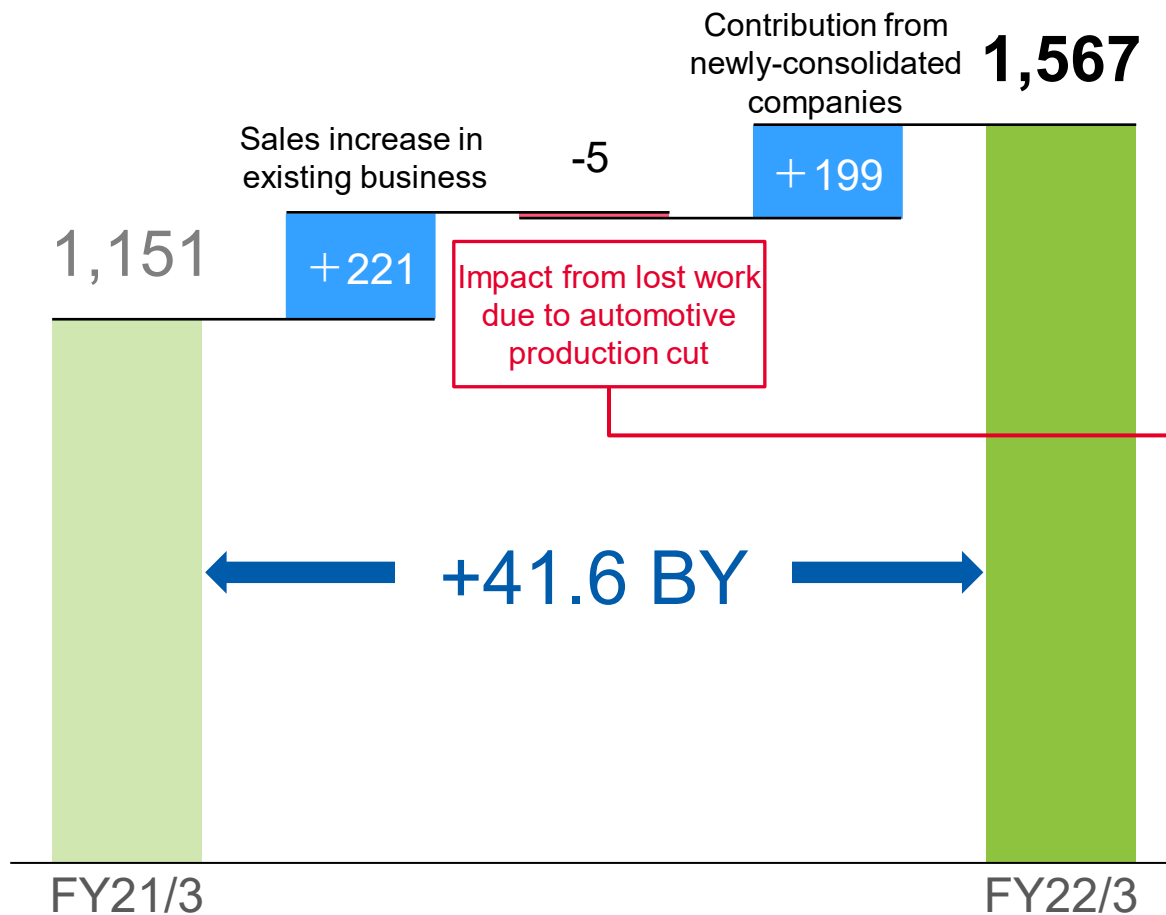


1. Highlights

Sharply increased sales due to aggressive share expansion

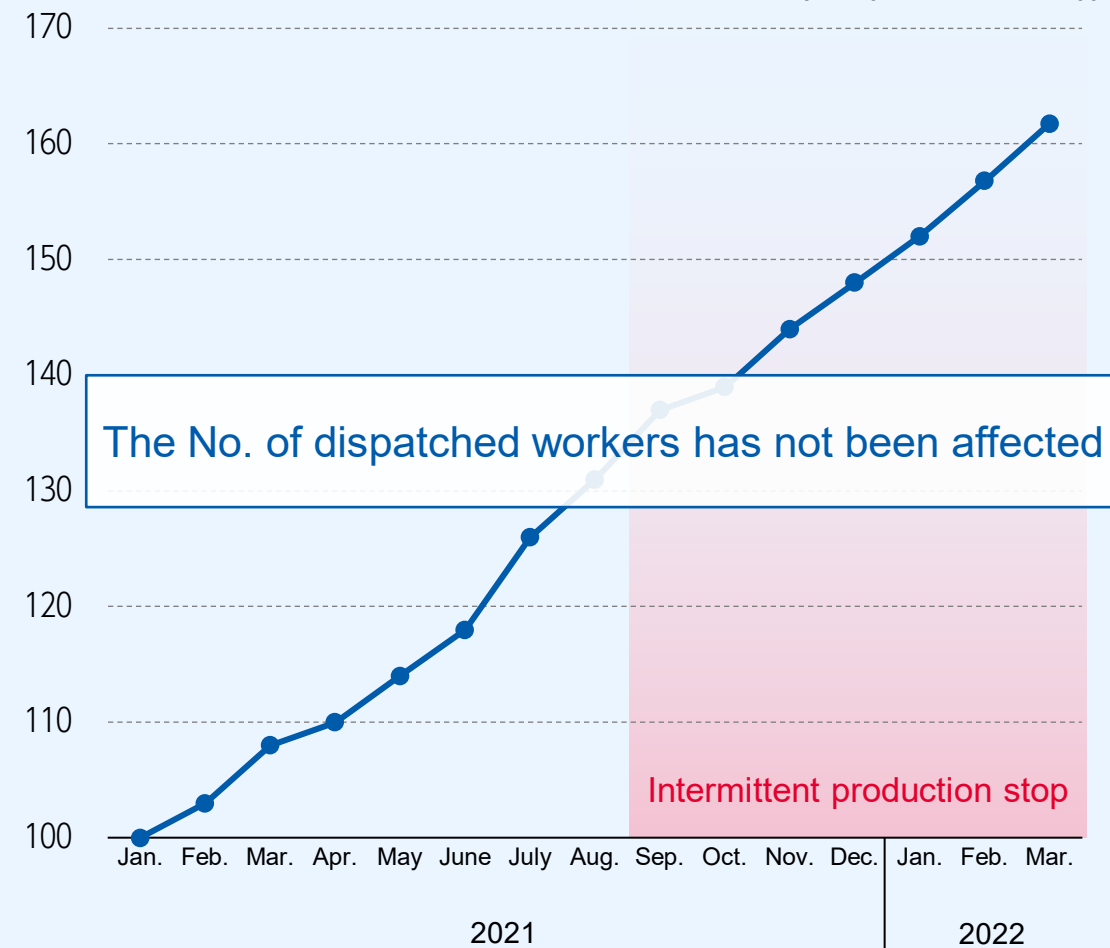
Net Sales

[100 million yen]



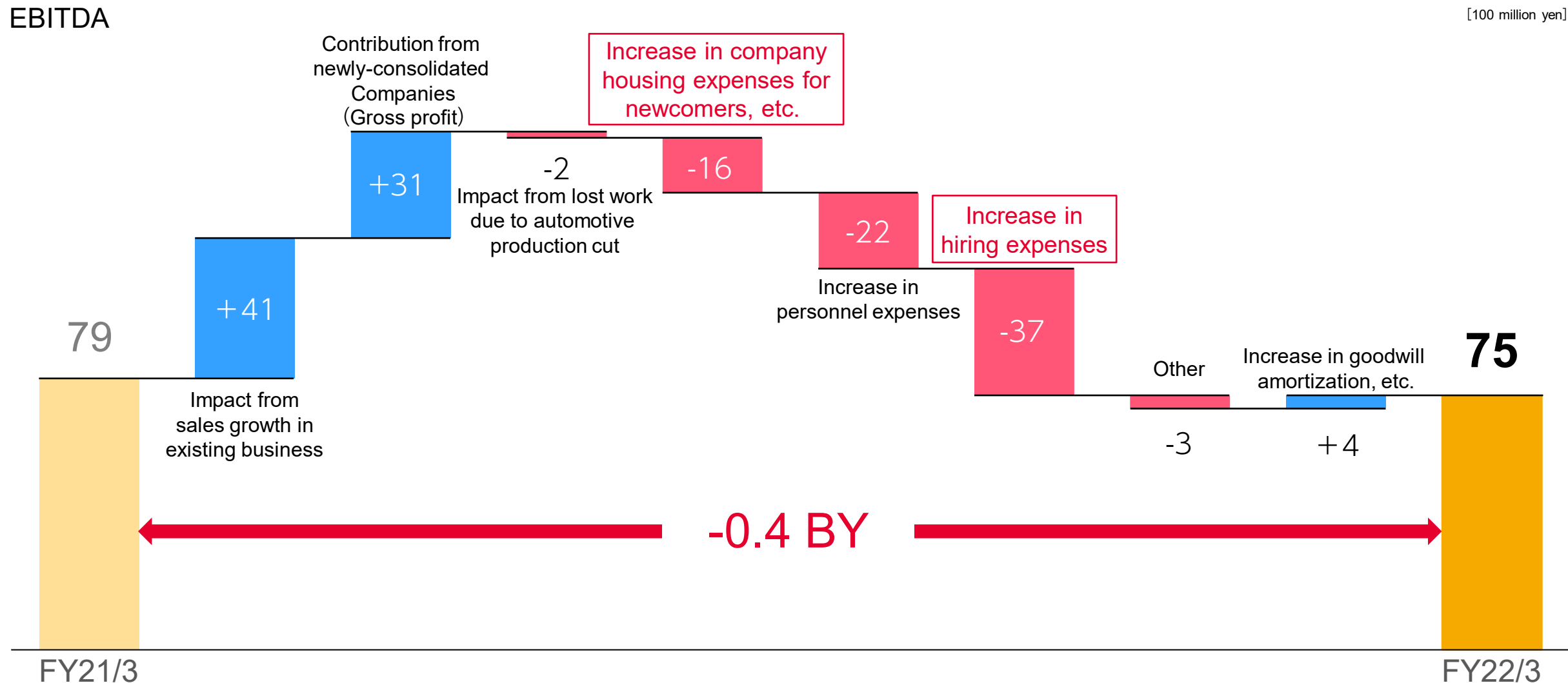
Dispatched workers in the automotive-related sector

* Jan. 2021 is indexed as 100.



1. Highlights

Decreased profit due to an expense increase for acceleration of sales growth



Summary of Statement of Income

[100 million yen]

	FY3/2021		FY3/2022		Y-o-Y change	
	Results	% to net sales	Results	% to net sales	Amount	% to net sales
Net sales	1,151	100.0%	1,567	100.0%	+416	+36.2%
Gross profit	216	18.8%	277	17.7%	+61	+28.6%
SG&A expenses	144	12.5%	215	13.7%	+71	+49.0%
Operating profit	71	6.2%	62	4.0%	-9	-12.6%
EBITDA	79	6.9%	75	4.8%	-4	-6.1%
Ordinary profit	71	6.2%	59	3.8%	-12	-17.2%
Net profit attributable to UT Group	42	3.7%	31	2.0%	-11	-27.0%
No. of Tech employees (Domestic)	23,736	—	31,636	—	+7,900	+33.3%
No. of Tech employees (Overseas)	13,276	—	13,750	—	+474	+3.6%

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.
- Cost of reorganization related to the integration of some operating companies was recorded in April 2022.

Income taxes

- Income taxes were deducted due to the requirements for tax applications concerning the active recruitment of new graduates mid-career personnel were met.

1. Highlights

1. Highlights

	March 31, 2021		March 31, 2022		Change from the end of the previous FY	
	Results	% to net sales	Results	% to net sales	Amount	%
Current assets	439	83.5%	497	77.6%	+57	+13.1%
Cash and deposits	252	48.0%	258	40.3%	+5	+2.2%
Notes and accounts receivable – trade	167	31.8%	214	33.5%	+46	+27.9%
Non-current assets	86	16.5%	143	22.4%	+56	+65.3%
Property, plant and equipment	4	0.9%	14	2.2%	+9	+204.1%
Intangible assets	55	10.5%	95	14.9%	+39	+71.6%
Goodwill	40	7.6%	57	9.0%	+17	+43.1%
Investments and other assets	26	5.1%	34	5.4%	+7	+28.2%
Total assets	526	100.0%	641	100.0%	+114	+21.7%
Current liabilities	225	42.8%	254	39.8%	+29	+12.9%
Short-term borrowings and Current portion of long-term borrowings	25	4.8%	38	6.1%	+13	+54.1%
Current liabilities	99	18.8%	174	27.2%	+75	+75.8%
Long-term borrowings	91	17.4%	159	25.0%	+68	+74.5%
Net assets	201	38.4%	212	33.1%	+10	+5.1%
Shareholders' equity	191	36.3%	195	30.6%	+4	+2.5%
Total liabilities and net assets	526	100.0%	641	100.0%	+114	+21.7%
Gross debt/equity ratio	0.6	—	1.0	—	—	—

[100 million yen]

Current assets

- cash and deposits, and accounts receivable – trade increased.

Non-current assets

- Goodwill, other intangible fixed assets due to the acquisitions.
- Software in progress increased through an investment to system construction.
- Deferred tax assets, and investment securities increased.

Current liabilities

- Notes and accounts payable – trade decreased
- Accrued expenses, current portion of long-term borrowings, and accrued consumption taxes increased.

Non-current liabilities

- Long-term borrowings increased.

Net assets

- Recognition of profit attributable to owners of parent and an increase in non-controlling interests.
- Decrease due to dividend payments from surplus.

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Updated the Earnings Targets for FY3/2023 - FY3/2025

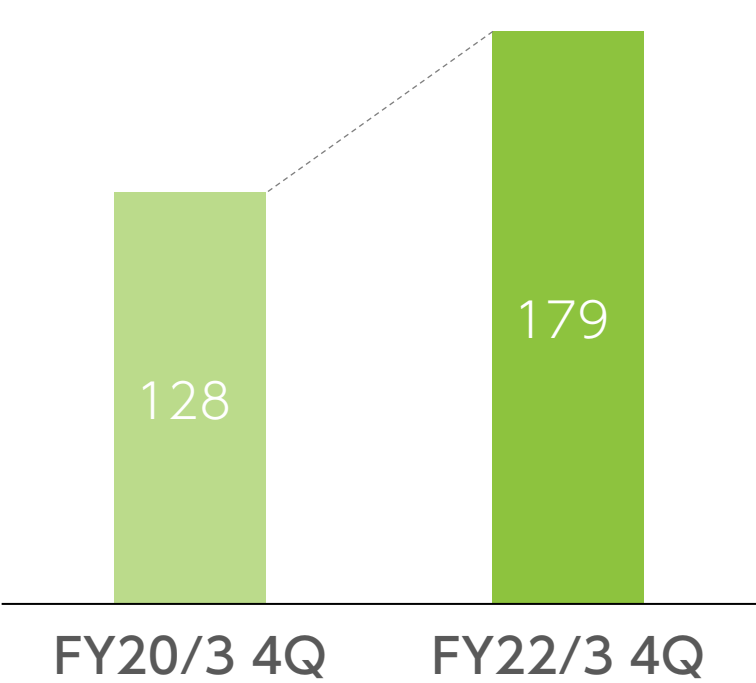
Three growth strategies are driving sales growth

One-stop strategy for major manufacturers [100 million yen]

Net sales in the semiconductor and electronic component-related sector, and Automobile-related sector of Manufacturing Business

Quarterly net sales

1.4x

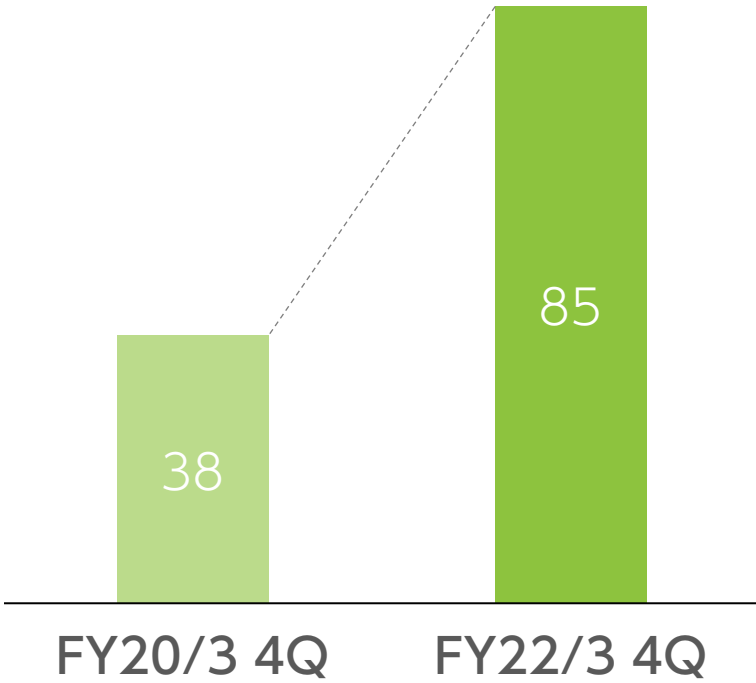


Area platform strategy [100 million yen]

Net sales in Housing-related sector and “Other” sector of Manufacturing Business

Quarterly net sales

2.2x

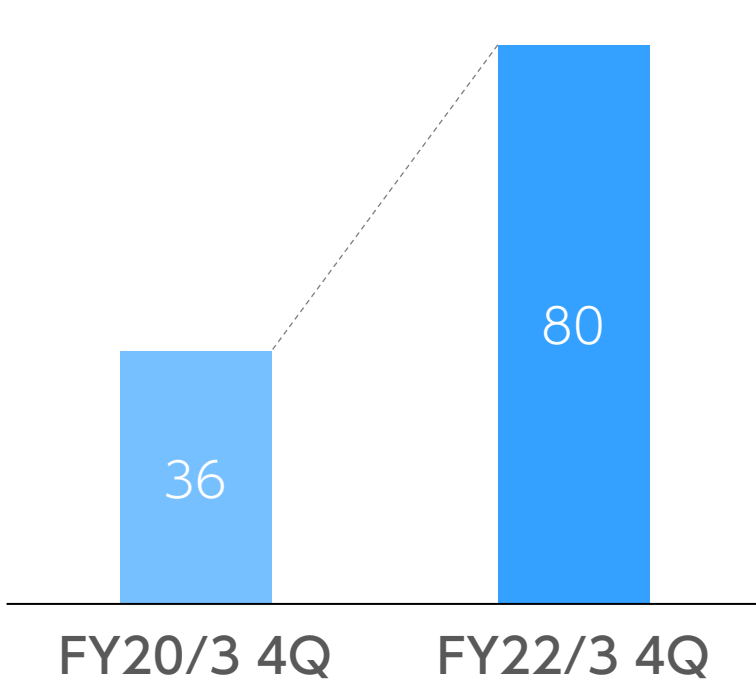


Solution strategy [100 million yen]

Net sales of Solution Business (personnel business only)

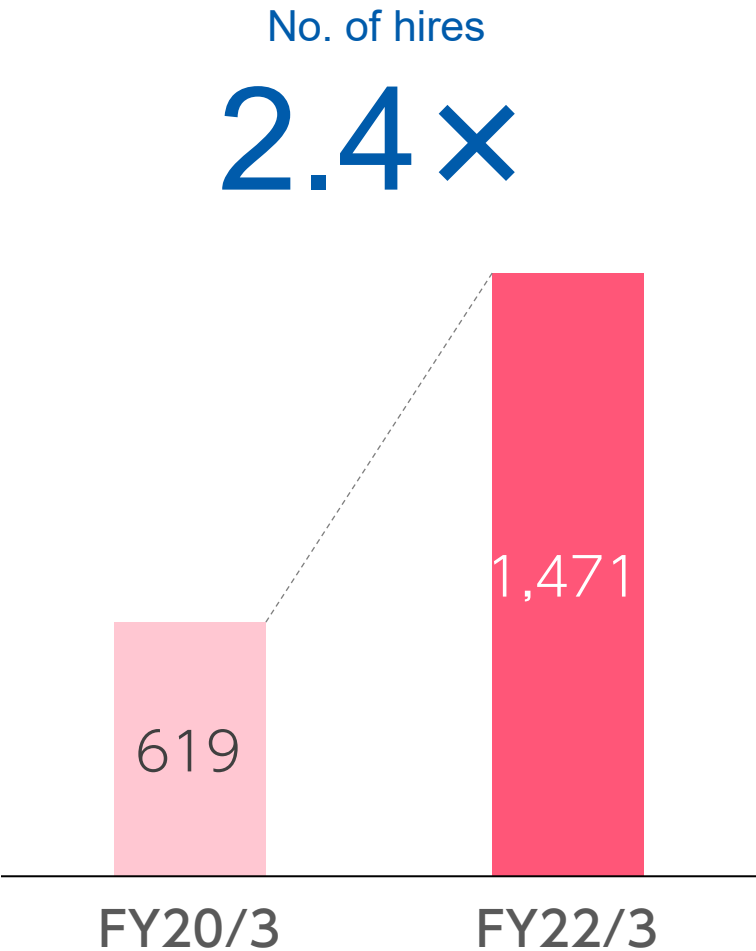
Quarterly net sales

2.2x

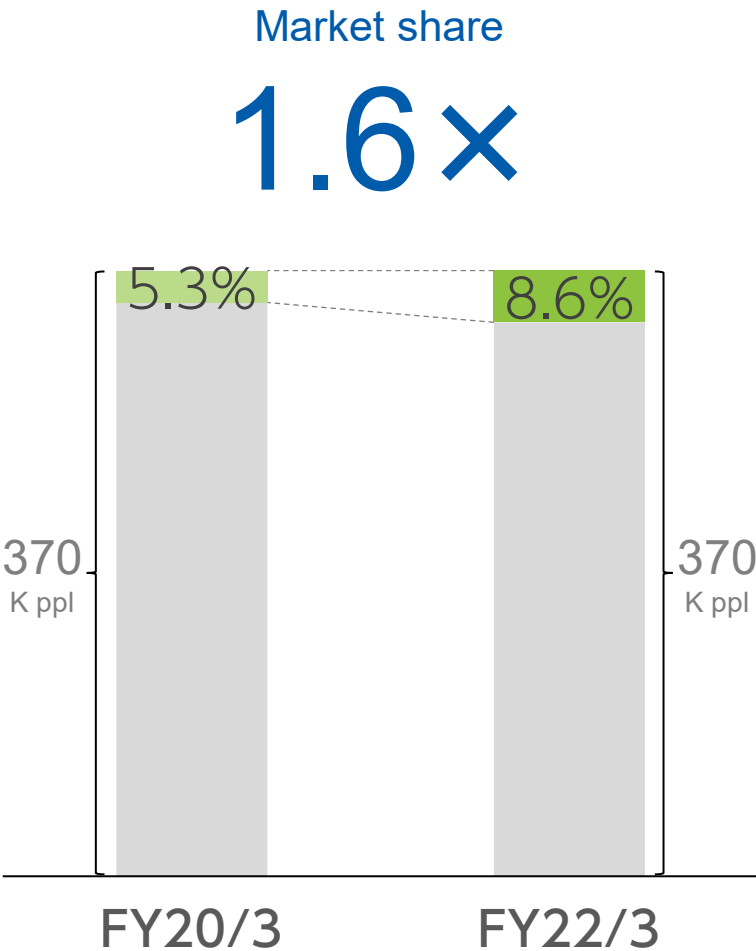


Strived to increase net sales and market share in the first 2 years

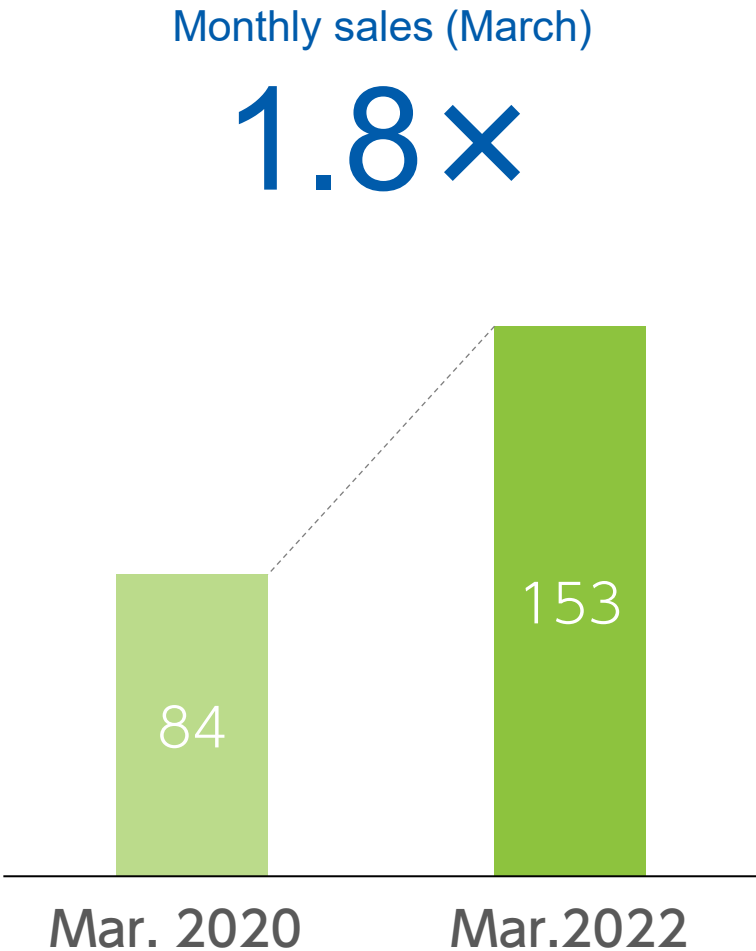
No. of monthly new hires (Domestic)
[Person]



Our market share in manufacturing dispatch industry



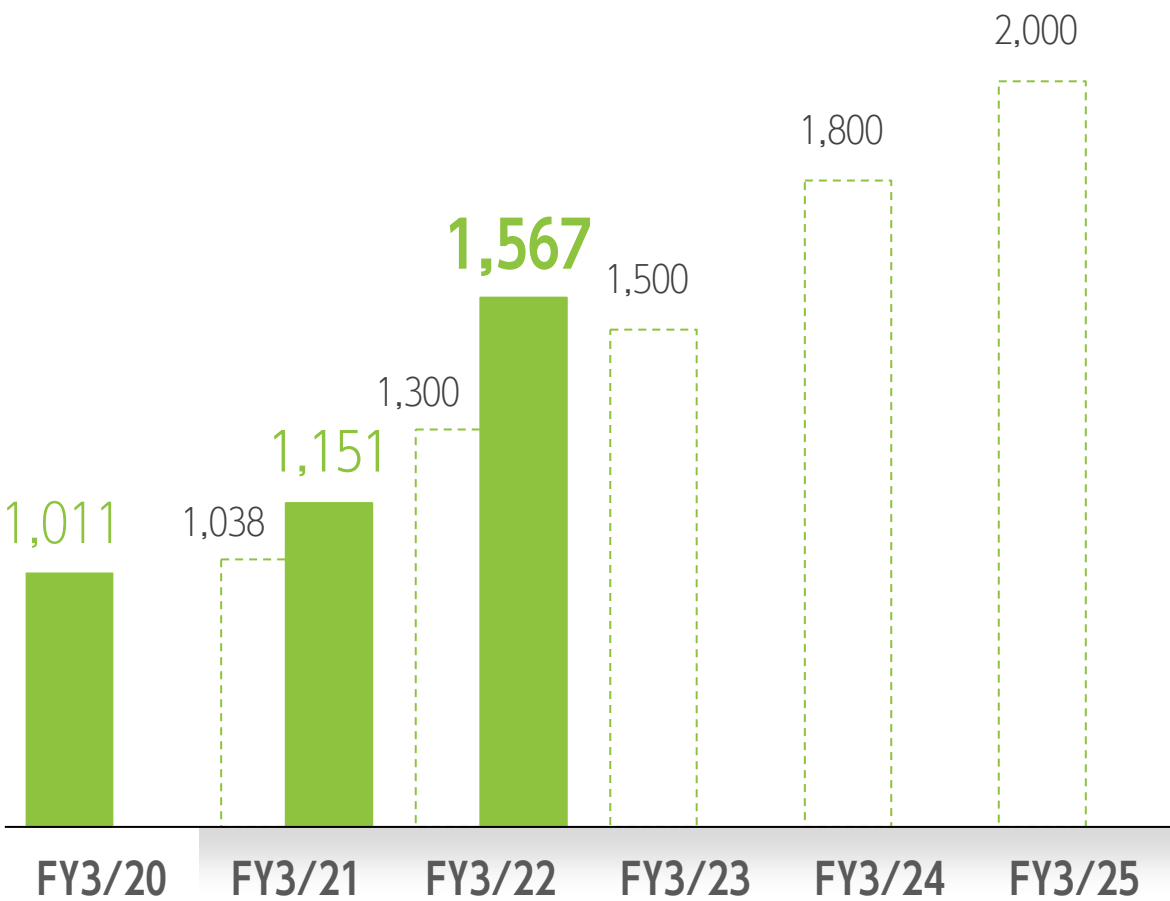
Monthly sales of March (personnel business only)
[100 million yen]



Strived to increase net sales and market share in the first 2 years

Net sales targets and results

■ results □ targets [100 million yen]

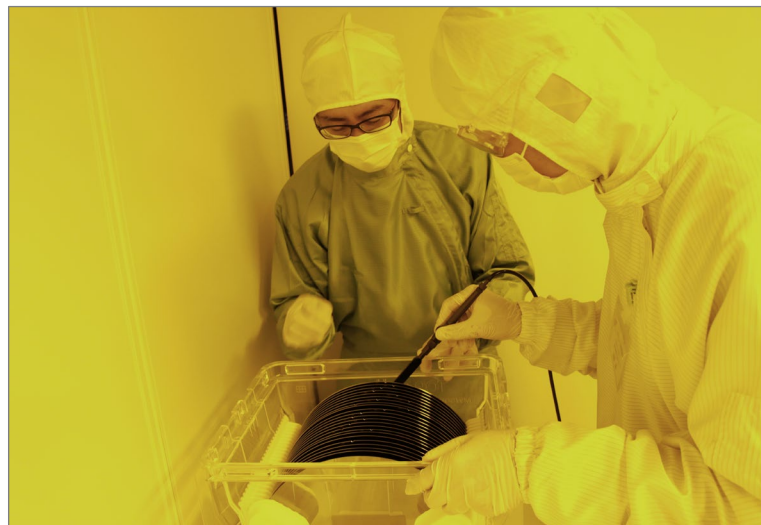


Realized the net sales target for FY3/2023 one year ahead of schedule in FY3/2022

The 4th Medium-Term Management Plan

3 measures for further growth

Enhanced development of
highly-skilled personnel
at the technology skill development
centers for SME engineers



Average salary of tech employees
20% increase*

* Compared to FY3/2021

Productivity improvement
by reorganization and standardization
of business infrastructure



SG&A expenses to sales
10% level

Enhanced hiring system
by integrating group-wide hiring
activities



Monthly hiring by UT Group
2,000 new hires

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Aim to achieve ¥15 billion EBITDA at the turning point

Assuming to meet the conditions for the exercise of the performance-linked acquisition rights, 5.5 billion yen will be recorded as stock-based compensation expenses, which is a one-off expense item, in the consolidated income statement of FY3/2023.

[100 million yen]

	FY3/2022		FY3/2023		Increase/ decrease	Change
	Results	% to net sales	Forecasts	% to net sales		
Net sales	1,567	100.0%	1,800	100.0%	+232	+14.8%
EBITDA ^{※1}	75	4.8%	150	8.3%	+74	+99.9%
Operating profit	62	4.8%	77	4.2%	+14	+23.1%
Ordinary profit	59	3.8%	75	4.1%	+15	+26.0%
Net profit attributable to UT Group	31	2.0%	32	1.8%	+0.5	+1.9%
EPS (yen)	77.81	—	79.28	—	+1.47	—

※EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

3. FY3/2023 Earnings Forecasts

Policy on shareholder returns in connection with the recording of stock-based compensation expenses

Shareholder return for the fiscal year when the stock-based compensation expenses are recorded will be equivalent to 30% of net income excluding stock compensation-based expenses.

[100 million yen]

	The 3 rd -Plan	The 4 th Medium-Term Management Plan					
	FY3/2020	FY3/2021	FY3/2022	FY3/2023		FY3/2024	FY3/2025
	Results	Results	Results	Forecasts	excluding stock compensation-based expenses	Plans	Plans
Net sales	1,011	1,151	1,567	1,800	-	2,200	2,700
EBITDA ^{※1}	86	79	75	150	-	190	250
Operating profit	80	71	62	77	132	170	225
Ordinary profit	81	71	59	75	130	168	223
Net profit attributable to UT Group	45	42	31	32	87	111	147
Total return to shareholders	0	26	9	26	←..... 26	33~	44~
Total return ratio	0%	62% ^{※2}	31%	81%	30%	30%~	30%~

※1 EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

※2 Dividends for FY3/2021 included the addition dividends for FY3/2020, when the dividends were not paid due to the COVID-19 pandemic.

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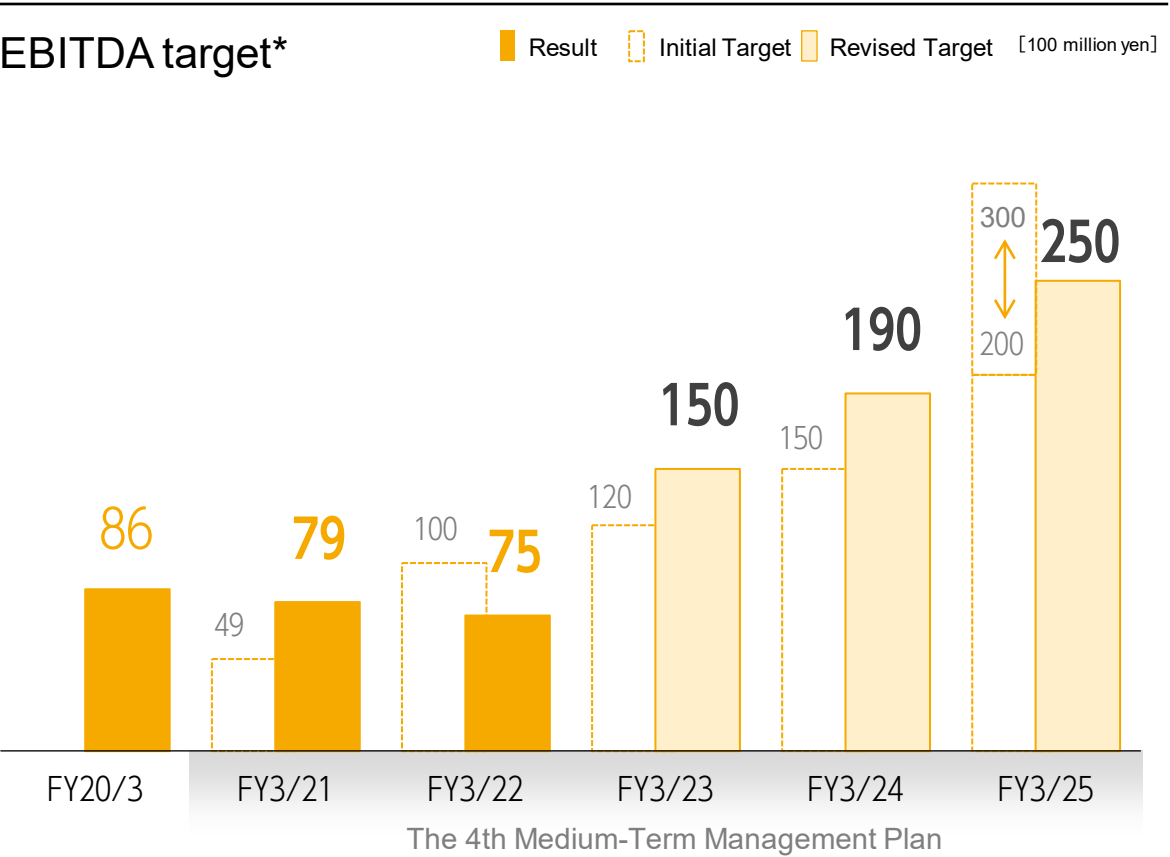
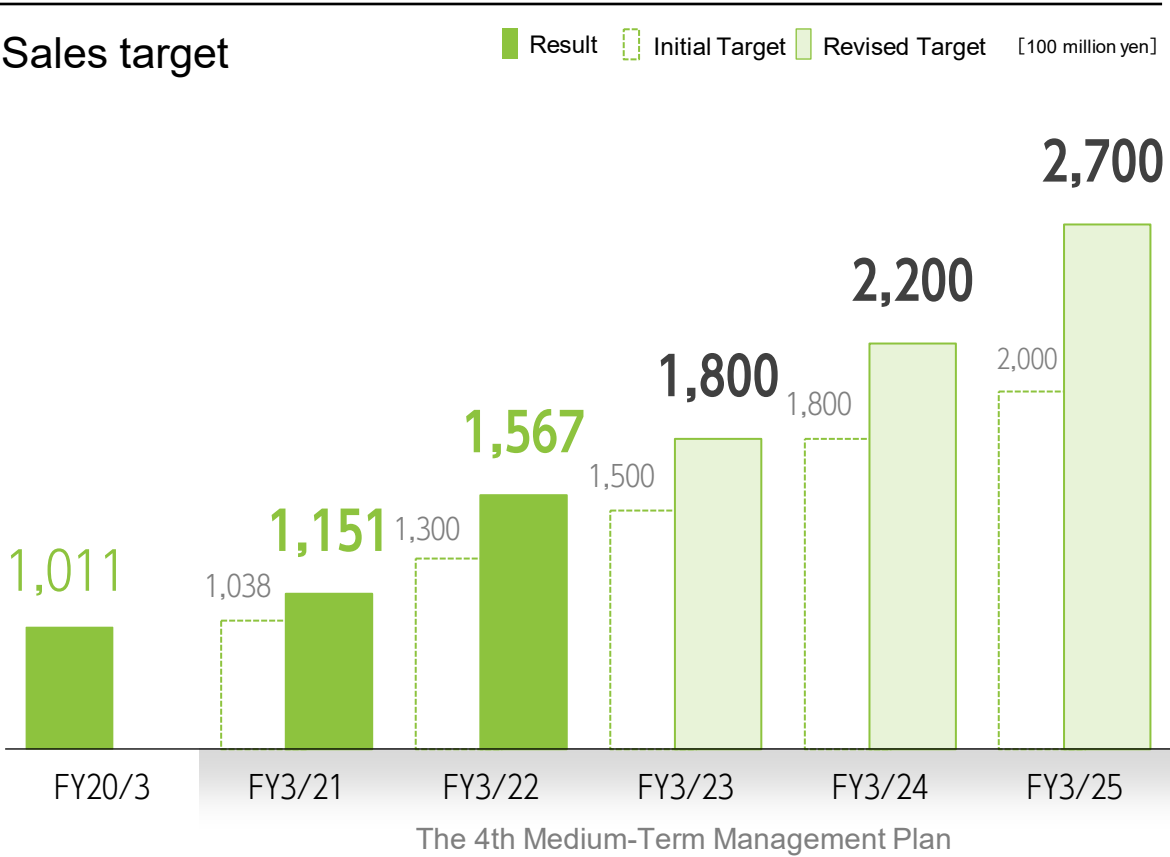
Aim to achieve ¥15 billion EBITDA at the turning point

4 . Revision of Earnings Targets in the 4th Medium-term Business Plan

Updated the Earnings Targets for FY3/2023 - FY3/2025

Updated numerical targets for FY3/2023 and beyond

Based on sales which have been increasing ahead of the plan, we plan to further increase sales and improve productivity so as to raise profitability



*EBITDA : Operating profit + Depreciation (Property, plant and equipment, and Intangible assets)
+ Amortization + Stock-based compensation expenses

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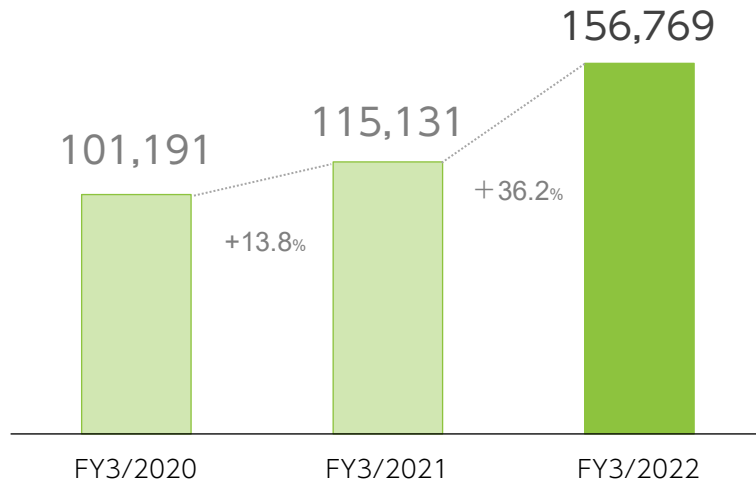
Highlights of Consolidated Results

Net sales increased by ¥41.6 billion y-o-y, due to prompt hiring in response to robust demand and the effect of acquisitions.

The number of tech employees increased by 7,900 y-o-y, on a net basis, exceeding the previous highest net increase.

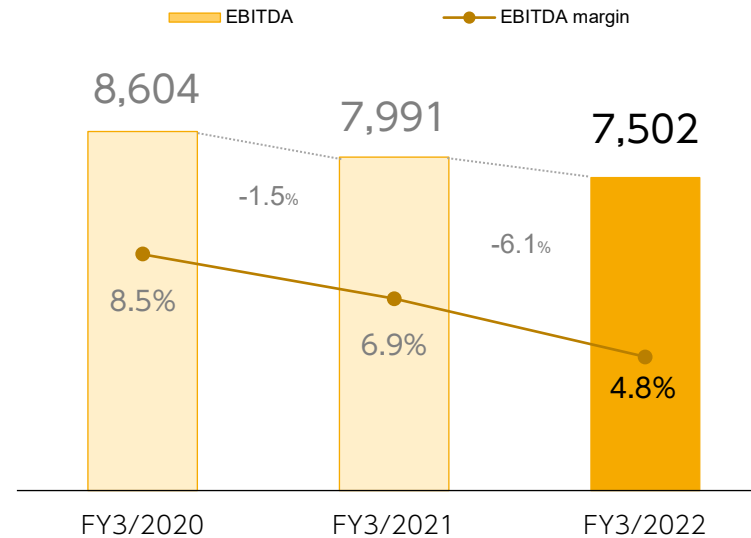
Net sales

(Million yen)



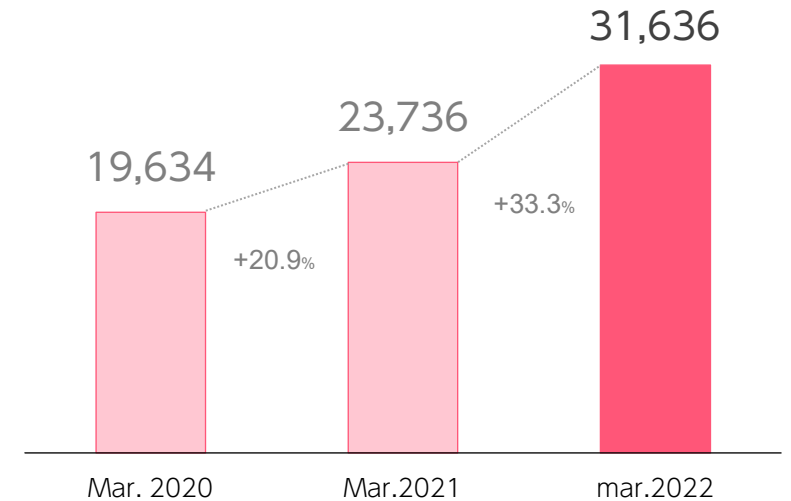
EBITDA and EBITDA margin

(Million yen)



Number of technical employees

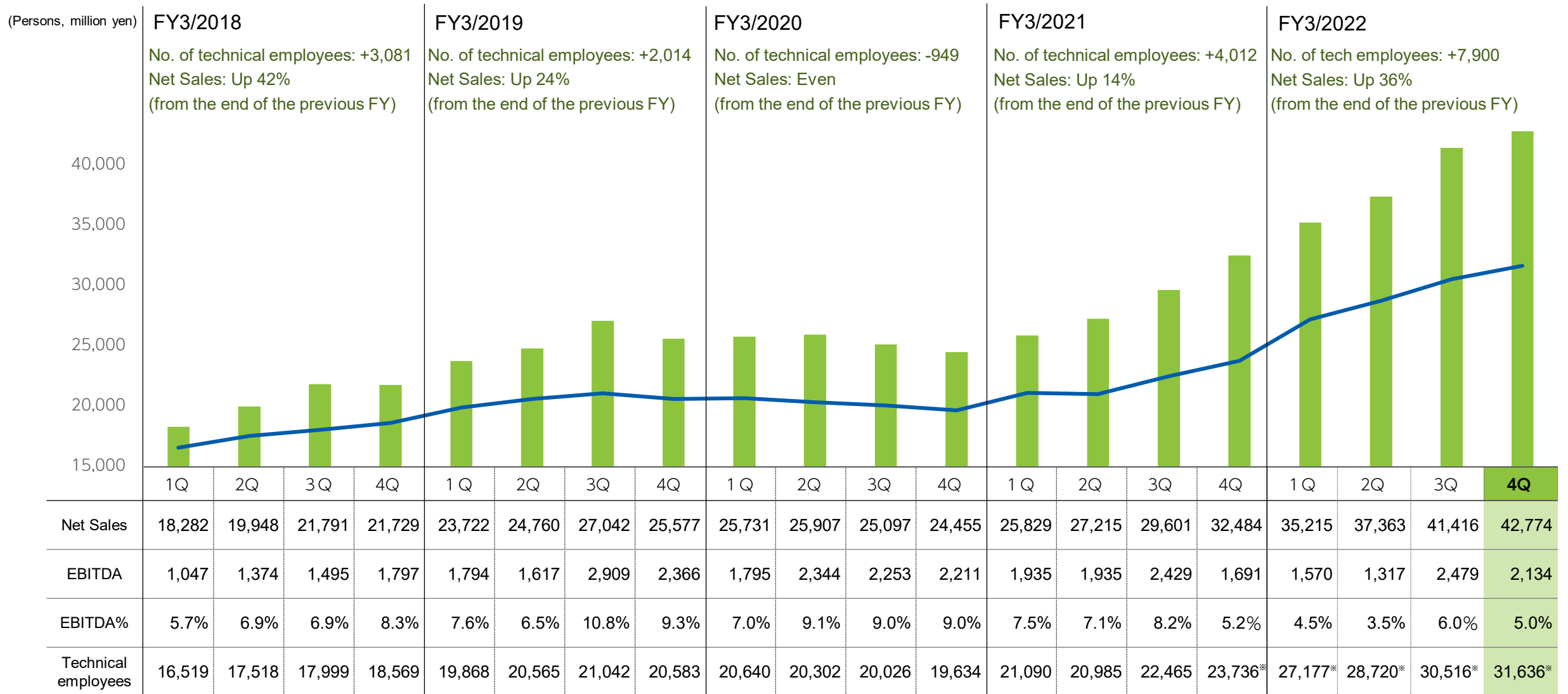
(Person)



※ Domestic operations only

1. Overview of FY3/2022 Financial Results

Quarterly Changes in Sales and Number of Technical Employees

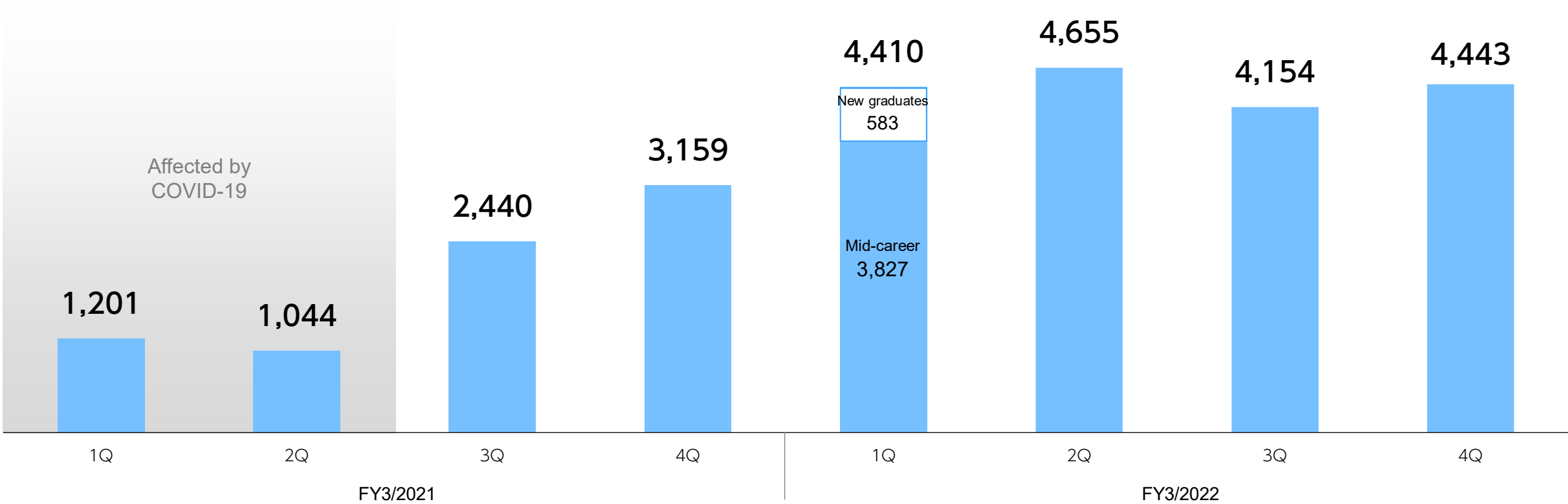


※Technical employees : Domestic business only

Responded to a surge in post-COVID personnel demand by securing the overwhelming number of new hires

- Monthly average: 1,471 new hires, FY3/2022: 17,662 new hires
- Strategically increased hiring expenses and improved the hiring process.

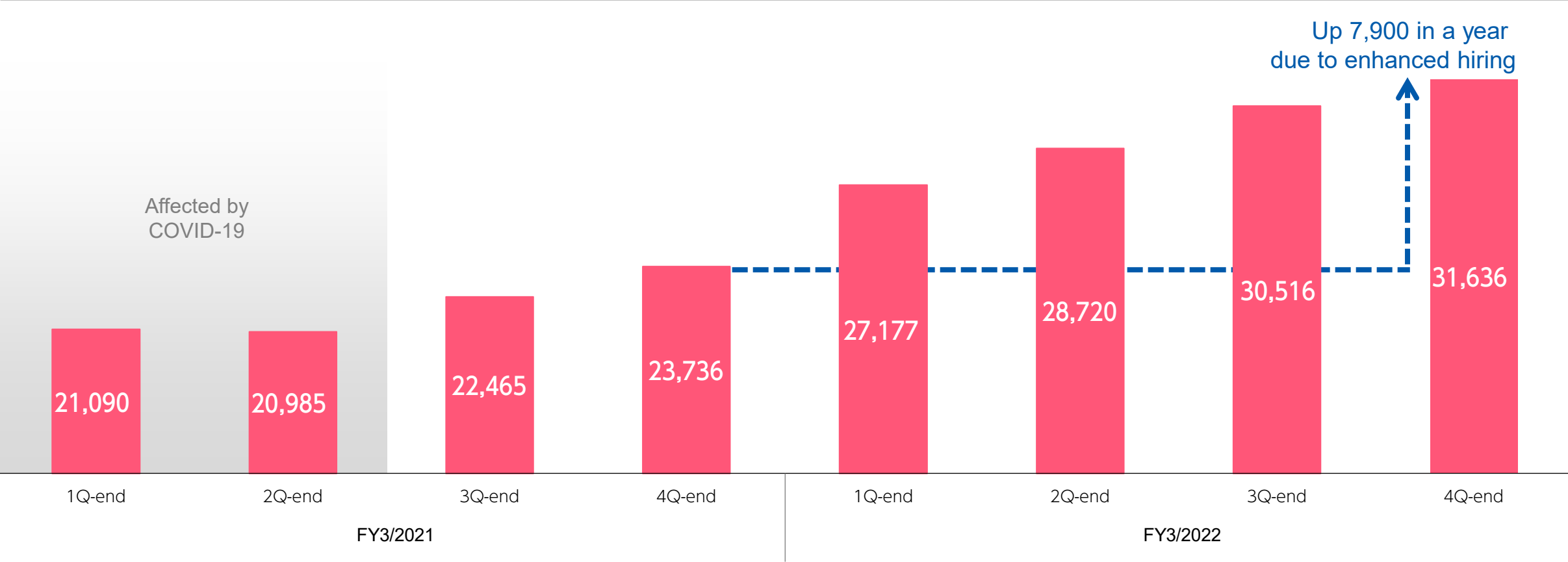
Number of new hires (domestic business) (Person)



Maximized the number of tech employees at the end of FY3/2022 through hiring and acquisitions

- Consistently enhanced hiring activities throughout FY3/2022—a recovery period from the COVID.
- Net increase of 7,900 tech employees from a year ago due to continued strong demand, particularly in the semiconductors and electronic components sector and the automotive-related sector.

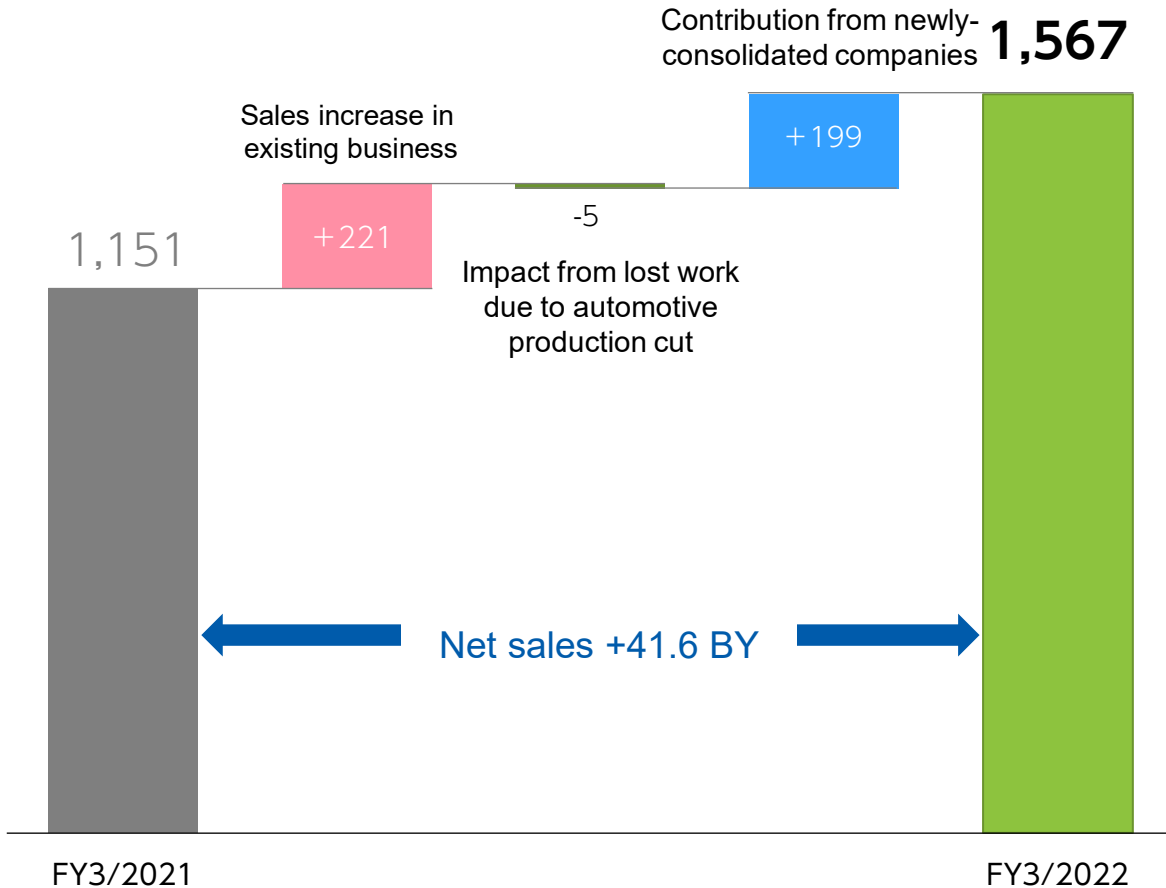
Number of technical employees (Domestic business) (Person)



Analysis of Consolidated Net sales

Net sales

(100 million yen)

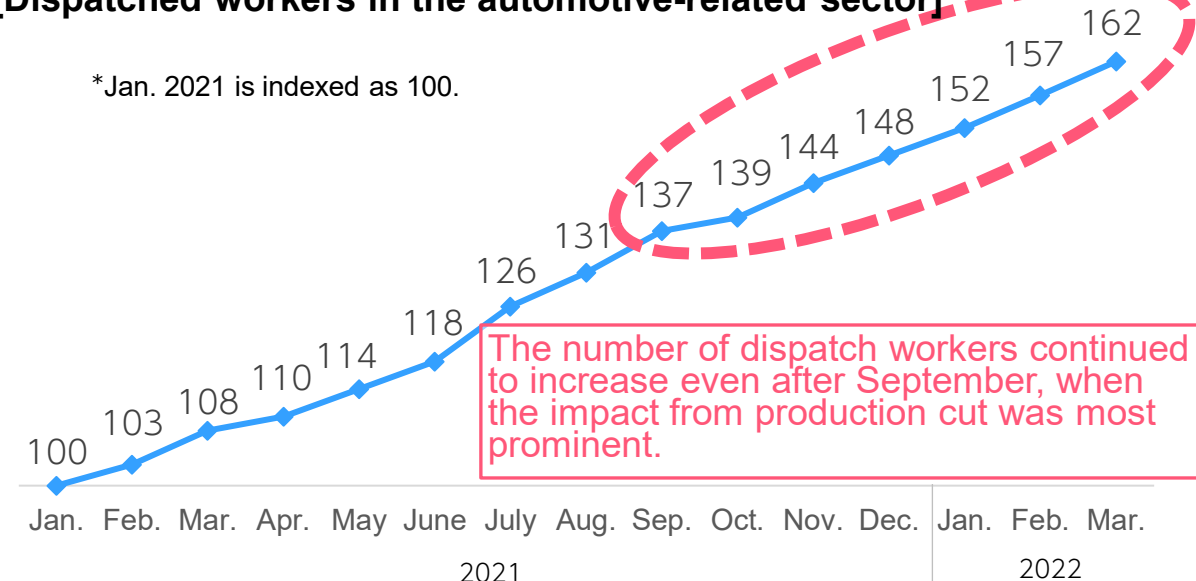


Impact from lost work due to production cut in automobiles

- A shortage in components caused by the lockdown in some ASEAN countries and the global shortage of semiconductors 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.

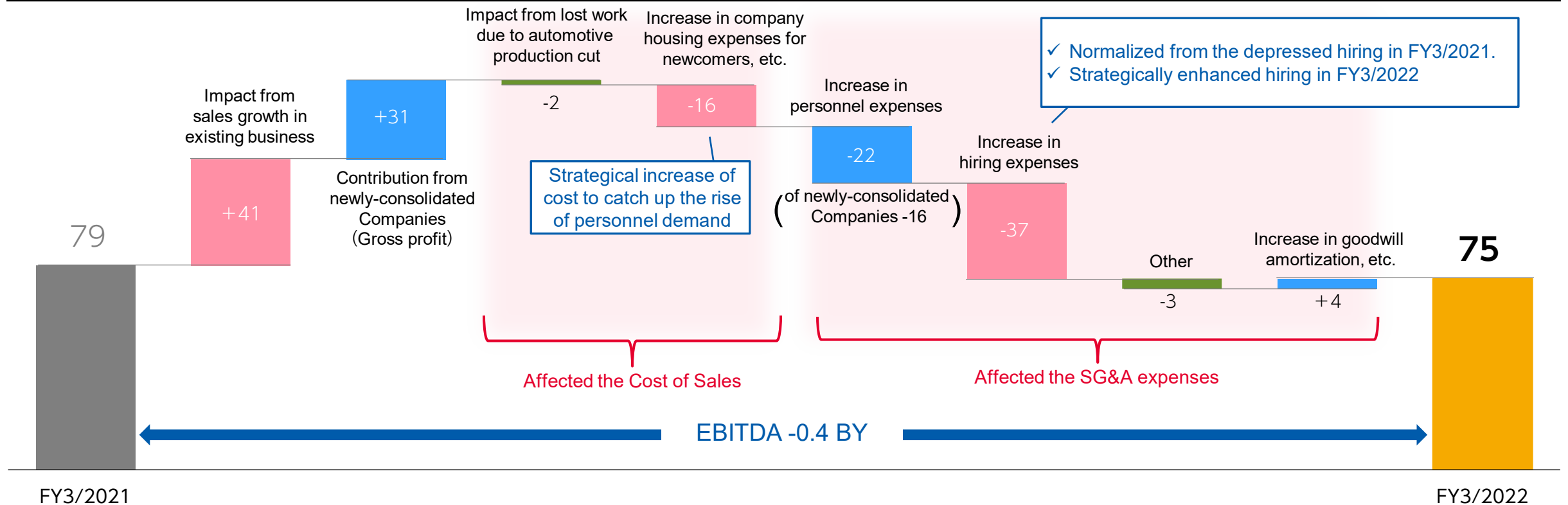


Analysis of Consolidated EBITDA

- 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)



Analysis of SG&A expenses

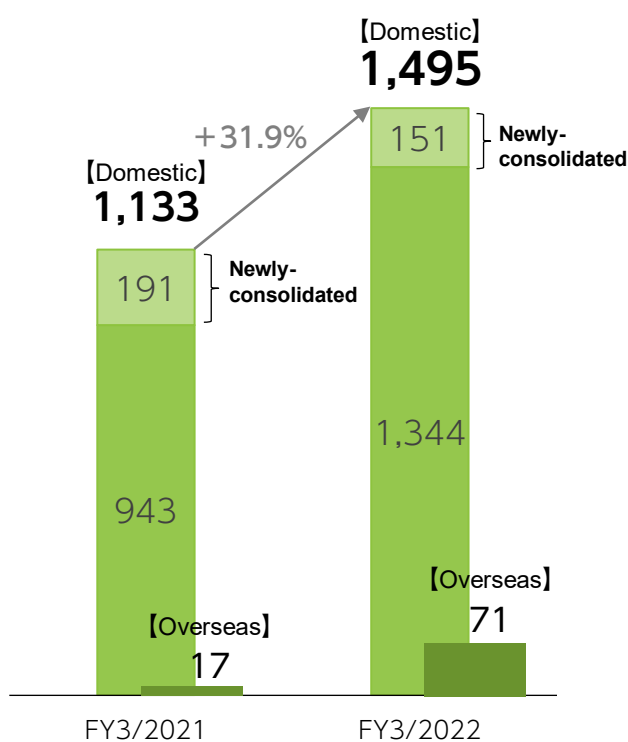
(million yen)

	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	3 Q	4 Q	Full year
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	2,547	2,391	9,546
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%	6.1%	5.6%	6.1%
Hiring	833	993	724	289	2,839	490	527	496	341	1,854	151	267	770	1,218	2,406	1,215	1,608	1,575	1,719	6,117
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%	3.8%	4.0%	3.9%
depreciation and amortization of goodwill	140	145	155	161	601	137	139	142	145	563	171	181	218	256	826	309	303	305	307	1,225
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%	0.7%	0.7%	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	1,196	1,285	4,625
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%	2.9%	3.0%	3.0%
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	5,623	5,703	21,513
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%	13.6%	13.3%	13.7%

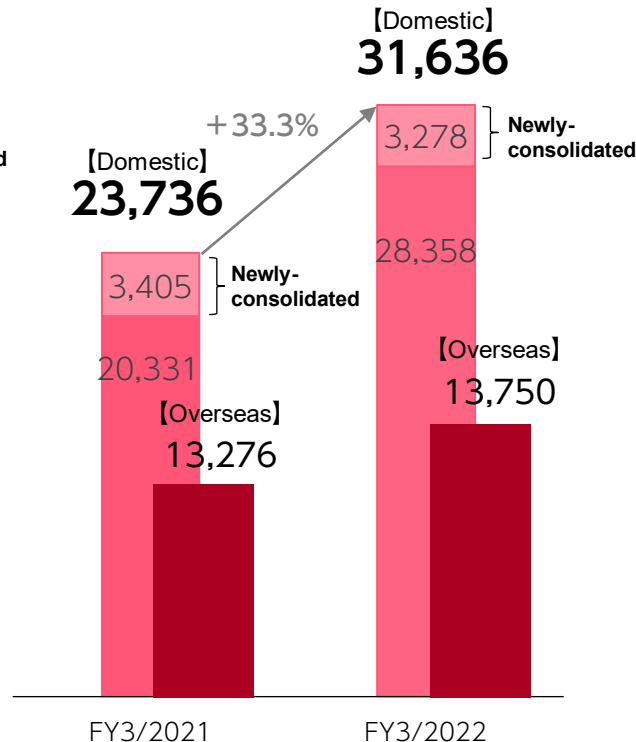
Organic growth and the acquisitions to enhance the profit base

- 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 1Q FY3/2022

	Manufacturing Business	Solution Business
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)
4Q FY3/2022	-	-

Newly-consolidated companies' contribution to sales

Contribution of newly-consolidated companies to FY3/2022 Sales

Business Segment	Sector	Consolidated subsidiary	Time of consolidation	Contribution to FY3/2022 Sales	
				Sales (billion yen)	Number of technical employees (fiscal year-end)
Manufacturing Business	Other	Seekel Co., Ltd.	Oct. 2020	1.5	※Since its consolidation was on 3Q of FY3/2021, Only 1H Sales was the newly-consolidated contribution.
	Other	UT Progress Co., Ltd.	April 2021	10.3	1,214
	Other	UT SURI-EMU Co., Ltd.	April 2021		1,213
	Overseas	Green Speed Co., Ltd (Vietnam)	Jan. 2021 (Consolidation of Income statement)	4.8	※Since its consolidation was on 4Q of FY3/2021, Only 3Q Sales was the newly-consolidated contribution.
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.
	—	UT FSAS Creative Inc. Former Fujitsu FSAS Creative Inc.	Oct. 2021	2.5	851
Total				19.9	

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Business Segments (FY3/2022)

Manufacturing Business

Staffing service in production processes

¥104.9 billion

66.9%

Solution Business

Structural reform support and BPO services

¥35.0 billion

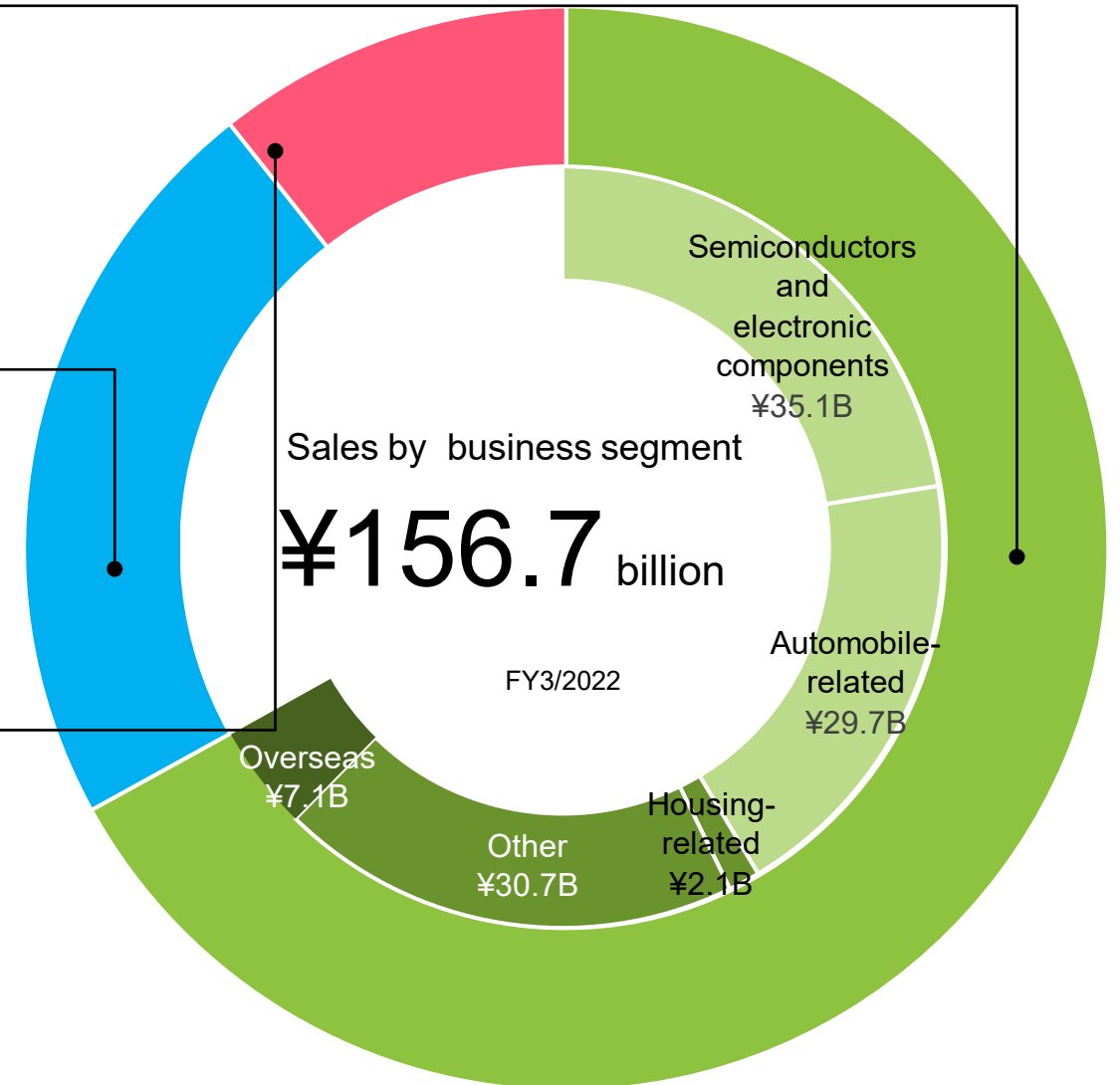
22.3%

Engineering Business

Dispatching of design, development and IT engineers

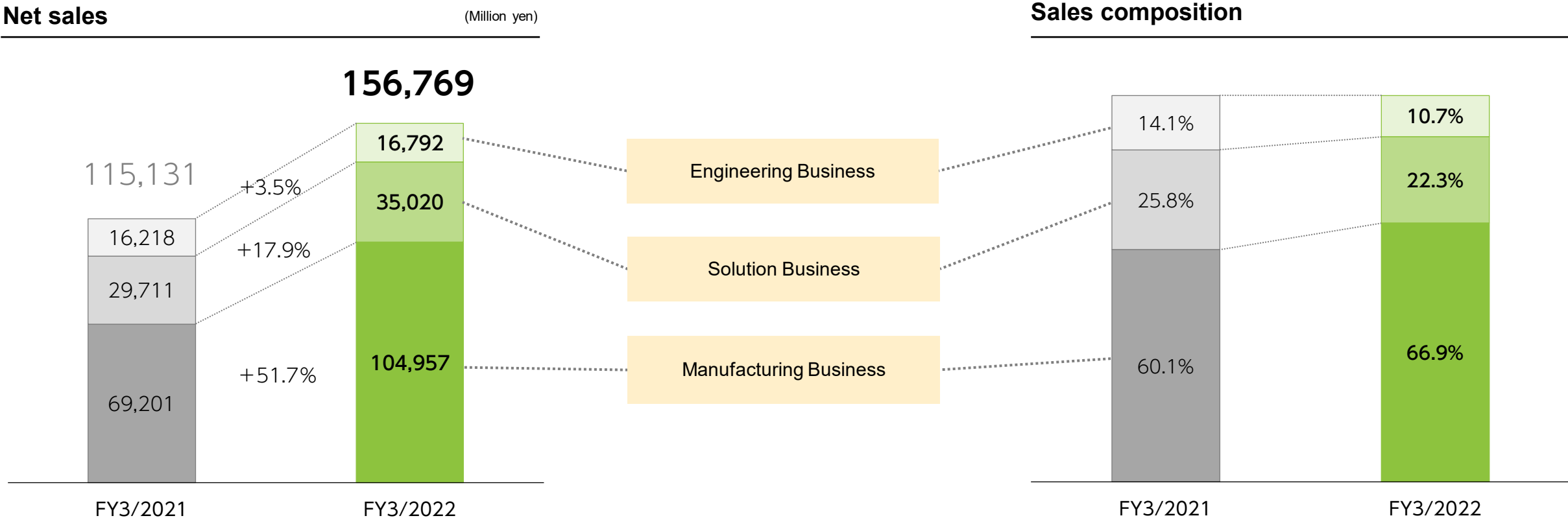
¥16.7 billion

10.7%



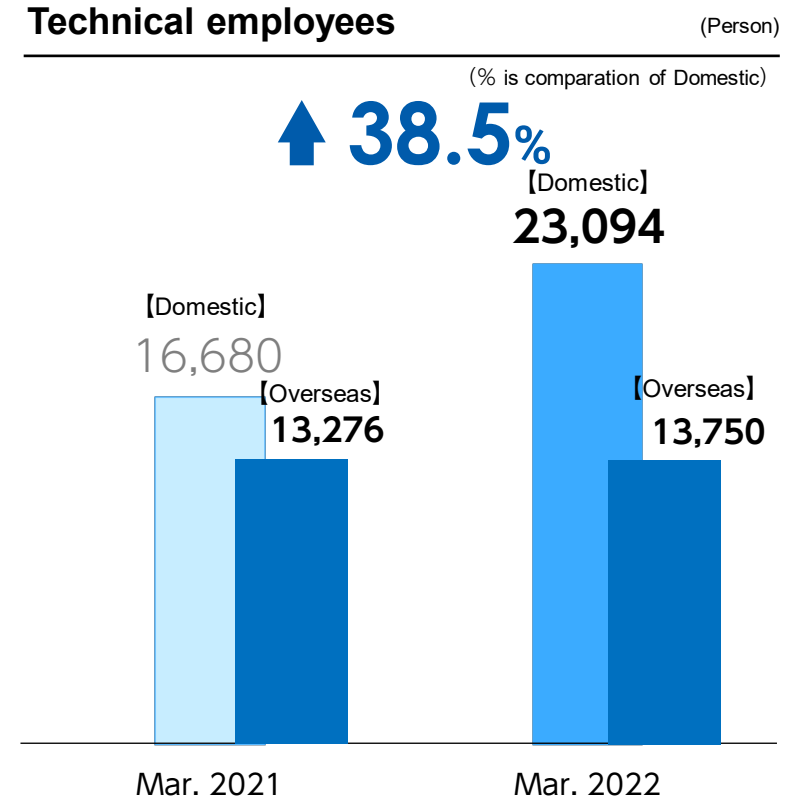
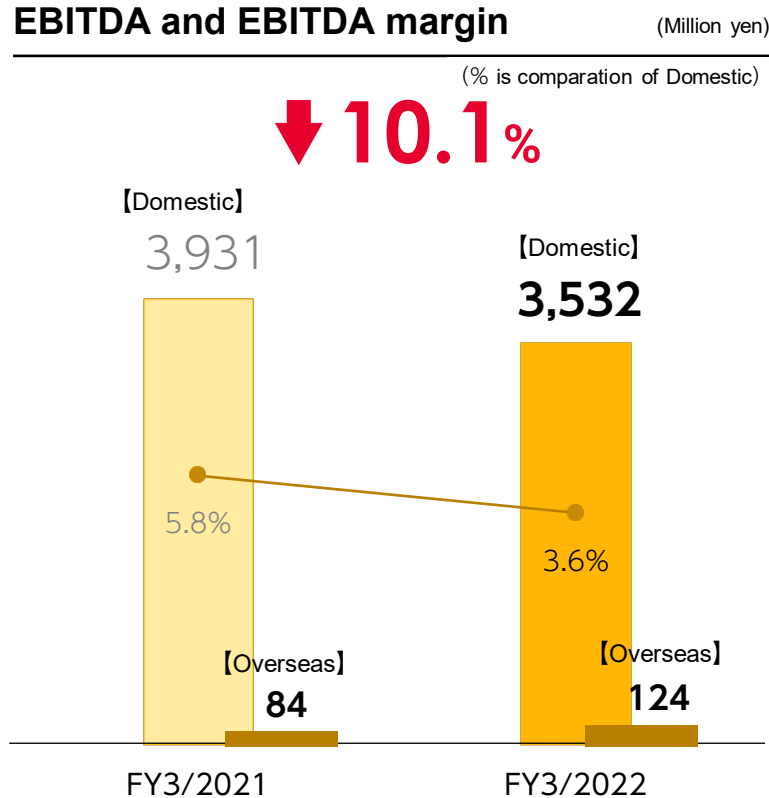
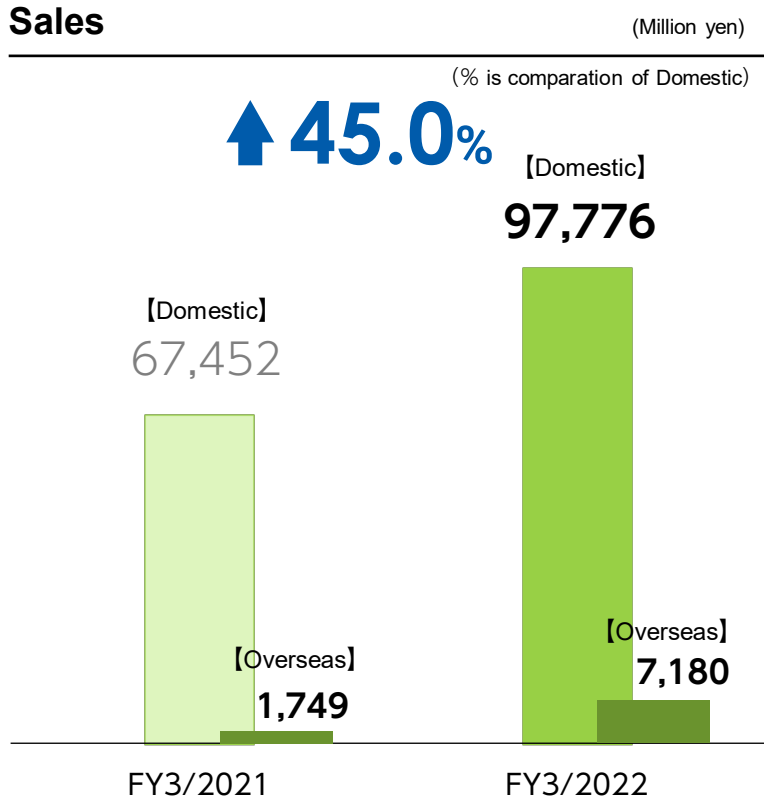
Results by Segment: Net Sales and Sales Composition

- Net Sales increased in all business segments.
- The Manufacturing Business significantly grew sales by 51.7% y-o-y to more than ¥100 billion.



Manufacturing Business (Domestic and Overseas)

- Sharply increased sales due to growth in the automotive as well as the semiconductor and electronic parts sectors and contribution from newly-consolidated companies.
- Strategically increased hiring-related expenses and focused on maximizing the number of new hires, in order to boost efforts aimed at share expansion.

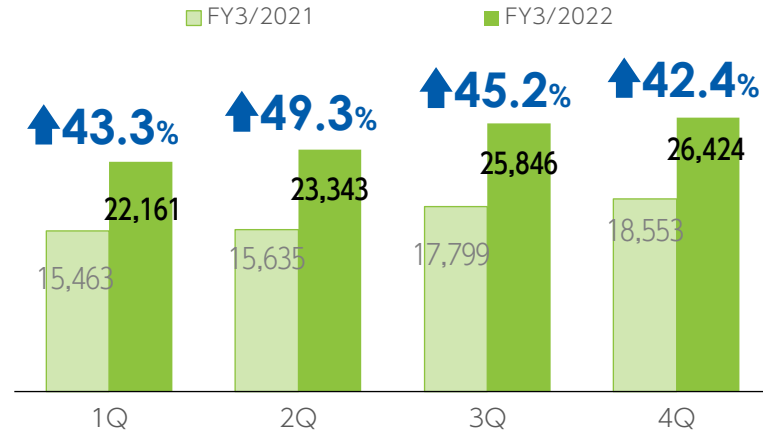


2. Information on Business Segments

Manufacturing Business (excl. overseas business)

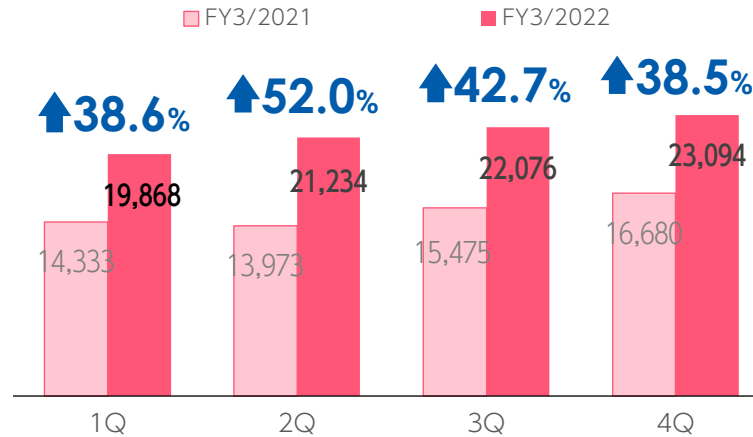
Sales

(Million yen)



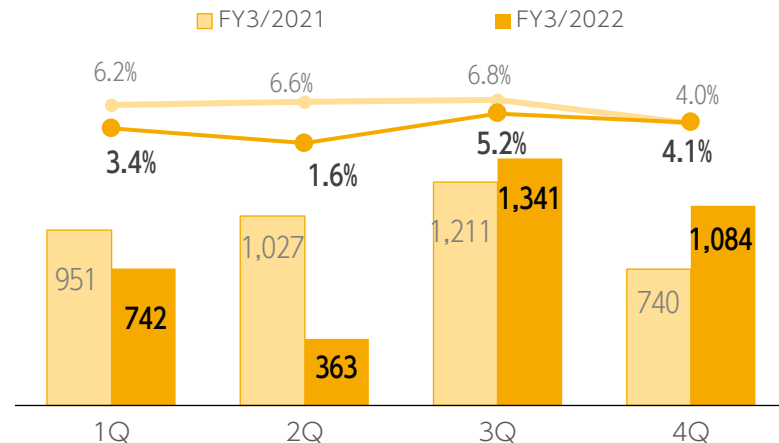
Technical employees

(Person)



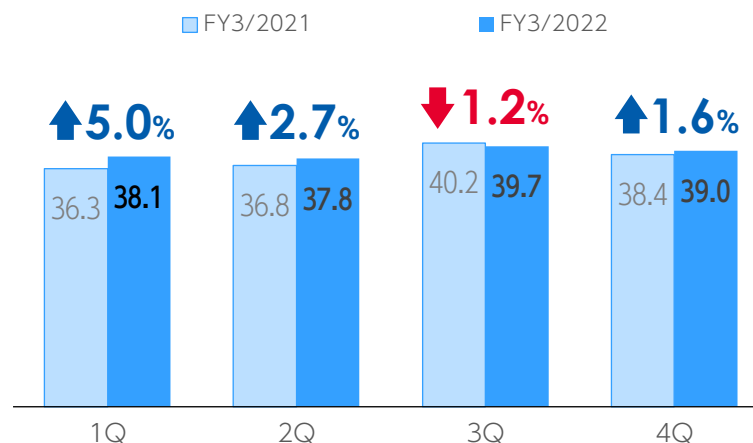
EBITDA and EBITDA margin

(Million yen)



Monthly sales per capita

(Ten thousand yen)



Sales and technical employees

- Net y-o-y increase of 6,414 employees due to enhanced hiring activities and the acquisitions.
- Organic growth and the acquisitions led to a significant growth in sales.

EBITDA

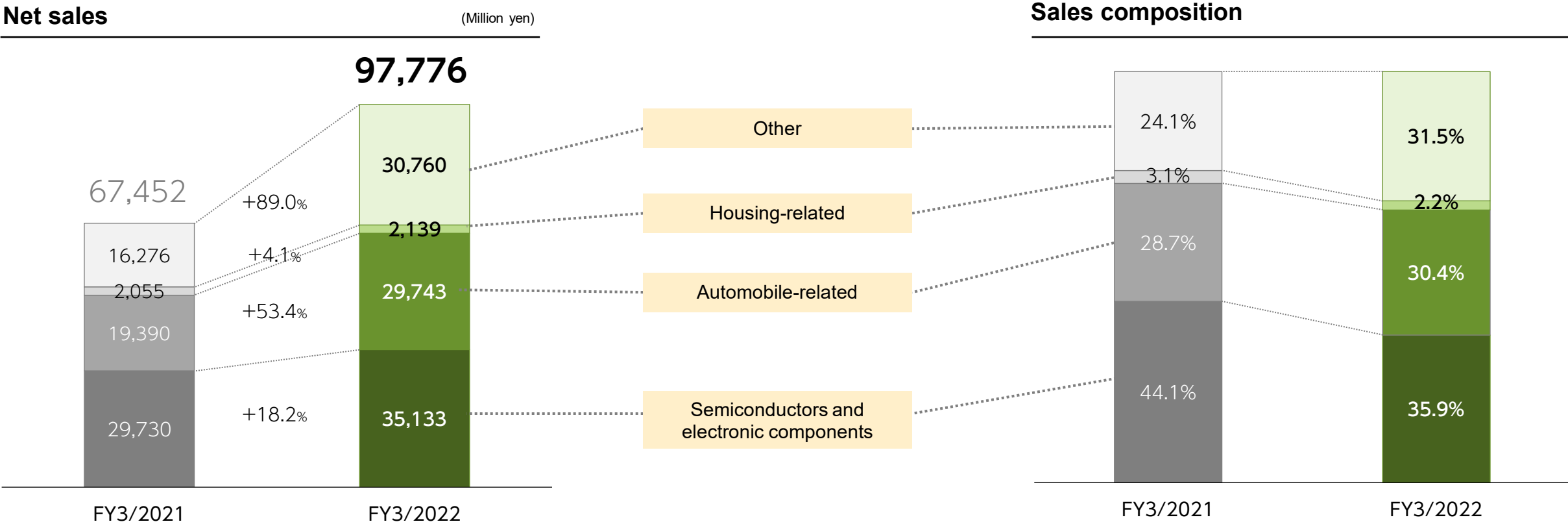
- EBITDA increased due to an increase in gross profit despite a temporary increase in hiring expenses caused by enhanced hiring activities.
- The Manufacturing Business segment roughly accounted for ¥5.1 billion of ¥6.1 billion in total hiring expenses (consolidated).

Monthly sales per capita

- Affected by the lack of increase in working days and hours, due to the effects of the suspension of some automobile lines, despite the contribution from an increase in high unit price contracts and in contract unit prices in the automotive-related sector as well as the semiconductor and electronic parts sector.

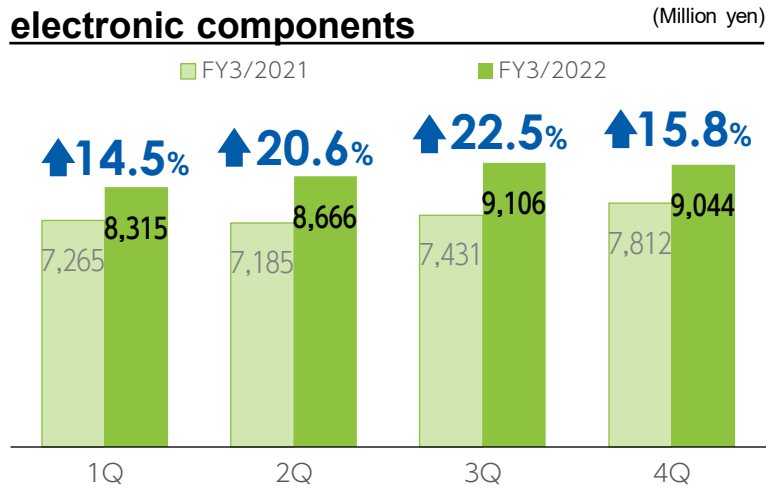
Manufacturing Business: Sales by Sector (excl. overseas business)

- Net Sales increased in all sectors.
- Orders received were favorable in the semiconductors and electronic components sector thanks to growth in demand for semiconductors.
- Automobile-related sector considerably increased Net sales despite impact from lost work due to automotive production cut

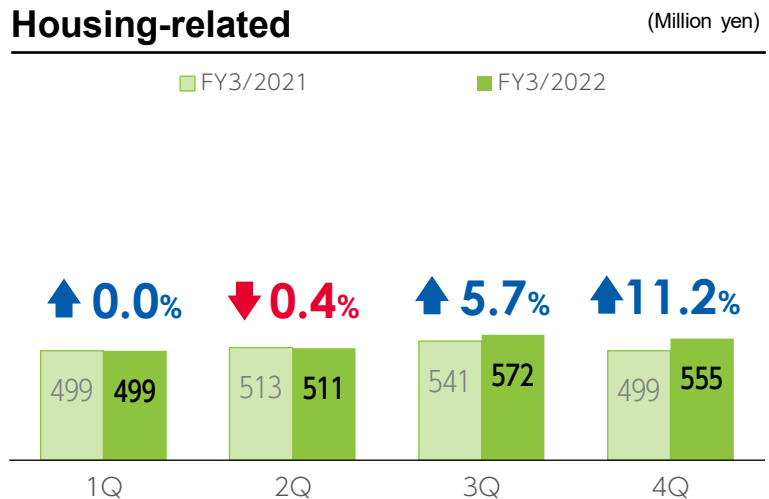


Manufacturing Business: Sales by Sector (excl. overseas business)

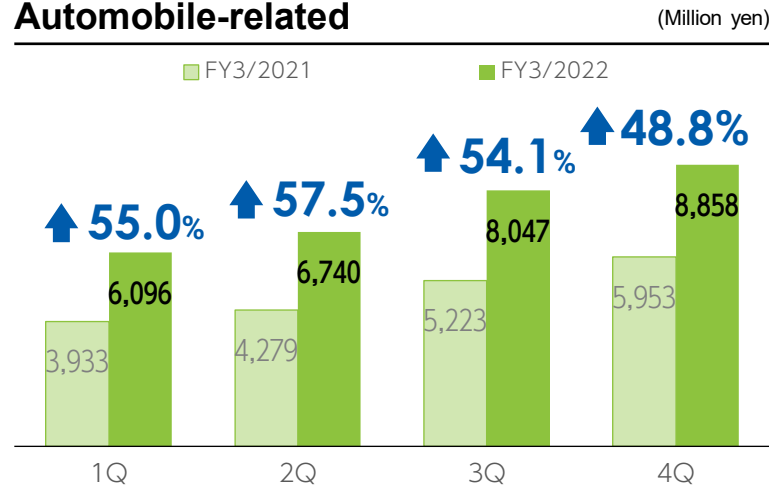
Semiconductors and electronic components



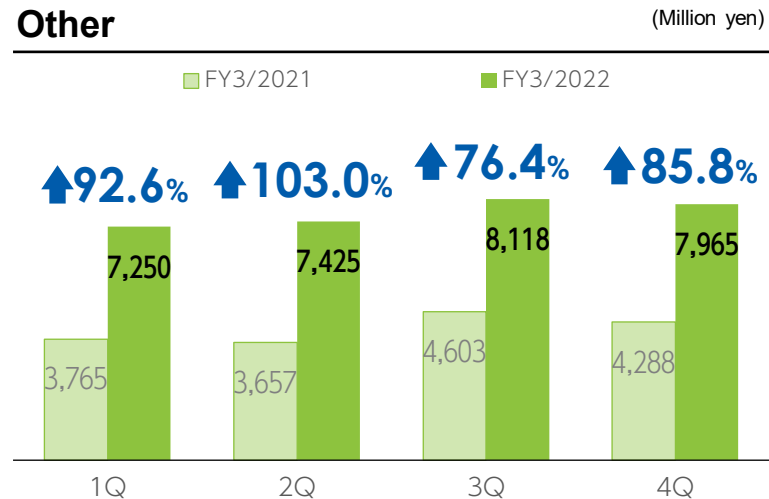
Housing-related



Automobile-related



Other



Semiconductors and electronic components

- Sales increased mainly for semiconductor manufacturing equipment and semiconductors.

Automobile-related

- Quarterly sales increased by 10.1% q-o-q to record the sector's highest quarterly sales again.
- 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 continual production adjustment.

Other

- This sector increased sales due to positive contribution by newly-consolidated Progress Group, and SURI-EMU based on the Area Platform Strategy.

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

Progress Group Co., Ltd. Progress Co., Ltd.

- Acquisition of shares in May 2021
- Renamed to UT Progress Co., Ltd.

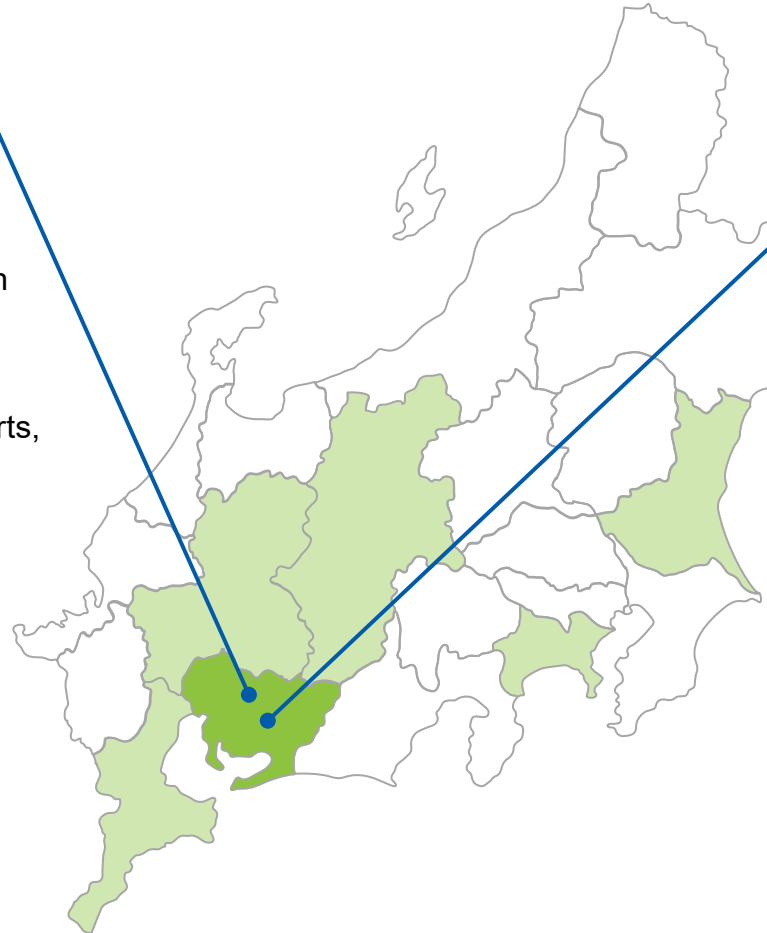
- Worker dispatch and outsourced business operation
- Business bases: mainly in Aichi Prefecture but also in Gifu, Mie, Nagano, and Ibaraki Prefectures
- Major clients: Manufacturers of automobiles and parts, electronic devices, rubber products, etc.
- 1,177 employees (as of June 30, 2021)
(Japanese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

SURI-EMU Corporation SURI-EMU Chubu Co., Ltd. SURI-EMU Tokai Co., Ltd. SURI-EMU Staff Co., Ltd.

- Acquisition of shares in May 2021
- Renamed to UT SURI-EMU Co., Ltd.

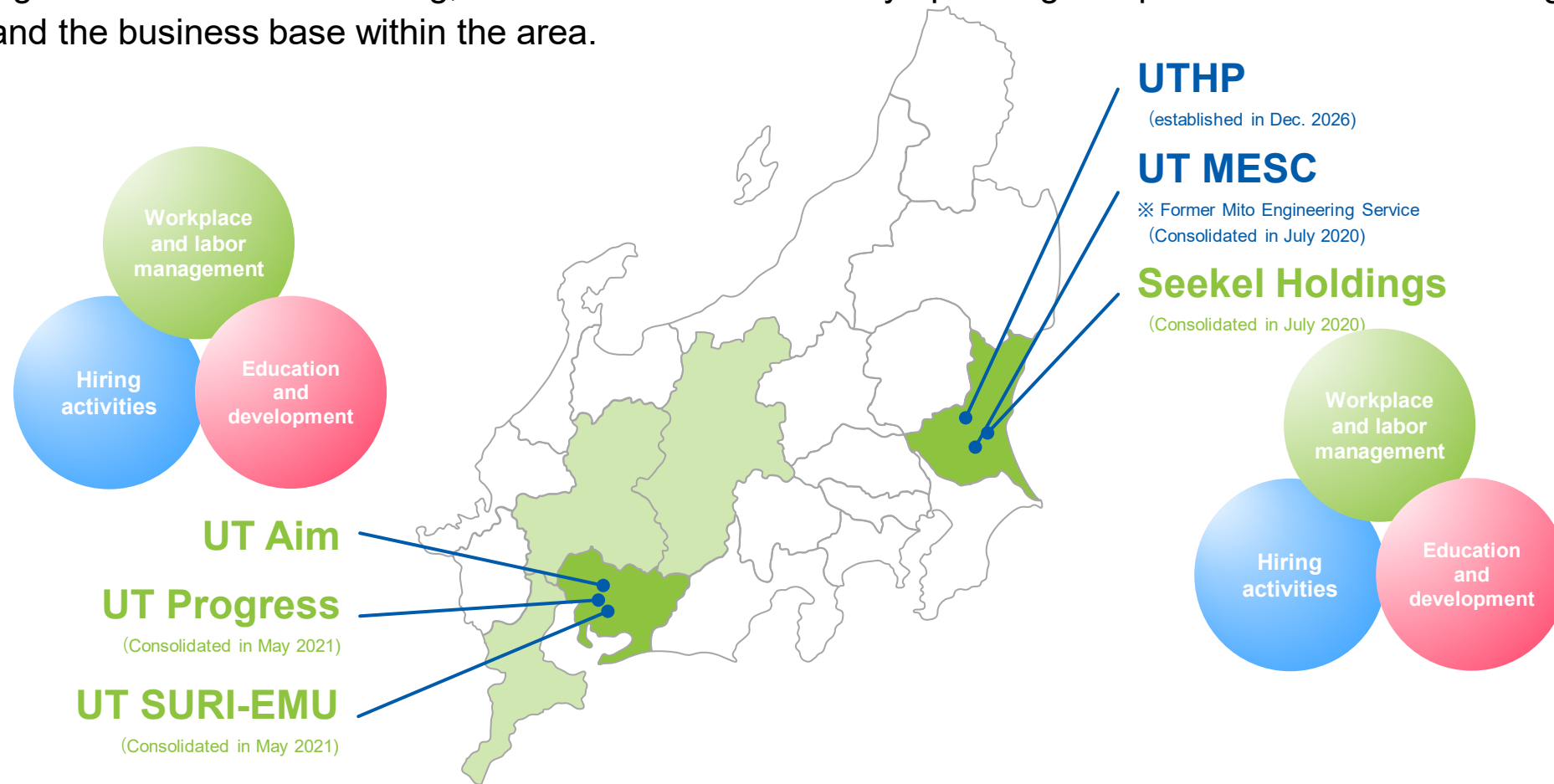
* Acquisition of all shares in two batches
18.8% (Feb. 28, 2021) → 100.0% (May 31, 2021)

- 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)



Further advance for the Area Platform Strategy

- Strengthen collaboration in hiring, sales and administration by operating companies with different strengths.
- Expand the business base within the area.



Appeal UT Group to local client companies as a partner to be fully in charge of hiring, employment and education

Solution Business

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

Sales

(Million yen)

↑ 17.9%

29,711

35,020

FY3/2021

FY3/2022

EBITDA and EBITDA margin

(Million yen)

↓ 8.8%

1,432

1,307

4.8%

3.7%

FY3/2021

FY3/2022

Technical employees

(Person)

↑ 30.9%

4,469

5,852

Mar. 2021

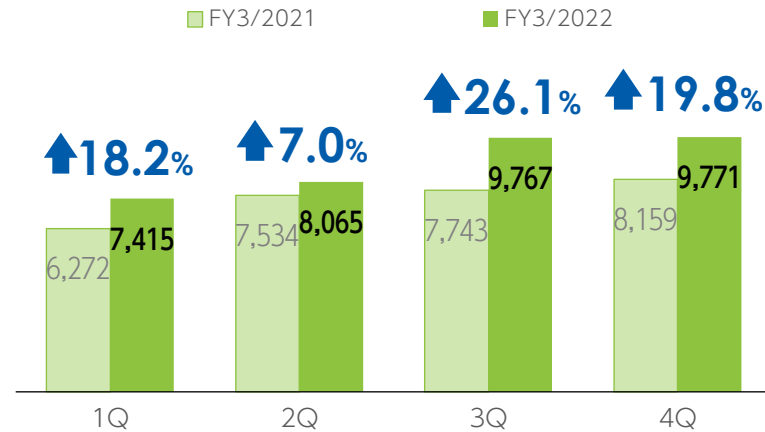
Mar. 2022

2. Information on Business Segments

Solution Business

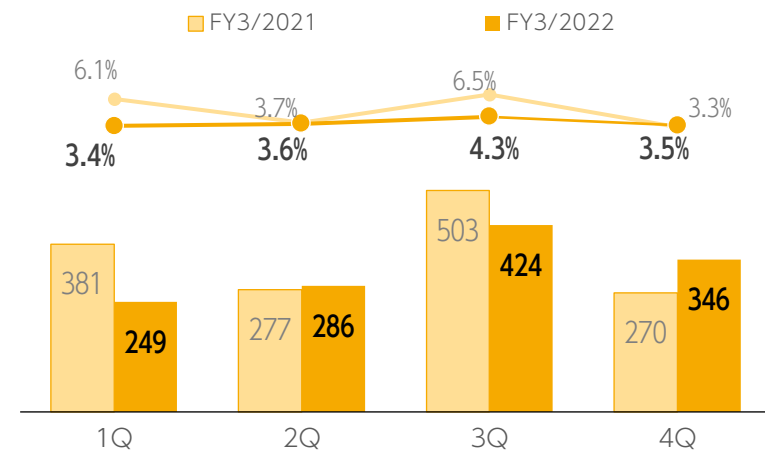
Sales

(Million yen)



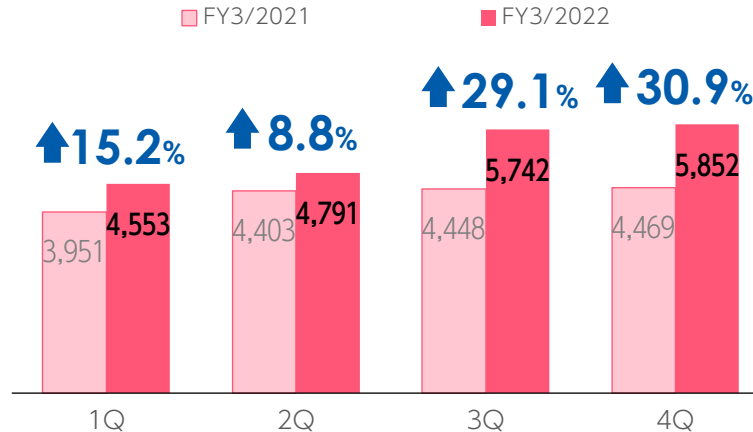
EBITDA and EBITDA margin

(Million yen)



Technical employees

(Person)



Sales and technical employees

- The new In-house Solution® project began in July 2021 and a newly-consolidated company contributed from October 2021.
- The existing business by operating companies increased sales and the number of tech employees on a net basis.

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.

Topic

- Sold UT System Products on March 31, 2022.
* UT Group acquired shares of UT System Products (engaged in sales of information system equipment) as well as UT Toshiba (engaged in general personnel dispatch and outsourced work from the Toshiba on April 1, 2020).

Progress in Solution Strategy. A new company was consolidated in Oct. 2021

- 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 900 employees (December 31, 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 700 employees (December 31, 2021)

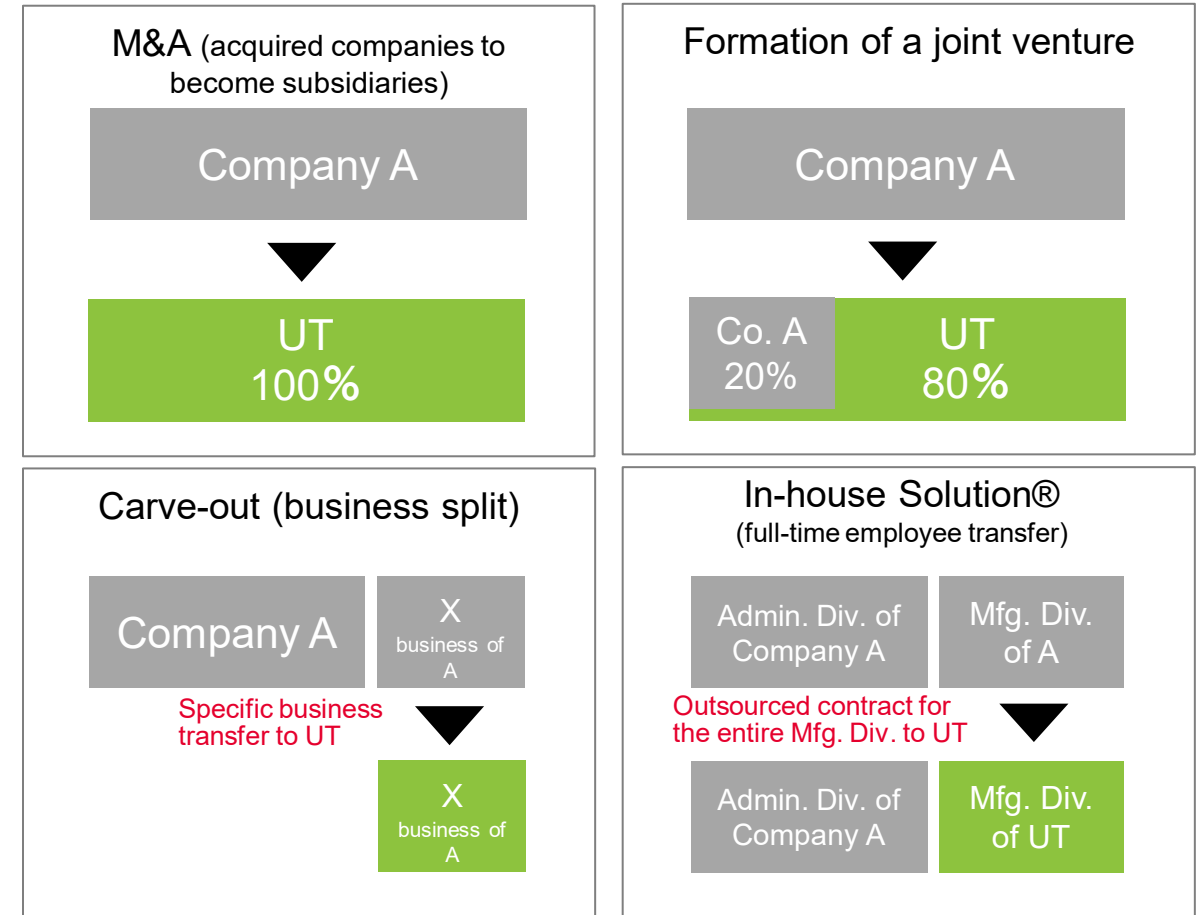
2. Information on Business Segments

Progress in the support for the mobilization of human resources (Solution Business)

Subsidiaries of Solution Business

UT Pabec Co., Ltd	(2013、Panasonic Group)
Battery manufacturing outsourcing	
UTHP Co., Ltd.	
Manufacturing personnel dispatch and outsourcing	
Fujitsu UT Co., Ltd.	(2018、Fujitsu Group)
General personnel dispatch and outsourcing	
UT Toshiba Co., Ltd.	(2020、Toshiba Group)
General personnel dispatch and outsourcing	
UT System Products Co., Ltd.	(2020、Toshiba Group)
Sales of information system equipment	Sold on Mar. 2022
UT MESC Co., Ltd.	(2020、Hitachi Group)
Elevator/escalator manufacturing outsourced work and dispatch of design engineers	
UT FSAS Creative Inc.	(2021、Fujitsu Group)
Contracts for office and IT worker dispatch, operation and deployment work, etc.	

Basic scheme of the Solution Business



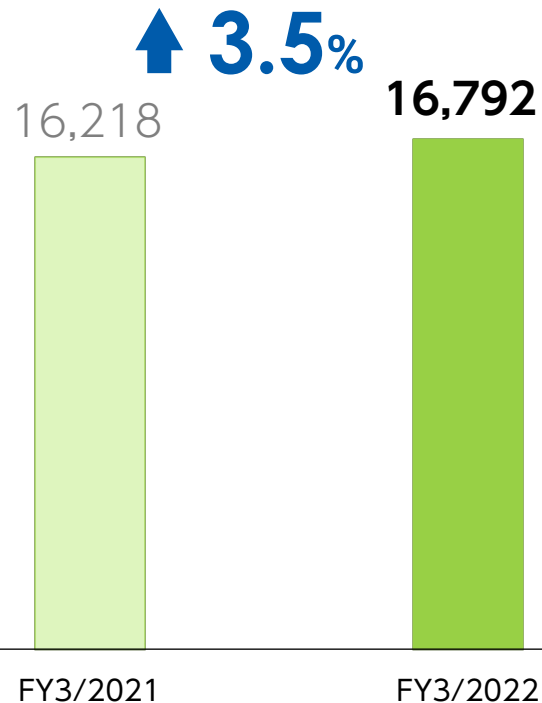
Build a track record of solutions mainly for electronics manufacturers
and deploy the solutions to other industries

Engineering Business

- The EBITDA margin stayed at a high level thanks to the improvement in operations encompassing hiring to assignment.
- Sales increased due to an increase in engineers in design and manufacturing, and construction.

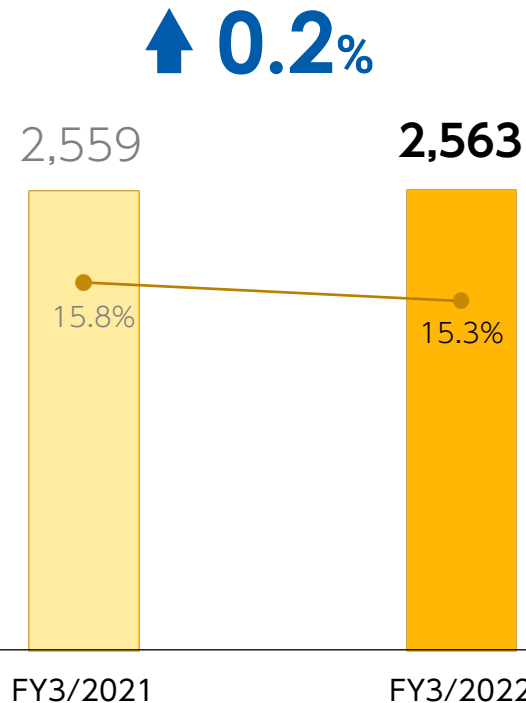
Sales

(Million yen)



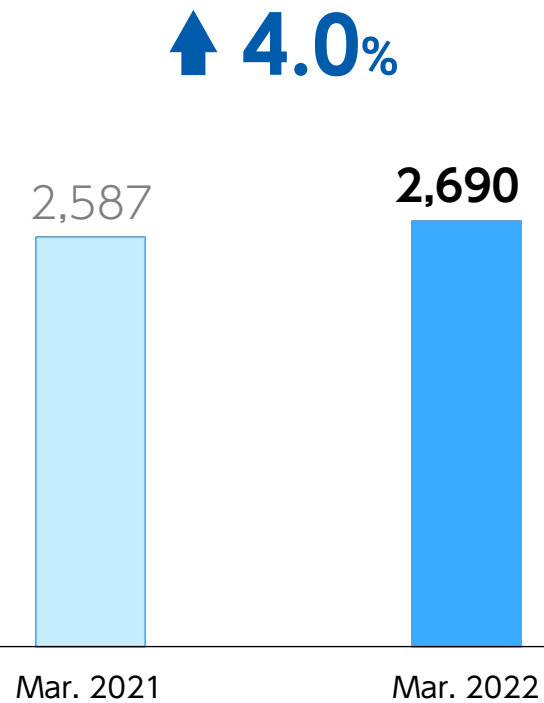
EBITDA and EBITDA margin

(Million yen)



Technical employees

(Person)

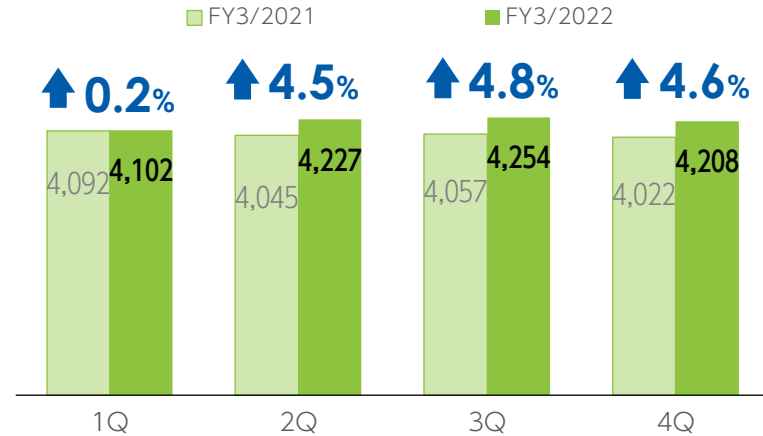


2. Information on Business Segments

Engineering Business

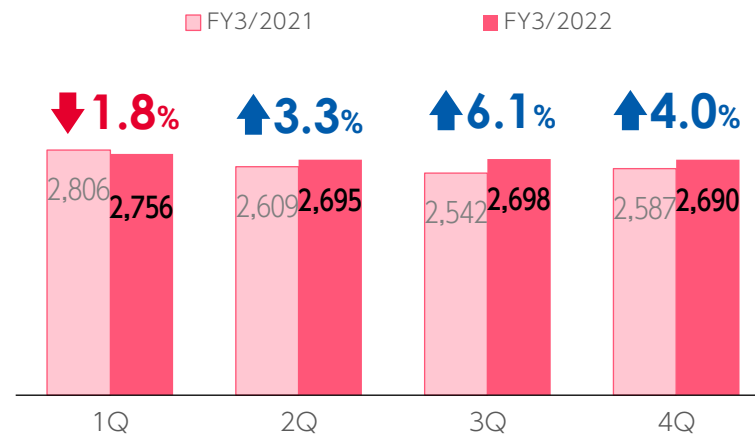
Sales

(Million yen)



Technical employees

(Person)



Sales and technical employees

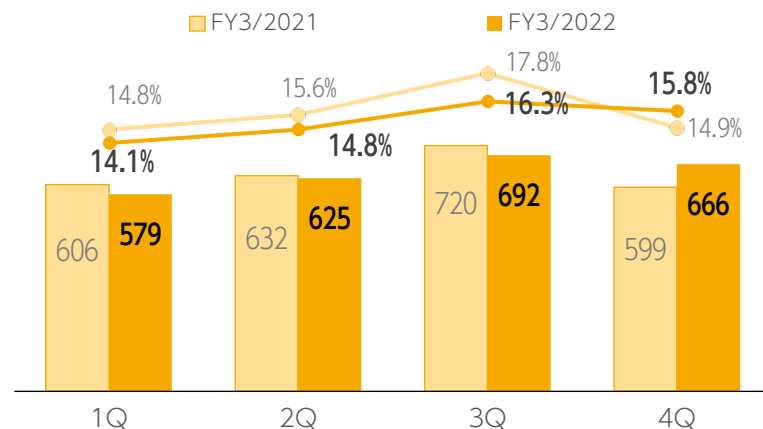
- A net y-o-y increase in the number of tech employees for the three consecutive quarters.
- Sales increased due to an increase in engineers in design and manufacturing, and construction.

EBITDA

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

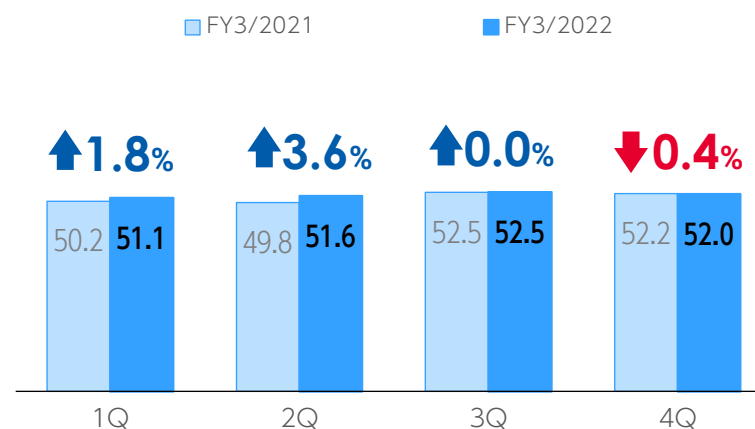
EBITDA and EBITDA margin

(Million yen)



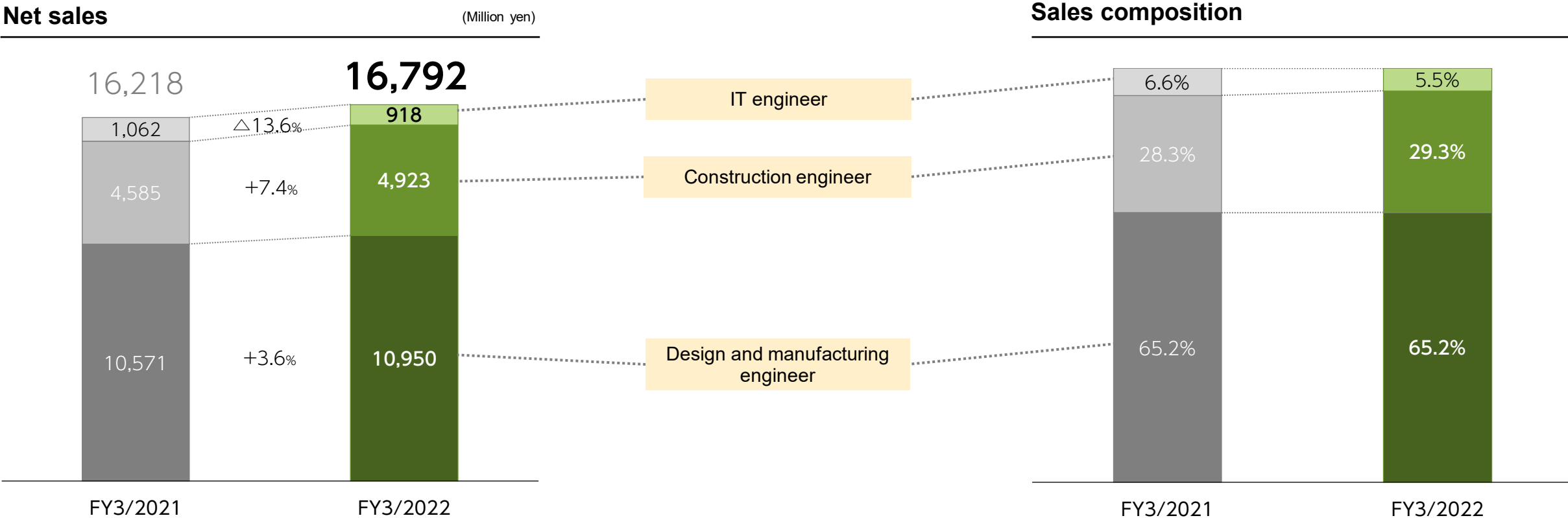
Monthly sales per capita

(Ten thousand yen)



Engineering Business: Sales by Sector

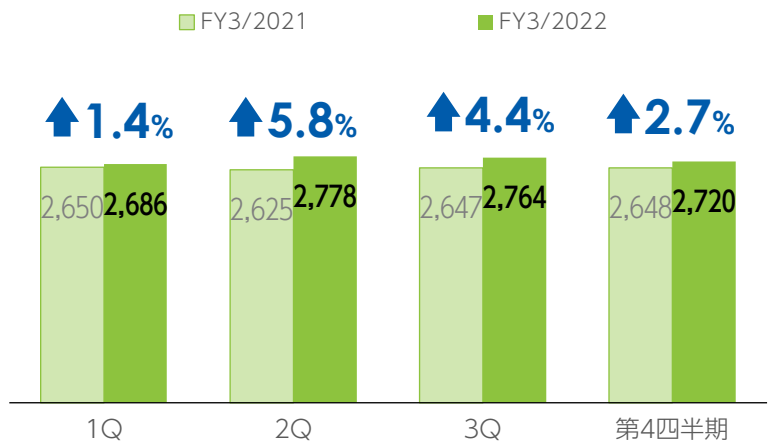
- In the design and manufacturing engineer sector, personnel demand was robust for semiconductor manufacturing equipment engineers which complement the Manufacturing Business.
- Demand for construction engineers increased mainly in the equipment and plant sector.



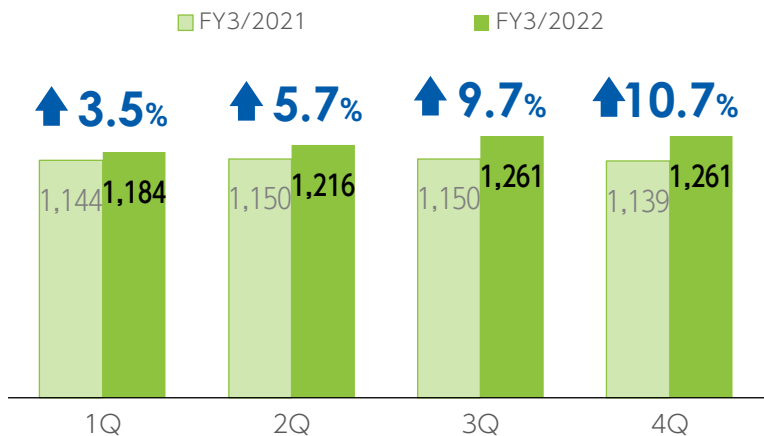
2. Information on Business Segments

Engineering Business: Sales by Sector

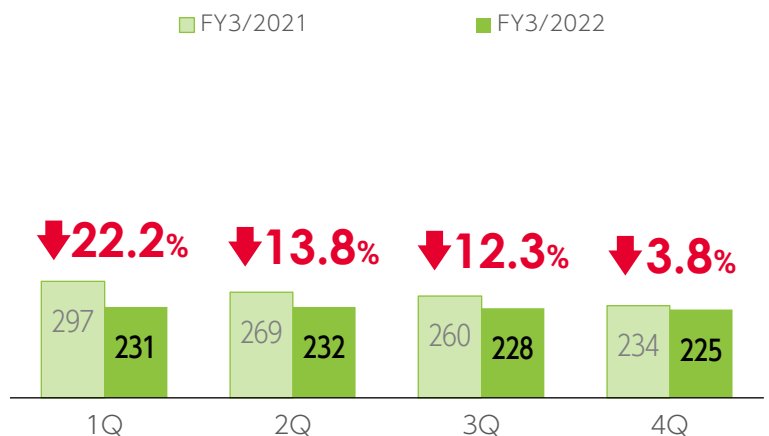
Design and manufacturing engineer (Million yen)



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 increased 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.

Appendix

1. Overview of FY3/2022 Financial Results
2. Information on Business Segments
3. FY3/2023 Earnings Forecasts
4. The 4th Medium-Term Business Plan (FY3/2021～FY3/2025)
5. About UT Group

3. FY3/2023 Earnings Forecasts

FY3/2023 Earnings Forecasts

- Expect the supply and demand balance for personnel to remain tight due to the labor shortage in the manufacturing industry.
- Improve operational efficiency and cost efficiency through group-wide integrated hiring activities and large-scale restructuring of operating companies
- Focus on expanding market share toward FY3/2025 and establish a strong, streamlined business base to achieve medium- to long-term growth.

[100 million yen]

	FY3/2022		FY3/2023		change amount	change %
	Results	% to net sales	Forecasts	% to net sales		
Net sales	1,567	100.0%	1,800	100.0%	+232	+14.8%
EBITDA	75	4.8%	150	8.3%	+74	+99.9%
Operating profit	62	4.0%	77	4.2%	+14	+23.1%
Ordinary profit	59	3.8%	75	4.1%	+15	+26.0%
Net profit attributable to UT Group	31	2.0%	32	1.8%	+0.5	+1.9%
EPS (yen)	77.81	—	79.28	—	+1.47	—

Net Sales

- Plan to increase net sales based on No. tech employees at the end of March 2022, in spite of ¥6 billion reduction due to a subsidiary sold.

EBITDA

- Will improve profit margin through efficiency promotion measures such as subsidiary reorganization and optimizing productivity.

Operating profit

- Assuming to meet the conditions for the exercise of the performance-linked acquisition rights, 5.5 billion yen will be recorded as stock-based compensation expenses

※EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

Performance-linked stock acquisition rights, Stock-based compensation expenses

Overview of the performance-linked stock acquisition rights

Resolved by the Board of Directors
(2020/5/20)

Objective

to strengthen our commitment to pursuit of expanding corporate value of the Company in the medium- to long-term.

Total number of stock acquisition rights:

80,592 units (equivalent to 20% of issued shares)

Conditions for exercise of stock acquisition rights

If any of (A), (B), and (C) below is fulfilled

A : EBITDA of ¥15 billion or more in any of FY3/2021-FY3/2024

B : EBITDA of ¥20 billion or more in any of FY3/2021-FY3/2025

C : EBITDA of ¥30 billion or more in any of FY3/2021-FY3/2027

Exercise period

May 1, 2021 to April 30, 2028

The exercise condition is a profit growth of 1.7-3.5 times EBITDA in FY3/2020, even though dilution of up to 20% will occur.

When to recognize stock-based compensation expenses

As the condition A is supposed to be met in FY3/2023, 5.5 billion yen of stock-based compensation expenses is included in FY3/2023 Earnings Forecasts.

When it is found that the performance conditions are met, the stock-based compensation expenses will be recognized.

If the exercise conditions are not met, no expenses will be recorded.

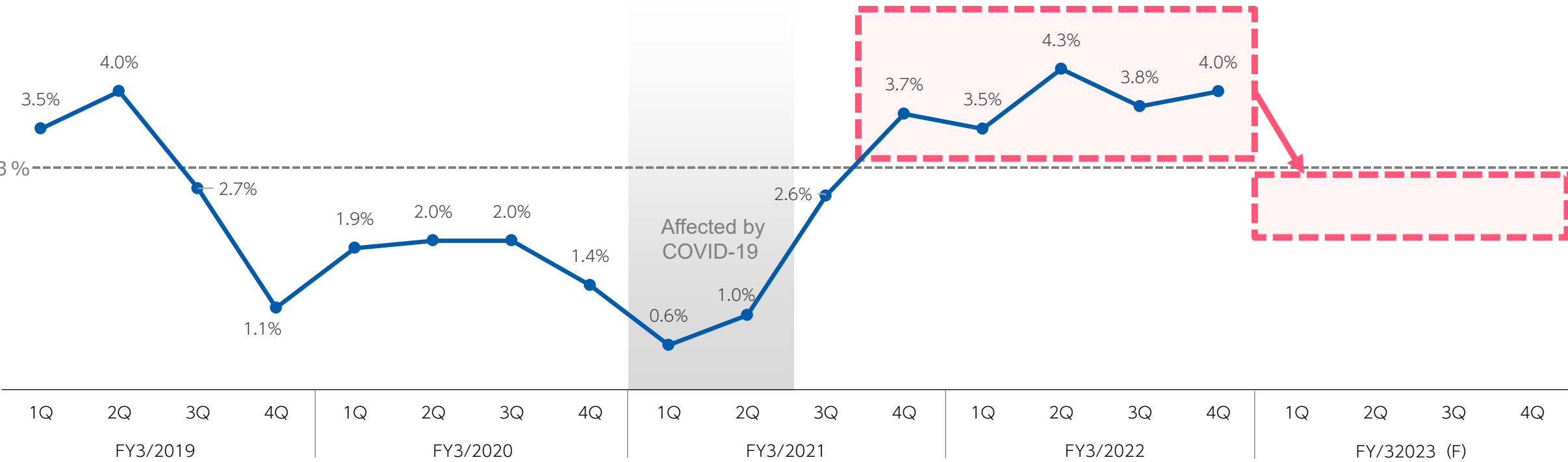
※EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

Efforts to improve cost efficiency:

Reduction in hiring expenses through group-wide integrated hiring activities

- Strategically increasing hiring expenses in FY3/2022, but plan to return the ratio of hiring expenses to sales to a normal level in FY3/2023.
- Will consolidate the Group's database to improve the matching accuracy and the hiring yield in FY3/2023.

Ratio of hiring expenses to sales



Efforts to improve cost efficiency: Building a platform to strengthen recruitment activities and career formation support

- Launched the job site "JOBPAL" for the overall UT Group in April 2022.
- Plan to offer UT's unique career support programs outside the Group in stages.



Improvement in efficiency of hiring-related expenses

- Establish a sustainable job-seeking population through the introduction of the registration system.
- Increase the ratio of internal visitors through our channel.

Construction of a system that exceeds the existing hiring output

- Construct a system to formalize the dependency on individual skills in interview work.
- Standardize the Group's hiring work and raise overall efficiency through process integration.

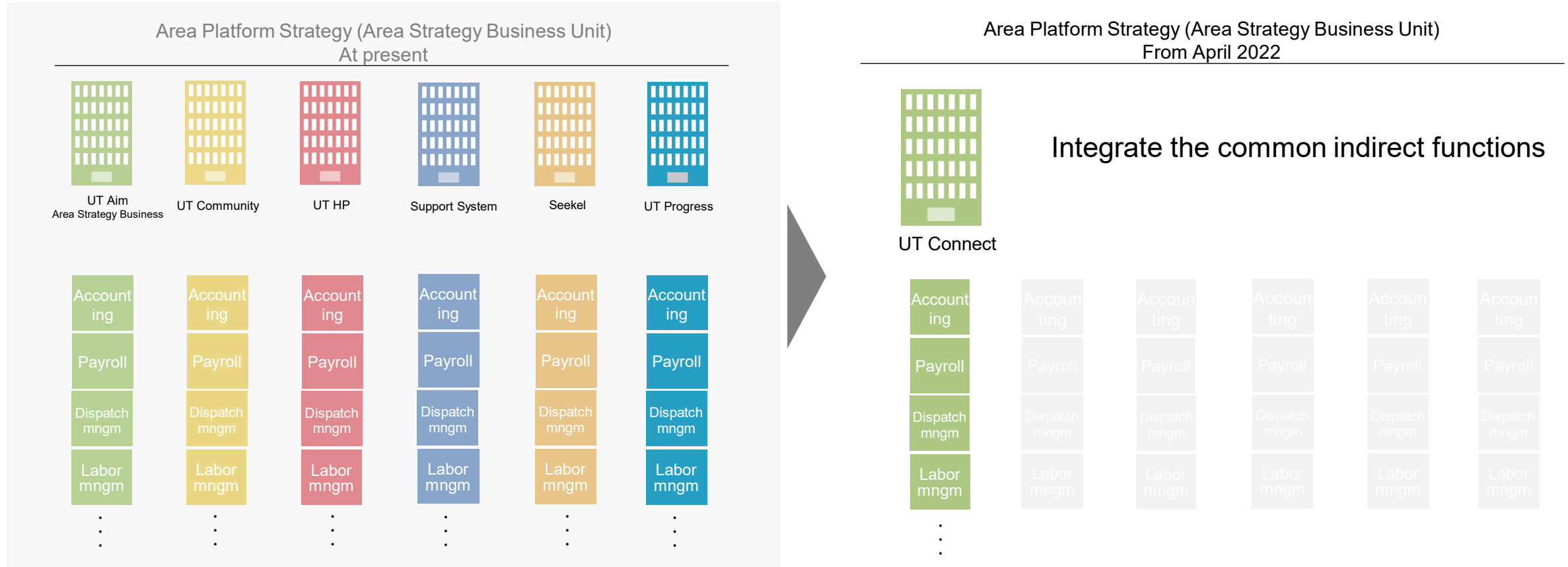
Expansion of service offering (future plan)

- Expand services for job seekers, including offering of One UT and Next UT to outside companies.

Efforts to improve cost efficiency:

Integration of some operating companies to improve efficiency in SG&A expenses

- Plan to reorganize the subsidiaries in April 2022 in order to promote growth strategies for achieving the Fourth Medium-term Business Plan.
- Accelerate the Area Platform Strategy along with the One-stop Strategy for Large Manufacturers.
- Aim to standardize the business infrastructure and improve productivity through integration.

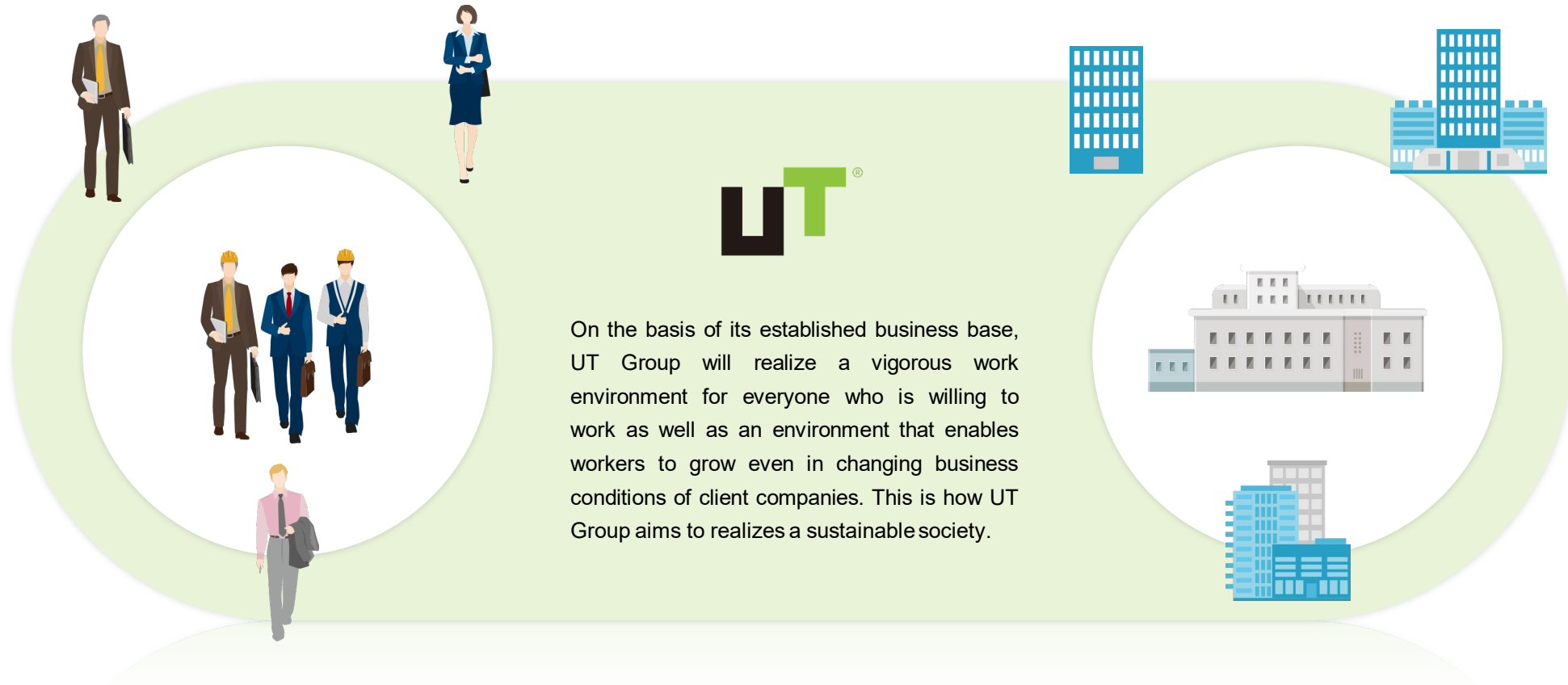


Appendix

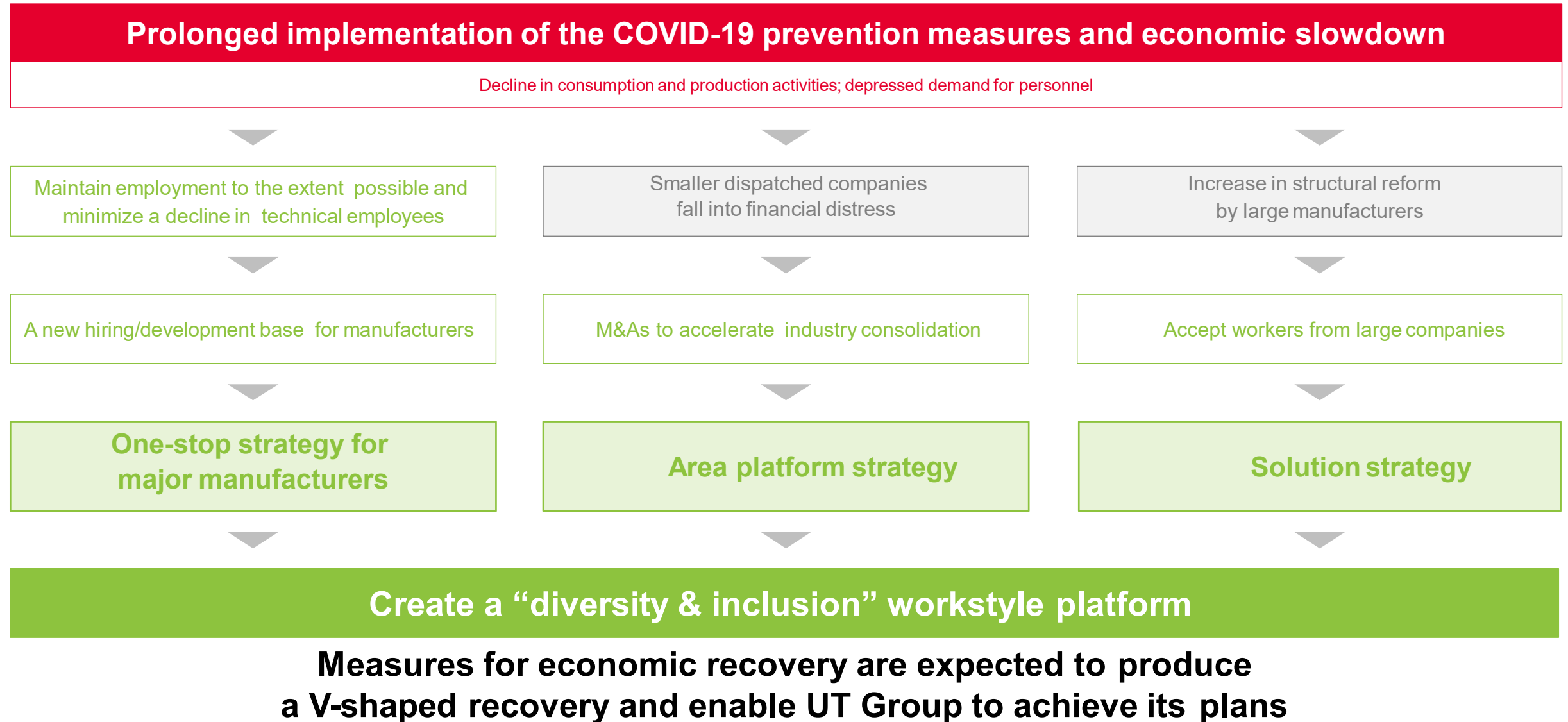
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Medium-term business objective

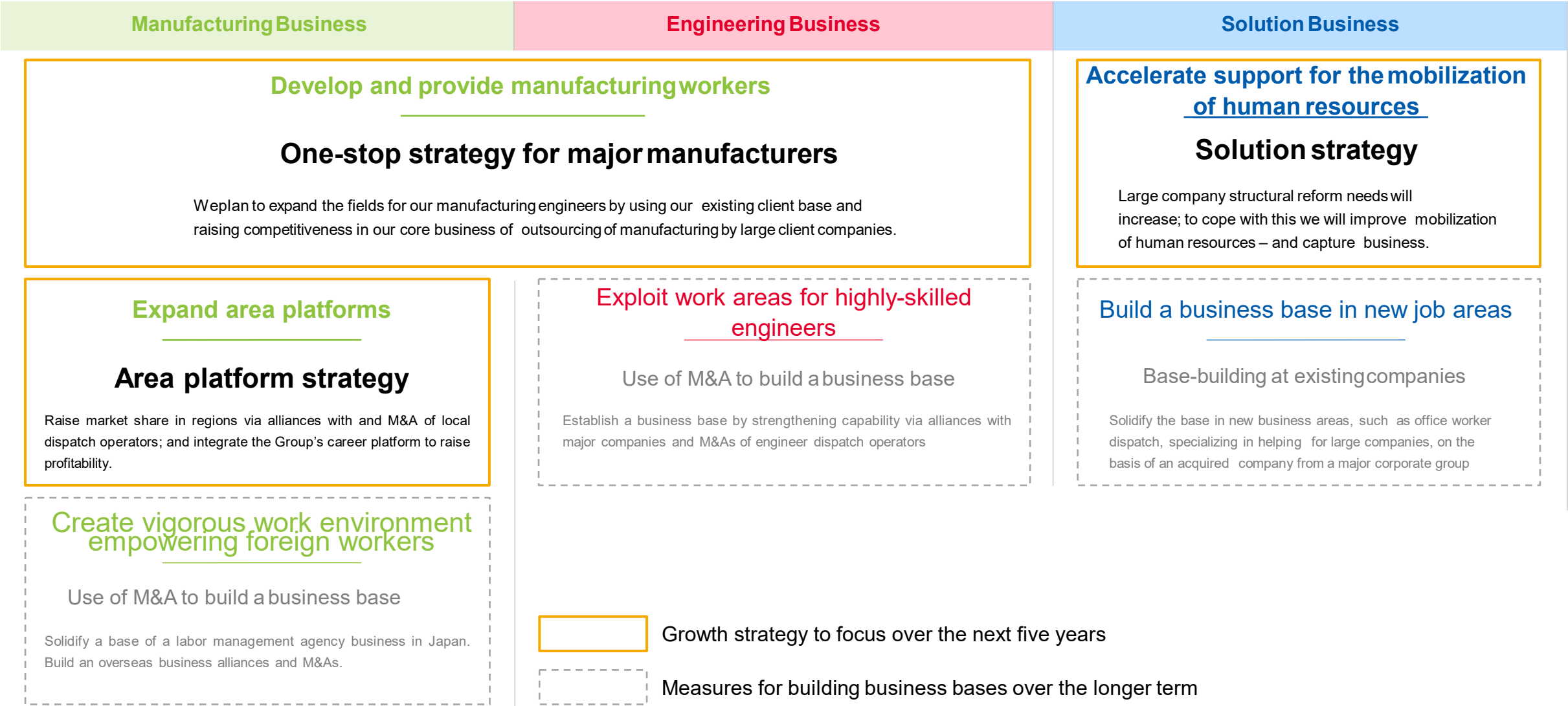
Create a “diversity & inclusion” workstyle platform



Growth strategies



Basic policy by segment



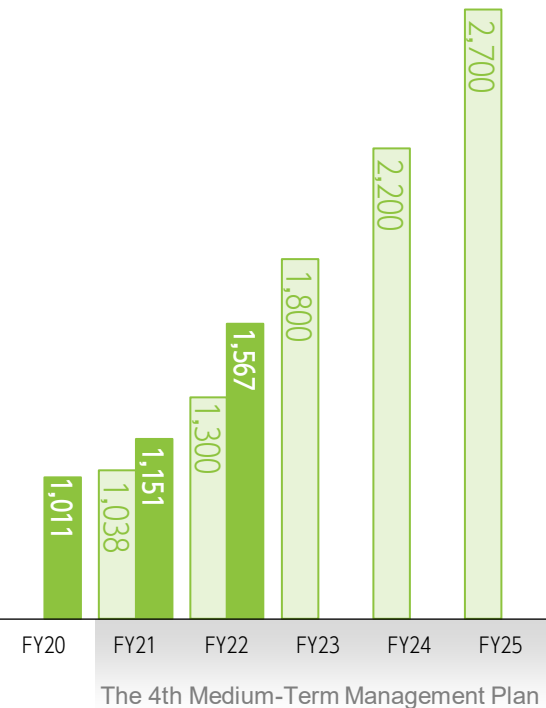
Numeric Targets and Commitments

As sales target for FY3/2023 was realized one year ahead of schedule in FY3/2022, we revised earning targets of FY3/2023 - FY3/2025 (announced May 13, 2022).

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

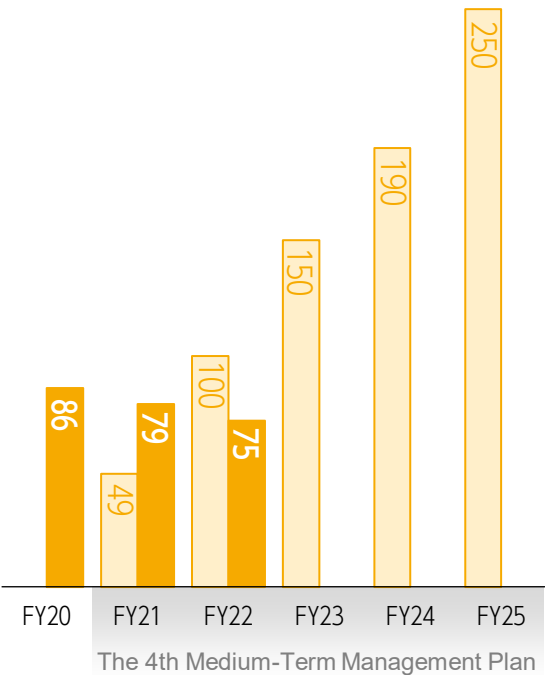
Sales target [100 million yen]

Results Targets



EBITDA* target [100 million yen]

Results Targets



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.
Total return ratio = (Dividends + Shares bought back) / 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.

*EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization + Stock-based compensation expenses

Appendix

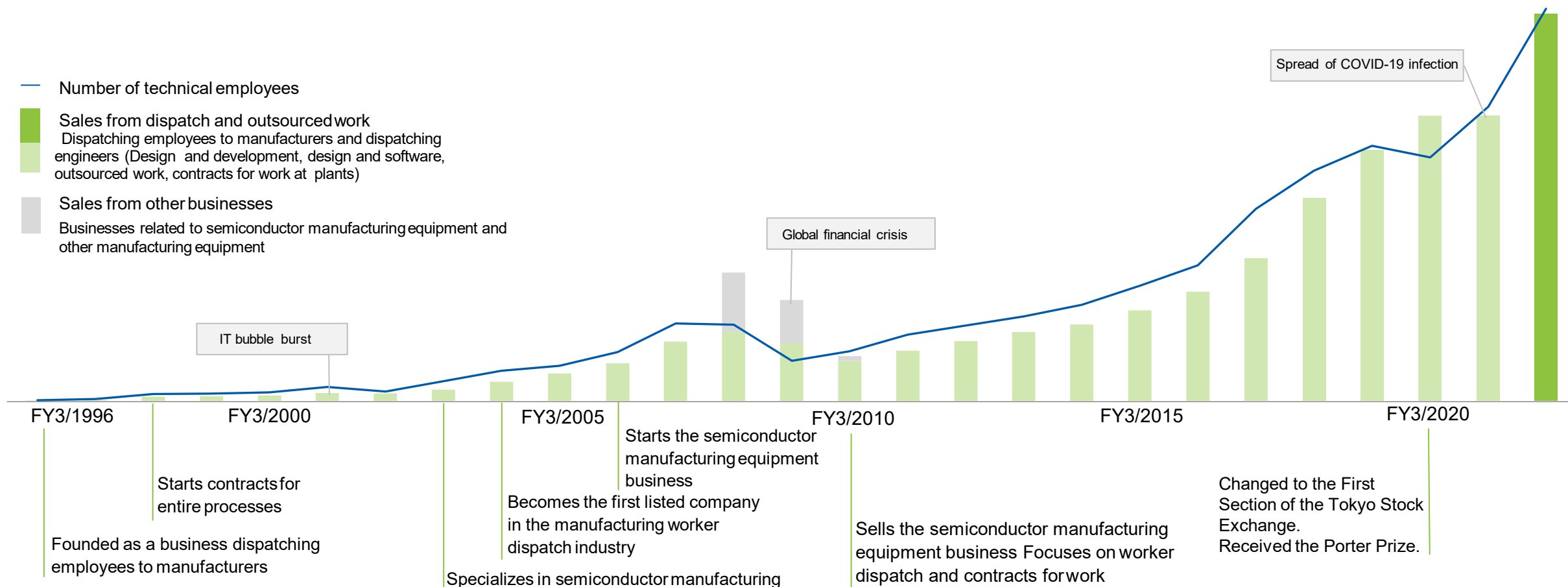
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5. About UT Group

The Leading Company in Manufacturing Dispatch Industry

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.

FY3/2022
Domestic Technical employees
31,636
Consolidated sales
¥156.7bn



Corporate Outline

Corporate Outline

As of Mar. 31, 2022

Corporate name:	UT Group Co., Ltd.
Founded:	April 2, 2007
Capital:	680 million yen
Listing:	TSE Prime Market (Securities code: 2146)
Representative:	President, Representative Director & CEO Yoichi Wakayama
Location:	1-11-15 Higashi-Gotanda, Shinagawa-ku, Tokyo
Number of issued and outstanding shares :	40,363,067 shares
Number of shareholders:	4,344

Group Companies

As of Apr. 1, 2022

UT Aim Manufacturing personnel services	UT Technology IT engineer outsourcing
UT Community General personnel dispatch and outsourcing	UT Construction Construction engineer outsourcing
UT SURI-EMU General personnel dispatch and outsourcing	Green Speed Joint Stock Company General personnel dispatch and outsourcing in Vietnam
FUJITSU UT General personnel dispatch and outsourcing	UT Life Support Internal benefit program management
UT Toshiba General personnel dispatch and outsourcing	UT Heartful Special subsidiary company
UT FSAS Creative Office work and IT personnel dispatch and outsourcing of operations system management and help desks	
UT MESC Elevator/escalator manufacturing outsourced work and dispatch of design engineers	

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)
- Engineer development program
- Management training

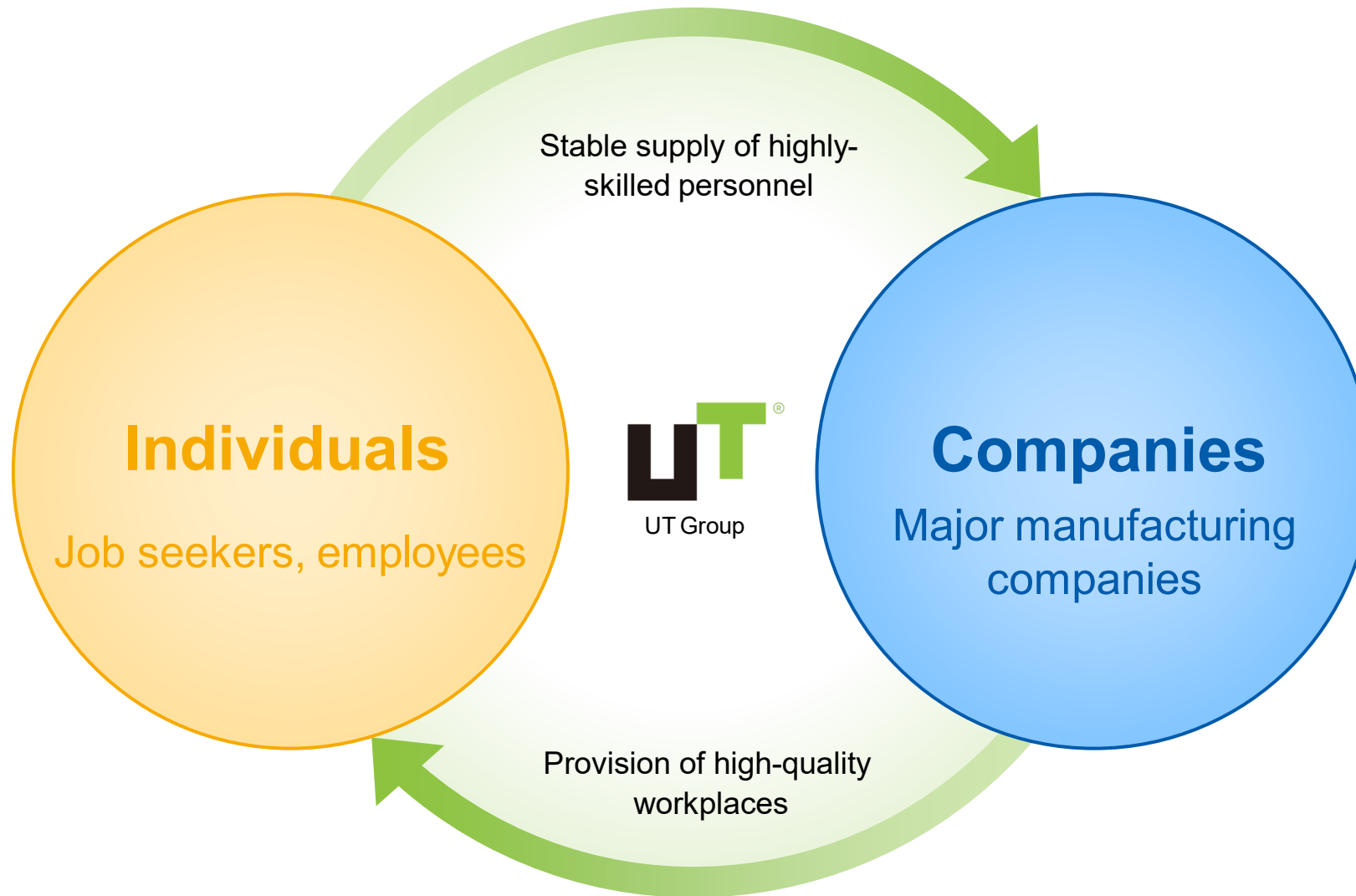


Share profit from enhanced corporate value with employees

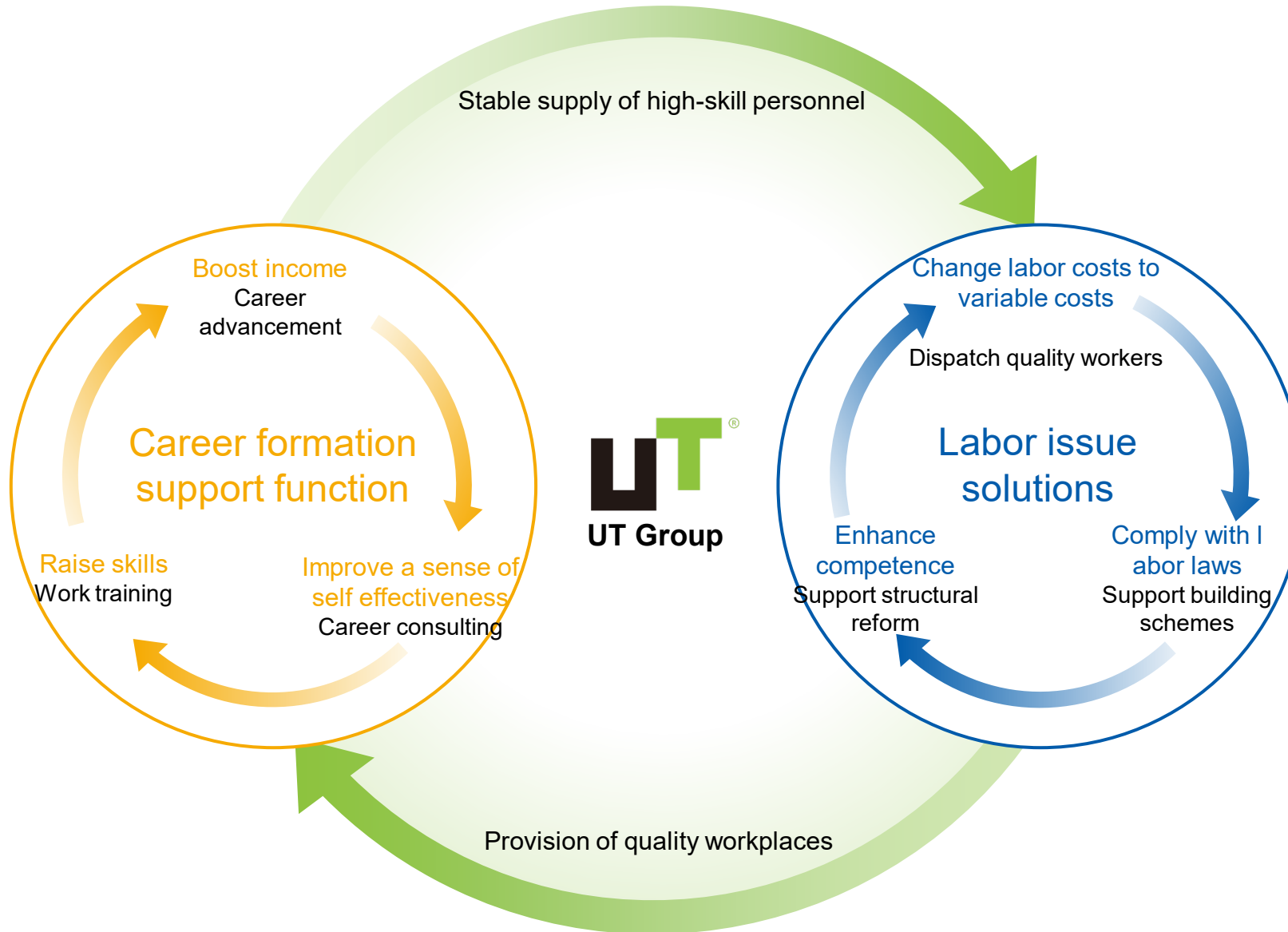
- Measures to encourage employees to become shareholders



Twin-Customer Strategy and Career Platform



Twin-Customer Strategy and Career Platform



Enhancement of the systems that enable technical employees to advance their careers

Good Job

A system that allows manufacturing operators and engineers to freely choose a workplace

(Own workplaces can be selected)

One UT

A system that supports career changes from manufacturing operators to engineering jobs at Group companies. Provides opportunities to build various careers within the Group.

(Intra-group transfers)

Next UT

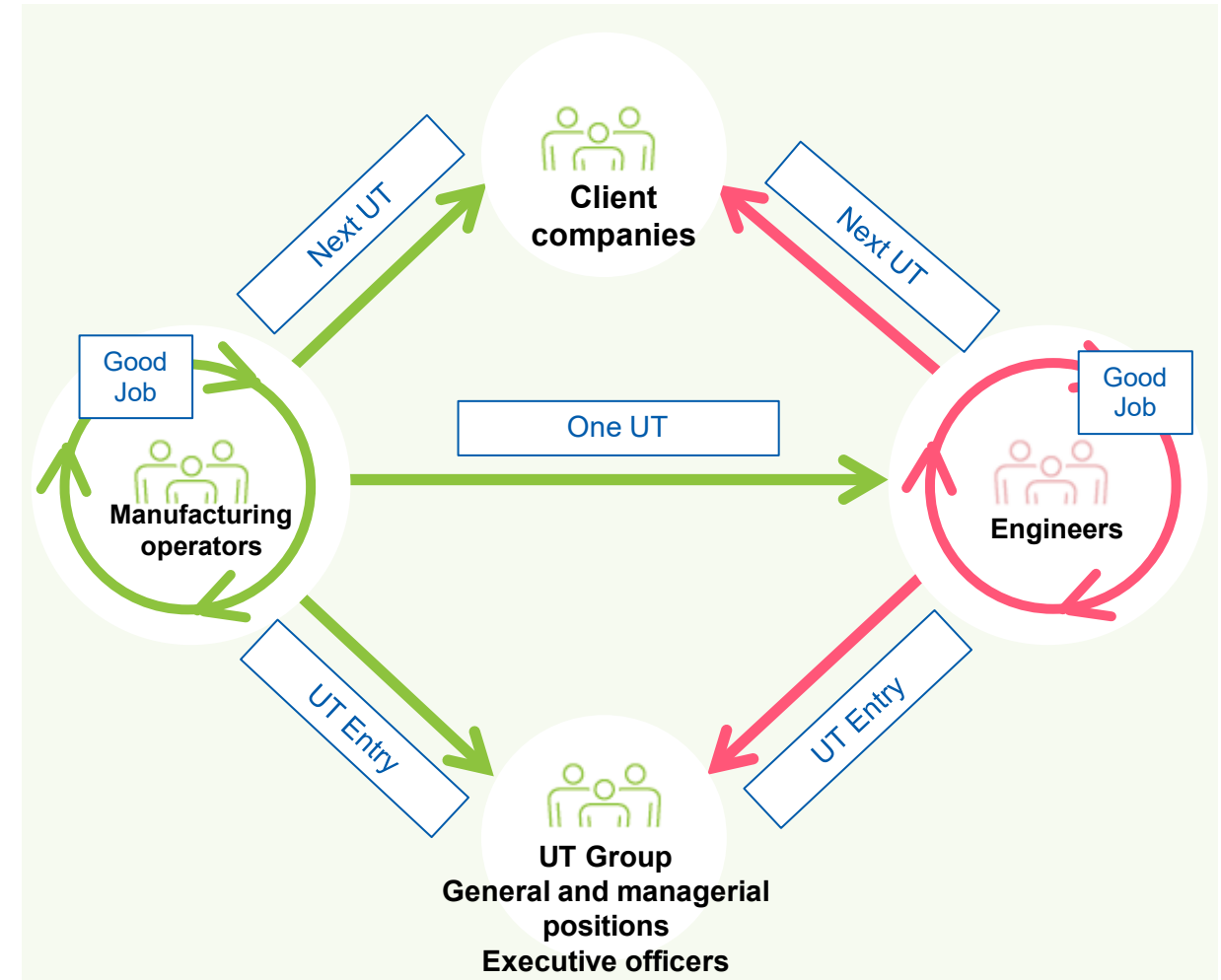
A system that supports the transfer to a client company (mainly major manufacturers). Expand career path options to motivate employees.

(Transfer from UT's dispatched worker status to being a client company's full-time employee)

UT Entry

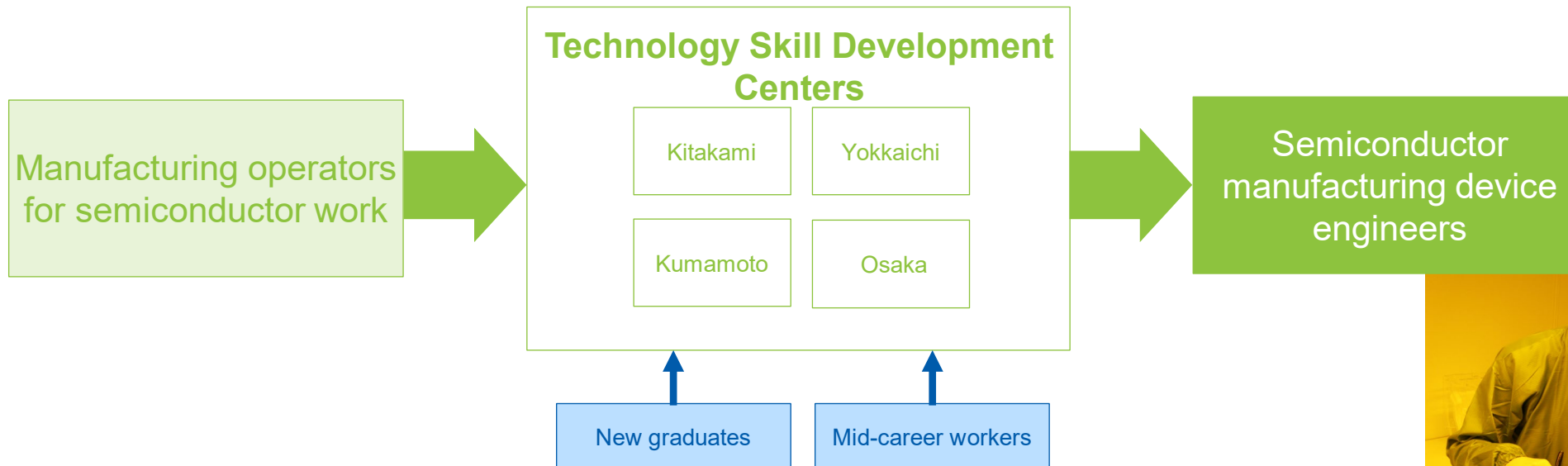
A voluntary nomination system to a manager or an executive. The industry's first system that provides all employees with a fair career opportunity regardless of their years of service, experience, or age.

(Voluntary nomination to the position of a manager or an executive)



Completed the formulation of an SME engineer development system

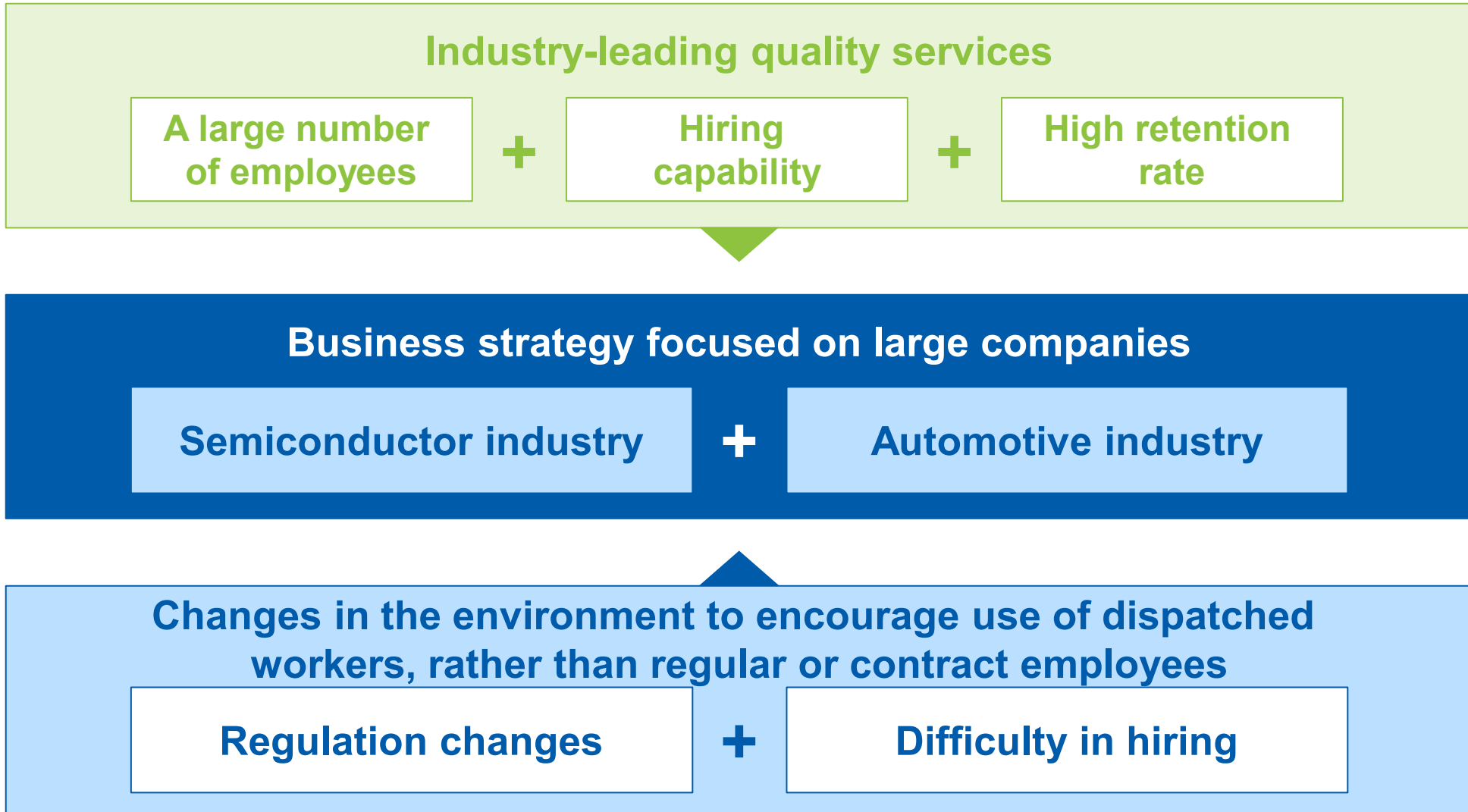
- Established four technology skill development centers for manufacturing engineers in the semiconductor field
(Dec. 2020: Kitagami City in Iwate; March 2021: Yokkaichi City in Mie and Kumamoto City in Kumamoto; May 2021 Osaka City in Osaka)
- Seek to enhance the manufacturing engineer field and develop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



Practical training in a clean room

Strong competitive advantage to support growth

Industry-leading quality services

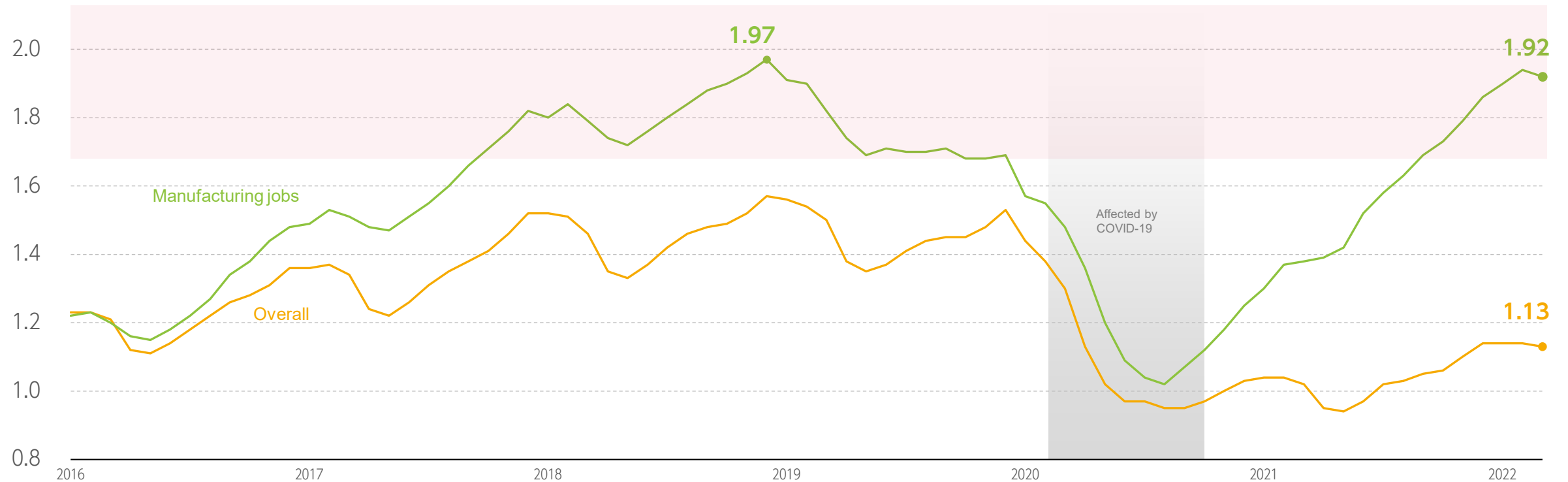


Tight supply and demand situation in the manufacturing industry due to the labor shortage

- The jobs-to-applicants ratio for manufacturing jobs surged to the level in 2018 and the supply/demand balance in personnel continues to be tight in manufacturing.

Jobs-to-applicants ratio

(times)



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

UT Group's market share growth potential in the worker dispatch market

Japan's Labor Force Distribution "Regional Classification"

2021	Employees/workers (excl. executives of companies)				
		Regular employees	Non-regular workers	Dispatched workers	Contract workers
Domestic	5,629	3,565	2,064	140	275
Hokkaido	218	133	85	4	13
Tohoku region	368	242	126	7	20
South Kanto region	1,759	1,124	635	51	94
North Kanto and Koshin regions	419	263	156	11	18
Hokuriku region	230	155	75	4	10
Tokai region	690	434	255	20	27
Kinki region	891	543	348	23	42
Chugoku region	314	204	110	6	12
Shikoku region	148	96	51	2	7
Kyushu region	532	333	199	10	26
Okinawa	61	37	23	1	5

Japan's Labor Force Distribution "Occupational Classification"

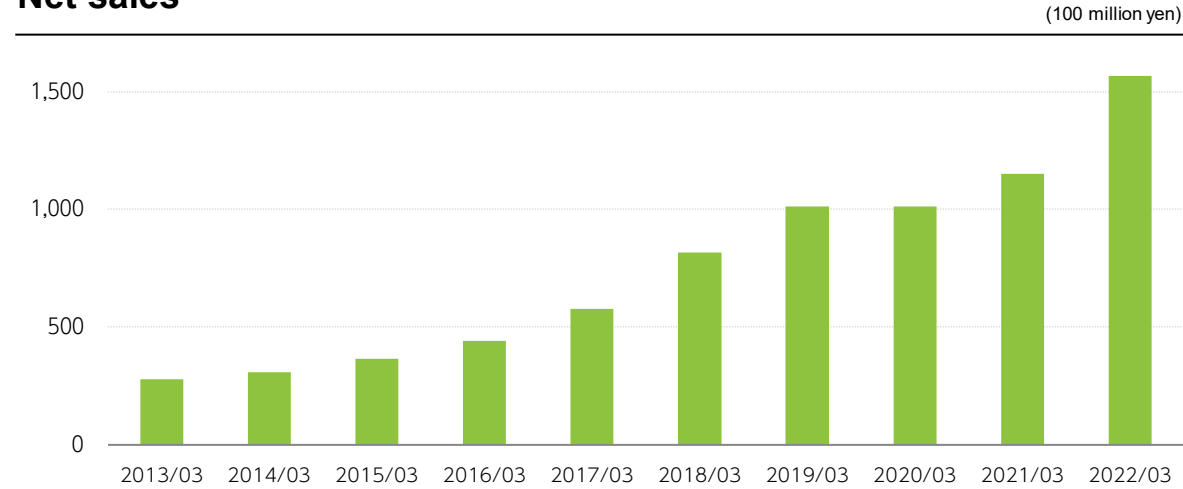
Average for FY 2021	Employees/workers (excl. executives of companies)				
		Regular employees	Non-regular workers	Dispatched workers	Contract workers
Overall	5,671	3,594	2,077	142	280
Professional and engineering workers	1,094	854	240	13	44
Clerical workers	1,310	899	411	50	79
Sales workers	727	432	295	5	23
Service workers	685	258	427	8	29
Security workers	128	96	32	-	10
Agriculture, forestry and fishery workers	54	27	28	1	2
Manufacturing process workers	766	523	243	37	38
Transport and machine operation workers	202	154	48	3	14
Construction and mining workers	181	159	23	0	7
carrying, cleaning, packaging, and related workers	443	143	300	21	31
Other	56	26	30	4	3

Source: Basic Data of Labor Force Survey, Ministry of Internal Affairs and Communications (2021)

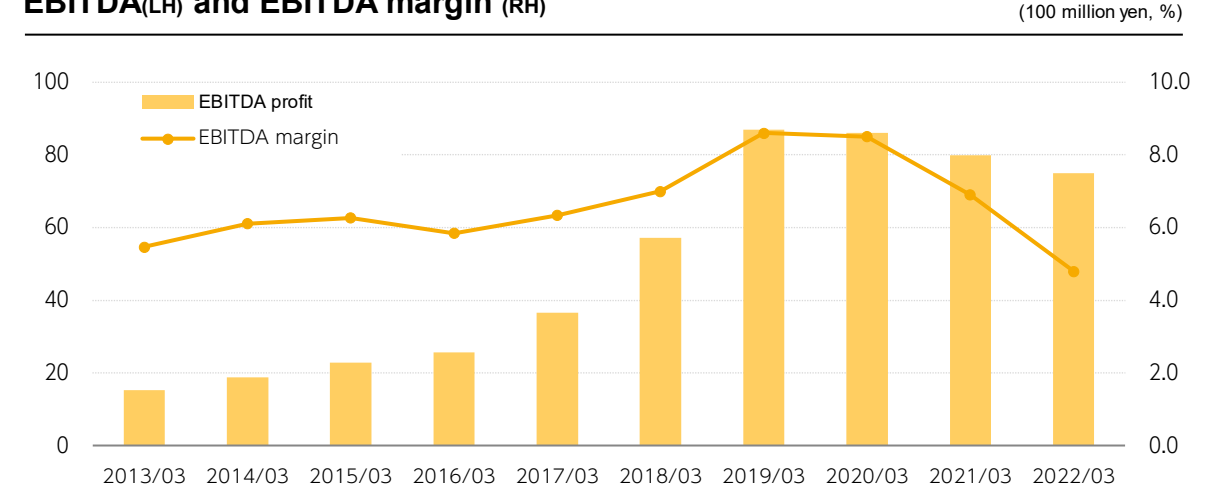
Based on its infrastructure for manufacturing dispatch, UT Group has sufficient room for expansion of its area bases and non-manufacturing occupations by replacing contract workers with dispatch workers.

Trends of Business Results

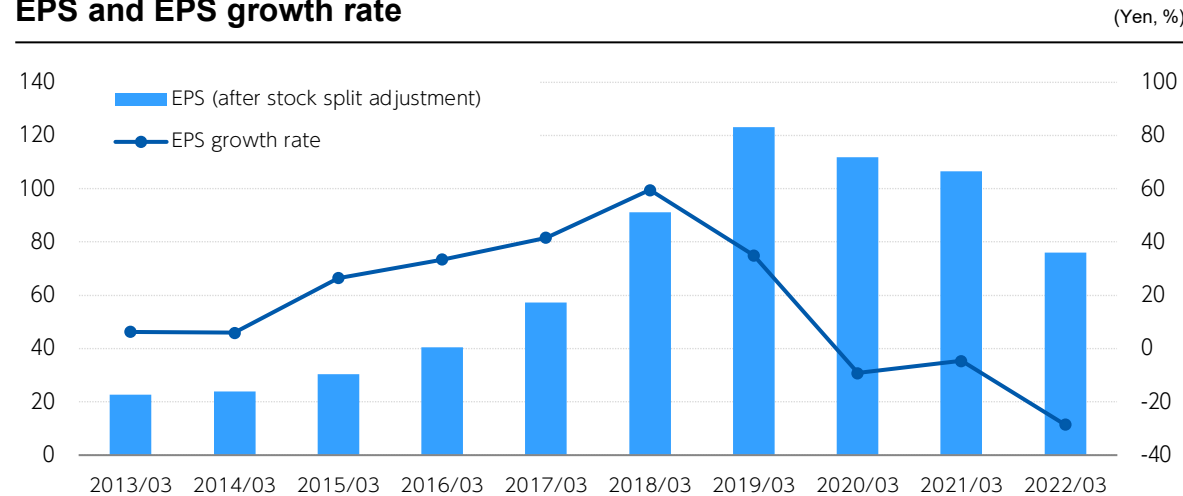
Net sales



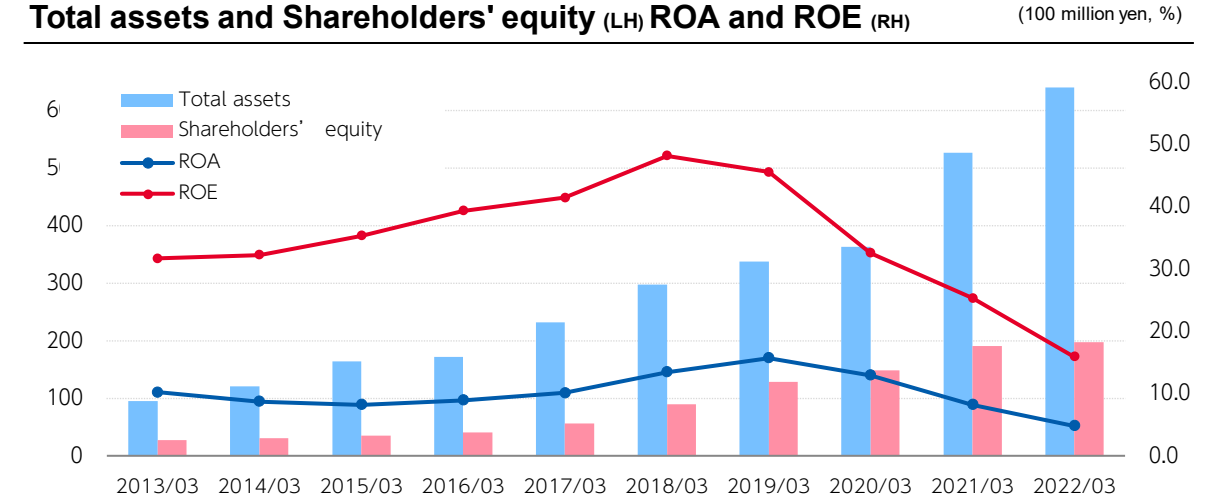
EBITDA(LH) and EBITDA margin (RH)



EPS and EPS growth rate



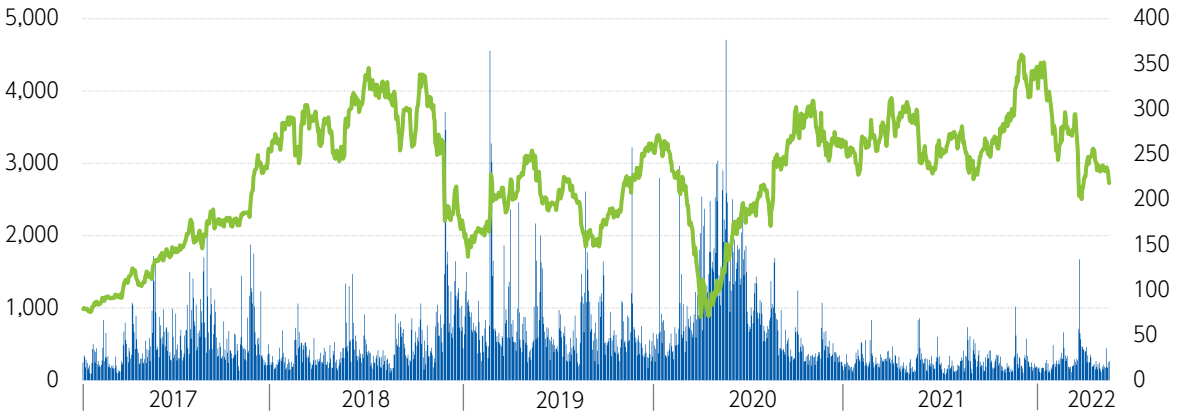
Total assets and Shareholders' equity (LH) ROA and ROE (RH)



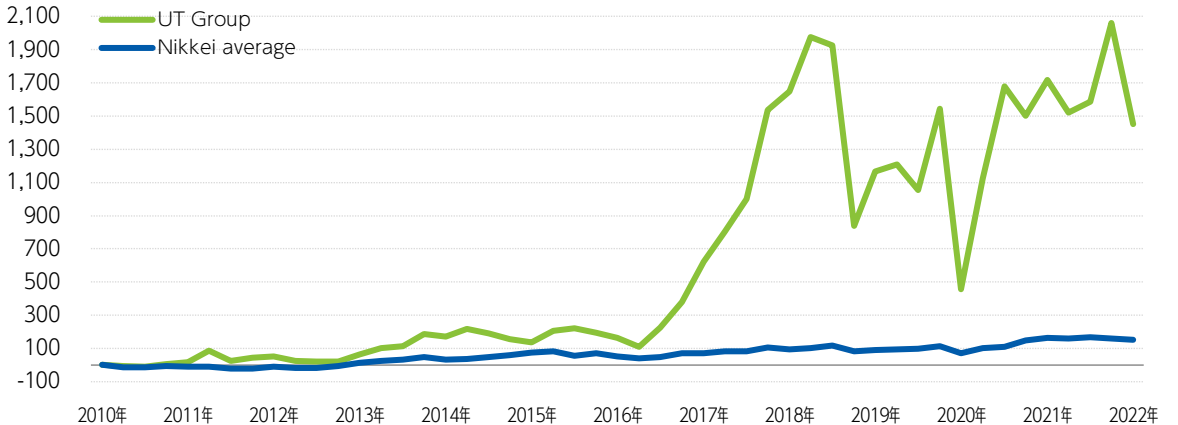
ROA = [Net profit attributable to owners of the parent] / [Total assets] (fiscal year average)
 ROE = [Net profit attributable to owners of the parent] / [Shareholders' equity] (fiscal year average)

Trends of Stock Price

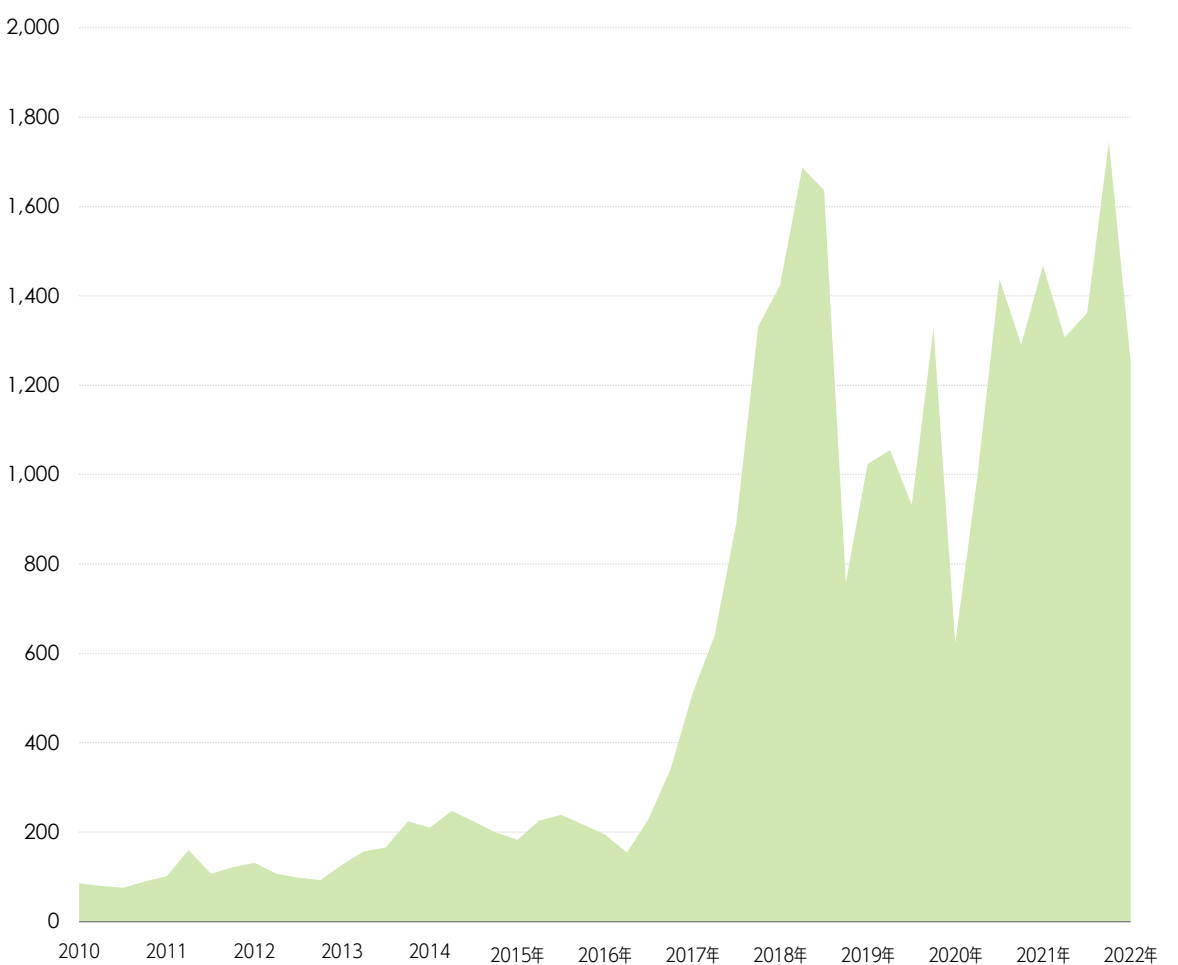
Stock price (LH) and trading volume (RH) (Yen / 10,000 shares)



Changes in stock price (compared with the level on March 31, 2010) [%]



Market capitalization (100 million yen)



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

(Dividends share buyback)/Net profit≥30%

Total return ratio

(Thousand yen)

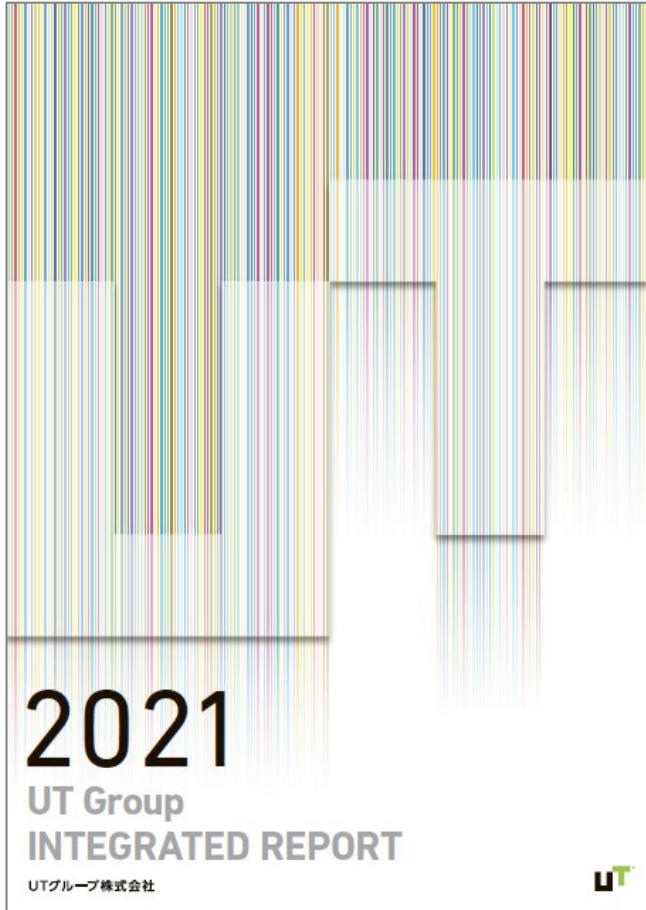
	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Net profit	3,534,596	4,968,446	4,562,294	4,299,825	3,140,593
Dividends paid	-	2,499,281	-	2,663,952	968,709
Amount of share buyback	1,060,818	-	-	-	-
Total return ratio	30.0%	50.3%	0.0%	62.0%	30.8%

*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.

*In FY3/2021, returns to shareholders were entirely in cash dividends. In addition to the ordinary dividend of 30% of net income, a special dividend (equivalent to 30% of net income for FY3/2020, payment of which had been forgone) was paid.

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_material14/173646/00.pdf

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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