



**1Q of Fiscal Year Ending March 31, 2025**

# Financial Results

August 9, 2024

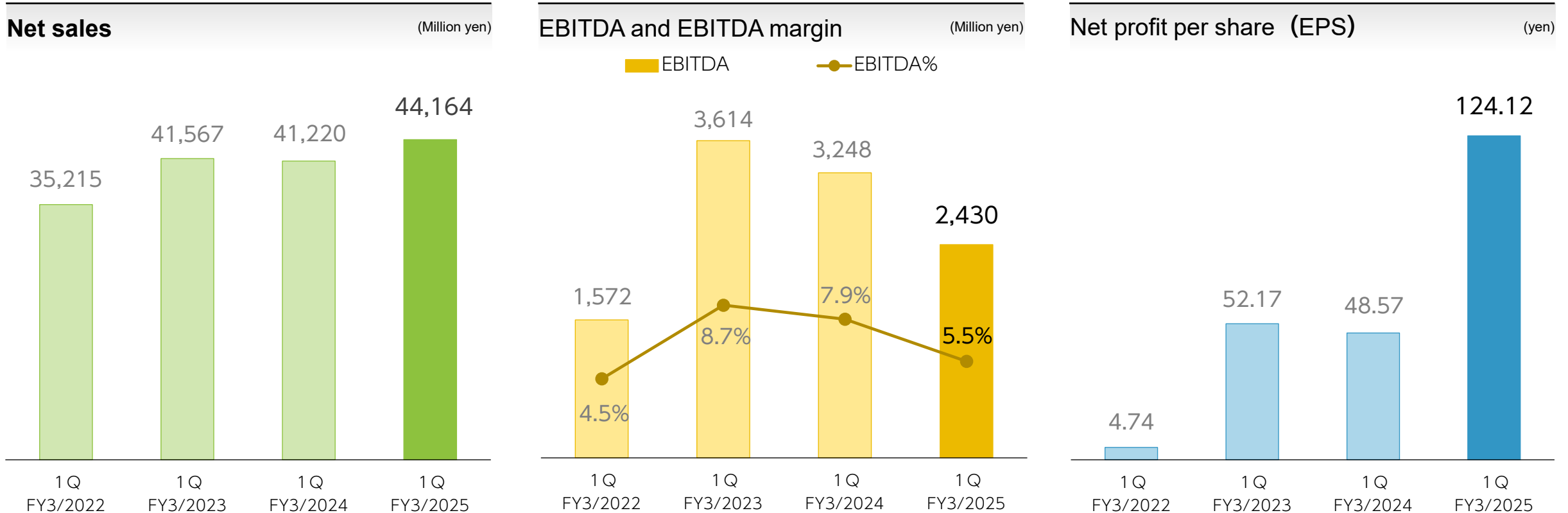
**UT Group Co., Ltd.**

Securities Code: 2146(TSE Prime Market)

# FY3/2025 1Q Financial Results

# Highlights

- Achieved record-high quarterly sales thanks to the expanded workforce at the beginning of FY3/2025 as a result of the enhanced hiring in March and the impact of newly-consolidated companies.
- Lower operating rates resulted in a decrease in gross profit in 1Q.
- The SG&A expense to sales ratio rose mainly due to additional personnel expenses of newly-consolidated subsidiaries, despite the similar level of hiring costs to those of FY3/2024.
- The recording of extraordinary income (gain on sale of shares in subsidiaries and affiliates of Approx. 5.9 billion yen) contributed to achieving a record-high EPS in 1Q.



# Summary of Statement of Income

[million yen]

	1Q of FY3/2024		1Q of FY3/2025		Y-o-Y change	
	Results	% to net sales	Results	% to net sales	Amount	%
Net sales	41,220	100.0%	44,164	100.0%	+2,943	+7.1%
Gross profit	7,722	18.7%	7,630	17.3%	-91	-1.2%
SG&A expenses	4,929	12.0%	5,707	12.9%	+778	+15.8%
EBITDA	3,248	7.9%	2,430	5.5%	-817	-25.2%
Operating profit	2,792	6.8%	1,922	4.4%	-869	-31.1%
Ordinary profit	2,753	6.7%	1,868	4.2%	-884	-32.1%
Net profit attributable to UT Group	1,956	4.7%	4,930	11.2%	+2,974	+152.1%
EPS (yen)	48.57	—	124.12	—	+75.55	+155.5%
No. of Tech employees (Domestic)	31,664	—	34,330	—	+2,666	+8.4%
No. of Tech employees (Overseas)	13,078	—	17,805	—	+4,727	+36.1%

(note) EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization

## Net sales

- Achieved record-high quarterly sales thanks to the expanded workforce at the beginning of FY3/2025 due to enhanced hiring in March and the impact of newly-consolidated companies.

## Gross profit margin

- In preparation for the expansion phase, we have strengthened recruitment methods to shorten the lead time to assign new hires. The operation rate was lower due to production adjustments by some automakers.

## SG&A expenses

- Of ¥0.78 billion y-o-y increase, about ¥0.25 billion increase was attributable to the M&A activities.

## Technical employees (Japan)

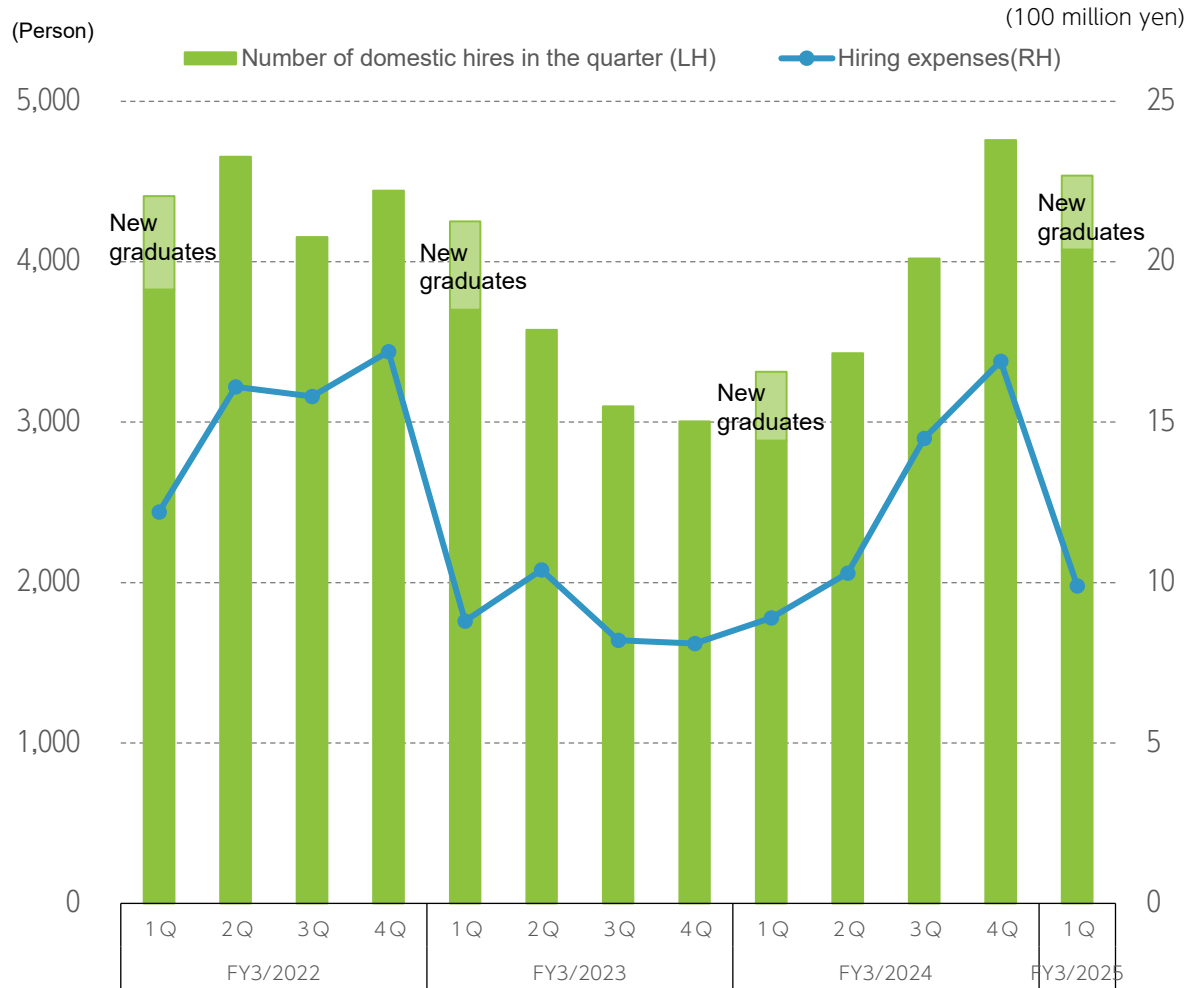
- Increased as a result of the enhanced hiring in March and the new subsidiaries.

## Technical employees (overseas)

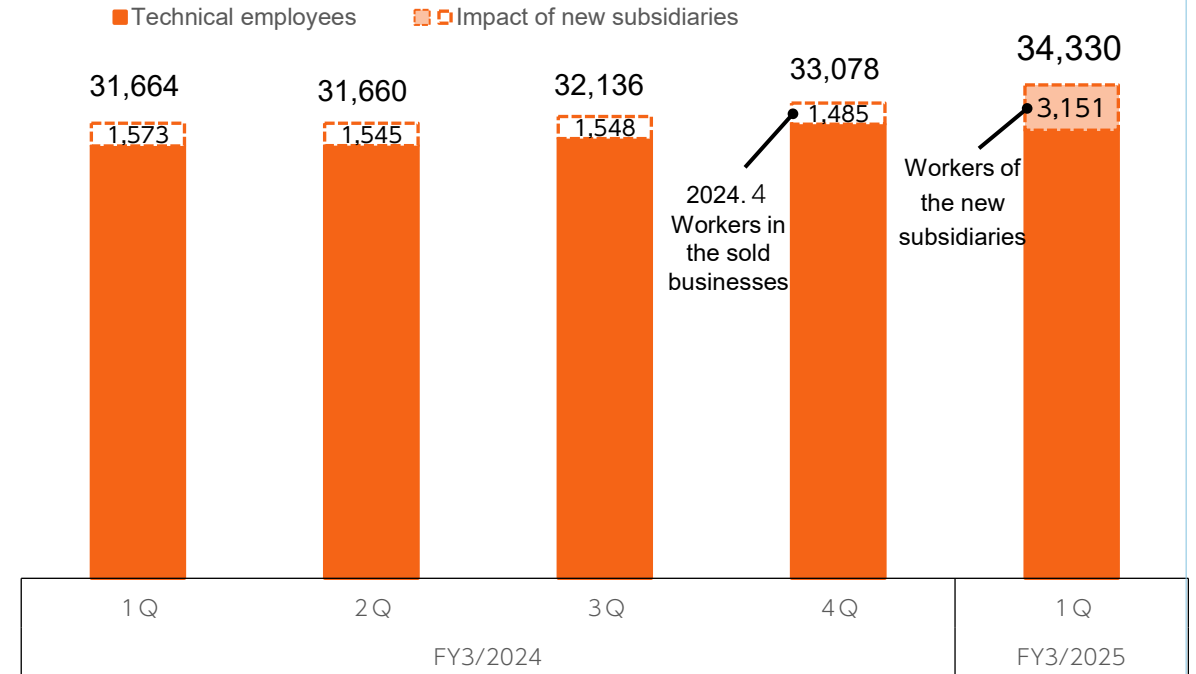
- A significant net increase in March due to an increase in demand accompanying the recovery of the manufacturing industry in Vietnam and the receipt of large project

# Trend in Hiring and the Number of Technical Employees in Japan

Quarterly domestic hires and hiring expenses



Number of domestic technical employees in Japan (by quarter)



34,000 employees in April, due to increased hires, driven by enhanced hiring efforts in March, and addition of newly-consolidated subsidiaries.

# Recent M&A Activities

## Newly-consolidated companies in manufacturing dispatch

### BeNEXT Partners Inc. (Acquired its shares on April 1, 2024)

- Acquired 100.0% of its shares from Open Up Group Inc.
- Renamed to UT Partners Co., Ltd.

### Hitachi Ibaraki Technical Service Ltd.

(Acquired on May 1, 2024)

- Acquired 51.0% of its shares from Hitachi Ltd.
- Renamed to UT-HITES., Ltd.

## Sale of subsidiaries in engineering dispatch

### UT Technology Co., Ltd.

### UT Construction Co., Ltd. (Sold on April 1, 2024)

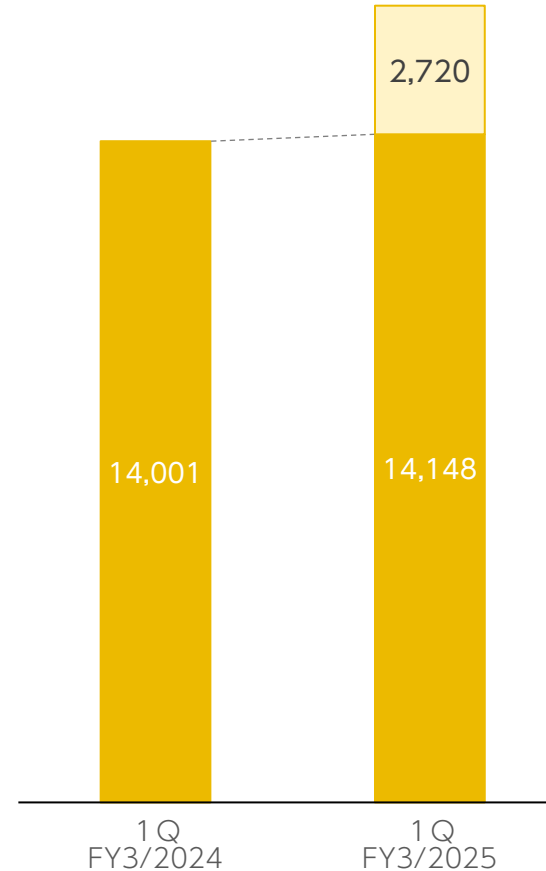
- Sold 100.0% of shares of those IT/construction engineer dispatch subsidiaries to Open Up Group Inc.
- The Engineering Segment of UT Group ceased to exist from FY3/2025.

## Area Business: [million yen]

### Impact of new subsidiaries

\* Restated FY3/2024 results in the new segments

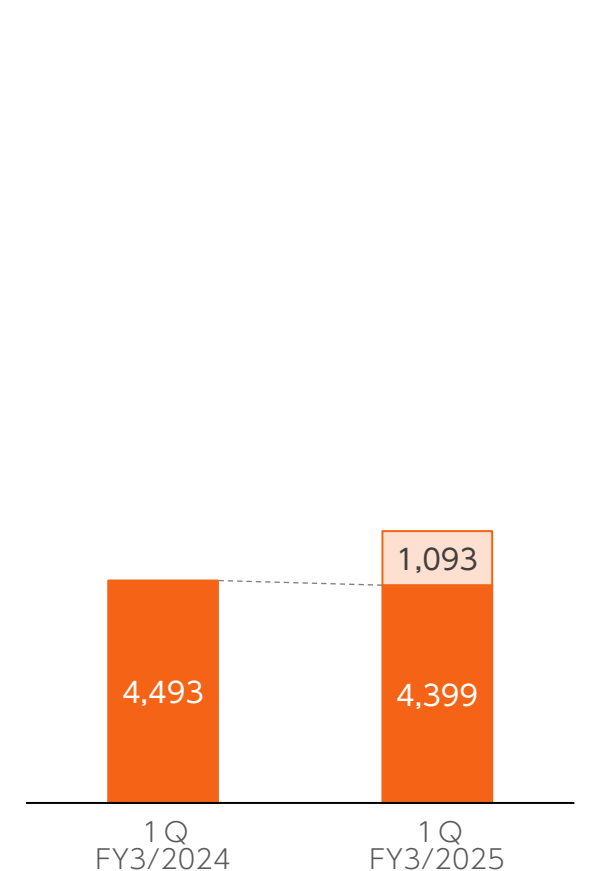
■ Existing ■ New subsidiaries ( UT Partners )



## Solution Business: [million yen]

### Impact of new subsidiaries

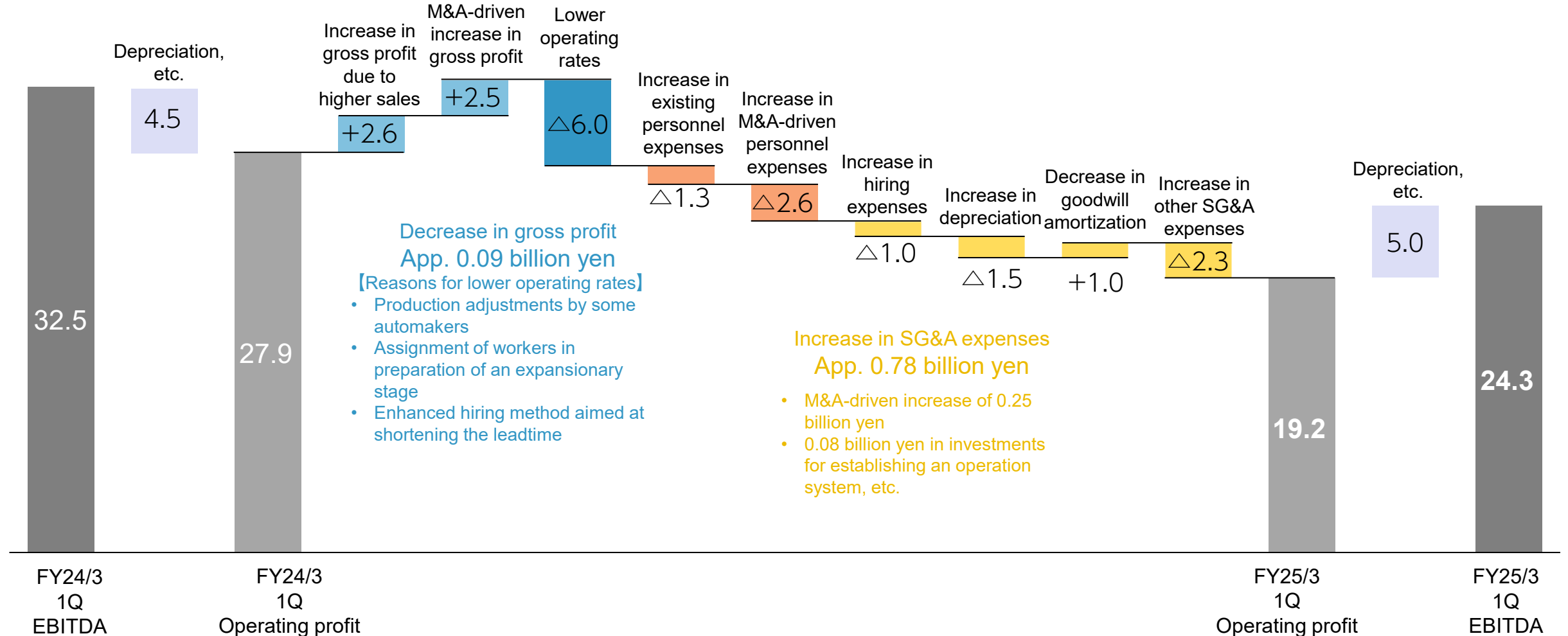
■ Existing ■ New subsidiaries ( UT-HITES )



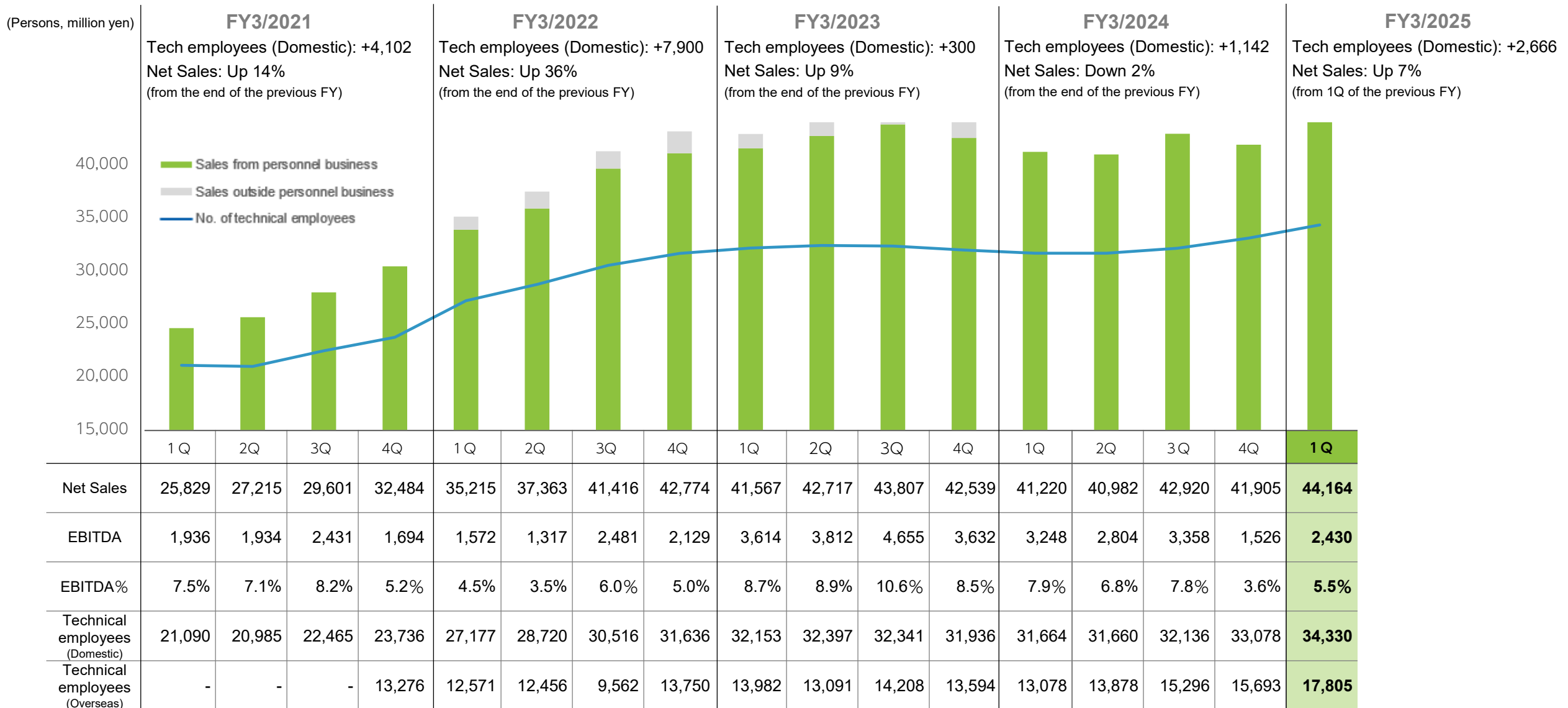
# Decrease in Profit due to Lower Gross Margin and Increase in Expenses

## Analysis of Consolidated EBITDA and Operating Profit

[100 million yen]



# Quarterly Changes in Sales and Number of Technical Employees





# Consolidated Balance Sheets

[million yen]

	March 31, 2024		June 30, 2024		Change from the end of the previous FY	
		% to total assets	Results	% to total assets	Amount	%
<b>Current assets</b>	<b>54,213</b>	<b>79.2%</b>	<b>57,013</b>	<b>78.2%</b>	<b>+2,799</b>	<b>+5.2%</b>
Cash and deposits	29,318	42.8%	32,497	44.6%	+3,178	+10.8%
Notes and accounts receivable – trade	22,519	32.9%	22,308	30.6%	-194	-0.9%
<b>Non-current assets</b>	<b>14,242</b>	<b>20.8%</b>	<b>15,903</b>	<b>21.8%</b>	<b>+1,660</b>	<b>+11.7%</b>
Property, plant and equipment	821	1.2%	853	1.2%	+32	+3.9%
Intangible assets	11,264	16.5%	12,471	17.1%	+1,207	+10.7%
Goodwill	5,560	8.1%	6,211	8.5%	+650	+11.7%
Investments and other assets	2,157	3.2%	2,578	3.5%	+420	+19.5%
<b>Total assets</b>	<b>68,456</b>	<b>100.0%</b>	<b>72,916</b>	<b>100.0%</b>	<b>+4,459</b>	<b>+6.5%</b>
<b>Current liabilities</b>	<b>24,967</b>	<b>36.5%</b>	<b>27,710</b>	<b>38.0%</b>	<b>+2,743</b>	<b>+11.0%</b>
Short-term borrowings and Current portion of long-term borrowings	4,368	6.4%	4,127	5.7%	-122	-3.7%
<b>Current liabilities</b>	<b>9,046</b>	<b>13.2%</b>	<b>8,955</b>	<b>12.3%</b>	<b>-91</b>	<b>-1.0%</b>
Long-term borrowings	7,900	11.5%	7,182	9.9%	-717	-9.1%
<b>Net assets</b>	<b>34,443</b>	<b>50.3%</b>	<b>36,250</b>	<b>49.7%</b>	<b>+1,807</b>	<b>+5.2%</b>
Shareholders' equity	27,007	39.5%	28,288	38.8%	+1,280	+4.7%
Share acquisition rights	5,862	8.6%	5,813	8.0%	-48	-0.8%
<b>Total liabilities and net assets</b>	<b>68,456</b>	<b>100.0%</b>	<b>72,916</b>	<b>100.0%</b>	<b>+4,459</b>	<b>+6.5%</b>
<b>Net debt/equity ratio</b>	<b>△0.6</b>	—	<b>△0.7</b>	—	—	—
<b>ratio of goodwill to shareholders' equity</b>	<b>20.3%</b>	—	<b>21.6%</b>	—	—	—

## Current assets

- Increase in cash and deposits

## Non-current assets

- Increase in goodwill due to the acquisitions
- Increase in other nontangible fixed assets

## Current liabilities

- Increase in income taxes payable, etc.

## Non-current liabilities

- Increase in liabilities related to retirement benefits and deferred tax liabilities
- Decrease in long-term borrowings

## Net assets

- Increase in retained earnings due to recording of net profit attributable to owners of the parent
- Equity ratio 39.4% (40.0% as of March 31, 2024)

## Outstanding shares

- 1Q-end: 39,762,883 shares +63,500 shares vs. the end of FY3/2024
- -600,184 shares vs. the end of 1Q FY3/2024

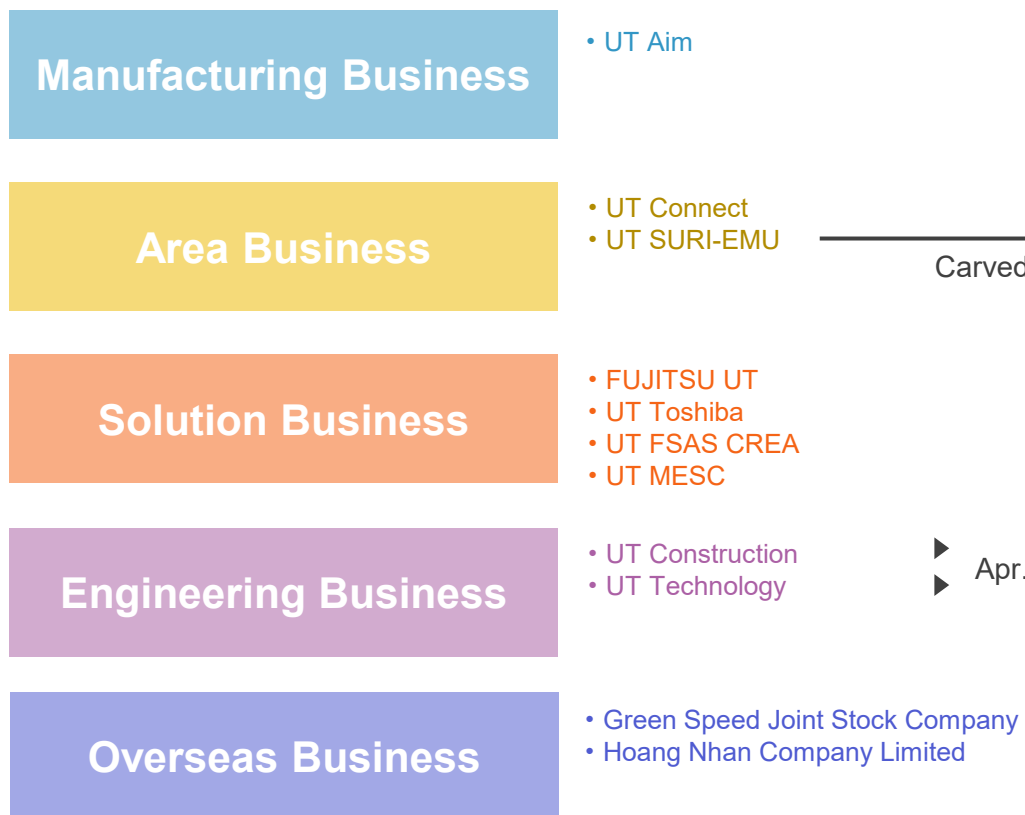
# Results by segment

# Change in Segments and the Allocation Method of HQ expenses, etc.

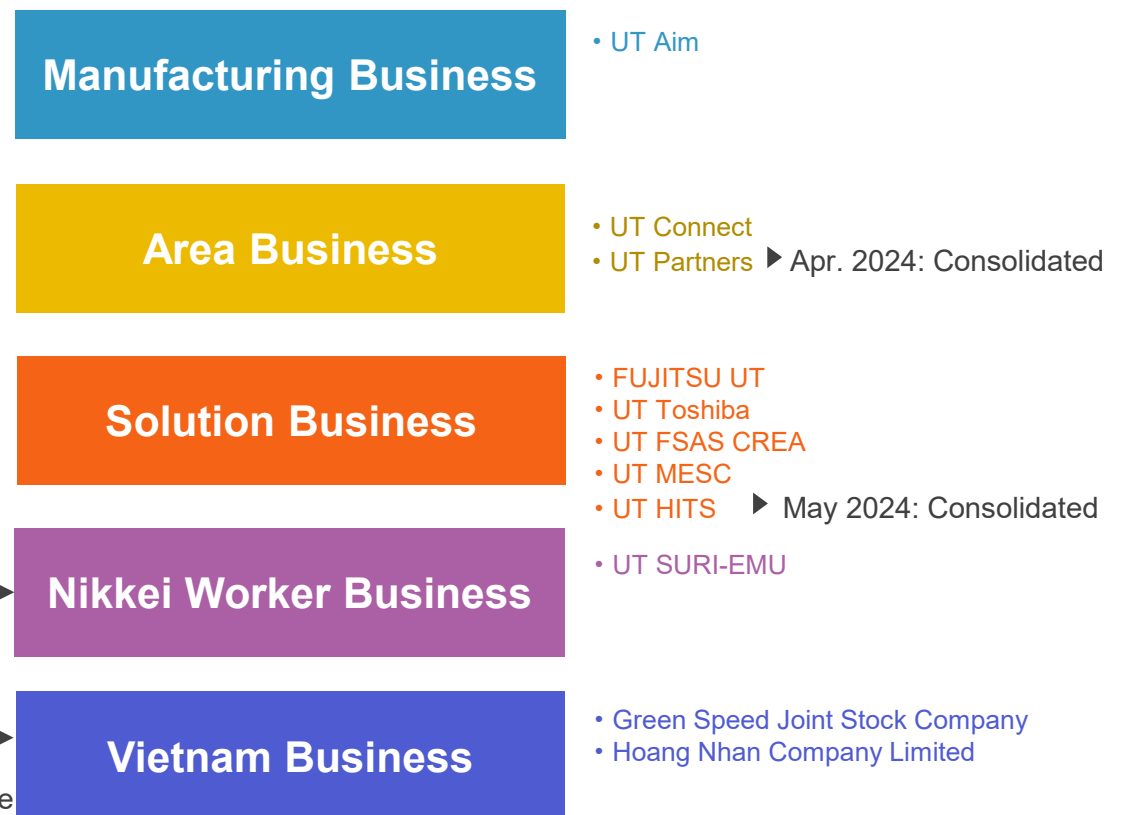
(from April 2024)

- Carved out of the Nikkei (Japanese origin) HR business from the Area Business
- Discontinued the Engineering Business due to the sale of the IT/construction engineer dispatch subsidiaries.
- Changed to a more rational allocation method to more properly manage segment performance. The segment profits for FY3/2024 have been restated.

Before (up to March 2024)



After (from April 2024)



Carved out

▶ Apr. 2024: Sold

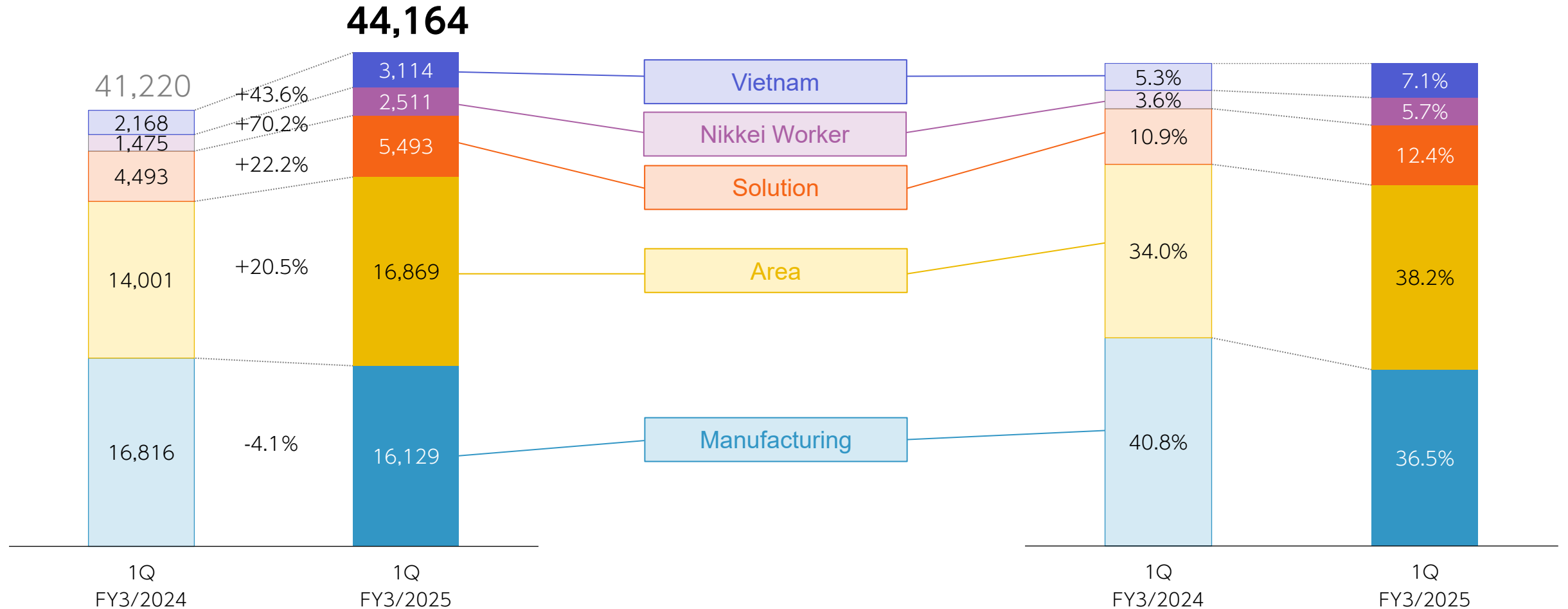
Change the segment name

# Results by Segment: Net Sales and Sales Composition

## Net sales

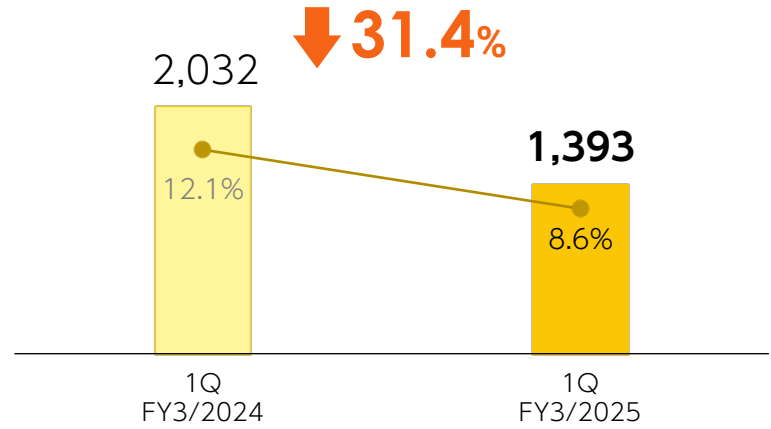
(Million yen)

## Sales composition

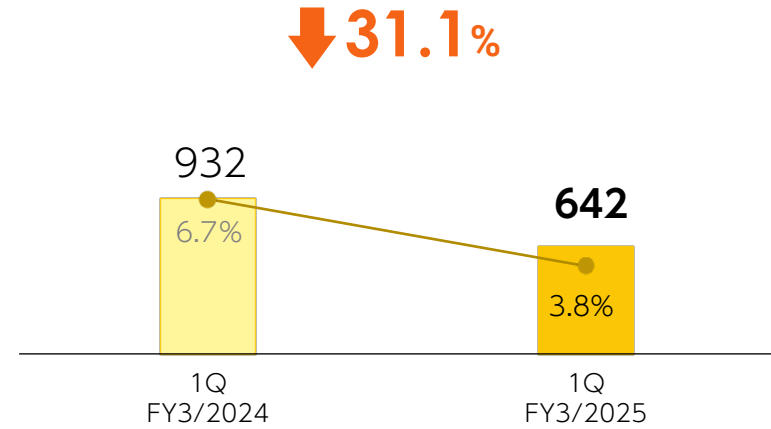


# EBITDA by Segment

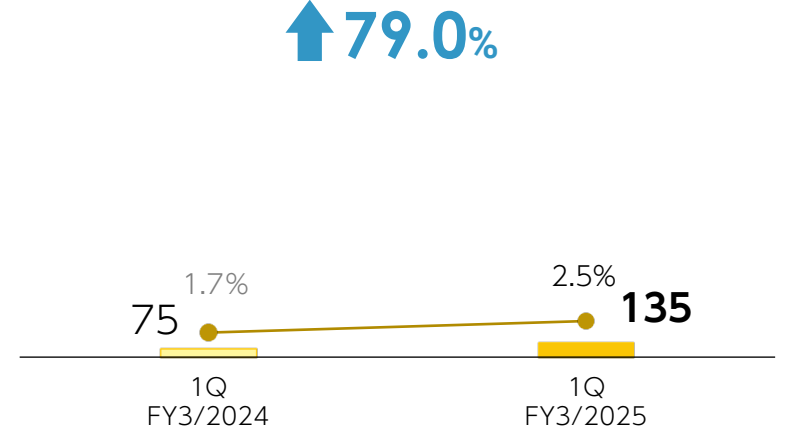
Manufacturing Business (Million yen)



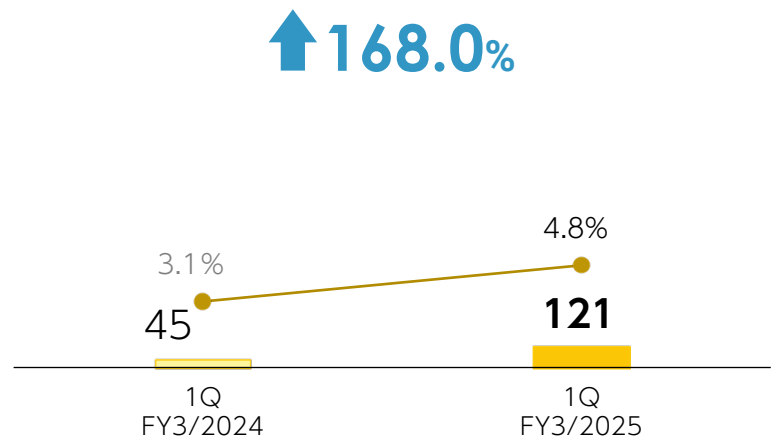
Area Business (Million yen)



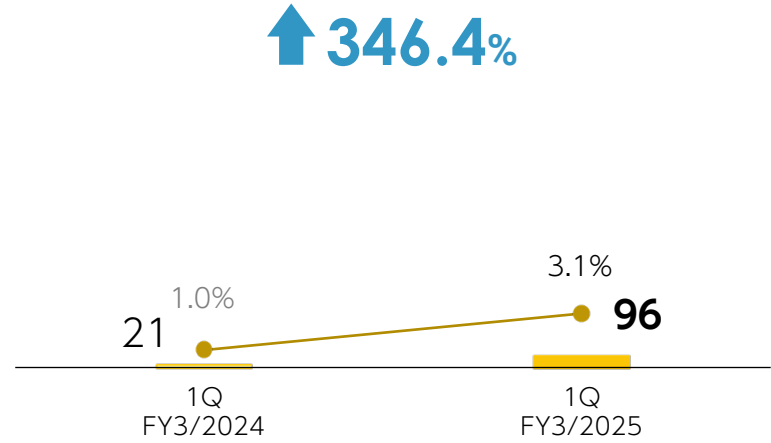
Solution Business (Million yen)



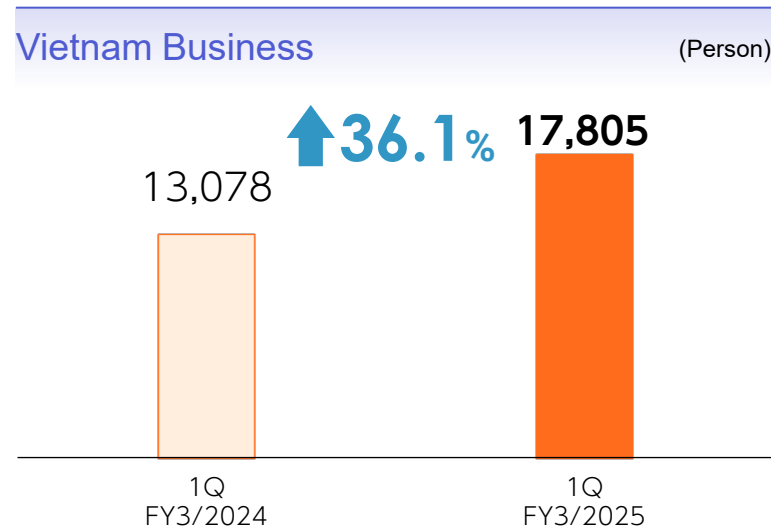
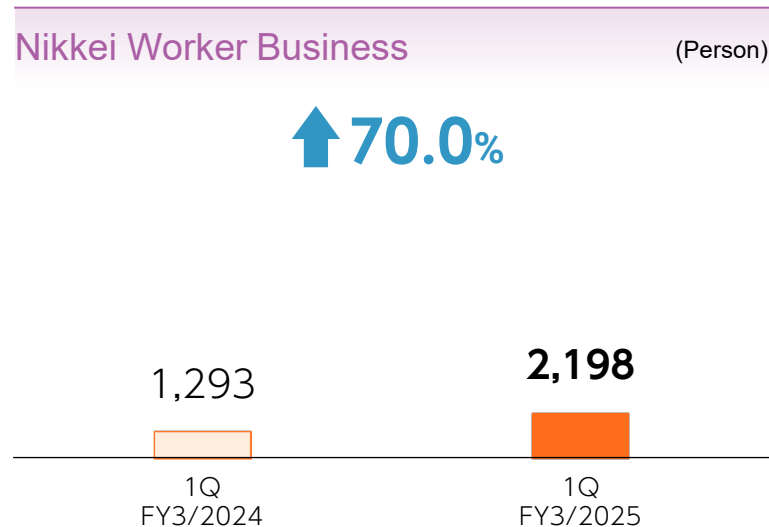
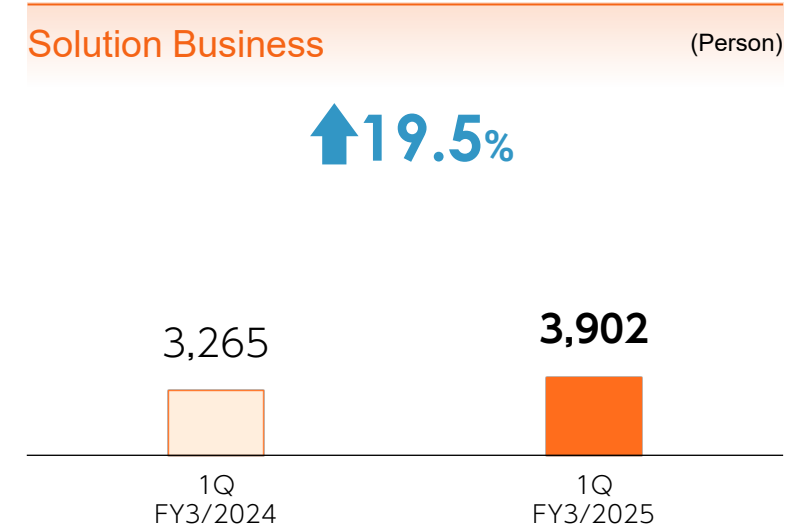
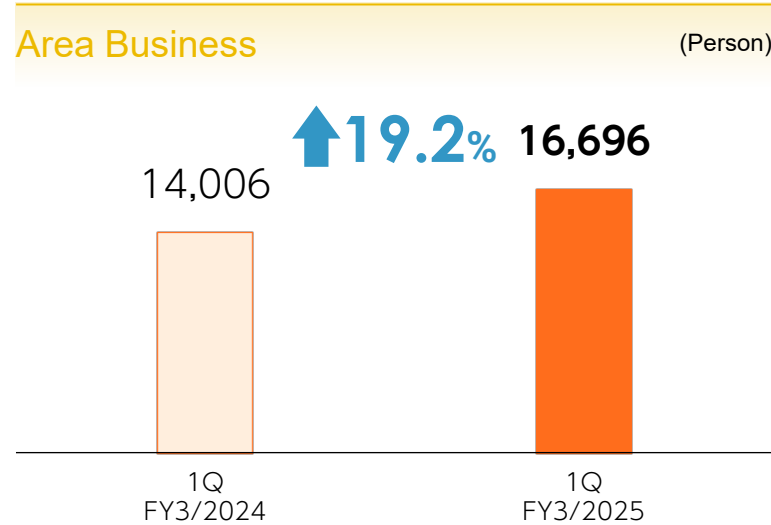
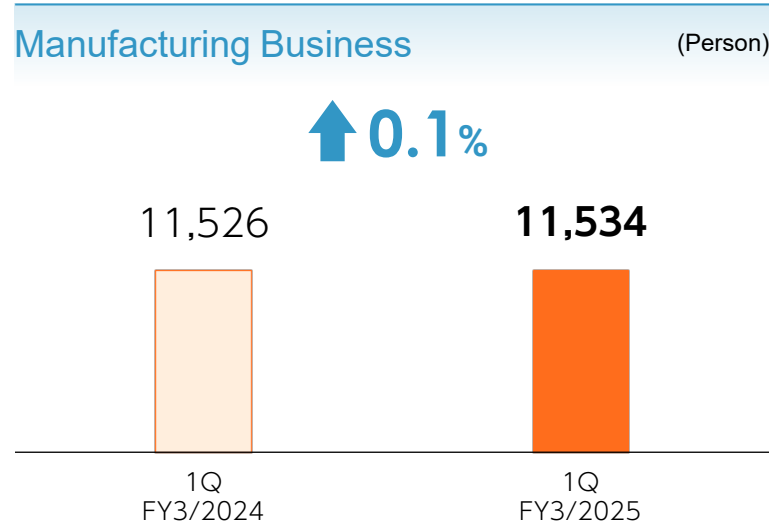
Nikkei Worker Business (Million yen)



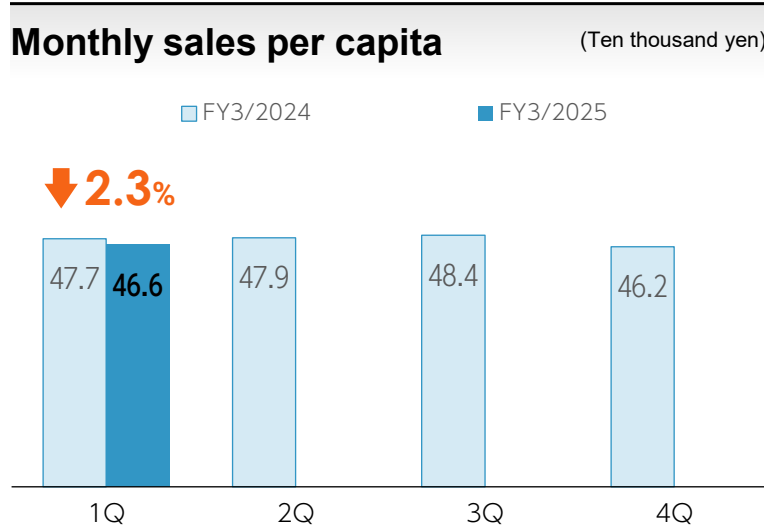
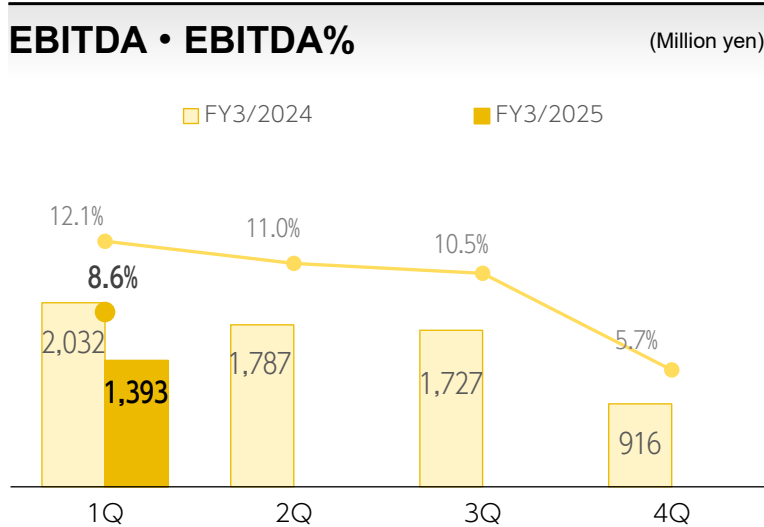
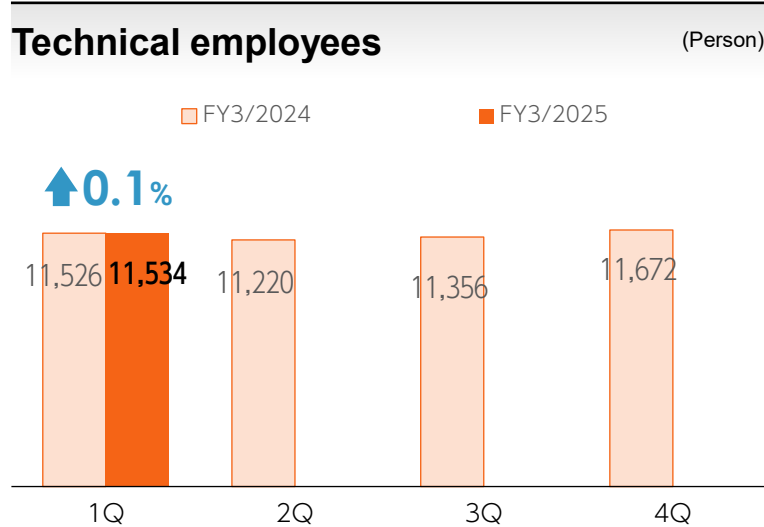
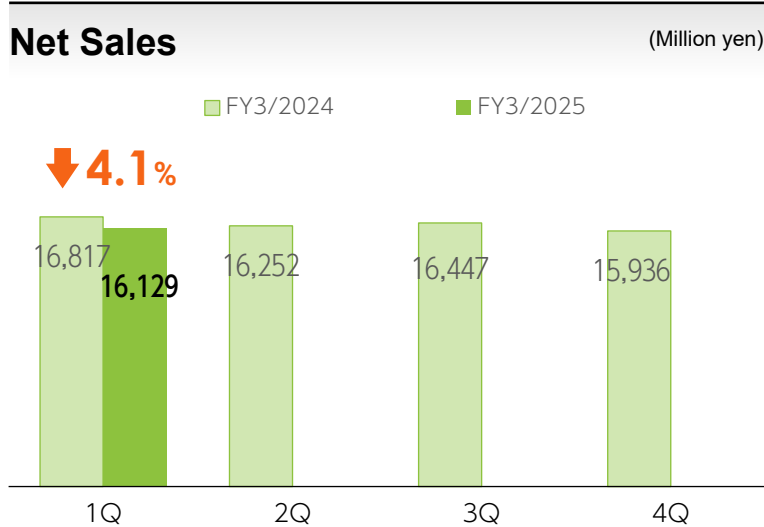
Vietnam Business (Million yen)



# Technical employees by Segment



# Segment Results



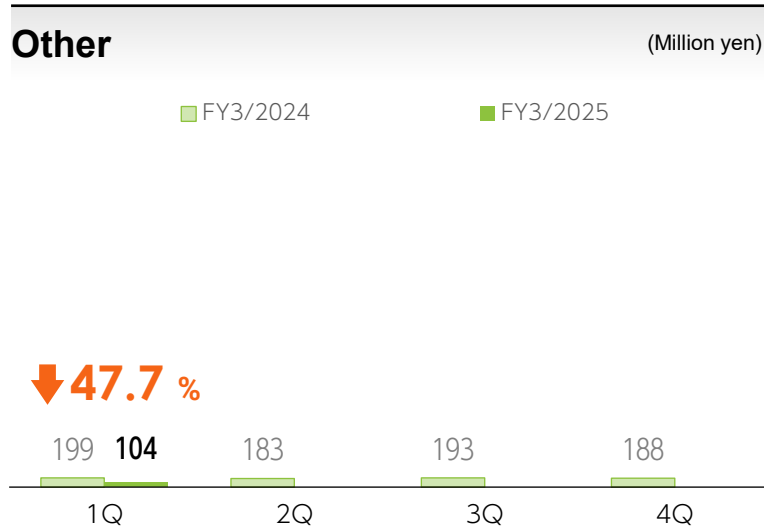
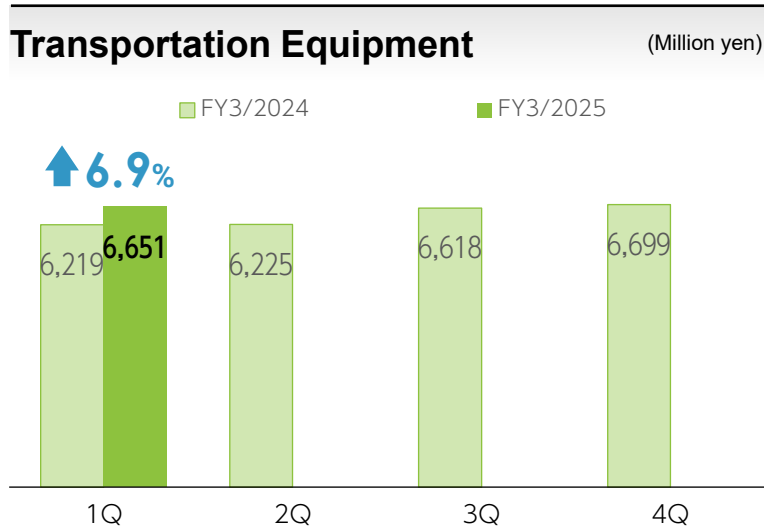
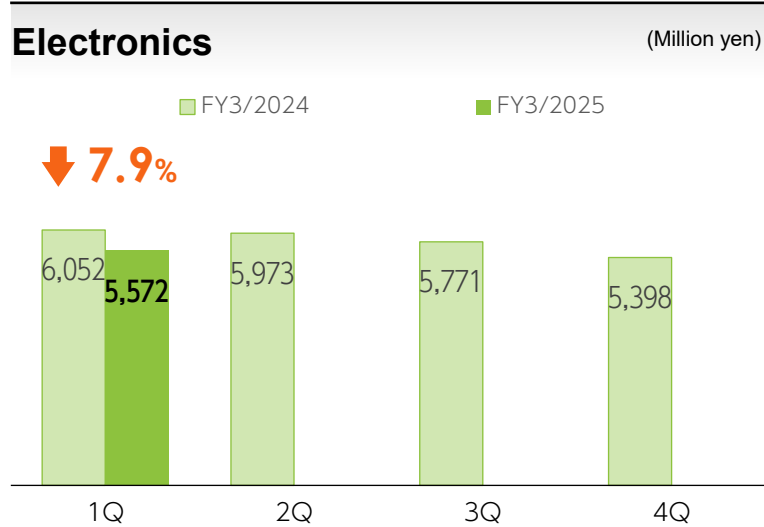
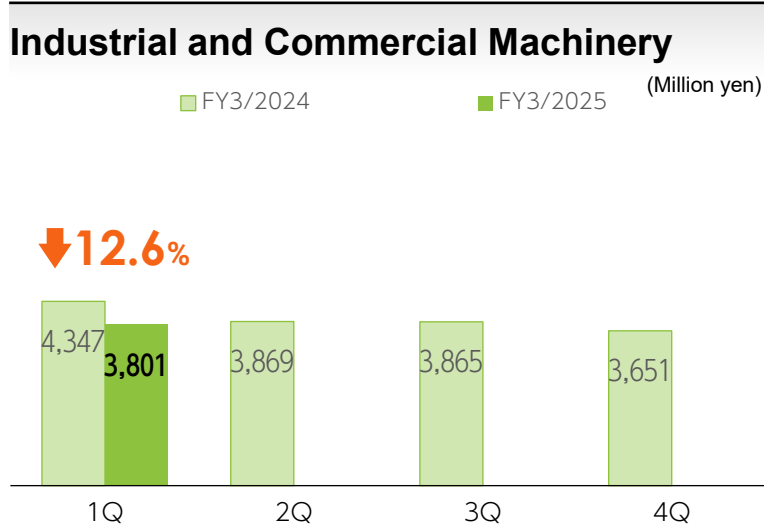
**Sales and technical employees**

- A slight q-o-q increase in sales mainly due to a move by some semiconductor-related companies to start adding workers from the end of 1Q
- A y-o-y increase in the number of tech employees but a net q-o-q decrease due to an increase in turnover at the beginning of 1Q

**EBITDA**

- A decline in gross margin due to 1) enhanced hiring in March and the resultant new hires in April to cause an increase in statutory welfare expenses, company housing expenses, etc. ahead of sales; 2) an enhanced hiring method aimed at shorter lead time; 3) assignment of dispatch workers to workplaces in preparation for an expanding stage; and 4) some automobile-related companies' production adjustments.
- A decline in EBITDA margin due to an increase in the ratio of hiring expenses to sales

# Net Sales by Subsegment



#### Industrial and Commercial Machinery

- Bottoming out of a decline in the number of tech workers caused by to the incidents of certain clients in battery manufacturing in the previous fiscal year.
- An uptrend in q-o-q sales in the battery and SPE sectors excluding the above client
- A slight q-o-q increase but a y-o-y decrease in the number of operating days and overtime hours

#### Electronics

- Despite continued impact from semiconductor inventory adjustment which began in the fall of 2022, some semiconductor-related clients started to add workers from the end of 1Q.
- A q-o-q uptrend in semiconductor memory-related sales
- A slight y-o-y increase in the number of overtime hours

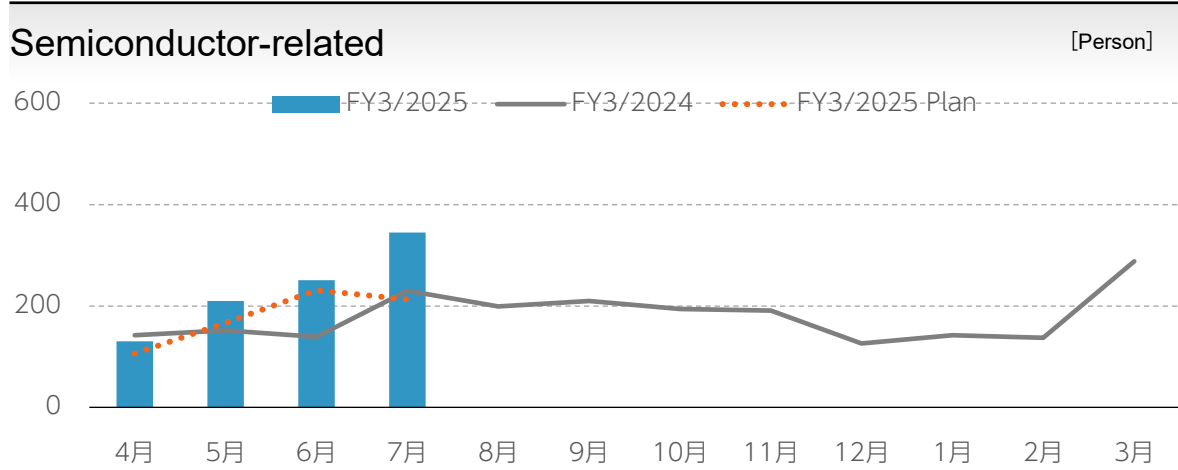
#### Transportation Equipment

- The impact of operating adjustment caused by the shortage of components was eased and production activities recovered from FY3/2024. However, some automobile-related companies' production suspension affected their headcount in operation and operating hours, and their related makers' demand for additional workers.

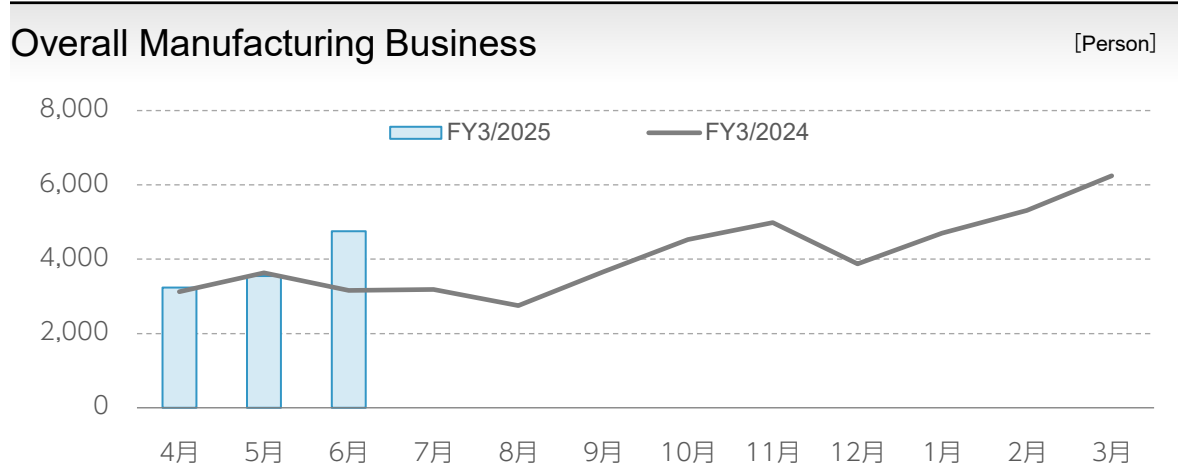


# Trends in Job offers and Applicants

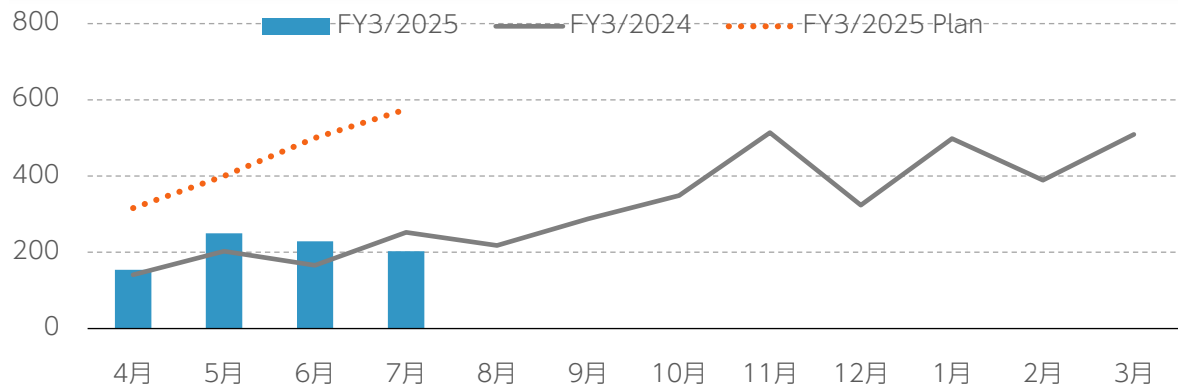
Job offers [Person]



Applicants [Person]

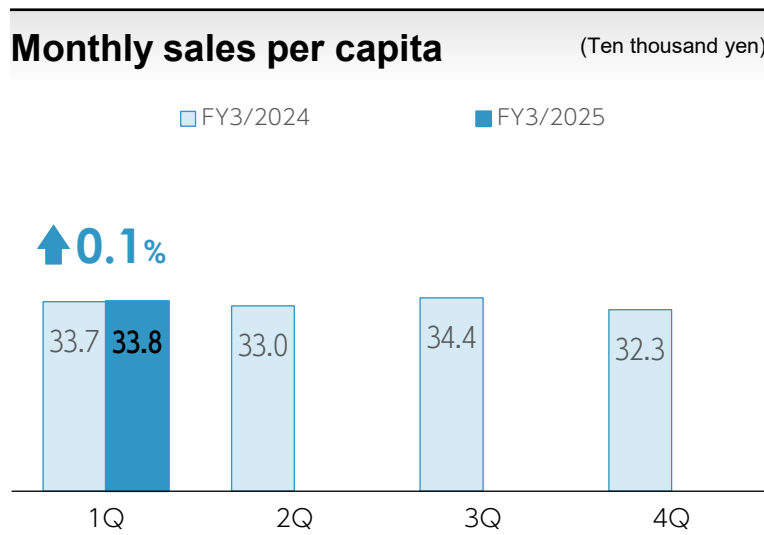
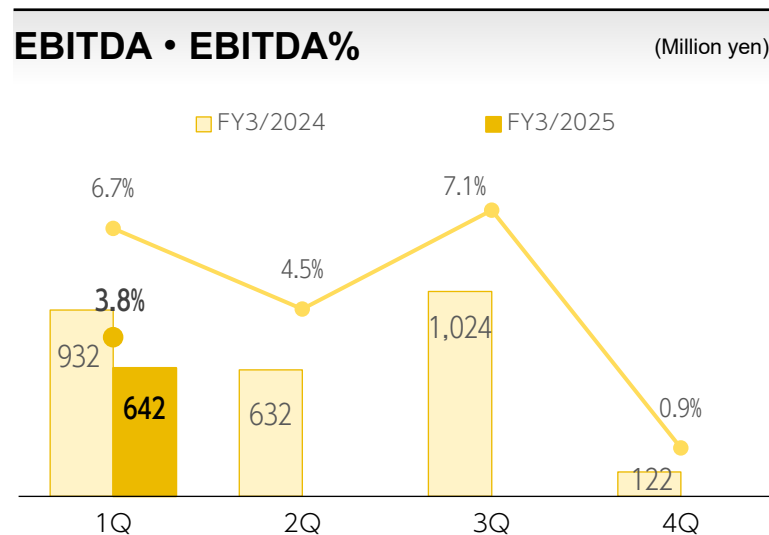
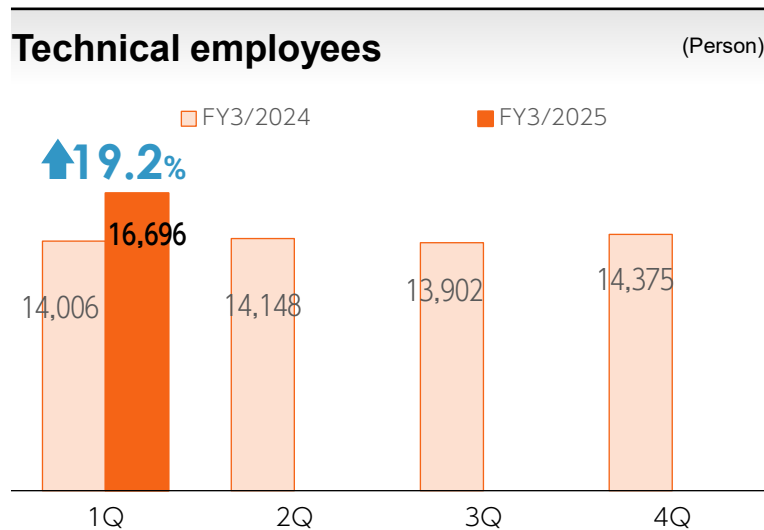
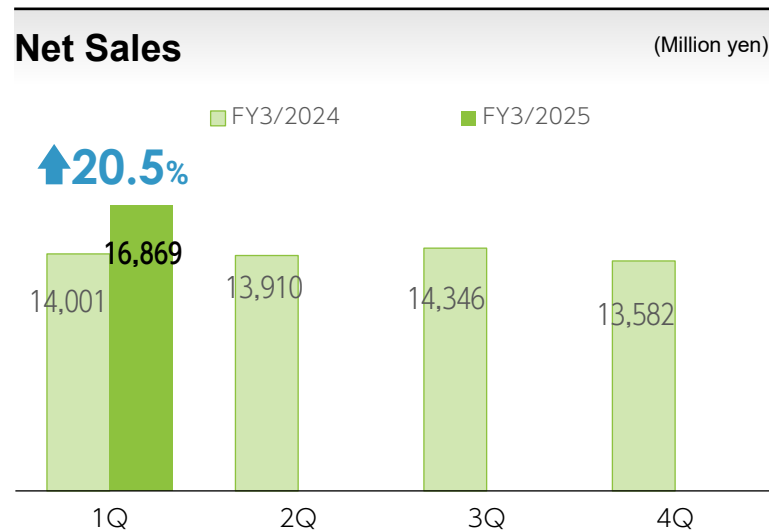


Automotive-related [Person]



An uptrend in job offers and applicants, despite divergence in the automotive area from the plan

# Segment Results



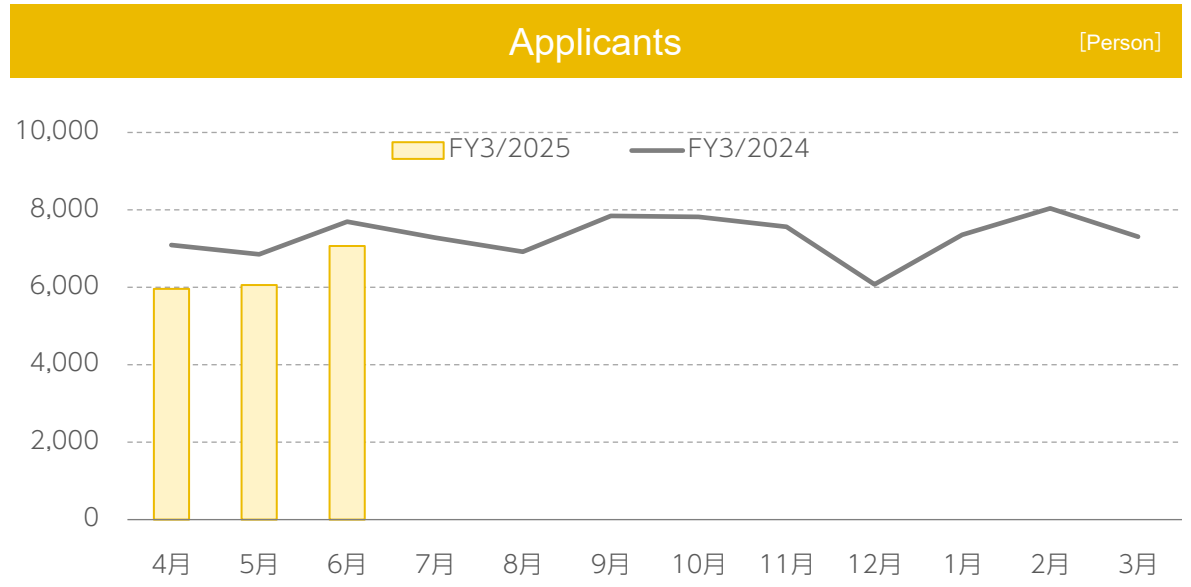
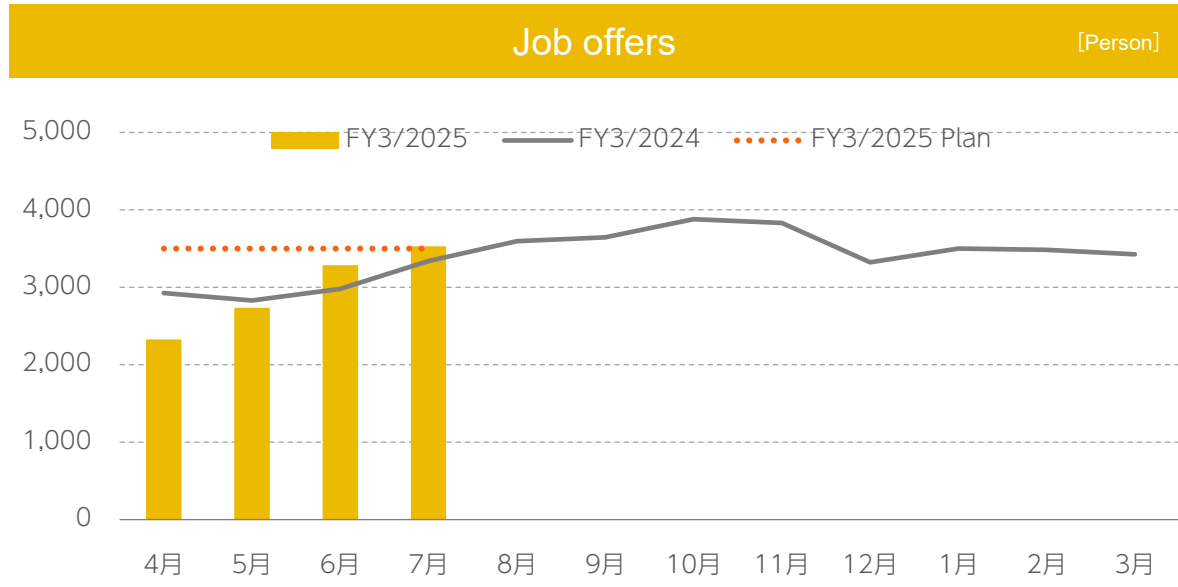
**Sales and technical employees**

- A y-o-y Increase in the number of tech employees due to newly-consolidated BeNEXT Partners (renamed to UT Partners).
- A net q-o-q decrease caused by a higher turnover at the beginning of the 1Q, despite a significant y-o-y increase in the number of tech workers.

**EBITDA**

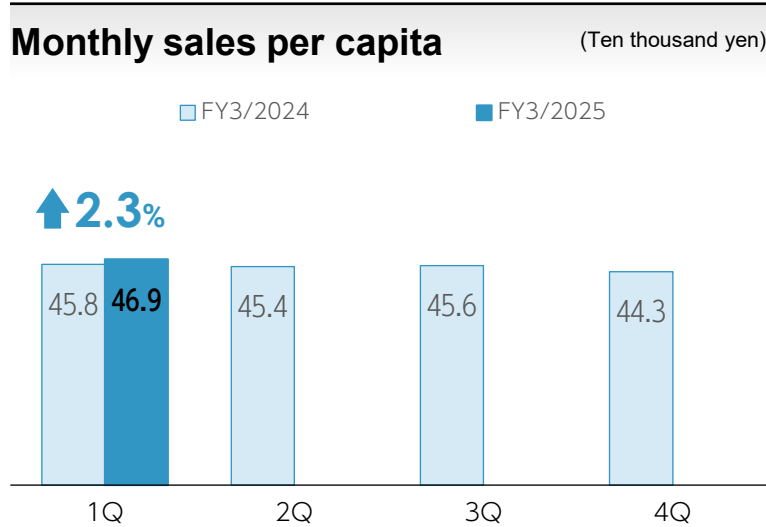
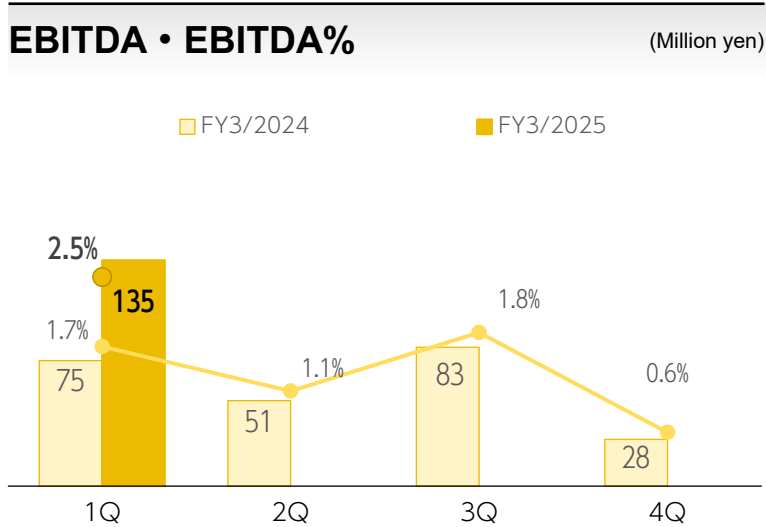
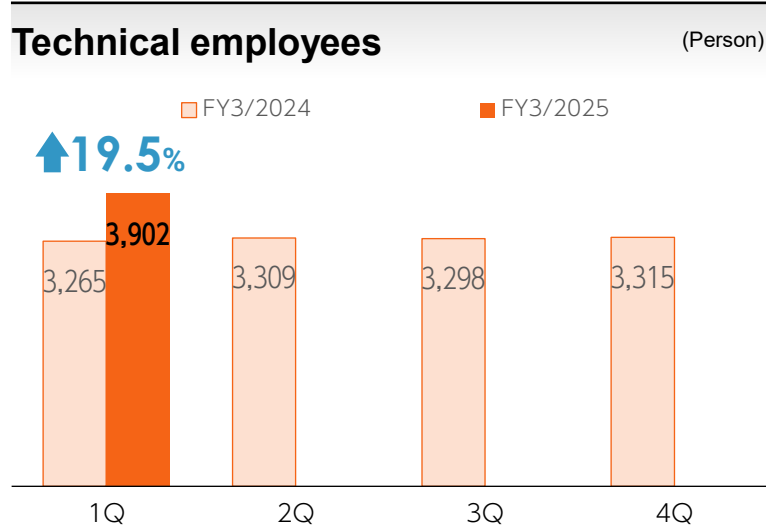
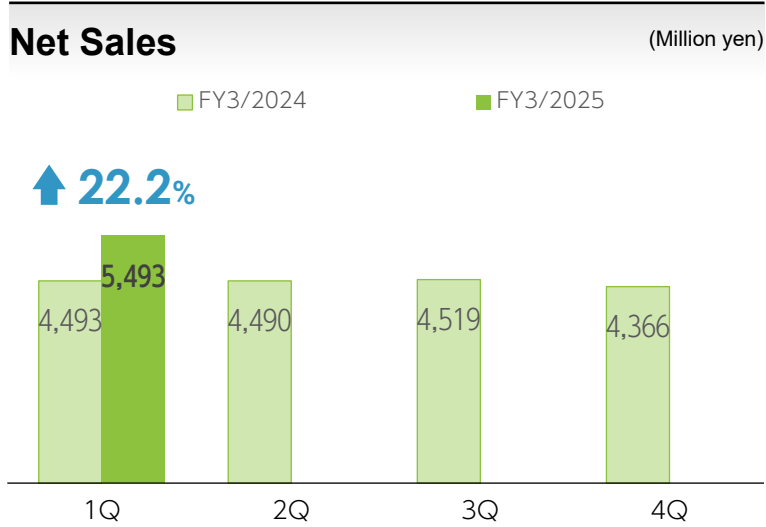
- A decline in gross margin due to 1) enhanced hiring in March and the resultant new hires in April to cause an increase in statutory welfare expenses, company housing expenses, etc. ahead of sales; and 2) an enhanced hiring method aimed at shorter lead time.
- A decline in EBITDA margin due to an increase in personnel and other SG&A expenses because of newly-consolidated companies

# Trends in Job offers and Applicants (excluding M&As)



In 1Q, the Area Business focused on acquiring new projects, and the number of job offers rose steadily. The number of applicants was maintained at a certain level but less than in FY3/2024.

# Segment Results



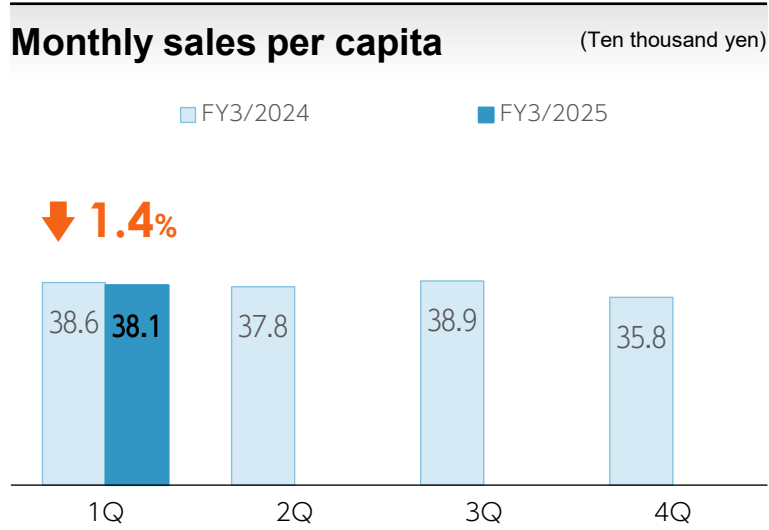
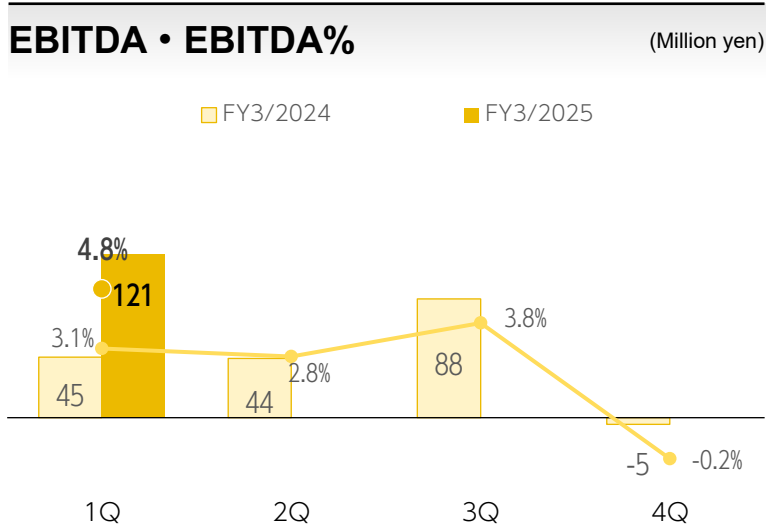
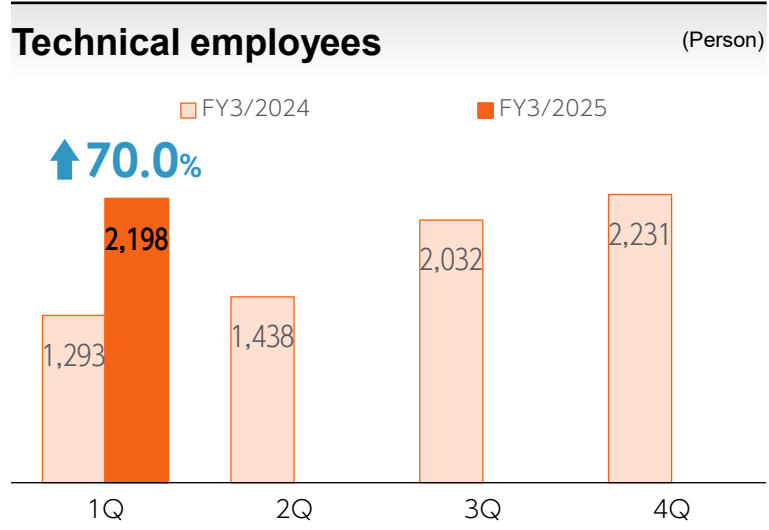
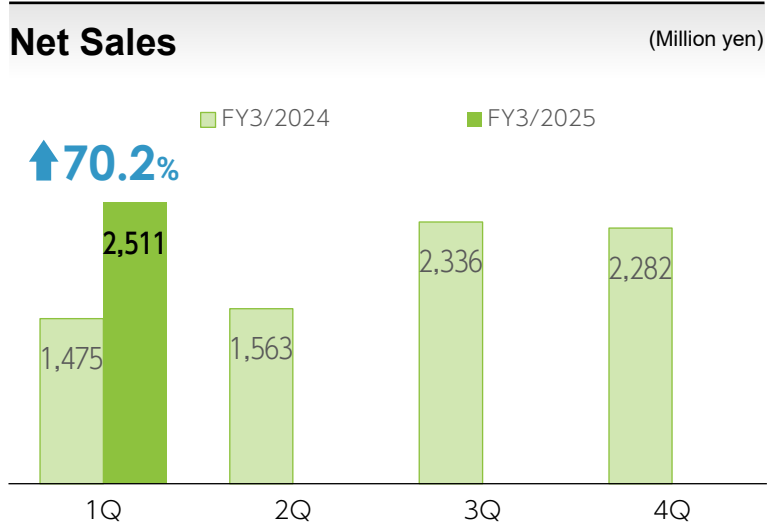
Sales and technical employees

- A y-o-y Increase in the number of tech employees due to newly-consolidated Hitachi Ibaraki Technical Service (renamed to UT-HITES).
- Accelerated activities to make proposals aimed at acquiring new solution projects.
- UT Toshiba enhanced activities to hire new grads for 2025, in anticipation of semiconductor-related demand growth.
- Fujitsu UT and UT FSAS CREE focused on sales efforts to potential clients outside their former group and to make proposals in new areas.

EBITDA

- Gross margin and the ratio of SG&A expenses to sales improved y-o-y, and the EBITDA margin increased.

# Segment Results



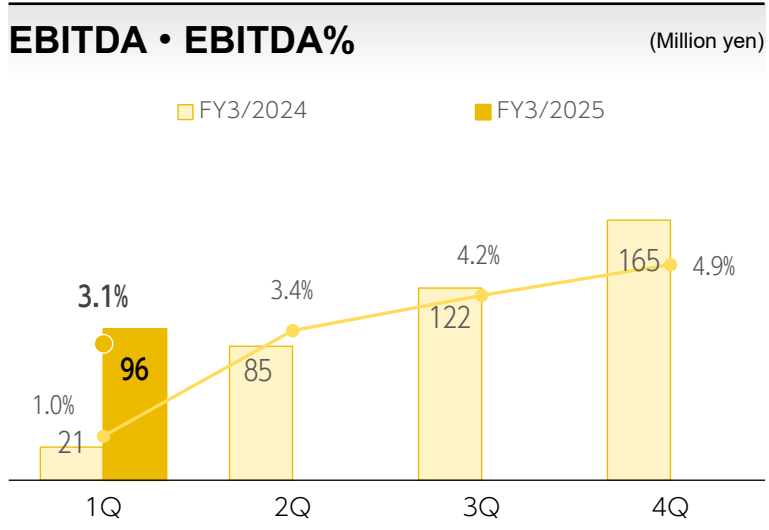
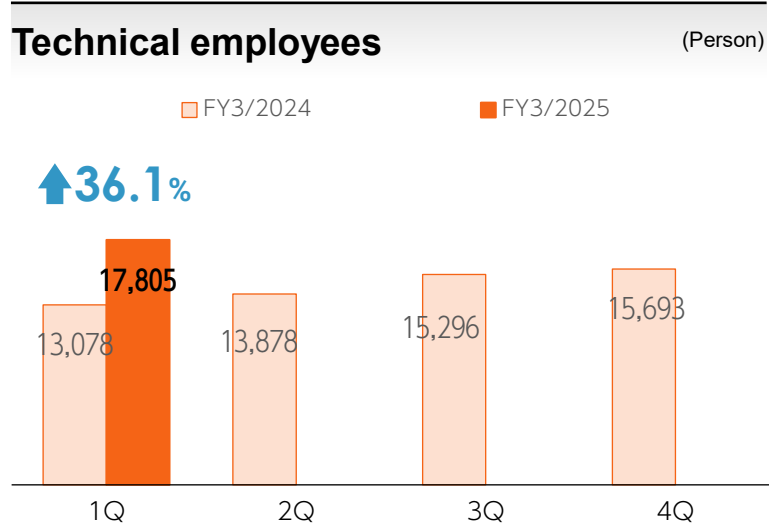
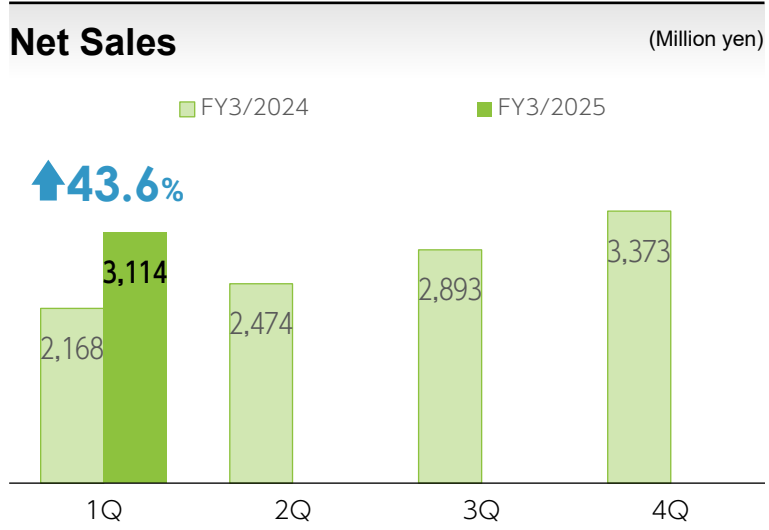
**Sales and technical employees**

- A net increase in the number of tech employees and in sales due to 1) enhanced efforts to make manufacturing clients better understand the use of Nikkei Brazilian workers throughout FY3/2024 and 2) focus on establishing a hiring base for demonstrating a powerful mobility of workers at a demand recovery phase.

**EBITDA**

- An increase in gross margin due to a rise in the unit wage of dispatch workers
- Despite an increase in the ratio of hiring expenses to sales caused by enhanced hiring activities, the ratio of SG&A expenses to sales was well contained with no increase in other expenses.

# Segment Results



#### Sales and technical employees

- Expanded sales activities from the south where the bases had been established up to the north of Vietnam centered around Ho Chi Minh and focused on acquiring projects.
- Strengthened hiring efforts because a gradual recovery in demand for manufacturing workers, which was sluggish in FY3/2024, and thanks to the acquisition of a big project.
- A significant net increase in tech employees due to 5,213 new hires in March in Vietnam
- Affected by fluctuations in VND/JPY exchange rates.
  - Impact on sales in 1Q: +¥200M.

#### EBITDA

- Absence of goodwill amortization related to the performance-linked earn-out clause. In 1Q FY3/2024 amortization of ¥129M for the period from the time of acquisition to the determination of the goodwill amount was recorded.

# Consolidated Earnings and Dividend Forecasts for FY3/2025


# Assumptions for FY3/2025 Earnings Forecasts

## Semi-Annual Earnings Forecast

		FY3/2024 <Results>				FY3/2025 <Forecasts>			
	Unit	1H	2H	Full year	% to sales	1H	2H	Full year	% to sales
Net sales	¥100 mn	822	848	1,670	100.0%	977	1,173	2,150	100.0%
EBITDA	¥100 mn	60	48	109	6.5%	64	96	160	7.4%
Operating profit	¥100 mn	52	41	93	5.6%	54	82	136	6.3%
Tech employees (domestic)	Person	31,660	33,078	33,078	-	38,945	45,717	45,717	-
No. of hiring	person	6,802	8,779	15,581	-	11,674	12,650	24,324	-

## Assessing demand trends by industry

HR demand in	1H of FY3/2025	2H of FY3/2025
Semiconductor and Electronic Components	Gradual recovery in demand from 1Q	Further recovery
Automobile-related	Stay the level of 2H of previous FY	Moderate increase


 Mainly due to the impact from production suspension of some makers, automobile-related demand was softer than initially expected in 1H. Demand in 2H and later is currently being assessed.



# Recognition of Issues and Actions Taken

## Overview of 1Q FY3/2025

Manufacturing Business

### Semiconductors

- A gradual upward trend in demand for additional workers, albeit somewhat unevenly
- Signs of a recovery in demand for additional workers in the areas of semiconductor memory, SME, device components, etc.
- Assigned and trained workers at the dispatched workplaces, in preparation for full-scale recovery

### Automotive

- Lower operating rates due to production adjustments by some manufacturers
- No increase in overtime hours and holiday hours and deviation from the plan
- Increase in turnover of new hires in the early days of joining the company

### Overall Area Business

- Hired 1,200 workers in the Area Business in March, started April with a declining trend in vacancies, and strengthened sales activities to acquire new projects.
- The turnover rate rose due to insufficient follow-up of new hires before they'd settle at the workplace.

Business

## Recognition of issues

### Semiconductors

- Lower gross profit margin
- Decline in gross profit margin of the dispatched workplaces
- Stagnant increase of worker dispatch rates

### Automotive

- Lower gross profit margin
- Linked to the production status of major clients
- Increase in the turnover rate

### Overall Area Business

- Lack of sales resources
- Base to accept mass hires
- Increase in the turnover rate

## Actions taken toward the 2H

### Semiconductors

- Prepare for hiring to meet demand for additional workers driven by mass production
- Strengthen assign to SME engineers
- Achieve more appropriate worker dispatch rates

### Automotive

- Strengthen sales efforts to factories with no previous transactions
- Focus on assigning workers to client companies with strong demand for additional workers
- Assign staff who support new workers
- Operation of employment assistance programs

### Overall Area Business

- Strengthen sales efforts in order to acquire new projects that need workers
- Assign support staff in sales administration

# FY3/2025 Earnings Forecasts (repost)

- Recovery in semiconductor-related demand expected in 2H is incorporated in the forecasts.
- As announced in the “Notice Regarding Recording of Extraordinary Income (Gain on Sale of Shares of Subsidiaries and Associates)” released on February 9, 2024, extraordinary income of approximately ¥6.3 billion on a consolidated basis will be recorded as gain on sale of shares of subsidiaries and associates in 1Q of FY3/2025.
- Change of segmentation from FY3/2025 (discontinuation of the Engineering business and carve-out of the Nikkei (Japanese origin) HR business from the Area business)

[100 million yen]

	FY3/2024		FY3/2025 Forecasts		Increase /decrease	Change %	FY3/2025 Forecasts (Breakdown)	
	Results	% of net sales	Forecasts	% of net sales			Existing business	New investments, etc. (M&A-related)
Net sales	<b>1,670</b>	100.0%	<b>2,150</b>	100.0%	+479	+28.7%	1,955	195
EBITDA*	<b>109</b>	6.5%	<b>160</b>	7.4%	+50	+46.3%	-	-
Operating profit	<b>93</b>	5.6%	<b>136</b>	6.3%	+42	+45.5%	146	△10
Ordinary profit	<b>93</b>	5.6%	<b>135</b>	6.3%	+41	+43.7%	-	-
Net profit attributable to UT Group	<b>63</b>	3.8%	<b>130</b>	6.0%	+66	+104.3%	-	-
EPS (yen) *Assuming all stock acquisition rights are exercised.	<b>160.41</b>	—	<b>274.68</b>	—	+114.27	+71.2%	-	-
EPS (yen) *Calculated based on the number of shares outstanding at the beginning of the FY.			<b>327.46</b>	—	+167.05	+104.1%		

\* EBITDA = Operating profit + Depreciation (Property, plant and equipment, and Intangible assets) + Amortization

# FY3/2025 Dividend Forecast (repost)

FY3/2025 Dividend Forecast	
Net profit attributable to UT Group	13,000 million yen
Payout ratio (forecast)	60.0%
Total dividend amount (forecast)	7,800 million yen
<b>DPS forecast*</b>	<b>164.81 yen</b>
<b>Dividend Yield (Forecast)</b> <small>*Calculated using the closing price on May 13, 2024: ¥3,360</small>	<b>4.9%</b>

\* Calculated assuming full exercise of outstanding stock acquisition rights.

\* As announced in the “Notice Regarding Recording of Extraordinary Income (Gain on Sale of Shares of Subsidiaries and Associates)” released on February 9, 2024, extraordinary income will be recorded as gain on sale of shares of subsidiaries and associates in 1Q of FY3/2025. UT Group plans to deliver shareholder return, using a payout ratio of 60% of net profit, which includes this extraordinary income.

New shareholder return policy adopted in Feb. 2024

Deliver shareholder returns through dividend payments, using a total payout ratio of 60% as the baseline target

**Total dividend amount / Net profit  $\geq$  60%**

\* Applied the above shareholder return policy starting for shareholder return for FY3/2024.

\* Decided to pay a cash dividend of ¥96.15 per share (payout ratio of 60.0%) for FY3/2024, as per the “Notice Regarding Dividend from Surplus” released on May 14, 2024.

# Medium-term growth potential

# Financial Plan for the Rolling Plan of the 4th Medium-term Business Plan

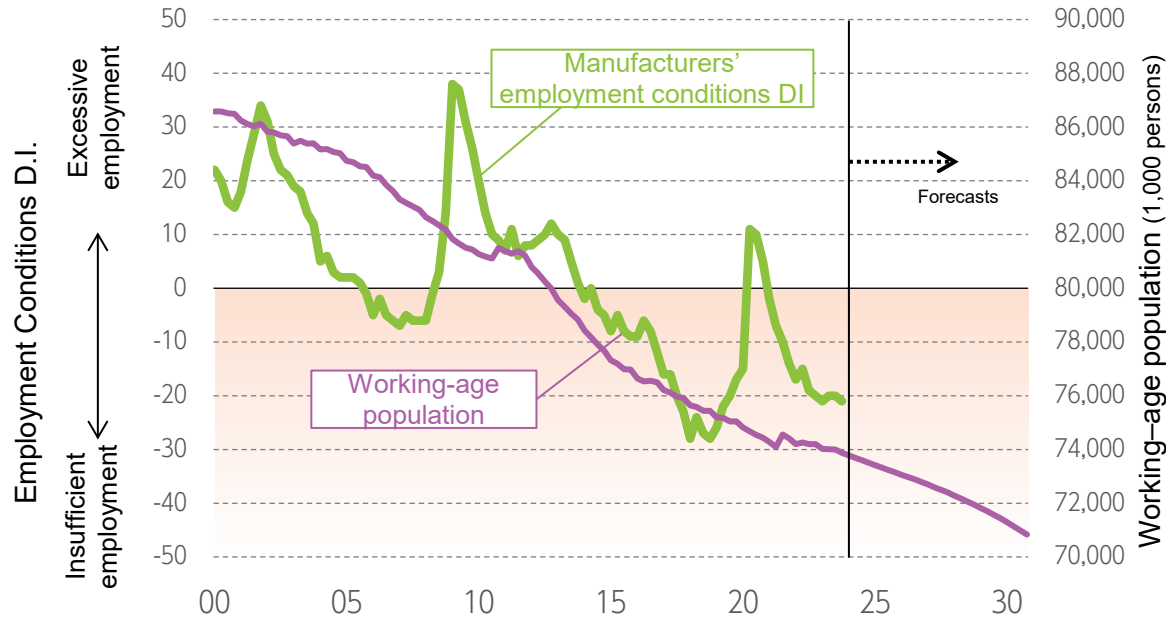
[100 million yen]

	FY23/3	FY24/3	FY25/3		FY25/3		FY26/3	
	Result	Forecast	Plan		Plan		Plan	
	Consolidated	Consolidated	Existing business	New investments, etc. (M&A-related)	Consolidated	Existing business	New investments, etc. (M&A-related)	Consolidated
Net sales	1,706	1,690	1,955	195	2,150	2,346	419	2,765
EBITDA	157	111	-	-	160	-	-	250
Operating profit	89	95	146	△10	136	234	△10	224
Net profit	38	61	-	-	130	-	-	145
EPS (yen) <small>※FY3/2025 and FY3/2026 are fully diluted.</small>	94	153	-	-	275	-	-	306
EBITDA%	9.2%	6.5%	-	-	7.4%	-	-	9.0%
Operating profit%	5.2%	5.6%	7.5%	-5.1%	6.3%	10.0%	-2.4%	8.1%
Reference Indicators								
ROE <small>※ FY3/2025 and FY3/2026 are calculated based on an increased shareholders' equity as stock acquisition rights are fully exercised.</small>	16.2%	23%	-	-	23%	-	-	23%
No. of Tech employees (Domestic) (person)	31,936	33,062	39,391	5,250	44,641	45,908	8,570	54,478

※Net profit is "Profit attributable to owners of the Parent."

# Japan's Declining Working-age Population and the Labor Shortage

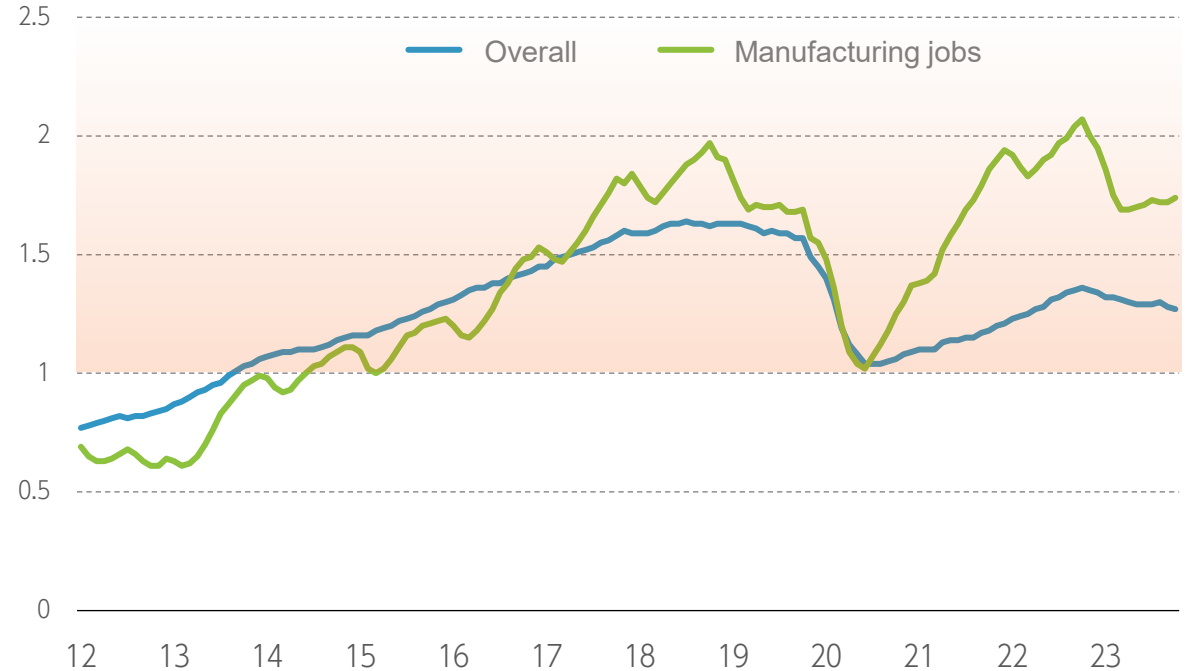
Working-age population and Employment conditions D.I.



"Tankan: The Comprehensive Data Set" (Bank of Japan) ;  
 "Population Estimates" (Ministry of Internal Affairs and Communications);  
 "Population of Japan: Future Estimates (Fertility, Mortality)" (National Institute of Population and Social Security Research)

Labor shortage is becoming severer along with a shrinking working-age population

Jobs-to-applicants ratio

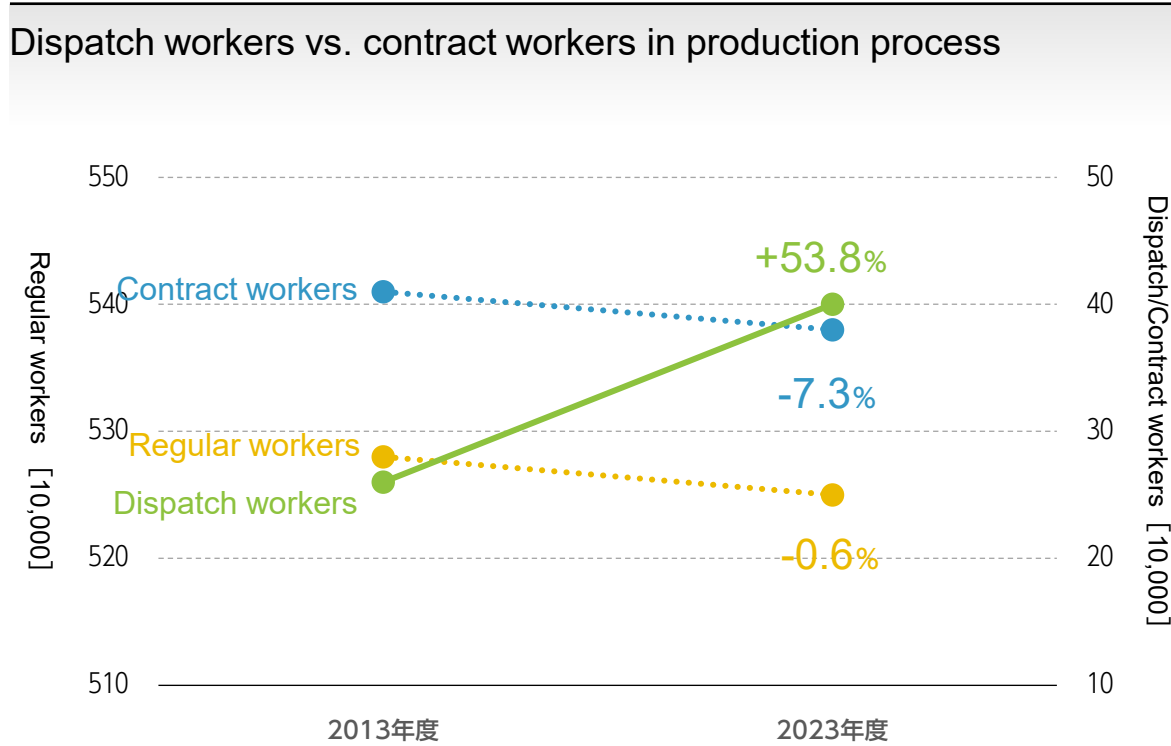


\* Labour Force Survey (Ministry of Internal Affairs and Communications)

Prominent labor shortage in the production process compared to job categories

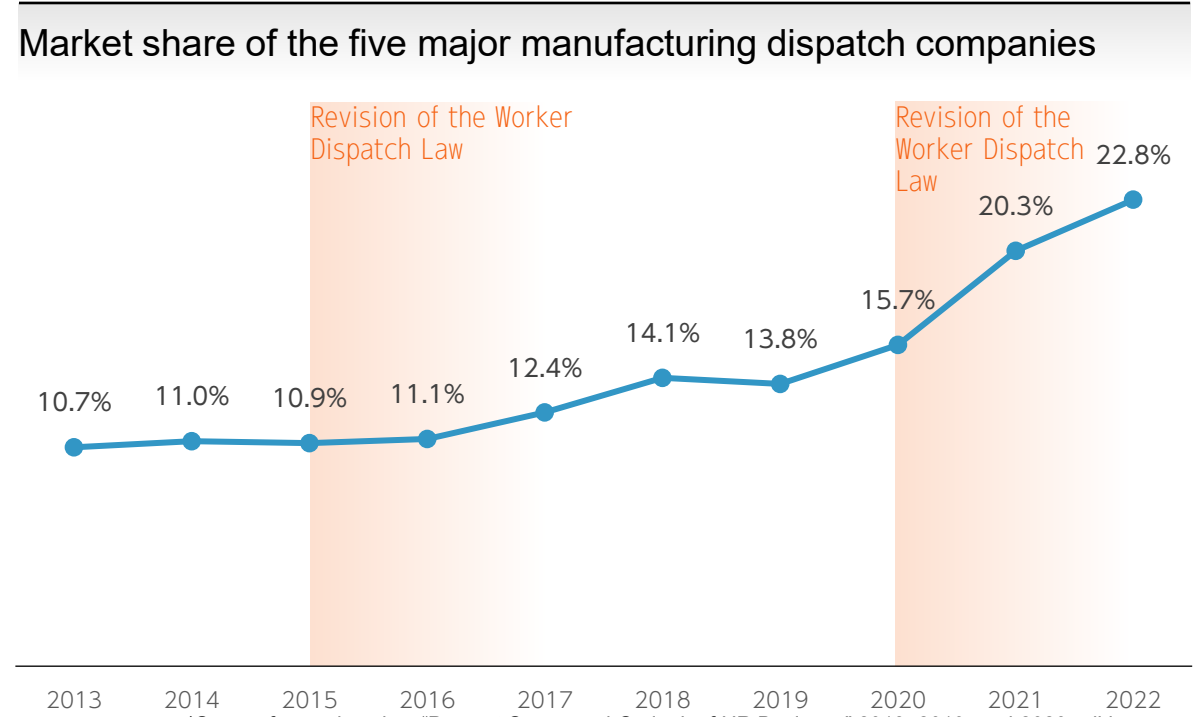
The strategy from the perspective of job seekers will become more important as the labor market is shifting into a seller's market.

# Trends of the Manufacturing Dispatch Market



Significant increase in dispatch workers while the number of full-time employees are decreasing

The workforce portfolio is changing to use more dispatch workers



\*Source for market size: "Present Status and Outlook of HR Business" 2018, 2019, and 2023 editions (Yano Research Institute Ltd.)

Source for market share: UT Group's calculation by selecting five major companies and using their public documents for reference

Consolidation into major dispatch companies with the ability to respond to law revisions and the strength in hiring

Opportunities for scale expansion through M&As

# Challenges of the Manufacturing Dispatch Industry

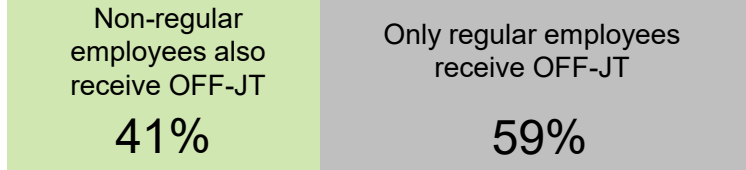
No personnel evaluation system, no wage system

No consideration of workers' skills and experience at the time of hiring; unified wage in most cases

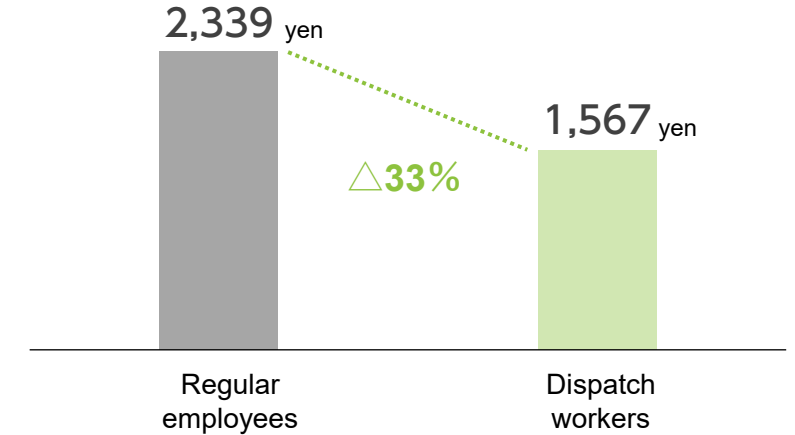
No evaluation standard of dispatch workers by a dispatching company

The individual's experience and ability are difficult to be evaluated

Less opportunities for dispatch workers to develop skills than regular employees<sup>1</sup>



Lower wages per hour despite a risk of contract termination<sup>2</sup>



Dispatch workers are regarded as low-cost, temporary labor force

## Ample room to raise the value of dispatch workers through their career development and career visualization

1: 2022 Basic Survey of Human Resources Development

2: Aggregation results of "2022 Monthly Labour Survey," "2022 Basic Survey on Wage Structures," and "2023 Worker Dispatch Business Report," and average for work process of Production equipment control and monitoring, Machine assembly equipment control and monitoring, Product manufacturing and processing, Machine assembly, Machine maintenance and repair, Product inspection, Machine inspection, and Machine-related work



# Forecasting the Future Manufacturing Dispatch Market



In order to cope with population decline, the dispatch industry needs to increase their appeal to job seekers and help raise the value of each worker.

# Envisioned Future of the Rolling Plan

Shrinking of the working-age population leads to a labor shortage, which changes the labor market into a seller's market



Need to shift to a strategy primarily keyed to the perspective of workers, not companies



View the “dispatch” workstyle as a service we provide to workers, and build a more convenient service foundation

Apply and immediately start working

Experience various jobs

Easy processing to enter/quit a company

Daily wage payment

Reflect accumulated experiences in salary



**Become the most preferred company by dispatch workers**

# Appendix



# Analysis of SG&A expenses

(million yen)

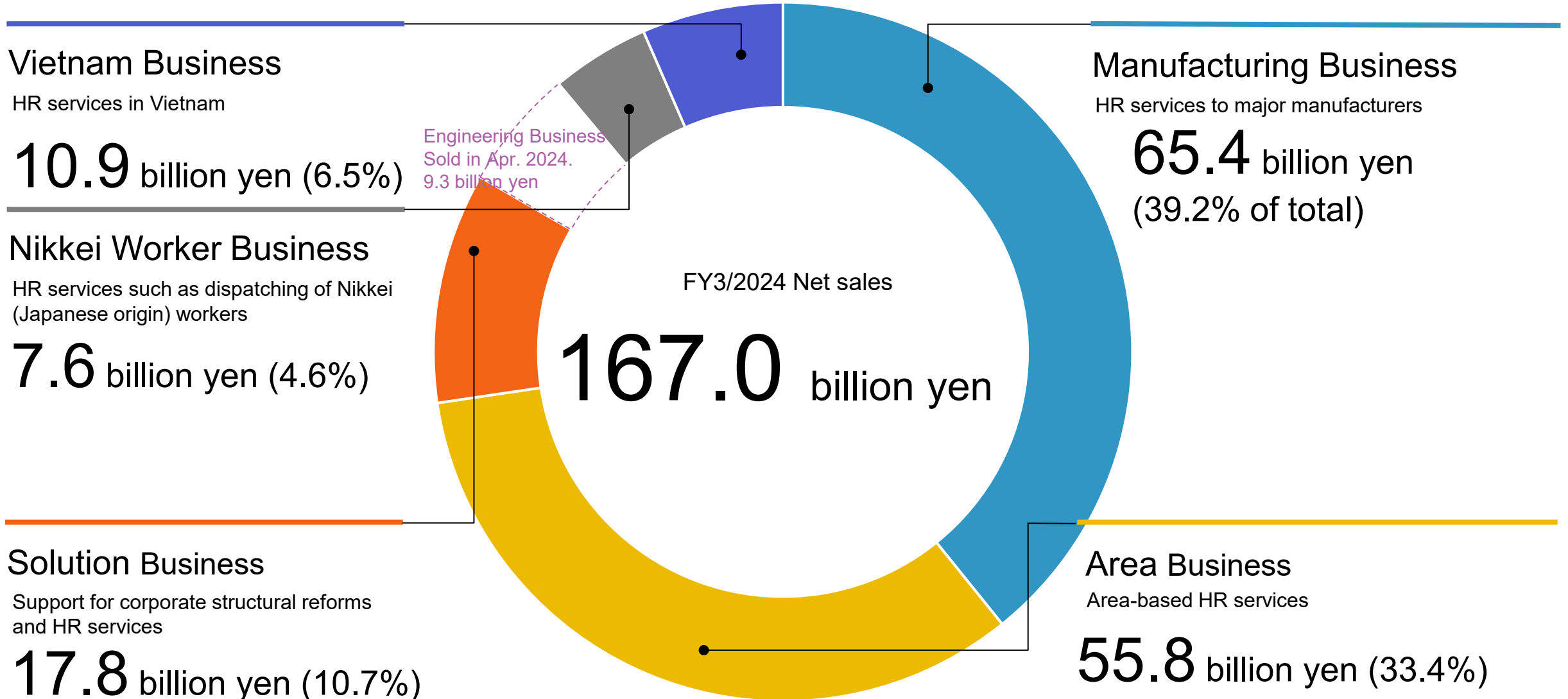
	FY3/2021					FY3/2022					FY3/2023					FY3/2024					FY3/2025				
	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q	3 Q	4 Q	Full year
<b>personnel expenses</b>	1,665	1,981	1,828	1,837	7,311	2,246	2,362	2,547	2,391	9,546	2,403	2,414	2,393	2,510	9,720	2,424	2,309	2,371	2,458	9,564	2,819				
ratio to sales	6.4%	7.3%	6.2%	5.7%	6.4%	6.4%	6.3%	6.1%	5.6%	6.1%	5.8%	5.7%	5.5%	5.9%	5.7%	5.9%	5.6%	5.5%	5.9%	5.7%	6.4%				
<b>Hiring expenses</b>	151	267	770	1,218	2,406	1,215	1,608	1,575	1,719	6,117	877	1,041	817	812	3,549	886	1,030	1,451	1,689	5,058	985				
ratio to sales	0.6%	1.0%	2.6%	3.7%	2.1%	3.5%	4.3%	3.8%	4.0%	3.9%	2.1%	2.4%	1.9%	1.9%	2.1%	2.1%	2.5%	3.4%	4.0%	3.0%	2.2%				
<b>depreciation and amortization of goodwill</b>	171	181	218	256	826	309	303	305	307	1,225	267	308	320	327	1,223	452	352	355	418	1,578	503				
ratio to sales	0.7%	0.7%	0.7%	0.8%	0.7%	0.9%	0.8%	0.7%	0.7%	0.8%	0.6%	0.7%	0.7%	0.8%	0.7%	1.1%	0.9%	0.8%	1.0%	0.9%	1.1%				
<b>Other</b>	883	831	1,029	1,152	3,895	1,058	1,086	1,196	1,285	4,625	1,083	1,053	990	1,002	4,130	1,166	1,143	1,183	1,400	4,894	1,399				
ratio to sales	3.4%	3.1%	3.5%	3.5%	3.4%	3.0%	2.9%	2.9%	3.0%	3.0%	2.6%	2.5%	2.3%	2.4%	2.4%	2.8%	2.8%	2.8%	3.3%	2.9%	3.2%				
<b>SG&amp;A Expenses</b>	2,870	3,260	3,845	4,463	14,438	4,828	5,359	5,623	5,703	21,513	4,631	4,817	4,521	4,653	18,624	4,929	4,835	5,363	5,967	21,095	5,707				
ratio to sales	11.1%	12.0%	13.0%	13.7%	12.5%	13.7%	14.3%	13.6%	13.3%	13.7%	11.1%	11.3%	10.3%	10.9%	10.9%	12.0%	11.8%	12.5%	14.2%	12.6%	12.9%				

Results for 3Q, 4Q and Full-year of FY3/2023 exclude the stock-based compensation expenses

# Forecasts by Segment (FY3/2025)

		Unit	FY3/2024 [Results]				FY3/2025 [Forecasts]				% change
			1H	2H	Full year	% to sales	1H	2H	Full year	% to sales	
<b>Consolidated</b>	<b>Net sales</b>	<b>¥0.1bn</b>	<b>822</b>	<b>848</b>	<b>1,670</b>	<b>100.0%</b>	<b>977</b>	<b>1,173</b>	<b>2,150</b>	<b>100.0%</b>	<b>28.7%</b>
	<b>Gross profit</b>	<b>¥0.1bn</b>	<b>150</b>	<b>154</b>	<b>304</b>	<b>18.2%</b>	<b>184</b>	<b>229</b>	<b>413</b>	<b>19.2%</b>	<b>35.9%</b>
	<b>Operating Profit</b>	<b>¥0.1bn</b>	<b>52</b>	<b>41</b>	<b>93</b>	<b>5.6%</b>	<b>54</b>	<b>82</b>	<b>136</b>	<b>6.3%</b>	<b>45.5%</b>
	Technical employees	Person	31,660	33,078	33,078	-	38,945	45,717	45,717	-	38.2%
	No. of hiring (domestic)	Person	6,802	8,779	15,581	-	11,674	12,650	24,324	-	56.1%
<b>Manufacturing Business</b>	<b>Net sales</b>	<b>¥0.1bn</b>	<b>330</b>	<b>323</b>	<b>654</b>	<b>-</b>	<b>385</b>	<b>469</b>	<b>854</b>	<b>-</b>	<b>30.6%</b>
	Technical employees	Person	11,220	11,672	11,672	-	13,796	15,722	15,722	-	34.7%
	No. of hiring	Person	1,854	3,074	4,928	-	4,291	4,492	8,783	-	78.2%
<b>Area Business</b>	<b>Net sales</b>	<b>¥0.1bn</b>	<b>279</b>	<b>279</b>	<b>558</b>	<b>-</b>	<b>363</b>	<b>401</b>	<b>764</b>	<b>-</b>	<b>36.9%</b>
	Technical employees	Person	14,148	14,375	14,375	-	18,491	20,207	20,207	-	40.6%
	No. of hiring	Person	3,812	4,378	8,190	-	5,930	6,710	12,640	-	54.3%
<b>Solution Business</b>	<b>Net sales</b>	<b>¥0.1bn</b>	<b>89</b>	<b>88</b>	<b>178</b>	<b>-</b>	<b>120</b>	<b>128</b>	<b>248</b>	<b>-</b>	<b>39.3%</b>
	Technical employees	Person	3,309	3,315	3,315	-	4,096	4,388	4,388	-	32.4%
	No. of hiring	Person	322	334	656	-	602	637	1,239	-	88.9%
<b>Nikkei (Japanese origin) HR Business</b>	<b>Net sales</b>	<b>¥0.1bn</b>	<b>30</b>	<b>46</b>	<b>76</b>	<b>-</b>	<b>54</b>	<b>62</b>	<b>116</b>	<b>-</b>	<b>52.6%</b>
	Technical employees	Person	1,438	2,231	2,231	-	2,562	2,800	2,800	-	25.5%
	No. of hiring	Person	418	846	1,264	-	851	811	1,662	-	31.5%
<b>Vietnam Business</b>	<b>Net sales</b>	<b>¥0.1bn</b>	<b>46</b>	<b>62</b>	<b>109</b>	<b>-</b>	<b>55</b>	<b>75</b>	<b>131</b>	<b>-</b>	<b>20.2%</b>
	Technical employees	Person	13,878	15,693	15,693	-	20,477	23,393	23,393	-	49.1%
	No. of hiring	Person	11,838	15,835	27,673	-	19,468	17,418	36,886	-	33.3%
<b>M&amp;As</b>	<b>Net sales</b>	<b>¥0.1bn</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>38</b>	<b>38</b>	<b>-</b>	<b>-</b>
	Technical employees	Person	-	-	-	-	0	2,600	2,600	-	-
<b>Engineering Business</b>	<b>Net sales</b>	<b>¥0.1bn</b>	<b>45</b>	<b>47</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Technical employees	Person	1,545	1,485	1,485	-	-	-	-	-	-
	No. of hiring	Person	396	147	543	-	-	-	-	-	-

# Segment Composition (Restated FY3/2024 Results in New Segments)



# Performance-linked stock acquisition rights

## 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) \* At the issuance

Conditions for exercise of stock acquisition rights

If any of (A), (B), and (C) below is fulfilled (one time only) **Condition achieved in FY3/2023**

**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~~

**The exercise condition is a profit growth of 1.7-2.9 times EBITDA in FY3/2020, even though dilution of up to 20% will occur.**

## When to recognize stock-based compensation expenses

Because the condition A was met in FY3/2023, stock-based compensation expenses of about ¥5.5 bn was recorded.

The stock-based compensation expenses of ¥5.5 billion has been recognized as expense for accounting purposes, do not involve cash-out, and do not affect cash and deposits.

The exercise price is 1,859 yen per share. When all the rights are exercised, cash will increase and be transferred to stated capital and additional paid-in capital.

Exercise period

May 1, 2021 to April 30, 2028

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

# Corporate Outline

## Corporate Outline

As of June. 30, 2024

Corporate name:	UT Group Co., Ltd.
Established:	April 14, 1995
Founded:	April 2, 2007
Capital:	1,274 million yen
Listing:	TSE Prime Market (Securities code: 2146)
Representative:	President and Representative Director Manabu Sotomura (As of April. 1, 2024)
Location:	1-11-15 Higashi-Gotanda, Shinagawa-ku, Tokyo
Number of issued and outstanding shares :	39,762,883 shares
Number of shareholders:	9,100

## Group Companies

As of June. 30, 2024

<b>UT Aim</b> Manufacturing personnel services	<b>UT SURI-EMU</b> General personnel dispatch and outsourcing
<b>UT Connect</b> General personnel dispatch and outsourcing	<b>Green Speed Joint Stock Company</b> <b>Hoang Nhan Company Limited</b> General personnel dispatch and outsourcing in Vietnam
<b>UT Partners</b> General personnel dispatch and outsourcing	<b>UT Life Support</b> Internal benefit program management
<b>FUJITSU UT</b> General personnel dispatch and outsourcing	<b>UT Heartful</b> Special subsidiary company
<b>UT Toshiba</b> General personnel dispatch and outsourcing	
<b>UT FSAS Creative</b> Office work and IT personnel dispatch and outsourcing of operations system management and help desks	
<b>UT MESC</b> Elevator/escalator manufacturing outsourced work and dispatch of design engineers	
<b>UT-HITES</b> General personnel dispatch and outsourcing	



# UT Group Is Selected for Producing an “Excellent Integrated Report” by GPIF’s External Asset Managers

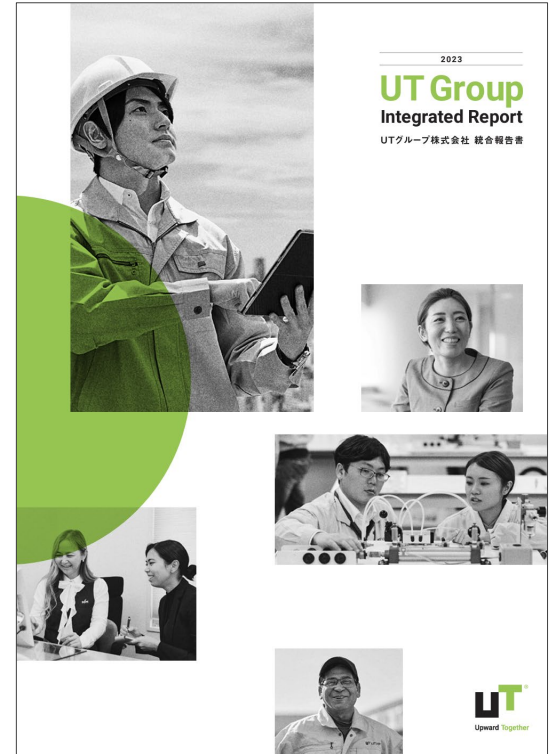
UT Group’s Integrated Report 2023 has been selected as an “Excellent Integrated Report” by external asset managers that are entrusted with the management of domestic equities, as announced by the Government Pension Investment Fund (GPIF).

GPIF has announced the "Excellent Integrated Reports" and "Most-Improved Integrated Reports," selected by a panel of 13 external asset managers entrusted with domestic equity investment. The result was comprised of 70 companies selected for producing "Excellent Integrated Reports" and 100 companies selected for "Most-Improved Integrated Reports." While a majority of the "Excellent Integrated Reports" are those of large-cap companies, UT Group is one of the four small-cap companies (specifically, companies that are not included in TOPIX 500, large- and mid-cap index) which have been selected.

UT Group’s third Integrated Report for 2023 has been compiled based on how we think about “human capital management that is unique to the UT Group,” along with continually monitoring the Japanese labor market and our compliance with UT Group’s vision. Non-regular workers account for about 40% of the workforce in Japan, and their workstyles are diversifying. Now, how can we expand the opportunities for non-regular workers to play an active role and how can we create a foundation for them to become a competitive force? This is an urgent issue for Japan, where the working-age population is decreasing. Currently, UT Group has approximately 33,000 technical employees in Japan, and we continue to support their individual skill and career development, by means that include building a foundation that meets the needs of their diversifying workstyles. We believe that increasing the overall sum of individuals’ empowerment leads to improving our corporate value and sustainable performance growth. We hope many stakeholders read the report.

The Integrated Report: [https://ssl4.eir-parts.net/doc/2146/ir\\_material4/214561/00.pdf](https://ssl4.eir-parts.net/doc/2146/ir_material4/214561/00.pdf)

[For reference] Companies selected by GPIF’s external asset managers for "Excellent Integrated Reports" and "Most-Improved Integrated Reports" (in Japanese only): [https://www.gpif.go.jp/esg-stw/20240221\\_integration\\_report.pdf](https://www.gpif.go.jp/esg-stw/20240221_integration_report.pdf)



# Sustainability Data Book 2023 was released (June. 2024)

## UT GROUP Sustainability Data Book 2023

UTグループ サステナビリティデータブック

The "UT Group Sustainability Data Book 2024" explains our thoughts, initiatives, indicators, etc. regarding sustainability that are not included in the Integrated Reports. The contents are categorized according to the Company's four key themes, and a wide range of information and data are included so that stakeholders can better understand the Company's activities.

Please download the Sustainability Data Book from here:

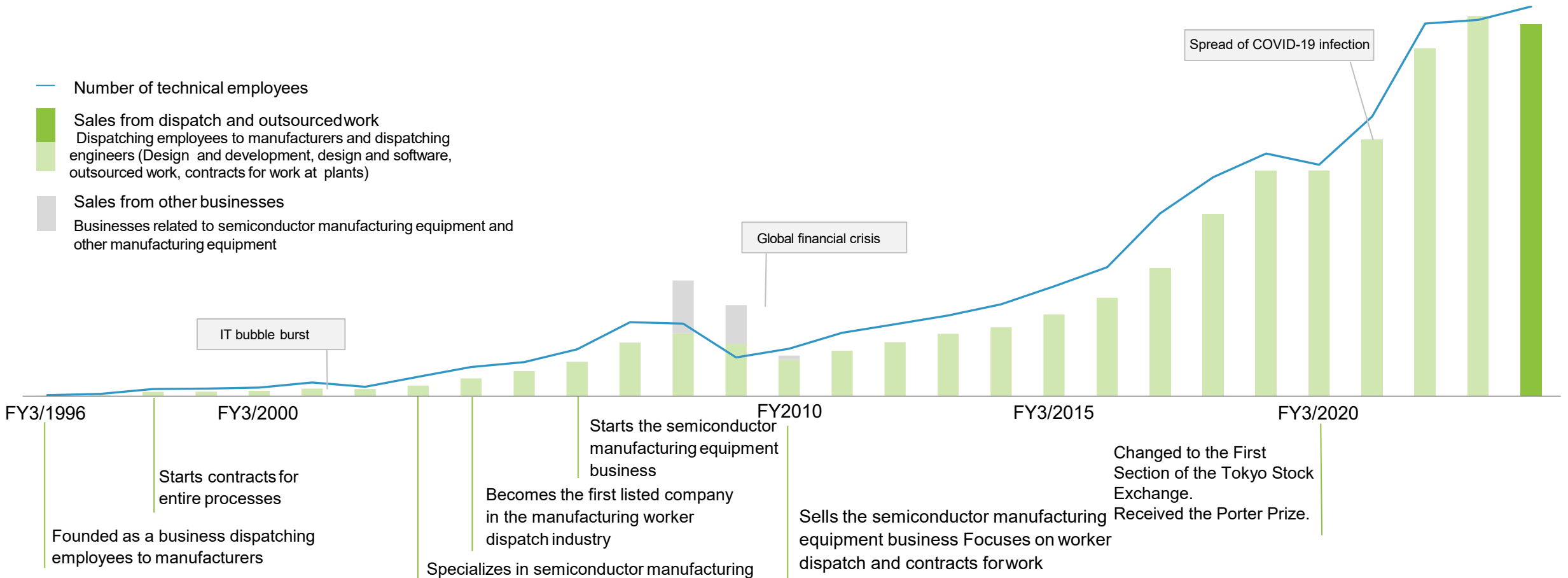
[https://ssl4.eir-parts.net/doc/2146/ir\\_material4/232537/00.pdf](https://ssl4.eir-parts.net/doc/2146/ir_material4/232537/00.pdf)

# The Leading Company in Manufacturing Dispatch Industry

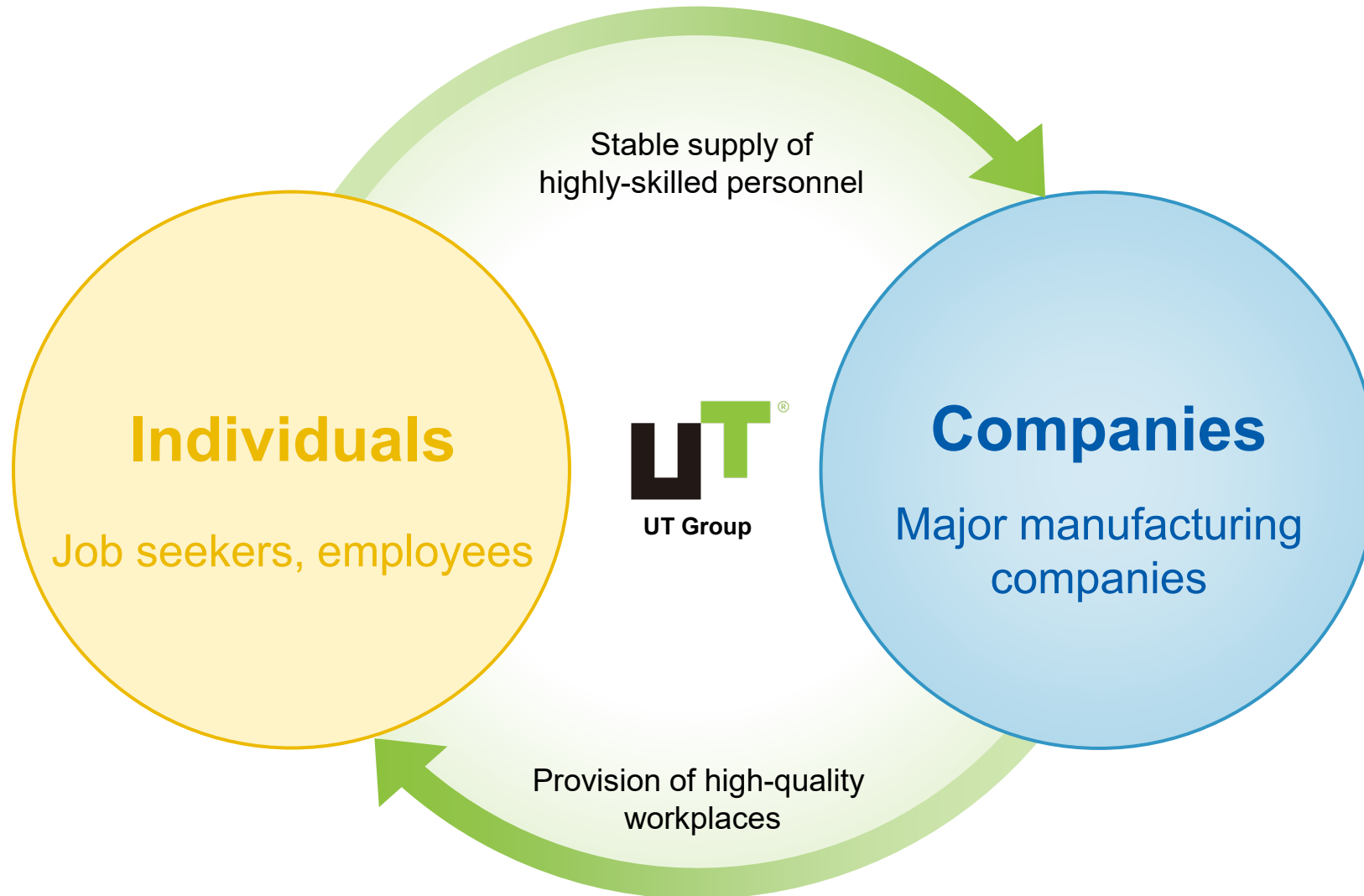
## Creating vigorous workplaces empowering workers.

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.

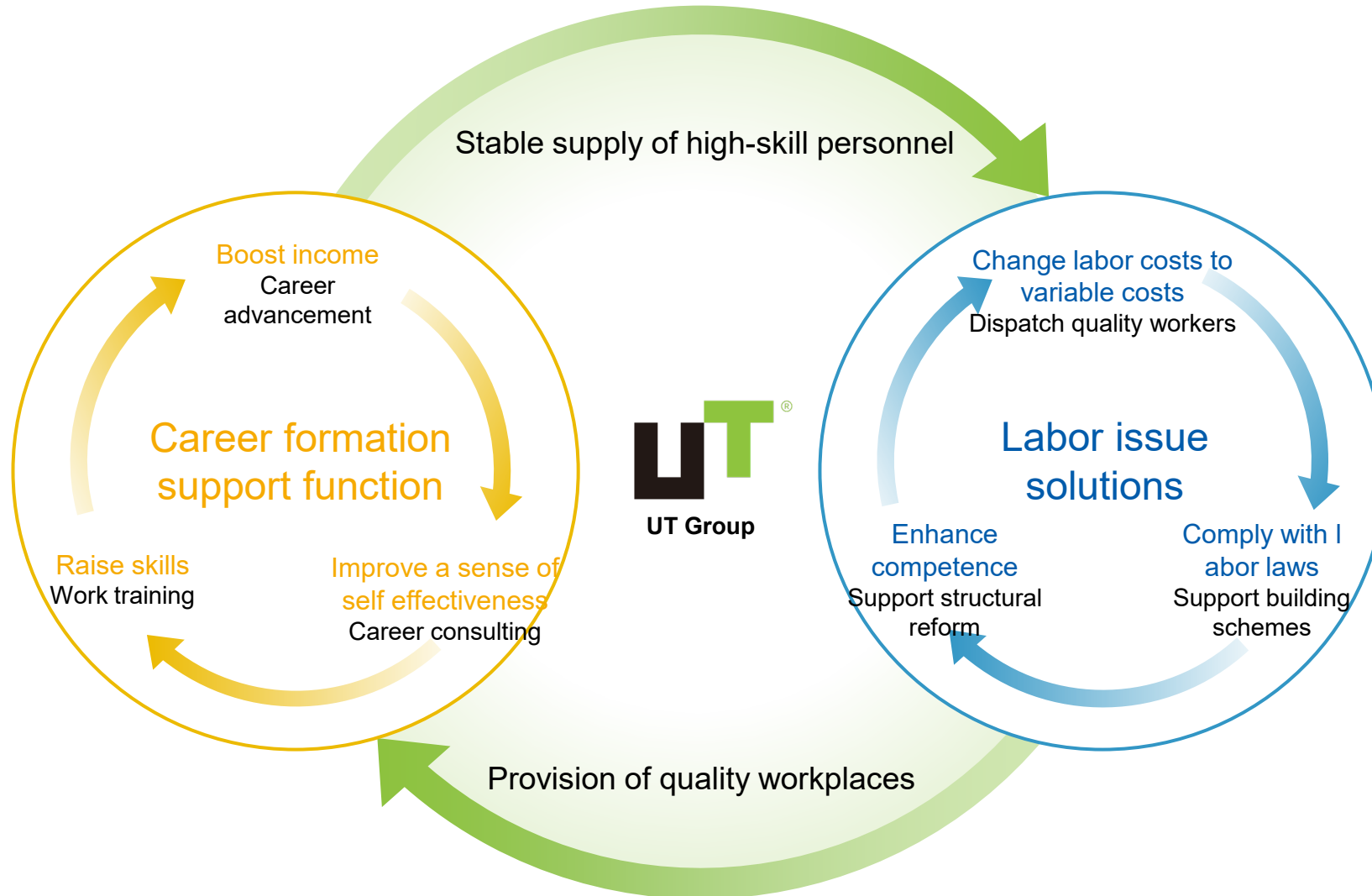
FY3/2024  
 Domestic Technical employees  
**33,078**  
 Consolidated sales  
**¥167.0bn**



# 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 STEP 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.

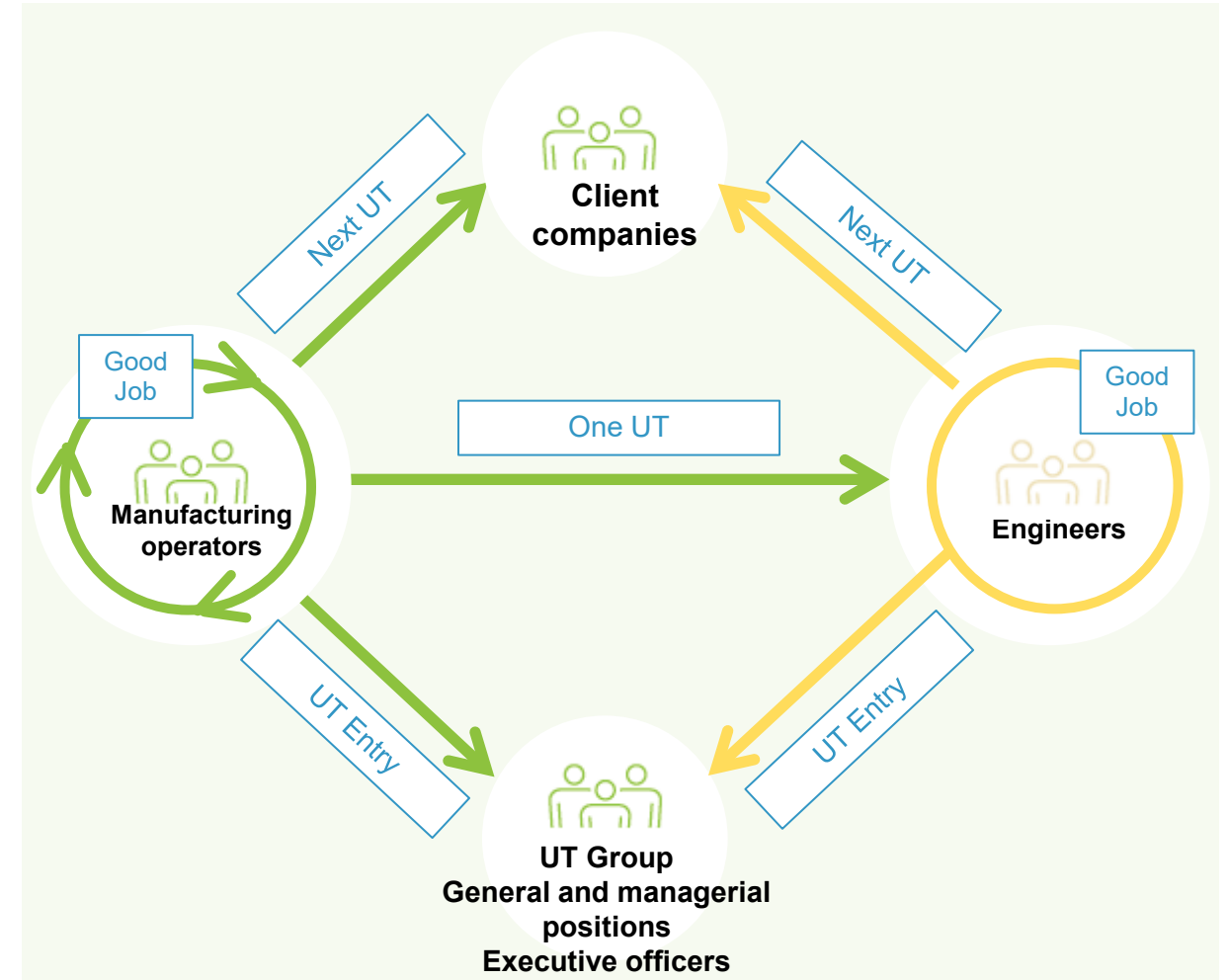
**(Intra-group transfers)**
- Next UT

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

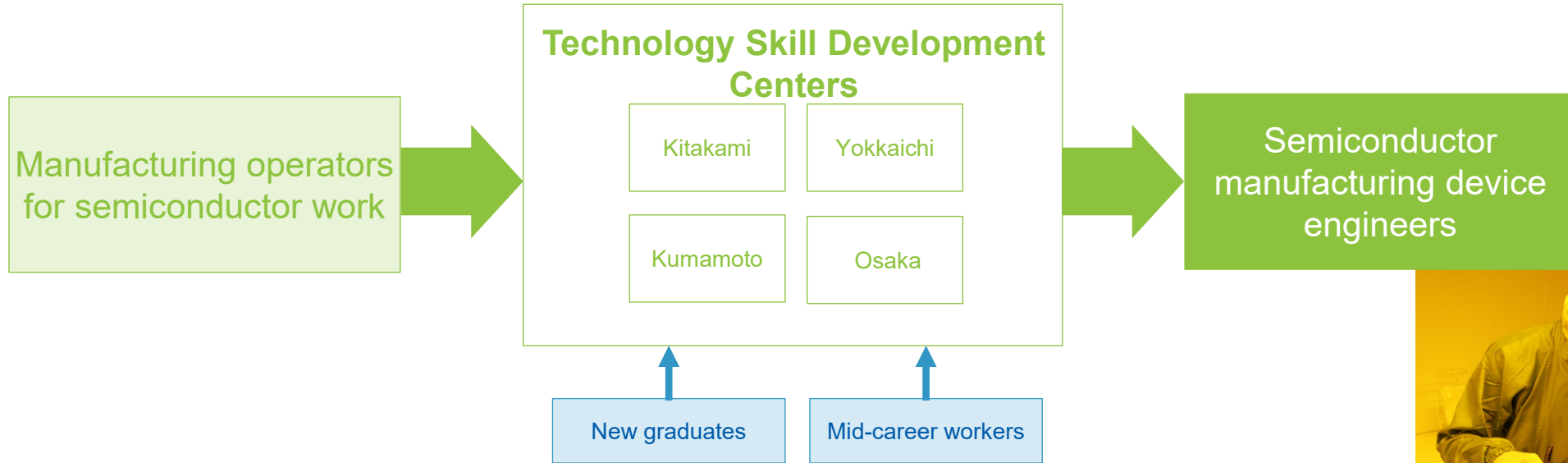
A voluntary nomination system to a manager or an executive. The industry's first system that provides all employees with a fair career opportunity regardless of their years of service, experience, or age.

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



# Strongly promote SME engineer development

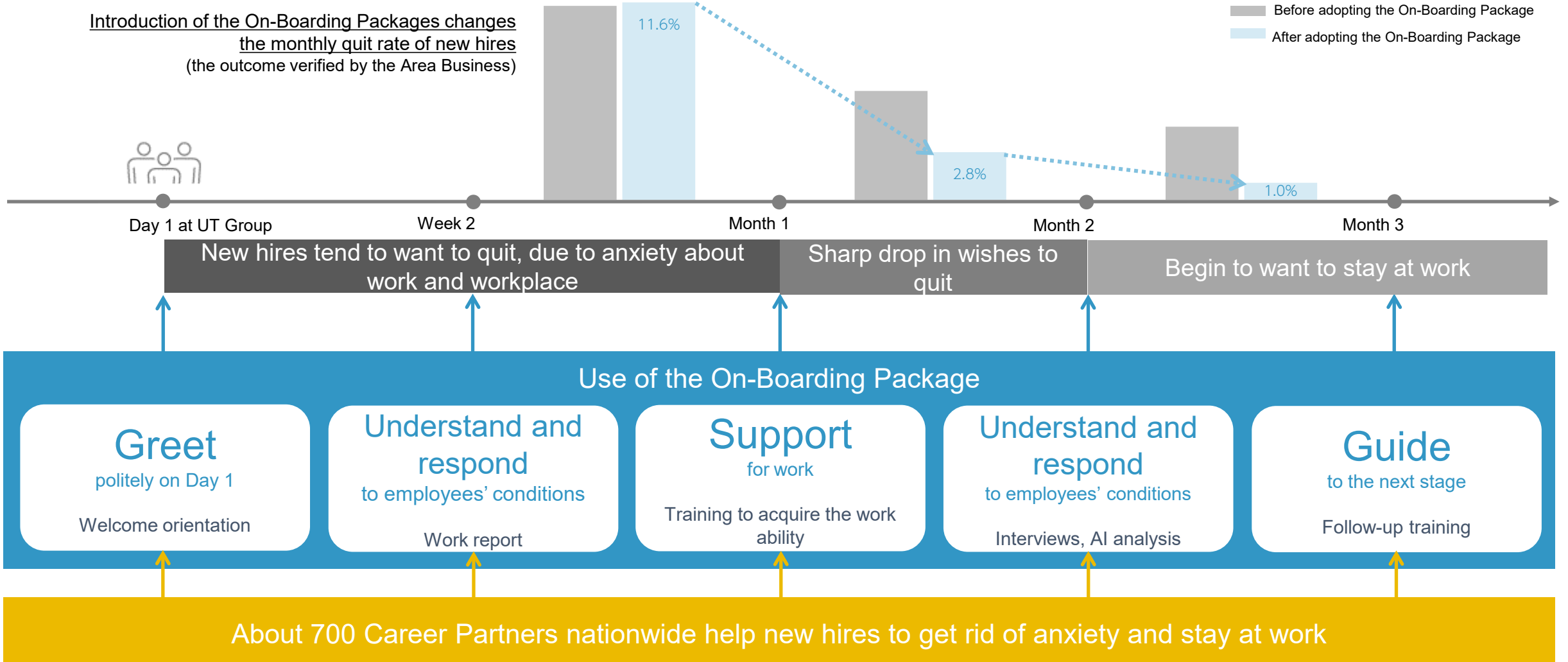
- Established four technology skill development centers for manufacturing engineers in the semiconductor field (Dec. 2020: Kitagami City in Iwate; March 2021: Yokkaichi City in Mie and Kumamoto City in Kumamoto; May 2021 Osaka City in Osaka)
- Targeting to produce 5,000 engineers in FY3/2022 – FY3/2025.



Practical training in a clean room

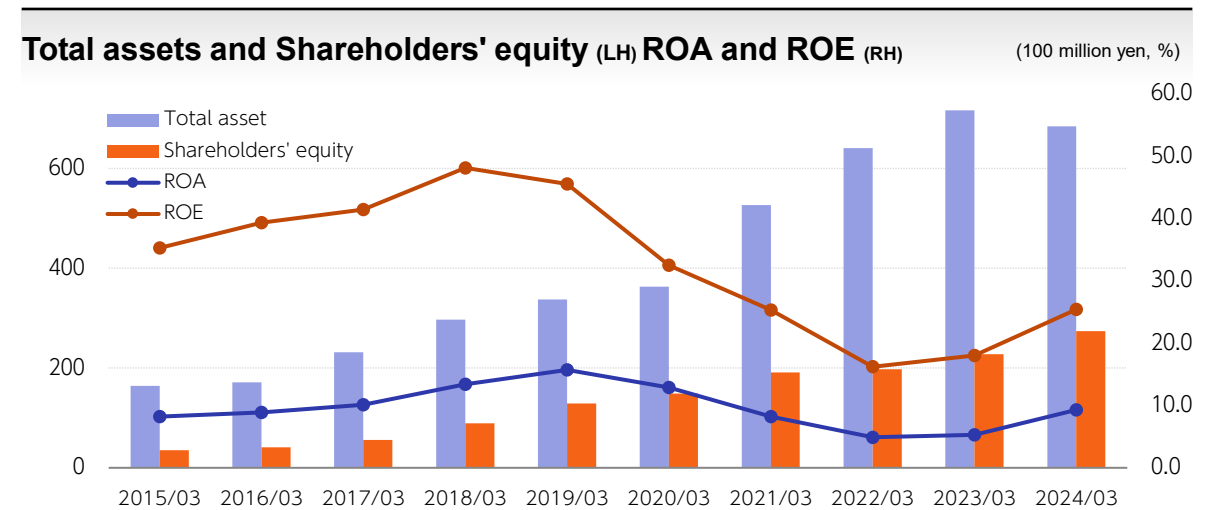
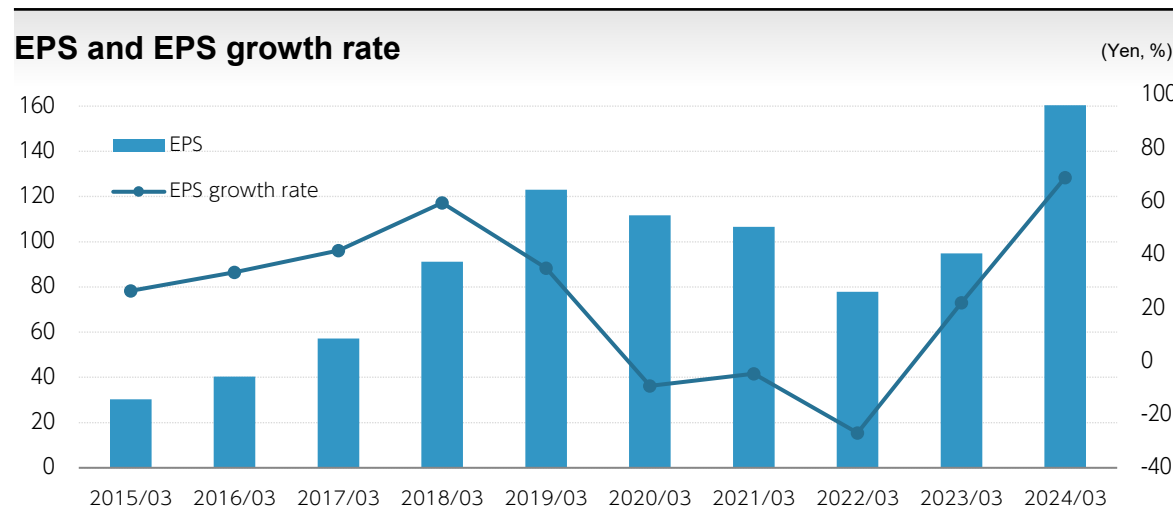
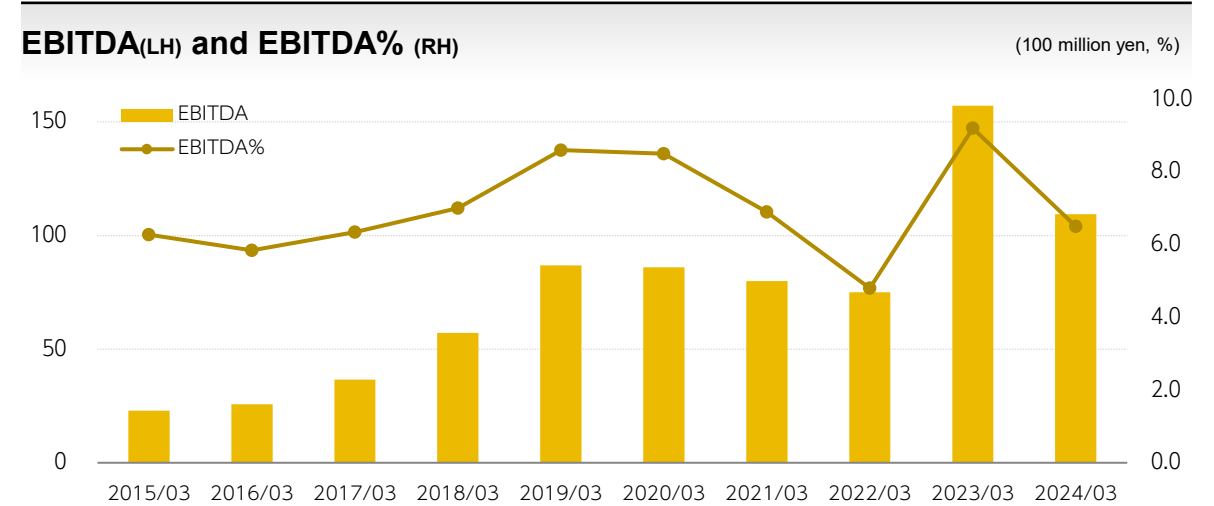
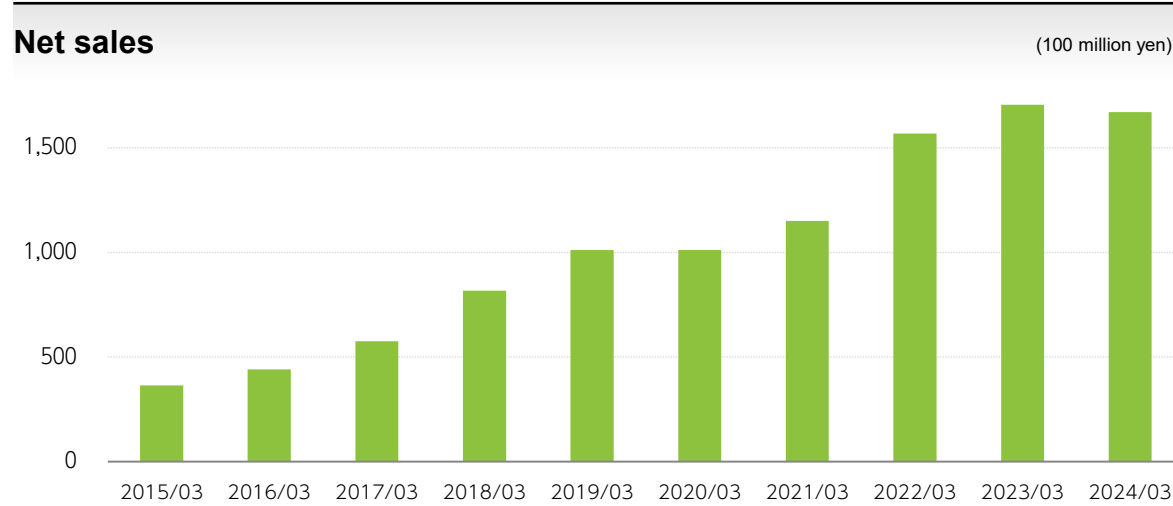
# Restrain new hires from quitting by consistent support for their growth

- The Area Business introduces in stages the On-Boarding Package, which removes factors to quit and creates factors to stay





# Trends of Business Results

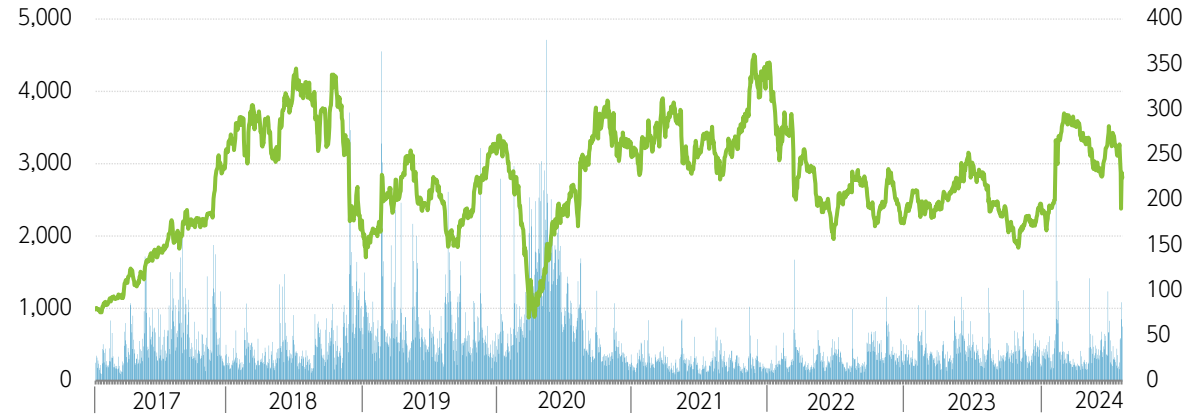


ROA=親会社株主に帰属する当期純利益/総資産（期中平均）、ROE=親会社株主に帰属する当期純利益/株主資本（期中平均）

# Trends of Stock Price

Stock price (LH) and trading volume (RH)

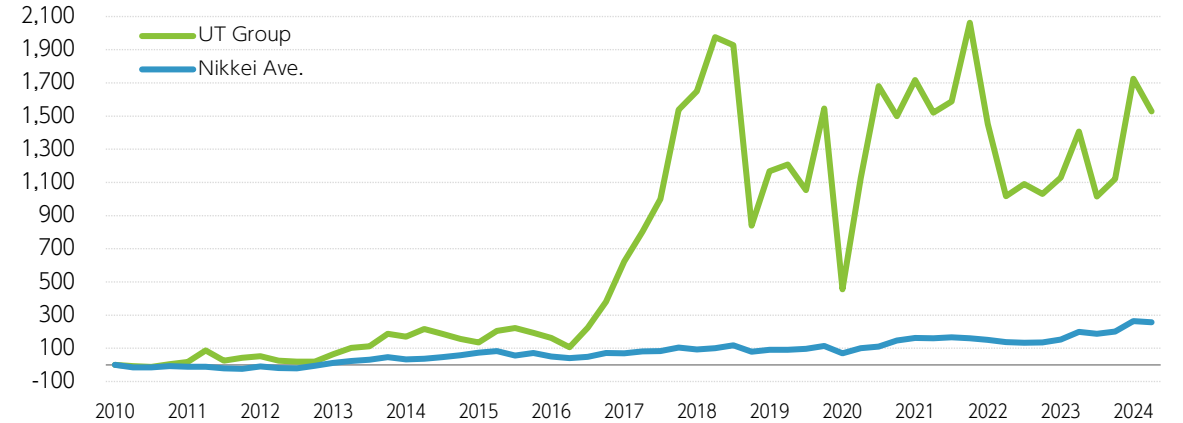
(Yen / 10,000 shares)



Changes in stock price

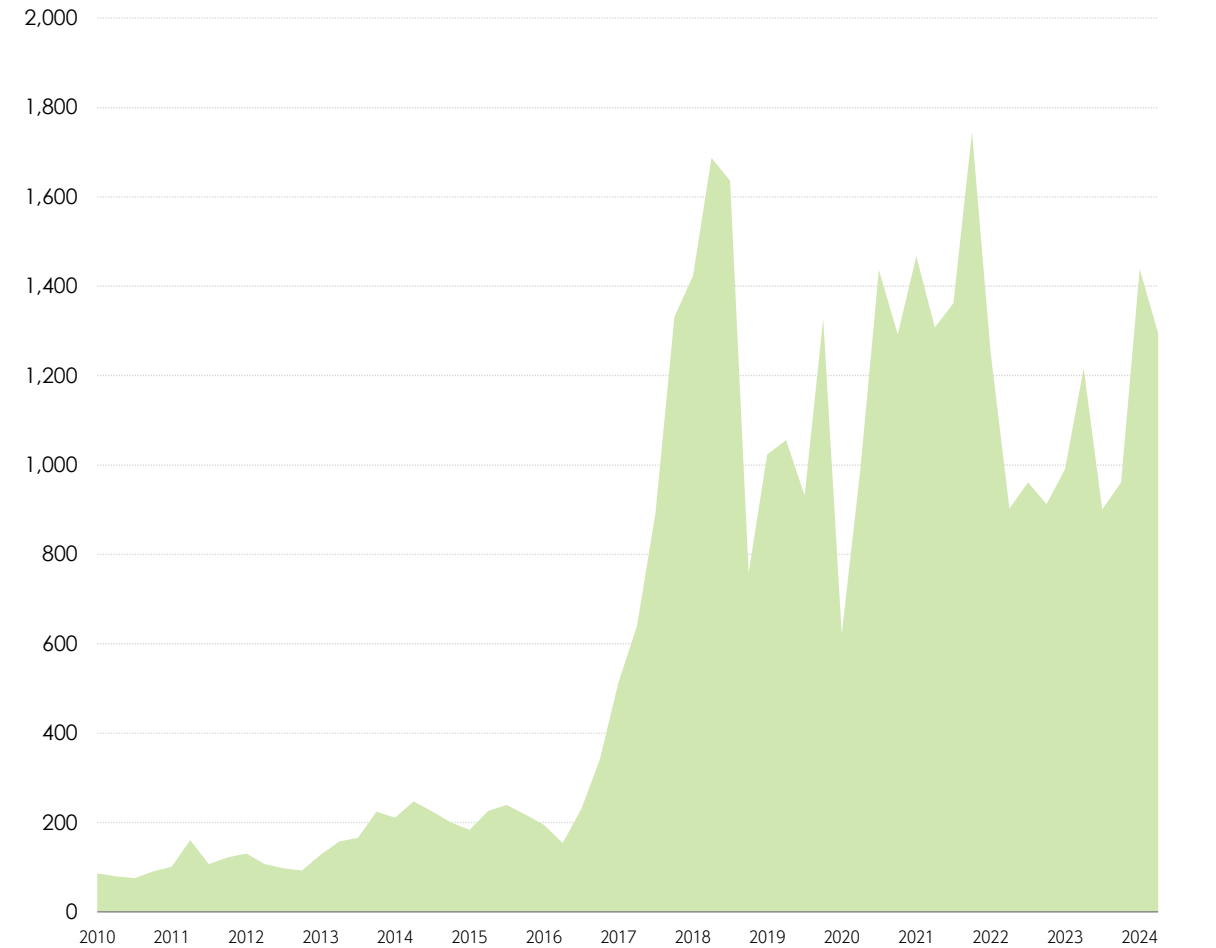
(compared with the level on March 31, 2010)

(%)



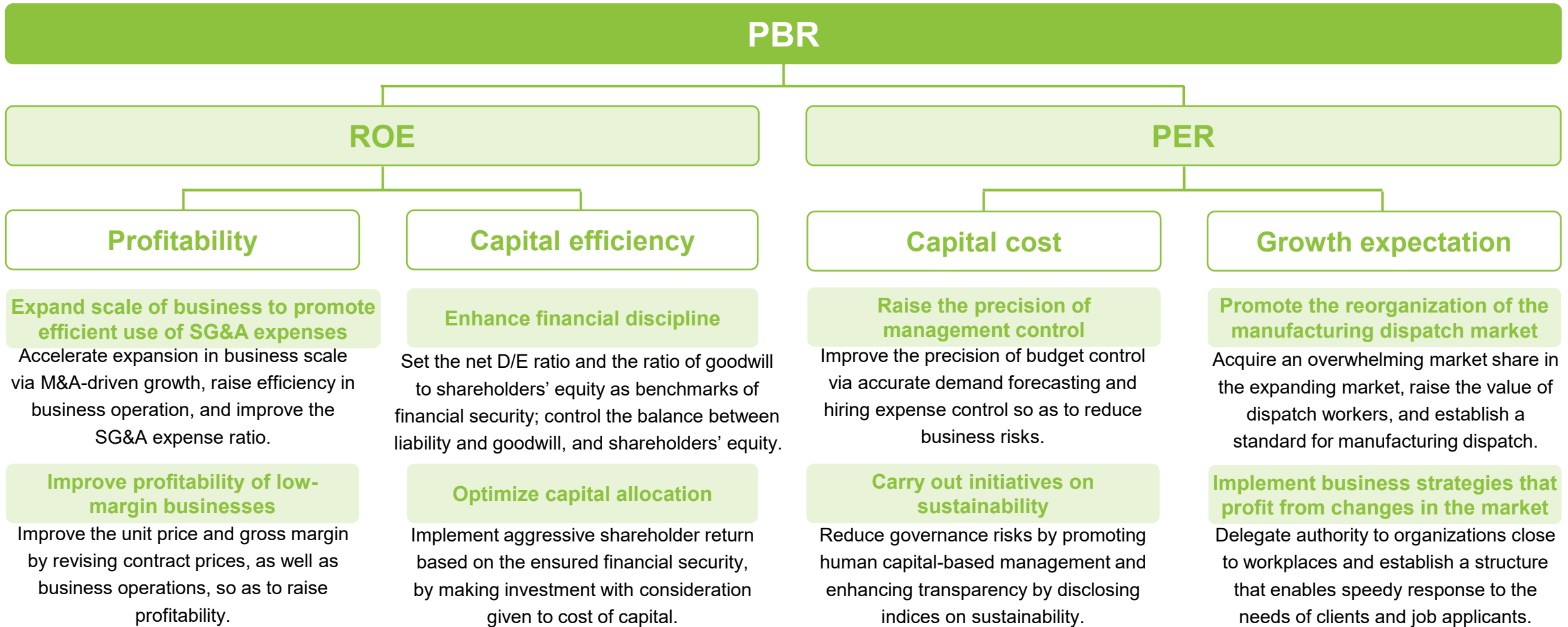
Market capitalization

(100 million yen)



# **Actions for Improving Attention to Capital Cost and Share Price in Management (Announced on June 24, 2024)**

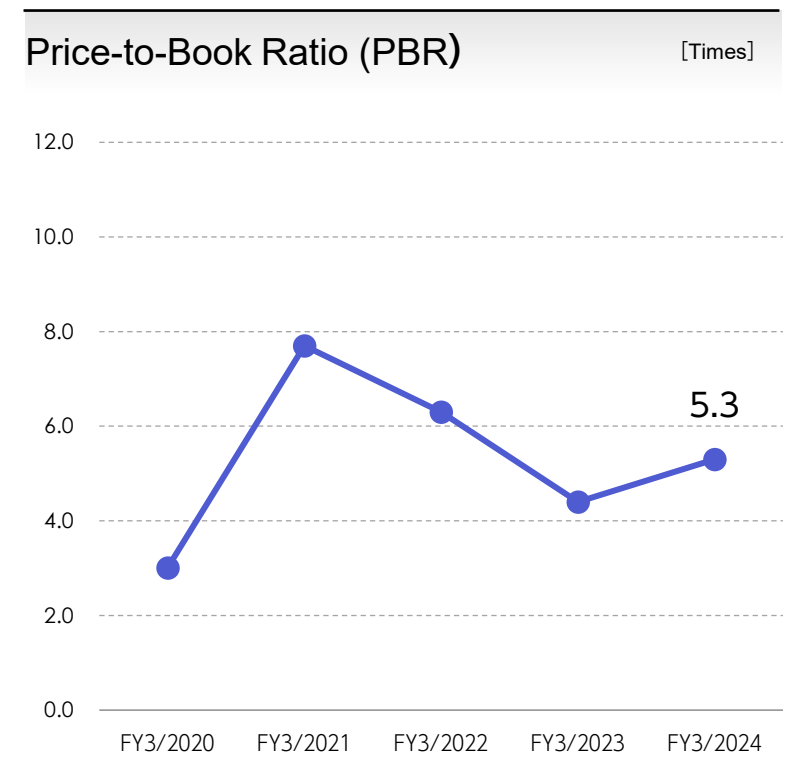
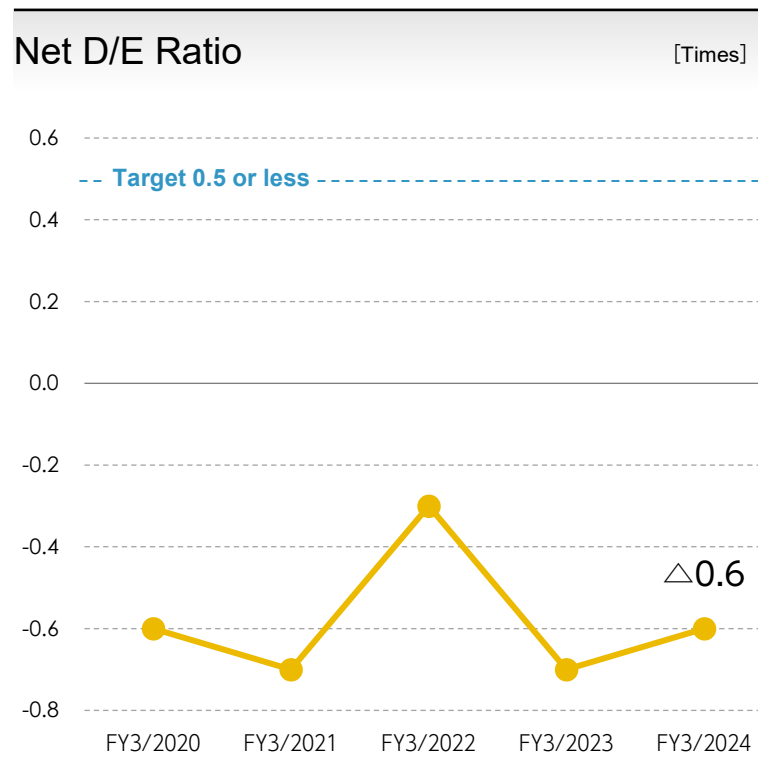
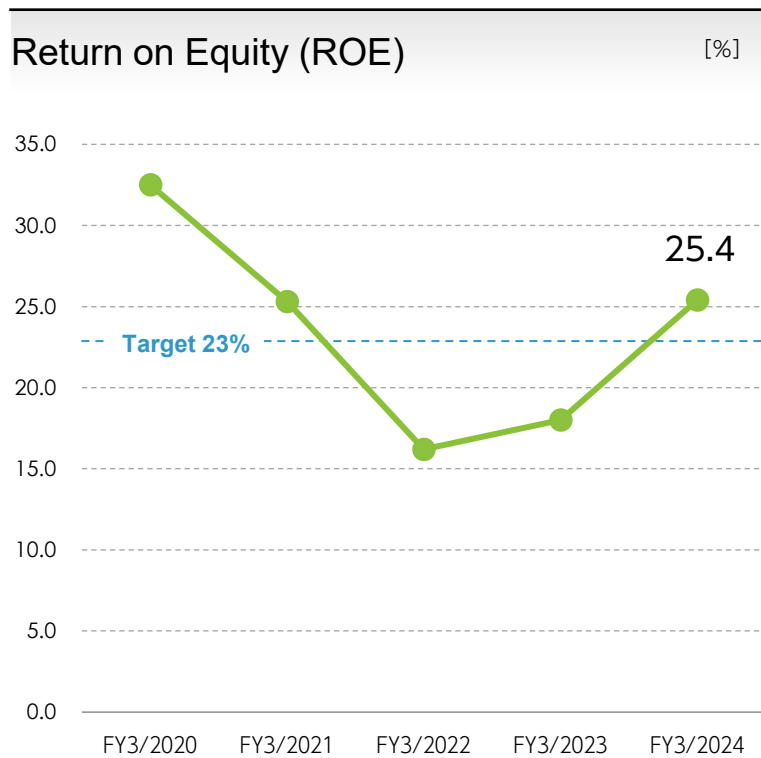
# Actions to expand corporate value



Aim at raising sustainable corporate value by expanding UT's share in the manufacturing dispatch market while pursuing efficiency

# Analysis of current status on profitability of capital and market evaluation

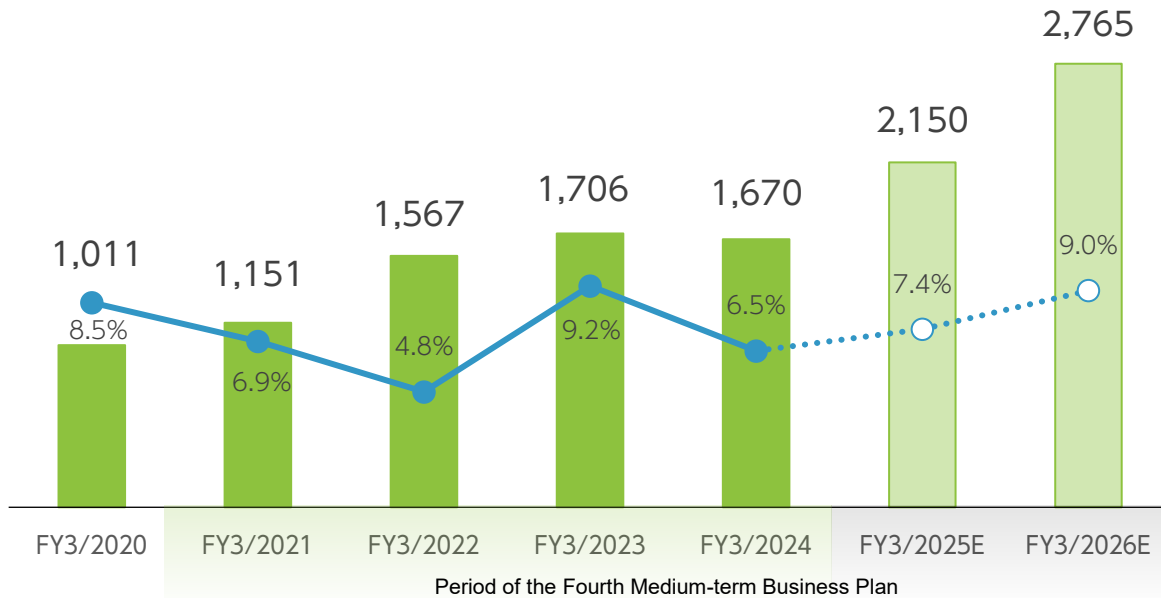
- The current ROE exceeds the 23% target of the Fourth Medium-term Business Plan.
- The net D/E ratio has been far below its target of less than 0.5 times for the achievement of optimal capital structure and in the negative zone (cash and equivalent exceeding interest-bearing debt).
- The PBR has been above 4 times, despite a slowdown in EPS growth, a delay in the Fourth Medium-term Business Plan, and a decline in valuation caused by the impact of stock options and other factors.



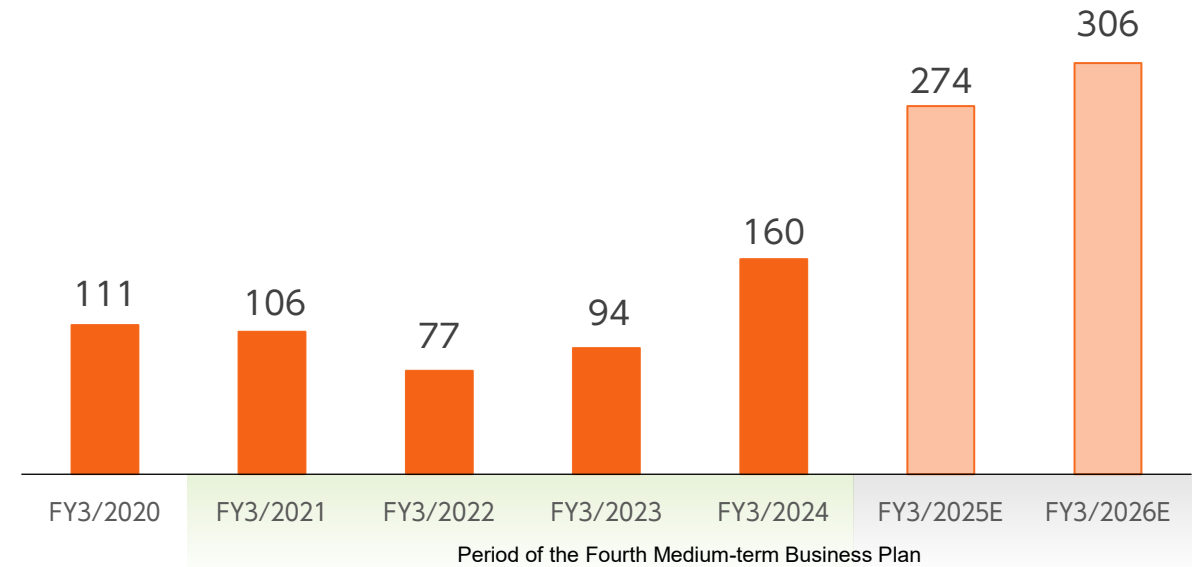
# Envisioned Future of the Rolling Plan (up to FY3/2026)

- Specialize in manufacturing dispatch and expand the number of tech employees from the current 33,000 to 50,000 so as to achieve high sales growth.
- Improve gross margin by the increase in unit price and realize more efficient use of SG&A expenses by improving business operation so as to expand profitability.
- Plan to increase EPS by 2.7 times to the level before the start of the Fourth Medium-term Business Plan.

Consolidated Sales and Ratio of EBITDA to Sales [100 million yen]



Earnings per Share (EPS) (EPS for FY3/2025 and FY3/2026 reflects the potential dilution.) [Yen]

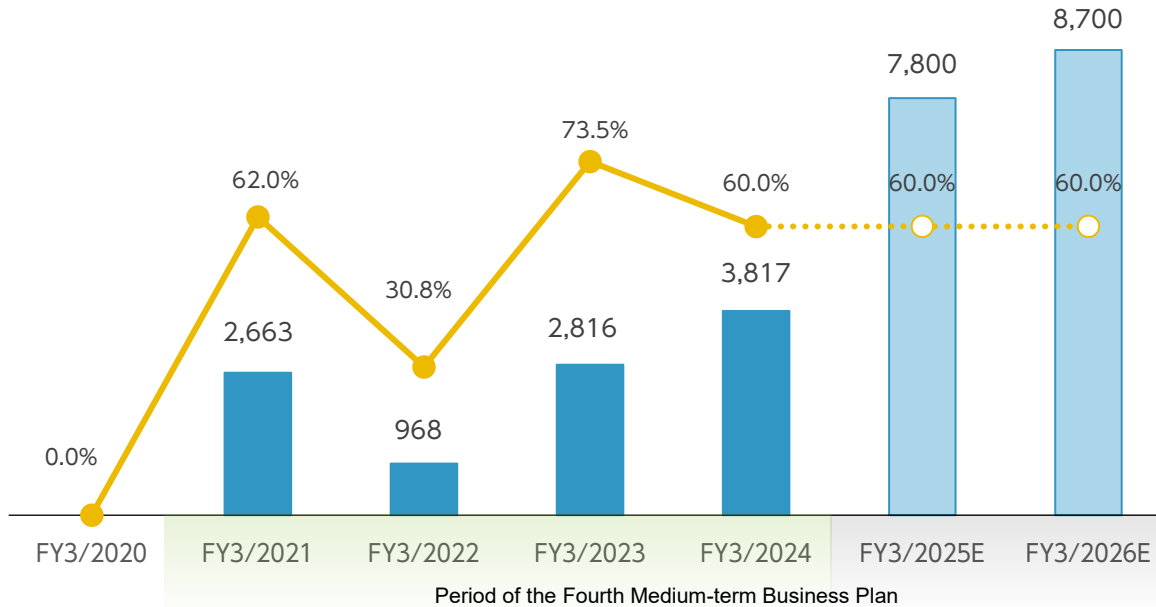


# Envisioned Future of the Rolling Plan (up to FY3/2026)

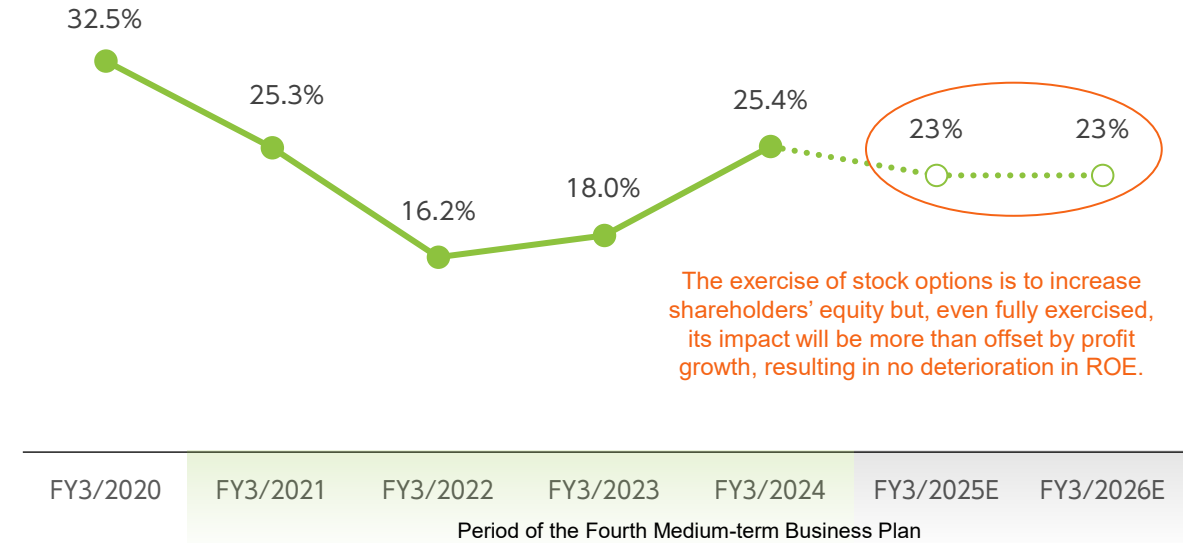
- The appropriate level of internal reserves is calculated from our forecast of the balance sheet based on an investment plan, which expects M&A activities to result in a sales contribution of about ¥42 billion in two years.
- The total return ratio is set at 60% to prevent an excessive increase in shareholders' equity.
- The net D/E ratio of 0.5 times and the ratio of goodwill to shareholders' equity of less than 50% have been set as benchmarks of financial security. A proper balance between liability and goodwill, and shareholders' equity is obtained.

Total Return Amount and Total Return Ratio

[Million yen] obtain



Return on Equity (ROE)



## Change of the Basic Policy on Shareholders' Return (from FY3/2024)

- Aim at optimizing internal reserves in consideration of capital cost while promoting M&A and other investment plans of the Fourth Medium-term Business Plan.
- The shareholder return policy has been changed from a total return ratio of 30% by dividends and/or share buyback to a total return ratio of 60% since FY3/2024.

Basic policy on shareholders' return								[Million yen]
	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025 (E)	FY3/2026 (Plan)	
Net profit	4,509	4,299	3,140	3,831	6,361	13,000	14,500	
Dividends paid	-	2,663	968	-	3,817	7,800	8,700	
Amount of share buyback	-	-	-	2,816	-	TBD	TBD	
Total return ratio	0.0% <sup>1</sup>	62.0% <sup>2</sup>	30.8%	73.5% <sup>3</sup>	60.0%	60.0%	60.0%	

1. FY3/2020: Shareholder return was forgone in consideration of the impact of the spread of the COVID-19.

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

3. FY3/2023: Share buyback in an amount equivalent to 30% of net income attributable to owners of the parent, excluding the stock-based compensation expenses, was carried out.



# Status of dialogues with shareholders and investors

- Dialogues with shareholders and investors have been continuously carried out. In FY3/2024, 798 opportunities have been created to pro-actively engage with investors for delivering the Rolling Plan of the Fourth Medium-term Business Plan.
- Opinions and insights of shareholders and investors through the dialogues are reported for discussion at the board meetings for ultimate improvement of management and IR activities.
- Aim at enhancing disclosure of information which is useful for analysis by shareholders and investors.

Dialogues held in FY3/2024			
	Respondents	Number of dialogues	Number of investors
Group meetings	Executives	12	193
	Others	7	50
One-on-one meetings	Executives	26	26
	Others	241	244
Briefings	Executives	4	285
Total		290	798

## ■ Respondents

- Executives: Internal Directors (Wakayama, Sotomura), Outside Directors (Igaki, Sasaki, Mizukami, Shima), Executive Officer in charge of General Affairs Division (Yamada)
- Others: Associates in charge of IR (Three)

## ■ Main themes and interests of shareholders and investors in dialogues

- Business environment (related to semiconductors and electronics, and automobiles)
- Hiring activities
- Formulation of the Fourth Medium-term Business Plan
- Ways to allocate cash allocation
- Growth and incentives
- Mid-term outlook in market expansion, reorganization of the manufacturing dispatch industry
- Initiatives on sustainability

## ■ Implementation of feedback of opinions of shareholders and investors in dialogues to the Board of Directors

- Quarterly reporting of opinions of shareholders and investors at the board meetings and the Management Council
- Reporting of discussions with shareholders and investors to internal directors after the announcement of quarterly results

## ■ Status of improvement in IR activities based on the opinions of shareholders and investors

- Improvement in contents and benchmarks of disclosure in result announcement materials, integrated report, etc.
- Advance in sustainability initiatives and enhanced disclosure of qualitative information
- Continual creation of opportunities to communicate with outside directors

# Create vigorous workplaces empowering workers.



Upward Together

**UT Group Co., Ltd.**

## Disclaimer

This document has been prepared solely for the purpose of providing information regarding the Company's business forecasts. The forward-looking comments and forecasts expressed in this document are the plans based on the Company's judgment based on information available at the time of its preparation and are subject to change without notice. Actual results may differ from the above forecasts, due to various factors.

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