November 13, 2024

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Notice Concerning Revision of Consolidated Results Forecast

UT Group Co., Ltd. announces that its Board of Directors held a meeting on November 13, 2024 and, given the recent performance, revised the consolidated results forecast for FY3/2025 (April 1, 2024 - March 31, 2025), which was disclosed on May 14, 2024, as follows.

1. FY3/2025: Revision of full-year consolidated results forecast (April 1, 2024 - March 31, 2025)

	Net sales	EBITDA*	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	Million yen 215,000	Million yen 16,000	Million yen 13,600	Million yen 13,500	Million yen 13,000	Yen 327.01
Revised forecast (B)	183,100	8,700	6,500	6,500	8,100	203.45
Increase/decrease (B－A)	-31,900	-7,300	-7,100	-7,000	-4,900	-123.56
Change (%)	-14.8%	-45.6%	-52.2%	-51.9%	-37.7%	-37.8%
Reference : Results for the previous fiscal year (FY3/2024)	167,030	10,936	9,344	9,397	6,361	160.41

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

2. Reason for the revision

The initial plan for FY3/2025 incorporated semiconductor-related manufacturers’ full-fledged recovery in demand for workers in the second half of FY3/2025, and automobile-related manufacturers’ steady demand for workers to be sustained throughout the year due to the progress in normalization of their production.

In the first half of FY3/2025, in the semiconductor-related sector of the Manufacturing Business, the semiconductor inventory adjustment phase bottomed out, and demand for workers gradually began to increase at some semiconductor-related manufacturers. We worked to increase the number of hires and and the number of employees assigned to semiconductor-related workplaces. However, the number of technical employees

fell below the initial plan due to the occurrence of insufficient hiring to meet up with the demand for some projects. In the automobile-related sector, demand for additional employees remained sluggish due to the suspension of some production lines at some manufacturers. We have strengthened sales activities to capture demand for workers that is not linked to production fluctuations, but this was not enough to offset the aforementioned impact, and the number of technical employees fell below the initial plan. In the Area Business, we were able to steadily acquire new projects for dispatch workers by strengthening sales activities from the beginning of FY3/2025. We therefore focused on increasing the number of hires, but we were unable to establish an adequate system for follow-up and on-site management of new employees after they joined the company. This has caused an increase in the turnover rate in the early stages of joining the company, and the number of technical employees of the Area Business also fell below the initial plan.
As a result, consolidated sales in the first half of FY3/2025 were lower than initially expected, mainly due to the fact that the number of technical employees in the core businesses of the Manufacturing Business and the Area Business fell short of the initial plan.

In light of these first-half results, we have carefully examined demand trends in the second half, and we now expect that the semiconductor-related demand for workers will be sluggish than the pace of recovery in the second half, which was factored into our initial plan. In addition, the automobile-related demand for additional workers in the second half is expected to fall below the initial plan, as in the first half, due to the spreading impact of the suspension of some production lines.

On the other hand, in preparation for the recovery phase of worker demand, which is anticipated in FY3/2026, we are making efforts to normalize the monthly hiring of 2,000 employees. After realizing record-high 2,344 hires in March 2024 alone, we achieved the level of 1,800-1,900 hires in July and September 2024, raising the level of the number of monthly hires. However, in order to make it a normal practice, both the Manufacturing and Area businesses have temporary internal issues that need to be improved in terms of follow-up and on-site management of new employees, measures for hiring, etc. We therefore intend to focus first on resolving these issues in FY3/2025 and to ensure to put in place a system of 2,000 hires per month starting from FY3/2026.

Based on the above, we have revised downward forecasts for full-year consolidated net sales as well as for various levels of profits for FY3/2025. The latter is mainly due to a decline in gross profit margin, which is related to stagnant operating hours and measures for hiring, and the spending of selling expenses, including expenses for establishing a monthly 2,000 hiring system, and general and administrative expenses, which are maintained at the levels budgeted in the initial plan.

Although progress has not deviated significantly from the medium-term sales growth that the Company is aiming for, the Company currently sees the deterioration of cost efficiency, including recruiting activities, as a challenge due to the expansion of the number of employees. By taking measures to address this issue in the current fiscal year, we aim to build a strong earnings base and further improve profitability.

* The consolidated results forecast in this release is prepared based on the information available at the present time, and the actual results may change in the future due to a variety of factors.

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