Upward Together

1st Quarter of Fiscal Year Ending March 31, 2022

Financial Results

August 6, 2021

UT Group Co., Ltd.

Securities Code: 2146(TSE)

Copyright © UT Group Co., Ltd. All Rights Reserved.

Contents

1. Topics
2. Financial Results of 1st Quarter FY3/2022
3. FY3/2022 Earnings Forecasts and Outlook
4. The 4th Medium-Term Business Plan
5. Appendix

Copyright © UT Group Co., Ltd. All Rights Reserved.

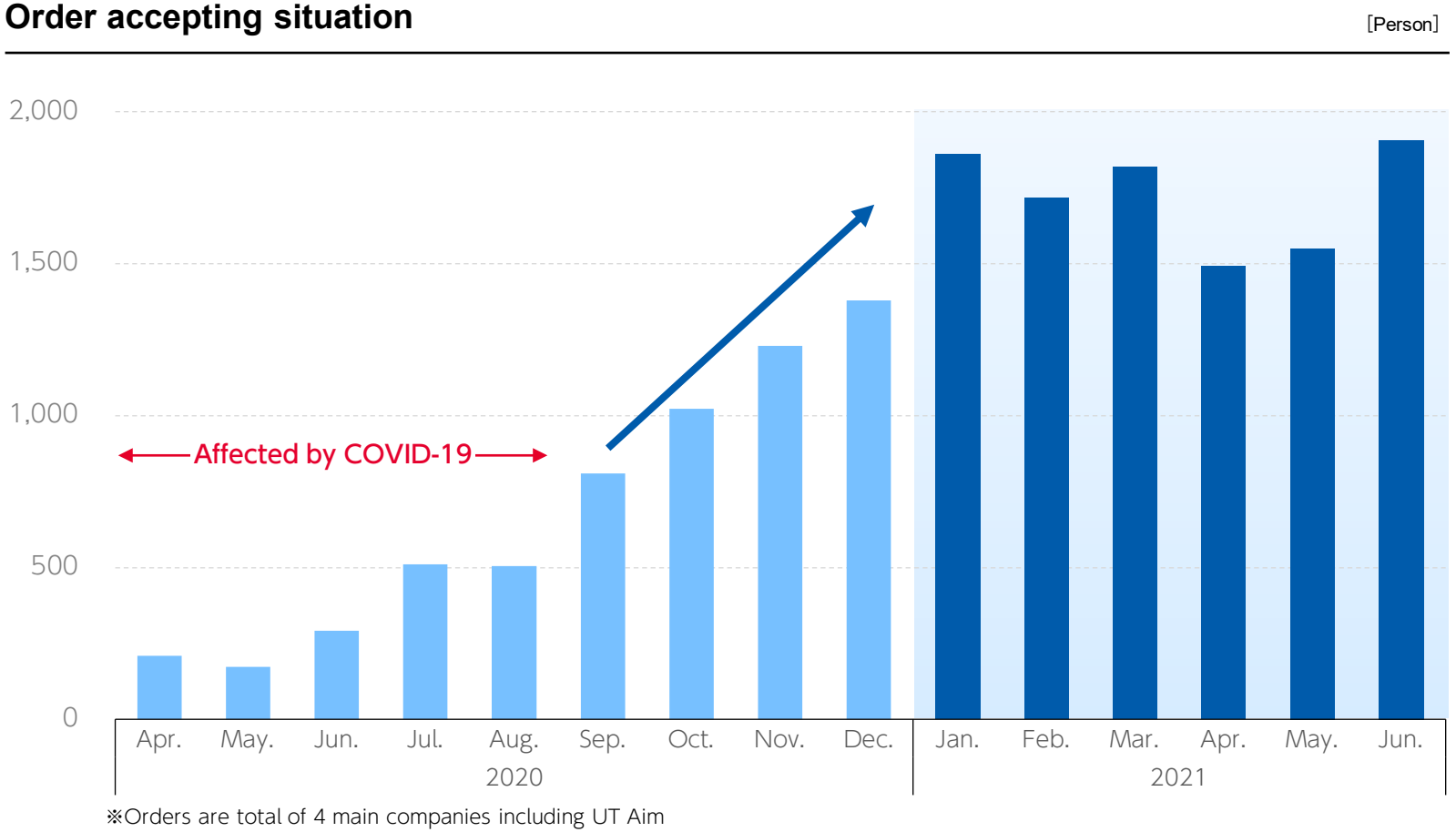
1. Topics

Copyright © UT Group Co., Ltd. All Rights Reserved.

Rapid recovery in personnel demand along with a recovery in production activities

- Since the summer of 2020, client companies have resumed operations suspended by COVID-19 infections and their production activities have recovered.

Order accepting situation



※Orders are total of 4 main companies including UT Aim

Since the beginning of 2021,
UT constantly accepts large orders
(more than 1,500 persons/month)

Copyright © UT Group Co., Ltd. All Rights Reserved.

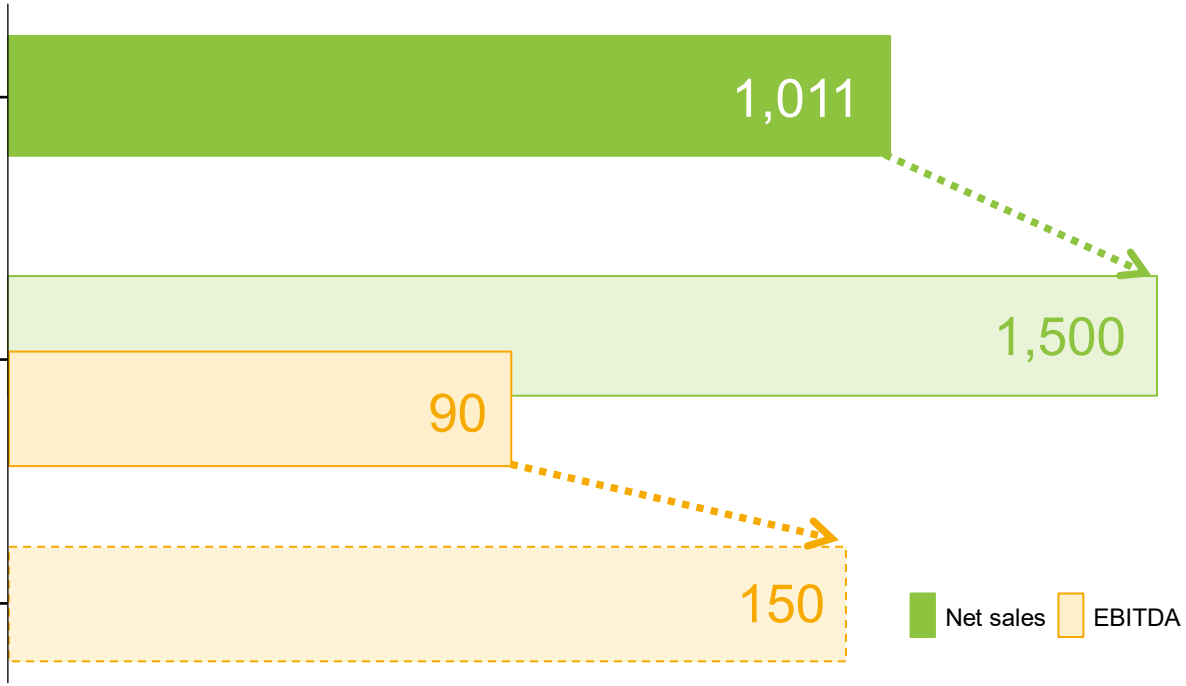
Management Policy for FY3/2022

- Plan to significantly enhance hiring activities in order to promptly respond to strong personnel demand and to expand market share. (Hiring-related expenses will be allocated more substantially in 1H.)
- By boosting the number of technical employees and growing sales, aim to achieve ¥15 billion in EBITDA in FY3/2023 and raise the probability to achieve maximum targets of the Fourth Medium-term Business Plan.

Policies and measures

FY3/2021	・1H: Affected by clients' suspension of operations due to COVID-19. ・2H: Aggressively hired, in response to a rapid recovery in demand and achieve a record high of 23,736 technical employees in total in Japan.
FY3/2022	・Embark on market share expansion by enhancing hiring activities to satisfy robust demand. ・Establish a base to normalize hiring of 1,000 per month. ・Boost the top line by maximizing the number of technical employees.
FY3/2023	・Target ¥15 billion in EBITDA based growth in sales and gross profit and productivity improvement via more efficient hiring and other means.

Forecasts for sales and EBITDA (100 million yen)

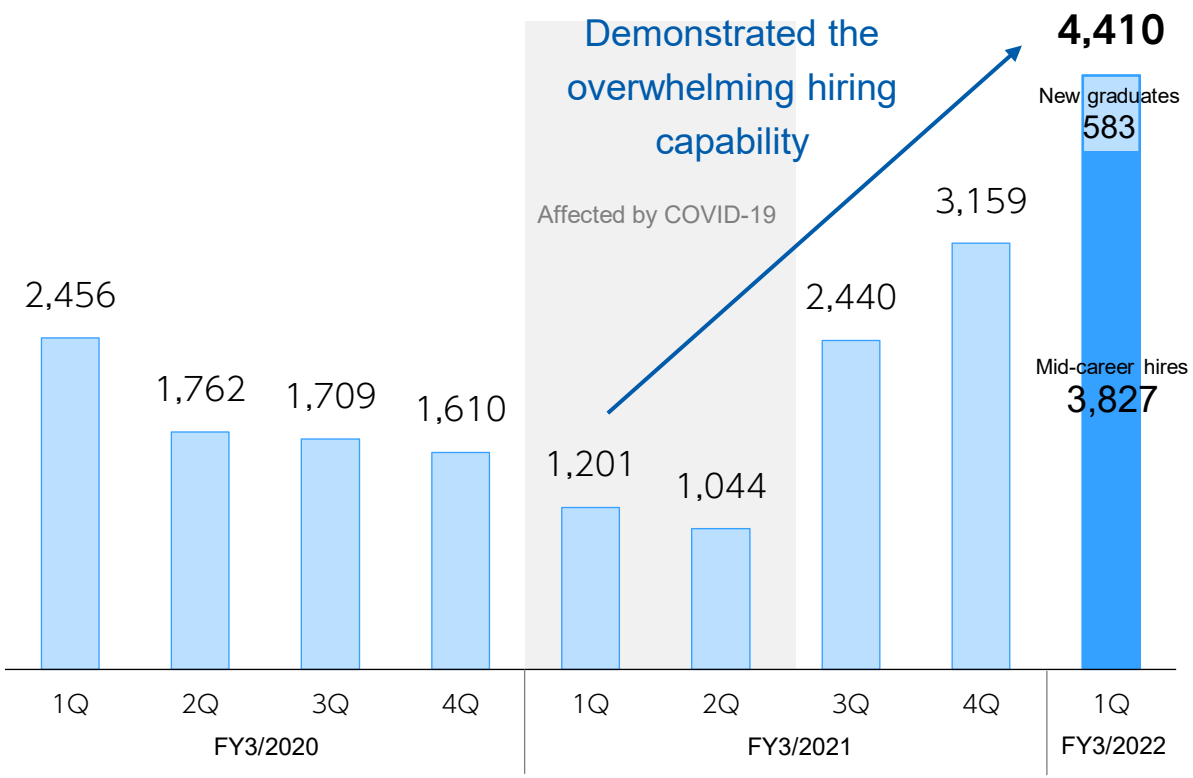


Copyright © UT Group Co., Ltd. All Rights Reserved.

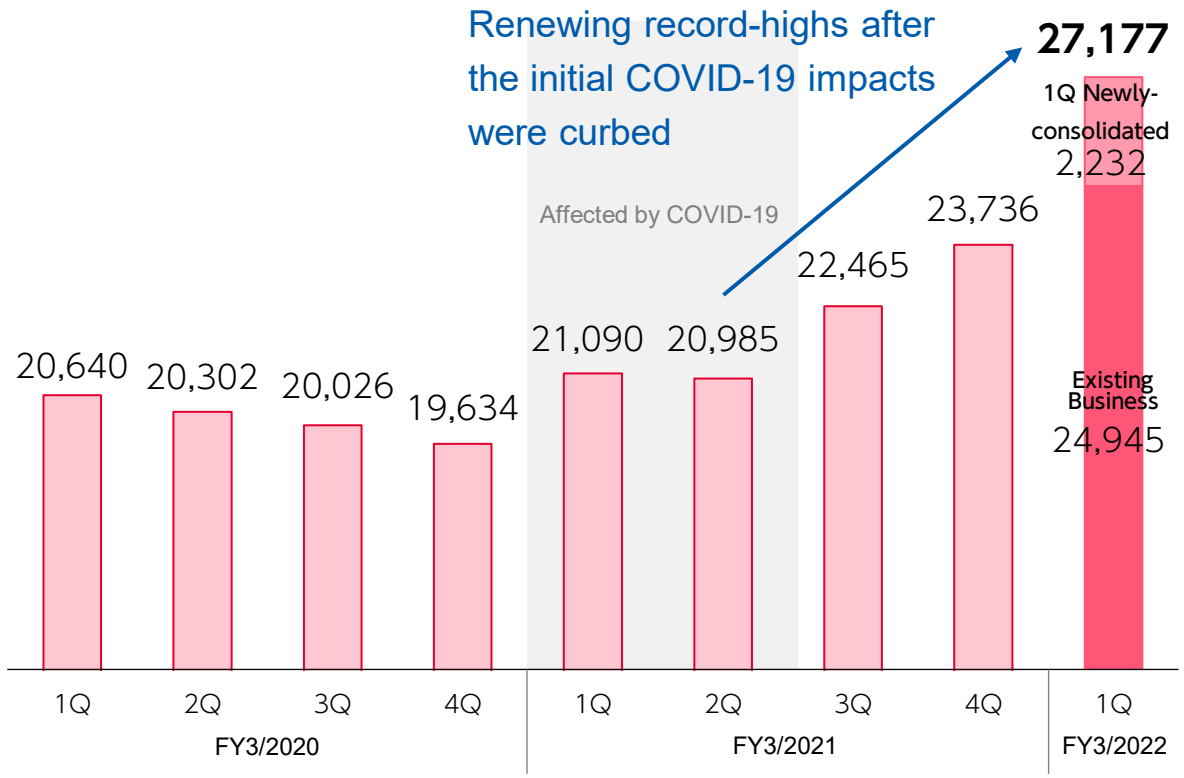
Made a good start by the enhance hiring of 1,275 per month on average

- 1Q hiring: 3,827 mid-career hiring and 4,410 in total, including hiring of new graduates
- 27,177 technical employees in total at the end of 1Q FY3/2022, up 6,087 from a year ago, partly due to acquisitions
- Intend to establish a more stable profit base by expanding shares in the period of demand recovery

Number of new hires [Person]



Number of technical employees (at end of each Q) [Person]



※ Domestic business only (excluding the overseas business employees)

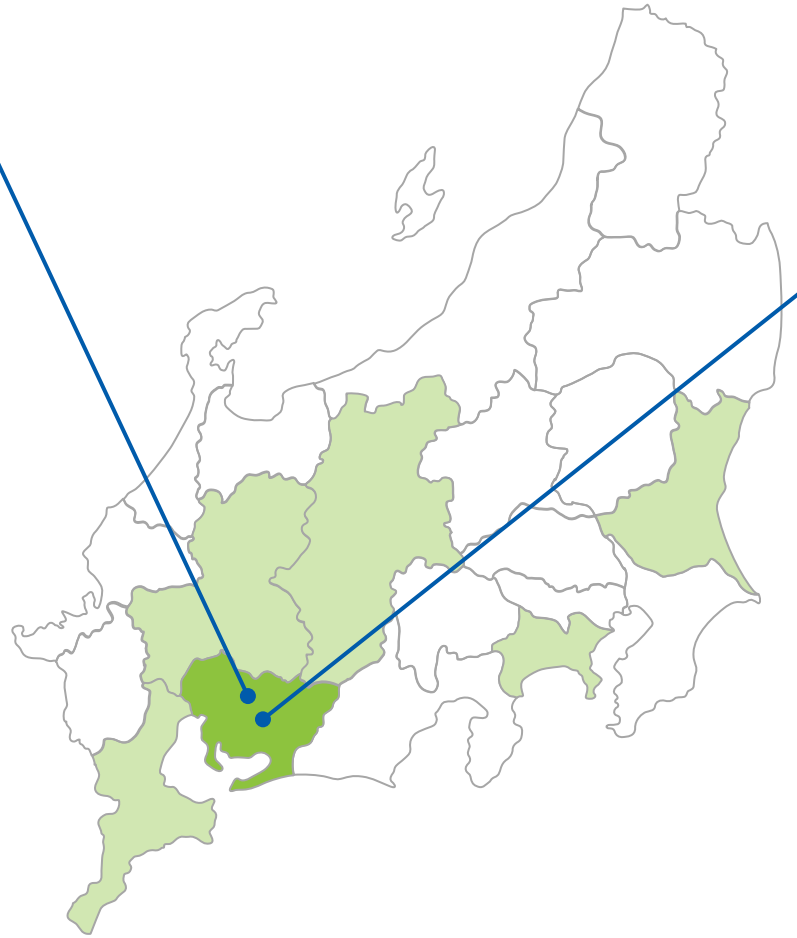
Copyright © UT Group Co., Ltd. All Rights Reserved.

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

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

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

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



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

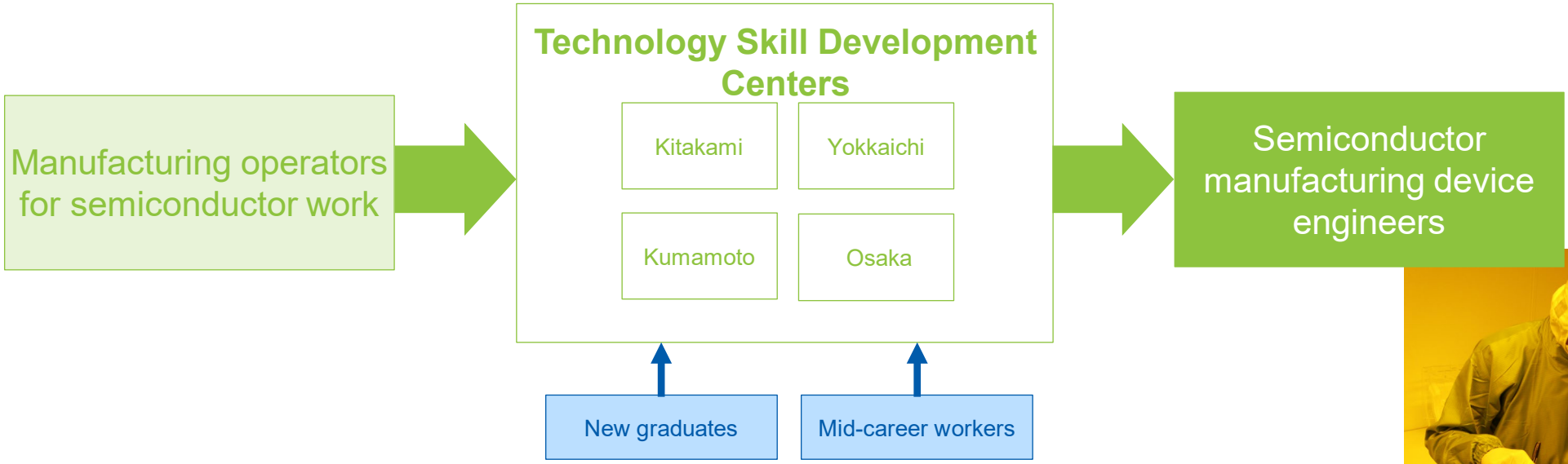
* Acquisition of all shares in two batches
18.8% (Feb. 28, 2021) →100.0% (May 31, 2021)

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

Copyright © UT Group Co., Ltd. All Rights Reserved.

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 Kadoma 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

Copyright © UT Group Co., Ltd. All Rights Reserved.

2. Financial Results of 1st Quarter FY3/2022

Copyright © UT Group Co., Ltd. All Rights Reserved.

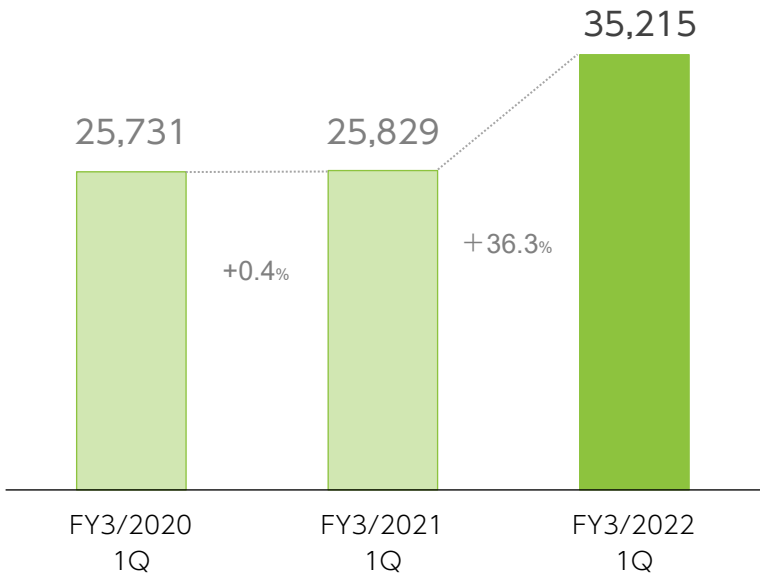
Highlights of Consolidated Results

Renewed record-high sales thanks to prompt hiring to meet robust demand and the acquisitions

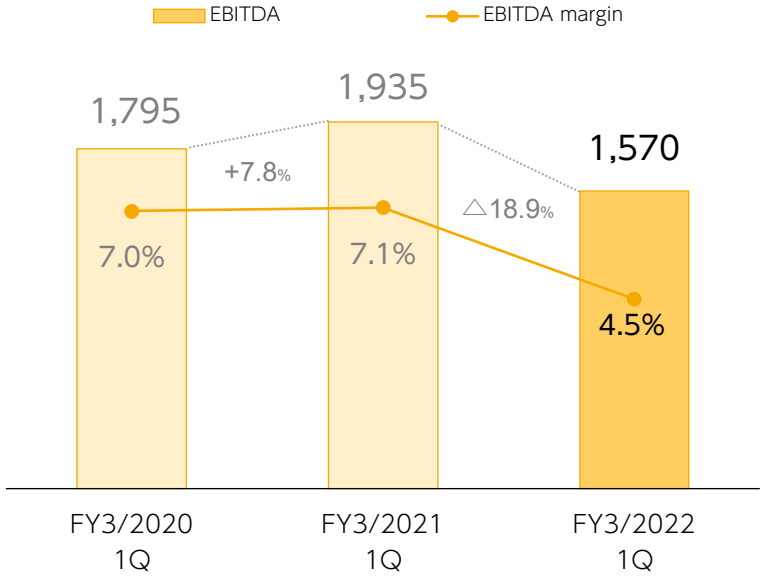
Immediately focused on share expansion after the initial COVID-19 impacts were curbed and continued to heavily disburse hiring-related expenses in 1H FY3/2022 following 2H FY3/2021

Significantly renewed a record-high in the number of technical employees, with a 30% y-o-y increase, thanks to solid hiring activities and the acquisitions

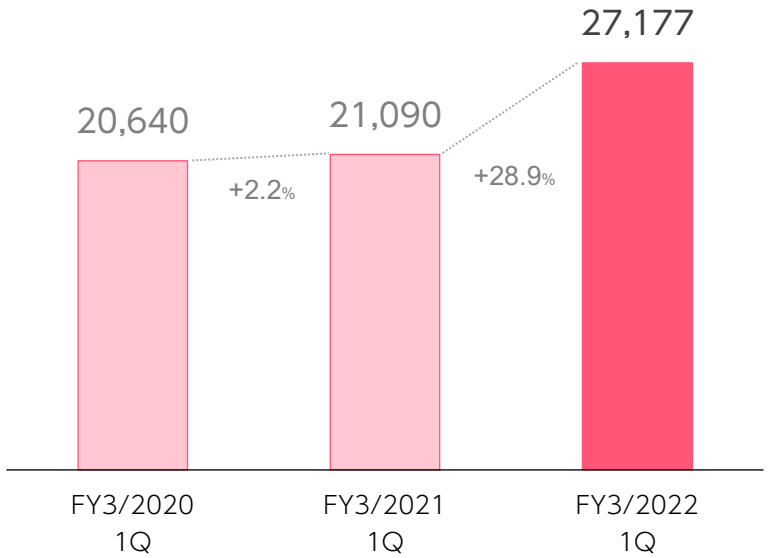
Net sales (Million yen)



EBITDA and EBITDA margin (Million yen)



Number of technical employees (Person)



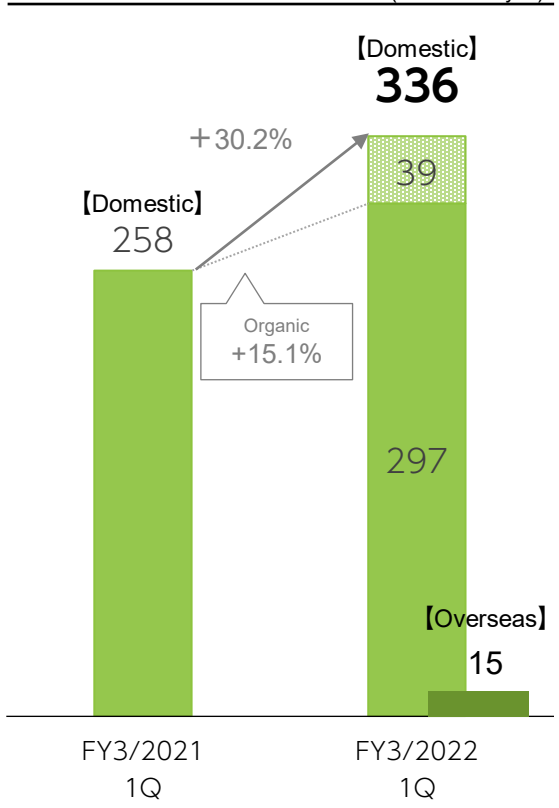
※ Domestic operations only
(does not include number of employees in overseas operations)

Copyright © UT Group Co., Ltd. All Rights Reserved.

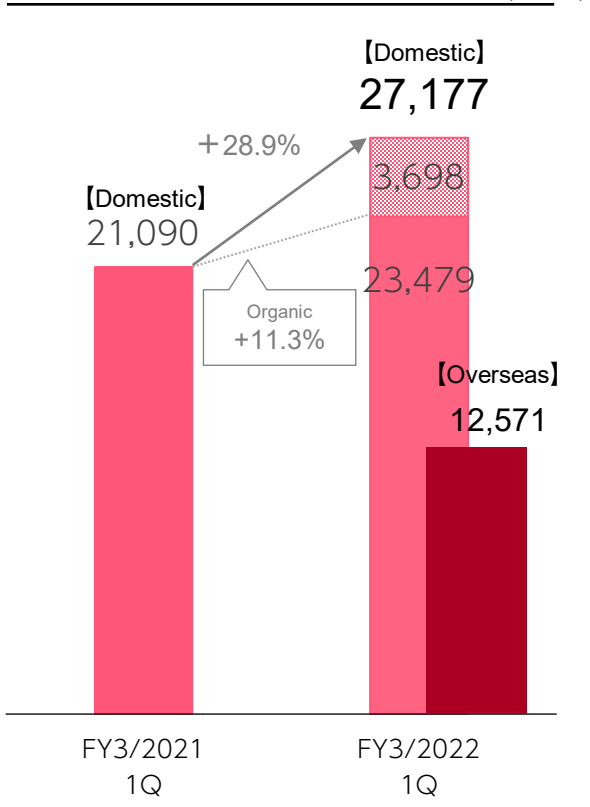
Organic growth and the acquisitions to enhance the profit base

- Strived for share expansion by enhancing hiring for the existing businesses even during the COVID-19 pandemic and made a steady growth.
- Expanded the area platforms, based on the "Area Platform Strategy"– the Growth strategy.
- Entered into a capital alliance and a worker dispatch business in Vietnam in October 2020 in anticipation of future growth.

Net sales



Number of technical employees



Newly-consolidated subsidiaries since 2Q FY3/2021

	Manufacturing Business	Solution Business
2Q FY3/2021		UT MESC Co., Ltd. Former Mito Engineering Service (Hitachi Group)
3Q FY3/2021	Seekel Co., Ltd.	
4Q FY3/2021	Green Speed Co., Ltd. (Vietnam)	
1Q FY3/2022	Progress Group Co., Ltd. SURI-EMU Corp.	

Copyright © UT Group Co., Ltd. All Rights Reserved.

Quarterly Changes in Sales and Number of Technical Employees

(Persons, million yen)

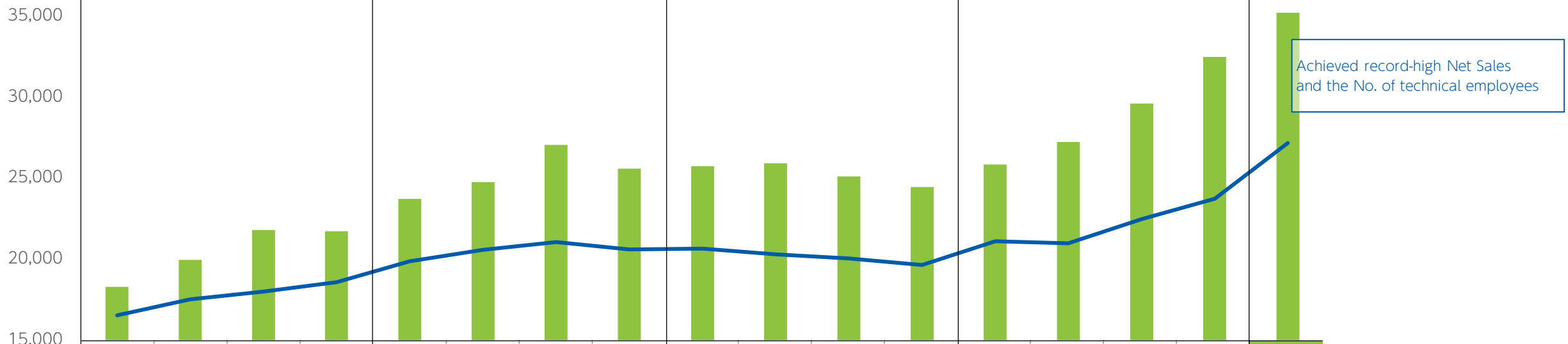
FY3/2018
No. of technical employees: +3,081
Net Sales: Up 42% y-o-y

FY3/2019
No. of technical employees: +2,014
Net Sales: Up 24% y-o-y

FY3/2020
No. of technical employees: △949
Net Sales: Even y-o-y

FY3/2021
No. of technical employees: +4,012
Net Sales: Up 33% y-o-y

FY3/2022
No. of technical employees: +3,441
Net Sales: Up 8% q-o-q



	FY3/2018				FY3/2019				FY3/2020				FY3/2021				FY3/2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	**1Q**
Net Sales	18,282	19,948	21,791	21,729	23,722	24,760	27,042	25,577	25,731	25,907	25,097	24,455	25,829	27,215	29,601	32,484	**35,215**
EBITDA	1,047	1,374	1,495	1,797	1,794	1,617	2,909	2,366	1,795	2,344	2,253	2,211	1,935	1,935	2,429	1,691	**1,570**
EBITDA%	5.7%	6.9%	6.9%	8.3%	7.6%	6.5%	10.8%	9.3%	7.0%	9.1%	9.0%	9.0%	7.5%	7.1%	8.2%	5.2%	**4.5%**
Technical employees	16,519	17,518	17,999	18,569	19,868	20,565	21,042	20,583	20,640	20,302	20,026	19,634	21,090	20,985	22,465	23,736※	**27,177※**

※ Domestic operations only (does not include number of employees in overseas operations)

Copyright © UT Group Co., Ltd. All Rights Reserved.

Summary of Statement of Income

(Million yen)

	FY3/2021 1Q		FY3/2022 1Q		Year-on-Year	
	Results	% to net sales	Results	% to net sales	Results	Change
Net sales	**25,829**	100.0%	**35,215**	100.0%	+9,385	+36.3%
Gross profit	**4,634**	17.9%	**6,085**	17.3%	+1,451	+31.3%
Selling, general and administrative expenses	**2,870**	11.1%	**4,828**	13.7%	+1,957	+68.2%
Operating profit	**1,763**	6.8%	**1,257**	3.6%	△505	△28.7%
EBITDA	**1,935**	7.5%	**1,570**	4.5%	△365	△18.9%
Ordinary profit	**1,782**	6.9%	**1,265**	3.6%	△516	△29.0%
Net profit attributable to UT Group	**1,156**	4.5%	**191**	0.5%	△964	△83.4%
Technical employees(Persons)	**21,090**	–	**27,177**※	–	+6,087	+28.9%

※ Domestic operations only (does not include number of employees in overseas operations)

Sales

- Sales increased due to favorable orders mainly in the semiconductor and electronics components sector and the automotive-related sector, and contribution by newly-consolidated companies (see P37).
- Sales in 1Q (April-June 2021) was 35.2 billion yen, significantly renewing a record-high in quarterly sales.

Gross margin

- Acquisitions of companies in a different earnings model, which reduced the gross margin.

Operating profit and EBITDA

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

Extraordinary profit/loss

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

Copyright © UT Group Co., Ltd. All Rights Reserved.

Summary of Balance Sheet

(Million yen)

	March 31, 2021		June 30, 2021		Quarter-on-Quarter	
	Results	% to net sales	Results	% to net sales	Amount	Change
Current assets	43,979	83.5%	35,483	72.1%	△8,496	△19.3%
Cash and deposits	25,266	48.0%	15,272	31.0%	△9,994	△39.6%
Notes and accounts receivable – trade	16,762	31.8%	17,834	36.2%	1,072	6.4%
Non-current assets	8,687	16.5%	13,682	27.8%	4,994	57.5%
Property, plant and equipment	464	0.9%	1,398	2.8%	934	201.2%
Intangible assets	5,541	10.5%	8,909	18.1%	3,367	60.8%
Goodwill	4,005	7.6%	6,235	12.7%	2,230	55.7%
Investments and other assets	2,681	5.1%	3,374	6.9%	692	25.8%
Total assets	52,666	100.0%	49,165	100.0%	△3,501	△6.6%
Current liabilities	22,564	42.8%	21,338	43.4%	△1,225	△5.4%
Short-term borrowings and current portion of long-term debts	2,520	4.8%	2,673	5.4%	153	6.1%
Long-term liabilities	9,904	18.8%	9,957	20.2%	53	0.5%
Long-term debts	9,163	17.4%	8,586	17.5%	△577	△6.3%
Net assets	20,198	38.4%	17,869	36.3%	△2,329	△11.5%
Shareholders' equity	19,116	36.3%	16,633	33.8%	△2,482	△13.0%
Total liabilities and net assets	52,666	100.0%	49,165	100.0%	△3,501	△6.6%
Gross debt/equity ratio	0.61	–	0.68	–	–	–

Current assets

- Cash and deposits decreased due to acquisition of affiliates and subsidiaries and dividend payment.

Non-current assets

- Non-current assets increased due to goodwill from the acquisition of subsidiaries and properties owned by the acquired companies.

Non-current liabilities

- Long-term loans payable decreased due to a scheduled repayment while deferred tax liabilities increased.

Net assets

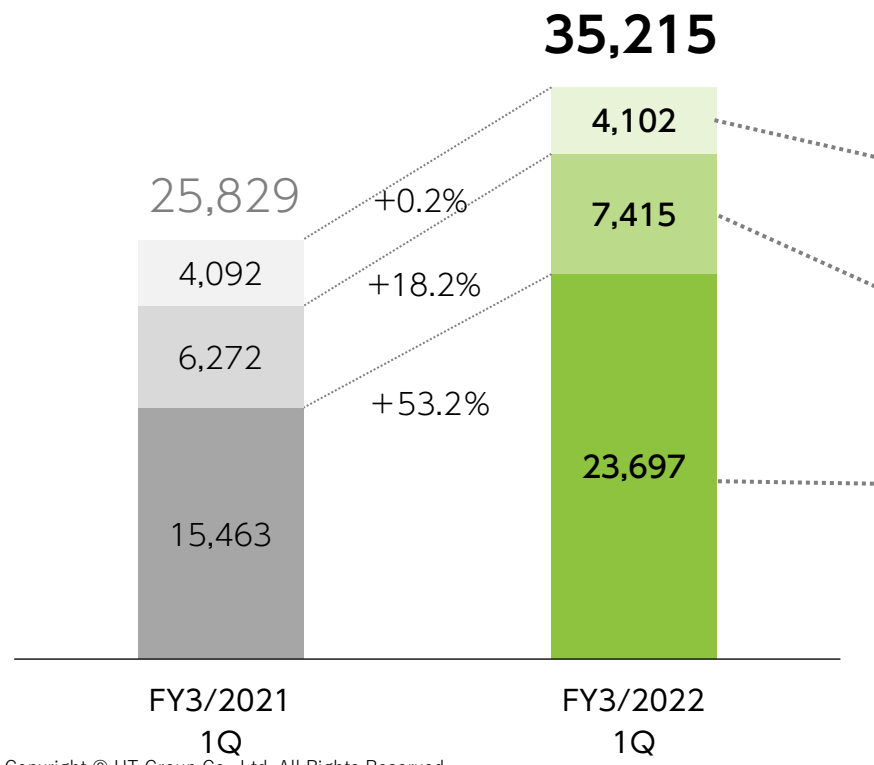
- Net assets decreased due to the dividend payment from earnings surplus.

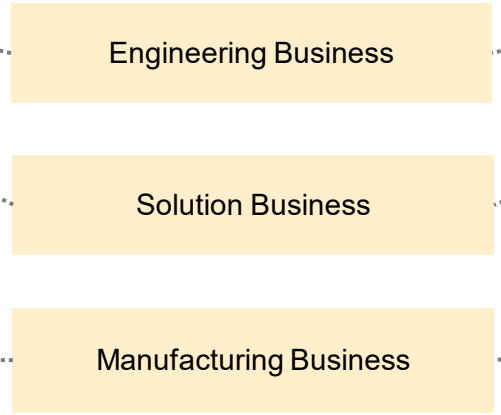
Copyright © UT Group Co., Ltd. All Rights Reserved.

Results by Segment: Sales and Composition

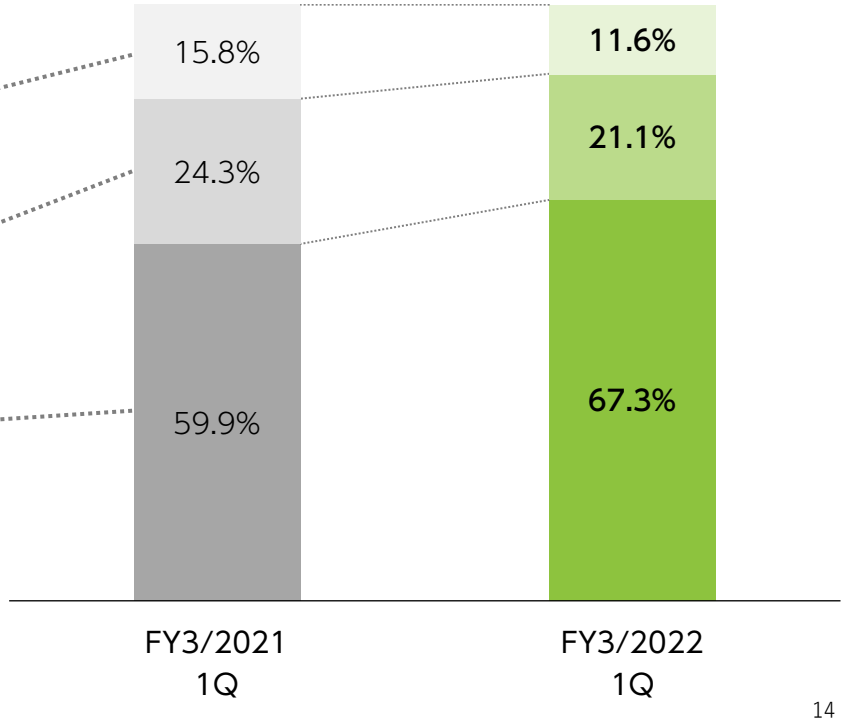
- The Manufacturing Business significantly increased sales due to growth in the automotive as well as the semiconductor and electronic parts sectors and contribution from newly-consolidated companies.
- The Solution Business increased sales due to new consolidation of a Hitachi-affiliated company (July 2020) and steady growth of the existing operating companies.
- The Engineering Business recorded the first q-o-q growth in five quarters as the impact of a sale of business was completed and due to a growth in demand for engineers.

Net sales (Million yen)





Sales composition



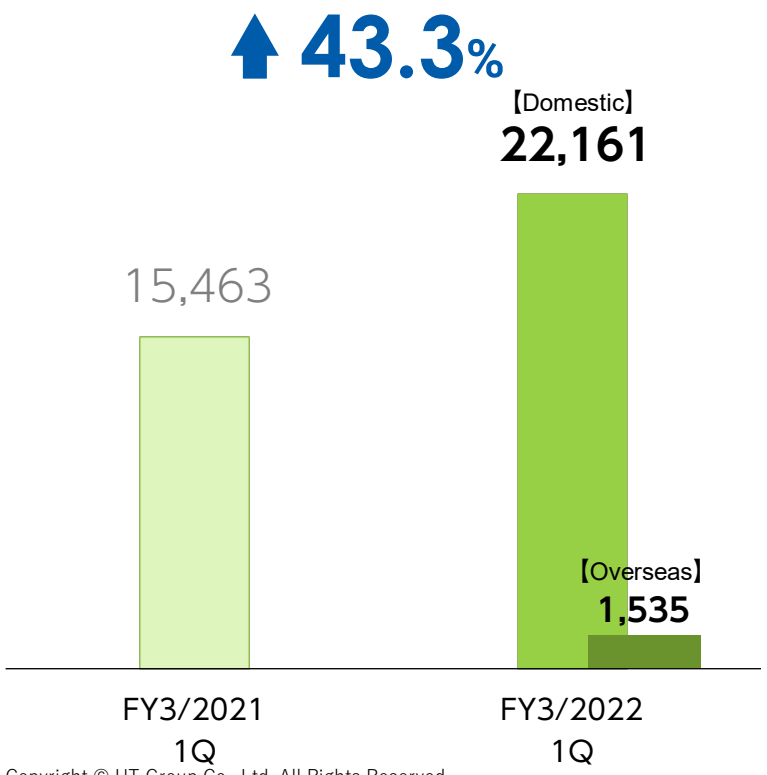
Copyright © UT Group Co., Ltd. All Rights Reserved.

Manufacturing Business (Domestic and Overseas)

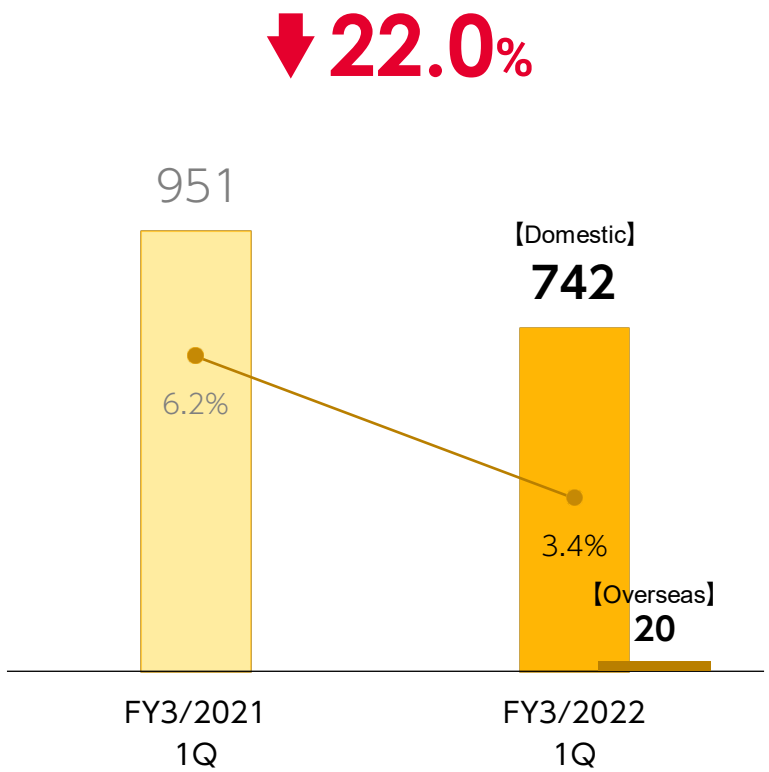
- [Domestic] Increased sales due to robust personnel demand mainly in the automobile-related and the semiconductors and electronic components sectors and contribution from newly-consolidated companies.
- [Domestic] Significantly increased hiring-related expenses in line with the plan to heavily tilt the increase toward 1H, in order to offensively boost efforts aimed at share expansion.
- [Domestic] Significantly renewed a record-high in the number of technical employees, with a net increase of 5,535 from a year ago.

※% indicates the change of domestic results

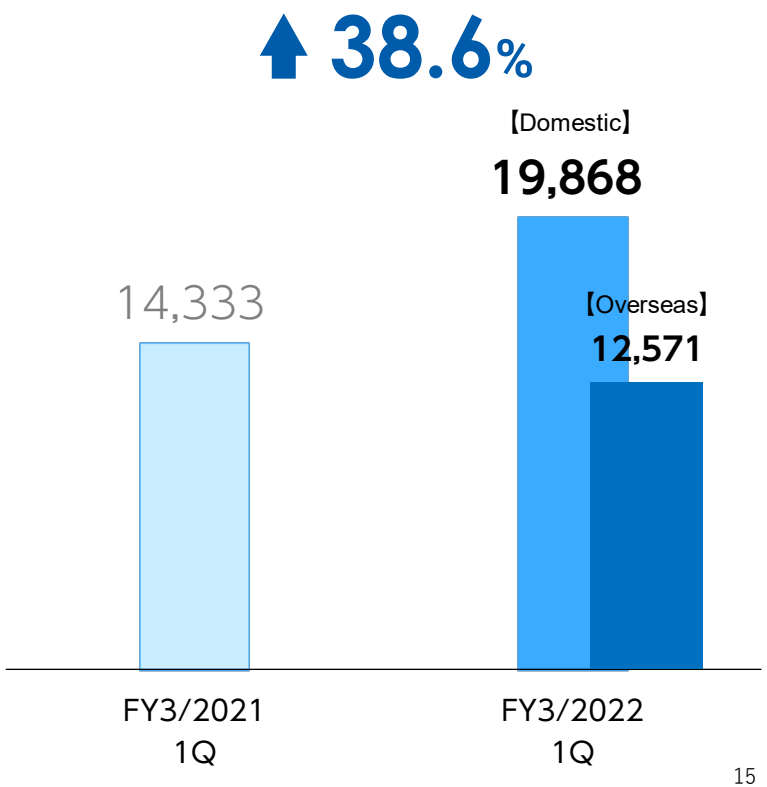
Sales (Million yen)



EBITDA and EBITDA margin (Million yen)



Technical employees (Person)

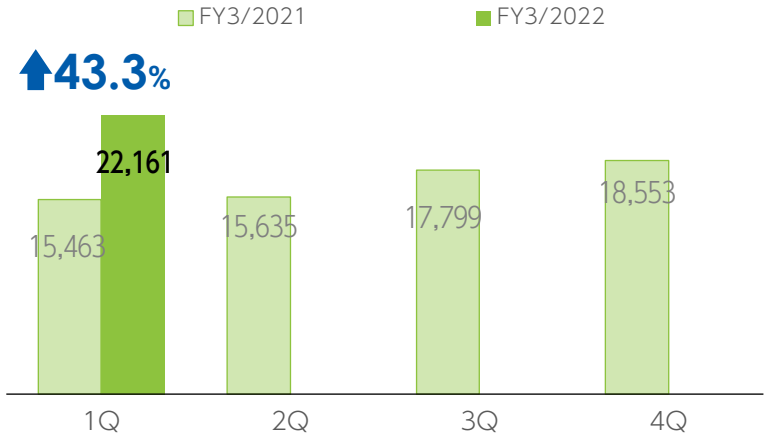


Copyright © UT Group Co., Ltd. All Rights Reserved.

Manufacturing Business (excl. overseas business)

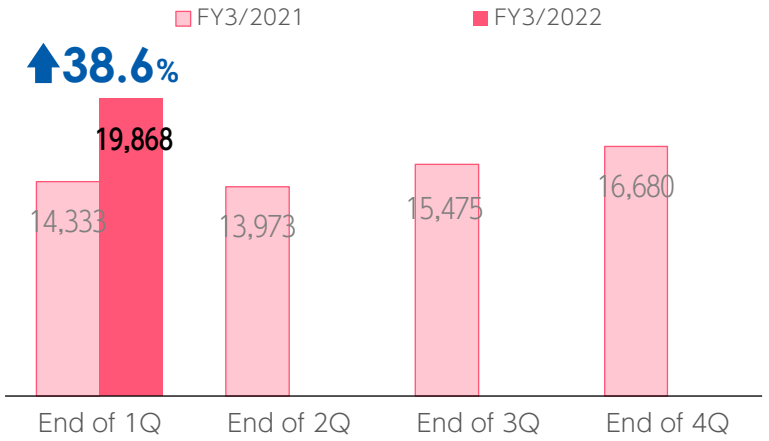
Sales

(Million yen)



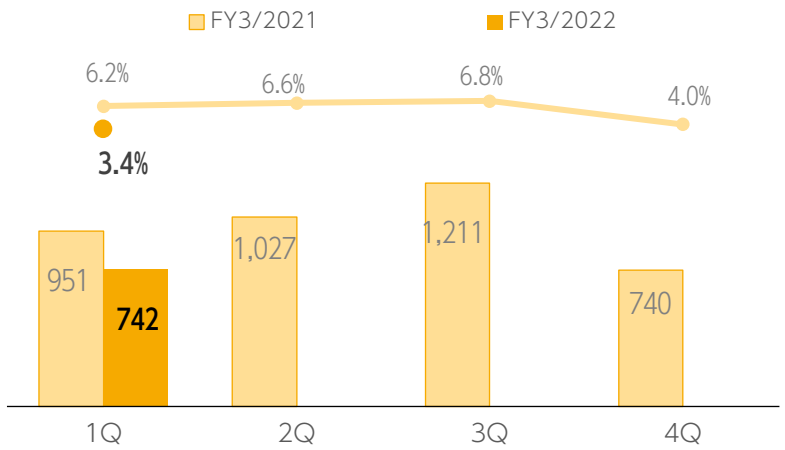
Technical employees

(Person)



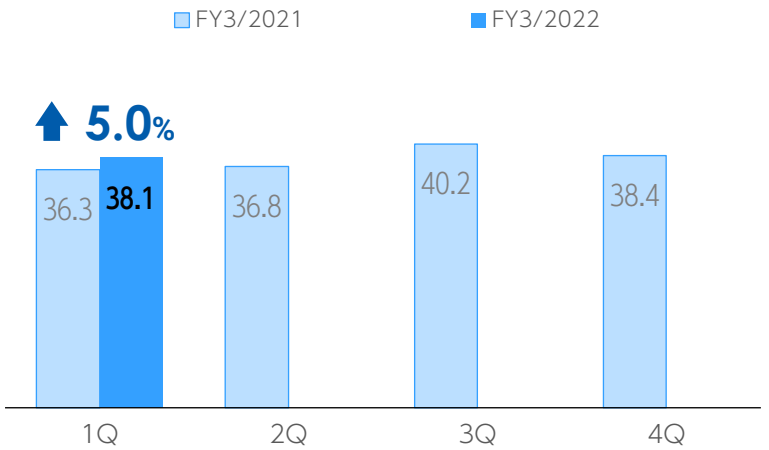
EBITDA and EBITDA margin

(Million yen)



Monthly sales per capita

(Million yen)



Sales and technical employees

- Net increase of 3,188 employees compared to the end of FY3/2021 to a record high in total due to intensified hiring activities and the acquisitions.
- Organic growth and the acquisitions led to a significant growth in sales.

EBITDA

- EBITDA decreased from the previous quarter due to a temporary increase in hiring expenses caused by enhanced hiring activities in order to promptly respond to robust demand.
- The Manufacturing Business segment roughly accounted for ¥1.0 billion of ¥1.2 billion in total hiring expenses (consolidated).

Monthly sales per capita

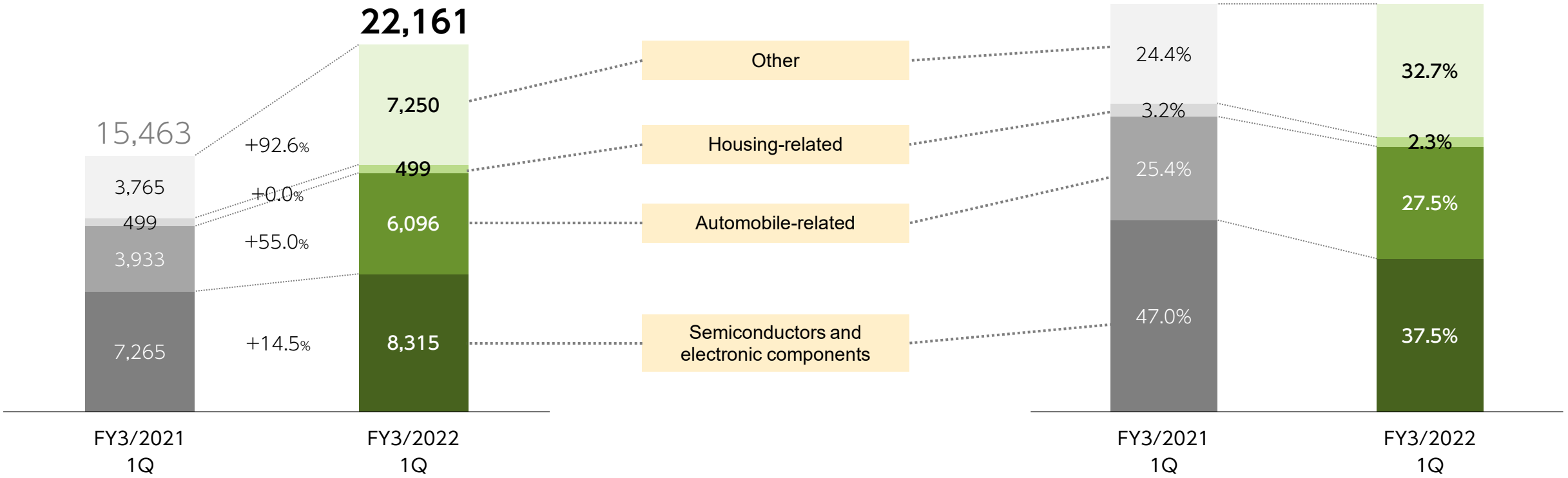
- Monthly sales per capita increased, boosted by major high-unit-price, large-lot orders in the automotive and semiconductors and electronic components sectors, where the impact of COVID-19-driven suspension of operations declined, while the lower-unit-price area platforms were expanded.

Copyright © UT Group Co., Ltd. All Rights Reserved.

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

- The semiconductors and electronic components sector had solid demand for personnel, thanks to growth in demand for semiconductors.
- Demand for personnel in the automobile-related sector sharply remained firm as a shortage in semiconductors only slightly affected the sector.
- “Other” sector increased sales thanks to the acquisitions based on the Area Platform Strategy.

Sales (Million yen)



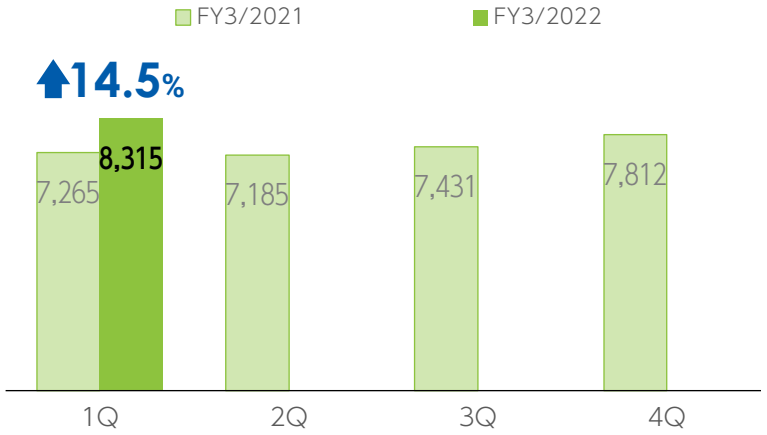
Sales composition

Copyright © UT Group Co., Ltd. All Rights Reserved.

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

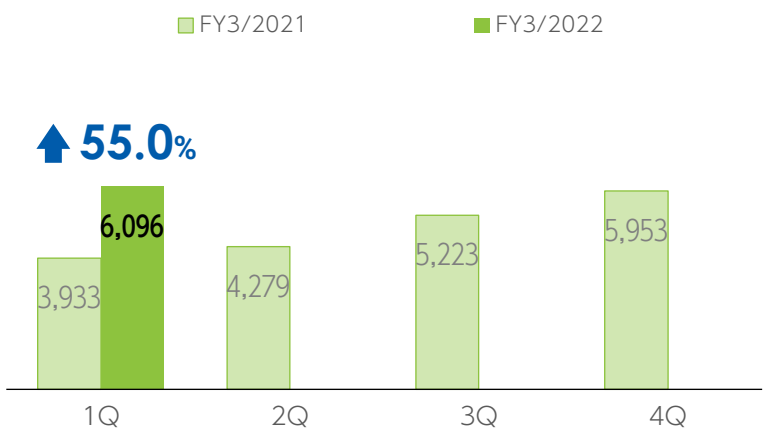
Semiconductors and electronic components

(Million yen)



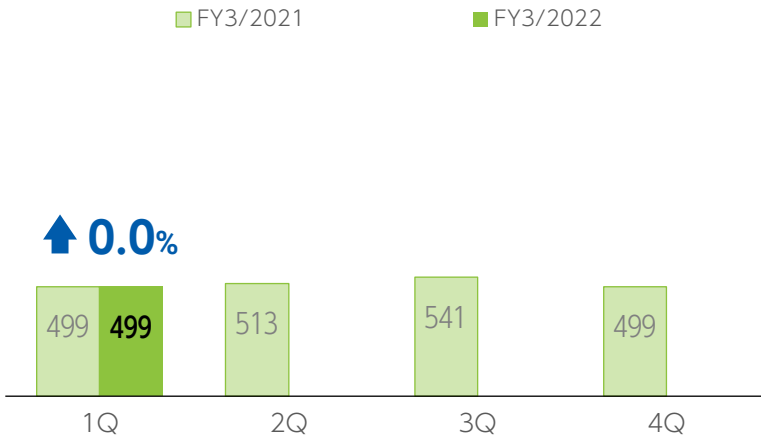
Automobile-related

(Million yen)



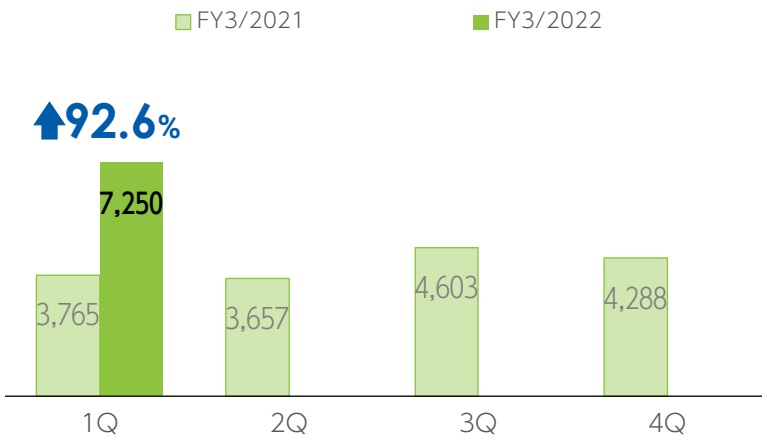
Housing-related

(Million yen)



Other

(Million yen)



Semiconductors and electronic components

- Sales increased mainly for semiconductor manufacturing equipment and semiconductors
- Both the number of operating days and overtime hours were at the same level of previous quarter.

Automobile-related

- On a y-o-y basis, the COVID-19 impacts were curbed.
- On a q-o-q basis, the automobile-related sector had a significant decrease in the number of operating days and overtime hours, but an increase in employees led to a sales growth.

Other

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

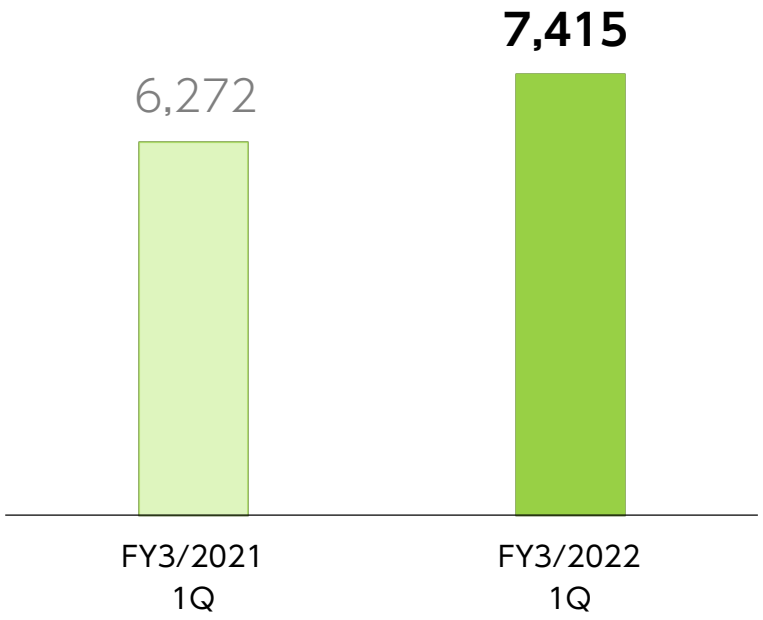
Copyright © UT Group Co., Ltd. All Rights Reserved.

Solution Business

- Demand grew mainly at an operating company specialized in battery manufacturing, and the Solution Business focused on securing the number of technical employees which satisfy the demand growth.
- The EBITDA margin temporarily declined due to consolidation of operating companies, in addition a decline in operating rate that stemmed from an increase in new hires.

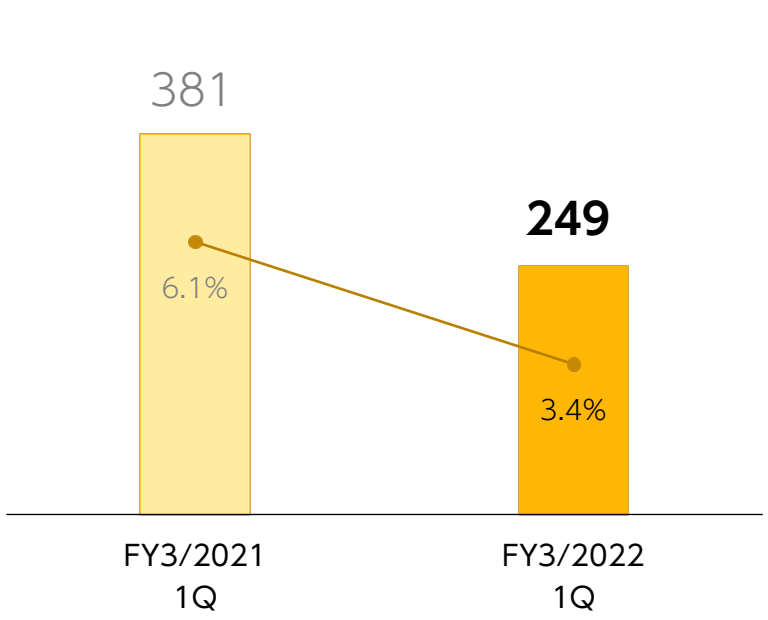
Sales (Million yen)

▲18.2%



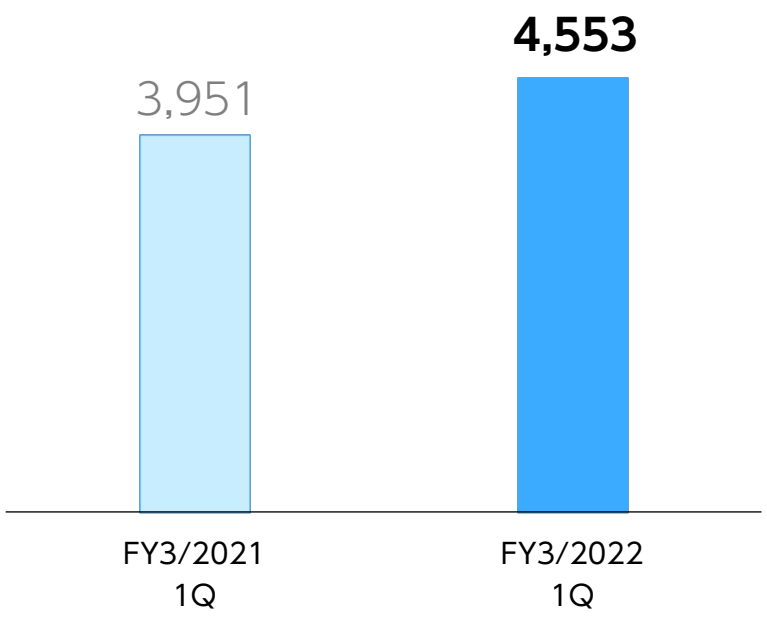
EBITDA and EBITDA margin (Million yen)

▼34.7%



Technical employees (Person)

▲15.2%

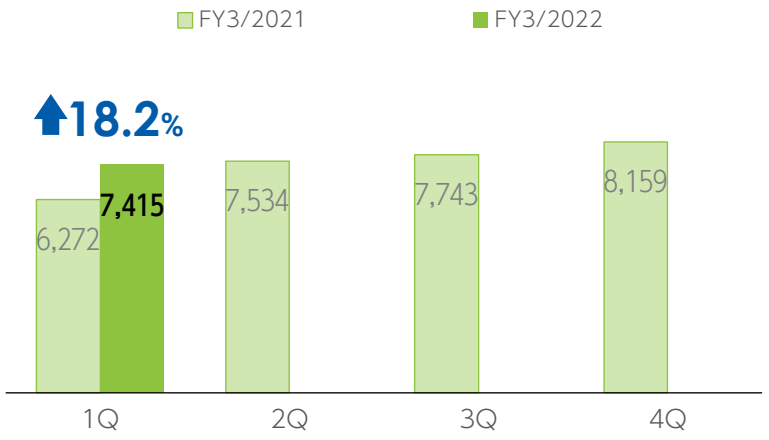


Copyright © UT Group Co., Ltd. All Rights Reserved.

Solution Business

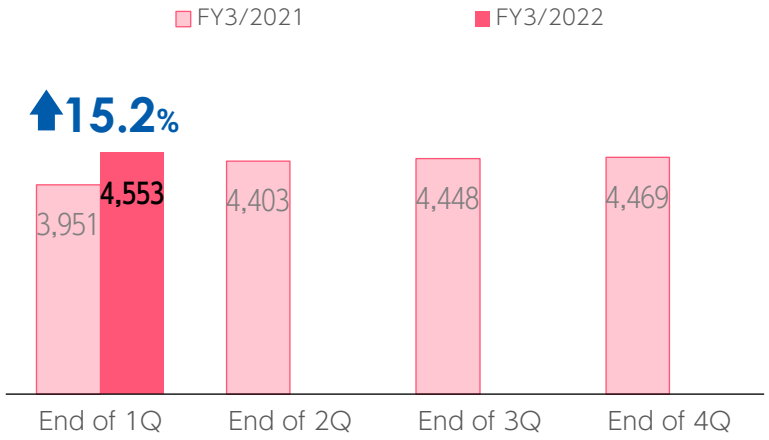
Sales

(Million yen)



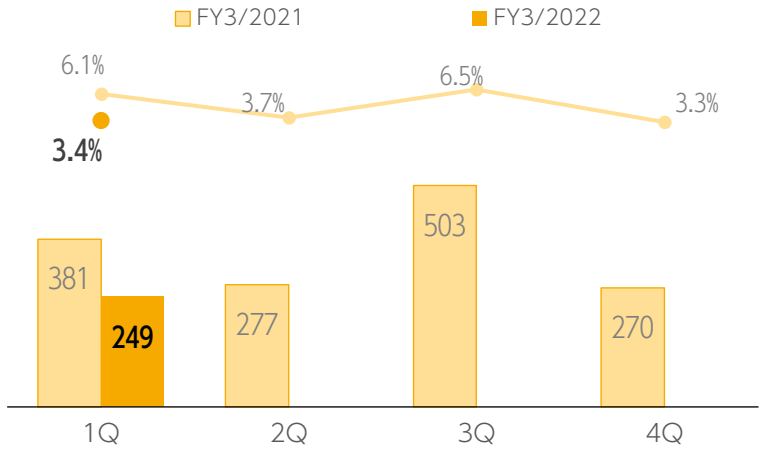
Technical employees

(Person)



EBITDA and EBITDA margin

(Million yen)



Sales and technical employees

・Sales increased mainly not only by newly-consolidated UT MESC (former Mito Engineering Service) but also by sales growth of other existing companies.

EBITDA

・The EBITDA margin temporarily declined y-o-y due to following factors.

1) Operating rate declined along the training-period for new graduates.
2) New consolidation of operating companies declined profit margin for a while.

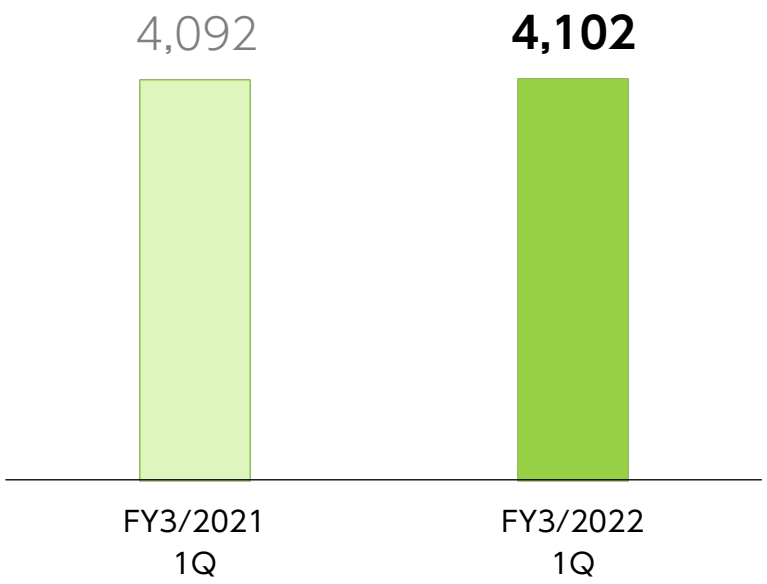
Copyright © UT Group Co., Ltd. All Rights Reserved.

Engineering Business

- The Engineering Business recorded the first q-o-q growth in five quarters, due to an increase in field engineers, equipment maintenance operators, and construction engineers.
- The EBITDA margin stayed at a high level despite a y-o-y increase in new hires.

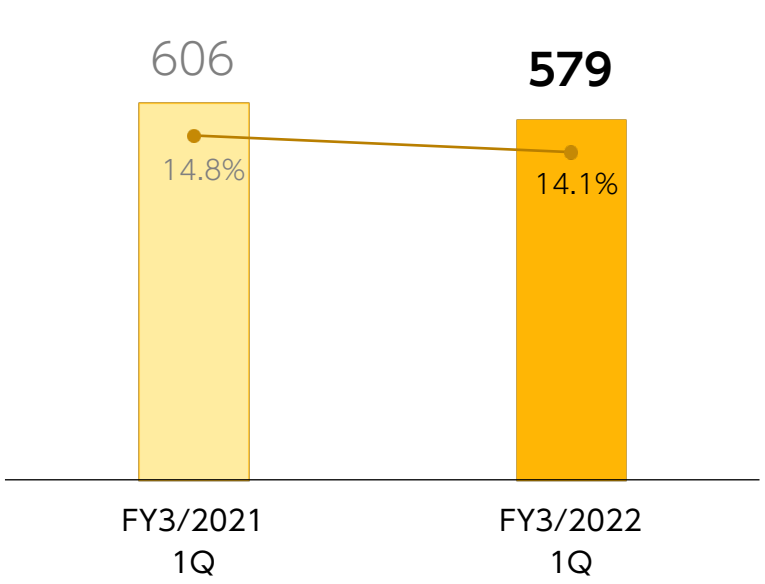
Sales (Million yen)

▲ 0.2%



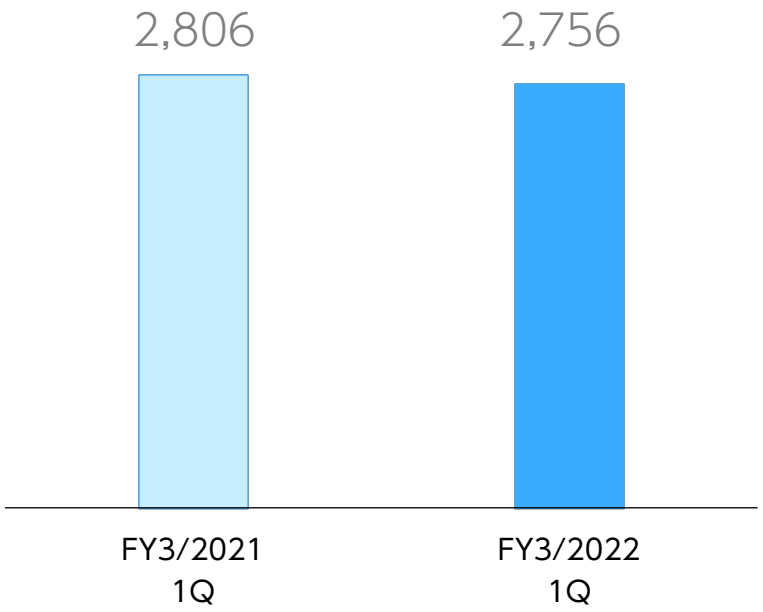
EBITDA and EBITDA margin (Million yen)

▼ 4.5%



Technical employees (Person)

▼1.8%



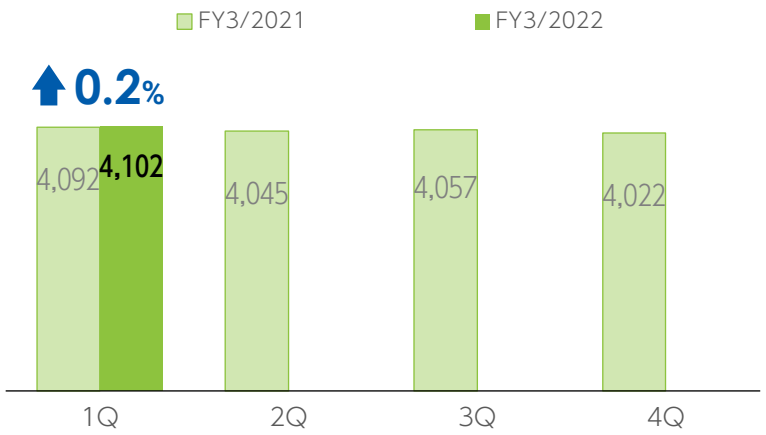
* An internal system that encourages employee status transfer from manufacturing operators to engineers

Copyright © UT Group Co., Ltd. All Rights Reserved.

Engineering Business

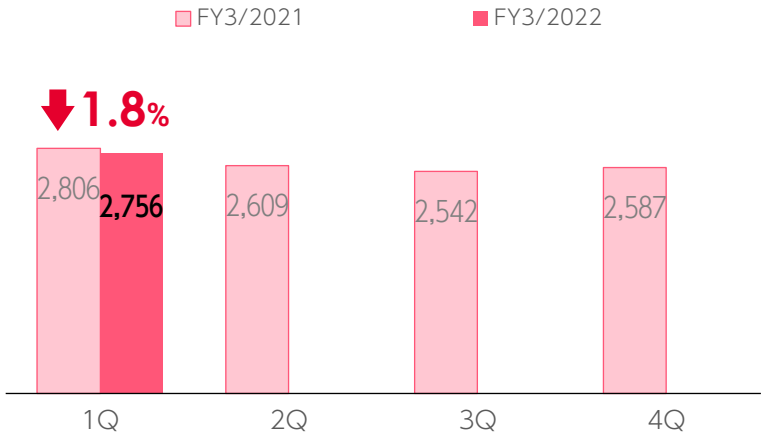
Sales

(Million yen)



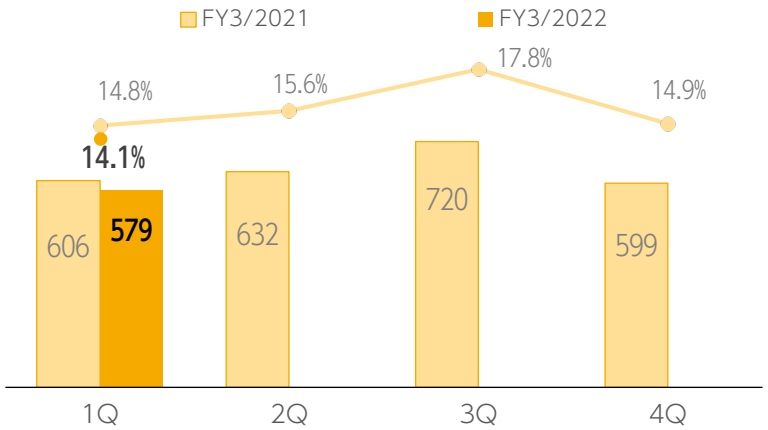
Technical employees

(Person)



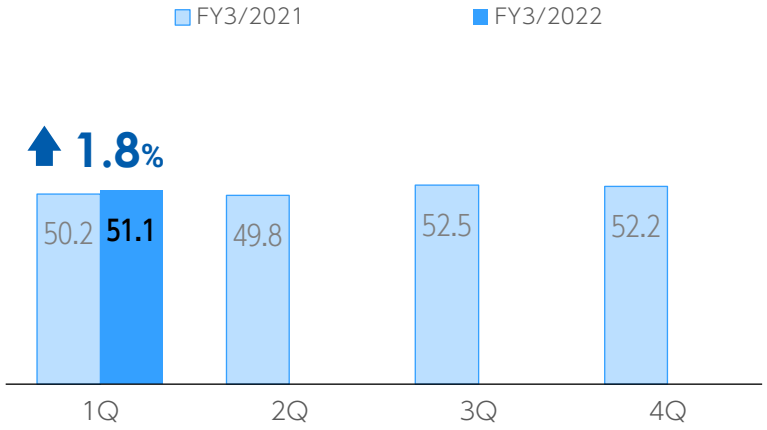
EBITDA and EBITDA margin

(Million yen)



Monthly sales per capita

(ten thousand yen)



Sales and technical employees

- Resumed the One UT※ program. A net q-o-q increase in the number of technical employees as new graduated jointed the UT Group in April 2021.
- The Engineering Business turned to a sales increase on the back of a recovery trend in the number of technical employees.

EBITDA

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

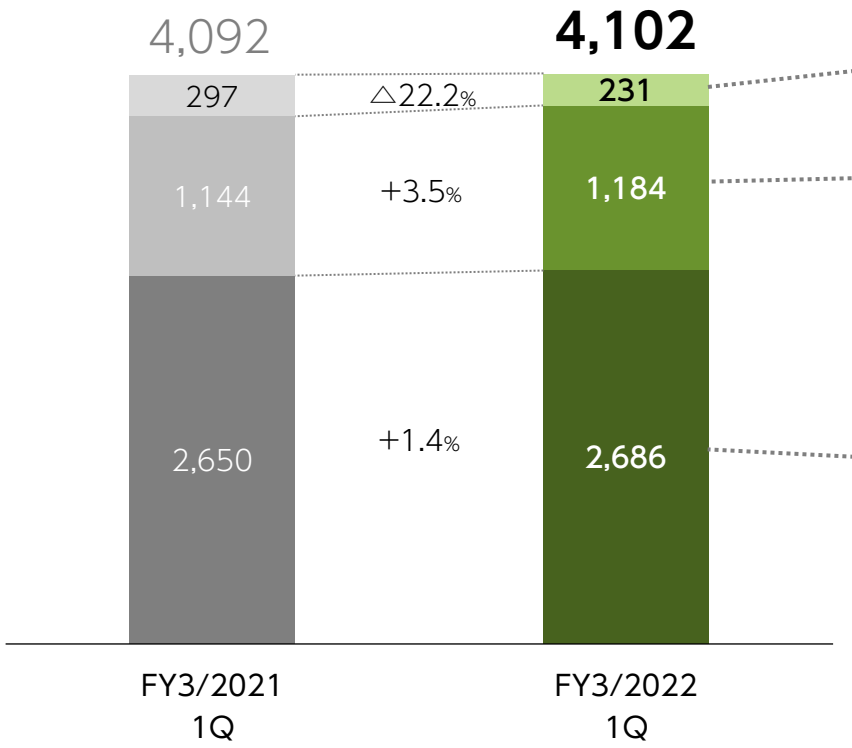
* An internal system that encourages employee status transfer from manufacturing operators to engineers

Copyright © UT Group Co., Ltd. All Rights Reserved.

Engineering Business: Sales by Sector

- In cooperation with the Manufacturing Business, the design and manufacturing engineer sector enhanced proposals by collaborating with the maintenance service of semiconductor manufacturing equipment.
- Demand for construction engineers was robust mainly in the equipment and plant sector.

Sales (Million yen)

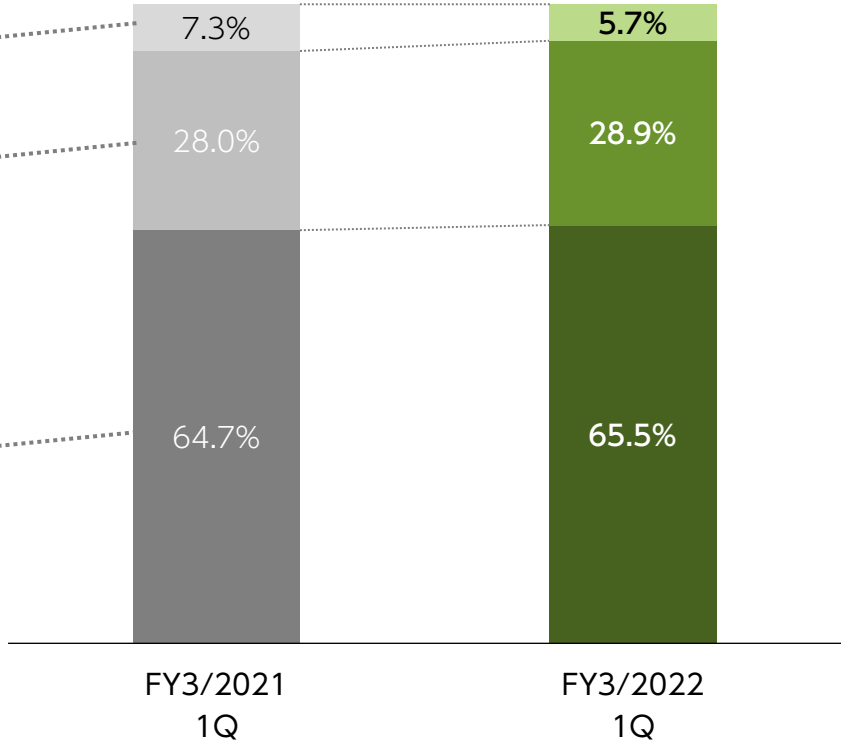


IT engineer

Construction engineer

Design and manufacturing engineer

Sales composition

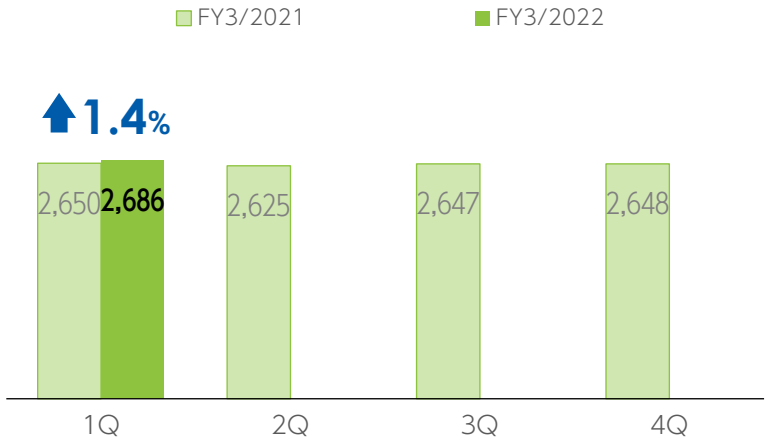


Copyright © UT Group Co., Ltd. All Rights Reserved.

Engineering Business: Sales by Sector

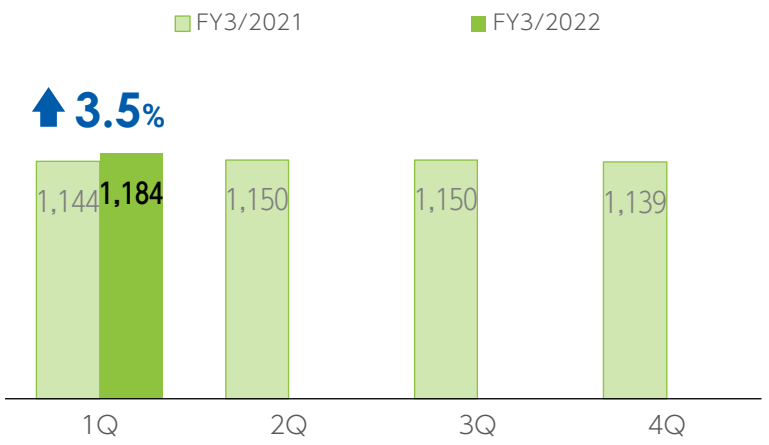
Design and manufacturing engineer

(Million yen)



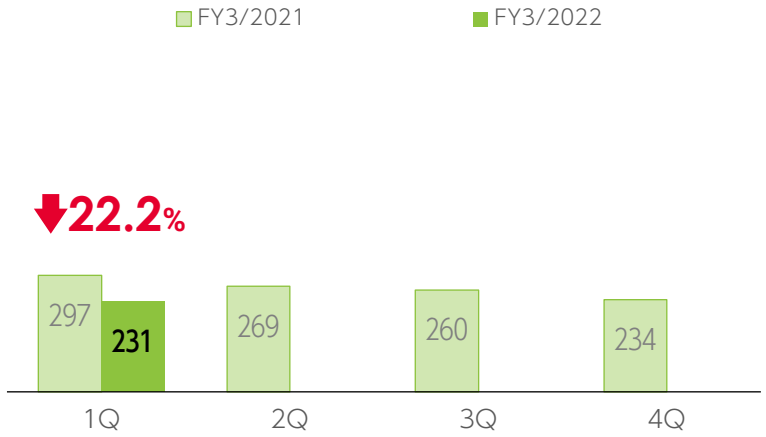
Construction engineer

(Million yen)



IT engineer

(Million yen)



Design and manufacturing engineer sector

- Personnel demand, mainly of manufacturing engineers, remained high.

Construction engineer sector

- Steady operations mainly in the equipment and plant sector.

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.

Copyright © UT Group Co., Ltd. All Rights Reserved.

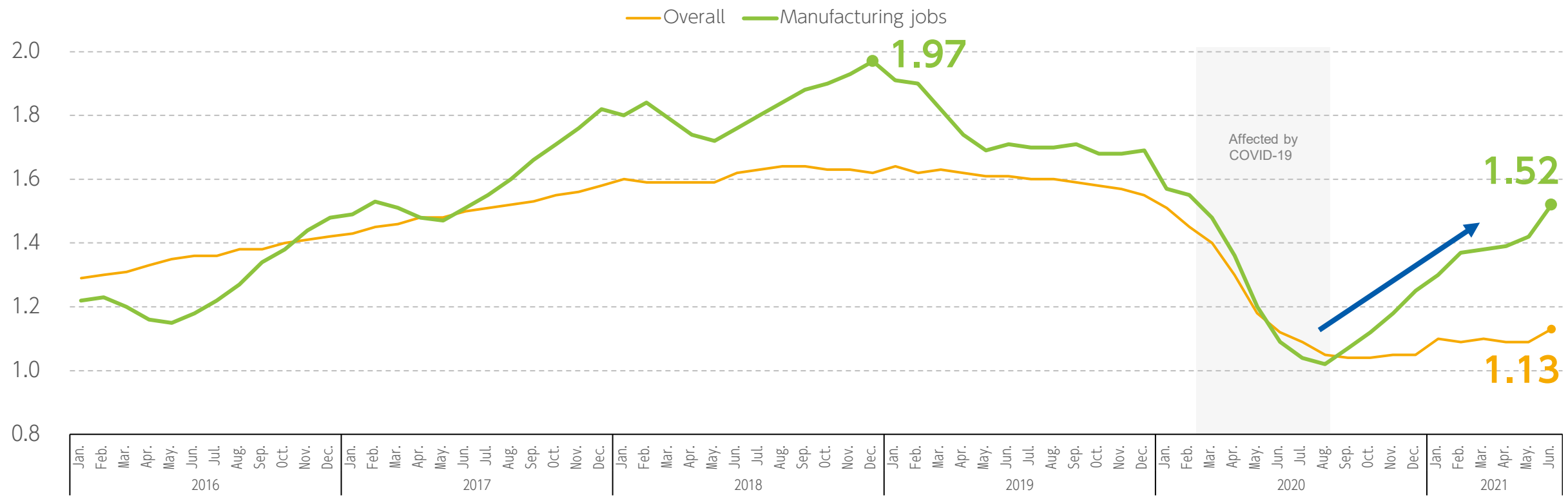
3. FY3/2022 Earnings Forecasts and Outlook

Copyright © UT Group Co., Ltd. All Rights Reserved.

Outlook

- The overall jobs-to-applicants ratio remained flattish since the COVID-19 pandemic but the ratio for manufacturing jobs began to surge from around July 2020.
- The supply/demand balance in personnel is expected to remain tight.

Jobs-to-applicants ratio (times)



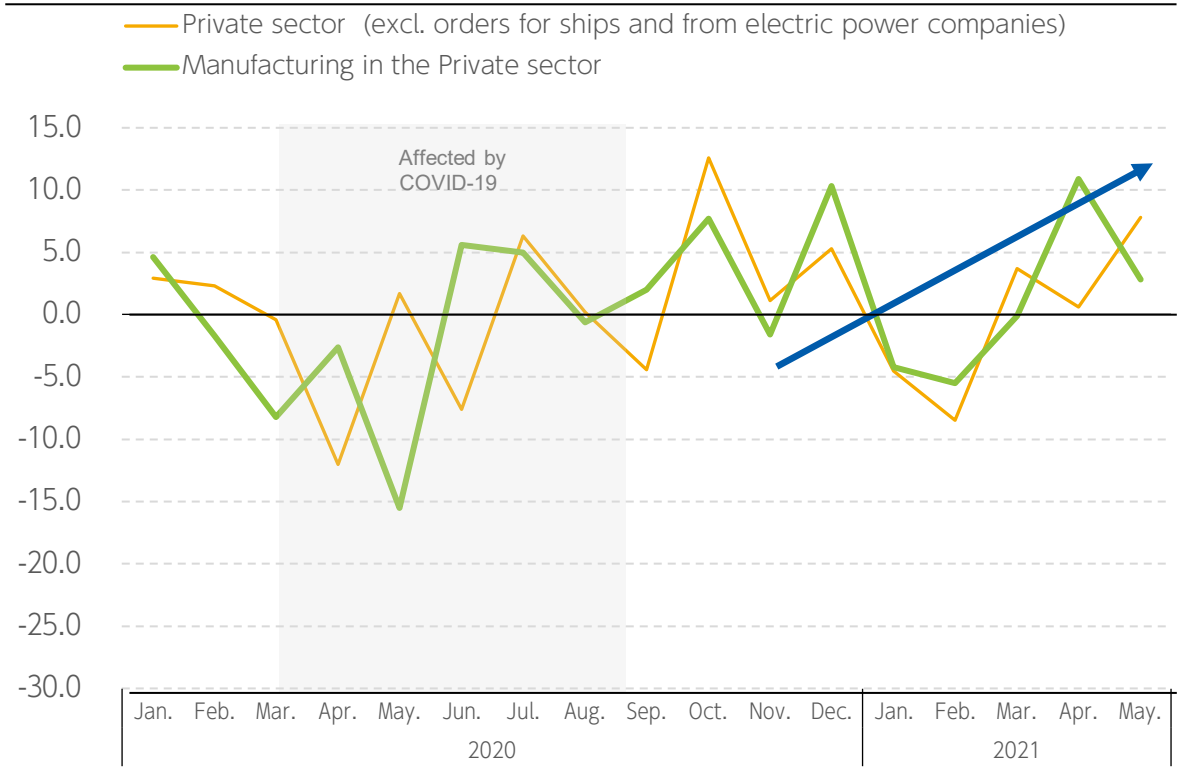
Source: Ministry of Health, Labour and Welfare, The status of general job placements (seasonally adjusted)

Copyright © UT Group Co., Ltd. All Rights Reserved.

Outlook

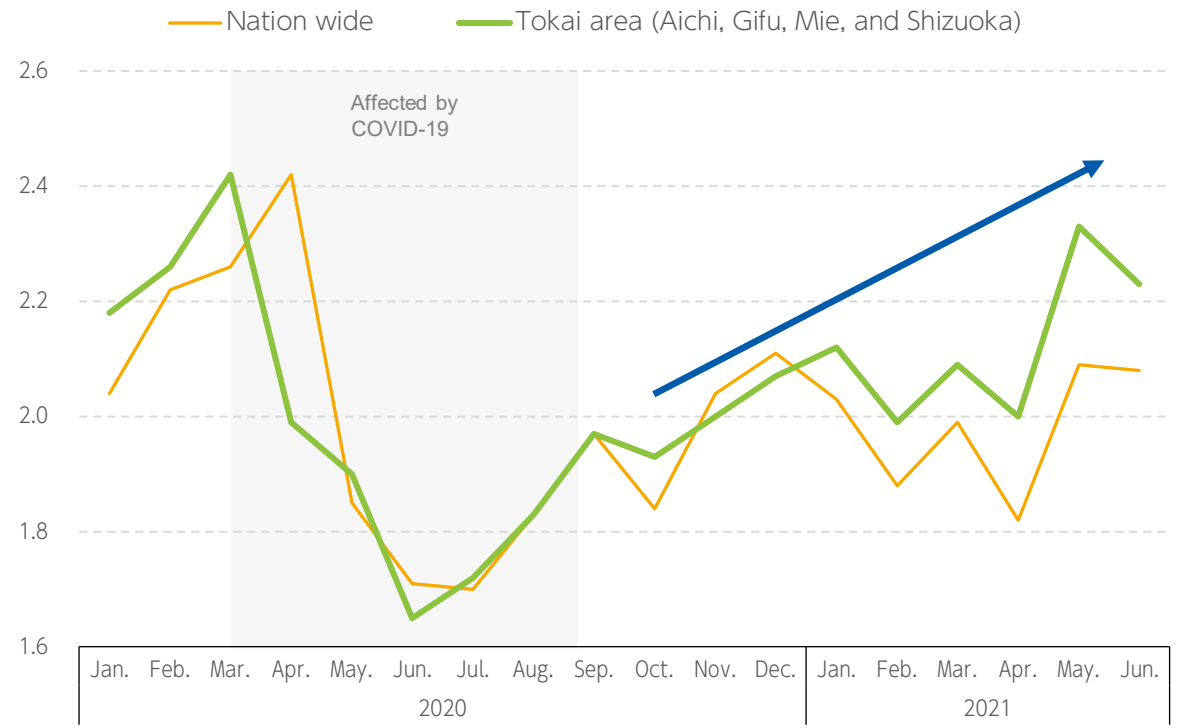
- Machinery orders in the private sector excluding orders for ships and from electric power companies, a leading indicator for capital expenditures, increased, posted a y-o-y increase for three consecutive months. An increase in demand for semiconductor manufacturing equipment and the automotive-related capital expenditures are particularly prominent.
- Job offerings are particularly strong in areas with many manufacturing workers.

Machinery orders (y-o-y) (%)



Source: Cabinet Office, Statistics on Machinery Orders

Jobs-to-applicants ratio in Aichi, Gifu, Mie, and Shizuoka Prefectures (times)



Source: Aichi Labour Bureau, Ministry of Health, Labour and Welfare, Latest Labour Statistics (seasonally adjusted)

Copyright © UT Group Co., Ltd. All Rights Reserved.

FY3/2022 Earnings Forecasts

- Focus on expanding shares and sales in FY3/2022
- In order to respond to continued favorable demand in personnel (currently receiving orders for 1,500 workers from large accounts alone), plan to increase hiring-related expenses.
- Continue to promote alliances and acquisitions based on the Area Platform Strategy and the Solution Strategy.

(100 million yen)

	FY3/2021 Results		FY3/2022 Forecasts		Increase /decrease Amount	Change y-o-y
	Results	% to net sales	Forecasts	% to net sales		
Net sales	1,151	100%	1,500	100%	348	30.3%
EBITDA	79	6.9%	90	6.0%	10	12.6%
Operating profit	71	6.2%	80	5.3%	8	11.7%
Ordinary profit	71	6.2%	80	5.3%	8	11.2%
Net profit attributable to UT Group	42	3.6%	48	3.2%	5	11.6%
EPS (yen)	106.53	—	118.92	—	12.39	—

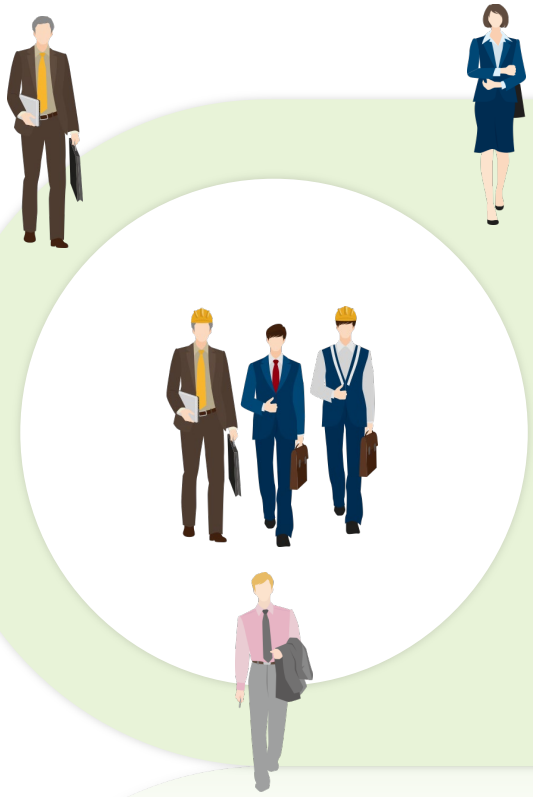
Copyright © UT Group Co., Ltd. All Rights Reserved.

4. The 4th Medium-Term Business Plan

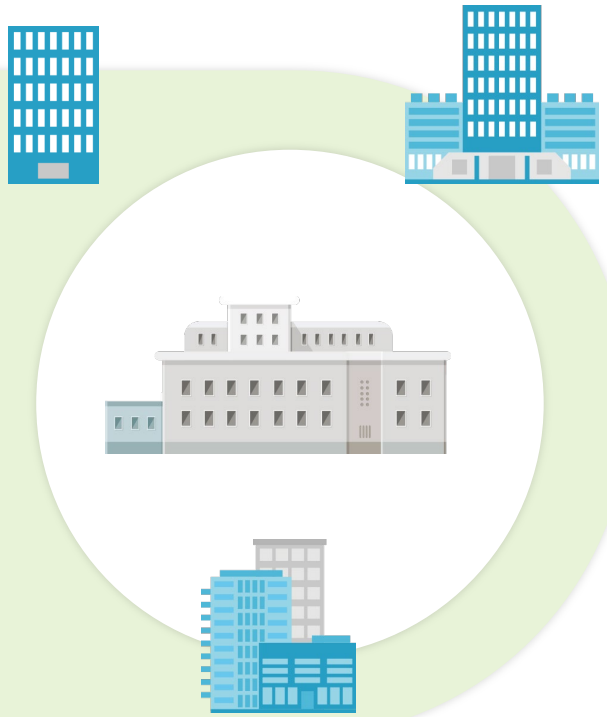
Copyright © UT Group Co., Ltd. All Rights Reserved.

Medium-term business objective

Create a “diversity & inclusion” workstyle platform



On the basis of its established business base, UT Group will realize a vigorous work environment for everyone who is willing to work as well as an environment that enables workers to grow even in changing business conditions of client companies. This is how UT Group aims to realizes a sustainable society.



Copyright © UT Group Co., Ltd. All Rights Reserved.

Growth strategy

Prolonged implementation of the COVID-19 prevention measures and economic slowdown

Decline in consumption and production activities; depressed demand for personnel

Maintain employment to the extent possible and minimize a decline in technical employees	Smaller dispatched companies fall into financial distress	Increase in structural reform by large manufacturers
A new hiring/development base for manufacturers	M&As to accelerate industry consolidation	Accept workers from large companies
One-stop strategy for major manufacturers	**Area platform strategy**	**Solution strategy**

Create a “diversity & inclusion” workstyle platform

Measures for economic recovery are expected to produce a V-shaped recovery and enable UT Group to achieve its plans

Copyright © UT Group Co., Ltd. All Rights Reserved.

Basic policy by segment

Manufacturing Business	Engineering Business	Solution Business

Develop and provide manufacturing workers

One-stop strategy for major manufacturers

We plan to expand the fields for our manufacturing engineers by using our existing client base and raising competitiveness in our core business of outsourcing of manufacturing by large client companies.

Accelerate support for the mobilization of human resources

Solution strategy

Large company structural reform needs will increase; to cope with this we will improve mobilization of human resources – and capture business.

Expand area platforms

Area platform strategy

Raise market share in regions via alliances with and M&A of local dispatch operators; and integrate the Group's career platform to raise profitability.

Exploit work areas for highly-skilled engineers

Use of M&A to build a business base

Establish a business base by strengthening capability via alliances with major companies and M&As of engineer dispatch operators

Build a business base in new job areas

Base-building at existing companies

Solidify the base in new business areas, such as office worker dispatch, specializing in helping for large companies, on the basis of an acquired company from a major corporate group

Create vigorous work environment empowering foreign workers

Use of M&A to build a business base

Solidify a base of a labor management agency business in Japan. Build an overseas business alliances and M&As.

Growth strategy to focus over the next five years

Measures for building business bases over the longer term

Copyright © UT Group Co., Ltd. All Rights Reserved.

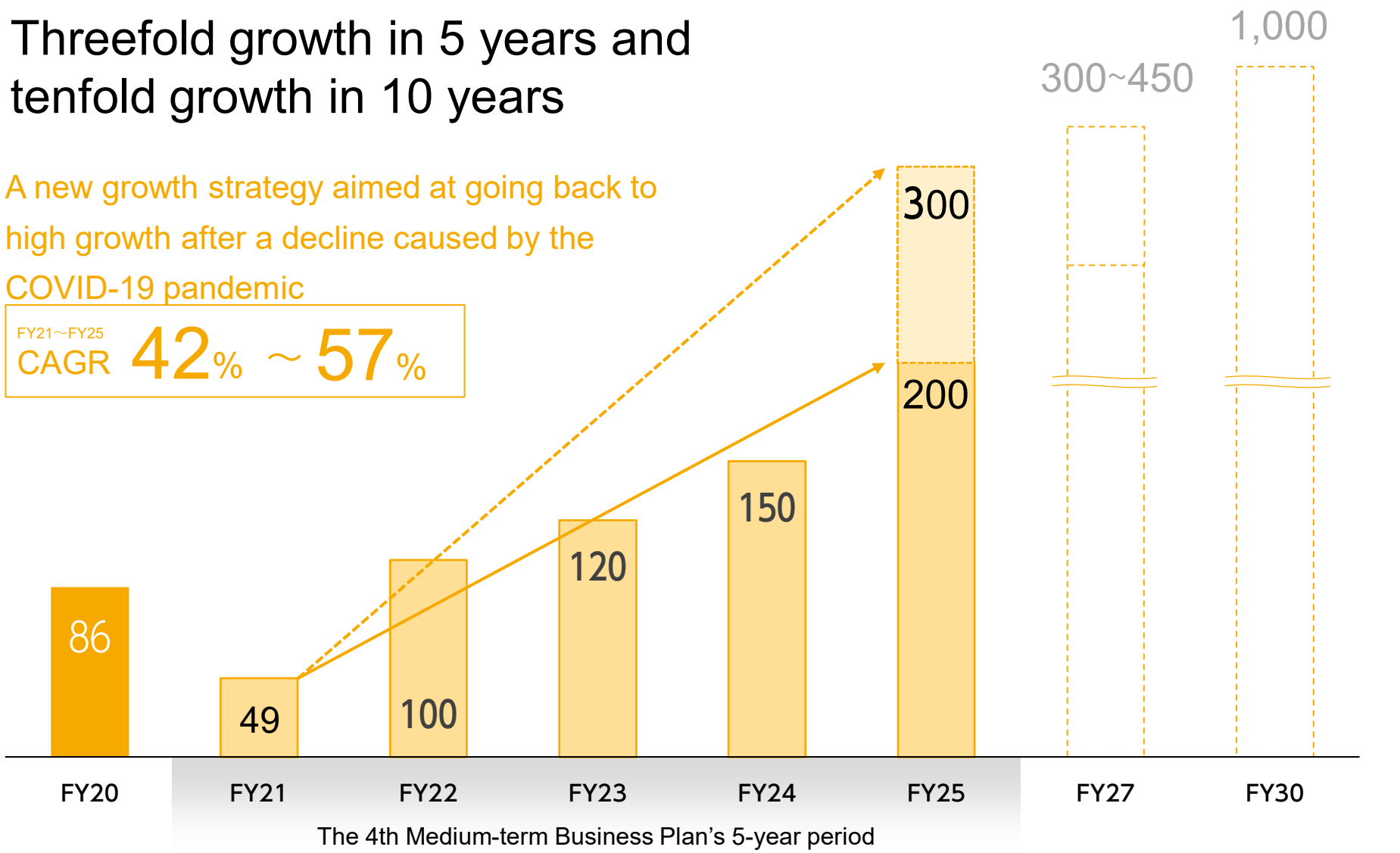
Numerical targets (EBITDA)

[100 million yen]

Threefold growth in 5 years and tenfold growth in 10 years

A new growth strategy aimed at going back to high growth after a decline caused by the COVID-19 pandemic

FY21～FY25 CAGR 42% ～57%



Copyright © UT Group Co., Ltd. All Rights Reserved.

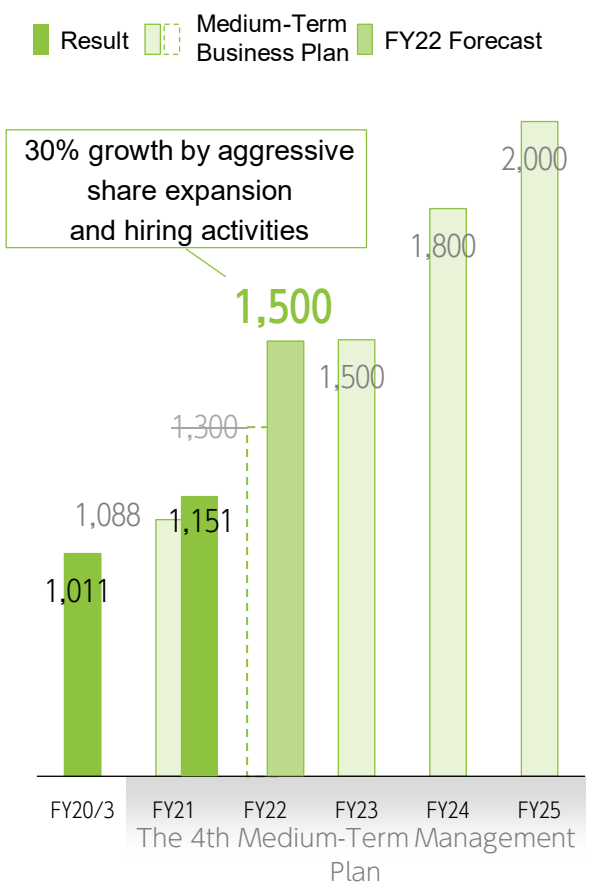
Numeric Targets and Commitments

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

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

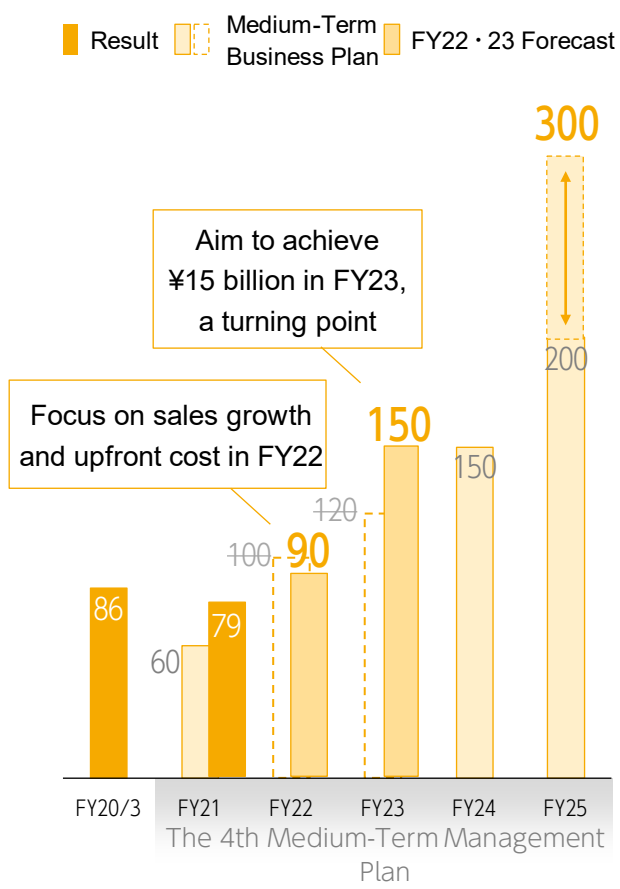
Sales target

(100 million yen)



EBITDA target

(100 million yen)



Commitments

EBITDA growth rate: 30% or more (CAGR starting from FY3/2021)

The UT Group emphasizes earnings growth as much as sales growth by business expansion. The Fourth Medium-term Business Plan includes strategic M&A activities aimed at formation of a long-term business base. We therefore use EBITDA to show our commitment in earnings growth and set 30% or more CAGR in EBITDA for the period starting from FY3/2021.

Total return ratio: 30% or more

The UT Group recognizes return to shareholders as an important management priority. We intend to achieve a corporate growth through strategic investment as well as return to shareholders. We are committed to a total return ratio of 30% or more by dividend payment and share buyback.

Gross D/E ratio: 1.0 or less (at the end of FY3/2025)

We intend to achieve both a high growth and a stable financial position by balancing debts with shareholders' equity, which stems from efficient business operation and capital policy.

Total return ratio
The total return ratio represents the proportion of shareholder return to net profit.
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.

Copyright © UT Group Co., Ltd. All Rights Reserved.

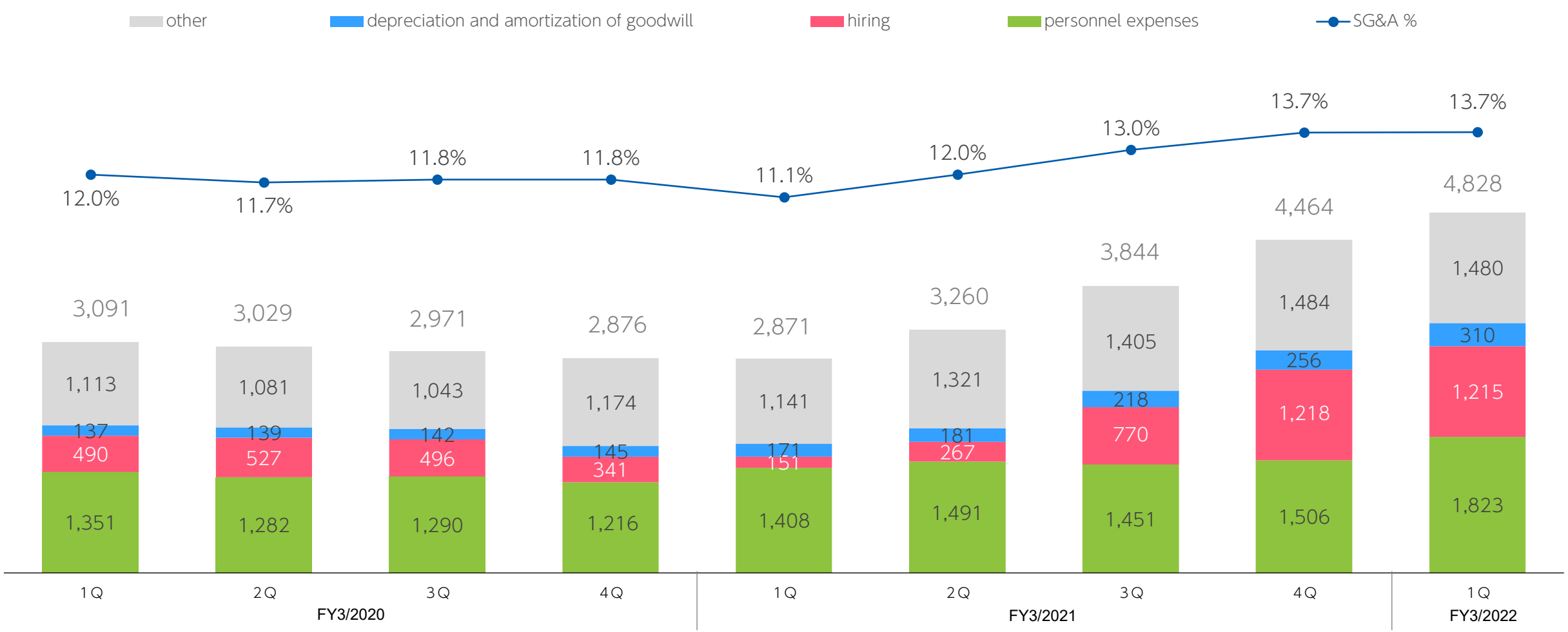
5. Appendix

Copyright © UT Group Co., Ltd. All Rights Reserved.

Analysis of SG&A expenses

SG&A expenses' breakdown and ratio to sales

(million yen)



Copyright © UT Group Co., Ltd. All Rights Reserved.

Newly-consolidated companies' contribution to sales

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

Business Segment	Sector	Consolidated subsidiary	Time of consolidation	1Q FY3/2022	
				Sales (billion yen)	Number of technical employees (term end)
Manufacturing Business	Other	Seekel Co., Ltd.	Oct. 2020	3.2	1,032
	Other	Progress Group Co., Ltd.	April 2021		1,177
	Other	SURI-EMU Corporation	April 2021		1,055
	Overseas	Green Speed Co., Ltd (Vietnam)	Jan. 2021 (PL連結開始時期)	1.5	12,571
Solution Business	—	UT MESC Co., Ltd. Former Mito Engineering Service	July 2020	0.7	434
Total				**5.5**	**Domestic: 3,698 Overseas: 12,571**

Copyright © UT Group Co., Ltd. All Rights Reserved.

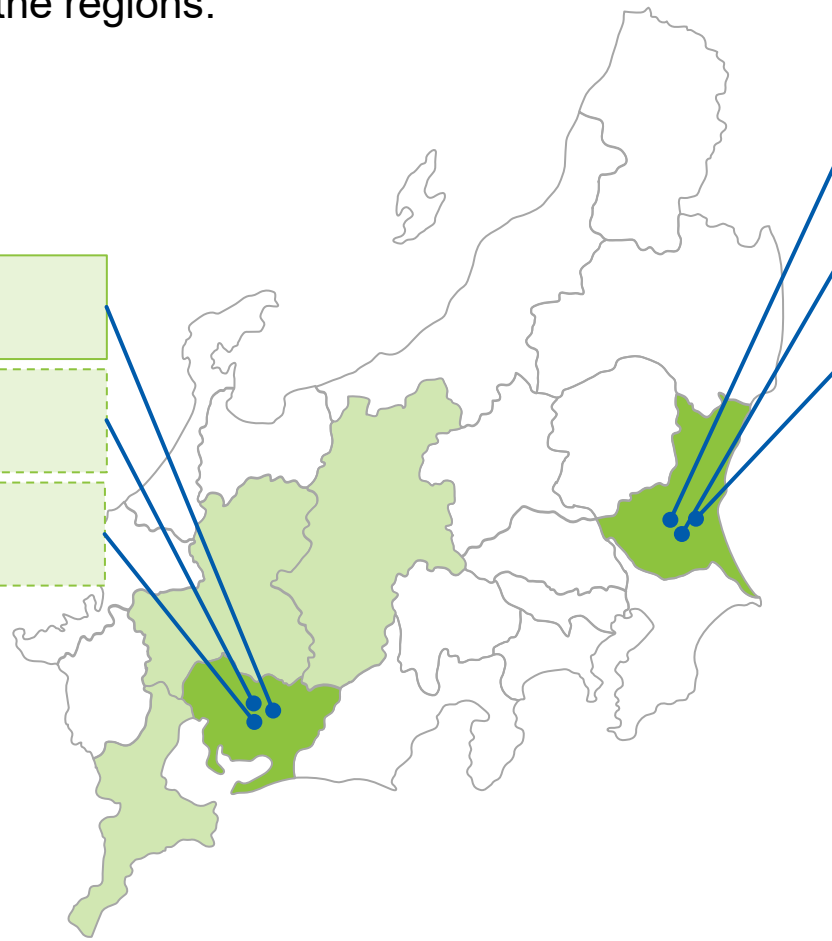
Deepening of Area Platforms

- Established an organization focused only on Ibaraki Prefecture in April 2021.
- Newly consolidated two local dispatch companies, mainly in Aichi Prefecture, in May 2021.
- Will enhance collaboration in hiring, sales, and management of three operating companies with different business models, and expand business bases within the regions.

UT Aim Co., Ltd.

Progress Group Co., Ltd.
(consolidated at the end of May 2021)

SURI-EMU Corporation
(consolidated at the end of May 2021)



UTHP Co., Ltd.
(Established in December 2016)

UT MESC Co., Ltd.
Former Mito Engineering Service
(Consolidated in July 2020)

Seekel Holdings Co., Ltd.
(Consolidated in October 2020)

Collaboration of business bases within Ibaraki-area Business unit



Copyright © UT Group Co., Ltd. All Rights Reserved.

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

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

Manufacturing Business Division	Area Strategy Business Division	Customer Solution Business Division	Engineering Business Division	Overseas Business Division
Provide one-stop services to major manufacturers	Develop locally-tailored strategy in sales and hiring	Enhance relations with major manufacturers who have capital relations with UT Group	Opened a business base in an area of high-skilled engineers	Through alliances and M&As Establishing an overseas human resources service business
UT Aim		FUJITSU UT	UT Technology	Green Speed
UT Pabec	UT Community	UT Toshiba	UT Construction	
	Support System	UT System Products		
Deepen an area platform in Ibaraki Prefecture	UTHP			
	UT MESC Co., Ltd. (Former Mito Engineering Service)			
	Seekel			
Deepen an area platform in Aichi Prefecture	SURI-EMU (consolidated at the end of May 2021)			
	Progress (consolidated at the end of May 2021)			

Copyright © UT Group Co., Ltd. All Rights Reserved.

Corporate Outline

Corporate Outline

As of July 31, 2021

Corporate name:	UT Group Co., Ltd.
Founded:	April 2, 2007
Capital:	680 million yen
Listing:	TSE 1st Section(Securities code: 2146)
Representative:	President, Representative Director & CEO Yoichi Wakayama
Location:	1-11-15 Higashi-Gotanda, Shinagawa-ku, Tokyo

Group Companies

As of July 31, 2021

Manufacturing Business

UT Aim
Manufacturing personnel services

UT Community
General personnel dispatch and outsourcing

Support System
General personnel dispatch and outsourcing

Seekel Holdings
General personnel dispatch and outsourcing

Green Speed Joint Stock Company
General personnel dispatch and outsourcing in Vietnam

Progress Group Co., Ltd.
General personnel dispatch and outsourcing

SURI-EMU Corporation
General personnel dispatch and outsourcing

Engineering Business

UT Aim
Manufacturing personnel services

UT Technology
IT engineer outsourcing

UT Construction
Construction engineer outsourcing

Solution Business

UT Pabec
Battery manufacturing outsourcing

UTHP
Manufacturing personnel dispatch and outsourcing

FUJITSU UT
General personnel dispatch and outsourcing

UT Toshiba
General personnel dispatch and outsourcing

UT System Products
Sales of information system equipment

UT MESC Co., Ltd (Former Mito Engineering Service)
Elevator/escalator manufacturing outsourced work and dispatch of design engineers

Other Business

UT Life Support
Internal benefit program management

UT Heartful
Special subsidiary company

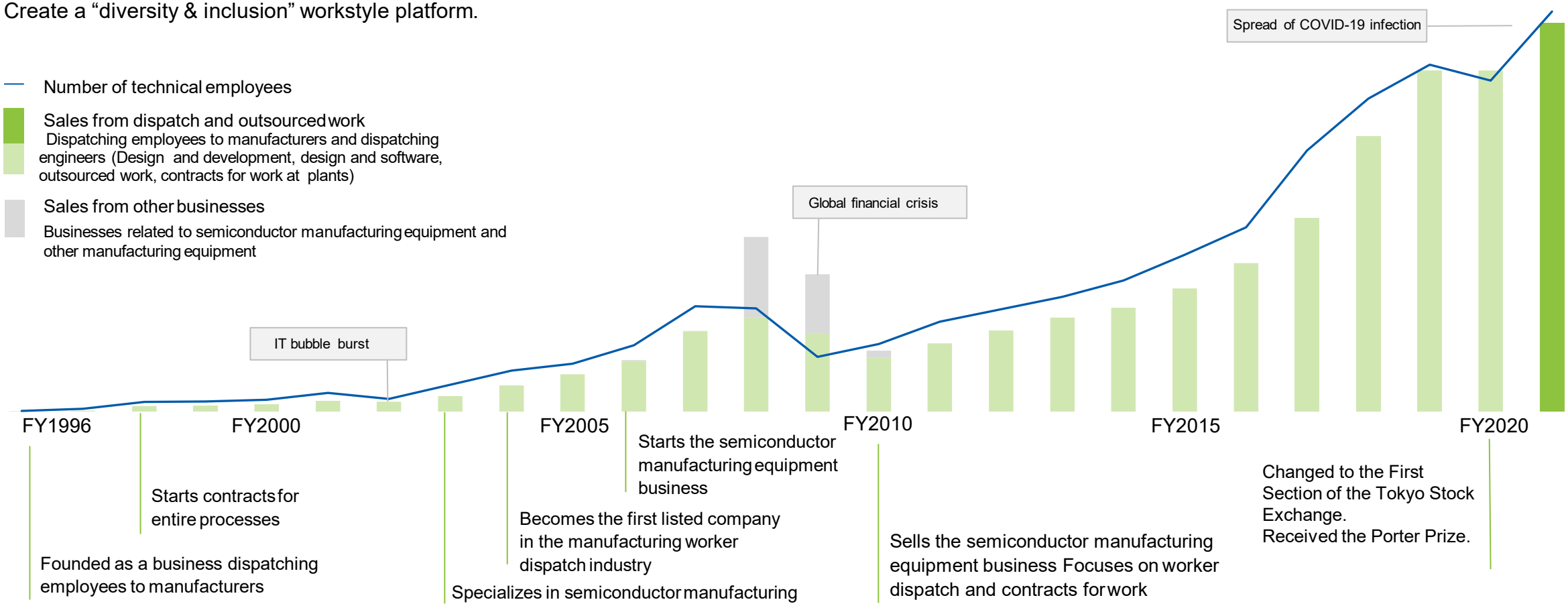
Copyright © UT Group Co., Ltd. All Rights Reserved.

Facilitating the healthy birth of the next workstyle platform

Creating vigorous workplaces empowering workers.

Adopting the twin customer strategy that identifies both workers and companies as clients,
UT Group transformed the process of manufacturing worker dispatch into a sustainable business model that facilitates growth by both workers and companies.
Create a “diversity & inclusion” workstyle platform.

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



Copyright © UT Group Co., Ltd. All Rights Reserved.

Business Segment

Manufacturing Business

Staffing service in production processes

¥69.2 billion

60.1%

Solution Business

Structural reform support and BPO services

¥29.7 billion

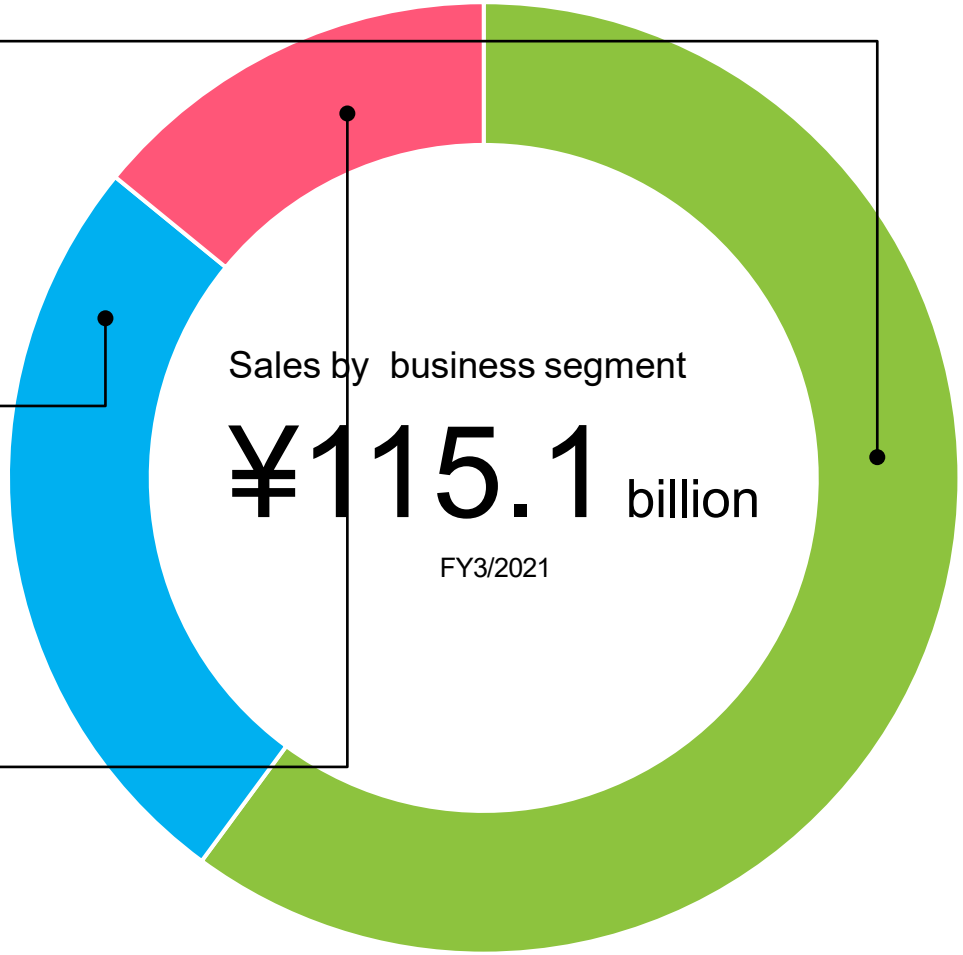
25.8%

Engineering Business

Dispatching of design, development and IT engineers

¥16.2 billion

14.1%



Copyright © UT Group Co., Ltd. All Rights Reserved.

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



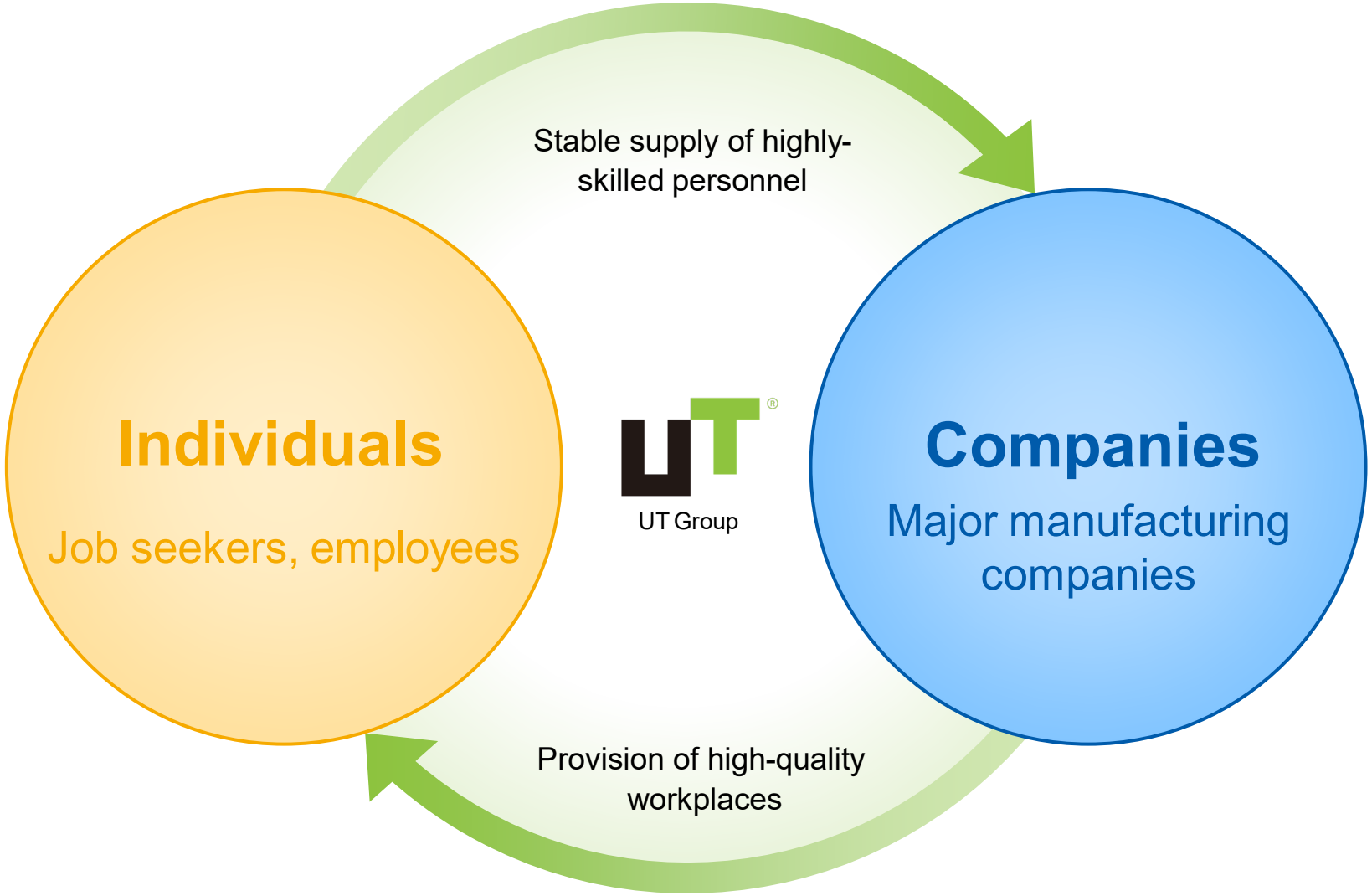
Share profit from enhanced corporate value with employees

- Measures to encourage employees to become shareholders



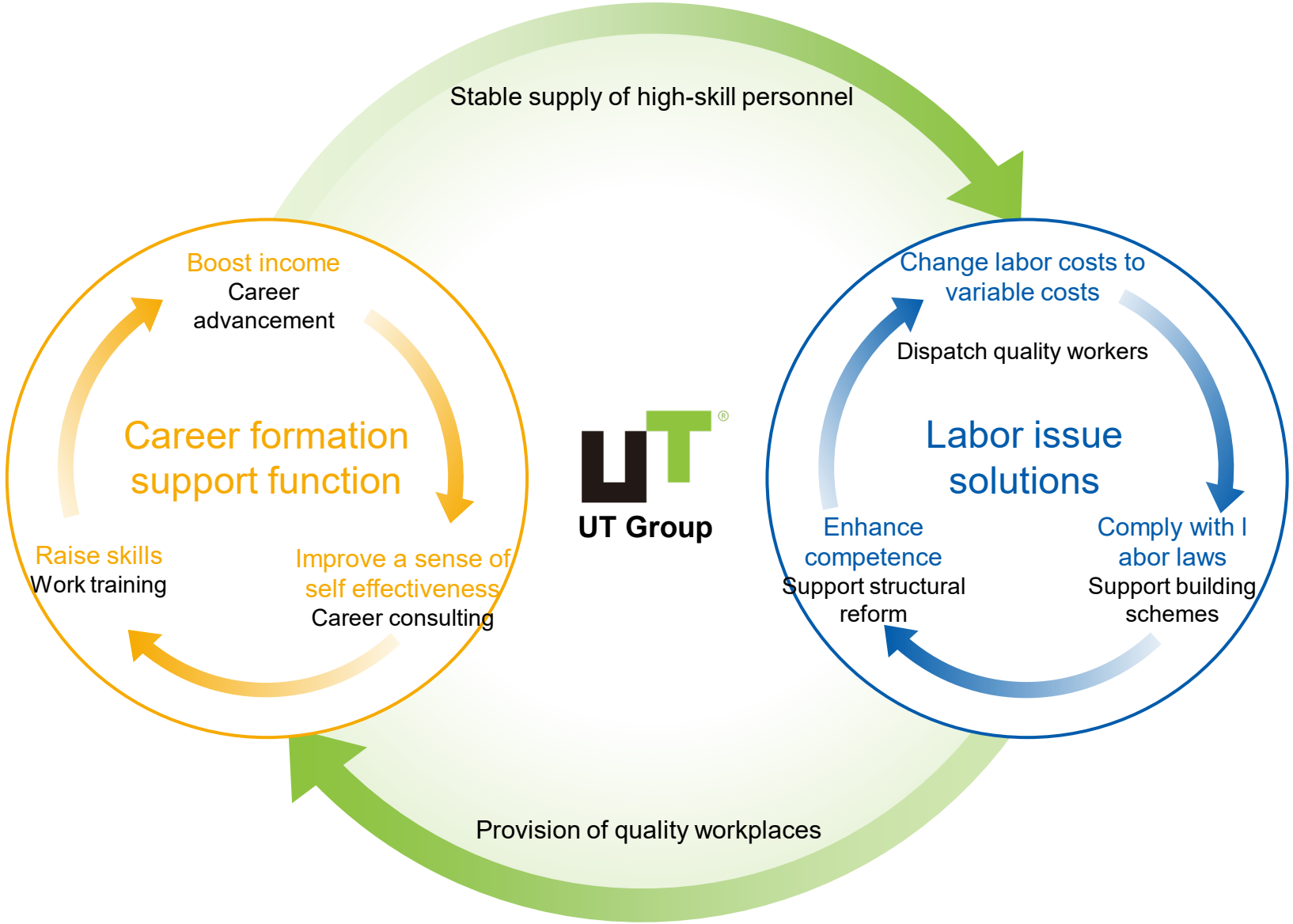
Copyright © UT Group Co., Ltd. All Rights Reserved.

Twin-Customer Strategy and Career Platform



Copyright © UT Group Co., Ltd. All Rights Reserved.

Twin-Customer Strategy and Career Platform



Copyright © UT Group Co., Ltd. All Rights Reserved.

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)

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

* In light of changes in the business environment and other factors, shareholder return in FY3/2019 is all in the form of dividend payment, including special dividend.
* Shareholder return for March 2020 has been postponed in consideration of the impact of the spread of the new coronavirus.

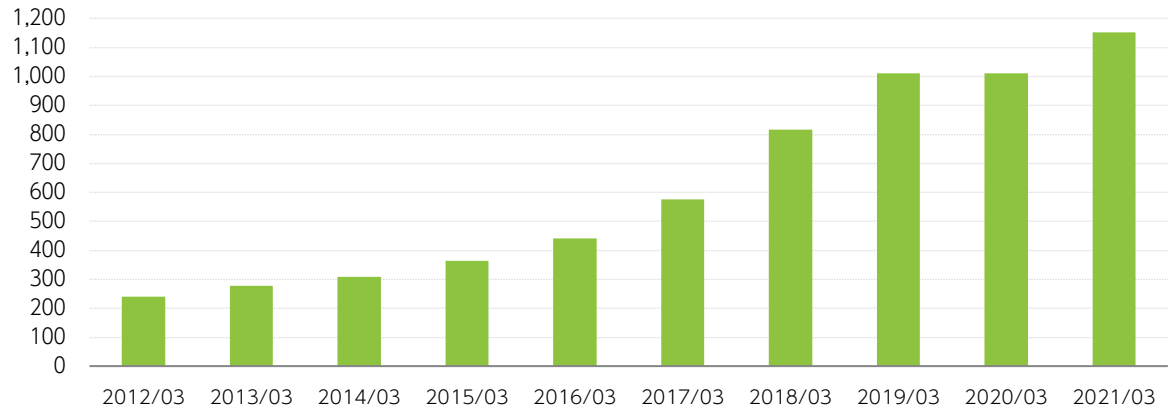
For the fiscal year ending March 31, 2021, we will pay a dividend of 32 yen per share, which is 30% of net income.
In addition, the company will pay a special dividend of 34 yen per share, equivalent to 30% of net income for the fiscal year ending March 2020, for a total dividend return of 66 yen per share.

Copyright © UT Group Co., Ltd. All Rights Reserved.

Trends of Business Results

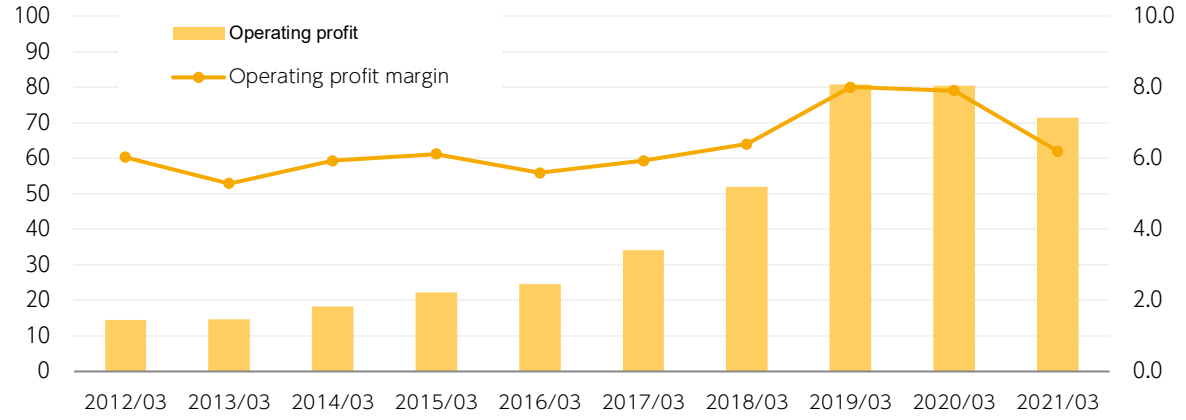
Net sales

(100 million yen)



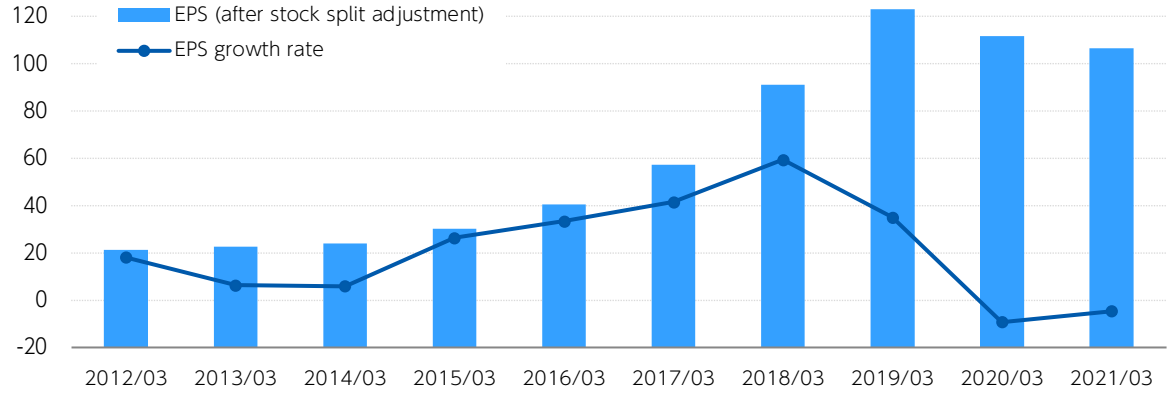
Operating profit (LH) and Operating profit margin (RH)

(100 million yen, %)



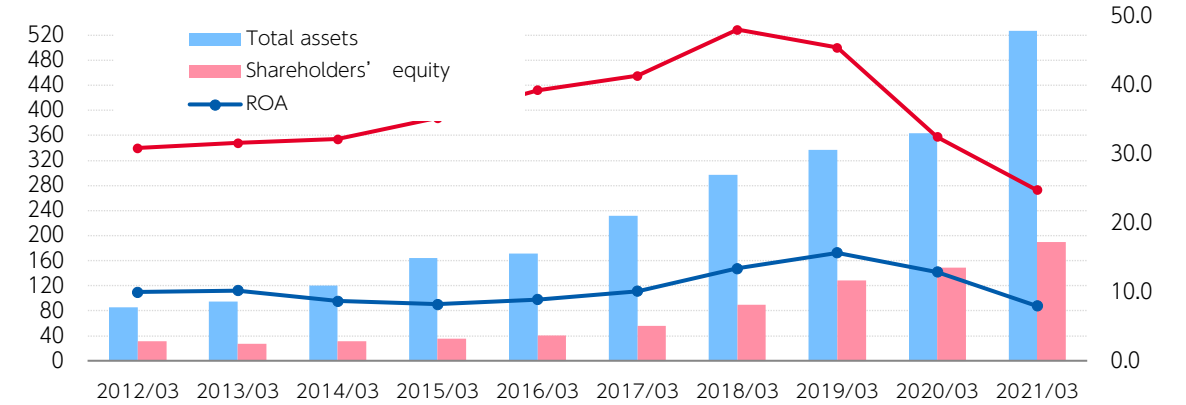
EPS and EPS growth rate

(Yen, %)



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

(100 million yen, %)



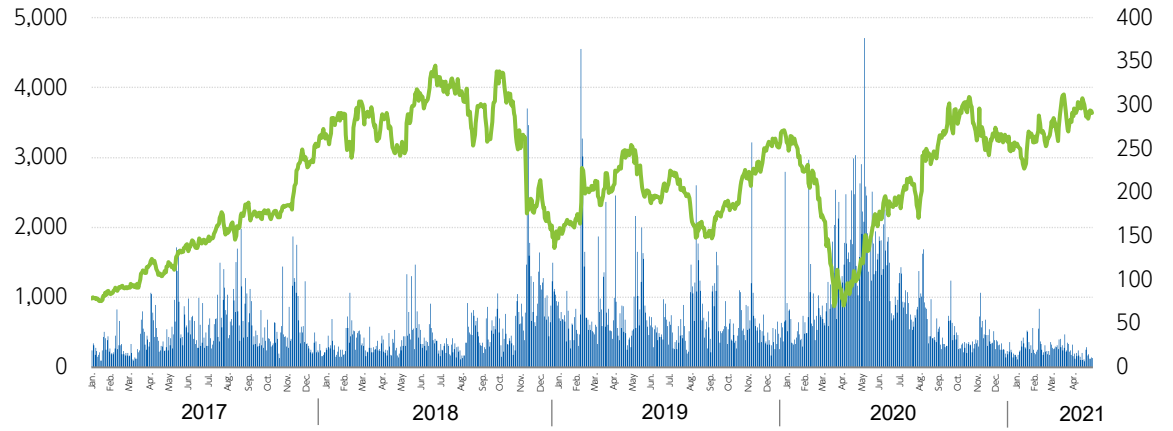
ROA = [Net profit attributable to owners of the parent] / [Total assets] (fiscal year average)
ROE = [Net profit attributable to owners of the parent] / [Shareholders' equity] (fiscal year average)

Copyright © UT Group Co., Ltd. All Rights Reserved.

Trends of Stock Price

Stock price (LH) and trading volume (RH)

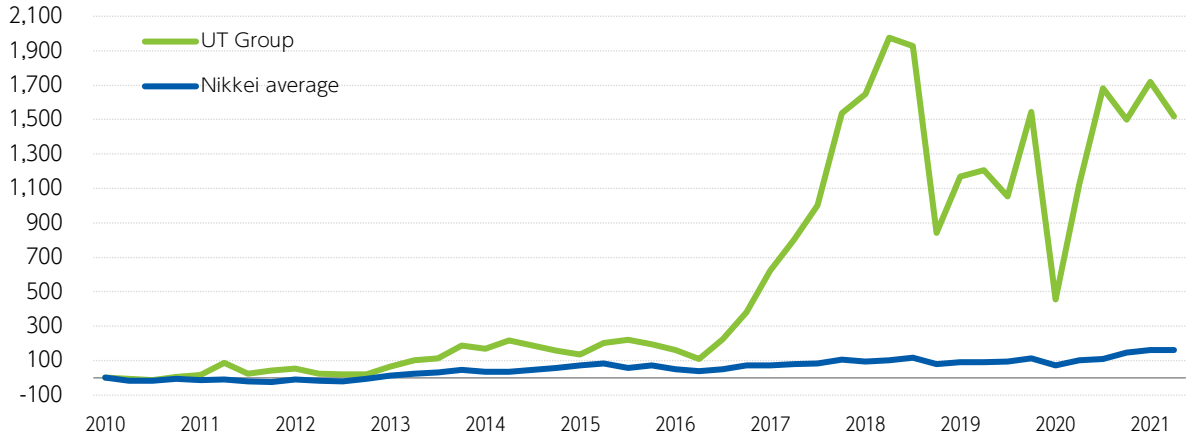
(Yen / 10,000 shares)



Changes in stock price

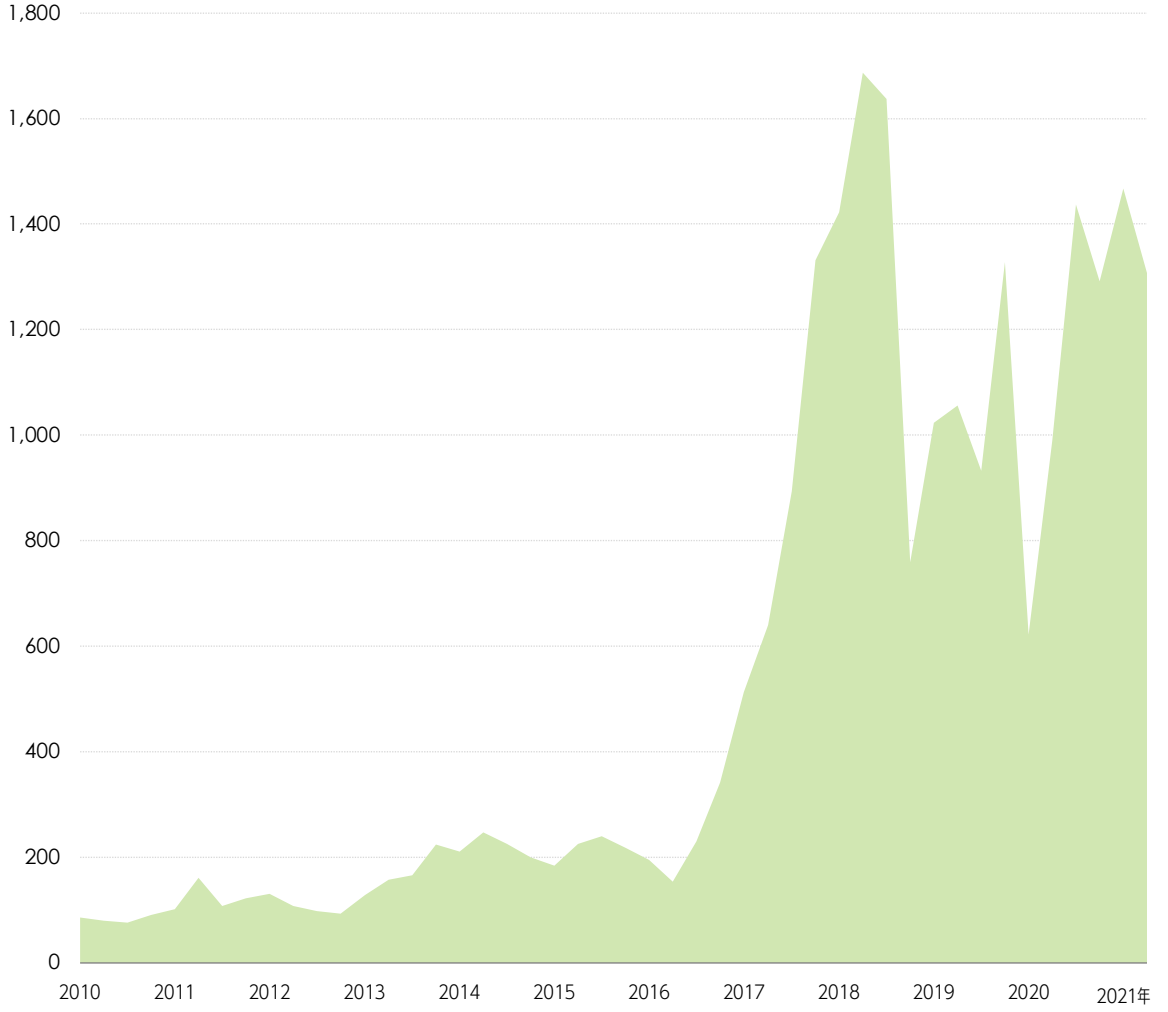
(compared with the level on March 31, 2010)

(%)



Market capitalization

(100 million yen)



Copyright © UT Group Co., Ltd. All Rights Reserved.

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]

UT Group Co., Ltd.
Management Reformation Division
e-mail: ir@ut-g.co.jp