

2023 UT Group Integrated Report





2023

UT Group
Integrated Report



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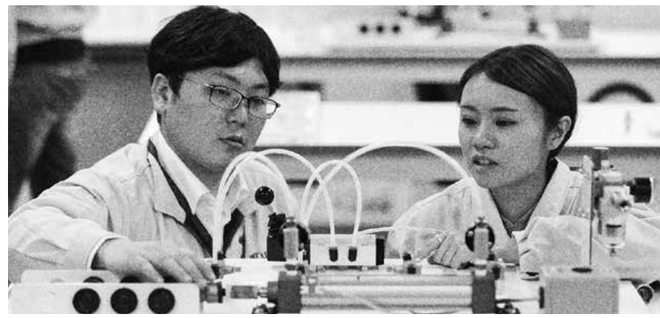





Upward Together

Upward Together

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About the Integrated Report 2023

Society and the economy are recovering from the unprecedented challenge of the COVID-19 pandemic, while the macroeconomic environment is ceaselessly changing, being affected particularly by the global situation and the evolution of information technology applications. Turbulent times and unpredictable future are the terms we increasingly hear these days.
Under such social conditions, UT Group more than doubled profit from the previous year in FY3/2023, achieving the 14th consecutive year's increase in profit. At the same time, we are making progress toward the realization of a robust, leaner management structure with an eye to the future, such as by improving productivity through business standardization and optimizing hiring operations. Based on the belief since our founding that we have the mission to support the stable employment and growth of dispatched workers, we are committed to creating a vigorous workplace empowering each of our 30,000 associates.
This is the third year that we produce an integrated report. We hope that the integrated report will be one of the meaningful tools for constructive dialogues with stakeholders and ultimately for increasing our corporate value. Further information is also available on the Sustainability Part of our website.

■ Editorial Policy:
This Integrated Report is positioned as a communication tool for conducting constructive dialogues with shareholders, investors, and other stakeholders and we hope they understand our value creation process as we provide financial and non-financial information concerning UT Group's mission, management strategies and business model for medium- to long-term corporate value enhancement, and operating performance among others.
■ Reporting Organization:
UT Group Co., Ltd. and its consolidated subsidiaries
■ Reporting period:
FY3/2023 (April 2022-March 2023)
* Including some activities since April 2023
■ Reference Guidelines:
The International Framework of the International Integration Reporting Council (IIRC) / The "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" of the Ministry of Economy, Trade and Industry of Japan / GRI Standards, Global Reporting Initiative
■ Forward-looking statements:
The information contained in this report contains forward-looking statements. They are based on UT Group's judgment at the time of this report, and include factors such as risks and uncertainties. Actual results and results may differ from those stated in this report



New ways of working will open up a new era and transform society.

The unprecedented COVID-19 pandemic has changed our lives. While we are happy to see each other face to face, assuring each other that our daily lives have come back, there are some things around us that have evolved somewhat from those days.

In the age of diversity, there should be as many ways of working as there are different values held by people.
Just as we got used to remote meetings, people have surprisingly changed their views on how to work.

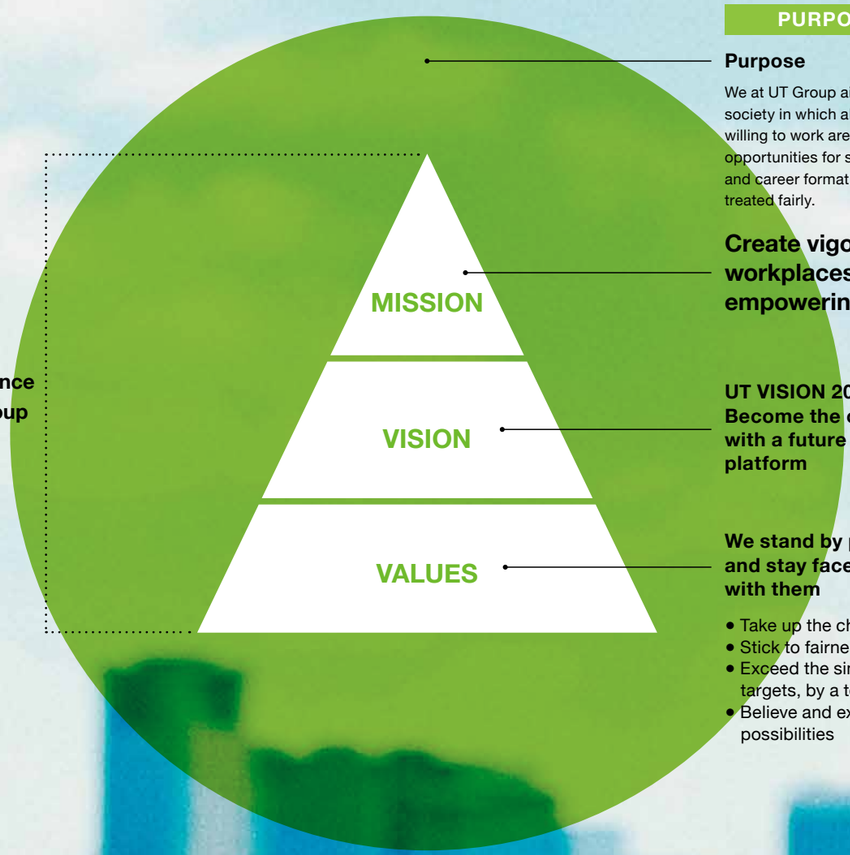
We want to create platforms where many people can work more freely and more vigorously. We will continue to pioneer the new era and society together with our associates, holding the same goals and mission since our founding.

The Essence of UT Group

What we hold in our hearts and aim for

“We at UT Group aim to realize a society in which all people who are willing to work are equally given opportunities for skill development and career formation, and are treated fairly.”
This is our Purpose.
We also share our Mission, Vision, and Values.
We have a strong sense of mission since our founding and aim at achieving a sustainable society in which workers and companies can grow together.

The Essence of UT Group



PURPOSE

Purpose

We at UT Group aim to realize a society in which all people who are willing to work are equally given opportunities for skill development and career formation, and are treated fairly.

Create vigorous workplaces empowering workers

UT VISION 2030
Become the company with a future workstyle platform

We stand by people and stay face to face with them

- Take up the challenge
- Stick to fairness
- Exceed the simple sum of targets, by a team effort
- Believe and expand the possibilities





To expand the possibilities of workers



MISSION

Our Mission

Create vigorous workplaces empowering workers

We, UT Group, have grown since our foundation with a focus on realizing our workers' personal growth and reassurance in their lives.
The power of working really brings us a variety of empowerment.
The power of working brings us reassurance in life.
The power of working brings us bonding in society.
And the power of working sometimes helps us realize our potential, which we could not have imagined ourselves.
It gives us the joy of living up to dreams and aspirations that had been given up or forgotten.

We offer opportunities for skill development and career formation to people who are willing to work. We also build a "good place to work" with our clients, and continually increase the number of people who are aware of their potential and who live their lives seriously.
We believe that increasing the number of such individuals and increasing the overall sum of individuals' empowerment end up helping our clients' businesses to grow and ultimately contributing to society.



VISION

Our Vision

Becoming the company with a future workstyle platform

Provide "Reassurance, Bonding and Growth" for each and every associate in a work environment that is susceptible to changes in the market.
And then, our responsiveness to changes is being provided for client companies.
UT Group declares its dedication to becoming a "company with a future workstyle platform" that can continuously create and support vigorous workers, in accordance to changes in the workplace.

While responding to changes in lifestyles and workstyles, our aim is to realize a society in which workers equally have career development opportunities and are correctly treated.

Respond to everyone's "desire to work"

We offer diverse workplaces, workstyles, and the possibility to improve skills to all motivated people for work.

Empower non-Japanese workers, too

We provide the necessary support for non-Japanese who live and work with us in Japan to empower them, toward which end we provide workplaces and assist their continuous career development.

Provide reassurance to workers at any time

In addition to ensuring appropriate legal compliance in the workplace, we try to help raise the quality of working by providing support even during non-working hours.

VALUES

Our Values

We stand by people and stay face to face with them

We contribute to the growth of clients through the growth of our associates.
Our business is only possible when our associates receive high expectations and are highly valued.
Through those associates, we contribute to our clients' business and society.

While our services are invisible and intangible, UT Group works for clients and for society through the action taken by each of UT Group's associates.
With that in mind, each of us will continue to act autonomously and strive for self-improvement on the basis of our Four Values. In the One-to-One Spirit, each of us stands by each other and stays face to face with each job, task, and desire.

Take up the challenge

Set high goals and aspirations and keep on taking up the challenges we meet.

Stick to fairness

Always act correctly from the viewpoint of workers.

Exceed the simple sum of targets, by a team effort

Utilize diverse organizations for the benefit of each individual.

Believe and expand the possibilities

Support the growth of each individual infinitely.

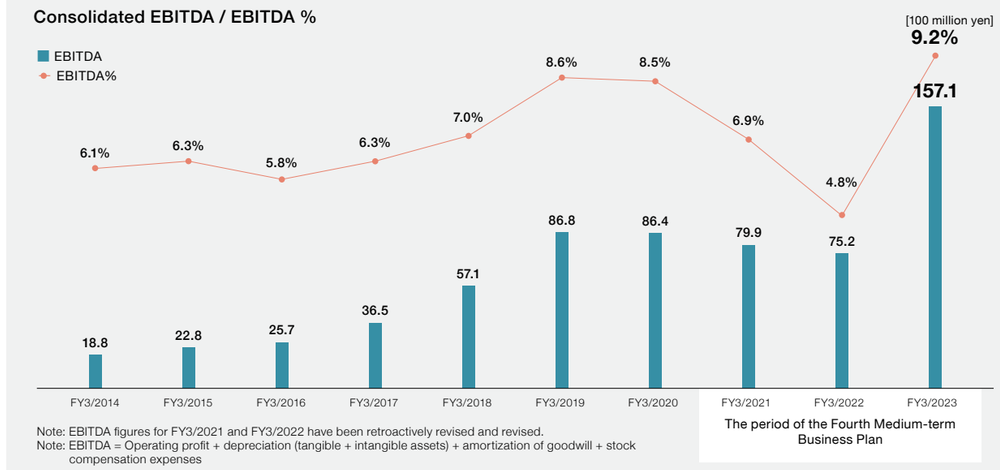


TOP MESSAGE

President, Representative Director and CEO UT Group Co., Ltd.
Yoichi Wakayama

Together with everyone who resonates with the vision of the UT Group, a vision that captures changes in the Japanese labor market, we are determined to be continuously seeking progress in business management.

EBITDA more than doubled in FY3/2023, one year ahead of the Medium-term Business Plan



Note: EBITDA figures for FY3/2021 and FY3/2022 have been retroactively revised and revised.
Note: EBITDA = Operating profit + depreciation (tangible + intangible assets) + amortization of goodwill + stock compensation expenses

We reached ¥15 billion in EBITDA in the third year of the Fourth Medium-term Business Plan

I would like to thank our shareholders and stakeholders for their continued support.

In FY3/2023, UT Group was surrounded by an environment wherein demand for semiconductors was expected to increase over the medium to long term against the backdrop of the expansion of information and communication technology and the acceleration of global decarbonization. From the second half of FY3/2023, capital investments by semiconductor manufacturing equipment (SME) manufacturers and semiconductor manufacturers have been postponed due to the impact of inventory adjustments for semiconductors and other products, and there was a slowdown in production activity. Moreover, automobile-related manufacturers' plant operations did not turn upward easily due to soaring raw material prices stemming from the Russian invasion of Ukraine and a shortage of parts caused by the supply chain disruptions.

Under these circumstances, FY3/2023 was the halfway point of the Fourth Medium-Term Management Plan (FY3/2021-FY3/2025), in which we worked to improve profitability by establishing a leaner business foundation to facilitate faster growth over the medium to long term.

As a result, we increased consolidated net sales by 8.8% year-on-year to ¥170.6 billion, posting a new record high. This is the 14th consecutive year of an increase in sales since the global financial crisis. EBITDA rose 109.5% year-on-year to ¥157 billion, also setting a new record high, and we were able to reach the initial target of ¥15 billion in EBITDA, one year ahead of the Medium-term Business Plan.

Built a foundation for medium- to long-term sustainable growth

Sales

¥170.6billion

+¥13.8 bln, up 8.8% y-o-y

New record-high sales and 14th consecutive year of sales growth since the global financial crisis

- ○ Manufacturing Business: Up 8.0% y-o-y due to a focus on clients with strong demand, despite some softening semiconductor-related demand (in 2H)
- ○ Area Business: Up 14.8% y-o-y due to the development of new locally-based projects

Gross profit margin

19.4%

+1.7pt from 17.7% in FY3/2022

Significant margin increases in the Manufacturing Business

- ○ Deepened business with clients with strong demand in the Manufacturing Business and flexibly allocated resources
- ○ Increased billing unit prices and promoted career changes of operators to SME engineers
- ○ Reduced hiring-related costs

SG&A expenses to sales
(ex. stock-based compensation expenses)

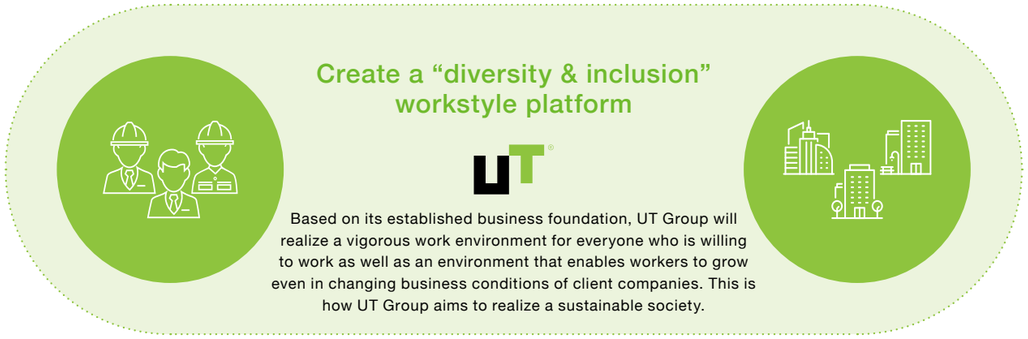
10.9%

2.8pt less than 13.7% in FY3/2022

Organizational restructuring and cost control in line with demand to curb the SG&A expense ratio

- ○ Optimized personnel allocation through subsidiary consolidation and organizational restructuring, and improved productivity through standardization and commonization of operations
- ○ Improved efficiency in hiring and the demand assessment for cost control

Target of the Fourth Medium-term Business Plan



Create a “diversity & inclusion” workstyle platform

Founded in 1995, UT Group has consistently strived to improve the treatment of dispatched workers and to increase added value. In the manufacturing industry, we created a business that offers a new way of working to workers: they become our regular employees (we call them “associates”) and are dispatched to client companies’ worksites. We also promoted their enrollment in the social insurance program. We then established a career development support system for the associates so that they can acquire skills and grow.

After that, we developed a "Twin Customer Strategy" to become chosen not only by client companies, but also by working people who are our associates. In the Fourth Medium-term Business Plan, we set the goal of "creating a ‘diversity & inclusion’ workstyle platform." For women, older workers, and non-Japanese, in addition to young men, we are promoting initiatives to provide opportunities for them to play meaningful roles at workplaces.

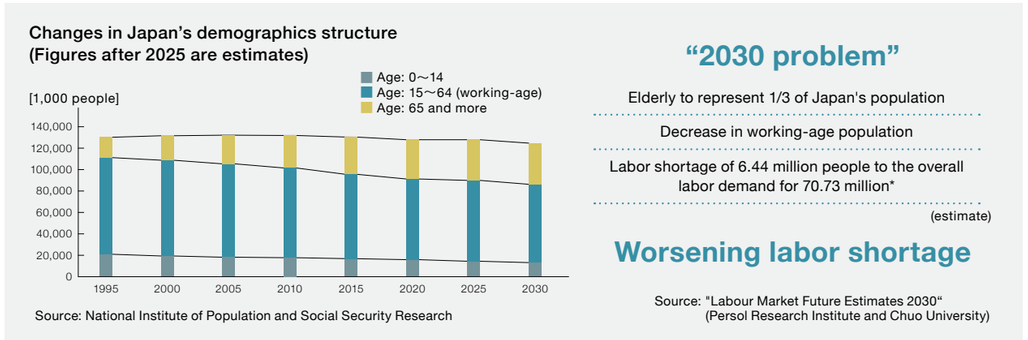
We are entering an era in which dispatch companies take on the role of improving on-site productivity

In Japan's labor market, labor shortages will become more serious against the backdrop of a shrinking working-age population resulting from the declining birthrate and aging of the population. In the future, the job openings-to-applicants ratio may more than double. What is looming is the "2030 problem" in the labor market. By 2030, one-third of Japan’s population will be aged 65 or older, and a labor shortage of 6.44 million is estimated for the labor demand of 70.73 million workers. Each company now must ponder how to secure a sufficient labor force and improve productivity under the macro conditions mentioned here. In order to compensate for the low level of the working-age population, legislation will be adopted facilitating employment of foreign workers.

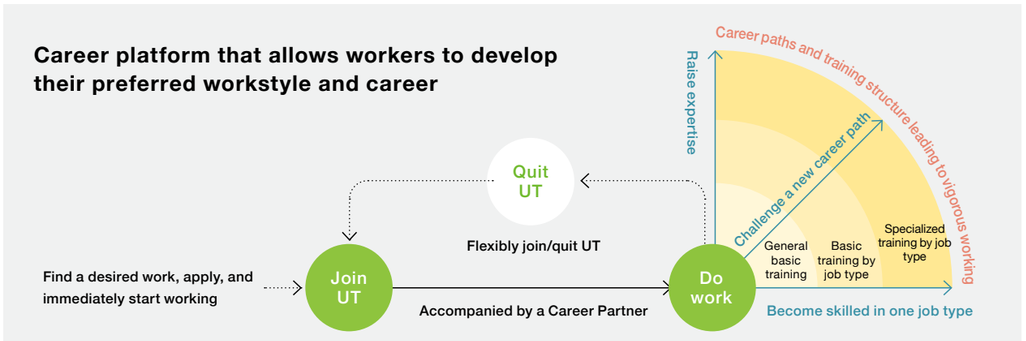
Under these circumstances, expectations of the role of dispatch companies, including the UT Group, are changing. Just simply conventionally hiring and dispatching workers in response to job openings is not sufficient. Support by the companies to help retain those dispatched workers and human resource development will become increasingly important.

For example, in the semiconductor and electronics industries in which UT Group is involved, it is not uncommon for dispatched workers to account for more than 50% of workers in factories. In these workplaces, dispatched workers will acquire the roles previously played by full-time employees of client companies. In addition to hiring and filling vacancies on behalf of the clients, we will also hire and train personnel who will play an active role at the company. We will go even deeper into the role of improving the productivity of the production process, working together with our clients.

Decrease in working-age population due to declining birthrate and aging population



Pursuit of high-quality services from the perspective of the workers



More women, older workers, and non-Japanese will represent the dispatched workers who are active in these workplaces, and the demographic bracket that has been regarded as a minority until now will become the main workforce of the Japanese economy. It is easy to imagine that the presence of dispatch companies will increase toward this vision of the future. In other words, UT Group will embrace great business opportunities toward 2030.

We will refine our worker dispatch service with a goal set for FY3/2025

“Becoming the company with a future workstyle platform” is UT Group’s vision for 2030.

In the first five-year period of the 10-year long-term plan, that is, up to FY3/2025, we have been refining our worker dispatch business. We are improving the convenience of dispatch manufacturing workers and forming a foundation for continuous support of their abilities and careers. At the root of our plan is our passion and desire to change the negative perception that the dispatched workstyle is unstable. We want to see a change to the perception that the dispatched workstyle allows you to have work experience at multiple companies, enabling you to build a multifaceted career. We believe that such a platform can only be realized by UT Group which has a diverse range of client companies throughout Japan.

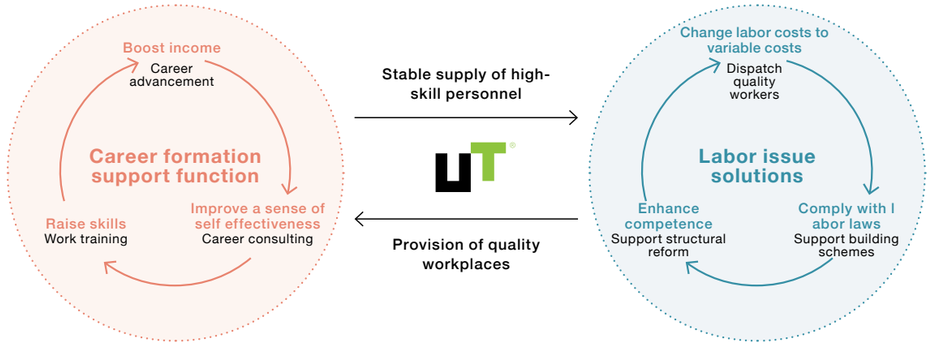
From FY3/2026, that is, in the latter half of the 10-year long-term plan, we plan to expand our platform so that UT Group’s contents of HR development and career support only for Group associates can be deployed for all non-regular workers in Japan. We hope that this will be attained by FY3/2030. Then I believe that the employment structure across Japan will be optimized in the true sense of the word.

What matters over the next 5-10 years for us is to become a company chosen by workers

UT Group has an absolutely unshakable core even in such a period of major changes as I have mentioned. This core is the pursuit of service from the perspective of the workers. We have continued to grow by responding flexibly to the needs of our clients. Whenever I face change, I return to UT Group’s Mission “Create vigorous workplaces empowering workers.” The creation of a workplace where workers can vigorously play an active role leads to raising of the value of the client company. The concept of the "Twin Customer Strategy" is still at the root of the Group's business model.

As values that people find in "work" become more diverse, workers will become even more picky and selective about companies. Thinking of Japan’s labor market over the next 5 or 10 years, I am convinced that being a company chosen by workers will be of utmost importance. I am sure that UT Group can be qualified as such, as we have been committed to improving the value of dispatched workers since the 1990s.

Twin Customer Strategy and Career Platform



Three Growth Strategies

1

Expand services to the engineer field

One-Stop Strategy for Major Manufacturers

Further enhance the competitiveness of manufacturing dispatch for large companies, which is a core business area of the dispatch, and expand the manufacturing engineer field, leveraging the existing client base.

2

Build the structure to advance career in a local area

Area Platform Strategy

Promote partnerships with and M&As of local dispatch operators, enhance the local workplace, integrate their employees in UT's career platforms, and raise profitability.

3

Promote support for mobilization of personnel of major manufacturers

Solution Strategy

Promote and ensure support for human resource mobilization in response to the potentially growing demand in structural reform of large companies due to the changing business environment.



Manufacturing Business and Area Business contributed to business performance

Before reviewing FY3/2023, let me explain again the Fourth Medium-term Business Plan that we are currently promoting. This plan covering the five-year period from FY3/2021 to FY3/2025 was formulated in May 2020. The plan has identified three growth strategies:"One-Stop Strategy for Major Manufacturers," "Area Platform Strategy" and "Solution Strategy." The plan already is at the halfway point, and I am pleased that the three growth strategies are steadily driving sales growth.

In this section, I will present an overview of the Manufacturing Business and the Area Business, which were main drivers of the FY3/2023 results. The Manufacturing Business is responsible for the "One-Stop Strategy for Major Manufacturers," and the Area Business for the "Area Platform Strategy."

First, about the Manufacturing Business. In the Transportation Equipment Subsector, production adjustments continued due to the shortage of components. In the Industrial & Commercial Machinery Subsector and the Electronics Subsector, we carried out cautious hiring activities since the fall of 2022 in light of clients' suspension or postponement for additional workers and other factors. However, we were able to minimize the impact of the decline in demand for workers by strengthening relationships through problem-solving proposals closely linked to client companies and increasing our share in the factories to which we dispatched workers.

Under these circumstances, although the number of technical associates decreased year-on-year, segment sales increased 8.0% year-on-year as we successfully relied on our high-level HR management capability and promoted dispatching of highly skilled talents developed in-house.

The Area Business also achieved significant results in FY3/2023. In order to respond to the diverse needs of job seekers who want stable employment in the relevant local area, we focused on developing new client companies in each area and diversifying projects for dispatched workers at existing clients, resulting in a significant increase in the number of technical associates. Segment sales increased 14.8% year-on-year. We believe that the Area Business has ample potential to continue double-digit growth in untapped areas.

Toward achieving sales of ¥270 billion and EBITDA of ¥25 billion

Against the background of the declining working-age population, labor shortages are already becoming more pronounced. In the manufacturing worker dispatch market, which is the core business area of UT Group, the need for dispatched workers has been on an uptrend even after the COVID-19 pandemic. The use of dispatched workers is increasing in manufacturing plants, where the majority of workers had long been full-time regular employees. In the future, the use of dispatched workers is expected to increase even in the automotive industry, due to the changing industry structure prompted by a rise in electric vehicle production.

Consolidation by major players is also expected to progress in the manufacturing worker dispatch market. The consolidation by large dispatch companies that emphasize hiring capabilities and career development support is likely to continue. Currently, the production activities of automobile-related manufacturers are recovering while the production activities of SME manufacturers and semiconductor manufacturers are also on a recovery trend since the second half of 2023. There is an urgent need to build a global semiconductor supply network, and new investment plans in Japan are also being adopted one after another.

In consideration of these factors, we forecast net sales of ¥200 billion and EBITDA of ¥164 billion for FY3/2024. For FY3/2025, the final year of the Medium-term Business Plan, our targets are net sales of ¥270 billion and EBITDA of ¥25 billion. Beyond the Medium-term Plan lies our long-term management vision "UT Vision 2030," which targets net sales of ¥600 billion and EBITDA of ¥100 billion for FY3/2030.

"Productivity improvement" and "utilization of non-regular employment" are the keys for Japan's growth

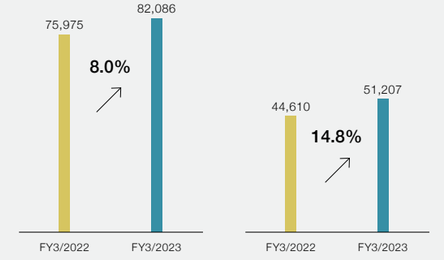
"Becoming the company with a future workstyle platform." What we are striving for toward 2030 is not just for the pursuit of profit for the UT Group. We seriously considered what we can do to change the labor market in Japan and to help the nation, and we came to the conclusion that we will build "a future workstyle platform."

Japan needs to have workers who produce new and more services and goods and export them in order to keep growing. It is the only way to maintain its presence in the world. The keys for success in the above endeavors are productivity improvement and the vigorous engagement of non-regular workers, who currently represent about 40% of the working population. We, UT Group, were determined to take up the challenge of creating a system that will revolutionize the Japanese labor market.

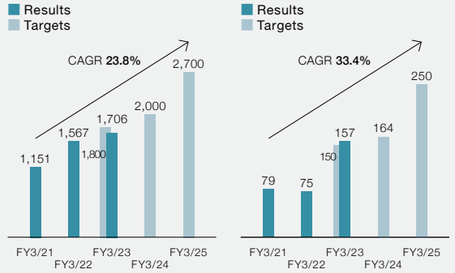
Need exists to create a cross-sectional system to procure and develop the necessary human resources when labor is needed in Japan. Workers then will be able to grow continuously without interrupting their careers at the convenience of the corporate side. By creating a platform where there is participation by multiple companies, workers can maintain the continuity of their careers. I am confident that, if numerous workers will be able to increase value and productivity at various workplaces, we can create a major trend that supports the growth of Japan as a whole.

Such an ambitious vision cannot be realized in a year or two. Assiduous efforts need to be made over the span of 5-10 years. We look forward to working with our stakeholders who share the vision of the UT Group to change the labor market in Japan and support the future of Japan.

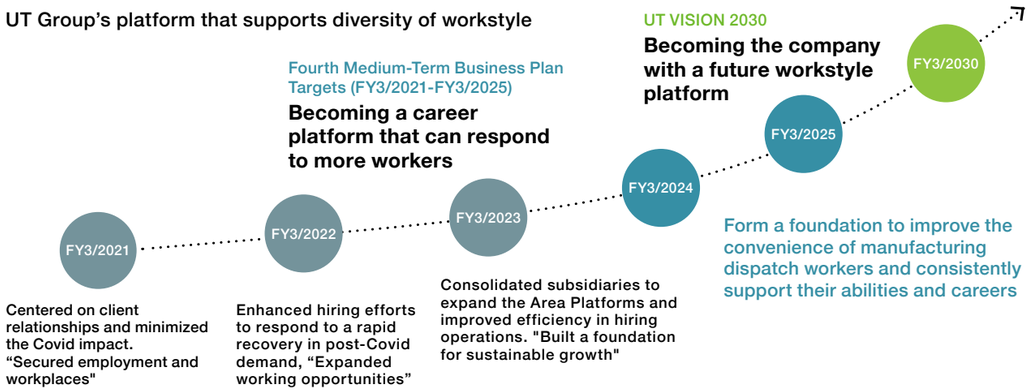
Net sales by segment



Target of the 4th Medium-Term Business Plan



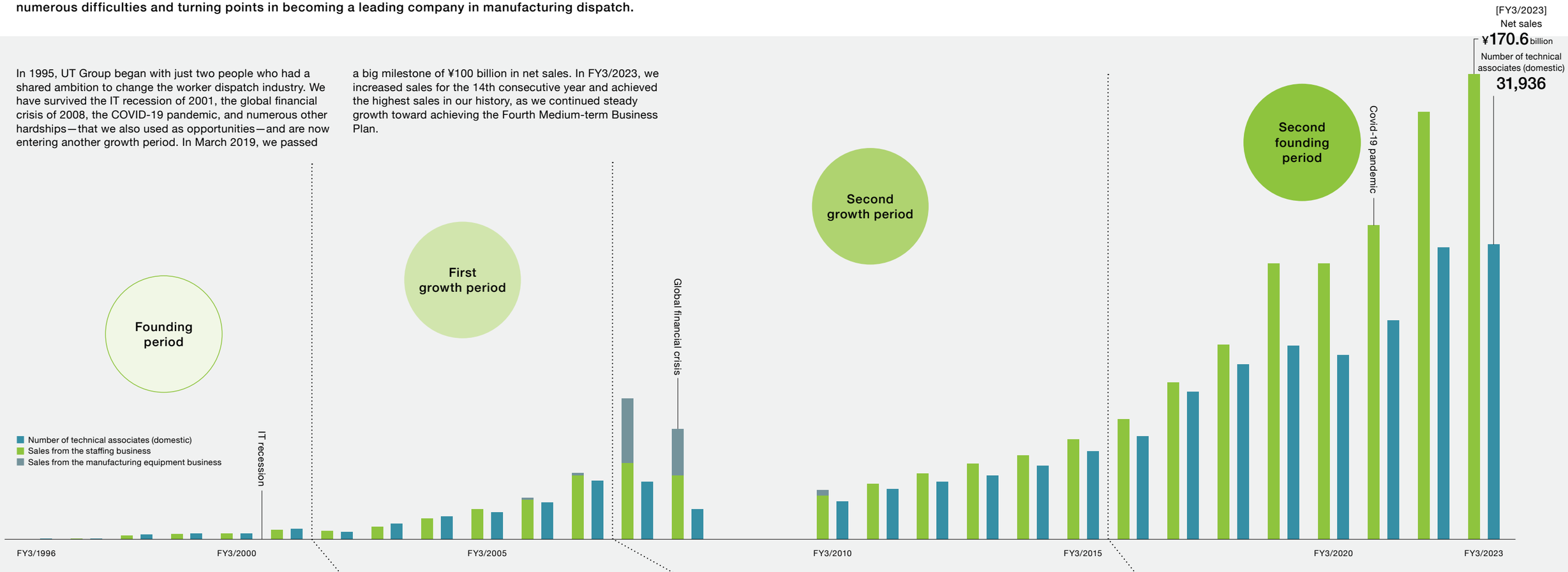
UT Group's platform that supports diversity of workstyle



Progress of UT Group as it pursues value enhancement for workers

UT Group, founded in 1995, celebrated its 29th anniversary in 2023. Looking back, we experienced numerous difficulties and turning points in becoming a leading company in manufacturing dispatch.

In 1995, UT Group began with just two people who had a shared ambition to change the worker dispatch industry. We have survived the IT recession of 2001, the global financial crisis of 2008, the COVID-19 pandemic, and numerous other hardships—that we also used as opportunities—and are now entering another growth period. In March 2019, we passed a big milestone of ¥100 billion in net sales. In FY3/2023, we increased sales for the 14th consecutive year and achieved the highest sales in our history, as we continued steady growth toward achieving the Fourth Medium-term Business Plan.



[FY3/1996-FY3/2001] Founding period

Strived hard to change the worker dispatch industry without being held back by so-called common sense

At the time of UT's founding, the low retention rate for manufacturing dispatched workers was the general norm. In order to break this status quo, we proposed a system to provide educational support for dispatched workers and raise their salary according to their skill improvement. We adopted the employment of full-time employees and 100% social insurance coverage, breaking the industry norm. However, the IT recession in 2001 adversely affected us and we recorded a loss for two years in a row despite the continued uptrend in sales. To reconsider the raison d'être of the company, a Group of Aims was established by volunteer members within the company. This has resulted in the creation of UT Group's basic philosophy of "Creating vigorous workplaces empowering workers".

1995 Yoichi Wakayama established Aim-CIC Ltd. at the age of 24.
1996 Aim-CIC was reorganized into Nihon Aim Co., Ltd. (current UT Aim Co., Ltd.)
2000 Introduced a unique business model of contracting the entire process work.
2001 Established a contract promotion team to improve skills of technical associates.

[FY3/2002-FY3/2007] First growth period

The first stock listing in the manufacturing dispatch industry

Expansion of business to achieve further growth In 2003, Nihon Aim became the first company in the manufacturing dispatch industry to be listed on the JASDAQ market. In addition to the worker dispatch business specializing in the semiconductor manufacturing sector, we subsequently expanded business through M&A and other means, into a design and development business for embedded software development, and a manufacturing equipment business for the sale of used manufacturing equipment, with the aim of further growth. Our aim was to become a comprehensive provider of cost-cutting solutions by fully supporting manufacturing companies from the three perspectives of design, equipment, and human resources. In FY3/2008, we achieved rapid growth, including a 65% increase in consolidated sales and an 80% increase in operating income.

2002 Promoted specialization in the semiconductor manufacturing sector.
2003 Nippon Aim was listed on the JASDAQ.
2006 Entered a design and development business and a manufacturing equipment business.
2007 Became a holding company, making a new start as United Technology Holdings.

[FY3/2008-FY3/2015] Second growth period

Setbacks, caused by the global recession, and then a return to basics in order to achieve recovery

After achieving rapid growth through its expansion strategy, UT Group recorded a significant decline in profit, due to the global recession triggered by the global financial crisis in 2008. We then sold the design and development business and the manufacturing equipment business in efforts aimed at revival. We decided to return to basics of foundation and to concentrate management resources in the original worker dispatch business. The major setback caused by the economic recession therefore prompted us to rethink our purpose and what we should achieve in business. This turned into our second growth period and a trigger for the foundation of our base to date.

2009 Changed company name to UT Holdings Co., Ltd.
2009 Sold the design and development business and the manufacturing equipment business.
2010 Broke away from dependence on semiconductors and Nihon Aim and shifted to an all-direction strategy.
2012 Changed all subsidiaries' names to start from UT.
2015 Launched the One UT and the Next UT.

[FY3/2016 -] Second founding period

Toward the realization of a career platform concept that allows both workers and client companies to grow together

UT Group was ahead of the times in developing various leading initiatives for personnel development and career formation, in addition to the launch of the One UT and the Next UT in 2015. These initiatives have gradually become our strength in being chosen by workers and client companies alike. We grew to become a top company in scale in the manufacturing dispatch industry in 2018. Our business has been highly accredited externally, including the receipt of the Porter Award in 2019. We are now moving forward to the next stage.

2018 Became Japan's No. 1 in manufacturing dispatch.
2018 UT Aim received the Grand Prize of the Good Career Award.
2019 UT Group received the Porter Award.
2019 Announced the long-term management vision "UT Vision 2030".
2019 Changed market listing to the First Section of the Tokyo Stock Exchange.

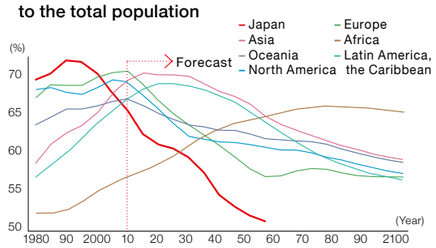
The challenges of the Japanese labor market and our solutions

Behind the stagnant Japanese economy are a number of challenges faced by the outdated labor market. The realization of a labor market suitable for the new era is one of the visions UT Group wants to realize.

The rapidly declining ratio of the working-age population

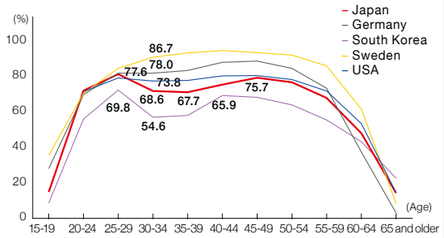
The ratio of the working-age population in Japan is lower than in other countries and is expected to decline further in the future. At the root of the problem is the declining birthrate and aging of the population, and the employment rate of older workers (aged 65 and over) is rising. Another issue facing Japan is the low labor force participation rate of women in their late 20s to 30s. Japan needs to create an environment in which there are viable measures to offset the birthrate and aging issues, including measures that contribute to improved quality of work and of worker satisfaction and diversification of the workforce that will also work to increase the labor participation rate.

The ratio of the working-age population to the total population



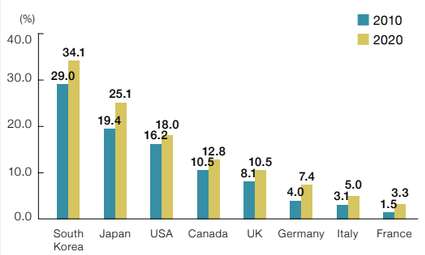
* Compiled from the "Global Economic Trends 2011, I" by the Cabinet Office
* Figures from 2010 onwards are forecasts as the date of the report.

Women's labor force participation rate by age (international comparison)



* Compiled from the "Cabinet Office's White Paper on Gender Equality, 2013 Edition"
* "Labor force participation rate" is the ratio of the employed population (employed + unemployed) to the population aged 15 and over
* Japan's Ministry of Internal Affairs and Communications' "Labor Force Survey (Basic Aggregation)," and ILO's "LABORSTA" and "ILOSTAT" for other countries

Percentage of employment of older workers in major countries



* Compiled from materials of the Statistics Bureau, Ministry of Internal Affairs and Communications (published in 2021)
* Based on the "Labor Force Survey (Basic Aggregation)" by the Ministry of Internal Affairs and Communications for Japan and "OECD.Stat" for other countries

Challenges to be addressed to compensate for the declining working-age population

Improve the productivity of each worker

In order to compensate for the declining ratio of the working-age population, it is essential to raise productivity per person.
An environment in which the necessary skills can be fully deployed is just as important as the improvement of skills of workers.

Raise the labor participation rate by creating opportunities for diverse workers to play an active role

It is necessary to create a friendly working environment for diverse people, including women, older workers, and non-Japanese and to support connecting these workers to companies.

Labor practices that have shaped Japan's unique labor market

In response to the issues presented by the labor market, the shift to so-called "job-based employment" is becoming a hot topic. But how does the Japanese labor market differ from that of other countries? In considering this, Japan's employment practices such as lifetime employment and procedures in hiring and training cannot be ignored. Here we pick up and explain typical practices.

Lifetime employment

Employment on a full-time basis is promised until retirement age
Dismissal is not easy except for poor performance by companies

Japanese companies have recruited workers by guaranteeing "(implicit) permanent employment until retirement," but now that the economy is sluggish, institutional collapse of the practice is foreseen, as its disadvantages such as upward pressure on costs and stagnant provision of motivation for growth have been given greater importance.

Seniority

Salary increases or promotion by age are promised independently of the evaluation of responsible work and work performance

The seniority system that determines employees' evaluation based on their age is another practice that has long been accepted in Japanese companies as a set with lifetime employment. This conflicts with the proper evaluation of performance and is a factor pushing up labor costs due to the aging of employees.

New graduate recruitment and in-house training

Concentrated timing of hiring upon graduation from high schools or universities
Work skills are acquired through in-house training

Another of the common labor practices in Japan is the concentration of hiring of employees based on the timing of the end of an academic year and student graduation. There is a tendency to overlook work-related qualifications in favor of developing skills by in-house training and job rotation. Expertise thus takes more time to accumulate, possibly narrowing the range of career choices.

What is needed to make fuller use of the total labor force in society as a whole

Realize a society where workers can advance their career within their adopted profession without excessively relying on companies

Revitalizing the external labor market without being bound by the Japanese traditional value of "working for one company until retirement" will be basic to improving the labor force.

Create an environment in which job roles and skills are appropriately evaluated

Practices of lifetime employment and seniority-based promotion prevent workers' skills to be properly evaluated.
The establishment of an appropriate evaluation environment will lead to greater worker motivation for growth.

Solutions to change the old-fashioned labor market

With the working-age population declining, there is an urgent need to revitalize the external labor market in order to promote the optimal allocation and utilization of human resources across companies. In order to achieve this, it is necessary to break away from traditional labor practices and realize a “new workstyle” in which workers are matched with jobs according to their abilities, and evaluated appropriately while improving capabilities across companies. Such a future labor market is included in "the future workstyle platform" aimed by UT Group. People can work vigorously with a desire to grow when they have a workplace that suits each individual’s skills and where they can get fairly evaluated according to their abilities. The dispatch workstyle can be said to have even greater potential to support the Japanese economy in the future.

A traditional sense of values that praises working at one company for many years

Job rotation by transfer and relocation with no matching to a specified job

In-house personnel development based on hiring of new graduates all at once

Work environment with no flexibility in workstyle, making it hard for certain people, such as people from cultures and nations other than Japan

Japan’s labor market needs to adapt to the era of declining working-age population

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UT Group’s career platforms
based on the dispatched workstyle allow more people to play an active role in more than one company

⬇

To realize a "future workstyle platform" where all associates can work vigorously based on fair evaluation and access to advancement and growth opportunities

UT Group will become a presence that makes a big push to establish the future labor market (less dependance on the internal labor market and revitalization of the external labor market) that the Japanese government aims at.

- Improve the productivity of each worker
- Raise the labor participation rate by creating opportunities for diverse workers to play an active role
- Realize a society where workers can step up their career according to their profession without relying on companies
- Create an environment in which job roles and skills are appropriately evaluated

Long-term management vision

UT Vision 2030

UT Group will become the company with a future workstyle platform.

**There is a need for a platform that supports diversity in workstyles.
We must create a society that supports the growing number of career options.
We aim for a society where everyone can work and live in their own way with peace of mind. UT Group has been and will continue to be a supporter of workers.**

Basic Policy

"Do what the worker feels valuable."

Since our founding, we have emphasized the importance of expanding the potential of individual workers and enabling them to realize “growth” through their work. To this end, we have created a work environment with “reassurance” and that can create “bonding” with the company and co-workers. We have realized all of these as we have pursued the value we provide by treating "workers" as our customers. This attitude of standing by people and staying face to face with them is the essence of UT Group, essence that will not change in the future.

Main theme

"Provide the best service for workers"

Looking ahead to the next 10 years, in order to further expand the potential of workers, we will promote diversification of working conditions, such as job types, places, and hours of work. We will also match jobs with education and training tailored to each worker's life stage and needs, regardless of age, gender, nationality, or race. Further, we aim to improve the quality of work and contribute to the growth of society as a whole by providing "reassurance" to workers not only for their working hours but also for hours away from work.

1

Satisfy everyone's desire to work

We offer a variety of workplaces and workstyles as well as the possibility of improving skill-advancing opportunities, to satisfy everyone who wants to work.

2

Engagement by foreigners, too

We support workers from outside Japan and encourage them to be enthusiastic regarding work, their workplaces, and outlook for continuous career development.

3

Always being reassured

In addition to ensuring an appropriate legal compliance environment in the workplace, we strive to improve the quality of work by supporting workers even during off time.

By providing value in the form of "growth" to workers, we add value to our client companies, which ultimately leads to the "growth" of society as a whole.

The Fourth Medium-term Business Plan

UT Group will create a platform that supports diversity of workstyle and help each and every worker become empowered.

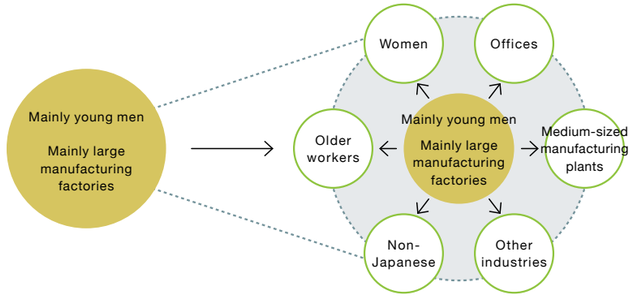
What we want to accomplish in the Medium-term Business Plan

Medium-term management targets

Becoming the company with a career platform that caters to as many workers as possible

1 Expand coverage of the career platform

The recruitment target, which has mainly been young men, is being expanded to include women, older workers, and non-Japanese. The client target is also being expanded to medium-sized factories, offices, and other industries, in addition to large manufacturing companies. We will thus establish a new platform that brings in diverse people.



2 Respond to various workstyles in accordance with the life stage of associates

We are responding to the needs of people who want to grow at work and advance their careers as well as those who want a stable job in the same geographic area. We are prepared to support diverse workstyles tailored to the life stage and needs of each worker. We will create an environment that facilitates working by women and older workers, and a system to support their career development.

Focus on career advance in work

- Career advance in workplaces nationwide
- Career consulting to support workers grow
- Skill-up training programs

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Providing growth opportunities

Focus on stability in work

- Employment stability that ensures no change in work area and career
- Career consulting tailored to the life stage
- Career path to a growth stage

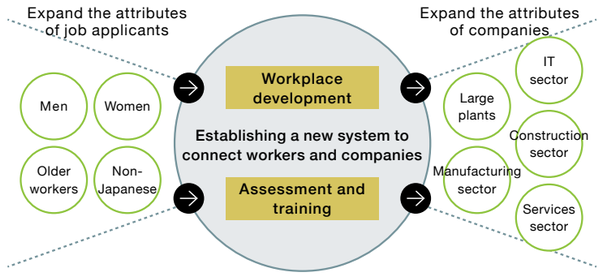
↓

Providing stable job opportunities

Workstyles tailored to the life stage

3 Expand job types and career paths

We are further expanding options, such as the attributes of companies to be dispatched and the types of jobs to choose from. We will respond to more workers by further developing workplaces to realize diverse workstyles across Japan, and by enhancing assessment and education systems for work in a variety of industries and job types.



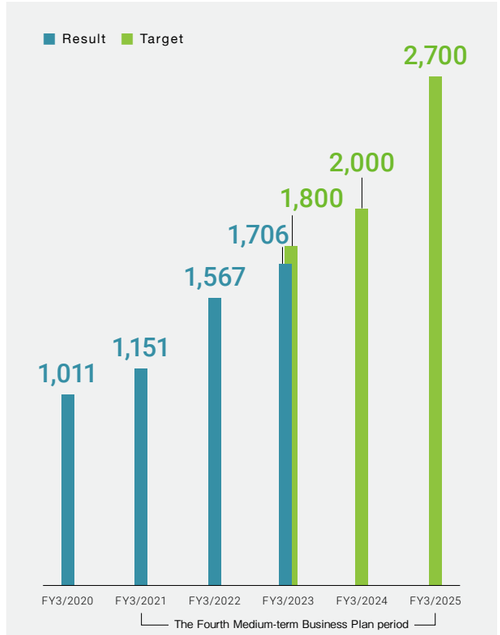
Performance goals

In the two years leading up to FY3/2022, UT Group achieved the sales target one year ahead of the plan. So we have revised upward the targets for FY3/2023-FY3/2025 as of May 13, 2022.

Net sales

FY3/2025 target

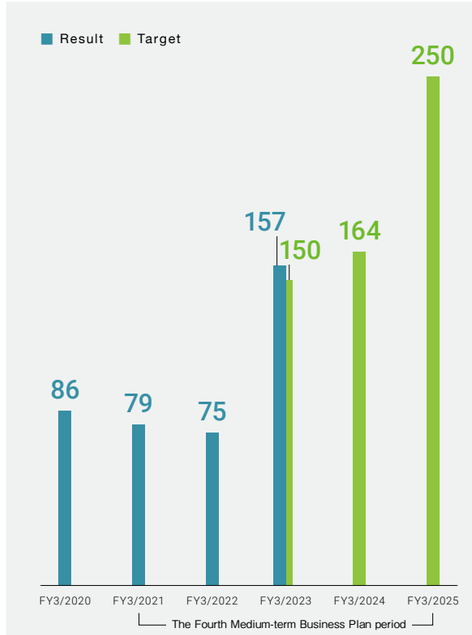
¥270 billion



EBITDA

FY3/2025 target

¥25 billion



Commitments

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

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

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 through 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 realizing an optimal balance of debts and shareholders' equity, which stems from efficient business operation and capital policy.

Six main themes of the Fourth Medium-term Business Plan

1

Develop and provide manufacturing workers

We will further strengthen and expand the industry-leading manufacturing personnel services established in the third medium-term business plan, and make a robust base as a core business. Specifically, we will incorporate HR Technology and other technologies into UT Group's core functions of hiring and personnel development, in order to improve functions, raise efficiency, and enhance the quality of corporate services. At the same time, we will effectively promote the career formation of our associates in response to their career-oriented workstyle.

2

Expand area platforms

Depending on their life stage, some associates may prefer a stability-first workstyle. We will therefore include a function of offering a stable living base in the career platform and further expand that role. Specifically, in order to quickly respond to different local needs of clients, we will reorganize our area offices to expand their role and enable them make own decisions from sales to recruitment.

3

Create vigorous work environment empowering non-Japanese workers

In Japan, where the population of production ages is declining, workplaces that support Japan's manufacturing are facing a major challenge of securing workers. Meanwhile, in emerging countries, the manufacturing industry is expected to grow along with their economic development. Anticipating the growing needs of non-Japanese who want to acquire skills in Japan and work in their home country and the growing needs of Japanese companies that build manufacturing bases in emerging countries, we aim to foster non-Japanese workers in Japan and serve as a bridge between Japan and emerging countries.

4

Exploit work areas for highly-skilled engineers

Technology is critical to improving corporate productivity. In addition, more highly-skilled people with knowledge and experience across business domains are needed due to an increase in product development where software and networking are integrated with manufacturing. We will expand business and enhance functions in this area, through alliance with proven large companies and M&As, in order to respond to the needs of engineers who want to continue working in the technical field by expanding their scale and enhancing their functions.

5

Accelerate support for the personnel mobilization

The Elderly Employment Stabilization Act, which was revised as part of the Japanese government's campaign for a society in which all 100 million people can work actively, requires companies to rehire those who want to work after retirement. UT Group aims to support continued employment by establishing joint-venture companies, particularly for large companies with large numbers of employees, and to develop workplaces where the wealth of experience of older workers is used in a variety of fields.

6

Building a business base in new job areas

UT Group takes over operations in non-core businesses, such as manufacturing of non-core products and office dispatching, as well as personnel engaged in these areas from manufacturers which need to reorganize operations due to changes in the business environment and management strategy. We will establish a business base in new areas such as office dispatch and business process outsourcing (BPO), using new companies that have joined in UT's Solution Business as a base.

Three growth strategies

1 One-Stop Strategy for Major Manufacturers

Expand service to the engineer area

We will leverage our existing client base to expand the field of manufacturing engineers and strengthen our competitiveness.
By promoting career advancement from manufacturing operators to manufacturing engineers, we promote long-term retention of technical associates and increase our share in all processes of clients' plants.

Promote career advancement from manufacturing operators to manufacturing engineers → Produce 1,000 manufacturing engineers per year → **Increase share in all processes of clients' plants**

2 Area Platform Strategy

Building a structure that will allow associates to grow their career locally

We will accelerate industry reorganization by promoting alliance and M&A with dispatch operators with a solid local business base. Through management integration, we will enhance local workplaces, build a career platform that encompasses the area, and improve profitability.

Competition of small dispatch operators within an area
Hiring and labor management by each operator
Individual management by small and medium-sized operators
→ Promote M&A of local dispatch operators and accelerate industry reorganization → **Build a career platform that encompasses the area**

3 Solution Strategy

Promote support for personnel mobilization of major manufacturers

We will provide support for HR mobilization in response to the structural reform demand of large companies. We will support their HR strategies with a focus on reviewing their fixed workforce composition and business portfolio and solving their managerial issues including reemployment of their retiring employees.

General electronics manufacturers
Business reorganization is underway to respond to changes in the international competitive environment, such as the rise of emerging economies due to cheap labor and the globalization of supply chains.

Automakers
The technology evolution has dramatically changed the competitive landscape and major automakers' business reorganization is likely to be accelerated.

→ Promote HR mobilization by taking over the employment of client employees and expanding the workplaces → **Further increase in demand for structural reform due to the post-COVID-19 changing business environment**

The basic strategy for each segment

Manufacturing Business	Engineering Business	Solution Business
1 Develop and provide manufacturing workers 1 One-Stop Strategy for Major Manufacturers		5 Accelerate support for personnel mobilization 3 Solution Strategy
2 Expand area platforms 2 Area Platform Strategy	4 Exploit work areas for highly-skilled engineers Base building through M&As	6 Build a business base in new job areas Base building for existing business companies
3 Create vigorous work environment empowering non-Japanese workers Base building through M&As		

Priority growth strategy in the 5-year plan period
Longer-term measures for business base

Value creation process

UT Group is creating value that is deeply associated with the development of society in order to help realize a society where workers and companies can grow sustainably.

Based on a business model called the "Twin Customer Strategy," which enables all involved to achieve sustainable growth with both workers and client companies as its customers, we are building a value chain run by a sustainable cycle centered on HR development and the creation of better workplaces. By investing appropriate financial and non-financial capital into these two unique frameworks of UT Group, we will create economic value in our business and social and environmental value. This is one way we contribute to the realization of a better society as a company. By making the outputs as the starting point of a virtuous cycle, we will continue to work toward the realization of the vision, “Becoming the company with a future workstyle platform.”

Financial capital: Debt to equity ratio (D/E ratio) = Interest-bearing debt/ Shareholder's equity

Human capital: Professional Career Partner (PCP): A professional who supports the career formation of technical employees from a long-term perspective / Career Partner (CP): An in-house certified career counselor that supports technical employees' job assignment at their workplace and also helps their career formation

Intellectual capital: Career development expenses: total expenses for system design for career formation support and for career development operations such as training content development

Natural capital: Energy consumption: Annual electricity usage of UT Group

Operating performance: Gotanda headquarters / Gasoline consumption: Annual gasoline consumption for company vehicles managed by UT Group

Career formation support: Work-creating value: UT Group's unique benchmark for providing work opportunities to many people and supporting their growth: Operating income + total personnel expenses

Greenhouse gas emissions: Users of career path: Annual users of the One UT, Next UT, UT Entry, and job transfer from technical employees to general employees
Calculation is based on the Green Value Chain Platform by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (METI)
Scope 1: Direct emissions of greenhouse gases from burning fuel at business sites
Scope 2: Carbon dioxide emissions from electricity use in offices
Scope 3: Major indirect emissions excluding the above (use of company vehicles for business)

Input

Financial capital

- Shareholders' equity (million yen) 28,016※
- Interest-bearing debt (million yen) 16,421
- Debt to equity ratio (D/E ratio) (time) 0.59※

Human capital

- Employees in Japan (person) 33,745
- Of which technical associates in Japan (person) 31,936
- Employees outside Japan (person) 13,735
- Of which technical associates outside Japan (person) 13,594
- Professional Career Partners (person) 12
- Career Partners (person) 677

Social capital

- Applicants (technical job, person) 141,524
- Interviews (technical job, person) 59,943
- New hires (person) 11,407
- Client companies[社] 2,034
- Workplaces[件] 2,854

Intellectual capital

- Career development expenses (million yen) 374

Manufactured capital

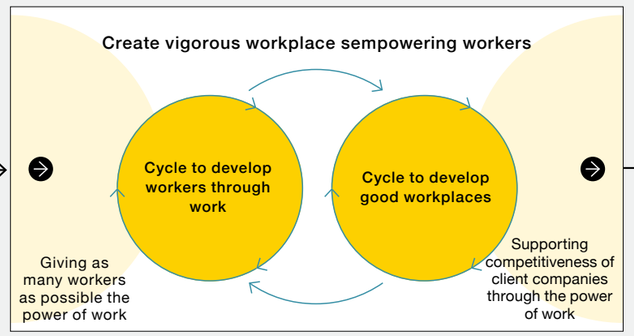
- Capital expenditures (million yen) 2,406
- Investment in software (million yen) 1,935

Natural capital

- Energy consumption (kWh) 67,574
- Gasoline consumption (ℓ) 1,061,254

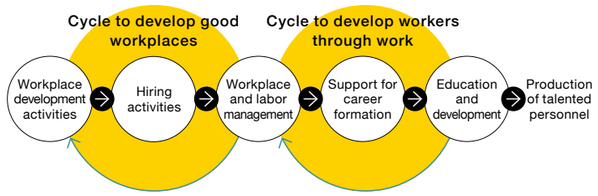
Business Model

Create vigorous workplace sempowering workers



Value Chain

UT's unique value chain to continuously improve a better working environment with workers



Mission
Create vigorous workplaces empowering workers

Vision
Becoming the company with a future workstyle platform

Values
We stand by people and stay face to face with them

Corporate Governance | **Basic Policy on Sustainability**

Output

Economic value

Realize appropriate profitability as a business to enable business continuity and return to various stakeholders.

Operating performance

- Net sales (million yen) 170,631
- EBITDA (million yen) 15,714
- EPS (yen) 232.72※
- Free cash flow (million yen) 10,864
- ROE 33.2%※
- Work-creating value (million yen) 152,543

Career formation support

- Participants in education courses (person) 57,242
- Career interviews conducted (time) 16,612
- Users of career path (person) 1,262
- Employee retention rate 96.5%

Diversity indicators

- Ratio of female associates 34.6%
- Ratio of female managers 13.5%

Greenhouse gas emissions

- Scope 1 [tCO_2] –
- Scope 2 [tCO_2] 29.2
- Scope 3 [tCO_2] 2,463.8

Social and environmental value

Contribute to solving social issues through our business, support each and every worker, and aim to realize a sustainable society.

Outcome

Vision

Becoming the company with a future workstyle platform

We at UT Group aim to realize a society in which all people who are willing to work are equally given opportunities for skill development and career formation, and are treated fairly.

Adjusted by excluding the stock-based compensation expenses

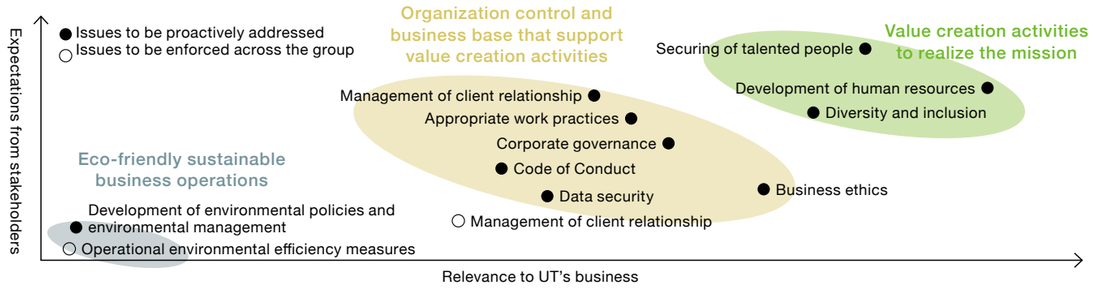
Challenges that must be addressed to grow together with workers

To realize a society where workers can live with reassurance.
Our key challenges (materiality) are closely aligned with our thoughts on workers.

The Essence of UT Group	Theme Category	Key Themes and Initiatives	Materialities	Activity Policy and Evaluation Indicators (for details from page 27)
Purpose / Mission / Vision / Values **Policy on Value Creation** Basic Policy on Individual Dignity and Growth	Value creation activities to realize the mission	Individuals' potential to be broadened **We respect and are engaged with each worker and continue to create an environment where workers can vigorously work.**	**Development of human resources** **Securing of talented people** **Diversity and inclusion**	Hiring activities Numbers of applicants (technical jobs), interviews (technical jobs), new graduates (technical jobs and general jobs), and mid-career hires (technical jobs and general jobs) Career formation support activities Total number of recipients of training courses Career path Numbers of One UT users, Next UT users, UT Entry users, and Job changers from a technical job to a general job HR development Indicators Median annual salary, median annual salary increase, monthly retention rate of technical associates, number of employees (domestic, domestic technical, overseas technical, and general jobs) Workplace development activities Number of client companies (domestic and overseas), and workplaces (domestic and overseas) Diversity indicators Numbers of older workers hired, disabled persons hired, and women hired (technical and general jobs), and ratios of female directors, female managers, and female associates
Basic Policies on Organizational Governance Basic Policy on Corporate Governance Basic Policy on Sustainability Basic Policy on Stakeholder Engagement Basic Policy on Internal Control System Basic Policy on Risk Management Basic Policy on Compliance Basic Policy on Information Security	Organizational support and business base to support value creation activities	Continued strengthening of business base **We continue to lead the staffing industry from the perspective of workers, without being constrained by legacy customs.**	**Appropriate work practices** **Health and safety of associates** **Data security**	Proper labor practices Acquirers of child-care leave (male and female), Rate of male employees taking childcare leave, Return rate after child-care leave, Acquirers of nursing-care leave. Indefinite-term employment ratio, and Fixed-term employment ratio Health and safety of employees Average overtime hours, Occupational accident incidence Data security Number of recipients of information security training courses
		Fair and transparent organizational controls **We foster a corporate culture that respects each individual, and maintain an open and fair corporate attitude.**	**Business ethics** **Corporate governance** **Code of Conduct**	Business ethics Recipients of compliance training courses, and cases of serious violations of laws and regulations Code of Conduct The number of cases received by the Whistleblower hotline, and cases of human rights-related consultations Corporate governance Attendees at the general meeting of shareholders, questions raised at the general meeting of shareholders, voting rights exercise rate, ratio of independent outside officers, average attendance rate of the Board of Directors, Board meetings held, Nomination and Compensation Committee meetings held, IT Investment Committee meetings held, Compliance and Risk Management Committee meetings held, Governance Council meetings held, and Management Committee meetings held
Basic Policy on Environmental Policy	Environmental-friendly sustainable business management	Appropriate environmental considerations **We recognize our impact on the natural environment and appropriately control it.**	**Development of environmental policies and environmental management**	Environmental management Greenhouse gas emissions, and paper consumption to sales

Materiality assessment process

In order to understand the social needs of the staffing industry so that we properly identify our materiality, we looked at the items of the SASB Materiality Map's service sector and the items that RobecoSAM has set as criteria to focus on in the Professional Services sector. We did this to facilitate extracting 12 items that are considered to be highly desirable in the staffing industry. We then had dialogues with external stakeholders and asked what they expected of UT Group. In order to discuss matters from a common perspective, we asked them to assign relative priorities to the 12 items of the staffing industry and asked for their specific opinions based on that. Similar processes were carried out internally, to receive opinions from executives, managers, associates, and others. We thus set priority on the relevance of UT Group's business to its items.



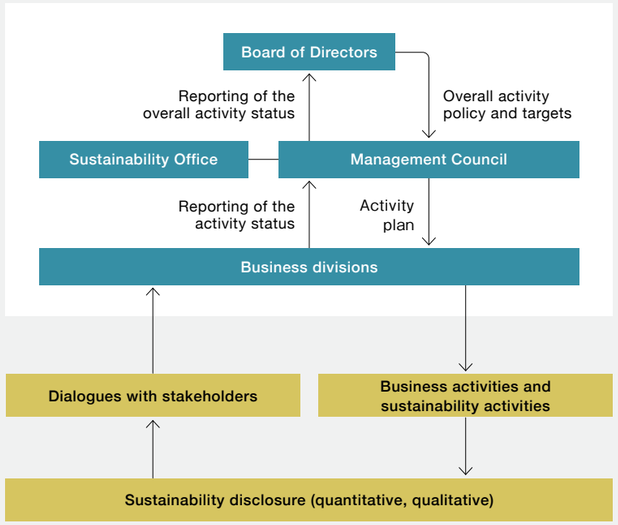
Toward the realization of sustainability management

We respect each and every worker, and aim to maintain harmony with society from the perspective of the workers.

Sustainability approach and promotion system

In order to create an environment in which as many people as possible who have the will to work can pursue their own potential, UT Group will work together with client companies to build good workplaces and create as many virtuous cycles as possible in society whereby both workers and companies can grow. All of our officers and associates strive for realizing an organization in which diverse individuals respect and make the best of each other, contributing to the sustainable co-existence and co-prosperity of individuals and society.

Sustainability promoting structure



Expand the potential of each and every one

● Materialities and goals

Development of HR

20% increase* in average annual income of technical associates by FY3/2025

We will provide access to our extensive career development support system, career paths that enable workers find the work of their liking, and personal bonding with a Career Partner and others, to help each and every one of our associates to grow.

* Target for FY3/2025 compared to FY3/2021

Securing of talented people

50,000-60,000 technical associates by FY3/2025

We are creating good workplaces where our associates can feel rewarded and growing, and work with vigor.

Diversity and inclusion

The ratio of women in managerial positions* to 15% by FY3/2025

In line with the diversification of workstyles, we emphasize diversity in which everyone can work their own way. We want to become a platform for workstyles that are not bound by any attribute, such as age, gender, or nationality.

* The ratio of women in managerial positions at UT Group and its major operating companies.

Benefits to UT Group's business

Increase in market share and in unit contract price	By securing abundant human resources, we will realize the worker dispatch system with quick response to client needs. Improvement of skills of the workforce contributes to improving the productivity of the dispatched company, that generally will result in an increase in the unit contract price. Improved customer satisfaction also leads to an increase in our share at the dispatched workplace.
Diversity to be secured to enhance hiring capabilities	Expanding the recruitment target to people with diverse attributes, such as women, older workers, and non-Japanese, will strengthen hiring capabilities. Ensuring diversity in the functions of the head office not only helps establish a sound management system, but also serves as a foundation for empowering diverse human resources.

Continuously strengthen the business foundation

● Materialities and goals

Appropriate work practices

Enabling diverse workstyles

We focus on ensuring that all associates receive fair evaluations and are rewarded in accordance with their proper workstyle and capabilities, without being bounded by industry practices. We will not tolerate any violation of human rights.

Health and safety of associates

Stable operations of associates to help realize customer value

With client companies, we develop workplaces that ensure safe and healthy work, and cooperation, so that each and every associate can continue to work with peace of mind.

Data security

Enhancing security literacy education

Regarding the handling of personal information of associates and job applicants as well as client information, we strive to ensure a high level of information security and cybersecurity in accordance with the relevant policies and regulations.

Benefits to UT Group's business

Synergies of a higher retention rate of associates and improvement in their skills	A reliable, safe work environment increases the retention rate of associates, leading to the improved effectiveness of training and reduced hiring costs. In addition, consulting for improving the workplace environment also has significant benefits for client companies, which leads to strengthening relationships with them.
Reduced business risks	We possess massive data, including personal information of associates and job applicants, as well as confidential information of client companies, and any unforeseen circumstances in information security can severely damage the business. The enhanced information literacy we achieve reduces these business risks and leads to sustainable business growth.

Fair and transparent organizational controls

● Materialities and goals

Business ethics

Ensuring thorough compliance

We thoroughly educate all officers and associates on compliance and continuously strengthen internal control. We also focus on the soundness of the worker dispatch industry by establishing a compliance system in the dispatched workplace.

Corporate governance

Continuous improvement of the effectiveness of the Board of Directors

With a strong awareness that our business bears great social responsibility, we are working to improve our system for accurate and prompt decision-making and business execution, as well as our system for supervision and monitoring.

Code of Conduct

Promoting understanding of human rights issues among officers and associates

The UT Group Code of Conduct and the UT Group Compliance Code of Conduct stipulate appropriate actions to comply with laws and regulations, social norms, internal rules and other rules to be taken, and that officers and associates shall comply with it.

Benefits to UT Group's business

Protection of associates who play the key role of the business	We believe that human rights compliance is of utmost importance to technical associates who perform their duties. All initiatives to enable technical associates to grow, and to improve both their retention rate and the workplace environment, are based on a high level of human rights awareness and commitment to the workers.
Compliance with laws and regulations related to worker dispatch	We believe that violations of laws and regulations and other compliance violations are business risks that may lead to cancellation of dispatch contracts, claims for damages, and loss of social credibility. In particular, understanding of many laws and regulations related to the worker dispatch business is indispensable for business continuity.

Appropriate environmental considerations

● Materialities and goals

Development of environmental policies and environmental management

Continuous reduction in the ratio of paper use to net sales

Based on the Basic Environmental Policy, we strive to efficiently use environmental resources, reduce greenhouse gases and other substances of concern that are emitted as a result of our business activities, and work to conserve the global environment. We also conduct education and enlightenment activities to ensure that officers and associates of our Group companies understand the importance of environmental conservation.

Benefits to UT Group's business

Meet the needs of client companies	Many of the large-scale manufacturers—our main clients—are working to reduce their environmental impact, including decarbonization, as an important management issue. They also ask business partners such as us to do the same and this is an important factor in enhancing the continuity of contracts.
Contribute to market sustainability	The realization of a sustainable society contributes to the business continuity of the client companies to which we are dispatched, which in turn leads to the continuity of our market.

Responding to climate change

In the event of a large-scale natural disaster related to climate change, production activities may be suspended due to damage to the manufacturing facilities of client companies or other disturbances, increasing physical risks related to the supply chain. In response to climate change and other environmental issues that have become more apparent on a global scale, we are building an environmental management system in line with the Basic Environmental Policy formulated in April 2021. In addition, we will continuously disclose information in accordance with the framework proposed by the Task Force on Climate-related Financial Disclosures (TCFD).

1 Governance

a. The process by which the Board of Directors receives reports on climate-related issues, how often they are addressed, and what are monitored
UT Group has established a company-wide risk management system to manage and analyze risks, including climate change, and to report the analysis to the Management Committee and the Board of Directors at least once a year.
b. Management's responsibility for climate-related issues, processes for receiving reports (e.g. committees), and monitoring methods
The President, who has the highest authority for climate-related issues, has established the Sustainability Office to promote sustainability at the Management Committee and the Board of Directors, and manages and promotes initiatives related to sustainability issues, including climate change.

2 Risk management

a. Details of the process for identifying and assessing climate-related risks and how to determine their importance.
As part of the company-wide risk management process, UT Group regularly conducts comprehensive risk assessments and identifies risks related to climate change. After that, the degree of importance is determined based on the frequency of occurrence and the degree of impact through interviews with related divisions.
b. Details and prioritization of critical climate-related risk management processes
For important risks, including climate-related risks, the Risk Monitoring Office monitors the status of measures and reports risk information to the Management Committee and the Board of Directors.
c. Status of integration into the company-wide risk management system.
UT Group's material risks, including climate change, are managed by the Management Committee after regular risk assessments, and the status of such risks is monitored by the Board of Directors.

3 Strategy

	Scenario	Potential financial impact	Commitment
Transition risks	Increased legal and social requirements for strengthening decarbonization efforts and the resultant increase in the cost to respond to these demands	Small	Take various measures to adapt to a decarbonized society
Physical risks	Loss of sales opportunities due to suspension of operations in the event of a natural disaster caused by climate change	Small	•Reduce the impact of a decline in sales through the introduction of compensation for absence from work in transaction contracts and other measures •Reinforce the system for quickly confirming the safety of associates
	Deforestation to accelerate climate change	Small	Reduce paper consumption in offices

4 Metrics and goals

a. Indicators used to manage climate-related risks and opportunities.
In order to curb paper consumption in offices, UT Group has adopted paper consumption to net sales (an index based on the ratio of FY3/2022 as 100) as an indicator.
b. Results

	FY3/2020	FY3/2021	FY3/2022	FY3/2023
The paper consumption to net sales*	100.0	79.8	57.0	42.0

* The indicator is calculated as 100 for FY3/2020

Sustainability Indicators (non-financial KPIs)

Indicators aimed at respecting the will of each and every worker, and aiming for co-existence and co-prosperity with society from the perspective of workers have been set as follows:

Broaden the potential of each individual

Hiring activities	FY3/2021	FY3/2022	FY3/2023
Applicants (technical jobs)	116,463*1	180,648*1	141,524*2
Numbers of interviews (technical jobs)	36,753*1	60,628*1	59,943*2
Graduates hired (technical jobs)	553*3	584*3	549*4
Graduates hired (general jobs)*5	17	22	12
Mid-career hired (technical jobs)	7,291*6	14,406*6	10,767*2
Mid-career hired (general jobs)*5	76	197	79
Career formation support activities	**FY3/2021**	**FY3/2022**	**FY3/2023**
Recipients of training courses	32,874*6	44,351*6	57,242*7
Career path	**FY3/2021**	**FY3/2022**	**FY3/2023**
One UT users	236*6	570*5	488*5
Next UT users	412*3	541*5	450*5
UT Entry users*5	348	295	272
Job changers, from a technical job to a general job*5	18	60	52
HR development Indicators	**FY3/2021**	**FY3/2022**	**FY3/2023**
Median annual salary*5	–	3,346,991	3,559,402
Median annual salary increase*8	–	+3.7	+7.8
Monthly retention rate of technical associates	–	96.8*9	96.5*4
Number of employees (domestic)*5	25,083	33,478	33,745
Number of employees (domestic technical)*5	–	31,636	31,936
Number of employees (overseas technical)*10	–	13,750	13,594
Number of employees (general jobs)*5	–	1,842	1,809
Workplace development activities	**FY3/2021**	**FY3/2022**	**FY3/2023**
Number of client companies (domestic)	1,538*5	1,658*11	1,953*5
Number of client companies (overseas)*10	–	86	81
Workplaces (domestic)	–	2,197*11	2,697*5
Workplaces (overseas)*10	–	157	157
Diversity indicators	**FY3/2021**	**FY3/2022**	**FY3/2023**
Older workers hired*5	–	181	265
Disabled persons hired	14*8	152*12	86*12
Women hired (technical jobs)	2,838*13	5,078*5	4,567*5
Women hired (general jobs)	36*14	72*5	22*5
Ratio of female directors*15	0.0	14.3	16.7
Ratio of female managersc*5	10.5	14.3	13.5
Ratio of female associates*5	28.9	28.7	34.6

Continued strengthening of business base

Proper labor practices	FY3/2021	FY3/2022	FY3/2023
Acquirers of child-care leave (total)*5	242	256	228
Acquirers of child-care leave (male)*5	–	27	34
Acquirers of child-care leave (female)*5	–	229	194
Child-care leave acquisition rate (male)*5	–	–	13.8
Return rate after child-care leave*5	79.6	83.2	57.0
Acquirers of nursing-care leave*5	4	12	8
Indefinite-term employment ratio	–	95.5*16	91.9*4
Fixed-term employment ratio	–	4.5*16	8.1*4
Data security	**FY3/2021**	**FY3/2022**	**FY3/2023**
Number of recipients of information security training courses*11	–	27,343	30,645
Health and safety of employees	**FY3/2021**	**FY3/2022**	**FY3/2023**
Average overtime hours	11.5*16	16.4*16	14.5*4
Occupational accident incidence rate (per 200,000 hours worked)*4	–	0.36	0.53

Fair and transparent organizational controls

Business ethics	FY3/2021	FY3/2022	FY3/2023
Recipients of compliance training courses	17,411*17	27,343*11	30,645*11
Cases of serious violations of laws and regulations*5	0	0	0
Corporate governance	**FY3/2021**	**FY3/2022**	**FY3/2023**
Attendees at the general meeting of shareholders*15	32	32	18
Questions raised at the general meeting of shareholders*15	3	4	8
Voting rights exercise rate*15	80.1	88.7	90.5
Ratio of independent outside officers*15	60.0	63.6	66.7
Average attendance rate of the Board of Directors*15	100.0	99.5	100.0
Board meetings held*15	19	20	16
Nomination Committee meetings held*15	4	1	–
Nomination and Compensation Committee meetings held*15	–	3	5
IT Investment Committee meetings held*15	9	13	12
Compliance and Risk Management Committee meetings held*15	12	12	12
Governance Council meetings held*15	–	4	2
Management Committee meetings held*15	–	35	35
Code of Conduct	**FY3/2021**	**FY3/2022**	**FY3/2023**
Cases received by the whistle-blowing contact	94*11	111*11	180*5
Cases of human rights-related consultations	–	18*11	32*5

Appropriate environmental considerations

Environmental management	FY3/2021	FY3/2022	FY3/2023
Greenhouse gas emissions*18,*19	1,738.7	1,900.5	2,493.1
Greenhouse Gas Emissions (Scope 1)	–	–	–
Greenhouse Gas Emissions (Scope 2)	26.1	29.2	29.2
Greenhouse Gas Emissions (Scope 3)	1,712.5	1,871.2	2,463.8
Paper consumption to sales*20,*21	79.8	57.0	42.0

*1 UT Aim, UT Community, Support System, UT Pabec, UTHP, and UT Construction
*2 UT Aim, UT Connect, and UT Construction
*3 UT Aim, UT Pabec, UT Technology, and UT Construction
*4 UT Aim, UT Connect, UT Technology, and UT Construction
*5 UT Group companies in Japan
*6 UT Aim, UT Community, UT Pabec, UTHP, UT Technology, and UT Construction
*7 UT Aim, UT Connect, FUJITSU UT, UT Toshiba, UT Technology, UT Construction, and UT Heartful
*8 Manufacturing Business and Engineering Business
*9 UT Aim, UT Community, UTHP, UT Technology, and UT Construction
*10 Overseas UT Group companies
*11 UT Group companies in Japan except UT FSAS CREA
*12 UT Group and UT Heartful
*13 UT Aim, UT Community, Support System, UT Pabec, UTHP, and UT Construction
*14 UT Group, UT Aim, UT Community, Support System, Seekel, UT Pabec, UTHP, FUJITSU UT, UT Toshiba, UT System Products, UT MESC, UT Technology, and UT Construction
*15 UT Group (Attendees at the general meeting of shareholders include the live video viewers)
*16 UT Group, UT Aim, UT Community, UT Pabec, UTHP, UT Technology, UT Construction, and UT Heartful
*17 UT Group, UT Aim, UT Community, UT Pabec, UTHP, FUJITSU UT, UT Toshiba, UT Technology, UT Construction, and UT Heartful
*18 UT Group and UT Aim
*19 Emissions are calculated based on the "Green Value Chain Platform" of the Environment Ministry and the Ministry of Economy, Trade and Industries.
Scope1: Direct emissions of greenhouse gases from burning fuel at business site
Scope2: Carbon dioxide emissions from electricity use in the offices
Scope3: Major indirect emissions excluding the above (use of company vehicles for business)
*20 UT Group, UT Aim, UT Community, UT Pabec, UTHP, UT Toshiba, UT System Products, UT Technology, UT Construction, and UT Heartful
*21 ndicators are set based on 100 for FY3/ 2020.

CHAPTER

1

Growth strategy through human capital management

We will expand the “diversity” of workers, increase their “market value” through growth, and strengthen “engagement” through an extensive support system.
UT Group's approach to human capital management is to maximize the power of workers through investment in hiring and development



The worker dispatch market and challenges faced by the non-regular employment

As accommodating diversity of workstyles is desired, we must confront the obstacles of disparity between non-regular employees and regular employees.
We believe that diversity and sustainability can only be achieved if everyone is fairly valued and treated.

It is said that the business of dispatching labor has existed in Japan since the pre-modern Edo period. Prior to the enforcement of the Worker Dispatching Act, however, it was in the form of “job contracting” because the dispatch business had not been approved. The pioneer companies in the worker dispatch business were born in the 1960s and 1970s, and the Worker Dispatching Act was enforced in 1986, creating the foundation for current worker dispatch services.
Thereafter, the expansion of the scope of dispatch work through revisions to the Worker Dispatching Act expanded the worker dispatch market. Although the instability of employment during recessions tends to be a problem, the market is expected to expand further amid growing social needs for diverse workstyles in tandem with an emphasis on the protection of workers.

Types of employment in Japan’s labor market

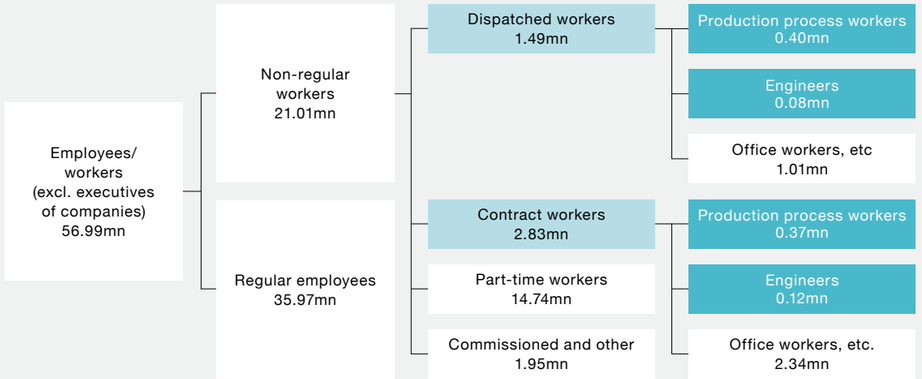
Japan’s labor market can be classified by three factors: direct or indirect employment, contract period, and applicable law. As opposed to regular employees who are primarily full-time employees of a company, non-regular workers include part-time workers, contract workers, and dispatched workers. Dispatched workers do not have a direct employment relationship with the company they are dispatched to. The company they work at and the company by whom they are paid are different, and the Worker Dispatching Act is applicable to them.

Classification				Term of the employment contract	Applicable legislation
Employment status	Direct	Regular	Full-time employee * Limited full-time employee	Indefinite (open-ended) term	Labor Law in general
		Non-regular	Part-time worker	Fixed term	Part-time Labor Act
			Contract worker	Fixed term	Labor Contracts Act
	Indirect		Dispatched worker or temporary worker	Fixed/Indefinite (open-ended) term	Worker Dispatching Act

The strategic targets and the areas of strength of UT Group

The size of the worker dispatch market targeted by UT Group

UT Group’s main target is the dispatch of workers engaged in production processes in the manufacturing industry, with a primary focus on the semiconductor, automotive and machinery sectors. According to the Labor Force Survey FY2022 by the Statistics Bureau of the Ministry of Internal Affairs and Communications, out of 1.49 million dispatched workers in Japan, there are 400,000 production process workers who are the target for UT Group. In addition, 80,000 engineers with more advanced skills and knowledge in the dispatched worker category as well as 370,000 production process workers in the contract worker category are also UT’s prospective target categories.



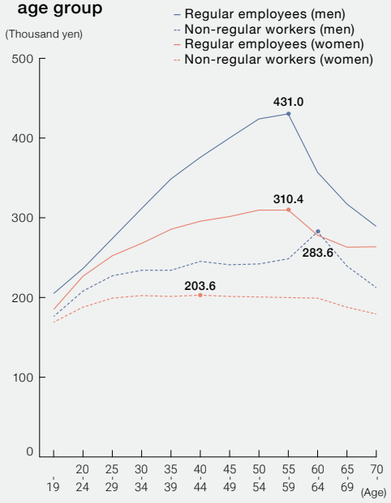
From the Labor Force Survey, Statistical Bureau, Ministry of Internal Affairs and Communications basic data for FY2022)

Challenges faced by the non-regular employment

Differences in evaluation and treatment that cause disparities

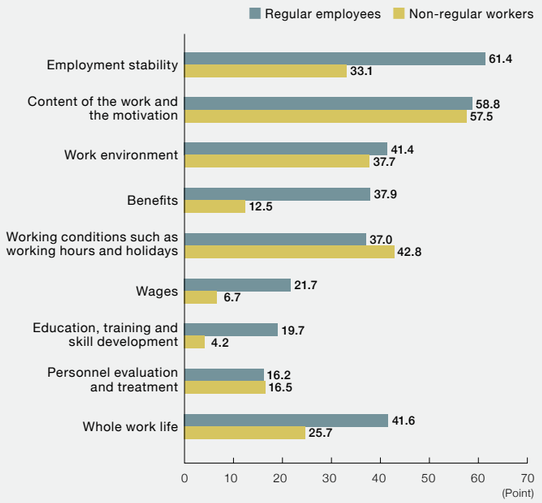
The number of non-regular employees is on an upward trend against the backdrop of various social changes, on the back of various changes in society, including the need for companies to shift from Japanese-style employment practices and the trend for job seekers to prefer diverse workstyles. At the same time, the disparity between regular and non-regular employees is still a major issue. Recent surveys show that the wage gap between regular and non-regular workers is large regardless of gender and age. The survey of individuals also reveals that there are many work environments where non-regular employees are not satisfied concerning job security, benefits, and education and training, in addition to wages. Since its founding, UT Group has been pioneering efforts to eliminate these disparities in order to enable diverse workstyles in which each and every worker is fairly valued and rewarded. We are continuing these efforts to this day.

Wages by employment type, gender, and age group



* The "Basic Statistical Survey on Wage Structure" (FY2021) by the Ministry of Health, Labour and Welfare

Satisfaction with the current workplace by employment type

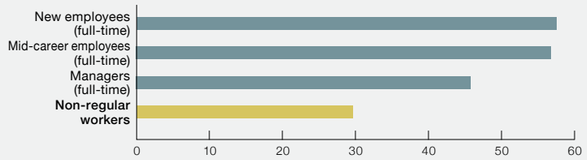


* Compiled from the "Comprehensive Survey on the Diversification of Employment Types" of the Ministry of Health, Labour and Welfare (FY2018)

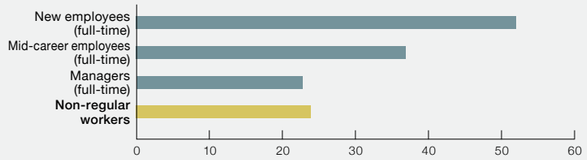
Lack of support for career advancement of non-regular employees

Although the revised Worker Dispatching Act of 2015 required dispatch companies to train their dispatched workers, educational support has not yet been enhanced. The 2022 Basic Survey on Skill Development by the Ministry of Health, Labour and Welfare shows the reality that both off-JT and OJT undertaken for non-regular workers were far less than for full-time employees. The lack of career formation support for non-regular employees, particularly among young people, is a noteworthy problem as it is expected to eventually affect the future growth of the Japanese economy. UT Group's extensive career development support system is highly regarded as an initiative that contributes to society in this respect.

Dispatching offices which carried out off-JT (by job class) [%]



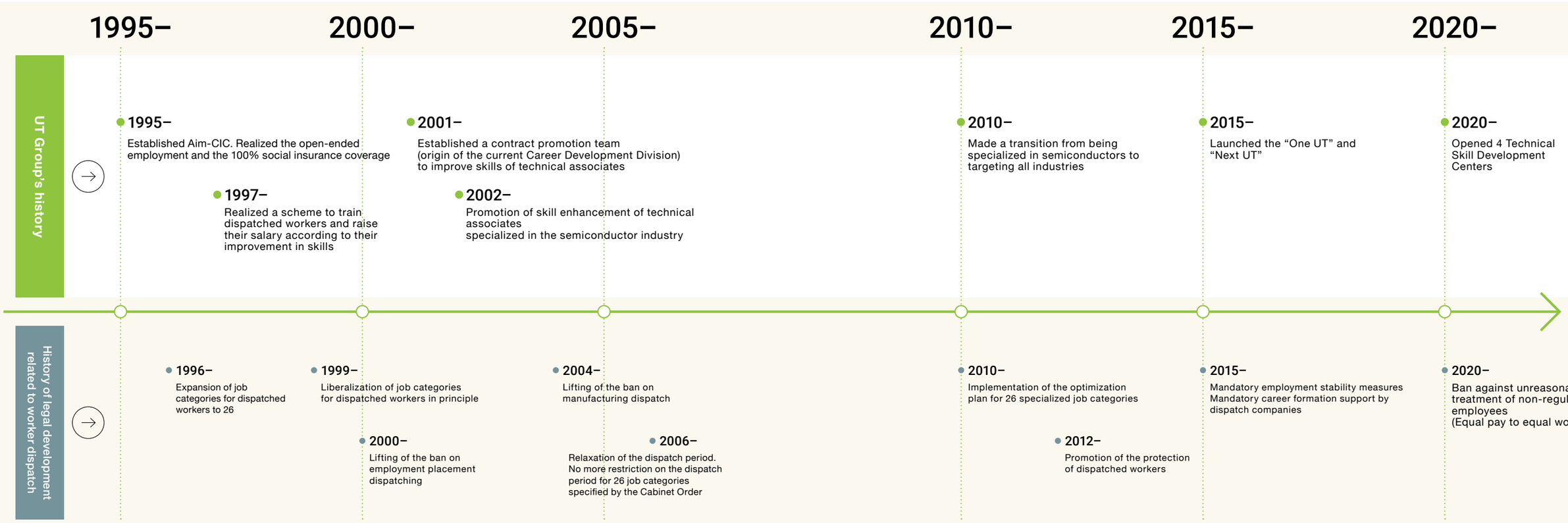
Dispatching offices which carried out planned OJT (by job class) [%]



From the Basic Survey on Skill Development (2022) of the Ministry of Health, Labor and Welfare

The history of UT Group, which has continuously challenged norm

The worker dispatch market in Japan has expanded and become transformed, due to the impact of social circumstances and legal revisions. UT Group has been a leader in the industry in adopting new systems, including the open-ended employment of dispatched workers.



What UT Group, a pioneer and frontrunner of the worker dispatch market, has done

What UT Group did		Revisions of the Worker Dispatching Act			
■ Protection of agency workers					
1995–	Employment of regular employees and 100% social insurance coverage	2012–	Promotion of protection of dispatched workers Prohibition in principle of day worker dispatch Regulations on worker dispatching within group companies, etc.	2015–	Mandatory employment stability measures Requirement to employ a dispatched worker at the same company for more than three years as its indefinite-term employee, etc.
■ Evaluation and wage systems					
1997–	Implement a system to increase salary based on technical improvement	2015–	Requirement to consider assurance of balanced treatment Wage to be determined by taking into consideration job type, ability, experience, etc.	2020–	Equal pay for equal work Treatment to be fairly determined regardless of employment status
■ Support for development and career formation					
1997–	Establishment of its own training/ development programs	2015–	Mandatory support for education, training, and career development Implementation of gradual, systematic education and training, career consulting, etc.	2020–	Balanced treatment for education and train Balance treatment for use of welfare facilities and for opportunities for education and training
2001–	Start of career formation support by the outsourced service promotion team				

Having changed the industry's taken-for-granted practices for a quarter of a century, with a strong conviction in "what we believed right"

UT Group's actions that prioritize workers, such as indefinite-term employment and 100% social insurance coverage, were sometimes ridiculed by the industry as "insane." However, the initiatives we have pioneered have now become the standard in the HR industry, as if the legislation is chasing after us. The ability to identify and push forward what we believe the right way is the engine that supports the growth of UT Group.

More details on the revisions of the Worker Dispatching Act

Expansion of job categories for worker dispatch

When the Worker Dispatching Act came into effect in 1986, the number of allowable job categories for worker dispatch was limited to 13 specialized jobs, but 13 jobs were added to the allowable categories in 1996 and the limit to the categories was lifted in 1999.

Setting of the dispatch period

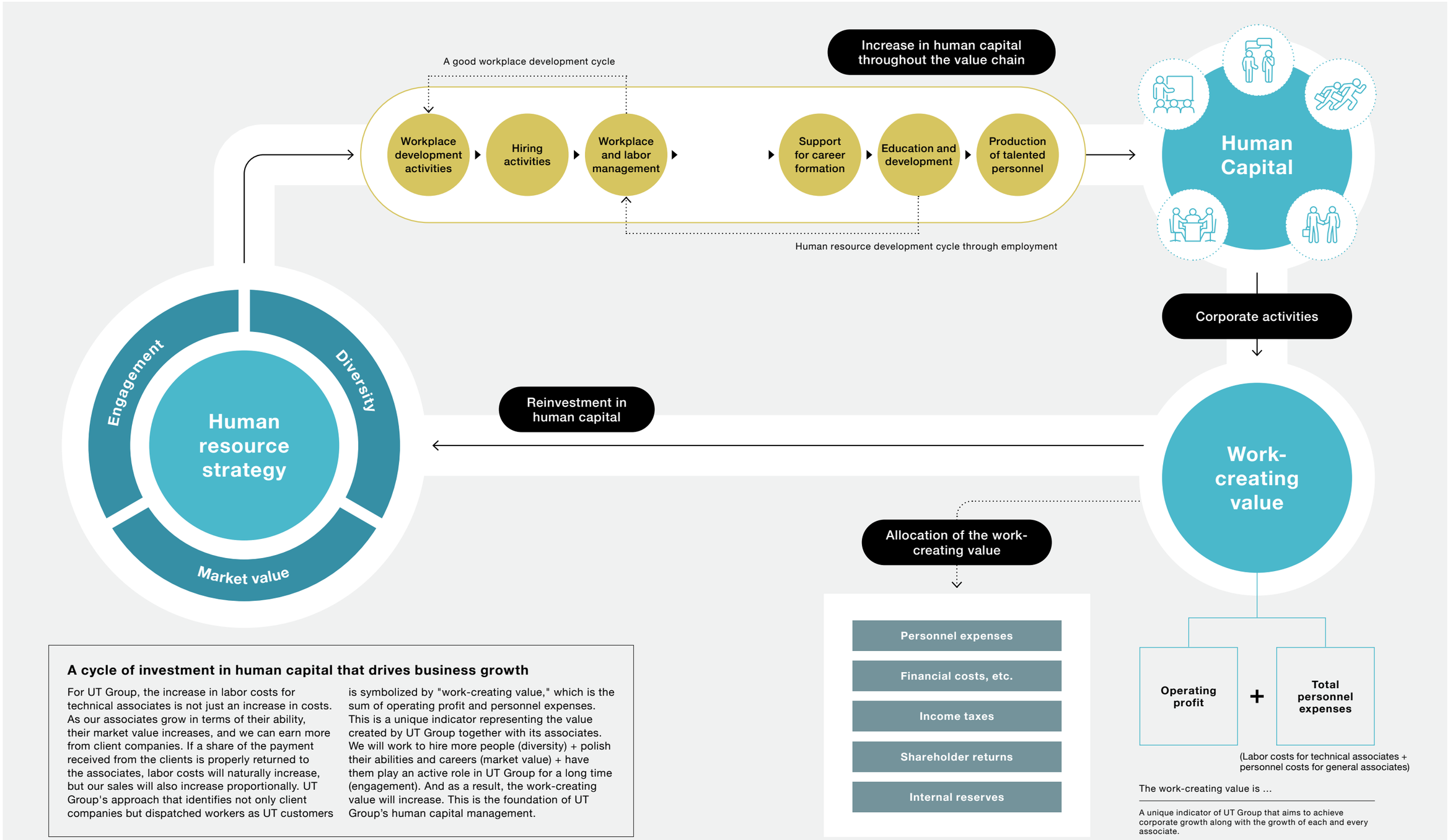
The dispatch period, which was limited to one year in 1986, has been relaxed as business expanded, and now it is limited to a maximum of three years for all job categories. At the end of the dispatch period, it is mandatory to listen to the requests of dispatched workers and take measures for their stable employment.

Protection of dispatched workers

In the wake of the revision in 2012, the Dispatching Act has become more protective of dispatched workers. After the tightening of business regulations to ensure that dispatched workers are not disadvantaged, the promotion of stable employment, education and training, and career consulting have also been mandated since 2015.

A cycle of investment in human capital centered on work-creating value

**UT Group has been investing in working men and women and striving to increase their value long before "human capital management" attracted attention.
The underlying concept here is "work-creating value," a unique value standard of UT Group.**



A cycle of investment in human capital that drives business growth

For UT Group, the increase in labor costs for technical associates is not just an increase in costs. As our associates grow in terms of their ability, their market value increases, and we can earn more from client companies. If a share of the payment received from the clients is properly returned to the associates, labor costs will naturally increase, but our sales will also increase proportionally. UT Group's approach that identifies not only client companies but dispatched workers as UT customers is symbolized by "work-creating value," which is the sum of operating profit and personnel expenses. This is a unique indicator representing the value created by UT Group together with its associates. We will work to hire more people (diversity) + polish their abilities and careers (market value) + have them play an active role in UT Group for a long time (engagement). And as a result, the work-creating value will increase. This is the foundation of UT Group's human capital management.

Expand the diversity of human resources and workplaces

Create an environment where each associate can work and grow each in their own way

Workplace development in collaboration with companies to create opportunities for associates to be empowered

UT Group not only develops client companies to be dispatched to, but also works together with client companies to improve working conditions and working environment. This is a characteristic of UT Group's workplace development. While supplying highly skilled workers that are nurtured through HR development such as education, training, and career development support, UT Group asks client companies to provide good working conditions as well as a good worker-friendly working environment. We work together with client companies to create workplaces where diverse people enjoy working and strengthen compliance, contributing to the creation of good workplaces which attract highly-skilled workers. Consequently, attractive workplaces where diverse people can work comfortably are created, generating a profit to client companies.

Strengthening hiring capabilities to secure diverse human resources

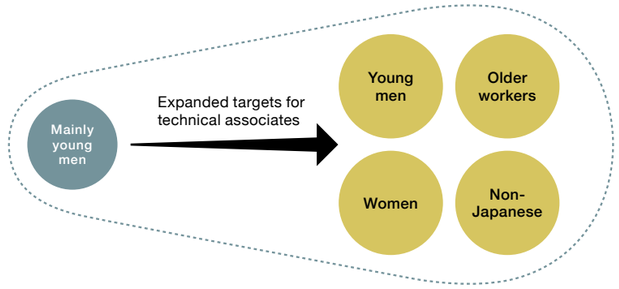
Using hiring methods tailored to the characteristics of each area, we conduct hiring activities to match the needs of job seekers with the needs of client companies on a nationwide scale. We have a wide range of hiring channels, including recruitment marketing to attract job seekers, call centers to serve as a contact point for job seekers, real interviews at our bases nationwide, and online interviews. In April 2022, we opened JOBPAL, a job site that integrate hiring information of all Group companies, and are expanding our contact points with job seekers.

JOBPAL greatly improved the efficiency by hiring

BEFORE	AFTER
Hiring activities by each operating company	Integrated management of information on jobs and job seekers of UT Group
Uncoordinated, different formats of job information	Building of a member network of job seekers to enable matching with client companies
No sharing of information on job seekers	

Creating opportunities for more workers to be empowered so as to offset the decreasing working-age population

In Japan, where the working-age population is expected to decline significantly, one of the pressing issues that needs to be addressed is to raise the labor participation rate. To this end, it is important to create a friendly working environment for women, older workers, non-Japanese, and other people who have not been able to achieve their desired workstyle due to lifestyle and working environment issues. UT Group creates diverse workplaces that make it easy for many people to participate, contributing to solving social issues.



Realize a workstyle that suits associate lifestyles

While targeting job seekers with diverse values, we find it important to create workplaces that satisfy both “career-oriented” people who want to make use of education, training, and systems that provide opportunities—unique to UT Group—and “stability-oriented” people who want to work in the preferred local area for a long time and with freedom from work-related anxiety. UT Group, led by its Area Business in particular, is building a system to meet a wide range of job seekers' needs, such as proposing career paths tailored to life stages.

Career-oriented workers who are looking forward to making strong growth	Stability-oriented workers who want to work only in their local area
Career plan with the possibility of transfer to different parts of Japan	Desire to work with peace of mind for a long time in a good local workplace
Career change from an operator to an engineer	Availability of career paths that match different life stages
Possibility of transferring to a client company or from a Group company to UT Group	Support system that enables diverse workstyles

Ensuring diversity and improving the working environment for general associates

INTERVIEW

Becoming an organization that turns diversity not bound by gender or age into a “strength”

The Diversity Promotion Project strives to resolve issues concerning big themes relevant to female technical associates, nurturing female managers, and reforming workstyles, as well as lesser themes, such as improving work-life balance, fostering career awareness among female associates, and creating workplaces compatible with changes in life stages. The ratio of women in the manufacturing industry tends to be low to begin with. So we find it important to first hire and develop female technical associates who will serve as role models, and have them play an active role, not only at our company but also at our dispatched workplaces. At the same time, it is essential to increase the number of female managers who will become mentors for female technical associates and create opportunities for development, and to collaborate with client companies to create better workplaces. Beyond that, we aim to create an environment where it is normal to have associates with diverse attributes, regardless of gender, play an active role. I am convinced that by incorporating diverse ways of thinking and ideas UT Group will become a stronger, more flexible, formidable team.



Leader in FY3/2022 and FY3/2023 Diversity Promotion Project

Natsuki Mori

Joined UT Aim in 2016. After working as a technical associate and manager, in 2019, she used the Entry System and changed her career post to a general (non-technical) position. She is currently the manager of Group 2 of Motor East Japan Second Section.

To establish a workstyle that matches the needs of diverse associates

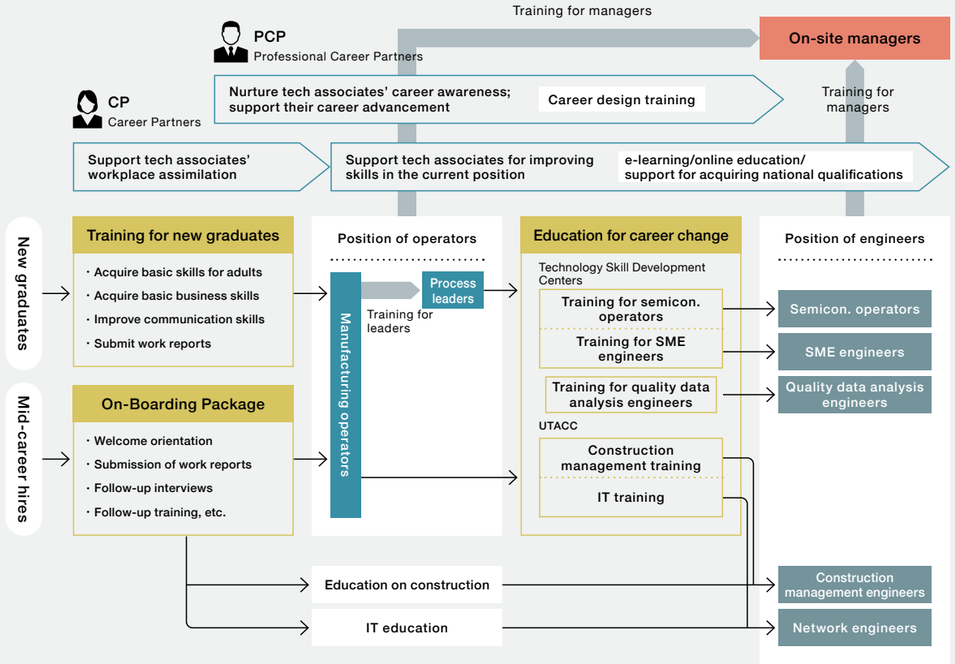
UT Group is working to improve the working environment of both technical associates and general associates and to create workplaces that enable diverse workstyles. In addition to initiatives to promote the active participation of women, we promote the active participation of people with disabilities and senior associates, manage working hours to prevent overly long working hours, improve work efficiency, and provide compliance education to enhance corporate ethics. We also adopt distinctive measures, such as distributing a "Compliance Card" that describes our compliance policies to all associates when they join the company. Our ultimate aim is to create a corporate culture in which diverse associates can work with peace of mind.

Initiatives to create a comfortable workplace

- Promoting active participation of women (increasing the ratio of female on-site managers and executives)
- Elimination of long working hours (management of working hours and improvement of work efficiency)
- Establishment of diverse career models
- Utilization of disabled/senior associates and creation of opportunities for their active participation
- Thorough compliance education for all officers and associates and continuous enhancement of internal control

Increase the market value of workers

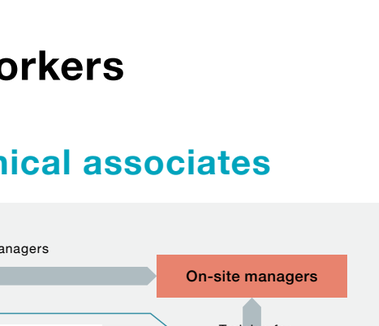
Education and development of technical associates



The education and development of technical associates starts with the acquisition of the skills required as members of society, and then steps up to specialized knowledge in each job category. We also provide OFF-JT training, support for acquiring national qualifications, and career design training. We are also developing measures for associates who aim to change their careers from operators to engineers, and Career Partners (CPs) and Professional Career Partners (PCPs) support their career formation.

Three-step education program

UT Group's educational program is designed based on its own "three-story education system." The first step is to acquire important basic learning necessary for working as a member of society, such as basic communication skills, problem solving skills, and self-management skills. Then the second and third steps are to acquire basic and specialized skills required for each job type in each workplace.



A career path that allows associates to change their career

Various career paths are available at UT Group. They include One UT, which enables a career change from a manufacturing operator to an engineer; Next UT, which enables a transfer as a full-time employee to a dispatched client company; and UT Entry, which enables voluntary nomination to a position as an administrative staff of UT Group. By including the number of transfer from UT as business target, we have established a system to proactively promote career change of our associates.

Select an optimal job **Good Job**	Career path to become an engineer **One UT**	Support the transfer to a dispatched client company **Next UT**	Career path to become a business manager or an executive **UT Entry**
Enable associates in the manufacturing division to select their own workplace	Enable a career change from a manufacturing operator to an engineer	Support the transfer for position as full-time employee at a dispatched client company	Enable voluntary nomination to a business staff, a manager, or an executive

Provision of training programs in a training facility

UTACC develops engineers within the Group

UT Group operates the UT Advanced Career Center (UTACC), a facility dedicated to training manufacturing engineers involved in advanced manufacturing processes. From basic training to specialized training, we have practical training programs to train associates with no experience in engineering to become engineers who are ready to work. Each learner is given guidance tailored to the learner's competence by repeated interviews by an instructor lecturer before, during, and after the training course.

Technology Skill Development Centers for developing SME engineers

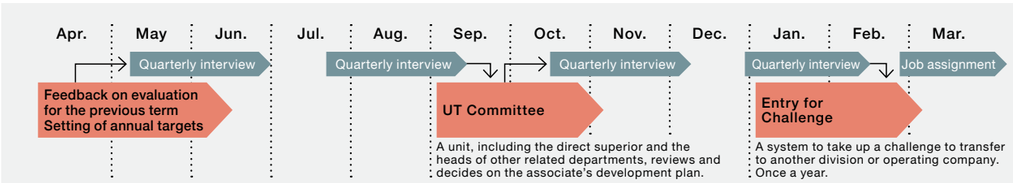
In response to the growing demand for semiconductors worldwide, UT Group has established the UT Group Technology Skill Development Centers in four locations, in Kitakami City (Iwate Prefecture) in December 2020, and subsequently in Yokkaichi City (Mie Prefecture), Osaka City (Osaka Prefecture), and Kumamoto City (Kumamoto Prefecture) as training facilities for developing semiconductor manufacturing equipment (SME) engineers. Through training from basic working skills to knowledge and skills in specialized areas, we plan to develop 3,000 engineers in three years.



Training and development of general associates

For the training of general associates engaged in business management and other operations, the training system is personalized for each target person. The "Management Personnel Development" program for new graduates who are candidates for management positions, the "Management Skills" program for managerial candidates and managers, and the "UT Knowledge" program for entrance-level training are core programs. The development plan for each associate is reviewed and approved or adjusted once a year at a meeting joined by a direct superior and the heads of other relevant departments.

Annual training/evaluation cycle for general associates



UT Knowledge

Introductory training for associates who have switched from technical to general positions and for mid-career hires

History of UT Group | Internal systems | Internal rules | HR systems

Management Personnel Development

Training for new graduates to assume a role equivalent to a managerial position in three years

On-site training at a dispatched workplace
Follow-up training
360° survey
Presentation to Executive Officers

→ Ability to identify and solve problems | Ability to take initiatives and deliver assigned work | Team management skills | Mission management skills | Career awareness

Management Skills

Training for managerial candidates and managers to acquire the necessary skills

Candidates for managers	New managers	Management
Stage-up training	Training for new managers	360° survey
・Organizational management ・Compliance ・Client negotiations, etc.	・Responsibilities for managers ・Evaluation and development of subordinates	・Regular feedback from superiors, co-workers and subordinates

Increase associate engagement

Three ways to increase engagement

Reassurance

We ensure stability of life and continuity of careers for our associates by hiring them as regular employees with an open-ended employment contract. They are covered by social insurance and for some, corporate housing is available.

Bonding

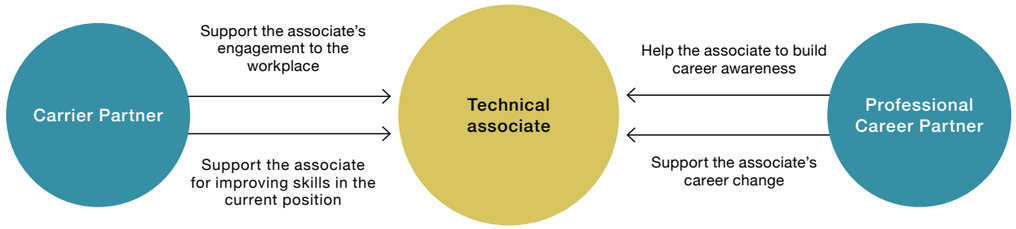
We create a work environment that emphasizes smooth communication. We also focus on supporting associates by offering regular interviews with a Career Partner and by other means.

Growth

We offer plenty of opportunities for training and career advancement so that each person can be aware of their growth. We have put in place a system that enables career change and transfer to a client company.

Supported by Career Partners who stay face-to-face with each associate

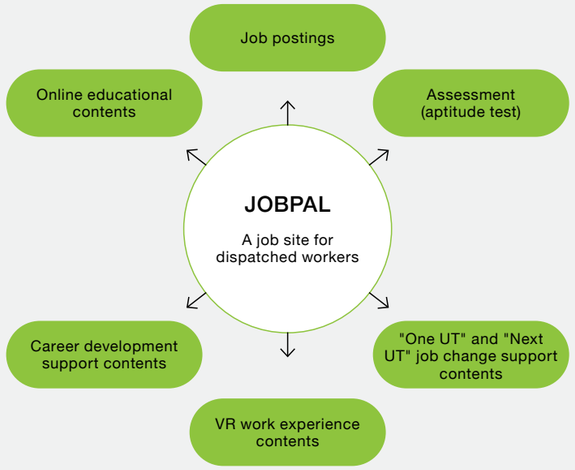
UT Group has internally-certified Career Partners (CPs) and Professional Career Partners (PCPs) to support the career development of technical associates. The CP supports the associates on a daily basis, while the PCP is in a position to introduce and encourage future career change opportunities. In particular, the PCP plays an important role in realizing medium- to long-term career change for technical associates, by proposing the most suitable job type according to the abilities and motivation of associates.



Providing career development support services for 400,000 people in the manufacturing worker dispatch industry

UT Group provides its unique career development support know-how to 400,000 people working in the manufacturing dispatch industry, in addition to its more than 30,000 technical associates.
JOBPAL, a comprehensive job site launched in April 2022, is serving as a platform to disseminate a variety of contents on career counseling and online education, and job information. Our aim is to be engaged not only with associates of UT Group, but also with people from broadly across society.

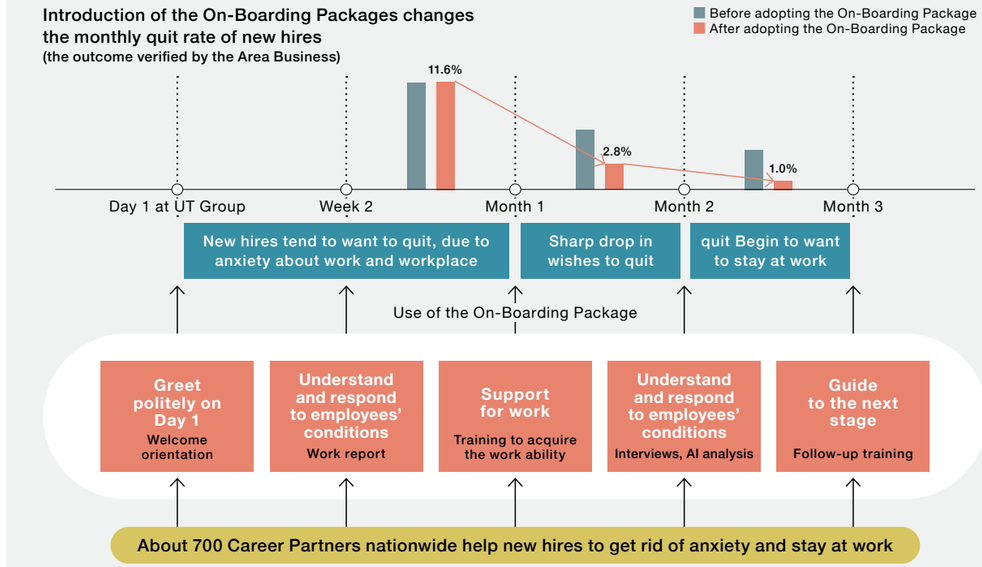
A wide range of information from the JOBPAL to working men and women!



On-boarding packages that increase associate retention

Mid-career hires receive a three-month on-boarding package immediately after joining UT Group. This has achieved significant results, halving the turnover rate of technical associates within three months of joining the company. The package offers training at the time of joining the company (guidance on working styles of dispatched workers, work assignment at the dispatched company, how to make career advancement, etc.), multiple follow-up interviews to alleviate the anxiety of each individual, and checking of their work reports that also serve as pulse-taking surveys. follow-up training will be provided. By alleviating associates' anxiety and continuously supporting their growth, a long-term employment of these associates is made more likely.

Introduction of the On-Boarding Packages changes the monthly quit rate of new hires
(the outcome verified by the Area Business)



Workplace and labor management at the head office and workplaces

In UT Group, labor management at the dispatched manufacturing site is not entrusted to the client company, but is carried out by UT's on-site manager. Onsite managers not only manage attendance of associates, but also are involved in their health management and mental health care so as not to hinder clients' production plans while helping associates. We also provide health and safety education in accordance with OSHMS* guidelines to prevent occupational accidents. The creation of a good workplace environment by site managers has a positive impact on hiring activities and leads to the development of new clients.

***OSHMS: A system of safety and health management aimed at raising the level of safety and health at worksites**

[Main initiatives for on-site and labor management]

- Labor management by on-site managers
- Arrangement and management of company housing, transportation
- Joint safety and health conference
- Regular meetings for workplace improvement with clients

Building a compliance system in cooperation with client companies

We propose to build a system for compliance at dispatched manufacturing sites in cooperation with client companies. We share our accumulated knowhow on management of working hours and mental health care. We are working to create a workplace environment where associates can work with peace of mind by developing on-site managers by formulating measures to prevent occurrence of risks and prevent recurrence when they occur.

Interview 1

I want our associates, with all their diversity, to enjoy their work. So I help associates from outside Japan and female staff to become empowered at their respective workplaces.

At the workplaces of manufacturing companies that are UT Group's clients, many foreigners and women are working with enthusiasm. Kazunori Myoseta was in charge of the Tokonabe CF in Hyogo Prefecture until March 2023 and was committed to promoting the active participation of non-Japanese workers and women, action that also involved client companies.

Of the approximately 50 on-site staff, 30 were Vietnamese technical interns

When I started working at the Tokonabe CF, we received from client companies contracts for work for entire manufacturing processes. I was assigned to such a project for automotive lithium-ion batteries, which was entrusted solely to UT Group employees. This meant that UT Group was responsible for not only delivery management but also quality control. This raised a challenge in managing non-Japanese staff. At that time, 30 of the 50 staff members of UT Group at the workplace were Vietnamese technical interns, and it was my job to give instructions to them.

The first thing I worked on was to memorize each and every one's name. There were many "Mr. Nguyen" among only 30 people, and I had a hard time memorizing who was who. We translated the Japanese procedure manual into Vietnamese and gave instructions through an interpreter. I soon realized that the Vietnamese staff found it hard to understand the difference in "Report, Contact, and Consult," and special terms that were used at the manufacturing site but not in daily life. I felt the need to explain to them in simple terms, while constantly checking their level of understanding. I also found that the Vietnamese staff preferred to know the reason for the instruction more than the Japanese did, so I and other Japanese staff made sure to explain the "why" when giving instructions. I am glad to say that such efforts resulted in clearly positive reactions from them. I thought this was an indispensable way of communication for smooth cooperative work among frontline staff, and I strongly felt that the Japanese staff also needs to make a little extra effort when working with the Vietnamese staff.

At the same time as this, communication with the client company is also important, as can be expected. Although the staff of the client company were professionals in manufacturing, they did not appear to know how to manage the outsourced work. So a process to establish a chain of command was needed at the beginning.

Moreover, many of our Tokonabe CF associates were new to doing the contracted work, so we needed to train and support them. Unlike dispatched workplaces, we ourselves have to establish a safe and speedy production system and conduct quality control for the contracted work. We also faced many issues in terms of quality as many of our associates were not technically proficient.

I had experience working at a lithium-ion battery production site and knew what needed to be done in process control, but I myself had no experience in a situation where the workplace is inundated with three issues of "management of foreign trainees," "training of Japanese employees," and "coordination with a client." To be honest, I was somewhat confused at first, but was able to take on the challenge positively because UT Group's overall policy to create a platform where diverse people could play an active role resonated with me.

After all, what I found important was to communicate with each person in front of you. I consciously created opportunities to eat and chat with the Vietnamese staff after work, and deepened the relationship of trust with them. In general they were smart, and as they got used to the work, our workplace did not have any problem in terms of quality.

The next challenge for me was to change the mindset of the client company. At that time, it was partly because foreign workers were more of a minority in the workplace than it is now. So it was not hard to understand that some people of the client company were vaguely resistant to more than half of UT's contracted worksite members being foreigners. Simply, we had no choice but to be evaluated by the products we produce. This urged me even more to make efforts in preparing procedure manuals and other tools and in process control. This has resulted in improving the quality of products and hence in our receiving high praise from the client.

I am proud that we were able to prove that the nationality of workers does not matter as long as a system that meets quality requirements and delivery deadlines has been well established. I believe that this anecdotal evidence shows how useful the know-how of UT Group, which has long focused on human resource development, can be.

Our proposal to hire female workers for men-only sites has changed the mindset of the client company.

When production at the contracted worksite finally stabilized, a new barrier to advancement appeared before us. That is the COVID-19 pandemic, which overtook us in the beginning of 2020. The COVID-19 pandemic forced Vietnamese technical interns—our precious workforce—to return to their home country, and at the same time, the contract with the client was changed from "contract" to "dispatch." Originally, we had not accepted female associates at this worksite in consideration of the features and dangers related to the raw materials we handled and the work processes, but it was difficult to fill the 30 vacancies by recruiting only men. Therefore, we discarded our fixed notion and reviewed the process with fresh eyes to find jobs that could make use of women's characteristics. Through this effort, we found that processes such as "monitoring" and "inspection" were less dangerous and could actually be more suitable for female workers, so we proposed this to the client. After many discussions with the clien.t that was a little reluctant at the beginning, we ended up hiring some women and assigned them on the worksite on a trial basis. This arrangement was well received immediately and in the end, the client requested us to hire more women. We were thus able to change the client's mindset and needs. Our contact at the client company said to me, "Women are proactive in proposing environmental improvements." Many others also said that "the worksite now has a brighter atmosphere." These comments show that the client company has also benefitted from the change.

Meanwhile, changing of the contract type from "contract" to "dispatch" has brought out new issues. In the case of dispatching, both the command of business operations and human resource development are basically taken care of by the client company, but at the time there was no systematic training and evaluation system, making it difficult for our dispatched workers to feel a sense of own growth. Therefore, we worked on restructuring the "job grade system." This system divides the level of proficiency required by on-site skills into six grades, so as to facilitate the client company to foster use of UT's dispatched workers in stages. In addition, we at UT Group became more actively involved in worker development. Those efforts resulted in creating a virtuous cycle of us being evaluated higher by the client and of our workers receiving salary increases. Going forward, we would like to make this system to visualize the skills of associates to be used for Next UT, our system for transferring employees to client companies.

My efforts are just one example, and many of UT Group's worksites across Japan are accelerating the use of women and non-Japanese workers. As a Career Manager of workplaces, I want diverse associates to enjoy their work. I believe that the accumulation of our efforts will lead to the realization of UT Group's mission "Creating vigorous workplaces empowering workers."

* CF: Career Factory (name for UT Aim's offices

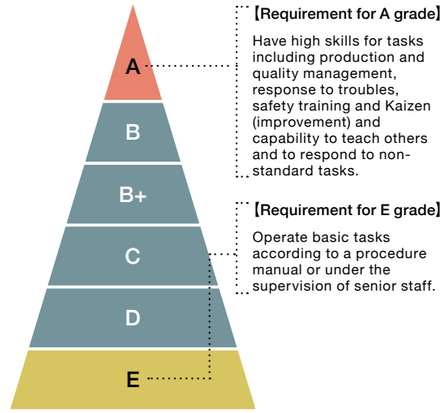




– Manager of Group 1, Energy Device Unit, Hyogo Section, and Tokonabe CF Career Manager
UT Aim Co., Ltd.
(Affiliation and position in FY3/2023)

Kazunori Myoseta

Job grade system with six grades







Interview 2

Creating opportunities for Japanese-Brazilian human resources to play an active role will lead to the revitalization of Japanese manufacturing

For 36 years since its founding in 1987, UT SURI-EMU has been engaged in worker dispatching business for the manufacturing industry, utilizing its network of the Nikkei (Japanese Brazilians). As Japan's working-age population declines, Japanese-Brazilian talent is attracting attention. We interviewed three key personnel on the frontlines about "workplace development activities" and "creation of better workplaces" that support their vigorous performance.

UT SURI-EMU's dispatching business provides a safe and secure workplace and life to Japanese Brazilians

—— First, please tell us a little bit about your background.
Takeda: I came to Japan from Brazil in 1988 and have since been working at manufacturing sites. I started working as an interpreter in Aichi Prefecture, and then continued my career in Chiba and Miyagi Prefectures while raising my children. I returned to Aichi Prefecture when I was 36 and am currently in charge of human resources and general affairs at UT SURI-EMU's Okazaki office in the Aichi Area.
Heya: Like Takeda-san, I too am a Japanese-Brazilian. I came to Japan from Brazil in 1991 and started my career in manufacturing. I was then engaged in overseeing the outsourced business and supporting frontline members as an office employee. After that, I became the head of the Shinshiro Office and worked with my associates to develop workplaces while experiencing difficult times such as the global financial crisis of the mid-2000's. Now, as the head of the Aichi Area of UT SURI-EMU, I am working to provide more work opportunities for Japanese Brazilians.
Yokoyama: I have more than 20 years of experience in the human resources industry and joined UT Group in 2019. When I was engaged in the Area Strategy Business Division, I was approached for the current job as I had experience in managing Japanese Brazilians in the past. As Director of UT SURI-EMU, I am now devoting myself to promoting the empowerment of Japanese Brazilians.



– Director
UT SURI-EMU Co., Ltd.
Shinji Yokoyama
Joined UT Group in 2019. He was appointed to the Director of UT SURI-EMU, when it was merged to UT Group and is currently engaged in the entire operation related to the Nikkei personnels.

– General Manager of Personnel & General Affairs Division
Human Capital Management Promotion Headquarters
UT SURI-EMU Co., Ltd.
Norie Takeda
A founding member of UT SURI-EMU. She is mainly responsible for personnel management, hiring, and training, plus focusing on thorough support to associates to be at ease at work and in everyday life.

– General Manager of Aichi Office
Second Sales Division of the Business Headquarters
UT SURI-EMU Co., Ltd.
Yukio Heya
After joined UT Group in 1991, he was engaged in operation at a contracted workplace in Shinshiro, then became the head of the Shinshiro Office in Aichi, and is now in charge of the entire Aichi Area. He has devoted many years to create opportunities and improved work environment for the Nikkei people to be empowered.

We expect synergies with UT Group, which operates a manufacturing dispatch business on a nationwide scale

—— What do you focus on in hiring?
Takeda: UT SURI-EMU recruits both in Japan and in Brazil. On the Brazilian side, about 20 recruitment agencies recruit Japanese Brazilians locally and we support their arrival to Japan. In the past, when we needed about 1,000 workers in Miyagi Prefecture, we hired 500 people from Brazil. We have that level of hiring ability.
Yokoyama: After being transferred to UT SURI-EMU, I learned that the network of Japanese Brazilians was much stronger than expected. In many cases, our associates and their family members who came to Japan have close relationships with local hiring staff, and if there is a good job offer, their relatives and acquaintances can immediately contact us to inquire about hiring prospects.' I think this shows how much UT SURI-EMU is trusted.
—— What are your thoughts on the synergies with UT Group, which provides dispatching services for the manufacturing industry nationwide?
Heya: In terms of sales capabilities for developing workplaces, we have high expectations for synergies with UT Group, which operates on a nationwide scale and has strong relationships with many client companies. Also, from the perspective of compliance, I believe there is a lot to learn.
Takeda: I too expect synergies in terms of hiring and retention of workers. From the end of 2022 to the beginning of 2023, we launched new projects and hired and assigned about 100 people. A few weeks later, a client praised me, saying, "what a nice surprise not to have even a single person has missed a work day yet." Japanese Brazilians, especially those who have just arrived in Japan, may tend to not show up some day; partly due to a language barrier, or skip coming in to work as they hesitate to being sent to a hospital or reluctance to postpone procedures at a government office. We at UT SURI-EMU pay attention to each staff and, when needed, accompany them to go to the hospital, check their procedure documents to make sure there are no omissions, or help them to take time off in a planned manner. Such efforts lead to ensure the safety and security for Japanese-Brazilian staff, and to earn trust and recognition from client companies. I firmly believe that UT SURI-EMU's support system and know-how will be an advantage to the entire UT Group, when the Group will become more committed to hiring and supporting Nikkei workers.
Yokoyama: Japanese Brazilians can obtain "long-term resident" status and are not restrained from any restriction on work (depending on conditions). In other words, the issue of a work visa does not become a risk for hiring. Executives of Japanese companies should know more about this. Currently, for example, in the case of Brazilians living in Japan, approximately 190,000 people hold the status of "permanent resident" or "long-term resident," and most of them work as manufacturing dispatched workers. There is still a lot of hiring potential here, and I believe that Japanese Brazilians are indispensable human resources for UT Group's business expansion.

We want companies across Japan to know of the high potential of Nikkei human resources

—— What else will you need to do to provide more value to both our client companies and workers?
Takeda: The number of newly employed Japanese Brazilians, which was on the downtrend since the earthquake and tsunami of 2011, has been rising rapidly since around 2015. There is no doubt that the opportunities for Japanese Brazilians to play an active role will expand even further. An issue to be addressed then is Japanese language education. More than 80% of Nikkei workers who arrive in Japan do not understand Japanese. A system to teach Japanese to them and show their career path needs to be established. I am confident that UT SURI-EMU will take on that role.
Heya: I am repeating myself but it is important to create an environment in which Japanese Brazilians can work with peace of mind for many years. I would like to create a career development program that allows them to constantly acquire new skills and feel their growth, while belonging to UT SURI-EMU.
Yokoyama: In Japan, where the working-age population is decreasing, Japanese-Brazilian human resources have great potential in terms of an age advantage. I believe that UT SURI-EMU's role is to make as many companies as possible aware of the option of "Nikkei human resources" when hiring.
It is said that there are about 2 million Japanese Brazilians in the world, and I anticipate many more of them to come to work in Japan in the future. If we can create opportunities for Japanese Brazilian human resources to play an active role, it will lead to help revitalize Japanese manufacturing companies. In the future, we hope to create a system that corresponds to the UT SURI-EMU version of Next UT* and present new possibilities to a wider range of people.

* Next UT: A transfer system to client companies as their employees

Interview 3

I made a career change and became an engineer of semiconductor manufacturing, despite no experience in the field

Since its founding, UT Group has been committed to increasing the value of workers in the manufacturing dispatch industry. Many of our current associates are utilizing our in-house career support system and expanding their fields of activity. Presented here are our two associates who play active roles in world-leading semiconductor manufacturing.

I started from zero but have become a semiconductor manufacturing equipment engineer"!



I work as a semiconductor manufacturing equipment (SME) engineer at a factory in Miyagi Prefecture. When I joined UT Group as a new graduate, I had no knowledge of semiconductors at all, so I started from scratch.

I joined the company in April 2021 and started working as a semiconductor manufacturing operator at the factory where I am currently working. My workplace had some SME engineers, and I was able to see their work up close and hear their stories.

SME engineers are mainly responsible for the maintenance and operation of manufacturing equipment. Their main task is to prevent problems in advance so that equipment in the factory can operate without problems, and to promptly respond to errors. They are required to have a broad knowledge of the semiconductor manufacturing process, to think and act on their own, on top of performing their assigned task, and to have a sense of responsibility to deal with various troubles. I was fascinated by their work and was aspired to change my career to an SME engineer.

Around a month after joining the company, I talked to a PCP[1] about my desire to become an engineer. The PCP then encouraged me to try One UT[2]. One UT is an internal career change support system and any UT Group associate can take on the challenge.

While continuing to work as a manufacturing operator on the worksite, I used UT Group's unique training content to deepen my knowledge of SME and the skills necessary for engineers mainly by self-learning, . In July 2021, three months after joining the company, I was able to stand tall in the workplace as an SME engineer. I think this was made possible thanks to the easy-to-understand training content and the generous support of my seniors in the workplace.

Semiconductor manufacturing plants have a wide variety of devices, and there are detailed operation methods specific to each device. So I still continue to study every day. I also have many opportunities to interact with SME manufacturers when dealing with errors, and my communication skills are being strengthened. Recently, using the English skills I acquired as a student, I am also playing a role in translating error signals on the equipment and explaining them to the associates working around me. In the future, I would like to study languages, such as Chinese, and expand the scope of my work as a "technical interpreter."



At the semiconductor manufacturing workplace, there is interaction with people with various roles and skills and every workday is exciting. I feel that I am acquiring various skills that may be useful in the future. I will continue to accumulate experience in the workplace, study and absorb knowledge from people around me, and work hard to become an engineer who can be more relied on by those around me.

1 Professional Career Partner: A professional staff who supports the career development of technical employees from a long-term perspective
2 One UT: A system to support job changes from manufacturing operators to engineers

– Shiraishi Shiratori Second Technology CF Semiconductor East Japan Business Unit UT Aim Co., Ltd.

Tomoki Yoshikawa

I am always surrounded by people who support me at UT Group



I am a semiconductor manufacturing equipment (SME) process engineer. My job is to set detailed conditions and make adjustments when the SME manufactured by a manufacturing company is delivered to a factory. In cooperation with the hardware engineers who assemble the equipment, I face new challenges every day.

There are different types of SME engineers, including those responsible for the maintenance and operation of equipment in a factory and process engineers who are responsible for the start-up of newly-delivered equipment. When I joined the company, I did not even know the names of these job types.

I used to work as a graphic designer at an advertising agency in my hometown in Oita Prefecture. It was the job I had wanted, but I often had to work hard from early morning to late night and was overwhelmed with deadline overlap. I found it difficult to keep at it for a long time. So I quit the job. At that time, my older brother was working at UT Aim and introduced me to a job as a semiconductor manufacturing operator in the same workplace as his. That was when I was 24 years old.

I had no experience in the manufacturing industry as well as semiconductors, but the work of an operator seemed to suit me well, and by the time two and a half years had passed since I joined the company, I was assigned as a leader of production management at the workplace. I was able to learn a wide range of semiconductor manufacturing processes here, and I was happy to be highly evaluated for my work, and I gradually became eager to step up a career ladder.



With the support of PCP, I took the challenge to be qualified as a "Second-grade Certified Skilled Worker of Machine Maintenance." After obtaining the qualification, I was able to realize a career change to an SME engineer using One UT. At the age of 34, I was assigned as the first female process engineer to a semiconductor manufacturing plant in Nagasaki Prefecture, where I currently work.

While working at the CF in Kyushu, I am also in charge of setting up equipment remotely at a factory in Yamagata Prefecture. In the future, I would like to learn the work in the field of hardware engineering and expand the scope of my work. I also intend to focus on teaching younger associates.

I myself have been able to grow to this extent by receiving many "triggers" from people around me. I think that one of the great attractions of UT Group is that you are always surrounded by people who support you.

In response to the growing demand for semiconductors, the needs of SME engineers will continue to grow in Nagasaki and Kumamoto Prefectures. I would like to do my best to support those who are starting a new career in semiconductor manufacturing.

– Group 2 of Second Technology Section Semiconductor West Japan Business Unit UT Aim Co., Ltd.

Katsumi Yamashita

CHAPTER

Business strategy

The growth and engagement of workers contribute to the improvement of productivity of manufacturing companies.
UT Group's business model has the potential to grow even in turbulent times as it is less susceptible to economic fluctuations.



Business strategy centered on five segments

**In April 2022, we reorganized the previous three segments into five segments in order to respond to the expansion of our business domains.
We are implementing business strategies based on the characteristics of each segment.**

Our key words are "human resource development" and "creation of better workplaces"



Manabu SOTOMURA

– Director and Executive Officer of UT Group Co., Ltd.
– President of UT Aim Co., Ltd.
– President of UT Connect Co., Ltd.

Joined Recruit Co., Ltd. in 1991.
Joined UT Group in 2017 after working at BELLSYSTEM24 Holdings, Inc. as an executive officer.

Promoting new businesses with the reorganized five segments

In April 2022, UT Group reorganized its business domains changing them from being three in number to now five segments.

As a result of these changes, in the newly-reformed Manufacturing Business, UT Aim is now able to focus on its one-stop services for major manufacturers, a strength that UT Aim had always had. In the Area Business, we are aiming to enhance workplaces in each area and expand our market share, based on the business foundations of operating companies that have been acquired by us in various geographic areas. In April 2022, we merged these operating companies into UT Connect and are working to integrate their business foundations so as to improve profitability. In the Solution Business, in response to the structural reform of large companies, we will continue to support the mobilization of their human resources and to help solve their problems so as to further strengthen our relationship with them. In the Engineering Business, we are expanding high-margin business with UT Construction being in charge of construction engineers and UT Technology in charge of IT engineers. Lastly, in the Overseas Business, we are focusing on expanding the worker dispatch business in Vietnam by Green Speed, a major dispatch company in Vietnam that we acquired and made a consolidated subsidiary in October 2020.

Twin Customer Strategy, an underlying strategy for all UT businesses

An underlying strategy for all these five business segments is our Twin Customer Strategy, by which we aim to become chosen not only by client manufacturing companies, but also by working people who are our valued associates.

The most distinctive feature of UT Group is its efforts to develop human resources. Since our founding, we have created a new way of working in the manufacturing dispatch industry, called "indefinite-term employment," and have supported career development of our technical associates by their acquisition and improvement of skills and their personal growth. And in that process, we have developed systems such as "One UT" to support career changes from a manufacturing operator to an engineer, and "Next UT" to support the transfer of our associates to a client company where they are dispatched. These initiatives have become attractive incentives to work, leading to an improvement in UT's industry-leading hiring capabilities and the retention rate of technical associates. We have thereby achieved raising the value provided to client companies.

Another feature distinguishing us is the idea of creating better workplaces. In the past, worker dispatch agencies were required to function as a control valve of hiring, according to the increase or decrease in the demand for workers to satisfy the production activities of client companies. However, the working-age population in Japan will continue to decline, and the shortage of workers, especially in the manufacturing industry, will become even more of a dire situation. We can assume that it will become very difficult for clients to secure the best talent on their own. It is also evident that many of our clients are already worrying about this. In the meantime, because it is difficult to hire fixed-cost regular employees at manufacturing sites where production fluctuates, client companies are changing their request to dispatch companies from merely hiring workers to assuring steady or stable employment, and retaining and developing workers. In order to respond to these changing needs, we are working closely with our client companies to create better workplaces where workers can work with peace of mind and benefit from personal growth. We are determined to contribute to improving the quality and productivity of client companies by developing workers within UT Group and retaining these highly skilled workers at the clients' workplaces. Now that the entire industry is facing a shortage of workers, the know-how we have accumulated in HR development and retention is becoming of great value.

Our five segments help solve customer issues

The Fourth Medium-Term Business Plan, which we started in FY3/2021, has come to a halfway point. By implementing the two key strategies of "HR development" and "creation of better workplaces," each segment is seeing results little by little.

In the Manufacturing Business, our efforts to help associates change their careers from manufacturing operators to manufacturing engineers are highly regarded. In the semiconductor field, there is an extreme shortage of engineers responsible for the maintenance of semiconductor manufacturing equipment (SME). We have therefore established the Technical Skill Development Center as a base for training SME engineers in four locations nationwide, and have established a system to produce them. There are more and more cases where our associates become full-time employees of client companies using the "Next UT" transfer system.

In addition, we are promoting the Top Share Strategy in all areas, and particularly the automotive sector. We proactively propose ideas to improve workplaces, build strong partnerships with client companies, and work together to strengthen HR development and creation of better workplaces.

In the Area Business, we are focusing on building career platforms that meet the needs of more diverse working people, including women, older workers, and non-Japanese. Our goal is to develop a wide range of workplaces throughout Japan and play a role like a local HR department in each area. The key phrase representing this is to become the "best shop in the area" all over Japan. The business is expanding steadily as demonstrated by its now being able to attract job seekers who are different to those applying in the Manufacturing Business.

The Solutions Business is responsible for supporting the HR mobilization of large companies in response to their structural reform needs. This business clearly meets the needs of the times. We hire employees who have transferred from client companies and give them status as our full-time associates, and provide them with new opportunities to work vigorously and achieve personal goals through work. This is a domain where we can expect a multiplier effect with the HR development know-how that UT Group has accumulated since its foundation.

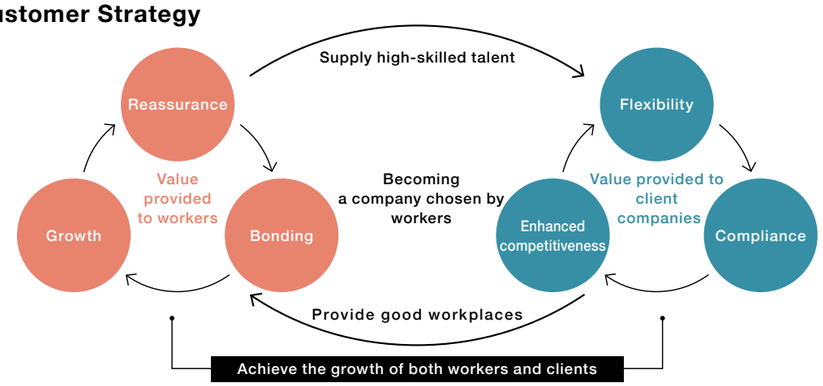
The Engineering Business is a domain where there is a serious shortage of workers, especially at client companies. Here, too, we have established strong partnerships with client companies and our collaborative efforts for HR development have been highly evaluated. In particular, at UT Construction, which does dispatch business in the construction engineer field, an increasing number of our associates use Next UT to transfer to working for major general contractors.

Lastly, in the Overseas Business, in line with the recovery of the Vietnamese economy after COVID-19, the manufacturing dispatch business is performing well, and sales have increased significantly. With the goal of becoming the No. 1 dispatch company in Vietnam, we will focus more and more on acquiring projects.

We will contribute to the sustainable development of Japanese manufacturing companies

Our ideal is to create better workplaces together with client companies. We are committed to further evolving our "better workplace model" in order to better link the improvement of the value of our associates to the improvement of the productivity of our clients. We believe that the unique value chains formed by UT Group are realized by the creation of a system to continue increasing value through a sustainable cycle centered on "HR development" and "creation of better workplaces." While staying close to workers, we will continue to contribute to the sustainable development of Japanese manufacturing companies.

Twin Customer Strategy



Overview of segments

Distinctive features and business development of each of UT Group's five segments—the Manufacturing Business, Area Business, Solution Business, Engineering Business, and Overseas Business—are presented on the following pages.

Manufacturing Business

This segment is engaged in manufacturing dispatch and outsourced work services. Our strength is that we can dispatch teams of associates for outsourced work for an entire production line to Japan's major manufacturers of semiconductors and electronic components, automobile-related products, and batteries. In addition to being able to mobilize a large number of highly skilled workers, our high retention rate of technical associates has been highly valuable to client companies.

Operating company

■ UT Aim Co., Ltd.
Manufacturing personnel services; Administration service and consulting business of the Training Programs for Foreign Workers

Area Business

This segment is promoting the Area Platform Strategy—a growth strategy in the Fourth Medium-term Business Plan. In response to the desires of people who want secure jobs in their hometown, the segment provides diverse work opportunities in many parts of Japan. We pursue acquisition of worker dispatch companies that have a local hiring base and a network of client companies for dispatch, so as to enhance the level of our workplace enrichment in the relevant geographic areas and expand community-based career platforms.

Operating company

■ UT Connect Co., Ltd.
General personnel dispatch and outsourced work

■ UT SURI-EMU Co., Ltd.
General personnel dispatch and outsourced work

Pick up

A strategy to capitalize on economic fluctuations and increase market share in client factories

■ About the top strategy

UT's Manufacturing Business is promoting the strategy, based on the analysis at the time of the global financial crisis that showed that dispatched companies with a higher share in the factory received less cancellation or reduction in dispatched workers.

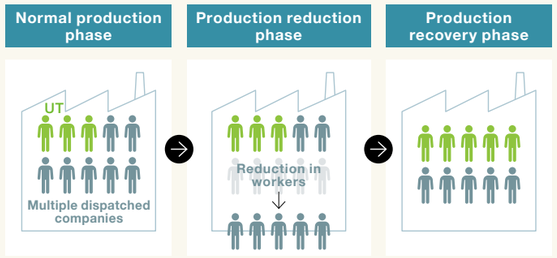
■ Features of the top-share factories

Less cancellation or reduction

A strong relationship with clients results in receiving a lower impact of cancellations and reductions relative to that of peers.

High profit margin

More technical employees in a single factory means higher management efficiency



It is difficult to increase UT's dispatched workers because a client factory that normally operates with 10 workers has no further demand for workers.

If the production volume decreases, the client starts reducing workers from dispatched companies having a lower share. Workers of UT (the top share) are not reduced.

For normal production, the client needs five workers which had been reduced and the share of UT, which has strength in hiring, will increase.

Solution Business

This segment supports structural reforms of large corporate groups whereby employees of client companies are accepted as employees of UT Group. By providing support related to client companies' HR strategy, such as strategy related to reorganization of group companies, mobilization of personnel, and re-employment of retirees along with structural reforms, we strengthen relationships with client companies.

Operating company

■ FUJITSU UT Co., Ltd.
General personnel dispatch and outsourced work

■ UT FSAS CREA Co., Ltd.
Dispatch of administrative and IT personnel; Contracting business for system management services and help desks

■ UT Toshiba Co., Ltd.
General personnel dispatch and outsourced work

■ UT MESC Co., Ltd.
Manufacturing outsourced work and dispatch of engineers for elevators, escalators, etc.

Engineering Business

The Engineering Business is performed by two UT Group companies: one engaged in worker dispatch for the construction and plant industries and another in worker dispatch for the IT industry. We train manufacturing operators of various UT Group companies who have no experience as engineers so as to qualify them for dispatch as engineers to client companies. We also help address to the issue of worker shortage of clients by using Next UT, our program to support transfer of our associates to clients.

Operating company

■ UT Construction Co., Ltd.
Construction engineer outsourcing

■ UT Technology Co., Ltd.
IT engineer outsourcing and commissioned business

Overseas Business

This segment leverages UT Group's know-how of the worker dispatch business in Japan and expands business overseas. Through Green Speed, a major Vietnamese worker dispatch company acquired in October 2020, we are concentrating on expanding the dispatch business to serve local companies in Vietnam. The company is also establishing an environment for Vietnamese returnees who have completed technical internship in a factory in Japan, to put to use back home the experience they acquired in Japan.

Operating company

■ Green Speed Joint Stock Company
General personnel dispatch and outsourced work in Vietnam

Pick up

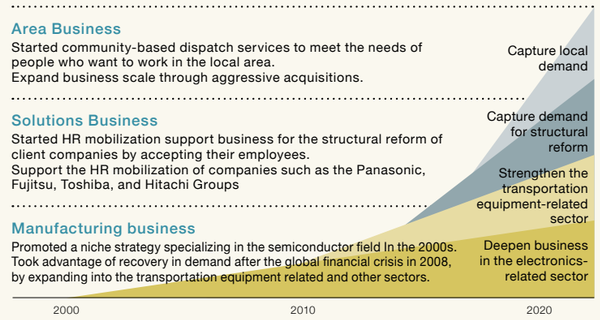
Expand business domains so as to realize sustainable growth

Since foundation in 1995, UT Group has been expanding its business domains in response to social needs surrounding manufacturing dispatch. In the Manufacturing Business, namely our core business, based on steady growth in the semiconductor and electronic component-related fields we have expanded the dispatch field to automobile and other sectors. During this process, we have also promoted business supporting large corporate groups' mobilization of their employees to meet their requirements for structural reform. Further, since the latter half of the 2010s we have been focusing on community-based worker dispatch business that meets the needs of job seekers who want to work locally, expanding our scope to provide HR solutions to various areas of Japan.

Area Business
Started community-based dispatch services to meet the needs of people who want to work in the local area.
Expand business scale through aggressive acquisitions.

Solutions Business
Started HR mobilization support business for the structural reform of client companies by accepting their employees.
Support the HR mobilization of companies such as the Panasonic, Fujitsu, Toshiba, and Hitachi Groups

Manufacturing business
Promoted a niche strategy specializing in the semiconductor field In the 2000s. Took advantage of recovery in demand after the global financial crisis in 2008, by expanding into the transportation equipment related and other sectors.



* Overview of UT Group's sales accumulation since its foundation

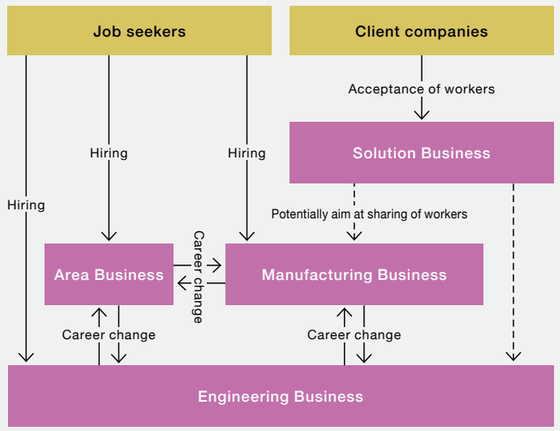
Business segments' complementary relationships and interaction

The mutually complementary relationship that makes use of the features of each segment leads to sharing of personnel and resilient management to economic fluctuations.

Complementary relationship of the five segments

The Manufacturing Business is mainly involved in the manufacturing process of products and the Engineering Business is engaged in design and development and quality assurance, while the Solution Business supports the HR structural reform of client companies. The five segments—the Area Business and the Overseas Business in addition to the above three—are designed to complement each other and create synergetic interaction through sharing of personnel, measures against economic cycle, and business segmentation according to product lifecycles.

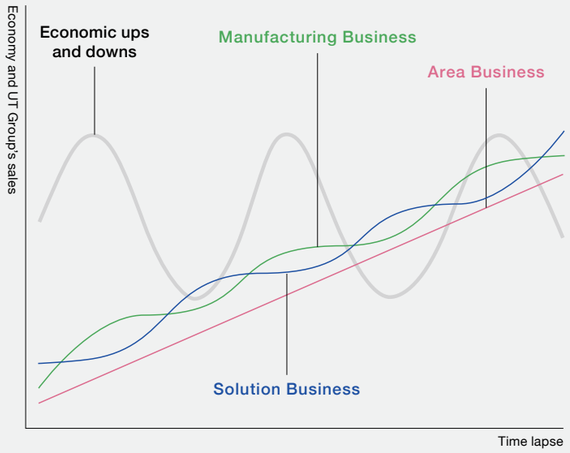
Cross-segment utilization of workers



The skill advancement of workers leads to obtaining the abundant and diverse workforce as desired for the entire Group

UT Group's new associates who have aspirations for career advancement are assigned to the Manufacturing Business and may work at any workplace across Japan. In contrary, those who want secure jobs in their hometown are assigned to the Area Business. Those in the Manufacturing Business are able to be transferred to advanced jobs and other industries mainly by using the One UT program, which is designed to facilitate a change of jobs from being a manufacturing operator to being an engineer. This leads to cross-segment sharing of associates and development of diverse talents. In the future we aim to create a system where employees accepted from client companies in the Solutions Business can also be shared with other businesses.

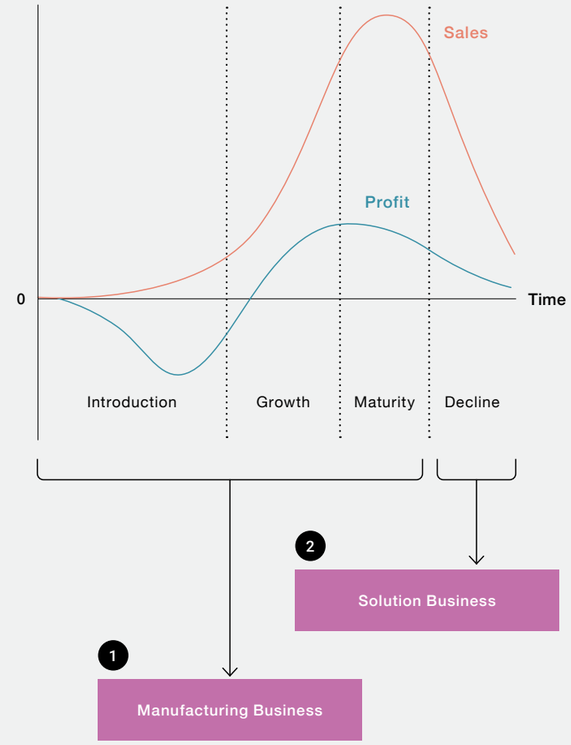
A mechanism to maintain the growth rate even in the midst of economic fluctuation



A stable economic-resilient business foundation has been realized based on the features of each segment.

In the Manufacturing Business, the Top Share Strategy to increase the share of dispatched workers in factories helps UT Group mitigate the risk of worker cancelation and churn, and retain workers during economic downturn (when worker demand decreases), and quickly secure new requests for workers during economic expansion (when worker demand increases). This is a model for expanding market share when the economy turns from a recession to an economic expansion phase. On the other hand, the Solution Business, which accepts client companies' employees as UT's employees, grows in demand during an economic downturn, when corporate performance tends to deteriorate. Together with the Area Business, that still has more room for client development, the complementary relationships among these business segments have created a management base that is resilient to economic fluctuations.

Addressing the product lifecycle in the manufacturing industry



Provide solutions tailored to the product cycle in the market from the introduction stage to the decline stage

UT's Manufacturing Business responds to the increasing demand for workers from the introduction stage of production start-up as production expands. When the product enters a stage of decline or when a withdrawal from the production needs to be considered, UT's Solutions Business supports the client's structural reform through schemes such as permanent employee transfer contracts and M&A (UT to acquire the business). The product life cycle is greatly affected by market slowdown and other factors, but UT Group is prepared to respond to needs of clients during their growth phase and the decline phase. That is why UT Group's business foundation is solid and less susceptible to economic fluctuations.

What is a product lifecycle?

A product lifecycle shows a pattern of product growth in a market. The lifecycle has four stages: introduction, growth, maturity, and decline.

UT Group's segments that correspond to each stage of the lifecycle

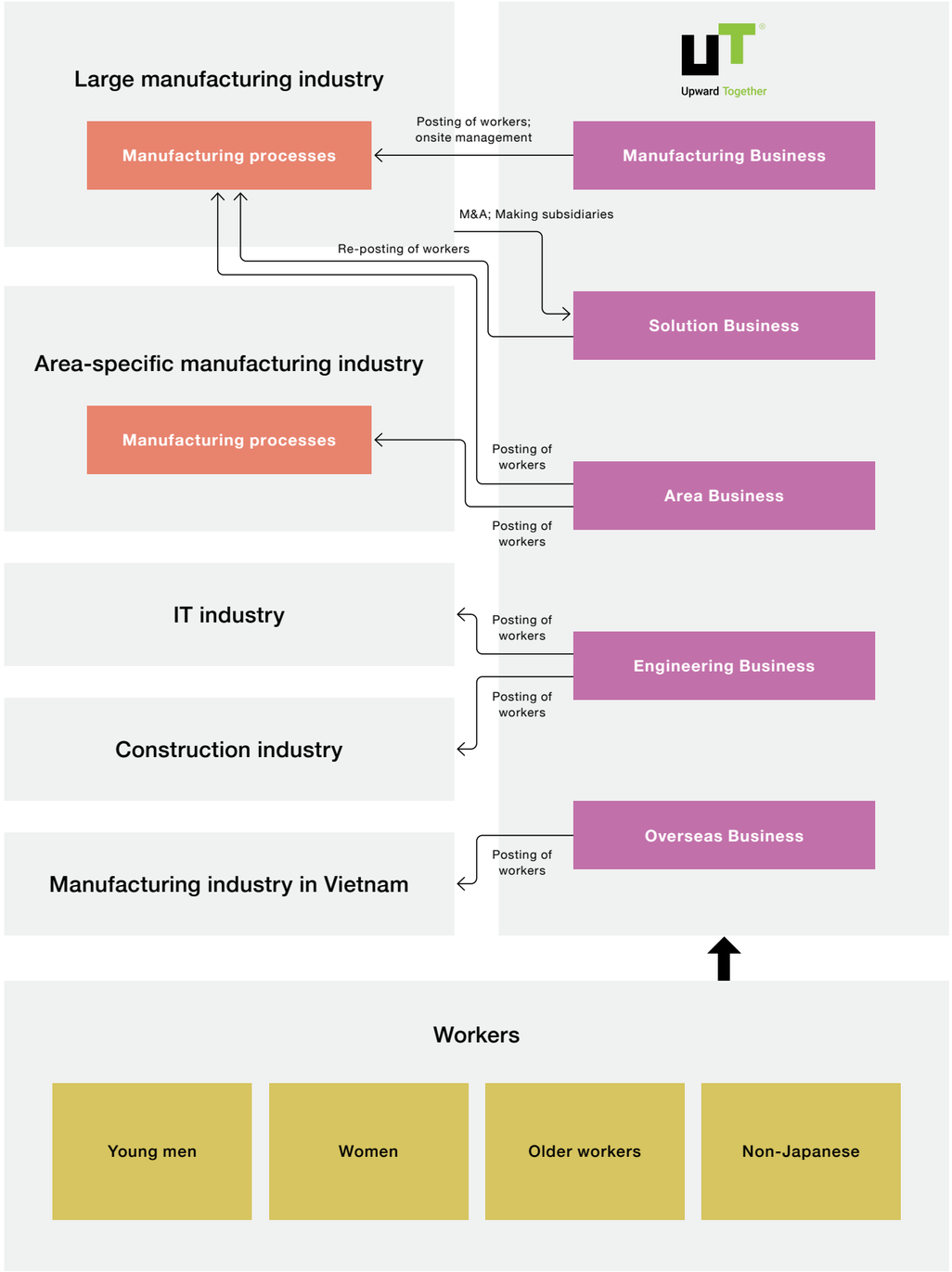
1 Worker dispatch to production processes to realize stable production lines

UT's manufacturing operators support a stable production line during a stage of the product becoming accepted in the market and a stage of its mass production. We dispatch workers mainly to major companies in the automotive and semiconductor/electronic components sectors.

2 Support of the mobilization of the client's personnel during stages of investment curtailment and business withdrawal

As the product enters a stage of decline, both sales and profits decrease, and there emerges a need to curb investment and withdraw from the business. UT's Solution Business supports the mobilization of the client's personnel while continuing to respond to existing clients.

Functions by segment in business



Manufacturing Business

The Manufacturing Business provides a wide range of worker dispatch services, from manufacturing operators to manufacturing engineers, to major semiconductor, automobile, and other manufacturers. By retaining technical associates and improving their skills, we are increasing the value we provide to both associates and manufacturing companies.

We respond to the HR issues of major manufacturing companies and support the foundation of growth industries

The Manufacturing Business is conducted by UT Aim, which plays a central role in UT Group's dispatch of manufacturing workers. UT Aim supports production processes for semiconductors and electronic components, semiconductor manufacturing equipment, automobiles, batteries, etc. through worker dispatch and outsourced work services. These client industries are important in Japan and are expected to develop further partly with the support of the government.

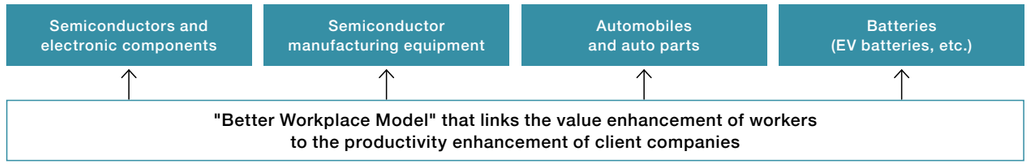
■ UT Aim Co., Ltd.

Since its founding, UT Aim has been the core of UT Group's HR service business for the manufacturing industry. In 2018, it received the Grand Prize of the Good Career Company Award contest conducted by the Ministry of Health, Labour and Welfare.

UT's "better workplace model" contributes to the productivity improvement of client companies

Manufacturing sites in Japan are in the midst of a major transformation. In addition to responding to the shift to digital transformation (DX) and decarbonization, the decline in the working-age population is also becoming increasingly serious. Therefore, UT Aim, which is in charge of the Manufacturing Business, is focusing on creating new forms of employment. The "better workplace model" that UT Group employs for manufacturing workers on behalf of client companies supports the workers' career development in conjunction with client companies. When UT Group, which is a specialist in hiring, develops workers and enables highly-skilled workers settled in their workplaces, this will lead to improvements in quality and productivity at client companies.
In addition to human resource (HR) development, we are focusing on strengthening compliance within the factories of our client companies. As a party involved in production operations, we have been rewarded for our efforts to promote a sounder manufacturing industry by recognition and high appreciation of the client companies served.
We also provide services of managing non-Japanese technical interns under the Technical Intern Training Program and the Specified Skilled Worker Program for Foreigners. We have established a strict compliance system to support the activities of foreign workers.
We will further evolve the "better workplace model" in order to link the value enhancement of workers to the productivity enhancement of our client companies.

Responding to HR issues in the production process of industries where further growth is expected



Contributing to society by providing value to our client companies and associates through the creation of better workplaces

In the business unit that I am in charge of, we focus not only on providing worker dispatch and outsourced work services, but also on creating a better workplace that provides high value to both our client companies and our associates. For our client companies, we promote the creation of safe workplaces and the improvement of labor productivity, thereby contributing to occupational accidents prevention, quality control, and flexible response to production fluctuations. Among many suppliers to the client companies, we are proud of our strong presence as a special partner that contributes to the resolution of their management issues.
At the same time, for our associates who work at clients' factories, we are focusing on creating better workplaces where diverse human resources can work with peace of mind and feeling that they are making personal growth. For example, we have prepared equipment environments and work processes that are considerate of women at manufacturing sites where the ratio of men is high, and are promoting the construction of a system that makes it easier for both men and women to work shorter hours and take paid off-days to make it possible to avoid quitting for childcare reasons. We are determined to increase the number of associates who work with engagement, support the business growth of client companies, and contribute to society at a higher level.



Kenya ONO

– Executive Officer, UT Aim Co., Ltd.
– Business Unit Manager, Semiconductor East Japan Business Unit

Joined UT Aim to serve in an on-site managerial position after having worked at a peer company. He then used UT Entry (the scheme for associates' voluntary application to a managerial position) and was appointed as general manager in Iwate and Aichi Prefectures, and then became an executive officer of UT Aim in 2021.

Area Business

**In response to the needs of job seekers who want to work in their hometown, the Area Business provides a variety of work opportunities in each area.
We are working to strengthen our local hiring capabilities and to develop a stable employment environment.**

We are pursuing the Area Platform Strategy, one of the pillars of the Fourth Medium-term Business Plan

UT Group has positioned the Area Platform Strategy as one of the growth strategies in its Fourth Medium-term Business Plan. This is in response to the voices of people who want secure jobs in their hometown, and this social demand is growing more and more. Therefore, in order to meet the different demands of job seekers and client companies by geographic area, each area office is organized so as to make its own decisions from sales to hiring.
This Area Platform Strategy is executed by the Area Business segment, specifically by UT Connect, which was established in April 2022 through the integration of several subsidiaries that had conducted business in various geographic areas.

■ UT Connect Co., Ltd.

In April 2022, UT Community took over the area strategy business of UT Aim through an absorption-type company split, merged UT Group's subsidiaries engaged in the area business through an absorption-type merger, and was renamed UT Connect.

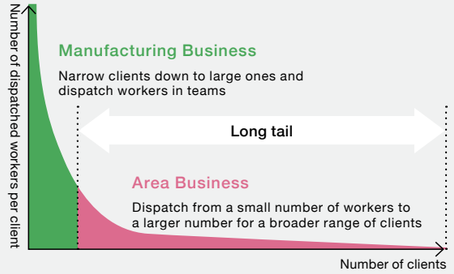
■ UT SURI-EMU Co., Ltd.

For more than 30 years, UT SURI-EMU has been engaged in manufacturing dispatch and outsourced work services mainly in Aichi Prefecture. It has strength in the utilization of human resources of the Nikkei (Japanese Brazilian) community.

Expect the Area Business to build a complementary relationship with the Manufacturing Business

The Area Business aims to be a platform for co-employment in local areas, which means that the area produces jobs and that people who have been raised in the area play an active role in local companies across the area. In order to achieve this, we are working to acquire worker dispatch companies that have a hiring base and a network of client companies in their respective area. By combining these local companies' area-specific business foundations with UT Group's hiring capability and know-how in HR development, we are able to provide higher-quality HR solutions. The efforts of the Area Business to develop diverse workplaces throughout various areas of Japan can also be expected to provide new opportunities for job seekers who do not meet the HR needs of the Manufacturing Business. For the entire UT Group, this means that we can do more accurate job matching and do so for more than 10,000 applicants per month. We are convinced that there is a high need for UT Group's advocacy of workstyles suited to the workers' life stages, a need especially important for job seekers who choose jobs based on value criteria of the safety and security in familiar geographic areas.

Complementary relationship of the Manufacturing Business and the Area Business



Establishing a cross-company "local HR division" that responds to the needs of each job seeker.

One year has passed since UT Connect was established, integrating five companies across Japan and one business division. When these companies with different systems, cultures, and success patterns got together, there was some confusion at the start, but I feel that a sense of unity has emerged over the course of a year, including in terms of sharing strategy. As a result, the number of technical associates increased by approximately 9% from the previous fiscal year to 13,332. The integration has also made hiring activities more efficient.
The next goal is to create employment throughout the areas. In our work toward this end, our associates who have acquired the necessary skills by utilizing the career development support of UT Group will play an active role in the companies in each area through UT Connect. In other words, we want to build a platform like the HR division in each area.
In order to achieve this, we need to put more effort into developing workplaces that meet the needs of a wide range of job seekers, including women, older workers, and non-Japanese, as well as young men. Over the next two years, we plan to increase the number of client companies that accept our dispatched workers from about 2,000 at present to 4,000. Our aim is to become the "best local outlet" that responds to the needs of workers and clients in various parts of Japan.



Tsutoshi YAMADA

– Director and Executive Officer, UT Connect Co., Ltd.
– Director, US MESC Co., Ltd.

Joined Nihon Aim (now UT Aim) in 2005 in the first cohort group of the company's new hires and served as manufacturing engineer as on-site manager in Tokai and Kinki regions. He was appointed Executive Officer in 2016.

Solution Business

**The Solution Business supports large client companies' mobilization of their employees in response to their needs for structural reform.
We will help solve the HR issues of companies in order to respond to changes in the business environment.**

We strengthen relationships with client companies by supporting the mobilization of their employees

The Solution Strategy is one of the growth strategies of UT Group's Fourth Medium-term Business Plan. By supporting the mobilization of workers of large corporate groups, we aim to help solve these client companies' management issues and enhance the mutual relationships. In case of large groups that operate a wide range of businesses, their organizations and people often need to be flexible in adapting to change in the business environment. The Solution Business provides various support related to HR strategy of client companies, such as reorganization of group companies, mobilization of personnel, and re-employment of retirees along with structural reforms, by utilizing UT Group's HR business know-how.

■ FUJITSU UT

In April 2018, formerly a Fujitsu Group company became UT's consolidated subsidiary.

■ UT Toshiba

In April 2020, formerly a Toshiba Group company became UT's consolidated subsidiary.

■ UT MESC

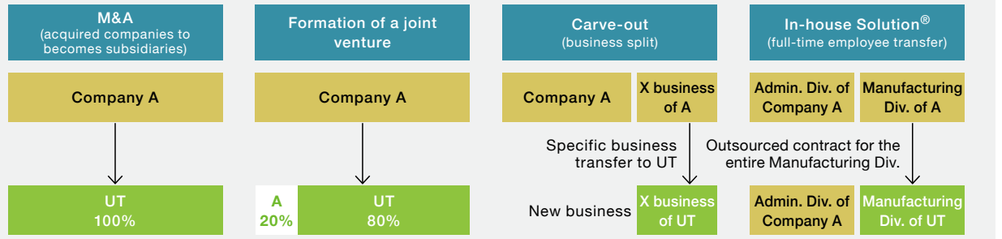
In July 2020, formerly a Hitachi Group company became UT's consolidated subsidiary.

■ UT FSAS CREA

In October 2021, formerly a Fujitsu Group company became UT's consolidated subsidiary.

Basic scheme of the Solution Business

The Solution Business is driven by four major schemes: 1) to create subsidiaries through M&A; 2) to form joint ventures based on joint investment; 3) business splits called carveouts; and 4) the transfer of clients' full-time employees to UT Group, called "In-house Solution®," The most unique scheme is the "In-house Solution®," in which UT Group takes over the specific business and employees of a client company. We have so far accepted a total of 2,700 employees from 13 clients as our full-time employees, and have enhanced the relationship of trust with these companies by maintaining continuity in these employees' employment and career.



We seek new opportunities through "contact areas" that supports the IT help desk. Aiming to move from a company that supports HR mobilization to a distinctive operating company.

The Solution Business uses various approaches, from M&A to In-house Solution®, to meet the needs of our clients and support their HR mobilization.
I am in charge of FUJITSU UT and UT FSAS CREA, which were acquired from the Fujitsu Group in 2018 and 2021 respectively and have become consolidated subsidiaries of UT Group. The two companies have been primarily responsible for worker dispatch and outsourced work services for the Fujitsu Group, but have recently started to focus on expanding sales channels outside the Fujitsu Group. We aim to further expand the number of technical associates in existing fields by leveraging the strengths of each company. In particular, UT FSAS CREA is strengthening its call center operation support services by drawing on its IT help desk service know-how, and is hoping to become a driver of future business growth.
This business has some affinity with the ongoing programs for promotion of active participation of older workers and women, and we hope that this development helps establish an environment that facilitates diverse workstyles.



Koji MORIKAWA

– Executive Officer, UT Group Co., Ltd.
– President, FUJITSU UT Co., Ltd.
– President, UT FSAS CREA Co., Ltd.

Joined the Crystal Group in 1988. After having served as various business manager positions, joined UT Group as Executive Officer in 2011.

Engineering Business

The Engineering Business contributes to improving the skills of workers and expanding their options, such as career advance from status of a manufacturing operator to being an engineer active in the construction and IT industries.

Realizing highly profitable businesses in the construction and IT industries

The Engineering Business is performed by two UT Group companies: UT Construction engaged in worker dispatch for the construction and plant industries and UT Technology in worker dispatch and outsourced work services for the IT industry. Although our domains are different from other UT Group companies mainly in the manufacturing industry, we are developing high-value-added businesses that are conducted by our highly-skilled engineers while utilizing UT Group's client base, such as the maintenance of water treatment plants by semiconductor manufacturers and DX support for automobile manufacturers.
UT Technology has signed the only official training partner agreement with Siemens in Japan: we train engineers in charge of installation support and construction of Siemens' software, and provide dispatch and contracted work services.

■ UT Construction

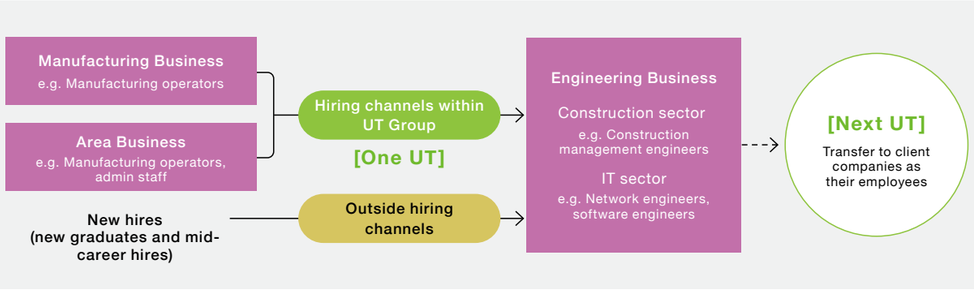
Worker dispatch for the construction and plant industry. It dispatches engineers to manage the construction and maintenance of infrastructure works handled by government agencies and to maintain plants.

■ UT Technology

Worker dispatch and outsourced work services for the IT industry. It dispatches engineers involved in infrastructure network operation support and embedded software development.

Providing associates with opportunities to take on the next stage of personal growth and challenge new job types

The Engineering Business contributes to boost activity levels of UT Group by providing manufacturing operators working in other business segments with opportunities to grow to become highly specialized engineers and to take on challenges in other industries and job types. We have built our own training programs and worked with client companies to develop workers in the construction and IT industries, which are constantly plagued by labor shortage. Every year, hundreds of our associates use the Next UT program and are transferred to the dispatched client company as its full-time employees.



We collaborate with client companies that face a serious worker shortage and provide services that match the interests of both job seekers and client companies.

In the construction industry, labor shortages have become a major issue, and there is a growing trend among client companies to collaborate with us to develop human resources. UT Construction proactively hires inexperienced workers and, after they have worked as our dispatched workers for a certain period of time, they can use Next UT, our program to support their transfer to a client company and attain career advancement sufficient to become full-time employees at a major construction or plant engineering company through this system. We call this the Career Development Program (CDP), and we are increasing the number of partner companies that cooperate with us and accept these associates.
In FY3/2023, we transferred 87 associates to our client companies through Next UT. This is a win-win structure for both job seekers who want to become full-time employees at major companies in the industry and for client companies who are struggling with worker shortages, and we are proud of its great social significance.
In the future, we aim to transfer about 20% of our technical associates to client companies through Next UT, and we plan to further focus on hiring activities and HR development, contributing to solving issues in the construction industry.



Hiroshi HOKARI

– Executive Officer, UT Group Co., Ltd.
– President, UT Construction Co., Ltd.

Joined UT Group in 2012 after having worked at a peer company for seven years. He was seconded to UT Construction and served in on-site managerial positions. He was appointed as executive officer in 2015 and as President of UT Construction in 2018.

Overseas Business

UT Group has made full-fledged efforts to develop business overseas where medium- to long-term growth is anticipated. We have started a new business from a major dispatch company in Vietnam that has been acquired and has become a consolidated subsidiary.

Developing a business connecting Japan and Vietnam, by welcoming a Vietnamese leading dispatch company in UT Group

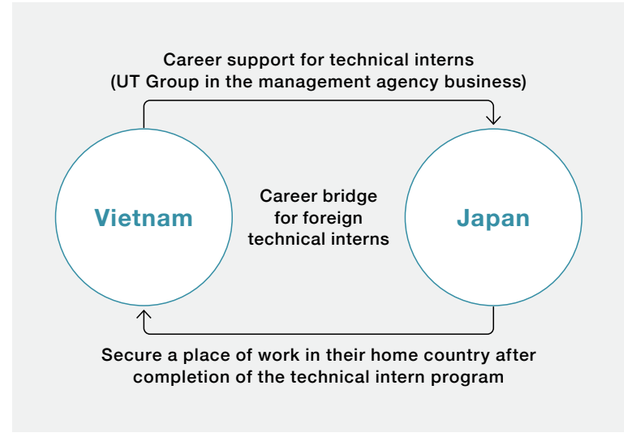
UT Group is expanding business overseas, leveraging our know-how of the worker dispatch business in Japan. The Overseas Business segment will be in charge. As a foothold for overseas expansion, we acquired Green Speed, a major Vietnamese worker dispatch company, in October 2020, and has made it a consolidated subsidiary. UT Group has so far been involved in the management of approximately 1,000 technical interns, mainly Vietnamese, for the Japanese manufacturing industry industry, while Green Speed has accumulated a track record of work dispatch to the manufacturing industry in Vietnam, since its establishment.
We aim to play a role as a career bridge between Japan and Vietnam by making use of the networks of both companies

■ Green Speed Joint Stock Company

Worker dispatch company centered in Ho Chi Minh City, a city in the southern part of Vietnam. It is one of the largest of its kind in Vietnam, employing more than 10,000 technical workers.

Our aim is to develop business throughout Vietnam

By joining UT Group, Green Speed, which is based in Ho Chi Minh City in Southern Vietnam, is also strengthening the hiring of workers in Hanoi in northern Vietnam. In the suburbs of Hanoi, many Japanese companies have been establishing or expanding manufacturing bases. We are therefore making sales proposals to them, based on our relationships with client companies in Japan as strength.
In the fast-growing Vietnamese market, there are still unexplored areas in the worker dispatch business. In addition, in the medium to long term, our mission is to support Vietnamese technical interns who have acquired skills at a factory in Japan to work at a Japanese company in Vietnam after returning to their home country. Our mutual cooperation in the HR service business between Japan and Vietnam is attracting attention.



We will strive for further evolution and growth, capturing the growing demand for workers across Vietnam.

Founded in 2012, Green Speed has expanded its business by providing local staffing services to global companies headquartered in the United States, Germany, Italy, and other countries, as well as domestic companies in Vietnam. Even if the dispatch period is only one day, we thoroughly implement the rules of conducting pre-training for dispatch staff, and we have received high praise from our client companies in terms of quality. In recent years, using a tie-up with UT Group in 2020 as a foothold, we have expanded into northern Vietnam and have accelerated business expansion with a focus on strengthening connections with major Japanese manufacturers. In addition to the expanded scale of sales, the further tightening of the management structure by improving cost efficiency and strengthening the business management system is a major achievement. We intend to more strongly appeal the brand of Green Speet, which boasts 11 years of experience and trust that has been earned, and to fully grasp the growing needs for dispatch workers throughout Vietnam. Moreover, by strengthening relationships with Japanese companies in particular, we will aim to expand the business scale in which 30,000 dispatch staff work vigorously.



Le Van Hoang

– President of Green Speed Joint Stock Company

Established Hoang Nhan Co., Ltd. in 2008 and Green Speed Co., Ltd. in 2012, and joined the UT Group in October 2020.

Expanding and enhancing business areas mainly through M&A

UT Group is actively engaged in good workplace development through M&A across Japan to promote the Fourth Medium-term Business Plan.

M&A-driven good workplace development across Japan

Since the start of the 2020s, we have been actively strengthening our business base through M&A. Among the six key themes of the Fourth Medium-term Business Plan, the four relevant themes are 1) to expand area platforms; 2) to exploit work areas for highly-skilled engineers; 3) to accelerate support for personnel mobilization; and 4) to create vigorous work environment empowering non-Japanese workers. In particular, in the Area Platform Strategy, we have produced several achievements in partnerships and M&A with local dispatch operators. In addition to enhancing local workplaces, is expected to improve profitability through the integration of career platforms. We plan to roll out the M&A strategy throughout Japan.
Among several schemes for M&A, the main one is to acquire 100% equity of a target company and make it a fully-owned subsidiary. The way in which a deal proceeds depends on discussions with the company to be affiliated. In all cases, we will promote M&A that can result in improving the value of workers and client companies.

Creating a system that helps realize smooth group bonding

What we emphasize in M&A is to have our acquired companies smoothly make commitments as members of UT Group once they have joined the Group. In our investigation prior to acquisition, what is particularly important among the various criteria is how the acquiring company fits with UT Group's corporate philosophy and policies, and whether it has an overall compliance mindset emphasizing good care of workers. In addition, from the initial stage of the M&A project, we make sure to include a post-integration business manager join the project team to deepen their understanding of the target company and to gain the target company's trust at the level of its workplaces as soon as possible. Members of UT Group's Business Development Division, responsible for M&A activities, have over 10 years of experience in practical M&A and related businesses in the areas of corporate management planning, financial advice, and management consulting. We perform due diligence, pre-integration planning, and post-merger integration (PMI) practices at the similar leve of experience to that of M&A specialists at consulting firms.

Major M&As (March 2021 - May 2022)

2020 April

Three Toshiba Group companies (Kanagawa Prefecture)
The three Toshiba Group companies engaged in personnel dispatch and other activities have become UT's consolidated subsidiaries.

July

Mito Engineering Service Co., Ltd. (currently UT MESC Co., Ltd., Ibaraki Prefecture)
A Hitachi Group company engaged in manufacturing outsourcing and dispatch of design engineers for elevators.
UT acquired all shares and made it a consolidated subsidiary.

October

Green Speed Joint Stock Company (Vietnam)
A holding company of two staffing companies in Vietnam.
UT acquired a 51% stake and entered into a capital alliance. To serve as a career bridge of non-Japanese technical interns.

November

Seekel Holdings (currently UT Connect; Ibaraki Prefecture)
Comprehensive personnel dispatch and outsourcing business based in Ibaraki Prefecture.
UT acquired all shares and made it a consolidated subsidiary.

2021 April

Aki-Japan Corp. (Tokyo) * Sold all shares in June 2023.
An engineer dispatching operator specialized in the construction industry. UT acquired a 20% stake of a special holding company which held all shares of Aki-Japan, and entered into a capital alliance, on the premise of a business alliance.

May

Progress Group, Co., Ltd. (currently UT Connect; Aichi Prefecture)
Comprehensive personnel dispatch and contracting business based in Aichi Prefecture.
Its workforce were Japanese and people of Japanese descent. UT acquired all shares and made it a consolidated subsidiary.

SURI-EMU Corp. (currently UT SURI-EMU; Aichi Prefecture)
Comprehensive personnel dispatch and contracting business based in Aichi Prefecture.
Its workforce included many Japanese-Brazilians. UT acquired all shares and made it a consolidated subsidiary.

October

Fujitsu FSAS CREA (currently UT FSAS CREA; Kanagawa Prefecture)
Administrative and IT-related personnel dispatch and contracting business for operation and deployment work.
UT acquired a 51% stake and made it a consolidated subsidiary.

Expanding and enhancing business areas mainly through M&A

The development of workplaces on a nationwide scale through M&A and the creation of new associates who sympathize with our philosophy are the driving forces behind the promotion of the following four key themes in the Fourth Medium-Term Business Plan.

Positioning of M&A in the Fourth Medium-term Business Plan

Expand area platforms	Exploit work areas for highly-skilled engineers	Accelerate support for HR mobilization	Create vigorous work environment empowering non-Japanese workers
Promote partnerships and M&A with regional dispatch operators to enhance workplaces in the area and improve profitability through integration into career platforms.	Strengthen the business base of highly-skilled engineers through partnerships with major dispatching operators and M&A of dispatch operators specializing in engineers.	Promote support for HR mobilization and firmly incorporate demand for structural reform from large companies, which is expected to expand due to the changing business environment.	While solidifying the base of the labor management agency business in Japan, establish a business base for personnel services overseas through overseas business alliances and M&A.
Acquired: Support System Seekel Holdings Progress Group, etc.		Acquired: UT Toshiba UT MESC UT FSAS CREA, etc.	Acquired: Green Speed Joint Stock Company

M&A

Increasing and improving profitability through PMI after joining the Group

Leading local dispatch companies

Evaluation of partnering companies in advance when considering M&A
- A certain amount of sales as a threshold
- Simulation of profitability improvement after joining the Group
- Compatibility with the corporate philosophy of UT Group
- Compliance awareness regarding workers, etc.

Acquired by UT Group

PMI initiatives to increase the profitability of partnering companies

Integration and standardization of administration work such as HR management
After joining UT Group, the operating system including HR management will be integrated with UT Group. Operational efficiency and profitability will be improved and some operations may be absorbed into head office functions.

Reallocation of workers at client companies and streamlined workplace management
The integration will increase the density of dispatch destinations (client companies) within the area, enabling managers to do more efficient workplace management and worker allocation, thereby increasing profitability.

Re-use of HR (reduction in hiring-related costs)
After joining UT Group, the dispatch workers of the integrated company will work as full-time technical associates employed by UT Group. In addition to reducing hiring-related costs, UT Group re-trains them and provides them career advancement opportunities.

A community-based worker dispatch company will receive significant benefits and changes in its v, when it becomes a member of UT Group. The integration of operating systems not only improves operational efficiency and profit structure, but also expands the choice of client companies to be dispatched and enables large-scale dispatches, making the worker dispatch business more efficient and in line with the desires of workers. The ideal form of M&A that we are aiming for is not only to expand the business performance of UT Group, but also to benefit both dispatched workers and client companies.

CHAPTER

Financial and non-financial highlights

In FY3/2023, UT Group carried out a major reorganization within the Group, introduced a new business system, standardized and commonized administration tasks, optimized staffing with the aim of establishing a leaner business base in order to realize accelerated growth over the medium to long term.



Financial strategy and capital policy

How do we realize investments for future growth? We will support sustainable growth financially by consistently securing cash, and maintaining and improving financial soundness.



Takahito YAMADA

– Executive Officer in charge of General Affairs Division

Specialized in the Financial Instruments Exchange Law and Corporate Law Audit at Deloitte Touche Tohmatsu LLC. Joined UT Group in 2018, after serving as Executive Officer, General Manager of the Accounting Department of Culture Convenience Club Co., Ltd.

INTERVIEW

UT Group is closely monitoring several indicators in order to maintain the safety of its financial base. As M&A is one of the pillars of UT's growth strategy, "Gross D/E ratio of 1.9 times or less" is a part of commitments of the Fourth Medium-term Business Plan. Through efficient business operations and capital policies, we balance borrowing and shareholders' equity, achieving both high growth rates and financial security. The balance between cash and interest-bearing debt is another indicator to be monitored closely. Against cash and deposits of ¥31.9 billion at the end of FY3/2023, net interest-bearing debt amounted to approximately ¥16.4 billion ("short-term borrowings and current portion of long-term borrowings" of ¥4.0 billion and "long-term borrowings" of ¥12.4 billion), keeping interest-bearing debt within the cash amount.

Due to the nature of the worker dispatching business, SG&A expenses are mostly comprised of personnel expenses and hiring-related expenses, and the profit structure thereby is extremely simple.

In terms of cash position, we are conscious of maintaining the burn rate for two months, and currently assume ¥10 billion as the burn rate. Having cash and deposits of ¥31.9 billion as of March 31, 2023, we believe that we are maintaining a level that can withstand a certain degree of market fluctuations. In the medium to long term, we plan to further increase the cash position and create a structure that enables agile and flexible investment.

In recent years, we have made several acquisitions of leading local dispatch companies. This was enabled by cash generated from the business. M&A often depends on door-opening encounters and timing, but our basic policy stated in the Fourth Medium-term Business Plan is to close M&A deals for which most of the cash outflows can be realized within the scope of cash on hand. When raising funds, we use corporate finance, rather than project finance for M&A activities.

Building a strong and flexible base for sustainable growth

During the ongoing business plan period, we will continue closely monitoring the key indicators, while maintaining and improving financial soundness. At the same time, we are working to improve labor productivity centered on organizational restructuring and standardization of business processes, as a part of efforts to build a base for achieving the current business plan's final year (FY3/2025) targets of ¥270 billion in sales and ¥25 billion in EBITDA, and beyond that, sustainable growth for UT Group.

In April 2022, we consolidated the administration functions in conjunction with the reorganization of our operating subsidiaries. We are reviewing the tasks that have become more complicated by the consolidation of some local leading dispatch companies, and standardizing business processes, including the renewal of the backbone systems. A Key Goal Indicator (KGI) we are using is the ratio of SG&A expenses to sales: our target is to reduce it from approximately 14% in FY3/2022 to 10% by FY3/2025. In FY3/23, we successfully reduced the ratio to 10.9%, down 2.8 basis points. The number of technical associates is expected to increase by more than 20,000 to approximately 50,000 to 60,000 in FY3/2025 but we intend not to proportionately increase the number of administrative staff but to raise labor productivity in order to respond to business expansion. These consolidation/reorganization efforts, which began in FY3/2023, will serve as a major turning point for the Group to achieve medium- to long-term growth.

Beyond FY3/2025, we will need a more elaborate financial strategy in order to achieve ¥600 billion in sales and ¥100 billion in EBITDA in FY3/2030 as set forth in the long-term management vision. We aim to build a strong and flexible financial base while always keeping an eye on sustainable growth.

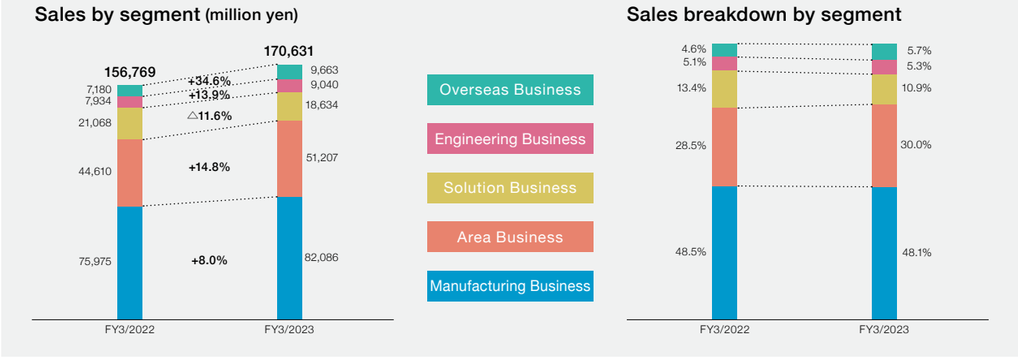
Overview of operating results for FY3/2023

Concerning the environment surrounding UT Group in FY3/2023, although demand for semiconductors is expected to increase over the medium to long term on the back of the expansion of information and communication technology and the acceleration of global decarbonization, capital investment and production activities by semiconductor manufacturing equipment (SME) makers and semiconductor makers have recently been affected by inventory adjustments and other factors and have shown a sign of slowdown. Automobile-related manufacturers continued to experience production adjustments due to a shortage of parts and materials.

Under these circumstances, in FY3/2023, the third year of the Medium-term Business Plan (FY3/2021 - FY3/2025), we sought to raise our top line based on the increased number of technical associates accumulated through the enhanced hiring activities in the previous year. We also made efforts to establish a leaner business base and improve profitability in order to realize accelerated growth over the medium to long term. Effective April 1, 2022, we carried out a major reorganization within the Group. Operating companies with common business characteristics were integrated to enhance the ability to execute each growth strategy of the Medium-term Business Plan. In addition, since April 2022, we have been gradually introducing a new business system to standardize and commonize administration and other tasks among the operating companies with the aim of improving productivity and further optimizing staffing.

Moreover, efforts to improve hiring efficiency have been made by integrating job opportunities held by each operating company and promoting optimal hiring operations. The operating results of each business segment are summarized below.

Operating results by segment



Manufacturing Business

Automotive-related manufacturers continued to experience production adjustments due to the shortage of parts and materials while the Industrial and Commercial Machinery subsegment and Electronics subsegment have cautiously carried out hiring activities, taking into account customer conditions such as postponement of new demand for both increased headcount and filling of vacancies, against the backdrop of inventory adjustments in semiconductors and other factors. We made efforts to strengthen relationships with client companies and to increase the share of dispatched workers in the factories, which led to minimizing the impact of the decline in personnel demand. The number of technical associates decreased year-on-year but segment sales increased due to high-level human resource management and the dispatch of highly-skilled workers whose abilities were developed in-house.

Area Business

The Area Business strived to develop new clients and deal with more diversified job openings of its existing clients in each of its operating areas, so that to respond to diverse needs of job applicants. The segment conducted hiring activities accordingly, which resulted in a significant increase in the number of technical associates and sales growth. Segment profit also increased significantly due to efforts to reduce SG&A expenses, such as commonizing the operating base through the Group's major reorganization on April 1, 2022.

Solution Business

The Solution Business segment sales decreased as the positive effects of sales increase from UT FSAS CREA, which became a consolidated subsidiary in October 2021, came to an end and due to the sale of UT System Products at the end of March 2022. The segment, however, increased profits due to an increase in the number of technical associates at the existing subsidiaries and an increase in operation at some contract sites.

Engineering Business

The segment's efforts to develop and assign new graduates have been successful and approximately 200 new graduates who joined UT Group in April 2022 were assigned and began productive activities at an earlier time than those who joined in the previous year. In addition, order booking was favorable for both the construction and IT sectors, and the number of technical associates increased y-o-y, resulting in an increase in segment sales and profit.

Overseas Business

Vietnam's economy achieved a clear recovery, as COVID-19 restrictions were lifted and GDP maintained high growth. The Overseas Business has expanded its business areas from the southern region centering on Ho Chi Minh City, Vietnam, where it has offices, to the northern region centering on Hanoi, and made efforts to acquire contracts from Japanese companies. And since the relaxation of COVID-19 restrictions in October 2021, production activities in Vietnam have recovered, resulting in an increase in segment sales and profit.

10-year Data

(Million yen)

	FY3/2014	FY3/2015	FY3/2016	FY3/2017		FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2023 excluding the stock-based compensation expenses
Net sales	30,779	36,478	44,050	57,588		81,751	101,103	101,191	115,131	156,769	170,631	170,631
Gross profit	5,429	6,760	8,747	11,462		16,010	20,738	20,006	21,602	27,770	33,101	33,101
EBITDA	1,882	2,288	2,574	3,652		5,713	8,686	8,604	7,997	7,502	15,714	15,714
Operating profit	1,824	2,232	2,462	3,413		5,197	8,083	8,040	7,163	6,257	8,914	14,476
Net profit before income taxes and other adjustments	1,432	2,149	2,353	3,154		5,385	7,718	6,705	7,000	5,235	8,734	14,296
Net profit attributable to owners of the parent	934	1,168	1,497	2,033		3,534	4,968	4,509	4,299	3,140	3,831	9,393
Capital expenditures	86	24	376	236		371	543	286	346	1,895	2,406	2,406
Depreciation and amortization	56	51	68	155		118	195	251	378	574	814	814
Total assets	12,058	16,427	17,139	23,144		29,710	33,720	36,308	52,666	64,107	71,630	71,630
Shareholders' equity	3,101	3,520	4,096	5,605		8,947	12,890	14,900	19,116	19,592	22,454	28,016
Interest-bearing debts	5,495	6,856	7,049	7,822		7,696	5,543	8,789	11,723	19,907	16,421	16,421
Cash flow from operating activities	358	3,131	517	3,107		4,942	6,864	3,509	6,654	2,279	13,004	13,004
Cash flow from investing activities	△ 23	△ 679	△ 334	△ 1,052		△ 975	△ 669	△ 805	△ 2,413	△ 6,300	△ 2,139	△ 2,139
Cash flow from financing activities	1,196	515	△ 789	△ 147		△ 519	△ 3,184	721	2,613	4,554	△ 4,748	△ 4,748
Free cash flow	335	2,451	183	2,054		3,967	6,195	2,703	4,240	△ 4,020	10,864	10,864
Per-share data												
Earnings per share (EPS, yen)	23.96	30.29	40.40	57.19		91.19	123.07	111.71	106.53	77.81	94.92	232.72
EPS growth rate	5.9%	26.4%	33.4%	41.6%		59.4%	35.0%	△ 9.2%	△ 4.6%	△ 27.0%	22.0%	199.1%
Book value per share (yen)	79.58	91.20	111.16	158.75		220.45	319.26	369.01	472.90	489.28	563.70	563.70
Dividend per share (yen)	13.50	–	–	–		–	61.93	–	66.00	24.00	–	–
Financial indicators												
Gross profit margin	17.6%	18.5%	19.9%	19.9%		19.6%	20.5%	19.8%	18.8%	17.7%	19.4%	19.4%
EBITDA margin	6.1%	6.3%	5.8%	6.3%		7.0%	8.6%	8.5%	6.9%	4.8%	9.2%	9.2%
Operating margin	5.9%	6.1%	5.6%	5.9%		6.4%	8.0%	7.9%	6.2%	4.0%	5.2%	8.5%
Return on Equity (ROE)	32.2%	35.3%	39.3%	41.9%		48.6%	45.5%	32.5%	25.3%	16.2%	18.0%	33.2%
Return on Assets (ROA)*1	7.8%	7.1%	8.7%	8.8%		11.9%	14.7%	12.4%	8.2%	4.9%	5.3%	13.1%
Return on Invested Capital (ROIC)*2	14.2%	12.2%	14.7%	16.9%		20.5%	28.4%	23.0%	14.4%	10.0%	11.0%	22.2%
Equity ratio	25.7%	21.4%	23.9%	24.2%		30.1%	38.2%	41.0%	36.2%	30.8%	31.8%	39.5%
Debt to Equity Ratio (D/E Ratio)*3	1.77	1.95	1.72	1.40		0.86	0.43	0.59	0.61	1.01	0.73	0.59
Stock information												
Stock price (fiscal year end, yen)	540	470	525	1,447		3,500	2,536	1,110	3,635	3,105	2,456	2,456
Price to Earnings Ratio (PER)	22.5	15.5	13.0	25.3		38.4	20.6	9.9	34.1	39.9	25.9	10.6
Price/Earnings-to-Growth Ratio (PEG Ratio)*4	3.37	0.59	0.39	0.61		0.65	0.59	△ 1.07	△ 7.35	△ 1.48	1.18	0.05
Return to shareholders												
Total shareholder return	526	999	749	609		1,060	2,499	–	2,663	968	2,816	2,816
Total dividend amount	526	–	–	–		–	2,499	–	2,663	968	–	–
Purchase of treasury shares	–	999	749	609		1,060	–	–	–	–	2,816	2,816
Total return ratio	56.3%	85.6%	50.1%	30.0%		30.0%	50.3%	0.0%	62.0%	30.8%	73.5%	30.0%
Non-financial information												
Number of employees	7,955	9,489	11,370	16,104		19,581	21,746	22,180	38,527	48,163	47,497	47,497
Number of technical employees (Japan)	7,768	9,299	10,926	15,488		18,569	20,583	20,906	23,736	31,636	31,936	31,936
Number of technical employees (Overseas)	–	–	–	–		–	–	–	13,276	13,750	13,594	13,594
Number of general employees	187	190	444	616		1,012	1,163	1,274	1,515	2,777	1,967	1,967
Work creating value*5 (million yen)	28,029	32,944	39,188	51,061		73,867	92,050	93,120	95,517	130,616	152,543	152,543

*1 ROA = [Net profit attributable to owners of the parent] / [Total assets (fiscal year average)]
*2 ROIC= [Net profit attributable to owners of the parent] / [Shareholders' equity (fiscal year average) + Interest-bearing debt (fiscal year average)]
*3 D/E Ratio = [Interest-bearing debt] / [Shareholders' equity]
*4 PEG Ratio = [P/E Ratio at year end] / [EPS growth rate] X 100
*5 Work creating value = [Operating profit] + [Total personnel expenses], UT Group's unique indicator for providing jobs to many people and supporting their growth
*6 Stock-based compensation expenses: Since the performance conditions for the exercise of stock acquisition rights, resolved on May 20, 2020, were satisfied, stock-based compensation expenses of 5.5 billion yen were recorded. As they are recognized as expenses for accounting purposes and do not involve cash-out, the financial data excluding the stock-based compensation expenses were stated for reference.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

Assets	March 31, 2022	March 31, 2023
Current assets		
Cash and deposits	25,827	31,969
Notes receivable - trade	43	138
Accounts receivable - trade	21,401	21,712
Merchandise and finished goods	12	13
Work in process	15	7
Raw materials and supplies	58	84
Other	2,442	1,992
Allowance for doubtful accounts	△53	△133
Total current assets	49,748	55,784
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,326	1,318
Accumulated depreciation	△538	△591
Buildings and structures, net	788	727
Other	970	895
Accumulated depreciation	△347	△313
Other, net	623	582
Total property, plant and equipment	1,411	1,309
Intangible assets		
Goodwill	5,731	5,414
Leased assets	5	2
Software	461	1,935
Other	3,311	3,452
Total intangible assets	9,509	10,804
Investments and other assets		
Investment securities	1,176	1,033
Long-term loans receivable	13	11
Long-term prepaid expenses	15	169
Deferred tax assets	1,663	2,001
Other	625	516
Allowance for doubtful accounts	△56	△1
Total investments and other assets	3,438	3,731
Total non-current assets	14,359	15,846
Total assets	64,107	71,630

(Million yen)

Liabilities	March 31, 2022	March 31, 2023
Current liabilities		
Notes and accounts payable - trade	280	246
Short-term borrowings	235	403
Current portion of long-term borrowings	3,648	3,589
Accounts payable - other	2,492	1,783
Accrued expenses	9,106	8,879
Lease liabilities	10	10
Income taxes payable	412	4,112
Accrued consumption taxes	3,943	4,215
Provision for bonuses	2,305	2,558
Provision for bonuses for directors (and other officers)	49	77
Deposits received	2,882	1,897
Other	99	128
Total current liabilities	25,467	27,903
Non-current liabilities		
Long-term borrowings	15,990	12,400
Lease liabilities	22	17
Retirement benefit liability	727	772
Deferred tax liabilities	613	554
Other	54	53
Total non-current liabilities	17,408	13,798
Total liabilities	42,875	41,702
Net assets		
Shareholders' equity		
Share capital	686	686
Capital surplus	338	338
Retained earnings	18,567	21,430
Treasury shares	△0	△0
Total shareholders' equity	19,592	22,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△0	△0
Foreign currency translation adjustment	156	297
Total accumulated other comprehensive income	156	297
Share acquisition rights	600	6,161
Non-controlling interests	882	1,014
Total net assets	21,232	29,928
Total liabilities and net assets	64,107	71,630

Consolidated Statements of Income

(Million yen)

	FY3/2022	FY3/2023
Net sales	156,769	170,631
Cost of sales	128,998	137,530
Gross profit	27,770	33,101
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	367	162
Salaries and bonus	6,161	6,177
Share-based payment expenses	–	5,562
Provision for bonuses	1,397	1,658
Provision for bonuses for directors (and other officers)	52	77
Welfare expenses	1,373	1,432
Recruiting expenses	6,116	3,549
Depreciation	554	800
Commission expenses	2,226	1,623
Amortization of goodwill	671	423
Other	2,591	2,719
Total selling, general and administrative expenses	21,513	24,186
Operating profit	6,257	8,914
Non-operating income		
Interest income	2	8
Foreign exchange gains	29	65
Subsidies for employment adjustment	71	106
Dividend income of insurance	32	22
Surrender value of insurance policies	21	–
Other	48	72
Total non-operating income	206	274
Non-operating expenses		
Interest expenses	54	110
Commission expenses	82	3
Share of loss of entities accounted for using equity method	247	141
Loss on valuation of derivatives	–	38
Donations	60	–
Other	65	60
Total non-operating expenses	508	355
Ordinary profit	5,954	8,834
Extraordinary income		
Gain on sale of non-current assets	21	0
Gain on sale of shares of subsidiaries and associates	2	86
Gain on reversal of share acquisition rights	2	0
Gain on sale of investment securities	1	–
Total extraordinary income	27	87
Extraordinary losses		
Loss on retirement of non-current assets	15	39
Loss on sale of non-current assets	–	3
Restructuring cost	284	86
Loss on COVID19	15	4
Loss on termination of retirement benefit plan	23	19
Loss on valuation of investments in capital	–	35
Loss on step acquisitions	289	–
Loss on sale of shares of subsidiaries and associates	6	–
Loss on cancellation of rental contracts	111	–
Total extraordinary losses	745	188
Profit before income taxes	5,235	8,734

	FY3/2022	FY3/2023
Income taxes - current	1,966	4,920
Income taxes - deferred	△41	△386
Total income taxes	1,924	4,534
Profit	3,311	4,200
Profit attributable to non-controlling interests	170	368
Profit attributable to owners of parent	3,140	3,831

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	FY3/2022	FY3/2023
Profit	3,311	4,200
Other comprehensive income		
Valuation difference on available-for-sale securities	△0	△0
Foreign currency translation adjustment	225	165
Share of other comprehensive income of entities accounted for using equity method	△0	△0
Total other comprehensive income	225	165
Comprehensive income	3,536	4,365
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,325	3,972
Comprehensive income attributable to non-controlling interests	211	392

Consolidated Statements of Changes in Shareholders' Equity

FY3/2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	686	338	18,091	△0	19,116
Changes during period					
Dividends of surplus			△2,663		△2,663
Profit attributable to owners of parent			3,140		3,140
Purchase of treasury shares				△0	△0
Net changes in items other than shareholders' equity					
Total changes during period	–	–	476	△0	476
Balance at end of period	686	338	18,567	△0	19,592

	Accumulated other comprehensive income			Share acquisition rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	0	△28	△28	602	507	20,198
Changes during period						
Dividends of surplus						△2,663
Profit attributable to owners of parent						3,140
Purchase of treasury shares						△0
Net changes in items other than shareholders' equity	△0	185	184	△2	375	557
Total changes during period	△0	185	184	△2	375	1,034
Balance at end of period	△0	156	156	600	882	21,232

FY3/2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	686	338	18,567	△0	19,592
Changes during period					
Dividends of surplus			△968		△968
Profit attributable to owners of parent			3,831		3,831
Purchase of treasury shares				△0	△0
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,862	△0	2,862
Balance at end of period	686	338	21,430	△0	22,454

	Accumulated other comprehensive income			Share acquisition rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	△0	156	156	600	882	21,232
Changes during period						
Dividends of surplus						△968
Profit attributable to owners of parent						3,831
Purchase of treasury shares						△0
Net changes in items other than shareholders' equity	△0	141	141	5,561	131	5,834
Total changes during period	△0	141	141	5,561	131	8,696
Balance at end of period	△0	297	297	6,161	1,014	29,928

Consolidated Statements of Cash Flows

(Million yen)

	FY3/2022	FY3/2023
Cash flows from operating activities		
Profit before income taxes	5,235	8,734
Share-based payment expenses	–	5,562
Depreciation	574	814
Amortization of goodwill	671	423
Commission expenses	82	3
Increase (decrease) in allowance for doubtful accounts	3	25
Increase (decrease) in provision for bonuses	213	253
Increase (decrease) in provision for bonuses for directors (and other officers)	△39	27
Interest and dividend income	△2	△9
Interest expenses	54	110
Share of loss (profit) of entities accounted for using equity method	247	141
Loss (gain) on sale of shares of subsidiaries and associates	5	△86
Loss on retirement of non-current assets	10	39
Decrease (increase) in trade receivables	△3,980	△197
Decrease (increase) in prepaid expenses	△312	12
Decrease (increase) in inventories	△239	△17
Decrease (increase) in long-term prepaid expenses	19	△212
Increase (decrease) in trade payables	74	△44
Increase (decrease) in accrued consumption taxes	1,186	536
Increase (decrease) in accounts payable - other	△161	△604
Increase (decrease) in accrued expenses	1,518	△296
Increase (decrease) in deposits received	△34	△985
Other, net	22	△181
Subtotal	5,147	14,048
Interest and dividends received	1	9
Interest paid	△54	△110
Income taxes paid	△2,815	△943
Net cash provided by (used in) operating activities	2,279	13,004
Cash flows from investing activities		
Purchase of property, plant and equipment	△53	△63
Purchase of intangible assets	△1,445	△2,446
Proceeds from maturity of insurance funds	234	–
Payments for investments in capital	–	△35
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△2,955	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	67	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	△867	–
Purchase of shares of subsidiaries and associates	△1,415	–
Proceeds from sale of shares of subsidiaries and associates	4	313
Net decrease (increase) in short-term loans receivable	35	78
Decrease (increase) in guarantee deposits	45	0
Other, net	49	12
Net cash provided by (used in) investing activities	△6,300	△2,139
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△3	92
Proceeds from long-term borrowings	10,630	–
Repayments of long-term borrowings	△3,301	△3,648
Purchase of treasury shares	△0	△0
Dividends paid	△2,665	△975
Dividends paid to non-controlling interests	△3	△202
Other, net	△100	△14
Net cash provided by (used in) financing activities	4,554	△4,748
Effect of exchange rate change on cash and cash equivalents	25	26
Net increase (decrease) in cash and cash equivalents	560	6,142
Cash and cash equivalents at beginning of period	25,266	25,827
Cash and cash equivalents at end of period	25,827	31,969

CHAPTER

Corporate governance

UT Group's business is always centered around people. This is why corporate compliance and corporate governance that supports it are the most important management issues. We will continue to move on by always keeping the right perspective for the sake of associates and client companies.

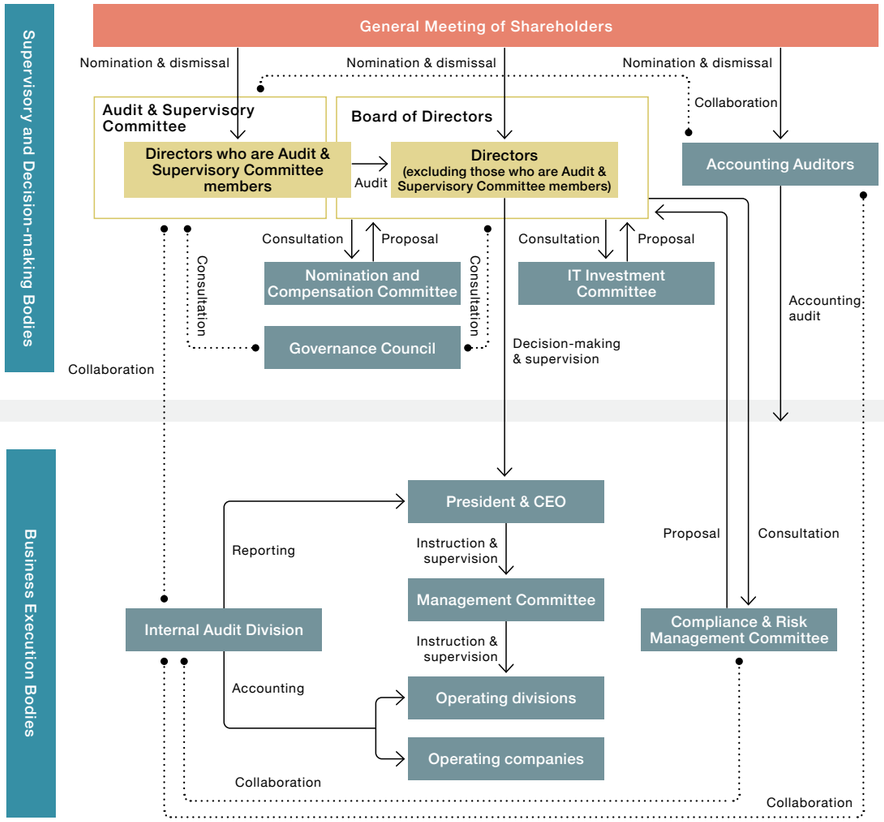


Policy on Corporate Governance

As a company that supports both the employment of workers and ongoing corporate production activities, we will continue to consider corporate governance as the most important management issue, and to fulfill our social responsibilities.

UT Group is engaged in the worker dispatch business, which is a human-centered business and can be characterized as public infrastructure that provides stable employment for each worker and the supply of labor to companies' production activities. In such a business area, it is a basic premise to respect the human rights of individuals and to comply with laws and social norms, with high ethical standards. Furthermore, in order to earn the trust of a wide range of stakeholders and society, we believe it is important to fulfill our accountability through highly transparent information disclosure and appropriate communication.
To this end, we have positioned corporate governance as the most important management issue and are working to continuously strengthen it. As one of these initiatives, we have changed our status so as to be a Company with an Audit and Supervisory Committee, upon the approval of the 15th General Meeting of Shareholders held on June 25, 2022. The Audit and Supervisory Committee, which consists of four outside directors with a high level of expertise, ensures the objectivity and neutrality of the management supervisory function. In the past, we have worked to strengthen the system based on three main points: Strengthening the supervisory system by independent outside directors, separating management supervision and business execution, and establishing an audit system in which Audit and Supervisory Committee members and the Internal Audit Division cooperate. The transition to a Company with an Audit and Supervisory Committee will further strengthen the system. In order to achieve sustainable growth in corporate value, we will continue to strengthen the system by emphasizing both “defensive governance” and “aggressive governance.” What we mean by defensive governance is to constantly control risks and operate the business in an appropriate manner. By aggressive governance, what we mean is to support flexible thinking and bold risk-taking that can quickly respond to environmental changes and turn into new business opportunities.

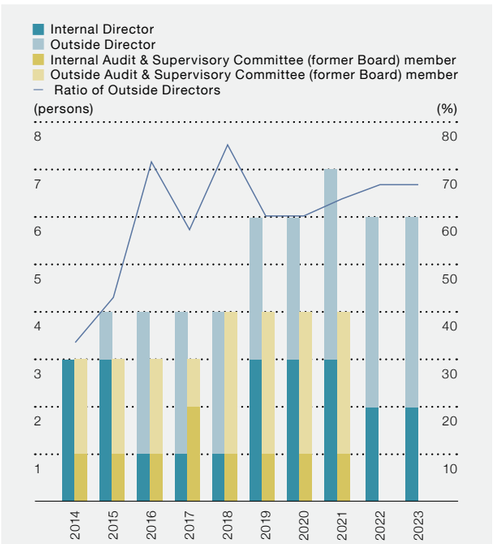
Corporate governance structure



Board of Directors

Name	Title in UT Group	Years in office	Nomination and Compensation Committee	Compliance & Risk Management Committee	IT Investment Committee	Governance Council
Yoichi WAKAYAMA	President & CEO	16	•			
Manabu SOTOMURA	Board Director	4	•	•	•	
Taisuke IGAKI	Board Directors who are Audit & Supervisory Committee members	5	•			•
Hiroko SASAKI		2	•			•
Hirokazu MIZUKAMI		14				•
Koichi SHIMA		1	•	•		•

Ratios of Outside Directors



* Transition to a Company with an Audit & Supervisory Committee in FY3/2023

Advisory Bodies of the Board of Directors

	Nomination and Compensation Committee	Compliance & Risk Management Committee	IT Investment Committee
Chairperson	Outside director	Executive officer	Executive officer
Members	President 1 full-time director 3 outside directors	1 full-time director 1 outside director 1 external lawyer 5 executive officers	1 full-time director 1 external expert 4 executive officers
Objectives	Ensure the transparency and objectivity of procedures concerning the nomination and remuneration of directors and executive officers of the Company, and strengthen the accountability of the Board of Directors regarding CEO succession planning and supervision	Control UT Group's breach in compliance and risks; and minimize loss	Consider solutions based on UT Group's IT systems, and check the appropriateness of investment decisions and post-investment effects, etc.

Skills matrix of the Board of Directors

Name	Attributes		Experience and expertise							
	Independence	Gender	Corporate management	Human resources business	Global business	M&A	Business development	Personnel affairs and development	Finance and accounting	Legal and risk management
Yoichi WAKAYAMA			•	•		•	•			
Manabu SOTOMURA				•				•		
Taisuke IGAKI					•	•				•
Hiroko SASAKI	•	•	•				•	•		
Hirokazu MIZUKAMI	•		•		•				•	
Koichi SHIMA	•		•	•		•		•	•	•

Roles of organizations that comprise the supervisory and decision-making bodies

UT Group's corporate governance system is characterized by the separation of management supervision and execution, the granting of the majority of business execution authority of the Board of Directors to executive offcers, and the establishment of advisory bodies for each important management theme.

Board of Directors

As UT Group's highest decision-making body of management, the Board of Directors decides basic management policies and important matters. It also focuses on appropriately supervising execution of duties by board directors. The number of board directors is limited to facilitate active discussion, while independent board directors represent over a half of the Board in order to enable highly objective supervision.

Audit and Supervisory Committee

The four members of the Audit and Supervisory Committee are outside directors to ensure the objectivity and neutrality of the management monitoring function. The Committee conducts effective audits with consideration given to corporate size, industry, management risks, and other company specific environment including audits. The Committee is organized to maintain close cooperation with the Internal Audit Division and other divisions responsible for the monitoring function of the internal control system.

Nomination and Compensation Committee

As a voluntary advisory body to the Board of Directors, the Nomination and Compensation Committee's objectives are: to ensure the transparency and objectivity of procedures concerning nomination of candidates for directors, Audit & Supervisory Committee members, executive officers of the Company and its important subsidiaries, as well as compensation; and to strengthen the accountability of the Board of Directors regarding the election and dismissal of CEO and the planning and supervision of CEO succession. The Committee designates persons who shall contribute to the Group's sustainable growth and medium- to long-term increase in corporate value and refers the candidates to the Board of Directors.

IT Investment Committee

The IT Investment Committee has two roles: a role as an advisory body to the Board of Directors by which it reviews medium- to long-term development and investment plans concerning the information system infrastructure of the entire UT Group; and a role as a decision-making body concerning execution of duties related to shorter-term system investment and the like. The committee, comprised of full-time board directors and outside IT experts, reviews IT system solutions for managerial issues and discusses the appropriateness of investment decisions and effectiveness after investments have been made.

Governance Council

The Governance Council is composed of four outside directors who are Audit and Supervisory Committee members, and has been established as a forum for exchanging information and sharing awareness with corporate governance as the main theme. Certain opinions shared at the Governance Council are submitted to the Board of Directors as a discussion theme to enhance corporate governance, as needed.

Accounting Auditors

The Company has entered into an accounting audit agreement with Gyosei & Co. As its accounting auditor who performs audits of financial statements based on the Companies Act and the Financial Instruments and Exchange Act.

Policy for the selection of directors

Basic policy for nominating candidates for the post of director is to select those who can contribute to sustainable growth of the Company and to growth in medium- to long-term corporate value. The Nomination and Compensation Committee, which is an advisory body to the Board of Directors, selects candidates for directors, taking into consideration the balance of capabilities and knowledge of the entire Board of Directors, and the Board of Directors makes decisions.

Nomination of candidates for the Audit and Supervisory Committee is determined by the Nomination and Compensation Committee on the basis that they contribute to the sound management of the Company and the maintenance and improvement of its social credibility and are able to conduct audits from a neutral and objective standpoint. After receiving the consent of the Audit and Supervisory Committee, the Board of Directors makes decisions.

As for outside directors, the Company appoints those who can secure sufficient independence based on their background and relationship with the Company, referring to the judgment criteria for independence as per the Tokyo Stock Exchange.

With regard to the dismissal of directors and Audit and Supervisory Committee members, we will begin the procedures for dismissal of those for whom we find material facts in violation of laws, regulations or the Articles of Incorporation, or facts which have deviated significantly from the selection criteria, as well as those whose negligence of duties has significantly impaired the Company's corporate value has been significantly impaired by negligence of their duties, or whose duties are deemed to be difficult to be decently performed.

The dismissal of directors and Audit and Supervisory Committee members is determined at the General Meeting of Shareholders after fair and rigorous deliberation by the Nomination and Compensation Committee and a resolution by the Board of Directors.

The analysis and evaluation of the effectiveness of the Board of Directors

In accordance with the Corporate Governance Code advocated by the Tokyo Stock Exchange, we conduct analyses and evaluations of the effectiveness of the Board of Directors in order to improve its functions. The method of analysis and evaluation which was most recently conducted at the end of FY3/2023, yielded the results summarized below.

- Evaluation period: February-March 2023
- Subjects of evaluation: All directors and all audit & supervisory board members, 6 in total
- Method of evaluation: Self-evaluation through a Web questionnaire, and the compilation and analysis of evaluation results by an external organization
- Evaluation Items: 5 major items (25 questions in total) 1) Organization and management of the Board of Directors; 2) Management strategy and business strategy; 3) Corporate ethics and risk management; 4) Performance monitoring, and evaluation and compensation of management; 5) Dialogue with shareholders
- Answer method: 5-level evaluation and free comments and requests for each major item

1 Organization and management of the Board of Directors

The selection of agenda items at the Board of Directors meetings was evaluated to be appropriate. In view of the knowledge, experience, and expertise of each Director, the Board of Directors has created an environment in which free and open discussions can be conducted. Accordingly, the Board was evaluated to be in an appropriate state based on its roles and functions. In particular, outside directors have become more active in expressing their views, and the quality of discussions itself was evaluated to have improved. On the other hand, it was pointed out that there was room for devising and improving the way to sufficiently explain the agenda items so as to deepen substantive discussions.

2 Management strategy and business strategy

Some expressed the view that UT Group has established an agile business execution system that firmly ascertains the recent changes in the business environment surrounding the Company, changes that increased both opportunities for information sharing and dialogue with the business execution side, and the level of supervision and monitoring from a more multifaceted perspective. Concerning business process reform through the promotion of DX, which was an issue raised at the time of the previous evaluation, the reform is being continuously monitored and its progress is appropriately confirmed. It was pointed out that further discussions should be made on the optimization of business portfolios, the allocation of management resources, including human capital investments, and initiatives for sustainability.

3 Corporate ethics and risk management

It was evaluated that the transparency of internal control and corporate governance has been improved with the transition to a Company with an Audit and Supervisory Committee in June 2022. In particular, the effectiveness of the whistle-blowing system, the construction and operation of the internal control system and risk management system, the construction of the risk assessment process, and the appropriate functions of the internal audit department were highly evaluated. It was confirmed that the Board's risk management and assessment are appropriate, while the Board is sufficiently cooperating with the Internal Audit Division and other departments.

4 Performance monitoring, and evaluation and compensation of management

The chairperson and members of the Nomination and Compensation Committee include three outside directors. Under such circumstances, it was confirmed that active discussions are being held, and performance evaluation of each director and executive officer is conducted appropriately. On the other hand, from a medium- to long-term perspective, opinions were raised that it would be necessary to deepen discussions and appropriately supervise a successor development plan for each director, including the CEO, and each executive officer.

5 Dialogue with shareholders, etc.

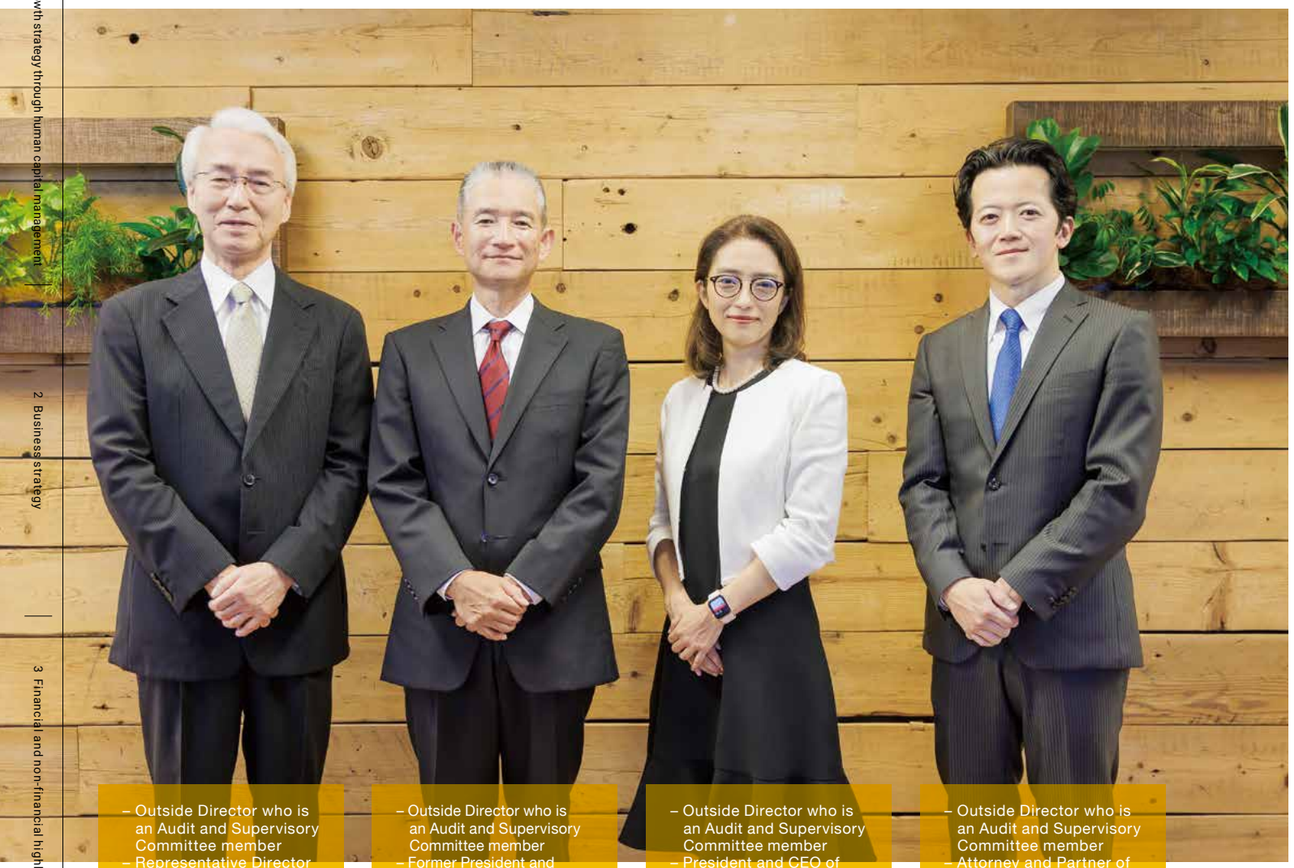
The evaluation recognized the necessity of thorough deliberation on matters that were expected to affect shareholders' interests. In addition, some expressed the view that efforts to promote the understanding of shareholders and others regarding such matters should be firmly grasped by the Board. In addition, as in the previous evaluation, it was pointed out that discussions should be deepened along with the promotion of human capital management on how to proceed with the disclosure of non-financial information from the perspective of sustainability.

Details of the main deliberations and reports at the Board of Directors meeting in FY3/2023

Management strategy	IT investments (e.g., progress of next-generation system projects, group-integrated hiring site)
	Business strategy (e.g., organizational strategy, hiring activities)
	M&A deals based on the M&A strategy of the medium-term business plan, and the status of PMI
	Sustainability initiatives
Capital policy and finance	Group finance
	Shareholder return policy
	Cash flows and funding
Governance	Nomination and compensation
	Status of response to material risks
	Evaluation of the effectiveness of the Board of Directors
	Designing of corporate entities

Outside Director Roundtable Discussion

To achieve the goals of the Fourth Medium-Term Business Plan and looking beyond to the Vision for 2030, UT Group has been strengthening corporate governance as one of the most important management issues. Our four Outside Directors who have served as Audit and Supervisory Committee members from FY3/2023 got together to discuss strengthening governance of the Board of Directors and measures to achieve this.



– Outside Director who is an Audit and Supervisory Committee member
– Representative Director of Advan Capital Ltd.

Hirokazu MIZUKAMI

– Outside Director who is an Audit and Supervisory Committee member
– Former President and Representative Director of Recruit Media Communications Co., Ltd. (Currently Recruit Co., Ltd.)

Koichi SHIMA

– Outside Director who is an Audit and Supervisory Committee member
– President and CEO of Change WAVE Inc.
– President and CEO of Lyxis Co., Ltd.

Hiroko SASAKI

– Outside Director who is an Audit and Supervisory Committee member
– Attorney and Partner of Nishimura & Asahi LPC

Taisuke IGAKI

Igaki: In FY3/2023, UT Group became a Company with an Audit and Supervisory Committee, and Outside Directors who are Audit and Supervisory Committee members now represent more than half of the Board members. The Board used to focus on decision-making on business execution, as its role and function, but I have the impression that the Board's aim is now changing to concentrate on preparing an environment in the company that supports appropriate risk-taking and highly effectively supervising business execution. I have long felt that the driving force of the business side is one of UT Group's major strengths. Now UT Group is making progress in strengthening the management base and the administration base that support business growth, along with the evolution of corporate governance.

Mizukami: Indeed. Partly due to the change in the composition of the Board of Directors from FY3/2023, the focus of our discussion has shifted from business to governance and compliance. As the business scale of UT Group has expanded and the number of associates in Japan and overseas is approaching 50,000, the themes we need to address as an organization have moved to the next step, and we now have more opportunities to discuss associates' safety and corporate ethics. Looking beyond into a potential further-expanded stage, I am certain we will see increasing importance of realizing a comfortable working environment and improved employee-related risk management.

Sasaki: For a start, I find that the change in corporate entities has led to a great outcome of enabling us, Outside Directors, to



engage in discussion at the Audit and Supervisory Committee, prior to a Board of Directors meeting. Including the Internal Audit Division, we share information and awareness in advance and deepen our understanding of agenda items prior to the Board meeting. As the Board has become leaner, each Board member expresses more in-depth opinions, and their different backgrounds and expertise are intertwined to engage in multi-dimensional discussions.

Igaki: The Audit and Supervisory Committee meets every month and shares information on the progress of audits in cooperation with the Internal Audit Division. Although no significant management risks were discovered in FY3/2023, we have worked to qualitatively monitor labor management-related matters, such as labor practices and health and safety, without neglecting even smaller issues.

Shima: During my first year as an outside director, I have participated in the Board of Directors and other meetings, and I felt that UT Group is operating according to a well-established style. On top of that, the discussion is conducted in an open atmosphere, and I myself express candid views without being concerned too much on the feelings of the executives. I have the impression that the Board draws out opinions from Outside Directors and others, and incorporate them in discussions.

Igaki: In order to make governance more effective, a well-established style, that is, a certain level of systematization, is important. In situations such as compliance checking and risk assessment, we must eliminate dependency on individuals and make uniform decisions based on prescribed rules and procedures. UT Group has organized and systematized procedures and information collection processes, and repeatedly modified them in order to successfully evolve governance.

Shima: One thing I want to add is that UT Group should maintain a high level of sensitivity in areas that deviate from the existing frameworks of discussion. In particular, unforeseen events, such as compliance risks, always contain unexpected issues. In addition to trying to make smooth progress of meetings, we should consciously make efforts not to overlook unexpected aspects.

Aiming to incorporate management perspectives in the human resource development, evaluation and promotion

Sasaki: Looking back on FY3/2023, as chairperson of the Nomination and Compensation Committee I feel that we were able to have quite in-depth discussions on the evaluation of the current status of directors, the creation of a medium- to long-term system, and the construction of an evaluation system that leads to that.

Igaki: When we first set up the Nomination and Compensation Committee, it was considered a place to express opinions on personnel and compensation plans presented by the execution side. In the past year, however, we have fairly actively discussed specific measures to consider the profile of a person suitable for an executive from a management perspective, and to recommend promotion of the person, and how to balance compensation with shareholder interests. We discussed President Wakayama's intentions concerning personnel affairs until we reached arguments convincing even to third parties, and submitted the Committee's report to the Board.

Sasaki: What kind of people to be highly evaluated and appointed is inextricably linked to UT Group's values that show what the Company wants to be in the future. We convinced those on the business execution side to become conscious of talking about evaluation criteria from a medium- to long-term perspective.

Shima: As UT Group has so many associates and offices, it would no longer be possible to manage everything centrally. As a feasible issue for the future, it would be essential for UT Group to nurture and promote certain associates who can make decisions from a management perspective from time to time, close to the workplaces.

Mizukami: In the meantime, we need to foster ethical attitudes and behavior among associates, create a comfortable work environment, and develop field managers, for example. There is no shortcut to creating a corporate culture and its underlying values. At the Board of Directors, I find it important to tenaciously approach those on the business execution side, and be actively engaged by taking a long-term perspective.

Shima: The culture of companies that joined UT Group through M&A does not instantly match UT's long-established culture. We have no choice but take the necessary time to instill UT's culture to those companies, as we are actually doing today.

Mizukami: I highly commend UT Group as it is working on compliance with corporate ethics and risk management at a high level. This might be entirely understandable for UT being in the worker dispatch industry. Nevertheless, I think that we should consider its actions as ordinary and evaluate UT on a stricter scale.

Igaki: Nonetheless, UT Group's systematization of risk assessment should be highly evaluated in a relative sense as not many listed companies list up or make charts of risk elements.



Completing the Fourth Medium-term Business Plan and looking towards the Vision beyond it

Mizukami: President Wakayama desires to refine the models of UT Group's dispatch services by the end of FY3/2025, the final year of the Fourth Medium-term Business Plan. I think that stakeholders are very interested in what UT Group would do beyond that.
Shima: Currently, DX-related initiatives are under way, such as the updating of in-house systems and the expansion of JOBPAL. They are key drivers for sustainable growth. Although progress of some initiatives is delayed from the plan, this is partly because they are regarded important and the hurdles have been raised.
Igaki: We Outside Directors have discussed business development with a view to "post-manufacturing dispatching," while continuing to position manufacturing dispatch as a core of the business.
Sasaki: I personally believe that expert opinions on human resources and organizations are required. When considering UT's transition to a new stage, we will need a scheme that is completely different from the organizational building know-how the Company has established so far. Before considering specific measures, we, as the Board of Directors, need to conduct active, thorough discussions concerning the path to the future.
Igaki: At present, we cannot assign too little importance to the impact of the global economy on the Japanese manufacturing industry, nor to the subject of supply constraints caused by soaring raw material and energy prices and disruptions in the global supply chain. In the meantime, looking at Japan, it is clear that the decline in the working-age population is accelerating, and there is a persistent problem of disparity between regular and non-regular workers. We cannot sit back and say that our business is safe as long as there is a persistent shortage of human resources. Unless we keep on working on helping our associates improve their skills and improving their working conditions, we may find it difficult to provide services that meet the expectations of our client companies.
Shima: Our Top Share Strategy of the Manufacturing Business has given us a competitive advantage, and we have solidified our position as a leading company in the manufacturing dispatch business. However, we are not sure if we can envision similar growth in the future with the same way of thinking. Can we leisurely talk about our future on the same trajectory that we have exploited so far? Or, should we look forward to our future from a different perspective based on market needs? We need to decide. When thinking about a role we should play in society, I think our strategy needs to be reviewed.
Igaki: I think so too. I would like us to carry out discussions at the Management Council, with advanced perspectives, such as on what kind of role we will play in society over the medium to long term, and whether we can become a company with a high level of social contribution in a way that is different from today.
Shima: The management framework is well established, so I think there are few elements of concern, such as contingency. In light of President Wakayama's age and leadership to date, we should not necessarily rush into discussions on a succession issue. Rather, we need to thoroughly discuss how we will nurture the next generation under our medium- to long-term growth strategy. We should consider human assets allocation based on the perspective of their development, as experience is crucially important.
Igaki: Incidentally, this is difficult to see from the inside, but I find that many staff members on the administration side, specifically the General Affairs Division, are excellent. Companies with remarkable business growth tend to focus on their business divisions, especially their ability to track numbers, but the strengths of those in the administration side are UT Group's strengths that so far have been uncut diamonds. As we continue business scale expansion, including M&As, and the accompanying organizational reforms, it is extremely reassuring for UT Group to have the General Affairs Division that has not failed but has helped strengthen the organization.
Sasaki: When discussing UT Group's business and medium- to long-term growth strategies with our stakeholders, I keep it in mind to make efforts to make them understand our competitive advantages and business opportunities, contrary to their conventional perception of manufacturing dispatch in the stock market. It is sometimes mentioned among outside directors that UT Group' share price may be pulled down by collective categorization by business sector, when the market focuses on the cyclicality of the manufacturing industry.
Mizukami: The key points going forward are to execute the Fourth Medium-Term Business Plan, clearly present the vision and growth strategy that lie ahead, and to continue dialogues. If we can show clear and solid plans and intentions, I am confident that market expectations will naturally rise.
Sasaki: Although UT Group is categorized in the manufacturing dispatch industry, I think the evolution of its forward-looking business is very unique. Although UT Group's portfolio is centered on manufacturing dispatch, its future we are concerned with does not fit into the current business category.
Igaki: I would like people to focus on the role that UT Group currently plays as social infrastructure, and whether we can engage in businesses that contribute to society to resolve potential issues in Japan's labor market and the difficulties faced by workers. And then to estimate the existence value of UT Group's business from a long-term perspective.



Stakeholder Engagement

UT Group adheres to an open corporate stance in order to solve client issues while respecting each and every associate. We also strive to continuously increase corporate value through dialogues with stakeholders.

UT Group believes that earning the trust of stakeholders and society is indispensable for the continuation and expansion of its business, and the Basic Policy on Corporate Governance stipulates highly transparent information disclosure and appropriate communication.

In addition, we have established the Basic Policy on Stakeholder Engagement as follows, and is engaged in communication with stakeholders and appropriate cooperation with them.

Stakeholder	Response Policy	Communication Opportunities
Employees	UT Group strives to improve both employee satisfaction and customer satisfaction by providing an environment that supports each employee's self-realization through work.	• Counseling by a Career Partner • In-house portal site and in-house newsletter • UT app (internal communication tool) • Employee training • Self-evaluation system and individual interviews • Employee Association • Whistle-blowing contact
Client companies	UT Group strives to improve both customer satisfaction and employee satisfaction through provision of services by its highly motivated employees and through efforts to improve the working environment.	• Daily sales activities • Corporate website • Contact center • Client survey
Job seekers	UT Group strives to expand the potential of each job seeker by giving attention to each and every job seeker's career wishes, and providing career-building advice and accurate information about work and its group companies.	• Company briefing • Interview • Job sites, job advertisements
Shareholders and investors	UT Group places great emphasis on transparent management and information disclosure. To ensure transparency and fairness, the Group will communicate in accordance with its IR policy.	• General Meeting of Shareholders • Shareholder briefing • Financial results briefing • Briefing sessions for individual investors • Meeting with institutional investors • Investor information site

Basic Policy on Stakeholder Engagement

UT Group is aware of its social responsibility as a company that provides public infrastructure, such as job stability and labor supply, and is devoted to continually be a company that is trusted by society and stakeholders. We therefore find it important to accurately understand the demands and expectations they have toward UT Group and respond accordingly. We will carry out appropriate information collection, information disclosure, and dialogues, and strive to collaborate with stakeholders.

1 Response policy to employees

We strive to improve both employee satisfaction and customer satisfaction by providing an environment that supports each employee's self-realization through work.

2 Response policy to client companies

We strive to improve both customer satisfaction and employee satisfaction through provision of services by our highly motivated employees and through efforts to improve the working environment.

3 Response policy to job seekers

We strive to expand the potential of each job seeker by giving attention to each and every job seeker's career wishes, and providing career-building advice and accurate information about work and our group companies.

4 Response policy to shareholders and investors

We place great emphasis on transparent management and information disclosure. To ensure transparency and fairness, we will communicate in accordance with our IR policy.

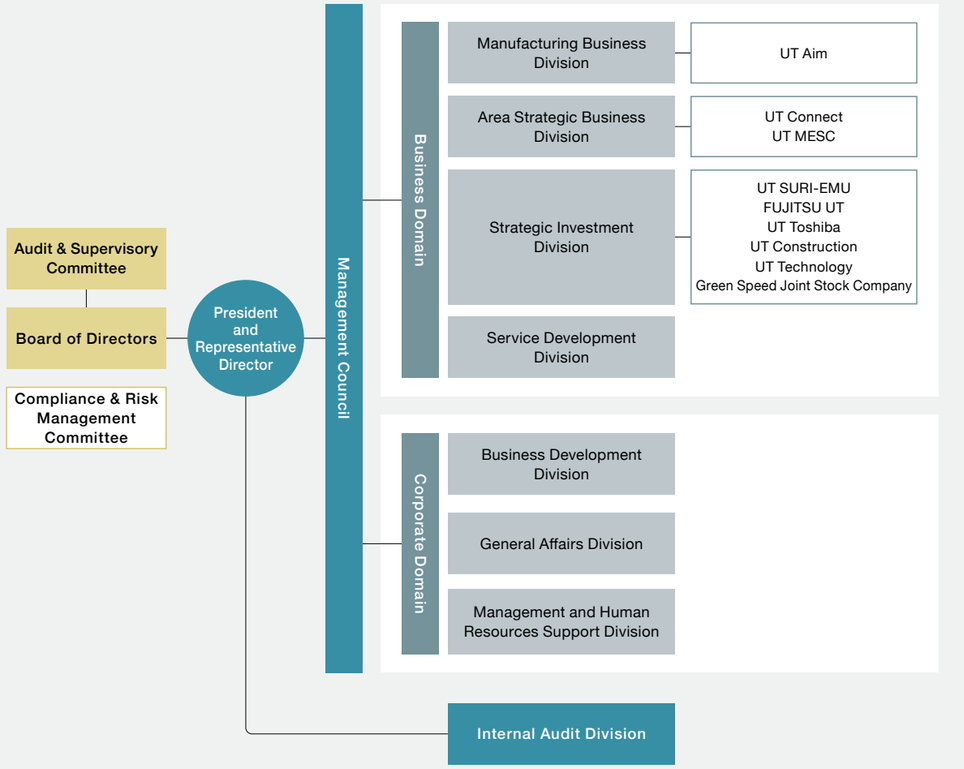
Business execution and compliance

We aim to establish a business execution system that enables smooth and accurate communication of the management's intentions to associates in diverse workplaces.

Basic Policy of the Business Execution Bodies

UT Group has adopted a system that enables the rapid execution of its operations while clarifying its responsibilities by delegating part of its business execution authority to executive officers. Senior Executive Officers are responsible for the divisions that are established in line with the business scale and strategy and are engaged in coordination among the divisions as well as the overall executive responsibilities of the divisions. Executive Officers are responsible for the functions and operations that are fragmented within their respective division, which enables the management's intentions to be reflected in the execution of the business even in areas with high levels of expertise.

Correlation of Business Execution Bodies



As of August 31, 2023

Compliance and Risk Management Committee

The UT Group Compliance and Risk Management Committee is an advisory entity serving the Board of Directors to contain compliance violations and for risk management. It is chaired by the head of the division in charge of compliance with participation by outside lawyers. The Committee discusses compliance policy and action plans, studies matters needed for ensuring legal compliance, does research, and establishes recurrence prevention measures. In addition, the Committee identifies types of risks of the Company and its Group, controls and evaluates these risks, takes action to prevent risk occurrence, and, in the event of risk occurrence, minimizes loss and establishes recurrence prevention measures.

Roles of organizations that comprise the Business Execution Bodies

Manufacturing Business Division

This division develops and implements business plans based on the One-Stop Strategy for Major Manufacturers. Having Japan's leading manufacturers as clients, the division is engaged in the dispatch of design and manufacturing engineers, the worker dispatch and manufacturing outsourcing required in the production process by a team of workers including a dedicated on-site manager, and the management of non-Japanese technical interns.

Area Strategy Business Division

This division develops and implements business plans based on the Area Platform Strategy. It is engaged in a community-based worker dispatch business that provides a workstyle platform for workers and client companies in each geographic area. In order to provide more detailed services, an organization for sales and marketing, hiring, and management is established by each small area throughout Japan.

Strategic Investment Division

This division builds a long-term business foundation based on the business strategies formulated by each operating company, such as to support the HR mobilization aimed at raising the competitiveness of companies, to develop the field where high-skill engineers work, and to create an environment in which foreigners can work with engagement.

Service Development Division

This division has functions for recruitment of technical associates, their career development support, and service development. It develops educational content and assessment programs, as a framework to support the career development of associates, and foster managers and career partners, and operates educational facilities. Being responsible for the Group's hiring, it is engaged in new graduate hiring and the operation of call centers, as common functions required by operating companies. It also manages an in-house hiring media function and administers hiring information for Group companies as a hub for hiring operations.

Business Development Division

This division develops plans for the M&A Strategy in areas to be enhanced and expanded by M&A in the medium-term business plan. The division is also engaged in operations related to capital alliances and M&A, from finding deals to their closing and early PMI.

General Affairs Division

This division plays an important role in supporting the management of the entire Group's management of compliance systems including dispatch management at Group companies, corporate functions such as finance, accounting, legal, and IR, and management of employee support desks. In addition, the division will formulate and monitor management plans for the entire Group, solve issues using IT, and improve productivity in administrative areas by standardizing business operations.

Management and Human Resources Support Division

It is responsible for planning and functioning of human resources concerning such matters as HR management, as well as internal and external public relations functions.

Internal Audit Division

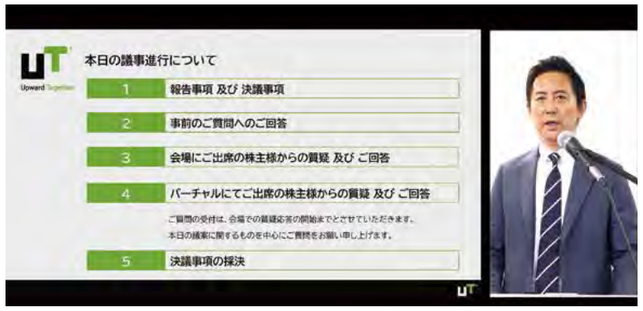
This division, which is under the direct control of the President, examines and evaluates compliance, effectiveness, and efficiency of the status of corporate organization establishment and business management of the entire Group, based on the internal control plan, and reports the results to the President and Audit and Supervisory Committee members. The division also cooperates with the Board of Directors and Audit and Supervisory Committee members. to appropriately audit effectiveness of the status of governance and the internal control system of the entire Group.

UT Group's IR activities

UT Group recognizes that engagement with shareholders is indispensable for the achievement of sustainable growth. Along this line, investor relations (IR) activities are considered to be important management matters and UT Group makes efforts for active and constructive dialogues with stakeholders.

Promotion of constructive dialogues with shareholders

The general meeting of shareholders is UT Group's highest decision-making body and a place for dialogues where the management shares thoughts and vision with shareholders. We hold the meeting on a Saturday when there is not a concentration of annual meetings (a long-standing tendency in Japan), so that as many shareholders as possible can attend. The 16th Ordinary General Meeting of Shareholders was held in June 2023 in a virtual format to allow more shareholders to participate. We also try to send a convocation notice well ahead in order to provide sufficient time for shareholders to review proposals for resolution. After the general meeting of shareholders, a presentation by the President was made (held virtually in the same manner as at the general meeting). He shared future business plans with shareholders and had a constructive dialogue.



- Participants in the 16th general meeting of shareholders: 36 shareholders
  Questions raised for the GMS: 6 questions from 4 shareholders
  (4 questions from 2 shareholder before the meeting, 2 questions from 2 shareholders at the venue)
  Voting rights exercise rate: 84.86%
- Participants of the subsequent presentation: 36 attendees
  Questions raised: 7 questions from 5 attendees

Promotion of constructive dialogues with institutional investors

UT Group holds IR briefings on financial results and puts presentation videos by the President on its corporate website when the quarterly business results are announced. UT Group's Executive Officer in charge of IR activities is mainly responsible for engagement in constructive dialogues with institutional investors, such as one-on-one meetings and small meetings with investors in Japan and abroad, and participation in conferences and other occasions. Opinions of institutional investors obtained through these dialogues are reported at the Board of Directors meeting and are used for improvement of management and IR activities.



- IR briefings: 2 times
- Attendees in IR briefings: 188 investors (in total for two online briefings)
- Viewers of financial result announcement videos for quarters with no IR briefing: 1,214 views (in total for two videos)

Conducted a small meeting between outside directors and institutional investors

We host a small meeting between our outside directors and institutional investors as a part of efforts to enhance dialogues with institutional investors. The General Principle 5 of Japan's Corporate Governance Code states that "In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting" (partially quoted). Based on this spirit, we held the second small meeting between outside directors and institutional investors in December 2022, following the first one in 2021. Discussions focused on the strengths, issues, and risk recognition that the Company needs to achieve sustainable growth. The summary of the Q&A session is posted on the corporate website. We intend to continue enhancing opportunities for dialogues with shareholders and institutional investors.

Status of dialogues with shareholders and investors, etc.

■ Primary responders

President and Representative Director	Wakayama
Director	Sotomura
Directors and Audit & Supervisory Committee members (outside)	Igaki, Sasaki, Mizukami, and Shima
Executive Officer in charge of the Management Infrastructure Division	Yamada
IR Unit	Three associates

■ Number of dialogues by meeting type

	Responder	Number of meetings	Attended investors in total
Group meetings	Directors	8	118
	Others	1	8
Individual meetings	Directors	30	67
	Others	197	249
Briefings	Directors	3	224
Total		239	666

■ The main place of dialogues

1) Financial results briefings: Held in November 2022 (2Q) and May 2023 (4Q)
2) Company briefings: Held online after the June 2023 Ordinary General Meeting of Shareholders
3) Meeting between institutional investors and outside directors: Held in December 2022
4) Group meetings and individual meetings held after the quarterly financial results

■ Main themes of dialogues and matters of interest to shareholders and investors

- Business environment (related to semiconductors, electronics, and automotive business)
- Hiring activities
- Positioning based on UT's top market share strategy and resilience to economic fluctuations
- Progress and outlook of the Fourth Medium-term Business Plan
- Growth and incentives
- Outlook for market expansion over the medium term
- Restructuring of the manufacturing dispatch industry over the medium term
- Sustainability initiatives

■ Feedback of opinions of shareholders and investors learned through dialogue to the Board of Directors

- Opinions received from shareholders and investors are reported to the Board of Directors on a quarterly basis.
- After the announcement of quarterly financial results, the contents of discussions with shareholders and investors are reported to the President and CEO and internal directors on a timely basis.

■ Improvement in IR activities based on the opinions of shareholders and investors

- Disclose qualitative information on sustainability.
- Continually hold opportunities for communication with outside directors.
- Improve the quality of the contents to disclose for financial results-related materials, etc. (to appeal medium- to long-term growth potential in light of the changing labor market and competitive advantages that are not affected by the changes in the short-term business environment).

Team of Board Directors

As of June 30, 2023 | Term in office / Number of shares held | * Independent Director

Board Directors (who are not Audit and Supervisory Committee members)



Yoichi WAKAYAMA [52]

President & CEO
16 years/9,031,178 shares

After having worked at Temporary Center, Inc. (currently Pasona Inc.) and other companies, Mr. Wakayama established Nihon Aim Co., Ltd. (current UT Aim Co., Ltd.) in 1995 and made it the manufacturing dispatch industry's first OTC-registered (current JASDAQ Market) company. He has been President & CEO (current position) of UT Group since 2007.

Reasons for selection

Mr. Wakayama has made significant achievements as president since foundation with deep insights. He is expected to demonstrate strong leadership and drive UT Group's business development for its sustainable growth.



Manabu SOTOMURA [55]

Full-time Board Director
(concurrently Senior Executive Officer)
3 years/1,500 shares

Director, UT Aim Co., Ltd.
Director, UT Technology Co, Ltd.

Mr. Sotomura joined Recruit Group in 1991. After serving Bellsystem 24 Holdings, Inc. as Executive Officer, he joined UT Group in 2017. After serving as Senior Executive Officer and Head Officer, of the CEO's Office, he was appointed Board member (current position) in 2019.

Reasons for selection

Mr. Sotomura has leveraged his wealth of practical experience in human resources and knowledge of overall management to contribute to sound management of the Company. His experience is expected to be used for accelerating growth of human resources, fundamental to the Company's business, as well as for strengthening its management structure.

Board Directors who are Audit and Supervisory Committee Members



Taisuke IGAKI [50]

Board Director who is an Audit and Supervisory Committee Member (Outside)
4 years/–

LPC Partner, Nishimura & Asahi
Outside Director, en-japan Inc.

After working at Kitahama Partners, Mr. Igaki joined Nishimura & Asahi (law firm). He has abundant knowledge and experience on overall corporate legal affairs, particularly on cross-border deals, M&As, business restructuring and lawsuits.

Reasons for selection

Mr. Igaki proactively provides advice and suggestions within the Company from the perspectives of compliance and corporate governance, leveraging his wealth of experience in all legal matters, including cross-border transactions, M&A, corporate rehabilitation and litigation. He is expected to continue to leveraging this experience to contribute to the growth and risk management of the Company.



Hiroko SASAKI* [49]

Board Director who is an Audit and Supervisory Committee Member (Outside)
1 year/–

President & CEO, ChangeWAVE Inc.
President & CEO, Lyxis Co., Ltd.

After working at The Bank of Japan, Ms. Sasaki was engaged in numerous corporate business transformation projects of financial, retail, telecommunication companies and public institutions at McKinsey & Company, Inc. After she left McKinsey, she works as a corporate "transformation" designer and established ChangeWAVE Inc.

Reasons for selection

Leveraging her experience of being involved in management reforms of numerous companies, Ms. Sasaki has developed services that take charge of reform of society, corporations, organizations and individuals from the perspective of HR development. She is expected to leverage this experience to contribute to the achievement of the Company's vision of "becoming the company with a future workstyle platform."



Hirokazu MIZUKAMI* [75]

Board Director who is an Audit and Supervisory Committee Member (Outside)
13 years/–

Representative Director, Advan Capital K.K.

After serving as Director of The Sumitomo Trust and Banking (currently Sumitomo Mitsui Trust Bank) and President of Aozora Bank, Ltd., Mr. Mizukami established Advan Capital K.K. He has many years of experience in financial institutions and abundant knowledge.

Reasons for selection

Mr. Mizukami has a wealth of knowledge and experience gained over many years working at financial institutions. He is expected to contribute to management by using his experience to provide appropriate and useful comments on the legality, soundness and transparency of the Company's management practices.



Koichi SHIMA* [65]

Board Director who is an Audit and Supervisory Committee Member (Outside)
1 year/–

Outside Director, Ligua, Inc.
Outside Director (Audit and Supervisory Committee Member), Nippon Denkai, Ltd. Part-time Director, The Salt Industry Center of Japan, Outside Director, Kitanotatsujin Corporation
Outside Director, COSMOS INITIA Co., Ltd. Outside Director (Audit and Supervisory Committee Member), GREE, Inc.

Mr. Shima has served in various positions including Director of Recruit From A Co., Ltd. (currently Recruit Co., Ltd.), President of Recruit Communications Co., Ltd. (currently Recruit Co., Ltd.), and Standing Member of the Audit & Supervisory Board of Recruit Holdings Co., Ltd.

Reasons for selection

Mr. Shima has served as a corporate manager and auditor, based on his knowledge and experience in a broad range of fields including HR, general affairs, marketing, sales company management, internal and external PR, advertising, brand management, IR, finance, legal affairs, and compliance. He is expected to leverage this knowledge and experience to contribute to the achievement of the Company's vision of "becoming the company with a future workstyle platform."

Team of Executive Officers

August 31, 2023

Executive Officers of UT Group

Manabu SOTOMURA
In charge of overall businesses
President, UT Aim Co., Ltd.
President, UT Connect Co., Ltd.

Kentaro YAMAGISHI
Service Development Division

Satoshi MORIYASU
Business Development Division

Takahito YAMADA
General Affairs Division
President, UT Heartful Co., Ltd.

Dai NAMIKI
General Affairs Division

Nobuyuki TSUKUI
Strategic Investment Division
President, UT SURI-EMU Co., Ltd.

Yuji AIZAWA
Business Development Division
Strategic Investment Division
Chairman, Green Speed Joint Stock Company

Koji MORIKAWA
Strategic Investment Division
President, FUJITSU UT Co., Ltd.
President, UT FSAS CREA Co., Ltd.

Hiroshi HOKARI
Strategic Investment Division
President, UT Construction Co., Ltd.

Masato ONO
Service Development Division

Masaharu SAWAIRI
General Affairs Division

Executive Officers of UT Group Companies

Kosuke KASHIWAGI
Manufacturing Business Division
UT Aim Co., Ltd.

Katsuhiko MANABE
Manufacturing Business Division
UT Aim Co., Ltd.

Masaru MORIOKA
Manufacturing Business Division
UT Aim Co., Ltd.

Masato HAYAMA
Manufacturing Business Division
UT Aim Co., Ltd.

Kenya ONO
Manufacturing Business Division
UT Aim Co., Ltd.

Hiromi KASHIHARA
Manufacturing Business Division
UT Aim Co., Ltd.

Tsutomu KOKUBO
Manufacturing Business Division
UT Aim Co., Ltd.

Akira Ishiwatari
Manufacturing Business Division
UT Aim Co., Ltd.

Tsutoshi YAMADA
Area Strategy Business Division
UT Connect Co., Ltd.

Akira WATANABE
Area Strategy Business Division
UT Connect Co., Ltd.
President, UT MESC Co., Ltd.

Takanobu HONMA
Area Strategy Business Division
UT Connect Co., Ltd.

Koji HIROTA
Area Strategy Business Division
UT Connect Co., Ltd.

Masumi SATO
Area Strategy Business Division
UT Connect Co., Ltd.

Toshinori MIGITA
Area Strategy Business Division
UT Connect Co., Ltd.

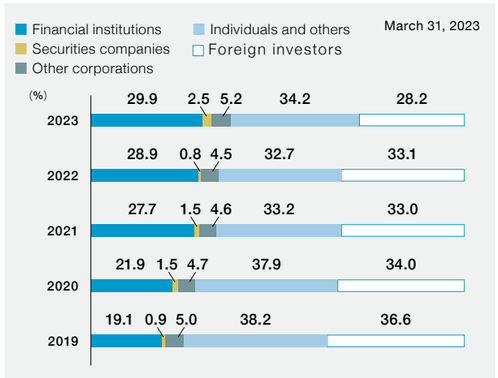
Stock Information

		March 31, 2023
Name	UT Group Co., Ltd.	
Location	1-11-15 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-0022 Japan	
Originally started	April 14, 1995	
Established	April 2, 2007	
Capital	¥680 million	
Number of employees	47,497 (consolidated); 914 (non-consolidated)	
Listed stock exchange	Tokyo Stock Exchange, Prime Market	
Securities code	2146	
Fiscal year	April 1 to March 31	
General meeting of shareholders	Annually held in June	
Shareholder record dates	Four times a year (June 30, September 30, December 31, and March 31)	
Trading unit	100 shares	
Number of shares authorized	160,000,000 shares	
Number of issued and outstanding shares	40,363,067 shares	
Number of shareholders	5,854	
Shareholders registry administrator	Mitsubishi UFJ Trust and Banking Corporation, Securities Agency Division, Shin-Tokyo Post Office, PO box No.29, Tokyo 137-8081 Japan	

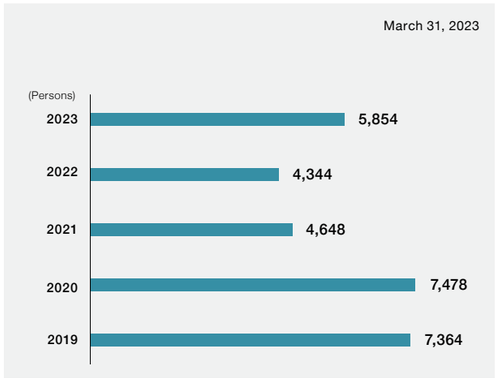
Major Shareholders	Number of Shares Owned	Percentage (%)
Yoichi Wakayama	9,031,178	22.38
The Master Trust Bank of Japan, Ltd (Trust Account)	4,339,900	10.75
Custody Bank of Japan, Ltd. (Trust E Account)	4,292,300	10.63
Custody Bank of Japan, Ltd. (Trust Account)	2,605,000	6.45
Lei Hau'oil Co., Ltd.	1,817,200	4.50
THE BANK OF NEW YORK MELLON SA/NV 10	803,700	1.99
THE BANK OF NEW YORK MELLON 140044	768,161	1.90
UT Group Employee Stock Ownership Association	609,298	1.51
NORTHERN TRUST CO. (AVFC) RE STATE TEACHERS RETIREMENT SYSTEM OF OHIO	489,200	1.21
STATE STREET BANK AND TRUST COMPANY 505227	439,701	1.09

* The number of issued and outstanding shares includes 307 shares of treasury stock. The shareholding ratio is calculated excluding 307 shares of treasury stock.

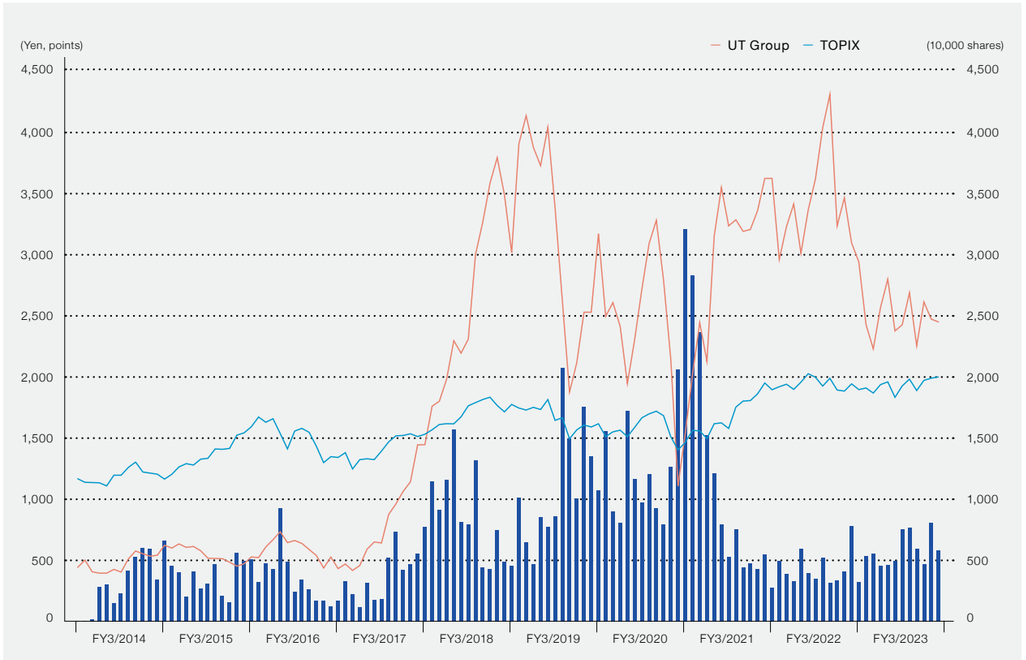
Distribution of Shares



Number of Shareholders



Share Price Performance and Trading Volume



Total Shareholder Return (TSR*)

Holding period	3 years	5 years	10 years
UT Group	103.7%	74.5%	799.2%
TOPIX	153.4%	131.8%	242.1%

*TSR (Total Shareholder Return): The total return on investment, which is the sum of capital gains and dividends. TSR of UT Group is calculated by using cumulative dividend amount and stock price fluctuation, while that of TOPIX uses the stock index including dividends. The yields are calculated for each holding period up to the end of FY3/2023. The base prices used were the closing prices of March 31, 2020 for the 3-year period, March 31, 2018 for the 5-year period, and March 31, 2013 for the 10-year period.

Production and publication of the Integrated Report 2023

With the aim of helping stakeholders to have a broad understanding of our medium- to long-term vision, the accompanying corporate activities, and the creation of value for society, UT Group has been publishing an Integrated Report since FY3/2021. We hope that this report will serve as a meaningful communication tool for our stakeholders, including our shareholders, investors, and associates, in addition to our client companies in the manufacturing and other industries and job seekers who have a desire to work.
Since FY3/2021, we have endeavored to disseminate more detailed and accurate information, including financial and non-financial information, and to compile information on a different theme each year so that people can better understand the social background surrounding the worker dispatch industry. The IR Unit of the General Affairs Division is mainly in charge of production in cooperation with a wide range of related divisions within UT Group, and we hereby declare that the preparation process is legitimate and the content described is accurate.
We will endeavor to further enrich information and disseminate information based on the needs of our stakeholders, so we look forward to your candid opinions and requests.

September 2023 Takahito YAMADA, Executive Officer in charge of General Affairs Division