UT Group
Upward Together

May 14, 2025

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(Securities code: 2146, TSE Prime Market)
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Announcement Regarding Formulation of the Fifth Medium-Term Business Plan

UT Group Co., Ltd. announces that its Board of Directors approved the resolution for its Fifth Medium-Term Business Plan at a meeting held on May 14, 2025.

1. Background and purpose

In the business environment surrounding UT Group, due to the increasing demand for human resources since the COVID-19 pandemic, there has been a rapid growth of the shortage of human resources, and the need for flexible work styles that fit lifestyles that are not bound by the conventional employment of full-time employees has come to be more strongly desired by workers. During this period, UT Group conducted business operations by promoting a “stable workstyle even in dispatched work” through its strength in dispatching of indefinite-term employees. In the first half of the Fourth Medium-Term Business Plan, the hiring strategy in response to the increase in demand was successful, and sales and profits grew. However, in the second half, due to delays in responding to the above-mentioned changes in the needs of job seekers, our operational efficiency deteriorated and we ended up falling short of the plan.

The core concept of the business that UT Group has created so far has been to realize a workstyle that enables stable employment and career development even in dispatched work. However, through the progress of the Fourth Medium-Term Management Plan, we have come to the conclusion that not all job seekers are necessarily looking for this.

In response to this situation, we formulated the Fifth Medium-Term Business Plan that fundamentally revised our business strategy after re-assessing the needs of job seekers and client companies. In this plan, we categorize needs into four types and reorganize into businesses that are suitable for each of these needs. The plan also aims to create a situation in which workers are free to join or leave the company, rather than being temporarily employed, and to build lifelong, long-term partnerships by investing in human capital through service enhancements and equity grants to workers, thereby creating a foundation for sustainable business growth.

2. Outline of the Fifth Medium-Term Business Plan

(1) Medium-Term Business Target: "Building a foundation for sustainable business growth through human capital investment"

With the increase in the number of people who choose workstyles according to their lifestyles, there has been an increase in non-regular employment and a rise in employment mobility while the labor shortage has become noticeable, making it even more difficult to hire workers year by year. In this business environment, UT Group is fundamentally reviewing the one-time relationship with workers who are our employees, from joining UT Group to leaving it. We will recognize workers as valuable customers from

the application stage and build long-term, life-time partnerships with them by enabling workers to freely enter and leave the company and enhancing our service, thereby raising our ability to be connected with these workers. We desire to thereby achieve improvement in “work-time value” and sustainable business growth.

We will work on the Fifth Medium-Term Business Plan, by making workers themselves the drivers of UT Group’s growth as an important management theme. This will be realized by making human capital investment through the granting of shares to workers in order to build relationships with workers that can be stocked, rather than to get engaged with workers in a flow-like manner.

* Lifetime sales generated per job seeker person who work intermittently at UT Group

(2) Establishment of a "workstyle platform" as a service

1) **A workplace that one can enter and leave, and can select according to a preferred workstyle**
We will develop workplaces that enable diverse workplaces and work styles so that people can choose from a wide range of options according to their life plans and lifestyles, such as workplaces with high wages and company housing, workplaces that are amenable to work over the long-term while building careers, workplaces where they can work near where they live, workplaces where they can leverage their past experience, and workplaces that support the foundation of the UT Group.

2) **Foundation of services that support the workstyle**
We will build a foundation for improving the convenience of services related to work, such as enabling job seekers to start work on the same day after applying to UT Group, simplifying the process of re-joining after leaving the company, and shortening the period from the time they work to the time they are paid. In addition, UT Group aims to enhance the ability to be connected with workers by providing points that can be accumulated during all the time spent working in UT Group, and by granting shares of UT Group in accordance with the points, as well as receiving various preferential treatments.

(3) Four business strategies tailored to the needs of workers

1) **Motor & Energy Business**
We aim to increase our market share in the automotive industry by matching the human resource needs of large-scale mobilization with short delivery times to respond to production fluctuations peculiar to the automotive industry with the needs of job seekers who want to start work with high wages the same day when they are hired. In addition, we will respond to the needs of the automobile industry partly by utilizing Nikkei workers in areas which have attracted fewer Japanese workers due to population decline.

2) **Semiconductor Business**
By securing and training workers in the semiconductor business, which are in short supply nationwide, and building a personnel system across the semiconductor industry and training engineers, we aim to respond to medium- to long-term needs for workers and further increase our market share in the semiconductor industry.

3) **Agent Business**
This is a business that matches companies that are struggling with hiring issues due to a worsening labor shortage with job seekers who want to work in the area where they live, by adding among more than 10,000 applicants to UT Group each month. By adding job placement service to the conventional

dispatching service, we aim to increase the successful matching ratio of applicants to companies.

4) Next Career Business

We support major corporate groups' HR strategies that are focused on resolving management issues such as their less-mobile personnel mix, the review of business portfolios, and the re-employment of retirees. We also provide new workplaces to personnels from major companies so that they can utilize their skills to play an active role. We thereby aim at optimal allocations of workers across companies.

(4) Numerical targets

	Unit	Results	Forecasts for the Plan period		
		FY3/2025	FY3/2026	FY3/2027	FY3/2028
Sales	Billion yen	1,947	1,962	2,441	2,930
Excluding Vietnam business	Billion yen	1,656	1,962	2,441	2,930
Operating income	Billion yen	80	117	166	253
Excluding Vietnam business	Billion yen	72	117	166	253
Net income	Billion yen	90	77	110	169
Excluding Vietnam business and extraordinary income	Billion yen	44	77	110	169
EPS	Yen	225.32	162.72	232.21	357.39
Excluding Vietnam business and extraordinary income	Yen	112.55	162.72	232.21	357.39

Note: Including approximate budgets for strategic human capital investment of 3.3 billion yen in FY3/2026, 3.1 billion yen in FY3/2027, and .4.1 billion yen in FY3/2028

End

Note: The content and forecast figures in this document were prepared based on information available at the time of the announcement, and UT Group does not guarantee the future content or performance of the Company.

The Fifth Medium-Term Business Plan

Dispatch Final (FY3/2026-FY3/2028)

May 14, 2025

UT Group Co., Ltd.

Securities Code: 2146(TSE Prime Market)

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1. Review of the Fourth Medium-Term Business Plan
2. Purpose of the Fifth Medium-Term Business Plan
3. Outline of the Fifth Medium-Term Business Plan
4. Numerical targets
5. Strategies for the four types of businesses and the Service Base Division

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Review of the Fourth Medium-Term Business Plan

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Results of Long-term Management Vision and the Fourth Medium-term Business Plan

Becoming the company with a future workstyle platform

FY3/2030

Net sales ¥600 billion

Operating profit ¥100 billion

A midpoint of the Long-term Management Vision

FY3/2025

Third Medium-term Business Plan

Net sales ¥101.1 billion

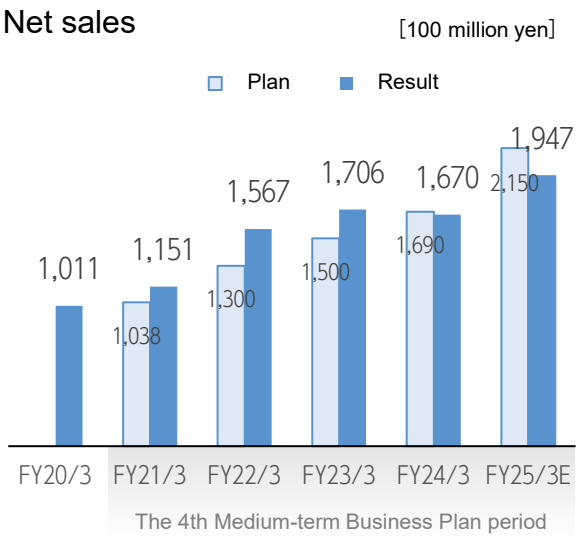
Operating profit ¥8.0 billion

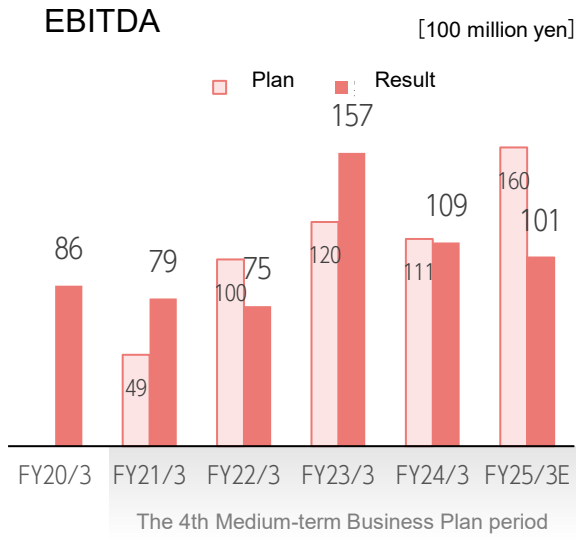
FY3/2020

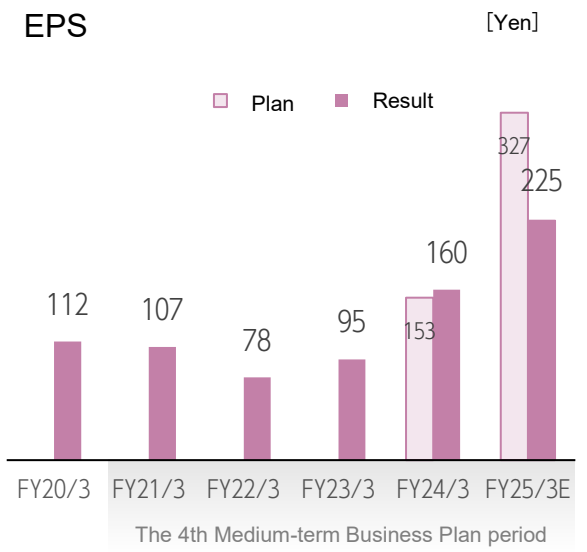
Fourth Medium-term Business Plan

Net sales ¥200 billion

Operating profit ¥30 billion





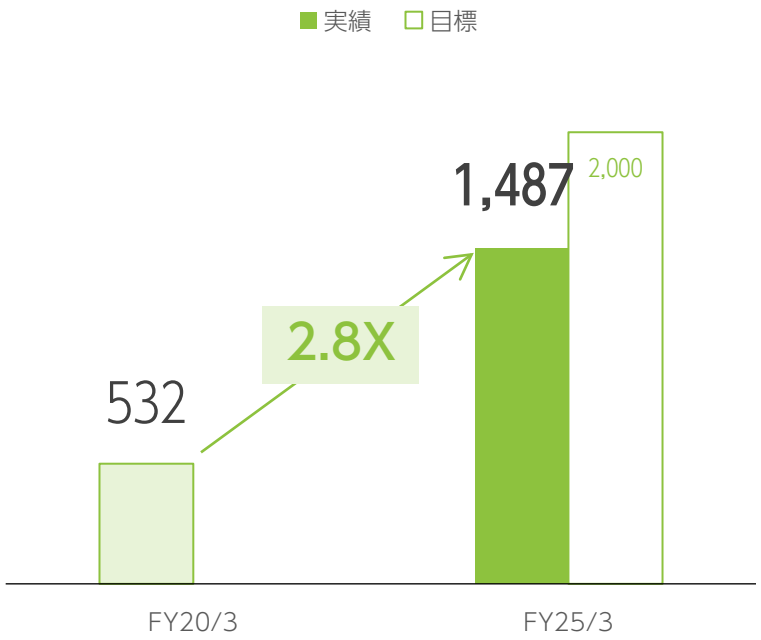


Sales increased but the efficiency lowered in 2H and EBITDA significantly fell short of the plan.

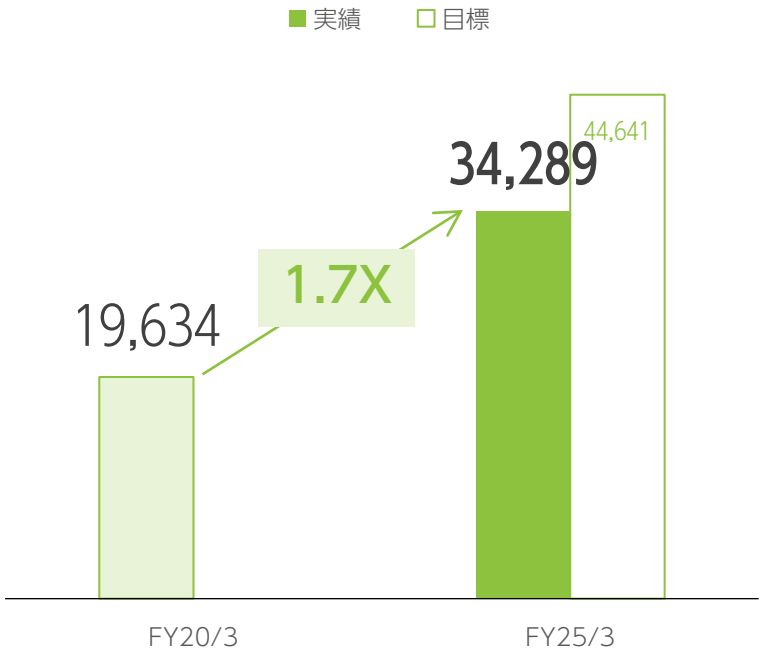
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Results of KPIs of the Fourth Medium-term Business Plan

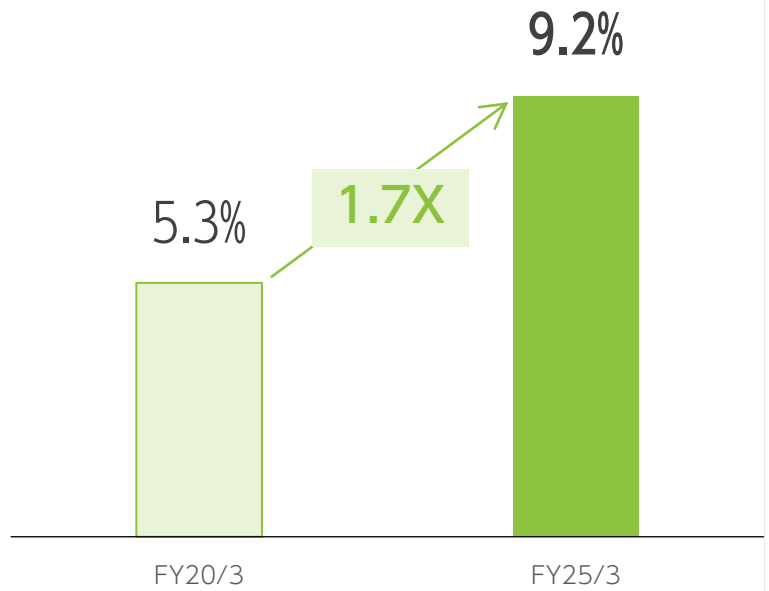
Average monthly hires



Domestic technical employees



UT's market share in the manufacturing dispatch market



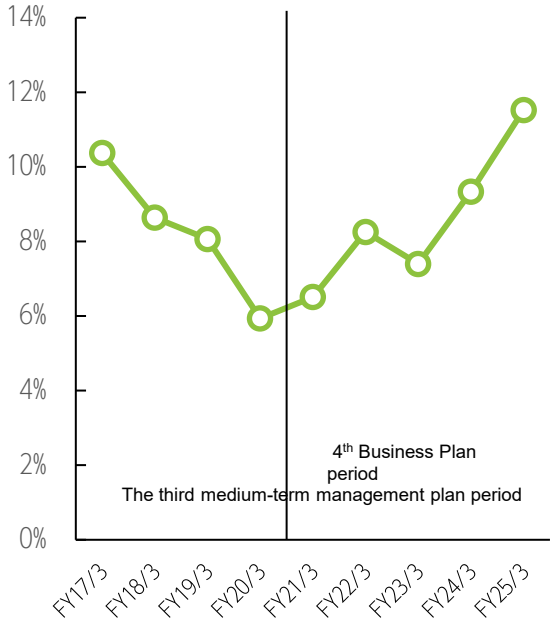
Estimated by us based on "Labor Force Survey" by Ministry of Internal Affairs and Communications

Although the key indicators fell short of the targets, the number of new hires increased by 2.8 times and UT's market share increased by 1.7 times.

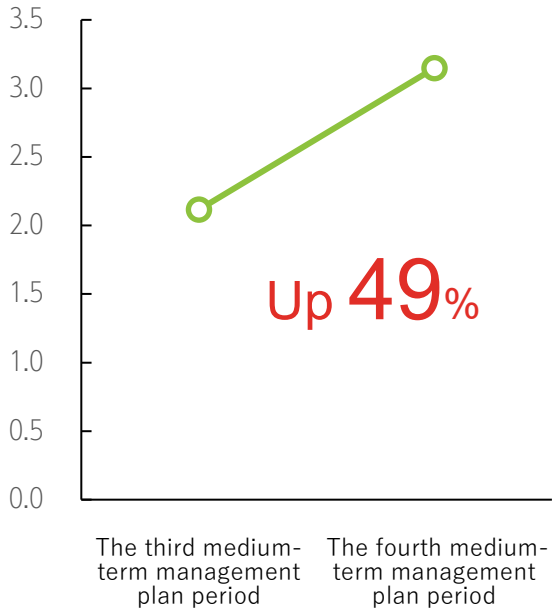
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Impact of changes in the business environment on employee indicators

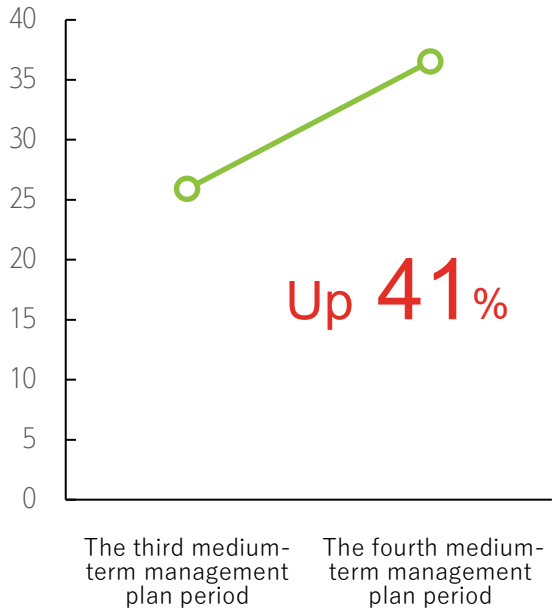
Hiring rate of applicants
(Manufacturing Business and Area Business)



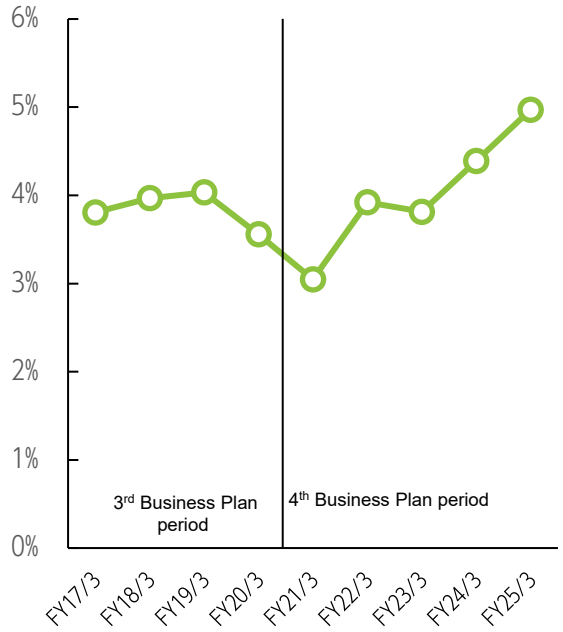
Application unit cost
(Manufacturing Business and Area Business) [10,000 yen]



Hiring unit cost
(Manufacturing Business and Area Business) [10,000 yen]



Employee turnover
Manufacturing Business and Area Business)



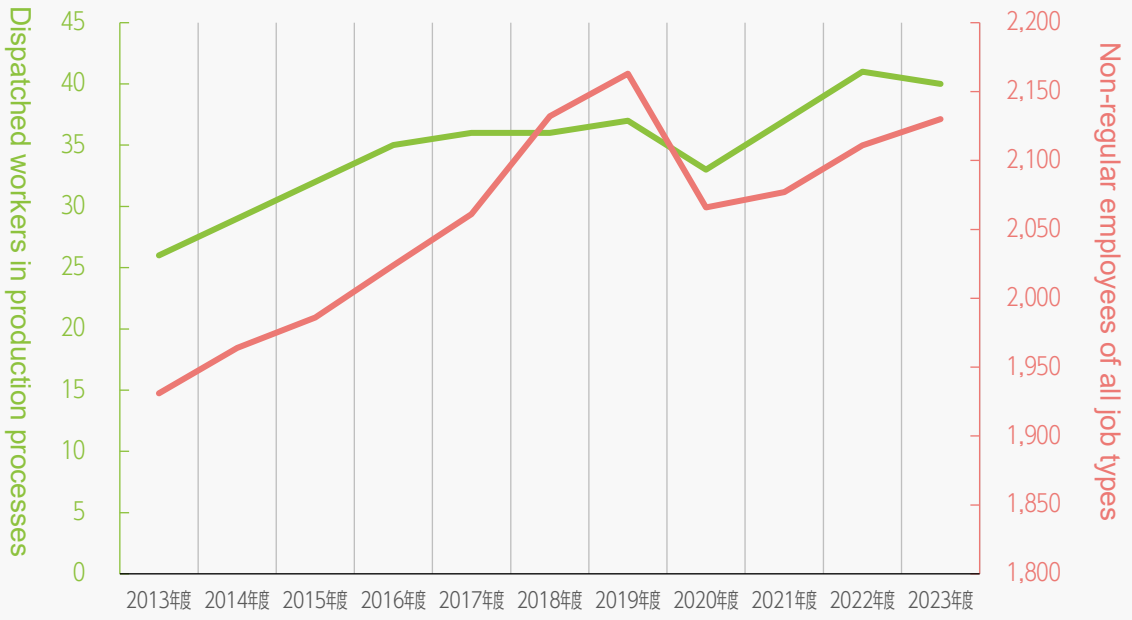
The hiring rate improved due to the improvement in UT's internal processing but the application unit cost increased by 49% in five years due to a decrease in the efficiency of recruitment media.
As a result, the hiring unit cost increased by 41%.

The employee turnover rate was stable at 3-4% but has risen since the Covid pandemic.

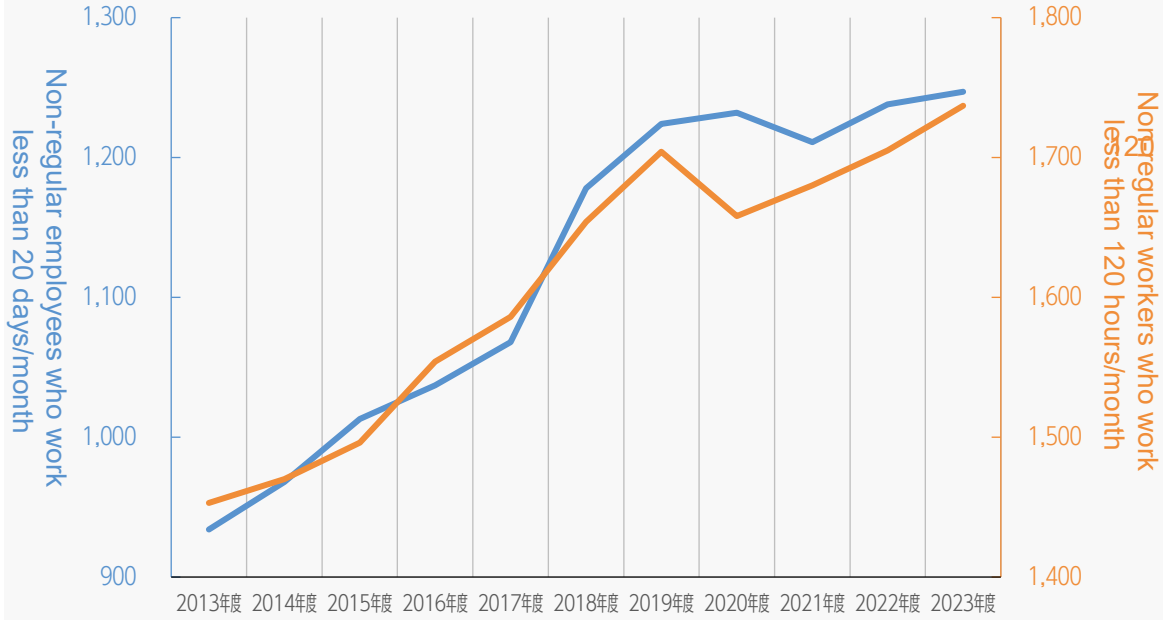
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Expansion of the non-regular worker market

Non-regular employees and dispatched workers in production processes



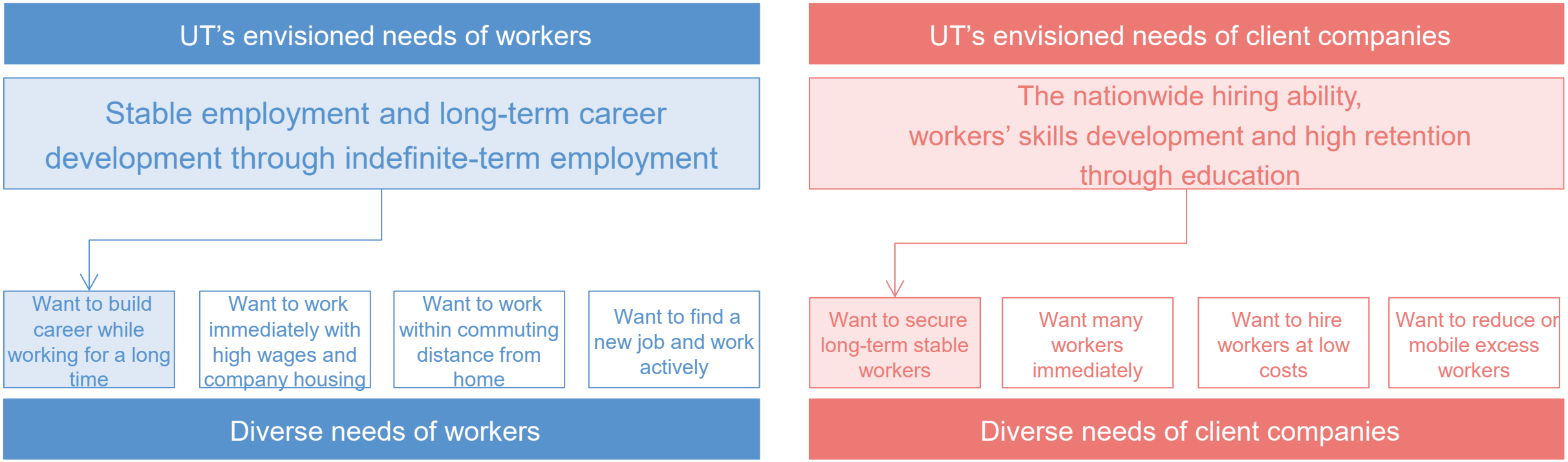
Non-regular, non-full-time employees



Along with the expansion of the highly-liquid non-regular labor market, there is an increase in workers who don’t necessarily want full-time work.

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Delay in responding to changing needs



UT's analysis: Delay in responding to diverse needs led to the deterioration in the efficiency in hiring costs and an increase in the turnover rate.

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Dispatch Final (FY3/2026-FY3/2028)

Purpose of the Fifth Medium-Term Business Plan

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Medium-term business targets

"Building a foundation for sustainable business growth through human capital investment"

With the increase in the number of people who choose work styles according to their lifestyles, while non-regular employment and labor mobility are rising, the labor shortage has become pronounced, making hiring increasingly difficult year by year.

Based on the issues identified in the Fourth Medium-Term Business Plan, UT Group will fundamentally review the concept of a "one-time relationship as an employee from joining to leaving," while maintaining existing career development support.

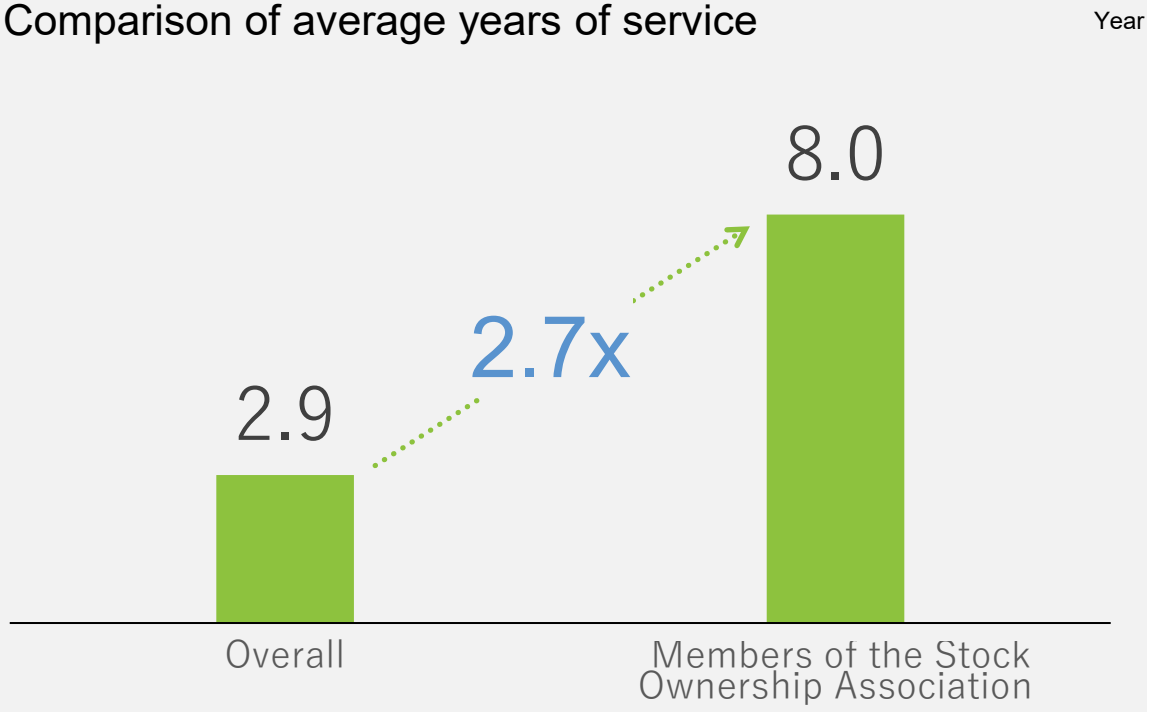
Recognizing working people as "valuable customers" from the application stage, and through flexible entry and exit from the company and enhanced services, we will strengthen relationships with working people to build a "long-term partnership throughout their working life" and sustainably increase "Work Time Value."

In order to build a relationship that can be "stocked" rather than engaging with working people in a flow-like manner, making the working people themselves growth drivers of the company through investment in human capital is the most important objective for the "Future workstyle platform" that UT Group aims to realize.

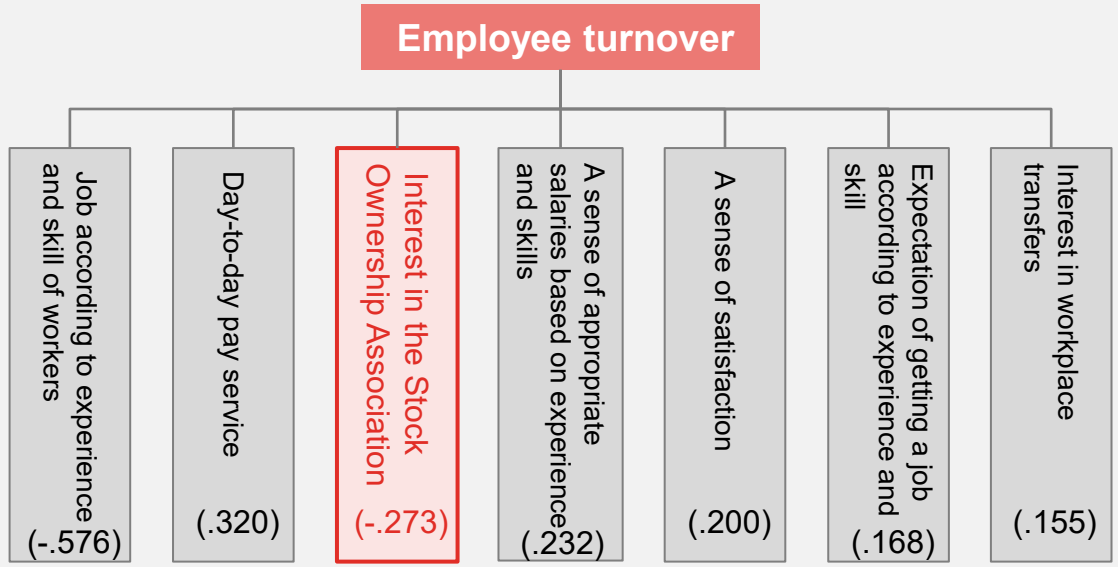
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Investment in human capital by expanding the shareholding association

Comparison of average years of service



Factors that affect the employee turnover



Figures in parentheses indicate the effect of an increase in the standard deviation of items on the turnover rate.

* UT Group Technical Employee Engagement Survey 2024

An average length of service of members of the employee stock ownership association is 2.7 times longer.

The lower the interest in the stock ownership association is, the higher the turnover rate is.

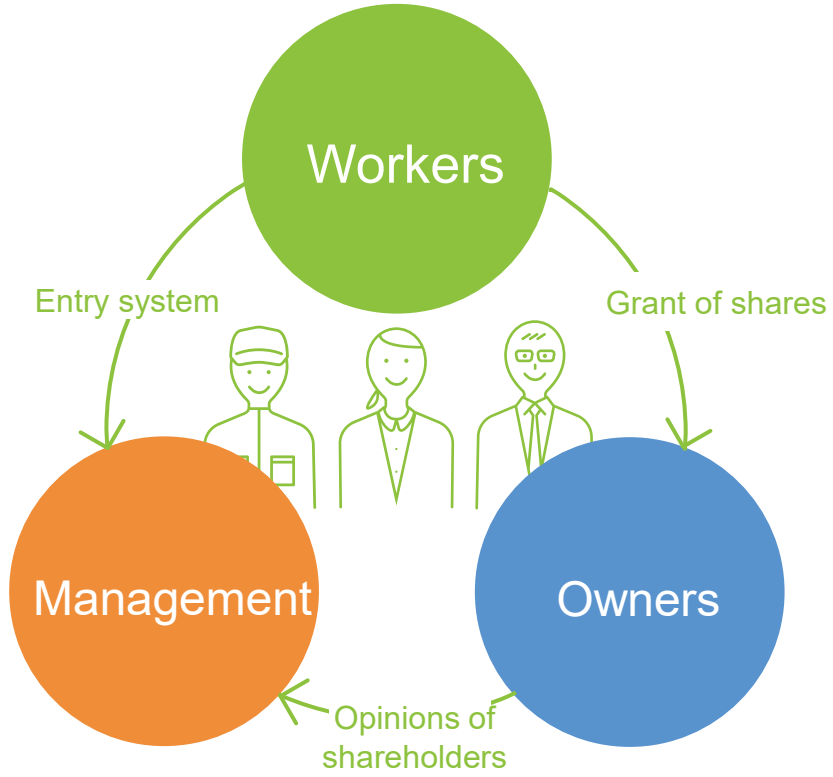
By expanding the Employee Stock Ownership Association, UT Group will enhance its ability to be connected with employees.

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Investing in human capital to make workers a driver of business growth

Shifting from flow-based thinking to stock-based thinking

Hiring costs	Use part of hiring costs for the acquisition of own shares
Payment to recruitment media	Investment in human capital (Grant of shares to workers)
Temporary effect in gathering applicants	Continuous effect to connection workers with UT and raise their willingness
Workers leave UT: flow-like costs	Workers are stocked and stay connected with UT

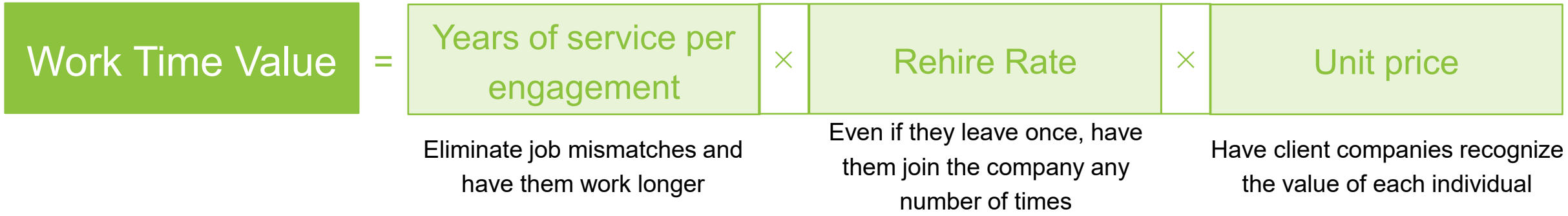


Instead of letting workers flow out of (or leave) UT, UT will build relationships with workers that can be stocked through granting of own shares as human capital investment

Investment in human capital will motive Workers, raise their sense of belonging, and make them drive business growth.

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Work Time Value



The relationship with working people redefined as a "long-term partnership throughout their working life" and sustainably improve it as Work Time Value

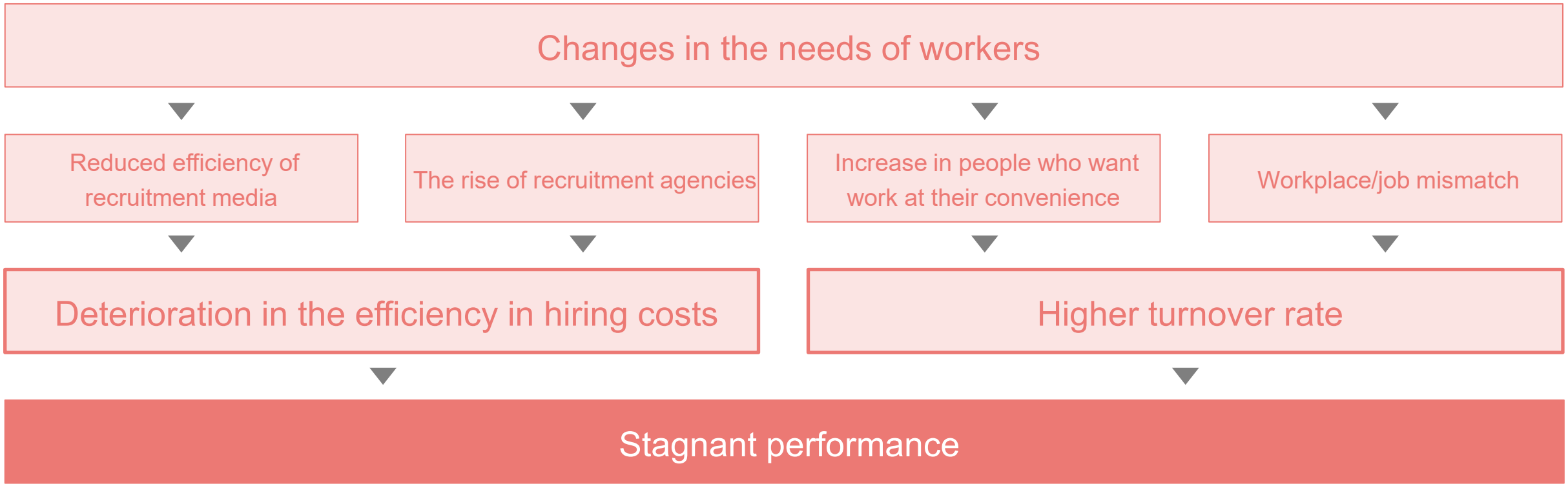
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Dispatch Final (FY3/2026-FY3/2028)

Outline of the Fifth Medium-Term Business Plan

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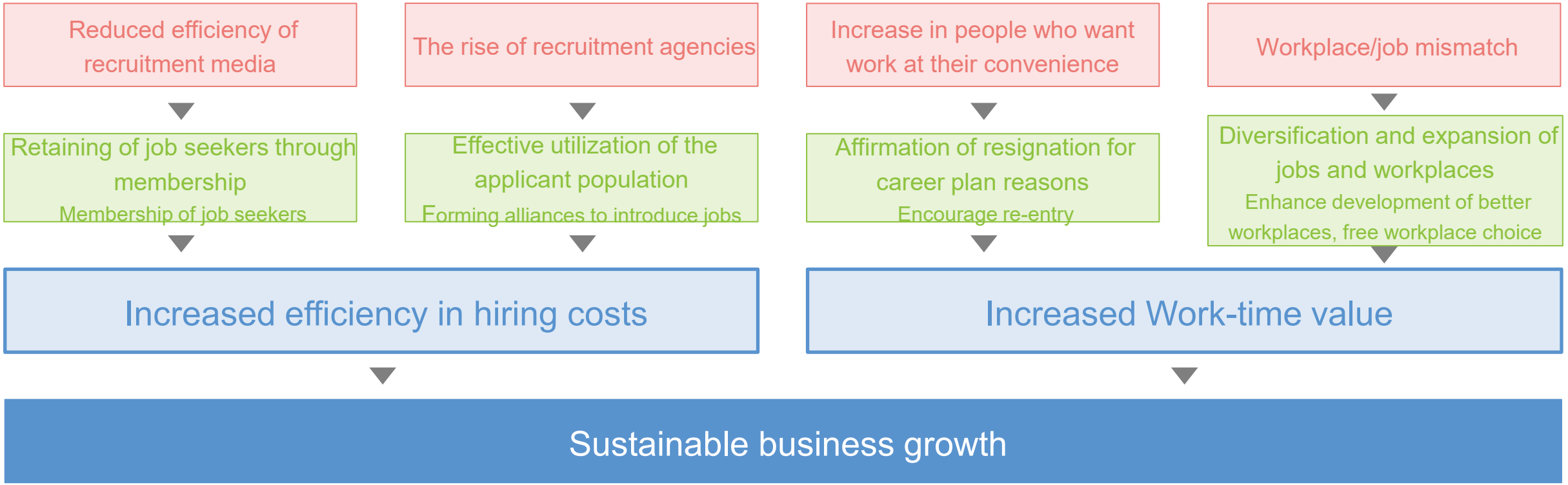
Changes in the business environment and issues to be addressed



Delay in responding to the changing needs of workers led to the deterioration in the efficiency in hiring costs and an increase in the turnover rate, which resulted in UT's stagnant performance.

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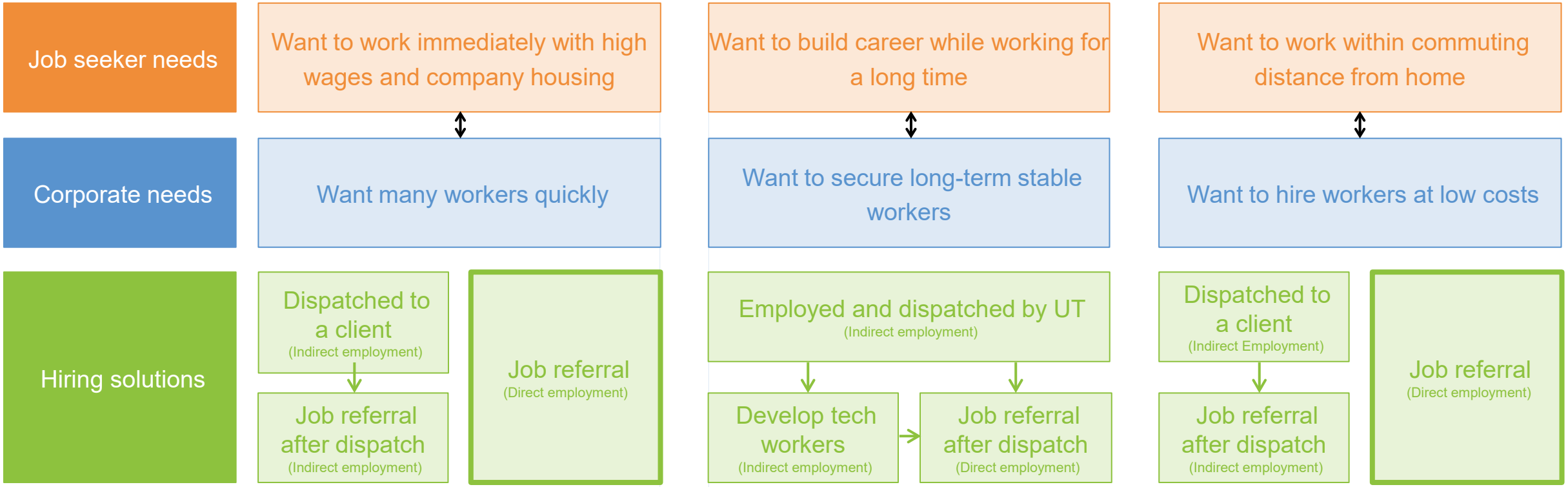
Strategies to respond to the challenges



Increase efficiency in hiring costs, improve work-time value and aim for sustainable business growth.

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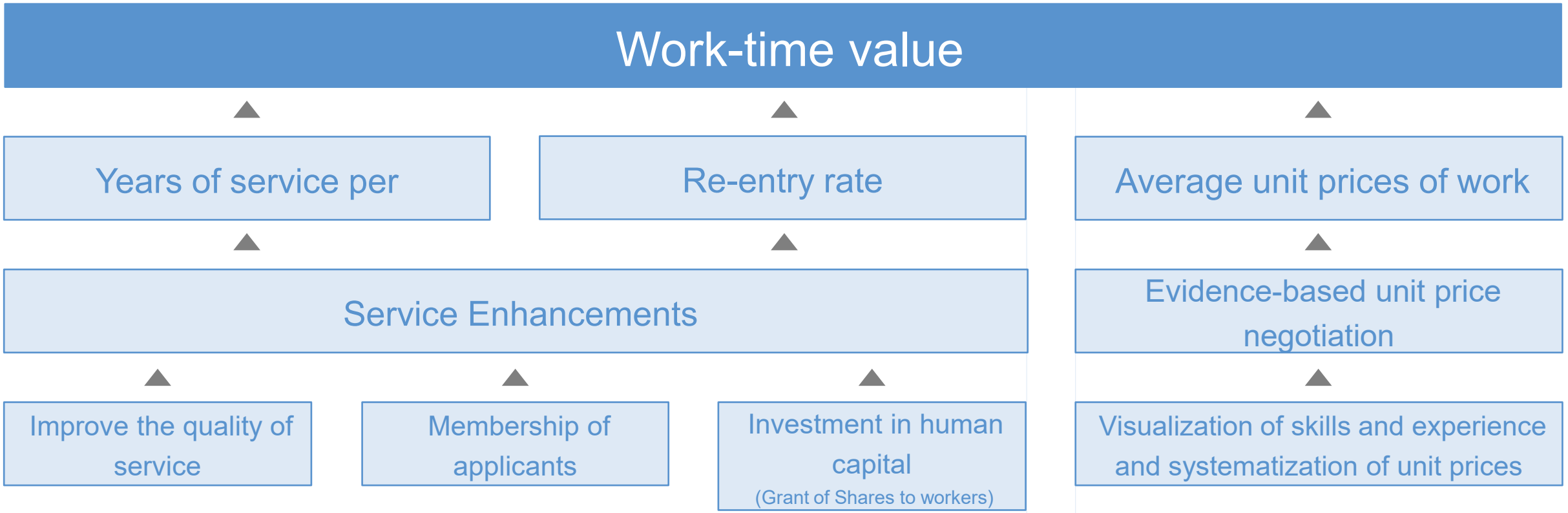
Increased efficiency in hiring costs



Introduce jobs to as many job seekers as possible and improve the efficiency in hiring costs by classifying the characteristics of needs, creating better workplaces, and adding job referrals.

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Improvement in Life Time Value (LTV)



Based on the premise of flexible entry and exit, we are implementing measures to enhance services and encourage longer engagement with UT.

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Improved convenience of workstyle platform

Choose workplace according to your workstyle

- High wage, company housing
- Work for a long time and build career
- Work near where you live
- Make the most of your experience
- Support UT's foundation

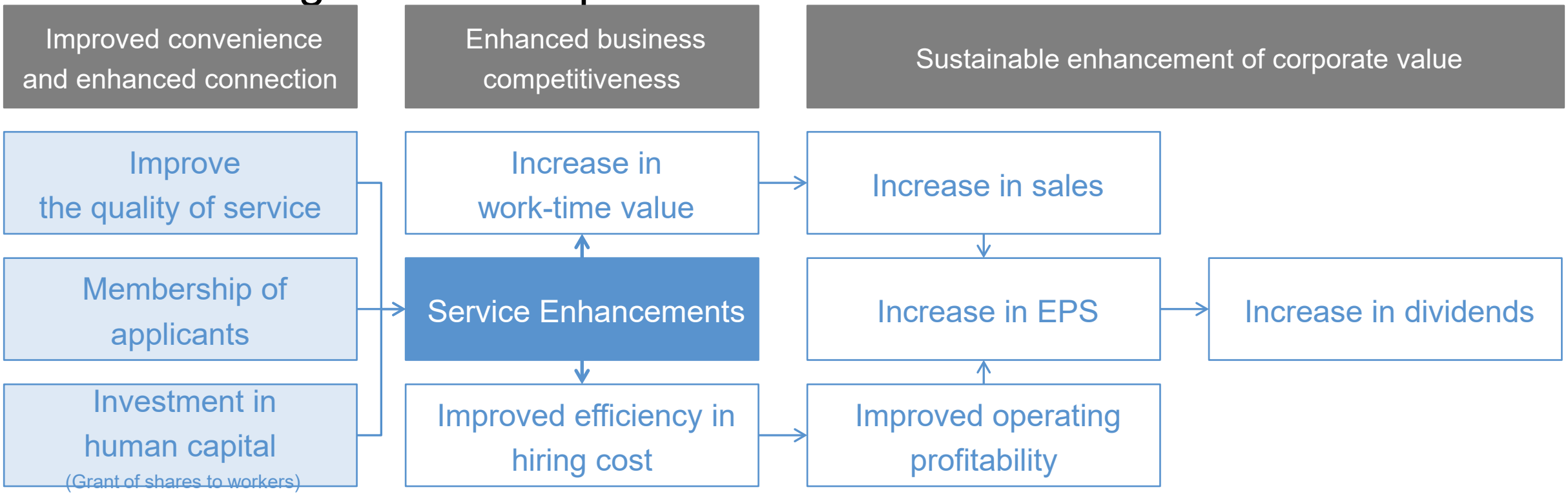
Foundation of services that support your workstyles

- Free entry and exit
- Pay on the day you work
- See the accumulation of your experiences
- Grant of UT shares
- Preferential treatments
- Earn points for the time you work in UT

Provide better workplaces tailored to workers' needs,
enhance the convenience of platforms that support diverse workstyles,
and create a situation of UT Group to be chosen by workers.

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A growth driver is the Improvement of the ability to be connected with workers through human capital investment



Strengthen UT's business competitiveness through measures to enhance the ability to be connected.

This will lead to sustainable improvement in corporate value.

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Dispatch Final (FY3/2026-FY3/2028)

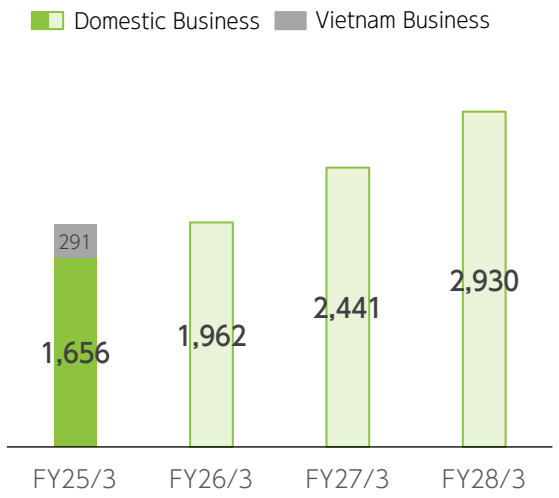
Numerical targets

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Numerical targets and commitments

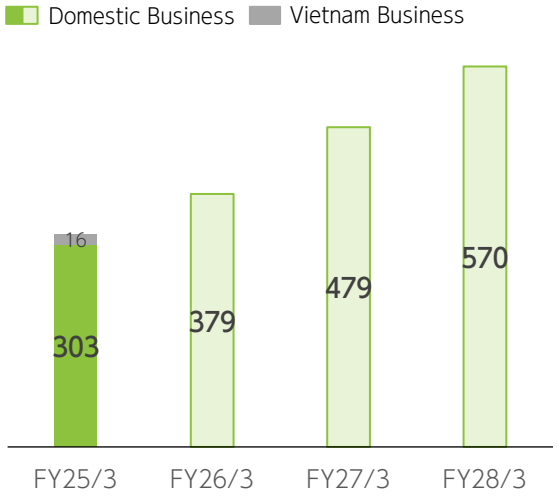
Net sales

[100 million yen]



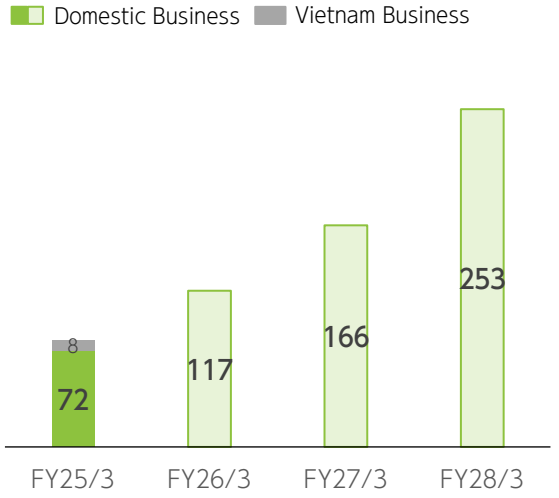
Gross profit and margin

[100 million yen]



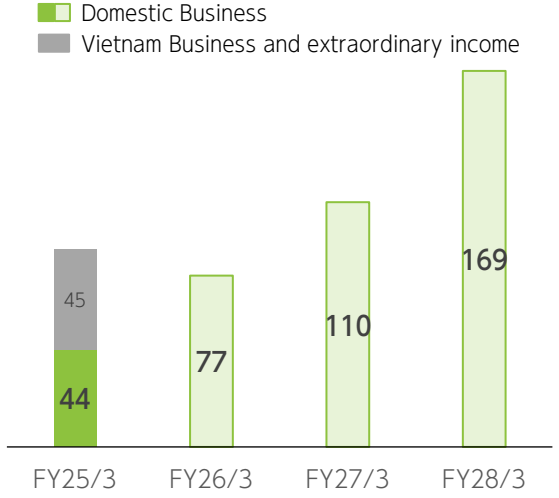
Operating profit

[100 million yen]



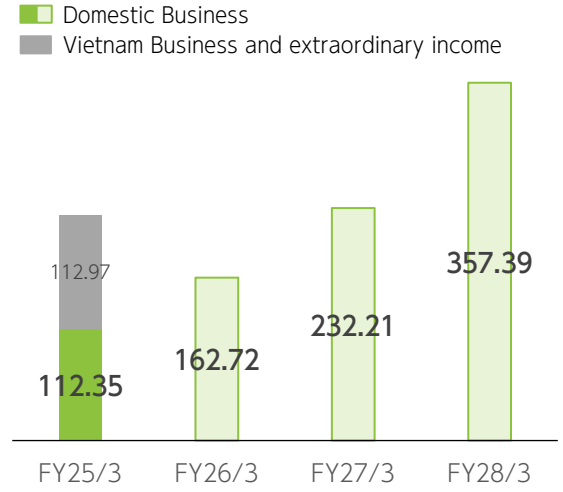
Net income

[100 million yen]



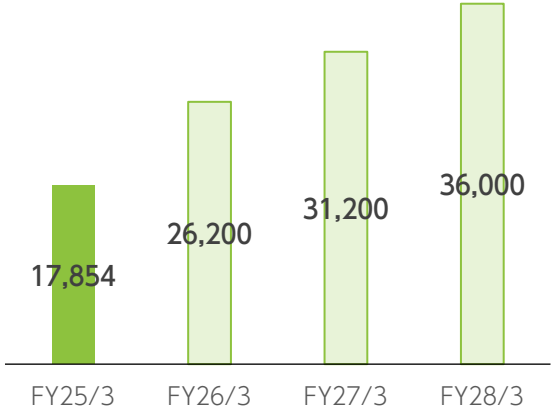
EPS / Dividend per share

[yen]



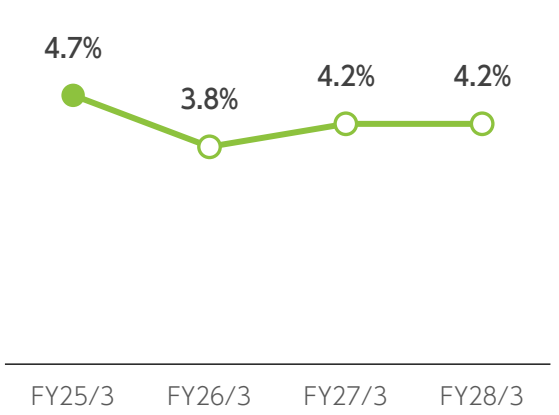
Number o Hires

[Person]



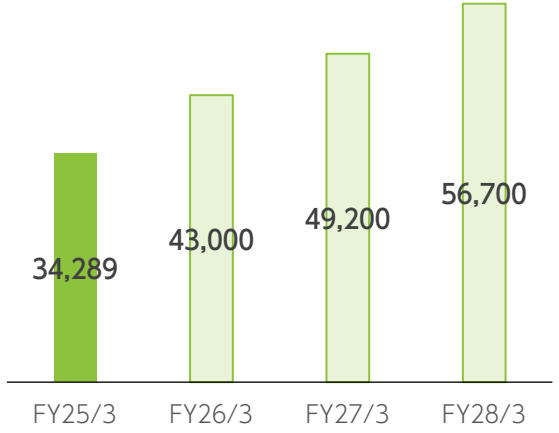
Monthly turnover rate

[Person]



Enrollment at end of term

[Person]



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Strengthening Talent Acquisition through Human Capital Investment

Human Capital Investment

10.5 billion yen

Recruitment Budget

33.0 billion yen

Number of Members

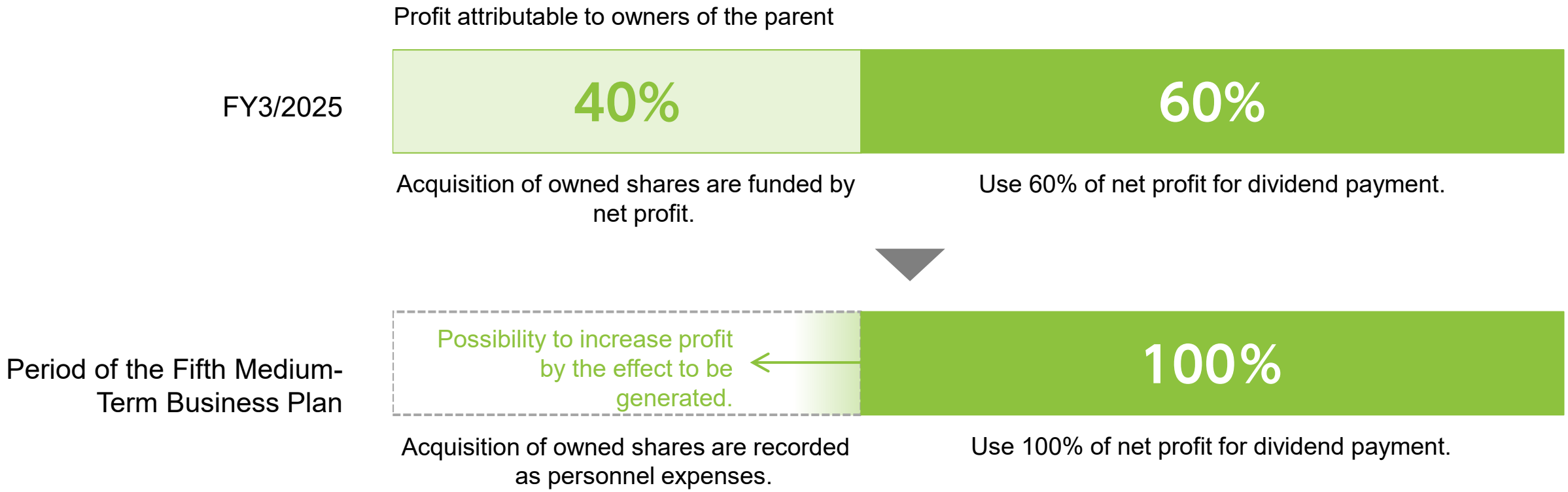
400,000 people

Through investment in human resources,
we aim to increase monthly new hires to 2,000-3,000 people
and also aim for 400,000 members/registered staff.

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Revision of shareholder return policy due to the accounting treatment

- In the results announcement in November 2024, we announced that granting of shares as part of human capital investment was to be funded by 40% of net profit. However, as the fund will be treated as personnel expenses for accounting purposes, The shareholder return policy has been revised to the payout ratio of 100%.
- The effect is not expected to appear in numerical targets but we plan to implement measures for showing practical impacts, specifically in an increase in sales and a decline in hiring expenses, and the resulting increase in net profit.



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Regular disclosure of key indicators

Efficiency in hiring cost

Matching unit price = (Number of new hires + Number of referrals) / hiring costs

Work-time value

Work-time value = Hourly work price x Total hours worked

Matching ratio

Matching ratio = (Number of new hires + Number of referrals) / Number of applicants x 100

Application unit cost

Application unit cost = Hiring cost / Number of applicants

Cumulative hours worked

Total hours worked = (1 + Number of re-hires / Number of new hires x 100) x Average length of service

Hourly work price

Weighted average contract work price per unit

The ability to be connected

The ability to be connected = Number of people who intend to continue using UT's services / Number of respondents x 100

Unit price system adoption rate

Unit price system adoption rate = (Number of JG targets + Number of EP targets) / Number of workforce x 100

* JG = Unit price system for production process workers
  EP = Unit price system for engineers

We monitor key indicators, regularly disclose them, and report on their progress.

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Dispatch Final (FY3/2026-FY3/2028)

Strategies for the four types of businesses and the Service Base Division

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Four types of demand for workers

The needs of workers



Want to work for a long time and build up careers



Want an immediate highly-paid job and a corporate housing



Want to work within a reasonable commute from home

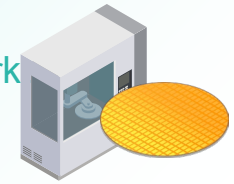


Want to find a new empowering workplace

An organization that response to four types of needs is desired.

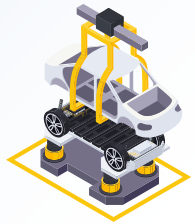
Need to secure work for a long time

Semiconductor industry



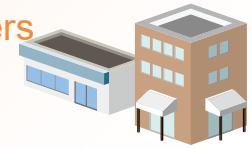
Need to promptly hire many workers

Automobile industry



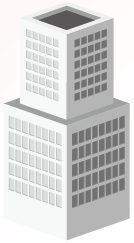
Neet to hire workers at low costs

Companies in areas



Need to check and mobilize own human resources

Large companies

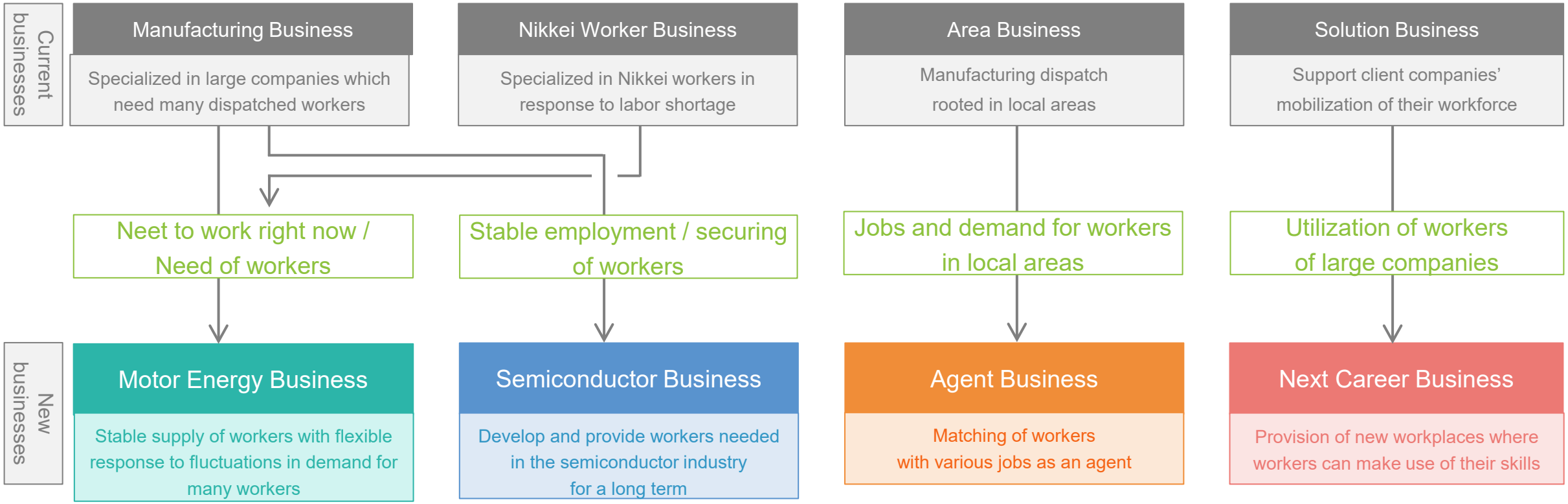


The needs of companies

Provide four types of workstyles that match the needs of both workers and companies

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Reorganization in the Domestic Business Strategy



Development of a business strategy to meet the four types of needs

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Motor Energy Business

Want an immediate highly-paid job with a corporate housing





Need to promptly hire more workers

Provide a scheme that enables workers to start working immediately

UTグループ

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Motor Energy Business

Respond to the automobile industry's demand for workers by mass hiring and immediate provision of workers.

Status after 3 years from now

- 20,000 employees
- 30% dispatch market share in the automobile industry

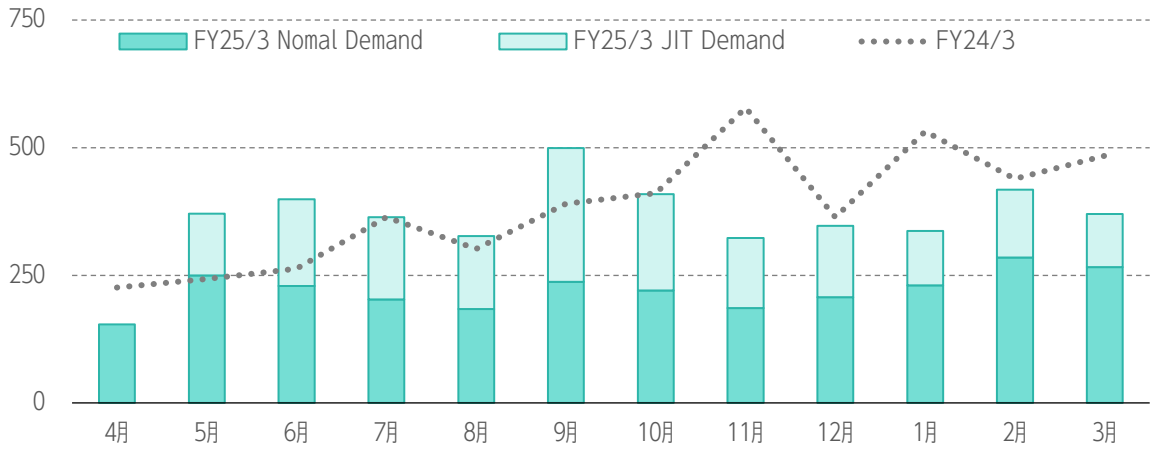
Priority measures

- Optimize the process of JIT placement of workers.
- Promote the introduction of more work support staff.
- Integrate with the Nikkei Worker Business and enhance hiring capability.

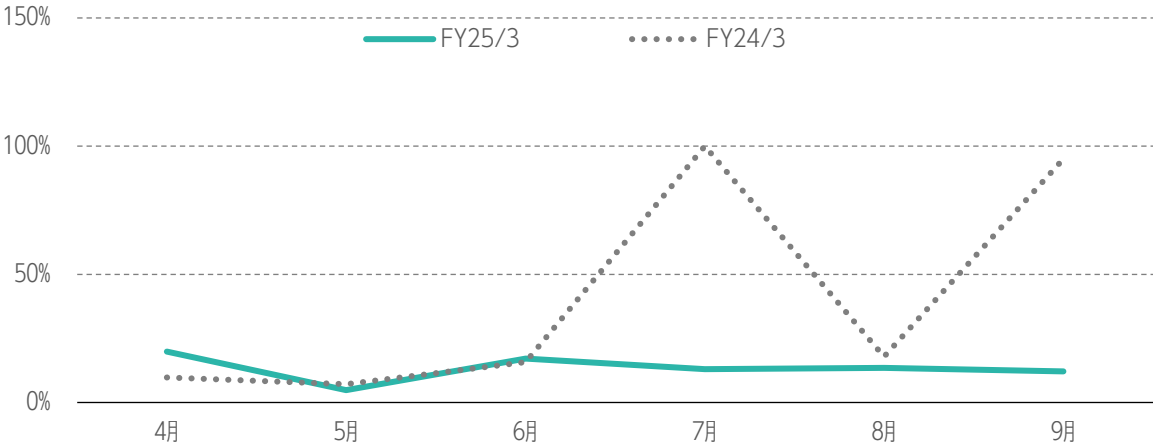
KPIs

- Monthly placement of 600 Japanese nationals
- Monthly placement of 200 Nikkei individuals
- Agency work in hiring 2,000 temporary workers per month in 3 years from now

Number of job openings



The ratio of quitters in less than a month dropped after the introduction of the work support staff



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Motor Energy Business

Mass hiring and just-in-time placement

Immediate hiring and placement

・Join the company on the date of application

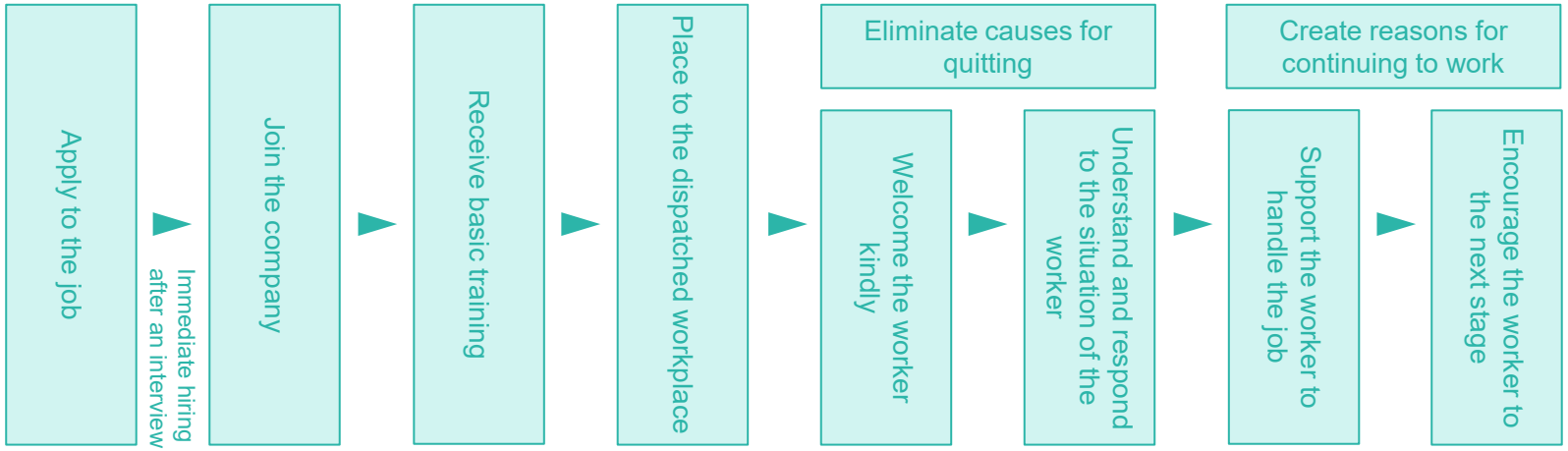
・Immediate arrangement of corporate housing

Work support (to control early worker turnover)

・The dedicated support staff assist workers to fit in their workplace

Use of Nikkei workers

・Enhance hiring activities in Brazil and establish a system to hire 500 per month = UT Group's strengths

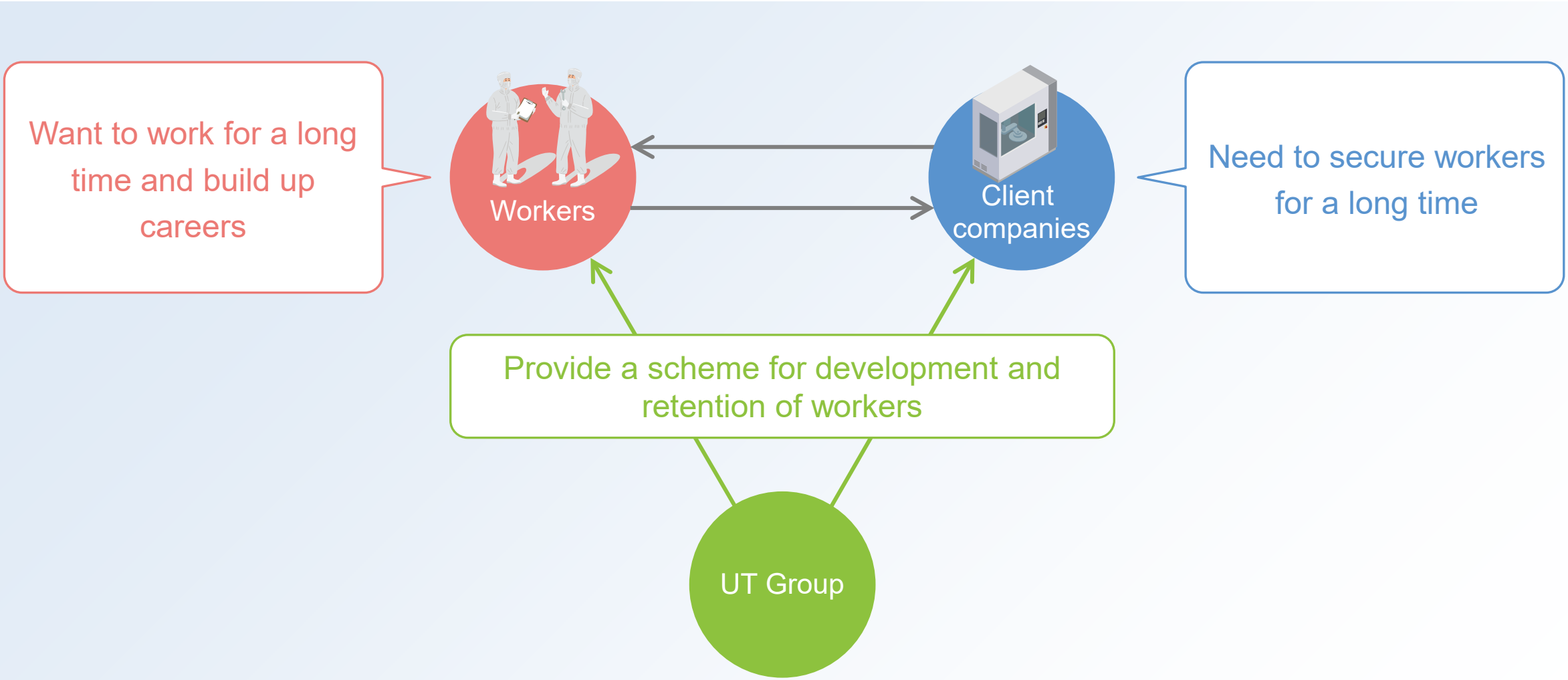


Merits to use Nikkei-Brazilian workers

- No limit for work by Nikkei-Brazilians*
- The largest Nikkei population in the world
- Strong willingness to settle down and a low turnover rate

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Semiconductor Business



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Semiconductor Business

Respond to the medium- to long-term needs of workers and further raise UT's market share by establishing a cross-industry HR system and developing engineers

Status after 3 years

- 15,000 employees
- 50% dispatch market share in the semiconductor industry
- Transfer of 1,500 regular employees to client companies

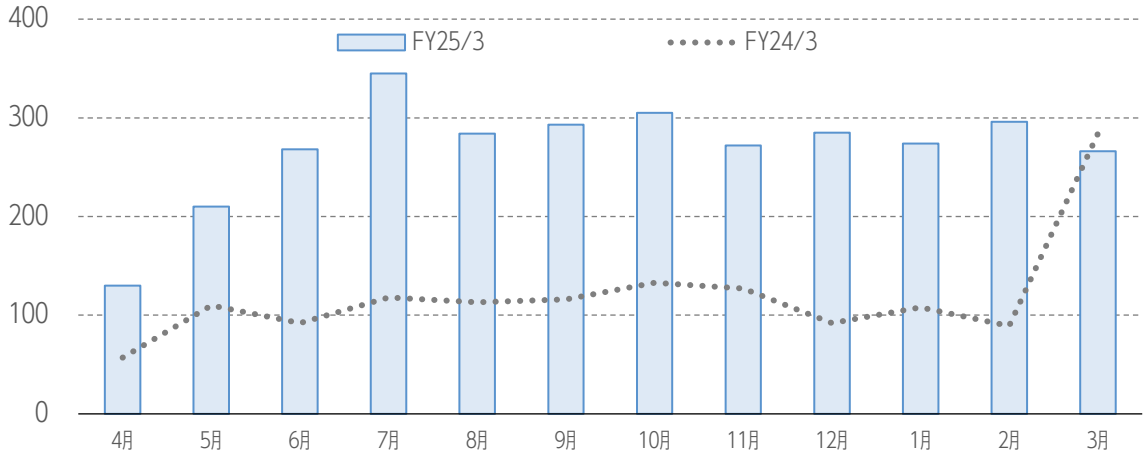
Priority measures

- Refine the unit price of dispatch worker by skills
- Enhance a system to train operators to become engineers.
- Promote transfer of skilled employees to client companies.
- Establish a systematic training and assignment structure in line with production plans.

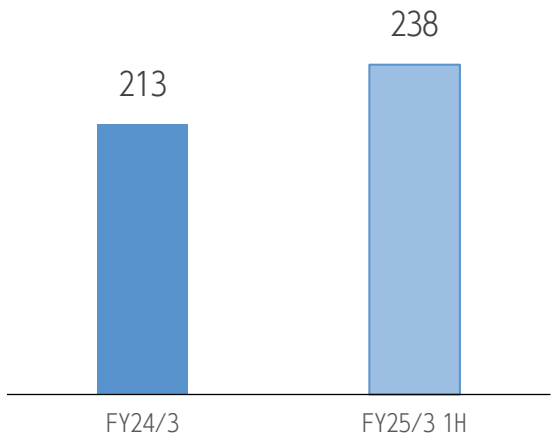
KPIs

- Raise the value of workers and increase their unit price of dispatch work by 20%.
- Introduce, as an agent, 10% of dispatched workers to client companies per year .

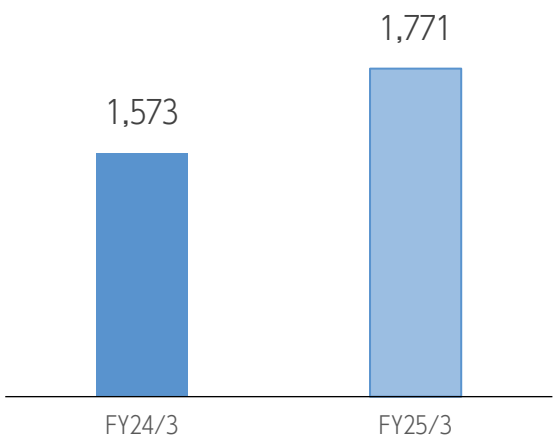
Number of job openings [Person]



Next UT transferred employees [Person]



Engineers [Person]



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Semiconductor Business

Systematic hiring and development

Planned orders received

Hiring plan

Hiring of new graduates

Mid-career hiring

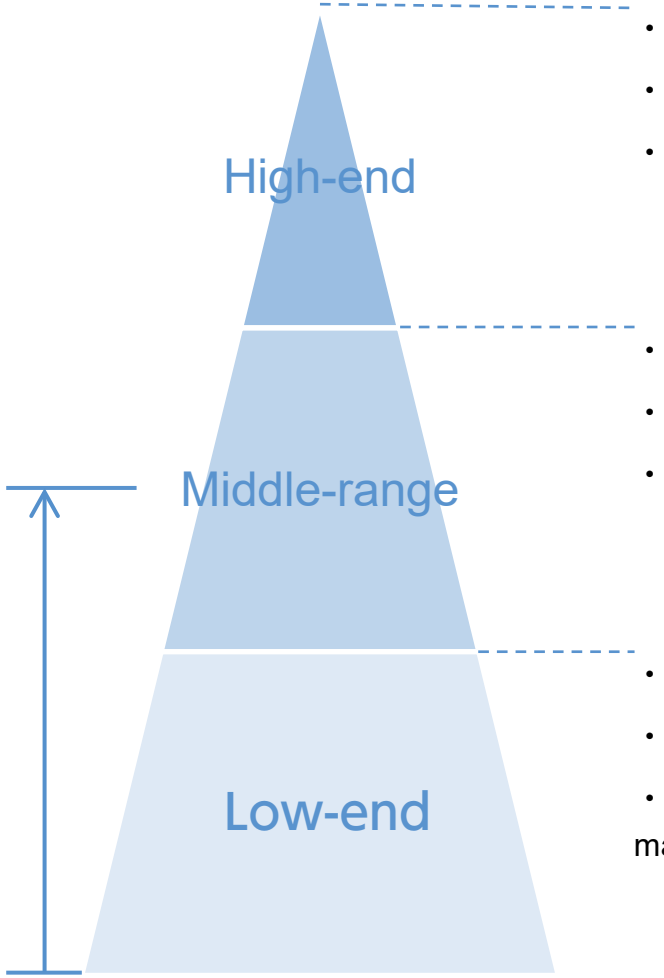
Manufacturing operations

Systematic development

Manufacturing engineers

Target areas

Main targets are areas where workers can acquire skills from OJT, experience, and learnings to advance their careers.



- Technology construction
- Basic design
- Detail design

- Programming and CAD
- Inspection and testing
- Building and installation

- Technical support
- Field engineering
- System monitoring, maintenance, etc.

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Agent Business

Want to commute from home and work in the local community





Neet to hire workers at low costs

Provide a scheme of job matching to various workstyles

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Agent Business

Enter into the employment placement business as an agent, and increase the number of job seekers with the aim of raising the yield in by over 3 times, improving the efficiency, and increasing the area offices which become top share players in their respective areas.

Status after 3 years

- 20,000 employees
- Agent business service to 10,000 applicants

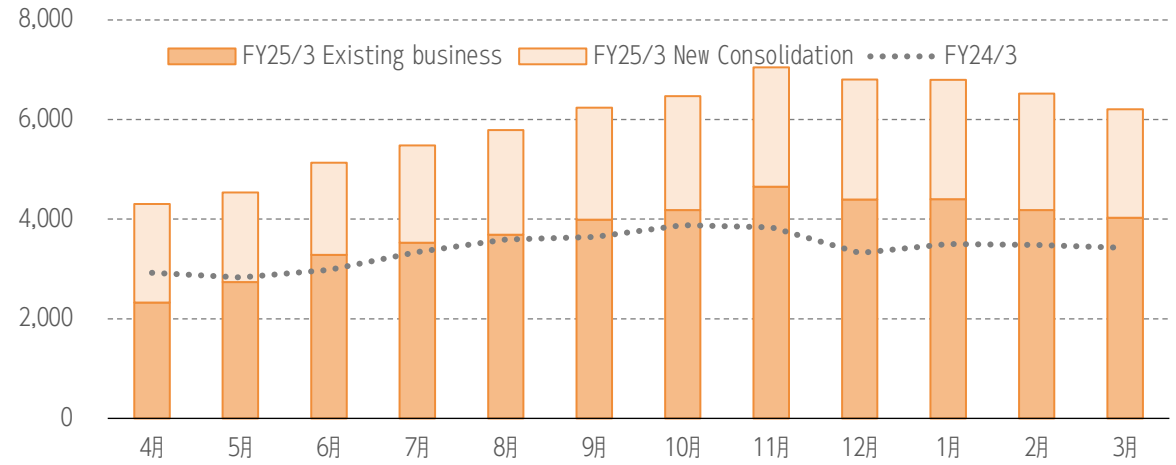
Priority measures

- Optimize allocation of resources by narrowing focused areas.
- Expand types of jobs and industries from the perspective of job seekers and increase dispatch job projects by entering the agency business.

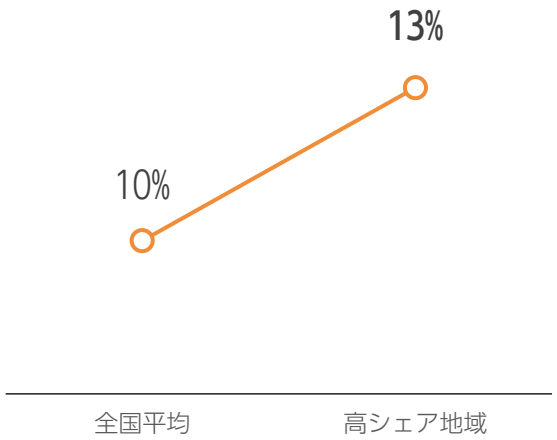
KPIs

- 3 job openings per job seeker
- The matching ratio of 3 times
- Hiring ratio of 30% in the focused areas

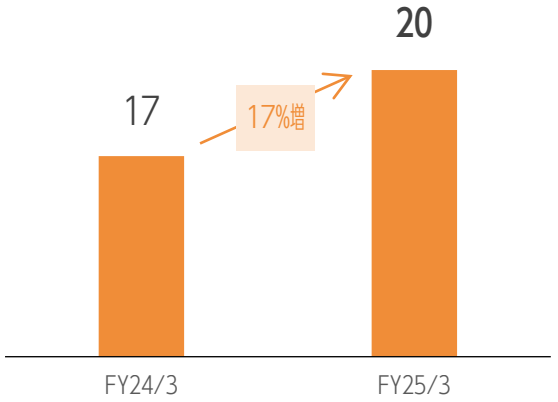
Job openings



Hiring rate in the high-share areas



Dispatch offices with an area share of 10% or more



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Agent Business

Becoming a dispatch agent from the perspective of job seekers

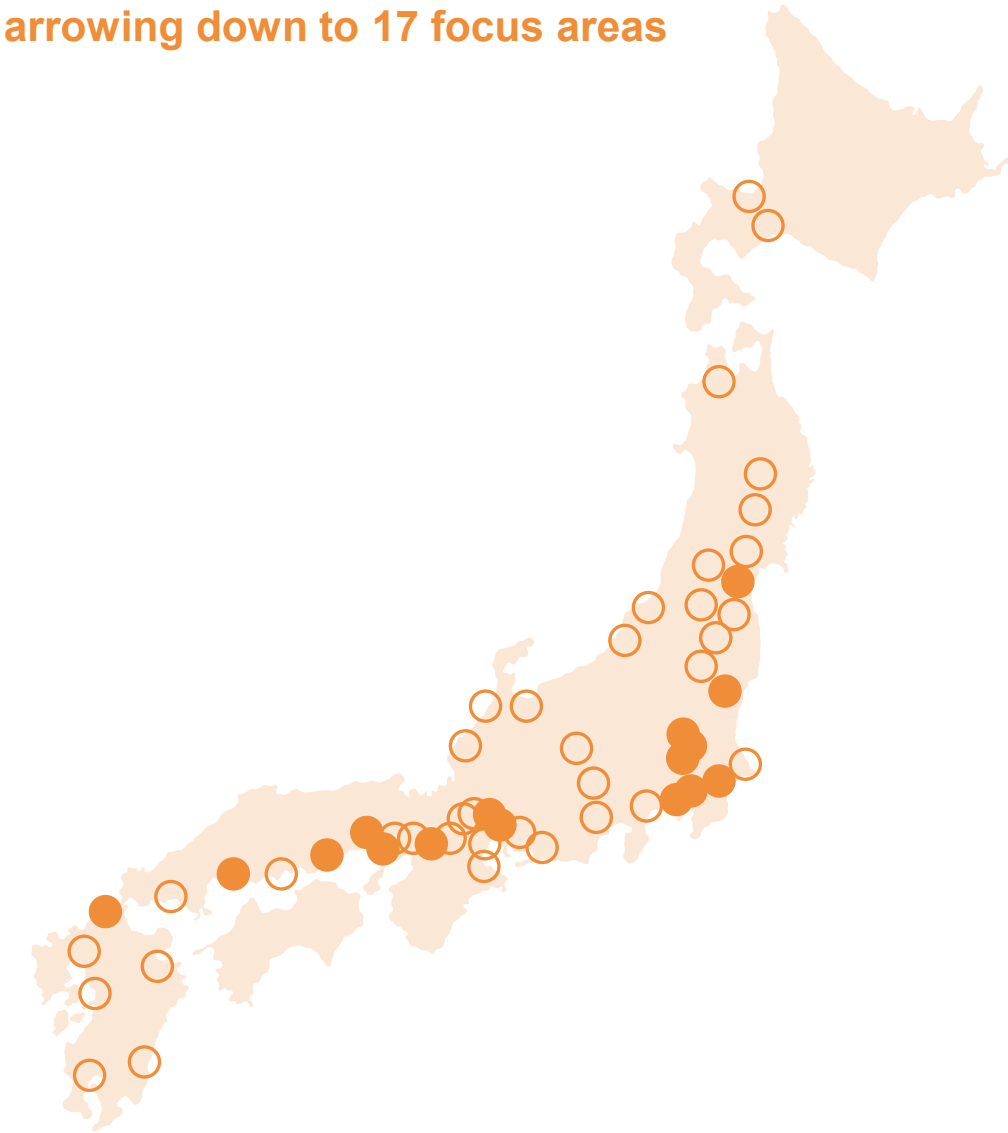
- Client companies
  - Worker dispatch
  - Introduction of workers
  - Job posting
- Other dispatch agencies
  - Job posting
  - Introduction of workers

UT Group

Introduction of a suitable job to each job seeker

Job seekers

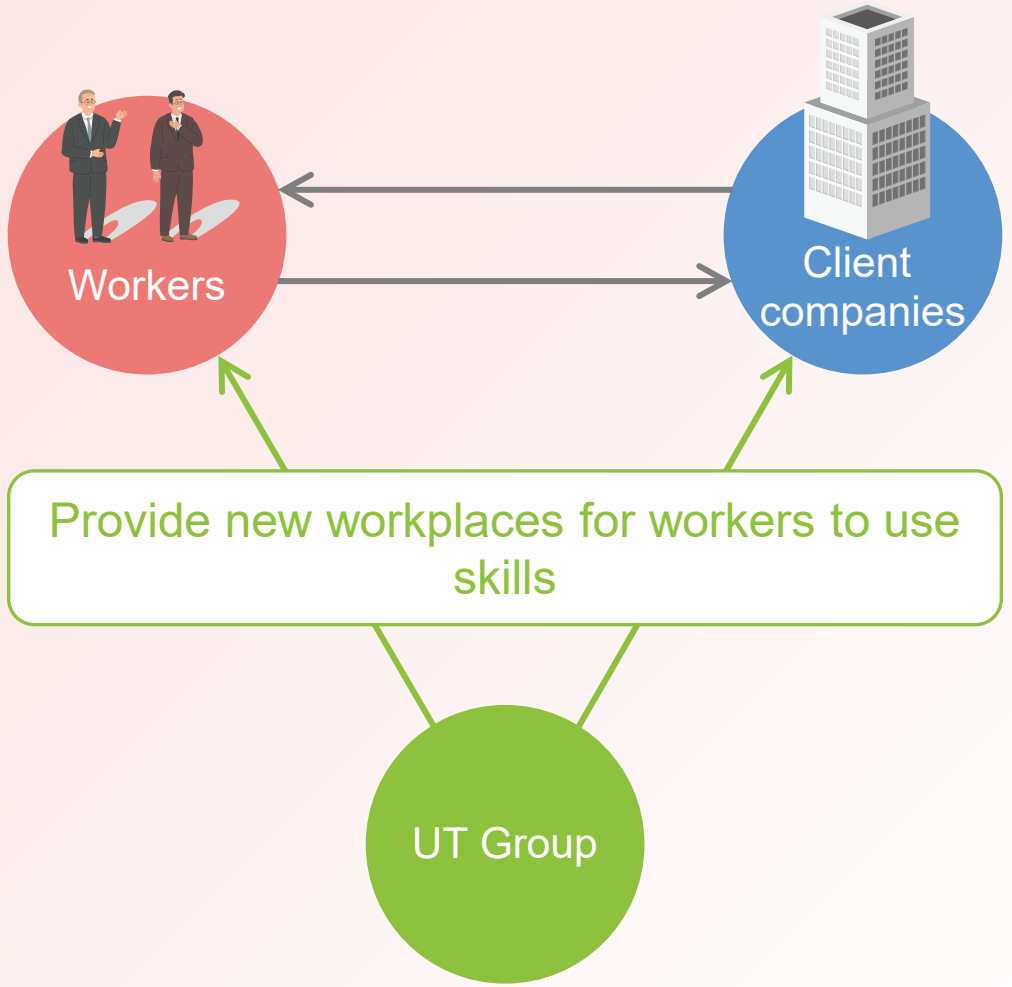
Narrowing down to 17 focus areas



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Next Career Business

Want to use skills and become empowered in a new workplace



Need to check and mobilize own human resources

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Next Career Business

Provide new workplaces to workers who want to use their skills and become empowered, and make optimal allocation of the labor forces across companies.

Status after 3 years

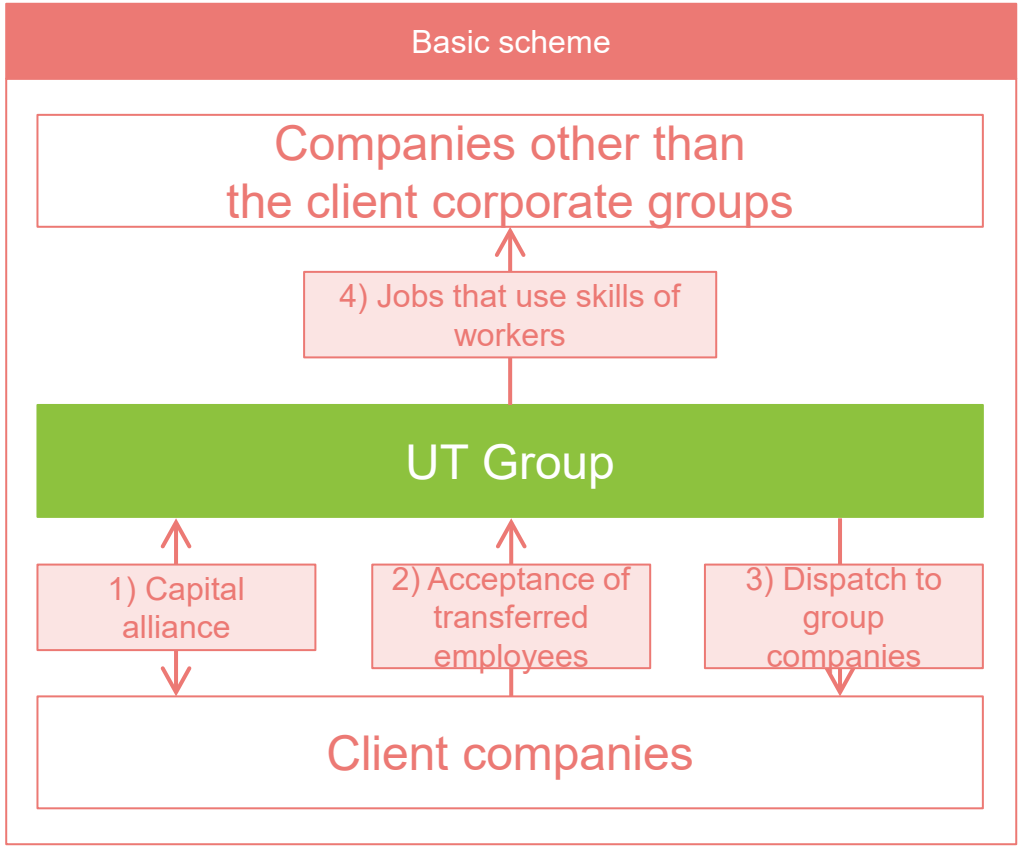
- 4,000 employees

Priority measures

- Establish a profit foundation as a dispatch business.
- Expand workplaces in and out of the client corporate groups.
- Expand workplaces within the UT Group

KPIs

- Acceptance of 4,000 employees



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