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Notice Regarding the Results of the Evaluation of the Effectiveness of the Board of Directors of the Company

In accordance with the Corporate Governance Code stipulated by the Tokyo Stock Exchange, UT Group Co., Ltd. conducted an analysis and evaluation of the effectiveness of the Board of Directors in order to improve its functions. The results are summarized below.

1. Method of analysis and evaluation

This is the second time to do the analysis and evaluation of the effectiveness of the Board of Directors following the first one in FY3/2022.

- (1) Evaluation period: February – March 2023
- (2) Subjects of evaluation: All directors including those who are Audit & Supervisory Committee members, 6 in total
- (3) Method of evaluation: Self-evaluation through a Web questionnaire, and the compilation and analysis of evaluation results by an external organization
- (4) 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 of management
 - 5) Dialogue with shareholders, etc.
- (5) Answer method: 5-level evaluation and free comments and requests for each major item

2. Summary of the results of the analysis and evaluation

We confirmed that the Board of Directors is functioning properly and its effectiveness is generally ensured, based on the fact that the average evaluation of all items was 4.16 and many of the responses

to the questionnaire were "5: Appropriate" or "4: Generally appropriate" out of the five levels in each of the major items, as well as on the reasons stated below. In addition, none of the free comments pointed out any significant deficiencies.

Among the major items, the Internal Directors gave the highest evaluation to the item 3) Corporate ethics and risk management, and the lowest evaluation to the item 2) Management strategy and business strategy. The Outside Directors gave the highest evaluation to the item 3) Corporate ethics and risk management, and the lowest evaluation to the item 5) Dialogue with shareholders, etc.

(1) Organization and management of the Board of Directors

The selection of agenda items for Board of Directors meetings was evaluated appropriate. The management and organization of the Board were evaluated as being in an appropriate state to satisfy the Board's roles and functions, as the Board has created an environment in which Directors, with their knowledge, experience, and expertise, can conduct free and open discussions. In particular, it was noted that Outside Directors have more actively expressed their opinions, which led to the improvement in the quality of discussions. Meanwhile, it was pointed out that there was room for devising and improving how the agenda items should be sufficiently presented in order to deepen substantive discussions.

(2) Management strategy and business strategies

It was pointed out that opportunities for information sharing and dialogue with those in business execution have improved and supervision and monitoring from a more multifaceted perspective have been enhanced, which has enabled UT Group to build an agile business execution system that firmly ascertains the recent changes in the business environment surrounding the Group. Concerning business process innovation through the promotion of DX, which was identified as an issue at the time of the previous evaluation, the matter has been continuously monitored and progress is appropriately confirmed. Some expressed the view that further discussions should be made on the optimization of business portfolios, allocation of management resources, including investment in human capital, and initiatives for sustainability.

(3) Corporate ethics and risk management

With the transition to a Company with an Audit & Supervisory Committee in June 2022, the improved transparency of internal control and corporate governance was pointed out. 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 Division were highly evaluated. It was confirmed that risk management and assessment have been appropriately conducted while sufficiently coordinating with the Internal Audit Division and other divisions.

(4) Performance monitoring and evaluation of management

It was confirmed that the Nomination and Compensation Committee appropriately evaluates performance of each director and executive officer by conducting active discussions within the committee, which includes three outside directors among its chairperson and members. Some raised the opinion that, from a medium- to long-term perspective, it is necessary to deepen discussions and appropriately supervise the successor development plan for directors, including the CEO, and executive officers.

(5) Dialogue with shareholders, etc.

The need of thorough deliberation on matters that are expected to affect shareholders' interests was recognized. In addition, some expressed the view that the Board of Directors shall have a solid grasp on the efforts to promote the understanding of shareholders regarding such matters. In addition, as in the previous evaluation, opinions were raised that discussions on how to proceed with the disclosure of non-financial information, from the standpoint of sustainability, should evolve along with the promotion of human capital management.

3. Future responses based on the results of analysis and evaluation

Based on the results, the Board of Directors will focus on addressing the above-mentioned issues, continuously strive to ensure the effectiveness of the Board of Directors, and aim to further enhance corporate governance and continuously raise corporate value.

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