

February 9, 2024

Company name: UT Group Co., Ltd.
Representative: Yoichi Wakayama, President,
Representative Director & CEO
(Securities code: 2146, TSE Prime Market)
For inquiries: Takahito Yamada, Senior Executive
Officer and Division Manager,
General Affairs Division
TEL: +81-3-5447-1710

Notice Regarding the Formulation of the Rolling Plan of the Fourth Medium-term Business Plan

UT Group Co., Ltd., at its Board of Directors meeting held on February 9, 2024, resolved to review the contents and period of the ongoing Fourth Medium-term Business Plan, and to formulate its rolling plan (the Plan) as follows.

1. Background to the revision of the contents and period of the ongoing Fourth Medium-term Business Plan

In accordance with the medium-term business goal of “creating a ‘diversity & inclusion’ workstyle platform” set forth in the Fourth Medium-term Business Plan (FY3/2021 to FY3/2025, the “Initial Plan”) announced in May 2020, UT Group has strived to continuously make and support each and every worker to become empowered, and for the Group to respond to changes in lifestyles and in ways of working with the aim of realizing a society in which workers have equal career development opportunities and are correctly treated.

Being affected by the impact of the global economic slowdown that started from the second half of FY3/2023, production activities in the manufacturing industry have been stagnant from the start of FY3/24, Year 4 of the Initial Plan, while a strong recovery in demand from the second half of FY3/2024 was incorporated in this year’s business plan. However, as demand has been below expectations, mainly from semiconductor-related client companies, and a further delay of six months to one year is most likely to occur before a full-scale recovery, we have decided to review the Initial Plan.

Looking back, the Initial Plan kicked off in the uncertain situation with the continued spread of COVID-19. From Year 1 to Year 2 (from FY3/2021 to FY3/2022), we strived to minimize the impact of the client factories’ suspension of operations caused by the COVID-19 pandemic, and made aggressive efforts in hiring in the subsequent period of rapid recovery in demand for workers. In the first two years, the number of technical employees increased by 150% on a net basis and sales increased by approximately 55 billion yen. In FY3/2023, Year 3 of the Plan, by leveraging the number of technical employees accumulated over the first two years, we focused on establishing a lean, solid business base in order for our entire Group to accelerate growth over the medium to long term. On top of promoting the integration of operating companies that shared common

characteristics, standardization and commonization of administration work among operating companies, as well as optimization of personnel allocation, we integrated, within the Group, recruitment information databases held by each operating company for hiring activities, and worked at the improvement of hiring efficiency by optimizing hiring operations.

We have thereby made steady progress in the Initial Plan by striving to steadily enhance the foundation of our business. However, the stagnant production activities of the semiconductor-related sector are now expected to be prolonged beyond our expectations. Moreover, given the recent changes in the business environment and the trends in the manufacturing dispatching industry, we have reviewed the Initial Plan's concept and strategy, and have moved forward the final year of the Fourth Medium-term Business plan by one year. On that basis, we will make efforts for the achievement of the medium-term business targets.

2. Outline of the Rolling Plan

1) Concept

The aggregation of the personal growth of each employee leads to the growth of UT Group. This is the concept at the roots of UT Group's human capital management. By continuing to expand the multiplication of “diversity (creating workplaces where diverse people can work comfortably), market value (improving the value of each individual), and engagement (building long-term relationships with workers),” UT Group will be able to achieve sustainable growth and the purpose of the Group.

Against the backdrop of a decline in the working-age population due to the declining birthrate and aging population, the increasing severity of Japan's labor shortage is requiring our client manufacturers to work harder to secure a sufficient labor force and improve productivity. As a result, these manufacturers' way of utilizing dispatched workers is changing from securing the conventional temporary labor force to the use of dispatched workers who would replace regular employees. For dispatching companies, it is not sufficient to only have the function of a conventional hiring agency that gathers and dispatches workers. Also, it is becoming increasingly important for dispatching companies to create an environment in which diverse people can work and increase productivity through career development. Expectations that dispatching companies that can shift to this mode of operation will rise even further.

These various large-perspective changes represent a major turning point for UT Group. “What should we do to be chosen by the people who work in manufacturing?” This is the core of all our thinking for the Rolling Plan. We view the “dispatch” workstyle as a service we provide to workers, and by making it more convenient, we will sharpen our focus on creating a situation wherein we are chosen by workers, with the aim of becoming the most preferred company in the manufacturing dispatch market. We plan to increase the number of our technical employees in Japan from the current 32,000 to around 50,000 by the final year of the Rolling Plan. Moreover, we are committed to creating a new form of manufacturing dispatch. This is the proper role of UT Group as a leader in manufacturing dispatch and this is our commitment.

2) Strategy (outline)

We will make the “dispatch” workstyle more convenient and achieve the target of regular monthly hiring of 2,000 employees. UT Group’s core operations of the Manufacturing Business and the Area Business will be drivers of growth in our efforts to expand our share in the manufacturing dispatch market. In the Manufacturing Business we aim to maximize our share in the client companies’ factories by increasing the value of our workers there. In the Area Business we aim at becoming the “best local outlet” in various parts of Japan by responding to the needs of people working locally. In other businesses, we intend to develop a business that will become the third pillar of business, in addition to the existing two pillars of the Manufacturing Business and the Area Business, so that we can provide working opportunities for a greater number of diverse workers, such as by increasing the utilization of Nikkei (Japanese origin) workers. In addition, while we will continue to focus on expanding the scale of the business through M&As, the key of our strategy is to make it meaningful to “those working in manufacturing dispatch in Japan.”

The numerical targets are stated in 4) below. Our aim is to improve profitability and achieve sustainable EPS growth by consolidating management and other operations in line with the expansion of the scale of the dispatch business.

3) Period of the Plan

The final year will be FY3/2026, one year later than the Initial Plan.

4) Numerical targets

[100 million yen]

	FY3/2024 (Current year forecast)		FY3/2025		FY3/2026 (Final year of the Plan)	
	Forecasts	% of total	Plan	% of total	Plan	% of total
Net sales	1,690	100.0%	2,150	100.0%	2,765	100.0%
EBITDA	111	6.5%	160	7.4%	250	9.0%
Operating Profit	95	5.6%	136	6.3%	224	8.1%
Profit attributable to owners of parent	61	3.6%	130	6.1%	145	5.3%
EPS [yen]	153	-	275	-	306	-
(Reference indicator) Technical employees (Domestic)	-	-	44,641	-	54,478	-
(Reference indicator) ROE [%]	-	-	23%	-	23%	-

Note: Profit attributable to owners of parent for FY3/2025 is incorporated the rough estimate of the impact of the Extraordinary Income as announced in “Notice Regarding Recording of Extraordinary Income (Gain on Sale of Shares of Subsidiaries and Associates)” released today.

Note: EPS for FY3/2025 and FY3/2026 are fully diluted.

Note: ROE for FY3/2025 and FY3/2026 are calculated based on an increased shareholders’ equity as stock acquisition rights are fully exercised.

5) Approach to profit distribution and change in shareholder return policy

We will appropriately manage cash allocation with an emphasis on balancing the improvement of capital efficiency, the maintenance of financial soundness, and the enhancement of shareholder return. We also aim to optimize internal reserves by taking into account the cost of capital and business investment plans including M&As. The Plan's numerical targets and target levels are as follows.

- Goodwill equity ratio: 50% or less
- Net D/E ratio: Less than 0.5 times
- Dividend payout ratio: 60%

We have reconsidered the shareholder return policy. We expect to be able to secure a sufficient cash position even after taking into account the balance of business investments including M&A activities, which are necessary for the sustainable growth of the Group, as well as financial soundness. Therefore, we have decided to provide a stable dividend payout ratio of 60%, instead of a total return ratio of 30% through dividends or share buybacks. For details, please refer to the “Notice Regarding Change in Shareholder Return Policy, Decision on Shareholder Return Method for FY3/2024, and Dividend Forecast for FY3/2024” announced on February 9, 2024.

For details of the Plan, please refer to the attached “Rolling Plan for the Fourth Medium-term Business Plan.”

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

End



The Fourth Medium-term Business Plan

Rolling Plan

February 9, 2024

UT Group Co., Ltd.

Securities Code: 2146 (TSE Prime Market)

1. Envisioned Future
2. Looking Back at What We Have Achieved So Far
3. Summary of the Rolling Plan
4. Appendix

Initiatives to Improve Corporate Value

Results and Numerical Target of the Fourth Medium-term Business Plan

UT Group's Human Capital Management

Basics of the Manufacturing Dispatch Market

The Fourth Medium-term Business Plan

Envisioned Future

Envisioned Future of the Rolling Plan

Shrinking of the working-age population leads to a labor shortage,
which changes the labor market into a seller's market



Need to shift to a strategy primarily keyed to the perspective of workers, not companies



View the “dispatch” workstyle as a service we provide to workers, and build a more
convenient service foundation

Apply and
immediately start
working

Experience various
jobs

Easy processing to
enter/quit a company

Daily wage payment

Reflect accumulated
experiences in salary



**Become the most preferred company
by dispatch workers**

Financial Plan

[100 million yen]

	FY23/3	FY24/3	FY25/3		FY26/3			
	Result	Forecast	Plan		Plan			
	Consolidated	Consolidated	Existing business	M&A	Consolidated	Existing business	M&A	Consolidated
Net sales	1,706	1,690	1,955	195	2,150	2,346	419	2,765
EBITDA	157	111	-	-	160	-	-	250
Operating profit	89	95	146	△10	136	234	△10	224
Net profit	38	61	-	-	130	-	-	145
EPS (yen)	94	153	-	-	275	-	-	306
EBITDA%	9.2%	6.5%	-	-	7.4%	-	-	9.0%
Operating profit%	5.2%	5.6%	7.5%	-5.1%	6.3%	10.0%	-2.4%	8.1%
Reference Indicators								
ROE	16.2%	23%	-	-	23%	-	-	23%
No. of Tech employees (Domestic) (people)	31,936	33,300	39,391	5,250	44,641	45,908	8,570	54,478

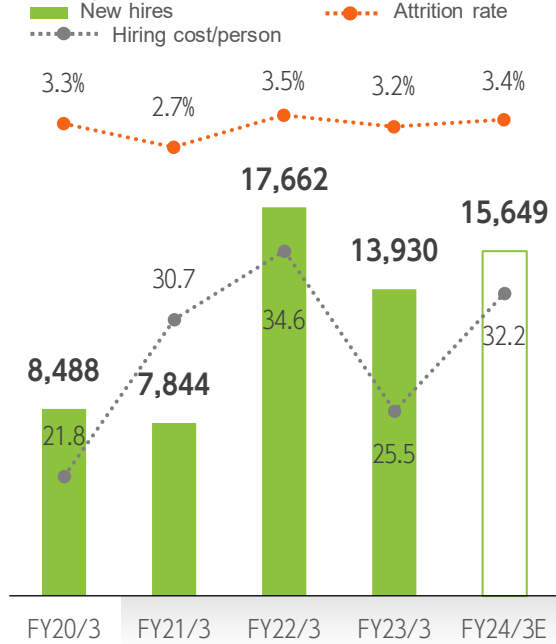
※Net profit is "Profit attributable to owners of the Parent."

The Fourth Medium-term Business Plan

Looking Back at What We Have Achieved So Far

The Fourth Medium-term Business Plan: Results to Date

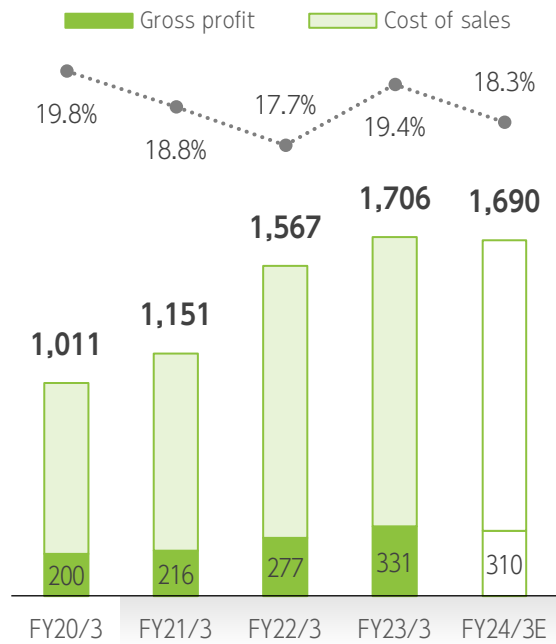
New hires, Attrition rate, and Hiring cost/person [Person, 10,000 yen]



The hiring cost/person briefly worsened due to concentrated spending in hiring in response to a post-Covid sharp rise in demand.

Need to improve efficiency in hiring

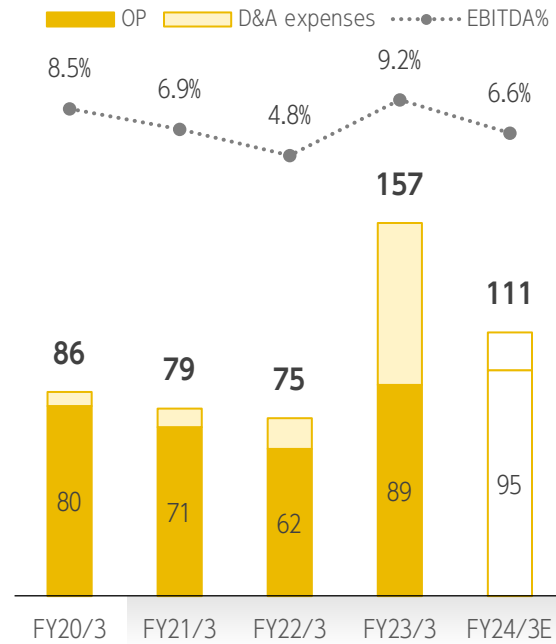
Net sales and Gross profit [100 mn yen]



Steady post-Covid sales growth led to sales growth of 1.7 times in 3 years. However, the pace of sales growth is being stalled in FY3/2024 due to stagnant demand, and gross profit is also lowering.

Need to build a sales system, which is less sensitive to a decline in demand

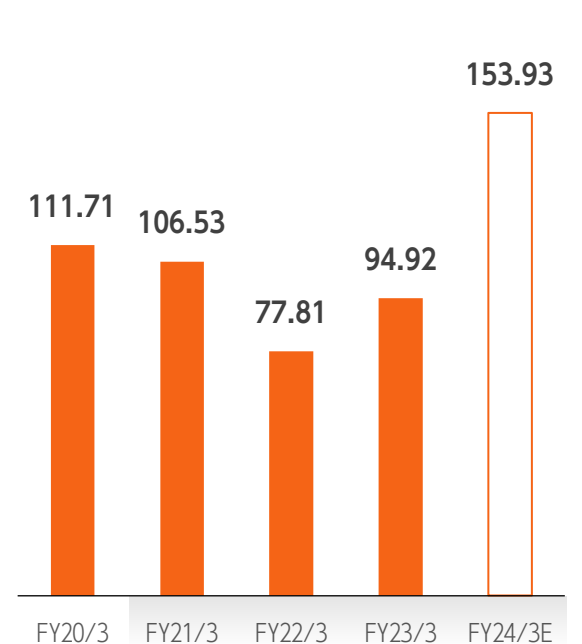
EBITDA and Operating profit [100 mn yen]



EPS was on a declining trend along with an increase in costs such as hiring costs and stock-compensation expenses.

Aim to achieve sustainable EPS growth by utmost profit control

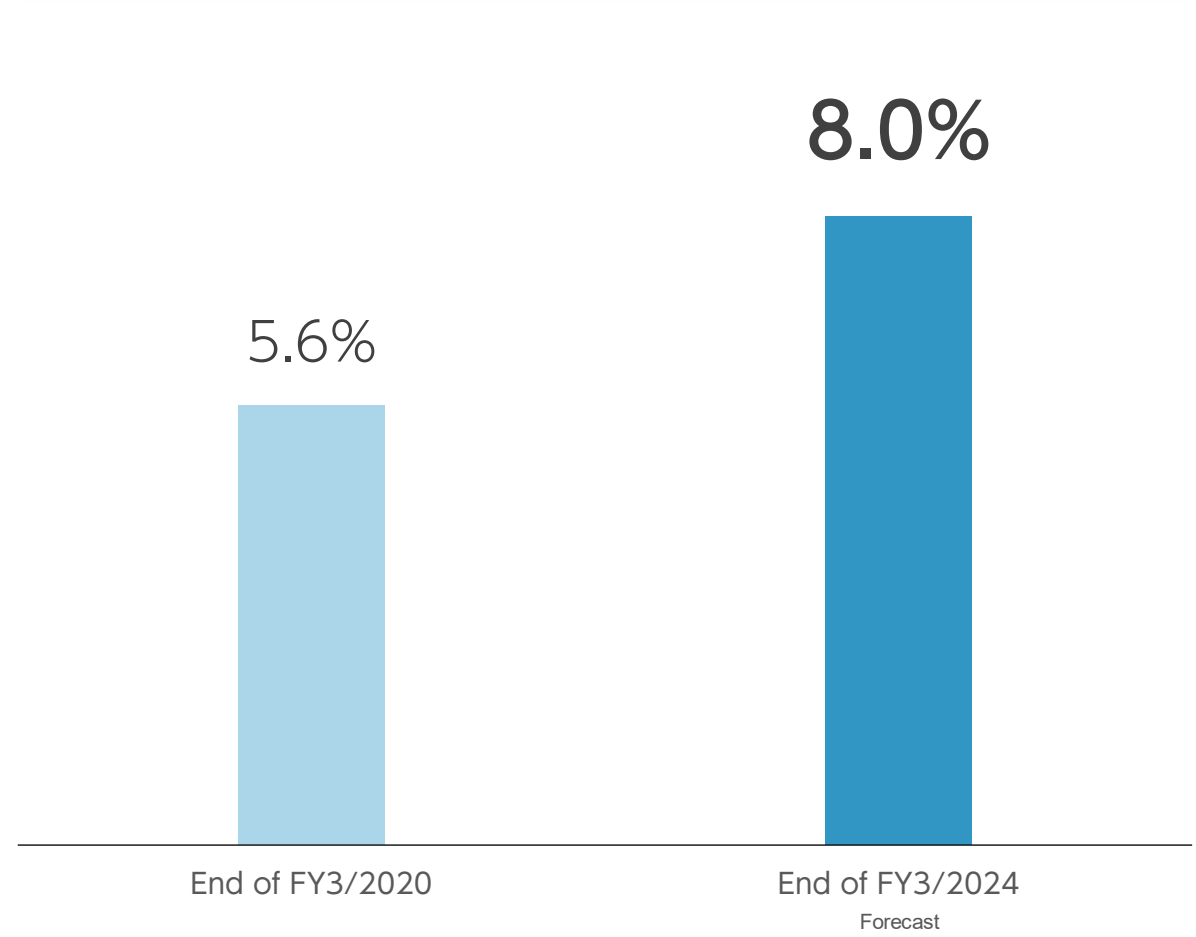
EPS [Yen]



Concentrated Management Resources in the Manufacturing Worker Dispatch Business

Recent consolidation of companies			
Consolidated companies		Business activities	Technical employees, when consolidated
FY3/2020	Support System	HR business	Approx. 1,100
FY3/2021	Toshiba Office Mate, etc.	HR business	Approx. 1,100
	Mito Engineering Service	HR business	Approx. 400
	Green Speed (Vietnam)	HR business	Approx. 12,500
	Seekel	HR business	Approx. 900
FY3/2022	Progress	HR business	Approx. 1,200
	SURI-EMU	HR business	Approx. 1,100
	Fujitsu FSAS CREA	HR business	Approx. 900
FY3/2024	Hitachi Ibaraki Technical Service	HR business	Approx. 500
FY3/2025	BeNEXT Partners	HR business	Approx. 2,600
De-consolidated companies		Business activities	Technical employees, when de-consolidated
FY3/2022	UT System Products	Purchasing agency service	0
FY3/2025	UT Construction	Construction engineer dispatch	Approx. 900
	UT Technology	IT engineer dispatch	Approx. 700

UT's domestic market share
End of 3rd Mid-term Business Plan vs. End of FY3/2024



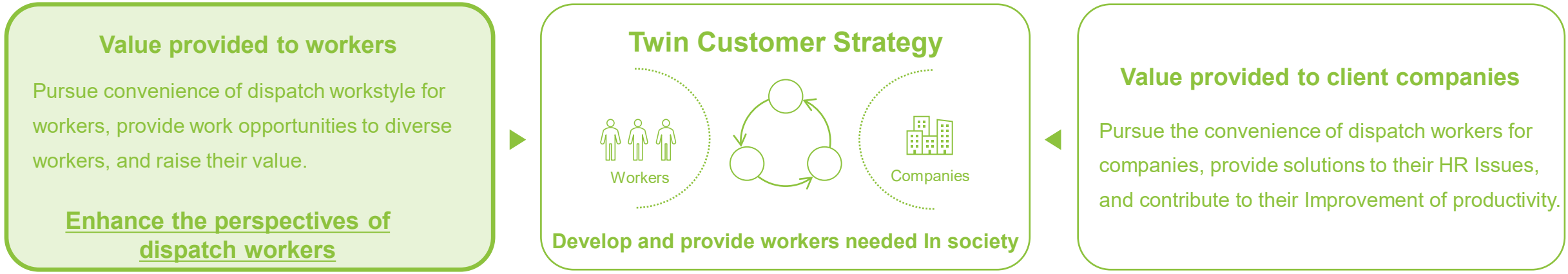
**Labor Force Survey" (Ministry of Internal Affairs and Communication);
The market size at the end of FY3/2024 was estimated based on the average growth rate of the past (FY3/2020-FY3/2024).

The Fourth Medium-term Business Plan

Summary of the Rolling Plan

Revision of the 4th Med-term Business Plan

Objective: Make the dispatch workstyle more convenient and become the most preferred company in the manufacturing dispatch market

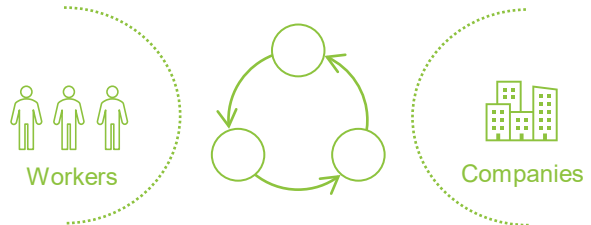


Value provided to workers

Pursue convenience of dispatch workstyle for workers, provide work opportunities to diverse workers, and raise their value.

Enhance the perspectives of dispatch workers

Twin Customer Strategy



Develop and provide workers needed in society

Value provided to client companies

Pursue the convenience of dispatch workers for companies, provide solutions to their HR Issues, and contribute to their Improvement of productivity.

Two main business pillars

Manufacturing Business

Raise the value of workers at client factories

Refine UT's strength in hiring, development and retention of workers and in managing capability and aim at maximizing its share in the client companies' dispatch workers.

Area Business

Respond to needs of those who work in local communities

Establish a sales/hiring system tailored to area characteristics in selective target areas and aim at becoming the "best local outlet" in various parts of Japan.

Developing a business that becomes the third pillar

Strategic Investment Themes

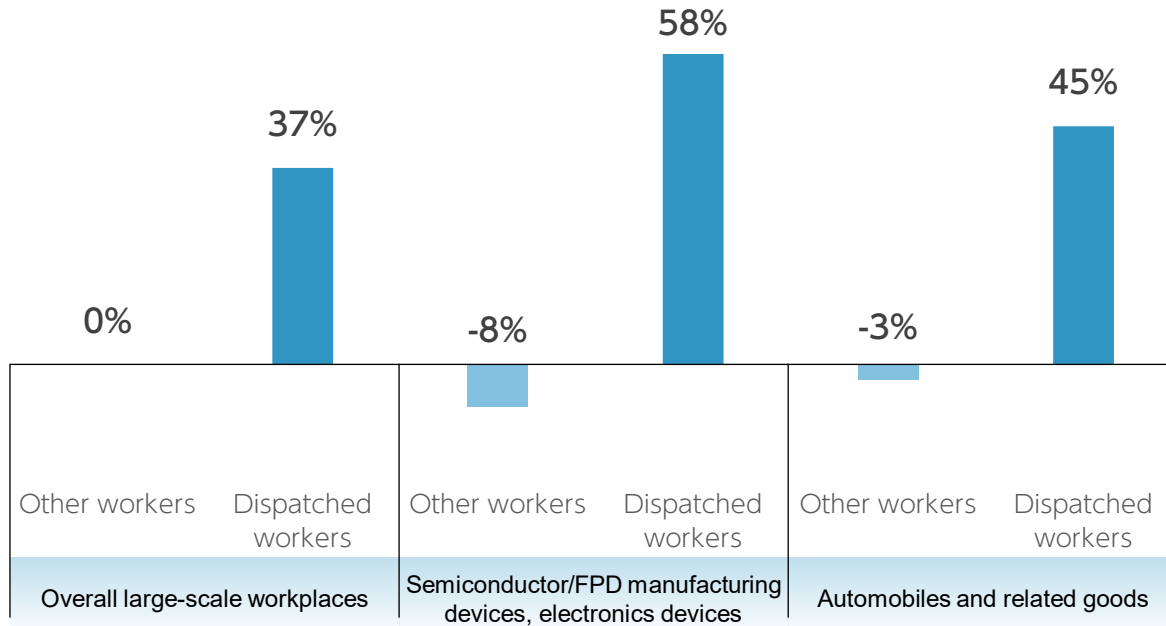
Provide empowerment opportunities to diverse workers

Make an optimal strategy by operating company to improve its profitability, with the aim of developing a business that becomes the third pillar.

Improve profitability by consolidating operations in line with the expansion of the business scale to achieve the operating profit margin of 10%*

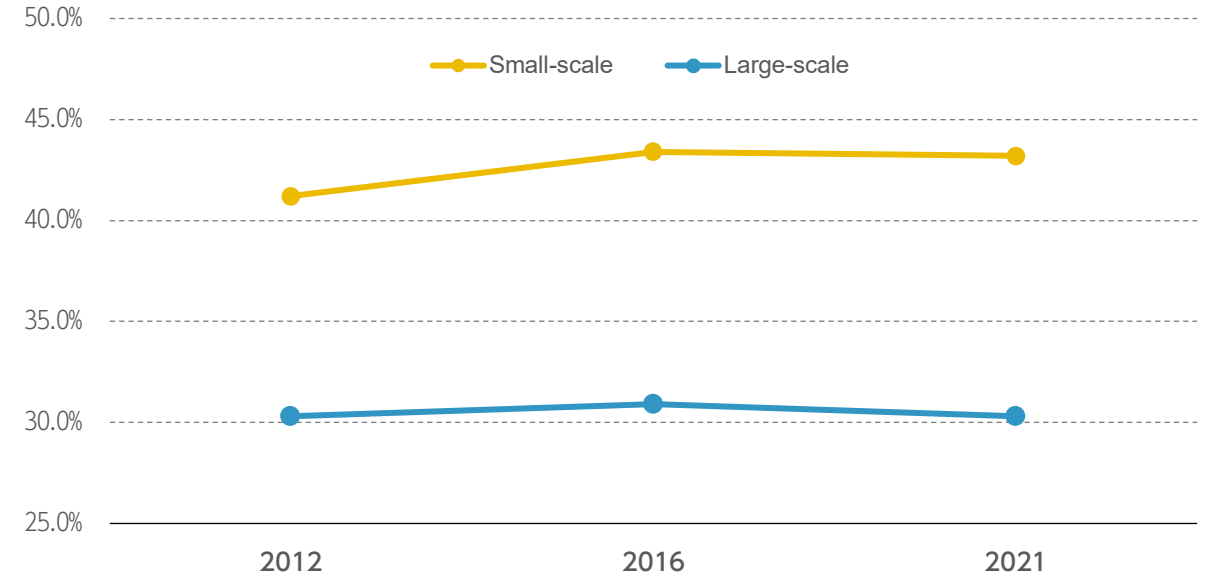
Manufacturing Business

Increase (decrease) in workforce at large-scale workplaces



**Economy Census" (Ministry of Internal Affairs and Communication)
Comparison of data of 2016 and 2021 for manufacturing workplaces that have 300 or more employees

Ratio of women in manufacturing dispatch workers by size of workplace



**Economy Census" (Ministry of Internal Affairs and Communication)
Large-scale: 300 or more employees; Small-scale: less than 30 employees

Focus on the high-growth sectors including semiconductors and automobiles, and respond to the labor shortage by creating comfortable workplaces for diverse workers, with the aim of achieving further growth

Manufacturing Business

Dispatch workers in workplaces of 300 or more		
Semiconductors, FPD manufacturing devices, and electronic devices	Number of dispatch workers	17,366
	% of total workers	15.7%
Automobiles and automobile accessories	Number of dispatch workers	52,582
	% of total workers	9.6%
All manufacturing industries	Number of dispatch workers	237,448
	% of total workers	9.7%

● Demand for dispatch workers is expected to increase substantially, along with a growth in demand for semiconductors and construction of new factories.

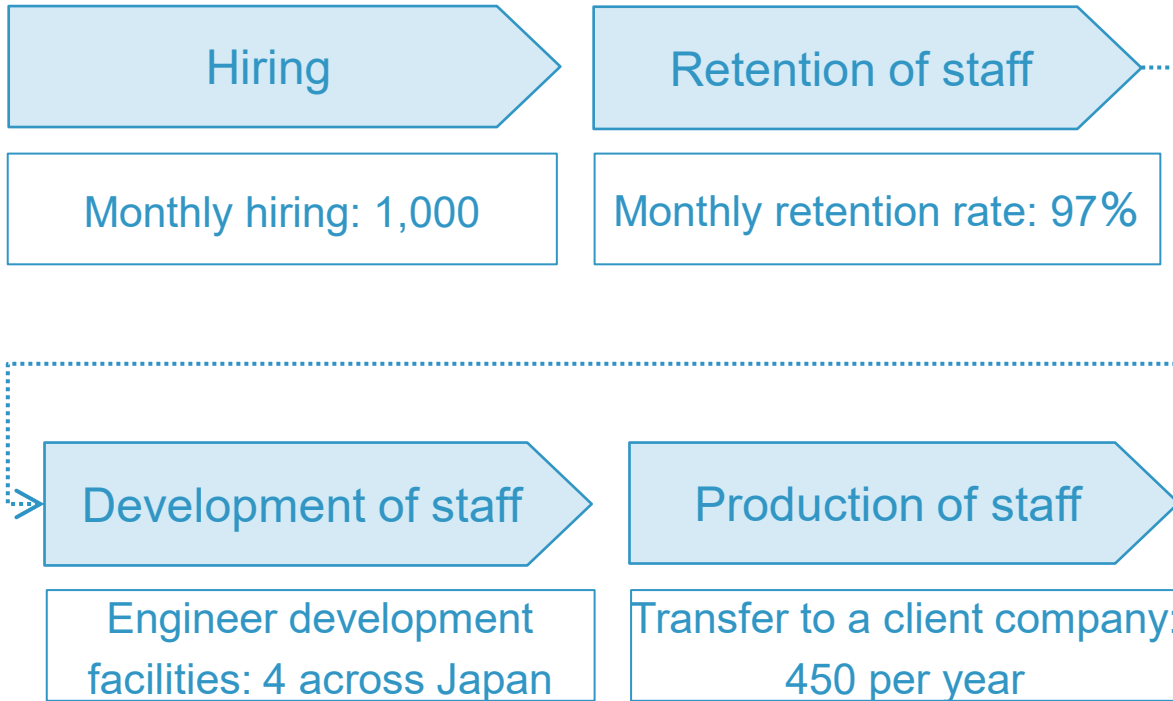
● A ratio of dispatch workers is expected to increase due to the normalization of production and labor shortage.

● The ratio can increase further by the development of new clients in addition to share expansion in the business for existing clients.

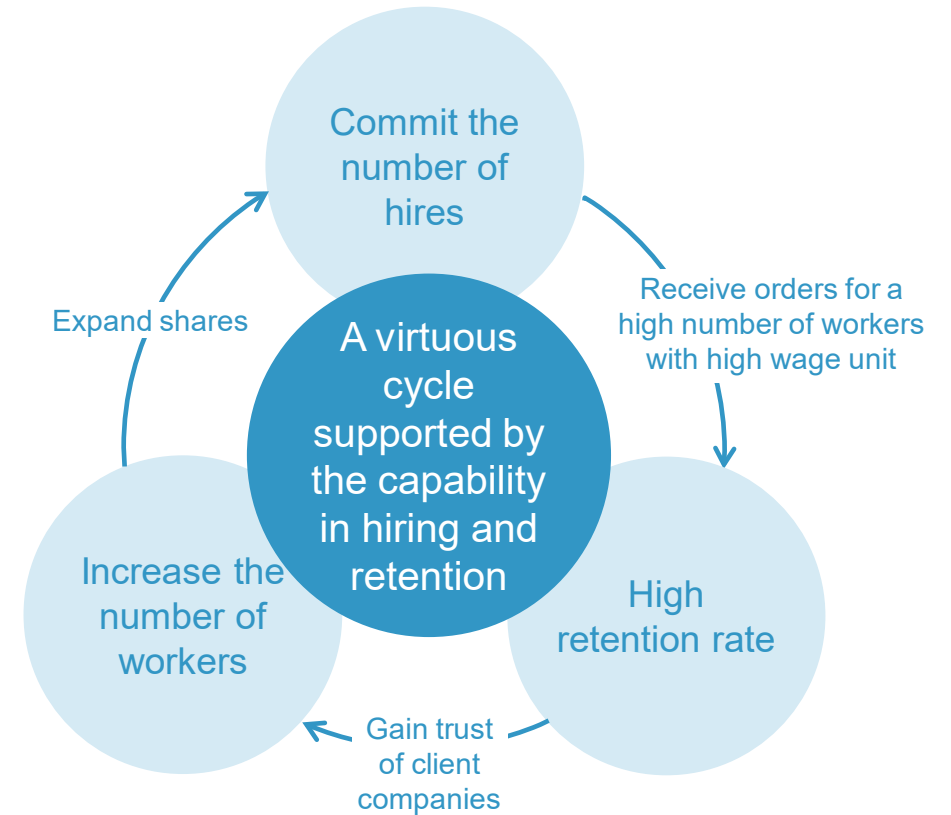
**Economy Census 2021" (Ministry of Internal Affairs and Communication

Manufacturing Business

Competitiveness of the Manufacturing Business



A virtuous cycle driven by committing orders received



The strength of the Manufacturing Business: An integrated operation from hiring staff to making them a workforce by running a virtuous cycle on the back of the capability in hiring and retention

Manufacturing Business

Business environment

- Shrinking of the population includes a decline in the number of young male workers, a manpower segment preferred for large-scale factories and continued worsening of the labor shortage.
- Increased automation changes required skills, leading to specialization by area and the matching training needs.

Attitude

Raise the value for the Twin Customers by pursuing a “better workstyle model” for each client, and become a top company with a dominant share.

Value provided to the Twin Customers

Value provided to job seekers

Accept diverse workers and make it easy for them to foresee job satisfaction, work preference and career development through a dispatch workstyle.

Value provided to client companies

Create a better workplace model in cooperation with clients, raise the ability to allocate workers and their retention rate, and improve productivity and service quality.

Main measures

Increase diversity

- Ask client companies to change their mindset on the labor market and create comfortable workplaces for those other than young male workers.
- Supporting diverse workstyles, such as places working shorter hours or have multi job types in one workplace.

Increase market value

- Promote adoption of a skill evaluation system that aligns with unit wages for different job types of manufacturing line workers and engineers
- Introduce an educational system tailored to client needs.

Increase engagement

- Assign support staff for worker retention and enhance the on-boarding packages.
- Promote support for career development.

Manufacturing Business

Market outlook

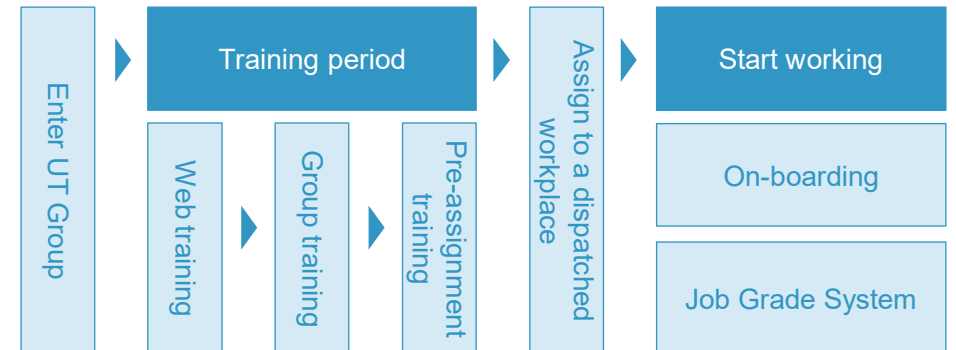
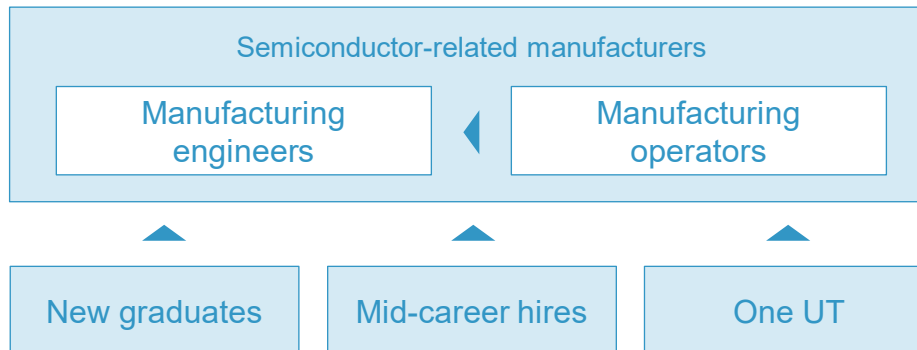
Semiconductor-related sector

- Total demand for workers is estimated to be about 40,000, including existing clients' production normalization and capacity additions and development of new clients.
- Anticipate demand for manufacturing operators and manufacturing equipment engineers.
- Secure the sufficient number of workers including new hires, mid-career hires, and intra-group transfers.
- Promote nurturing of engineers and establish a skill-based wage system with appropriate wage levels.

Automotive-related sector

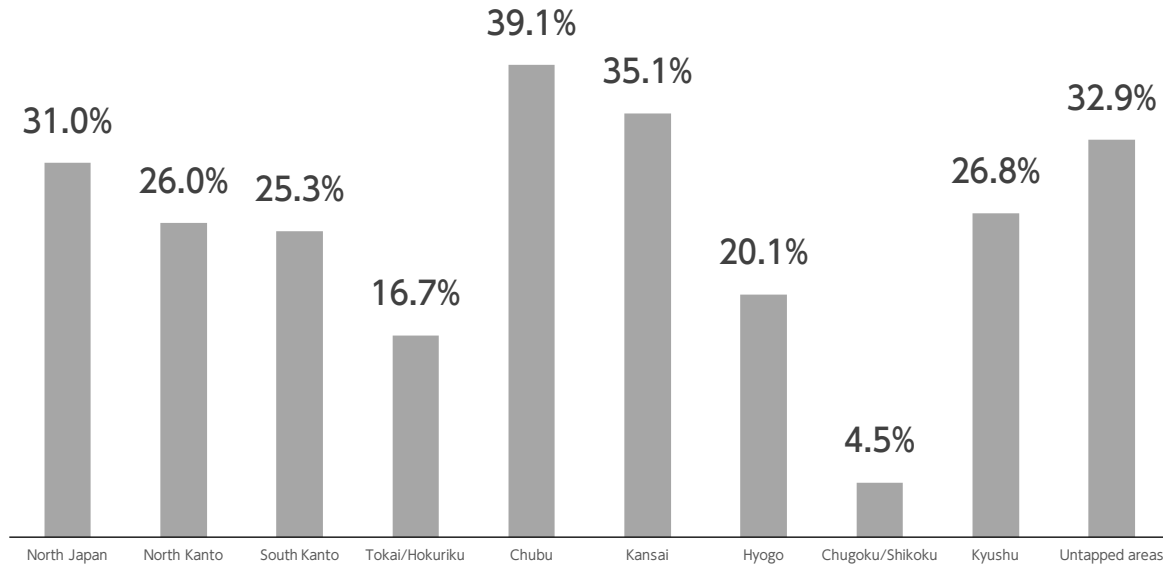
- Covid-driven supply chain disruptions have been settled and the domestic car production is on a recovery trend.
- Automakers' demand for workers is estimated to be more than 30,000.
- Develop ready-to-work personnel via pre-assignment training of hired staff.
- Establish systems (i.e., on-boarding package and staff who help them to settle down), to ensure stability.
- Introduce a Job Grade system for the auto industry.

Basic strategy



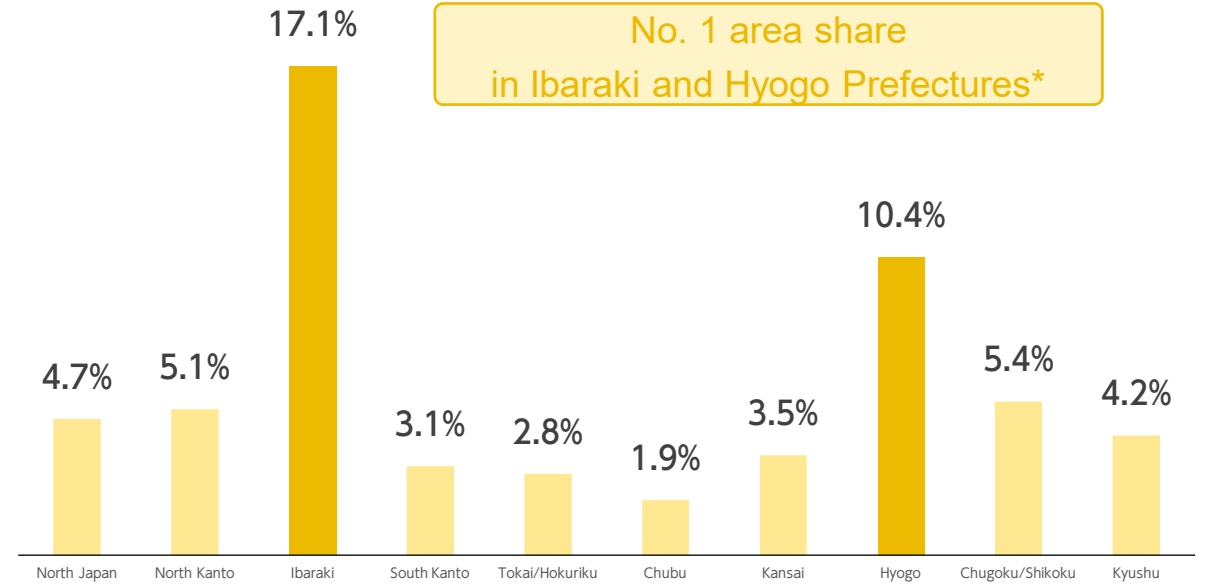
Area Business

Increase (decrease) in dispatched workers by area workforce at large-scale workplaces (FY3/2020-FY3/2024)



**Economy Census" (Ministry of Internal Affairs and Communication)
Comparison of data of 2016 and 2021

UT Group's present market share by area



No. 1 area share
in Ibaraki and Hyogo Prefectures*

**Population Census" (Ministry of Internal Affairs and Communication,
UT's calculation based on disclosed materials of major dispatch companies

**UT Group is increasing dispatched workers mainly in industrial areas.
There is sufficient room for expanding market shares by area.**

Area Business

Business environment

Each area's manufacturing dispatch market is on an expanding trend.
UT Group's area-based shares tend to be low, meaning there is room for expansion.

Attitude

Aim at becoming the "best local outlet" trusted and utilized in each area of Japan by responding to the needs of applicants who want diverse workstyles in a local area.

Value provided to the Twin Customers

Value provided to job seekers

Offer a menu of various workstyles that match the needs of diverse workers, and pursue convenience from the perspectives of job seekers and tech employees.

Value provided to client companies

Provide the speedy response and strong hiring capability that are desired by clients.

Main measures

Increase diversity

- Establish a sales system that matches the area characteristics important to workers.
- Raise the market share in each area and create the "best local outlet."

Increase market value

- Systematize the negotiations to raise wage by the length of service.
- Shorten the time needed from employment application to start of work, and provide work opportunities to more people.
- Raise value of services by dispatched workers.

Increase engagement

- Establish diverse career paths including personalized job search, work experience, easier re-entry to a company, and transfer to the client company.
- Establish a scheme to retain workers as members and support their job search.

Area Business

Business model

- Adopt an overriding strategy to open dispatching offices in areas with a high population and many factories, and raise UT's market share in these specified areas.
- Raise UT Group's presence in areas such as Ibaraki and Hyogo where acquisitions established a strong base, and open sales and hiring area-based offices.

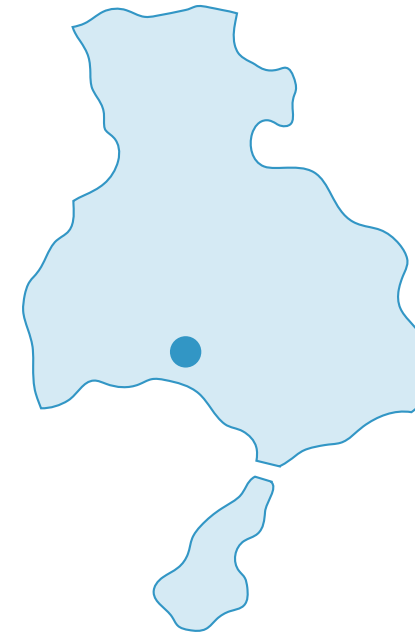
Basic strategy

- Use the successful business model of the Ibaraki and Hyogo areas in the existing offices of other areas, and raise UT's market share in these areas.
- Plan to open new offices in 5-10 untapped areas in the next two years.

UT's offices in Hyogo Prefecture by business

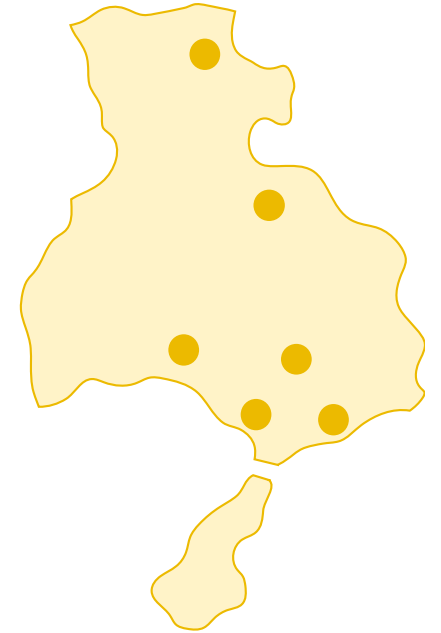
Manufacturing Business

The Manufacturing Business focuses on a share within a client factory and limits the number of clients. Therefore, each prefecture has only about one UT office.



Area Business

The Area Business focuses on a share within a geographical area and responds to needs of each area. Therefore, each prefecture has a number of offices.



Strategic Investment Themes

Positioning

- Develop promising business areas having high growth and stable profits; grow them so as to be the third pillar.
- Comprehensively assess each business by factors such as growth rate, profitability and ROIC, and in a timely way determine whether to enhance or continue the business.

Business environment

Japanese-Brazilian Human Resources Business

- Eased restrictions on work by Nikkei (Japanese origin) workers. No restrictions on work in Japan up to the fourth generation of Nikkei if a certain level of proficiency in Japanese language is demonstrated.
- Sharp decrease in population in rural areas. Many areas have a decline in population and shrinking economy, and cannot attract workers even when assisting companies to set up a factory.

No. 1 in dispatching of Nikkei workers

- Increase awareness of usefulness of Nikkei workers
- Enhance the Japanese language training and support
- Enhance the system of hiring in Japan and Brazil

Vietnam Business

- Vietnam is expected to have high economic growth: Real GDP growth estimate by IMF of 5.8% per year in 2022-2025 ,
- Robust inward direct investment to the manufacturing sector: The number of new investment projects in the manufacturing sector doubled from 2018 to 2022.

No. 1 in manufacturing dispatch in Vietnam

- Concentrate on the dispatching/ subcontracting business in the manufacturing sector.
- Enhance sales efforts to Japanese companies in Vietnam through UT Group collaboration
- Establish a system to hire 3,000 per month.

Solution Business

- Large companies advance their structural reform. Large corporate groups have strong needs in mobilizing a workforce at times of structural reform.
- Demand for workers, exasperated by the difficulty in meeting goals in hiring. Even large corporate groups have limited ability in hiring and have strong need for dispatch workers and HR agencies.

HR partner specialized in serving large corporate groups

- Expand business with client company groups.
- Promote the Next UT.
- Improve the efficiency of SG&A expenses.

Attitude

Main measures

M&A Strategy

Key of the M&A strategy

Share expansion in the manufacturing dispatch market

Criteria for judgment and financial discipline

Select and evaluate target firms

- Certain limit in the scale of business
- Affinity to the essence of UT Group
- Level of compliance awareness
- Simulation of profitability improvement

Financial discipline

- 1.Net D/E ratio of 0.5 times or less
- 2.Goodwill to equity ratio 50% or less

Approach to PMI

- A post-integration business manager is assigned from the M&A selection stage and promotes the project.
- Integration and standardization of administration work
- Efficient on-site management and effective posting of personnel

After around 6-12 months from the closing, the acquired company moves to be managed as an ordinary group company.

Integrate the management and administrative organization to raise efficiency and to improve profitability in about 3 years from acquisition

Monetization

PMI and monitoring

Plan for the next two years of contribution

	FY3/2025 計画	FY3/2026 計画
Net sales by acquired companies (100 million yen)	195	419
Additional tech employees by M&As (People)	5,250	8,570
No. of tech employees (domestic) (People)	44,641	54,478

* Cumulative from fiscal year ending March 31, 2025

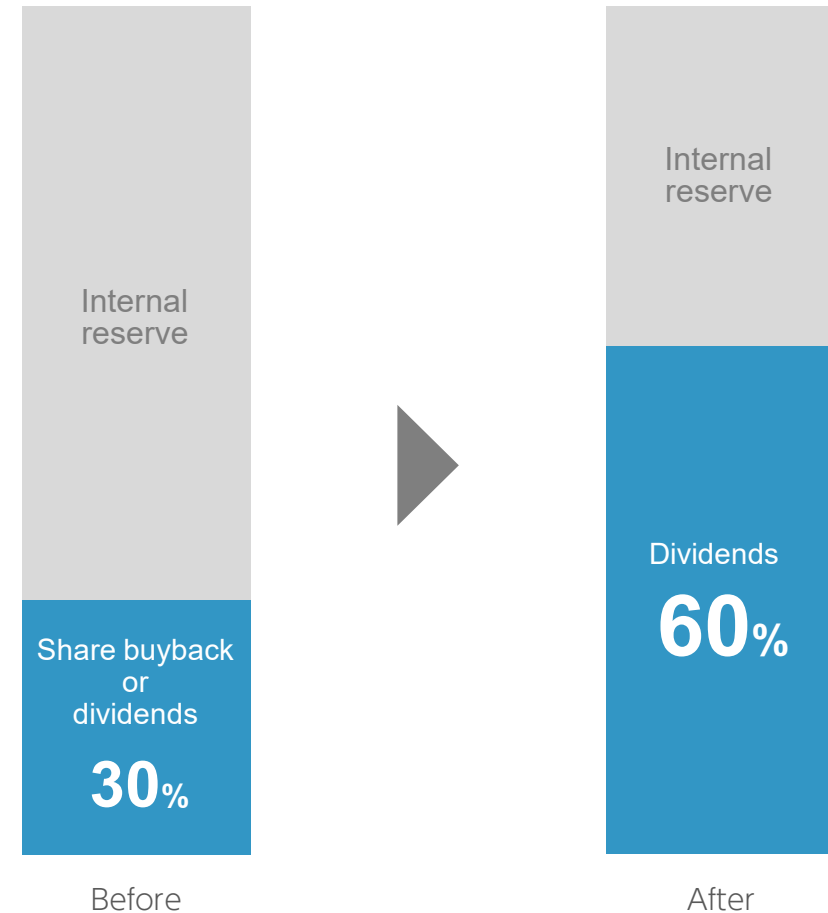
Shareholder Return Policy Changes to Stable Dividends

Approach to Profit Distribution

We will appropriately manage cash allocation with an emphasis on balancing the improvement of capital efficiency, the maintenance of financial soundness, and the enhancement of shareholder return. We also aim to optimize internal reserves by taking into account the cost of capital and business investment plans including M&As.

Numerical Targets and Target Levels

- Goodwill to equity ratio: $50\% \geq$
- Net D/E ratio: $0.5 \geq$

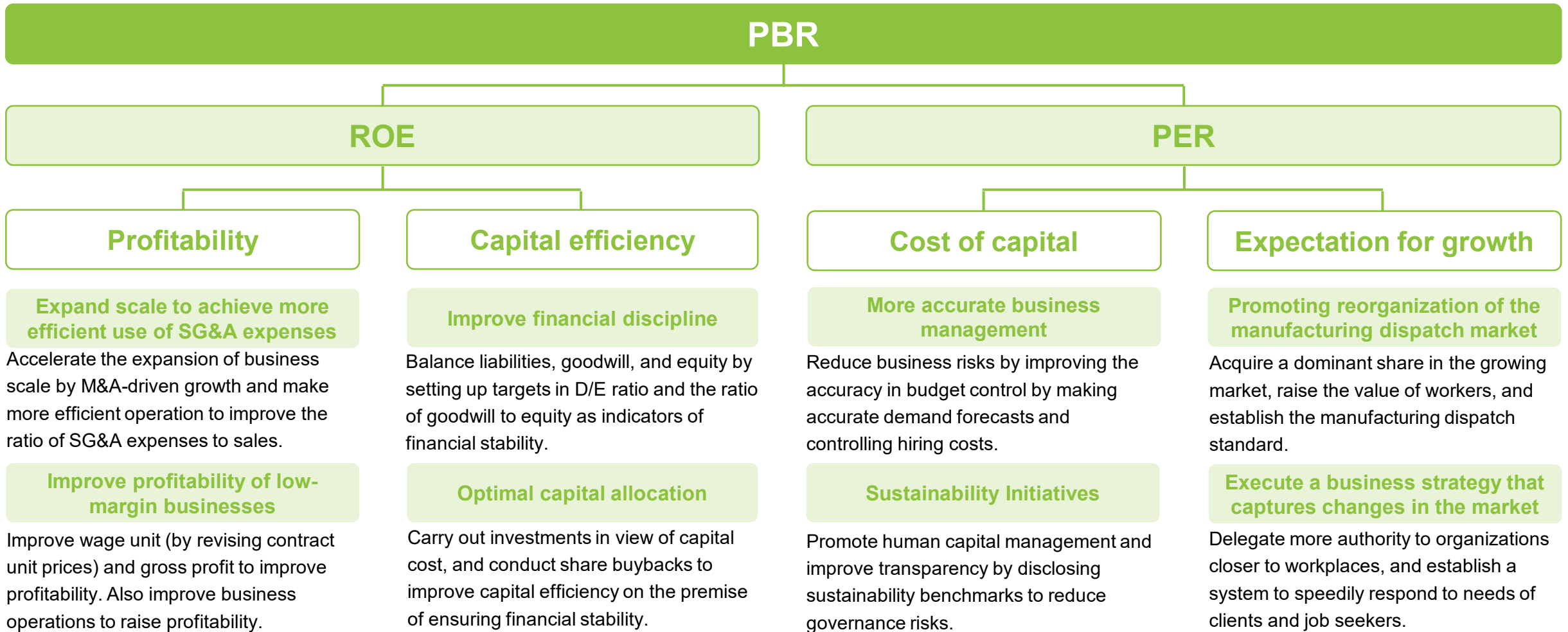


Steadily pay dividends using the payout ratio of 60% as the baseline target

*We may forgo paying a dividend if an opportunity arises that allows us to invest outside of our plan.

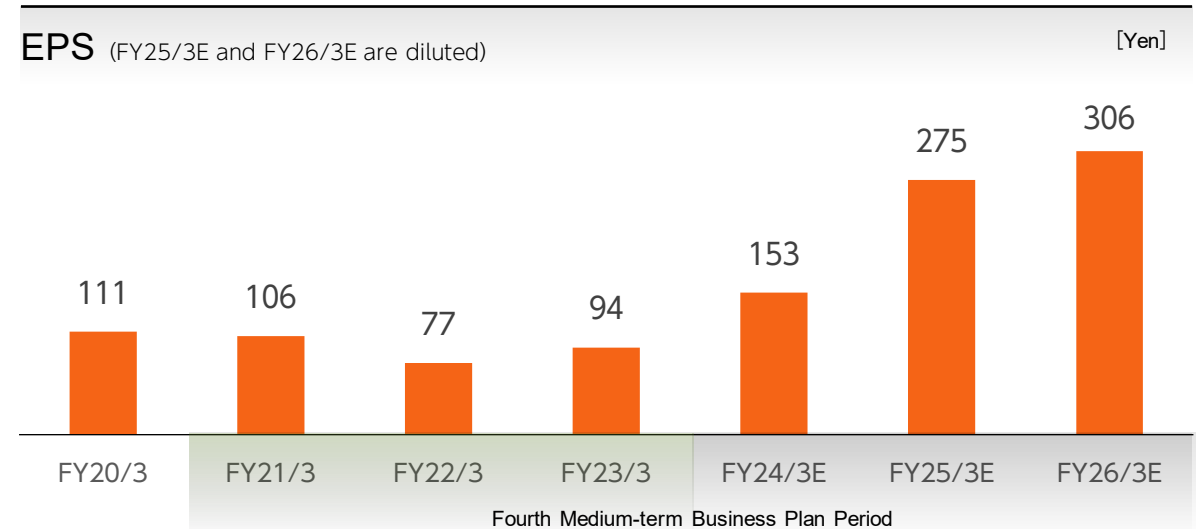
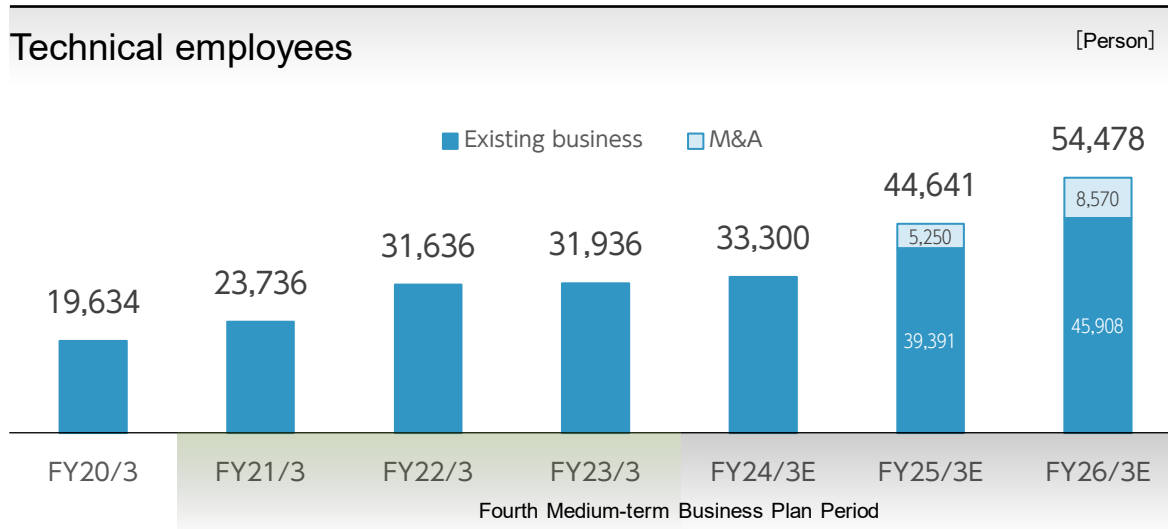
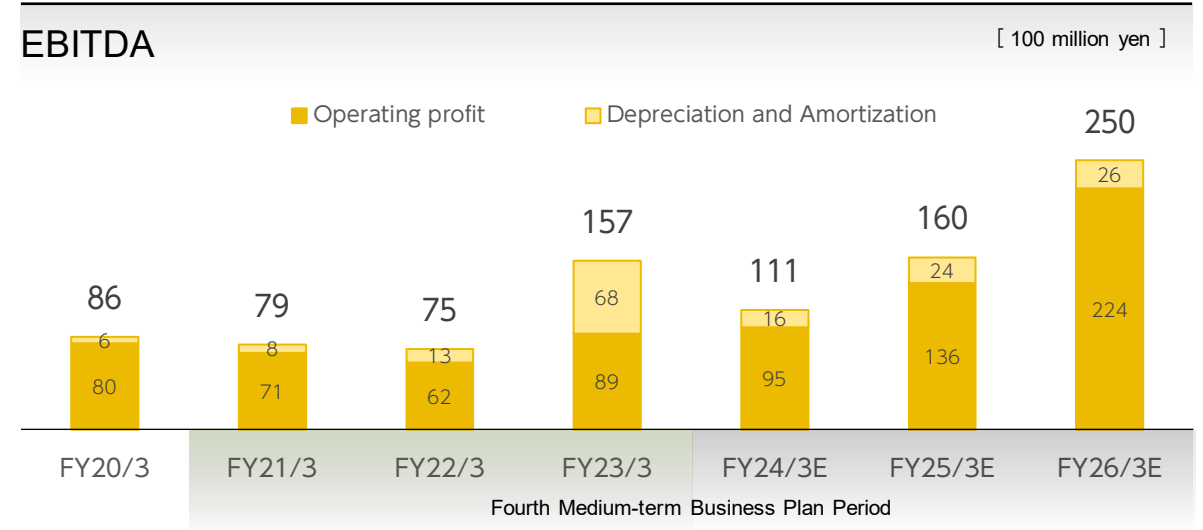
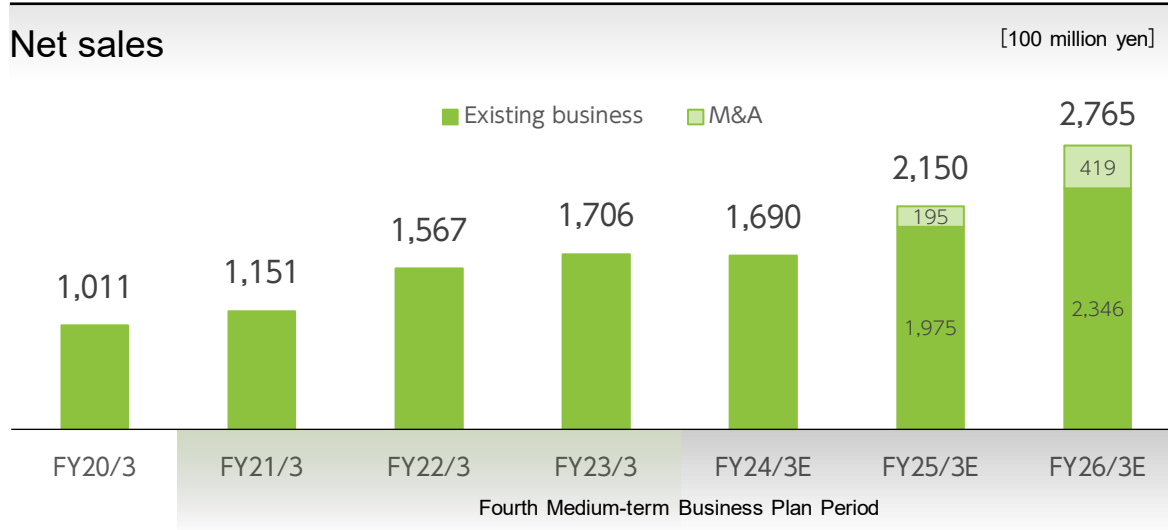
Reference Data

Initiatives Aimed at Improving Corporate Value



Aim at improving sustainable corporate value by expanding manufacturing dispatch market shares and pursuing efficiency

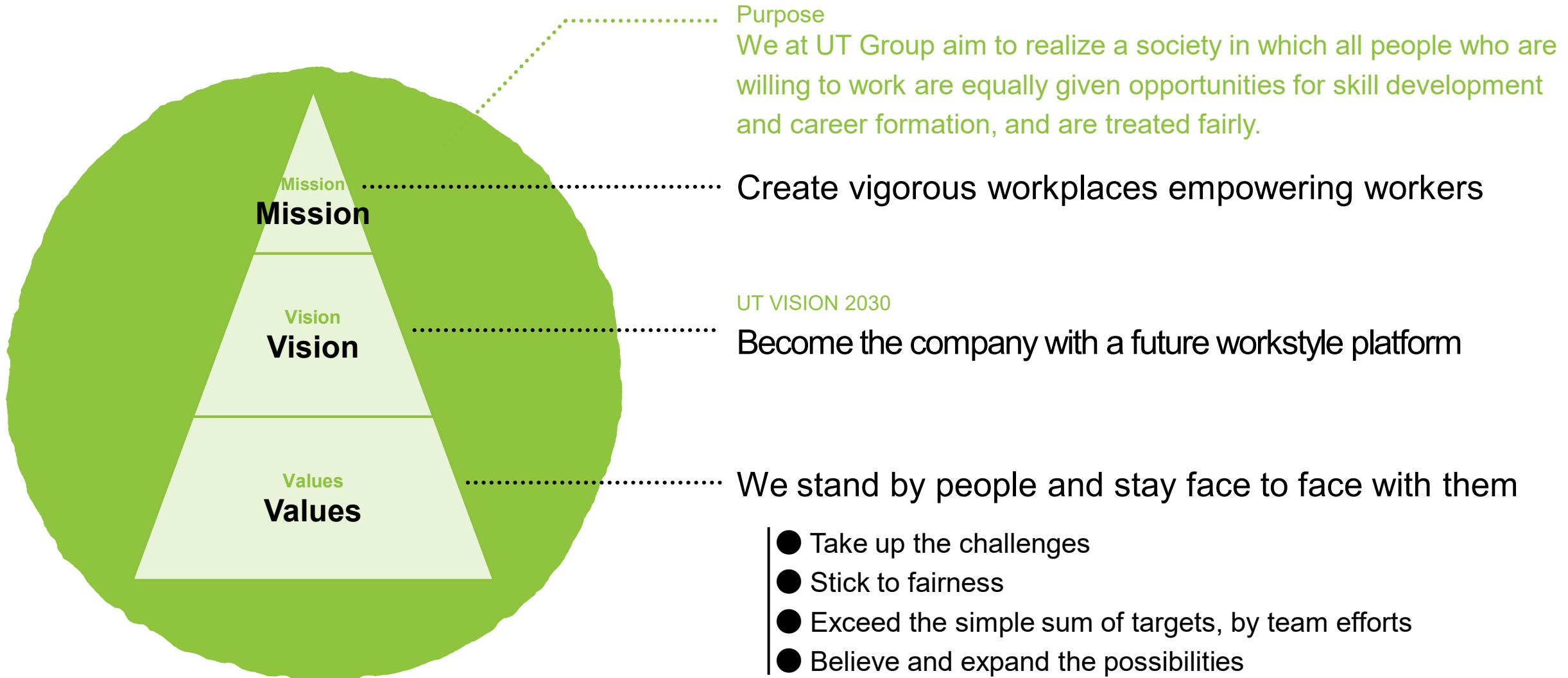
The Fourth Plan: Results to Date and Numerical Targets



The Fourth Medium-term Business Plan

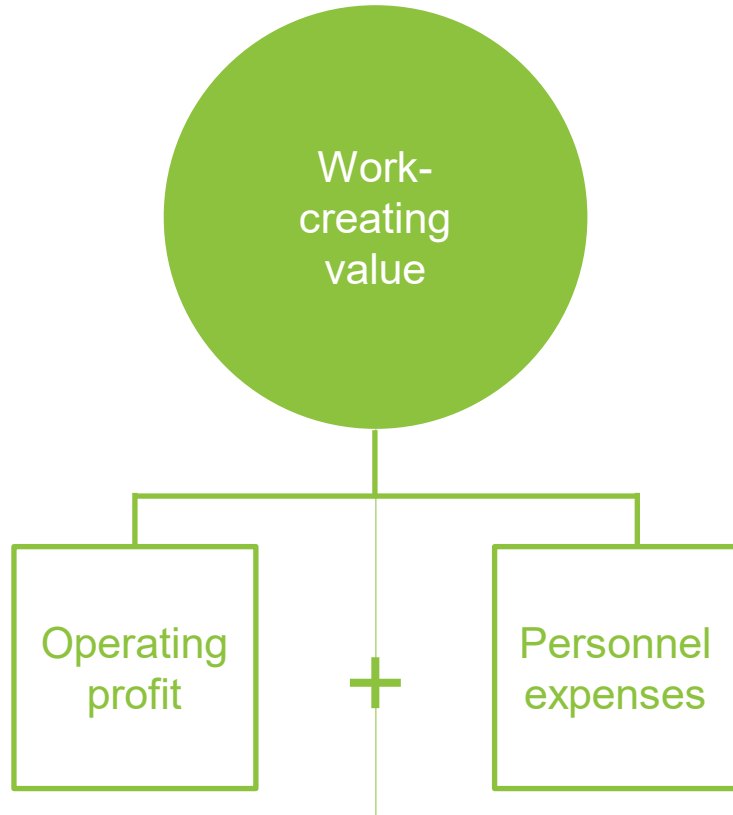
UT Group's Human Capital Management

The Essence of UT Group

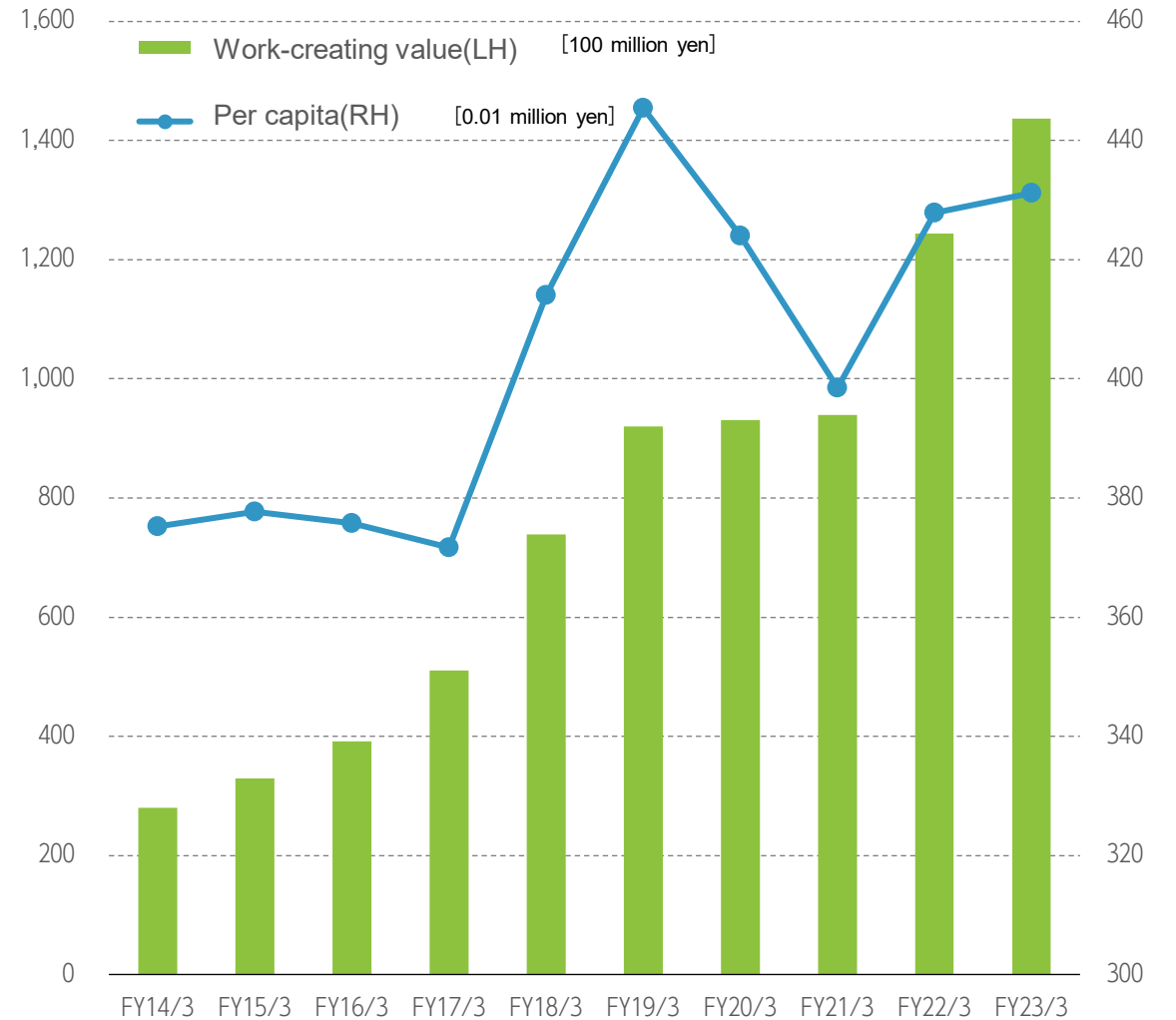


Work-creating value

UT Group will endeavor to hire more people, polish their abilities and careers, and have them play an active role in UT Group for a long time. As a result, work-creating value will increase. This is the foundation of UT Group's Human Capital Management.



UT Group's 10-year work-creating value



The aggregation of the personal growth of each employee leads to the growth of UT Group

UT Group's HR Business

We provide workers and workstyles, which are desired by society, and help raise productivity of client companies.

Diversity

Create comfortable workplaces for diverse employees

We provide work opportunities to those who are willing to work by creating workplaces tailored to values and life stage of each worker of diversity in age, gender, nationality, etc.

Market value

Improve value of each employee

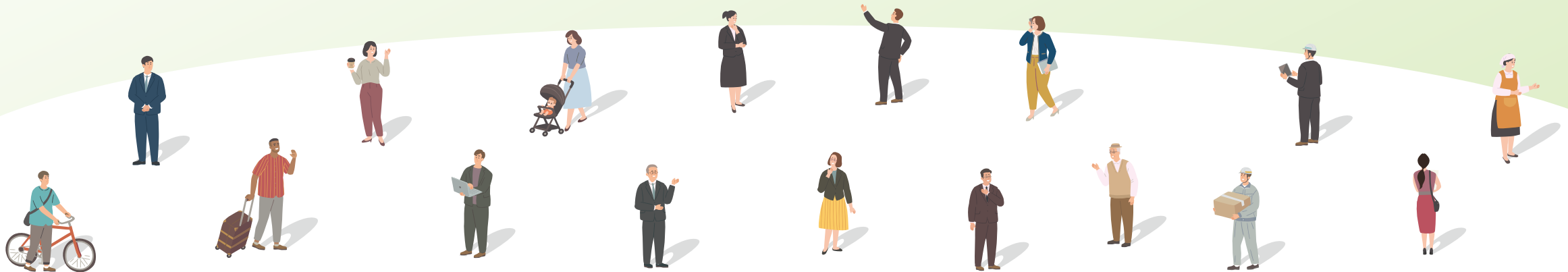
Through career development and doing work of their choice, each employee acquires skills and experience, which are recognized by their client company, and their value is continually raised.

Engagement

Establish long-term relations with workers

By providing value of "reliability, bonding, and growth" to workers, we become strongly bonded and establish long-term relations with them.

UT Group's human capital

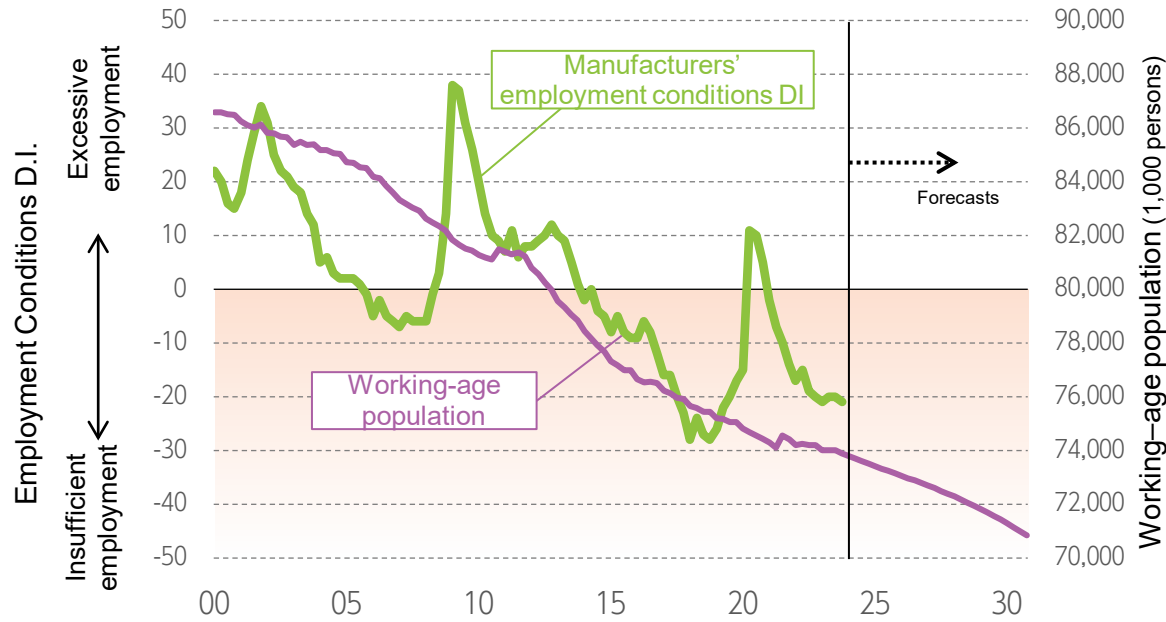


The Fourth Medium-term Business Plan

Basics of the Manufacturing Dispatch Market

Japan's Declining Working-age Population and the Labor Shortage

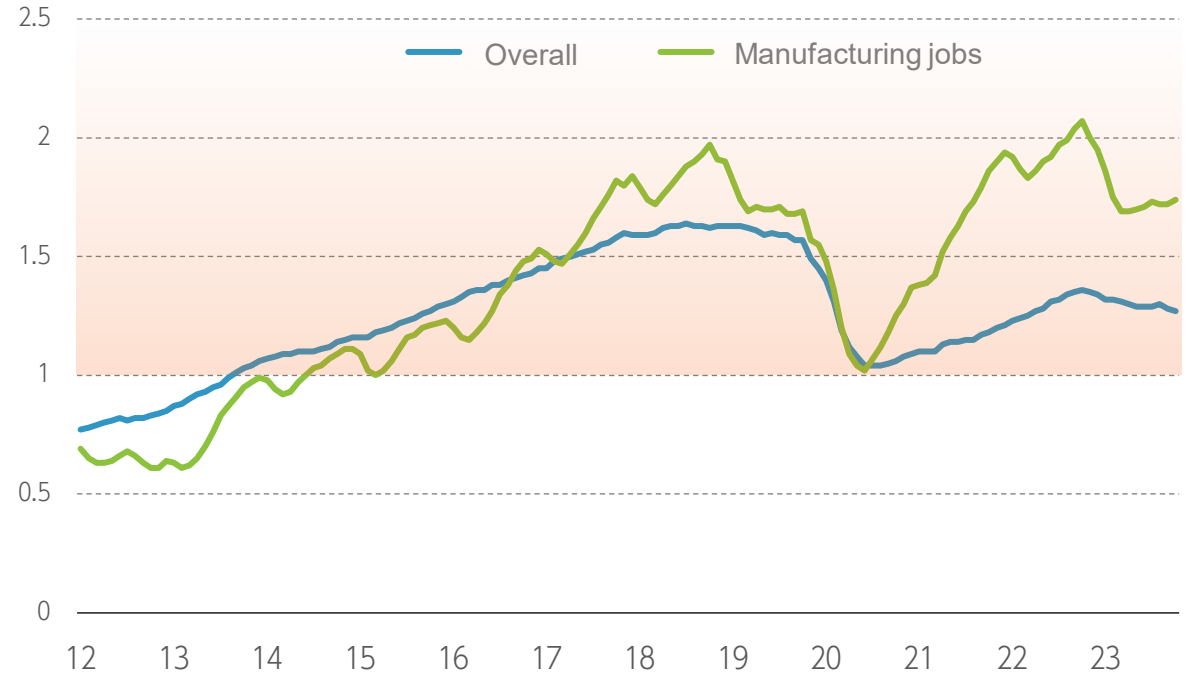
Working-age population and Employment conditions D.I.



"Tankan: The Comprehensive Data Set" (Bank of Japan) ;
 "Population Estimates" (Ministry of Internal Affairs and Communications);
 "Population of Japan: Future Estimates (Fertility, Mortality)" (National Institute of Population and Social Security Research)

Labor shortage is becoming severer along with a shrinking working-age population

Jobs-to-applicants ratio



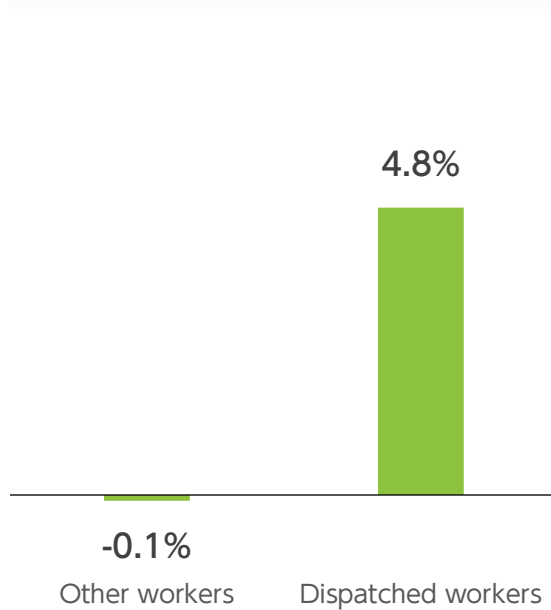
* Labour Force Survey (Ministry of Internal Affairs and Communications)

Prominent labor shortage in the production process compared to job categories

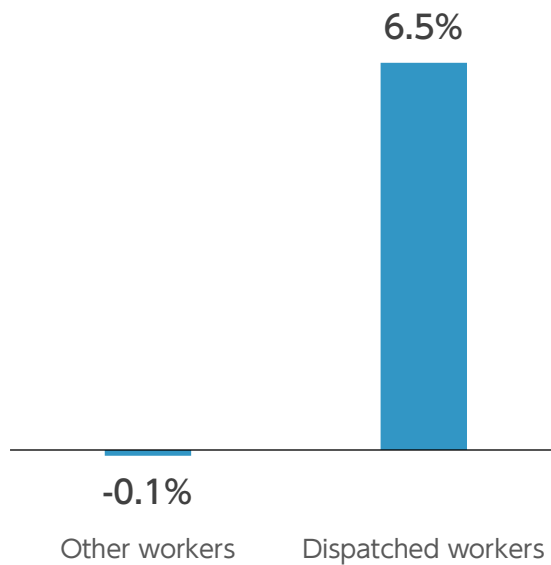
The strategy from the perspective of job seekers will become more important as the labor market is shifting into a seller's market.

Trends of the Manufacturing Dispatch Market

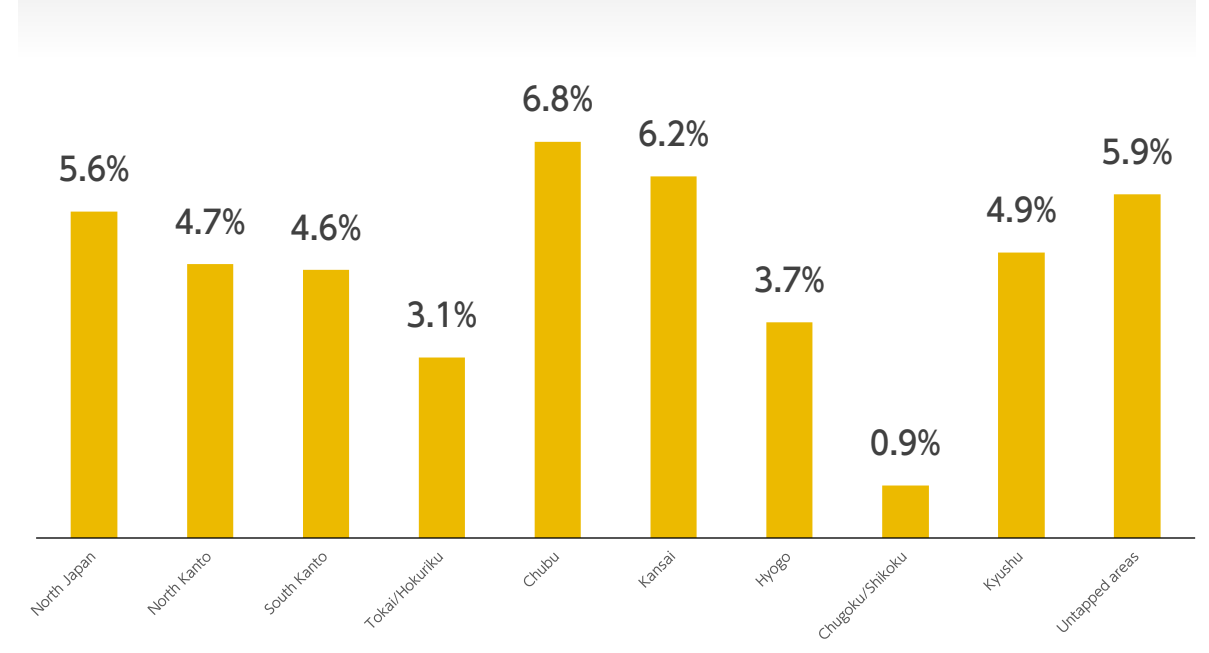
Average annual growth rate of workers in manufacturing



Average annual growth rate of workers in large-scale dispatch companies vs. others



Average annual growth rate of dispatch workers by regions



Source) "Economy Census"

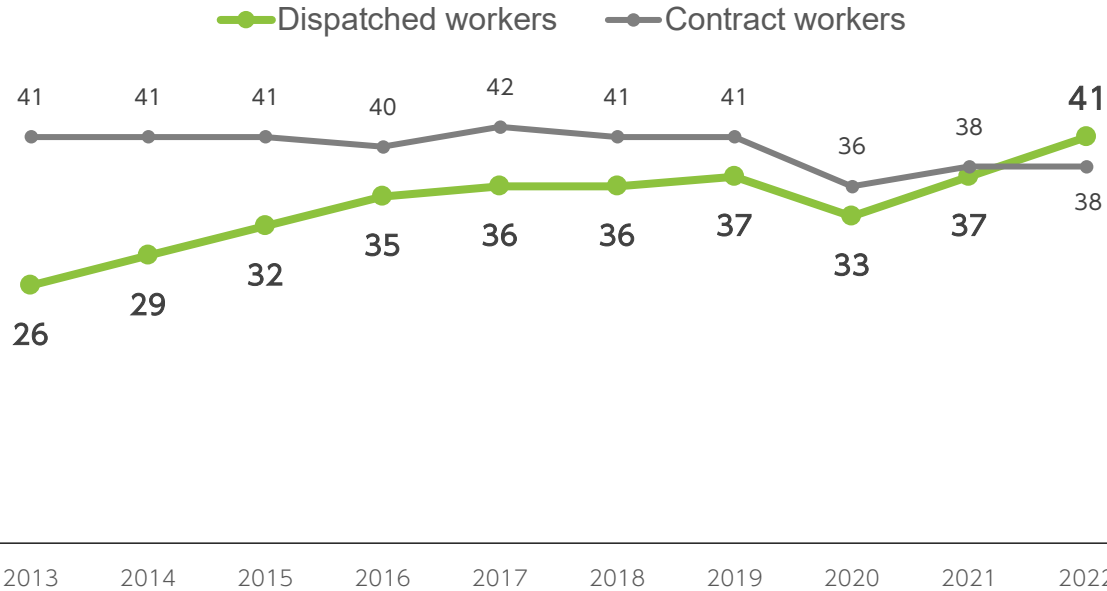
Flat growth is evident in total workers in manufacturing including regular employees. In contrast, the number of dispatch workers and particularly those associated with large-scale dispatch companies increased greatly.

Regions that have many industrial districts tend to have a substantial increase in dispatch workers.

Due to labor shortage, companies find it hard to hire workers and make more use of dispatch workers.

Trends of the Manufacturing Dispatch Market

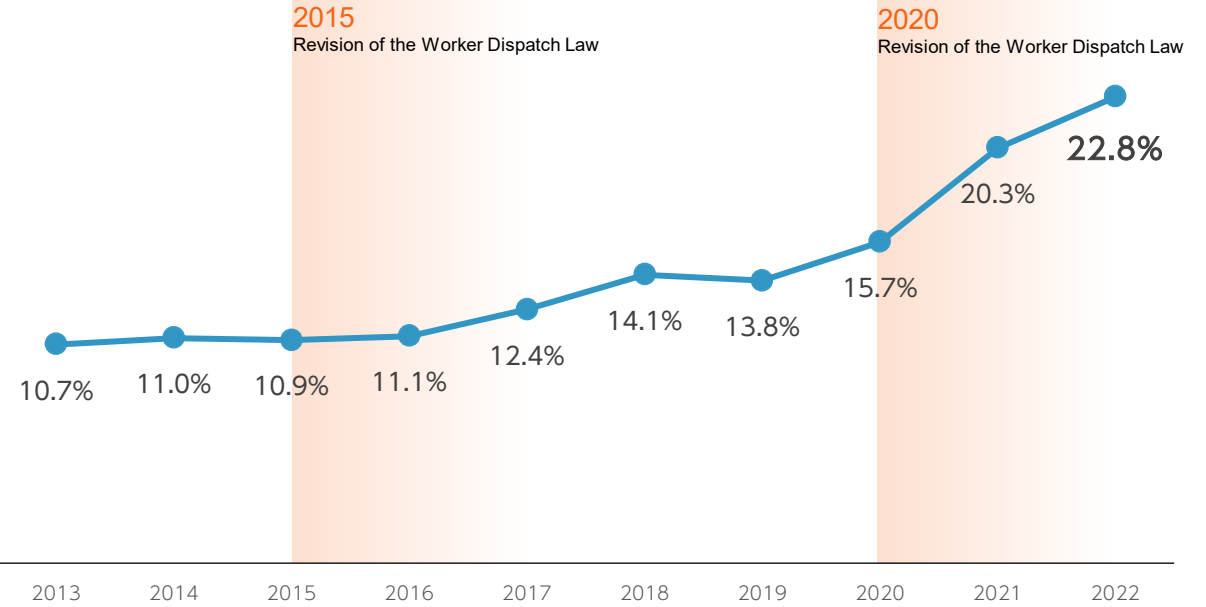
Dispatch workers vs. contract workers in production process [10,000]



"Labor Force Survey Basic Aggregation FY2022" (Ministry of Internal Affairs and Communications)

The trend for increasing use of dispatch workers rather than contract workers for production process jobs.

Market share of the five major manufacturing dispatch companies

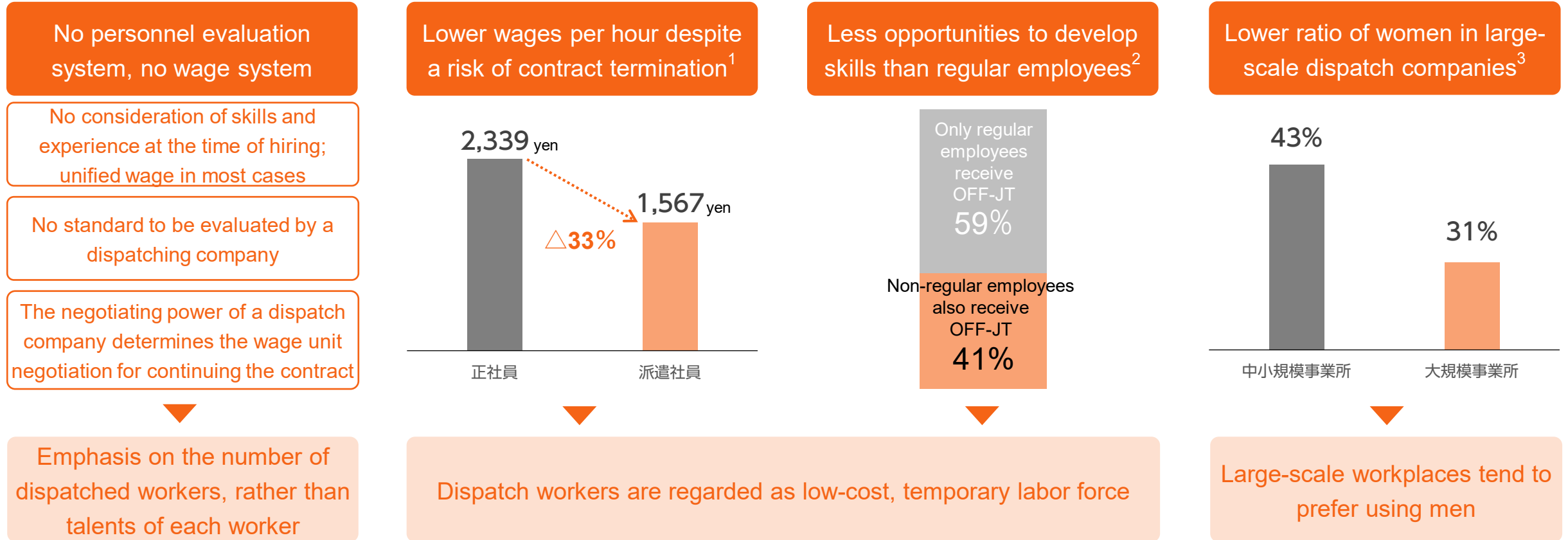


*Source for market size: "Present Status and Outlook of HR Business" 2018, 2019, and 2023 editions (Yano Research Institute Ltd.)
Source for market share: UT Group's calculation by selecting five major companies and using their public documents for reference

Consolidation of major dispatch companies, which can help response to both law revisions and the labor shortage

Client companies use more dispatch workers and more screening and selection of dispatch companies.

Challenges of the Manufacturing Dispatch Industry



Need to create an environment where productivity improves as a result of the engagement of diverse people, and their career advancement

1: Aggregation results of "2022 Monthly Labour Survey," "2022 Basic Survey on Wage Structures," and "2023 Worker Dispatch Business Report," and average for work process of Production equipment control and monitoring, Machine assembly equipment control and monitoring, Product manufacturing and processing, Machine assembly, Machine maintenance and repair, Product inspection, Machine inspection, and Machine-related work

2: 2022 Basic Survey of Human Resources Development

3: Economy Census: Small-scale: less than 30 employees; Large-scale: 300 or more employees

Predicting the Future Manufacturing Dispatch Market

Consensus view of the manufacturing dispatch market

Isn't it difficult for manufacturers to maintain growth if there is a continuing trend for workers in the industry to decline in number, with the manufacturing dispatch market shrinking and to restraints, and if competition among dispatch companies is severe?

The number of dispatch workers in manufacturing is increasing.

Smaller dispatch companies are struggling to cope with revisions in laws and difficulty in hiring.

Chronic labor shortage is relatively improving the value of workers.

The increasing trend is more prominent in large-scale factories.

Large client companies emphasize compliance and are more selective in choosing dispatch companies.

Individual workers' experiences and skills are not fairly evaluated.

The manufacturing dispatch market will expand.

Consolidation to large dispatch companies will continue.

There is a room to raise the unit wage of dispatch workers.

UT Group can successfully achieve further growth by concentrating management resources in the manufacturing dispatch market.

Create vigorous workplaces empowering workers.



Upward Together

UT Group Co., Ltd.

Disclaimer

This document has been prepared solely for the purpose of providing information regarding the Company's business forecasts. The forward-looking comments and forecasts expressed in this document are the plans based on the Company's judgment based on information available at the time of its preparation and are subject to change without notice. Actual results may differ from the above forecasts, due to various factors.

[Inquiries]

UT Group Co., Ltd.

IR Unit e-mail: ir@ut-g.co.jp