

June 24, 2024

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Representative: Manabu Sotomura, President and  
Representative Director  
(Securities code: 2146, TSE Prime Market)  
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## **Actions to Implement Management that is Conscious of Cost of Capital and Stock Price**

UT Group Co., Ltd. announces that it will implement “actions on achieving management that is conscious of cost of capital and stock price” based on the Rolling Plan of the Fourth Medium-term Business Plan, which was disclosed on February 9, 2024. The aim of the actions is for UT Group to achieve sustainable growth and increase medium- to long-term corporate value. Please see the details on the attached material.

End



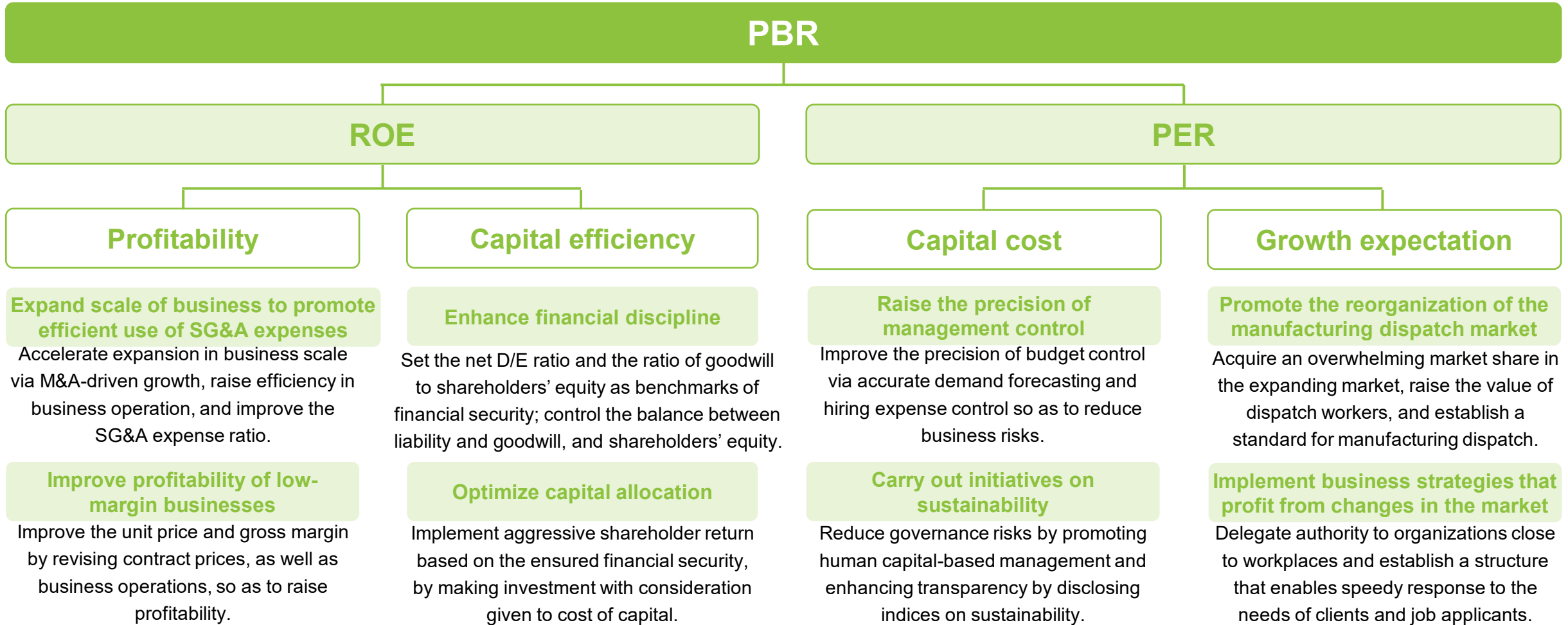
# Actions to Implement Management that is Conscious of Cost of Capital and Stock Price

June 24, 2024

**UT Group Co., Ltd.**

Securities Code: 2146 (TSE Prime Market)

# Actions to expand corporate value

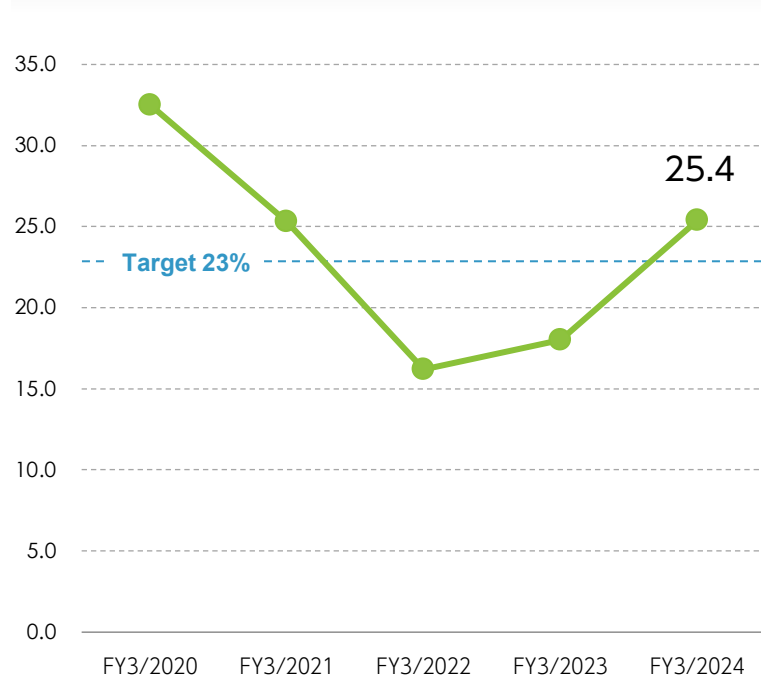


**Aim at raising sustainable corporate value by expanding UT's share in the manufacturing dispatch market while pursuing efficiency**

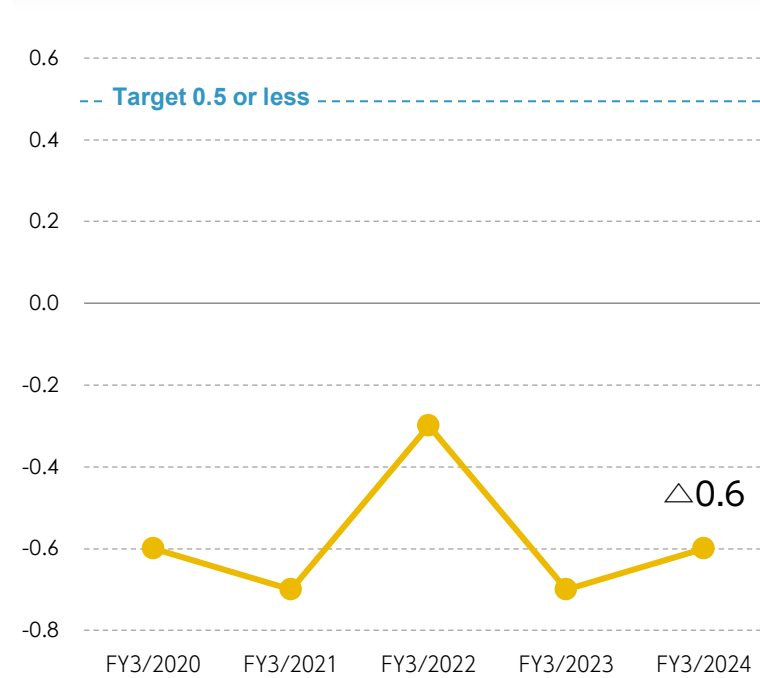
# Analysis of current status on profitability of capital and market evaluation

- The current ROE exceeds the 23% target of the Fourth Medium-term Business Plan.
- The net D/E ratio has been far below its target of less than 0.5 times for the achievement of optimal capital structure and in the negative zone (cash and equivalent exceeding interest-bearing debt).
- The PBR has been above 4 times, despite a slowdown in EPS growth, a delay in the Fourth Medium-term Business Plan, and a decline in valuation caused by concern over the potential impact of stock options and other factors.

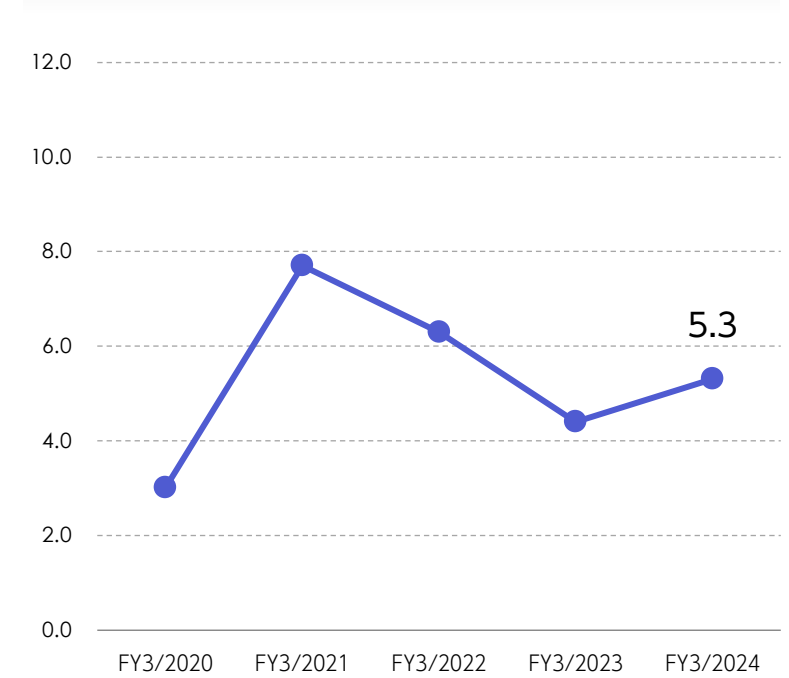
Return on Equity (ROE) [%]



Net D/E Ratio [Times]



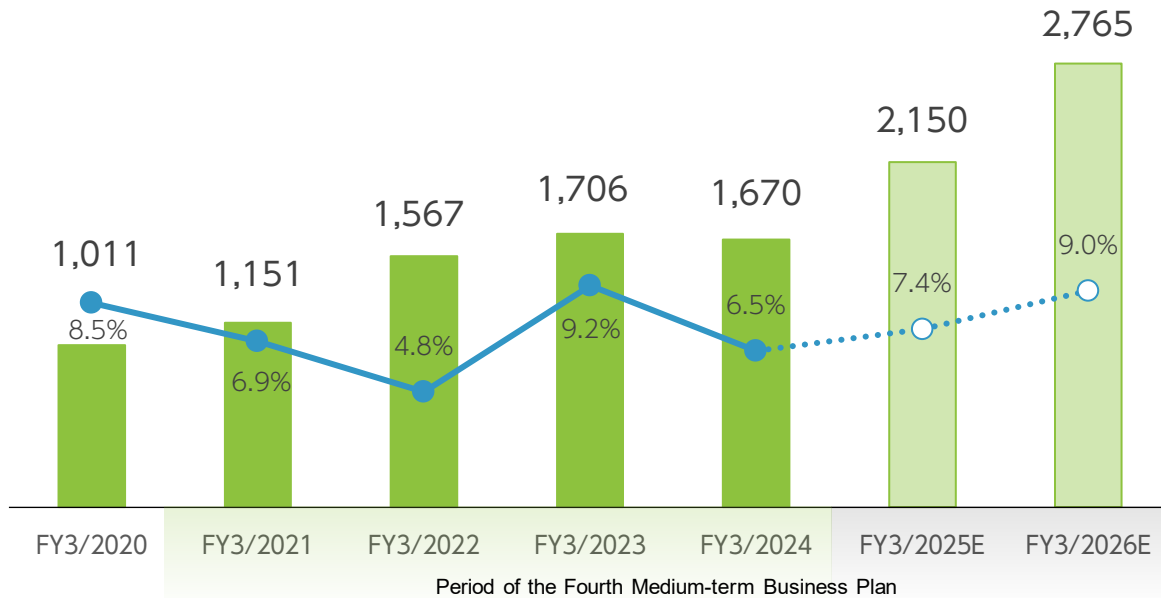
Price-to-Book Ratio (PBR) [Times]



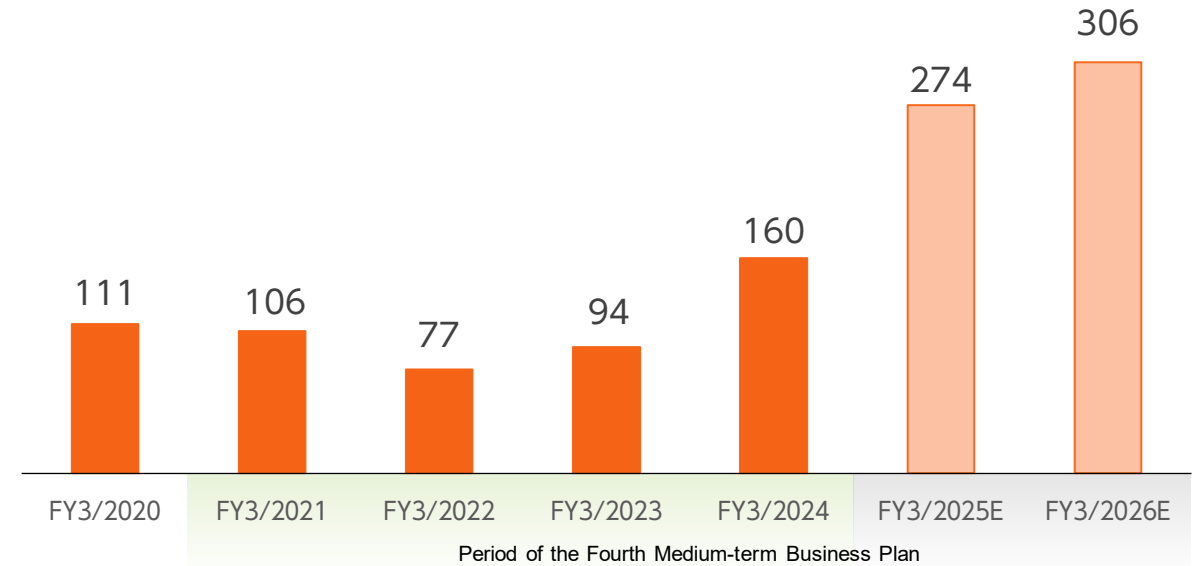
# Envisioned Future of the Rolling Plan (up to FY3/2026)

- Specialize in manufacturing dispatch and expand the number of tech employees from the current 33,000 to 50,000 so as to achieve high sales growth.
- Improve gross margin by the increase in unit price and realize more efficient use of SG&A expenses by improving business operation so as to expand profitability.
- Plan to increase EPS by 2.7 times to the level before the start of the Fourth Medium-term Business Plan.

Consolidated Sales and Ratio of EBITDA to Sales [100 million yen]



Earnings per Share (EPS) (EPS for FY3/2025 and FY3/2026 reflects the potential dilution.) [Yen]

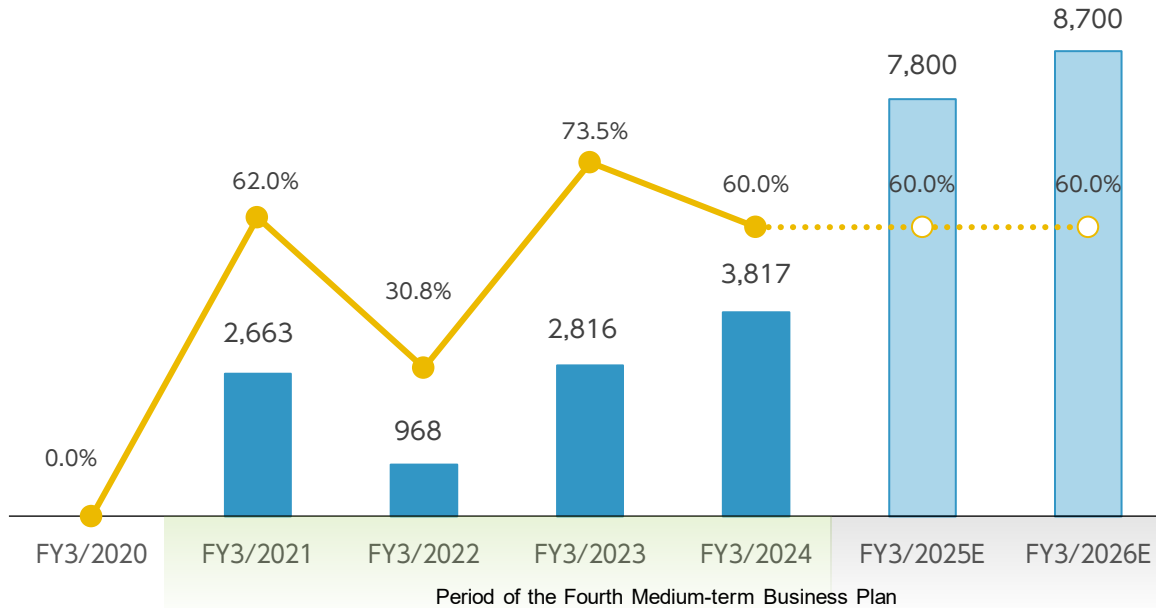


# Envisioned Future of the Rolling Plan (up to FY3/2026)

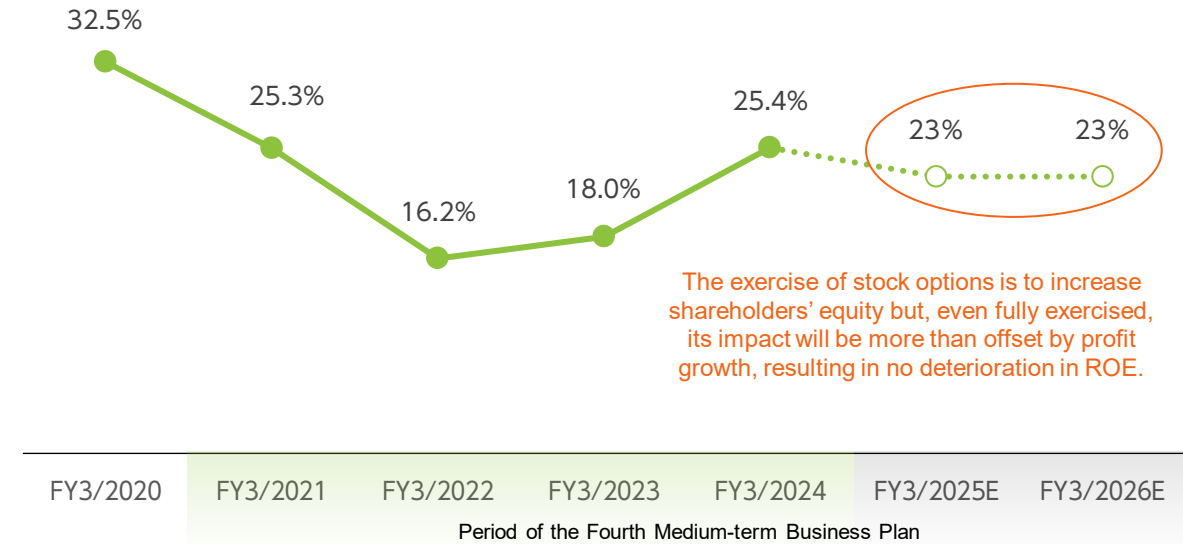
- The appropriate level of internal reserves is calculated from our forecast of the balance sheet based on an investment plan, which expects M&A activities to result in a sales contribution of about ¥42 billion in two years.
- The total return ratio is set at 60% to prevent an excessive increase in shareholders' equity.
- The net D/E ratio of 0.5 times and the ratio of goodwill to shareholders' equity of less than 50% have been set as benchmarks of financial security. A proper balance between liability and goodwill, and shareholders' equity is obtained.

Total Return Amount and Total Return Ratio

[Million yen] obtain



Return on Equity (ROE)



## Change of the Basic Policy on Shareholders' Return (from FY3/2024)

- Aim at optimizing internal reserves in consideration of capital cost while promoting M&A and other investment plans of the Fourth Medium-term Business Plan.
- The shareholder return policy has been changed from a total return ratio of 30% by dividends and/or share buyback to a total return ratio of 60% since FY3/2024.

Basic policy on shareholders' return							[Million yen]	
	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025 (E)	FY3/2026 (Plan)	
Net profit	4,509	4,299	3,140	3,831	6,361	13,000	14,500	
Dividends paid	-	2,663	968	-	3,817	7,800	8,700	
Amount of share buyback	-	-	-	2,816	-	TBD	TBD	
Total return ratio	0.0% <sup>1</sup>	62.0% <sup>2</sup>	30.8%	73.5% <sup>3</sup>	60.0%	60.0%	60.0%	

1. FY3/2020: Shareholder return was forgone in consideration of the impact of the spread of the COVID-19.

2. FY3/2021: Returns to shareholders were entirely in cash dividends. In addition to the ordinary dividend equivalent to 30% of net income, a special dividend (equivalent to 30% of net income for FY3/2020, payment of which had been forgone) was paid.

3. FY3/2023: Share buyback in an amount equivalent to 30% of net income attributable to owners of the parent, excluding the stock-based compensation expenses, was carried out.

# Status of dialogues with shareholders and investors

- Dialogues with shareholders and investors have been continuously carried out. In FY3/2024, 798 opportunities have been created to pro-actively engage with investors for delivering the Rolling Plan of the Fourth Medium-term Business Plan.
- Opinions and insights of shareholders and investors through the dialogues are reported for discussion at the board meetings for ultimate improvement of management and IR activities.
- Aim at enhancing disclosure of information which is useful for analysis by shareholders and investors.

Dialogues held in FY3/2024			
	Respondents	Number of dialogues	Number of investors
Group meetings	Executives	12	193
	Others	7	50
One-on-one meetings	Executives	26	26
	Others	241	244
Briefings	Executives	4	285
Total		290	798

## ■ Respondents

- Executives: Internal Directors (Wakayama, Sotomura), Outside Directors (Igaki, Sasaki, Mizukami, Shima), Executive Officer in charge of General Affairs Division (Yamada)
- Others: Associates in charge of IR (Three)

## ■ Main themes and interests of shareholders and investors in dialogues

- Business environment (related to semiconductors and electronics, and automobiles)
- Hiring activities
- Formulation of the Fourth Medium-term Business Plan
- Ways to allocate cash allocation
- Growth and incentives
- Mid-term outlook in market expansion, reorganization of the manufacturing dispatch industry
- Initiatives on sustainability

## ■ Implementation of feedback of opinions of shareholders and investors in dialogues to the Board of Directors

- Quarterly reporting of opinions of shareholders and investors at the board meetings and the Management Council
- Reporting of discussions with shareholders and investors to internal directors after the announcement of quarterly results

## ■ Status of improvement in IR activities based on the opinions of shareholders and investors

- Improvement in contents and benchmarks of disclosure in result announcement materials, integrated report, etc.
- Advance in sustainability initiatives and enhanced disclosure of qualitative information
- Continual creation of opportunities to communicate with outside directors