



Q1 FY2025 Financial Results

May 14, 2025

**Unite &
Grow**

TSE:4486 / Growth Market

Unite and Grow Inc. offers a time-sharing service of corporate IT engineers under the product name “SHARED SHAIN”(Shared IT Professionals).

The main features are as follows:

- Targeting medium and small enterprises in the Tokyo metropolitan area (growing companies with 50 to 1,000 employees).
- The service is provided only by our internal full-time employees with long-term employment (without using partner companies).
- We do not sell hardware or software (completely neutral to IT vendors)
- Standardizing services and prices through our unique “membership-based quasi-delegation contract”.
- By not setting up sales or staffing departments and involving all employees in indirect operations, including recruitment and training, we increase organizational strength and nurture proactive individuals.

Through these initiatives, we have achieved differentiation that can be said to be the only one in the industry, and by aggregating knowledge and experience, we are increasing profitability.

Agenda

01 | **Q1 FY2025 Financial Results**

02 | **FY2025 Full Year Forecast**

03 | **Growth Strategies**

Appendix

1. Q1 FY2025 Financial Results

Q1 FY2025 Financial Highlights

Achieved double-digit growth and more than 40% increase in operating profit compared to the same period of the previous year due to increase in the number of Shared IT Professionals and increase in hourly billing rate for Shared IT Professionals.

New specialized service IT Infrastructure progressing according to schedule.

Net sales	Operating profit	Quarterly net income
<div>770 million yen</div> <div>Year-on-year* +12.0%</div>	<div>125 million yen</div> <div>Year-on-year* +46.5%</div>	<div>91 million yen</div> <div>Year-on-year* +42.2%</div>

Business Highlights

Corporate IT Shared Services

- 243 Shared IT Professionals, Up 1 person from the end of the previous fiscal year.
- While the number of client companies supported remained unchanged at 395 compared to the end of the previous fiscal year, hourly billing rate increased due to project expansion.

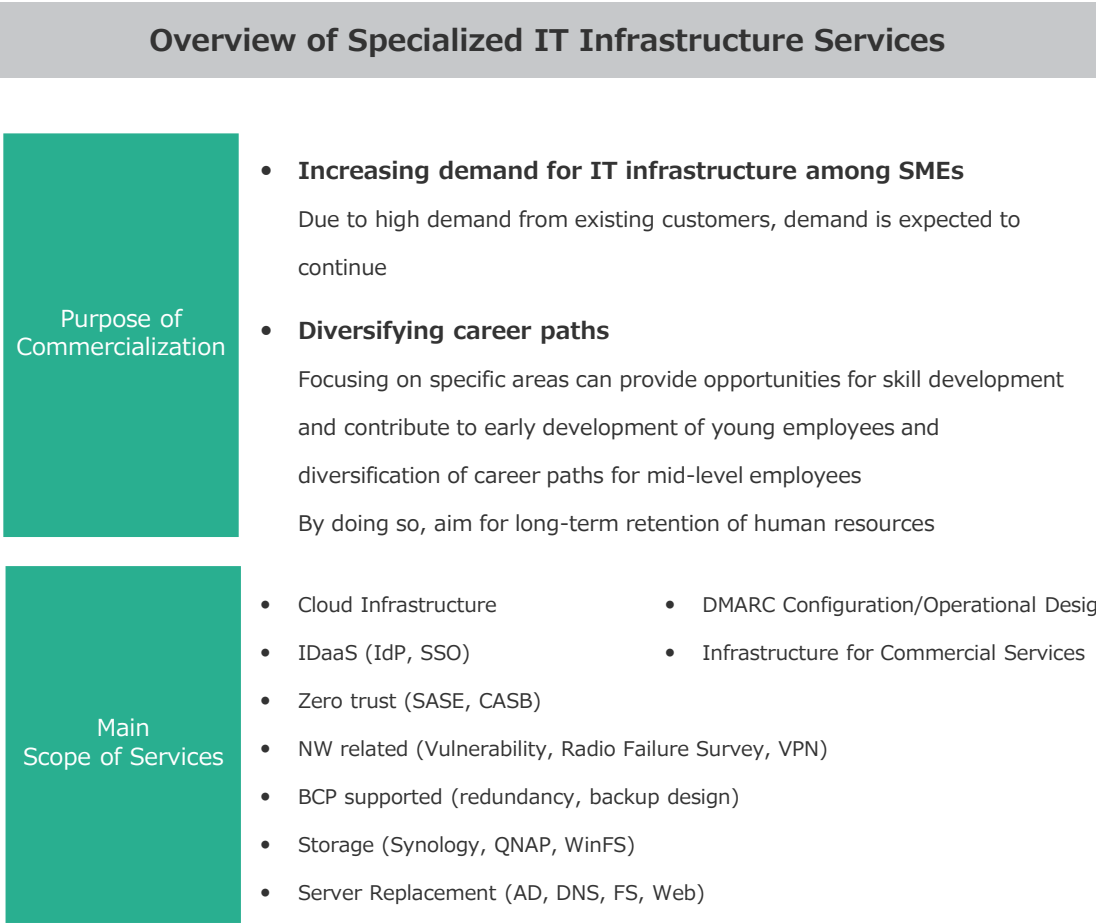
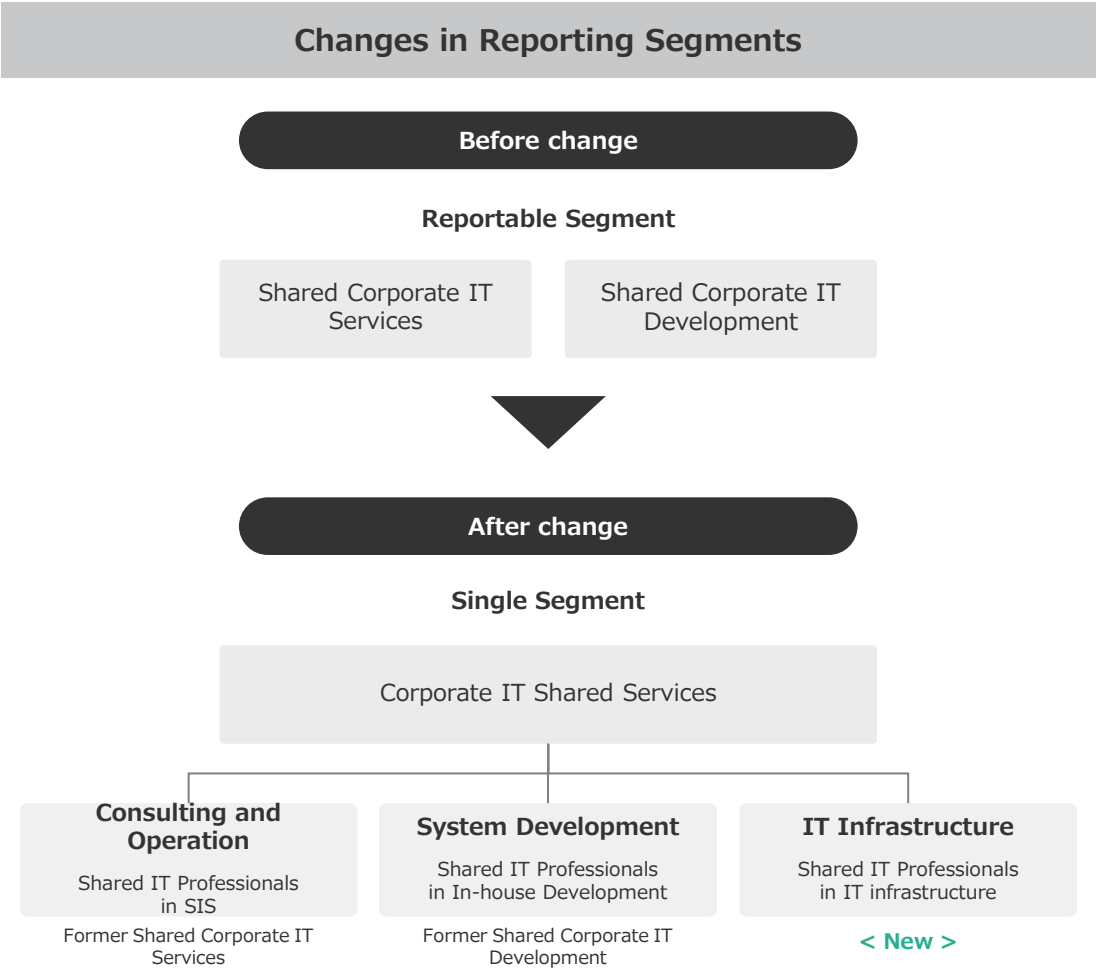
Headquarters-related

- IT Infrastructure was separated from Consulting and Operation (formerly Shared Corporate IT Services) and became a formal service offering. Progress almost as planned
- New graduate recruitment is progressing smoothly, and we plan to hire a record 30 new graduates this fiscal year, including those who will join in the fall.

* (Reference) Comparison with previous consolidated financial results

Changes in Reporting Segments and Launch of Specialized New Services

- Consolidate reportable segments from two businesses into a single segment of the business support business of the corporate IT division
- Revise reportable segments from the viewpoint of future business development and management system in conjunction with launch of specialized service "IT Infrastructure"



Profit and Loss Statement

- Net sales increased 12% year on year due to an increase in the number of Shared IT Professionals and an increase in hourly billing rate
- By service category, while the growth rate of Consulting and Operation slowed due to the absence of sales from the merged subsidiary*¹ (recognized in Q1 FY2024) and the separation of the IT Infrastructure service, progress was favorable for our specialized services, namely System Development and IT Infrastructure
- Although gross profit margin decreased due to one less working day compared to the first quarter of the previous fiscal year, operating profit achieved a significant increase mainly due to a timing difference in booking recruitment costs

		Q1 FY2024 (Consolidated)		Q1 FY2025 (Non-consolidated)		
		Actual (1 million yen)	Sales ratio (%)	Actual (1 million yen)	Sales ratio (%)	Year-on-year* ² (%)
Net sales		687	100.0	770	100.0	+12.0
	Consulting and Operation	654	95.2	687	89.3	+5.0
	System Development	33	4.8	54	7.0	+63.4
	IT Infrastructure	—	—	28	3.7	—
Cost of sales		351	51.0	408	53.0	+16.3
Gross profit		336	49.0	361	47.0	+7.4
SG&A expenses		250	36.5	235	30.6	(6.0)
Operating profit		85	12.5	125	16.4	+46.5
Ordinary profit		86	12.6	126	16.4	+46.1
Quarterly net income		64	9.3	91	11.8	+42.2

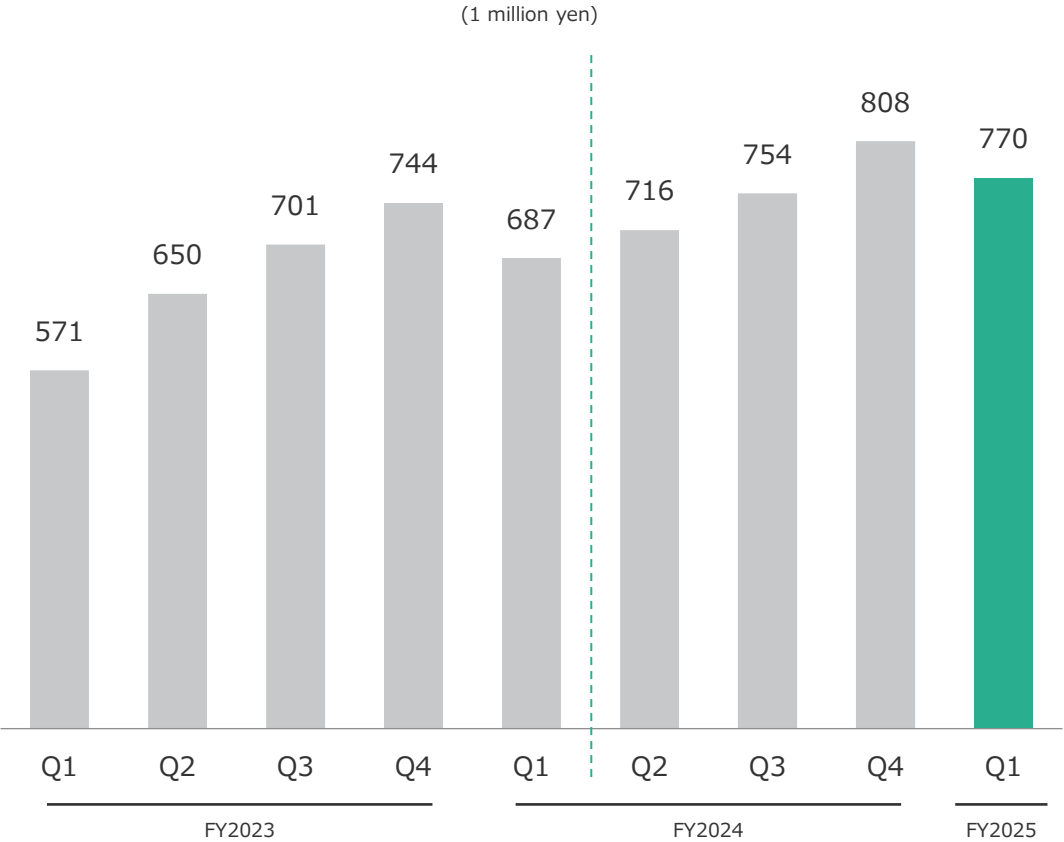
*1. Sales from FJ Consulting Co., Ltd. (14 million yen in Q1 FY2024) are absent in the current period following its absorption via merger on June 1, 2024.

*2. (Reference) Comparison with the previous fiscal year's consolidated financial results

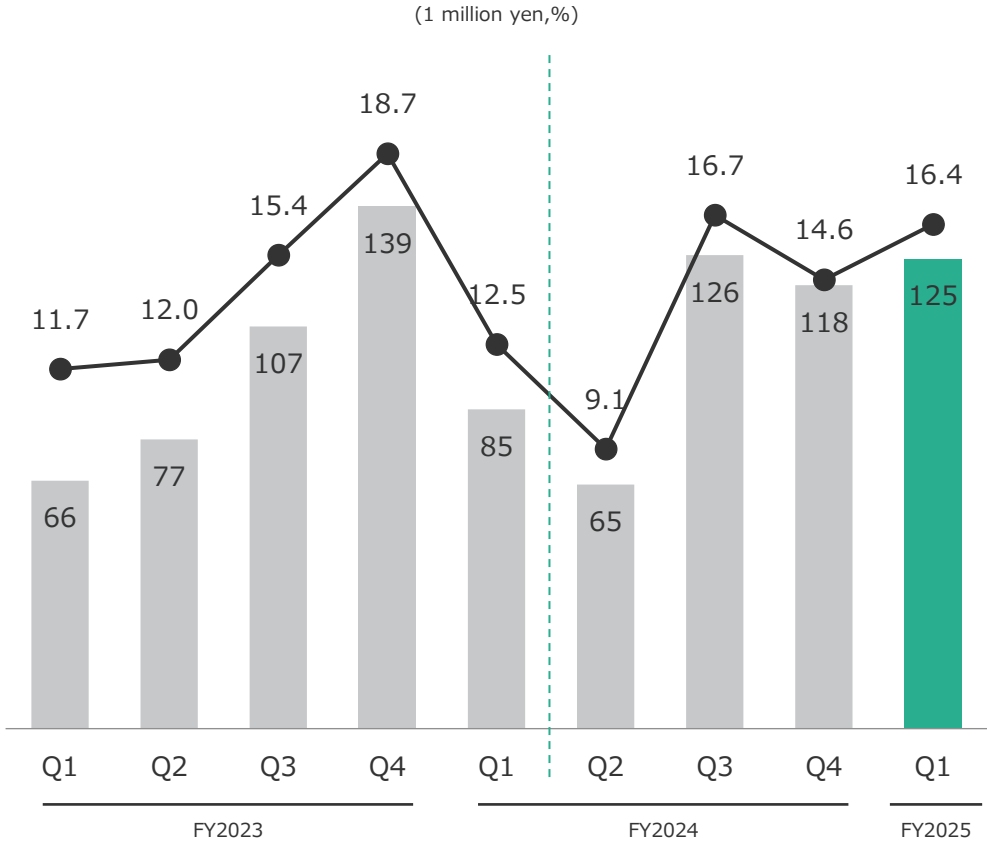
Quarterly Trends in Net Sales and Operating Profit

- Net sales decreased due to five fewer working days compared to the 4Q of the previous fiscal year
- Operating profit increased 6.6% compared to the previous quarter (Q4 FY2024), driven by a higher average billing rate for Shared IT Professionals

Quarterly Net sales Trend*



Quarterly Operating Profit and Margin Trends*

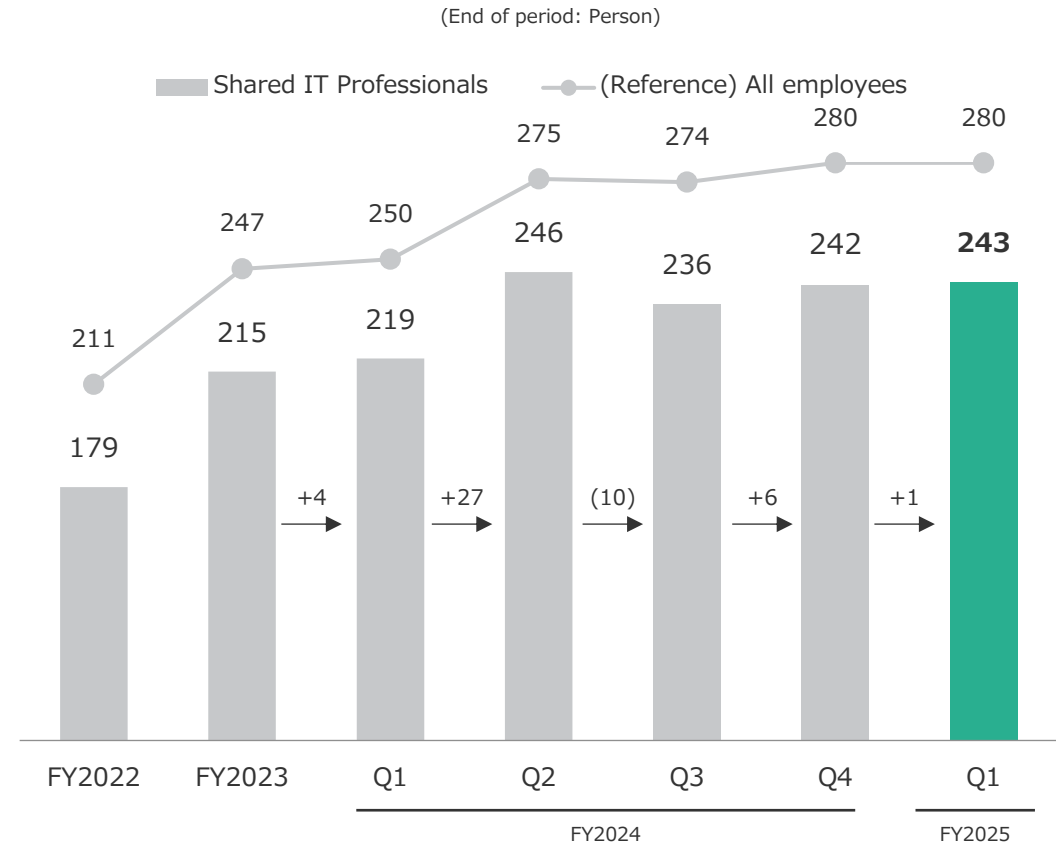


* Data prior to Q2 FY2024 represents consolidated results.

Business KPIs (1)

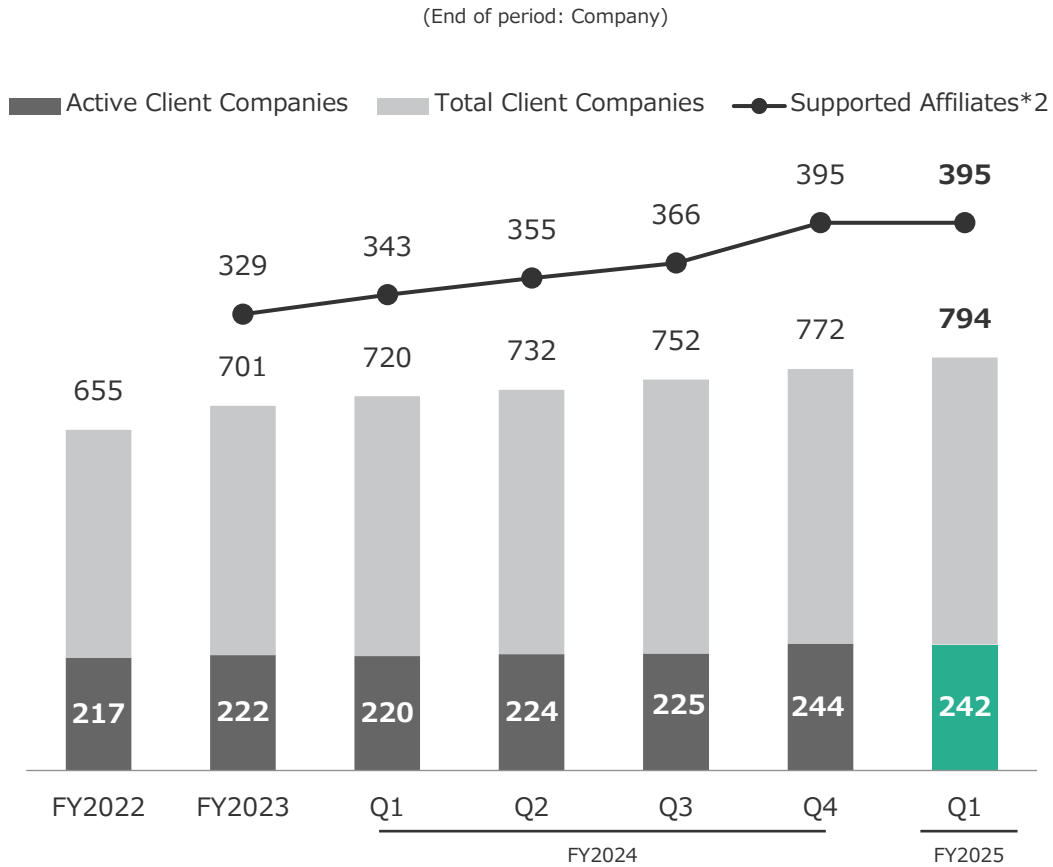
- The number of Shared IT Professionals increased by only one from the end of the previous fiscal year due to the allocation of personnel to the administrative department to strengthen the organizational structure
- In the number of sharing companies, the number of Active Client Companies decreased from the end of the previous fiscal year, while Supported Affiliates*2 remained unchanged from the end of the previous fiscal year

Number of Shared IT Professionals*1



*1 The number of Shared IT Professionals represents the number of professionals actively working on client engagements.

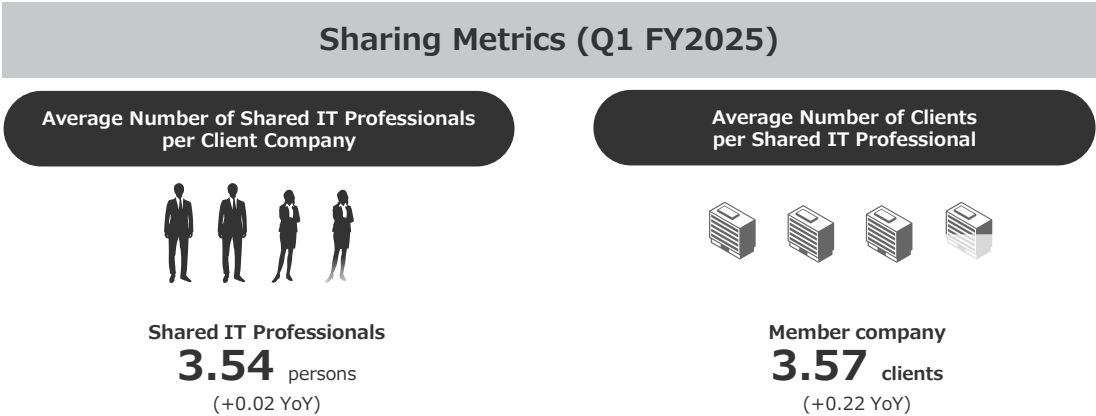
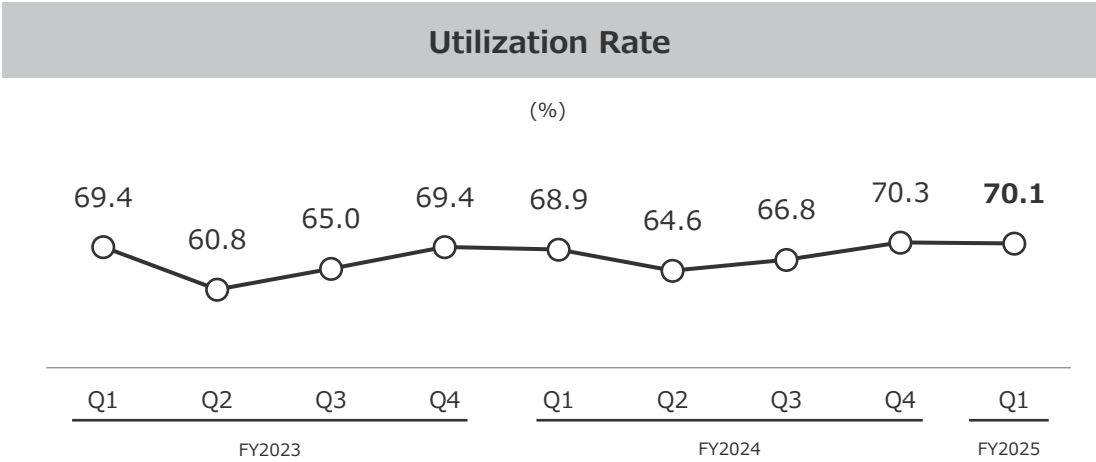
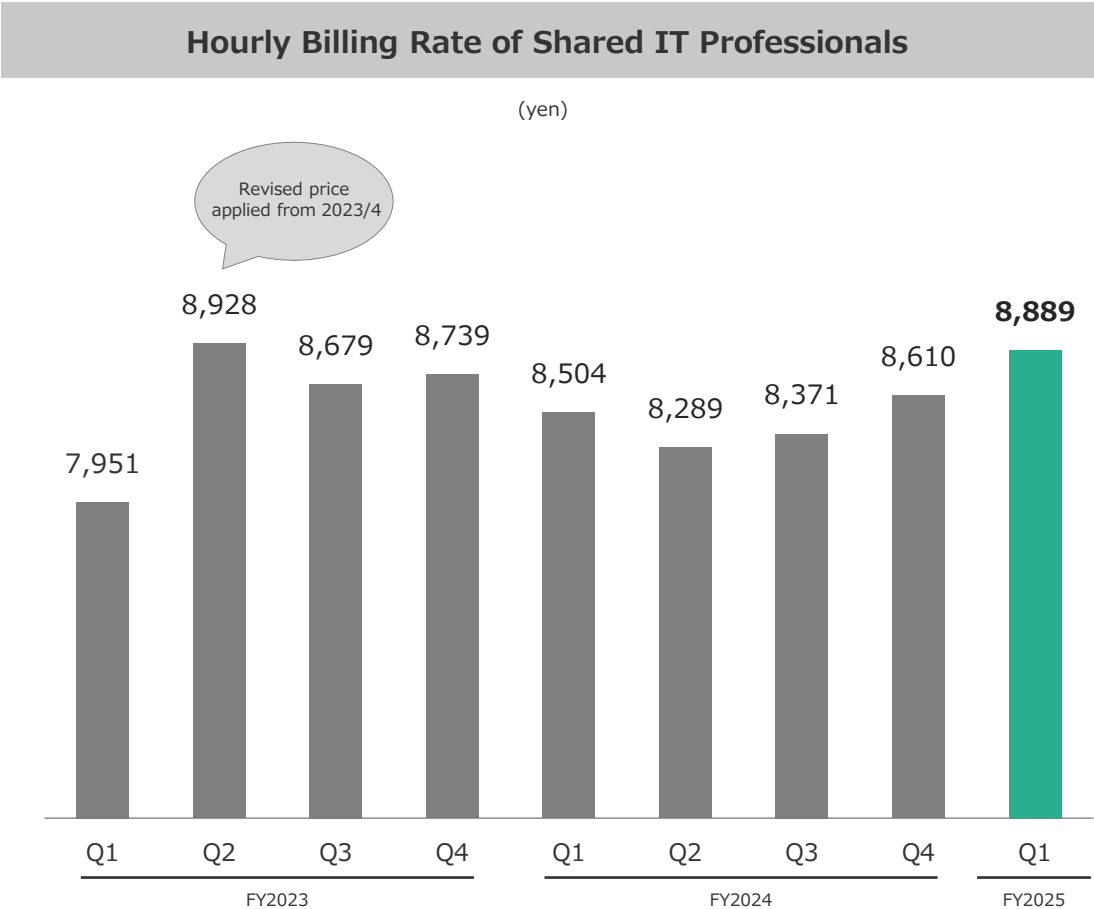
Number of Sharing Companies



*2 Represents affiliated/group companies of Active Client Companies where our professionals are engaged. These companies are not included in the counts of Total/Active Client Companies.

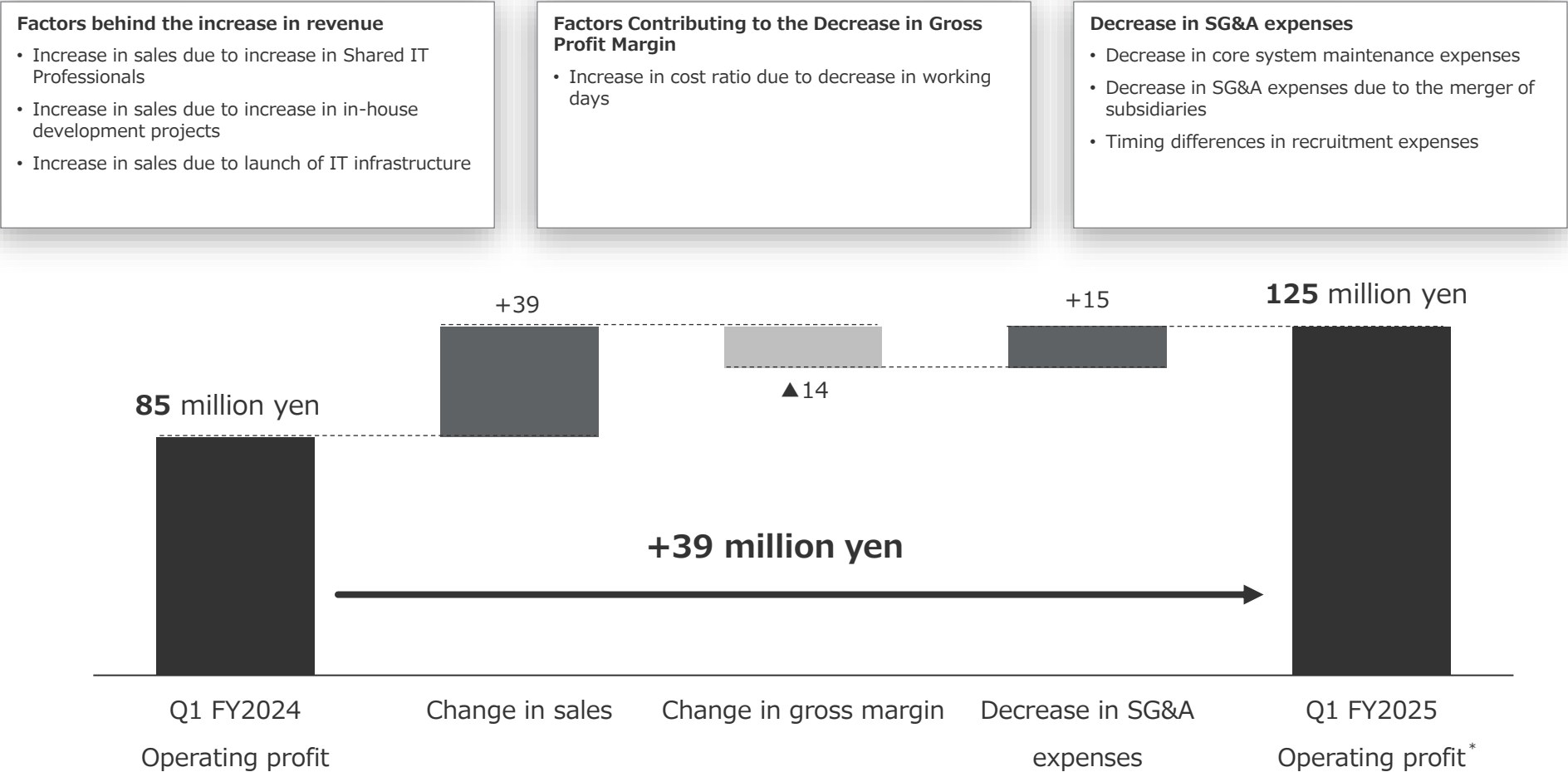
Business KPIs (2)

- Average hourly billing rate recovered to the ¥8,800 range due to overall improvement in skill levels and increased utilization of Shared IT Professionals with higher skill levels
- Utilization rate recovered from its bottom in Q2 of the previous fiscal year and maintained a high level in the 70% range
- Average number of personnel assigned per company and average number of companies handled per person increased due to expansion of projects



Factors of Increase/Decrease in Operating Profit

- Increase in net sales due to increase of 24 Shared IT Professionals compared to the first quarter of the previous fiscal year, contributing significantly to profit
- Decrease in gross profit margin from the first quarter of the previous fiscal year due to increased cost ratio resulting from one fewer working day
- Increase of 39 million yen in operating profit due to decrease in SG&A expenses from reduced core system maintenance costs, subsidiary merger effects, and timing differences in recruitment expenses



* (Reference) Comparison with previous consolidated financial results

Balance Sheet

- Cash and cash equivalents decreased following payments of year-end bonuses, dividends, and income taxes. Shareholders' equity also decreased, mainly due to the dividend payout
- Increase in contract liabilities due to expansion of projects
- Equity ratio maintained at around 70%

(1 million yen)

Items	FY2024 Year-end	Q1 FY2025 End	Change from Previous Year-End
Assets			
Current assets			
Cash and cash equivalents	2,701	2,548	▲153
Accounts receivable	3	0	▲3
Total current assets	2,739	2,589	▲150
Fixed asset			
Property, plant and equipment	82	79	▲3
Intangible fixed assets	160	149	▲10
Investments and other assets	96	80	▲16
Total fixed assets	339	309	▲30
Total assets	3,079	2,898	▲180

(1 million yen)

Items	FY2024 Year-end	Q1 FY2025 End	Change from Previous Year-End
Liabilities			
Current liabilities			
Accrued expenses	197	66	▲131
Contract liabilities	571	627	+56
Total Current Liabilities	1,003	825	▲178
Fixed liabilities			
Total fixed liabilities	34	35	+1
Total liabilities	1,037	860	▲176
Net assets			
Total shareholders' equity	2,041	2,037	▲4
Total net assets	2,041	2,037	▲4
Total liabilities and net assets	3,079	2,898	▲180

2. FY2025 Full Year Forecast

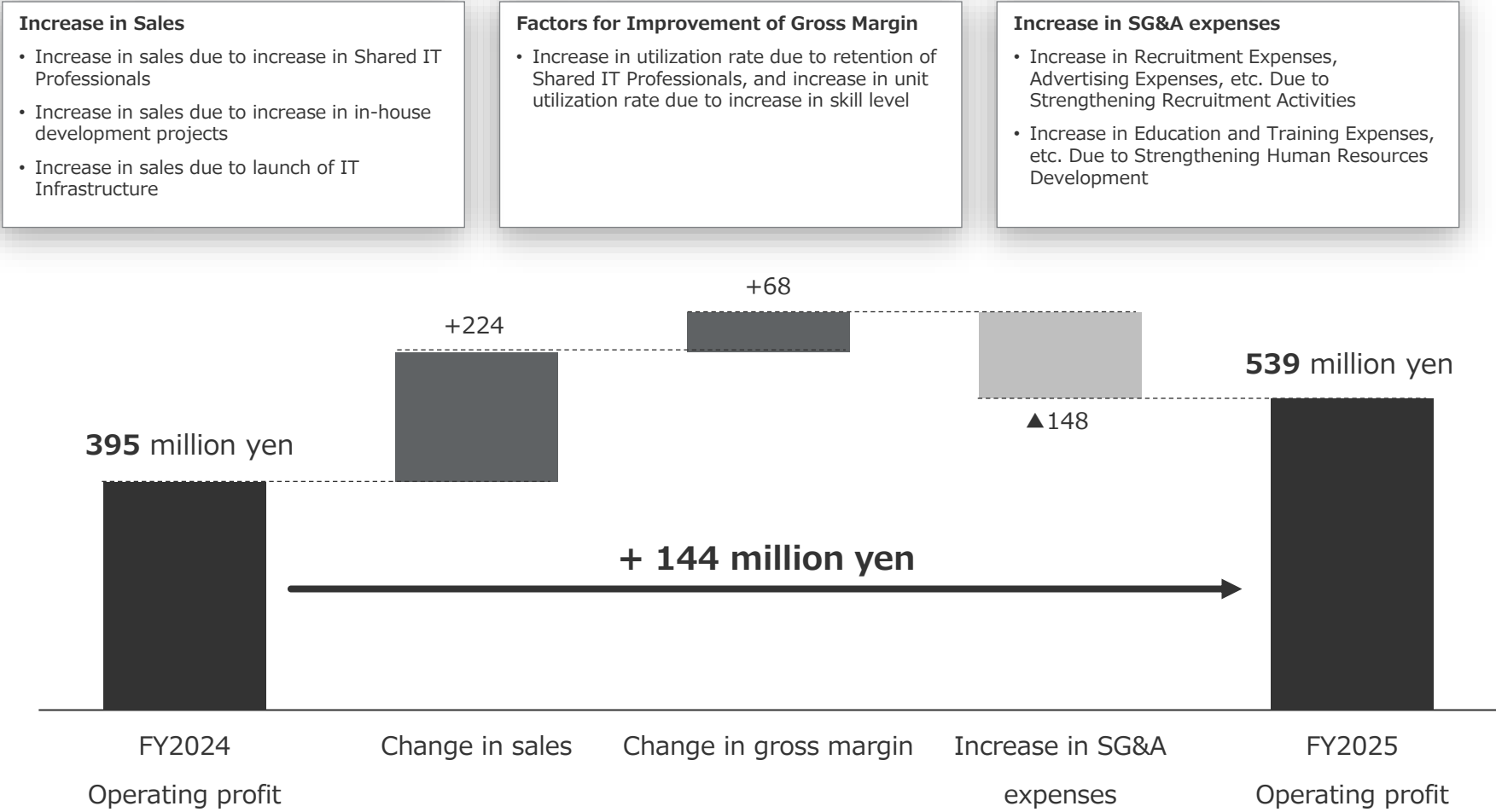
FY2025 Full Year Forecast

- No change from the initial forecast. We project a 16% increase in revenue due to continued strengthening of recruitment activities, launch of IT infrastructure, effective utilization of young employees, and increased utilization rate
- We aim to achieve profit growth that exceeds revenue growth for both operating profit and ordinary profit through management rationalization and operational efficiency improvements
- Net income is expected to show only a slight increase due to the absence of the extraordinary gain of 96 million yen from the absorption merger in the previous fiscal year

		FY2024 Results		FY2025 Forecast		Comparison	
		Actual (1 million yen)	Sales ratio (%)	Forecast (1 million yen)	Sales ratio (%)	Year-on-year (%)	Change in Sales Ratio (pt)
Net sales		2,967	100.0	3,449	100.0	+16.2	-
	Consulting and Operation	2,804	94.5	3,083	89.4	+9.9	▲5.1
	System Development	162	5.5	225	6.5	+38.9	+1.0
	IT Infrastructure	—	—	140	4.1	—	—
Cost of sales		1,588	53.5	1,777	51.5	+11.9	▲2.0
Gross profit		1,379	46.5	1,671	48.5	+21.2	+2.0
SG&A expenses		983	33.1	1,132	32.8	+15.1	▲0.3
Operating profit		395	13.3	539	15.6	+36.5	+2.3
Ordinary profit		411	13.9	542	15.7	+31.7	+1.8
Net income		384	13.0	392	11.4	+2.2	▲1.6

Forecast of Factors of Increase/Decrease in Operating Profit

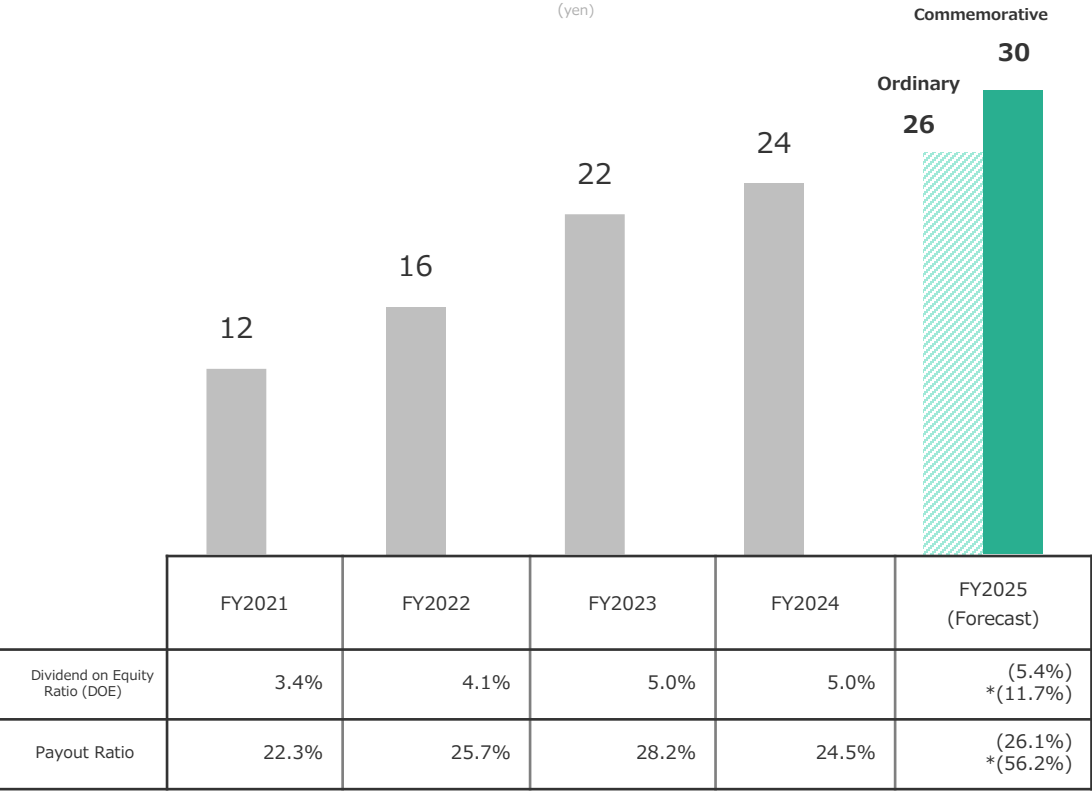
- Profits are expected to increase significantly due to the launch of IT Infrastructure and the use of young employees
- As we will continue to strengthen recruitment of new graduates and mid-career hires, expenses related to recruitment and education are expected to continue to increase



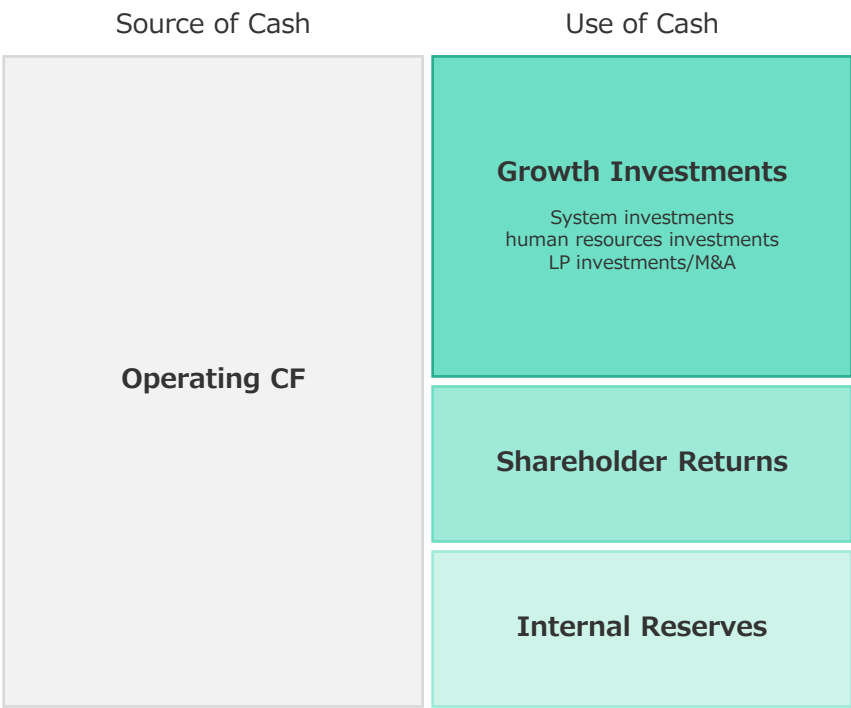
Approach to Shareholder Returns and Medium-Term Investment

- Dividends for FY2025 are expected to be 56 yen per share. This includes an ordinary dividend of 26 yen (up 2 yen) and an interim dividend of 30 yen for the 20-year anniversary of the company's founding
- Regarding returns to shareholders, we plan to continue to pay stable dividends. Upon overall consideration of Our Company's business performance, financial situation, and future business development, we aim to achieve a dividend on equity (DOE) of 5% with a target dividend payout ratio of 30%
- The cash generated will be allocated to investments for system development and growth of human resources, and will be returned to shareholders in an expeditious manner

Changes in Dividends



Cash Allocation

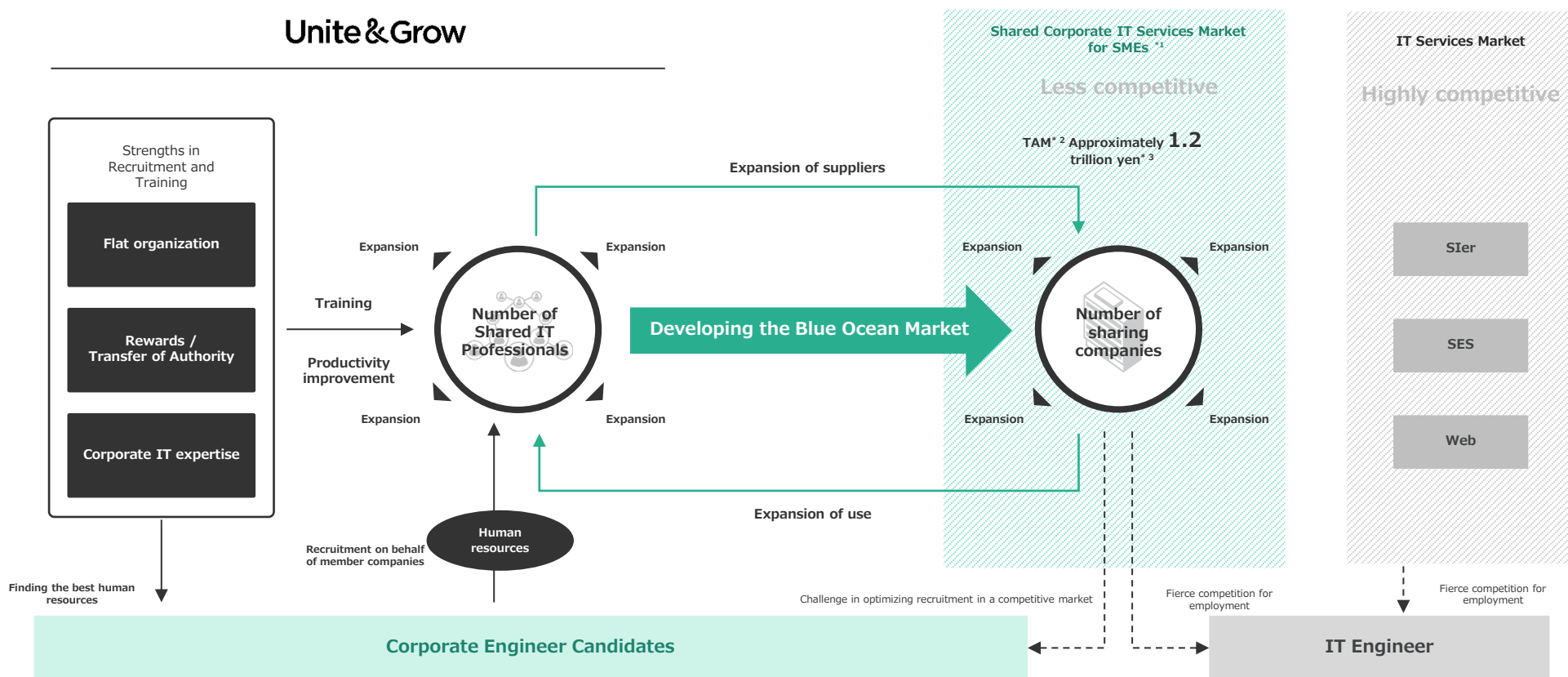


* For FY2025 (Forecast), the lower figures represent the Dividend on Equity (DOE) and Payout Ratio including the commemorative dividend.

3. Growth Strategies

Our Growth Model for Developing the Blue Ocean Market

- The shared corporate IT services market for small and medium-sized growth companies is a blue ocean market with limited competition
- Our goal is to become the leading provider of shared corporate IT services by expanding the number of skilled Shared IT Professionals and growing our membership of growing companies nationwide



*1) A term coined by our company.

*2) TAM is an abbreviation of Total Addressable Market.

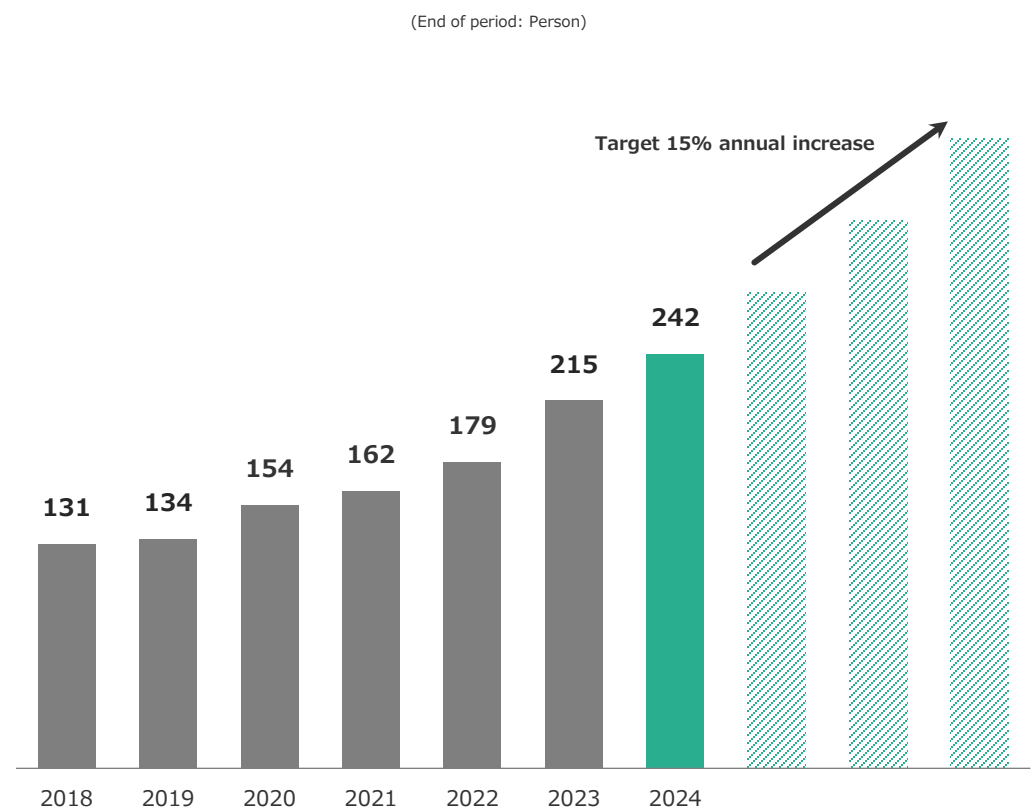
*3) Estimated as of February 14, 2025.

Calculated as: Number of potential clients (based on 2021 Economic Census) × Sharing index × Average revenue per Shared IT Professional
(98,000 companies × (3.52 people divided by 3.35 companies) × 12.2 million yen ≈ 1.2 trillion yen.)

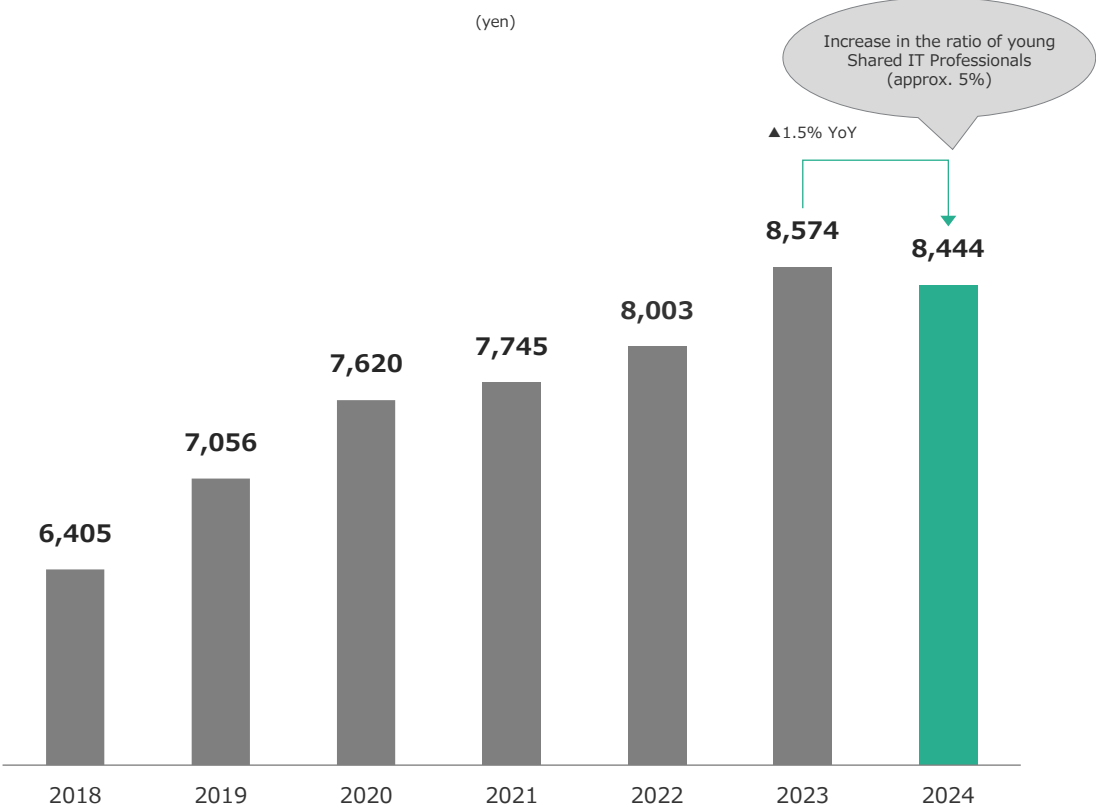
Basic Growth Strategy

- Aim for 15% annual growth in our Shared IT Professional team, ensuring a steady expansion of our talent base through robust recruitment and training programs
- Promote an increase in the number of client companies using our sharing services, while also expanding transactions with existing clients through enhanced support to improve our competitiveness

Growth of Shared IT Professionals



Hourly Revenue per Shared IT Professional



Growth Strategy Highlights

**Monetizing the Shared
Corporate IT Services Market
for SMEs**

01 | Focus on Growing Companies in the Greater Tokyo Area

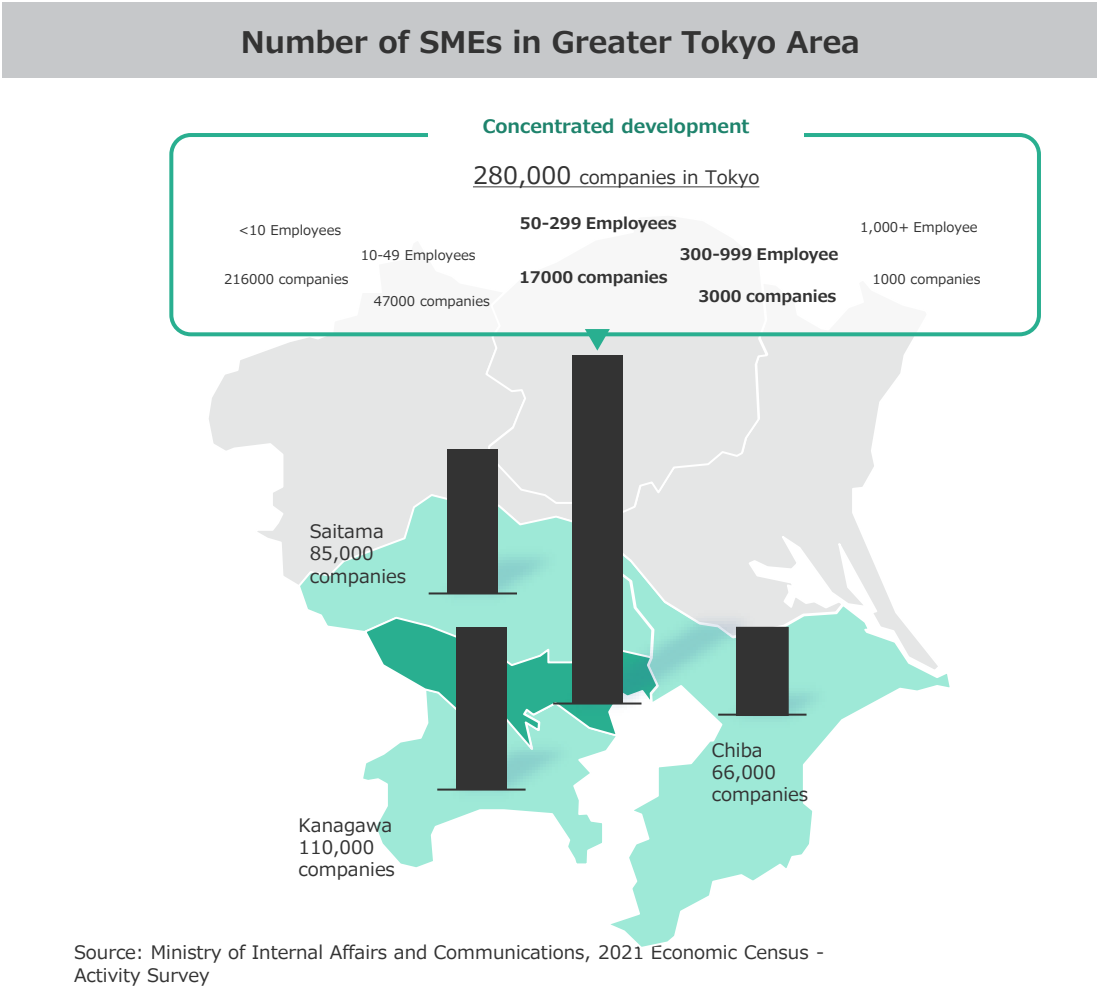
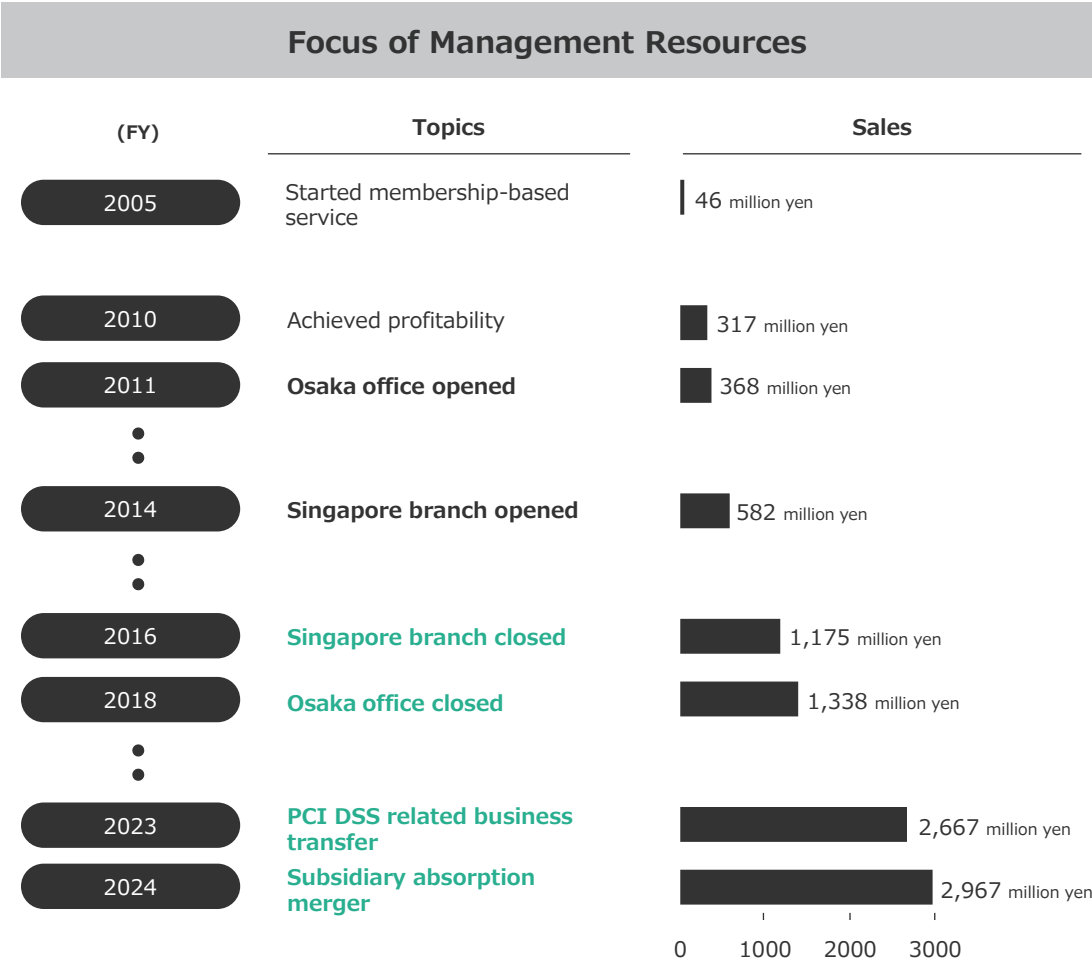
02 | Scalable Growth While Maintaining Strengths

03 | Leveraging Client Experience for Internal Training and Development

04 | Developing Specialized Service Offerings

01. Focus on Growing Companies in the Greater Tokyo Area

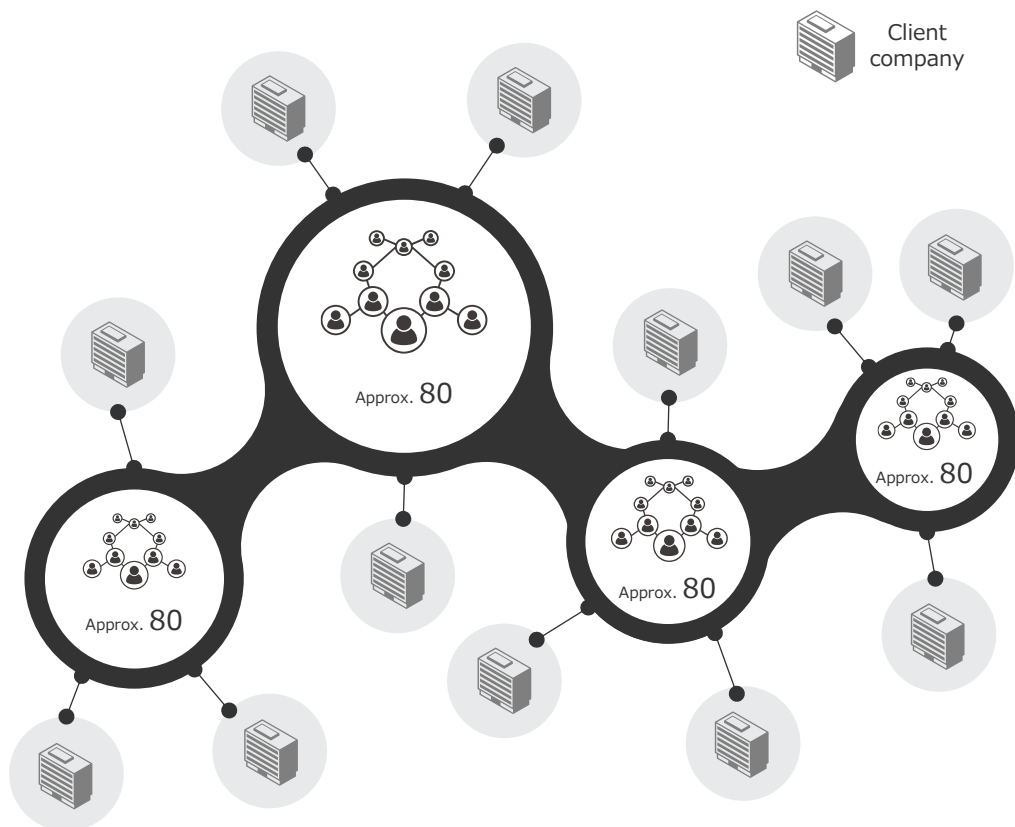
- Target companies with 50-1,000 employees to accelerate growth
- The Greater Tokyo Area offers substantial client acquisition potential, and we will concentrate our efforts there for near-term growth



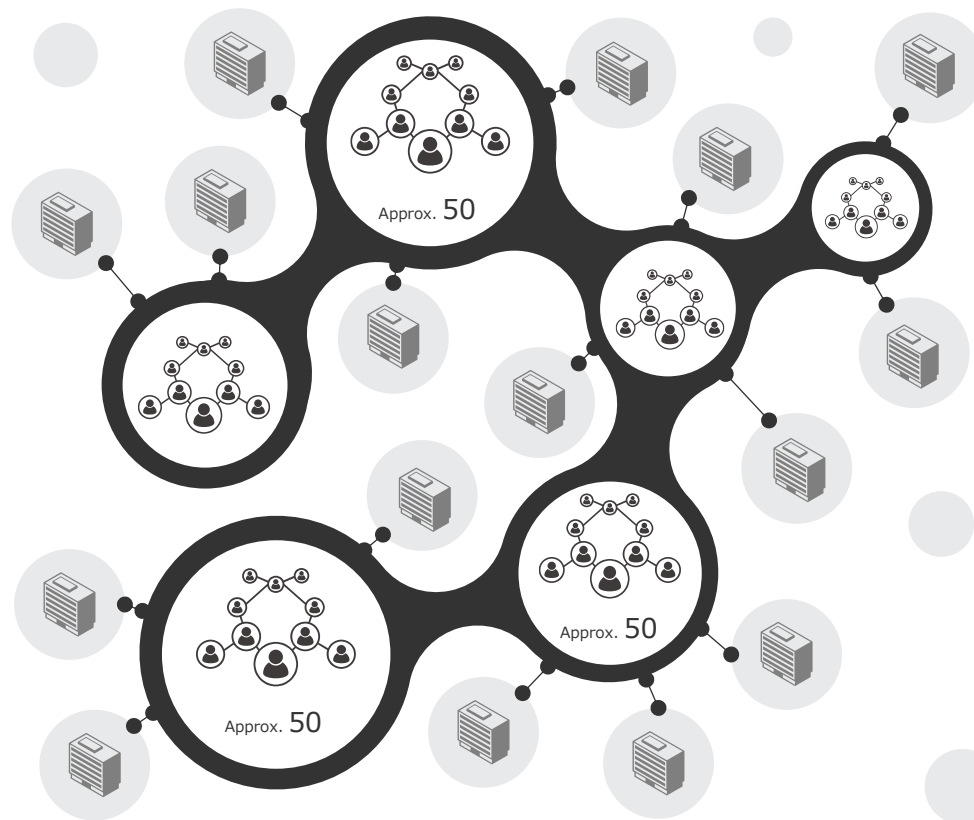
02. Scalable Growth While Maintaining Strengths

- Increase the speed of communication and maintain and improve sharing density by making about 50 employees a division
- Continue to grow the business through flexible staffing while increasing individual strengths through a flat organizational structure

FY2022~2024



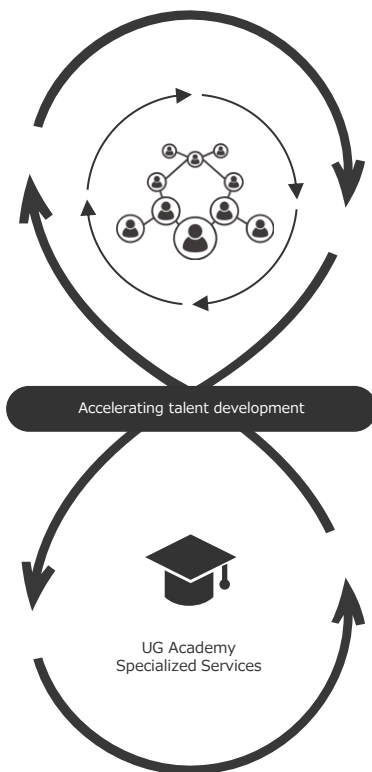
FY2025~



03-1. Leveraging Client Experience for Internal Training and Development

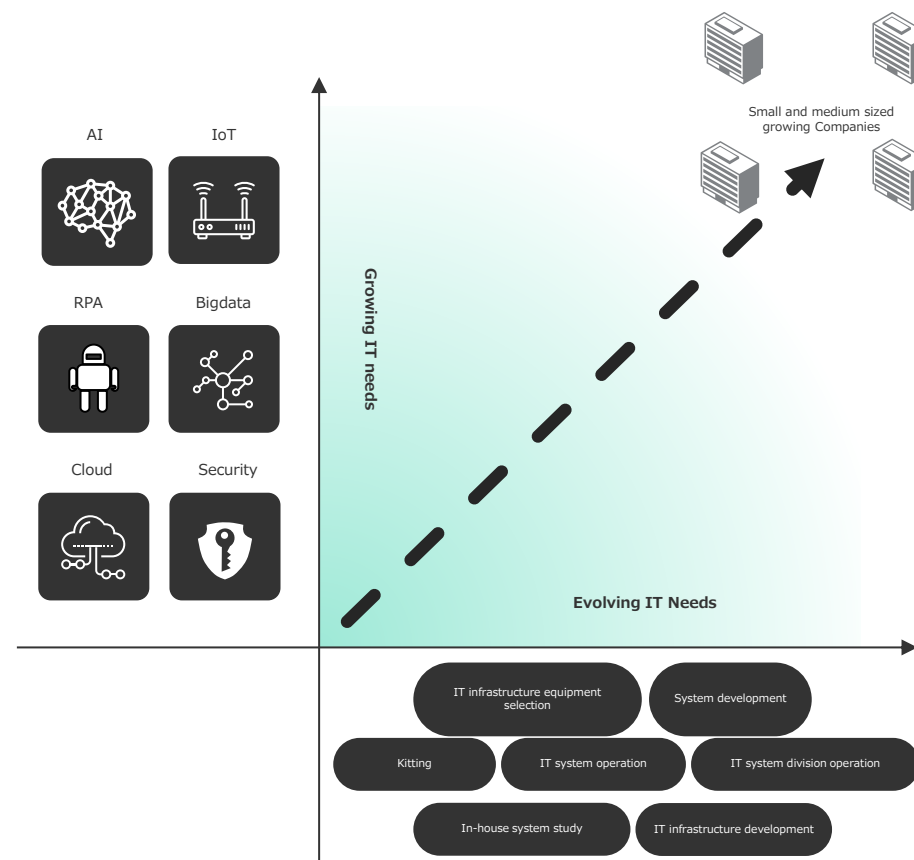
- Deepen our expertise across diverse client needs, accumulating problem-solving experience to enhance individual and organizational know-how
- Promote both individual and corporate growth by sharing experiences through UG Academy and specialized services

Skill Enhancement through Client Interaction



Enhancing employee capabilities through structured internal training

Expanding Client Needs



03-2. Leveraging Client Experience for Internal Training and Development

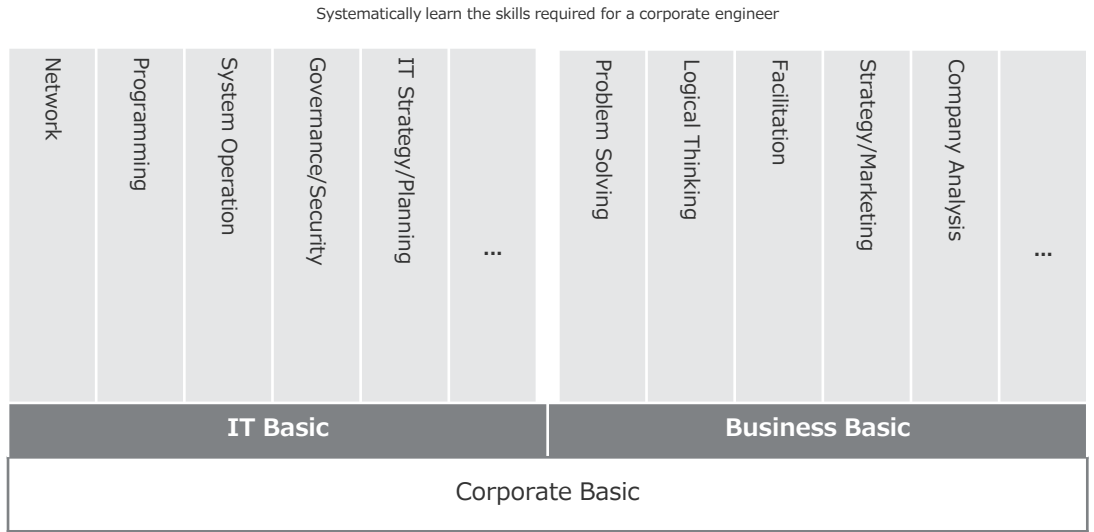
- Significant growth in skill level upgrades from L2 to L3 in FY2024 due to continuous in-house training
- UG Academy, a training institution for corporate engineers, has been systematized, accelerating the development of necessary know-how as a corporate engineer

Skill Level Development*1 (FY2024)

Skills Level	Percentage of employees		Percentage change
	As of January	As of December	
L1			▲11.0
L2			+4.8
L3			+4.8
L4			+1.3
L5			—
L6			—

Significant Increase

UG Academy Curriculum*2



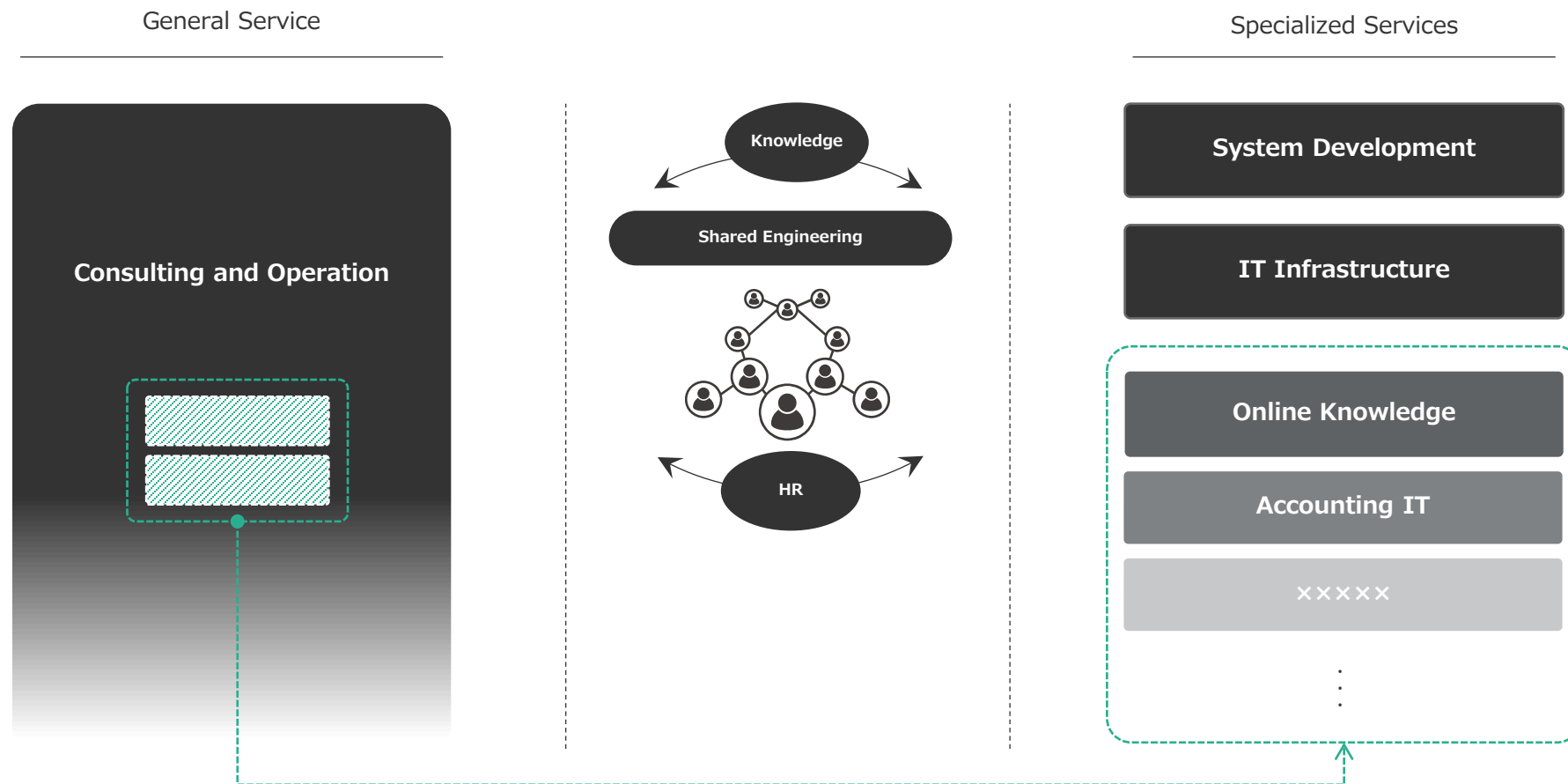
Course Details (Selected)			
Network	System Operation	Logical Thinking	Company Analysis
Provides programs by level, from lecture-style courses for basic knowledge to practical courses using simulation software	Learn the principles of operating an internal system and how to gather information to understand the client's environment.	Reinforces the ability to think logically about issues using frameworks such as logic trees and pyramid structures	Deepen understanding of Our Company through corporate research and other research activities on the theme of corporate activities in their own areas of interest.

*1) Skill level of the employee enrolled as of January compared to the composition of the same employee's skill level as of December.

* Excerpted from our corporate website: UG Academy <https://www.ug-inc.net/ug-academy>

04. Developing Specialized Service Offerings

- Enhance value creation through the development of highly specialized services that expand our service offerings
- Strengthen our business capabilities by developing individual expertise in different areas and creating synergies across our service portfolio

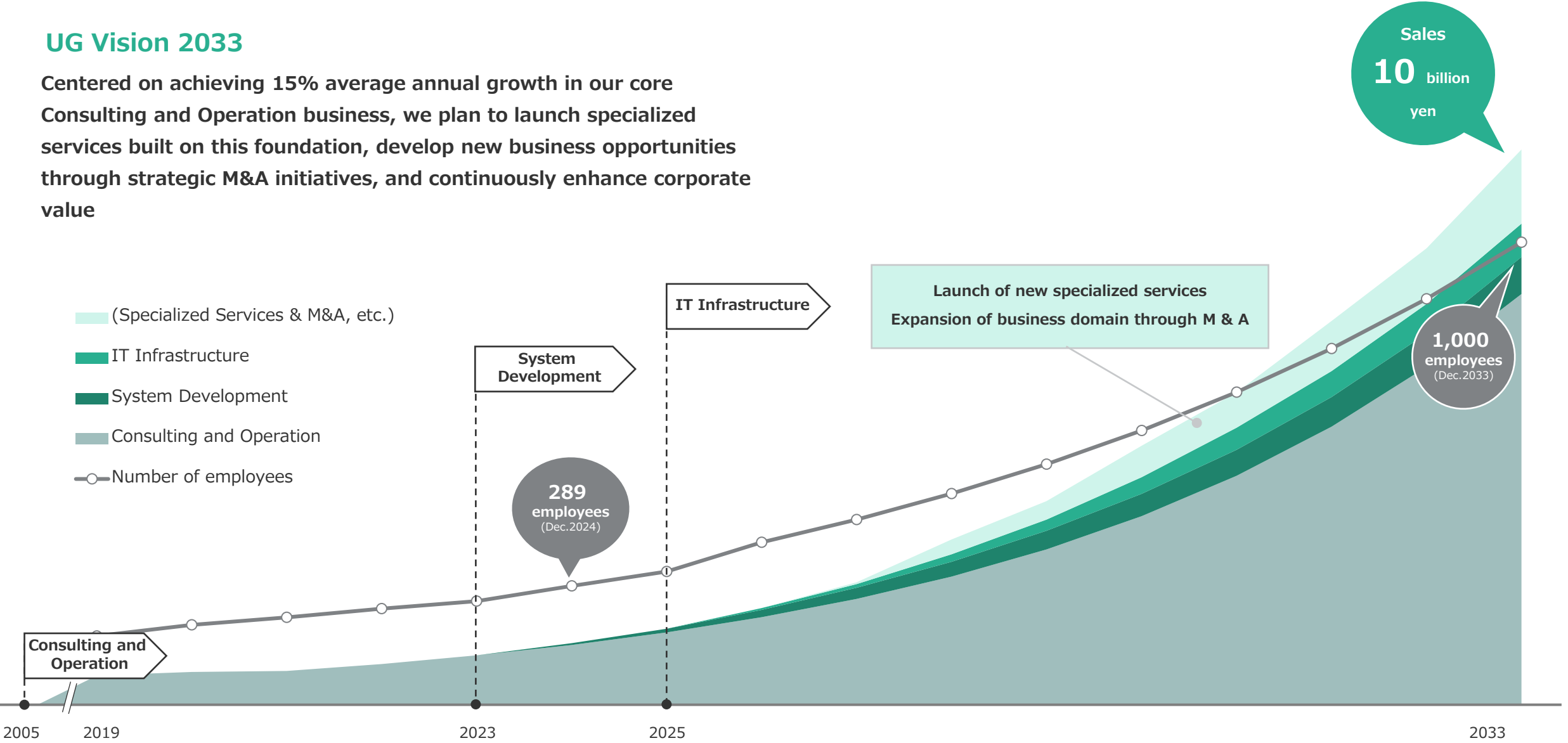


Exploring high-demand services within our existing business areas

Medium- to Long-term Revenue Growth Projection

UG Vision 2033

Centered on achieving 15% average annual growth in our core Consulting and Operation business, we plan to launch specialized services built on this foundation, develop new business opportunities through strategic M&A initiatives, and continuously enhance corporate value



Appendix



Main Features and Strengths

01

Optimization for Clients

02

Efficient and Leveraged Revenue Model

03

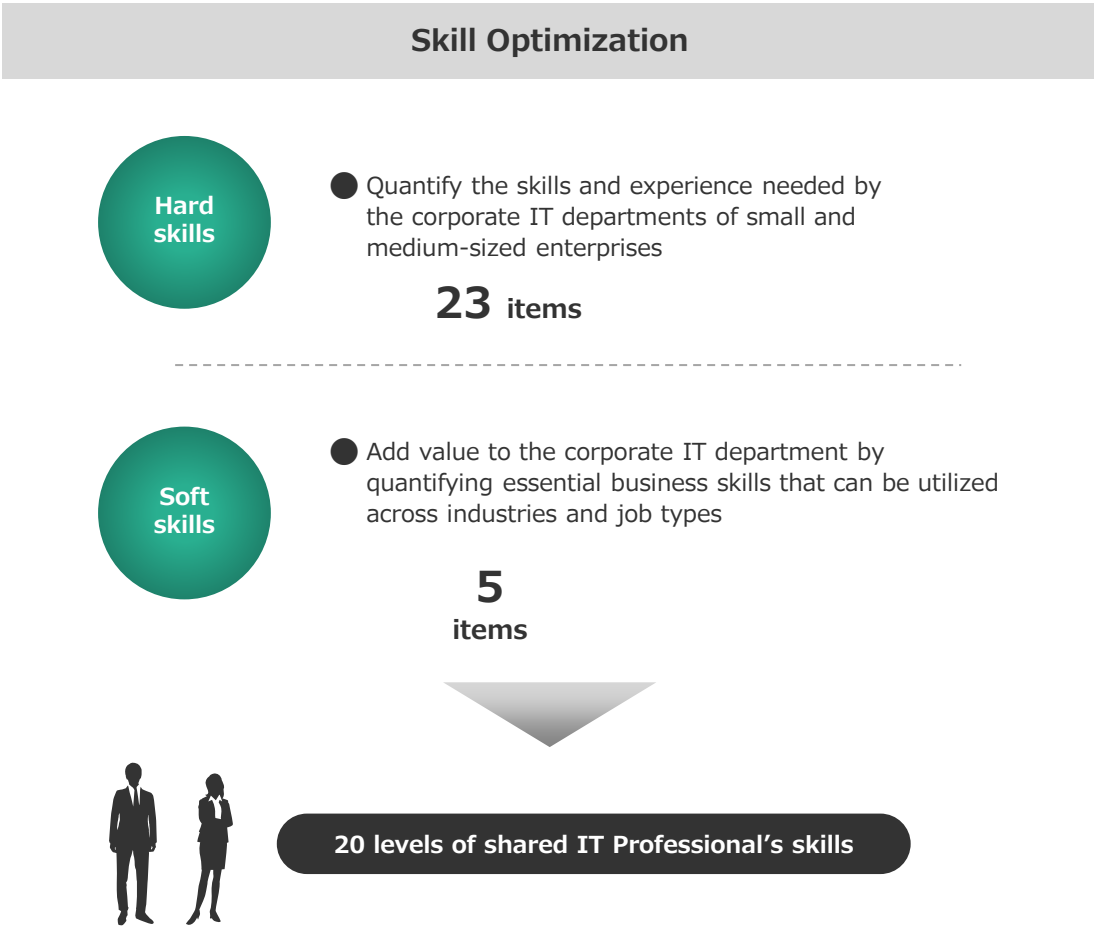
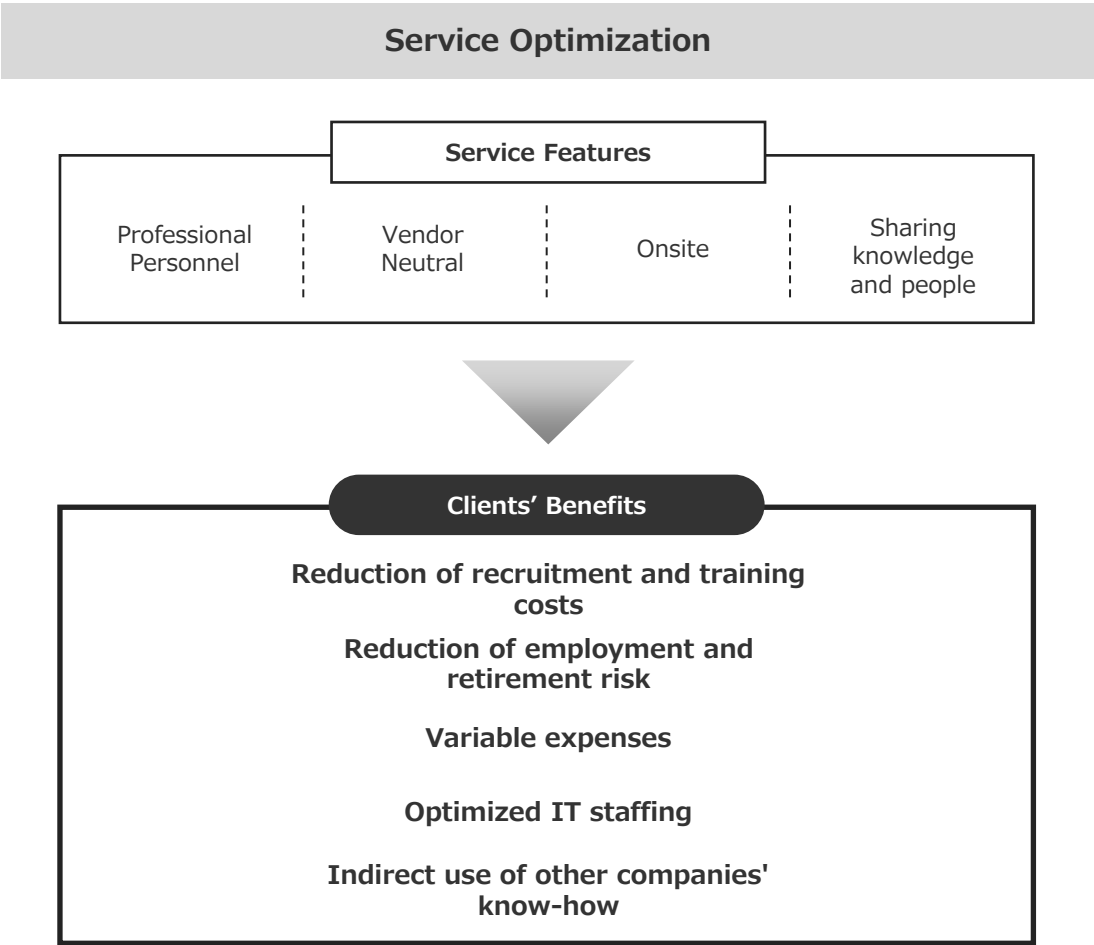
**High Employee Motivation Through Delegation
and Focus on Site**

04

Shared Engineering as Entry Barrier

Optimization for Clients (1/4) : Services and Skills Definition

- Our Company has established a service model with a strong focus on small to medium-sized growing companies.
- By reviewing the skill level of our shared employees on a semiannual basis, we strive to provide the same quality at the same price and build a long-term relationship of trust with our clients.



Optimization for Clients (2/4) : Skill Level Components Details

Hard Skills: 23 items

IT Strategy and Planning	Control and Security	OA Infrastructure	
IT strategy	App security technology	Platform technology	TEL technology
New business development	Infrastructure security technology	DB technology	Cloud technology
Business system planning	security operation design	NW Technology	Facility Management
Strategic System Planning	IT Control	Storage SAN Technology	
OA system planning			
Infrastructure planning			
Management	Programming Tests	IT Service Desk	Other Skills
Project Management	Programming	System operation	Other skills
	Test planner	User support / Client support	

Soft Skills: 5 items

Client Insight skills

Problem-solving skills

Communication skills

Self-management skills

Collaboration skills

Optimization for Clients (3/4) : Start with a Small-Scale Engagement in business

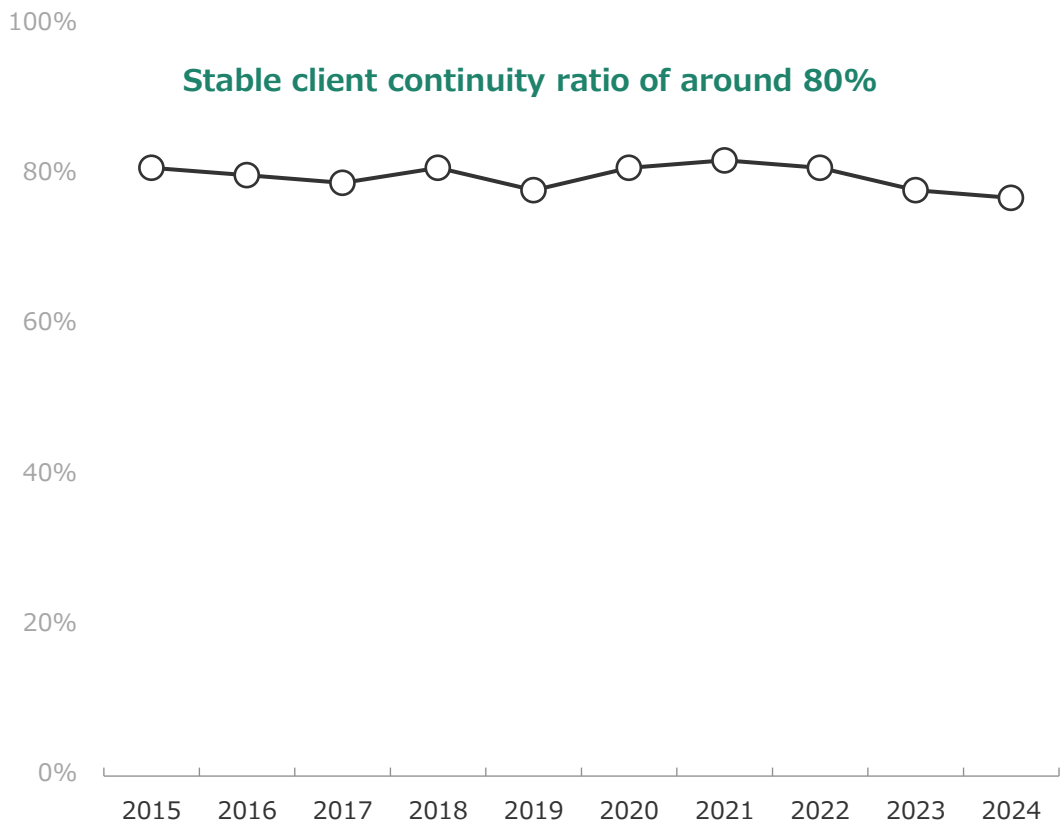
- Our Company's timeshare service meets the clients' needs with mobility and flexibility, making a 'small start' possible.
- Our service model fosters client confidence and makes it easy to expand the scale of transactions.

		July to October 2024 (Approximately 4 months)	▶ November 2024 to January 2025 (Approximately 3 months)	▶ From February 2025
Monthly usage fee		500,000 yen/month	1.9 million yen/month	3 million yen/month
Structure		2 persons	4 persons	6 persons
Work Contents	<ul style="list-style-type: none"> • Planning IT strategy based on the Medium-Term Management Plan • Making proposals to the management 		L6-C 20h/month	L6-C 4h/month
	<ul style="list-style-type: none"> • Management of Information Systems Division • IT infrastructure renewal project 			L4-B 48h/month
	<ul style="list-style-type: none"> • Strengthening information security • Operation of IT infrastructure 	L3-A 16h/month	L3-A 16h/month	L3-A 16h/month
	<ul style="list-style-type: none"> • Consideration of replacement of core systems • Organization of business flow 			L3-B 80h/month
	<ul style="list-style-type: none"> • Helpdesk • IT Asset Management • Documentation 	L2-B 30h/month	L2-B 20h/month L1-D 120h/month	L2-B 20h/month L1-D 120h/month
Remarks		<ul style="list-style-type: none"> • The Company received the order in recognition of the recruitment difficulty in the corporate IT department and the ability to respond flexibly to operation. 	<ul style="list-style-type: none"> • Earn the trust of the head of corporate IT and be asked to propose a company-wide IT strategy 	<ul style="list-style-type: none"> • Promote operations based on the established IT strategy • Share entire operations with clients on Our Company • Exchange information on a regular basis with each level of client organization

Optimization for Clients (4/4) : High continuity and inbound orders

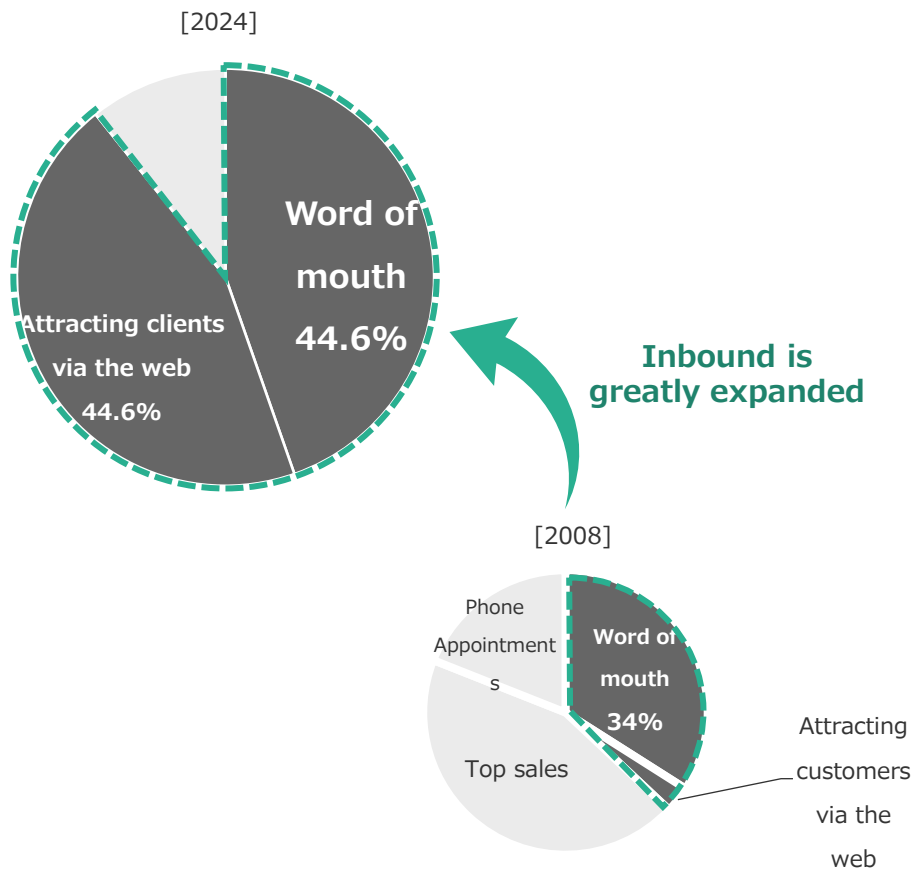
- Established a stable client base with an annual client continuity ratio of around 80%.
- Our client acquisition channel is mainly inbound (word-of-mouth, referral, and online search) and requires very low client acquisition costs.

Annual client continuity ratio*



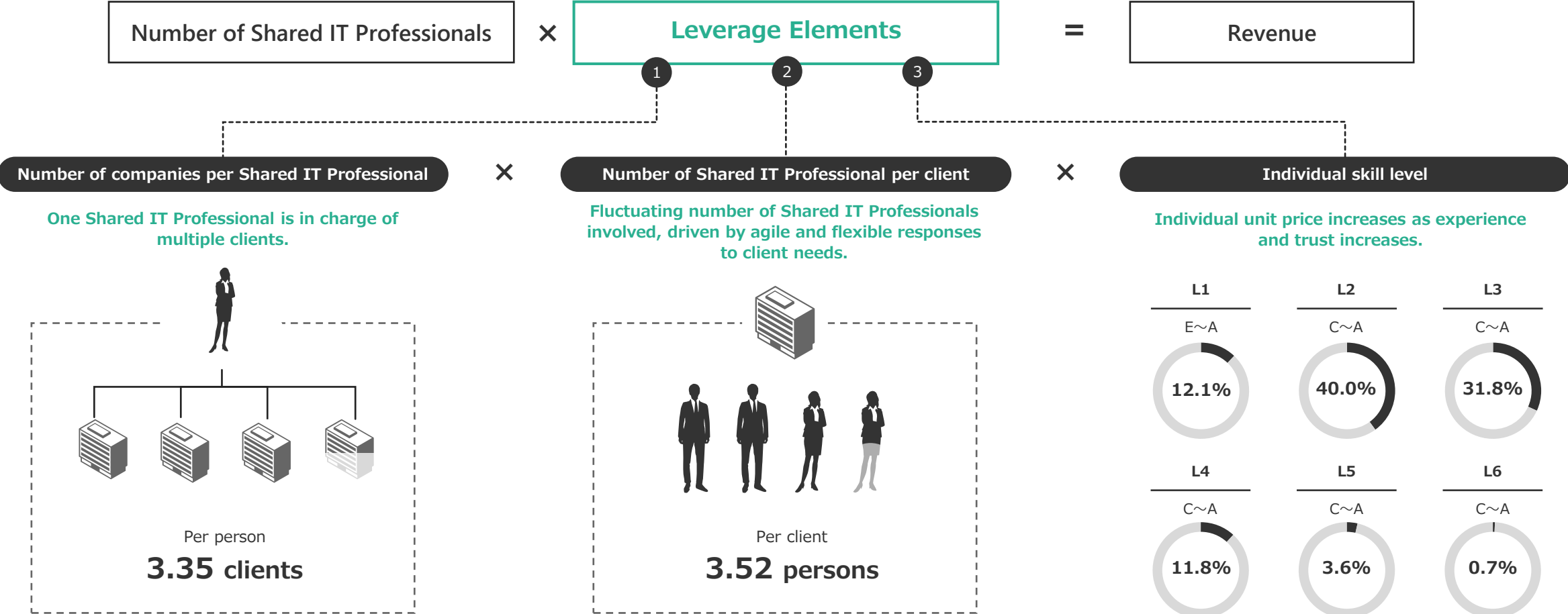
※ Annual client continuity ratio is the percentage of clients with continuous transactions after 13 months from the start of transactions. (Figures are based on the year end)

Client acquisition channels



Efficient and Leveraged Revenue Model (1/3)

- The revenue model of Our business has a leverage factor as we offer a unique service model (timeshare).
- The revenue per shared IT professional is based on a structure including the number of companies an IT professional works for, the number of IT professionals working for one company, and the skill level of the individual, where leverage is generated as each of these increase.



※ The leverage factor is as of the end of FY2024.

Efficient and Leveraged Revenue Model (2/3)

- The Cost of Service/Hour, which is a shared IT professional's selling price, varies based on the hours served and skill level of the professional.
- The more we focus on providing high value work to our clients and demonstrate high skills in a short period of time, the better Our Company's bottom line will be.

		Low ← Skill Level → High					
		L1 E D C B A	L2 C B A	L3 C B A	L4 C B A	L5 C B A	L6 C B A
<div>Short time ↑</div> <div>Hours per month ↓ Long time</div>	Less than 8H	Hourly Rate × 3					Hourly Rate × 16
	9~39H						
	40~79H						
	80~139H						
	140~160H	Hourly Rate 1					Hourly Rate × 11

Efficient and Leveraged Revenue Model (3/3)

- We established a service provision policy focus on an area within 50 minutes from Our Head Office (in Ochanomizu). In others words, we provide services focusing on efficiency (We are flexible in handling clients' regional offices, etc.)



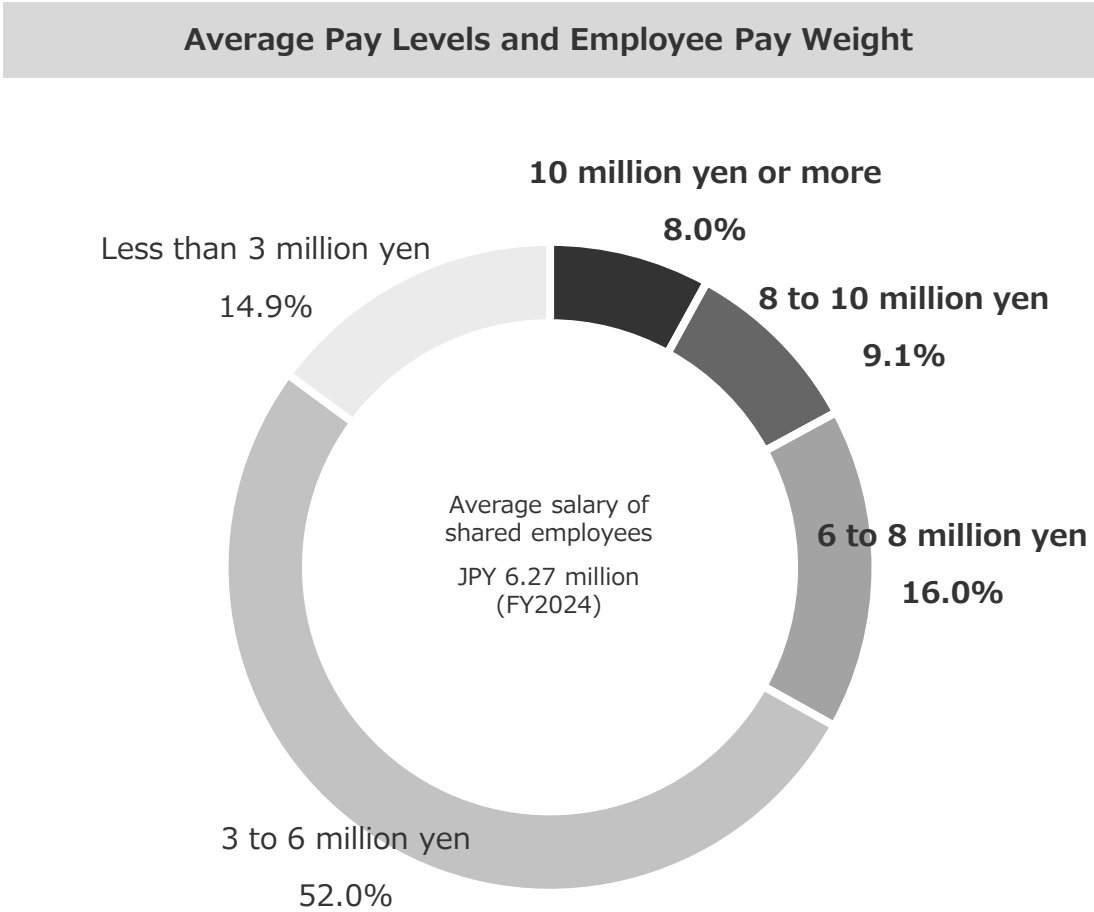
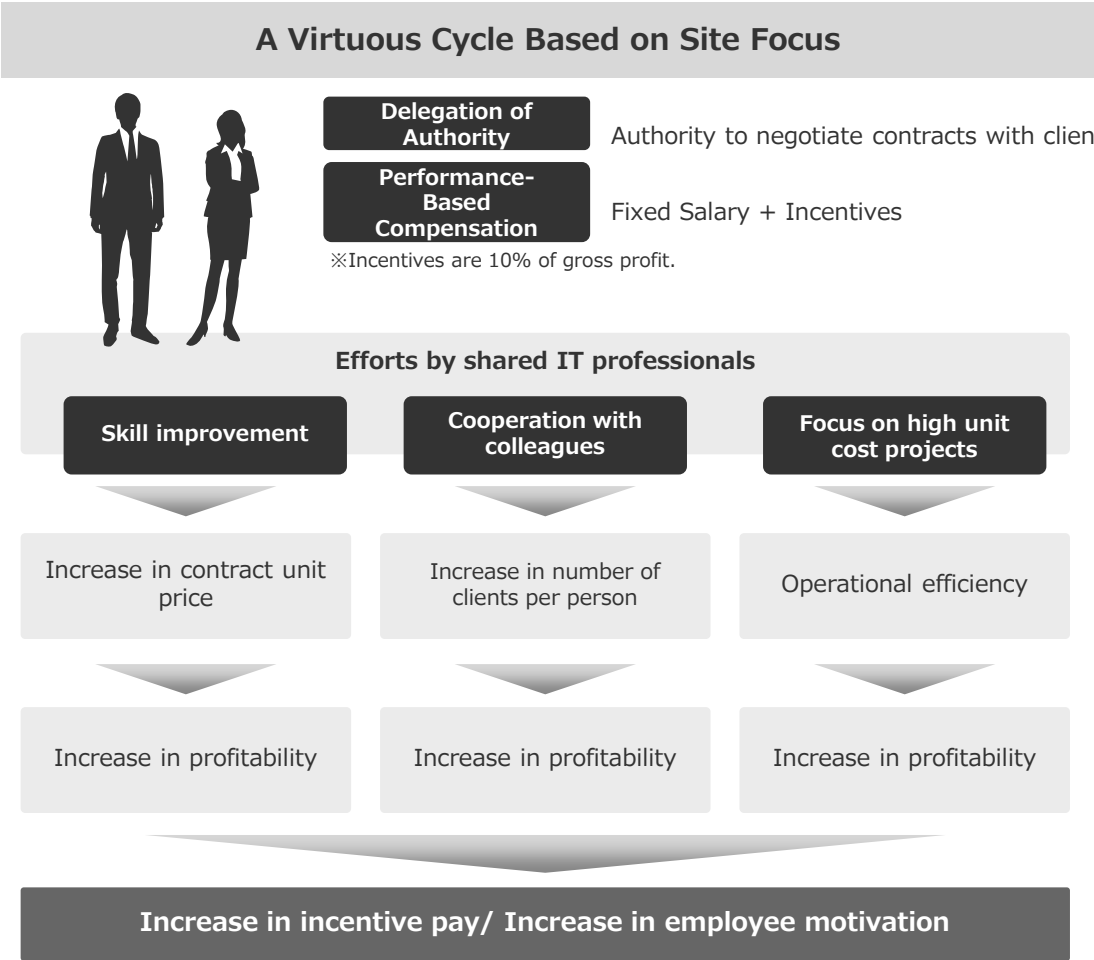
Efficient Business Development

(FY2024)

244 active member companies
within a 50-minute door-to-door radius.

High Employee Motivation Through Delegation and Focus on Site

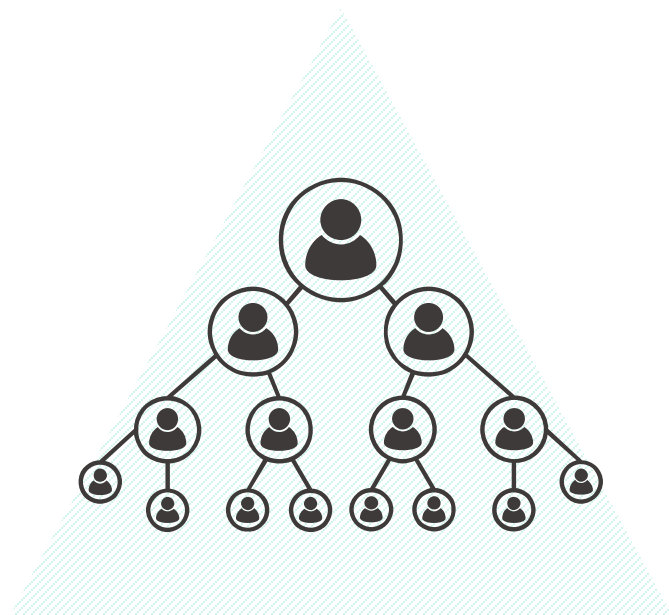
- We have established of a virtuous cycle by building an organization that values the independent judgment of employees.
- Measures to improve employee motivation, including performance-based compensation, have a positive impact on Our Company's business performance.



Shared Engineering as Entry Barrier

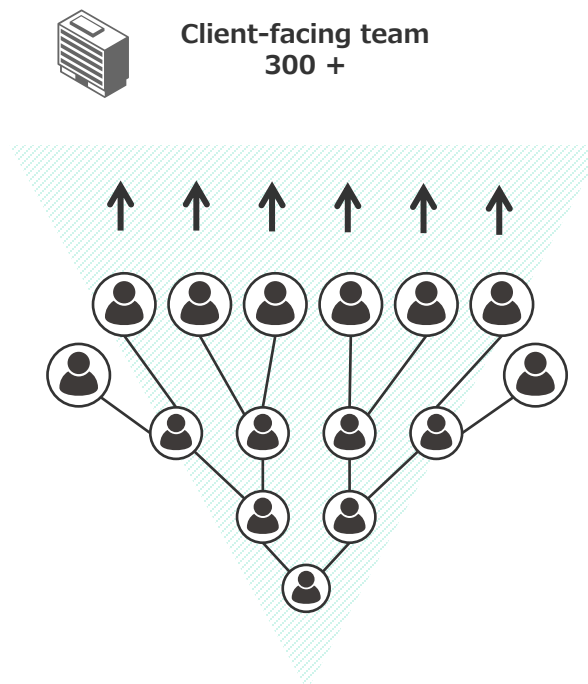
- By building a flat organizational culture and human resources network, we can achieve mutual use of knowledge, rapid personnel turnover, natural and continuous improvement of skills, and respect and fulfillment of identity.
- To imitate Our Company's services, it is necessary to develop a Teal-style organizational culture.

Management Structure



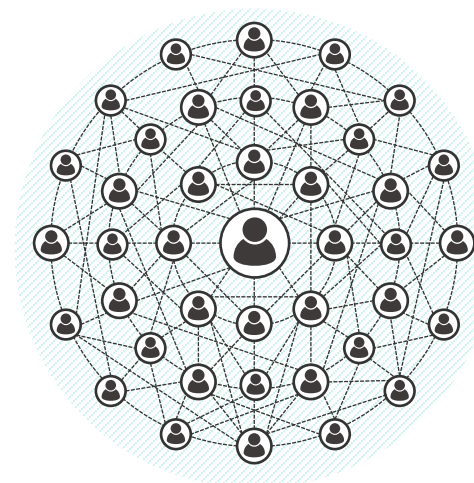
- Manage and control with a pyramid chart.
- Budget control, labor management, compliance, information security management, etc.

Service Operations



- Inverted Pyramid Organization with On-Site Leadership.
- Candidate System for Sales and Staffing.
- One person is responsible for multiple clients.
- Multiple staff are responsible for one company.

Organizational Culture



- Establish a network-type organization by implementing various initiatives and support to deepen mutual ties.
- There are few orders, and the work is found by oneself.
- More than half of the employees are in some kinds of internal jobs and maintain and develop connections.

Notes:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.

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