Summary of Consolidated Financial Statements
For the First Quarter of the Fiscal Year Ending March 31, 2019
(Japanese GAAP)

August 9, 2018

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Scheduled date of filing securities report: August 10, 2018
Schedule date of cash dividend payment: —
Supplemental material for the financial results provided: Yes
Results briefing for the period under review provided: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen.)

1. Consolidated Results for the First Quarter of FY3/2019 (April 1, 2018 – June 30, 2018)

(1) Consolidated Earnings Results (Percentages represent year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q of FY3/2019	23,722	29.8	1,653	78.4	1,652	81.1	1,082	85.3
1Q of FY3/2018	18,282	45.1	926	14.8	912	22.1	584	37.5

(Note) Comprehensive income: 1Q of FY3/2019 1,088 million yen (86.4%); 1Q of FY3/2018 584 million yen (31.0%)

	Net profit per share	Net profit per share, diluted
	Yen	Yen
1Q of FY3/2019	26.76	—
1Q of FY3/2018	16.60	14.39

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1Q of FY3/2019	29,124	9,059	30.8
FY3/2018	29,710	8,947	30.1

(Reference) Equity capital: 1Q of FY3/2019 8,979 million yen; FY3/2018 8,947 million yen

2. Cash Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/2018	0.00	0.00	0.00	0.00	0.00
FY3/2019	0.00				
FY3/2019 (Plan)		—	—	—	—

(Note) Revision of the dividend forecast disclosed recently: None

3. Consolidated Forecasts for FY3/2019 (April 1, 2018 – March 31, 2019)

(% indicates year-over-year change)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	100,000	22.3	7,000	34.7	6,900	32.1	4,480	26.7	110.37

(Note) Revision of the earnings forecasts disclosed recently: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Use of particular accounting procedures in preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

(a) Changes in accounting policies due to revisions in accounting standards and others: None
(b) Changes in accounting policies other than (a) above: None
(c) Changes in accounting-based estimates: None
(d) Restatements: None

(4) Number of outstanding shares (common stock)

(a) Number of shares outstanding at the end of the period (including treasury shares):
(b) Number of treasury shares at the end of the period:
(c) Average number of shares outstanding during the period:

(Shares)

1Q of FY3/2019	40,656,400	FY3/2018	40,656,400
1Q of FY3/2019	341,133	FY3/2018	67,133
1Q of FY3/2019	40,448,374	1Q of FY3/2018	35,195,185

* The Summary of Consolidated Financial Statements is not subject to be reviewed by certified public accountants and auditing firms.

* Cautionary statement with respect to forecasts of future performance and other special items

Forecasts regarding future performance and other forward-looking statements in these materials are based on certain assumptions judged to be valid and information currently available to the Company. These statements are not promises by the Company regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. For precautions on usage of forecasts of future performance, please refer to the section “1. Qualitative Information on Quarterly Financial Results, (3) Description of Consolidated Earnings Forecast and Other Forward-looking Information” on page 3 of the attachments.

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1. Qualitative Information on Financial Results for Current First Quarter

(1) Overview of Results of Operations

In the first quarter of the FY3/2019 (from April 1, 2018, to June 30, 2018), the Japanese economy trended gradually toward recovery as corporate earnings were firm against the backdrop of the government's economic policy and the Bank of Japan's monetary policy. However, the economic outlook remained unclear partly due to an increase in protectionist trade policies by various countries.

In terms of the environment surrounding UT Group, in addition to a shift of definite-term employees to indefinite-term status, which began in April 2018 as required by the Revised Worker Dispatching Act, serious labor shortage has made it increasingly difficult for companies to hire personnel. This has led even companies in the automotive-related sectors, which had been cautious about using dispatched workers, to ramp up use of such workers. At the same time, major manufacturers have experienced growth in demand for large numbers of personnel and have become more selective in choosing a company to rely on for supply of dispatched workers, given heightened compliance awareness, including protection of workers' rights.

In this environment, UT Group, by leveraging its nationwide hiring base, has met the requirements of "committed orders" that guarantee the number of personnel and period of time required to meet large-scale corporate HR needs. The Company has strengthened its relationships with clients, by proposing comprehensive HR services. The Company has also strived to improve profitability by taking measures such as to raise administrative efficiency by increasing its share of dispatched workers within a client plant.

As a result, in the first quarter of FY3/2019 ended June 30, 2018, UT Group recorded net sales of 23,722 million yen (up 29.8% from 18,282 million yen in the first quarter of FY3/2018), operating profit of 1,653 million yen (up 78.4% from 926 million yen), ordinary profit of 1,652 million yen (up 81.1% from 912 million yen), and net profit attributable to owners of the parent of 1,082 million yen (up 85.3% from 584 million yen). The number of technical employees was 19,868 (up 3,349 from 16,519 a year ago).

Segment results were as follows.

(Manufacturing Business)

In the Manufacturing Business, the Group, which is one of Japan's largest dispatch and outsourcing service providers with a strong track record of placing personnel, continued to receive orders, due to growing demand for large numbers of personnel and heightened compliance awareness among domestic manufacturers. There was particularly marked growth in demand for the dispatch of large numbers of personnel in the automotive-related sectors, which used to rely on temporary workers, as nationwide labor shortage has made it increasingly difficult to hire personnel.

As a result, in the current first quarter, the segment recorded net sales of 17,714 million yen (up 30.6% from 13,559 million yen in the first quarter of the previous fiscal year) and segment profit of 1,250 million yen (up 47.2% from 849 million yen), while the number of technical employees was 15,555 (up 2,478 from 13,077 a year ago).

(Solution Business)

In the Solution Business, the Group increased sales by further strengthening relationships with major manufacturers

mainly through the proposal of comprehensive HR services. However, the segment profit decreased year on year due to forward spending for business start-ups.

As a result, in the current first quarter, the segment recorded net sales of 2,706 million yen (up 14.4% from 2,365 million yen in the first quarter of the previous fiscal year) and segment profit of 150 million yen (down 22.0% from 192 million yen), while the number of technical employees was 2,212 (up 431 from 1,781 a year ago).

(Engineering Business)

In the Engineering Business, in order to address the chronic shortage of engineers in the industrial sector, the segment sales grew significantly year on year, reflecting expansion in the number of technical employees through new recruitment and UT Group's One UT system. The One UT system is to help manufacturing operators mainly in the Manufacturing Business change career and become design and development engineers. Moreover, the segment profit significantly improved thanks to the impact of profit improvement measures such as to raise efficiency through integration of business companies and to thoroughly manage sales and marketing.

As a result, in the current first quarter, the segment recorded net sales of 3,328 million yen (up 39.9% from 2,378 million yen in the first quarter of the previous fiscal year) and segment profit of 271 million yen (compared to loss of 94 million yen), while the number of technical employees was 2,101 (up 440 from 1,661 a year ago).

(2) Overview of Financial Position

(Assets)

At the end of the current first quarter, total assets decreased by 585 million yen from the end of the previous fiscal year to 29,124 million yen. Current assets decreased by 546 million yen to 23,734 million yen, mainly due to a 1,468 million yen decrease in cash and deposits, while fixed assets decreased by 39 million yen to 5,389 million yen due to a 33 million yen decrease in long-term prepaid expenses.

(Liabilities)

Total liabilities decreased by 697 million yen from the end of the previous fiscal year to 20,065 million yen. Current liabilities decreased by 321 million yen to 14,899 million yen, mainly due to a 408 million yen decrease in accrued consumption taxes, while long-term liabilities decreased by 376 million yen to 5,165 million yen mainly due to a 439 million yen decrease in long-term loans payable.

(Net assets)

Net assets amounted to 9,059 million yen, up 112 million yen from the end of the previous fiscal year, mainly due to net profit attributable to owners of the parent of 1,082 million yen and non-controlling interests of 80 million yen, which were partially offset by the recording of purchases of treasury shares amounting to 1,060 million yen. As a result, the shareholders' equity ratio was 30.8% (compared to 30.1% at the end of the previous fiscal year.)

(3) Description of Consolidated Earnings Forecast and Other Forward-looking Information

UT Group's consolidated forecasts for FY3/2019 remain unchanged, as announced on May 10, 2018.

3. Quarterly Consolidated Financial Statements and Significant Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	FY3/2018 (As of March 31, 2018)	1Q of FY3/2019 (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	11,979	10,511
Notes and accounts receivable - trade	11,214	11,965
Raw materials and supplies	1	1
Other	1,134	1,317
Allowance for doubtful accounts	(49)	(62)
Total current assets	24,280	23,734
Non-current assets		
Property, plant and equipment	313	315
Intangible assets		
Goodwill	2,194	2,092
Lease assets	3	2
Software	307	386
Other	130	121
Total intangible assets	2,636	2,604
Investments and other assets		
Investment securities	5	5
Long-term loans receivable	32	28
Long-term prepaid expenses	1,363	1,330
Deferred tax assets	689	695
Other	444	466
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	2,478	2,469
Total non-current assets	5,428	5,389
Deferred assets	1	1
Total assets	29,710	29,124

(Million yen)

	FY3/2018 (As of March 31, 2018)	1Q of FY3/2019 (As of June 30, 2018)
Liabilities		
Current liabilities		
Short-term loans payable	250	250
Current portion of long-term loans payable	1,998	1,909
Accounts payable	1,198	1,156
Accrued expenses	5,449	6,194
Lease obligations	3	2
Income taxes payable	1,223	641
Accrued consumption taxes	2,076	1,668
Provision for bonuses	1,126	542
Provision for directors' bonuses	30	7
Deposits received	1,652	2,348
Other	212	178
Total current liabilities	15,221	14,899
Non-current liabilities		
Long-term loans payable	5,291	4,852
Lease obligations	2	1
Net defined benefit liability	73	76
Other	173	234
Total non-current liabilities	5,541	5,165
Total liabilities	20,762	20,065
Net Assets		
Shareholders' equity		
Capital stock	686	686
Capital surplus	422	422
Retained earnings	7,875	8,957
Treasury shares	(36)	(1,086)
Total shareholders' equity	8,947	8,979
Accumulated other comprehensive income		
Total accumulated other comprehensive income	—	—
Non-controlling interests	—	80
Total net assets	8,947	9,059
Total liabilities and net assets	29,710	29,124

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

(First Quarter on an Accumulated Basis)

(Million yen)

	1Q of FY3/2018 (April 1, 2017 - June 30, 2017)	1Q of FY3/2019 (April 1, 2018 - June 30, 2018)
Net sales	18,282	23,722
Cost of sales	14,793	18,993
Gross profit	3,489	4,728
Selling, general and administrative expenses	2,562	3,075
Operating profit	926	1,653
Non-operating income		
Interest income	0	0
Subsidies for employment adjustment	1	17
Other	5	2
Total non-operating income	6	19
Non-operating expenses		
Interest expenses	12	10
Commission fee	4	7
Other	3	2
Total non-operating expenses	20	20
Ordinary profit	912	1,652
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Total extraordinary losses	—	—
Net profit before income taxes and other adjustments	912	1,652
Income taxes	328	563
Net profit	584	1,088
Net profit attributable to non-controlling interests	—	6
Net profit attributable to owners of the parent	584	1,082

(Quarterly Consolidated Statements of Comprehensive Income)

(First Quarter on an Accumulated Basis)

(Million yen)

	1Q of FY3/2018 (April 1, 2017 - June 30, 2017)	1Q of FY3/2019 (April 1, 2018 - June 30, 2018)
Net profit	584	1,088
Other comprehensive income		
Total other comprehensive income	—	—
Comprehensive income	584	1,088
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	584	1,082
Comprehensive income attributable to non-controlling interests	—	6

(3) Notes to the Consolidated Financial Statements

(Note on the Assumption of a Going Concern)

Not applicable

(Notes in Case of Significant Change in the Amount of Shareholders' Equity)

1. First quarter of FY3/2018 (from April 1, 2017, to June 30, 2017)

(1) Items concerning dividend

Not applicable

(2) Significant change in the amount of shareholders' equity

UT Group repurchased its own shares as follows, based on the resolution of the Board of Directors' meeting held on May 11, 2017, as UT Group aims at raising its share value, improving a balance between future growth and investment, and executing efficient capital policy through higher capital efficiency and an improved demand/supply balance of shares in the stock market

Acquisition of own shares

- Period of acquisition: From May 12, 2017 to June 8, 2017
- Number of shares acquired: 359,500 shares of common stock
- Amount of acquisition: 609 million yen
- Method of acquisition: Orders through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) and purchase in the open market via the trust method in the JASDAQ market of the Tokyo Stock Exchange

2. Current first quarter of FY3/2019 (from April 1, 2018, to June 30, 2018)

(1) Items concerning dividend

Not applicable

(2) Significant change in the amount of shareholders' equity

UT Group repurchased its own shares as follows, based on the resolution of the Board of Directors' meeting held on May 10, 2018, as UT Group aims at raising its share value, improving a balance between future growth and investment, and executing efficient capital policy through higher capital efficiency and an improved demand/supply balance of shares in the stock market

Acquisition of own shares

- Period of acquisition: From May 11, 2018 to May 21, 2018
- Number of shares acquired: 293,300 shares of common stock
- Amount of acquisition: 1,060 million yen
- Method of acquisition: Purchase in the open market via the trust method in the JASDAQ market of the Tokyo Stock Exchange

(Use of Particular accounting procedures in preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by multiplying net pre-tax profits for the quarter by the estimated effective tax rate. Note that the "estimated effective tax rate" is a reasonable estimation of the effective tax rate after tax effect accounting has been applied to pre-tax net profits for the consolidated fiscal year, including the current quarter.

Note that in the absence of any significant rationality for calculating tax expenses using an estimated effective tax rate, the expenses should be calculated by using the statutory effective tax rate.

(Segment Information, etc.)

[Segment Information]

I First quarter of FY3/2018 (from April 1, 2017, to June 30, 2017)

1. Sales and profit (loss) by segment

(Million yen)

	Reportable Business Segments				Adjustment amount[1]	Amounts on the consolidated statements[2]
	Manufacturing Business	Solution Business	Engineering Business	Total		
Sales						
Sales to clients	13,538	2,365	2,378	18,282	—	18,282
Inter-segment sales or transfers	20	0	—	20	(20)	—
Total	13,559	2,365	2,378	18,303	(20)	18,282
Segment profit (loss)	849	192	(94)	946	(20)	926

Notes: (1) Adjustment to segment profit (loss) of -20 million is elimination of inter-segment transactions.

(2) Segment profit (loss) is adjusted to correspond to operating profit in the consolidated statements of income.

2. Impaired loss on fixed assets or goodwill by segment

(Significant change in goodwill)

In the current first quarter, the Engineering Business Segment recorded a 555 million yen increase in goodwill, due to a purchase of shares of Lei Hau'oli Co., Ltd. and its inclusion in the scope of consolidation on April 28, 2017.

II First quarter of FY3/2019 (from April 1, 2018, to June 30, 2018)

1. Sales and profit by segment

(Million yen)

	Reportable Business Segments				Adjustment amount[1]	Amounts on the consolidated statements[2]
	Manufacturing Business	Solution Business	Engineering Business	Total		
Sales						
Sales to clients	17,688	2,705	3,328	23,722	—	23,722
Inter-segment sales or transfers	26	0	—	26	(26)	—
Total	17,714	2,706	3,328	23,748	(26)	23,722
Segment profit	1,250	150	271	1,672	(19)	1,653

Notes: (1) Adjustment to segment profit of -19 million is elimination of inter-segment transactions.
(2) Segment profit is adjusted to correspond to operating profit in the consolidated statements of income.

2. Impaired loss on fixed assets or goodwill by segment

Not applicable