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

May 9, 2019

Listed company name: UT Group Co., Ltd. Stock Exchange Listing: Tokyo
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Scheduled date of ordinary general meeting of shareholders: June 22, 2019
Scheduled date of filing securities report: June 24, 2019
Schedule date of cash dividend payment: June 24, 2019
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 FY3/2019 (April 1, 2018 – March 31, 2019)

(1) Consolidated Earnings Results

(Percentages represent year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/2019	101,103	23.7	8,083	55.5	8,166	56.4	4,968	40.6
FY3/2018	81,751	42.0	5,197	52.2	5,222	56.3	3,534	73.9

(Note) Comprehensive income: FY3/2019 5,000 million yen (41.6%); FY3/2018 3,532 million yen (66.3%)

	Net profit per share	Net profit per share, diluted	Net profit to equity	Ordinary profit to total assets	Operating profit to sales
	Yen	Yen	%	%	%
FY3/2019	123.07	--	45.5	25.8	8.0
FY3/2018	91.19	87.12	48.6	19.8	6.4

(Reference) Equity income of equity-method affiliates: FY3/2019 - million yen; FY3/2018 - million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/2019	33,720	12,996	38.2	319.26
FY3/2018	29,710	8,947	30.1	220.45

(Reference) Equity capital: FY3/2019 12,886 million yen; FY3/2018 8,947 million yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents, end of the period
	Million yen	Million yen	Million yen	Million yen
FY3/2019	6,864	(669)	(3,184)	14,990
FY3/2018	4,942	(975)	(519)	11,979

2. Cash Dividends

	Dividend per share					Total amount of	Payout ratio	Dividends to net
(Record date)	1Q-end	2Q-end	3Q-end	FY-end	Total	dividends (annual)	(consol.)	assets(consol.)
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/2018	0.00	0.00	0.00	0.00	0.00	—	—	—
FY3/2019	0.00	0.00	0.00	61.93	61.93	2,499	50.3	22.9
FY3/2020Plan)	—	—	—	—	—		—	

(Note) Breakdown of the year-end dividend for FY3/2019: ordinary dividend 36.93yen special dividend 25.00 yen

3. Consolidated Forecasts for FY3/2020 (April 1, 2019 – March 31, 2020)

(% indicates year-over-year change)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	120,000	18.7	10,000	23.7	9,900	21.2	6,200	24.8	153.61

* Notes

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

(2) 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

(3) Number of outstanding shares (common stock)

(a) Number of shares outstanding at the end of the period (including treasury shares):
As of Mar. 31, 2019 40,363,067 As of Mar. 31, 2018 40,656,400
(b) Number of treasury shares at the end of the period:
As of Mar. 31, 2019 61 As of Mar. 31, 2018 67,133
(c) Average number of shares outstanding during the period:
FY3/2019 40,370,196 FY3/ 2018 38,761,791

(Reference) Summary of the Non-Consolidated Results

Non-Consolidated Results for FY3/2019 (April 1, 2018 – March 31, 2019)

(1) Non-consolidated results of operation (Percentages represent year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/2019	8,395	45.4	4,020	108.0	3,987	108.6	3,321	121.9
FY3/2018	5,773	50.3	1,933	136.9	1,911	173.3	1,496	178.7

	Net profit per share	Net profit per share, diluted
	Yen	Yen
FY3/2019	82.28	—
FY3/2018	38.61	36.89

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/2019	14,569	5,737	39.4	142.14
FY3/2018	13,915	3,440	24.7	84.77

(Reference) Equity capital: FY3/2019 5,737 million yen; FY3/2018 3,440 million yen

* 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 this material are based on certain assumptions judged to be valid and information currently available to the Company. Actual performance may differ significantly from these forecasts for a number of risks and uncertain factors that are related to future economic conditions, market fluctuations, and other reasons.

Attachments

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1. Qualitative Information on Financial Results

(1) Overview of Results of Operations for Current Fiscal Year

During FY3/2019 (from April 1, 2018 to March 31, 2019), the overall Japanese economy remained on a modest recovery path, partly due to the impact of the diverse economic measures by the government. However, the outlook remained uncertain due to the destabilization of international situations that stemmed from intensified US-China trade tension and other developments.

In terms of the environment surrounding UT Group, the automotive industry, which had been more reluctant to use dispatched workers, began full use of these workers. This was mainly due to labor shortage in the overall manufacturing industry, rising jobs-to-applicants ratio that exceeded the ratio in the bubble period, and the need to start converting fixed-term employees to indefinite-term status under the Revised Labor Contract Act, which began in April 2018. Demand for large numbers of workers also increased, and heightened awareness of protecting the rights of workers and other compliance issues caused major manufacturing companies to be more selective about the dispatch companies they use.

In such an environment, UT Group, backed by its nationwide hiring base, increased the probability of placing workers through “committed orders” which involve committing to dates of assignment and numbers of personnel to meet large-scale corporate HR needs. UT Group also sought to strengthen relations with major corporate groups by offering comprehensive HR services to them. At the same time, the Group raised the administrative efficiency by increasing its share within the client plant, in order to improve profitability.

As a result, in the fiscal year under review, UT Group recorded net sales of 101,103 million yen (up 23.7% from 81,751 million yen in the previous fiscal year), operating profit of 8,083 million yen (up 55.5% from 5,197 million yen), ordinary profit of 8,166 million yen (up 56.4% from 5,222 million yen), and profit attributable to owners of the parent of 4,968 million yen (up 40.6% from 3,534 million yen). The number of technical employees was 20,583 (up 2,014 from 18,569 a year ago).

Segment results were as follows.

(Manufacturing Business)

In the Manufacturing Business, the UT Group, which is one of Japan’s largest dispatch and outsourcing service providers with a strong track record of placing personnel, continued to receive stable 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 fiscal year under review, the segment recorded net sales of 75,042 million yen (up 23.2% from 60,911 million yen in the previous fiscal year) and segment profit of 6,213 million yen (up 43.7% from 4,324 million yen), while the number of technical employees was 15,648 (up 867 from 14,781 a year ago).

(Solution Business)

In the Solution Business, the Group further strengthened relationships with major manufacturers mainly through the

proposal of comprehensive HR services and increased the number of technical employees including those transferred from other segments.
As a result, the segment recorded net sales of 12,175 million yen (up 18.5% from 10,274 million yen in the previous fiscal year), segment profit of 918 million yen (up 27.4% from 721 million yen), and the number of technical employees of 2,644 (up 636 from 2,008 a year ago).

(Engineering Business)

In the Engineering Business, in order to address the chronic shortage of engineers in the industrial sector, the segment expanded the number of technical employees through new recruitment and UT Group's One UT system, which resulted in a significant growth in net sales. 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 fiscal year under review, the segment recorded net sales of 14,051 million yen (up 31.9% from 10,655 million yen in the previous fiscal year) and segment profit of 1,074 million yen (up 350.3% from 238 million yen), while the number of technical employees was 2,291 (up 511 from 1,780 a year ago).

(2) Overview of Financial Position for Current Fiscal Year

(Assets)

Current assets as of the end of the current fiscal year increased by 4,473 million yen from the end of the previous year, to 28,753 million yen. This was mainly due to a 3,010 million yen increase in cash and deposits and a 1,215 million yen increase in notes and accounts receivable-trade. Non-current assets decreased by 461 million yen to 4,966 million yen due to a 783 million yen decrease in goodwill, which exceeded increases of 214 million yen in software and 111 million yen in deferred tax assets.
As a result, total assets increased by 4,009 million yen from the end of the previous fiscal year, to 33,720 million yen.

(Liabilities)

Current liabilities as of the end of the current fiscal year increased by 1,686 million yen from the end of the previous fiscal year, to 16,907 million yen. This was mainly due to a 1,089 million yen increase in deposits received and a 781 million yen increase in accrued expenses. Non-current liabilities amounted to 3,815 million yen, down 1,725 million yen, mainly due to a decrease of 1,609 million yen in long-term loans payable.
In sum, total liabilities were 20,723 million yen, down 39 million yen from the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the current fiscal year were 12,996 million yen, up 4,049 million yen from the end of the previous fiscal year. This reflects the recording of profit attributable to owners of parent of 4,968 million yen and profit attributable to non-controlling interests of 110 million yen, which more than offset the recording of purchases and cancellation of treasury shares amounting to 1,060 million yen.
As a result, the equity ratio was 38.2%, compared to 30.1% at the end of the previous fiscal year.

(3) Overview of Cash Flows for Current Fiscal Year

Cash and cash equivalents at the end of the current fiscal year were 14,990 million yen (up 3,010 million yen from the previous fiscal year).

The cash flow conditions for the current fiscal year and reasons for increases or decreases are explained below.

(Cash flow from operating activities)

Cash flow provided by operating activities amounted to 6,864 million yen (compared to 4,942 million provided in the previous fiscal year). This was mainly attributable to the recording of net profit before income taxes and other adjustments of 7,718 million yen, 406 million yen in goodwill depreciation, a 378 million yen in impairment loss, a 761 million yen increase in accrued expenses and a 1,088 million yen increase in deposits received, despite a 1,087 million yen increase in notes and accounts receivable - trade and 2,736 million yen in income taxes paid.

(Cash flow from investing activities)

Cash flow used in investing activities was 669 million yen (compared to 975 million yen used in the previous fiscal year), mainly due to 72 million yen in payments for purchase of property, plant and equipment, 471 million yen in payments for purchase of intangible assets, and 88 million yen in increase in net guarantee deposits.

(Cash flow from financing activities)

Cash flow used in financing activities totaled 3,184 million yen (compared to 519 million yen used in the previous fiscal year), mainly due to 1,998 million yen in repayments of long-term loans payable, 150 million yen in payment of redemption of bonds, and 1,076 million yen in payments of purchase of treasury shares.

(Reference) Cash flow information

	FY3/2019
Equity ratio (%)	38.2
Equity ratio, at market value (%)	303.6
Ratio of interest-bearing debts to cash flow (%)	80.8
Interest coverage ratio (times)	172.1

Equity ratio: Shareholders' equity / Total assets

Equity ratio, at market value: Market capitalization / Total assets

Ratio of interest-bearing debts to cash flow: Interest-bearing debts / Cash flow

Interest coverage ratio: Cash flow / Interests paid

(Notes)

1) All indicators above are calculated using the consolidated results.

2) Total market capitalization is calculated using the number of outstanding shares less treasury shares.

3) The cash flow stated above uses cash flow from operating activities.

4) Interest-bearing debts cover all debt on the consolidated balance sheet for which interest is paid.

(4) Outlook for Next Fiscal Year

In terms of the outlook for the next fiscal year, in addition to the impact of revised laws such as the Revised Worker Dispatching Act and Revised Labor Contracts Act, difficulties in hiring, caused by the high jobs-to-applicants ratio, and changing corporate needs (particularly need for large numbers of personnel and adherence to high compliance standards) are expected to make manufacturing companies more selective of dispatching companies. As a result, the dispatching industry's consolidation is expected to continue.

Regarding demand for human resources, stagnant personnel demand is temporarily expected by some clients in the semiconductor and electronics component industry, due to curbing in capital expenditures and reduction in production output, that are likely to stem from China's economic slowdown, partly driven by US-China trade frictions. However, personnel demand is expected to remain high in other industries. In particular, the automotive industry is projected to continue a shift from direct hiring of seasonal workers to use of dispatched workers.

In this environment, UT Group will implement the following measures with the aim of being the manufacturing HR services company of choice for both workers and companies.

In order to meet companies' demand for personnel and job applicants' desire to work locally, UT Group will further enhance its hiring capacity and also its marketing strength in order to secure good workplaces nationwide. In addition, we give added emphasis to several measures. One, we will actively work to identify structural reform demand among the large-scale manufacturing companies that are the group's major clients. Two, we will also provide in-house solutions that include both accepting transfers of client company's regular workers to the UT Group and turnkey manufacturing contracts. Three, we will aggressively seek to develop new fields, such as seconding or representing overseas personnel by using the Technical Intern Training Act.

UT Group will also augment its career platform in order to support employees' career development and further enhance its initiatives to increase the motivation and added value of workers through the One UT intra-group career change system. This system converts manufacturing operators into engineers doing design and development work. In addition, greater use will be made of the Next UT system for transferring employees to client companies.

With consideration given to the effects of the above special conditions and measures, UT Group forecasts sales of 120,000 million yen (up 18.7% from the previous fiscal year), operating profit of 10,000 million yen (up 23.7%), ordinary profit of 9,900 million yen (up 21.2%), and net profit attributable to owners of the parent of 6,200 million yen (up 24.8%) for FY3/2020.

*The above forecasts are based on information available as of the date this summary was published. Various factors could cause the actual results to differ from these projections.

(5) Basic Policy Regarding Allocation of Profits and Dividends for Current and Next Fiscal Years

UT Group regards consistently returning profits to shareholders as an important management issue. We are committed to achieving a total return ratio of 30% or more. (This ratio represents the proportion of shareholder return in net profit, and is calculated by dividing the sum of dividends paid and share buybacks by net profit).

We have decided to determine the return to shareholders based on the PEG ratio*. The proportion of dividends and the amount of share buybacks is determined by the level of UT Group's stock price.

In addition, in the current fiscal year ended March 31, 2019 (FY3/2019), the number of technical employees exceeded 20,000, which is the largest workforce in the manufacturing outsourcing industry, and we also achieved record-high net sales of 101,100 million yen and operating profit of 8,000 million yen. Moreover, we celebrated the 25th year on April 14, 2019. We consequently decided to pay a special dividend of 25 yen per share in order to express appreciation to our shareholders. Combined with ordinary dividend of 36.93 per share, we will pay a total dividend of 61.93 yen per share as shareholder return in the current fiscal year.

For the next fiscal year ending March 31, 2020 (FY3/2020), we intend to aggressively promote M&A activities, pursuing not only for internal growth but also for outside growth opportunities. At the same time, we will try to maintain stable financial operation by holding sufficient internal reserves and avoiding the debt ratio to be too high. By taking these measures, we aim at sustainable stable growth, while retaining sound financial conditions.

Regarding the shareholder return in FY3/2020, with due consideration to operating performance and the trend in the stock market, we plan to combine dividend payments and share buybacks and achieve a total return ratio of 30% or more, in accordance with our basic policy stated above.

* Basic policy on shareholder return is as follows:
We compare the PER* with the EPS growth rate.

(1) A PEG ratio* of less than one is considered to indicate that the stock price is undervalued. We will therefore buy back shares as a basic policy.

(2) A PEG ratio of 1 to 2 times is considered to indicate that the stock price is undervalued but we will make a comprehensive judgment from both aspects: share buyback and dividend payment.

(3) A PEG ratio of over 2 times is considered to indicate that the stock price is fully valued by the market. We will therefore pay dividends as a basic policy.

Based on the above policy, we make a comprehensive judgment on the shareholder return policy, with due consideration to achieving a balance with investment and other factors.

- PER (Price Earnings Ratio) = Stock price / Estimated net profit per share (EPS forecast)
- PEG Ratio (Price Earnings Growth Ratio) = PER / annual EPS growth rate

2. Basic Policy on Selection of Accounting Standard

UT Group adopts the Japanese Accounting Standards in order to facilitate comparison with our competitors in Japan.

3. Quarterly Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Million yen)

	End of FY3/2018 (As of March 31, 2018)	End of FY3/2019 (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	11,979	14,990
Notes and accounts receivable - trade	11,214	12,429
Raw materials and supplies	1	1
Other	1,134	1,394
Allowance for doubtful accounts	(49)	(62)
Total current assets	24,280	28,753
Non-current assets		
Property, plant and equipment		
Buildings and structures	316	335
Accumulated depreciation	(61)	(87)
Buildings and structures, net	254	247
Other	115	165
Accumulated depreciation	(56)	(89)
Other, net	58	76
Total property, plant and equipment	313	324
Intangible assets		
Goodwill	2,194	1,410
Lease assets	3	0
Software	307	522
Other	130	173
Total intangible assets	2,636	2,107
Investments and other assets		
Investment securities	5	5
Long-term loans receivable	32	39
Long-term prepaid expenses	1,363	1,229
Deferred tax assets	689	801
Other	444	515
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	2,478	2,535
Total non-current assets	5,428	4,966
Deferred assets		
Corporate bond issuance expenses	1	—
Total deferred assets	1	—
Total assets	29,710	33,720

(Million yen)

	End of FY3/2018 (As of March 31, 2018)	End of FY3/2019 (As of March 31, 2019)
Liabilities		
Current liabilities		
Short-term loans payable	250	250
Current portion of long-term loans payable	1,998	1,609
Accounts payable	1,198	840
Accrued expenses	5,449	6,231
Lease obligations	3	0
Income taxes payable	1,223	1,407
Accrued consumption taxes	2,076	2,345
Provision for bonuses	1,126	1,330
Provision for directors' bonuses	30	90
Deposits received	1,652	2,741
Other	212	59
Total current liabilities	15,221	16,907
Non-current liabilities		
Long-term loans payable	5,291	3,682
Lease obligations	2	1
Net defined benefit liability	73	94
Other	173	38
Total non-current liabilities	5,541	3,815
Total liabilities	20,762	20,723
Net Assets		
Shareholders' equity		
Capital stock	686	686
Capital surplus	422	422
Retained earnings	7,875	11,781
Treasury shares	(36)	(0)
Total shareholders' equity	8,947	12,890
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	—	(4)
Total accumulated other comprehensive income	—	(4)
Non-controlling interests	—	110
Total net assets	8,947	12,996
Total liabilities and net assets	29,710	33,720

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

(Million yen)

	FY3/2018 (April 1, 2017 - March 31, 2018)	FY3/2019 (April 1, 2018 - March 31, 2019)
Net sales	81,751	101,103
Cost of sales	65,741	80,364
Gross profit	16,010	20,738
Selling, general and administrative expenses		
Compensation for directors	270	260
Salaries and bonus	3,050	3,655
Provision of reserve for bonus	762	936
Provision of reserve for directors' bonus	30	90
Welfare expenses	781	853
Expenses for hiring activities	2,609	2,839
Depreciation	118	195
Commission paid	796	1,166
Goodwill amortization	397	406
Other	1,996	2,250
Total selling, general and administrative expenses	10,813	12,655
Operating profit	5,197	8,083
Non-operating income		
Interest income	0	1
Subsidies for employment adjustment	52	86
Tax exemption gains for consumption tax, etc.	8	24
Other	39	28
Total non-operating income	101	141
Non-operating expenses		
Interest expenses	48	40
Commission fee	13	10
Other	13	7
Total non-operating expenses	75	58
Ordinary profit	5,222	8,166
Extraordinary income		
Gain from reversal of special account concerning business combination	169	—
Total extraordinary income	169	—
Extraordinary losses		
Loss on disposal of non-current assets	6	29
Impairment loss	—	378
Loss on disaster	—	12

Other	—	28
Total extraordinary losses	6	448
Net profit before income taxes and other adjustments	5,385	7,718
Income taxes	1,745	2,816
Adjustment for income taxes	105	(103)
Total income taxes	1,851	2,712
Net profit	3,534	5,005
Net profit attributable to non-controlling interests	—	36
Net profit attributable to owners of the parent	3,534	4,968

(Consolidated Statements of Comprehensive Income)

(Million yen)

	FY3/2018 (April 1, 2017 - March 31, 2018)	FY3/2019 (April 1, 2018 - March 31, 2019)
Profit	3,534	5,005
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	—
Remeasurements of defined benefit plans	—	(4)
Total other comprehensive income	(1)	(4)
Comprehensive income	3,532	5,000
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	3,532	4,963
Comprehensive income attributable to non-controlling interests	—	36

(3) Consolidated Statements of Changes in Shareholders' Equity

FY3/2018 (from April 1, 2017 to March 31, 2018)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	500	236	4,938	(68)	5,605
Changes of items during the period					
Issuance of new shares (exercise of subscription rights to shares	186	186			373
Net profit attributable to owners of the parent			3,534		3,534
Purchase of treasury shares				(609)	(609)
Cancellation of treasury shares			(609)	609	—
Disposal of treasury shares				32	32
Change of scope of consolidation			11		11
Net changes of items other than shareholders' equity					
Total changes of items during the period	186	186	2,936	32	3,342
Balance at end of the period	686	422	7,875	(36)	8,947

	Accumulated other comprehensive income			Right to subscribe for new shares	Minority interests	Total net assets
	Net unrealized gains on other investment securities	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year in review	1	—	1	128	—	5,735
Changes during year in review						
Issuance of new shares (exercise of subscription rights to shares						373
Net profit attributable to owners of the parent						3,534
Purchase of treasury shares						(609)
Cancellation of treasury shares						—
Disposal of treasury shares						32
Change of scope of consolidation						11
Net changes in items other than shareholders' equity	(1)	—	(1)	(128)	—	(130)
Total changes during year in review	(1)	—	(1)	(128)	—	3,212
Balance at end of year in review	—	—	—	—	—	8,947

FY3/2019 (from April 1, 2018 to March 31, 2019)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	686	422	7,875	(36)	8,947
Changes of items during the period					
Issuance of new shares (exercise of subscription rights to shares					—
Net profit attributable to owners of the parent			4,968		4,968
Purchase of treasury shares				(1,076)	(1,076)
Cancellation of treasury shares			(1,060)	1,060	—
Disposal of treasury shares			(0)	52	51
Change of scope of consolidation					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	3,906	36	3,943
Balance at end of the period	686	422	11,781	(0)	12,890

	Accumulated other comprehensive income			Right to subscribe for new shares	Minority interests	Total net assets
	Net unrealized gains on other investment securities	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year in review	—	—	—	—	—	8,947
Changes during year in review						
Issuance of new shares (exercise of subscription rights to shares						—
Net profit attributable to owners of the parent						4,968
Purchase of treasury shares						(1,076)
Cancellation of treasury shares						—
Disposal of treasury shares						51
Change of scope of consolidation						—
Net changes in items other than shareholders' equity	—	(4)	(4)	—	110	105
Total changes during year in review	—	(4)	(4)	—	110	4,049
Balance at end of year in review	—	(4)	(4)	—	110	12,996

(4) Consolidated Statements of Cash Flows (Million yen)

	FY3/2018 (April 1, 2017 - March 31, 2018)	FY3/2019 (April 1, 2018 - March 31, 2019)
Cash flow from operating activities		
Net profit before income taxes and other adjustments	5,385	7,718
Depreciation	118	195
Amortization of goodwill	397	406
Commission fee	13	10
Amortization of bond issuance cost	4	1
Increase (decrease) in allowance for doubtful accounts	(59)	12
Increase (decrease) in provision for bonuses	309	150
Increase (decrease) in provision for directors' bonuses	(25)	113
Interest and dividend income	(0)	(1)
Interest expenses	48	40
Loss on retirement of non-current assets	6	29
Impairment loss	—	378
Increase (decrease) in notes and accounts receivable - trade	(2,291)	(1,087)
Decrease (increase) in prepaid expenses	(254)	(196)
Decrease (increase) in inventories	(0)	0
Increase (decrease) in accrued consumption taxes	511	206
Increase (decrease) in accrued expenses	1,475	761
Increase (decrease) in accounts payable	(21)	(459)
Increase (decrease) in deposits received	682	1,088
Other	(21)	270
Subtotal	6,278	9,639
Interest and dividend income received	0	1
Interest expenses paid	(46)	(39)
Income taxes paid	(1,290)	(2,736)
Net cash provided by (used in) operating activities	4,942	6,864
Cash flow from investing activities		
Purchase of property, plant and equipment	(140)	(72)
Purchase of intangible assets	(231)	(471)
Payments for investments for capital	—	(20)
Payments for purchase of subsidiary shares associated with change in scope of consolidation	(471)	(13)
Net decrease (increase) in short-term loans receivable	(13)	(7)
Net decrease (increase) in guarantee deposits	(105)	(88)
Proceeds from maturity of insurance funds	4	6
Other	(19)	(3)
Net cash provided by (used in) investing activities	(975)	(669)

(Million yen)

	FY3/2018 (April 1, 2017 - March 31, 2018)	FY3/2019 (April 1, 2018 - March 31, 2019)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	(3)	—
Proceeds from long-term loans payable	2,200	—
Payments of long-term loans payable	(2,021)	(1,998)
Redemption of bonds	(350)	(150)
Payments of purchase of treasury shares	(609)	(1,076)
Proceeds from sale of treasury shares	32	51
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	245	—
Other	(12)	(10)
Net cash provided by (used in) financing activities	(519)	(3,184)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	3,447	3,010
Cash and cash equivalents at beginning of period	8,470	11,979
Increase in cash and cash equivalents from new consolidation	62	—
Cash and cash equivalents at end of period	11,979	14,990

(5) Notes to the Consolidated Financial Statements

(Note on the Assumption as a Going Concern)

Not applicable

(Segment Information)

1. Outline of reportable business segments

The reportable business segments of the UT Group consist of those for which separate financial information is available within the Group's structural units. Segments are also subject to regular reviews as the Board of Directors determines the allocation of management resources and assesses the business performance.

The UT Group consists of business segments, based on their business domains. There are three reportable segments: Manufacturing Business, Solution Business, and Engineering Business.

The main business of each segment is as follows:

(1) Manufacturing Business: Manufacturing dispatching and subcontracting work; provision of personnel services
(2) Solution Business: Services to assist large manufacturing companies' structural reform, such as to receive workers transferred from client companies
(3) Engineering Business: Dispatching of and subcontracting work by engineers in design and development, IT, construction, and other areas and; provision of personnel services

2. Calculation method for sales, profit or loss, assets, liabilities, and other items by reportable business segment

The accounting method for the reported business segments is the same as the accounting method employed to prepare the consolidated financial statements. Reportable segment income is a figure that is based on operating income. Inter-segment income and transfers are based on the prevailing market price.

3. Sales, profit or loss, assets, liabilities, and other items by reportable business segment

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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	60,822	10,272	10,655	81,751	—	81,751
Inter-segment sales or transfers	88	1	—	89	(89)	—
Total	60,911	10,274	10,655	81,841	(89)	81,751
Segment profit	4,324	721	238	5,283	(86)	5,197

Segment assets	16,665	2,293	5,469	24,427	5,282	29,710
Other items						
Depreciation	88	11	18	118	—	118
Goodwill amortization	219	4	173	397	—	397
Increase in property, plant and equipment, and intangible assets	24	5	579	608	339	948

Notes:

1. The adjusted amounts are as follows:
   (1) Adjustment to segment profit of -86 million yen is inter-segment eliminations.
   (2) Adjustment to assets of 5,282 million yen are mainly corporate assets not allocated to a particular reportable segment.
   (3) The standards for allocation of non-current assets by segment and the standards for allocation of depreciation by segment are different.
   (4) Adjustment to increase in property, plant and equipment, and intangible assets of 339 million yen is mainly increase in property, plant and equipment, and intangible assets not allocated to a particular reportable segment.
2. Segment profit is adjusted to correspond to operating profit in the consolidated statements of income.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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	74,880	12,171	14,051	101,103	—	101,103
Inter-segment sales or transfers	161	3	0	166	(166)	—
Total	75,042	12,175	14,051	101,269	(166)	101,103
Segment profit	6,213	918	1,074	8,206	(123)	8,083
Segment assets	19,638	2,980	6,571	29,190	4,530	33,720
Other items						
Depreciation	149	19	26	195	—	195
Goodwill amortization	219	6	181	406	—	406
Increase in property, plant and equipment, and intangible assets	67	1	26	95	423	519

Notes:

1. The adjusted amounts are as follows:
   (1) Adjustment to segment profit of -123 million yen is inter-segment eliminations.
   (2) Adjustment to assets of 4,530 million yen are mainly corporate assets not allocated to a particular reportable segment.
   (3) The standards for allocation of non-current assets by segment and the standards for allocation of depreciation by segment are different.
   (4) Adjustment to increase in property, plant and equipment, and intangible assets of 423 million yen is mainly increase in property, plant and equipment, and intangible assets not allocated to a particular reportable segment.
2. Segment profit is adjusted to correspond to operating profit in the consolidated statements of income.

(Per Share Data) (Yen)

	FY3/2018 (April 1, 2017 - March 31, 2018)	FY3/2019 (April 1, 2018 - March 31, 2019)
Net assets per share	220.45	319.26
Net profit per share	91.19	123.07
Net profit per share (diluted)	87.12	—

(Notes)

1. Net profit per share and net profit per share (diluted) are calculated based on the following:

	FY3/2018 (April 1, 2017 - March 31, 2018)	FY3/2019 (April 1, 2018 - March 31, 2019)
(1) Net profit per share		
(Calculation basis)		
Net profit attributable to owners of the parent (million yen)	3,534	4,968
Amount not attributable to common stockholders (million yen)	—	—
Common stock-related profit attributable to owners of the parent (million yen)	3,534	4,968
Average number of common stock during the fiscal year (shares)	38,761,791	40,370,196
(2) Net profit per share (diluted)		
(Calculation basis)		
Net profit attributable to owners of the parent (million yen)	—	—
Increase in common stock (shares)	1,807,629	—
(Stock acquisition rights stock options included in above (shares)	(1,807,629)	(—)

2. Shares that are remained in the trust and are accounted for as treasury shares in shareholders' equity are included in treasury shares, which are excluded from the average number of shares, used in calculating net profit per share. Also, these shares are included in the number of treasury shares, which are excluded from the number of term-end shares, used in calculating net assets per share.

The average numbers of shares, used in calculating net profit per share, are 98,933 shares for FY3/2018 and 29,053 shares for FY3/2019. The number of shares at the end of the period, used in calculating net assets per share, is 67,100 shares for FY3/2018 and none for FY3/2019.

(Subsequent Important Events)

Revision of the Japanese Employee Stock Ownership Plan (J－ESOP)

At a meeting of the Board of Directors held on May 9, 2019, UT Group decided to revise its Japanese Employee Stock Ownership Plan (J－ESOP), one of its benefit programs for employees in or around June 2019.

1. Reason for recording extraordinary loss

The revision of the plan will result in determining the amount of liabilities to all participants of the plan. This amount will therefore be recorded as extraordinary loss.

2. Impact of the revision on the consolidated earnings

In the first quarter of the fiscal year ending March 31, 2020, extraordinary loss of 1,196 million yen is estimated to be recorded.