

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2023
(Six Months Ended September 30, 2022)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: November 14, 2022
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)
 *Individual investors can watch the meeting online

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

1. Consolidated Financial Results for the First Six Months (April 1, 2022 – September 30, 2022) of the Fiscal Year Ending March 31, 2023

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2022	2,260	17.6	18	(74.3)	(23)	-	(18)	-	(48)	-
Six months ended Sep. 30, 2021	1,922	36.2	71	(13.0)	35	(42.0)	43	(44.2)	(53)	-

*EBITDA = Operating profit + Depreciation + Amortization of goodwill

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2022: (49) (-%)
 Six months ended Sep. 30, 2021: (53) (-%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Sep. 30, 2022	(7.02)		-	
Six months ended Sep. 30, 2021	(7.83)		-	

Note: ULURU conducted a 2-for-1 common stock split on October 1, 2021.

Net income per share and diluted net income per share have been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2022.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Sep. 30, 2022	4,346		2,085		48.0	
As of Mar. 31, 2022	4,338		2,128		49.1	

Reference: Shareholders' equity (million yen) As of Sep. 30, 2022: 2,085 As of Mar. 31, 2022: 2,128

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Fiscal year ended Mar. 31, 2022	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2023	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2023 (forecast)	-	-	-	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentages represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4,850	20.4	50	-	(50)	-	(60)	-	(90)	-	(13.09)

Notes: 1. Revisions to the most recently announced consolidated forecast: None

2. There is no first half forecast because ULURU manages performance on a fiscal year basis.

*** Notes**

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

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of period (including treasury shares)

As of Sep. 30, 2022:	6,917,400 shares	As of Mar. 31, 2022:	6,908,000 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2022:	256 shares	As of Mar. 31, 2022:	256 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2022:	6,910,741 shares	Six months ended Sep. 30, 2021:	6,851,022 shares
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Note: ULURU conducted a 2-for-1 common stock split on October 1, 2021. The number of shares issued at the end of period, number of treasury shares at the end of period and average number of shares during the period have been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2022.

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Note concerning forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the ULURU's management at the time the materials were prepared but are not promises by ULURU regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 6 for forecast assumptions and notes of caution for usage.

How to view supplementary information at the financial results meeting

ULURU plans to hold an information meeting for institutional investors and analysts on November 16, 2022. Individual investors can use the internet to view this meeting.

Materials used at this meeting were posted on the ULURU website and TDnet on the same day that results of operations were announced. ULURU plans to post a video and audio file of the information meeting on its website soon after this meeting.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

Japan's working age population is forecast to decrease by about 16 million between 2017 and 2040 according to the 2018 White Paper on Information and Communications in Japan. This outlook points to serious social and economic issues as a labor shortage reduces the size of the economy and makes Japan less competitive in global markets. The ULURU Group has many activities centered on the software-as-a-service (SaaS) model for providing alternative solutions for labor shortages in a broad range of fields.

In April 2022, we announced the new corporate vision of "Solve the labor shortage and enrich people and companies." We are reaffirming our commitment to becoming a "leading company for labor shortage solutions" as we work even harder at taking actions that target these social issues.

In November 2003, we started the Business Process Outsourcing (BPO) business to meet the outsourcing needs of companies with the goal of establishing the standard for employees working at home rather than the workplace. The diversity of our customers' needs increased along with the volume of orders we received. We responded by launching a crowdsourcing business called Shufti in February 2007. Shufti increases the efficiency of the BPO business by facilitating direct matching of the requirements of client companies and the availability of crowdworkers, chiefly housewives, without using the ULURU Group. In addition, we used knowledge acquired from BPO operations and the resources of the crowdsourcing business to start the Crowd Generated Service (CGS) business, which allows the ULURU Group itself to utilize crowdworkers. In September 2008, we started the NJSS (Nyusatsu Joho Sokuho Service) business, an up-to-date and other bid solicitations database service about bids and winning bids for public-sector tenders in Japan. This business currently accounts for the majority of our sales and earnings. In October 2014, we launched en-photo, a photo sales management system for nursery schools and kindergartens. In February 2019, we started the fondesk, a telephone call answering service that uses crowdworkers. To benefit from synergies with en-photo, we made OurPhoto Co., Ltd. a wholly owned subsidiary in December 2020. This company operates a matching service for its members and professional photographers. These operations are the current business portfolio of the ULURU Group.

NJSS, fondesk and en-photo are all SaaS operations, which makes the SaaS category the basis for the growth of the ULURU Group. Japan's SaaS market was 601.6 billion yen in fiscal 2019 and is expected to grow to 1,117.8 billion yen in fiscal 2024 according to "Software Business New Markets 2020" by Fuji Chimera Research Institute, Inc.

The business climate was consistently uncertain during the first half of the fiscal year ending March 2023 because of the pandemic. During this period, the ULURU Group continued to make progress with numerous initiatives for accomplishing the six medium-term goals of the medium-term business plan for the five-year period ending in March 2024 that was announced on May 14, 2019 and revised on May 14, 2021 and May 13, 2022.

During the first half, net sales increased 17.6% year-on-year to 2,260 million yen, EBITDA (Operating profit + Depreciation + Amortization of goodwill) decreased 74.3% to 18 million yen, operating loss was 23 million yen compared with a profit of 35 million yen one year earlier, ordinary loss was 18 million yen compared with a profit of 43 million yen one year earlier, and the loss attributable to owners of parent was 48 million yen compared with a loss of 53 million yen one year earlier. Total annual recurring revenue (ARR) continued to increase and surpassed 3,300 million yen. This is the sum of revenue for NJSS, en-photo and fondesk, which all use a SaaS business model.

Business segment sales were as follows.

(Millions of yen)

Segment	First half of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)		First half of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)		YoY change in net sales (%)
	Net sales	Comp. (%)	Net sales	Comp. (%)	
CGS Business	1,362	70.9	1,682	74.4	23.4
NJSS	958	49.9	1,137	50.3	18.7
fondesk	212	11.1	303	13.4	42.9
Photo	191	10.0	240	10.7	25.6
Others	-	-	-	-	-
BPO Business	545	28.4	562	24.9	3.3
Crowdsourcing Business	14	0.8	14	0.7	3.5
Total	1,922	100.0	2,260	100.0	17.6

1) CGS NJSS

NJSS is the primary SaaS of the CGS business. We have been taking many actions with the goal of achieving consistent sales growth for many years by optimizing average revenue per user (ARPU; average daily sales per user) and the number of customers who have purchased contracts with fees. ARPU was 1,195 yen, about the same as in the first quarter, and these activities raised the number of customers who have purchased contracts by 479 during the first half to 5,183 at the end of September 2022. This growth was the result of a steady increase in the number of new contracts while we held down contract cancellations.

In addition, due to an improvement in customer success, the average churn rate during the past 12 months based on fee-paying contracts was 1.46%, remaining in the 1.4% level since the previous fiscal year, compared with an average of 1.48% for the fiscal year that ended in March 2022. In addition, annual recurring revenue (ARR) continued to grow and reached approximately 2,300 million yen.

Consequently, NJSS sales increased 18.7% to 1,137 million yen, EBITDA was up 10.1% to 407 million yen and segment profit increased 9.4% to 401 million yen.

NJSS KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	467	490	518	520	552	584	-	-
EBITDA (Millions of yen)	191	178	188	145	191	216	-	-
Fee-paying contracts	4,139	4,388	4,480	4,704	4,968	5,183	-	-
ARPU (Yen)	1,226	1,199	1,232	1,213	1,195	1,195	-	-
Churn rate (%)	1.55	1.48	1.46	1.48	1.45	1.46	-	-
LTV (Thousands of yen)	2,153	2,229	2,337	2,220	2,255	2,264	-	-
ARR (Millions of yen)	1,891	1,972	2,048	2,127	2,215	2,312	-	-

Notes: 1. ARPU: Daily sales per fee-paying contracts

2. Churn rate: Ratio of cancellations during a month to the number of fee-paying contracts at the end of the previous month; 12-month averages are shown in this table.

3. LTV: $ARPU \times (1/Churn\ rate) \times Gross\ profit\ margin\ of\ 90\%$

4. ARR: Beginning with the second quarter of the current fiscal year, average recurring revenue has been changed to monthly recurring revenue as of the end of each quarter, including in prior years, multiplied by 12. (In the first quarter and prior years, ARR was calculated by multiplying quarterly subscription sales by four.)

2) CGS fondesk

In the CGS business, the performance of the fondesk SaaS business benefited from the increasing awareness of this service as a method for supporting the digital transformation of back office tasks, which is needed due to the growth of remote work during the pandemic. By successfully targeting the demand for this support, fondesk consistently increased the number of fee-paying contracts. The result was 3,718 contracts at the end of September 2022, 403 more than at the end of March 2022.

The fee structure has been changed from the previous system of charging a 10,000 yen basic monthly fee and 200 yen for every message received after 100 messages. Beginning on July 1, 2022, the 10,000 yen fee is still the same but the 200 yen fee for every message applies to messages received after 50. This revision increased fees based on the volume of activity, resulting in higher ARPU. In addition, due to constant measures to improve products and services, the average monthly churn rate during the past 12 months remained at the 1.6% level, which is the lowest ever in this business.

Sales of fondesk increased 42.9% to 303 million yen, EBITDA increased 117.6% to 7 million yen and the segment profit increased 127.4% to 7 million yen.

fondesk KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	102	110	120	121	136	167	-	-
EBITDA (Millions of yen)	1	2	1	(78)	(4)	11	-	-
Fee-paying contracts	2,552	2,814	3,105	3,315	3,550	3,718	-	-
ARPU (Yen)	13,361	13,074	12,920	12,230	12,840	14,987	-	-
Churn rate (%)	2.5	2.0	1.9	1.6	1.6	1.6	-	-
ARR (Millions of yen)	-	-	481	486	547	668	-	-

- Notes: 1. ARPU: Monthly sales per fee-paying contracts
 2. Churn rate: Ratio of cancellations during a month to the number of fee-paying contracts at the end of the previous month; 12-month averages are shown in this table.
 3. ARR: Sum of subscription sales and recurring sales in each quarter multiplied by four.

3) CGS photo

In the en-photo SaaS business, the pandemic restricted face-to-face sales activities to win new nursery school and kindergarten contracts. Nevertheless, we were able to steadily increase the number of nursery school and kindergarten contracts using telephone calls, e-mails and video conference systems. At the same time, we carried out activities aimed at providing greater convenience for customers and further growth of services. Activities included creating synergies with OurPhoto Co., Ltd. that became a wholly owned subsidiary in December 2020. The company operates the OurPhoto on-site photography matching service.

Operating expenses increased because of measures to strengthen sales activities, develop and improve IT systems, and for other activities. Marketing activities for OurPhoto were another reason for the increase in expenses.

Sales of photo services increased 25.6% to 240 million yen, EBITDA was a loss of 131 million yen compared with an 86 million yen loss one year earlier and the segment loss was 146 million yen compared with a 101 million yen loss one year earlier.

Photo KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	101	90	139	133	126	114	-	-
EBITDA (Millions of yen)	(32)	(54)	(64)	(67)	(56)	(74)	-	-
en-photo: Contracted facilities	3,072	3,207	3,318	3,662	3,757	3,835	-	-
en-photo: Sales per facility (Yen)	27,154	23,517	28,711	32,347	27,097	25,222	-	-
en-photo: ARR (Millions of yen)	-	-	381	473	407	386	-	-
OurPhoto: Number of photos taken	4,022	3,206	9,648	2,760	4,551	3,165	-	-

Note: ARR is the amount of quarterly recurring sales multiplied by four.

4) BPO

In the BPO business, sales increased 3.3% from one year earlier. There were delays in acceptance inspections but inquiries associated with the increasing demand for replacing paper with electronic documents were strong as the use of remote work grew due to the pandemic and the revision of the Electronic Book Storage Act. In the “eas” (Entry Automation System) business, which is a SaaS automation service, activities have started for growth, such as the development of new functions.

In the BPO business, sales increased 3.3% to 562 million yen, EBITDA was down 37.1% to 43 million yen and the segment profit decreased 50.3% to 27 million yen.

BPO KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	247	297	253	282	239	323	-	-
EBITDA (Millions of yen)	18	50	(20)	(1)	(7)	50	-	-

5) Crowdsourcing

The number of crowdworkers registered in the Shufti business was about 450,000 as of the end of September 2022. To enable this business to function as a platform to supply resources to the CGS category, we continued to improve services to increase convenience for customers and for strengthening customer support for the stable operation of Shufti.

In the Crowdsourcing business, sales increased 3.5% to 14 million yen, EBITDA was a loss of 7 million yen compared with a 16 million yen loss one year earlier and the segment loss was 7 million yen compared with a 16 million yen loss one year earlier.

Crowdsourcing KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	7	7	8	7	7	7	-	-
EBITDA (Millions of yen)	(9)	(7)	(5)	(8)	(2)	(4)	-	-

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets increased 8 million yen from the end of the previous fiscal year to 4,346 million yen as of the end of the second quarter. This was mainly due to a decrease of 114 million yen in cash and deposits, and an increase of 122 million yen in investment securities.

Total liabilities increased 51 million yen from the end of the previous fiscal year to 2,261 million yen. This was mainly due to a 242 million yen increase in contract liabilities, a 19 million yen decrease in accounts payable-trade, a 37 million yen increase in income taxes payable, a 186 million yen decrease in other current liabilities and a 20 million yen decrease in long-term borrowings.

Total net assets decreased 42 million yen from the end of the previous fiscal year to 2,085 million yen. This was mainly due to a 48 million yen decrease in retained earnings.

2) Cash flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year was 2,690 million yen, down 114 million yen over the end of the previous fiscal year.

The cash flow components during the first half of the current fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities increased 56.8% to 112 million yen. The main factors include depreciation of 27 million yen, amortization of goodwill of 14 million yen, share-based payment expenses of 16 million yen, a

242 million yen increase in contract liabilities and other payments of 210 million yen.

Cash flows from investing activities

Net cash used in investing activities decreased 41.7% to 206 million yen. The main factors include purchase of property, plant and equipment of 15 million yen, purchase of intangible assets of 64 million yen and purchase of investment securities of 126 million yen.

Cash flows from financing activities

Net cash used in financing activities increased 22.4% to 21 million yen. The main factors include repayments of long-term borrowings of 21 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the fiscal year consolidated forecast that was announced on May 13, 2022 and partially revised on June 24, 2022.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	Second quarter of FY3/23 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	2,805,136	2,690,216
Accounts receivable-trade	255,878	211,504
Work in process	40,621	35,877
Other	197,231	187,710
Allowance for doubtful accounts	(1,723)	(2,117)
Total current assets	3,297,144	3,123,191
Non-current assets		
Property, plant and equipment	140,310	136,732
Intangible assets		
Goodwill	191,881	177,667
Other	52,059	108,930
Total intangible assets	243,940	286,598
Investments and other assets		
Investment securities	321,534	444,179
Other	335,558	356,295
Total investments and other assets	657,092	800,474
Total non-current assets	1,041,343	1,223,805
Total assets	4,338,488	4,346,996
Liabilities		
Current liabilities		
Accounts payable-trade	132,093	112,325
Current portion of long-term borrowings	41,810	40,790
Income taxes payable	30,278	67,377
Contract liabilities	1,193,561	1,436,033
Other	759,383	572,571
Total current liabilities	2,157,127	2,229,098
Non-current liabilities		
Long-term borrowings	38,880	18,740
Other	14,095	13,590
Total non-current liabilities	52,975	32,330
Total liabilities	2,210,102	2,261,428
Net assets		
Shareholders' equity		
Share capital	1,033,456	1,036,616
Capital surplus	1,015,756	1,018,916
Retained earnings	79,107	30,623
Treasury shares	(275)	(275)
Total shareholders' equity	2,128,044	2,085,881
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	341	(314)
Total accumulated other comprehensive income	341	(314)
Total net assets	2,128,385	2,085,567
Total liabilities and net assets	4,338,488	4,346,996

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Net sales	1,922,433	2,260,156
Cost of sales	559,912	622,218
Gross profit	1,362,521	1,637,937
Selling, general and administrative expenses	1,327,051	1,661,260
Operating profit (loss)	35,469	(23,323)
Non-operating income		
Interest income	14	12
Dividend income	-	89
Income from point programs	142	50
Subsidy income	18,082	7,400
Other	237	631
Total non-operating income	18,476	8,184
Non-operating expenses		
Interest expenses	293	185
Loss on investments in investment partnerships	2,725	2,762
Loss on tax purpose reduction entry of non-current assets	7,628	-
Other	83	654
Total non-operating expenses	10,731	3,601
Ordinary profit (loss)	43,214	(18,740)
Profit (loss) before income taxes	43,214	(18,740)
Income taxes-current	84,599	55,340
Income taxes-deferred	12,244	(25,597)
Total income taxes	96,843	29,743
Loss	(53,629)	(48,484)
Loss attributable to owners of parent	(53,629)	(48,484)

Quarterly Consolidated Statement of Comprehensive Income
(For the Six-month Period)

	(Thousands of yen)	
	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Loss	(53,629)	(48,484)
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	(655)
Total other comprehensive income	(5)	(655)
Comprehensive income	(53,634)	(49,139)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(53,634)	(49,139)

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	43,214	(18,740)
Depreciation	21,622	27,441
Amortization of goodwill	14,213	14,213
Share-based payment expenses	19,678	16,286
Loss on tax purpose reduction entry of non-current assets	7,628	-
Loss (gain) on investments in investment partnerships	2,725	2,762
Increase (decrease) in allowance for doubtful accounts	1,320	394
Subsidy income	(18,082)	(7,400)
Interest and dividend income	(14)	(102)
Interest expenses	293	185
Decrease (increase) in trade receivables	41,140	44,373
Decrease (increase) in inventories	(14,474)	4,743
Increase (decrease) in trade payables	(25,984)	(19,767)
Increase (decrease) in advances received	209,012	-
Increase (decrease) in contract liabilities	-	242,471
Other, net	(140,865)	(210,626)
Subtotal	161,428	96,235
Interest and dividends received	14	102
Subsidies received	18,082	7,400
Interest paid	(293)	(185)
Income taxes paid	(107,468)	(19,007)
Income taxes refund	-	27,959
Net cash provided by (used in) operating activities	71,762	112,503
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,500)	(15,605)
Purchase of intangible assets	(14,799)	(64,138)
Purchase of investment securities	(318,006)	(126,411)
Other, net	782	100
Net cash provided by (used in) investing activities	(353,524)	(206,055)
Cash flows from financing activities		
Repayments of long-term borrowings	(21,160)	(21,160)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	4,425	535
Repayments of lease liabilities	(725)	(743)
Net cash provided by (used in) financing activities	(17,460)	(21,368)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(299,222)	(114,920)
Cash and cash equivalents at beginning of period	3,291,810	2,805,136
Cash and cash equivalents at end of period	2,992,588	2,690,216

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Application of the Guidance on Accounting Standard for Measurement of Fair Value

ULURU has applied the Guidance on Accounting Standard for Measurement of Fair Value (ASBJ Statement No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Guidance on Accounting Standard for Measurement of Fair Value prospectively in accordance with the transitional treatment in the Paragraph 27-2 of the Guidance on Accounting Standard for Measurement of Fair Value. There is no effect of the application of these standards on the quarterly consolidated financial statements.

Additional Information

There is no important change in the assumptions about the impact of the COVID-19 pandemic on accounting estimates which was presented in significant accounting estimates in the Annual Securities Report for the previous fiscal year.

Segment and Other Information

I First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)

1. Information related to net sales and profit or loss for reportable segments

(Thousands of yen)

	Reportable segment							Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowd- sourcing	Total		
Net sales									
External sales	958,552	212,678	191,690	-	545,035	14,476	1,922,433	-	1,922,433
Inter-segment sales and transfers	-	-	-	-	695	3,451	4,146	(4,146)	-
Total	958,552	212,678	191,690	-	545,730	17,928	1,926,580	(4,146)	1,922,433
Segment profit (loss)	367,146	3,150	(101,985)	(4,103)	56,064	(16,709)	303,562	(268,093)	35,469

Notes: 1. The negative adjustment of 268,093 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 14,928 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 253,165 thousand yen that are not allocated to any reportable segment.

2. Segment profit (loss) is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

II First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)

1. Information related to net sales and profit or loss for reportable segments

(Thousands of yen)

	Reportable segment							Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowd- sourcing	Total		
Net sales									
External sales	1,137,461	303,926	240,836	-	562,943	14,987	2,260,156	-	2,260,156
Inter-segment sales and transfers	-	-	-	-	-	4,836	4,836	(4,836)	-
Total	1,137,461	303,926	240,836	-	562,943	19,823	2,264,992	(4,836)	2,260,156
Segment profit (loss)	401,486	7,163	(146,622)	(23,079)	27,842	(7,741)	259,048	(282,371)	(23,323)

Notes: 1. The negative adjustment of 282,371 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 191 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 282,179 thousand yen that are not allocated to any reportable segment.

2. Segment profit (loss) is adjusted to be consistent with operating loss in the quarterly consolidated statement of income.

This financial report is solely a translation of ULURU's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.