

**Summary of Consolidated Financial Results**  
**for the Third Quarter of the Fiscal Year Ending March 31, 2023**  
**(Nine Months Ended December 31, 2022)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: February 14, 2023  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the First Nine Months (April 1, 2022 – December 31, 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	%
Nine months ended Dec. 31, 2022	3,509	18.4	112	190.2	45	-	50	-	(11)	-
Nine months ended Dec. 31, 2021	2,963	31.5	38	(72.9)	(17)	-	(19)	-	(108)	-

\*EBITDA = Operating profit + Depreciation + Amortization of goodwill

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2022: (12) (-%)

Nine months ended Dec. 31, 2021: (108) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	(1.72)	-
Nine months ended Dec. 31, 2021	(15.84)	-

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.

Note: Diluted net income per share for the nine months ended December 31, 2022 is not presented because net loss was posted although there were outstanding dilutive shares.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2022	4,397	2,122	48.3
As of Mar. 31, 2022	4,338	2,128	49.1

Reference: Shareholders' equity (million yen) As of Dec. 31, 2022: 2,122 As of Mar. 31, 2022: 2,128

## 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	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)

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

**\* 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 Dec. 31, 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 Dec. 31, 2022:	308 shares	As of Mar. 31, 2022:	256 shares
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3) Average number of shares during the period

Nine months ended Dec. 31, 2022:	6,912,879 shares	Nine months ended Dec. 31, 2021:	6,867,991 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 5 for forecast assumptions and notes of caution for usage.

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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 nine months 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 nine months, net sales increased 18.4% year-on-year to 3,509 million yen, EBITDA (Operating profit + Depreciation + Amortization of goodwill) increased 190.2% to 112 million yen, operating profit was 45 million yen compared with a loss of 17 million yen one year earlier, ordinary profit was 50 million yen compared with a loss of 19 million yen one year earlier, and the loss attributable to owners of parent was 11 million yen compared with a loss of 108 million yen one year earlier. Total annual recurring revenue (ARR) continued to increase and surpassed 3,500 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 nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)		First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)		YoY change in net sales (%)
	Net sales	Comp. (%)	Net sales	Comp. (%)	
CGS Business	2,141	72.3	2,636	75.1	23.1
NJSS	1,477	49.8	1,746	49.7	18.2
fondesk	333	11.2	479	13.7	44.1
Photo	331	11.2	410	11.7	23.9
Others	-	-	-	-	-
BPO Business	799	27.0	851	24.3	6.6
Crowdsourcing Business	22	0.8	21	0.6	(6.8)
Total	2,963	100.0	3,509	100.0	18.4

### 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. These activities raised the number of customers who have purchased contracts by 694 during the first nine months to 5,398 at the end of December 2022. This growth was the result of a steady increase in the number of new contracts while we held down contract cancellations. ARPU was 1,190 yen, about the same as in the first half. We aim to maintain and increase ARPU over the medium to long term through the release of new functions and other activities.

In addition, due to an improvement in customer success, the average churn rate during the past 12 months based on fee-paying contracts was 1.42%, 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 2,400 million yen.

Consequently, NJSS sales increased 18.2% to 1,746 million yen, EBITDA was up 21.0% to 675 million yen and segment profit increased 20.0% to 663 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	608	-
EBITDA (Millions of yen)	191	178	188	145	191	216	268	-
Fee-paying contracts	4,139	4,388	4,480	4,704	4,968	5,183	5,398	-
ARPU (Yen)	1,226	1,199	1,232	1,213	1,195	1,195	1,190	-
Churn rate (%)	1.55	1.48	1.46	1.48	1.45	1.46	1.42	-
LTV (Thousands of yen)	2,153	2,229	2,337	2,220	2,255	2,264	2,318	-
ARR (Millions of yen)	1,891	1,972	2,048	2,127	2,215	2,312	2,374	-

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. Customer lifetime value (LTV):  $\text{ARPU} \times (1/\text{Churn rate}) \times \text{Gross profit margin of 90\%}$

4. ARR: Monthly recurring revenue as of the end of each quarter multiplied by 12.

### 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 3,896 contracts at the end of December 2022, 581 more than at the end of March 2022.

ARPU was 15,056 yen due to the increase in charges resulting from the fee structure revision on July 1, 2022. In

addition, due to constant measures to improve products and services, the average monthly churn rate during the past 12 months was 1.5%, which is the lowest ever in this business.

Sales of fondesk increased 44.1% to 479 million yen, EBITDA increased 741.1% to 42 million yen and the segment profit increased 804.7% to 41 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	175	-
EBITDA (Millions of yen)	1	2	1	(78)	(4)	11	35	-
Fee-paying contracts	2,552	2,814	3,105	3,315	3,550	3,718	3,896	-
ARPU (Yen)	13,361	13,074	12,920	12,230	12,840	14,987	15,056	-
Churn rate (%)	2.5	2.0	1.9	1.6	1.6	1.6	1.5	-
ARR (Millions of yen)	-	-	481	486	547	668	703	-

- 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.

Sales of photo services increased 23.9% to 410 million yen, EBITDA was a loss of 171 million yen compared with a 151 million yen loss one year earlier and the segment loss was 195 million yen compared with a 174 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	170	-
EBITDA (Millions of yen)	(32)	(54)	(64)	(67)	(56)	(74)	(40)	-
en-photo: Contracted facilities	3,072	3,207	3,318	3,662	3,757	3,835	3,942	-
en-photo: Sales per facility (Yen)	27,154	23,517	28,711	32,347	27,097	25,222	28,983	-
en-photo: ARR (Millions of yen)	-	-	381	473	407	386	457	-
OurPhoto: Number of photos taken	4,022	3,206	9,648	2,760	4,551	3,165	9,381	-

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

## 4) BPO

In the BPO business, sales increased 6.6% 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 6.6% to 851 million yen, EBITDA was up 3.1% to 51 million yen and the segment profit decreased 6.2% to 26 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	288	-
EBITDA (Millions of yen)	18	50	(20)	(1)	(7)	50	7	-

## 5) Crowdsourcing

The number of crowdworkers registered in the Shufti business was about 450,000 as of the end of December 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 decreased 6.8% to 21 million yen, EBITDA was a loss of 14 million yen compared with a 21 million yen loss one year earlier and the segment loss was 14 million yen compared with a 22 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	6	-
EBITDA (Millions of yen)	(9)	(7)	(5)	(8)	(2)	(4)	(7)	-

**(2) Explanation of Financial Position**

Total assets increased 58 million yen from the end of the previous fiscal year to 4,397 million yen as of the end of the third quarter. This was mainly due to a decrease of 185 million yen in cash and deposits, increases of 122 million yen in investment securities and 136 million yen in other intangible assets.

Total liabilities increased 64 million yen from the end of the previous fiscal year to 2,274 million yen. This was mainly due to a 195 million yen increase in contract liabilities, a 40 million yen increase in provision for bonuses and a 167 million yen decrease in other current liabilities.

Total net assets decreased 6 million yen from the end of the previous fiscal year to 2,122 million yen. This was due to a 3 million yen increase each in share capital and capital surplus, and a 11 million yen decrease in retained earnings.

**(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)	Third quarter of FY3/23 (As of Dec. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	2,805,136	2,619,375
Accounts receivable-trade	255,878	226,621
Work in process	40,621	46,416
Other	197,231	228,259
Allowance for doubtful accounts	(1,723)	(2,186)
Total current assets	3,297,144	3,118,485
Non-current assets		
Property, plant and equipment	140,310	140,883
Intangible assets		
Goodwill	191,881	170,561
Other	52,059	188,225
Total intangible assets	243,940	358,786
Investments and other assets		
Investment securities	321,534	444,473
Other	335,558	334,426
Total investments and other assets	657,092	778,899
Total non-current assets	1,041,343	1,278,568
Total assets	4,338,488	4,397,054
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	132,093	130,568
Current portion of long-term borrowings	41,810	40,450
Income taxes payable	30,278	60,617
Contract liabilities	1,193,561	1,388,918
Provision for bonuses	-	40,142
Other	759,383	592,332
Total current liabilities	2,157,127	2,253,029
Non-current liabilities		
Long-term borrowings	38,880	8,670
Other	14,095	13,176
Total non-current liabilities	52,975	21,846
Total liabilities	2,210,102	2,274,876
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,033,456	1,036,616
Capital surplus	1,015,756	1,018,916
Retained earnings	79,107	67,185
Treasury shares	(275)	(353)
Total shareholders' equity	2,128,044	2,122,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	341	(186)
Total accumulated other comprehensive income	341	(186)
Total net assets	2,128,385	2,122,178
Total liabilities and net assets	4,338,488	4,397,054



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

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	2,963,714	3,509,966
Cost of sales	878,442	972,020
Gross profit	2,085,271	2,537,945
Selling, general and administrative expenses	2,102,439	2,492,633
Operating profit (loss)	(17,167)	45,312
Non-operating income		
Interest income	16	15
Dividend income	-	89
Income from point programs	191	183
Subsidy income	18,082	7,400
Other	1,521	1,242
Total non-operating income	19,811	8,931
Non-operating expenses		
Interest expenses	416	255
Loss on retirement of non-current assets	848	807
Loss on investments in investment partnerships	12,749	2,762
Loss on tax purpose reduction entry of non-current assets	7,628	-
Share issuance costs	83	76
Total non-operating expenses	21,726	3,901
Ordinary profit (loss)	(19,082)	50,342
Profit (loss) before income taxes	(19,082)	50,342
Income taxes-current	73,411	76,870
Income taxes-deferred	16,294	(14,605)
Total income taxes	89,705	62,265
Loss	(108,788)	(11,922)
Loss attributable to owners of parent	(108,788)	(11,922)

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

	(Thousands of yen)	
	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Loss	(108,788)	(11,922)
Other comprehensive income		
Valuation difference on available-for-sale securities	193	(527)
Total other comprehensive income	193	(527)
Comprehensive income	(108,594)	(12,450)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(108,594)	(12,450)

### **(3) 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 nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 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	1,477,330	333,033	331,519	-	799,022	22,808	2,963,714	-	2,963,714
Inter-segment sales and transfers	-	-	-	-	695	4,115	4,810	(4,810)	-
Total	1,477,330	333,033	331,519	-	799,717	26,924	2,968,524	(4,810)	2,963,714
Segment profit (loss)	553,277	4,638	(174,728)	(14,888)	27,913	(22,030)	374,181	(391,349)	(17,167)

Notes: 1. The negative adjustment of 391,349 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 2,888 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 388,461 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.

II First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 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	1,746,138	479,906	410,901	-	851,764	21,256	3,509,966	-	3,509,966
Inter-segment sales and transfers	-	-	-	-	280	5,663	5,943	(5,943)	-
Total	1,746,138	479,906	410,901	-	852,044	26,920	3,515,910	(5,943)	3,509,966
Segment profit (loss)	663,762	41,962	(195,201)	(37,967)	26,191	(14,953)	483,794	(438,481)	45,312

Notes: 1. The negative adjustment of 438,481 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 4 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 438,477 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.

*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.*