

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

[Japanese GAAP]

Company name: ULURU.CO., LTD.

Listing: Tokyo Stock Exchange

Stock code: 3979

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Scheduled date of Annual General Meeting of Shareholders: June 28, 2023

Scheduled date of payment of dividend: -

Scheduled date of filing of Annual Securities Report: June 29, 2023

Preparation of supplementary materials for financial results: Yes

Holding of 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 Fiscal Year Ended March 31, 2023 (April 1, 2022 – 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	%
Fiscal year ended Mar. 31, 2023	4,862	20.7	105	-	8	-	5	-	(45)	-
Fiscal year ended Mar. 31, 2022	4,029	25.1	(164)	-	(241)	-	(251)	-	(64)	-

*EBITDA = Operating profit + Depreciation + Amortization of goodwill

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2023: (45) (-%)

Fiscal year ended Mar. 31, 2022: (64) (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2023	(6.58)	-	(2.2)	0.1	0.2
Fiscal year ended Mar. 31, 2022	(9.37)	-	(3.0)	(5.9)	(6.0)

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2023: - Fiscal year ended Mar. 31, 2022: -

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 is not presented because net loss was posted although there were outstanding dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	4,621	2,088	45.2	301.98
As of Mar. 31, 2022	4,338	2,128	49.1	308.12

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 2,088 As of Mar. 31, 2022: 2,128

Note: ULURU conducted a 2-for-1 common stock split on October 1, 2021. Net assets per share have been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2022.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2023	328	(695)	(42)	2,396
Fiscal year ended Mar. 31, 2022	(30)	(416)	(39)	2,805

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2022	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -
Fiscal year ended Mar. 31, 2023	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -
Fiscal year ending Mar. 31, 2024 (forecast)	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	6,000	23.4	1,500	-	1,300	-	1,280	-	800	-	115.70

Note: There is no first half forecast.

*** 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

- 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

(3) Number of issued shares (common stock)

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

As of Mar. 31, 2023: 6,917,400 shares As of Mar. 31, 2022: 6,908,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2023: 308 shares As of Mar. 31, 2022: 256 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2023: 6,913,917 shares Fiscal year ended Mar. 31, 2022: 6,876,330 shares

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.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2023	3,536	23.8	149	-	116	-	108	-	75	23.4
Fiscal year ended Mar. 31, 2022	2,857	28.6	(104)	-	(121)	-	(141)	-	61	164.5

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended Mar. 31, 2023	10.90		10.89	
Fiscal year ended Mar. 31, 2022	8.88		8.83	

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) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Mar. 31, 2023	4,302		2,105		48.9		304.38	
As of Mar. 31, 2022	3,982		2,023		50.8		292.98	

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 2,105 As of Mar. 31, 2022: 2,023

Note: ULURU conducted a 2-for-1 common stock split on October 1, 2021. Net assets per share have been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2022.

* The current financial report is not subject to audit 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. Overview of Results of Operations, (4) Outlook" 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 May 17, 2023. 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 fiscal year 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. Overview of Results of Operations

(1) 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. Based on the corporate vision of "Solve the labor shortage and enrich people and companies," the ULURU Group is taking many actions with the goal of becoming a leading company regarding measures to solve issues involving the labor shortage. Business activities, centered on the software-as-a-service (SaaS), target these social problems by providing alternative solutions for labor shortages in a broad range of fields.

In November 2003, we started the Business Process Outsourcing (BPO) business to meet the outsourcing needs of companies by 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 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. In January 2023, we acquired all of the stock of Brainfeed, Inc., which operates the nSearch public-sector contract bidding information service for the purpose of linking this business with the NJSS business. The current business portfolio of the ULURU Group consists of these operations.

NJSS, fondesk, en-photo and nSearch are all SaaS operations, which makes the SaaS category the basis for the growth of the ULURU Group. Japan's SaaS market was 1,089.1 billion yen in fiscal 2022 and is expected to grow to 1,668.1 billion yen in fiscal 2026 according to "Software Business New Markets 2022" by Fuji Chimera Research Institute, Inc.

During the fiscal year that ended in March 2023, net sales increased 20.7% year-on-year to 4,862 million yen, EBITDA (Operating profit + Depreciation + Amortization of goodwill) was 105 million yen compared with a loss of 164 million yen one year earlier, operating profit was 8 million yen compared with a loss of 241 million yen one year earlier, ordinary profit was 5 million yen compared with a loss of 251 million yen one year earlier, and the loss attributable to owners of parent was 45 million yen compared with a loss of 64 million yen one year earlier. Total annual recurring revenue (ARR) increased to about 3,700 million yen. This is the sum of revenue for NJSS, en-photo and fondesk, which all use a SaaS business model.

Differences between results of operations and the initial forecasts announced on May 13, 2022 (partially revised on June 24, 2022) for the fiscal year that ended in March 2023 are as follows.

(Millions of yen)

	FY3/23 (Initial forecasts)	FY3/23 (Results)	Difference using initial forecasts (%)
Net sales	4,850	4,862	0.3
EBITDA	50	105	111.8
Operating profit	(50)	8	-
Ordinary profit	(60)	5	-
Profit attributable to owners of parent	(90)	(45)	-

Business segment sales were as follows.

(Millions of yen)

Segment	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)		FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)		YoY change in net sales (%)
	Net sales	Comp. (%)	Net sales	Comp. (%)	
CGS Business	2,917	72.4	3,618	74.4	24.0
NJSS	1,997	49.6	2,386	49.1	19.5
fondesk	454	11.3	660	13.6	45.2
Photo	465	11.5	572	11.8	23.1
Others	-	-	-	-	-
BPO Business	1,081	26.8	1,216	25.0	12.4
Crowdsourcing Business	30	0.7	27	0.6	(8.8)
Total	4,029	100.0	4,862	100.0	20.7

1) CGS NJSS

NJSS is the primary SaaS of the CGS (Crowd Generated Services) 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 1,018 during the fiscal year to 5,722 at the end of March 2023. This growth was the result of a steady increase in the number of new contracts while we held down contract cancellations. ARPU was 1,164 yen and we aim to maintain and increase ARPU over the medium to long term through the addition 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 1.44%, remaining at the 1.4% level since the previous fiscal year, compared with an average of 1.48% at the end of March 2022. In addition, annual recurring revenue (ARR) continued to grow and reached approximately 2,500 million yen.

Consequently, NJSS sales increased 19.5% to 2,386 million yen, EBITDA was up 33.8% to 940 million yen and segment profit increased 32.3% to 920 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	640
EBITDA (Millions of yen)	191	178	188	145	191	216	268	265
Fee-paying contracts	4,139	4,388	4,480	4,704	4,968	5,183	5,398	5,722
ARPU (Yen)	1,226	1,199	1,232	1,213	1,195	1,195	1,190	1,164
Churn rate (%)	1.55	1.48	1.46	1.48	1.45	1.46	1.42	1.44
LTV (Thousands of yen)	2,153	2,229	2,337	2,220	2,255	2,264	2,318	2,189
ARR (Millions of yen)	1,891	1,972	2,048	2,127	2,215	2,312	2,374	2,471

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

There was an increase in expenses in the fondesk SaaS business because of expenditures for marketing and other activities to generate growth. The performance of fondesk benefited from the increasing awareness of this service as a method for supporting the digital transformation of back office tasks. By successfully targeting the demand for this support, fondesk consistently increased the number of fee-paying contracts. The result was 4,054 contracts at the end of March 2023, 739 more than at the end of March 2022. ARPU was 14,810 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 remained at the 1.5% level, which is the lowest ever in this business.

Sales of fondesk increased 45.2% to 660 million yen, EBITDA was a loss of 30 million yen compared with a 73 million yen loss one year earlier and the segment loss was 31 million yen compared with a 74 million yen loss one year earlier.

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	180
EBITDA (Millions of yen)	1	2	1	(78)	(4)	11	35	(72)
Fee-paying contracts	2,552	2,814	3,105	3,315	3,550	3,718	3,896	4,054
ARPU (Yen)	13,361	13,074	12,920	12,230	12,840	14,987	15,056	14,810
Churn rate (%)	2.5	2.0	1.9	1.6	1.6	1.6	1.5	1.5
ARR (Millions of yen)	-	-	481	486	547	668	703	720

- 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, we were able to steadily increase the number of nursery school and kindergarten contracts, although the pandemic had a negative impact. Annual recurring revenue (ARR) continued to grow and reached approximately 600 million yen. There were activities aimed at providing greater convenience for customers and further growth of services. Activities included creating synergies with OurPhoto Co., Ltd., which operates the OurPhoto on-site photography matching service and has been a consolidated subsidiary since December 2020.

Sales of photo services increased 23.1% to 572 million yen, EBITDA was a loss of 210 million yen compared with a 219 million yen loss one year earlier and the segment loss was 241 million yen compared with a 250 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	161
EBITDA (Millions of yen)	(32)	(54)	(64)	(67)	(56)	(74)	(40)	(38)
en-photo: Contracted facilities	3,072	3,207	3,318	3,662	3,757	3,835	3,942	4,186
en-photo: Sales per facility (Yen)	27,154	23,517	28,711	32,347	27,097	25,222	28,983	34,882
en-photo: ARR (Millions of yen)	-	-	381	473	407	386	457	584
OurPhoto: Number of photos taken	4,022	3,206	9,648	2,760	4,551	3,165	9,381	3,138

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

4) BPO

The performance of this business was strong because of the demand for replacing paper with electronic documents as the use of remote work increased due to the pandemic. During the fiscal year, there were expenditures for growth, such as for marketing activities for the "eas" (Entry Automation System) SaaS automation service. To meet the large volume of demand for the services of this business, the Tokushima No. 3 Center started operating in March 2023. In addition, this business established the Oita Center in Oita prefecture in March 2023 for SaaS support tasks that are performed by people. The primary role of this center is business processes that require complex and extremely difficult procedures.

In the BPO business, sales increased 12.4% to 1,216 million yen, EBITDA was up 30.6% to 62 million yen and the segment profit increased 56.5% to 28 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	364
EBITDA (Millions of yen)	18	50	(20)	(1)	(7)	50	7	11

5) Crowdsourcing

The number of crowdworkers registered in the Shufti business was about 450,000 as of the end of March 2023. 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 8.8% to 27 million yen, EBITDA was a loss of 13 million yen compared with a 30 million yen loss one year earlier and the segment loss was 14 million yen compared with a 30 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	6
EBITDA (Millions of yen)	(9)	(7)	(5)	(8)	(2)	(4)	(7)	0

(2) Financial Position

(Thousands of yen)

	FY3/22	FY3/23	YoY change (%)
Assets	4,338,488	4,621,583	6.5
Liabilities	2,210,102	2,532,755	14.6
Net assets	2,128,385	2,088,827	(1.9)

Total assets increased 283 million yen from the end of the previous fiscal year to 4,621 million yen as of the end of the current fiscal year. This was mainly due to a decrease of 409 million yen in cash and deposits, increases of 242 million yen in goodwill, 151 million yen in software, 127 million yen in investment securities and 41 million yen in deferred tax assets.

Total liabilities increased 322 million yen from the end of the previous fiscal year to 2,532 million yen. This was mainly due to a 34 million yen increase in accounts payable-trade, an 80 million yen decrease in accounts payable-other, a 51 million yen increase in income taxes payable and a 288 million yen increase in contract liabilities.

Total net assets decreased 39 million yen from the end of the previous fiscal year to 2,088 million yen. This was due to a 45 million yen decrease in retained earnings.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year was 2,396 million yen, down 409 million yen over the end of the previous fiscal year. The cash flow components during the current fiscal year and the main reasons for changes are as described below.

(Thousands of yen)

	FY3/22	FY3/23	YoY change (%)
Cash flows from operating activities	(30,696)	(328,863)	-
Cash flows from investing activities	(416,772)	(695,046)	-
Cash flows from financing activities	(39,205)	(42,849)	-

Cash flows from operating activities

Net cash provided by operating activities was 328 million yen (net cash used of 30 million yen in the previous fiscal year). The main factors include depreciation of 68 million yen, amortization of goodwill of 28 million yen and a 282 million yen increase in contract liabilities.

Cash flows from investing activities

Net cash used in investing activities was 695 million yen (net cash used of 416 million yen in the previous fiscal year). The main factors include purchase of property, plant and equipment of 81 million yen, purchase of intangible assets of 205 million yen, purchase of shares of subsidiaries resulting in change in scope of consolidation of 260 million yen and purchase of investment securities of 138 million yen.

Cash flows from financing activities

Net cash used in financing activities was 42 million yen (net cash used of 39 million yen in the previous fiscal year). The main factors include repayments of long-term borrowings of 41 million yen.

(4) Outlook

On May 14, 2019, the ULURU Group announced a medium-term business plan that covers the five-year period ending in March 2024. The goal of the plan is the medium to long-term growth of corporate value rather than pursuing earnings in the short term.

In the plan's final year, which ends in March 2024, we expect sales growth of more than 20% as in the fiscal year ended in March 2023. If we accomplish this growth, sales will be about 6,000 million yen, which is more than the 5,800 million yen target announced on May 14, 2021. We expect EBITDA of 1,500 million yen, which is the same as the target announced in 2021. This earnings forecast is based on the outlook for measures to hold down up-front investments from prior years when there were expenditures for advertising, IT system outsourcing and other activities.

FY3/23 Consolidated Sales and Earnings and FY3/24 Forecasts

(Millions of yen)

	FY3/23 (Results)	FY3/24 (Forecasts)
Net sales	4,862	6,000
EBITDA	105	1,500
Operating profit	8	1,300
Ordinary profit	5	1,280
Profit attributable to owners of parent	(45)	800

These forecasts are based on information available at the time this report was prepared. Actual results may differ for a number of reasons.

We are determined to achieve more growth in the years following the current medium-term business plan. At some point during this fiscal year, we plan to announce a basic stance concerning our medium to long-term goals for after the completion of the current medium-term business plan.

2. Basic Approach to the Selection of Accounting Standards

The ULURU Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with the financial data of our peer companies in Japan.

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

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	2,805,136	2,396,104
Accounts receivable-trade	255,878	343,102
Work in process	40,621	34,536
Other	197,231	161,167
Allowance for doubtful accounts	(1,723)	(3,477)
Total current assets	3,297,144	2,931,434
Non-current assets		
Property, plant and equipment		
Buildings and structures	136,543	189,991
Tools, furniture and fixtures	148,390	178,355
Other	11,021	11,021
Accumulated depreciation	(155,646)	(178,084)
Total property, plant and equipment	140,310	201,283
Intangible assets		
Software	38,331	189,503
Software in progress	12,517	55,426
Goodwill	191,881	434,211
Other	1,210	991
Total intangible assets	243,940	680,133
Investments and other assets		
Investment securities	321,534	448,663
Deferred tax assets	265,938	307,459
Leasehold and guarantee deposits	25,196	30,400
Long-term prepaid expenses	44,324	22,208
Other	100	-
Total investments and other assets	657,092	808,732
Total non-current assets	1,041,343	1,690,149
Total assets	4,338,488	4,621,583

	(Thousands of yen)	
	FY3/22	FY3/23
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	132,093	167,031
Current portion of long-term borrowings	41,810	38,880
Accounts payable-other	314,857	234,023
Accrued expenses	207,523	231,928
Income taxes payable	30,278	81,295
Contract liabilities	1,193,561	1,481,810
Deposits received	203,186	223,783
Other	33,816	61,283
Total current liabilities	2,157,127	2,520,037
Non-current liabilities		
Long-term borrowings	38,880	-
Other	14,095	12,718
Total non-current liabilities	52,975	12,718
Total liabilities	2,210,102	2,532,755
Net assets		
Shareholders' equity		
Share capital	1,033,456	1,036,616
Capital surplus	1,015,756	1,018,916
Retained earnings	79,107	33,600
Treasury shares	(275)	(353)
Total shareholders' equity	2,128,044	2,088,780
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	341	47
Total accumulated other comprehensive income	341	47
Total net assets	2,128,385	2,088,827
Total liabilities and net assets	4,338,488	4,621,583

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

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	4,029,292	4,862,379
Cost of sales	1,189,756	1,368,407
Gross profit	2,839,536	3,493,971
Selling, general and administrative expenses	3,080,985	3,485,112
Operating profit (loss)	(241,449)	8,859
Non-operating income		
Interest income	29	25
Dividend income	83	177
Subsidy income	19,082	7,400
Other	2,091	2,042
Total non-operating income	21,285	9,644
Non-operating expenses		
Interest expenses	529	313
Share issuance costs	83	76
Loss on tax purpose reduction entry of non-current assets	7,628	-
Loss on investments in investment partnerships	22,055	11,331
Other	1,328	807
Total non-operating expenses	31,626	12,527
Ordinary profit (loss)	(251,790)	5,976
Profit (loss) before income taxes	(251,790)	5,976
Income taxes-current	49,273	92,847
Income taxes-deferred	(236,663)	(41,363)
Total income taxes	(187,389)	51,483
Loss	(64,401)	(45,507)
Loss attributable to owners of parent	(64,401)	(45,507)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Loss	(64,401)	(45,507)
Other comprehensive income		
Valuation difference on available-for-sale securities	341	(293)
Total other comprehensive income	341	(293)
Comprehensive income	(64,060)	(45,800)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(64,060)	(45,800)

(3) Consolidated Statement of Changes in Equity

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,031,168	1,013,468	164,077	(275)	2,208,439
Cumulative effects of changes in accounting policies			(20,568)		(20,568)
Restated balance	1,031,168	1,013,468	143,509	(275)	2,187,870
Changes during period					
Issuance of new shares-exercise of share acquisition rights	2,287	2,287			4,575
Issuance of new shares-restricted stock compensation					-
Loss attributable to owners of parent			(64,401)		(64,401)
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	2,287	2,287	(64,401)	-	(59,826)
Balance at end of period	1,033,456	1,015,756	79,107	(275)	2,128,044

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	-	-	2,208,439
Cumulative effects of changes in accounting policies			(20,568)
Restated balance	-	-	2,187,870
Changes during period			
Issuance of new shares-exercise of share acquisition rights			4,575
Issuance of new shares-restricted stock compensation			-
Loss attributable to owners of parent			(64,401)
Purchase of treasury shares			-
Net changes in items other than shareholders' equity	341	341	341
Total changes during period	341	341	(59,485)
Balance at end of period	341	341	2,128,385

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,033,456	1,015,756	79,107	(275)	2,128,044
Cumulative effects of changes in accounting policies					-
Restated balance	1,033,456	1,015,756	79,107	(275)	2,128,044
Changes during period					
Issuance of new shares-exercise of share acquisition rights	267	267			535
Issuance of new shares-restricted stock compensation	2,893	2,893			5,786
Loss attributable to owners of parent			(45,507)		(45,507)
Purchase of treasury shares				(78)	(78)
Net changes in items other than shareholders' equity					
Total changes during period	3,160	3,160	(45,507)	(78)	(39,264)
Balance at end of period	1,036,616	1,018,916	33,600	(353)	2,088,780

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	341	341	2,128,385
Cumulative effects of changes in accounting policies			-
Restated balance	341	341	2,128,385
Changes during period			
Issuance of new shares-exercise of share acquisition rights			535
Issuance of new shares-restricted stock compensation			5,786
Loss attributable to owners of parent			(45,507)
Purchase of treasury shares			(78)
Net changes in items other than shareholders' equity	(293)	(293)	(293)
Total changes during period	(293)	(293)	(39,557)
Balance at end of period	47	47	2,088,827

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(251,790)	5,976
Depreciation	48,742	68,619
Amortization of goodwill	28,426	28,426
Share-based payment expenses	39,356	30,110
Loss on tax purpose reduction entry of non-current assets	7,628	-
Loss (gain) on investments in investment partnerships	22,055	11,331
Increase (decrease) in allowance for doubtful accounts	1,044	1,754
Interest and dividend income	(112)	(202)
Subsidy income	(19,082)	(7,400)
Interest expenses	529	313
Decrease (increase) in trade receivables	(16,547)	(87,212)
Decrease (increase) in inventories	(23,002)	6,085
Increase (decrease) in trade payables	883	34,908
Increase (decrease) in contract liabilities	214,669	282,805
Other, net	63,853	(39,092)
Subtotal	116,657	336,422
Interest and dividends received	112	202
Subsidies received	19,082	7,400
Interest paid	(529)	(313)
Income taxes paid	(166,017)	(42,897)
Income taxes refund	-	28,049
Net cash provided by (used in) operating activities	(30,696)	328,863
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,338)	(81,133)
Purchase of intangible assets	(35,458)	(205,809)
Purchase of investment securities	(345,506)	(138,911)
Proceeds from distributions from investment partnerships	2,941	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(260,629)
Other, net	590	(8,561)
Net cash provided by (used in) investing activities	(416,772)	(695,046)
Cash flows from financing activities		
Repayments of long-term borrowings	(42,320)	(41,810)
Repayments of lease liabilities	(1,460)	(1,495)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	4,575	535
Other, net	-	(78)
Net cash provided by (used in) financing activities	(39,205)	(42,849)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(486,673)	(409,032)
Cash and cash equivalents at beginning of period	3,291,810	2,805,136
Cash and cash equivalents at end of period	2,805,136	2,396,104

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

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 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 consolidated financial statements.

Reclassifications

Notes to Consolidated Statement of Income

“Income from point programs” presented as a separate item in the previous fiscal year, is reclassified and included in “Other” under non-operating income, given the reduced materiality of impact of the amount on the consolidated financial statements. In the current fiscal year, “Income from point programs” totaled 223 thousand yen.

The prior-period consolidated financial statements are restated to conform to the current-period presentation.

Segment and Other Information

Segment information

1. Overview of reportable segments

(1) Method of determining the reportable segments

The reportable segments of the ULURU Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

(2) Products and services of the reportable segments

CGS NJSS is the NJSS service that uses crowdworkers for the provision of up-to-date information about bids and winning bids for public-sector tenders and other bid solicitations.

CGS fondesk is the fondesk telephone call answering service that uses crowdworkers.

CGS photo is the en-photo photo sales management system for nursery schools and kindergartens and the OurPhoto service for matching individuals and professional photographers.

CGS others is the CGS services that do not belong to the NJSS, fondesk or photo segments.

BPO performs a broad spectrum of outsourced business processes for the non-core activities of client companies, primarily involving data entry and data scanning.

Crowdsourcing is the Shufti service that provides a platform for matching the requirements of client companies that want to place orders for specific tasks with suitable crowdworkers.

2. Method of calculating net sales, profit/loss, assets, liabilities and other items for reportable segments

The accounting method used for reportable business segments are generally the same as those described in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.” Segment profit for reportable segments is based on operating profit. Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit/loss, assets, liabilities and other items for reportable segments

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Reportable segment							Adjustment (Notes 1, 2)	Amounts shown on consolidated financial statements (Note 4)
	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowd- sourcing	Total		
Net sales									
External sales	1,997,792	454,669	465,072	-	1,081,690	30,068	4,029,292	-	4,029,292
Inter-segment sales and transfers	-	-	-	-	975	4,852	5,827	(5,827)	-
Total	1,997,792	454,669	465,072	-	1,082,665	34,920	4,035,119	(5,827)	4,029,292
Segment profit (loss)	696,032	(74,019)	(250,396)	(27,522)	17,977	(30,604)	331,467	(572,917)	(241,449)
Other items									
Depreciation	7,246	582	2,683	24	30,042	480	41,058	7,683	48,742
Amortization of goodwill	-	-	28,426	-	-	-	28,426	-	28,426

- Notes: 1. The negative adjustment of 572,917 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 3,043 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 569,873 thousand yen that are not allocated to any reportable segment.
2. The 7,683 thousand yen adjustment to depreciation includes elimination for inter-segment transactions of negative 182 thousand yen and corporate expenses of 7,866 thousand yen that are not allocated to any reportable segment.
3. Segment assets and liabilities are not shown because this information is not provided on a regular basis to the Board of Directors and other high-ranking decision-making bodies and this information is not used for the evaluation of results of operation.
4. Segment profit (loss) is adjusted to be consistent with operating loss in the consolidated statement of income.

FY3/23 (Apr. 1, 2022– Mar. 31, 2023)

(Thousands of yen)

	Reportable segment							Adjustment (Notes 1, 2)	Amounts shown on consolidated financial statements (Note 4)
	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowd- sourcing	Total		
Net sales									
External sales	2,386,369	660,035	572,539	-	1,216,020	27,415	4,862,379	-	4,862,379
Inter-segment sales and transfers	-	-	-	-	420	14,913	15,333	(15,333)	-
Total	2,386,369	660,035	572,539	-	1,216,440	42,329	4,877,713	(15,333)	4,862,379
Segment profit (loss)	920,757	(31,014)	(241,967)	(51,228)	28,136	(14,370)	610,313	(601,453)	8,859
Other items									
Depreciation	20,143	836	3,118	88	34,561	377	59,126	9,493	68,619
Amortization of goodwill	-	-	28,426	-	-	-	28,426	-	28,426

- Notes: 1. The negative adjustment of 601,453 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 368 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 601,084 thousand yen that are not allocated to any reportable segment.
2. The 9,493 thousand yen adjustment to depreciation includes corporate expenses of 9,493 thousand yen that are not allocated to any reportable segment.
3. Segment assets and liabilities are not shown because this information is not provided on a regular basis to the Board of Directors and other high-ranking decision-making bodies and this information is not used for the evaluation of results of operation.
4. Segment profit (loss) is adjusted to be consistent with operating profit in the consolidated statement of income.

Information related to goodwill amortization and the unamortized balance for reportable segments

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowdsourcing	Total
Amortization for the period	-	-	28,426	-	-	-	28,426
Balance at end of period	-	-	191,881	-	-	-	191,881

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowdsourcing	Total
Amortization for the period	-	-	28,426	-	-	-	28,426
Balance at end of period	270,757	-	163,454	-	-	-	434,211

Per Share Information

(Yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	308.12	301.98
Net loss per share	(9.37)	(6.58)
Diluted net income per share	-	-

Notes: 1. Diluted net income per share for FY3/22 and FY3/23 are not presented because net loss was posted although there were outstanding dilutive shares.

2. ULURU conducted a 2-for-1 common stock split on October 1, 2021. Net income per share, net loss per share, average number of shares outstanding (shares) and diluted net income per share have been calculated as if this stock split has taken place at the beginning of FY3/22.

3. The basis of calculating net loss per share is as follows:

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net loss per share		
Loss attributable to owners of parent (Thousands of yen)	(64,401)	(45,507)
Amount not attributable to common shareholders (Thousands of yen)	-	-
Loss attributable to owners of parent applicable to common shares (Thousands of yen)	(64,401)	(45,507)
Average number of shares outstanding (Shares)	6,876,330	6,913,917

Subsequent Events

Not applicable.

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.