

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022**[Japanese GAAP]**

Company name: ULURU.CO., LTD. Listing: Tokyo Stock Exchange
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Scheduled date of Annual General Meeting of Shareholders: June 28, 2022
 Scheduled date of payment of dividend: -
 Scheduled date of filing of Annual Securities Report: June 29, 2022
 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, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	4,029	25.1	(164)	-	(241)	-	(251)	-	(64)	-
Fiscal year ended Mar. 31, 2021	3,219	29.8	185	-	135	-	148	-	42	-

*EBITDA = Operating profit + Depreciation + Amortization of goodwill

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2022: (64) (-%)

Fiscal year ended Mar. 31, 2021: 44 (-%)

	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, 2022	(9.37)	-	(3.0)	(5.9)	(6.0)
Fiscal year ended Mar. 31, 2021	6.17	6.10	1.9	3.8	4.2

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2022: - Fiscal year ended Mar. 31, 2021: -

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, 2021.

Note: Diluted net income per share for the fiscal year ended March 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	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	4,338	2,128	49.1	308.12
As of Mar. 31, 2021	4,198	2,208	52.6	322.36

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 2,128 As of Mar. 31, 2021: 2,208

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

(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, 2022	(30)	(416)	(39)	2,805
Fiscal year ended Mar. 31, 2021	701	(196)	(78)	3,291

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, 2021	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -
Fiscal year ended Mar. 31, 2022	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -
Fiscal year ending Mar. 31, 2023 (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, 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: 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: Yes

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, 2022: 6,908,000 shares As of Mar. 31, 2021: 6,851,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2022: 256 shares As of Mar. 31, 2021: 256 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2022: 6,876,330 shares Fiscal year ended Mar. 31, 2021: 6,843,111 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, 2021.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	2,857	28.6	(104)	-	(121)	-	(141)	-	61	164.5
Fiscal year ended Mar. 31, 2021	2,222	35.6	87	-	70	-	80	-	23	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended Mar. 31, 2022	8.88		8.83	
Fiscal year ended Mar. 31, 2021	3.37		3.34	

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, 2021.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	3,982	2,023	50.8	292.98
As of Mar. 31, 2021	3,617	1,958	54.1	285.84

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 2,023 As of Mar. 31, 2021: 1,958

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, 2021.

* 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 5 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 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 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. 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 2002, 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 company's 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 fiscal year that ended in March 2022 because of COVID-19. During this period, the ULURU Group continued to make progress with numerous initiatives for accomplishing the three 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.

During the fiscal year that ended in March 2022, net sales increased 25.1% year-on-year to 4,029 million yen, EBITDA (Operating profit + Depreciation + Amortization of goodwill) was a loss of 164 million yen compared with a profit of 185 million yen one year earlier, operating loss was 241 million yen compared with a profit of 135 million yen one year earlier, ordinary loss was 251 million yen compared with a profit of 148 million yen one year earlier, and the loss attributable to owners of parent was 64 million yen compared with a profit of 42 million yen one year earlier. Total annual recurring revenue (ARR) increased to about 3,000 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 14, 2021 for the fiscal year that ended in March 2022 are as follows.

(Millions of yen)

	FY3/22 (Initial forecasts)	FY3/22 (Results)	Difference using initial forecasts (%)
Net sales	3,900	4,029	103.3
EBITDA	(250)	(164)	-
Operating profit	(340)	(241)	-
Ordinary profit	(340)	(251)	-
Profit attributable to owners of parent	(380)	(64)	-

ULURU has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the current fiscal year. Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” for the effects of the application of the new standard on financial position and operating results.

Business segment sales were as follows.

(Millions of yen)

Segment	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)		FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)		YoY change in net sales (%)
	Net sales	Comp. (%)	Net sales	Comp. (%)	
CGS Business	2,202	68.4	2,917	72.4	32.5
NJSS	1,645	51.1	1,997	49.6	21.4
fondesk	280	8.7	454	11.3	62.3
Photo	267	8.3	465	11.5	73.8
Others	9	0.3	-	-	-
BPO Business	986	30.6	1,081	26.8	9.6
Crowdsourcing Business	30	1.0	30	0.7	(2.9)
Total	3,219	100.0	4,029	100.0	25.1

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. Although there was a small decrease in ARPU to 1,213 yen, these activities raised the number of customers who have purchased contracts from 744 at the end of March 2021 to 4,704 at the end of March 2022. This growth was the result of a steady increase in the number of new contracts while using the optimization of sales processes and other steps to hold 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 1.5% compared with an average of 1.7% for the year that ended in March 2021 and annual recurring revenue (ARR) increased to more than 2,000 million yen.

Consequently, NJSS sales increased 21.4% to 1,997 million yen, EBITDA was down 6.0% to 703 million yen and segment profit was down 6.3% to 696 million yen.

NJSS KPI	FY3/21				FY3/22			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Fee-paying contracts	3,395	3,571	3,749	3,960	4,139	4,388	4,480	4,704
ARPU (Yen)	1,187	1,206	1,220	1,223	1,226	1,199	1,232	1,213
Churn rate (%)	2.0	2.0	1.9	1.7	1.6	1.5	1.5	1.5
LTV (Thousands of yen)	1,594	1,695	1,748	1,917	2,153	2,229	2,337	2,220
ARR (Millions of yen)	1,467	1,585	1,684	1,744	1,848	1,936	2,032	2,055

- 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: Quarterly subscription sales multiplied by four

2) CGS fondesk

In the CGS business, 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, 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 3,315 contracts at the end of March 2022, 1,085 more than at the end of March 2021. There were also numerous measures for more convenience for users, such as a system upgrade for an improved UI/UX. Due to these measures, the average churn rate during

the past 12 months based on fee-paying contracts was 1.6% compared with 2.9% as of the end of March 2021.

Sales of fondesk increased 62.3% to 454 million yen, EBITDA was a loss of 73 million yen compared with a 57 million yen loss one year earlier and segment loss was 74 million yen compared with a 58 million yen loss one year earlier.

fondesk KPI	FY3/21				FY3/22			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Fee-paying contracts	1,017	1,540	1,897	2,230	2,552	2,814	3,105	3,315
ARPU (Yen)	13,582	13,456	13,840	14,396	13,361	13,074	12,920	12,230
Churn rate (%)	3.2	2.9	2.8	2.9	2.5	2.0	1.9	1.6
ARR (Millions of yen)	-	-	-	-	-	-	481	486

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, 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. These included creating synergies with OurPhoto Co., Ltd. that became a wholly owned subsidiary in December 2020. The company operates an on-site photography matching service “OurPhoto.” In August 2021, we launched Isshonipurinto (β),” a new combined print service that allows customers to receive dual prints of their private photos at the same time they purchase nursery school and kindergarten photos. In November, this service started the “Grandparent Purchasing Function” that allows grandparents, relatives and others to easily buy photos purchased by parents and guardians.

Sales of photo services increased 73.8% to 465 million yen, EBITDA was a loss of 219 million yen compared with a 105 million yen loss one year earlier and the segment loss was 250 million yen compared with a 114 million yen loss one year earlier.

Photo KPI	FY3/21				FY3/22			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
en-photo contracted facilities	2,547	2,639	2,717	2,922	3,072	3,207	3,318	3,662
Sales per facility (Yen)	-	16,158	26,398	-	-	23,517	28,711	32,347
ARR (Millions of yen)	-	-	-	-	-	-	381	473

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

4) BPO

The performance of this business was supported by orders associated with the increasing demand for replacing paper with electronic documents as the use of remote work grew due to the COVID-19 crisis. In the “eas” (Entry Automation System) business, which is an SaaS automation service, expenses increased because of expenditures for marketing and other activities for the growth of this business.

In the BPO business, sales increased 9.6% to 1,081 million yen, EBITDA decreased 65.3% to 48 million yen and segment profit decreased 83.9% to 17 million yen.

5) Crowdsourcing

The number of crowdworkers registered in the Shufti business was about 440,000 as of the end of March 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. Costs decreased as we transferred people to other businesses of the ULURU Group and took other actions in the second half of the previous fiscal year in order to optimize the utilization of resources across the entire group.

In the Crowdsourcing business, sales decreased 2.9% to 30 million yen, EBITDA was a loss of 30 million yen compared with a 69 million yen loss one year earlier and the segment loss was 30 million yen compared with a 70 million yen loss one year earlier.

(2) Financial Position

(Thousands of yen)

	FY3/21	FY3/22	YoY change (%)
Assets	4,198,444	4,338,488	3.3
Liabilities	1,990,005	2,210,102	11.1
Net assets	2,208,439	2,128,385	3.6

Total assets increased 140 million yen from the end of the previous fiscal year to 4,338 million yen as of the end of the current fiscal year. This was mainly due to increases of 321 million yen in investment securities, 247 million yen in deferred tax assets, 29 million yen in tools, furniture and fixtures, 23 million yen in work in process and a 486 million yen decrease in cash and deposits.

Total liabilities increased 220 million yen from the end of the previous fiscal year to 2,210 million yen. This was mainly due to a 1,193 million yen increase in contract liabilities and a 977 million yen decrease in advances received.

Total net assets decreased 80 million yen from the end of the previous fiscal year to 2,128 million yen. This was mainly due to an 84 million yen decrease in retained earnings.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year was 2,805 million yen, down 486 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)

	FY3/21	FY3/22	YoY change (%)
Cash flows from operating activities	701,834	(30,696)	-
Cash flows from investing activities	(196,432)	(416,772)	-
Cash flows from financing activities	(78,593)	(39,205)	-

Cash flows from operating activities

Net cash used in operating activities was 30 million yen (net cash provided of 701 million yen in the previous fiscal year). The main factors include loss before income taxes of 251 million yen and a 214 million yen increase in contract liabilities.

Cash flows from investing activities

Net cash used in investing activities was 416 million yen (net cash used of 196 million yen in the previous fiscal year). The main factors include payment for acquisition of investment securities of 345 million yen, purchase of property, plant and equipment of 39 million yen and purchase of intangible assets of 35 million yen.

Cash flows from financing activities

Net cash used in financing activities was 39 million yen (net cash used of 78 million yen in the previous fiscal year). The main factors include repayments of long-term borrowings of 42 million yen and proceeds from issuance of shares resulting from exercise of share acquisition rights of 4 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.

On May 14, 2021, we announced revisions to the medium-term business plan based on the belief that aiming for further sales growth as a SaaS company will contribute to maximizing corporate value. The original sales target of

4,800 million yen for the March 2024 fiscal year was moved up to the March 2022 fiscal year and the March 2023 fiscal year sales target was raised 20.9% to 5,800 million yen. Our EBITDA target for the March 2024 fiscal year is unchanged at 1,500 million yen.

The March 2023 fiscal year, which is the fourth year of the plan, is positioned as a period for focusing on numerous initiatives in order to accomplish the plan's goals.

Forecasts for the fiscal years ending in March 2022 to March 2024

(Millions of yen)

	FY3/22 (Results)	FY3/23 (Forecasts)	FY3/24 (Forecasts)
Net sales	4,029	4,850	5,800
EBITDA	(164)	50	1,500
Operating profit	(241)	(50)	-
Ordinary profit	(251)	(60)	-
Profit attributable to owners of parent	(64)	(90)	-

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

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)

	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	3,291,810	2,805,136
Accounts receivable-trade	239,330	255,878
Work in process	17,618	40,621
Other	138,331	197,231
Allowance for doubtful accounts	(678)	(1,723)
Total current assets	3,686,412	3,297,144
Non-current assets		
Property, plant and equipment		
Buildings and structures	149,768	136,543
Tools, furniture and fixtures	118,835	148,390
Other	11,021	11,021
Accumulated depreciation	(127,477)	(155,646)
Total property, plant and equipment	152,147	140,310
Intangible assets		
Software	20,303	38,331
Software in progress	7,282	12,517
Goodwill	220,308	191,881
Other	837	1,210
Total intangible assets	248,731	243,940
Investments and other assets		
Investment securities	500	321,534
Deferred tax assets	18,845	265,938
Leasehold and guarantee deposits	29,713	25,196
Long-term prepaid expenses	61,994	44,324
Other	100	100
Total investments and other assets	111,152	657,092
Total non-current assets	512,032	1,041,343
Total assets	4,198,444	4,338,488

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	131,209	132,093
Current portion of long-term borrowings	42,320	41,810
Accounts payable-other	176,115	314,857
Accrued expenses	162,933	207,523
Income taxes payable	120,036	30,278
Contract liabilities	-	1,193,561
Advances received	977,037	-
Deposits received	178,419	203,186
Other	105,414	33,816
Total current liabilities	1,893,485	2,157,127
Non-current liabilities		
Long-term borrowings	80,690	38,880
Other	15,829	14,095
Total non-current liabilities	96,519	52,975
Total liabilities	1,990,005	2,210,102
Net assets		
Shareholders' equity		
Share capital	1,031,168	1,033,456
Capital surplus	1,013,468	1,015,756
Retained earnings	164,077	79,107
Treasury shares	(275)	(275)
Total shareholders' equity	2,208,439	2,128,044
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	341
Total accumulated other comprehensive income	-	341
Total net assets	2,208,439	2,128,385
Total liabilities and net assets	4,198,444	4,338,488

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

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	3,219,978	4,029,292
Cost of sales	976,282	1,189,756
Gross profit	2,243,695	2,839,536
Selling, general and administrative expenses	2,108,368	3,080,985
Operating profit (loss)	135,327	(241,449)
Non-operating income		
Interest income	250	29
Dividend income	-	83
Subsidy income	26,790	19,082
Income from point programs	381	276
Interest on tax refund	692	-
Cashless return income	47	-
Other	193	1,814
Total non-operating income	28,356	21,285
Non-operating expenses		
Interest expenses	712	529
Share issuance costs	142	83
Loss on tax purpose reduction entry of non-current assets	11,269	7,628
Loss on liquidation of subsidiaries	3,288	-
Loss on investments in investment partnerships	-	22,055
Other	-	1,328
Total non-operating expenses	15,412	31,626
Ordinary profit (loss)	148,271	(251,790)
Profit (loss) before income taxes	148,271	(251,790)
Income taxes-current	116,477	49,273
Income taxes-deferred	(10,379)	(236,663)
Total income taxes	106,097	(187,389)
Profit (loss)	42,173	(64,401)
Profit (loss) attributable to non-controlling interests	(22)	-
Profit (loss) attributable to owners of parent	42,195	(64,401)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Profit	42,173	(64,401)
Other comprehensive income		
Valuation difference on available-for-sale securities	-	341
Foreign currency translation adjustment	2,150	-
Total other comprehensive income	2,150	341
Comprehensive income	44,324	(64,060)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	44,324	(64,060)
Comprehensive income attributable to non-controlling interests	(0)	-

(3) Consolidated Statement of Changes in Equity

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,026,263	1,008,563	121,881	(228)	2,156,479
Changes during period					
Issuance of new shares-exercise of share acquisition rights	1,242	1,242			2,485
Issuance of new shares-restricted stock compensation	3,663	3,663			7,326
Profit (loss) attributable to owners of parent			42,195		42,195
Purchase of treasury shares				(46)	(46)
Net changes in items other than shareholders' equity					
Total changes during period	4,905	4,905	42,195	(46)	51,959
Balance at end of period	1,031,168	1,013,468	164,077	(275)	2,208,439

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	-	(2,123)	(2,123)	171	2,154,528
Changes during period					
Issuance of new shares-exercise of share acquisition rights					2,485
Issuance of new shares-restricted stock compensation					7,326
Profit attributable to owners of parent					42,195
Purchase of treasury shares					(46)
Net changes in items other than shareholders' equity	-	2,123	2,123	(171)	1,951
Total changes during period	-	2,123	2,123	(171)	53,910
Balance at end of period	-	-	-	-	2,208,439

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					-
Profit (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			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	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					-
Profit (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

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	148,271	(251,790)
Depreciation	43,410	48,742
Amortization of goodwill	7,106	28,426
Share-based payment expenses	38,840	39,356
Loss on tax purpose reduction entry of non-current assets	11,269	7,628
Payments for loss on subsidiary liquidation	3,288	-
Loss (gain) on investments in investment partnerships	-	22,055
Increase (decrease) in allowance for doubtful accounts	(837)	1,044
Interest and dividend income	(250)	(112)
Subsidy income	(26,790)	(19,082)
Interest expenses	712	529
Decrease (increase) in trade receivables	(39,368)	(16,547)
Decrease (increase) in inventories	(13,795)	(23,002)
Increase (decrease) in trade payables	30,527	883
Increase (decrease) in advances received	282,268	-
Increase (decrease) in contract liabilities	-	214,669
Other, net	158,056	63,853
Subtotal	642,708	116,657
Interest and dividends received	250	112
Subsidies received	26,790	19,082
Interest paid	(712)	(529)
Income taxes paid	(13,544)	(166,017)
Income taxes refund	46,340	-
Net cash provided by (used in) operating activities	701,834	(30,696)
Cash flows from investing activities		
Purchase of property, plant and equipment	(49,300)	(39,338)
Purchase of intangible assets	(8,542)	(35,458)
Purchase of investment securities	-	(345,506)
Proceeds from distributions from investment partnerships	-	2,941
Proceeds from withdrawal of time deposits	25,022	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(163,611)	-
Other, net	-	590
Net cash provided by (used in) investing activities	(196,432)	(416,772)
Cash flows from financing activities		
Repayments of long-term borrowings	(79,606)	(42,320)
Repayments of lease liabilities	(1,425)	(1,460)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,485	4,575
Other, net	(46)	-
Net cash provided by (used in) financing activities	(78,593)	(39,205)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	426,808	(486,673)
Cash and cash equivalents at beginning of period	2,865,001	3,291,810
Cash and cash equivalents at end of period	3,291,810	2,805,136

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Changes in Accounting Policies**Application of the Accounting Standard for Revenue Recognition**

Beginning with the current fiscal year, ULURU has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Based on this standard, revenue expected to be received in exchange for the provision of products and services is recognized when the control of the products and services is transferred to customers.

Due to this change, for some transactions where revenue was previously recognized when products were delivered, revenue is instead recognized when customers complete their acceptance inspections.

The alternative treatment specified in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition is also applied. For sales of products in Japan, revenue is recognized when a product is shipped in cases where the time between the shipment of a product and the transfer of control to a customer is the normal length of time.

For the application of the Accounting Standard for Revenue Recognition in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting policies, if they are applied at the beginning of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new policies are then applied beginning with this amount of retained earnings.

“Advances received” and “Other” that were included in the current liabilities section of the consolidated balance sheet in the previous fiscal year is presented as “contract liabilities,” from the current fiscal year. “Increase (decrease) in advances received” and “Other” that were included in the cash flows from operating activities section of the consolidated statement of cash flows in the previous fiscal year is presented as “Increase (decrease) contract liabilities in the cash flows from operating activities section from the current fiscal year. In accordance with the transitional measures prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year’s consolidated financial statements to conform to the new presentation.

As a result, compared with the previous accounting method, the application of the new standard resulted in an increase of 274 thousand yen in net sales and decreases of 5 million yen each in cost of sales, operating loss, ordinary loss and loss before income taxes.

In the consolidated statement of cash flow for the current fiscal year, there were a decrease of 5 million yen in loss before income taxes, and increases of 274 thousand yen in trade receivables and 5 million yen in inventories.

The cumulative effect on net assets at the beginning of the previous fiscal year decreased the retained earnings balance at the beginning of the current fiscal year by 20 million yen.

Application of the Accounting Standard for Measurement of Fair Value

ULURU has applied the Accounting Standard for Measurement of Fair Value (ASBJ Statement No. 30, July 4, 2019) from the beginning of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value prospectively in accordance with the transitional treatment in the Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the consolidated financial statements.

Reclassifications**Notes to Consolidated Balance Sheet**

“Investment securities,” included in “Other” under “Investments and other assets” in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year since it has increased materiality in the

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

Accordingly, “Other” under “Investments and other assets” of 600 thousand yen shown in the prior-period consolidated statement of income is reclassified and divided into “Investment securities” of 500 thousand yen and “Other” of 100 thousand yen.

Additional Information

Effects of COVID-19

Although it is impossible to predict when the COVID-19 crisis will end, estimates concerning valuations, such as the recoverability of deferred tax assets, are made by using information that is currently available. We believe that this crisis will have only a negligible effect on the ULURU Group’s results of operations and financial condition in the fiscal year ending in March 2023.

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 are based on operating profit. Inter-segment sales and transfers are based on market prices.

Application of the Accounting Standard for Revenue Recognition

As described in Changes in Accounting Policies, ULURU has applied the Accounting Standard for Revenue Recognition from the beginning of FY3/22 and changed the accounting method for revenue recognition. Accordingly, the method for calculating segment profit or loss has been changed as well. The effect of this change was to increase net sales by 274 thousand yen and to increase segment profit by 5 million yen for FY3/22 in the BPO business.

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

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(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	1,645,410	280,213	267,518	9,200	986,670	30,965	3,219,978	-	3,219,978
Inter-segment sales and transfers	-	-	-	-	6,894	3,526	10,421	(10,421)	-
Total	1,645,410	280,213	267,518	9,200	993,565	34,491	3,230,400	(10,421)	3,219,978
Segment profit (loss)	742,833	(58,258)	(114,508)	1,072	111,837	(70,655)	612,319	(476,992)	135,327
Other items									
Depreciation	5,028	402	1,577	-	26,658	866	34,532	8,877	43,410
Amortization of goodwill	-	-	7,106	-	-	-	7,106	-	7,106

- Notes: 1. The negative adjustment of 476,992 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 5,201 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 471,790 thousand yen that are not allocated to any reportable segment.
2. The 8,877 thousand yen adjustment to depreciation includes elimination for inter-segment transactions of negative 219 thousand yen and corporate expenses of 9,097 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.

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 profit in the consolidated statement of income.

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

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowdsourcing	Total
Amortization for the period	-	-	7,106	-	-	-	7,106
Balance at end of period	-	-	220,308	-	-	-	220,308

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

	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

Per Share Information

(Yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net assets per share	322.36	308.12
Net income (loss) per share	6.17	(9.37)
Diluted net income per share	6.10	-

Notes: 1. Diluted net income per share for FY3/22 is 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 (loss) per share, average number of shares outstanding (shares), diluted net income per share, and increase in the number of common shares (shares) have been calculated as if this stock split has taken place at the beginning of FY3/21.

3. The basis of calculating net income (loss) per share and diluted net income per share is as follows:

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net income (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	42,195	(64,401)
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit (loss) attributable to owners of parent applicable to common shares (Thousands of yen)	42,195	(64,401)
Average number of shares outstanding (Shares)	6,843,111	6,876,330
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Thousands of yen)	-	-
Increase in the number of common shares (Shares)	68,864	-
[Of which, share acquisition rights (Shares)]	[68,864]	[-]
Summary of latent shares not included in the calculation of the diluted net income per share since there was no dilutive effect	-	-

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.