

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2024
(Six Months Ended September 30, 2023)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: November 14, 2023
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)
 *Individual investors can watch the meeting online

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

1. Consolidated Financial Results for the First Six Months (April 1, 2023 – September 30, 2023) of the Fiscal Year Ending March 31, 2024

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

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2023	2,641	16.9	616	-	529	-	521	-	327	-
Six months ended Sep. 30, 2022	2,260	17.6	18	(74.3)	(23)	-	(18)	-	(48)	-

*EBITDA = Operating profit + Depreciation + Amortization of goodwill

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2023: 329 (-%)

Six months ended Sep. 30, 2022: (49) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2023	47.36	47.33
Six months ended Sep. 30, 2022	(7.02)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2023	5,133	2,420	47.1
As of Mar. 31, 2023	4,621	2,088	45.2

Reference: Shareholders' equity (million yen) As of Sep. 30, 2023: 2,420 As of Mar. 31, 2023: 2,088

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2024	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2024 (forecast)	-	-	-	35.00	35.00

Note: Revisions to the most recently announced dividend forecast: Yes

For details, please refer to "Notice on Revision to Dividend Forecast for the Fiscal Year Ending March 31, 2024 (Special Dividend) and Formulation of Shareholder Returns Policy" that was announced today (November 14, 2023).

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

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

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

Notes

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

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

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

As of Sep. 30, 2023:	6,925,400 shares	As of Mar. 31, 2023:	6,917,400 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2023:	5,908 shares	As of Mar. 31, 2023:	308 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2023:	6,914,552 shares	Six months ended Sep. 30, 2022:	6,910,741 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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

Note concerning forward-looking statements

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

How to view supplementary information at the financial results meeting

ULURU plans to hold an information meeting for institutional investors and analysts on November 15, 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 results of operations were announced. ULURU plans to post a video and audio file of the information meeting on its website soon after this meeting.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

Japan's working age population is forecast to decrease by about 16 million between 2017 and 2040 according to the 2018 White Paper on Information and Communications in Japan. This outlook points to serious social and economic issues as a labor shortage reduces the size of the economy and makes Japan less competitive in global markets. 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 first half, net sales increased 16.9% year-on-year to 2,641 million yen, EBITDA (Operating profit + Depreciation + Amortization of goodwill) increased 3,264.9% to 616 million yen, operating profit was 529 million yen compared with a loss of 23 million yen one year earlier, ordinary profit was 521 million yen compared with a loss of 18 million yen one year earlier, and profit attributable to owners of parent was 327 million yen compared with a loss of 48 million yen one year earlier. Total annual recurring revenue (ARR) continued to increase and surpassed 4,000 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.

Segment	(Millions of yen)				
	First half of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)		First half of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)		YoY change in net sales (%)
	Net sales	Comp. (%)	Net sales	Comp. (%)	
CGS Business	1,682	74.4	2,080	78.8	23.7
NJSS	1,137	50.3	1,382	52.3	21.5
fondesk	303	13.4	408	15.5	34.3
Photo	240	10.7	289	11.0	20.3
Others	-	-	-	-	-
BPO Business	562	24.9	547	20.7	(2.8)
Crowdsourcing Business	14	0.7	13	0.5	(7.2)
Total	2,260	100.0	2,641	100.0	16.9

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 525 during the first half to 6,247 at the end of September 2023. ARPU was 1,162 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, the average churn rate during the past 12 months based on fee-paying contracts was 1.42%, remaining at the 1.4% level since the previous fiscal year, compared with an average of 1.44% at the end of March 2023.

For more growth of the business involving bids for public-sector contracts, there were many activities for generating synergies with the nSearch public-sector contract bidding information service of Brainfeed, Inc., which we acquired in January 2023, and for the growth of the GoSTEP information support tool. GoSTEP facilitates unified searches and management of information about budgets of public-sector projects, open information and statistics involving these projects, characteristics of local governments based on data on bids received, and organizational data required to contact governments in the best ways. As a result, annual recurring revenue was approximately 2.8 billion yen, showing a consistent growth.

Consequently, NJSS sales increased 21.5% to 1,382 million yen, EBITDA was up 83.2% to 746 million yen and segment profit increased 75.4% to 704 million yen.

NJSS KPI	FY3/23				FY3/24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	552	584	608	640	672	709	-	-
EBITDA (Millions of yen)	191	216	268	265	344	401	-	-
ARR (Millions of yen)	2,215	2,312	2,374	2,471	2,654	2,754	-	-
NJSS Fee-paying contracts	4,968	5,183	5,398	5,722	5,980	6,247	-	-
NJSS ARPU (Yen)	1,195	1,195	1,190	1,164	1,166	1,162	-	-
NJSS Churn rate (%)	1.45	1.46	1.42	1.44	1.44	1.42	-	-
NJSS LTV (Thousands of yen)	2,255	2,264	2,318	2,189	2,208	2,255	-	-
nSearch Fee-paying contracts	-	-	-	423	485	550	-	-

Notes: 1. ARR: Monthly recurring revenue (MRR) as of the end of each quarter multiplied by 12. Beginning with the first quarter of the current fiscal year, MRR multiplied by 12 that also includes nSearch, GoSTEP and other peripheral subscription businesses.

2. ARPU: Daily sales per fee-paying contracts

3. 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.

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

2) CGS fondesk

The performance of fondesk SaaS business 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 4,469 contracts at the end of September 2023, 415 more than at the end of March 2023. ARPU was 15,412 yen. Since the fee structure revision in July 2022, ARPU has remained steady at about 15,000 yen. We continued to implement several measures, such as an improved UI/UX, to improve user convenience. Due to these measures, the average churn rate during the past 12 months based on fee-paying contracts was 1.3%, which is the lowest ever in this business, compared with 1.5% as of the end of March 2023.

Sales of fondesk increased 34.3% to 408 million yen, EBITDA increased 1,576.0% to 124 million yen and segment profit increased 1,631.6% to 124 million yen.

fondesk KPI	FY3/23				FY3/24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	136	167	175	180	201	206	-	-
EBITDA (Millions of yen)	(4)	11	35	(72)	62	61	-	-
Fee-paying contracts	3,550	3,718	3,896	4,054	4,272	4,469	-	-
ARPU (Yen)	12,840	14,987	15,056	14,810	15,725	15,412	-	-
Churn rate (%)	1.6	1.6	1.5	1.5	1.4	1.3	-	-
ARR (Millions of yen)	547	668	703	720	806	826	-	-

- 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, sales per kindergarten were 25,164 yen, mostly unchanged from the same period of the previous fiscal year. The number of contracts with nursery school and kindergartens steadily increased to 4,525 at the end of September 2023, 339 more than at the end of March 2023. This business will continue working on raising the frequency of use of its services at all contracted schools in order to achieve even higher sales. In addition, OurPhoto Co., Ltd., which operates the OurPhoto on-site photography matching service and has been a wholly owned subsidiary since December 2020, focused on creating synergies with the operations of en-photo and implementing marketing measures.

Sales of photo services increased 20.3% to 289 million yen, EBITDA was negative 1 million yen compared with negative 131 million yen one year earlier and segment loss was 17 million yen compared with a 146 million yen loss one year earlier.

Photo KPI	FY3/23				FY3/24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	126	114	170	161	156	133	-	-
EBITDA (Millions of yen)	(56)	(74)	(40)	(38)	13	(15)	-	-
en-photo: Contracted facilities	3,757	3,835	3,942	4,186	4,339	4,525	-	-
en-photo: Sales per facility (Yen)	27,097	25,222	28,983	34,882	29,901	25,164	-	-
en-photo: ARR (Millions of yen)	407	386	457	584	518	455	-	-
OurPhoto: Number of photos taken	4,551	3,165	9,381	3,138	3,977	2,813	-	-

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

4) BPO

The performance of this business was strong mainly for three reasons. First is the widespread use of remote work by companies. Second is the start in October 2023 of a new system in Japan concerning invoices. Third is demand involving the shift from paper to electronic documents due partly to provisions of the Electronic Record Retention Law that will become effective in January 2024. In September, the “eas” (Entry Automation System) SaaS data automation service released a beta version of a new service called “eas for Attendance Record” The new service was created specifically to meet the expected demand for the automated reading of working hour forms.

In the BPO business, sales decreased 2.8% to 547 million yen, EBITDA increased 16.8% to 51 million yen and segment profit increased 0.8% to 28 million yen.

BPO KPI	FY3/23				FY3/24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	239	323	288	364	255	291	-	-
EBITDA (Millions of yen)	(7)	50	7	11	13	37	-	-

5) Crowdsourcing

The number of crowdworkers registered in the Shufti business was about 450,000 as of the end of September 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 7.2% to 13 million yen, EBITDA was negative 5 million yen compared with negative 7 million yen one year earlier and the segment loss was 5 million yen compared with a 7 million yen loss one year earlier.

Crowdsourcing KPI	FY3/23				FY3/24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	7	7	6	6	6	7	-	-
EBITDA (Millions of yen)	(2)	(4)	(7)	0	(4)	(1)	-	-

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets increased 512 million yen from the end of the previous fiscal year to 5,133 million yen as of the end of the second quarter. This was mainly due to an increase of 566 million yen in cash and deposits, a decrease of 127 million yen in accounts receivable-trade, an increase of 101 million yen in other intangible assets and a decrease of 10 million yen in investment securities.

Total liabilities increased 180 million yen from the end of the previous fiscal year to 2,713 million yen. This was mainly due to a 182 million yen increase in contract liabilities, a 46 million yen decrease in accounts payable-trade, a 104 million yen increase in income taxes payable, a 118 million yen decrease in other current liabilities and a 20 million yen decrease in long-term borrowings.

Total net assets increased 331 million yen from the end of the previous fiscal year to 2,420 million yen. This was due to a 327 million yen increase in retained earnings.

2) Cash flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year was 2,962 million yen, up 566 million yen over the end of the previous fiscal year.

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

Cash flows from operating activities

Net cash provided by operating activities increased 582.7% to 768 million yen. The main factors include profit before income taxes of 521 million yen, depreciation of 50 million yen, amortization of goodwill of 36 million yen, a 79 million yen increase in provision for bonuses, share-based payment expenses of 13 million yen, a 127 million yen decrease in trade receivables, and a 182 million yen increase in contract liabilities and other payments of 142 million yen.

Cash flows from investing activities

Net cash used in investing activities decreased 11.2% to 182 million yen. The main factors include purchase of property, plant and equipment of 42 million yen, purchase of intangible assets of 130 million yen and purchase of investment securities of 10 million yen.

Cash flows from financing activities

Net cash used in financing activities decreased 12.8% to 18 million yen. The main factors include repayments of long-term borrowings of 20 million yen.

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

There are no revisions to the full year consolidated forecast for the fiscal year ending March 31, 2024 that was announced on May 15, 2023. On November 14, 2023, ULURU announced management goals and a vision for the fiscal year ending in March 2025 and the following years.

The primary goal beginning with the fiscal year ending March 31, 2025 is “ULURU Sustainable Growth.” Our priority will be the growth of business operations accompanied by distributions to shareholders. More information is in the following message by ULURU President and Representative Director Tomoya Hoshi.

Message from President and Representative Director Tomoya Hoshi concerning ULURU’s Policies for FY2025 and Beyond:

ULURU was listed on the Tokyo Stock Exchange Mothers market in March 2017. Funds procured when our stock was listed were used for the growth of our businesses. Although sales were up 14.1% two years after the listing, we were unable to achieve sales growth at the speed that we wanted.

For even faster growth, we announced a five-year medium-term business plan in May 2019. The plan’s central theme was to make large investments for more growth and medium to long-term increase in corporate value rather than aiming for short-term earnings.

Our stock price fell sharply immediately after we announced this plan and we received severe comments from some shareholders and other investors. This was a difficult lesson for me about our inadequate knowledge about how to maintain proper lines of communication with shareholders and other investors.

However, some of our shareholders examined this plan and supported our decision to take on these new challenges.

Our sales were 2,240 million yen and our EBITDA was 450 million yen in the fiscal year that ended in March 2019. The new plan had the goals of sales of 4,800 million yen and EBITDA of 1,500 million yen in the fiscal year that ending in March 2024.

These were very ambitious goals at that time. Nevertheless, in the current fiscal year, which is the final year of the plan, we have grown to the point where we can aim for our forecasts of sales of 6,000 million yen and EBITDA of 1,500 million yen.

When we announced the five-year business plan, the concept of investing in human resources was not well known. For the growth of our businesses, we made substantial up-front investments for large-scale recruiting and education programs. We achieved a seamless link between our values and organizational development skills and our measures to create a highly skilled and motivated workforce. We assembled a team consisting of people who enjoy their work and want to continue to upgrade their skills. As a result, the increase in the number of our full-time employees contributed directly to the growth of our sales.

Although we will not know the final results of our plan for a while, everyone at the ULURU Group is dedicated to achieving the plan’s goals.

There are numerous uncertainties about the current business climate. The number of questions from shareholders and other investors about what we plan to do after the plan ends in March 2024 are increasing. To respond to these questions quickly, I made the decision to make an announcement about our goals for the following fiscal years before the end of the ongoing five-year business plan.

Our primary goal following the current business plan will be “ULURU Sustainable Growth.” This means sustainable growth of sales as well as earnings by making carefully chosen investments for growth, chiefly for human resources, and using M&A and other measures. Moving our listing to a higher stock market category is another goal. I want the ULURU Group to reach sales of more than 50,000 million yen and even 100,000 million yen as quickly as possible.

Based on our goal of “ULURU Sustainable Growth,” we will make investments for growth with the target of EBITDA of at least 1 billion yen in the fiscal year ending in March 2025. This is simply a minimum goal. I am aiming for an even higher EBITDA due to sales growth in the current fiscal year and investments for growth during the next fiscal year.

Furthermore, I want to use investments for growth during the next fiscal year as a base for average annual sales and EBITDA growth of at least 20% beginning with the fiscal year ending in March 2026 as we maintain earnings

growth while making investments.

I am very grateful to shareholders who have supported us in prior years. To demonstrate this appreciation, we plan to pay a special dividend for the fiscal year ending in March 2024. The amount of this dividend will be sufficient to raise the total fiscal year dividend to about a 30% payout ratio of earnings in the fiscal year, which is the end of our five-year business plan. In addition, beginning with the fiscal year ending in March 2025, we will have a new dividend policy for the purpose of increasing the total return for shareholders. We will place emphasis on medium to long-term EPS growth and make consistent distributions to shareholders with an ordinary dividend payout ratio of at least 15%. We aim to raise the dividend every year.

I ask for the continued support of shareholders as we take the actions required for growth accompanied by distributions to shareholders based on our goal of “ULURU Sustainable Growth.”

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

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	2,396,104	2,962,565
Accounts receivable-trade	343,102	215,910
Work in process	34,536	38,930
Other	161,167	189,398
Allowance for doubtful accounts	(3,477)	(3,486)
Total current assets	2,931,434	3,403,318
Non-current assets		
Property, plant and equipment	201,283	226,375
Intangible assets		
Goodwill	434,211	397,434
Other	245,921	347,649
Total intangible assets	680,133	745,084
Investments and other assets		
Investment securities	448,663	438,180
Other	360,068	320,939
Total investments and other assets	808,732	759,120
Total non-current assets	1,690,149	1,730,580
Total assets	4,621,583	5,133,899
Liabilities		
Current liabilities		
Accounts payable-trade	167,031	120,349
Current portion of long-term borrowings	38,880	18,740
Income taxes payable	81,295	185,425
Contract liabilities	1,481,810	1,664,256
Provision for bonuses	-	79,741
Other	751,018	632,874
Total current liabilities	2,520,037	2,701,387
Non-current liabilities		
Other	12,718	11,889
Total non-current liabilities	12,718	11,889
Total liabilities	2,532,755	2,713,277
Net assets		
Shareholders' equity		
Share capital	1,036,616	1,037,746
Capital surplus	1,018,916	1,020,046
Retained earnings	33,600	361,057
Treasury shares	(353)	(353)
Total shareholders' equity	2,088,780	2,418,496
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47	2,125
Total accumulated other comprehensive income	47	2,125
Total net assets	2,088,827	2,420,622
Total liabilities and net assets	4,621,583	5,133,899

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

(Thousands of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Net sales	2,260,156	2,641,556
Cost of sales	622,218	680,741
Gross profit	1,637,937	1,960,814
Selling, general and administrative expenses	1,661,260	1,431,604
Operating profit (loss)	(23,323)	529,210
Non-operating income		
Interest income	12	12
Dividend income	89	93
Subsidy income	7,400	10,640
Other	682	1,306
Total non-operating income	8,184	12,051
Non-operating expenses		
Interest expenses	185	81
Loss on investments in investment partnerships	2,762	19,057
Other	654	818
Total non-operating expenses	3,601	19,957
Ordinary profit (loss)	(18,740)	521,304
Profit (loss) before income taxes	(18,740)	521,304
Income taxes-current	55,340	169,256
Income taxes-deferred	(25,597)	24,591
Total income taxes	29,743	193,847
Profit (loss)	(48,484)	327,456
Profit (loss) attributable to owners of parent	(48,484)	327,456

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

	(Thousands of yen)	
	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Profit (loss)	(48,484)	327,456
Other comprehensive income		
Valuation difference on available-for-sale securities	(655)	2,077
Total other comprehensive income	(655)	2,077
Comprehensive income	(49,139)	329,534
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(49,139)	329,534

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(18,740)	521,304
Depreciation	27,441	50,846
Amortization of goodwill	14,213	36,776
Increase (decrease) in provision for bonuses	-	79,741
Share-based payment expenses	16,286	13,490
Loss (gain) on investments in investment partnerships	2,762	19,057
Increase (decrease) in allowance for doubtful accounts	394	9
Subsidy income	(7,400)	(10,640)
Interest and dividend income	(102)	(105)
Interest expenses	185	81
Decrease (increase) in trade receivables	44,373	127,192
Decrease (increase) in inventories	4,743	(4,394)
Increase (decrease) in trade payables	(19,767)	(46,682)
Increase (decrease) in contract liabilities	242,471	182,445
Other, net	(210,626)	(142,506)
Subtotal	96,235	826,617
Interest and dividends received	102	105
Subsidies received	7,400	10,640
Interest paid	(185)	(81)
Income taxes paid	(19,007)	(69,208)
Income taxes refund	27,959	0
Net cash provided by (used in) operating activities	112,503	768,073
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,605)	(42,291)
Purchase of intangible assets	(64,138)	(130,679)
Purchase of investment securities	(126,411)	(10,000)
Other, net	100	-
Net cash provided by (used in) investing activities	(206,055)	(182,971)
Cash flows from financing activities		
Repayments of long-term borrowings	(21,160)	(20,140)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	535	2,260
Repayments of lease liabilities	(743)	(761)
Net cash provided by (used in) financing activities	(21,368)	(18,641)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(114,920)	566,461
Cash and cash equivalents at beginning of period	2,805,136	2,396,104
Cash and cash equivalents at end of period	2,690,216	2,962,565

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

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

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

(Thousands of yen)

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

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

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

II First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)

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	1,382,529	408,171	289,739	-	547,208	13,906	2,641,556	-	2,641,556
Inter-segment sales and transfers	-	-	-	-	210	8,221	8,431	(8,431)	-
Total	1,382,529	408,171	289,739	-	547,418	22,128	2,649,987	(8,431)	2,641,556
Segment profit (loss)	704,250	124,037	(17,475)	(21,396)	28,055	(5,530)	811,941	(282,731)	529,210

Notes: 1. The negative adjustment of 282,731 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of 328 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 283,059 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.

3. Information related to changes in reportable segments, etc.

To assess the performance for each reportable segment more appropriately, the ULURU Group classifies M&A expenses as corporate expenses that are included in the adjustment and not allocated to any reportable segment.

Due to the consolidation of Brainfeed, Inc. in the first quarter of the current fiscal year, the CGS NJSS segment includes the operations of this subsidiary due to the characteristics of its nSearch public-sector contract bidding information service.

ULURU acquired the stock of Brainfeed, Inc. on January 4, 2023 with an acquisition date of March 31, 2023 used for accounting purposes. As a result, this change in a reportable segment has no effect on reportable segment information for the first six months of FY3/23.

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.