

**Summary of Consolidated Financial Results**  
**for the Third Quarter of the Fiscal Year Ending March 31, 2022**  
**(Nine Months Ended December 31, 2021)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 14, 2022  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the First Nine Months (April 1, 2021 – December 31, 2021) of the Fiscal Year Ending 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	%
Nine months ended Dec. 31, 2021	2,963	31.5	38	(72.9)	(17)	-	(19)	-	(108)	-
Nine months ended Dec. 31, 2020	2,253	26.1	143	-	111	-	124	-	50	-

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

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2021: (108) (-%)

Nine months ended Dec. 31, 2020: 52 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2021	(15.84)	-
Nine months ended Dec. 31, 2020	7.32	7.25

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 nine months ended December 31, 2021 is not presented because net loss was posted although there were outstanding dilutive shares.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2021	4,064	2,083	51.3
As of Mar. 31, 2021	4,198	2,208	52.6

Reference: Shareholders' equity (million yen) As of Dec. 31, 2021: 2,083 As of Mar. 31, 2021: 2,208

## 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2022	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecast)	-	-	-	0.00	0.00

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

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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	3,900	21.1	(250)	-	(340)	-	(340)	-	(380)	-	(55.53)

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.

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

Forecasts for the fiscal year ending March 31, 2022 is the amount after the stock split.

Regarding the stock split, please see the press release dated September 15, 2021 (Japanese version only).

**\* 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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

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

As of Dec. 31, 2021:	6,902,000 shares	As of Mar. 31, 2021:	6,851,000 shares
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2) Number of treasury shares at the end of period

As of Dec. 31, 2021:	256 shares	As of Mar. 31, 2021:	256 shares
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3) Average number of shares during the period

Nine months ended Dec. 31, 2021:	6,867,991 shares	Nine months ended Dec. 31, 2020:	6,839,426 shares
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Note: ULURU conducted a 2-for-1 common stock split on October 1, 2021. The number of shares issued at the end of period, number of treasury shares at the end of period and average number of shares during the period have been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2021.

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

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

Note concerning forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the ULURU's management at the time the materials were prepared but are not promises by ULURU regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 5 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Japan's working age population is forecast to decrease by about 16 million between 2017 and 2040 according to the 2018 White Paper on Information and Communications in Japan. This outlook points to serious social and economic issues as a labor shortage reduces the size of the economy and makes Japan less competitive in global markets. Based on the vision of "make the world more convenient with the power of people," the ULURU Group operates many businesses, primarily using the software-as-a-service (SaaS) model. By providing alternative solutions for labor shortages in a broad range of fields, this model enables us to function as a company that helps solve problems involving Japan's severe labor shortage.

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 size of the crowdsourcing market, which provides people for the CGS business, was 182.0 billion yen (based on value of orders) in fiscal 2018, 34.8% higher than in fiscal 2017, and is expected to grow to 261.0 billion yen in fiscal 2021 according to "BPO Market Status and Outlook 2018-2019" by Yano Research Institute Ltd.

The business climate was consistently uncertain during the first nine months of the fiscal year ending 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. These goals are sustained growth of the NJSS business, the addition and growth of new CGS businesses that generate recurring revenue, and high profitability of the BPO business.

During the first nine months, net sales increased 31.5% year-on-year to 2,963 million yen, EBITDA (Operating profit + Depreciation + Amortization of goodwill) decreased 72.9% to 38 million yen, operating loss was 17 million yen compared with a profit of 111 million yen one year earlier, ordinary loss was 19 million yen compared with a profit of 124 million yen one year earlier, and the loss attributable to owners of parent was 108 million yen compared with a profit of 50 million yen one year earlier. Total annual recurring revenue (ARR) increased to about 2,900 million yen. This is the sum of revenue for NJSS, en-photo and fondesk, which all use an SaaS business model.

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 first quarter of the current fiscal year. Please refer to "2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly 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	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)		First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)		YoY change in net sales (%)
	Net sales	Comp. (%)	Net sales	Comp. (%)	
CGS Business					
NJSS	1,200	53.3	1,477	49.8	23.1
fondesk	193	8.6	333	11.2	72.5
Photo	160	7.1	331	11.2	106.6
Others	7	0.3	-	-	-
BPO Business	668	29.7	799	27.0	19.5
Crowdsourcing Business	23	1.0	22	0.8	(2.1)
Total	2,253	100.0	2,963	100.0	31.5

### 1) CGS NJSS

NJSS is the primary SaaS of the CGS business. We have been able to steadily increase the number of customers who have purchased contracts while holding down contract cancellations by optimizing NJSS sales framework. Due to these activities, the number of customers who have purchased contracts for viewing data about public-sector bids and winning bids increased by 520 during the first nine months to a record-high 4,480 companies as of the end of December 2021.

Sales resources were temporarily insufficient to handle customer calls in the second quarter because of an increase in the demand for customer support following the release of a new system. This problem largely ended in the third quarter, making it possible to concentrate on measures to increase activities to increase rates received for this service revenue per contract. As result, average revenue per user (ARPU; daily sales per user) was 1,232 yen, 3% higher than in the second quarter. In addition, 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. Due to the ability to maintain a low churn rate as in the previous quarter, customer lifetime value (LTV) increased. Furthermore, ARR continued to climb, reaching 2,000 million yen. Expenses increased during the first nine months in part because of higher expenses for salespeople and people required for the development of new functions.

Consequently, NJSS sales increased 23.1% year-on-year to 1,477 million yen, EBITDA was down 3.2% to 558 million yen and segment profit was down 3.5% to 553 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	-
ARPU (Yen)	1,188	1,207	1,221	1,223	1,227	1,199	1,232	-
Churn rate (%)	2.0	2.0	1.9	1.7	1.6	1.5	1.5	-
LTV (Thousands of yen)	1,594	1,695	1,748	1,917	2,153	2,229	2,337	-
ARR (Millions of yen)	1,467	1,585	1,684	1,744	1,848	1,936	2,032	-

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 3,105 contracts at the end of December 2021, 875 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 1.9%.

Sales of fondesk increased 72.5% to 333 million yen, EBITDA was 5 million yen compared with a 17 million yen loss one year earlier and segment profit was 4 million yen compared with a 17 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	-
ARPU (Yen)	13,583	13,457	13,841	14,397	13,362	13,075	12,921	-
Churn rate (%)	3.2	2.9	2.8	2.9	2.5	2.0	1.9	-
ARR (Millions of yen)	-	-	-	-	-	-	481	-

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

The en-photo SaaS business was affected by the spread of the COVID-19 infections. As a result, face-to-face sales activities to win new nursery school and kindergarten contracts were restricted. Nevertheless, we were able to steadily increase the number of nursery school and kindergarten contracts using telephone, e-mails and video conference systems. Moreover, frequency of use of our service increased in individual facilities. 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 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 106.6% to 331 million yen, EBITDA was a loss of 151 million yen compared with a 93 million yen loss one year earlier and the segment loss was 174 million yen compared with a 94 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	-
Sales per facility (Yen)	-	16,158	26,398	-	-	23,517	28,711	-
ARR (Millions of yen)	-	-	-	-	-	-	381	-

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 December, using a tie-up with VALT JAPAN Co., Ltd., this business launched “eas next,” a comprehensive employment support service for people with developmental disabilities that combines measures for finding jobs and making these people even more productive.

In the BPO business, sales increased 19.5% to 799 million yen, EBITDA decreased 35.2% to 49 million yen and segment profit decreased 50.9% to 27 million yen.

### 5) Crowdsourcing

The number of crowdworkers registered in the Shufti business was about 430,000 as of the end of December 2021. 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 previous fiscal year in order to optimize the utilization of resources across the entire group.

In the Crowdsourcing business, sales decreased 2.1% to 22 million yen, EBITDA was a loss of 21 million yen compared with a 60 million yen loss one year earlier and the segment loss was 22 million yen compared with a 61 million yen loss one year earlier.

## **(2) Explanation of Financial Position**

Total assets decreased 134 million yen from the end of the previous fiscal year to 4,064 million yen as of the end of the third quarter.

This was mainly due to a 439 million yen decrease in cash and deposits and a 281 million yen increase in investments and other assets.

The main reason for the increase of 281 million yen in investments and other assets is the payment of 250 million yen for investments in limited partnerships as reported in “Section 5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes, Subsequent Events” of the Securities Report for the previous fiscal year.

Total liabilities decreased 9 million yen from the end of the previous fiscal year to 1,980 million yen.

This was mainly due to an 11 million yen decrease in accounts payable-trade, a 68 million yen decrease in income taxes payable, a 96 million yen decrease in other current liabilities and a 169 million yen increase in advances received.

Total net assets decreased 124 million yen from the end of the previous fiscal year to 2,083 million yen. This was due to a 129 million yen decrease in retained earnings and a 2 million yen increase each in share capital and capital surplus.

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

There are no revisions to the current fiscal year forecast that was announced on May 14, 2021 as we continue to make investments for growth while watching for any changes in the outlook for fiscal year results of operations. However, we plan to examine the forecast to determine if there is a need to make any revisions.

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

(Thousands of yen)

	FY3/21 (As of Mar. 31, 2021)	Third quarter of FY3/22 (As of Dec. 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,291,810	2,852,321
Accounts receivable-trade	239,330	199,632
Work in process	17,618	30,784
Other	138,331	205,437
Allowance for doubtful accounts	(678)	(2,437)
<b>Total current assets</b>	<b>3,686,412</b>	<b>3,285,738</b>
<b>Non-current assets</b>		
Property, plant and equipment	152,147	144,313
<b>Intangible assets</b>		
Goodwill	220,308	198,987
Other	28,423	42,433
<b>Total intangible assets</b>	<b>248,731</b>	<b>241,421</b>
Investments and other assets	111,152	392,917
<b>Total non-current assets</b>	<b>512,032</b>	<b>778,651</b>
<b>Total assets</b>	<b>4,198,444</b>	<b>4,064,389</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	131,209	119,531
Current portion of long-term borrowings	42,320	42,490
Income taxes payable	120,036	51,136
Advances received	977,037	1,146,463
Provision for bonuses	-	31,676
Other	622,882	525,993
<b>Total current liabilities</b>	<b>1,893,485</b>	<b>1,917,291</b>
<b>Non-current liabilities</b>		
Long-term borrowings	80,690	48,950
Other	15,829	14,447
<b>Total non-current liabilities</b>	<b>96,519</b>	<b>63,397</b>
<b>Total liabilities</b>	<b>1,990,005</b>	<b>1,980,688</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,031,168	1,033,381
Capital surplus	1,013,468	1,015,681
Retained earnings	164,077	34,720
Treasury shares	(275)	(275)
<b>Total shareholders' equity</b>	<b>2,208,439</b>	<b>2,083,507</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	-	193
<b>Total accumulated other comprehensive income</b>	<b>-</b>	<b>193</b>
<b>Total net assets</b>	<b>2,208,439</b>	<b>2,083,701</b>
<b>Total liabilities and net assets</b>	<b>4,198,444</b>	<b>4,064,389</b>



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

(Thousands of yen)

	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Net sales	2,253,555	2,963,714
Cost of sales	674,577	878,442
Gross profit	1,578,977	2,085,271
Selling, general and administrative expenses	1,467,458	2,102,439
Operating profit (loss)	111,518	(17,167)
Non-operating income		
Interest income	234	16
Income from point programs	289	191
Reversal of allowance for doubtful accounts	418	-
Subsidy income	26,790	18,082
Other	799	1,521
Total non-operating income	28,533	19,811
Non-operating expenses		
Interest expenses	518	416
Loss on investments in investment partnerships	-	12,749
Loss on tax purpose reduction entry of non-current assets	11,269	7,628
Share issuance costs	142	83
Loss on liquidation of subsidiaries	3,326	-
Other	-	848
Total non-operating expenses	15,256	21,726
Ordinary profit (loss)	124,795	(19,082)
Profit (loss) before income taxes	124,795	(19,082)
Income taxes-current	78,671	73,411
Income taxes-deferred	(3,910)	16,294
Total income taxes	74,761	89,705
Profit (loss)	50,033	(108,788)
Loss attributable to non-controlling interests	(21)	-
Profit (loss) attributable to owners of parent	50,055	(108,788)

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

(Thousands of yen)

	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Profit (loss)	50,033	(108,788)
Other comprehensive income		
Valuation difference on available-for-sale securities	-	193
Foreign currency translation adjustment	2,150	-
Total other comprehensive income	2,150	193
Comprehensive income	52,184	(108,594)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	52,185	(108,594)
Comprehensive income attributable to non-controlling interests	0	-

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Changes in Accounting Policies**

##### **Application of the Accounting Standard for Revenue Recognition**

Beginning with the first quarter of 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 first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new policies are then applied beginning with this amount of retained earnings.

As a result, compared with the previous accounting method, the application of the new standard resulted in increases of 23 million yen in net sales and 8 million yen in cost of sales, and decreases of 14 million yen each in operating loss, ordinary loss and loss before income taxes.

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

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), ULURU has not presented information on revenue from contracts with customers broken down for the first nine months of the previous fiscal year.

##### **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 first quarter 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 quarterly consolidated financial statements.

**Segment and Other Information**

I First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)

## 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	1,200,219	193,059	160,489	7,658	668,830	23,296	2,253,555	-	2,253,555
Inter-segment sales and transfers	-	-	-	-	5,845	2,307	8,153	(8,153)	-
Total	1,200,219	193,059	160,489	7,658	674,676	25,604	2,261,708	(8,153)	2,253,555
Segment profit (loss)	573,129	(17,825)	(94,131)	656	56,837	(61,174)	457,492	(345,973)	111,518

Notes: 1. The negative adjustment of 345,973 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of 1,522 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 347,496 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.

In prior fiscal years, there were four reportable segments: CGS NJSS, CGS others, BPO and Crowdsourcing. Due to the increasing importance of the services other than NJSS, which were previously included in CGS others, they have become separate reportable segments called CGS fondesk and CGS photo. As a result of these two new segments, there are six reportable segments beginning with FY3/21.

The information has been prepared based on the reportable segments after the change, and there are differences between the reportable segments disclosed in FY3/22 and FY3/21 for the first nine months of FY3/21.

## 2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

(Significant impairment losses related to non-current assets)

Not applicable.

(Significant changes in the amount of goodwill)

In the “CGS others,” there has been a significant change in goodwill as ULURU acquired the OurPhoto stock and made this company a consolidated subsidiary in the third quarter of FY3/21.

The event caused an increase of goodwill by 227,414 thousand yen.

(Significant gain on bargain purchase)

Not applicable.

## II First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)

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

(Thousands of yen)

	Reportable segment							Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowd- sourcing	Total		
Net sales									
External sales	1,477,330	333,033	331,519	-	799,022	22,808	2,963,714	-	2,963,714
Inter-segment sales and transfers	-	-	-	-	695	4,115	4,810	(4,810)	-
Total	1,477,330	333,033	331,519	-	799,717	26,924	2,968,524	(4,810)	2,963,714
Segment profit (loss)	553,277	4,638	(174,728)	(14,888)	27,913	(22,030)	374,181	(391,349)	(17,167)

Notes: 1. The negative adjustment of 391,349 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 2,888 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 388,461 thousand yen that are not allocated to any reportable segment.

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

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

As described in Changes in Accounting Policies, ULURU has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter 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.

Compared with the previous method, net sales and segment profit increased 23,052 thousand yen and 14,518 thousand yen, respectively, in the BPO business in the first nine months of FY3/22.

*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.*