

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

[Japanese GAAP]

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Scheduled date of Annual General Meeting of Shareholders: June 28, 2021

Scheduled date of payment of dividend: -

Scheduled date of filing of Annual Securities Report: June 29, 2021

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, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	3,219	29.8	185	-	135	-	148	-	42	-
Fiscal year ended Mar. 31, 2020	2,480	10.6	(152)	-	(189)	-	(190)	-	(207)	-

*EBITDA = Operating profit + Depreciation + Amortization of goodwill

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2021: 44 (-%)

Fiscal year ended Mar. 31, 2020: (206) (-%)

	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, 2021	12.33	12.21	1.9	3.8	4.2
Fiscal year ended Mar. 31, 2020	(61.48)	-	(9.5)	(5.4)	(7.6)

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2021: - Fiscal year ended Mar. 31, 2020: -

Note: Diluted net income per share for the fiscal year ended Mar. 31, 2020 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, 2021	4,198	2,208	52.6	644.73
As of Mar. 31, 2020	3,612	2,154	59.6	630.37

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 2,208 As of Mar. 31, 2020: 2,154

(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, 2021	701	(196)	(78)	3,291
Fiscal year ended Mar. 31, 2020	(52)	(81)	(42)	2,865

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, 2020	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -
Fiscal year ended Mar. 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecast)	-	0.00	-	0.00	0.00	-	-	-

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)	-	(111.06)

Note: There is no first half forecast.

*** Notes**

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of issued shares (common stock)

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

As of Mar. 31, 2021: 3,425,500 shares As of Mar. 31, 2020: 3,417,700 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2021: 128 shares As of Mar. 31, 2020: 101 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2021: 3,421,555 shares Fiscal year ended Mar. 31, 2020: 3,372,763 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	2,222	35.6	87	-	70	-	80	-	23	-
Fiscal year ended Mar. 31, 2020	1,638	12.8	(205)	-	(219)	-	(221)	-	(225)	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended Mar. 31, 2021	6.75		6.68	
Fiscal year ended Mar. 31, 2020	(66.79)		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Mar. 31, 2021	3,617		1,958		54.1		571.68	
As of Mar. 31, 2020	3,141		1,925		61.3		563.36	

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 1,958 As of Mar. 31, 2020: 1,925

Reasons for year-on-year changes in non-consolidated results of operations

In the fiscal year ended March 31, 2021, sales increased mainly because of the benefits of the optimization of sales processes for NJSS in the CGS business and the rapid growth of fondesk in the CGS business because of the widespread use of remote work. There was a profit following the previous year's loss because expenses increased less than sales did because the previous fiscal year was a period for making up-front investments. There were substantial advertising expenditures for NJSS in the CGS business, many people were hired in all businesses and other activities. Performance in the fiscal year ended March 31, 2021 was not affected by these one-time expenses.

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

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

Note concerning forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the ULURU's management at the time the materials were prepared but are not promises by ULURU regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 6 for forecast assumptions and notes of caution for usage.

How to view supplementary information at the financial results meeting

ULURU plans to hold an information meeting for institutional investors and analysts on May 17, 2021. 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.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	5
(3) Cash Flows	5
(4) Outlook	6
2. Basic Approach to the Selection of Accounting Standards	7
3. Consolidated Financial Statements and Notes	8
(1) Consolidated Balance Sheet	8
(2) Consolidated Statements of Income and Comprehensive Income	10
Consolidated Statement of Income	10
Consolidated Statement of Comprehensive Income	11
(3) Consolidated Statement of Changes in Equity	12
(4) Consolidated Statement of Cash Flows	14
(5) Notes to Consolidated Financial Statements	15
Going Concern Assumption	15
Additional Information	15
Segment and Other Information	15
Per Share Information	17
Subsequent Events	17

1. Overview of Results of Operations

(1) Results of Operations

Japan's working age population is forecast to decrease by about 16 million between 2017 and 2040 according to the 2018 White Paper on Information and Communications in Japan. This outlook points to serious social and economic issues as a labor shortage reduces the size of the economy and makes Japan less competitive in global markets. Based on the 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 fiscal year that ended in March 2021 because of COVID-19. During this challenging year, 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. 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.

In the fiscal year that ended in March 2021, net sales increased 29.8% to 3,219 million yen, EBITDA (Operating profit + Depreciation + Amortization of goodwill) was 185 million yen compared with a loss of 152 million in the previous fiscal year, operating profit was 135 million yen compared with a loss of 189 million yen in the previous fiscal year, ordinary profit was 148 million yen compared with a loss of 190 million yen in the previous fiscal year, and profit attributable to owners of parent was 42 million yen compared with a loss of 207 million yen in the previous fiscal year.

Differences between results of operations and the initial forecasts announced on May 15, 2020 for the fiscal year that ended in March 2021 are as follows.

(Millions of yen)

	FY3/21 (Initial forecasts)*	FY3/21 (Results)	Difference using highest forecasts (%)
Net sales	2,480 to 2,920	3,219	110.3
EBITDA	(300) to ±0	185	-
Operating profit	(340) to (50)	135	-
Ordinary profit	(320) to (30)	148	-
Profit attributable to owners of parent	(250) to (30)	42	-

* The initial forecasts are ranges rather than single figures because of uncertainty about the impact of COVID-19.

Business segment sales were as follows.

In prior fiscal years, there were four reportable segments: CGS NJSS, CGS others, BPO and Crowdsourcing. Due to the increasing importance of fondesk and en-photo, 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 the fiscal year that ended in March 2021. In the following table, segment information for the fiscal year that ended in March 2020 is presented based on the new segments.

(Millions of yen)

Segment	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)		FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)		YoY change in net sales (%)
	Net sales	Comp. (%)	Net sales	Comp. (%)	
CGS Business	1,608	64.9	2,202	68.4	36.9
NJSS	1,350	54.5	1,645	51.1	21.8
fondesk	59	2.4	280	8.7	368.9
Photo	188	7.6	267	8.3	41.8
Others	9	0.4	9	0.3	(2.2)
BPO Business	839	33.8	986	30.6	17.5
Crowdsourcing Business	32	1.3	30	1.0	(4.3)
Total	2,480	100.0	3,219	100.0	29.8

1) CGS NJSS

NJSS is the primary SaaS of the CGS business. Optimizing the NJSS sales framework is a major goal in accordance with the medium-term business plan. Due to these activities, the number of customers who have purchased contracts for viewing data about public-sector bids and winning bids increased by 678 during the fiscal year to a record-high 3,960 companies as of the end of March 2021.

Activities that began in the previous fiscal year to increase rates received for this service resulted in an increase in average revenue per user (ARPU: daily sales per user) to 1,223 yen, 5% higher than in the fourth quarter of the previous fiscal year. In addition, due to an improvement in customer success, the churn rate decreased from 2.2% at the end of March 2020 to an average of 1.7% during the fiscal year that ended in March 2021, based on the number of fee-paying contracts. This improvement also resulted in a higher customer lifetime value (LTV).

Because of the consistent growth in the number of fee-paying contracts along with improvements in the ARPU and churn rate, annual recurring revenue (ARR) continued to climb, reaching 1,740 million yen.

Consequently, NJSS sales increased 21.8% to 1,645 million yen, EBITDA was up 74.3% to 747 million yen and segment profit was up 74.8% to 742 million yen.

NJSS KPI	FY3/20				FY3/21			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Fee-paying contracts	2,962	2,999	3,148	3,282	3,395	3,571	3,749	3,960
ARPU (Yen)	1,170	1,169	1,152	1,167	1,188	1,207	1,221	1,223
Churn rate (%)	2.5	2.3	2.1	2.2	2.0	2.0	1.9	1.7
LTV (Thousands of yen)	1,277	1,402	1,513	1,448	1,621	1,665	1,773	1,943
ARR (Millions of yen)	1,261	1,290	1,334	1,394	1,467	1,585	1,684	1,744

- 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 fondesk SaaS business, the awareness of this service increased during the fiscal year as a method for supporting the digital transformation of back office tasks in conjunction with the growth of remote work due to COVID-19. This business achieved significant growth as the number of fee-paying contracts increased to 2,230 at the end of March 2021 from 1,884 at the end of the previous fiscal year. However, expenses increased because of marketing activities and other reasons.

Sales of fondesk increased 368.9% to 280 million yen, EBITDA was a loss of 57 million yen compared with a 77 million yen loss in the previous fiscal year and the segment loss was 58 million yen compared with a 77 million yen loss in the previous fiscal year.

fondesk KPI	FY3/20				FY3/21			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Fee-paying contracts	64	118	168	346	1,017	1,540	1,897	2,230

3) CGS photo

In the en-photo SaaS business, there were initially concerns about the negative impact on nursery school and kindergarten events because of the COVID-19 state of emergency that started in April 2020. However, this impact was not significant and the demand for photos of daily activities remained firm. Furthermore, even during the uncertainty of the COVID-19 crisis, there were activities for the growth of photo services and providing greater convenience for customers. One step was the December 2020 acquisition of all of the stock of OurPhoto Co., Ltd., which operates the OurPhoto matching service for members and professional photographers. Another significant activity is the development of Photo Book for creating photo booklets.

Sales of en-photo services increased 41.8% to 267 million yen, EBITDA was a loss of 105 million yen compared with a 42 million yen loss in the previous fiscal year and the segment loss was 114 million yen compared with a 43 million yen loss in the previous fiscal year.

Photo KPI	FY3/20				FY3/21			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
en-photo contracted facilities	2,034	2,099	2,167	2,477	2,547	2,639	2,717	2,922

4) BPO

During the state of emergency that started in April 2020, there were postponements of orders that had been placed, fewer opportunities to receive orders and a downturn in calls from potential customers. Following the state of emergency, the performance of this business improved and was supported by orders associated with the increasing demand for replacing paper with electronic documents as the use of remote work grew. For progress concerning the medium-term plan goal of making the BPO business highly profitable, there were measures to strengthen upselling and for stable operating rates at the first and second BPO centers in Tokushima. All of these activities produced a big improvement in profitability as this segment's profit margin improved to 11.3% from 4.0% in the previous fiscal year. Furthermore, this business is developing an "eas" (Entry Automation System) service, which

is a new SaaS data automation service that combines AI-OCR utilization with tasks performed by people.

In the BPO business, sales increased 17.5% to 986 million yen, EBITDA increased 149.7% to 138 million yen and segment profit increased 235.6% to 111 million yen.

5) Crowdsourcing

The number of crowdworkers registered in the Shufti business was about 480,000 as of the end of March 2021. To enable this business to function as a platform to supply resources to the CGS category, activities continued during the fiscal year for improving services to increase convenience for customers and for strengthening customer support for the stable operation of Shufti. Activities in this business also include transfers of people to other businesses of the ULURU Group in order to optimize the utilization of resources across the entire group.

In the Crowdsourcing business, sales decreased 4.3% to 30 million yen, EBITDA was a loss of 68 million yen compared with a 130 million yen loss in the previous fiscal year and the segment loss was 70 million yen compared with a 131 million yen loss in the previous fiscal year.

(2) Financial Position

	(Thousands of yen)		
	FY3/20	FY3/21	YoY change (%)
Assets	3,612,880	4,198,444	16.2
Liabilities	1,458,351	1,990,005	36.5
Net assets	2,154,528	2,208,439	2.5

Total assets increased 585 million yen from the end of the previous fiscal year to 4,198 million yen as of the end of the current fiscal year. This was mainly due to a 401 million yen increase in cash and deposits, a 48 million yen increase in accounts receivable-trade, a 43 million yen decrease in income taxes receivable, a 220 million yen increase in goodwill and a 29 million yen decrease in long-term prepaid expenses.

Total liabilities increased 531 million yen from the end of the previous fiscal year to 1,990 million yen. This was mainly due to a 54 million yen increase in accounts payable-trade, a 285 million yen increase in advances received, a 120 million yen increase in income taxes payable and a 38 million yen decrease in long-term borrowings.

Total net assets increased 53 million yen from the end of the previous fiscal year to 2,208 million yen. This was mainly due to a 42 million yen increase in retained earnings.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year was 3,291 million yen, up 426 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)		
	FY3/20	FY3/21	YoY change (%)
Cash flows from operating activities	(52,098)	701,834	-
Cash flows from investing activities	(81,311)	(196,432)	-
Cash flows from financing activities	(42,275)	(78,593)	-

Cash flows from operating activities

Net cash provided by operating activities was 701 million yen (net cash used of 52 million yen in the previous fiscal year). The main factors include profit before income taxes of 148 million yen, depreciation of 43 million yen, amortization of goodwill of 7 million yen and an increase in advances received of 282 million yen.

Cash flows from investing activities

Net cash used in investing activities was 196 million yen (net cash used of 81 million yen in the previous fiscal year). The main factors include purchase of shares of subsidiaries resulting in change in scope of consolidation of 163 million yen.

Cash flows from financing activities

Net cash used in financing activities was 78 million yen (net cash used of 42 million yen in the previous fiscal year). The main factors include repayments of long-term borrowings of 79 million yen and proceeds from issuance of shares resulting from exercise of share acquisition rights of 2 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. The first two years of this plan were positioned as a period for making up-front investments while focusing on the plan's three key goals.

1) Sustained growth of the NJSS business

The goal is the medium to long-term growth of enterprise value by optimizing sales processes for increasing orders and reducing cancellations and by updating and improving products.

2) Addition and growth of new CGS businesses that generate recurring revenue

The goal is growth of businesses that generate recurring revenue by making substantial investments for IT systems, people and other resources in order to make en-photo and fondesk new core components of the CGS category.

3) High profitability of the BPO business

Increase the profit margin of the BPO business by reexamining the sales and business operations frameworks in order to increase sales and improving the cost structure.

By taking these actions, sales have increased faster than anticipated and more growth is expected as we increase investments even more.

We believe that aiming for more growth of sales as an organization with SaaS businesses will enable us to maximize our corporate value. In the fiscal year ending in March 2022, we will increase the speed of investments for growth in order to achieve the goals of accelerating sales growth and raising EBITDA to 1,500 million yen in the fiscal year ending in March 2024, which is the target for the fifth year of the medium-term plan.

The forecasts for the fiscal years ending in March 2023 and 2024 in the medium-term plan have been revised as follows.

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

(Millions of yen)

	FY3/22	FY3/23	FY3/24
Net sales	3,900	4,800	5,800
EBITDA	(250)	50	1,500
Operating profit	(340)	-	-
Ordinary profit	(340)	-	-
Profit attributable to owners of parent	(380)	-	-

(Reference) Initial medium-term plan forecasts for the fiscal years ending in March 2022 to March 2024

(Millions of yen)

	FY3/22	FY3/23	FY3/24
Net sales	3,300	-	4,800
EBITDA	400	-	1,500

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

The businesses of the ULURU Group are currently operating normally. If there is a significant change in market conditions involving the COVID-19 pandemic or some other event that has a major impact on the group's results of operations, we will announce a revised forecast.

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)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	2,890,024	3,291,810
Accounts receivable-trade	190,808	239,330
Work in process	3,822	17,618
Income taxes receivable	43,933	-
Other	160,823	138,331
Allowance for doubtful accounts	(1,515)	(678)
Total current assets	3,287,896	3,686,412
Non-current assets		
Property, plant and equipment		
Buildings and structures	153,956	149,768
Tools, furniture and fixtures	105,782	118,835
Other	2,668	11,021
Accumulated depreciation	(98,700)	(127,477)
Total property, plant and equipment	163,707	152,147
Intangible assets		
Software	26,858	20,303
Goodwill	-	220,308
Other	996	8,119
Total intangible assets	27,855	248,731
Investments and other assets		
Deferred tax assets	9,500	18,845
Leasehold and guarantee deposits	31,467	29,713
Long-term prepaid expenses	91,953	61,994
Other	500	600
Total investments and other assets	133,420	111,152
Total non-current assets	324,983	512,032
Total assets	3,612,880	4,198,444

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	76,505	131,209
Current portion of long-term borrowings	40,280	42,320
Accounts payable-other	211,765	176,115
Accrued expenses	133,477	162,933
Income taxes payable	-	120,036
Advances received	691,948	977,037
Deposits received	156,156	178,419
Other	15,528	105,414
Total current liabilities	1,325,663	1,893,485
Non-current liabilities		
Long-term borrowings	119,440	80,690
Other	13,248	15,829
Total non-current liabilities	132,688	96,519
Total liabilities	1,458,351	1,990,005
Net assets		
Shareholders' equity		
Share capital	1,026,263	1,031,168
Capital surplus	1,008,563	1,013,468
Retained earnings	121,881	164,077
Treasury shares	(228)	(275)
Total shareholders' equity	2,156,479	2,208,439
Accumulated other comprehensive income		
Foreign currency translation adjustment	(2,123)	-
Total accumulated other comprehensive income	(2,123)	-
Non-controlling interests	171	-
Total net assets	2,154,528	2,208,439
Total liabilities and net assets	3,612,880	4,198,444

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

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	2,480,493	3,219,978
Cost of sales	812,540	976,282
Gross profit	1,667,952	2,243,695
Selling, general and administrative expenses	1,857,099	2,108,368
Operating profit (loss)	(189,147)	135,327
Non-operating income		
Interest income	70	250
Subsidy income	-	26,790
Income from point programs	150	381
Interest on tax refund	100	692
Surrender value of insurance policies	54	-
Cashless return income	82	47
Other	40	193
Total non-operating income	498	28,356
Non-operating expenses		
Interest expenses	740	712
Share issuance costs	1,326	142
Loss on tax purpose reduction entry of non-current assets	-	11,269
Loss on liquidation of subsidiaries	-	3,288
Other	202	-
Total non-operating expenses	2,269	15,412
Ordinary profit (loss)	(190,918)	148,271
Profit (loss) before income taxes	(190,918)	148,271
Income taxes-current	15,462	116,477
Income taxes-deferred	960	(10,379)
Total income taxes	16,422	106,097
Profit (loss)	(207,340)	42,173
Profit (loss) attributable to non-controlling interests	28	(22)
Profit (loss) attributable to owners of parent	(207,368)	42,195

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Profit (loss)	(207,340)	42,173
Other comprehensive income		
Foreign currency translation adjustment	520	2,150
Total other comprehensive income	520	2,150
Comprehensive income	(206,820)	44,324
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(206,854)	44,324
Comprehensive income attributable to non-controlling interests	33	(0)

(3) Consolidated Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	947,746	930,046	329,250	(228)	2,206,814
Changes during period					
Issuance of new shares-exercise of share acquisition rights	122	122			245
Issuance of new shares-restricted stock compensation	78,394	78,394			156,789
Loss attributable to owners of parent			(207,368)		(207,368)
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	78,517	78,517	(207,368)	-	(50,334)
Balance at end of period	1,026,263	1,008,563	121,881	(228)	2,156,479

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(2,644)	(2,644)	140	2,204,311
Changes during period				
Issuance of new shares-exercise of share acquisition rights				245
Issuance of new shares-restricted stock compensation				156,789
Loss attributable to owners of parent				(207,368)
Purchase of treasury shares				-
Net changes in items other than shareholders' equity	520	520	31	552
Total changes during period	520	520	31	(49,782)
Balance at end of period	(2,123)	(2,123)	171	2,154,528

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 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
	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

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(190,918)	148,271
Depreciation	36,736	43,410
Amortization of goodwill	-	7,106
Share-based payment expenses	27,969	38,840
Loss on tax purpose reduction entry of non-current assets	-	11,269
Payments for loss on subsidiary liquidation	-	3,288
Increase (decrease) in allowance for doubtful accounts	201	(837)
Interest income	(70)	(250)
Subsidy income	-	(26,790)
Interest expenses	740	712
Decrease (increase) in trade receivables	(30,262)	(39,368)
Decrease (increase) in inventories	15,294	(13,795)
Increase (decrease) in trade payables	9,646	30,527
Increase (decrease) in advances received	150,262	282,268
Other, net	102,446	158,056
Subtotal	122,046	642,708
Interest received	70	250
Subsidies received	-	26,790
Interest paid	(740)	(712)
Income taxes paid	(173,474)	(13,544)
Income taxes refund	-	46,340
Net cash provided by (used in) operating activities	(52,098)	701,834
Cash flows from investing activities		
Purchase of property, plant and equipment	(74,577)	(49,300)
Purchase of intangible assets	(6,558)	(8,542)
Proceeds from withdrawal of time deposits	-	25,022
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(163,611)
Other, net	(176)	-
Net cash provided by (used in) investing activities	(81,311)	(196,432)
Cash flows from financing activities		
Repayments of long-term borrowings	(42,520)	(79,606)
Repayments of lease obligations	-	(1,425)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	245	2,485
Other, net	-	(46)
Net cash provided by (used in) financing activities	(42,275)	(78,593)
Effect of exchange rate change on cash and cash equivalents	498	-
Net increase (decrease) in cash and cash equivalents	(175,186)	426,808
Cash and cash equivalents at beginning of period	3,040,187	2,865,001
Cash and cash equivalents at end of period	2,865,001	3,291,810

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

Not applicable.

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 2022.

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) 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 fondesk and en-photo, which were previously included in CGS others, they have become separate reportable segments called CGS fondesk and CGS photo. Furthermore, due to the addition of OurPhoto Co., Ltd. as a consolidated subsidiary, the CGS photo segment, which also includes en-photo, has been added. As a result of these two new segments, there are six reportable segments beginning with the fiscal year that ended in March 2021. In the following table, segment information for the fiscal year that ended in March 2020 is presented based on the new segments.

(3) 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.

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

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Reportable segment							Adjustment (Note 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	1,350,808	59,760	188,684	9,406	839,489	32,343	2,480,493	-	2,480,493
Inter-segment sales and transfers	714	-	-	-	17,148	2,852	20,715	(20,715)	-
Total	1,351,523	59,760	188,684	9,406	856,637	35,196	2,501,208	(20,715)	2,480,493
Segment profit (loss)	425,043	(77,673)	(43,864)	835	33,321	(131,003)	206,658	(395,806)	(189,147)
Other items									
Depreciation	4,094	451	1,039	-	22,153	945	28,684	8,052	36,736
Amortization of goodwill	-	-	-	-	-	-	-	-	-

- Notes: 1. The negative adjustment of 395,806 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of 252 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 396,058 thousand yen that are not allocated to any reportable segment.
2. The 8,052 thousand yen adjustment to depreciation includes elimination for inter-segment transactions of negative 219 thousand yen and corporate expenses of 8,271 thousand yen that are not allocated to any reportable segment.
3. Segment assets and liabilities are not shown because this information is not provided on a regular basis to the Board of Directors and other high-ranking decision-making bodies and this information is not used for the evaluation of results of operation.
4. Segment profit (loss) is adjusted to be consistent with operating loss in the consolidated statement of income.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable segment							Adjustment (Note 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.

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

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

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

Per Share Information

(Yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	630.37	644.73
Net income (loss) per share	(61.48)	12.33
Diluted net income per share	-	12.21

Notes: 1. Diluted net income per share for FY3/20 is not presented because net loss was posted although there were outstanding dilutive shares.

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

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net income (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	(207,368)	42,195
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit (loss) attributable to owners of parent applicable to common shares (Thousands of yen)	(207,368)	42,195
Average number of shares outstanding (Shares)	3,372,763	3,421,555
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Thousands of yen)	-	-
Increase in the number of common shares (Shares)	-	34,432
[Of which, share acquisition rights (Shares)]	-	(34,432)
Summary of latent shares not included in the calculation of the diluted net income per share since there was no dilutive effect	-	-

Subsequent Events**Investment**

In accordance with a resolution approved by the ULURU Board of Directors on March 15, 2021, ULURU signed a contract on April 1, 2021 concerning an investment fund limited partnership and paid 250 million yen of the total promised investment of 500 million yen on April 8, 2021.

1. Purpose of the investment

This limited partnership will be used to seek opportunities in new markets.

2. Summary of the fund

Name: Kusabi No. 1 Fund Limited Partnership

Activities: Venture capital investing

3. Procurement of funds for this investment

The investment was made by using internal funds.

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.