

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2023
(Three Months Ended June 30, 2022)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: August 12, 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 Three Months (April 1, 2022 – June 30, 2022) of the Fiscal Year Ending March 31, 2023

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

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2022	1,062	14.8	(27)	-	(47)	-	(40)	-	(47)	-
Three months ended Jun. 30, 2021	925	45.6	37	397.8	20	-	30	124.8	(9)	-

*EBITDA = Operating profit + Depreciation + Amortization of goodwill

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2022: (47) (-%)

Three months ended Jun. 30, 2021: (9) (-%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2022	(6.84)		-	
Three months ended Jun. 30, 2021	(1.46)		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Jun. 30, 2022	4,219		2,081		49.3	
As of Mar. 31, 2022	4,338		2,128		49.1	

Reference: Shareholders' equity (million yen) As of Jun. 30, 2022: 2,081 As of Mar. 31, 2022: 2,128

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Fiscal year ended Mar. 31, 2022	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2023	-				
Fiscal year ending Mar. 31, 2023 (forecast)		0.00	-	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, 2023 (April 1, 2022 – March 31, 2023)

(Percentages represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4,850	20.4	50	-	(50)	-	(60)	-	(90)	-	(13.09)

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 Jun. 30, 2022:	6,913,000 shares	As of Mar. 31, 2022:	6,908,000 shares
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2) Number of treasury shares at the end of period

As of Jun. 30, 2022:	256 shares	As of Mar. 31, 2022:	256 shares
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3) Average number of shares during the period

Three months ended Jun. 30, 2022:	6,907,798 shares	Three months ended Jun. 30, 2021:	6,850,744 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, 2022.

* 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. The ULURU Group has many activities centered on the software-as-a-service (SaaS) model for providing alternative solutions for labor shortages in a broad range of fields.

In April 2022, we announced the new corporate vision of "Solve the labor shortage and enrich people and companies." We are reaffirming our commitment to becoming a "leading company for labor shortage solutions" as we work even harder at taking actions that target these social issues.

In November 2003, we started the Business Process Outsourcing (BPO) business to meet the outsourcing needs of companies with the goal of establishing the standard for employees working at home rather than the company's workplace. The diversity of our customers' needs increased along with the volume of orders we received. We responded by launching a crowdsourcing business called Shufti in February 2007. Shufti increases the efficiency of the BPO business by facilitating direct matching of the requirements of client companies and the availability of crowdworkers, chiefly housewives, without using the ULURU Group. In addition, we used knowledge acquired from BPO operations and the resources of the crowdsourcing business to start the Crowd Generated Service (CGS) business, which allows the ULURU Group itself to utilize crowdworkers. In September 2008, we started the NJSS (Nyusatsu Joho Sokuho Service) business, an up-to-date and other bid solicitations database service about bids and winning bids for public-sector tenders in Japan. This business currently accounts for the majority of our sales and earnings. In October 2014, we launched en-photo, a photo sales management system for nursery schools and kindergartens. In February 2019, we started the fondesk, a telephone call answering service that uses crowdworkers. To benefit from synergies with en-photo, we made OurPhoto Co., Ltd. a wholly owned subsidiary in December 2020. This company operates a matching service for its members and professional photographers. These operations are the current business portfolio of the ULURU Group.

NJSS, fondesk and en-photo are all SaaS operations, which makes the SaaS category the basis for the growth of the ULURU Group. Japan's SaaS market was 601.6 billion yen in fiscal 2019 and is expected to grow to 1,117.8 billion yen in fiscal 2024 according to "Software Business New Markets 2020" by Fuji Chimera Research Institute, Inc.

The business climate was consistently uncertain during the first quarter of the fiscal year ending March 2023 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 and May 13, 2022.

During the first quarter, net sales increased 14.8% year-on-year to 1,062 million yen, EBITDA (Operating profit + Depreciation + Amortization of goodwill) was a loss of 27 million yen compared with a profit of 37 million yen one year earlier, operating loss was 47 million yen compared with a profit of 20 million yen one year earlier, ordinary loss was 40 million yen compared with a profit of 30 million yen one year earlier, and the loss attributable to owners of parent was 47 million yen compared with a loss of 9 million yen one year earlier. Total annual recurring revenue (ARR) continued to increase and surpassed 3,000 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.

(Millions of yen)

Segment	First quarter of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)		First quarter of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)		YoY change in net sales (%)
	Net sales	Comp. (%)	Net sales	Comp. (%)	
CGS Business	671	72.5	815	76.8	21.5
NJSS	467	50.6	552	52.0	18.1
fondesk	102	11.1	136	12.9	33.7
Photo	101	10.9	126	11.9	24.9
Others	-	-	-	-	-
BPO Business	247	26.7	239	22.5	(3.1)
Crowdsourcing Business	7	0.8	7	0.7	4.7
Total	925	100.0	1,062	100.0	14.8

1) CGS NJSS

NJSS is the primary SaaS of the CGS business. We have been taking many actions with the goal of achieving consistent sales growth for many years by optimizing average revenue per user (ARPU; average daily sales per user) and the number of customers who have purchased contracts with fees. Although there was a small decrease in ARPU to 1,195 yen, these activities raised the number of customers who have purchased contracts by 264 during the first quarter to 4,968 at the end of June 2022. This growth was the result of a steady increase in the number of new contracts while using the optimization of sales processes and other steps to hold down contract cancellations.

In addition, due to an improvement in customer success, the average churn rate during the past 12 months based on fee-paying contracts was 1.45%, remaining in the 1.4% level since the previous fiscal year, compared with an average of 1.48% for the fiscal year that ended in March 2022. In addition, annual recurring revenue (ARR) continued to grow and reached approximately 2,200 million yen.

Consequently, NJSS sales increased 18.1% to 552 million yen, EBITDA was down 0.4% to 191 million yen and segment profit was down 1.0% to 188 million yen.

NJSS KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	467	490	518	520	552	-	-	-
EBITDA (Millions of yen)	191	178	188	145	191	-	-	-
Fee-paying contracts	4,139	4,388	4,480	4,704	4,968	-	-	-
ARPU (Yen)	1,226	1,199	1,232	1,213	1,195	-	-	-
Churn rate (%)	1.55	1.48	1.46	1.48	1.45	-	-	-
LTV (Thousands of yen)	2,153	2,229	2,337	2,220	2,255	-	-	-
ARR (Millions of yen)	1,848	1,936	2,032	2,055	2,162	-	-	-

- 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 3,550 contracts at the end of June 2022, 235 more than at the end of March 2022. 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 remained at 1.6% compared with 1.6% as of the end of March 2022.

Sales of fondesk increased 33.7% to 136 million yen, EBITDA was a loss of 4 million yen compared with a 1 million yen profit one year earlier and the segment loss was 4 million yen compared with a 1 million yen profit one year earlier.

fondesk KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	102	110	120	121	136	-	-	-
EBITDA (Millions of yen)	1	2	1	(78)	(4)	-	-	-
Fee-paying contracts	2,552	2,814	3,105	3,315	3,550	-	-	-
ARPU (Yen)	13,361	13,074	12,920	12,230	12,840	-	-	-
Churn rate (%)	2.5	2.0	1.9	1.6	1.6	-	-	-
ARR (Millions of yen)	-	-	481	486	547	-	-	-

Notes: 1. ARPU: Monthly sales per fee-paying contracts
2. Churn rate: Ratio of cancellations during a month to the number of fee-paying contracts at the end of the previous month; 12-month averages are shown in this table.
3. ARR: Sum of subscription sales and recurring sales in each quarter multiplied by four.

3) CGS photo

In the en-photo SaaS business, the pandemic restricted face-to-face sales activities to win new nursery school and kindergarten contracts. Nevertheless, we were able to steadily increase the number of nursery school and kindergarten contracts using telephone, e-mails and video conference systems. At the same time, we carried out activities aimed at providing greater convenience for customers and further growth of services. These included creating synergies with OurPhoto Co., Ltd. that became a wholly owned subsidiary in December 2020. The company operates an on-site photography matching service “OurPhoto.”

Sales of photo services increased 24.9% to 126 million yen, EBITDA was a loss of 56 million yen compared with a 32 million yen loss one year earlier and the segment loss was 64 million yen compared with a 39 million yen loss one year earlier.

Photo KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	101	90	139	133	126	-	-	-
EBITDA (Millions of yen)	(32)	(54)	(64)	(67)	(56)	-	-	-
en-photo: Contracted facilities	3,072	3,207	3,318	3,662	3,757	-	-	-
en-photo: Sales per facility (Yen)	27,154	23,517	28,711	32,347	27,097	-	-	-
en-photo: ARR (Millions of yen)	-	-	381	473	407	-	-	-
OurPhoto: Number of photos taken	4,022	3,206	9,648	2,760	4,551	-	-	-

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

4) BPO

In the BPO business, sales declined slightly from one year earlier due to delays in acceptance inspections but inquiries associated with the increasing demand for replacing paper with electronic documents were strong as the use of remote work grew due to the COVID-19 crisis, and the revision of the Electronic Book Storage Act. In the “eas” (Entry Automation System) business, which is a SaaS automation service, expenses increased because of expenditures for marketing and other activities for the growth of this business.

In the BPO business, sales decreased 3.1% to 239 million yen, EBITDA was a loss of 7 million yen compared with an 18 million yen profit one year earlier and the segment loss was 14 million yen compared with a 12 million yen profit one year earlier.

BPO KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	247	297	253	282	239	-	-	-
EBITDA (Millions of yen)	18	50	(20)	(1)	(7)	-	-	-

5) Crowdsourcing

The number of crowdworkers registered in the Shufti business was about 440,000 as of the end of June 2022. To enable this business to function as a platform to supply resources to the CGS category, we continued to improve services to increase convenience for customers and for strengthening customer support for the stable operation of Shufti.

In the Crowdsourcing business, sales increased 4.7% to 7 million yen, EBITDA was a loss of 2 million yen compared with a 9 million yen loss one year earlier and the segment loss was 2 million yen compared with a 9 million yen loss one year earlier.

Crowdsourcing KPI	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (Millions of yen)	7	7	8	7	7	-	-	-
EBITDA (Millions of yen)	(9)	(7)	(5)	(8)	(2)	-	-	-

(2) Explanation of Financial Position

Total assets decreased 119 million yen from the end of the previous fiscal year to 4,219 million yen as of the end of the first quarter. This was mainly due to decreases of 219 million yen in cash and deposits and 83 million yen in accounts receivable-trade, and increases of 56 million yen in other current assets, 27 million yen in other non-current assets, and 101 million yen in investments and other assets.

Total liabilities decreased 72 million yen from the end of the previous fiscal year to 2,137 million yen. This was mainly due to a 185 million yen increase in contract liabilities, a 22 million yen decrease in accounts payable-trade, a 22 million yen decrease in income taxes payable, a 36 million yen increase in provision for bonuses, a 238 million yen decrease in other current liabilities and a 10 million yen decrease in long-term borrowings.

Total net assets decreased 46 million yen from the end of the previous fiscal year to 2,081 million yen. This was mainly due to a 47 million yen decrease in retained earnings.

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

We maintain the full-year consolidated forecast that was announced in the Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 dated May 13, 2022.

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

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	First quarter of FY3/23 (As of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	2,805,136	2,585,910
Accounts receivable-trade	255,878	172,689
Work in process	40,621	43,049
Other	197,231	254,118
Allowance for doubtful accounts	(1,723)	(2,183)
Total current assets	3,297,144	3,053,584
Non-current assets		
Property, plant and equipment	140,310	142,045
Intangible assets		
Goodwill	191,881	184,774
Other	52,059	79,965
Total intangible assets	243,940	264,740
Investments and other assets		
Investment securities	321,534	433,685
Other	335,558	325,356
Total investments and other assets	657,092	759,041
Total non-current assets	1,041,343	1,165,827
Total assets	4,338,488	4,219,412
Liabilities		
Current liabilities		
Accounts payable-trade	132,093	109,739
Current portion of long-term borrowings	41,810	41,300
Income taxes payable	30,278	7,997
Contract liabilities	1,193,561	1,378,882
Provision for bonuses	-	36,704
Other	759,383	520,556
Total current liabilities	2,157,127	2,095,180
Non-current liabilities		
Long-term borrowings	38,880	28,810
Other	14,095	13,991
Total non-current liabilities	52,975	42,801
Total liabilities	2,210,102	2,137,981
Net assets		
Shareholders' equity		
Share capital	1,033,456	1,033,723
Capital surplus	1,015,756	1,016,023
Retained earnings	79,107	31,880
Treasury shares	(275)	(275)
Total shareholders' equity	2,128,044	2,081,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	341	78
Total accumulated other comprehensive income	341	78
Total net assets	2,128,385	2,081,430
Total liabilities and net assets	4,338,488	4,219,412

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

(Thousands of yen)

	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)
Net sales	925,498	1,062,656
Cost of sales	271,995	289,741
Gross profit	653,502	772,915
Selling, general and administrative expenses	633,392	820,044
Operating profit (loss)	20,110	(47,128)
Non-operating income		
Interest income	2	2
Dividend income	-	1
Income from point programs	99	12
Subsidy income	18,082	7,400
Other	155	199
Total non-operating income	18,338	7,615
Non-operating expenses		
Interest expenses	154	99
Loss on retirement of non-current assets	-	578
Loss on tax purpose reduction entry of non-current assets	7,628	-
Total non-operating expenses	7,783	678
Ordinary profit (loss)	30,665	(40,191)
Profit (loss) before income taxes	30,665	(40,191)
Income taxes-current	28,369	2,644
Income taxes-deferred	12,276	4,390
Total income taxes	40,646	7,035
Loss	(9,980)	(47,227)
Loss attributable to owners of parent	(9,980)	(47,227)

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

(Thousands of yen)

	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)
Loss	(9,980)	(47,227)
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(262)
Total other comprehensive income	-	(262)
Comprehensive income	(9,980)	(47,489)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(9,980)	(47,489)

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 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	467,903	102,299	101,130	-	247,036	7,128	925,498	-	925,498
Inter-segment sales and transfers	-	-	-	-	520	2,668	3,188	(3,188)	-
Total	467,903	102,299	101,130	-	247,556	9,796	928,686	(3,188)	925,498
Segment profit (loss)	190,907	1,194	(39,788)	(1,931)	12,460	(9,409)	153,432	(133,321)	20,110

Notes: 1. The negative adjustment of 133,321 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of 22,985 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 156,307 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.

II First three months of FY3/23 (Apr. 1, 2022 – Jun. 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	552,773	136,756	126,336	-	239,328	7,462	1,062,656	-	1,062,656
Inter-segment sales and transfers	-	-	-	-	-	3,620	3,620	(3,620)	-
Total	552,773	136,756	126,336	-	239,328	11,082	1,066,277	(3,620)	1,062,656
Segment profit (loss)	188,986	(4,163)	(64,308)	(10,856)	(14,917)	(2,817)	91,924	(139,052)	(47,128)

Notes: 1. The negative adjustment of 139,052 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of 28 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 139,081 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.

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.