

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2025
(Six Months Ended September 30, 2024)

[Japanese GAAP]

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Scheduled date of filing of Semi-annual Securities Report: -
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)
 *Individual investors can attend the meeting online
 (All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Six Months (April 1, 2024 – September 30, 2024) of the Fiscal Year Ending March 31, 2025

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

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2024	3,040	15.1	282	(54.2)	178	(66.3)	202	(61.2)	118	(63.8)
Six months ended Sep. 30, 2023	2,641	16.9	616	-	529	-	521	-	327	-

*EBITDA = Operating profit + Depreciation + Amortization of goodwill

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: 118 (-63.9%)

Six months ended Sep. 30, 2023: 329 (-%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Sep. 30, 2024	17.11		-	
Six months ended Sep. 30, 2023	47.36		47.33	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Sep. 30, 2024	5,635		2,688		47.7	
As of Mar. 31, 2024	6,051		2,811		46.5	

Reference: Shareholders' equity (million yen) As of Sep. 30, 2024: 2,688 As of Mar. 31, 2024: 2,811

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Fiscal year ended Mar. 31, 2024	-	0.00	-	35.00	35.00
Fiscal year ending Mar. 31, 2025	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2025 (forecast)	-	-	-	10.00	10.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	7,130	20.1	1,000	(34.1)	750	(43.4)	700	(45.7)	450	(37.5)	65.03

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

2. There is no forecast for the first six months (interim) because Uluru manages performance on a fiscal year basis.

Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting methods for presenting semi-annual 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

Note: Please refer to page 11 “2. Semi-annual Consolidated Financial Statements and Notes, (4) Notes to Semi-annual Consolidated Financial Statements, Changes in Accounting Policies” for details.

(4) Number of issued shares (common stock)

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

As of Sep. 30, 2024:	6,925,400 shares	As of Mar. 31, 2024:	6,925,400 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2024:	5,951 shares	As of Mar. 31, 2024:	5,951 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2024:	6,919,449 shares	Six months ended Sep. 30, 2023:	6,914,552 shares
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* The summary of financial results for the second quarter of the fiscal year ending March 31, 2025 (six months ended September 30, 2024) is not subject to 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 Semi-annual Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 6 for forecast assumptions and notes of caution for usage.

How to view the presentation material of financial results and details of the financial results meeting

Uluru plans to hold a financial results meeting for institutional investors and analysts (individual investors can attend the meeting online) on November 15, 2024.

The presentation material to be used at this meeting is planned to be posted on the Uluru website and TDnet on the same day that the summary of financial results is disclosed. Uluru plans to post a proceedings and details (video and audio) of the financial results meeting on its website soon after this meeting.

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1. Qualitative Information on Semi-annual Consolidated Financial Performance

(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. In this situation, with the commitment toward becoming a "leading company for solutions to labor shortages" under its corporate vision of "Solve the labor shortage and enrich people and companies," 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, and through such activities, it has been taking actions to deal with these social issues.

In November 2003, we started the Business Process Outsourcing (BPO) Business to meet the outsourcing needs of companies by establishing the standard for employees working at home rather than at the workplace. The diversity of our customers' needs increased along with the volume of orders we received. We responded by launching a crowdsourcing business called Shufti in February 2007. Shufti increases the efficiency of the BPO Business by facilitating direct matching of the requirements of client companies and the availability of crowdworkers, chiefly housewives, without using the Uluru Group. In addition, we used knowledge acquired from BPO operations and the resources of the crowdsourcing business to start the Crowd Generated Service (CGS) Business, which allows the Uluru Group itself to utilize crowdworkers. In September 2008, we started the NJSS (Nyusatsu Joho Sokuho Service) business, an up-to-date bid solicitations database service about bids and winning bids for public-sector tenders in Japan. This business currently accounts for about the half of our sales and the majority of earnings. In October 2014, we launched en-photo, a photo sales management system for nursery schools and kindergartens. In February 2019, we started fondesk, a telephone call answering service that uses crowdworkers. To benefit from synergies with en-photo, we made OurPhoto Co., Ltd. a wholly owned subsidiary in December 2020. This company operates a matching service for its members and professional photographers. In January 2023, we acquired all of the stock of Brainfeed, Inc., which operates the nSearch public-sector contract bidding information service for the purpose of linking this business with the NJSS business. The current business portfolio of the Uluru Group consists of these operations.

NJSS, fondesk, en-photo and nSearch are all SaaS operations, which makes the SaaS category the basis for the growth of the Uluru Group. According to "Software Business New Markets 2023" by Fuji Chimera Research Institute, Inc., Japan's SaaS market was 1,089.1 billion yen in fiscal 2022 and is expected to grow to 1,668.1 billion yen in fiscal 2026.

During the first six months of the current fiscal year under review, we made disciplined growth investments centered on human capital investment across the Group under the Uluru Sustainable Growth management policy. As a result, net sales for the first six months of the current fiscal year under review increased 15.1% year-on-year to 3,040 million yen, and EBITDA (operating profit + depreciation + amortization of goodwill) decreased 54.2% to 282 million yen. Meanwhile, operating profit was 178 million yen, down 66.3% year-on-year, and ordinary profit decreased 61.2% to 202 million yen, and profit attributable to owners of parent was 118 million yen, down 63.8% year-on-year. Total annual recurring revenue (ARR) surpassed 4.6 billion yen and continued to increase. 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.

(Million yen)

Segment	First six months of FY2024 (Apr. 1, 2023 – Sep. 30, 2023)		First six months of FY2025 (Apr. 1, 2024 – Sep. 30, 2024)		YoY change in net sales (%)
	Net sales	Comp. (%)	Net sales	Comp. (%)	
CGS Business	2,080	78.8	2,360	77.7	13.5
NJSS	1,382	52.3	1,550	51.0	12.2
fondesk	408	15.5	478	15.7	17.2
Photo	289	11.0	331	10.9	14.5
Others	-	-	-	-	-
BPO Business	547	20.7	667	21.9	21.9
Crowdsourcing Business	13	0.5	12	0.4	(12.9)
Total	2,641	100.0	3,040	100.0	15.1

1) CGS NJSS

The number of fee-paying contracts for NJSS, which is the main SaaS in the CGS Business, increased to 6,880 at the end of September 2024, an increase of 313 from the end of March 2024. Although the churn rate trended toward a slight increase due to the adoption of policy of raising unit prices at the time of contract renewal, the service continued to grow with ARR (annual recurring revenue) exceeding 3.1 billion yen. Under the Uluru Sustainable Growth management policy, we made growth investments, including investments in human capital and marketing initiatives, leading to an increase in costs.

In addition, we continued to focus on expanding the bidding market through the development of peripheral services, such as the generation of synergies with the nSearch operated by Brainfeed, Inc., a wholly owned subsidiary, commencement of the service provision of the Nyusatsu Shikaku Portal, a bidding qualification management service, and implementation of renewals including the first incorporation of generative AI-powered specification preparation support functions in the Chotatsu Info purchasing and procurement service that is offered to public institutions.

As a result, net sales of NJSS in the CGS Business for the first six months of the current fiscal year under review increased 12.2% year-on-year to 1,550 million yen, segment EBITDA decreased 4.4% year-on-year to 713 million yen, and segment profit was down 7.2% year-on-year to 653 million yen.

NJSS KPI	FY2024				FY2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (million yen)	672	709	722	769	761	789	-	-
Gross profit (million yen)	620	655	670	709	697	716	-	-
EBITDA (million yen)	344	401	410	426	324	389	-	-
ARR (million yen)	2,654	2,754	2,801	2,875	3,017	3,109	-	-
NJSS Fee-paying contracts	5,980	6,247	6,377	6,567	6,756	6,880	-	-
NJSS ARPU (yen)	1,166	1,162	1,158	1,151	1,151	1,160	-	-
Bidding BPO ARPU (yen)	-	-	11	72	26	21	-	-
NJSS Churn rate (%)	1.44	1.42	1.47	1.53	1.58	1.61	-	-
NJSS LTV (thousand yen)	2,208	2,255	2,174	2,060	1,989	1,994	-	-
Bidding BPO LTV (thousand yen)	-	-	22	129	51	37	-	-
nSearch Fee-paying contracts	485	550	565	566	578	587	-	-
Employees (people)	114	111	112	112	134	137	-	-

- Notes: 1. ARR: Monthly recurring revenue (MRR) as of the end of each quarter multiplied by 12. Beginning with the first quarter of the current fiscal year, MRR multiplied by 12 that also includes nSearch, GoSTEP and other peripheral subscription businesses.
2. ARPU: Daily sales per fee-paying contracts. Bidding BPO ARPU includes spot net sales.
3. Churn rate: Ratio of cancellations during a month to the number of fee-paying contracts at the end of the previous month; 12-month averages are shown in this table.
4. Customer lifetime value (LTV): $\text{ARPU} \times (1/\text{Churn rate}) \times \text{Gross profit margin of 90\%}$
5. Employees: Including part-time workers and people provided by temporary staffing companies. The number of these employees is converted to an annual average. and includes the employees of Brainfeed, Inc. by the same definition.

2) CGS fondesk

The fondesk SaaS in the CGS Business continued to grow on the back of the promotion of corporate digital transformation (DX), with the number of fee-paying contracts rising to 5,167 at the end of September 2024 (up 373 from the end of March 2024). We also continued measures to improve user convenience, including system upgrades to improve UI/UX. As a result, the average churn rate during the past 12 months based on fee-paying contracts was 1.2%, the lowest ever (1.3% as of the end of March 2024) and ARR surpassed 0.9 billion yen. We focused on growth investments, specifically large-scale marketing initiatives such as mass advertising, under the Uluru Sustainable Growth management policy, resulting in the increase in costs.

As a result, net sales of fondesk in the CGS Business for the first six months of the current fiscal year under review increased 17.2% year-on-year to 478 million yen, segment EBITDA declined 83.8% to 20 million yen, and segment profit dropped 84.1% year-on-year to 19 million yen.

fondesk KPI	FY2024				FY2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (million yen)	201	206	214	211	236	241	-	-
EBITDA (million yen)	62	61	75	69	4	15	-	-
Fee-paying contracts	4,272	4,469	4,682	4,794	4,980	5,167	-	-
ARPU (yen)	15,725	15,412	15,274	14,676	15,845	15,582	-	-
Churn rate (%)	1.4	1.3	1.3	1.3	1.2	1.2	-	-
ARR (million yen)	806	826	858	844	946	966	-	-
Employees (people)	14	15	15	16	18	17	-	-

- 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.
4. Employees: Including part-time workers and people provided by temporary staffing companies. The number of these employees is converted to an annual average.

3) CGS photo

The en-photo SaaS in the CGS Business saw growth with sales per nursery schools and kindergartens increasing to 28,844 yen (compared with 25,164 yen in the first six months of the previous fiscal year) and the number of nursery school and kindergarten contracts standing at 4,947 (up 222 from the end of March 2024), resulting in ARR reaching approximately 600 million yen. We conducted growth investments, particularly in human capital, under the Uluru Sustainable Growth management policy, resulting in an increase in costs.

We also continued to focus on enhancing functions for the purpose of further demonstrating synergies between OurPhoto, a matching service operated by OurPhoto Co., Ltd., a wholly owned subsidiary, for its members and professional photographers, and en-photo.

As a result, net sales of photo services in the CGS Business for the first six months of the current fiscal year under review increased 14.5% year-on-year to 331 million yen, segment EBITDA was negative 37 million yen compared with negative 1 million yen one year earlier, and the segment loss came to 43 million yen compared with a 17 million yen loss one year earlier.

Photo KPI	FY2024				FY2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (million yen)	156	133	203	233	168	163	-	-
EBITDA (million yen)	13	(15)	20	51	(1)	(36)	-	-
en-photo: Contracted facilities	4,339	4,525	4,624	4,725	4,845	4,947	-	-
en-photo: Sales per facility (yen)	29,901	25,164	31,079	45,397	29,685	28,844	-	-
en-photo: ARR (million yen)	518	455	574	858	575	570	-	-
OurPhoto: Number of photos taken	3,977	2,813	9,257	3,085	3,669	2,762	-	-
Employees (people)	37	36	37	34	41	43	-	-

- Notes: 1. ARR: The amount of recurring sales in each quarter multiplied by four.
2. Employees: Including part-time workers and people provided by temporary staffing companies. The number of these employees is converted to an annual average.

4) BPO

In the BPO Business, net sales grew due to the strong performance of scanning operations, in line with the growing demand for DX, and business development in the business-process-as-a-service (BPaaS) area, which provides human resources support to SaaS providers. At the same time, costs increased, reflecting investments made for the implementation of a range of growth measures under the Uluru Sustainable Growth Policy, our management policy.

As a result, net sales of the BPO Business for the first six months of the current fiscal year under review increased 21.9% year-on-year to 667 million yen, segment EBITDA decreased 90.1% to 5 million yen, and the segment loss was 28 million yen compared with a 28 million yen profit one year earlier.

BPO KPI	FY2024				FY2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (million yen)	255	291	326	602	313	353	-	-
EBITDA (million yen)	13	37	44	147	(20)	25	-	-
Employees (people)	135	134	134	148	177	193	-	-

Note: Employees: Including part-time workers and people provided by temporary staffing companies. The number of these employees is converted to an annual average.

5) Crowd Sourcing

The number of crowd workers registered was approximately 470,000 as of the end of September 2024. To enable this business to function as a platform for the supply of resources to the CGS category, we continued to improve services to increase convenience for customers while simultaneously strengthening customer support for stable operation.

As a result, net sales of the Crowd Sourcing Business for the first six months of the current fiscal year under review decreased 12.9% year-on-year to 12 million yen, segment EBITDA was negative 5 million yen compared with negative 5 million yen one year earlier, and the segment loss was 5 million yen compared with a 5 million yen loss one year earlier.

Crowd Sourcing KPI	FY2024				FY2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales (million yen)	6	7	7	5	5	6	-	-
EBITDA (million yen)	(4)	(1)	(2)	(2)	(1)	(3)	-	-
Employees (people)	6	5	5	5	5	5	-	-

Note: Employees: Including part-time workers and people provided by temporary staffing companies. The number of these employees is converted to an annual average.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets at the end of the first six months of the fiscal year under review decreased 415 million yen from the end of the previous fiscal year to 5,635 million yen. This was mainly due to a decrease of 285 million yen in cash and deposits, a decrease of 316 million yen in accounts receivable-trade, and an increase of 136 million yen in other (intangible assets).

Total liabilities decreased 292 million yen from the end of the previous fiscal year to 2,946 million yen. This was mainly due to decreases of 72 million yen in accounts payable-trade, 336 million yen in income taxes payable, 86 million yen in other (current liabilities) and 20 million yen in long-term borrowings, while there was an increase of 242 million yen in contract liabilities.

Total net assets decreased 123 million yen from the end of the previous fiscal year to 2,688 million yen. This was mainly due to a 118 million yen increase in retained earnings resulting from profit attributable to owners of parent and a 242 million yen decrease in retained earnings resulting from the payment of year-end dividends for the previous fiscal year.

2) Cash flows

Cash and cash equivalents at the end of the first six months of the current fiscal year under review was 3,304 million yen, down 285 million yen over the end of the previous fiscal year.

The status of respective cash flows and contributing factors in the first six months of the current fiscal year under review is as follows:

Cash flows from operating activities

Net cash provided by operating activities stood at 238 million yen in the first six months of the current fiscal year under review (768 million yen provided in the first six months of the previous fiscal year). The main factors were 202 million yen in profit before income taxes, 81 million yen in depreciation, 242 million yen increase in contract liabilities and a 316 million yen decrease in trade receivables.

Cash flows from investing activities

Net cash used in investing activities was 266 million yen in the first six months of the current fiscal year under review (182 million yen used in the first six months of the previous fiscal year). The main factors were purchase of property, plant and equipment of 45 million yen, purchase of intangible assets of 183 million yen, payments of leasehold and guarantee deposits of 31 million yen, and purchase of investment securities of 10 million yen.

Cash flows from financing activities

Net cash used in financing activities was 258 million yen in the first six months of the current fiscal year under review (18 million yen used in the first six months of the previous fiscal year). The main factors were dividends paid of 237 million yen and repayments of long-term borrowings of 20 million yen.

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

On November 14, 2023, we announced Uluru Sustainable Growth, a new management policy, which targets not only sales growth but also sustainable profit growth through disciplined growth investments centered on human capital investment, M&A, etc. There were no significant changes in the management policy, management strategies, etc. in the first six months of the current fiscal year under review.

There are no revisions to the full year consolidated earnings forecast for the fiscal year ending March 31, 2025 announced in the *Kessan Tanshin* (“Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024”) dated May 14, 2024.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheet

	(thousand yen)	
	FY2024 (As of Mar. 31, 2024)	Second quarter of FY2025 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	3,589,867	3,304,689
Accounts receivable-trade	613,057	296,955
Work in process	15,173	48,074
Other	155,620	201,792
Allowance for doubtful accounts	(6,502)	(5,745)
Total current assets	4,367,217	3,845,766
Non-current assets		
Property, plant and equipment	219,688	231,790
Intangible assets		
Goodwill	225,630	203,067
Other	460,088	597,020
Total intangible assets	685,719	800,088
Investments and other assets		
Investment securities	464,123	470,282
Other	314,611	287,602
Total investments and other assets	778,734	757,884
Total non-current assets	1,684,142	1,789,763
Total assets	6,051,359	5,635,529
Liabilities		
Current liabilities		
Accounts payable-trade	204,113	131,538
Current portion of long-term borrowings	40,004	40,004
Income taxes payable	380,223	43,614
Contract liabilities	1,596,945	1,839,865
Provision for bonuses	127,260	107,417
Other	721,485	635,068
Total current liabilities	3,070,031	2,797,507
Non-current liabilities		
Long-term borrowings	158,329	138,327
Other	11,128	11,045
Total non-current liabilities	169,457	149,372
Total liabilities	3,239,489	2,946,879
Net assets		
Shareholders' equity		
Share capital	1,037,746	1,037,746
Capital surplus	1,020,046	1,020,046
Retained earnings	753,710	629,914
Treasury shares	(427)	(427)
Total shareholders' equity	2,811,076	2,687,280
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	793	1,369
Total accumulated other comprehensive income	793	1,369
Total net assets	2,811,870	2,688,649
Total liabilities and net assets	6,051,359	5,635,529

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

	(thousand yen)	
	First six months of FY2024 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY2025 (Apr. 1, 2024 – Sep. 30, 2024)
Net sales	2,641,556	3,040,076
Cost of sales	680,741	905,486
Gross profit	1,960,814	2,134,589
Selling, general and administrative expenses	1,431,604	1,956,336
Operating profit	529,210	178,253
Non-operating income		
Interest income	12	398
Dividends income	93	98
Gain on investments in investment partnerships	-	118
Subsidy income	10,640	21,551
Other	1,306	2,084
Total non-operating income	12,051	24,250
Non-operating expenses		
Interest expenses	81	491
Loss on investments in investment partnerships	19,057	-
Other	818	-
Total non-operating expenses	19,957	491
Ordinary profit	521,304	202,012
Profit before income taxes	521,304	202,012
Income taxes-current	169,256	30,349
Income taxes-deferred	24,591	53,278
Total income taxes	193,847	83,628
Profit	327,456	118,384
Profit attributable to owners of parent	327,456	118,384

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

(thousand yen)

	First six months of FY2024 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY2025 (Apr. 1, 2024 – Sep. 30, 2024)
Profit	327,456	118,384
Other comprehensive income		
Valuation difference on available-for-sale securities	2,077	575
Total other comprehensive income	2,077	575
Comprehensive income	329,534	118,959
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	329,534	118,959

(3) Semi-annual Consolidated Statement of Cash Flows

(thousand yen)

	First six months of FY2024 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY2025 (Apr. 1, 2024 – Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	521,304	202,012
Depreciation	50,846	81,616
Amortization of goodwill	36,776	22,563
Increase (decrease) in provision for bonuses	79,741	(19,843)
Share-based payment expenses	13,490	5,824
Loss (gain) on investments in investment partnerships	19,057	(118)
Increase (decrease) in allowance for doubtful accounts	9	(756)
Subsidy income	(10,640)	(21,551)
Interest and dividend income	(105)	(496)
Interest expenses	81	491
Decrease (increase) in trade receivables	127,192	316,102
Decrease (increase) in inventories	(4,394)	(32,901)
Increase (decrease) in trade payables	(46,682)	(72,574)
Increase (decrease) in contract liabilities	182,445	242,920
Other, net	(142,506)	(148,067)
Subtotal	826,617	575,221
Interest and dividends received	105	496
Subsidies received	10,640	21,551
Interest paid	(81)	(491)
Income taxes paid	(69,208)	(357,819)
Income taxes refund	0	-
Net cash provided by (used in) operating activities	768,073	238,957
Cash flows from investing activities		
Purchase of property, plant and equipment	(42,291)	(45,221)
Purchase of intangible assets	(130,679)	(183,738)
Purchase of investment securities	(10,000)	(10,000)
Proceeds from distributions from investment partnerships	-	4,585
Payments of leasehold and guarantee deposits	-	(31,701)
Net cash provided by (used in) investing activities	(182,971)	(266,075)
Cash flows from financing activities		
Repayments of long-term borrowings	(20,140)	(20,002)
Dividends paid	-	(237,278)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,260	-
Repayments of lease liabilities	(761)	(779)
Net cash provided by (used in) financing activities	(18,641)	(258,060)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	566,461	(285,178)
Cash and cash equivalents at beginning of period	2,396,104	3,589,867
Cash and cash equivalents at end of period	2,962,565	3,304,689

(4) Notes to Semi-annual Consolidated Financial Statements**Changes in Accounting Policies**

Application of Accounting Standard for Current Income Taxes, etc.

Uluru has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard 2022”) effective from the beginning of the first six months of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Implementation Guidance 2022”). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on the sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first six months of the fiscal year under review. This change in accounting policies is applied retrospectively, and semi-annual consolidated financial statements and consolidated financial statements for the previous fiscal year are after retrospective application. This change in accounting policies has no impact on the semi-annual consolidated financial statements and the consolidated financial statements for the previous fiscal year.

Segment and Other Information

I First six months of FY2024 (Apr. 1, 2023 – Sep. 30, 2023)

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

	Reportable segment							Adjustment (Note 1)	Amounts shown on semi-annual consolidated statement of income (Note 2)
	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowd- sourcing	Total		
Net sales									
External sales	1,382,529	408,171	289,739	-	547,208	13,906	2,641,556	-	2,641,556
Inter-segment sales and transfers	-	-	-	-	210	8,221	8,431	(8,431)	-
Total	1,382,529	408,171	289,739	-	547,418	22,128	2,649,987	(8,431)	2,641,556
Segment profit (loss)	704,250	124,037	(17,475)	(21,396)	28,055	(5,530)	811,941	(282,731)	529,210

Notes: 1. The negative adjustment of 282,731 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of 328 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 283,059 thousand yen that are not allocated to any reportable segment.

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

II First six months of FY2025 (Apr. 1, 2024 – Sep. 30, 2024)

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

	Reportable segment							Adjustment (Note 1)	(thousand yen) Amounts shown on semi-annual consolidated statement of income (Note 2)
	CGS NJSS	CGS fondesk	CGS photo	CGS others	BPO	Crowd- sourcing	Total		
Net sales									
External sales	1,550,922	478,264	331,710	-	667,063	12,115	3,040,076	-	3,040,076
Inter-segment sales and transfers	-	-	-	-	5,275	11,261	16,536	(16,536)	-
Total	1,550,922	478,264	331,710	-	672,338	23,377	3,056,613	(16,536)	3,040,076
Segment profit (loss)	653,791	19,714	(43,189)	(45,467)	(28,372)	(5,179)	551,297	(373,043)	178,253

Notes: 1. The negative adjustment of 373,043 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 578 thousand yen and corporate expenses (mainly selling, general and administrative expenses) of negative 372,465 thousand yen that are not allocated to any reportable segment.

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

Significant Changes in Shareholders' Equity

Not applicable.

Going Concern Assumption

Not applicable.

This financial report is solely a translation of Uluru's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.