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May 8, 2024

Summary of Financial Results for the Nine Months Ended March 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 3984
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 Scheduled date to file quarterly report: May 8, 2024
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Financial results for the first nine months of the fiscal year ended June 30, 2024 (from July 1, 2023 to March 31, 2024)

(1) Operating results

(% indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
March 31, 2024	2,875	19.4	1,336	29.3	1,328	30.3	901	41.8
March 31, 2023	2,409	23.4	1,033	27.0	1,019	25.6	635	13.4

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
March 31, 2024	56.27	55.96
March 31, 2023	39.80	39.39

(2) Financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2024	8,090	7,217	89.2
June 30, 2023	7,211	6,340	87.9

Reference: Equity

As of March 31, 2024: ¥7,217 million
 As of June 30, 2023: ¥6,340 million

2. Cash dividends

	Annual dividends per share				Total
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	
Fiscal year ended 30 June, 2023	Yen —	Yen 0.00	Yen —	Yen 4.00	Yen 4.00
Fiscal year ended 30 June, 2024	—	0.00	—		
Fiscal year ended 30 June, 2024 (Forecast)				8.00	8.00

(Note) Revisions to dividend forecasts published most recently.: None

3. Earnings Forecast for the Fiscal Year Ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(% indicate changes from the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Profit		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	3,903	18.7	1,556	13.4	1,556	14.7	1,074	12.6	67.00

(Note) Revisions to dividend forecasts published most recently. : None

* Notes

(1) Application of special accounting methods for preparing quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	16,172,500 shares
As of June 30, 2023	16,115,600 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2024	140,525 shares
As of June 30, 2023	144,125 shares

(iii) Average number of shares outstanding during the period

For the nine months ended March 31, 2024	16,018,191 shares
For the nine months ended March 31, 2023	15,971,389 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the forecasts due to various factors.

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1. Qualitative information regarding results for the period

(1) Explanation of operating results

During the fiscal year under review, the outlook for the Japanese economy, both in Japan and overseas, remained uncertain due to the impact of rising prices and the tense situation in Ukraine and Middle East. On the other hand, the growing worldwide interest in the impact of AI on society and the promotion of the Digital Transformation have been continuously recognized by society. We believe that the need for and interest in the services we provide will further increase.

In such a business environment, we have a management philosophy that “Driving global evolution by combining Big data and AI” and we work on improvement in quality and sales promotions for our core products, marketing support service” User Insight” and “Social Insight”, and AI-based customer support automation services “Support Chatbot” which are provided in SaaS format.

In R&D activities, we focus mainly on (1) Expansion of in-house AI algorithms (2) AI algorithm implementation for existing services (3) New development of AI services. We will continue to focus on building a stable core system and training data scientists to further improve the quality of our services. Especially on the new development of AI services, we have actively promoted product development for the linking interactive generative AI such as Chat GPT with our services.

In sales activities, we strengthened its sales management and customer success systems in order to expand its business by developing new clients and conducting other sales promotion activities.

As a result, during the first nine months of the fiscal year under review, net sales were ¥2,875,996 thousand (up 19.4% year on year), operating profit was ¥1,336,301 thousand (up 29.3% year on year), ordinary profit was ¥1,328,625 thousand (up 30.3% year on year) and profit was ¥901,343 thousand (up 41.8% year on year).

(2) Explanation of financial position

Assets, liabilities and net assets

(Assets)

Assets at the end of the first nine months of the fiscal year under review were ¥8,090,443 thousand, an increase of ¥878,698 thousand from the end of the previous fiscal year. The main factors were increases of ¥758,095 thousand in cash and deposits, decrease of ¥76,572 thousand in prepaid expenses and increases of ¥161,115 thousand in investments and other assets.

(Liabilities)

Liabilities at the end of the first nine months of the fiscal year under review were ¥873,170 thousand, an increase of ¥1,658 thousand from the end of the previous fiscal year. The main factors were increases of ¥86,595 thousand in income tax payable and decrease of ¥55,736 thousand in advances received.

(Net assets)

Total net assets at the end of the first nine months of the fiscal year under review were ¥7,217,272 thousand, an increase of ¥877,039 thousand from the end of the previous fiscal year. The main factors were increases of ¥837,457 thousand in retained earnings.

(3) Explanation of earnings forecasts and other forward-looking information

There are no changes to the earnings forecasts for the fiscal year ended June 30, 2024 announced on August 9, 2023 in the “Summary of the Financial Results for the Fiscal Year Ended June 30, 2023”. These forecasts are based on information available as of the date of publication of this document. Actual results may differ from these forecasts due to various factors.

2. Financial statements and significant notes thereto

(1) Balance Sheet

(Thousands of yen)

	As of June 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	6,366,856	7,124,952
Accounts receivable - trade	205,585	242,760
Prepaid expenses	208,914	132,341
Other	30,983	43,270
Allowance for doubtful accounts	△2,098	△2,622
Total current assets	6,810,242	7,540,703
Non-current assets		
Property, plant and equipment	50,318	37,440
Investments and other assets	351,184	512,299
Total non-current assets	401,502	549,740
Total assets	7,211,745	8,090,443
Liabilities		
Current liabilities		
Accounts payable - other	124,757	125,264
Income taxes payable	215,664	302,259
Advances received	379,407	323,670
Provision for bonuses	—	25,798
Other	151,682	96,177
Total current liabilities	871,512	873,170
Total liabilities	871,512	873,170
Net assets		
Shareholders' equity		
Share capital	1,198,588	1,207,056
Capital surplus	1,278,440	1,292,038
Retained earnings	4,057,406	4,894,864
Treasury shares	△194,202	△176,685
Total shareholders' equity	6,340,233	7,217,272
Total net assets	6,340,233	7,217,272
Total liabilities and net assets	7,211,745	8,090,443

(2) Statement of income

(Thousands of yen)

	Nine months ended March 31, 2023	Nine months ended March 31, 2024
Net sales	2,409,389	2,875,996
Cost of sales	167,191	243,095
Gross profit	2,242,198	2,632,900
Selling, general and administrative expenses	1,208,513	1,296,598
Operating profit	1,033,685	1,336,301
Non-operating income		
Interest income	78	94
Other	0	1
Total non-operating income	78	96
Non-operating expenses		
Share-based payment expenses	13,146	7,722
Other	1,337	49
Total non-operating expenses	14,484	7,772
Ordinary profit	1,019,279	1,328,625
Extraordinary losses		
Loss on valuation of investment securities	100,450	—
Total extraordinary losses	100,450	—
Profit before income taxes	918,828	1,328,625
Income taxes - current	346,554	464,463
Income taxes - deferred	△63,419	△37,181
Total income taxes	283,135	427,281
Profit	635,693	901,343

(3) Notes to financial statements

(Notes on assumption of going concern)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.