



Financial Results Briefing Materials for the Fiscal Year Ending June 30, 2022 2021.07.01 - 2022.06.30

August 9, 2022

User Local, Inc. (Securities Code:3984)

<https://www.userlocal.jp/>

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- 2 Company Profile・Business**
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- 4 Future Focus Areas**

① Business Highlights (FY2022)

Highlights

Improve R&D Capabilities and DX Promotion lead to **Record profits achieved**

Net Sales

¥ **2,683** million
+28.5 % YoY

Operating Profits

¥ **1,024** million
+19.9 % YoY

EBITDA

※EBITDA=Operating Profits + Depreciation Costs

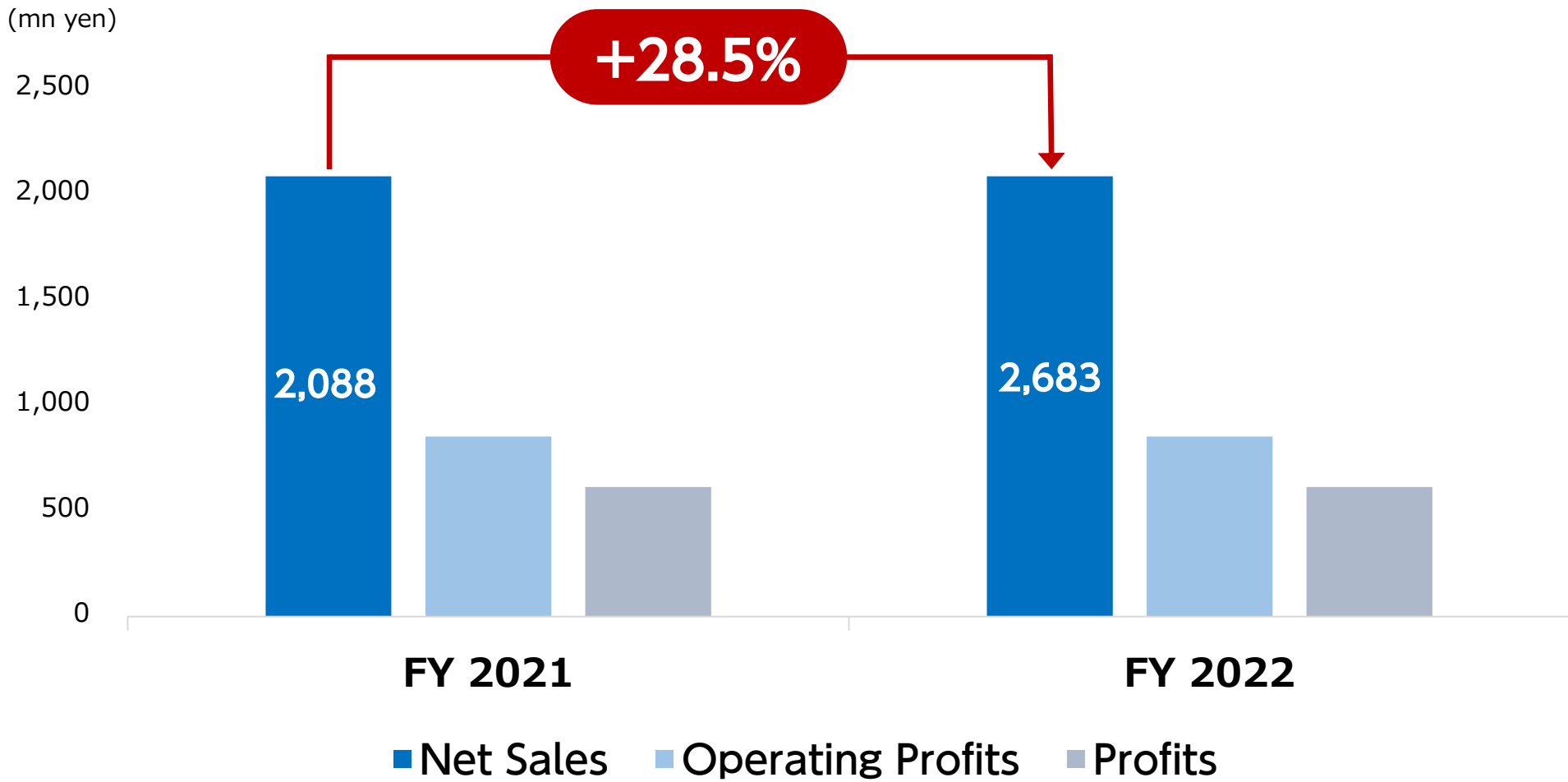
¥ **1,048** million
+19.0 % YoY

Profits

¥ **721** million
+17.3 % YoY

Compared to Previous Period

Net sales increased 28.5% from the previous year, reaching a record high

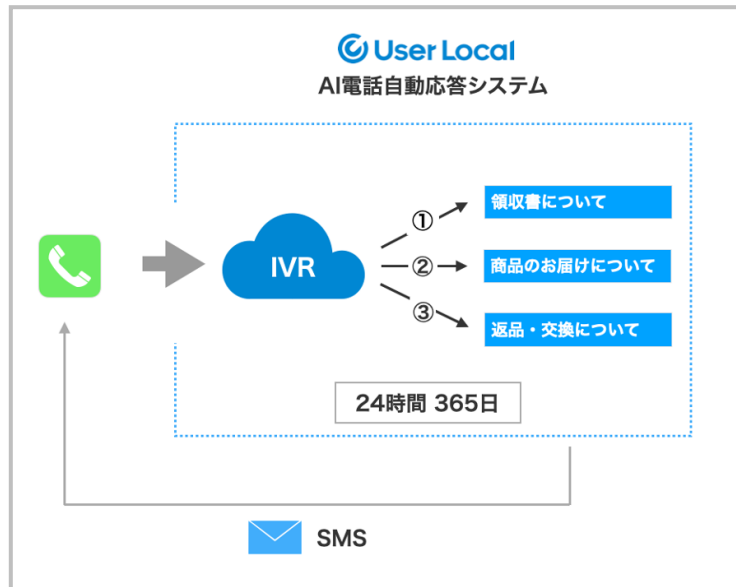


Business Highlights

AI Products

Providing Automated Telephone Inquiry Response AI

Automate your company's telephone answering operations 24 hours a day, 7 days a week



Social Insight

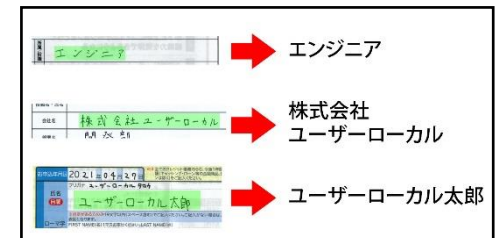
Start Providing New Version[Social Insight 3]

Add a Plug-ins feature for hash tagging on Instagram, Instant Win Campaign on Twitter, Automatic Video Posting on Instagram

Other AI Products

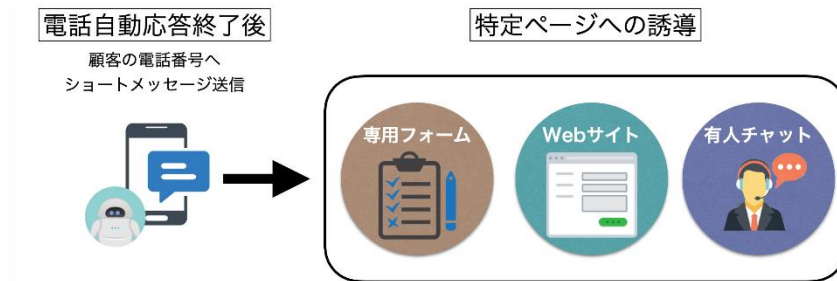
Providing free of charge Handwritten Character Recognition AI

Automatically read handwritten text on application forms, etc. And support Electronic data conversion



Recent Product Introductions

[Sushi no Midori] introduced Automated Telephone Inquiry Response (IVR)

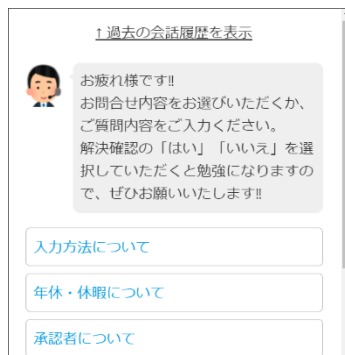


Kowa Company, Ltd. introduced Support Chat bot on the official site for "Q&P KOWA", "VANTELIN KOWA" etc



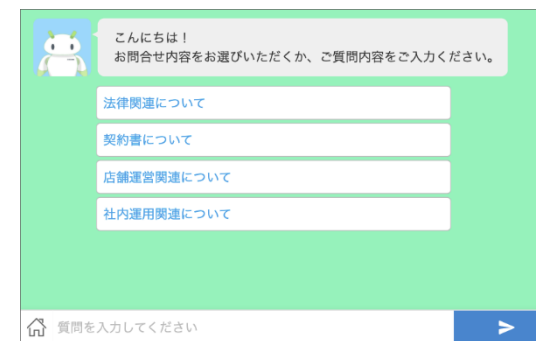
Introduced a support chatbot on a product-specific site to respond to inquiries about each product

Takenaka Corporation introduced Support Chatbot for Internal Use



Inquiries in the General Affairs Department have been reduced by 40%. Furthermore, due to its ease of operation and use, the system is now being introduced in 9 departments, expanding the scope of its use.

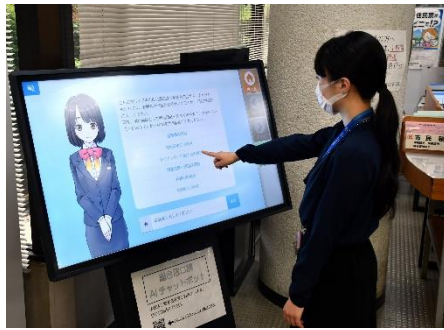
Family Mart introduced Support Chatbot



Automated legal inquiries from employees in conjunction with Google Chat to support DX promotion

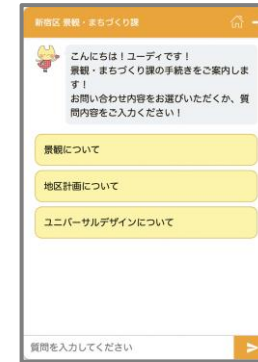
Recent Product Introductions

Fuchu-City introduced Support Chatbot



Available on touch displays installed in government buildings and on the website

Shinjyuku Ward introduced Support Chatbot to respond to questions regarding landscape, district planning, and universal design



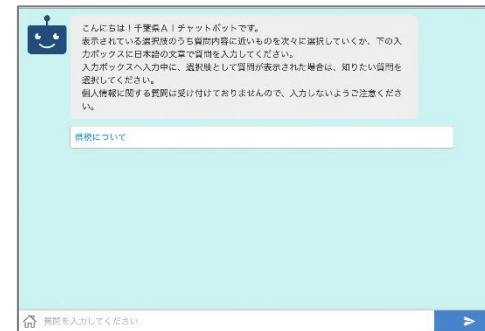
Introduced a support chatbot to respond to inquiries about landscape, district planning, and universal design

Ministry of Health, Labour and Welfare introduced Support Chatbot to respond to questions regarding “Electronic Application” for Labor Insurance



Just click on from the website, and you can easily access a manned chat room and ask for help

Chiba Prefecture introduced Support Chat bot which can answer about Automobile Tax



Introduced a support chatbot to respond to inquiries about automobile tax, which is a high volume topic

2

Company Profile · Business

Company Outline

Name	User Local, Inc.
Businesses	Big data analysis, AI
Capital	1,185 million yen (as of June 30, 2022)
Employees	85 (as of June 30, 2022)
Head office	Osaki 2-11-1, Shinagawa Ward, Tokyo
History	2008 Releases "User Insight" access analysis tool 2012 Releases "Social Insight" social media analysis tool 2017 Releases "Support Chatbot" support operations system 2017 Shares listed on TSE Mothers 2019 Listing changed to TSE First Section] 2020 Transition to Prime Market



Management and Governance Structure



Representative Director Masao Ito

Graduated from the Graduate School of Global Information and Telecommunication Studies, Waseda University
Assumed his current role while at graduate school, after serving as a writer at Nikkei Business Publications, Inc.; Engineer, Producer, and in the New Business Development Office at Rakuten, Inc.; and Representative Director at Minna no Shushoku Co., Ltd.



Director and COO Kazuyuki Watanabe

Graduated from the Faculty of Law, Politics and Economics, Chiba University
Assumed his current role after working at Rakuten, Inc.



Director and CFO Daisuke Iwamoto

Graduated from the Graduate School of Strategic Business Administration, Chuo University
Assumed his current role after working at METAWATER Co., Ltd.



Outside Director Ryota Matsuzaki

Representative Director of Kibidango, Inc.
Outside Director of Synchro Food Co., Ltd.



Outside Director Taku Ito

Attorney, Midosuji LPC
Outside Director of People Co., Ltd.



Executive Officer Shunsuke Mikami

Graduated from Master's Program in Computer Science, Systems and Information Engineering, Graduate School of Science and Technology, University of Tsukuba



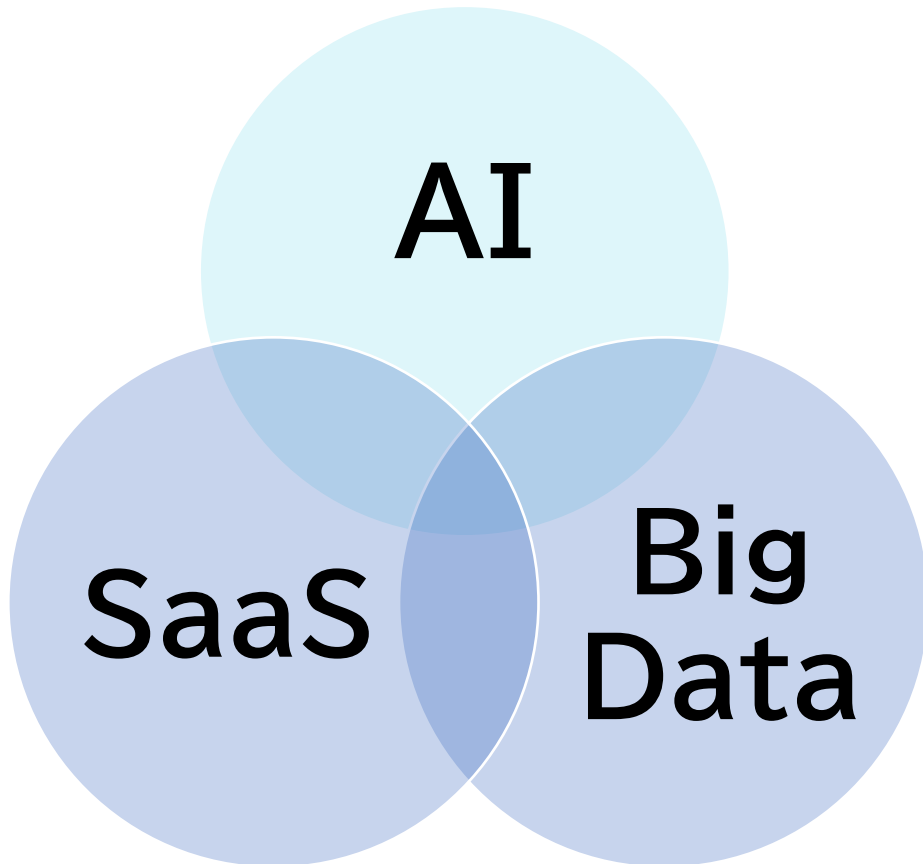
Executive Officer Hiroshi Hongo

Graduated from Graduate School of Frontier Sciences, University of Tokyo

Driving global evolution by combining Big data and AI

Solving social and corporate issues
with data analysis and AI technologies
Aiming for a society where everyone can benefit
from automation and efficiency

Providing AI and Big Data services in SaaS



Advanced Big Data Analysis and Natural language processing technology based on analysis of over 6 billions SNS conversation data

Providing proprietary AI services in SaaS format

Our Five Strength for Innovation

(1) Providing in-demand services

Observing user behavior using tools developed in-house and creating **services tailored to current demands**

(2) Virtuous cycle of algorithm Improvements

As the number of users increases, the amount and types of data increase, thereby **enhancing AI precision and analysis capabilities**

(5) Continuous stable growth based on high profitability

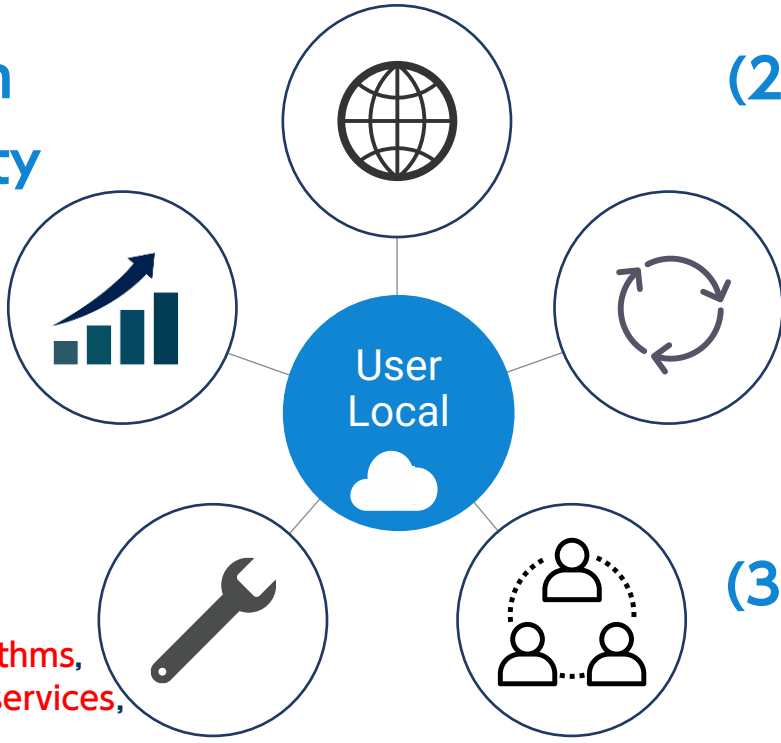
Achieving continuous stable growth based on high profitability with a broad corporate client base and low-cost operations

(4) R&D of Big Data and AI

Promoting **the enhancement of our AI algorithms, the application of our algorithm to existing services, and the new development of AI services**

(3) Securing tech personnel

User Local is a youthful company, **with an average employee age of 28**, and many employees with post-grad degrees working on R&D



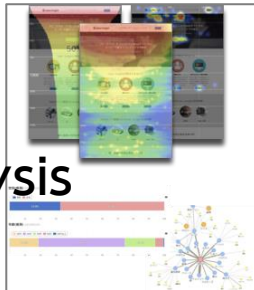
Providing in-demand services

Business Development in Growth Markets of Big Data and AI

① Digital Marketing by SaaS

User Insight

Web Site Analysis



Social Insight

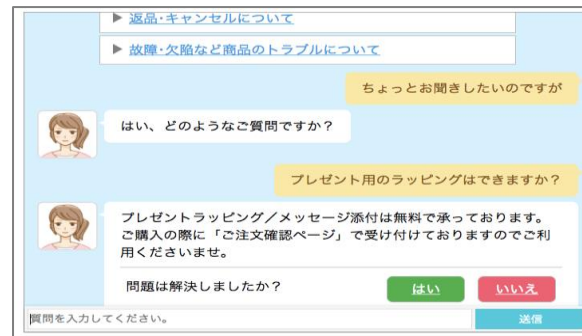
SNS Analysis



② AI DX by SaaS

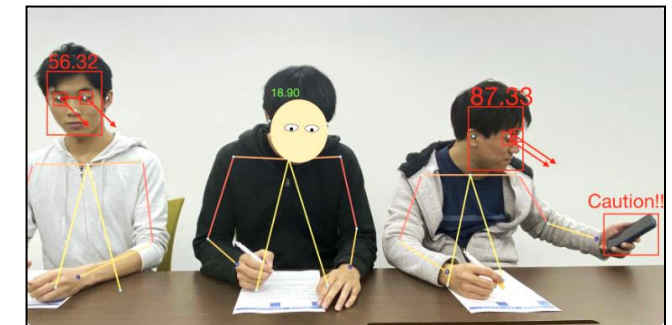
Support Chatbot

AI Chatbot



③ AI R&D Products

Cheating Prevention AI



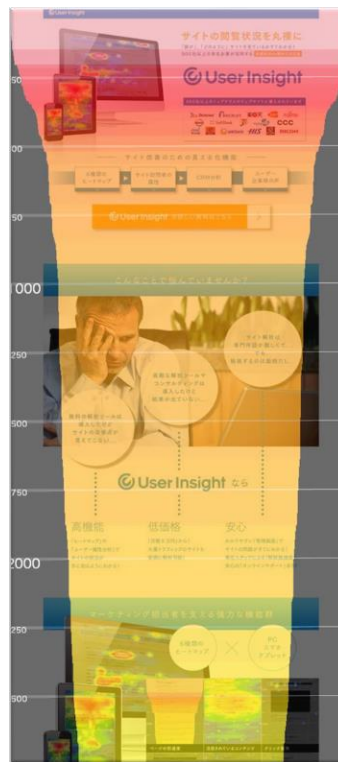
AI Text Mining



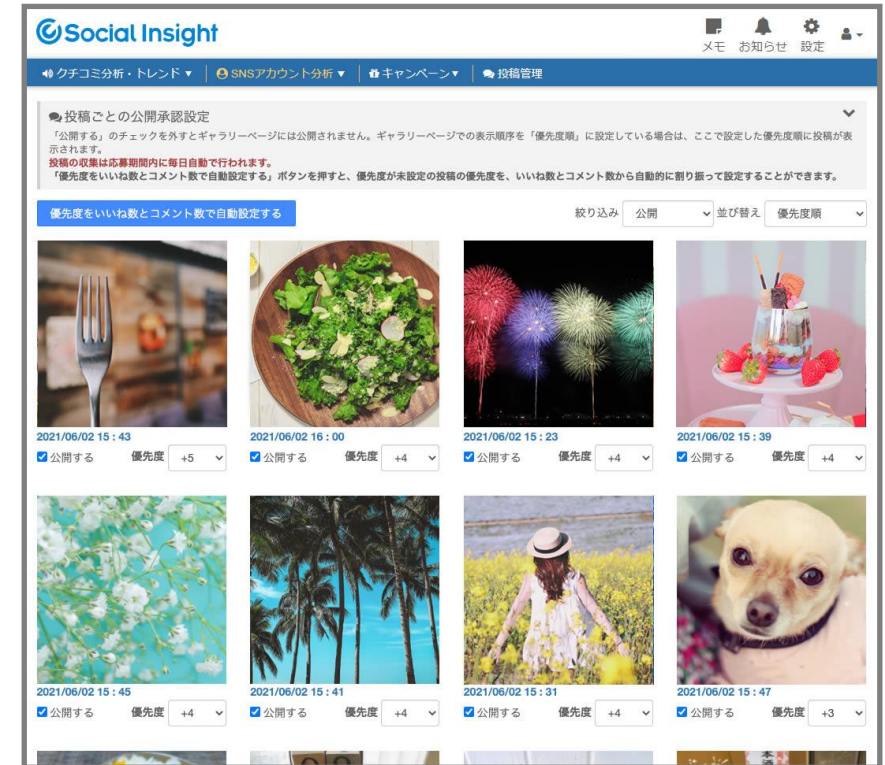
① Digital Marketing by SaaS



Access analysis tools to make PC and smartphone websites easier to use



Social analysis tools that support from SNS operation to analysis



② AI DX by SaaS AI for the best query experience

Support Chatbot



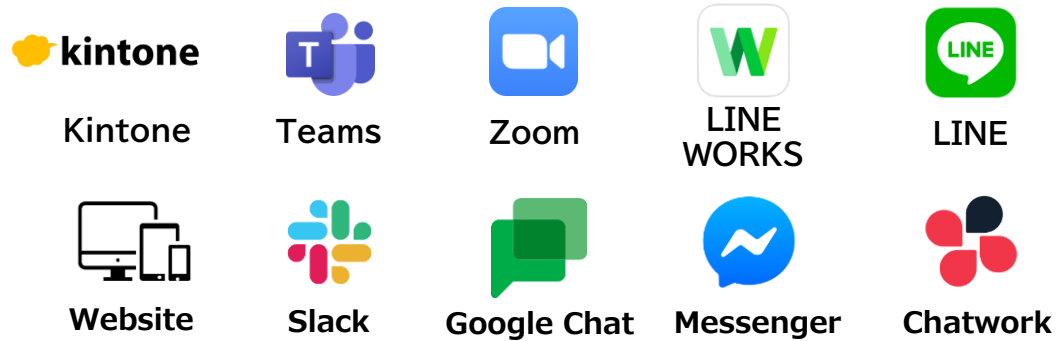
A tool that automates the inquiry handling process to support efficient operations and improve user satisfaction

② AI DX by SaaS Suitable for Various Industries and Operations

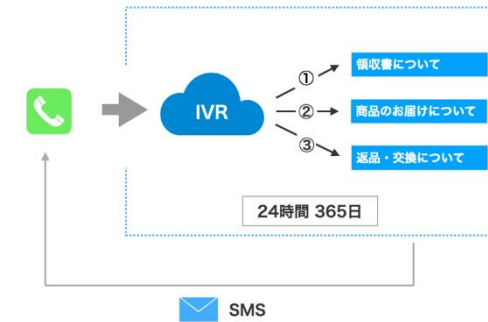


②AI DX by SaaS Expanding the use of Chatbot functions

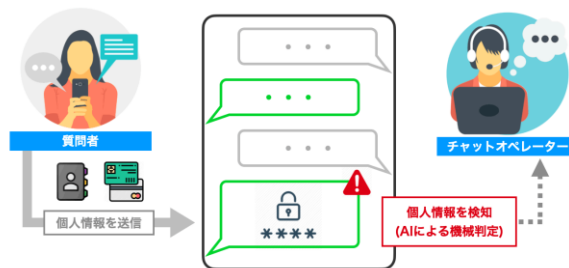
Strengthening coordination with external communication tools



Launch of Automated Telephone Inquiry Response AI



Automatic detection of personal information during chat



Support for automatic translation into over 100 languages



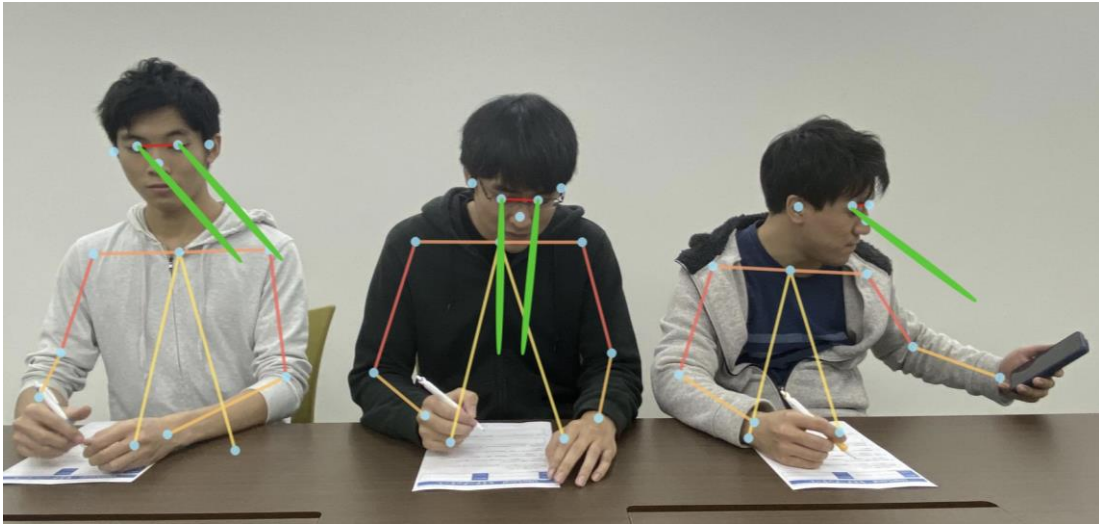
Multi-language support functions enable global customer support

100以上の言語に対応

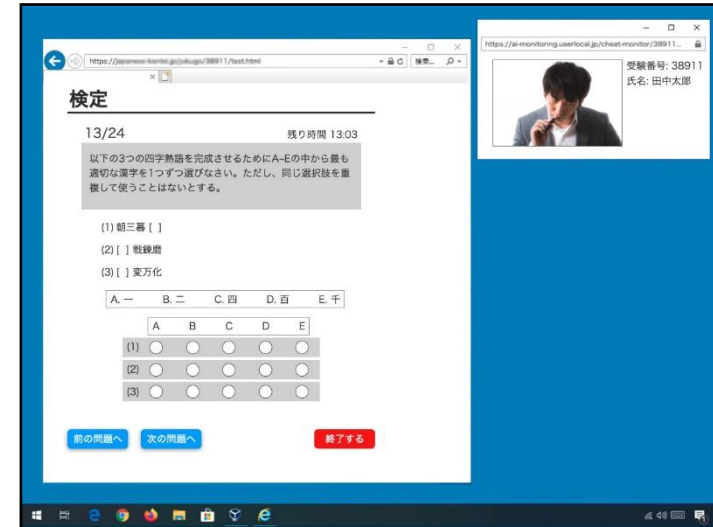
③ AI R&D Products Cheating Prevention AI

Camera video is used to automatically detect identity fraud and cheating by using attention inference, skeletal inference, and facial detection AI

For on-site exams



For online exams




③ AI R&D Products Text Mining Tool

Providing free AI Text mining Tool Application that automatically reads and analyzes the emotions in a sentence

手順① 調査したいテキストを入力

メロス は 激怒した。必ず、かの邪智暴虐の王を除かなければならぬと決意した。メロスには政治がわからぬ。メロスは、村の牧人である。笛を吹き、羊と遊んで暮して来た。けれども邪悪に対しては、人一倍に敏感であった。きょう未明メロスは村を出発し、野を越え山越え、十里はなれた此のシラクスの市にやって来た。メロスには父も、母も無い。女房も無い。十六の、内気な妹と二人暮らしだ。この妹は、村の或る律気な一牧人を、近々、花婿として迎える事になっていた。結婚式も間近かなのである。…



解析したいテキストを入力

1つの文章を解析 2つの文章を比較 単語集計 音声入力

サンプル: 太宰治「走れメロス」

フォーム入力 ファイルをアップロード 目録から選択

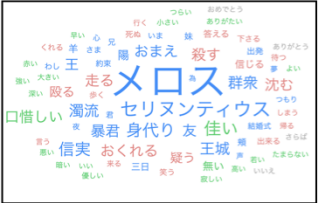
文章入力欄

0 / 10,000文字

文字数上限を伸ばす


テキストマイニングする

手順② テキストマイニングの結果は？



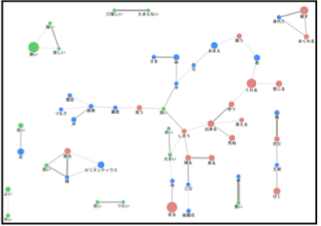
ワードクラウド

文章内に出てくる単語を、頻度・重要度に応じた大きさで図示し、雲のように並べたもの



単語出現頻度

文章中の各単語を品詞別に分類し、出現回数で並び替えたもの

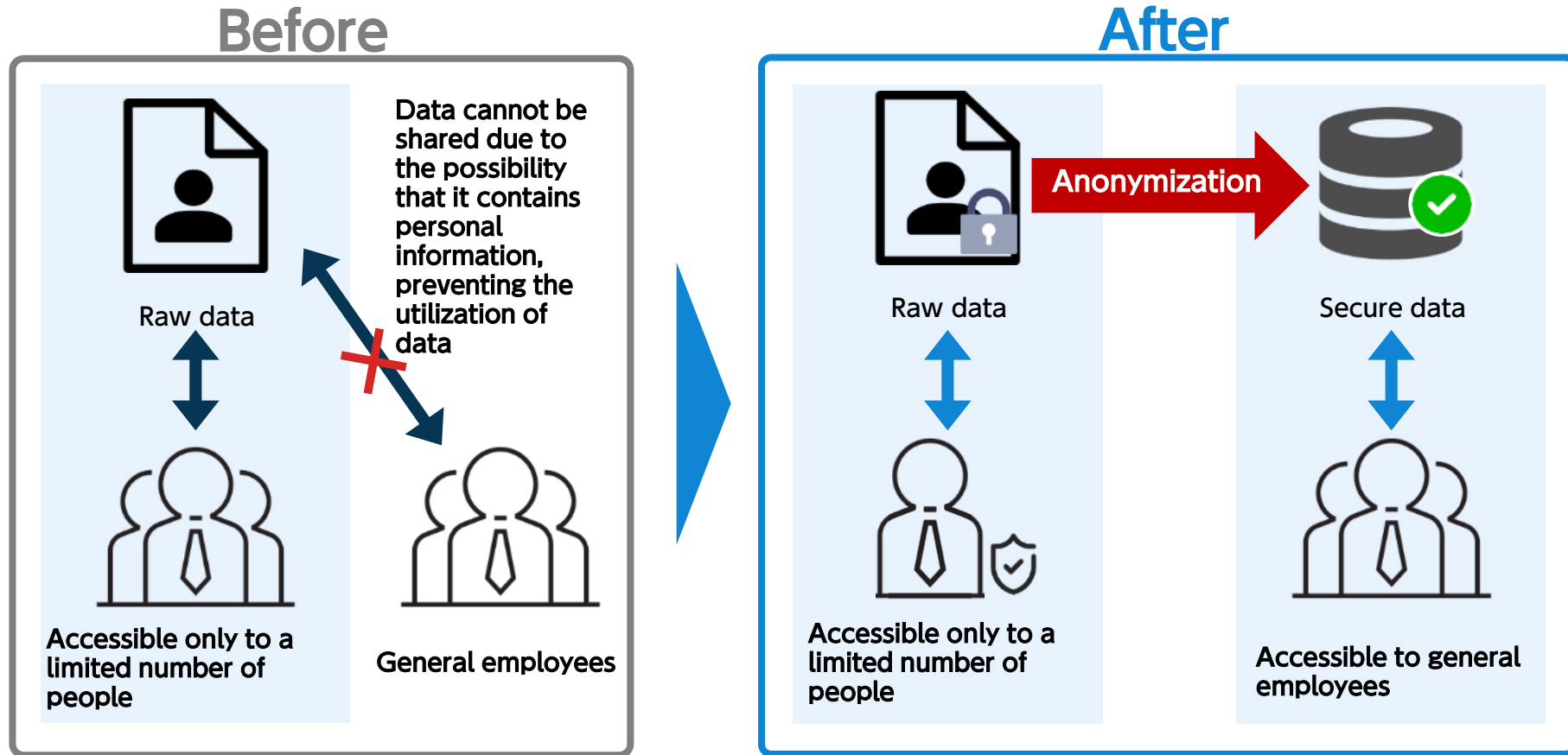


共起キーワード

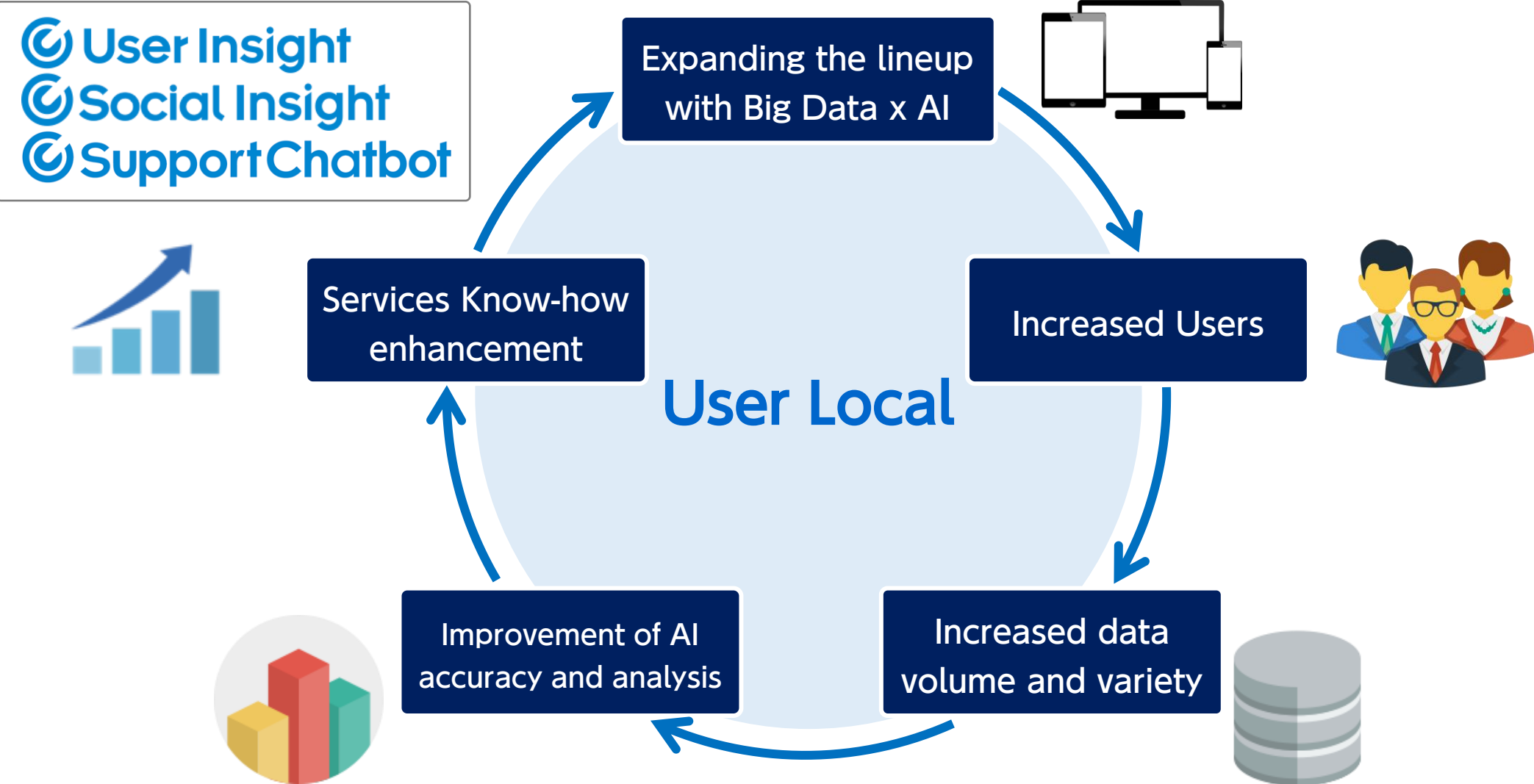
文章中に、セットで出てくる単語の組み合わせを線でつなぎ、単語同士の結びつきの強さを示している

③ AI R&D Products Personal Information Anonymization AI

AI automatically anonymizes personal information contained in electronic documents

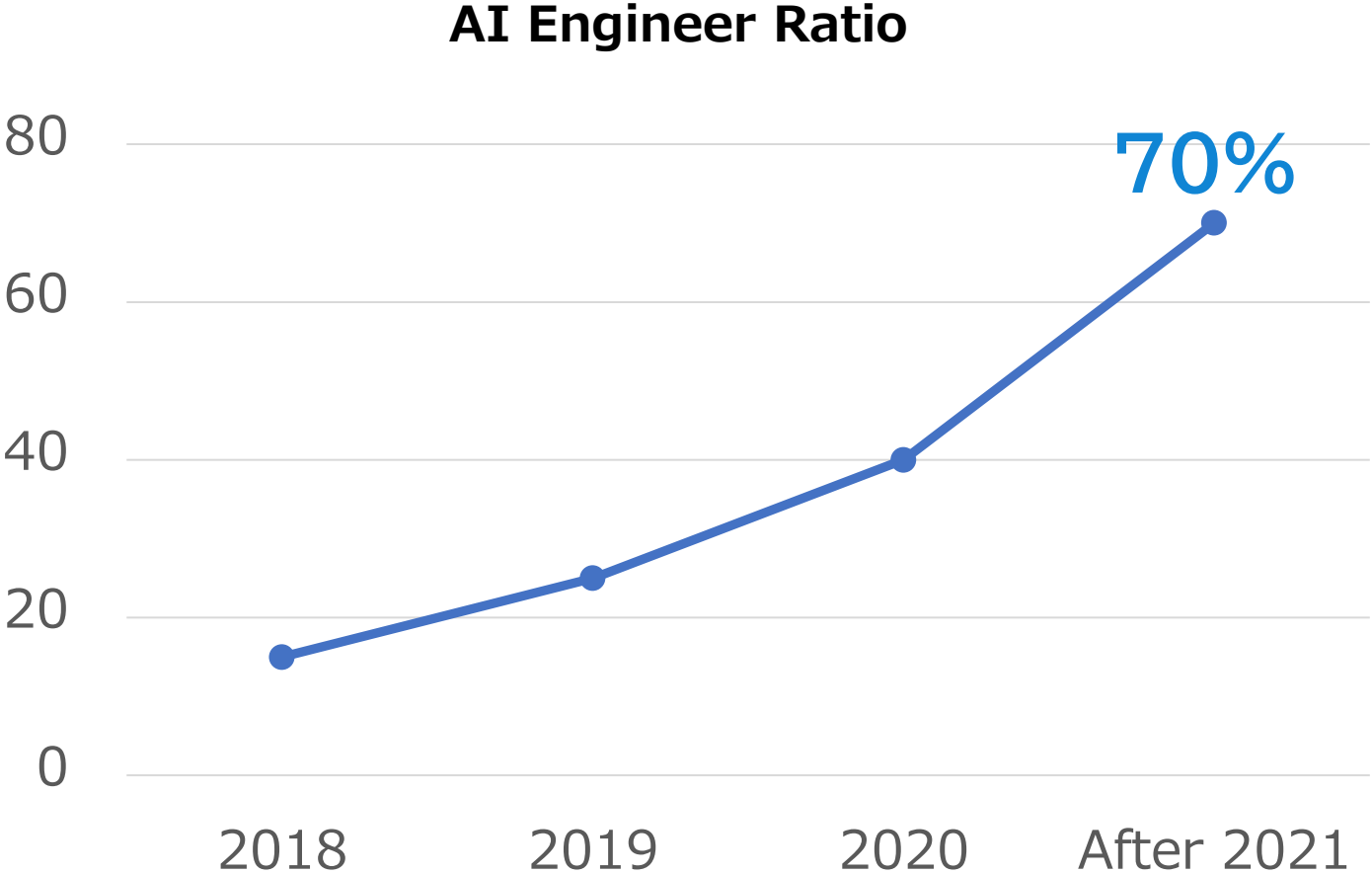
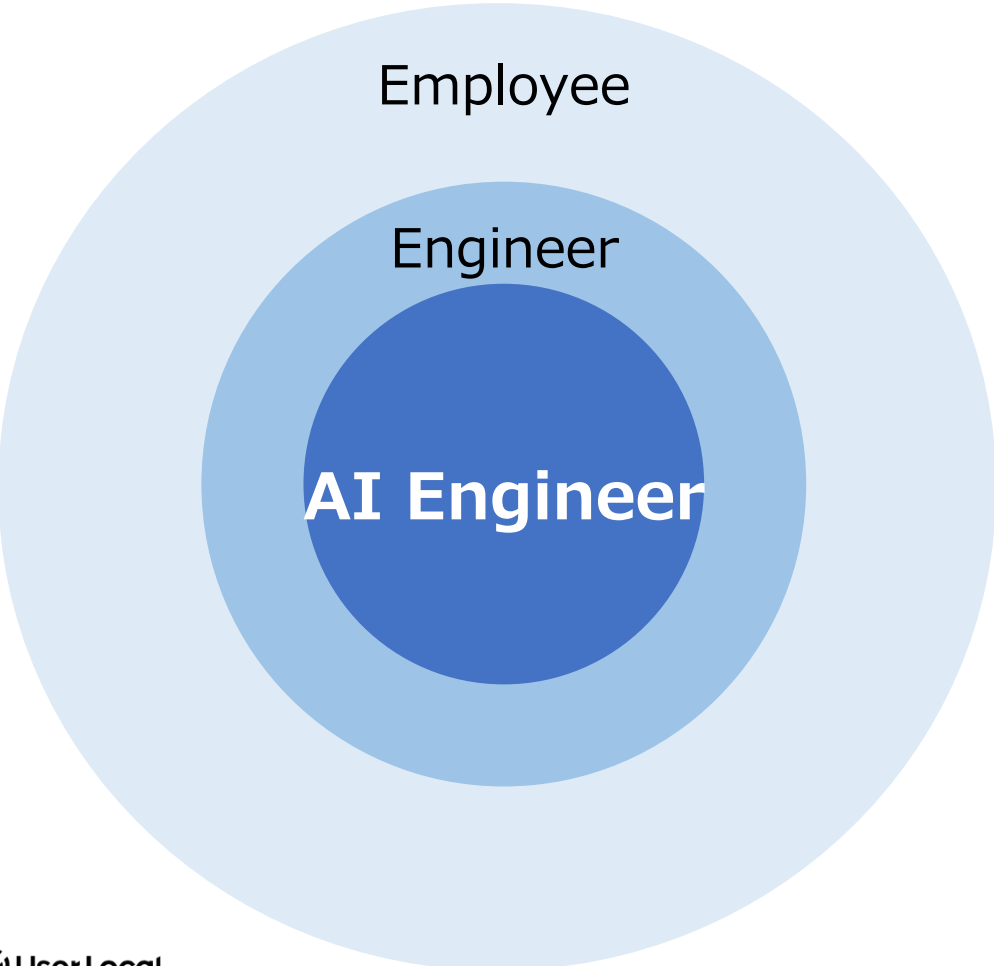


Virtuous cycle of algorithm Improvements

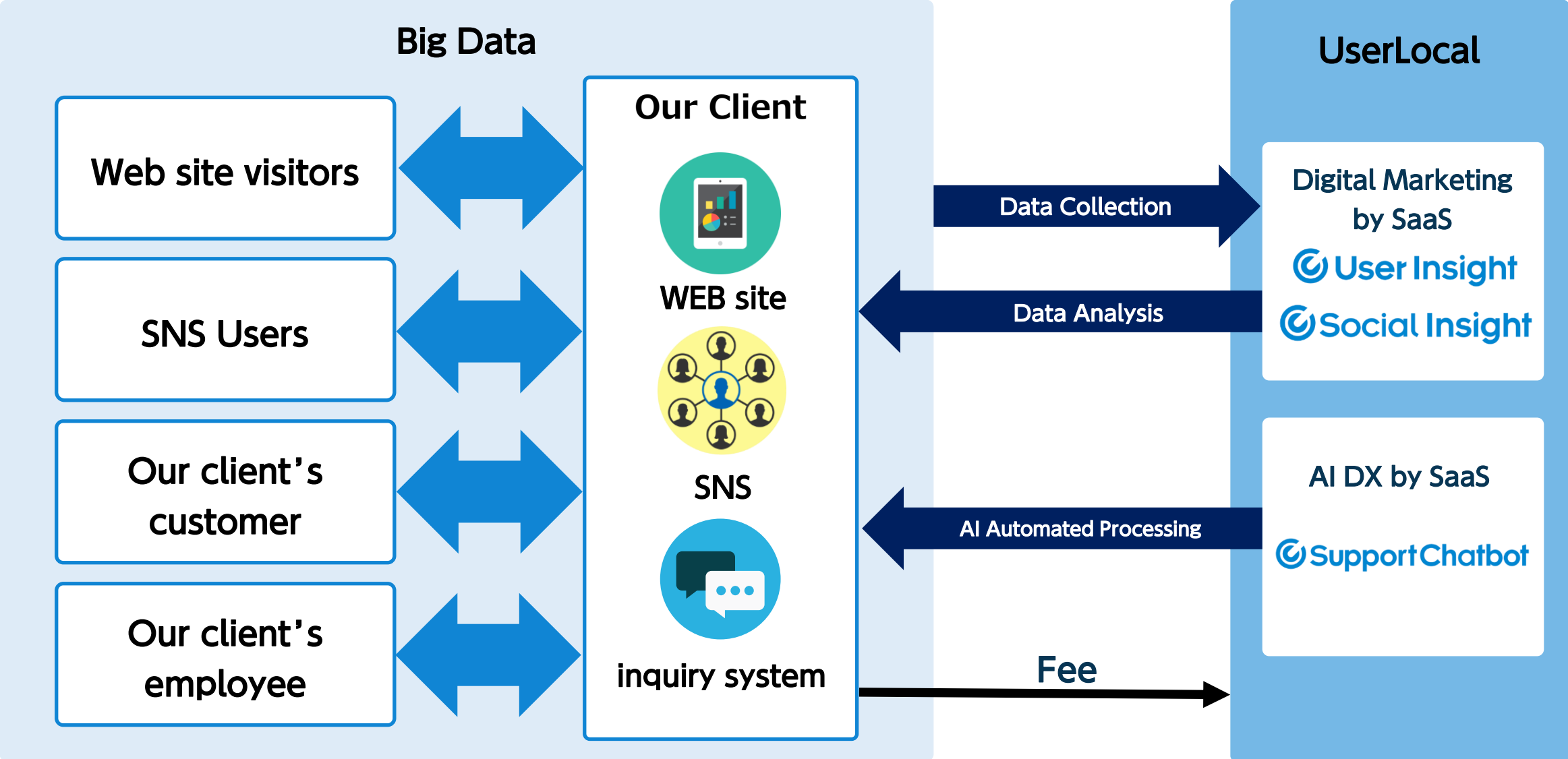


Securing tech personnel and R&D of Big Data and AI

Strengthening hiring and in-house training of AI engineers to respond to the progress of AI technology and needs for social implementation



Business model for stable growth based on high profitability

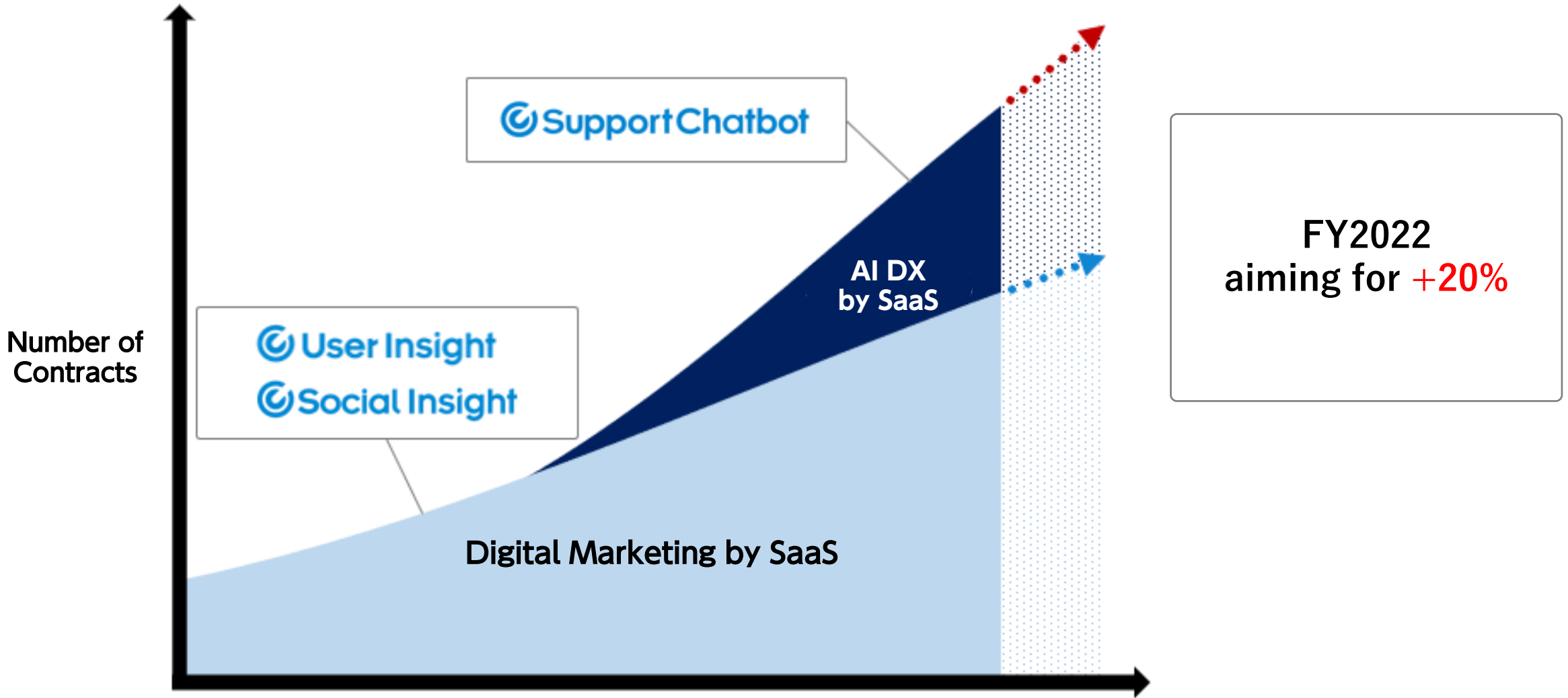


Recognized for our outstanding service and introduced to more than 3,000 companies

<p>Government Agencies Local Governments Universities</p>	
<p>Manufacturer Electronic devices, automobiles, food, etc.</p>	
<p>ICT Software, Information and communication, etc.</p>	
<p>Financial Institutions Banks, securities, etc.</p>	
<p>Media Publishing, newspapers, etc.</p>	
<p>Others</p>	

AI DX by SaaS · Digital Marketing by SaaS sales increased and reached record highs

Developing new services lead to sustainable growth



③ Financial Results for FY2022

Financial Results FY2022

- **Record-high** Net sales and Profit

Net Sales **¥2,683** million (+28.5% YoY)

Operating Profit **¥1,024** million (+19.9% YoY)

Profits **¥721** million (+17.3% YoY)

- Invested in **advertising expenses** to further develop customers for key products
- Invested in **R&D** to develop new services

Outline of Earnings Performance in FY2022

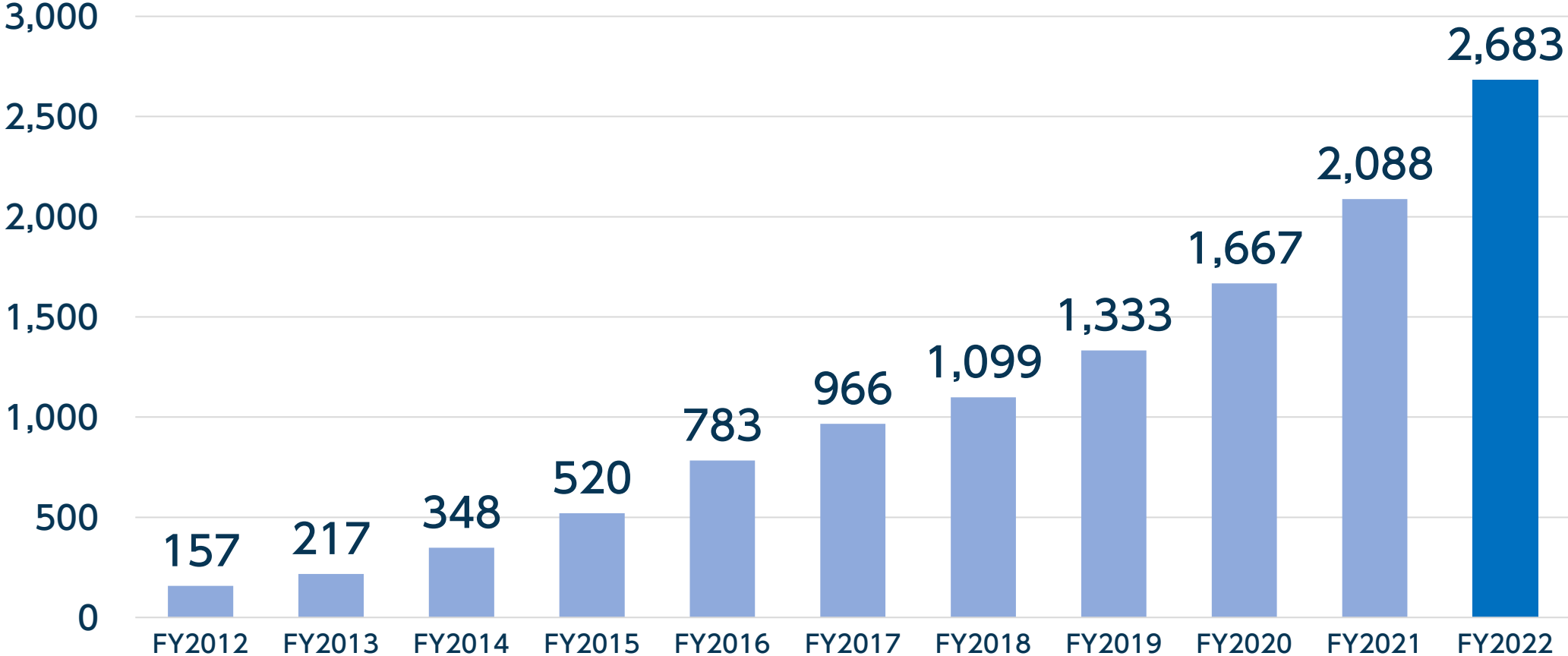
Net sales increased **28.5%** YoY, and operating profit increased **19.9%** YoY

(mn yen)	FY2021	FY2022	YoY change	FY2022 Forecast	Progress rate
Net Sales	2,088	2,683	+28.5%	2,504	107.1%
Operating Profit	854	1,024	+19.9%	984	104.1%
EBITDA	881	1,048	+19.0%	-	-
Ordinary Profit	850	1,018	+19.7%	984	103.5%
Profit	615	721	+17.3%	679	106.2%

FY2022 Net Sales

Increased **28.5%** from the previous quarter, reaching **a new record high**

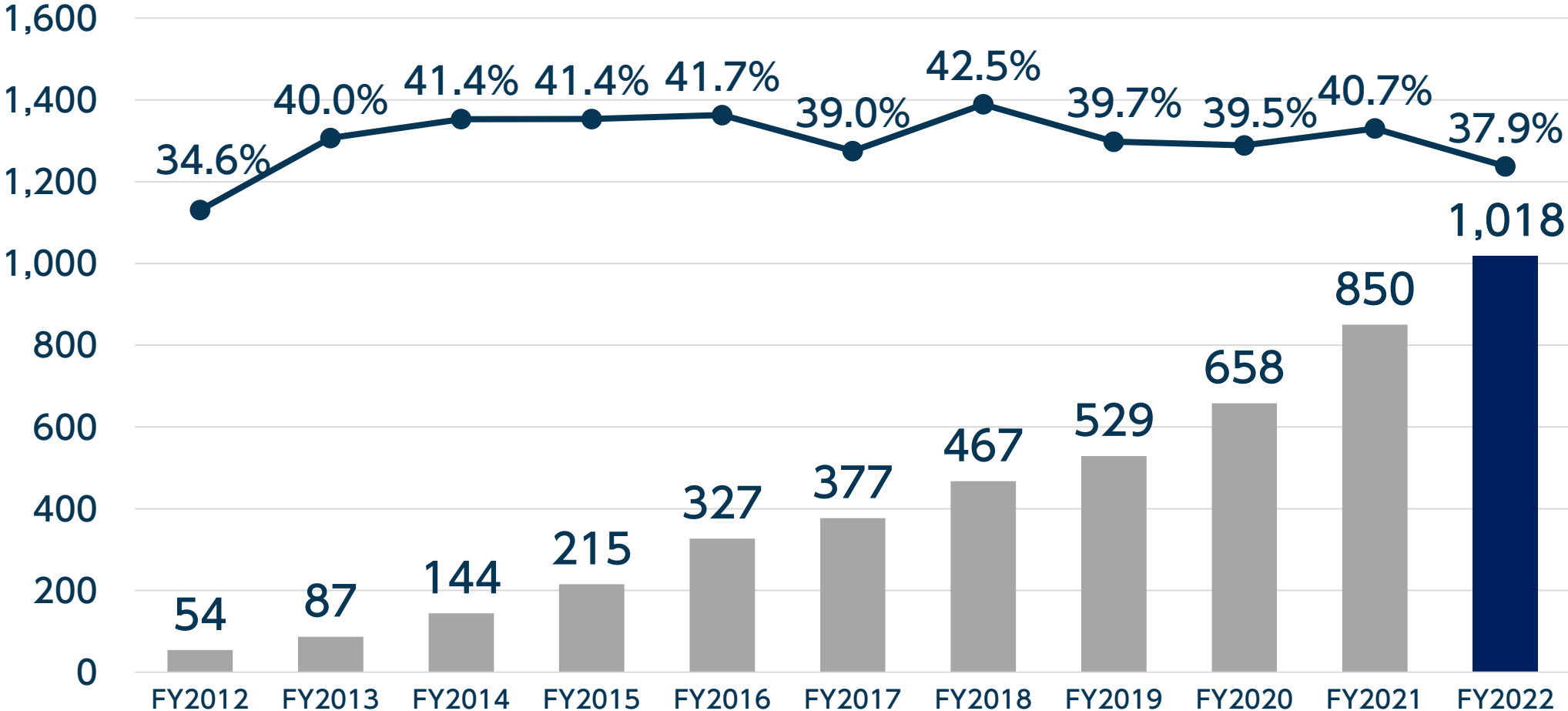
(million yen)



FY2022 Ordinary Profit and Ordinary Profit Margin

Ordinary Profit **+19.7% YoY**, achieved **continuous profit growth**

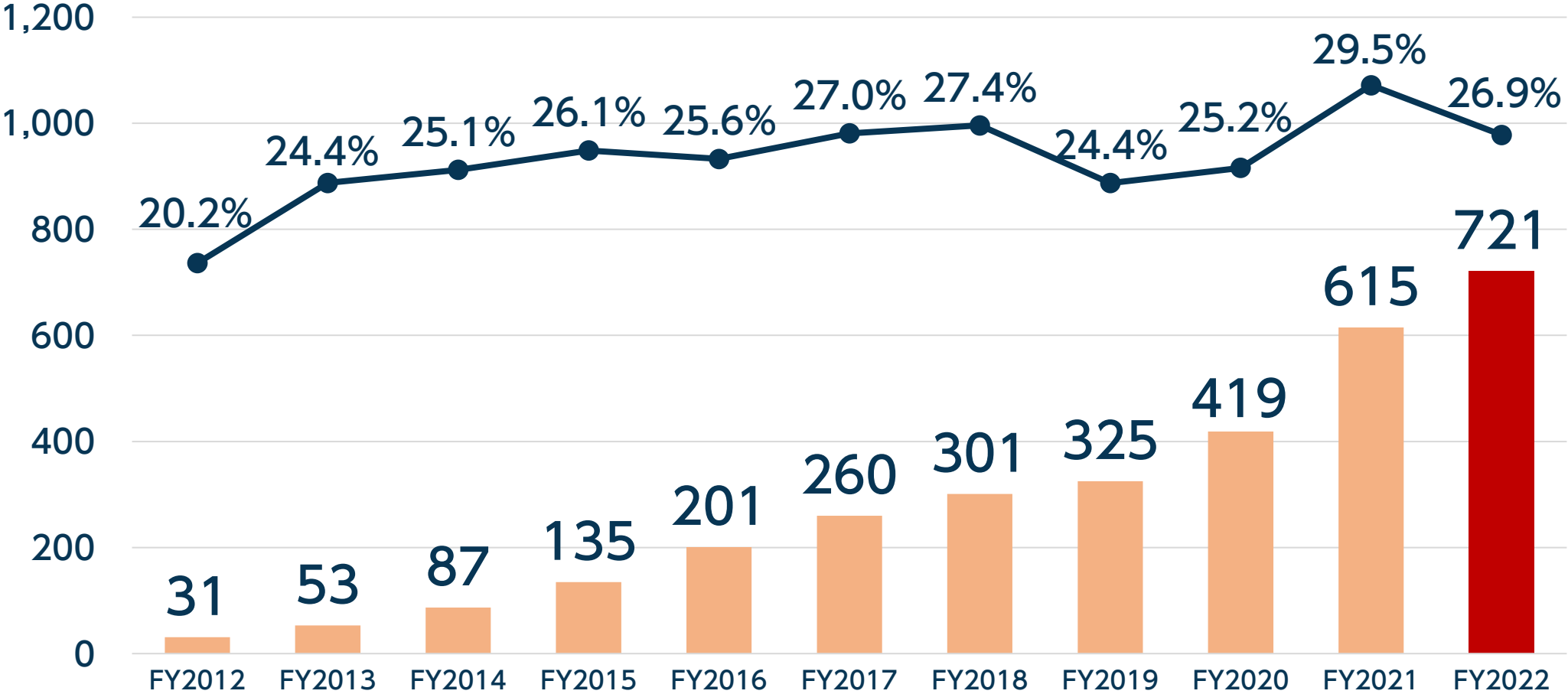
(million yen)



FY2022 Profit and Net Profit Margin

Profit +17.3% YoY, achieved continuous profit growth

(million yen)



FY2022 Financial Position

Net assets increased **832 million yen**, and the equity ratio remained high, at **88.8%**

(million yen)	FY2021 (as of June 30,2021)	FY2022 (as of June 30,2022)	Amount of YoY change
Current assets	4,939	5,721	+782
Non-current assets	337	517	+179
Total assets	5,277	6,238	+961
Current liabilities	571	700	+129
Non-current liabilities	-	-	-
Total liabilities	571	700	+129
Net assets	4,706	5,538	+832

FY2023 Earnings Forecast

(million yen)	FY2023 Earnings Forecast	YoY change
Net Sales	3,236	+20.6%
Operating Profit	1,178	+15.0%
Ordinary Profit	1,178	+15.7%
Profit	813	+12.6%

4

Future Focus Areas

Product Development Focus Areas and External Environment

Focus on **Digital Marketing** and **AI DX** Product development

Reasons to Focus

1

Decrease in
domestic workforce

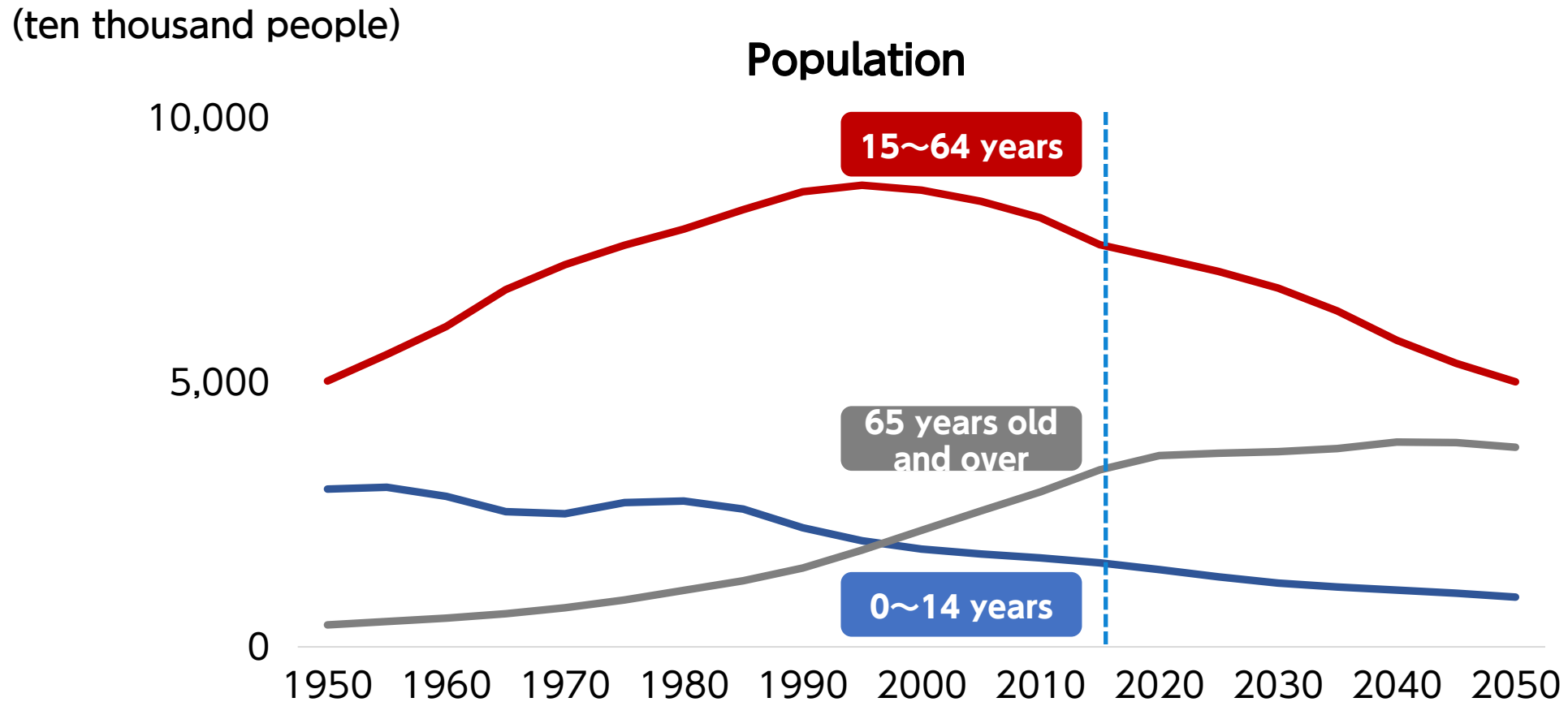
2

Work styles change

3

Market Expansion

External Environment ① Declining domestic workforce poses serious challenges



出典: 2015年までは総務省統計局「国勢調査結果」、2020年以降は国立社会保障・人口問題研究所「日本の将来推計人口(2017年推計)」

Declining absolute numbers of the working population is a social structural challenge in Japan

Response to Issues Related to the Structure of Society in Japan

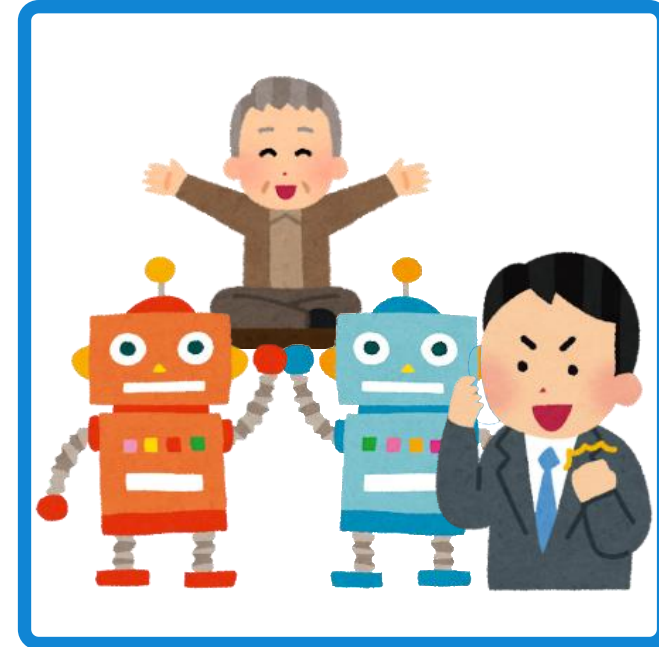
Society until the 20th century



Future projection



Enhancing labor capabilities with AI



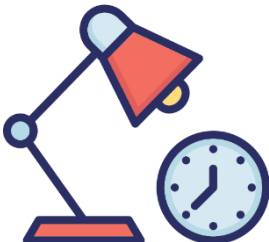
In response to the projected decline in the domestic working population, User Local aims to use data and AI to enhance productivity and achieve automation

External Environment ② DX promotion through work styles change

Diverse work styles



Telework



Reduction of overtime hours



Improvement of paid leave utilization rate



Balancing Childcare and Work



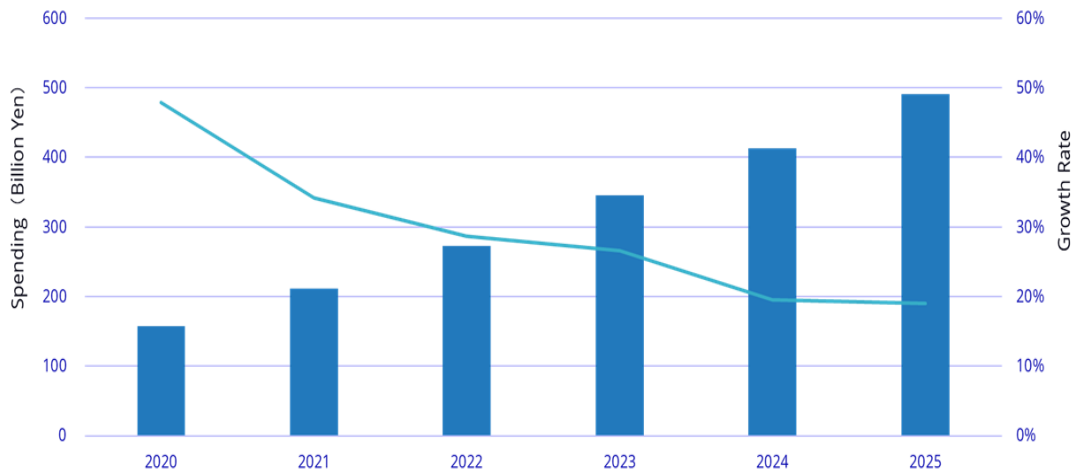
Balancing Nursing care and Work

There is a growing need for support by AI to solve labor shortages, improve labor productivity, and increase customer satisfaction

External Environment ③ Growing Business Opportunities for AI and DX Markets

【Domestic AI system market forecast】

From 2020 to 2025, CAGR(Compound Annual Growth Rate) will remain at 25.5% and to 490,981 million yen in 2025. ※2



※ Source: IDC Japan Press Release
[Domestic AI system market forecast] (2021/6/2)

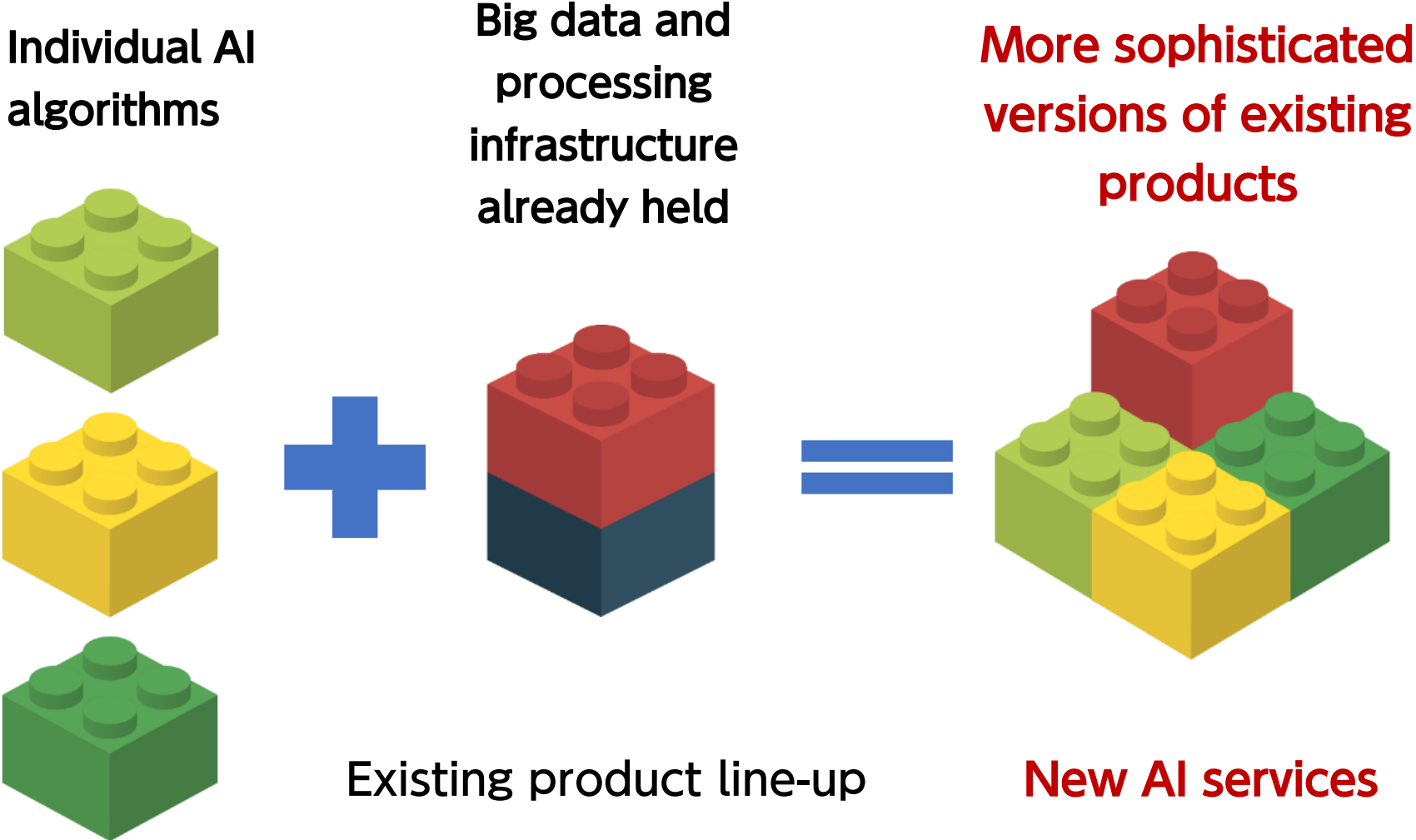
【DX domestic market research】

Exceeding 3 trillion yen by FY2030

(100 million yen)

DX domestic market (Investment amount)	2019	Forecast for 2030	Compared to 2019
Transportation	2,190	9,055	4.1 times
Finance	1,510	5,845	3.9 times
Manufacturing	971	4,500	4.6 times
Distribution	367	2,375	6.5 times
Medical / long-term care	585	1,880	3.2 times
Real estate	160	900	5.6 times
Other industries	550	2,090	3.8 times
Sales / marketing	1,007	2,590	2.6 times
Customer service	572	1,190	2.1 times
Total	7,912	30,425	3.8 times

Create Products from New Combinations of Individual AI Algorithms

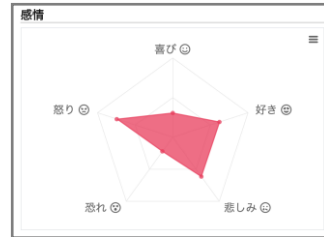


In-house development of AI algorithms

Natural Language Processing

Module

Personal Information Processing AI
Automatic text summarization AI
Recognition of emotions on text AI



Products

AI Text Mining
Personal Information Masking AI Tool

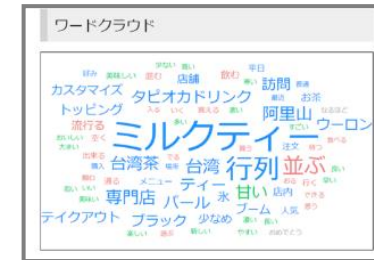
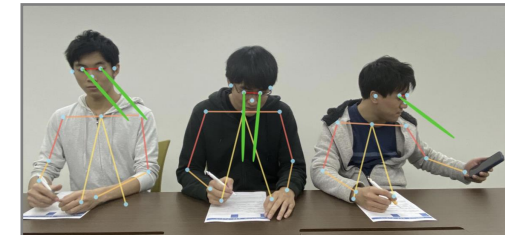


Image Processing

Handwritten Character Recognition AI
Estimation from facial expressions AI
Face recognition AI
Posture estimation AI
Line of sight estimation AI

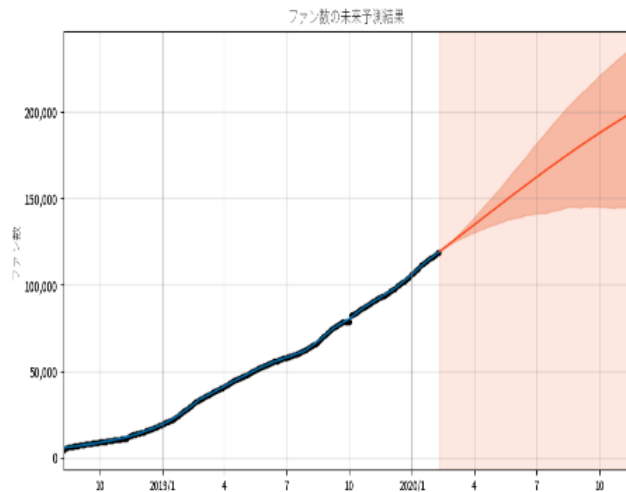


Handwritten OCR tools
Cheating Prevention AI

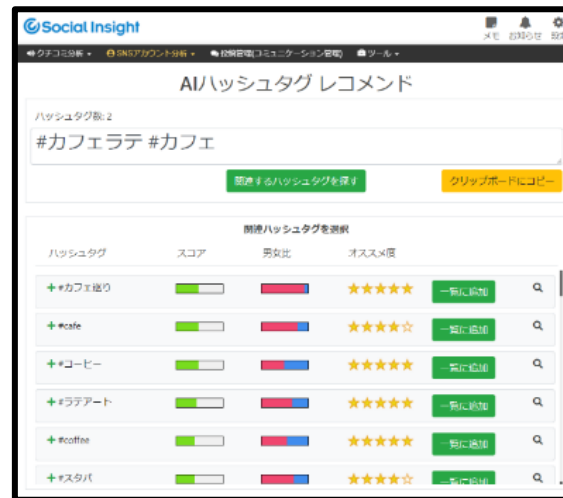


Application of AI algorithms to existing services

Strengthening User Insight and Social Insight analysis capabilities to be widely used as an automated marketing tool



Automatic forecasting of future growth in page views and fan numbers



Optimization of content based on hashtag recommendations



Application of emotional recognition based on deep learning to text mining

Provision of AI algorithms free of charge

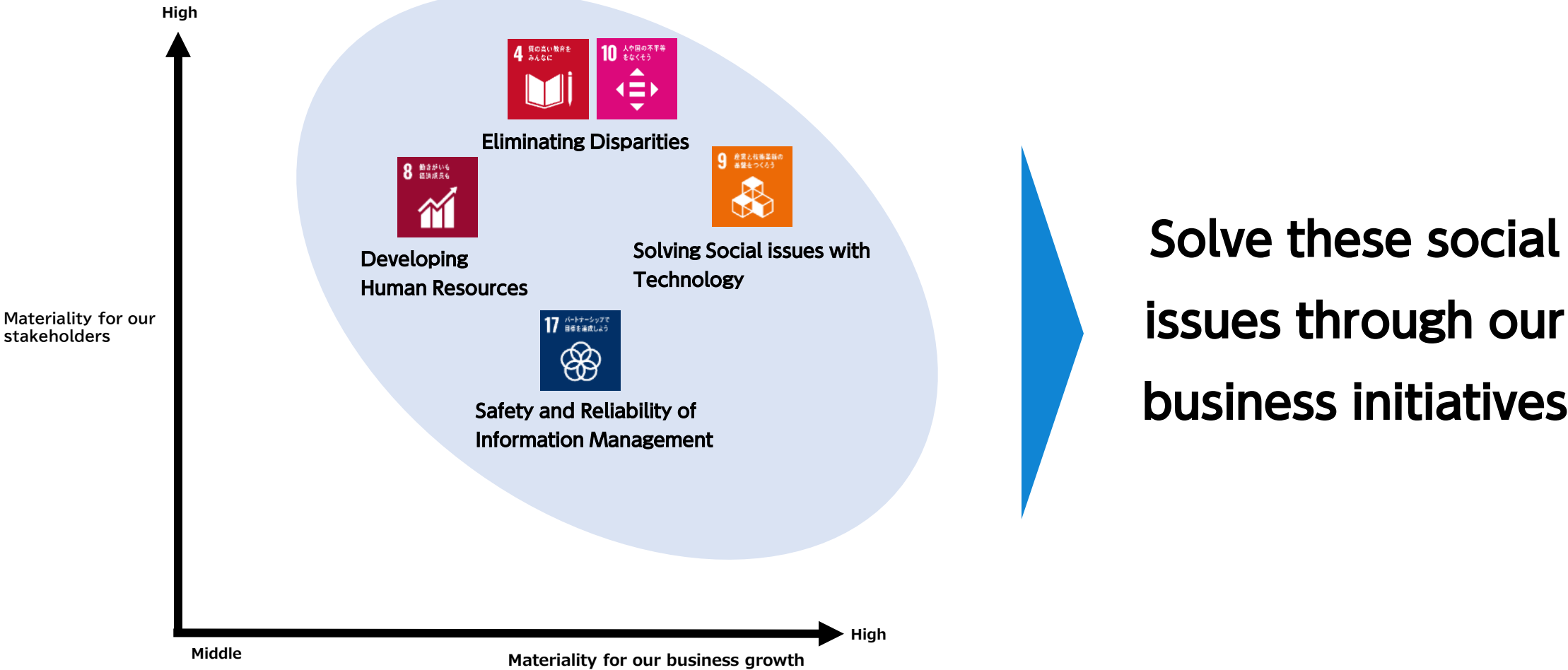
Free OCR tool to support conversion of handwritten documents into electronic data

The screenshot shows the UserLocal handwritten OCR interface. The main area displays a scanned document titled "田中太郎-申込書.png" with a table of extracted data. The table includes fields for name, date, address, phone number, and email. To the right of the table, there are three input fields for editing the date: "申込日-年" (Year), "申込日-月" (Month), and "申込日-日" (Day). Each field has a text label, a handwritten digit, and a text input box. A "編集結果を反映" (Apply edit results) button is at the bottom right. The sidebar on the left contains navigation options: "申請書" (Application form), "ファイル読み取り" (File upload), "読み取り結果一覧" (List of OCR results), "編集" (Edit), and "削除" (Delete). The top navigation bar includes "UserLocal 手書きOCR" and "読み取りフォーマット一覧" (List of OCR formats).

フリガナ	フリガナ	フリガナ	フリガナ	フリガナ
フリガナ	タナカ	タロウ	申込日	2021年10月2日
氏名	田中 太郎			
生年月日	2000年	4月	5日	
郵便番号	〒100-0014			
住所	東京都千代田区永田町1-7-1			
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Email	taro@example.com			

Materiality for our sustainable management and the relationship with SDGs

We have identified our focus areas to achieve the SDGs goals



① Eliminating Disparities



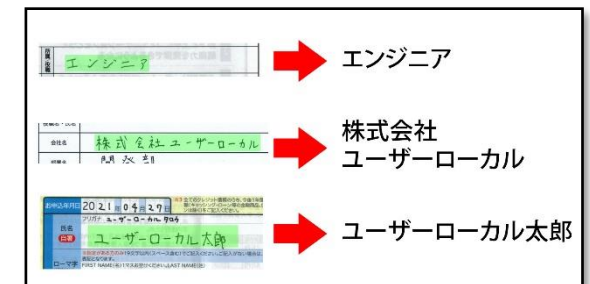
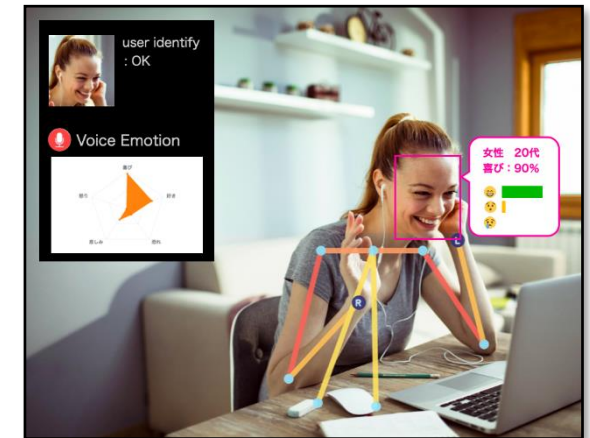
Realizing a society in which everyone can benefit from AI technology

Social issues

Only major domestic and foreign companies and a few well-funded companies are able to effectively use AI technology

Solving the issues

- Free provision of AI algorithms
- Free provision of Handwritten Character Recognition AI
- Free release of SNS account data



② Solving Social issues with Technology



Realizing more convenient and affluent lifestyles by continuously providing highly versatile services that can be used in a wide range of areas

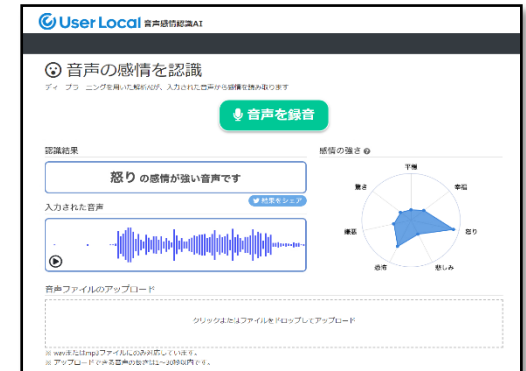
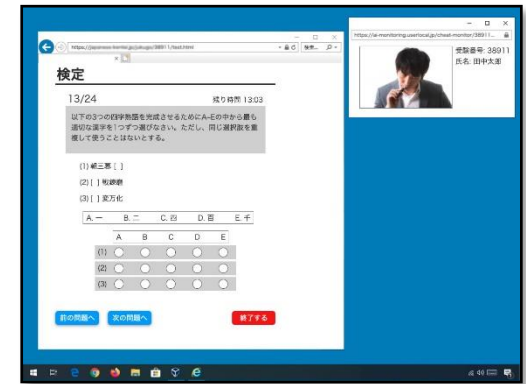
Social issues

Digital transformation (DX) is not progressing



Solving the issues

- Provide high-quality, easy-to-introduce services through SaaS business
- Promoting DX in school education by providing Cheating Prevention AI
- Providing tools for research institutions



③ Safety and Reliability of Information Management



Contributing to a society in which everyone can use information services safely

Social issues

Increasing the importance and risks of information management with the development of information technology



Solving the issues

- Provision of free tools for companies working on personal information protection measures
- Information Security Initiatives

UserLocal 個人情報テストデータジェネレーター

氏名 漢字 ひらがな カタカナ ローマ字

年齢 指定された範囲で日本の人口比に応じた年齢を出力します。
20 歳 ~ 80 歳

生年月日 年齢に応じた誕生日を出力します。閏年にも対応しています。
書式: YYYY年MM月DD日

血液型 日本国内の血液型の比率 A : B : O : AB = 40 : 20 : 30 : 10 と同じ割合で出力されます。

電話番号 ある程度住所に応じた市外局番の電話番号を出力します。

携帯電話番号 090、080、070、050のいずれかで始まる電話番号を出力します。

郵便番号 住所に応じた郵便番号が出力されます。

住所 ある程度人口比に応じた割合で住所が出力されます。

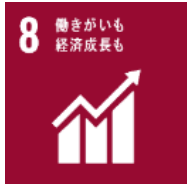
クレジットカード番号 クレジットカード会社各社のテスト用クレジットカード番号を出力します。
 Visa Master Card JCB American Express Diners Club
 Discover Card BC Global

クレジットカード期限

マイナンバー 有効なチェックディジットを持つランダムなマイナンバーを出力します。

	A	B	C	D	E	F	G
	氏名	生年月日	メールアドレス	携帯電話番号	郵便番号	住所	会社名
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9	松本 真弓	1990/2/4	mayumi.matsumoto090-8391-400472-8855	090-8391-400472-8855		愛知県名古屋市中区大森工務店株式会社	
10	吉岡 勝	1976/11/4	yoshioka_masaru@e070-0567-484202-7792	070-0567-484202-7792		東京都中央区銀座1-1株式会社佐藤	
11	古賀 直子	1960/3/30	naoko.koga@exampl090-0306-123138-1043	090-0306-123138-1043		東京都渋谷区神宮前41株式会社ドリ	
12	千葉 昭	1953/6/30	chiba_akira@exampl050-1777-650582-4145	050-1777-650582-4145		大阪府大阪市北区天神すまいる株式会社	
13	山本 香織	1975/8/1	yamamoto81@exam080-6909-112463-1634	080-6909-112463-1634		愛知県一宮市栄2-4-20株式会社リリー	
14	斎藤 里佳子	1961/4/12	saito_rikako@examp050-3649-231085-5008	050-3649-231085-5008		北海道北見市東三輪37株式会社すまじ	
15	高橋 亮平	1994/1/28	togashi128@exampl070-3777-225560-6341	070-3777-225560-6341		大阪府大阪市淀川区西有限会社佐藤	
16	小野 信博	1980/12/28	ono_1228@example_090-9326-350721-2008	090-9326-350721-2008		広島県福山市大門町1-有限会社リリー	
17	平林 香織	1986/3/30	kaorihirabayashi@e090-8930-314204-8076	090-8930-314204-8076		東京都東大和市仲原27株式会社フジタ	
18	吉村 善光	1955/9/11	yoshimitsu_yoshimu050-2694-930207-3282	050-2694-930207-3282		東京都杉並区阿佐谷北有限会社ティール	
19	門脇 誠子	1941/6/20	kadowaki_seiko@ex070-6912-582193-0192	070-6912-582193-0192		東京都台東区松が谷47有限会社アイ	
20	竹村 緑	1957/6/7	takemura_67@exam050-5736-156320-5341	050-5736-156320-5341		栃木県宇都宮市大宮2-有限会社ドリ	

④ Developing Human Resources



Contributing to the discovery and development of advanced AI human resources through education for students who are expected to play active roles in the AI field and support for educational sites and research institutions

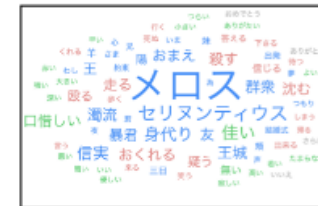
Social issues

Shortage of engineers
in Japan

Solving the issues

- Lecture activities in the Universities
- AI education for students
- In the high school textbook "Information I."
- Text Mining was published in

手順② テキストマイニングの結果は？



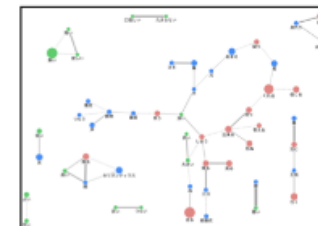
ワードクラウド

文章内に出てくる単語を、頻度・重要度に応じた大きさで図示し、雲のように並べたもの



単語出現頻度

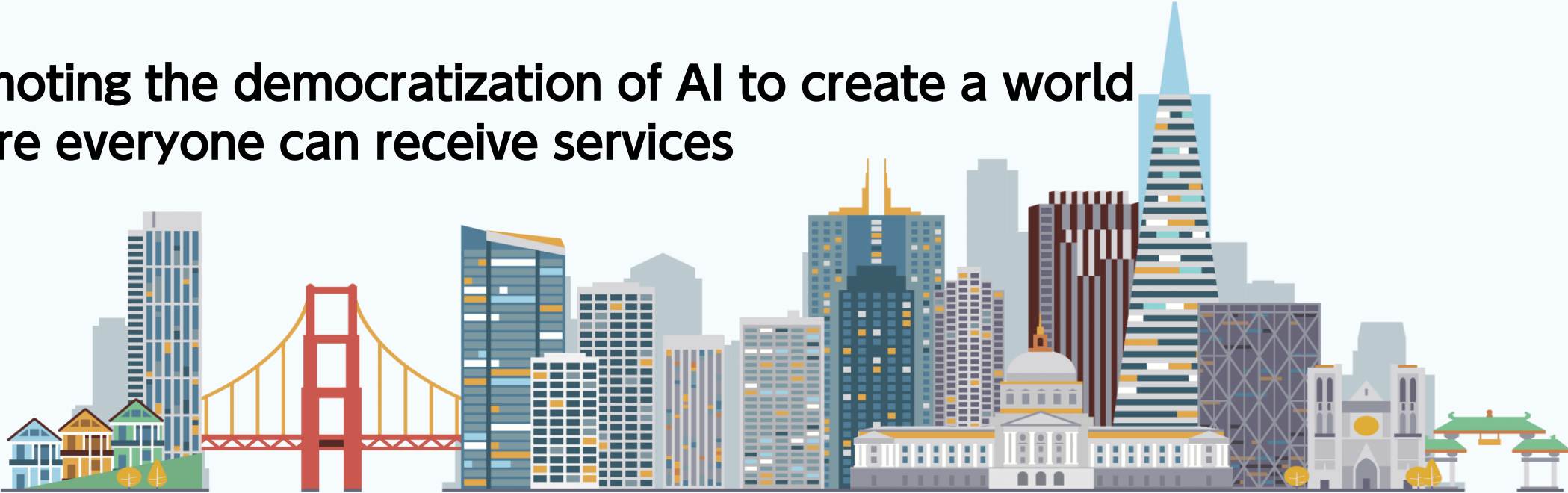
文章中の各単語を品詞別に分類し、出現回数で並び替えたもの



共起キーワード

文章中に、セットで出てくる単語の組み合わせを線でつなぎ、単語同士の結びつきの強さを示している

Promoting the democratization of AI to create a world where everyone can receive services



Existing areas



Data aggregation and visualization



Social media operation support



Automated responses



Image recognition



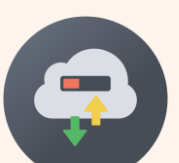
Content assessment



Website UX measurement



E-commerce customer service support



DX



Public administration support



Education support



Fraud detection



Privacy protection

Future areas



Robot controls



Sales Support



Sports Analytics



In-house management tools

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