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November 8, 2023

Summary of Financial Results for the Three Months Ended September 30, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 3984
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Scheduled date to file quarterly report : November 8, 2023
 Preparation of supplementary material on financial results : No
 Holding of financial results briefing : No

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

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

(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	%
Three months ended September 30, 2023	917	20.1	412	30.5	412	32.5	285	32.5
September 30, 2022	763	25.0	316	21.5	311	20.3	215	20.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended September 30, 2023	17.85	17.74
September 30, 2022	13.45	13.31

(2) Financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	7,303	6,574	90.0
June 30, 2023	7,211	6,340	87.9

Reference: Equity

As of September 30, 2023: ¥6,574 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	—				
Fiscal year ended 30 June, 2024 (Forecast)	—	0.00	—	5.00	5.00

(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	67.08

(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 September 30, 2023	16,157,900 shares
As of June 30, 2023	16,115,600 shares

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

As of September 30, 2023	144,125 shares
As of June 30, 2023	144,125 shares

(iii) Average number of shares outstanding during the period

For the three months ended September 30, 2023	15,999,522 shares
For the three months ended September 30, 2022	16,016,798 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. On the other hand, the promotion of the Digital Transformation has been recognized and the utilization of Big Data and AI has been expanded, and companies have continued to make active IT investments. 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 increased the number of personnel engaged in sales of services and 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 three months of the fiscal year under review, net sales were ¥917,105 thousand (up 20.1% year on year), operating profit was ¥412,498 thousand (up 30.5% year on year), ordinary profit was ¥412,532 thousand (up 32.5% year on year) and profit was ¥285,615 thousand (up 32.5% year on year).

(2) Explanation of financial position

Assets, liabilities and net assets

(Assets)

Assets at the end of the first three months of the fiscal year under review were ¥7,303,406 thousand, an increase of ¥91,661 thousand from the end of the previous fiscal year. The main factors were increases of ¥149,303 thousand in cash and deposits and decrease of ¥29,521 thousand in prepaid expenses.

(Liabilities)

Liabilities at the end of the first three months of the fiscal year under review were ¥728,880 thousand, an decrease of ¥142,631 thousand from the end of the previous fiscal year. The main factors were decreases of ¥66,642 thousand in income tax payable and ¥41,006 thousand in advances received.

(Net assets)

Total net assets at the end of the first three months of the fiscal year under review were ¥6,574,525 thousand, an increase of ¥234,292 thousand from the end of the previous fiscal year. The main factors were increases of ¥221,729 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	6,366,856	6,516,160
Accounts receivable - trade	205,585	219,692
Prepaid expenses	208,914	179,392
Other	30,983	—
Allowance for doubtful accounts	△2,098	△2,129
Total current assets	6,810,242	6,913,115
Non-current assets		
Property, plant and equipment	50,318	48,622
Investments and other assets	351,184	341,668
Total non-current assets	401,502	390,290
Total assets	7,211,745	7,303,406
Liabilities		
Current liabilities		
Accounts payable - other	124,757	125,802
Income taxes payable	215,664	149,022
Advances received	379,407	338,400
Provision for bonuses	—	26,085
Other	151,682	89,570
Total current liabilities	871,512	728,880
Total liabilities	871,512	728,880
Net assets		
Shareholders' equity		
Share capital	1,198,588	1,204,869
Capital surplus	1,278,440	1,284,722
Retained earnings	4,057,406	4,279,136
Treasury shares	△194,202	△194,202
Total shareholders' equity	6,340,233	6,574,525
Total net assets	6,340,233	6,574,525
Total liabilities and net assets	7,211,745	7,303,406

(2) Statement of income

(Thousands of yen)

	Three months ended September 30, 2022	Three months ended September 30, 2023
Net sales	763,874	917,105
Cost of sales	53,459	76,790
Gross profit	710,415	840,315
Selling, general and administrative expenses	394,411	427,816
Operating profit	316,003	412,498
Non-operating income		
Interest income	28	31
Other	—	1
Total non-operating income	28	33
Non-operating expenses		
Share-based payment expenses	4,543	—
Other	42	—
Total non-operating expenses	4,586	—
Ordinary profit	311,445	412,532
Profit before income taxes	311,445	412,532
Income taxes - current	105,531	138,796
Income taxes - deferred	△9,574	△11,879
Total income taxes	95,957	126,917
Profit	215,488	285,615

(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.