

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



August 7, 2025

Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2025 (Under Japanese GAAP)

Company name: User Local, Inc.
Listing: Tokyo Stock Exchange
Securities code: 3984
URL: <https://www.userlocal.jp/>
Representative: Masao Ito, President CEO
Inquiries: Daisuke Iwamoto, CFO
Telephone: +81-50-3204-2167

Scheduled date of ordinary general meeting of shareholders : September 19, 2025
Scheduled date to file annual securities report : September 17, 2025
Scheduled date to commence dividend payments : September 5, 2025
Preparation of supplementary material on financial results : Yes
Holding of financial results briefing : Yes (for institutional investors and analysts and individual investors)

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

1. Financial results for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

(1) Operating results (% indicate year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	4,581	17.3	1,971	14.1	1,972	14.7	1,429	20.6
June 30, 2024	3,907	18.8	1,728	25.9	1,720	26.7	1,185	24.2

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2025	88.94	88.71	17.4	21.0	43.0
June 30, 2024	73.94	73.57	16.9	21.4	44.2

(2) Financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	9,971	8,699	87.2	543.35
June 30, 2024	8,835	7,724	87.4	477.91

Reference: Equity

As of June 30, 2025: ¥8,699 million
As of June 30, 2024: ¥7,724 million

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended June 30, 2025	Millions of yen 1,806	Millions of yen △260	Millions of yen △676	Millions of yen 8,545
June 30, 2024	1,545	△198	△36	7,676

2. Cash dividends

	Annual dividends per share					Total dividends	Payout ratio	Dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended June 30, 2024	Yen —	Yen 0.00	Yen —	Yen 8.00	Yen 8.00	Millions of yen 129	% 10.8	% 1.8
Fiscal year ended June 30, 2025	—	0.00	—	14.00	14.00	224	15.7	2.7
Fiscal year ending June 30, 2026 (Forecast)	—	10.00	—	10.00	20.00		21.0	

3. Earnings Forecast for the Fiscal Year Ending June 30, 2026 (from July 1, 2025 to June 30, 2026)

(% indicate changes from the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Profit		Basic earnings per share
Full year	million yen 5,284	% 15.3	million yen 2,207	% 12.0	million yen 2,207	% 11.9	million yen 1,523	% 6.6	yen 95.14

* Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of June 30, 2025	16,218,300 shares
As of June 30, 2024	16,205,800 shares

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

As of June 30, 2025	207,896 shares
As of June 30, 2024	42,070 shares

(iii) Average number of shares outstanding during the period

For the fiscal year ended June 30, 2025	16,072,712 shares
For the fiscal year ended June 30, 2024	16,033,442 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.

Table of Contents

1. Qualitative information regarding results for the period	5
(1) Explanation of operating results	5
(2) Explanation of financial position	5
(3) Explanation of cash flows.....	5
(4) Explanation of earnings guidance and other forward-looking statements.....	6
2. Basic concept regarding selections of accounting standards	6
3. Financial statements and significant notes thereto.....	7
(1) Balance sheet.....	7
(2) Statement of income.....	9
(3) Statement of changes in equity	11
(4) Statement of cash flows	12
(5) Notes to financial statements	13
Notes regarding assumption of going concern.....	13
Equity in earnings.....	13
Segment information.....	13
Per share information.....	14
Significant subsequent events.....	14

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 soaring prices caused by fluctuations in foreign exchange rates and other factors, as well as policy trends in the U.S.. 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”, AI-based customer support automation services “Support Chatbot”, and Generative AI Services for Corporations “ChatAI” 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. Especially on (3) New development of AI services, we have actively promoted product development for the linking interactive generative AI such as Chat GPT with our services and for the product to solve all kinds of problems using big data analysis and AI technology. We will continue to focus on building a stable core system and training data scientists to further improve the quality of 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 of the above efforts, sales remained steady during the fiscal year under review. Regarding profit, expenses increased within the planned range due to various costs associated with the relocation of the head office in March 2025, but this was more than offset by the increase in revenue.

As a result, during the fiscal year under review, net sales were ¥4,581,996 thousand (up 17.3% year on year), operating profit was ¥1,971,441 thousand (up 14.1% year on year), ordinary profit was ¥1,972,822 thousand (up 14.7% year on year) and profit was ¥1,429,454 thousand (up 20.6% year on year).

As we operate in a single segment, data cloud business, segment information is omitted.

(2) Explanation of financial position

Assets, liabilities and net assets

(Assets)

Assets during the fiscal year under review were ¥9,971,332 thousand, an increase of ¥1,136,139 thousand from the previous fiscal year. The main factors were increases of ¥869,215 thousand in cash and deposits and increases of ¥204,270 thousand in Facilities attached to buildings.

(Liabilities)

Liabilities during the fiscal year under review were ¥1,272,105 thousand, an increase of ¥161,763 thousand from the previous fiscal year. The main factors were increases of ¥113,254 thousand in Accounts payable – other, increases of ¥134,742 thousand in advances received and decreases of ¥103,821 in Income taxes payable.

(Net assets)

Total net assets during the fiscal year under review were ¥8,699,226 thousand, an increase of ¥974,376 thousand from the previous fiscal year. The main factors were increases of ¥1,300,144 thousand in retained earnings and increases of ¥320,673 thousand in treasury shares.

(3) Explanation of cash flows

Cash and cash equivalents increased by ¥869,215 thousand year on year to ¥8,545,796 thousand in the fiscal year under review. Cash flows and the respective factors contributing thereto during the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash provided in operating activities amounted to ¥1,806,221 thousand (¥1,545,204 thousand in net cash provided of the previous fiscal year). This was mainly due to profit before income taxes of ¥1,972,822 thousand, and record of share-based payment expenses of ¥193,713 thousand, and payment of ¥652,019 thousand in income taxes payable.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥260,308 thousand (¥198,800 thousand in net cash used of the previous fiscal year). This was mainly due to payment of ¥259,621 thousand for acquisition of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥676,697 thousand (¥36,679 thousand in net cash used of the previous fiscal year). This was mainly due to payment of ¥480,212 thousand for acquisition of treasury stock and dividends payment of ¥129,084 thousand.

(4) Explanation of earnings guidance and other forward-looking statements

For the fiscal year ending June 30, 2026, we will continue to make aggressive upfront investments in new product development and new market development in addition to adding product features, improving product quality, and strengthening investments in sales promotion. Forecast of results for the fiscal year ending June 30, 2026, we plan net sales of ¥5,284 million (up 15.3% year on year), operating profit of ¥2,207 million (up 12.0% year on year), ordinary profit of ¥2,207 million (up 11.9% year on year) and profit of ¥1,523 million (up 6.6% year on year).

2. Basic concept regarding selections of accounting standards

We apply Japanese accounting standards to ensure comparability with peer companies within Japan. We intend to consider the application of International Financial Reporting Standards in light of its shareholder composition and the trends of other domestic companies in the same industry.

3. Financial statements and significant notes thereto

(1) Balance Sheet

(Thousands of yen)

	As of June 30, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	7,676,580	8,545,796
Accounts receivable - trade	251,762	271,064
Prepaid expenses	218,753	206,724
Other	64,793	210,671
Allowance for doubtful accounts	(1,772)	(2,015)
Total current assets	8,210,117	9,232,241
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	22,518	226,789
Accumulated depreciation	(15,233)	(13,555)
Facilities attached to buildings, net	7,285	213,233
Tools, furniture and fixtures	223,888	255,096
Accumulated depreciation	(191,005)	(210,384)
Tools, furniture and fixtures, net	32,882	44,711
Total property, plant and equipment	40,168	257,944
Investments and other assets		
Investment securities	0	0
Guarantee deposits	239,297	159,792
Insurance funds	58,829	60,313
Long-term prepaid expenses	148,335	119,219
Deferred tax assets	138,444	141,820
Total investments and other assets	584,906	481,146
Total non-current assets	625,075	739,091
Total assets	8,835,192	9,971,332

(Thousands of yen)

	As of June 30, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - other	137,212	250,467
Income taxes payable	399,718	295,897
Advances received	433,273	568,015
Deposits received	29,688	52,759
Accrued consumption taxes	89,530	68,023
Other	20,919	36,943
Total current liabilities	1,110,342	1,272,105
Total liabilities	1,110,342	1,272,105
Net assets		
Shareholders' equity		
Share capital	1,212,126	1,214,157
Capital surplus		
Legal capital surplus	1,197,126	1,199,157
Other capital surplus	188,880	179,723
Total capital surplus	1,386,007	1,378,881
Retained earnings		
Other retained earnings		
Retained earnings brought forward	5,179,057	6,479,202
Total retained earnings	5,179,057	6,479,202
Treasury shares	(52,340)	(373,014)
Total shareholders' equity	7,724,850	8,699,226
Total net assets	7,724,850	8,699,226
Total liabilities and net assets	8,835,192	9,971,332

(2) Statement of income

(Thousands of yen)

	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025
Net sales	3,907,679	4,581,996
Cost of sales	339,063	462,183
Gross profit	3,568,615	4,119,813
Selling, general and administrative expenses	1,840,614	2,148,372
Operating profit	1,728,000	1,971,441
Non-operating income		
Interest income	214	8,182
Other	1	2,270
Total non-operating income	216	10,453
Non-operating expenses		
Share-based payment expenses	7,994	5,877
Commission for purchase of treasury shares	—	2,863
Other	70	331
Total non-operating expenses	8,065	9,072
Ordinary profit	1,720,151	1,972,822
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	1,720,151	1,972,822
Income taxes - current	564,347	546,744
Income taxes - deferred	(29,733)	(3,376)
Total income taxes	534,614	543,367
Profit	1,185,536	1,429,454

Statement of cost of sales

		Fiscal year ended June 30, 2024		Fiscal year ended June 30, 2025	
Division	Note	(Thousands of yen)	%	(Thousands of yen)	%
I Labor Costs		138,131	40.7	185,709	40.2
II Other costs	*	200,931	59.3	276,473	59.8
Total of cost of sales		339,063	100.0	462,183	100.0

(Cost accounting method)

The Company calculates costs on a specific cost basis.

Note *The main breakdown is as follows.

(Thousands of yen)

Items	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025
Depreciation	21,065	23,456
Rent expenses	28,944	28,854

(3) Statement of changes in equity

Fiscal year ended June 30, 2024

(Thousands of yen)

	Shareholders' equity							Total net assets	
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholder's equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Retained earnings brought forward			
Balance at beginning of period	1,198,588	1,183,588	94,852	1,278,440	4,057,406	4,057,406	(194,202)	6,340,233	6,340,233
Changes during period									
Issuance of new shares	13,538	13,538		13,538				27,076	27,076
Dividends of surplus					(63,885)	(63,885)		(63,885)	(63,885)
Profit					1,185,536	1,185,536		1,185,536	1,185,536
Purchase of treasury shares									
Disposal of treasury shares			94,027	94,027			141,861	235,889	235,889
Total changes during period	13,538	13,538	94,027	107,566	1,121,650	1,121,650	141,861	1,384,617	1,384,617
Balance at end of period	1,212,126	1,197,126	188,880	1,386,007	5,179,057	5,179,057	(52,340)	7,724,850	7,724,850

Fiscal year ended June 30, 2025

(Thousands of yen)

	Shareholders' equity							Total net assets	
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholder's equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Retained earnings brought forward			
Balance at beginning of period	1,212,126	1,197,126	188,880	1,386,007	5,179,057	5,179,057	(52,340)	7,724,850	7,724,850
Changes during period									
Issuance of new shares	2,031	2,031		2,031				4,062	4,062
Dividends of surplus					(129,309)	(129,309)		(129,309)	(129,309)
Profit					1,429,454	1,429,454		1,429,454	1,429,454
Purchase of treasury shares							(477,349)	(477,349)	(477,349)
Disposal of treasury shares			(9,156)	(9,156)			156,675	147,518	147,518
Total changes during period	2,031	2,031	(9,156)	(7,125)	1,300,144	1,300,144	(320,673)	974,376	974,376
Balance at end of period	1,214,157	1,199,157	179,723	1,378,881	6,479,202	6,479,202	(373,014)	8,699,226	8,699,226

(4) Statement of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	1,720,151	1,972,822
Depreciation	27,002	41,844
Increase (decrease) in allowance for doubtful accounts	(326)	243
Interest income	(214)	(8,182)
Share-based payment expenses	152,266	193,713
Loss on retirement of non-current assets	0	0
Decrease (increase) in trade receivables	(46,176)	(19,301)
Increase (decrease) in advances received	53,865	134,742
Increase (decrease) in accounts payable - other	12,454	113,254
Increase (decrease) in accrued consumption taxes	5,364	(21,829)
Other, net	3,073	42,751
Subtotal	1,927,460	2,450,058
Interest received	214	8,182
Income taxes paid	(382,470)	(652,019)
Net cash provided by (used in) operating activities	1,545,204	1,806,221
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,851)	(259,621)
Purchase of insurance funds	(4,636)	(4,373)
Proceeds from cancellation of insurance funds	—	5,103
Payments of guarantee deposits	(177,312)	(3,697)
Proceeds from refund of guarantee deposits	—	2,280
Net cash provided by (used in) investing activities	(198,800)	(260,308)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	27,076	4,062
Purchase of treasury shares	—	(480,212)
increase (decrease) in deposits for purchase of treasury shares	—	(71,462)
Dividends paid	(63,755)	(129,084)
Net cash provided by (used in) financing activities	(36,679)	(676,697)
Net increase (decrease) in cash and cash equivalents	1,309,724	869,215
Cash and cash equivalents at beginning of period	6,366,856	7,676,580
Cash and cash equivalents at end of period	7,676,580	8,545,796

(5) Notes to financial statements

(Notes regarding assumption of going concern)

Not applicable.

(Equity in earnings)

Not applicable.

(Segment information)

Fiscal year ended June 30, 2024

The company omitted the information because it operates in a single segment, data cloud business.

Fiscal year ended June 30, 2025

The company omitted the information because it operates in a single segment, data cloud business.

【Related information】

Fiscal year ended June 30, 2024

1. Information by product and service

This has been omitted because net sales to external customers in a single product or service category account for more than 90% of net sales on the statements of income.

2. Regional Information

(1) Net sales

This has been omitted because net sales to external customers in Japan account for more than 90% of net sales on the statements of income.

(2) Property, plant and equipment

This has been omitted because there are no property, plant and equipment located outside of Japan.

3. Information by major customer

This has been omitted because there are no external customers whose net sales account for 10% or more of net sales on the statements of income.

Fiscal year ended June 30, 2025

1. Information by product and service

This has been omitted because net sales to external customers in a single product or service category account for more than 90% of net sales on the statements of income.

2. Regional Information

(1) Net sales

This has been omitted because net sales to external customers in Japan account for more than 90% of net sales on the statements of income.

(2) Property, plant and equipment

This has been omitted because there are no property, plant and equipment located outside of Japan.

3. Information by major customer

This has been omitted because there are no external customers whose net sales account for 10% or more of net sales on the statements of income.

【Information on impairment losses on non-current assets by reportable segment】

Not applicable.

【Information on the amount of amortization of goodwill and the unamortized balance by reportable segment】

Not applicable.

【Information on gain on bargain purchase by reportable segment】

Not applicable.

(Per share information)

	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025
Net assets per share	¥477.91	¥543.35
Basic earnings per share	¥73.94	¥88.94
Diluted earnings per share	¥73.57	¥88.71

Note: Basis for calculation of "profit per share" and "Diluted profit per share" is as follows.

	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025
Basic earnings per share		
Profit (Thousands of yen)	1,185,536	1,429,454
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent of common shares (Thousands of yen)	1,185,536	1,429,454
Average number of shares of common shares during the period	16,033,442	16,072,712
Diluted earnings per share		
Profit adjustments (Thousands of yen)	—	—
Increase in common share (Shares)	80,709	40,837
(Common share of stock option (Shares))	(80,709)	(40,837)
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effect	—	—

(Significant subsequent events)

Not applicable.