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August 6, 2026

Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2026 (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
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Scheduled date of ordinary general meeting of shareholders : September 18, 2026
Scheduled date to file annual securities report : September 16, 2026
Scheduled date to commence dividend payments : September 4, 2026
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, 2026 (from July 1, 2025 to June 30, 2026)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	5,343	16.6	2,196	11.4	2,212	12.1	1,634	14.4
June 30, 2025	4,581	17.3	1,971	14.1	1,972	14.7	1,429	20.6

	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, 2026	102.63	102.53	18.0	20.9	41.1
June 30, 2025	88.94	88.71	17.4	21.0	43.0

(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, 2026	11,180	9,446	84.5	600.51
June 30, 2025	9,971	8,699	87.2	543.35

Reference: Equity
As of June 30, 2026: ¥9,446 million
As of June 30, 2025: ¥8,699 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2026	2,238	37	△1,071	9,749
June 30, 2025	1,806	△260	△676	8,545

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2025	―	0.00	―	14.00	14.00	224	15.7	2.7
Fiscal year ended June 30, 2026	―	10.00	―	14.00	24.00	380	23.4	4.2
Fiscal year ending June 30, 2027 (Forecast)	―	15.00	―	15.00	30.00		31.4	

3. Earnings Forecast for the Fiscal Year Ending June 30, 2027 (from July 1, 2026 to June 30, 2027)

(% 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	6,081	13.8	2,149	△2.1	2,179	△1.5	1,503	△8.0	95.59

∗ 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, 2026	16,161,800 shares
As of June 30, 2025	16,218,300 shares

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

As of June 30, 2026	431,502 shares
As of June 30, 2025	207,896 shares

(iii) Average number of shares outstanding during the period

For the fiscal year ended June 30, 2026	15,928,256 shares
For the fiscal year ended June 30, 2025	16,072,712 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

(1) Explanation of operating results

During the fiscal year under review, the outlook for the Japanese economy, remained uncertain due to soaring prices caused by fluctuations in foreign exchange rates and other factors, as well as soaring energy prices due to the situation in the Middle East. On the other hand, the interest in the impact of AI on society continues to grow worldwide, and the practical application of AI is advancing rapidly across various fields. We believe that the need for and the interest in the big data and AI- powered cloud 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. In terms of profitability, the increase in expenses associated with the expansion of AI services was more than offset by higher revenues, resulting in an increase in profit compared to the prior period.

As a result, during the fiscal year under review, net sales were ¥5,343,213 thousand (up 16.6% year on year), operating profit was ¥2,196,146 thousand (up 11.4% year on year), ordinary profit was ¥2,212,035 thousand (up 12.1% year on year) and profit was ¥1,634,794 thousand (up 14.4% 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 ¥11,180,602 thousand, an increase of ¥1,209,269 thousand from the previous fiscal year. The main factors were increases of ¥1,203,493 thousand in cash and deposits and increases of ¥43,240 thousand in long-term prepaid expenses.

(Liabilities)

Liabilities during the fiscal year under review were ¥1,734,381 thousand, an increase of ¥462,275 thousand from the previous fiscal year. The main factors were increases of ¥171,453 thousand in accounts payable – other, increases of ¥115,300 thousand in income taxes payable and increases of ¥111,309 thousand in advances received.

(Net assets)

Total net assets during the fiscal year under review were ¥9,446,221 thousand, an increase of ¥746,994 thousand from the previous fiscal year. The main factors were increases of ¥1,250,526 thousand in retained earnings and increases of ¥351,340 thousand in treasury shares.

(3) Explanation of cash flows

Cash and cash equivalents increased by ¥1,203,493 thousand year on year to ¥9,749,289 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 ¥2,238,224 thousand (¥1,806,221 thousand in net cash provided of the previous fiscal year). This was mainly due to profit before income taxes of ¥2,312,486 thousand, and record of share-based payment expenses of ¥193,561 thousand, and payment of ¥547,404 thousand in income taxes payable.

(Cash flows from investing activities)

Net cash provided in investing activities amounted to ¥37,157 thousand (¥260,308 thousand in net cash used of the previous fiscal year). This was mainly due to payment of ¥45,116 thousand for acquisition of property, plant and equipment and cash provided of ¥55,645 thousand in proceeds from the sale of investment securities and ¥44,805 thousand for compensation received.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥1,071,888 thousand (¥676,697 thousand in net cash used of the previous fiscal year). This was mainly due to payment of ¥760,361 thousand for acquisition of treasury stock and dividends payment of ¥383,857 thousand.

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

For the fiscal year ending June 30, 2027, 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. In particular, we expect sales to rise as we continue to make growth investments in generative AI-related services, for which demand is expanding. On the other hand, AI-related costs are expected to rise due to increased usage of generative AI resulting from growing service adoption, soaring prices for hardware used to build AI systems, and factors such as exchange rate fluctuations. Forecast of results for the fiscal year ending June 30, 2027, we plan net sales of ¥6,081 million (up 13.8% year on year), operating profit of ¥2,149 million (down 2.1% year on year), ordinary profit of ¥2,179 million (down 1.5% year on year) and profit of ¥1,503 million (down 8.0% 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, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	8,545,796	9,749,289
Accounts receivable - trade	271,064	305,226
Prepaid expenses	206,724	210,519
Other	210,671	190,670
Allowance for doubtful accounts	(2,015)	(3,071)
Total current assets	9,232,241	10,452,635
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	226,789	239,969
Accumulated depreciation	(13,555)	(56,168)
Facilities attached to buildings, net	213,233	183,800
Tools, furniture and fixtures	255,096	284,660
Accumulated depreciation	(210,384)	(238,627)
Tools, furniture and fixtures, net	44,711	46,033
Total property, plant and equipment	257,944	229,833
Intangible assets		
Software	—	13,113
Total intangible assets	—	13,113
Investments and other assets		
Investment securities	0	0
Guarantee deposits	159,792	133,512
Insurance funds	60,313	64,687
Long-term prepaid expenses	119,219	162,459
Deferred tax assets	141,820	124,360
Total investments and other assets	481,146	485,020
Total non-current assets	739,091	727,967
Total assets	9,971,332	11,180,602

(Thousands of yen)

	As of June 30, 2025	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable - other	250,467	421,920
Income taxes payable	295,897	411,197
Advances received	565,029	676,338
Deposits received	52,759	55,648
Accrued consumption taxes	68,023	123,418
Other	36,943	45,362
Total current liabilities	1,269,119	1,733,886
Non-current liabilities		
Long-term advances received	2,986	495
Total non-current liabilities	2,986	495
Total liabilities	1,272,105	1,734,381
Net assets		
Shareholders' equity		
Share capital	1,214,157	1,220,842
Capital surplus		
Legal capital surplus	1,199,157	1,205,842
Other capital surplus	179,723	14,163
Total capital surplus	1,378,881	1,220,005
Retained earnings		
Other retained earnings		
Retained earnings brought forward	6,479,202	7,729,728
Total retained earnings	6,479,202	7,729,728
Treasury shares	(373,014)	(724,355)
Total shareholders' equity	8,699,226	9,446,221
Total net assets	8,699,226	9,446,221
Total liabilities and net assets	9,971,332	11,180,602

(2) Statement of income

(Thousands of yen)

	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2026
Net sales	4,581,996	5,343,213
Cost of sales	462,183	587,345
Gross profit	4,119,813	4,755,867
Selling, general and administrative expenses	2,148,372	2,559,721
Operating profit	1,971,441	2,196,146
Non-operating income		
Interest income	8,182	24,771
Dividend income	—	3,024
Gain on cancellation of insurance policies	2,214	—
Other	56	903
Total non-operating income	10,453	28,698
Non-operating expenses		
Share-based payment expenses	5,877	7,431
Commission for purchase of treasury shares	2,863	4,534
Other	331	842
Total non-operating expenses	9,072	12,808
Ordinary profit	1,972,822	2,212,035
Extraordinary income		
Gain on sale of investment securities	—	55,645
Compensation received account	—	44,805
Total extraordinary income	—	100,450
Profit before income taxes	1,972,822	2,312,486
Income taxes - current	546,744	660,231
Income taxes - deferred	(3,376)	17,460
Total income taxes	543,367	677,692
Profit	1,429,454	1,634,794

Statement of cost of sales

		Fiscal year ended June 30, 2025		Fiscal year ended June 30, 2026	
Division	Note	(Thousands of yen)	%	(Thousands of yen)	%
Ⅰ Labor Costs		185,709	40.2	181,015	30.8
Ⅱ Other costs	*	276,473	59.8	406,330	69.2
Total of cost of sales		462,183	100.0	587,345	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, 2025	Fiscal year ended June 30, 2026
Communication expenses	162,749	296,723
Land and Rent	42,616	35,503

(3) Statement of changes in equity

Fiscal year ended June 30, 2025

(Thousands of yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings			
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

Fiscal year ended June 30, 2026

(Thousands of yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings			
Balance at beginning 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
Changes during period									
Issuance of new shares	6,684	6,684		6,684				13,368	13,368
Dividends of surplus					(384,268)	(384,268)		(384,268)	(384,268)
Profit					1,634,794	1,634,794		1,634,794	1,634,794
Purchase of treasury shares							(755,826)	(755,826)	(755,826)
Disposal of treasury shares			574	574			238,351	238,926	238,926
Cancellation of treasury shares			(166,135)	(166,135)			166,135	—	—
Total changes during period	6,684	6,684	(165,560)	(158,876)	1,250,526	1,250,526	(351,340)	746,994	746,994
Balance at end of period	1,220,842	1,205,842	14,163	1,220,005	7,729,728	7,729,728	(724,355)	9,446,221	9,446,221

(4) Statement of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2026
Cash flows from operating activities		
Profit before income taxes	1,972,822	2,312,486
Depreciation	41,844	72,975
Increase (decrease) in allowance for doubtful accounts	243	1,055
Interest and dividend income	(8,182)	(27,795)
Share-based payment expenses	193,713	193,561
Loss (gain) on sale of investment securities	—	(55,645)
Compensation received account	—	(44,805)
Decrease (increase) in trade receivables	(19,301)	(34,074)
Increase (decrease) in advances received	134,742	108,818
Increase (decrease) in accounts payable - other	113,254	171,453
Increase (decrease) in accrued consumption taxes	(21,829)	54,553
Other, net	42,751	5,251
Subtotal	2,450,058	2,757,834
Interest and dividends received	8,182	27,795
Income taxes paid	(652,019)	(547,404)
Net cash provided by (used in) operating activities	1,806,221	2,238,224
Cash flows from investing activities		
Purchase of property, plant and equipment	(259,621)	(45,116)
Purchase of intangible assets	—	(13,803)
Proceeds from sale of investment securities	—	55,645
Compensation received	—	44,805
Purchase of insurance funds	(4,373)	(4,373)
Proceeds from cancellation of insurance funds	5,103	—
Payments of guarantee deposits	(3,697)	—
Proceeds from refund of guarantee deposits	2,280	—
Net cash provided by (used in) investing activities	(260,308)	37,157
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	4,062	13,368
Purchase of treasury shares	(480,212)	(760,361)
increase (decrease) in deposits for purchase of treasury shares	(71,462)	58,961
Dividends paid	(129,084)	(383,857)
Net cash provided by (used in) financing activities	(676,697)	(1,071,888)
Net increase (decrease) in cash and cash equivalents	869,215	1,203,493
Cash and cash equivalents at beginning of period	7,676,580	8,545,796
Cash and cash equivalents at end of period	8,545,796	9,749,289

(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, 2025
The company omitted the information because it operates in a single segment, data cloud business.

Fiscal year ended June 30, 2026
The company omitted the information because it operates in a single segment, data cloud business.

【Related information】
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.

Fiscal year ended June 30, 2026
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, 2025	Fiscal year ended June 30, 2026
Net assets per share	¥543.35	¥600.51
Basic earnings per share	¥88.94	¥102.63
Diluted earnings per share	¥88.71	¥102.53

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

	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2026
Basic earnings per share		
Profit (Thousands of yen)	1,429,454	1,634,794
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent of common shares (Thousands of yen)	1,429,454	1,634,794
Average number of shares of common shares during the period	16,072,712	15,928,256
Diluted earnings per share		
Profit adjustments (Thousands of yen)	—	—
Increase in common share (Shares)	40,837	16,837
(Common share of stock option (Shares))	(40,837)	(16,837)
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.