YMIRLINK

Summary of Full-year Results for the Fiscal Year Ended December 31, 2023

February 13, 2024

YMIRLINK, Inc.

Security identifier code: 4372

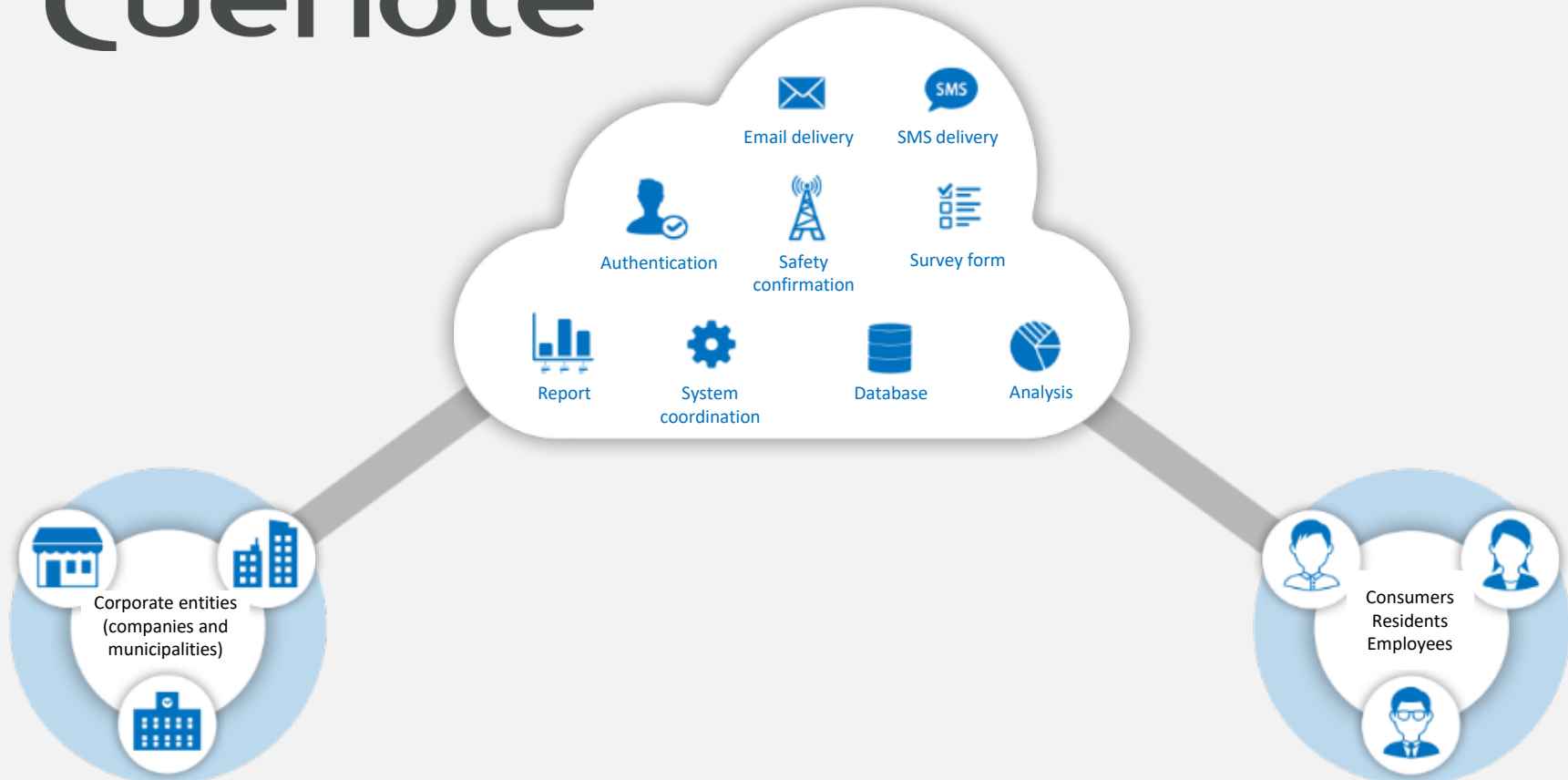# 1. Business Overview

Messaging solution (Cuenote) business

Provides cloud services to support marketing and communication such as transmission, collection and analysis of information utilizing the Internet (web, email, applications, etc.)

Email delivery system
Cuenote® FC

Includes large-scale, high-speed delivery performance and extensive marketing functions

Sales ratio 67.5%

Online survey and form system
Cuenote® Survey

Creates advanced surveys and secure forms using a web browser
Supports flexible design and multiple languages

Email relay server
Cuenote® SR-S

Relays SMTP through DNS settings
Solves email delivery delay and non-delivery
Includes delivery error reason analysis function

Sales ratio 18.5%

Safety confirmation service
安否確認サービス Cuenote®

Linked with weather information, in the event of disaster it automatically confirms safety status of the employees in the affected area

SMS delivery service
Cuenote® SMS

Direct carrier access-type SMS delivery Service
Supports IVR and two-way communication
for sending from API and screen

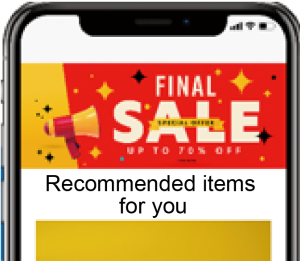Sales ratio 11.1%

Authentication service
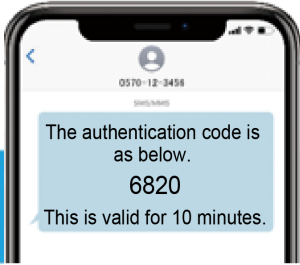## Cuenote® Auth

A service easily implementable with API coordination that utilizes SMS and IVR for secure multi-step authentication

(Note) The above sales composition ratios are actual results for the period from January to December 2023
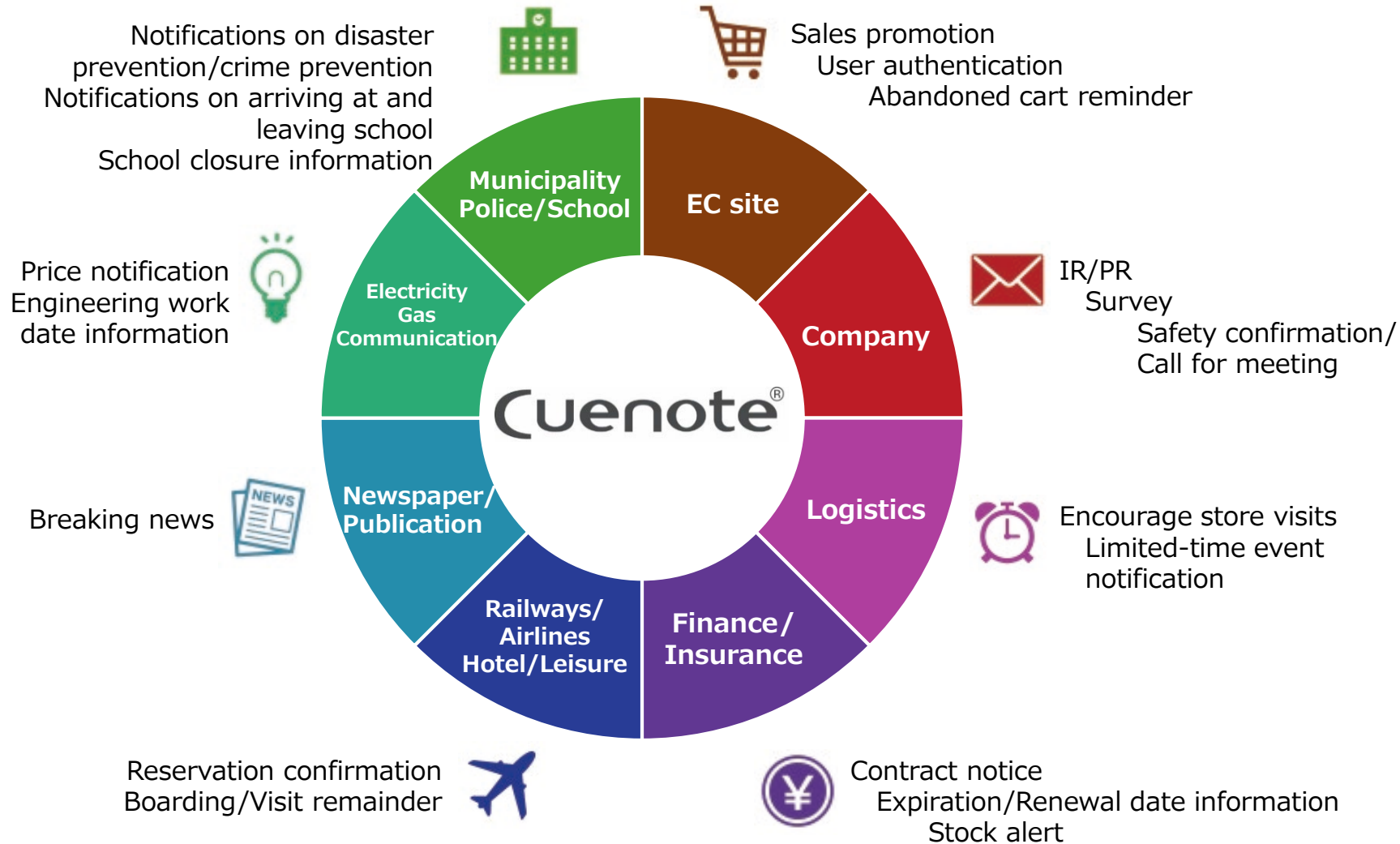
Main Service Characteristics and Uses of Mail and SMS

We offer methods for messaging with different characteristics in line with the customer's goals

	✉ Mail	💬 SMS
Recipient	Email address	Cellular phone number
Content richness	Rich Fonts, images, background color, attachments, etc.	Simple Text information
Sending cost	Very cheap Very cheap at less than a few yen per email	Cheap Costs vary from several yen to a few dozen yen per message. Cheaper than post, etc.
User's viewing environment	Diverse Includes PCs, smartphones, and cloud services	Limited Smartphone *Some telecoms carriers offer a service for viewing on PC
Destination massage server	Diverse Sent to diverse destinations such as ISPs, cloud vendors, and mail servers of companies	Limited few Telecoms carriers are the recipients, in Japan's case, the four major carriers
Use and objectives	User authentication (code notification) Batch notifications, reminders, promotions, maintaining relationship with customer	Identity verification (code notification), notifications/communication/reminders (alternative to calling)

Recommended items for you

The authentication code is as below.
6820
This is valid for 10 minutes.

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Where is Cuenote used?

In addition to promotional use, it is used for a variety of purposes and industries

Notifications on disaster prevention/crime prevention
Notifications on arriving at and leaving school
School closure information

Municipality Police/School

Sales promotion
User authentication
Abandoned cart reminder

EC site

Price notification
Engineering work date information

Electricity Gas Communication

IR/PR
Survey
Safety confirmation/ Call for meeting

Company

Breaking news

Newspaper/ Publication

Cuenote®

Logistics

Encourage store visits
Limited-time event notification

Reservation confirmation
Boarding/Visit remainder

Railways/ Airlines Hotel/Leisure

Finance/ Insurance

Contract notice
Expiration/Renewal date information
Stock alert

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2. Full-year results for the fiscal year ended December 31, 2023

Earnings summary: Sales and profit both reached record highs

Net sales

2,315 million yen   Year-on-year **6.1%** increase

Ninth consecutive year of increase, record sales recorded

Operating profit

592 million yen   Year-on-year **13.8%** increase

Fifth consecutive year of increasing profit, record profit recorded

Mail

1,992 million yen   Year-on-year **9.6%** increase

End-of-year MRR: 170 million yen / continued growth of deployment at enterprise customers

SMS·Auth

264 million yen   Year-on-year **13.6%** decrease

End-of-year MRR: 25 million yen/Decrease due to lack of special demand, but on a growth trajectory toward recovery

Survey and other services

58 million yen   Year-on-year **1.9%** increase

End-of-year MRR: 5 million yen / 2.7% increase year-on-year

(*) MRR (Monthly Recurring Revenue):
Revenue from contracts that stipulate services or use for a certain period of time, such as sales from SaaS service usage and maintenance service for purchase type software

Actual results for service

ARR*1
(Annual recurring revenue)

2.40 billion yen

As of December 2023

Cuenote Series contracts

Over 2,200 contracts

As of December 2023

Recurring fee sales ratio

97.4%

Cumulative total for January to December 2023

Churn rate(*2)

0.48%

Churn rate across all series *3
January 2023 to December 2023 monthly average

NRR*4
(Net retention rate)

Mail: 102.1%

SMS: 78.0%

December 2022 to December 2023

Engineer ratio

52.0%

As of December 2023

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*1 ARR: An abbreviation of Annual Recurring Revenue.
This is calculated by multiplying the December 2023 Monthly Recurring Revenue (MRR: highly continuous revenue such as monthly subscription revenue, etc.) by 12.

*2 Churn rate: Revenue churn rate
This is the average value of the monthly churn rate in the total amount basis for January to December 2023 and calculated by the following formula. Monthly churn rate (%) = Amount of churn in current month ÷ Amount recorded at beginning of month × 100

*3 The full-series churn rate is the monthly churn rate for the total of all series in the Cuenote series (FC, SRS, SMS, Auth, Survey, Safety Confirmation, etc.).

*4 NRR: An abbreviation of Net Revenue Retention.
This is the net revenue retention at the end of December 2023 for clients using the service at the end of December 2022, calculated by means of the following formula.
([MRR at end of December 2023] + [Increase/decrease of MRR due to plan changes during applicable period] - [Amount of MRR decrease due to churn during applicable period]) ÷ [MRR at end of December 2022] × 100
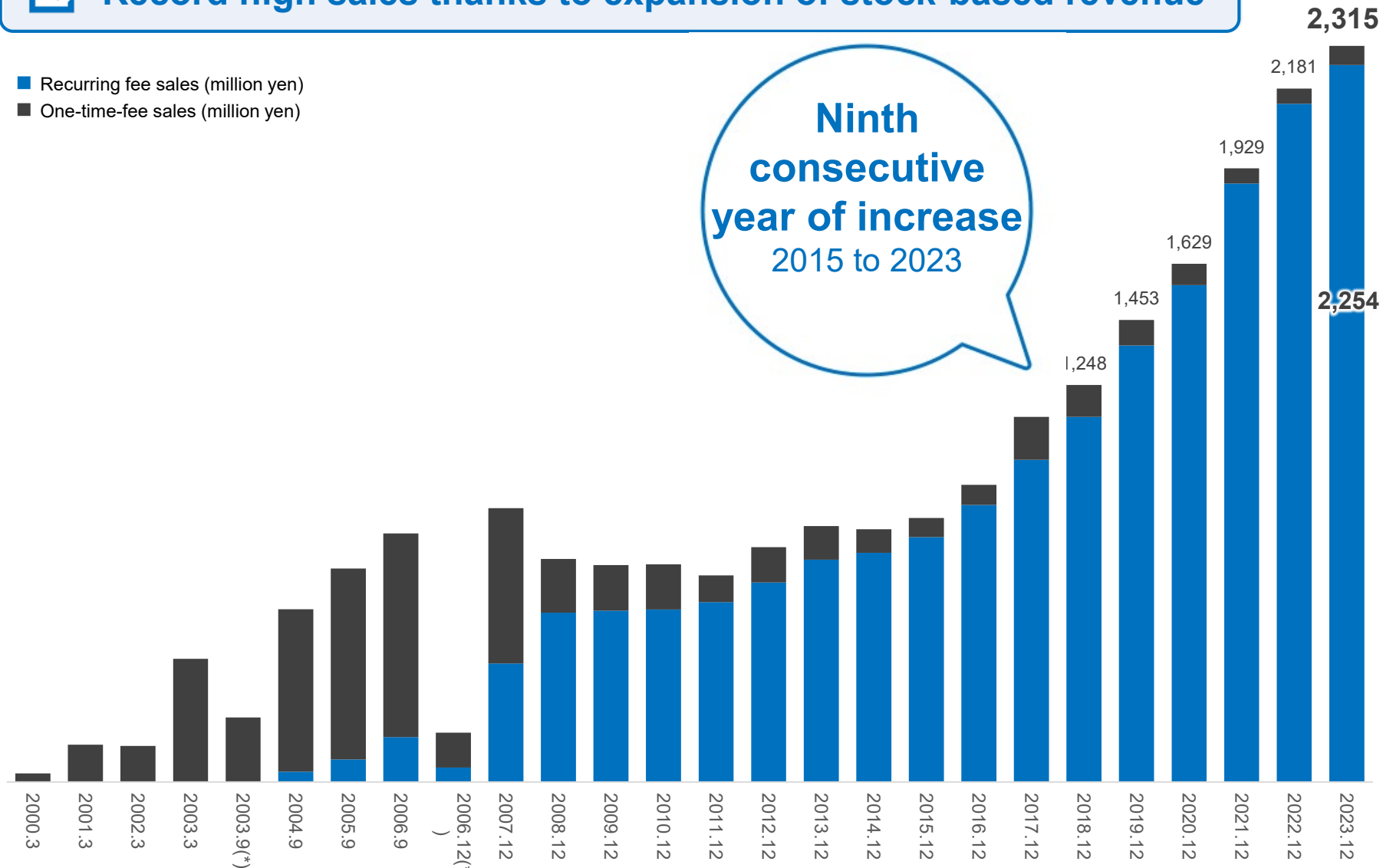The above-mentioned applicable period refers to the period from the end of December 2022 until the end of December 2023. The amount of increase of MRR from new customers during the applicable period is not included.

Full-year sales history (by service)

☑ **Mail service drives yield increase**

■ Mail
■ SMS/Auth
■ Survey and other services

Note: Figures prior to the fiscal year ended December 31, 2018 are unaudited figures
(*) There is irregular accounting for the fiscal year ended September 30, 2003 (6 months) and the fiscal year ended December 31, 2006 (3 months)

Full-year operating profit history

☑ **Profit and profit margin ratio reached record highs on the back of increased yield**

■ Operating profit (million yen)

━●━ Operating profit ratio (%)

Fifth consecutive year of increased profit
2019 to 2023
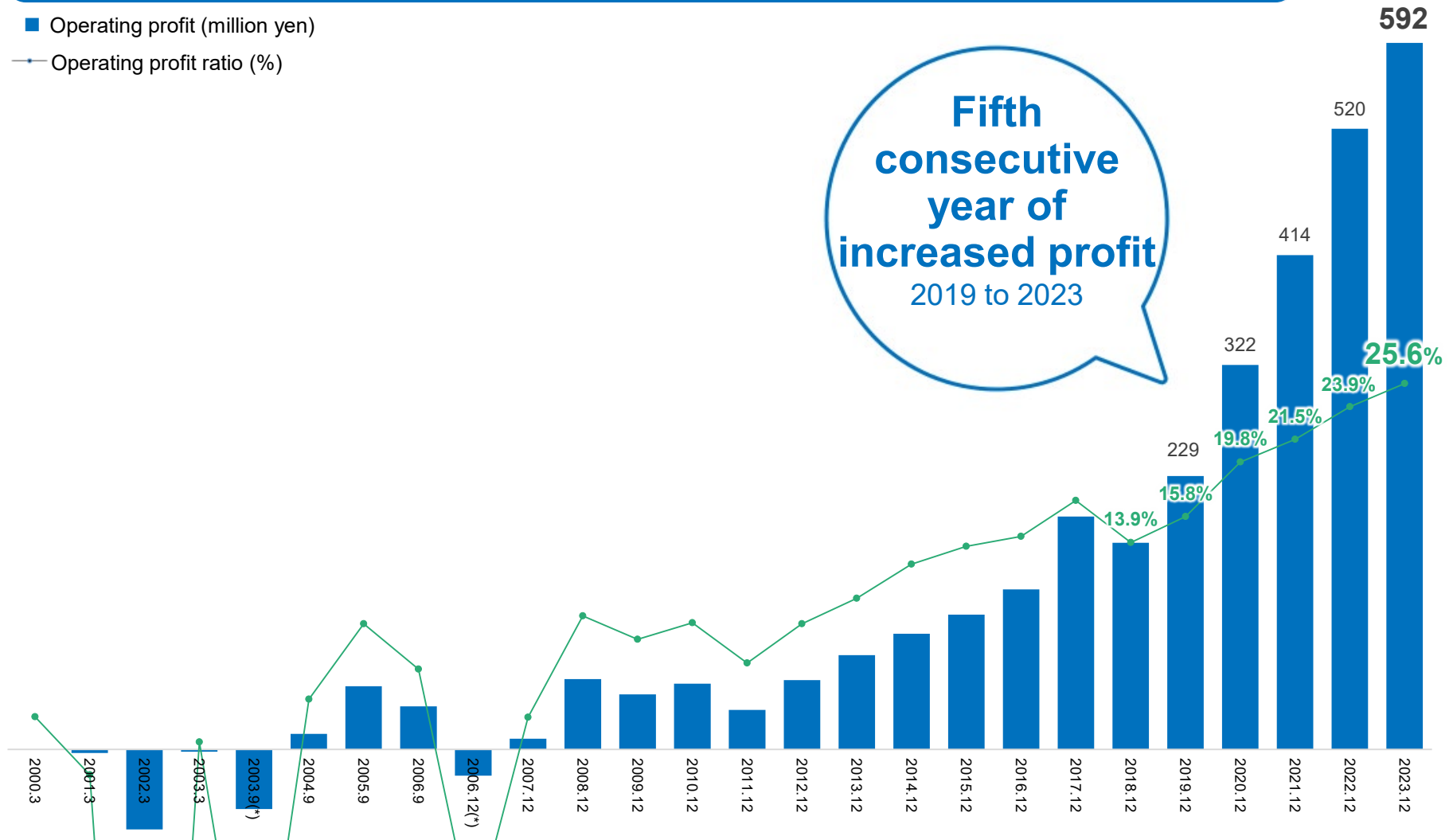
	2020.12	2021.12	2022.12	2023.12
Operating profit (million yen)	322	414	520	**592**

229

13.9% **15.8%** **19.8%** **21.5%** **23.9%** **25.6%**

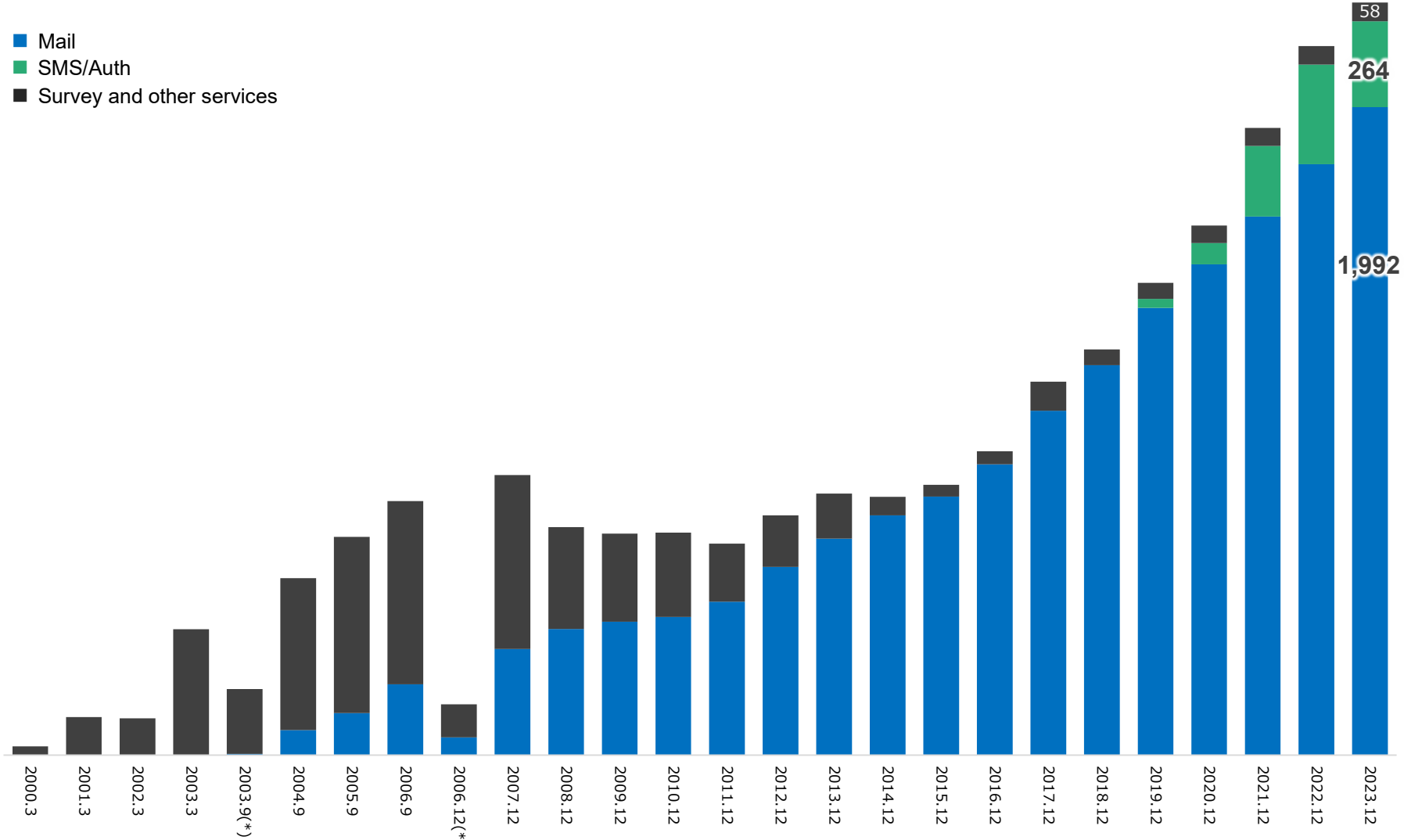Note: Figures prior to the fiscal year ended December 31, 2018 are unaudited figures
(*) There is irregular accounting for the fiscal year ended September 30, 2003 (6 months) and the fiscal year ended December 31, 2006 (3 months)

Years (x-axis): 2000.3, 2001.3, 2002.3, 2003.3, 2003.9(*), 2004.9, 2005.9, 2006.9, 2006.12(*), 2007.12, 2008.12, 2009.12, 2010.12, 2011.12, 2012.12, 2013.12, 2014.12, 2015.12, 2016.12, 2017.12, 2018.12, 2019.12, 2020.12, 2021.12, 2022.12, 2023.12

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Main service highlights Mail

✅ **Enterprise plan to meet the needs of individual customers for things including throughput, availability, robustness, and confidentiality has been well received**

≫ Main enterprise deployments in 2023

Manufacturing industry (printing/food products), information and communications (information services/providers), common point services,

wholesale/retail (convenience stores/e-commerce/machinery and equipment trading companies), transportation industry, lifestyle-related services,

finance/insurance (city banks/internet banks/insurance/credit sales), education/learning support (major tutoring schools), personnel placement business
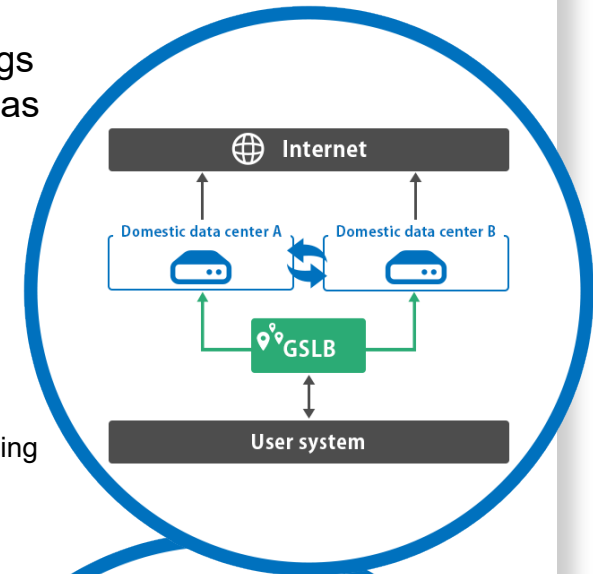
✅ **Message deliveries continued to increase**

Deliveries exceeded seven billion per month from June 2023, with deliveries for the year increasing 14.9% year-on-year to reach 86 billion

✅ **The monthly churn rate for FY2023 remained low at an average of 0.43%.**

Mail - Monthly deliveries
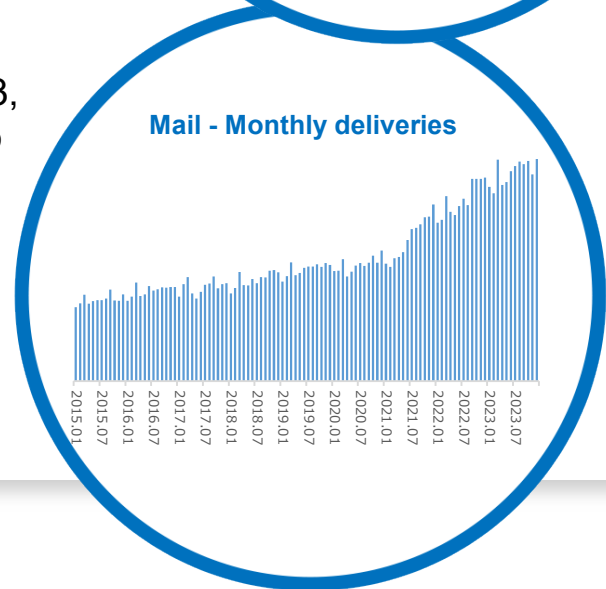
Main service highlights Mail

Cuenote Safety Confirmation Service
Function added for regular automatic delivery of email for natural disaster drills

July 2023

By holding regular safety confirmation drills,
you can identify issues you may have during natural disasters in advance

Joint research into mail magazines and LINE conducted with Writeup

October 2023

▲ "Have you ever taken any action based on a message? (Select all that apply)" Survey results page
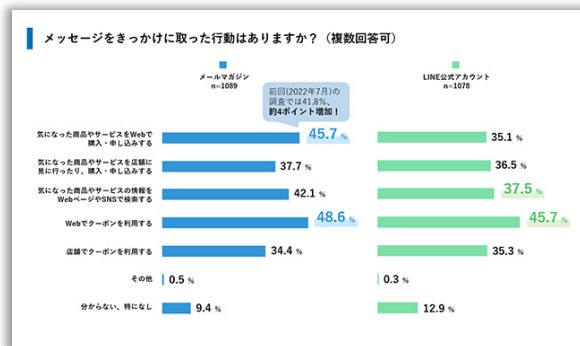
Release of customer stories of seven companies

Replacement from MA tool, clear cost effectiveness

New style of business in the health and social care fields established after Covid-19

600,000 members, 1.9 million media items replaced per month

New value provided by newspaper companies in the digital age

Enhancement in detailed care and security at the frontline of health care

Deployment of a mail delivery system for the new business category of fully private saunas

Customer contact point for KADOKAWA, which is engaged in a wide range of business

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Mail Average usage amount/Monthly churn rate

Average usage amount for mail(*1)
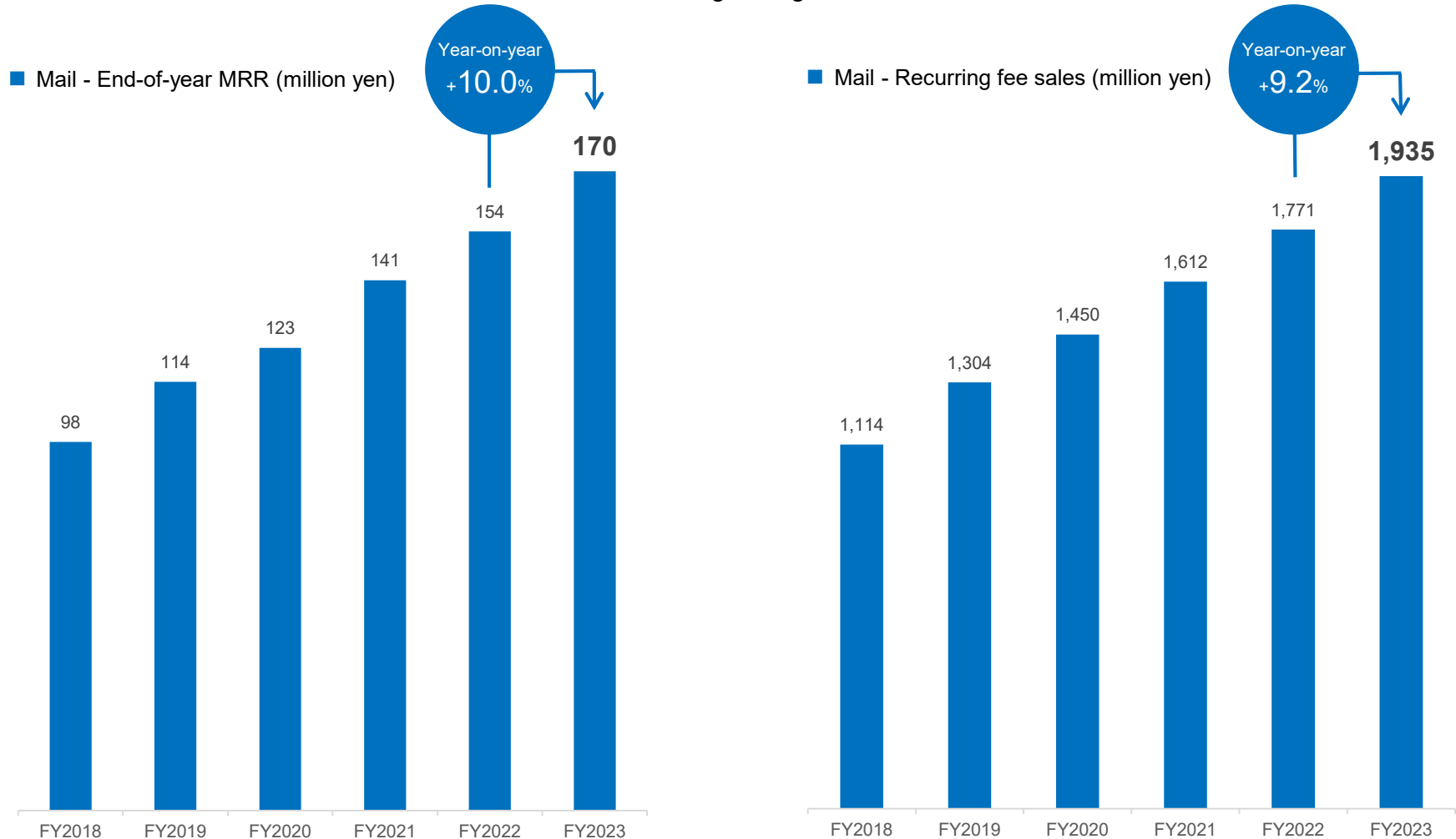Increase in enterprise plan contracts and increased upselling to existing customers resulted in a 3.1% growth in average usage amount
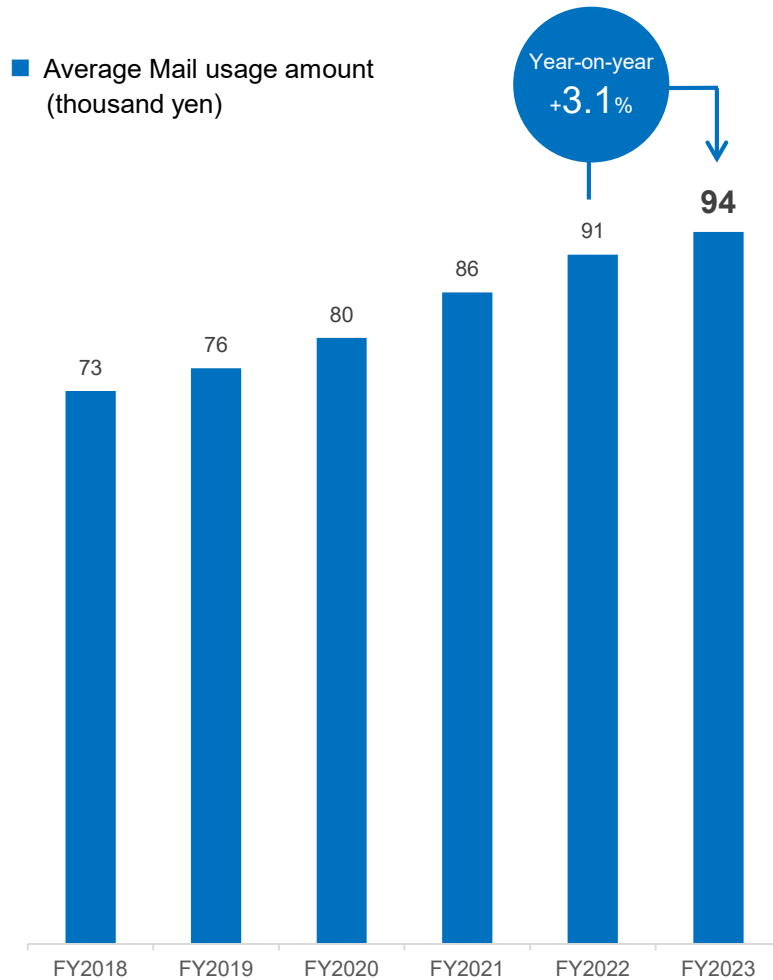
Mail churn rate (*2)
The monthly churn rate increased slightly by 0.06% year-on-year but remained low at the average of 0.43%
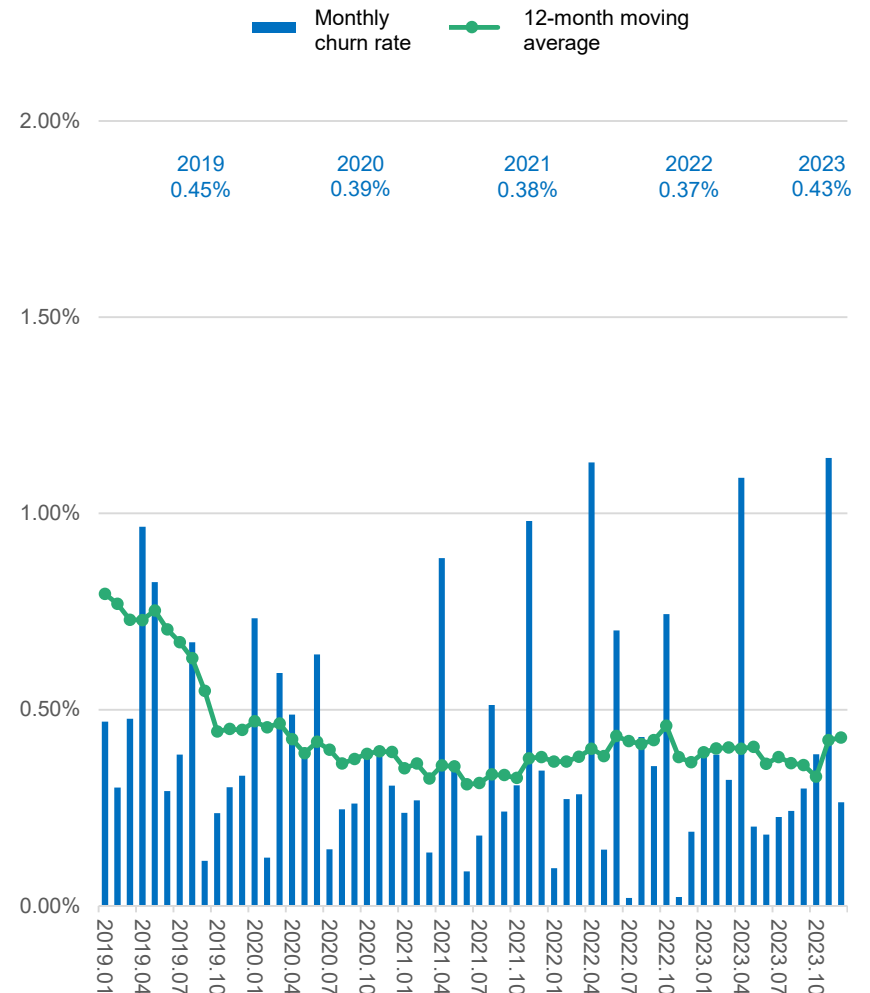
■ Average Mail usage amount (thousand yen)

Year-on-year
+3.1%

Chart data (Average Mail usage amount):
- FY2018: 73
- FY2019: 76
- FY2020: 80
- FY2021: 86
- FY2022: 91
- FY2023: 94

Monthly churn rate / 12-month moving average

2019	2020	2021	2022	2023
0.45%	0.39%	0.38%	0.37%	0.43%

(*1) One-off sales (one-time-fee sales) such as initial setting and customization are not included in the average usage amount per contract
This is calculated by the formula: [Total full-year recurring fee sales / Total number of full-year contracts]
(*2) The churn rate is based on the revenue churn (amount based), and it is calculated by the formula: <Cancellation amount incurred in the month / Contract amount at the beginning of the month x 100>

Main service highlights SMS

✓ SMS sales declined 13.6% due to factors including the disappearance of special demand from specific customers that was present in the previous year, but thanks to an increase in the number of contracts, it returned to a growth trajectory with a year-on-year increase of 35% (excluding specific customer sales).

≫ 2023 Deployments

- **Identity verification:** Food product manufacturers, beverage manufacturers, information and communication, online banks, regional banks, transportation

- **Notifications/contact:** Information and communications, real estate sales, automobile sales, insurance, universities, cooperative societies, local governments

- **Promotions:** Precision devices, information services, online securities, retail, private tutoring schools, schools

- **Prompts and reminders:** Real estate, credit cards, universities

✓ Cuenote SMS for LGWAN, service for government and local governments started

It enables the use of SMS via government-only networks isolated from the internet, and the examples of use to streamline notification to residents has increased against a backdrop of DX promotion at local governments.

✓ The monthly churn rate for FY2023 remained low at an average of 0.63%.

Cuenote® SMS
for LGWAN

LGWAN

Municipality Municipality Municipality

SMS - Monthly deliveries

2019.01
2019.07
2020.01
2020.07
2021.01
2021.07
2022.01
2022.07
2023.01
2023.07
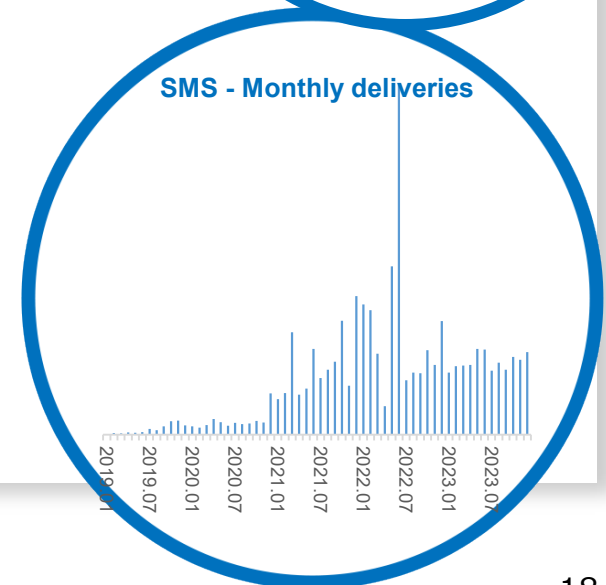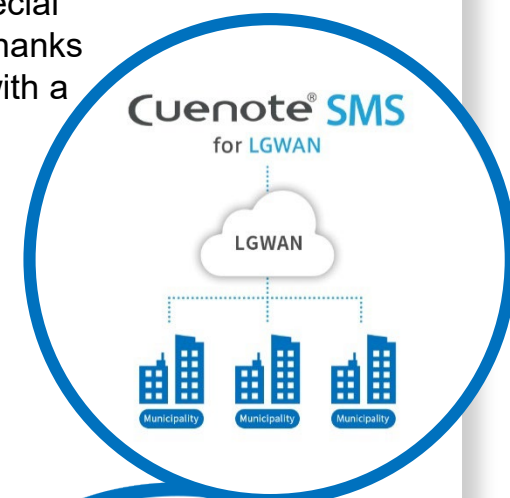
Main service highlights SMS

Launch of Cuenote SMS for LGWAN that enables SMS sending across local government wide area networks

March 2023
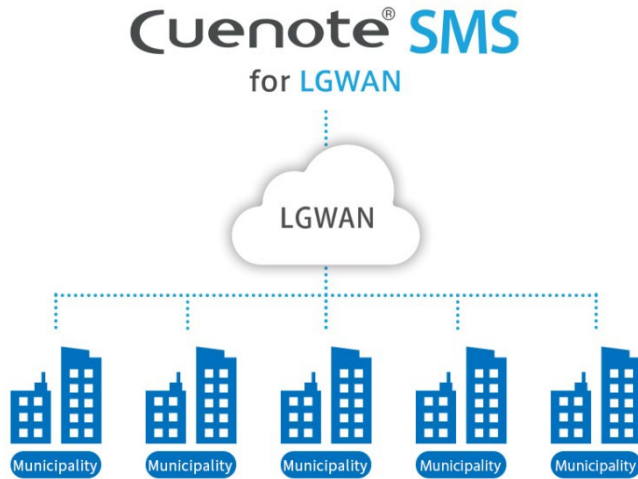
Cuenote SMS for LGWAN that connects to across local government wide area networks (LGWAN) has been launched.

Cuenote SMS for LGWAN is an SMS delivery service for government and local government that can connect to an LGWAN (*1) and send SMS messages from a secure network to residents.

(*1) LGWAN: A network that connects the internal networks of local public bodies together
It form the infrastructure to ensure a means of exchanging information between local public bodies, national agencies and ministries, residents, and other such parties.

Common number support across the four mobile carriers with the two-way SMS function of Cuenote SMS

April 2023
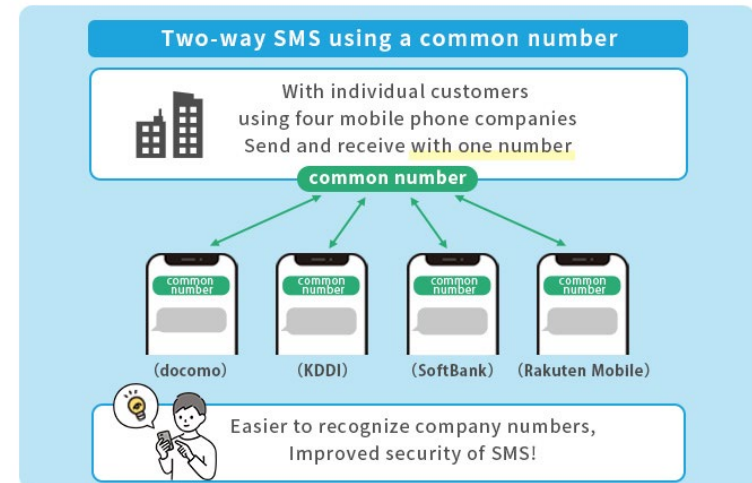
Common number (common short code) support is now provided across the four mobile companies when using the two-way SMS function of Cuenote SMS.

Until now, companies needed a different number for users of each of the four mobile carriers when companies and individuals exchanged SMS messages, but with support for a common number across the four carriers, it is possible to send SMS messages such as ID verification messages, important notifications, administrative messages, and promotions using a single number.

Main service highlights SMS

Realtime coordination is now possible with Cuenote SMS and Webhook

June 2023
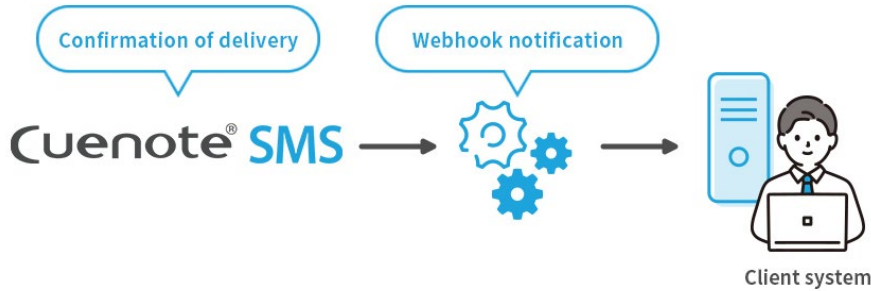
The Cuenote SMS delivery service started to offer delivery result callback functionality that supports Webhook.

Until now, to get the delivery results of SMS sent using APIs, it was necessary to periodically obtain the delivery results. However, using the delivery result callback function that supports Webhook (*1), it is now possible to obtain the delivery results of SMS in real time.

(*1) Webhook is a framework that allows for real time communication between applications and web services. It sends a notification to customer systems when events specified in the system occur.

CuenoteSMS, approval function added Pre-approval function implemented to prevent erroneous sending of messages

October 2023
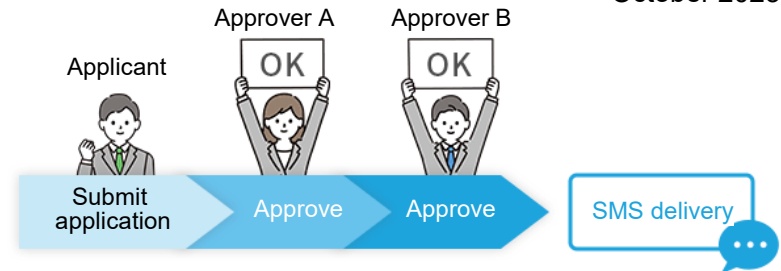
Release of customer stories of 4 Companies

Used in new business for global pop artists. Helped quadruple members in Japan with streamlining and service quality

Identity verification with members' app Cuenote SMS used to streamline the process down to a sixth

Zero complaints as a result of service deployment. Major change in SMS operation

SMS notification also widely used in restaurant reservation service

SMS/Auth End-of-year MRR/Full-year recurring fee sales ≪ See the [Appendix] for a breakdown by quarter ≫

MRR and recurring fee sales declined year-on-year due to the disappearance of the special demand from specific customers that there had been until the previous year, an increased number of contracts led to a growth trajectory toward recovery.

■ SMS-Auth MRR general (million yen)
■ SMS-Auth MRR specific (million yen)

Year-on-year
△8.4%

■ SMS-Recurring fee sales General (million yen)
■ SMS-Recurring fee sales Specific (million yen)

Year-on-year
△13.8%

Left chart (SMS-Auth MRR):

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total	0	4	10	29	27	25
Specific		0	4	15	7	0
General	0	4	5	14	19	25

+25.8%

Right chart (SMS-Recurring fee sales):

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total	0	28	65	216	306	263
Specific	0		4	74	118	10
General		28	61	142	187	253

+35.2%

SMS Average usage amount/Monthly churn rate

Average usage amount for SMS(*1)
Decline in specific customer deliveries and an increase in small-scale delivery customers resulted in a decline in the average usage amount

■ Average SMS usage amount (thousand yen)

Year-on-year
△38.1%
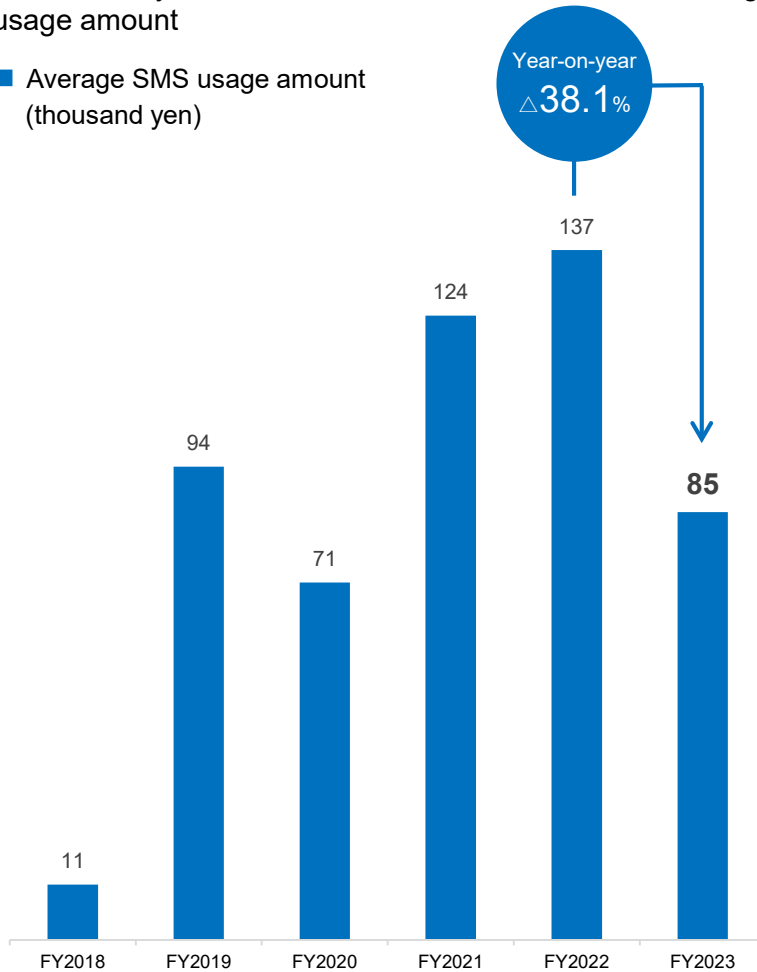
SMS churn rate (*2)(*3)
The monthly churn rate remained low at an average of 0.63%
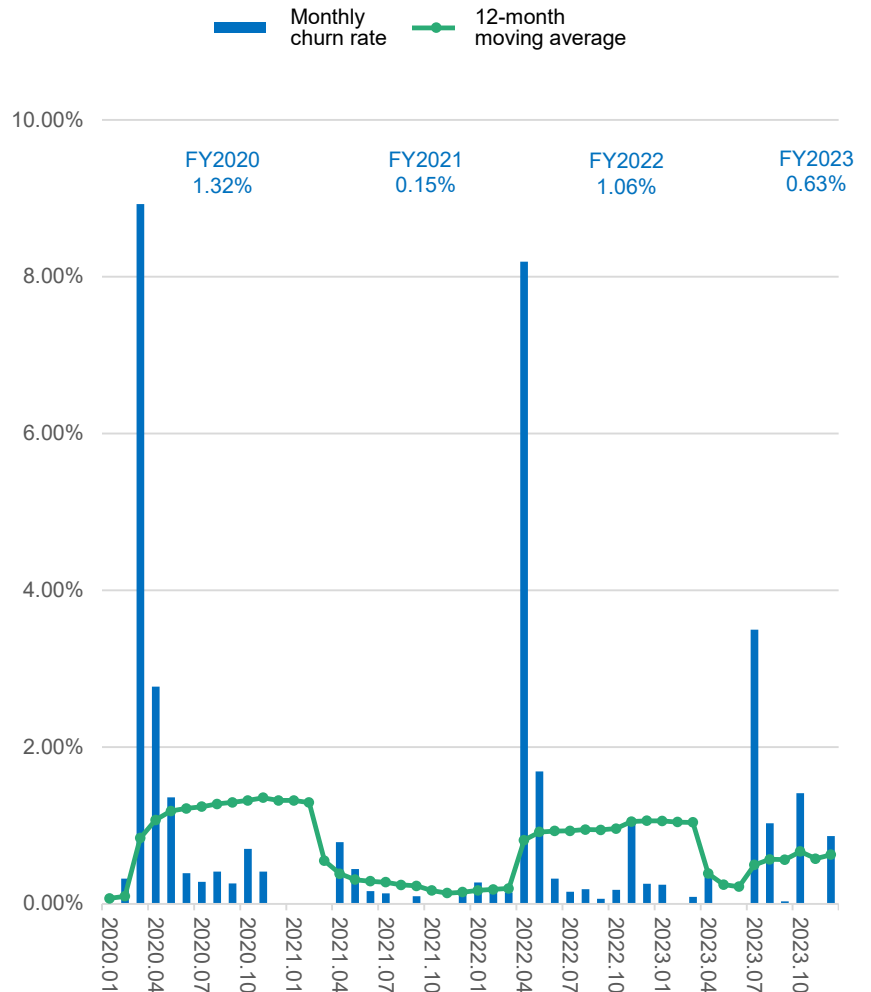
Monthly churn rate ── 12-month moving average

	FY2020	FY2021	FY2022	FY2023
	1.32%	0.15%	1.06%	0.63%

(*1) One-off sales (one-time-fee sales) such as initial setting and customization are not included in the average usage amount per contract
     This is calculated by the formula: [Total full-year recurring fee sales / Total number of full-year contracts]
(*2) The churn rate is based on the revenue churn (amount based), and it is calculated by the formula: <Cancellation amount incurred in the month / Contract amount at the beginning of the month x 100>
(*3) Since SMS is mostly pay-per-use based on the number of deliveries and monthly usage amounts vary, the churn rate is calculated after determining the average usage amount before the clients left the service

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Income statement (year-on-year)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Rate of increase/decrease	Increase/ decrease
Net sales	2,181 million yen	2,315 million yen	6.1 %	134 million yen
Cost of sales	726 million yen	725 million yen	△ 0.1 %	0 million yen
Gross profit	1,455 million yen	1,589 million yen	9.3 %	134 million yen
Gross profit ratio	66.7 %	68.7 %	2.0 pts.	—
Sales, general and administrative expenses	934 million yen	997 million yen	6.7 %	62 million yen
Operating profit	520 million yen	592 million yen	13.8 %	71 million yen
Operating profit ratio	23.9 %	25.6 %	1.7 pts.	—
Ordinary profit	520 million yen	592 million yen	13.8 %	72 million yen
Current net profit	359 million yen	409 million yen	13.9 %	49 million yen
Current net profit ratio	16.5 %	17.7 %	1.2 pts.	—

Causes of increase/decrease of operating profit

(Units: million yen)

Data center-related costs
Decrease mainly in SMS communication costs

17

41

174

54

17

8

Operating profit
for 2022
520

Operating profit
for 2023
592

← Causes of increase in profit → ← Causes of decrease in profit →

Mail net sales	DC-related expenses	SMS/Auth sales	Personnel expenses	Advertising costs	Other
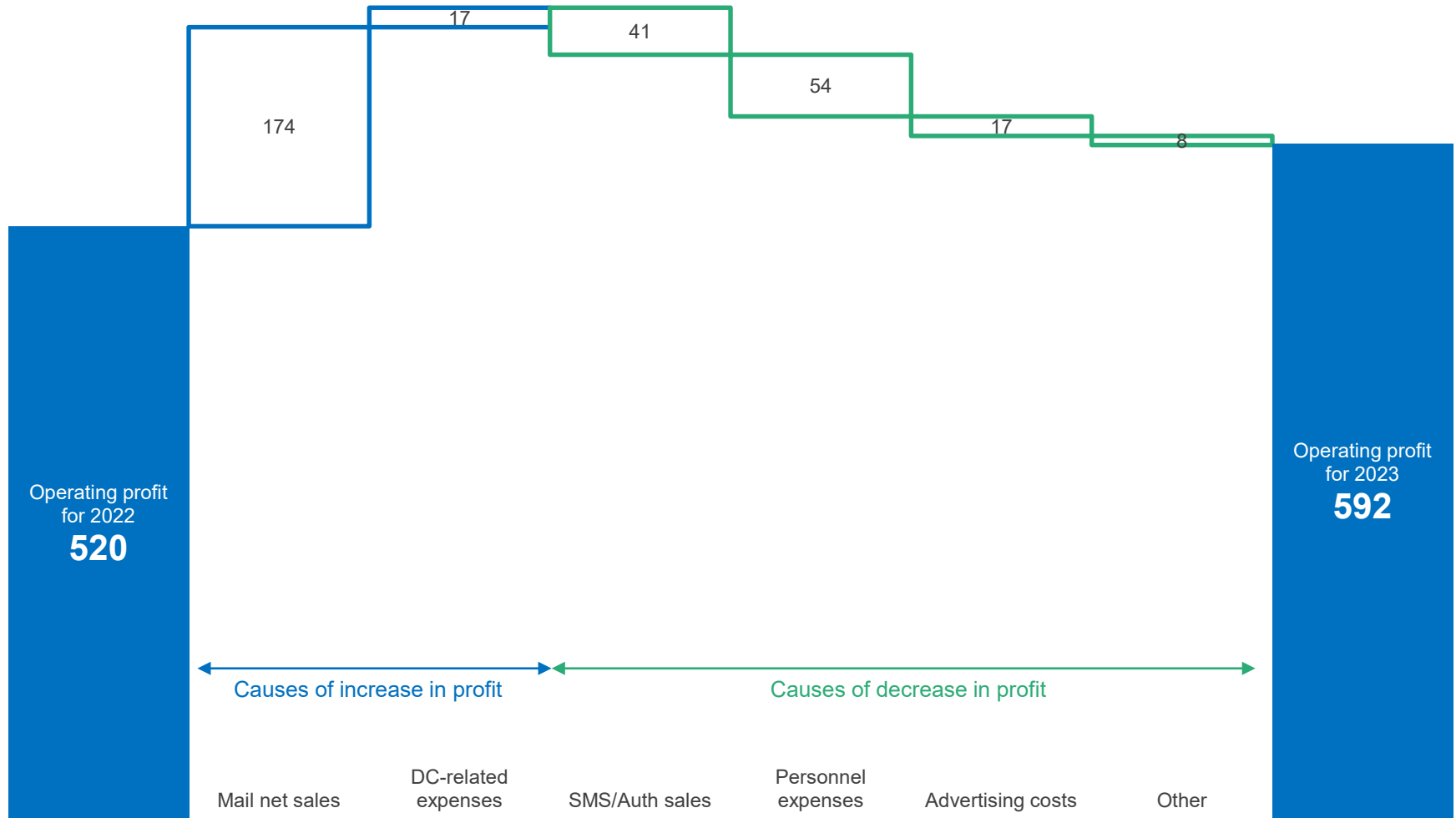
Difference from initial plan

<Management index>	Initial plan	Actual result	Difference	Cause
Net sales	2,400 million yen	2,315 million yen	△ 85 million yen	As noted below (in recurring fee sales/one-time-fee sales)
Of which, recurring fee sales	2,351 million yen	2,254 million yen	△ 97 million yen	The number SMS deliveries for specific customers was lower than initial expectations.
Of which, one-time-fee sales	48 million yen	60 million yen	11 million yen	Customizations for mail enterprise plan and on-premise license sales
Operating profit	575 million yen	592 million yen	17 million yen	Although sales were lower than planned, SMS communication costs and data center line costs fell by 87 million yen and other costs were minimized, which, among other things, led to a reduction of 102 million yen in total sales costs.
Operating profit ratio	24.0 %	25.6 %	1.6 pts.	
Ordinary profit	575 million yen	592 million yen	17 million yen	
Current net profit	396 million yen	409 million yen	12 million yen	

<Earnings indexes>

	Initial plan	Actual result	Difference	Cause
MRR-Mail	168 million yen	170 million yen	1 million yen	
MRR-SMS・Auth	31 million yen	25 million yen	△ 6 million yen	Decline in deliveries by specific customers
Churn rate - Mail	0.40 %	0.43 %	0.03 pts.	
Churn rate - SMS/Auth	0.80 %	0.63 %	△ 0.17 pts.	

YMIRLINK Cost Structure

- More than half of costs associated with insourcing are labor costs, and others such as data centers, amortization, and rent are easy to forecast.
- While variable costs have increased due to an increase in SMS sales (cost of sales: SMS communication costs) over recent years, they are under control.

Legend: FY2018, FY2019, FY2020, FY2021, FY2023

	Net sales	Personnel expenses	Server/DC/stocking	Depreciation expenses	Rent and utility expenses	Other	Operation profit
FY2018	1,248	585	218	76	106	88	173
FY2019	1,453	698	219	79	111	113	229
FY2020	1,629	760	245	75	113	111	322
FY2021	1,929	848	332	70	125	138	414
FY2023	2,315	928	396	83	128	186	592

Cost of sales

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Cost of sales	414	484	476	622	726	725
Cost of sales ratio	33.2%	33.4%	29.2%	32.3%	33.3%	31.3%

Cost of sales / Cost of sales ratio

Selling and administrative expenses

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
SG&A expense	660	738	830	892	934	997
SG&A ratio	52.9%	50.8%	50.9%	46.3%	42.8%	43.1%

SG&A expense / SG&A ratio

(Note) Figures for the fiscal year ended December 31, 2018 are unaudited figures.

Number of employees

✓ Increase of 13 as originally planned (technology +8, support +1, sales +2, admin +2)

Legend:
- Administration
- Sales
- Support
- Engineer

	2018				2019				2020				2021				2022				2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total	82	88	87	89	93	99	99	99	99	103	103	105	106	111	110	112	111	112	110	112	112	114	121	125
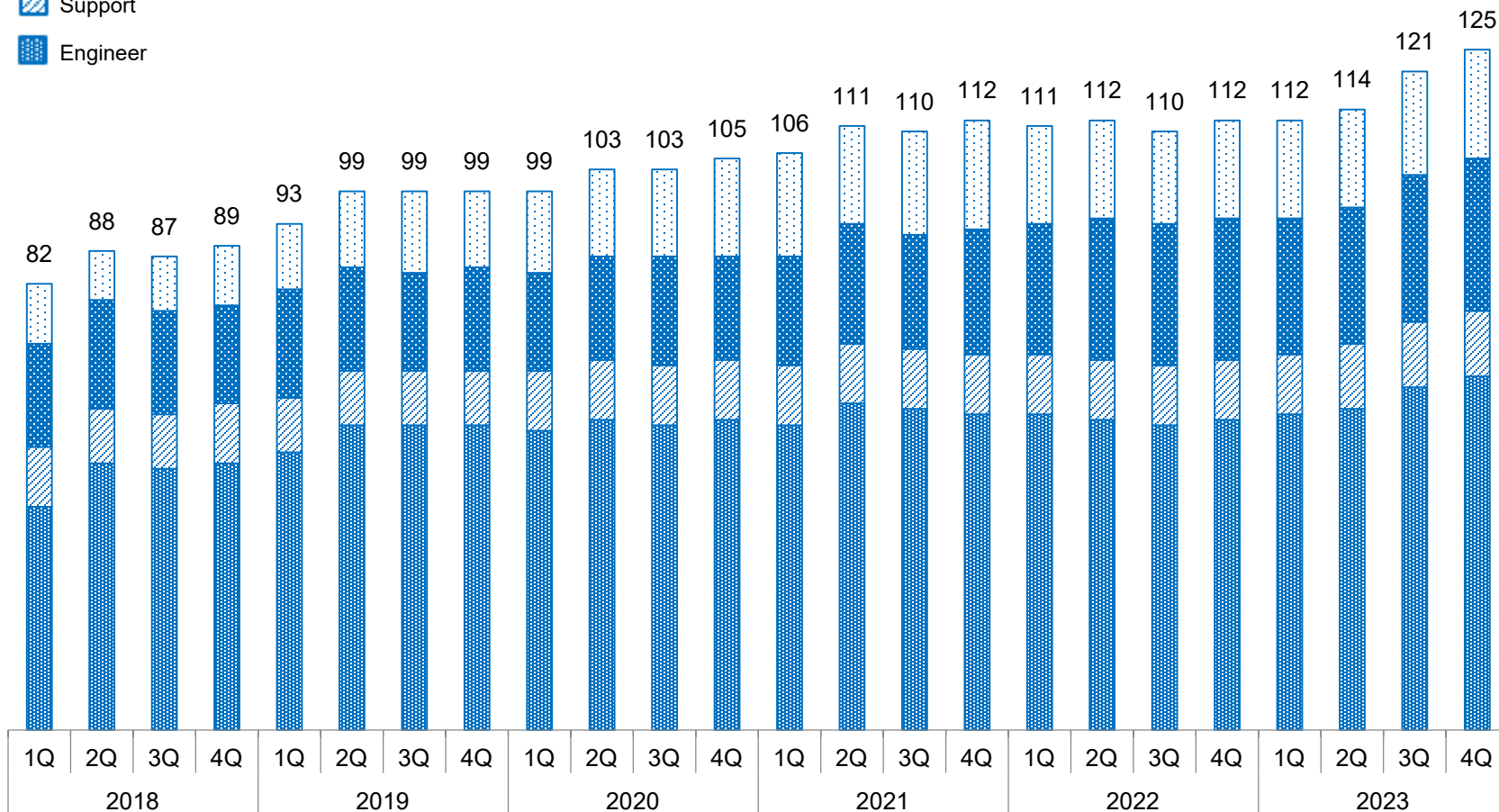
Balance sheet

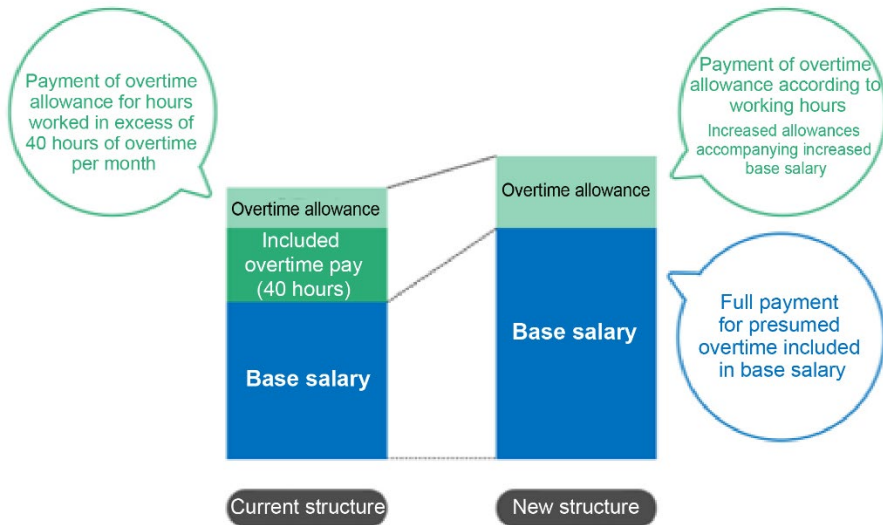|	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Increase/decrease
Current assets	2,070 million yen	2,466 million yen	396 million yen
Fixed assets	306 million yen	314 million yen	8 million yen
Total assets	2,376 million yen	2,780 million yen	404 million yen
Current liabilities	440 million yen	406 million yen	△ 33 million yen
Fixed liabilities	－ million yen	－ million yen	－ million yen
Total liabilities	440 million yen	406 million yen	△ 33 million yen
Total net assets	1,936 million yen	2,374 million yen	437 million yen
Equity ratio	81.5 %	85.4 %	3.9 pts.
Book value per share	508.45 yen	619.91 yen	111.46 yen

- Liquid assets
  +379 million yen
- Prepaid expenses (*1)
  +14 million yen
- Deferred tax
  +8 million yen
(*1) Restricted stock units

- Accrued expenses
  -30 million yen
- Accounts payable
  -36 million yen
- Accounts payable
  +23 million yen
- Advances received
  +2 million yen
- Accrued tax +7 million yen

Topics

Inclusion of presumed overtime in base salary abolished in order to improve employees' conditions and reform working style

December 2023

Payment of overtime allowance for hours worked in excess of 40 hours of overtime per month

Payment of overtime allowance according to working hours
Increased allowances accompanying increased base salary

Overtime allowance

Overtime allowance

Included overtime pay (40 hours)

Base salary

Full payment for presumed overtime included in base salary

Base salary

Current structure

New structure

Up to now, a fixed overtime allowance of 40 hours per month was paid to employees regardless of actual working time as part of a "presumed overtime payment system", but from January 2024, this fixed payment has been included in its entirety into base pay and the presumed overtime payment system has been abolished in favor of an overtime allowance that reflects actual hours worked.

With the rethinking of wages policy and growing working style reforms to include diversity and flexibility that have taken place over recent years, society and working environments are undergoing significant changes.

This abolishment of the presumed overtime payment system was carried out as part of an improvement of our HR system and employees' conditions under our new initiative to reform our working style and increase job satisfaction.

ISMS cloud security authentication (ISO/IEC 27017:2015) acquired

March 2023

YMIRLINK

Obtained ISMS cloud security certification

MSA
MSA-IS-102-CL

ISMS-AC
ISMS ISR016
-CLS

Along with an ongoing review for ISMS authentication (ISO/IEC 27001:2013), we have newly acquired ISMS cloud security authentication (ISO/IEC 27017:2015) with the aim of further increasing our security level.

We will continue to undertake suitable information management, operation, and improvement on the basis of the ISO authentication standard that we have renewed and acquired, and shall enhance our secure cloud services (ASP/SaaS) to provide customers with peace of mind.

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3. Financial forecast for the fiscal year ending December 31, 2024

Financial forecast for the fiscal year ending December 31, 2024

|	Fiscal year ended December 31, 2023	Fiscal year ending December 31, 2024	Rate of increase/decrease
Net sales	2,315 million yen	2,570 million yen	+ 11.0 %
Recurring fee sales	2,254 million yen	2,508 million yen	+ 11.3 %
One-time-fee sales	60 million yen	61 million yen	+ 0.7 %
Operating profit	592 million yen	610 million yen	+ 3.0 %
Operating profit ratio	25.6 %	23.7 %	- 1.8 pts.
Ordinary profit	592 million yen	610 million yen	+ 3.0 %
Current net profit	409 million yen	420 million yen	+ 2.7 %
Current net profit ratio	17.7 %	16.4 %	- 1.3 pts.

Fiscal year ending December 31, 2024 Index of main services

YMIRLINK

	Fiscal year ended December 31, 2023	Fiscal year ending December 31, 2024	Rate of increase/decrease
Mail			
Full-year recurring fee sales	1,934 million yen	2,157 million yen	11.5 %
End-of-year MRR	170 million yen	187 million yen	9.9 %
Monthly churn rate	0.43 %	0.39 %	△0.03 Pts.
SMS			
Full-year recurring fee sales	263 million yen	293 million yen	11.2 %
End-of-year MRR	25 million yen	26 million yen	5.6 %
Monthly churn rate	0.63 %	0.80 %	0.17 Pts.

2024 New Release Plan

Web Push is a service to provide push notifications to users via a web browser.

The Web Push service supports iOS devices since March 2023 and is used widely now in marketing for purposes such as promotion notifications, revisit notifications, and building customer loyalty without acquiring any email addresses or other personal information.
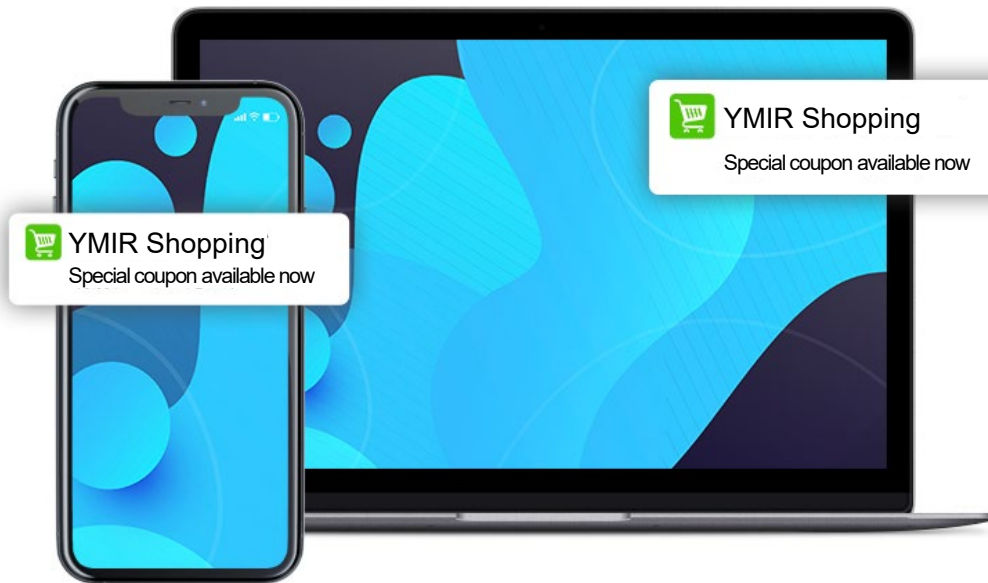
Usage scenarios

- EC sites
  Campaign notifications

- Media
  Notification of new content,
  website visit encouragement

- Corporate
  IR information, news

YMIR Shopping
Special coupon available now

YMIR Shopping
Special coupon available now

4. Growth plan

Sustained growth from an increased
number of messaging channels and platform creation

Vision for future growth

Strong growth from an increased share in the growing mail and SMS markets and an increased number of messaging channels.

▶ **Increased and enhanced human capital (increased employee numbers with a focus on technology, human resources development)**
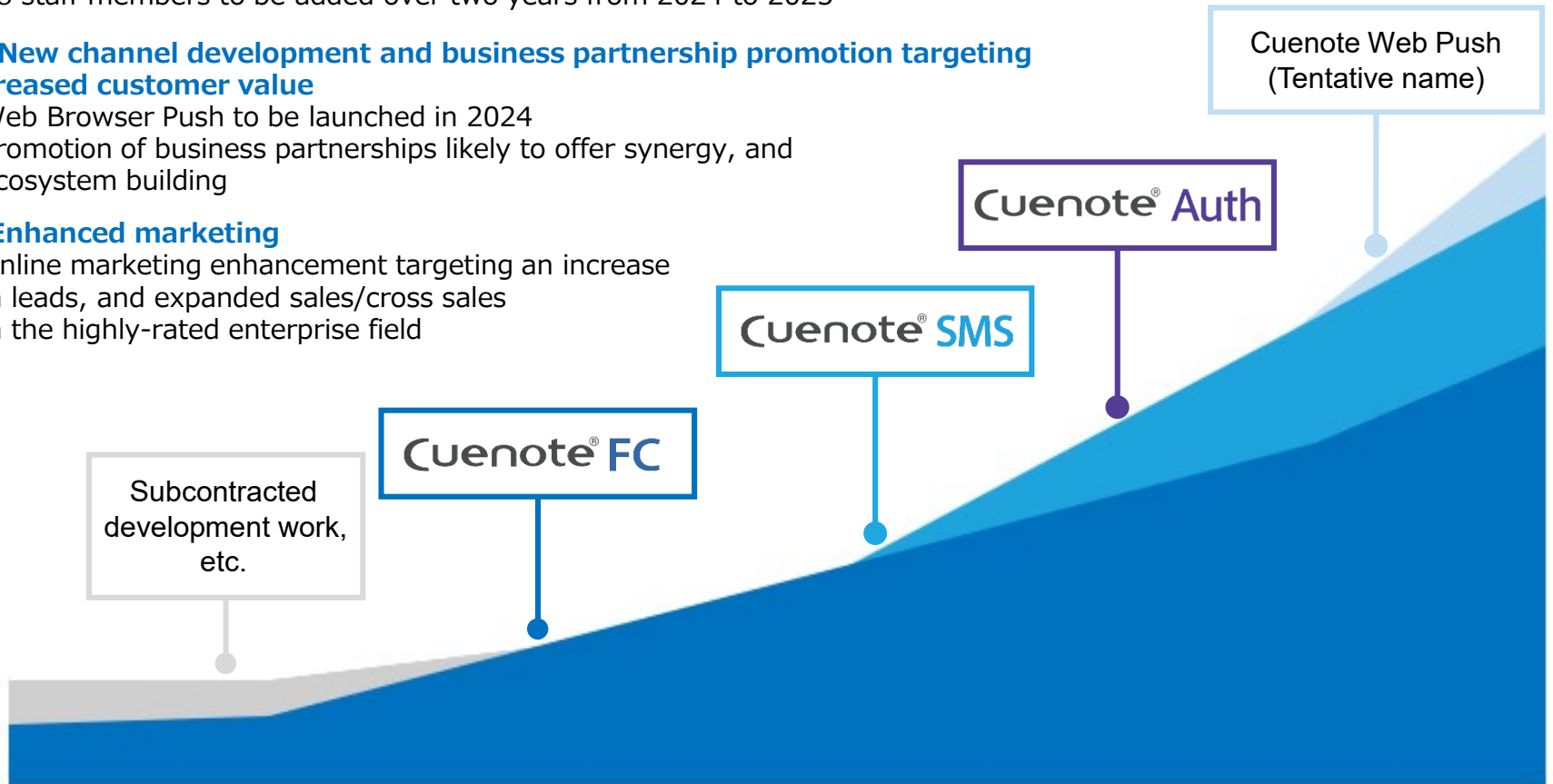28 staff members to be added over two years from 2024 to 2025

▶ **New channel development and business partnership promotion targeting increased customer value**
Web Browser Push to be launched in 2024
Promotion of business partnerships likely to offer synergy, and ecosystem building

▶ **Enhanced marketing**
Online marketing enhancement targeting an increase in leads, and expanded sales/cross sales in the highly-rated enterprise field

Cuenote Web Push (Tentative name)

Cuenote® Auth

Cuenote® SMS

Cuenote® FC

Subcontracted development work, etc.

Role of a messaging platform

Background

Diversification of communication methods as a result of the evolution of consumers' lifestyles, and IT tools and technologies

Company

Marketing measures for each communication channel
More complex marketing activities, increased costs

Improvement of the efficiency and sophistication of marketing activities
Realization of consistent or seamless communication
Improvement of effectiveness through user profile and behavior analysis
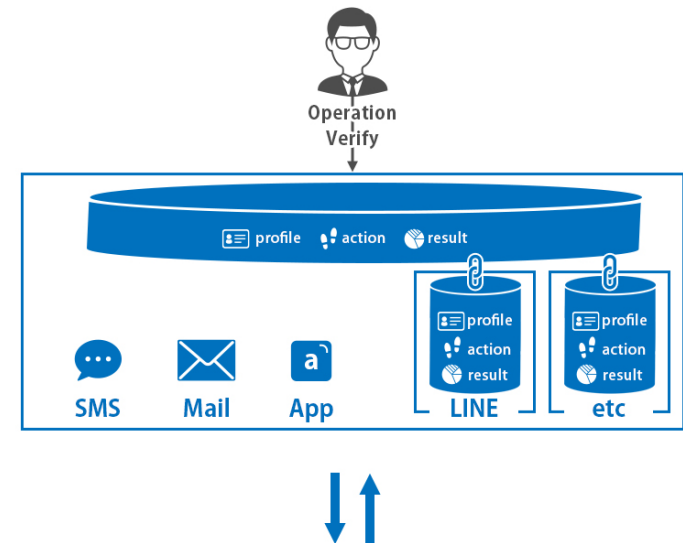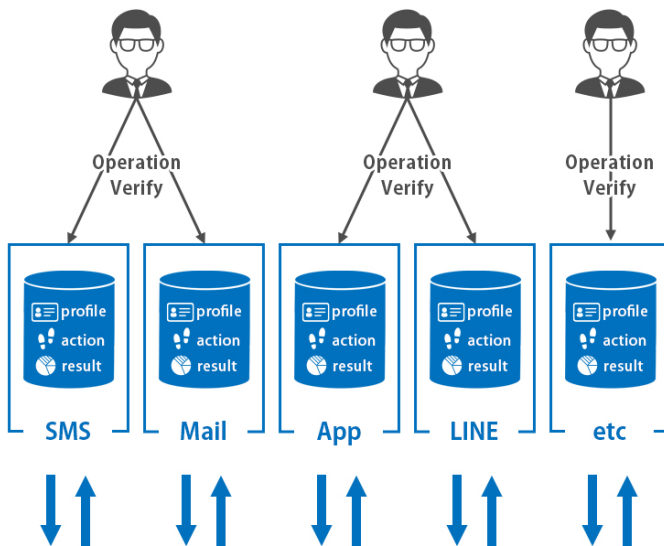
Consumer
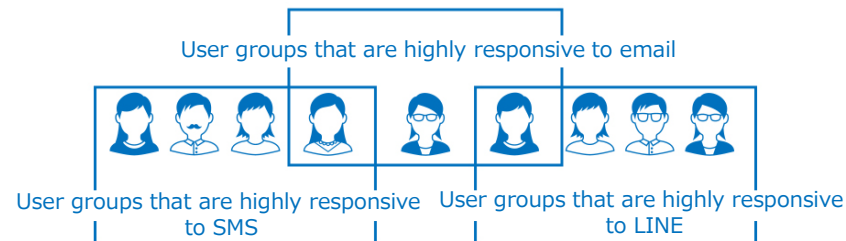
Increase in frequency and similarity of received information
Decline in loyalty, departure of customers

Receiving information with optimized frequency, amount and timing

Messaging platform conceptual diagram

Expand the areas to be covered through selection and concentration

Messaging platform

We believe that shifting of communication with consumers from physical to digital will further progress,
and the market that we belong to has a lot of room for growth

CX/Digital marketing market [1]
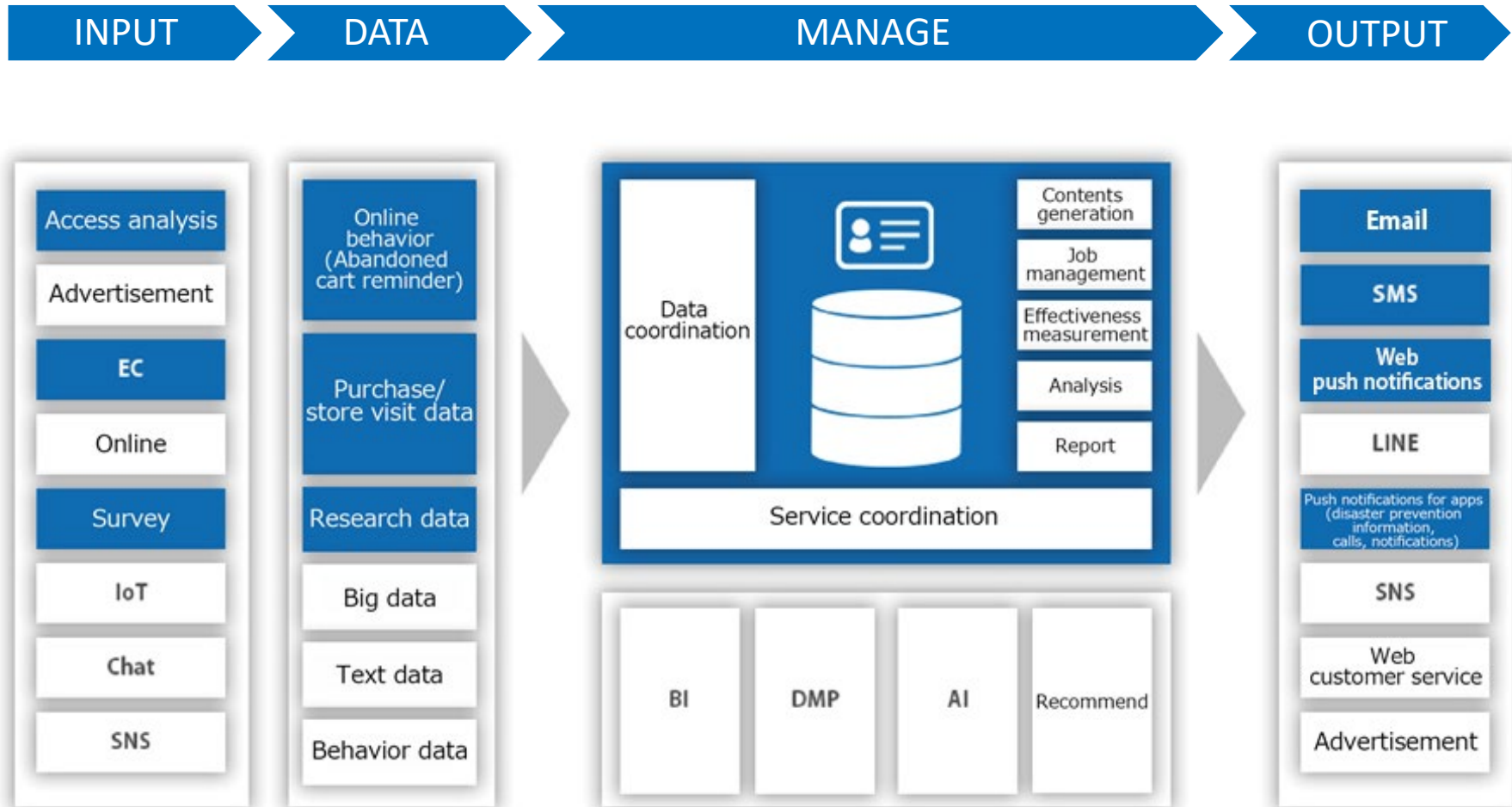(Forecast for FY2023)

266.2 billion yen

Email delivery market [2]
(Forecast for FY2023)

22.9 billion yen

SMS delivery service
market [3]
(Forecast for FY2023)

25.2 billion yen

Y M I R L I N K

Our sales: 2.3 billion [4]
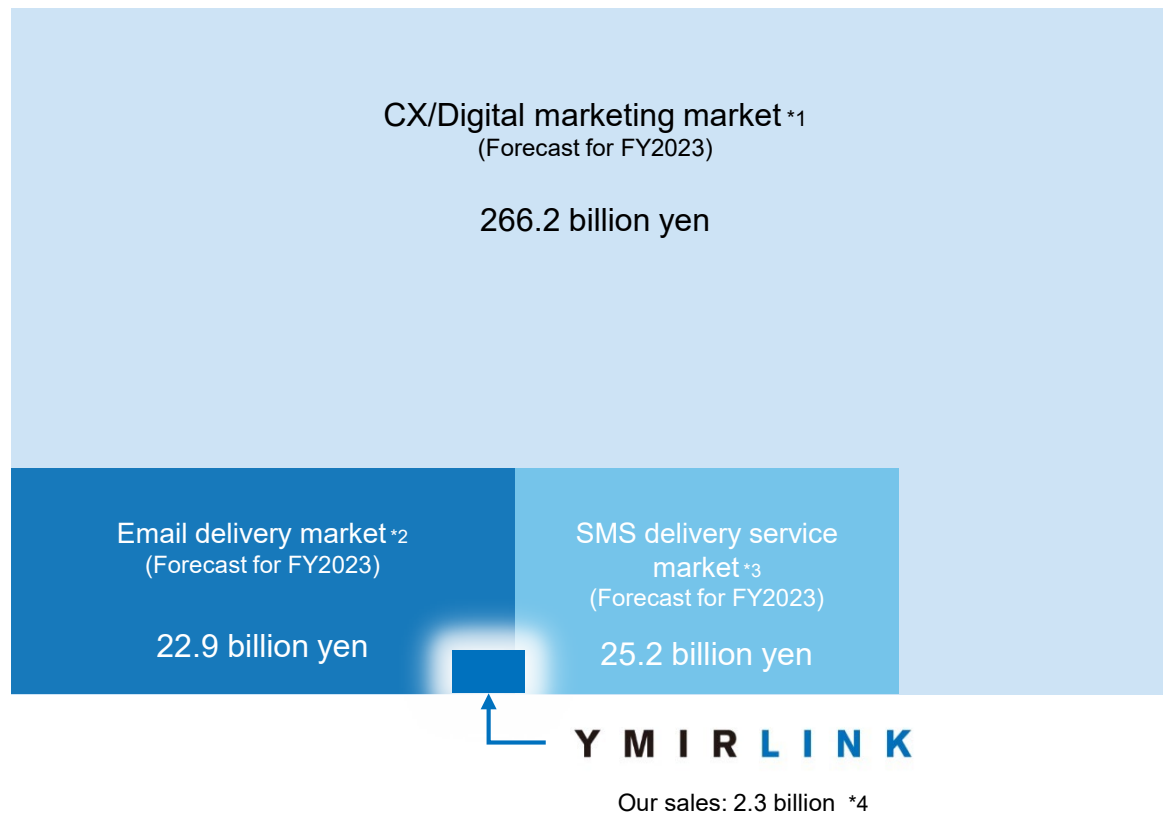
*1 Source: Fuji Chimera Research Institute "Software Business New Market 2022 Edition" Digital marketing market (Forecast for FY2023)
*2 Source: ITR Corporation "ITR Market View: Email/Web marketing markets 2023" Email delivery market (Forecast for FY2023)
*3 Source: ITR Corporation "ITR Market View: EC site construction/CMS/SMS delivery service/CLM/E-contract service markets 2022" SMS delivery service market (Forecast for FY2023)
*4 Net sales for fiscal year ended December 31, 2023

5. ESG initiatives

Corporate philosophy

We aim to contribute to society through the creation and provision of high-value information services, and to be a company that can always be relied on.

Corporate guidelines

We create services that provide enjoyment and satisfaction to clients with technology and passion.

We respect the individuality of each employee and support employee growth.

Contributing to society through our business

1. Reducing consumption of paper resources, fossil fuels, etc.

The messaging platform Cuenote will help reduce consumption of forest resources and energy by replacing the conventional communication with consumers by mail such as paper and postcards with email and SMS.

2. Contributing to client companies' work style reforms

Notification and communication to consumers and employees, which used to be done by telephone, can now be carried out regardless of time and location by using the cloud service Cuenote, thereby contributing to business efficiency and realization of diverse work styles.
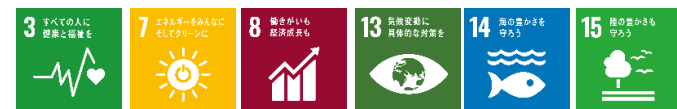
E: ENVIRONMENT

Action

Server virtualization

Virtualization consolidates servers and helps reduce power usage at data centers. In addition, we give priority in selecting data centers to facilities with high energy efficiency.

Use of facilities with low environmental impact

The air conditioning of the building in which we are located is operated with hot and chilled water from a district heating and cooling operator. This contributes to the reduction of environmental impact.

Adoption of paperless systems

We are working to computerize our operations by introducing an electronic approval system and electronic invoicing. By reducing the use of paper, envelopes, and other materials, we are helping to conserve forest resources and reduce the environmental impact of transportation.

Implementing telework

By reducing employee travel for commuting, we are working to reduce CO_2 emissions associated with the use of public transportation and traffic congestion.

Topics

Establishment of web conference space

We are working to reduce our environmental impact by conserving electricity through more efficient use of offices and by reducing travel for business meetings.

S：SOCIETY

Action

Work style reforms

We are working to create a diverse work environment and work styles for all executives and employees (childcare, nursing care, telecommuting, etc.).

Regional reinvigoration by establishing development bases

We have established development bases in rural areas and are working to contribute to the revitalization of these regions and the creation of jobs.

Providing a smooth means of providing information in the event of a disaster or emergency, etc.

In light of recent extreme weather conditions and tense international situations, we are working to help minimize damage by providing a smooth means of communicating information during emergencies.

Initiatives to maintain a clean email environment

We are working to maintain a safe and secure communication environment by checking the purpose of use for e-mail and SMS beforehand and through education regarding observance of related bills.

Topics

Robocon Team support

Through sponsorship of SAKURA Tempesta, a robot contest team that mainly consists of junior high and high school students and participates in one of the world's largest robot contests, we support young people's robot creation and programming activities.
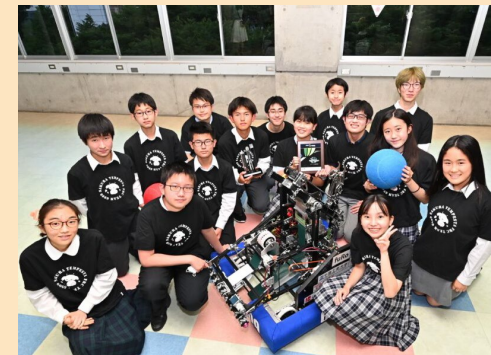
G: GOVERNANCE

Action

Governance initiatives

In addition to appropriate disclosure of corporate governance information, we are committed to the following:
• Compliance with relevant laws and regulations
• Management structure and operations based on the basic policy of establishing an internal control system
• Strengthening the supervisory function of the Board of Directors (three independent outside directors, one of whom is a female lawyer to ensure diversity and expertise)
• Conducting compliance training for executives and employees to raise awareness of compliance and publishing a compliance newsletter

Healthy relationships with business partners

In order to build sound partnerships with our business partners, we will continue to comply with relevant laws and regulations.

Dialogue with investors through IR activities

In addition to prompt and timely disclosure in accordance with the TSE listing rules, the President and CEO takes the initiative in promoting dialogue with investors by holding financial results briefings for individual and institutional investors for the second quarter and full year. The Company holds face-to-face IR meetings with institutional investors upon request, and discloses and disseminates IR information on its website.

Initiatives to improve safety and reliability

We are working to obtain ISMS, Privacy Mark, and ASP/SaaS information disclosure certification.

Topics

Financial results briefings

Each quarter, the President and CEO takes the initiative in holding financial results briefings to engage in dialogue with investors. For those who were unable to attend the briefings in real time, we distribute videos and disclose English versions of financial results presentation materials.

FY2023 Results

E Going Paperless

Through promotion of going paperless, including a year-on-year reduction of 30% in printed matter, we will do what we can to limit deforestation and to make contributions to the prevention of global warming and air and water pollution.

→ FY2023 Results

＜Reduced Paper Consumption＞
  Year-on-year reduction of 27.1% through promotion of digitization

S Female Staff Ratio Improvement

We will increase the ratio of female staff to 30%, secure opportunities for female participation and fair leadership, and contribute to the achievement of the SDGs.
While we work to provide an environment where employees can work with peace of mind for a long period of time, such as by enriching support for employees returning to work from maternity/paternity or childcare leave, or for child rearing in and of itself, moving forward, we are looking to further strengthen the abilities of our organization and to further develop our company through providing even more opportunities for female staff to play an active part.

<Utilization of Female Staff>
  Ratio of female staff: 32.0%
  Ratio of female staff: 11.1%

<Childcare Support System>
  Childcare leave acquisition:
    (Women) 100%, (Men) 100%
  Rate of return from childcare: 100%
  Reduced working hours for parents (until end of third year of elementary school)
  Childcare leave, Teleworking
  Child allowance payment (until age 18)

G Dialogue with Stakeholders

While we fulfill our responsibility towards explaining operations and maintaining their transparency, including timely and appropriate information disclosures, we are aiming to achieve ongoing improvements to our corporate value and suitable market valuation through dialogue with both shareholders and investors.

<Main Initiatives>
  Enrich quarterly financial results information
  ・Summary of financial results
   (including English edition)
  ・Publish financial results explanatory video
  Participation in investor events

6. appendix

The origin of our name

"Ymir" is the first giant in Norse mythology and a symbol of creation.

"Link" represents connection.

As the origin of the company name suggests,

YMIRLINK is a company that **creates connections.**

Company Overview

Provider of a SaaS format messaging solution "Cuenote"

Company name   YMIRLINK, Inc.

Security identifier code   4372 (Tokyo Stock Exchange Growth)

Date of establishment   July 1999

Representative   Wataru Shimizu, President and CEO

Address   Tokyo (Head Office): Odakyu Southern Tower 12F, 2-2-1, Yoyogi, Shibuya-ku, Tokyo

Osaka (Branch Office): Pacific Marks Nishi-Umeda 7F, 2-6-20, Umeda, Kita-ku, Osaka-shi, Osaka

Other offices (development bases) in Hokkaido, Fukuoka, and Okinawa

Capital   273 million yen

Number of employees   125 (Full-time employees: 125, temporary employees: 0) *As of December 2023

Business   Messaging solution business

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Corporate history

YMIRLINK

1999 Established by students who met through the Internet as a limited liability company that undertook production work for corporate websites and web systems

2000 Reorganized as a stock company, subcontracted to undertake system development for online communities (such as bulletin board and online chat), and software development for email delivery system

2002 Capital participation of CyberAgent as the largest stockholder. Engaged in development and operation of advertisement management system and campaign system of the group

2003 Independently developed high-speed email delivery engine, launched email delivery ASP service, and gradually expanded clients

2005 Cybozu became the largest stockholder
Business transition from contracted system development to a service-based model, including messaging solution business

2006 Formed business partnership with Itec Hanshin (currently Itec Hankyu Hanshin)

2007 Terminated some services to concentrate management resources

2009 Unified products under Cuenote® brand

2011 Itec Hankyu Hanshin became the largest stockholder, Osaka Branch Office opened for business expansion

2013 Launched Cuenote Survey, SaaS-type survey service

2016 Opened Okinawa Office as a development base

2018 Opened offices in Fukuoka and Sapporo as development bases
Launched Cuenote SMS

2019 Launched Cuenote Safety Confirmation Service

2020 Relocated Osaka Branch Office for business expansion

2021 Listed on the Tokyo Stock Exchange Mothers Index

2022 Launched Cuenote Auth authentication service

2023 Released Cuenote SMS for LGWAN that connects to across local government wide area networks

Clients of Cuenote

Since its launch, Cuenote has gained popularity with many clients.
Over 2,200 contracts

Listed companies that use Cuenote

258 companies*

Listed companies
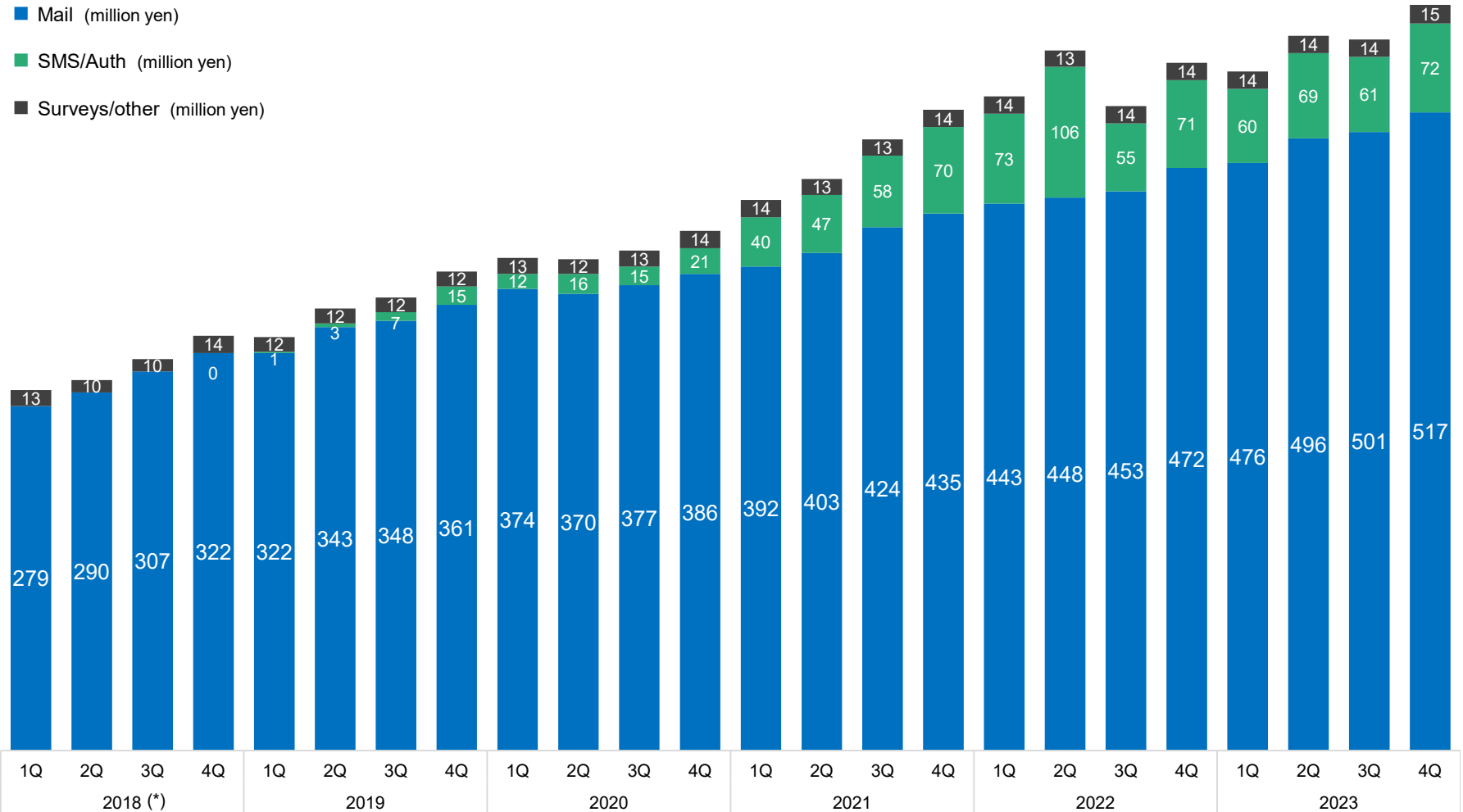
Unlisted companies

Government offices

(Note) The number of core subsidiaries of pure holding companies designated by listed companies and Japan Securities Dealers Association (as of the end of December 2023, according to our research)

Quarterly sales development
- Ratio of net sales (Mail, SMS/Auth, Survey and other services)

> ☑ **Mail remains robust, and SMS has recovered to a growth trajectory**

■ Mail (million yen)

■ SMS/Auth (million yen)

■ Surveys/other (million yen)

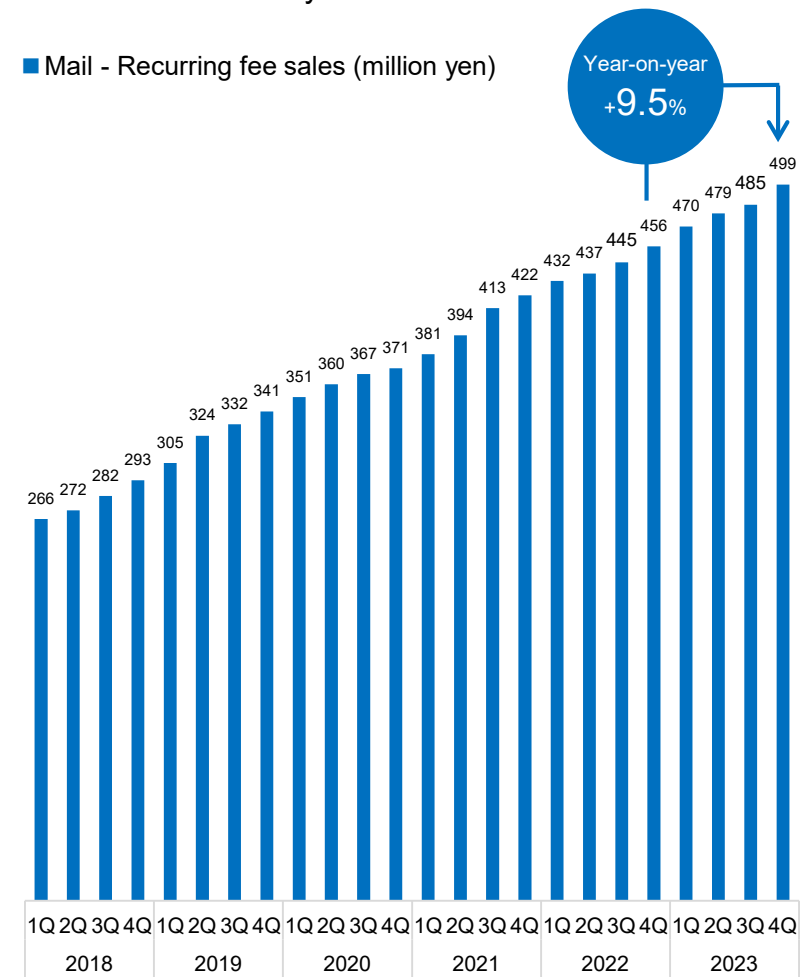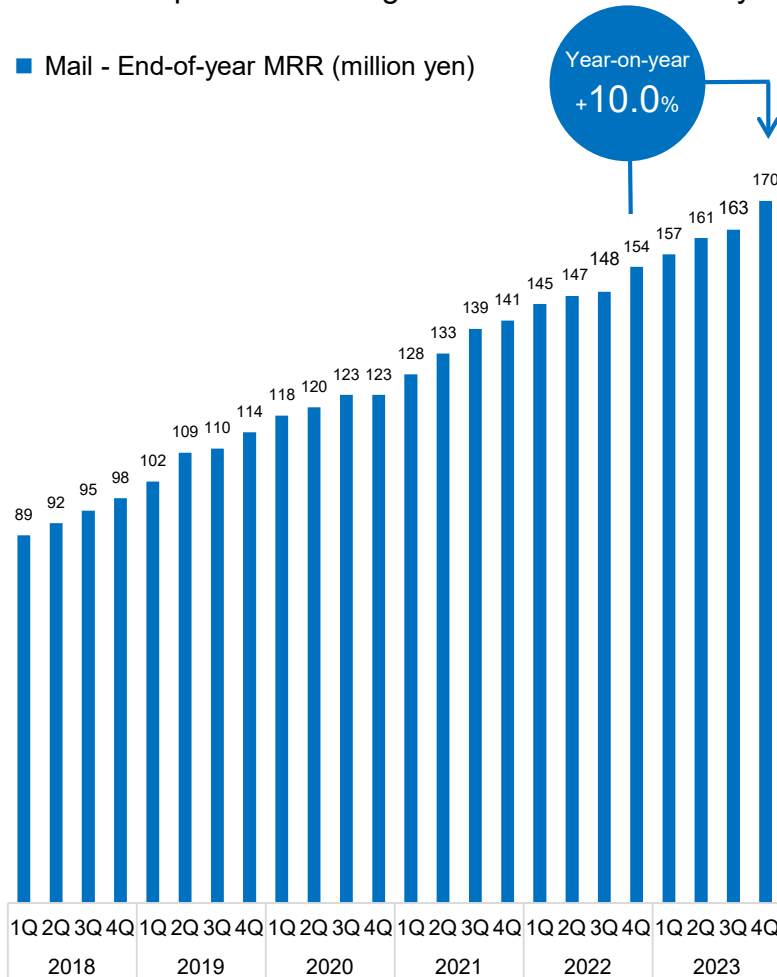|	2018 (*)				2019				2020				2021				2022				2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Surveys/other	13	10	10	14	12	12	12	12	13	14	13	14	14	14	13	14	14	13	14	14	14	14	14	15
SMS/Auth				0	1	3	7	15	12	16	15	21	40	47	58	70	73	106	55	71	60	69	61	72
Mail	279	290	307	322	322	343	348	361	374	370	377	386	392	403	424	435	443	448	453	472	476	496	501	517

(*) Figures for the fiscal year ended December 31, 2018 are unaudited figures.

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Mail End-of-quarter MRR (*1)/Quarterly recurring fee sales

In Q4, it has been newly adopted by customers including online banks, HR services, credit card companies, private tutoring schools, and e-book services
MRR at the end of the fiscal year increased by 10.0% over the same period in the previous year to 170 million yen, and fourth quarter recurring fee sales saw an 9.5% year-on-year increase to 499 million yen.

■ Mail - End-of-year MRR (million yen)

Year-on-year
+10.0%

Values (1Q 2018 → 4Q 2023):
89, 92, 95, 98, 102, 109, 110, 114, 118, 120, 123, 123, 128, 133, 139, 141, 145, 147, 148, 154, 157, 161, 163, 170

Quarters: 1Q 2Q 3Q 4Q per year, 2018 2019 2020 2021 2022 2023

■ Mail - Recurring fee sales (million yen)

Year-on-year
+9.5%

Values (1Q 2018 → 4Q 2023):
266, 272, 282, 293, 305, 324, 332, 341, 351, 360, 367, 371, 381, 394, 413, 422, 432, 437, 445, 456, 470, 479, 485, 499

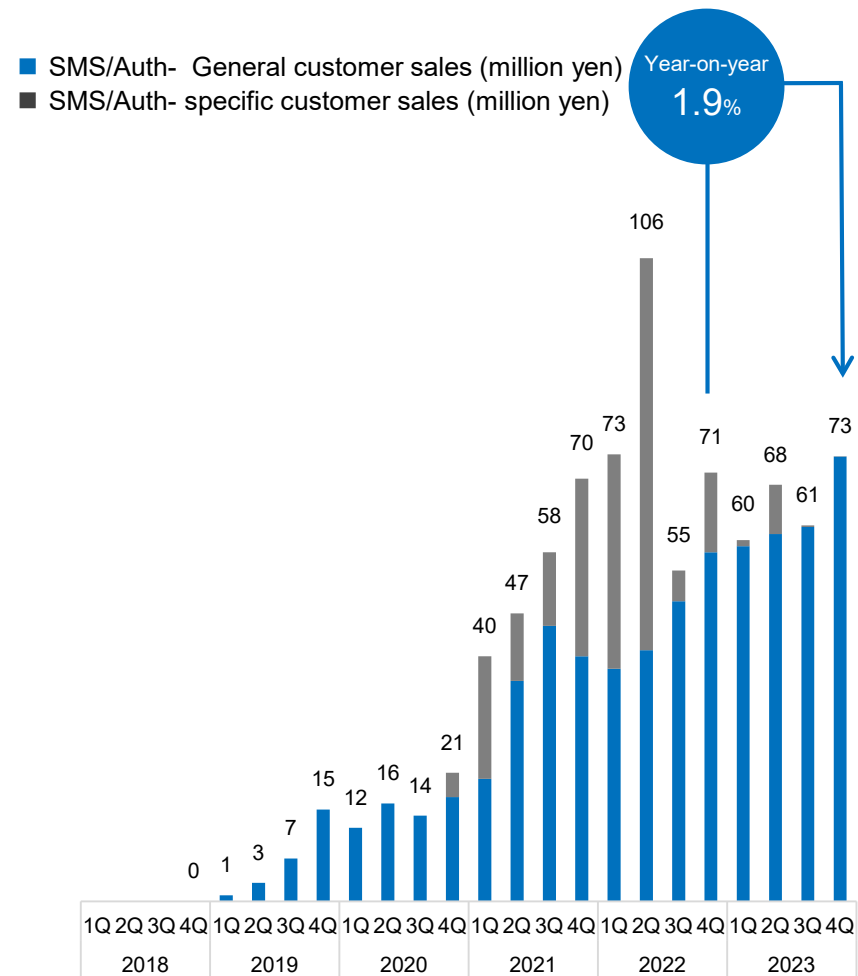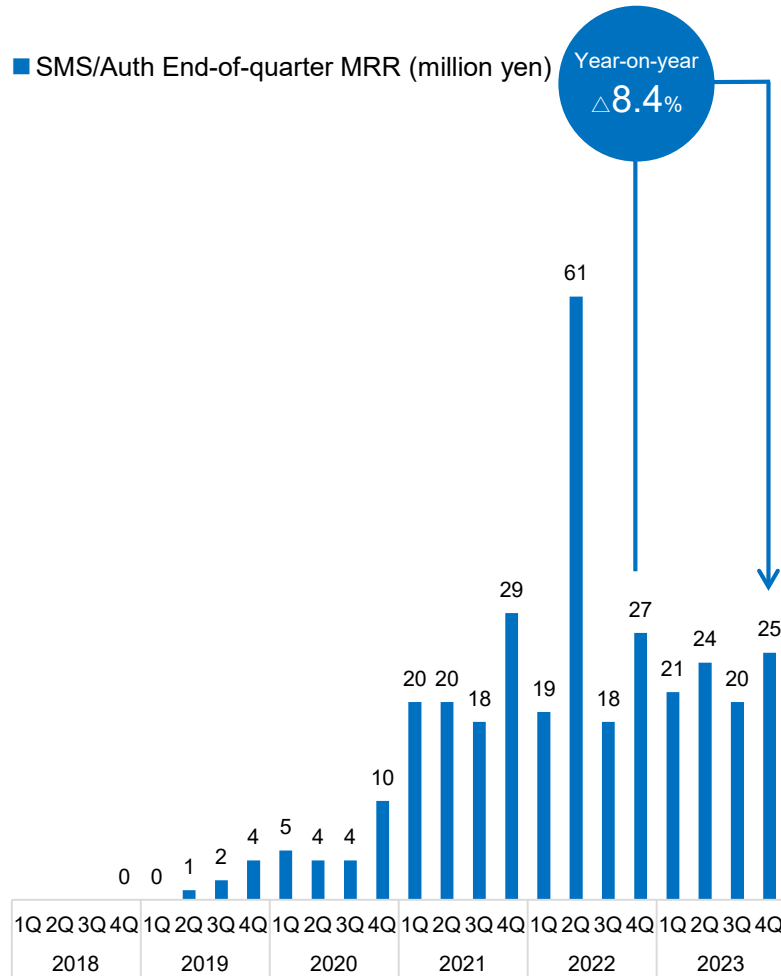Quarters: 1Q 2Q 3Q 4Q per year, 2018 2019 2020 2021 2022 2023

(*1) MRR (Monthly Recurring Revenue):
 Revenue from contracts that stipulate services or use for a certain period of time, such as sales from SaaS service usage and maintenance service for purchase type software

SMS/Auth End-of-quarter MRR/Quarterly recurring fee sales

MRR and recurring fee sales have both recovered to a growth trajectory despite the impact of the disappearance of the special demand from specific customers that there had been until the previous year.

■ SMS/Auth End-of-quarter MRR (million yen)

Year-on-year
△8.4%

■ SMS/Auth- General customer sales (million yen)
■ SMS/Auth- specific customer sales (million yen)
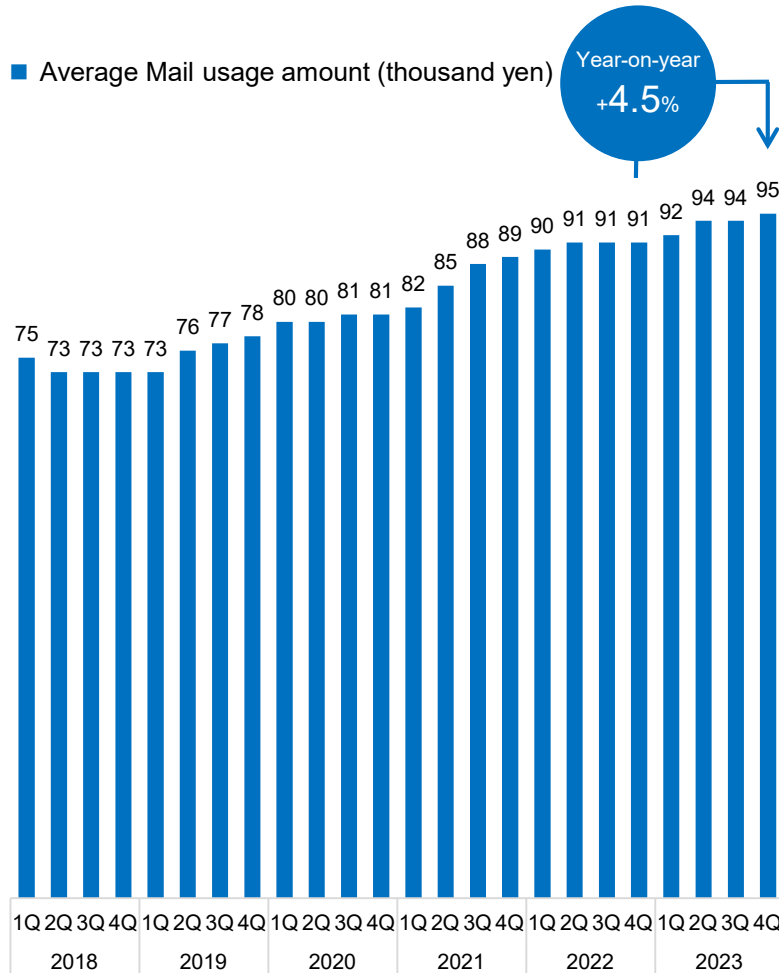
Year-on-year
1.9%

The number of monthly deliveries may increase or decrease due to seasonal factors such as peak season and off-peak season or environmental factors such as climate and disasters.
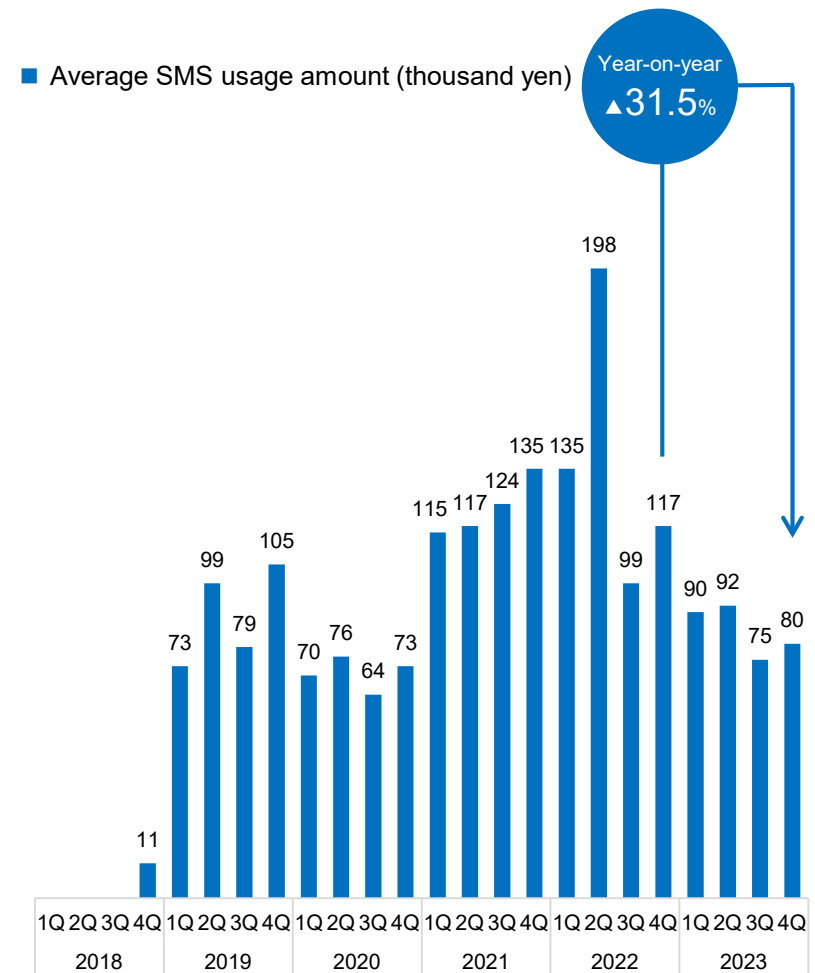
Average usage amount per contract (*1)

Mail
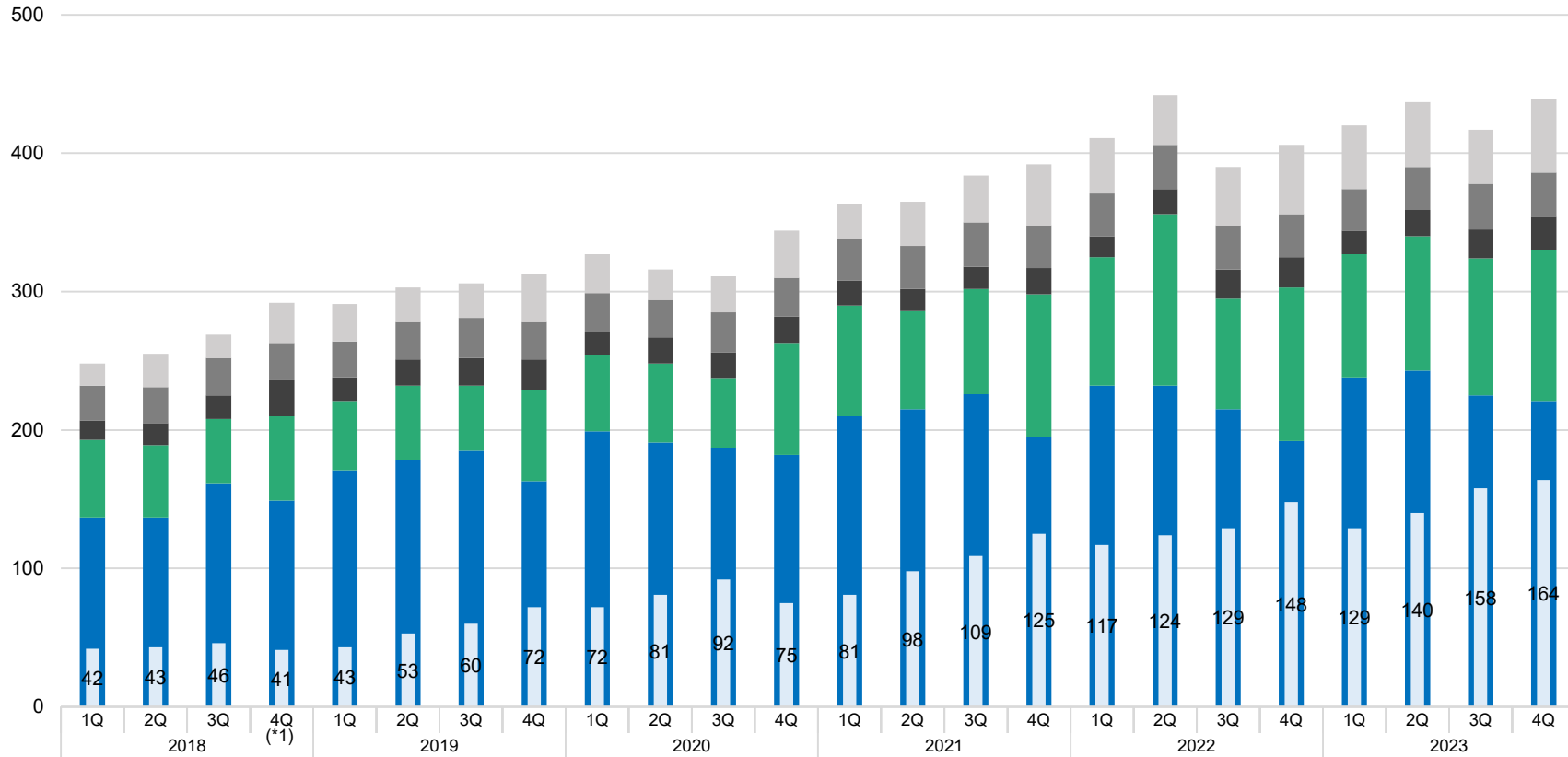Average usage amount grew 4.5% due to the enterprise plan and upgrades

SMS
Decrease of 31.5% due to decline in deliveries by specific customers and an increase of small-scale delivery customers

■ Average Mail usage amount (thousand yen)

Year-on-year +4.5%

■ Average SMS usage amount (thousand yen)

Year-on-year ▲31.5%

Mail chart values:
2018: 1Q 75, 2Q 73, 3Q 73, 4Q 73
2019: 1Q 73, 2Q 76, 3Q 77, 4Q 78
2020: 1Q 80, 2Q 80, 3Q 81, 4Q 81
2021: 1Q 82, 2Q 85, 3Q 88, 4Q 89
2022: 1Q 90, 2Q 91, 3Q 91, 4Q 91
2023: 1Q 92, 2Q 94, 3Q 94, 4Q 95

SMS chart values:
2018: 4Q 11
2019: 1Q 73, 2Q 99, 3Q 79, 4Q 105
2020: 1Q 70, 2Q 76, 3Q 64, 4Q 73
2021: 1Q 115, 2Q 117, 3Q 124, 4Q 135
2022: 1Q 135, 2Q 198, 3Q 99, 4Q 117
2023: 1Q 90, 2Q 92, 3Q 75, 4Q 80

(*1) One-off sales (one-time-fee sales) such as initial setting and customization are not included in the average usage amount per contract
This is calculated by the formula: <Total quarterly recurring fee sales / Total number of quarterly contracts>

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Growth of quarterly operating expenses and operating profit

	2018 1Q	2Q	3Q	4Q (*1)	2019 1Q	2Q	3Q	4Q	2020 1Q	2Q	3Q	4Q	2021 1Q	2Q	3Q	4Q	2022 1Q	2Q	3Q	4Q	2023 1Q	2Q	3Q	4Q
Other	16	24	17	29	27	25	25	35	28	22	26	34	25	32	34	44	40	36	42	50	46	47	39	53
Rent and utility expenses	25	26	27	27	26	27	29	27	28	27	29	28	30	31	32	31	31	32	32	31	30	31	33	32
Depreciation expenses	14	16	17	26	17	19	20	22	17	19	19	19	18	16	16	19	15	18	21	22	17	19	21	24
Server/DC, stocking, etc.	56	52	47	61	50	54	47	66	55	57	50	81	80	71	76	103	93	124	80	111	89	97	99	109
Personnel expenses	137	137	161	149	171	178	185	163	199	191	187	182	210	215	226	195	232	232	215	192	238	243	225	221
Operating profit	42	43	46	41	43	53	60	72	72	81	92	75	81	98	109	125	117	124	129	148	129	140	158	164
Operating profit ratio	14.4%	14.6%	14.5%	12.4%	12.9%	15.0%	16.3%	18.6%	18.1%	20.4%	22.8%	17.9%	18.1%	21.1%	22.1%	24.1%	22.2%	21.8%	24.8%	26.6%	23.5%	24.2%	27.4%	27.1%

(*1) Figures for the fiscal year ended December 31, 2018 are unaudited figures.

About products

Email delivery system

Cuenote® FC

SaaS   Software

This is an email delivery system that is equipped with large-scale, high-speed delivery performance and extensive marketing functions thanks to a unique delivery engine (MTA) developed by us.

This system aims to improve the arrival rate by analyzing more than 7.6 billion communications per month, thanks to which it can fast and reliable delivery even for large-scale email delivery in which the number of recipients is in excess of tens or hundreds of millions.

Email delivery system
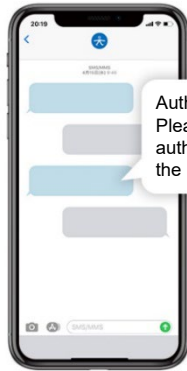
Cuenote® SR-S

SaaS   Software

It is an email relay server that relays SMTP through DNS settings to eliminate email delivery delay and non-delivery.
It includes a delivery error reason analysis function and supports API-based document creation and delivery.

About products

SMS delivery service

SaaS

This is a direct carrier access-type SMS delivery service.

It supports IVR and two-way communication for sending from API and screen.

It can be used for purposes such as identity verification, important notifications and guidance, demands, promotions, the optimization of call business, etc.

Authentication service

SaaS

A secure authentication service utilizing SMS and IVR through phone numbers.

The authentication process can be easily implemented just by making a request to the API, after which an authentication code will be createdand sent.

It can be used for purposes such as identity verification, measures against resale for EC websites, unauthorized access prevention, etc.

About products

## Online survey and form system

Cuenote® Survey

SaaS

This is a web survey form system provided in SaaS that enables the creation of advanced surveys and secure forms using a web browser (without code).

It supports responsive design, multiple languages, and integrated landing page (LP) forms for use in various situations.

Safety confirmation service

安否確認サービス Cuenote®
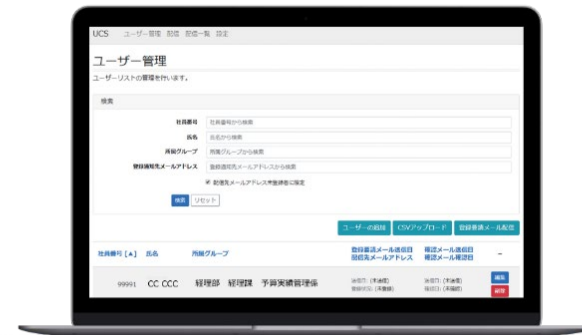
SaaS

This is a safety confirmation service that is linked with weather information, and in the event of disaster, it can automatically confirm the safety status of the employees in the affected area.

The Cuenote safety confirmation service provides disaster and emergency support through excellent operability that enables quick notification creation with fast and reliable delivery performance even in times of emergency, allowing you to quickly confirm the safety of members and summon an emergency meeting.

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Disclaimer

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.

This document includes forward-looking statements. These forward-looking statements are prepared based on the information as of the date hereof. These statements provide no guarantee regarding future results and performance. Such forward-looking statements necessarily include known and unknown risks and uncertainties, and as a result, actual performance and financial status in the future may differ significantly from the future performance and results expressed or implied in the forward-looking statements.

Factors that could cause results to diverge from those described in these statements include but are not limited to changes in domestic and international economic conditions and trends in the industry in which we operate.

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