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February 13, 2024

Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under Japanese GAAP)

Company name: YMIRLINK, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4372
 URL: <https://www.ymir.co.jp>
 Representative: Wataru Shimizu, President and CEO
 Inquiries: Mikihiko Kobayashi, Managing Director
 Telephone: +81-03-6820-0514
 Scheduled date of regular general meeting of the shareholders: March 28, 2024
 Scheduled date to commence dividend payments: –
 Scheduled date to file annual securities report: March 29, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (For institutional investors and analysts)

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

1. Non-consolidated financial results for fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results

(Percentages 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	%
December 31, 2023	2,315	6.1	592	13.8	592	13.8	409	13.9
December 31, 2022	2,181	13.1	520	25.7	520	30.6	359	25.3

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary total asset profit ratio	Operating net sales profit ratio
	Yen	Yen	%	%	%
December 31, 2023	107.12	–	19.0	23.0	25.6
December 31, 2022	92.93	–	19.8	23.3	23.9

Reference: Equity method investment profit and loss

As of December 31, 2023: –

As of December 31, 2022: –

(Note) The diluted earnings per share for the fiscal years in question is not listed, as there are no dilutive shares.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	2,780	2,374	85.4	619.91
December 31, 2022	2,376	1,936	81.5	508.45

Reference: Equity

As of December 31, 2023: ¥2,374 million

As of December 31, 2022: ¥1,936 million

(3) Cash flow status

Fiscal year ended	Cash flow due to business activities	Cash flow due to investment activities	Cash flow due to financial activities	Cash and cash equivalents at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	458	△90	–	2,089
December 31, 2022	444	△117	△118	1,721

2. Cash dividends

	Annual dividends per share					Overall dividend (total)	Dividend payout ratio	Dividend on equity
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	million yen	%	%
December 31, 2022	–	0.00	–	0.00	0.00	–	–	–
December 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2024 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Non-consolidated earnings forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Basic earnings		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ended December 31, 2024	2,570	11.0	610	3.0	610	3.0	420	2.7	109.82

(Notes) We conduct operation control yearly, so we have omitted the second quarter (cumulative) results forecast.
See page 6, “1. Financial overview: (4) Future estimates” of the attached material for details.

* **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 outstanding shares (common shares)

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

As of December 31, 2023	3,892,600 shares
As of December 31, 2022	3,892,600 shares

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

As of December 31, 2023	62,837 shares
As of December 31, 2022	84,637 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	3,821,939 shares
Fiscal year ended December 31, 2022	3,867,555 shares

* Financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Note regarding projections, etc.)

This communication contains financial forecasts and other projections. These projections are forward-looking statements that are based on the information that is currently available and on the assumptions that the company deems to be reasonable. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of the company. Actual results are subject to a variety of factors and may vary greatly. For information on the assumptions on which result forecasts are based and precautions when using the results forecasts, refer to page 6 of the attached material "1. Financial overview: (4) Future estimates."

(How to obtain supplementary material on quarterly financial results)

We are planning to hold an explanatory meeting for institutional investors on February 16 (Fri), 2024 and for individual investors on the 27th (Tue). Additionally, a financial results explanatory video is being created separately and is scheduled to be posted to our website following the holding of the explanatory meeting aimed at investors.

○ Attached Material Contents

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1. Financial overview

(1) Operating results summary for the fiscal year in question

While the Japanese economy saw an easing of the restrictions that came with COVID-19 in the fiscal year in question and economic activities have normalized, the economic outlook remains uncertain due to the rising raw material costs and a depreciation of the yen by the prolongation of the situation between Russia and Ukraine among other such factors.

On the other hand, the Business Outlook Survey (surveying a period from October to December 2023), released by the Cabinet Office and the Ministry of Finance on December 11, 2023, reveals that there is an acute awareness of the importance of investment in facilities in this fiscal year. According to the survey, adaptation to an information society is considered to be the third most important issue by large corporations across industries (43.6%). This speaks to how the information communication industry we belong to and contactless business model we use is going to continue to see opportunities for market expansion and profits.

In March and December 2023, we broke our record for the most deliveries in our message delivery service, delivering 7.6 billion messages in a month and 86 billion message for the year.

In such circumstances, YMIRLINK continued to proactively undertake initiatives to grow its SaaS business and increase perceived value for customers.

We have expanded services such as the following in the fiscal year in question.

- Cuenote SMS (SMS delivery service)

We launched Cuenote SMS for LGWAN that enables SMS sending across local government wide area networks (LGWAN) in March 2023. This is an SMS delivery service for administrative bodies and local governments to send SMS messages from a secure network to residents.

In April 2023, provision commenced of service with common number (common short code) support across the four mobile companies when using the two-way SMS function. Until now, companies needed a different number for each of the four mobile carriers to exchange SMS messages with users on their respective carriers, 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. Common numbers are issued by the four carriers to companies, and these numbers make it easier for users to recognize company numbers. They will reduce sender spoofing and fishing scams and lead to the use of a safe and secure messaging service between companies and individuals.

As well as adding a delivery result callback function with support for Webhook in June 2023, functions were added to the service with the goal of improving usability, and provision has commenced. Until this point, to obtain the results of delivery of SMS sent from Cuenote SMS using the API, it was necessary to manually retrieve the results regularly. But using the delivery results callback function with support for Webhook that was added here enables the results of SMS delivery to be received in real time.

- Cuenote Survey (Online survey and form system)

We have commenced provision of the latest version that supports Google's tag management system Google Tag Manager (GTM), which Google started provision of in May 2023. GTM is a tag management system provided by Google, and enables efficient management of the tags that are essential for website effect measurement, analysis, and other such activities. Support for GTM enables efficient effect measurement, analysis, and management of questionnaires and forms.

- Cuenote Safety Confirmation Service

We added a function for regular automatic delivery of email for natural disaster drills in July 2023, and the function is now available for use.

The following is a summary of net sales by service type.

- Stock-based Revenue: This includes Cuenote SaaS subscriptions (service usage) sales and software maintenance sales. In the fiscal year in question, stock-based revenue from enterprise plans to meet the needs of individual customers and an increase in the number of SMS customers was 2,254,589,000 yen, while the amount from fixed-term contracts at the end of the fiscal year was 200,695,000 yen (a year-on-year increase of 7.1%).

- Spot revenue: This includes Cuenote SaaS sales for newly contracted customers (that include the fees for initial use registration, customization, and proxy acquisition of security certificates, etc.) and software license sales (on-premise). Given robust growth in new SaaS and on-premise sales, net sales in the fiscal year in question were 60,679,000 yen.

In light of the above, operating results for the fiscal year in question had net sales of 2,315,269,000 yen, operating profit of 592,466,000 yen, ordinary profit of 592,480,000 yen, and profit of 409,387,000 yen.

Please note that we have omitted segment breakdown information as YMIRLINK's messaging solution business is in a single segment.

(2) Financial position summary for the fiscal year in question

Compared to the end of the previous fiscal year, the financial situation at the end of the fiscal year in question was favorable due to an increase in net assets by 437,945,000 yen through the recording of profit and an increase resulting from the disposition of treasury shares.

The following is the financial situation by assets, liabilities, and net assets.

(Assets)

Compared to the end of the previous fiscal year, total assets at the end of the fiscal year in question increased by 404,375,000 yen to 2,780,705,000 yen. This is mainly from an increase in cash and deposits of 367,946,000 yen, an increase in accounts receivable of 11,309,000 yen, an increase in tools, furniture, and fixtures of 12,009,000 yen through investment in facilities, and an increase in prepaid expenses of 13,908,000 yen among other factors through the recording of profit for the fiscal year in question.

(Liabilities)

Compared to the end of the previous fiscal year, total liabilities at the end of the fiscal year in question increased by 33,569,000 yen to 406,616,000 yen. This is due mainly to factors including an increase in income taxes payable of 4,497,000 yen and a decrease in accrued expenses related to bonuses of 36,382,000 yen.

(Net assets)

Compared to the end of the previous fiscal year, total net assets at the end of the fiscal year in question increased by 437,945,000 yen to 2,374,089,000 yen. This is due to an increase of 30,498,000 yen from disposition of treasury shares and an increase in retained earnings of 407,446,000 yen from the recording of a current net profit.

(3) Cash flow summary for the fiscal year in question

The balance of cash and cash equivalents (hereinafter, “capital”) at the end of the fiscal year in question increased compared to the end of the previous fiscal year by 367,946,000 yen to 2,089,150,000 yen.

The status of each type of cash flow and the reasons thereof are as shown below.

(Cash flow due to business activities)

458,535,000 yen of capital was obtained as a result of business activities. The major breakdown of income has profit before tax for the fiscal year in question at 592,480,000 yen, depreciation costs at 83,040,000 yen, and stock unit costs at 18,376,000 yen. As for the major breakdown of expenditures, trade receivables increases and decreases show a negative 11,309,000 yen, arrears a negative 36,382,000 yen, prepaid expenses increases and decreases is showing a negative 6,289,000 yen, and payment of income taxes at 185,406,000 yen.

(Cash flow due to investment activities)

90,589,000 yen of capital was used as a result of investment activities. Capital saw a reduction through expenditures of 89,601,000 yen due to the acquisition of property, plant and equipment such as server equipment for SaaS service provision and expenditures of 988,000 yen for intangible assets such as server security software.

(Cash flow due to financial activities)

N/A

(4) Future estimates

In the results for the year ending December 31, 2024, we expect to see the domestic mail delivery market continuing its healthy expansion in addition to the SMS delivery service market having high growth potential, so we forecast sales at 2,570,000,000 yen (11.0% year-on-year increase).

Additionally, through investment in facilities to secure a competitive advantage and active recruiting to reinforce our structure, we expect to see operating profit at 610,000,000 yen (3.0% year-on-year increase), ordinary profit at 610,000,000 yen (3.0% year-on-year increase) and profit for the fiscal year in question at 420,000,000 yen (2.7% year-on-year increase).

2. Fundamental stance related to the selection of accounting standards

So that we are able to secure comparability to other companies in our industry, we applied the Japanese standard to our accounting standards.

3. Financial statements and main notes

(1) Balance sheet

(Unit: 1,000 yen)

	Previous fiscal year (December 31, 2022)	Fiscal year in question (December 31, 2023)
Assets		
Current assets		
Cash and deposits	1,721,203	2,089,150
Accounts receivable - trade	296,870	308,179
Raw materials	236	2,579
Prepaid expenses	49,379	63,288
Other	3,194	4,018
Allowance for doubtful accounts	△592	△833
Total current assets	2,070,292	2,466,381
Non-current assets		
Property, plant and equipment		
Buildings	58,573	58,573
Accumulated depreciation	△26,081	△29,207
Buildings, net	32,491	29,366
Tools, furniture and fixtures	528,709	581,502
Accumulated depreciation	△404,402	△445,185
Tools, furniture and fixtures, net	124,306	136,316
Total tangible fixed assets	156,798	165,682
Intangible assets		
Software	24,569	17,199
Other	93	93
Total intangible assets	24,662	17,292
Investments and other assets		
Leasehold and guarantee deposits	89,559	89,559
Long-term prepaid expenses	7,771	7,715
Deferred tax	27,245	34,071
Total investments and other assets	124,577	131,347
Total non-current assets	306,037	314,323
Total assets	2,376,330	2,780,705

(Unit: 1,000 yen)

	Previous fiscal year (December 31, 2022)	Fiscal year in question (December 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	14,216	37,574
Accounts payable - trade	71,782	41,147
Accrued expenses	169,294	132,911
Advances received	27,548	29,565
Income taxes payable	114,173	118,671
Accrued consumption taxes	33,548	36,359
Other	9,621	10,386
Total current liabilities	440,185	406,616
Total liabilities	440,185	406,616
Net assets		
Shareholders' equity		
Share capital	273,853	273,853
Capital surplus		
Legal capital surplus	191,351	191,351
Total legal capital surplus	191,351	191,351
Retained earnings		
Legal retained earnings	280	280
Other retained earnings		
Retained earnings brought forward	1,589,065	1,996,512
Total retained earnings	1,589,345	1,996,792
Treasury shares	△118,406	△87,908
Total shareholders' equity	1,936,144	2,374,089
Total net assets	1,936,144	2,374,089
Total liabilities and net assets	2,376,330	2,780,705

(2) Income statement

(Unit: 1,000 yen)

	Previous fiscal year (from January 1, 2022 to December 31, 2022)	Fiscal year in question (from January 1, 2023 to December 31, 2023)
Net sales	2,181,206	2,315,269
Cost of sales	726,049	725,416
Gross profit	1,455,156	1,589,853
Selling, general and administrative expenses	934,509	997,386
Operating profit	520,647	592,466
Non-operating income		
Interest income	14	16
Other	74	-
Total non-operating income	88	16
Non-operating expenses		
Commission expenses	294	2
Total non-operating expenses	294	2
Ordinary profit	520,441	592,480
Profit before income taxes	520,441	592,480
Income taxes - current	161,721	189,919
Income taxes - deferred	△681	△6,826
Total income taxes	161,039	183,093
Current net profit	359,402	409,387

Detailed statement of cost of sales

Division	Notes No.	Previous fiscal year (from January 1, 2022 to December 31, 2022)		Fiscal year in question (from January 1, 2023 to December 31, 2023)	
		Amount (1,000 yen)	Segment ratio (%)	Amount (1,000 yen)	Segment ratio (%)
I. Material cost	*1	10,848	1.5	11,526	1.6
II. Labor cost		294,747	40.6	299,480	41.3
III. Expenses		420,452	57.9	414,409	57.1
Total manufacturing costs		726,049	100.0	725,416	100.0
Work in progress initial inventory		-		-	
Total		726,049		725,416	
Work in progress final inventory		-		-	
Total cost of sales		726,049		725,416	

Cost calculation method

Our cost calculations are actual cost accounting done through product costing.

(Notes) *1 Major breakdown is as follows.

(Unit: 1,000 yen)

Item	Previous fiscal year (from January 1, 2022 to December 31, 2022)	Fiscal year in question (from January 1, 2023 to December 31, 2023)
Internet expenses	96,827	107,446
Depreciation expenses	61,779	68,830
Communication expenses	179,990	131,287

(3) Statement of changes in equity

Previous fiscal year (from January 1, 2022 to December 31, 2022)

(Unit: 1,000 yen)

	Shareholder equity								Total net assets
	Capital	Capital surplus		Retained earnings			Treasury shares	Total shareholder equity	
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings			
					Retained earnings brought forward				
Balance at beginning of the period	273,853	191,351	191,351	280	1,229,663	1,229,943	-	1,695,148	1,695,148
Changes during the period									
Current net profit					359,402	359,402		359,402	359,402
Treasury stock acquisitions							△118,406	△118,406	△118,406
Total changes during the period	-	-	-	-	359,402	359,402	△118,406	240,995	240,995
Balance at end of the period	273,853	191,351	191,351	280	1,589,065	1,589,345	△118,406	1,936,144	1,936,144

Fiscal year in question (from January 1, 2023 to December 31, 2023)

(Unit: 1,000 yen)

	Shareholder equity								Total net assets
	Capital	Capital surplus		Retained earnings			Treasury shares	Total shareholder equity	
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings			
					Retained earnings brought forward				
Balance at beginning of the period	273,853	191,351	191,351	280	1,589,065	1,589,345	△118,406	1,936,144	1,936,144
Changes during the period									
Current net profit					409,387	409,387		409,387	409,387
Treasury stock disposition					△1,940	△1,940	30,498	28,558	28,558
Total changes during the period	-	-	-	-	407,446	407,446	30,498	437,945	437,945
Balance at end of the period	273,853	191,351	191,351	280	1,996,512	1,996,792	△87,908	2,374,089	2,374,089

(4) Cash flow statement

(Unit: 1,000 yen)

	Previous fiscal year (from January 1, 2022 to December 31, 2022)	Fiscal year in question (from January 1, 2023 to December 31, 2023)
Cash flow due to business activities		
Profit before income taxes	520,441	592,480
Depreciation expenses	77,669	83,040
Stock unit costs	-	18,376
Increase (△ for decrease) in allowance for doubtful accounts	325	241
Interest and dividend income	△14	△16
Decrease (△ for increase) in trade receivables	△27,155	△11,309
Decrease (△ for increase) in inventories	792	△2,368
Increase (△ for decrease) in trade payables	816	23,357
Increase (△ for decrease) in accrued consumption taxes	3,757	2,811
Increase (△ for decrease) in accounts payable - other	5,555	△24,602
Increase (△ for decrease) in accrued expenses	△4,453	△36,382
Decrease (△ for increase) in prepaid expenses	△15,795	△6,289
Decrease (△ for increase) in long-term prepaid expenses	1,172	2,619
Other	△959	1,972
Subtotal	562,152	643,928
Interest and dividends received	12	14
Income taxes paid	△117,696	△185,406
Cash flow due to business activities	444,468	458,535
Cash flow due to investment activities		
Purchase of property, plant and equipment	△104,151	△89,601
Purchase of intangible assets	△13,609	△988
Cash flow due to investment activities	△117,761	△90,589
Cash flow due to financial activities		
Purchase of treasury shares	△118,701	-
Cash flow due to financial activities	△118,701	-
Net increase (△ for decrease) in cash and cash equivalents	208,005	367,946
Cash and cash equivalents at beginning of the period	1,513,197	1,721,203
Cash and cash equivalents at end of the period	1,721,203	2,089,150

(5) Notes concerning the financial statements

(Notes on being a going concern)

N/A

(Equity method profit and loss)

This is not applicable as we have no affiliated companies.

(Segment information, etc.)

[Segment information]

We have omitted this section as YMIRLINK's messaging solution business is in a single segment.

(Per share information)

	Previous fiscal year (from January 1, 2022 to December 31, 2022)	Fiscal year in question (from January 1, 2023 to December 31, 2023)
Net assets per share	508.45 yen	619.91 yen
Basic earnings per share	92.93 yen	107.12 yen

(Notes) 1. The diluted profit per share for the fiscal year in question is not listed, as there are no dilutive shares.

2. The basis of calculation for profit per share for the fiscal year in question is as follows.

	Previous fiscal year (from January 1, 2022 to December 31, 2022)	Fiscal year in question (from January 1, 2023 to December 31, 2023)
Profit (1,000 yen)	359,402	409,387
Amount not belonging to ordinary shareholders (1,000 yen)	-	-
Profit related to ordinary shareholders (1,000 yen)	359,402	409,387
Average number of ordinary shareholder shares during the period (shares)	3,867,555	3,821,939

(Significant events after reporting period)

N/A