



Third Quarter of the Fiscal Year Ending December 31, 2022 Summary of Financial Results

November 14, 2022

YMIRLINK, Inc.

Security identifier code: 4372

1	Company Overview	Page 3
2	Financial results for the 3rd quarter of the fiscal year ending December 31, 2022	Page 11
3	Full-year forecast for the fiscal year ending December 31, 2022	Page 25
4	Growth plan	Page 28
5	appendix	Page 34

1. Company Overview

The origin of our name

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

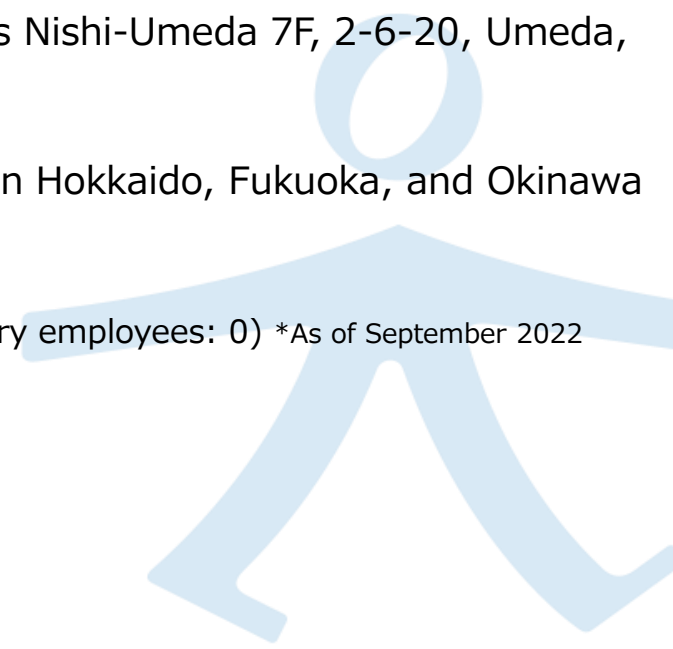
“Link” represents connection.

As the origin of the company name suggests,
YMIRLINK is a company that **creates connections.**

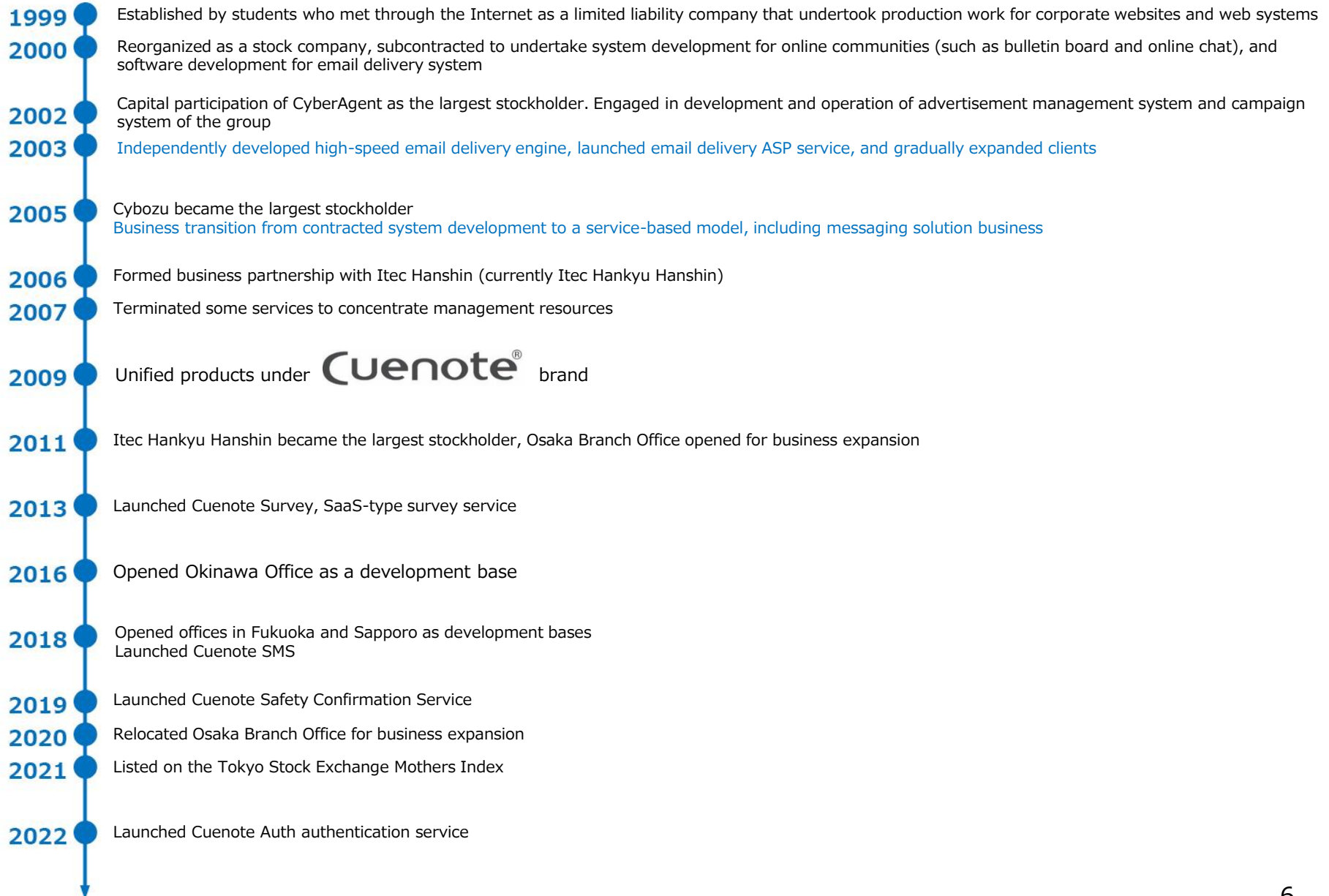


Provider of a SaaS format messaging solution “Cuenote”

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	110 (Full-time employees: 110, temporary employees: 0) *As of September 2022
Business	Messaging solution business

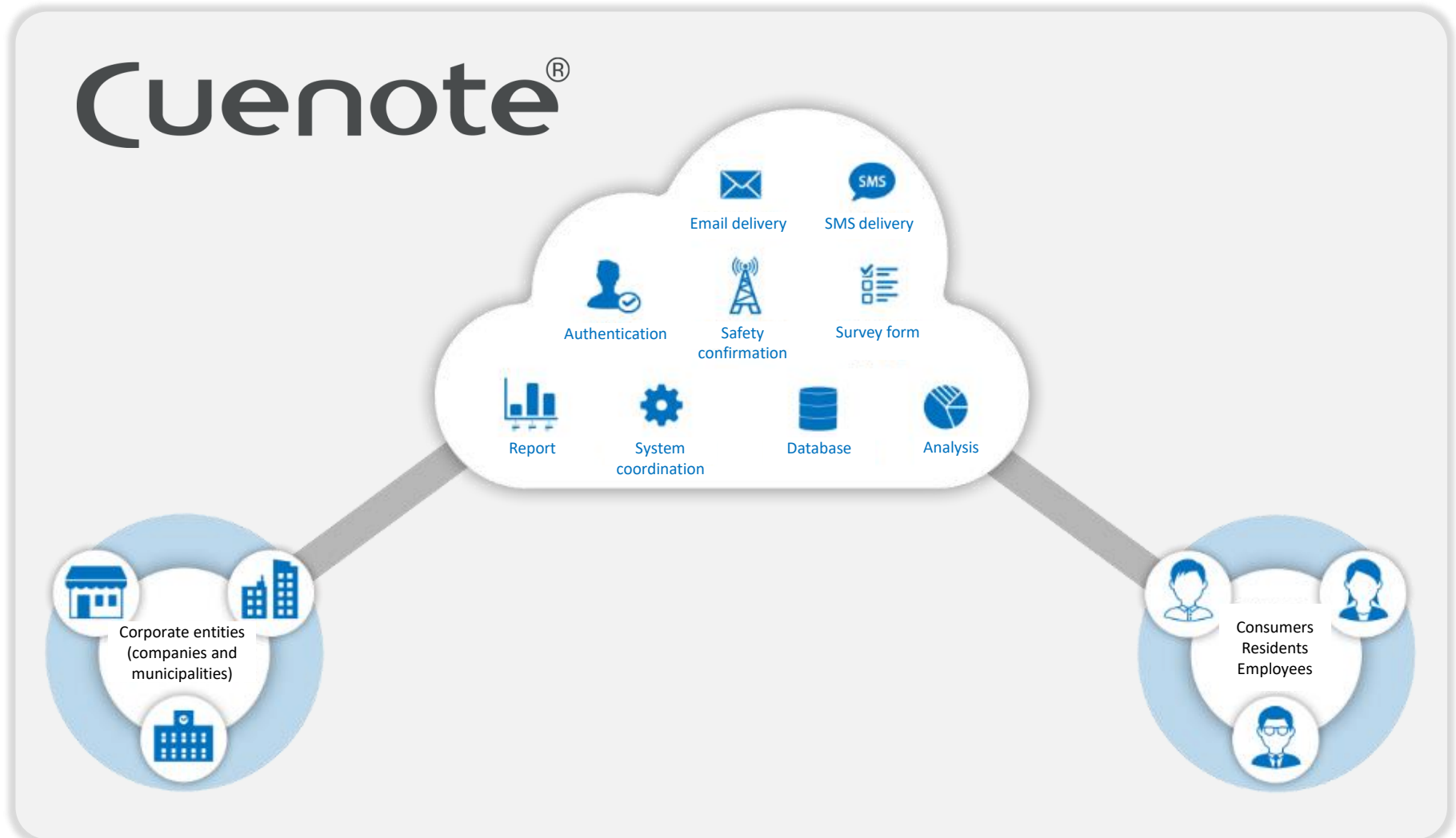


Corporate history



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 65%

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%

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 14%

Authentication service

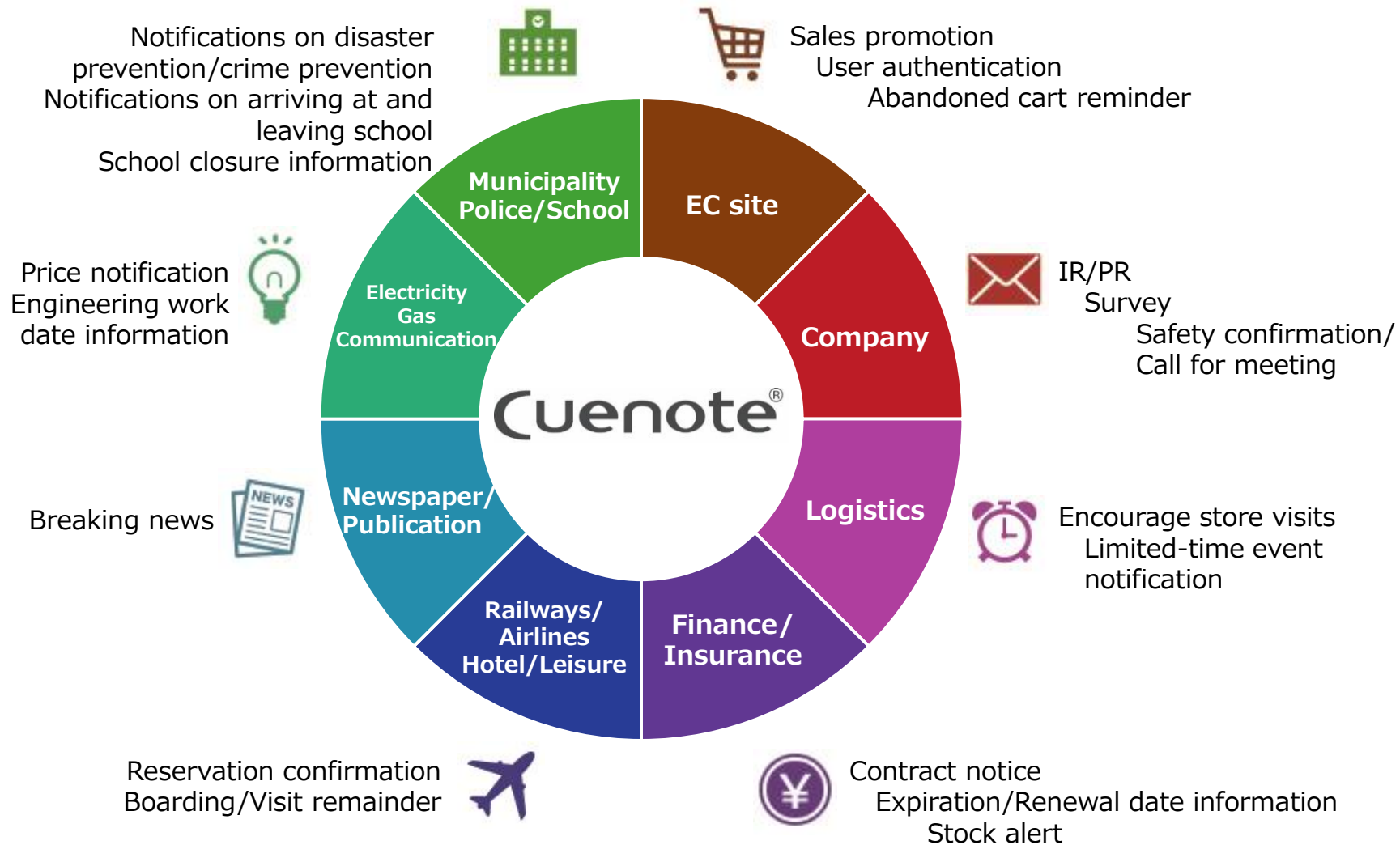
Cuenote® Auth



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

Where is Cuenote used?

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



Clients of Cuenote

Since its launch, Cuenote has gained popularity with many clients.
Over 2,000 contracts

Listed companies	     					
Listed companies	   					
	   					
	   					
	     					
Unlisted companies	     					
	    					
	    					
	    					
	    					
	    					
Government offices	   					

Listed companies that use Cuenote

248 companies*

(Note) The number of core subsidiaries under holding companies specified by the Japan Securities Dealers Association and listed companies is as was found according to our research in September 2022.

2. Financial results for the 3rd quarter of the fiscal year ending December 31, 2022

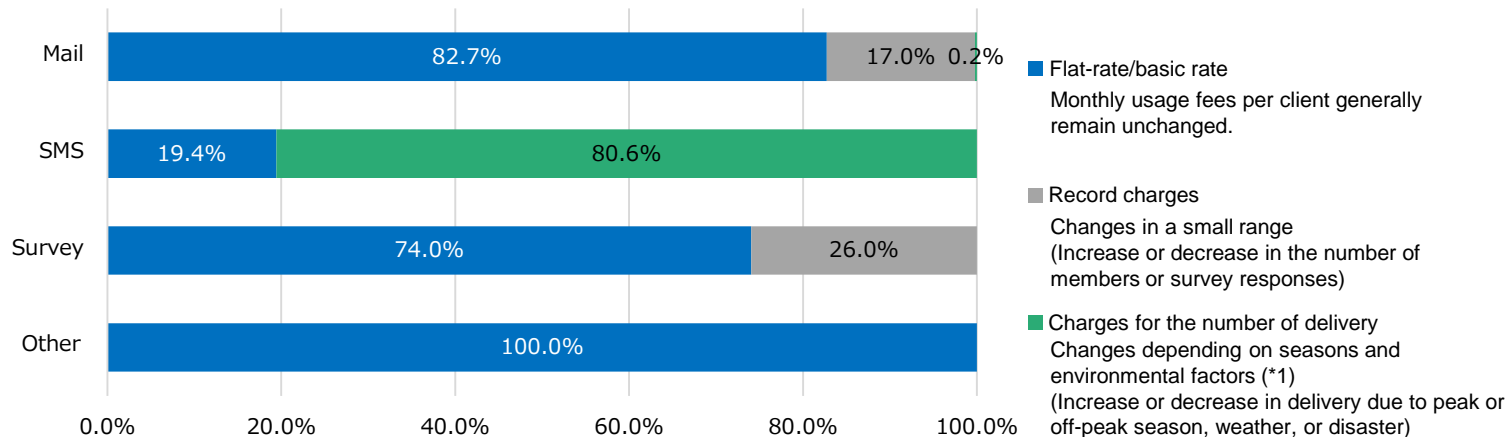
Sales classification

One-time-fee sales

One-time revenue such as initial setup sales and license sales at the time of service launch, and customization sales

Recurring fee sales

Revenue that is expected to continue, such as sales from SaaS service usage and software maintenance service
Different services and plans have different price determination factors.



Recurring fee sales ratio

(Note) The above recurring fee sales composition graph shows the actual results for the period from January to December 2021.

(*1) The monthly sales for clients who continued to use SMS services from January to December 2021 fluctuated within the range of a 42.6% decrease to an 70.9% increase compared to the average for the same (12-month) period.

Third Quarter Cumulative Earnings Summary (January - September 2022)

	Cumulative results up to Q3 FY2022	Year-on-year comparison
Net sales	1,622 million yen	15.2 %
Operating profit	371 million yen	28.8 %
Current net profit	256 million yen	36.5 %
End of Q3 MRR ^(*1)	172 million yen	6.3 %
Mail	148 million yen	6.6 %
SMS, Auth ^(*2)	18 million yen	3.6 %
Survey and other services	4 million yen	7.9 %

(*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

(*2) SMS and Auth MRR

Pay-per-use sales based on the number of deliveries make up the majority of MRR, and there are sometimes large fluctuations depending on the season and month

Quarterly sales development by accounting items (One-time-fee/Recurring)



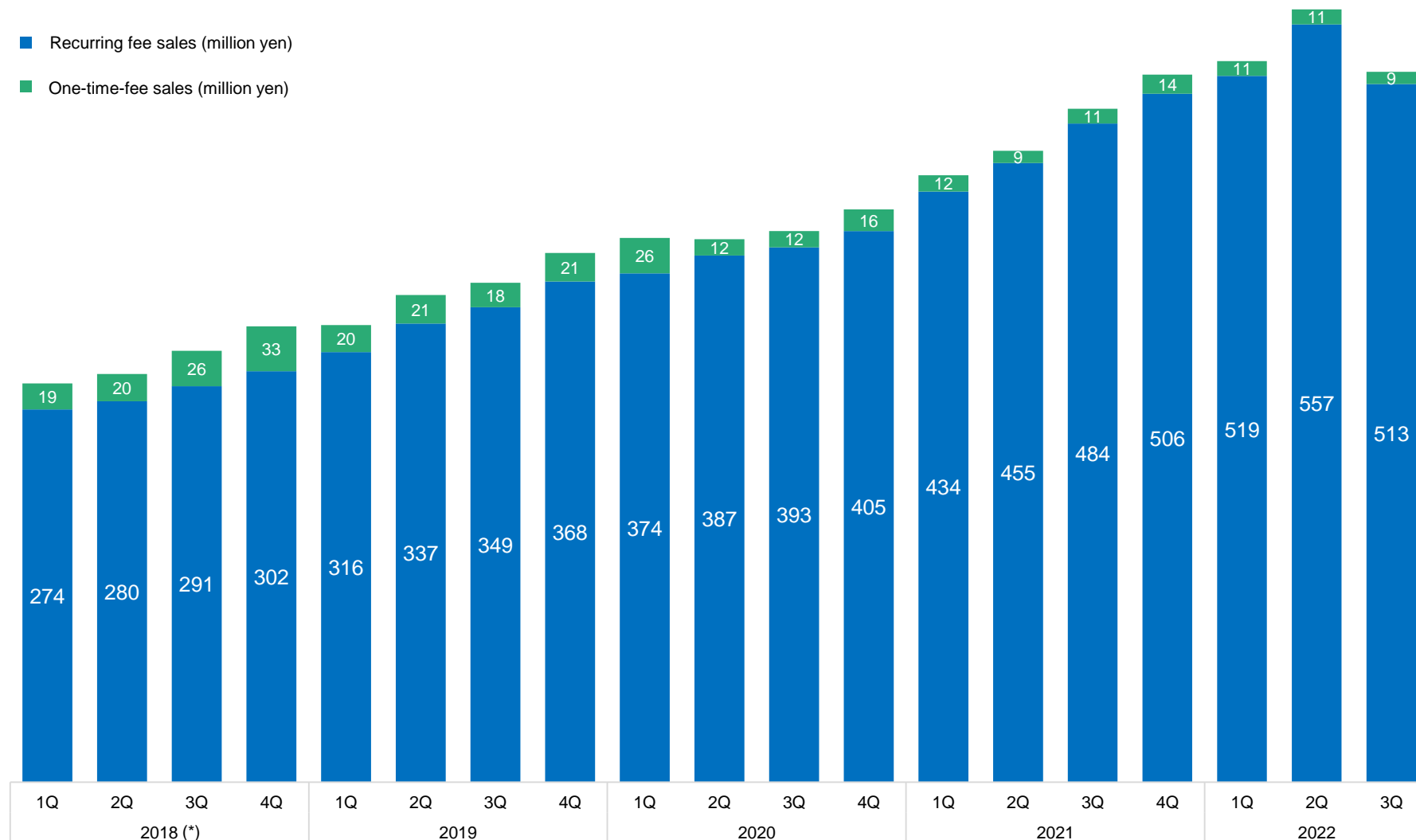
Recurring fee sales ratio for current year has remained at 98%

Thirdquarter
recurring fee
ratio

98.3%

■ Recurring fee sales (million yen)

■ One-time-fee sales (million yen)



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

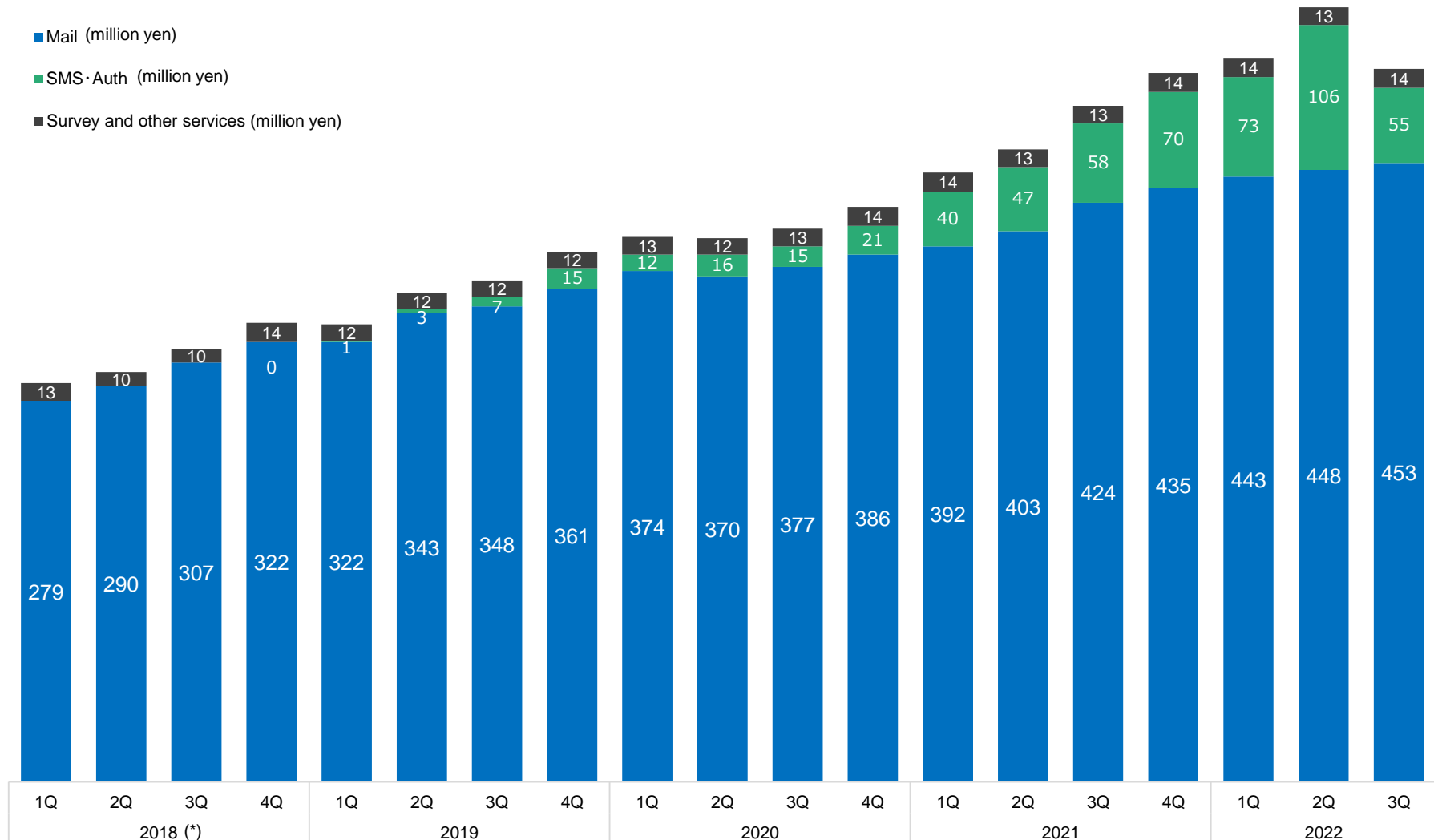
Quarterly sales development - Ratio of net sales (Mail, SMS/Auth, Survey and other services)

✓ **Mail remained steady, but SMS declined by 48.1% quarter-on-quarter due to a decrease in deliveries for sales promotions.**

■ Mail (million yen)

■ SMS·Auth (million yen)

■ Survey and other services (million yen)



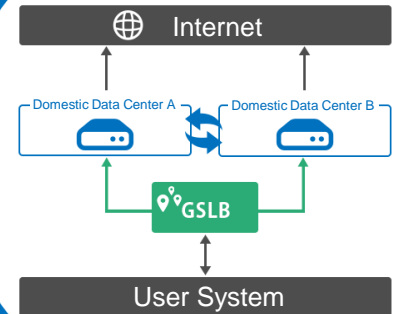
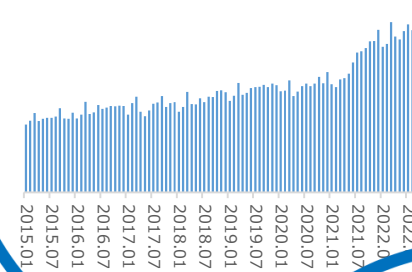
(*) Figures for the fiscal year ended December 31, 2018 are unaudited figures.

Main service highlights

Mail

- ✓ Thanks to new EC site and e-book website users and other factors, monthly message deliveries continued to increase.
- ✓ The monthly churn rate from January to September 2022 remained low at the average of 0.38%.

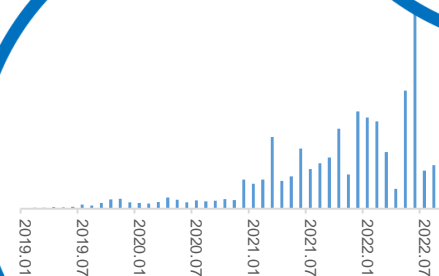
Mail - Monthly deliveries



SMS/Auth

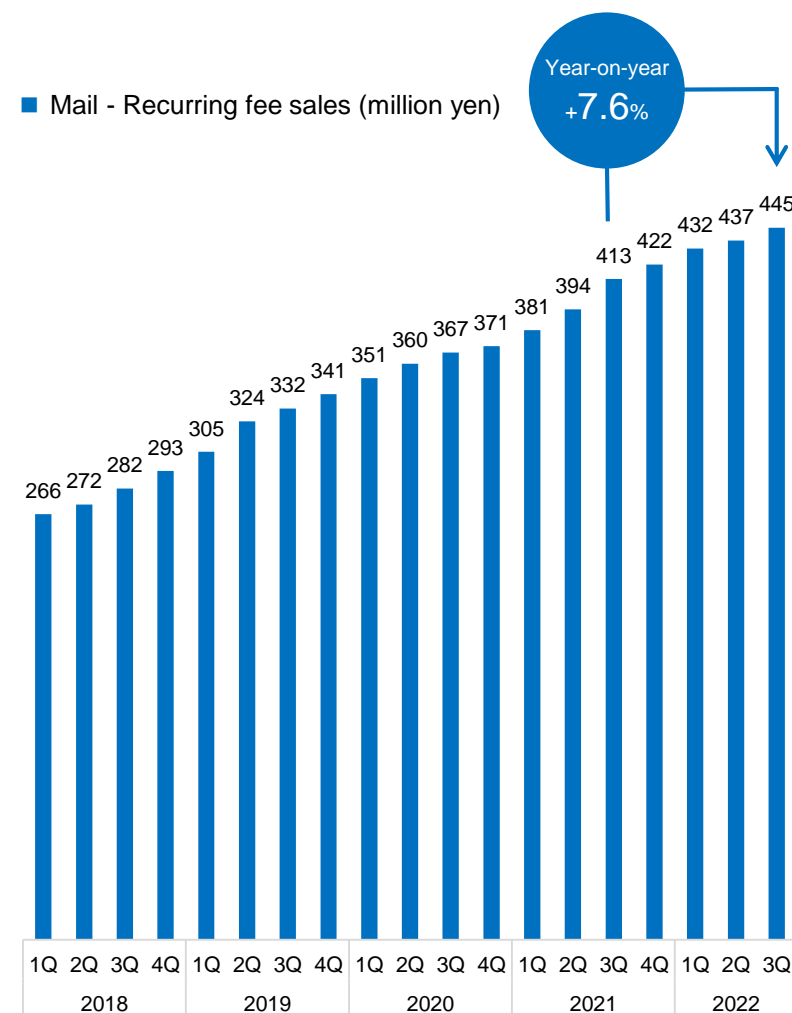
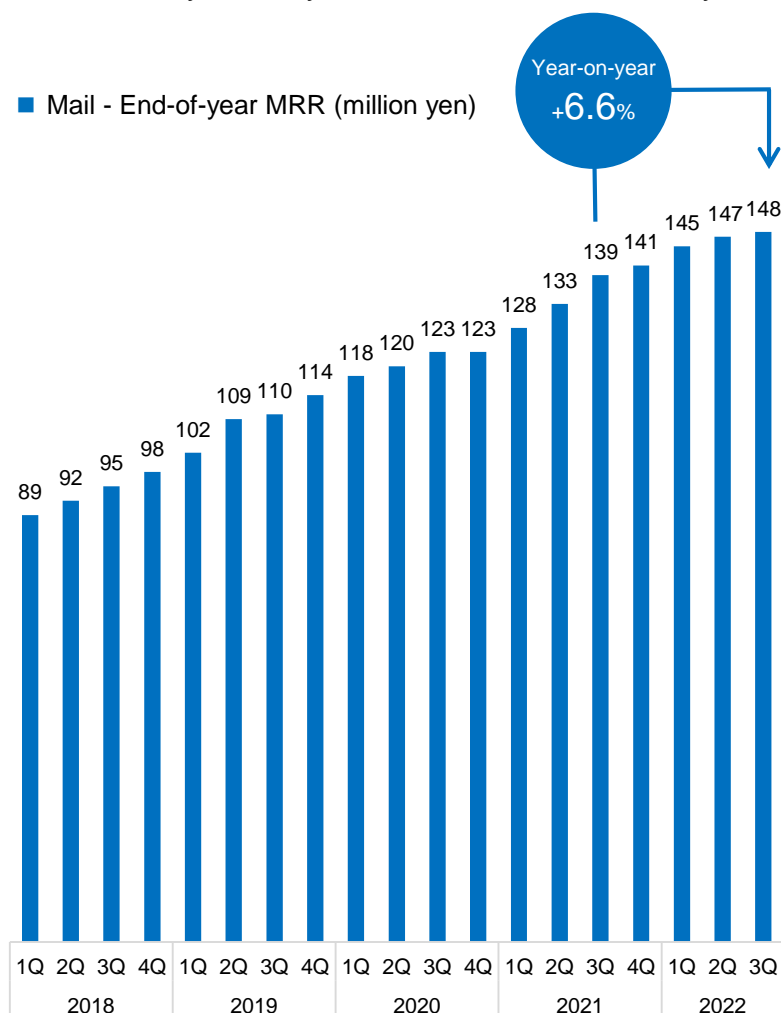
- ✓ Year-on-year, the third quarter (July to September) remained at the same level given the reduction in COVID-19-related deliveries and sales promotion deliveries from the same period last year, and there was a quarterly decline.
- ✓ The monthly churn rate from January to September 2022 fell to an average of 1.24%.

SMS - Monthly deliveries



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

Third quarter (September) MRR increased by 6.6% year-on-year to 148 million yen, and third quarter recurring fee sales saw a 7.6% year-on-year increase to 445 million yen



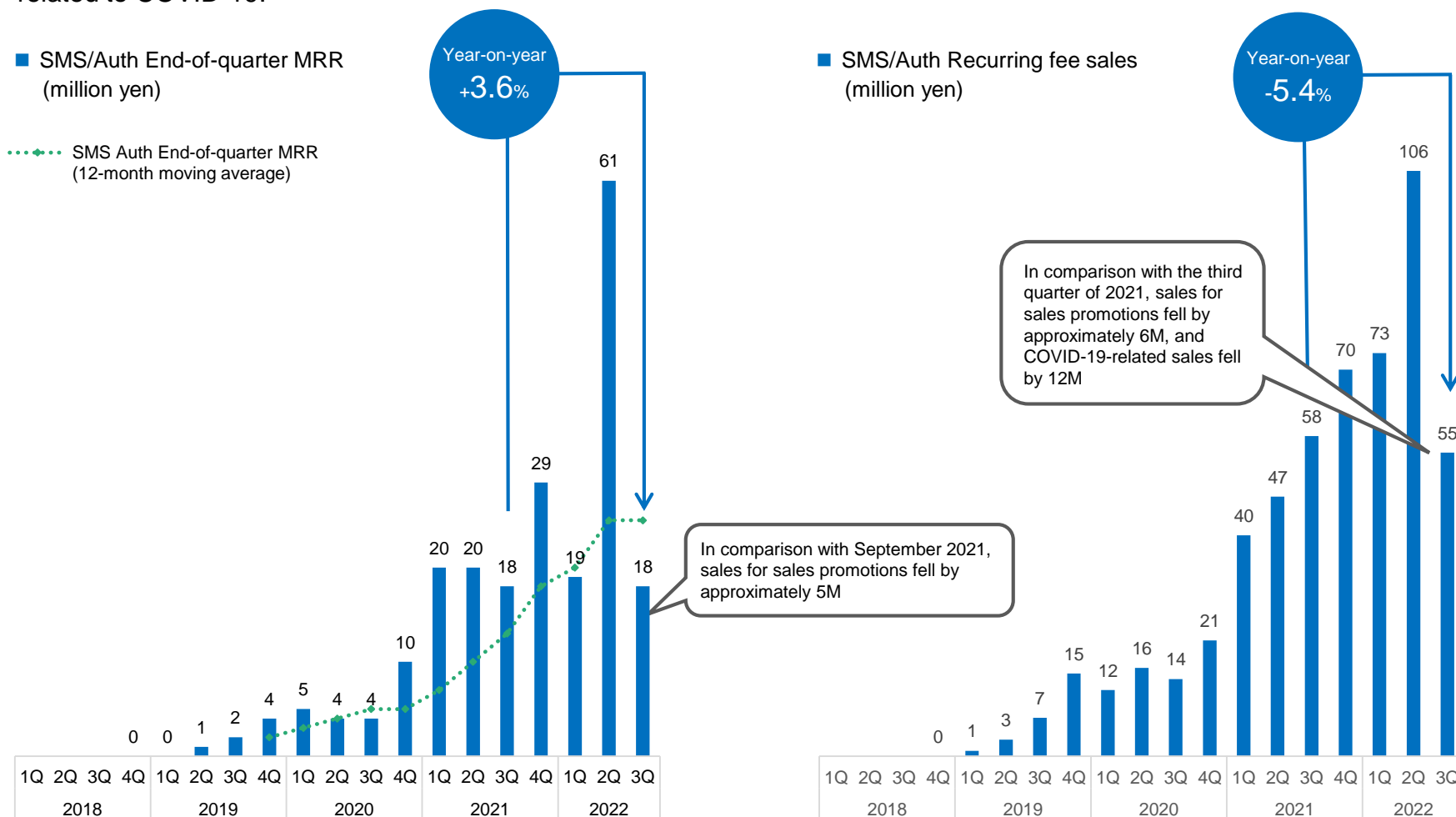
(*1) MRR (Monthly Recurring Revenue):

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

The MRR at the end of the third quarter (September) showed no marked fluctuations with only a 3.6% year-on-year increase due to a fall in deliveries for sales promotions

Third quarter recurring fee sales also fell by 5.4% year-on-year due to a fall in deliveries for sales promotions and deliveries related to COVID-19.



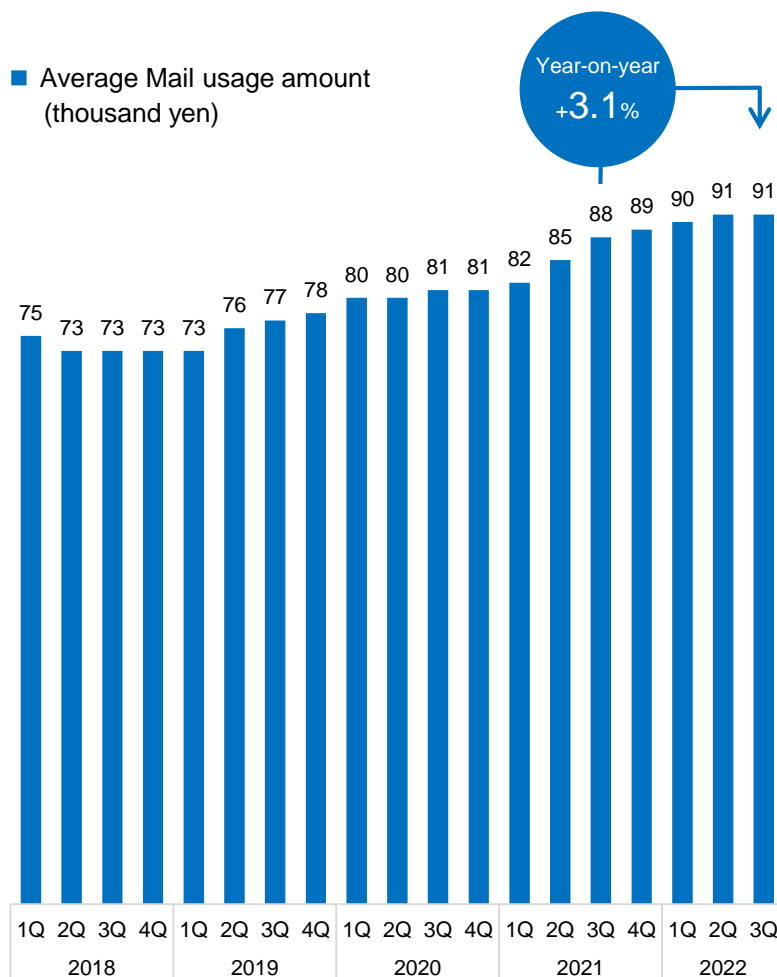
Note: Pay-per-use sales based on the number of delivery account for 80.6% of SMS service usage sales (results for January to December 2021).

The number of monthly delivery 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)

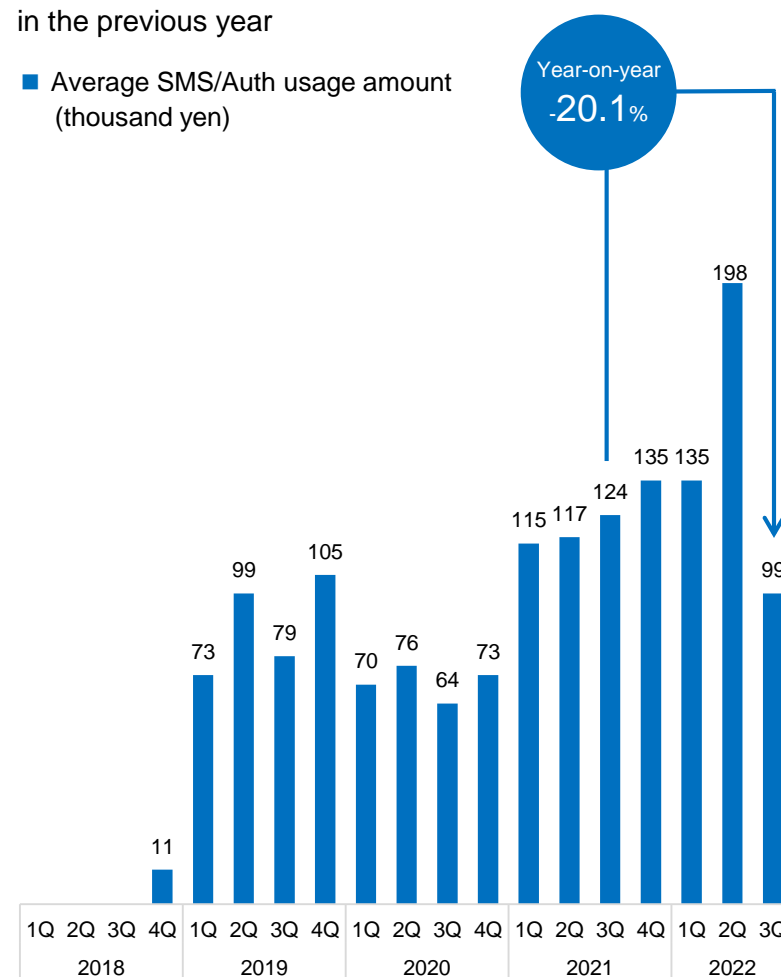
Mail

Average usage amount for the third quarter increased by 3.1% year-on-year



SMS/Auth

Average usage amount fell by 20.1% due to a fall in deliveries for sales promotion this quarter and a rebound from the increase in COVID-19-related deliveries in the previous year

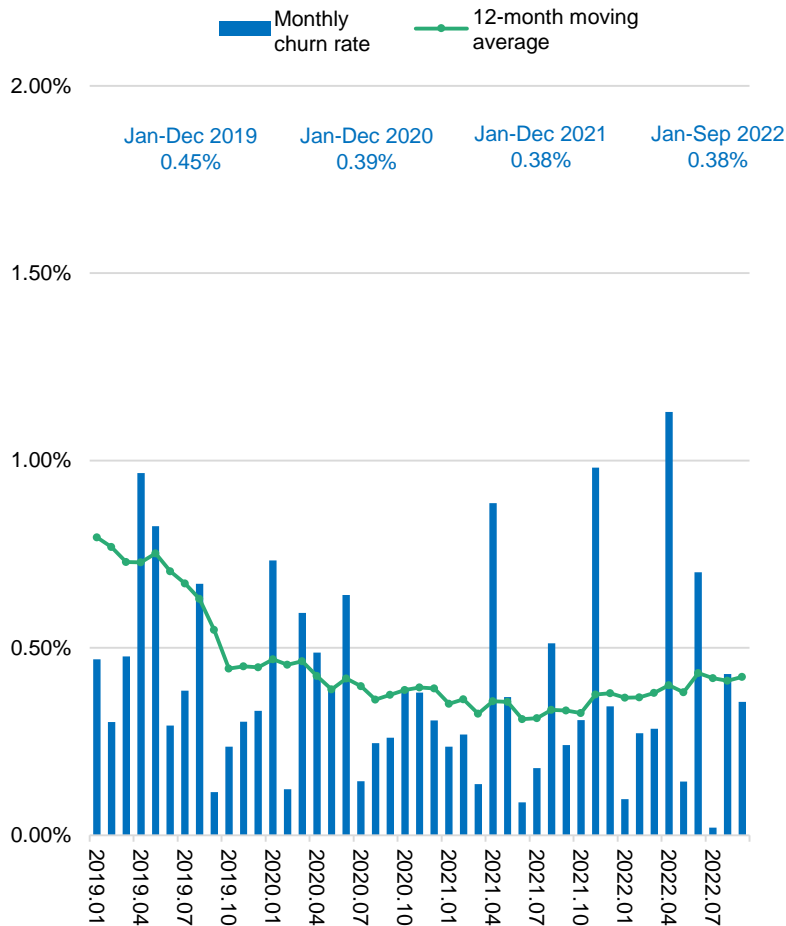


(*1) One-off sales (one-time-fee sales) such as initial setting and customization are not included in the average usage amount per contract
This is calculated by the formula: <Total full-year recurring fee sales / Total number of full-year contracts>

Monthly churn rate

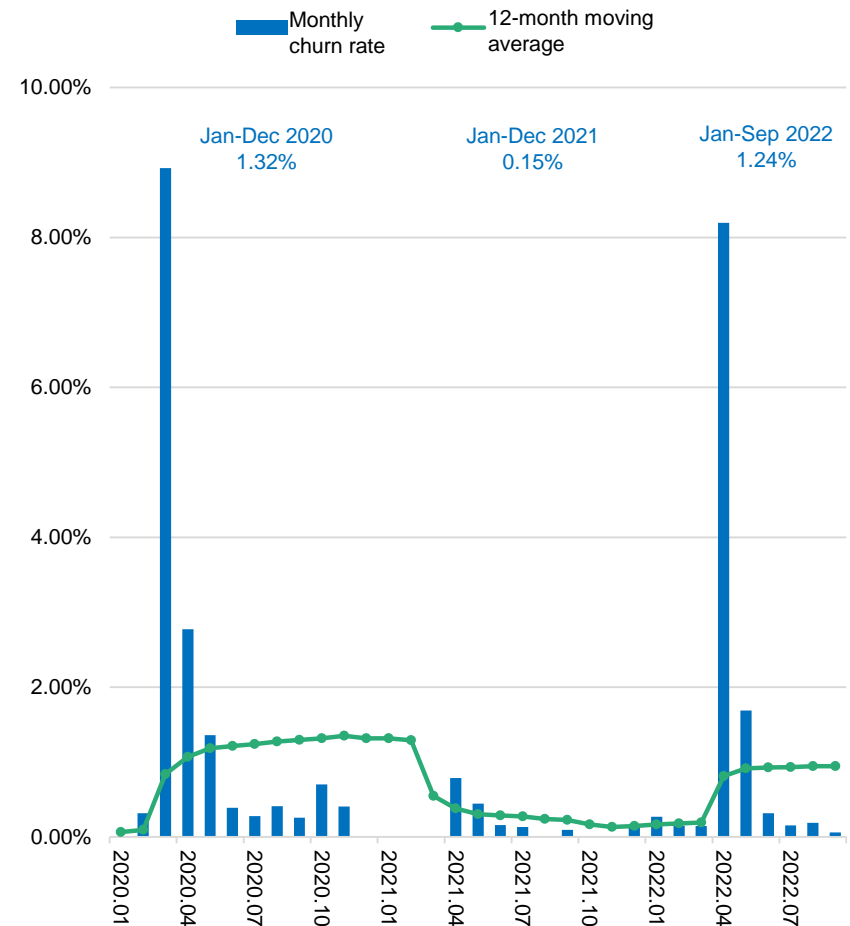
Mail (*1)

The monthly churn rate from January to September 2022 remained low at the average of 0.38%



SMS/Auth (*1)(*2)

While this suffered due to a churn (*3) with a limited impact on revenue in the second quarter, the churn subsequently declined and the monthly churn rate for January to September 2022 fell to 1.24%



(*1) The churn rate is based on the revenue churn (amount based), and it is calculated by the formula: $\text{Cancellation amount incurred in the month} / \text{Contract amount at the beginning of the month} \times 100$

(*2) 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

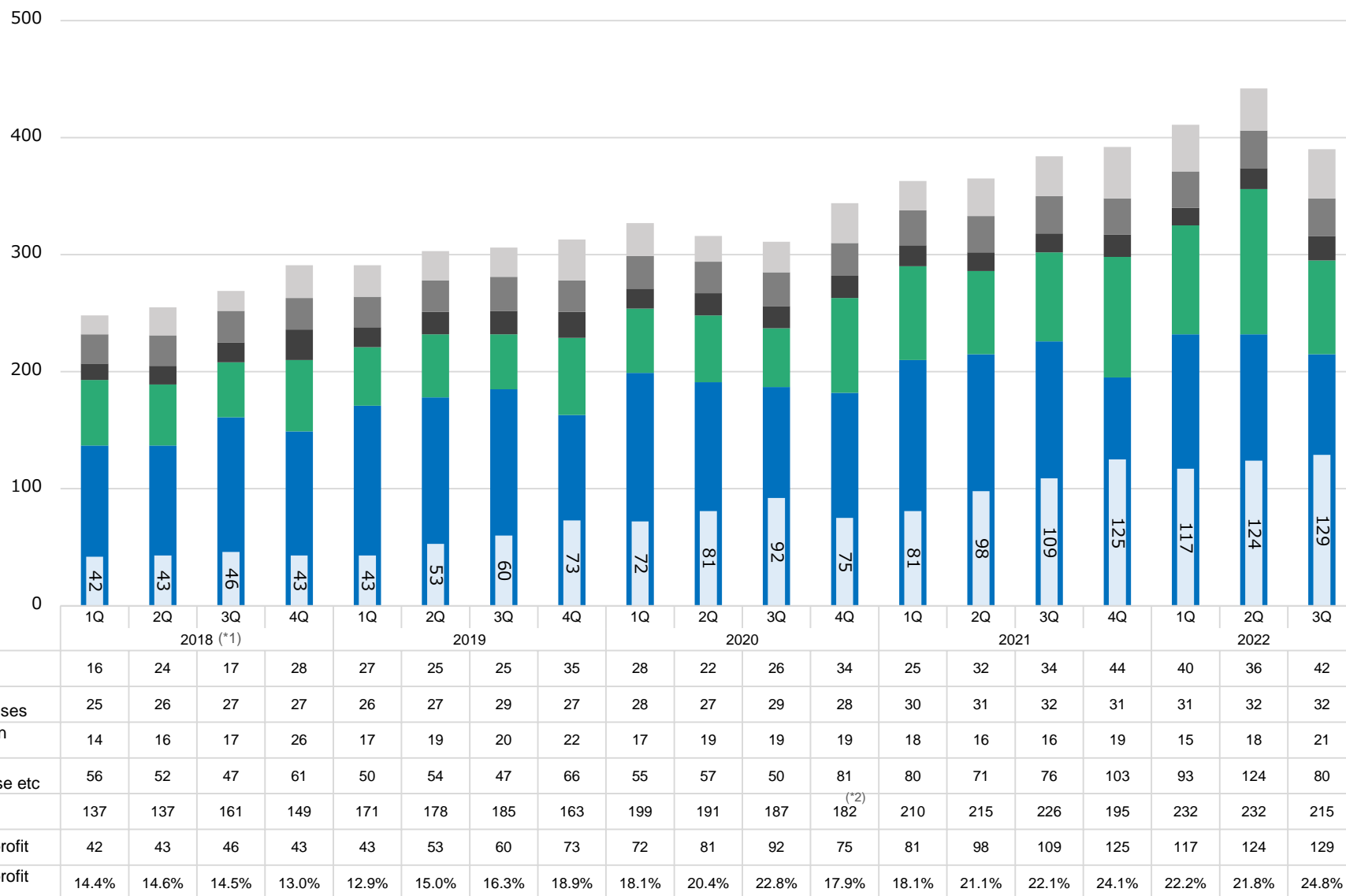
(*3) Churn with a limited impact on revenue: Termination of contracts with head office due to the reorganization of business operations at customers who have contracts with headquarters and multiple branches. Although the impact on the total number of deliveries is low, the churn rate increases

Income statement

	Cumulative results up to Q3 FY2021	Cumulative results up to Q3 FY2022	Rate of increase/decrease	Increase/decrease
Net sales	1,408 million yen	1,622 million yen	15.2 %	214 million yen
Cost of goods sold	460 million yen	556 million yen	20.7 %	95 million yen
Gross profit	947 million yen	1,066 million yen	12.6 %	119 million yen
Gross profit ratio	67.3 %	65.7 %	△ -1.5 pts.	
Sales, general and administrative expenses	658 million yen	694 million yen	5.5 %	36 million yen
Operating profit	288 million yen	371 million yen	28.8 %	83 million yen
Operating profit ratio	20.5 %	22.9 %	2.4 pts.	-
Ordinary profit	273 million yen	371 million yen	36.2 %	98 million yen
Current net profit	187 million yen	256 million yen	36.5 %	68 million yen
Current net profit ratio	13.3 %	15.8 %	2.5 pts.	-

SMS sales increase leading to increase in cost of goods sold for SMS

Growth of quarterly operating expenses and operating profit



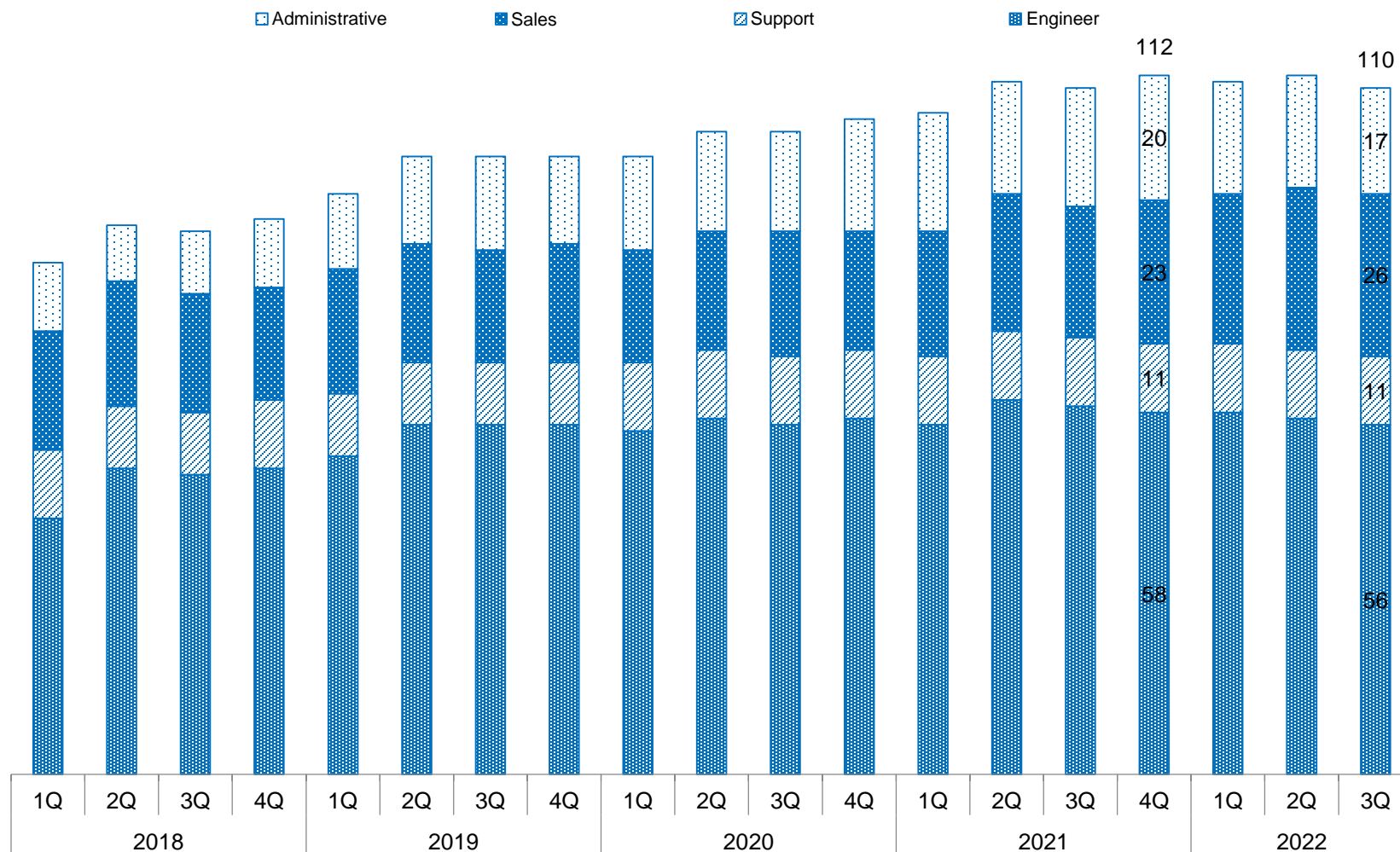
(*1) Figures for the fiscal year ended December 31, 2018 are unaudited figures.

(*2) Q4 of the fiscal year ended December 31, 2020 saw a temporary increase in expenses for server/DC and stocking, etc., due to demands for remote working environments (acquisition of PCs and security software, etc.).

Number of employees



The number of employees fell slightly compared to the end of the previous year




Balance sheet

	Fiscal year ended December 31, 2021	Fiscal year to September 30, 2022	Increase/decrease	
Current assets	1,820 million yen	1,875 million yen	54 million yen	Main causes of increase/decrease of current assets • Current net profit before tax +371 million yen • Assets acquired -100 million yen • Share buyback -118 million yen • Payment of accounts payable, etc. -147 million yen
Fixed assets	276 million yen	328 million yen	51 million yen	
Total assets	2,097 million yen	2,203 million yen	105 million yen	
Current liabilities	402 million yen	370 million yen	△ 32 million yen	Main causes of increase/decrease of current liabilities • Reduction in accounts payable, etc. -147 million yen • Corporation tax payable +20 million yen • Bonus reserve +92 million yen
Fixed liabilities	- million yen	- million yen	- million yen	
Total liabilities	402 million yen	370 million yen	△ 32 million yen	
Total net assets	1,695 million yen	1,833 million yen	138 million yen	
Equity ratio	80.8 %	83.2 %	2.4 pts.	
Book value per share	435.48 yen	481.41 yen	45.93 yen	

3. Full-year forecast for the fiscal year ending December 31, 2022

Forecast and progress for the fiscal year ending December 31, 2022

 **Sales stand at 74.6% and operating profit stands at 79.1% in terms of the full-year forecast**

	Fiscal year ending December 31, 2022	Cumulative results up to Q3 FY2022	Progress rate
Net sales	2,175 million yen	1,622 million yen	74.6 %
Recurring fee sales	2,126 million yen	1,590 million yen	74.8 %
One-time-fee sales	48 million yen	32 million yen	65.8 %
Operating profit	470 million yen	371 million yen	79.1 %
Operating profit ratio	21.6 %	22.9 %	1.3 pts.
Ordinary profit	470 million yen	371 million yen	79.1 %
Current net profit	321 million yen	256 million yen	79.7 %
Current net profit ratio	14.8 %	15.8 %	1.0 pts.

Financial forecast for the fiscal year ending December 31, 2022

Index of main services

	Fiscal year ended December 31, 2021	Fiscal year ending December 31, 2022	Rate of increase/decrease
Mail			
Full-year recurring fee sales	1,612 million yen	1,776 million yen	10.2 %
End-of-year MRR	141 million yen	154 million yen	9.2 %
Monthly churn rate	0.38 %	0.41 %	0.03 Pts.
SMS			
Full-year recurring fee sales	216 million yen	300 million yen	38.4 %
End-of-year MRR	29 million yen	36 million yen	24.3 %
Monthly churn rate	0.15 %	0.32 %	0.18 %

4. Growth plan

By further promoting “messaging technology” and
“commercialization of software service,” and through
expansion of the SaaS business area,
we will improve our corporate value and shareholder value



Vision for future growth

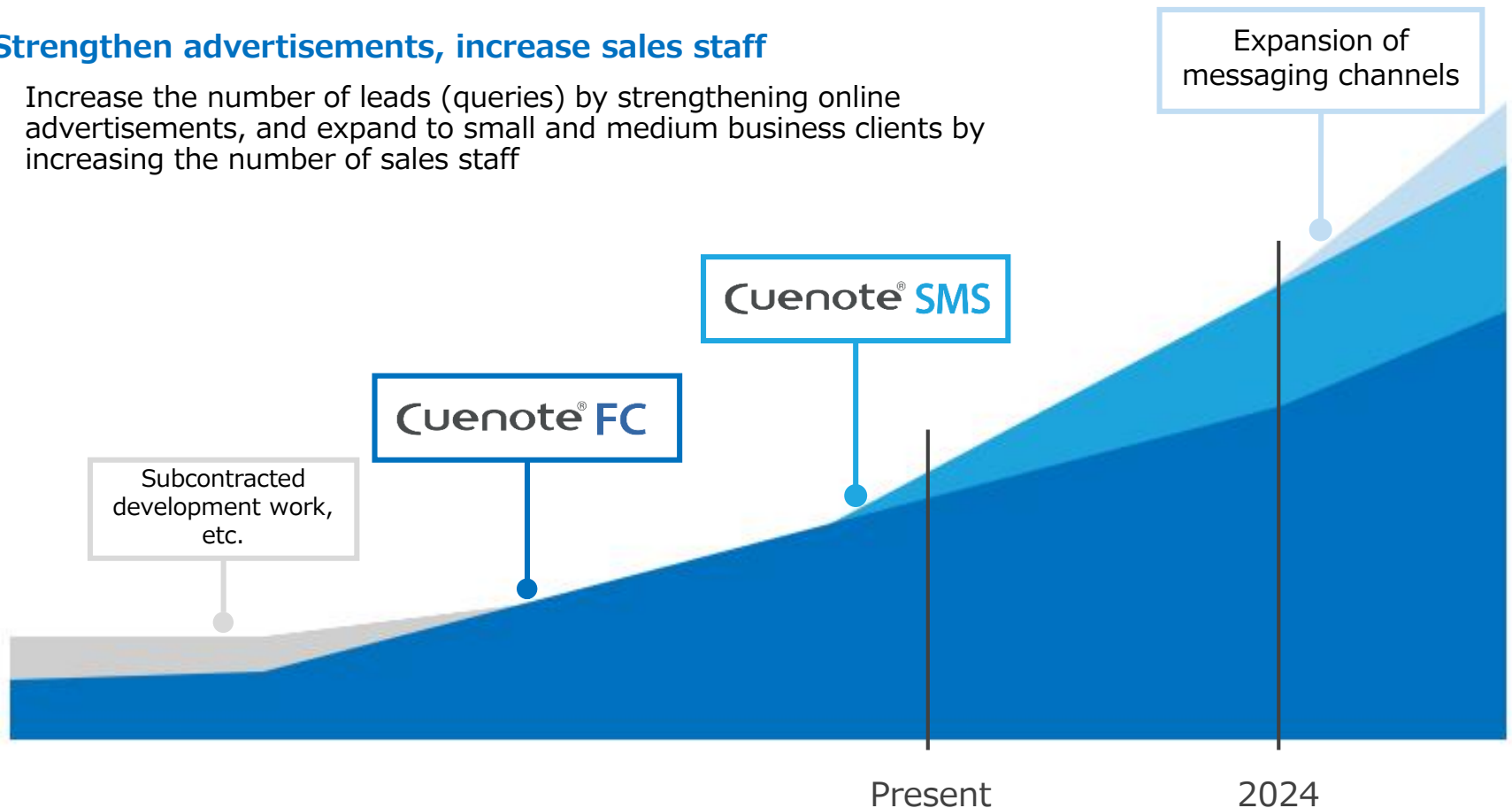
Continue to demonstrate excellent growth by expanding messaging channels (LINE, Web push, etc.) while continuing to strengthen growing email service

Increase of engineers

Strengthen by increasing the number of engineers in 2022-2023
Work on the development of a new messaging channel in 2023

Strengthen advertisements, increase sales staff

Increase the number of leads (queries) by strengthening online advertisements, and expand to small and medium business clients by increasing the number of sales staff



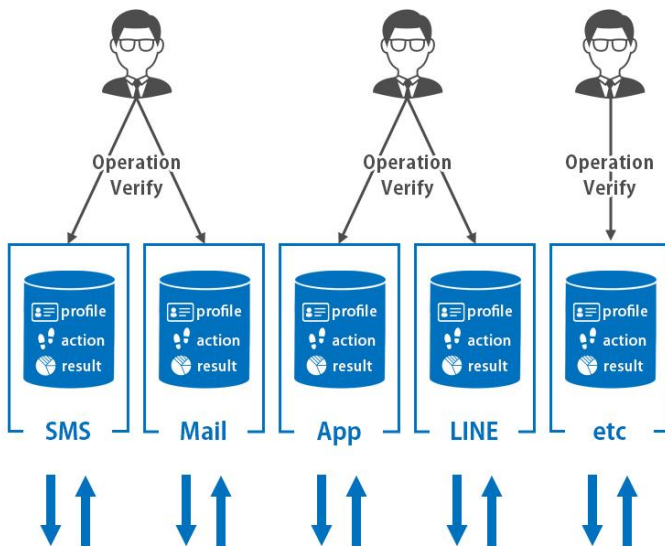
Role of a messaging platform

Background

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

Company

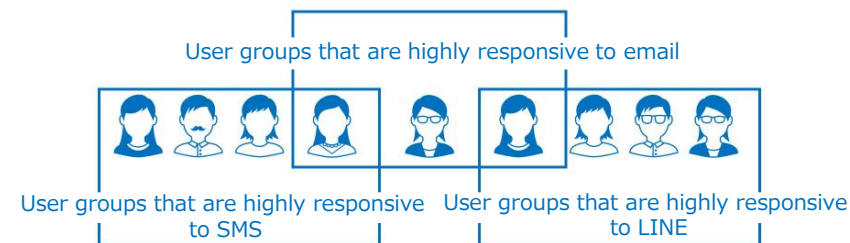
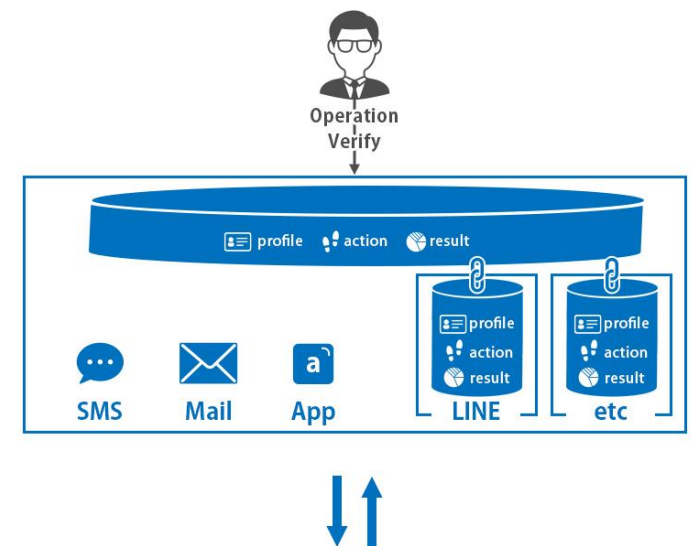
Marketing measures for each communication channel
More complex marketing activities, increased costs



Consumer

Increase in frequency and similarity of received information
Decline in loyalty, departure of customers

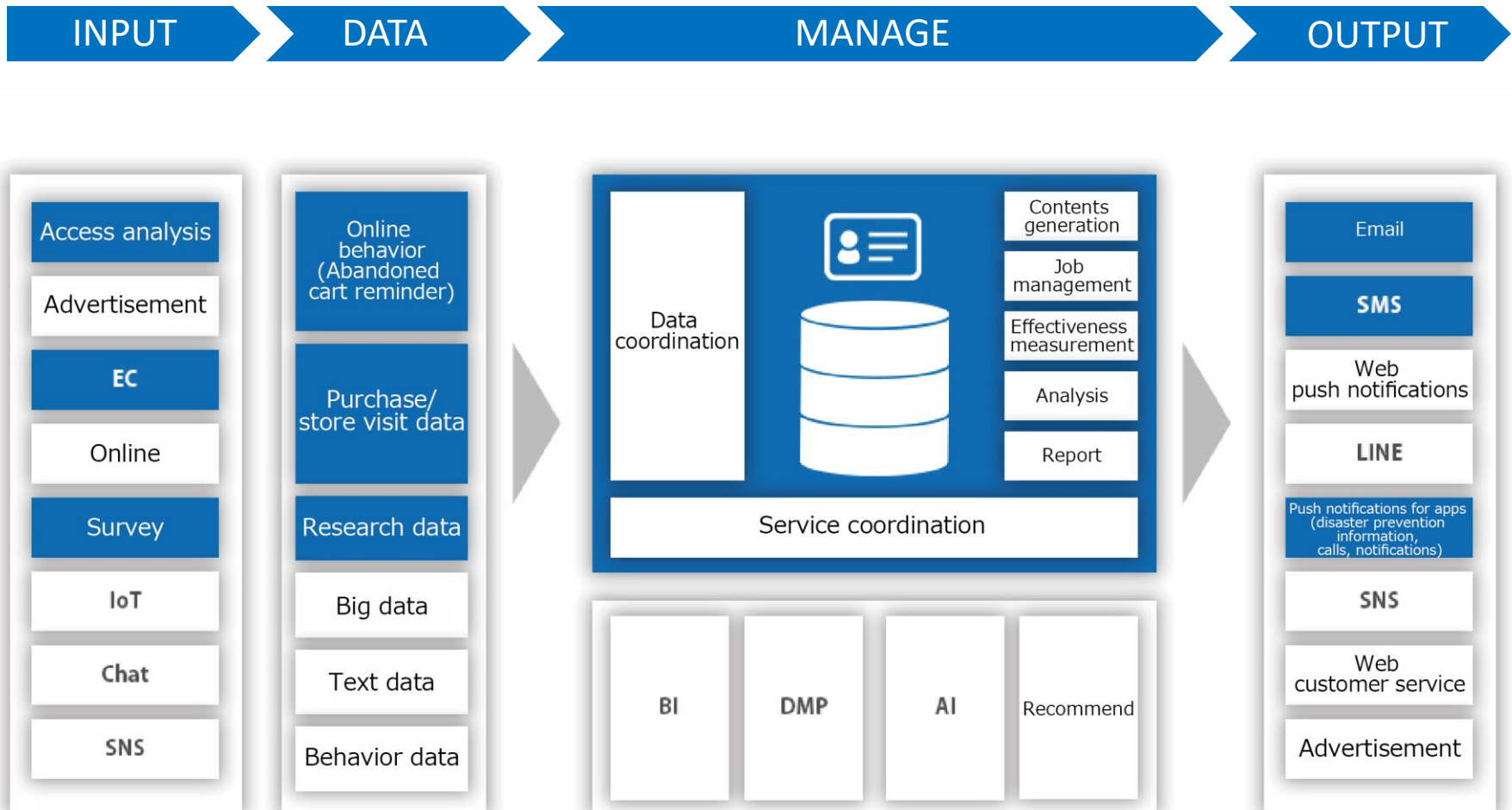
Improvement of the efficiency and sophistication of marketing activities
Realization of consistent or seamless communication
Improvement of effectiveness through user profile and behavior analysis



Receiving information with optimized frequency,
amount and timing

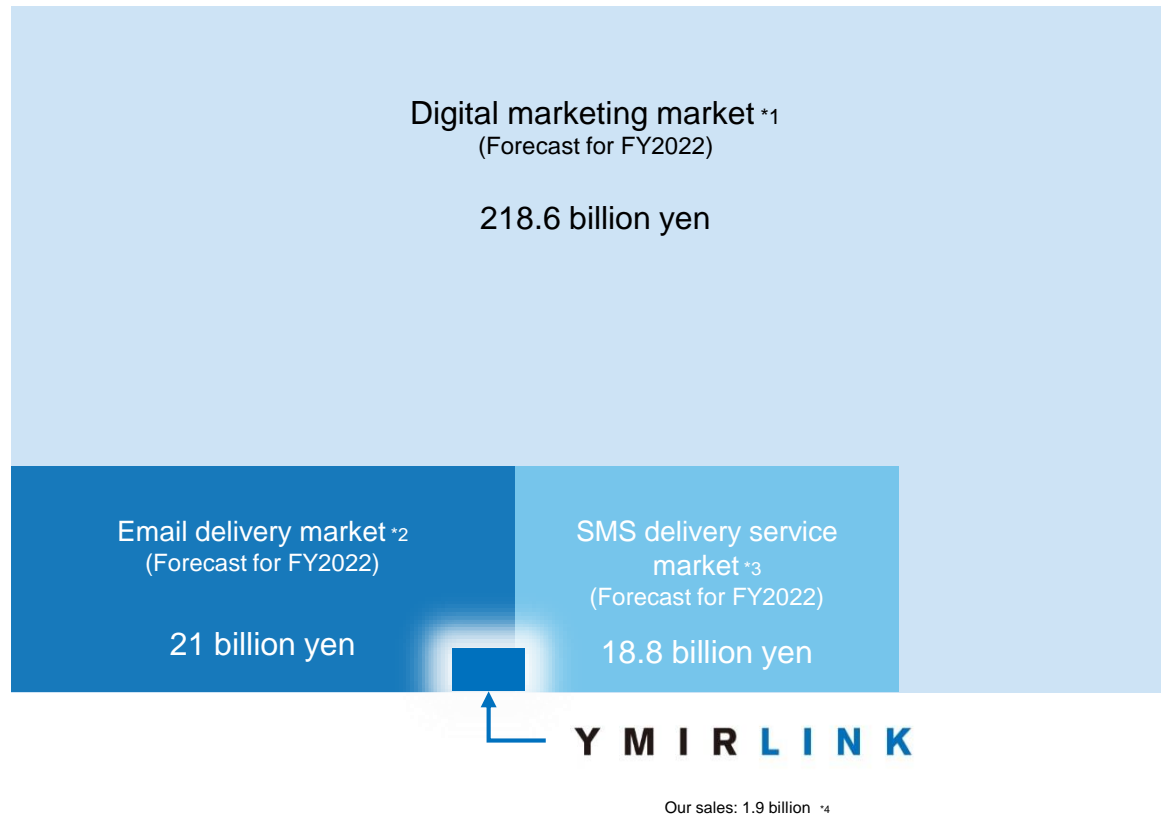
Messaging platform conceptual diagram

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



*1 Source: Fuji Chimera Research Institute "Software Business New Market 2021 Edition" Digital marketing market (Forecast for FY2022)

*2 Source: ITR Corporation "ITR Market View: Email/Web marketing markets 2022" Email delivery market (Forecast for FY2022)

*3 Source: ITR Corporation "ITR Market View: EC site construction/CMS/SMS delivery service/CLM/E-contract service markets 2021" SMS delivery service market (Forecast for FY2022)

*4 Net sales for fiscal year ended December 31, 2021

5. appendix

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 6.9 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.

About products

Email relay server

Cuenote® SR-S



SaaS

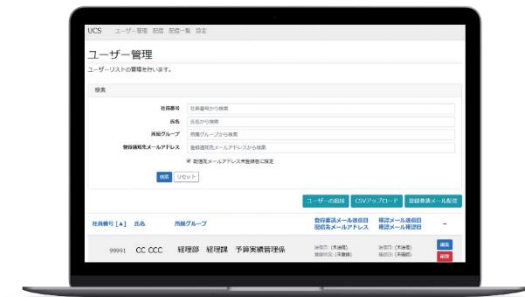
Software

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.

Safety confirmation service

安否確認サービス Cuenote®



SaaS

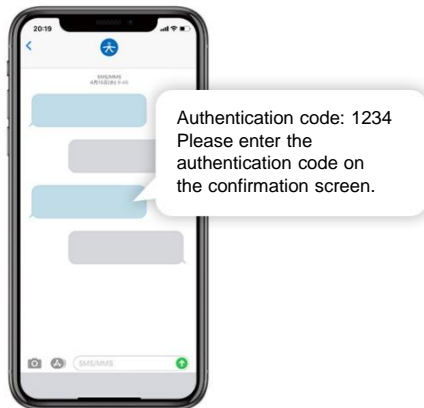
This is a safety confirmation service that is linked with weather information, and in the event of disaster, it can automatically confirm the safety status of the employees in the affected area.

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.

About products

SMS delivery service

Cuenote[®] SMS



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

Cuenote[®] Auth



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 created and sent.

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

Cuenote® Survey



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

Cuenote® Survey

Disclaimer

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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.

Additionally, information regarding matters and organizations other than YMIRLINK is based on publicly available information, and we have not verified and do not guarantee the accuracy and appropriateness of such publicly available information.

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