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February 10, 2023

Non-consolidated Financial Results for the Ended December 31, 2022 (Under Japanese GAAP)

Company name: YMIRLINK, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4372
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 Scheduled date of regular general meeting of the shareholders: March 30, 2023
 Scheduled date to commence dividend payments: —
 Scheduled date of submission of annual securities report: March 31, 2023
 Preparation of supplementary material on financial results: Applicable
 Holding of financial results briefing: Applicable (For institutional investors and analysts)

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

1. Non-consolidated financial results for the year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2022	2,181	13.1	520	25.7	520	30.6	359	25.3
Fiscal year ended December 31, 2021	1,929	18.4	414	28.3	398	22.1	286	28.1

	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	%	%	%
Fiscal year ended December 31, 2022	92.93	—	19.8	23.3	23.9
Fiscal year ended December 31, 2021	78.65	—	20.6	22.5	21.5

(Reference) Equity method investment profit and loss

Fiscal year ended December 31, 2022

—million yen

Fiscal year ended December 31, 2021

—million yen

- (Note) 1. As of April 30, 2021, we have gone with a stock split at a ratio of 1 to 100 for our common stocks. The calculations for the profit per share for the fiscal year in question assume that the stock split took place at the beginning of the fiscal year ended December 31, 2021.
2. The diluted earnings per share for the fiscal year in question is not listed, as there are no dilutive shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended December 31, 2022	2,376	1,936	81.5	508.45
Fiscal year ended December 31, 2021	2,097	1,695	80.8	435.48

Reference: Equity

As of December 31, 2022: ¥1,935 million

As of December 31, 2021: ¥1,695 million

(3) Cash flow status

	Cash flow due to business activities	Cash flow due to investment activities	Cash flow due to financial activities	Balance cash and cash equivalents at the end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2022	444	△117	△118	1,721
Fiscal year ended December 31, 2021	341	687	294	1,513

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2022 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Non-consolidated earnings forecasts for the fiscal year year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(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 ending December 31, 2022	2,400	10.1	575	10.4	575	10.5	396	10.3	104.11

(Notes) We conduct operation control yearly, so we have omitted the second quarter (cumulative) results forecast. See page 3, “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: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(2) Number of issued shares (common shares)

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

Fiscal year ended December 31, 2022	3,892,600 shares
Fiscal year ended December 31, 2021	3,892,600 shares

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

Fiscal year ended December 31, 2022	84,637 shares
Fiscal year ended December 31, 2021	– shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2022	3,867,555 shares
Fiscal year ended December 31, 2021	3,647,984 shares

(Note) We, as of April 30, 2021, have gone with a stock split at a ratio of 1 to 100 for our common stocks. The calculations for the number of issued shares at the end of the period and the average number of shares outstanding during the period assume that the stock split took place at the beginning of the fiscal year ended December 2021.

* 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 3 of the attached material “1. Financial overview: (4) Future estimates.”

(How to obtain the details of financial results briefings)

We are planning to hold an explanatory meeting for institutional investors on February 15 (Weds), 2023 and for individual investors on the 17th (Fri). 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 movements toward recovery from the spread of COVID-19 variants in the fiscal year in question and economic activities were showing signs of normalizing, the economic outlook remains uncertain due to the supply shortages of semiconductors caused by the prolonging of the situation between Russia and Ukraine as well as the increase in the cost of raw materials and the rapid weakening of the yen among other such factors.

On the other hand, the Business Outlook Survey (surveying a period from October to December 2022), released by the Cabinet Office and the Ministry of Finance on December 12, 2022, 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 as the second and third most important issue by large corporations across industries (45.3%) and medium-sized corporations (43.9%), respectively. 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 December 2022, we broke our record for the most deliveries in our message delivery service, delivering 7 billion messages in a month.

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 Safety Confirmation Service”:

In April 2022, we expanded functionality by offering SMS as an optional service in addition to e-mail for companies that want to send safety confirmation notifications to employees and staff. SMS, which is sent to cellular phone numbers, has a high open rate and is a sure means of delivering notification to the receiver. Sending notifications using multiple methods (e-mail, SMS) allows for more certain safety confirmations.

- “Cuenote Auth”:

We started offering authorization utilizing SMS and IVR that automatically generates authorization codes as an API in May 2022, and have started offering an authorization service that allows for the quick and easy introduction of identity verification.

- “Cuenote Survey”:

We added a function for linking with Google Analytics 4 (GA4) to the latest version and commenced provision of this system in July 2022.

- “Cuenote SMS”:

We started offering a new version that was compatible with multi-factor authentication using software and hardware tokens in December 2022.

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 high-priced plans and an increase in the number of SMS customers was 2,132,482,000 yen, while the amount from fixed-term contracts at the end of the fiscal year was 187,377,000 yen (a year-on-year increase of 6.4%).
- Spot revenue: This includes Cuenote SaaS sales at the beginning of the period (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 sales, net sales in the fiscal year in question were 48,723,000 yen.

In light of the above, operating results for the fiscal year in question had net sales of 2,181,206,000 yen, operating profit of 520,647,000 yen, ordinary profit of 520,441,000 yen, and profit of 359,402,000 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 240,995,000 yen through the recording of profit, despite a decrease due to share buybacks.

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 278,618,000 yen to 2,376,330,000 yen. This is mainly from an increase in cash and deposits of 208,005,000 yen, an increase in accounts receivable of 27,155,000 yen, an increase in buildings of 6,026,000 yen through investment in facilities, an increase in tools, furniture, and fixtures of 19,301,000 yen, and an increase in prepaid expenses of 15,795,000 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 37,623,000 yen to 440,185,000 yen.

This is due mainly to factors including those related to the acquisition of data center equipment, namely a reduction of 4,845,000 yen in accounts payable, and reduction of 4,453,000 yen in accrued expenses related to bonuses. On the other hand, there was an increase of 45,001,000 yen to income taxes payable, etc., and of 3,757,000 yen to accrued consumption taxes.

(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 240,995,000 yen to 1,936,144,000 yen. This was from an increase in retained earnings of 359,402,000 yen from the recording of profit for the fiscal year in question, despite a decrease of 118,406,000 yen from share buybacks.

(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 208,005,000 yen to 1,721,203,000 yen.

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

(Cash flow due to business activities)

444,174,000 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 520,441,000 yen and depreciation at 77,669,000 yen. The major breakdown of expenditures trade receivables increases and decreases is showing a negative 27,155,000 yen, prepaid expenses a negative 15,795,000 yen and payment of income taxes at 117,696,000 yen.

(Cash flow due to investment activities)

117,761,000 yen of capital was used as a result of investment activities. Capital saw a reduction through expenditures of 104,151,000 yen due to the acquisition of property, plant and equipment such as data center equipment and of an internet business negotiation booth and expenditures of 13,609,000 yen for intangible assets such as server virtualization software.

(Cash flow due to financial activities)

18,406,000 yen of capital was used as a result of financial activities. This was from an expenditure of 118,406,000 yen from share buybacks.

(4) Future estimates

In the results for the year ending December 31, 2023, 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 2,400,000,000 yen (10.1% 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 575,000,000 yen (10.4% year-on-year increase), ordinary profit at 575,000,000 yen (10.5% year-on-year increase) and profit for the fiscal year in question at 396,000,000 yen (10.3% 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, 2021)	Fiscal year in question (December 31, 2022)
Assets		
Current assets		
Cash and deposits	1,513,197	1,721,203
Accounts receivable - trade	269,714	296,870
Raw materials	1,026	236
Prepaid expenses	33,583	49,379
Other	3,617	3,194
Allowance for doubtful accounts	(266)	(592)
Total current assets	1,820,874	2,070,292
Non-current assets		
Property, plant and equipment		
Buildings	49,387	58,573
Accumulated depreciation	(22,922)	(26,081)
Buildings, net	26,464	32,491
Tools, furniture and fixtures	446,808	528,709
Accumulated depreciation	(341,803)	(404,402)
Tools, furniture and fixtures, net	105,005	124,306
Total Property, plant and equipment	131,470	156,798
Intangible assets		
Software	20,206	24,569
Other	93	93
Total intangible assets	20,299	24,662
Investments and other assets		
Leasehold and guarantee deposits	89,559	89,559
Long-term prepaid expenses	8,944	7,771
Deferred tax	26,563	27,245
Total investments and other assets	125,067	124,577
Total non-current assets	276,837	306,037
Total assets	2,097,711	2,376,330

(Unit: 1,000 yen)

	Previous fiscal year (December 31, 2021)	Fiscal year in question (December 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	13,400	14,216
Accounts payable - trade	76,628	71,782
Accrued expenses	173,747	169,294
Advances received	32,052	27,548
Income taxes payable	69,172	114,173
Accrued consumption taxes	29,790	33,548
Other	7,770	9,621
Total current liabilities	402,562	440,185
Total liabilities	402,562	440,185
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	1,229,663	1,589,065
Total retained earnings	1,229,943	1,589,345
Treasury shares	-	(118,406)
Total shareholders' equity	1,695,148	1,936,144
Total net assets	1,695,148	1,936,144
Total liabilities and net assets	2,097,711	2,376,330

(2) Income statement

(Unit: 1,000 yen)

	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Fiscal year in question (from January 1, 2022 to December 31, 2022)
Net sales	1,929,357	2,181,206
Cost of sales	622,568	726,049
Gross profit	1,306,789	1,455,156
Selling, general and administrative expenses	892,434	934,509
Operating profit	414,354	520,647
Non-operating income		
Interest income	361	14
Other	25	74
Total non-operating income	387	88
Non-operating expenses		
Commission expenses	-	294
Listing expenses	16,168	-
Total non-operating expenses	16,168	294
Ordinary profit	398,573	520,441
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Total extraordinary losses	0	-
Profit before income taxes	398,573	520,441
Income taxes - current	114,345	161,721
Income taxes - deferred	(2,688)	(681)
Total income taxes	111,657	161,039
Profit	286,915	359,402

Detailed statement of cost of sales

		Previous fiscal year (from January 1, 2021 to December 31, 2021)		Fiscal year in question (from January 1, 2022 to December 31, 2022)	
Division	Notes No.	Amount (1,000 yen)	Segment ratio (%)	Amount (1,000 yen)	Segment ratio (%)
I. Material cost	*1	8,539	1.4	10,848	1.5
II. Labor cost		264,852	42.5	294,747	40.6
III. Expenses		349,175	56.1	420,452	57.9
Total manufacturing costs		622,568	100.0	726,049	100.0
Work in progress initial inventory		-		-	
Total		622,568		726,049	
Work in progress final inventory		-		-	
Total cost of sales		622,568		726,049	

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, 2021 to December 31, 2021)	Fiscal year in question (from January 1, 2022 to December 31, 2022)
Internet expenses	97,859	96,827
Depreciation	59,944	61,779
Communication expenses	120,956	179,990

(3) Statement of changes in equity

Previous fiscal year (from January 1, 2021 to December 31, 2021)

(Unit: 1,000 yen)

	Shareholders' equity							Total net assets
	Share capital	Capital surplus		Retained earnings			Total shareholders' equity	
		Legal capital surplus	Total legal capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at beginning of period	118,281	35,779	35,779	280	942,747	943,027	1,097,089	1,097,089
Cumulative effects of changes in accounting policies								-
Restated balance	118,281	35,779	35,779	280	942,747	943,027	1,097,089	1,097,089
Changes during period								
Issuance of new shares	155,572	155,572	155,572				311,144	311,144
Profit					286,915	286,915	286,915	286,915
Total changes during period	155,572	155,572	155,572	-	286,915	286,915	598,059	598,059
Balance at end of period	273,853	191,351	191,351	280	1,229,663	1,229,943	1,695,148	1,695,148

Fiscal year in question (from January 1, 2022 to December 31, 2022)

(Unit: 1,000 yen)

(Unit: 1,000 yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total legal capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings			
					Retained earnings brought forward				
Balance at beginning of period	273,853	191,351	191,351	280	1,229,663	1,229,943	-	1,695,148	1,695,148
Cumulative effects of changes in accounting policies									-
Restated balance	273,853	191,351	191,351	280	1,229,663	1,229,943	-	1,695,148	1,695,148
Changes during period									
Profit					359,402	359,402		359,402	359,402
Acquisition of treasury shares							(118,406)	(118,406)	(118,406)
Total changes during period					359,402	359,402	(118,406)	240,995	240,995
Balance at end of period	273,853	191,351	191,351	280	1,589,065	1,589,345	(118,406)	1,936,144	1,936,144

(4) Cash flow statement

(Unit: 1,000 yen)

	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Fiscal year in question (from January 1, 2022 to December 31, 2022)
Cash flow due to business activities		
Profit before income taxes	398,573	520,441
Depreciation	70,817	77,669
Loss on retirement of non-current assets	0	-
Increase (△ for decrease) in allowance for doubtful accounts	78	325
Interest and dividend income	(361)	(14)
Listing expenses	16,168	-
Decrease (△ for increase) in trade receivables	(64,626)	(27,155)
Decrease (△ for increase) in inventories	708	792
Increase (△ for decrease) in trade payables	1,141	816
Increase (△ for decrease) in accrued consumption taxes	(15,086)	3,757
Increase (△ for decrease) in accounts payable - other	24,203	5,555
Increase (△ for decrease) in accrued expenses	42,646	(4,453)
Decrease (△ for increase) in prepaid expenses	(7,335)	(15,795)
Decrease (△ for increase) in long-term prepaid expenses	2,408	1,172
Other	(2,215)	(959)
Subtotal	467,119	562,152
Interest and dividends received	4	12
Income taxes paid	(125,581)	(117,696)
Cash flow due to business activities	341,542	444,468
Cash flow due to investment activities		
Purchase of property, plant and equipment	(62,994)	(104,151)
Purchase of intangible assets	(9,932)	(13,609)
Decrease (increase) in deposits paid, net	760,764	-
Cash flow due to investment activities	687,838	(117,761)
Cash flow due to financial activities		
Proceeds from issuance of shares	311,144	-
Payments of listing expenses	(16,168)	-
Purchase of treasury shares	-	(118,701)
Cash flow due to financial activities	294,975	(118,701)
Net increase (△ for decrease) in cash and cash equivalents	1,324,356	208,005
Cash and cash equivalents at beginning of period	188,841	1,513,197
Cash and cash equivalents at end of period	1,513,197	1,721,203

(5) Notes concerning the financial statements

(Notes on being a going concern)

N/A

(Changes in accounting policies)

(Application of accounting standards for revenue recognition)

We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other such standards from the beginning of the fiscal year in question, and we recognize revenue as the amount expected to be received in exchange for promised goods or services at the point when the control of the promised goods or services is transferred to the customer.

Please note that income is not impacted by the application of the Accounting Standard for Revenue Recognition.

With regard to the application of the Accounting Standard for Revenue Recognition, we follow the transitional treatment set out in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, but there is no effect on retained earnings at the beginning of the period.

(Application of the Accounting Standard for Fair Value Measurement)

We have applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other such standards from the beginning of the fiscal year in question, and we follow the transitional treatment set out in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), and shall apply the new accounting policies set out in the Accounting Standard for Fair Value Measurement and other such standards henceforth. Please note that there is no impact on the financial statements.

(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, 2021 to December 31, 2021)	Fiscal year in question (from January 1, 2022 to December 31, 2022)
Net assets per share	435.48 yen	508.45 yen
Profit per share	78.65 yen	92.93 yen

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

2. We, as of April 30, 2021, have gone with a stock split at a ratio of 1 to 100 for our common stocks. The calculations for the net assets per share and for the profit per share for the fiscal year in question assume that the stock split took place at the beginning of the previous fiscal year.

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

	Previous fiscal year (from January 1, 2021 to December 31, 2021)	Fiscal year in question (from January 1, 2022 to December 31, 2022)
Profit (1,000 yen)	286,915	359,402
Amount not belonging to ordinary shareholders (1,000 yen)	-	-
Profit related to ordinary shareholders (1,000 yen)	286,915	359,402
Average number of ordinary shareholder shares during the period (shares)	3,647,984	3,867,555

(Significant events after reporting period)

(Introduction of the Restricted Stock Unit System)

At the board of directors meeting held on February 10, 2023, it was decided that discussions related to the introduction of the Restricted Stock Unit System would be held on March 30, 2023 at the 25th regular general meeting of shareholders.

Refer to the "Notice on the Introduction of the Restricted Stock Unit System" published today for details.