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

August 12, 2022

YMIRLINK, Inc.

Security identifier code: 4372

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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.**



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	112 (Full-time employees: 112, temporary employees: 0) *As of June 2022
Business	Messaging solution business

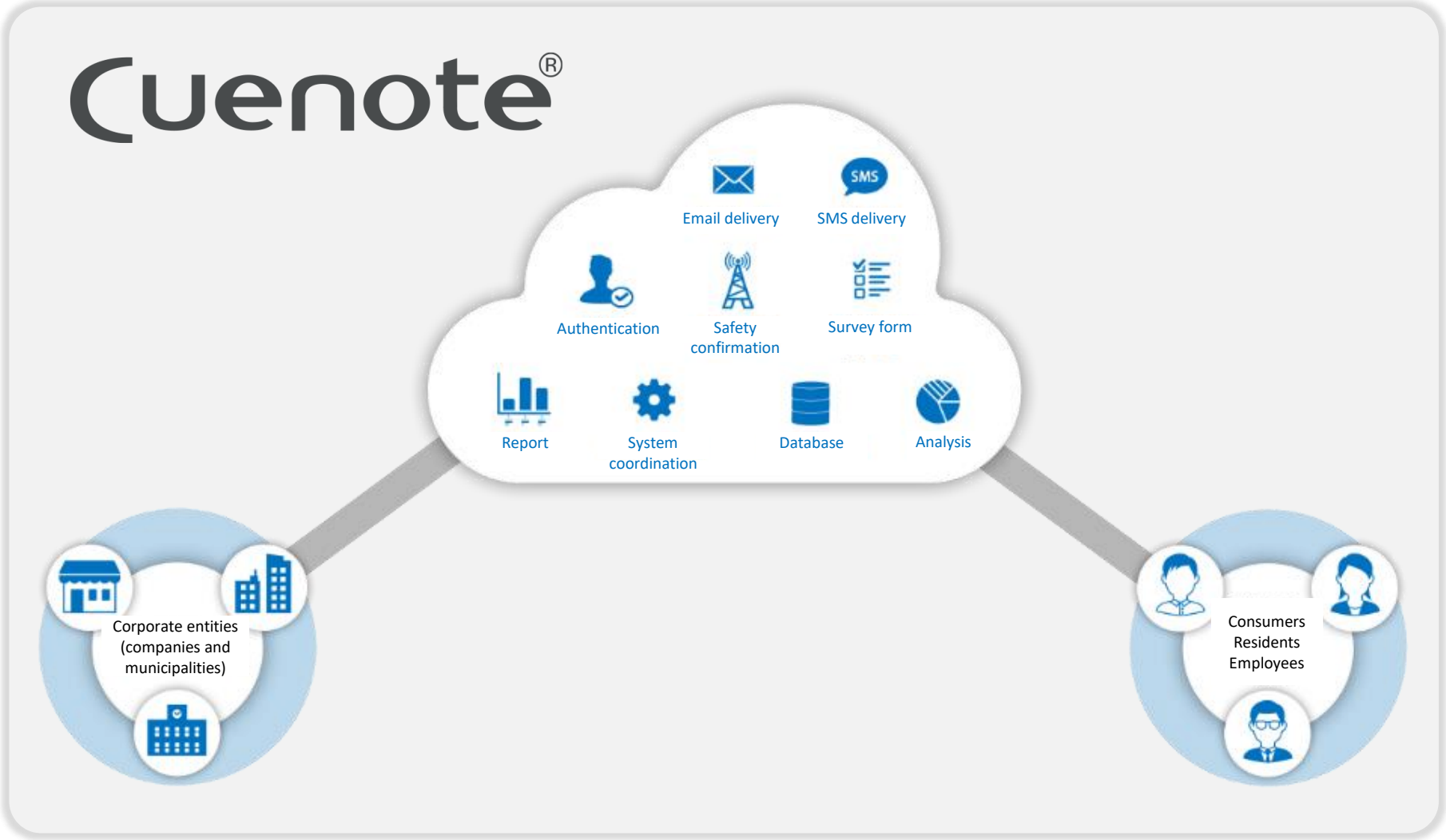
Corporate history

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

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.)



Cuenote Series

YMIRLINK

Email delivery system

Cuenote® FC



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

Sales ratio 63%

Email relay server

Cuenote® SR-S

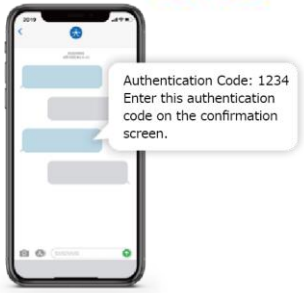


Relays SMTP through DNS settings
Solves email delivery delay and non-delivery
Includes delivery error reason analysis function

Sales ratio 18%

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 16%

Online survey and form system

Cuenote® Survey



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

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

Authentication service

Cuenote® Auth

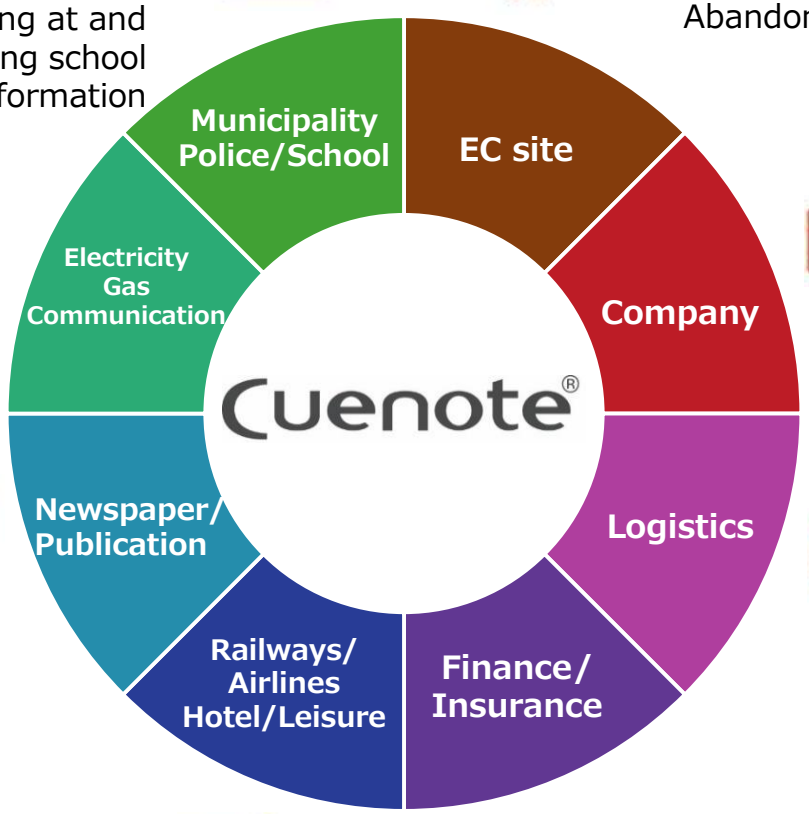


A service easily implementable with API coordination that utilizes SMS and IVR for secure multi-step authentication

(Note) The above sales ratio comparisons show the actual results for the period from January to June 2022.

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

Sales promotion
User authentication
Abandoned cart reminder

Price notification
Engineering work date information

IR/PR
Survey
Safety confirmation/ Call for meeting

Breaking news

Encourage store visits
Limited-time event notification

Reservation confirmation
Boarding/Visit remainder

Contract notice
Expiration/Renewal date information
Stock alert

Clients of Cuenote

Since its launch, Cuenote has gained popularity with many clients.
Over 1,900 contracts



(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 June 2022. All logos are posted with permission.

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

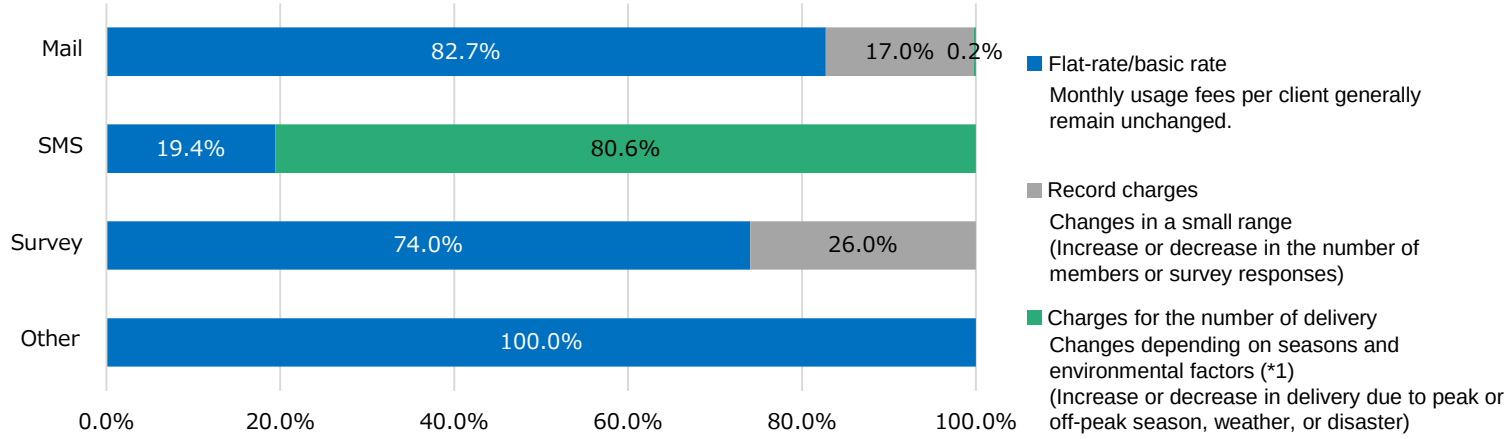
Sales classification

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.

2nd Quarter / Cumulative (January to June 2022) Earning Summary

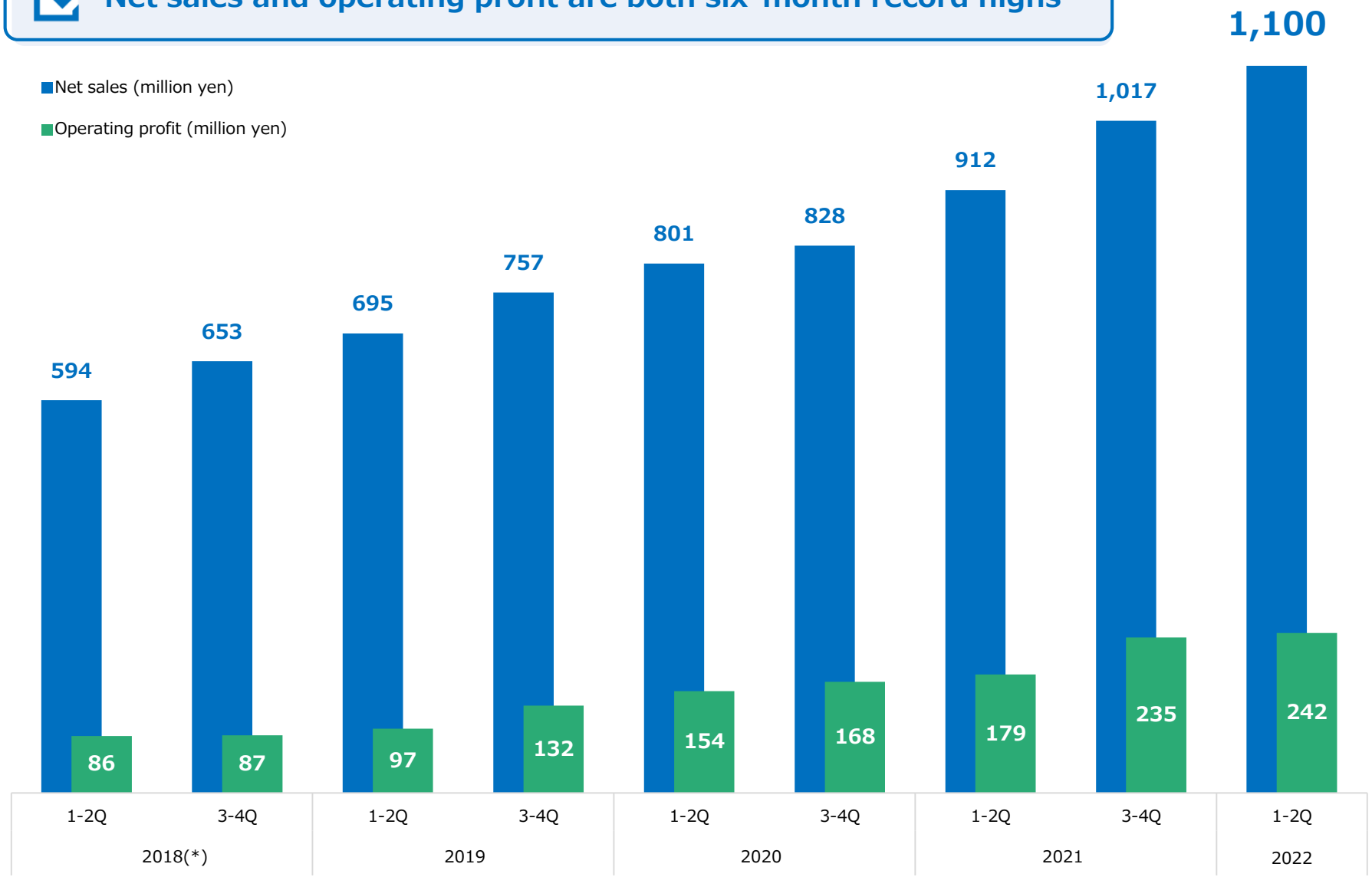
	Results up to Q2 FY2022 (Cumulative)		Year-on-year comparison	
Net sales	1,100	million yen	20.6	%
Operating profit	242	million yen	35.0	%
Current net profit	167	million yen	37.0	%
End-of-Q2 MRR (*1)	212	million yen	35.1	%
Mail	147	million yen	10.4	%
SMS, Auth (*2)	61	million yen	205.7	%
Survey and other services	4	million yen	2.7	%

(*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
It is mostly revenue from pay-per-use service charges based on the number of deliveries, and there are large seasonal and monthly fluctuations.

Six-month business results development

YMIRLINK

Net sales and operating profit are both six-month record highs



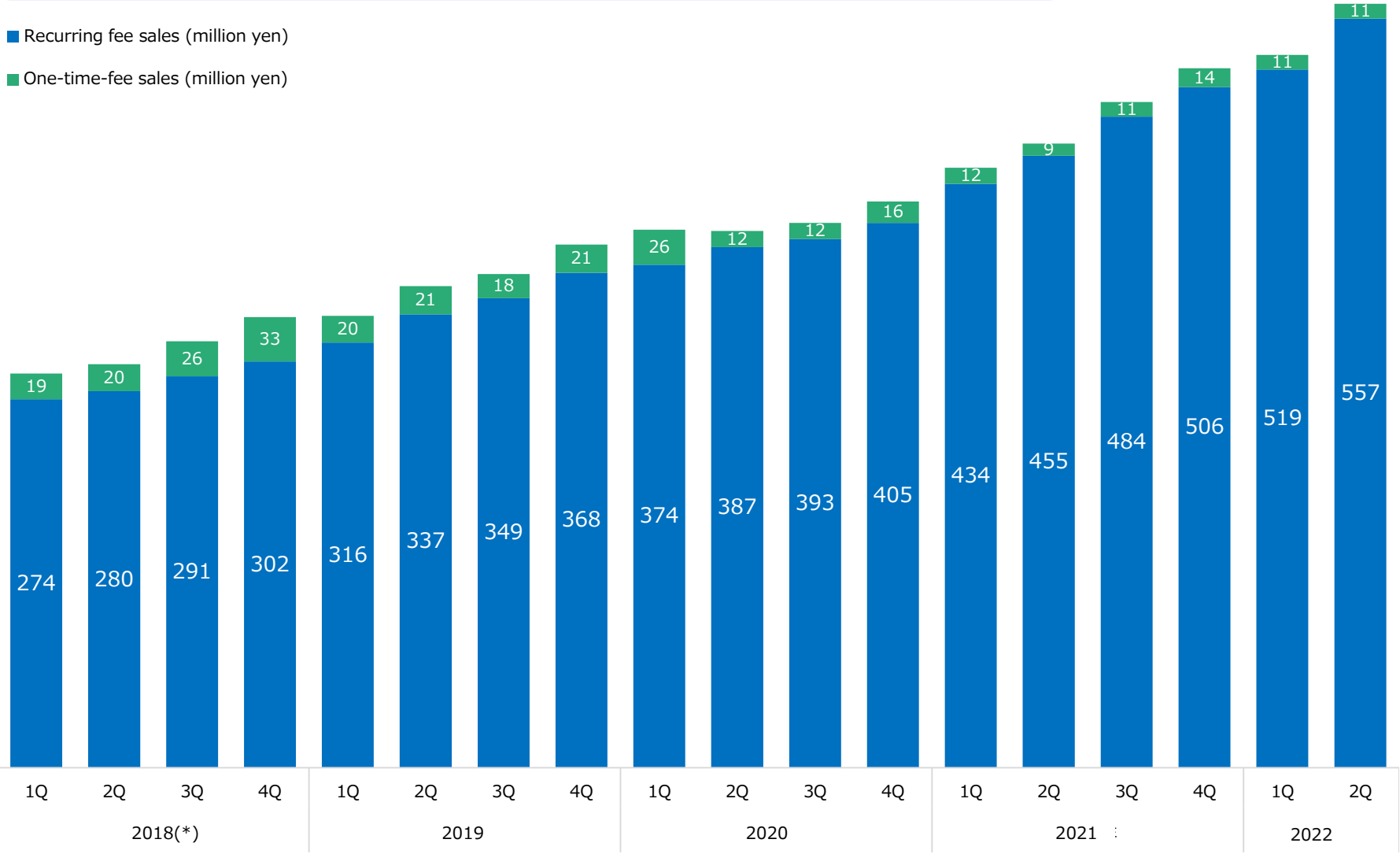
(*) Figures for the fiscal year ended December 31, 2018 are unaudited figures.

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

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Q2 recurring fee ratio **98.0%**

Q2 recurring fee sales ratio have remained over 98%

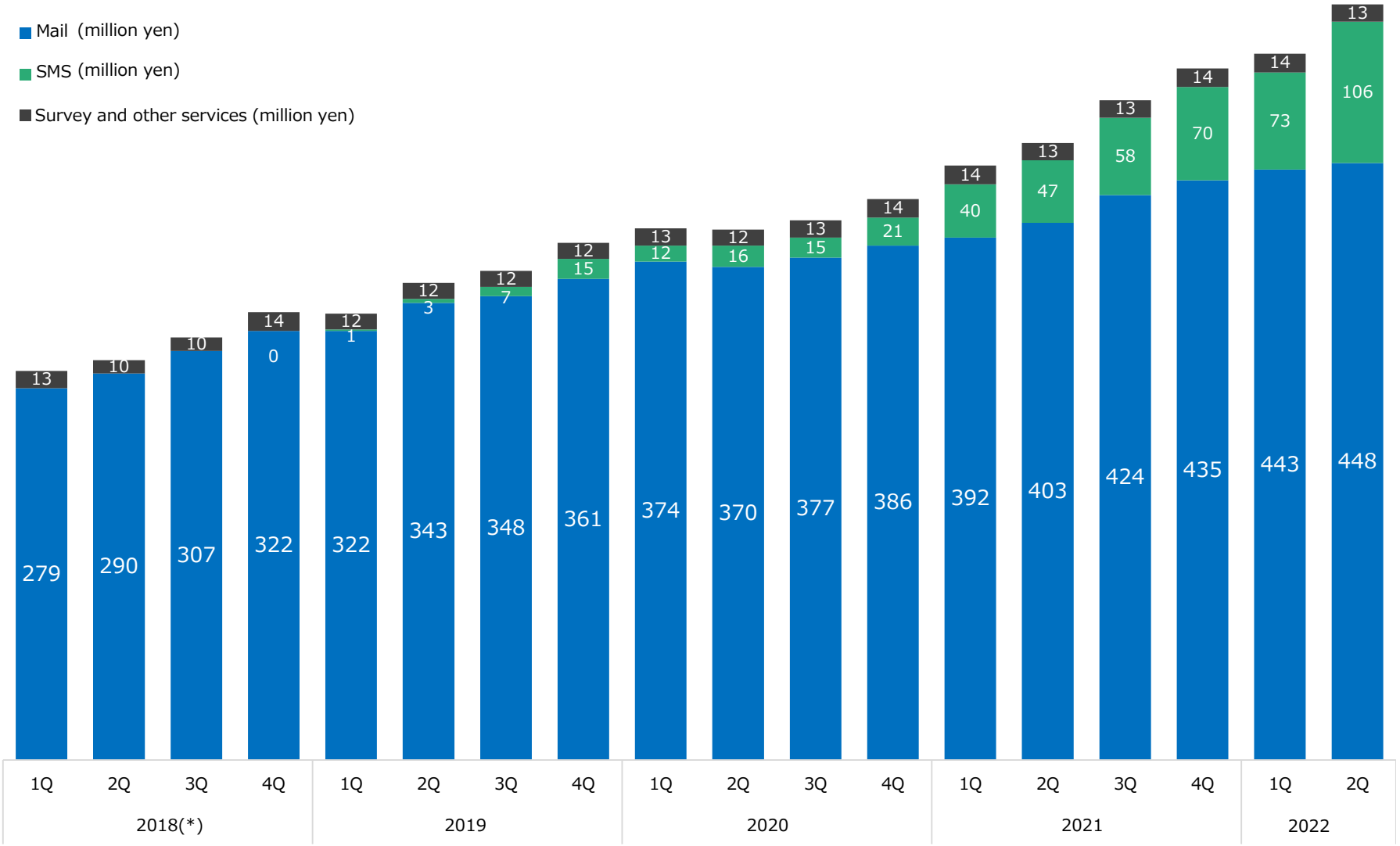


(*) Figures for the fiscal year ended December 31, 2018 are unaudited figures.

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

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Year-on-year Q2 growth for Mail (11.2%) and SMS (122.4%)

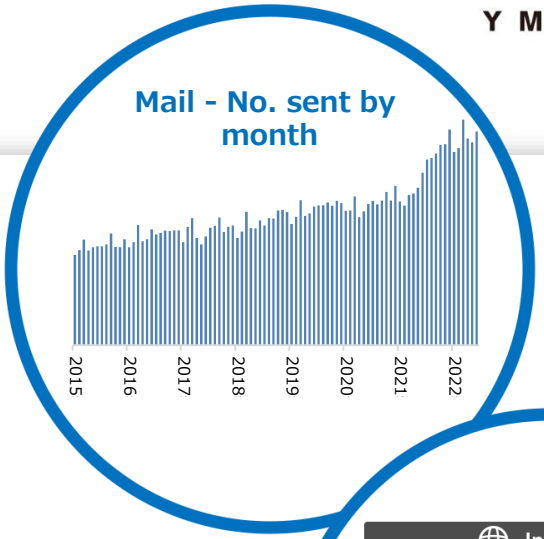


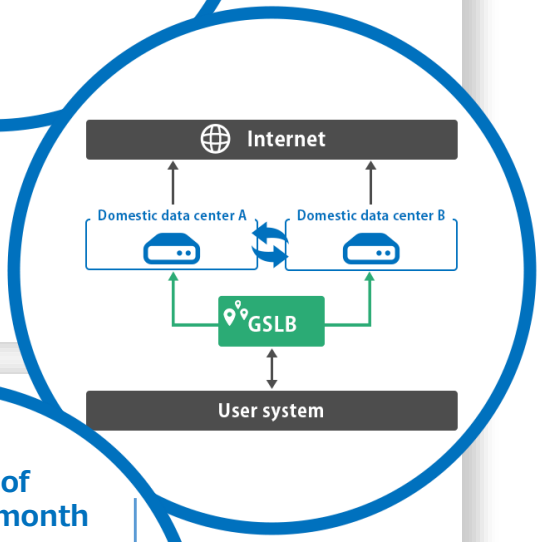
(*) Figures for the fiscal year ended December 31, 2018 are unaudited figures.

Main service highlights

Mail

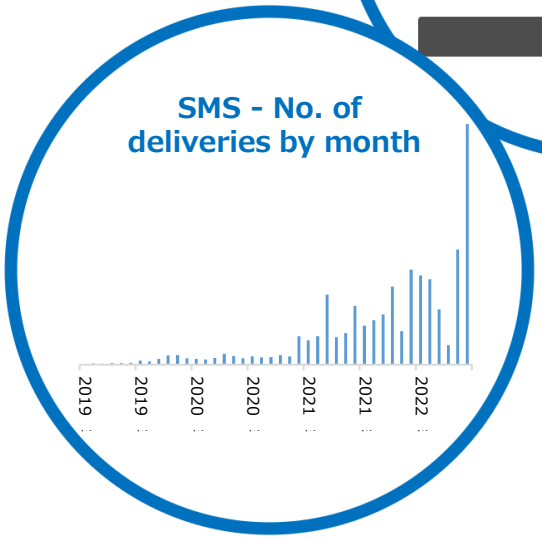
- Message sending increased due to expansion of the EC market and the shift to online marketing and communication activities.
- The “Disaster Recovery Plan(*1)“ service we started to offer from the previous quarter is continuing to do well, being used at banks, ISPs and reservation websites.
- The monthly churn rate for the first half of the year deteriorated by 0.06 points and was at an average of 0.44 %.





SMS

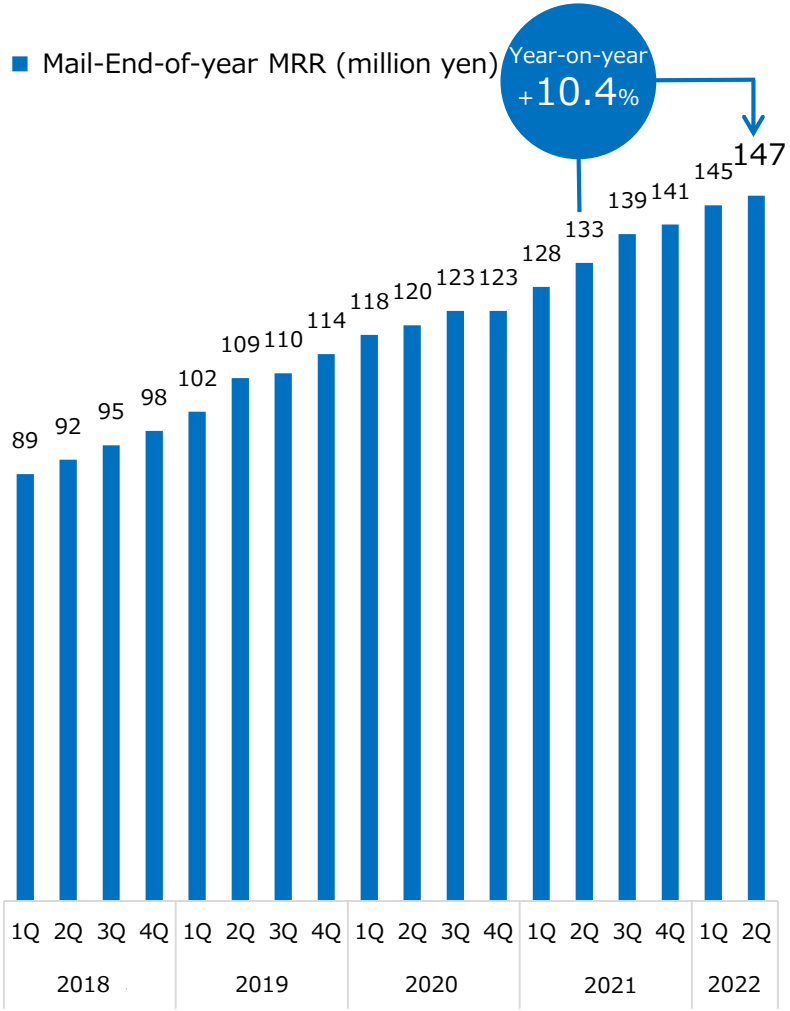
- An increase in the number of deliveries through operations starting with customers in the transportation industry and through special procurements from specified customers led to Q2 sales that showed a year-on-year increase of 122.4%.
- Launched Cuenote Auth, linked with SMS
- The monthly churn rate for the first half of the year deteriorated by 1.64 points due to one-off and other factors and was at an average of 1.79%.

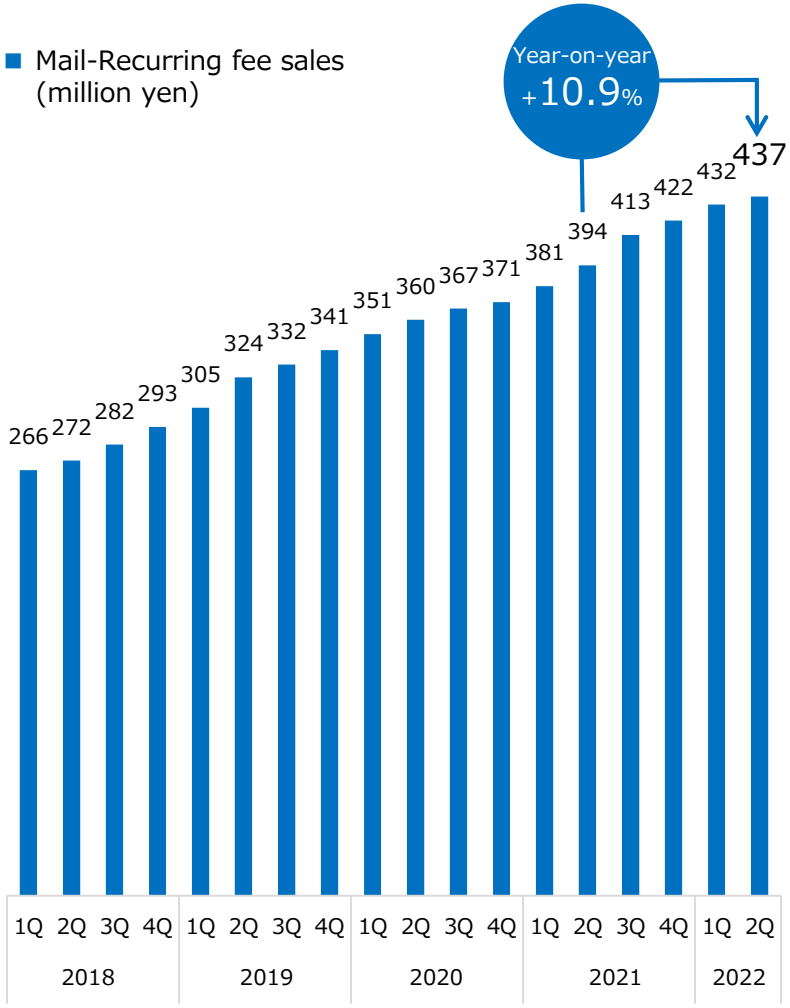


(*1) Disaster Recovery Plan: Service plan in which systems deployed at multiple locations can be used in times of large-scale disaster and other emergencies
There is a choice between a global server load balance system that switches domain information when an abnormality is detected, and a global IP routing system that assigns the same IP address to a system at another location.

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

End-of-Q2 MRR increased by 10.4% to 147 million yen and recurring fee sales increased by 10.9% to 437 million yen from the same month previous year.

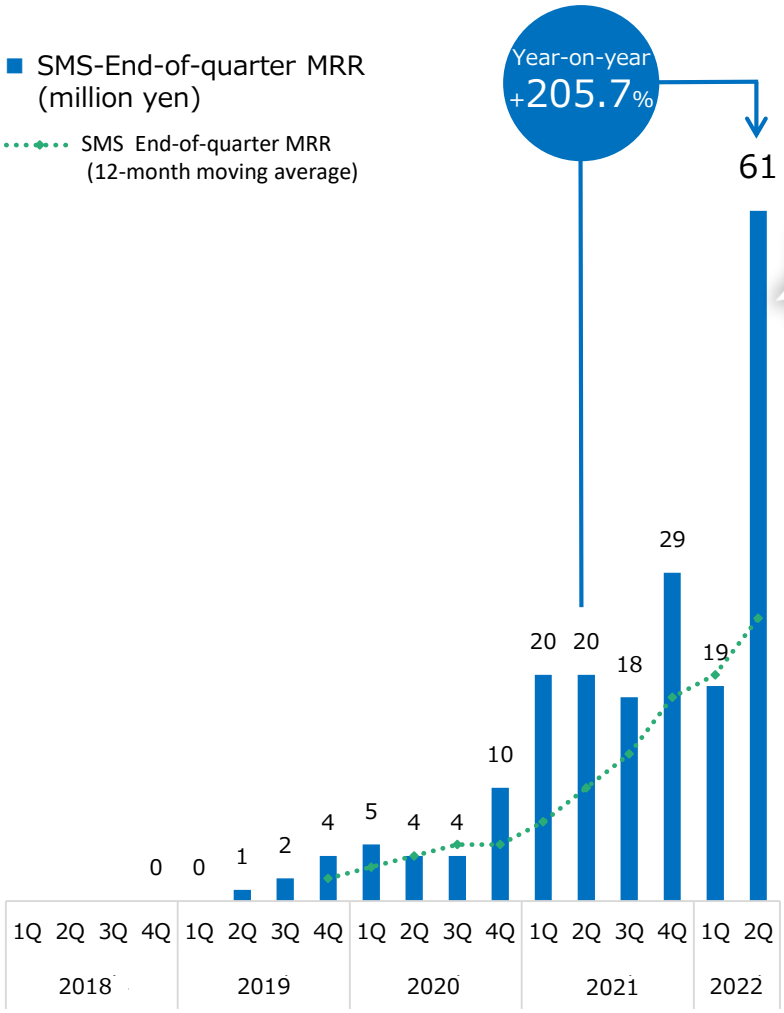


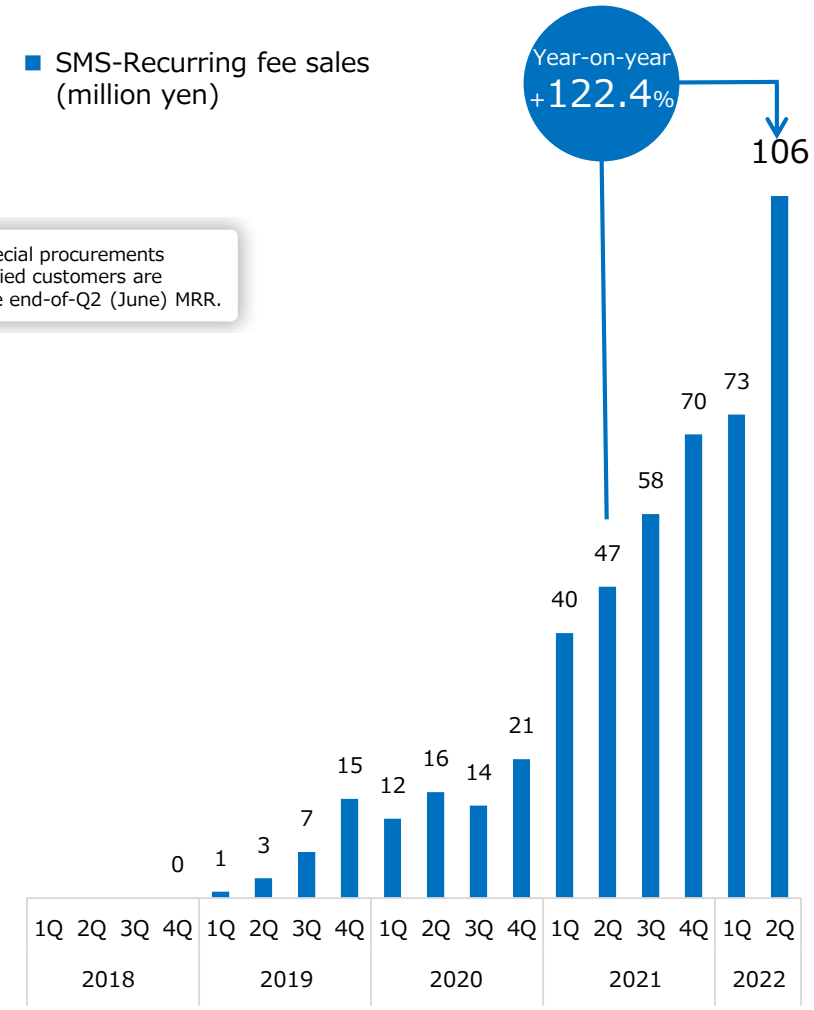


(*1) MRR(Monthly Recurring Revenue):
Revenue from contracts that stipulate services or use for a certain period of time, such as sales from SaaS service usage and maintenance service for purchase type software

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

Start of operations at customers in the transportation industry and special procurements at the end of Q2 (June) led to end-of-quarter increases to MRR, increasing Q2 recurring fee sales by 122.4% to 106 million yen.

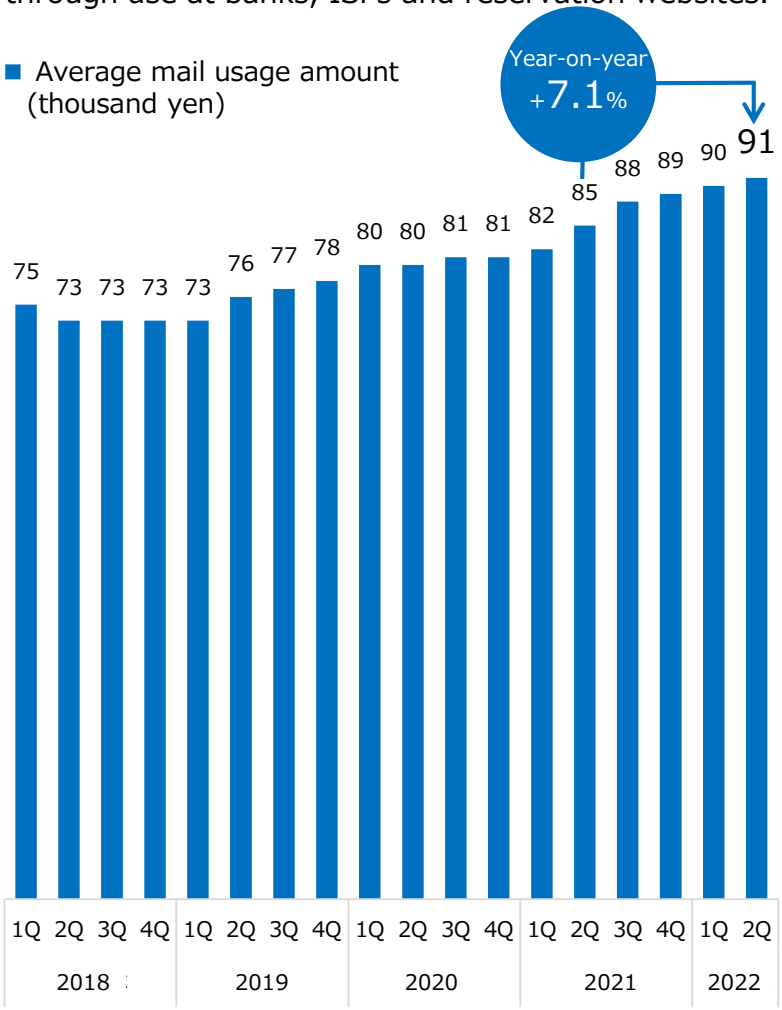




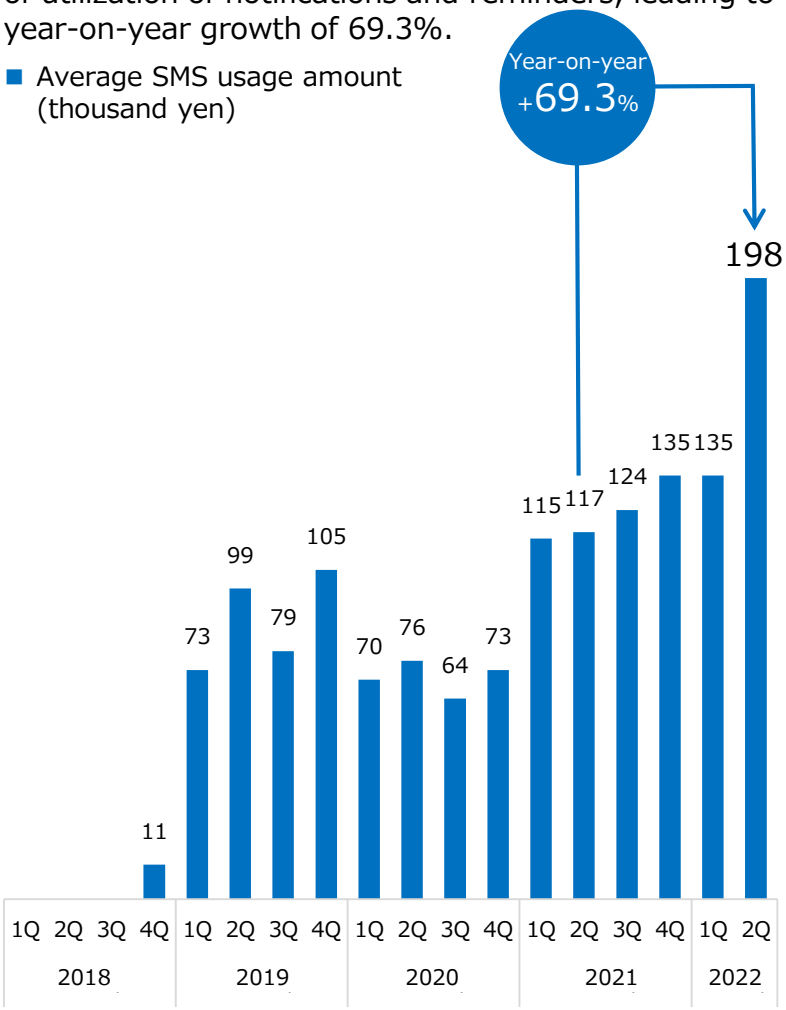
Note: Pay-per-use sales based on the number of deliveries accounts for 80.6% of SMS service usage sales (results for January to December 2021).
The number of monthly deliveries may increase or decrease due to seasonal factors such as peak season and off-peak season or environmental factors such as climate and disasters.

Average usage amount per contract (*1)

Mail
High price-band plans, such as DR (disaster recovery) plans that utilize multiple bases, continue to do well through use at banks, ISPs and reservation websites.



SMS
The number of deliveries increased through special procurements from specified customers and an increase of utilization of notifications and reminders, leading to year-on-year growth of 69.3%.

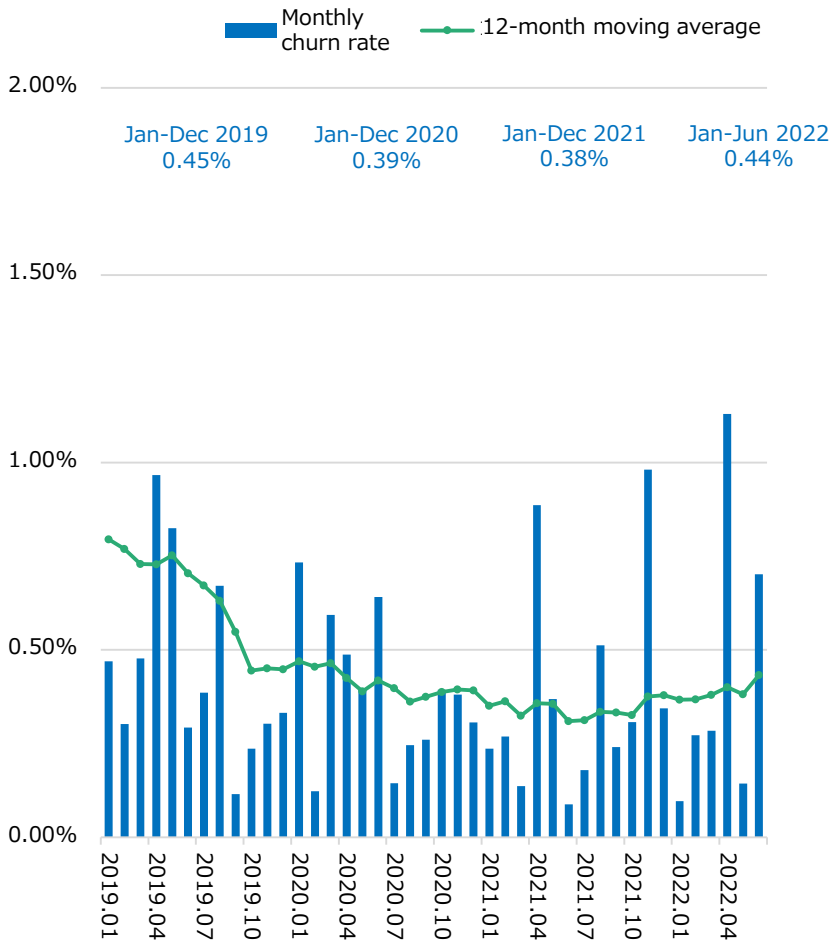


(*1) One-off sales (one-time-fee sales) such as initial setting and customization are not included in the average usage amount per contract.
This is calculated by the formula: <Total full-year recurring fee sales / Total number of full-year contracts>.

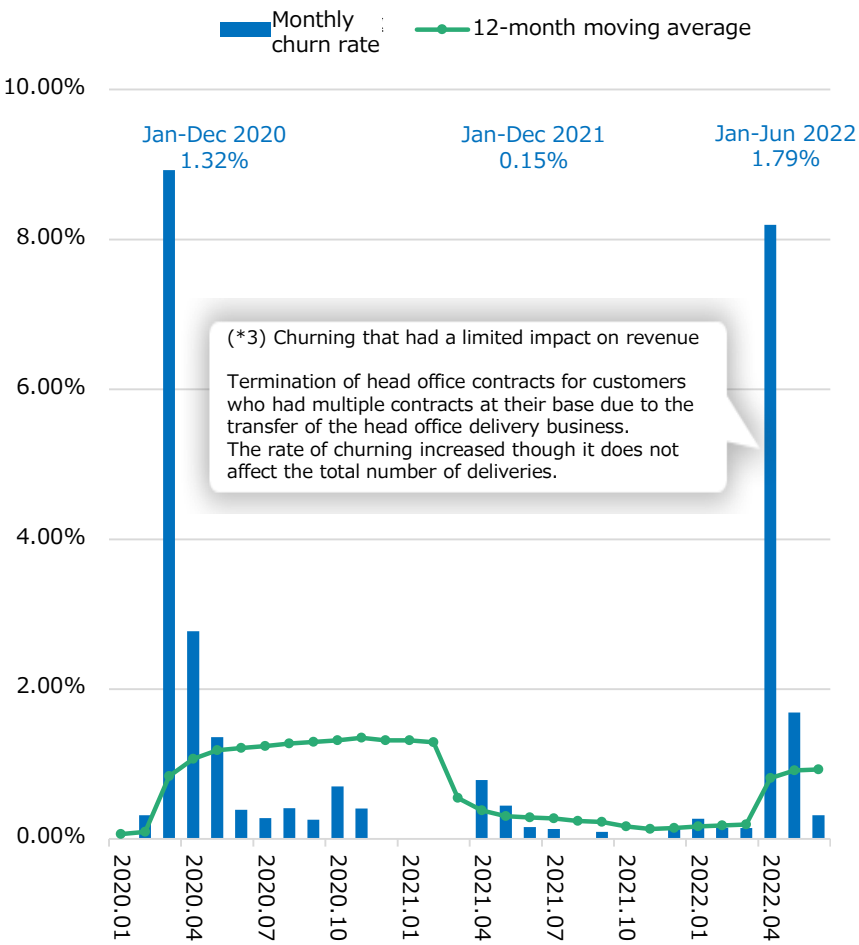
Monthly churn rate

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Mail (*1)
The monthly churn rate deteriorated year-on-year by 0.06pts. due to the churning that occurred in April



SMS (*1)(*2)
There was an increase in churning through the occurrence of churning that had a limited impact on revenue (*3)



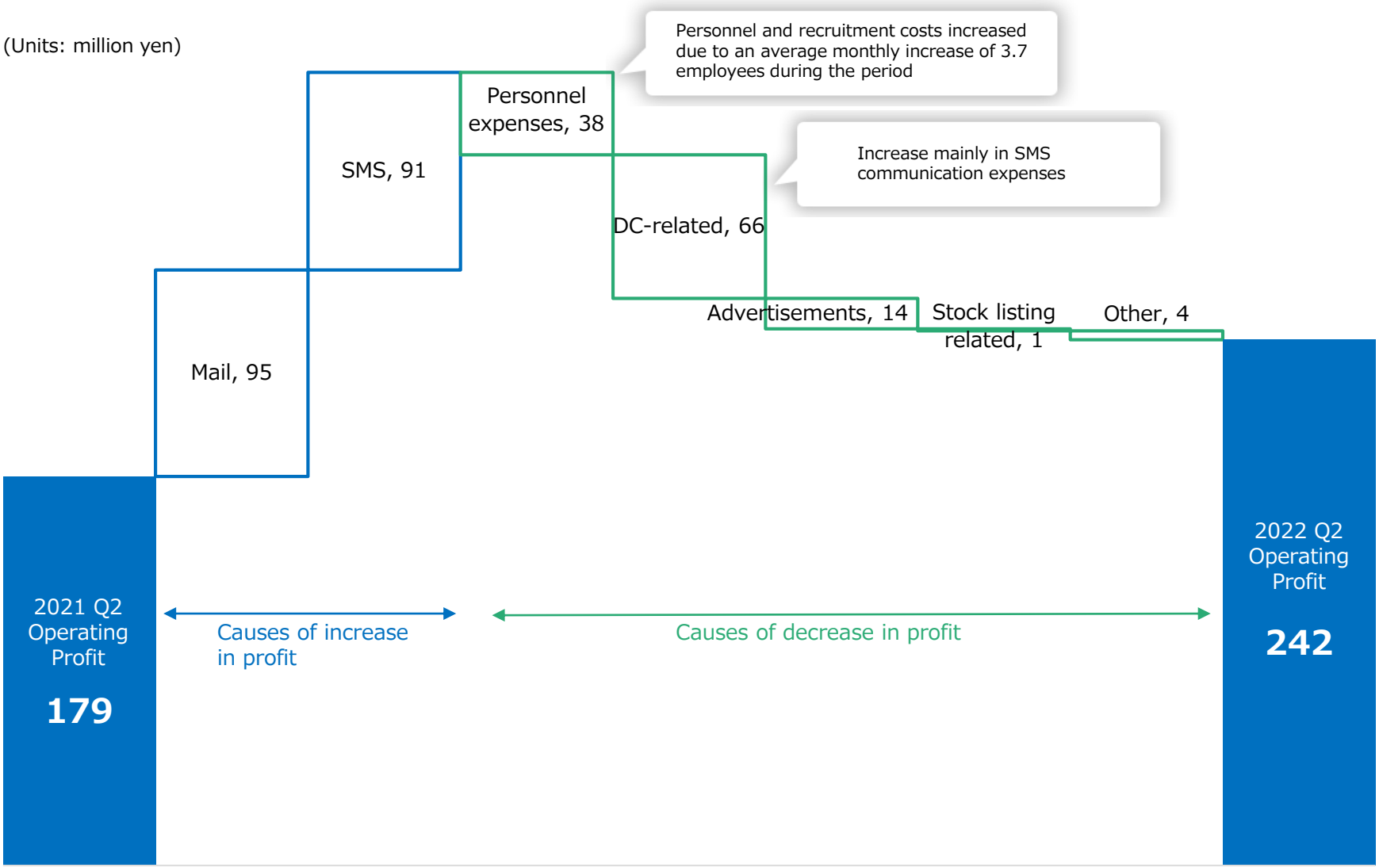
(*1) The churn rate is based on the revenue churn (amount based), and it is calculated by the formula: <Cancellation amount incurred in the month / Contract amount at the beginning of the month x 100>.
(*2) Since SMS is mostly pay-per-use based on the number of deliveries and monthly usage amounts vary, the churn rate is calculated after determining the average usage amount before clients left the service.

Income statement

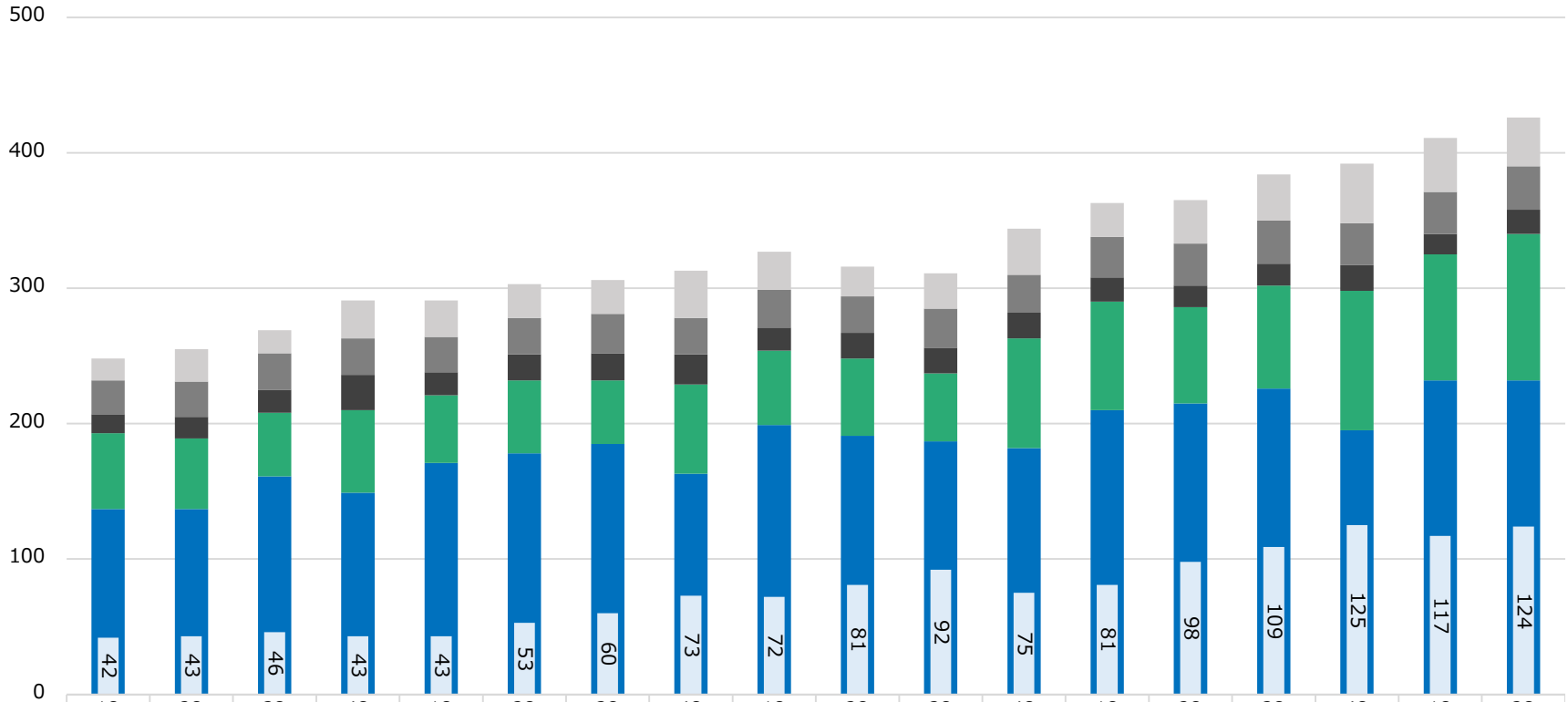
	Results up to Q2 FY2021 (Cumulative)	Results up to Q2 FY2022 (Cumulative)	Rate of increase/decrease	Increase/decrease
Net sales	912 million yen	1,100 million yen	20.6 %	187 million yen
Prime costs	300 million yen	388 million yen	29.0 %	87 million yen
Gross profit	611 million yen	711 million yen	16.5 %	100 million yen
Gross profit ratio	67.0 %	64.7 %	△ 2.3 pts.	
Sales, general and administrative expenses	432 million yen	469 million yen	8.8 %	37 million yen
Operating profit	179 million yen	242 million yen	35.0 %	62 million yen
Operating profit ratio	19.7 %	22.0 %	2.4 pts.	—
Ordinary profit	177 million yen	242 million yen	36.3 %	64 million yen
Current net profit	121 million yen	167 million yen	37.0 %	45 million yen
Current net profit ratio	13.4 %	15.2 %	1.8 pts.	—

Prime costs increased due to increase of SMS sales

Causes of increase/decrease of operating profit



Growth of quarterly operating expenses and operating profit

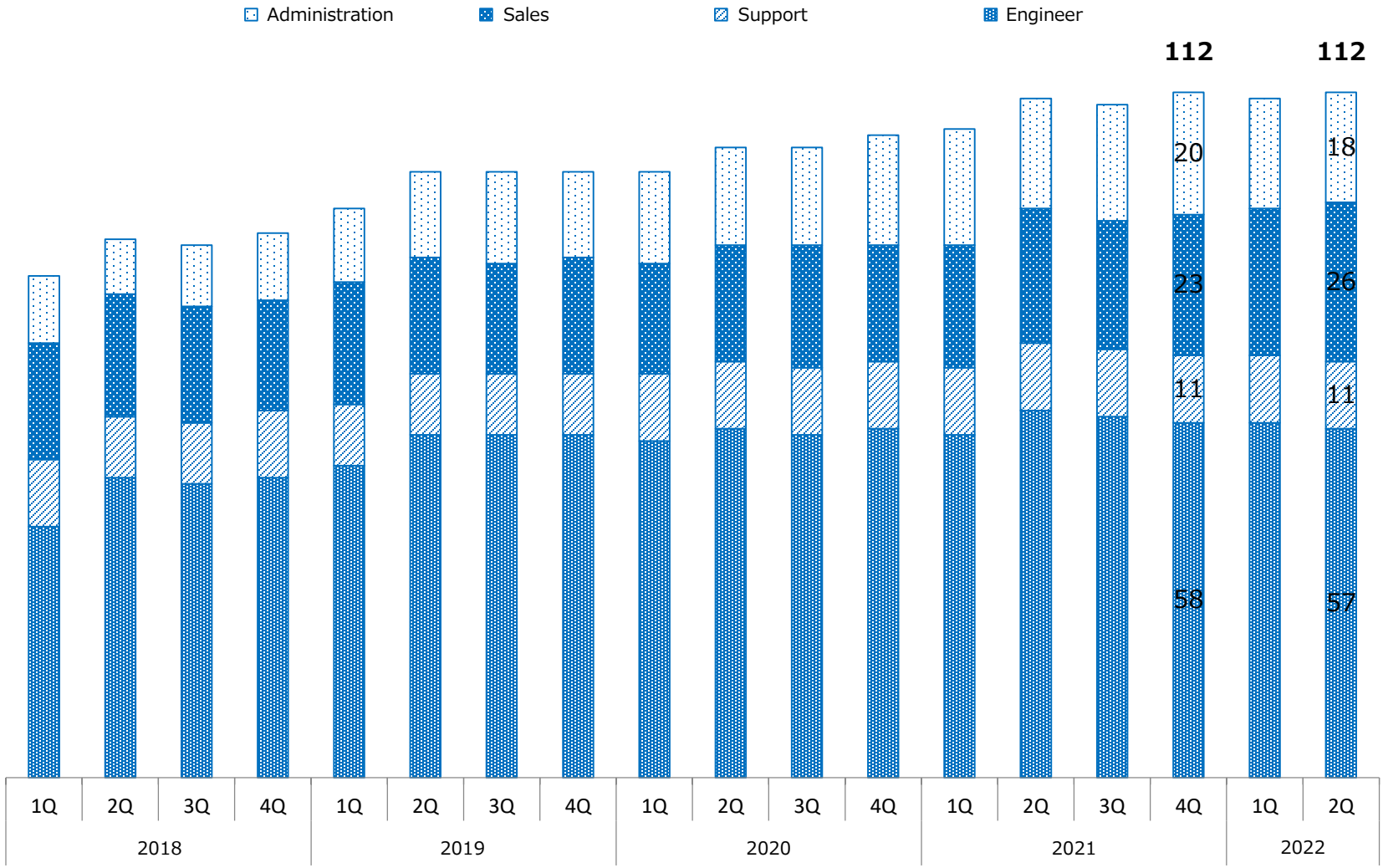


	2018(*1)				2019				2020				2021				2022	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Other	16	24	17	28	27	25	25	35	28	22	26	34	25	32	34	44	40	36
Rent and utility expenses	25	26	27	27	26	27	29	27	28	27	29	28	30	31	32	31	31	32
Depreciation expenses	14	16	17	26	17	19	20	22	17	19	19	19	18	16	16	19	15	18
Server/DC, stocking, etc.	56	52	47	61	50	54	47	66	55	57	50	81 (*2)	80	71	76	103	93	108
Personnel expenses	137	137	161	149	171	178	185	163	199	191	187	182	210	215	226	195	232	232
Operating profit	42	43	46	43	43	53	60	73	72	81	92	75	81	98	109	125	117	124
Operating profit ratio	14.4%	14.6%	14.5%	13.0%	12.9%	15.0%	16.3%	18.9%	18.1%	20.4%	22.8%	17.9%	18.1%	21.1%	22.1%	24.1%	22.2%	21.8%

(*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 at the end of Q2 was unchanged due to delays in the filling of vacant positions, and the ratio of sales staff increased.



Balance sheet

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	Fiscal year ended December 31, 2021	Fiscal year ended June 30, 2022	Increase/decrease
Current assets	1,820 million yen	1,973 million yen	152 million yen
Fixed assets	276 million yen	326 million yen	49 million yen
Total assets	2,097 million yen	2,299 million yen	201 million yen
Current liabilities	402 million yen	437 million yen	34 million yen
Fixed liabilities	- million yen	- million yen	- million yen
Total liabilities	402 million yen	437 million yen	34 million yen
Total net assets	1,695 million yen	1,862 million yen	167 million yen
Equity ratio	80.8 %	81.0 %	0.2 pts.
Book value per share	435.48 yen	478.40 yen	42.92 yen

・CF due to sales activities
Current net profit before tax +242 million yen

・Acquisition of fixed assets
Servers, etc. +44 million yen
Web business negotiation booth +9 million yen

・Accrued expenses -106 million yen
・Accounts payable +33 million yen
・Income taxes, etc. +33 million yen
・Bonus reserve +68 million yen

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

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

Progress stood in excess of 50% in terms of the full-year forecast

	Fiscal year ending December 31, 2022	Cumulative results up to Q2 FY2022	Progress rate
Net sales	2,175 million yen	1,100 million yen	50.6 %
Recurring fee sales	2,126 million yen	1,076 million yen	50.6 %
One-time-fee sales	48 million yen	23 million yen	47.4 %
Operating profit	470 million yen	242 million yen	51.5 %
Operating profit ratio	21.6 %	22.0 %	0.4 pts.
Ordinary profit	470 million yen	242 million yen	51.5 %
Current net profit	321 million yen	167 million yen	51.9 %
Current net profit ratio	14.8 %	15.2 %	0.4 pts.

Financial forecast for the fiscal year ending December 31, 2022 Index of main services

YMIRLINK

	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

YMIRLINK

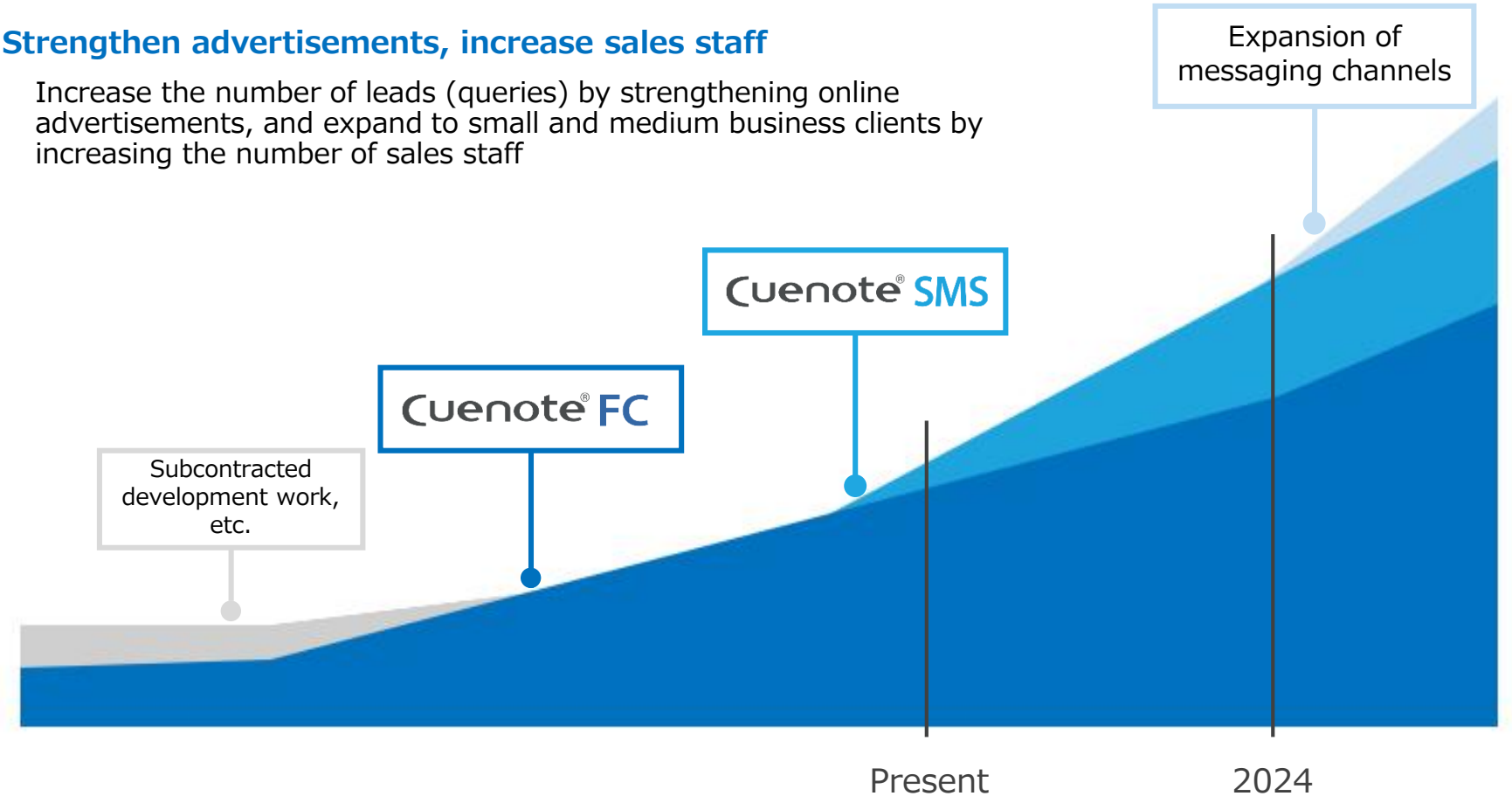
Continue to demonstrate excellent growth by expanding messaging channels (LINE, Web push, etc.) while continuing to strengthen growing email service

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

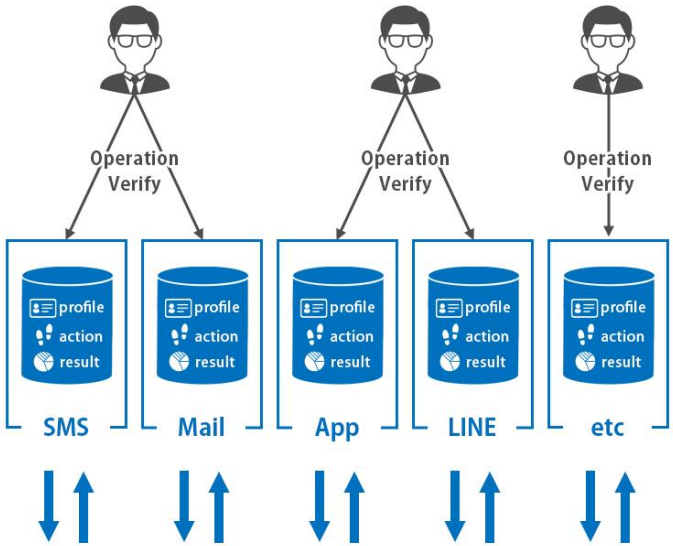
YMIRLINK

Background

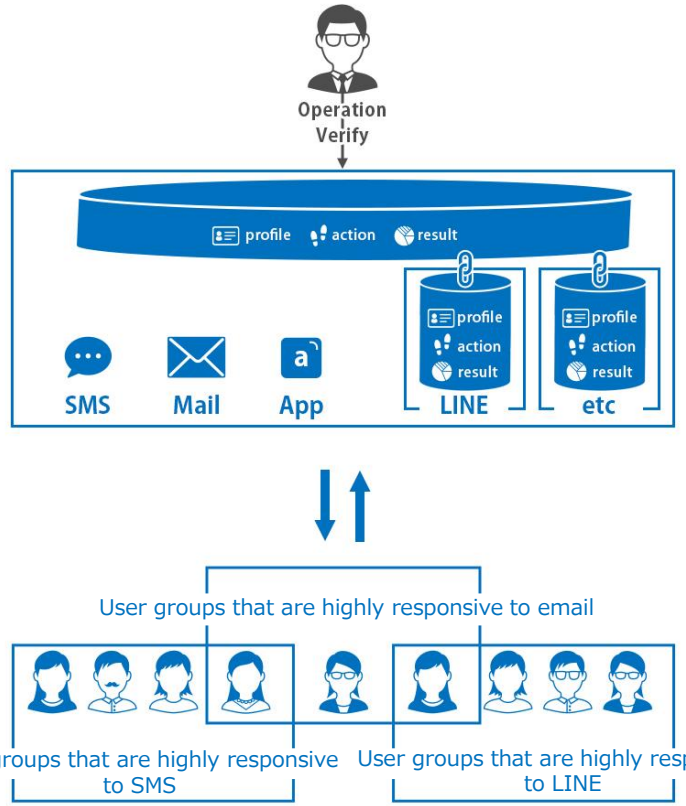
Diversification of communication methods as a result of the evolution of consumers' lifestyles, and IT tools and technologies

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

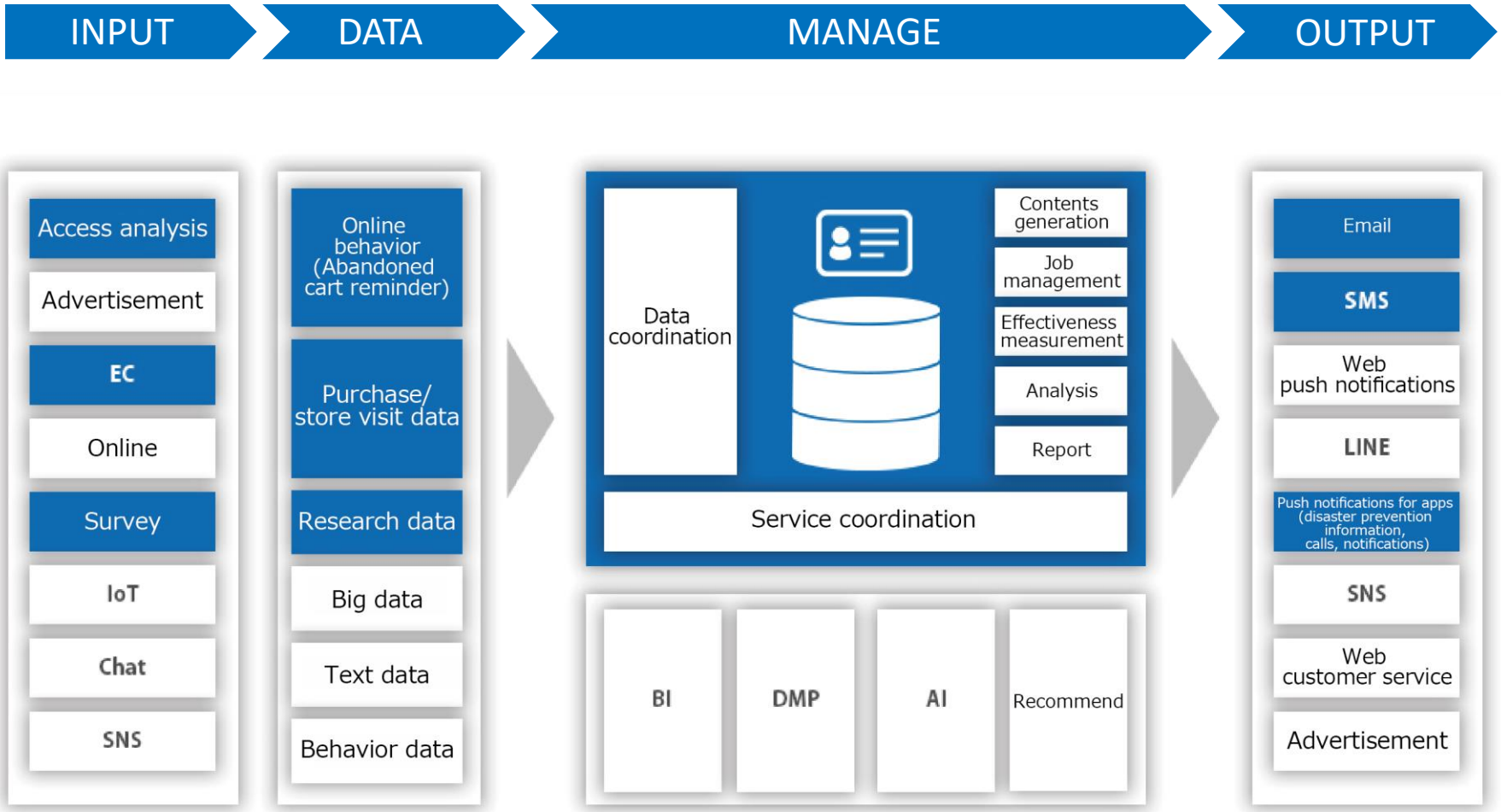
Increase in frequency and similarity of received information
Decline in loyalty, departure of customers

Receiving information with optimized frequency, amount and timing

Messaging platform conceptual diagram

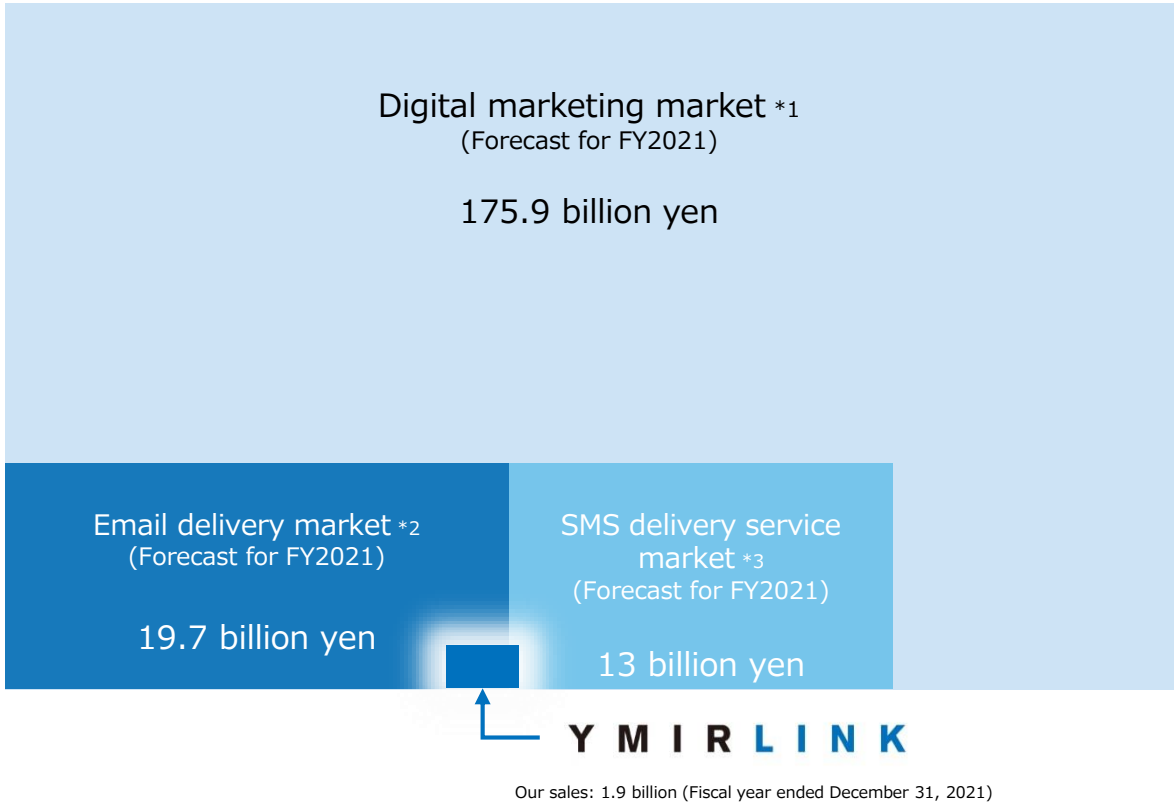
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Expand the areas to be covered through selection and concentration



Messaging platform

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



Our sales: 1.9 billion (Fiscal year ended December 31, 2021)

(*1) Fuji Chimera Research Institute “Software New Market 2020 Edition” Digital marketing market (Forecast for FY2021)
(*2) ITR Corporation “ITR Market View: Email/Web marketing markets 2021” Email delivery market (Forecast for FY2021)
(*3) ITR Corporation “ITR Market View: EC site construction/CMS/SMS delivery service/E-contract service markets 2020” SMS delivery service market (Forecast for FY2021)

5. appendix

Topics for first half of 2022

March
- Number of emails delivered per month exceeded 6.3 billion
- Published our client story on Tribeck, Inc.
- Started employee stock ownership contributions

April
- Launched latest version of Cuenote Safety Confirmation Service, making safety confirmation possible with SMS
- Published FISCO corporate analysis report

May
- Launched Cuenote Auth authentication service
- Published our client story on Japan Airlines

June
- The four products in the Cuenote series acquired ASPIC “ASP/SaaS Information Disclosure Certification”

■ Cuenote Safety Confirmation Service



■ Launched Cuenote Auth

Cuenote® Auth



■ Japan Airlines client story



YMIRLINK

Launched Cuenote Auth authentication service



Just by making a request to the API, Cuenote Auth is able to execute all processes related to authentication, such as authentication code creation, authentication code notifications through SMS/IVR, authentication screen display and authentication processing, and acquisition of authentication results.

While this release supports authentication code notifications through SMS/IVR, supported channels are going to be increased moving forward to include other authentication methods such as email.

Topics: Related to launches

Launched latest version of Cuenote Safety Confirmation Service



Features in the Cuenote Safety Confirmation Service have been expanded to allow SMS (short message service), in addition to the existing email method, to be used as a means to confirm the safety of employees and staff.

Messages sent over SMS to a cellular phone number have a high read rate, ensuring the delivery of notifications. Using multiple methods (email, SMS) to send notifications allows for a higher level of certainty when confirming safety.

Topics: Related to launches

The four products in the Cuenote series acquired ASPIC “ASP/SaaS Information Disclosure Certification”



Cuenote® FC
Cuenote® SMS
Cuenote® SR-S
Cuenote® Survey
安否確認サービス
Cuenote®

The “ASP/SaaS Information Disclosure Certification” is aimed at helping users select cloud services that are safe and secure. This certification is given through screening by the Japan Cloud Industry Association (ASPIC) to cloud services that accurately disclose information related to the safety and reliability of said services.

In addition to Cuenote FC, which was already certified (as of February 17, 2011), Cuenote SMS, Cuenote SR-S, Cuenote Survey and Cuenote Safety Confirmation Service were newly certified (all as of May 31, 2022).

Topics: Our client stories

Great Results, Speed and Reliable Deliverability, Trusted by JAL

Japan Airlines Co., Ltd.



Japan Airlines is the face of Japan's aviation, with the longest history of any airline in Japan.
The system infrastructure that supports their operations is divergent, ranging from airplane and satellite communications to domestic and foreign networks, and internal and external cloud servers.

Of these, they developed their own internal system to handle email from the early days of the Internet, and this system has supported both communication with many customers and other internal and external communications. However, when orienting towards more efficient, stable operation and a more robust foundation, they decided to replace it with Cuenote SR-S.

What made them choose YMIRLINK?

- **Great results with large-scale delivery and a robust foundation**
- **Realization of DR from multiple bases**

Topics: Our client stories

Confidence Towards Their Partners, Supporting the Total Daily Delivery of 2.8 Million Emails in 3 Instances

TRIBECK CX Consulting Partner

Tribeck Inc.



bizocean is a business form template service website boasting approximately 3.3 million registered users.

It has continued to grow in the 15 years since it was founded in 2006. Aiming at further developments, they merged with Tribeck, Inc., a digital marketing support business, in April 2021.

Email newsletters are an incredibly important advertisement product for the service, which monetizes through advertising. At the same time, these newsletters are also important as a contact point to encourage users to revisit the website.

What made them choose YMIRLINK?

- **High engine performance realizing large-scale, high speed delivery**
- **Easy-to-use UI makes delivery preparation and effect verification simple**

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 6.3 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

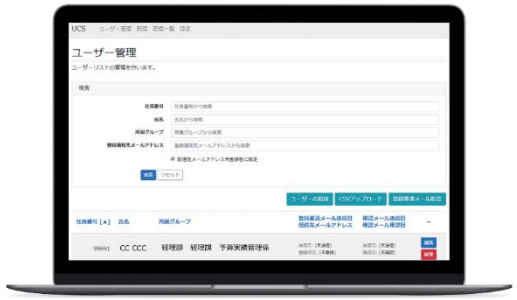


SaaS　Software

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®



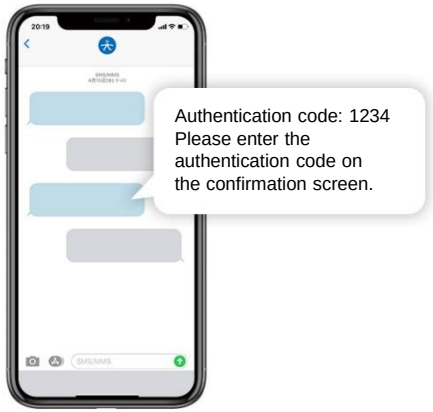
SaaS

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.

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.

Cuenote® FC

Cuenote® SR-S

安否確認サービス Cuenote®

Cuenote® SMS

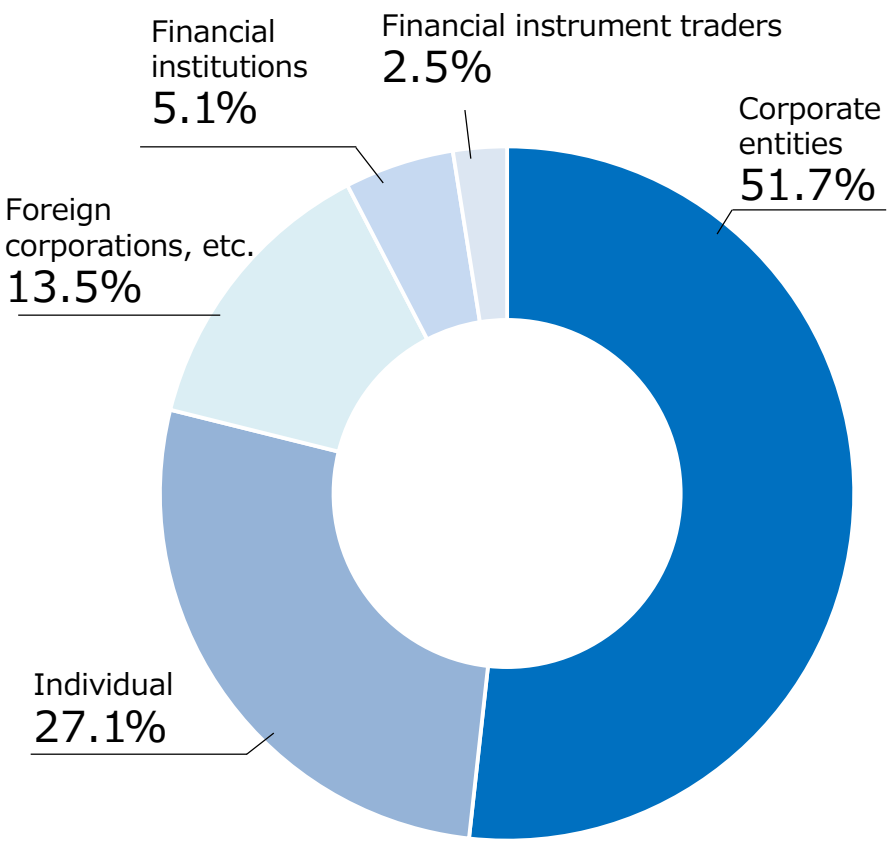
Cuenote® Auth

Cuenote® Survey

Stockholder organization (current as of end of June 2022)

YMIRLINK

Owned equity ratio



Major stockholders

Name of stockholder	Percentage of stock owned
Itec Hankyu Hanshin Co., Ltd.	51.00%
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing proxy: MUFG Bank)	8.43%
Wataru Shimizu	6.69%
Hideo Oikawa	4.34%
Custody Bank of Japan, Ltd. (Trust account)	4.22%
INTERACTIVE BROKERS (Standing proxy: Interactive Brokers Group, Inc.)	1.63%
BBH LUX/BROWN BROTHERS HARRIMAN (LUXEMBOURG) SCA CUSTODIAN FOR SMD-AM FUNDS – DSBI JAPAN EQUITY SMALl CAP ABSOLUTE VALUE (Standing proxy: Sumitomo Mitsui Banking Corporation)	0.77%
Yamawa Securities Co., Ltd.	0.74%
Rakuten Securities, Inc.	0.67%
BBH FOR FINANCIAL INVESTORS TRUST GRANDEUR PEAK GL MICRO CAP FUND (Standing proxy: MUFG Bank)	0.61%

Note: Our company does not possess treasury stock.

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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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