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November 14, 2022

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

Company name: YMIRLINK,Inc.
Listing: Tokyo Stock Exchange
Securities code: 4372
URL: https://www.ymir.co.jp
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Scheduled date to file quarterly securities report: November 14, 2022
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: None

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

1. Non-consolidated financial results for the nine months ended December 31, 2022 (from January 1, 2022 to September 30, 2022)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	1,622	15.2	371	28.8	371	36.2	256	36.5
December 31, 2021	1,408	–	288	–	273	–	187	–

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	65.97	–
December 31, 2021	52.71	–

(Note) 1. The 3rd quarter of the fiscal year ended December 31, 2021 does not show the year-on-year rate of increase/decrease, as the quarterly financial statements have not been created

2. The diluted net profit per share for the current fiscal year is not listed, as there are no dilutive shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2022	2,203	1,833	83.2
December 31, 2021	2,097	1,695	80.8

Reference: Equity
As of December 31, 2022: ¥1,833 million
As of December 31, 2021: ¥1,695 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	–	0.00	–	0.00	–
Fiscal year ending December 31, 2022	–	0.00	–		
Fiscal year ending December 31, 2022 (Forecast)				0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Non-consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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	2,175	12.8	470	13.4	470	17.9	321	12.2	83.24

Note: Revisions to the forecast of cash dividends most recently announced: None

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None

(2) 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

(3) Number of issued shares (common shares)

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

As of December 31, 2022	3,892,600 shares
As of December 31, 2021	3,892,600 shares

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

As of December 31, 2022	84,637 shares
As of December 31, 2021	– shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022	3,887,637 shares
Nine months ended December 31, 2021	3,565,549 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.

* Quarterly financial results reports are exempt from quarterly 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 2 of the attached material “1. Qualitative Information for the Financial Results for the First Nine Months of the Current Fiscal Year, (3) Explanation Concerning Results Forecast and Other Future Forecast Information.”

Supporting Material Contents

1. Qualitative Information for the Financial Results for the First Nine Months of the Current Fiscal Year 2
(1) Explanation of Operating Results 2
(2) Explanation of Financial Position 2
(3) Explanation Concerning Results Forecast and Other Future Forecast Information 2
2. Quarterly Financial Statements and Main Notes 3
(1) Quarterly Balance Sheet 3
(2) Quarterly Profit and Loss Statement 4
First Nine Months of the Fiscal Year 4
(3) Notes Concerning the Quarterly Financial Statements 5
(Notes on being a going concern) 5
(Notes on remarkable changes in shareholder equity amounts if there are any) 5
(Changes in accounting policies) 5
(Segment information, etc.) 5

1. Qualitative Information for the Financial Results for the First Nine Months of the Current Fiscal Year

(1) Explanation of Operating Results

While the Japanese economy saw movements toward recovery from the spread of COVID-19 variants in the first nine months of the current fiscal year, 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.

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

In the first nine months of the fiscal year, we added a function for linking with Google Analytics 4 (GA4) to the latest version of our Cuenote Survey online survey system and commenced provision of this system in July 2022. In September 2022 we broke our record for the most deliveries in our message delivery service, delivering 6.9 billion messages in a month.

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 first nine months of the current fiscal year, stock-based revenue from high-priced plans and an increase in the number of SMS deliveries was 1,590,603,000 yen, while the amount from fixed-term contracts at the end of the third quarter was 172,369,000 yen (a year-on-year increase of 6.3%).

・Spot revenue: This includes Cuenote SaaS sales for the first-time users (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 first nine months of the current fiscal year were 32,167,000 yen.

In light of the above, operating results for the first nine months of the current fiscal year resulted in net sales of 1,622,770,000 yen, operating profit of 371,971,000 yen, ordinary profit of 371,764,000 yen, and quarterly net profit of 256,464,000 yen.

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

(2) Explanation of Financial Position

Compared to the end of the previous fiscal year, the financial situation at the end of the third quarter of this accounting period was favorable due to an increase in net assets by 138,057,000 yen through the recording of quarterly net profit, despite a decrease due to stock buyback.

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 third quarter of this accounting period increased by 105,610,000 yen to 2,203,322,000 yen. This is mainly from recovery of accounts receivable and an increase in cash and deposits of 47,961,000 yen, an increase in buildings of 6,873,000 yen through investment in facilities, an increase in tools, furniture, and fixtures of 17,852,000 yen, and an increase in investment and other assets of 23,520,000 yen among other factors.

(Liabilities)

Compared to the end of the previous fiscal year, total liabilities at the end of the third quarter of this accounting period decreased by 32,446,000 yen to 370,116,000 yen. This is due mainly to factors including a bonus reserve increase of 91,478,000 yen combined with a decrease in accrued expenses for bonuses of 105,931,000 yen and a decrease in other current liabilities of 32,597,000 yen.

(Net assets)

Compared to the end of the previous fiscal year, total net assets at the end of the third quarter of this accounting period increased by 138,057,000 yen to 1,833,206,000 yen. This was from an increase in retained earnings of 256,464,000 yen from the recording of a quarterly net profit, despite a decrease of 118,406,000 yen from share buybacks.

(3) Explanation Concerning Results Forecast and Other Future Forecast Information

There is no change in the results forecast for the year ending December 2022 from that published in the summary of financial results for the year ended December 2021 dated February 14, 2022.

2. Quarterly Financial Statements and Main Notes

(1) Quarterly Balance Sheet

(Unit: 1,000 yen)

	Previous Fiscal Year (December 31, 2021)	First Nine Months of the Current Fiscal Year (September 30, 2022)
Assets		
Current assets		
Cash and deposits	1,513,197	1,561,159
Accounts receivable	269,714	265,373
Raw materials	1,026	462
Other	37,201	48,468
Allowance for bad debt	(266)	(378)
Total current assets	1,820,874	1,875,086
Fixed assets		
Tangible fixed assets		
Buildings	26,464	33,338
Tools, furniture, and fixtures	105,005	122,858
Total tangible fixed asset	131,470	156,196
Intangible fixed assets	20,299	23,451
Investments and other assets		
Deposits and guarantees	89,559	89,559
Other	35,508	59,028
Total investments and other assets	125,067	148,588
Total fixed assets	276,837	328,236
Total assets	2,097,711	2,203,322
Liabilities		
Current liabilities		
Accounts payable	13,400	12,707
Arrears	173,747	67,815
Corporation tax payable, etc.	69,172	89,017
Bonus reserve	-	91,478
Other	146,242	109,097
Total current liabilities	402,562	370,116
Total liabilities	402,562	370,116
Net assets		
Shareholder equity		
Capital	273,853	273,853
Capital surplus	191,351	191,351
Retained earnings	1,229,943	1,486,407
Treasury stock	-	(118,406)
Total shareholder equity	1,695,148	1,833,206
Total net assets	1,695,148	1,833,206
Total liabilities/net assets	2,097,711	2,203,322

(2) Quarterly Profit and Loss Statement

(First Nine Months of the Fiscal Year)

(Unit: 1,000 yen)

	First Nine Months of the Previous Fiscal Year (from January 1, 2021 to September 30, 2021)	First Nine Months of the Current Fiscal Year (from January 1, 2022 to September 30, 2022)
Net sales	1,408,343	1,622,770
Cost of goods sold	460,843	556,072
Gross profit	947,500	1,066,697
Selling, general and administrative expenses	658,700	694,726
Operating profit	288,799	371,971
Non-operating revenue		
Income from interest	361	14
Other	23	73
Total non-operating revenue	385	88
Non-operating costs		
Commissions	-	294
Listing-related expenses	16,168	-
Total non-operating costs	16,168	294
Ordinary profit	273,015	371,764
Extraordinary losses		
Loss on disposal of fixed assets	0	-
Total extraordinary losses	0	-
Pre-tax quarterly net profit	273,015	371,764
Income taxes – current	113,836	140,489
Income taxes – deferred	(28,774)	(25,188)
Total corporation tax, etc.	85,061	115,300
Quarterly net profit	187,953	256,464

(3) Notes Concerning the Quarterly Financial Statements

(Notes on being a going concern)

N/A

(Notes on remarkable changes in shareholder equity amounts if there are any)

First Nine Months of the Previous Fiscal Year (from July 1, 2021 to September 30, 2021)

1. Dividends paid

N/A

2. Dividends with a base date in the first nine months of the current fiscal year and with an effective date after the last day of the third quarter accounting period

N/A

3. Remarkable changes in shareholder equity amounts

On September 22, 2021, YMIRLINK was listed on the Tokyo Stock Exchange Mothers Index. Upon listing, YMIRLINK received payment through increased assets based on a public offering using the book building method with a payment date of September 21, 2021.

As a result, capital and capital reserves in the third quarter accounting period of this year both increased by 155,572,000 yen, resulting in capital of 273,853,000 yen and capital reserves of 191,351,000 yen at the end of the third quarter accounting period.

First Nine Months of the Current Fiscal Year (from July 1, 2022 to September 30, 2022)

1. Dividends paid

N/A

2. Dividends with a base date in the first nine months of the current fiscal year and with an effective date after the last day of the third quarter accounting period

N/A

3. Remarkable changes in shareholder equity amounts

On the basis of a resolution at a meeting of the board of directors held on September 14, 2022, YMIRLINK purchased 84,600 of its own ordinary shares by means of an off-auction own share repurchase transaction (ToSTNeT-3) on September 15, 2022. Through this transaction and other factors, the value of YMIRLINK shares held by YMIRLINK increased by 118,406,000 yen in the third quarter of this accounting period.

(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 first quarter of the accounting period, 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 regards 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 the starting balance of retained earnings.

(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 first quarter of the accounting period 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 quarterly financial statements.

(Segment information, etc.)

Segment information

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