Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 13, 2023

Non-consolidated Financial Results for the First Nine Months of the Fiscal Year Ending December 31, 2023 (Under Japanese GAAP)

Company name: YMIRLINK,Inc.
Listing: Tokyo Stock Exchange
Securities code: 4372
URL: https://www.ymir.co.jp
Representative: Wataru Shimizu, President and CEO
Inquiries: Mikihiko Kobayashi, Managing Director
Telephone: +81-03-6820-0514
Scheduled date to file quarterly securities report: November 13, 2023
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: No

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

1. Non-consolidated financial results for the first nine months of the fiscal year ending December 31, 2023 (from January 1, 2023 to September 30, 2023)

(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	%
September 30, 2023	1,709	5.4	428	15.1	428	15.2	295	15.3
September 30, 2022	1,622	15.2	371	28.8	371	36.2	256	36.5

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2023	77.39	–
September 30, 2022	65.97	–

(Note) The diluted net profit per share for the fiscal years in question 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	%
September 30, 2023	2,631	2,260	85.9
December 31, 2022	2,376	1,936	81.5

Reference: Equity
As of September 30, 2023: ¥2,260 million
As of December 31, 2022: ¥1,936 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, 2022	–	0.00	–	0.00	–
Fiscal year ending December 31, 2023	–	0.00	–		
Fiscal year ending December 31, 2023 (Forecast)				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, 2023 (from 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, 2023	2,400	10.1	575	10.4	575	10.5	396	10.3	104.11

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: None

(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 September 30, 2023	3,892,600 shares
As of December 31, 2022	3,892,600 shares

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

As of September 30, 2023	62,837 shares
As of December 31, 2022	84,637 shares

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

Nine months ended September 30, 2023	3,819,303 shares
Nine months ended September 30, 2022	3,887,637 shares

* 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 5 of the attached material "1. Qualitative Information for the Quarterly Financial Results, (3) Explanation Concerning Results Forecast and Other Future Forecast Information."

(How to obtain supplementary material on quarterly financial results)

Supplementary material on the quarterly results summary will be disclosed on TDnet and on our website on the same day.

○ Attached Material Contents

1. Qualitative Information for the Quarterly Financial Results 5
(1) Explanation of Operating Results 5
(2) Explanation of Financial Position 5
(3) Explanation Concerning Results Forecast and Other Future Forecast Information 5
2. Quarterly Financial Statements and Main Notes 6
(1) Quarterly Balance Sheet 6
(2) Quarterly Profit and Loss Statement 7
First Nine Months of the Fiscal Year 7
(3) Notes Concerning the Quarterly Financial Statements 8
(Notes on being a going concern) 8
(Notes on remarkable changes in shareholder equity amounts if there are any) 8
(Segment information, etc.) 8

1. Qualitative Information for the Quarterly Financial Results

(1) Explanation of Operating Results

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

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

In the earnings period up to the end of the third quarter, we added a function to the Cuenote Safety Confirmation Service for the regular automatic delivery of email for natural disaster drills and commenced provision of this service in July 2023.

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 was 1,667,766,000 yen (a year-on-year increase of 4.9%) due to continued implementation at more enterprise companies in addition to an increase in the number of deliveries, while the amount from fixed-term contracts at the end of the third quarter was 187,887,000 yen (a year-on-year increase of 9.0%).

・Spot revenue: This includes Cuenote SaaS sales for newly contracted customers (that include the fees for initial use registration, customization, and proxy acquisition of security certificates, etc.) and software license sales (on-premise). Given robust growth in new SaaS sales, cumulative net sales up to the end of the third quarter were 41,958,000 yen (30.4% increase year-on-year).

In light of the above, business performance for the earnings period up to the end of the third quarter resulted in net sales of 1,709,725,000 yen, operating profit of 428,152,000 yen, ordinary profit of 428,166,000 yen, and quarterly net profit of 295,587,000 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 end of the third quarter of this accounting period was favorable due to an increase in net assets to 324,145,000 yen through quarterly net profit.

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 254,997,000 yen to 2,631,327,000 yen. This is mainly from recovery of accounts receivable and an increase in cash and deposits of 213,990,000 yen, an increase in tools, furniture, and fixtures of 19,028,000 yen through investment in facilities, and an increase in investment and other assets of 20,957,000 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 69,148,000 yen to 371,037,000 yen. This is due mainly to factors including a bonus reserve increase of 59,740,000 yen combined with a decrease in accrued expenses for bonuses of 91,747,000 yen and a decrease in other current liabilities of 26,865,000 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 324,145,000 yen to 2,260,289,000 yen. This is due to an increase in retained earnings of 293,647,000 yen from the recording of a quarterly net profit, and an increase in disposal of treasury stock as restricted stock units of 30,498,000 yen.

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

There is no change in the results forecast for the fiscal year ending December 31, 2023 from that published in the "Summary of financial results for the year ended December 31, 2022" dated February 10, 2023.

2. Quarterly Financial Statements and Main Notes

(1) Quarterly Balance Sheet

(Unit: 1,000 yen)

	Previous fiscal year (December 31, 2022)	First Nine Months of the Current Fiscal Year (September 30, 2023)
Assets		
Current assets		
Cash and deposits	1,721,203	1,935,194
Accounts receivable - trade	296,870	292,029
Raw materials	236	2,969
Other	52,574	64,078
Allowance for doubtful accounts	△592	△606
Total current assets	2,070,292	2,293,664
Non-current assets		
Property, plant and equipment		
Buildings	32,491	30,147
Tools, furniture and fixtures	124,306	143,335
Total tangible fixed assets	156,798	173,483
Intangible assets	24,662	18,644
Investments and other assets		
Leasehold and guarantee deposits	89,559	89,559
Other	35,017	55,975
Total investments and other assets	124,577	145,535
Total non-current assets	306,037	337,663
Total assets	2,376,330	2,631,327
Liabilities		
Current liabilities		
Accounts payable - trade	14,216	31,927
Accrued expenses	169,294	77,546
Advances received	27,548	36,834
Income taxes payable	114,173	76,901
Bonus reserve	-	59,740
Other	114,952	88,086
Total current liabilities	440,185	371,037
Total liabilities	440,185	371,037
Net assets		
Shareholders' equity		
Share capital	273,853	273,853
Capital surplus	191,351	191,351
Retained earnings	1,589,345	1,882,992
Treasury shares	△118,406	△87,908
Total shareholders' equity	1,936,144	2,260,289
Total net assets	1,936,144	2,260,289
Total liabilities and net assets	2,376,330	2,631,327

(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, 2022 to September 30, 2022)	First Nine Months of the Current Fiscal Year (from January 1, 2023 to September 30, 2023)
Net sales	1,622,770	1,709,725
Cost of sales	556,072	539,641
Gross profit	1,066,697	1,170,083
Selling, general and administrative expenses	694,726	741,930
Operating profit	371,971	428,152
Non-operating income		
Interest income	14	16
Other	73	-
Total non-operating income	88	16
Non-operating expenses		
Commission expenses	294	2
Total non-operating expenses	294	2
Ordinary profit	371,764	428,166
Pre-tax quarterly net profit	371,764	428,166
Income taxes - current	140,489	152,516
Income taxes - deferred	△25,188	△19,937
Total income taxes	115,300	132,578
Quarterly net profit	256,464	295,587

(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)

Based on a resolution of the board of directors meeting held on April 14, 2023, 21,800 shares of treasury stock have been disposed of as Restricted Stock Units. As a result, in the first nine months of this fiscal year, retained earnings decreased by 1,940,000 yen and treasury stock decreased by 30,498,000 yen, resulting in retained earnings of 1,882,992,000 yen and treasury stock of 87,908,000 yen at the end of the third quarter accounting period.

(Segment information, etc.)

[Segment information]

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