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May 14, 2024

Non-consolidated Financial Results for the First Three Months of the Fiscal Year Ending December 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4372
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 Scheduled date to file quarterly securities report: May 14, 2024
 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 three months of the fiscal year ending December 31, 2024 (from January 1, 2024 to March 31, 2024)

(1) Non-consolidated operating results (cumulative)

(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	%
Three months ended								
March 31, 2024	648	17.5	146	13.3	146	13.3	101	13.0
March 31, 2023	551	3.8	129	9.8	129	9.8	89	10.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
March 31, 2024	26.46	–
March 31, 2023	23.54	–

(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
	Millions of yen	Millions of yen	%
As of			
March 31, 2024	2,859	2,475	86.6
December 31, 2023	2,780	2,374	85.4

Reference: Equity

As of March 31, 2024: ¥2,475 million

As of December 31, 2023: ¥2,374 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, 2023	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2024	–				
Fiscal year ending December 31, 2024 (Forecast)		0.00	–	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, 2024 (from January 1, 2024 to December 31, 2024)

(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, 2024	2,570	11.0	610	3.0	610	3.0	420	2.7	109.82

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 March 31, 2024	3,892,600 shares
As of December 31, 2023	3,892,600 shares

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

As of March 31, 2024	62,837 shares
As of December 31, 2023	62,837 shares

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

Three months ended March 31, 2024	3,829,763 shares
Three months ended March 31, 2023	3,807,963 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 2 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.

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1. Qualitative Information for the Quarterly Financial Results

(1) Explanation of Operating Results

In the first three months of the current fiscal year, although economic activities are continuing to normalize, the economic outlook remains uncertain due to the increasing cost of raw materials caused by the prolonging of the situation between Russia and Ukraine, ongoing price increases due to the impact of foreign exchange rates, and other such factors.

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

In the first three months of 2024, we equaled our record for the most deliveries in our message delivery service in March, delivering 7.6 billion messages in a month. Furthermore, in February, we added the functions below to our SMS delivery service Cuenote SMS with the aim of improving convenience.

- Refined delivery function: This function enables you to pick up certain addresses from the address book according to specific criteria and send mail to the resulting list. Several criteria can be set for narrowing down email addresses, from basic criteria such as age, prefecture, and date of birth to information such as purchased products and event applied for. This enables you to sort and deliver information according to the attributes of recipients.

- Address book management function update: We added a modification-based update function for file-based delivery lists. When adding or updating records in an address book, it was previously necessary to overwrite all records using a CSV file or to add or update individual records from the operation screen, but we have now implemented a new file-based update function that updates modified records only.

- Download function for two-way SMS* send/receive history In two-way SMS, it is possible to download SMS and other messages sent to and received from counterparts, and this can be used to retain communication history over the long term.

*Two-way SMS is an optional function.

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 three months, stock-based revenue was 621,611,000 yen (a year-on-year increase of 13.9%) due to an increase in enterprise plans that met the needs of individual customers and an increase in the number of SMS customers, while the amount from fixed-term contracts at the end of the quarter was 208,725,000 yen (a year-on-year increase of 13.7%).

- 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 favorable growth in new SaaS and on-premises sales, cumulative net sales for the first three months were 26,926,000 yen (327.6% increase year-on-year).

In light of the above, business performance in the first three months of the current fiscal year resulted in net sales of 648,538,000 yen, operating profit of 146,672,000 yen, ordinary profit of 146,682,000 yen, and quarterly net profit of 101,325,000 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 first quarter of this accounting period was favorable due to an increase in net assets of 101,325,000 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 first quarter of this accounting period increased by 79,055,000 yen to 2,859,761,000 yen.

This is mainly due to an increase in cash and deposits of 53,723,000 yen and an increase in accounts receivable of 25,007,000 yen among other factors.

(Liabilities)

Compared to the end of the previous fiscal year, total liabilities at the end of the first quarter of this accounting period decreased by 22,269,000 yen to 384,346,000 yen. This is mainly due to an increase in bonus reserves of 44,174,000 yen, an increase in advances received of 22,318,000 yen, a decrease in accrued expenses of 45,566,000 yen for bonuses and a decrease of 57,885,000 yen in income taxes payable through the payment of income taxes.

(Net assets)

Compared to the end of the previous fiscal year, total net assets at the end of the first quarter of this accounting period increased by 101,325,000 yen to 2,475,414,000 yen. This is due to an increase in retained earnings of 101,325,000 yen from the recording of a quarterly net profit.

(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, 2024 from that published in the "Summary of financial results for the year ended December 31, 2023" dated February 13, 2024.

2. Quarterly Financial Statements and Main Notes

(1) Quarterly Balance Sheet

(Unit: 1,000 yen)

	Previous fiscal year (December 31, 2023)	First three months of the current fiscal year (March 31, 2024)
Assets		
Current assets		
Cash and deposits	2,089,150	2,142,873
Accounts receivable - trade	308,179	333,186
Raw materials	2,579	2,233
Other	67,306	51,176
Allowance for doubtful accounts	△833	△674
Total current assets	2,466,381	2,528,794
Non-current assets		
Property, plant and equipment		
Buildings	29,366	28,613
Tools, furniture and fixtures	136,316	134,936
Total tangible fixed assets	165,682	163,550
Intangible assets	17,292	16,413
Investments and other assets		
Leasehold and guarantee deposits	89,559	89,549
Other	41,787	61,453
Total investments and other assets	131,347	151,003
Total non-current assets	314,323	330,966
Total assets	2,780,705	2,859,761
Liabilities		
Current liabilities		
Accounts payable - trade	37,574	41,365
Accrued expenses	132,911	87,344
Advances received	29,565	51,883
Income taxes payable	118,671	60,785
Bonus reserve	-	44,174
Other	87,893	98,793
Total current liabilities	406,616	384,346
Total liabilities	406,616	384,346
Net assets		
Shareholders' equity		
Share capital	273,853	273,853
Capital surplus	191,351	191,351
Retained earnings	1,996,792	2,098,117
Treasury shares	△87,908	△87,908
Total shareholders' equity	2,374,089	2,475,414
Total net assets	2,374,089	2,475,414
Total liabilities and net assets	2,780,705	2,859,761

(2) Quarterly Profit and Loss Statement
(First three months of the fiscal year)

(Unit: 1,000 yen)

	First three months of the previous fiscal year (from January 1, 2023 to March 31, 2023)	First three months of the current fiscal year (from January 1, 2024 to March 31, 2024)
Net sales	551,898	648,538
Cost of sales	177,550	213,815
Gross profit	374,348	434,722
Selling, general and administrative expenses	244,874	288,049
Operating profit	129,474	146,672
Non-operating income		
Interest income	8	9
Total non-operating income	8	9
Ordinary profit	129,482	146,682
Pre-tax quarterly net profit	129,482	146,682
Income taxes - current	43,928	55,844
Income taxes - deferred	△4,085	△10,487
Total income taxes	39,842	45,356
Quarterly net profit	89,639	101,325

(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)

N/A

(Segment information, etc.)

[Segment information]

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

(Significant events after reporting period)

N/A