



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

May 14, 2024

Name of the listed company: Cacco Inc. Stock exchange listings: Tokyo Stock Exchange
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 Scheduled date of filing of Quarterly Securities Report: May 14, 2024
 Scheduled date of commencing dividend payments: –
 Preparation of supplementary explanatory materials for quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen have been omitted)

1. Results for the First Quarter (1Q) of FY2024 (January 1, 2024 to March 31, 2024)

(1) Operating Results (% figures represent changes from the same quarter of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024 1Q	166	-36.6	-77	–	-77	–	-77	–
FY2023 1Q	263	7.0	29	-38.4	29	-40.0	19	-41.7

	Net income per share	Diluted net income per share
	Yen	Yen
FY2024 1Q	-28.99	–
FY2023 1Q	7.44	7.25

(Note) Diluted net income per share for the first quarter of fiscal year ending December 31, 2024 is not stated because net loss per share was recorded for the period, although there are diluted shares.

(2) Financial Position

	Total assets	Net assets	Capital ratio
	Millions of yen	Millions of yen	%
FY2024 1Q	1,199	1,005	83.8
FY2023	1,286	1,072	83.4

(Reference) Equity capital: FY2024 1Q 1,005 million yen FY2023 1,072 million yen

2. Dividends

	Annual dividend				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	–	0.00	–	0.00	0.00
FY2024	–	–	–	–	–
FY2024 (Forecast)	–	0.00	–	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Financial Forecasts for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% figures represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	713	-25.1	-304	–	-307	–	-307	–	-115.29

(Note) Revisions to the most recently announced financial forecasts: None

* Notes

(1) Application of special accounting methods for the preparation of quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

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|--|--------|
| (i) Changes in accounting policies due to revision of accounting standards, etc. | : None |
| (ii) Changes in accounting policies other than (i) | : None |
| (iii) Changes in accounting estimates | : None |
| (iv) Restatements | : None |

(3) Number of shares issued (common stock)

(i) Number of issued shares at the end of the period (including treasury shares)	FY2024 1Q	2,712,655 shares	FY2023	2,669,584 shares
(ii) Number of treasury shares at the end of the period	FY2024 1Q	– shares	FY2023	– shares
(iii) Average number of shares during the period	FY2024 1Q	2,675,021 shares	FY2023 1Q	2,633,104 shares

* The quarterly financial statements are not subject to auditing by certified public accountants or auditing firms.

* Explanation regarding the appropriate use of financial forecasts and other special notes

(Cautionary note regarding forward-looking statements, etc.)

The forward-looking statements, including business forecasts, etc., contained in this document are based on the information currently available to us and on certain assumptions deemed reasonable, and are not intended as a guarantee by the Company that they will be achieved. Actual results may differ significantly from these forecasts due to various factors. Please refer to "1. Qualitative Information on Financial Results for the First Quarter of FY2024 (3) Summary of Financial Forecasts and Other Forward-Looking Information" on page 3 of the attached documents for matters concerning financial forecasts.

(How to obtain supplementary explanatory materials and explanations of financial results for the current quarter)

The supplementary explanatory materials "Financial Results for the First Quarter of Fiscal Year Ending December 31, 2024" will be disclosed on TDnet on the same day and then posted on the Company's website. In addition, we are scheduled to hold a briefing session for institutional investors and analysts on Tuesday, May 14, 2024. Video of this briefing session and the materials for the financial results briefing to be distributed on that day will be promptly posted on our website after the briefing.

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1. Qualitative Information on Financial Results for the First Quarter of FY2024

(1) Summary of Operating Results

During the first quarter of the current fiscal year (January 1, 2024 to March 31, 2024), expectations were running high that the Japanese economy would rebound, albeit at a moderate pace, due to the diminishing impacts of COVID-19. However, in light of the prolonged conflict in Ukraine, the worsening situation in the Middle East and other factors, there is a risk that a downturn in overseas economies could put downward pressure on Japan's economy and the outlook remains uncertain.

According to the "FY2022 Report on Improvement of Digital Transaction Environment (Market Research on Electronic Commerce)" published by the Ministry of Economy, Trade and Industry, the size of the business-to consumer EC (BtoC-EC) market as a whole in 2022 was 22.7 trillion yen (up 9.91% year on year), continuing to grow at a high growth rate. The BtoC-EC market continues to grow steadily, as shown by the increase of 0.35 percentage points to 9.13% of the EC ratio (the ratio of the size of the EC market to the size of the entire commerce market).

On the other hand, there has been a sharp increase in damage caused in recent years by the theft and unauthorized use of credit card numbers and other information. In response to this trend, the Revised Installment Sales Act mandates that necessary measures be taken to prevent the fraudulent use of credit card numbers and the like. In addition, the "Credit Card Security Guidelines Version 4.0 (Credit Card Transaction Security Council)," which serve as practical guidelines for such responses, require EC member businesses to introduce the EMV3-D Secure. As such, social demands for anti-fraud measures have been increasing more than ever.

In this current business environment, we have been offering a business that engages in the provision of SaaS-type algorithms to support companies in solving problems and coping with challenges by developing and providing algorithms and software based on our security payment data science technology and know-how in a way that aligns with our management vision of "Shaping the 'Let's Do It' mentality into the next game changer."

As for our fraud detection services, we promoted various efforts regarding O-PLUX, our fraudulent order detection service, including elimination of barriers to installation, improvement of the added value of products, expansion of sales channels and development of markets, in order to transform its profit structure, which relied on major clients. As a result, the amount of recurring revenue from O-PLUX (the total revenue from the monthly fee, which is a fixed fee, and from the screening fee, which is a pay-per-use fee based on the number of screenings; including Fraud Checker) for the first quarter of the current fiscal was 108,506 thousand yen (down 44.9% year on year). Furthermore, with regard to our Unauthorized Access Detection Services, we strived to secure orders for O-MOTION, our unauthorized access detection service that detects unauthorized access and logins at financial institutions and member sites, etc. on a real-time basis, and the Impenetrable Defense Pack for Phishing, our one-stop anti-phishing package that detects phishing e-mails and phishing domains used to fraudulently obtain information, and prevents spoofing logins attempted with such fraudulently obtained personal information.

In our Payment Consulting Services, we worked to secure orders for system development and maintenance projects, and in the Data Science Services, we endeavored to secure orders for data analysis projects.

As a result of the above, net sales for the first quarter of the current fiscal year were 166,768 thousand yen (down 36.6% year on year), operating loss was 77,194 thousand yen (compared with operating income of 29,937 thousand yen for the previous fiscal year), ordinary loss was 77,415 thousand yen (compared with ordinary income of 29,622 thousand yen for the previous fiscal year), and net loss was 77,548 thousand yen (compared with net income of 19,600 thousand yen for the previous fiscal year).

Segment information is omitted because the Company has a single segment involved with the provision of SaaS-type algorithms.

(2) Summary of Financial Position

(Assets)

Current assets at the end of the first quarter of the current fiscal year were 995,881 thousand yen, a decrease of 81,976 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 65,855 thousand yen in cash and deposits. Non-current assets were 203,980 thousand yen, a decrease of 4,712 thousand yen from the end of the previous fiscal year. This was due to a decrease of 8,907 thousand yen in software.

As a result, total assets amounted to 1,199,862 thousand yen, a decrease of 86,689 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the first quarter of the current fiscal year were 115,992 thousand yen, a decrease of 15,289 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 17,054 thousand yen in accounts payable-trade. Non-current liabilities were 78,376 thousand yen, a decrease of 4,261 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 4,764 thousand yen in long-term borrowings.

As a result, total liabilities amounted to 194,368 thousand yen, a decrease of 19,551 thousand yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the first quarter of the current fiscal year were 1,005,493 thousand yen, a decrease of 67,138 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 77,548 thousand yen in retained earnings as a result of the recording of quarterly net loss.

As a result, the capital ratio was 83.8% (83.4% at the end of the previous fiscal year).

(3) Summary of Financial Forecasts and Other Forward-Looking Information

There are no revisions to the full-year financial forecasts for the FY2024 announced on February 14, 2024 in the Summary of Financial Results for Fiscal Year Ended December 31, 2023.

2. Quarterly Financial Statements and Significant Notes Thereto

(1) Quarterly Balance Sheet

(Unit: thousand yen)

	FY2023 (As of December 31, 2023)	FY2024 1Q (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	941,093	875,238
Accounts receivable – trade	95,214	67,727
Work in process	495	495
Income taxes refund receivable	15,125	15,125
Other	25,929	37,294
Total current assets	1,077,858	995,881
Non-current assets		
Property, plant and equipment	3,811	4,046
Intangible assets		
Software	103,144	94,237
Total intangible assets	103,144	94,237
Investments and other assets		
Other	121,240	125,199
Allowance for doubtful accounts	-19,503	-19,503
Total investments and other assets	101,736	105,696
Total non-current assets	208,693	203,980
Total assets	1,286,551	1,199,862
Liabilities		
Current liabilities		
Accounts payable – trade	31,787	14,733
Current portion of long-term borrowings	14,292	15,483
Income taxes payable	2,758	1,362
Provision for bonuses	13,565	11,414
Other	68,878	72,998
Total current liabilities	131,281	115,992
Non-current liabilities		
Long-term borrowings	82,135	77,371
Deferred tax liabilities	502	1,005
Total non-current liabilities	82,637	78,376
Total liabilities	213,919	194,368
Net assets		
Shareholders' equity		
Share capital	376,188	380,495
Capital surplus	552,399	556,707
Retained earnings	144,312	66,764
Total shareholders' equity	1,072,901	1,003,967
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-269	1,526
Total valuation and translation adjustments	-269	1,526
Total net assets	1,072,631	1,005,493
Total liabilities and net assets	1,286,551	1,199,862

(2) Quarterly Statement of Income
(The first quarter of FY2024)

(Unit: thousand yen)

	The first quarter of FY2023 (From January 1, 2023 to March 31, 2023)	The first quarter of FY2024 (From January 1, 2024 to March 31, 2024)
Net sales	263,022	166,768
Cost of sales	82,407	64,974
Gross profit	180,615	101,793
Selling, general and administrative expenses	150,678	178,987
Operating income or loss (-)	29,937	-77,194
Non-operating income		
Interest and dividend income	3	4
Other	194	294
Total non-operating income	198	298
Non-operating expenses		
Interest expenses	4	135
Other	508	383
Total non-operating expenses	512	519
Ordinary income or loss (-)	29,622	-77,415
Income or loss (-) before income taxes	29,622	-77,415
Income taxes – current	7,903	132
Income taxes – deferred	2,119	–
Total income taxes	10,022	132
Net income or loss (-)	19,600	-77,548

(3) Notes to the Quarterly Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes in the event of significant changes in the amount of shareholders' equity)

Not applicable

(Segment information)

For the first quarter of FY2023 (From January 1, 2023 to March 31, 2023)

Segment information is omitted because the Company has a single segment involved with the provision of SaaS-type algorithms.

For the first quarter of FY2024 (From January 1, 2024 to March 31, 2024)

Segment information is omitted because the Company has a single segment involved with the provision of SaaS-type algorithms.

(Significant subsequent events)

Not applicable