



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

August 14, 2024

Name of the listed company: Cacco Inc. Stock exchange listings: Tokyo Stock Exchange
 Code number: 4166 URL <https://cacco.co.jp>
 Representative: (Title) Representative Director, President (Name) Hiroyuki Iwai
 Person in charge of inquiries: (Title) Executive Officer in charge of business administration (Name) Yuta Nakazawa
 TEL 03(6447)4534
 Scheduled date of filing of Interim Securities Report: August 14, 2024
 Scheduled date of commencing dividend payments: –
 Preparation of supplementary explanatory materials for financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen have been omitted)

1. Results for the Second Quarter (Interim Period) of FY2024 (January 1, 2024 to June 30, 2024)

(1) Operating Results

	Net sales		Operating income		Ordinary income		Interim net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024 Interim Period	347	-32.3	-148	–	-148	–	-148	–
FY2023 Interim Period	513	-0.6	17	-79.7	17	-80.1	10	-82.5

	Interim net income per share	Diluted interim net income per share
	Yen	Yen
FY2024 Interim Period	-55.12	–
FY2023 Interim Period	3.99	3.88

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

(2) Financial Position

	Total assets	Net assets	Capital ratio
	Millions of yen	Millions of yen	%
FY2024 Interim Period	1,116	938	84.1
FY2023	1,286	1,072	83.4

(Reference) Equity capital: FY2024 Interim Period 938 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	–	0.00			
FY2024 (Forecast)			–	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 interim financial statements: None

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

- (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 Interim Period	2,722,655 shares	FY2023	2,669,584 shares
(ii) Number of treasury shares at the end of the period	FY2024 Interim Period	– shares	FY2023	– shares
(iii) Average number of shares during the interim period	FY2024 Interim Period	2,697,245 shares	FY2023 Interim Period	2,640,680 shares

* The interim 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 Interim Period of FY2024 (4) 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)

The supplementary explanatory materials 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 Wednesday, August 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 Interim Period of FY2024

(1) Summary of Operating Results

During the first half of the current fiscal year (January 1, 2024 to June 30, 2024), the Japanese economy showed increasing expectations of economic recovery, albeit at a moderate pace, as the employment and income environment improved and partly owing to the effect of various government policies. However, the outlook remains uncertain, as ongoing high interest rates in Europe and the United States, rising prices, and the situation in the Middle East are risks that will put downward pressure on Japan's economy.

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, aside from the introduction of the EMV3-D Secure, the "Credit Card Security Guidelines Version 5.0 (Credit Card Transaction Security Council)," which serve as practical guidelines for such responses, now require EC member businesses to take measures to protect credit card information and prevent fraudulent use. 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 second quarter of the current fiscal was 221,864 thousand yen (down 40.6% 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, the interim period's net sales of the current fiscal year were 347,570 thousand yen (down 32.3% year on year), operating loss was 148,189 thousand yen (compared with operating income of 17,721 thousand yen in the previous interim period), ordinary loss was 148,416 thousand yen (compared with ordinary income of 17,664 thousand yen in the previous interim period), and interim net loss was 148,681 thousand yen (compared with interim net income of 10,530 thousand yen in the previous interim period).

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 interim period of the current fiscal year were 919,790 thousand yen, a decrease of 158,068 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 117,495 thousand yen in cash and deposits. Non-current assets were 196,966 thousand yen, a decrease of 11,726 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 18,904 thousand yen in depreciation.

As a result, total assets amounted to 1,116,756 thousand yen, a decrease of 169,794 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the interim period of the current fiscal year were 104,122 thousand yen, a decrease of 27,158 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 14,673 thousand yen in accounts payable-trade. Non-current liabilities were 73,798 thousand yen, a decrease of 8,839 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 8,337 thousand yen in long-term borrowings.

As a result, total liabilities amounted to 177,920 thousand yen, a decrease of 35,998 thousand yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the interim period of the current fiscal year were 938,835 thousand yen, a decrease of 133,796 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 148,681 thousand yen in retained earnings as a result of the recording of interim net loss.

As a result, the capital ratio was 84.1% (83.4% at the end of the previous fiscal year).

(3) Status of Cash Flows

Cash and cash equivalents (hereinafter "cash") at the end of the interim period of the current fiscal year were 823,598 thousand yen, a decrease of 117,495 thousand yen from the end of the previous fiscal year. The status and components of each cash flow during the interim period of the current fiscal year are as follows:

(Cash flows from operating activities)

Cash flows from operating activities resulted in a net outflow of 117,435 thousand yen. This was mainly due to recognition of the net loss before income taxes of 148,416 thousand yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net outflow of 1,528 thousand yen. The main factor was expenditures of 1,528 thousand yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a net inflow of 1,468 thousand yen. This was mainly due to proceeds of 8,614 thousand yen from issuance of shares, despite repayments of 7,146 thousand yen for long-term borrowings.

(4) 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. Interim Financial Statements and Significant Notes Thereto

(1) Interim Balance Sheet

(Unit: thousand yen)

	FY2023 (As of December 31, 2023)	Interim period of FY2024 (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	941,093	823,598
Accounts receivable – trade	95,214	67,876
Work in process	495	176
Income taxes refund receivable	15,125	–
Other	25,929	28,138
Total current assets	1,077,858	919,790
Non-current assets		
Property, plant and equipment	3,811	4,250
Intangible assets		
Software	103,144	85,329
Total intangible assets	103,144	85,329
Investments and other assets		
Other	121,240	126,889
Allowance for doubtful accounts	-19,503	-19,503
Total investments and other assets	101,736	107,386
Total non-current assets	208,693	196,966
Total assets	1,286,551	1,116,756
Liabilities		
Current liabilities		
Accounts payable – trade	31,787	17,113
Current portion of long-term borrowings	14,292	15,483
Income taxes payable	2,758	2,744
Provision for bonuses	13,565	13,829
Other	68,878	54,952
Total current liabilities	131,281	104,122
Non-current liabilities		
Long-term borrowings	82,135	73,798
Deferred tax liabilities	502	–
Total non-current liabilities	82,637	73,798
Total liabilities	213,919	177,920
Net assets		
Shareholders' equity		
Share capital	376,188	384,165
Capital surplus	552,399	560,377
Retained earnings	144,312	-4,368
Total shareholders' equity	1,072,901	940,174
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-269	-1,338
Total valuation and translation adjustments	-269	-1,338
Total net assets	1,072,631	938,835
Total liabilities and net assets	1,286,551	1,116,756

(2) Interim Statement of Income
(Interim period of FY2024)

(Unit: thousand yen)

	Interim period of FY2023 (From January 1, 2023 to June 30, 2023)	Interim period of FY2024 (From January 1, 2024 to June 30, 2024)
Net sales	513,159	347,570
Cost of sales	171,697	141,415
Gross profit	341,462	206,154
Selling, general and administrative expenses	323,740	354,344
Operating income or loss (-)	17,721	-148,189
Non-operating income		
Interest and dividend income	173	140
Reversal of provision for doubtful accounts	496	-
Other	198	520
Total non-operating income	868	661
Non-operating expenses		
Interest expenses	15	271
Other	909	617
Total non-operating expenses	925	888
Ordinary income or loss (-)	17,664	-148,416
Income or loss (-) before income taxes	17,664	-148,416
Income taxes – current	7,014	265
Income taxes – deferred	119	-
Total income taxes	7,134	265
Net income or loss (-)	10,530	-148,681

(3) Interim Statement of Cash Flows

(Unit: thousand yen)

	Interim period of FY2023 (From January 1, 2023 to June 30, 2023)	Interim period of FY2024 (From January 1, 2024 to June 30, 2024)
Cash flow from operating activities		
Income (loss) before income taxes	17,664	-148,416
Depreciation and amortization	47,267	18,904
Increase (decrease) in provision for bonuses	4,055	264
Increase (decrease) in provision for doubtful accounts	-496	-
Interest and dividend income	-173	-140
Interest expenses	15	271
Decrease (increase) in trade receivables	19,633	24,517
Decrease (increase) in inventories	-	318
Decrease (increase) in other current assets	-19,764	-2,124
Increase (decrease) in trade payables	-8,820	-14,673
Increase (decrease) in other current liabilities	-19,157	-11,120
Other	413	-
Subtotal	40,637	-132,199
Interest and dividends received	173	140
Interest paid	-15	-271
Income taxes refund (paid)	-17,941	14,894
Cash flow from operating activities	22,853	-117,435
Cash flow from investing activities		
Purchase of property, plant and equipment	-2,858	-1,528
Purchase of intangible assets	-36,960	-
Purchase of investment securities	-23,183	-
Other	308	-
Cash flow from investing activities	-62,693	-1,528
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	9,000	-
Repayments of long-term borrowings	-1,797	-7,146
Proceeds from issuance of shares	537	8,614
Cash flow from financing activities	7,740	1,468
Net increase (decrease) in cash and cash equivalents	-32,099	-117,495
Cash and cash equivalents at beginning of period	962,072	941,093
Cash and cash equivalents at end of period	929,972	823,598

(4) Notes to the Interim Financial Statements

(Notes on going concern assumption)

Not applicable

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

Not applicable

(Notes to segment information, etc.)

[Segment information]

For the interim period of FY2023 (From January 1, 2023 to June 30, 2023)

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

For the interim period of FY2024 (From January 1, 2024 to June 30, 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