



## Summary of Financial Results (Japanese GAAP) for the Second Quarter of Fiscal Year Ending December 31, 2021 (Non-consolidated)

August 13, 2021

Name of the listed company: Cacco Inc. Stock exchange listings: Tokyo Stock Exchange

Code number: 4166 URL <https://cacco.co.jp>

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Scheduled date of filing of Quarterly Securities Report: August 13, 2021

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 Second Quarter (2Q) of FY2021 (January 1, 2021 to June 30, 2021)

#### (1) Operating Results (Cumulative) (% 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	%
FY2021 2Q	450	–	94	–	90	–	61	–
FY2020 2Q	–	–	–	–	–	–	–	–

	Net income per share	Diluted net income per share
	Yen	Yen
FY2021 2Q	23.54	21.52
FY2020 2Q	–	–

(Note) As quarterly financial statements were not prepared for the second quarter of the fiscal year ended December 31, 2020, figures for the FY2020 2Q and the percentage change from the same period of the previous year, as well as the percentage change from the same period of the previous year for FY2021 2Q are not shown.

#### (2) Financial Position

	Total assets	Net assets	Capital ratio
	Millions of yen	Millions of yen	%
FY2021 2Q	1,317	1,212	91.8
FY2020 2Q	1,822	1,148	62.8

(Reference) Equity capital: FY2021 2Q 1,209 million yen, FY2020 2Q 1,145 million yen

### 2. Dividends

	Annual dividend				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	–	0.00	–	0.00	0.00
FY2021	–	0.00	–	–	–
FY2021 (Forecast)	–	–	–	0.00	0.00

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

### 3. Financial Forecasts for FY2021 (January 1, 2021 to December 31, 2021)

(% 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	909	9.4	154	11.8	149	29.3	102	-21.3	39.05

(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

- |  |        |
|--|--------|
| (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 end of period (including treasury shares)	FY2021 2Q	2,621,399 shares	FY2020	2,619,581 shares
(ii) Treasury shares at end of period	FY2021 2Q	–	FY2020	–
(iii) Average number of shares during the period (cumulative through 2Q)	FY2021 2Q	2,620,191 shares	FY2020 2Q	–

(Note) 1. As quarterly financial statements were not prepared for the cumulative period through the second quarter of the fiscal year ended December 31, 2020, the average number of shares during that period is not shown.

2. On September 9, 2020, the Company conducted a 3-for-1 stock split of common stock pursuant to the resolution of the Board of Directors passed at its meeting held on August 12, 2020. “Number of issued shares at end of period,” “Number of treasury shares at end of period,” and “Average number of shares during the period” are calculated as if the stock split had been carried out at the beginning of the previous fiscal year.

\* 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, contained in this document are based on information currently available to us and on certain assumptions deemed reasonable, and are not intended as a promise 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 Second Quarter of FY2021 (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 Second Quarter of Fiscal Year Ending December 31, 2021” 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 Friday, August 13, 2021. The video of this briefing session and the materials for the financial results briefing to be distributed on that day will be posted on our website promptly after the briefing.

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## 1. Qualitative Information on Financial Results for the Second Quarter of FY2021

### (1) Summary of Operating Results

During the cumulative period through the second quarter of the current fiscal year (January 1, 2021 to June 30, 2021), the Japanese economy continued to face a difficult situation due to the effect of the COVID-19 pandemic. Although the number of COVID-19 cases is expected to decrease as more of the wider population are vaccinated and government stimulus measures are expected to produce positive effects, the outlook of the Japanese economy remains uncertain.

According to the “FY2020 Report on Commissioned Industrial and Economic Research (Market Research on Electronic Commerce)” published by the Ministry of Economy, Trade and Industry in 2020, the size of the business-to consumer EC (BtoC-EC) market as a whole was 19.3 trillion yen, shrinking by 0.43% year on year due to a significant decrease in the service-related areas mainly caused by the shrinkage of travel services. However, product sales-related areas expanded significantly by 21.71% year on year as a result of people being encouraged to stay at home and using EC as part of the measures to control COVID-19. The BtoC-EC market continues to grow steadily as shown also by the increase of 1.32 percentage points to 8.08% 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 amended 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 2.0 (Credit Card Transaction Security Council),” which serve as practical guidelines for such responses, require member businesses to introduce measures such as “attribute and behavior analysis (fraud detection system)” in accordance with the risk situation as a countermeasure against fraudulent use of credit cards in non-face-to-face transactions. As such, social demands for anti-fraud measures have been increasing more than ever.

In this business environment, we have been offering a business that engages in the provision of SaaS-type algorithms to support companies in solving their problems and challenges by developing and providing algorithms and software based on our security payment data science technology and know-how, with our management vision of “Shaping the ‘Let’s Do It’ for a next game changer.”

In the area of fraud detection services, we worked to develop new customers for O-PLUX, our fraudulent order detection services, by promoting system integration with EC package and shopping cart vendors, as well as improving the service’s functionality such as enhancing the function to integrate with external databases. As a result, supported by the increase in new customers and the continued growth of existing customers, QRR (Quarterly Recurring Revenue; i.e. the sum of monthly fees, which are billed at a fixed rate, and screening fees, which are billed on a pay-per-use basis) of O-PLUX for the cumulative period through the second quarter of the current fiscal year expanded to 340,569 thousand yen (up 21.5% year on year). In addition, O-MOTION, our fraudulent access detection services, received a patent assessment from the Japan Patent Office in March 2021 for the technology used to identify terminals, etc., which is an example of the results of our continuous efforts to improve our detection accuracy and enhance the functionality of our solution and to develop sales channels in a variety of fields.

In our payment consulting services, we worked to secure orders for system development projects. In our data science services, we strived to expand sales of SAKIGAKE KPI, a new data analysis service that aggregates, analyzes, and reports up to 100 million records in 30 business days.

As a result of the above, net sales for the cumulative period through the second quarter of the current fiscal year were 450,497 thousand yen, operating income was 94,677 thousand yen, ordinary income was 90,310 thousand yen, and net income was 61,672 thousand yen.

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

### (2) Summary of Financial Position

#### (i) Status of assets, liabilities and net assets

##### (Assets)

Current assets at the end of the second quarter of the current fiscal year were 848,383 thousand yen, a decrease of 554,382 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 552,942 thousand yen in cash and deposits. Non-current assets were 469,019 thousand yen, an increase of 48,847 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 67,102 thousand yen in software in progress, which reflects the software development for the system architecture reform of our fraud detection services.

As a result, total assets amounted to 1,317,403 thousand yen, a decrease of 505,535 thousand yen from the end of the previous fiscal year.

##### (Liabilities)

Current liabilities at the end of the second quarter of the current fiscal year were 101,083 thousand yen, a decrease of 282,399 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 184,893 thousand yen in the current portion of long-term borrowings, a decrease of 30,000 thousand yen in the current portion of bonds payable, and a decrease of 59,584 thousand yen in accounts payable – other. Non-current liabilities were 3,939 thousand yen, a decrease of 287,070 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 212,070 thousand yen in long-term borrowings and a decrease of 75,000 thousand yen in bonds payable, which arose from prepayments of interest-bearing debt undertaken for the purpose of improving financial structure and management efficiency.

As a result, total liabilities amounted to 105,022 thousand yen, a decrease of 569,469 thousand yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the second quarter of the current fiscal year were 1,212,380 thousand yen, an increase of 63,934 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 61,672 thousand yen in retained earnings as a result of the recording of quarterly net income.

As a result, the capital ratio was 91.8% (62.8% at the end of the previous fiscal year).

(ii) Status of cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the second quarter of the current fiscal year were 740,235 thousand yen, a decrease of 552,942 thousand yen from the end of the previous fiscal year. The status and components of each cash flow during the cumulative period through the second quarter of the current fiscal year are as follows:

(Cash flows from operating activities)

Cash flows from operating activities resulted in a net inflow of 56,928 thousand yen. This was mainly due to the payment of income taxes of 15,607 thousand yen, a decrease of 19,409 thousand yen in accounts payable – other, and the recording of income before income taxes of 90,310 thousand yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net outflow of 102,118 thousand yen. This was mainly due to the purchase of intangible assets of 98,309 thousand yen, which mainly reflects the software development for the system architecture reform of our fraud detection services.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a net outflow of 507,752 thousand yen. This was mainly due to a repayment of long-term borrowings of 396,963 thousand yen and a redemption of bonds of 105,000 thousand yen, which arose from prepayments of interest-bearing debt undertaken for the purpose of improving financial structure and management efficiency.

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

There are no revisions to the full-year financial forecasts for the FY2021 announced on February 10, 2021 in the Summary of Financial Results for Fiscal Year Ended December 31, 2020.

## 2. Quarterly Financial Statements and Significant Notes Thereto

## (1) Quarterly Balance Sheet

(Unit: thousand yen)

	FY2020 (As of December 31, 2020)	FY2021 2Q (As of June 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,293,177	740,235
Accounts receivable – trade	89,922	84,928
Work in process	135	-
Prepaid expenses	16,580	22,435
Other	2,950	783
Total current assets	1,402,765	848,383
Non-current assets		
Property, plant and equipment	12,423	11,865
Intangible assets		
Software	16,834	13,930
Software in progress	295,730	362,833
Other	1,414	1,362
Total intangible assets	313,979	378,127
Investments and other assets	93,769	79,026
Total non-current assets	420,172	469,019
Total assets	1,822,938	1,317,403
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	14,355	15,646
Current portion of long-term borrowings	189,177	4,284
Current portion of bonds payable	30,000	-
Accounts payable – other	88,316	28,732
Income taxes payable	24,050	17,824
Accrued consumption taxes	13,037	13,189
Provision for bonuses	11,763	8,618
Other	12,782	12,789
Total current liabilities	383,483	101,083
Non-current liabilities		
Long-term borrowings	216,009	3,939
Bonds payable	75,000	-
Total non-current liabilities	291,009	3,939
Total liabilities	674,492	105,022
<b>Net assets</b>		
Shareholders' equity		
Share capital	362,499	363,178
Capital surplus	538,710	539,389
Retained earnings	244,524	306,196
Total shareholders' equity	1,145,733	1,208,765
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-588	314
Total valuation and translation adjustments	-588	314
Share acquisition rights	3,300	3,300
Total net assets	1,148,445	1,212,380
Total liabilities and net assets	1,822,938	1,317,403

## (2) Quarterly Statement of Income

(Cumulative period through the second quarter of FY2021)

(Unit: thousand yen)

	Cumulative period through FY2021 2Q (From January 1, 2021 to June 30, 2021)
Net sales	450,497
Cost of sales	116,381
Gross profit	334,116
Selling, general and administrative expenses	239,438
Operating income	94,677
Non-operating income	
Interest and dividend income	86
Commission income	3
Total non-operating income	90
Non-operating expenses	
Interest expenses	3,299
Loss on redemption of bonds	783
Other	375
Total non-operating expenses	4,457
Ordinary income	90,310
Income before income taxes	90,310
Income taxes – current	12,874
Income taxes – deferred	15,763
Total income taxes	28,638
Net income	61,672

## (3) Quarterly Statement of Cash Flows

(Unit: thousand yen)

	Cumulative period through FY2021 2Q (From January 1, 2021 to June 30, 2021)
Cash flow from operating activities	
Income before income taxes	90,310
Depreciation and other amortization	5,383
Increase (decrease) in provision for bonuses	-3,145
Interest and dividend income	-86
Interest expenses	3,299
Decrease (increase) in trade receivables	4,993
Decrease (increase) in inventories	135
Decrease (increase) in other current assets	-3,688
Increase (decrease) in trade payables	1,290
Increase (decrease) in accounts payable – other	-19,409
Increase (decrease) in accrued consumption taxes	152
Increase (decrease) in other current liabilities	-3,742
Other	255
Subtotal	75,747
Interest and dividends received	86
Interest paid	-3,299
Income taxes paid	-15,607
Cash flow from operating activities	56,928
Cash flow from investing activities	
Purchase of investment securities	-309
Purchase of property, plant and equipment	-3,499
Purchase of intangible assets	-98,309
Cash flow from investing activities	-102,118
Cash flow from financing activities	
Repayment of long-term borrowings	-396,963
Redemption of bonds	-105,000
Proceeds from issuance of shares	1,359
Payment of listing expenses	-7,148
Cash flow from financing activities	-507,752
Net increase (decrease) in cash and cash equivalents	-552,942
Cash and cash equivalents at beginning of period	1,293,177
Cash and cash equivalents at end of period	740,235



(4) 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, etc.)

[Segment information]

Cumulative period through the second quarter of the current fiscal year (January 1, 2021 to June 30, 2021)

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