



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

November 10, 2021

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 and CEO (Name) Hiroyuki Iwai

Person in charge of inquiries: (Title) Senior Managing Director, CFO in charge of administration unit Name: Kentaro Sekine  
TEL 03 (6447) 4534

Scheduled date of filing of Quarterly Securities Report: November 10, 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 Third Quarter (3Q) of FY2021 (January 1, 2021 to September 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 3Q	685	10.7	148	16.0	144	19.7	98	-23.7
FY2020 3Q	619	—	128	—	121	—	129	—

	Net income per share	Diluted net income per share
	Yen	Yen
FY2021 3Q	37.58	34.47
FY2020 3Q	55.23	—

- (Notes)
- As quarterly financial statements have not been prepared for the third quarter of the fiscal year ended December 31, 2019, the year on year rate of change for the third quarter of the fiscal year ended December 31, 2020 is not shown.
  - Although there are residual shares, the average share price during the period cannot be determined as the Company's shares were unlisted. Therefore, the diluted net income per share for the third quarter of the fiscal year ended December 31, 2020 is not shown.
  - 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. Net income per share and diluted net income per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

### (2) Financial Position

	Total assets	Net assets	Capital ratio
	Millions of yen	Millions of yen	%
FY2021 3Q	1,370	1,250	91.0
FY2020	1,822	1,148	62.8

(Reference) Equity capital: FY2021 3Q 1,247 million yen FY2020 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 3Q	2,622,665 shares	FY2020	2,619,581 shares
(ii) Number of treasury shares at end of period	FY2021 3Q	—	FY2020	—
(iii) Average number of shares during the period (cumulative through 3Q)	FY2021 3Q	2,620,741 shares	FY2020 3Q	2,337,081 shares

(Note) 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 Third 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 Third 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 Wednesday, November 10, 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 Third Quarter of FY2021

### (1) Summary of Operating Results

During the cumulative period through the third quarter of the current fiscal year (January 1, 2021 to September 30, 2021), the Japanese economy was on a recovery trend but at a modest pace due to intermittent issuance of a state of emergency declaration and quasi-emergency measures following the nationwide expansion of COVID-19, which resulted in a limited resumption of socioeconomic activities. Despite expectations for further penetration of vaccinations to curb infections and the effects of the government's economic measures, the future 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, the Company expanded the scope of its O-PLUX fraudulent order detection services by releasing O-PLUX Premium Plus (shipping decision agent services), which compensates for damage caused by fraudulent use of credit cards with no upper limit, etc. as well as promoting alliances such as partner agreements with credit card companies and payment processing companies. As a result of these efforts, the amount of O-PLUX stock revenue (the sum of the monthly fee, which is a flat-rate charge, and the examination fee, which is a pay-as-you-go charge based on the number of examinations) for the cumulative period through the third quarter increased to 509,893 thousand yen, up 18.3% year on year. In addition, with regard to our O-MOTION unauthorized access detection services, we continued to expand its services through measures such as the release of O-MOTION Light, a new lineup available at lower prices, and worked to develop sales channels in various 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 third quarter were 685,523 thousand yen (up 10.7% year on year), operating income was 148,869 thousand yen (up 16.0% year on year), ordinary income was 144,875 thousand yen (up 19.7% year on year), and net income was 98,476 thousand yen (down 23.7% year on 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 third quarter of the current fiscal year were 889,968 thousand yen, a decrease of 512,796 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 508,822 thousand yen in cash and deposits. Non-current assets were 480,553 thousand yen, an increase of 60,380 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 83,747 thousand yen in software and 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 1,370,522 thousand yen, a decrease of 452,416 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the third quarter of the current fiscal year were 117,238 thousand yen, a decrease of 266,244 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 54,811 thousand yen in accounts payable – other. Non-current liabilities were 2,868 thousand yen, a decrease of 288,141 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 213,141 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 120,106 thousand yen, a decrease of 554,385 thousand yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the third quarter of the current fiscal year were 1,250,415 thousand yen, an increase of 101,969 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 98,476 thousand yen in retained earnings as a result of the recording of quarterly net income.

As a result, the capital ratio was 91.0% (62.8% 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 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 3Q (As of September 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,293,177	784,355
Accounts receivable – trade	89,922	85,034
Work in process	135	138
Prepaid expenses	16,580	14,507
Other	2,950	5,933
Total current assets	1,402,765	889,968
Non-current assets		
Property, plant and equipment	12,423	11,095
Intangible assets		
Software	16,834	396,313
Software in progress	295,730	–
Other	1,414	1,324
Total intangible assets	313,979	397,637
Investments and other assets	93,769	71,820
Total non-current assets	420,172	480,553
Total assets	1,822,938	1,370,522
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	14,355	14,810
Current portion of long-term borrowings	189,177	4,284
Current portion of bonds payable	30,000	–
Accounts payable – other	88,316	33,505
Income taxes payable	24,050	23,604
Accrued consumption taxes	13,037	18,884
Provision for bonuses	11,763	7,813
Other	12,782	14,337
Total current liabilities	383,483	117,238
Non-current liabilities		
Long-term borrowings	216,009	2,868
Bonds payable	75,000	–
Total non-current liabilities	291,009	2,868
Total liabilities	674,492	120,106
<b>Net assets</b>		
Shareholders' equity		
Share capital	362,499	363,562
Capital surplus	538,710	539,774
Retained earnings	244,524	343,001
Total shareholders' equity	1,145,733	1,246,338
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-588	776
Total valuation and translation adjustments	-588	776
Share acquisition rights	3,300	3,300
Total net assets	1,148,445	1,250,415
Total liabilities and net assets	1,822,938	1,370,522

## (2) Quarterly Statement of Income

(Cumulative period through the third quarter of FY2021)

(Unit: thousand yen)

	Cumulative period through FY2020 3Q (From January 1, 2020 to September 30, 2020)	Cumulative period through FY2021 3Q (From January 1, 2021 to September 30, 2021)
Net sales	619,329	685,523
Cost of sales	192,660	179,915
Gross profit	426,669	505,608
Selling, general and administrative expenses	298,323	356,738
Operating income	128,345	148,869
Non-operating income		
Interest and dividend income	58	91
Commission income	11	505
Interest on tax refund	55	—
Total non-operating income	125	596
Non-operating expenses		
Interest expenses	4,941	3,333
Listing expenses	2,000	—
Loss on redemption of bonds	—	783
Other	479	474
Total non-operating expenses	7,420	4,591
Ordinary income	121,050	144,875
Income before income taxes	121,050	144,875
Income taxes – current	18,538	21,942
Income taxes – deferred	-26,569	24,456
Total income taxes	-8,031	46,398
Net income	129,081	98,476

(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, etc.)

[Segment information]

Cumulative period through the third quarter of the previous fiscal year (January 1, 2020 to September 30, 2020)

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

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

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