



Summary of Financial Results (Japanese GAAP) for the First Quarter of Fiscal Year Ending December 31, 2023 (Non-consolidated)

May 12, 2023

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: May 12, 2023
 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 FY2023 (January 1, 2023 to March 31, 2023)

(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	%
FY2023 1Q	263	7.0	29	-38.4	29	-40.0	19	-41.7
FY2022 1Q	245	10.2	48	-2.8	49	4.5	33	3.1

	Net income per share	Diluted net income per share
	Yen	Yen
FY2023 1Q	7.44	7.25
FY2022 1Q	12.79	12.12

(2) Financial Position

	Total assets	Net assets	Capital ratio
	Millions of yen	Millions of yen	%
FY2023 1Q	1,486	1,393	93.7
FY2022	1,534	1,373	89.5

(Reference) Equity capital: FY2023 1Q 1,393 million yen FY2022 1,373 million yen

2. Dividends

	Annual dividend				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	–	0.00	–	0.00	0.00
FY2023	–	–	–	–	–
FY2023 (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, 2023 (January 1, 2023 to December 31, 2023)

(% 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	933	-13.3	-187	–	-190	–	-190	–	-72.33

(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. | : Yes |
| (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)	FY2023 1Q	2,633,870 shares	FY2022	2,632,682 shares
(ii) Number of treasury shares at the end of the period	FY2023 1Q	– shares	FY2022	– shares
(iii) Average number of shares during the period	FY2023 1Q	2,633,104 shares	FY2022 1Q	2,629,382 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 FY2023 (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, 2023" 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, May 12, 2023. 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.

○ Contents of attached documents

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1. Qualitative Information on Financial Results for the First Quarter of FY2023

(1) Summary of Operating Results

During the first quarter of the current fiscal year (January 1, 2023 to March 31, 2023), the Japanese economy continued to rebound, albeit at a moderate pace, partly owing to the effect of various government policies despite the persistence of COVID-19. However, with ongoing global monetary tightening and other factors, the outlook remains uncertain, as a downturn in overseas economies is a risk that will put downward pressure on Japan's economy.

According to the "FY2021 Report on Commissioned Industrial and Economic Research (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 2021 was 20.6 trillion yen (up 7.35% 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 0.7 percentage points to 8.78% 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 4.0 (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 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 expanded the sales of O-PLUX, our fraudulent order detection service, through O-PLUX Premium Plus (shipping decision agent service), which compensates for damages caused by the fraudulent use of credit cards with no upper limit, and Fraud Checker, a fraudulent order detection service available from 4,000 yen per month. In addition, thanks to our efforts to promote alliances, such as system integration with EC packages and shopping carts as well as the conclusion of partner agreements with credit card companies, the number of new customers has increased and existing customers have continued to grow. As a result, the amount of O-PLUX's recurring revenue (the sum of the monthly fee, which is a flat-rate charge, and the examination fee, which is a pay-as-you-go fee based on the number of examinations, including Fraud Checker) for the first quarter of the current fiscal year has increased to 196,852 thousand yen (up 7.9% year-on-year). Also, with regard to our O-MOTION unauthorized access detection services, we continued to expand its services, and worked to develop sales channels in a variety of fields, such as new linkage with an EC construction package system.

In our Payment Consulting Services, we worked to secure orders for system development projects, and in the Data Science Services, we worked 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 263,022 thousand yen (up 7.0% year on year), operating income was 29,937 thousand yen (down 38.4% year on year), ordinary income was 29,622 thousand yen (down 40.0% year on year), and net income was 19,600 thousand yen (down 41.7% 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 first quarter of the current fiscal year were 1,046,148 thousand yen, a decrease of 48,327 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 52,900 thousand yen in cash and deposits. Non-current assets were 440,847 thousand yen, an increase of 963 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 21,112 thousand yen in investments and other assets.

As a result, total assets amounted to 1,486,996 thousand yen, a decrease of 47,364 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 93,204 thousand yen, a decrease of 67,928 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 9,844 thousand yen in accounts payable-trade and a decrease of 13,064 thousand yen in income taxes payable. There are no non-current liabilities.

As a result, total liabilities amounted to 93,204 thousand yen, a decrease of 67,928 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 1,393,791 thousand yen, an increase of 20,564 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 19,600 thousand yen in retained earnings as a result of the recording of quarterly net income.

As a result, the capital ratio was 93.7% (89.5% 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 FY2023 announced on February 13, 2023 in the Summary of Financial Results for Fiscal Year Ended December 31, 2022.

2. Quarterly Financial Statements and Significant Notes Thereto

(1) Quarterly Balance Sheet

(Unit: thousand yen)

	FY2022 (As of December 31, 2022)	FY2023 1Q (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	962,072	909,172
Accounts receivable – trade	117,182	102,406
Work in process	–	111
Other	15,221	34,458
Total current assets	1,094,476	1,046,148
Non-current assets		
Property, plant and equipment	11,306	11,743
Intangible assets		
Software	349,519	327,515
Software in progress	5,625	7,110
Other	924	855
Total intangible assets	356,068	335,481
Investments and other assets		
Other	92,510	113,623
Allowance for doubtful accounts	-20,000	-20,000
Total investments and other assets	72,510	93,623
Total non-current assets	439,884	440,847
Total assets	1,534,360	1,486,996
Liabilities		
Current liabilities		
Accounts payable – trade	24,764	14,919
Current portion of long-term borrowings	1,797	726
Income taxes payable	23,314	10,249
Provision for bonuses	9,468	9,229
Other	101,789	58,080
Total current liabilities	161,133	93,204
Total liabilities	161,133	93,204
Net assets		
Shareholders' equity		
Share capital	365,518	365,637
Capital surplus	541,729	541,848
Retained earnings	465,188	484,788
Total shareholders' equity	1,372,436	1,392,274
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	791	1,517
Total valuation and translation adjustments	791	1,517
Total net assets	1,373,227	1,393,791
Total liabilities and net assets	1,534,360	1,486,996

(2) Quarterly Statement of Income
(The first quarter of FY2023)

(Unit: thousand yen)

	The first quarter of FY2022 (From January 1, 2022 to March 31, 2022)	The first quarter of FY2023 (From January 1, 2023 to March 31, 2023)
Net sales	245,771	263,022
Cost of sales	73,256	82,407
Gross profit	172,515	180,615
Selling, general and administrative expenses	123,879	150,678
Operating income	48,636	29,937
Non-operating income		
Interest and dividend income	3	3
Consulting fee income	900	—
Other	2	194
Total non-operating income	906	198
Non-operating expenses		
Interest expenses	18	4
Other	172	508
Total non-operating expenses	190	512
Ordinary income	49,351	29,622
Income before income taxes	49,351	29,622
Income taxes – current	6,742	7,903
Income taxes – deferred	8,973	2,119
Total income taxes	15,716	10,022
Net income	33,635	19,600

(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

(Change in accounting policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021; hereinafter referred to as "Implementation Guidance on Accounting Standard for Fair Value Measurement") is applied from the beginning of the first quarter of the current fiscal year, and the new accounting policy prescribed by the Guidance is applied prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This has no impact on the quarterly financial statements.

(Segment information)

For the first quarter of FY2022 (From January 1, 2022 to March 31, 2022)

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

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.

(Significant subsequent events)

Not applicable