



Summary of Financial Results (Japanese GAAP) for for the First Quarter of FY2021 (Non-consolidated)

May 14, 2021

Name of the listed company: Cacco Inc.
 Stock exchange listings: Tokyo Stock Exchange
 Code#: 4166 URL <https://cacco.co.jp>
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 Person in charge of inquiries: (Title) Senior Managing Director, CFO in charge of administration unit (Name) Kentaro Sekine
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 Scheduled date of filing of Quarterly Securities Report: May 14, 2021
 Scheduled date to commence 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 FY2021 (January 1, 2021 to March 31, 2021)

(1) Business Performance (Cumulative total)

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

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021 1Q	222	-	50	-	47	-	32	-
FY2020 1Q	-	-	-	-	-	-	-	-

	Quarterly earnings per share	Quarterly diluted earnings per share
	Yen.00	Yen.00
FY2021 1Q	12.46	11.35
FY2020 1Q	-	-

(Note) As quarterly financial statements are not prepared for the first quarter of the fiscal year ending December 31, 2020, figures for the FY2020 1Q 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 1Q are not shown.

(2) Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
FY2021 1Q	1,669	1,182	70.6
FY2020	1,822	1,148	62.8

(Reference) Equity: FY2021 1Q: 1,178 million yen, FY2020: 1,145 million yen

2. Dividends

	Annual dividend				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen.00	Yen.00	Yen.00	Yen.00	Yen.00
FY2021	-	-	-	0.00	0.00
FY2020	-	-	-	-	-
FY2021 (Forecast)	-	-	-	0.00	0.00

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

3. Forecast for the fiscal year ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(%figures represent changes from the previous fiscal year)

Full Year	Net sales		Operating income		Ordinary income		Net income		Per share net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen.00
	909	9.4	154	11.8	149	29.3	102	(21.3)	39.05

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

*Notes:

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

(1) Changes in accounting policies due to revision of accounting standards, etc.: None

(2) Changes in accounting policies other than (1) : None

(3) Changes in accounting estimates : None

(4) Restatements : None

(2) Number of shares issued (common stock)

(i) #shares outstanding at end of period (including treasury stock)	FY2021 1Q	2,620,004 shares	FY2020	2,619,581 shares
(ii) #treasury share at end of period	FY2021 1Q	-	FY2020	-
(iii) #average shares during the period (Quarterly total)	FY2021 1Q	2,619,586 shares	FY2020 1Q	-

(Note)1. As we did not prepared quarterly financial statements for the first quarter of FY2020, the average number of shares during the first quarter FY2020 is not shown.

2. On September 9, 2020, we conducted a 3-for-1 stock split of common stock. The number of shares is based on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

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

*Explanation regarding 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 Consolidated Financial Results for the First Quarter of FY2021" on page 3 of the attached materials for matters concerning the forecast of business results.

(How to obtain supplementary explanatory materials and explanations of financial results)

The supplementary explanatory materials "Summary of Financial Results for the First Quarter of FY2021" 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 14, 2021. The video of this briefing and the materials for the financial results briefing to be distributed on that day will be posted on our website promptly after the briefing.

○ Table of contents of attached documents

1. Qualitative Information on Consolidated Financial Results for the First Quarter of FY2021.....	2
(1) Summary of Business Results.....	2
(2) Summary of Financial Position.....	2
(3) Summary regarding the forecast of financial results and other future information	3
2. Quarterly Financial Statements and Major Notes	4
(1) Quarterly Balance Sheet	4
(2) Quarterly Statement of Income	5
Cumulative results for the first quarter	5
(3) Notes to the Quarterly Financial Statements.....	6
(Notes on Going Concern Assumption)	6
(Note in the event of a significant change in the amount of shareholders' equity)	6
(Segment Information, etc.)	6
(Significant Subsequent Event).....	6

1. Qualitative Information on Consolidated Financial Results for the First Quarter of FY2021

(1) Summary of Business Results

During the first quarter of the current fiscal year (January 1, 2021 to March 31, 2021), the Japanese economy continued to face a difficult situation due to restrictions on economic activities and sluggish personal consumption caused by the resurgence of COVID-19. Although the second State of Emergency was lifted and economic activities gradually resumed, the measures to prevent the spread of the disease have been implemented in some areas. Also with the third emergency state issued in April 2021, a lot of uncertainties still remain in the market.

According to a 2019 survey "Report on the Electronic Commerce Business (Market Survey on Electronic Commerce)," which was performed by the Ministry of Economy, Trade and Industry (METI), the consumer electronic commerce (B to C-EC) market grew 7.65% year on year to 19.3 trillion yen, maintaining a high growth rate. On the other hand, there has been a sharp increase in the theft of credit card numbers and other information. In response to this trend, the revised Installment Sales Law mandates that necessary measures be taken to prevent the fraudulent use of credit card numbers. In addition, the "Credit Card Security Guidelines Version 2.0 (Credit Card Transaction Security Council)," which serves as a practical guideline, requires member businesses to introduce measures such as "attribute and behavior analysis (fraud detection system)" according to 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 more increasing than ever.

In this business environment, we have been developing the "SaaS-type algorithm business" to support companies in solving their problems and challenges by developing and providing algorithms and software based on our data science technology and know-how, with the management vision of "Shaping the "Let's Do It" for a next game changer.".

In the area of fraud detection services, as a result of our efforts to develop new customers for our fraudulent order detection service "O-PLUX" by continuing to promote system integration with EC package and shopping cart vendors, and supported by the continued growth of existing customers, the 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) expanded to 168,983 thousand yen (up 30.4% year-on-year). In addition, "O-MOTION," an fraudulent access detection service received a patent assessment from the Japan Patent Office in March 2021 for the technology used to identify terminals, etc., which has further driven our continuous efforts to improve the detection accuracy and enhance the functions of our solution and to develop sales channels in a variety of fields.

In the payment consulting service, orders for system development projects were steady, and in the data science service, 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 first quarter of the current fiscal year were 222,940 thousand yen, operating income was 50,013 thousand yen, ordinary income was 47,224 thousand yen, and net income was 32,637 thousand yen.

As we have a single segment of SaaS-type algorithm provision business, segment information has been omitted.

(2) Summary of Financial Position

(Assets)

Current assets at the end of the first quarter of the current fiscal year were 1,229,375 thousand yen, a decrease of 173,390 thousand yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 186,140 thousand yen in cash and deposits. Fixed assets totaled 440,145 thousand yen, an increase of 19,973 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 30,200 thousand yen in software in progress.

As a result, total assets amounted to 1,669,521 thousand yen, a decrease of 153,416 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 289,061 thousand yen, a decrease of 94,422 thousand yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 34,743 thousand yen in accounts payable-other. Long-term liabilities decreased by 92,753 thousand yen to 198,256 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 75,000 thousand yen in bonds.

As a result, total liabilities amounted to 487,317 thousand yen, a decrease of 187,175 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 1,182,204 thousand yen, an increase of 33,758 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 32,637 thousand yen in retained earnings resulting from the recording of the quarterly net income.

As a result, the capital adequacy ratio was 70.6% (62.8% at the end of the previous fiscal year).

(3) Summary regarding the forecast of financial results and other future information

There is no change to the full-year earnings forecast for the fiscal year ending December 31, 2021, which was announced in the "Summary of Financial Results for the Fiscal Year Ending December 31, 2020" on February 10, 2021.

3. Quarterly Financial Statements and Major Notes

(1) Quarterly Balance Sheet

	Previous fiscal year (Dec. 31, 2020)	(Unit: thousand yen) Accounting period for the first quarter of the current fiscal year (Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	1,293,177	1,107,037
Accounts receivable	89,922	95,872
Work in process	135	-
Prepaid expenses	16,580	25,863
Other	2,950	602
Total current assets	1,402,765	1,229,375
Non-current assets		
Property, plant and equipment	12,423	12,334
Intangible assets		
Software	16,834	15,382
Software in progress	295,730	325,930
Other	1,414	1,401
Total intangible assets	313,979	342,714
Investments and other assets	93,769	85,096
Total fixed assets	420,172	440,145
Total assets	1,822,938	1,669,521
Liabilities		
Current liabilities		
accounts payable - trade	14,355	17,880
Current portion of long-term borrowings	189,177	186,397
Current portion of bonds	30,000	-
Accounts payable - other	88,316	53,573
Income taxes payable	24,050	7,685
Accrued consumption tax, etc.	13,037	9,859
Provision for bonuses	11,763	6,946
Other	12,782	6,718
Total current liabilities	383,483	289,061
Non-current liabilities		
Long-term borrowings	216,009	198,256
corporate bond	75,000	-
Total non-current liabilities	291,009	198,256
Total liabilities	674,492	487,317
Net assets		
Shareholders' equity		
Share capital	362,499	362,766
Capital surplus	538,710	538,978
Retained earnings	244,524	277,161
Total shareholders' equity	1,145,733	1,178,907
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(588)	(2)
Total valuation and translation adjustments	(588)	(2)
Share acquisition rights	3,300	3,300
Total net assets	1,148,445	1,182,204
Total liabilities and net assets	1,822,938	1,669,521

(2) Quarterly Statement of Income

(Unit: thousand yen)

	Accounting period for the first quarter of the current fiscal year (From January 1, 2021 to March 31, 2021)
Net sales	222,940
Cost of sales	55,467
Gross income	167,472
Selling, general and administrative expenses	117,459
Operating income	50,013
Non-operating income	
Interest and dividend income	4
Commission income	1
Total non-operating income	5
Non-operating expenses	
Interest expenses	1,889
Loss on redemption of bonds	783
Other	121
Total non-operating expenses	2,794
Ordinary income	47,224
Quarterly profit (loss) before income taxes	47,224
Income taxes - current	5,304
Income taxes - deferred	9,282
Total income taxes	14,587
Net Income	32,637

(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 of the first quarter of the current fiscal year (January 1, 2021 to March 31, 2021)

This information is omitted because the Company has a single segment of SaaS-type algorithm provision business.

(Significant subsequent events)

Prepayment of loans

Based on the resolution of the Board of Directors meeting held on April 13, 2021, we made a lump-sum prepayment of loans. Details are as follows.

1. The Higashi-Nippon Bank, Limited

(1)	Initial loan amount	25,000,000 yen
(2)	Purpose	Operating funds
(3)	Date of borrowing	June 29, 2018
(4)	Repayment Date	June 30, 2021
(5)	Amount of prepayment	1,370,000 yen
(6)	Prepayment date	April 30, 2021

2. The Higashi-Nippon Bank, Limited

(1)	Initial loan amount	100,000,000 yen
(2)	Purpose	Operating funds
(3)	Date of borrowing	June 26, 2020
(4)	Repayment Date	June 2, 2025
(5)	Amount of prepayment	81,630,000 yen
(6)	Prepayment date	April 30, 2021

3. Resona Bank, Limited

(1)	Initial loan amount	200,000,000 yen
(2)	Purpose	Operating funds
(3)	Date of borrowing	July 21, 2020
(4)	Repayment Date	June 30, 2025
(5)	Amount of prepayment	166,660,000 yen
(6)	Prepayment date	April 30, 2021