



Summary of Financial Results (Japanese GAAP) for the First Quarter of Fiscal Year Ending December 31, 2022 (Non-consolidated)

May 13, 2022

Name of the listed company: Cacco Inc. Stock exchange listings: Tokyo Stock Exchange
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Scheduled date of filing of Quarterly Securities Report: May 13, 2022

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 FY2022 (January 1, 2022 to March 31, 2022)

(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	%
FY2022 1Q	245	10.2	48	-2.8	49	4.5	33	3.1
FY2021 1Q	222	–	50	–	47	–	32	–

	Net income per share	Diluted net income per share
	Yen	Yen
FY2022 1Q	12.79	12.12
FY2021 1Q	12.46	11.35

(Note) As quarterly financial statements have not been prepared for the first quarter of the fiscal year ended December 31, 2020, the year on year rate of change for the first quarter of the fiscal year ended December 31, 2021 is not shown.

(2) Financial Position

	Total assets	Net assets	Capital ratio
	Millions of yen	Millions of yen	%
FY2022 1Q	1,387	1,302	93.7
FY2021	1,417	1,273	89.6

(Reference) Equity capital: FY2022 1Q 1,299 million yen FY2021 1,270 million yen

2. Dividends

	Annual dividend				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	–	0.00	–	0.00	0.00
FY2022	–	–	–	–	–
FY2022 (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, 2022 (January 1, 2022 to December 31, 2022)

(% 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	1,102	15.9	191	7.1	195	14.5	137	14.3	52.28

(Note) Revisions to the most recently announced financial forecasts: None

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

* 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)	FY2022 1Q	2,629,382 shares	FY2021	2,629,382 shares
(ii) Number of treasury shares at the end of the period	FY2022 1Q	– shares	FY2021	– shares
(iii) Average number of shares during the period	FY2022 1Q	2,629,382 shares	FY2021 1Q	2,619,586 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 FY2022 (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, 2022" 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 13, 2022. 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

1. Qualitative Information on Financial Results for the First Quarter of FY2022	2
(1) Summary of Operating Results	2
(2) Summary of Financial Position	2
(3) Summary of Financial Forecasts and Other Forward-Looking Information	3
2. Quarterly Financial Statements and Significant Notes Thereto	4
(1) Quarterly Balance Sheet	4
(2) Quarterly Statement of Income	5
(The first quarter of FY2022).....	5
(3) Notes to the Quarterly Financial Statements.....	6
(Notes on going concern assumption).....	6
(Notes in the event of significant changes in the amount of shareholders' equity).....	6
(Change in accounting policy)	6
(Segment information)	6
(Significant subsequent events).....	6

1. Qualitative Information on Financial Results for the First Quarter of FY2022

(1) Summary of Operating Results

During the first quarter of the current fiscal year (January 1, 2022 to March 31, 2022), the Japanese economy generally showed signs of recovery as economic and social activities began to normalize due to the effects of various policies and improvements in overseas economies. On the other hand, the outlook remains unclear due to uncertainties in overseas economies, such as trends in resource prices as well as international financial and capital markets, amid ongoing tensions in Ukraine.

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 the 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 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 3.0 (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 182,395 thousand yen (up 8.0% 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 245,771 thousand yen (up 10.2% year on year), operating income was 48,636 thousand yen (down 2.8% year on year), ordinary income was 49,351 thousand yen (up 4.5% year on year), and net income was 33,635 thousand yen (up 3.1% 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 898,766 thousand yen, a decrease of 45,749 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 30,932 thousand yen in cash and deposits. Non-current assets were 488,809 thousand yen, an increase of 15,867 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 36,535 thousand yen in investments and other assets.

As a result, total assets amounted to 1,387,576 thousand yen, a decrease of 29,882 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 84,084 thousand yen, a decrease of 58,096 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 11,950 thousand yen in accounts payable-trade and a decrease of 15,585 thousand yen in accounts payable-other. Non-current liabilities were 726 thousand yen, a decrease of 1,071 thousand yen from the end of the previous fiscal year. This was due to a decrease of 1,071 thousand yen in long-term borrowings.

As a result, total liabilities amounted to 84,810 thousand yen, a decrease of 59,167 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 1,302,766 thousand yen, an increase of 29,285 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 33,635 thousand yen in retained earnings as a result of the recording of quarterly net income.

As a result, the capital ratio was 93.7% (89.6% 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 FY2022 announced on February 14, 2022 in the Summary of Financial Results for Fiscal Year Ended December 31, 2021.

2. Quarterly Financial Statements and Significant Notes Thereto

(1) Quarterly Balance Sheet

(Unit: thousand yen)

	FY2021 (As of December 31, 2021)	FY2022 1Q (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	800,647	769,715
Accounts receivable – trade	112,908	98,186
Work in process	–	184
Prepaid expenses	28,823	25,966
Other	2,135	4,713
Total current assets	944,516	898,766
Non-current assets		
Property, plant and equipment	11,265	11,000
Intangible assets		
Software	388,464	368,129
Other	1,200	1,131
Total intangible assets	389,664	369,260
Investments and other assets	72,012	108,548
Total non-current assets	472,942	488,809
Total assets	1,417,458	1,387,576
Liabilities		
Current liabilities		
Accounts payable – trade	27,953	16,003
Current portion of long-term borrowings	4,284	4,284
Accounts payable – other	39,649	24,063
Income taxes payable	18,584	9,238
Accrued consumption taxes	25,592	15,350
Provision for bonuses	11,511	7,576
Other	14,605	7,567
Total current liabilities	142,180	84,084
Non-current liabilities		
Long-term borrowings	1,797	726
Total non-current liabilities	1,797	726
Total liabilities	143,977	84,810
Net assets		
Shareholders' equity		
Share capital	364,548	364,548
Capital surplus	540,759	540,759
Retained earnings	364,836	398,471
Total shareholders' equity	1,270,144	1,303,779
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	36	-4,313
Total valuation and translation adjustments	36	-4,313
Share acquisition rights	3,300	3,300
Total net assets	1,273,480	1,302,766
Total liabilities and net assets	1,417,458	1,387,576

(2) Quarterly Statement of Income
(The first quarter of FY2022)

(Unit: thousand yen)

	The first quarter of FY2021 (From January 1, 2021 to March 31, 2021)	The first quarter of FY2022 (From January 1, 2022 to March 31, 2022)
Net sales	222,940	245,771
Cost of sales	55,467	73,256
Gross profit	167,472	172,515
Selling, general and administrative expenses	117,459	123,879
Operating income	50,013	48,636
Non-operating income		
Interest and dividend income	4	3
Commission income	1	2
Consulting fee income	–	900
Total non-operating income	5	906
Non-operating expenses		
Interest expenses	1,889	18
Loss on redemption of bonds	783	–
Foreign exchange losses	121	172
Total non-operating expenses	2,794	190
Ordinary income	47,224	49,351
Income before income taxes	47,224	49,351
Income taxes – current	5,304	6,742
Income taxes – deferred	9,282	8,973
Total income taxes	14,587	15,716
Net income	32,637	33,635

(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 Accounting Standard for Revenue Recognition, etc.)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the Revenue Recognition Accounting Standard) and other standards from the beginning of the first quarter of the current fiscal year, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services has been transferred to the customer.

As for the application of the Revenue Recognition Accounting Standard, etc., we follow transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, and see no effect on retained earnings at the beginning of the first quarter of the current fiscal year.

The application of the Revenue Recognition Accounting Standard, etc. has no impact on profit and loss for the first quarter of the current fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification based on the new presentation method has been made for the previous fiscal year.

(Application of Accounting Standard for Measurement of Fair Value, etc.)

The company adopted the Accounting Standard for Calculation of Fair Value (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Calculation Accounting Standard") from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in paragraph 19 of the Fair Value Calculation Accounting Standard and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply prospectively the new accounting policies set forth by the Fair Value Calculation Accounting Standard and other standards.

As a result of this change, for bonds and other receivables, which were considered to be financial instruments whose fair value was extremely difficult to determine among other marketable securities, the acquisition cost was used as the quarterly balance sheet amount, but even if observable inputs are not available, the fair value calculated using unobservable inputs based on the best available information is used as the quarterly balance sheet amount.

(Segment information)

[Segment information]

For the first quarter of FY2021 (From January 1, 2021 to March 31, 2021)

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

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.

(Significant subsequent events)

Not applicable