



Summary of Financial Results (Under Japanese GAAP) for the Fiscal Year Ended December 31, 2024 (Non-consolidated)

February 14, 2025

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Scheduled date of the Ordinary General Meeting of Shareholders: March 27, 2025

Scheduled date of commencing dividend payments: –

Scheduled date of Securities Report filing: March 27, 2025

Preparation of supplementary explanatory materials for financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen have been omitted)

1. Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Operating Results

(% figures represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024	734	-22.9	-244	–	-254	–	-255	–
FY2023	952	-11.5	-108	–	-117	–	-320	–

	Net income per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2024	-94.11	–	-26.8	-22.0	-33.3
FY2023	-121.13	–	-26.2	-8.4	-11.3

(Reference) Share of loss (profit) of equity method entities: FY2024 – million yen FY2023 – million yen

(Note) Diluted net income per share for the fiscal year ended December 31, 2024, is not stated because a net loss per share was recorded for the current period, although there are dilutive shares.

(2) Financial Position

	Total assets	Net assets	Capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2024	1,025	832	81.2	305.65
FY2023	1,286	1,072	83.4	401.80

(Reference) Equity capital: FY2024 832 million yen FY2023 1,072 million yen

(3) Status of Cash Flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2024	-198	-2	-5	734
FY2023	-49	-69	98	941

2. Dividends

	Annual dividend					Total amount of dividends (total)	Dividend payout ratio	Ratio of dividends to net assets
	1Q-end	2Q-end	3Q-end	FY-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2023	–	0.00	–	0.00	0.00	–	–	–
FY2024	–	0.00	–	0.00	0.00	–	–	–
FY2025 (Forecast)	–	0.00	–	0.00	0.00	–	–	–

3. Financial Forecasts for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(% 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	781	6.5	-222	—	-225	—	-225	—	-82.94

(Note) Since the Company manages its operations on an annual basis, the forecast for the first half of the fiscal year has been omitted. For details, please refer to 1. Business Results, (4) Future Outlook on page 3 of the attached document.

* Notes

(1) 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

(2) Number of shares issued (common stock)

(i) Number of issued shares at the end of the period (including treasury shares)	FY2024	2,722,655 shares	FY2023	2,669,584 shares
(ii) Number of treasury shares at the end of the period	FY2024	— shares	FY2023	— shares
(iii) Average number of shares during the period	FY2024	2,710,019 shares	FY2023	2,649,032 shares

* 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. Business Results, (4) Future Outlook on page 3 of the attached document for matters related to the forecast.

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

Supplementary explanatory materials to the Presentation Materials for the Financial Results for the Fiscal Year Ended December 31, 2024, 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, February 14, 2025. 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.

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1. Business Results

(1) Summary of Business Results for FY2024

During the current fiscal year (January 1, 2024 to December 31, 2024), the Japanese economy continued to recover, albeit at a moderate pace, as the employment and income environment improved and partly owing to the effect of various government policies. On the other hand, the downturn in overseas economies poses a risk of putting downward pressure on the Japanese economy due to factors such as continued high interest rate levels in Europe and the United States as well as continued stagnation of the real estate market in China, so the outlook remains uncertain.

According to the "FY2023 Report on Improvement of Digital Transaction Environment (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 2023 was 24.8 trillion yen (up 9.23% 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 0.25 percentage points to 9.38% 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 Revised 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 5.0 (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 functions of O-PLUX, our fraudulent order detection service, including fraud detection accuracy improvement by strengthening the fraud prevention functions to accommodate overseas online shopping (cross-border EC). We also started collaborating with the world's leading EC platform, thereby striving to increase the added value of our products. As a result, the amount of recurring revenue from O-PLUX (the total revenue from the monthly fee, which is a fixed fee, and from the screening fee, which is a pay-per-use fee based on the number of screenings; including Fraud Checker) for the current fiscal year was 470,852 thousand yen (down 27.8% year on year). Furthermore, with regard to our Unauthorized Access Detection Services, we strived to secure orders for the Impenetrable Defense Pack for Phishing. This product is a one-stop anti-phishing package that detects phishing e-mails and websites used to fraudulently obtain information, and prevents spoofing logins attempted with such fraudulently obtained personal information.

In our Payment Consulting Services, we worked to secure orders for SaaS-type BNPL systems, 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 current fiscal year were 734,021 thousand yen (down 22.9% year on year), operating loss was 244,513 thousand yen (compared with operating loss of 108,011 thousand yen for the previous fiscal year), ordinary loss was 254,501 thousand yen (compared with ordinary loss of 117,884 thousand yen for the previous fiscal year), and net loss was 255,031 thousand yen (compared with net loss of 320,875 thousand yen for the previous fiscal year).

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

(2) Financial Position Summary for FY2024

(Assets)

Current assets at the end of the current fiscal year were 863,362 thousand yen, a decrease of 214,495 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 206,472 thousand yen in cash and deposits. Non-current assets were 161,912 thousand yen, a decrease of 46,780 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 35,629 thousand yen in software.

As a result, total assets amounted to 1,025,275 thousand yen, a decrease of 261,276 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the current fiscal year were 125,141 thousand yen, a decrease of 6,139 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 14,133 thousand yen in accounts payable - other. Non-current liabilities were 67,961 thousand yen, a decrease of 14,675 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 14,292 thousand yen in long-term borrowings.

As a result, total liabilities amounted to 193,103 thousand yen, a decrease of 20,815 thousand yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the current fiscal year were 832,171 thousand yen, a decrease of 240,460 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 255,031 thousand yen in retained earnings resulting from the recording of a net loss.

As a result, the capital ratio was 81.2% (83.4% at the end of the previous fiscal year).

(3) Cash Flow Summary for FY2024

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current fiscal year decreased by 206,472 thousand yen to 734,621 thousand yen. The status of each cash flow and its factors during the current fiscal year are as follows:

(Cash flows from operating activities)

Cash flows from operating activities resulted in a net outflow of 198,732 thousand yen (compared with a net outflow of 49,308 thousand yen in the previous fiscal year). This was mainly due to a net loss before taxes of 254,501 thousand yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net outflow of 2,061 thousand yen (compared with a net outflow of 69,679 thousand yen in the previous fiscal year). This was due to expenditures of 2,061 thousand yen for the acquisition of property, plant and equipment.

(Cash flows from financing activities)

Cash used in financing activities amounted to 5,677 thousand yen (compared with a net inflow of 98,010 thousand yen in the previous fiscal year). This was mainly due to expenditures of 14,292 thousand yen for the repayment of long-term borrowings.

(4) Future Outlook

Regarding our future outlook, the need for our fraud detection services will further expand amid growing social demand for fraud prevention measures, driven by sustained growth in the EC market and a sharp increase in online payment fraud. In particular, the Credit Card Security Guidelines Version 5.0 has advanced the mandatory adoption of EMV 3-D Secure for EC merchants and the formulation of practical guidelines for measures against unauthorized logins, further highlighting the importance of "Linear Measures." This trend is a tailwind for our company, which provides seamless fraud prevention measures.

Rather than relying on conventional, individually implemented security measures, we will differentiate ourselves in the market with seamless fraud prevention solutions that integrate our fraudulent order detection service O-PLUX and our unauthorized access detection service O-MOTION. At the same time, we will drive new customer acquisition by enhancing functionalities to meet the needs of companies that have yet to adopt our services and other potential clients. Additionally, we will accelerate customer acquisition by shifting from a product-specific marketing and sales strategy to a market-domain-based approach that delivers end-to-end solutions. Furthermore, we will aim for exponential growth by actively leveraging business alliances and M&As to expand into new markets, rather than remaining confined to our existing business domain.

Based on the above, for the fiscal year ending December 31, 2025 (January 1, 2025 to December 31, 2025), we forecast net sales of 781 million yen (up 6.5% year on year), operating income of -222 million yen (compared with -244 million yen for the previous fiscal year), ordinary income of -225 million yen (compared with -254 million yen for the previous fiscal year), and net income of -225 million yen (compared with -255 million yen for the previous fiscal year).

For details of the financial forecast, please refer to the Briefing Materials on Financial Results for the Year Ended December 31, 2024 posted on TDnet and our website.

The above forecasts are based on the information available as of the date of publication of this document, and actual results may differ from the forecasts due to various factors.

2. Basic Approach to the Selection of Accounting Standards

In order to ensure the comparability of financial statements between periods and between companies, the Company has adopted Japanese GAAP for accounting standards.

3. Financial Statements and Significant Notes Thereto

(1) Balance Sheet

(Unit: thousand yen)

	FY2023 (As of December 31, 2023)	FY2024 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	941,093	734,621
Accounts receivable – trade	95,214	102,868
Work in process	495	–
Income taxes refund receivable	15,125	804
Prepaid expenses	19,472	19,656
Other	6,457	5,411
Total current assets	1,077,858	863,362
Non-current assets		
Property, plant and equipment		
Buildings	4,576	4,576
Accumulated depreciation	-4,576	-4,576
Buildings, net	0	0
Tools, furniture and fixtures	33,231	35,292
Accumulated depreciation	-29,419	-31,970
Tools, furniture and fixtures, net	3,811	3,321
Total property, plant and equipment	3,811	3,321
Intangible assets		
Software	103,144	67,514
Total intangible assets	103,144	67,514
Investments and other assets		
Investment securities	75,895	66,981
Leasehold and guarantee deposits	7,017	7,017
Long-term prepaid expenses	18,823	17,076
Other	19,503	19,503
Allowance for doubtful accounts	-19,503	-19,503
Total investments and other assets	101,736	91,076
Total non-current assets	208,693	161,912
Total assets	1,286,551	1,025,275

(Unit: thousand yen)

	FY2023 (As of December 31, 2023)	FY2024 (As of December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable – trade	31,787	35,248
Current portion of long-term borrowings	14,292	14,292
Accounts payable – other	44,505	30,372
Income taxes payable	2,758	3,051
Contract liabilities	8,626	11,209
Provision for bonuses	13,565	15,028
Other	15,745	15,940
Total current liabilities	131,281	125,141
Non-current liabilities		
Long-term borrowings	82,135	67,843
Deferred tax liabilities	502	118
Total non-current liabilities	82,637	67,961
Total liabilities	213,919	193,103
Net assets		
Shareholders' equity		
Share capital	376,188	384,165
Capital surplus		
Legal capital surplus	552,399	560,377
Total capital surplus	552,399	560,377
Retained earnings		
Other retained earnings		
Retained earnings brought forward	144,312	-110,718
Total retained earnings	144,312	-110,718
Total shareholders' equity	1,072,901	833,823
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-269	-1,652
Total valuation and translation adjustments	-269	-1,652
Total net assets	1,072,631	832,171
Total liabilities and net assets	1,286,551	1,025,275

(2) Statement of Income

(Unit: thousand yen)

	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Net sales	952,627	734,021
Cost of sales	366,121	288,839
Gross profit	586,505	445,181
Selling, general and administrative expenses	694,517	689,695
Operating loss (-)	-108,011	-244,513
Non-operating income		
Interest and dividend income	363	207
Commission income	341	947
Subsidy income	–	2,988
Reversal of allowance for doubtful accounts	496	–
Total non-operating income	1,201	4,143
Non-operating expenses		
Interest expenses	258	535
Foreign exchange losses	582	625
Loss on investments in investment partnerships	139	6,982
Amortization of long-term prepaid expenses	–	5,986
Cost for system failure response	10,073	–
Other	20	1
Total non-operating expenses	11,074	14,132
Ordinary loss (-)	-117,884	-254,501
Extraordinary income		
Gain on sale of investment securities	5,006	–
Total extraordinary income	5,006	–
Extraordinary losses		
Impairment losses	201,573	–
Total extraordinary losses	201,573	–
Loss (-) before income taxes	-314,451	-254,501
Income taxes – current	495	530
Income taxes – deferred	5,928	–
Total income taxes	6,423	530
Net loss (-)	-320,875	-255,031

Statement of Cost of Sales

		FY2023 (From January 1, 2023 to December 31, 2023)		FY2024 (From January 1, 2024 to December 31, 2024)	
Classification	Note No.	Amount (thousand yen)	Composi- tion ratio (%)	Amount (thousand yen)	Composi- tion ratio (%)
I Labor cost		67,713	18.5	61,207	21.2
II Expenses	*	298,903	81.5	227,136	78.8
Gross manufacturing costs		366,616	100.0	288,344	100.0
Inventories of work in process at beginning of period		—		495	
Total		366,616		288,839	
Inventories of work in process at end of period		495		—	
Cost of sales		366,121		288,839	

Cost accounting methods

The cost accounting method is based on individual cost accounting, and in principle, the actual amount incurred during the corresponding cost accounting period is used for the calculation.

* The breakdown of the main items is as follows.

Item	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Outsourcing processing expenses (thousand yen)	99,262	91,185
Depreciation (thousand yen)	92,109	35,629
Server expenses (thousand yen)	61,804	53,632
Data expenses (thousand yen)	38,972	42,584

(3) Statement of Changes in Equity

FY2023 (From January 1, 2023 to December 31, 2023)

(Unit: thousand yen)

	Shareholders' equity						Valuation and translation adjustments		Total net assets
	Share capital	Capital surplus		Retained earnings		Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
				Retained earnings brought forward					
Balance at beginning of period	365,518	541,729	541,729	465,188	465,188	1,372,436	791	791	1,373,227
Changes during period									
Issuance of new shares	10,670	10,670	10,670			21,340			21,340
Net loss (-)				-320,875	-320,875	-320,875			-320,875
Net changes in items other than shareholders' equity							-1,060	-1,060	-1,060
Total changes during period	10,670	10,670	10,670	-320,875	-320,875	-299,534	-1,060	-1,060	-300,595
Balance at end of period	376,188	552,399	552,399	144,312	144,312	1,072,901	-269	-269	1,072,631

FY2024 (From January 1, 2024 to December 31, 2024)

(Unit: thousand yen)

	Shareholders' equity						Valuation and translation adjustments		Total net assets
	Share capital	Capital surplus		Retained earnings		Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
Balance at beginning of period	376,188	552,399	552,399	144,312	144,312	1,072,901	-269	-269	1,072,631
Changes during period									
Issuance of new shares	7,977	7,977	7,977			15,954			15,954
Net loss (-)				-255,031	-255,031	-255,031			-255,031
Net changes in items other than shareholders' equity							-1,383	-1,383	-1,383
Total changes during period	7,977	7,977	7,977	-255,031	-255,031	-239,077	-1,383	-1,383	-240,460
Balance at end of period	384,165	560,377	560,377	-110,718	-110,718	833,823	-1,652	-1,652	832,171

(4) Statement of Cash Flows

(Unit: thousand yen)

	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Cash flow from operating activities		
Loss (-) before income taxes	-314,451	-254,501
Depreciation and amortization	98,520	38,181
Increase (decrease) in provision for bonuses	4,096	1,463
Increase (decrease) in allowance for doubtful accounts	-496	-
Interest and dividend income	-363	-207
Interest expenses	258	535
Loss (gain) on sale of investment securities	-5,006	-
Impairment losses	201,573	-
Decrease (increase) in trade receivables	21,676	-5,071
Decrease (increase) in inventories	-495	495
Decrease (increase) in other current assets	-11,295	9,924
Increase (decrease) in trade payables	7,023	3,461
Increase (decrease) in accounts payable - other	6,424	-12,821
Increase (decrease) in accrued consumption taxes	-27,133	-
Increase (decrease) in other current liabilities	2,320	-1,090
Other	315	7,147
Subtotal	-17,034	-212,484
Interest and dividends received	363	207
Interest paid	-258	-535
Income taxes refund (paid)	-32,379	14,079
Cash flow from operating activities	-49,308	-198,732
Cash flow from investing activities		
Purchase of property, plant and equipment	-6,990	-2,061
Purchase of intangible assets	-49,785	-
Purchase of investment securities	-23,303	-
Proceeds from sale of investment securities	9,902	-
Other	496	-
Cash flow from investing activities	-69,679	-2,061
Cash flow from financing activities		
Proceeds from long-term borrowings	100,000	-
Repayments of long-term borrowings	-5,370	-14,292
Proceeds from issuance of shares	3,380	8,614
Cash flow from financing activities	98,010	-5,677
Net increase (decrease) in cash and cash equivalents	-20,978	-206,472
Cash and cash equivalents at beginning of period	962,072	941,093
Cash and cash equivalents at end of period	941,093	734,621

(5) Notes to the Financial Statements

(Notes on going concern assumption)

Not applicable

(Change in presentation method)

(Statement of income)

"Loss on investments in investment partnerships," included in "Other" under non-operating expenses in the prior fiscal year, are now presented separately due to their increased significance. To reflect this change in presentation, the Company has reclassified the previous fiscal year's financial statements.

As a result, the 159,000 yen presented in "Other" under non-operating expenses in the prior fiscal year's statement of income has been reclassified as "Loss on investments in investment partnerships" of 139,000 yen and "Other" of 20,000 yen.

(Notes in the event of significant changes in the amount of shareholders' equity)

Not applicable

(Segment information, etc.)

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

(Information on per share data)

	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Net assets per share	401.80 yen	305.65 yen
Net loss (-) per share	-121.13 yen	-94.11 yen
Diluted net income per share	—	—

(Note) 1. Diluted net income per share is not stated because net loss per share was recorded for the period, although there are diluted shares.

2. The basis for calculating net (loss) per share and diluted net income per share is as follows:

	FY2023 (From January 1, 2023 to December 31, 2023)	FY2024 (From January 1, 2024 to December 31, 2024)
Net loss (-) per share		
Net (loss) (thousand yen)	-320,875	-255,031
Amount not attributable to common shareholders (thousand yen)	—	—
Net loss (-) related to common stock (thousand yen)	-320,875	-255,031
Average number of shares of common stock during the period (shares)	2,649,032	2,710,019
Diluted net income per share		
Adjustment on net income (thousand yen)	—	—
Increase in number of common shares (shares)	—	—
(of which share acquisition rights (shares))	—	—
Outline of potential stock not included in the calculation of diluted net income per share due to lack of dilutive effect	—	—

(Significant subsequent events)

Not applicable