



Summary of Financial Results (Under Japanese GAAP) for the Second Quarter (Interim Period) of Fiscal Year Ending December 31, 2025 (Non-consolidated)

August 13, 2025

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 (Name) Hiroyuki Iwai
 Person in charge of inquiries: (Title) Executive Officer in charge of business administration (Name) Yuta Nakazawa
 TEL 03(6447)4534
 Scheduled date of commencing dividend payments: –
 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 Second Quarter (Interim Period) of FY2025 (January 1, 2025 to June 30, 2025)

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

	Net sales		Operating income		Ordinary income		Interim net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2025 Interim Period	407	17.3	-65	–	-64	–	-64	–
FY2024 Interim Period	347	-32.3	-148	–	-148	–	-148	–

	Interim net income per share	Diluted interim net income per share
	Yen	Yen
FY2025 Interim Period	-23.80	–
FY2024 Interim Period	-55.12	–

(Note) Diluted interim net income per share for the interim period of fiscal year ending December 31, 2025 is not stated because net loss per share was recorded for the period, although there are diluted shares.

(2) Financial Position

	Total assets	Net assets	Capital ratio
	Millions of yen	Millions of yen	%
FY2025 Interim Period	996	786	78.9
FY2024	1,025	832	81.2

(Reference) Equity capital: FY2025 Interim Period 786 million yen FY2024 832 million yen

2. Dividends

	Annual dividend				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2024	–	0.00	–	0.00	0.00
FY2025	–	0.00			
FY2025 (Forecast)			–	0.00	0.00

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

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		Interim net income		Interim net income per share
Full Year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	781	6.5	-222	—	-225	—	-225	—	-82.94

(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 the end of the period (including treasury shares)	FY2025 Interim Period	2,732,655 shares	FY2024	2,722,655 shares
(ii) Number of treasury shares at the end of the period	FY2025 Interim Period	— shares	FY2024	— shares
(iii) Average number of shares during the period	FY2025 Interim Period	2,697,245 shares	FY2024	2,697,245 Shares

* The interim 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 Second Quarter of FY2025 (4) 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)

The supplementary explanatory materials “Financial Results for the Second Quarter of Fiscal Year Ending December 31, 2025” 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, August 13, 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. Qualitative Information on Financial Results for the Interim Period of FY2025

(1) Summary of Operating Results

During the six months ended June 30, 2025, the Japanese economy was supported by improvements in the employment and income environment as well as various government policies, raising expectations for a continued recovery. However, risks remain, including potential downward pressure on the economy stemming from U.S. trade policies, and the possibility that rising prices could negatively affect consumer spending through a decline in consumer sentiment. As such, 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 in 2023 was 24.8 trillion yen (up 9.23% year on year), maintaining a high growth rate. The BtoC-EC market continues to grow steadily, as evidenced by the increase of 0.25 percentage points to 9.38% in the EC ratio (the ratio of the size of the EC market to the size of the entire commerce market).

Meanwhile, in recent years there has been a sharp increase in so-called “number theft damage,” where credit card numbers and other information are stolen and used fraudulently. In response, the Revised Installment Sales Act now mandates that necessary measures be taken to prevent the fraudulent use of credit card numbers, etc. Furthermore, the Credit Card Security Guidelines Version 6.0 (Credit Card Transaction Security Council), which serve as practical guidelines for such measures, require EC merchants to implement EMV 3-D Secure and measures against unauthorized login, and additionally demand protection of card information and measures against fraudulent use. As a result, social demands for anti-fraud measures are higher than ever before.

Against this business environment, we have been developing our business in line with our management vision of “Shaping the ‘Let’s Do It’ mentality into the next game changer” by providing SaaS-type algorithms to support companies in solving problems and addressing challenges. We develop and provide algorithms and software based on our security, payment, and data science technology and expertise.

In our fraud detection services, we have shifted our strategy from the conventional sales approach of standalone products such as O-PLUX and O-MOTION to offering fraud countermeasure solutions optimized for each domain, such as the EC and financial markets. We have strengthened the provision of comprehensive fraud countermeasure solutions that combine products for fraudulent order detection and unauthorized login detection, primarily addressing market needs in the EC and financial domains. In addition, to reduce the burden of implementation, we are expanding system integration with EC packages and shopping cart operators, while also promoting reasonably priced services such as Fraud Checker for small-scale business operators.

As a result, recurring revenue from fraud detection services (the total of monthly fixed fees and screening fees, which are pay-per-use fees based on the number of screenings) for the six months ended June 30, 2025, was 315,177 thousand yen (up 28.6% year on year).

In our Payment Consulting Services, we worked to secure orders for system development and maintenance projects, and in our Data Science Services, we endeavored to secure orders for data analysis projects.

As a result of the above, net sales for the six months ended June 30, 2025, were 407,638 thousand yen (up 17.3% year on year), operating loss was 65,329 thousand yen (compared with operating loss of 148,189 thousand yen for the same period of the previous fiscal year), ordinary loss was 64,603 thousand yen (compared with ordinary loss of 148,416 thousand yen for the same period of the previous fiscal year), and net loss attributable to owners of the parent was 64,868 thousand yen (compared with net loss of 148,681 thousand yen for the same period of the previous fiscal year).

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

(2) Summary of Financial Position

(Assets)

Current assets at the end of the second quarter of the current fiscal year were 826,855 thousand yen, a decrease of 36,506 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 49,797 thousand yen in cash and deposits. Non-current assets were 169,230 thousand yen, an increase of 7,317 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 23,620 thousand yen in investments and other assets.

As a result, total assets amounted to 996,085 thousand yen, a decrease of 29,189 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the second quarter of the current fiscal year were 126,359 thousand yen, an increase of 1,217

thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 5,000 thousand yen in short-term borrowings. Non-current liabilities were 83,349 thousand yen, an increase of 15,388 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 8,795 thousand yen in long-term borrowings.

As a result, total liabilities amounted to 209,709 thousand yen, an increase of 16,605 thousand yen from the end of the previous fiscal year.

(Net Assets)

Total net assets at the end of the second quarter of the current fiscal year were 786,376 thousand yen, a decrease of 45,794 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 64,868 thousand yen in retained earnings as a result of the recording of interim net loss.

As a result, the capital ratio was 78.9% (81.2% at the end of the previous fiscal year).

(3) Status of Cash Flows

Cash and cash equivalents (hereinafter "cash") at the end of the interim period of the current fiscal year were 684,824 thousand yen, a decrease of 49,797 thousand yen from the end of the previous fiscal year. The status and components of each cash flow during the interim period of the current fiscal year are as follows:

(Cash flows from operating activities)

Cash flows from operating activities resulted in a net outflow of 64,260 thousand yen. This was mainly due to recognition of the net loss before income taxes of 64,603 thousand yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net outflow of 2,199 thousand yen. The main factor was expenditures of 2,199 thousand yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a net inflow of 16,663 thousand yen. This was mainly due to proceeds of 20,000 thousand yen from long-term borrowings.

(4) Summary of Financial Forecasts and Other Forward-Looking Information

There are no revisions to the full-year financial forecasts for the FY2025 announced on February 14, 2025 in the Summary of Financial Results for Fiscal Year Ended December 31, 2024.

2. Quarterly Financial Statements and Significant Notes Thereto

(1) Quarterly Balance Sheet

(Unit: thousand yen)

	FY2024 (As of December 31, 2024)	Interim period of FY2025 (As of June 30, 2025)
Assets		
Current assets		
Cash and deposits	734,621	684,824
Accounts receivable – trade	102,868	99,804
Work in process	—	493
Income taxes refund receivable	804	—
Other	25,067	41,865
Allowance for doubtful accounts	—	-132
Total current assets	863,362	826,855
Non-current assets		
Property, plant and equipment	3,321	4,375
Intangible assets		
Software	67,514	50,157
Total intangible assets	67,514	50,157
Investments and other assets		
Other	110,579	134,200
Allowance for doubtful accounts	-19,503	-19,503
Total investments and other assets	91,076	114,697
Total non-current assets	161,912	169,230
Total assets	1,025,275	996,085
Liabilities		
Current Liabilities		
Accounts payable – trade	35,248	25,498
Short-term borrowings	—	5,000
Current portion of long-term borrowings	14,292	17,160
Income taxes payable	3,051	265
Provision for bonuses	15,028	15,278
Other	57,521	63,157
Total current liabilities	125,141	126,359
Non-current liabilities		
Long-term borrowings	67,843	76,638
Deferred tax liabilities	118	6,711
Total non-current liabilities	67,961	83,349
Total liabilities	193,103	209,709
Net assets		
Shareholders' equity		
Capital stock	384,165	13,145
Capital surplus	560,377	826,968
Retained earnings	-110,718	-64,868
Total shareholders' equity	833,823	775,245
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-1,652	11,130
Total valuation and translation adjustments	-1,652	11,130
Total net assets	832,171	786,376
Total liabilities and net assets	1,025,275	996,085

(2) Interim Statement of Income
(Interim period of FY2025)

(Unit: thousand yen)

	Interim period of FY2024 (From January 1, 2024 to June 30, 2024)	Interim period of FY2025 (From January 1, 2025 to June 30, 2025)
Net sales	347,570	407,638
Cost of sales	141,415	131,242
Gross profit	206,154	276,395
Selling, general and administrative expenses	354,344	341,725
Operating income or loss (-)	-148,189	-65,329
Non-operating income		
Interest and dividend income	140	501
Other	520	530
Total non-operating income	661	1,032
Non-operating expenses		
Interest expenses	271	305
Other	617	—
Total non-operating expenses	888	305
Ordinary income or loss	-148,416	-64,603
Income or loss before income taxes (-)	-148,416	-64,603
Income taxes – current	265	265
Total income taxes	265	265
Interim net income or loss (-)	-148,681	-64,868

(3) Interim Statement of Cash Flows

(Unit: thousand yen)

	Interim period of FY2024 (From January 1, 2024 to June 30, 2024)	Interim period of FY2025 (From January 1, 2025 to June 30, 2025)
Cash flows from operating activities		
Income (loss) before income taxes (-)	-148,416	-64,603
Depreciation and amortization	18,904	18,503
Increase (decrease) in provision for bonuses	264	249
Increase (decrease) in allowance for doubtful accounts (decrease if “-”)	-	132
Interest and dividend income	-140	-501
Interest expenses	271	305
Increase (decrease) in notes and accounts receivable (increase if “-”)	24,517	-1,916
Increase (decrease) in inventories (increase if “-”)	318	-493
Increase (decrease) in other current assets (increase if “-”)	-2,124	-13,902
Increase (decrease) in notes and accounts payable (decrease if “-”)	-14,673	-9,750
Increase (decrease) in other current liabilities (decrease if “-”)	-11,120	8,094
Subtotal	-132,199	-63,881
Interest and dividends received	140	501
Interest paid	-271	-305
Income taxes paid or refunded (paid if “-”)	14,894	-574
Net cash provided by (used in) operating activities	-117,435	-64,260
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,528	-2,199
Net cash provided by (used in) investing activities	-1,528	-2,199
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings (decrease if “-”)	-	5,000
Proceeds from long-term borrowings	-	20,000
Repayments of long-term borrowings	-7,146	-8,337
Proceeds from issuance of shares	8,614	-
Net cash provided by (used in) financing activities	1,468	16,663
Net increase (decrease) in cash and cash equivalents	-117,495	-49,797
Cash and cash equivalents at beginning of period	941,093	734,621
Cash and cash equivalents at end of interim period	823,598	684,824

(4) Notes to the Interim Financial Statements

(Notes on going concern assumption)

Not applicable

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

Based on the resolution of the 14th Annual General Meeting of Shareholders held on March 27, 2025, the capital reduction became effective on May 1, 2025. As a result, capital stock decreased by 374,165 thousand yen, of which 263,446 thousand yen was transferred to capital reserve and 110,718 thousand yen was transferred to other capital surplus. In addition, subject to the effectiveness of the capital reduction, the Company appropriated the loss by transferring 110,718 thousand yen from other capital surplus to retained earnings brought forward.

Consequently, as of the end of the interim period, capital stock amounted to 13,145 thousand yen and capital surplus amounted to 826,968 thousand yen.

(Notes to segment information, etc.)

[Segment information]

I. For the interim period of FY2024 (From January 1, 2024 to June 30, 2024)

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

II. For the interim period of FY2025 (From January 1, 2025 to June 30, 2025)

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

(Significant subsequent events)

Not applicable