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Cacco Inc. | Stock Code: 4166

February 14, 2024



Financial Results for the Fiscal Year Ended December 31, 2023

Note: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Our Business / Main Services and the Products of the Company

Utilizing our technology and expertise in security, payments, and data science, we develop and provide SaaS-type algorithms to support game changers with their various challenges.

Security

Fraud Detection Service

Fraudulent Order Detection Service

O-PLUX

Detect fraudulent orders such as payments in arrears in EC payments and resale in real time. No. 1^{*1} in Japan in terms of number of installations.

Unauthorized Access Detection Service

O-MOTION

Real-time detection of unauthorized access and login at financial institutions and member sites, etc.

Anti-Phishing Service

**Impenetrable
Defense PACK**

for Phishing

One-stop anti-phishing solution that detects phishing e-mails and phishing domains used to fraudulently obtain information, preventing spoofing logins using such fraudulently obtained personal information.

Payment

Payment Consulting Service

Provide payment systems and offer consulting services for the BNPL^{*2} business to payment service providers and to business operators, considering the possible introduction of BNPL settlement. Use **O-PLUX** as the screening engine.

BNPL Packaged Service

BNPL Settlement Package

SaaS-type BNPL system

Release the “SaaS-type BNPL system,” a BNPL settlement package that can be installed without initial investment.

This is provided not only to payment service providers, but also to EC shopping carts and major EC business operators, etc.

Data Science

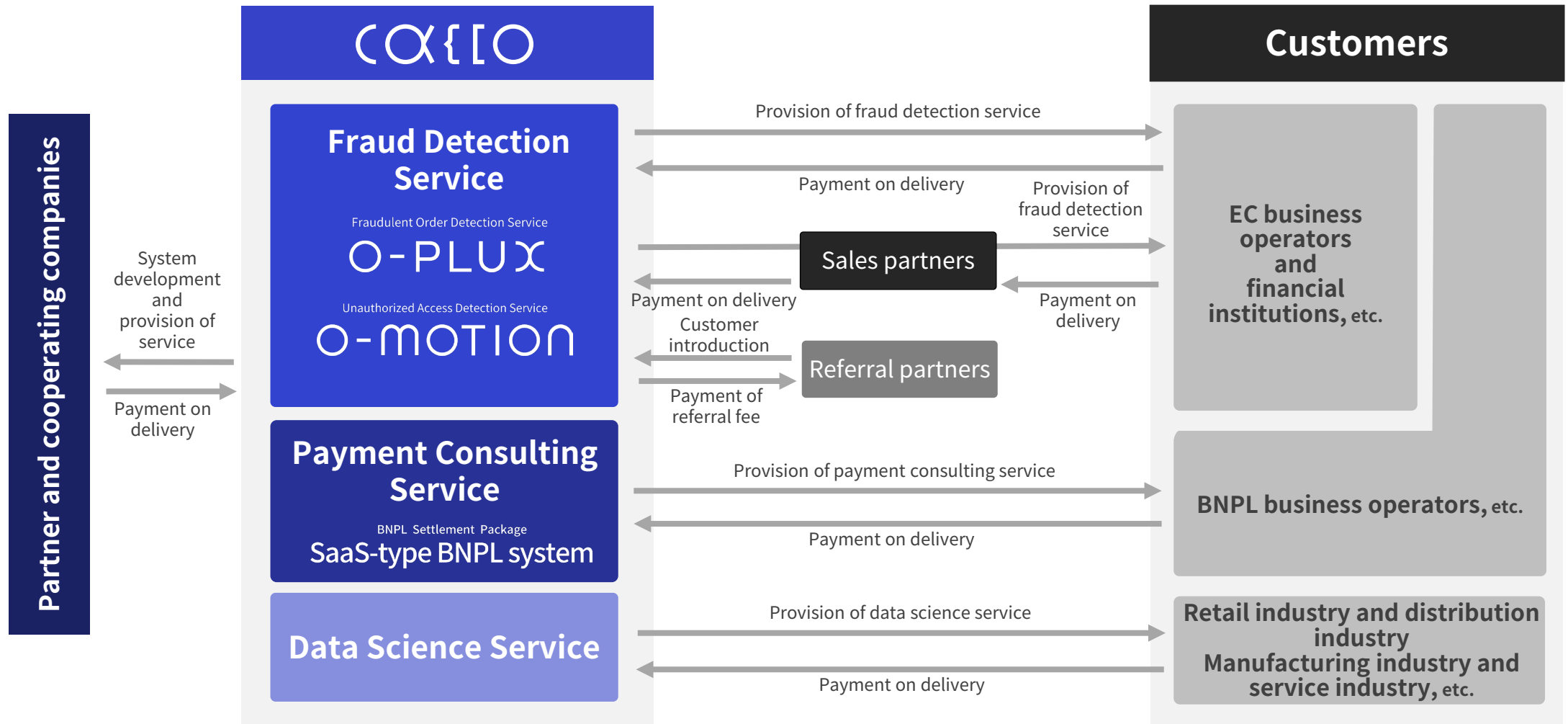
Data Science Service

Develop and provide data analysis and algorithms using AI, statistics, and mathematical optimization techniques.

Provide services for various sectors, including optimized production planning for manufacturers, demand forecasting for retailers, and preparation of optimized shift rosters for call centers.

^{*1} TOKYO SHOKO RESEARCH, LTD., “Survey on the number of EC sites in Japan introducing paid fraud detection service,” (as of the end of May 2023)

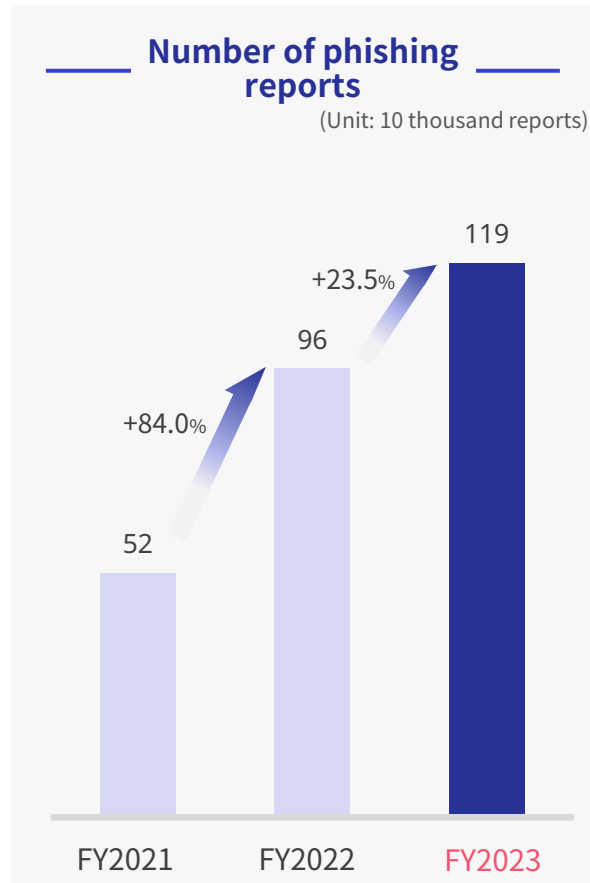
^{*2} BNPL: Abbreviation for Buy Now Pay Later, post-payment settlement



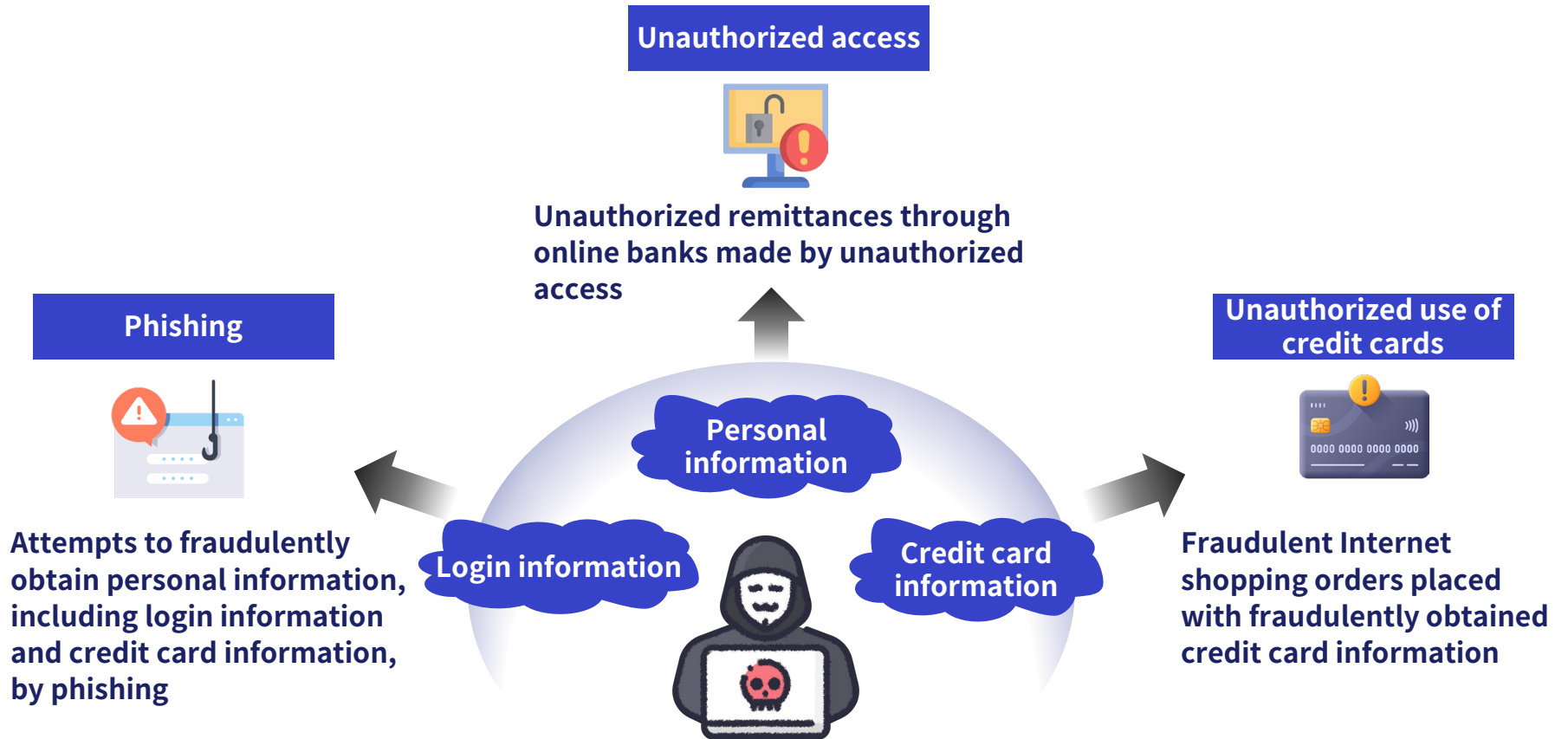
Our Business / Cacco's Main Business — Rapidly increasing information theft and fraud crimes —

The number of phishing reports increased rapidly from 960 thousand in 2022 to 1,190 thousand in 2023 (YoY +23.5%).

The number of fraud crimes involving the misuse of information obtained fraudulently through phishing is increasing rapidly, and countermeasures are urgently needed.

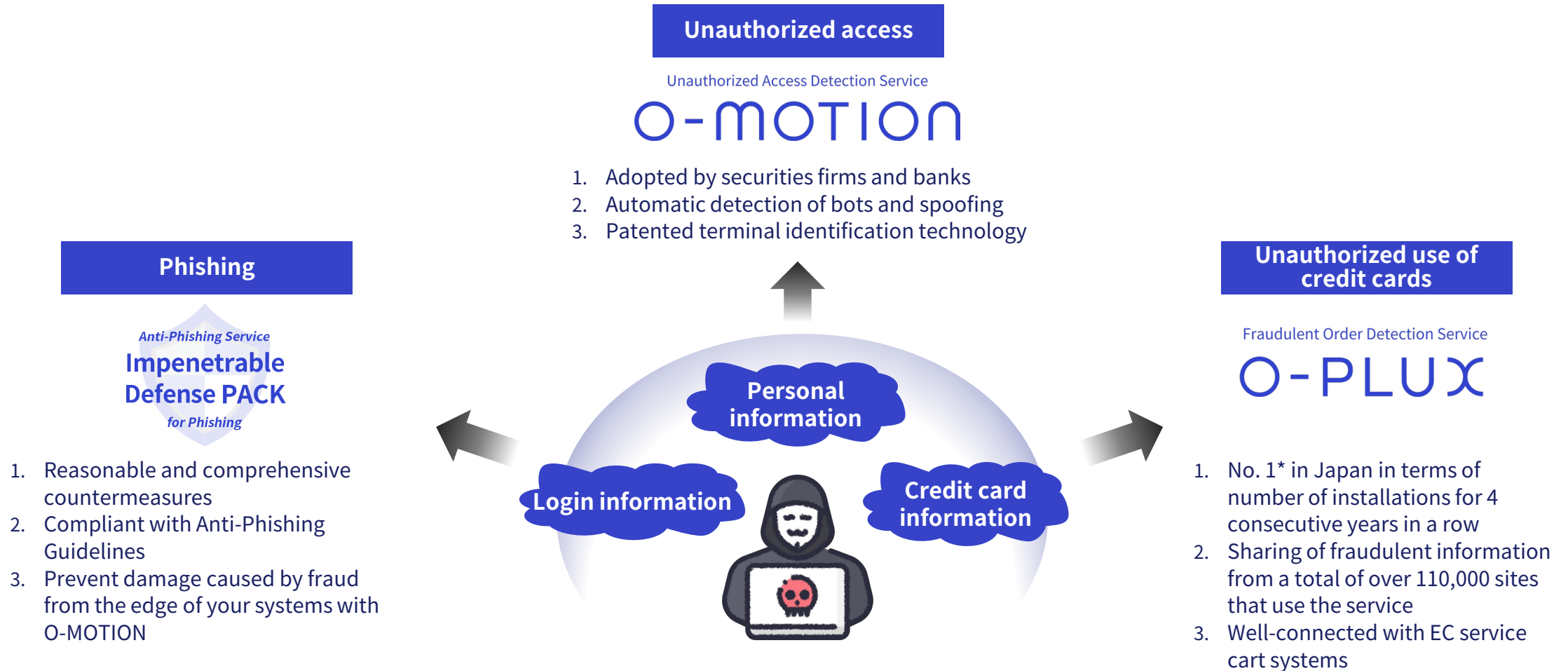


* Source: Council of Anti-Phishing Japan, "Number of Phishing Reports"



Our Business / Cacco's Main Business — Cacco's fraud detection service —

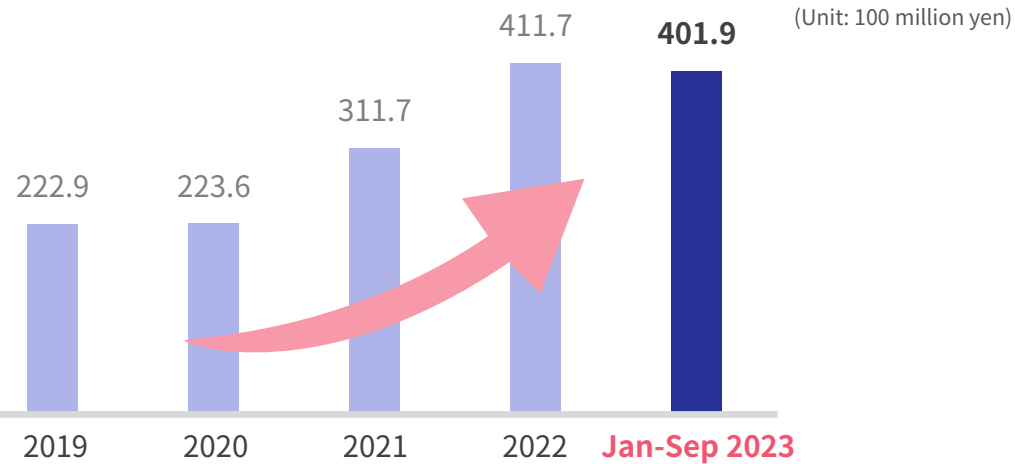
In order to construct a safe and secure Internet infrastructure, Cacco supports users from when they enter to when they exit the Internet infrastructure.



Our Business / Cacco's Main Business — Business environment and market size —

The market for fraud detection services is expected to grow further as society's demand for fraud countermeasures continues to increase.

Change in the Amount of Credit Card Fraudulent Damage (Number Theft)



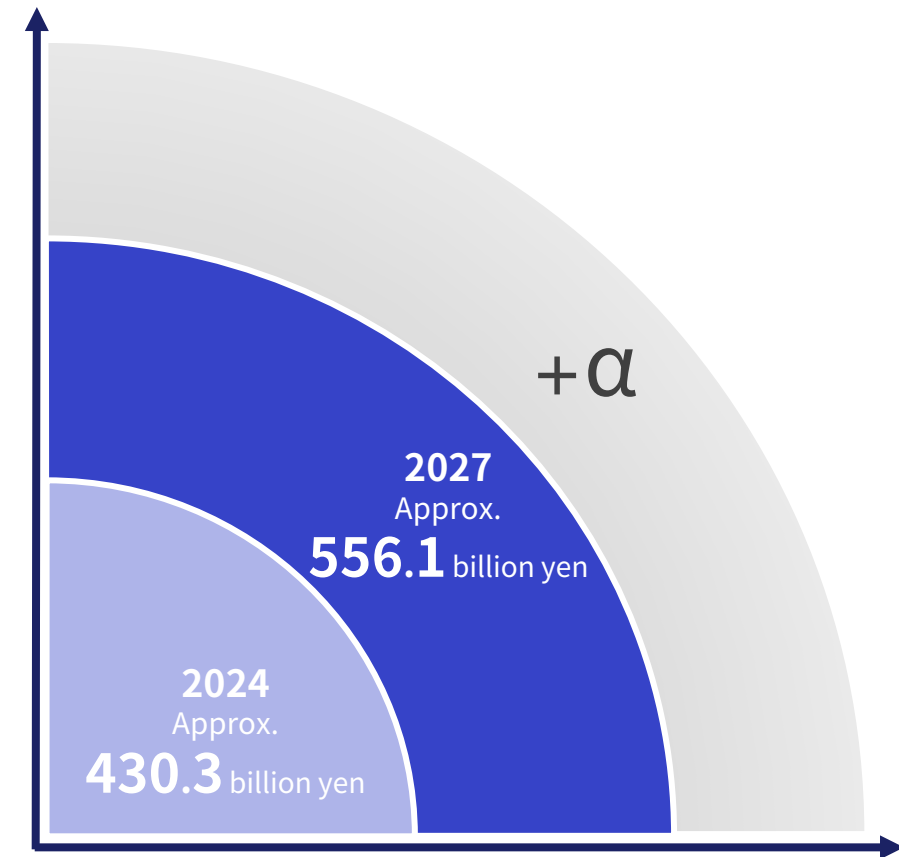
Source: Japan Consumer Credit Association, "Status of Damage from Unauthorized Use of Credit Cards," December 2023

Ranking of Fraudulent Activities after Unauthorized Access Has Occurred

- 1st place Unauthorized remittances through Internet banking
- 2nd place Unauthorized purchases from Internet shopping
- 3rd place Unauthorized acquisition of information, such as snooping on e-mails
- 4th place Tampering with online gaming and community sites
- 5th place Sending information while pretending to be an acquaintance

Source: National Police Agency, Ministry of Internal Affairs and Communications, and Ministry of Economy, Trade and Industry, 2023 "Status of Unauthorized Access Activities and Research and Development of Technologies Related to Access Control Functions (FY2022)"

Market Size of Fraud Detection Services in Japan



Source: "FRAUD DETECTION AND PREVENTION Global Market Trajectory & Analytics GLOBAL INDUSTRY ANALYSTS. INC. May 2021" (Calculated at \$1 = ¥130)

Management Vision

Cacco Evolutionary Purpose

Shaping the “Let’s Do It” for a next game changer

The Cacco Evolutionary Purpose embodies our desire to contribute to the development of the Japanese economy by supporting people and companies that are taking on the challenge of making the world a better place.

When the company was founded, there was little fraud in Internet transactions, and there were no fully functional fraud detection services in the world. But we believed that in the near future, there would be a wide variety and high volume of fraudulent activities in all Internet transactions, including e-commerce.

Almost a decade later, as we predicted, fraudulent activity is occurring in all kinds Internet transactions, and the methods are becoming more complex, evolving and expanding. Since the release of O-PLUX in 2012, we have continued to develop it so that it can adequately respond to evolving threats, and as a result, it is currently the No. 1* installed security solution in Japan.

As a company that creates new value through security, payment, and data science technologies, Cacco will continue to strive to realize the Cacco Evolutionary Purpose and sustainably increase its corporate value.



* TOKYO SHOKO RESEARCH, LTD., “Survey on the number of EC sites in Japan introducing paid fraud detection service,”
(as of the end of May 2023)

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- 2 Forecast Financial Results of FY2024
- 3 Growth Strategy
- 4 Appendix (Company Profile, Business Description, Other Materials for Reference)

Financial Results for FY2023



Financial Results for FY2023 / Highlights in Figures

Net sales

952 million yen

YoY **-11.5%**
Plan progress **102.0%**

O-PLUX recurring revenue*

652 million yen

YoY **-15.4%**

* Monthly fee charged as a fixed amount + Screening fee charged on a pay-per-use basis based on the number of screenings

O-PLUX churn rate

4.58%

YoY **+4.32 pt**

Ordinary income

-117 million yen

YoY **-176.5%**

Recurring revenue ratio in total net sales

68.4%

YoY **-3.1 pt**

O-PLUX screening volume

58.35 million cases

YoY **-16.7%**

Net sales were 952 million yen, down 11.5% year on year.

- Despite a decrease in sales of O-PLUX, our fraudulent order detection service, due to the impact of discontinued transactions with two of our major business partners, the service saw strong growth in new customer acquisition of EC business operators (direct sales). As a result, net sales were 952 million yen (down 11.5% YoY), and progress is 102.0% according to the plan.

Operating income was -108 million yen, down 161.1% year on year.

- Operating income was -108 million yen (down 161.1% YoY), due to the impact of increased depreciation resulting from the O-PLUX architecture renewal following the previous fiscal year, investment in initiatives aimed at earning future revenues, including workforce expansion focusing on sales marketing and customer success areas, and test marketing and localization for overseas business development, as well as optimization of costs.

Extraordinary losses (impairment losses) of 201 million yen were recorded.

- Extraordinary losses (impairment losses) of 201 million yen in total were recorded in software, etc. (O-PLUX, our fraudulent order detection service, and our SaaS-type BNPL package) and others (shared assets) in light of the uncertainty of the return on investment within the remaining economic useful life. This arose from the deferral of future cash flows resulting from a decrease in sales and the revision of the outlook on the future revenues due to the discontinuation of transactions with two of our major business partners.

Financial Results for FY2023 / Recording of Extraordinary Losses (Impairment Losses)

Extraordinary losses (impairment losses) of 201 million yen in total were recorded in software, etc. (O-PLUX, our fraudulent order detection service, and our SaaS-type BNPL package) and others (shared assets).

Assets subject to impairment		Amount	Reason
Software, etc.	<small>Fraudulent Order Detection Service</small> O-PLUX	131 million yen	Cash flows that had initially been expected decreased due to a decline in sales owing to the discontinuation of transactions with two of our major business partners. In light of the uncertainty of the return on investment within the remaining economic useful life, impairment losses were recorded.
	<small>BNPL Settlement Package</small> SaaS-type BNPL system	61 million yen	The lead time up to the contribution to revenues has been prolonged more than anticipated. Based on the BNPL market trends and the order of priority in our growth strategy and owing to the uncertainty of the return on investment within the remaining economic useful life, impairment losses were recorded.
Others	Shared assets	9 million yen	
		Total: 201 million yen	

This will impact our PL from the fiscal year ending December 2024 onward as a decrease in depreciation of 63 million yen annually. (Depreciation for the fiscal year ended December 2023 was 98 million yen.)

Financial Results for FY2023 / Summary of Business Progress

Improve the Added Value of Products

Expansion of Service Functions

- O-PLUX, our fraudulent order detection service
 - Connected with chat payment service “BOTCHAN Payment”^{*1}.
 - Connected with chatbot tool “qualva”^{*2}.
 - Connected with Geolocation Technology, Inc.’s unique IP Geolocation technology.
 - Released an anti-credit master attack function for 不正チェッカー.
 - Released the Shop Hopper Detection Function, a countermeasure against resale that uses data collected from various merchants, for O-PLUX and 不正チェッカー.

BOTCHAN 



- Impenetrable Defense Pack for Phishing, our anti-phishing service
 - Released a phishing-domain detection service.

Anti-Phishing Service
**Impenetrable
Defense PACK**
for Phishing

Expand Alliances

Connection with Another Company’s Service as Its Screening Engine

- O-PLUX, our fraudulent order detection service, has been adopted as the screening engine for ECield, a fraudulent-order detection and automated processing service provided by TEMONA. Inc.



Release of New Services

Release of New Services

- Released SaaS-type BNPL system, our BNPL settlement package.

BNPL Settlement Package

SaaS-type BNPL system

- Released Impenetrable Defense Pack for Phishing, our anti-phishing service.

Anti-Phishing Service
**Impenetrable
Defense PACK**
for Phishing

Business Domain Expansion

Business Alliances and Collaboration

Commenced new business alliances and collaboration with three companies.

February 2023: Entered into a capital and business alliance with Value Creation Inc. in the marketing DX field.

September 2023: Started collaborating with Intelligent Wave Inc. to reduce credit card fraud damage.

November 2023: Entered into a business alliance with ROBOT PAYMENT INC. in the domains of product enhancement and AI utilization.



Overseas Expansion

- Our local distributor is working on developing new customers in parallel with negotiations with local companies considering service test introduction in Indonesia and Singapore to create use cases. Requirement definitions for the pilot customers and the verification method are also being arranged. In addition, a new project has been launched in Vietnam.

*1 Chat-type payment service provided by wevna inc.

*2 Chatbot service provided by PROFESSY INC. It is a chatbot equipped with various functions to increase the conversion rate.

Financial Results for FY2023 / Highlights in Results Figures

Total net sales were 952 million yen (down 11.5% year on year), operating income was -108 million yen (down 161.1% year on year), and ordinary income was -117 million yen (down 176.5% year on year).

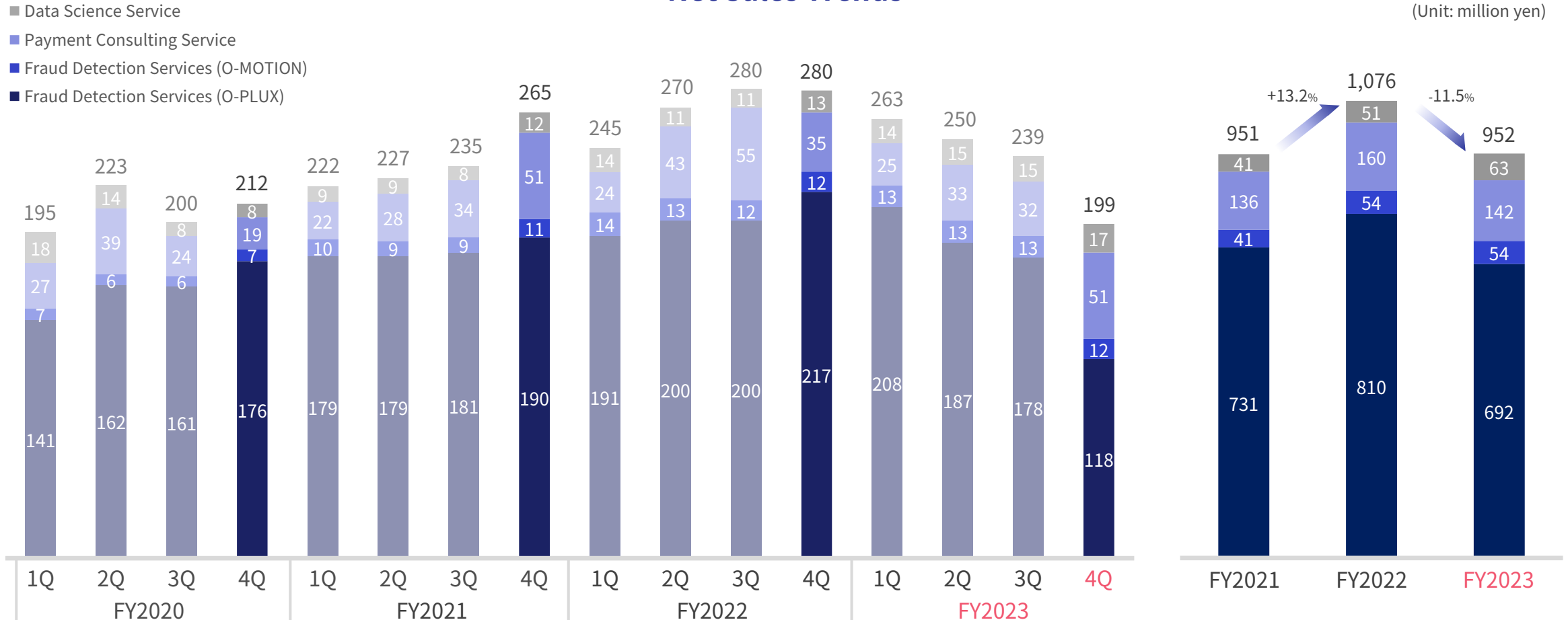
(Unit: million yen)

	FY2022	FY2023	YoY change	FY2023 Forecast	Plan achievement rate
Net sales	1,076	952	-11.5%	933	102.0%
(Net sales of fraud detection services)	865	747	-13.7%	761	98.1%
Operating income	176	-108	-161.1%	-187	-
(Operating income margin)	16.4%	-11.3%	-27.7 pt	-20.0%	-
Ordinary income	154	-117	-176.5%	-190	-
(Ordinary income margin)	14.3%	-12.4%	-26.7 pt	-20.4%	-
Net income	100	-320	-419.8%	-190	-
EPS (yen)	38.16	-121.13	-417.4%	-72.33	

Financial Results for FY2023 / Net Sales Trends

Despite a decrease in sales of O-PLUX, our fraudulent order detection service, due to the impact of the discontinuation of transactions with two of our major business partners, the service saw strong growth in new customer acquisition of EC business operators (direct sales). As a result, full-year net sales were 952 million yen (down 11.5% YoY), and progress is 102.0% according to the plan.

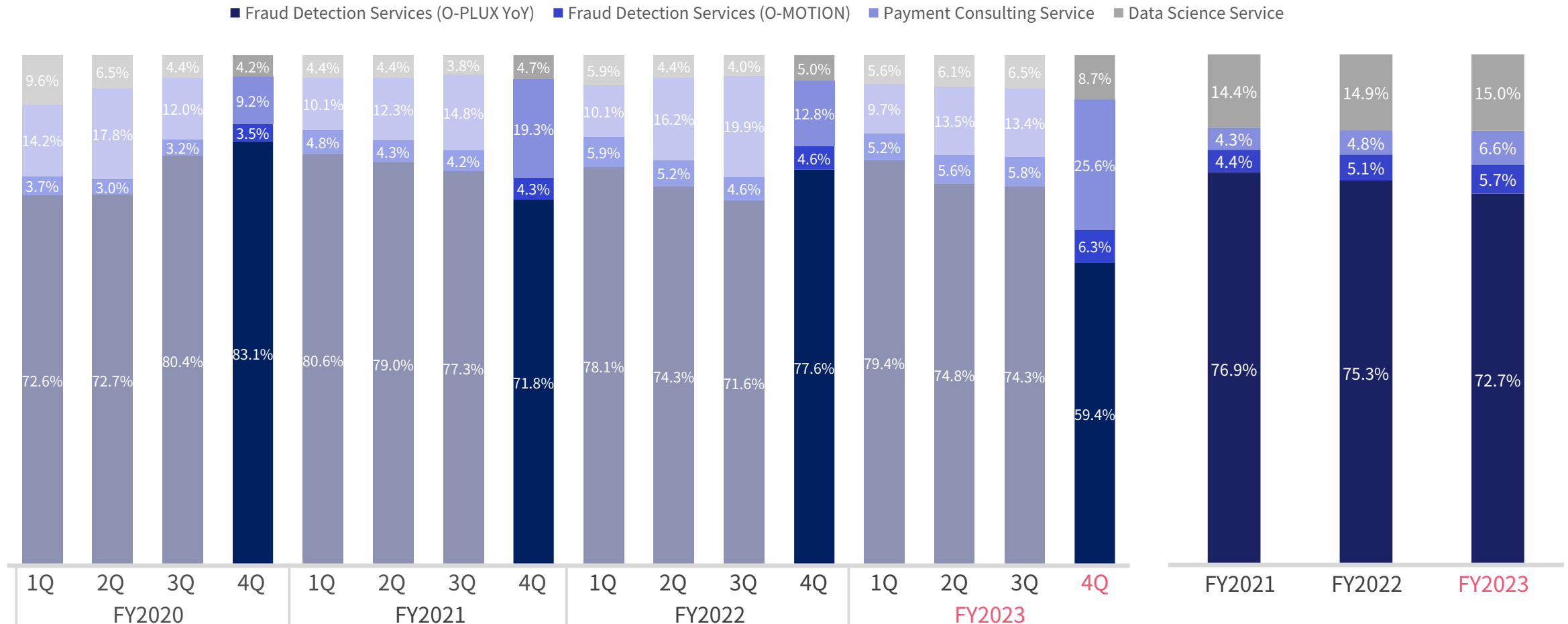
Net Sales Trends



Financial Results for FY2023 / Sales Composition Trends by Service

Due to a decrease in sales of O-PLUX, our fraudulent order detection service, resulting from the discontinuation of transactions with two of our major business partners in FY2023 4Q, the sales composition of fraud detection services declined. The full-year sales composition was 78.4% (down 1.9pt YoY).

Sales Composition Trends by Service



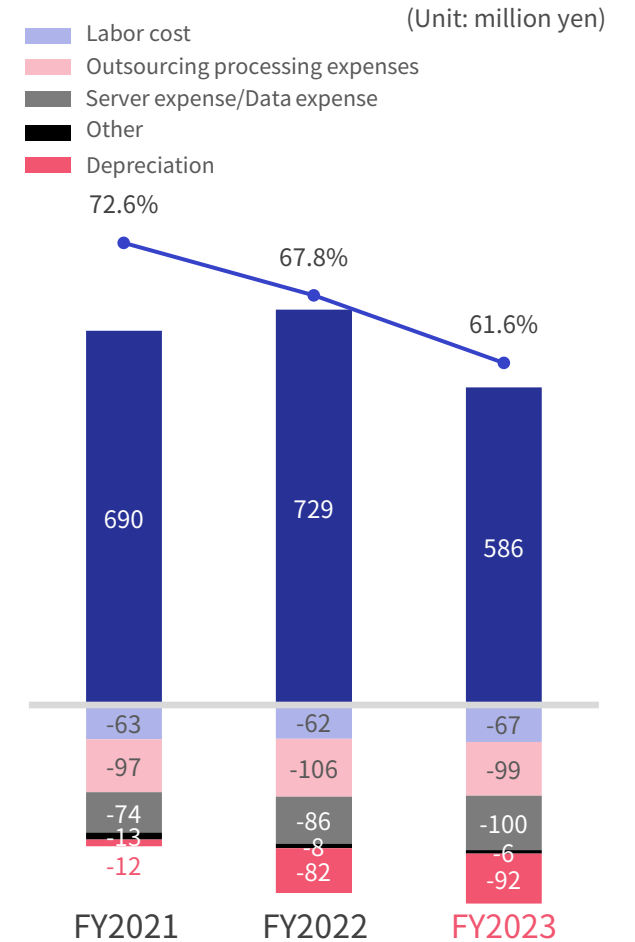
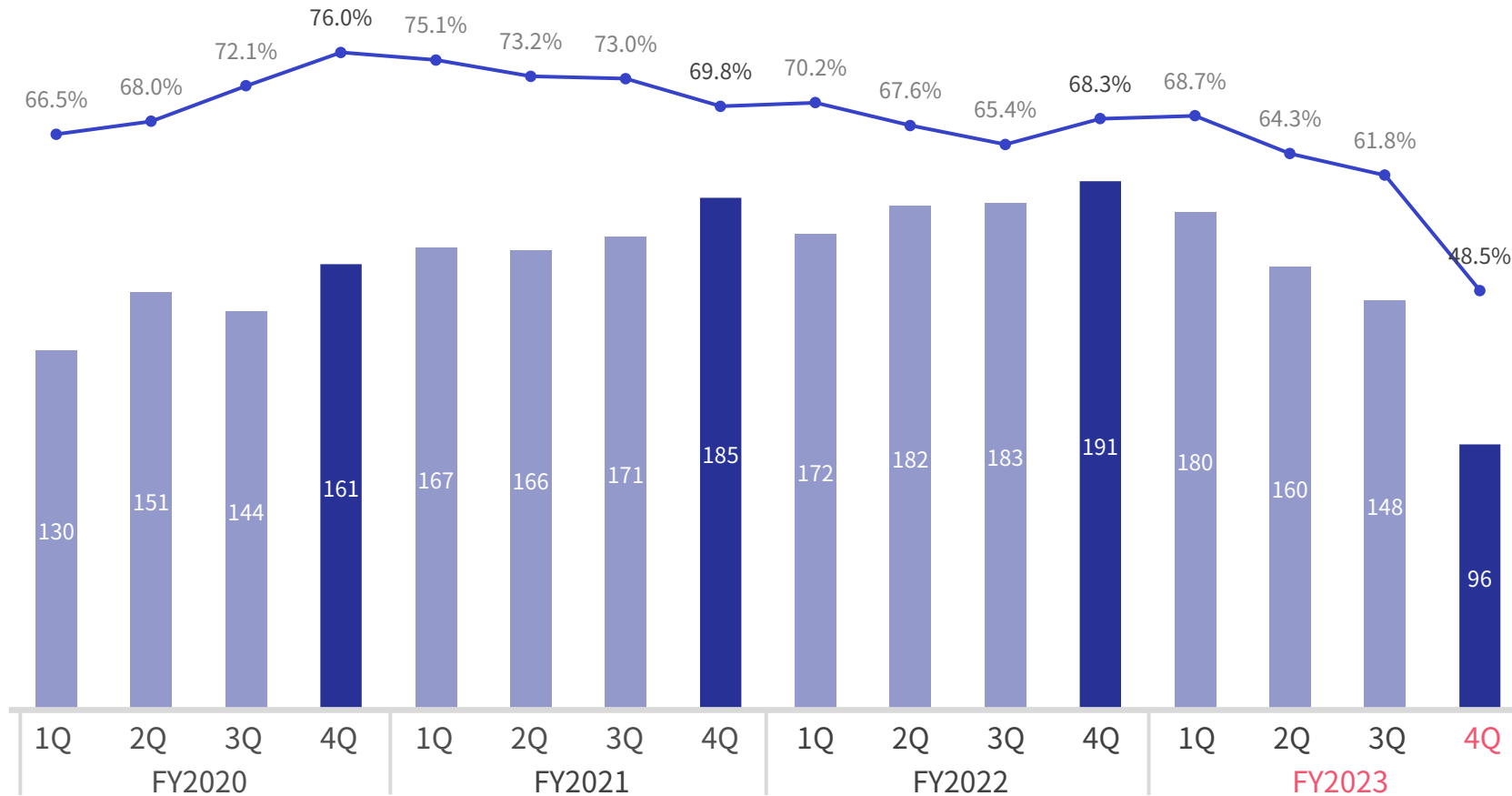
Financial Results for FY2023 / Gross Profit Trends

The full-year gross profit margin was 61.6% (down 6.2 pt YoY), and gross profit in value terms was 586 million yen (down 19.7% YoY).

- Server expense/data expense increased mainly due to yen depreciation, and the launch of the SaaS-type BNPL system.

Gross Profit Trends

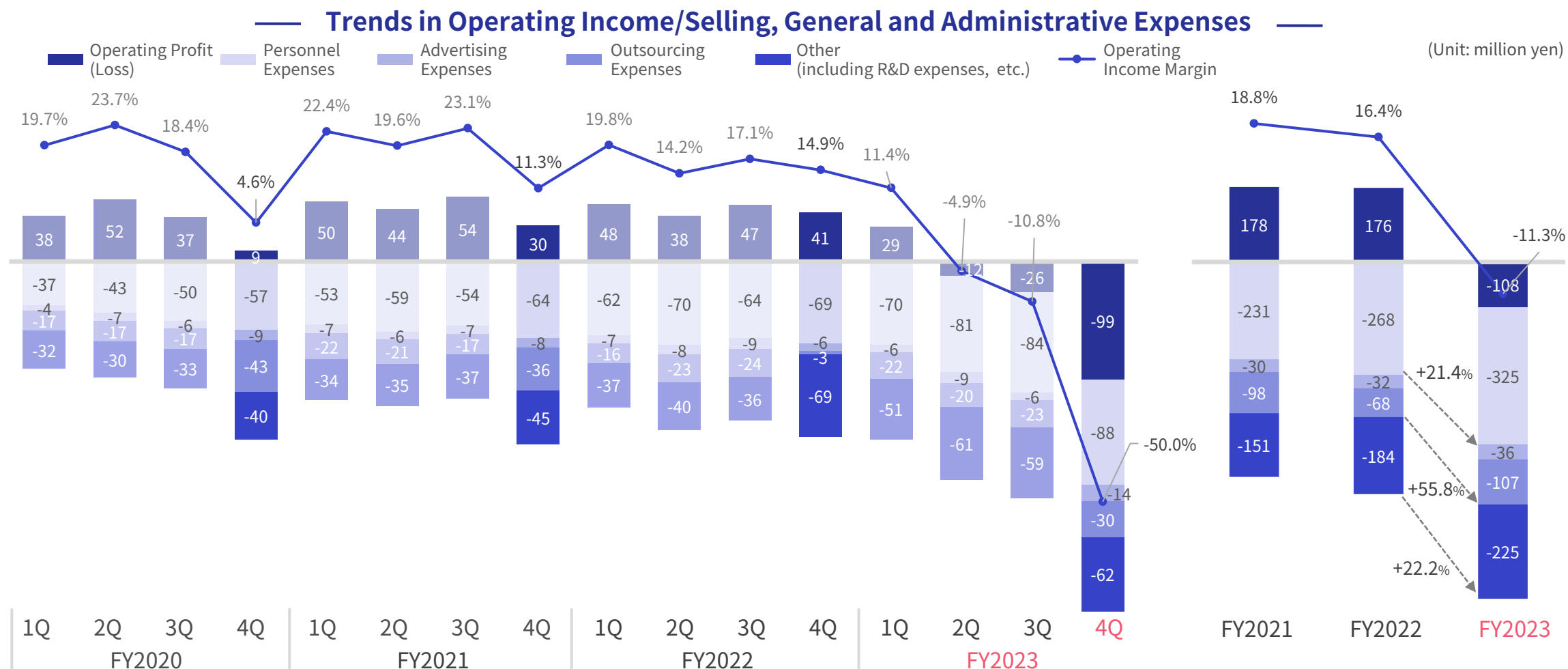
■ Gross Profit ● Gross Profit Margin



Financial Results for FY2023 / Trends in Operating Income and Selling, General and Administrative Expenses

The full-year operating income was -108 million yen (down 161.1% YoY), and the operating income margin was -11.3% (down 27.7 pt YoY).

- Impact of increase in personnel costs associated with workforce expansion, focusing on sales marketing and customer success, outsourcing expenses related to overseas expansion, and others (R&D expenses).



Financial Results for FY2023 / EBITDA Trends

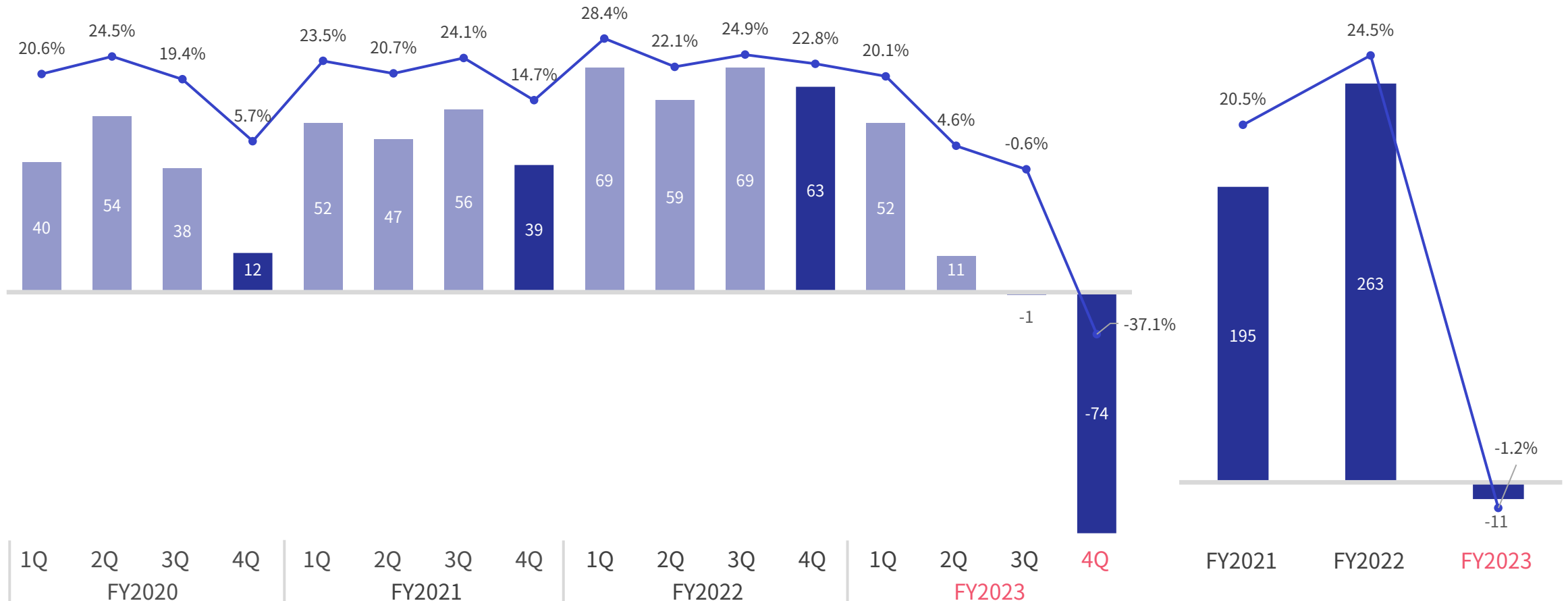
The full-year EBITDA was -11 million yen (down 104.2% YoY) and the EBITDA margin was -1.2% (down 25.6 pt YoY).

- Impact of higher personnel costs associated with workforce expansion focusing on sales marketing and customer success, outsourcing expenses related to overseas expansion, and others (R&D expenses) as described on the previous page.

EBITDA Trends

■ EBITDA ● EBITDA Margin

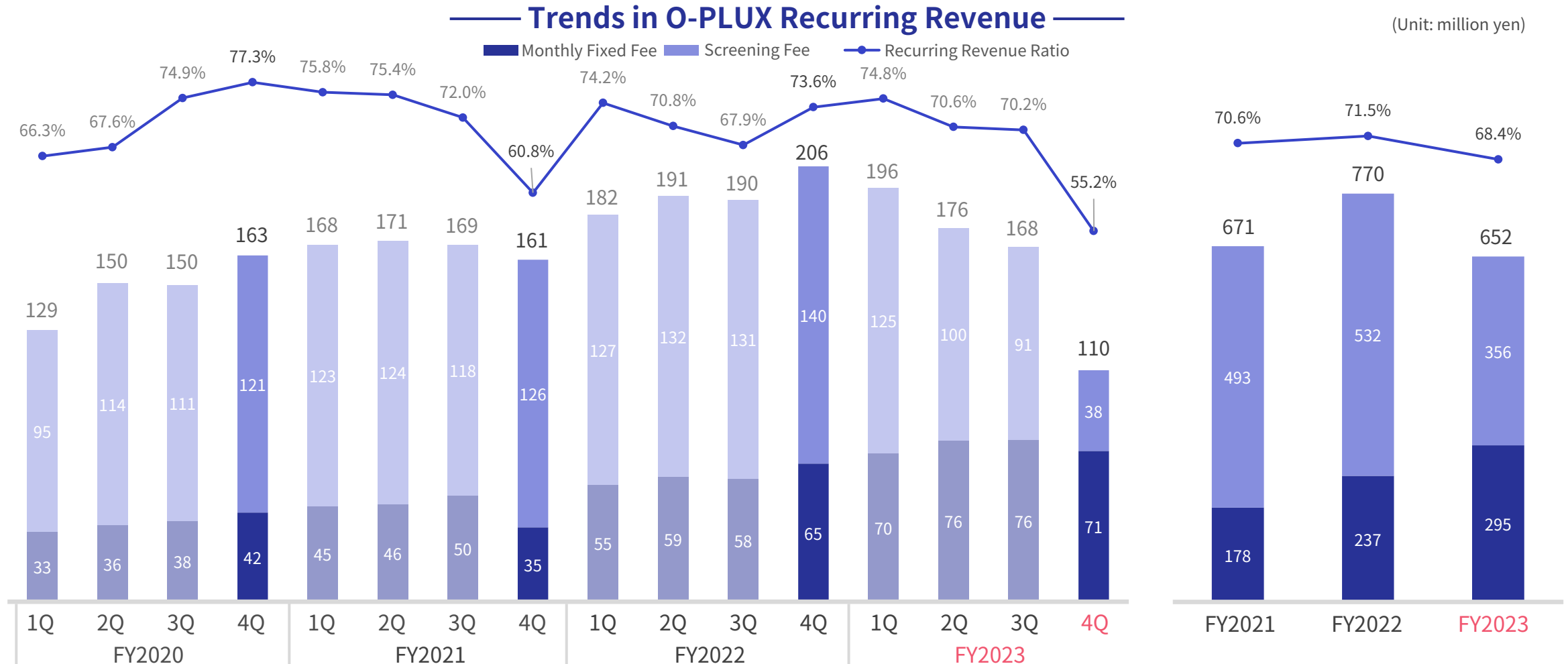
(Unit: million yen)



Financial Results for FY2023 / Trends in O-PLUX Recurring Revenue

The full-year O-PLUX recurring revenue was 652 million yen (down 15.4% YoY), and the recurring revenue ratio was 68.4% (down 3.1 pt YoY).

- Screening fees decreased significantly due to a decrease in the screening volume resulting from the discontinuation of transactions with two of our major business partners.



* Recurring revenue = Monthly fee charged as a fixed amount + Screening fee charged on a pay-per-use basis based on the number of examinations (including 不正チェッカー)

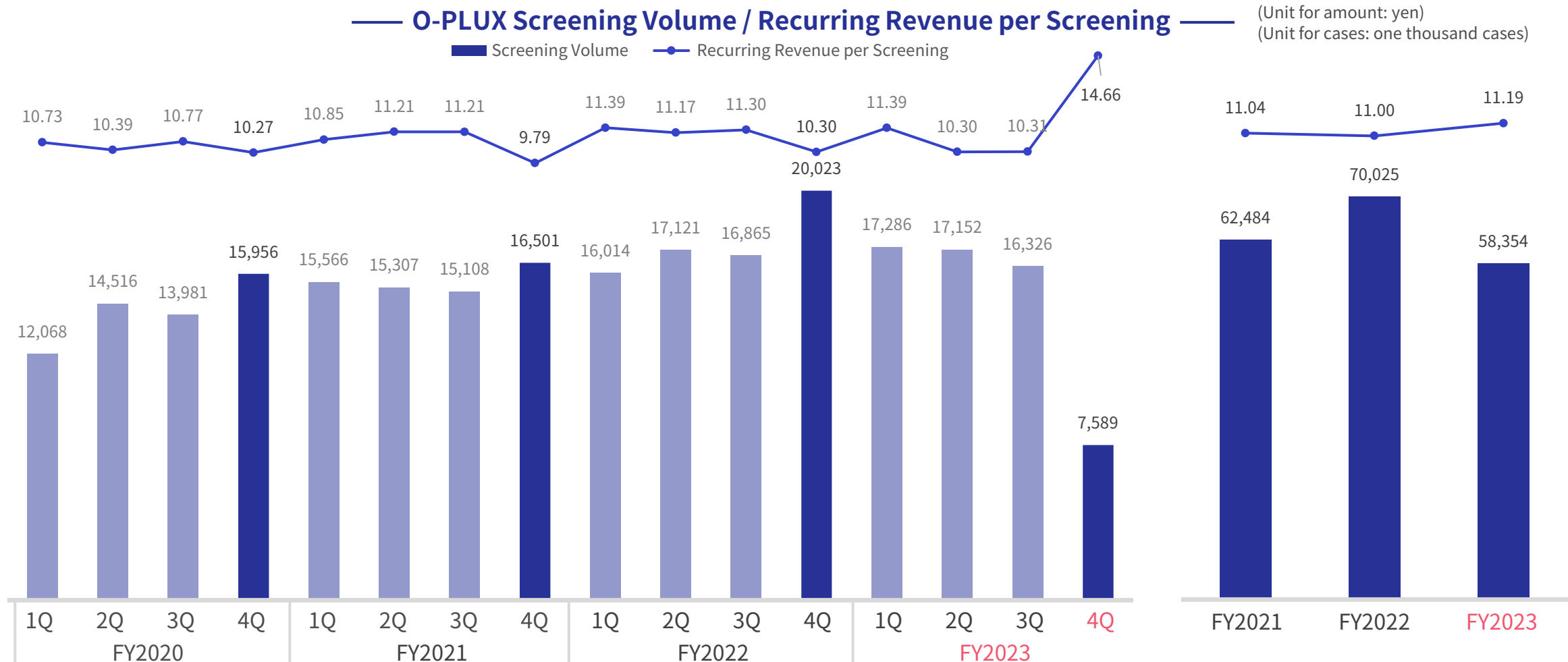
* Recurring revenue ratio = Recurring revenue/Net sales (total of all services)

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Financial Results for FY2023 / Screening Volume Trends of O-PLUX

The full-year screening volume of O-PLUX was 58,354 thousand (down 16.7% YoY).

Recurring revenue per screening increased as a result of the discontinuation of transactions with two of our major business partners, in which screening fees charged on a pay-per-use basis accounted for a large portion.



* Recurring revenue = Monthly fee charged as a fixed amount + Screening fee charged on a pay-per-use basis based on the number of examinations (including 不正チェッカー)

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Financial Results for FY2023 / Monthly Churn Rate for O-PLUX

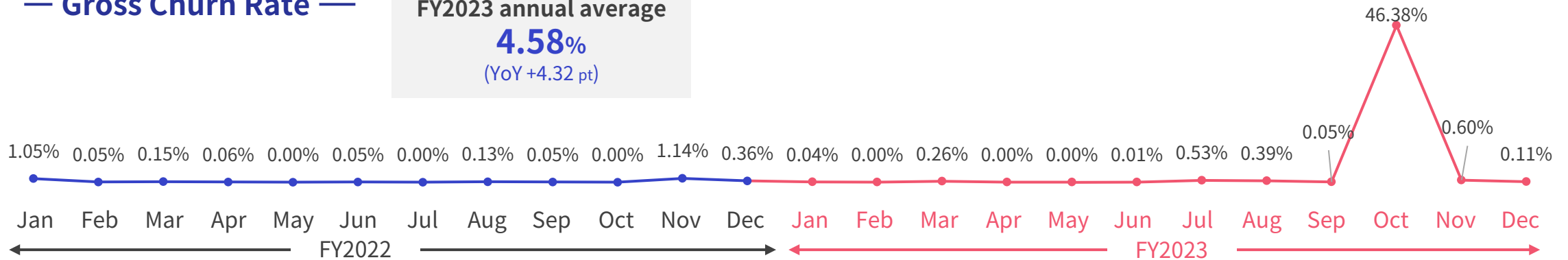
The monthly churn rate for O-PLUX significantly deteriorated in October 2023 due to the discontinuation (termination) of transactions with JPaaS^{*1} and GMO-PS^{*2}, our major clients. Except for that month, the monthly churn rate remained low.

— Gross Churn Rate —

FY2023 annual average

4.58%

(YoY +4.32 pt)



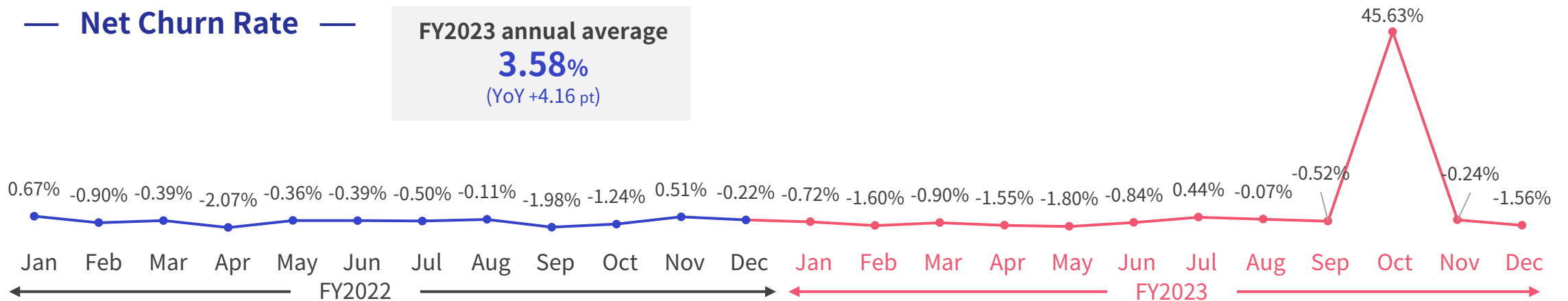
* Gross churn rate = annual average of MRR from the clients who churned in the current month / MRR at the beginning of the current month

— Net Churn Rate —

FY2023 annual average

3.58%

(YoY +4.16 pt)



* Net churn rate = (annual average of MRR from the clients who churned in the current month - MRR from new contracts for current month) / MRR at the beginning of the current month

*1 JPaaS: JACCS Payment Solutions Co., Ltd.

*2 GMO-PS: GMO Payment Service Inc.

Financial Results for FY2023 / Balance Sheet

(Unit: million yen)

	FY2022 (Actual)	FY2023 (Actual)	YoY Change	Main Drivers
Current assets	1,094	1,077	-1.5%	
(Cash and deposits)	962	941	-2.2%	
Non-current assets	439	208	-52.6%	Decrease as a result of the recording of extraordinary losses (impairment losses) in software, etc. and shared assets
Total assets	1,534	1,286	-16.2%	
Current liabilities	161	131	-18.5%	Accrued consumption taxes
Non-current liabilities	0	82	-	Increase in long-term borrowings
Net assets	1,373	1,072	-21.9%	Decrease in retained earnings due to recording a net loss for the current fiscal year
Capital ratio	89.5%	83.4%	-6.1 pt	

Forecast Financial Results of FY2024



Forecast Financial Results of FY2023 / Summary

(Unit: million yen)

	FY2023 Actual	FY2024 Forecast	YoY Change
Net sales	952	713	-25.1%
(Net sales of fraud detection services)	747	570	-23.7%
Operating income	-108	-304	-
(Operating income margin)	-11.3%	-42.7%	-
Ordinary income	-117	-307	-
(Ordinary income margin)	-12.4%	-43.0%	-
Net income	-320	-307	-
EPS (yen)	-121.13	-115.29	-

Net sales -25.1% YoY

We anticipate that sales of O-PLUX, our fraud detection service, will decrease by 316 million yen due to the impact of the discontinuation of transactions with JACCS Payment Solutions Co., Ltd. and GMO Payment Service Inc., two of our major business partners, in the fiscal year ended December 2023.

As a result of this impact, we expect net sales for the fiscal year ending December 2024 to be 713 million yen (down 25.1% YoY).

Operating income -304 million yen

Although depreciation of software, etc. will decrease by 60 million yen year on year as a result of recording extraordinary losses (impairment losses) in the fiscal year ended December 2023, we expect operating income to be -304 million yen due to higher personnel costs associated with sales, marketing, and R&D, as well as other factors.

Growth Strategy



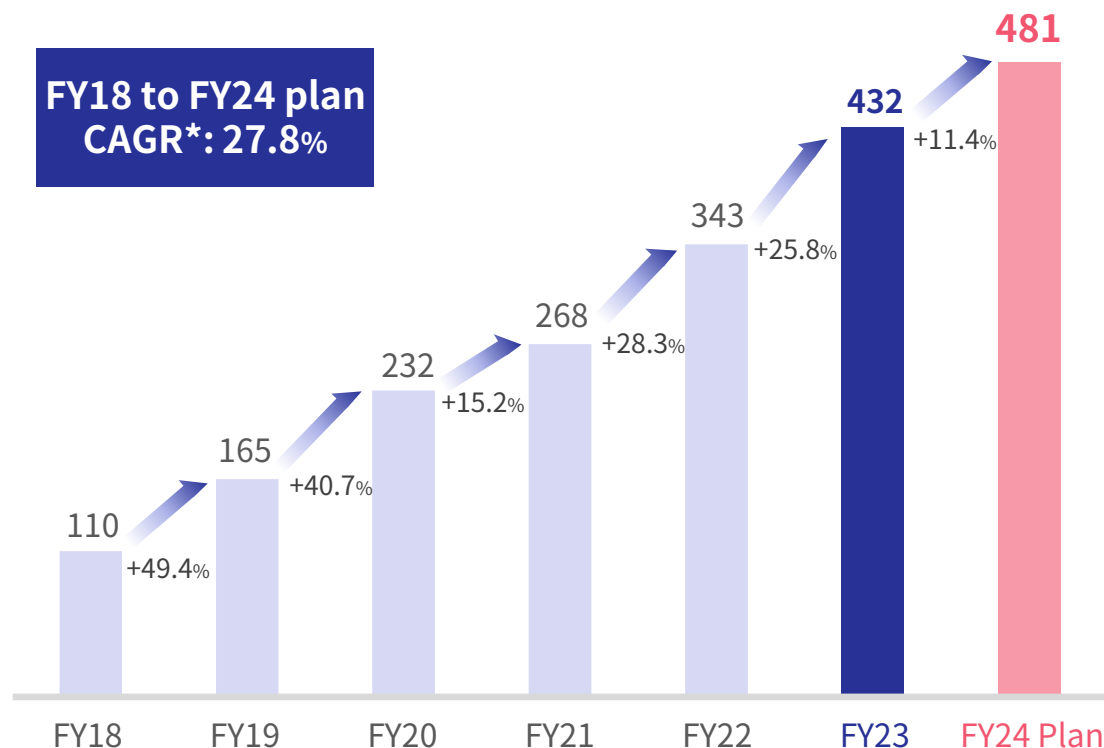
Growth Strategy / Transformation of Profit Structure through Steady Implementation of Strategies — Fraud Detection Service —

Sales of O-PLUX, our core fraudulent order detection service, are expected to decrease by 316 million yen in the fiscal year ending December 2024 as a result of the discontinuation of transactions with two of our major business partners in the fiscal year ended December 2023. We intend to transform our profit structure, which has depended on our major business partners, through the “expansion strategy in the EC fraud detection domain,” which is one of our growth strategies.

Changes in sales to EC business operators (direct sales) in the O-PLUX fraud detection service

(Unit: million yen)

FY18 to FY24 plan
CAGR*: 27.8%

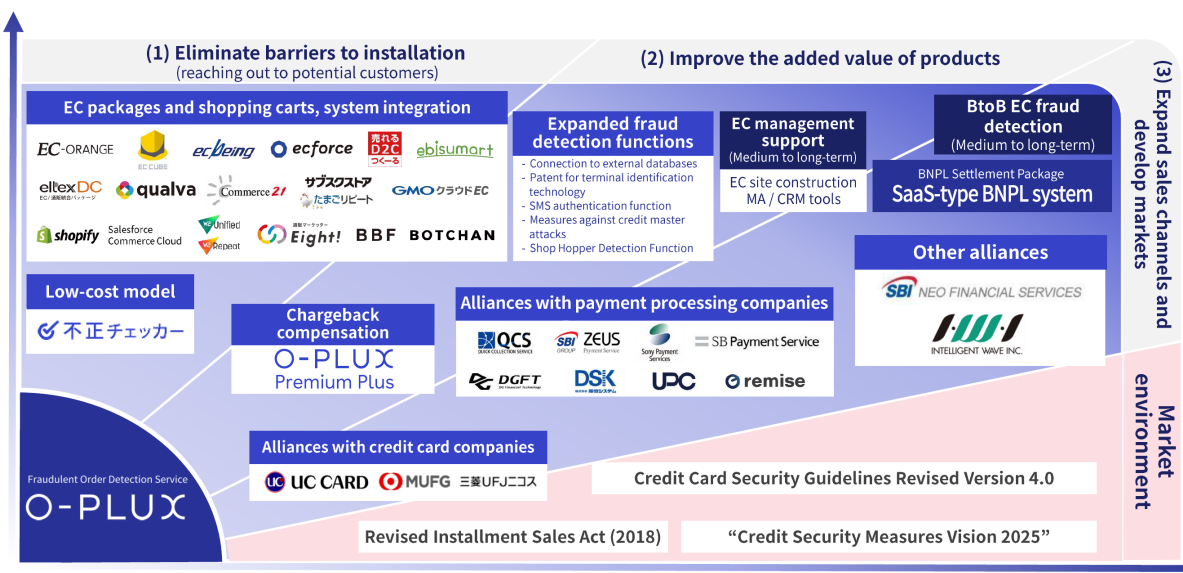


Expansion strategy in the EC fraud detection domain

1 Eliminate barriers to installation (reaching out to potential customers)

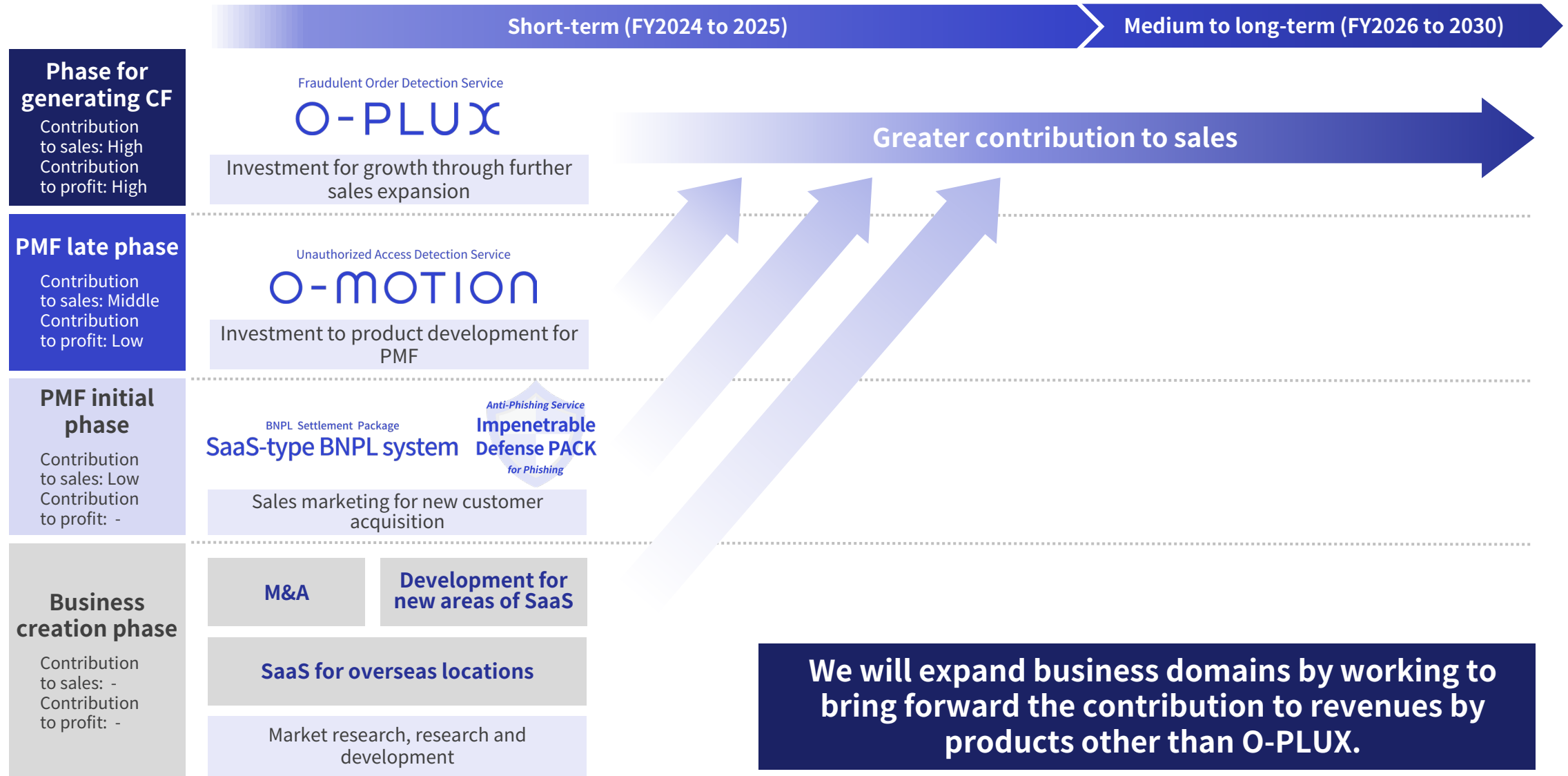
2 Improve the added value of products

3 Expand sales channels and develop markets



* CAGR stands for “Compound Annual Growth Rate” and is obtained by calculating the geometric mean (indicating an annual rate) of the growth rate over multiple years.

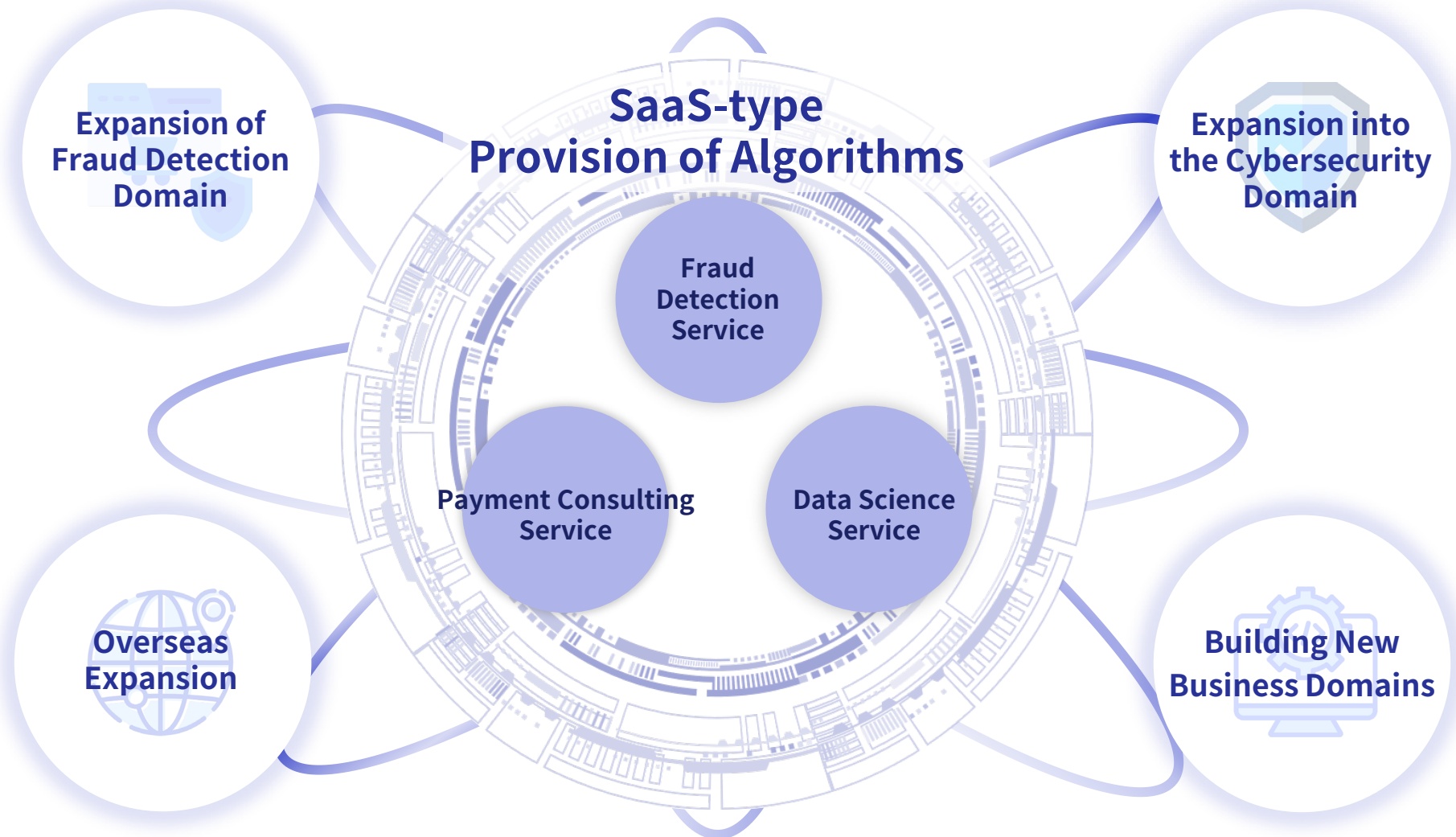
Growth Strategy / Transformation of Profit Structure and Expansion of Business Domains through Bringing Forward the Contribution to Revenues



* PMF: "Product Market Fit," the state in which a product (service or commodity) is fit into a particular market.

Growth Strategy / Four Strategies for Business Expansion

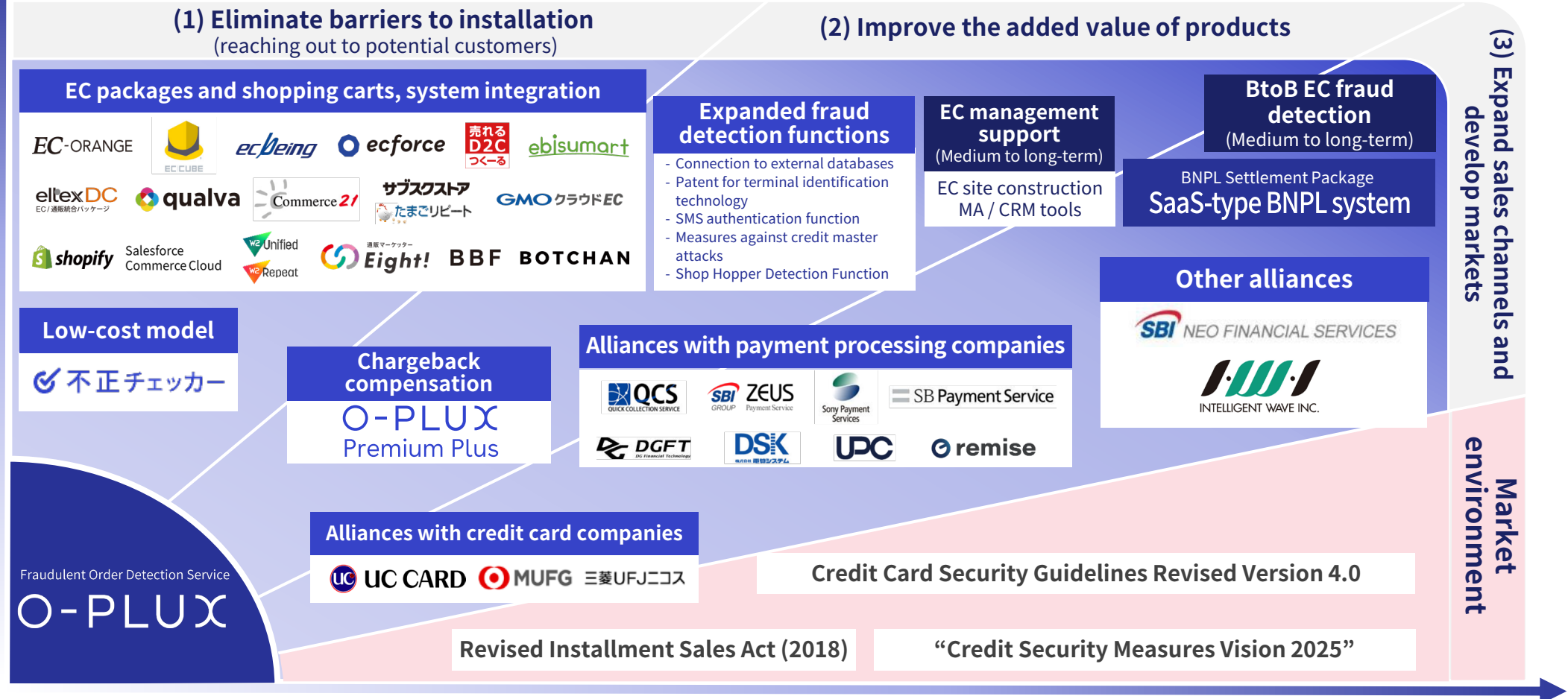
Through our four growth strategies, we will accelerate business expansion with a focus on fraud detection services and create our own market.



Growth Strategy / Expansion of the Fraudulent Detection Domain — Expansion Strategy in the EC Fraud Detection Domain for O-PLUX, Our Fraudulent Order Detection Service —

Expansion of
Fraud Detection
Domain

Demand for fraud detection services will be on the increase due to the social problem of fraudulent damage, stricter regulations, etc.
Three strategies will be implemented to achieve further growth of O-PLUX, our fraudulent order detection service.



Growth Strategy / Market Scale / Growth of the Japanese EC Market and the Expansion of Fraud Damage

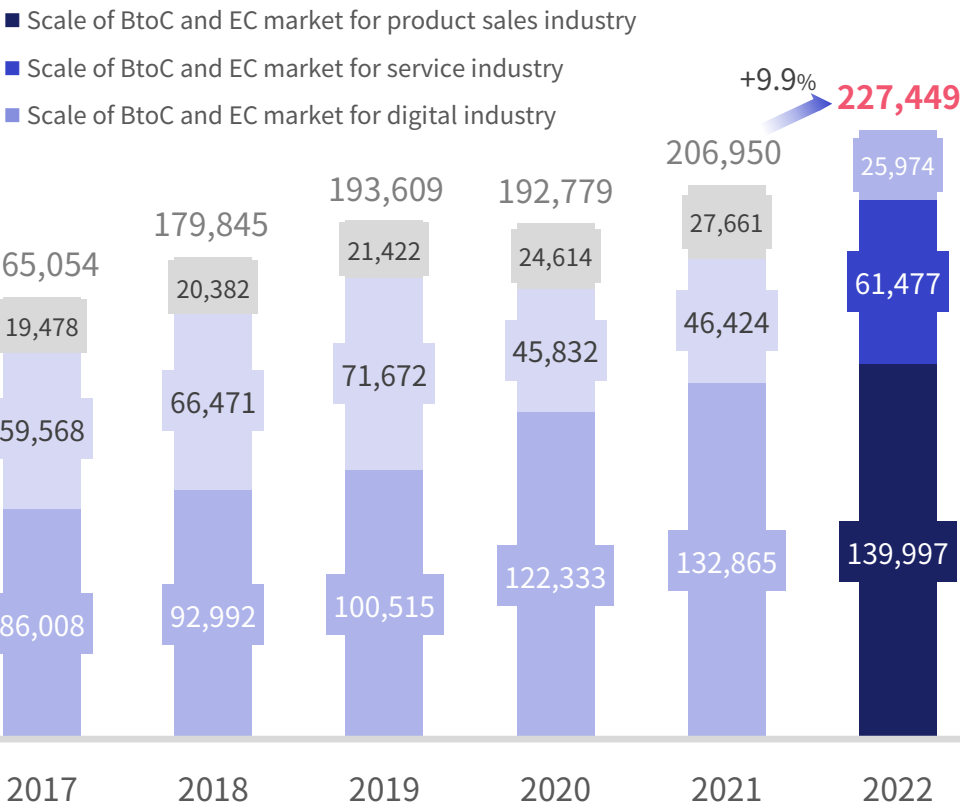


Credit card fraud (number theft) is increasing proportionally with the growth of the EC market.

- Social demand for anti-fraud measures, such as the revision of the Installment Sales Act and publication of the “Credit Security Measures Vision 2025,” is increasing

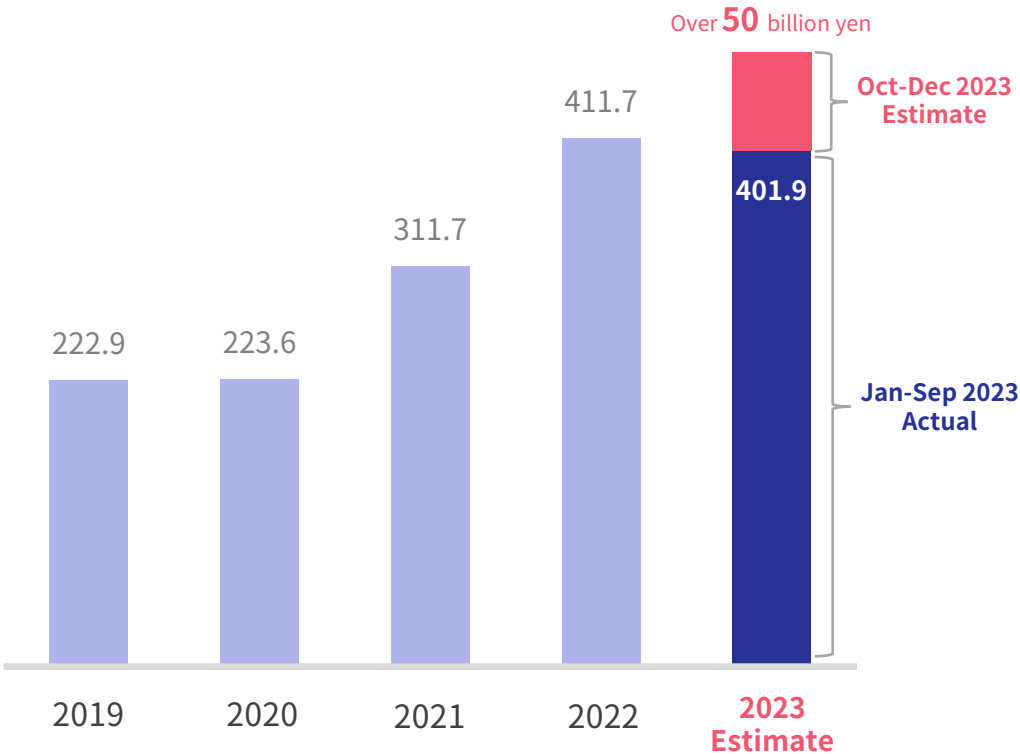
Scale of BtoC and EC Market in Japan

(Unit: 100 million yen)



The Amount of Credit Card Fraudulent Damage in Japan (Number Theft)

(Unit: 100 million yen)



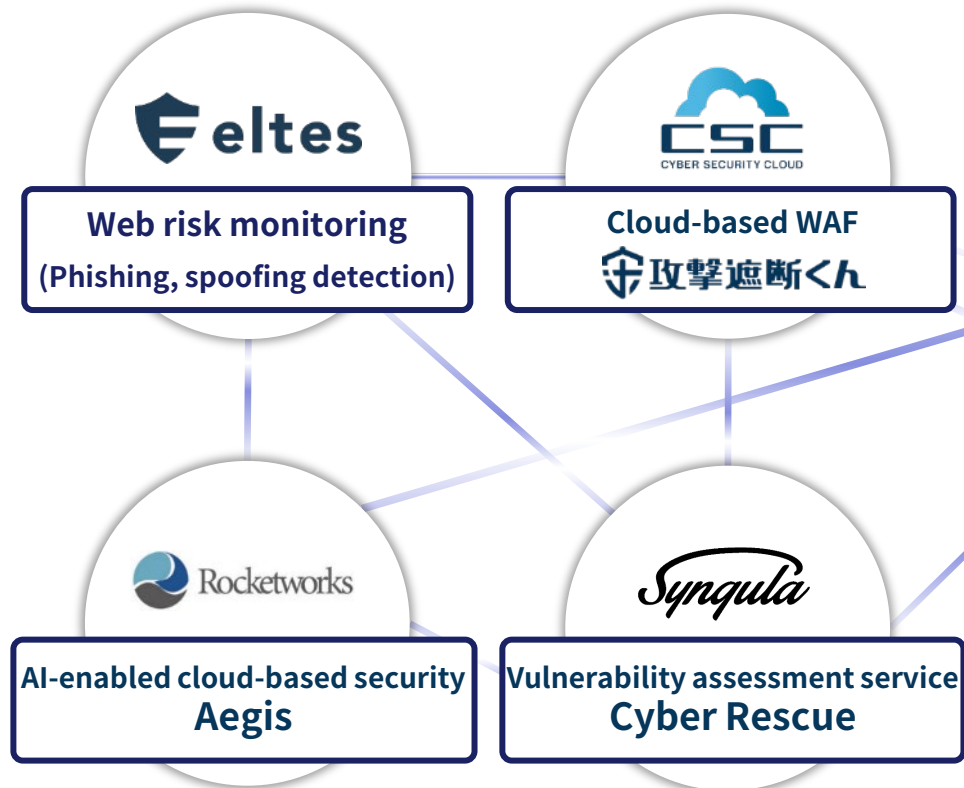
Source: Ministry of Economy, Trade and Industry, Commerce and Information Policy Bureau, Information Economy Division, “FY2022 Report on Commissioned Industrial and Economic Research (Market Research on Electronic Commerce).” Japan Consumer Credit Association, “Status of Damage from Unauthorized Use of Credit Cards,” December 2023

Growth Strategy / Expansion into Cybersecurity Domain

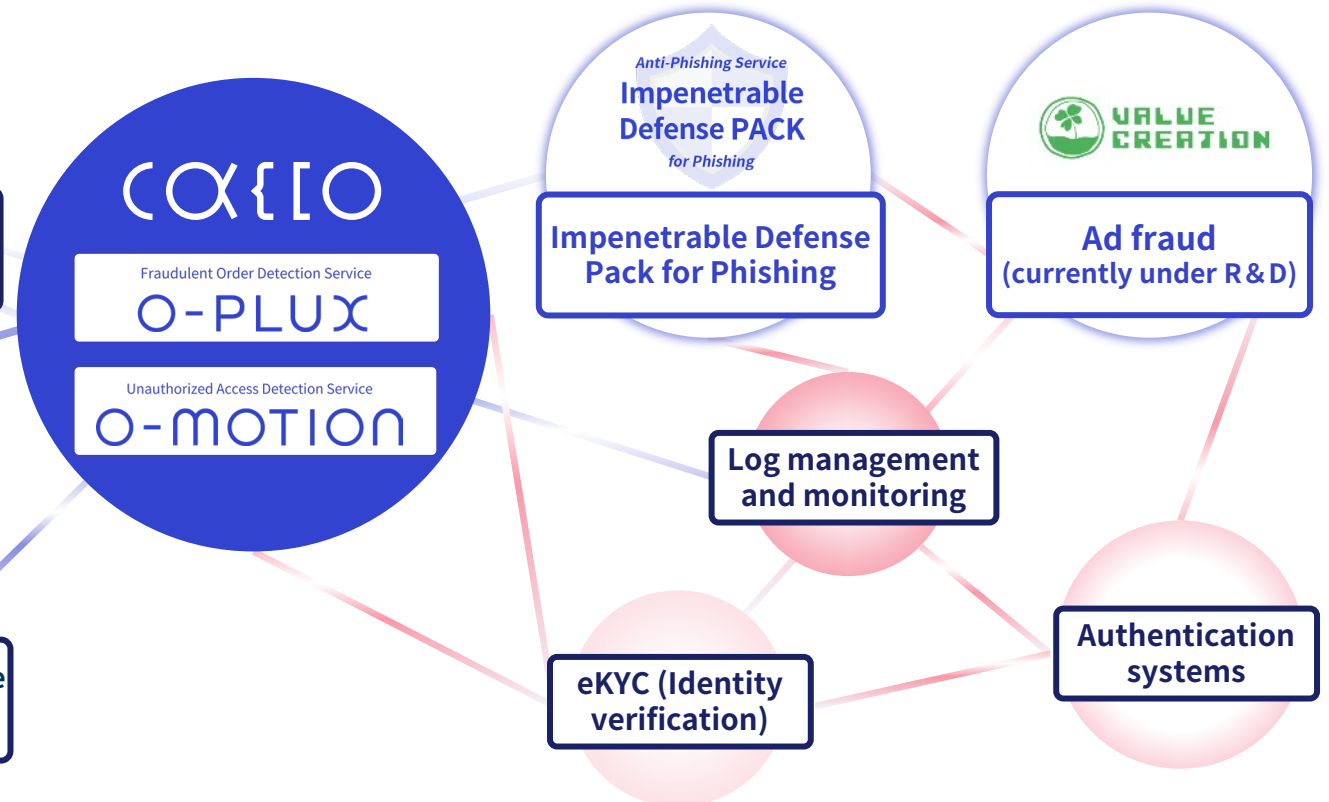
Expansion into
the Cybersecurity
Domain

We will expand business into the cybersecurity domain with an eye on M&A and alliances as well as technological development.

Existing Alliances



New Domains



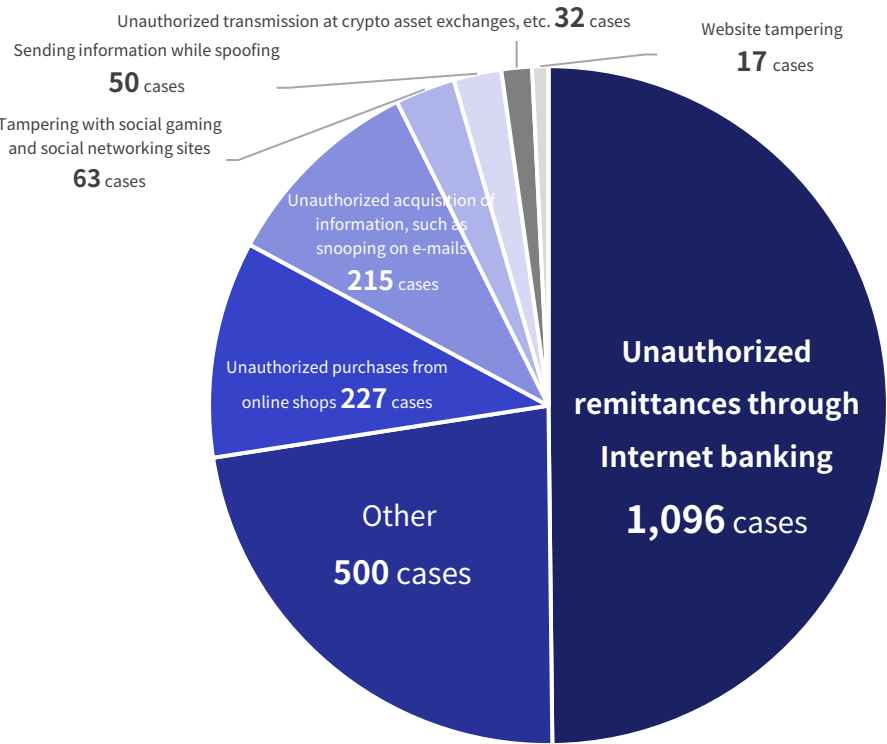
Growth Strategy / Market Scale / Growing Needs for Measures against Unauthorized Access Resulting from an Increase in Damage from Phishing and Unauthorized Access

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Expansion into the Cybersecurity Domain

In Japan, there is no end in sight for damage caused by information leaks, such as the divulgence of personal information caused by phishing and unauthorized access, and the need for measures against damage from unauthorized access is expected to keep growing.

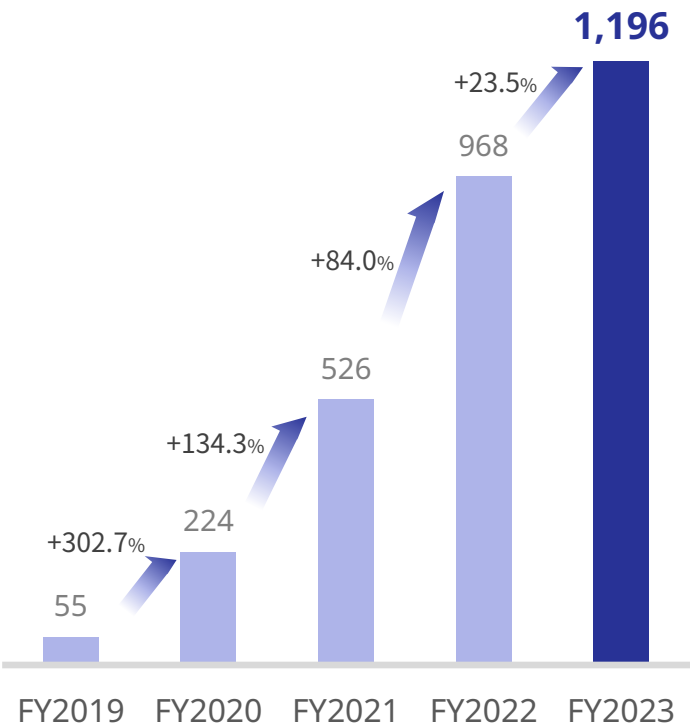
Number of recognized cases of unauthorized access activities in Japan



Source: National Police Agency, Ministry of Internal Affairs and Communications, and Ministry of Economy, Trade and Industry, 2022
“Status of Research and Development of Technologies for Unauthorized Access and Access Control Functions (FY2022)”

Number of phishing reports

(Unit: thousand reports)



* Source: Council of Anti-Phishing Japan, “Number of Phishing Reports”

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Growing need for our services

Unauthorized Access Detection Service

O-MOTION

Real-time detection of unauthorized access and login at financial institutions and member sites, etc.

Anti-Phishing Service

Impenetrable Defense PACK

for Phishing

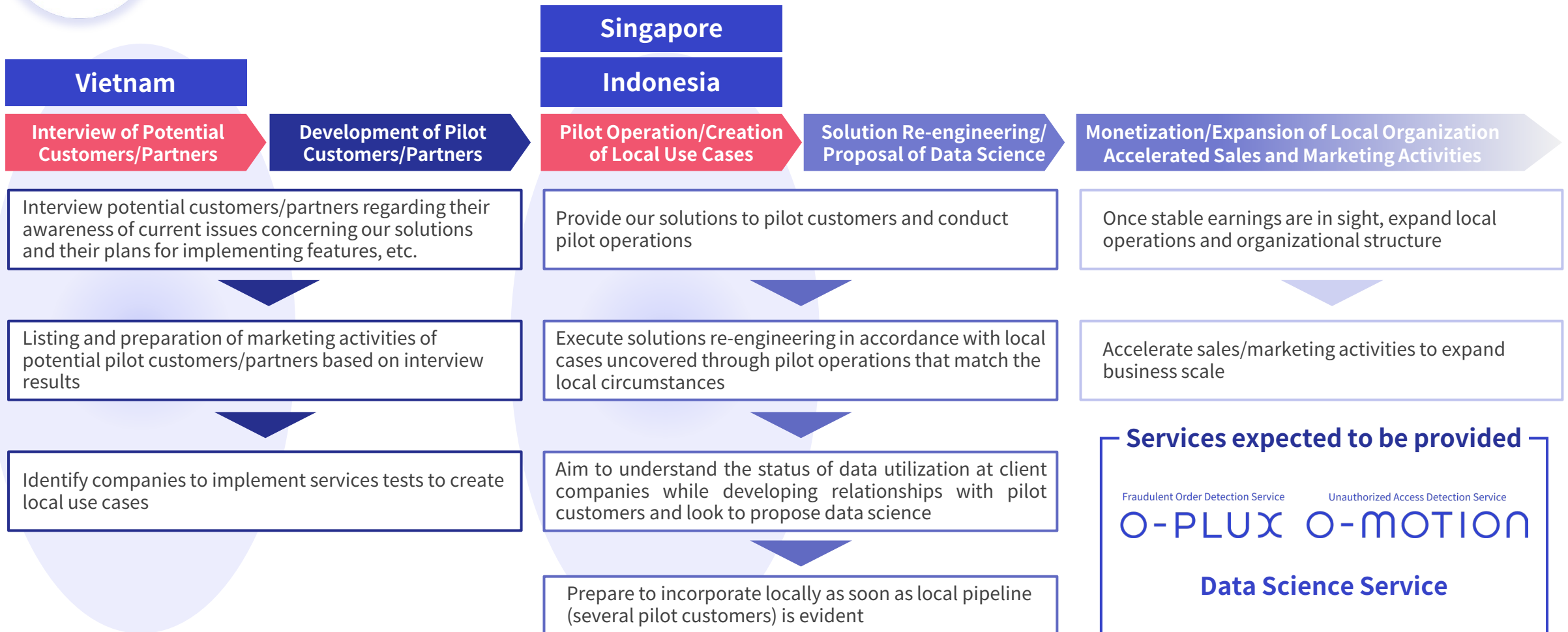
One-stop anti-phishing solution that detects phishing e-mails and phishing domains used to fraudulently obtain information. This prevents spoofing logins using such fraudulently obtained personal information.

Growth Strategy / Overseas Expansion



Overseas Expansion

Our local distributor is working on developing new customers in parallel with negotiations with local companies considering service test introduction to create use cases in Indonesia and Singapore. Requirement definitions for the pilot customers and verification method are being arranged.
In addition, a new project has been launched in Vietnam.

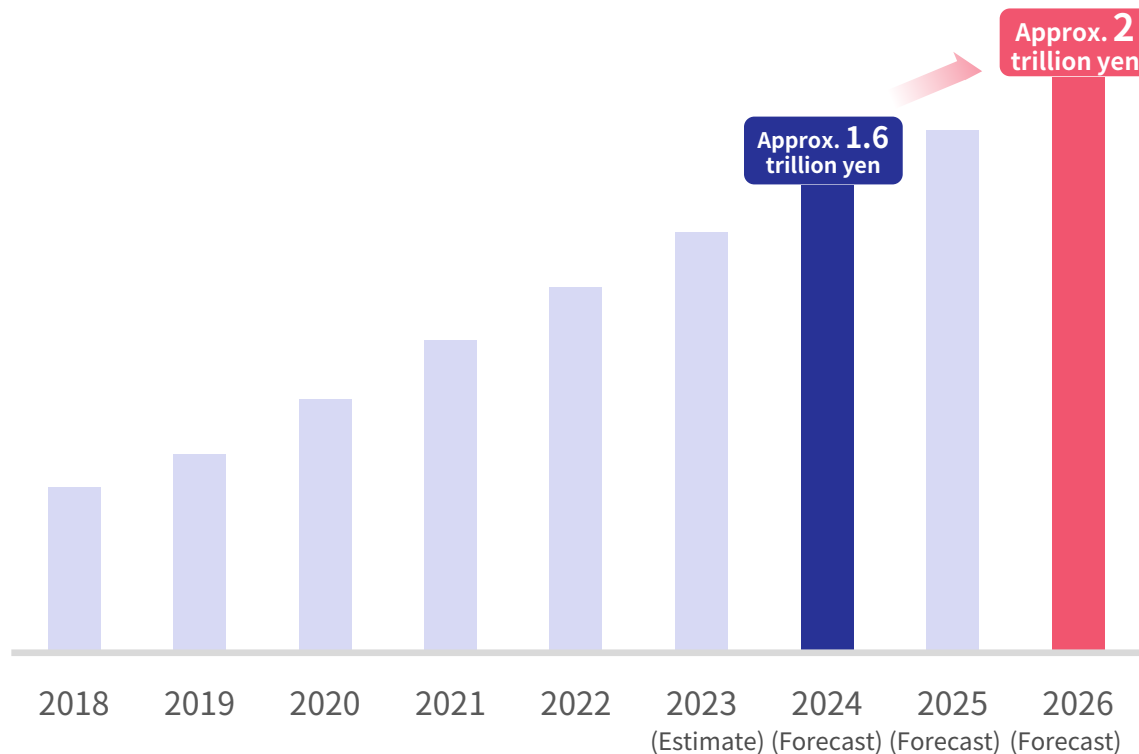


Growth Strategy / Expanding Sales of the SaaS-type BNPL System and Creating a New BNPL Market



With our SaaS-type BNPL system, which enables the adoption of BNPL as a settlement method by minimizing initial investment and operating costs, the barriers to entry into BNPL will be lowered. A new BNPL market will be created by expanding BNPL to non-payment providers that have been unable to enter or adopt BNPL to date.

Domestic BNPL Market Trends



Source: Yano Research Institute, "Current Status and Future Forecast of Online Payment Service Providers, 2023 Edition"

What the SaaS-type BNPL system should be



BNPL expansion into overseas markets with a focus on Southeast Asia.



BNPL expansion not only for payment service provider but also for EC shopping carts, major EC business operators, etc.

Market Scale of BNPL settlement in Japan*

2026: Approx. 2.0 trillion yen

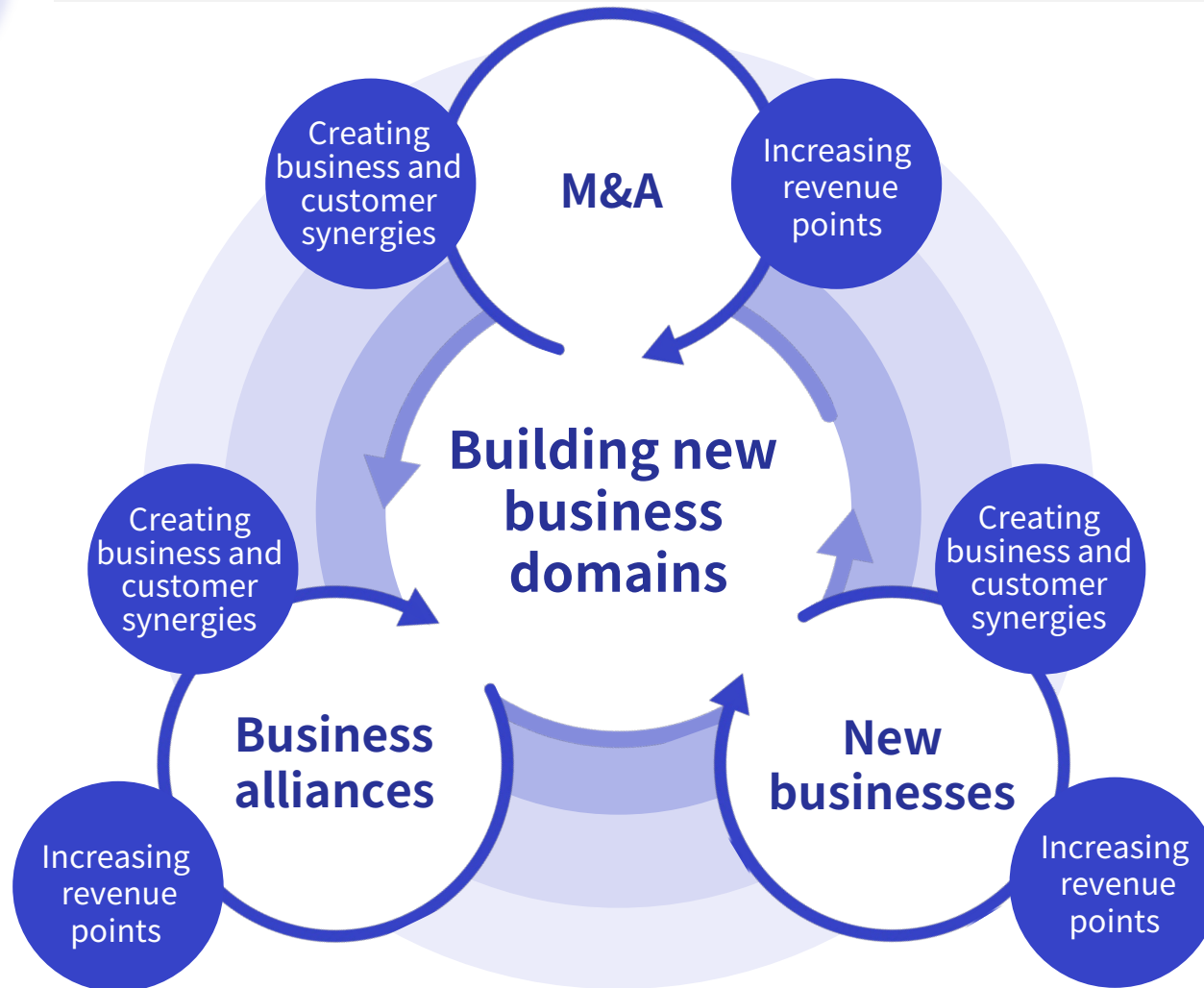
2024: Approx. 1.6 trillion yen

* Source: Yano Research Institute, "Current Status and Future Forecast of Online Payment Service Providers, 2023 Edition"

Growth Strategy / Building New Business Domains via Business Alliances and M&A, etc.



We will actively utilize business alliances and M&A, etc. not only in the existing business domains, but also to acquire new business domains and markets.



By actively utilizing business alliances and M&A and building new business domains, we intend to create synergies between businesses and between customers, increase new revenue points, and expand our company-wide profits. In addition, we will utilize profits so obtained to make investments to further acquire new business domains and drive our cycle of building new business domains.

Growth Strategy / Commencement of a Business Alliance with Sukanuma Group.Inc

(disclosed on February 14, 2024)



Overseas
Expansion

Building New
Business Domains

We have entered a business alliance with Sukanuma Group.Inc, which provides support for human resource training and corporate overseas expansion, etc.



SUGANUMA GROUP

■ Sukanuma Group.Inc

Based on the expertise in textiles and human resource training held by Sukanuma Housei Group, which has been in business in Japan for over 70 years, it engages in the business of planning and manufacturing clothing and accessories and supporting companies in overseas recruitment and human resource training.

Acting as a bridge between numerous universities and companies in Vietnam for recruitment and human resource development, it strives to develop human resources and create employment opportunities in a wide range of fields, including nursing and medical care, restaurants, hotels and other accommodations, design, and AI cybersecurity.



In anticipation of a significant increase in the demand for data scientists in Vietnam due to the growing trend of utilizing big data led by the government, we have entered a business alliance with Sukanuma Group.Inc. Based on this alliance, we have launched a project to assemble the abundant expertise in human resource development held by both companies and the university network and provide human resource support in the data science field at universities in Vietnam, including human resource training and employment support.

Appendix



Appendix / Company Profile

Company Profile

Company name	<u>Cacco Inc.</u>
Representative	Hiroyuki Iwai, Representative Director, President and CEO
Business description	Provision of SaaS-type Algorithms (Fraud detection services, payment consulting services, and data science services)
Capital	376,188,635 yen
Listed on	Tokyo Stock Exchange, Growth Market (Stock Code 4166)
Founded on	January 28, 2011
Address/TEL	1-5-31, Motoakasaka, Minato-ku, Tokyo, JAPAN TEL: 03-6447-4534
Patents	Patent #6534255, #6534256, and #6860156
Certifications	ISMS (Information Security Management System) ISO/IEC 27001:2013 JIS Q 27001:2014 Registration number: IA120255 Privacy Mark® #10824248 (05)

History

2011	January	Establishment of business (Fraud prevention consulting)
	November	Start of payment consulting service (Payment system development and consulting for BNPL* business operators)
2012	June	Release of O-PLUX, a fraudulent order detection service
2015	January	Start of data science service (Data analysis and algorithm development for industries including retail and manufacturing)
2016	July	Release of O-MOTION, unauthorized access detection service
2020	December	Listing on the TSE Growth Market
2021	October	Entry into a capital and business alliance with Eltes Co., Ltd.
2022	December	Release of the SaaS-type BNPL system, a BNPL settlement package
2023	February	Entry into a capital and business alliance with Value Creation Inc.
	June	Release of Impenetrable Defense Pack for Phishing, an anti-phishing package

* BNPL: Abbreviation for Buy Now Pay Later, post-payment settlement

1

Expertise in data science and advanced technical capabilities in the security domain

(Three patents obtained: Patent #6534255, Patent #6534256, and Patent #6860156)

2

Top* selling services in the EC and payment domains in Japan

(* Based on “Survey on the number of EC sites in Japan introducing paid fraud detection services” (as of the end of May 2023) performed by TOKYO SHOKO RESEARCH, LTD.)

3

Steady growth in recurring revenue due to increased use of O-PLUX, our core service

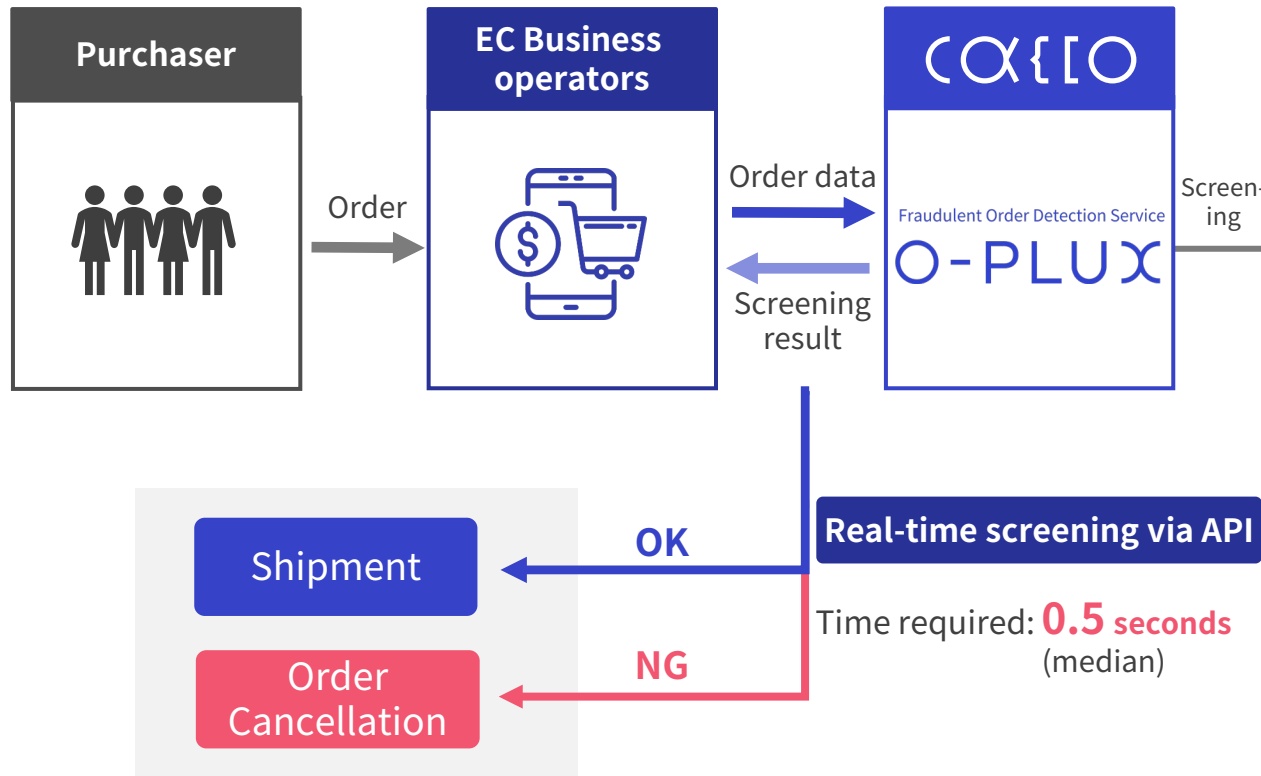
(Recurring revenue accounted for 68.4% of our total sales in FY2023)

Appendix / Overview of O-PLUX Fraudulent Order Detection Service



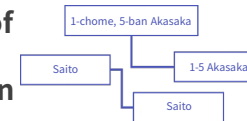
SaaS-type service that uses a unique screening model to detect fraudulent orders in real time such as payments in arrears in EC.

Screening Process



Main Screening Functions

Normalization of name and address notation



- Utilize the same address and last name with different notation after normalization process.
ex: 3-2, Akasaka 4-chome
4-3-2 Akasaka
- Detection of mismatch between *kanji* and *furigana* in name

Device Information



- Address confirmation service (detection of fictitious addresses)
- Identification by IP and cookies
- Detection of access from overseas
- Detection of impersonation by a non-Japanese person based on language setting, time zone, etc...

External DB Linkage



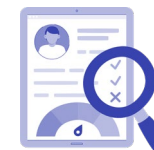
- Vacancies detection (weekly apartments or hotels)
- Detection of overseas forwarding services
- Validation of phone numbers, etc...

Behavioral Analysis



Detection of fraudsters by analyzing information and behavioral patterns that are characteristic of fraudsters, such as large numbers of purchases over a short period of time and identity theft.

Shared Negative Data



- Finding matches with the negative database shared among user companies (cumulative total: 110,000 sites)
- Service to detect shop shoppers purchasing products with benefits that are available only to first-time buyers

Appendix / O-PLUX Fraudulent Order Detection Service | Differentiating Factors

Differentiating Factors in Products

1

High fraud detection accuracy through possession of a large volume of domestic fraudulent order data

* No. 1 in Japan in terms of number of installations

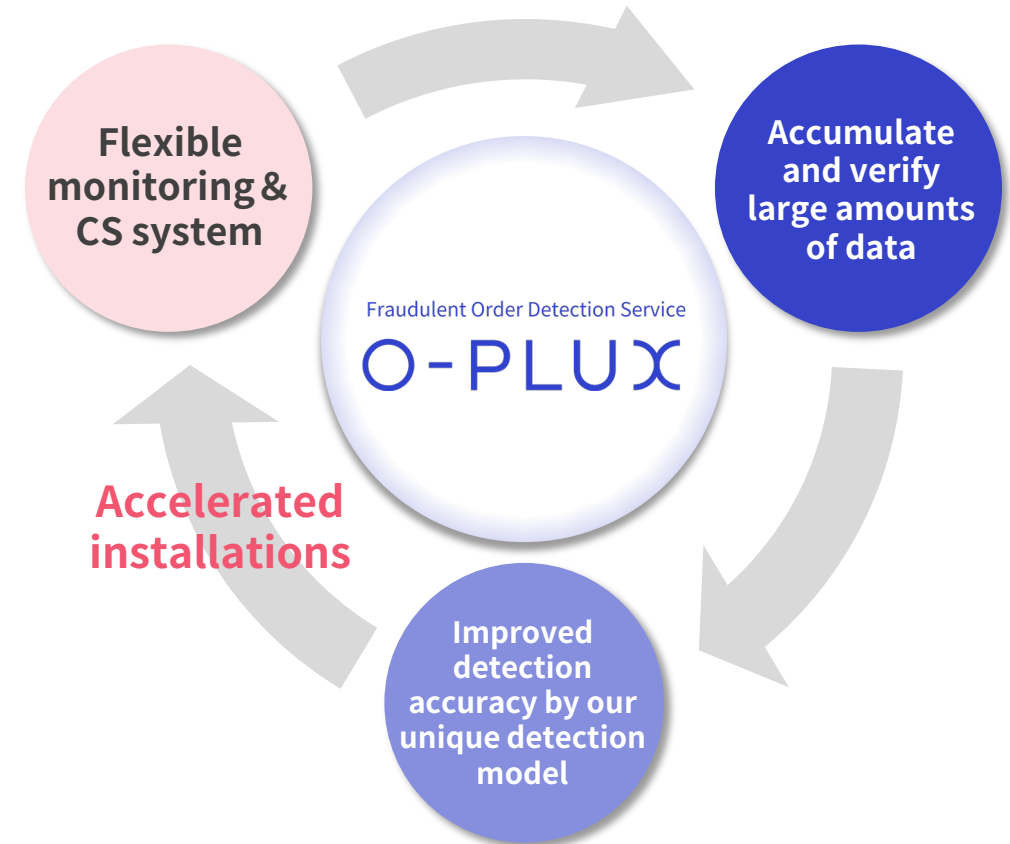
2

Building a unique detection model with data science, security technology, and expertise

3

Speedy and flexible monitoring and support system that only domestic and in-house products can provide

Positive Growth Cycle in which Competitive Advantage is Maintained



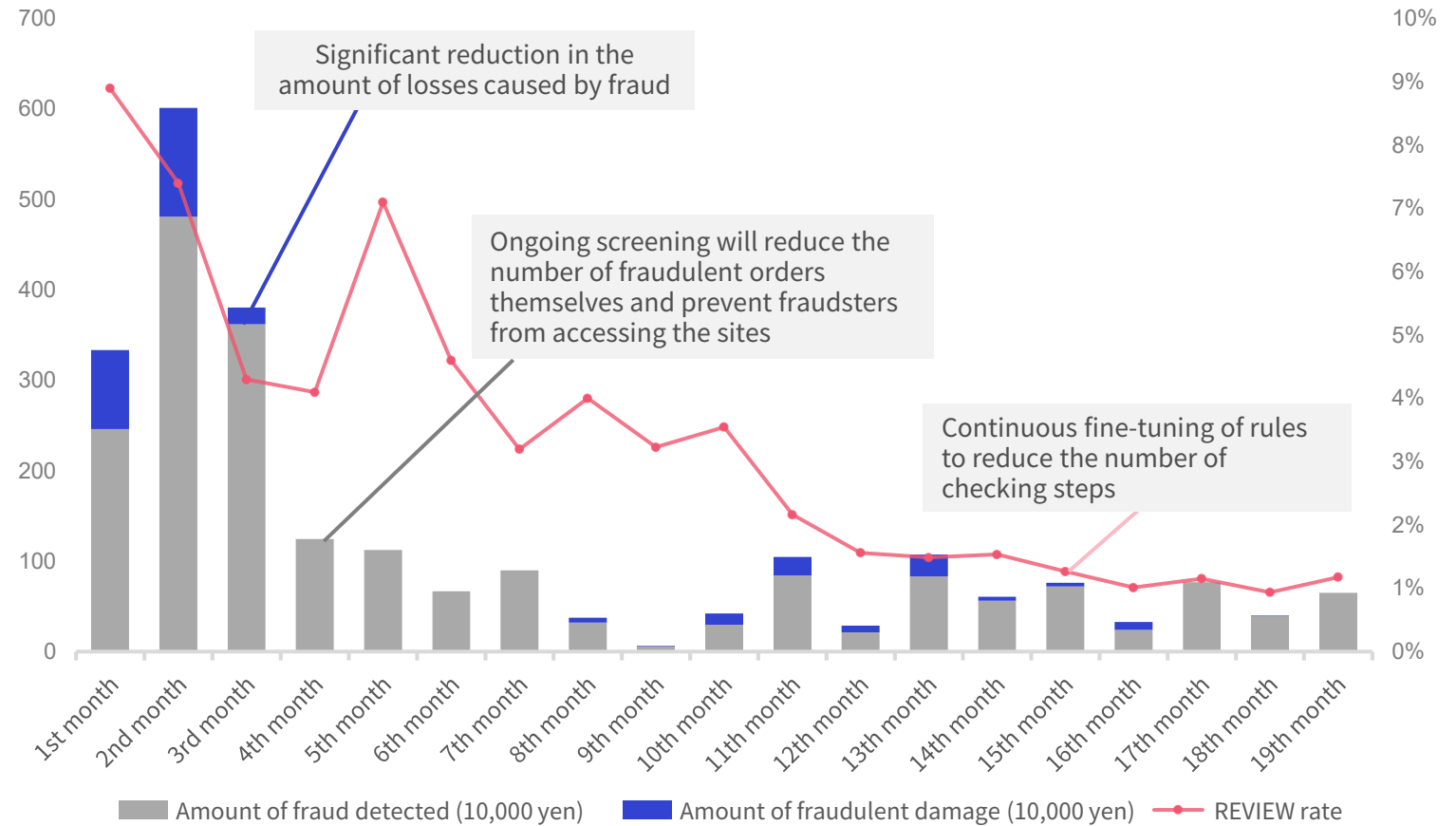
* TOKYO SHOKO RESEARCH, LTD., "Survey on the number of EC sites in Japan introducing paid fraud detection service," (as of the end of May 2023)

Appendix / O-PLUX Fraudulent Order Detection Service | Installation Example



O-PLUX has detected approximately 250 million yen in fraudulent credit card use in EC over a five-year cumulative period.

General Retailing	
Annual distribution amount	7 billion yen per year
Challenges faced by customers	Fraudulent use of credit cards in EC (Maximum 10 million yen per month)
Achievement	Detected fraudulent uses worth 100 million yen in the first year of installation Cumulative total of approximately 250 million yen was detected over a period of approximately five years.



* The amount of fraud detected is the total amount of transactions that are confirmed as fraudulent (negative registration) before chargeback due to failed screening results, card attribute discrepancies in "REVIEW" screening results, and failed identity verification before shipment.

* The REVIEW rate is the ratio of the number of REVIEWS to the total number of screening results.

Appendix / O-PLUX Fraudulent Order Detection Service | Corporate Clients



O-PLUX has been installed in various industries and is the No. 1 solution in terms of the number of installations in Japan (*1). It promotes the development of a safe infrastructure for e-commerce by preemptively preventing losses from fraudulent orders.

Hobby	Food and health food				Home appliances			
Cosmetics and hair care				Apparel and sports				Housing and interiors
Online shopping malls, MVNO, and others				Video and audio equipment				Hosting

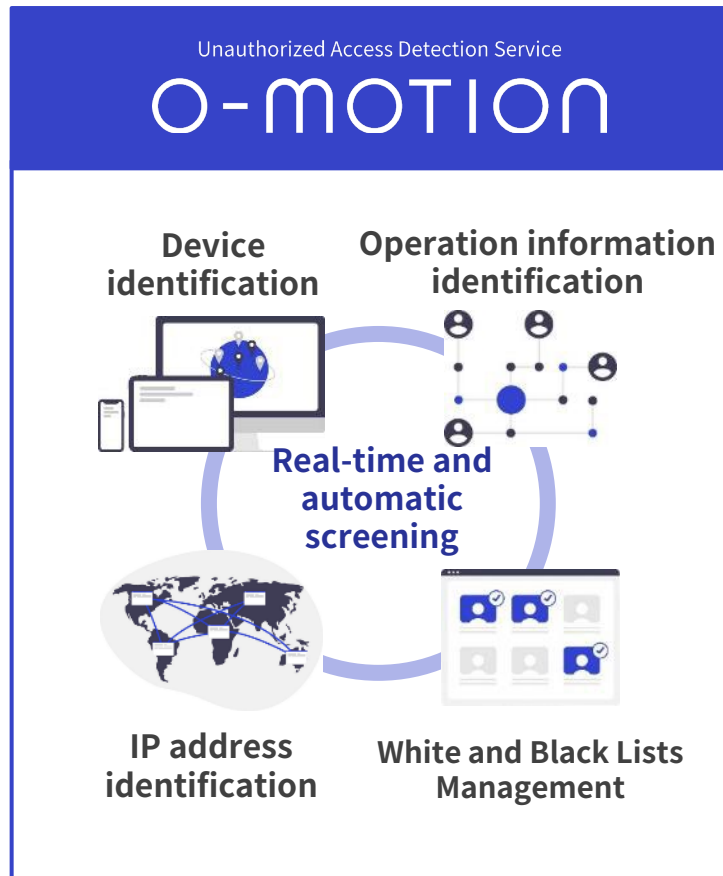
*1 TOKYO SHOKO RESEARCH, LTD., "Survey on the number of EC sites in Japan introducing paid fraud detection service," (as of the end of May 2023)

*2 Only selected companies with permission to be listed are included. As of end of October 2023.

Appendix / O-MOTION Fraudulent Access Detection Service



Real-time analysis of the operation information and device information of users who access websites. The system identifies identity theft and prevents fraudulent activities (divulgence of personal information, unauthorized purchases, etc.) resulting from unauthorized access.



Banks and securities firms
Fraudulent Access Monitoring



Various member sites
Countermeasures against divulgence of personal information



Countermeasures against cornering of online tickets



Internet banking
Countermeasures against unauthorized remittances



Credit card/Electricity/Gas points site
Countermeasures against fraudulent points exchange



Countermeasures against fraudulent member registration for affiliate compensation



Real-time and automatic screening

Visual dashboard

Notification function through alert mails

Highly precise and efficient screening and monitoring system

Appendix / Companies Introducing O-MOTION Fraudulent Access Detection Services



Financial institutions, ticket sites, and various point and membership sites have introduced O-MOTION.

Finance



Ticket sites



NFT games



EC site



EC cart/EC package



Other (Company name not disclosed)

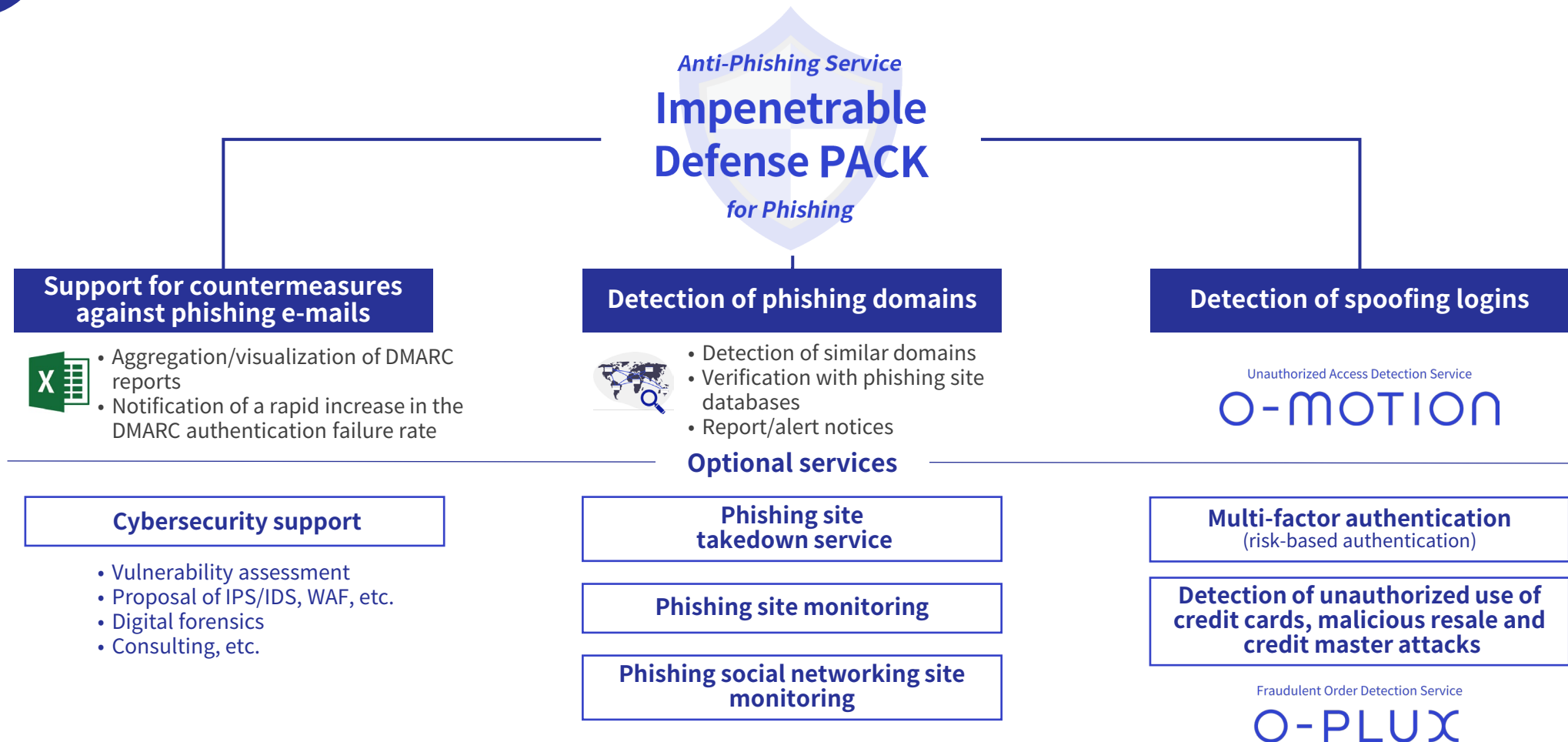
Major bank
Online brokerage firm
Credit card company, etc.

*1 Only selected companies with permission to be listed are included. As of the end of April 2023.

Appendix / Anti-Phishing Package “Impenetrable Defense Pack for Phishing”



A packaged service focusing on countermeasures against phishing with the O-MOTION unauthorized access detection service at its core.



Appendix / Partner and Alliance Companies

We will continue to promote partnerships and alliances, eliminate barriers to installation, and expand our sales channels to increase our market share.

EC package, shopping cart and chatbot



Credit card companies



Payment Service Providers (PSPs)



Security service vendors



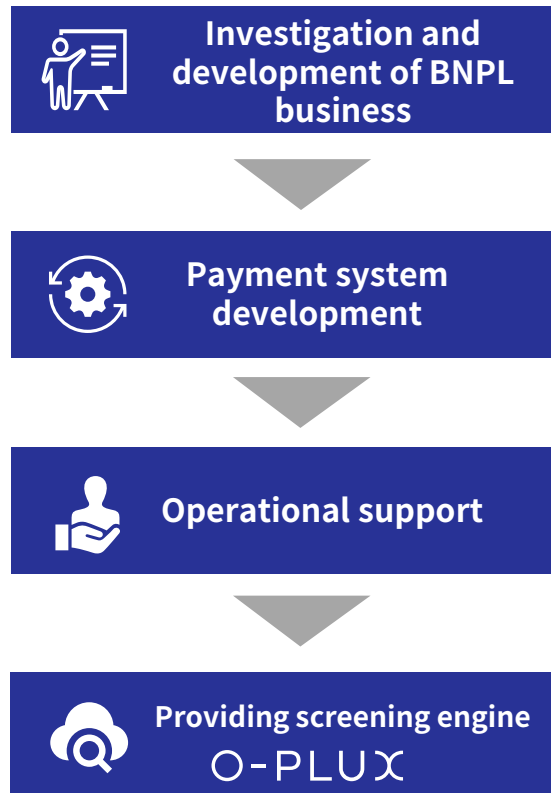
*1 EC-CUBE is a trademark of EC-CUBE Co., Ltd.

*2 As of the end of October 2023.

Appendix / Payment Consulting Service

We provide one-stop support for the establishment and launch of BNPL, including service construction, payment system development, and operational support.

We offer the O-PLUX fraudulent order detection service as the screening engine.



Point 1

Experience in setting up and developing systems for multiple BNPL businesses

- Experience in constructing payment systems that handle several million transactions per month
- Experience in supporting the launch of BNPL businesses (business planning, preparation of various requirement definitions, etc.)
- Experience in post-launch support (credit lines, operation process development, etc.)

Point 2

Support from consultants with experience in BNPL operations

Consultants with extensive experience in BNPL operations provide optimal proposals from the customer's perspective.

Point 3

Fraudulent order detection using O-PLUX, the No. 1 solution in terms of the number of installations in Japan*

We have achieved a great deal of success in fraud detection in the financial and settlement fields, where strict accuracy is required. O-PLUX, our fraudulent order detection service, is the No. 1 solution in terms of installation numbers in Japan.*

* As of the end of May 2023 (TOKYO SHOKO RESEARCH, LTD., "Survey on the number of EC sites in Japan introducing paid fraud detection service")

Appendix / Data Science Service

Based on the technologies of AI, statistics, and mathematical optimization, we develop and provide algorithms that contribute to the core of corporate activities, such as modeling predictions and automation by applying machine learning.

Our approach

SAKIGAKE KPI



Our service includes data aggregation and visualization, factor analysis, KPI calculation, analysis reporting, and subsequent proposals. A data analysis service that provides up to 100 million records in 30 business days at a cost of 2 million yen.

Data Science Branch Office



Data science resources that can be utilized on a monthly contract basis as if it were a company division. It realizes the concept of a “data science branch office” to meet all kinds of analysis needs at various stages.

Algorithm development



Development of algorithms that seek to increase profits by processing business operations, including optimization beyond the employees’ own experience, productivity improvement through automated processing, and forecasting of demand and risk.

Case studies

Optimization

Wall material manufacturer with annual sales of 119 billion yen

Created production plans for 1,700 products and 12 production lanes. Made a production order plan to maximize production volume and minimize losses while observing complex conditions.

Annual cost reductions of up to 130 million yen

Statistics/AI

Stationery manufacturer with annual sales of 5.5 billion yen

Developed algorithms for demand forecasting and production instructions that can maximize profits on calendars, organizers, and stationery. Minimized opportunity losses due to shortages.

70% reduction in sales opportunity losses

Optimization

Call center

Established automatic prediction of demand on a daily and hourly basis for the following month and generated a staffing plan to satisfy multiple constraints such as management indicators, employee work preferences, and working conditions.

Annual cost reductions of 60 million yen

Disclaimer and Cautionary Statement Regarding Forward-Looking Statements

This document may contain projections based on assumptions, forecasts and plans related to the future as of the announcement date. These forward-looking statements are based on information currently available to us and certain assumptions that we consider reasonable, and we do not promise that they will be achieved.

Actual results may differ materially from these forecasts due to various factors in the future, including changes in economic conditions, changes in customer needs and user preferences, competition with other companies, and changes in laws and regulations.

For inquiries and requests for individual interviews, please contact the following IR department.

E-mail: ir@cacco.co.jp

IR website: <https://cacco.co.jp/ir/>



Shaping the “Let’s Do It”
for a next game changer