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

Cacco Inc. | Stock Code: 4166

Financial Results for the First Quarter of Fiscal Year Ending December 31, 2025

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May 13, 2025

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Financial Results for FY2025 1Q

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Net sales are recovering steadily

Net sales were 190 million yen (up 14.0% YoY).

Operating income maintained its trend of quarterly improvement

Operating income improved to -32 million yen from -77 million yen in the same period last year.
The operating income margin was -17.3% (up 29.0 pt YoY) due to a decrease in the SG&A expenses to net sales ratio resulting from the optimization of personnel expenses.

Progress in new customer acquisition due to the strategic shift in fraud detection services*

New customer acquisition progressed as a result of shifting the fraud detection service strategy from a product-based to a market-domain-based marketing and sales strategy starting this fiscal year.
Recurring revenue from fraud detection services was 151 million yen (up 25.7% YoY), while the recurring revenue ratio in net sales was 79.4%.

* Fraud detection services: Fraud detection service O-PLUX and unauthorized login detection service O-MOTION

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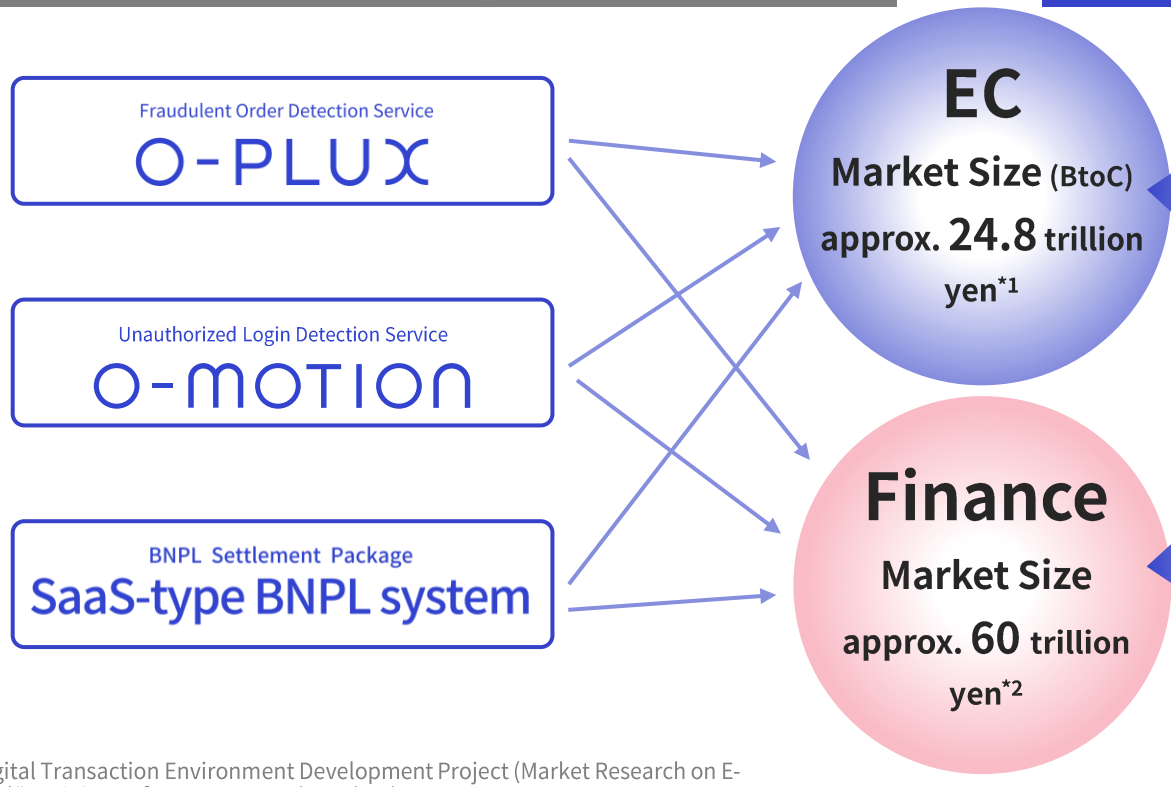
Financial Results Highlights for FY2025 1Q / On the Strategic Shift in Fraud Detection Services

In response to the trend of strengthening fraud prevention regulations, we will accelerate the speed of customer acquisition by switching from a product-based marketing and sales strategy to a market domain-based strategy that provides end-to-end product solutions on a market domain basis.

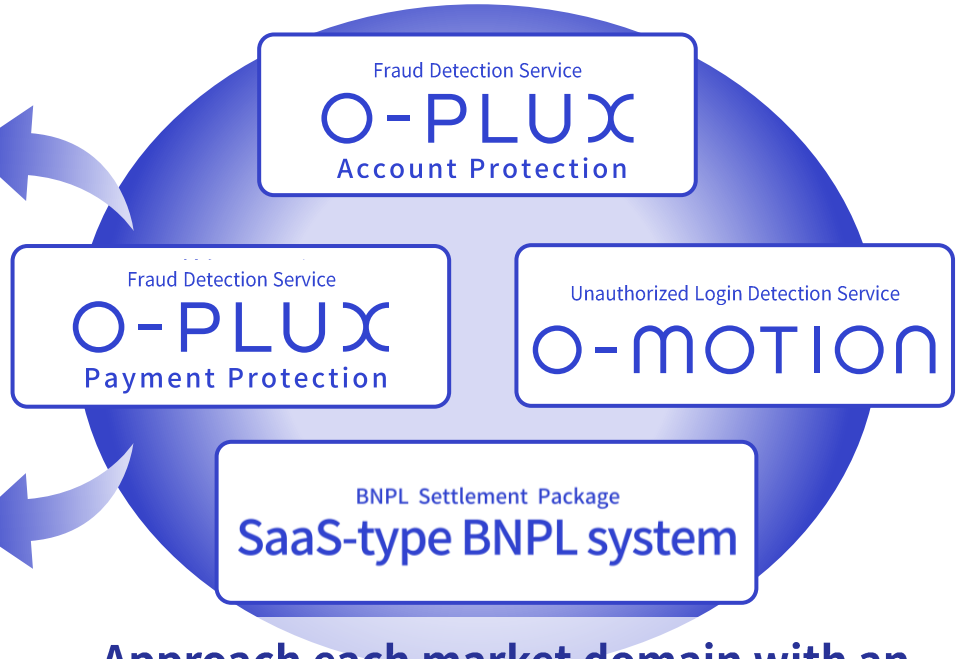
Traditional Strategy

Developed a market per product with a product-based strategy



Current Strategy

Develop markets with a domain-based strategy



Approach each market domain with an end-to-end product solution strategy

*1: "FY2023 Digital Transaction Environment Development Project (Market Research on E-Commerce)" – Ministry of Economy, Trade and Industry
*2: "Industry Trends Research: Industry-Specific Market Size Rankings" – DigitalWorks Inc.

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Financial Results for FY2025 1Q / Summary of Results Figures

FY25 1Q
Net sales

190 million yen

YoY +14.0%
Plan progress 24.3%

FY25 1Q
Operating income

-32 million yen

YoY - %
Plan progress - %

FY25 1Q
Ordinary income

-32 million yen

YoY - %
Plan progress - %

* YoY changes and plan progress ratios of operating income and ordinary income are described as "-" in accordance with the description standards for earnings releases established by Tokyo Stock Exchange, Inc.

FY25 1Q
Recurring revenue from fraud detection services*

151 million yen

YoY +25.7%

Recurring revenue ratio of fraud detection services in FY25 1Q net sales

79.4%

YoY +7.4 pt

FY25 1Q
Fraud detection services churn rate

0.57%

YoY +0.02 pt

* Monthly fee charged as a fixed amount + Screening fee charged on a pay-per-use basis based on the screening volume

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The FY25 1Q sales were 190 million yen (up 14.0% YoY), operating income was -32 million yen, and ordinary income was -32 million yen.

(Unit: million yen)

	FY2022 1Q	FY2023 1Q	FY2024 1Q	FY2025 1Q	YoY change	FY2025 Forecast	Plan progress
Net sales	245	263	166	**190**	+14.0%	781	24.3%
(Net sales of fraud detection services)	206	222	128	**159**	+24.2%	664	24.0%
Operating income	48	29	-77	**-32**	-	-222	-
(Operating income margin)	19.8%	11.4%	-46.3%	**-17.3%**	+29.0 pt	-28.5%	-
Ordinary income	49	29	-77	**-32**	-	-225	-
(Ordinary income margin)	20.1%	11.3%	-46.4%	**-17.0%**	+29.4 pt	-28.8%	-
Net income	33	19	-77	**-32**	-	-225	-

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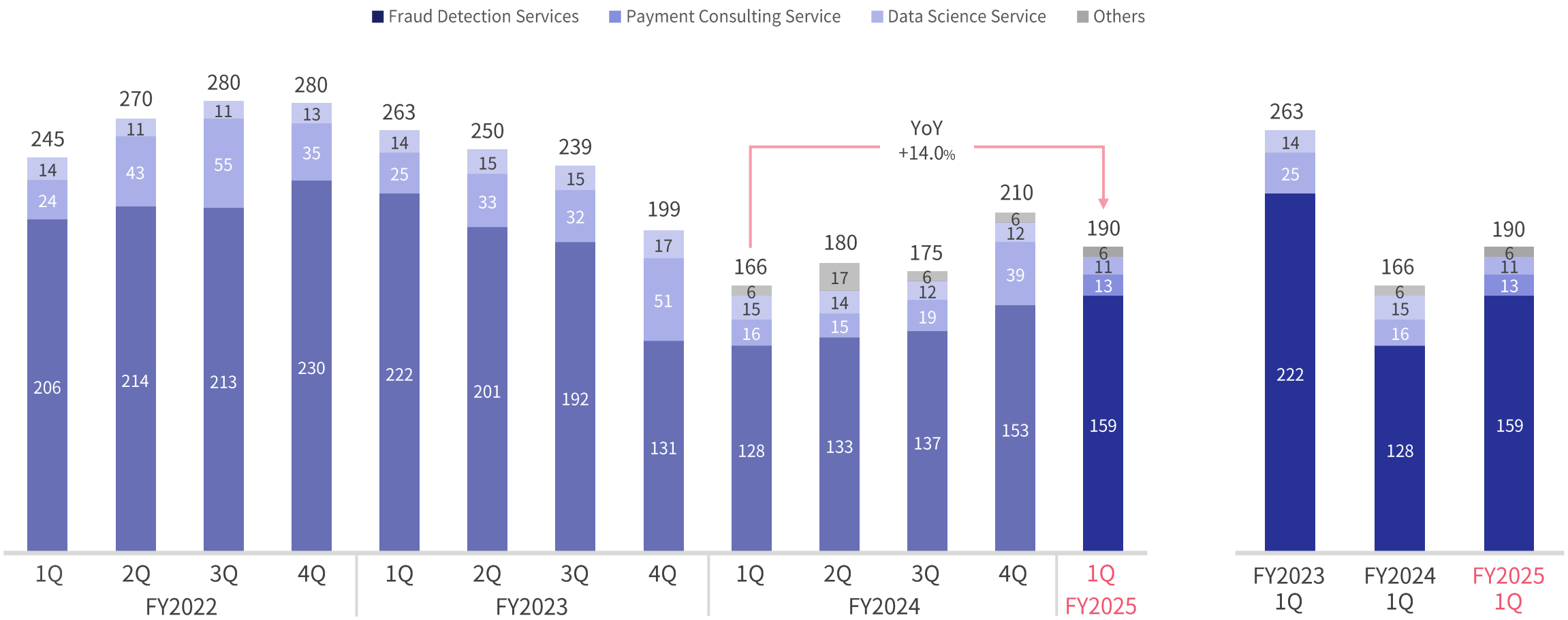
The FY25 1Q sales were 190 million yen (up 14.0% YoY), with progress of 24.3% according to the plan.
Sales of fraud detection service O-PLUX remained strong.

Net Sales Trends

(Unit: million yen)



* Others: other sales including sales of SaaS-type BNPL systems.

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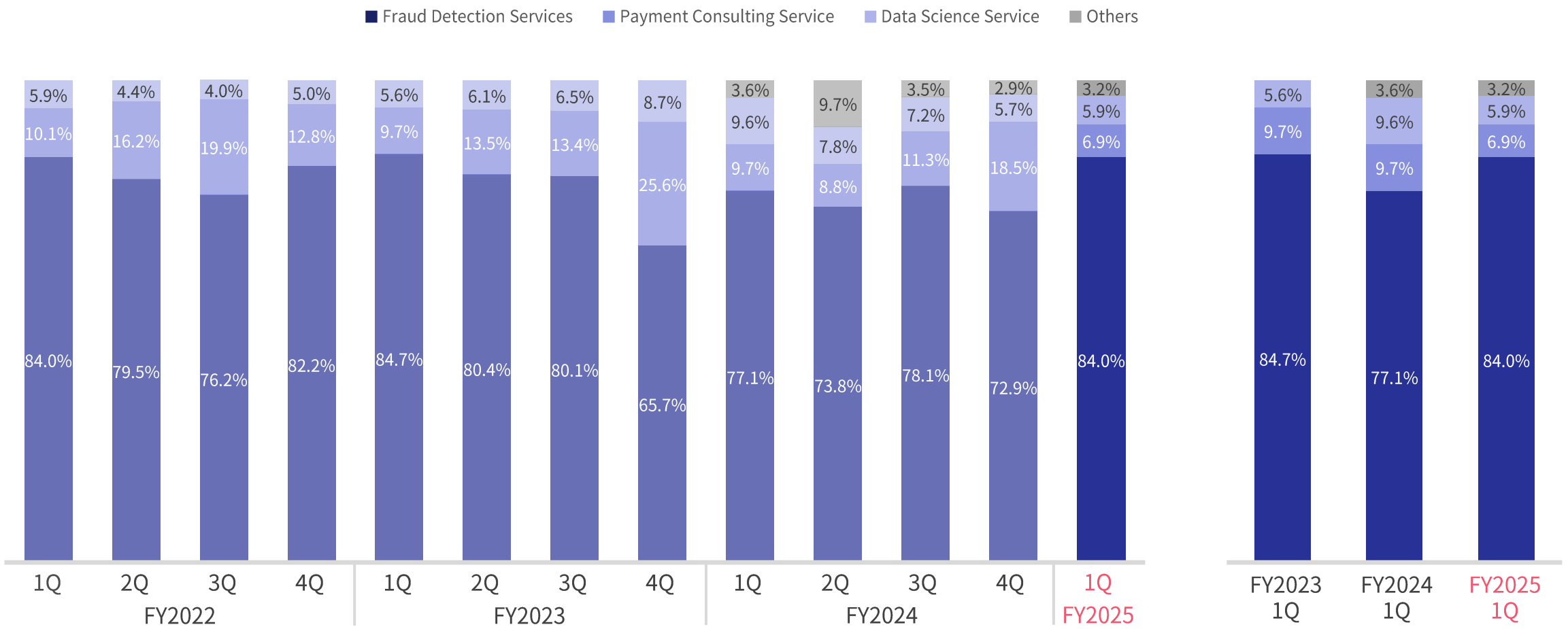
The FY25 1Q sales composition of fraud detection services, which are our main services, was 84.0% (up 11.2 pt YoY).

Sales Composition Trends by Service



* Others: other sales including sales of SaaS-type BNPL systems.

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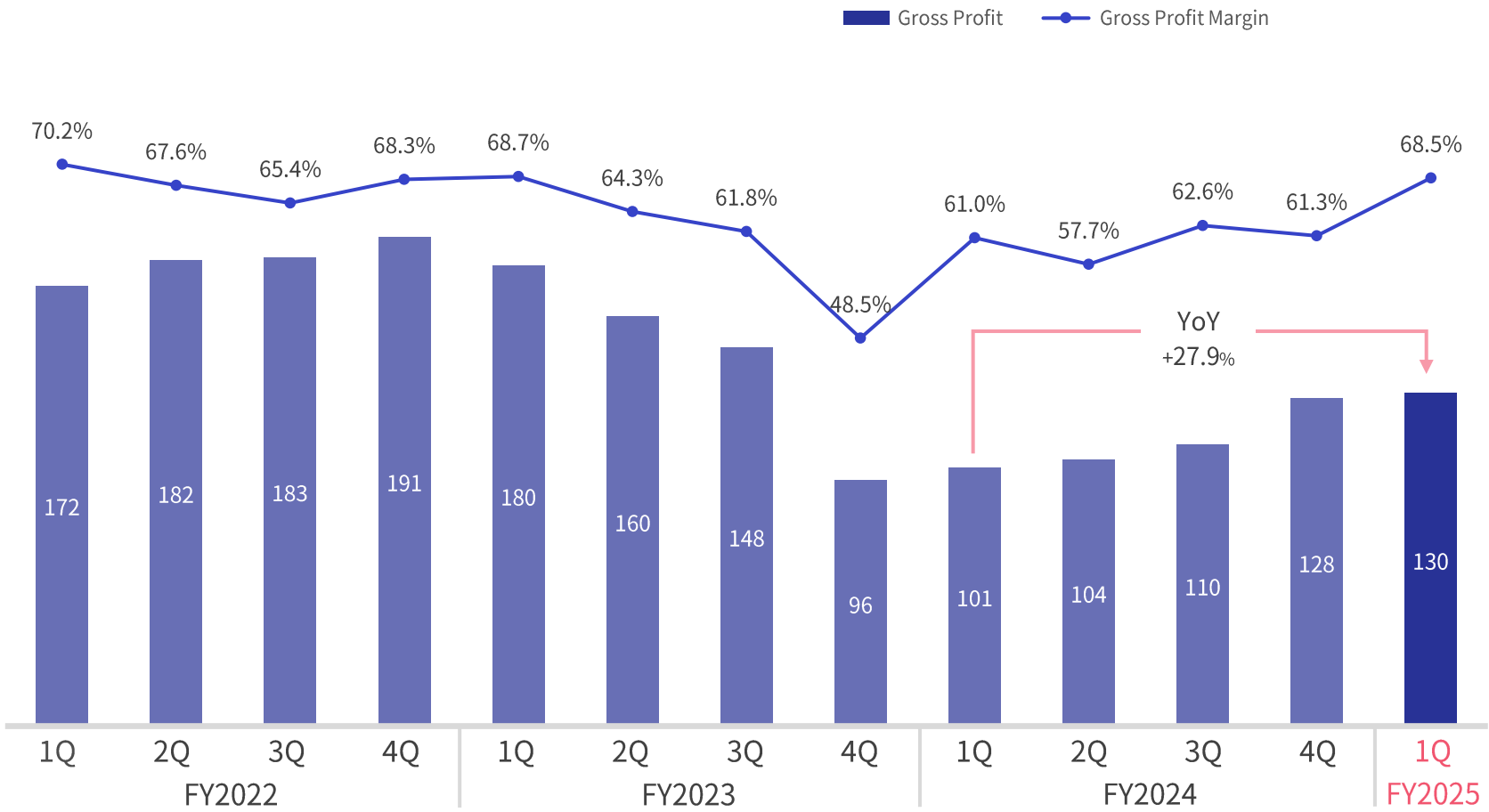
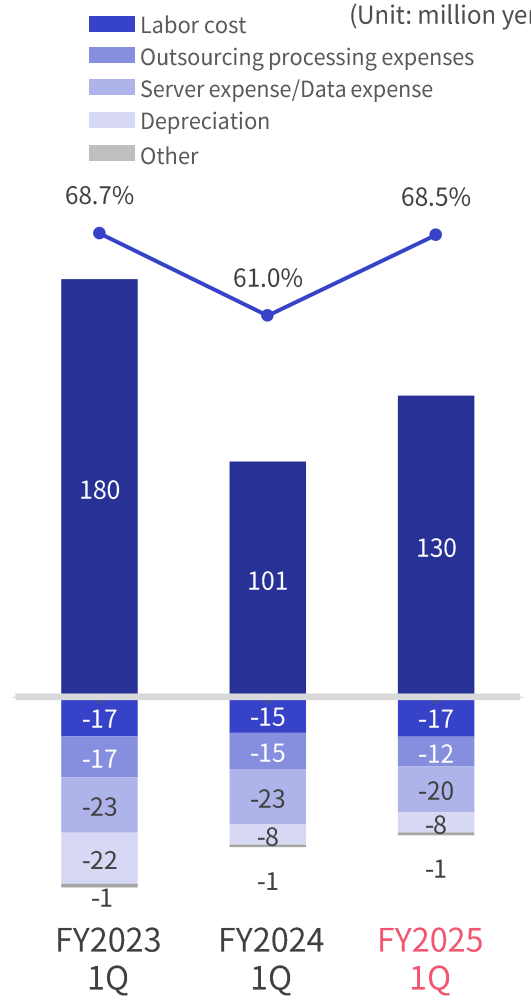
The FY25 1Q gross profit was 130 million yen (up 27.9% YoY), and the gross profit margin was 68.5% (up 7.5 pt YoY).

Gross Profit Trends



(Unit: million yen)



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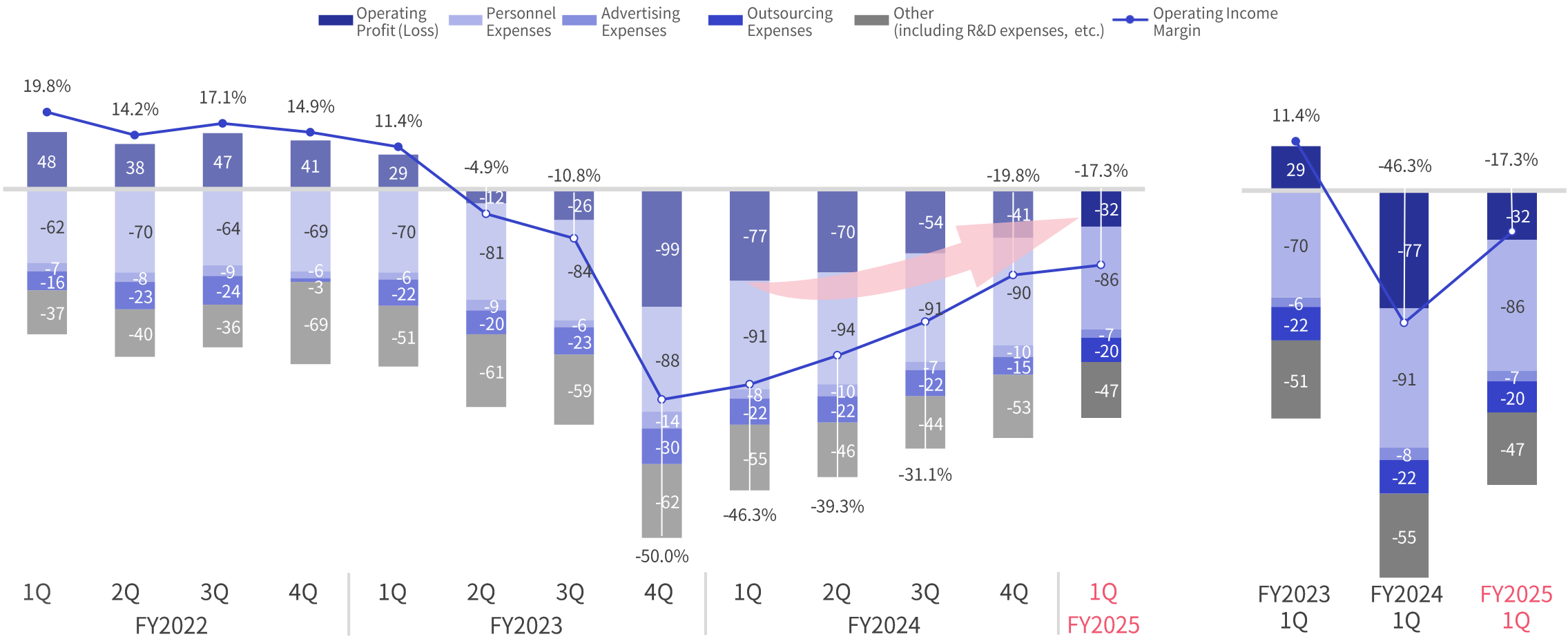
The FY25 1Q operating income was -32 million yen, and the operating income margin was -17.3% (up 29.0 pt YoY).
The deficit continues to narrow each quarter.

Trends in Operating Income/Selling, General, and Administrative Expenses

(Unit: million yen)



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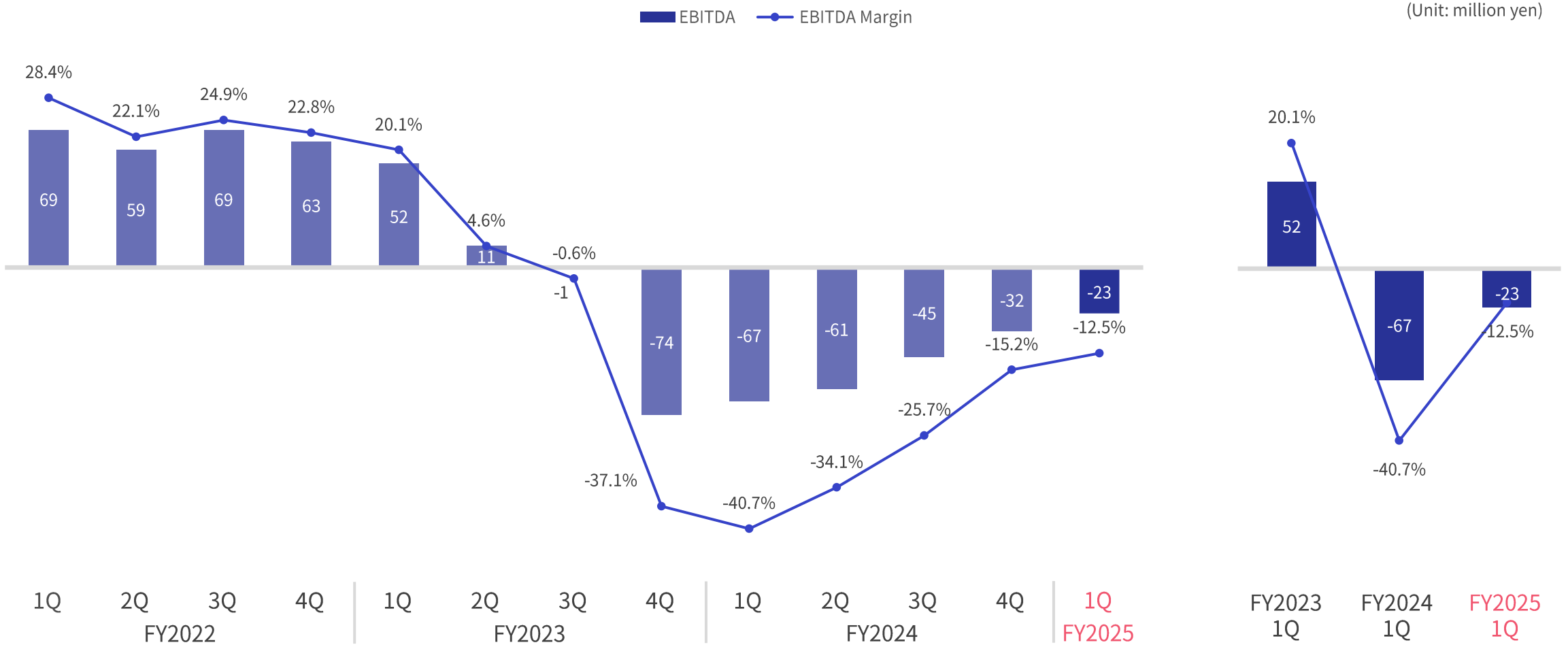
The FY24 1Q EBITDA was -23 million yen, and the EBITDA margin was -12.5% (up 33.8 pt YoY).

EBITDA Trends

(Unit: million yen)



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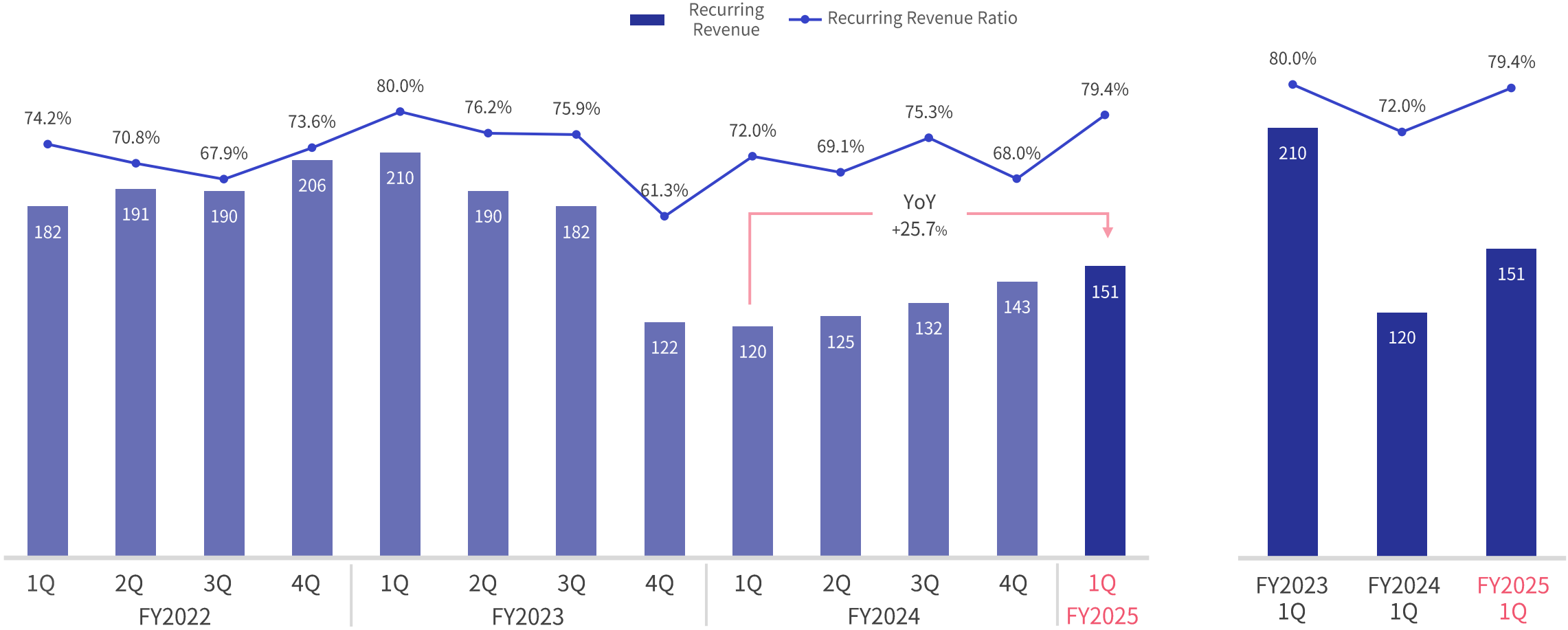
FY2025 1Q / Trends in Recurring Revenue from Fraud Detection Services

FY25 1Q recurring revenue from fraud detection services was 151 million yen (up 25.7% YoY), and the recurring revenue ratio in net sales reached 79.4% (up 7.4 pt YoY).
- Sales of the fraud detection service O-PLUX for EC increased steadily.

Trends in Recurring Revenue from Fraud Detection Services

(Unit: million yen)



* Recurring revenue = Monthly fee charged as a fixed amount for fraud detection services O-PLUX and O-MOTION + Screening fee charged on a pay-per-use basis based on the screening volume (including 不正チェッカー), excluding sales of SaaS-type BNPL systems
* Recurring revenue ratio = Recurring revenue/Net sales (total of all services)

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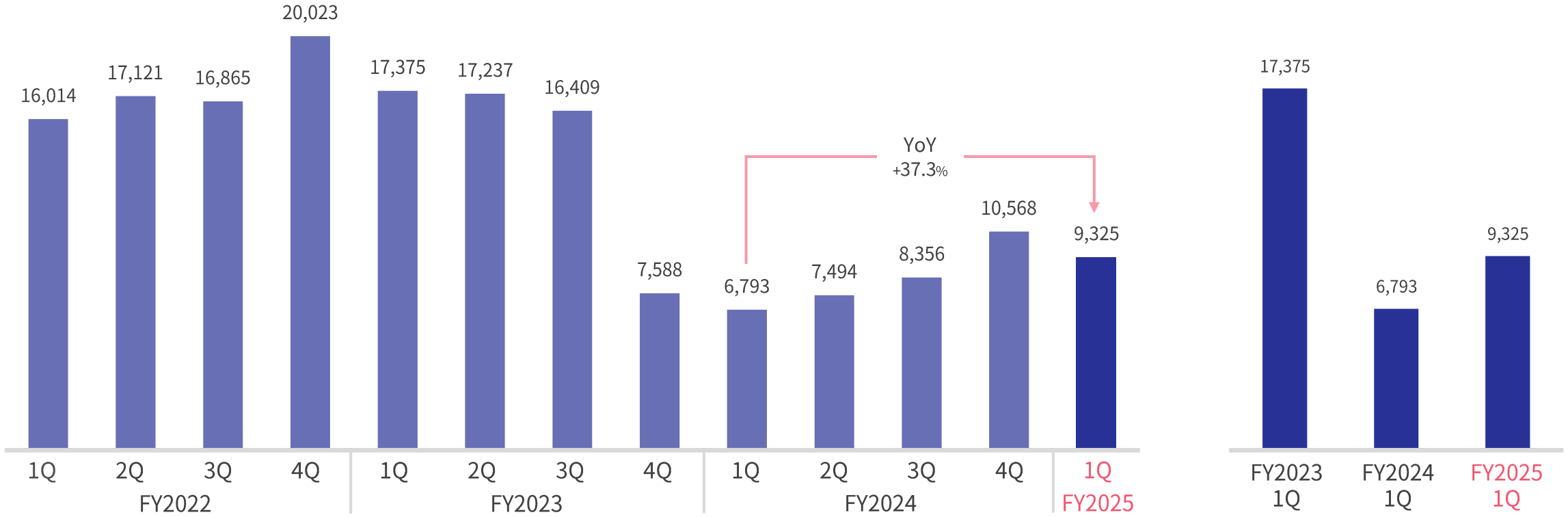
In FY25 1Q, the screening volume for fraud detection service O-PLUX at the time of credit card payment continued to increase by 37.3% YoY.

Trends in O-PLUX Screening Volume at the Time of Credit Card Payment

(Unit for cases: one thousand cases)



* Number of screenings performed by O-PLUX Payment Protection at the time of payment.

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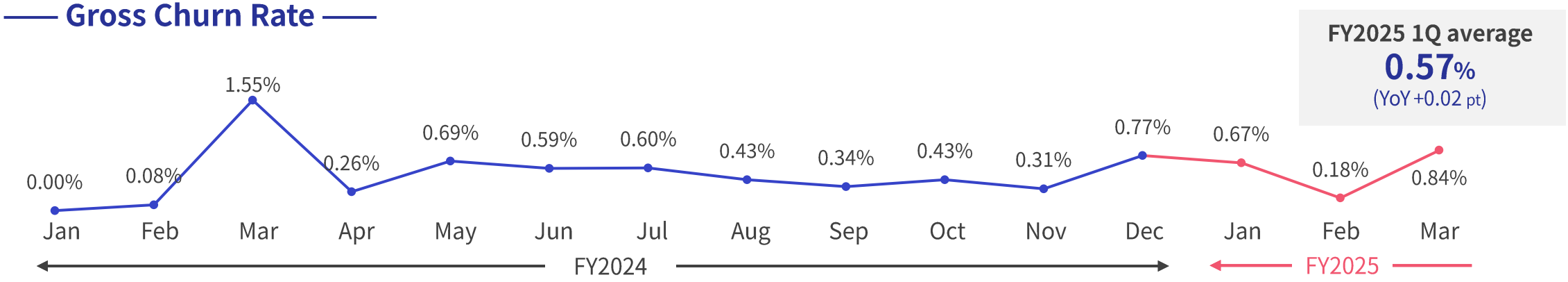
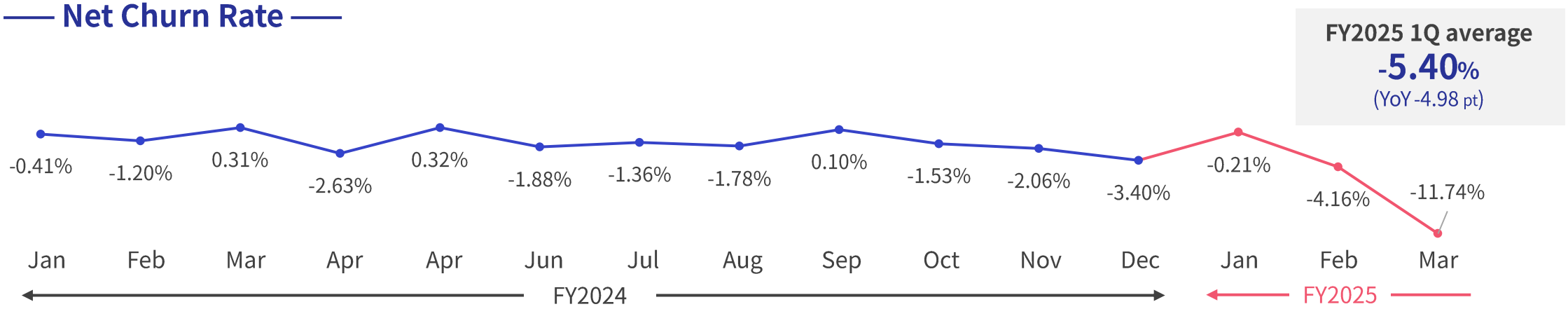
In FY25 1Q, the average monthly churn rate for fraud detection services remained low at 0.57% (up 0.02 pt YoY).

Gross Churn Rate



* 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



* 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 (excluding SaaS-type BNPL systems)

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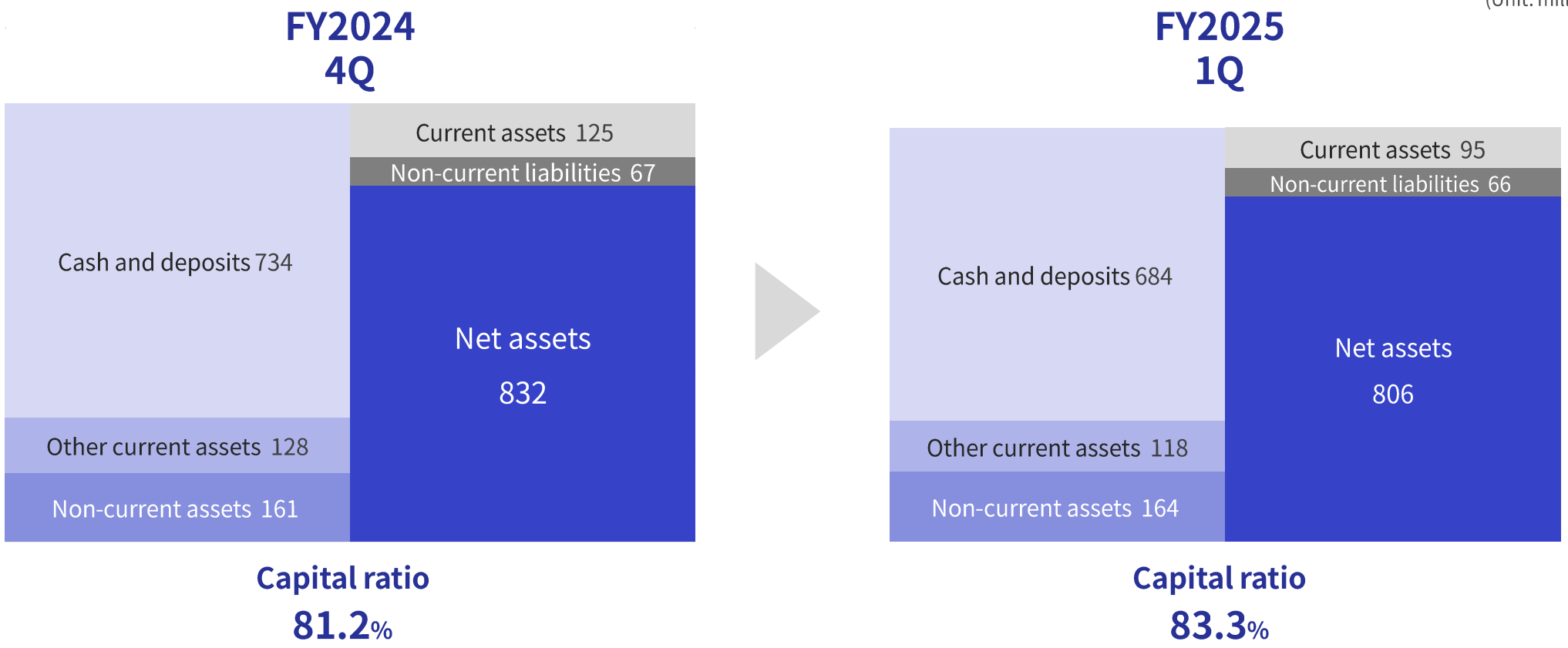
On the asset side, current assets decreased due to a decrease in cash and deposits, while non-current assets increased due to an increase in investments and other assets.
On the liability side, current liabilities decreased due to a decrease in accounts payable - trade, and non-current liabilities decreased due to a decrease in long-term borrowings.

(Unit: million yen)



Capital ratio
81.2%

Capital ratio
83.3%

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Forecast Financial Results of FY2025

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(Unit: million yen)

	FY2024 Actual	FY2025 Forecast	YoY Change
Net sales	734	**781**	+6.5%
(Net sales of fraud detection services)	552	**664**	+20.3%
Operating income	-244	**-222**	-
(Operating income margin)	-33.3%	**-28.5%**	-
Ordinary income	-254	**-225**	-
(Ordinary income margin)	-34.7%	**-28.8%**	-
Net income	-255	**-225**	-
EPS (yen)	-93.74	**-82.94**	-

Net sales +6.5% YoY

Although we expect sales of O-PLUX, our core fraudulent order detection service, to increase by approximately 111 million yen (up 20.3% YoY), we expect sales for the fiscal year ending December 2025 to be 781 million yen (up 6.5% YoY) due to the impact of a decline in sales of our payment consulting service.

Operating income -222 million yen

Operating income is expected to be -222 million yen due to a shift to a market-domain-based marketing and sales strategy for new customer acquisition and revenue growth, as well as investment in developing new functions in response to market conditions and needs.

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FY2025 Growth Strategy

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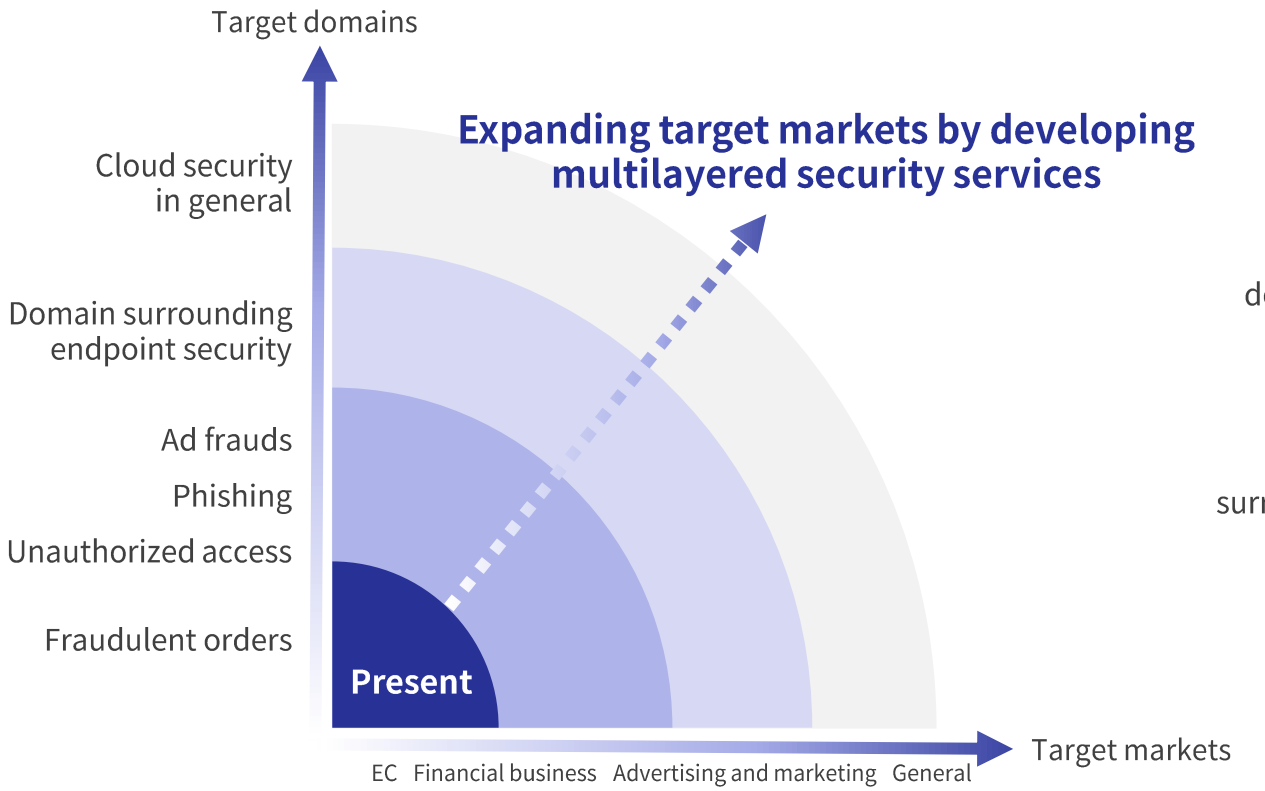
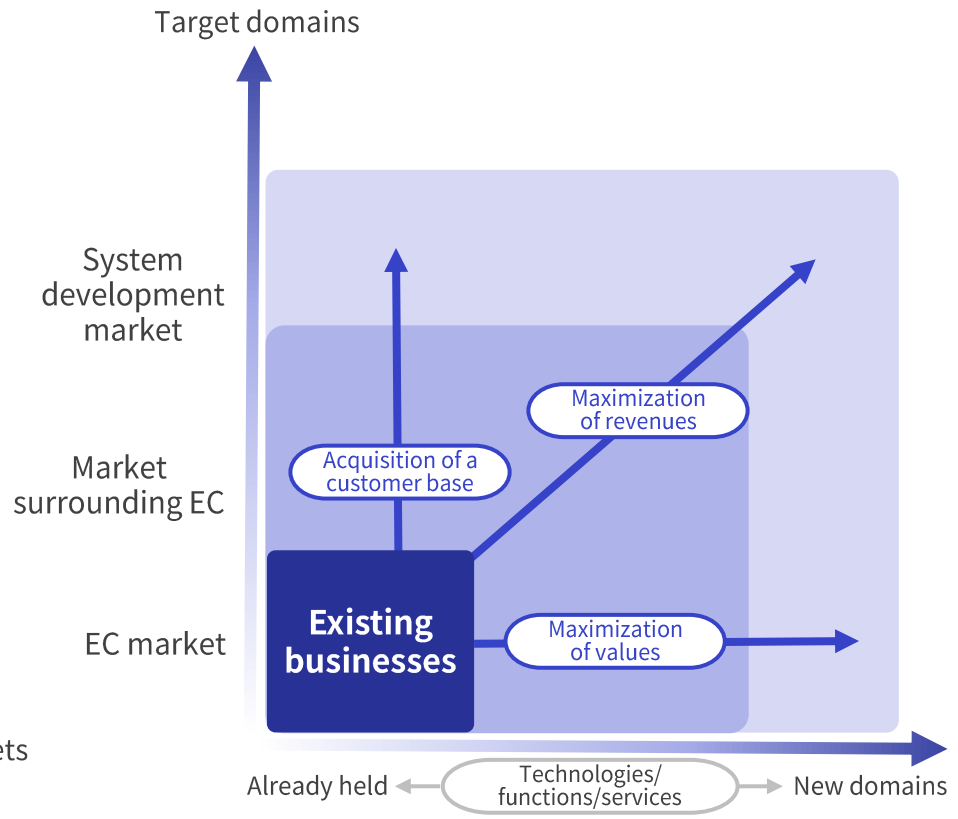
Cacco's Roadmap

We will venture into new security fields and expand our target markets based on our fraud detection service, which is our current leading service. Furthermore, we aim to build up our unique business domains by extending our business areas through business alliances and M&As.

Developing new security domains



Developing business domains through business alliances and M&As



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Provide trusted services as Japan's leading cybersecurity company in the fraud detection service domain.

1. Maximally leverage the trend of strengthened fraud prevention regulations and drive **further customer expansion by providing seamless fraud countermeasures through the fraud detection service O-PLUX**.

2. **Shift** from a product-based strategy **to a market-domain-based marketing and sales strategy** to accelerate customer acquisition.

3. Drive the development of new features for the unauthorized login detection service O-MOTION and **expand revenue by acquiring customers in the financial and EC domains**.

4. **Promote the building of new business domains through business alliances and M&As** to drive revenue growth.

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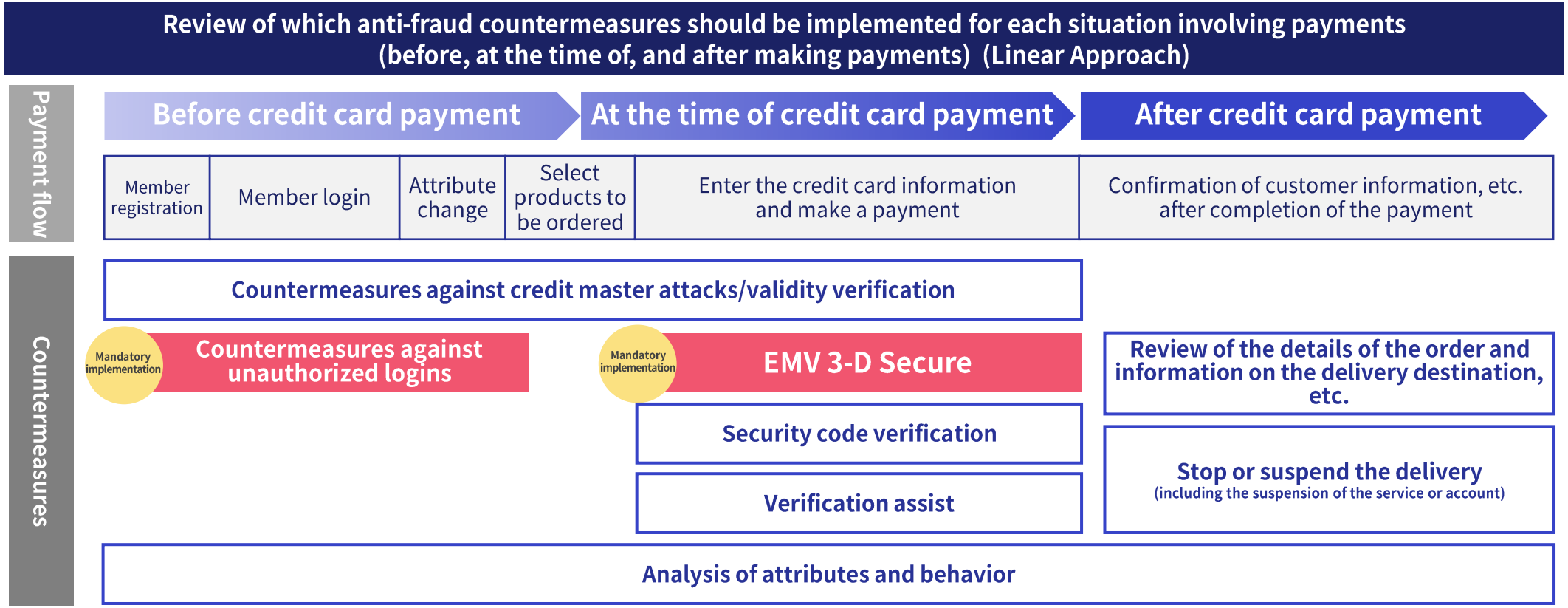
(1) Leverage the Trend of Strengthened Fraud Prevention Regulations - 1

The Credit Card Security Guidelines Version 6.0*1 issued in March 2025 not only mandate that EC merchants implement EMV 3-D Secure*2 but also newly mandate the implementation of measures against unauthorized logins. The guidelines emphasize that for EC merchants, it is crucial to perceive the flow of credit card transactions as a “line” and to implement appropriate fraud countermeasures at each point along that line. This creates a favorable market environment for Cacco’s fraud detection services, which can provide consistent countermeasures based on this “Linear Approach.”



*1 Issued by the Credit Card Transaction Security Countermeasures Council. (Secretariat: Japan Consumer Credit Association)
*2 Identity authentication services recommended by international credit card brands to ensure that credit card payments on the Internet are made more securely. Those services are collectively referred to as “EMV 3-D Secure,” although each brand uses a different name for those services.

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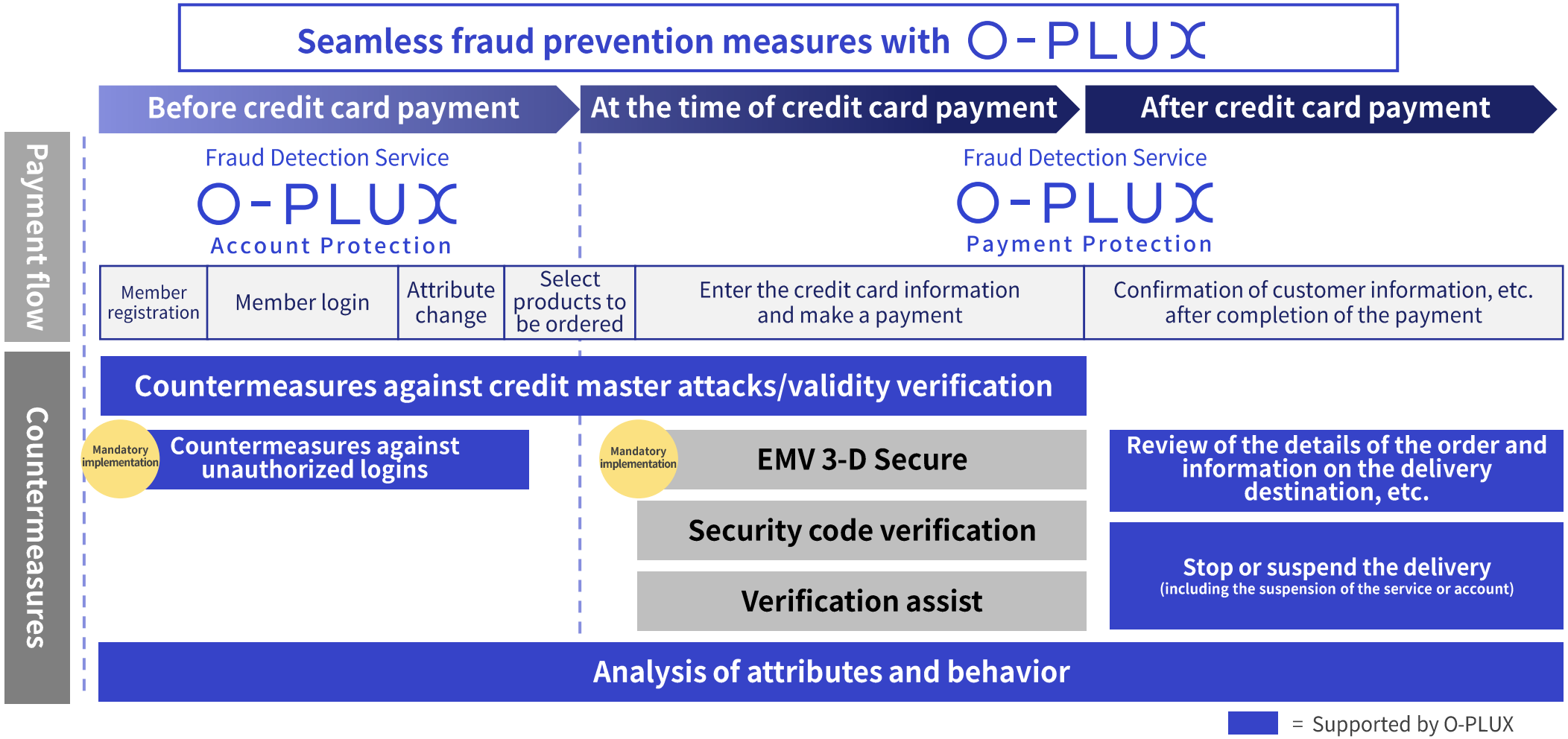
(1) Leverage the Trend of Strengthened Fraud Prevention Regulations - 2

We will demonstrate to the market that seamless fraud countermeasures are achievable with O-PLUX, rather than relying on traditional, standalone security measures. Additionally, we aim to acquire new customers and to increase revenue by enhancing functionality to meet the needs of businesses that have yet to adopt our products as well as potential customers.



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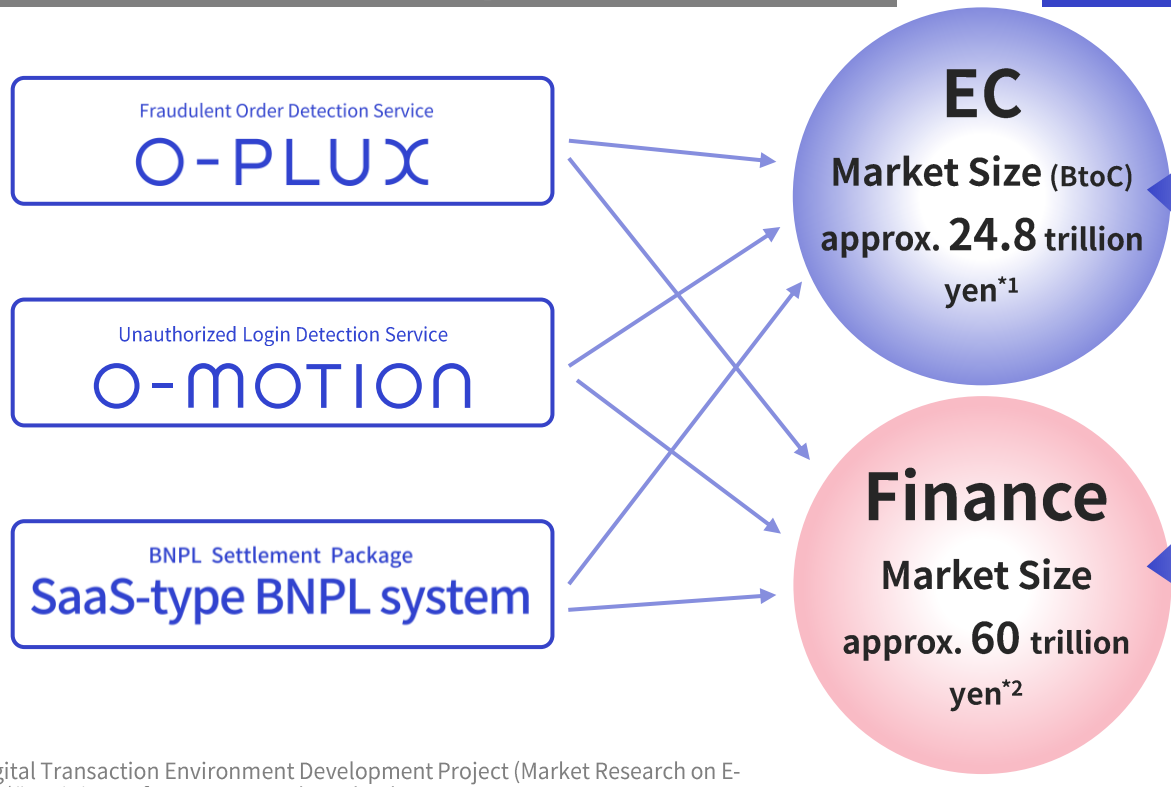
(2) Shift to a Market-domain-based Marketing and Sales Strategy to Accelerate Customer Acquisition

In response to the trend of strengthening fraud prevention regulations, we will accelerate the speed of customer acquisition by switching from a product-based marketing and sales strategy to a market domain-based strategy that provides end-to-end product solutions on a market domain basis.

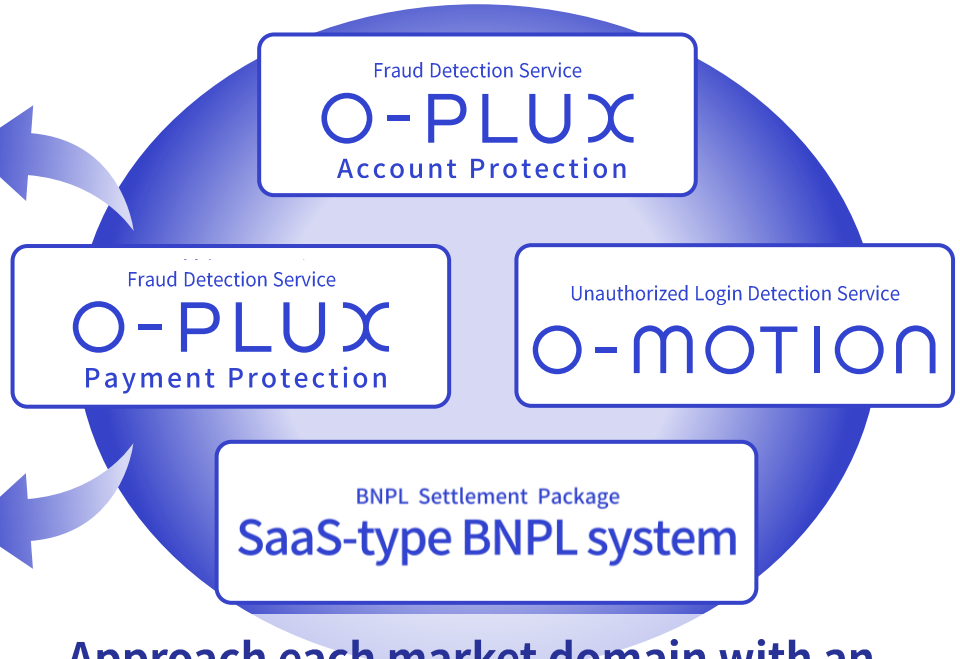
Traditional Strategy

Developed a market per product with a product-based strategy



Current Strategy

Develop markets with a domain-based strategy



Approach each market domain with an end-to-end product solution strategy

*1: "FY2023 Digital Transaction Environment Development Project (Market Research on E-Commerce)" – Ministry of Economy, Trade and Industry
*2: "Industry Trends Research: Industry-Specific Market Size Rankings" – DigitalWorks Inc.

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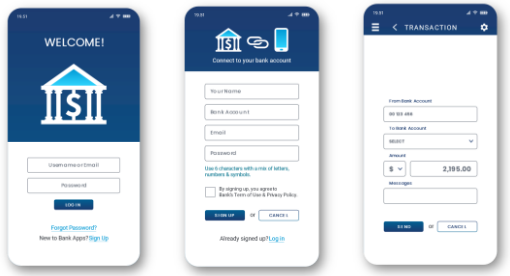
(3) Drive the Development of New Features for the Unauthorized Login Detection Service O-MOTION to Expand Revenue

Companies that are considering the introduction of O-MOTION are increasingly seeking features such as “mobile app compatibility,” “tools to streamline development prior to implementation,” and “enhanced authentication functions.” To meet these demands, we will drive the development of new functions, which will enable us to expand into the EC and finance domains, where adoption has thus far been limited, and accelerate new customer acquisition to drive revenue growth.

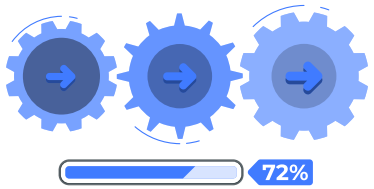
New Feature Development



Mobile app compatibility

* Scheduled for release in July 2025

Enhanced authentication functions

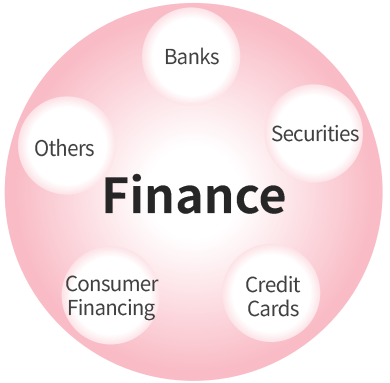


Streamlining of development prior to implementation

Unauthorized Login Detection Service
O-MOTION

Acceleration of New Customer Acquisition

Promote integration with EC package and shopping cart systems



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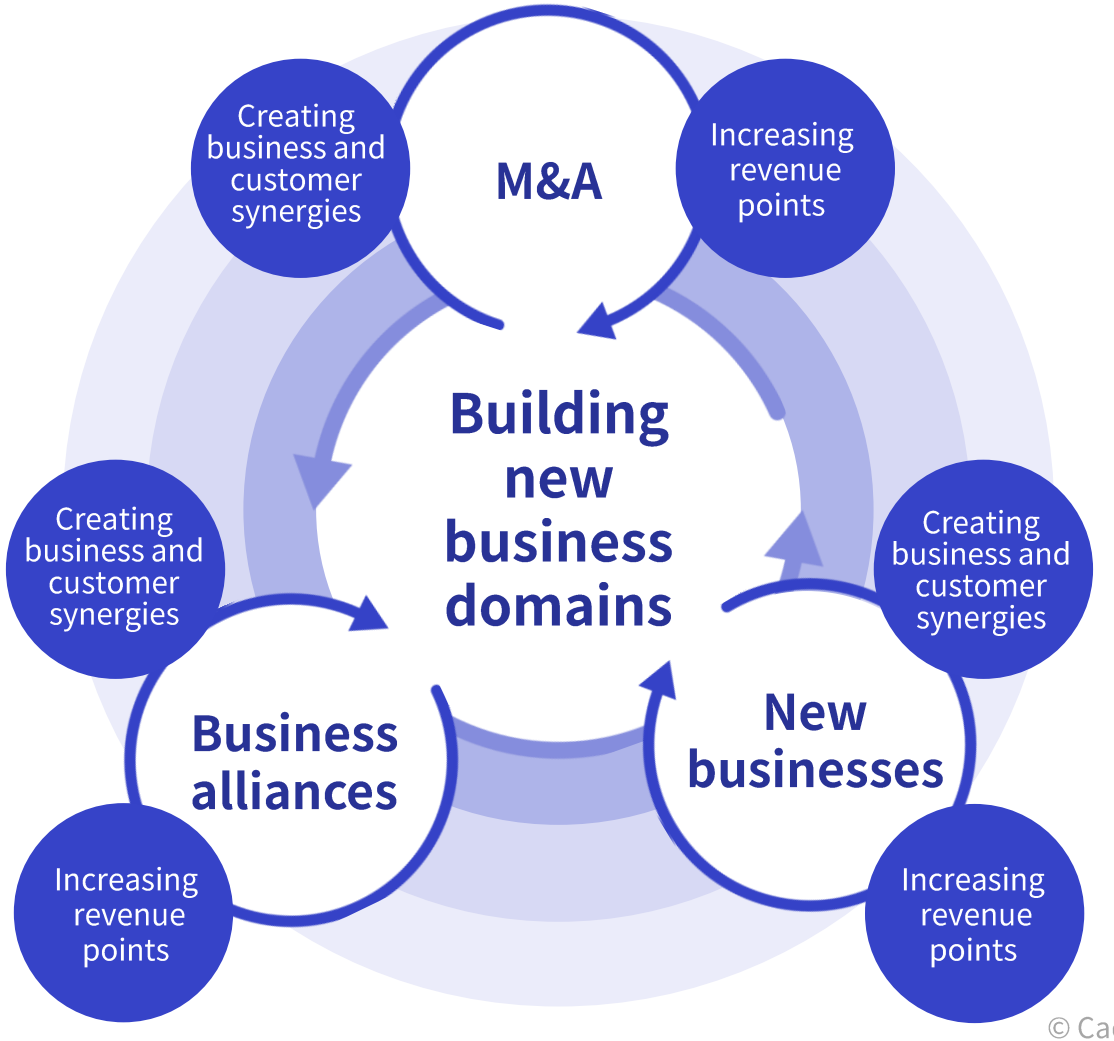
(4) Promote the Building of New Business Domains via Business Alliances and M&A, etc. to Drive Revenue Growth

We do not limit ourselves to existing business domains, but proactively utilize business alliances and M&A to acquire new business domains and markets, aiming for phase-based growth.



We will proactively utilize business alliances and M&A to build new business domains, aiming to generate synergies among businesses and customers, promote phase-based growth through increasing new profit points, and increase 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.

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Appendix

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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 March 2024)

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Company Profile

Company Profile

Company name	Cacco Inc.
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	13,145,000 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

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, an unauthorized login 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
2024	April	Release of Irohani Analysis, a marketing support service
	September	Release of Mail Validator, an email address checking service

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

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Media Coverage (1) (FY23–25) * As of May 9, 2025

Publication Month	Type	Publication Media	Content
April 2025	Newspaper	Nihon Keizai Shimbun	Explanation of our company's data on credit card information leakage
March 2025	Web	Nikkei Group's technology information site "Nikkei xTECH"	Explanation of credit card fraud methods
March 2025	Web	Nikkei Group's technology information site "Nikkei xTECH"	Data provision and our company's comments on credit card information leakage
March 2025	Newspaper/Web	Asahi Shimbun	Introduction of our company's survey data on credit card fraud
February 2025	Web	Jiji Press's government news site "iJAMP"	Commentary on phishing frauds and fraudulent activities related to Japan's *Furusato Nozei* (hometown tax allocation) system
December 2024	Web	Business media "BUSINESS INSIDER"	Introduction of the reality of and countermeasures for credit card fraud, supported by data
December 2024	Web	Yahoo! Japan News	Explanation of the results of a consumer survey on credit card fraud
October 2024	TV	TV Asahi's "Good! Morning" program	Explanation of the current situation of and countermeasures for credit card fraud
October 2024	Web	"FNN Prime Online," the news website of the Fuji Television Network's 28 FNN station	Credit card fraud on EC sites and measures by EC merchants
August 2024	Newspaper	Sankei Shimbun	Explanation of credit card fraud, including credit master attacks
July 2024	Newspaper/Web	Asahi Shimbun	Introduction of credit card fraud on EC sites and measures by GEO HOLDINGS CORPORATION
June 2024	Web	"payment navi," a credit card information portal	Introduction of a study session for the media with Tobila Systems Inc.
May 2024	TV	Kansai Television "news runner"	A detailed explanation of credit card fraud methods and countermeasures
April 2024	TV	NHK Fukuoka "Rokuichi! Fukuoka"	Explanation of measures to prevent information leaks and their damage
April 2024	TV	Tokyo Broadcasting System Television "Information 7 Days Newscaster"	Introduction of damage caused by credit card fraud and its countermeasures
April 2024	TV	Fuji Television Network "Mezamashi 8"	A detailed explanation of the reality and methods of credit card fraud
April 2024	Newspaper/Web	Asahi Shimbun	Trends in EC credit card fraud and our comments on the trends
March 2024	Newspaper/Web	Nihon Keizai Shimbun	Expert comments on measures against online shopping fraud
March 2024	Magazine	"Monthly Automatic Recognition," a specialized magazine on automatic recognition technology in general	Introduction of a data-science-based fraud detection service
February 2024	TV	Nippon Television Network "DayDay."	Introduction of our company as a card fraud prevention service provider

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Media Coverage (2) (FY23–25) * As of May 9, 2025

Publication Month	Type	Publication Media	Content
February 2024	Web	VIETJO - Vietnam news general information site	Introduction of our business partnership with Suganuma Group for human resources support
February 2024	Web	NNA ASIA - Asian economic news and business information	Re-introduction of our business partnership with Suganuma Group
January 2024	Web	Yahoo! Japan News	Explanation of fraudulent methods related to Japan's *Furusato Nozei* (hometown tax allocation) system and damages
November 2023	Newspaper/Web	Yomiuri Shimbun	Introduction of our research data on measures against credit card fraud
November 2023	Newspaper *Web: Tokyo Shimbun	Chunichi Shimbun	Introduction of detailed data on credit card fraud countermeasures
November 2023	Web	Tokyo Shimbun	Posting of our company's data on credit card fraud countermeasures
November 2023	Newspaper/Web	Asahi Shimbun	Overview of fraudulent order damage suffered by MTG Co., Ltd. and countermeasures for the same
September 2023	Magazine	General weekly magazine "Weekly SPA!"	Explanation of causes and countermeasures for the increase in credit card fraud
September 2023	Magazine	Card industry magazine "CardWave"	Explanation of the current situation regarding phishing damage and key countermeasures
August 2023	Newspaper/Web	Asahi Shimbun	Countermeasures against credit card fraud in online shopping and phishing frauds
August 2023	Newspaper/Web	Asahi Shimbun	Explanation of fraudulent order damage and countermeasures in online shopping
July 2023	Newspaper/Web	Nihon Keizai Shimbun	Introduction of our company as a provider specializing in anti-resale measures for online shopping
July 2023	Web	Jiji Press's news site "Jiji.com"	Introduction of credit card fraud and countermeasures for online shopping
July 2023	Web	"Money Gendai," a website on investment, finance, and economics operated by Kodansha Ltd.	Explanation of credit card fraud methods, including credit master attacks
June 2023	Web	Yahoo! Japan News	Explanation of phishing frauds and SIM swap fraud techniques
June 2023	Web	"Nikkin Online," a financial industry trade magazine	Introduction of the background and effects of the O-MOTION implementation by the Bank of Fukuoka, Ltd.
May 2023	TV	Fuji Television Network "Mezamashi 8"	Explanation of the reality of and methods behind rapidly increasing credit card fraud
May 2023	Web	"AERA dot.," the news and information website of Asahi Shimbun Publications Inc.	Explanation of the latest methods and countermeasures for credit card fraud
April 2023	Magazine	Card industry magazine "CardWave"	Introduction of the deferred payment market and the SaaS-type BNPL system
April 2023	TV	TV Asahi's "Saturday Station"	Explanation of the reality of credit card fraud, with the latest examples

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Media Coverage (3) (FY23–25) * As of May 9, 2025

Publication Month	Type	Publication Media	Content
March 2023	Web	“Nikkei FinTech,” a magazine specializing in digital finance	Issues with BNPL and introduction of the SaaS-type BNPL System
March 2023	Newspaper/Web	Asahi Shimbun	Posting of data on the status of fraud prevention measures by mail-order business operators
February 2023	Newspaper/Web	Nihon Keizai Shimbun	Introduction of data from credit card information leak investigations and our company’s comments
February 2023	Web	Trend magazine “@DIME”	Background to the development of the fraudulent order detection service O-PLUX

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Service Domains

We help to create a secure Internet infrastructure from entrance to exit by providing our core fraud detection services, payment consulting services, and data science service.

Helping to create a secure Internet infrastructure

Anti-Phishing Service
Impenetrable Defense PACK for Phishing

One-stop anti-phishing solution that detects phishing e-mails and phishing domains and prevents spoofing logins.

Login detection

EC, financial institutions, and member sites

Fraud Detection Service
O-PLUX Account Protection **O-MOTION**

Unauthorized Login Detection Service

Detects in real time unauthorized access and unauthorized logins at EC, financial institutions, and member sites, etc.

Fraud Detection Service
O-PLUX Payment Protection

Detects fraudulent orders such as EC payments in arrears and resale in real time. No. 1* in Japan by number of installations.

Detection of fraudulent orders and payments

Received order management systems and payment systems

BNPL Settlement Package
SaaS-type BNPL system

Releases the "SaaS-type BNPL system," a BNPL settlement package that can be installed without initial investment.

Analysis of fraud trends and purchase demands

Purchase data and fraud data

Data Science Service

Analyzes data using AI, statistics, and mathematical optimization techniques and provides analysis services for various sectors, including optimized production planning and demand forecasting for retailers.

* TOKYO SHOKO RESEARCH, LTD., "Survey on the number of EC sites in Japan introducing paid fraud detection service," (as of the end of March 2024)

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List of Services Offered / Revenue Types

Security

Fraud Detection Service

Recurring revenue type

Fraud Detection Service
O-PLUX
Payment Protection

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.

Fraud Detection Service
O-PLUX
Account Protection

Unauthorized Login Detection Service
O-MOTION

Detect in real time unauthorized access and unauthorized logins at EC, 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

Non-recurring revenue type

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

Recurring revenue type

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

Non-recurring revenue type

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

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

Recurring revenue type

*1 TOKYO SHOKO RESEARCH, LTD., “Survey on the number of EC sites in Japan introducing paid fraud detection service,” (as of the end of March 2024)
*2 BNPL: Abbreviation for Buy Now Pay Later, post-payment settlement

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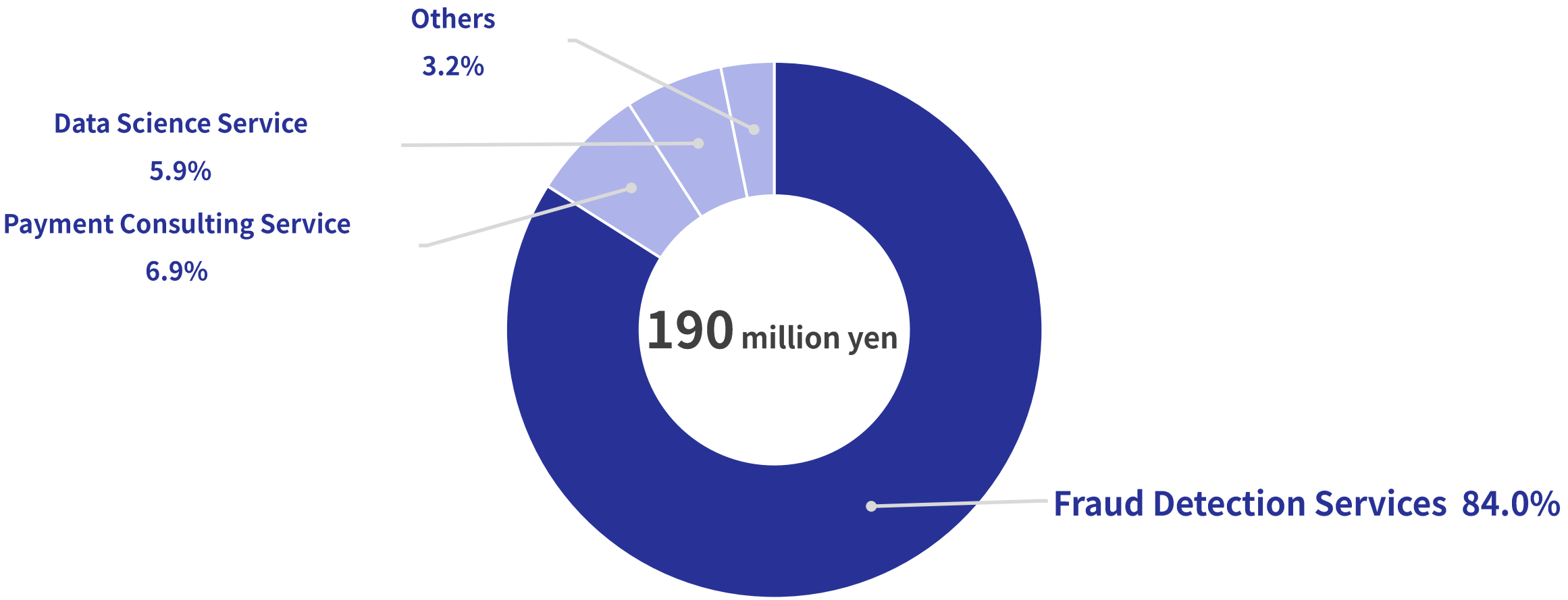
Net Sales Composition (Net Sales for FY2025 1Q)

Our current growth driver is fraud detection services, which account for 80% of our sales.



* Others: other sales including sales of SaaS-type BNPL systems.

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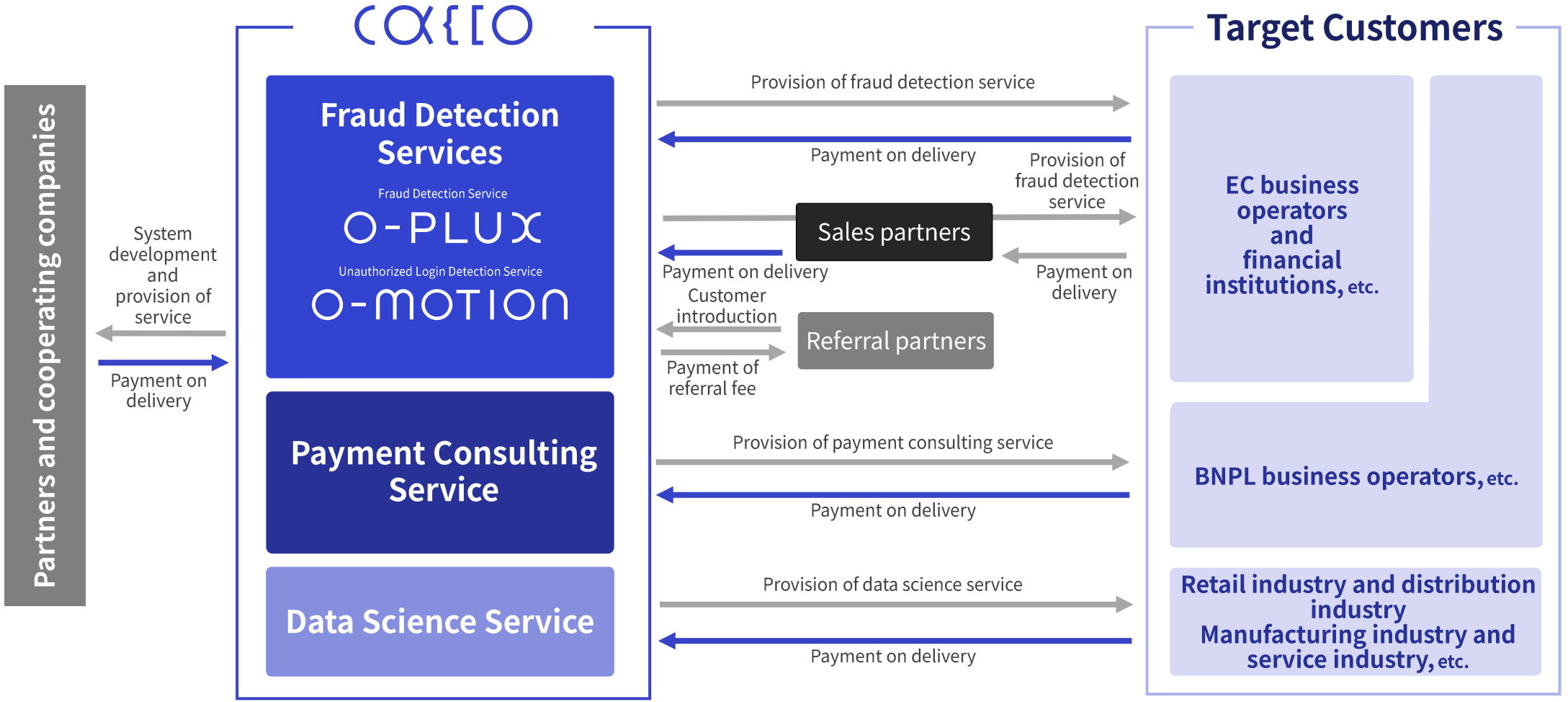
Commercial Distribution and Target Customers



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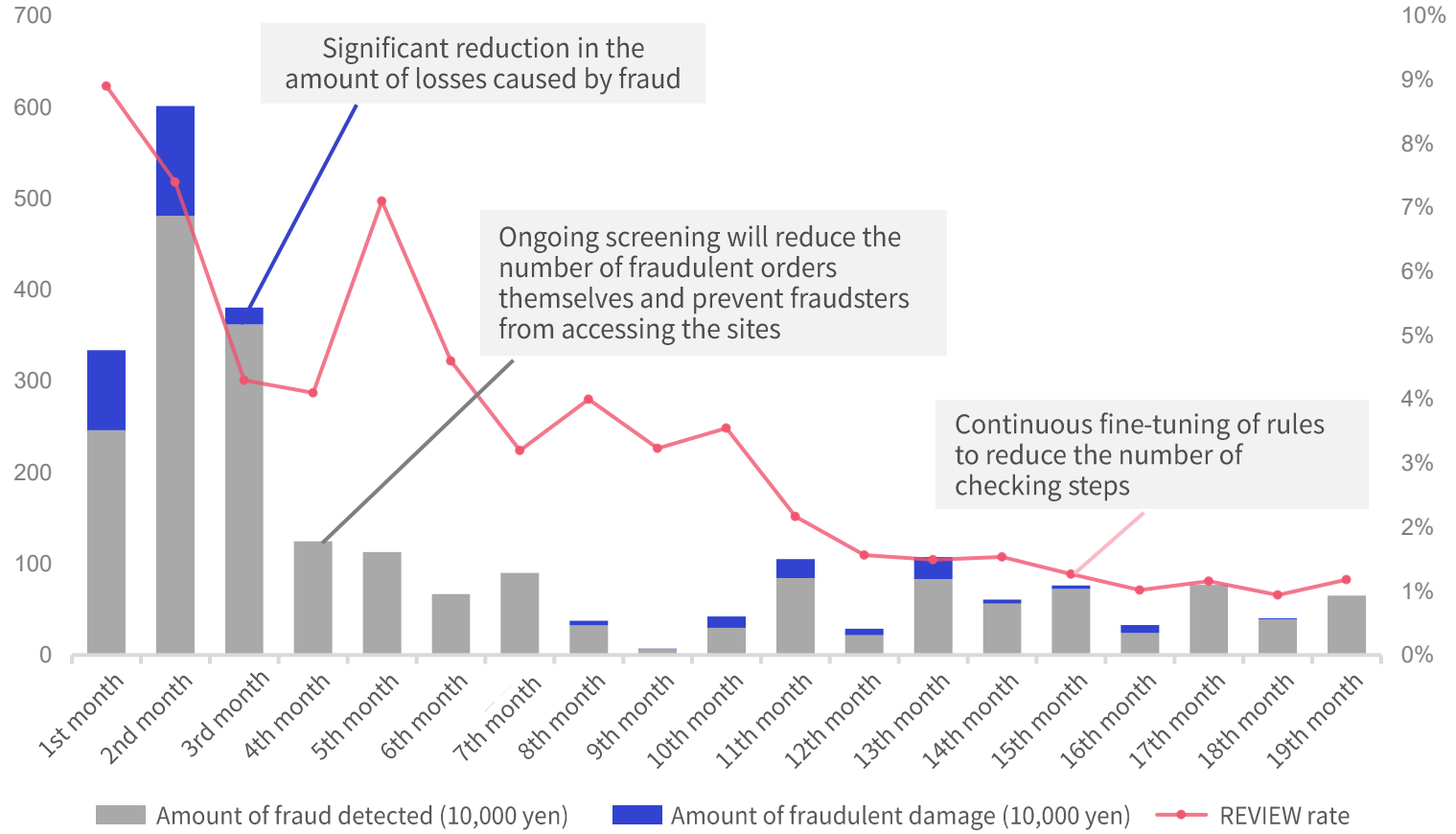
General retail company <Measures against fraudulent credit card use>

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

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.

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Kitamura Co., Ltd. <Credit card fraud and resale prevention / Combined with 3D Secure>

Fraudulent order methods have become more sophisticated,
and even 3D Secure combined with visual detection takes too much time and effort.
The introduction of O-PLUX with high fraud-detection accuracy enabled the company to eliminate the problem of visual checks.

Problems before Installation

Even with the introduction of 3D Secure, fraudulent use of credit cards still occurred.
Although visual checks were implemented as a countermeasure, the effectiveness was limited due to the increasing sophistication of fraudulent tactics.

Benefits of Installation

- O-PLUX achieved a localized screening process that complemented 3D Secure.
- No fraudulent credit card use has been found in transactions with an OK rating.
- The company resolved the problem of visual checks, reducing the labor-hours equivalent to two dedicated staff members.

Case Study Interview (Full Text) with Kitamura Co., Ltd.
https://frauddetection.cacco.co.jp/o-plux/case_studies/kitamura/

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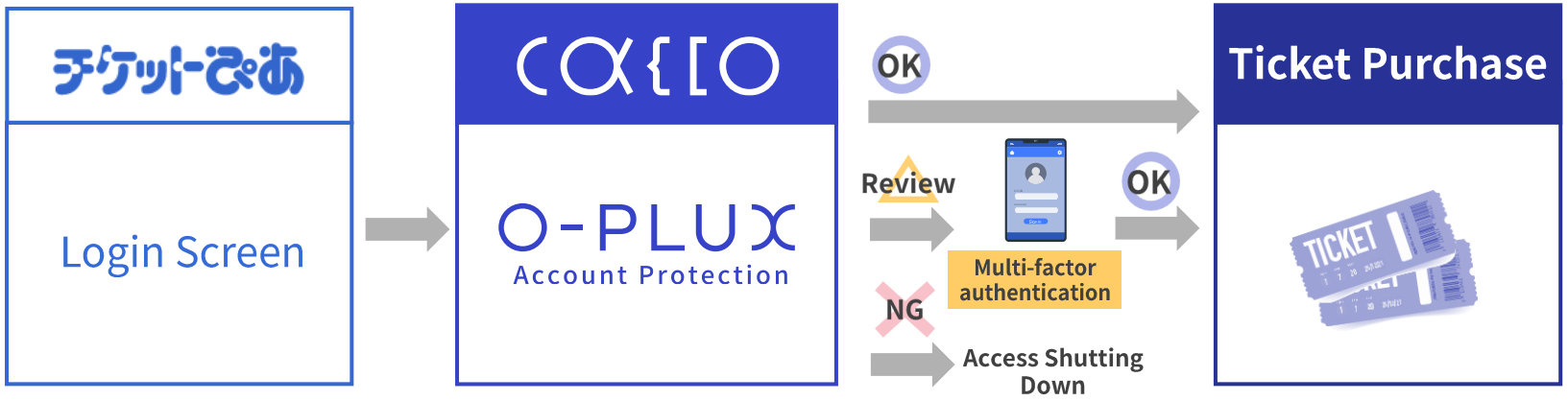
PIA Corporation <Countermeasures against unauthorized logins / Risk-based authentication>

Problems

- The company wanted to take countermeasures against spoofing logins during short periods of concentrated access.
- Since the company has a wide age range of users, it did not want to compromise convenience.

Benefits of Installation

- Implementing O-PLUX has enabled the company to detect mechanical access, resulting in zero spoofing logins.
- Risk-based authentication has allowed the company to take measures without compromising convenience by implementing multi-factor authentication for suspicious users only.



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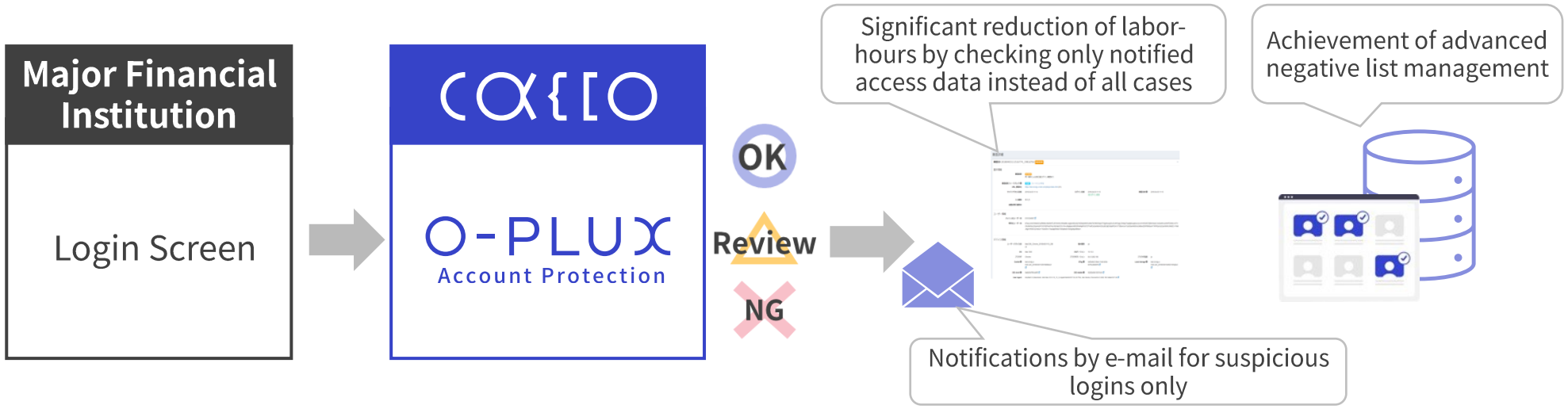
A major financial institution <Unauthorized login monitoring>

Problems

- Logins were recorded but not made visible, causing large quantities of labor-hours to be incurred for login monitoring.
- The company needed to manage not just IP addresses but also a highly accurate negative list.

Benefits of Installation

- O-PLUX implementation has made access data visible for each user, significantly reducing the labor-hours required for login monitoring.
- O-PLUX's device identification technology has achieved negative list management that includes not only IP addresses but also device identification information.



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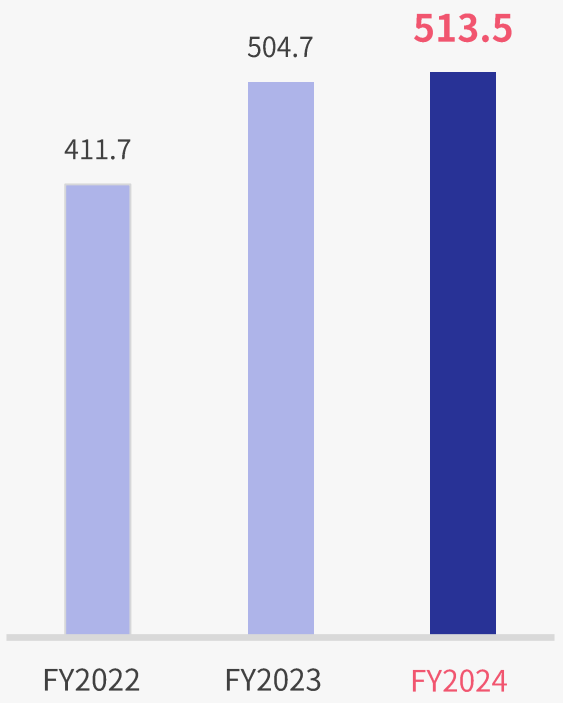
Market Environment | Growing Market Needs for Our Main Services (1) — Fraud detection service —

Crimes of fraudulently obtaining and misusing credit card information are rapidly increasing, and the damage from unauthorized use of credit cards (number theft) reached the record high of 51.3 billion yen* in 2024. The needs of EC business operators to take countermeasures against fraud are rapidly expanding.

Amount of Damage from Credit Card Fraud in Japan (Number Theft)

(Unit: 100 million yen)

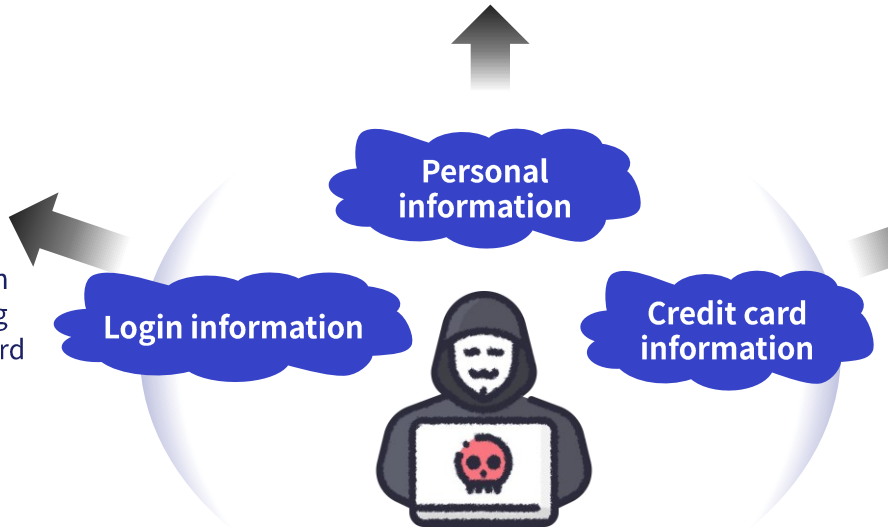


Unauthorized access

Unauthorized remittances through online banks made by unauthorized access

Phishing

Attempts to fraudulently obtain personal information, including login information and credit card information, by phishing



Unauthorized use of credit cards

Fraudulent Internet shopping orders placed with fraudulently obtained credit card information

* Japan Consumer Credit Association, "Status of Damage from Unauthorized Use of Credit Cards," March 2025

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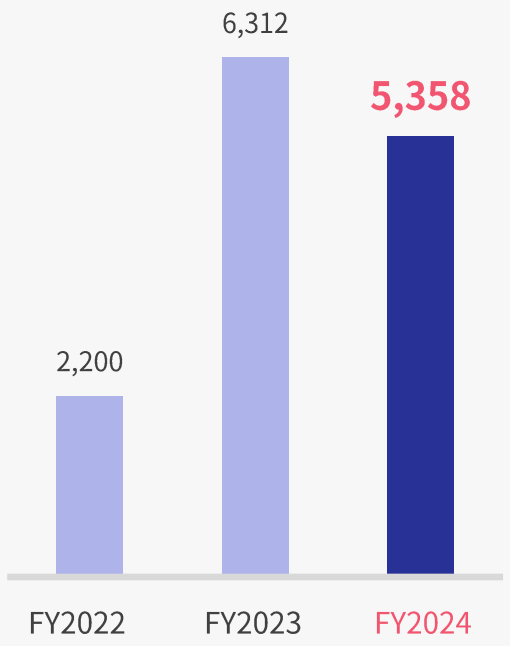
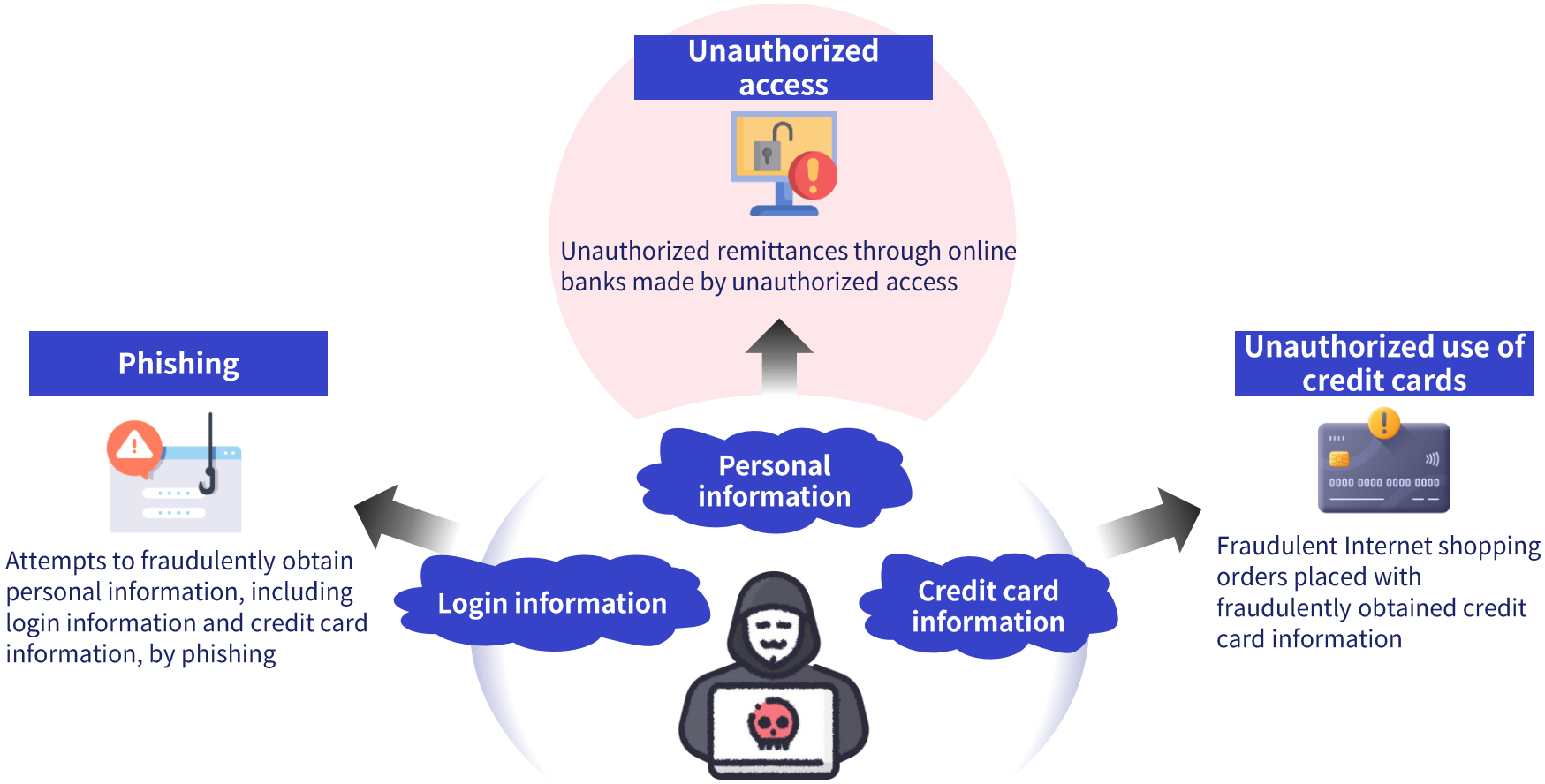
Market Environment | Growing Market Needs for Our Main Services (2) — Fraud detection service —

Following a sharp increase in the number of recognized incidents of malicious activities after unauthorized access in Japan since fiscal 2022, there has been a significant expansion in the societal demand for enhanced countermeasures against such threats.

Number of recognized acts after unauthorized access in Japan

(Unit: number of acts)





Source: National Police Agency, Ministry of Internal Affairs and Communications, and Ministry of Economy, Trade and Industry, 2023
"Status of Research and Development of Technologies for Unauthorized Access and Access Control Functions (FY2023)"

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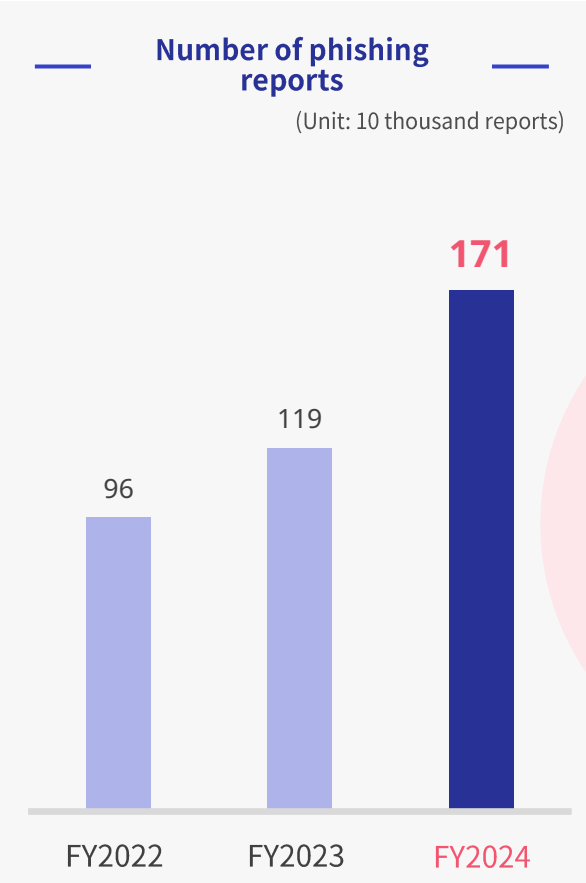
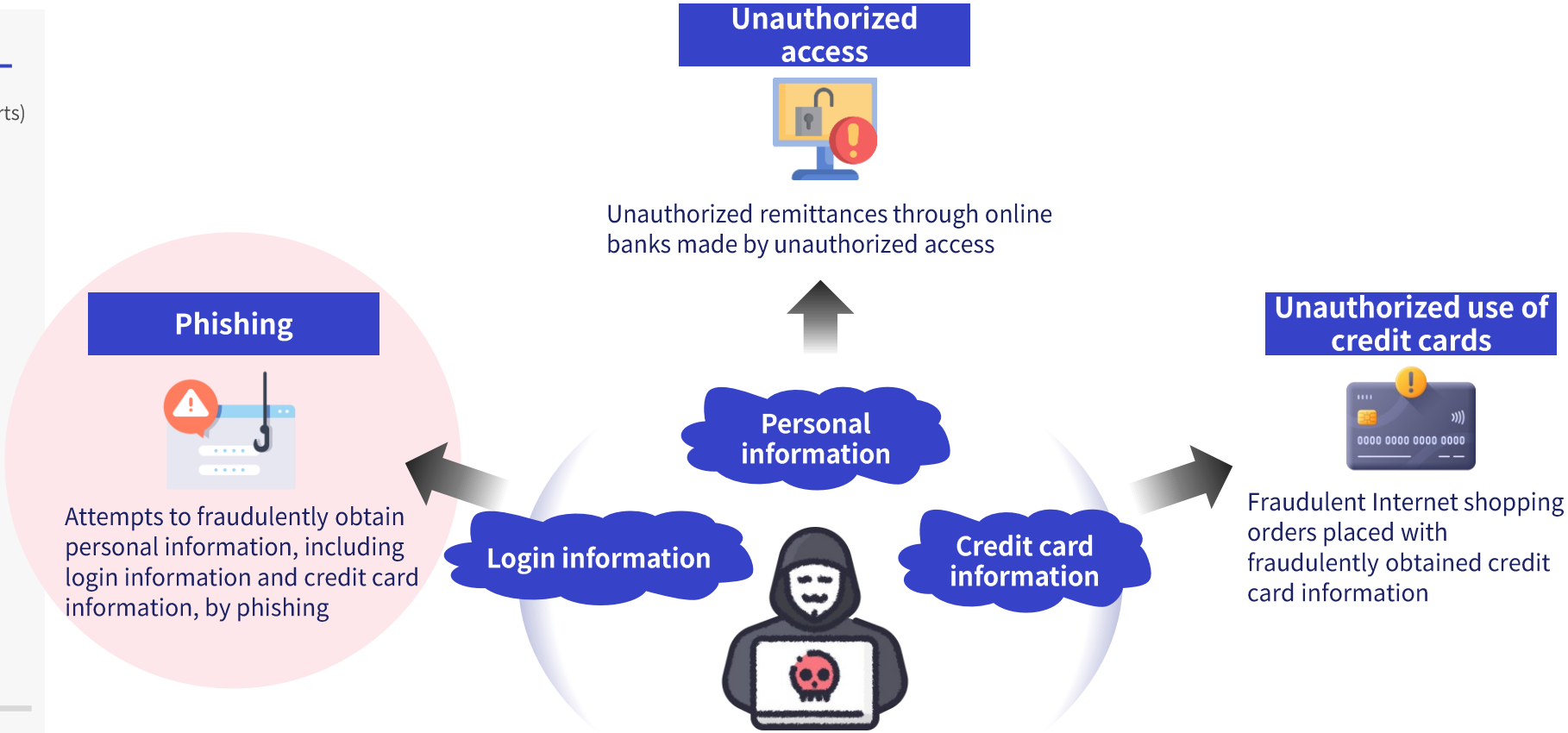
Market Environment | Growing Market Needs for Our Main Services (3) — Fraud detection service —

The number of phishing reports also increased from 960,000 in 2022 to 1,710,000 in 2024 (YoY +77.3%). The number of fraud crimes involving the misuse of information obtained fraudulently through phishing is skyrocketing, so the need for countermeasures is rising accordingly.





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

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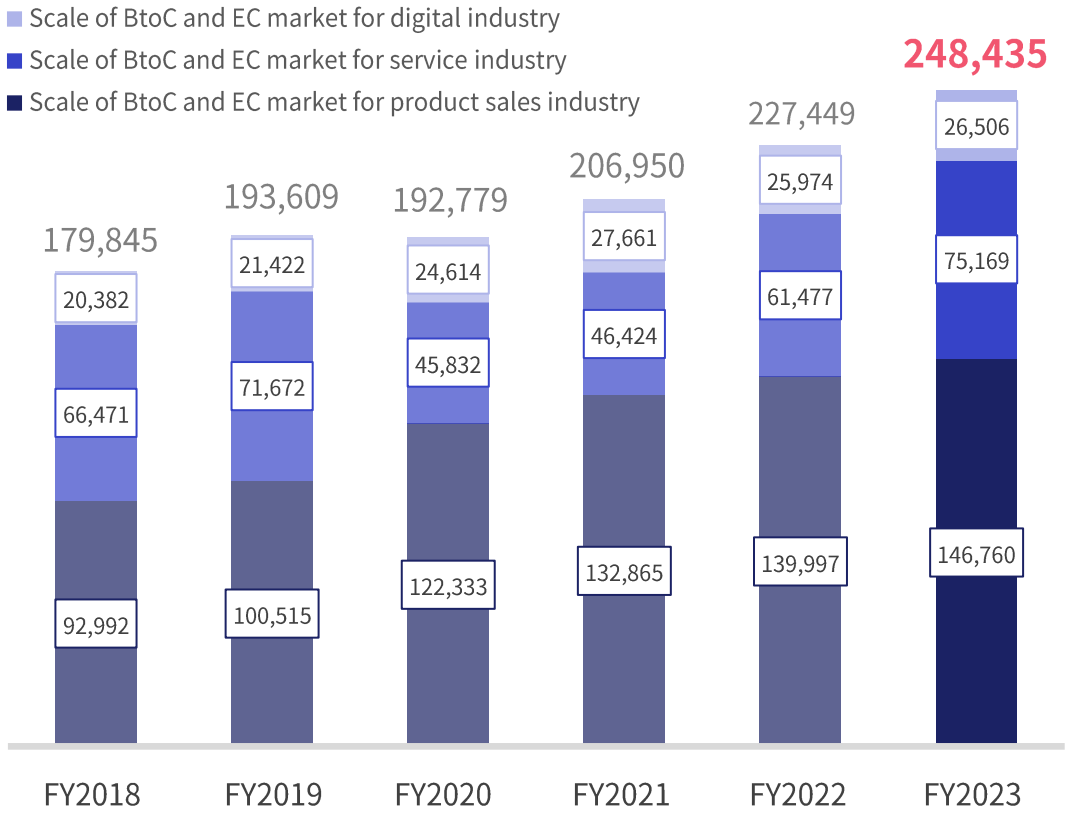
Market Environment | Growth of the Japanese EC Market and the Expansion of Fraud Damage

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

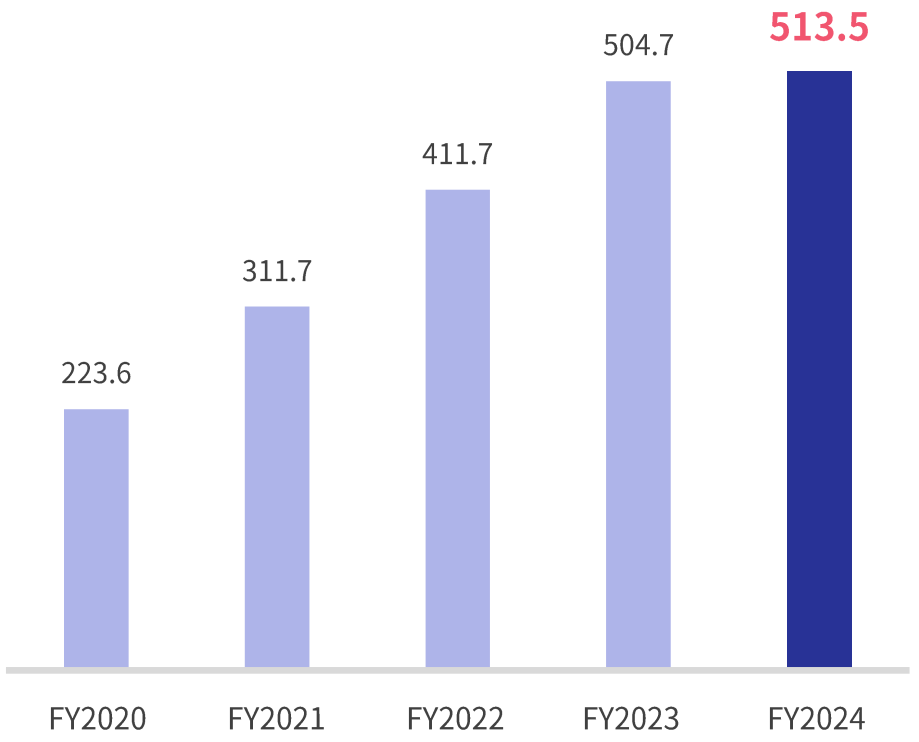
Scale of BtoC and EC Market in Japan

(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, “FY2023 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,” March 2025

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Competitive Advantages

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 service” (as of the end of March 2024) performed by TOKYO SHOKO RESEARCH, LTD.)

3

Steady growth in recurring revenue from fraud detection services, our main services

(Recurring revenue from fraud detection services accounted for 79.4% of net sales in FY25 1Q)

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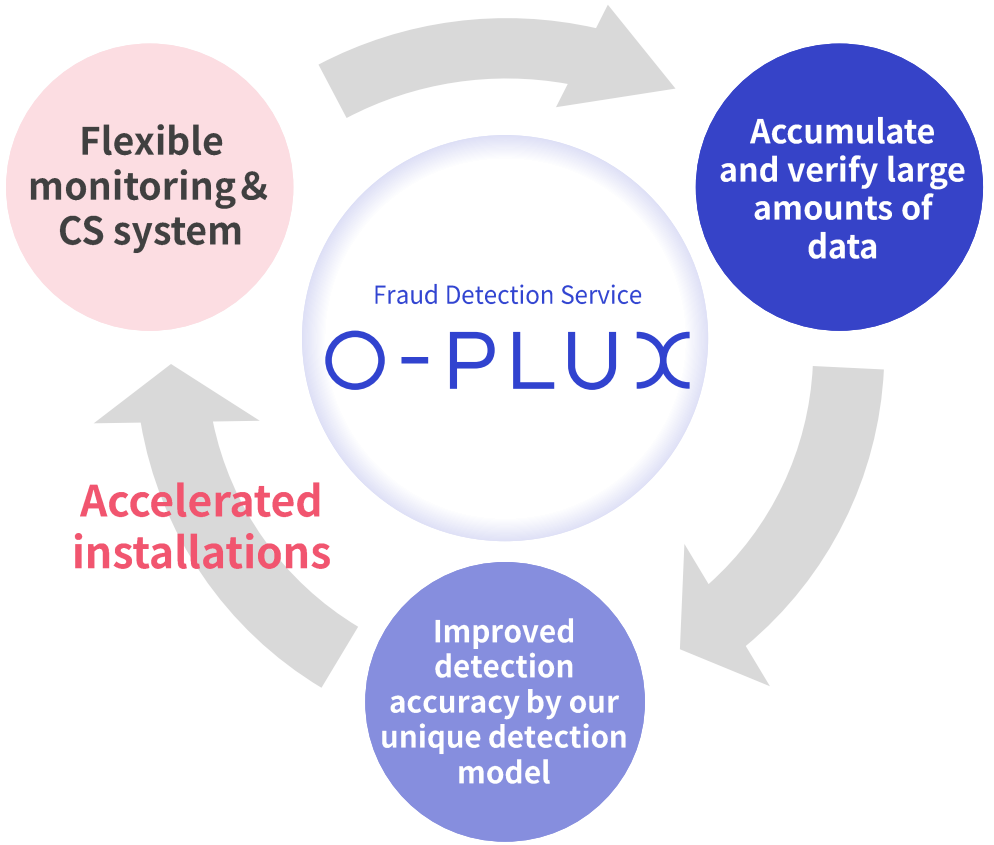
Competitive Advantages of O-PLUX, Our Core Fraud Detection Service

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 Advantages are Maintained



* TOKYO SHOKO RESEARCH, LTD., "Survey on the number of EC sites in Japan introducing paid fraud detection service," (as of the end of March 2024)

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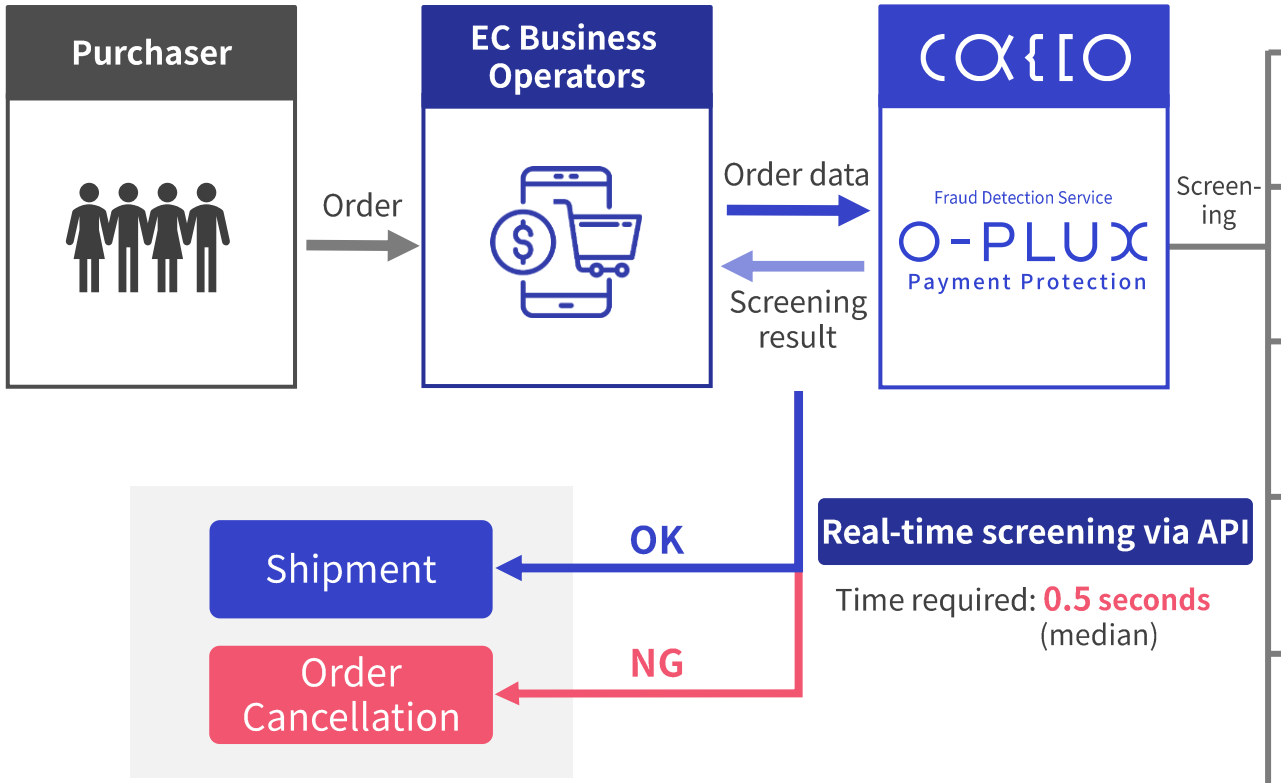
Overview of Fraud Detection Service O-PLUX Payment Protection

Detects fraudulent orders such as payments in arrears in EC in real time using a unique screening model.

Screening Process

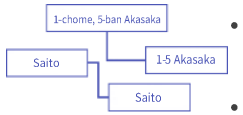


Main Screening Functions

Judgment by e-mail

- Judgment by whether e-mails can be sent
- Detection of e-mail aliases
- Identification of disposable and suspicious domains, etc...

Normalization of name and address notation



- Utilize the same address and last name with different notation after normalization process.
- Detection of mismatch between *kanji* and *furigana* in name

Device Information

- 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

- Address verification service (judgment of false addresses)
- 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 hoppers purchasing products with benefits that are available only to first-time buyers

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Functional Advantages of Fraud Detection Service O-PLUX Payment Protection Compared with Competing Services

Fraud detection service O-PLUX Payment Protection can address any type of fraud and protects EC business operators from fraud damage.

Fraud Type	Fraud Detection Service O-PLUX Payment Protection	Competing Service A	Competing Service B	Competing Service C	Competing Service D	Competing Service E	Competing Service F	Competing Service G	Competing Service H
Chargeback	○	○	×	○	○	○	△	○	○
Fraudulent resale*	○	×	○	×	×	×	×	×	×
Credit master attacks	○	○	×	○	○	○	○	×	×
Frauds involving affiliate programs	○	×	○	×	×	×	×	×	×

*1 Fraudulent orders with which fraudsters obtain products fraudulently in large quantities at a price available only to first-time buyers for the purpose of reselling them.
*2 This information has been independently compiled by our company based on various service websites and materials.

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Diversified Client Companies

Fraud detection service O-PLUX Payment Protection has been installed in various industries and is the No. 1 solution by number of installations in Japan.*1
It promotes the development of a safe and secure infrastructure for every genre of e-commerce by preemptively preventing losses from fraudulent orders.

Hobby

animate / あみあみ / KOTOBUKIYA / GROOVE X / funbox

Food and health food

NP NIGHT PROTEIN / Embrace / Oisix ra daichi / KAKUSHIKI 株式会社 格式 / KAMAKURA BENIYA / bijin tebukuro / Q'SAI ウェルエイジングカンパニー / GRAPESTONE / SAKURA FOREST / SUNSTAR / 手渡すように届けたい ていねい通販 / 四季乃舎 SHIKINOYA / NICORIO / Neu-S / ハーブ健康本舗 / from COCORO / Belle Neige Direct ベルネージュダイレクト / Leo Sophia Group / 和漢の森 WAKANNOMORI / aplod / 薬院オーガニック YAKUIN ORGANIC / RICE POWER

Home appliances

NEC Direct / Dospara ドスパラ / ZOA / FUJITSU Fujitsu Client Computing Limited / mouse

Cosmetics and hair care

Im / ALMADO / LONLINE STORE / STEFANY GINZA TOKYO / KINS SISI / KINUI / CHURACOS / Sparty / PHOEBE BEAUTY UP / Tellas / BATHCLIN / VALANROSE / FINE AID / First Friends / FABIUS / to esella / ORBIS / ヤソカワミクロン化粧品株式会社 / MASH BEAUTY LAB / 株式会社ユーピーエス / Ricecurry

Apparel and sports

洋服の青山 / 4℃ / L.L.Bean / SOCCER SHOP KAMO www.sskamo.co.jp / graniph / KOMEHYO / JINS / DUNLOP / RAGTAG / Dr. Martens / KARITOKE / PARIS MIKI / PARCO / PUMA / MUVEIL / UNIFORM NEXT ユニフォームネクスト株式会社 / LACOSTE

Housing and interiors

KAI / KEYUCA / DIY FACTORY / nishikawa

Cameras, online supermarkets, tickets, MVNO, Hosting, and others

AEONNEXT / 犬猫生活 SAVE ALL CATS & DOGS / GAZIGO / カメラのキタムラ / GEO オンラインストア / SAKURA internet / GMO CREATORS NETWORK / DMM.com / LIBMO / DTI dream.jp / フジヤカメラ / BackMarket / petgo / U-CAN ユーキャン / チケットぴあ

Furusato Nozei (hometown tax donation)

i-mobile / UNIMEDIA

*1 TOKYO SHOKO RESEARCH, LTD., “Survey on the number of EC sites in Japan introducing paid fraud detection service,” (as of the end of March 2024)
*2 Only selected companies with permission to be listed are included. As of end of April 2025.

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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

EC-CUBE
ecbeing
EBISUMART
BOTCHAN
売れるD2C つくーる
EC-ORANGE
eltex DC Direct Commerce EC/通販統合パッケージ
GMO クラウドEC パッケージEC
shopify
ecforce
Salesforce Commerce Cloud
W2 Unified
W2 Repeat
サブスクストア
たまごリピート
通販マーケッター Eight!
楽楽リピート by NETSHOP SUPPORTERS
BBF
qualva

Credit card companies

UC CARD
MUFG
三菱UFJニコス

Payment Service Providers (PSPs)

QCS QUICK COLLECTION SERVICE
SBI ZEUS GROUP Payment Service
Sony Payment Services
SB Payment Service
DGFT DG Financial Technology
DSK 株式会社 電算システム
UPC
remise

Security service vendors

INTELLIGENT WAVE INC.
eltes
CSC CYBER SECURITY CLOUD
Synqula
Rocketworks

*1 EC-CUBE is a trademark of EC-CUBE Co., Ltd.
*2 As of the end of October 2024.

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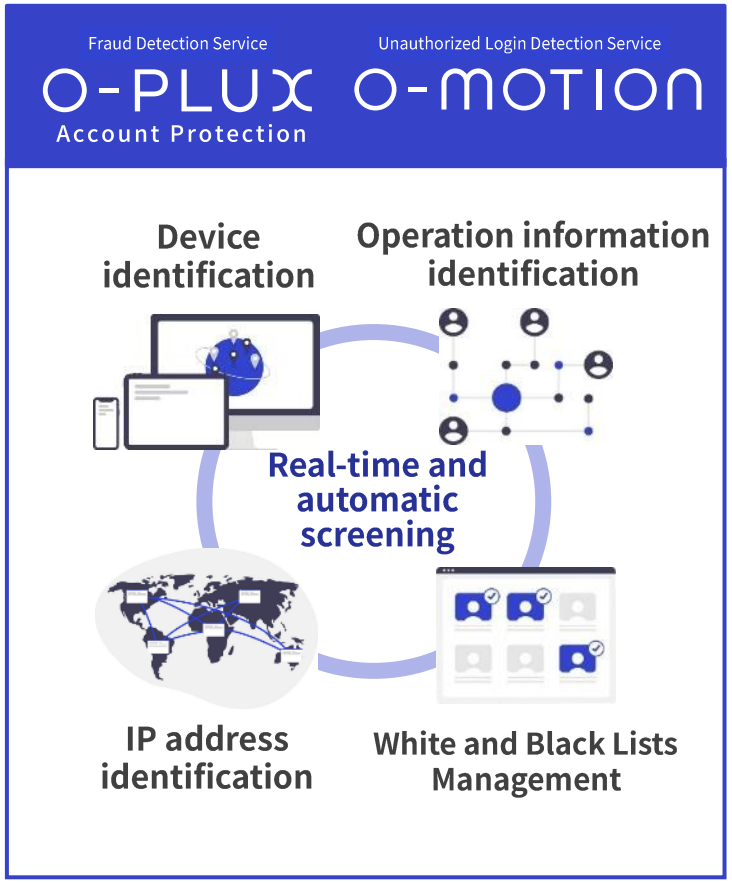
Overview of Fraud Detection Service O-PLUX Account Protection / Unauthorized Login Detection Service O-MOTION

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

Internet banking
Countermeasures against unauthorized remittances

Various member sites
Countermeasures against divulgence of personal information

Countermeasures against cornering of online tickets

Real-time and automatic screening

Visual dashboard

Notification function through alert mails

Highly precise and **efficient**
screening and monitoring system

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

Countermeasures against fraudulent member registration for affiliate compensation

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Ticket sites, financial institutions, and various point and member sites have introduced these services.

Ticket sites

チケットぴあ

NFT games

GENSOKISHI ONLINE META WORLD

EC site

ORBIS

EC cart/EC package

W2

futureshop

Real estate investment crowdfunding

creal

クリアル株式会社

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 2025.

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Anti-Phishing Package “Impenetrable Defense Pack for Phishing”

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

Anti-Phishing Service

Impenetrable Defense PACK

for Phishing

Support for countermeasures against phishing e-mails

- Aggregation/visualization of DMARC reports
- Notification of a rapid increase in the DMARC authentication failure rate

Detection of phishing domains

- Detection of similar domains
- Verification with phishing site databases
- Report/alert notices

Detection of spoofing logins

Unauthorized Login Detection Service
O-MOTION

Fraud Detection Service
O-PLUX Account Protection

Optional services

Cybersecurity support

- Vulnerability assessment
- Proposal of IPS/IDS, WAF, etc.
- Digital forensics
- Consulting, etc.

Phishing site takedown service

Phishing site monitoring

Phishing social networking site monitoring

Multi-factor authentication (risk-based authentication)

Detection of unauthorized use of credit cards, malicious resale and credit master attacks

Fraud Detection Service
O-PLUX Payment Protection

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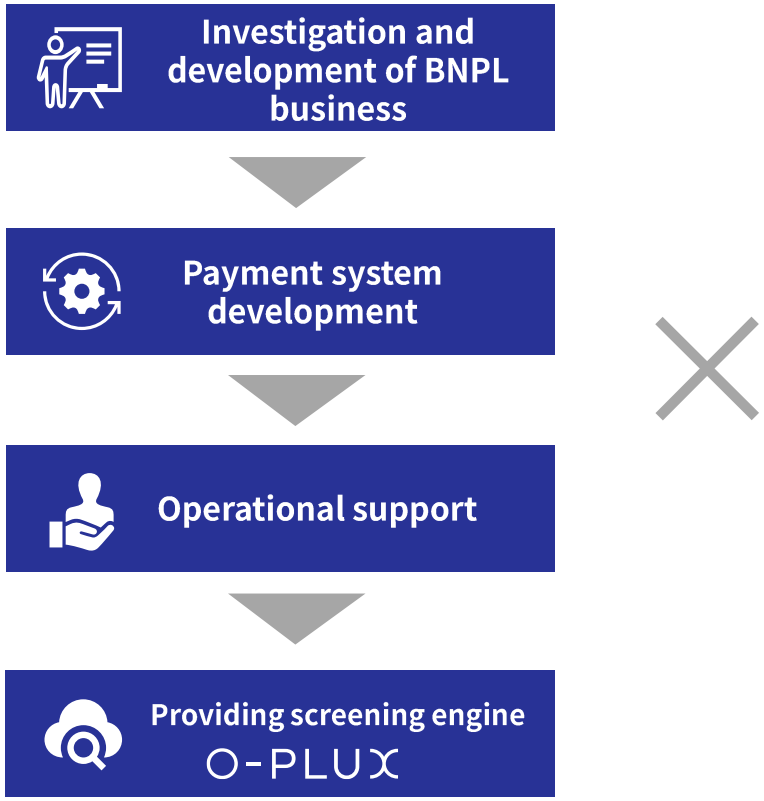
Payment Consulting Service

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 fraud 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 **Fraud 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 fraud detection service, is the No. 1 solution in terms of installation numbers in Japan.*

* Based on "Survey on the number of EC sites in Japan introducing paid fraud detection service" (as of the end of March 2024) performed by TOKYO SHOKO RESEARCH, LTD.

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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**

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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.

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

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