



December 2024 Period First Quarter Financial Results Presentation Material

May 15, 2024
(Tokyo Growth Market: 153A)

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1. Business Operations

About us

Anti-Money Laundering and Cybersecurity Business

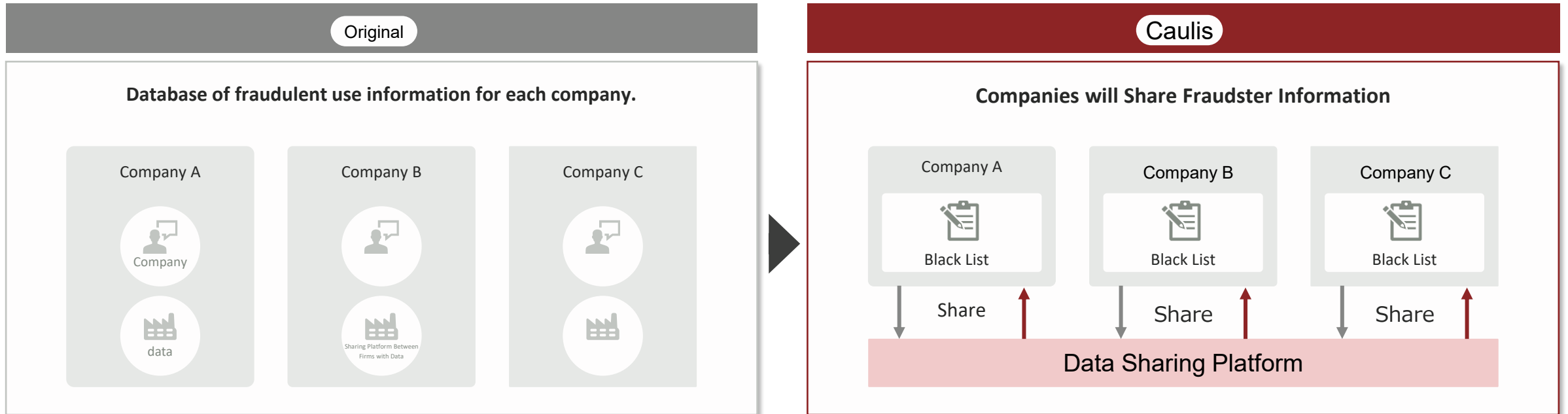
We offer fraud detection services primarily to financial institutions, in order to combat the rising tide of online financial crimes. Our customers can not only prevent internal illicit fund transfers but also detect malicious relationships of illegally gained funds.

MISSION

Co-creating information infrastructure to improve the world

Development of a Database sharing information on malicious uses between customers.
we aim to become an infrastructure company that protects Japan's safety, by collaboratively working with utility companies—a critical lifeline, and through the development of new services via governmental infrastructure support initiatives.

Providing the platform for sharing malicious user information



Reasons enabling sharing (third-party provision) amongst customers.

Fraud Alert has been confirmed to partially comply with Article 8 of the Act on Prevention of Transfer of Criminal Proceeds (APTCP) - "Report of Suspicious Transactions," as provided by the National Police Agency. Therefore, it corresponds to Article 27, Paragraph 1 of the Personal Information Protection Act, "cases based on laws and regulations." It is possible to share (third-party provision) among customers without the need for opt-in under the APTCP targeted firms. For non-targeted companies under the APTCP, third-party provision is enforced by our company via obtaining agreement or making a declaration.

2. FY2024 Q1 Performance

Sales

**280 million Yen for
FY24/12 Q1**

ARR (Annual Recurring Revenue) ※1

1.13 Billion Yen

Calculation for Q1 of FY24/12
MRR (Monthly Recurring Revenue) ※2 X 12

ARR Growth Rate

40.2%

CAGR Q1 FY21/12 - Q1 FY24/12

Operating profit

**90 million Yen for FY24/12
Q1**

Ratio of Subscription Based
Income ※4

95.3%

For Q1 of FY24/12

Number of Contracted Companies

**43 companies
for FY24/12 Q1**

Sales Growth Rate

27.6% for FY24/12 Q1

ARPU (Average Recurring Revenue per User)
※3

2.2 million Yen/month

ARR divided by 12 divided by number of contract companies for FY24/12 Q1.

Operating Profit Margin

34.0%

For Q1 of FY24/12

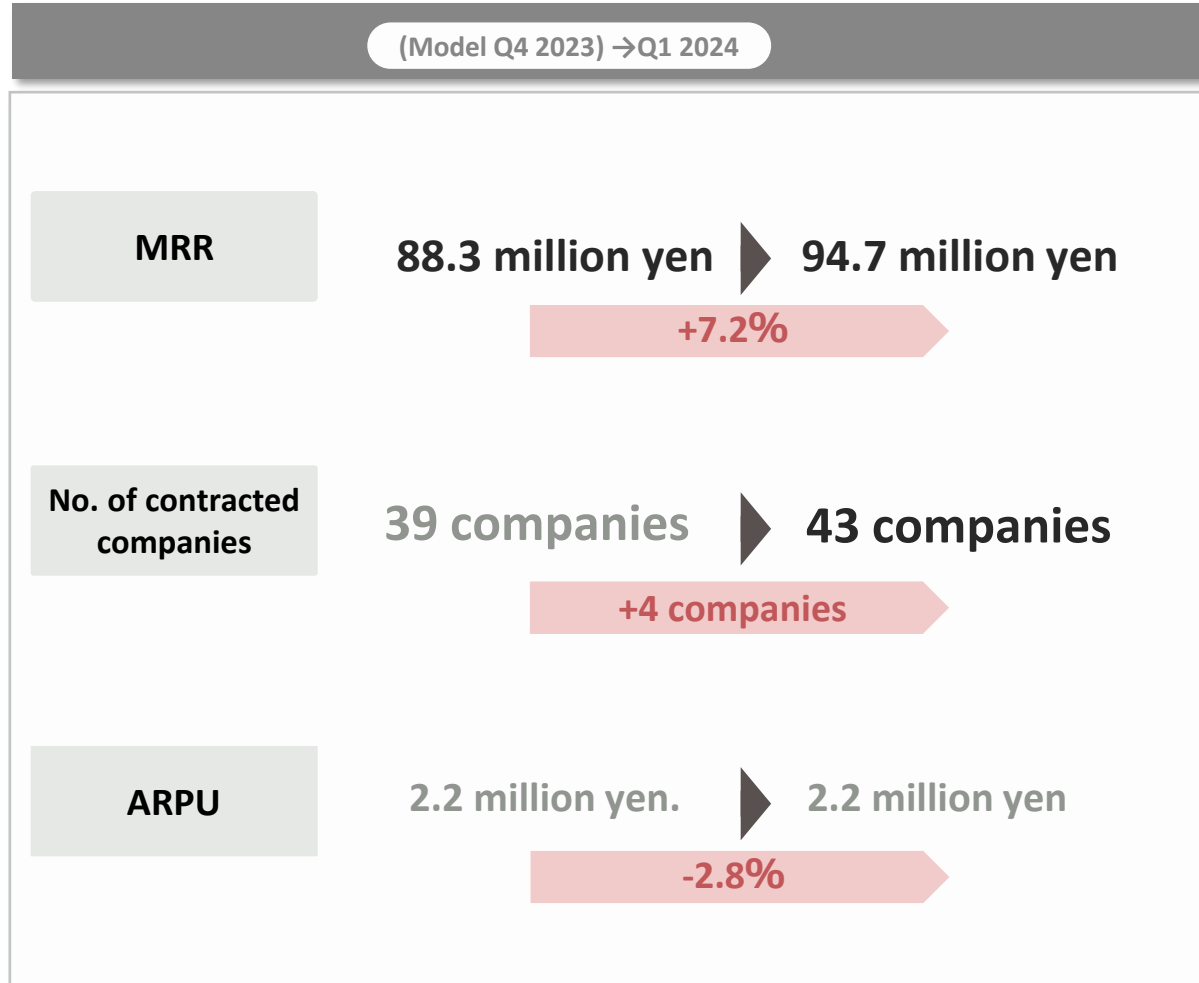
Note 1: "ARR" refers to the amount of sales (ordinary revenue) that occurs each year.

Note 2: "MRR" refers to one month's share of ordinary revenue. This is calculated based on the total amount of monthly fees from contracts subject to recurring billing at the end of the target month.

Note 3: "ARPU" refers to the average sales amount per customer (per company) that is being billed.

Note 4: The term "stock-type earnings" refers to the Fraud Alert usage fee and consulting service fee which are recurring income accumulated every month.

As the number of contracted companies increases steadily, MRR also increases. Increasing the ARPU is an issue for the future.



Initiative Highlights

Upselling is steady
In particular, significant rises due to increases in the number of accounts and user activity.
Price increases are progressing roughly as planned.

Two banks and two securities companies newly acquired, total of 4

Decreased with new acquisition
Acquiring new clients with MRR less than ARPU
Expanded placement with major Internet banks and regionals banks

Q1 Results | Financial Highlights - P/L for Q1 Results



Achieved approximately 30% growth in sales YoY

Listing-related cost was about 16.3 million yen and stock delivery cost was about 7.5 million yen. Conformity taxation and reserved benefit tax setup commenced.

(All figures in million yen)	FY2024 Q1	YoY(FY2023 Q1)		Earnings Forecast	
		Performance	Increase rate	FY	Progress rate
Net Sales	282	221	27.6%	1,360	20.7%
Gross Sales Profit	180	141	27.0%		
Gross Sales Profit Margin	63.9%	64.2%	△0.3pt		
Selling, General and Administrative Expenses	84	74	12.9%		
Operating Profit	95	67	42.7%	490	19.5%.
Operating Profit Margin	34.0%	30.4%	+3.6pt		
Ordinary income	71	67	5.5%	463	15.3%
Pre-tax Profit	71	67	5.5%		
Net Profit for the Quarter	45	42	6.3%	310	14.6%

The company's self-generated capital increased greatly due to the fundraising during our Initial Public Offering (Strike price improvements and boost in equity capital).

(Unit: Millions of Yen)		Same period in the previous year (FY2023 Q1)		Business Results for BSQ1 FY2024 Q1 for the same period in the previous year (FY2023 Q1) and the end of the previous fiscal year (FY2023 Q4) in million yen are shown with actual results and the rate of increase/decrease.	
		Performance	Increase rate	Performance	Increase rate
Current assets:	1,486	706	110.4%	1,029	44.4%
Including cash and deposits	1,407	628	123.9%	954	47.5%
Fixed assets:	141	54	162.3%	149	△5.1%
Total assets:	1,628	760	114.1%	1,178	38.2%
Current liabilities:	346	276	25.2%	477	△27.4%
Fixed liabilities:	250	250	—	250	—
Equity	1,031	233	341.1%	451	128.5%
Equity Ratio	63.4%	30.8%	+32.6pt	38.3%	+25.1pt

We listed on the Tokyo Stock Exchange Growth Market on 3/28/2024.
(Increase in Cash and Deposits, Increase in Equity)

Moreover, the company's current liabilities decreased due to payment of corporation taxes (unpaid corporation taxes decreased).

Nearly all of the total assets are in cash and deposits.
The funds acquired from the IPO will be appropriated diligently according to the forecasted consumption plan for the future.

Financial highlights: Sales administration expenses and cost of sales

Compared to the same period of the previous year, there is the effect of exchange rate on cost amounting to a yen's depreciation of 18 yen as compared to the last year, yet this is limited to approximately 22 million yen.

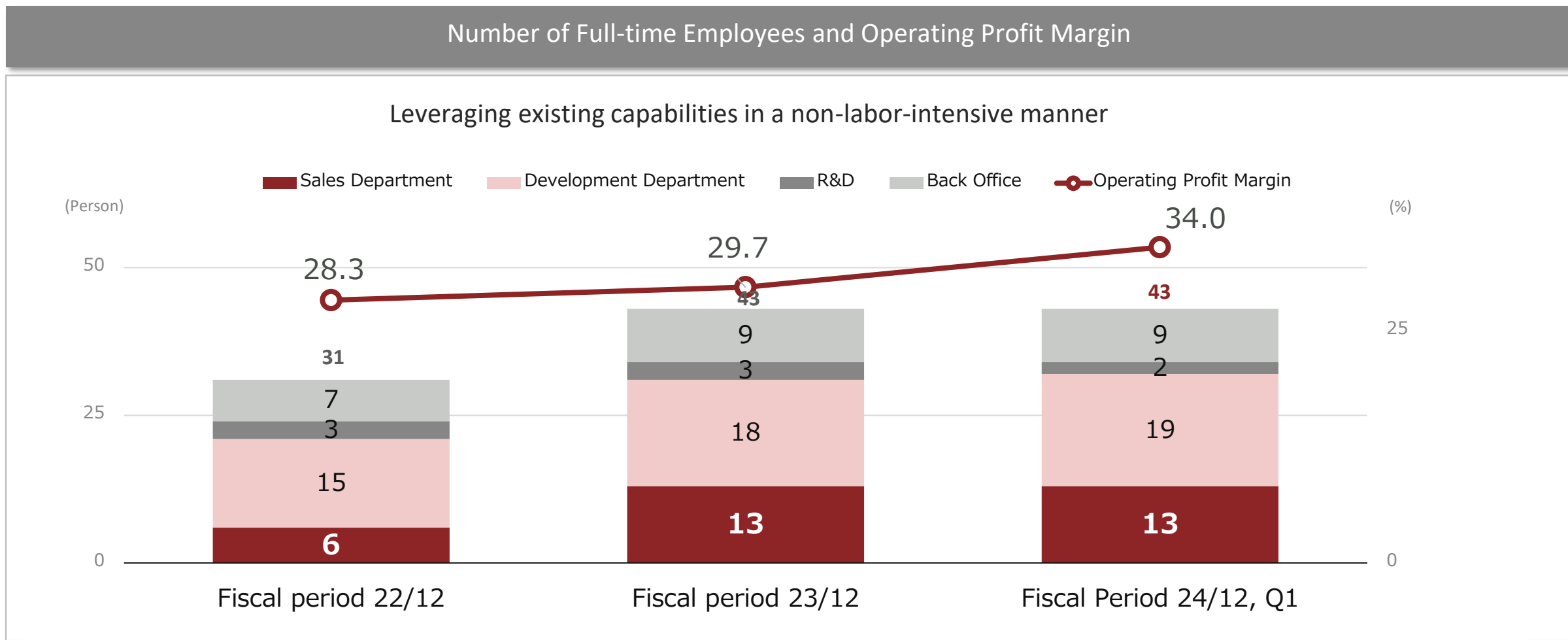
(Amount in millions of yen)	FY2024 Q1		YoY (FY2023 Q1)		
	Performance	% of Net Sales	Performance	% of Net Sales	Increase rate
(SG&A) Labor Expenses:	40	14.2%	31	14.5%	25.5%
(SG&A) Recruitment Costs:	0	0.3%	5	2.3%	△82.5%
(SG&A) Business Consignment Fees	6	2.4%	7	3.4%	△12.0%
(SG&A) Advertising Costs	3	1.4%	2	1.2%	41.5%
(SG&A) Payment Remuneration	10	3.6%	8	3.7%	24.6%
(SG&A) Others	22	8.1%	19	8.7%	18.3%
(SG&A) Total	84	29.9%	74	33.8%	12.9%

The application of the external standard taxation has resulted in an increase in taxes and public dues.

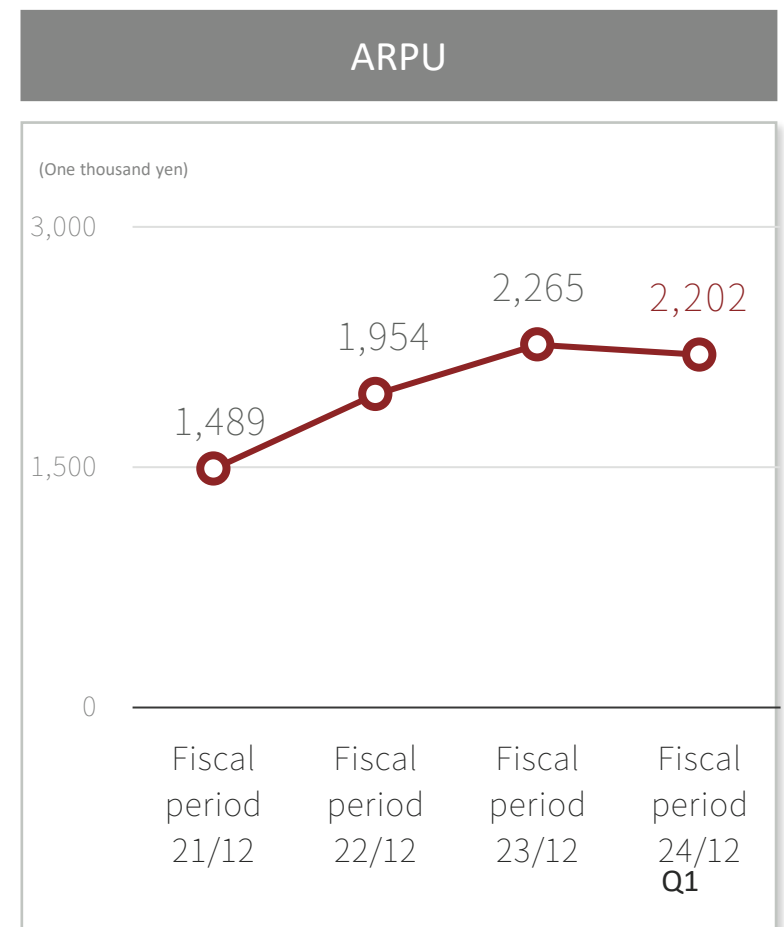
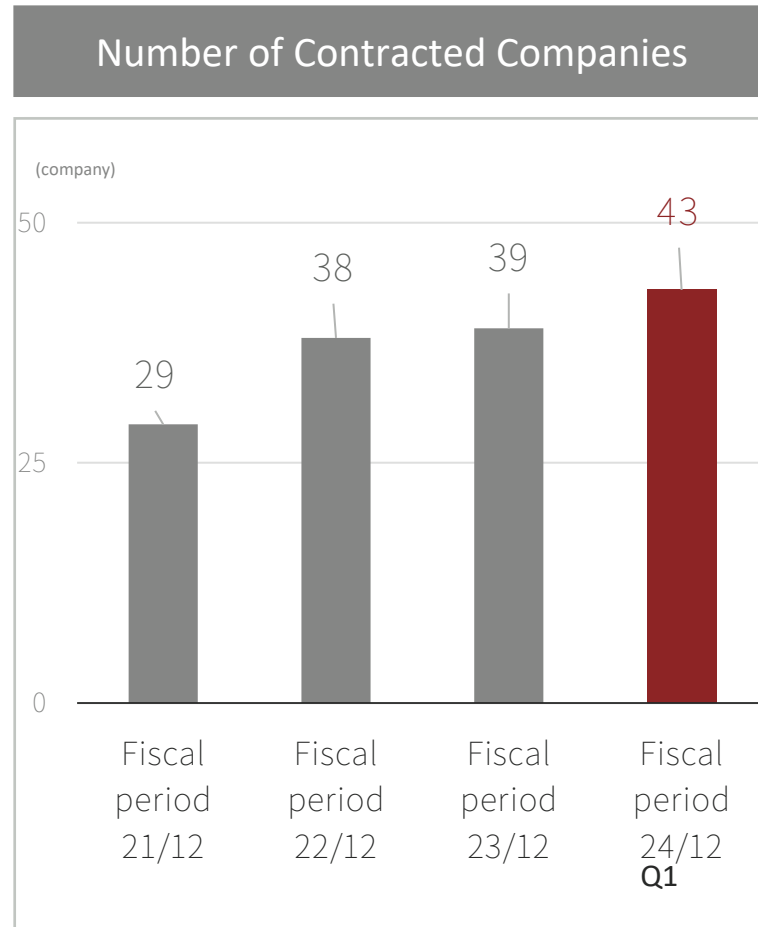
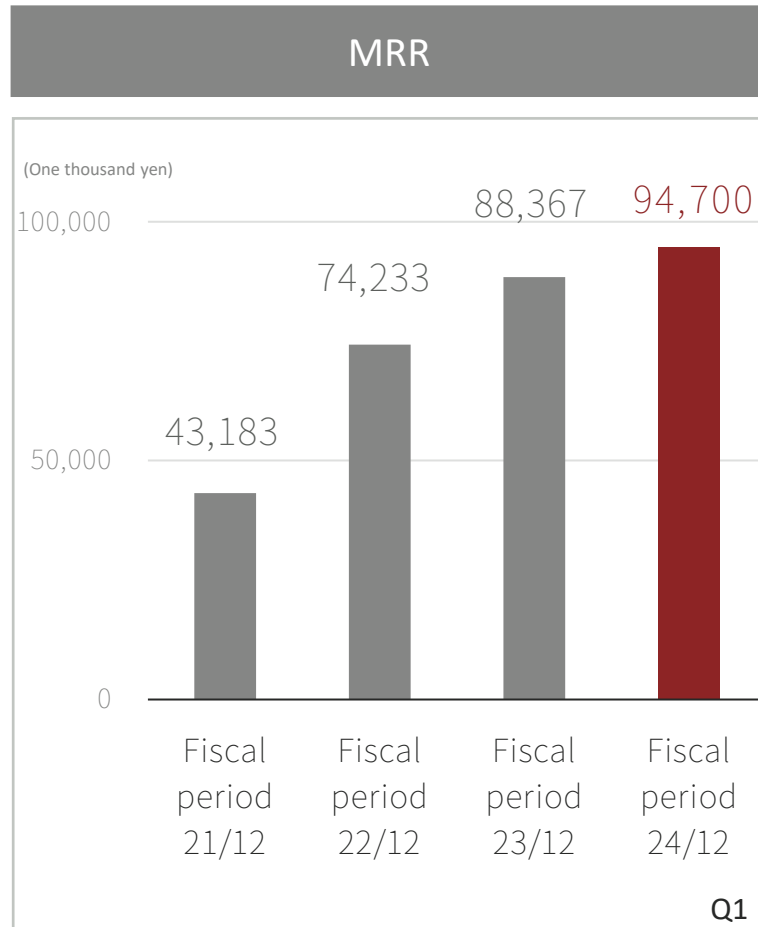
(Cost) Labor Expenses	42	15.0%	37	16.9%	12.8%
(Cost) infrastructure cost	38	13.7%	30	13.6%	28.4%
(Cost) Business Consignment Fees	12	4.5%	4	2.2%	161.0%
(Cost) Others	8	3.0%	6	3.1%	23.9%
Total (Cost)	101	36.1%	79	35.8%	28.7%

The effect of cost reduction is reflected in infrastructure costs decreasing in US dollars. However, the US dollar has appreciated 13.7% compared to last year, intensifying the depreciation of the yen. Conducting development for productivity improvements in Fraud Alert operation and enhancing security levels.

Investment in human resources and advertising boasts limited yet high marginal profit rates compared to the industry-specific SaaS. Despite increase in the number of people, the operating profit margin continues to rise



Financial institutions need to establish a monitoring system by the year 2028 for the 5th Assessment of the Financial Action Task Force (FATF) Correspondingly, the MRR and the number of contracts have also been steadily growing, reaching a MRR of 94.7 million yen in Q1 of the fiscal year ending in December 2024.



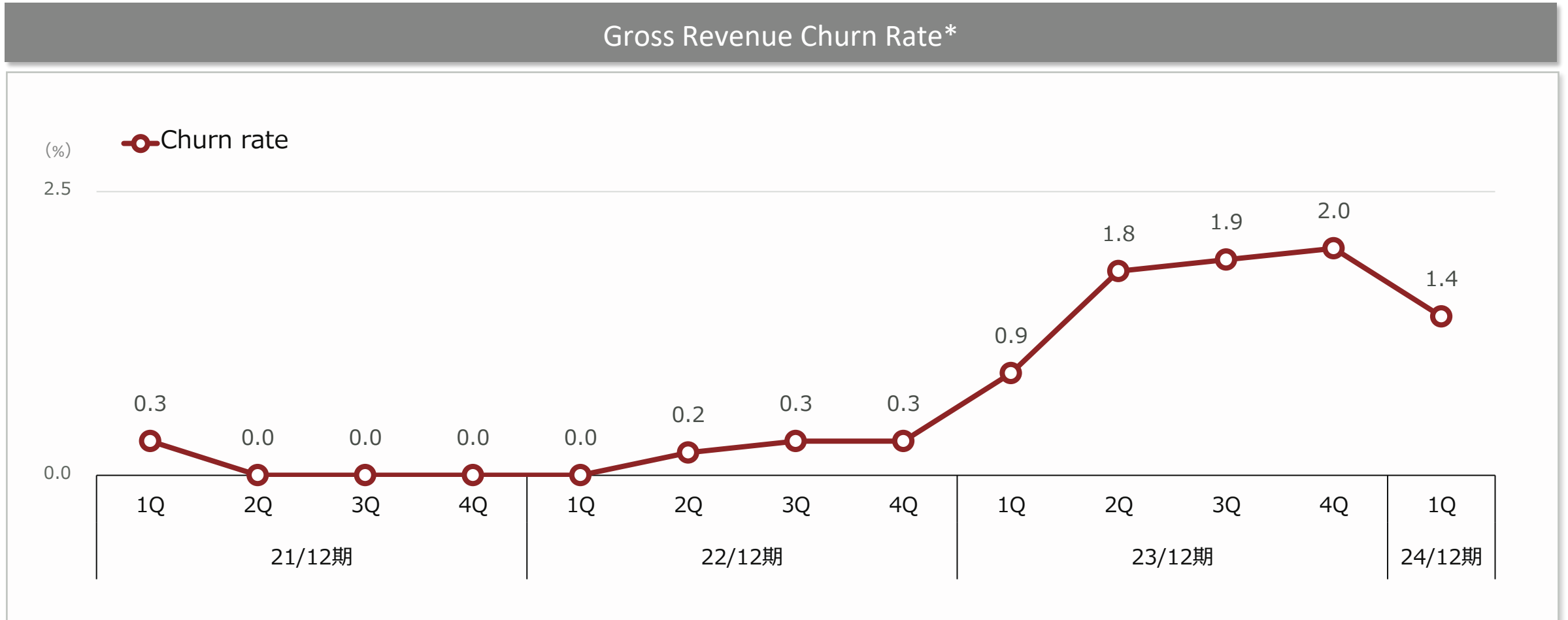
* "MRR (Monthly Recurring Revenue)" refers to one month of regular ordinary revenue, calculated based on the total fee for the current month from contracts that will be continuously billed as of the end of the target month.

* "ARPU (Average Recurring Revenue per User)" refers to the average sales revenue per paying customer (per company), calculated by $ARR \div 12 \div \text{number of contracted companies}$ (for fiscal period 12/23).

Note: The number of contract companies refers to the count excluding trial contracts amongst Fraud Alert contracts.

Please note that for the fiscal years ending in December 2020 and December 2023, the auditing process based on the provisions of Paragraph 1 of Article 193-2 of the Financial Instruments and Exchange Act has not been completed, and therefore, the audit reports are not yet received.

Continued low churn rate due to the value of the database for fraudulent user information and operational support by customer success. Recalculated after changing the target period from three months to twelve months.



*Gross Revenue Churn Rate refers to the average over a 12-month period of 'the subscription amount cancelled or downgraded during the month ÷ MRR at the end of the previous month.'

3. Review of FY2024 Q1 Situation

Announcement Regarding Listing on the Tokyo Stock Exchange's Growth Market

Caulis Inc. has recently been listed on the growth market of the Tokyo Stock Exchange on March 28, 2024. We respectfully submit this report and extend our heartfelt gratitude for the support fostered by all our stakeholders since the inception of our company. Thank you for your continued patronage and generous support.



Comment by President and Chief Executive Officer, Atsuyoshi Shimazu

Under the mission "protecting Japan's financial assets", Array provides fraud detection service "Fraud Alert" and is leading Anti-Money Laundering (AML) measures domestically. We are also actively engaged in Public Private Partnerships, providing information to government agencies like the Financial Services Agency and the National Police Agency.

As we foster bridge-building between financial institutions and the government, we continuously strive to elevate Japan's Anti-Money Laundering (AML) measures to a high standard, in the hope that it would aid in protecting the financial assets of our citizens. We humbly ask for your continued guidance and encouragement as we move forward.

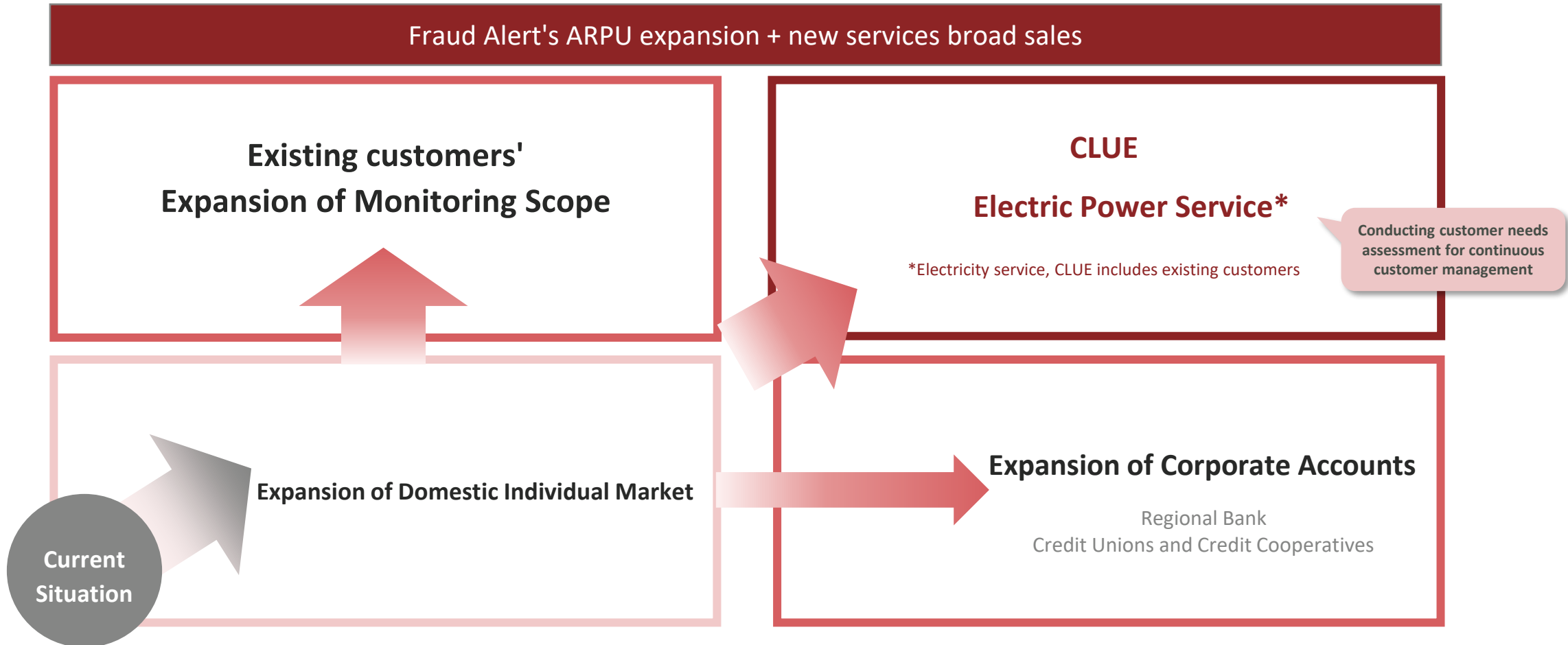
Review of Q1 FY2024 Revenue

Total Sales 282

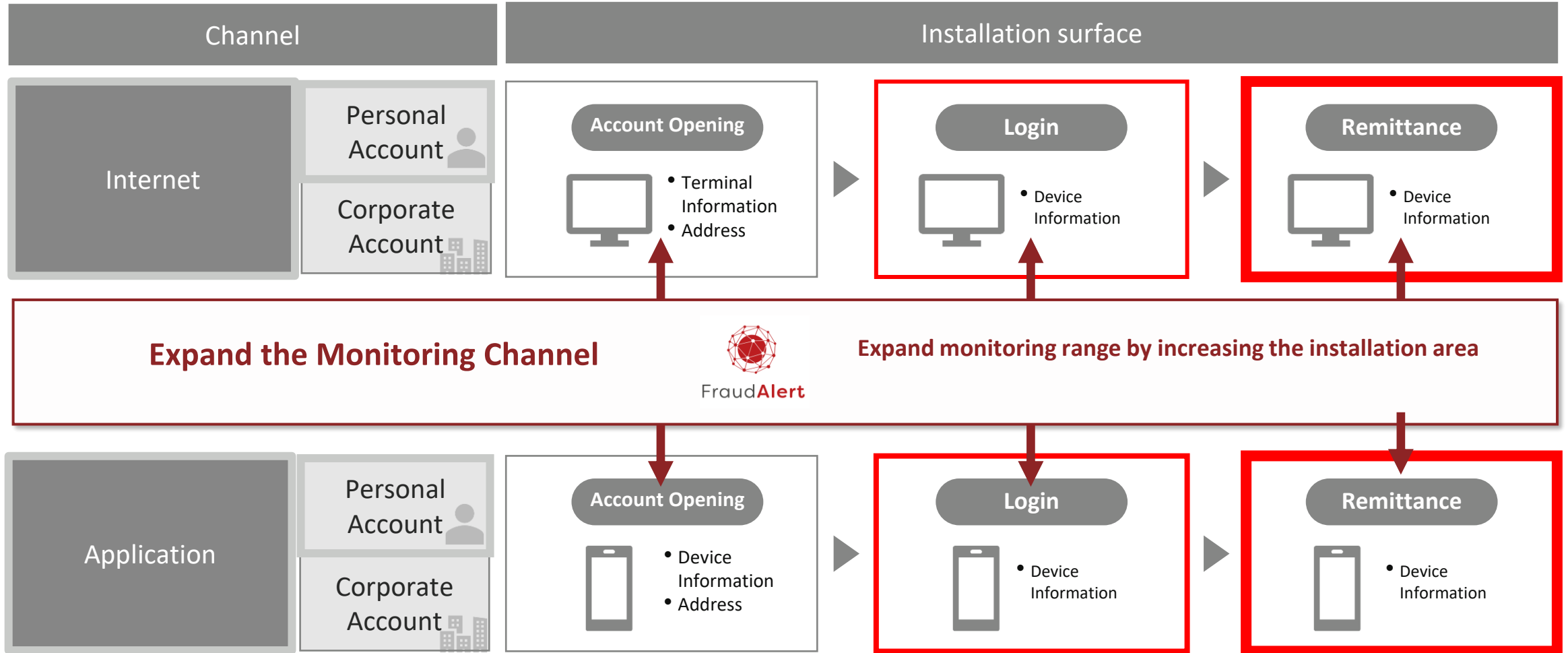
Operating profit: 95 million yen

Item	Topics	Issue
Revenue Growth Rate	● 27.6%成長	● Achievement of 36.0% Growth Target
Upsell	● Firm. Exceeding the planned amount somewhat. April 10 Companies Renewal	● -
Cross-selling	● Despite the expansion of two companies, it falls short of the plan	● Cross-departmental integration is required on the client side ✕Enhancement of Inclusion Capability
New	● 4 companies increase	● Measures for Churn Recovery
Transitory	● None	● -

Seek to expand business areas through new services such as electric power services and CLUE



Major Internet Bank: System construction for "money transfer" has been completed. Regional Bank: "Log in" via the application has been completed.
Secured orders for peripheral services that do not require system integration.



Fraud Alert: regional banks

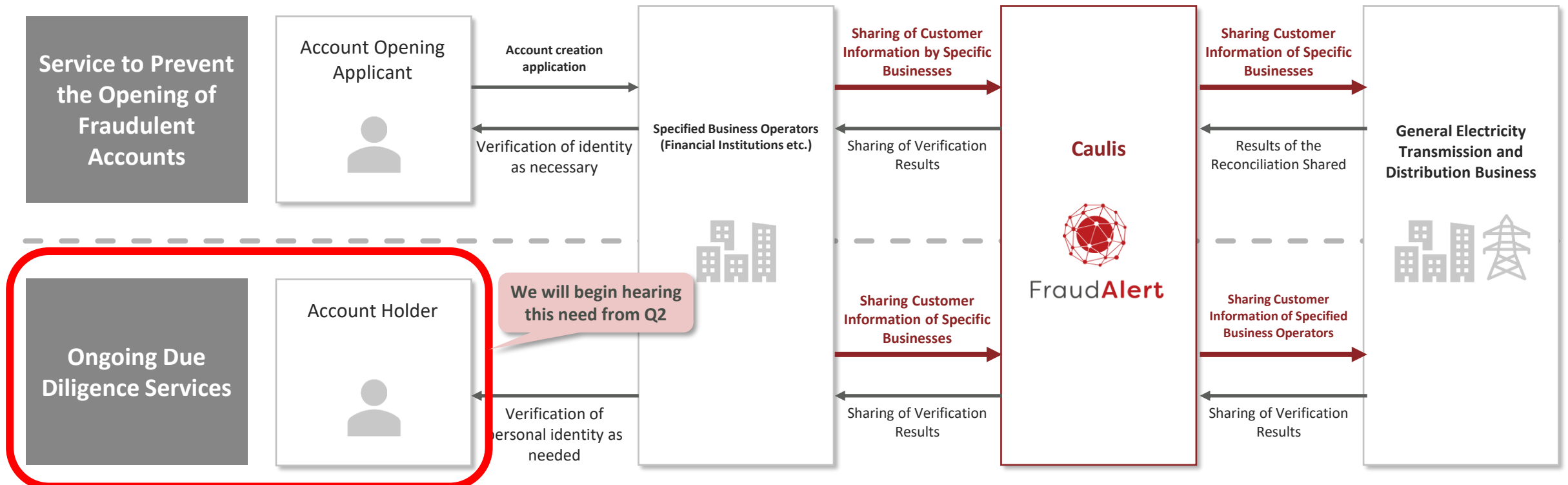
We have acquired two new regional banks, however, the speed of implementing monitoring measures is lagging behind expectations. Particularly, implementations involving multiple departments are requiring more time than anticipated for internal coordination.

"Preventive Service Against Fraudulent Account creation in Electric Services" and "Continuous Customer Management Service"

The Ministry of Economy, Trade and Industry published a response on their website on April 3 regarding "Services to Prevent Illicit Account Opening and for Continuous Customer Management". This has established the legality of utilizing the subscriber information possessed by public power companies in this service.

To curtail the inflow of funds, the information held by electric power suppliers is being put to use.
A service capable of preventing money laundering and accurately conducting transaction confirmations

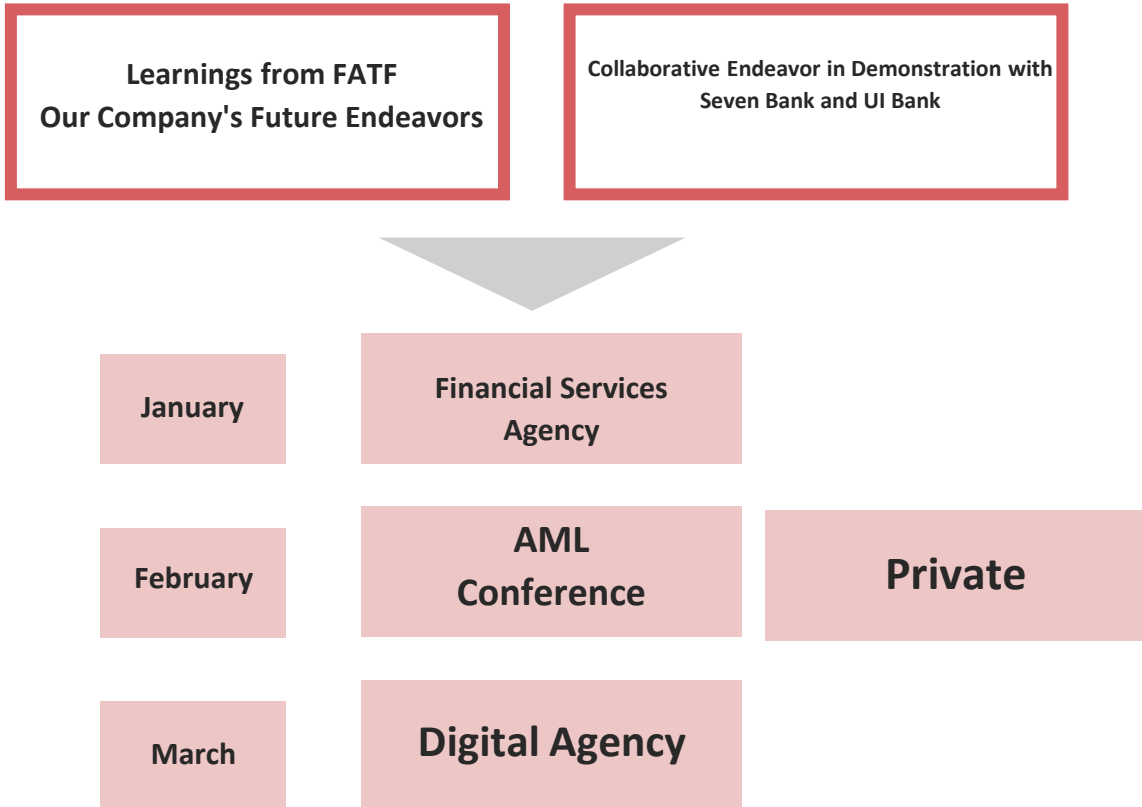
A service to prevent fraud by using vacant house addresses when opening a new account



A service that determines whether an end user constantly resides at the address, or has moved out, by correlating information from the general power distribution business and the end user's information.

The number of presentations in Q1 of 2024 is four times

By sharing Caulis's expertise and experience, we aim to broaden understanding of the importance of monitoring, build relationships with regulatory authorities, promote our company's recognition, and gain their trust.

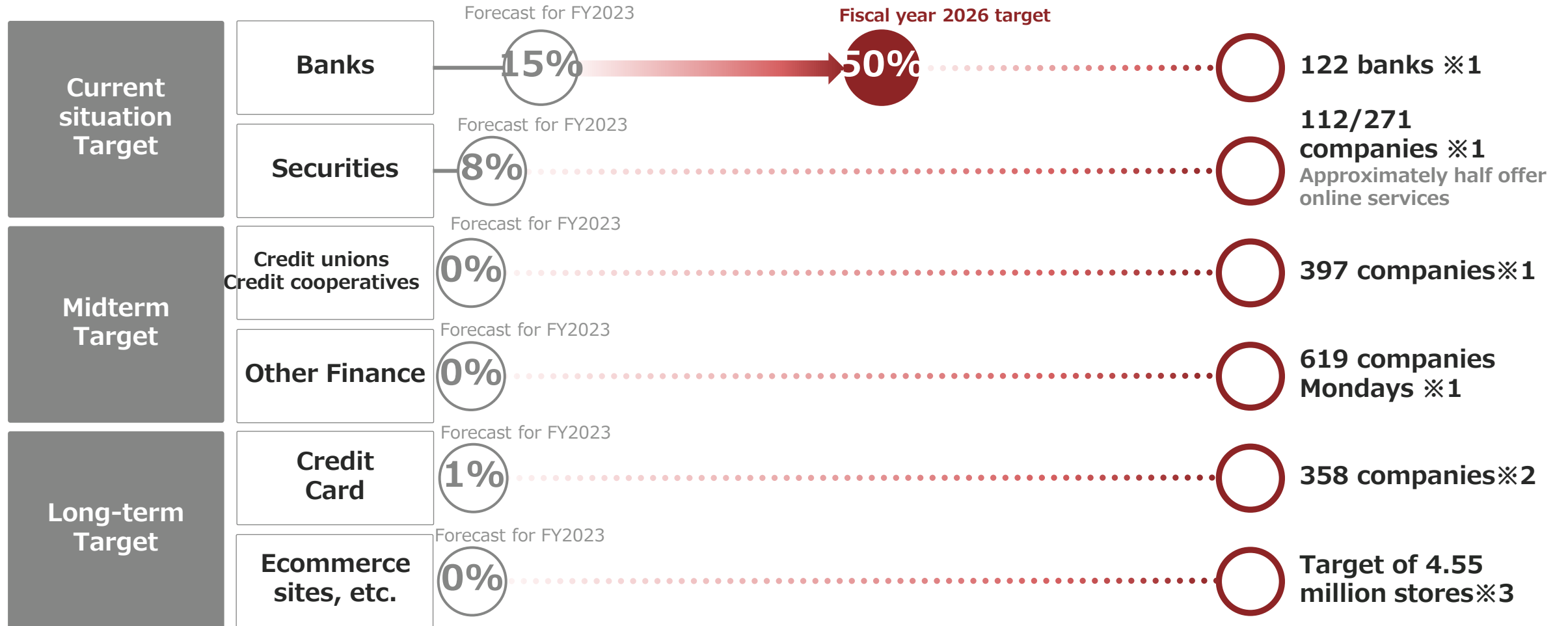


"Quoted from Goodway's '16th AML Conference 2024: Effectiveness of Responses Required After the AML Guideline Compliance Deadline.'<https://goodway.co.jp/fip/htdocs/jo3epzjzw-3636/>

4. Long-Term Growth Strategy

Long-term Growth Strategy | **Expansion of Fraud Alert's ARR through Expanded Sales to Financial Institutions**  CAULIS

Large upside even with just the existing client industry of financial institutions, aiming at new markets
It is necessary to establish a monitoring system by 2028, the year of the FATF's 5th review



*1 Cited from the number of financial institutions by Japan Financial News Agency, as of the end of January 2024, "Other Finance" is the sum of Labor Banks, Agricultural Cooperatives, Life Insurance, and Property Insurance, calculated by our company. <https://www.nikken.co.jp/link/number.html>

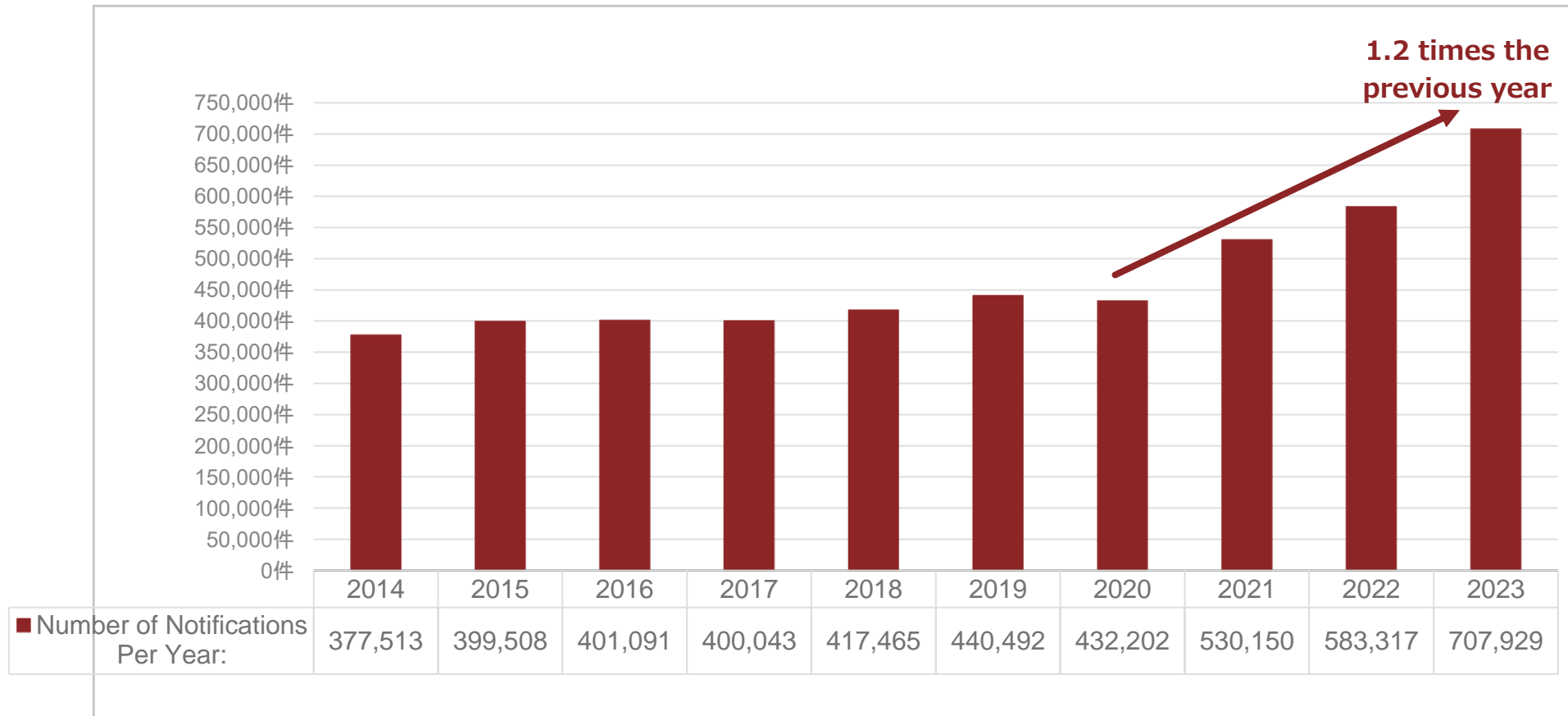
※2 Cited from Ministry of Economy, Trade and Industry's ("Overview of the Credit Card Industry as of December 2005"), <https://www.meti.go.jp/statistics/tyo/tokusabizi/result-2/h17/pdf/h17-t-04.pdf>

※3 Cited the article " [2023 Edition] Total Operable Stores on Domestic eCommerce Sites & Online Stores" from empowershop stocks, published on June 2, 2023. <https://ecclab.empowershop.co.jp/archives/80408>

The number of suspicious transactions reported exceeded 700,000 in 2023, surging sharply

Cases of money launde

The yearly number of reports of suspicious Transactions (2014 to 2023) increased to 1.2 times of the previous year



*Annual notifications refers to the number of notifications about suspicious transactions reported to the National Public Safety Commission/Police Agency by the competent administrative agency of the Specified Business Operator.
Source: Quoted from the National Police Agency "Annual Report on Prevention proceeds of crime Transfer from Crimes (Y5)", created by our company. April 2023

Changed direction of strengthening customer base Instigated by learnings from Gray Zone Resolutions

We have been focusing on acquiring local banks and improving market share through Fraud Alert. Still, the development of "money transfer" related services has brought out the potential to appeal our services to those megabanks that our company couldn't touch. If we can acquire new fraud data, a large amount of erroneous data will be provided to our company, increasing the value of Fraud Alert data as a whole.

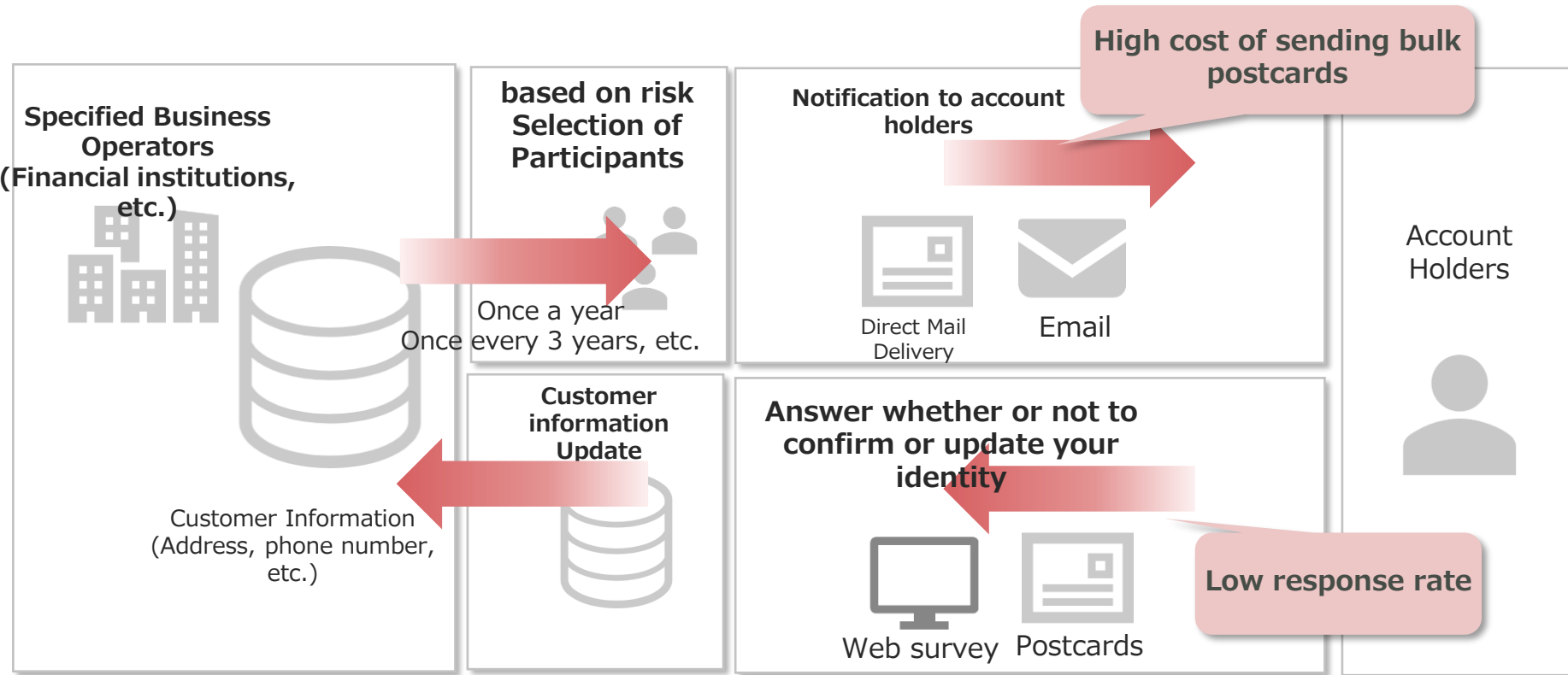
Interest in Ongoing due diligence services using electricity data

Following feedback on grey areas that have been addressed, promising activities reaped positive response with 24 confirmed appointments from companies, demonstrating confirmed interest from all banks. Presently, one service proof order has been received. By demonstrating these practices and fulfilling client needs with specified services, we strive to expeditiously hasten the phase of accelerating service offerings.

Amendment in modus operandi of Financial Crime demands Expansion of offerings

Unusual transactions that lever the account's cyclical transactions or clusters, along with transactions network analysis, help suspect accounts' deposit and withdrawal points-of-contact – analyzed & extracted. With this new product development, we will continue to enhance our lineup.

OnOngoing due diligence to update customer's information regularly, The setup has been requested to each financial institution under the Financial Services Agency guidelines

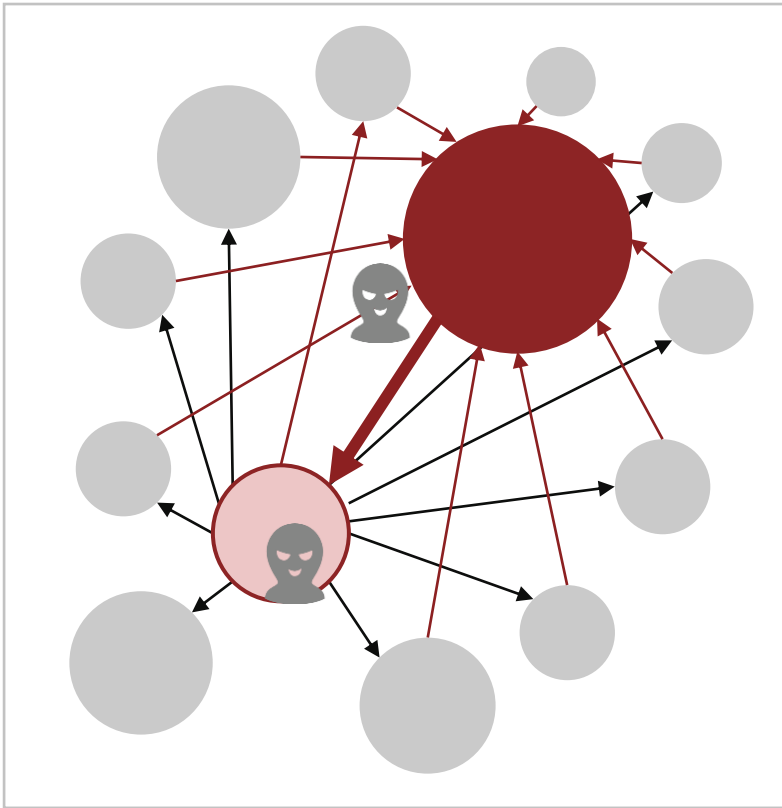


To regularly inquire customer information to the account holder, there are hefty fees such as mass production and shipping expenses of DM, Personal expenses for information management. Continual costs are necessary. Also, there's a lack of know-how to build a Ongoing due diligence flow, making it a high burden for financial institutions.

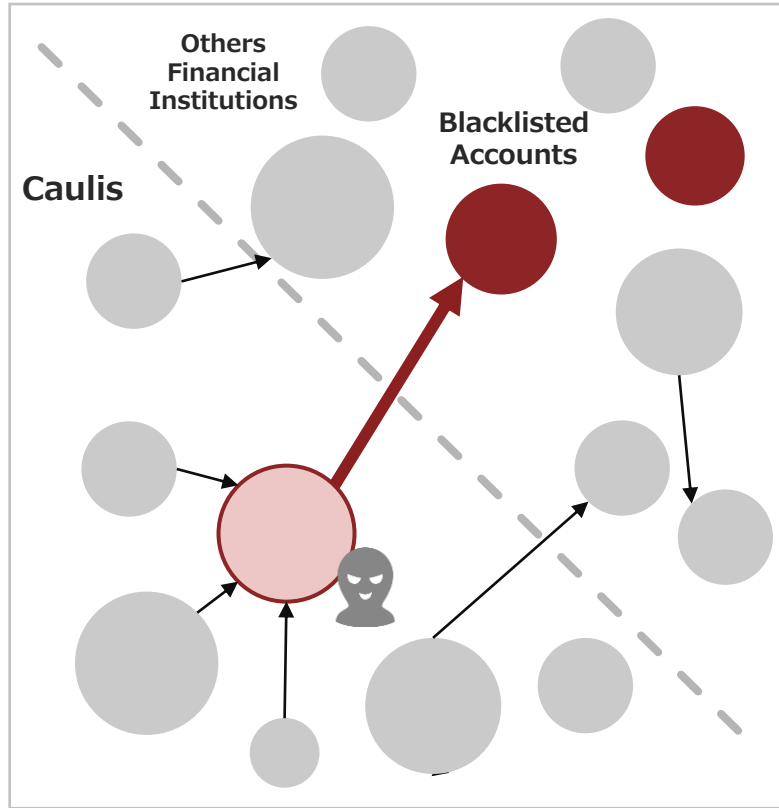
| Analysis of fraudulent accounts using transaction data

By utilizing a large amount of money flow data and third-party provisioned blacklist account information, analyze and identify fraudulent transactions and tunnel accounts being used for money laundering.

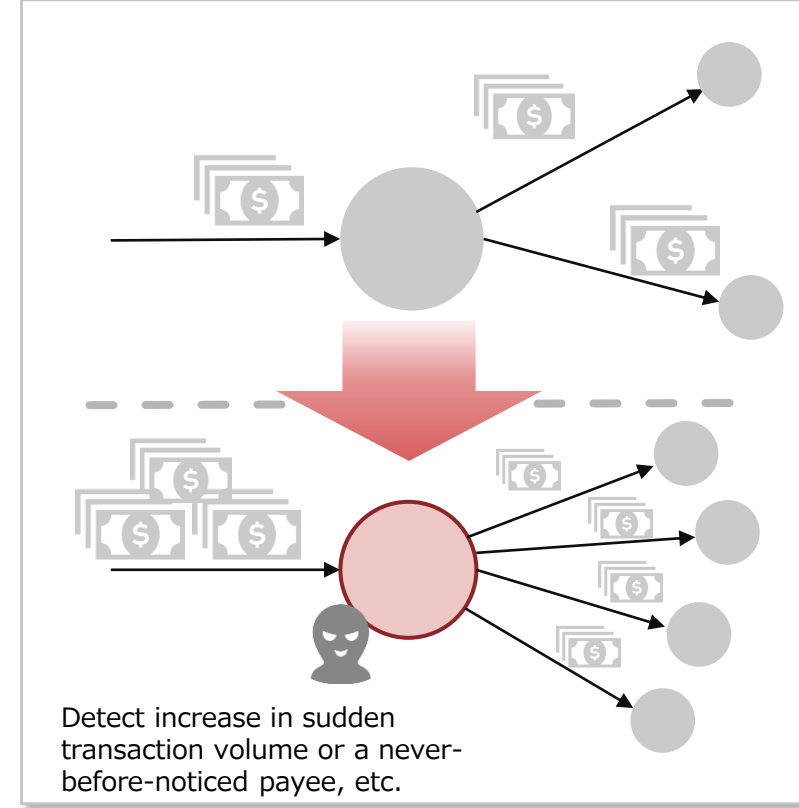
Analysis of transaction data through relationship graph study, **Analyze and extract accounts involved in suspicious transactions, such as round-trip trading account clusters. These accounts serve as hubs for deposits and withdrawals.**



Detecting suspicious company accounts attempting to remit to accounts recognized as blacklisted by other companies. Extracting pseudo accounts that straddle financial institutions.

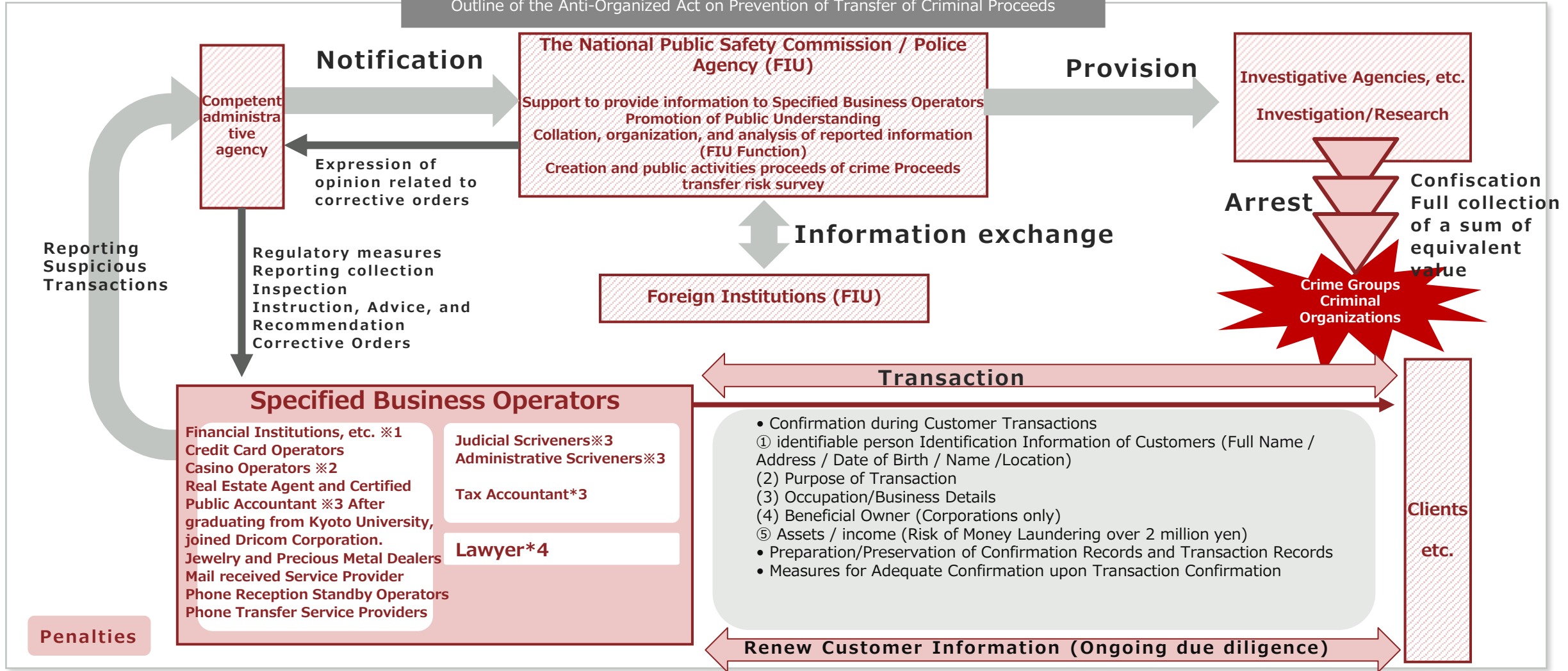


Detecting suspicious transactions or behaviors unusual from past patterns, highlighting resold accounts from individual account deposit and withdrawal patterns.



Strategic Change due to the Introduction of Gray Zone Resolutions System

Outline of the Anti-Organized Act on Prevention of Transfer of Criminal Proceeds



Note 1: Businesses, including financial institutions, involved in foreign exchange transactions are obliged to notify of information regarding customers and settlement counterparties, other than those mentioned above. What is meant by financial institutions, are banks, lending companies, Wage transferers, and so on.

Note 2: Cryptocurrency exchange operators and electronic payment service providers are obligated to notify other crypto asset exchange operators, etc. about customer and transfer counterparties at the time of crypto asset transfers.

Note 3: Measures for casinos operator to confirm transactions accurately are separately prescribed within the Instigated Complex Tourist Facility Area Development Act.

Note 4: Regarding transaction confirmation by judicial scriveners, administrative scriveners, certified public accountants, and tax accountants, only item ① is confirmed.

*4 Legal measures equivalent to transaction verification, creation and preservation of confirmation records, transaction records, etc., meeting about measures for transaction confirmation will be in accordance with Act on Prevention of Transfer of Criminal Proceeds par with judicial scriveners. Attachment according to the Japan Bar Association rules.

Source: Quoted from the National Police Agency's "Annual Report on Prevention of Transfer proceeds of crime (Reiwa 5 Year)" document, our company production. April 2023

Long-term Growth Strategy | **Efforts to Prevent Money Laundering by a Collaboration of Government Agencies and Private Sectors** 

Promote "Public Private Partnership" instigated by FATF. Using strengths to solve issues through mutual cooperation

- 【Problem Identification】
- Balancing Privacy and Security
 - Compliance to International Standards
 - Identification of issues for realizing an organic system

- 【Strengths】
- Trust and Credit
 - infrastructure Development
 - To Financial Institutions
 - Instructions to

**Financial Services Agency/
National Police Agency,
etc.
(Government)**

Public-Private Partnership

**Caulis
(Private sector)**

- Financial Institutions
- Ownership of Misuse Information Holding of
 - Fraud Methods Information Collection
 - Commercialization
 - Speed

Legal preparation, implementing guidelines, etc. have been executed

lecturing at the Financial Services Agency, etc.

- 【Benefits】
- Prevention of misuse
 - Measures against Money Laundering
 - Ongoing due diligence

Financial Institutions, etc./ End Users

Protect Japan's assets!

5. Company Overview

Basic Information

Company Name	Caulis Inc.
Location	Address: 1-6-1 Otemachi, Chiyoda-ku, Tokyo, Otemachi Building 4F
Establishment	Date of Establishment: December 4, 2015
Representative	CEO - Atsuyoshi Shimazu
Capital stock	Capital: 322.44 million yen (as of March 2024)
Number of employees	Number of Employees: 43 (excluding contract workers and part-time workers, as of March 2024)
Business Description	Development and provision of Fraud Alert, a SaaS-based fraud detection service for corporations
Board of Directors	Director: Hironori Zoda (Certified Public Accountant) Director Nobukazu Matake Director (External) Hiroshi Ito Full-time Audit & Supervisory Board Member (External) Kazuyoshi Sawada Audit & Supervisory Board Member (External) Yoko Komano (Certified Public Accountant, Certified Tax Accountant) Audit & Supervisory Board Member (External) Eiki Takahashi (Lawyer)



CEO
Atsuyoshi Shimazu

After graduating from Kyoto University, joined Stocks Company Dricom. Experienced the company's IPO as a Sales Representative. In 2010, he established the corporate sales department at Rosetta Stone Japan and joined Capy in 2014. As a head of the division, he proposed a solution for unauthorized login to leading companies. Established Caulis Inc. in December 2015.

Received numerous recognitions from financial institutions

YEAR	Awards and Media Publications (Excerpts)
2017	Ministry of Economy, Trade and Industry (METI) Presentation at Next Innovator 2016 Achievement Report Meeting (February)
2018	Winning the Toyota Automobile "TOYOTA NEXT project" (August) Selected as a "J-Startup Company" by Ministry of Economy, Trade and Industry (June)
2019	"Mizuho Innovation Award" recognition from Mizuho bank (February) "Heavy regulatory sandbox system" utilisation and certification for conducting business trials with the electrical company (March)
2020	2018 Time when it won the Best Award at the "MUFG Business Supprt Program Rise Up Festa" (April)
2021	2019 Won the "JFIA 2020 Excellent Award in the Collaboration Category" (March) 2020 Achieved an Encouragement Award in the Patent Agency's name commonly referenced as "IP BASE AWARD" (March) 2021 Taiwan's "TRC2020" award (March)



Director
Nobukazu Matake

Obtained a master's degree in engineering from Doshisha University Graduate School and then joined Dricom Corporation in 2006. Then commenced his corporate life by joining the stock company Dr.Inc, in 2006, followed by Serego Japan and Cyber Agent America, engaged as the API developer.

Joined GREE Co. Ltd in 2013.

After a stint at Greystocks Company, he currently serves as the Executive Director at the OpenID Foundation Japan performing consulting in the field of ID and security for large companies as a representative and board of directors at YAuth.jp.



Director
Hironori Zoda

At Deloitte Touche Tohmatsu auditing firm, he was in charge of accounting audits and public guidance for companies preparing for listing.

Joined Drecom in 2005. After serving as General Manager of the Business Administration Department, he became a director. One and a half years after joining the company, the company was listed on the Tokyo Stock Exchange Mothers Market.

Contributed to Nobot Co., Ltd. from its inception and led as the director and CFO towards exit. She has been offering support to many start-ups as CFO/individual Investment to.



External Director
Hiroshi Ito

In 1980, entered the Ground Self-Defense Force. He held the top office in commands of technology and incurred handling of information and countless systems till bowing out displacement in 2007.

Chief Researcher of Stocks Symantec Institute, Executive Director of Stocks Rack and Director of National Security Research Institute, Cybersecurity and Informatization Advisory Officer in the Ministry of Economy, Trade, and Industry, and Chief Technology Officer from Fire-Eye Stocks.

Appointed as an External Director of our company since August 2021.



Executive Auditor
Kazuyoshi Sawada

After completing Graduate School at Hokkaido University, she joined International Telegraph and Telephone Stocks at the time.

In 2000, KDDI was launched as a result of a corporate merger. After serving in roles such as department manager and headquarters manager, I took up the position of Director General of the Kyushu Regional Headquarters in 2012.

From 2016 to 2018, I was the full-time auditor at the Stocks WebMoney company. Yoko Komano - Director and Certified Public Accountant at Total



Audit & Supervisory Board Member, Certified Public Accountant
Yoko Komano

After graduating from Tokyo University, she joined NTT Stocks Following success in the 2006 Certified Public Accountant examination, while serving as an instructor for the Certified Public Accountant's course at TAC Corporation, engaged in duties such as auditing of listed organizations and Initial Public Offering consulting services at an auditing firm.

Registered as a certified public accountant in 2010. In 2015, registered as a tax accountant.

From April 2020, appointed as our auditor.



Corporate Auditor - Attorney
Eiki Takahashi

After graduating from Kyoto University Law School, was registered as a lawyer in 2011 and joined Chuo General Law Firm.

Since 2016, she has held a position in the Financial Services Agency, securing against anti-social forces and implementing measures to uphold AML/CFT, personal information protection, Other cross-business areas.

In 2018, held positions such as supervisor of Cryptocurrency Monitoring team, finance and securities inspection officer at the administration division of inspection bureau (mostly handled AML/CTF). Became a partner in 2020. Certified Fraud Examiner.

Why is Anti-Money Laundering (AML) necessary now?

With various activities going online, crime has become digitized and fraud is on the rise.

"He digitization of remittance"

Smartphones have become widespread among nearly all citizens. With the majority of the population now using smartphones, due to the Covid-19 impact, online fund transfers have become the norm.

"He online processing of payments"

In addition to the increase in the e-commerce ratio, payments at real stores are also online, such as 2D code and credit card payments.

Increasing online fraud

There is an increase in fraudulent use due to phishing. Credit card frauds in 2022 totaled to 437 billion yen.

Illicit fund transfers, and bank account reselling for the purpose of money laundering is increasing

(Source: Ministry of Economy, Trade, and Industry' Protect Yourself from Credit Card Fraud and Debt' as of April 2022)

Due to lack of monitoring and financial crime countermeasures, Japan's AML is a priority follow-up in the 2021 FATF review results



By the '5th review' in 2028*1, the AML market size is predicted to expand with Anti-Money Laundering market around 11-28 trillion yen, while market size for measures against Money Laundering is estimated to be about 2 trillion yen *3.

It is estimated that the money-laundering prevention market is at 2 trillion yen against the 11 - 28 trillion yen fund-cleaning market*2.

FATF

The Financial Action Task Force is an international body based in Paris that sets standards and promotes measures to combat money laundering and financing for terrorism, recommending KYC (Know Your Customer) compliance.

It reviews the efforts of its 39-member countries mutually.

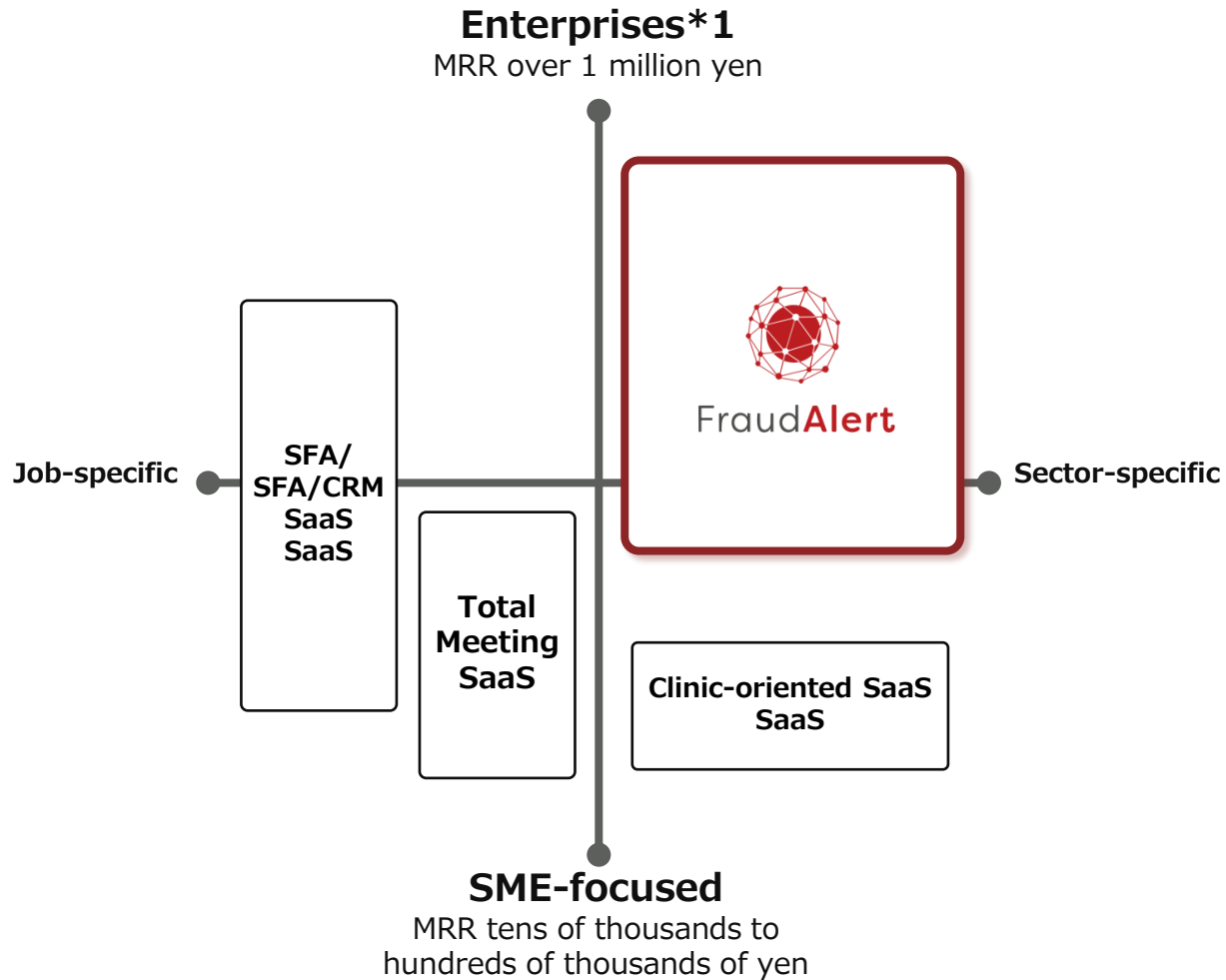
The inadequacies pointed out in Japan's review are: Insufficient transaction monitoring and insufficient update of customer information after account creation.

*1 Source: FATF Global Evaluation Calendar (<https://www.fatf-gafi.org/en/calendars/assessments.html>) Confirmed on 4th February 2024. *2 It is estimated that the total amount of Money laundering worldwide is about 2-5% of world GDP (United Nations Office on Drugs and Crime) as recommended.

*2 "Worldwide money laundering totals about 2-5% of total world GDP" according to an estimate by the United Nations Office on Drugs and Crime (UNODC). We estimate 2%~5% of the Japan's FY2022 (April 2022 ~ March 2023) GDP of approximately 566 trillion yen (Source: Cabinet Office, announced on February 15, 2024).

*3 References: LexisNexis "True Cost of Financial Crime Compliance" report (<https://risk.lexisnexis.co.jp/insights-resources/research/true-cost-of-financial-crime-compliance-study-apac>), confirmed on February 4, 2024, 2022 edition.

Sector-specific SaaS targeting enterprises and specialized in financial services.



Two characteristics of our SaaS

01 Financial services sector-specific

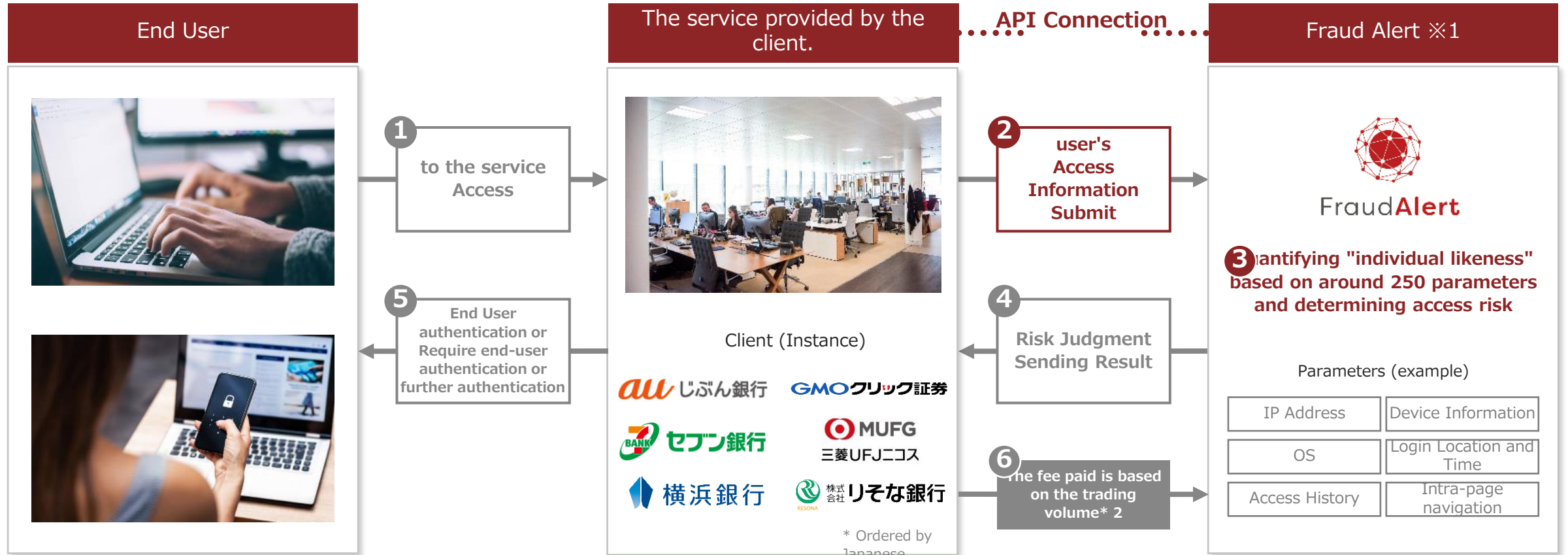
- Compliance management, system, retail departments utilize it leading to fewer cancellations.
- A business that shares fraud prevention knowledge and an unlawful users database, encouraging network externalities within the industry and customer initiation. Role specific pains and regulatory understanding required creates an extremely high barrier to entry.

02 Enterprise-focused, end-user Fraud Alert *1

- Stable revenues can be expected, with high unit price and low churn.
- A lean operating model with less need for customer success personnel and advertising costs.
- Extremely likely to monopolize the market, therefore, strong price negotiating power.

Disclaimer1: "Enterprise" refers of the top 10 in terms of funds size among 5 city banks, 16 Other banks (Internet banks) and 62 regional banks out of which referring to the banks and listed corporations with 8 million million yen or more in funds.
Disclaimer2: The content depicted as our competitors' positioning is based on disclosure information of competitors chosen at our discretion.

Through constantly monitoring the Device Information linked to the end user's account, Analyzing fraudulent activities and sharing amongst customers

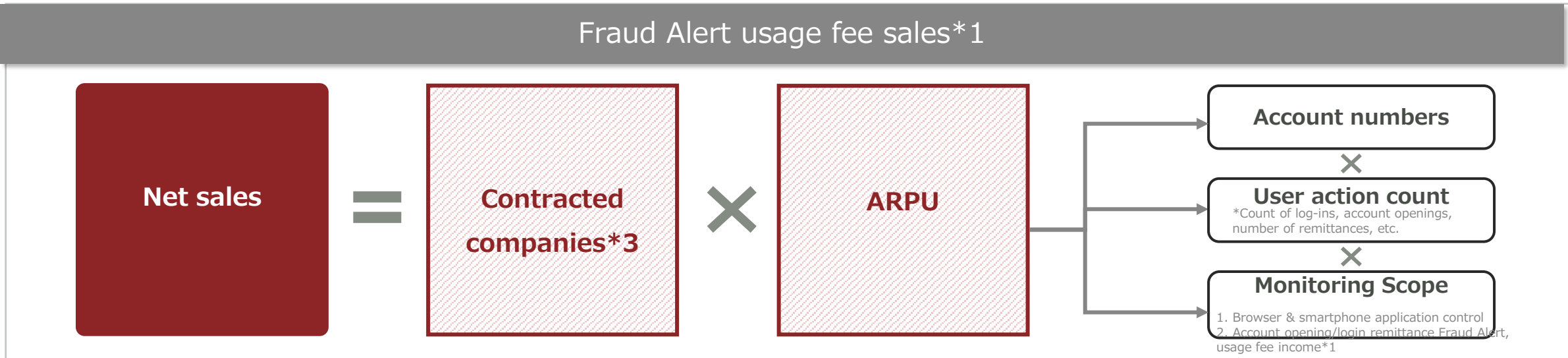


Explanation: Fraud Alert refers to a service wherein analysis data is obtained by embedding a few rows of JavaScript code in the code of websites for various services like Internet banking, and behaviors like additional authentication and email notifications after login are customized based on the analytical data from the Fraud Alert server.

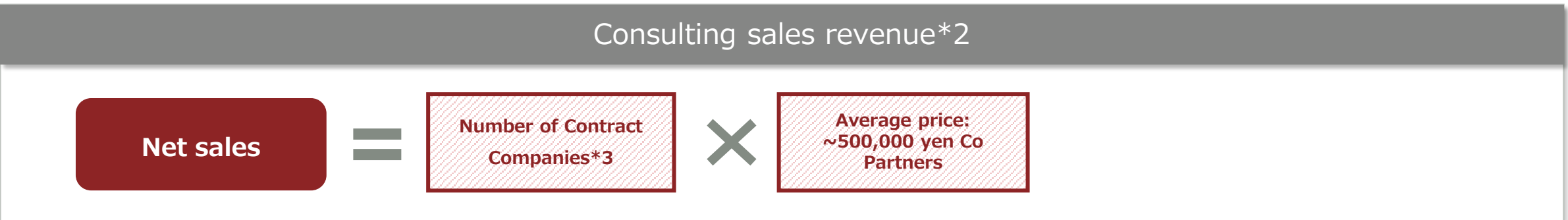
*2. The contract amount is determined based on the number of user impressions (total access counts) and the number of unique users.

Major revenues are composed of Fraud Alert usage fees and consulting sales

Fraud Alert usage fee sales*1



Consulting sales revenue*2

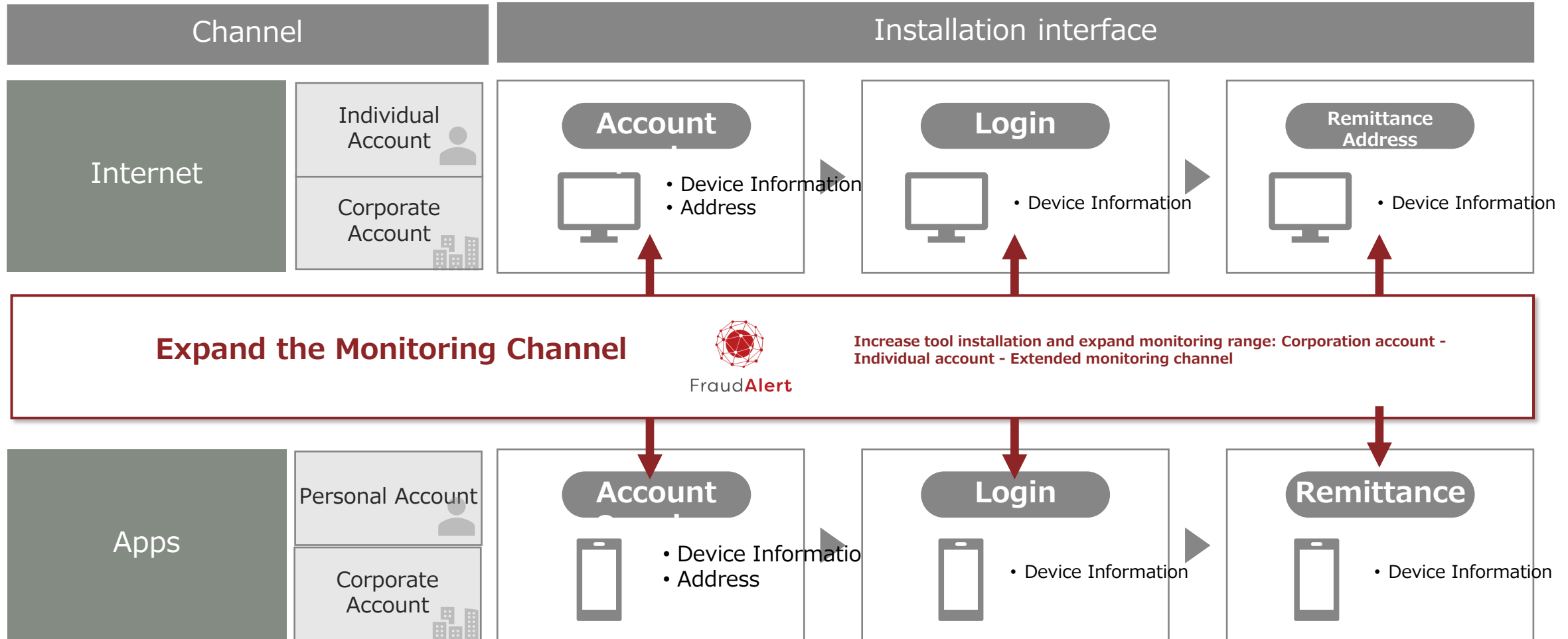


*1 Fraud Alert fee: This form of revenue refers to the monthly fixed sum paid by customers to use Fraud Alert, based on their contract. This fee does not include provisional fees such as the cost of initial setting or utilization as a prove of concept. Churn rate is 0.21% (as of FY22/12).
 *2 Consulting revenue is composed of the flat rate fees paid by customers based on contracts for consulting services, which include standard support to fully utilize Fraud Alert, case studies from other companies, rule improvements, etc.
 *3 The number of contract companies, counts the number of companies that have contracts with Fraud Alert, excluding those on trial.

Company Overview | **Fraud Alert's ARPU Expansion Potential**

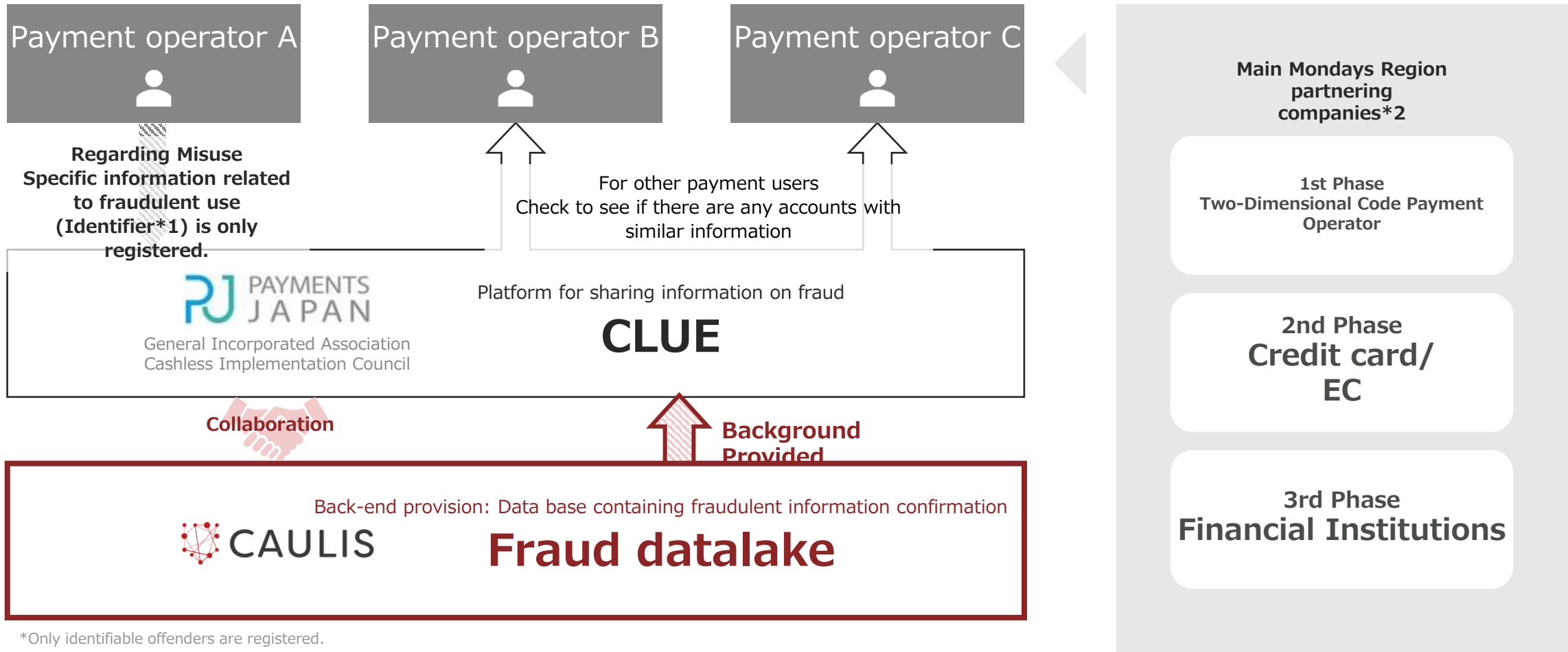


Uses per client channel by financial institutions etc.: Maximum 12 interfaces
 It is possible to expand our service offering across areas like account opening, login and remittance.



Building a platform for sharing "personal information" of fraudulent users with the Council for the Promotion of Cashless Transactions.

16 Sharing fraudulent use notifies non-financial institutions and expands into the market.



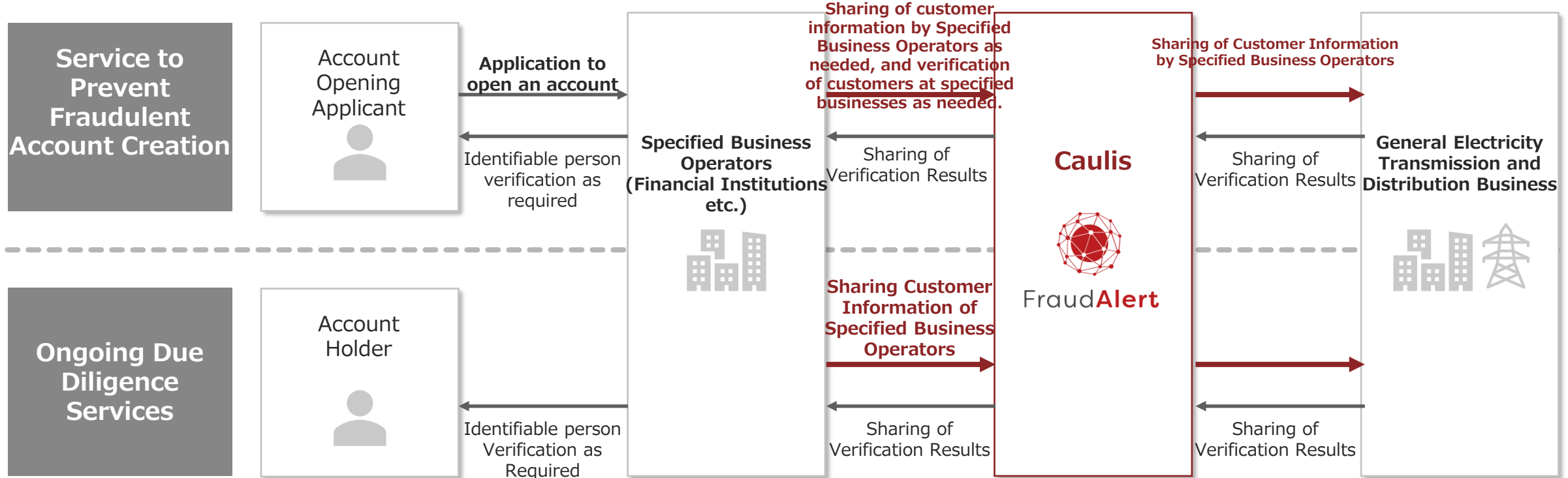
*Only identifiable offenders are registered.

*2 Currently, information about fraudulent users is shared on a per-industry basis, but we are planning to transition to a system that will share fraudster information across industries in different phases.

In order to stop the flow of funds, we offer services that use information held by electrical supply operators to prevent money laundering and to accurately perform checks during transactions.

A service capable of preventing money laundering and accurately conducting transaction confirmations

When creating a new account, a service to prevent misuse of vacant properties' addresses (financial institutions, etc.)



A service that refers to data from the electric utility operators along with end-user information, to determine the constant residency or changed address status.

6. Competitive Advantage

1

Early Entry into AML Market gives an advantage as a pioneer

Successful Customer Acquisition from leading companies that have begun to utilize Cloud and API Utilizations

2

Data-Driven Business

Expansion of business using our own data through third-party provision, but not outsourcing, to utilize AI

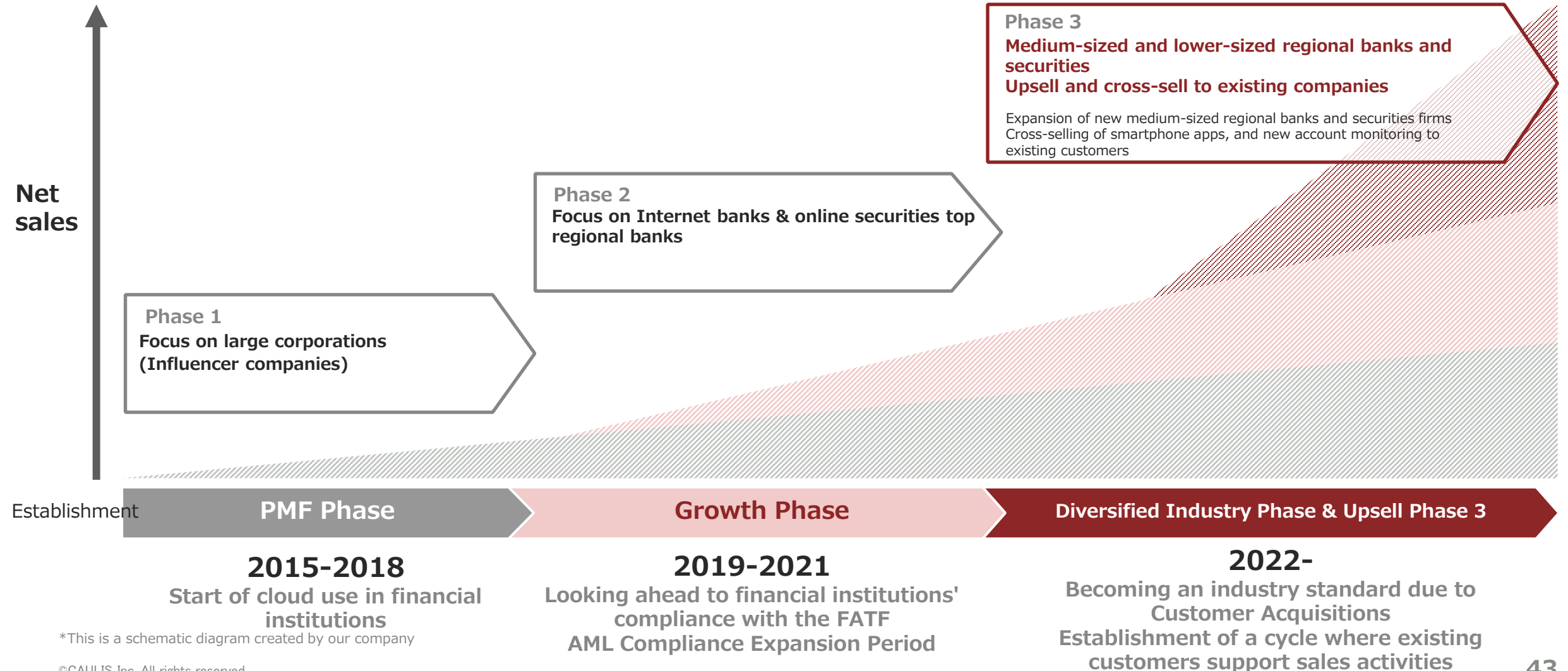
3

Service development based on government collaboration

New service development through sandbox Fraud Prevention, and fraud provision information

① Advantages due to an Early Entry into AML Market

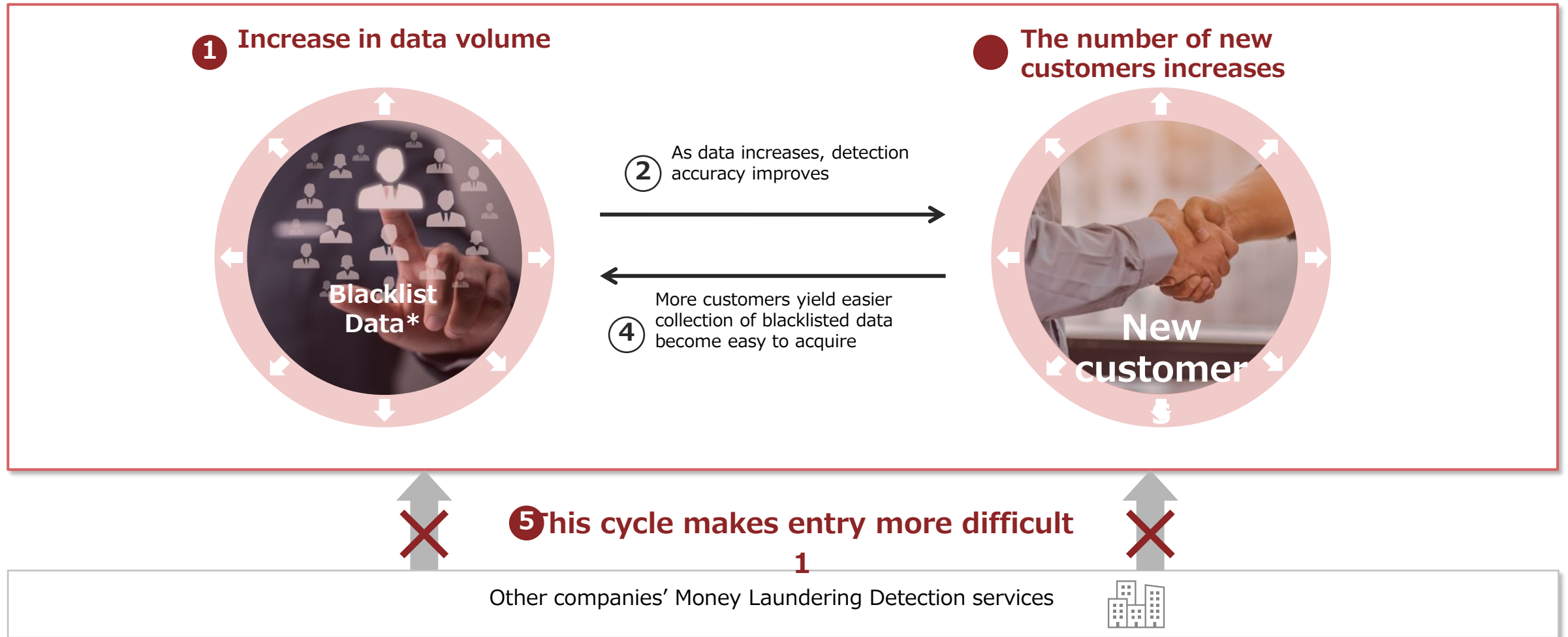
Market Share Expansion by obtaining customers from leading financial institutions such as mega banks



*This is a schematic diagram created by our company

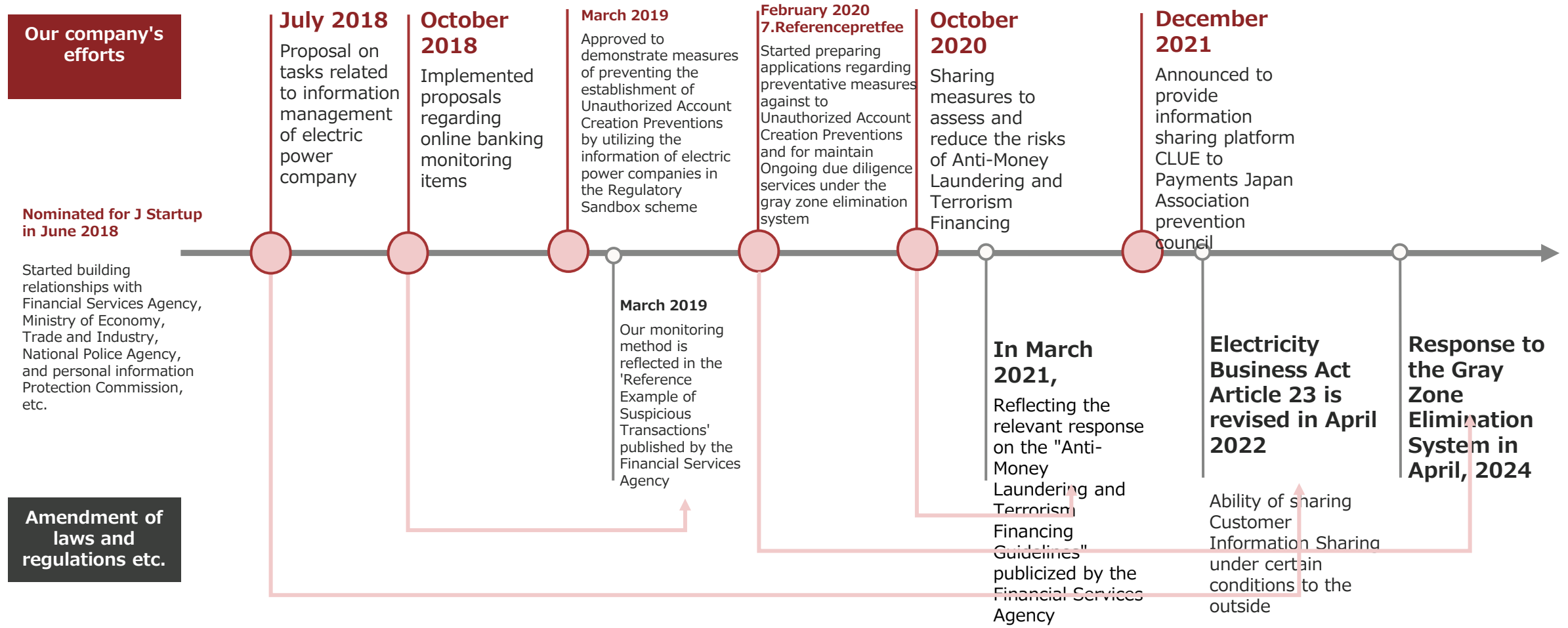
Increase in data volume → Improvement in detection precision → Acquiring new customers accelerates, the network externality functions 32

In contrast to on-premises and outsourced businesses, power in data utilization is vested with Caulis



*The general term for fraudulent users registered in Fraud Alert database

Utilize government measures and promote the development of anti-money laundering services



② Increased ARR of Fraud Alert due to selling to financial institutions

The implementation period is shortened due to increased regulations and the network externality effects from the introduction by major financial institutions, reflecting the countermeasures against money laundering and terror financing on the guidelines published by the Financial Services Agency.

Two factors underpin the shortened duration

01 Increasing social demand requiring prompt response

Increased Online Financial Crime

Not just in Japan, globally
Increase in online crimes

▶

FATF Statement

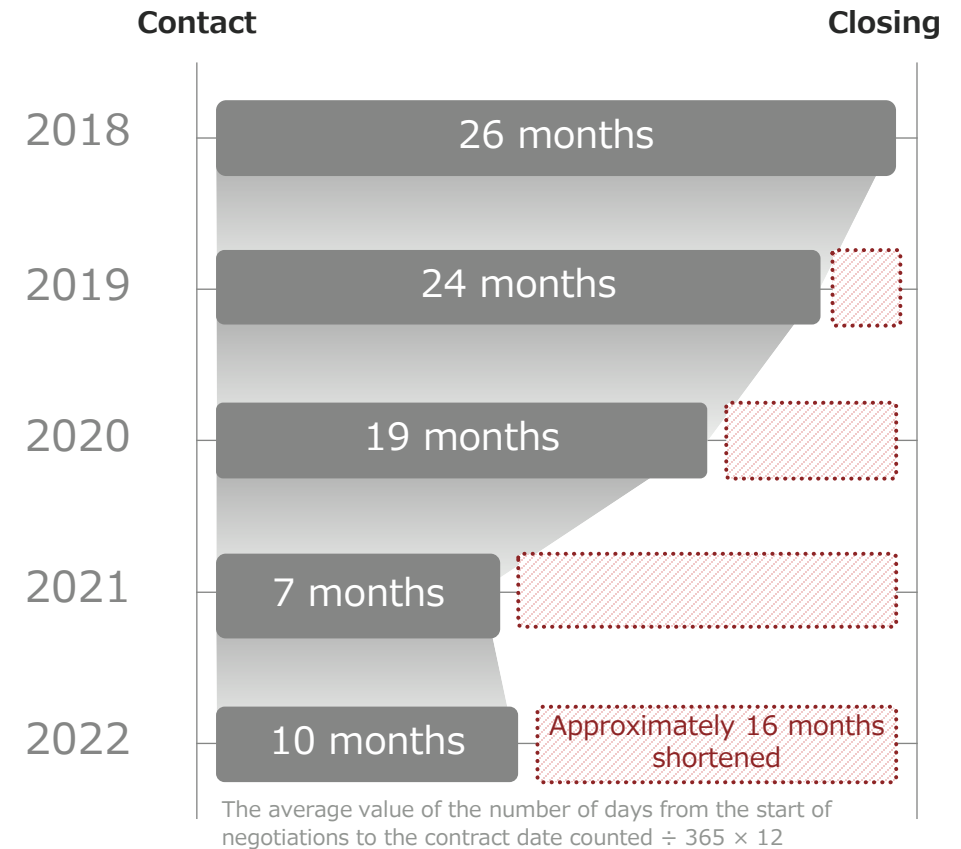
Risks of money laundering/
Terrorism Financing
Announce high risk countries,
drawing attention

02 Network Externality effect due to installation by financial giant

Major financial institutions adoption
Institution introduced

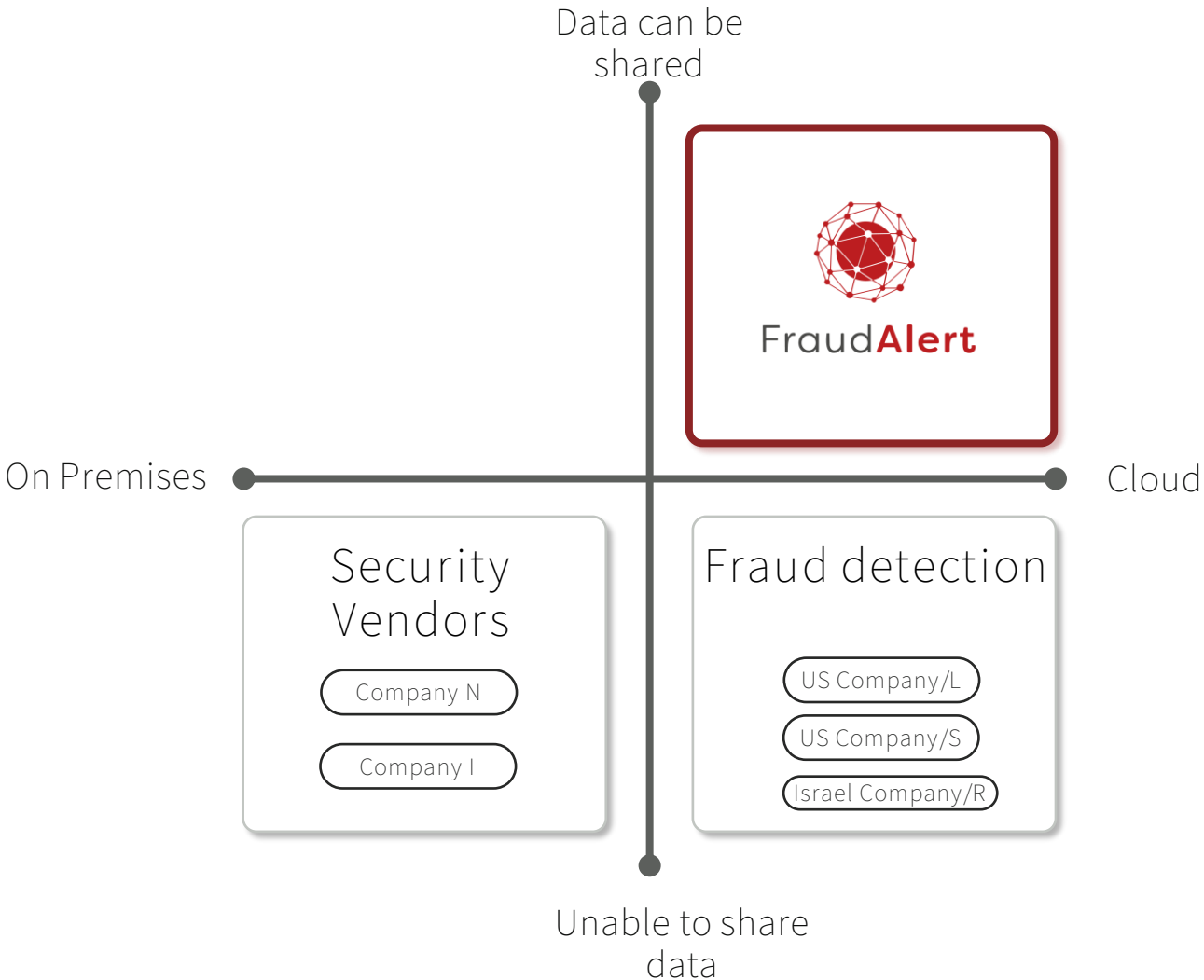
Expansion to other financial institutions

Managed to shorten the Phase of Introduction to approximately 16 months in 5 years



7. Reference Materials

The competitive environment is broadly classified into on-premises and cloud based



Three differentiating factors

01 vs On-Premises Players

- Installation expense is expensive
- Takes schedule to set up
- Implemented for sale with no support
- No information sharing with other companies

02 vs Overseas Cloud Players

- The introduction expense is high
- It takes time to schedule the implementation
- There is no implementation support for outright sale
- Non-compliance with Japanese guidelines (Financial Services Agency / Japan Securities Industry)

03 vs New Players

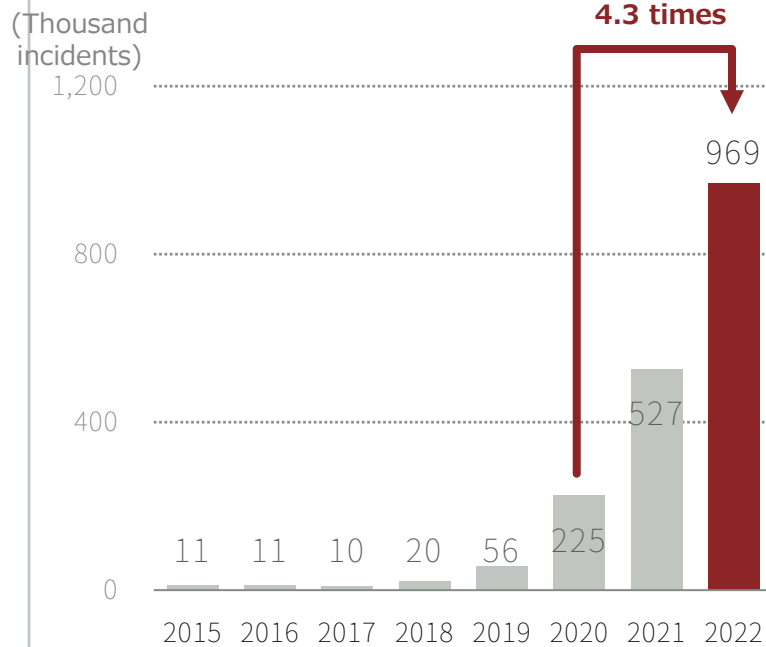
- Development of new services through relations with the government
- Protection of business ideas through intellectual property
- Acquisition of the financial industry shares and the data volume become the barrier

Appendix | Rapid increase of fraud due to an increase in cashless and online

An increase in sophisticated phishing scams, and the amount of damage from credit card fraud increases to 43.7 billion yen. The illicit fund transfer loss of financial institutions in 2023 is estimated to be about 8.01 billion yen. The number of occurrences in 2023 is approximately 4.5 times that of 2022.

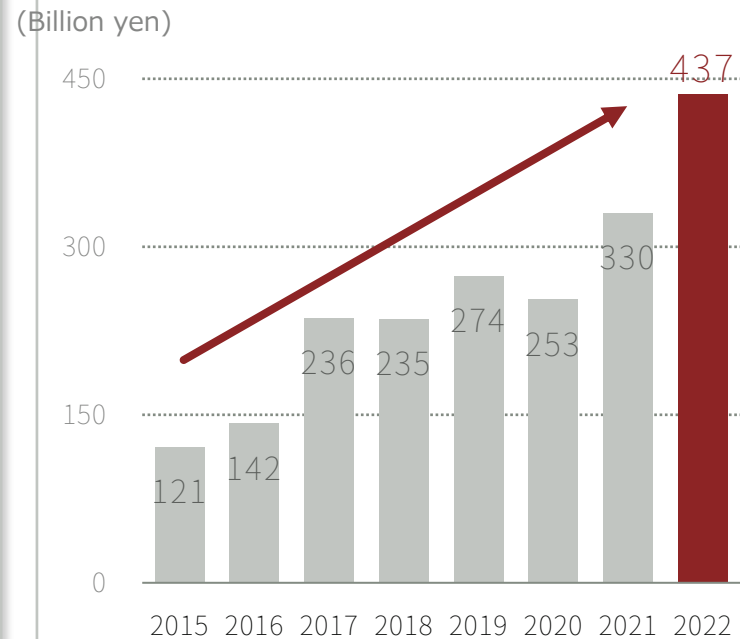
Number of phishing reports

The report of incidents increased by 4.3 times in two years



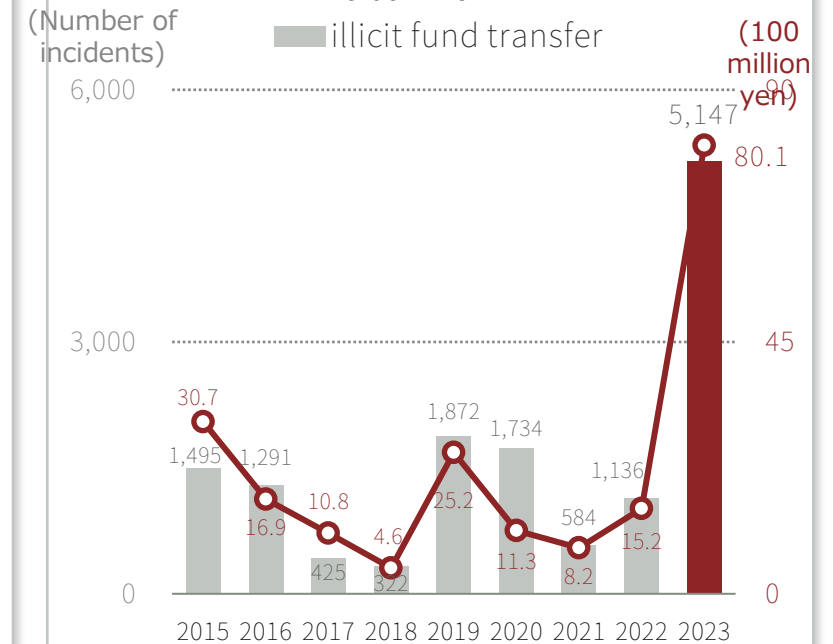
Credit card fraud damage amount

The damage amount due to unauthorized usage is on an increasing trend



damage caused by illicit fund transfers by financial institutions

The fraudulent damage amounts to approximately 80.1 billion yen
The incidence of illicit fund transfers is about 4.5 times that in 2022.



Source: Monthly report of the Phishing Countermeasure Council.
Reference Note 7: The introduction cost is high, this information was compiled by our company using material as of the end of December 2022, and will be announced in January 2023.
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Source: Japan Credit Association "Credit Card Issuance Unauthorized Use Damage Actual Conditions Survey".
The "Reality Survey" was compiled by our company using material as of the end of December 2022, and will be announced in September 2023.

Sources: National Police Agency, Financial Services Agency: "About the sharp increase in illicit fund transfers due to so on phishing"; According to our investigations, with an interviewing trend report; materials compiled as of the end of December 2023, publicized on January 24, 2024.

Appendix | Financial highlights



		FY2023/12 Q1	FY2023/12 Q2	FY2023/12 Q3	FY2023/12 Q4	FY2024/12, Q1
Net sales	(Million yen)	221	240	248	284	282
YoY Increase Rate	(%)	40.9%	49.7%	23.2%	13.9%	27.6%
Gross profit	(million yen)	141	143	144	183	180 (%)
YoY Increase rate	(%)	38.0%	40.2%	7.4%	17.9%	27.0
Gross Profit Ratio of Sales	(%)	64.2%	59.7%	58.2%	64.3%	63.9%
Operating profit	(million yen)	67	59	66	102	95
YoY Increase Rate	(%)	80.7%	62.4%	15.1%	19.0%	42.7%
Net sales operating profit rate	(%)	30.4%	24.8%	26.8%	36.0%	34.0
Ordinary income	(million yen)	67	58	65	101	71
YoY Increase Rate	(%)	65.0%	63.7%	15.1%	18.5%	5.5% (%)
Annual Net sales Ordinary income Rate	(%)	30.5%	24.5%	26.5%	35.7%	25.2%
Net income for the current term	(million yen)	42	4142	42	132	45
YoY Increase Rate	(%)	4.5%	16.9%	△25.2%	14.5%	6.3%
Annual Net sales Income Margin	(%)	19.3%	17.5%	17.2%	46.7%	16.1%
Number of Employees	(person)	32	39	42	43	43

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