

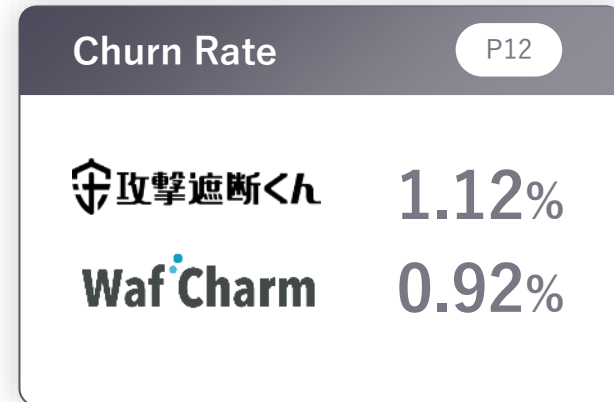
# Financial Materials for FY2022 2Q

**Cyber Security Cloud, Inc.**

Growth Market of TSE: 4493

August 12, 2022

# Executive Summary



\* From the second quarter of FY2022, we have been posting non-consolidated results. Year-on-year comparisons are not written, because of the difference between the consolidated and non-consolidated results.

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# I Overview of the Financial Results and Earnings Forecasts



# Overview of Results

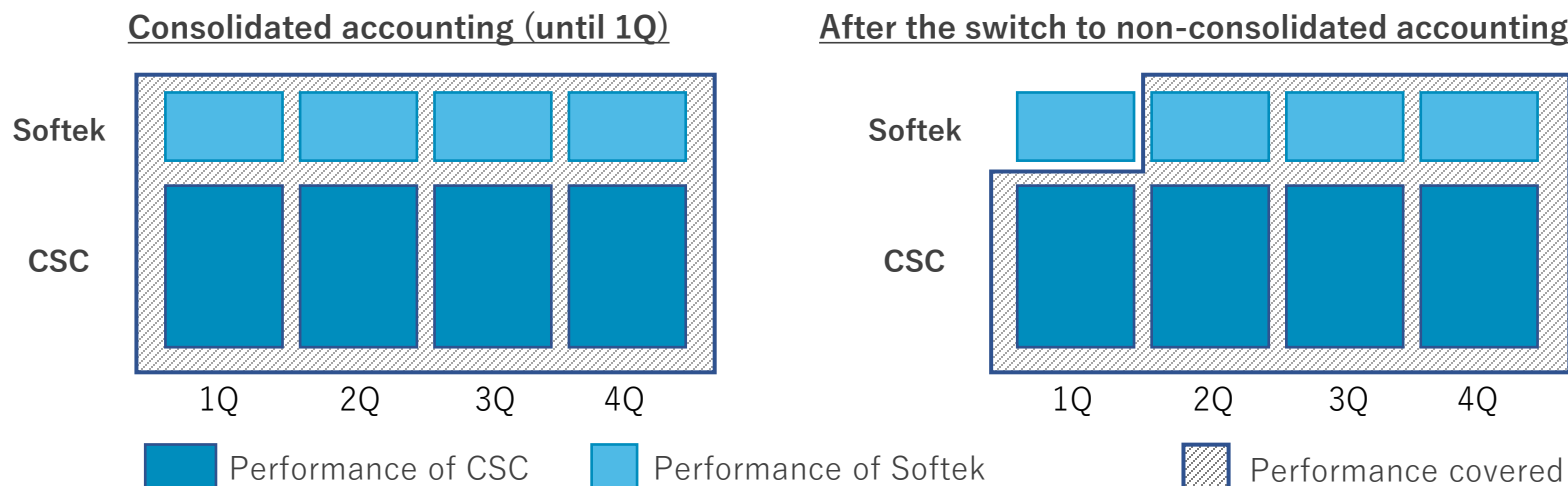
- Through the switch to non-consolidated accounting after the absorption merger, we posted a gain on extinguishment of tie-in shares of 21 million yen as extraordinary income. We started posting the performance of Softek in non-consolidated statements in 2Q.
- Operating income declined as we allocated temporary expenses due to the relocation of our office.

(million yen)	A Cumulative 2Q of FY2021 (consolidated)	Cumulative 2Q of FY2022 (Non-consolidated)	B 【For reference】 Results in the case where consolidated accounting is continued*	YoY (comparison between A and B)
<b>Net Sales</b>	853	1,021	1,087	+27.5%
<b>Gross Profit</b>	602	728	771	+28.0%
<b>Operating Income</b>	192	141	169	-12.2%
<b>Operating Income Margin [%]</b>	22.6%	13.8%	15.6%	-7.0pt
<b>Ordinary Income</b>	193	154	178	-7.4%
<b>Net Income</b>	127	131	129	+1.4%

\* Earnings forecast in the case where consolidated accounting is continued until FY2022 2Q (Earnings forecast taking into account the results of Softek in 1Q)

# Impact of the shift to non-consolidated accounting on financial statements

- As our company absorbed Softek, we started non-consolidated accounting in 2Q which affected financial statements (see the following figures).
- Withdrawing the initial consolidated earnings forecast, we disclosed a non-consolidated earnings forecast (For details, see page 8).

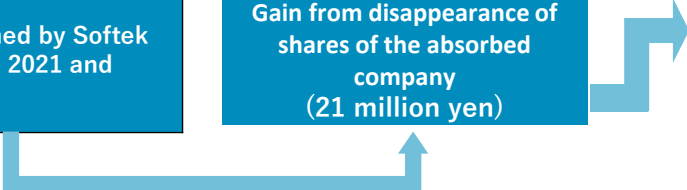


## Points

- The results of Softek are eliminated from 2Q, so **sales, operating income, and ordinary income decline.**
- The accumulated unrealized profit was **posted as extraordinary income**, so **net income grew** (For details, see page 7).
- Due to the accounting after the merger, all indicators changed, but **the sales and profit of the entire corporate group were unchanged.**
- **The growth strategy for FY2025 (sales: 5 billion yen, operating income: 1 billion yen) were unchanged.**

# Posting of gain from disappearance of shares of the absorbed company (extraordinary income)

- The difference between our equity of assets and liabilities from Softek and the book value of shares our company had held just before the merger was posted as “Gain from disappearance of shares of the absorbed company” in the section of extraordinary income in 2Q.

<u>B/S of Softek</u>		<u>Calculation</u>	<u>Non-consolidated PL of our company</u>	
Assets	Liabilities	<div style="border: 1px dashed black; padding: 5px; margin-bottom: 5px;">                     Consolidated correction (53 million yen) ※Goodwill amortization, depreciation of assets related to clients, etc.                 </div> <div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;">                     Gain from disappearance of shares of the absorbed company (21 million yen)                 </div>	(million yen)	FY2022
	Capital stock		Cumulative 2Q	
	Capital surplus		Sales	1,021
	Retained earnings		Gross profit	728
Unrealized gain (74 million yen)			Operating income	141
※ Profit earned by Softek between Jan. 2021 and Mar. 2022			Ordinary income	154
			Gain from disappearance of shares of the absorbed company	21
			Net income	131

## Points

- The amount obtained by subtracting goodwill amortization, etc. from the accumulated profit earned after the acquisition of Softek was **posted as gain on extinguishment of tie-in shares in the section of extraordinary income.**
- Even after absorption, Softek kept growing resiliently, **earning a net income of 21 million yen, which exceeds goodwill amortization, etc.** This contributed to the improvement in enterprise value of CSC.

# Earnings forecast after the shift to non-consolidated accounting

- Excluding the result of Softek, which was posted in 1Q, we have announced non-consolidated full-year earnings forecast for FY2022.
- As the business environment remains favorable, our growth rate is expected to remain high.

(million yen)	(Non-consolidated) Full-year earnings forecast for FY2022	A 【For reference】 Earnings forecast in consolidated accounting*1	B 【For reference】 Consolidated earnings forecast for FY2022*2	Difference between A and B
<b>Net Sales</b>	2,233	2,300	2,300	0
<b>Operating Income</b>	362	390	390	0
<b>Operating Income Margin [%]</b>	16.2%	17.0%	17.0%	0pt
<b>Ordinary Income</b>	362	387	387	0
<b>Net Income</b>	271	270	259	+11

\*1 Earnings forecast in the case where consolidated accounting will be continued until the end of FY2022 (Earnings forecast taking into account the results of Softek in 1Q)

\*2 Consolidated earnings forecast announced on Feb. 14, 2022

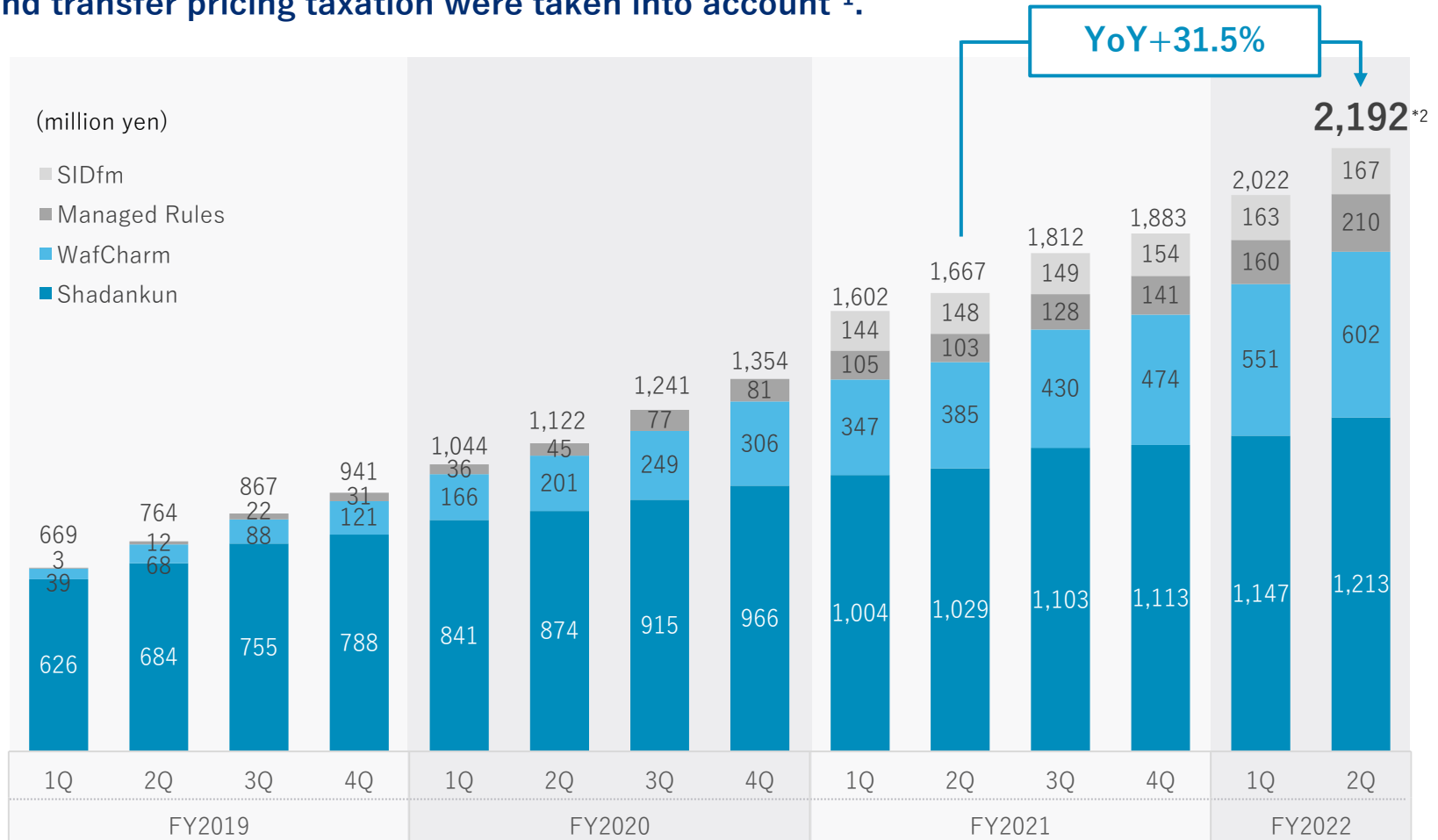


# II KPIs in FY2022 2Q



# Variation in ARR

- The growth rates of the core product Shadankun and WafCharm were high.
- The revenues from Managed Rules increased considerably, as the effects of exchange rates and transfer pricing taxation were taken into account\*1.



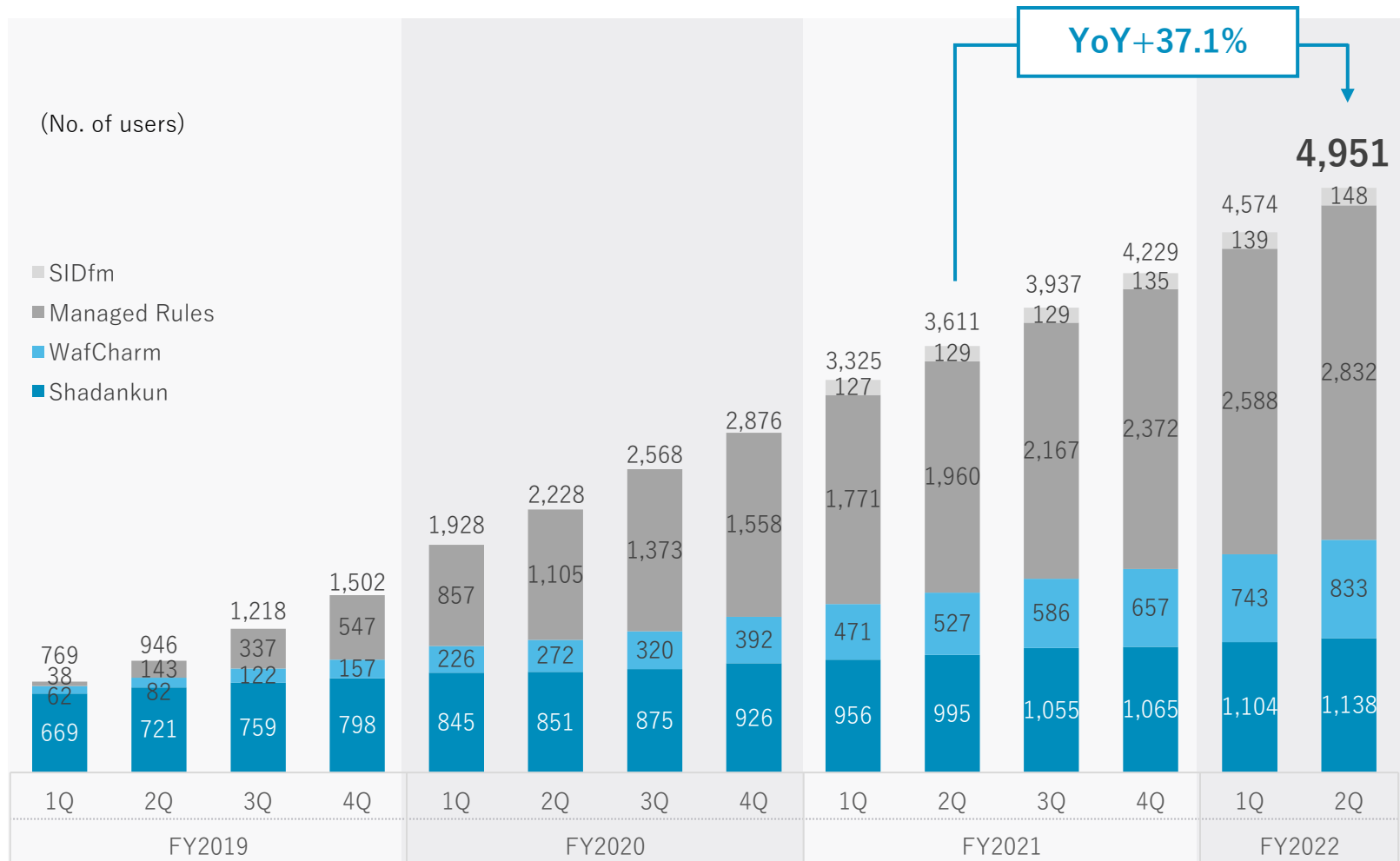
\*1 After the change in transaction relationships, etc., transfer pricing taxation, etc. were considered, so some rates in our company and subsidiary in the U.S. were revised.

\*2 ARR: Annual Recurring Revenue. It is calculated by multiplying the MRR at the end of the month concerned by 12 to convert it to an annual amount.

MRR stands for Monthly Recurring Revenue in a subscription-based model, and is the sum of the monthly recurring revenues from existing customers.

# Variation in the Number of Users

- For all products, the number of users increased steadily.
- WafCharm showed a record-high quarterly growth (up 90 users).

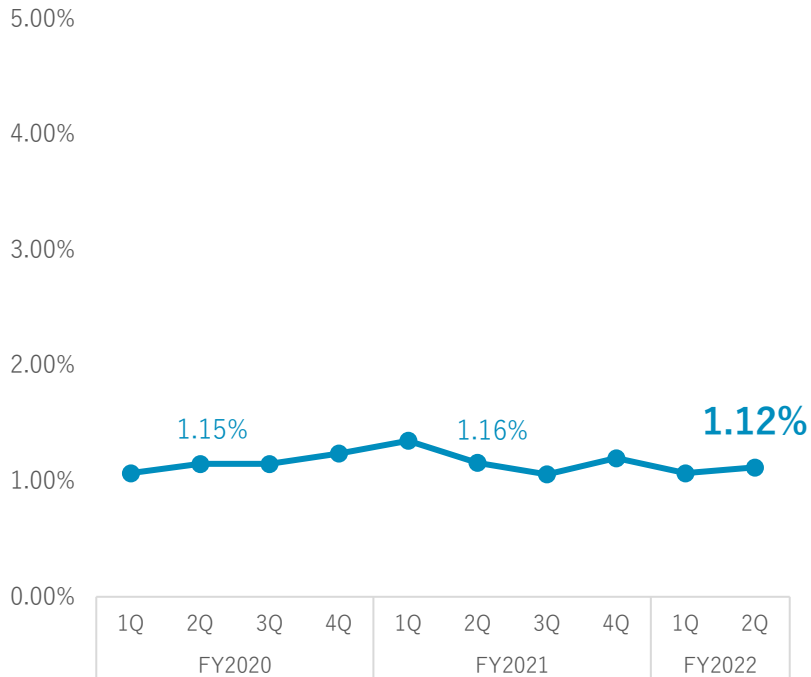


# Low Churn Rates of Shadankun and WafCharm

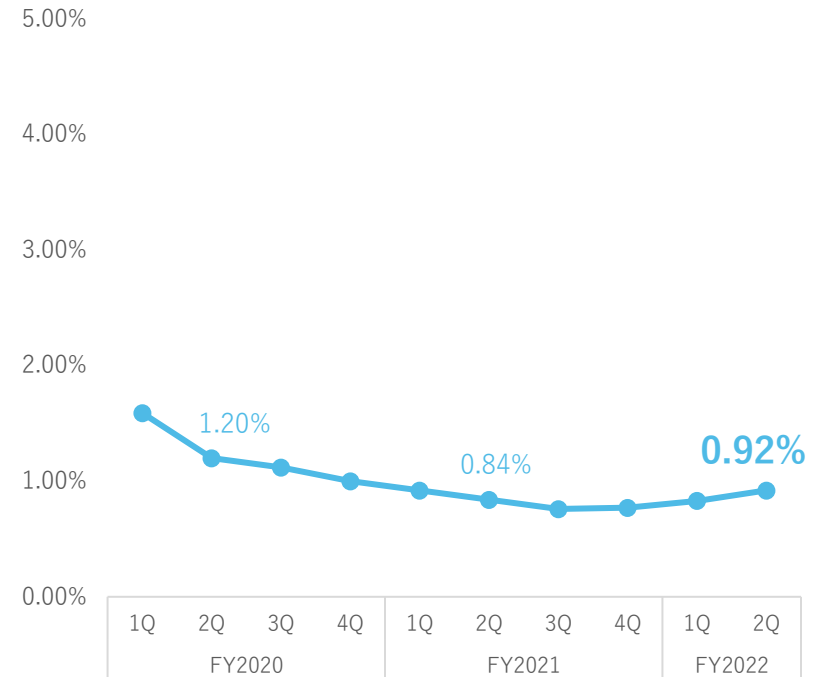


- The churn rate of either product did not change significantly. We aim to keep them low.
- The major reasons for cancellation are the closure of websites and the termination of contracts between partners and end users.

## Churn Rate of Shadankun\*1



## Churn Rate of WafCharm\*2



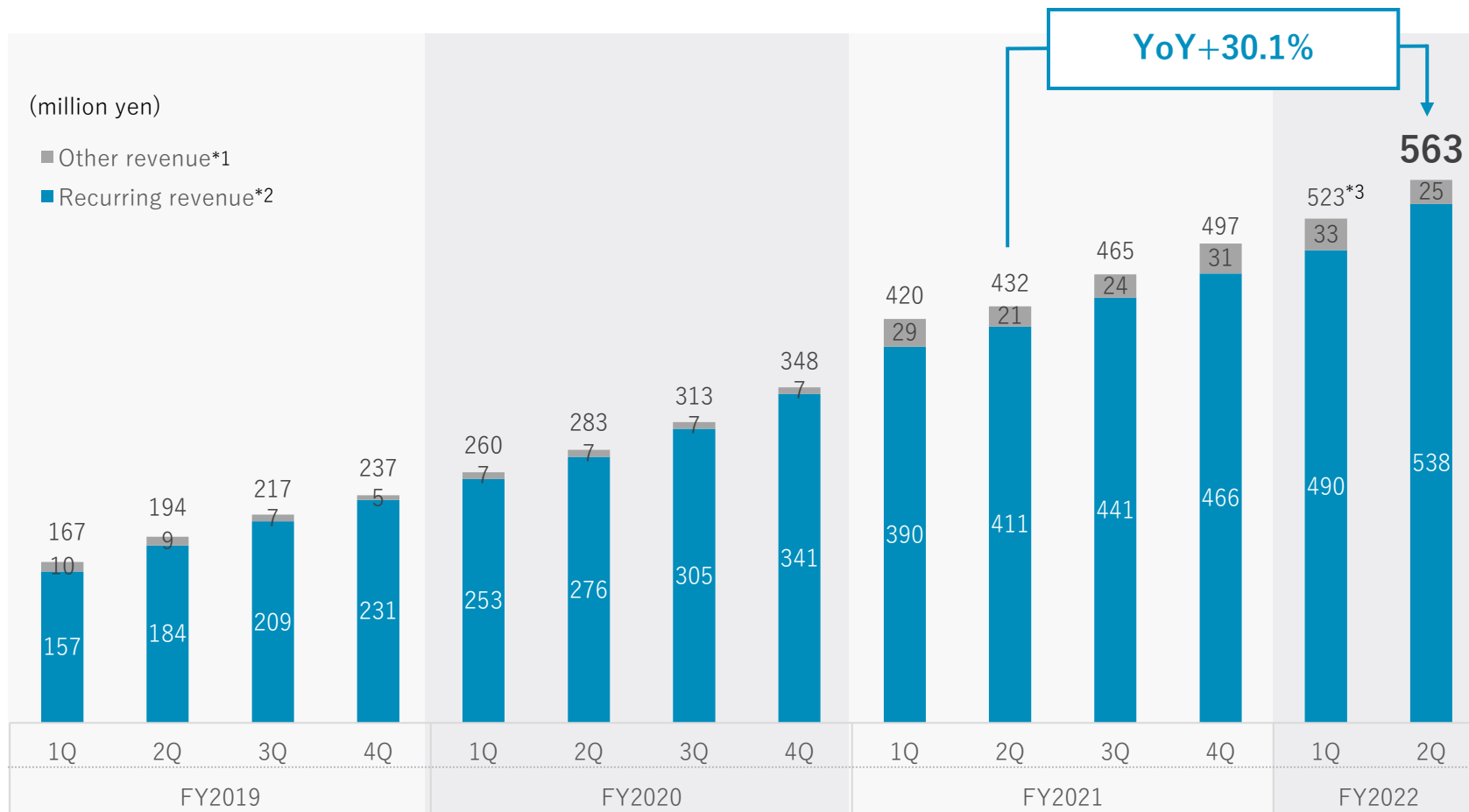
\*1 Produced based on the average MRR churn rate of each product in the last 12 months.

MRR churn rate is calculated by dividing the MRR lost in the month concerned by the MRR as of the end of the previous month.

\*2 Average churn rate in the past 12 months. Churn rate was calculated by dividing the cancellation number of users in the latest year in the nth term by the number of users in the (n-1)th term.

# Variations in Sales

- In 2Q, the number of new orders hit a record high like in 1Q which contributing to the sales growth significantly.
- Excluding the effects of M&A (FY2021 1Q), the increase in recurring revenues hit a record high.



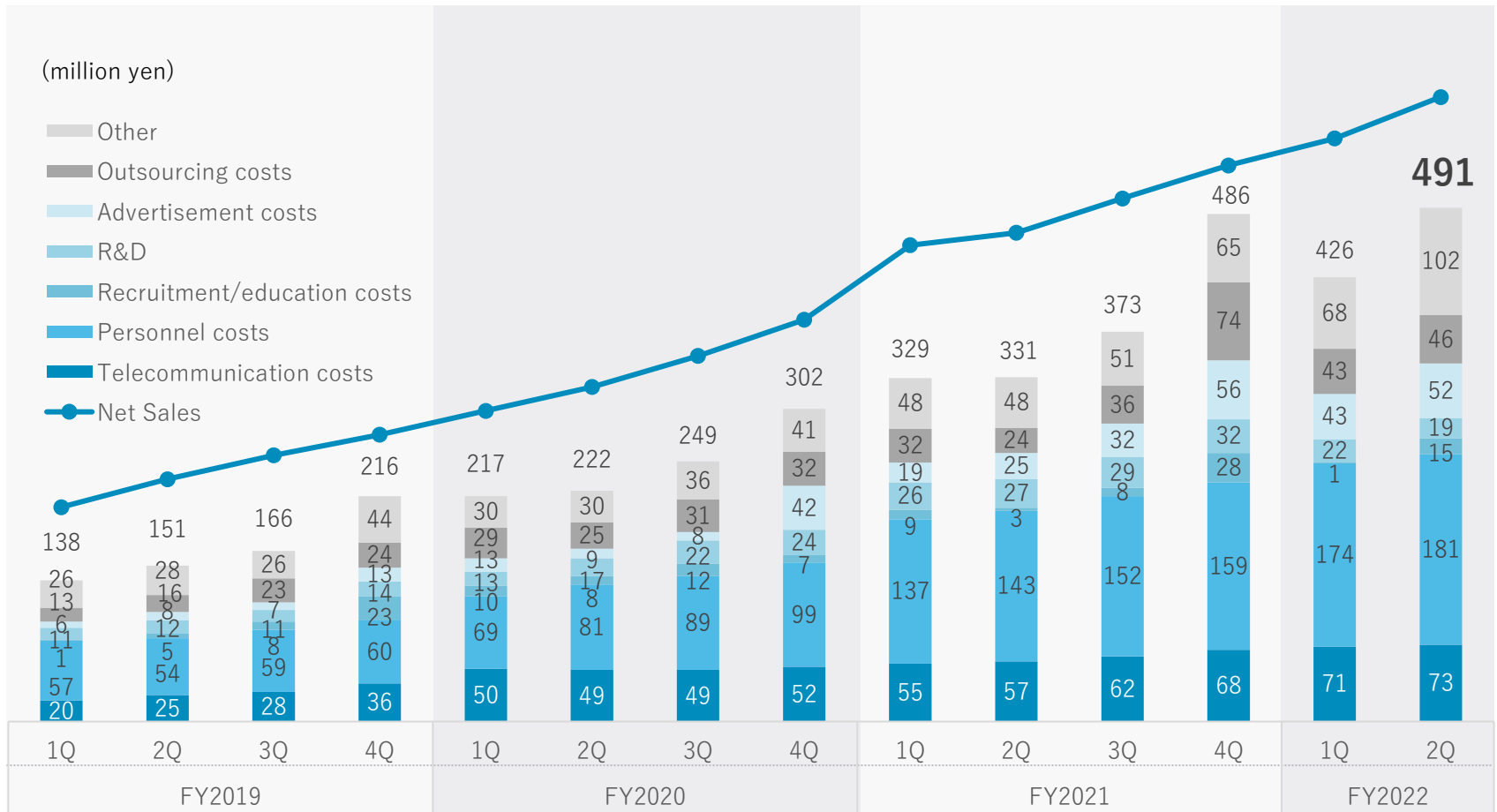
\*1 Total sales, including the initial installation costs for Shadankun and spot contracts for vulnerability diagnosis, etc.

\*2 Sum of MRR values for Shadankun, WafCharm, Managed Rules, and SIDfm. We started posting the results of SIDfm in 1Q of FY2021.

\*3 Consolidated sales are written. The non-consolidated sales of CSC were 457 million yen.

# Variation in Operating Costs (Cost of Sales and SGA)

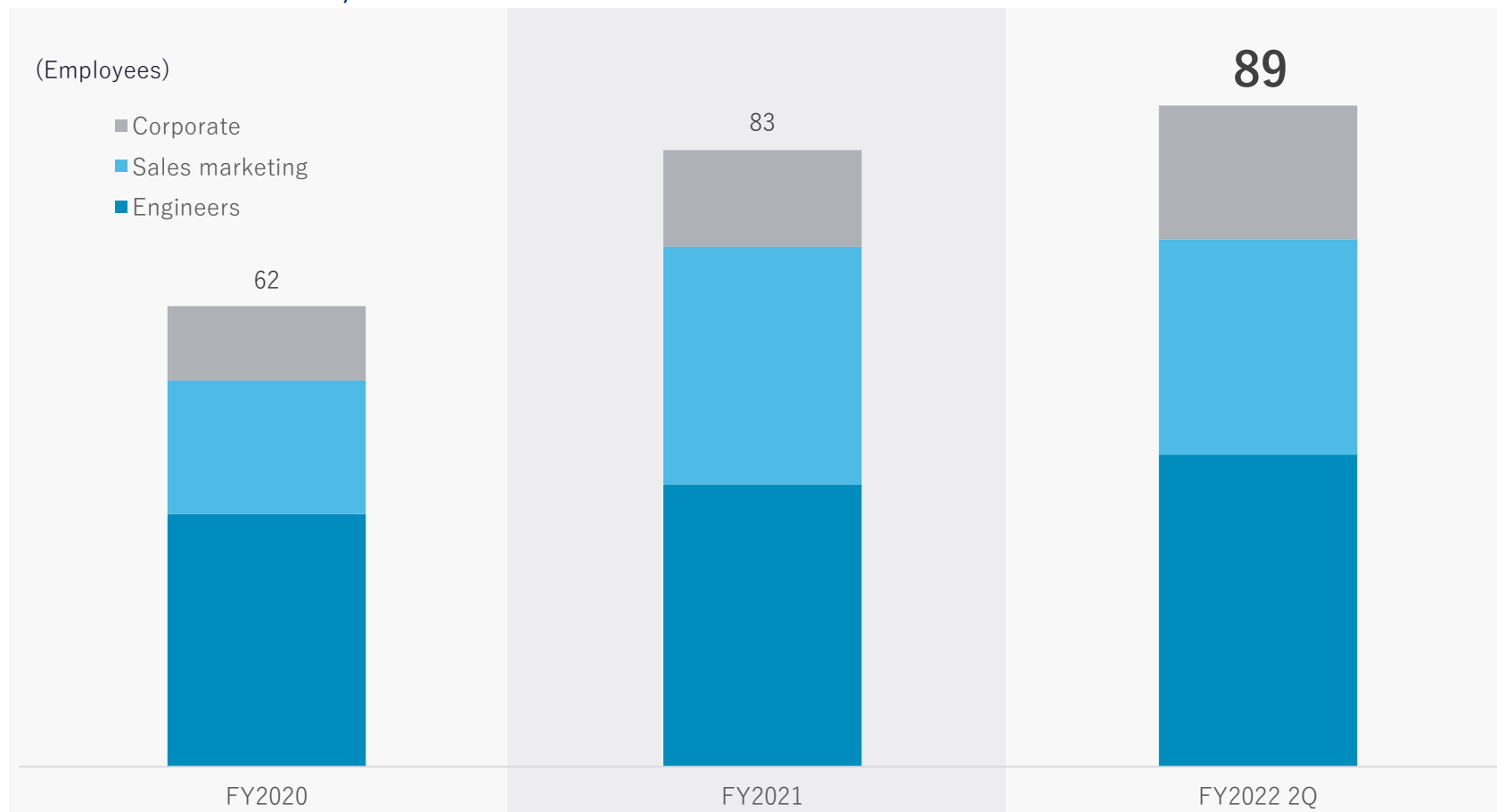
- Due to the relocation of our office, about 20 million yen was posted as temporary expenditure.
- In the second half, we are projected to see increases in personnel costs due to recruitment and rents.







# Employees who Support the Growth of Cyber Security Cloud



- In the first half of 2022, we concentrated on the recruitment of engineers, so the number of employees, including temporary staff, showed a net increase from the end of the previous fiscal year.
- While utilizing diverse personnel, including freelancers, we enhanced recruitment activities in the second half, too.



# (For reference) Major KPIs of Each Product

		FY2021				FY2022		YoY
		1Q	2Q	3Q	4Q	1Q	2Q	
	ARR (million yen)*1	1,004	1,029	1,103	1,113	1,147	1,213	+17.9%
	No. of client enterprises	956	995	1,055	1,065	1,104	1,138	+14.4%
	Churn rate (%) *2	1.35	1.16	1.07	1.21	1.07	1.12	-0.04pt
	ARR (million yen)	347	385	430	474	551	602	+56.3%
	No. of users	471	527	586	657	743	833	+58.1%
	Churn rate (%) *3	0.92	0.84	0.76	0.77	0.83	0.92	+0.08pt
	ARR (million yen)	105	103	128	141	160	210	+102.4%
	No. of users	1,771	1,960	2,167	2,372	2,588	2,832	+44.5%
	ARR (million yen)	144	148	149	154	163	167	+12.5%
	No. of users	127	129	129	135	139	148	+14.7%
<b>Total</b>	<b>ARR (million yen)</b>	<b>1,602</b>	<b>1,667</b>	<b>1,812</b>	<b>1,883</b>	<b>2,022</b>	<b>2,192</b>	<b>+31.5%</b>

\*1 Calculated by multiplying the MRR at the end of the month concerned by 12 to convert it to an annual amount.

MRR stands for Monthly Recurring Revenue in the subscription model and means the total monthly recurring revenue from existing customers.

\*2 Calculated from the average MRR churn rate in the latest 12 months. MRR churn rate means the virtual churn rate obtained by dividing the MRR lost in the month concerned by the MRR at the end of the previous month.

\*3 Average churn rate in the past 12 months. Churn rate was calculated by dividing the cancellation number of users in the latest year in the n-th term by the number of users in the (n-1)th term,



# III Topics of FY2022 2Q



# Representative measures for completing our growth strategy

- To implement measures for attaining the goals in 2025 in a steady manner, to further grow our business
- From the second half of 2022 onward, we plan to take various measures to accelerate business growth.



- Education of marketing staff
- Concentration on transactions with high average spending per customer



- Held seminars and invest in advertisement
- Held events involving Security Federation



- Established dedicated team for business partners
- Held study sessions for business partners
- Started selling packaged products

\* Comparison between FY2021 4Q and FY2022 2Q

# In cooperation with the public sector, we enhance activities for giving education about cyber security.

- In May, we held the first seminar inviting the Financial Services Agency and Coincheck, Inc., to introduce the importance of security and experiences of victims at a closed seminar.
- We will keep holding events in cooperation with the public sector, etc. with the aim of distributing cyber security measures.

## Activities of Security Federation promoted by our company

### Event launched in Feb. 2022



#### Presenters

- Cabinet Secretariat
- METI
- MIC, etc.

### May 2022



#### Presenters

- Financial Services Agency
- Coincheck, Inc.
- Meiji University, etc.

### Aug. 2022 (scheduled)



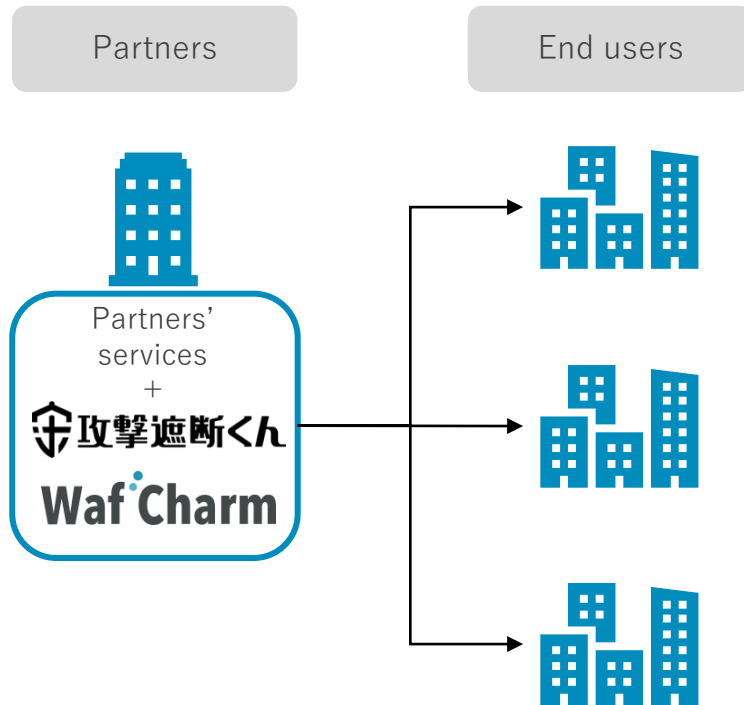
#### Presenters

- National Police Agency
- Cybercrime Control Center
- Council of Anti-Phishing Japan
- Mitsubishi UFJ NICOS Co., Ltd., etc.

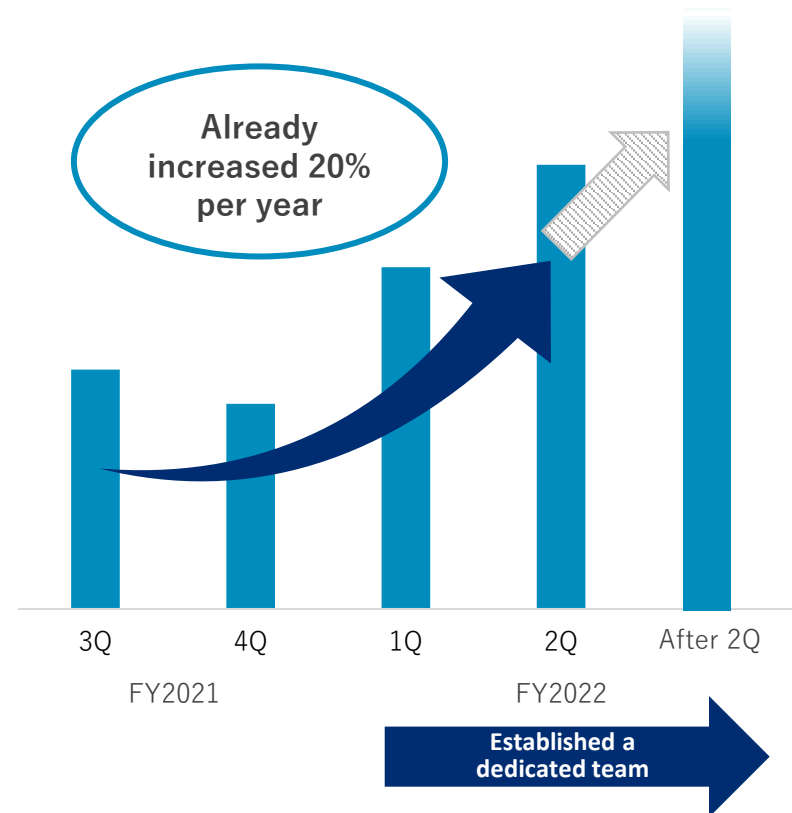
# Growth Strategy 1: Partner strategy with further growth expected

- Successive release of packaged products combining partners' services and our products
- We will keep supporting partners in “selling” products, by sharing our sales know-how, etc.

## Enhancement of the model for selling packaged products



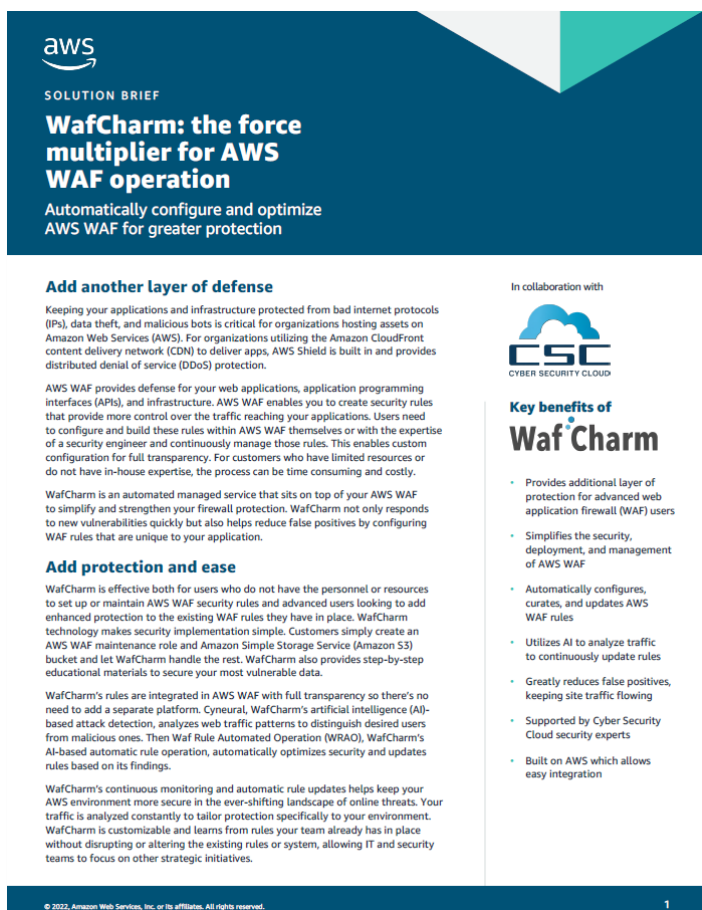
## Maximization of sales quantity per partner



# Growth Strategy 2: Global strategy with high growth potential

- AWS published an official report of WafCharm, indicating progress toward the distribution of our products.
- As a successful case of security measures, the utilization of WafCharm was introduced in the official webpage of AWS WAF.

## Official report of AWS



**aws**  
SOLUTION BRIEF  
**WafCharm: the force multiplier for AWS WAF operation**  
Automatically configure and optimize AWS WAF for greater protection

**Add another layer of defense**  
Keeping your applications and infrastructure protected from bad internet protocols (IPs), data theft, and malicious bots is critical for organizations hosting assets on Amazon Web Services (AWS). For organizations utilizing the Amazon CloudFront content delivery network (CDN) to deliver apps, AWS Shield is built in and provides distributed denial of service (DDoS) protection.

AWS WAF provides defense for your web applications, application programming interfaces (APIs), and infrastructure. AWS WAF enables you to create security rules that provide more control over the traffic reaching your applications. Users need to configure and build these rules within AWS WAF themselves or with the expertise of a security engineer and continuously manage those rules. This enables custom configuration for full transparency. For customers who have limited resources or do not have in-house expertise, the process can be time consuming and costly.

WafCharm is an automated managed service that sits on top of your AWS WAF to simplify and strengthen your firewall protection. WafCharm not only responds to new vulnerabilities quickly but also helps reduce false positives by configuring WAF rules that are unique to your application.

**Add protection and ease**  
WafCharm is effective both for users who do not have the personnel or resources to set up or maintain AWS WAF security rules and advanced users looking to add enhanced protection to the existing WAF rules they have in place. WafCharm technology makes security implementation simple. Customers simply create an AWS WAF maintenance role and Amazon Simple Storage Service (Amazon S3) bucket and let WafCharm handle the rest. WafCharm also provides step-by-step educational materials to secure your most vulnerable data.

WafCharm's rules are integrated in AWS WAF with full transparency so there's no need to add a separate platform. Cyneural, WafCharm's artificial intelligence (AI)-based attack detection, analyzes web traffic patterns to distinguish desired users from malicious ones. Then Waf Rule Automated Operation (WRAO), WafCharm's AI-based automatic rule operation, automatically optimizes security and updates rules based on its findings.

WafCharm's continuous monitoring and automatic rule updates helps keep your AWS environment more secure in the ever-shifting landscape of online threats. Your traffic is analyzed constantly to tailor protection specifically to your environment. WafCharm is customizable and learns from rules your team already has in place without disrupting or altering the existing rules or system, allowing IT and security teams to focus on other strategic initiatives.


In collaboration with  
**CSC**  
CYBER SECURITY CLOUD

**Key benefits of WafCharm**

- Provides additional layer of protection for advanced web application firewall (WAF) users
- Simplifies the security, deployment, and management of AWS WAF
- Automatically configures, curates, and updates AWS WAF rules
- Utilizes AI to analyze traffic to continuously update rules
- Greatly reduces false positives, keeping site traffic flowing
- Supported by Cyber Security Cloud security experts
- Built on AWS which allows easy integration

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## AWS WAF partner's page\*



**aws**  
Products Solutions Pricing Documentation Learn Partner Network AWS Marketplace Customer Enablement Events Explore More  
Contact Us Support English My Account Sign In Create an AWS Account

AWS Web Application Firewall Overview Features Pricing Getting Started Resources FAQs Partners

**AWS Web Application Firewall (WAF) Partners**  
Validated for following best practices with AWS WAF  
[Contact an AWS Partner specialist](#)

## Additional Resources

Discover more AWS WAF Partner solutions and resources.

[Success Stories](#) [AWS WAF Blog Posts](#)

### Universidad IEU & MXMART

MXMART helps to improve learning experiences at Universidad IEU through its upgraded AWS-Based online learning platform.

[Read the case study »](#)

### WafCharm: The Force Multiplier for AWS WAF Operation

WafCharm is an automated managed service that sits on top of your AWS WAF to simplify and strengthen your firewall protection.

[Read the case study »](#)

**WafCharm was introduced, while only two companies were introduced as successful cases in the world.**

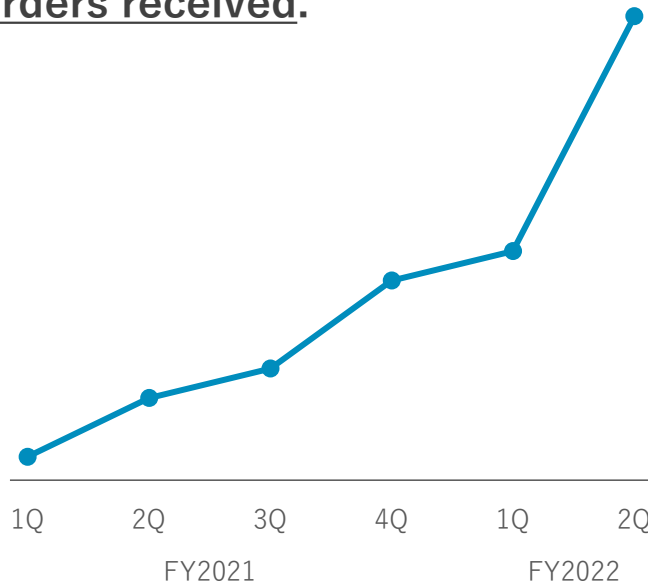
\* <https://aws.amazon.com/jp/waf/partners/>

# Growth Strategy 3: Steady improvement in the lineup of services

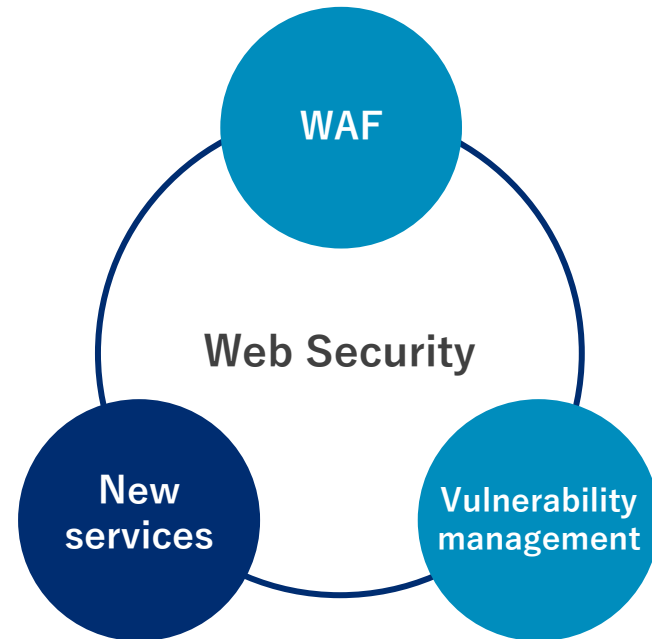
- The number of orders for SIDfm hit a record high, after it was included in our corporate group in December 2020.
- We plan to release new services by the end of this term, in order to offer comprehensive solutions to customers.

## Variation in the number of orders for SIDfm

In 2Q, we started marketing and selling it as our product, and posted a record-high number of orders received.



## Development of new services



We are developing new services for sustainable growth.



# Growth Strategy for FY2025



## Providing services trusted around the world as a global security company from Japan



To make our services adopted by 10,000 companies  
**to become the top domestic security company in the Web  
security field**



As a financial target, **we aim for sales of 5 billion yen and  
an operating income of 1 billion yen.**

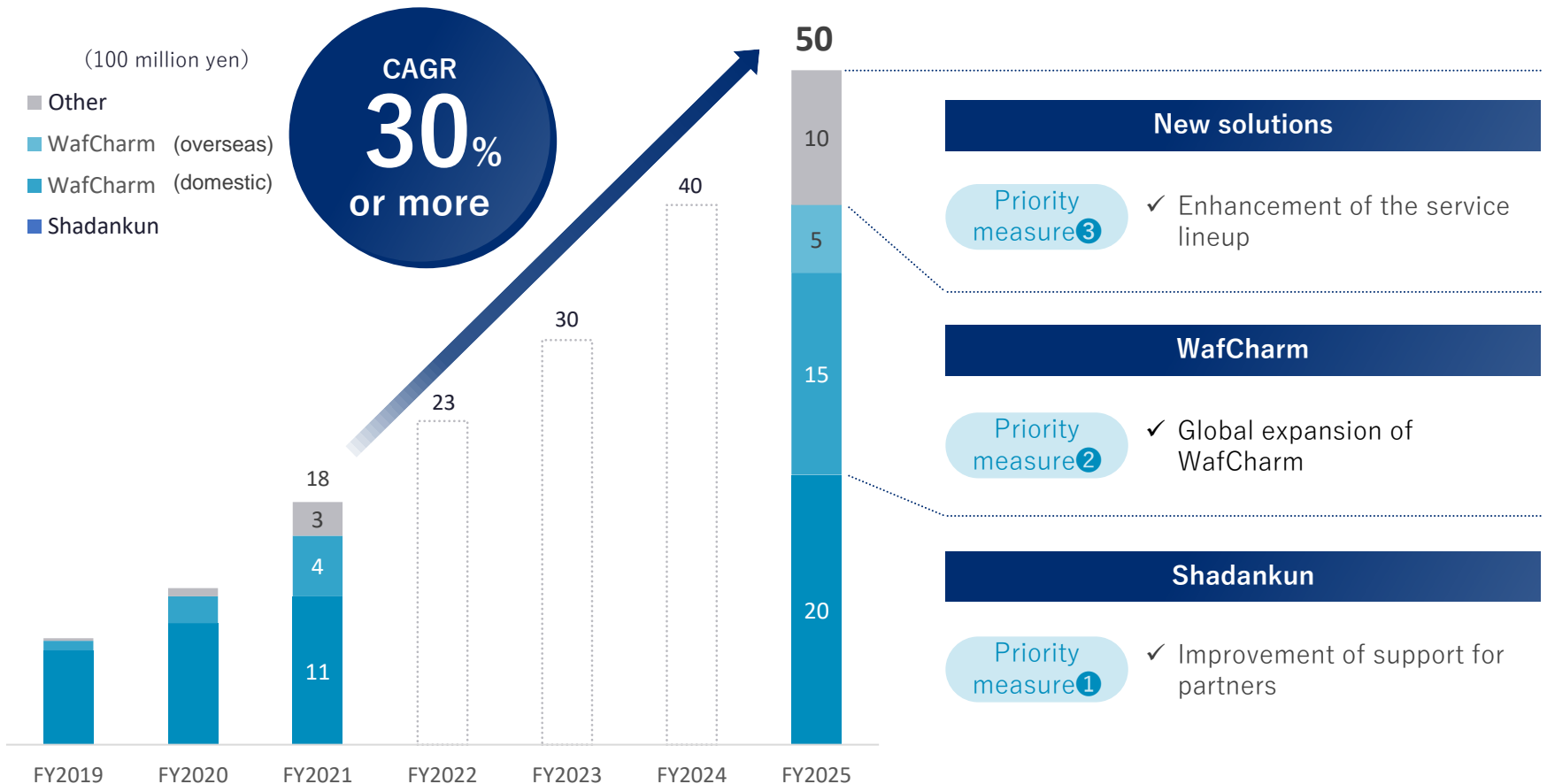


To accelerate global expansion to **raise overseas sales ratio to  
10%**



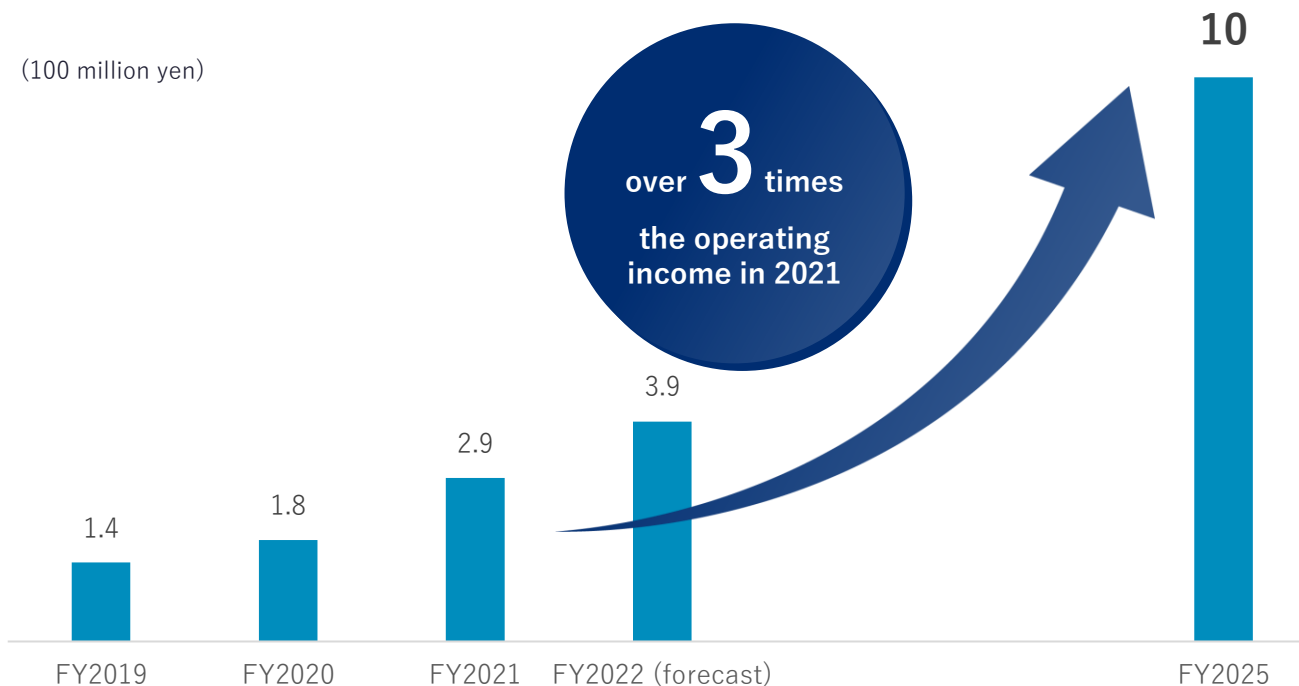
# Financial Target (1) Sales of 5 Billion Yen

- Aiming to achieve sales of 5 billion yen to become the top domestic security company in the Web security field by making our services adopted by 10,000 companies
- Raising global sales to 10% of total sales and paving the way for subsequent business expansion



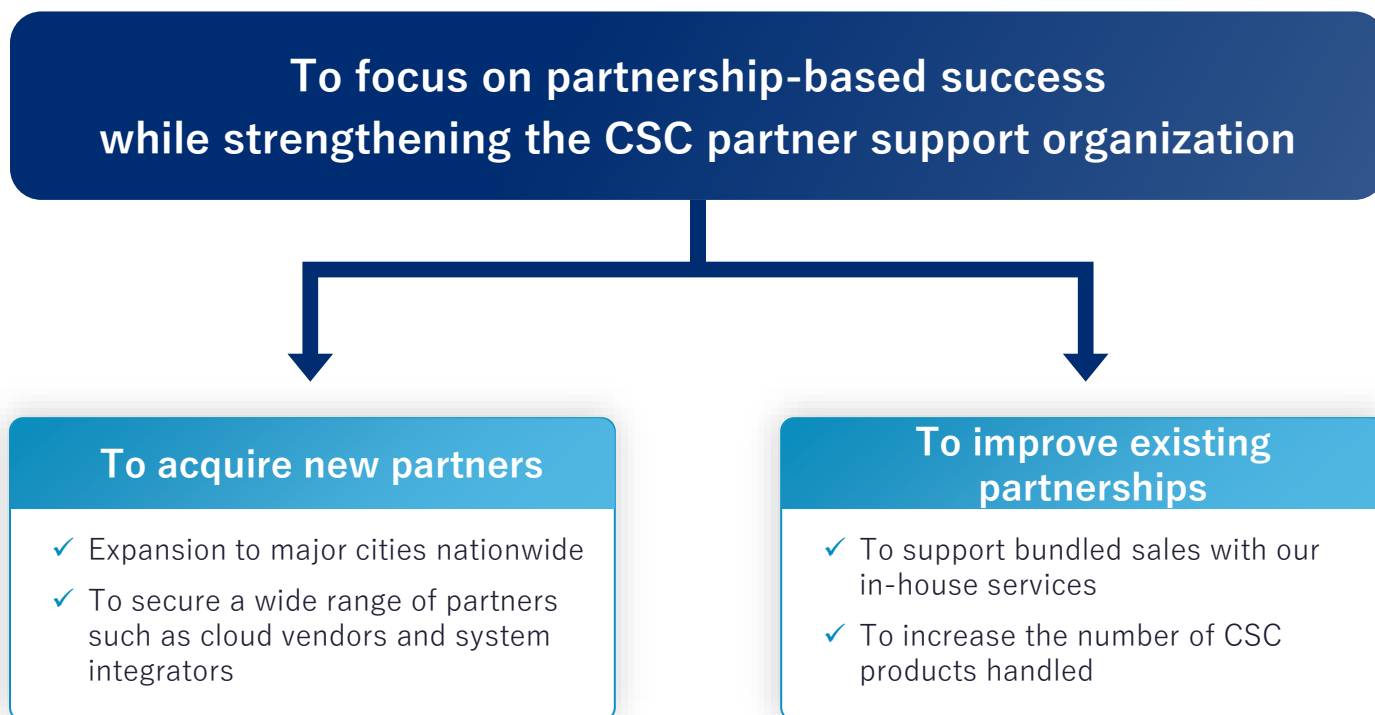
# Financial Target (2) To Increase Operating Income over 3 Times to 1 Billion Yen in 2025

- We will enhance recruitment of mainly development and sales personnel to implement each priority measure.
- We expect to achieve an operating income of 1 billion yen in 2025 by raising awareness through upfront investment in activities such as aggressive marketing.
- We will flexibly make investment decisions in response to changes in the domestic security market and investment opportunities in the global market.



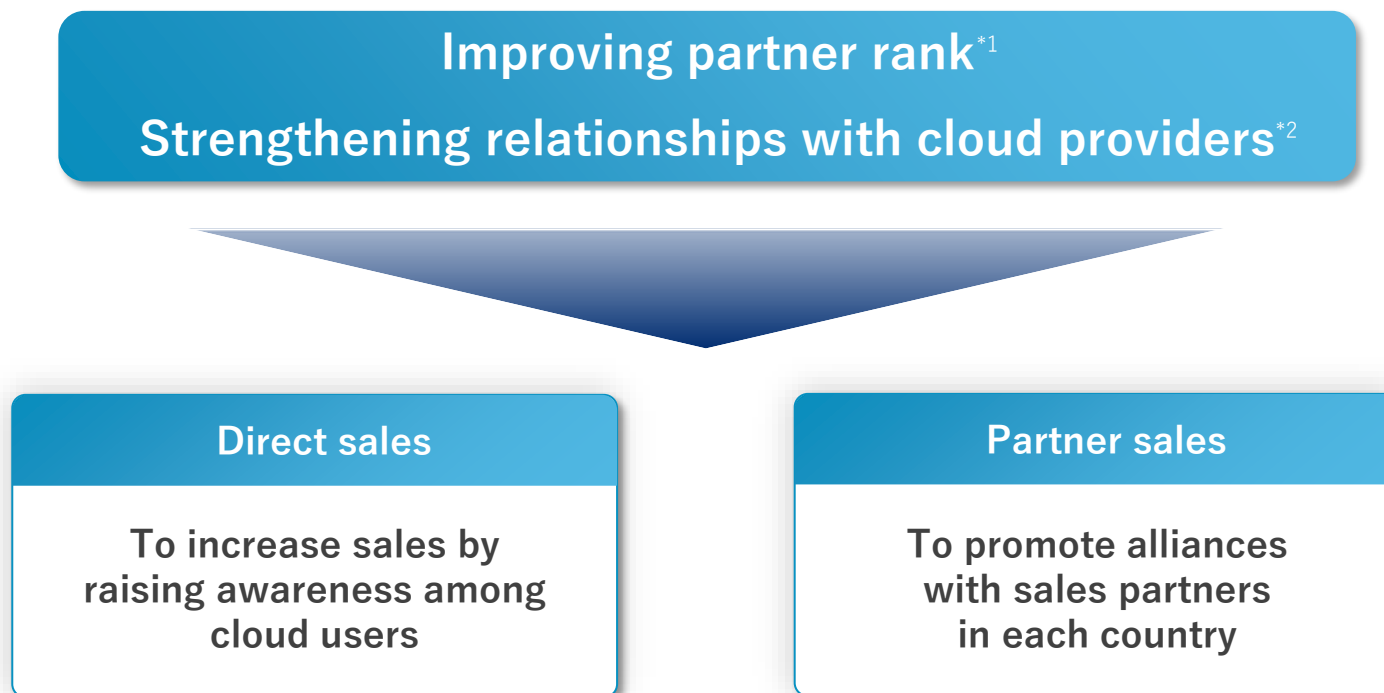
# Priority Measures (1) To Improve the Support for Partners

- Improving the sales network based on partnerships to increase users at an accelerated rate
- Focusing on partners' success while utilizing the know-how we accumulated in the direct sales organization



Partnership-based success means the maximization of value offered to end users via partners by providing partners with information and supporting them in sales activities so that they will understand CSC products.

- To improve our partner rank in each cloud service and implement stronger measures
- In addition to increasing the recognition among cloud users, we will collaborate with leading global sales partners.

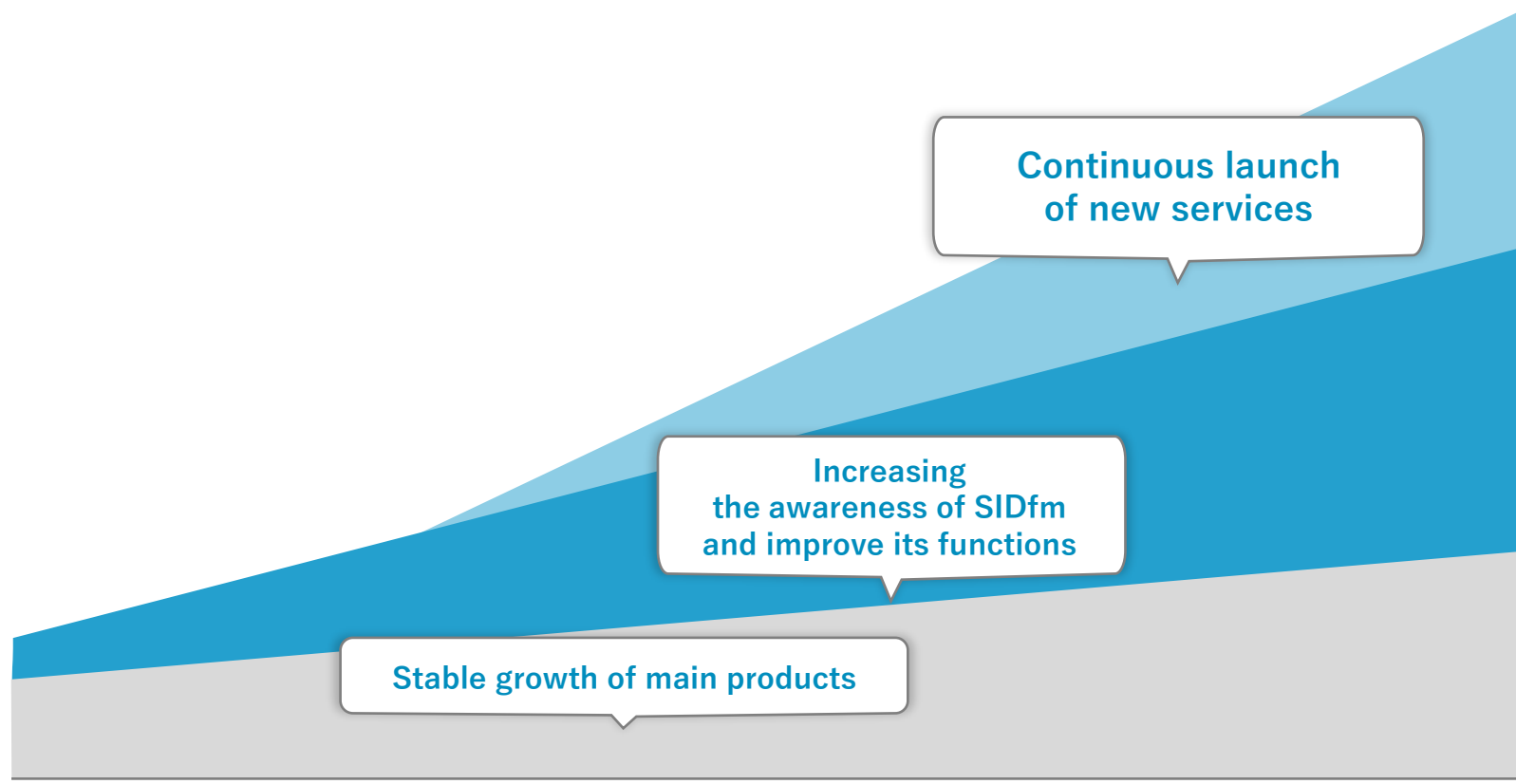


<sup>\*1</sup> Generally, improving the partner rank certified by the cloud operator will open the door to increasing exposure at co-sponsored seminars and events, joint sales, etc. Furthermore, to improve the partner rank, it is necessary to reach specific sales results, acquire technical ability certifications, and qualifications, etc.

<sup>\*2</sup> Providers of cloud platforms such as AWS, Microsoft Azure, and Google Cloud Platform

## Priority Measures (3) Improving the Service Lineup

- As the importance of measures against vulnerability increases, we will maximize the value provided by SIDfm by leveraging CSC's business development capabilities.
- We will develop new services to solve users' issues and enhance the service lineup to become a comprehensive solution company for Web security.

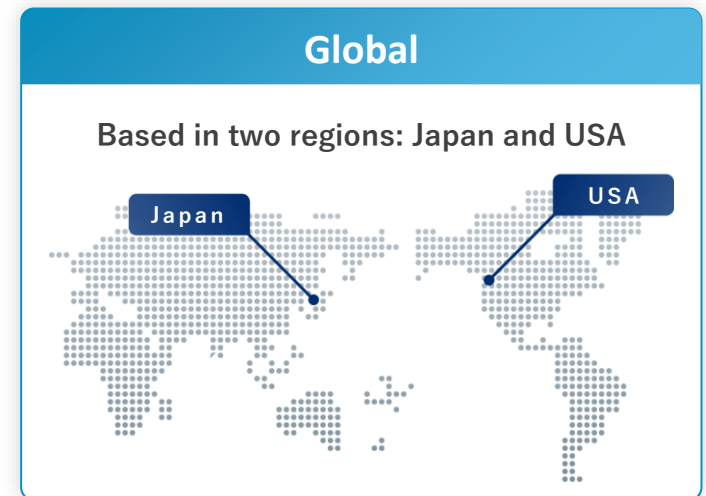
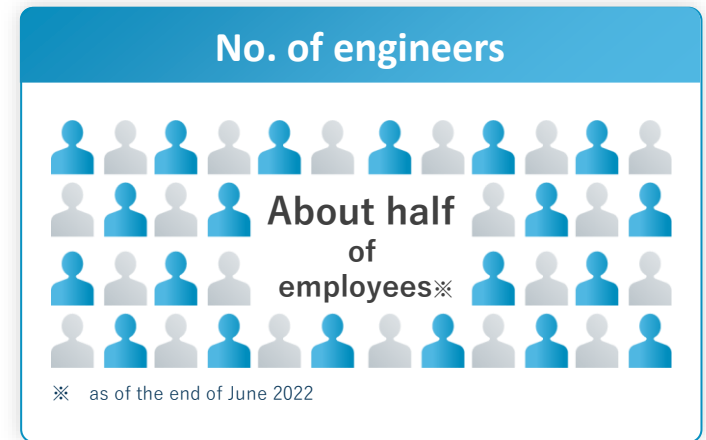


# IV Company Overview



# Company Summary

<b>Company Name</b>	Cyber Security Cloud, Inc	
<b>Established</b>	August 11th, 2010	
<b>Listing Date</b>	March 26th, 2020	
<b>Representative</b>	Representative CEO	Toshihiro Koike
	Representative CTO	Yoji Watanabe
<b>Senior Management</b>	Director CFO	Masafumi Kurata (CPA)
	Outside Director	Yoshinori Ikura (Lawyer)
	Outside Director	Yoshio Ishizaka
	Full-Time Auditor	Daichi Seki (CPA)
	Outside Auditor	Ikuo Murata
	Outside Auditor	Kenta Izumi
<b>Head Office</b>	13 <sup>th</sup> floor of JR Tokyu Meguro Bldg., 3-1-1 Kamiosaki, Shinagawa-ku, Tokyo	
<b>Business</b>	Development and provision of cyber security services using Artificial Intelligence	
<b>Subsidiary</b>	Cyber Security Cloud Inc. (USA)	
	*We acquired Softek Co., Ltd. on Apr. 1.	





**Creating a cyberspace  
that people around the world can use  
safely and securely**



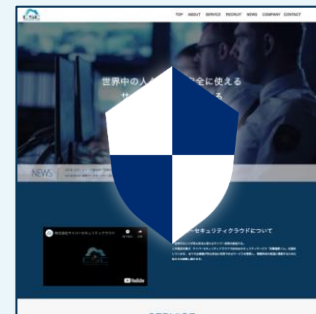
# Corporate Security can be Classified into Two Types

## Corporate security



Security of PCs and  
in-company networks

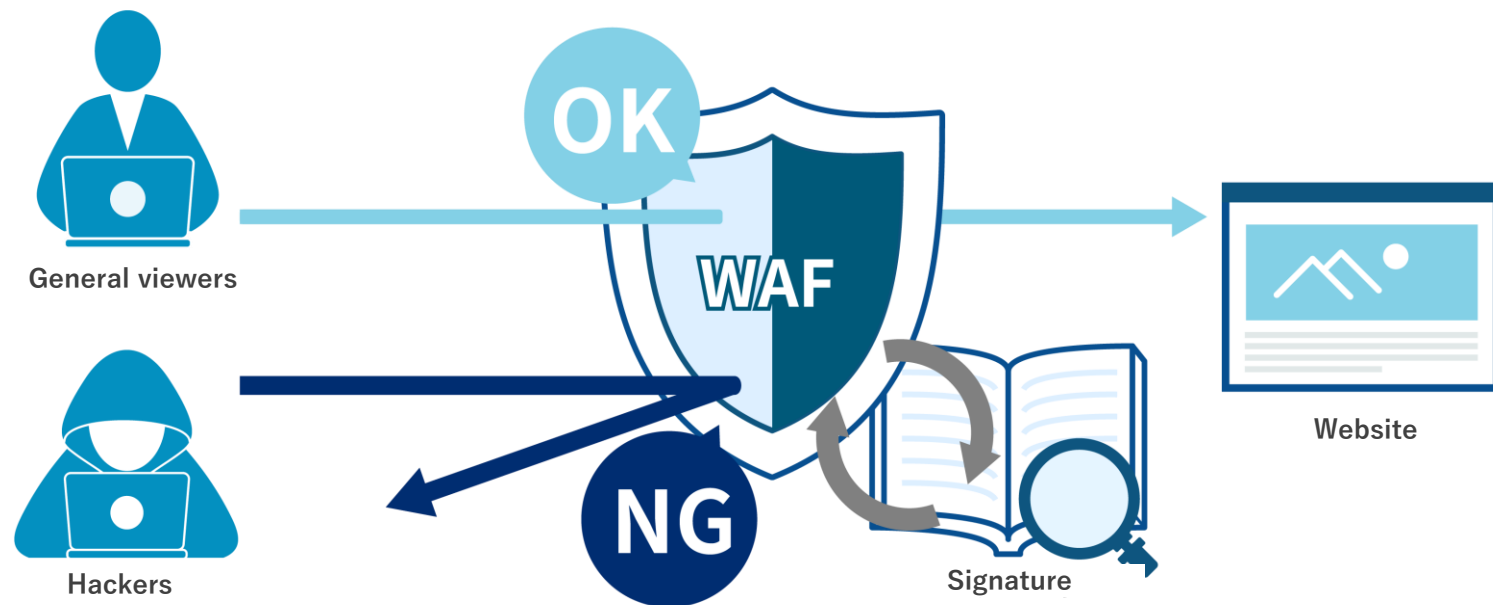
## Web security







Security of websites accessed by  
everyone, etc.

# What is WAF (Web Application Firewall)?

- WAF is a security service for blocking attacks to websites.
- Based on the rules (signatures) that summarize attack patterns, we block attacks from hackers.
- Since new patterns of attacks emerge one after another, it is important to keep the precision of signatures high.



- Domestic security manufacturer that offers peace of mind with its own development and support.

Cloud WAF	Automatic public cloud WAF operation service	Set of rules exclusively for AWS WAF	Tool for collecting and managing vulnerability information
 <p>Tool for visualizing and blocking cyber attacks to websites</p> <p>Domestic market share</p> <p><b>No.1</b><sup>*1</sup></p>	 <p>Automatic WAF operation tool for AWS, Azure, and Google Cloud based on AI</p> <p>No. of users of the automatic AWS WAF operation service in Japan</p> <p><b>No.1</b><sup>*2</sup></p>	 <p>Set of rules exclusively for AWS WAF unique to Cyber Security Cloud</p> <p>No. of users who adopted the rules</p> <p><b>2,832</b> in over 70 countries<sup>*3</sup></p>	 <p>Service of collecting vulnerability information and providing patch information and attack avoiding methods</p> <p>Market share for vulnerability information provision services Amount of vulnerability information provided Number of original contents on vulnerability</p> <p><b>No.1</b><sup>*4</sup> in Japan</p>

\*1 Surveyed by JMRO; Outline of the survey: Survey on results in October 2021

\*2 Surveyed by JMRO; Outline of the survey: Survey on results in July 2020

\*3 As of June 2022

\*4 Surveyed by JMRO; Outline of the survey: Survey on results in August 2021

## 24/7 satisfactory support in Japanese

- ✓ Dedicated operators support customers in Japanese 24/7
- ✓ Easy-to-understand management window in Japanese
- ✓ Reliable technical support for installation



## Accurate security measures

- ✓ Mounted with an AI engine for detecting attacks
- ✓ Misdetection is rare
- ✓ Utilization rate: 99.999%



## Speedy and easy installation

- ✓ Can be installed without changing the current system
- ✓ Compatible with various web systems
- ✓ Can be installed in a day at the earliest



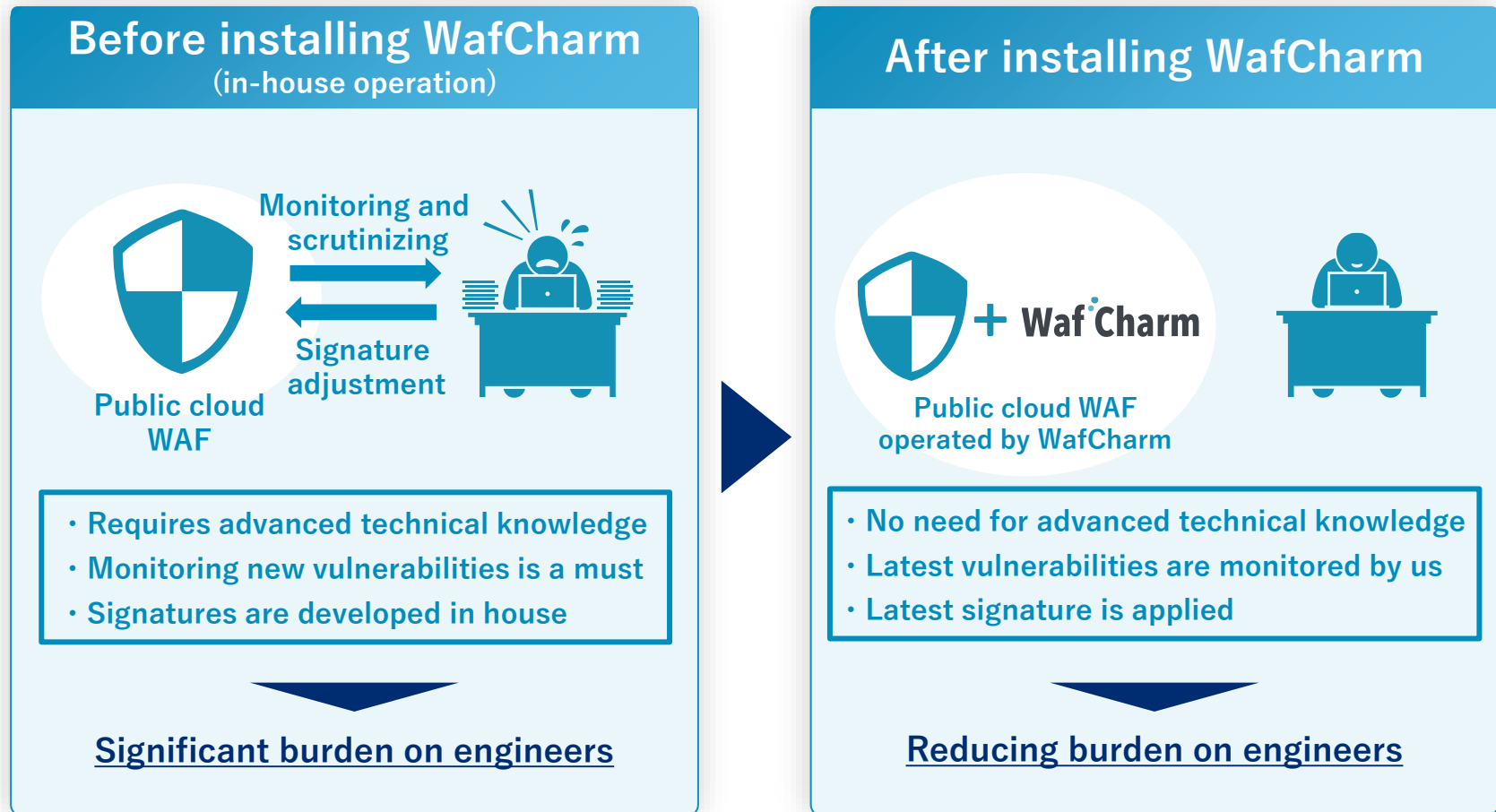
## Reliable domestic services

- ✓ All the development, operation, and support are dealt inhouse in Japan
- ✓ Swift support, including response to misdetection
- ✓ Services tailored to security in Japan



# WafCharm for Reducing the Burden on Engineers

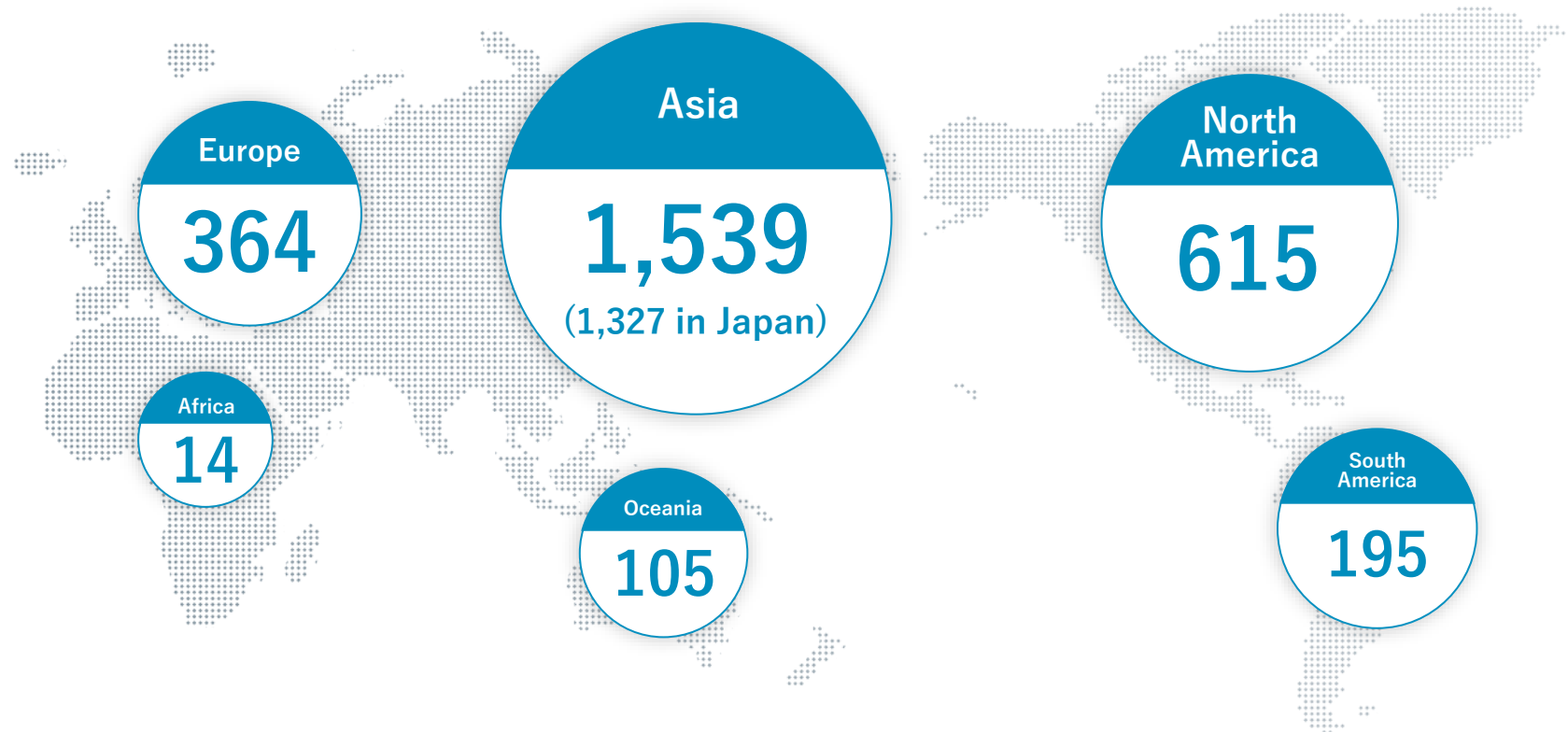
- WafCharm is a tool for automatically operating WAF for the three major public clouds in the world\*.
- It can reduce the man-hours of engineers for operating WAF inhouse.
- Currently, we offer it in Japan and the U.S., and plan to spread it globally further.



\*AWS, Microsoft Azure, and Google Cloud (Canalys "Global cloud services market reaches US\$42 billion in Q1 2021")

# AWS WAF Managed Rules, used Around the World

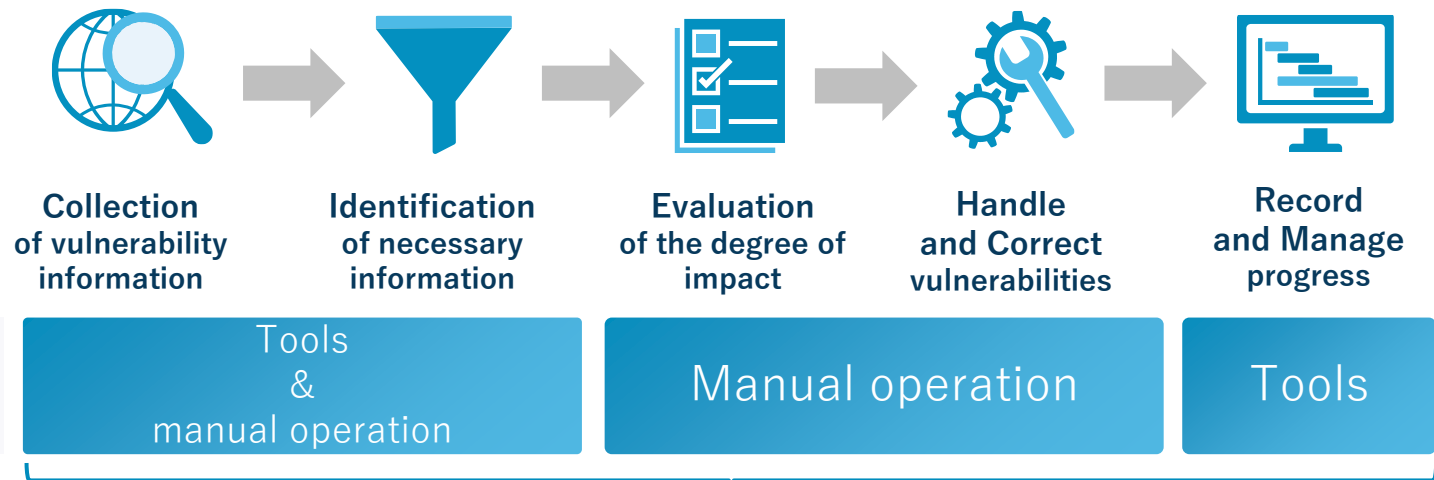
- A set of rules exclusively for AWS WAF, which can be purchased in AWS Marketplace.
- We have users in over 70 countries and regions, and global users account for over 50%.



Total number of users: **2,832**  
(as of the end of June 2022)

# SIDfm, an All-in-one Tool for Dealing with Vulnerabilities

- Tool for identifying necessary information from all kinds of vulnerability information and visualizing countermeasures and progress.
- Streamline client's security management operations by vastly reducing the man-hours for collecting vulnerability information and collectively managing the progress.



Management and operation with multiple tools and manual operation are cumbersome



Unified management with SIDfm



# Major Cases of Cyber Attacks

## DDoS attacks

Multiple computers send a huge amount of access and data to a target server.

## SQL injection

An improper string of letters is input to attack the database of web apps.

## Cross site scripting

A trap is set on a specific website to lead users visiting the website to another vulnerable website and steal personal information.

## Zero-day attacks

Attacks carried out during a period from the discovery of vulnerabilities to the application of fixed programs and corresponding patch.

## Brute-force attacks

To find a password, all theoretically possible patterns are entered.

## Password list attacks

Using the already obtained IDs and passwords, they try to access a website and log in illegally.



# Cases of Damage Done to Websites Through Cyber Attacks

- Cyber attacks could affect corporate business activities in various ways, leading to the leakage of personal information, the decline in stock prices, and shareholder derivative suits.



\*1 Source : JNSA 2018 " Survey Report regarding Information Security Incident"

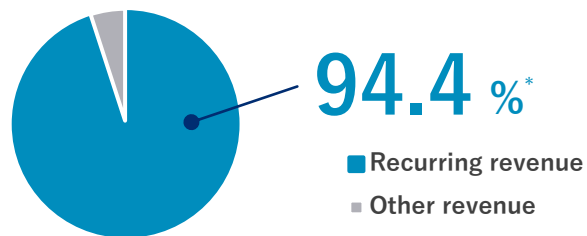
\*2 Source : JICI "Quantifying Cyber Risk Survey which can be used in discussions at Board of Director meetings"

# Concrete Examples of Information Leak

- A lot of information leaked in various fields. Before the full enforcement of the amended Act on the Protection of Personal Information, all enterprises need to fortify cyber security.

Field	Description	No. of pieces of information
<b>Information/telecommunication</b>	Due to the unauthorized access by a third party, the business information of affiliates and the information on employees leaked.	About 20 million
<b>Air transportation</b>	A database on customer information was accessed improperly, and the data on names, member numbers, and statuses leaked.	About 1 million
<b>Education</b>	System servers suffered cyber attacks, and information on the use of the servers leaked.	About 43,000
<b>Finance</b>	Smartphone apps for members suffered cyber attacks, and customer ID information was accessed improperly.	About 16,000
<b>Electric power /gas</b>	Provided apps suffered unauthorized access, and email addresses leaked.	About 10,000
<b>Electric devices</b>	Cloud servers suffered cyber attacks, and some information on business partners leaked.	About 8,000
<b>Food products</b>	EC sites suffered unauthorized access, and membership information leaked.	About 5,000
<b>Land transportation</b>	EC sites suffered unauthorized access, and card information leaked.	About 3,000
<b>Media</b>	EC sites suffered cyber attacks, and personal information leaked.	About 1,000

## Percentage of recurring revenue accounting for overall sales of our Group



\*Ratio of MRR for the past year (At the end of June 2022) to sales of our Group

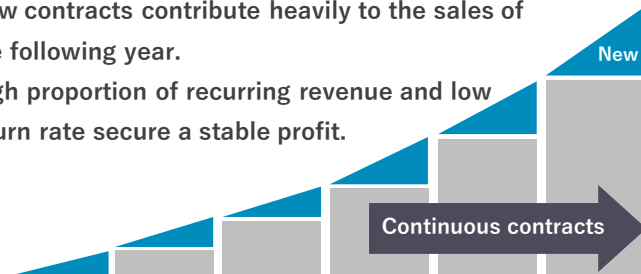
## High growth rate

**50** | Technology **Fast 50**  
2021 Japan **WINNER**  
**Deloitte.**

Awarded 21th place in Deloitte Touche Tohmatsu Limited's Japan Technology Fast 50  
Recorded a profit growth (Net Sales) of 144.3% in 2021

## Stable profit from continued billing

New contracts contribute heavily to the sales of the following year.  
High proportion of recurring revenue and low churn rate secure a stable profit.



## Low churn rate

Churn rate of Shadankun \*1  
**1.12%**  
At the end of June 2022

Churn rate of WafCharm \*2  
**0.92%**  
At the end of June 2022

\*1 Produced based on the average MRR churn rate of each product in the past 12 months. MRR churn rate is calculated by dividing the MRR lost in the month concerned by the MRR as of the end of the previous month.

\*2 Average churn rate in the past 12 months. Churn rate was calculated by dividing the cancellation number of users in the latest year in the n-th term by the number of users in the (n-1)th term.

## Interfactory, Inc.

(Securities code: 4057)

Development and operation of the cloud commerce platform “ebisumart”

The largest share in the  
cloud EC market \*1

**ebisumart**



The largest number of client  
companies and sites  
in the cloud WAF market \*2

**攻撃遮断くん**

As customers are highly aware of cyber security, I thought that WAF, which builds a wall outside a system to block cyber attacks, is an effective option and reassures customers.

We chose Shadankun, because **it can be applied flexibly to extraordinary, complex systems** like ebisumart, which is operated by multiple stores with multiple servers while WAF rules need to be adjustable at each store. After installation, **it requires few man-hours for management and operation**, so the workload is light.

**Interfactory is now able to notify customers that it has implemented security** measures to a sufficient degree.



CTO Ken Mizuno

## coconala Inc.

(Securities code: 4176)

Development and operation of “coconala,” a flea market for skills

The largest skill  
market in Japan

**coconala**



The largest number of users  
who adopted the service of automatically  
managing AWS WAF in Japan \*3

**Waf Charm**

Some frameworks were old versions, and I considered that any problem during the shift to new frameworks would produce significant trouble. However, it was difficult to offer security patches from our resources, so we decided to adopt WAF for security measures.

With WafCharm, **it became much easier to operate AWS WAF**. By leaving the operation of AWS WAF to WafCharm, **it became unnecessary to allocate resources to security measures anymore**.

Their support is perfect, and **they deal with our worries and questions smoothly** in a satisfactory way.



Development Dept.  
Head Kunihiro Okamoto

\*1 Source: Fuji Chimera Research Institute “New software business market in 2020 – In-depth survey on major packages and SaaS in Japan” <EC site development tool/SaaS (cart-less type)>

\*2 Source: Surveyed by JMRO; Outline of the survey: Survey on results in FY2021

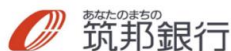
\*3 Source: Survey by JMRO (Survey in the term ended July 2020)

# Some of Our Client Companies

- Security needs grew regardless of industry, scale, and business, and various enterprises have adopted our services.

## Finance/public offices, corporations, and groups

SBI証券



## IT and services



Inter Factory



## Media and entertainment



## Transportation and construction



子どもたちに誇れるしごとを。



## Manufacturers



## Human resources



# Competent Sales Partners who Support the Sales Promotion of Our Services

- We offer products to a broad range of users via many sales partners.
- We aim to increase sales partners, to expand our sales network.



富士通Japan株式会社



ダイワボウ情報システム株式会社



AWS Premium Service Partners\*  
(Among 12 companies, 8 companies are our partners.)



+2 other partners

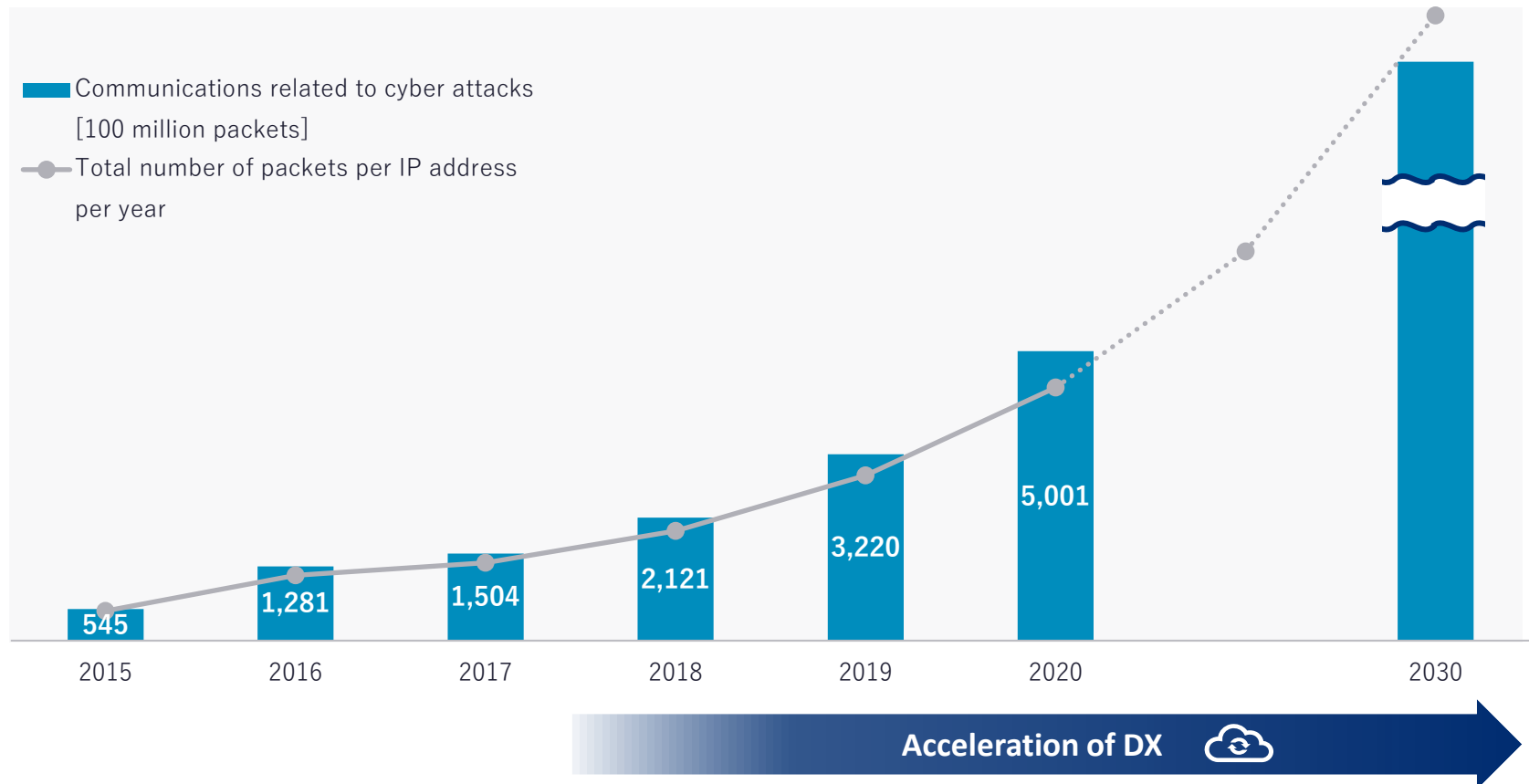
\* The top-ranked partners of AWS that possess advanced technical knowledge of the design and development of AWS Workload and significantly contribute to the business expansion of many clients.



# V Business Environment Surrounding CSC

# Ever-increasing Cyber Attacks

- In parallel with the increase of users of the Internet, the number of cyber attacks is growing.
- Through the acceleration of DX, cyber attacks are projected to increase further.



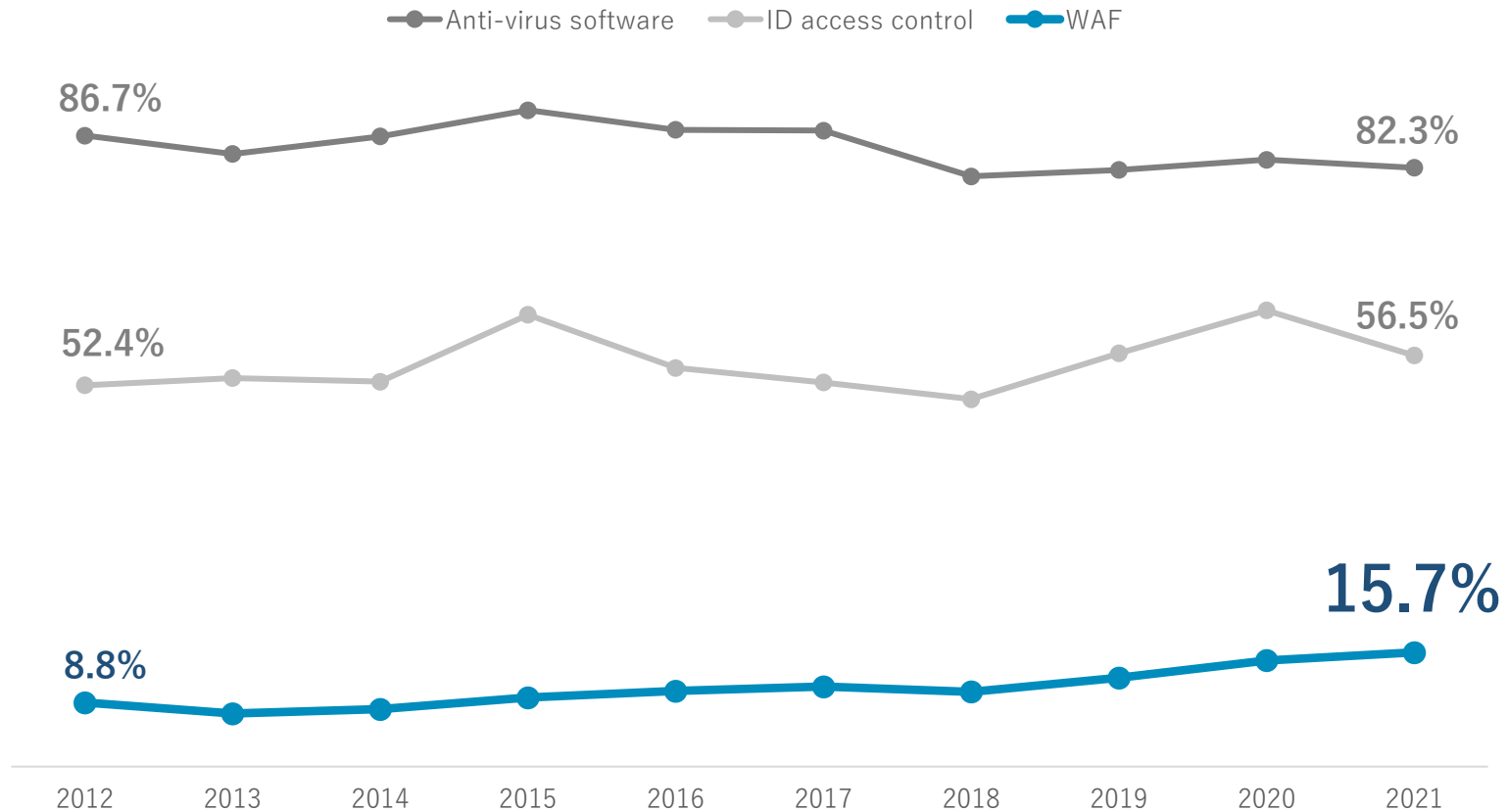
Produced by our company with reference to "NICTER Observation Report 2020" by Cyber Security Research Institute of NICT



# Steadily increasing WAF adoption rate

- The rates of installation of anti-virus software and ID access control have been flat. This indicates that the market has been saturated.
- In the past 10 years, WAF adoption rate has grown steadily, and further market growth is expected.

## Change in the rates of adoption of security services



- **The Cyber Security Strategy for the Next Term (provisional), approved in September 2021, indicates that the measures for DX and cyber security will be implemented at the same time.**

▼ Taken from the press release on “The Cyber Security Strategy for the Next Term (provisional)” by Cyber Security Center of the Cabinet dated July 7, 2021:  
<https://www.nisc.go.jp/conference/cs/dai30/pdf/30shiryoku01.pdf>

## Major concrete measures

### ① To raise executives' awareness

To visualize activities and give incentives in accordance with the guidelines for cyber security management through implementing the course of action for digital business administration, and promote further activities

### ② To promote DX with cyber security in regions and SMEs

To deal with the shortage of knowledge, personnel, etc. for digitalization through the growth local communities and the system for examining and registering services for SMEs

### ③ To develop a foundation for securing the reliability of the supply chain, etc.

To carry out various activities while considering the framework compatible with Society 5.0, etc.

Supply chain: Consortium led by the industrial sector

Distribution of data: Defining data management and securing of data reliability in trust services

Security products/services: Popularization of a third-party assessment service

Cutting-edge technology: Development of common infrastructure to gather, accumulate, analyze, and provide information

### ④ Improvement and retention of digital/security literacy of everyone

To carry out various activities while linking them with support for utilization of digital technology, as information education is being promoted.

# Activities of the Japanese Government for Cyber Security

- Digital Agency will be established in Sep. 2021, and the amended Act on the Protection of Personal Information will be fully enforced in Apr. 2022.
- All Japanese enterprises will be required to take more effective security measures.

## Establishment of Digital Agency



- Digital Agency will start operations in Sep. 2021.
- Management of personal information with the Social Security and Tax Number system
- Promotion of use of IT in medical and educational fields

## Full enforcement of the amended Act on the Protection of Personal Information



- Full enforcement in Apr. 2022
- It will be obligatory to report to the personal information protection commission and to notify individuals.
- The penalties on corporations became severe. (up to 100 million yen, enforced in Dec. 2020)

**More effective security measures are required**

# Regarding the Amended Act on the Protection of Personal Information

- If information leaks, it will be necessary to report it to the personal information protection commission and notify those whose information has leaked. Which means the statutory penalty was raised, and the penalty on corporation became severe.

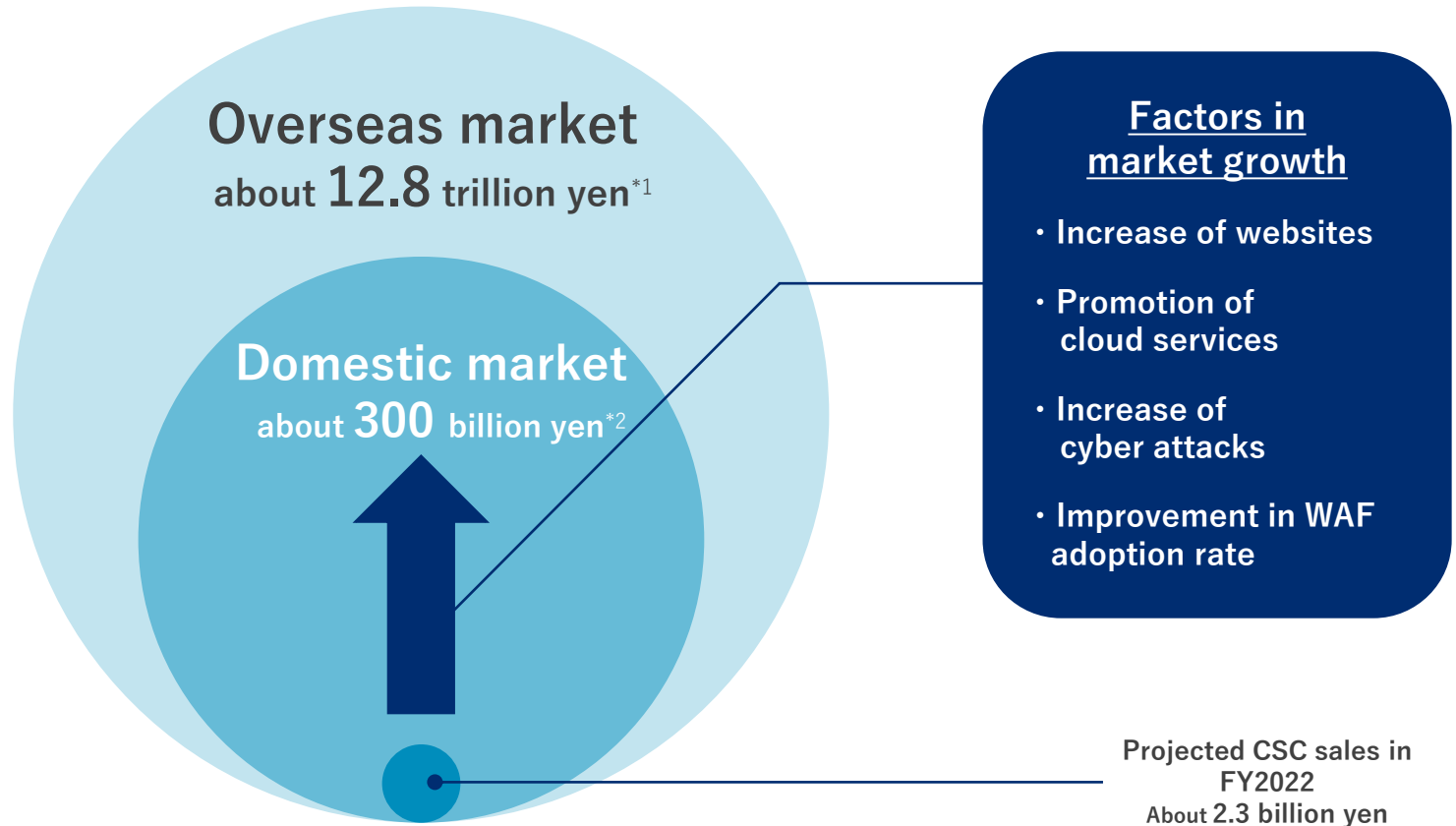


Items that need to be reported to the commission and individuals whose information has leaked set forth in the regulations of the personal information commission because there is a greater risk of harming the rights and interests of individuals

- ① Leak of personal information that needs to be handled carefully (such as data on health checkups and medical histories)
- ② Leak of personal information that may cause damage to assets when used improperly (such as credit card information)
- ③ Leak that may have been caused for a nefarious purpose (such as unauthorized access and hacking)
- ④ Leak of personal information on over 1,000 individuals

\* Violation of an order from the personal information protection commission, unauthorized provision of a personal information database, etc.

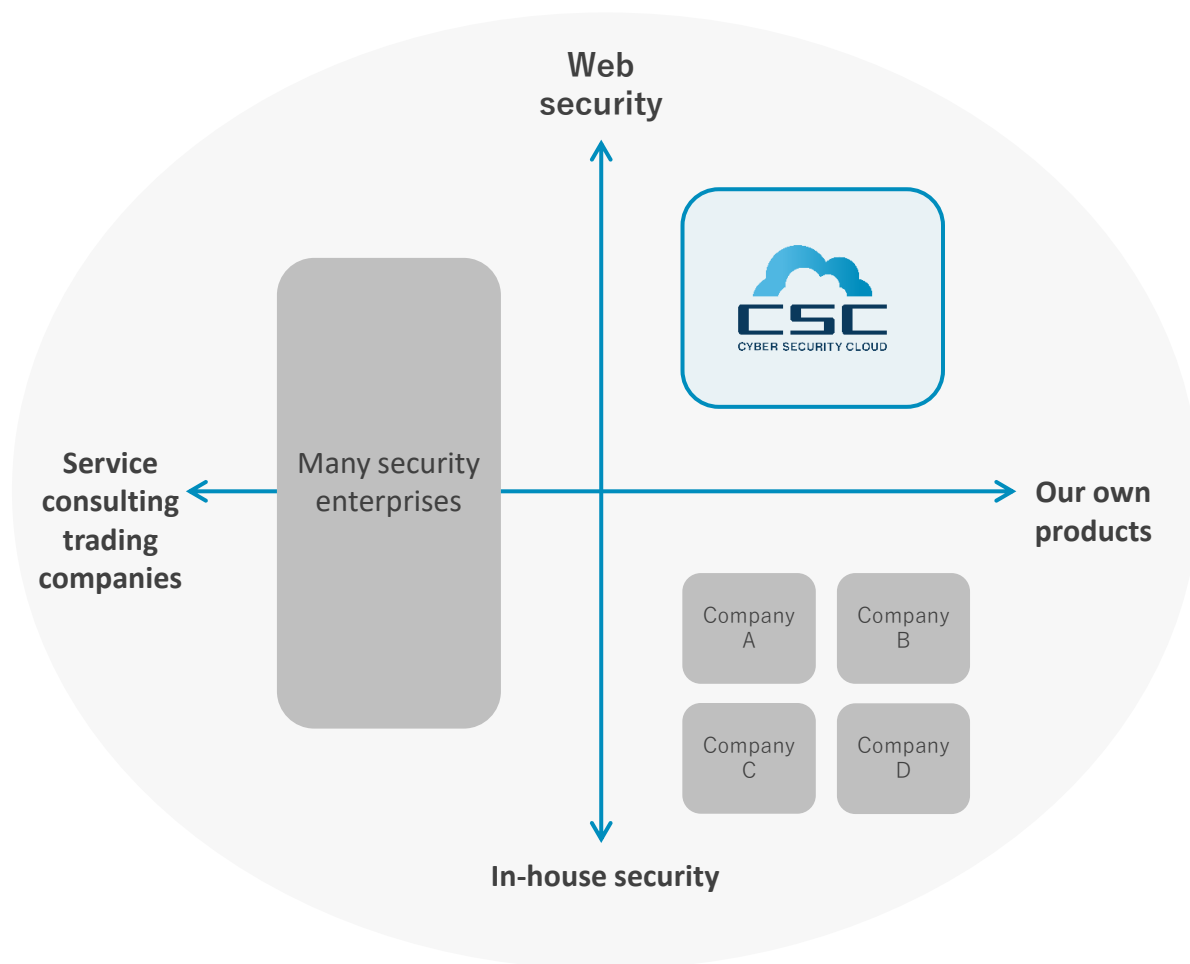
- Our company has the largest share in the domestic market, but our share is less than 1% in the entire market, so there is significant room for expansion.
- The progress of DX will become a growth factor for us.



\*1 Estimated by our company from the number of corporations in the world: 213 million (Statista “Estimated number of companies worldwide from 2000 to 2020”) and the most affordable plan of WafCharm (5,000 yen/month) for 12 months.

\*2 Estimated by our company from the number of corporations in Japan: 2,758,420 (National Tax Agency “Company Sample Survey in 2019”), the ratio of companies that have opened a website (MIC “Report on the trend of use of information and telecommunication technology in 2020 (for enterprises)”), and the most affordable plan of Shadankun (10,000 yen/month) for 12 months.

- In the Japanese security market, which is filled with foreign products, our company is one of a few Japanese makers that develops, operates, and sells products.



## Position of CSC

### ① Our own products

We handle our own products developed by our engineers. We can provide our products flexibly according to customer needs through in-house development and operation.

### ② Web security

Differing from the security services for protecting PCs and networks, our services protect corporate websites.

Through preparing this material, our company assumes that the information we were able to collect is complete and accurate. but we do not warrant or represent either the accuracy or the completeness of this information. Also, the assumption or the outlook of future dates after this information is released, may include assumptions based on plans but these information regarding the future is built on rational decision making based on information we have collected, and the information does not mean that we will warrant the achievements. The different between assumptions and actual achievements may be influenced by change in the economy, customer needs, user preference, competition between competitors and laws and other various changes. Due to many of these factors, there is a possibility that these results may vary. Furthermore, upon releasing this material, we do not have any obligation to update or revise this material in the case new information or future events occur.



**To create a secure cyberspace  
that people around the world can use safely**