

Financial Materials for FY2022 3Q

Cyber Security Cloud, Inc.

Growth Market of TSE: 4493

November 14, 2022

Net Sales (cumulative 3Q)

P5

1.62 billion yen*

The results assumed that
if consolidation is continued

1.69 billion yen YoY+28.3%

ARR (Annual Recurring Revenue)

P7

2.36 billion yen

YoY+30.6%

Operating Income (cumulative 3Q)

P5

250 million yen*

The results assumed that
if consolidation is continued

280 million yen YoY+28.4%

Churn Rate

P9

 **1.07%**
(Shadankun)

 **0.96%**

*From the second quarter of FY2022, the company has been posting non-consolidated results.
The figures in the cumulative 3Q of FY 2022 are written (if consolidation is continued),

Table of Contents

I	Overview of the Financial Results for FY2022 3Q	4
II	Topics of FY2022 3Q	16
III	Growth Strategy for 2025	20
IV	Business Environment Surrounding CSC	27
V	Company Overview	35



I Overview of the Financial Results for FY2022 3Q

Overview of Results

- The performance of core products kept improving steadily, and sales kept growing considerably.
- Through steady business growth, our business is progressing to achieve the full-year forecast, which is written on the following slide.

(million yen)	A	Cumulative 3Q of FY 2022 (Non-consolidated)	B	YoY (comparison between A and B)
	Cumulative 3Q of FY 2021 (consolidated)		【For reference】 Results in the case where consolidated accounting is continued*	
Net Sales	1,319	1,626	1,692	+28.3%
Gross Profit	929	1,149	1,192	+28.4%
Operating Income	285	258	286	+0.2%
Operating Income Margin [%]	21.7%	15.9%	16.9%	-4.8pt
Ordinary Income	285	276	300	+5.3%
Net Income	189	217	216	+14.1%

* As the company conducted an absorption-type merger with Softek in 2Q of FY2022, it shifted to non-consolidated accounting.
Earnings forecast in the case where consolidated accounting is continued until 2Q of FY2022 (Earnings forecast taking into account the results of Softek in 1Q)

Earnings forecast after the shift to non-consolidated accounting

Released in Aug 2022



- The full-year earnings forecast for FY2022, excluding the performance of Softek in 1Q, is reflected in non-consolidated figures.
- The business environment remains robust, and growth rate is expected to remain high.

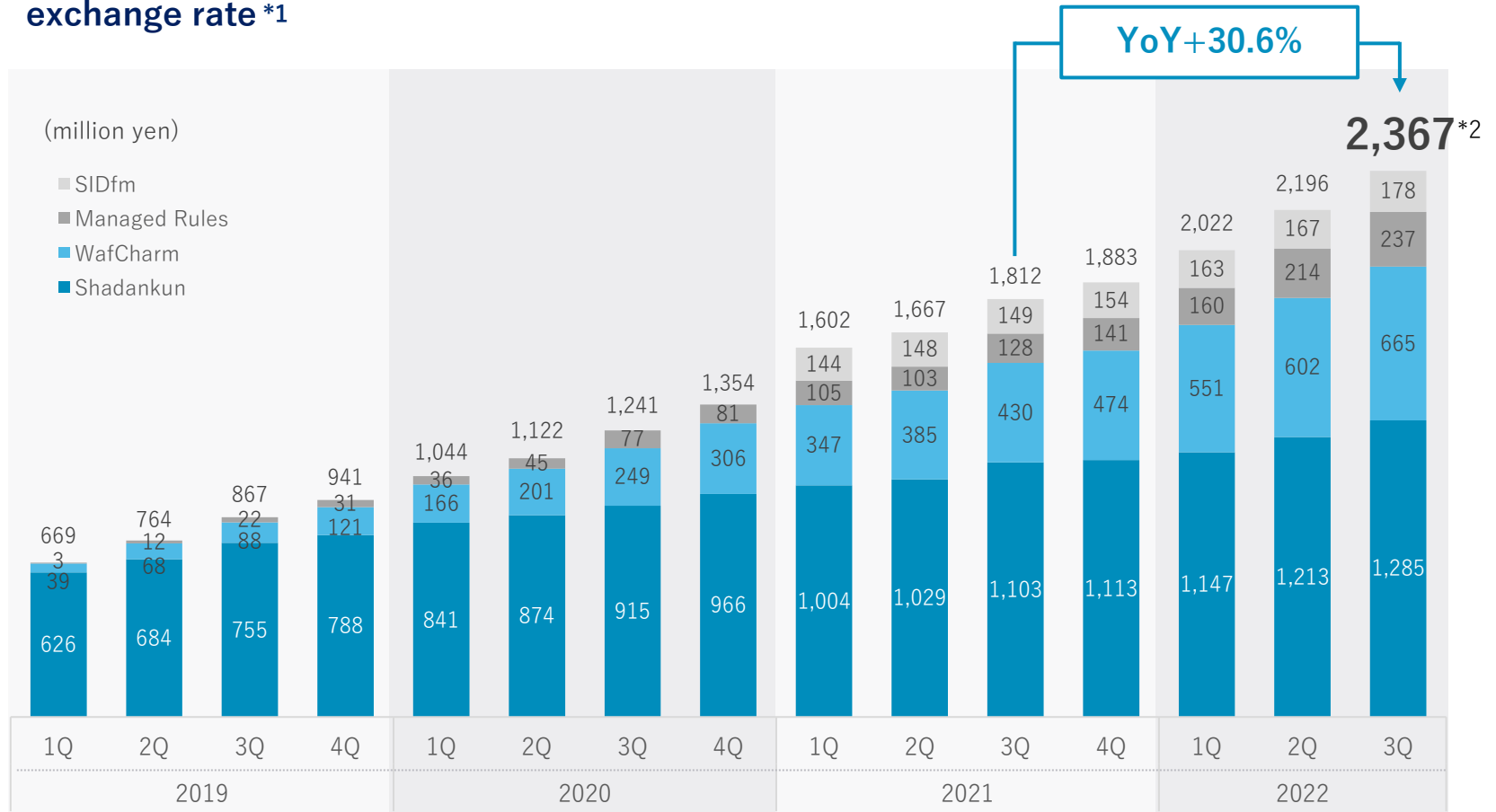
(million yen)	(Non-consolidated) Full-year earnings forecast for FY2022	A 【For reference】 Earnings forecast in consolidated accounting ^{*1}	B 【For reference】 Consolidated earnings forecast for FY2022 ^{*2}	Difference between A and B
Net Sales	2,233	2,300	2,300	0
Operating Income	362	390	390	0
Operating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

Variation in ARR

- The ARR of all products increased considerably, as the record-high amount of orders received in the first half contributed.
- Managed Rules increased considerably year-on-year because of the effects of exchange rate *1



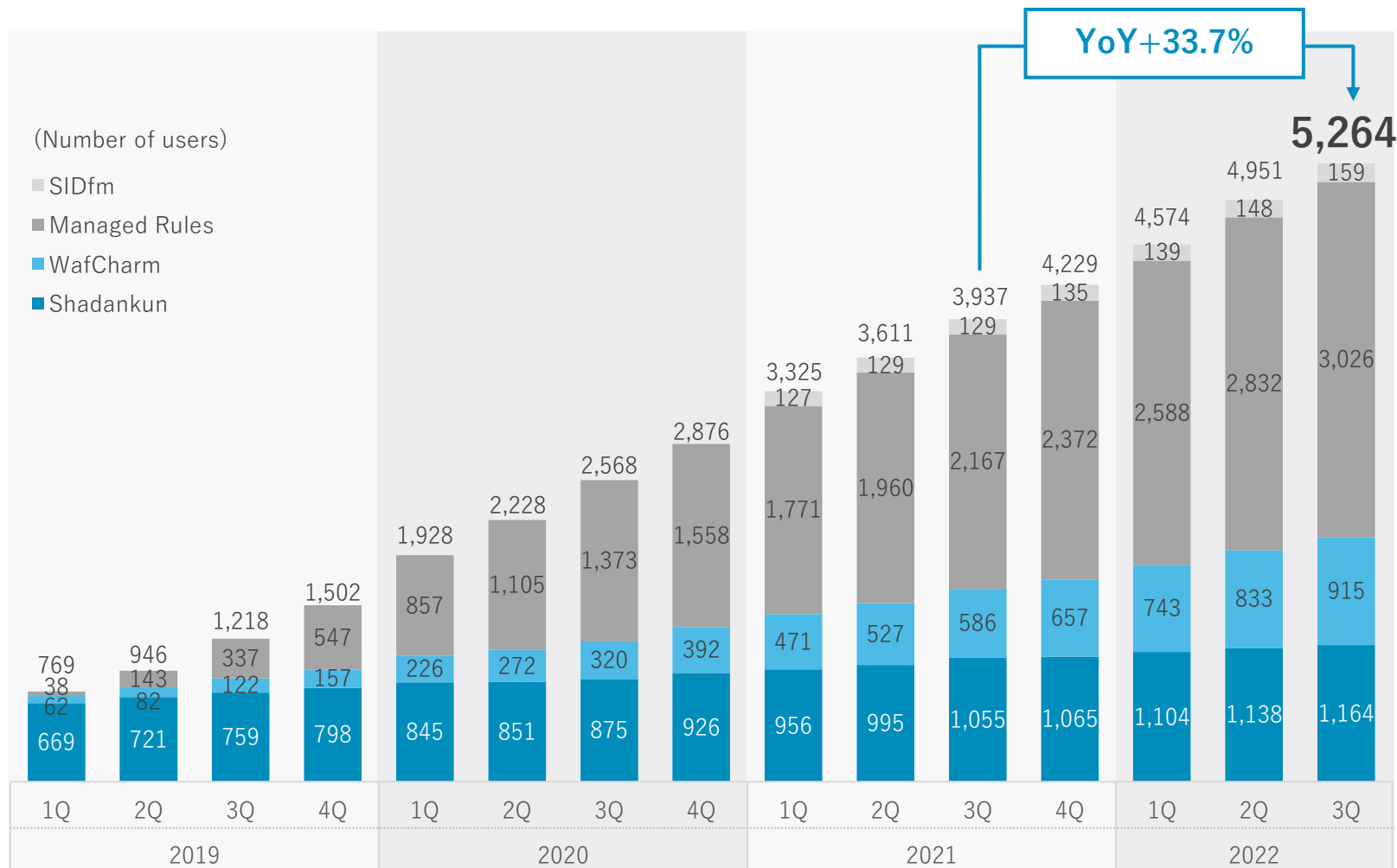
*1 ARR is affected by exchange rate since Managed Rules are sold at AWS marketplace in USD.

*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

- The number of users has increased steadily for all products.
- The number of users of Managed Rules in the world exceeded 3,000.

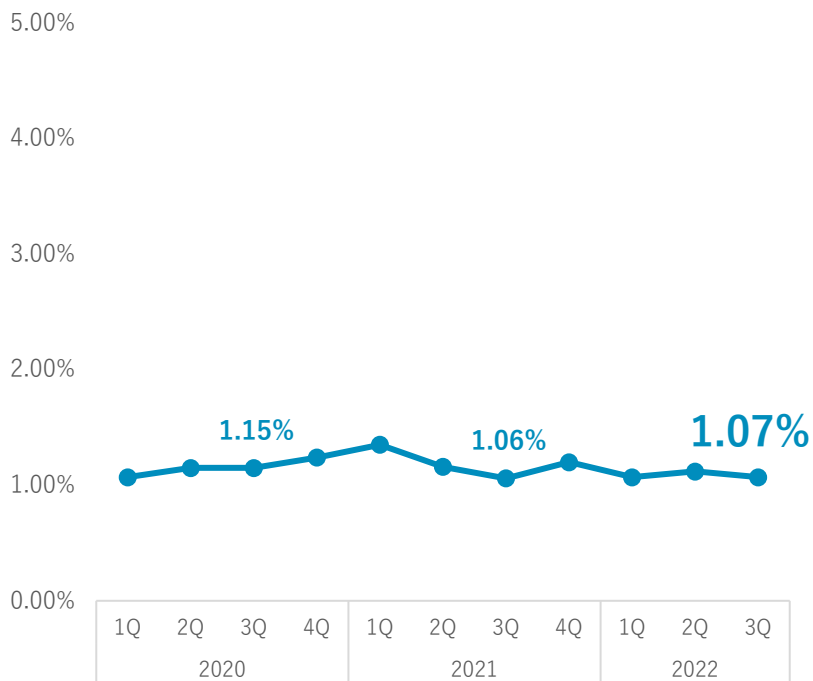


Low Churn Rates of Shadankun and WafCharm

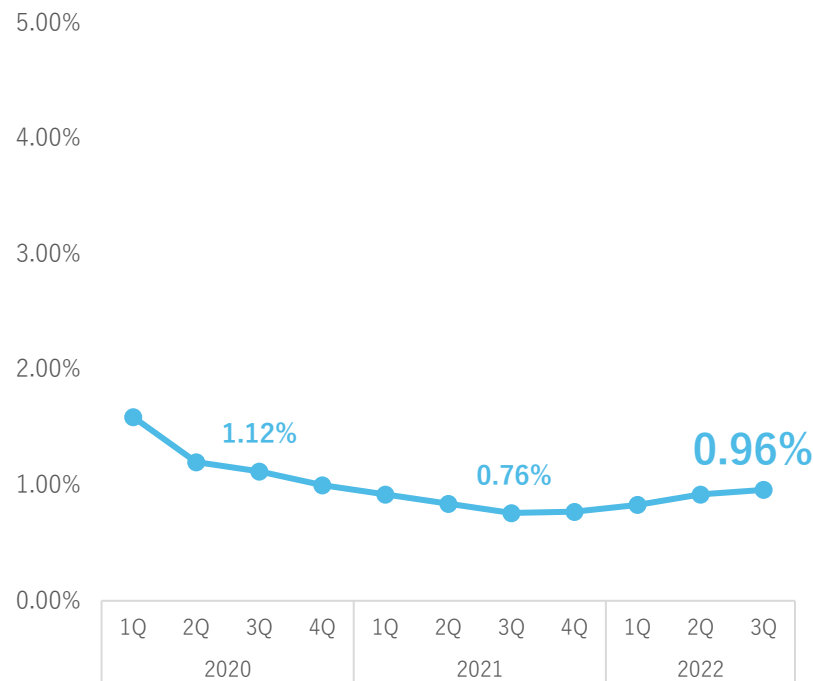


- The churn rates of the two products have not changed significantly. The company aims to keep them low.
- The major reasons for cancellation are the closure of websites and the termination of contracts between partners and end users.

Churn Rate of Shadankun*1



Churn Rate of WafCharm*2



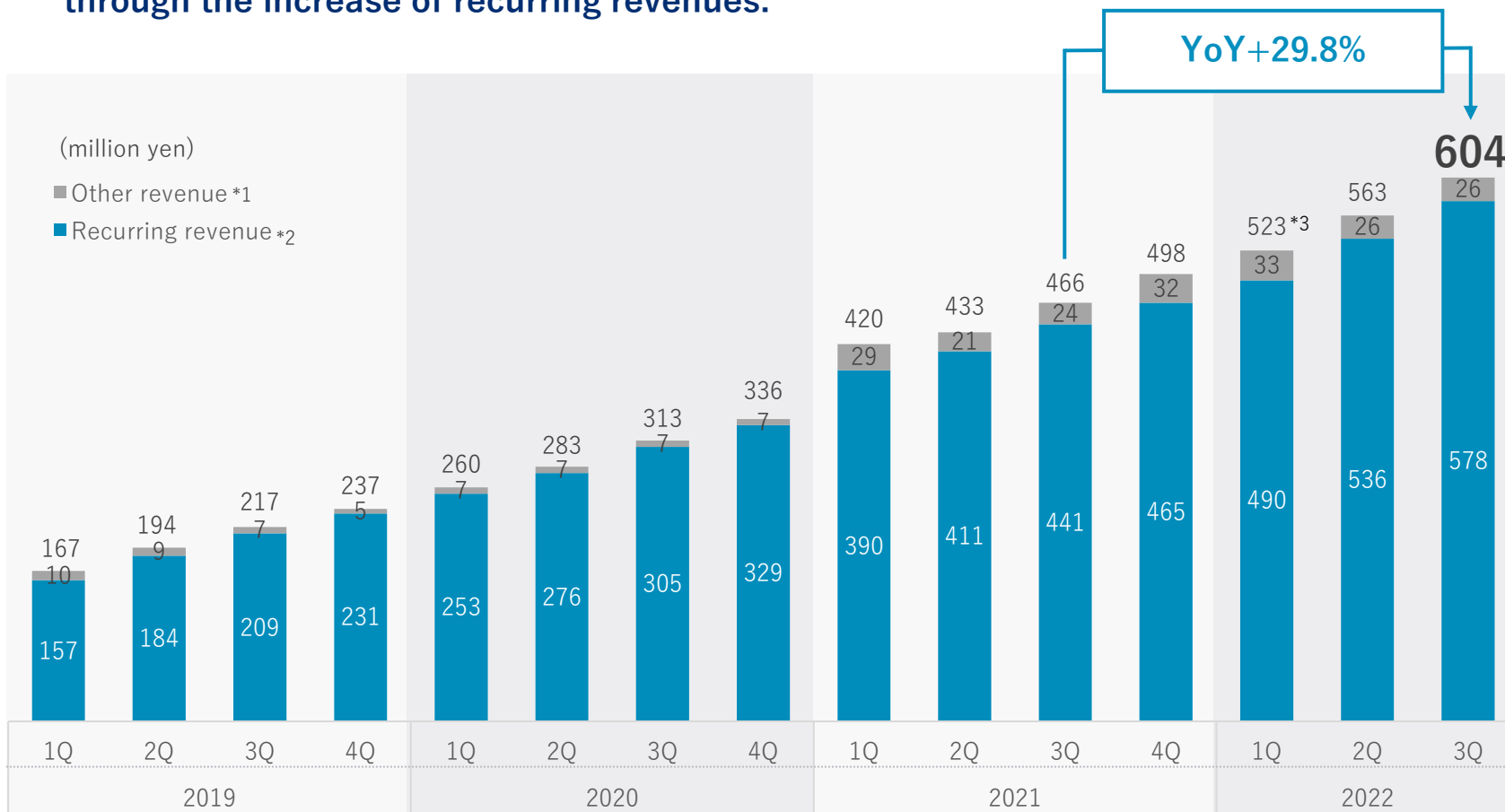
*1 Produced based on the average MRR churn rate of each product in the last 12 months.

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

- Sales increased considerably in 3Q, too, as the amount of new orders received in 2Q hit a record high.
- The amount of new orders received in 3Q, too, was large, so stable growth is expected through the increase of recurring revenues.



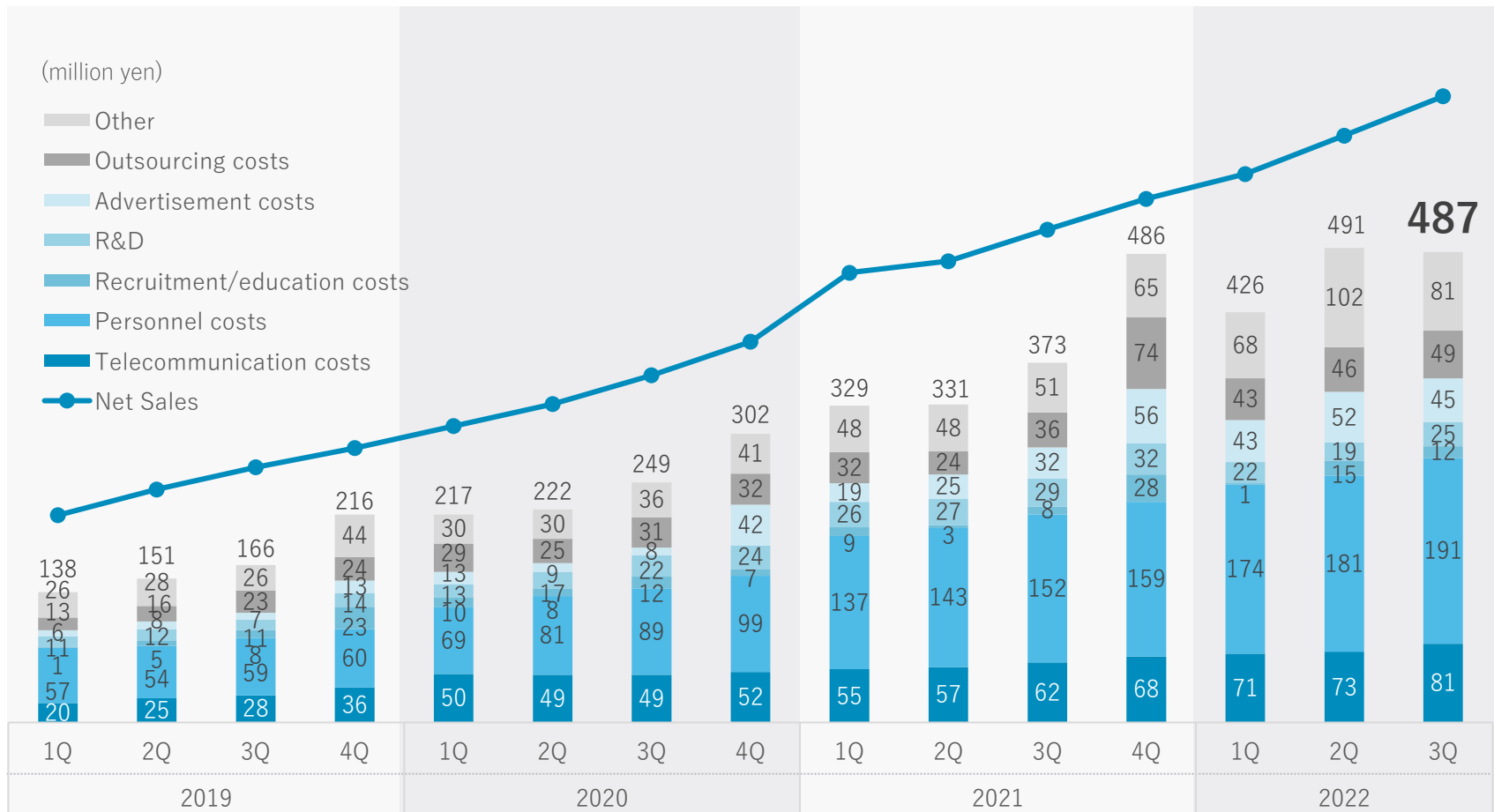
*1 Total sales, including the initial installation costs for Shadankun and spot contracts for vulnerability diagnosis, etc.

*2 Sum of MRR values for Shadankun, WafCharm, Managed Rules, and SIDfm. The company 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 SG&A)

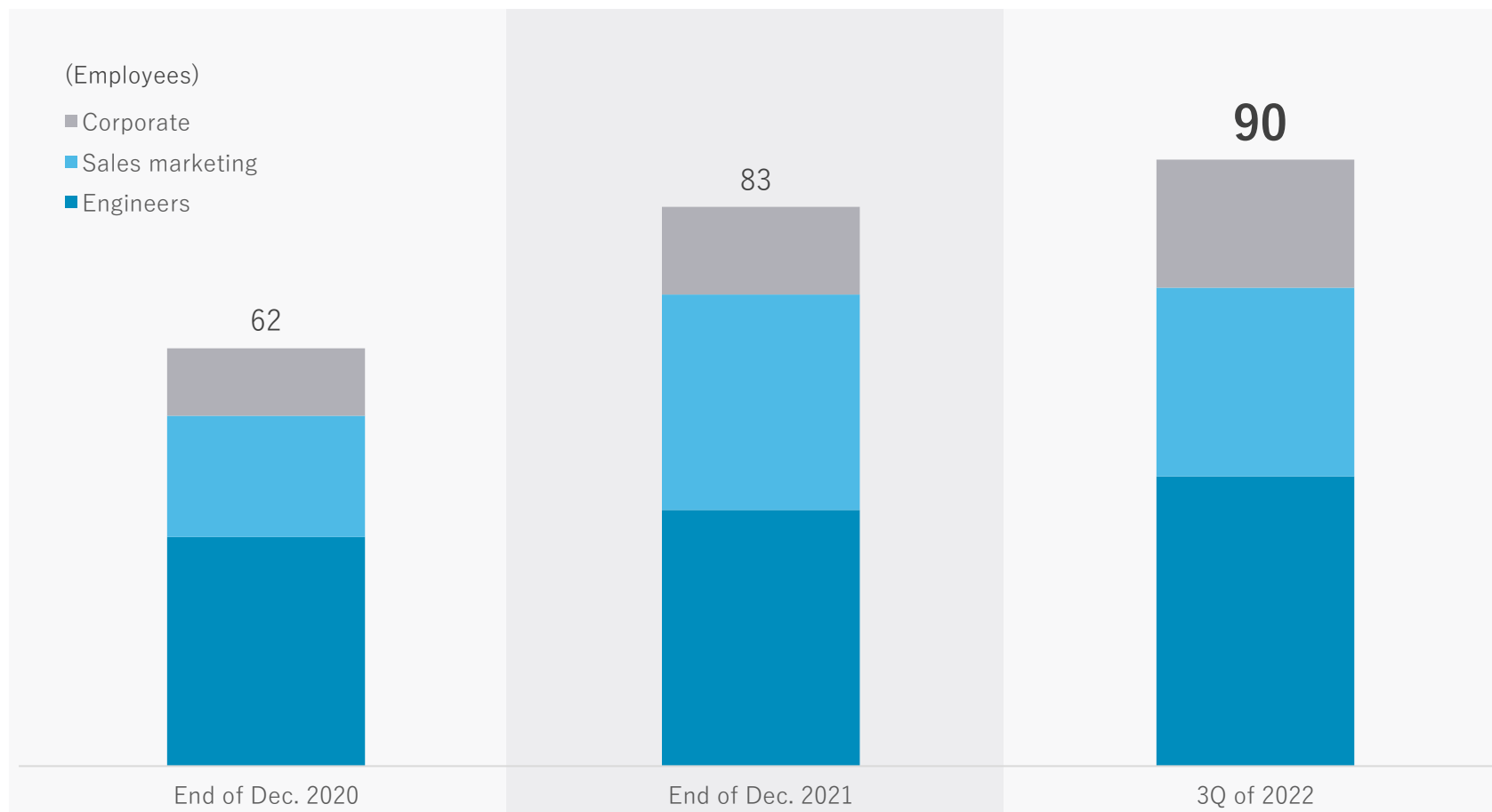
- Total cost decreased compared to 2Q due to decrease in temporary expenditure related to relocation of the office.
- There is not significant changes to the overall cost structure







Employees who Support the Growth of Cyber Security Cloud



- The company kept recruiting mainly engineers, so the number of employees has increased steadily.
- The company continuously enhanced recruitment while utilizing diverse personnel, including freelancers.



(For reference) Major KPIs of Each Product

		2021				2022			YoY
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	
 (Shadankun)	ARR (million yen)*1	1,004	1,029	1,103	1,113	1,147	1,213	1,285	+16.5%
	Number of client enterprises	956	995	1,055	1,065	1,104	1,138	1,164	+10.3%
	Churn rate (%)*2	1.35	1.16	1.07	1.21	1.07	1.12	1.07	±0.0pt
	ARR (million yen)	347	385	430	474	551	602	665	+54.6%
	Number of users	471	527	586	657	743	833	915	+56.1%
	Churn rate (%)*3	0.92	0.84	0.76	0.77	0.83	0.92	0.96	+0.2pt
	ARR (million yen)	105	103	128	141	160	210	237	+84.0%
	No. of users	1,771	1,960	2,167	2,372	2,588	2,832	3,026	+39.6%
	ARR (million yen)	144	148	149	154	163	167	178	+19.5%
	Number of users	127	129	129	135	139	148	159	+23.3%
Total	ARR (million yen)	1,602	1,667	1,812	1,883	2,022	2,192	2,367	+30.6%

* 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,

(For reference) Statement of income



(million yen)	FY2020				FY2021				FY2022		
	Non-consolidated 1Q	Non-consolidated 2Q	Non-consolidated 3Q	Non-consolidated 4Q	Consolidated 1Q	Consolidated 2Q	Consolidated 3Q	Consolidated 4Q	Consolidated 1Q	Non-consolidated 2Q*	Non-consolidated 3Q
Sales	260	283	313	336	420	433	466	498	523	563	604
Cost of Sales	90	90	95	100	125	124	139	145	154	161	183
Gross Profit	170	192	217	235	294	308	326	352	369	401	421
SG&A	126	131	153	216	203	206	233	340	272	329	304
Operating Income	43	61	64	34	90	102	92	11	97	71	117
Operating Margin	16.6%	21.6%	20.5%	10.3%	21.6%	23.6%	19.9%	2.3%	18.6%	12.7%	19.4%
Ordinary Profit	32	60	63	30	92	100	92	12	100	77	121
Net Income	27	50	53	17	59	68	61	-19	72	57	86

* As the company conducted an absorption-type merger with Softek in 2Q of FY2022, it shifted to non-consolidated accounting. Results are calculated by subtracting the 1Q results from the results assumed to be consolidated until FY2022 2Q.

(For reference) Balance sheet and statement of cash flows

(million yen)	FY2020	FY2021	FY2022
	Non-consolidated 4Q	Consolidated 4Q	Non-consolidated 3Q*
Current asset	1,098	1,253	1,518
Fixed asset	400	456	529
Total asset	1,499	1,710	2,048
Current liability	645	543	624
Fixed liability	189	221	208
Total liability	834	765	832
Net asset	664	944	1,215
Total liability and net asset	1,499	1,710	2,048

(million yen)	FY2020	FY2021	FY2022
	Non-consolidated 4Q	Consolidated 4Q	Non-consolidated 2Q*
Cash flows from operating activities	133	382	72
Cash flows from investing activities	-242	-59	-54
Cash flows from financing activities	650	-169	78
Net increase (decrease) in cash and cash equivalents	542	153	95
Cash and cash equivalents at beginning of period	356	899	796
Increase (decrease) in cash and cash equivalents resulting from merger	—	—	253
Cash and cash equivalents at end of period	899	1,052	1,145

* As the company conducted an absorption-type merger with Softek in 2Q of FY2022, it shifted to non-consolidated accounting. Statement of cash flows for 3Q is not prepared. (Most recent statement of cash flows is 2Q)

II Topics of FY2022 3Q

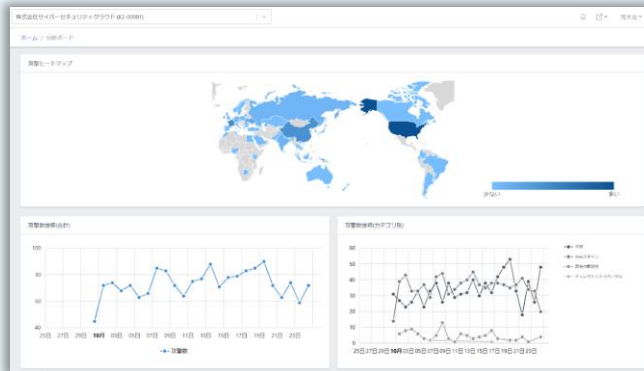


Shandan-kun that has evolved through upgrade

- It became customizable and more user-friendly.
- The function to manage multiple users by sales partners improved significantly and will support future sales promotion.

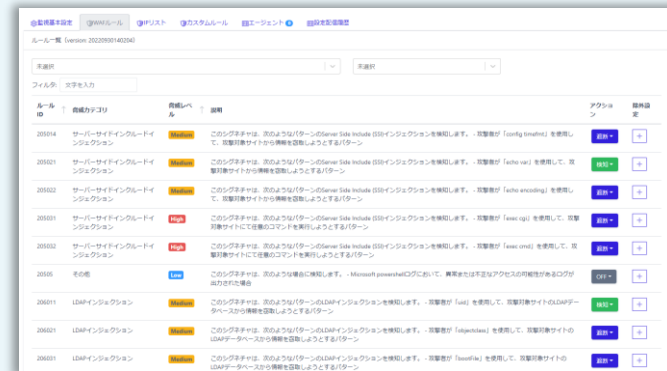
Improvement in user-friendliness

- Upgrade to the WAF rules at the global level (fortification of defense)
- Addition of the customization function for users
- Detailed analysis through UI upgrade



Enhancement of the function of management by sales partners

- It became possible for sales partners to manage users directly, so the company can propose more options.
(It became possible to respond to requests for meticulous settings swiftly)



The screenshot shows the 'ルール管理' (Rule Management) interface. At the top, there is a header with the user name '株式会社サイバーセキュリティクラウド (株) 02-60001'. Below the header is a 'ルール一覧' (Rule List) section. The main content area is a table with columns for 'ルールID' (Rule ID), '名前' (Name), 'ステータス' (Status), '説明' (Description), and 'アクション' (Action). The table lists several rules, including 'サーバーサイドインジェクション' (Server-Side Injection) and 'LDAPインジェクション' (LDAP Injection). Each rule has a status indicator (yellow or red) and a description of the rule's purpose and configuration options. The table also includes columns for 'アクション' (Action) and '詳細' (Details), with buttons for '編集' (Edit) and '削除' (Delete).

ルールID	名前	ステータス	説明	アクション	詳細
20504	サーバーサイドインジェクション	黄色	このルールでは、宛先で宛先サーバーのServer Side Include (SSI)インジェクションを検知します。...攻撃者が 'local include' を使用して、攻撃対象サイトから情報を盗取しようとするパターン	編集	削除
20501	サーバーサイドインジェクション	黄色	このルールでは、宛先で宛先サーバーのServer Side Include (SSI)インジェクションを検知します。...攻撃者が 'false var' を使用して、攻撃対象サイトから情報を盗取しようとするパターン	編集	削除
20502	サーバーサイドインジェクション	黄色	このルールでは、宛先で宛先サーバーのServer Side Include (SSI)インジェクションを検知します。...攻撃者が 'false encoding' を使用して、攻撃対象サイトから情報を盗取しようとするパターン	編集	削除
20503	サーバーサイドインジェクション	黄色	このルールでは、宛先で宛先サーバーのServer Side Include (SSI)インジェクションを検知します。...攻撃者が 'false cgi' を使用して、攻撃対象サイトにて任意のコマンドを実行しようとするパターン	編集	削除
20500	サーバーサイドインジェクション	黄色	このルールでは、宛先で宛先サーバーのServer Side Include (SSI)インジェクションを検知します。...攻撃者が 'false cmd' を使用して、攻撃対象サイトにて任意のコマンドを実行しようとするパターン	編集	削除
20506	その他	黄色	このルールでは、宛先で宛先サーバーのServer Side Include (SSI)インジェクションを検知します。...Microsoft Internet Explorer (IE)において、悪意のあるJavaScriptの呼び出しがあるログが出力された場合	編集	削除
20601	LDAPインジェクション	黄色	このルールでは、宛先で宛先サーバーのLDAPインジェクションを検知します。...攻撃者が 'false' を使用して、攻撃対象サイトのLDAPデータベースから情報を盗取しようとするパターン	編集	削除
20602	LDAPインジェクション	黄色	このルールでは、宛先で宛先サーバーのLDAPインジェクションを検知します。...攻撃者が 'true' を使用して、攻撃対象サイトのLDAPデータベースから情報を盗取しようとするパターン	編集	削除
20603	LDAPインジェクション	黄色	このルールでは、宛先で宛先サーバーのLDAPインジェクションを検知します。...攻撃者が 'true' を使用して、攻撃対象サイトのLDAPデータベースから情報を盗取しようとするパターン	編集	削除

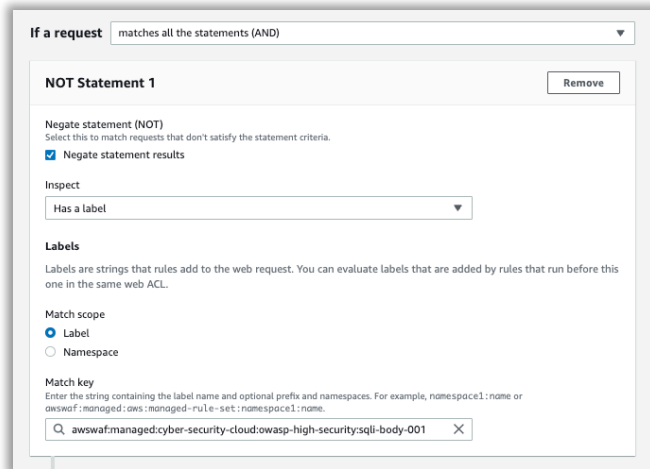
Increase users and make partners more successful

Compatibility with the labeling function – the first among Managed Rules sellers in the world –

- The company responded to the update of the functions of AWS WAF earlier than anyone else in the world.
- The company aims to increase users further, through differentiation from global competitors.

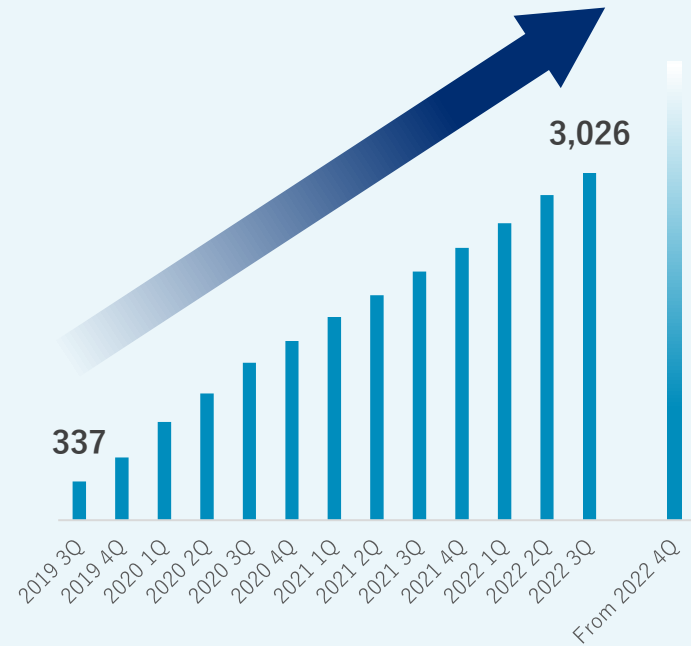
Details of the update

Developed the customization function that prevents a false detection while maintaining defense



The screenshot shows the configuration for a rule in the AWS WAF console. The rule is set to "If a request matches all the statements (AND)". Under "NOT Statement 1", the "Negate statement (NOT)" section is expanded, showing "Negate statement results" checked. The "Inspect" dropdown is set to "Has a label". The "Labels" section explains that labels are strings added to web requests by previous rules. The "Match scope" is set to "Label". The "Match key" field contains the value "aws:waf:managed:cyber-security-cloud:owasp-high-security:sqli-body-001".

Further increase of users

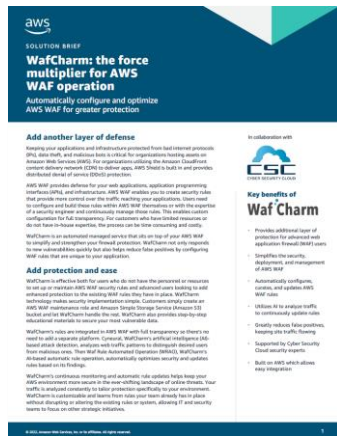


Obtained the certification of AWS ISV Accelerate Program for the first time in Japan*

- Various measures are ongoing, for achieving the growth strategy for 2025.
- After obtaining the ISV certification, the company will cement the relationship with AWS and aim to increase global sales.

Until 2Q of 2022

- ① Production of Solution Brief of WafCharm with AWS (flyer)
- ② Released a case study as the second company in the world in AWS WAF Partner Site.



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 >](#)

3Q of 2022

Managed Rules was **certified by ISV** as a cyber security service **for the first time in Japan.**

Strong support by AWS

- Collaborative sale with AWS began (sales growth)
- Discount of the price for posting in the marketplace (cost reduction)

* "AWS ISV Accelerate Program" means the collaborative sales program between the participating independent software vendor (ISV) and AWS. Our service obtained the certification for the first time among cyber security services in Japan.



III 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**



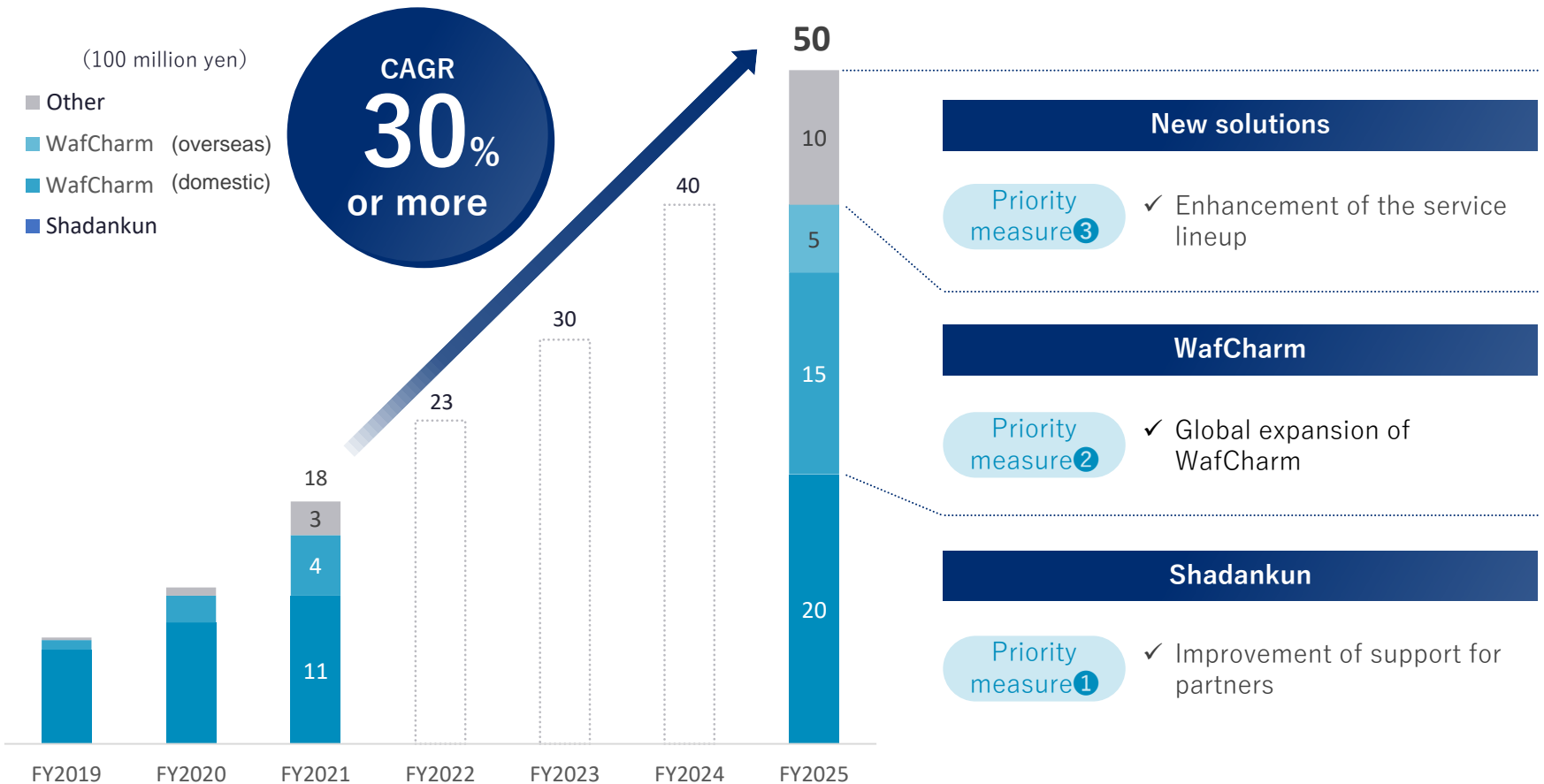
As a financial target, **the company aims for sales of 5 billion
yen and an operating income of 1 billion yen.**



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

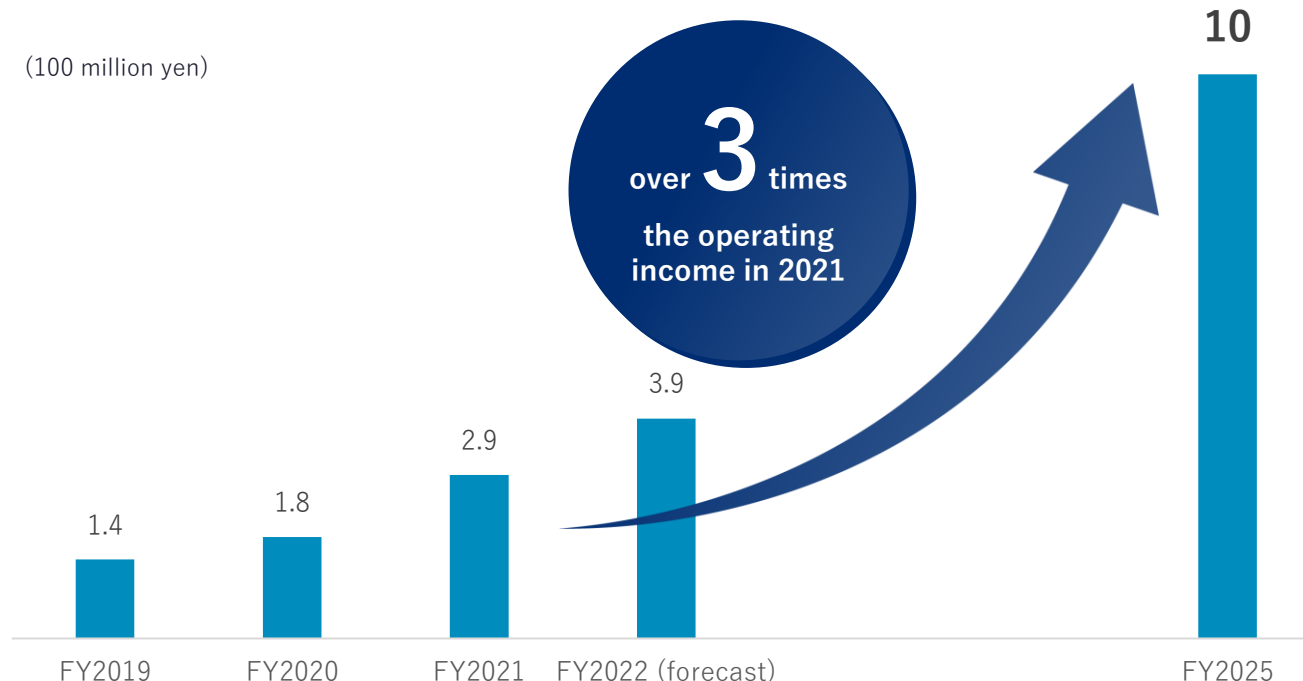
Financial Target (1) Sales of 5 Billion Yen

- 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

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



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

To focus on partnership-based success while strengthening the CSC partner support organization

To acquire new partners

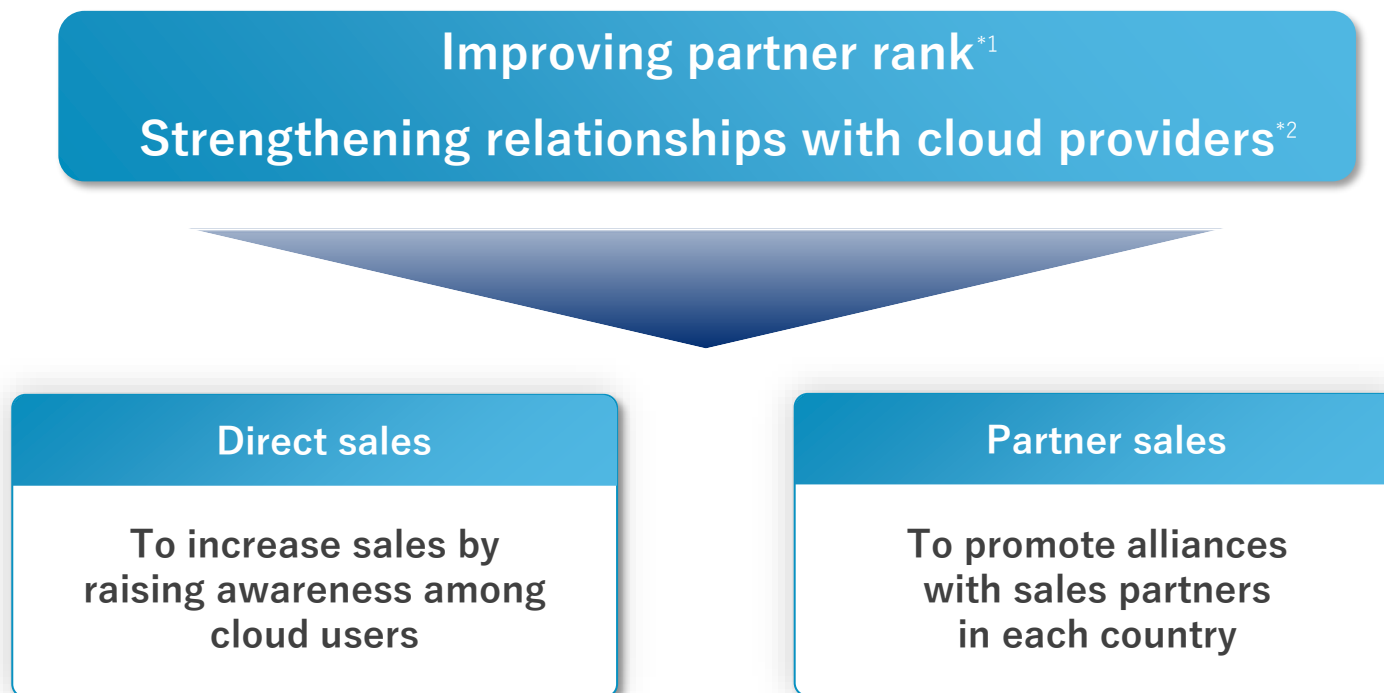
- ✓ Expansion to major cities nationwide
- ✓ To secure a wide range of partners such as cloud vendors and system integrators

To improve existing partnerships

- ✓ To support bundled sales with our in-house services
- ✓ To increase the number of CSC products handled

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, the company will collaborate with leading global sales partners.

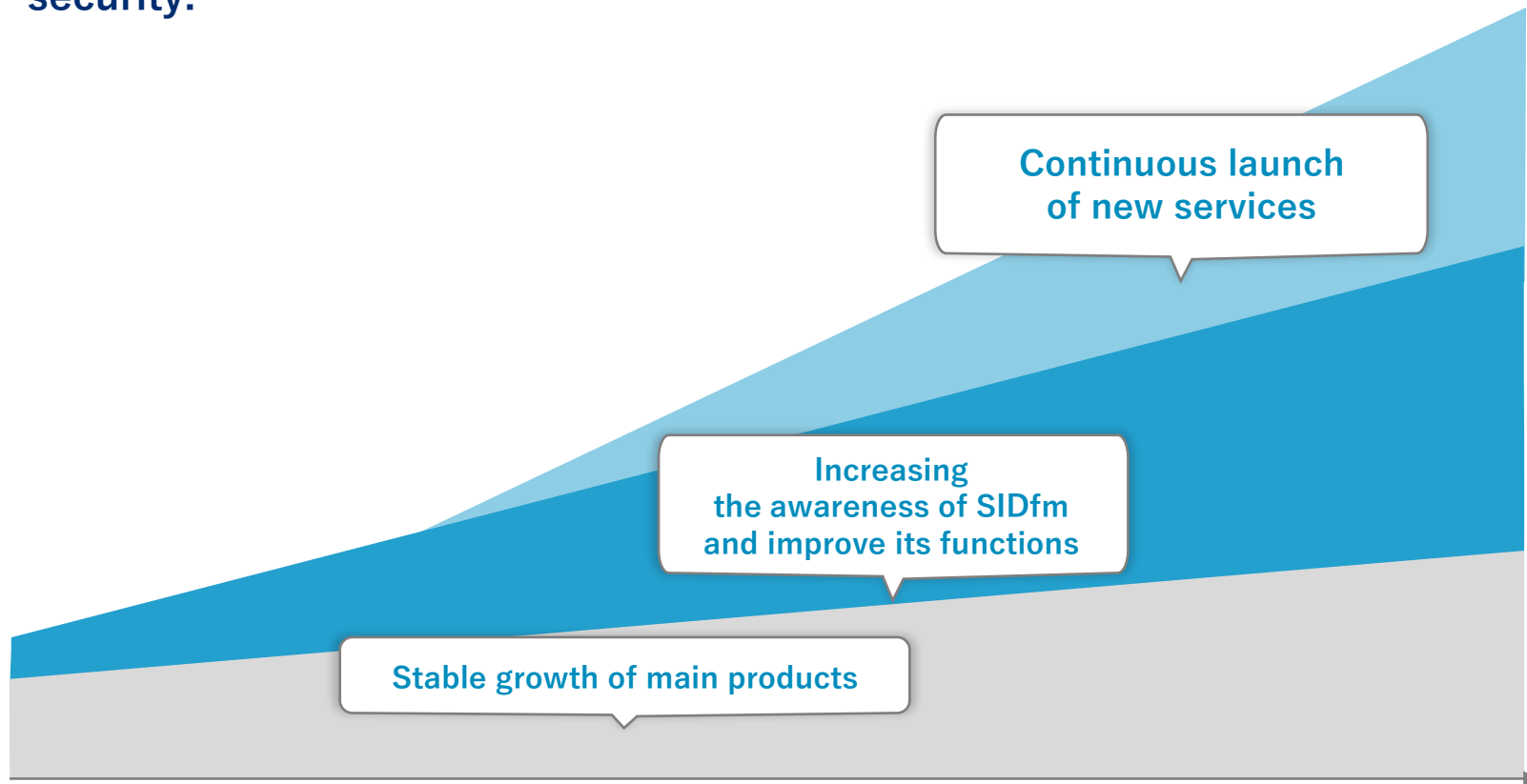


^{*1} Generally, improving the partner rank certified by the cloud operator will open the door to increasing exposure at co-sponsored seminars and events, joint sales, etc. Furthermore, to improve the partner rank, it is necessary to reach specific sales results, acquire technical ability certifications,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

^{*2} 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, the company will maximize the value provided by SIDfm by leveraging CSC's business development capabilities.
- The company will develop new services to solve users' issues and enhance the service lineup to become a comprehensive solution company for Web security.

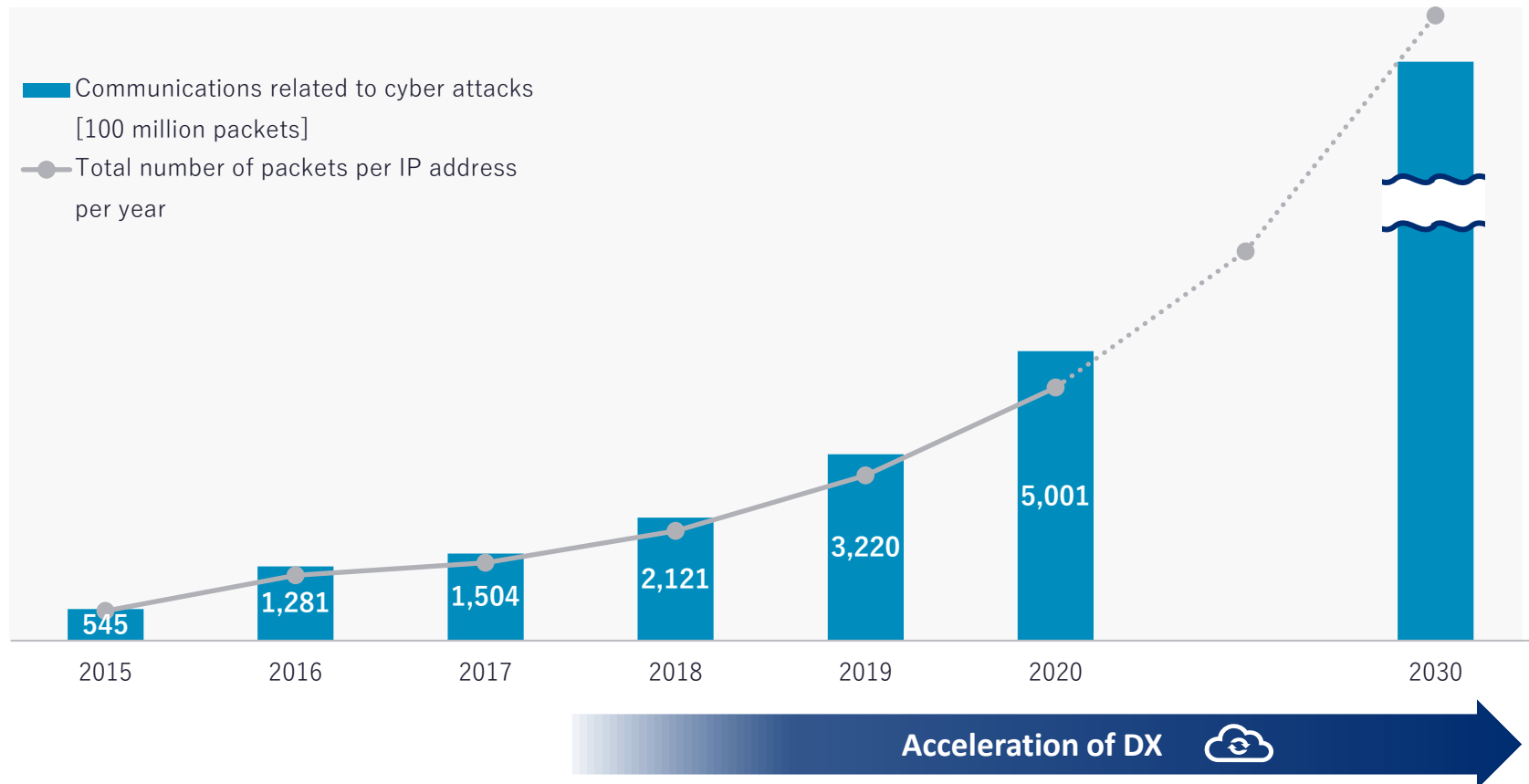




V Business Environment Surrounding CSC

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.

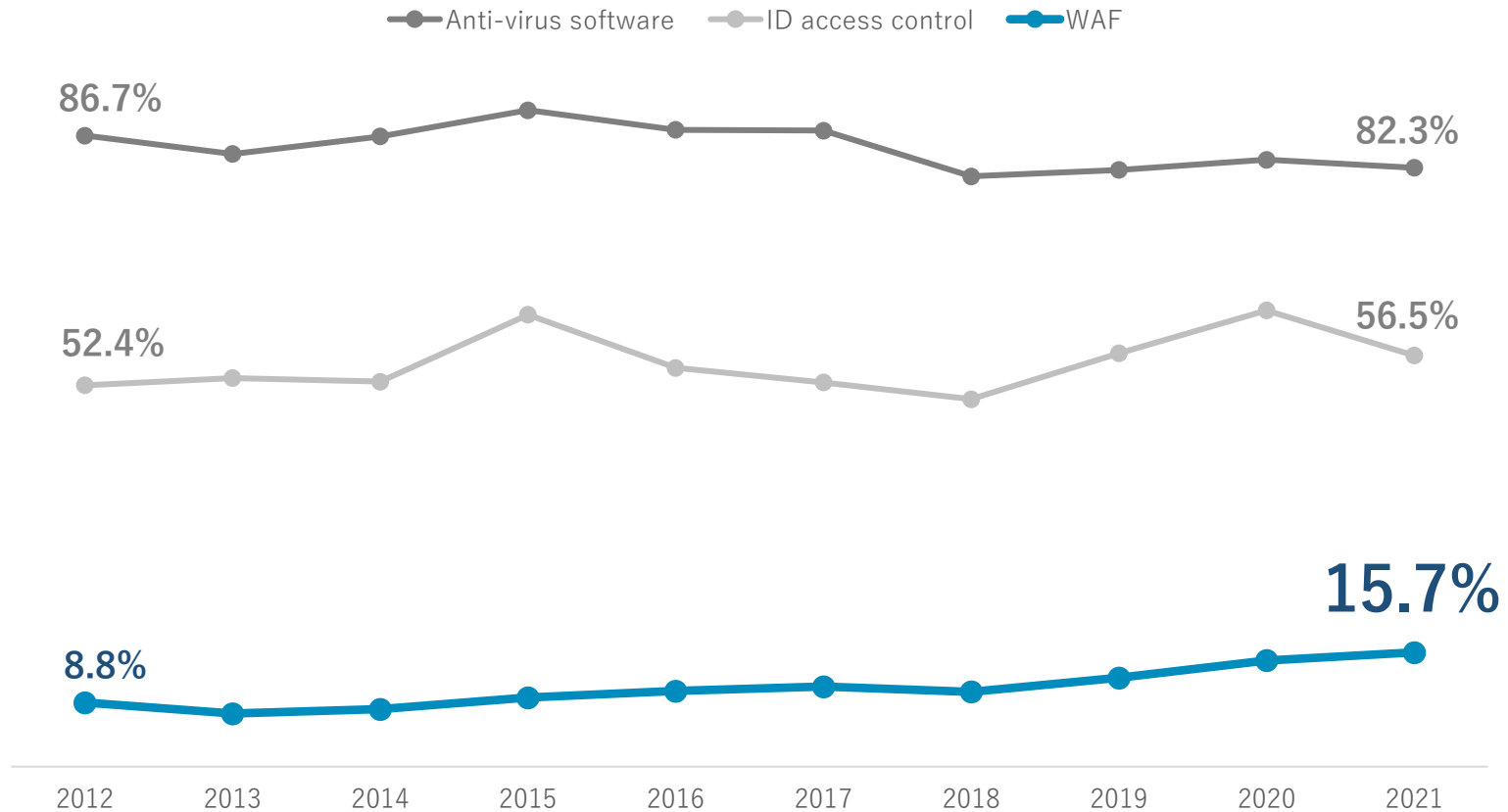


Produced by our company with reference to "NICTER Observation Report 2020" by Cyber Security Research Institute of NICT

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.

- 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.

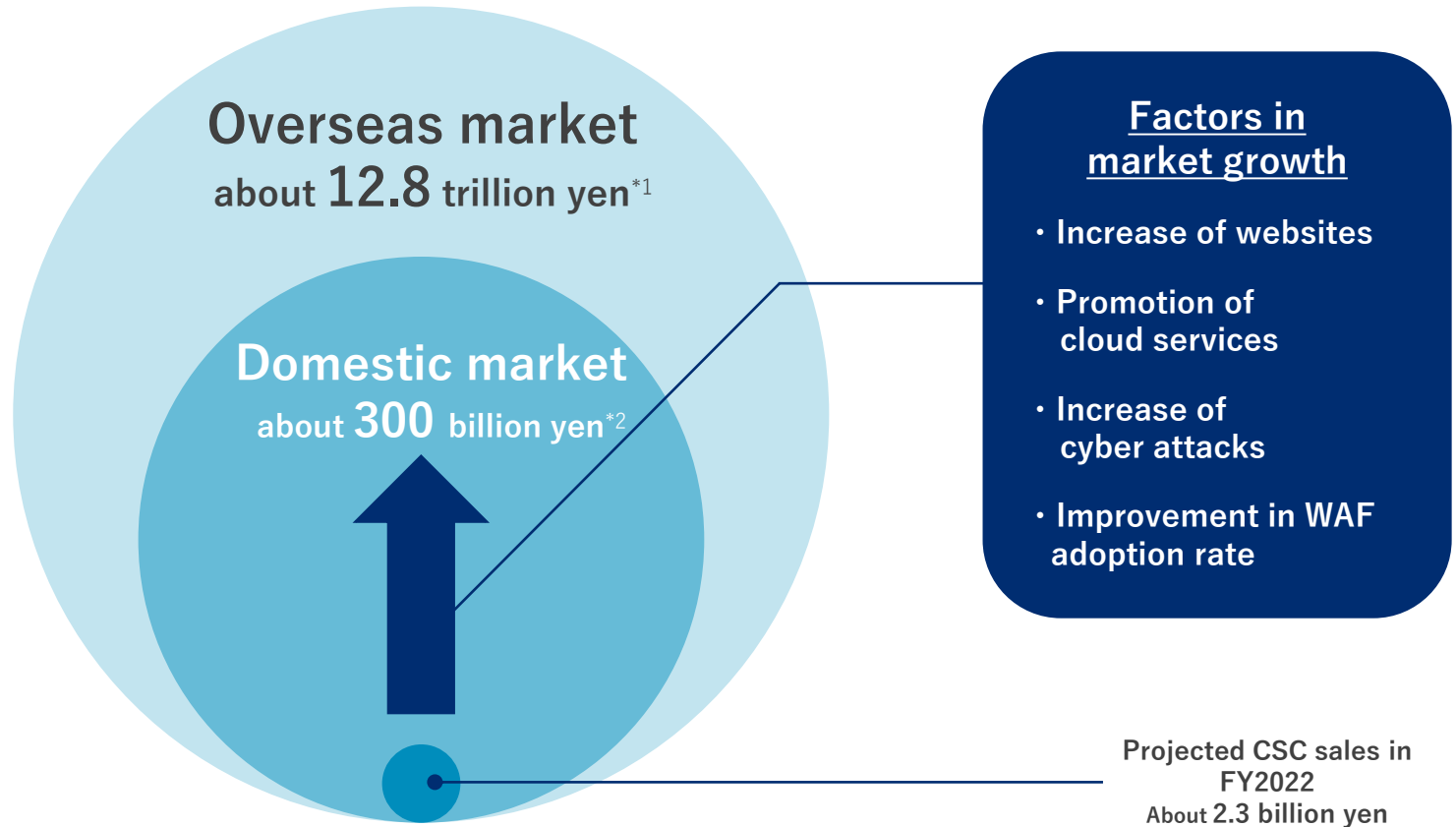


Items that need to be reported to the commission and individuals whose information has leaked set forth in the regulations of the personal information commission because there is a greater risk of harming the rights and interests of individuals

- 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.

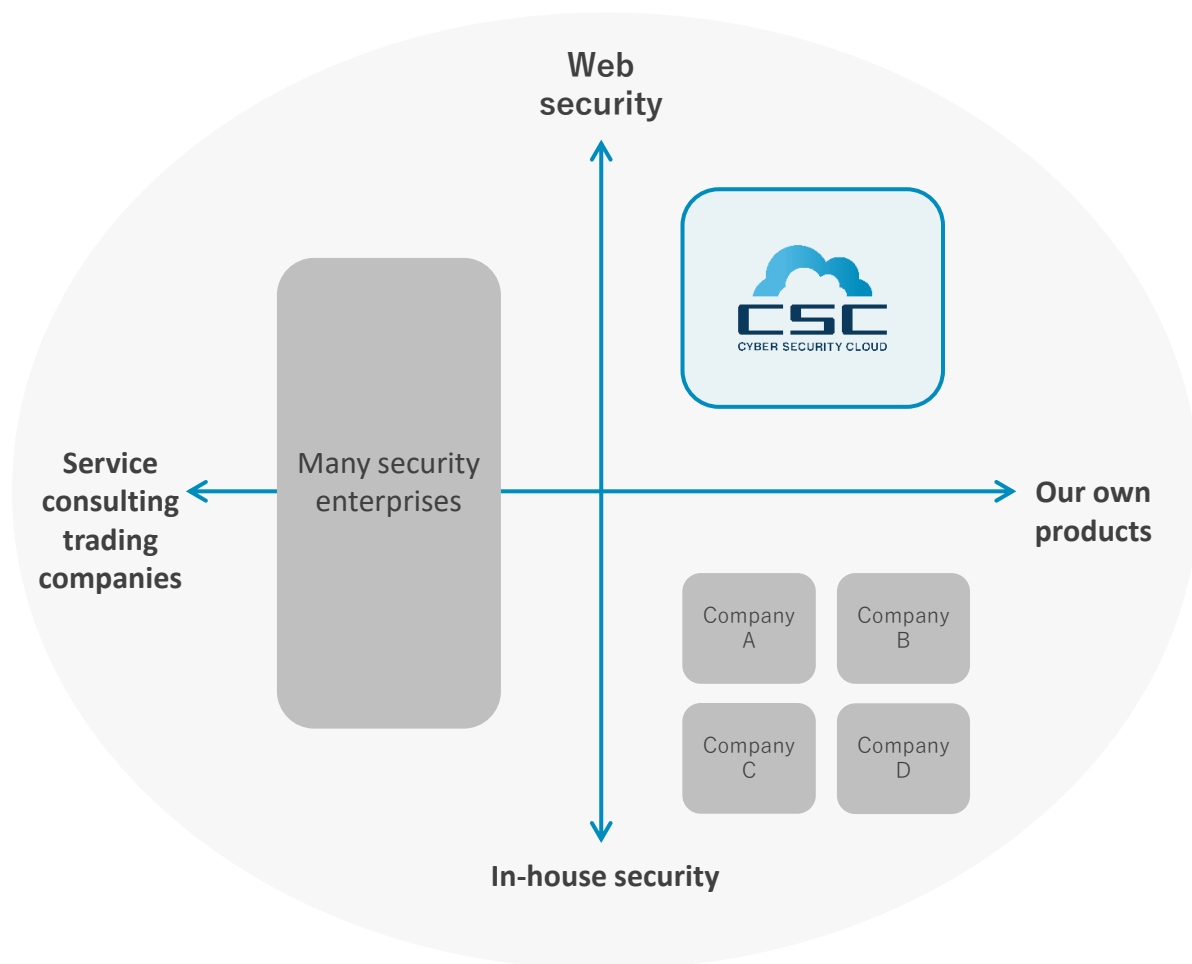
- Our company has the largest share in the domestic market, but our share is less than 1% in the entire market, so there is significant room for expansion.
- The progress of DX will become a growth factor for us.



*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

The company handles its own products developed by our engineers. The company can provide our products flexibly according to customer needs through in-house development and operation.

② Web security

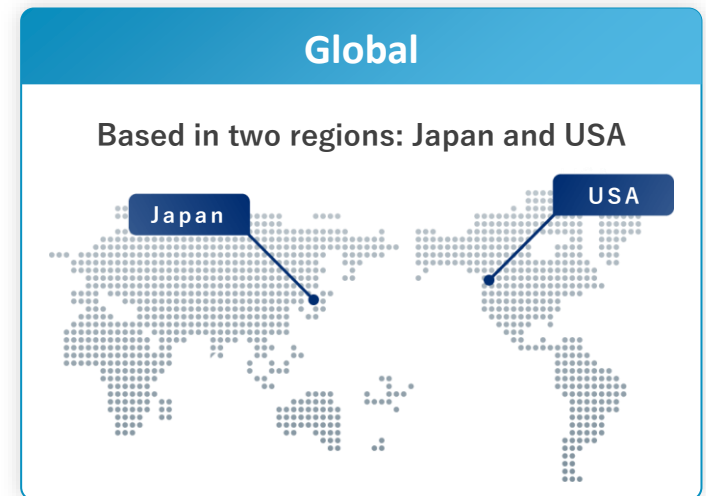
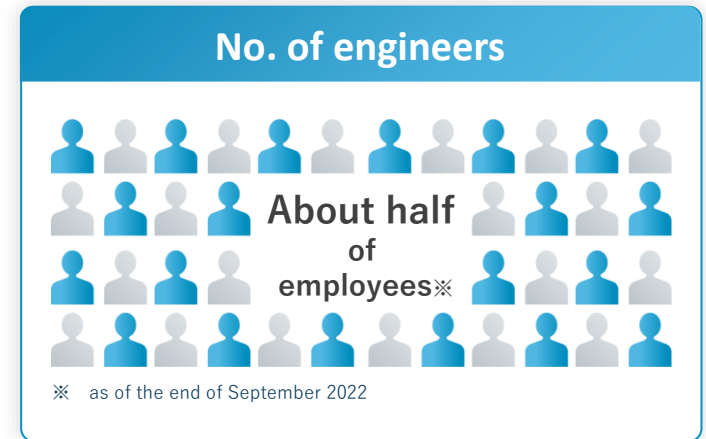
Differing from the security services for protecting PCs and networks, our services protect corporate websites.

IV Company Overview



Company Summary

Company Name	Cyber Security Cloud, Inc	
Established	August 11th, 2010	
Listing Date	March 26th, 2020	
Representative	Representative CEO	Toshihiro Koike
	Representative CTO	Yoji Watanabe
Senior Management	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
Head Office	13 th floor of JR Tokyu Meguro Bldg., 3-1-1 Kamiosaki, Shinagawa-ku, Tokyo	
Business	Development and provision of cyber security services using Artificial Intelligence	
Subsidiary	Cyber Security Cloud Inc. (USA)	
	*The company acquired Softek Co., Ltd. on Apr. 1.	





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

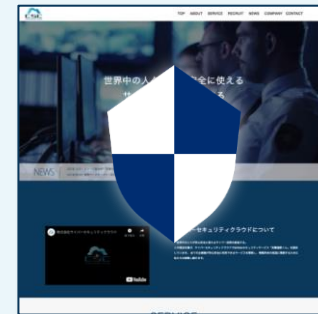
Corporate Security can be Classified into Two Types

Corporate security



Security of PCs and
in-company networks

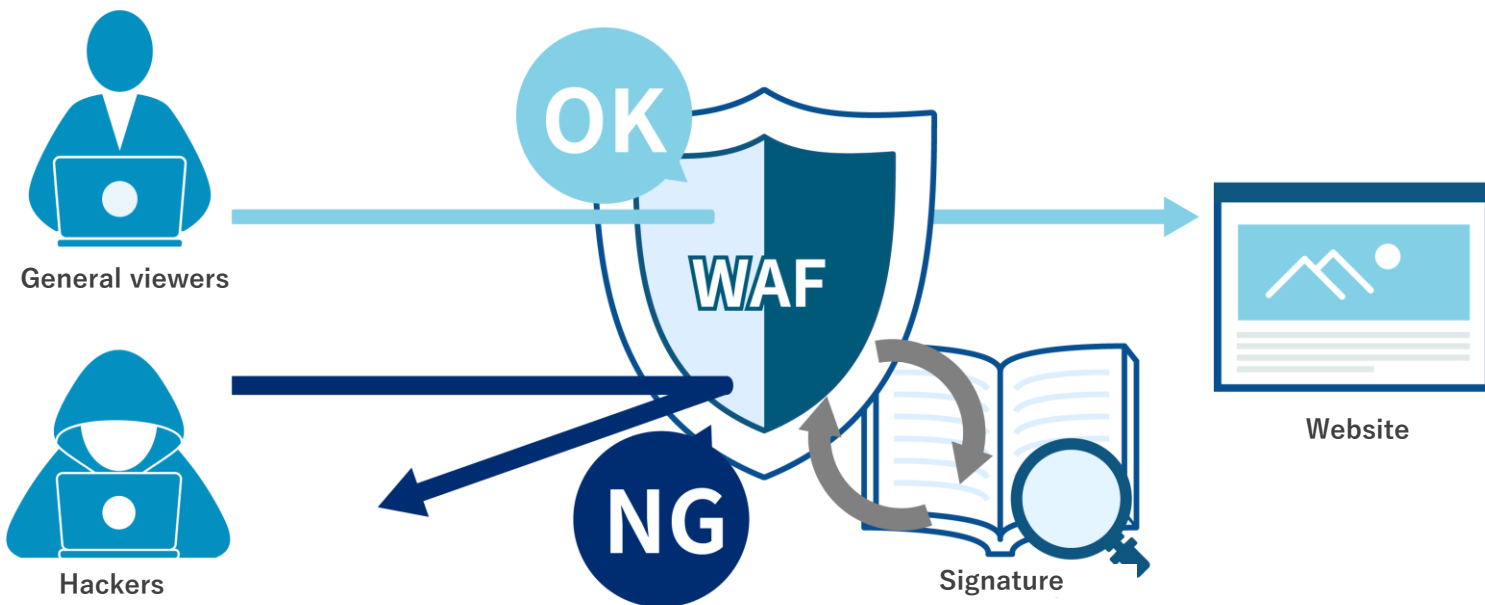
Web security



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, the company blocks attacks from hackers.
- Since new patterns of attacks emerge one after another, it is important to keep the precision of signatures high.



Our Service Lineup

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

Cloud WAF



Tool for visualizing and blocking cyber attacks to websites

Domestic market share

No.1^{*1}

*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

Automatic public cloud WAF operation service



Automatic WAF operation tool for AWS, Azure, and Google Cloud based on AI

No. of users of the automatic AWS WAF operation service in Japan

No.1^{*2}

Set of rules exclusively for AWS WAF



Set of rules exclusively for AWS WAF unique to Cyber Security Cloud

No. of users who adopted the rules

3,026
in over
90 countries^{*3}

*3 As of September 2022
*4 Surveyed by JMRO; Outline of the survey: Survey on results in August 2021

Tool for collecting and managing vulnerability information



Service of collecting vulnerability information and providing patch information and attack avoiding methods

Market share for vulnerability information provision services
Amount of vulnerability information provided
Number of original contents on vulnerability

No.1^{*4}
in Japan

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
- ✓ Misdetetection 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



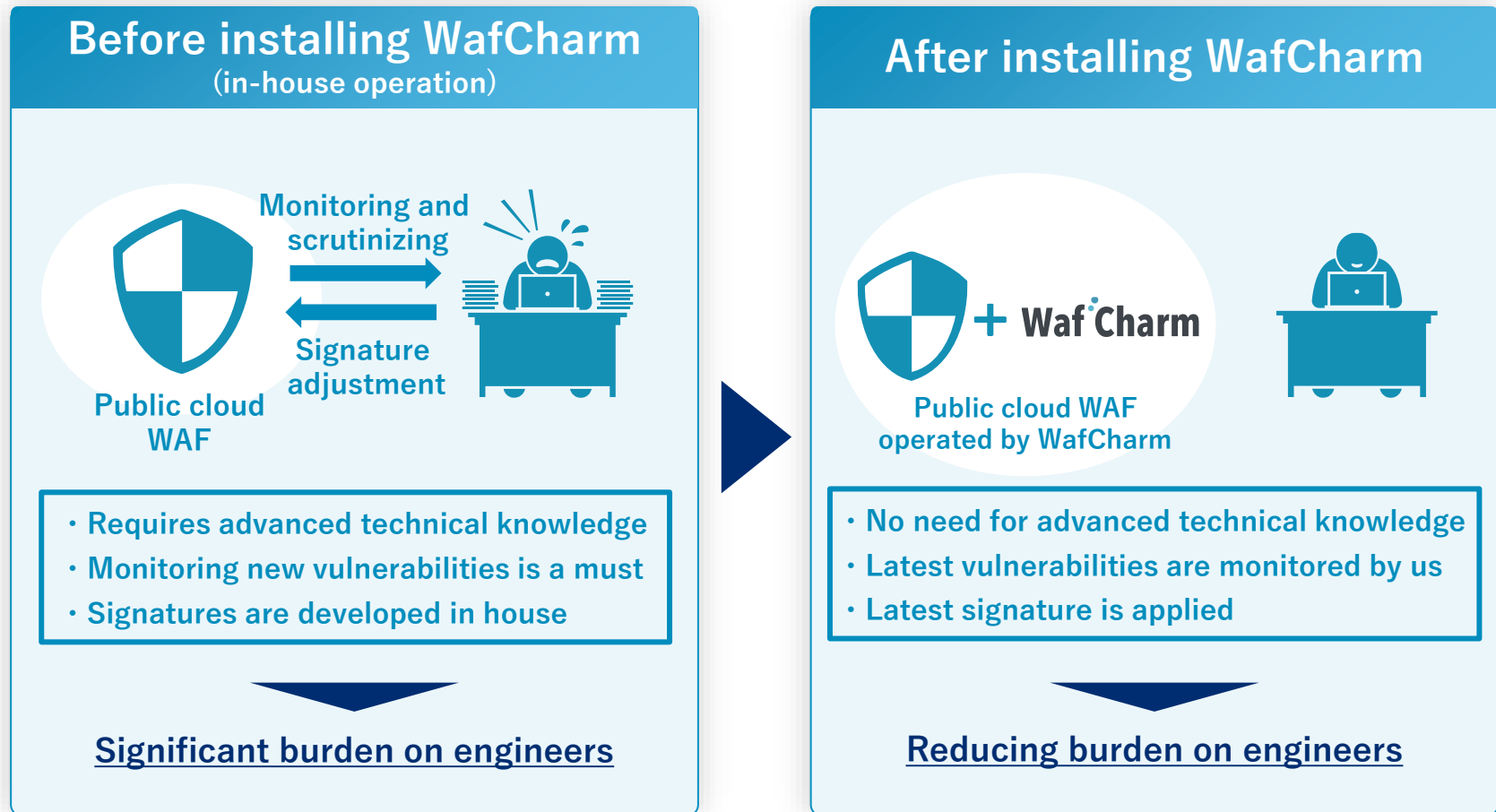
Reliable domestic services

- ✓ 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

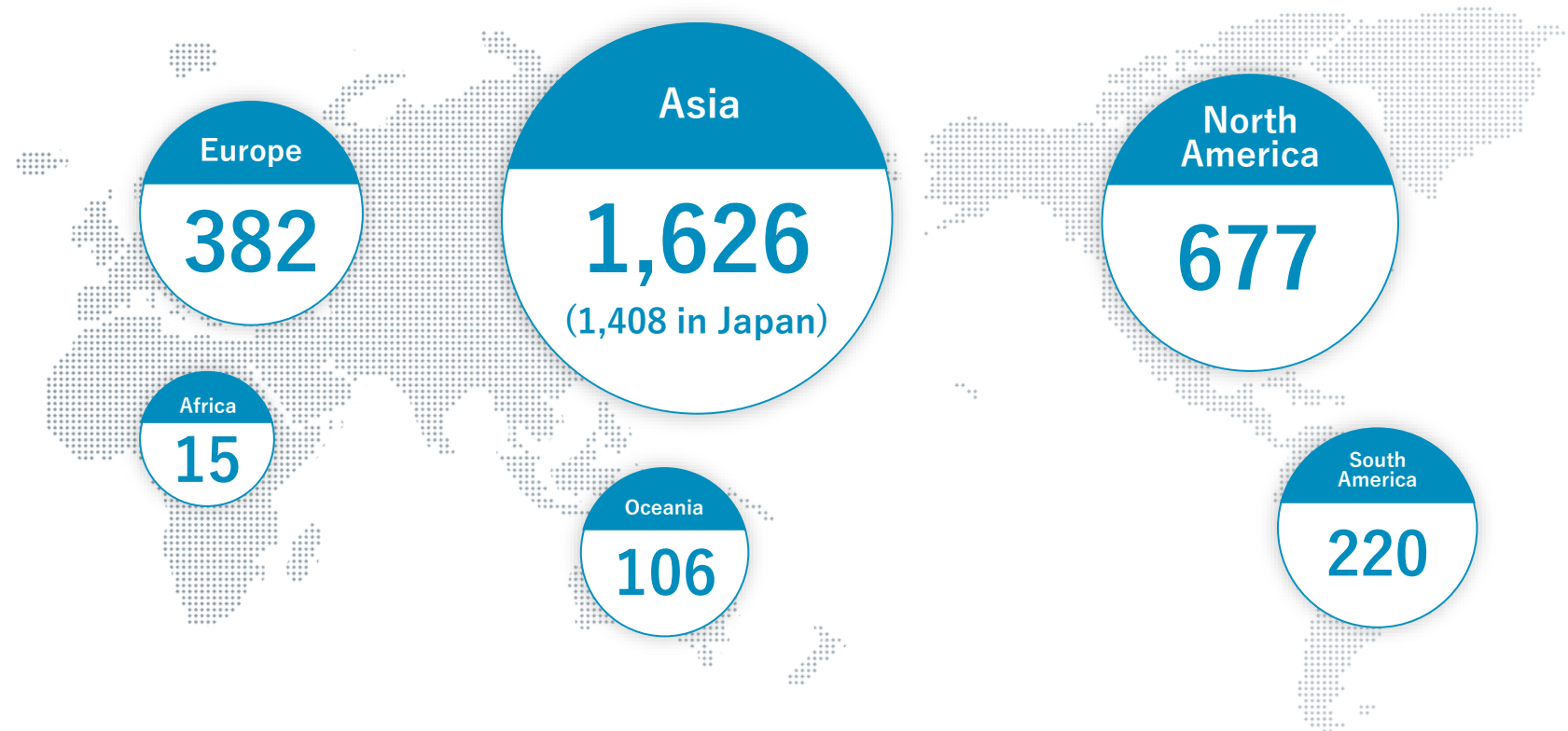
- WafCharm is a tool for automatically operating WAF for the three major public clouds in the world*.
- It can reduce the man-hours of engineers for operating WAF inhouse.
- Currently, the company offers it in Japan and the U.S., and plan to spread it globally further.



*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

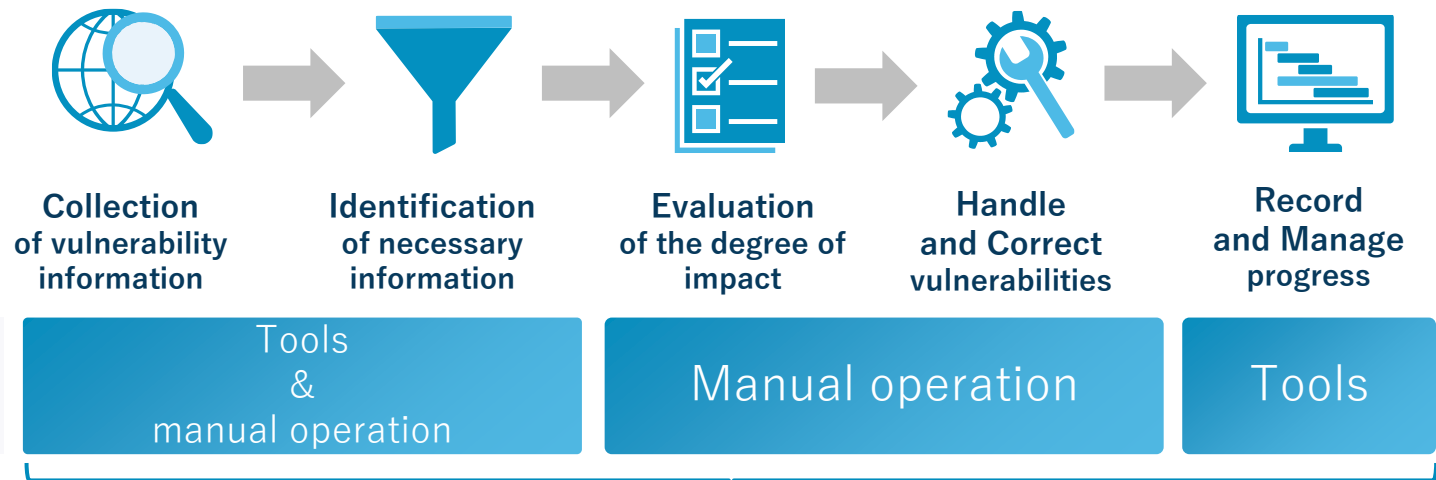
- A set of rules exclusively for AWS WAF, which can be purchased in AWS Marketplace.
- The company has users in over 70 countries and regions, and global users account for over 50%.



Total number of users: **3,026**
(as of the end of September 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

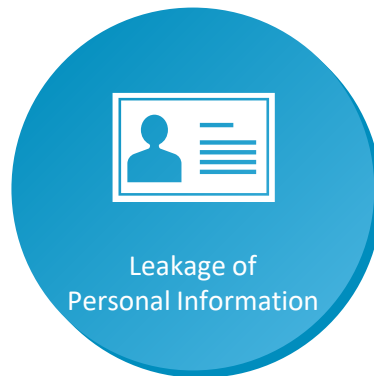
To find a password, all theoretically possible patterns are entered.

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"

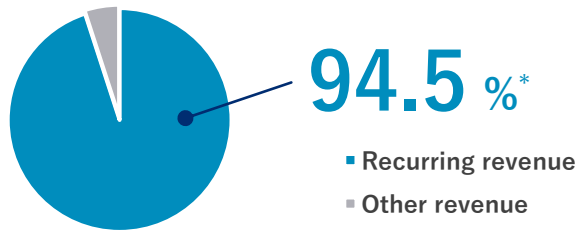
*2 Source : JICI "Quantifying Cyber Risk Survey which can be used in discussions at Board of Director meetings"

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
Information/telecommunication	Due to the unauthorized access by a third party, the business information of affiliates and the information on employees leaked.	About 20 million
Air transportation	A database on customer information was accessed improperly, and the data on names, member numbers, and statuses leaked.	About 1 million
Education	System servers suffered cyber attacks, and information on the use of the servers leaked.	About 43,000
Finance	Smartphone apps for members suffered cyber attacks, and customer ID information was accessed improperly.	About 16,000
Electric power /gas	Provided apps suffered unauthorized access, and email addresses leaked.	About 10,000
Electric devices	Cloud servers suffered cyber attacks, and some information on business partners leaked.	About 8,000
Food products	EC sites suffered unauthorized access, and membership information leaked.	About 5,000
Land transportation	EC sites suffered unauthorized access, and card information leaked.	About 3,000
Media	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 September 2022) to sales of our Group

High growth rate

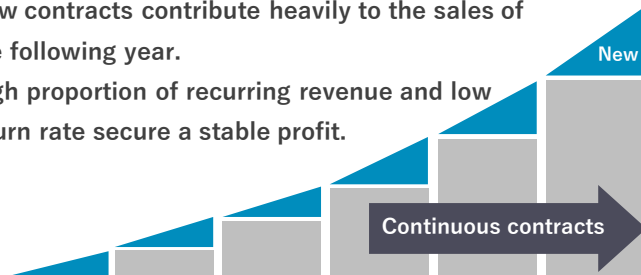
50 | Technology **Fast 50**
2021 Japan **WINNER**
Deloitte.

Awarded 21st 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
1.07%

At the end of September 2022

Churn rate of WafCharm *2
0.96%

At the end of September 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

Due to the limited resources of the team in charge of infrastructure, we were not able to make good use of AWS WAF, so we implemented WafCharm, which allows us to run AWS WAF automatically. The blacklist (malicious IP addresses), which is **automatically updated at a high frequency**, has helped us a lot. In addition to **defending against more than 100k attacks per month**, the use of WafCharm and the establishment of our corporate system have **reduced man-hours by around 30 hours per month**.

Also, WafCharm has made it possible to report on the current status to management quantitatively. WafCharm is **inexpensive to start using**, so, it is a good choice for companies that are just starting to implement security measures.



Executive Officer of Development
Masatoshi Murakami

*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

- The company offers products to a broad range of users via many sales partners.
- The company aims 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.

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