

Financial Materials for FY2022 (Our Business Plans and Growth Opportunities)

CYBER SECURITY CLOUD

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Growth industry



Provides cloud products to defend from hackers.

Industry Leader



#1 in Japan market share for core product.

High ARR growth rate



30%+ growth in ARR YoY.

Global achievements



Business operation in over 90 countries around the world

I Overview of Results for FY2022



Revenue (Full-year)

P6

2.27 billion yen*

Pro forma consolidated

2.34 billion yen

+28.9% YoY

ARR (Annual Recurring Revenue)

P8

2.50 billion yen

+33.2% YoY

Operating income (Full-year)

P6

380 million yen*

Pro forma consolidated

410 million yen

+39.2% YoY

Churn rate

P10

 攻撃遮断くん
(Shadankun)

0.97%

 Waf Charm

0.88%

* Due to the merger of Softek Corporation in 2Q of FY2022, our company has shifted to non-consolidated financial results. Since the compared items are different from the previous period, year-over-year comparisons are not shown.

Summary of Business Results

- Revenue increased 28.9% YoY to 2.34 billion yen (pro forma consolidated) .
- Operating income and net income significantly increased 39.2% and 79.5%, respectively.

(Million yen)	A (Consolidated) FY2021 Full Year	(Stand-alone) FY2022 Full year* ¹	B (Reference) Pro forma Consolidated* ²	B vs. A YoY Comparison
Revenue	1,817	2,275	2,342	+28.9%
Gross Profit	1,281	1,611	1,654	+29.1%
Operating Income	297	385	413	+39.2%
Operating Income Margin (%)	16.4%	17.0%	17.7%	+1.3pt
Ordinary Income	297	395	420	+41.1%
Net Income	169	306	304	+79.5%

* 1Due to the merger of Softek in the 2Q of FY2022, our company shifted to non-consolidated financial results and excluded Softek's results for the first quarter.

*2The above figures are based on the assumption that consolidated financial results had continued through 2Q of FY2022 (results incorporating Softek's 1Q results).

Forecasts and Results for FY2022

- Revenue and profits at each stage exceeded the full-year forecasts.
- Achieved the first year's goals for the growth strategy toward 2025.

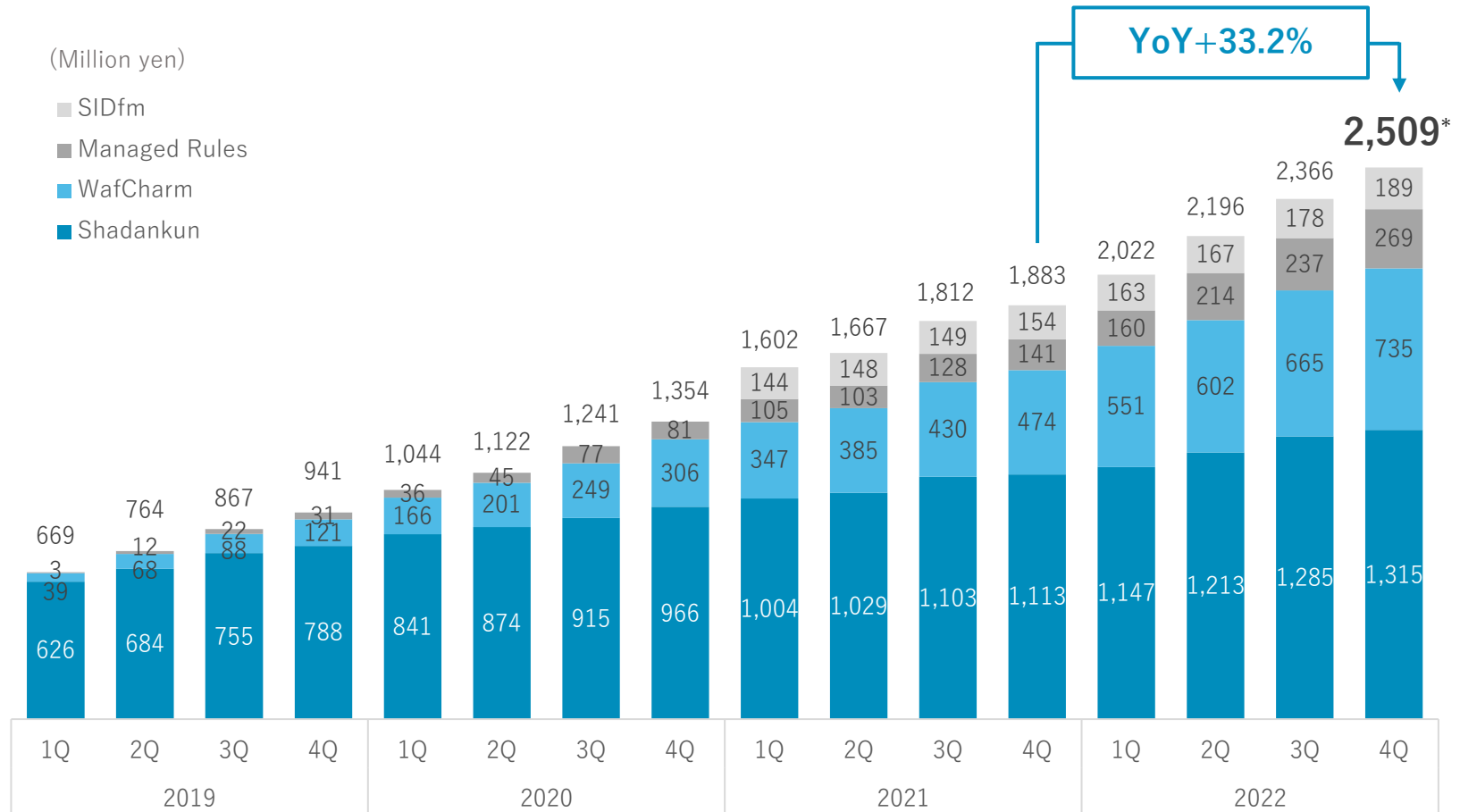
(Million yen)	Stand-alone			(Reference) Pro forma consolidated		
	Forecast	Results*	Progress Rate	Forecast	Results*	Progress Rate
Revenue	2,233	2,275	101.9%	2,300	2,342	101.8%
Operating Income	362	385	106.6%	390	413	106.1%
Operating Income Margin (%)	16.2%	17.0%	-	17.0%	17.7%	-
Ordinary Income	362	395	109.3%	387	420	108.4%
Net Income	271	306	113.1%	270	304	112.8%

*1 Due to the merger of Softek in the 2Q of FY2022, our company shifted to non-consolidated financial results and excluded Softek's results for the first quarter.

*2 The above figures are based on the assumption that consolidated financial results had continued through 2Q of FY2022 (results incorporating Softek's 1Q results).

Annual Recurring Revenue

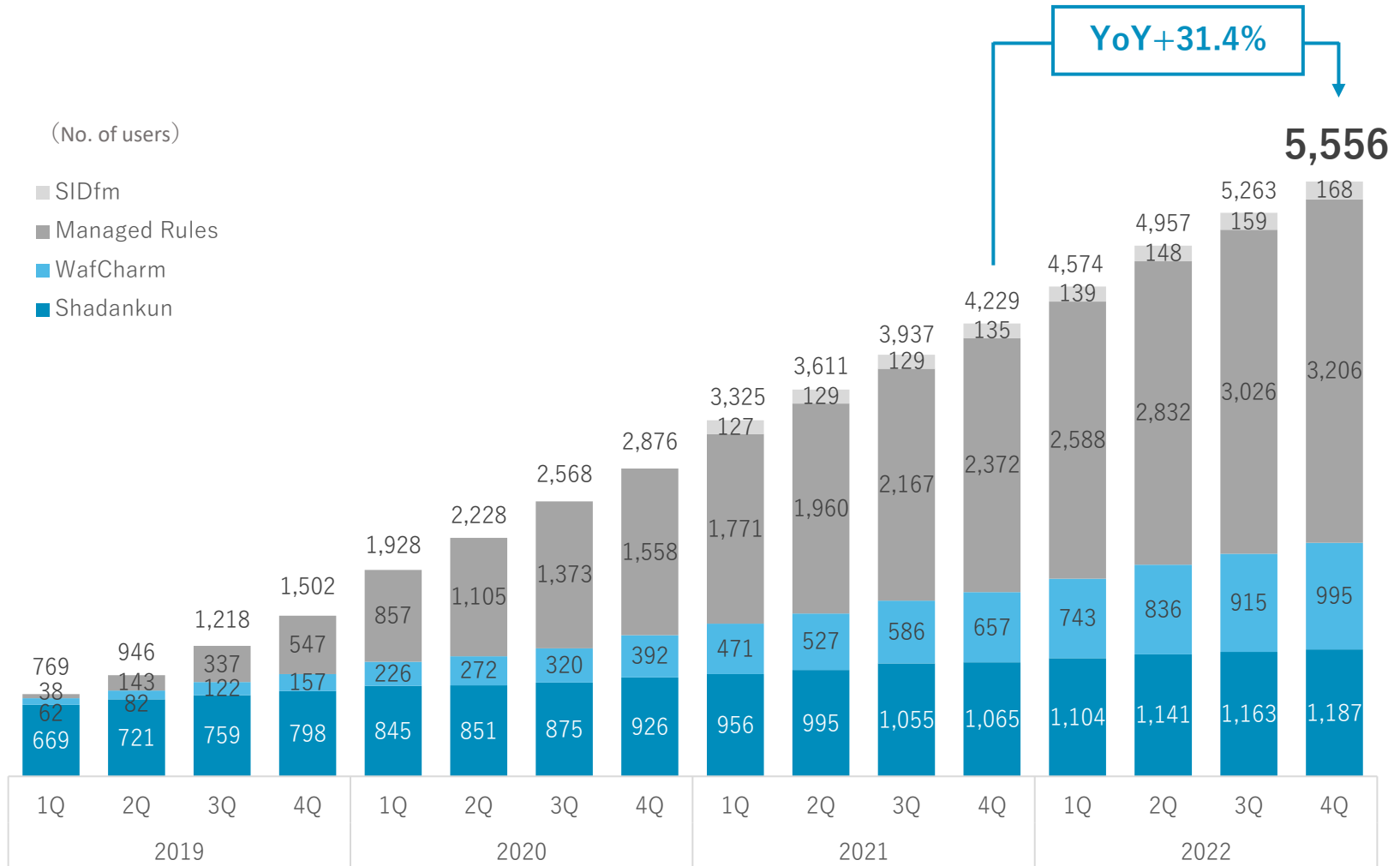
- **Companywide ARR was +33.2% YoY, marking the highest ARR increase since the company went public.**



* ARR: Annual Recurring Revenue. It is calculated by multiplying the MRR at the end of the applicable month 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.

Number of Users

- Steady growth of the number of users in all products.

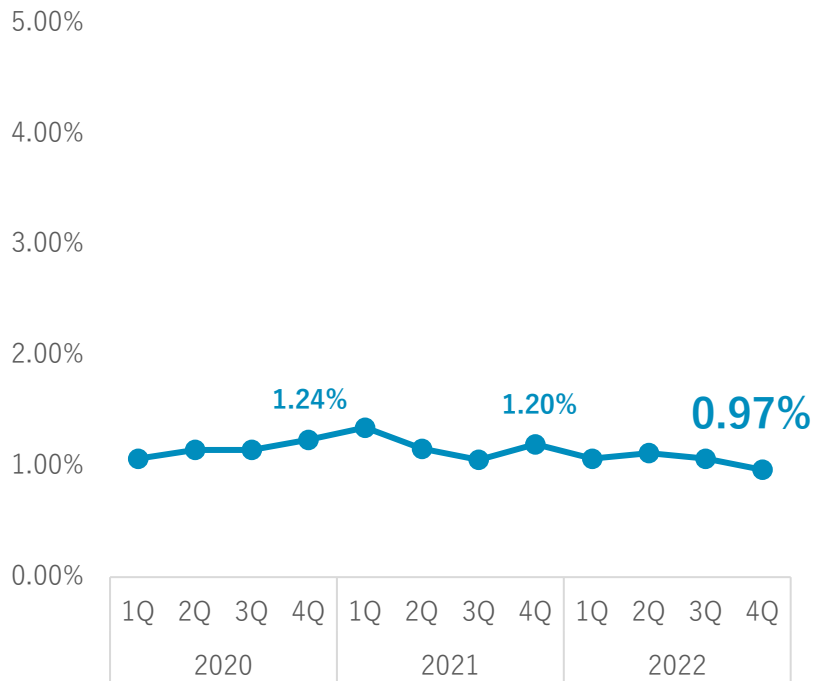


Low Churn Rates

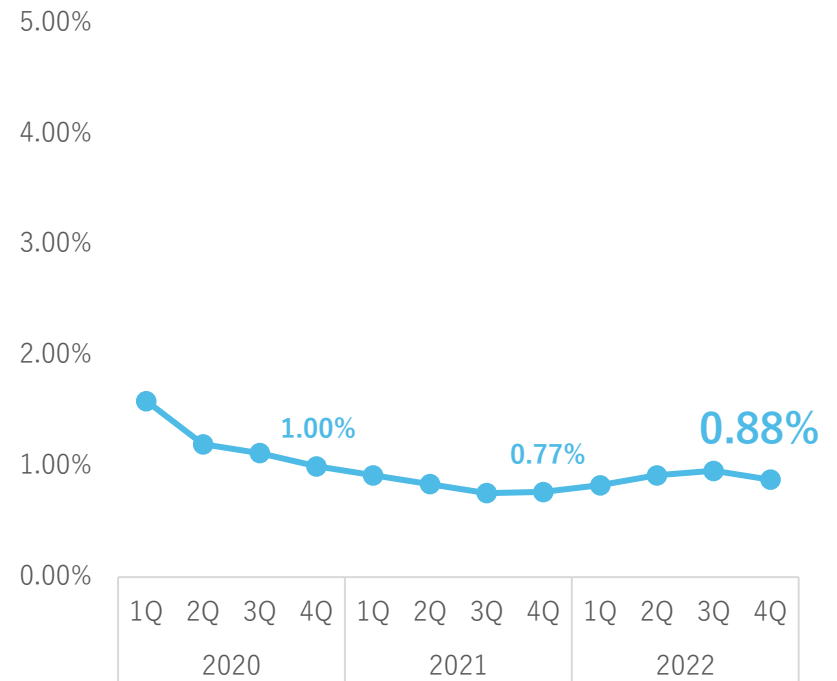


- Shadankun’s churn rate was 0.97%, falling below 1.0% for the first time since listing.
- WafCharm's churn rate also remained stable at a low level.

Churn rate of Shadankun *1



WafCharm churn rate *2

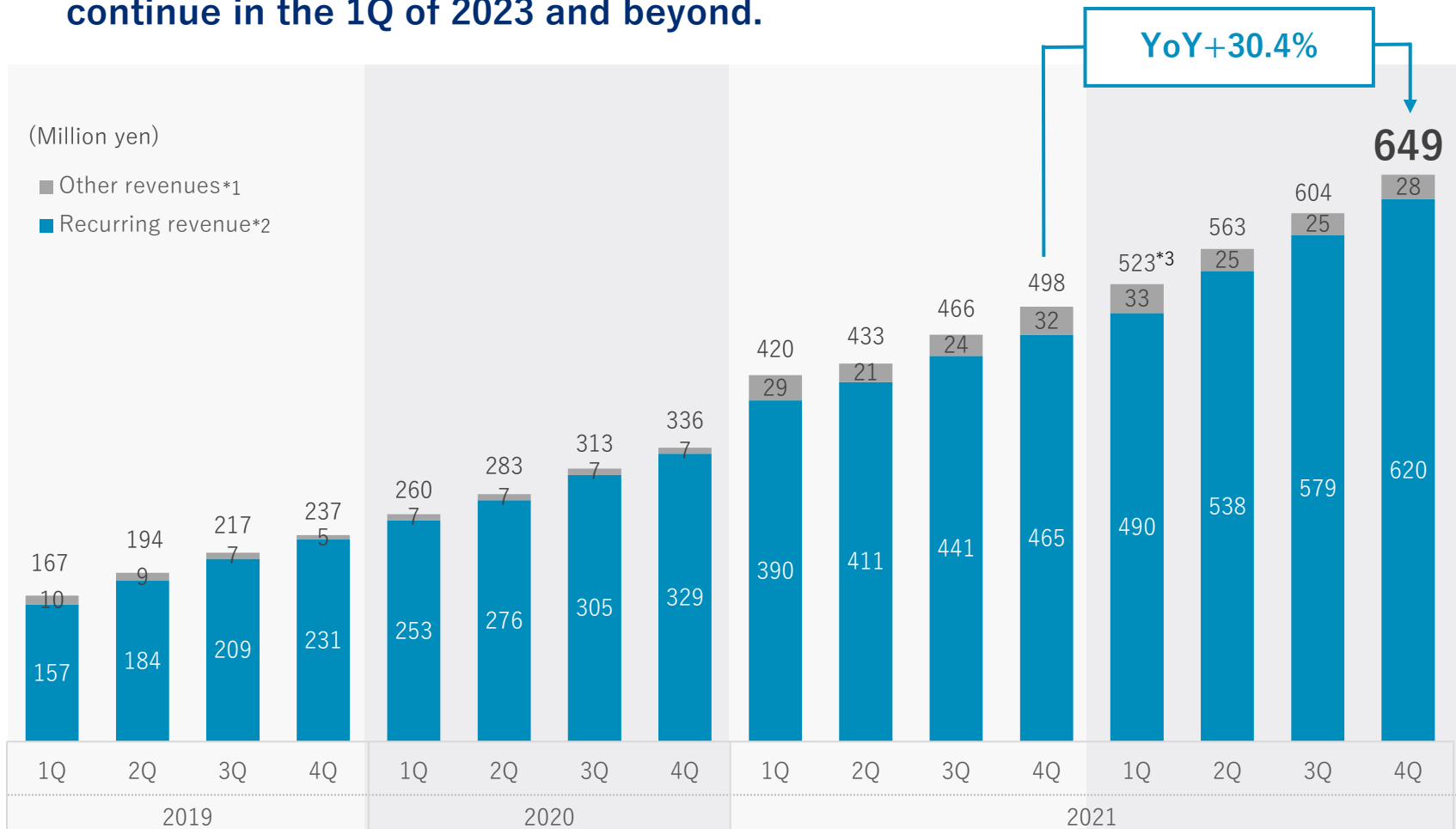


*1 Produced based on the average MRR churn rate of each product in the last 12 months.

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 n-th term by the number of users in the (n-1)th term.

- Steady revenue growth consisting of over 95% in recurring revenue.
- New orders in the 4Q reached a record high, and high growth is expected to continue in the 1Q of 2023 and beyond.



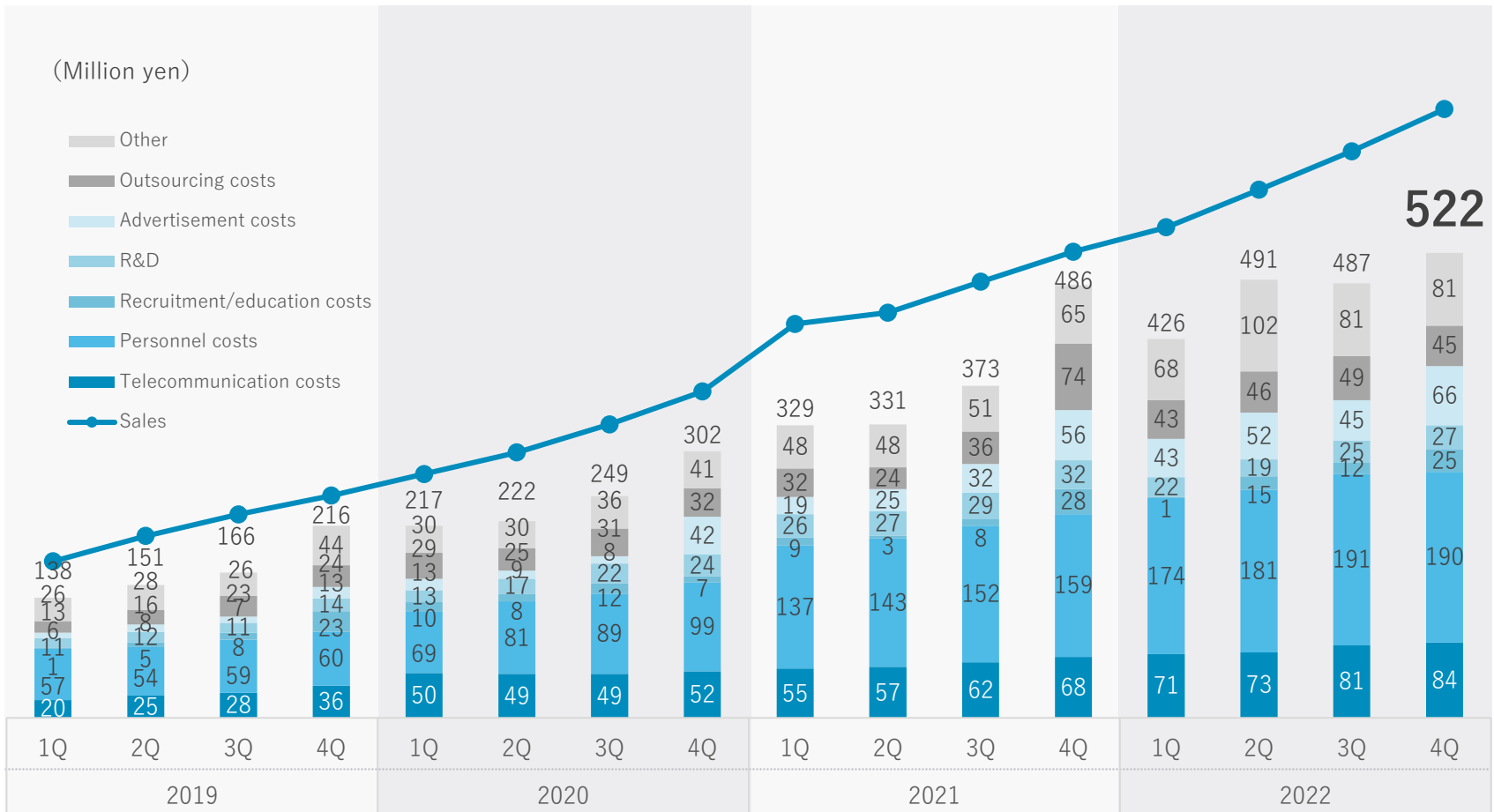
*1 Total sales, including the initial installation costs for Shadankun and spot contracts for vulnerability diagnosis, etc.

*2 Sum of MRRs of Shadankun, WafCharm, Managed Rules, and SIDfm; SIDfm will be recorded from 1Q of FY2021.

*3 Consolidated sales are listed. Sales of Cyber Security Cloud, Inc. on a non-consolidated basis are 457 million yen.

Operating Costs (Cost of Sales and SG&A)

- Overall costs increase as business performance expands.
- Strategic investments in hiring and advertising to achieve the growth strategy for 2025.



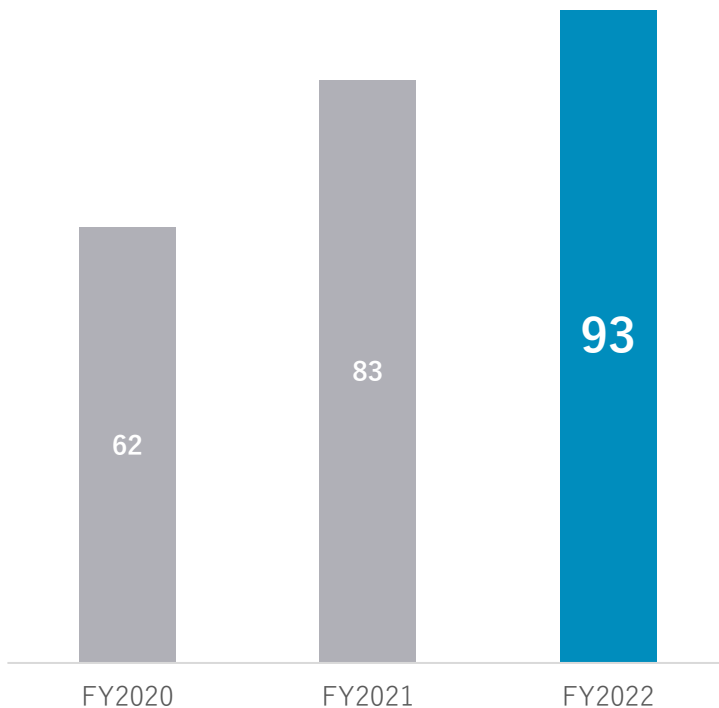
Employees who Support the Growth of Cyber Security Cloud



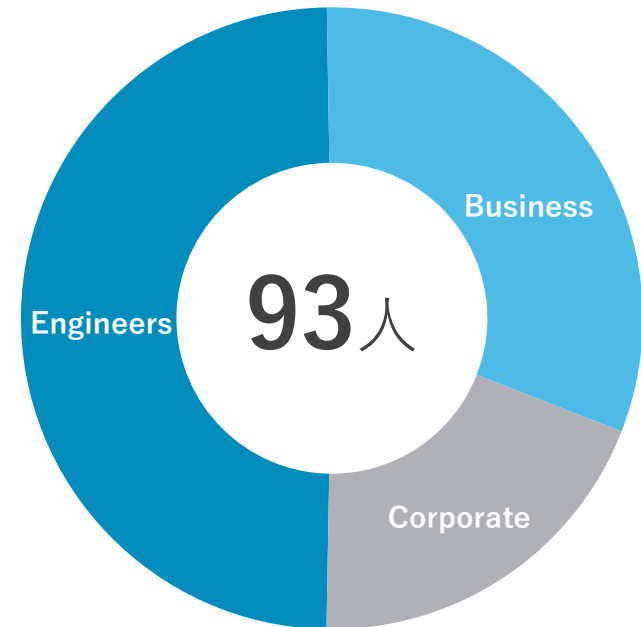
- Enhanced hiring in 2023 with the aim of exceeding 2022 headcount growth.

Number of Employees (including temporary staffs)



(Employees)



Personnel Composition (as of December 2022)



(For reference) Major KPIs of Each Product

		2021				2022				YoY
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
	ARR (million yen)* ¹	1,004	1,029	1,103	1,113	1,147	1,213	1,285	1,315	+18.1%
	No. of client enterprises	956	995	1,055	1,065	1,104	1,138	1,164	1,187	+11.5%
	Churn rate (%) ^{*2}	1.35	1.16	1.07	1.21	1.07	1.12	1.07	0.97	-0.24pt
Waf Charm	ARR (million yen)	347	385	430	474	551	602	665	735	+55.0%
	No. of users	471	527	586	657	743	833	915	995	+51.4%
	Churn rate (%) ^{*3}	0.92	0.84	0.76	0.77	0.83	0.92	0.96	0.88	+0.11pt
AWS WAF Managed Rules	ARR (million yen)	105	103	128	141	160	210	237	269	+89.9%
	No. of users	1,771	1,960	2,167	2,372	2,588	2,832	3,026	3,206	+35.2%
	ARR (million yen)	144	148	149	154	163	167	178	189	+23.2%
	No. of users	127	129	129	135	139	148	159	168	+24.4%
Total	ARR (million yen)	1,602	1,667	1,812	1,883	2,022	2,192	2,367	2,509	+33.2%

*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			
	Stand-alone 1Q	Stand-alone 2Q	Stand-alone 3Q	Stand-alone 4Q	Consolidated 1Q	Consolidated 2Q	Consolidated 3Q	Consolidated 4Q	Consolidated 1Q	Stand-alone 2Q*	Stand-alone 3Q	Stand-alone 4Q
Revenue	260	283	313	336	420	433	466	498	523	563	604	649
Cost of Revenue	90	90	95	100	125	124	139	145	154	161	183	187
Gross Profit	170	192	217	235	294	308	326	352	369	401	421	462
SG&A	126	131	153	201	203	206	233	340	272	329	304	334
Operating Income	43	61	64	34	90	102	92	11	97	71	117	127
Operating Income Margin	16.6%	21.6%	20.5%	10.3%	21.6%	23.6%	19.9%	2.3%	18.6%	12.7%	19.4%	19.6%
Ordinary Income	32	60	63	30	92	100	92	12	100	53	146	119
Net Income	27	50	53	17	59	68	61	-19	72	59	84	88

* Due to the merger of Softek Corporation in 2Q of FY2022, our company has shifted to Stand-alone financial results.

(For reference) Balance Sheet and Statement of Cash Flows

(Million yen)	FY2020	FY2021	FY2022
	Consolidated	Consolidated	Stand-alone
Current Assets	1,098	1,253	1,621
Fixed Assets	400	456	536
Total Assets	1,499	1,710	2,157
Current Liabilities	645	543	663
Fixed Liabilities	189	221	184
Total Liabilities	834	765	848
Net Assets	664	944	1,309
Total Liabilities and Net Assets	1,499	1,710	2,157

(Million yen)	FY2020	FY2021	FY2022
	Consolidated	Consolidated	Stand-alone*
Cash Flow From Operating Activities	133	382	353
Cash Flow From Investing Activities	-242	-59	-114
Cash Flow From Financing Activities	650	-169	40
Net Increase (Decrease) In Cash and Cash Equivalents	542	153	279
Cash and Cash Equivalents at the Beginning of the Term	356	899	796
Increase in Cash and Cash Equivalents Resulting From Merger	—	—	253
Cash and Cash Equivalents at the End of the Term	899	1,052	1,330

* Due to the merger of Softek Corporation in 2Q of FY2022, our company has shifted to non-consolidated financial statements.

II Topics in FY2022



Awarded the AWS “Marketplace Partner of the Year – APJ”



- The award is presented to the top partner with activity on the AWS Marketplace.
- Sole recipient in Japan of the award, as recognition of offering services in more than 90 countries globally.

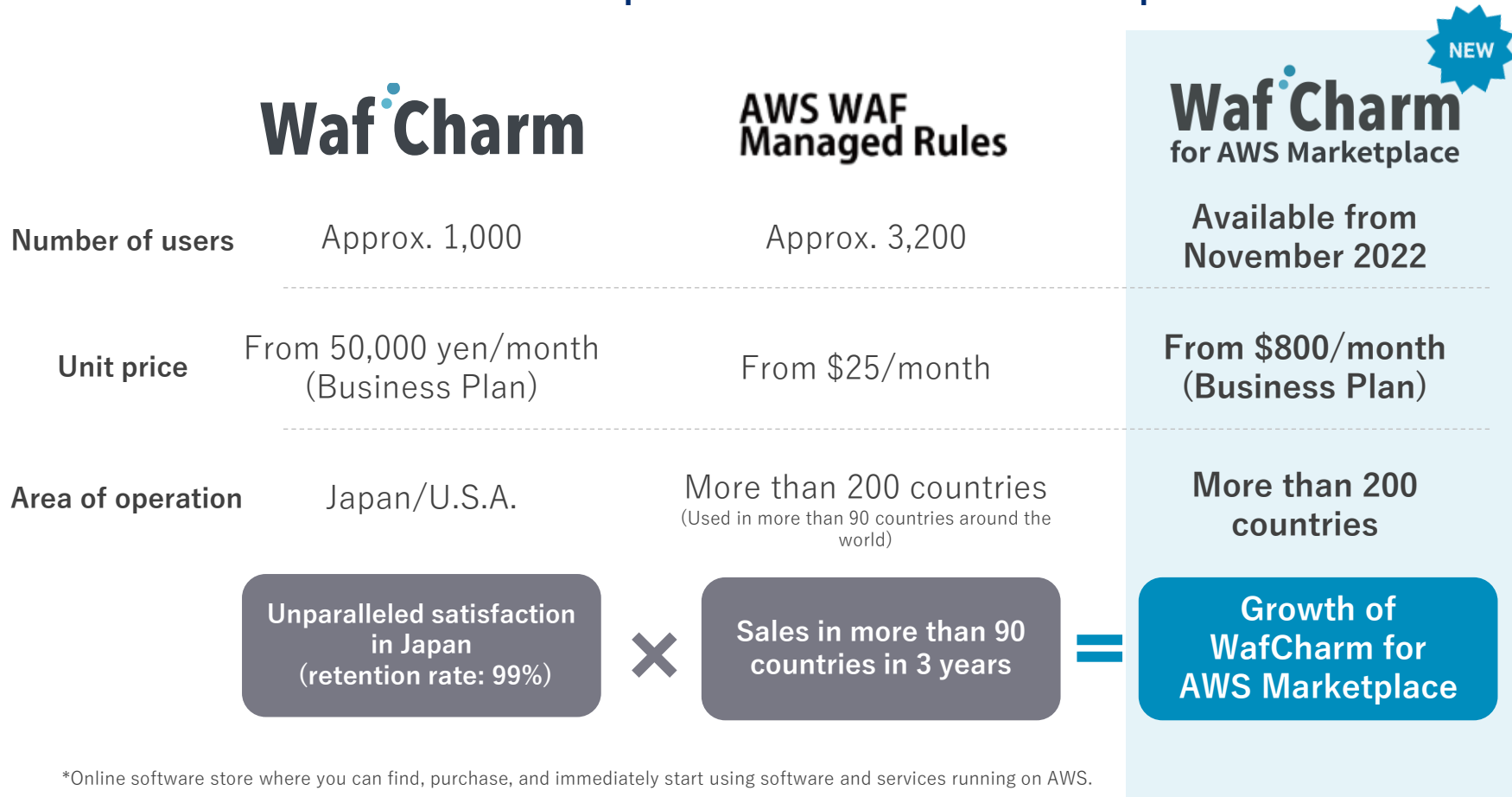


Increased recognition by AWS users around the world.

* <https://aws.amazon.com/jp/blogs/psa/global-regional-aws-partner-of-the-year-2022/>

WafCharm for AWS Marketplace Released Globally

- For WafCharm, which boasts an overwhelming share in the domestic market, we added new functions and started full-scale global expansion.
- Provided within AWS Marketplace* to enable self-serve operation.



*Online software store where you can find, purchase, and immediately start using software and services running on AWS.

Number of users: as of December 31, 2022

Our Marketing Capability Was Strengthened, and the Amount of New Orders Received Increased 1.5 Times From the Previous Year.



- In 2022, we will focus on "developing core human resources to support future growth" and productivity will increase significantly. Continued to record the largest number of orders ever received, contributing to steady sales growth.
- In 2023, we aim to build an even stronger organization by focusing on strengthening our workforce.

Target : Creation of a lean organization through increased productivity

Result : Amount of new orders per person

1.5 times the
previous year's level

To build an organization that supports sales expansion by 2025

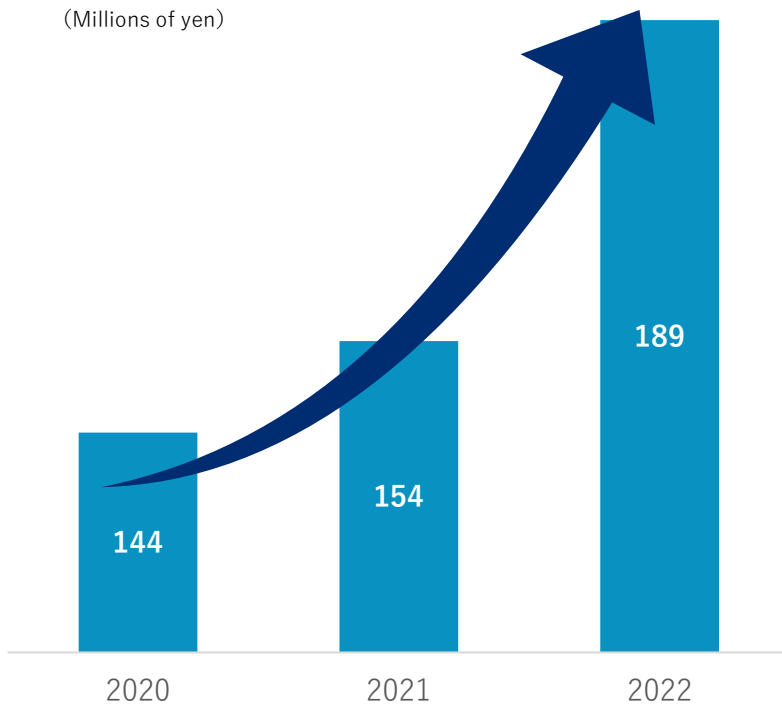
SIDfm Continues to Grow After Joining the Group

- Softek's SIDfm, which joined the group in December 2020, records growth of over 30%.
- Further growth through marketing activities and enhanced functionality in the future.

Variation in ARR of SIDfm

2020-2022
+ over **30%**

(Millions of yen)



Main measures

Seminar on Shadankun x SIDfm Held
More than twice the number of participants than that of SIDfm's stand-alone seminar



The redesigned website increased PVs over two times.





III Update on Financial Forecast for FY2023 and Growth Strategy Toward 2025

Provide reliable services around the world as a global security software maker from Japan



Became the top security company in Japan in the field of "Web Security" with our product installed by 10,000 companies.



Financial targets are **revenue of 5 billion yen and an operating income of 1 billion yen.**



To accelerate global expansion and **increase overseas sales ratio to 10%**

- With the full-scale global expansion triggered by the release of WafCharm for AWS Marketplace, the previously non-consolidated US subsidiary will become a consolidated subsidiary in 2023.
- Investments will be made to increase development resources and expand global operations, but steady profits will be secured.
- Steady growth is expected toward achieving the financial targets outlined in the growth strategy toward 2025.

	FY2022		FY2023	
	(Stand-alone) Full Year Results	A (Reference) Pro forma Cnsolidated	B (Consolidated) Earnings forecast	B vs. A YoY Comparison
(Million yen)				
Revenue	2,275	2,342	3,000	+28.1%
Operating Income	385	413	500	+20.9%
Ordinary Income	395	420	500	+19.0%
Net Income	306	304	346	+13.9%

Updating key measures to accomplish Growth Strategy Toward 2025

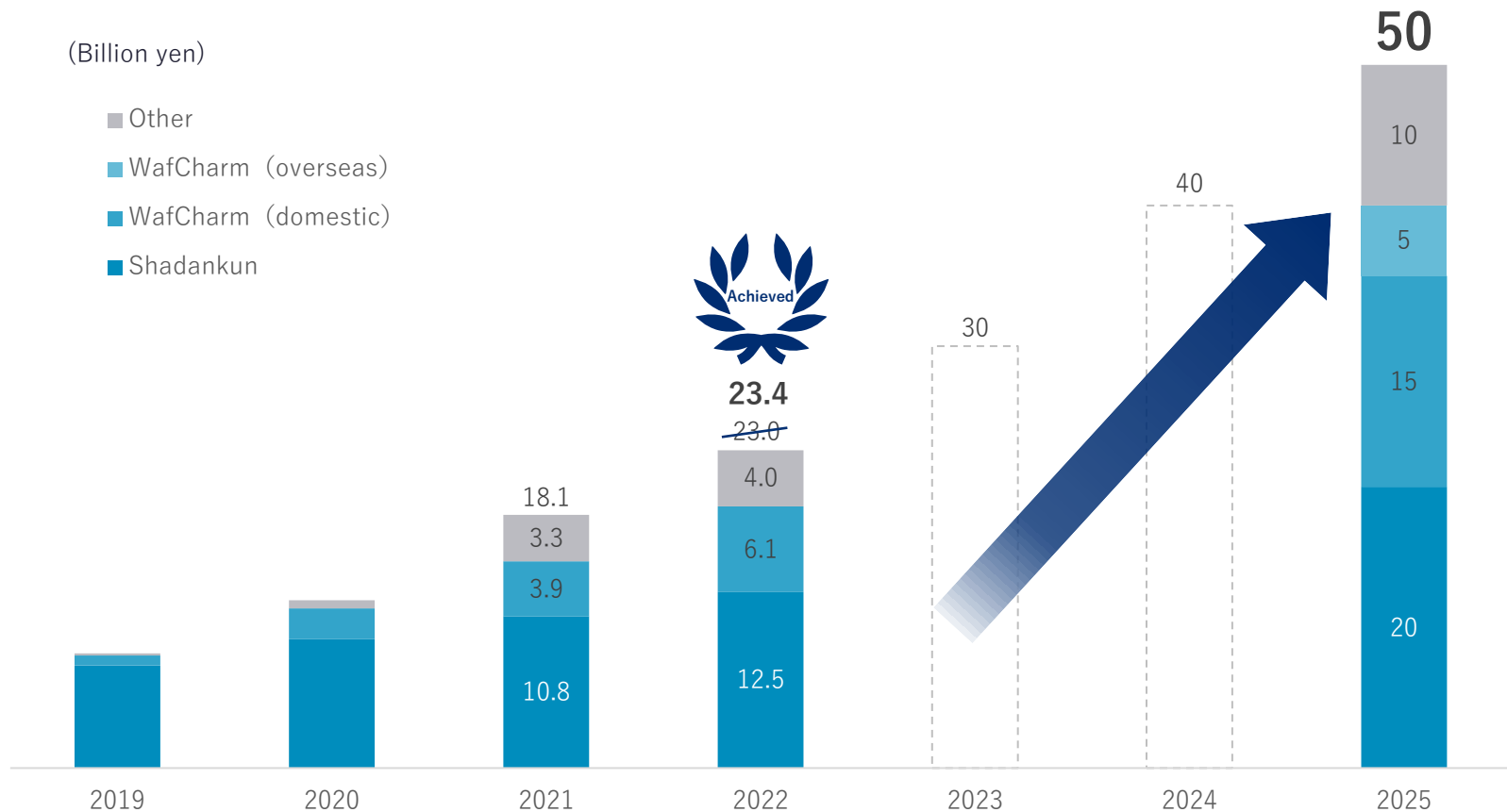


- As we have been executing our business strategies, it has been clarified which area we must focus on.
- We have updated key measures to accelerate our global business.

Key Measures	2022年	2023年
Strengthening Partner Support	As a result of providing support to domestic partners, sales increased by 36.2% YoY.	In addition to strengthening support for domestic partners, we will develop partner programs overseas.
Global Expansion of WafCharm	Established a relationship with AWS and started sales in the U.S.	Accelerating worldwide sales through AWS Marketplace in collaboration with AWS
Service Lineup Enhancement	WafCharm for AWS Marketplace is now available with a "Web tamper detection" function.	To continue to develop new services and enhance our service lineup

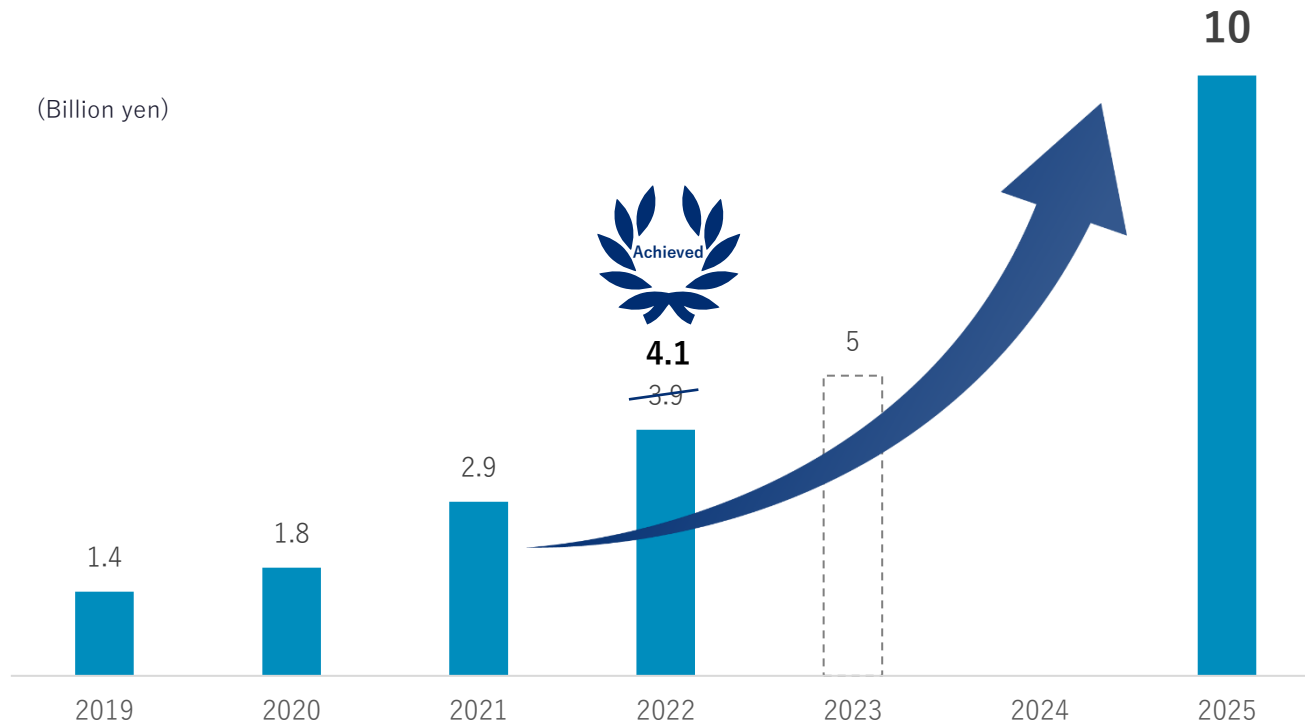
Financial Target 1: Achieve Revenue of 5 Billion Yen

- Aiming for revenue of 5 billion yen to become the top security company in Japan in the "Web Security" field.
- To implement measures quickly while updating sales and product strategies so that global revenue will account for at least 10% of total revenue.



Financial Target 2: Operating Income of 1 Billion Yen in 2025

- Plans to strengthen recruitment of mainly development and sales personnel and conduct aggressive marketing activities to popularize our company.
- Aim to achieve an operating income of 1 billion yen in 2025, while continuing to make up-front investments and achieve profit growth.



Key Measures 1: To Strengthen Support for Partners

- To strengthen alliances with partners, that have strong sales capabilities, inside and outside Japan.
- To target North America, Asia, and Europe through globally focused partner programs.

Type of industry in which partner relationships should be focused on

In addition to sales agency for existing products, we set specific industries for which alliances should be strengthened to explore the joint development of new services that combine the strengths of both parties.

System integrator

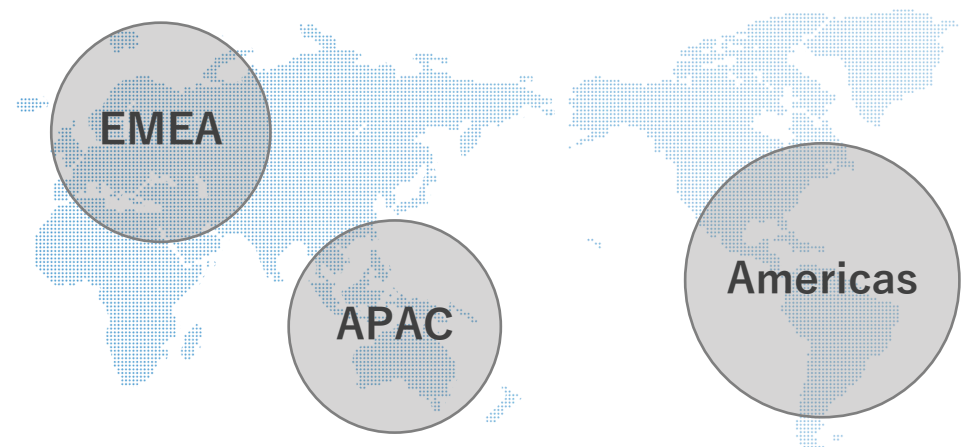
IT infrastructure provider

Consulting company

MSSP*

Global expansion of the partner network

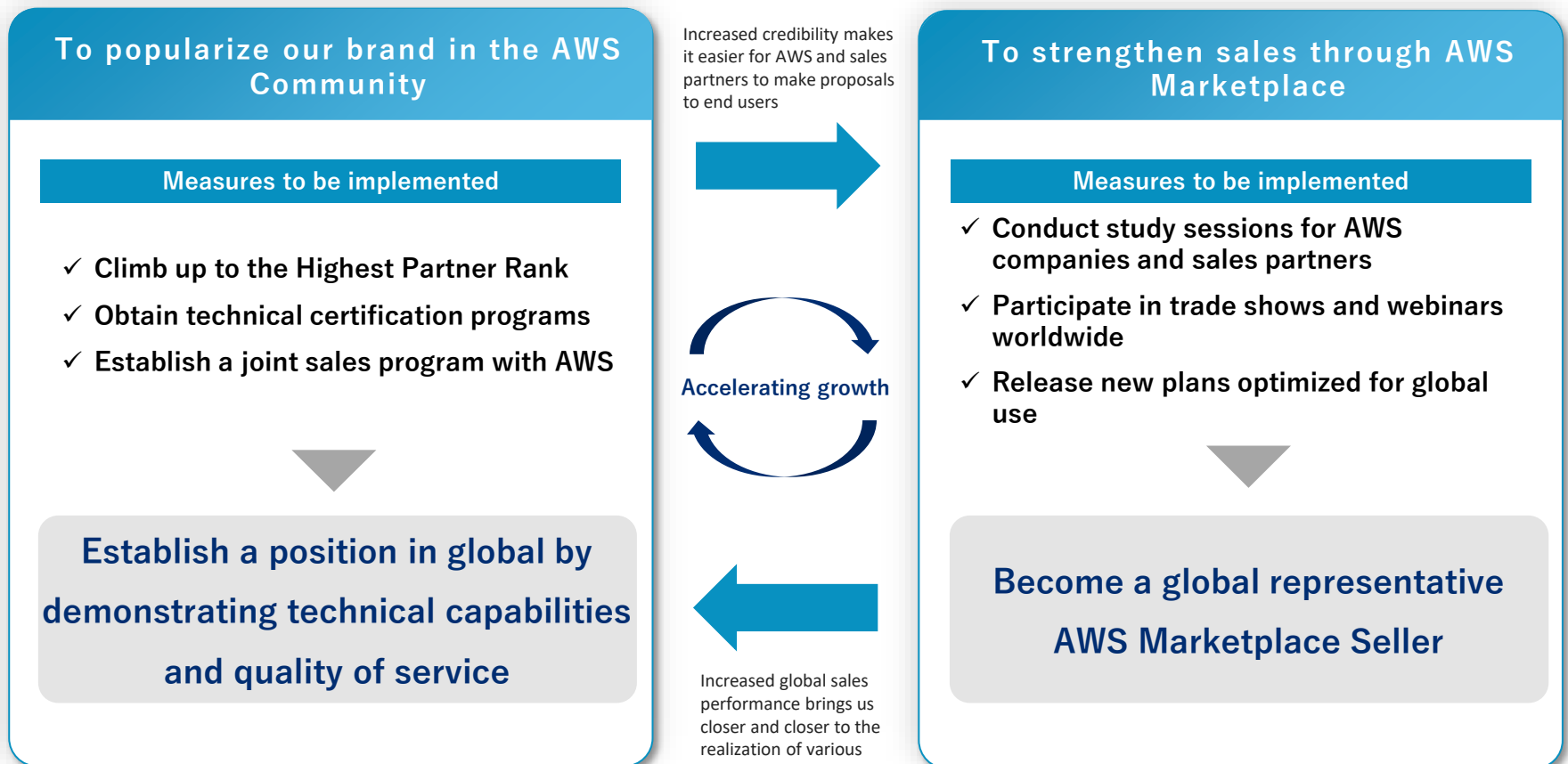
We classify the region on which we should focus as described below, find partners, and swiftly expand our business globally.



* MSSP stands for Managed Security Service Provider, a security vendor that undertakes security operations and management.

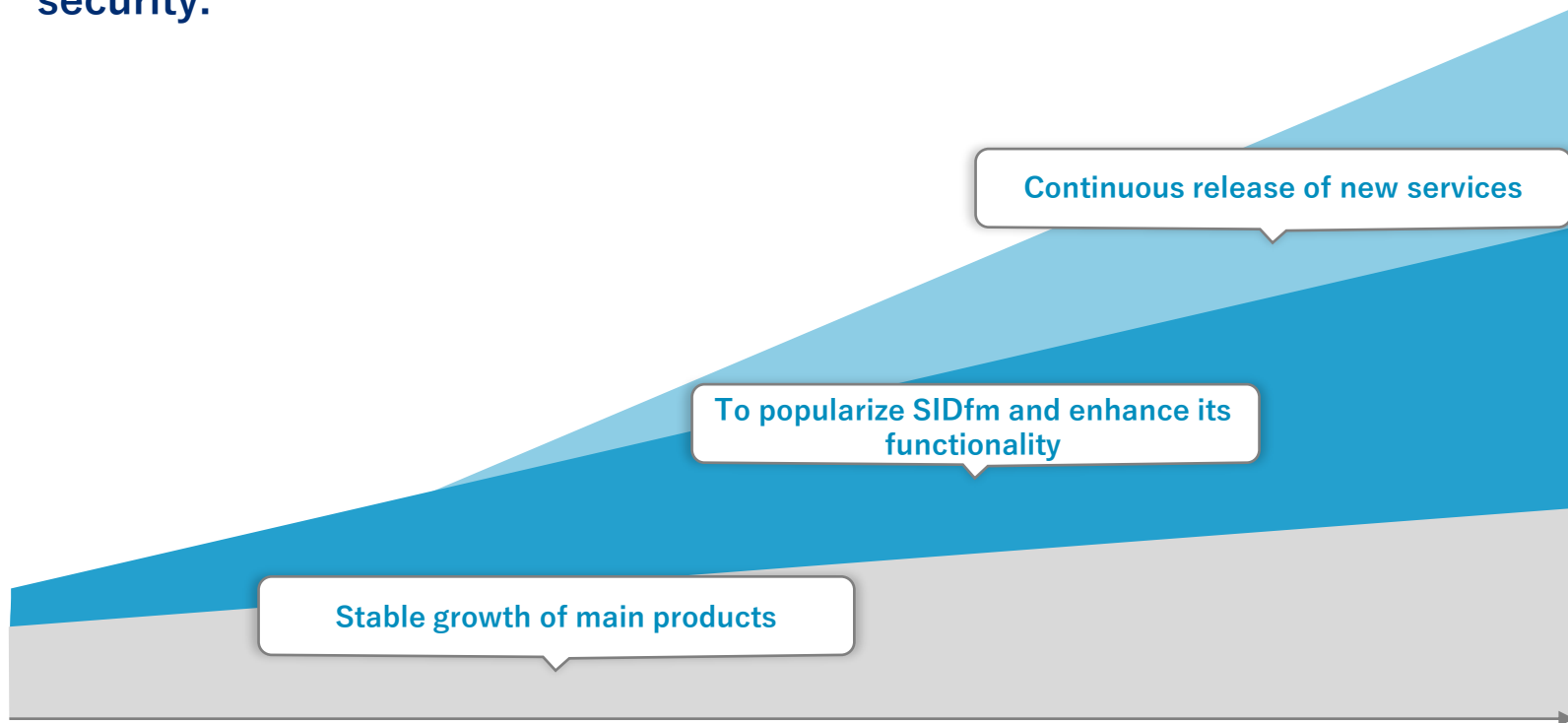
Key Measure 2: WafCharm's Global Strategy

- To increase presence and popularity by improving AWS partner rank and acquiring certification programs.
- Not only developing sales channel by ourselves, but also strengthening sales within AWS Marketplace.



Key Measure 3: To Strengthen Our Service Lineup

- Amid the growing importance of measures against vulnerability, CSC will leverage its business development capabilities to maximize the value offered by SIDfm.
- To develop new services to solve users' issues and enhance the service lineup in order to become a comprehensive solution company for web security.

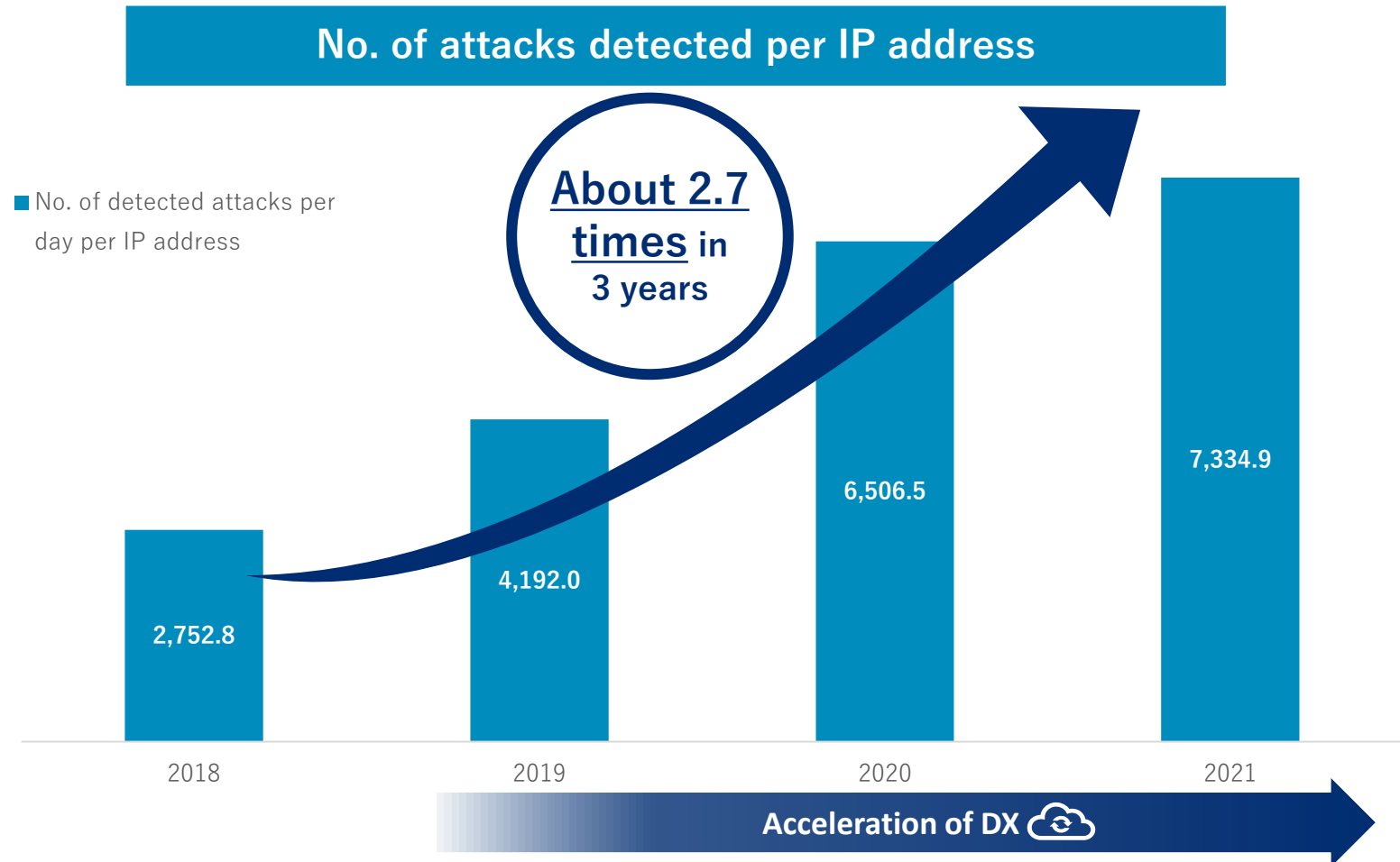


IV Market Environment Surrounding Our Company



Increasing Cyber Attacks

- Cyber attacks increased, due to the acceleration of DX and the increase of online businesses in the wake of the outbreak of the novel coronavirus.
- It is imperative to take cyber security measures against cyber attacks, which are becoming more sophisticated year by year.



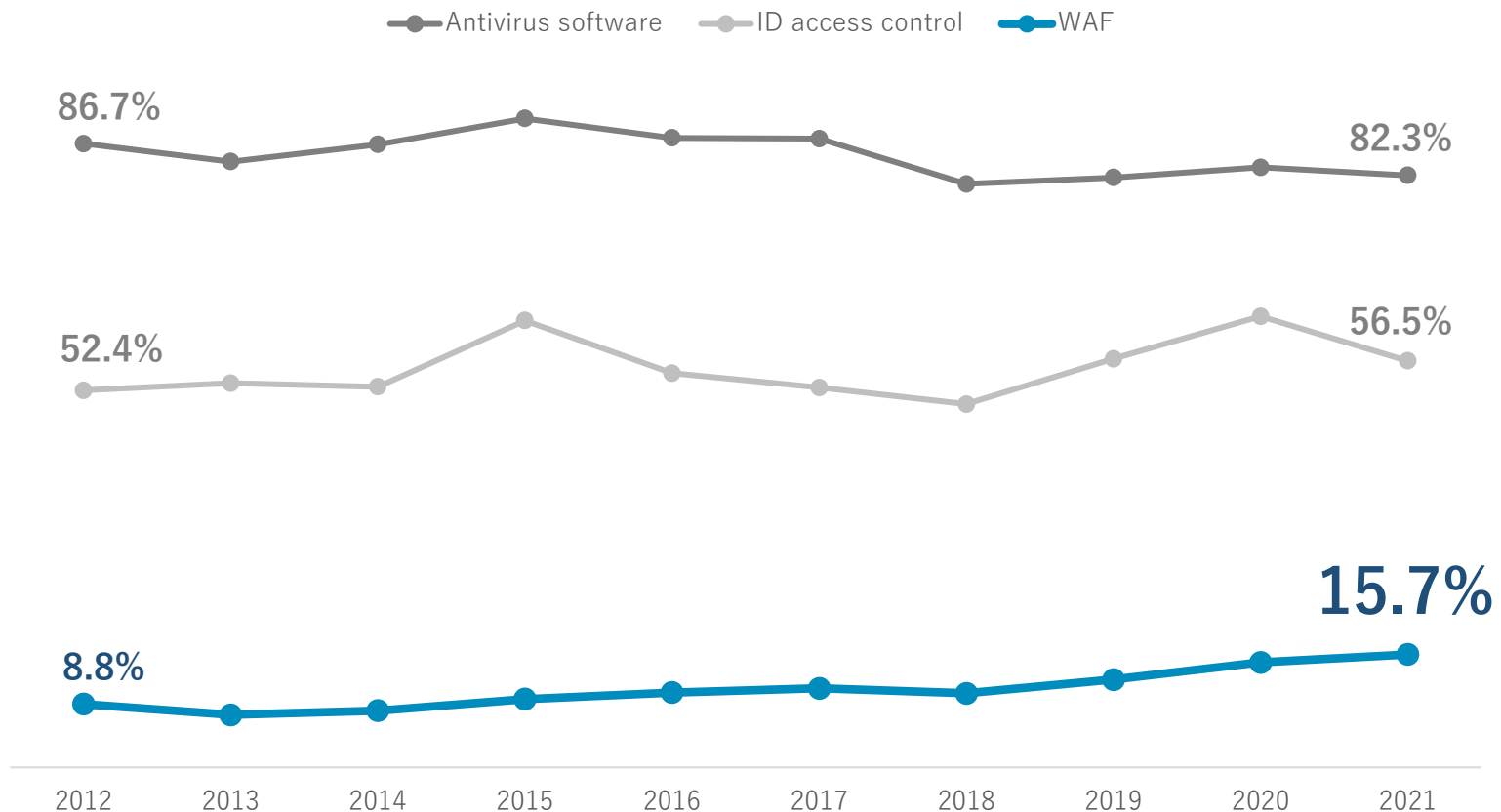
National Policy Agency: Produced by our company with reference to the PR document dated Sep. 15, 2022

Steadily Increasing Ratio of Enterprises That Adopted WAF



- The ratios of enterprises that adopted antivirus software and ID access control have been flat. This indicates that their markets have been saturated.
- The ratio of enterprises that adopted WAF has steadily grown over the past 10 years. Further market growth is expected.

Variation in the ratio of enterprises that adopted security services



- According to “cyber security strategy” adopted at the Cabinet meeting in Sep. 2021, they will promote DX and initiatives for cyber security at the same time.
- In June 2022, the measures following this strategy were announced.

Primary concrete measures^{*1} and initiatives in 2022^{*2}

① Reform of the mindsets of executives

To visualize measures and add incentives in accordance with the guidelines for cyber security-oriented management through the application of the course of action for digital management and promote initiatives.

- Revision of the guidelines for cyber security-oriented management
- Discussion on the elevation of the position of cyber security-oriented management through the cooperation among relevant ministries and agencies

② Promotion of DX in cybersecurity in local communities and SMEs

To cover the shortage of knowledge, human resources, etc. for digitalization, through the development of local communities and the system for examining and registering services for SMEs

- To support SMEs, etc. in implementing cyber security measures
- To support local communities in enhancing cyber security

③ Establishment of the foundation for securing the reliability of the supply chain, etc.

To promote initiatives while considering the framework compatible with Society5.0, etc.

Supply chain: Industry-led consortium

Data distribution: Definition of data management, securing of data reliability with “trust services”

Security products/services: Distribution of third-party verification services

Cutting-edge technology: Establishment of a shared base for collecting, accumulating, analyzing, and providing information

- To establish a system for visualizing reliable verification service providers
- Evolution of communities with CYNEX (To kick it into high gear in FY 2023)

④ Improvement and diffusion of digital/security literacy for everyone

To promote initiatives in cooperation with the section for “supporting the utilization of digital technology” in information education

- To revise “the program for improving mindsets and behaviour”
- To promote the lecture “e-Net Caravan” for pupils, students, guardians, teachers, and others

*1 Taken from NISC’s press release on “Cyber Security Strategy” dated Sep. 28, 2021

<https://www.nisc.go.jp/active/kihon/pdf/cs-senryaku2021.pdf>

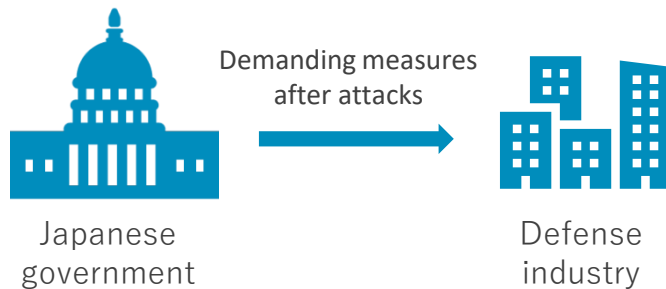
*2 Taken from NISC’s press release on “Cyber Security 2022” dated Jun. 17, 2022

<https://www.nisc.go.jp/pdf/council/cs/dai34/34shiryu01.pdf>

Japanese Government-Led Cyber Security Measures

- The government demanded the defense industry take cyber security measures comparable to those in the U.S.
- Seeing the recent increase in the use of E-commerce sites, the government discussed measures against the leakage of credit card information.

Setting of security standards in the defense industry*1



In order to prevent the leakage of defense technologies to outside of Japan, the government worked on the enhancement of cyber security.

Credit Card Security Vision 2025*2



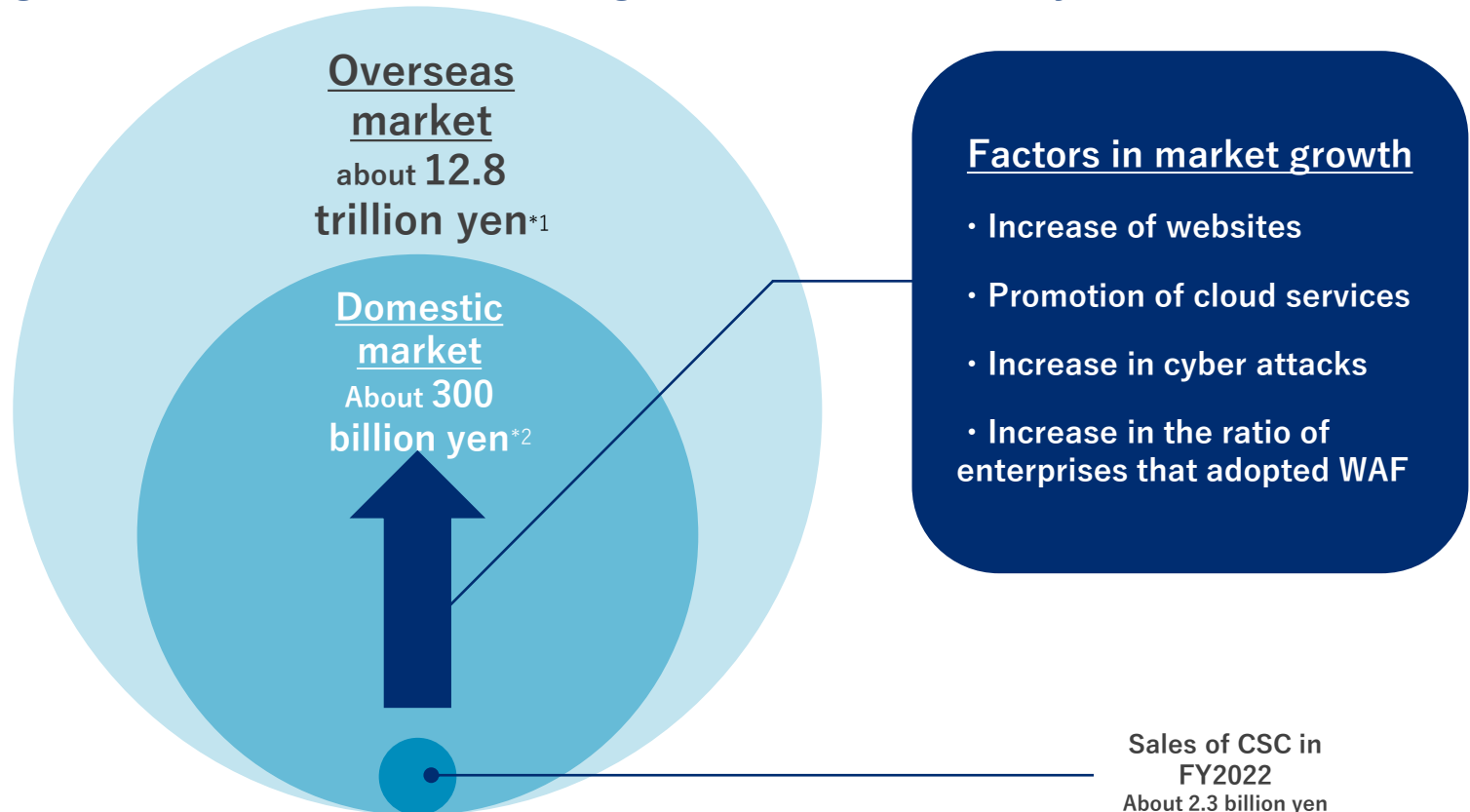
Fortification of systems for preventing the unauthorized use of credit card information, which is increasing in parallel with the popularization of EC

*1 Acquisition, Technology & Logistics Agency: Produced by our company with reference to the press material "Regarding the strengthening of the cyber security standards in the defense industry" dated April 2022.

*2 Ministry of Economy, Trade and Industry: Produced by our company with reference to "Vision for enhancing measures for security of credit card systems" dated June 2, 2022.

Huge Cyber Security Market

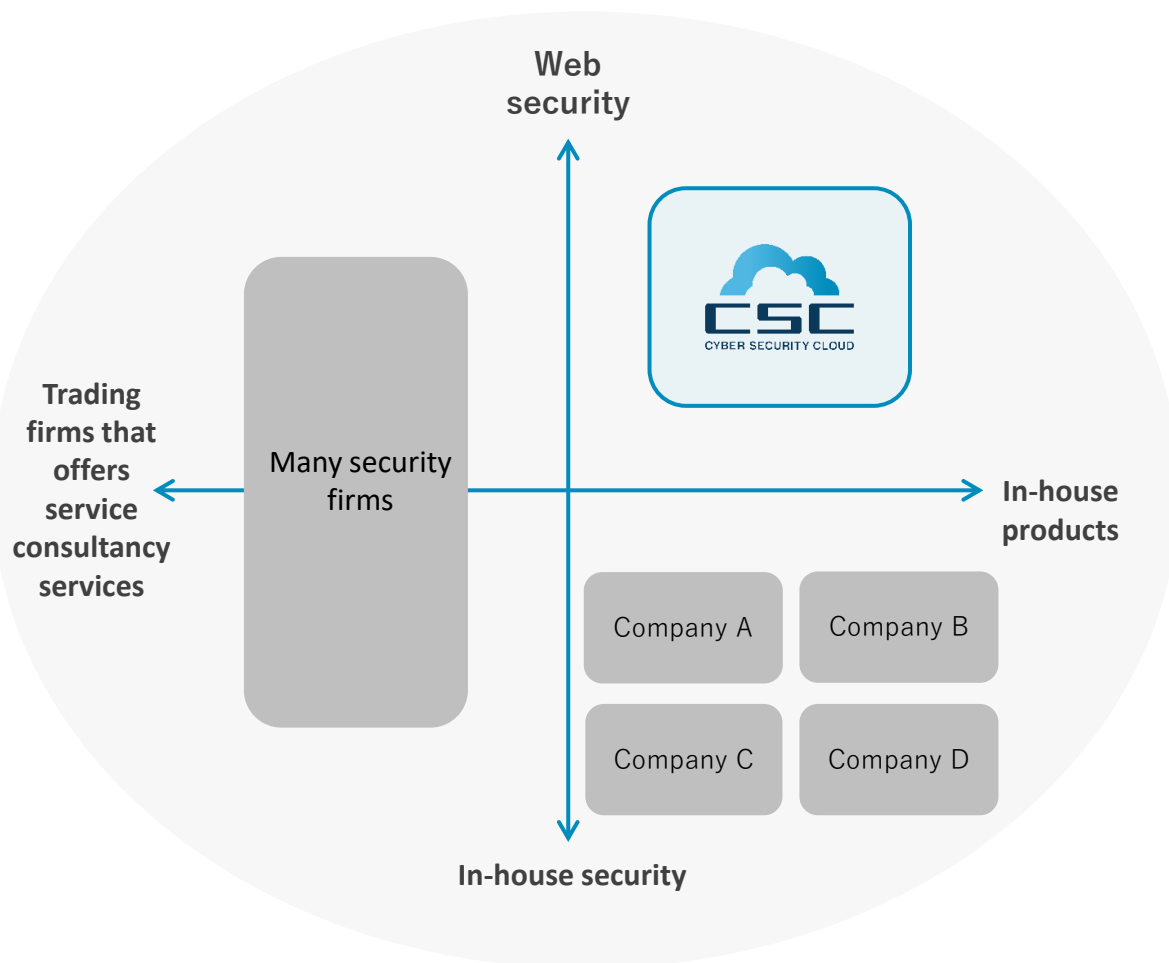
- Our company has the largest share in the Japanese market, but our share accounts for less than 1% of the entire market, so there is significant room for business expansion.
- The progress of DX will facilitate the growth of our company.



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

*2 Estimated by our company from the number of Japanese corporations: 2,758,420 (National Tax Agency "Survey on companies in FY 2019"), the ratio of companies that have a website: 90.1% (MIC "Report on the survey on the trend of use on information and telecommunication technologies (for enterprises) in 2020," and the most affordable plan of Shadankun (monthly fee: 10,000 yen) for 12 months.

- Our company is one of a few domestic makers that develop, operate, and sell software in-house in the Japanese cyber security market, where overseas products are dominant.



Positioning of CSC

① In-house products

We offer our own products developed by our engineers. We can provide our software flexibly according to customer needs, as we develop and operate the software by ourselves.

② Web security

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

V Corporate Profile



Corporate Profile



Corporate name Cyber Security Cloud, Inc.

Date of establishment August 11, 2010

Date of listing March 26, 2020

Representatives Toshihiro Koike, Representative Director, President, and CEO
Yoji Watanabe, Representative Director and CTO

Executives Masashi Kurata, Director and CFO (certified public accountant)
Yoshinori Ikura, Outside Director (lawyer)
Yoshio Ishizaka, Outside Director
Daichi Seki, Full-time Auditor (certified public accountant)
Ikuo Murata, Outside Auditor
Kenta Izumi, Outside Auditor

Location 13th floor of JR Tokyu Meguro Bldg., 3-1-1 Kamiosaki,
Shinagawa-ku, Tokyo

Business description Development and provision of cyber security services utilizing
AI technology

Group companies Cyber Security Cloud Inc. (USA)

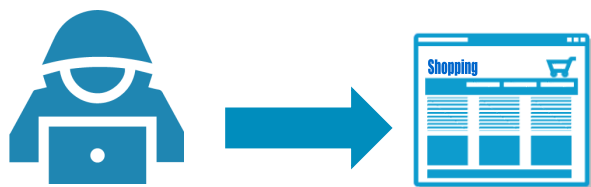




**To create a secure cyberspace that
people around the world can use safely**

Enterprises implement cyber security measures mainly in two fields.

Web security



Hacker

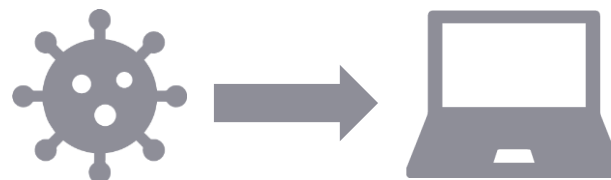
Website

**Attacks through
unauthorized access**

**Damage attributable to the
vulnerability of a system**

(Example: The login page of an EC site was manipulated, and personal information of users was stolen.)

In-house security



Virus

Devices

**Attacks through viral
infection**

**Damage attributable to the
vulnerability of people**

(Example: A file attached to a suspicious email was opened, a PC was infected with a virus, and information was stolen from the PC.)

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.

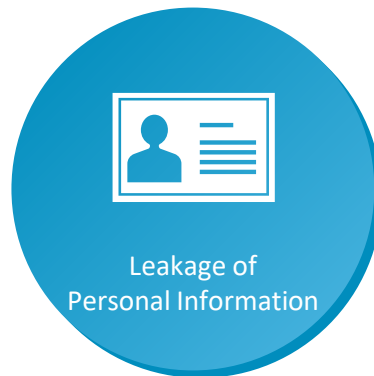
Concrete Examples of Information Leak

- A lot of information leaked in various fields. Due to 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

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.

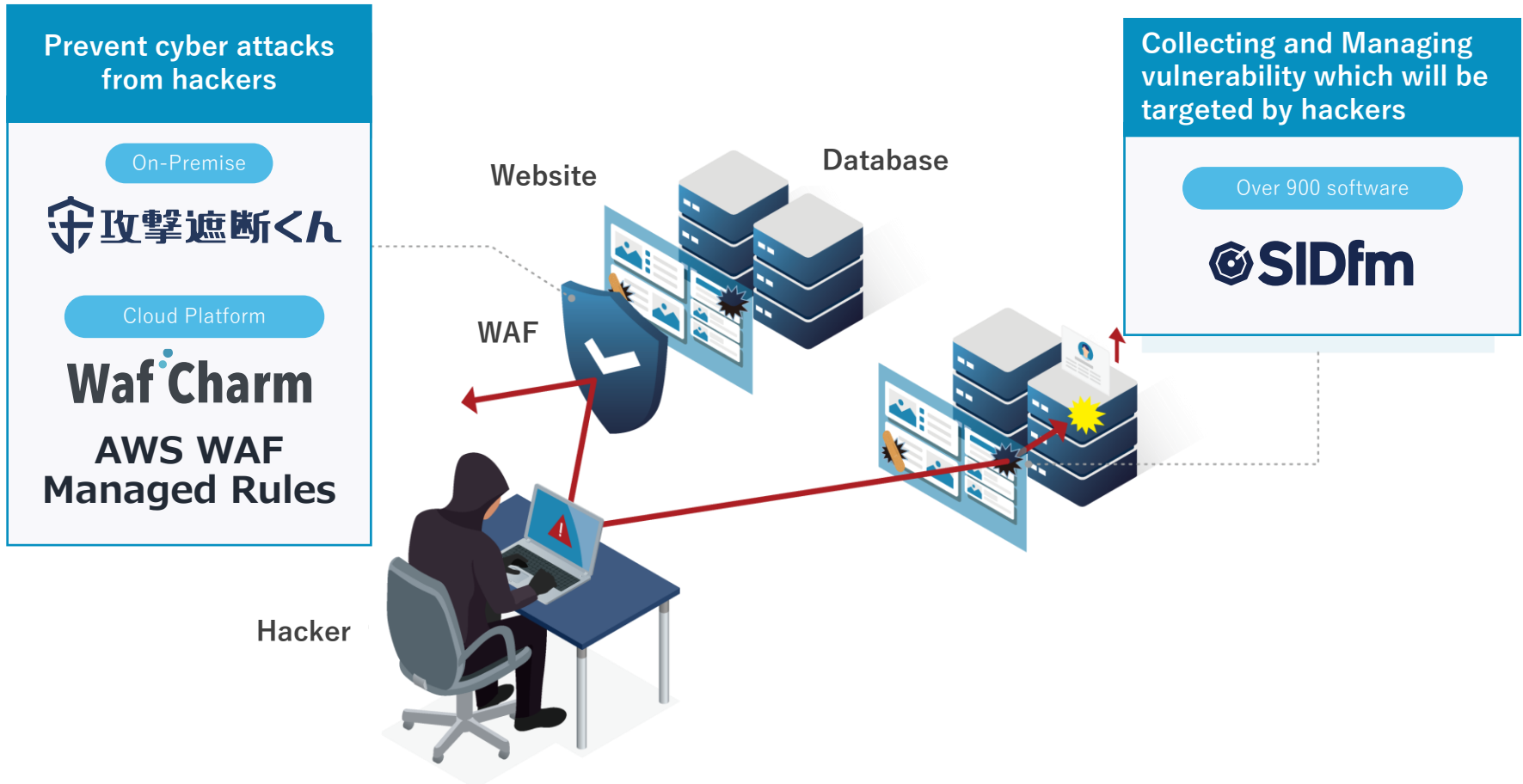


*1 Source : JNSA 2018 " Survey Report regarding Information Security Incident"

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

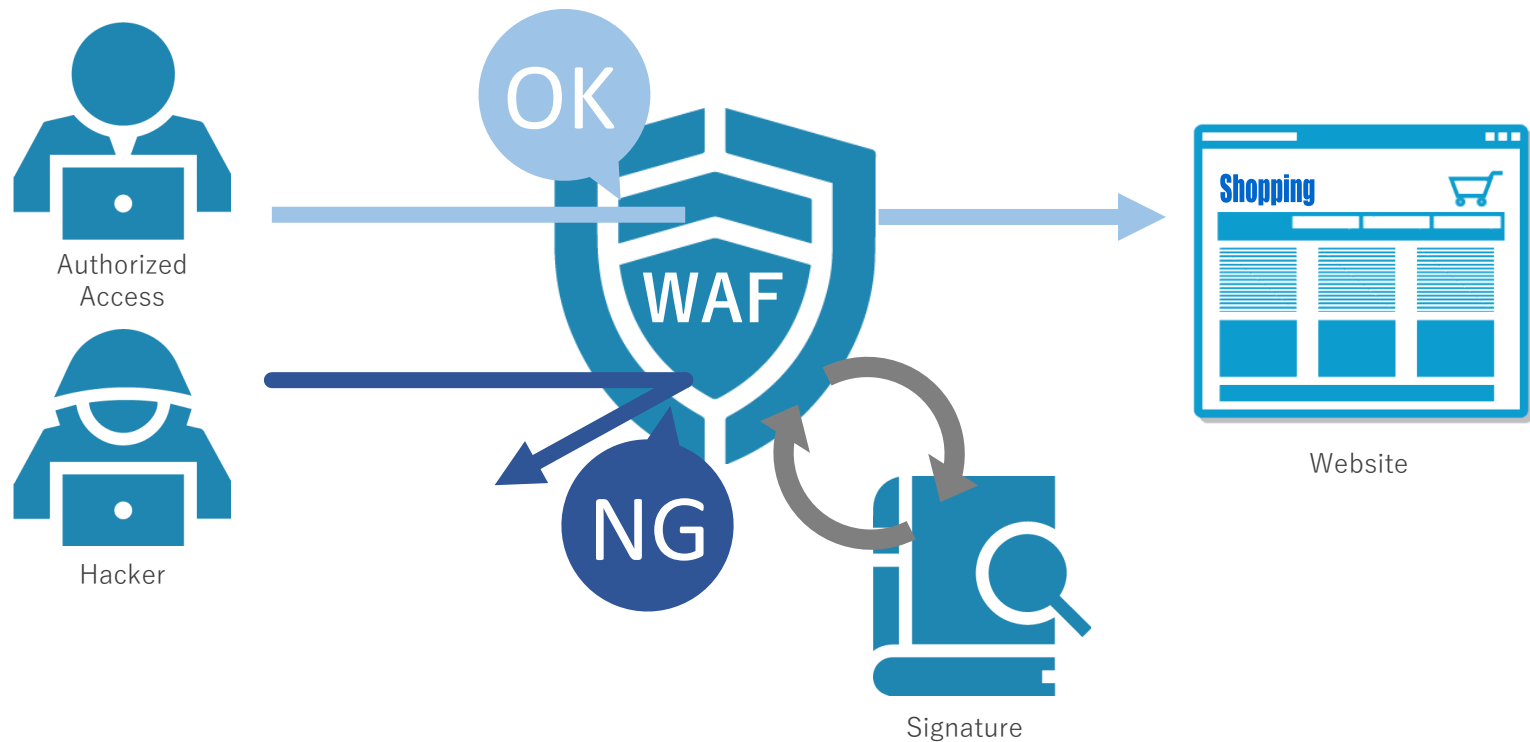
Roles of Our Products in the Web Security Field

To maintain cyberspace secure, our company provides for client companies to “protect” and “fix” websites and web services.



What is WAF (Web Application Firewall)?

- WAF takes the role of a gatekeeper that only blocks unauthorized access to websites.
- It blocks attacks from hackers based on the rules summarizing attack patterns (signature).
- Attacks from hackers are becoming more sophisticated on a daily basis, so it is necessary to always apply the latest rules.



Cloud-type WAF “Shadankun”

- We boast the largest share of the Japanese market. It has been adopted for over 20,000 websites and protects against threats such as personal information leakage and service suspension due to unauthorized access



- ✓ The largest share in the Japanese market*
- ✓ Can be installed in a minimum of one day
- ✓ Can be used with a fee ranging from 10,000 yen per month
- ✓ Broadly used in various industries and businesses



Compatible with all kinds of web systems



Since it was developed in house and is operated by our company, swift reaction is possible.



It is possible to detect unknown attacks and faulty detections speedily.

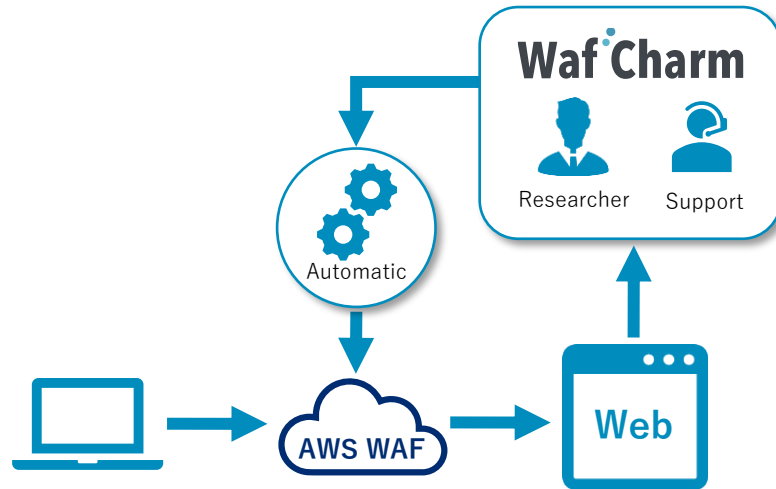


Support in Japanese 24 hours a day, 365 days a year

* Summary of the survey by JMRO: Survey on results for FY 10/2021

WafCharm: a Tool for Automatic Operation of Public Cloud WAF

- An automatic operation service which is compatible with the 3 major global platforms and enables easy WAF operation such as adjustment of defense rules. It has the largest share in Japan.



- ✓ The largest share in the Japanese market*¹
- ✓ Can be installed through a few steps
- ✓ It can protect your website at a low cost, with a monthly fee ranging from 5,000 yen.
- ✓ Can be used in over 200 countries*²



Compatible with the three major cloud platforms*³



It is possible to produce and set optimal rules for each client's environment.



Our know-how for defense nurtured through Shadankun is utilized.



Global support 24 hours a day, 365 days a year

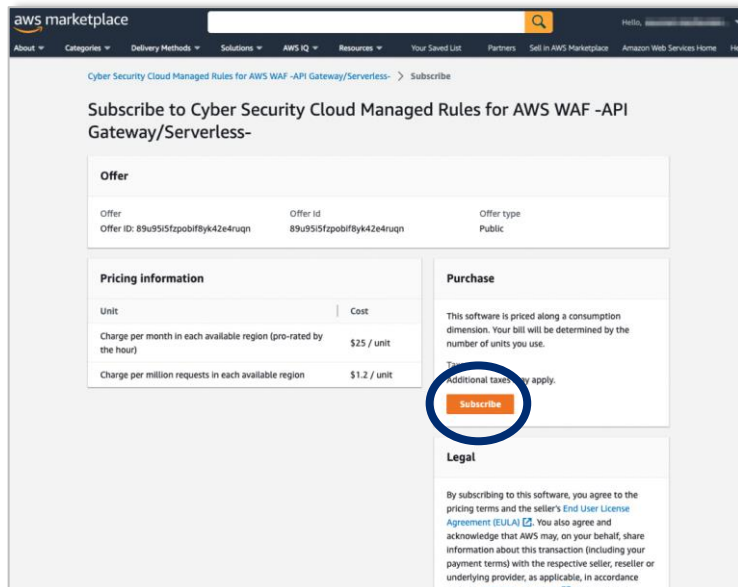
*1 Summary of the survey by JMRO: Survey on results for FY 7/2020

*2 For WafCharm for AWS Marketplace

*3 Amazon Web Service, Microsoft Azure, Google Cloud (Canalys "Canalys Newsroom- Global cloud services spend hits record US\$49.4 billion in Q3 2021")

Managed Rules: a Set of Rules Exclusively for AWS WAF

- A set of basic rules used in over 90 countries around the world and summarizing our know-how for defense we accumulated as a company with the largest share of the cloud-type WAF in Japan



- ✓ Only 8 companies selected by AWS to sell*1.
- ✓ Can be started with a few clicks.
- ✓ Pay-per-use with a monthly fee ranging from \$25
- ✓ Used by users in over 90 countries



Self-serve type in AWS marketplace



Equipped with the customization function



It can easily block representative cyber attacks



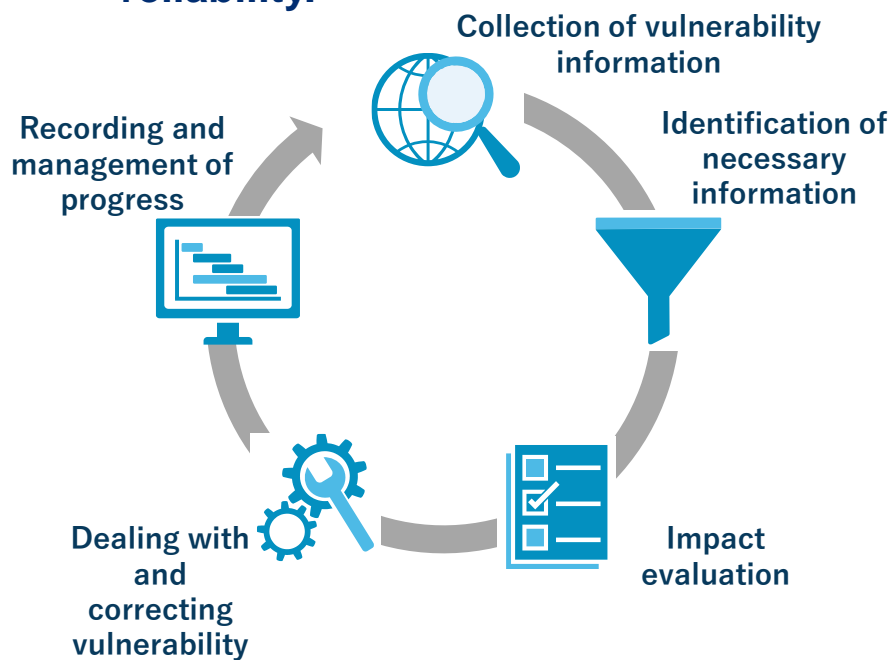
Received the award of AWS Marketplace Partner of the Year*2

*1 Our company, Fortinet, F5 networks, Cloudbric, ThereatSTOP, Imperva, GeoComply, and Mlytics

*2 The world's first as a Japanese enterprise (as of the end of Dec. 2022)

SIDfm: a Tool for Collecting and Managing Vulnerability Information

- The first all-in-one tool in Japan for automatically obtaining and managing vulnerability information of a system. It has a history of over 20 years and reliability.



- ✓ Experience and a track record of over 20 years*¹
- ✓ It can be used by paying a monthly fee ranging from 30,000 yen*²
- ✓ Over half of the users are listed companies.
- ✓ Churn rate is as low as 0.2%.



Compatible with over 900 products



Automation of collection of vulnerability information



Provision of difficult-to-understand vulnerability information in Japanese



Support by experts in vulnerability

*¹ Softek acquired in 2020 started business in 1999.

*² The annual fee of SIDfm Group was converted to the monthly fee.

Lineup of Our Services

- Domestic security software maker that brings peace of mind to customers through in-house development and support.

Cloud-type WAF



Tool for visualizing and blocking cyber attacks on websites

Domestic market share
No.1^{*1}

Service for automatic operation of public cloud WAF



Tool for automatic operation of the WAF of AWS, Azure, and Google Cloud with AI

No. of users who adopted the service for automatic operation of AWS WAF
No.1
in Japan^{*2}

A set of rules exclusively for AWS WAF



A set of rules exclusively for AWS WAF unique to Cyber Security Cloud

No. of users who adopted these rules
3,206
in a cumulative total of over 90 countries^{*3}

Tool for collecting and managing vulnerability information



Service for collecting vulnerability information and offering patch information and avoidance methods

Share in the market of vulnerability information distribution services
Records of provision of vulnerability information
No. of original contents regarding vulnerability
No.1
in Japan^{*4}

*1 Summary of the survey by JMRO: Survey on results for FY 10/2021

*2 Summary of the survey by JMRO: Survey on results for FY 7/2020

*3 as of Dec. 2022

*4 Summary of the survey by JMRO: Survey on results for FY 8/2021

Companies That Adopted Our Services

- Needs for security grew regardless of industry, scale, and business, and a variety of enterprises have adopted our services.

Finance, public offices, public corporations, groups

SBI証券

SOMPOリスクマネジメント

浜銀総合研究所

東京財団政策研究所
THE TOKYO FOUNDATION FOR POLICY RESEARCH

あなたのまちの
筑邦銀行

公益財団法人
つくば科学万博記念財団
TSUKUBA EXPO MEMORIAL FOUNDATION

全国信用金庫厚生年金基金

IT and services

note

free

InterFactory

coconala

TECHORUS

Classi

FANCOM

aucfan UNITED

Media and entertainment

ほろび

istyle

CAM

Transportation and construction

ANA

子どもたちに贈れるしごとを。

SHIMIZU CORPORATION
清水建設

Makers

Pioneer

キョクヨー

日本新薬

Human resources

マイナビ

PASONA
JOBHUB

SB Human Capital

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

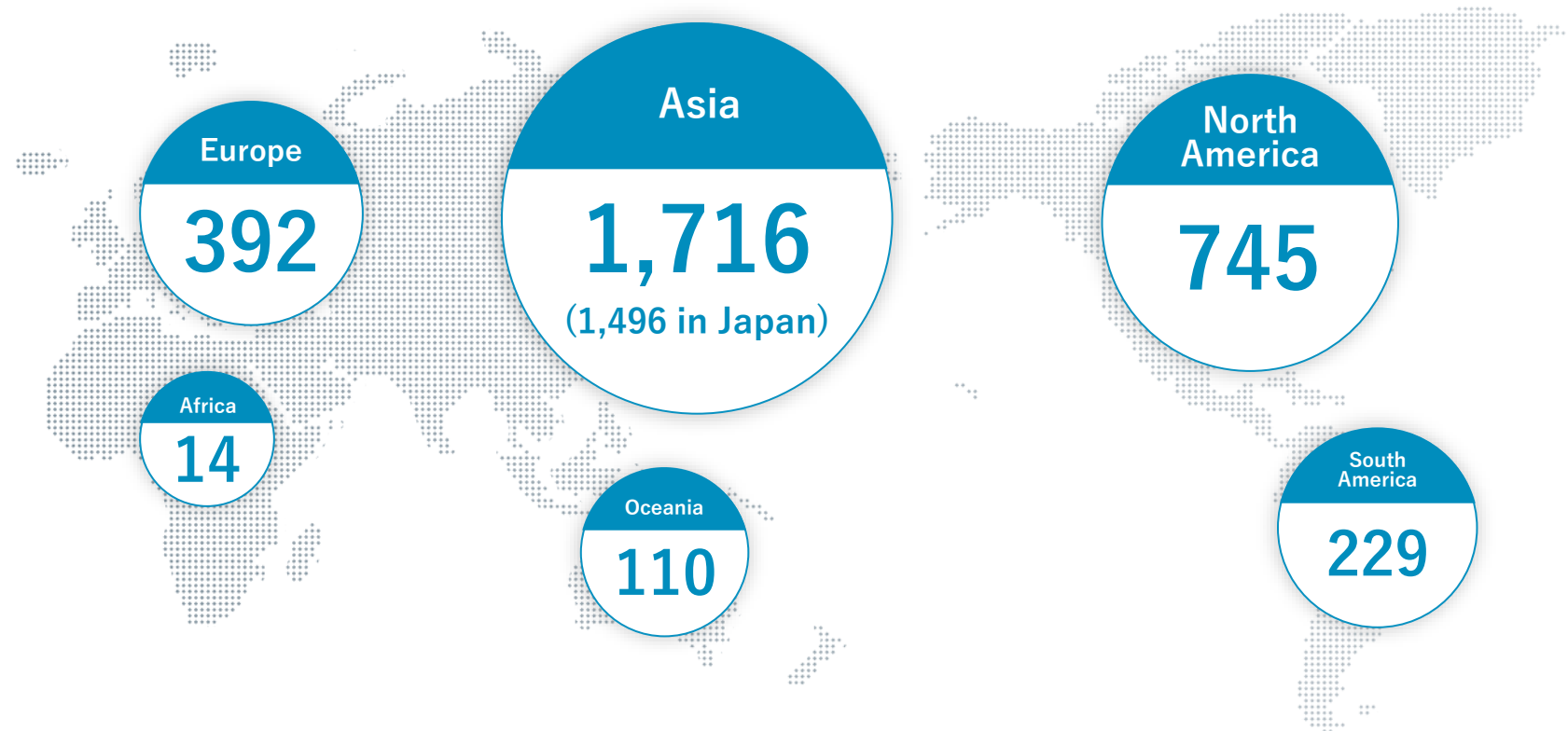
*1 Source: Fuji Chimera Research Institute “New software business market in 2020 – In-depth survey on major packages and SaaS in Japan” <EC site development tool/SaaS (cart-less type)>

*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)

AWS WAF Managed Rules, used Around the World

- The company has users in over 90 countries and regions, and global users account for over 50%.



Total number of users: **3,206**
(as of the end of December 2022)

Competent Sales Partners Supporting the Sales Promotion of Our Services

- To provide a wide range of users with products via many sales partners
- To keep looking for sales partners, to expand our sales network.

System integrators and distributors



富士通Japan株式会社



TOKAIコミュニケーションズ



ダイワボウ情報システム株式会社



Networld



鈴与シンワート株式会社

IT infrastructure developers and MSPs*1



Internet Initiative Japan



5G Innovations



NIFCLOUD
ニフクラ



GLOBAL SECURITY EXPERTS



毎日、発明する会社

AWS Premier Tier Service Partners*2

(Out of 12 companies, 8 companies are our partners.)



Challenging Tomorrow's Changes



Serverworks



TECHORUS



TIS

TIS INTEC Group

and other 1
company

*1 Abbreviation of Managed Service Provider. It means a service vendor that maintains, operates, and monitors IT systems.

*2 First-tier partners of AWS that possess expertise in designing and establishing AWS workloads and contribute significantly to the expansion of businesses of many clients.

Risk Factors



The following are major risks that could produce significant effects on the growth of our corporate group and the execution of our business plan, as of the date of submission of this document.

For other risks, please see the section “risks in business, etc.” of the securities report.

Item	Major risks	Likelihood/ period of risk	Impact	Countermeasures
Competitive environment	Risk that our competitiveness may decline if competitors emerge or release charge-free or low-priced cyber security services	High/Medium-long	Moderate	To provide high-quality products, while constantly updating existing products To conduct continuous market research, and develop and provide products comparable to competing ones
Change in social situations	Risk due to changes in social situations, such as revisions to laws or regulations and fluctuations in exchange rates	High/Medium-long	Large	To continue information gathering, design countermeasures immediately, and enhance the penetration into the market through marketing
System failure	Risks of the shutdown of a communication network, the failure of network devices, such as servers, and so on due to natural disasters, accidents, unauthorized access etc.	Moderate/ Anytime	Large	To deal with the failure caused by system redundancy To increase staff for dealing with trouble
New development activities	Risk that the development of new products may not progress as planned or the recoupment of an investment may be delayed or become impossible	Moderate/ Medium-long	Large	To hire employees in any style of employment ASAP in addition to engineers
Recruitment	Risk that the recruitment and education of employees may not progress as planned or the loss of personnel may worsen, making it impossible to offer services smoothly and conduct active marketing activities	Moderate/ Anytime	Large	To improve our brand value, and establish our presence in the career change market
Novel coronavirus	Risk that customers' willingness to invest in security may decline and business talks may be prolonged due to the spread of COVID-19	Moderate/Short-medium	Moderate	To implement measures for disseminating the importance of cyber security measures

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 this 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 difference between assumptions and actual achievements may be influenced by changes 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**