Financial Materials for FY2023 1Q

CYBER SECURITY CLOUD

Cyber Security Cloud, Inc.

Growth Market of TSE: 4493

May 12, 2023

Table of Contents

Highlight of Investment

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 the Financial Results for FY2023 1Q

Executive Summary

Revenue (1Q) — P6

710 million yen

Up 37.3% YoY

Operating income (1Q) — P6

160 million yen

Up 66.5% YoY

ARR (Annual Recurring Revenue) — P7

2.78 billion yen

Up 37.7% YoY

Churn rate — P9

攻撃遮断くん (Shadankun) **1.04**%

Waf Charm **0.77**%

Overview of Results
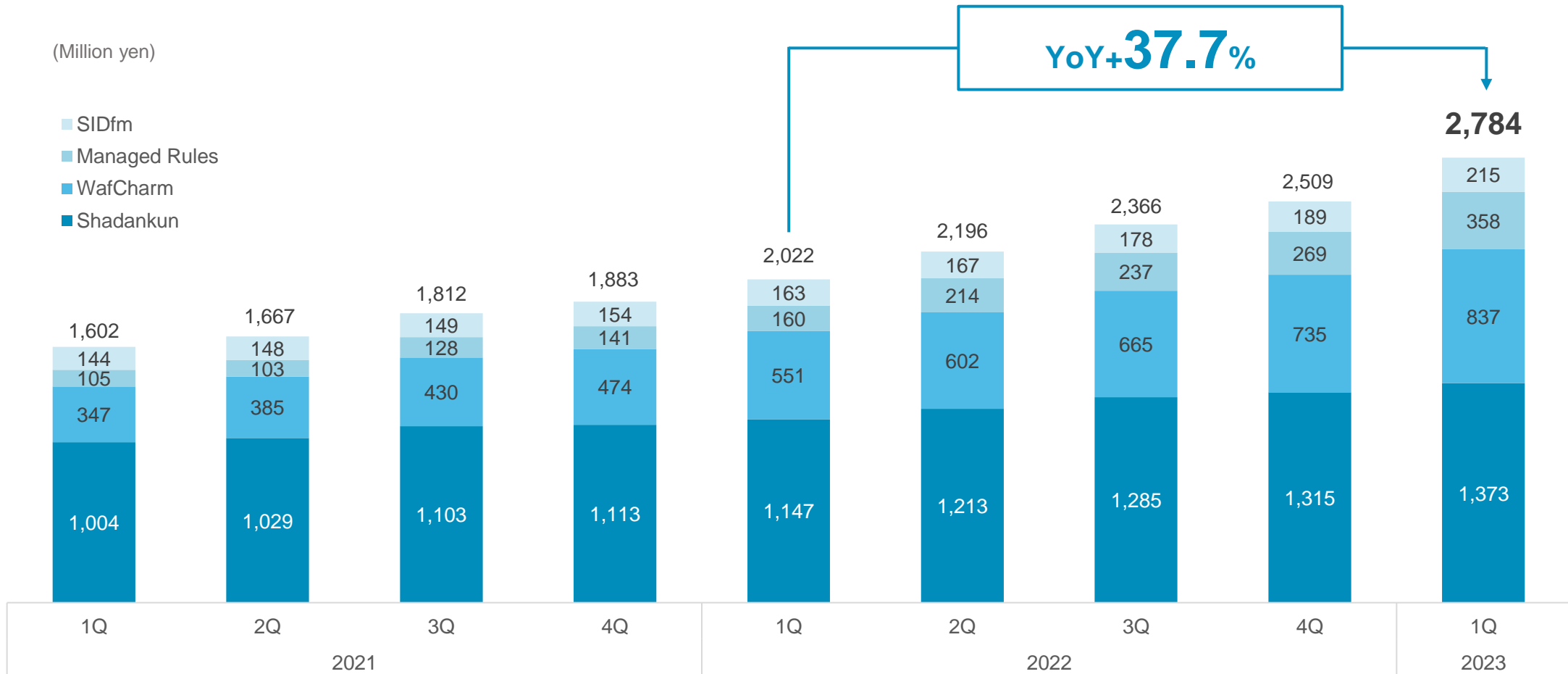
- **Revenue and step profits grew considerably due to the steady increase in sales of core products.**
- **Because CSC has strengthened sales activities to AWS users, the high growth rate is led by WafCharm and Managed Rules.**

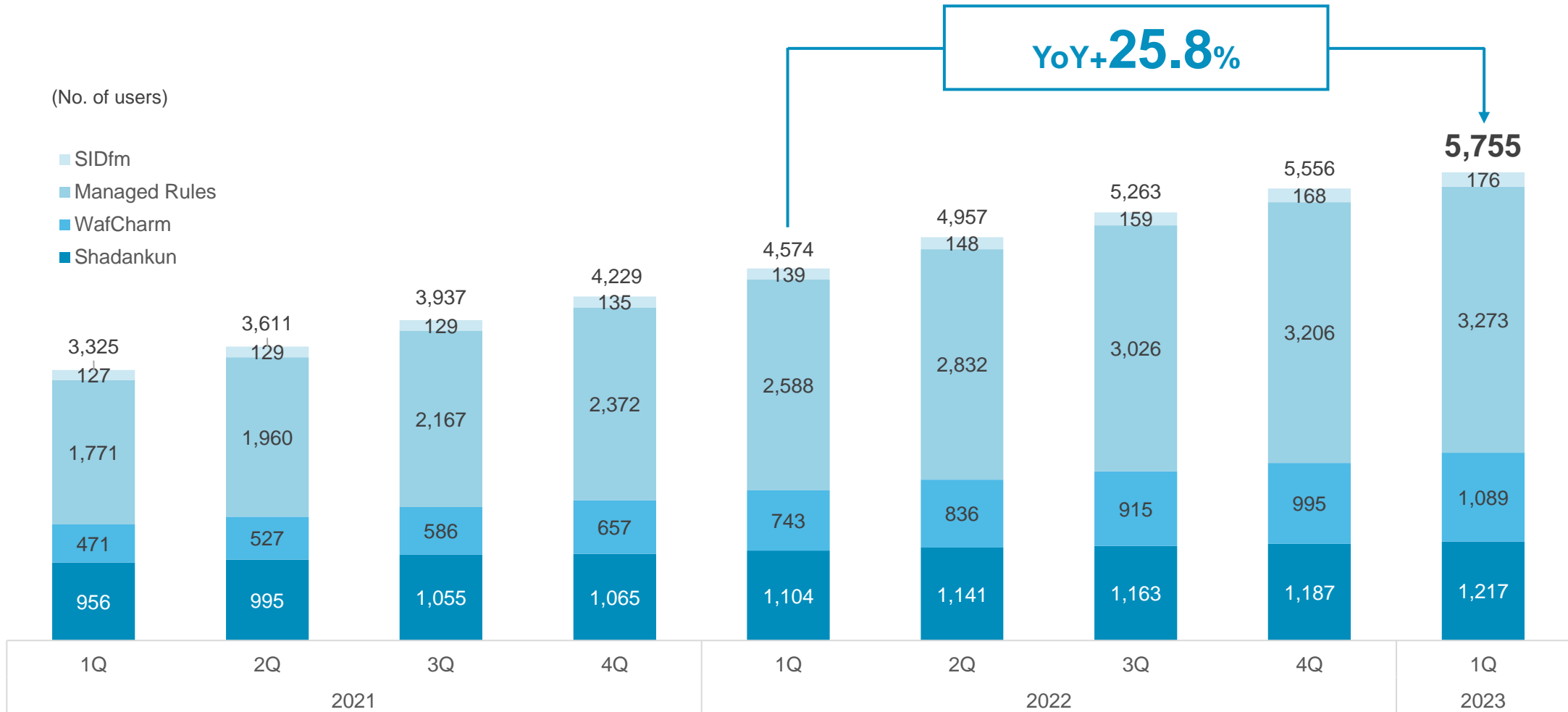| (Million yen)	(Consolidated) 1Q of FY2022	(Consolidated) 1Q of FY2023	YoY
Revenue	523	719	+37.3%
Gross Profit	369	491	+33.0%
Operating Income	97	162	+66.5%
Operating Income Margin [%]	18.6%	22.6%	+4.0pt
Ordinary Income	100	162	+61.4%
Net Income Attributable to Owners of the parent	72	110	+53.7%

ARR

- **The ARR of Managed Rules increased significantly due to inclusion of the US subsidiary in the scope of consolidation from FY2023 1Q.**
- **The company-wide ARR grew 37.7% YoY and the amount of increase in ARR hit record-high.**

(Million yen)

YoY+37.7%

Legend:
- SIDfm
- Managed Rules
- WafCharm
- Shadankun

	2021 1Q	2021 2Q	2021 3Q	2021 4Q	2022 1Q	2022 2Q	2022 3Q	2022 4Q	2023 1Q
Total	1,602	1,667	1,812	1,883	2,022	2,196	2,366	2,509	2,784
SIDfm	144	148	149	154	163	167	178	189	215
Managed Rules	105	103	128	141	160	214	237	269	358
WafCharm	347	385	430	474	551	602	665	735	837
Shadankun	1,004	1,029	1,103	1,113	1,147	1,213	1,285	1,315	1,373

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.
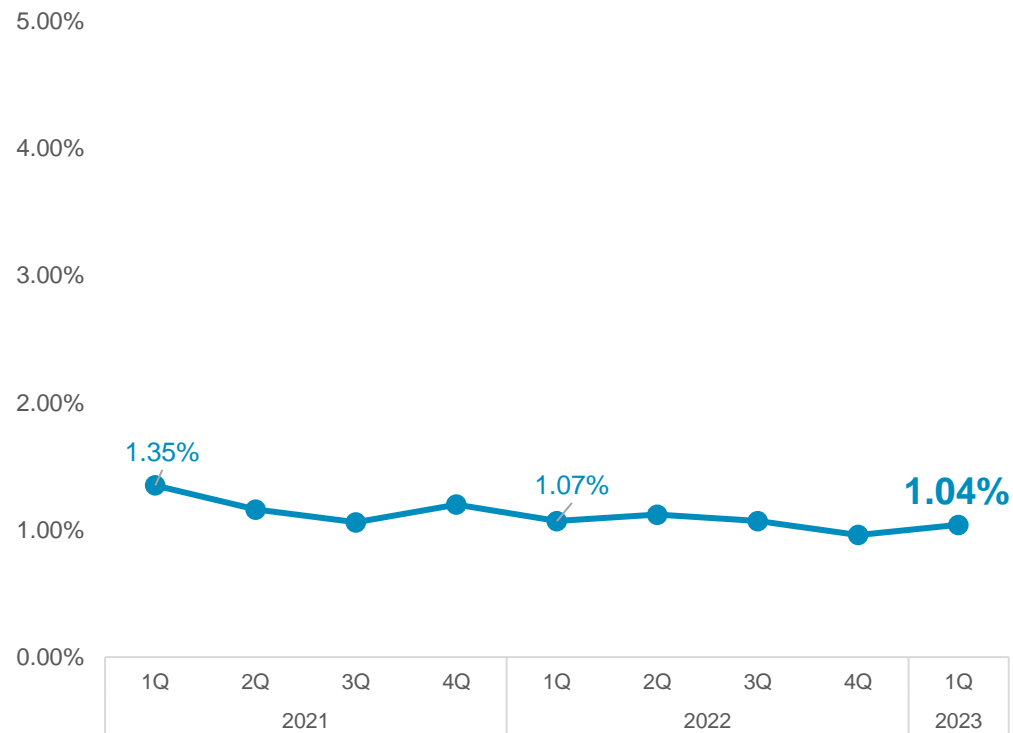
Number of Users

- **Steady growth of the number of users in all products.**
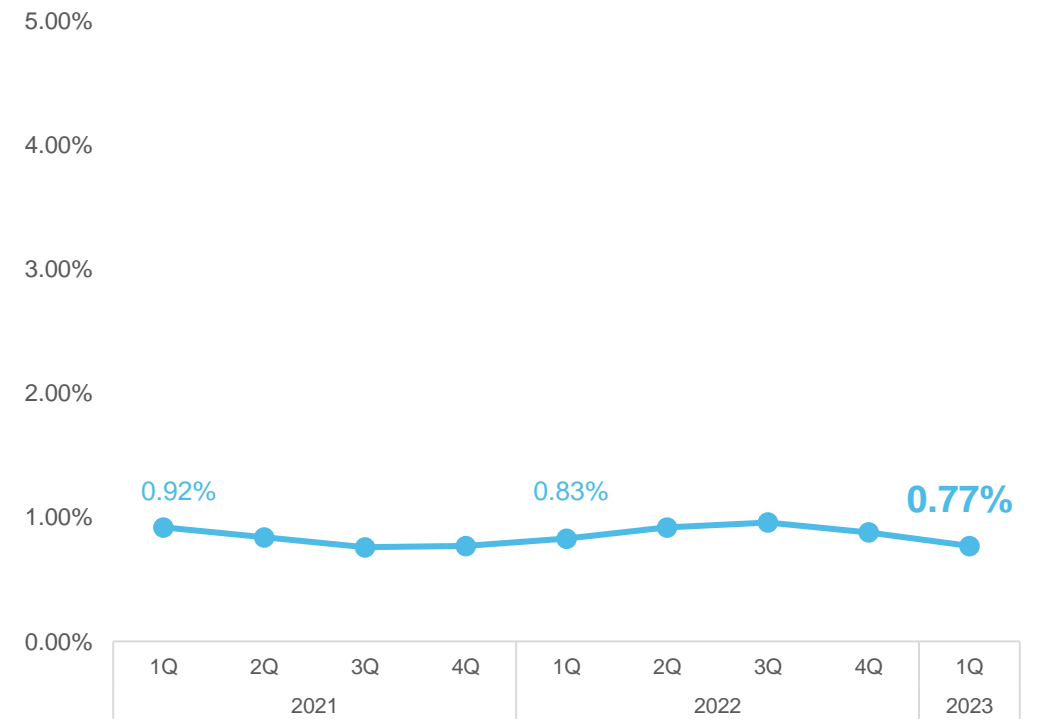- **The number of users of WafCharm exceeded 1,000.**

YoY+**25.8**%

(No. of users)

Legend:
- ■ SIDfm
- ■ Managed Rules
- ■ WafCharm
- ■ Shadankun

	2021				2022				2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total	3,325	3,611	3,937	4,229	4,574	4,957	5,263	5,556	5,755
SIDfm	127	129	129	135	139	148	159	168	176
Managed Rules	1,771	1,960	2,167	2,372	2,588	2,832	3,026	3,206	3,273
WafCharm	471	527	586	657	743	836	915	995	1,089
Shadankun	956	995	1,055	1,065	1,104	1,141	1,163	1,187	1,217

Low Churn Rates

- **The churn rates of the two products did not change significantly. CSC aims to keep them low.**
- **The major reasons for cancellation are the closure of a website and the termination of a contract between a partner and an end-user.**
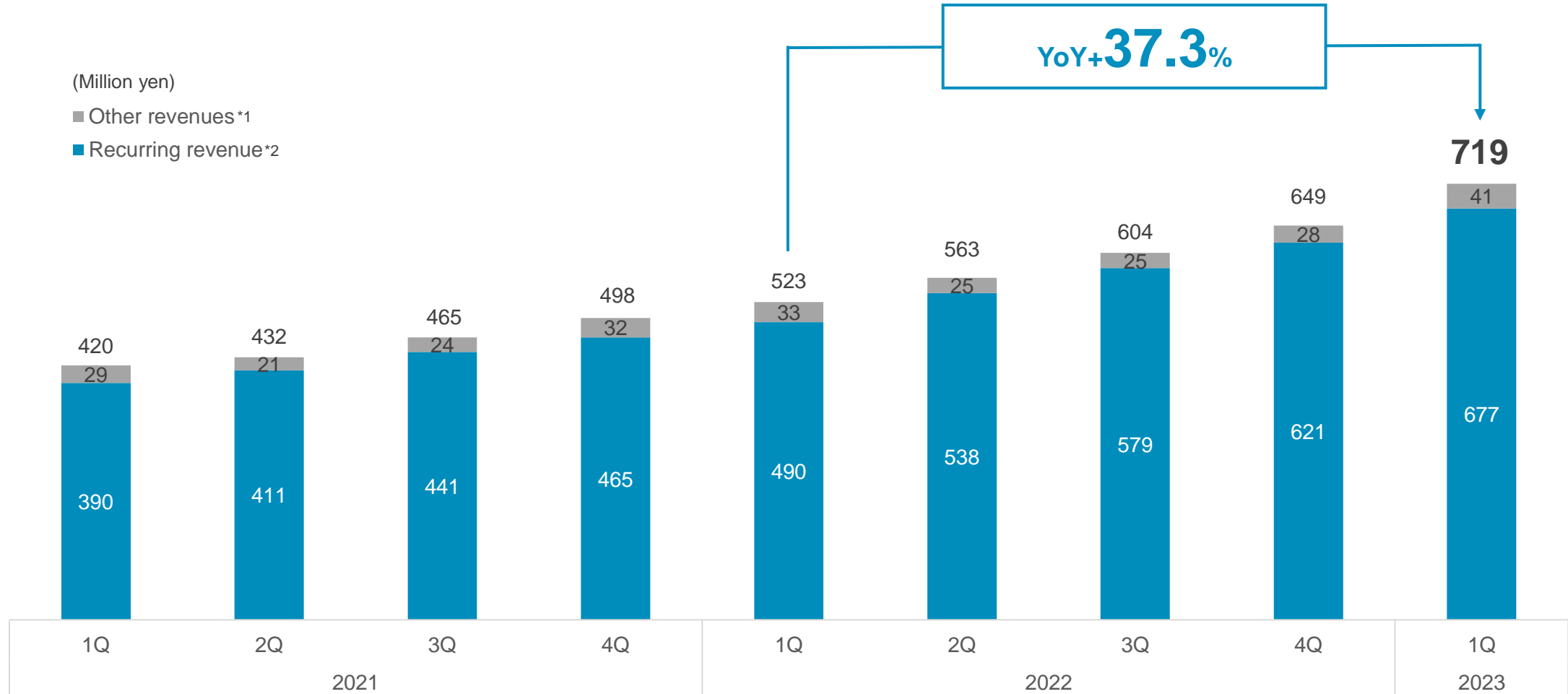
Churn rate of Shadankun *1

1.35%				1.07%				**1.04%**

1Q 2Q 3Q 4Q / 1Q 2Q 3Q 4Q / 1Q
2021 / 2022 / 2023

WafCharm churn rate *2

0.92%				0.83%				**0.77%**

1Q 2Q 3Q 4Q / 1Q 2Q 3Q 4Q / 1Q
2021 / 2022 / 2023

*1Produced 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.

Revenue

- **Revenue grew considerably, as the amount of orders received hit a record high in 4Q of 2022.**
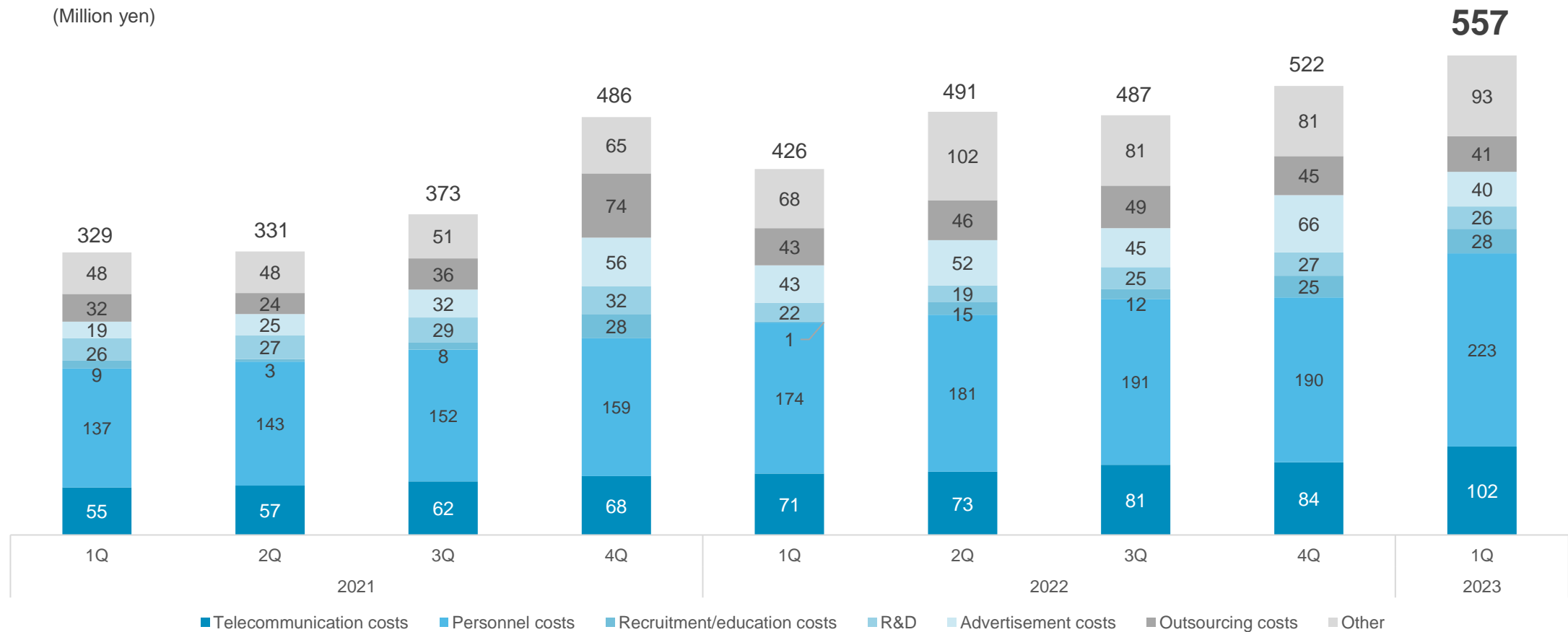- **Earning base grew steadily due to the recurring revenue growth.**

(Million yen)
- Other revenues*1
- Recurring revenue*2

YoY+**37.3**%

719

	2021				2022				2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total	420	432	465	498	523	563	604	649	719
Other	29	21	24	32	33	25	25	28	41
Recurring	390	411	441	465	490	538	579	621	677

*1 Total revenue, 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.

Operating Costs (Cost of Revenue and SG&A)

- **Personnel costs increased 4.8-million-yen YoY due to enhancing recruitment and the consolidation of the US subsidiary**
- **CSC will continually focus on recruitment and advertisement to achieve "Growth strategy 2025".**

(Million yen)

	2021				2022				2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total	329	331	373	486	426	491	487	522	557
Telecommunication costs	55	57	62	68	71	73	81	84	102
Personnel costs	137	143	152	159	174	181	191	190	223
Recruitment/education costs	9	3	8	28	1	15	12	25	28
R&D	26	27	29	32	22	19	25	27	26
Advertisement costs	19	25	32	56	43	52	45	66	40
Outsourcing costs	32	24	36	74	43	46	49	45	41
Other	48	48	51	65	68	102	81	81	93

Legend: ■ Telecommunication costs ■ Personnel costs ■ Recruitment/education costs ■ R&D ■ Advertisement costs ■ Outsourcing costs ■ Other

Employees who Support the Growth of Cyber Security Cloud

- **The number of employees exceeded 100 as CSC kept enhancing recruitment of mainly engineers.**

Number of Employees

(Employees)

FY2021	FY2022	End of Mar. 2023
86	97	104

*Employees include temporary staff. The total number of employees of Japanese and U.S. corporations is indicated.
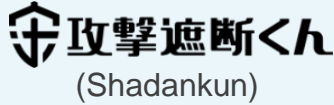
Personnel Composition as the End of Mar. 2023

104

- Engineers
- Business
- Corporate

(For reference) Major KPIs of Each Product

		2022				2023	YoY
		1Q	2Q	3Q	4Q	1Q	
攻撃遮断くん (Shadankun)	ARR (million yen)[1]	1,147	1,213	1,285	1,315	1,373	+19.7%
	No. of client enterprises	1,104	1,138	1,164	1,187	1,217	+10.2%
	Churn rate (%)[2]	1.07	1.12	1.07	0.97	1.04	-0.03pt
WafCharm	ARR (million yen)	551	602	665	735	837	+52.0%
	No. of users	743	833	915	995	1,089	+46.6%
	Churn rate (%) [3]	0.83	0.92	0.96	0.88	0.77	-0.06pt
AWS WAF Managed Rules	ARR (million yen)	160	210	237	269	358	+123.3%
	No. of users	2,588	2,832	3,026	3,206	3,273	+26.5%
SIDfm	ARR (million yen)	163	167	178	189	215	+31.5%
	No. of users	139	148	159	168	176	+26.6%
Total	ARR (million yen)	2,022	2,192	2,367	2,509	2,784	+37.7%

*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)	FY2021				FY2022				FY2023
	Consolidated 1Q	Consolidated 2Q	Consolidated 3Q	Consolidated 4Q	Consolidated 1Q	Stand-alone 2Q	Stand-alone 3Q	Stand-alone 4Q	Consolidated 1Q
Revenue	420	433	466	498	523	563	604	649	719
Cost of Revenue	125	124	139	145	154	161	183	187	227
Gross Profit	294	308	326	352	369	401	421	462	491
SG&A	203	206	233	340	272	329	304	334	329
Operating Income	90	102	92	11	97	71	117	127	162
Operating Income Margin	21.6%	23.6%	19.9%	2.3%	18.6%	12.7%	19.4%	19.6%	22.6%
Ordinary Income	92	100	92	12	100	53	146	119	162
Net Income Attributable to Owners of the parent	59	68	61	-19	72	59	84	88	110

(Million yen)	2021	2022	2023 1Q
	Consolidated	Stand-alone	Consolidated
Current Assets	1,253	1,621	1,670
Fixed Assets	456	536	515
Total Assets	1,710	2,157	2,186
Current Liabilities	543	663	586
Fixed Liabilities	221	184	160
Total Liabilities	765	848	746
Net Assets	944	1,309	1,439
Total Liabilities and Net Assets	1,710	2,157	2,186

(Million Yen)	2021	2022 *
	Consolidated	Stand-alone
Cash Flow From Operating Activities	382	353
Cash Flow From Investing Activities	-59	-114
Cash Flow From Financing Activities	-169	40
Net Increase (Decrease) In Cash and Cash Equivalents	153	279
Cash and Cash Equivalents at the Beginning of the Term	899	796
Increase in Cash and Cash Equivalents Resulting From Merger	—	253
Cash and Cash Equivalents at the End of the Term	1,052	1,330

*In 1Q of FY2023, CSC does not disclose a cashflow statement, so the cashflow statement for the latest quarter is shown.

II   Topics of FY2023 1Q

Certified as the only partner in Japan for launching AWS WAF Ready Program

- **Recognition among AWS users expanded since CSC is certified as the partner providing highly compatible product with AWS WAF**

- **CSC certifies as the only partner in Japan, which gained strong trust, due to providing WAF for long time.**

CSC certified on par with the large global companies

https://aws.amazon.com/blogs/apn/protect-your-web-applications-with-aws-waf-ready-partners/
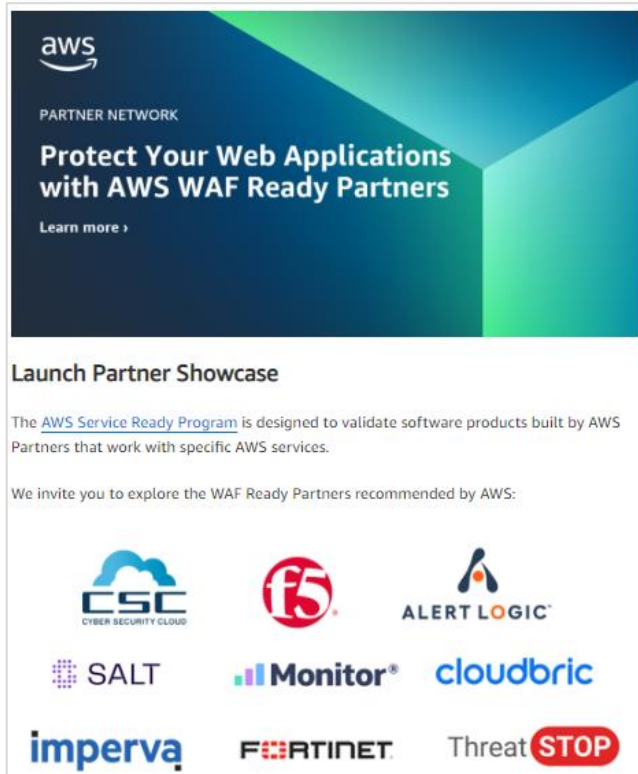
Advantages of being certified as AWS WAF Ready Program

Recognition
Listing on the AWS Partner webpage and APN Blog New Partners post
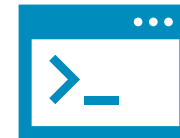
Early Access
Gain access to product roadmaps, feature release previews, and demos prior to general availability

Expert Engagement
Co-sell with AWS sales

"AWS WAF Ready Program" means a program for choosing partners for offering software solutions that can be used together with AWS WAF and conducting public relations activities.

https://aws.amazon.com/jp/partners/programs/specialization-benefits/

Steadily increasing recognition by giving presentations at AWS events

- **CSC has already given 5 presentations this year so far which is increasing exposure opportunities**
- **Recognition among AWS users and global partner has been expanding as CSC has executing key measures of "Growth strategy 2025"**

Presentations at AWS seminars in 2023

1月	**AWS Marketplace Leaders Meeting** Successful cases of partners (JISV)
2月	**ISV Sales Summit Online (in-house study session of AWS)**
3月	**AWS Security and Risk Management Forum** Understanding and practice of AWS security, which is a prerequisite for DX in the public and financial sectors **AWS Partner Summit** Hot trend in AWS Marketplace in 2023 －Factors in success heard from sellers in Marketplace
4月	**AWS Summit Tokyo** Go to Global!! "Business expansion utilizing AWS Marketplace" talked about by an enterprise that has succeeded in expanding its business in over 90 countries in a short period of time How to maintain cyber space safe! ~The method to make full use of AWS WAF with minimum manpower

Presentation at AWS Summit Tokyo

Expectations from AWS partners and users are increasing

- **CSC concluded the first partnership with Ordinary Expert, which is certified as AWS Advanced Consulting Partner, in the US.**

- **It is easy to introduce WafCharm for all companies since they do not need to hire professional engineers.**

Conclusion of an implementation partnership* contract for supporting initial installation

WafCharm sales

Introduction support of WafCharm

US Companies
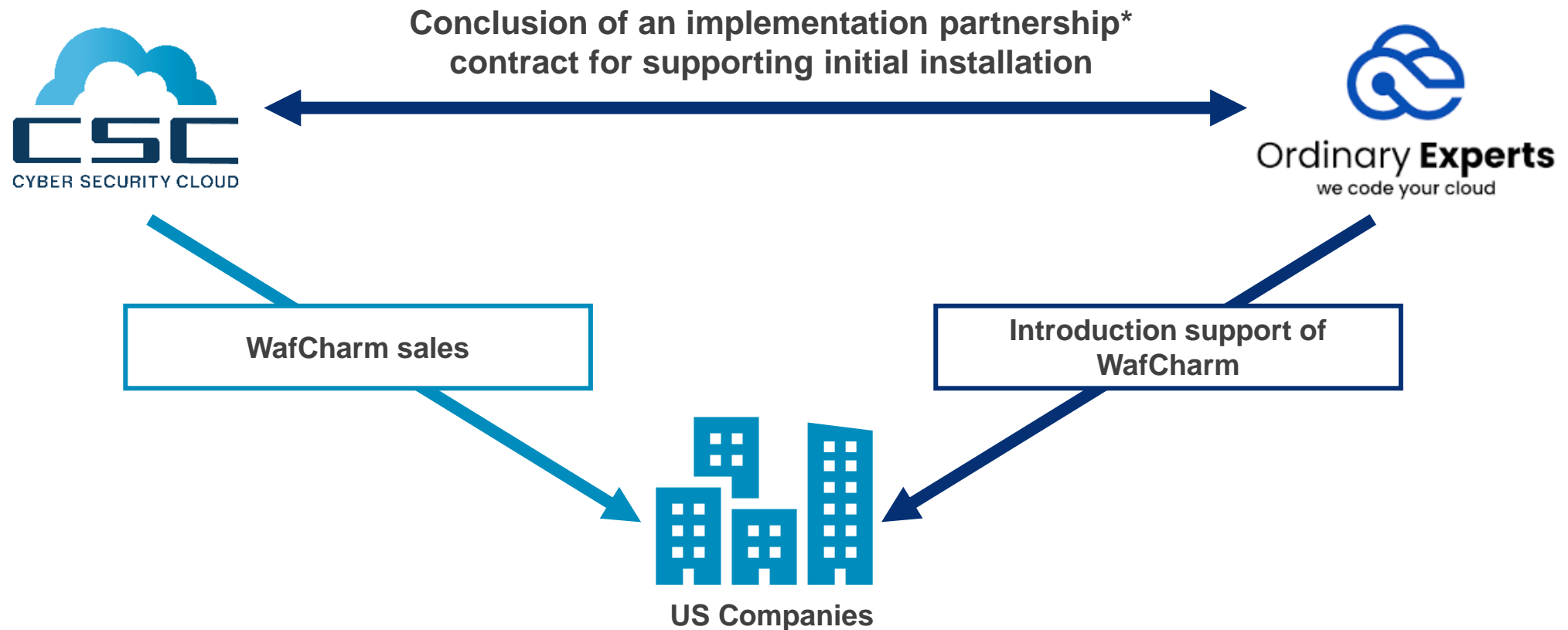
* Implementation partnership is to support introduction and implementation of WafCharm

- **CSC established a group to diffuse the importance of cyber security measures in Japan with government agency.**

- **By sharing actual cases of damage caused by cyber attacks, CSC aims to develop a large-scale community for learning.**

Directors of "Cyber Security Alliance"

Left: Mr. Ryuichi Ogawa, an expert member of Information-technology Promotion Agency (IPA)
Center: Mr. Toshihiro Koike, Representative Director, President, and CEO of Cyber Security Cloud, Inc.
Right: Mr. Takamichi Saito, Head of Meiji University Cybersecurity Laboratory

Comment from Mr. Shuji Okuda of METI

"Our original objective of diffusing cyber attacks and required measures among people in the world was not fulfilled, so if we can cooperate with the members of this alliance, we will be able to take meaningful measures. We hope that more people will become aware of the importance of cyber security through our cooperation and implement cyber security measures."

Major activities

- Holding educational events and seminars
- Holding educational training
- Organizing a working group for security staff

- **CSC invited an outside director and an advisor, who has advanced experiment, to achieve growth strategy 2025.**
- **CSC will grow overseas business by making use of their global business knowledge and network**

Mr. Hiroshi Kurihara   Outside director

Improve corporate value in mid-long term by giving advice regarding sales strategies, management system, and corporate governance with his deep knowledge and experience in global IT company

After graduating from the Faculty of Law, Gakushuin University, he joined Fuji Xerox Co., Ltd. (the current name: FUJIFILM Business Innovation Corp.) He held various senior positions such as General Manager of Production Service and Sales Headquarters. In 2015, he was appointed as representative director and president of Fuji Xerox Co., Ltd.
Currently, he serves as chairperson of Japan Telework Association, an outside director of GiG Works Inc., an adviser of a start-up firm, etc.

Ms. Kana Shinoda   Advisor

Create interaction opportunities with global engineers, provide information about latest technology, support recruiting capable engineers by making use of global security expert network.

She founded "CODE BLUE," an international conference for information security originating in Japan and serves as a member of the executive committee and secretariat for the conference. For 4 years from 2005, she planned and operated "Black Hat Japan," an international conference for information security, and since 2008, she has been serving as a conference manager and a liaison in Asia for APWG.
She is the representative director of BLUE Co., Ltd.
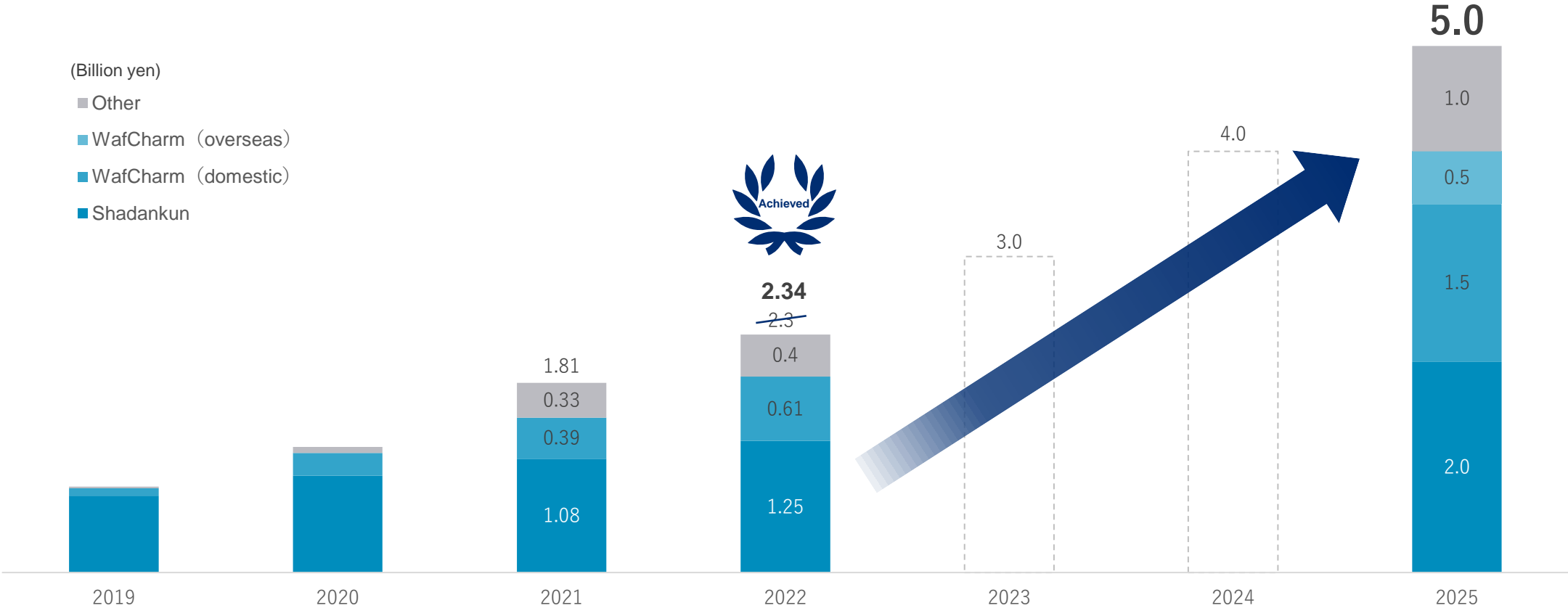
III Growth Strategy Toward 2025

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%**
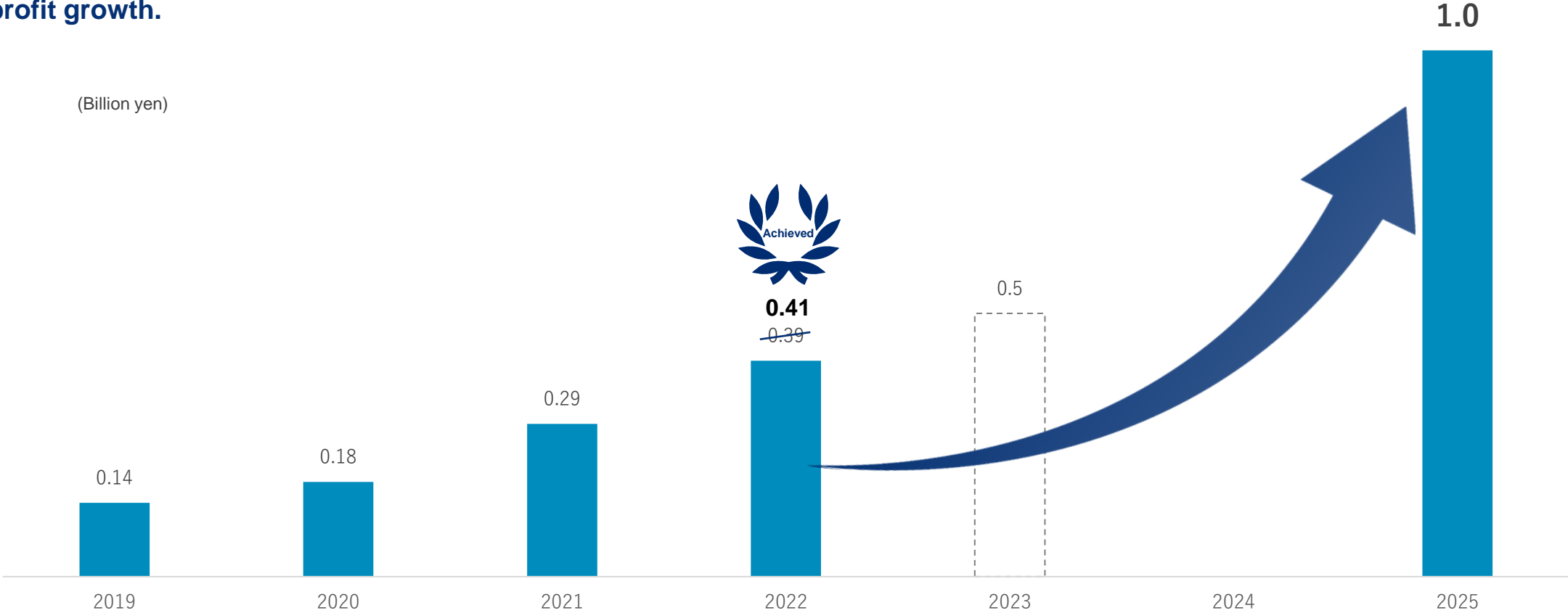
- **Aiming for revenue of 5 billion yen to become the top security company in Japan in the "Web Security" field.**

- **To implement measures quickly while updating sales and product strategies so that global revenue will account for at least 10% of total revenue.**

(Billion yen)
- Other
- WafCharm（overseas）
- WafCharm（domestic）
- Shadankun

Year	Shadankun	WafCharm (domestic)	WafCharm (overseas)	Other	Total
2021	1.08	0.39		0.33	1.81
2022	1.25	0.61		0.4	2.34 (2.3)
2023					3.0
2024					4.0
2025	2.0	1.5	0.5	1.0	5.0

Achieved

- **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.**

(Billion yen)

Year	Value
2019	0.14
2020	0.18
2021	0.29
2022	0.41 (0.39) Achieved
2023	0.5
2024	
2025	1.0

- **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, CSC sets 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

CSC classifies the region on which CSC should focus as described below, find partners, and swiftly expand our business globally.

EMEA

APAC

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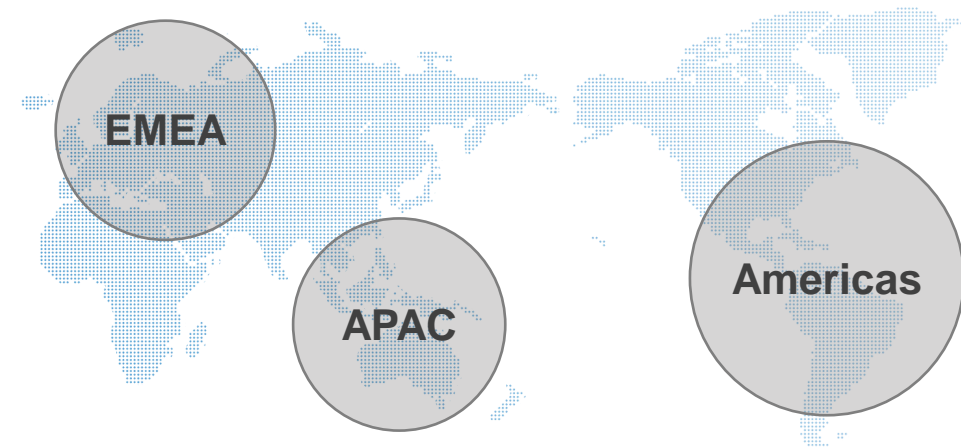
* MSSP stands for Managed Security Service Provider, a security vendor that undertakes security operations and management.

- **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.**
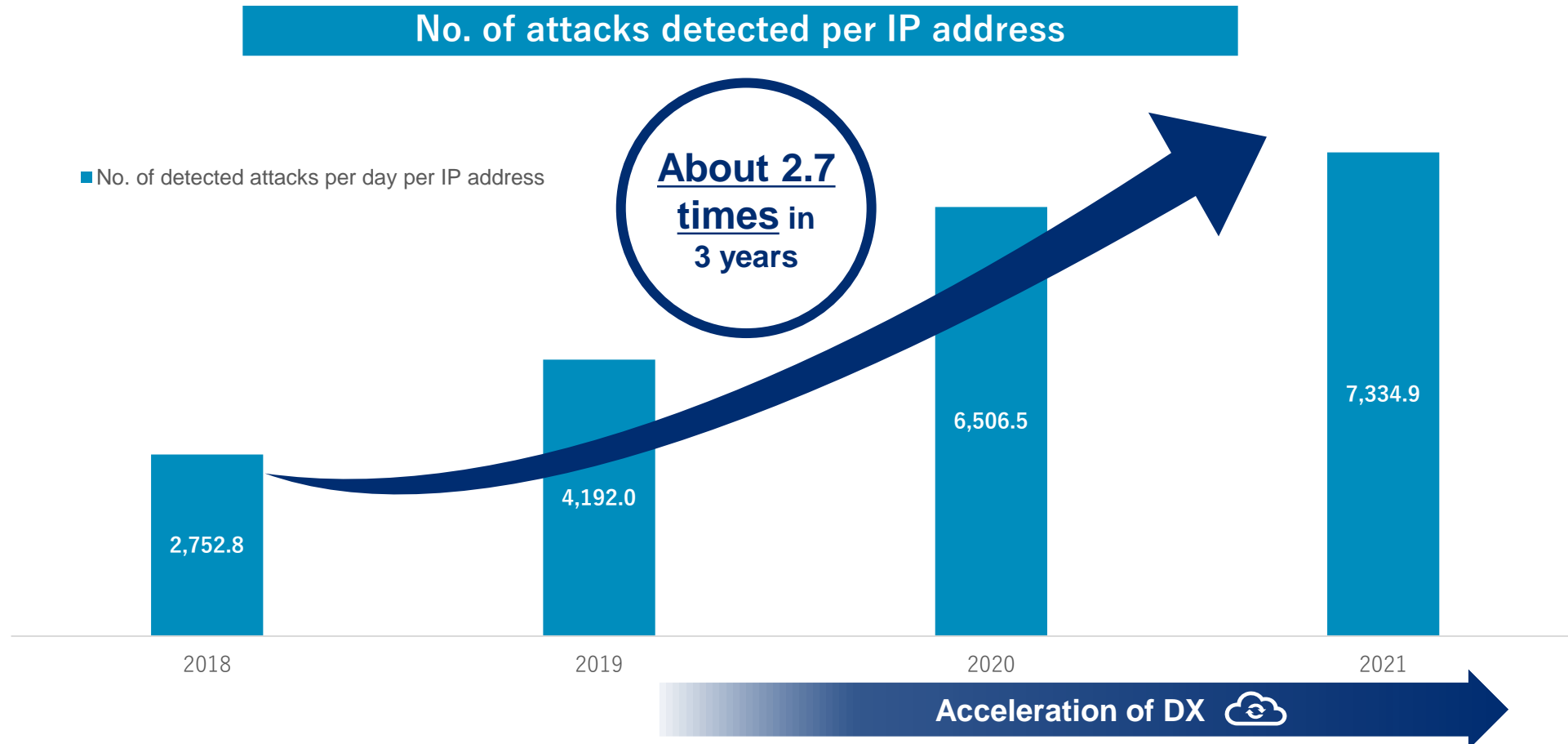
To popularize our brand in the AWS Community

Measures to be implemented

- ✓ **Climb up to the Highest Partner Rank**
- ✓ **Obtain technical certification programs**
- ✓ **Establish a joint sales program with AWS**

Establish a position in global by demonstrating technical capabilities and quality of service

Increased credibility makes it easier for AWS and sales partners to make proposals to end users.

Accelerating growth

Increased global sales performance brings us closer and closer to the realization of various measures.

To strengthen sales through AWS Marketplace

Measures to be implemented

- ✓ **Conduct study sessions for AWS companies and sales partners**
- ✓ **Participate in trade shows and webinars worldwide**
- ✓ **Release new plans optimized for global use**

Become a global representative AWS Marketplace Seller

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.**

Continuous release of new services

To popularize SIDfm and enhance its functionality

Stable growth of main products
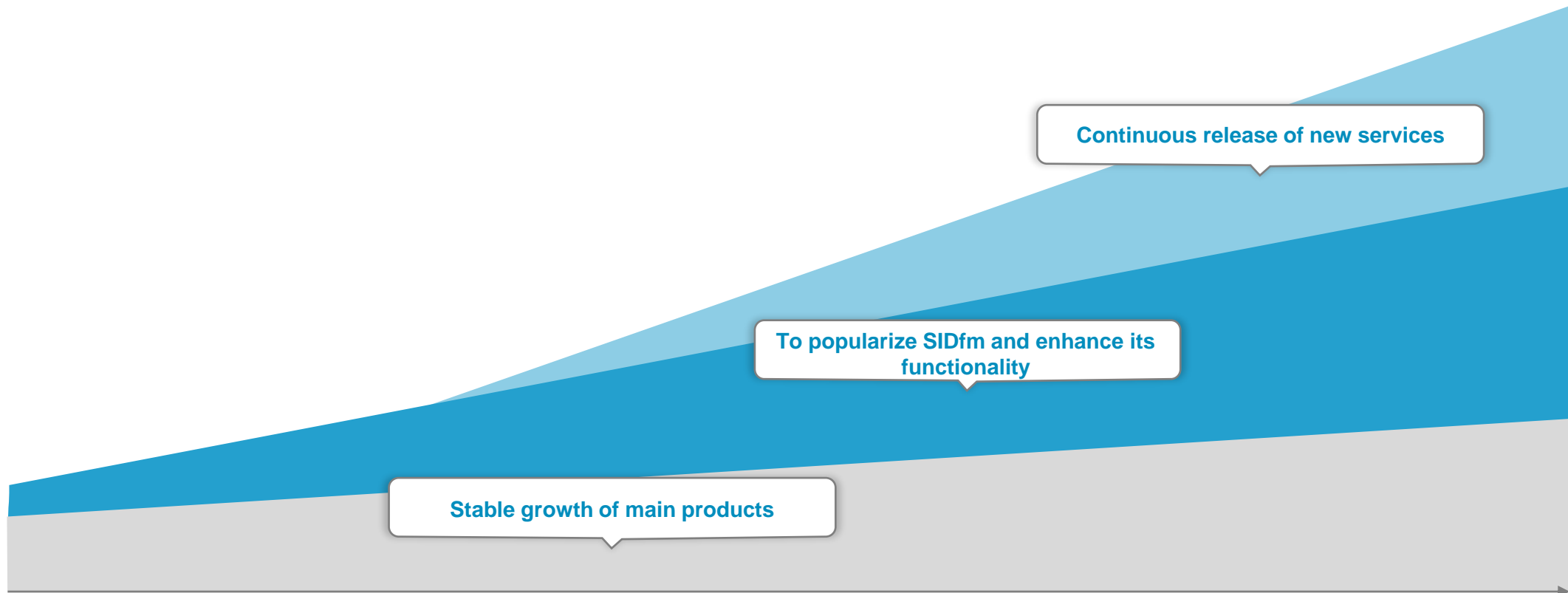
IV Business Environment Surrounding Our Company

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.**

No. of attacks detected per IP address

■ No. of detected attacks per day per IP address

About 2.7 times in 3 years

2,752.8

4,192.0

6,506.5

7,334.9

2018   2019   2020   2021

Acceleration of DX

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

CSC
CYBER SECURITY CLOUD

- 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

86.7%   82.3%

52.4%   56.5%

                                                    15.7%

8.8%

2012   2013   2014   2015   2016   2017   2018   2019   2020   2021
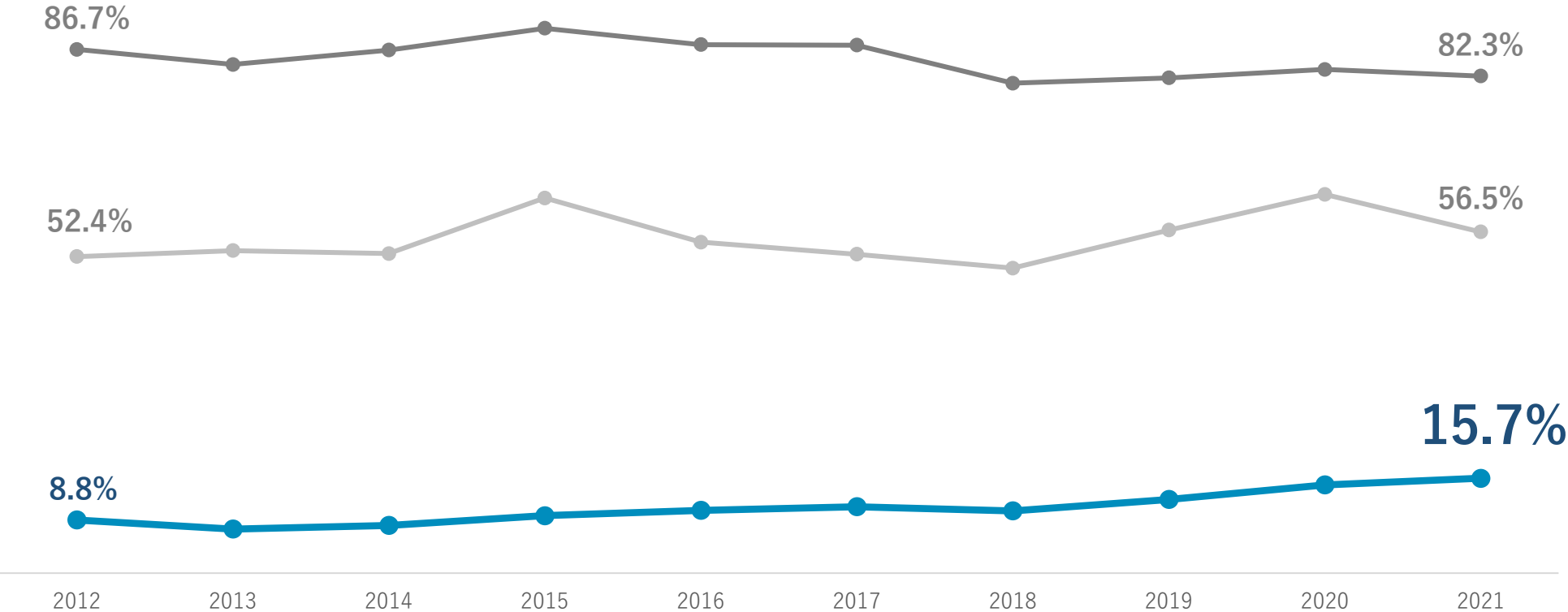
Produced by our company with reference to "Survey on the trend of use of communications in 2021" by MIC.

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Accelerating Cybersecurity related regulations by Government

- **Ministries have updated laws and guidelines regarding cybersecurity due to successive information leakage.**

- **Demand for security is anticipated to increase because of increase in importance of cybersecurity in other business sectors**

Related Organization	Applied Date	Related laws and Guidelines	Mainly updated contents
Personal Information Protection Commission Japan	Apr. 2022	Act on the Protection of Personal Information	Toughen fines to enterprises
Cabinet Office	Aug. 2022	Economic Security Promotion Bill	Strengthen cybersecurity for critical infrastructure
Ministry of Health, Labor and Welfare	Apr. 2023	Enforcement Regulations on the Medical Care Act.	Obligation for medical institution to take cybersecurity measures
Ministry of Economy, Trade and Industry	Jun. 2022	Measures of Credit Security 2025	Obligation for e-commerce business to prevent unauthorized use of credit cards
	Mar. 2023	Cybersecurity Management Guideline Ver3.0	Changing mindset of managements

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.**

Overseas market
about **12.8 trillion yen**[1]

Domestic market
About **300 billion yen**[2]

Factors in market growth

・ **Increase of websites**

・ **Promotion of cloud services**

・ **Increase in cyber attacks**

・ **Increase in the ratio of enterprises that adopted WAF**

Sales of CSC in FY2022
About 2.3 billion yen
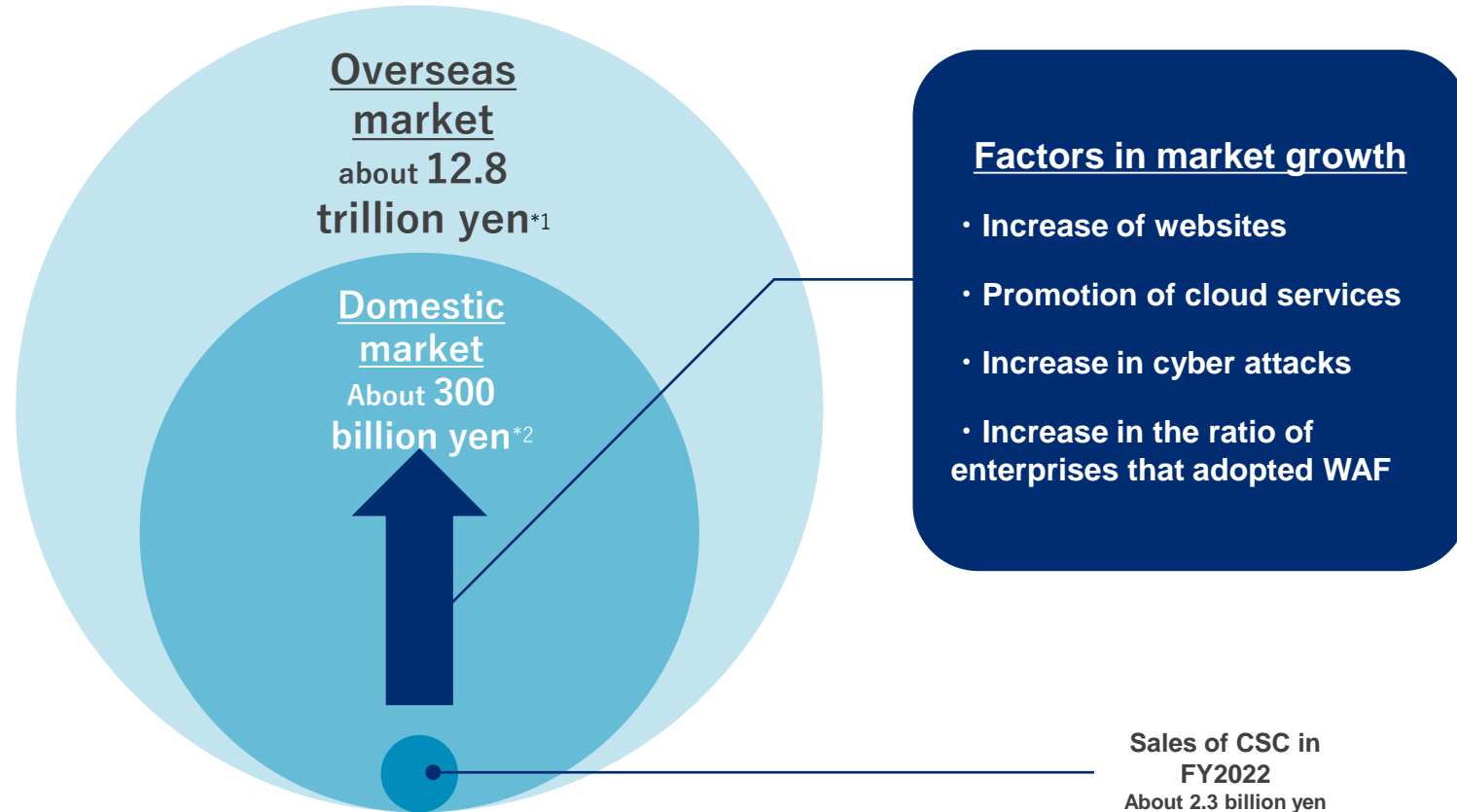
*1 Estimated by our company from the number of companies in the world: 213 million (Statista "Estimated number of companies worldwide from 2000 to 2020") and the most affordable plan of WafCharm (monthly fee: 5,000 yen) for 12 months.
*2 Estimated by our company from the number of Japanese corporations: 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.**

Web security

Trading firms that offers service consultancy services

Many security firms

In-house products

In-house security

Company A

Company B

Company C

Company D
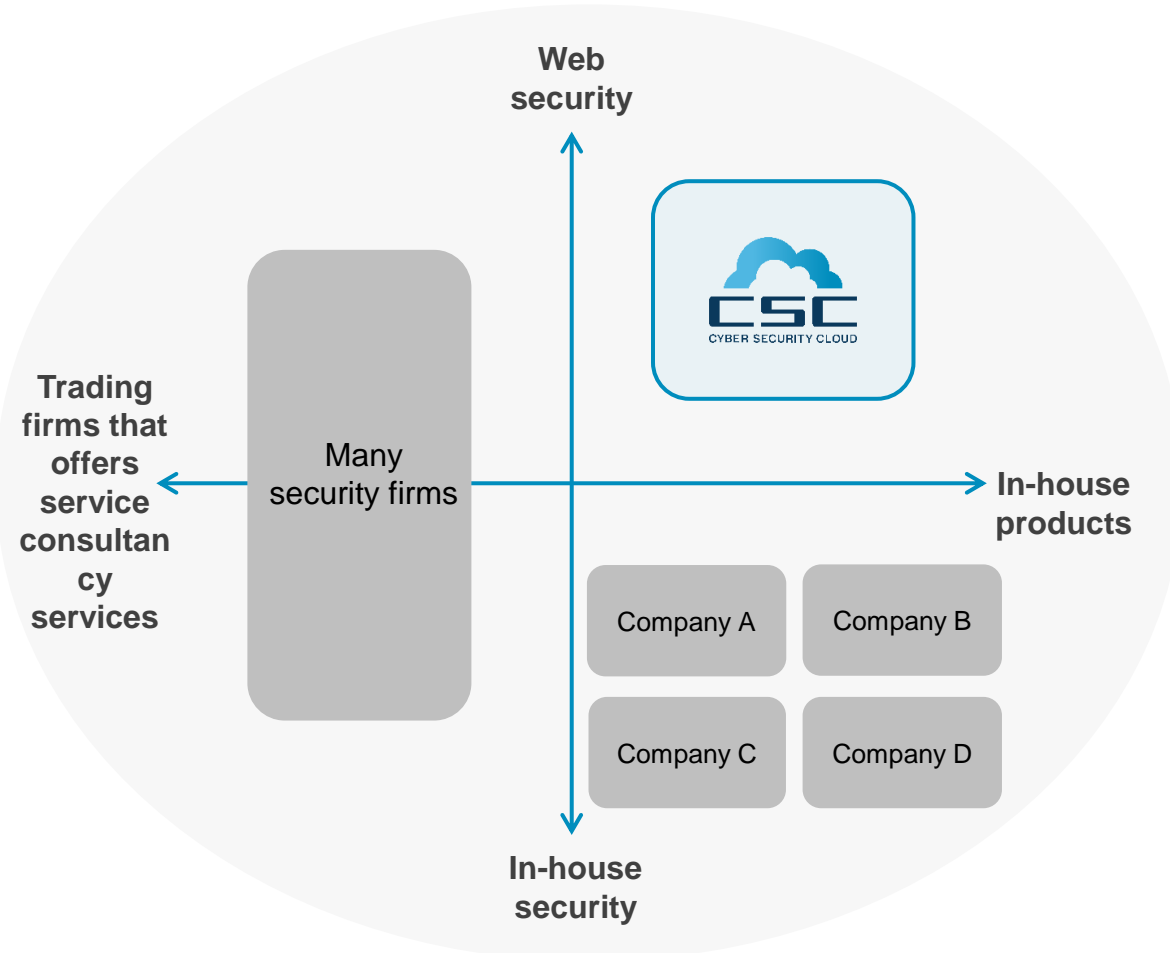
Positioning of CSC

① **In-house products**

CSC offers our own products developed by our engineers. CSC can provide our software flexibly according to customer needs, as CSC 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.**

Loss of
Sales Opportunity

Damaging
Brand Image

Compensation for Damages
(about 630 million
yen/case[1])

Leakage of
Personal Information

Decline in Stock Prices
（10％ on average[2]）

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"

- **To maintain cyberspace secure, our company provides for client companies to "protect" and "fix" websites and web services.**

Prevent cyber attacks from hackers

On-Premise / Cloud

攻撃遮断くん
(shadankun)

Specialized in Cloud Platform

Waf Charm

AWS WAF Managed Rules

Collecting and Managing vulnerability which will be targeted by hackers

Covers over 900 software

SIDfm

Website

Database

WAF
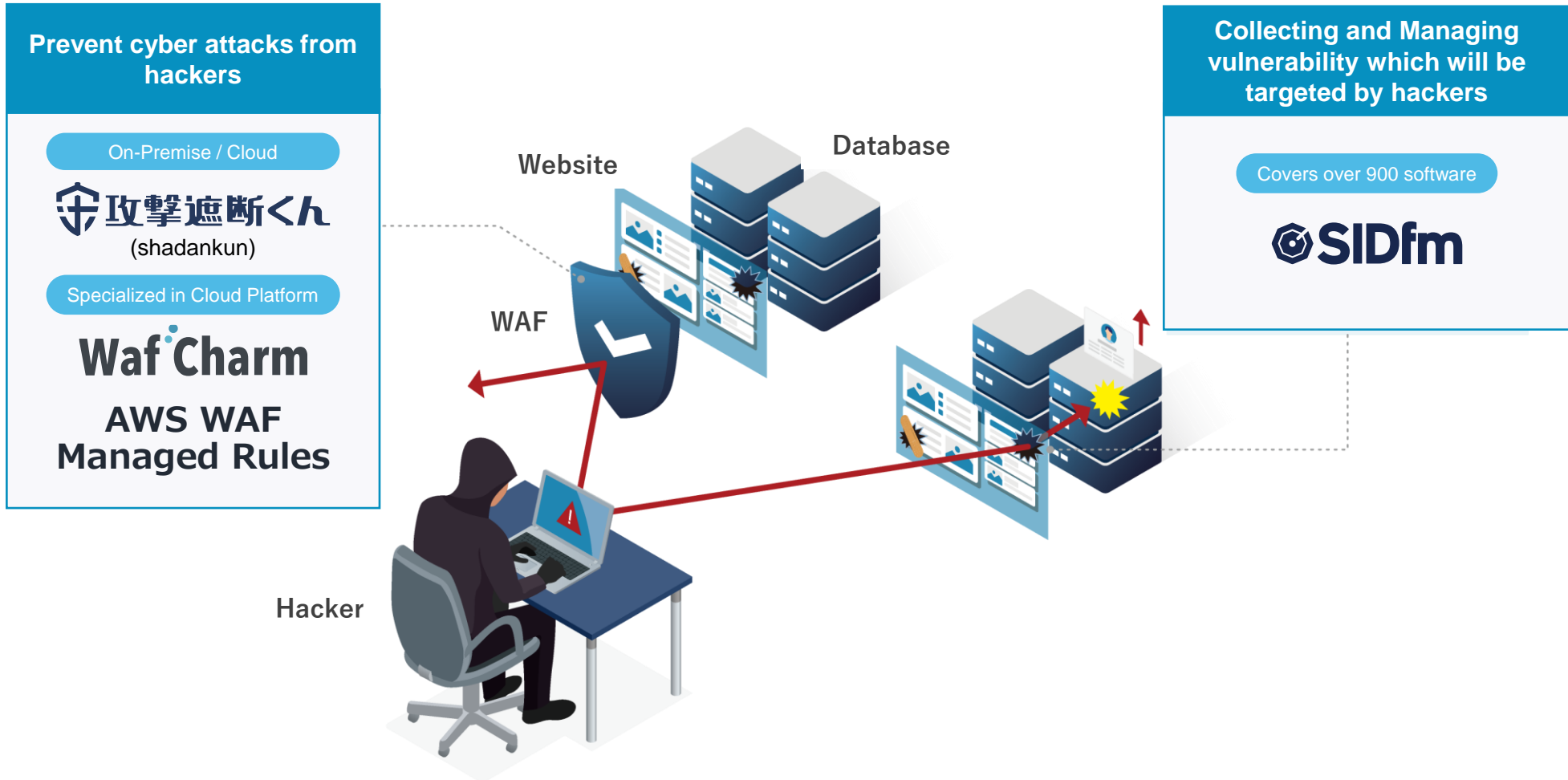
Hacker

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.**

Authorized Access

Hacker

OK

WAF

NG

Signature

Shopping

Website

Cloud-type WAF "Shadankun"
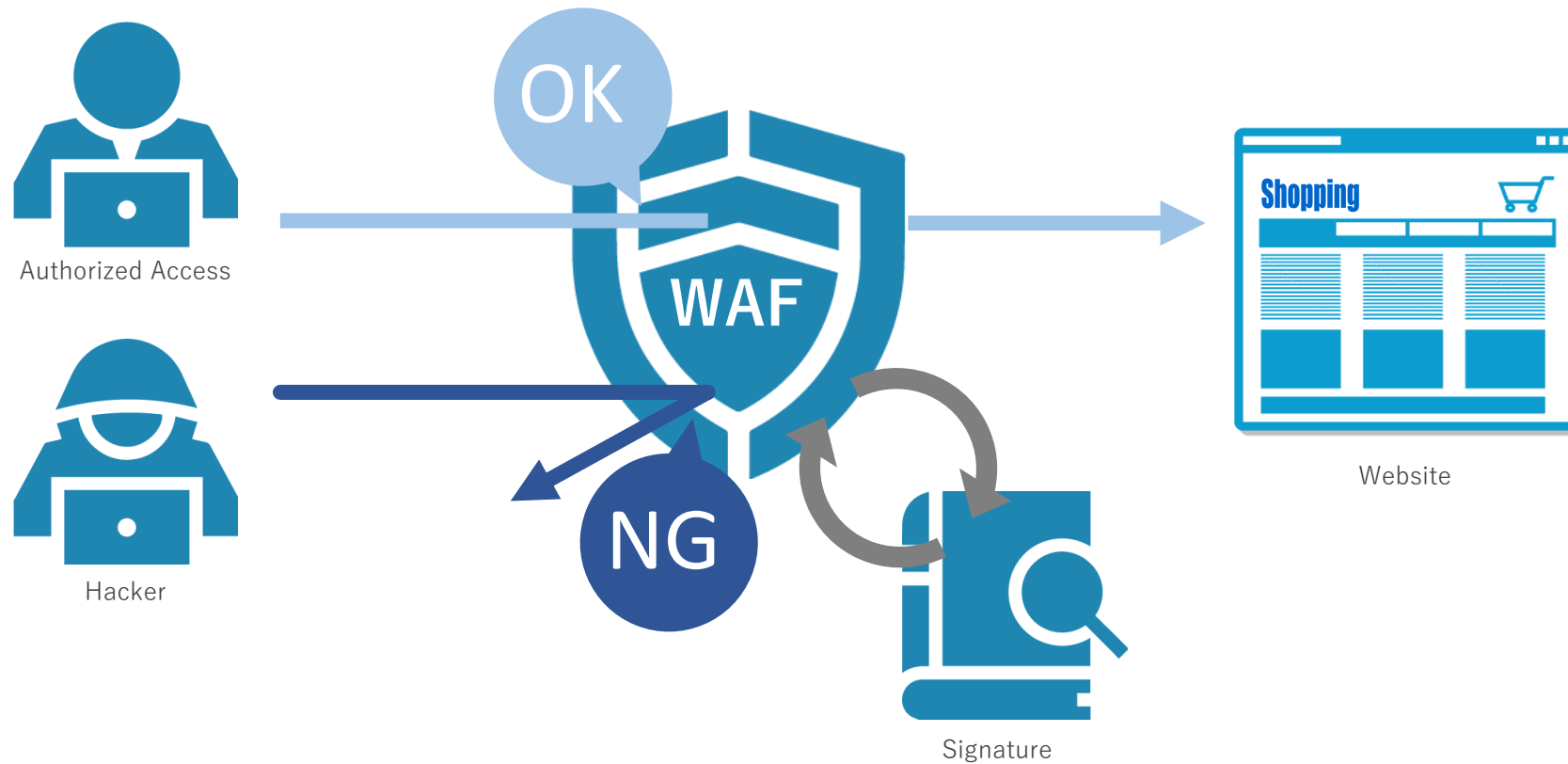
- **CSC has the largest share in the Japanese market. It has been adopted for over 20,000 websites and protects against threats such as personal information leakage and service suspension due to unauthorized access**

DDoS attacks
Unauthorized access

攻撃遮断くん

Authorized access

Website

- ✓ **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

- **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.**

Researcher   Support

Automatic

WAF

Web
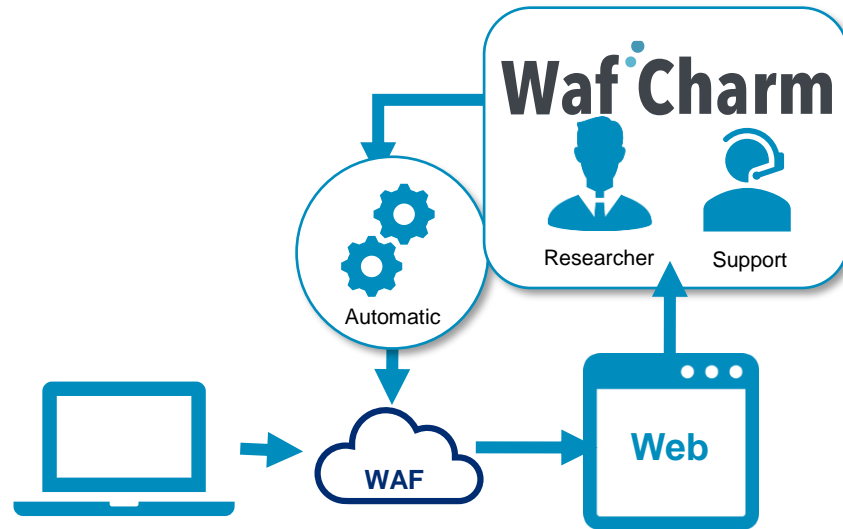
✓ **The largest share in the Japanese market** [1]

✓ **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 CSC accumulated as a company with the largest share of the cloud-type WAF in Japan**
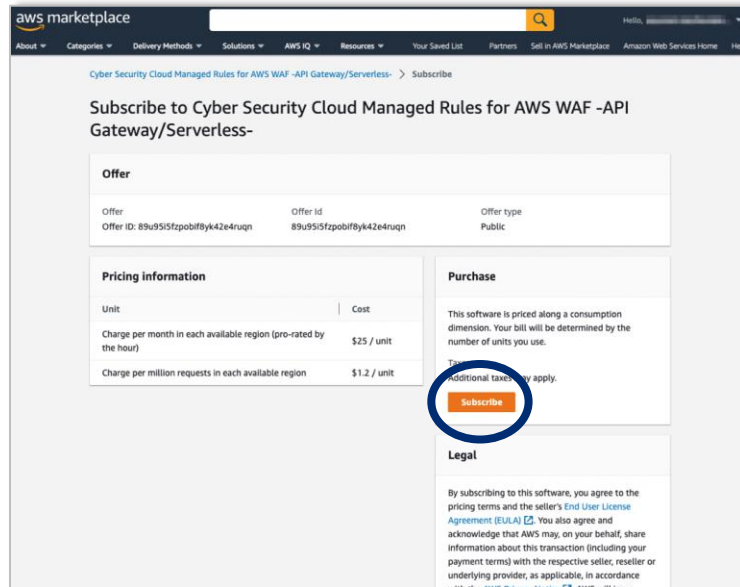
- ✓ **Only 8 companies selected by AWS to sell[1]**

- ✓ **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.**

Collection of vulnerability information

Identification of necessary information

Recording and management of progress

Dealing with and correcting vulnerability

Impact evaluation
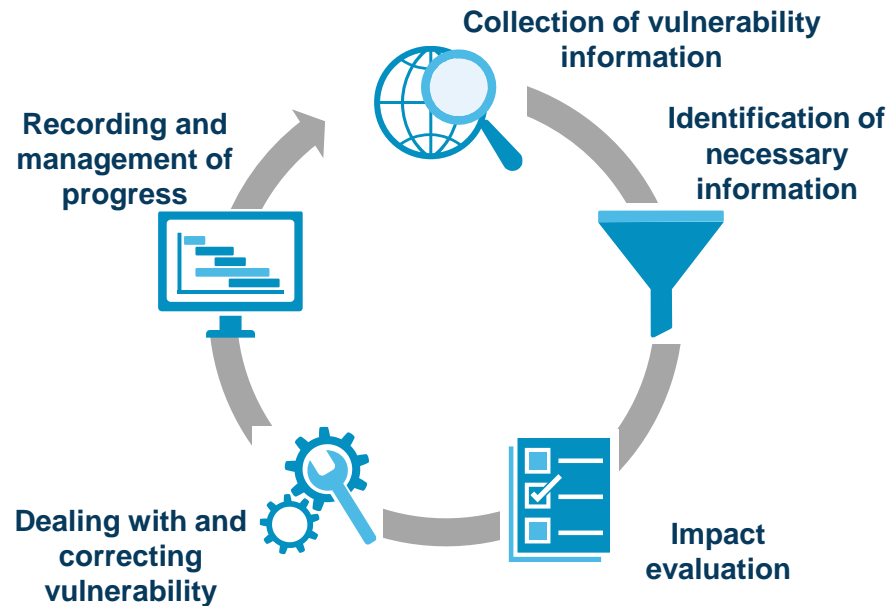
- ✓ **Experience and a track record of over 20 years**[1]

- ✓ **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.

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

Cloud-type WAF	Service for automatic operation of public cloud WAF	A set of rules exclusively for AWS WAF	Tool for collecting and managing vulnerability information
攻撃遮断くん	Waf Charm	AWS WAF Managed Rules	SIDfm
Tool for visualizing and blocking cyber attacks on websites	Tool for automatic operation of the WAF of AWS, Azure, and Google Cloud with AI	A set of rules exclusively for AWS WAF unique to Cyber Security Cloud	Service for collecting vulnerability information and offering patch information and avoidance methods
Domestic market share **No.1**[*1]	No. of users who adopted the service for automatic operation of AWS WAF **No.1** in Japan[*2]	No. of users who adopted these rules **3,273** in a cumulative total of over 90 countries[*3]	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 Mar. 2023
*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

IT and services

Media and entertainment

Transportation and construction

Makers

Human resources

Voices of Users

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

WafCharm

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%.

Europe
397

Asia
1,780
(1,551 in Japan)

North America
739

Africa
15

Oceania
115

South America
227
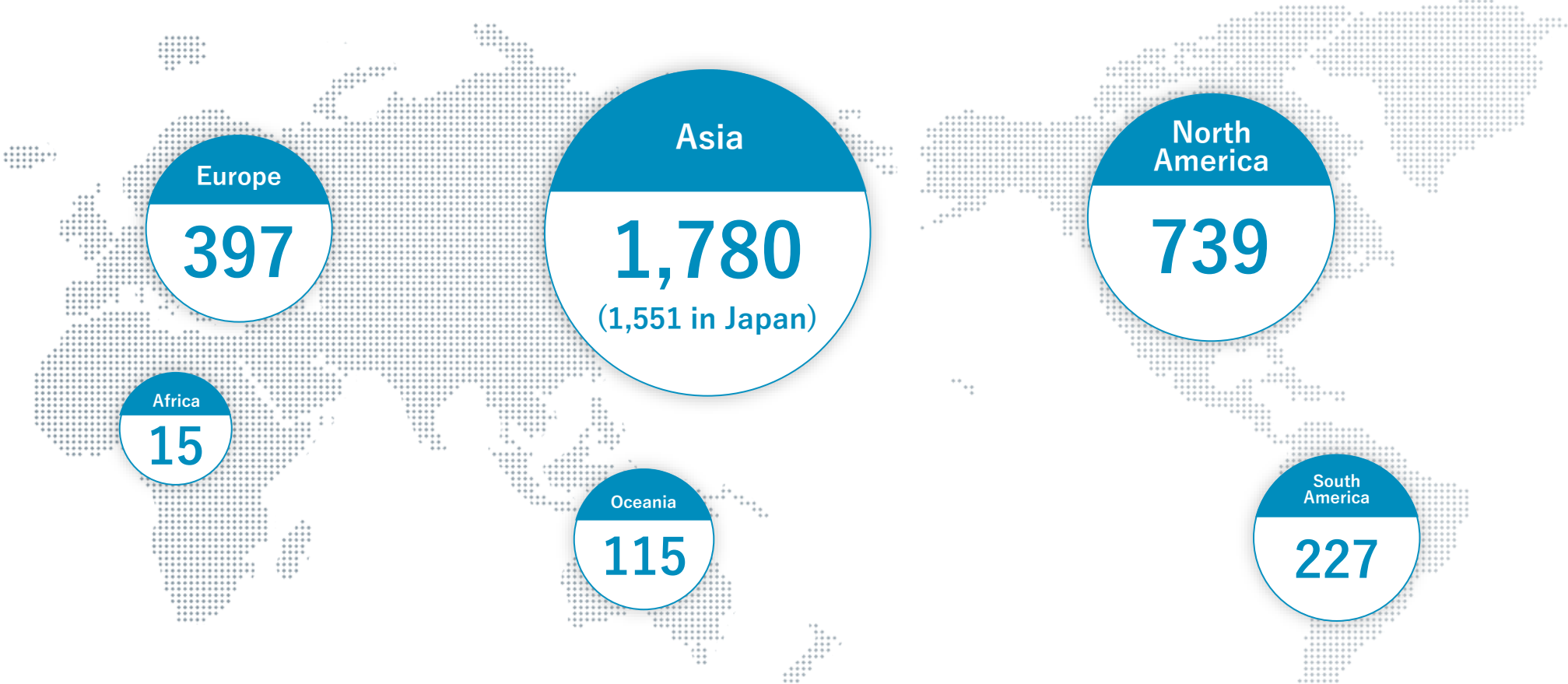
Total number of users: 3,273
(as of the end of March 2023)

- **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

IT infrastructure developers and MSPs[1]

AWS Premier Tier Service Partners[2]
（**Out of 12 companies, 8 companies are our partners.**）

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.

An analyst report has been disclosed from Shared Research since Aug 2022.

Please review the report for a better understanding of our business.

https://sharedresearch.jp/en/companies/4493

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