

# Financial Materials for FY2024 1Q

CYBER SECURITY CLOUD

**Cyber Security Cloud, Inc.**

Growth of TSE: 4493

May 15, 2024

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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



Approximately 20% growth in ARR YoY.

## Global achievements



Business operation in over 90 countries around the world.

# I Overview of the Financial Results for FY2024 1Q

**Revenue (1Q)** P6

**950 million yen**

Up 32.5% YoY

**ARR (Annual Recurring Revenue)** P7

**3.41 billion yen**

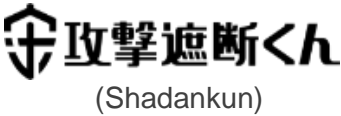
Up 22.6% YoY

**Operating income (1Q)** P6

**315 million yen**

Up 94.2% YoY

**Churn rate** P8

 <b>攻撃遮断くん</b> (Shadankun)	<b>1.05%</b>
<b>Waf Charm</b>	<b>0.93%</b>

# Overview of Results

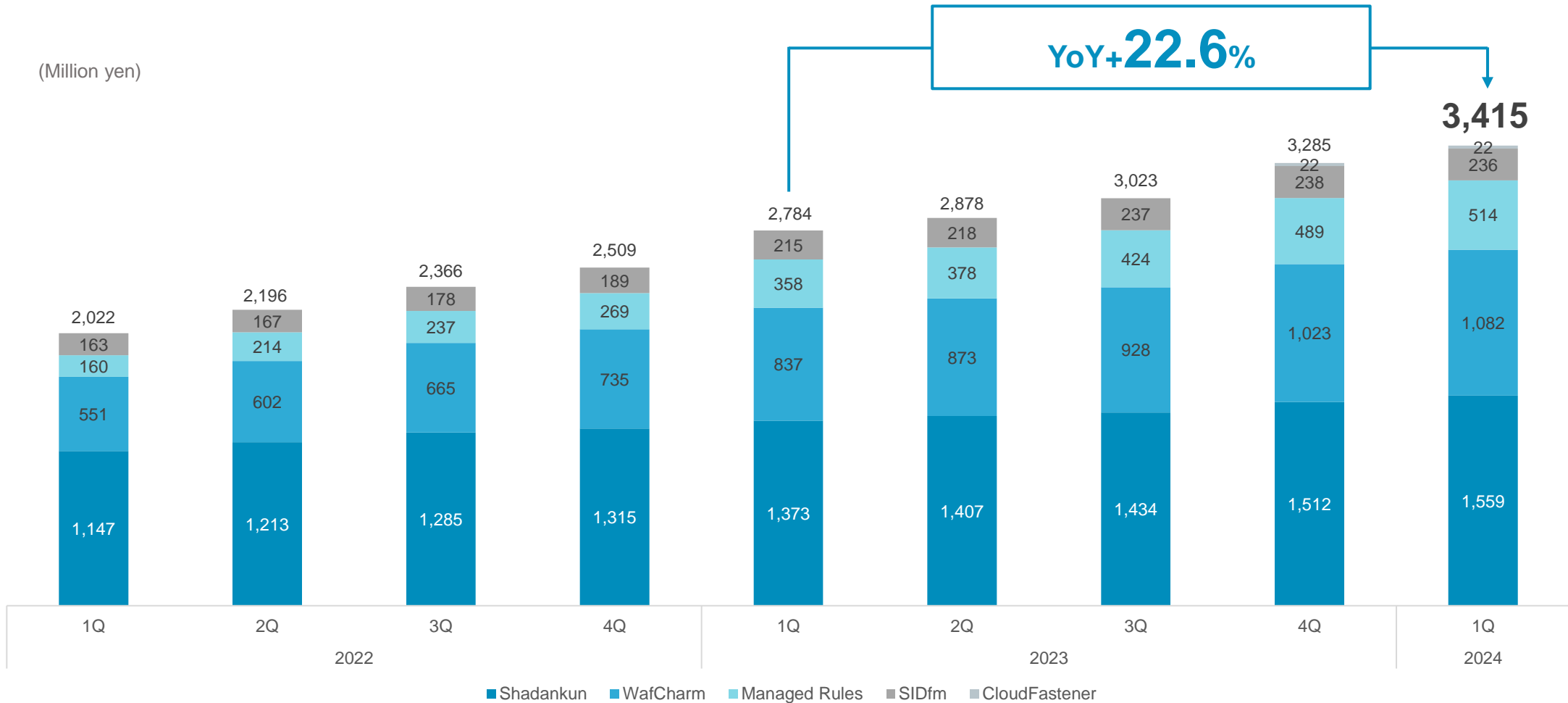


- Projects from the Digital Agency contributed to our performance, resulting in significant increases in both revenue and profit compared to the same period last year, with our operating profit margin reaching the highest level since our listing
- We plan to strengthen our marketing efforts, including globally, from the second quarter of 2024 onwards

	1Q of FY 2023 (Consolidated)	1Q of FY 2024 (Consolidated)	YoY	Forecasts for FY 2024 (Consolidated)
(Million yen)				
Revenue	719	953	+32.5%	3,800-4,000
Gross Profit	491	690	+40.4%	—
Operating Income	162	315	+94.2%	650-750
Operating Income Margin (%)	22.6%	33.1%	+10.5pt	—
Ordinary Income	162	342	+110.6%	650-750
Net Income Attributable to Owners of the parent	110	235	+111.9%	450-520

# Variation in ARR

- ARR increased 22.6% YoY due to steadily addressing the demand from new customers
- CSC plans to implement a price revision for old WafCharm plan users starting from the second half of the year.

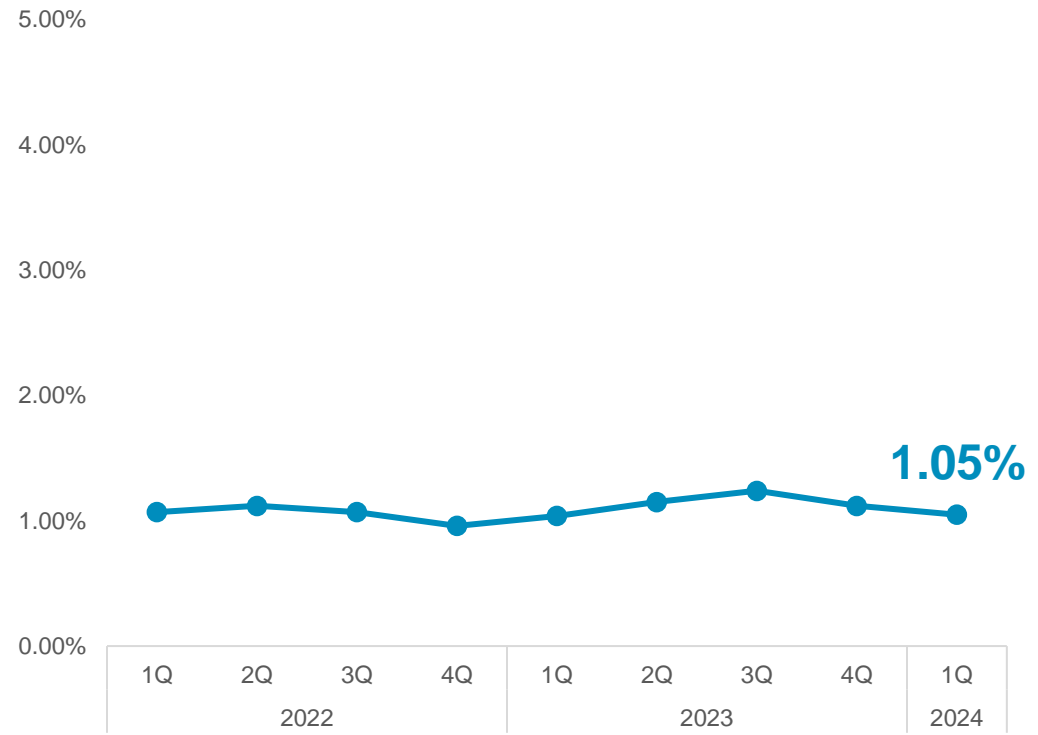


ARR: Annual Recurring Revenue. It is calculated by multiplying the MRR at the end of the month concerned by 12 to convert it to an annual amount. MRR stands for Monthly Recurring Revenue in a subscription-based model and is the sum of the monthly recurring revenues from existing customers.

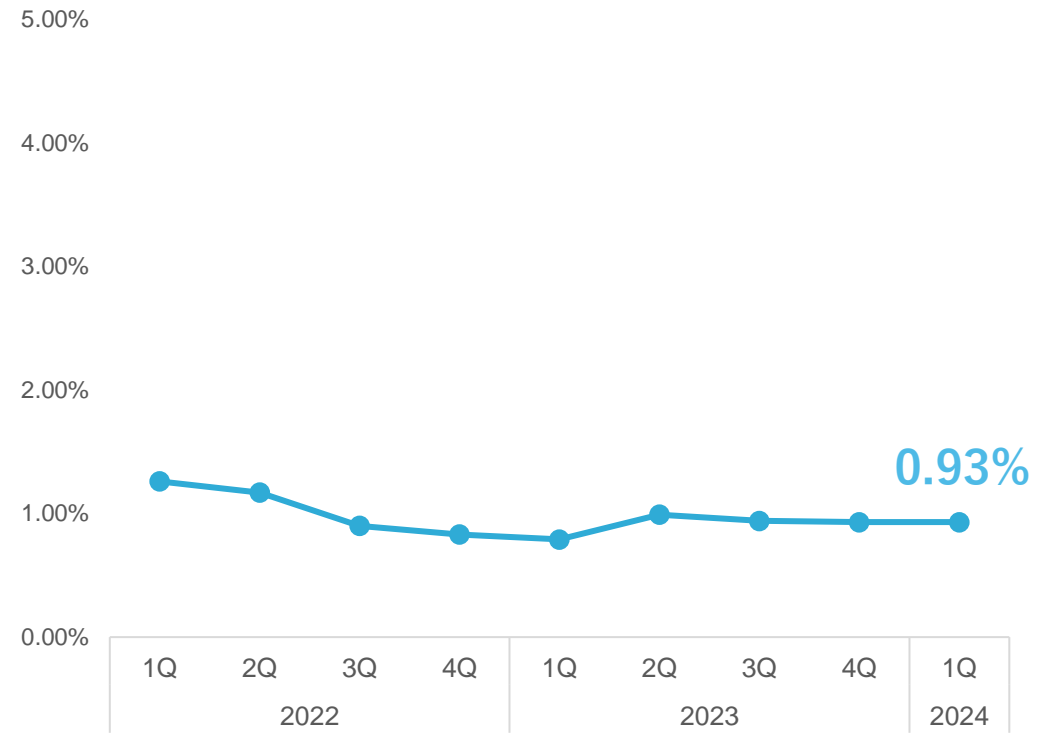
# Churn rates of Shadankun and WafCharm

- The churn rates of the two products have been stable, with no significant changes.
- CSC will continue to strengthen customer success efforts to understand customer issues and strive for a low and stable churn rate

**Churn rate of Shadankun<sup>\*1</sup>**



**WafCharm churn rate<sup>\*2</sup>**

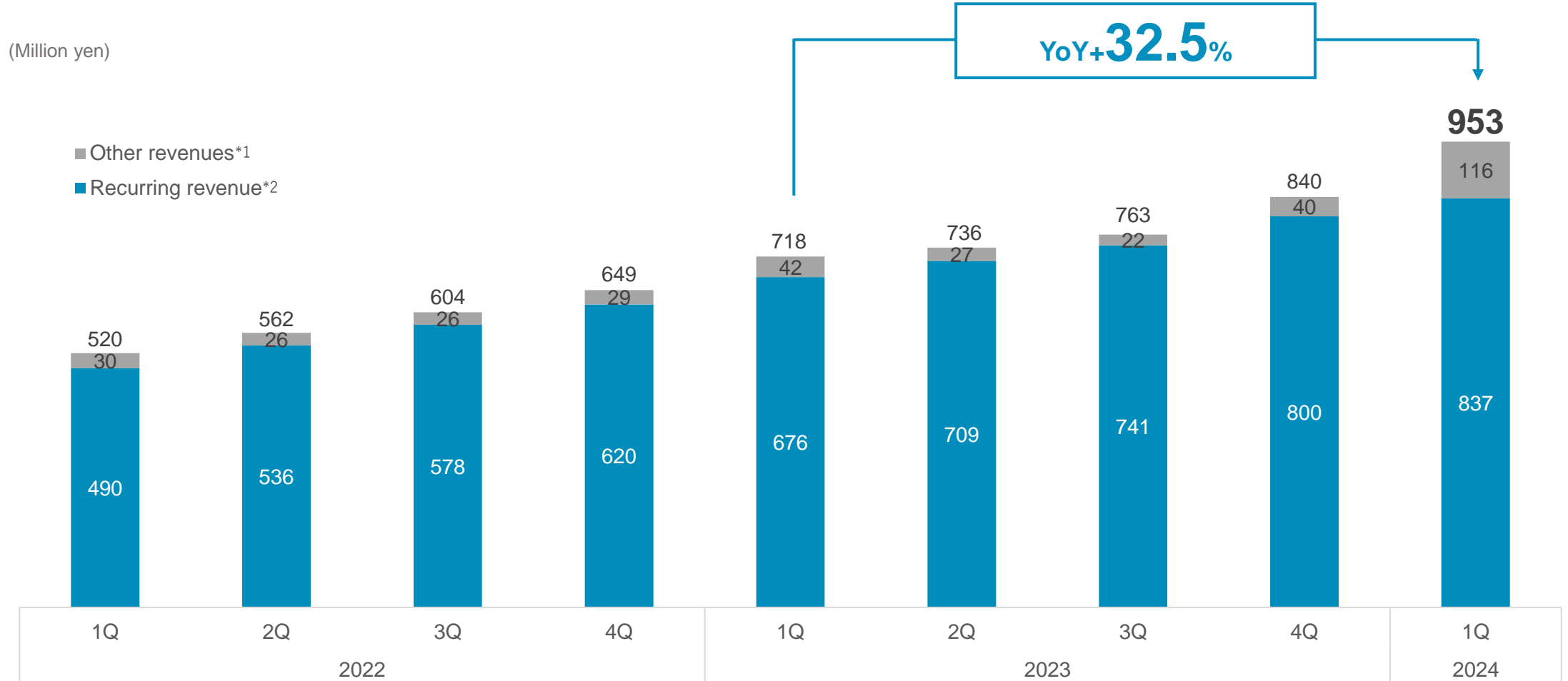


<sup>\*1</sup> Produced based on the average MRR churn rate of each product in the last 12 months. MRR churn rate is calculated by dividing the MRR lost in the month concerned by the MRR as of the end of the previous month.  
<sup>\*2</sup> Produced based on monthly average churn rate (Number of users who stopped paying fees during the month ÷ Number of fee-paying users at the end of the previous month)



# Variation in Revenue

- Other revenues increased significantly, as the project for the government cloud entrusted by the Digital Agency in September 2023 contributed approximately 70 million yen

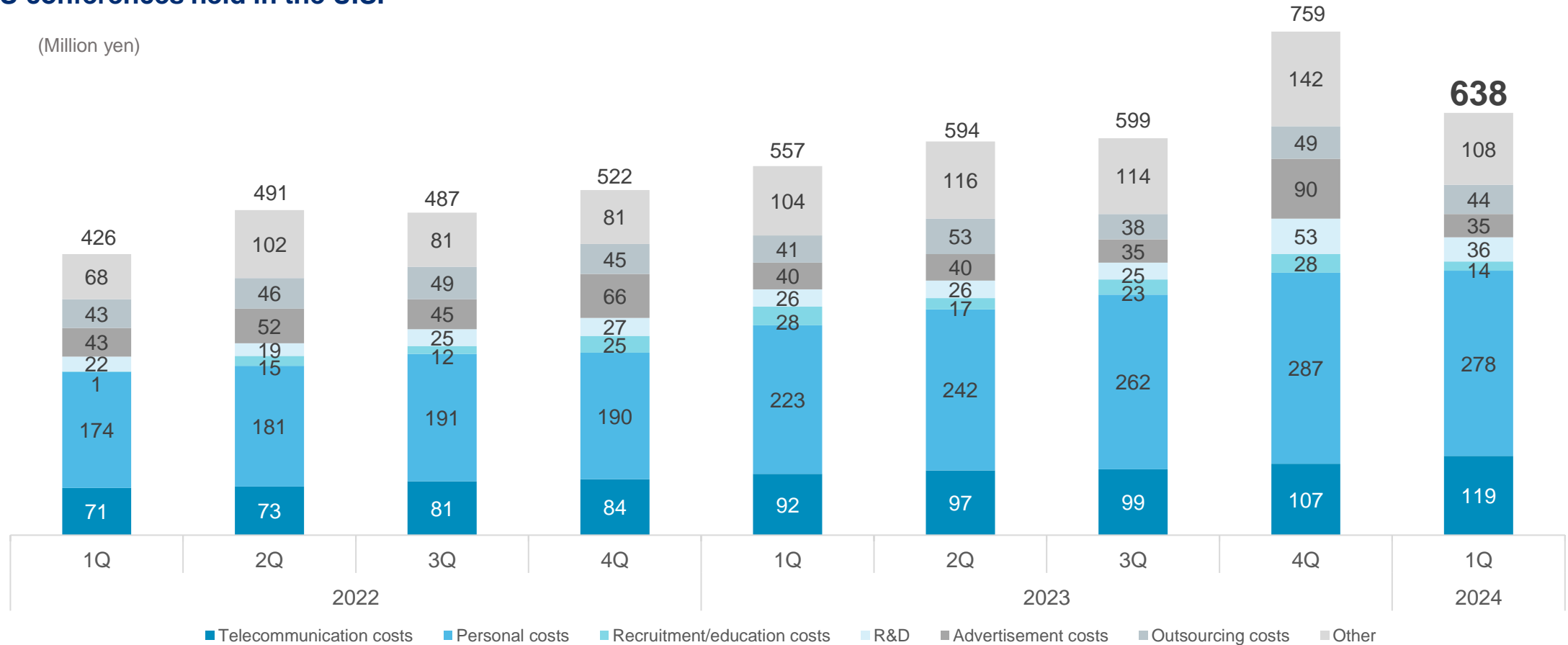


\*1 Total revenue, including the initial installation costs for Shadankun and spot contracts for vulnerability diagnosis, etc.

\*2 Sum of MRRs of Shadankun, WafCharm, Managed Rules, SIDfm, and CloudFastener.

# Variation in Operating Costs (Cost of Revenue and SG&A)

- Advertising and promotional expenses as well as R&D costs incurred in the fourth quarter of 2023 decreased significantly compared to the previous quarter
- CSC anticipates an increase in advertising and promotional expenses starting from FY2024 2Q due to participation in AWS conferences held in the U.S.



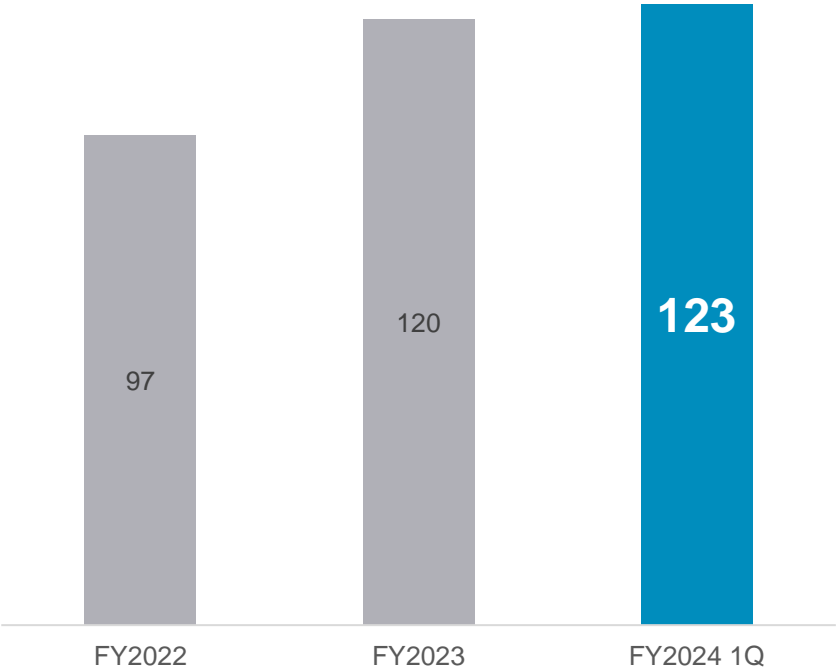
# Employees who Support the Growth of Cyber Security Cloud



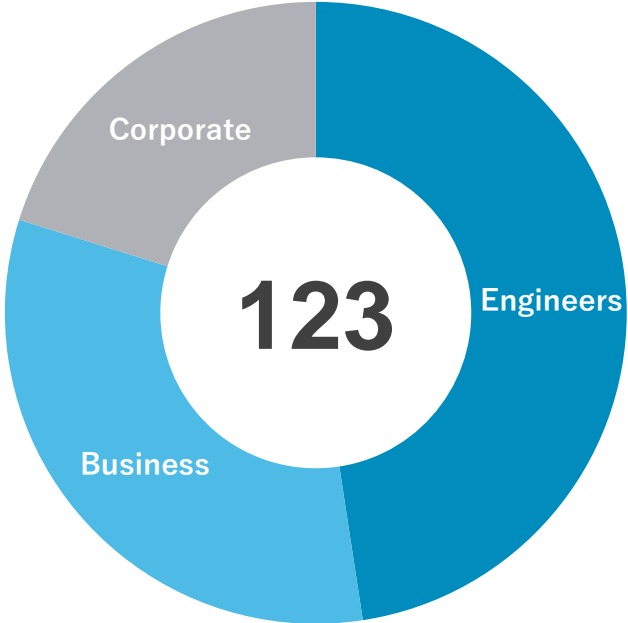
- The number of employees increased steadily, through continuous recruitment of mostly engineers
- CSC employed the first new graduates in April 2024 and is building an organizational structure for the future

## Number of Employees\*

(Employees)








## Personnel Composition as the End of Mar. 2024



\*Employees include temporary staff. The total number of employees of Japanese and U.S. corporations is indicated.

## (For reference) Major KPIs of Each Product

		2023				2024	YoY
		1Q	2Q	3Q	4Q	1Q	
	ARR (million yen) <sup>*1</sup>	1,373	1,407	1,434	1,512	1,559	+13.5%
	No. of client enterprises	1,217	1,237	1,241	1,270	1,292	+6.2%
	Churn rate (%) <sup>*2</sup>	1.04	1.15	1.24	1.12	1.05	+0.01pt
	ARR (million yen)	837	873	928	1,023	1,082	+29.2%
	No. of users	1,089	1,147	1,190	1,230	1,236	+13.5%
	Churn rate (%) <sup>*3</sup>	0.79	0.99	0.94	0.93	0.93	+0.14pt
	ARR (million yen)	358	378	424	489	514	+43.5%
	No. of users	3,273	3,377	3,476	3,593	3,639	+11.2%
	ARR (million yen)	215	218	237	238	236	+9.9%
	No. of users	176	179	186	187	200	+13.6%
	ARR (million yen)	-	-	-	22	22	-
<b>Total</b>	<b>ARR (million yen)</b>	<b>2,784</b>	<b>2,878</b>	<b>3,023</b>	<b>3,285</b>	<b>3,415</b>	<b>+22.6%</b>

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

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

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

\*3 Based on the average monthly churn rate of the number of users. Number of users who stopped paying fees during the month ÷ Number of fee-paying users at the end of the previous month.

## (For reference) Statement of Income

(million yen)	2022年				2023年				2024年
	Consolidated 1Q	Stand-alone 2Q	Stand-alone 3Q	Stand-alone 4Q	Consolidated 1Q	Consolidated 2Q	Consolidated 3Q	Consolidated 4Q	Consolidated 1Q
Revenue	523	563	604	649	719	736	764	840	953
Cost of Revenue	154	161	183	187	227	219	232	245	263
Gross Profit	369	401	421	462	491	516	531	595	690
Gross Profit Margin	71.4%	71.3%	69.6%	71.4%	68.3%	70.2%	69.5%	70.9%	72.4%
SG&A	272	329	304	334	329	374	366	514	375
Operating Income	97	71	117	127	162	142	164	80	315
Operating Income Margin	18.6%	12.7%	19.4%	19.6%	22.6%	19.3%	21.5%	9.6%	33.1%
Ordinary Income	100	53	146	119	162	159	175	62	342
Net Income Attributable to Owners of the parent	72	59	84	88	110	109	120	86	235

## (For reference) Balance Sheet and Statement of Cash Flows

(million yen)	2022		2023	2024年 1Q
	Stand-alone	Consolidated	Consolidated	Consolidated
<b>Current Assets</b>	1,621	2,146		1,743
<b>Fixed Assets</b>	536	634		682
<b>Total Assets</b>	2,157	2,781		2,426
<b>Current Liabilities</b>	663	866		809
<b>Fixed Liabilities</b>	184	91		350
<b>Total Liabilities</b>	848	958		1,159
<b>Net Assets</b>	1,309	1,822		1,266
<b>Total Liabilities and Net Assets</b>	2,157	2,781		2,426

(million yen)	2022		2023*
	Stand-alone	Consolidated	Consolidated
<b>Cash Flow From Operating Activities</b>	353		578
<b>Cash Flow From Investing Activities</b>	-114		-106
<b>Cash Flow From Financing Activities</b>	40		-93
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	279		390
<b>Cash and Cash Equivalents at the Beginning of period</b>	796		1,330
<b>Increase in Cash and Cash Equivalents Resulting From New Consolidation</b>	253		34
<b>Cash and Cash Equivalents at the End of period</b>	1,330		1,755

\*In 1Q of FY 2024, CSC did not produce a cash-flow statement, so the cash-flow statement for the latest quarter is written.

# II Topics in FY2024 1Q



# Leveraging WafCharm's sales partners to accelerate the growth of CloudFastener

- CSC concluded the first contract for distributorship of CloudFastener with iret, Inc., which is a major partner in the business of WafCharm.
- Leveraging the existing sales network, CSC aims to achieve growth surpassing WafCharm in the shortest possible time while promoting introductions to major companies

## Waf Charm

## CloudFastener

### Achieving rapid growth while developing sales partners

- ARR has surpassed 1 billion yen in 6 years from its launch in 2018
- CSC has concluded contracts with over 80% of Japan's AWS Premier Tier Service Partners\*, steadily increasing recognition within the AWS community.

### Early sales through partners already contracted with WafCharm

- CSC has concluded the first contract for distributorship with iret, Inc.
- CSC is currently in discussions with other AWS Premier Tier Service Partners and expects an increase in the number of signed partners.

**Grow CloudFastener as the next core service**

\*For AWS Premier Tier Service partners, which signed contracts for distributorship with our company, refer to "Competent sales partners that support the promotion of our services" on page 55.



- From May to June, we will exhibit our products at AWS conferences in the U.S., with the aim of popularizing WafCharm and CloudFastener.
- As we will further invest in global marketing, we are expected to reel in AWS users in the U.S. as new clients.

## AWS Summit Los Angeles 2024



**Date:** May 22, 2024

**Venue:** Los Angeles, the U.S.

**No. of participants:** over 5,000 (forecast)

**Outline of the event:** A large-scale event held regularly at a major city around the world. Since AWS users get together from various regions, it is possible to exchange information on the cutting-edge technology and form a network with local users.

## AWS re:Inforce 2024



Scene of AWS re:Inforce 2023

**Date:** Jun. 10-12, 2024

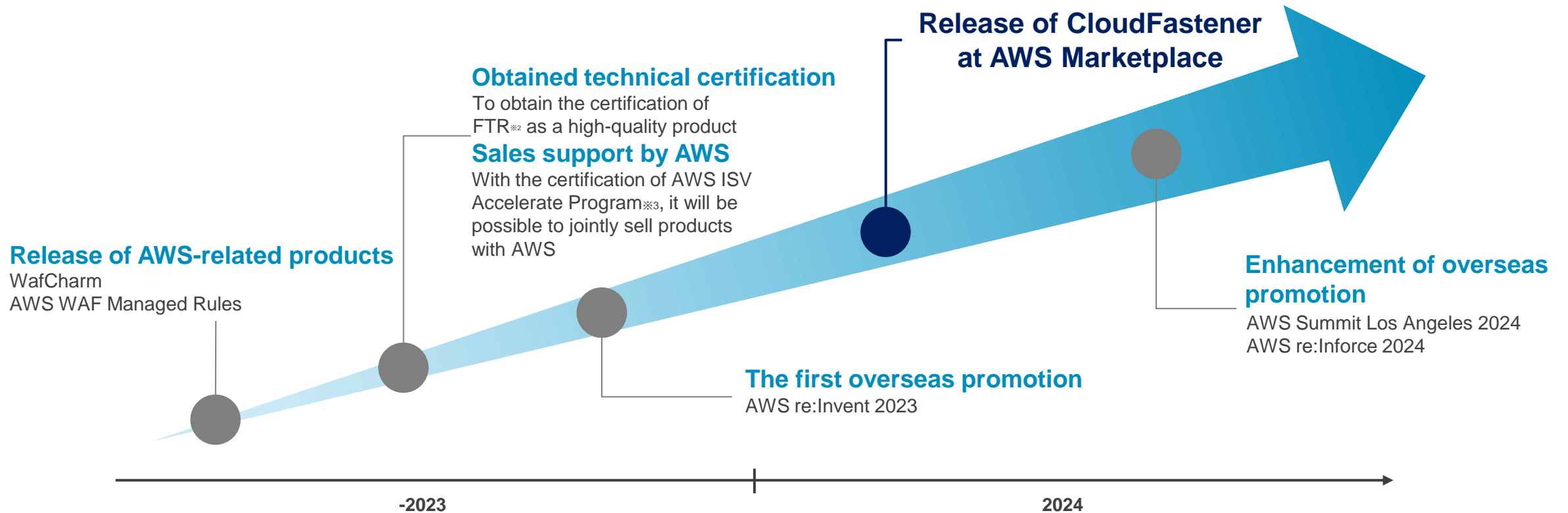
**Venue:** Philadelphia, the U.S.

**No. of participants:** over 5,000 (results in 2023)

**Outline of the event:** A large-scale event of AWS, which is the only annual conference specializing in security. Security specialists and users who have security issues will get together from around the world.

# Launched CloudFastener for AWS users worldwide

- To globally release CloudFastener through AWS Marketplace
- Through the enrichment of the product lineup at AWS Marketplace, it will become possible to cross-sell it to users of other products of our company<sup>※1</sup>.



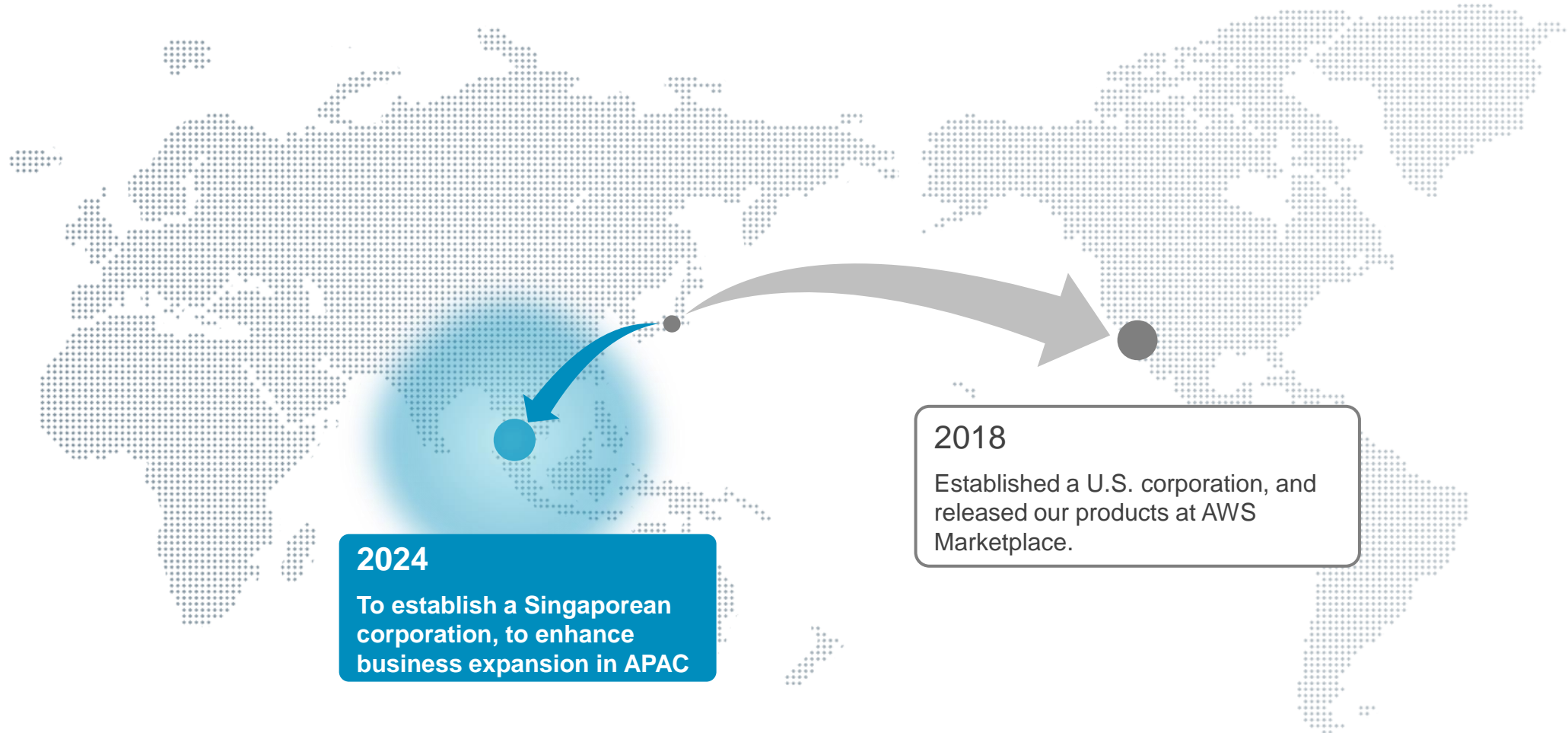
※1 WafCharm and AWS WAF Managed Rules are available at AWS Marketplace.

※2 Review for certifying that a product follows the best practice defined by AWS

※3 Program of joint sales by an independent software vendor (ISV) participating in the program and AWS

# Starting Full-Scale Business Expansion in APAC

- CSC has established the first-ever APAC (Asia-Pacific) base in Singapore, enabling us to reach users in the surrounding regions and build a presence
- CSC aims to enter markets with further growth potential and establish an overwhelming position



- To enable flexible capital policy in response to changes in the business environment, CSC conducted share buyback and capital reduction.
- In further commitment to management, the CEO Toshihiro Koike acquired company shares to strive for medium- to long-term improvement in corporate value from a shareholder perspective

## Acquisition of treasury shares

- Date of acquisition  
February 15<sup>th</sup> and 27<sup>th</sup>, 2024
- Total number of shares acquired  
301,400\*
- Acquisition cost  
799 million yen
- Acquisition method  
Purchase of treasury shares through off-floor trading at TSE (ToSTNeT-3)

## Capital reduction

- Effective date  
May 10<sup>th</sup>, 2024
- Before the reduction of capital
 

Capital stock	: 443 million yen
Capital reserve	: 434 million yen
Other capital surplus	: –
- After the reduction of capital
 

Capital stock	: 100 million yen
Capital reserve	: –
Other capital surplus	: 778 million yen

## Acquisition of treasury shares by the CEO

- Date of acquisition  
February 26<sup>th</sup>, 2024
- Total number of shares acquired  
35,400
- Acquisition cost  
99 million yen
- Acquisition method  
Off-market trading

**CSC will enhance the flexibility and agility of our future capital policy, expanding options for future shareholder returns**

\* Included the total of 159,600 shares acquired on February 15, 2024, and 141,800 shares acquired on February 27, 2024

# III Growth Strategy Toward FY2025



### Providing globally trusted services as a global security manufacturer from Japan



To make our products installed by 10,000 companies **and become Japan's top security company in the "web security" field**



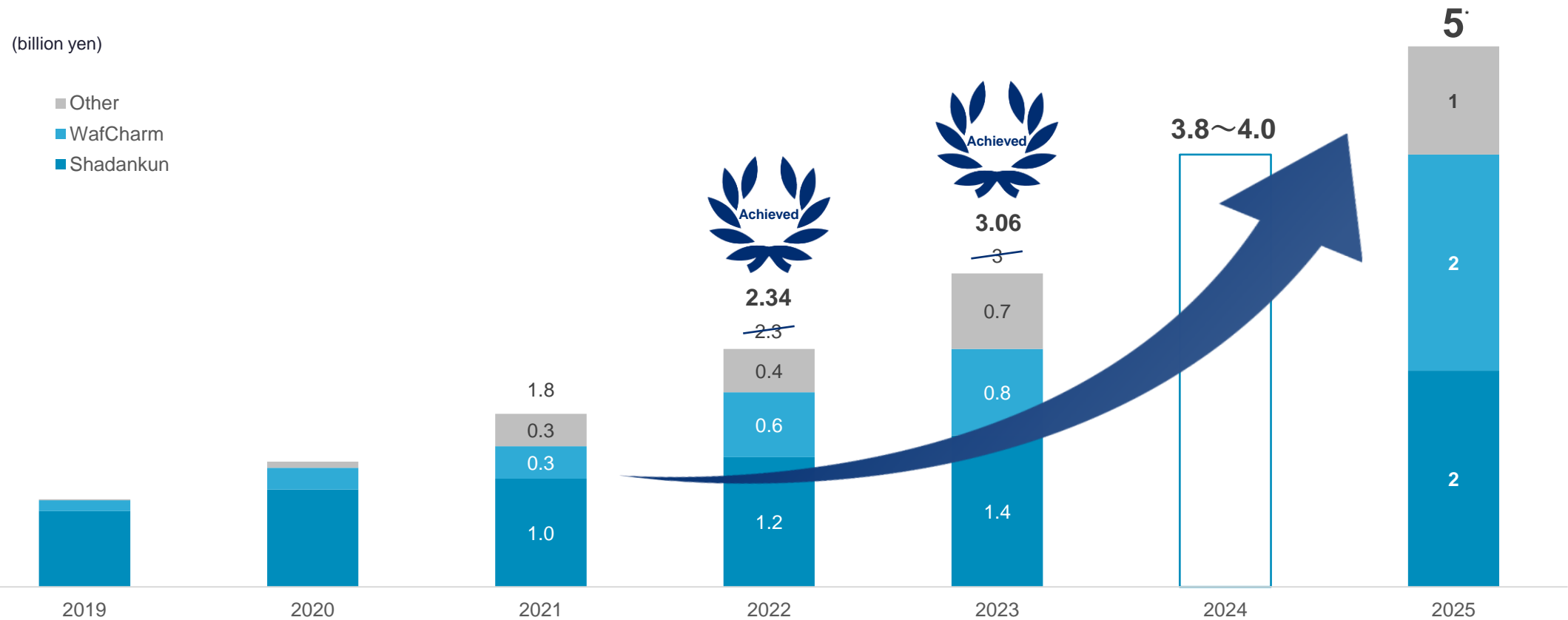
Our financial goals are to **achieve sales of 5 billion yen and an operating income of 1 billion yen.**



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

# Financial target (1) Achievement of sales of 5 billion yen

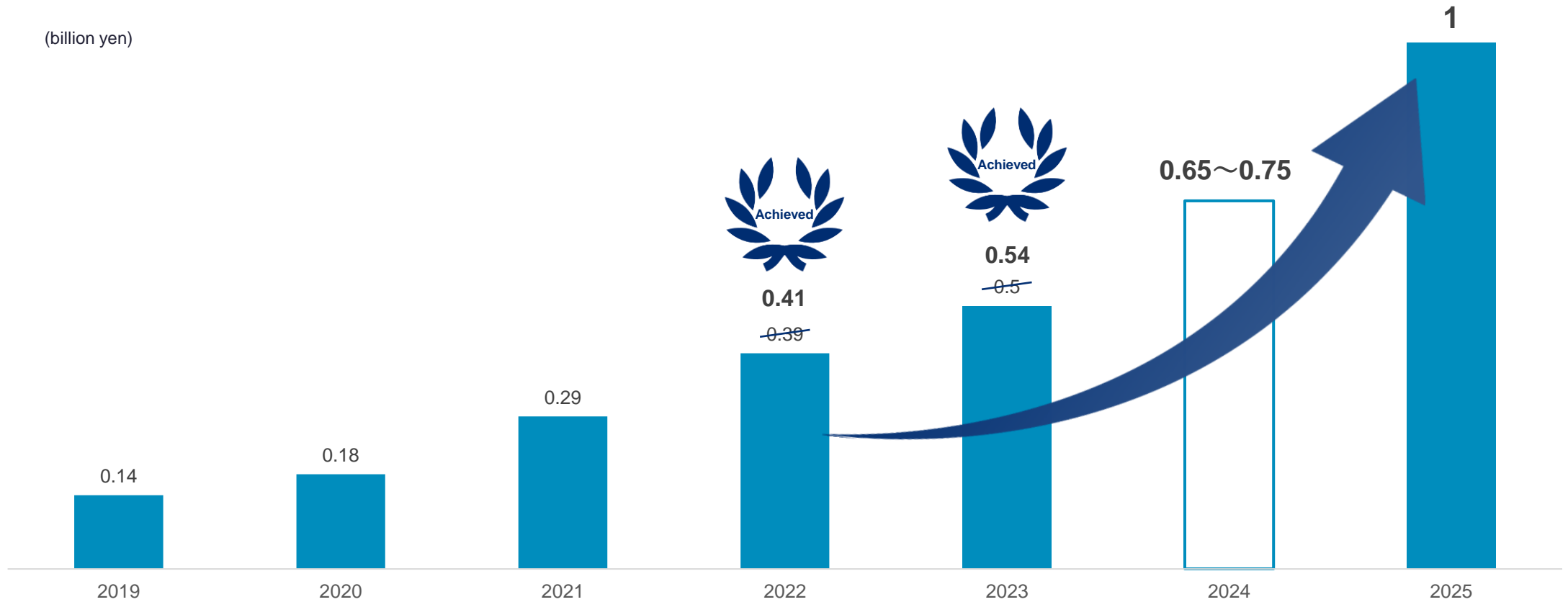
- Targeting top domestic companies in the 'Web Security' field, CSC aims for a sales revenue of 5 billion yen
- CSC aims to achieve an overseas sales ratio of over 10% by not only leveraging WafCharm but also capitalizing on the strong performance of Managed Rules and the introduction of our new service, CloudFastener



\* CSC aims to achieve overseas sales of more than 500 million yen in AWS-related services (WafCharm, Managed Rules, CloudFastener)

## Financial target (2) Operating income of 1 billion yen in 2025

- CSC plans to execute aggressive marketing activities to expand recognition both domestically and internationally, with a focus on our new service.
- While making preemptive investments, CSC also aims to continue profit growth and strive to achieve an operating profit of 1 billion yen by FY2025.

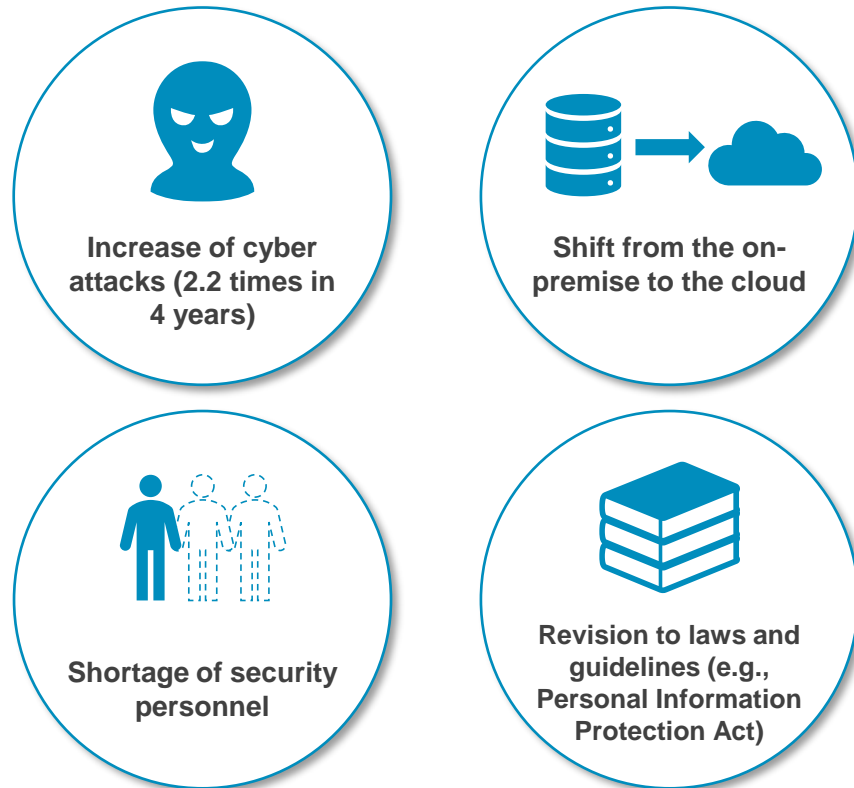




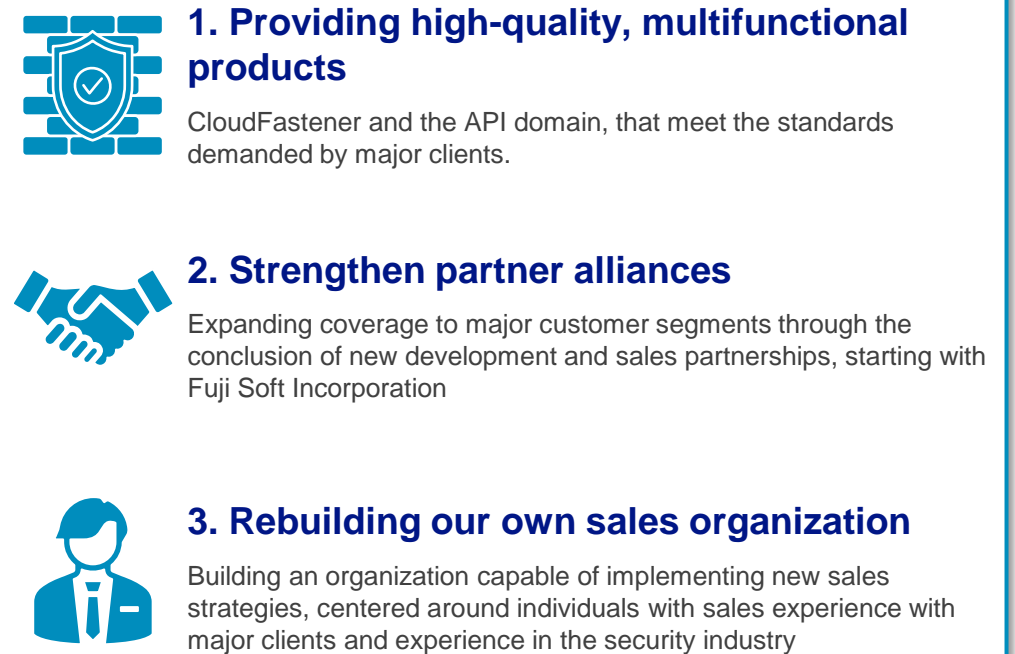
# [Priority Measure 1] Enhancing value delivery to major clients

- As cyber attacks become more complex and sophisticated, the scope of monitoring and defense continues to expand, while there is a chronic shortage of security professionals
- To comprehensively solve security challenges, CSC aims to enhance service value that meets the standards demanded by major clients

## Security Environment Surrounding Japanese Companies

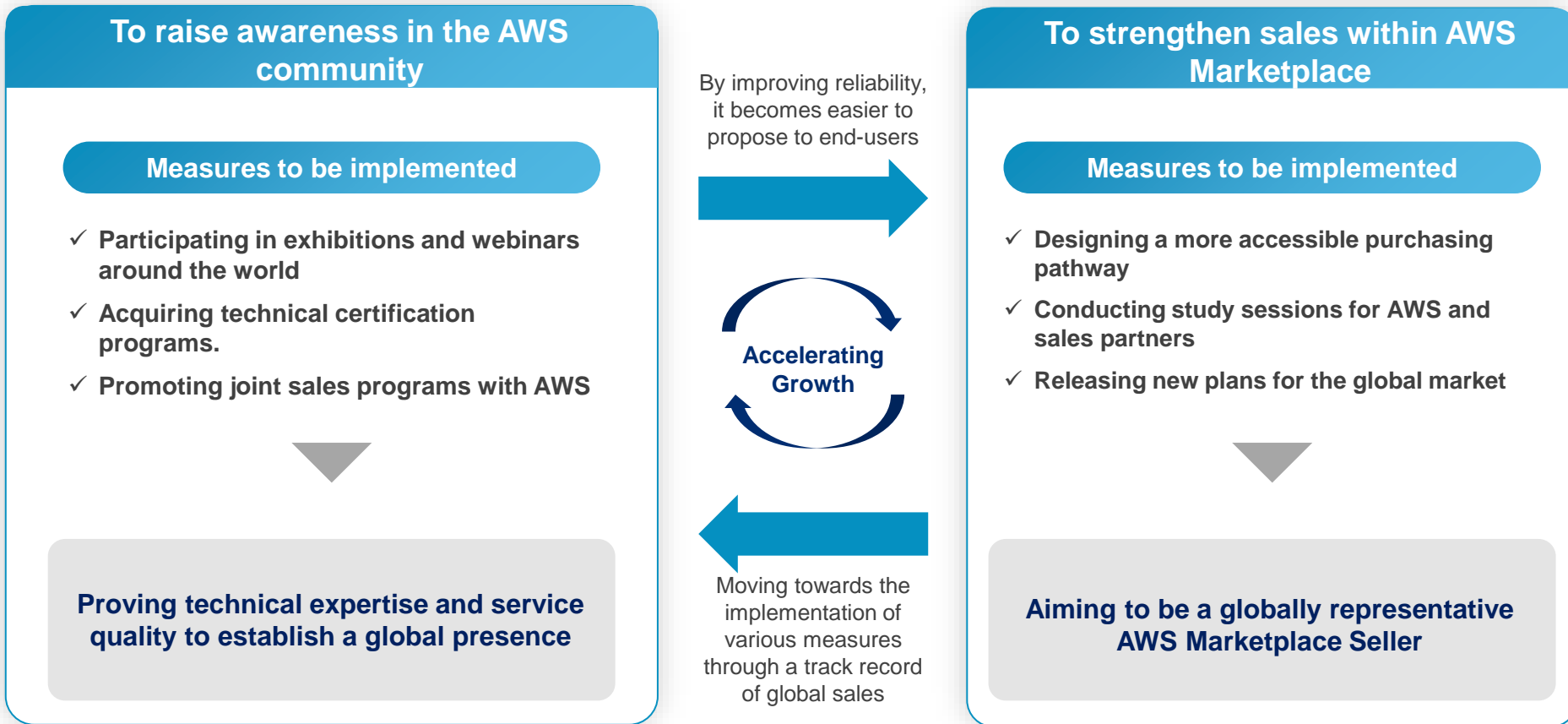


## Three Pillars for Strengthening Value Provision

- 
- 1. Providing high-quality, multifunctional products**  
 CloudFastener and the API domain, that meet the standards demanded by major clients.
  - 2. Strengthen partner alliances**  
 Expanding coverage to major customer segments through the conclusion of new development and sales partnerships, starting with Fuji Soft Incorporation
  - 3. Rebuilding our own sales organization**  
 Building an organization capable of implementing new sales strategies, centered around individuals with sales experience with major clients and experience in the security industry

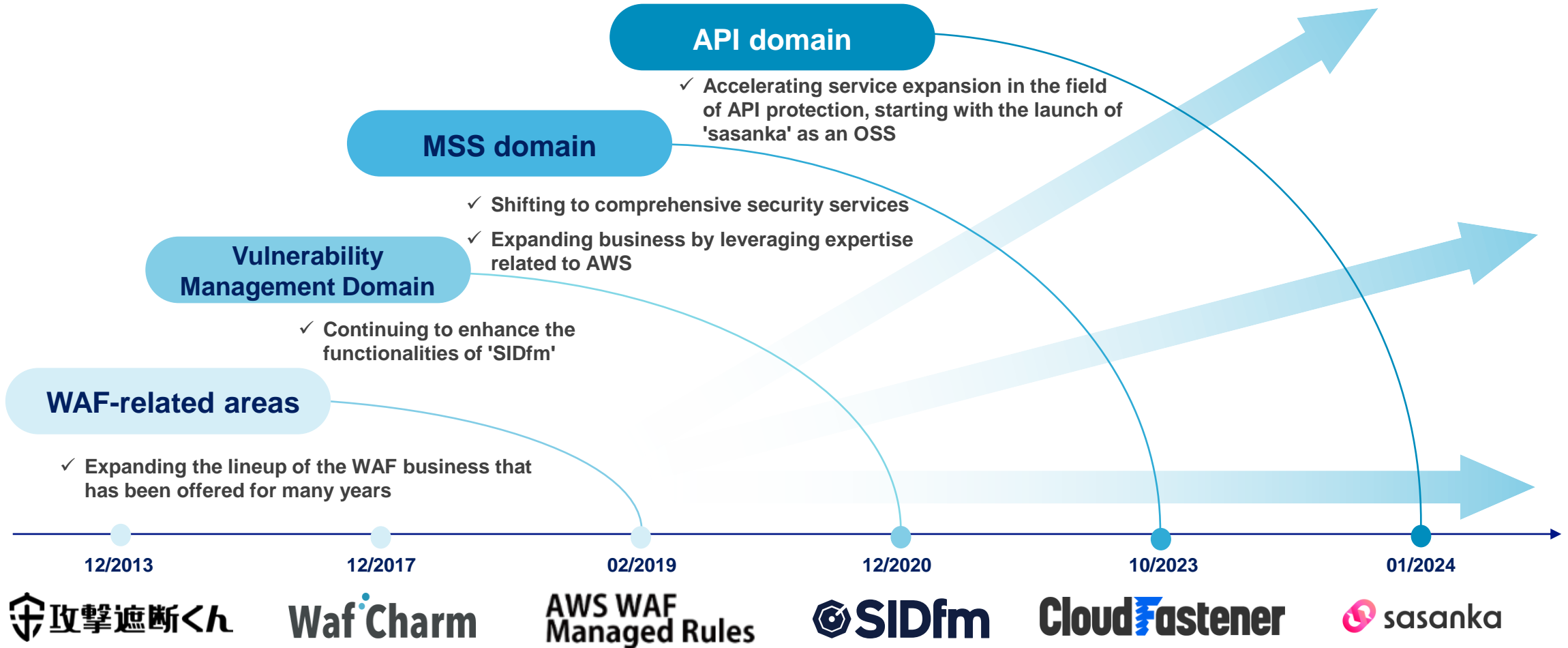
# [Priority Measure 2] Strengthening global expansion within the AWS ecosystem

- Accelerating strategic initiatives within the AWS ecosystem
- Enhancing marketing functions with a focus on sales in the AWS Marketplace



# [Priority Measure 3] Strengthening the service lineup

- Accelerating the enhancement of 'CloudFastener' and the expansion of services in the API domain
- In the area of WAF and vulnerability-related products, CSC aims to expand the lineup and strengthen functionalities



# IV Market Environment Surrounding Our Company

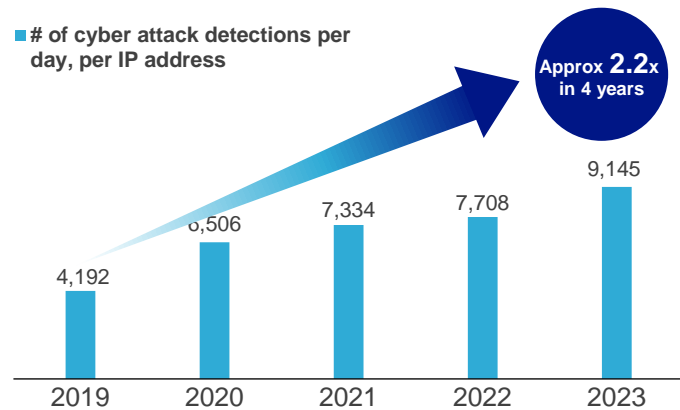
# The current state of cybersecurity in Japan

- As cyber attacks become more complex and sophisticated, the scope of monitoring and defense continues to widen, yet there is a chronic shortage of security professionals
- With the advancement of stricter penalties for personal data breaches, companies are required to implement more robust security measures

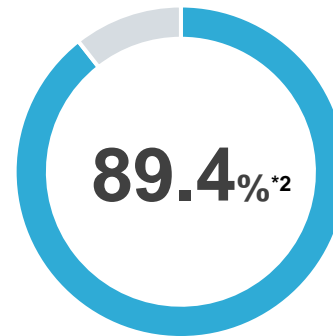
## Challenges surrounding security

### Cyber attacks are on the rise\*1

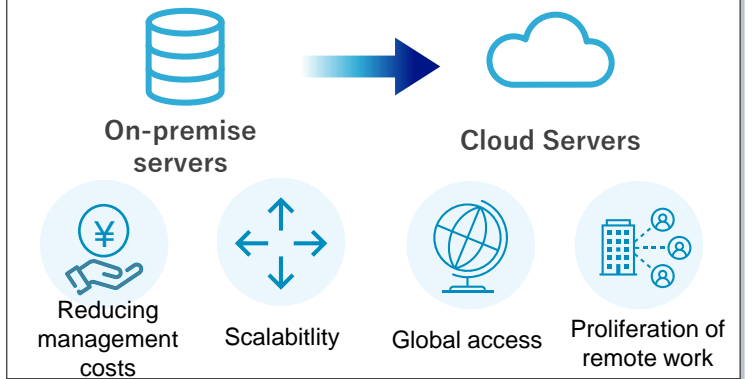
■ # of cyber attack detections per day, per IP address



### Shortage of security professionals



### Acceleration of the shift from on-premises to cloud



### National movements

- Amendments to the Personal Information Protection Act (2022)\*3: Mandatory reporting to the Personal Information Protection Commission in the event of a data breach, with corporate penalties increased up to 100 million yen.
- Cyber Management Guidelines 3.0 (2023)\*4: Disclosure of the 'three principles' that managers should recognize and the 'ten critical items' that should be directed to the Information Security Officer (CISO, etc.)."

\*1 National Police Agency Public relations materials (as of September 21, 2023)

\*2 NRI Secure Insight 2022

\*3 Personal Information Protection Commission

\*4 Ministry of Economy, Trade and Industry: "Cybersecurity management Guidelines Ver. 3.0"

# The cybersecurity needs of Japanese companies

- Even companies that are short on security personnel need a mechanism that can reliably prevent increasingly sophisticated cyber attacks
- It is also important that a small number of personnel, who may not have high specialization, can continue to operate the system

## Challenges for companies in security

Due to a shortage of manpower, the following problems are occurring:



Aware importance of cybersecurity but have no idea what to do.



No budget



Unable to respond in-house in case of an emergency

Traditional security management has its limitations...

## Features and services demanded by companies

A system that realizes the sophistication and efficiency of security management by utilizing tools that can detect and defend against new attacks



A system that automatically blocks cyber attacks just by being implemented

e.g.



Pricing that is accessible to small and medium-sized enterprises



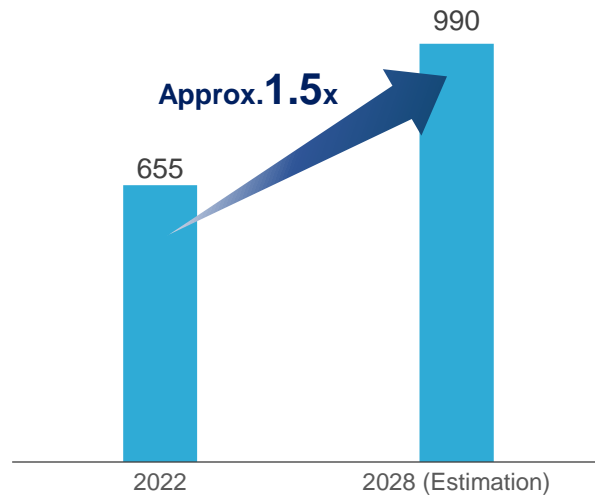
Support available 24 hours a day, 365 days a year in Japanese

# Market size in Japan

- Security investment is accelerating across Japan, with the cloud security market significantly driving this growth
- High growth is anticipated within the security domain CSC operates in, and CSC aims to steadily capture the increasing demand over the medium to long term

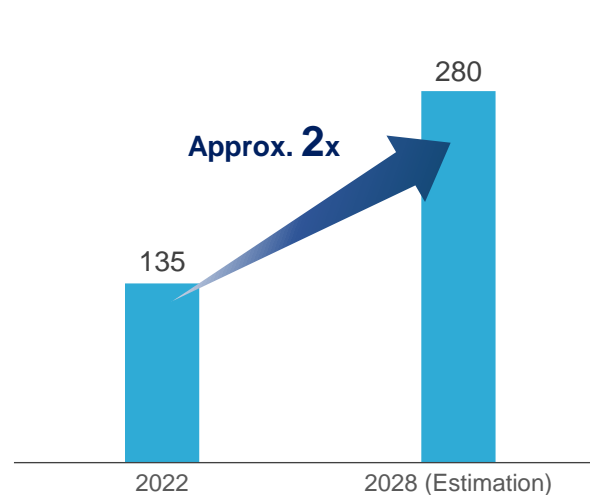
## Domestic security investment scale<sup>\*1</sup>

(Billion yen)



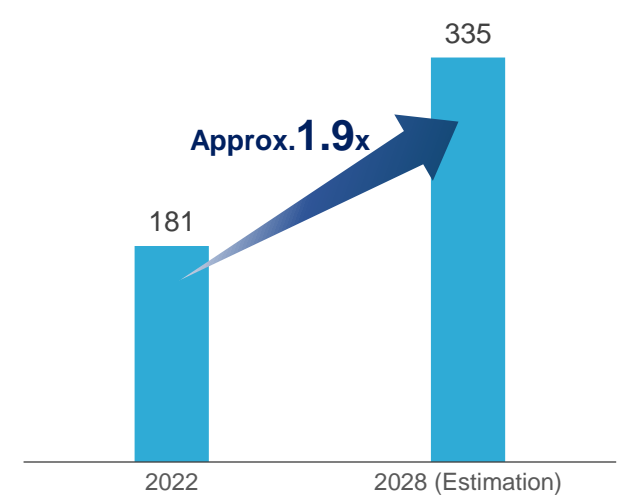
## Size of the domestic cloud security market<sup>\*1</sup>

(Billion yen)



## Market size in the sector relevant to our products<sup>\*2</sup>

(Billion yen)

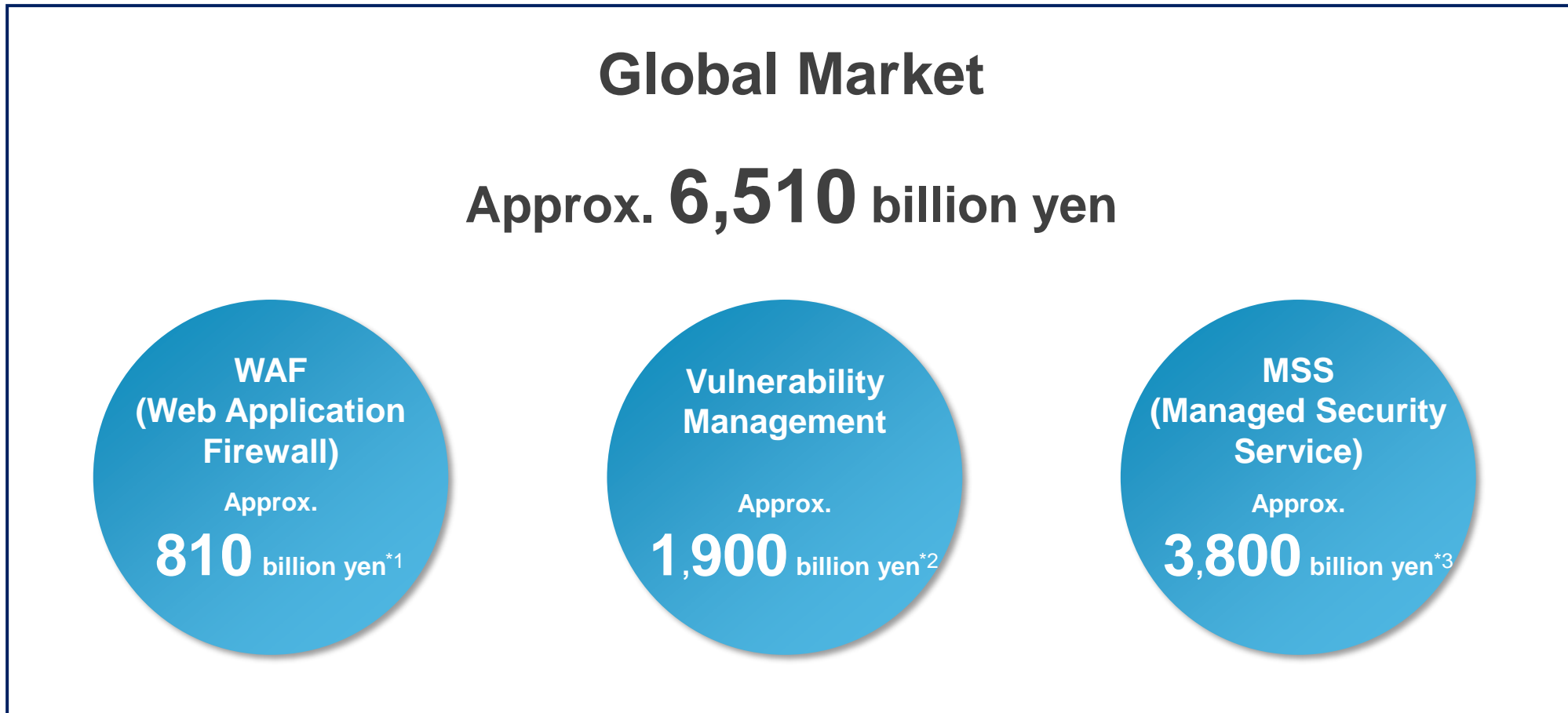


\*1 Fuji Chimera Research Institute: "2023 Network Security Business Survey Comprehensive Market Edition," released December 14, 2023

\*2 Fuji Chimera Research Institute: "2023 Network Security Business Survey Comprehensive Market Edition," released December 14, 2023  
Our sector = WAF (Web Application Firewall) market + Vulnerability management market + MSS (Managed Security Service) market

# The potential of the market in CSC's business domain

- By looking beyond the domestic market to the global stage, CSC can capture a vast market.

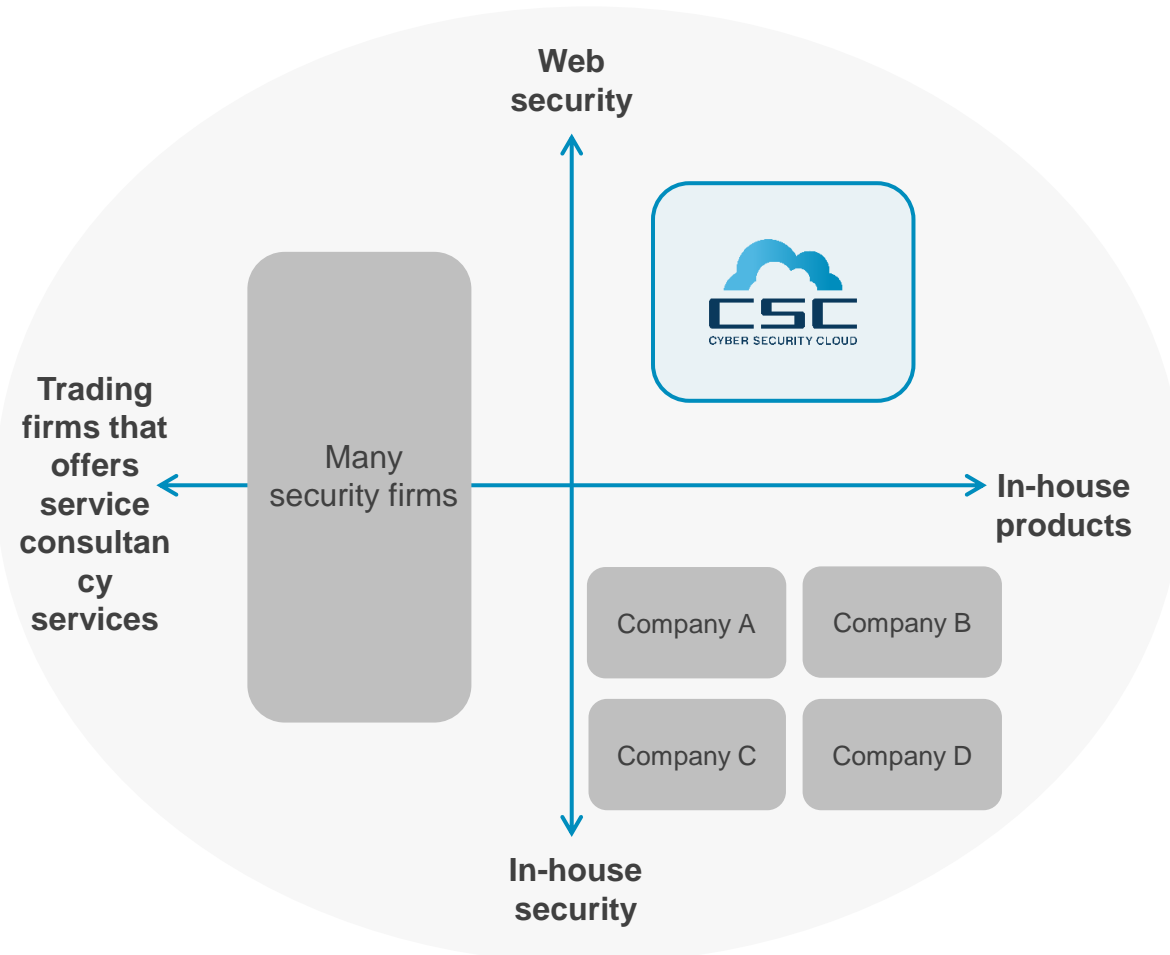


※1 MARKETSANDMARKETS “Web Application Firewall Market by Component and Services, Organization Size, Vertical and Region”. Calculated as \$1=140 yen  
※2 MARKETSANDMARKETS “Security and Vulnerability Management Market by Component, Organization Size, Vertical, and Region”. Calculated as \$1=140 yen  
※3 GRAND VIEW RESEARCH “Managed Security Market Size, Share & Trends Analysis Report”. Calculated as \$1=140 yen



# Positioning of Our Company in the Cyber Security Market

- In the domestic security market, which is saturated with overseas products, CSC is one of the few companies that develop, operate, and sell our products entirely in-house as a domestic manufacturer.



## 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 Company Profile



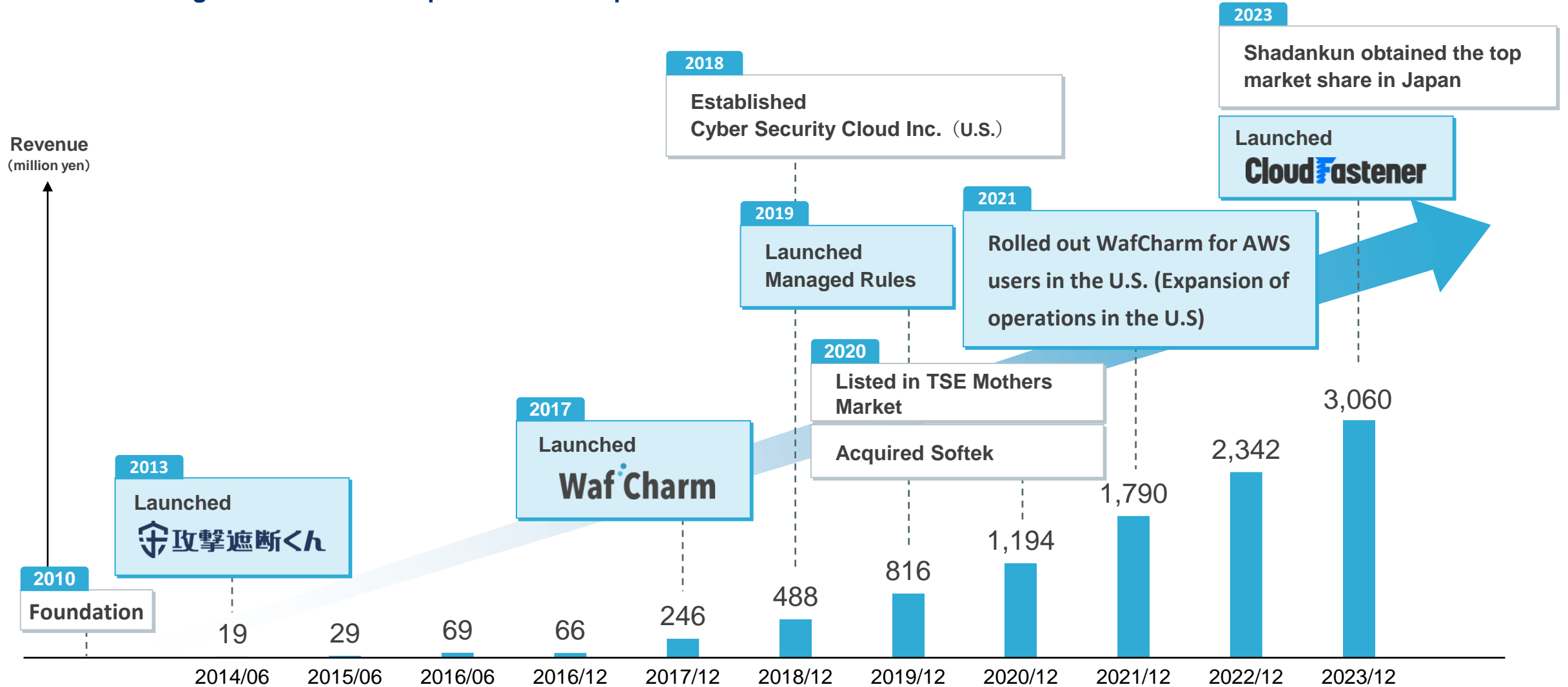
# Corporate Profile

<b>Corporate name</b>	Cyber Security Cloud, Inc.
<b>Date of establishment</b>	August 11, 2010
<b>Date of listing</b>	March 26, 2020
<b>Representatives</b>	Toshihiro Koike, Representative Director, President, and CEO Yoji Watanabe, Representative Director and CTO
<b>Executives</b>	Masashi Kurata, Director and CFO (certified public accountant) Hayato Kiriya, Director, CSO and CISO Yoshinori Ikura, Outside Director (lawyer) Hiroshi Kurihara, Outside Director Daichi Seki, Full-time Auditor (certified public accountant) Ikuo Murata, Outside Auditor Kenta Izumi, Outside Auditor
<b>Location</b>	13 <sup>th</sup> floor of JR Tokyu Meguro Bldg., 3-1-1 Kamiosaki, Shinagawa-ku, Tokyo
<b>Business description</b>	Development and provision of cyber security services utilizing AI technology
<b>Group companies</b>	Cyber Security Cloud Inc. (USA)



# History

- Since our establishment in 2010, we have specialized in the field of web security
- We are rolling out "cloud-native" products that capitalize on the benefits of the cloud one after another



A management team with extensive experience and deep knowledge of SaaS development and cloud security technologies to drive growth

## Representative Directors



### **Toshihiro Koike, Representative Director, President and CEO**

- Born in 1983. Graduated from Faculty of Law, Konan University
- 2006 Joined Recruit HR Marketing Kansai (now Recruit)
- 2016 Appointed COO and Director of the Japanese subsidiary of AppSocially Inc. of the U.S., a communication tool SaaS developer
- 2018 Founded ALIVAL Corporation (now M&A Navi)
- 2021 Appointed President and CEO of the Company



### **Yoji Watanabe, Representative Director, CTO**

- Born in 1975. Graduated from Faculty of Science and Engineering, Meiji University
- Engaged in research and development of cloud systems, real-time distributed processing and anomaly detection at a major IT company
- 2016 Joined the Company; served as CTO and a Director
- 2021 Appointed as Representative Director and CTO

## Director & CXO

### **Masafumi Kurata, Director and CFO**

- Certified Public Accountant. Joined the Company in 2017 after working for Taiyo LLC.
- Appointed as a Director in 2019

### **Hayato Kiriya, CSO and CISO**

- Head of Security Business at Amazon Web Services Japan, LLC
- Visiting Associate Professor at Graduate School of Management, Globis University (current position)

### **Hiroshi Kurihara, Outside Director**

- Served as President and Representative Director of Fuji Xerox Co.
- Chairman, Japan Telework Association (current position)

### **Yoshinori Ikura, Outside Director**

- Attorney at law; worked at AZX Law Office and Kairos Sogo Law Office before becoming Representative of Ikura Sogo Law Office (current position)

## Auditors

**Full-time Corporate Auditor Daichi Seki**

**Outside Corporate Auditor Kenta Izumi**

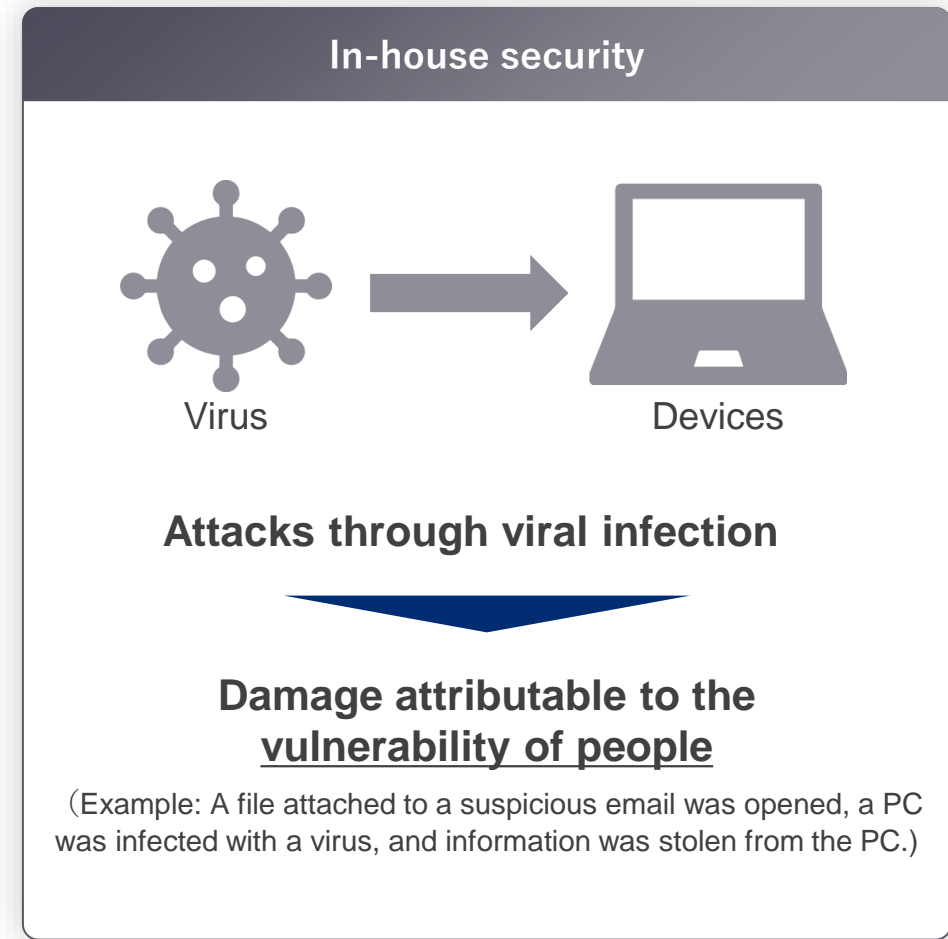
**Outside Corporate Auditor Ikuo Murata**



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

# Operation of Web Security Business for Blocking Attacks From Hackers

- Enterprises implement cyber security measures mainly in two fields



# 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 pre- obtained IDs and passwords, they try to access a website and log in illegally.



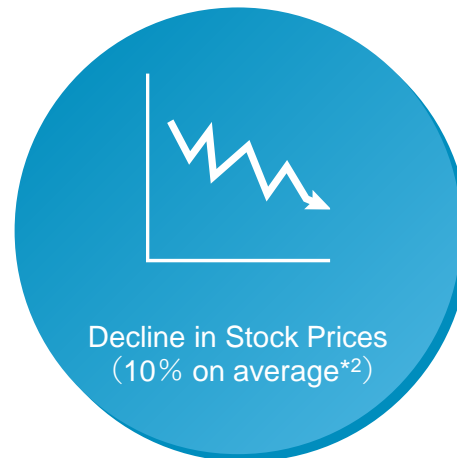
# Concrete Examples of Information Leak

- 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.

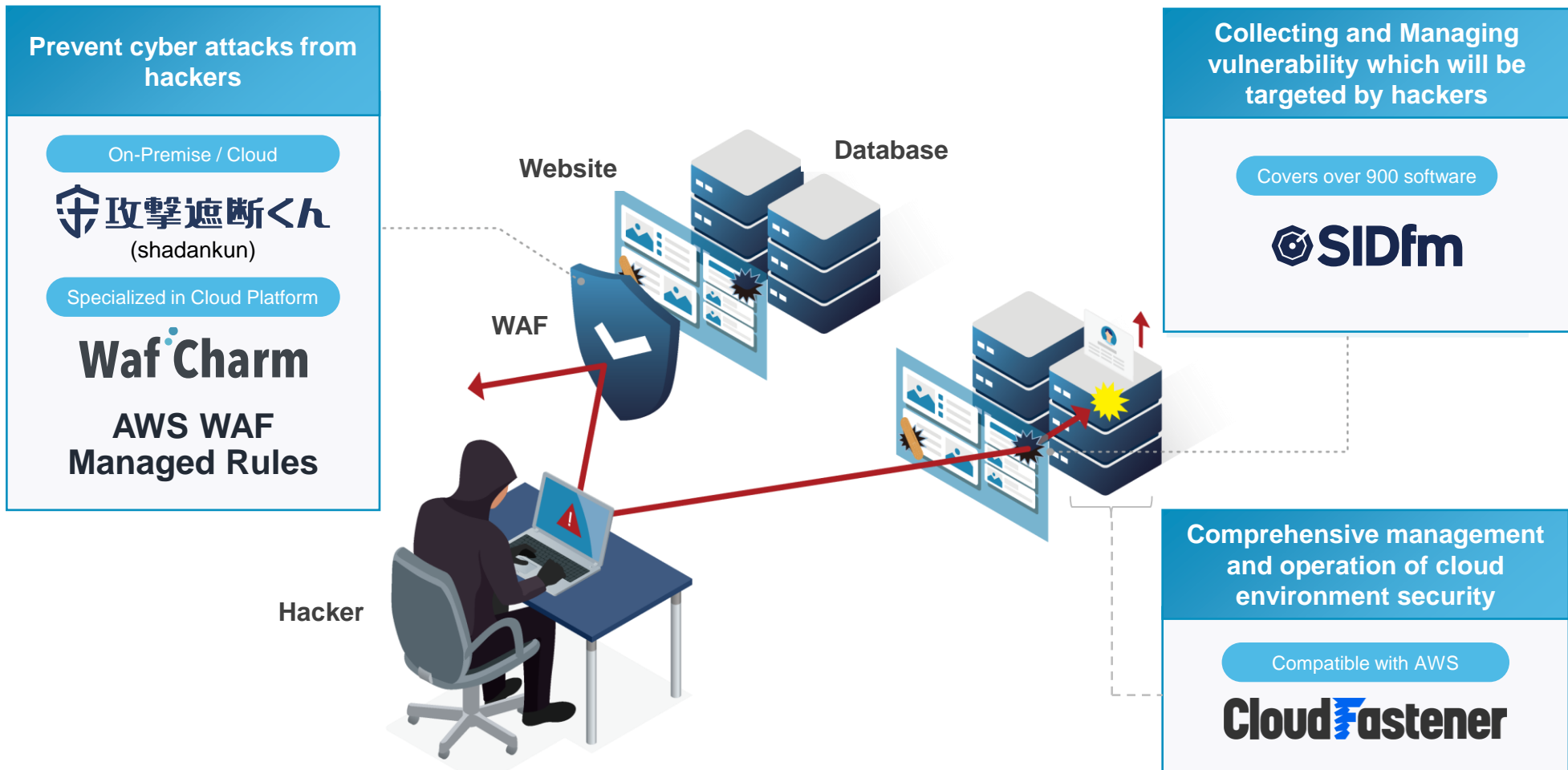


\*1 Source : JNSA 2018 " Survey Report regarding Information Security Incident"

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

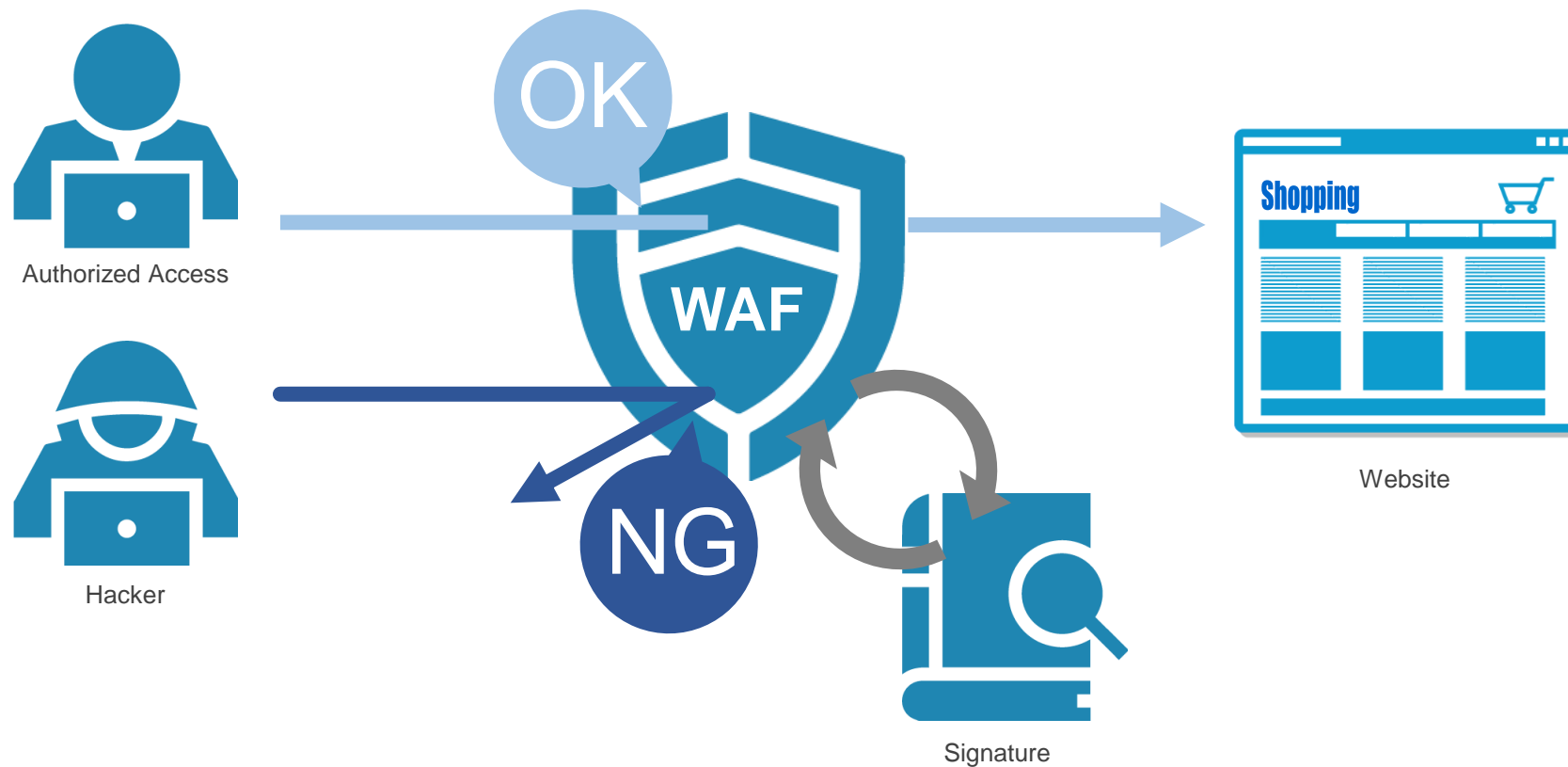
# Roles of Our Products in the Web Security Field

- CSC provides means to “protect” corporate websites and web services from hacker attacks, “fix” vulnerabilities, and “manage and operate” the security of cloud environments comprehensively



# 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”

- 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



- ✓ 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.

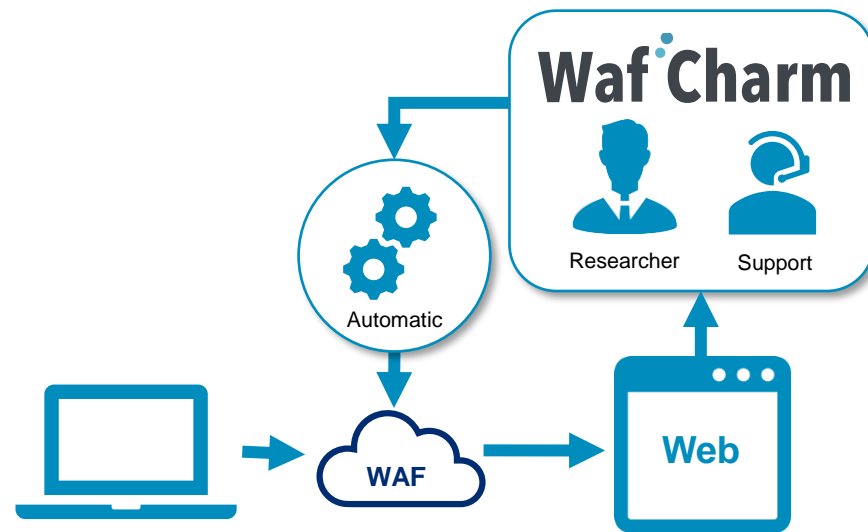


Support in Japanese 24 hours a day, 365 days a year

\* Deloitte Tohmatsu Economic Research Institute "Current Status and Future Outlook of the External Threat Countermeasure Solution Market, Fiscal Year 2023"

# 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 <sup>\*1</sup>
- ✓ Can be installed through a few steps
- ✓ Can be used in over 220 countries <sup>\*2</sup>



Compatible with the three major cloud platforms<sup>\*3</sup>



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

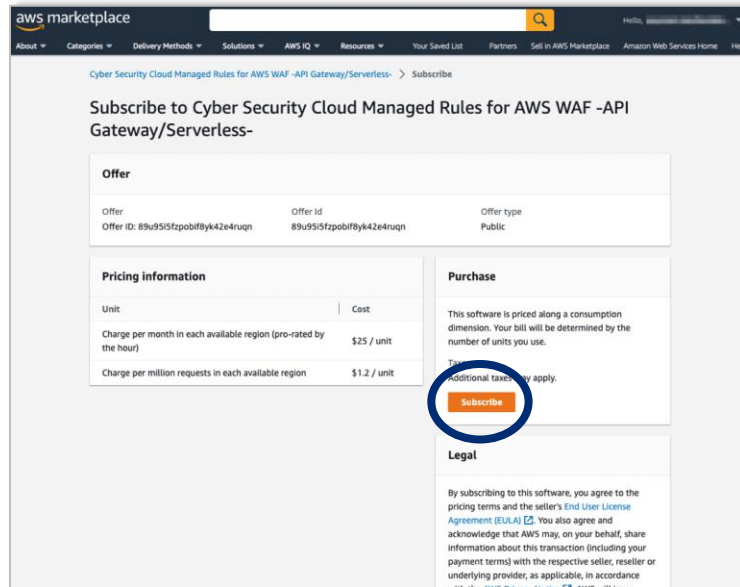
<sup>\*1</sup> Summary of the survey by JMRO: Survey on results for FY 7/2020

<sup>\*2</sup> For WafCharm for AWS Marketplace

<sup>\*3</sup> 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



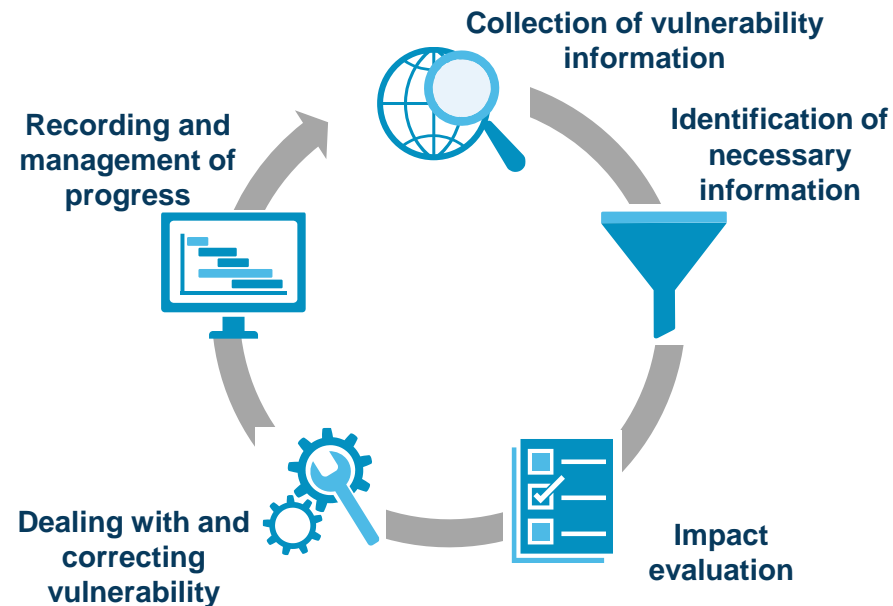
Received the award of AWS Marketplace Partner of the Year\*2

\*1 Our company, Fortinet, F5 networks, Cloudbric, ThreatSTOP, 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<sup>\*1</sup>
- ✓ It can be used by paying a monthly fee ranging from 30,000 yen<sup>\*2</sup>
- ✓ 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

<sup>\*1</sup> Softek acquired in 2020 started business in 1999.

<sup>\*2</sup> The annual fee of SIDfm Group was converted to the monthly fee.



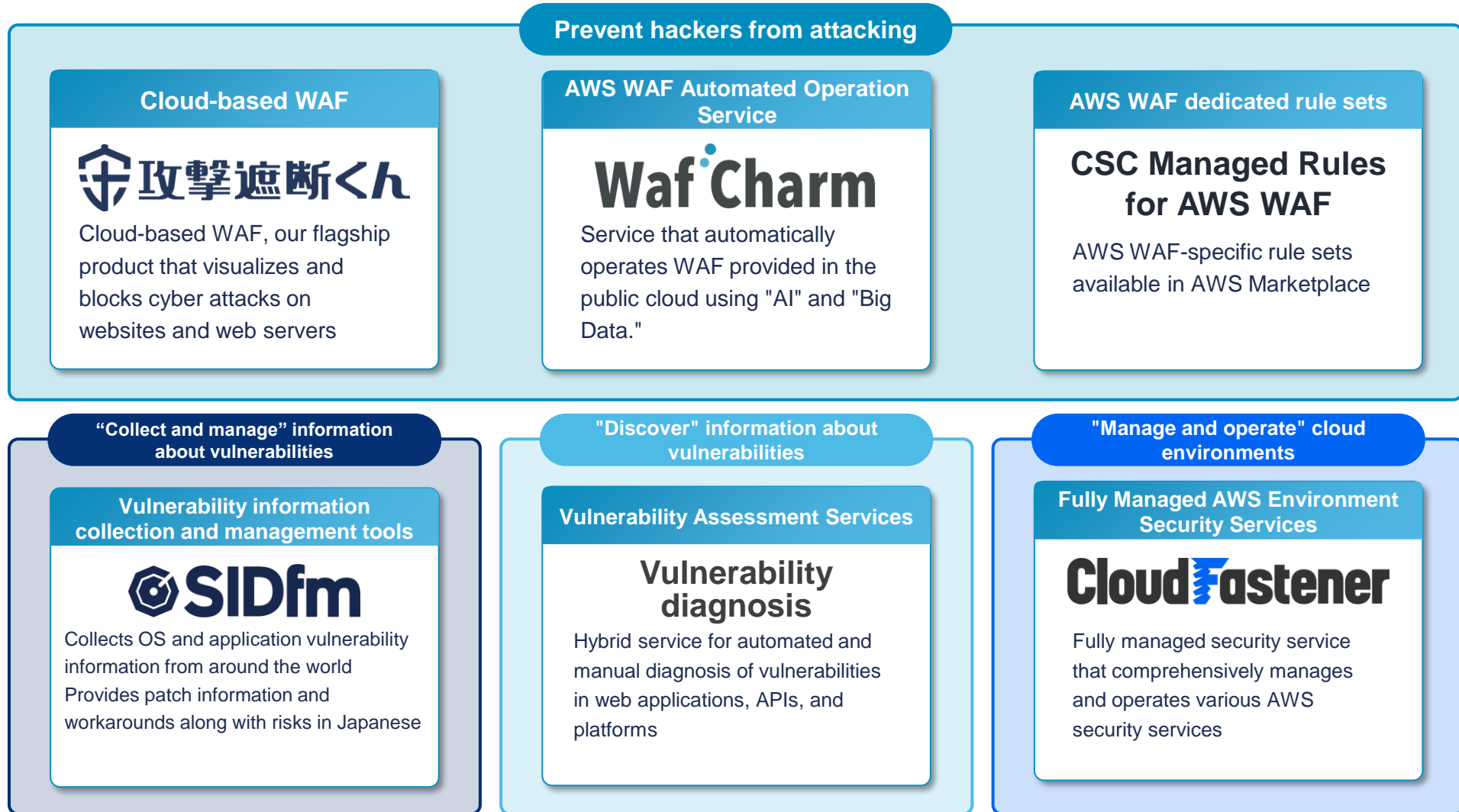
# 'CloudFastener', a new service for AWS environments

- A service that comprehensively manages and operates various AWS security services 24/7, 365 days a year
- By building a secure AWS environment in accordance with best practices, it reduces the security risks faced by businesses



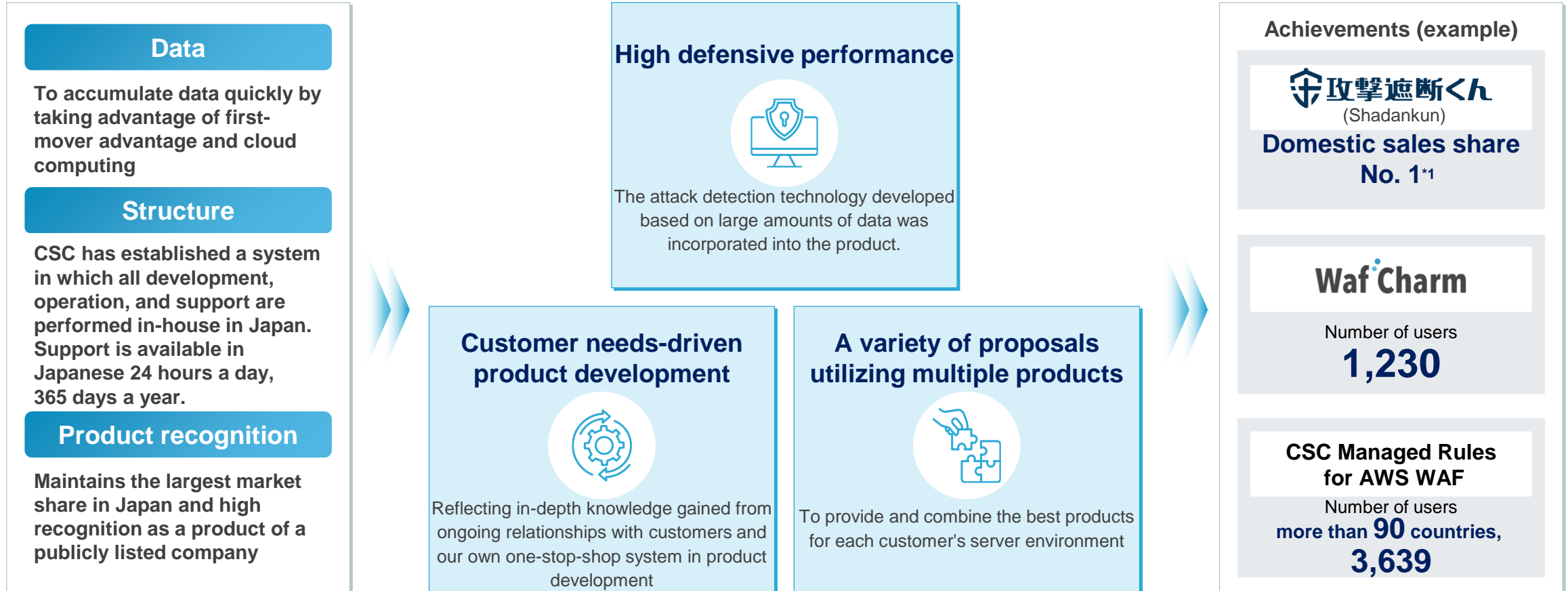
# Our Service Lineup

- Domestic security manufacturer that provides peace of mind through in-house development and support



# Our Characteristics (1) Domestically produced, area-specific, cloud-based products

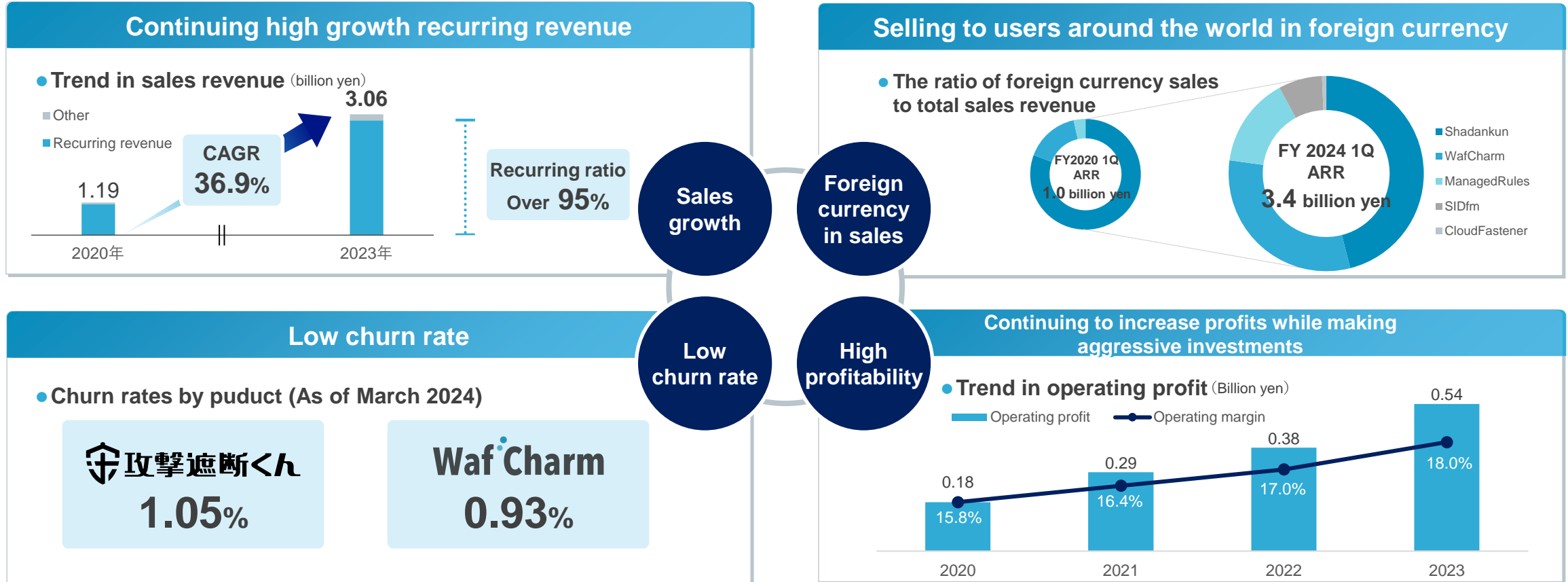
- Specializing in the web security domain and focusing on domestically produced products and extensive support, we quickly gained customers.
- Utilizing accumulated data and customer feedback in development, we provide multiple products with high defense performance, reliability, and security.



\* Deloitte Tohmatsu Economic Research Institute "Current Status and Future Outlook of the External Threat Countermeasure Solution Market, Fiscal Year 2023"

# Our Characteristics (2) Stable Earnings Base

- Continuing to increase revenue and profit since the IPO while making aggressive investments
- The expansion of products for overseas markets and having a diverse customer base also contribute to stable profit creation



# Our Characteristics (3) Diversity of sales channels domestically and internationally



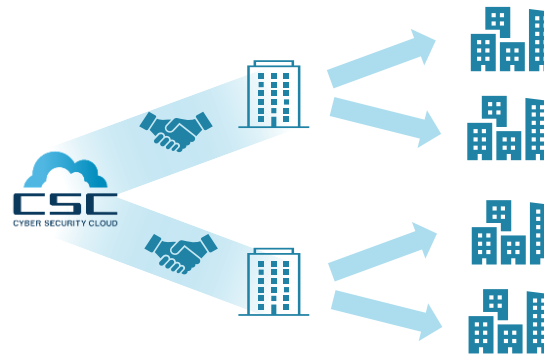
## Direct sales



Listening to customer requests while providing careful support



## Partners



Ability to reach customers who are otherwise inaccessible to CSC



## AWS Marketplace



Users around the world can make purchases at any time



Having multiple sales channels allows us to deliver our products to a broader range of customers

# 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

# 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**

FUJITSU 富士通Japan株式会社  
 DIS ダイワボウ情報システム株式会社  
 Networld  
 iSiDA  
 鈴与シソワート株式会社  
 CEC Computer Engineering & Consulting

**IT infrastructure developers and MSPs\*1**

IIJ Internet Initiative Japan  
 GMOクラウド  
 SHIFT JIGSAW  
 GSX GLOBAL SECURITY EXPERTS  
 5G Innovations  
 cybertrust  
 Future Spirits

**AWS Premier Tier Service Partners\*2**  
 (Out of 15 companies, 13 companies are our partners.)

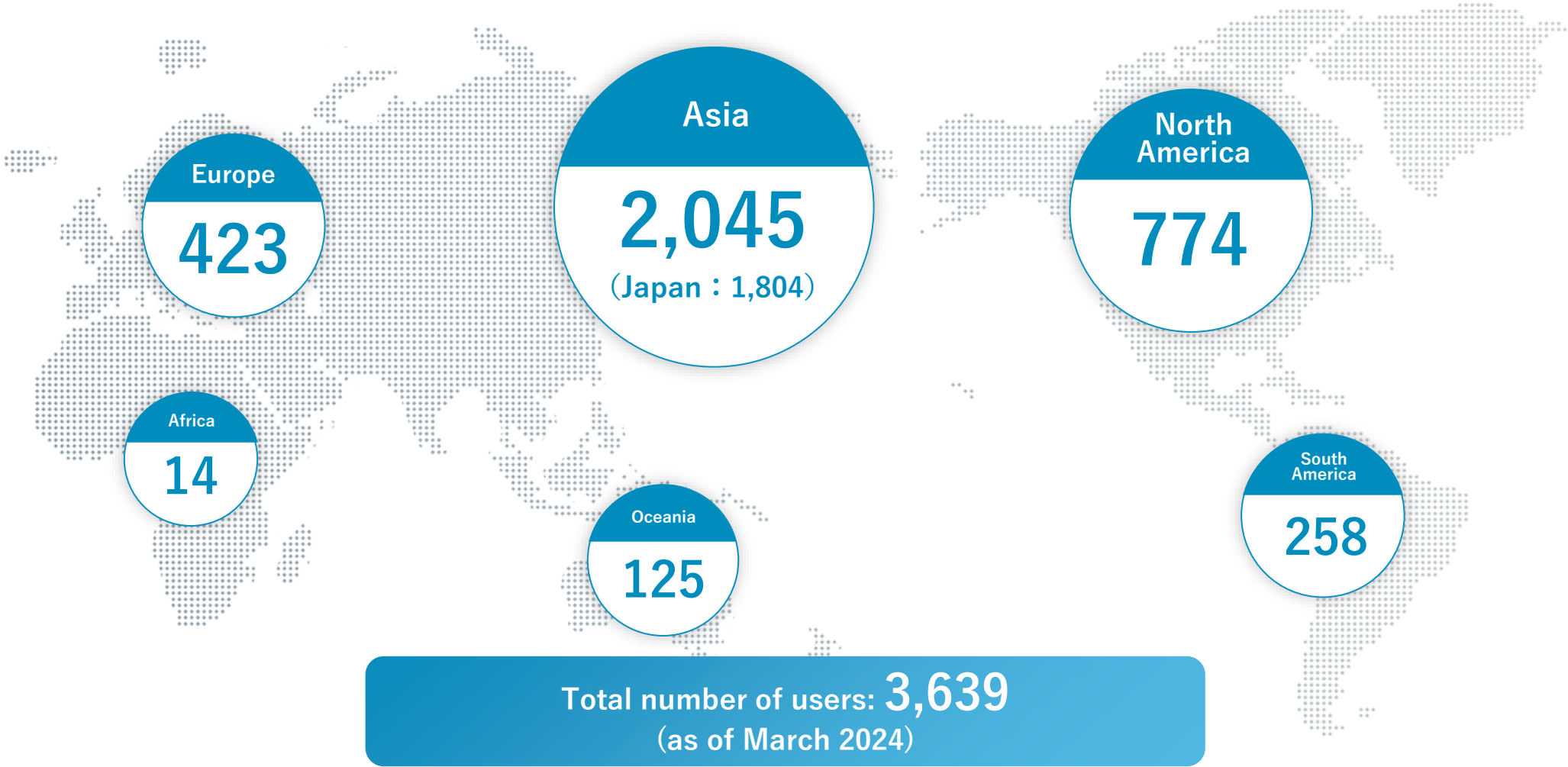
NTT DATA FUJISOFT  
 CTC SCSK  
 FUJITSU HITACHI  
 iret classmethod  
 TOKAI Serverworks  
 TECHORUS TIS  
 1 other company

\*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.

# 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%.





## 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

\*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 Deloitte Tohmatsu Economic Research Institute “Current Status and Future Outlook of the External Threat Countermeasure Solution Market, Fiscal Year 2023”

## 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

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

# Status of ESG Initiatives

- Demonstrate presence as a company that makes desirable changes in society by reducing GHG emissions through the use of cloud computing and promoting digital human resource development and DX.
- As a leading cybersecurity company, we continue to strengthen initiatives for each stakeholder.



## E (Environment)

- **Contribution to a carbon-neutral society**

- Contribution to cloud computing and DX development through business
- Expansion of renewable energy through promotion of AWS use

- **Effective use of resources**

- Promoting paperless operation
- Space efficiency through telecommuting and free address



## S (Society)

- **Cyber security awareness activities**

- Establishment of the Cyber Security Alliance

- **Initiatives for Regional Development**

- Corporate version of hometown tax payment

- **Promoting Diversity**

- Employment of multinational personnel
- Supporting Cybersecurity Woman of Japan

- **Provide educational opportunities internally and externally**

- Employees: Assistance in purchasing books
- Students: Cyber Security Lectures



## G (Governance)

- **Establishment of Risk Compliance Committee**

- **Obtain Information Security Management System (ISMS) certification**

- **Creating internal mechanisms for risk response**

- Internal reporting desk
- Harassment training

## Shared Research Report\*



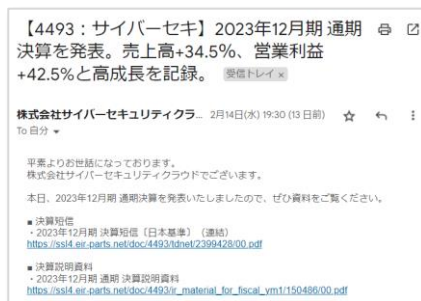
Read the report

## IR note



Register

## Email Newsletter



Register

## CSC NEWS (Youtube)



Register

\*Shared Research Inc. is a research company that provides essential information regarding a wide variety of companies to investors around the world. SR produces reports containing information that is vital when making investment decisions and does so from the standpoint of an investor, rather than from the standpoint of a company. Its reports are utilized by both institutional and individual investors.

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that people around the world can use safely**