

# Financial Materials for FY2024 3Q

CYBER SECURITY CLOUD

**Cyber Security Cloud, Inc.**

TSE Growth Market: 4493

November 14, 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 3Q

Revenue (3Q cumulative) P6

**2.80** billion yen

YoY +26.2%

ARR (Annual Recurring Revenue) P7

**3.78** billion yen


YoY +25.3%

Operating income (3Q cumulative) P6

**0.69** billion yen

YoY +48.7%

Churn rate P8

 (Shadankun)	<b>1.08%</b>
<b>Waf Charm</b>	<b>0.83%</b>

# Overview of Results

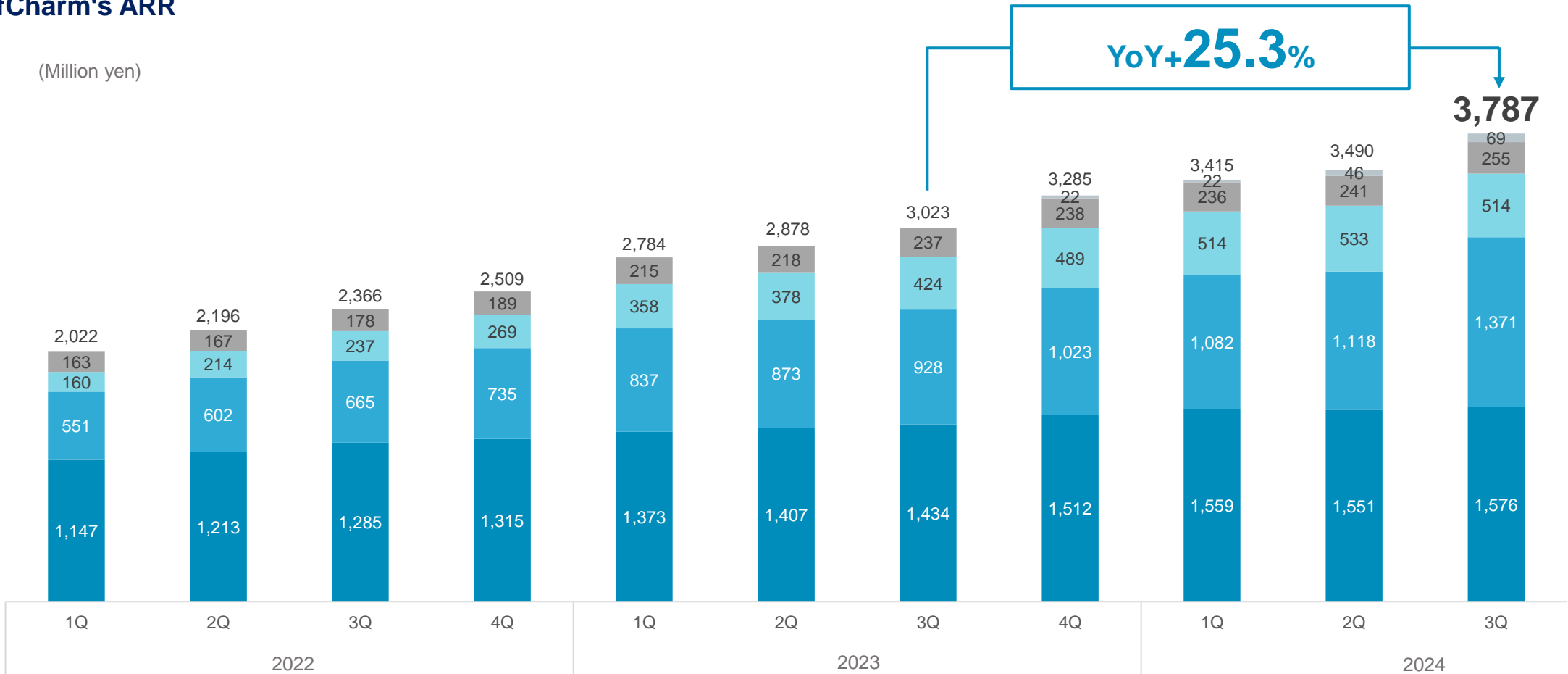


- "Revenue saw a significant increase of +26.2% year-over-year, while operating profit grew by +48.7%. Each profit stage exceeded the lower bound of the initial forecast for the fiscal year.
- In Q4, CSC plans to continue marketing efforts in Japan and the U.S., including participation in 'AWS re:Invent 2024' for the second consecutive year.

	3Q of FY 2023 (Consolidated)	3Q of FY 2024 (Consolidated)	YoY	Forecasts for FY 2024 (Consolidated)
(Million yen)				
Revenue	2,220	2,801	+26.2%	3,800 ~ 4,000
Gross Profit	1,540	1,897	+23.2%	-
Operating Income	468	697	+48.7%	650 ~ 750
Operating Income Margin (%)	21.1%	24.9%	+3.8pt	-
Ordinary Income	497	698	+40.4%	650 ~ 750
Net Income Attributable to Owners of the parent	341	471	+38.3%	450 ~ 520

# Variation in ARR

- In Q3 2024, growth reaccelerated with a year-over-year increase of +25.3%, up from +21.3% in Q2.
- From August, CSC implemented a price revision for legacy WafCharm plan customers\*, resulting in a significant increase in WafCharm's ARR



\* Customers who signed up in or before June 2023

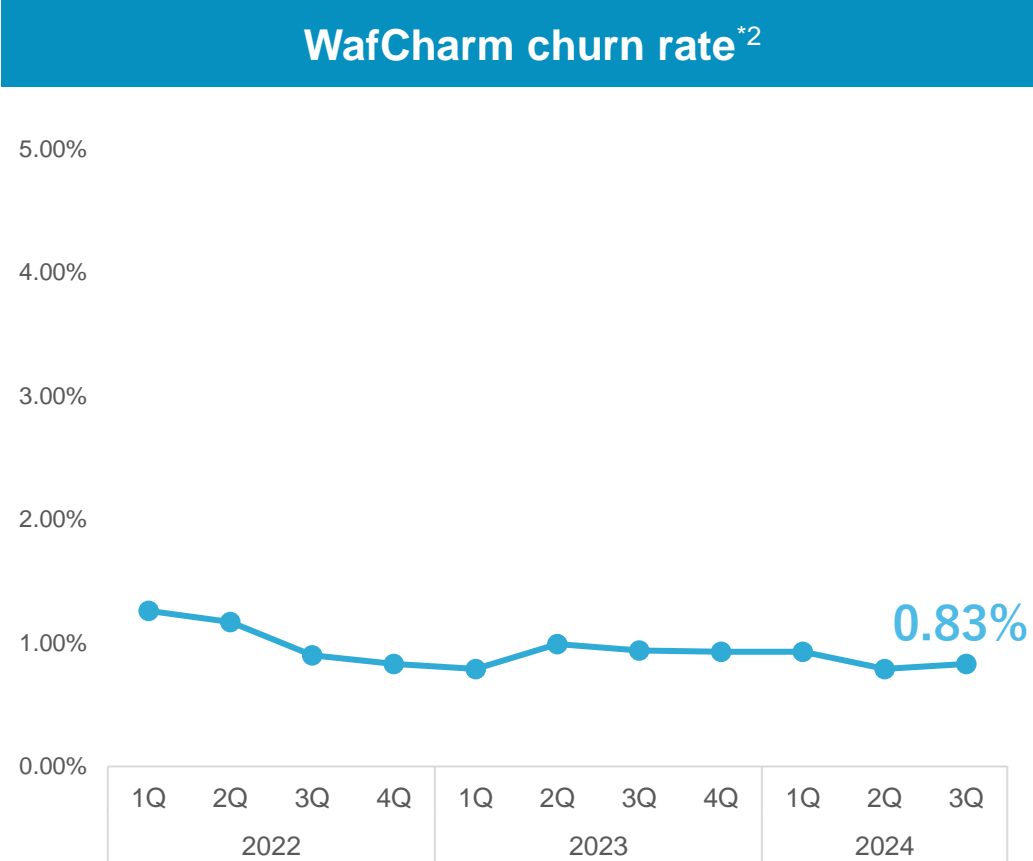
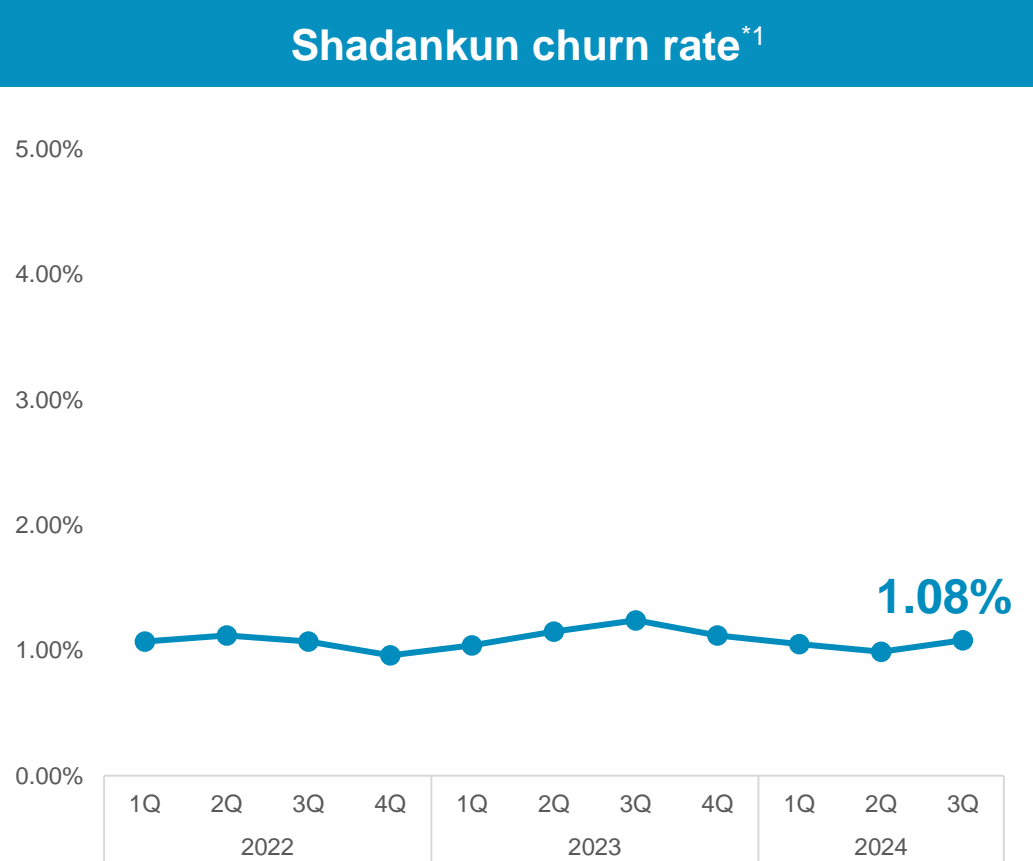
■ Shadankun ■ WafCharm ■ Managed Rules ■ SIDfm ■ CloudFastener

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



- Despite implementing a price revision for WafCharm, the cancellation rate has remained stable.



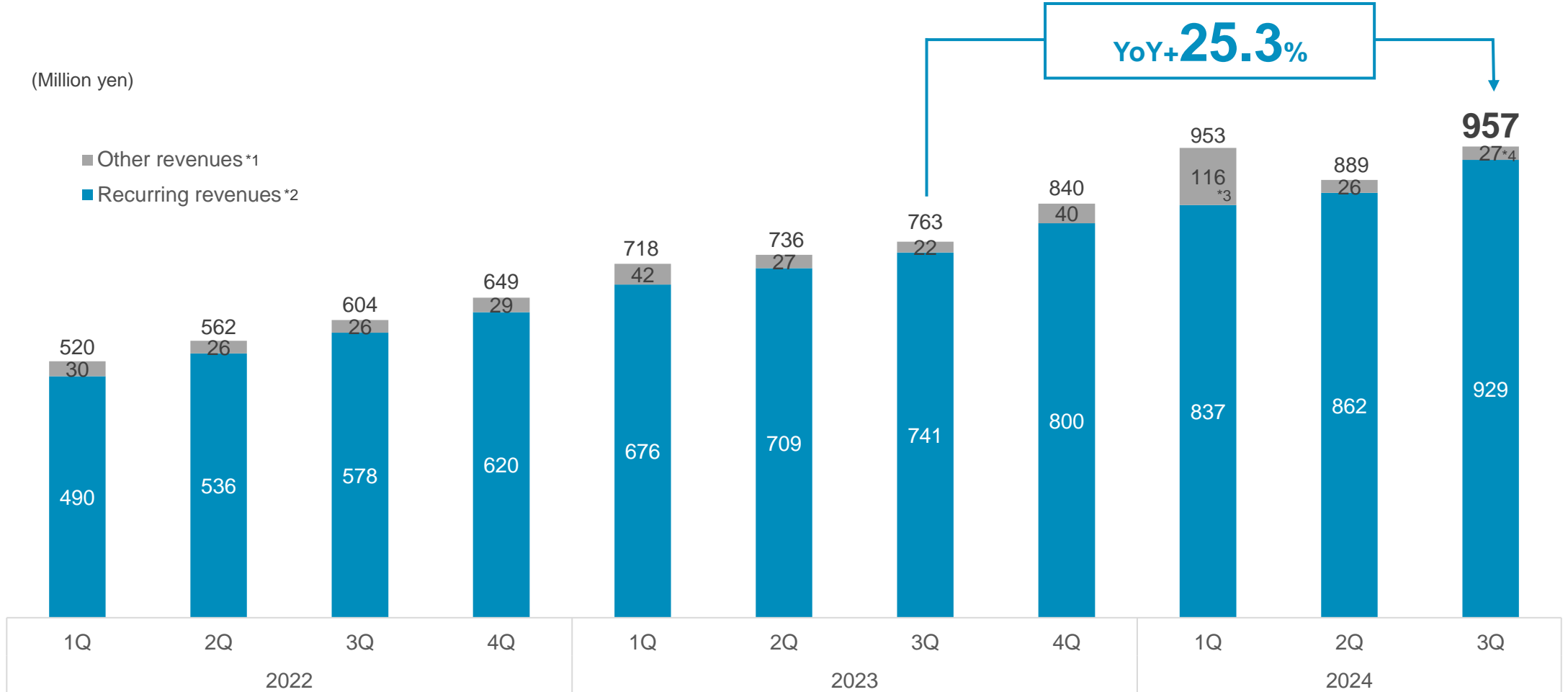
\*1 Produced based on the average MRR churn rate of each product in the last 12 months. MRR churn rate is calculated by dividing the MRR lost in the month concerned by the MRR as of the end of the previous month.

\*2 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

- Due to the effects of the WafCharm price revision and other factors, recurring revenue saw a substantial increase.
- With new projects for CloudFastener and global deals for WafCharm, 2024 3Q achieved a record high in new order value.



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

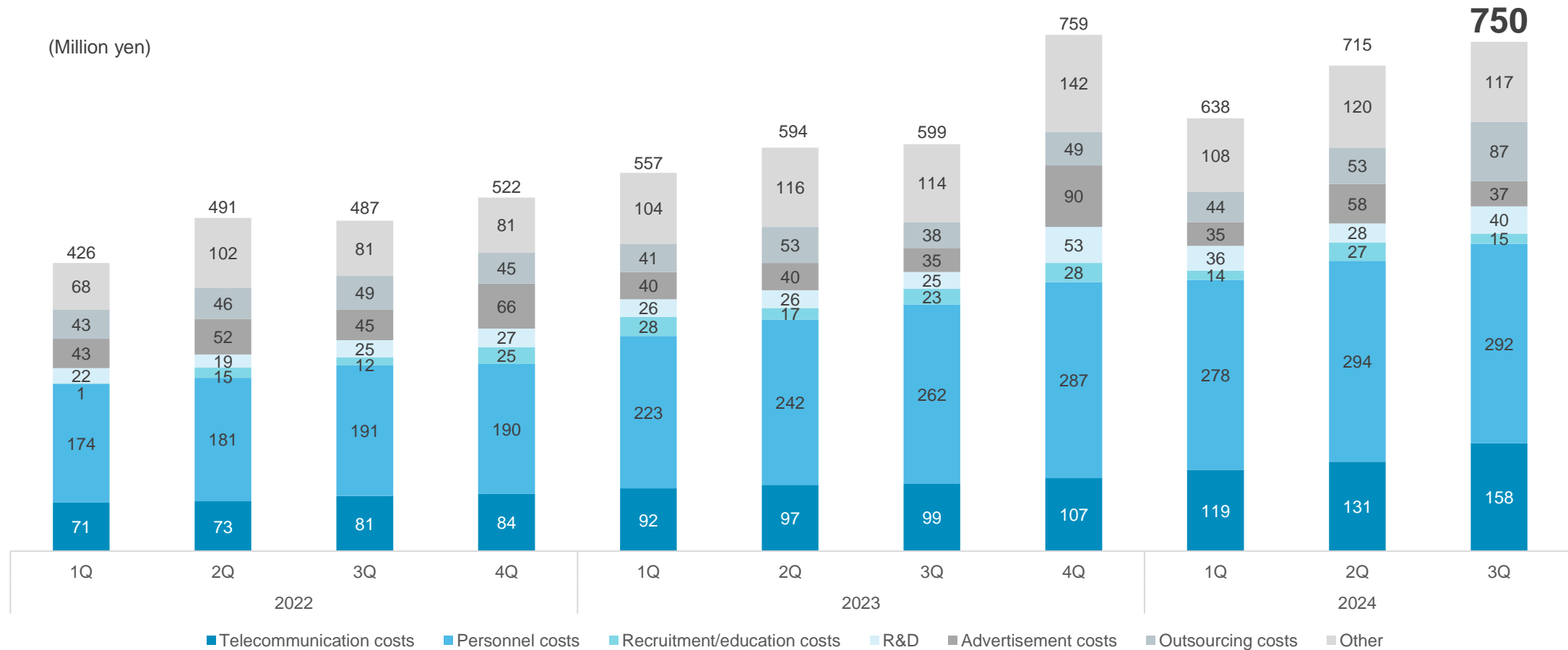
\*2 Sum of MRRs of Shadankun, WafCharm, Managed Rules, SIDfm, and CloudFastener.

\*3 Including a project related to the Digital Agency's Government Cloud, valued at approximately 70 million yen.

\*4 The revenue of Generative Technology Inc. is scheduled to be recorded starting from Q4 2024.

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

- Due to feature development for the product and rising infrastructure costs, communication and outsourcing expenses have increased.
- In Q4, CSC plans to make marketing investments, including exhibiting at 'AWS re:Invent 2024'



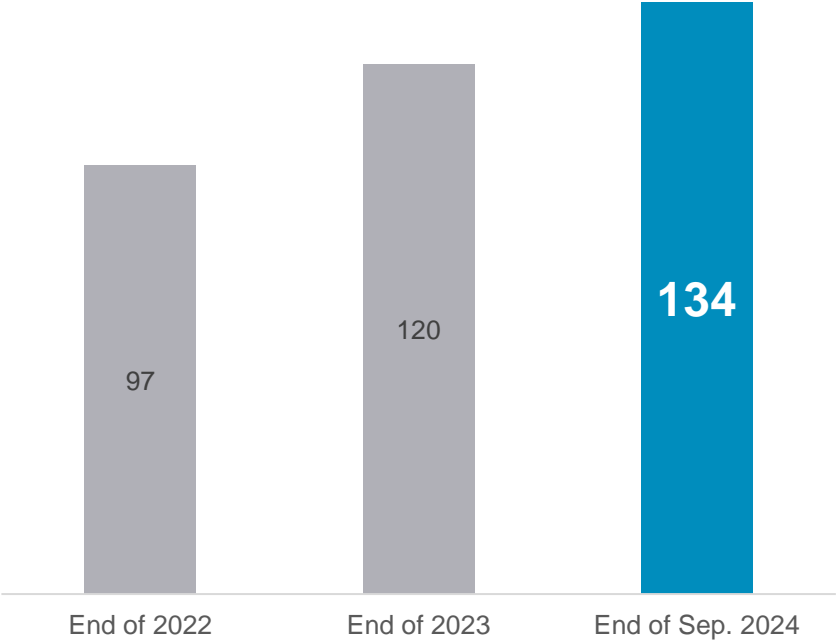
# Employees who Support the Growth of Cyber Security Cloud



- Continuous recruitment efforts, primarily focused on engineers, have resulted in a steady increase in headcount.
- With the addition of staff from Generative Technology Co., Ltd., which will become a subsidiary in Q4, the headcount is expected to increase significantly by the end of December 2024.

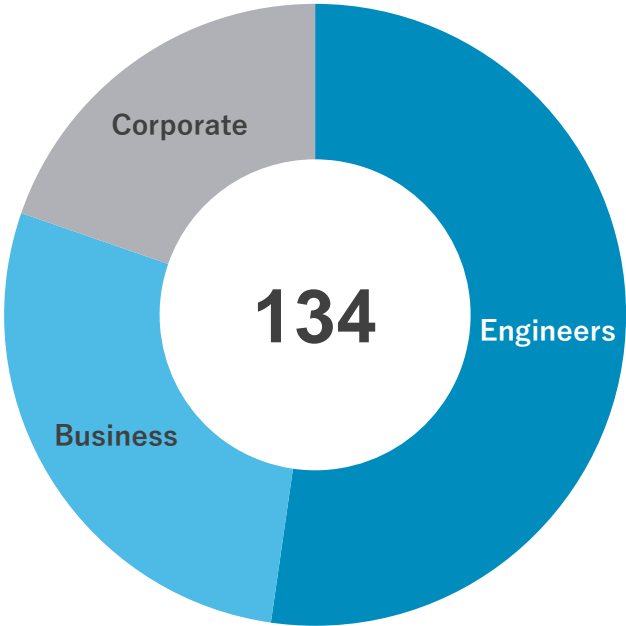
## Number of Employees \*

(Employees)








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

## Personnel Composition as the End of Sep. 2024



## (For reference) Major KPIs of Each Product

		FY2023				FY2024			YoY
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	
 攻撃遮断くん (Shadankun)	ARR (million yen) <sup>*1</sup>	1,373	1,407	1,434	1,512	1,559	1,551	1,576	+9.9%
	No. of client enterprises	1,217	1,237	1,241	1,270	1,292	1,278	1,271	+2.4%
	Churn rate (%) <sup>*2</sup>	1.04	1.15	1.24	1.12	1.05	0.99	1.08	-0.16pt
	ARR (million yen)	837	873	928	1,023	1,082	1,118	1,371	+47.8%
	No. of users	1,089	1,147	1,190	1,230	1,236	1,232	1,271	+6.8%
	Churn rate (%) <sup>*3</sup>	0.79	0.99	0.94	0.93	0.93	0.79	0.83	-0.11pt
	ARR (million yen)	358	378	424	489	514	533	514	+21.2%
	No. of users	3,273	3,377	3,476	3,593	3,639	3,716	3,793	+9.1%
	ARR (million yen)	215	218	237	238	236	241	255	+7.6%
	No. of users	176	179	186	187	200	204	215	+15.6%
	ARR (million yen)	-	-	-	22	22	46	69	-
<b>全社合計</b>	ARR (million yen)	<b>2,784</b>	<b>2,878</b>	<b>3,023</b>	<b>3,285</b>	<b>3,415</b>	<b>3,490</b>	<b>3,787</b>	<b>+25.3%</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 (the calculation method changed in 2Q of FY 12/2023).

## (For reference) Statement of Income

(Million yen)	FY2022				FY2023				FY2024		
	Consolidated 1Q	Consolidated 2Q	Consolidated 3Q	Consolidated 4Q	Consolidated 1Q	Stand-alone 2Q	Stand-alone 3Q	Stand-alone 4Q	Consolidated 1Q	Consolidated 2Q	Consolidated 3Q
Revenue	523	563	604	649	719	736	764	840	953	889	957
Cost of Revenue	154	161	183	187	227	219	232	245	263	294	346
Gross Profit	369	401	421	462	491	516	531	595	690	595	611
Gross Profit Margin	71.4%	71.3%	69.6%	71.4%	68.3%	70.2%	69.5%	70.9%	72.4%	66.9%	63.9%
SG&A	272	329	304	334	329	374	366	514	375	420	404
Operating Income	97	71	117	127	162	142	164	80	315	174	207
Operating Income Margin	18.6%	12.7%	19.4%	19.6%	22.6%	19.3%	21.5%	9.6%	33.1%	19.6%	21.7%
Ordinary Income	100	53	146	119	162	159	175	62	342	206	149
Net Income Attributable to Owners of the parent	72	59	84	88	110	109	120	86	235	137	98

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

(Million yen)	FY2022	FY2023	FY2024 3Q
	Stand-alone	Consolidated	Consolidated
<b>Current Assets</b>	1,621	2,146	2,022
<b>Fixed Assets</b>	536	634	721
<b>Total Assets</b>	2,157	2,781	2,744
<b>Current Liabilities</b>	663	866	846
<b>Fixed Liabilities</b>	184	91	301
<b>Total Liabilities</b>	848	958	1,148
<b>Net Assets</b>	1,309	1,822	1,596
<b>Total Liabilities and Net Assets</b>	2,157	2,781	2,744

(Million yen)	FY2023	FY2024 2Q*
	Consolidated	Consolidated
<b>Cash Flow From Operating Activities</b>	578	353
<b>Cash Flow From Investing Activities</b>	-106	-120
<b>Cash Flow From Financing Activities</b>	-93	-515
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	390	-214
<b>Cash and Cash Equivalents at the Beginning of period</b>	1,330	1,754
<b>Increase in Cash and Cash Equivalents Resulting From New Consolidation</b>	34	0
<b>Cash and Cash Equivalents at the End of period</b>	1,755	1,540

\* As the cash flow statement was not prepared for Q3 of the fiscal year ending December 2024, the cash flow statement for the most recent quarter is provided.

# II Topics in FY2024 3Q



# Enhancement of functions of existing products, and expansion of the target range

- In addition to feature updates for WafCharm, CloudFastener now supports the world's three major cloud platforms.
- With enhanced convenience and functionality aimed at customer acquisition, CSC is set to accelerate the acquisition of enterprise customers into the next fiscal year.

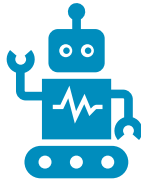
## Enhancement of WafCharm's functions

### Addition of new functions



Update of the dashboard

### Enhancement of safeguarding functions



Bot measures



DDoS measures

CSC has introduced a new, user-friendly and robust defense feature for client companies, advancing the product to meet diverse needs.

## CloudFastener became compatible with Microsoft Azure.



Compatible since Oct. 2023



Google Cloud

Compatible since Jul. 2024



Compatible since Oct. 2024

Globeride Inc. has adopted the Microsoft Azure version as the first user (a case study is presented on the next page).



# CloudFastener is steadily being adopted by publicly listed companies

- One year since its launch, demand in the MSS field\* has been confirmed, with steady progress in adoption by publicly listed companies.
- Interest is especially strong from companies facing challenges in securing specialized security expertise and resources.



(Securities code: 3660)

When migrating from an on-premises system that had been in use for over 20 years to AWS, challenges such as a **shortage of security personnel** arose. AWS was adopted because it enables comprehensive protection of the AWS environment.



(Securities code: 4379)

While exploring enhancements in quality control and security, **securing resources** and managing the **increase in workload** became challenges. The solution was adopted due to its dedicated team providing security operation support and the flexibility to customize the balance between in-house management and outsourcing.



Parent company: jig.jp Co., Ltd.(Securities code: 5244)

Their challenges are **the securing of human resources specializing in security and efficient operations** for responding to security alerts. There is a consulting service for improving the security level, and they can entrust us with daily operations, so they adopted this product.



(Securities code: 7990)

With the increase in cloud usage, ensuring a consistent security level across environments, despite differences in build guidelines, became a challenge. The solution was adopted because it enables **comprehensive and extensive security coverage** in a multi-cloud environment.

\* MSS stands for Managed Security Service, which refers to a service where external security specialists or companies manage and operate the information security systems of businesses and organizations.

# CloudFastener advances to the investment phase

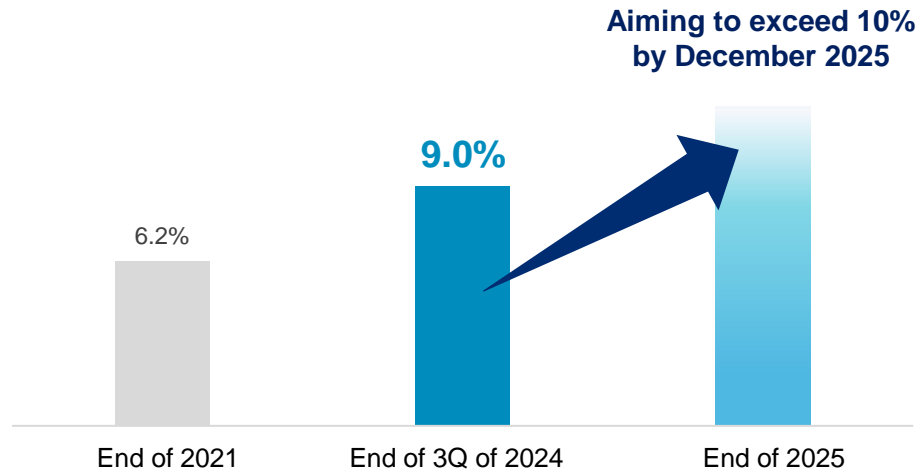
- One year after the release, we promote this product while checking the evident needs of existing users in the MSS field.
- CSC will conduct large-scale investment in marketing in 4Q of 2024, with the aim of attracting new client segments.



# Enhancement of marketing measures for achieving an overseas sales ratio of over 10%

- The ratio of overseas sales in 3Q of 2024 was 9.0%, showing the steady progress toward the goal set in the growth strategy for 2025.
- In 4Q, we plan to enhance the measures for marketing CloudFastener, at the largest annual conference of AWS in Las Vegas and in the global market.

## Steady increase in overseas sales ratio

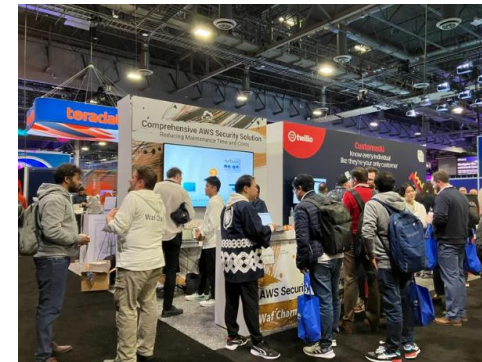


### Main topics

- ✓ Increase of paying users (Approx. 60% growth in 3 years)
- ✓ Acquired a large global client.
  - In June 2024, following our participation in "AWS re:Inforce 2024", a South American fintech company signed a new contract for WafCharm (ARPU is approximately 6.7 times the average)

## Global marketing measures in 4Q of 2024

### ① Participation in AWS re:Invent 2024



Scene of AWS re:Invent 2023 in Nov. 2023

Date: Dec. 2-6, 2024  
Venue: the U.S. (Las Vegas)

AWS's largest annual conference, expected to attract over 50,000 participants over five days. It's an excellent opportunity to directly appeal to global AWS users, including executives and technical leaders.

### ② Localization in the U.S. market

- A new marketing lead with experience in cybersecurity companies has joined the U.S. subsidiary.
- Strengthened partnerships with multiple companies to facilitate mutual client referrals and initiate joint sales efforts

# Through M&A, the system development business was added to the group, expanding its business domain



- On October 1, 2024, Generative Technology, a system development company, was established as a subsidiary.
- By combining its strengths in cloud-focused system development with our security expertise, CSC aims to accelerate growth.

Business operations began in October 2024



GENERATIVE TECHNOLOGY

WAF / WAAP

Vulnerability management

MSS

Vulnerability diagnosis



System development

Personnel development

Consulting

Community



Enables seamless end-to-end support from building a secure development environment to ongoing operations

# Revision of earnings forecast

- Considering overall product sales performance and currency trends, revenue has been revised to 3.8 billion yen and operating profit to 720 million yen.
- Rapid investments are planned to accelerate customer acquisition in the next fiscal year.

	FY 2023 (Consolidated)	Initial forecasts for FY 2024 (Consolidated)	Revised forecasts for FY 2024 (Consolidated)	YoY
(Million yen)				
Revenue	3,060	3,800~4,000	3,800	+24.2%
Operating Income	549	650~750	700	+27.3%
Ordinary Income	559	650~750	700	+25.0%
Net Income Attributable to Owners of the parent	427	450~520	471	+10.5%

# III Growth Strategy Toward FY2025



## 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.



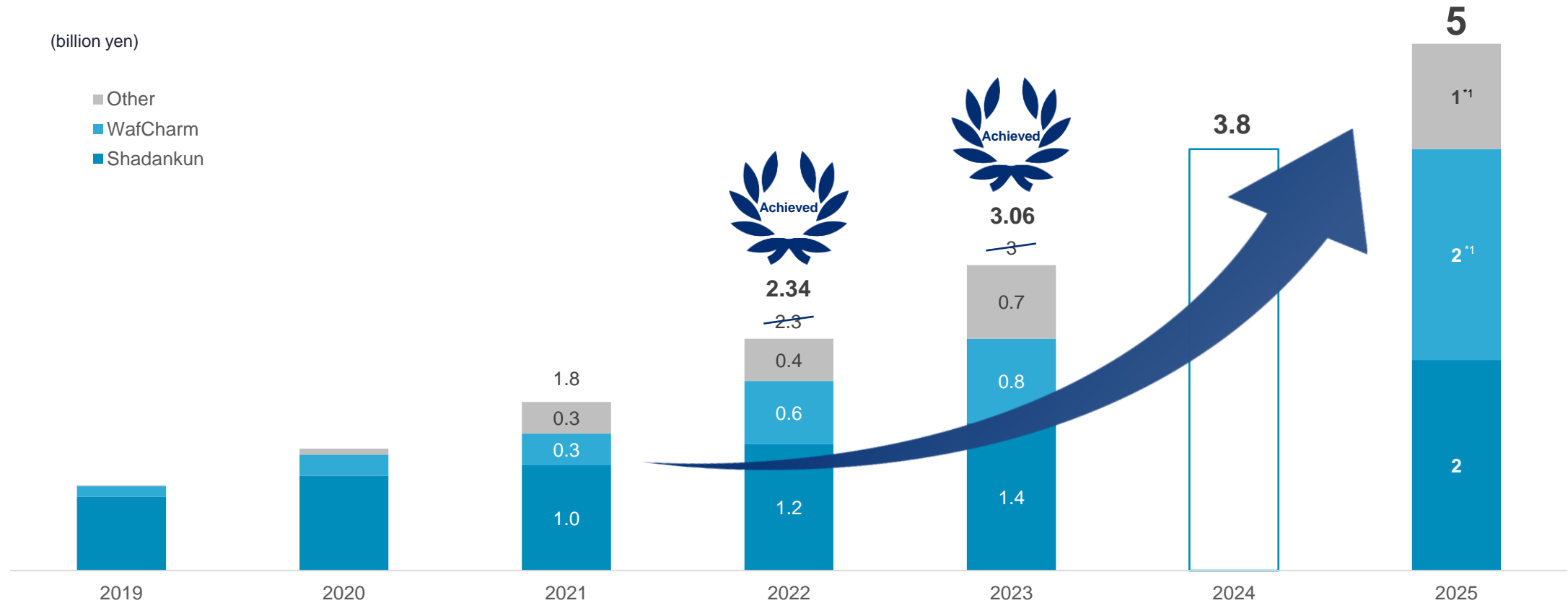
Financial targets are **revenue of 5 billion yen and an operating income of 1 billion yen.**



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

# 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



\*1 Until the fiscal year ending December 2023, CSC had set a target of over 0.5 billion yen in overseas sales for WafCharm. However, considering the recent growth rate of Managed Rules and the release of CloudFastener, CSC has shifted strategy to target over 0.5 billion yen in overseas sales to AWS-related services<sup>2</sup>

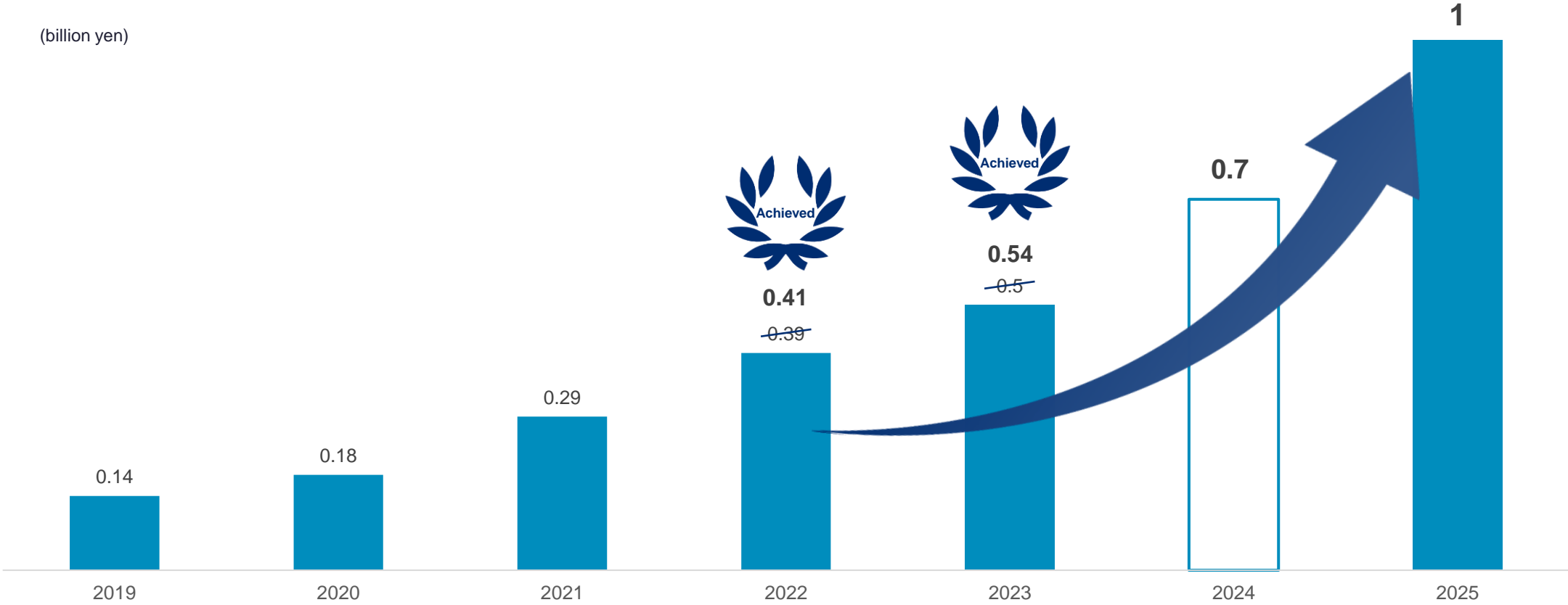
\*2 WafCharm, Managed Rules, CloudFastener



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



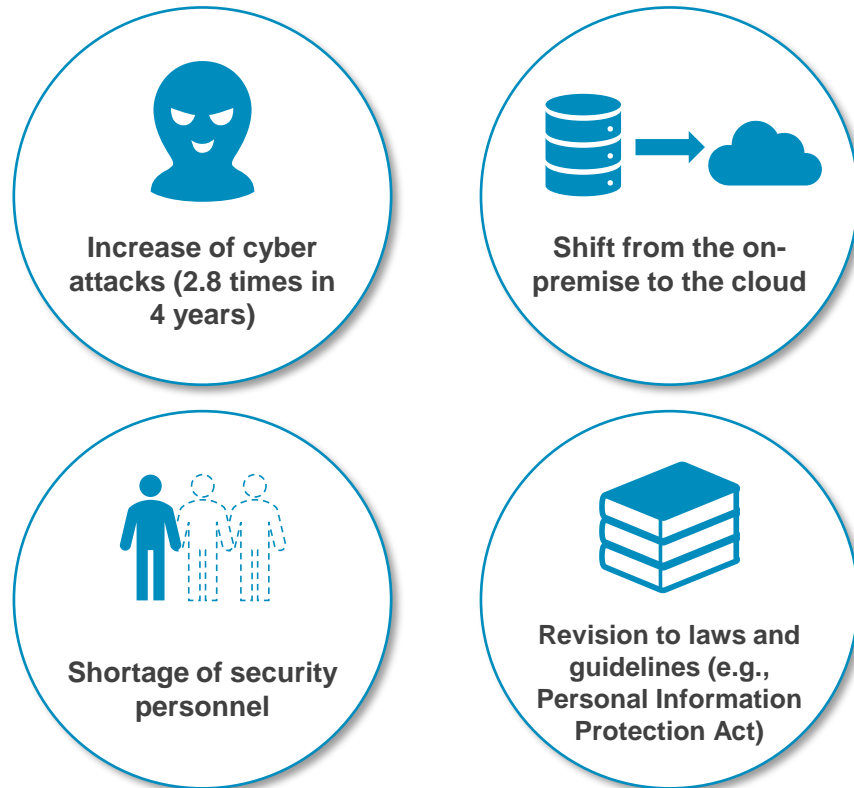
- CSC plans to execute aggressive marketing activities to expand recognition both domestically and internationally, with a focus on our new service.
- While making preemptive investments, CSC also aims to continue profit growth and strive to achieve an operating profit of 1 billion yen by FY2025.






# [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

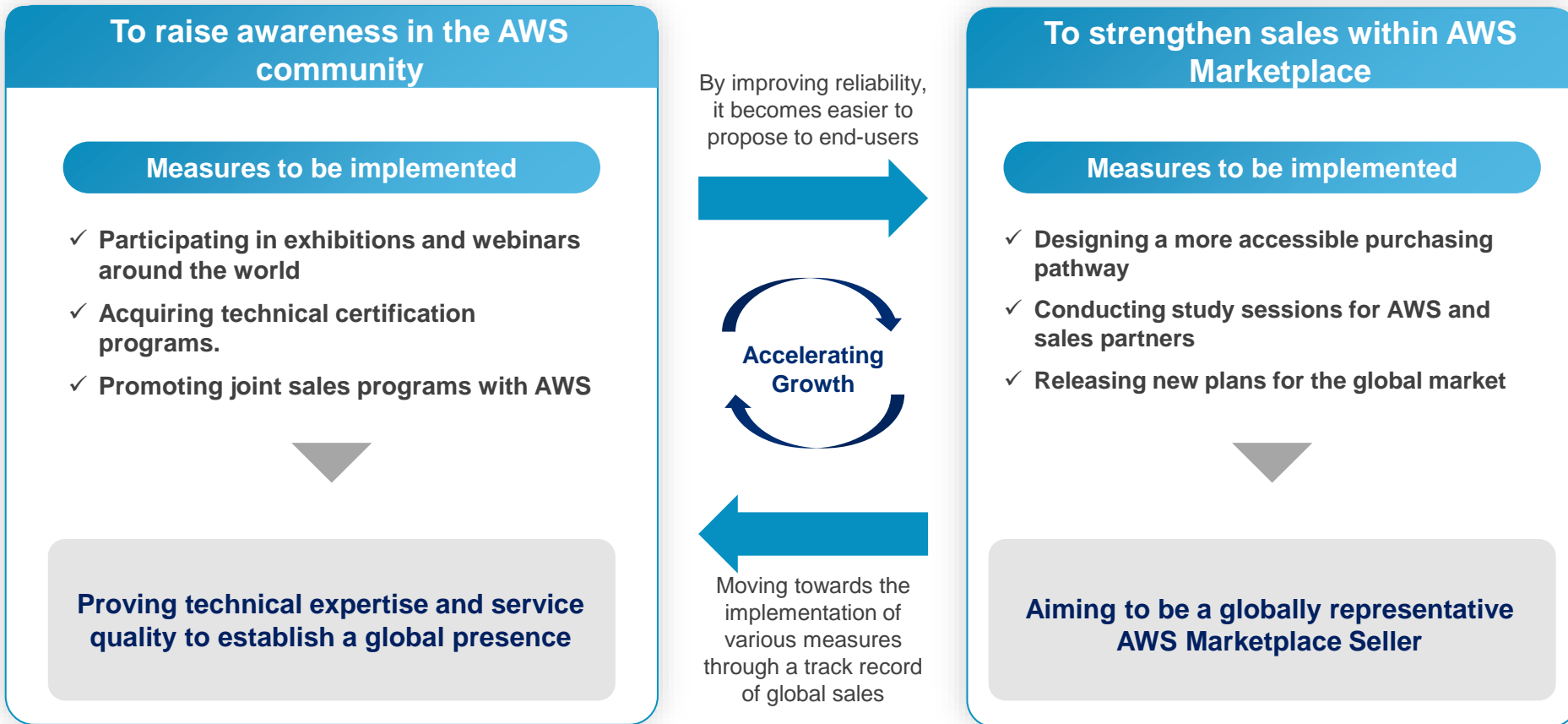


## Three Pillars for Strengthening Value Provision

- 
**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

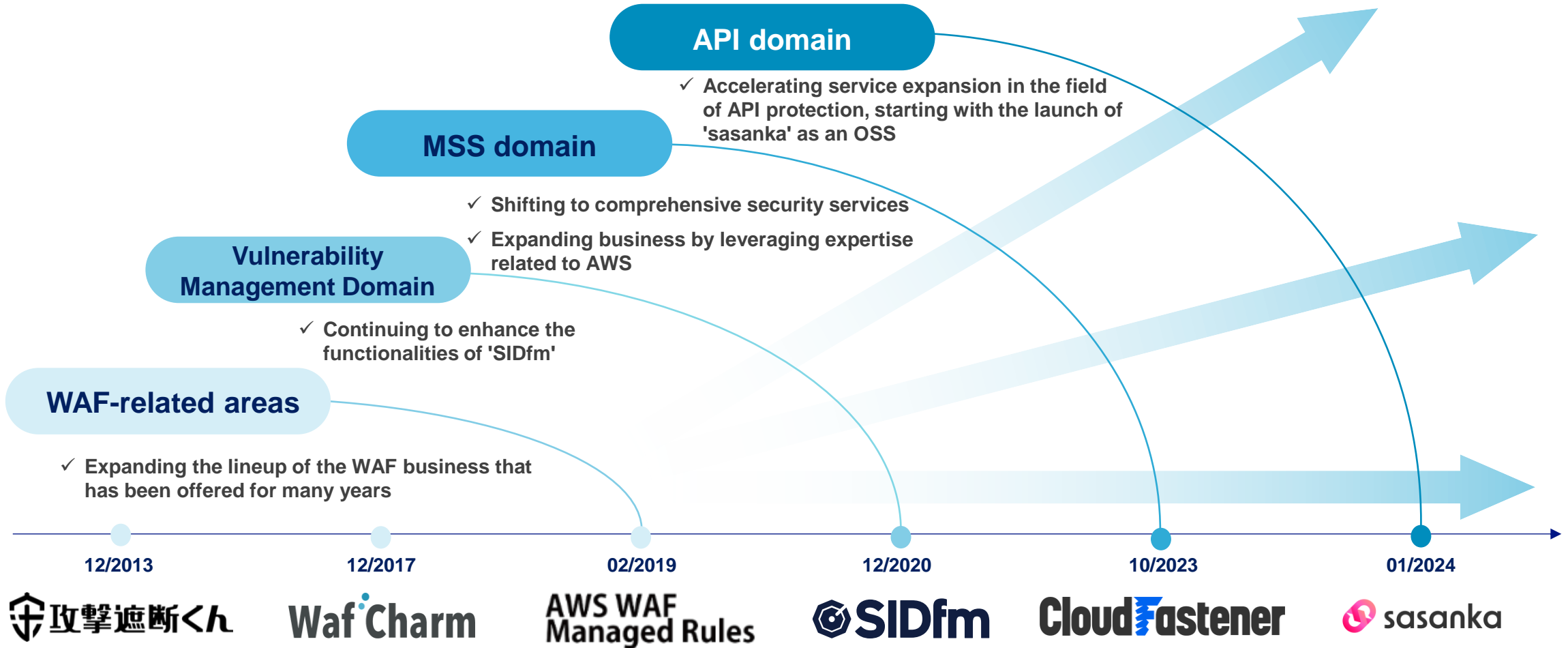
# [Priority Measure 2] Strengthening global expansion within the AWS ecosystem

- 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

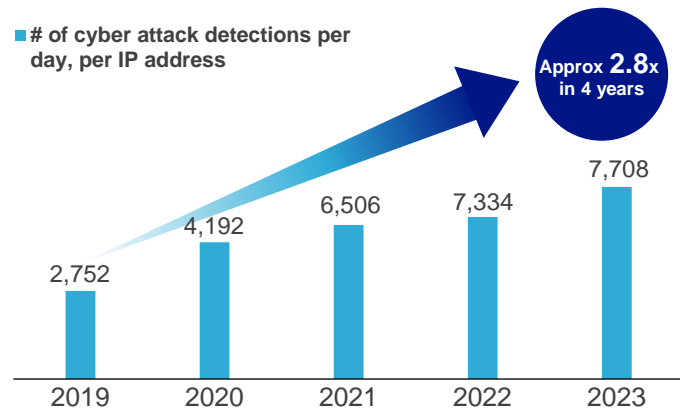
# The current state of cybersecurity in Japan

- 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

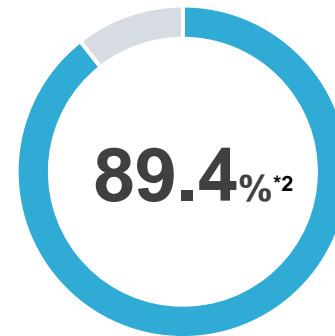
## Challenges surrounding security

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

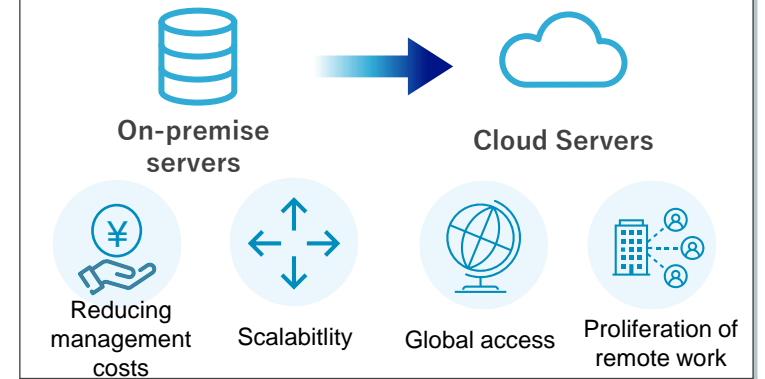
■ # of cyber attack detections per day, per IP address



### 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



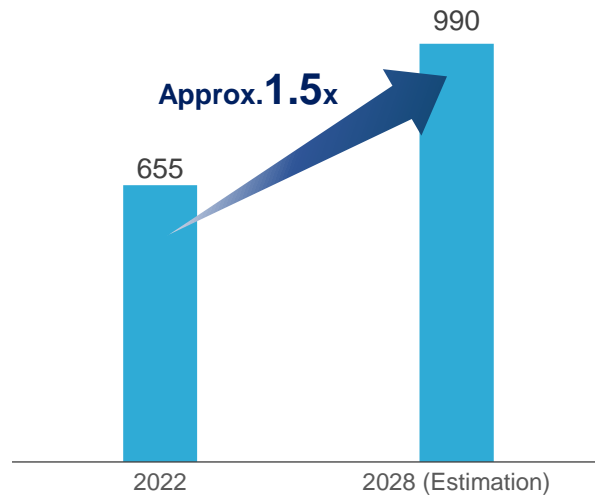
Support available 24 hours a day, 365 days a year in Japanese

# 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

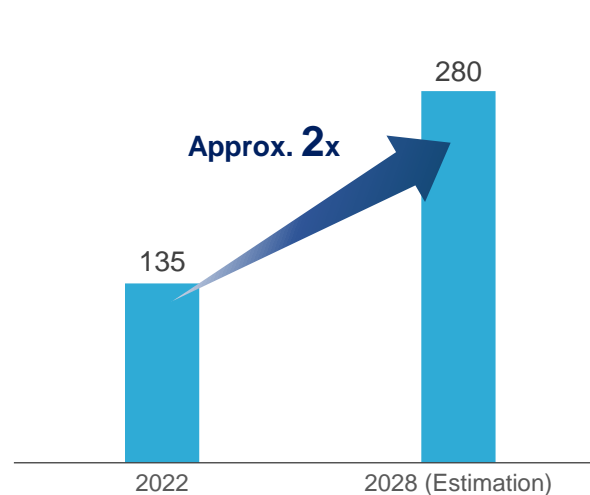
## Domestic security investment scale<sup>\*1</sup>

(Billion yen)



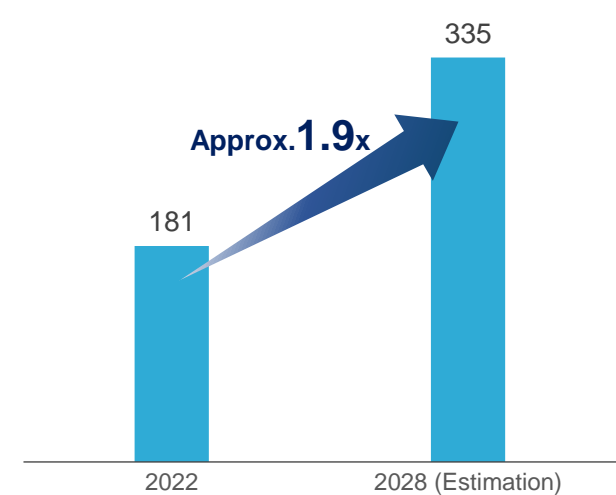
## Size of the domestic cloud security market<sup>\*1</sup>

(Billion yen)



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

(Billion yen)



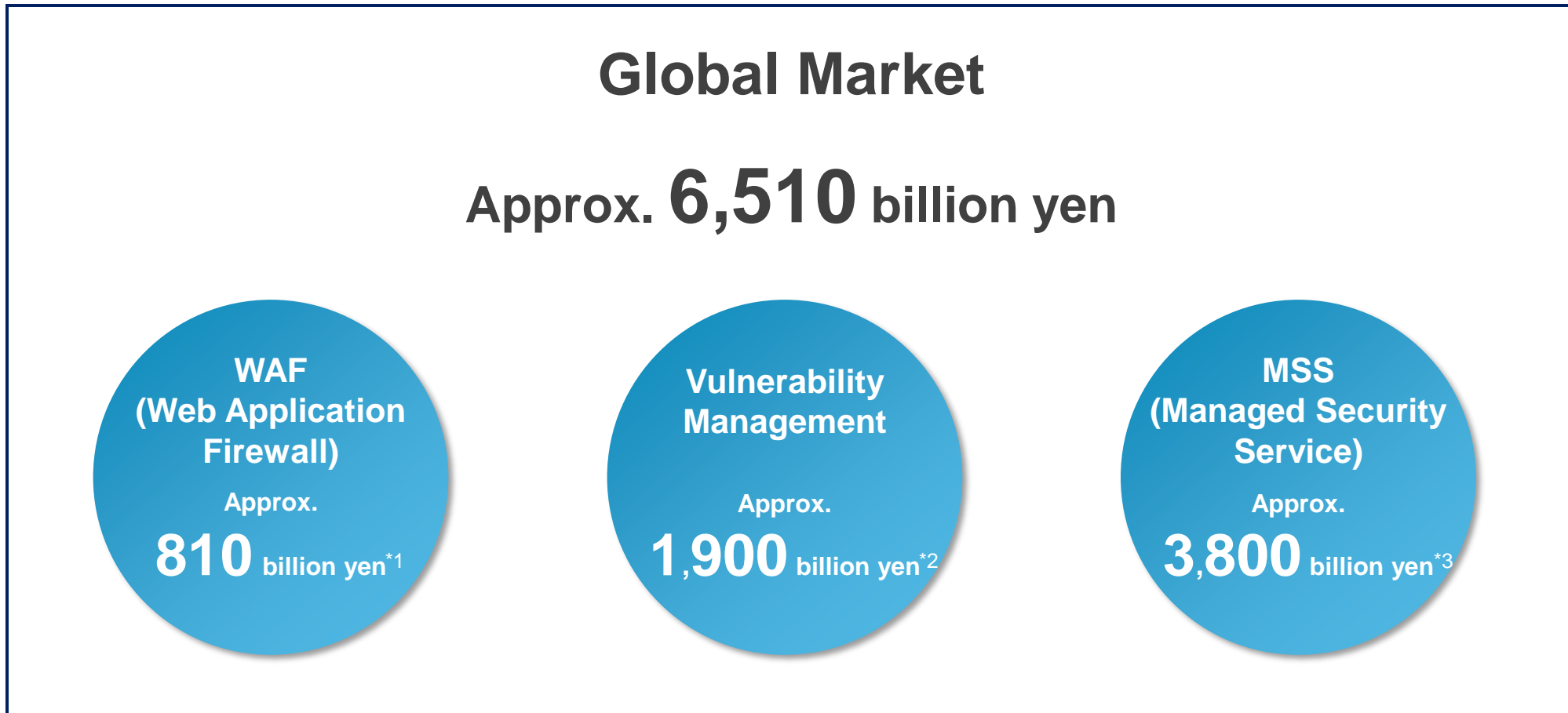
\*1 Fuji Chimera Research Institute: "2023 Network Security Business Survey Comprehensive Market Edition," released December 14, 2023

\*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

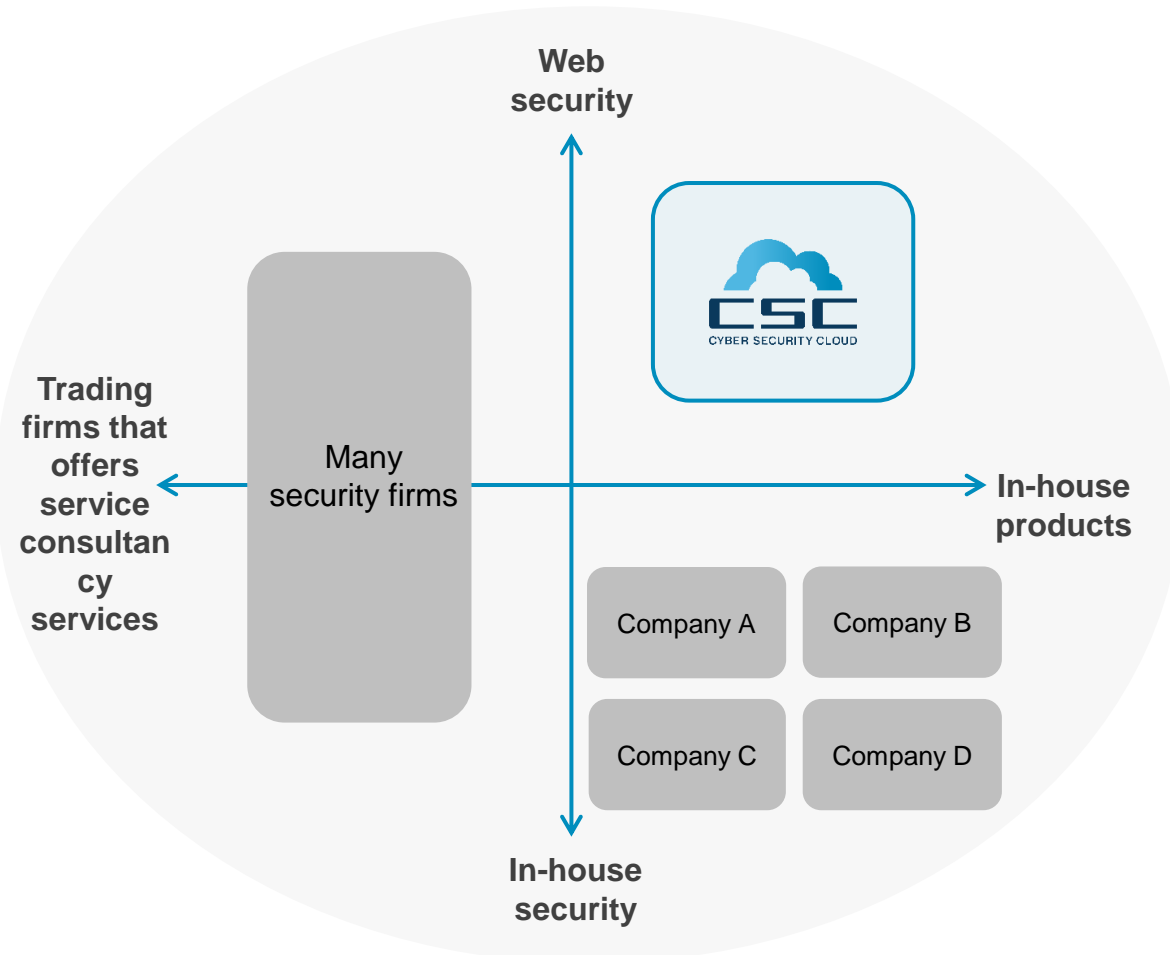
- By looking beyond the domestic market to the global stage, CSC can capture a vast market.



※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

- 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

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



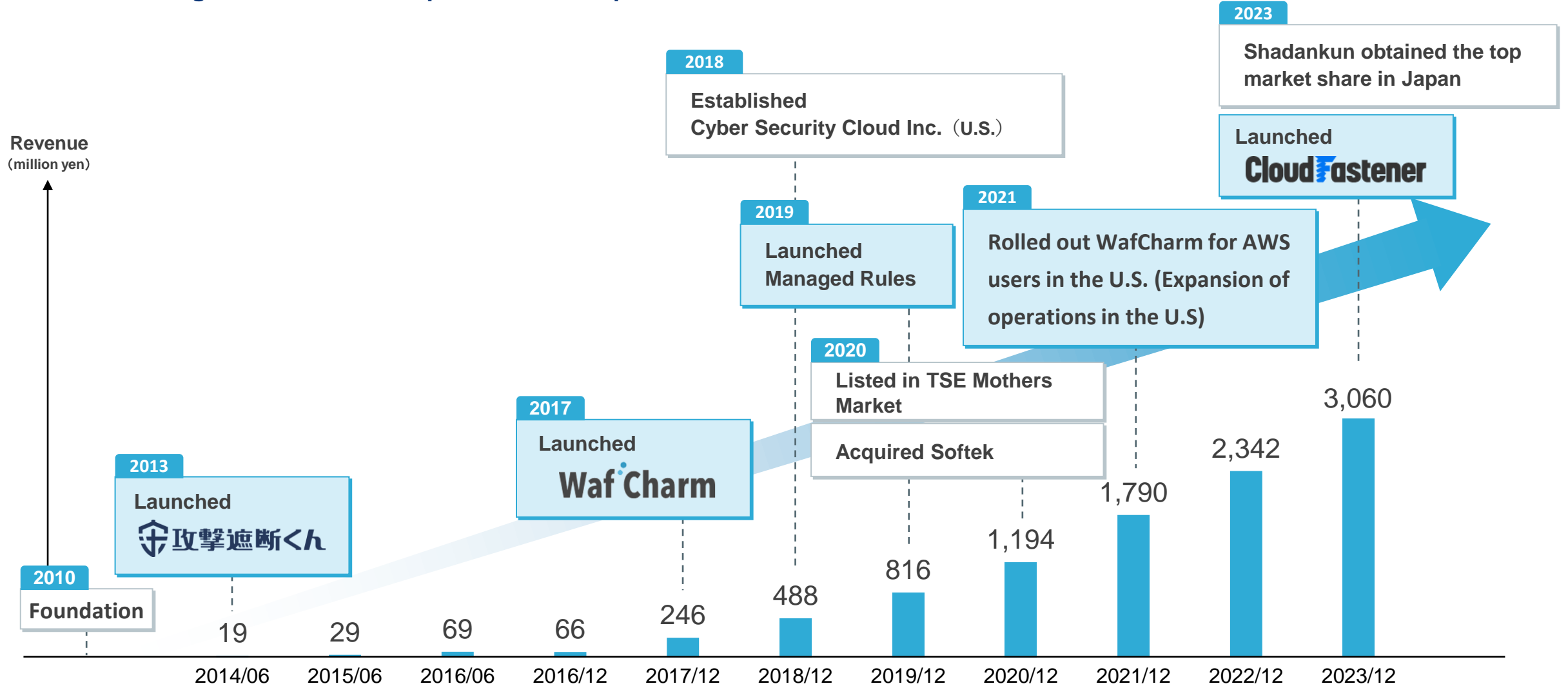
# Corporate Profile

<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>	Masafumi Kurata, Director and CFO (certified public accountant) 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) Cyber Security Cloud Pte. Ltd. (Singapore) Generative Technology Inc.



# History

- Since our establishment in 2010, CSC has specialized in the field of web security
- CSC is rolling out "cloud-native" products that capitalize on the benefits of the cloud one after another



# Our Management Team

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**

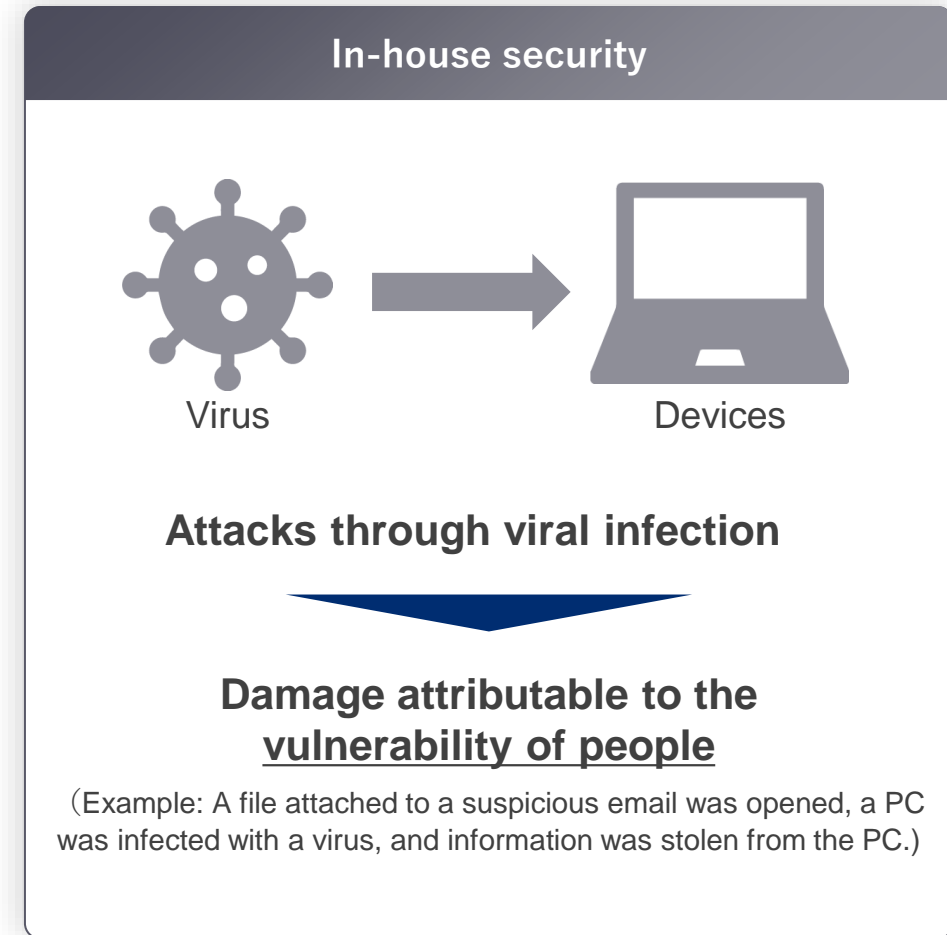
**Outside Corporate Auditor Ikuo Murata**



**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.

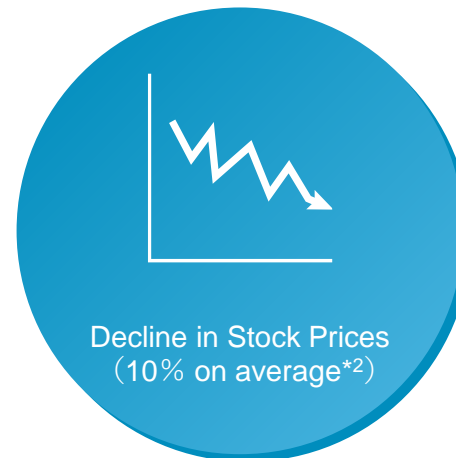
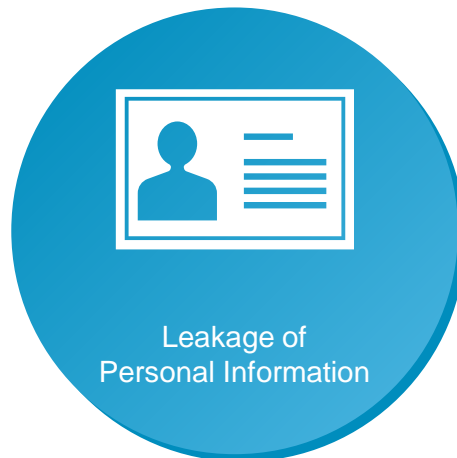
# Concrete Examples of Information Leak

- 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.

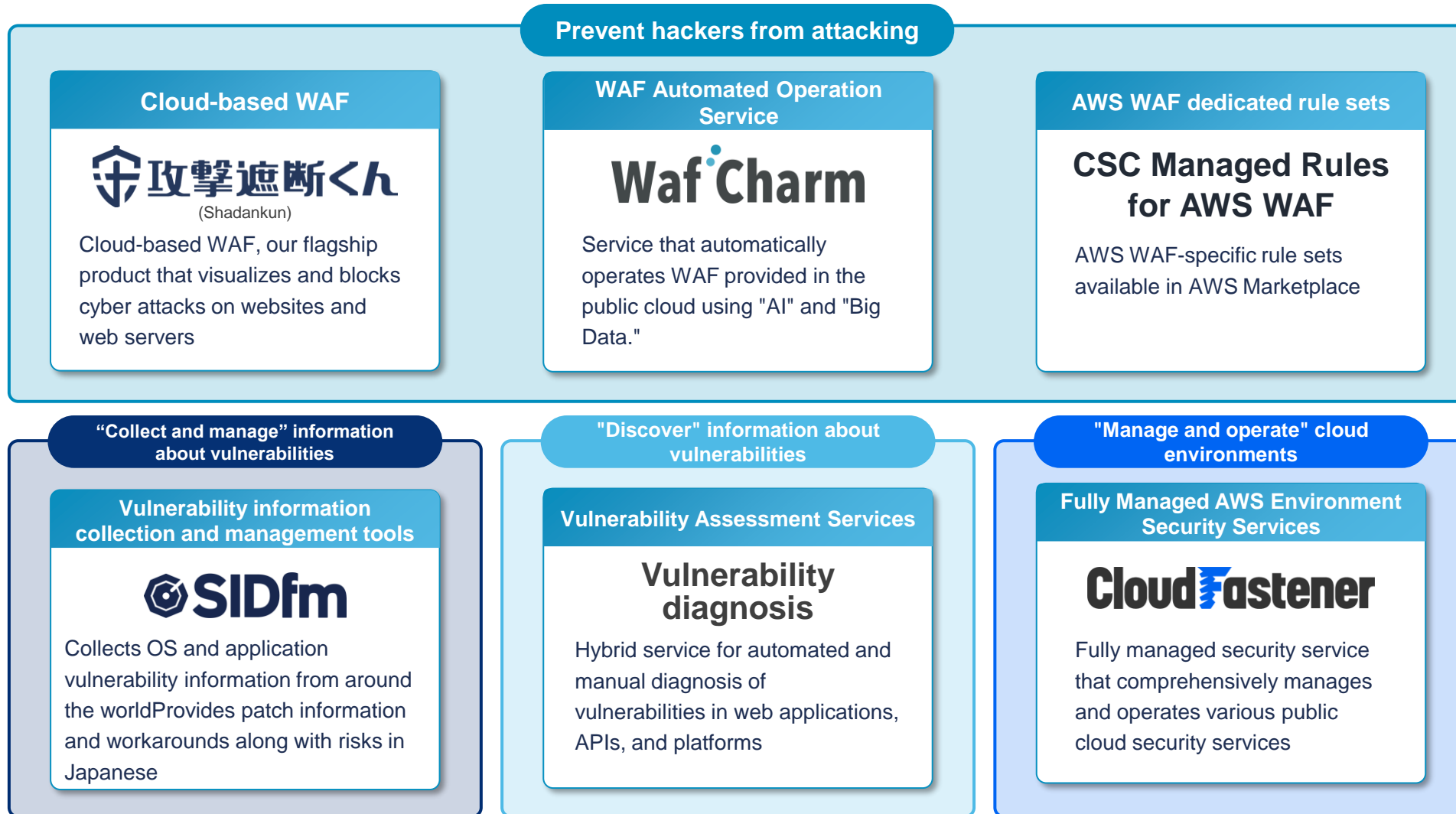


\*1 Source : JNSA 2018 " Survey Report regarding Information Security Incident"

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

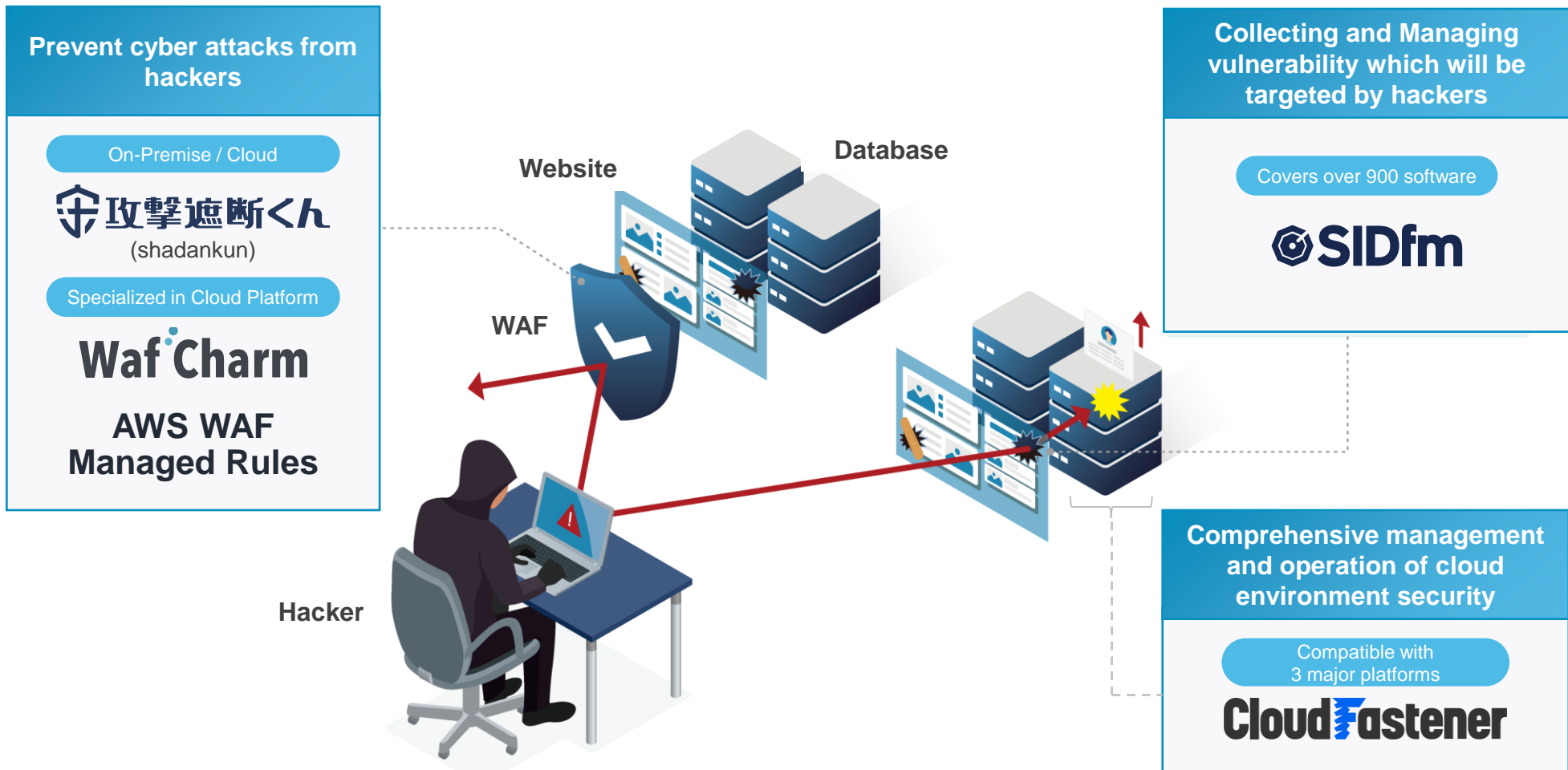
# Our Service Lineup

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



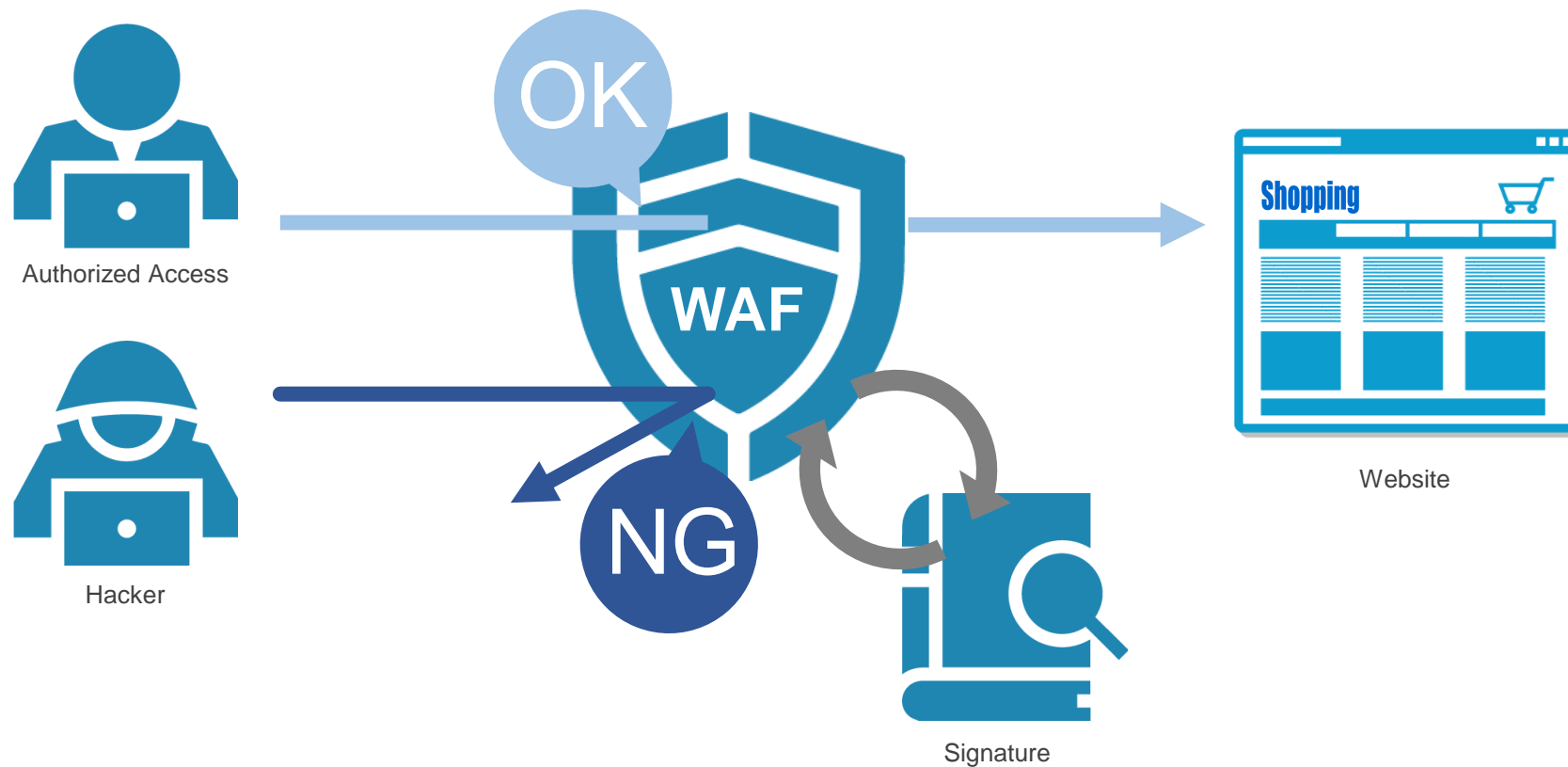
# Roles of Our Products in the Web Security Field

- 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.

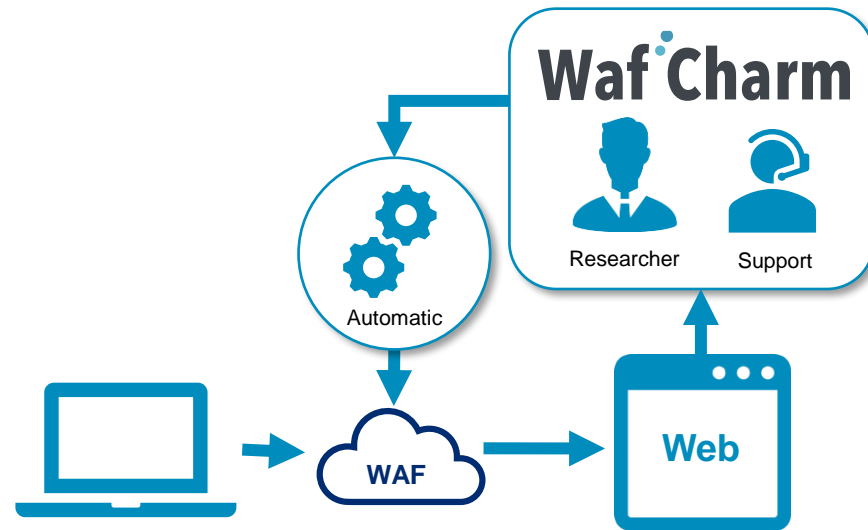


Support in Japanese 24 hours a day, 365 days a year

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

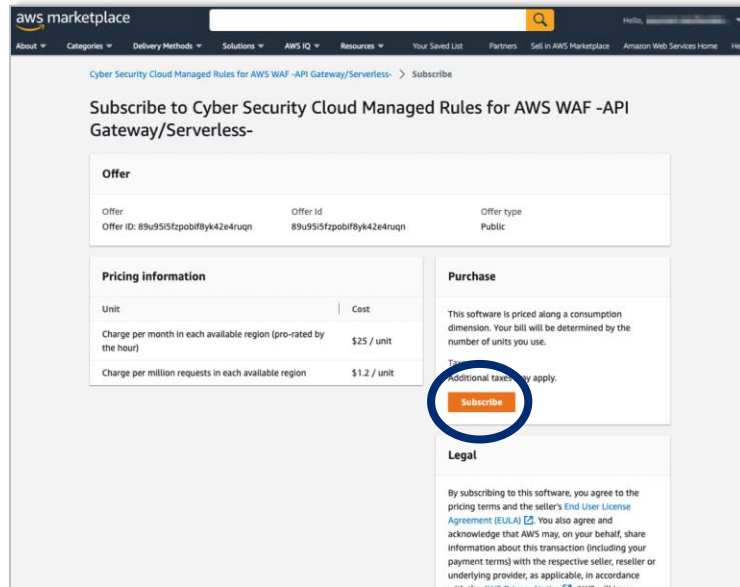
<sup>\*2</sup> For WafCharm for AWS Marketplace

<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



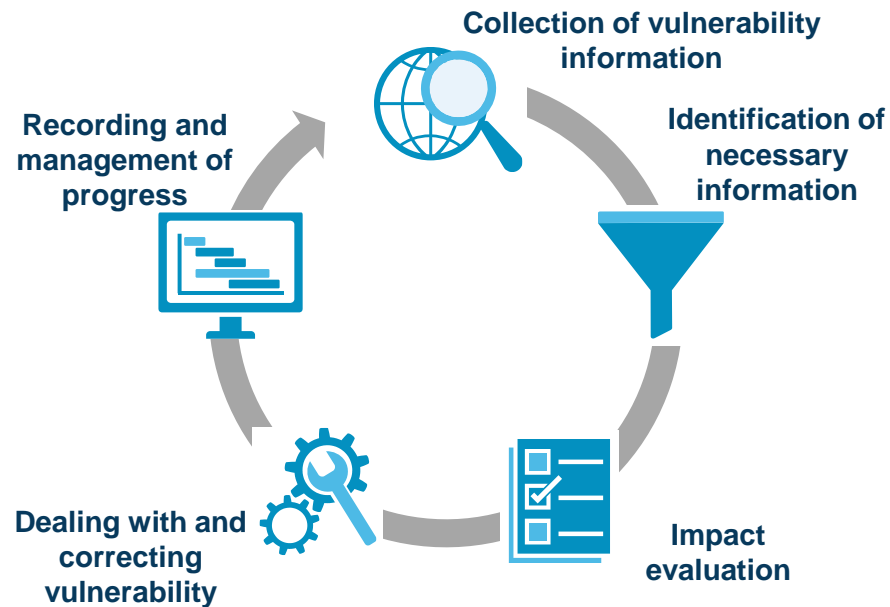
Received the award of AWS Marketplace Partner of the Year\*2

\*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



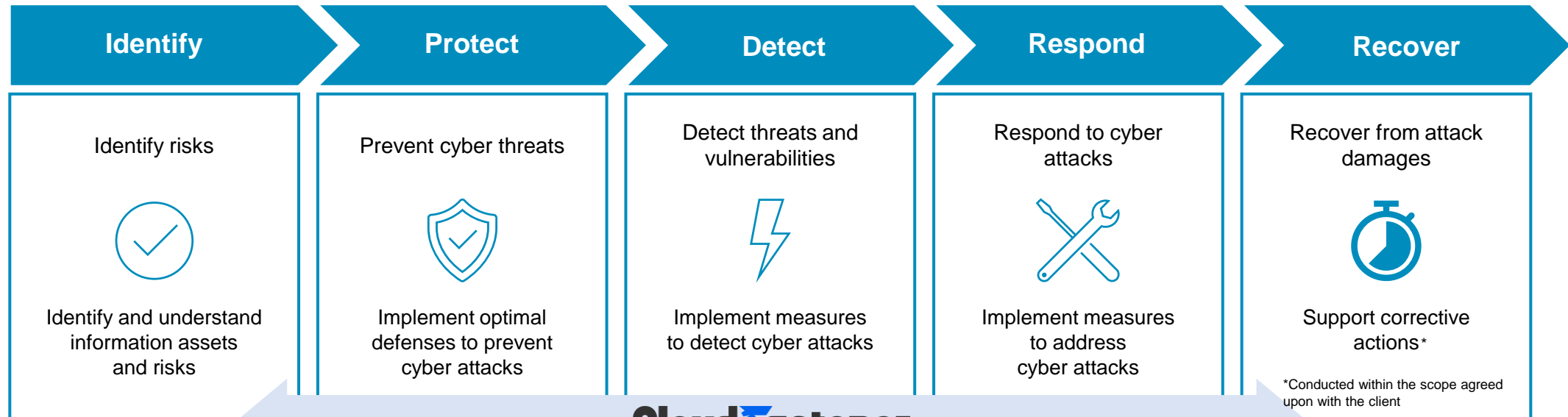
Support by experts in vulnerability

<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.

# Fully Managed Security Service, 'CloudFastener'

- A service that manages and operates AWS, Microsoft Azure, and Google cloud 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



## CloudFastener

Provide one-stop support for the entire process, from identification to recovery



Compatible with the three major cloud platforms



Continuous 24/7 monitoring of security data and logs



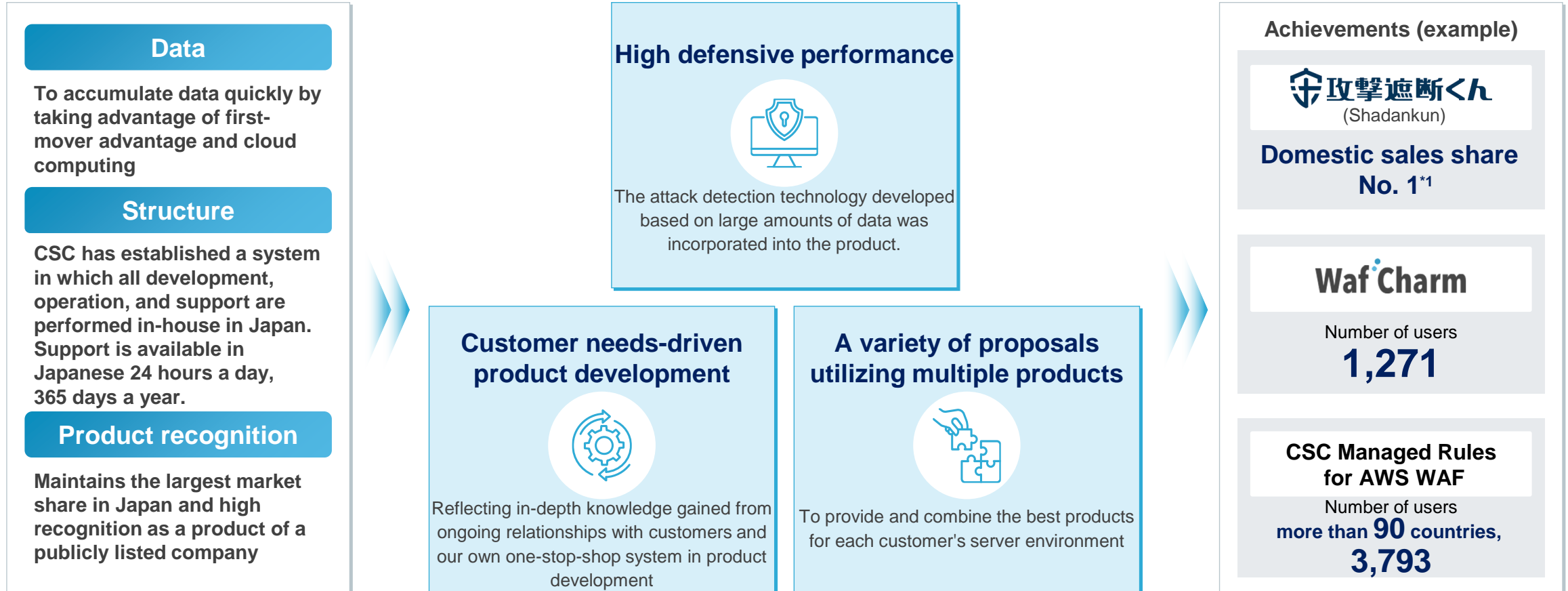
Stay updated and responsive to public cloud updates



Provide a combined package of software and human services

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

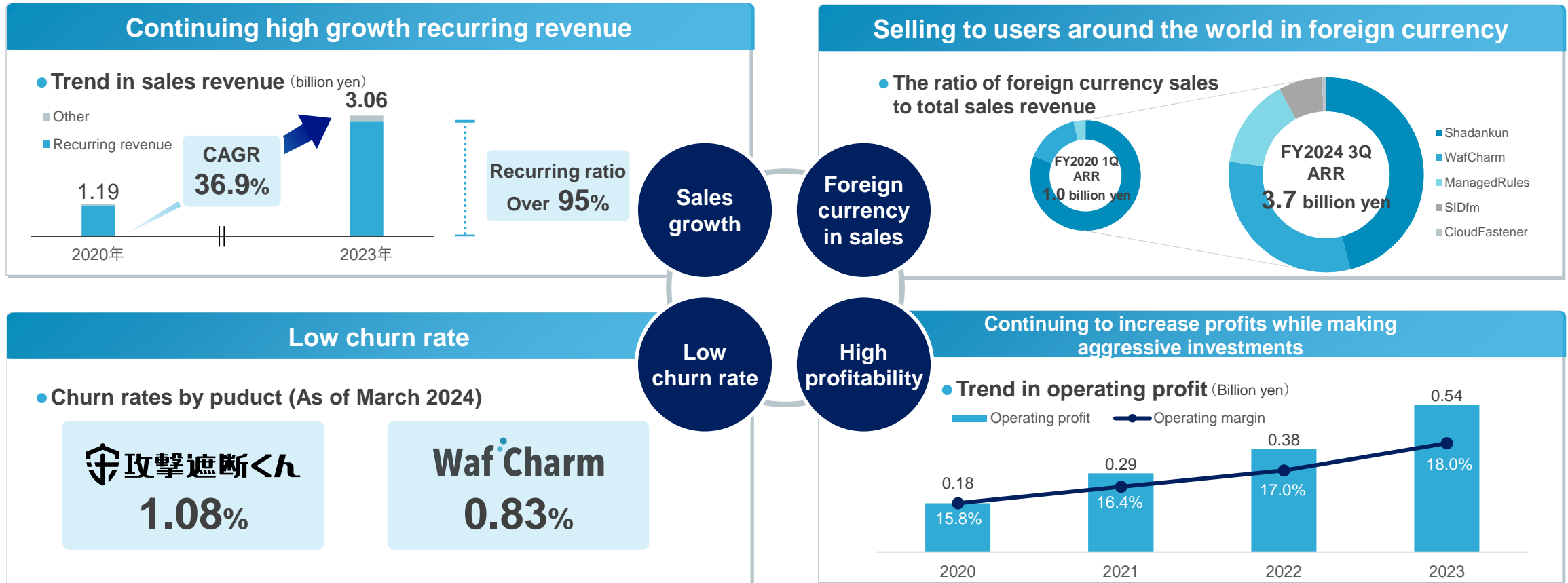
- Specializing in the web security domain and focusing on domestically produced products and extensive support, we quickly gained customers.
- Utilizing accumulated data and customer feedback in development, we provide multiple products with high defense performance, reliability, and security.



\* 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

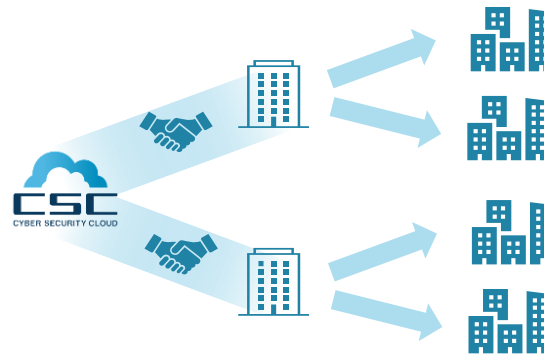
## Direct sales



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

- Security needs are expanding across industries, sizes, and business types, leading to adoption by a wide range of companies.

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

- CSC offers products to a wide range of users through numerous sales partners.
- Moving forward, CSC aims to expand our sales network by acquiring additional sales partners.

**System integrators and distributors**

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

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

One other company

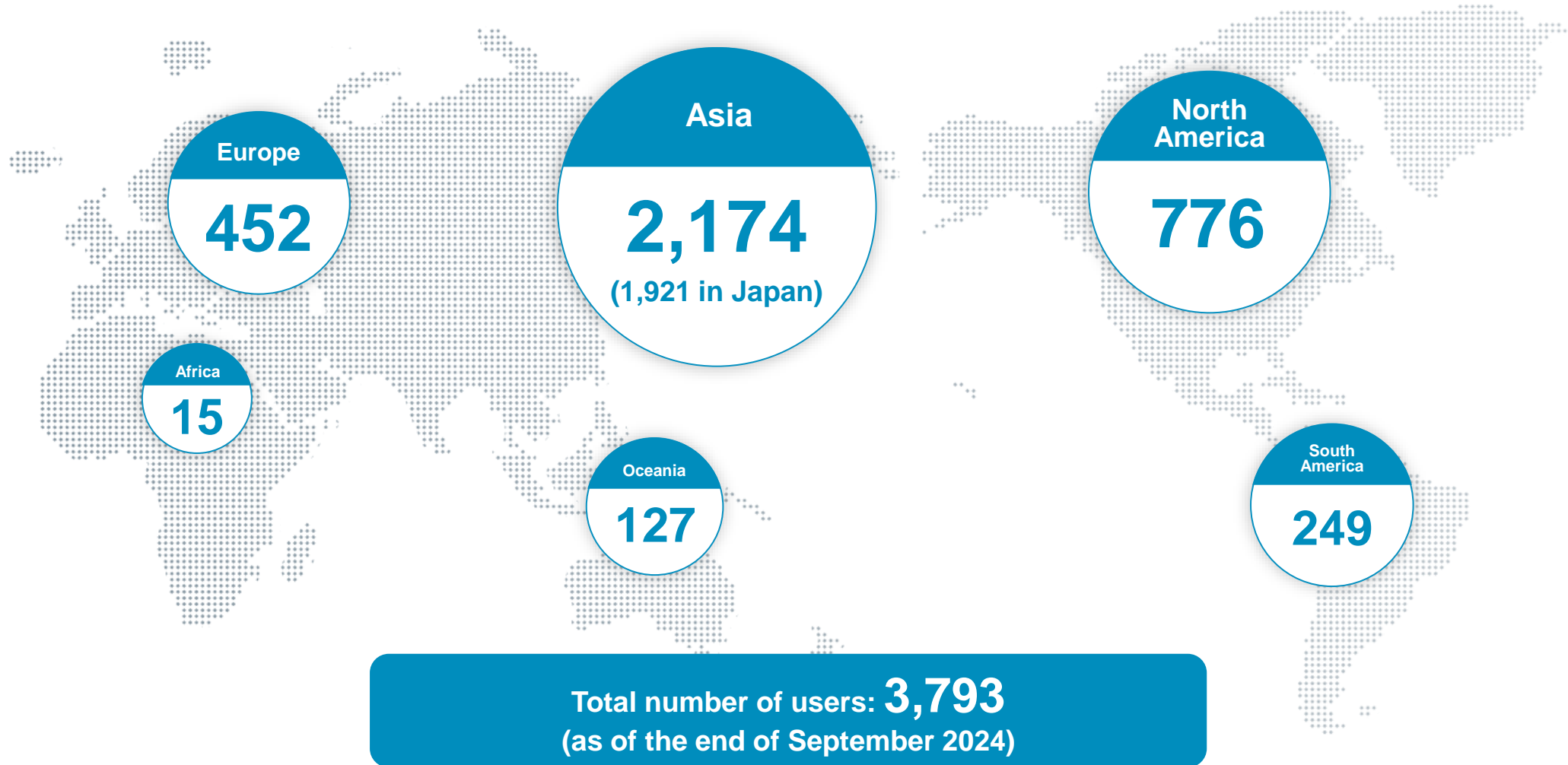
\*1 Abbreviation of Managed Service Provider. It means a service vendor that maintains, operates, and monitors IT systems.

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

## 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



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that people around the world can use safely**