

Supplementary Explanation Document on Fundraising

CYBER SECURITY CLOUD

Total Fundraising Amount
(Equities + Debt)

5.1 billion yen

Use of Funds

- ① Securing investment funds for CloudFastener
- ② Promote M&A strategy

Funding Source

Issuance of new shares
1.8 billion yen



Issuance of stock warrants
0.3 billion yen

Growth Capital

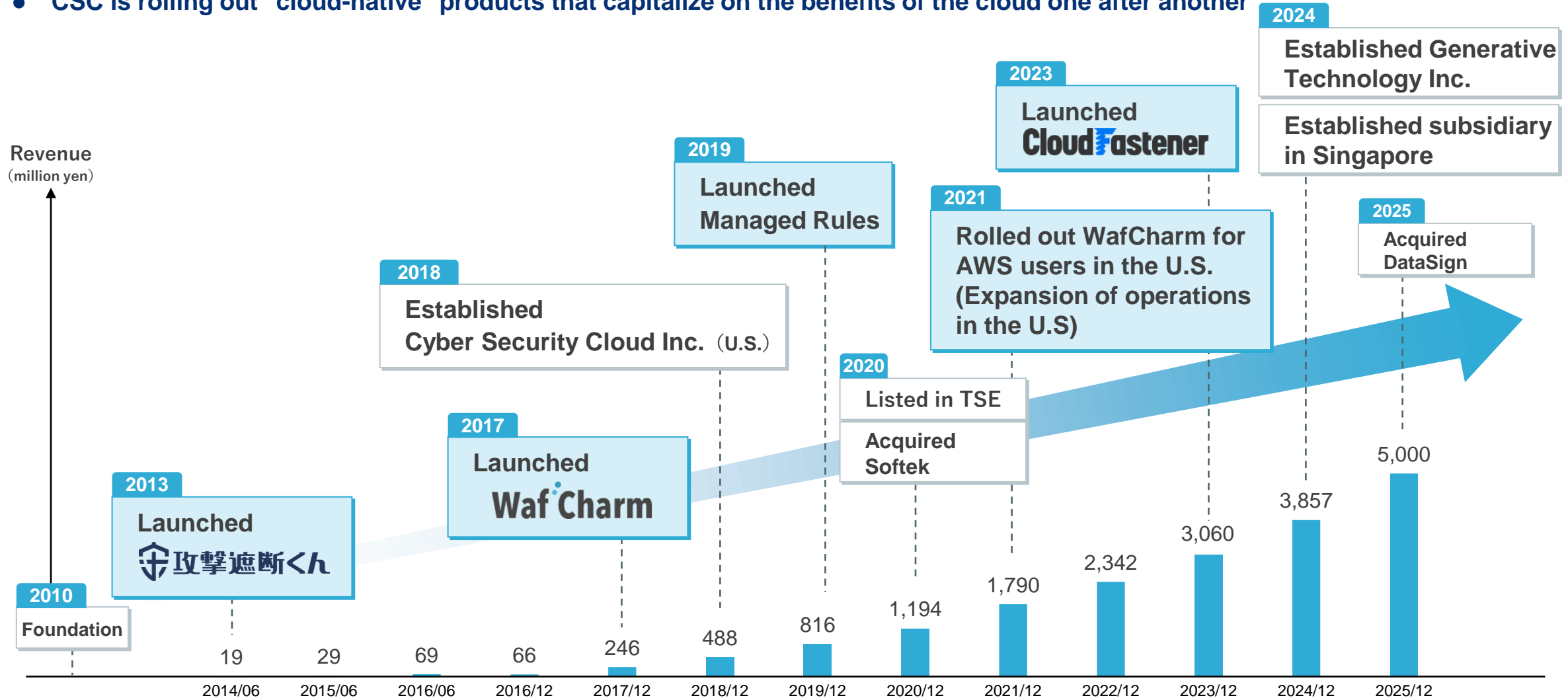
Overdraft Line of Credit (LOC) with banks
3.0 billion yen (credit limit)

Mizuho Bank, Ltd.
MUFG Bank, Ltd.

CSC gained recognition as a company leveraging domestically developed cybersecurity technology to compete globally and secured government-backed funds as a major shareholder to drive exponential growth.

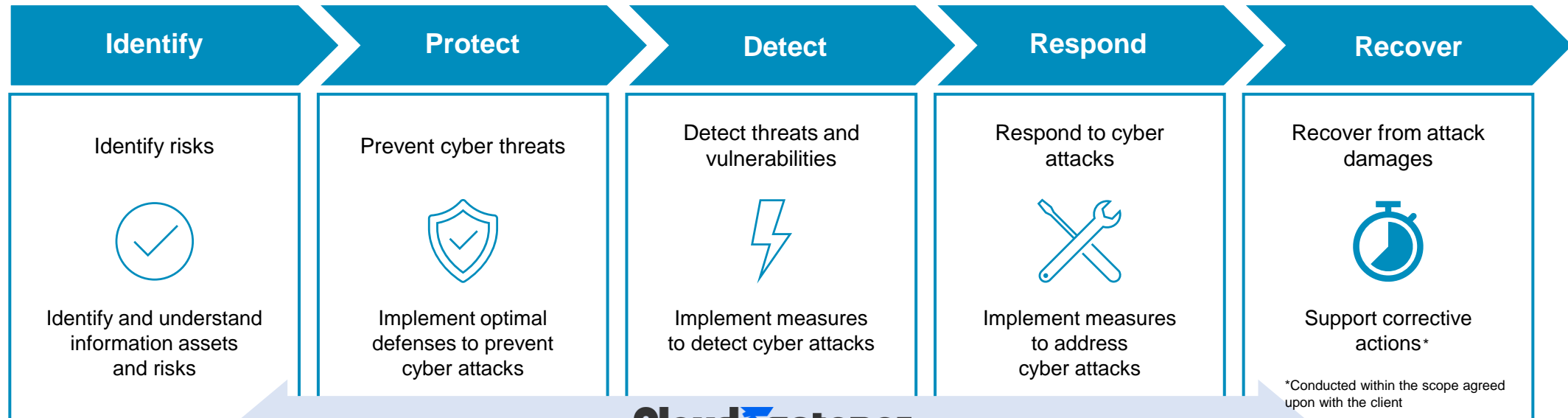
History

- 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



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

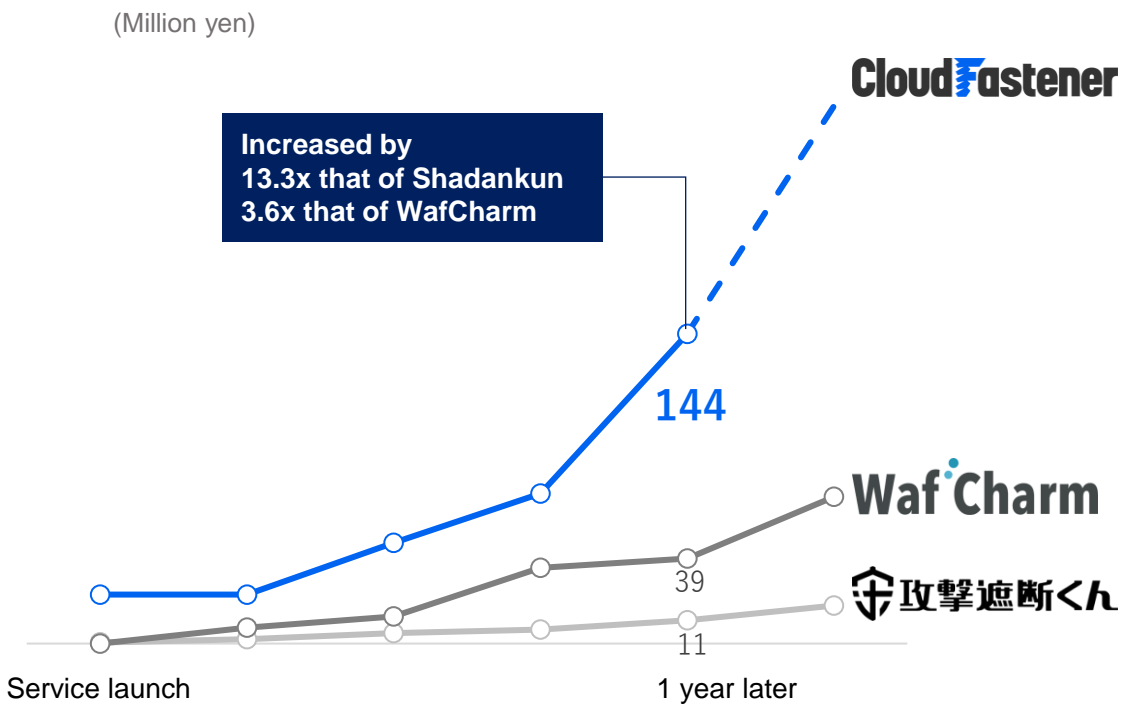


Provide a combined package of software and human services

CloudFastener has been experiencing rapid growth since its launch

- Growth of CloudFastener is accelerating, reaching an ARR of 144 million yen one year after launch (13.3 times that of Shadankun and 3.6 times that of WafCharm).
- In addition to sales targeting primarily existing customers of Shadankun and WafCharm, CSC plans to invest further in 2025 to expand our customer base and acquire new clients.

Variation in ARR of each product just after its release

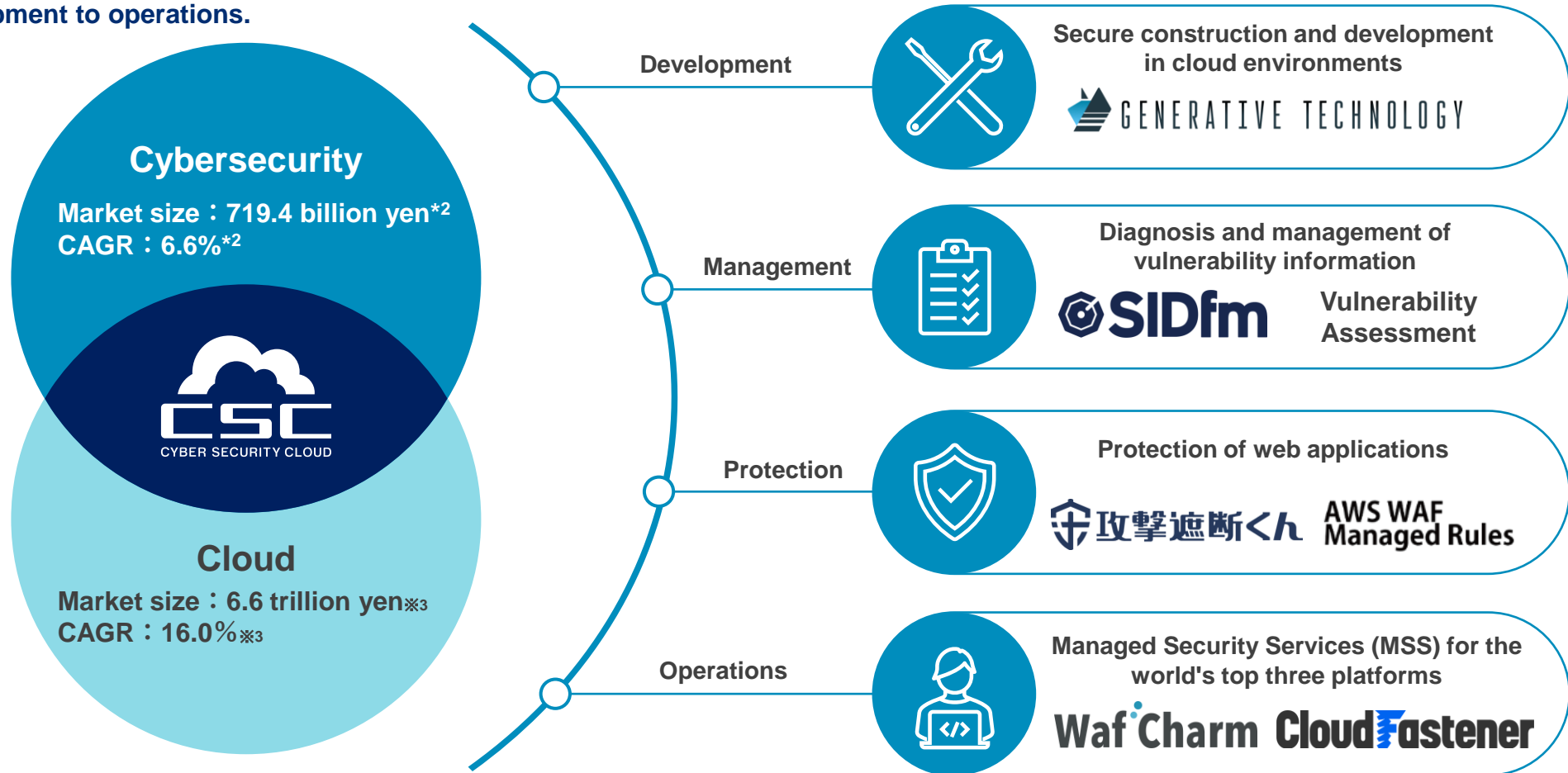


Examples of Companies Adopting CloudFastener



[Mid-to-Long-Term Strategy] Focus on Cloud × Cybersecurity

- CSC is targeting two high-growth and large-scale markets: the ever-evolving "cloud industry" and the "cybersecurity sector", where there is a shortage of specialized talent.
- Our goal is to become a one-of-a-kind company specializing in this domain by providing an end-to-end solution covering the entire process from cloud system development to operations.



*1 Refers to services such as AWS, Microsoft Azure, and Google Cloud that allow users to access various functions, including software and infrastructure, via the internet.

*2 Cybersecurity Market: Market size of the overall network security market in 2024. The CAGR is projected for 2023–2029, according to the "2024 Network Business Comprehensive Survey" by Fuji Chimera Research Institute.

*3 Cloud Market: Market size of the public cloud-related SI market within the domestic SI market in 2024. The CAGR is projected for 2022–2027, based on the "2024 Cloud Computing: Current Status and Future Outlook" by Fuji Chimera Research Institute.

[Mid-to-Long-Term Strategy] Revenue Growth Vision

- CSC aims to grow security operations into the next core pillar of our business, driving ARPU growth and maximize contract length through cross-selling.
- Our strategy is built on four key pillars: Sales, Product, Community, and M&A, with the goal of achieving disruptive growth.

Future Revenue Growth Vision



- ✓ In addition to our existing solutions, CSC aims to develop security operations into our second core service.
- ✓ Our goal is to establish our position as the No.1 cybersecurity company, capable of providing end-to-end services from cloud system development to operations.

Strategies for Growth

① Sales-Led Growth

- Strengthen approaches to decision-makers
- Improve sales efficiency through enhanced partnerships



② Product-led Growth

- Highlight product value directly by enriching web content
- Strengthen alliances with major corporations for joint development



③ Community-led Growth

- Provide platforms for users to share best practices
- Leverage cloud platform community networks



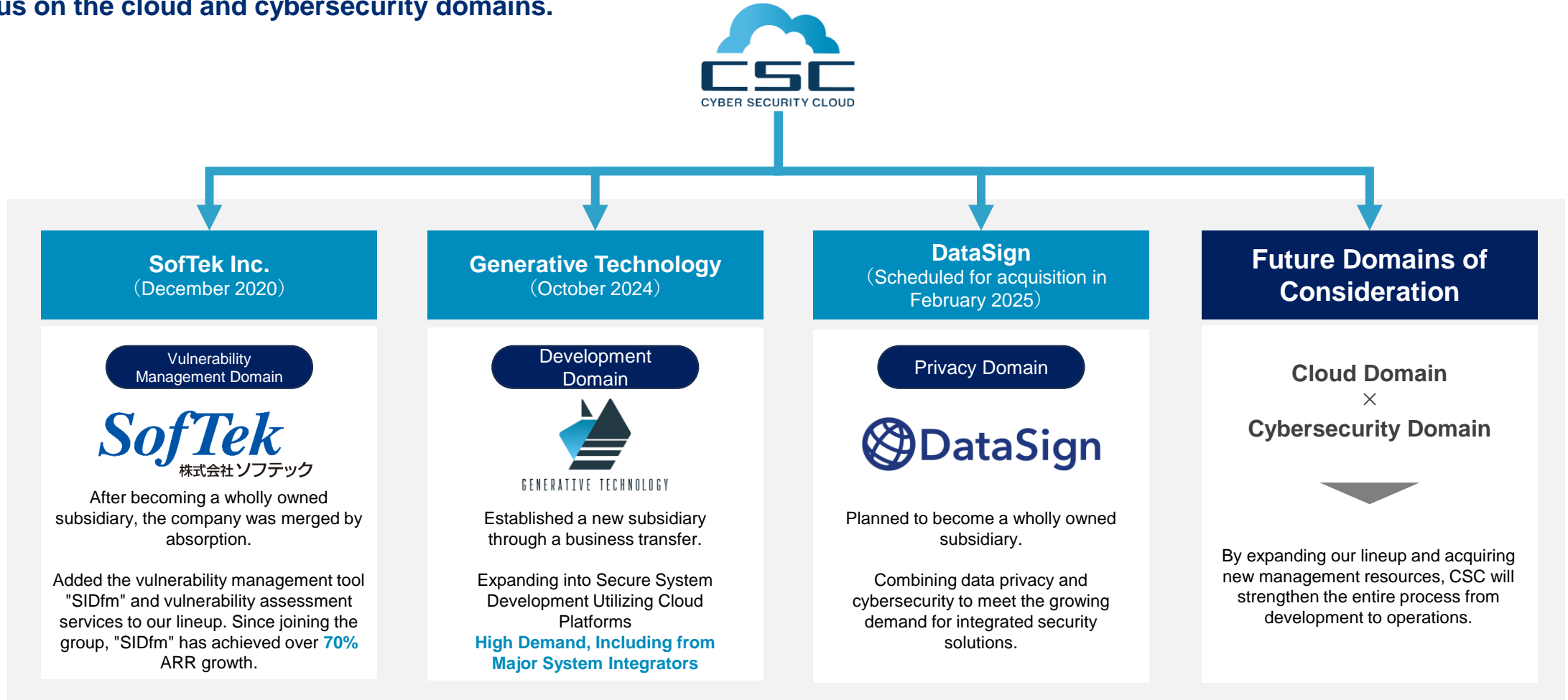
④ M&A Growth

- Expand the service lineup and acquire new management resources
- Broaden the target scope to include not only products but also system development and operations



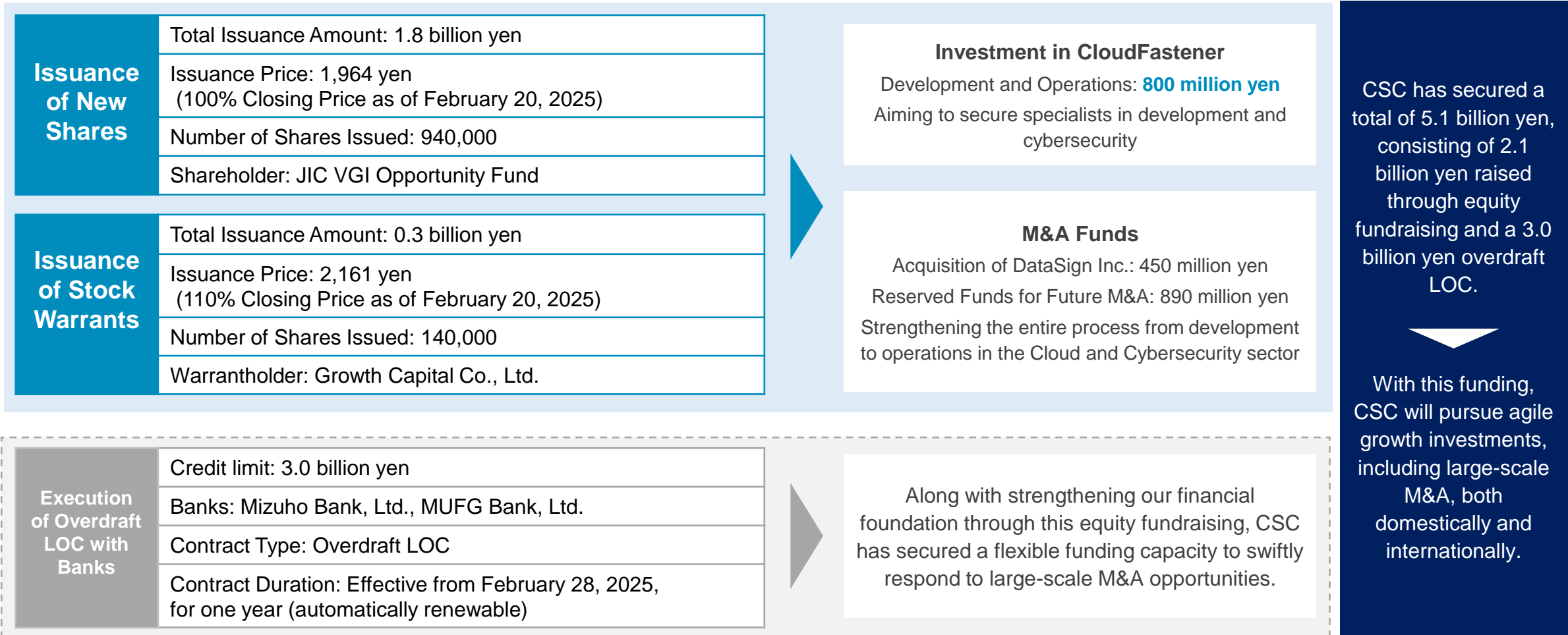
Our M&A Strategy

- CSC has completed a total of three M&A transactions to date. With a focus on mid-to-long-term growth, CSC has incorporated M&A-driven expansion as one of our key strategies.
- Moving forward, CSC will continue to actively explore opportunities, expanding our targets from development to operations, with a focus on the cloud and cybersecurity domains.



Allocation of Raised Funds

- A total of 2.1 billion yen was raised through the issuance of new shares and stock warrants. Including the overdraft LOC from banks, CSC has secured a total investment capacity of 5.1 billion yen.
- The funds will be allocated towards investments in CloudFastener and growth capital for M&A initiatives.



Rationale for Holder Selection and Fundraising Method

Purpose

- Ensuring sufficient capital to expand investment in our new flagship product, CloudFastener.
- Strengthening our financial foundation to support M&A initiatives aimed at accelerating growth.

Rationale for Holder Selection

- **JICVGI Opportunity Fund (OPF1)**
 - ✓ OPF1 is part of the "Five-Year Startup Development Plan" spearheaded by the government-backed Industrial Innovation Investment Corporation.
 - ✓ As a government-affiliated fund, OPF1 is an investor committed to medium- to long-term holdings.
 - ✓ It will support our growth as a domestically developed cybersecurity company by providing strategic investment.
- **Growth Capital**
 - ✓ Leveraging its expertise in scaling publicly listed startups, Growth Capital will assist us in enhancing shareholder value through strategic investor relations (IR) consulting.

Fundraising Method and Objectives

- **Equity fundraising was conducted through a combination of new share issuance (1.84 billion yen) and stock warrant issuance (300 million yen).**
- **New Share Issuance**
 - ✓ Immediate capital reinforcement to secure growth funds.
 - ✓ Gain stable shareholder base with long-term investors
- **Stock Warrants Issuance**
 - ✓ Aims to maximize fundraising potential while minimizing short-term dilution.
 - ✓ Initial exercise price set at 110% to maximize capital raised in the event of a stock price increase.
 - ✓ To mitigate the risk of inability to raise funds in the event of a stock price decline, an exercise price adjustment clause has been included, with a predefined lower limit.

As the promotion of cybersecurity measures in enterprises becomes a critical policy agenda, CSC has been recognized as one of the leading cybersecurity companies in Japan, receiving support for the growth of domestic technology and industry.



Issuance of New Shares	
Payment Date	10 th March, 2025
Planned Allottees	JICVGI Opportunity Fund No.1 Investment Limited Partnership
Number of New Shares Issued	940,000
Issuance Price	1,964 yen per share
Total Raised Funds	1.84 billion yen
Overview of Planned Holders (Investors)	Industrial Innovation Investment Corporation VGF2-OPF1 Officers and Employees Investment Limited Partnership JIC Venture Growth Investments Co., Ltd.

Execution of Overdraft LOC with Banks	
Contract Execution Date	28 th February, 2025
Lender	Mizuho Bank, Ltd., MUFG Bank, Ltd.
Credit limit	3.0 billion yen
Contract Duration	1 year (automatically renewable)

Growth Capital

Issuance of Stock Warrants	
Issuance Date	10 th March, 2025
Planned Holders	Growth Capital Co., Ltd.
Number of Stock Warrants Issued	1,400 warrants (100 shares per stock warrant)
Total Number of Shares to be Issued	140,000 shares The minimum exercise price is 1,179 yen, but even at this price, the total number of shares remains 140,000 shares.
Total Raised Funds	Total Amount: 305,844,000 yen Total Issuance Price of Stock Warrants: 3,304,000 yen Funds Raised Through Exercise of Stock Warrants: 302,540,000 yen
Initial Exercise Price	2,161 yen per share (110% Closing Price as of February 20, 2025)
Exercise Price Adjustment	The exercise price will be adjusted to 92% of the closing price of our common stock on the Tokyo Stock Exchange on the trading day immediately preceding the effective date of each exercise request, provided that: <ul style="list-style-type: none"> • The Board of Directors has resolved to adjust the exercise price, or • November 11, 2027, has passed.
Exercise Request Period	March 11, 2025 – March 10, 2028