

# Materials for New Investors

As of October 31, 2024

Tobila Systems Inc. (Tokyo Stock Exchange Standard Market, Securities code: 4441)

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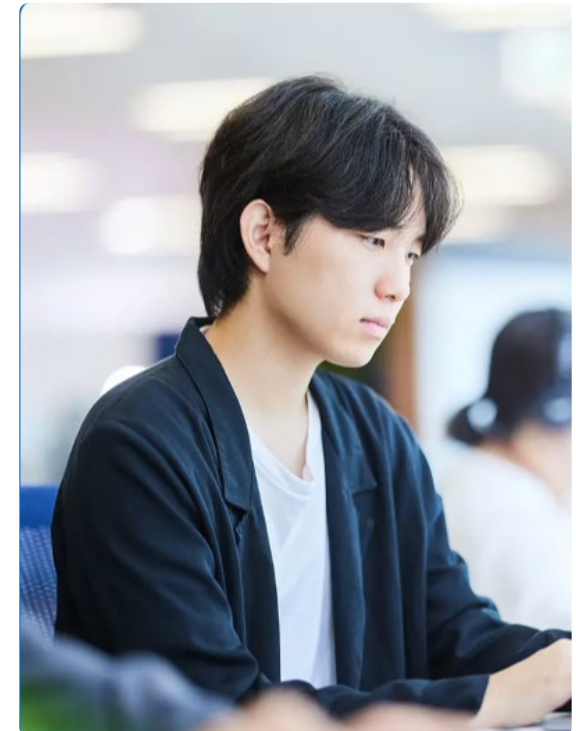
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# 1. Corporate Data

## Corporate Data

Company name	Tobila Systems Inc.
Securities code	Tokyo Stock Exchange Standard (4441)
Date of establishment	December 1, 2006 (Founded April 1, 2004)
Head Office	5-12, Nishiki 2-chome, Naka-ku, Nagoya-shi, Aichi  Pacific Square Nagoya Nishiki 7F
Representative	Atsushi Akita, Representative Director and President
Number of employees	103 (including 54 engineers) * As of October 31, 2024
Bases	Tokyo and Nagoya

Tobila Systems is  
Aiming to “Reduce the Damages of Special Fraud to 0”



\*Our website: <https://tobila.com/>

## Message from the President

We would like to take this opportunity to extend our best wishes to all of you.

While expectations for AI growth have increased in recent years, concerns remain about the misuse of these technologies. Additionally, with the development of online communication methods, new threats such as SNS-type fraud and illicit part-time jobs are emerging, causing serious damage to the younger generation. Customer harassment has also emerged as a labor problem in the business scene.

As we continue to develop the business, our mission is to create a better world by using technology to solve social issues. We believe that creating useful products and increasing business value not only contributes to our own growth but also to economic development and the creation of an environment where people can live happily.

We will continue to focus on a variety of social issues, pursue the creation of innovative values without being constrained by existing businesses or conventional thinking, and continue to take on the challenge of achieving further growth.

We would like to kindly ask for your continued support.

Atsushi Akita  
Representative Director and President



## Our Vision for a Better Future — [Corporate Philosophy](#) ▪ [Code of Conduct](#)

**We open the door to a better future for our lives and the world**

**Using technologies for the challenge of solving social issues**

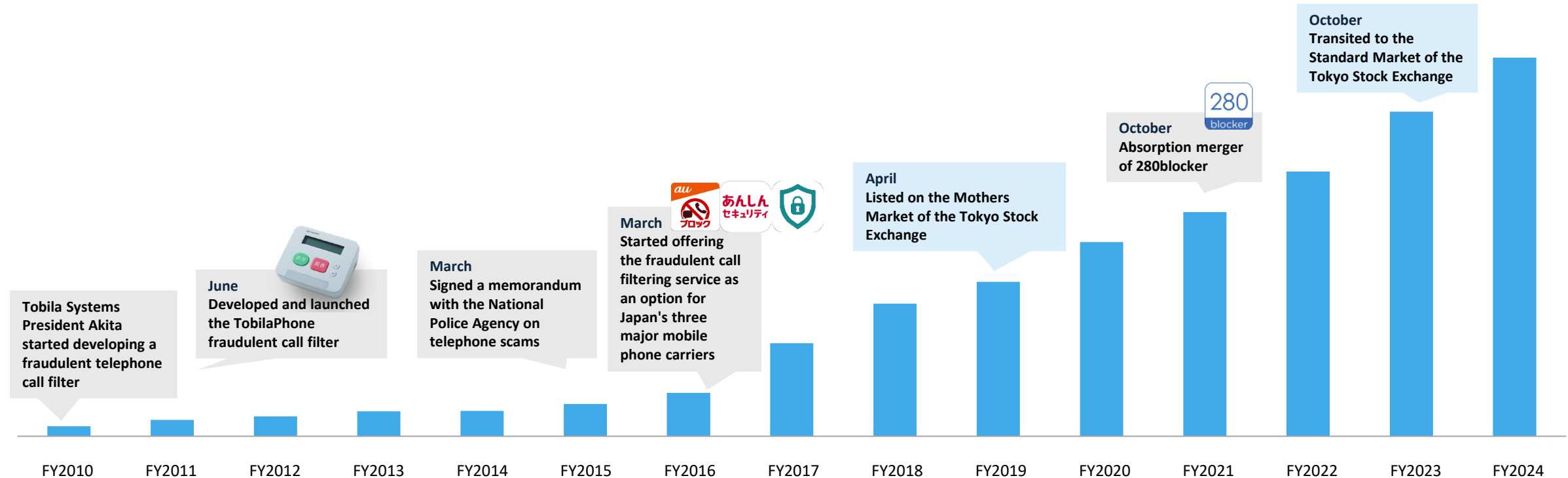
We are constantly changing without fear of failure and challenging conventional thinking to realize a better future for which we dream.

We will be a source of products that help solve social issues and benefit people. We will also pursue appropriate earnings for sustainable steady growth as we expand and upgrade our operations.

We believe that maintaining an environment where we can live in peace with our loved ones will directly lead to our growth and a better life for people worldwide.

## History of Consistent Growth\*

- Sales have increased every year since Tobil Systems started operations.
- Operations generate consistent recurring revenue because services are provided as an option to customers of Japan’s three major telecommunication carriers.
- Currently focusing on the creation of a second core business.

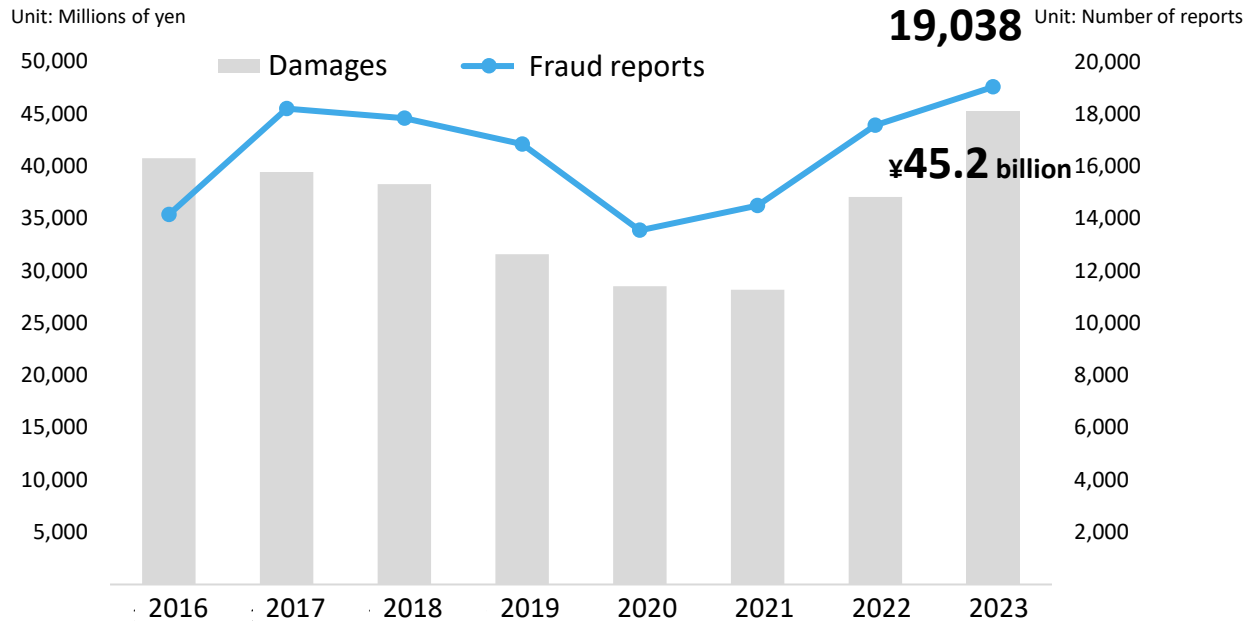


\*Bar graphs indicate net sales.

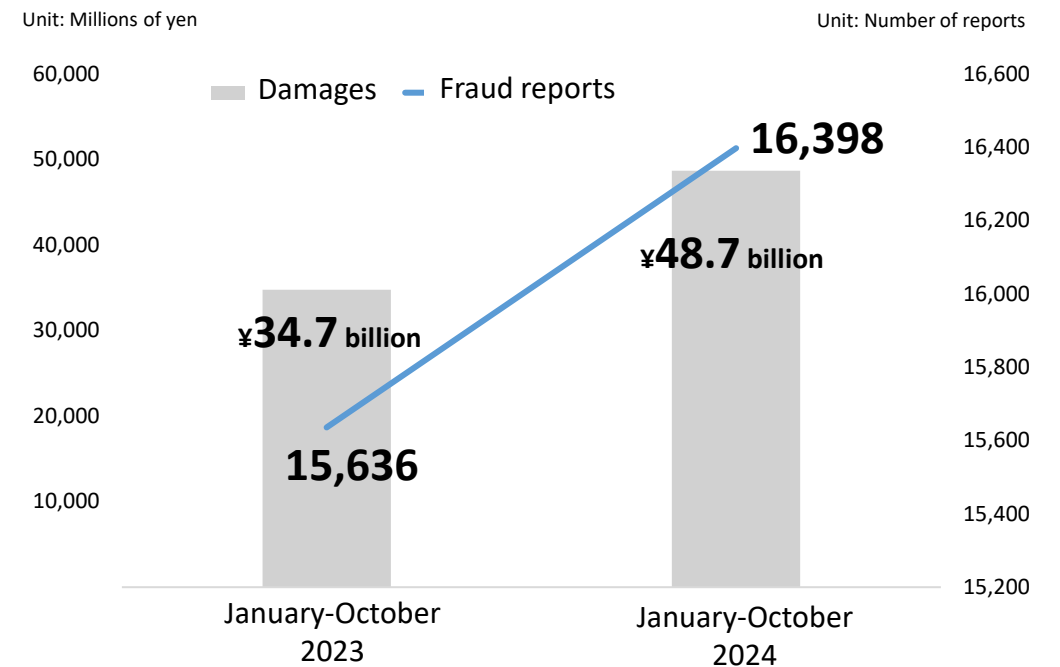
## Special Fraud and Phishing Scams

- Damage from special fraud has been on the rise since 2021, both in terms of the number of cases reported and the amount of damage.
- Compared to the same period in 2023, the number of victims of special frauds increased in 2024, including new victims such as SNS-type investment frauds and illicit part-time jobs.

**Number of Special Fraud Reports and Damages (Yearly)\*1**



**Number of Special Fraud Reports and Damages (2023 and 2024)\*2**

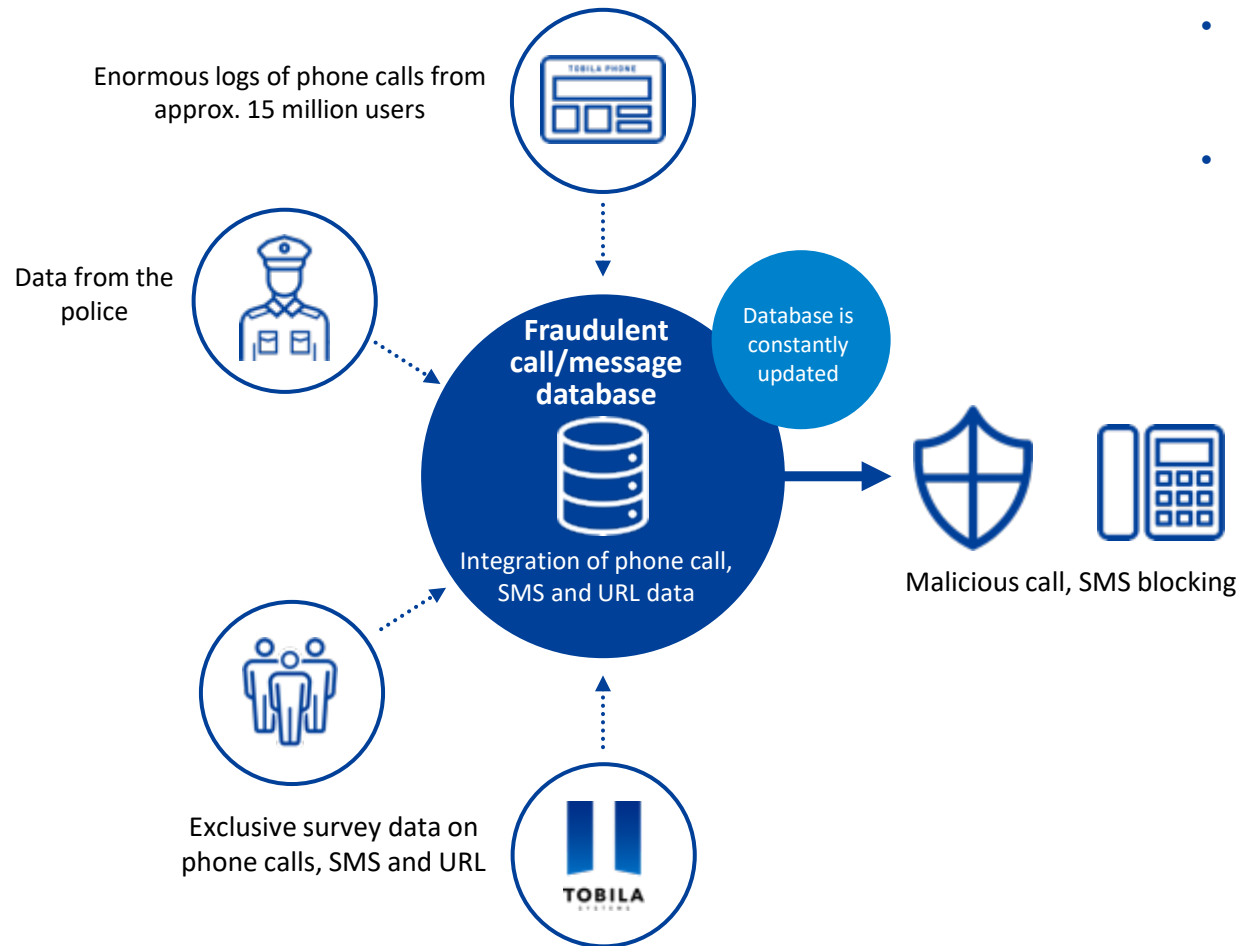


\*1: [Identification and Control of Special Fraud in 2023 \(final version\)](#), National Police Agency (Japanese only)

\*2: [Identification and Control of Special Fraud as of October 31, 2024](#), National Police Agency (Japanese only)



## Tobila Systems' Strengths: The Fraudulent Call/Message Database



- Losing money due to scams starts by answering dangerous phone calls, responding to malicious SMSs or visiting dangerous websites.
- Every day, Tobila Systems updates its fraudulent call/message database that contains dangerous phone numbers, SMSs, and URL information to protect users of Tobila Systems services by blocking incoming calls and messages from these sources.

### Strengths of Our Fraudulent Call/Message Database

- Tobila Systems receives information from the police on telephone numbers and URLs that were used in crimes and other malicious activities.
- The database has a system for incorporating feedback from users concerning phone numbers and SMS.
- The database is updated every day using information from the Tobila Systems survey team.

The volume of data increases along with the number of users, resulting in a cyclical system for the constant improvement of phone call and SMS blocking accuracy.

## Sales by Business Segments (FY2024)

### Filtering service for mobile phones

67.5%

- Provided mainly as a mobile carrier app.
- Blocks fraudulent phone calls and SMS.
- Blocks ads on browsers and apps.



### Filtering service for business phones

23.4%

- Services for corporations.
- Makes telephone tasks more efficient and supports the digital transformation.



### Filtering service for landline phones

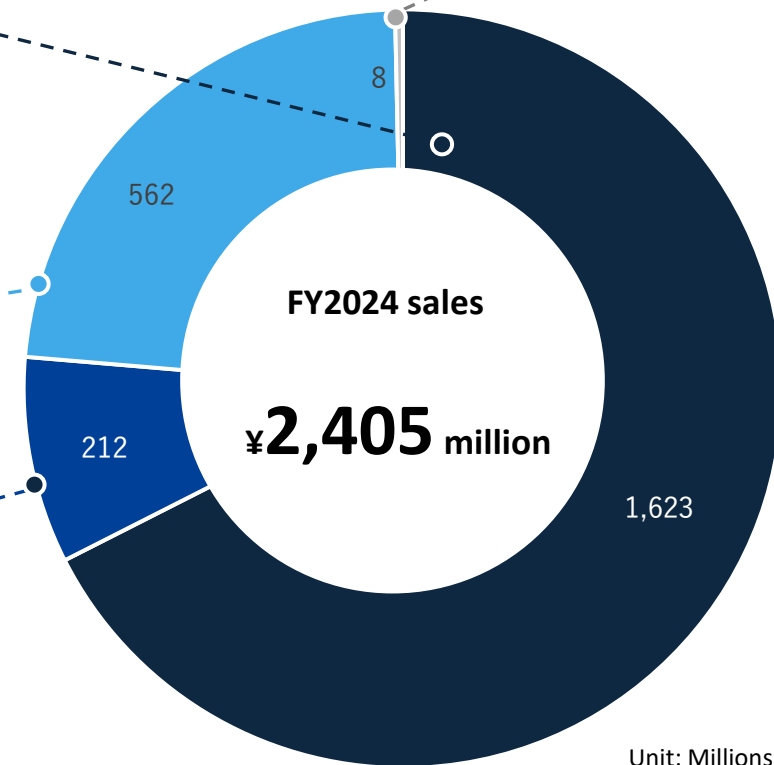
8.8%

- Flexible solutions provided as an external or built-in unit and as a function incorporated into a carrier's network infrastructure.
- Blocks unnecessary sales calls and fraudulent calls.



### Others

0.3%



Unit: Millions of yen

## **2. Outline of Services**

## Filtering Service Product for Mobile Phones

- Filtering services for mobile phones accounts for 67.5% of sales in the Fraud and Spam Prevention Business

### Services for Telecommunication Carriers



- We provide fraudulent phone call and SMS filtering services using a smartphone app as one of the services included in the optional packages provided by major telecommunication carriers.

### Advertisement Blocking App [280blocker]



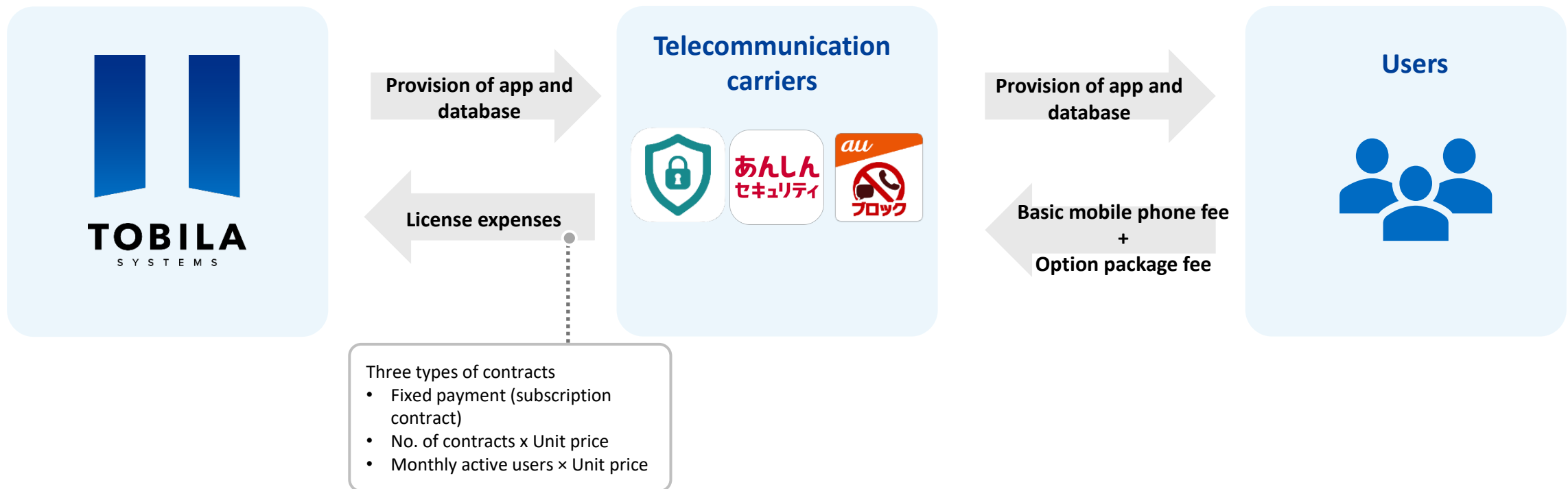
- A one-time purchase advertisement block app that prevents the display of annoying advertisements on smartphones.
- Communication charges can also be reduced because advertisements are not loaded.

iOS



## Business Model for Filtering Services for Mobile Phones\*

- Tobila Systems has partnered with major domestic telecommunication carriers to provide end users our Fraud and Spam Prevention Service in the form of an app included in the many optional service packages provided by each carrier.
- Licensing expenses are billed based on the three types of contract formats that each carrier has.



\* 280blocker does not follow the above business model as it is sold directly.

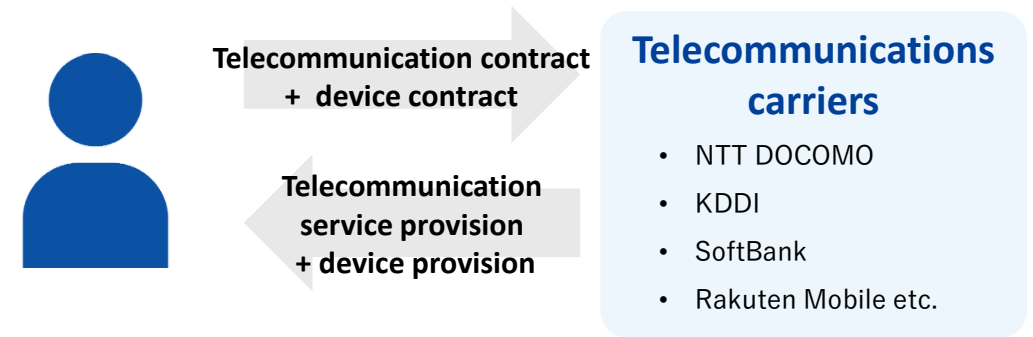
## (Reference) Characteristics of the Japanese Mobile Phone Market

- In Japan, consumers typically purchase mobile phone devices directly from telecommunications carriers and subscribe to their services.
- In particular, the three major telecommunications carriers (NTT Docomo, KDDI, and Softbank) have built strong sales networks, boast high customer satisfaction and loyalty, and have great influence.
- The telecommunications carriers, which were pressed to lower their line rates in 2020, are working to increase added value through optional services, etc.

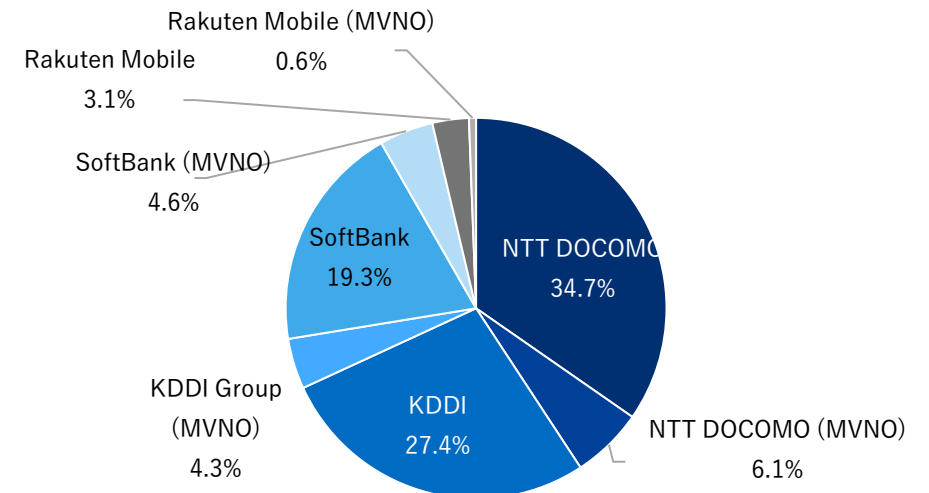
### <Our business>

- We have partnered with the three major Japanese telecommunication carriers to provide fraud and spam filtering services as part of their app offerings, granting us access to a vast customer base. By utilizing their robust sales networks, we have achieved smooth service deployment.
- We are promoting value enhancement proposals, such as the additional app functions, to the telecommunications carriers that work to increase the added value of their services.

### Customary Mobile Phone Contracts in Japan



### Share of Mobile Phone Contracts by Carriers\*1



\*1 : \*1: Prepared by Tobilas Systems based on [Announcement of Quarterly Data on the Number of Telecommunications Service Subscriptions and Market Share](#) (FY2024 Q2 (End of September)), Ministry of Internal Affairs and Communications (Japanese only)

## Major Contract Formats for Mobile Phone Filtering Services\*

- Tobilas Systems filtering services are included in the optional packages of major telecommunication carriers; there are three types of contract formats.
- Focusing on raising the accuracy of the Tobilas Systems app to enable sales through major carriers.

### Fixed Payment (Subscription Contract)

This fixed payment format generates sales that are not affected by changes in the number of contracts or monthly users.

**Fixed payment  
(Subscription  
contract)**

- Service provided for a fixed monthly fee.
- Steady sales because changes in the number of contracts or monthly users do not change sales.

### No. of Contracts x Unit Price

Sales are linked to the number of optional package contracts that permit the use of Tobilas Systems services.

**No. of  
contracts**

×

**Unit  
price**

- Tobilas Systems' revenue is directly linked with the revenue of major telecommunication carriers.

### No. of Monthly Active Users x Unit Price

Sales are linked to monthly users of Tobilas Systems services.

**No. of  
monthly  
active users**

×

**Unit  
price**

- Format that facilitates effective activities for the use of services.

\* IR note Phone Filtering Services > "Differences in contract forms" <https://note.com/tobila4441/n/n71f22dbaab6d> (Japanese only)

## Filtering Service for Landline Phones

- Services for filtering fraudulent phone calls.
- Sold as both home gateway built-in type for households and network type that blocks at the network level.

### External Phone (TobilaPhone)



- Attachment to landline phones.
- Mainly sold and leased in field trials by local governments, etc.

### Equipment Built-in (Phone/HGW)

コミュファ光

auひかり



- The service is built into the home gateway (HGW) required for using IP phones. Available with an optional package application.

### Network Type (CATV)

ケーブルプラス電話

- Provided as an optional service for landline services operated jointly by KDDI and cable TV companies.
- Steady increase in the number of users.



## Business Model for Filtering Services for Landline Phones

- Services for filtering fraudulent phone calls.
- Sold as both home gateway built-in type for households and network type that blocks at the network level.



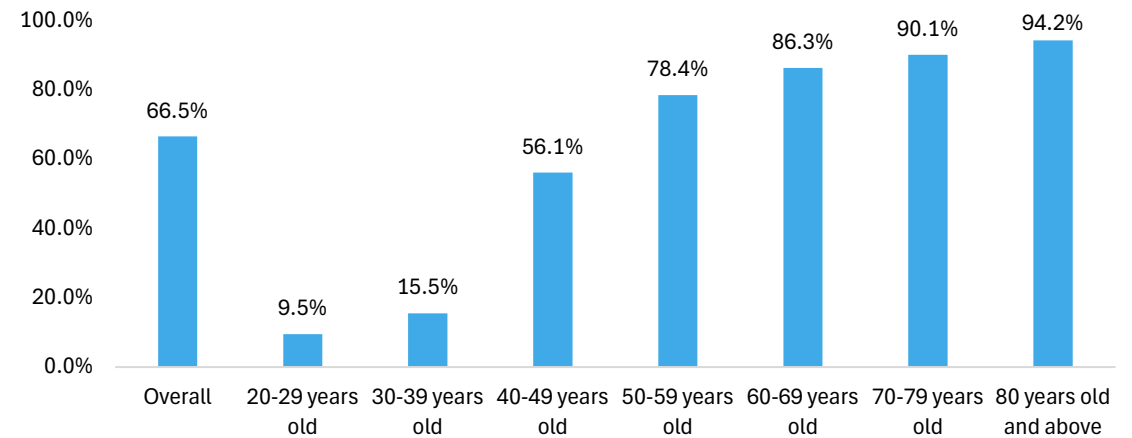
## (Reference) Characteristics of the Japanese Landline Phone Market

- Although the use of smartphones and mobile phones has been increasing in recent years, the percentage of households with a landline phone remains high, at 66.5% overall and more than 90% among households of seniors aged 70 and older.
- NTT East and NTT West have a significant influence on landline phones, with a 60% share of the market as well as a large number of base stations and other related facilities.
- Notably, many elderly individuals living alone receive numerous fraudulent calls to their landline phones, resulting in significant financial losses. They also receive a high volume of malicious sales calls, often generating consumer troubles.

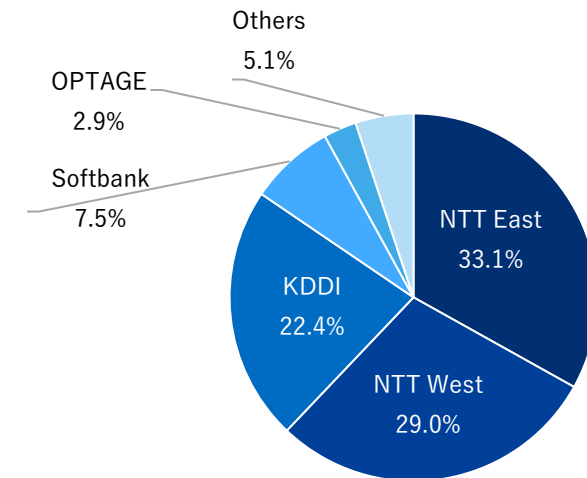
### <Our Business

- We endeavor to increase the number of users of our services for landline phones as well, from the viewpoint of the social significance of preventing call fraud and to improve our database for identifying malicious phone numbers. As we do so, cooperation with NTT East and NTT West is a major issue.

Ownership Ratio of Landline Phones\*1



Share of Landline Phone Contracts by Providers\*2



\*1: Prepared by Tobil Systems based on [Communications Usage Trend Survey in 2021](#), Ministry of Internal Affairs and Communications

\*2: Prepared by Tobil Systems based on [Announcement of Quarterly Data on the Number of Telecommunications Service Subscriptions and Market Share](#) (FY2024 Q2 (End of September)), Ministry of Internal Affairs and Communications (Japanese only)

## Filtering Service for Business Phones

- Two products for corporations. TobilaPhone Biz sales agents and TobilaPhone Cloud direct sales.

### TobilaPhone Biz

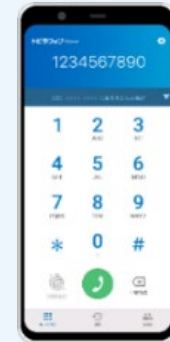
トビラフォン Biz



- Equipment used by connecting to the telephone exchange (PBX) installed at the office.
- Equipped with many functions that promote the DX of business phones, such as call recording, IVR, and voice transcription, while maintaining the main objective of preventing fraudulent calls.

### TobilaPhone Cloud

トビラフォン Cloud

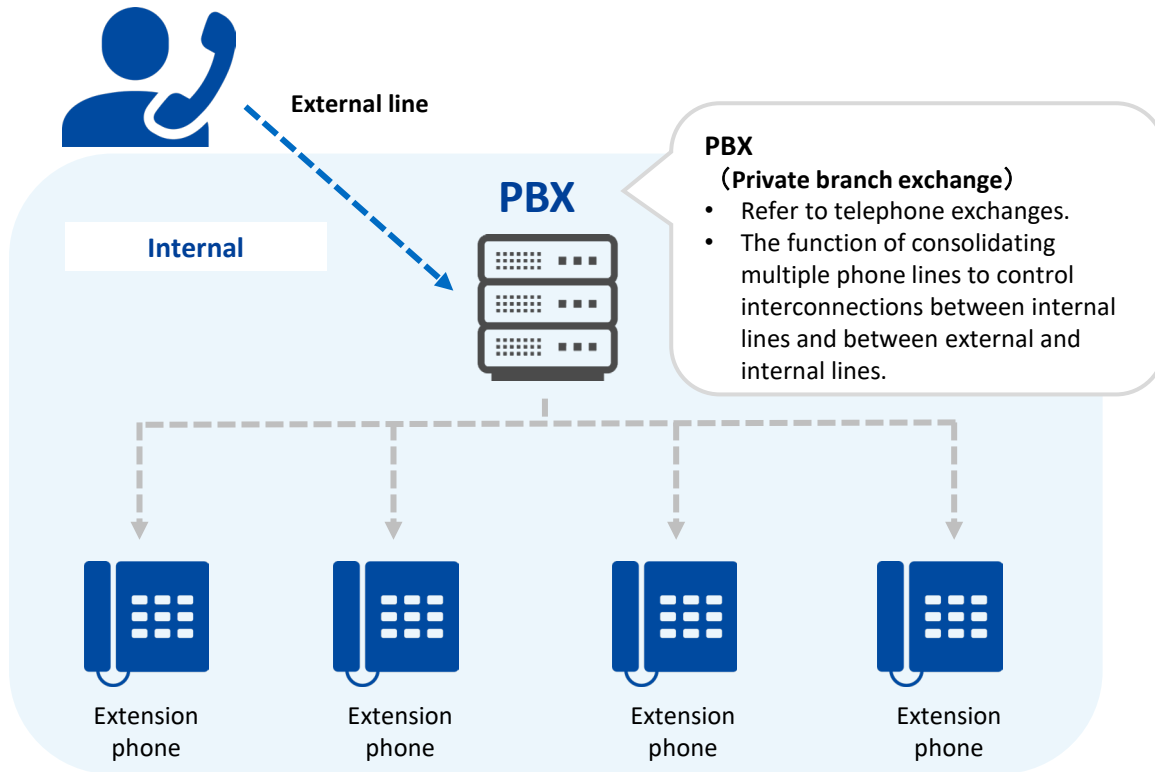


- Cloud-based service that moves existing phone numbers and on-premise facilities to the cloud.
- Just adding the app to your smartphone will provide the phone with many functions required for a business phone, as well as sending and receiving phone calls with company phone numbers.

## (Reference) Switching Unit to Connecting Phones: About the PBX

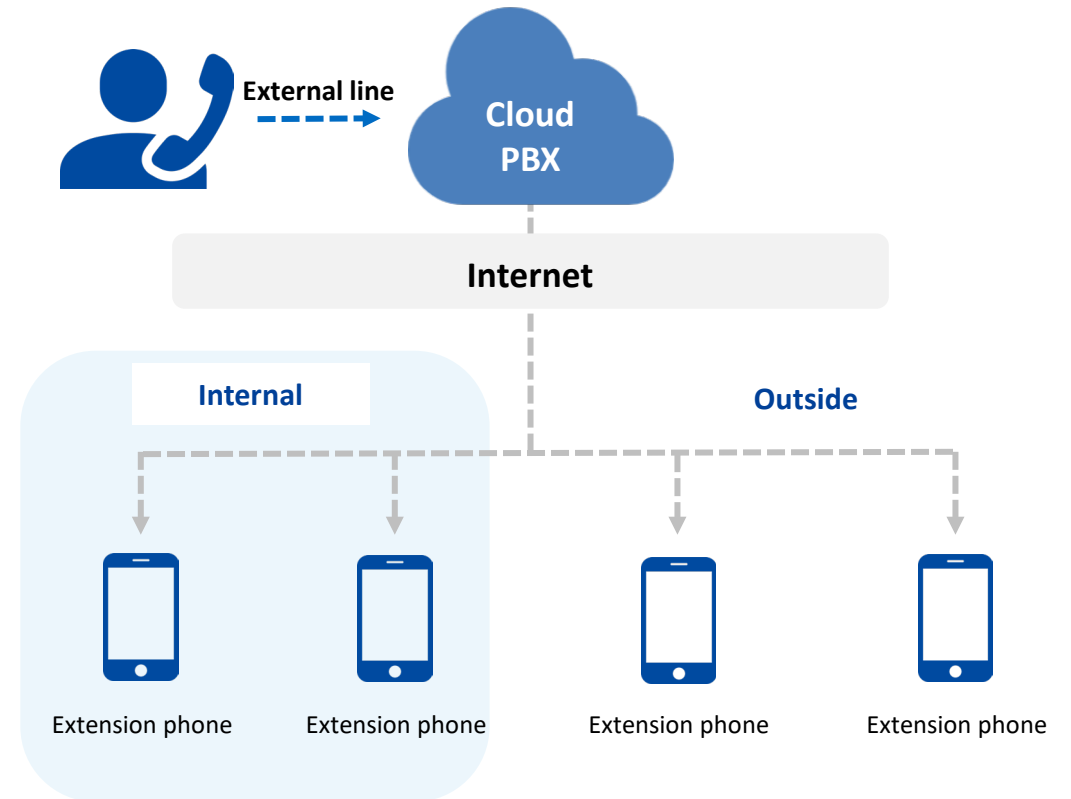
### Conventional PBX

- PBX enables efficient management of internal telephone networks (internal lines) and facilitates call transfers between external and internal lines.



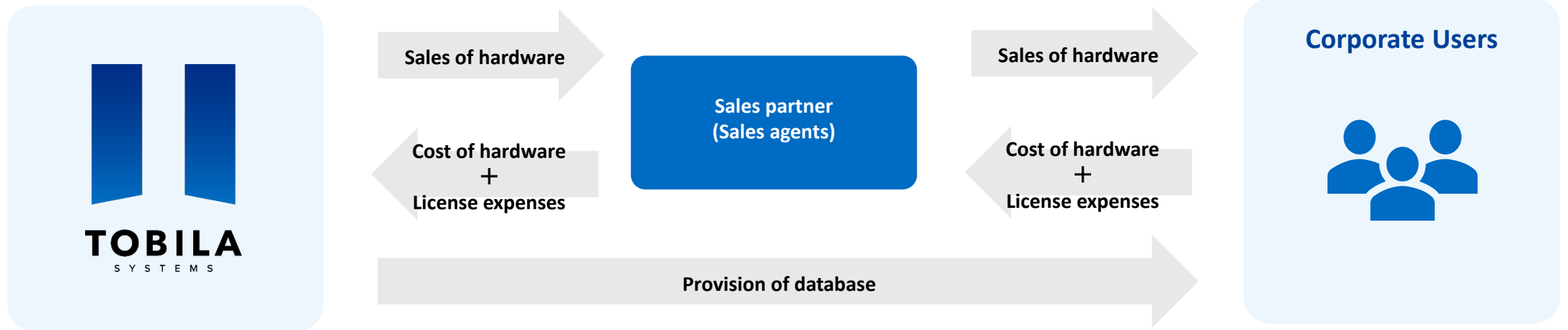
### Cloud PBX

- Cloud PBX is a PBX hosted in the cloud that enables users to access PBX functions from any location via the Internet.



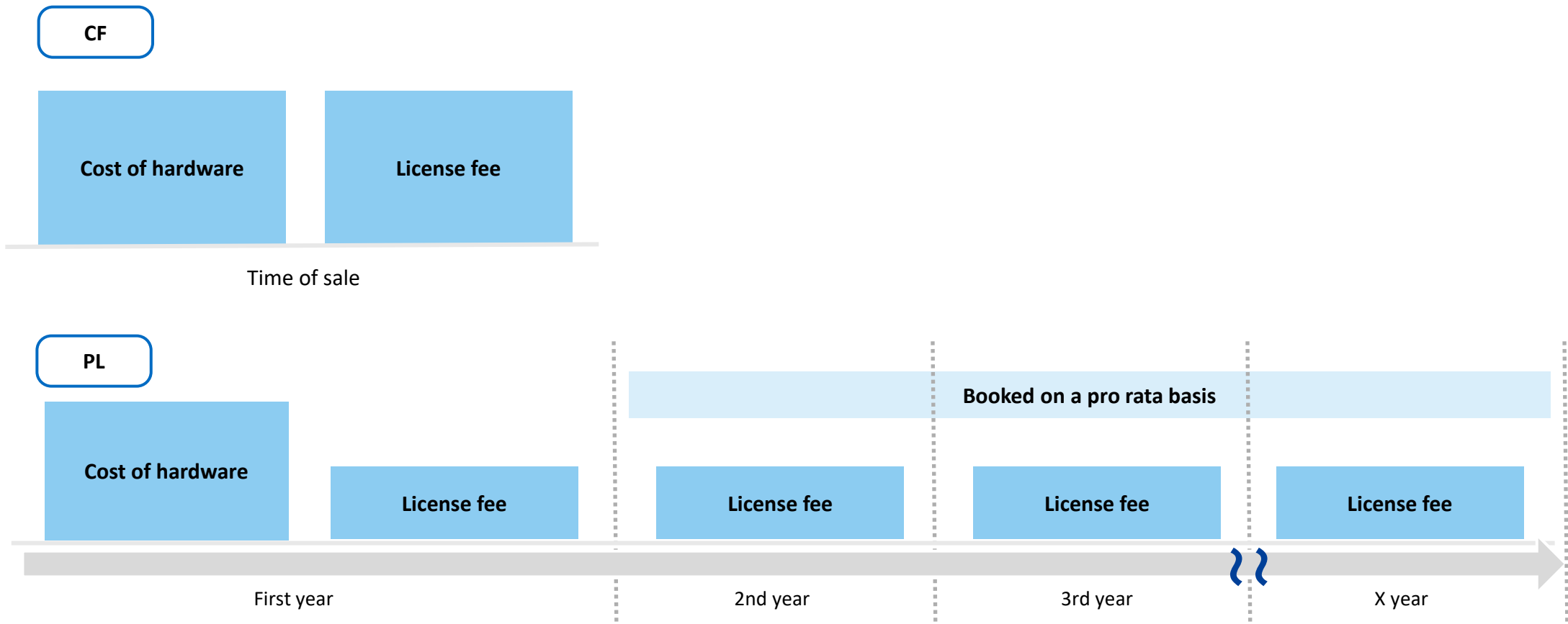
## [TobilaPhone Biz] Business Model

- In the form of agency sales, act as a distributor for corporate users to purchase our products through sales agents.
- The mainstay of sales is bundled packages (contracts with a 5- to 7-year license and maintenance contract for the cost of hardware).



## [TobilaPhone Biz] Earnings Structure

- At the time of sale, payment for the hardware and the license fee are received in a lump sum. While the cost of hardware is recorded as sales when the product is sold, the licensing fee is recorded pro rata on a monthly basis according to the usage period. As a result, a portion of the license fee is a contract liability.



## [TobilaPhone Cloud] Business Model

- The basic rate structure is [initial cost] + [monthly expense (basic set x unit price)] + [call cost / month]
- A recurring revenue model in which the monthly license fee increases as the number of basic sets increases\*



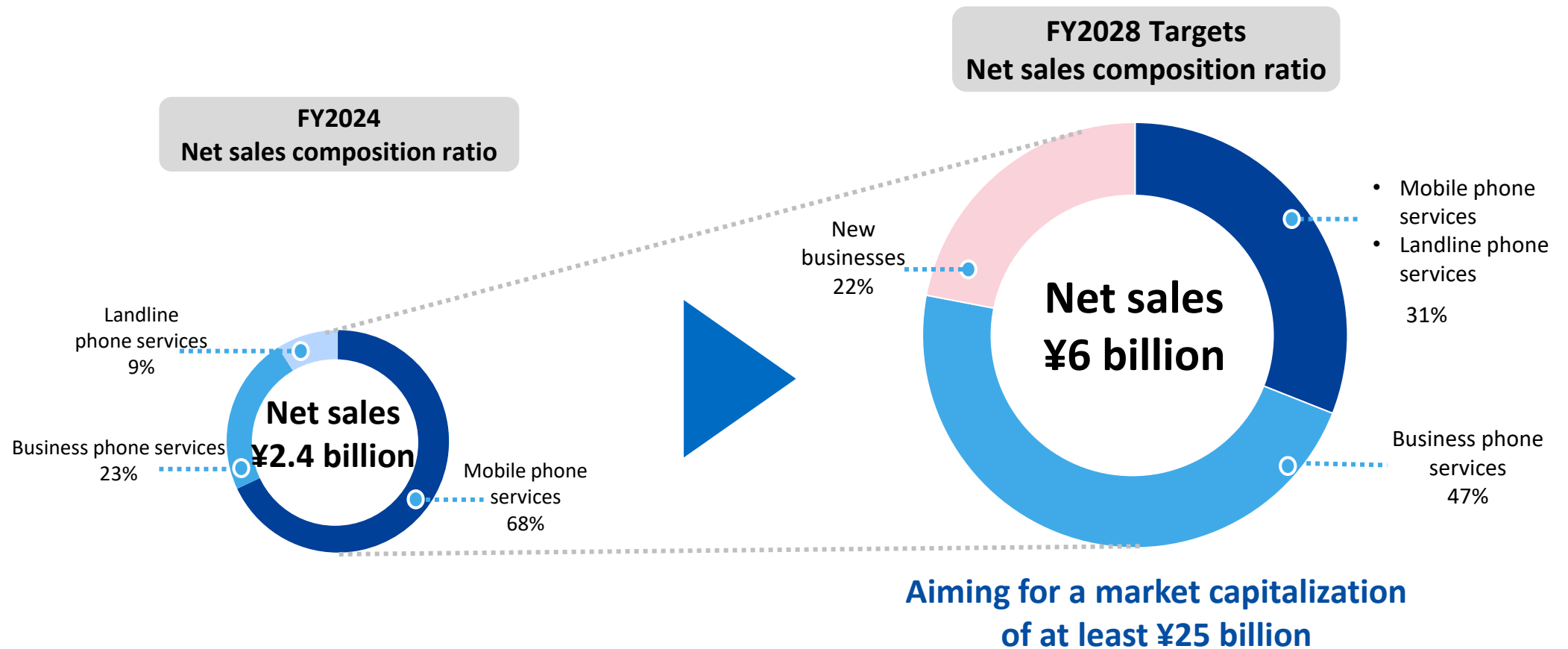
\* In some cases, one company has multiple contracts for the basic set depending on the number of users. The basic set is described in detail: <https://tobilaphone.com/biz/cloud/price/>

# **3. Medium-Term Management Plan 2028 Management Targets and Strategies**



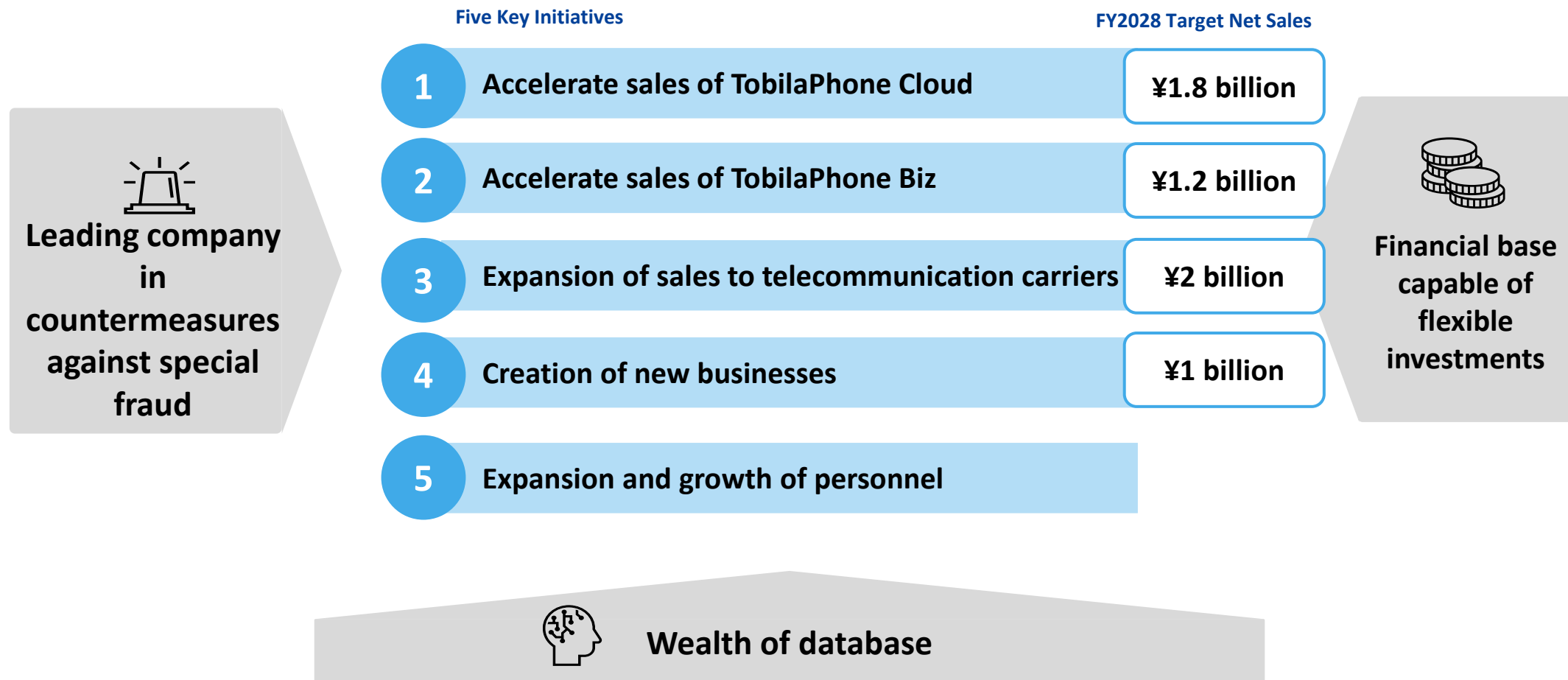
## Medium-Term Management Plan Targets

Focusing on business phone services and the creation of new businesses, aiming for net sales of ¥6 billion or more in FY2028.



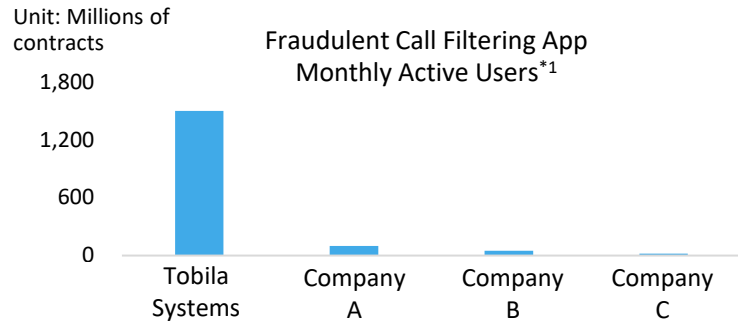
## Five Key Initiatives for Achieving Targets

We will invest management resources in five key initiatives as part of our strategy to strengthen business phone services.



# Our Strengths Supporting Key Initiatives

## Leading company in countermeasures against special fraud



### Media listing

**Achieved 73 annual listings\*2**

- Growing commentary given by experts, including commentary given on Asahi TV program, “Hayashi Osamu no Ima Shiritai desho.”

- Tobila Systems has a major user base in Japan through three major mobile phone carriers. It has developed business as an expert in special fraud, phishing, and gray zone crime prevention.
- Publicity and awareness-raising activities using mass media and other media to explain measures against special fraud, phishing, and gray zone crimes.

## Extensive database

### Unique Fraudulent Call/Message Database



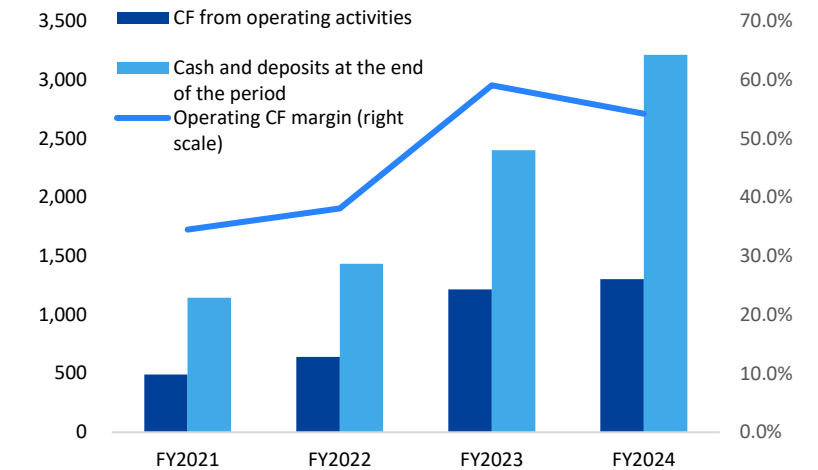
**More than 5 billion calls per year**  
**Judgement of mail/SMS\*3**

- Receipt from the police of data on suspicious phone numbers and URLs used for criminal activity.
- A system that can incorporate feedback from users concerning phone numbers and SMS.
- The database is updated every day using information from the Tobila Systems’ survey team.

- As the number of users increases, the number of data users increases, so having a large user base contributes to the improvement of data accuracy.
- In addition to telephone numbers and URLs, we have established a wide variety of databases that include voice data in business situations and statistical data on phone calls.

## Financial base capable of flexible investment

Unit: Millions of yen



- Cash flow from operating activities remained at a high level as a result of high-margin business models and the growth of TobilaPhone Biz, which generates cash ahead of its services.
- While actively investing in human capital and other areas, Tobila Systems has secured ample funds. As a result, Tobila Systems has established a financial base that enables flexible investment for growth.

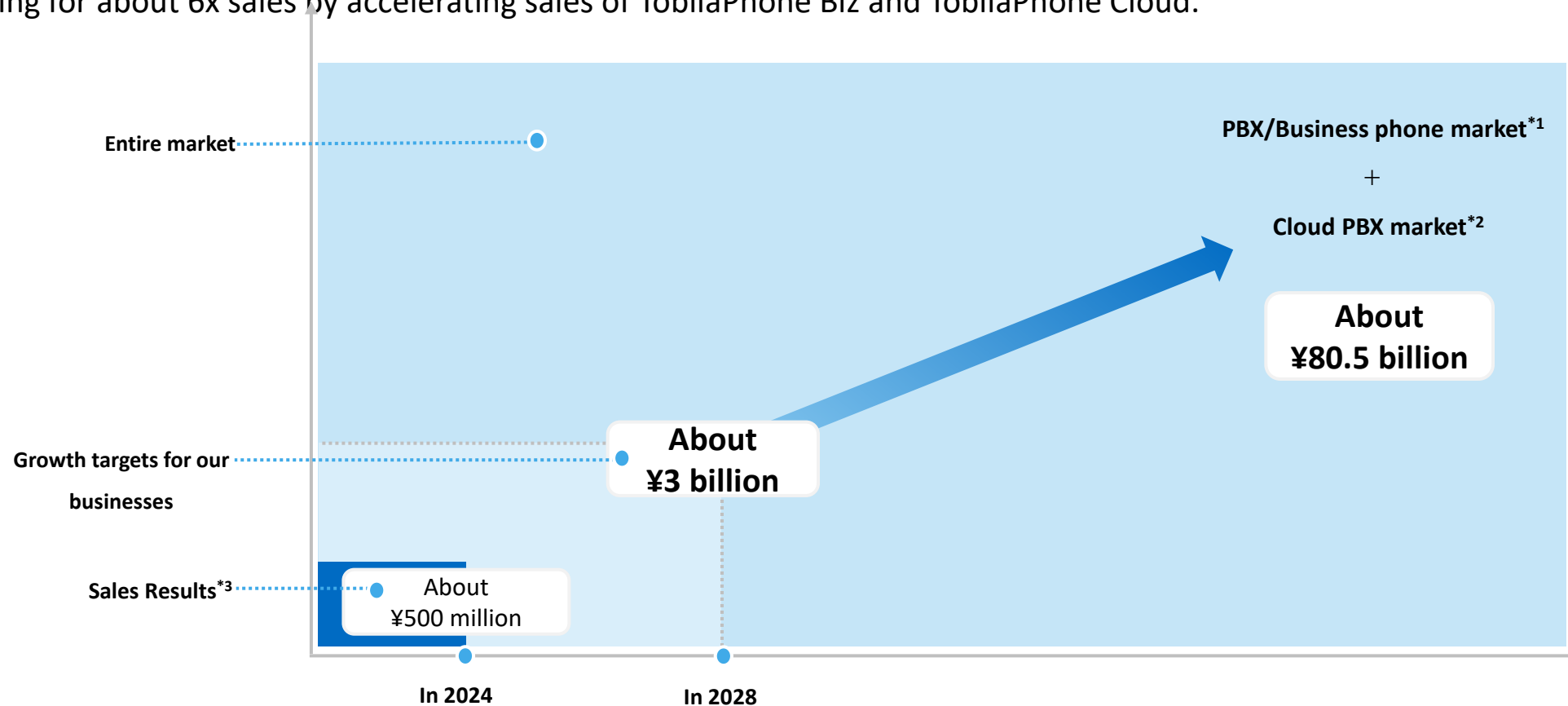
\*1: We estimate the number of monthly users of the fraudulent call filtering app in Japan. Our figures include apps in the name of other companies using our database.

\*2: Total number of posts on TV, newspapers, magazines, web media, and other media for the period from November 1, 2023 to October 31, 2024. Excluding reproductions of the same content.

\*3: Number of phone calls, emails, and SMS calls detected using our fraudulent call/message database during the period from November 1, 2023 to October 31, 2024.

## Market Size of Business Phone Services

- The total size of the PBX, business phone, and cloud PBX market is estimated to be about ¥80.5 billion, indicating significant room for growth.
- Aiming for about 6x sales by accelerating sales of TobilaPhone Biz and TobilaPhone Cloud.



\*1: PBX and key telephone system sales in fiscal 2022 based on the CIAJ FY2022 – FY2027 Mid-Term Demand Forecast for Telecommunication Equipment.

\*2: Fiscal 2022 forecast in 2022 Communications Marketing Survey by Fuji Chimera Research Institute.

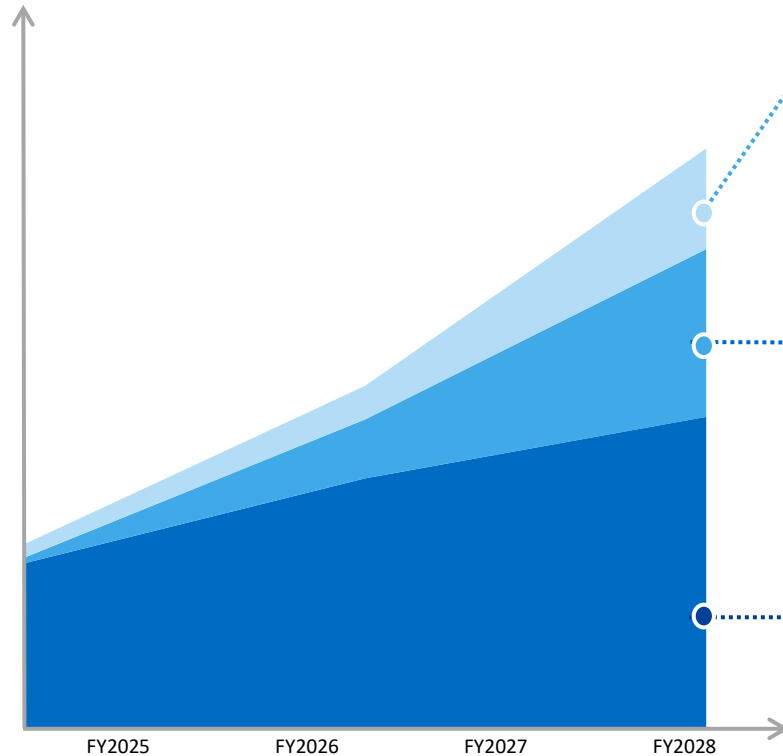
\*3: Actual sales figures for filtering services for business phones in FY2024.

# Key Initiatives 1 Acceleration of TobilaPhone Cloud Sales

- Aiming for sales of approximately ¥1.8 billion in FY2028 through a three-tier sales channel that includes direct sales, sales by agent, and a comprehensive security app.

**Image of Number of TobilaPhone Cloud IDs**

Number of IDs



### Comprehensive security app

- Tobila Systems will be linked with other products (such as 280blocker) to create a comprehensive security app for OEMs and corporate users.

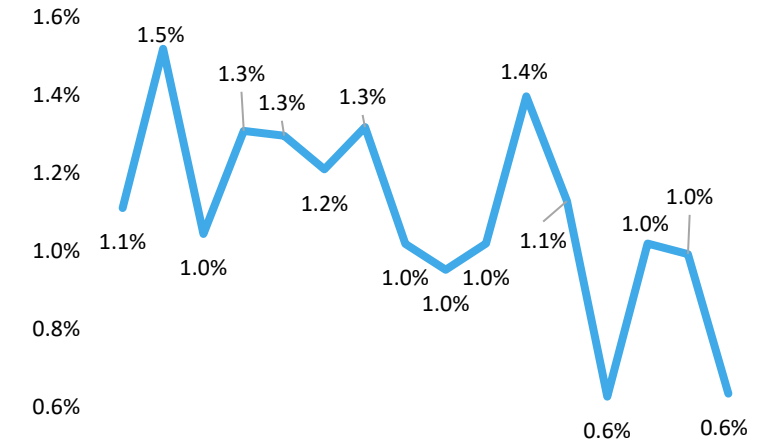
### Sales by agents

- Utilizing strong relationships with wholesalers and agents gained through TobilaPhone sales.
- Targeting large-scale projects, such as the planned change from the existing PBX to a cloud PBX.

### Direct sales

- All-round response from development to marketing and customer success.
- Continue activities to acquire IDs.

**Average monthly churn rate\***



Average monthly churn rate is low, resulting in stable recurring revenue after installation.

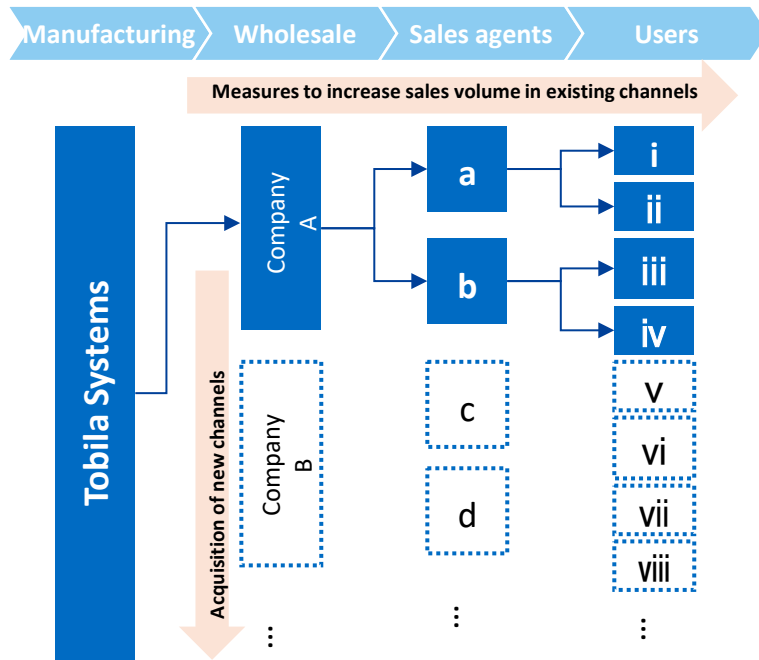
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
1.1%	1.5%	1.0%	1.3%	1.3%	1.2%	1.3%	1.0%	1.0%	1.0%	1.4%	1.1%	0.6%	1.0%	1.0%	0.6%
FY2021				FY2022				FY2023				FY2024			

\*: Average monthly churn rate is the quarterly average of the monthly churn rate calculated by using the ratio of monthly churn to the number of contracts at the beginning of the month.

## Key Initiatives 2 Accelerate Sales of TobilaPhone Biz

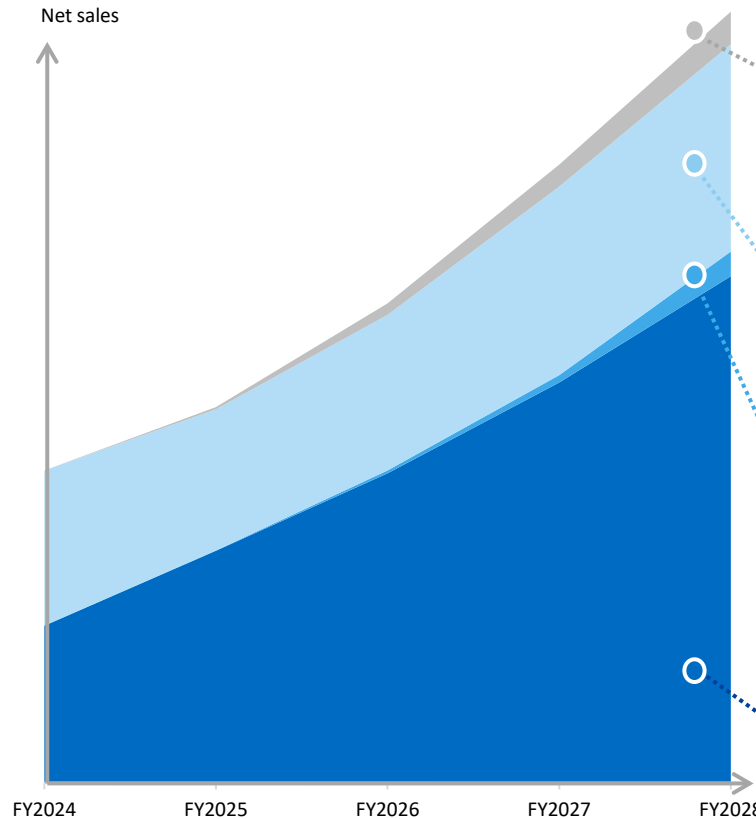
- Based on existing recurring revenue, aim for **FY2028 sales of about ¥1.2 billion** by accelerating new sales.
- New sales are a major driver of revenue growth, and we will aggressively develop new sales channels in addition to strong existing sales channels.

### Image of Sales Channels Expansion



Tobila Systems has already implemented sales through strong sales channels as a select product for NTT East and NTT West.

### Sales Composition of TobilaPhone Biz



<b>Up-selling</b>
<ul style="list-style-type: none"> <li>• Addition of new methods of provision, such as incorporation into the PBX.</li> </ul>
<b>New sales</b>
<ul style="list-style-type: none"> <li>• Increase in sales of new devices due to an increase in sales channels.</li> <li>• Aiming to increase sales by further expanding NTT sales channels and by expanding other sales channels.</li> </ul>
<b>Replacement of existing users</b>
<ul style="list-style-type: none"> <li>• Lease-up of existing users begins in 2027. Forecast an increase in replacement orders.</li> </ul>
<b>Recurring revenue</b>
<ul style="list-style-type: none"> <li>• This service generates steady increases in recurring revenue because payments are made in advance with no cancellations of contracts..</li> </ul>

## Key Initiatives **3** Expansion of Sales to Telecommunication Carriers (Mobile Phones and Landline Phones)

- Continue to focus on zero special fraud, phishing, and gray zone crime.
- Aiming for a stable revenue base of about ¥2 billion per share in FY2028.

**Proposals for higher added value**

- Aiming to add more value to major mobile phone carriers that have already formed alliances by proposing new functions to further increase the value provided to users.

**Link to increase the number of users**

- There are still many potential users, mainly major mobile phone carrier users, and we are promoting links with telecommunication carriers to promote the use of this service.
- Strengthen branding as the main countermeasure product for preventing special fraud, phishing, and gray-zone crime.

**Cultivate new telecommunication carriers**

- We will continue working toward forming alliances with new carriers.

## Key Initiatives **4** Creation of New Businesses

- **Aiming for FY2028 sales of about ¥1 billion in new businesses.**
- Working to expand the distribution of new products to the strong sales channel of TobilaPhone Biz, thereby making them profitable.
- TobilaPhone Cloud aims to increase its market share in the large business market as telephone exchanges (PBX) are increasingly shifting from on-premises to cloud services.

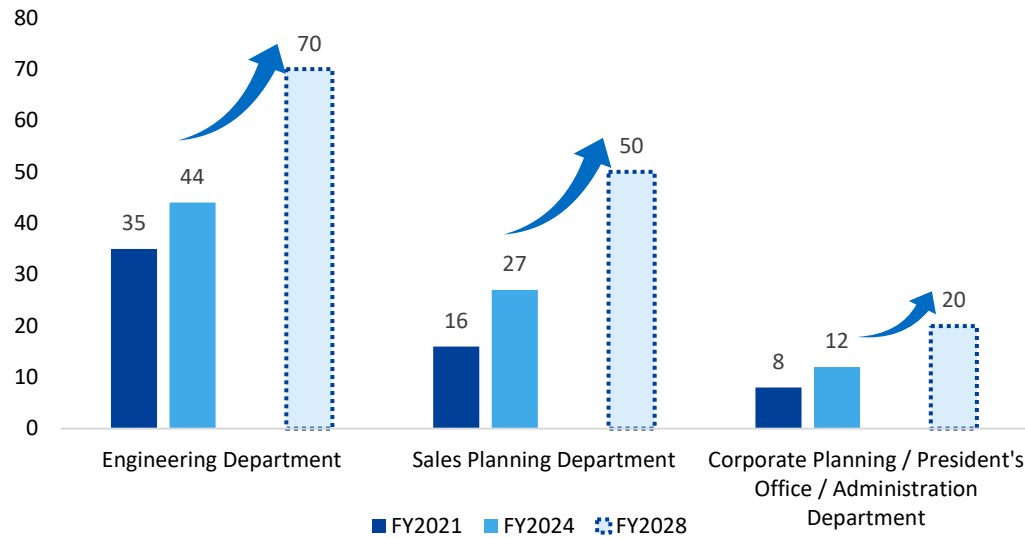
		Product	
		Existing	New
Market	Existing	<p><b>Existing Market x Existing Products</b></p> <p>Tobila Systems is quick to adapt its countermeasures to the ever-changing needs of special fraud, SNS investment fraud, etc., thereby contributing to the prevention of damage.</p>	<p><b>Existing Markets x New Products</b></p> <p><b>Rapid profitability can be achieved by distributing new products to Tobila Systems' strong sales channel. The plan is to aggressively implement this.</b></p>
	New	<p><b>New Markets x Existing Products</b></p> <p>The database has already been provided to financial institutions. Considering the development of new businesses through alliances and M&amp;As that combine the strengths of other companies.</p>	<p><b>New Markets x New Products</b></p> <p>In response to market needs, we are using our extensive database to develop new products.</p>



# Key Initiatives **5** Expansion and Growth of Personnel

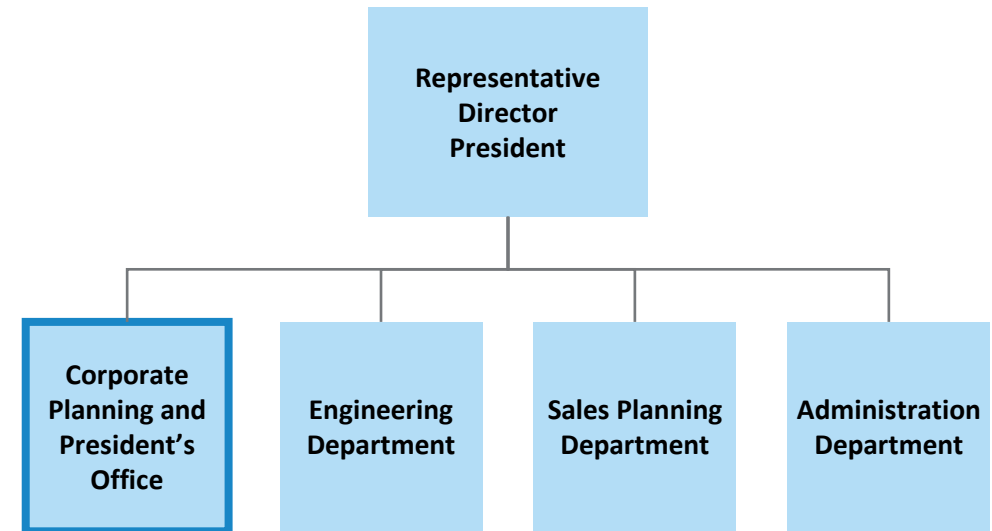
**Changes in the Number of Employees by Category**

Unit: Persons



- In order to continue developing products and expand sales of services for business phones, the Engineering Department and the Sales Planning Department have been actively hiring people.
- Plans to continue existing services for business phones and to develop new businesses.
- In-house systems have been expanded to include a subsidy for obtaining qualifications and other measures to create an environment in which employees can acquire the necessary skills.

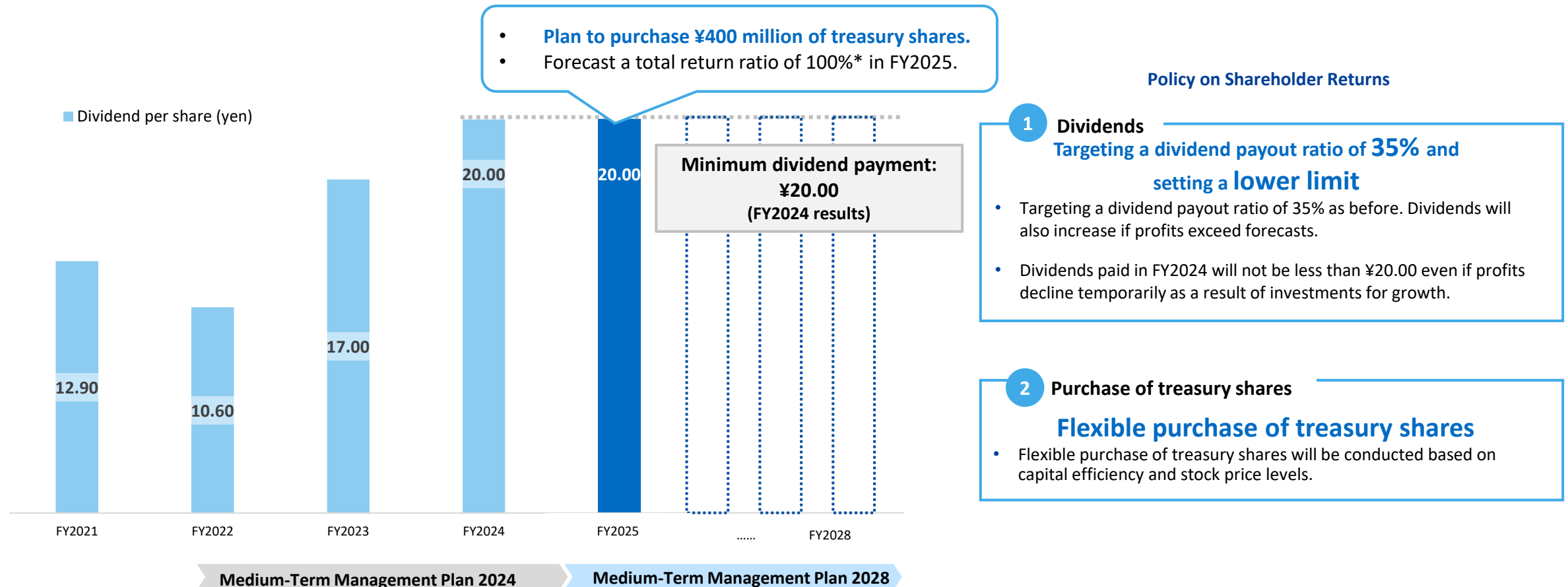
**New Organizational Structure**  
**(Effective November 1, 2024)**



- In addition to the previous three-department structure of Engineering Department, Sales Planning Department and Administration Department, Corporate Planning and President's Office established.
- The Corporate Planning & President's Office has a quick decision-making structure that includes developing new products, forming new alliances, and enhancing hiring and personnel systems.

## Policy on Shareholder Returns in Medium-Term Management Plan 2028

- We will prioritize the use of cash flow to fund business growth and appropriately distribute it to shareholders.

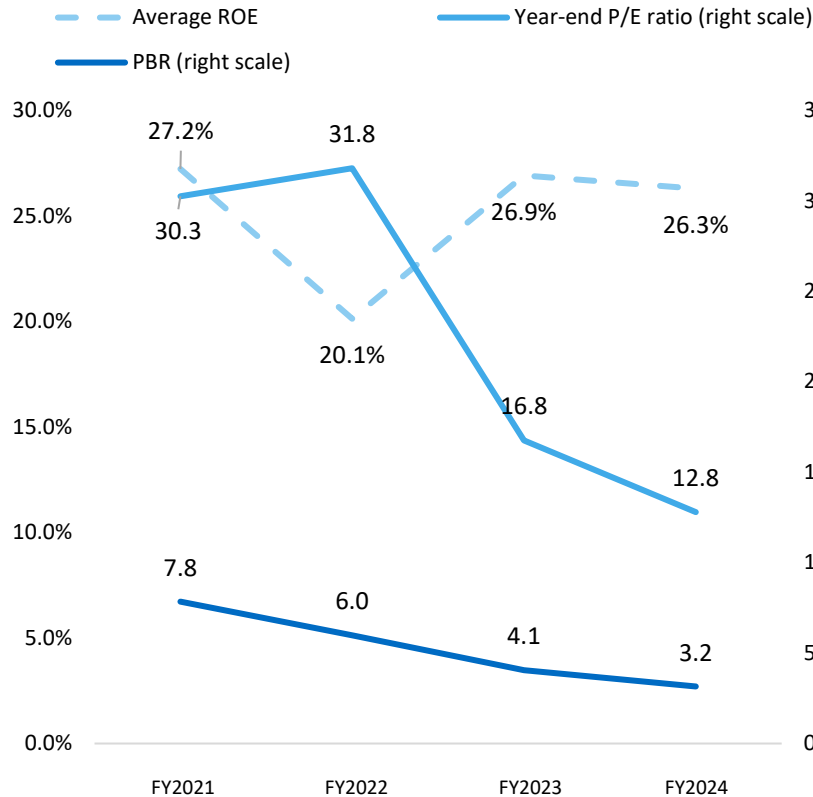


\*: In the case where up to ¥400 million of treasury stock was purchased. Some or all of the orders may not be executed depending on market trends and other factors.

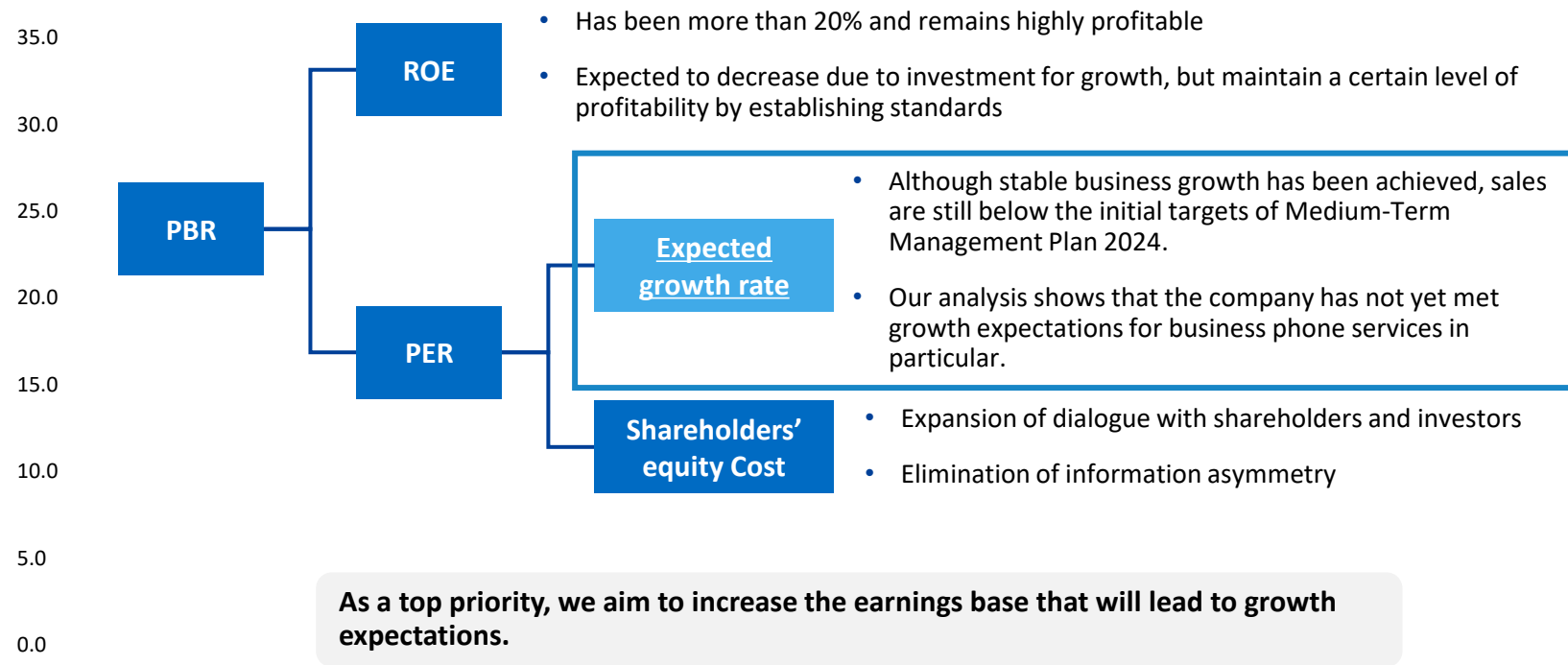
# **4. Medium-Term Management Plan 2028 Financial Strategy**

## Issues for Enhancing Corporate Value

- PBR has been more than 1 times but has been decreasing in recent years.
- The decrease in PBR is mainly attributable to the decrease in P/E ratio, which we largely attributable to the decrease in the expected growth rate.

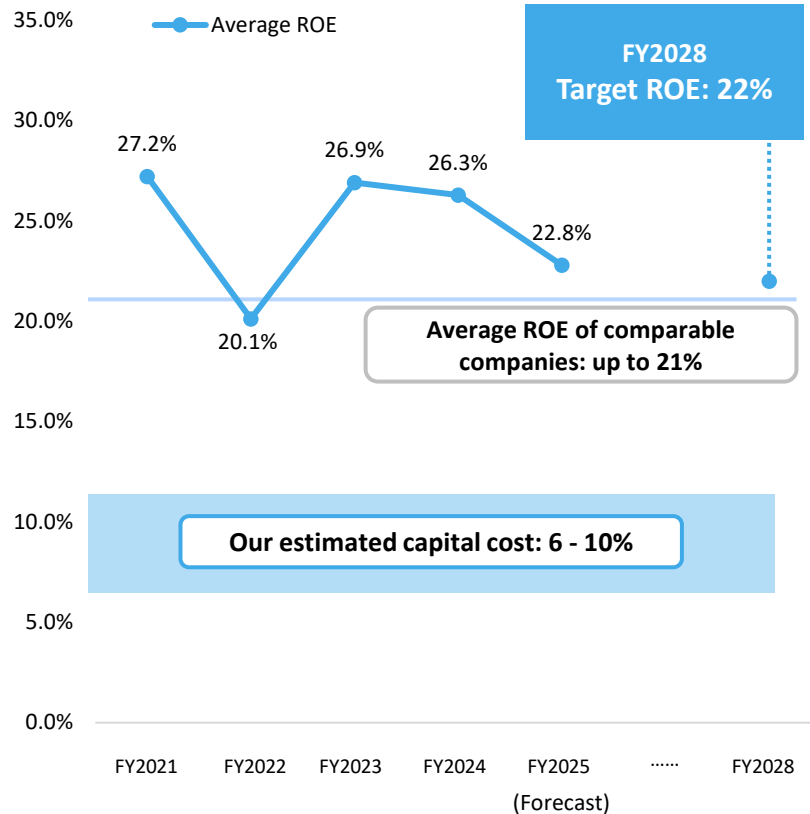


### PBR Trends and Issues for Improvement



## Recognition of Capital Cost and Targets for Capital Profitability

- We recognize a cost of equity at about 6 - 10%. The current ROE level exceeds the capital cost and the average ROE of comparable companies.
- Aiming to exceed the average ROE of comparable companies in FY2028 even if ROE levels decline temporarily due to aggressive investment.



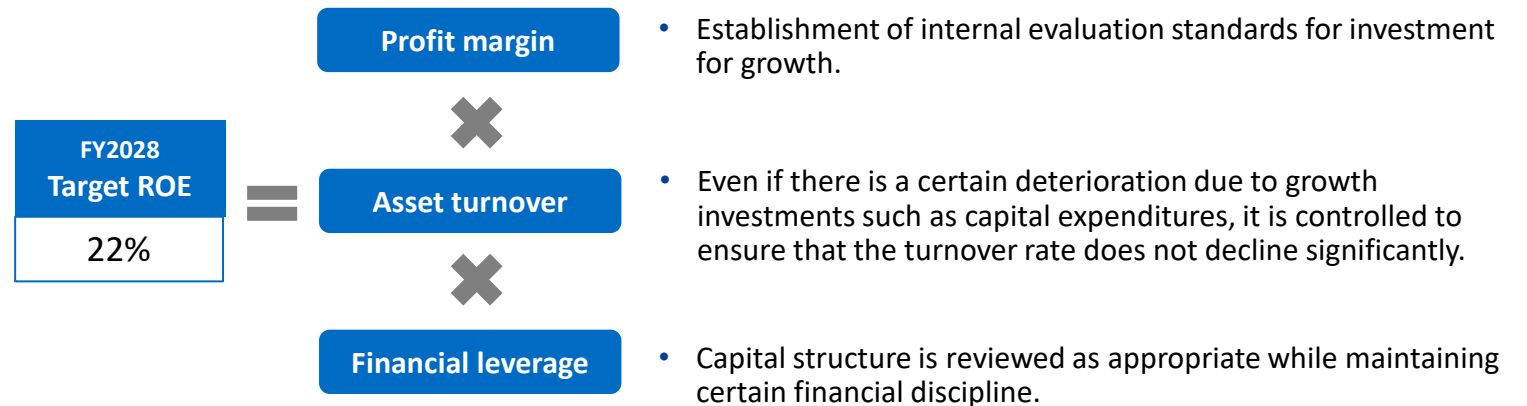
### Capital cost recognition

Capital cost by CAPM <sup>*1</sup>	6 - 10%
Implied capital cost <sup>*2</sup>	8 - 10%

### Average ROE of comparable companies

Security-related companies	About 21%
Similar companies related to voice communications	About 15%

### ROE Targets and Policies for Achievement

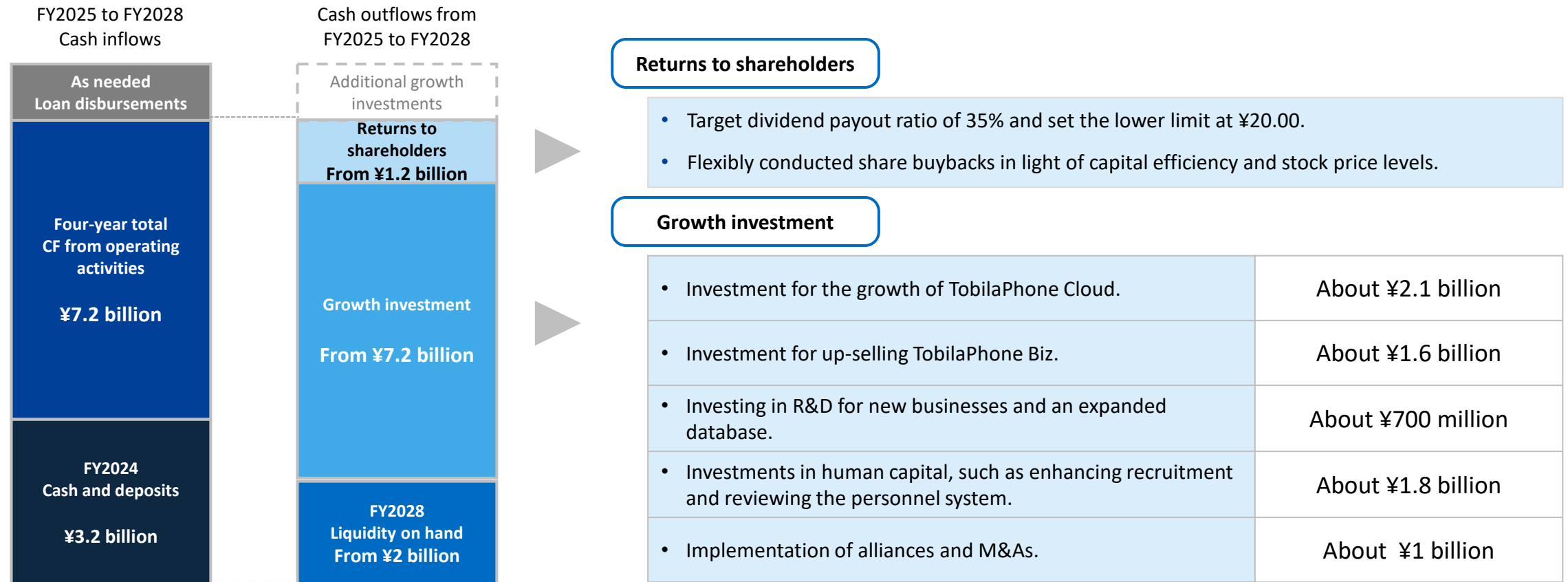


\*1: Risk-free rate is based on the 10-year JGB yield in Japan. Equity β is calculated by Tobila Systems based on the β of other companies in the same industry. Risk premium is assumed to be 6 - 8%.

\*2: Calculated as [(ROE - Expected Growth Rate)/PBR + Expected Growth Rate]. ROE and PBR are assumed to be about the same level as in FY2024 and the expected growth rate is assumed to be 0 - 2%.

## Capital Allocation Policy

- We plan to maintain sufficient liquidity on hand to be able to respond to contingencies and invest proactively in business growth.
- Furthermore, we will continue to return profits to shareholders based on our shareholder return policy.



## Reduction of Capital Cost and Incentive Design Through Share-Based Payment

- Aiming to reduce capital costs by enhancing IR activities and promoting dialogue with investors and shareholders.
- We have already introduced stock-based incentives for executives and employees and have shared company-wide targets for increasing corporate value and achieving medium- to long-term plans.

### Active IR Activities and Dialogue

- Holding quarterly presentations on the day of results announcements. Questions and other information will be released at a later date (in Japanese and English).
- Enhance disclosure in English for the purpose of fair disclosure. In September 2024, we began providing timely disclosure in English.
- Tobila Systems holds meetings more than twice a year for individual investors outside the company. Establishing opportunities for direct communication with individual investors.
- Individual interviews are held to solicit opinions from shareholders. Considering the implementation of a questionnaire for shareholders to be used as a reference for IR measures.
- Feedback on the dialogue with shareholders and investors is provided at monthly meetings of the Board of Directors.

### Share-Based Incentive Design

- The incentive for executive compensation is designed while taking into account the balance between increasing corporate value over the long term and making a commitment to achieving medium-term results.
- Increasing employee awareness of raising corporate value and participation in management by encouraging employees to own shares through restricted stock compensation and the employee stock ownership plan.

Type of plan	Target	Objective
Restricted share compensation (RS)	Directors (excluding Audit & Supervisory Board Members), Executive Officers and employees	Incentive to increase corporate value over the long term
Performance share (PS)	Directors (excluding Audit & Supervisory Board Members) and Executive Officers	Incentives for achieving medium-term results
Executive shareholding association	Director	Continuous share purchase to raise awareness of managers
Employee share ownership plan	Executive Officers and Employees	Foster awareness of participation in management and benefit programs for assisting with asset formation

## **5. FY2025 Plan**



## FY2025 Plan

- We plan on making investments in recruitment and expansion of business phone services for growth strategies outlined in the medium-term management plan. As a result, we expect sales to increase by 10.1% YoY to ¥2.65 billion in FY2025 while operating profit is expected to be the same YoY at ¥832 million.

Unit: Millions of yen	FY2023 Results	FY2024 Results	FY2025 Forecast	YoY (After revision)
Net sales	2,061	2,405	<b>2,650</b>	110.1%
EBITDA* <sup>1</sup>	870	1,031	<b>1,014</b>	98.4%
Operating profit	682	831	<b>832</b>	100.0%
Ordinary profit	679	829	<b>831</b>	100.2%
Profit	517	601	<b>554</b>	92.0%
(Profit excluding extraordinary income (loss))	(469)	(580)	<b>(554)</b>	(95.4%)
Operating margin	33.1%	34.6%	<b>31.4%</b>	-
ROE* <sup>2</sup>	26.9%	26.3%	<b>22.8%</b>	-
Equity ratio	58.6%	56.0%	<b>52.4%</b>	-

\*1: EBITDA = Operating profit + Depreciation + Goodwill amortization.

\*2: Equity, which is the denominator in ROE, is calculated by using the average for the period.

## FY2025 Sales Plan by Service Category

- Aiming for solid growth of each service in FY2025 based on the Medium-term Management Plan formulated.
- Aim to expand the earnings base of the filtering service for business phones, which will be a future growth driver.

	FY2023 Results	FY2024 Results	FY2025 Forecast	YoY
Unit: Millions of yen				
Fraud and Spam Prevention Business	2,014	2,405	<b>2,650</b>	110.1%
Mobile phone services	1,490	1,623	<b>1,635</b>	100.7%
Landline phone services	193	212	<b>216</b>	102.1%
Business phone services	330	562	<b>773</b>	137.6%
Others	—	8	<b>24</b>	303.6%
Other services	46	—	—	—

\*Beginning with 1Q FY2024, we have changed to a single reportable segment of “Fraud and Spam Prevention Business” as “Other services” has become insignificant. “Other services” has been included in “Fraud and Spam Prevention Business.”

## FY2025 Forecast for Expenses

- We plan to continue to actively recruit more personnel for future growth. Expect higher recruiting expenses, higher labor costs, and personnel expenses.
- Forecast an increase in the cost of sales of hardware based on the plan to increase sales of the filtering service for business phones.

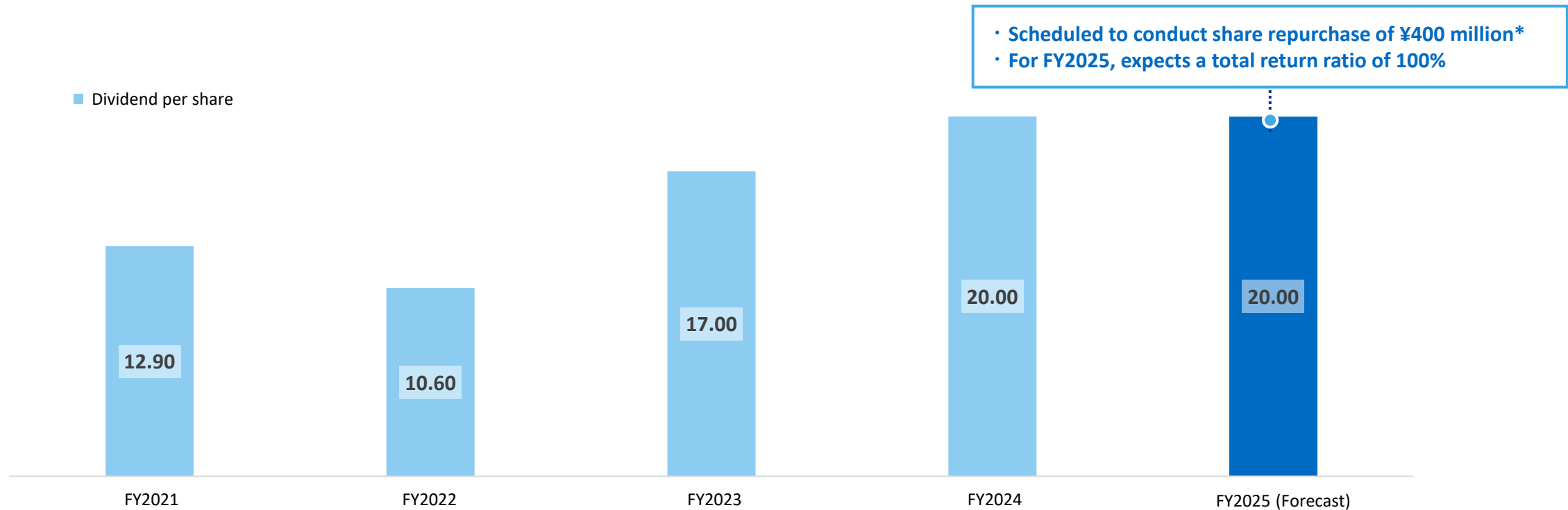
Unit: Millions of yen	FY2023 Results	FY2024 Results	FY2025 Forecast	YoY
<b>Cost of sales*<sup>1</sup></b>	628	699	<b>828</b>	118.4%
Labor cost	278	299	<b>395</b>	131.9%
Outsourced processing cost	100	78	<b>86</b>	109.6%
Depreciation	105	114	<b>101</b>	88.7%
Others	241	291	<b>358</b>	123.0%
Rate of cost of sales recorded as R&D expenses and assets* <sup>2</sup>	13.1%	10.3%	<b>12.0%</b>	1.7pt
<b>SG&amp;A expenses</b>	750	874	<b>989</b>	113.2%
Personnel expenses	308	366	<b>431</b>	117.8%
Advertising expenses	63	139	<b>123</b>	88.6%
R&D expenses	31	29	<b>29</b>	98.8%
Depreciation and amortization of goodwill	80	83	<b>79</b>	95.3%
Others	266	255	<b>325</b>	127.7%

\*1: The sum of labor cost, depreciation, outsourced processing cost, and others do not match the total cost of sales on the income statement because these figures are before adjustments for reclassified expenses and work-in-process transfers.

\*2: The percentage of the cost of sales included in R&D expenses and assets due mainly to the characteristics of work performed by employees.

## Shareholder Returns - Share Repurchase and Dividend Forecast

- Aiming for a 35% dividend payout ratio, we expect a year-end dividend of ¥20.00 for FY2025, with the lower limit set at the actual amount for FY2024.
- For FY2025, expects a total return ratio of 100% as we are scheduled to conduct share repurchase of ¥400 million.



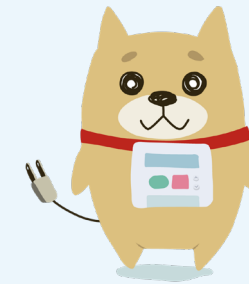
\* In case share repurchase, which upper limit is ¥400 million, is conducted up to the upper limit. Execution of some or all orders might not be conducted due to market trend, etc.

## Medium-Term Management Plan 2028 - Reference



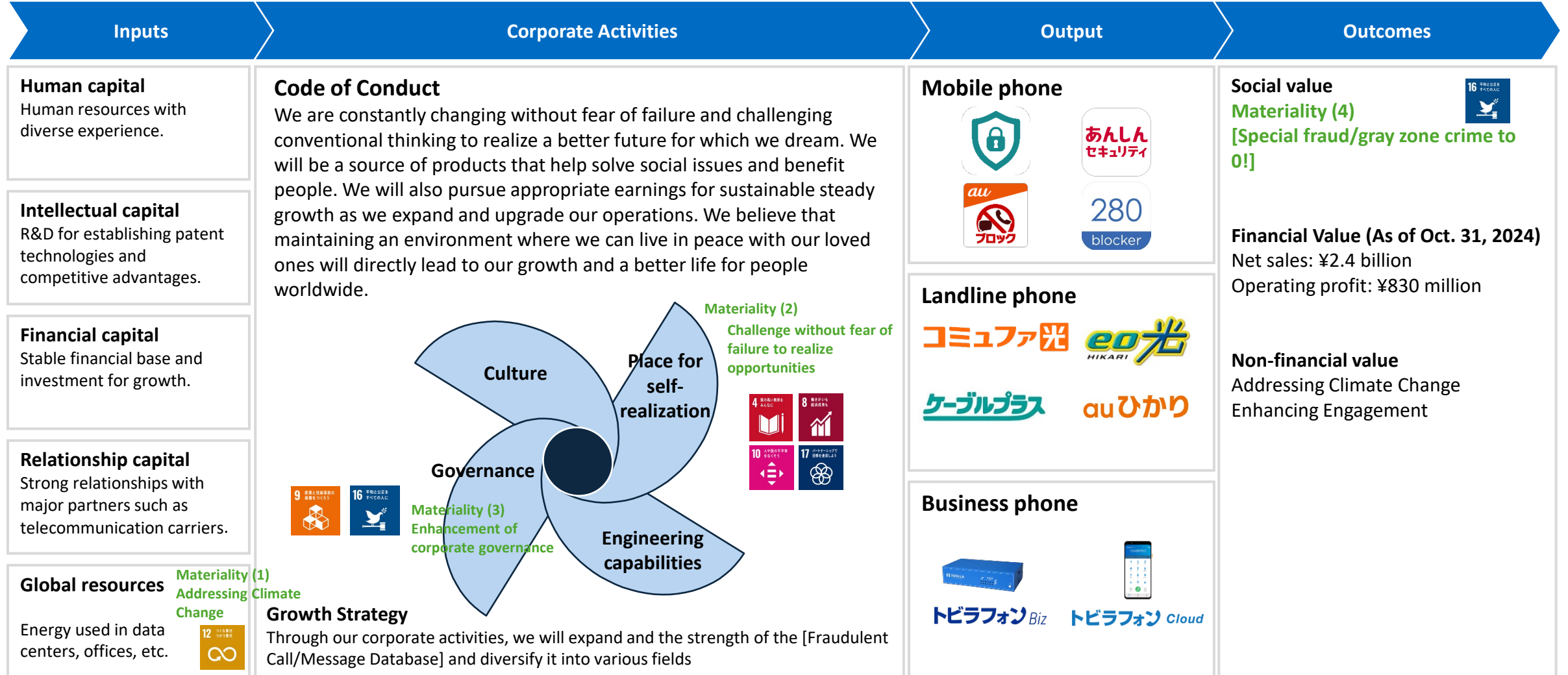
- **Medium-Term Management Plan 2028 (Disclosed on December 10, 2024)**

<https://contents.xj-storage.jp/xcontents/AS05546/2c034f21/b0a3/4161/a2e8/d997c05f61e2/20241218154311788s.pdf>



# Appendix

# Value Creation Process



## Financial Status in Prior Years: Quarterly Results\*1

Unit: Millions of yen	FY2021				FY2022				FY2023				FY2024			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Net sales</b>	335	358	364	366	391	447	411	430	487	521	520	531	567	586	617	634
Fraud and Spam Prevention Business	316	335	344	349	377	430	397	415	471	510	509	523	567	586	617	634
Other services	19	22	19	17	14	16	14	15	16	11	10	7	—	—	—	—
<b>Cost of sales</b>	89	92	92	97	103	147	121	133	138	158	169	162	163	154	177	204
Labor cost	58	62	61	61	58	60	60	65	64	66	71	75	72	70	71	85
Outsourced processing cost	13	14	14	28	14	17	29	23	26	25	25	23	23	17	19	18
Depreciation	10	10	11	14	14	17	19	21	20	26	28	30	23	23	28	38
Others	34	33	32	34	38	76	46	50	54	61	60	65	63	67	78	82
Rate of cost of sales recorded as R&D expenses and assets*2	23.7%	23.6%	22.7%	29.2%	18.2%	14.8%	21.1%	17.2%	15.7%	11.6%	9.0%	16.1%	10.1%	12.9%	10.0%	8.8%
<b>SG&amp;A expenses</b>	122	102	106	139	153	154	154	173	167	188	186	207	201	196	208	267
Personnel expenses	45	50	52	56	57	62	63	65	67	74	81	84	86	86	91	102
Advertising expenses	15	12	11	23	15	15	12	9	10	12	17	22	23	26	28	61
R&D expenses	16	2	2	4	3	3	7	16	7	9	7	8	8	7	4	9
Depreciation and amortization of goodwill	2	3	3	9	19	19	20	20	19	19	20	20	20	20	21	21
Others	42	33	37	46	56	52	51	61	62	71	60	71	63	55	63	72

\*1: Beginning with 1Q FY2024, we have changed to a single reportable segment of "Fraud and Spam Prevention Business" as "Other services" has become insignificant. "Other services" has been included in "Fraud and Spam Prevention Business."

\*2: The percentage of the cost of sales included in R&D expenses and assets due mainly to the characteristics of work performed by employees.



## Quarterly Sales Composition by Category in Prior Years\*

Unit: Millions of yen	FY2021				FY2022				FY2023				FY2024			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Fraud and Spam Prevention Business</b>	316	335	344	349	377	430	397	415	471	510	509	523	567	586	617	634
Mobile phone services	265	281	290	295	311	331	313	314	361	378	371	378	397	399	411	414
Landline phone services	38	37	37	34	34	51	38	41	44	47	50	50	51	53	53	53
Business phone services	11	17	16	20	31	48	44	59	65	84	87	93	113	132	151	164
Others*	—	—	—	—	—	—	—	—	—	—	—	—	5	0	0	1
<b>Other services</b>	19	22	19	17	14	16	14	15	16	11	10	7	—	—	—	—

\*Beginning with 1Q FY2024, we have changed to a single reportable segment of "Fraud and Spam Prevention Business" as "Other services" has become insignificant. "Other services" has been included in "Fraud and Spam Prevention Business."

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**note**

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