



**TOBILA**  
SYSTEMS

**FY10/20**

**Results of Operations  
for the Fiscal Year Ended October 31, 2020**

**Tobila Systems Inc.**

(Tokyo Stock Exchange First Section 4441)

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Business Overview

# Corporate Philosophy

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

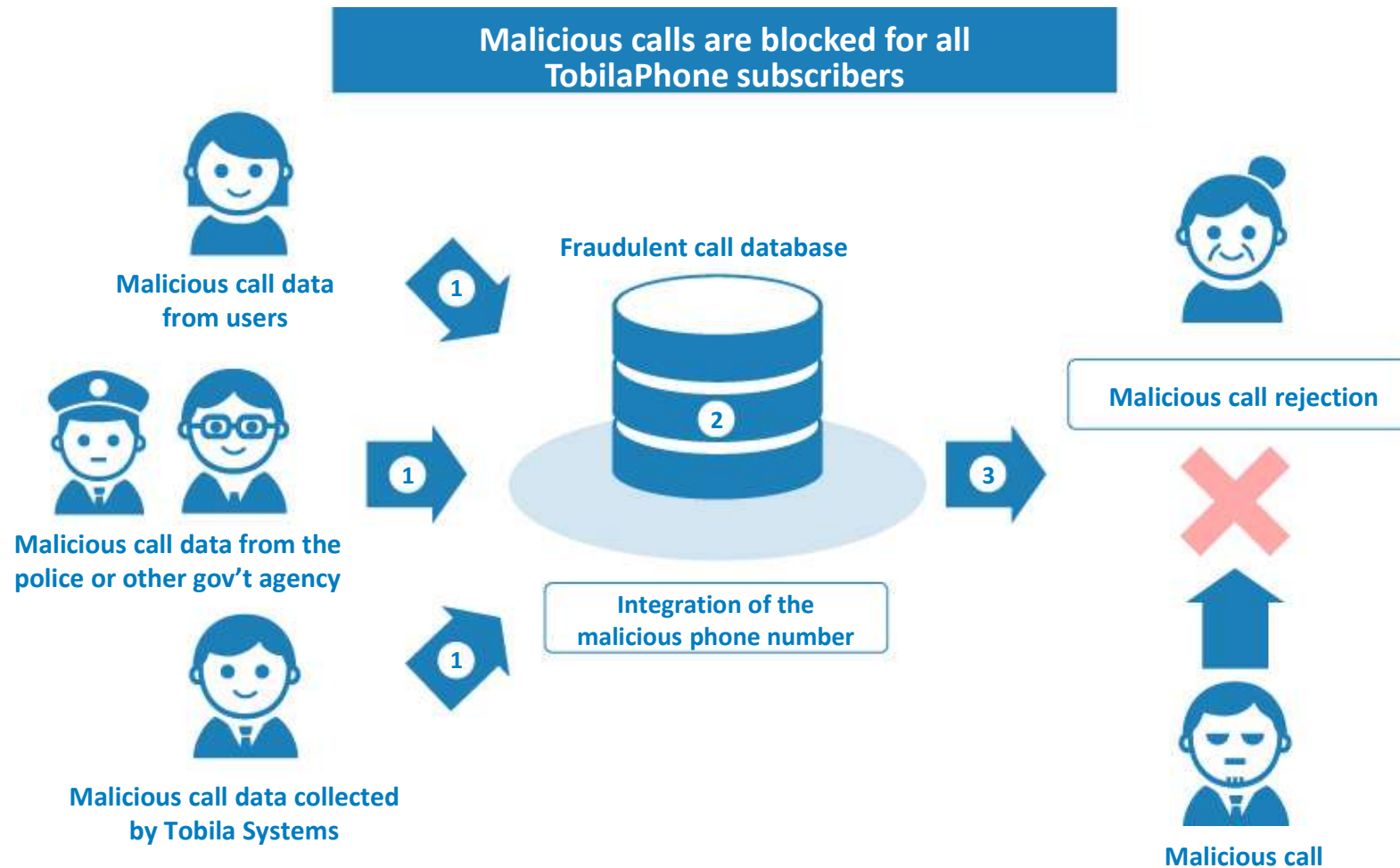
## **Using technologies for the challenge of solving social issues**

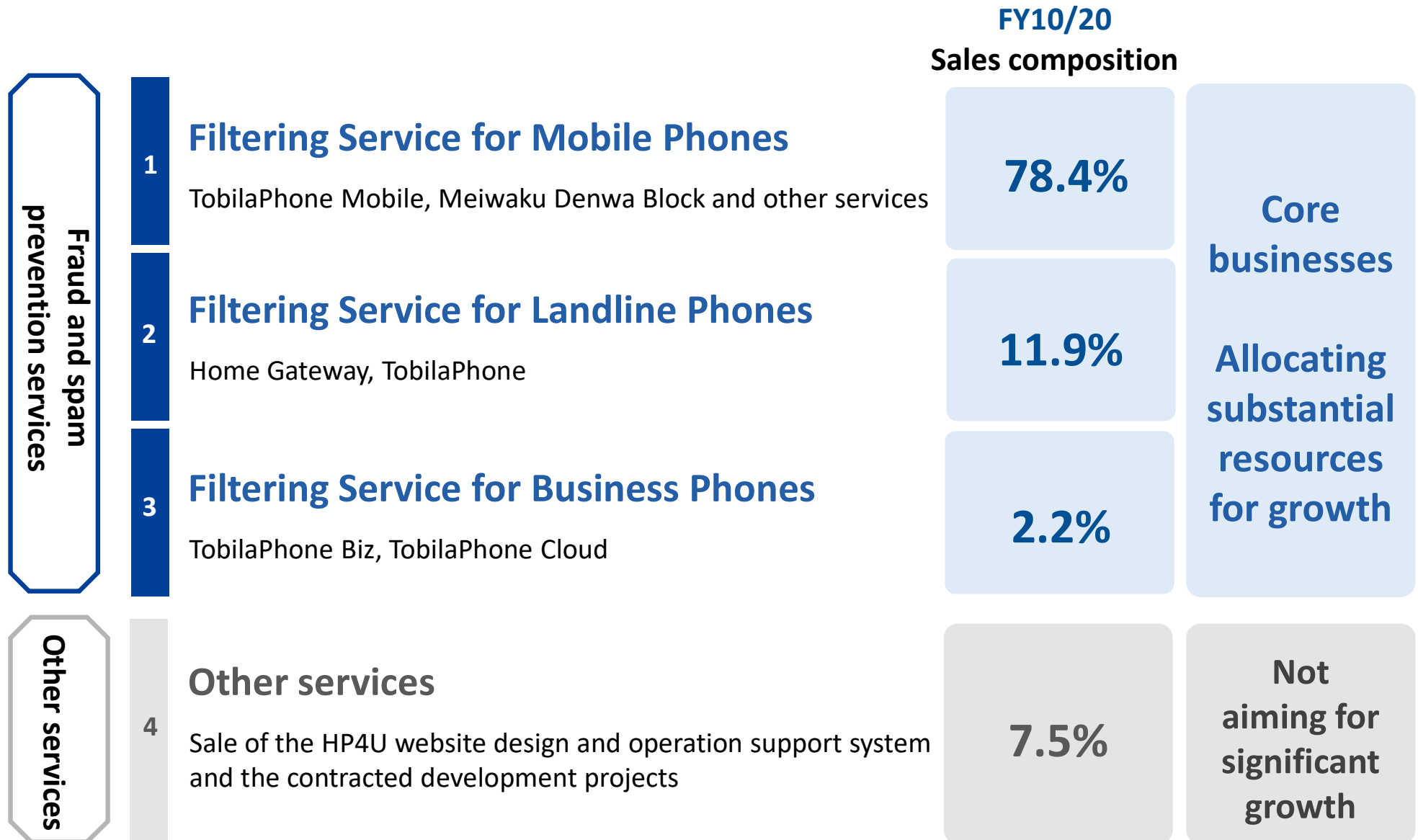
We are constantly changing without any fear of failure and challenging conventional thinking to realize a better future which we dream of. We will be a source of products that help solve social issues and have benefits for people. We will also pursue appropriate earnings for steady growth as we expand and upgrade our operations. We believe that maintaining an environment where we can live in peace with our loved ones will lead directly to our growth and a better life for people worldwide.

We will strive to solve social issues using security for people in order to create a society with peace of mind.

# The Fraud and Spam Prevention Services of Tobila Systems

The only business in Japan that uses a fraudulent call database for the prevention of malicious calls and other fraud and spam activities





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FY10/20 Highlights

## Both sales and operating profit rose to new record highs

### Results of FY10/20

Net sales: **¥1,234 million** (up 25.7% YoY)

Operating profit: **¥498 million** (up 22.8% YoY)

### FY10/20 Topics

▶ **More than 10 million monthly active users**

The TobilaPhone fraudulent call filter was developed and launched in June 2011. In July 2020, the number of monthly active users surpassed 10 million.

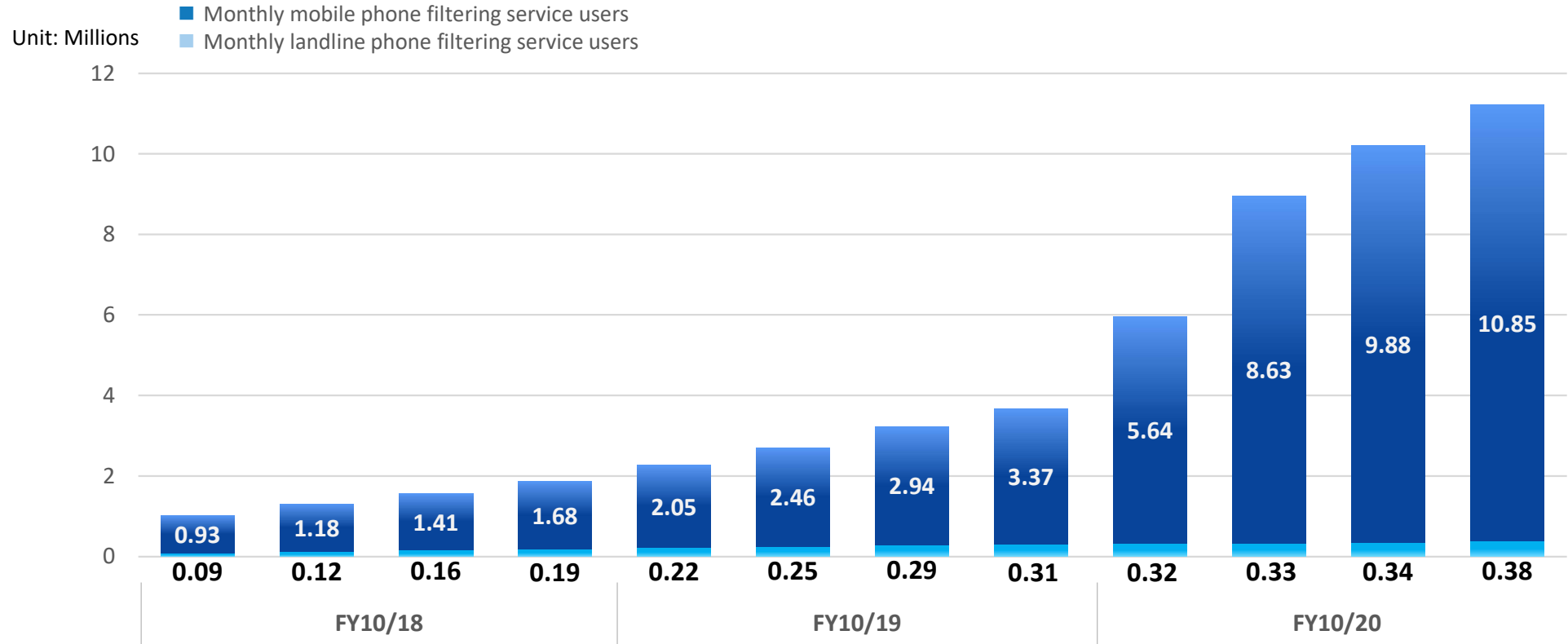
▶ **TSE First Section Listing**

The stock listing was moved to the TSE First Section only one year after the April 2019 TSE Mothers listing.



# Growth in Monthly Active Users of Fraud and Spam Prevention Service\*

About 11.23 million monthly active users\* (as of October 31, 2020)



\* Monthly active users (MAU) are the number of users of our products and services who access our server at least once a month to update a blocked phone number list automatically or to activate our app or other services. If a person uses multiple devices and each device has a separate agreement, the person is counted as different users. MAU is an important KPI for determining the contribution of our products and services to eliminating problems caused by fraud and spam activities. Our revenue is, however, not always directly affected by an increase or decrease in MAU because contracts with business clients such as telecommunications companies have different terms.

\* Number of the monthly active users includes some provisional figures. The data may vary somewhat when the finalized figures are released and reflected in the data.

# More than 10 million monthly active users

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The number of monthly active users is not directly linked to sales. However, this number shows the large number of people who are using the TobilPhone filtering service for fraud and spam prevention. Furthermore, this number demonstrates the significant social contribution of this business. This is why we place importance on the number of monthly active users as an indicator of the value provided by our business operations.

Surpassing the 10 million level reinforces our determination to continue taking on the challenge of creating ways to use technology for solving social issues.

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FY10/20 Financial Results

## The sales and earnings plans were achieved despite the negative effects of the COVID-19 crisis

Unit: Millions of yen	Results	Initial plan	Vs. Initial Plan
<b>Net sales</b>	<b>1,234</b>	1,227	<b>100.6%</b>
<b>Operating profit</b> (Operating margin)	<b>498</b> (40.4%)	468	<b>106.6%</b>
<b>Ordinary profit</b> (Ordinary profit margin)	<b>471</b> (38.2%)	449	<b>104.9%</b>
<b>Profit</b> (Profit margin)	<b>322</b> (26.1%)	307	<b>105.0%</b>

**Sales were 25.7% higher than in the previous fiscal year and operating profit was up 22.8%**

Unit: Millions of yen	FY10/20	FY10/19	YoY
<b>Net sales</b>	1,234	981	<b>125.7%</b>
<b>Operating profit</b>	498	406	<b>122.8%</b>
<b>Ordinary profit</b>	471	392	120.0%
<b>Profit</b>	322	248	129.6%

## Quarterly sales reached a record high

## Operating profit increased 39.8% from one year earlier

Unit: Millions of yen	4Q FY10/20 Results	3Q FY10/20		4Q FY10/19	
		Results	QoQ	Results	YoY
<b>Net sales</b>	<b>331</b>	312	106.1%	258	<b>128.1%</b>
<b>Operating profit</b>	122	134	91.2%	87	<b>139.8%</b>
<b>Ordinary profit</b>	121	133	90.8%	87	139.1%
<b>Profit</b>	80	92	86.7%	40	199.6%

Sales of the core mobile phone filtering services increased more than 30% and were almost the same as the plan

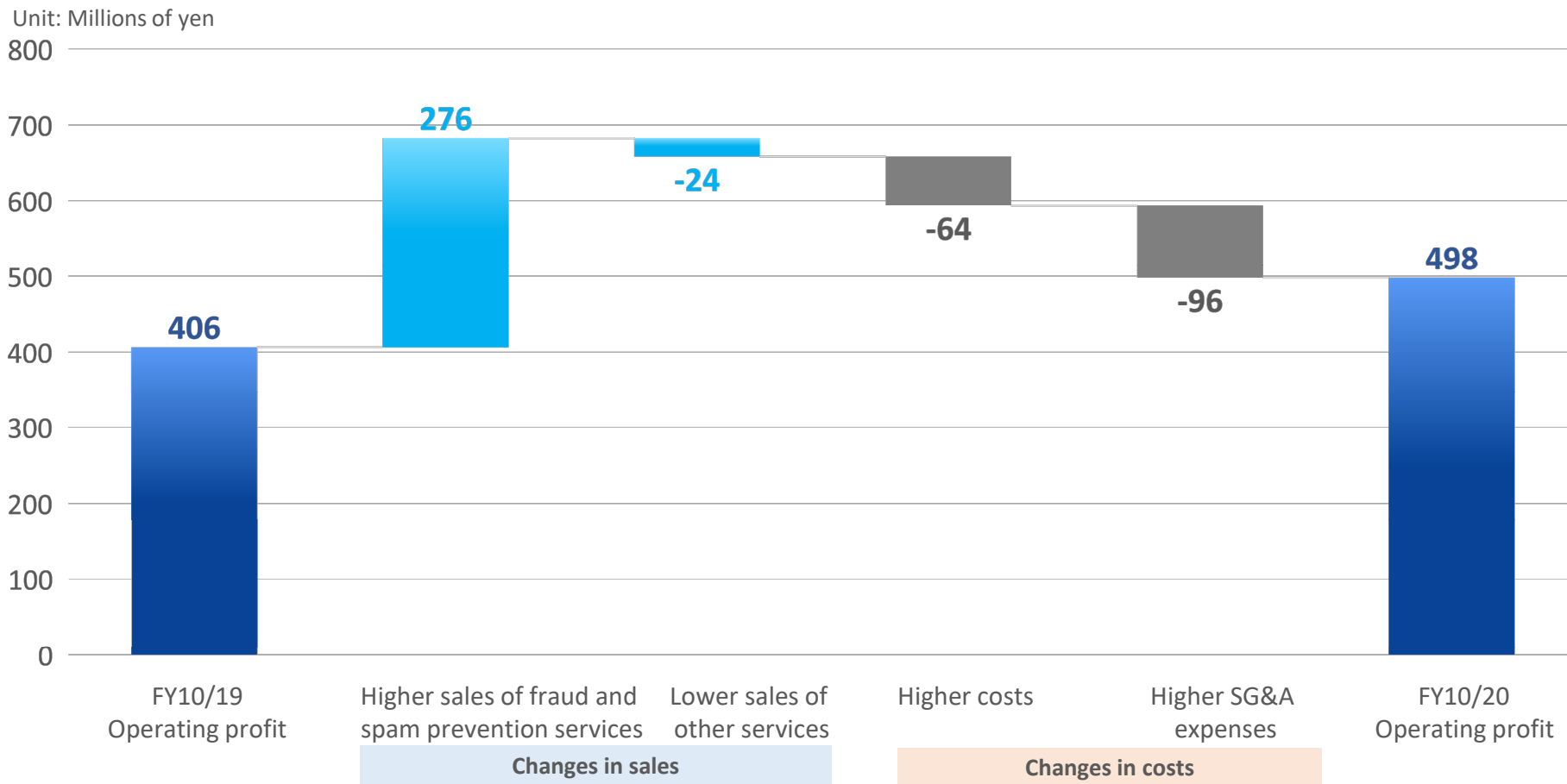
Unit: Millions of yen

	FY10/20 Results	FY10/20		FY10/19	
		Initial plan	Vs. Plan	Results	YoY
Fraud and spam prevention services	1,141	1,143	99.8%	865	131.9%
Mobile phone services	967	976	99.1%	742	130.3%
Landline phone services	146	135	108.3%	106	137.6%
Business phone services	26	31	86.2%	15	173.0%
Other services	92	83	110.8%	116	79.7%

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# YoY Changes in Operating Profit

Higher sales in the fraud and spam prevention services, which has a high profit margin, raised operating profit even as advertising expenditures were made to build a base for more growth



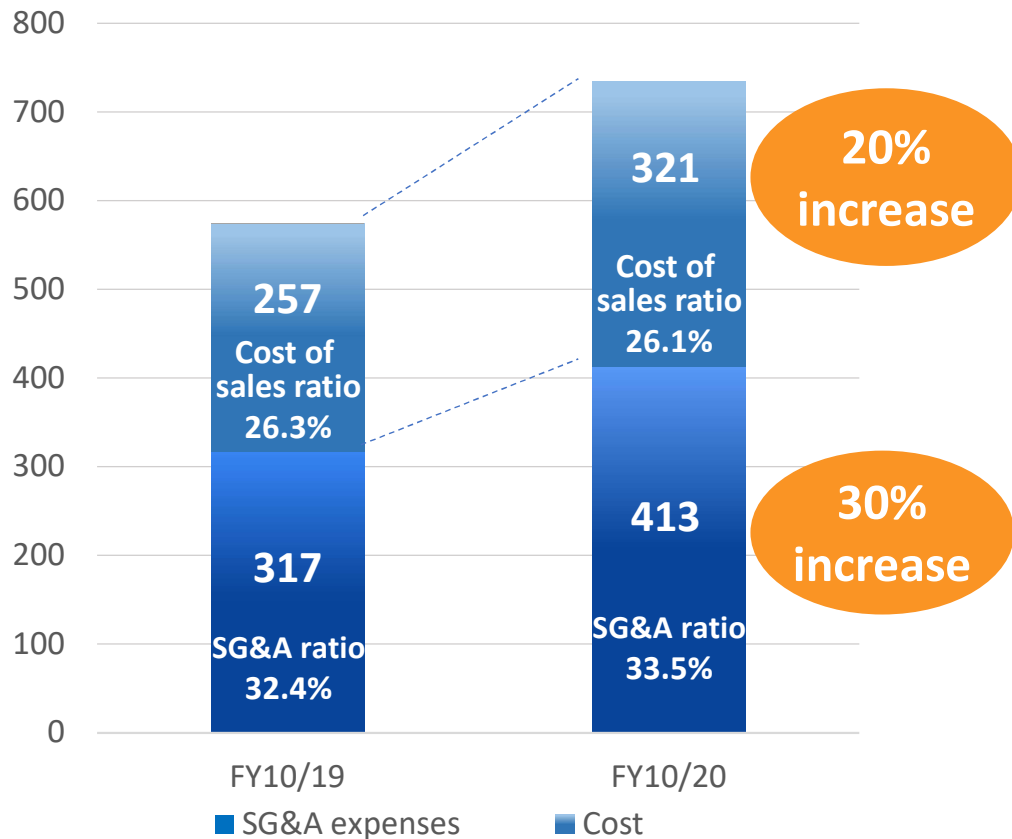


## Cost Analysis

The cost of sales increased more than 20% along with the growth of business operations

SG&A expenses were up more than 30% mainly because of higher advertising expenses

Unit: Millions of yen



### Primary increases in expenses in FY10/20

- ▶ Advertising expenses
- ▶ Labor cost/personnel expenses
- ▶ Expenses associated with head office relocation
- ▶ Others

**Higher labor cost and personnel expenses for a stronger organizational framework**

**Higher advertising and R&D expenses for increasing sales of new products**

Unit: Millions of yen	FY10/20 Results	FY10/20		FY10/19	
		Initial plan	Vs. Plan	Results	YoY
<b>Cost of sales</b>	321	353	91.1%	257	124.8%
Labor cost	<b>214</b>	246	87.2%	188	113.7%
Depreciation	45	48	94.9%	34	133.5%
Others	160	179	89.5%	107	148.5%
Pct. of cost of sales classified as R&D expenses and assets*	23.6%	25.5%	92.5%	22.6%	104.2%
<b>SG&amp;A expenses</b>	413	406	101.9%	317	130.3%
Personnel expenses	<b>172</b>	191	90.2%	151	114.1%
Advertising expenses	<b>56</b>	22	<b>253.3%</b>	17	<b>328.8%</b>
R&D expenses	43	38	112.1%	29	147.5%
Others	141	154	92.0%	119	118.2%

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

## Cost structure changed due to higher advertising and R&D expenses for TobilaPhone Cloud in order to build a base for more growth

Unit: Millions of yen	4Q FY10/20	3Q FY10/20		4Q FY10/19	
		Results	QoQ	Results	YoY
<b>Cost of sales</b>	83	78	105.7%	72	114.2%
Labor cost	54	54	100.2%	52	104.5%
Depreciation	12	10	110.3%	12	100.0%
Others	48	36	132.9%	29	164.6%
Pct. of cost of sales classified as R&D expenses and assets*	28.5%	22.6%	126.2%	22.4%	127.5%
<b>SG&amp;A expenses</b>	126	99	126.6%	98	128.0%
Personnel expenses	44	44	101.0%	40	110.1%
Advertising expenses	29	14	206.6%	2	1114.0%
R&D expenses	17	10	168.0%	11	149.4%
Others	35	31	112.6%	44	79.8%

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

## Financial soundness improved even more as net assets increased 34.7% and the equity ratio rose to 81.7%

Unit: Millions of yen	FY10/19	FY10/20	Change
Current assets	1,139	1,413	+274
Cash and deposits	998	1,218	+219
Notes and accounts receivable-trade	109	150	+40
Other	31	45	+13
Non-current assets	170	234	+63
Property, plant and equipment	43	65	+21
Intangible assets	85	114	+28
Investments and other assets	41	54	+12
<b>Total assets</b>	<b>1,310</b>	<b>1,647</b>	<b>+337</b>
Liabilities	309	300	-8
Current liabilities	284	288	4
Non-current liabilities	24	11	-13
<b>Net assets</b>	<b>1,000</b>	<b>1,347</b>	<b>+346</b>
<b>Equity ratio</b>	<b>76.4%</b>	<b>81.7%</b>	<b>+5.3%</b>

\* All amounts are rounded down to the nearest million yen

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## Assessment of the FY10/20 Action Plan

### Enlarge the current sources of earnings

- More monthly active users
- More alliance partners

### Investments for future growth

- Investment in new products
- Continuous investments in existing products

A financial strategy for the proper balance between short and medium to long-term growth

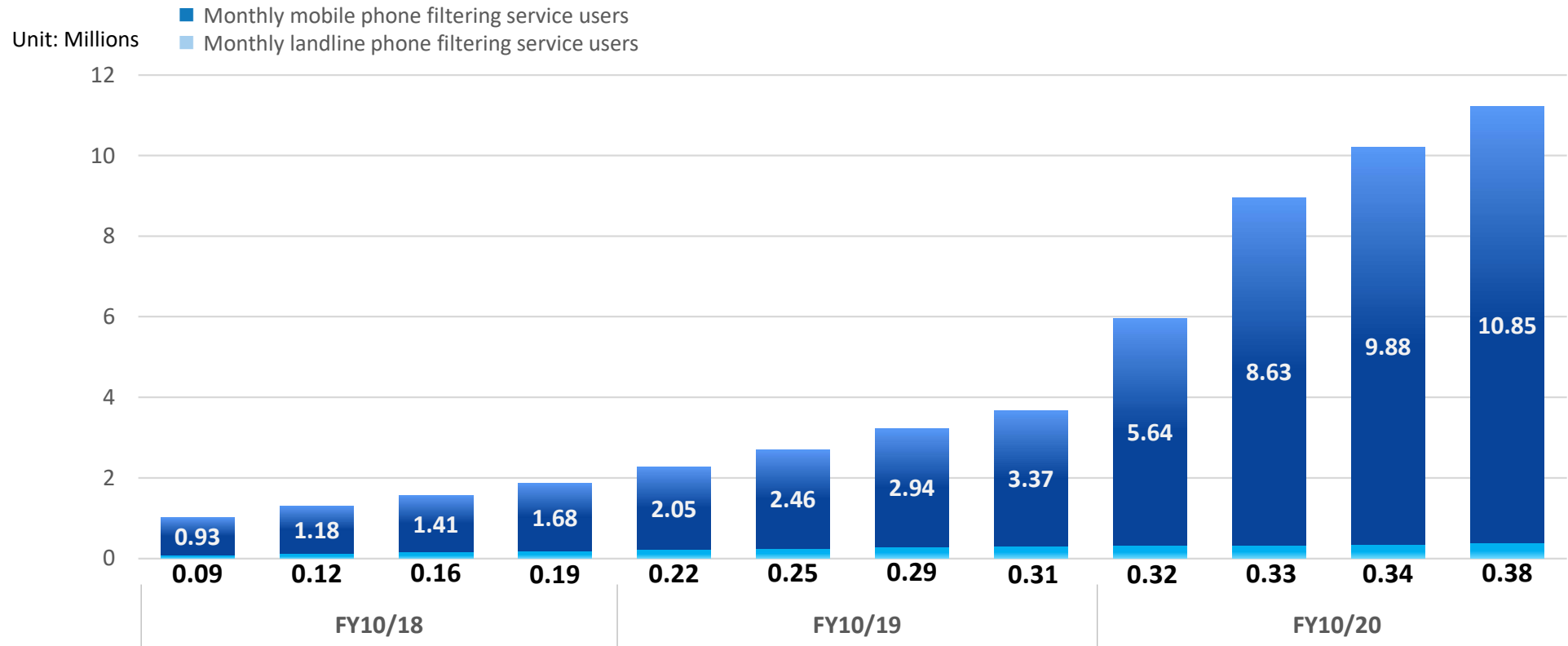


### A more powerful internal infrastructure

- Recruit skilled people
- Establish an environment and programs that attract skilled people
- Establish efficient management systems based on data analysis

# Growth in Monthly Active Users of Fraud and Spam Prevention Service\*

## About 11.23 million monthly active users\* (as of October 31, 2020)



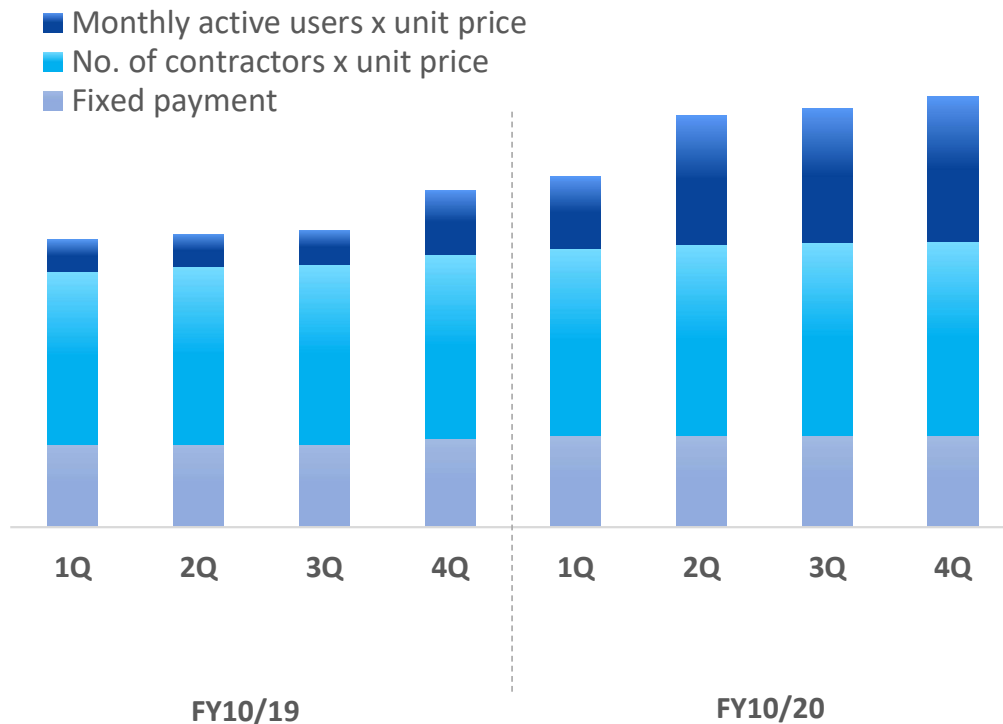
\* Monthly active users (MAU) are the number of users of our products and services who access our server at least once a month to update a blocked phone number list automatically or to activate our app or other services. If a person uses multiple devices and each device has a separate agreement, the person is counted as different users. MAU is an important KPI for determining the contribution of our products and services to eliminating problems caused by fraud and spam activities. Our revenue is, however, not always directly affected by an increase or decrease in MAU because contracts with business clients such as telecommunications companies have different terms.

\* Number of the monthly active users includes some provisional figures. The data may vary somewhat when the finalized figures are released and reflected in the data.

# Mobile Business Category Growth

“Monthly active users x unit price” sales started to recover despite of COVID-19

Quarterly sales of major contract categories of filtering services for mobile phones



\*Difference between 3Q FY10/20 and 4Q FY10/20

\*See page 48 for information about the contract categories.

## Performance vs. Prior Quarter\*

### ▶ Monthly active users × Unit price

**Sales** 108.3%  
 Monthly active users 110.6%

### ▶ No. of contractors × Unit price

Sales 100.6%  
 Monthly active users 107.2%

### ▶ Fixed payment

Sales 100.0%  
 Monthly active users 109.6%

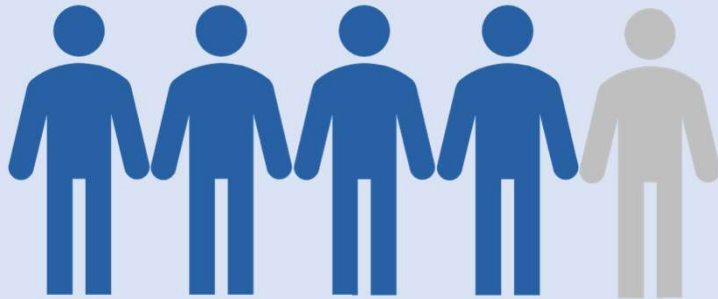


## A More Powerful Internal Infrastructure

### Hired one full-time engineer during the fourth quarter

#### Business Operations

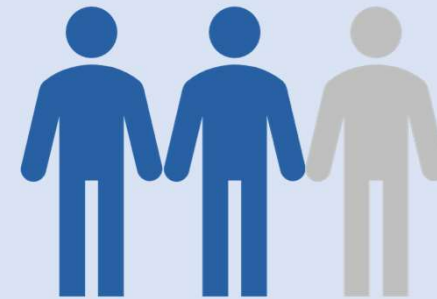
FY10/20 Recruiting: 4



Hired 4 of the 5 engineers to be added

#### Sales/Administration

FY10/20 Recruiting: 2



Hired 2 of the 3 sales/administration members to be added

\*Results of Operations for the Fiscal Year Ended October 31, 2019

(<https://contents.xj-storage.jp/xcontents/AS05546/e80241b1/755f/4a3b/bf3a/d0e8c043791e/20200312160628928s.pdf>)

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FY10/21 Earnings Forecast

## Forecast record-high sales and earnings at all levels

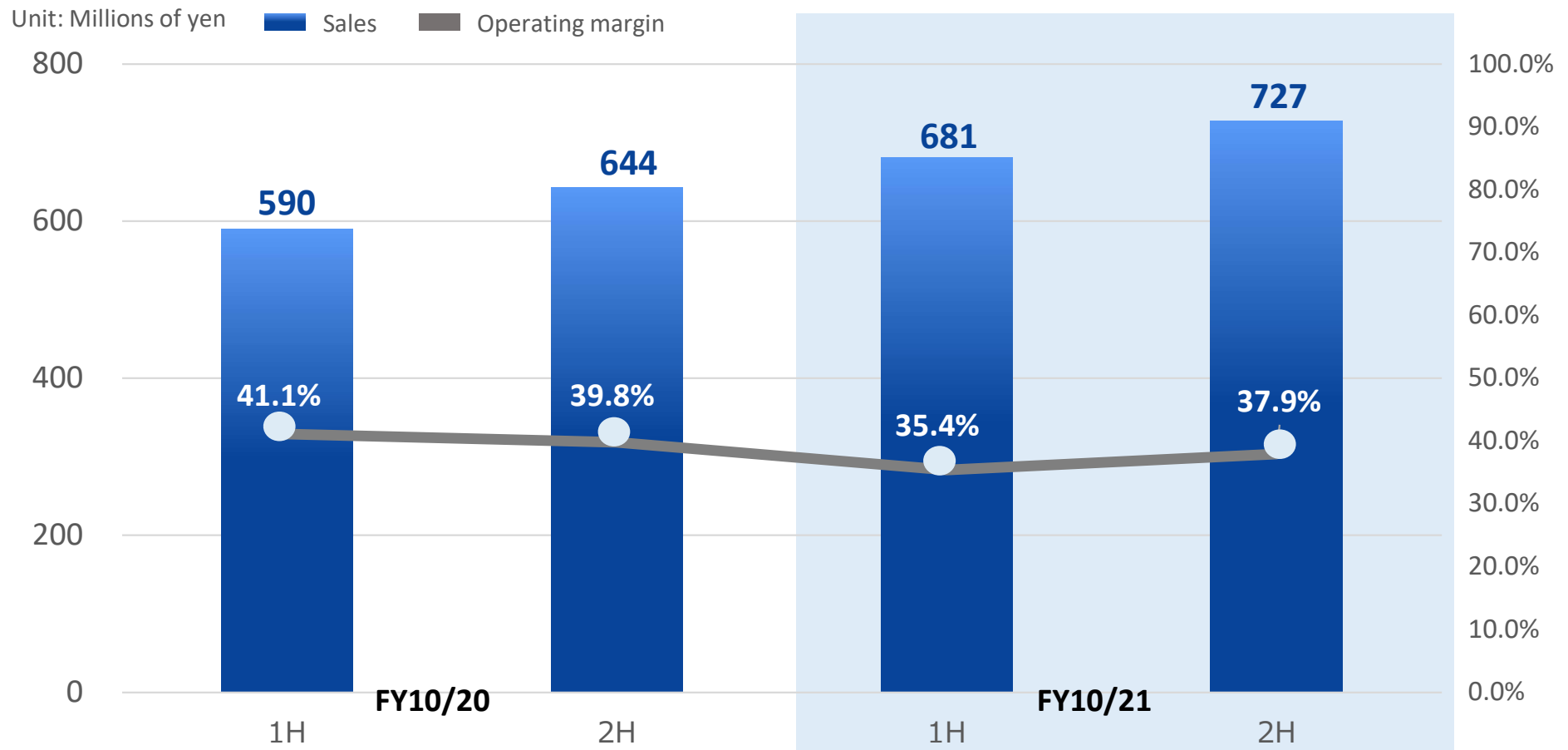
### Small operating profit increase due to investments for more sales growth

Unit: Millions of yen		FY10/19	FY10/20	FY10/21	YoY change
Financial indicators	Net sales	981	1,234	1,410	114.2%
	Operating profit	406	498	517	103.7%
	Ordinary profit	392	471	515	109.3%
	Profit	248	322	352	109.2%
Profitability indicators	Operating margin	41.4%	40.4%	36.7%	
	ROE*	39.1%	27.5%	23.4%	
Financial soundness	Equity ratio	76.4%	81.7%	83.9%	

\*ROE is calculated by using average shareholders' equity in each fiscal year.

## First and Second Half Sales Forecast

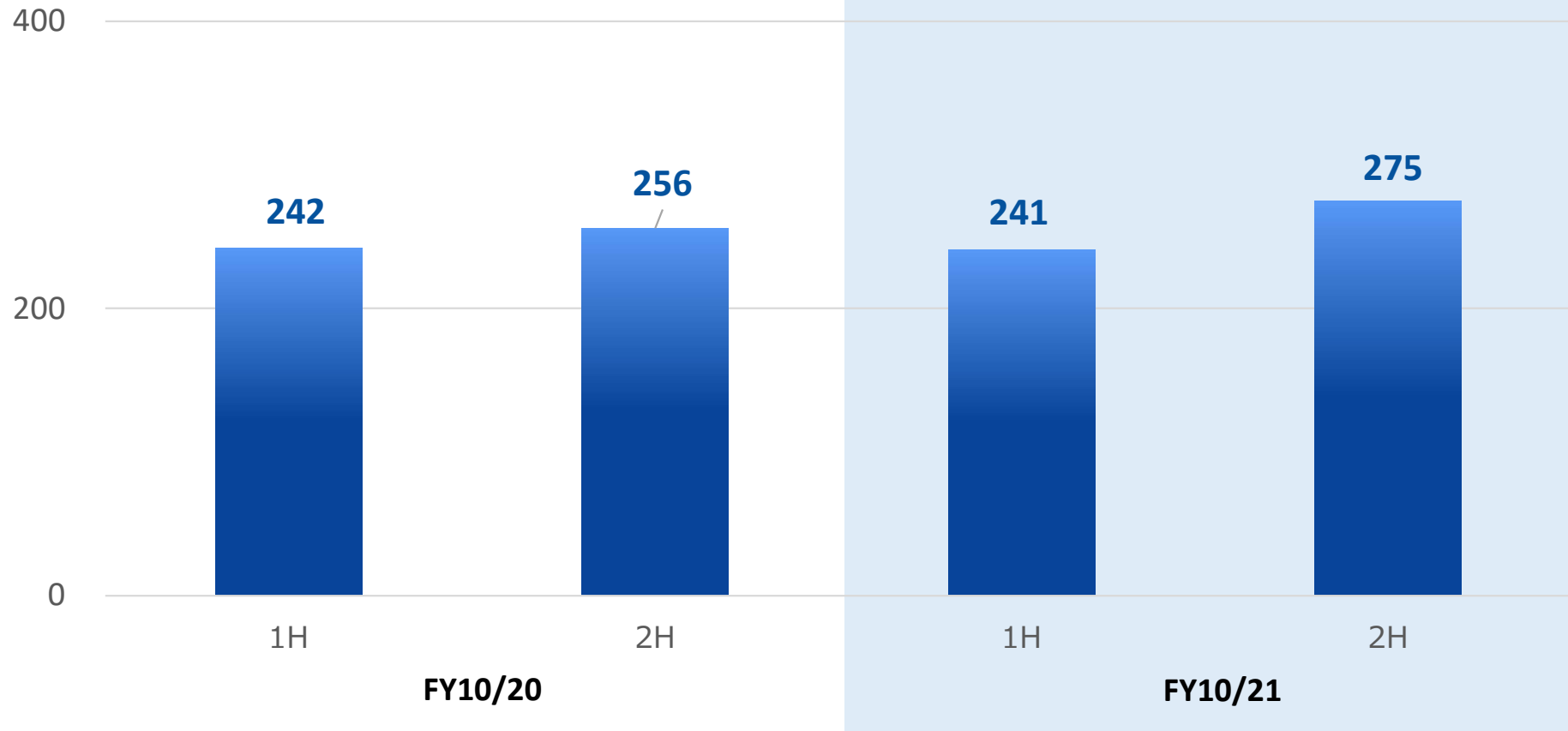
The sales forecast reflects the outlook for consistent growth of steady revenue and does not include one-time contributions to sales



## First and Second Half Operating Profit Forecast

**Almost no change in earnings because of advertising and personnel expenditures for future growth**

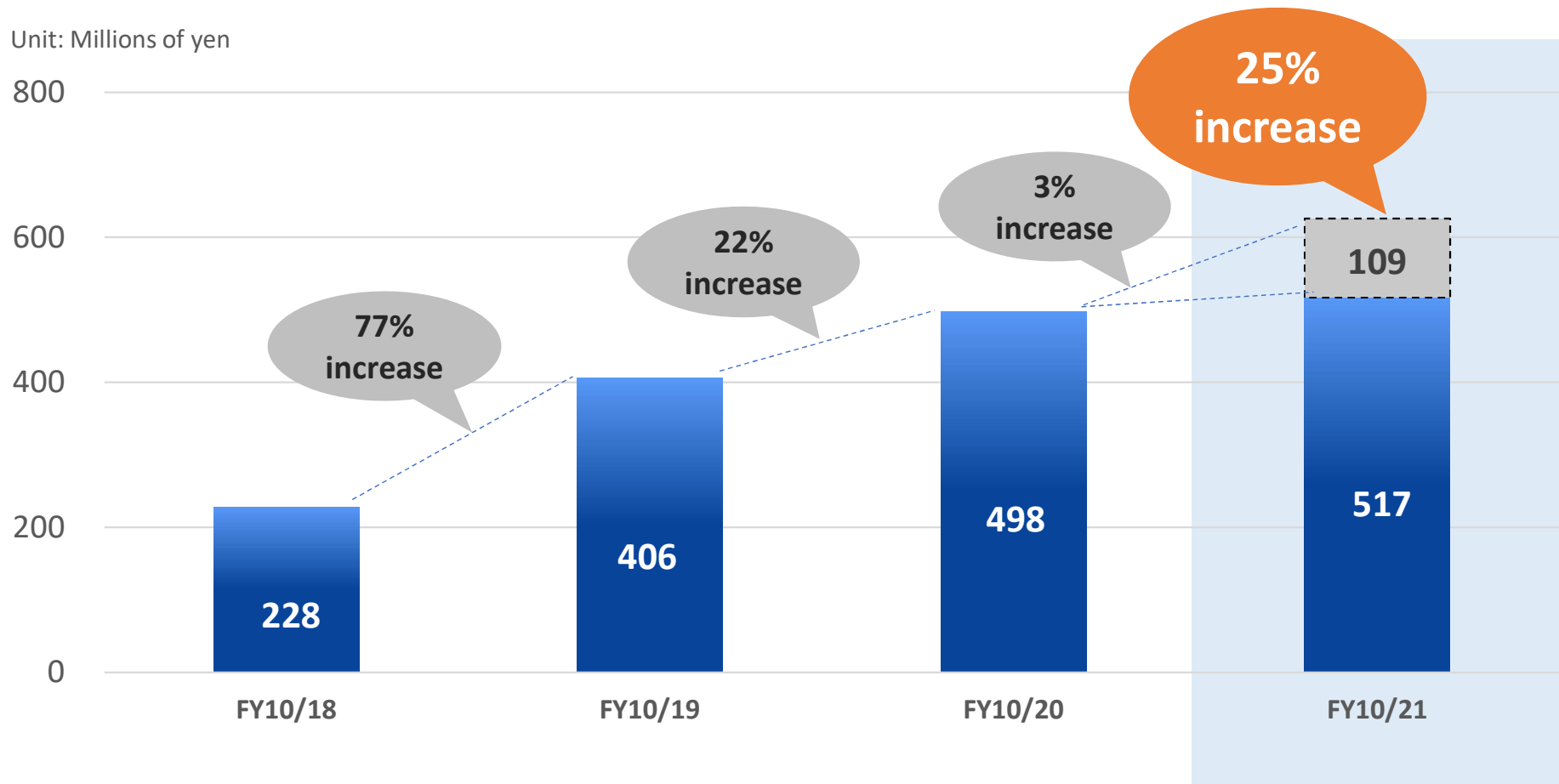
Unit: Millions of yen



## Estimated Operating Profit

After excluding expenditures for growth, business operations are capable of generating an estimated operating profit of more than ¥600 million in FY10/21, an increase of more than 20%

Unit: Millions of yen



## Sales Composition

Forecast steady growth of the core mobile phone category of the fraud and spam prevention services business

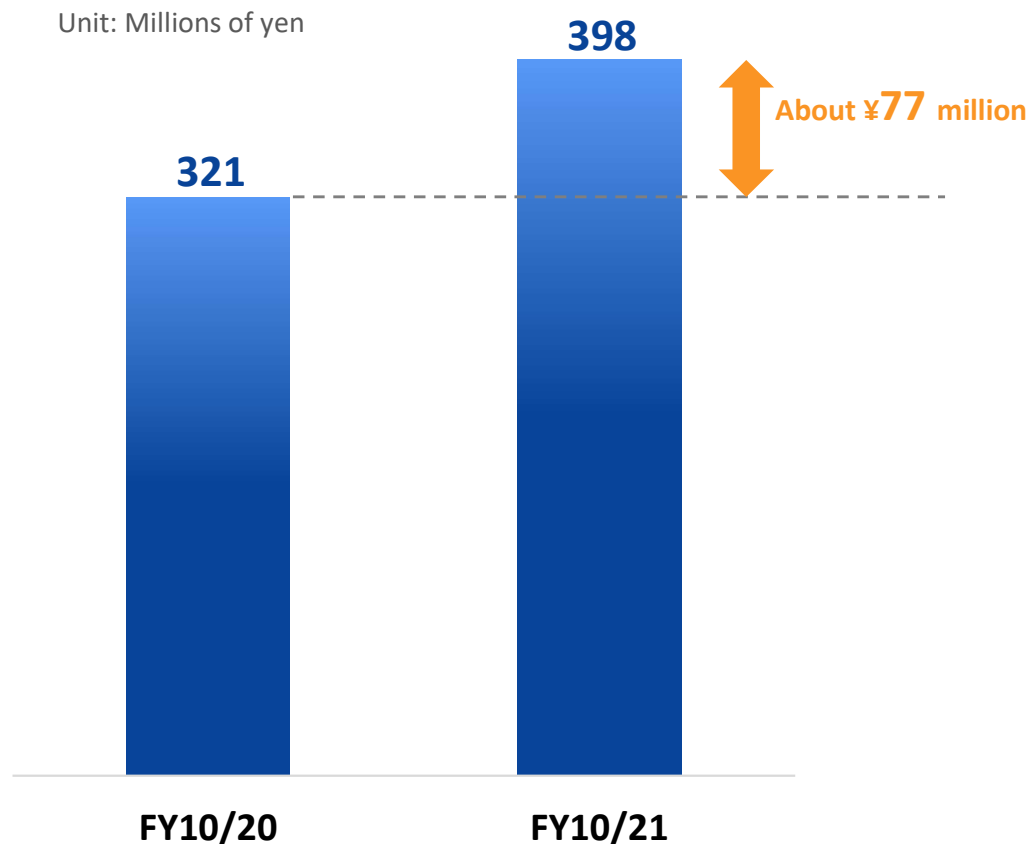
Unit: Millions of yen

	FY10/20		FY10/21			
	1H	2H	1H	YoY change	2H	YoY change
<b>Fraud and spam prevention services</b>	539	602	645	107.2%	696	107.9%
<b>Mobile phone services*1</b>	459	508	<b>555</b>	109.1%	<b>587</b>	105.8%
<b>Landline phone services*2</b>	70	76	68	88.7%	70	103.2%
<b>Business phone services</b>	10	16	22	133.9%	38	174.6%
<b>Other services</b>	50	42	36	86.2%	31	86.3%

\*1 Mobile phone service sales increased due to improved terms of fixed payment contracts

\*2 Do not anticipate one-time sales for the landline phone services

Forecast increase of about ¥77 million in cost of sales mainly because of the outlook for higher labor cost associated with recruiting activities and other expenses



### Recruiting plan for full-time engineers

Increase from 32 to 35

\*No negative effect on FY10/21 sales even if this recruiting goal is not accomplished

Plan to recruit skilled engineers to speed up growth starting in FY10/21

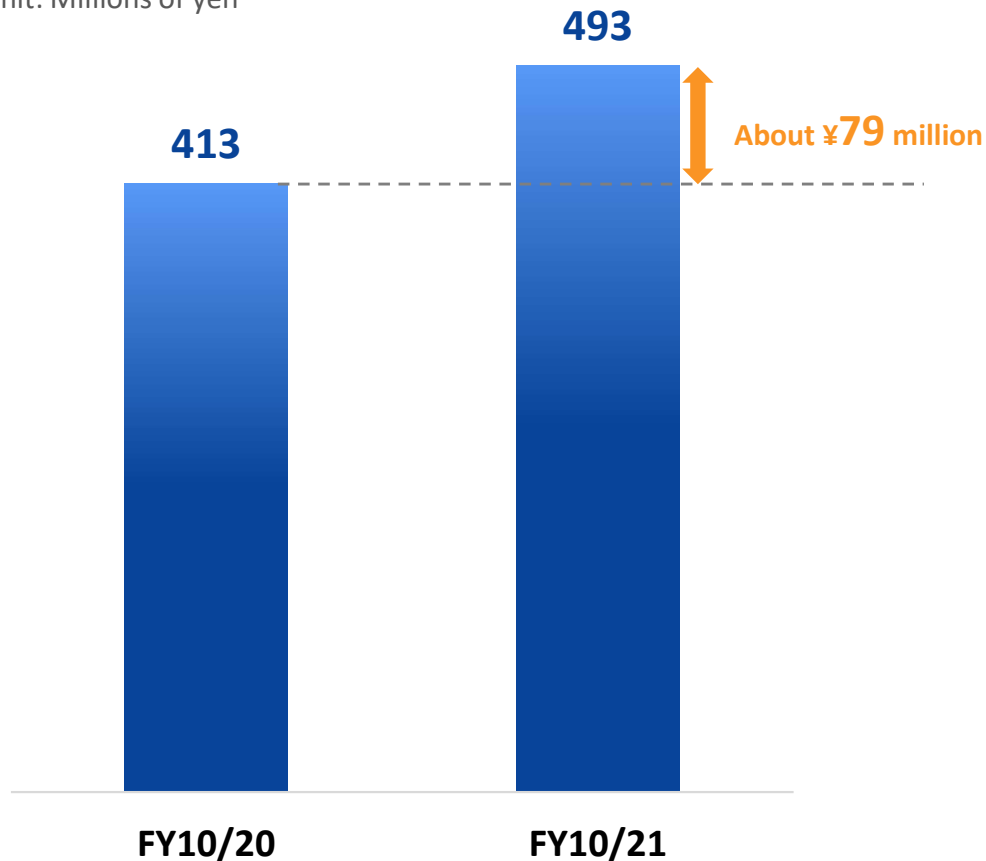
#### Other major reasons for higher expenses

- ▶ Various expenses associated with workforce growth
- ▶ Higher pct. of shared expenses allocated to Tobil Systems
- ▶ Increase in depreciation expenses arising from capital expenditure



Forecast increase of about ¥79 million in SG&A expenses mainly because of the outlook for higher advertising expenses and personnel expenses

Unit: Millions of yen



Recruiting plan for full-time sales/administrative personnel

Increase from 18 to 21

\*No negative effect on FY10/21 sales even if this recruiting goal is not accomplished  
Plan to recruit more skilled sales/administrative personnel to speed up growth starting in FY10/21

Other major reasons for higher expenses

- ▶ Various expenses associated with workforce growth
- ▶ More marketing activities for TobilaPhone Cloud

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FY10/21 Action Plan

## Renewed growth of COVID-19 cases in Japan makes it impossible to predict impact of this crisis on FY10/21 sales and earnings

### The economy

Japan's real GDP growth rate is recovering from the COVID-19 downturn due to the resumption of economic activity. However, the effects of COVID-19 remain unclear.

Mobile phone replacement demand has plummeted and carrier shops have reduced operating hours because of COVID-19.

Use online measures, like promotions using short mail, to attract users in addition to the sales activities of carrier shops.

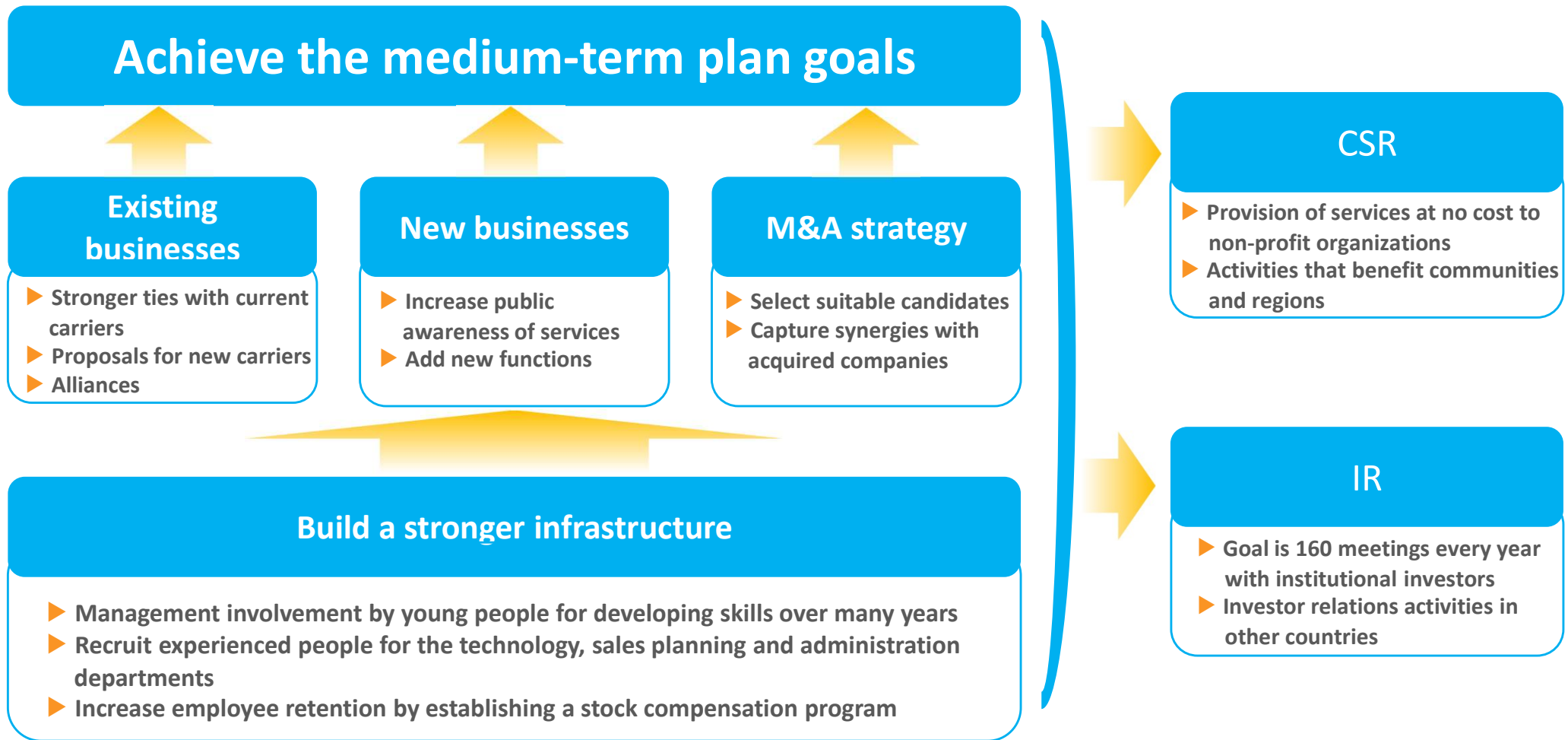
Downward pressure on prices of Tobil Systems services because of mobile phone service fee reductions associated with government actions

No requests for price reduction negotiations at this time. Joint activities with carriers are under way to increase added value as an optional service.

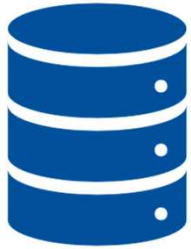
Dynamic changes in society due to the DX, remote work and other reasons

Create new ways to generate sales and earnings

# FY10/21 Action Plan



## Action Plans for Existing Businesses



### R&D expenditures for a fraudulent call database in order to provide even more effective blocking of malicious phone calls and messages

- ▶ R&D expenditures to build a database that can be used for security
- ▶ R&D expenditures to start a phishing protection service and measures to make this service profitable
- ▶ Use corporate database R&D to establish competitive superiority in the future for business phone services

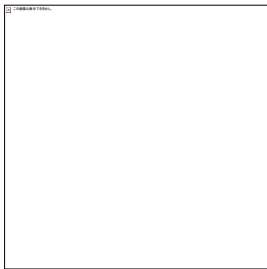


### Strengthen alliances to aim for even faster growth

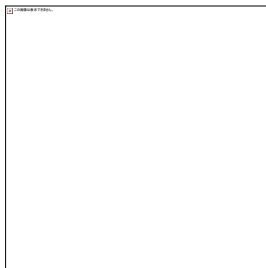
- ▶ New business alliances that utilize databases
- ▶ More business phone filter service partners to increase the use of this service



## Initiatives for faster growth



- ▶ Upgrade marketing activities to attract the largest possible number of new customers
- ▶ Reinforce business alliances to improve the ability to reach targeted user segments



- ▶ More development activities to be more competitive by improving the user experience
- ▶ Increase the value of services by periodically adding new functions

# 6 Action Plans to Build a Stronger Infrastructure



## Create an organization where people can realize their full potential. Improve personnel systems.

- ▶ Identify young people with potential and give them opportunities
- ▶ Use the quarterly feedback program to build a base for growth



## Start a stock compensation program

- ▶ Distribute to employees stock that cannot be sold for three years
- ▶ Further improve the retention rate by using this incentive that is linked to the medium and long-term growth of corporate value

## Action Plans for Investor Relations

### A strong dialogue with financial markets by providing institutional and individual investor feedback to the Management Committee



#### Many investor relations activities to maintain a stock price that accurately reflects the value of Tobila Systems

- ▶ Goal is about 40 quarterly (160 annually) institutional investor meetings
- ▶ Use the medium-term management plan to explain our growth potential and strategy



#### Investor relations activities for foreign investors

- ▶ Foreign investors account for more than 60% of the trading volume of Japanese stocks
- ▶ English-language materials to ensure the equitable disclosure of information



**Tobila Systems plans to pay a dividend with a payout ratio target of 35% for the medium to long-term growth of corporate value, while maintaining financial soundness and making investments for growth**

### Annual dividend

FY10/20 Result	FY10/21 Plan
¥10.8	¥11.7

\*The plan is to pay only a year-end dividend and pay no interim dividend

Results of Operations

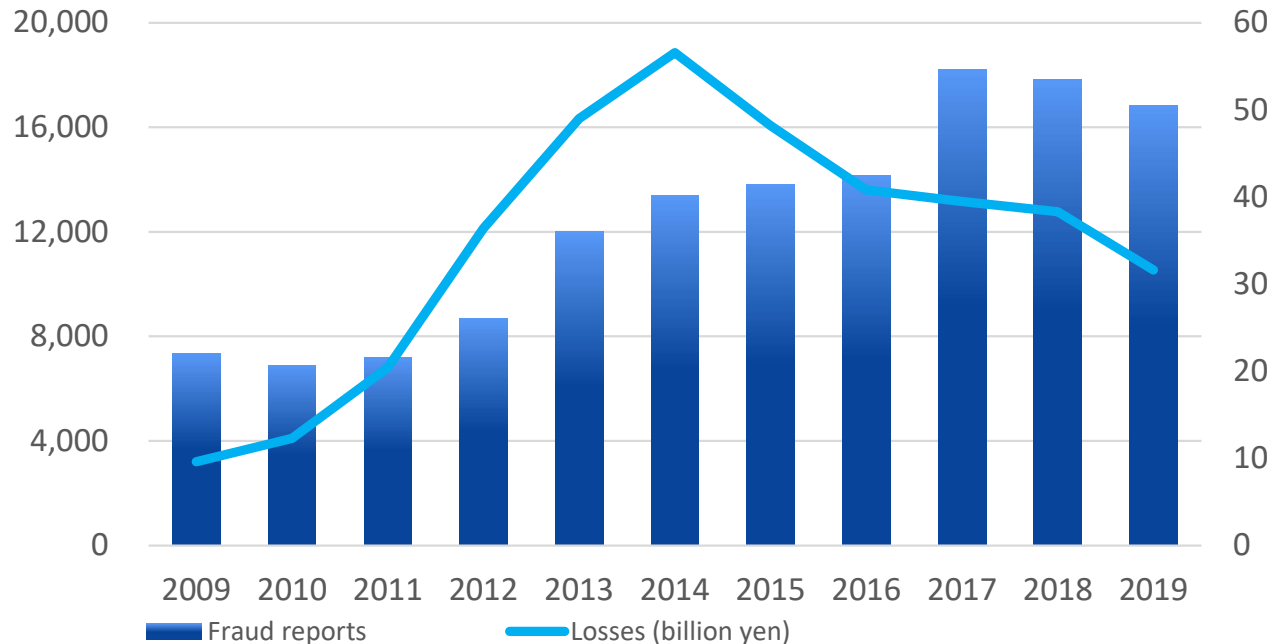
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Competitive Strengths

# The Social Issue of Fraud and Spam Activities

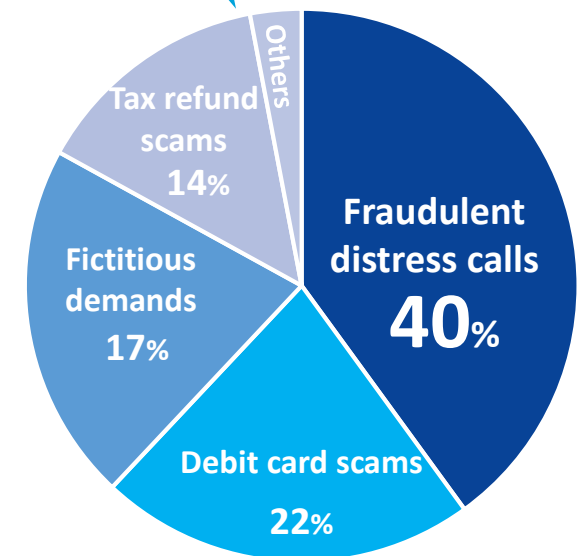
## The Significant Need for Filtering Services to Block Fraudulent Calls

- ▶ In 2019, there were 16,851 recorded cases in Japan of fraud and spam activities.
- ▶ **Financial losses** caused by this category of fraud remained high, **a total of ¥31.6 billion** in 2019, showing serious concerns.
- ▶ **Seniors accounted for 83.7% of all individuals who suffered losses due to this type of fraud**, creating an urgent need for measures to create a safe and secured society.



Source: Identification and Control of Special Fraud in 2019, National Police Agency

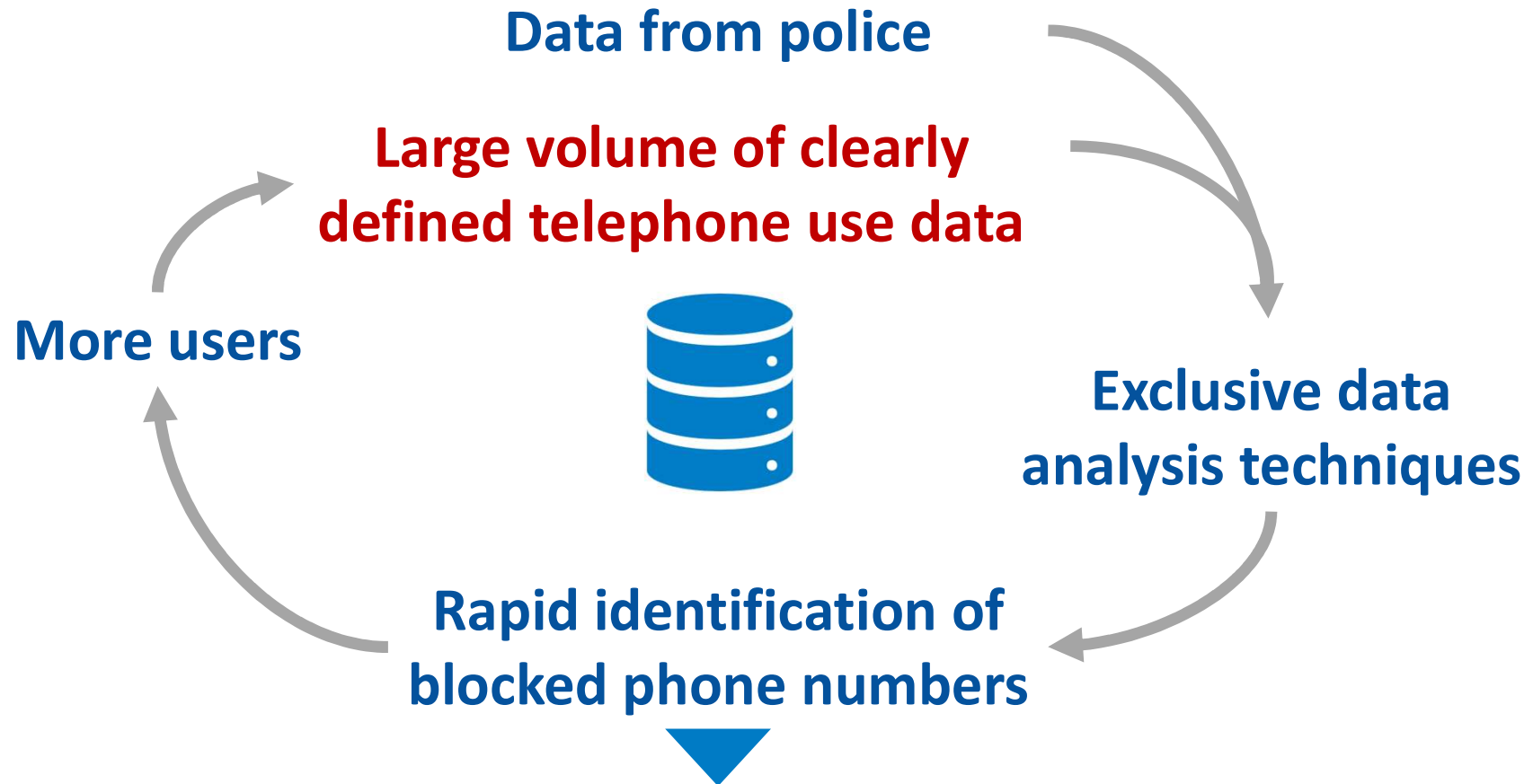
An increasing volume of fraud and spam activities taking advantage of the COVID-19 crisis



Losses by type of scam in 2019:  
Number of cases detected

## Strengths of Tobila's Database Technology

Constant improvement in accuracy because accumulated data increases along with the number of users

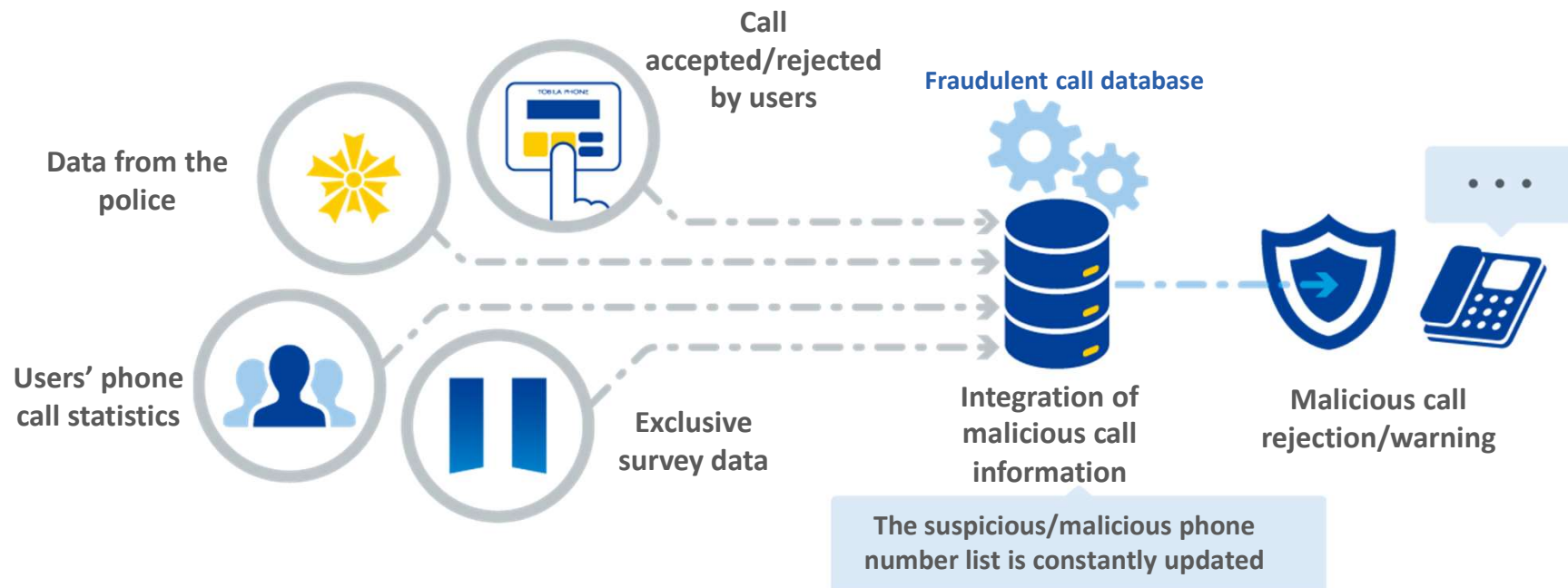


Our goal is the elimination of problems caused by fraud and spam activities in Japan!

# The High Barriers to Entry of the Fraud and Spam Prevention Services

## Tobila Systems is effectively the only source of this service in Japan – No competitors

- ▶ **Analysis using more than 1.1 billion units of data.** There is no company or service in Japan that can match this level of data analysis.
- ▶ The 13 patents for our unique algorithms make it very difficult for a new competitor to emerge.
- ▶ **A cyclical system in which data accuracy improves as the number of users increases.** The database must be constantly checked and updated because criminals are always changing the phone numbers they use.



Results of Operations

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Our Services and Business Model

# Filtering Service for Mobile Phones

Included in the optional packages of NTT docomo, KDDI (au), SoftBank and other cell phone carriers  
Offered as an app for filtering fraudulent calls

## Carrier/App (Examples)

### SoftBank



SoftBank  
Meiwaku Denwa Block

### KDDI(au)



au  
Meiwaku Message & Denwa Block

### docomo



docomo  
Anshin Security

## Incoming call screen (when suspicious/malicious number is detected)

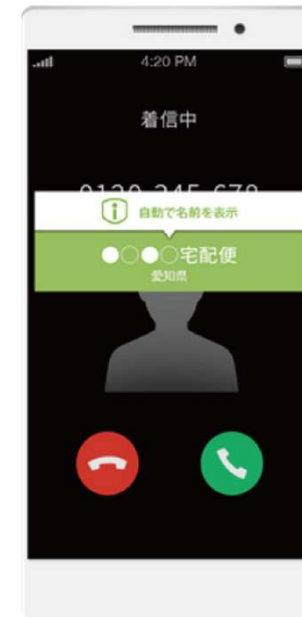


iPhone version



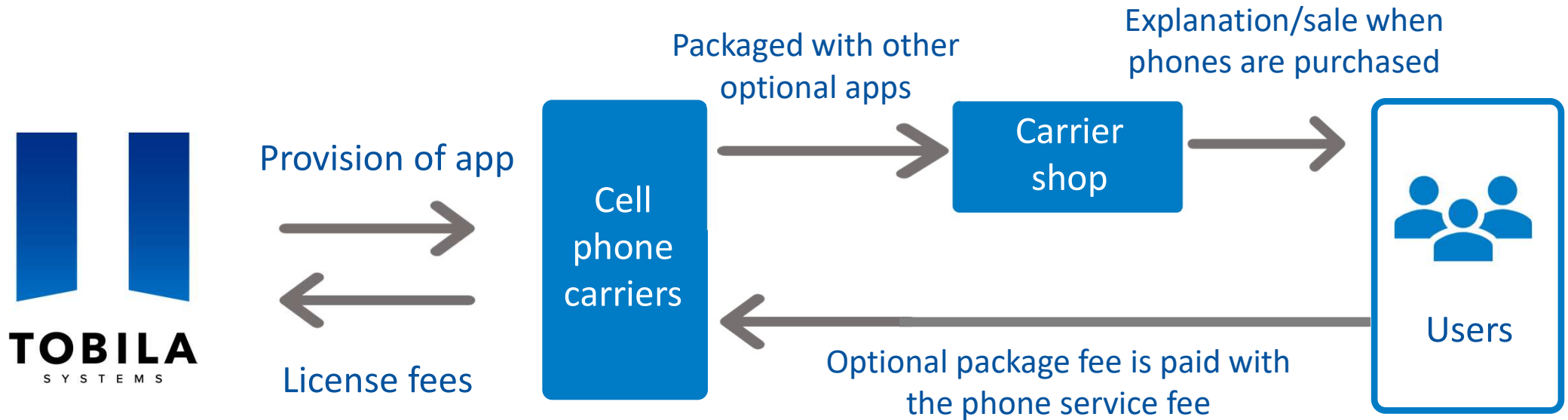
Android version

## A function for automatically displaying information about the caller



# Business Model for Filtering Service for Mobile Phones (1/2)

Cell phone carriers offer optional packages containing several apps  
Carrier shops explain these apps to customers when they purchase a phone service subscription



**Tobila Systems receives license fees from the carriers**

**Carriers conduct marketing activities, sell phones and services to users, and collect fees**



## Business Model for Filtering Service for Mobile Phones (2/2)

**The three main contract categories with cell phone carriers**  
**The monthly active users × unit price model will be the primary source of growth**

**Fixed payment**

**No. of  
contractors  
×  
Unit price**

**Monthly  
active users  
×  
Unit price**

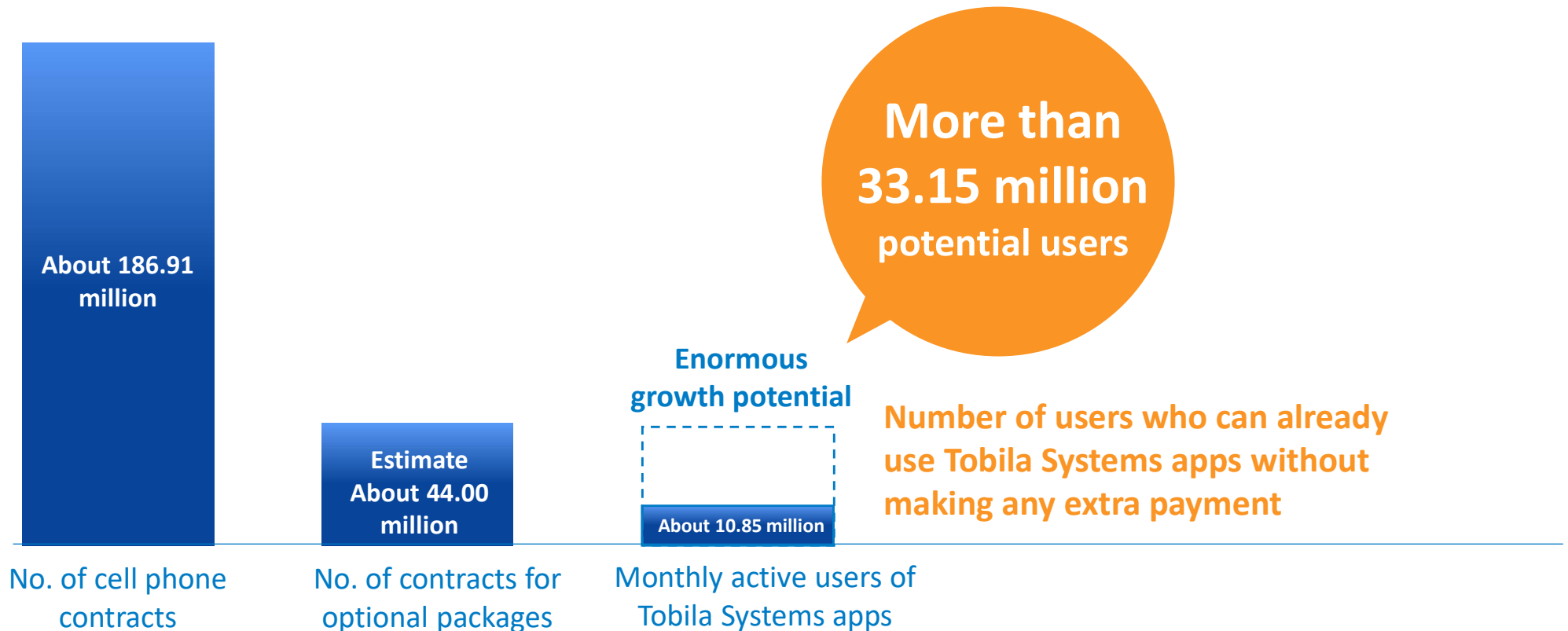
Tobila Systems' sales remain the same regardless of changes in the number of the carrier's user contracts and monthly active users

Tobila Systems' sales change along with the number of users who have signed up for the optional package

Tobila Systems' sales change along with the number of monthly active users

# The Market in Japan for Optional Packages for Filtering Service for Mobile Phones

More than 44 million potential users of Tobila Systems apps at no extra charge  
Monthly active users are now only about 10.85 million – Enormous growth potential



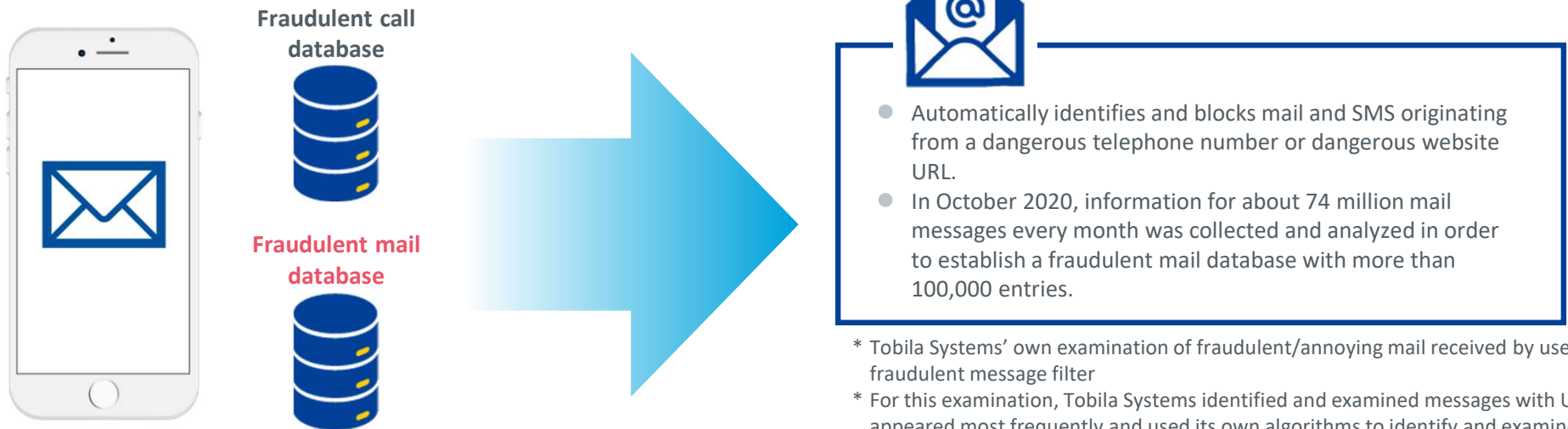
\* Number of cell phone contracts: Quarterly Data on Telecommunications Service Contract Numbers and Market Share, Ministry of Internal Affairs and Communications (June 29, 2020)

\* Number of contracts for options: Tobila Systems estimate based on data collected by Tobila Systems for SoftBank, Smart Pass and Smart Pass Premium contracts as announced by KDDI for au (<https://www.kddi.com/corporate/ir/finance/report-segment/>), and the number of contracts for options announced on December 19, 2018 for NTT Docomo

\* Number of the monthly active users includes some provisional figures. The data may vary somewhat when the finalized figures are released and reflected in the data.

# Horizontal Deployment of Fraudulent Mail Filtering Service for Mobile Phones

- ▶ Goal is to supply a fraudulent/annoying message (MMS/SMS) filter to all carriers
- ▶ Enlarge ways to generate earnings to become even more profitable

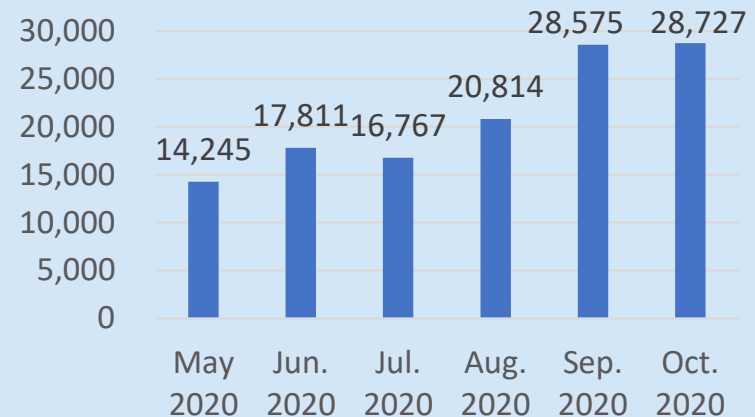


- \* Tobila Systems' own examination of fraudulent/annoying mail received by users of the fraudulent message filter
- \* For this examination, Tobila Systems identified and examined messages with URLs that appeared most frequently and used its own algorithms to identify and examine mail having the distinctive characteristics of a fraudulent/annoying message.

## Phishing reports more than doubled over a six-month period

- One reason is the COVID-19 crisis  
→ Increase in phishing mail professing to pay recipients special government benefits
- Another reason is fraudulent messages appearing to come from a legitimate sender  
→ Many reports of phishing messages from parties pretending to be Amazon, a mobile communications carrier, parcel delivery service or other company

Source: October 2020 Phishing Reports, Council of Anti-Phishing Japan

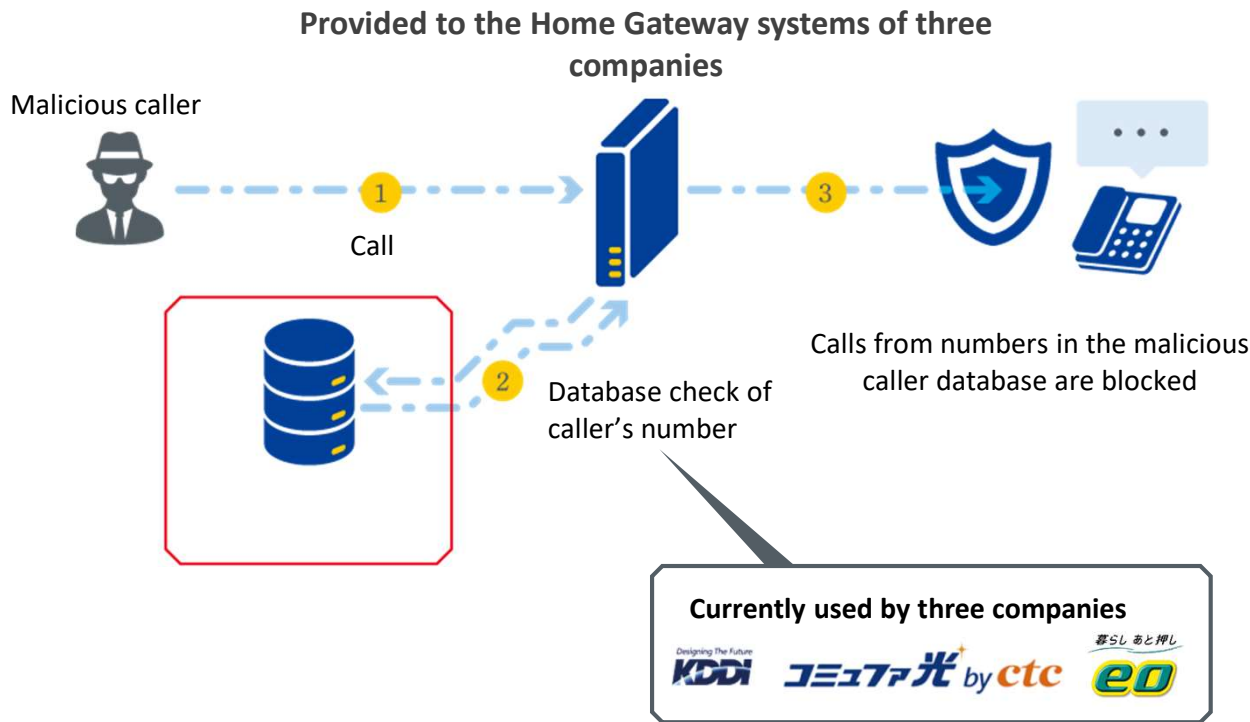


# 8 Filtering Service for Landline Phones

## Offered mainly as a service that is embedded in Home Gateway and sold as an optional package to users of landline phones

- ▶ The fraudulent call filtering system is embedded in the Home Gateway service that telecommunication companies provide to their customers.
- ▶ The fraudulent call filtering system can be used with a landline phone (IP phone) by selecting the basic optional package.

### Home Gateway Fraudulent Call Filtering Flowchart



### With Attachment for Landline Phones

Incoming calls trigger one of three colors depending on the level of safety LED



For incoming calls

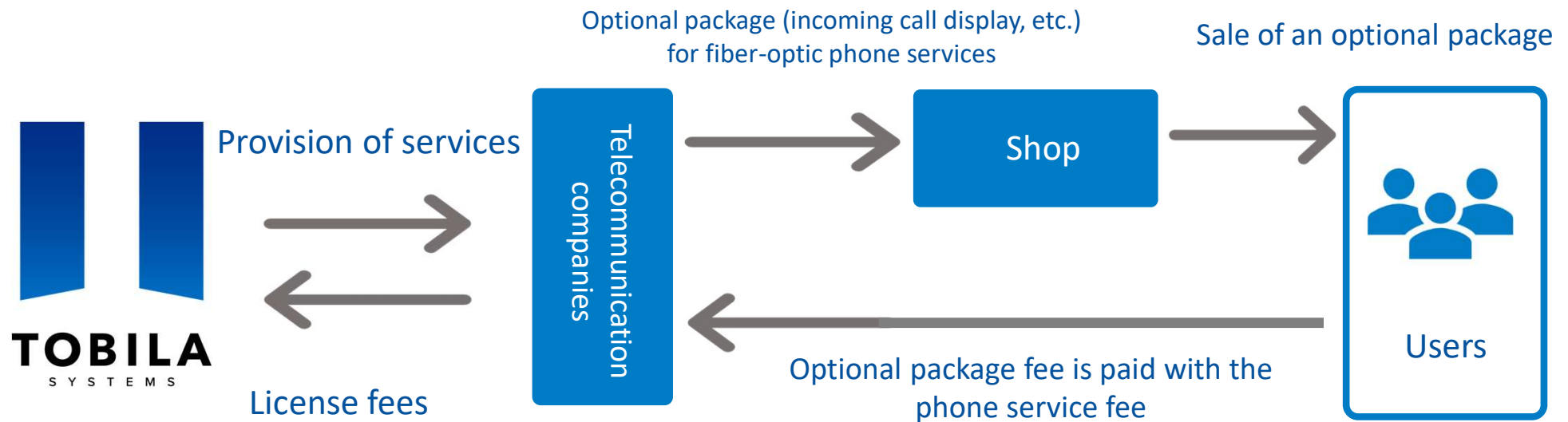


\*Users of landline phones (IP phones) must use a Home Gateway with a link between the Internet and telephone.

## Business Model for Filtering Service for Landline Phones

Sold as part of the optional package for IP phones

Sold by KDDI and other carriers along with landline phone services



Tobila Systems receives license fees from the telecommunication companies

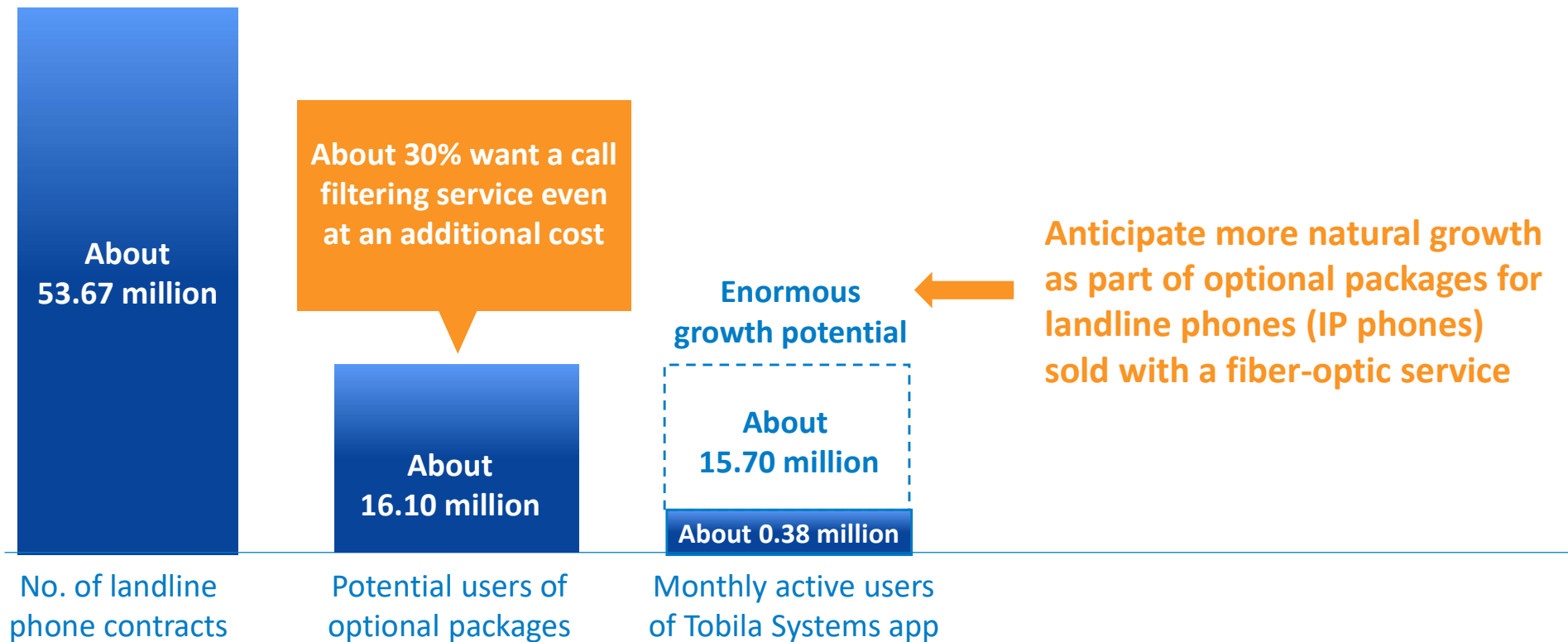
Telecommunication companies conduct marketing activities, sell services to users, and collect fees

- Licensing fee scheme ••• Number of optional package contracts × Unit price

# The Market in Japan for Optional Packages for Filtering Service for Landline Phones

Three telecommunications companies include the Tobila Systems fraudulent call filtering service in their optional packages

There is much potential for growth by forming alliances with more companies



\*Number of landline phone contracts: Quarterly Data on Telecommunications Service Contract Numbers and Market Share, Ministry of Internal Affairs and Communications (June 29, 2020)

\*29.8% of all users want a fraudulent call filtering service at an additional cost irrespective of whether or not they have ever received a malicious call according to the Smartphone Malicious and Fraudulent Call Survey by Mobile Marketing Data Laboratory (November 5, 2015).

# TobilaPhone Biz Business Model (1/2)

## Using partners for the sale of the TobilaPhone Biz fraudulent call filtering service

- ▶ Automatic call rejection; no need for time-consuming preparation of lists of phone numbers to be blocked
- ▶ Improves operating efficiency by reducing unwanted phone calls by salespeople
- ▶ Includes a recording capability that strengthens corporate compliance and reduces the risk of errors when receiving/placing orders



Users can reject calls from unknown numbers



Calls from unknown numbers can also be input for rejection.



Registration of up to 10,000 numbers for rejection or acceptance



10,000 rejection and acceptance numbers can be registered. No need to worry about the deletion, or time needed for deletion, of numbers registered in the past for rejection.

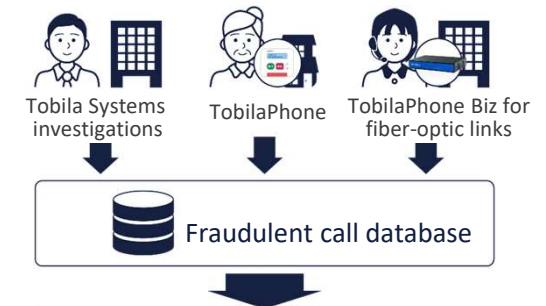


Simple display for operations

Searches of phone call recordings



Users can locate a specific recording on a browser by using the attachment's web management screen. All recordings are organized according to the date and time and caller.



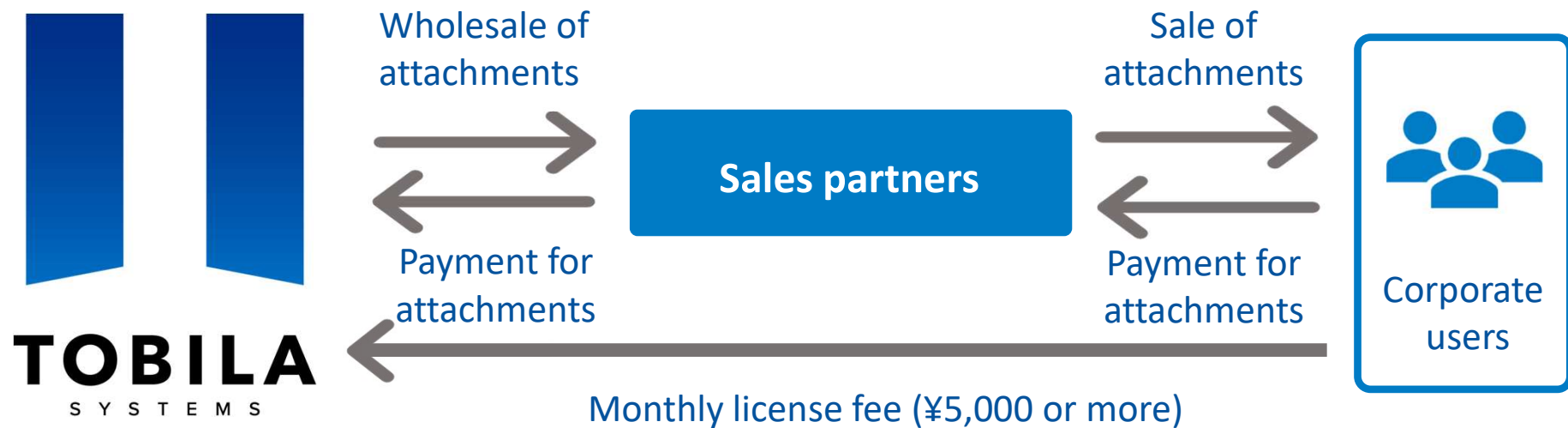
Attachment exclusively for TobilaPhone Biz  
Automatic accumulation of malicious phone number data and updating of list of blocked numbers  
Use a browser to listen to recordings



No need to buy playback software because recordings can be heard using a browser. Simply use a PC browser for a recording search on the management screen by inputting a name, telephone number or date and time.

## TobilaPhone Biz Business Model (2/2)

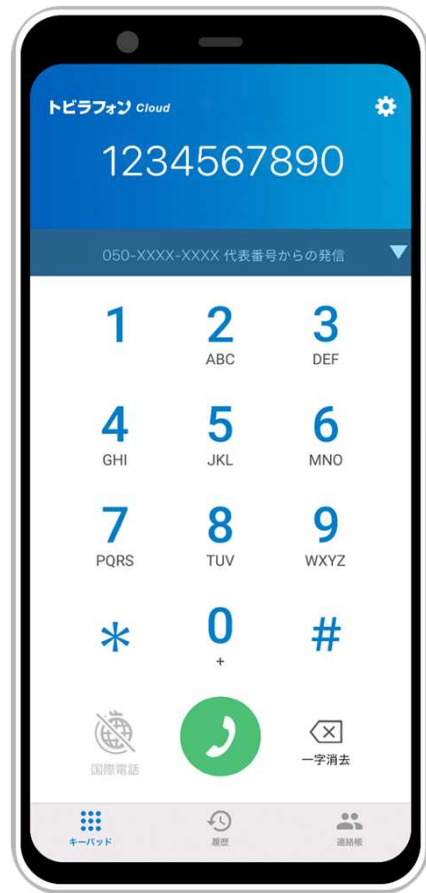
A steady revenue stream model in which monthly licensing fees increase along with the number of companies using this service





# What is TobilaPhone Cloud?

A cloud-based business phone service that allows people to use their personal smartphones for business activities



Simply install the app  
on a smartphone



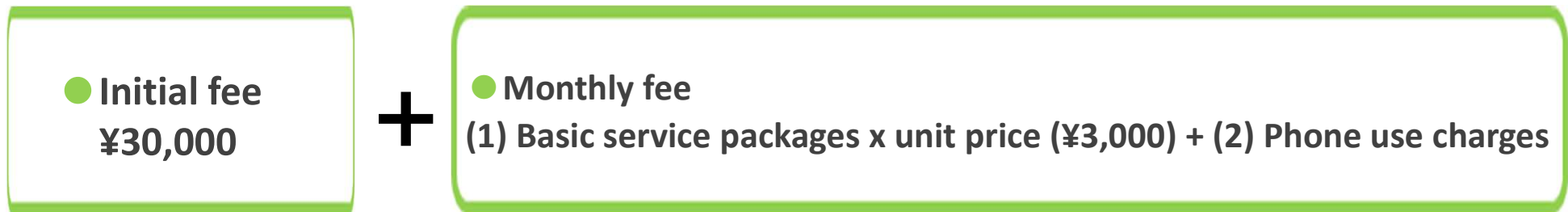
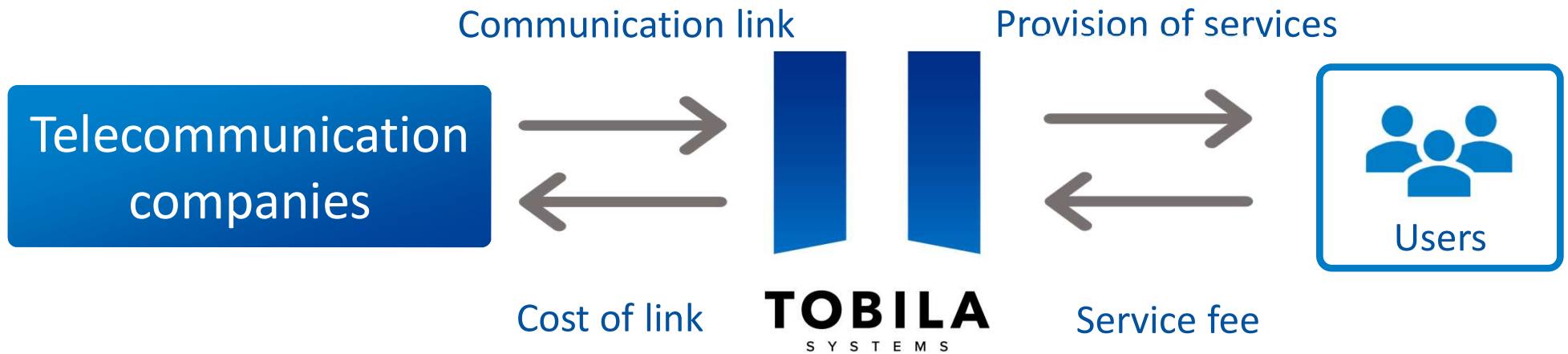
Capital expenditures ¥0



Use a single screen for all  
operations

# TobilaPhone Cloud Business Model

A steady-revenue model in which monthly licensing fees increase along with the number of basic service packages



\*Depending on the number of users, one company may have more than one basic service package.

\*For more information about the basic service package: (<https://tobilaphone.com/biz/cloud/price/>)

## Medium-term Growth Projection

### ► Mobile phone services

Expect **rapid sales growth** to continue because there is still substantial growth potential

### ► Landline phone services

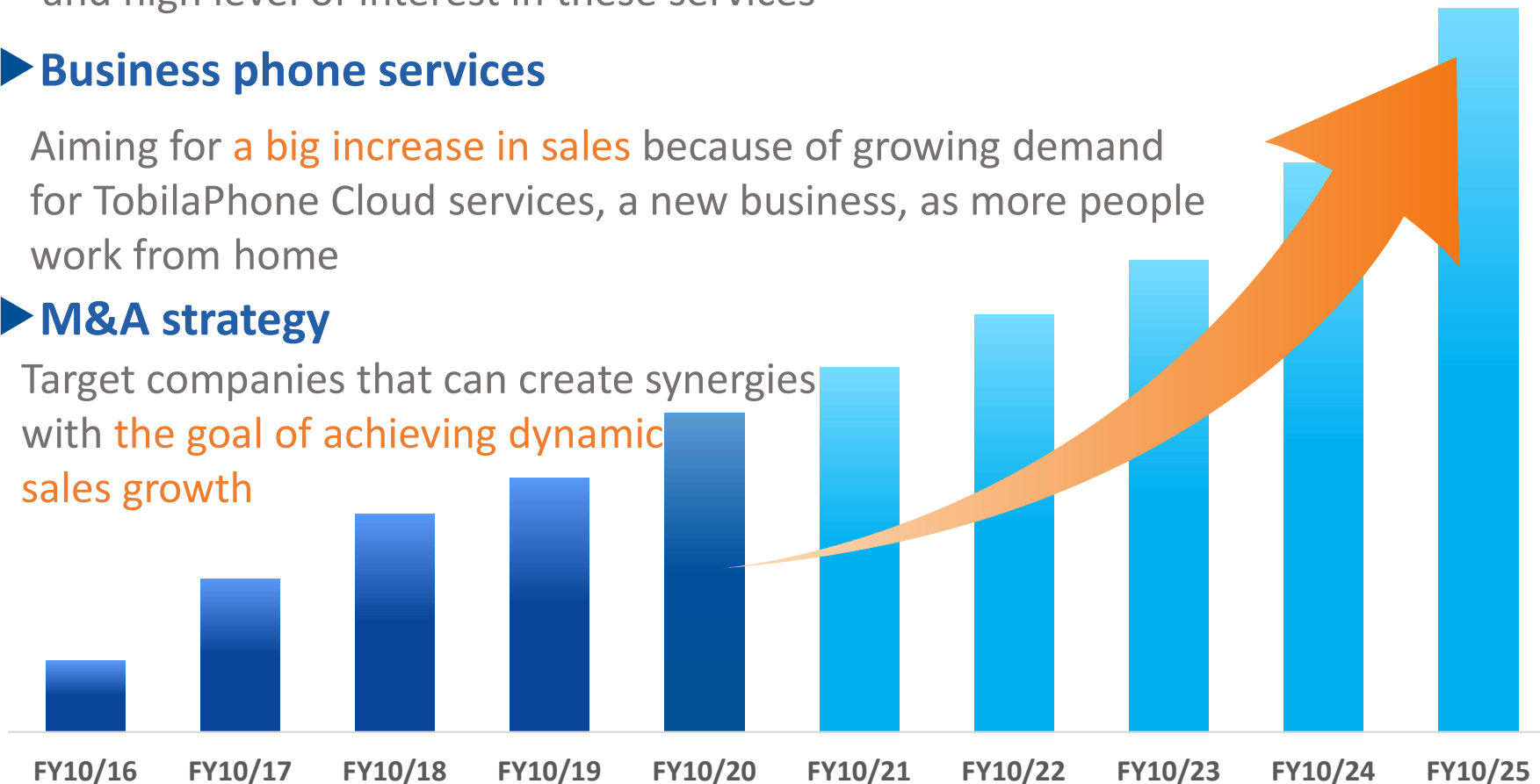
The goal is **steady sales growth** because of the large potential market for landline services and high level of interest in these services

### ► Business phone services

Aiming for **a big increase in sales** because of growing demand for TobilaPhone Cloud services, a new business, as more people work from home

### ► M&A strategy

Target companies that can create synergies with **the goal of achieving dynamic sales growth**



Results of Operations

# 9

References

# Company Overview

Company name	Tobila Systems Inc.			
Securities code	4441			
Established	December 1, 2006 (Founded on April 1, 2004)			
Head office address	Pacific Square Nagoya Nishiki 7F 2-5-12, Nishiki, Naka-ku, Nagoya, Aichi			
Business	Development and provision of fraud and spam prevention systems			
Management	Atsushi Akita Takuya Yuki	Tomoki Matsushita Akemitsu Nakahama	Toshihito Goto Tomoyuki Matsui	Hisashi Tanaami
No. of employees	65 (Includes 12 temporary employees; as of October 31, 2020)			
Location	Nagoya, Tokyo, Osaka			
Major memberships	Council of Anti-Phishing Japan Aichi Prefecture Crime Prevention Association Gifu Prefecture Crime Prevention Society Mie Prefecture Crime Prevention Association Shizuoka Prefecture Crime Prevention Association			

## Directors and Executives



**Atsushi Akita**

Representative Director and President

Born in 1980



Executive Vice President

**Tomoki Matsushita**



Director and CFO,  
General Manager of  
Administration Dept.

**Toshihito Goto**



Director, Full-time member  
of the Audit and Supervisory  
Committee

**Takuya Yuki**



Outside Director, Part-time  
member of the Audit and  
Supervisory Committee

**Akemitsu Nakahama**



Outside Director, Part-time  
member of the Audit and  
Supervisory Committee

**Tomoyuki Matsui**



Outside Director, Part-time  
member of the Audit and  
Supervisory Committee

**Hisashi Tanaami**

## FY10/20 Quarterly Results

Unit: Millions of yen	FY10/19				FY10/20			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Net sales</b>	214	276	231	258	270	319	312	331
Fraud and spam prevention services	193	223	210	237	244	295	290	312
Other services	20	52	21	21	26	23	22	19
<b>Cost of sales</b>	49	75	60	72	77	82	78	83
Labor cost	44	45	47	52	54	52	54	54
Depreciation	6	6	8	12	11	10	10	12
Others	15	40	22	29	31	43	36	48
Pct. of cost of sales classified as R&D expenses and assets*	23.7%	21.5%	23.1%	22.4%	20.1%	22.5%	22.6%	28.5%
<b>SG&amp;A expenses</b>	62	72	84	98	93	94	99	126
Personnel expenses	36	36	37	40	41	42	44	44
Advertising expenses	5	5	4	2	0	11	14	29
R&D expenses	3	5	9	11	8	7	10	17
Others	17	25	32	44	42	32	31	35

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

- This presentation includes forward-looking statements that incorporate the current outlook, forecasts and risk factors. There are many uncertainties that may cause actual performance to differ from these statements.
- Risk factors and uncertainties include the economic environment in Japan and other countries, such as the industry and markets where Tobil Systems operates and changes in interest rates and foreign exchange rates.
- Tobil Systems has no obligation to update or revise the forward-looking statements in this presentation even if there is new information, a future event or any other reason for an update or revision.