



# Medium-term Management Plan (FY10/22-FY10/24)

Tobila Systems Inc. (Tokyo Stock Exchange First Section 4441)

December 10, 2021

## Upward Revision of the Medium-term Management Plan

The operating profit target for the third year of the medium-term management plan announced in December 2020 was achieved in the plan's first year. The main reason was changes in the social climate, including the rapid increase in remote work. We have revised the target to reflect the current business climate and the plans for our services.

Medium-term Management Plan  
(FY10/21-FY10/23)  
announced on December 10, 2020

### FY10/23 Targets

Net sales	1,826
Operating profit	565

FY10/21 operating profit was  
¥579 million

New Medium-term Management Plan  
(FY10/22-FY10/24)  
announced December 10, 2021

### FY10/24 Targets

Net sales	2,510
Operating profit	1,186
Profit	800

(Unit: Millions of yen)

# Contents

- 1** Business Overview
- 2** Medium-term Management Plan Progress and Revised Targets
- 3** Growth Strategies
- 4** References



**1**

## 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.

# Company's History

## 2010

Tobila Systems President Atsushi Akita started developing a fraudulent telephone call filter after his grandfather was the victim of a telephone call scam

## June 2011

Started sales of TobilaPhone, a fraudulent call filtering service that aims to solve social problems of telephone scams

## March 2015

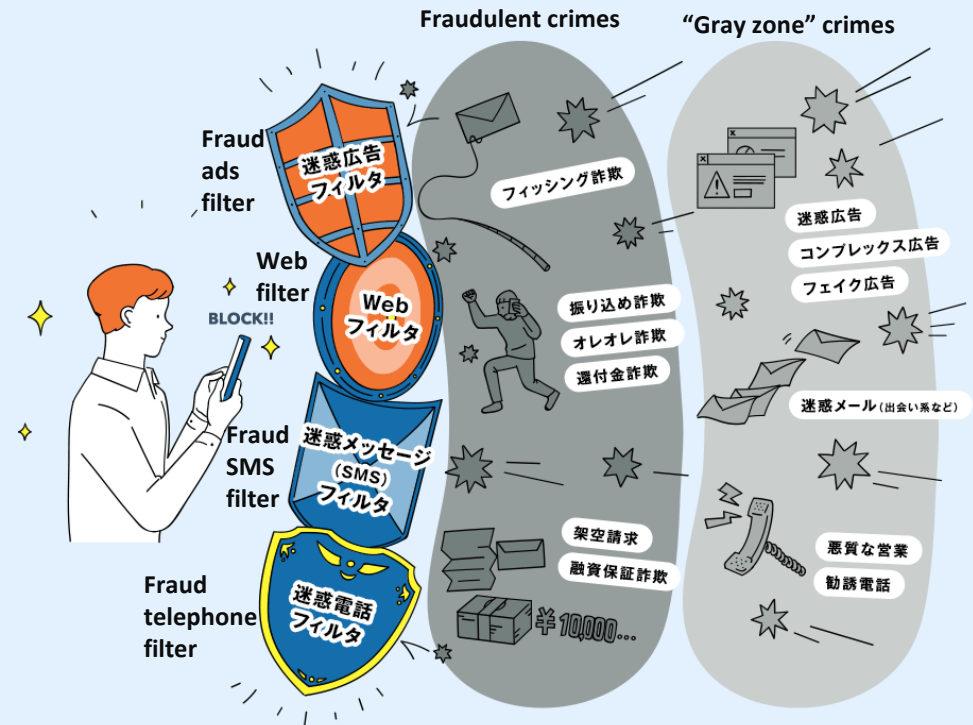
Signed a memorandum with the National Police Agency concerning telephone scams in order to establish a system for receiving information

## March 2016

Started offering the fraudulent call filtering service as an option for all three of Japan's major telephone companies

## June 2021

Launched a new security service to help solve social problems other than fraudulent crimes



# Why Did We Select This Business?

We want to **eliminate** **¥4 trillion\*** of fraudulent and “gray zone” crimes



“Our goal is to allow everyone to live without fear of fraudulent and other illegal activities”

We have been dedicated to this mission since our inception.

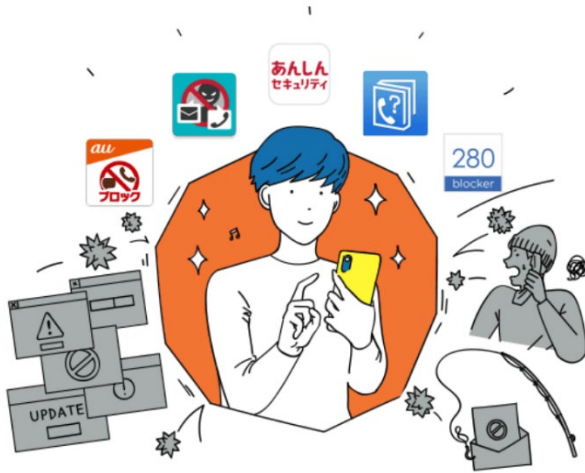
Now in our 20th year, we are continuing to take on the challenge of eliminating fraudulent and “gray zone” criminal activity.

\*White Paper on Consumer Affairs 2020, Consumer Affairs Agency (95% confidence; ¥3.5-¥4 trillion estimate)

# Products

## Services for Using Phones with Confidence

### Mobile phone products



- Blocks fraudulent phone calls and SMS.
- Used by all three major Japanese cell phone carriers.

### Landline phone



- Blocks unnecessary sales calls and fraudulent calls.
- Sold mainly as an option for IP phones.

### Business phone

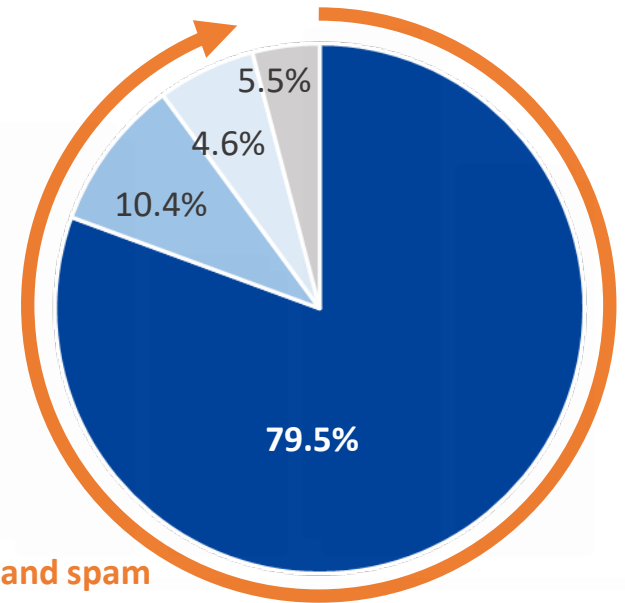


- This cloud-based telephone service uses a smartphone app to allow making and receiving calls by using a company's phone number.



The core business is fraud and spam prevention services with mobile phone filtering accounting for about 80% of sales.

FY10/21 sales composition



Fraud and spam prevention services  
94.5%

Fraud and spam prevention services

■ Filtering Service for Mobile Phones

■ Filtering Service for Landline Phones

■ Filtering Service for Business Phones

Other services

■ Other services

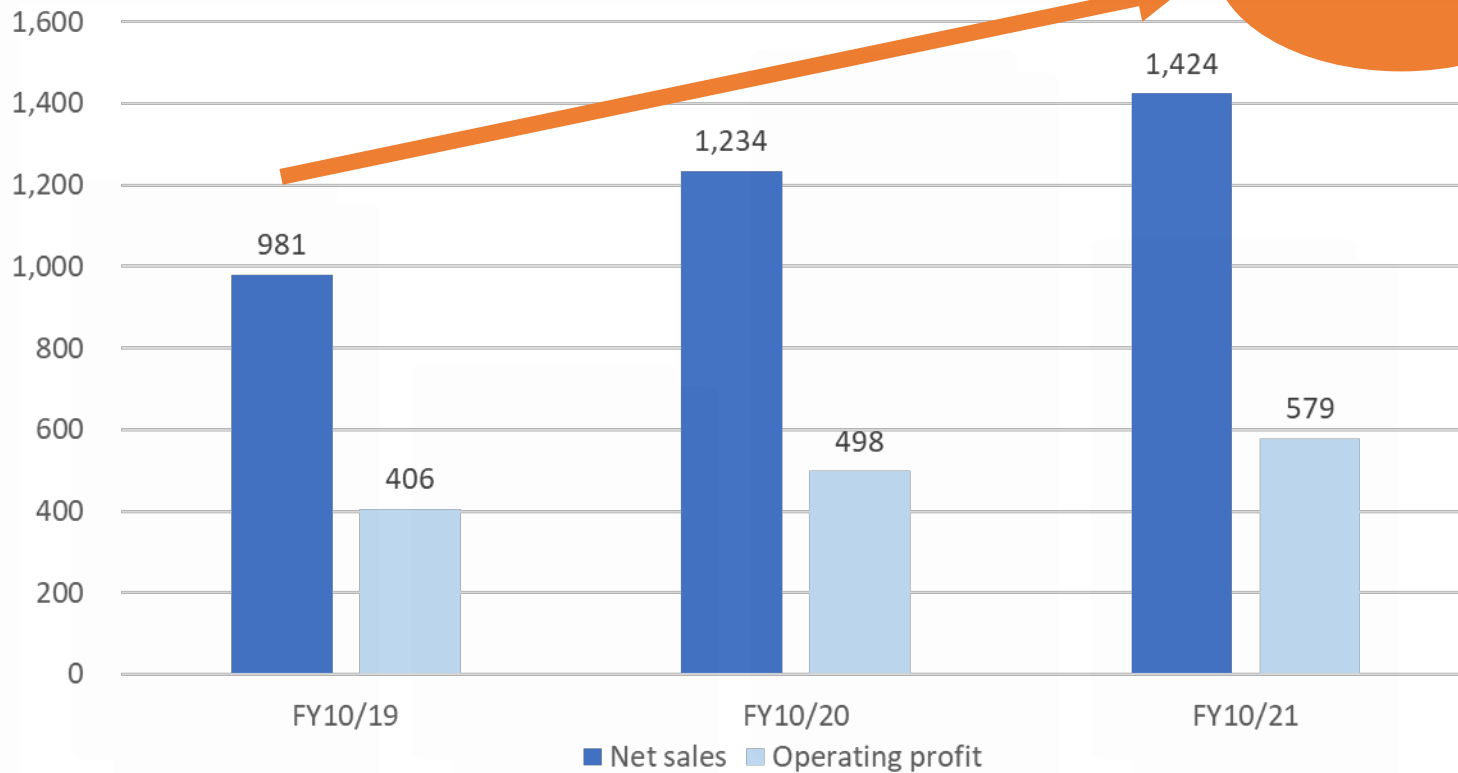
2

## Medium-term Management Plan Progress and Revised Targets

## Looking back on 3 years

## Average annual sales and operating profit growth rate of about 20% since the 2019 IPO continued

Unit: Millions of yen



CAGR\* about 20%

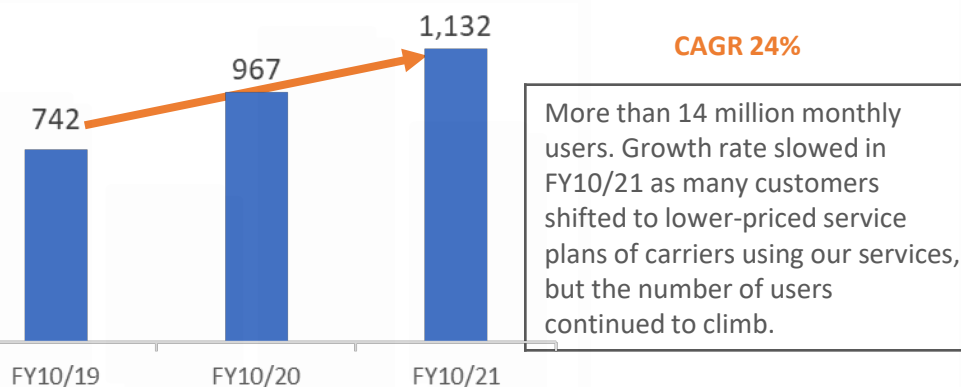
\*Compound average growth rate

▶ Sales have increased every year since the establishment of Tobila Systems in 2006.

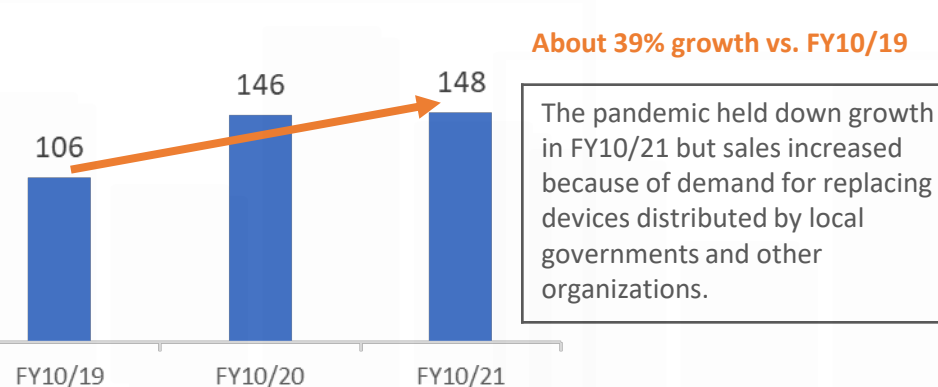
## Looking back on 3 years

# Double-digit growth of mobile, landline and business phone sales since the IPO

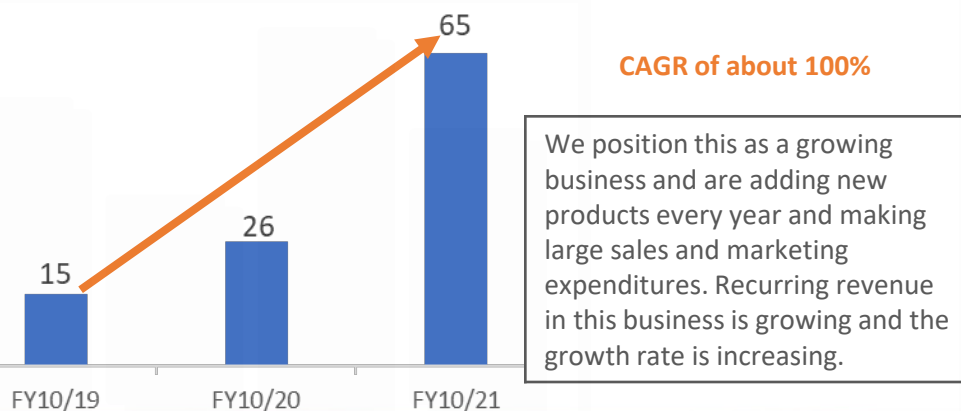
## Filtering Service for Mobile Phones



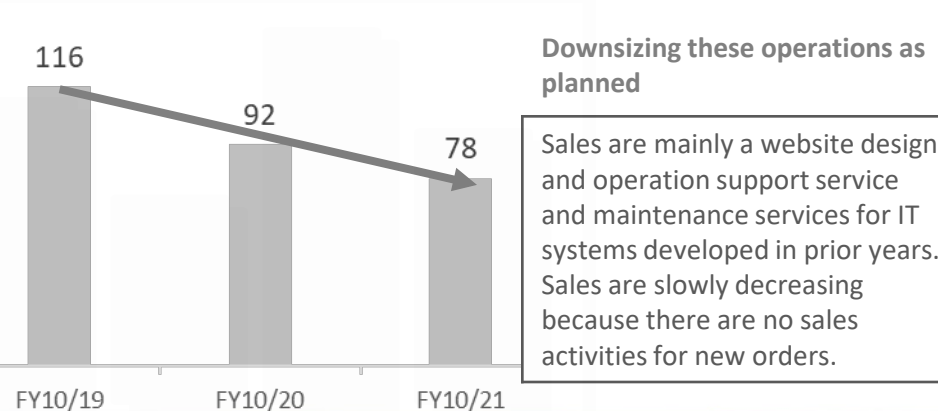
## Filtering Service for Landline Phones



## Filtering Service for Business Phones



## Other services



# All businesses basically achieved the targets of the plan announced in 2020

## Medium-term Management Plan (FY10/21-FY10/23)

## Major accomplishments of FY10/21

### Filtering Service for Mobile Phones

- ▶ Strengthen ties with current mobile carriers  
Increase rates by adding new functions, increase the number of monthly users
- ▶ Sell services to new carriers

- More than 14 million monthly active users
- Sales of filtering service for mobile phones reached ¥1,132 million
- Started providing a phishing protection service to financial institutions

### Filtering Service for Landline Phones

- ▶ Use alliances to expand the sales network

- Established an alliance with KDDI to create a business scheme that allows using cable TV nationwide for access to approximately 6.2 million phone lines

### Filtering Service for Business Phones

- ▶ TobilaPhone Biz  
Make TobilaPhone Biz a certified and recommended product of sales agents  
Use customer analysis to upgrade marketing capabilities
- ▶ TobilaPhone Cloud  
Use advertising expenditures to raise awareness of this service  
Make big investments to add new functions

- TobilaPhone Biz  
TobilaPhone Biz became a certified product of NTT East and NTT West
- TobilaPhone Cloud  
Changed targeted customer segments based on results of market analysis  
Strengthen the dashboard and other phone visualization functions

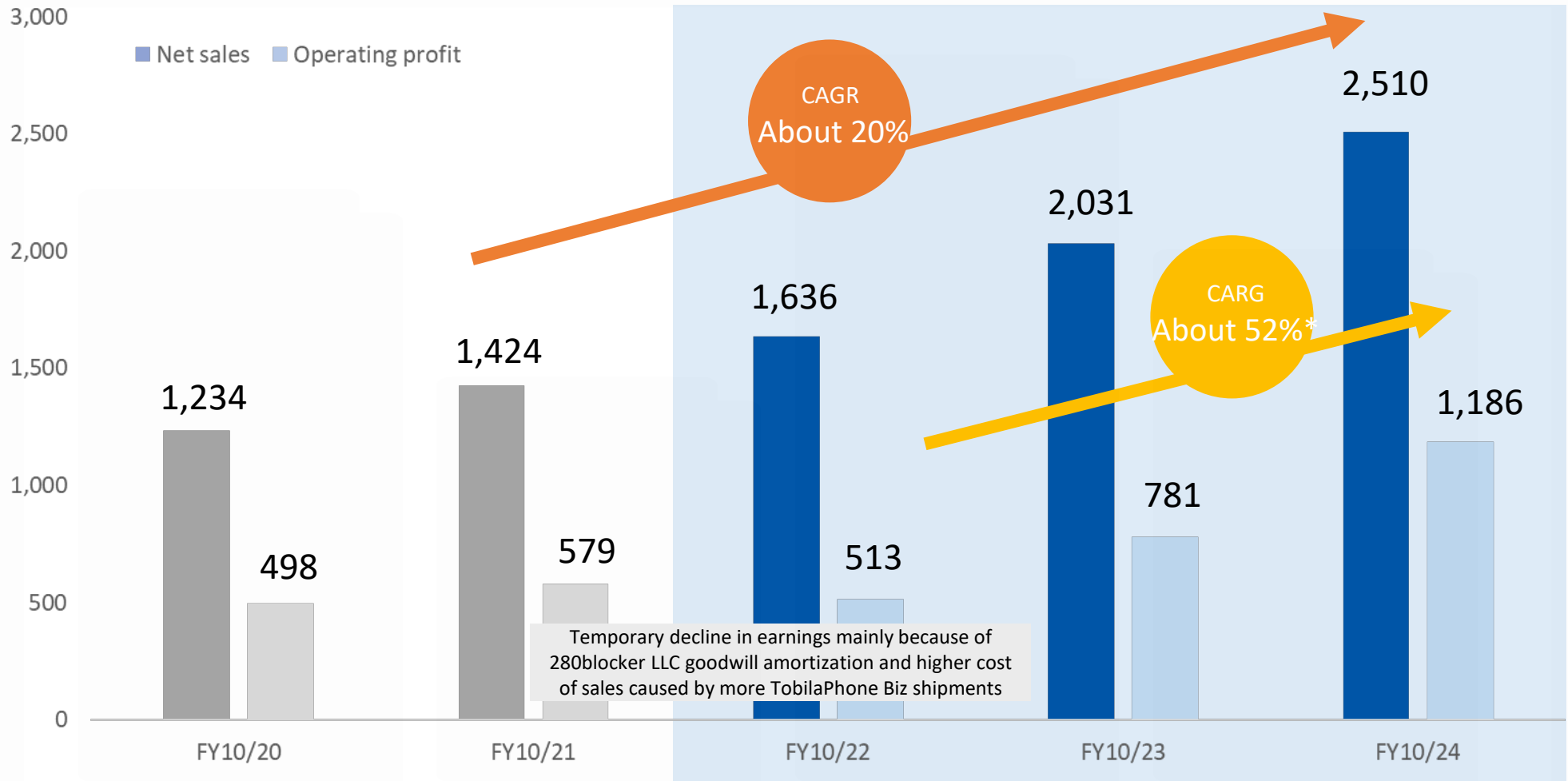
### M&A Strategy

- ▶ Aim for non-linear growth using the following guidelines  
Make investments at 5x/10x EBITDA and seek M&A opportunities involving companies with similar product development and market development strategies

- Acquired and absorbed 280blocker, which has a very successful ad blocking app. This allows the fraud and spam prevention business to cover unwanted web ads when viewing internet pages as well as fraudulent phone calls and SMS phishing.
- Acquisition in stages of 20% of the stock of ageet by October 2022, making this company an equity-method affiliate. The Voice over Internet Protocol (VoIP) technology expertise of ageet will be used for joint development projects.

## Higher targets as we aim for even faster growth

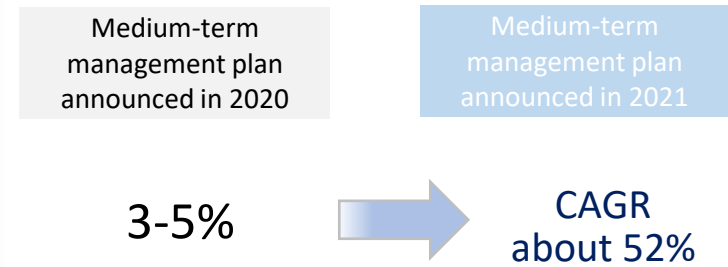
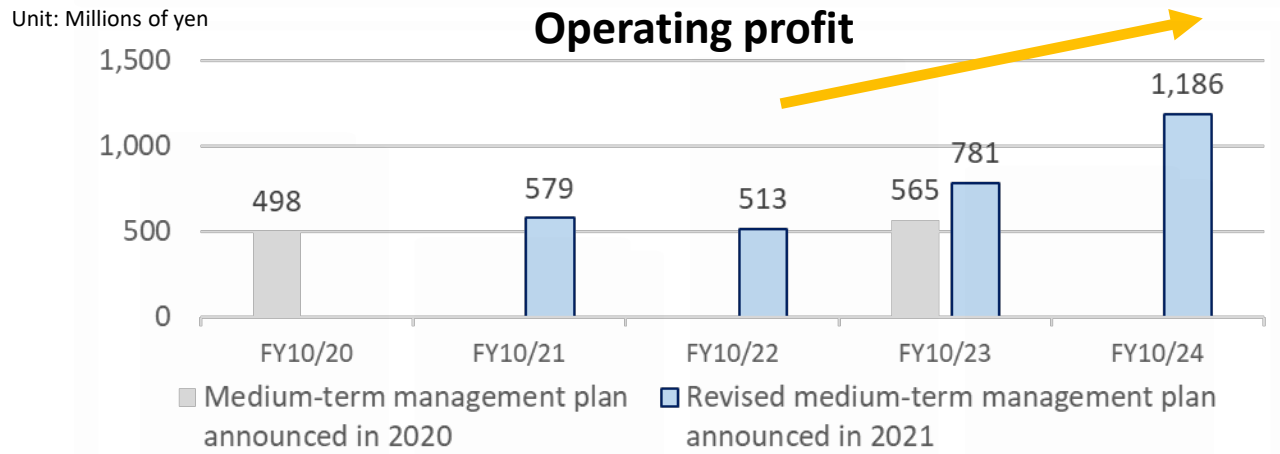
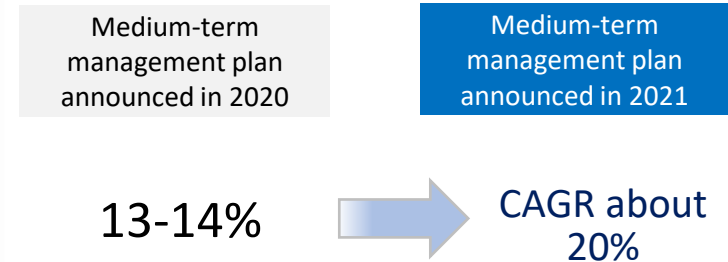
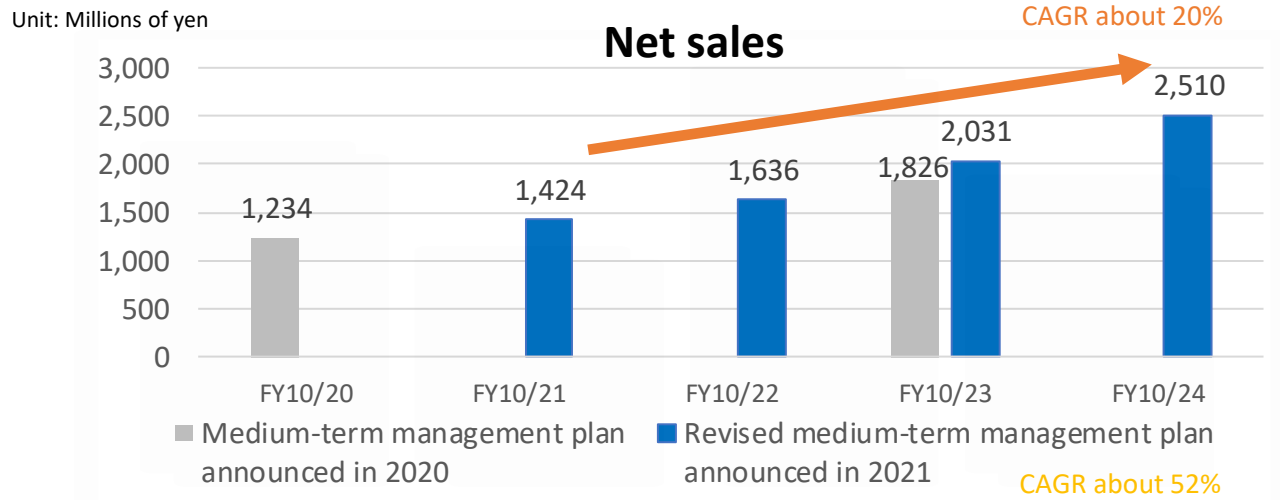
Unit: Millions of yen



\*Growth rate in FY10/22 and afterward

# Revised Plan vs. Plan Announced in 2020

## The revised plan has higher sales and earnings goals



## Revised Plan vs. Plan Announced in 2020 by Segment

**Sales goals of every business were revised to reflect market conditions**  
**Rapid growth of business phone services is expected**

	Net sales		Net sales <small>Unit: Millions of yen</small>	
	Medium-term management plan announced in 2020	FY10/23	Medium-term management plan announced in 2021	FY10/24
Mobile phone services		1,284	<b>1,285</b>	<b>1,290</b>
Landline phone services		217	<b>187</b>	<b>219</b>
Business phone services		274	<b>506</b>	<b>951</b>
Other services		49	<b>53</b>	<b>50</b>
Total		1,826	<b>2,031</b>	<b>2,510</b>



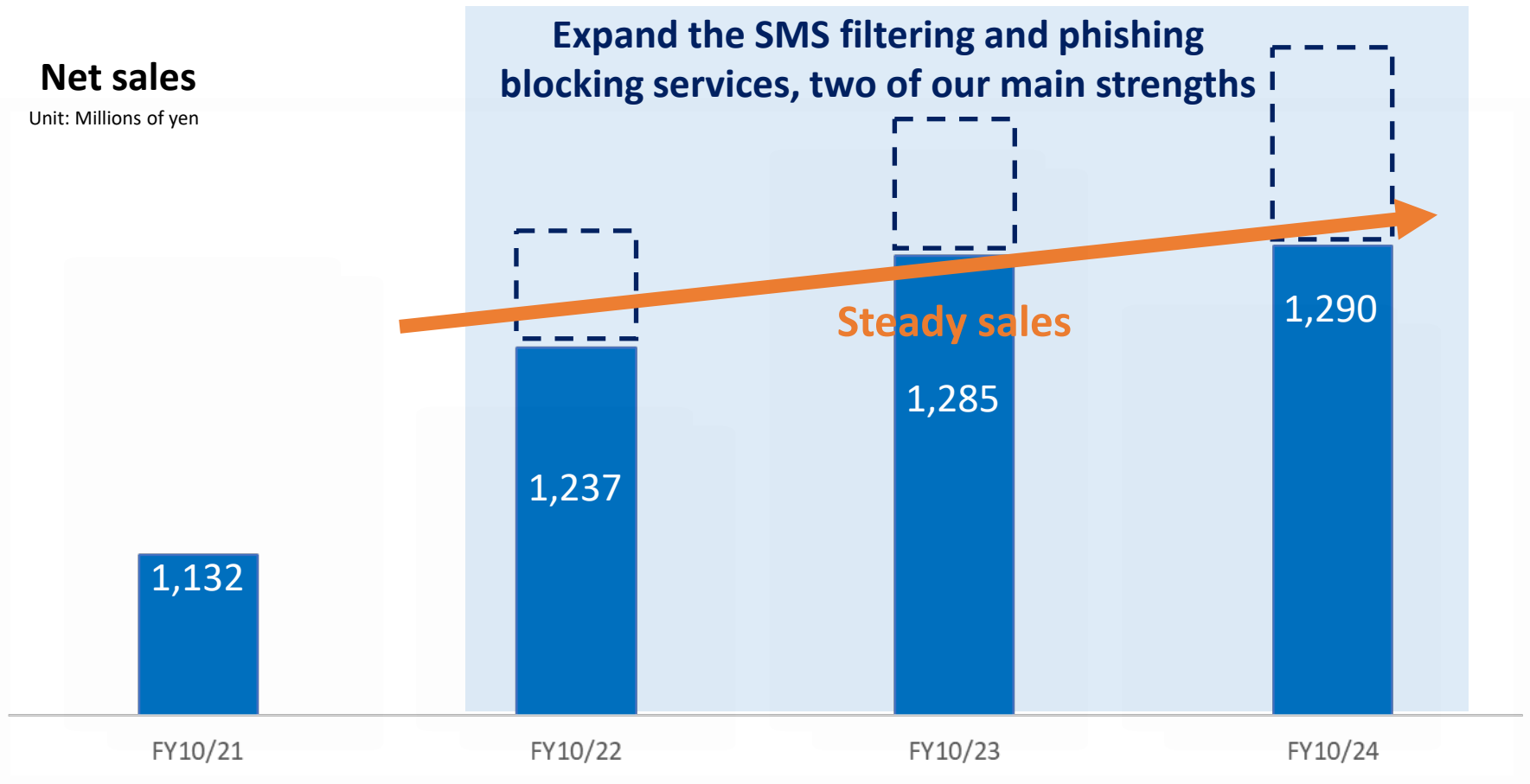
**3**

## Growth Strategies

## Goals are steady sales and expansion of current services to new markets

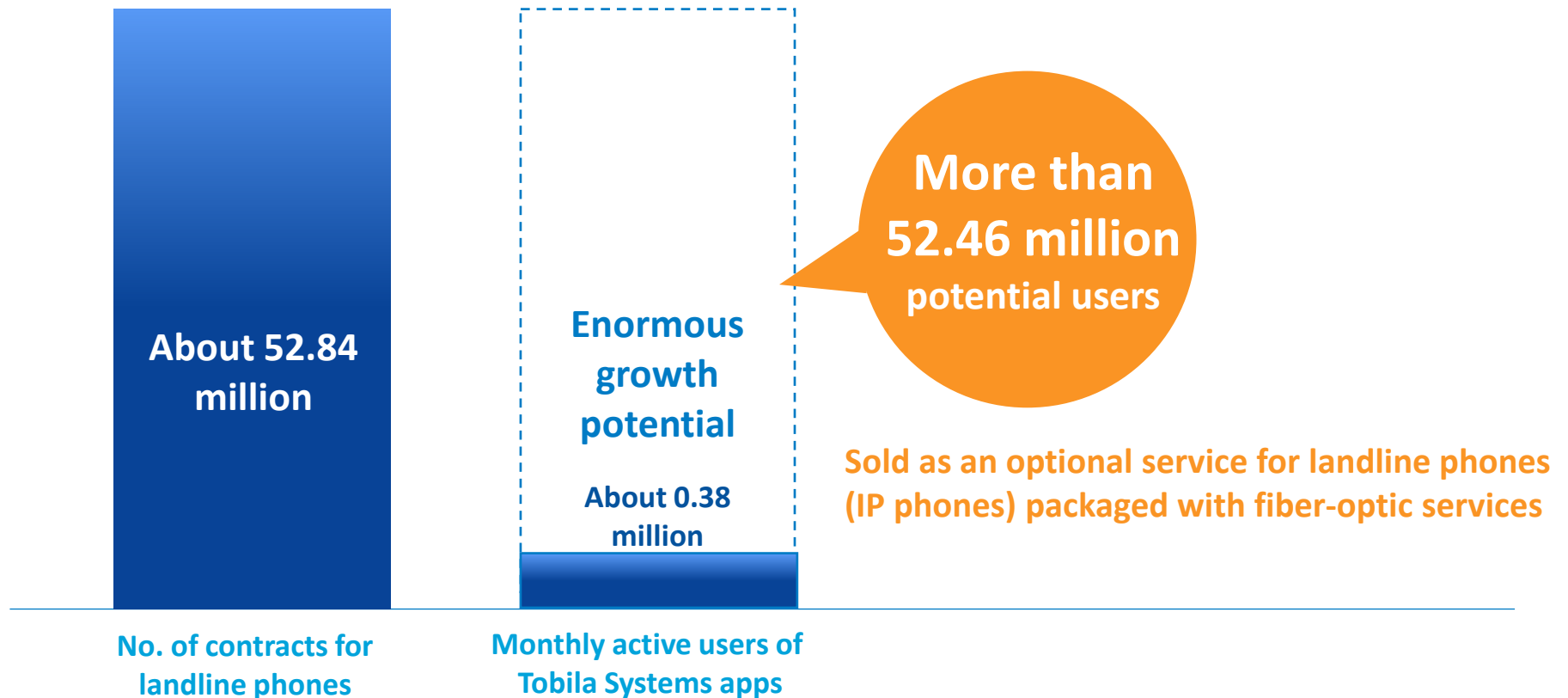
### Net sales

Unit: Millions of yen



## Growth Strategy for Filtering Service for Landline Phones (1/4)

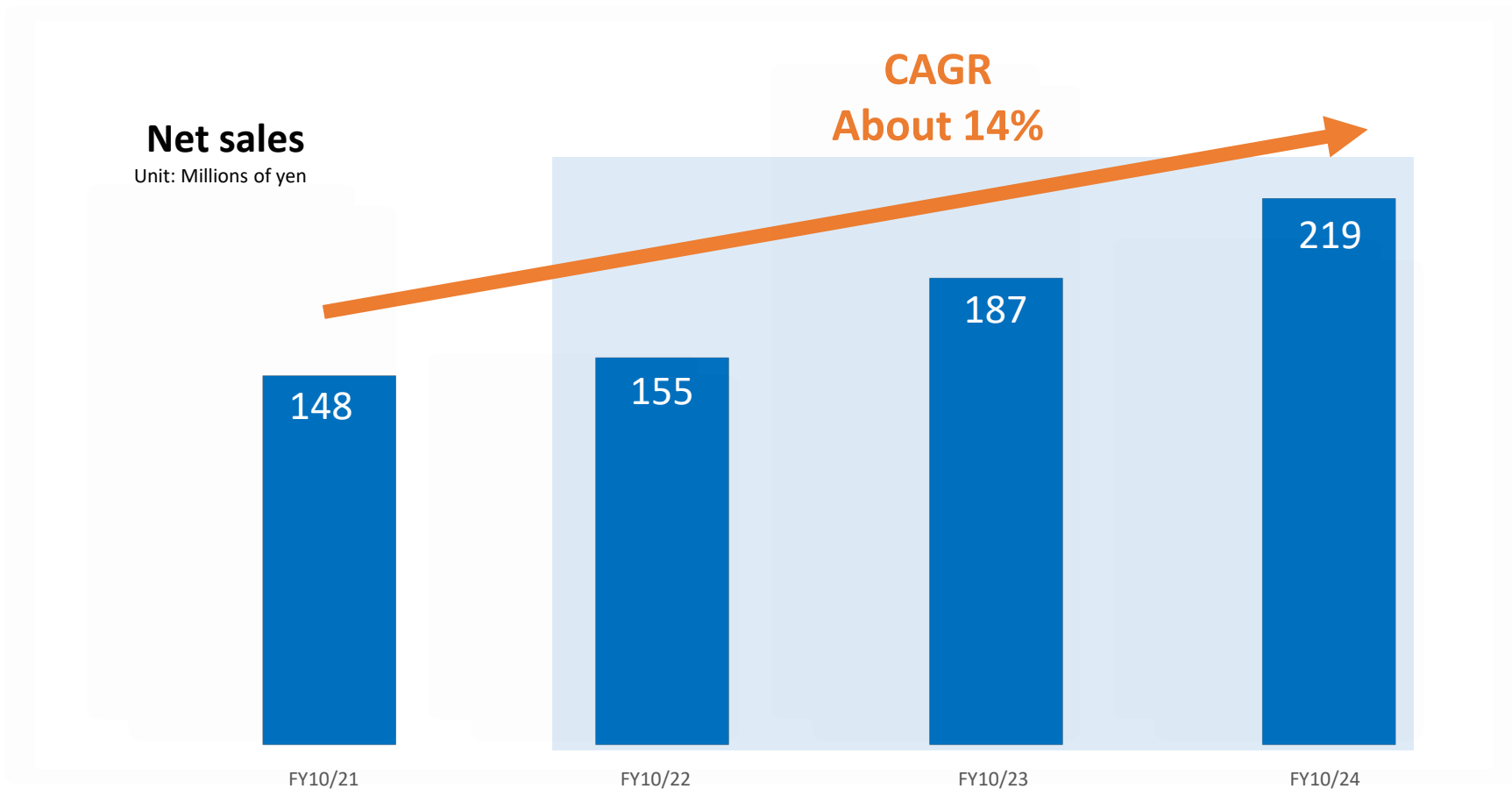
**Much growth potential for services for landline phone users; plan to work with a major alliance partner to increase the number of users even faster**



\*Number of landline phone contracts: Quarterly Data on Telecommunications Service Contract Numbers and Market Share, Ministry of Internal Affairs and Communications (June 18, 2021)

## Growth Strategy for Filtering Service for Landline Phones (2/4)

The KDDI alliance is expected to speed up sales growth  
Aiming for even faster growth by establishing more alliances



\*The next page has information about the KDDI alliance

## Growth Strategy for Filtering Service for Landline Phones (3/4)

### Use of cable TV company alliance partners of KDDI provides access to users of approximately 6.2 million phone lines

ケーブルプラス電話  
ケーブルプラス光電話  
ホーム電話  
J:COM PHONE プラス  
J:COM PHONE ひかり

Provision of filtering services to the customers of 146 cable TV company alliance partners of KDDI and of the 11 alliance partners of J-COM Phone Plus

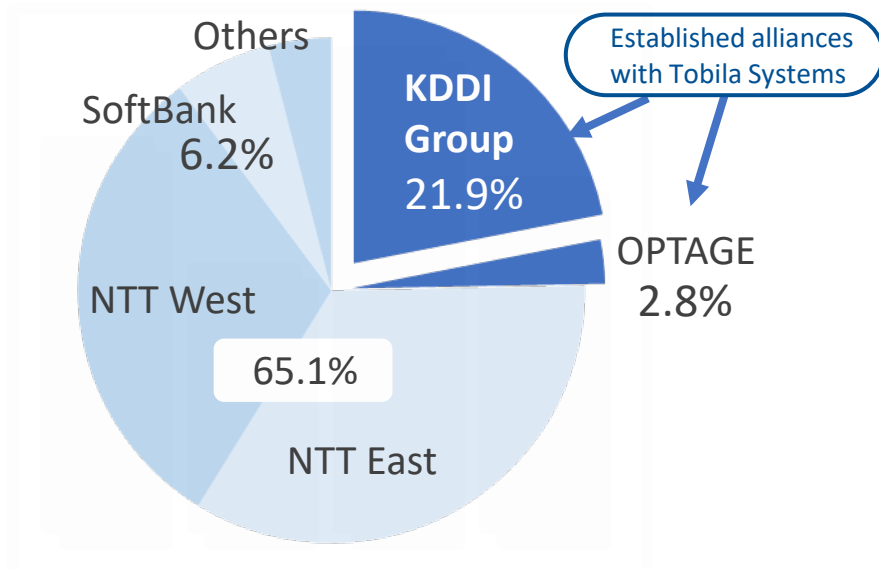
Plan to start offering in February 2022 the Tobilas Systems fraudulent call filtering service as an option to the users of about 6.2 million phone lines. **Tobilas Systems will incur no expenses** for selling this service because the cable TV companies will perform sales activities.

- **New format is expected to result in faster growth of the number of users**
  - With the previous format for the filtering service, each user needed to install a Home Gateway unit. This requirement held down the pace of the growth of the number of users.
  - With the new format, fraudulent call blocking equipment is installed within a phone company's network infrastructure. There is no need for users to buy and install a new unit for this service. As a result, the number of users is expected to increase much faster than before.

## Growth Strategy for Filtering Service for Landline Phones (4/4)

# For more growth of landline phone filtering, the goal is more partners who offer this service as an option

Landline Phone Market Share (52.84 million phone lines)



Source: Announcement of Quarterly Data on Telecommunications Service Contract Numbers and Market Share, Ministry of Internal Affairs and Communications (4Q FY2020, End of March)

- Currently two companies offer the Tobila Systems filtering service as an option: the KDDI Group and OPTAGE. These two companies have a share of about 24.7% of Japan's landline phone market.
- NTT East/NTT West have the largest share of this market (about 65.1%)
- There are many other potential alliance partners, including SoftBank with a market share of about 6.2%
- Activities are continuing for the establishment of partnerships with other landline phone companies for the use of the Tobila Systems filtering service

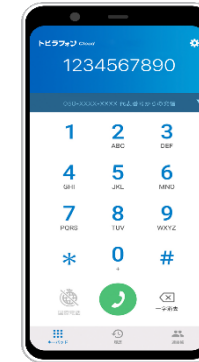
## TobilaPhone Biz



Business phone recording system with fraudulent call filtering

- The filtering function of this unit blocks fraudulent and other unwanted calls at offices
- Recording phone calls makes it possible to keep records of conversations about sales and other subjects involving business operations
- Stores and displays timeline records of incoming and outgoing calls and missed calls
- Answering system for incoming calls outside business hours allow responding to calls based on each company's operating schedule

## TobilaPhone Cloud



A cloud-based business phone service with no need to purchase equipment that uses a cloud PBX

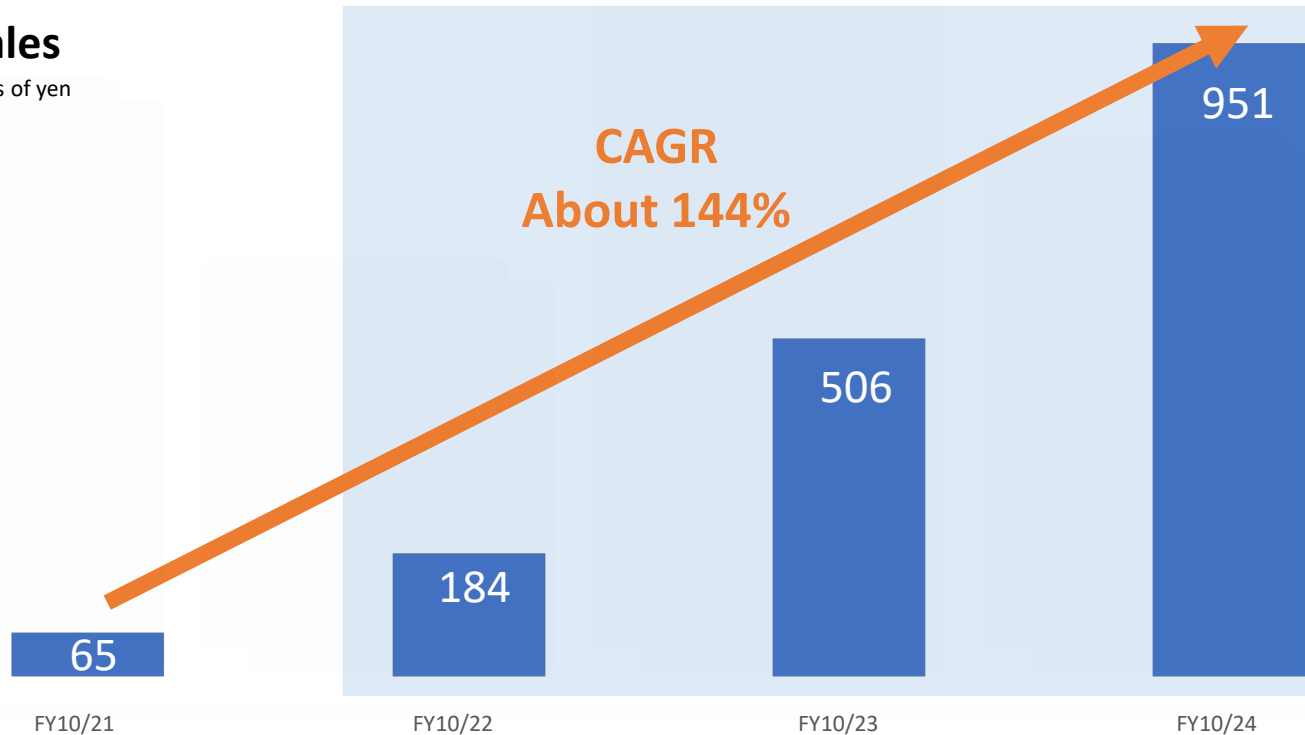
- This service requires only a smartphone app; utilization can be divided between a personal phone and company phone
- Allows visual confirmation using graphs and tables of changes in the number of incoming/outgoing calls and phones currently in use
- Calls can be controlled in many ways by creating flowcharts that include IVR, call queuing and announcement repeat functions
- Centralized management of all important companies and others for incoming/outgoing calls

## Growth Strategy for Filtering Service for Business Phones (2/4)

**Aiming for rapid growth due to registration as a product sold by NTT East and NTT West in TobilaPhone Biz and the launch of a new service for TobilaPhone Cloud**

**Net sales**

Unit: Millions of yen



- **Strengthen ties with sales partners to enable rapidly improving functions to match users' needs**
- **Maintain sufficient inventories by properly managing inventories during the semiconductor shortage**



## TobilaPhone Cloud is aiming for rapid growth by providing a cloud-based business phone service and a new service for inside sales activities

### Knowledge acquired from this service in prior years

- **No growth in orders due to functional restrictions**

Many customers did not place orders because the service could be used with only “050” phone numbers

- **Strong demand for an additional function for inside sales**

We learned that companies want inside sales visualization in addition to telephone functions



### Upcoming actions

- **Ability to use “03” and other area codes for voice communications**

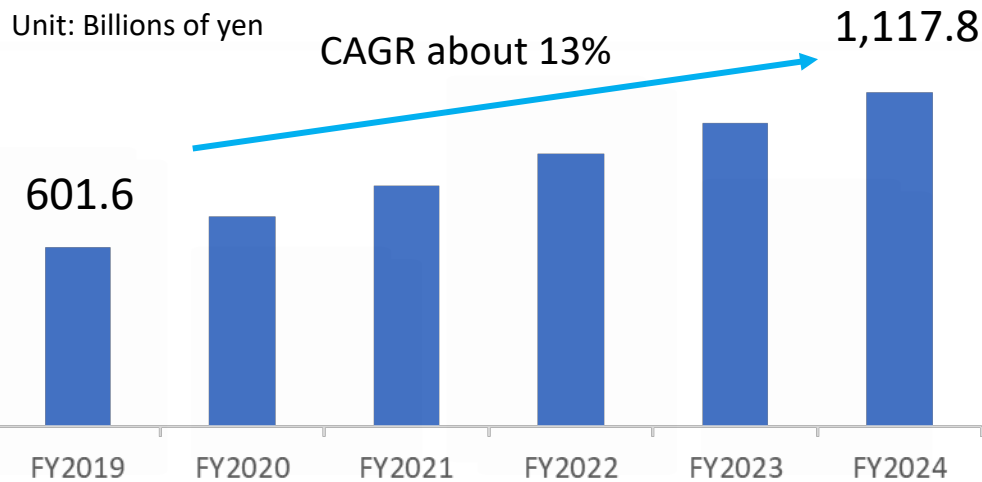
Utilize the ability for use with area codes to receive more orders

- **Start the Talk Book service, which is exclusively for inside sales**

Meet customers’ needs by starting a new service that, in addition to functioning as a telephone, can record phone calls, convert phone conversations to text, use CRM links, provides PC compatibility and has other features

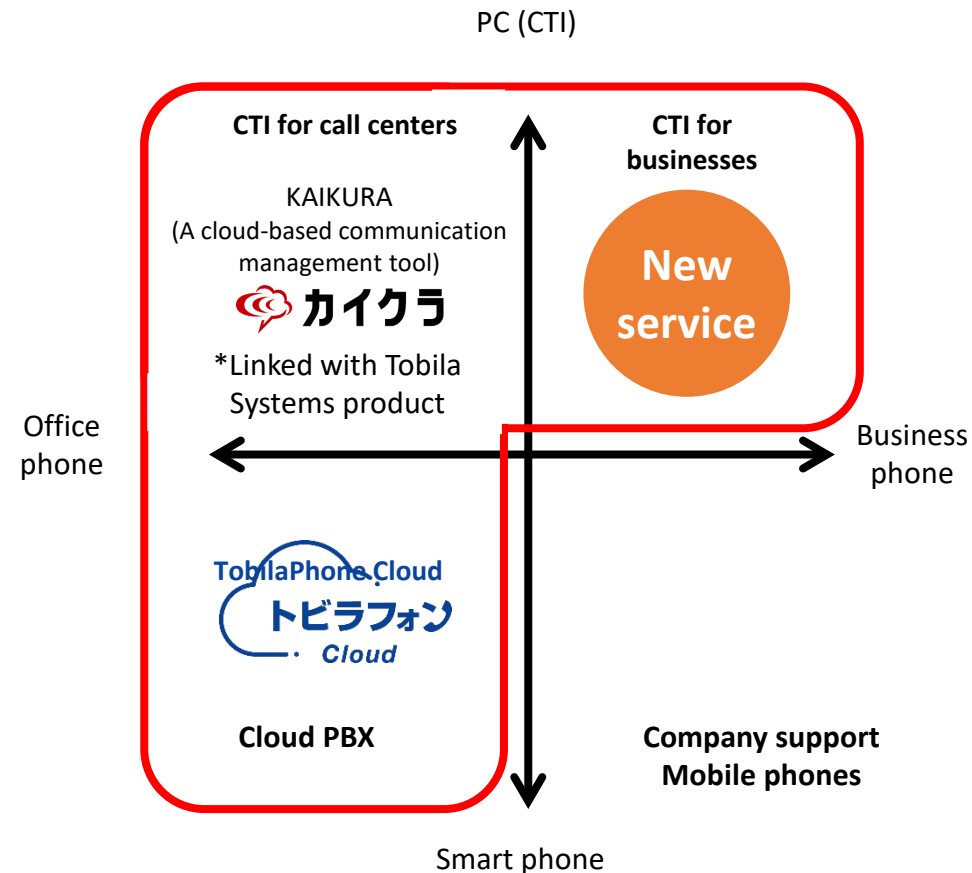
## Growth Strategy for Filtering Service for Business Phones (4/4)

**As the SaaS market grows, use new services to cover the sales computer-telephony integration (CTI) domain in addition to cloud PBX functions**



Size of the SaaS market: SaaS Industry Report 2020, Smartcamp Co., Ltd.

- The SaaS market is growing at an average annual rate of about 13% and is expected to have total sales of about ¥1,120 billion in FY2024
- Due to the pandemic, many activities are shifting to online formats and business tools too are rapidly transitioning to cloud-based services
- We plan to launch a new service to meet the need for CTI for telework



## There was progress with M&A activity during FY10/21 and more M&A activity is planned

# 280

## blocker



- Acquired in August 2021 and absorbed in October.
- Ranked first among ad blocking apps for three consecutive years starting in 2017 and currently one of the most popular ad blockers that requires a fee.
- This investment allows contacting the users of 280blocker (potential new customers for Tobil Systems services).
- Excellent prospects for synergies combining 280blocker's ad blocking expertise and our fraudulent call filtering and SMS filtering expertise.
- Annual goodwill amortization is about ¥60 million.

- A capital and business alliance started on September 30, 2021.
- ageet's VoIP expertise can be a key element of our services.
- TobilPhone Cloud will be the primary area of collaboration for this alliance. We plan to use the alliance to improve the quality of services and strengthen our ability to constantly create new services.
- Plan to own 20.9% of ageet stock as of September 30, 2022, making this company an equity-method affiliate. (In FY6/21, the sales, operating profit and net income of ageet were all at least 40% higher than in the previous year.)

E

Environment

- **Activities for energy saving and an efficient IT infrastructure by using virtual server technology**

S

Social

- **Activities for providing fraud prevention services that reduce losses and other problems**
- **Activities for a pleasant and productive workplace environment**

**A commitment to ESG activities for sustained growth of our businesses and for environmental and social sustainability**

G

Governance

- **Better activities for compliance with the Corporate Governance Code**

# A Board of Directors Dedicated to Achieving the Medium-term Plan Goals



**Atsushi Akita**

Representative Director  
and President



**Takuya Yuki\***

Director and CFO



**Haruo Matsubara\***

Director  
General Manager of  
Technology Dept.



**Kazuya Kataoka\***

Director  
General Manager of Sales  
Planning Dept.



**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**

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

\* The appointment will be decided at the Annual General Meeting of Shareholders to be held on January 2022.

## 4 References

**Payout ratio**

**35%**

## **Policy of consistent shareholder distribution**

Distributions to shareholders are one of the highest priorities of Tobila Systems. The basic policy is to pay dividends consistently while retaining earnings as needed for increasing financial soundness and making expenditures for the rapid growth of business activities.

### **Recent shareholder distributions**

**December 2021**    Dividend increase from ¥11.7 to ¥12.9 due to strong earnings

**December 2020**    Repurchased stock

## Company Overview

<b>Company name</b>	Tobila Systems Inc.
<b>Securities code</b>	4441
<b>Established</b>	December 1, 2006 (Founded on April 1, 2004)
<b>Head office address</b>	Pacific Square Nagoya Nishiki 7F 2-5-12, Nishiki, Naka-ku, Nagoya, Aichi
<b>Business</b>	Development and provision of fraud and spam prevention systems
<b>No. of employees</b>	77 (Includes 20 temporary employees; as of October 31, 2021)
<b>Location</b>	Nagoya, Tokyo, Osaka
<b>Major memberships</b>	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



- 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.



**TOBILA**  
SYSTEMS

トビラフォン

280  
blocker

トビラフォン  
Cloud