



Results of Operations

for the Fiscal Year Ended October 31, 2023

December 8, 2023

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

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01

Financial Highlights and Business Overview

FY10/23 Financial Highlights

Net sales

¥2,061 million Up 22.6% YoY

Operating profit

¥682 million Up 26.3% YoY

Mobile phone services

Net sales

¥1,490 million

Up 17.2% YoY

- Sales increased 17.2% because of a new “fixed-payment” contract that started in October 2022, a rate increase that started in April 2023 for “contracts x unit price” contracts, and 280blocker sales growth

Landline phone services

Net sales

¥193 million

Up 17.0% YoY

- Sales increased 17.0% backed by growth of users of the optional service offered by KDDI’s Cable Plus Phone

Business phone services

Net sales

¥330 million

Up 79.6% YoY

- Record-high business phone filtering service sales because of an increase in TobilaPhone Biz hardware sales and an increase in the number of TobilaPhone Cloud users

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

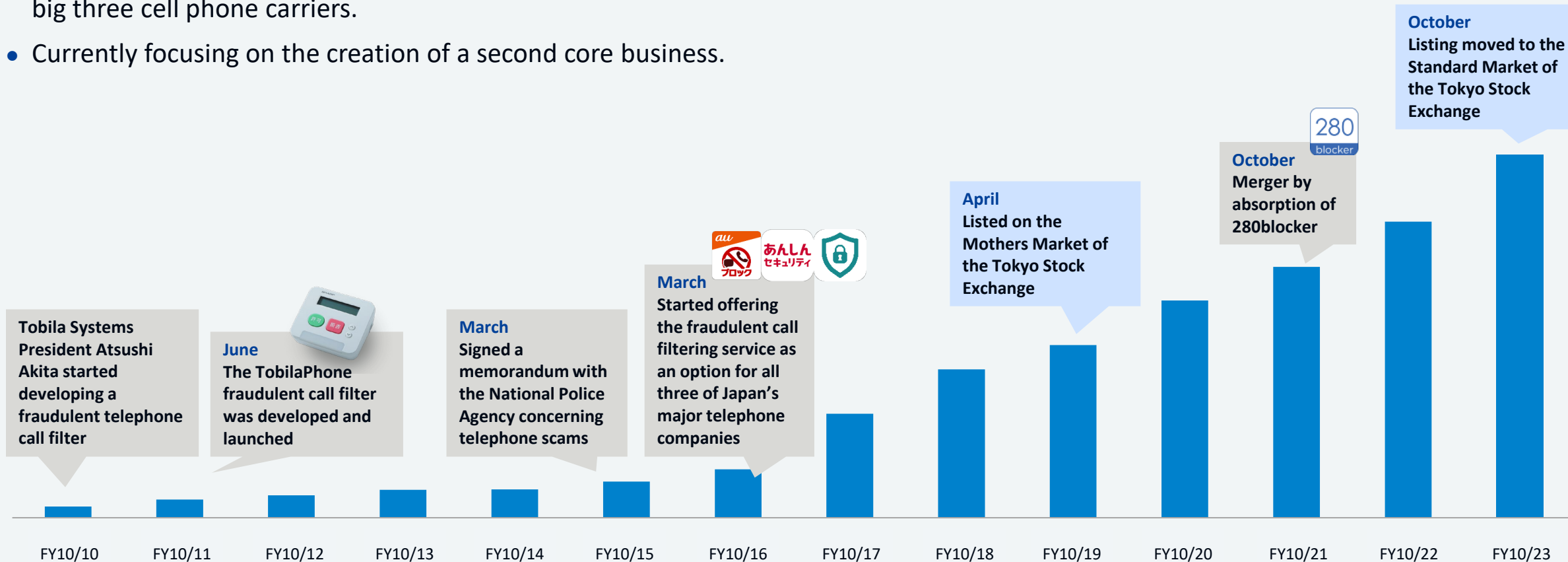
We are constantly changing without any fear of failure and challenging conventional thinking to realize a better future which we dream of.

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.

History of Consistent Growth

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

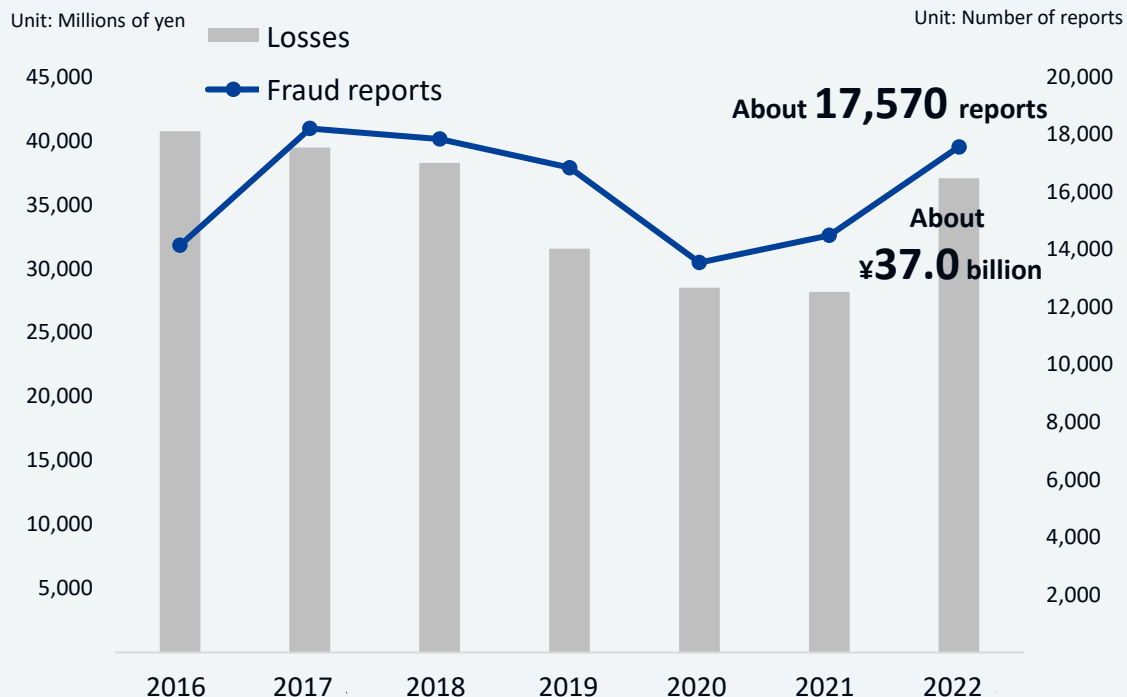


Note: Bar graphs are sales

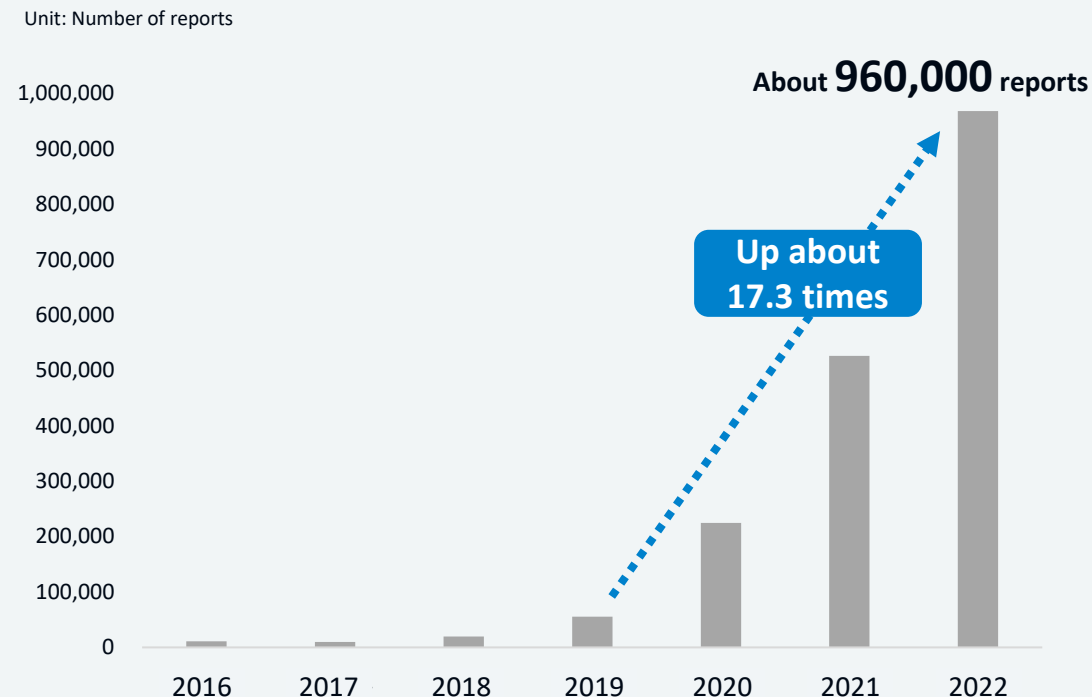
The Social Problem of Special Fraud and Phishing

- Special fraud (fraud with no face-to-face contact) losses are increasing and phishing is rising rapidly in Japan.

Number of Special Fraud Reports and Losses*1



Phishing Reports*2



*1: [Identification and Control of Special Fraud in 2022 \(final version\)](#), National Police Agency

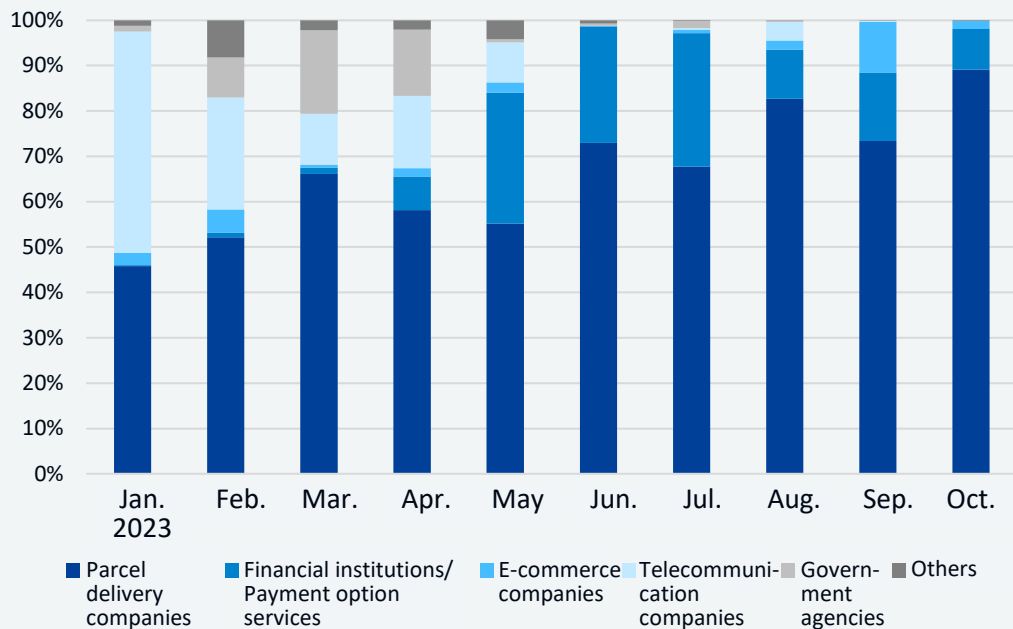
*2: Council of Anti-Phishing Japan, Monthly Report (<https://www.antiphishing.jp/report/monthly/>)

Tobila Systems Assessment of Special Fraud and Phishing *

- Tobila Systems is constantly conducting surveys concerning incidences of phishing using SMS text messages. One result was the conclusion that fraudulent home parcel delivery SMS text messages accounted for about 90% of all SMS phishing incidents in October 2023.
- Criminals use real company names and other real information in these SMS phishing messages and the text used for messages changes day to day.

Categories of SMS Phishing

- In January, SMS phishing that pretended to come from a telecommunications company was a large pct. of the total. In October, the pct. of scams using names of home parcel delivery companies was the highest.



Example of a Phishing Message

- Most fraudulent SMS pretend to be linked with a real company or brand in order to make the recipient feel at ease.
- Difficult to know if the message is genuine or fraudulent simply by looking at a URL or source of the message.

We are holding a package that we attempted to deliver while you were out.
<https://t.co/██████████>

We still have a package that we attempted to deliver while you were out. Please confirm the following information.
<https://t.co/██████████>

The use of your account at AEON Bank has been restricted. Please complete the following procedure to reopen your account.
<https://██████████.aeonwq.██████████>

Notice from MUFJ Bank: We have temporarily suspended the use of your account. Please perform the following required procedure.
<https://mufgqv.██████████>

*Press release titled "Tobila Systems Report on Special Fraud and Phishing" (October 2023)

Strengths of Our Fraudulent Call/Message Database

- Contains malicious phone numbers, URLs in malicious SMS and other information in order to block incoming calls and messages from these sources
- Receipt from the police of information about suspicious phone numbers and URL used for criminal activity is a key strength of Tobil Systems
- 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

Enormous log of phone calls from more than 15 million users



Data from the police



Exclusive survey data regarding phone calls, SMS and URL

Fraudulent call/message database



Integration of phone call, SMS and URL data

Database is constantly updated



Malicious call, SMS blocking

Outline of Services

- For all-inclusive protection, the fraud and spam prevention services has three categories of services: mobile phones, landline phones and business phones.

Mobile phone products



280

blocker

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

Landline phone products



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

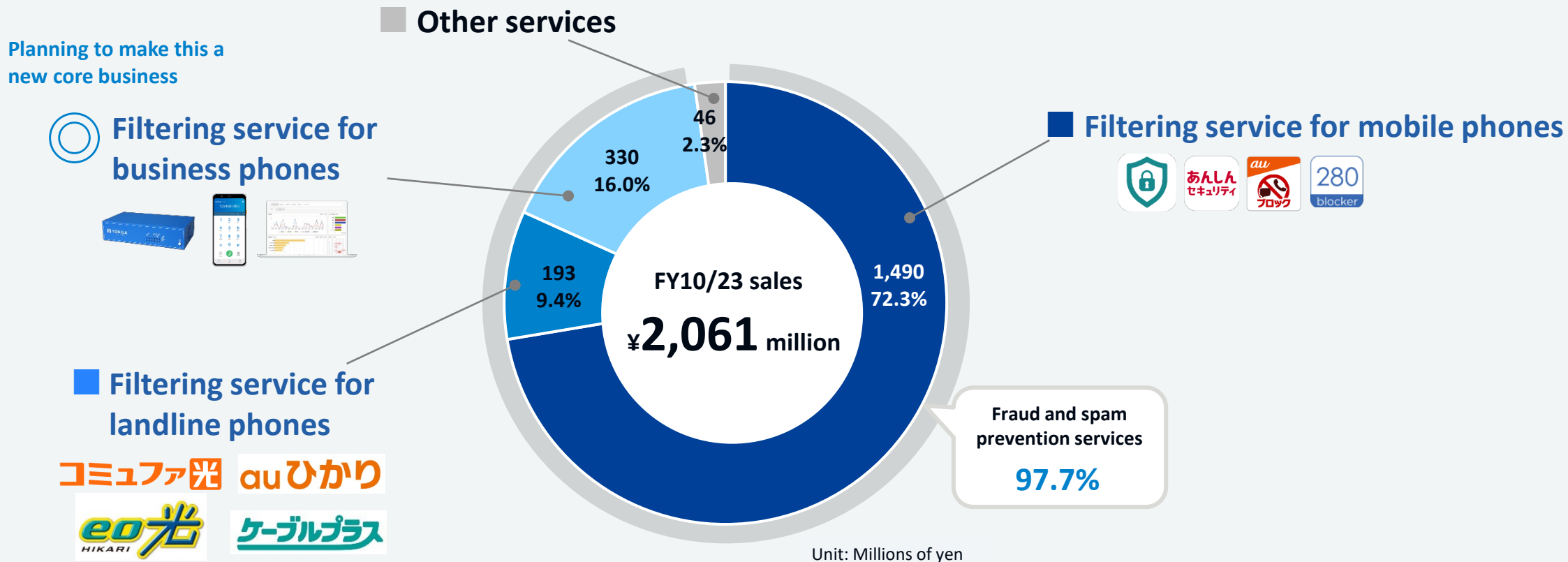
Business phone products



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

Business Segments (FY10/23)

- In the core fraud and spam prevention services, filtering services for mobile phones are about 72.3% of sales.
- Consistent earnings of mobile phone services are used to fund expenditures in the rapidly growing filtering services for business phone category.

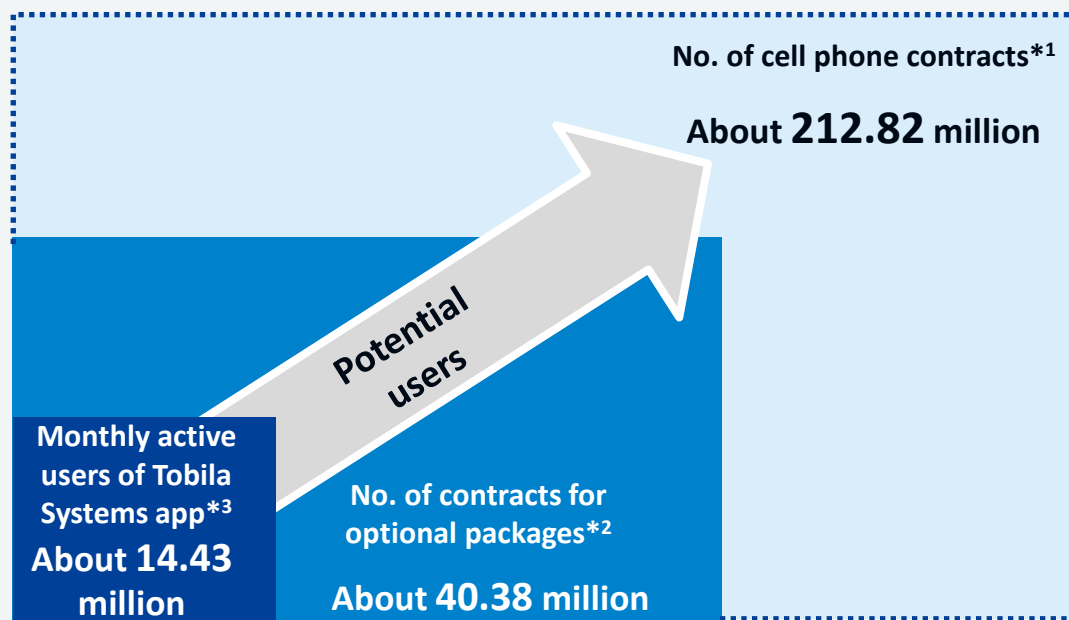


Mobile Phone Services

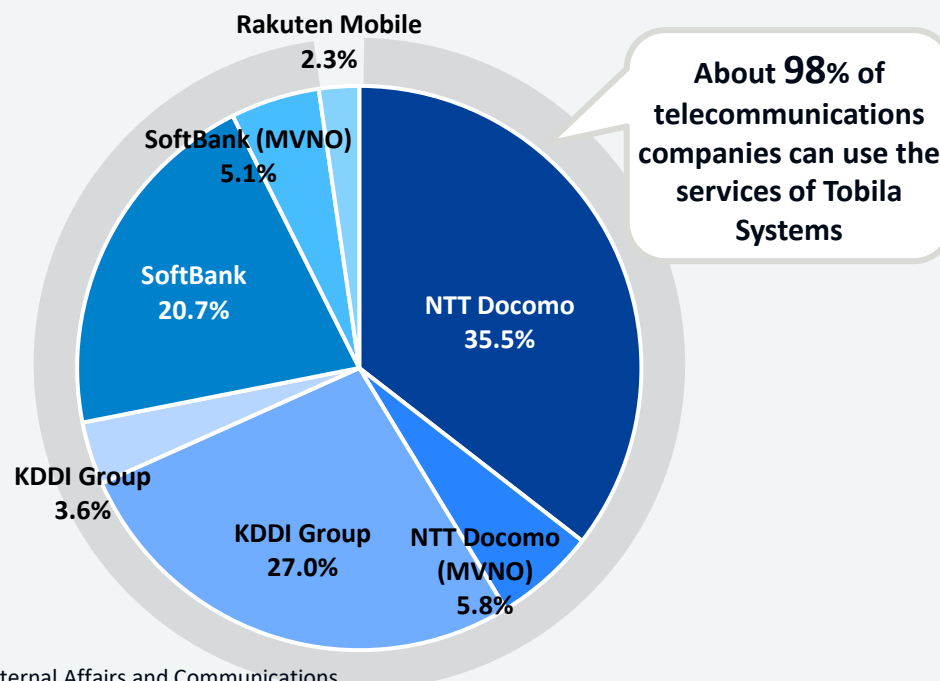
Growth Potential for Mobile Phone Services

- The number of users who can use Tobil Systems services at no extra charge are currently more than about 40.38 million.
- All major cell phone carriers in Japan provide Tobil Systems services, which makes possible effective activities for promoting the use of these services.

Potential Market Size



Mobile Phone Market Share in Japan



*1: Quarterly Data on the "Number of Telecommunications Service Contracts and Market Share" (announced on September 22, 2023), Ministry of Internal Affairs and Communications

*2: Tobil Systems estimate based on data collected by Tobil Systems for SoftBank, Smart Pass Premium contracts for au based on the [KDDI 2Q FY3/24 financial data](#) and the number of contracts for options announced on December 19, 2018 for NTT Docomo.

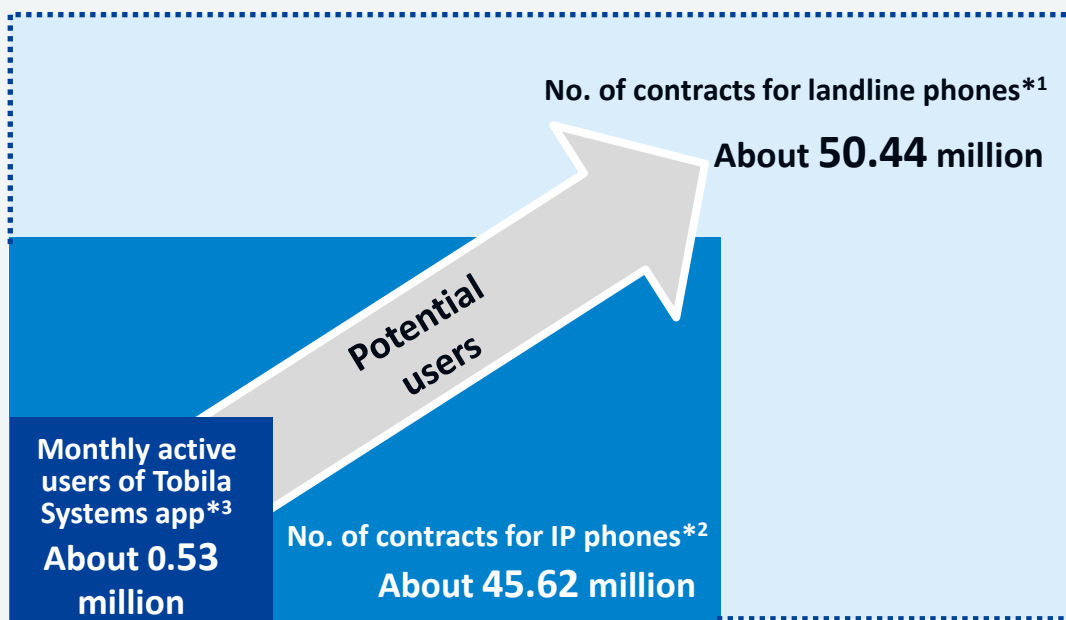
*3: Number of the monthly active users as of October 31, 2023, includes some provisional figures. The data may vary somewhat when the finalized figures are released and reflected in the data.

Landline Phone Services

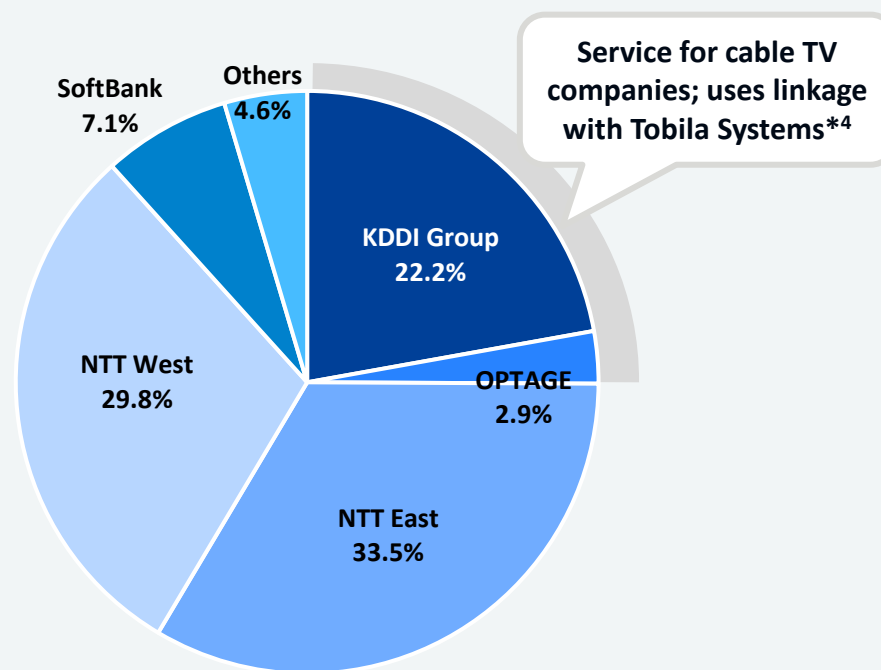
Growth Potential for Landline Phone Services

- The landline phone exchange facilities of NTT East and NTT West are expected to be no longer useable in about 2025. As a result, the IP phone sector has significant growth potential because many landline users are expected to shift to IP phones.

Potential Market Size



Landline Phone Market Share in Japan



*1 and *2: Quarterly Data on the [“Number of Telecommunications Service Contracts and Market Share”](#) (announced on September 22, 2023), Ministry of Internal Affairs and Communications
 *3: Number of the monthly active users as of October 31, 2023, includes some provisional figures. The data may vary somewhat when the finalized figures are released and reflected in the data.
 *4: Press release titled [“Provision of the Fraudulent Call Automatic Blocker, Japan’s first automatic call blocking service for a landline phone that requires no external call blocking attachment”](#)

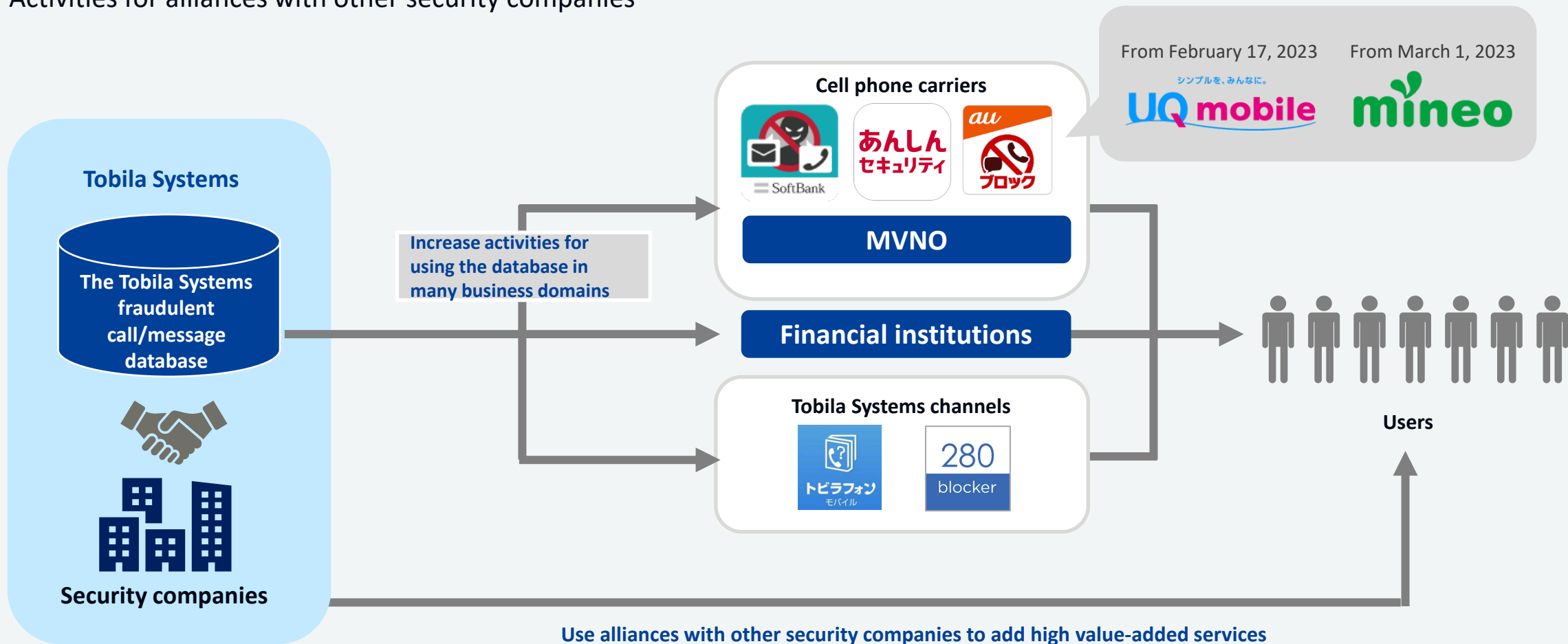
02

4Q FY10/23 Topics

Mobile Phone Services

Key Initiatives of FY10/23

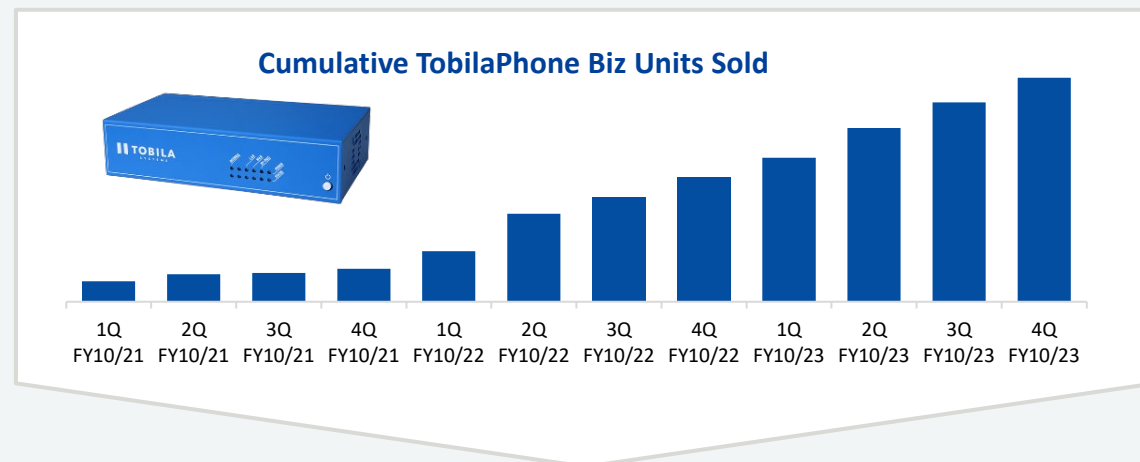
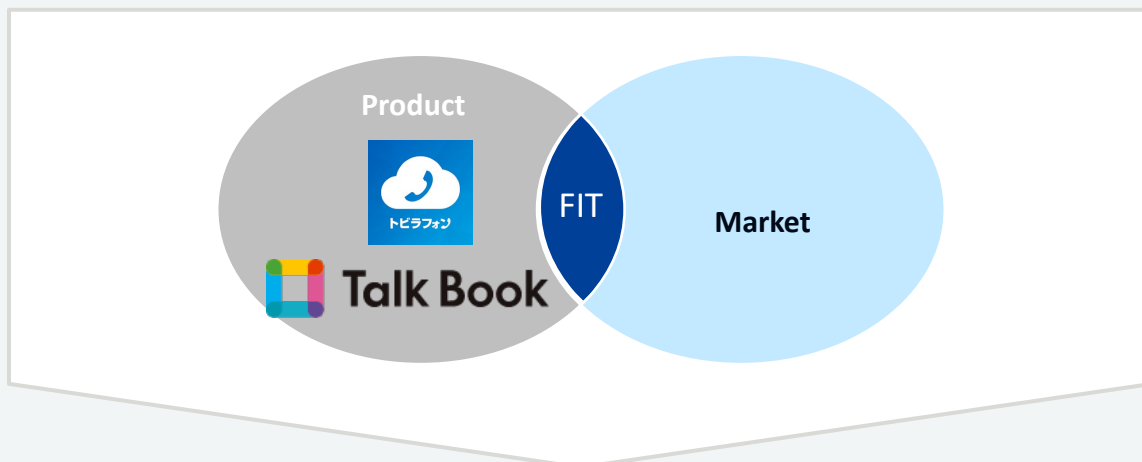
- Increase activities for using in many business domains services backed by the fraudulent call/message database
- Activities for alliances with other security companies



Business Phone Services

Key Initiatives of FY10/23

- Continue PMF* due to the ongoing shift from the need for simple business communications from anywhere to the need for the visualization of communications



The visualization of communication is a need of all users
Examples: Leave a text record of voice communications; monitor utilization load based on the volume of voice communications

Constantly monitor users' needs, add functions to meet these needs and strengthen sales techniques

*Product-market fit (PMF) means supplying products that can satisfy demand by solving problems or meeting needs in order to sustain growth.

Business Phone Services

Response to the Surge in Malicious Calls from Outside Japan

- Tobila Systems created a new function that all nuisance calls from designated countries and added the function to TobilaPhone Biz on September 7, 2023 and TobilaPhone Cloud on September 13.



More Protection Against Malicious Calls from Other Countries

- Tobila Systems and NTT East collaborated to offer a TobilaPhone Biz service plan with a reduced rate for customers who will be using this service until at least the end of March 2024.
- Local governments and other entities severely impacted by malicious calls from outside Japan can use TobilaBiz Phone at no cost until the end of March 2024.

*1: Press release titled [“TobilaPhone Cloud, a Cloud Business Phone, Starts New Function to Reject All Malicious Calls from Designated Countries”](#)

*2: Press release titled [“TobilaPhone Biz for Blocking Malicious Calls Provided at No Cost to Local Governments for Protection Against Malicious Calls from Outside Japan”](#)

Business Phone Services

TobilaPhone Cloud Won Awards Involving Word-of-Mouth Support

- TobilaPhone Cloud received a Leader Award, the highest ranking recognition, for seven consecutive years in the three categories of the ITreview Grid Award 2023 Fall*1.
- BOXIL SaaS AWARD Winter 2023 – Five first place awards in including “Good Service” in the PBX category*2



ITreview Grid Award



- We received the “Leader” award, the highest ranking recognition, at the “ITreview Grid Award 2023 Fall” in three segments, Cloud PBX, IVR and IP telephone. The award is given to products with high customer satisfaction based on user reviews.
- We have received the “Leader” award in three segments for seven consecutive years.

BOXIL SaaS AWARD



- BOXIL SaaS AWARD is recognition given by Smartcamp Co., Ltd., operator of the BOXIL SaaS comparison website, for excellence in the field of SaaS.
- Tobila Systems received the PBX “Good Service” award and the first place awards for “Function Satisfaction,” “Customization,” “Usefulness,” and “Ease of Use.”

*1: Press release titled [TobilaPhone Cloud received a Leader Award, the highest ranking recognition, for seven consecutive years in the PBX, IVR \(interactive voice response\) and IP phone categories of the ITreview Grid Award 2023 Fall](#)

*2: Press release titled [“Tobila Systems Wins First Place Awards in the PBX “Good Service” Category and Four Other Categories at BOXIL SaaS AWARD Winter 2023”](#)

03

FY10/23 Financial Results

4Q FY10/23 Financial Summary

- Sales and earnings at all levels were at least 20% higher than one year earlier and sales set a new record for a quarter.
- Profit was up 126.2% from one year earlier because of extraordinary income from the sale of the HP4U website production and operation support business.

	4Q FY10/22	3Q FY10/23	4Q FY10/23	YoY	QoQ
Unit: Millions of yen					
Net sales	430	520	531	123.3%	102.2%
EBITDA*	166	213	212	128.2%	99.6%
Operating profit	124	164	161	129.6%	98.3%
Ordinary profit	124	163	159	127.7%	97.5%
Profit	77	106	175	226.2%	164.1%

*EBITDA = Operating profit + Depreciation + Goodwill amortization

4Q FY10/23 Sales Composition by Category

- Mobile phone services sales continue to grow due to higher recurring revenue as expected and strong sales at 280blocker.
- Landline phone services sales continued to increase because of the steady growth in the number of optional service contracts for KDDI's Cable Plus Phone.
- The steady growth of business phone services sales continued because sales of TobilaPhone Biz are generally as planned.

	4Q FY10/22	3Q FY10/23	4Q FY10/23 Results	YoY	QoQ
Unit: Millions of yen					
Fraud and spam prevention services	415	509	523	126.0%	102.7%
Mobile phone services	314	371	378	120.4%	102.0%
Landline phone services	41	50	50	122.0%	99.5%
Business phone services	59	87	93	158.0%	107.8%
Other services*	15	10	7	51.7%	75.3%

*No activities for growth of the other services category are planned

FY10/23 Financial Summary

- Sales and earnings at all levels were at least 20% higher than in FY10/22 and surpassed the initial plan for FY10/23.
- Profit was far above the plan because of extraordinary income from the sale of the HP4U website production and operation support business.

	FY10/22	FY10/23 Plan	FY10/23 Results	YoY	Vs. plan
Unit: Millions of yen					
Net sales	1,681	2,000	2,061	122.6%	103.1%
EBITDA*	693	786	870	125.5%	110.7%
Operating profit	540	600	682	126.3%	113.8%
Ordinary profit	532	599	679	127.6%	113.4%
Profit	322	394	517	160.8%	131.4%

*EBITDA = Operating profit + Depreciation + Goodwill amortization

FY10/23 Sales Composition by Category

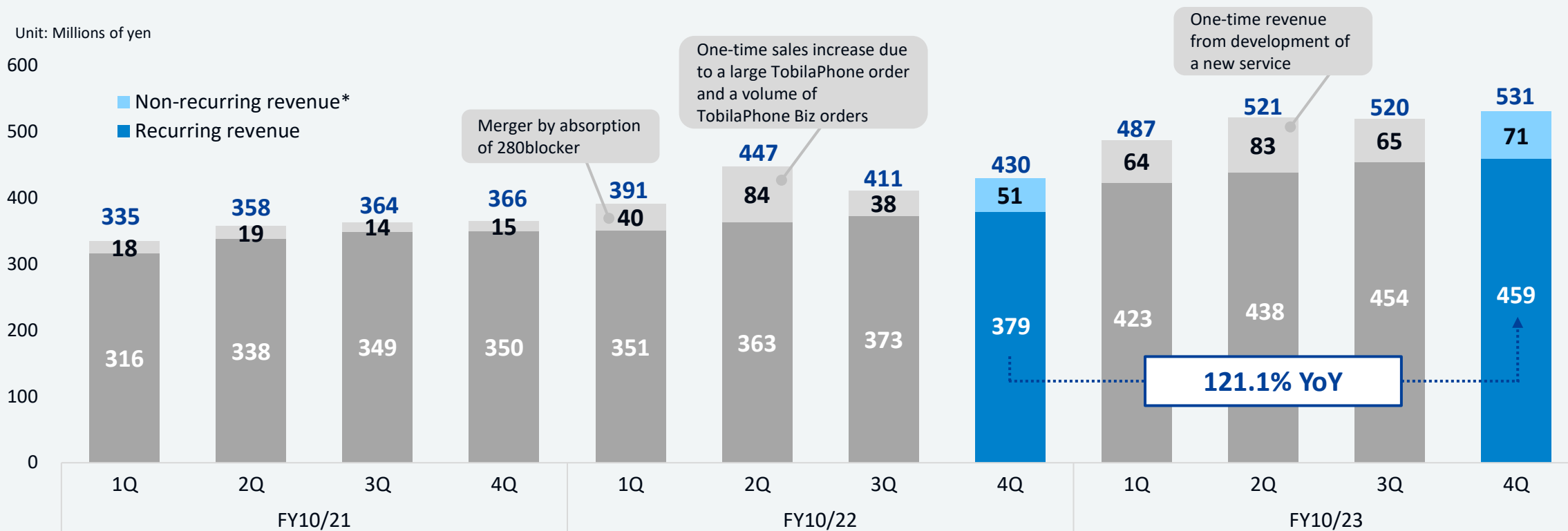
- Sales increased in all fraud and spam prevention service categories.
- Business phone services sales were 0.3% below the plan but were 79.6% higher than in FY10/22.

	FY10/22	FY10/23 Plan	FY10/23 Results	YoY	Vs. plan
Unit: Millions of yen					
Fraud and spam prevention services	1,621	1,953	2,014	124.3%	103.1%
Mobile phone services	1,271	1,447	1,490	117.2%	102.9%
Landline phone services	165	174	193	117.0%	111.2%
Business phone services	184	331	330	179.6%	99.7%
Other services*	60	46	46	76.8%	100.3%

*No activities for growth of the other services category are planned

Quarterly Sales (Recurring Revenue and Non-recurring Revenue)

- Most of the sales of all services is recurring revenue. In the fourth quarter, recurring revenue increased 21.1% YoY.
- Non-recurring revenue includes sales of 280blocker (iOS ad blocking app), hardware for TobilaPhone and TobilaPhone Biz, and other products.



*Non-recurring revenue includes sales of 280blocker (iOS ad blocking app), hardware for TobilaPhone and TobilaPhone Biz, and other products

Major Contract Formats for Mobile Phone Filtering Services*

- Tobilas Systems filtering services are included in the optional packages of major 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

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 does not change sales

No. of contracts × 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

- The number of people with an optional package contract is decreasing as more people switch to low-cost smartphones.
- The number of users of Tobilas Systems services is increasing.

Monthly active users × Unit price

Sales are linked to monthly users of Tobilas Systems services

Monthly
active
users × Unit
price

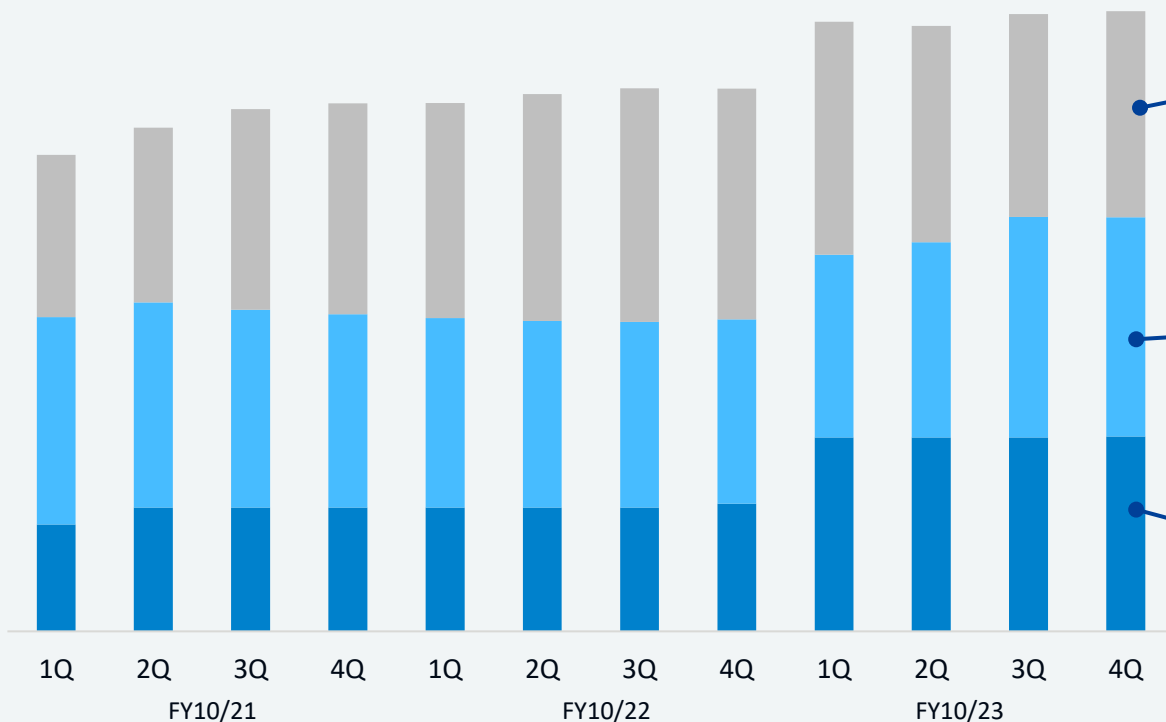
- Although the change in the number of monthly active users of Tobilas Systems must be monitored closely, the characteristics of this contract format make it easy to conduct highly effective activities for attracting more users.

*IR note <for Mobile Phone Filtering Services> "Differences in contract formats" <https://note.com/tobila4441/n/n71f22dbaab6d>

Quarterly Sales of Mobile Phone Filtering Services for Contract Formats

- For the monthly active users x unit price contract format, the number of monthly users increased because of joint activities in the fourth quarter with mobile phone carriers for signing up more users.

Quarterly sales composition of contract formats*



Sales and monthly active users (Performance vs. prior quarter)

Difference between 3Q FY10/23 and 4Q FY10/23

Monthly active users × Unit price

Sales: 101.6%
Monthly active users: 102.2%

Joint activities with carriers to increase active users

Contracts × Unit price

Sales: 99.5%
 Monthly active users: -%

No comparison due to the difficulty of making adjustments for users counted twice during the app renewal period

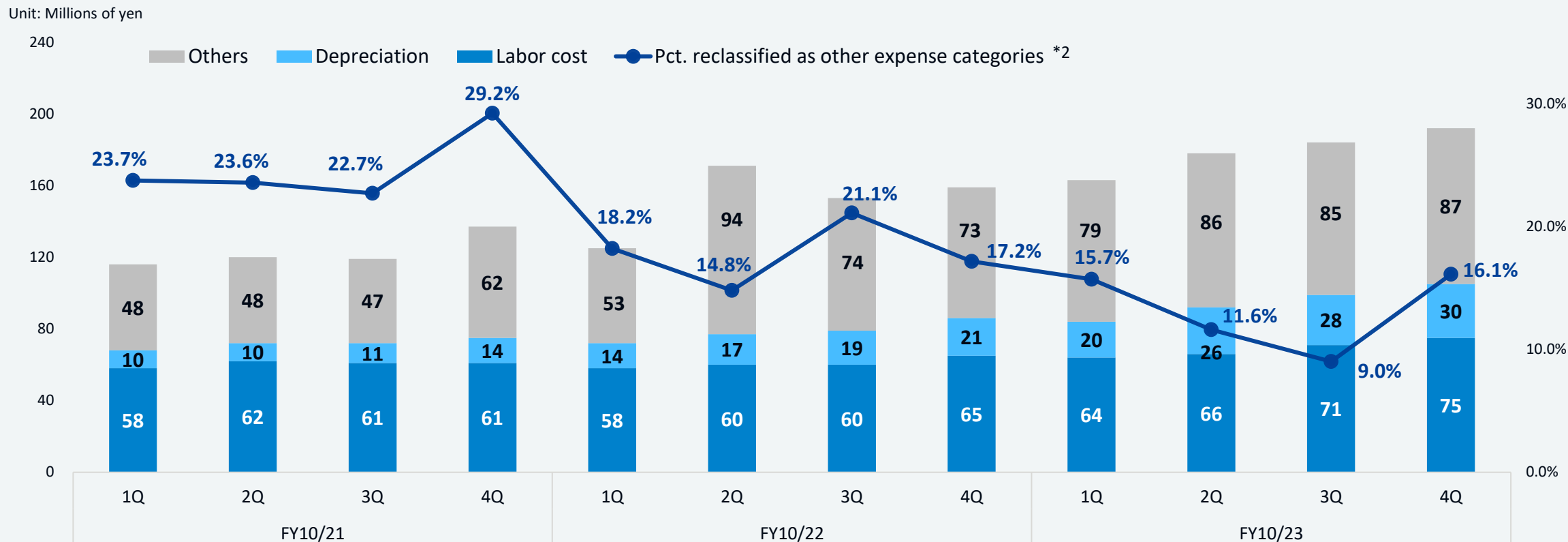
Fixed payment (subscription contract)

Sales: 100.4%
 Monthly active users: 95.3%

*Sales and the number of monthly users are for only contracts with Japan's big three telecommunication companies. Inexpensive smartphone service and other MVNO contracts are not included.

Cost of Sales

- The cost of sales*1 was controlled generally as planned.
- Labor cost increased because more engineers were hired and depreciation increased because new services were started.

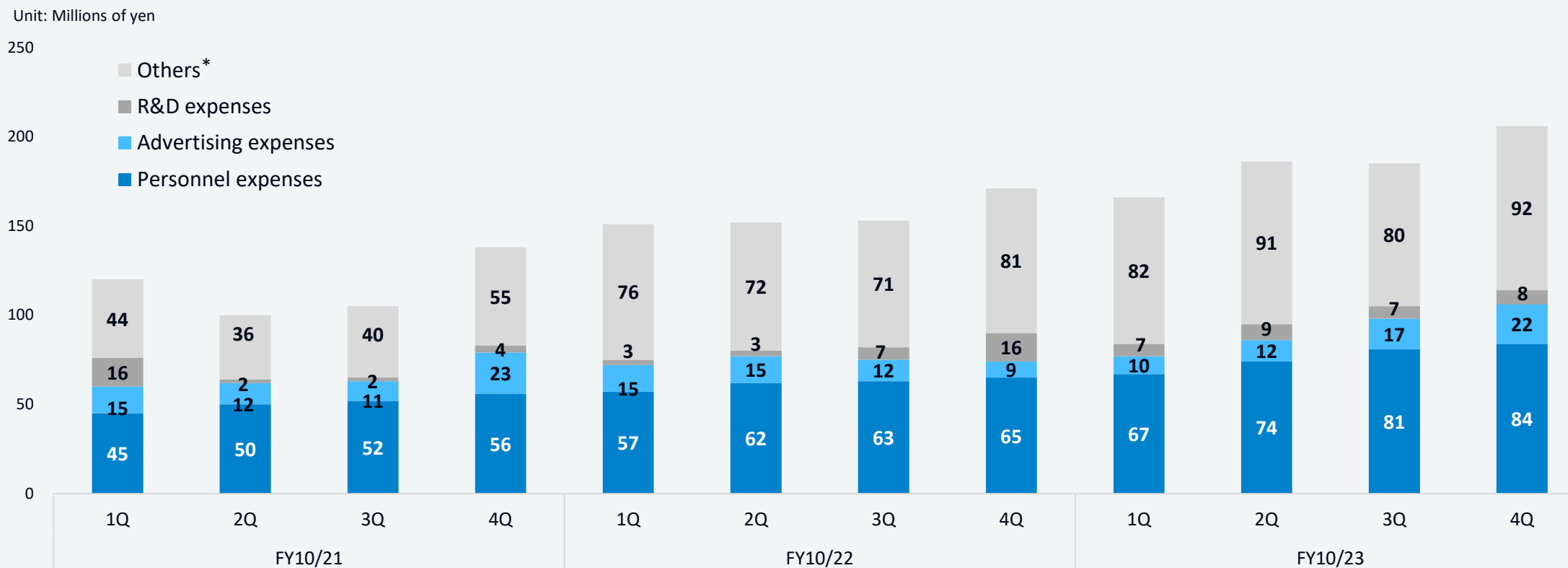


*1: The sum of labor cost, depreciation and others does not match the total cost of sales on the income statement because these figures are before adjustments for reclassified expenses and work in process transfers

*2: Pct. reclassified as other expense categories is the percentage of the cost of sales included in R&D expenses and assets due mainly to the characteristics of work performed by employees

SG&A Expenses

- SG&A expenses were controlled generally as planned.
- In the fourth quarter, expenses increased as expected in all categories due to expenditures for growth, such as hiring many people and relocating the Tokyo office.

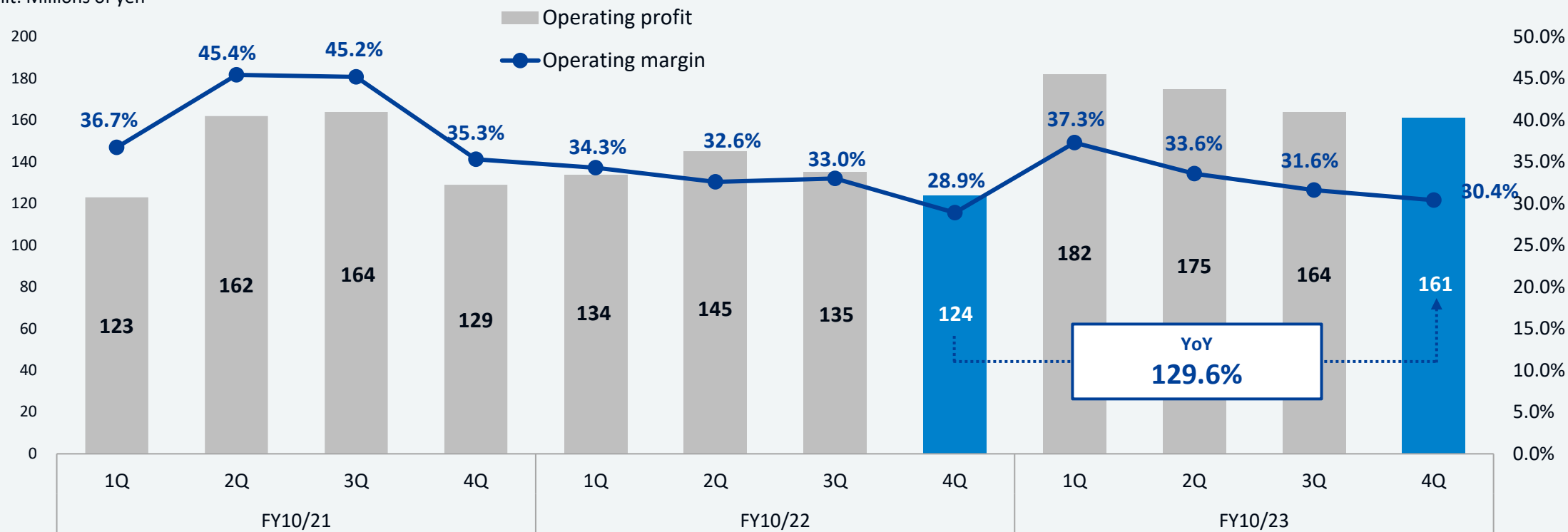


* "Others" include amortization of goodwill, depreciation, and commission expenses

Operating Profit

- Fourth quarter operating profit was down from the third quarter as expected mainly because of personnel expenses and Tokyo office relocation expenses.
- FY10/23 operating profit of ¥682 million was higher than in FY10/22 and higher than planned.

Unit: Millions of yen



Quarterly Expenses

Unit: Millions of yen	4Q FY10/22	3Q FY10/23	4Q FY10/23 Results	YoY	QoQ
Cost of sales	133	169	162	121.7%	95.9%
Labor cost	65	71	75	115.3%	106.4%
Depreciation	21	28	30	140.5%	104.1%
Others	73	85	87	119.0%	102.1%
Pct. of cost of sales classified as R&D expenses and assets*	17.2%	9.0%	16.1%	-1.1pt	+7.1pt
SG&A expenses	173	186	207	120.1%	111.3%
Personnel expenses	65	81	84	128.5%	103.7%
Advertising expenses	9	17	22	242.3%	130.8%
R&D expenses	16	7	8	49.2%	111.1%
Others	81	80	92	113.4%	114.9%

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

FY10/23 Expenses

Unit: Millions of yen	FY10/22	FY10/23 Plan	FY10/23 Results	YoY	Vs. plan
Cost of sales	505	643	628	124.2%	97.7%
Labor cost	245	310	278	113.3%	89.7%
Depreciation	72	106	105	145.4%	99.8%
Others	296	382	339	114.6%	88.7%
Pct. of cost of sales classified as R&D expenses and assets*	17.7%	19.5%	13.1%	-4.6pt	-6.4pt
SG&A expenses	634	757	750	118.1%	99.0%
Personnel expenses	250	309	308	123.4%	99.8%
Advertising expenses	52	60	63	119.8%	103.8%
R&D expenses	30	37	31	104.9%	83.8%
Others	301	349	346	114.8%	99.1%

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

Balance Sheet

	FY10/22	FY10/23	Change
Unit: Millions of yen			
Current assets	1,836	2,816	979
Cash and deposits	1,435	2,404	968
Trade receivables and contract assets	251	254	2
Other	148	156	7
Non-current assets	830	830	0
Property, plant and equipment	58	103	45
Intangible assets	476	405	-71
Investments and other assets	296	322	26
Total assets	2,667	3,646	979
Liabilities	956	1,510	553
Current liabilities	710	1,314	603
Non-current liabilities	245	195	-50
Net assets	1,710	2,136	426
Equity ratio	64.1%	58.6%	-5.5pt

Shareholder Returns

FY10/23 Dividends

- Plan to pay a dividend of ¥17.00 per share for FY10/23 as in the forecast announced on November 30, 2023.
- Returns earnings to shareholders based on the results of operations for FY10/23 and the Company's policy of maintaining a 35% payout ratio.

Payout ratio

35%

Distributing earnings to shareholders is one of the highest priorities of Tobil Systems. Retained earnings are increased as needed to improve financial soundness and fund expenditures for more growth

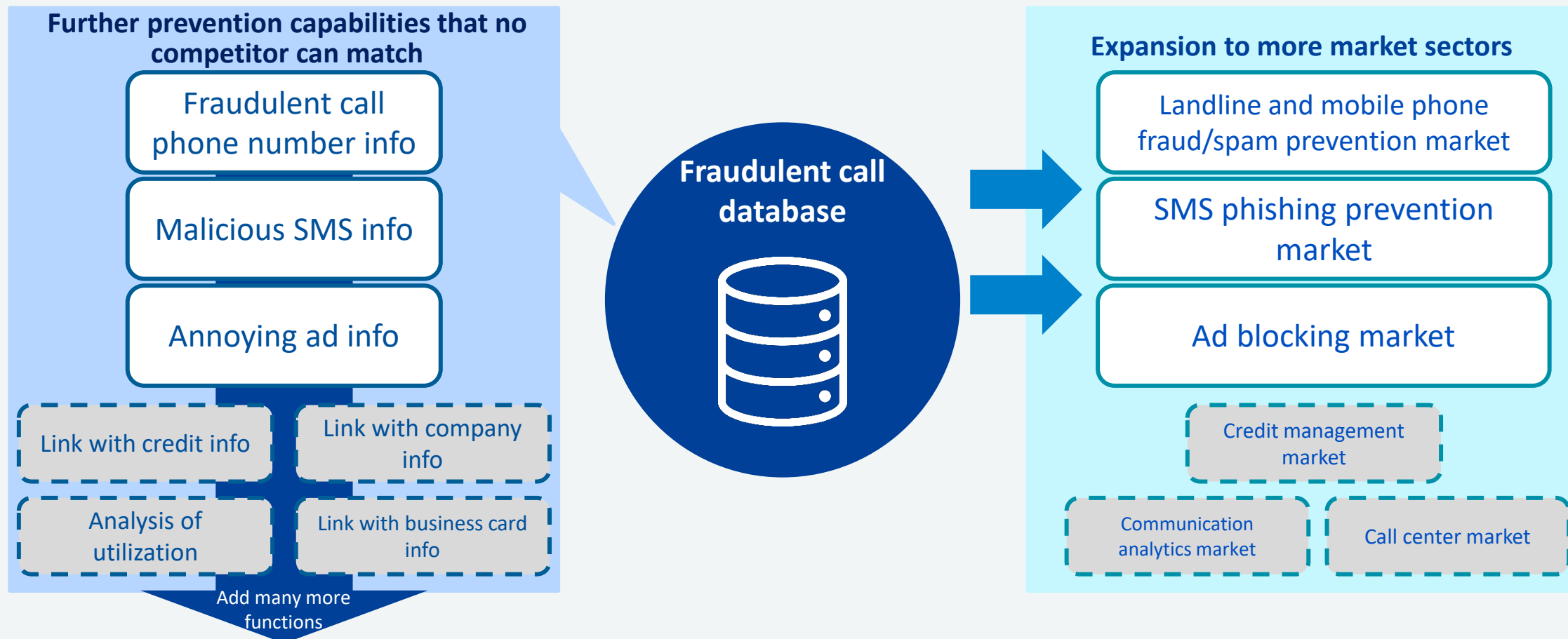
	Initial dividend forecast	Dividend per share (year-end)
FY10/22	11.10 yen	10.60 yen
FY10/23	12.90 yen	17.00 yen

04

FY10/24 Earnings Forecast

The Tobil Systems Strategy for Growth

- For more growth, the strategic objective of Tobil Systems is to increase the value of its fraudulent call/message database, which no other company can match, and operate in market sectors where the company can fully utilize its core strengths.



FY10/24 Forecast

- Forecast sales of ¥2,350 million and operating profit of ¥755 million as we aim for more growth while making investments to back strategies for growth.
- Forecast an increase in profit after excluding the extraordinary income that raised profit in FY10/23.

Unit: Millions of yen	FY10/22 Results	FY10/23 Results	FY10/24 Forecast	YoY
Net sales	1,681	2,061	2,350	114.0%
EBITDA*1	693	870	941	108.1%
Operating profit	540	682	755	110.6%
Ordinary profit	532	679	754	111.0%
Profit	322	517	500	96.6%
(Profit excluding extraordinary income (loss))	(350)	(469)	(500)	(106.4%)
Operating margin	32.2%	33.1%	32.1%	-
ROE*2	20.1%	26.9%	22.5%	-
Equity ratio	64.1%	58.6%	56.4%	-

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

*2: ROE is calculated by using average shareholders' equity in each fiscal year

FY10/24 Sales Forecast by Category

- Forecast solid growth again in FY10/24 in all service categories of the Fraud and spam prevention services
- Aiming for more growth of the filtering service for business phones.

	FY10/22 Results	FY10/23 Results	FY10/24 Forecast	YoY
Unit: Millions of yen				
Fraud and spam prevention services	1,621	2,014	2,343	116.3%
Mobile phone services	1,271	1,490	1,551	104.1%
Landline phone services	165	193	213	110.1%
Business phone services	184	330	579	175.1%
Other services*	60	46	6	35.3%

*Other services in FY10/24 includes only outsourced development operations because the HP4U business that was in this category was sold on September 30, 2023.

FY10/24 Forecast for Expenses

- Cost of sales is higher due mainly to an increase in labor cost as the workforce increases in FY10/23 and an increase in the cost of hardware as TobilePhone Biz sales increase.
- SG&A expenses are higher due to an increase in personnel expenses as the workforce increases in FY10/23 and increases in recruiting and marketing expenses.

Unit: Millions of yen

	FY10/22 Results	FY10/23 Results	FY10/24 Forecast	YoY
Cost of sales	505	628	712	113.3%
Labor cost	245	278	320	115.4%
Depreciation	72	105	99	93.8%
Others	296	339	406	153.6%
Pct. of cost of sales classified as R&D expenses and assets*	17.7%	13.1%	13.9%	0.8pt
SG&A expenses	634	748	883	117.7%
Personnel expenses	250	308	372	120.6%
Advertising expenses	52	63	79	125.9%
R&D expenses	30	31	37	117.3%
Others	301	344	391	113.7%

Highlights of the Beginning of FY10/24

- Expect sales growth backed by higher rates for services for mobile phones and business phones.

Mobile phone services

Higher rates for fixed-payment contracts*¹

Fixed payment (Subscription contract)

- Starting in December 2023, rates will increase when fixed-payment contract users renew their contracts
- First quarter rate increases will contribute to sales during the quarter's last two months

Business phone services

Higher rates for TobilaPhone Biz



TobilaPhone Biz トビラフォン Biz

- Prices of units increased in November
- Higher prices are expected to contribute to non-recurring revenue*²

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

*2: IR note "Explanation of the Structure of TobilaPhone Biz Sales" <https://note.com/tobila4441/n/n50a4deeb6e12>

Revised Goals of the Final Year of the Medium-term Plan (FY10/24)

- Although sales and earnings growth from 2023 is expected, the goals of the medium-term plan have been revised because we do not expect to reach the goals for the plan's final year that were established when the plan was made in 2021.

Unit: Millions of yen	FY10/23 Results	FY10/24 Medium-term management plan	FY10/24 Forecast	FY10/24 Vs. medium-term management plan	Main reasons for revisions
Total net sales	2,061	2,510	2,350	93.6%	<ul style="list-style-type: none"> Lower sales because business phone services sales growth is not as fast as was anticipated in the original plan
Fraud and spam prevention services	2,014	2,460	2,343	95.3%	
Mobile phone services	1,490	1,290	1,551	120.3%	<ul style="list-style-type: none"> Higher sales due to more contracts with major carriers and higher rates and to a larger number of users of MVNO and other services
Landline phone services	193	219	213	97.4%	<ul style="list-style-type: none"> Performance is mostly as originally expected
Business phone services	330	951	579	60.9%	<ul style="list-style-type: none"> Steady growth of TobilPhone Biz hardware sales TobilPhone Cloud/Talk Book sales are increasing but the sales volume is still below level expected when the medium-term plan was established
Other services	46	50	6	12.9%	<ul style="list-style-type: none"> Sales are down because of the sale of the HP4U website production and operation support business
Operating profit	682	1,186	755	63.7%	<ul style="list-style-type: none"> Higher because of more expenditures for human resources and in other areas to maintain a sound base for long-term growth

Shareholder Returns

— Purchase of Treasury Shares/Dividend Forecast

- Resolved to purchase treasury shares mainly for the purpose of distributing restricted stock compensation to employees.
- Plan to pay a dividend of ¥17.00 per share for FY10/24 based on the earnings forecast for FY10/24 and the Company's policy of maintaining 35% payout ratio.

Purchase of treasury shares

Type of shares to be repurchased	Common shares
Total number of shares to be repurchased	Up to 200,000 shares (1.89% of total shares outstanding, excluding treasury shares)
Price of shares to be repurchased	Friday, December 8, 2023, closing price
Date of repurchase	Monday, December 11, 2023 at 8:45 a.m.
Method of repurchase	Tokyo Stock Exchange Trading Network System

FY10/24 Dividend forecast

**Dividend per share
(year-end)
17.00 yen**

05

Tobila Systems Sustainability Report

Tobila Systems has produced a Sustainability Report

- The report includes information about the company’s stance regarding sustainability and ESG, how business activities make contributions to society, and accomplishments of sustainability programs.



Materiality at Tobil Systems

Corporate activities involving social issues

How business operations help solve social issues

Environment

(1) Measures to fight climate change

Business operations require electricity and many items derived from a variety of resources. We are dedicated to taking actions to fight climate change in order to play a role in decarbonization.



Social

(2) Pleasant workplaces and fulfilling careers

A skilled and motivated workforce is the foundation of all Tobil Systems operations. We are dedicated to providing a pleasant workplace environment and ensuring that everyone has fulfilling jobs and the ability to take on challenges without fear of failure.



(4) Eliminate special fraud and gray zone crime!

“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. We are continuing to dedicate business activities that eliminate fraudulent and “gray zone” crimes. Tobil Systems defines any activity that annoys people, makes them uncomfortable or threatens their safety as a gray zone crime.

Monetary losses caused by special fraud, including the gray zone, are estimated to be about ¥4 trillion*1. The amount of losses as well as the number of fraudulent activities has been climbing steadily*2. Furthermore, monetary losses caused by malicious SMS using smartphones have been increasing as criminals use these messages for phishing and fund remittance scams. This is becoming a serious social problem and companies and others are stepping up expenditures for protective measures.

Security techniques such as virus protection and firewalls for computers are becoming more advanced every year. However, damages caused by crimes seeking to take advantage of the weaknesses of the behavior of people are climbing steadily.

Governance

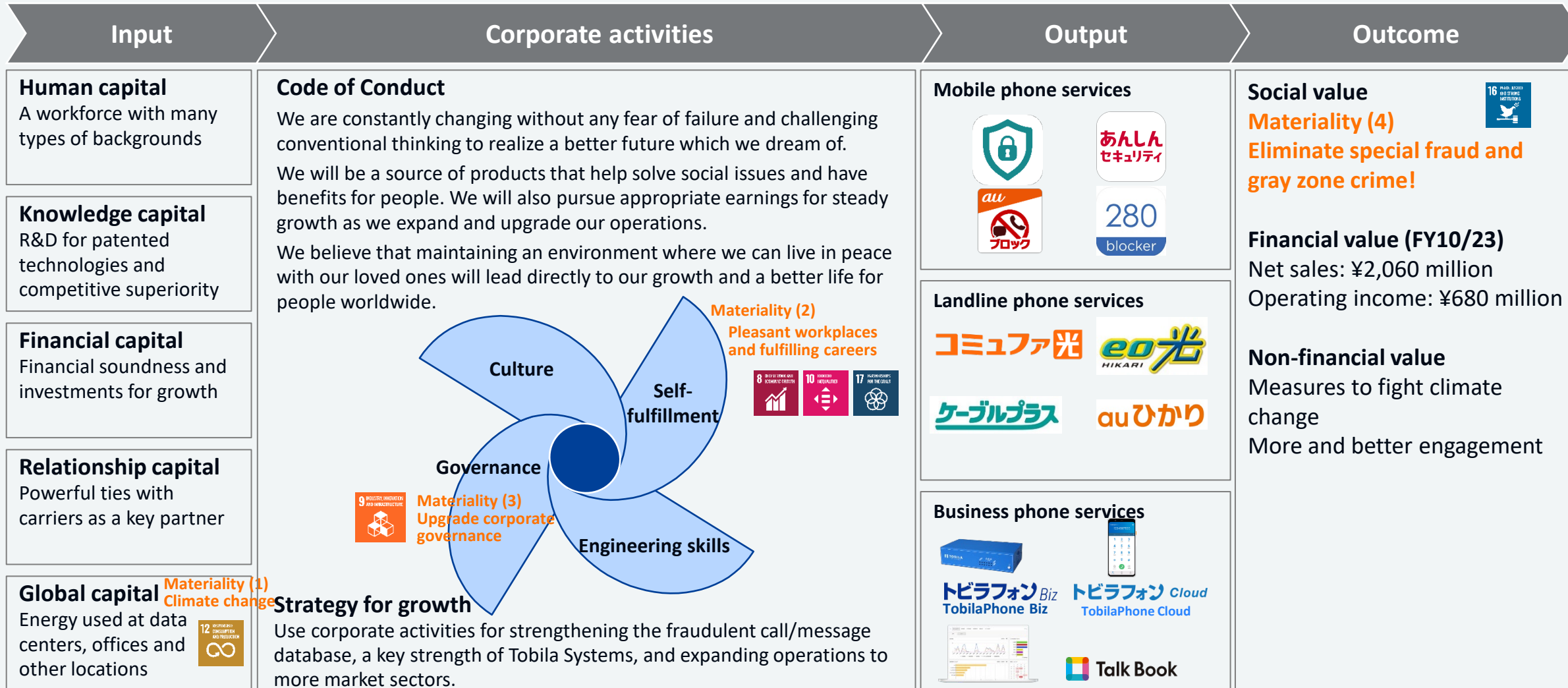
(3) Upgrade corporate governance

Measures to continue upgrading corporate governance are vital for management fairness and transparency and the fast and bold decisions that are needed for the consistent growth of corporate value.

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

*2: Source: Identification and Control of Special Fraud in 2022 (final version), National Police Agency

The Value Creation Process



Disclaimer

Tobila Systems plans to announce FY10/24 first quarter results of operations **at 16:00 on March 8, 2024 (Friday)**.

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 Tobila Systems operates and changes in interest rates and foreign exchange rates.

Tobila 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.

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Appendix

Financial Status in Prior Years: Quarterly Results

Unit: Millions of yen	FY10/20				FY10/21				FY10/22				FY10/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	270	319	312	331	335	358	364	366	391	447	411	430	487	521	520	531
Fraud and spam prevention services	244	295	290	312	316	335	344	349	377	430	397	415	471	510	509	523
Other services	26	23	22	19	19	22	19	17	14	16	14	15	16	11	10	7
Cost of sales	77	82	78	83	89	92	92	97	103	147	121	133	138	158	169	162
Labor cost	54	53	54	55	58	62	61	61	58	60	60	65	64	66	71	75
Depreciation	11	10	10	12	10	10	11	14	14	17	19	21	20	26	28	30
Others	31	42	37	45	48	48	47	62	53	94	74	73	79	86	85	87
Pct. of cost of sales classified as R&D expenses and assets*1	20.1%	22.5%	22.6%	28.5%	23.7%	23.6%	22.7%	29.2%	18.2%	14.8%	21.1%	17.2%	15.7%	11.6%	9.0%	16.1%
SG&A expenses	93	94	99	126	122	102	106	139	153	154	154	173	167	188	186	207
Personnel expenses	41	42	44	44	45	50	52	56	57	62	63	65	67	74	81	84
Advertising expenses	0	11	14	29	15	12	11	23	15	15	12	9	10	12	17	22
R&D expenses	8	7	10	17	16	2	2	4	3	3	7	16	7	9	7	8
Others	42	32	31	35	44	36	40	55	76	72	71	81	82	91	80	92

Quarterly Sales Composition by Category in Prior Years

Unit: Millions of yen)	FY10/20				FY10/21				FY10/22				FY10/23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Fraud and spam prevention services	244	295	290	312	316	335	344	349	377	430	397	415	471	510	509	523
Mobile phone services	211	247	248	259	265	281	290	295	311	331	313	314	361	378	371	378
Landline phone services	27	42	33	43	38	37	37	34	34	51	38	41	44	47	50	50
Business phone services	4	5	7	9	11	17	16	20	31	48	44	59	65	84	87	93
Other services	26	23	22	19	19	22	19	17	14	16	14	15	16	11	10	7

