



**Results of Operations**  
for the First Quarter  
of the Fiscal Year Ending October 31, 2024

**March 8, 2024**

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

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**01**

## **Financial Highlights and Business Overview**

## 1Q FY10/24 Financial Highlights

Net sales

**¥567 million** Up **16.4%** YoY

Operating profit

**¥202 million** Up **11.2%** YoY

### Mobile phone services

Net sales

**¥397 million**

Up **10.0%** YoY

- Consistent growth supported by higher rates when fixed-payment contracts were renewed starting in December 2023 and by strong sales of 280blocker

### Landline phone services

Net sales

**¥51 million**

Up **16.7%** YoY

- Sales increased 16.7% backed by growth of users of the optional service offered by JCOM's Cable Plus Phone service

### Business phone services

Net sales

**¥113 million**

Up **73.6%** YoY

- Steady sales growth of TobilPhone Biz and TobilPhone Cloud
- Business phone filtering service sales increased to another record high

# 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**

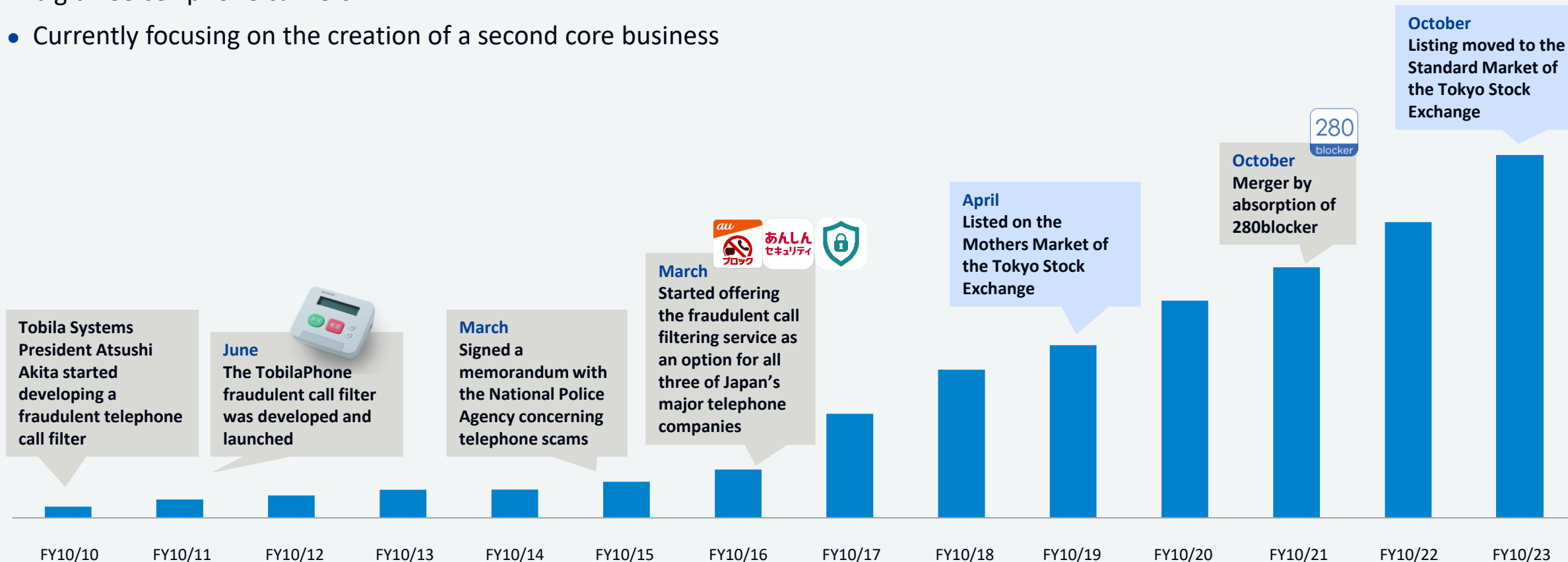
**We are constantly changing without any fear of failure and challenging conventional thinking to realize a better future which we dream of.**

**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\*

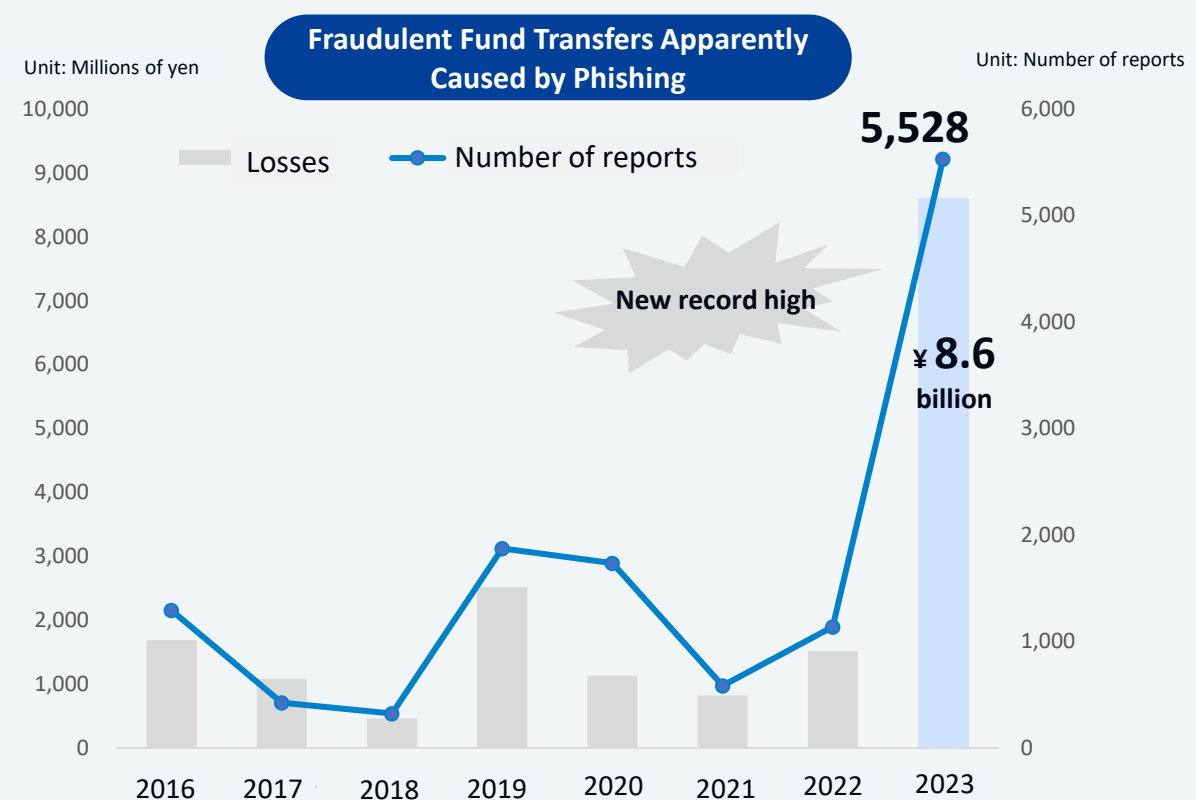
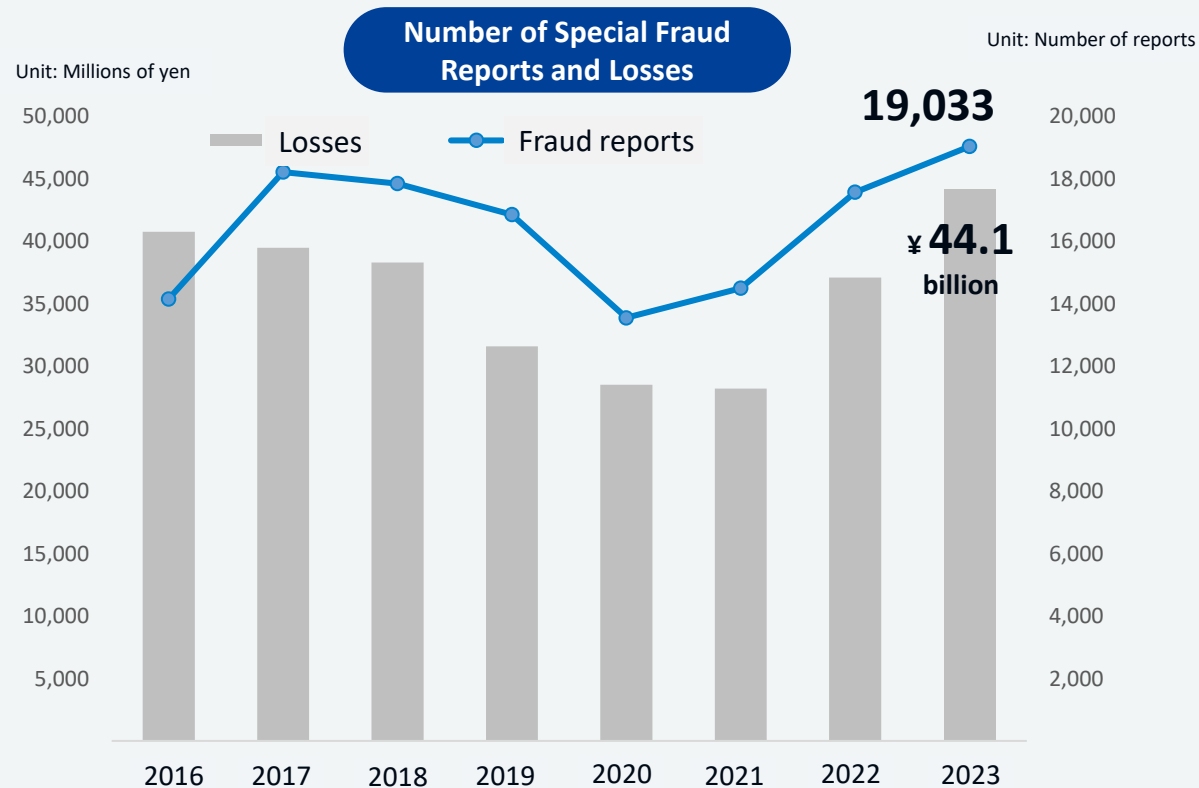
- Sales have increased every year since Tobilas Systems started operations.
- Operations generate consistent recurring revenue because services are provided as an option to customers of Japan’s big three cell phone carriers.
- Currently focusing on the creation of a second core business



\* Bar graphs are sales

## The Social Problem of Special Fraud and Phishing\*

- Losses caused by special fraud (fraud with no face-to-face contact) increased to ¥44.1 billion in 2023, which is an average of about ¥120 million every day.
- Almost all losses caused by fraudulent fund remittances using internet banks were caused by phishing. The amount of these losses and number of reports both rose to new records in 2023.



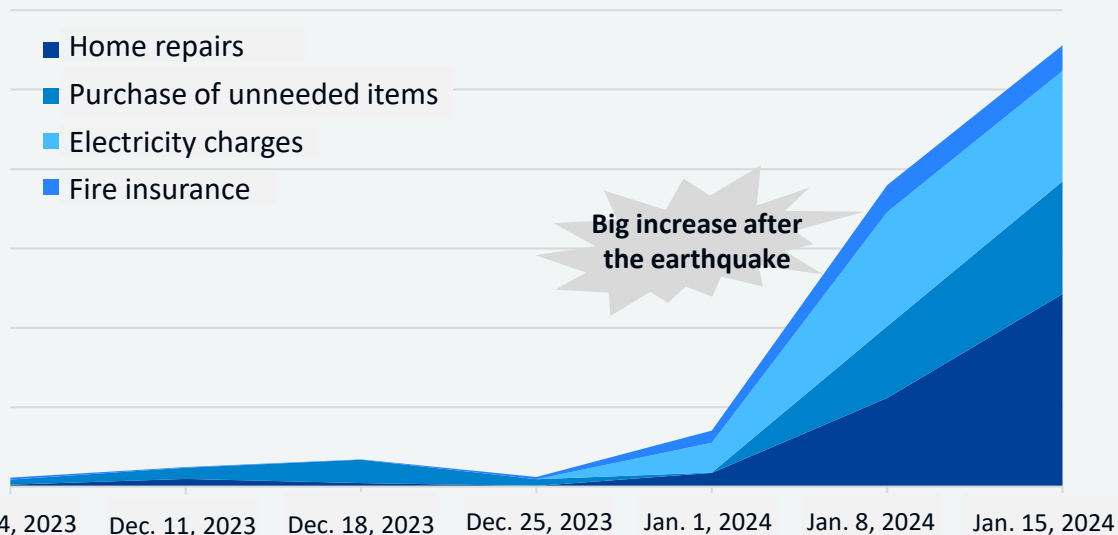
\* Crime situation in 2023, National Police Agency

# Tobila Systems Assessment of Special Fraud and Phishing \*1

- Fraudulent telephone sales calls about buying unneeded household items, home repairs and other services increased after the Noto Peninsula earthquake on January 1, 2024.
- Increase in fraudulent telephone sales calls in the area impacted by the earthquake about repairs to damaged buildings. Caution is needed regarding special fraud and malicious business activities attempting to take advantage of the earthquake.

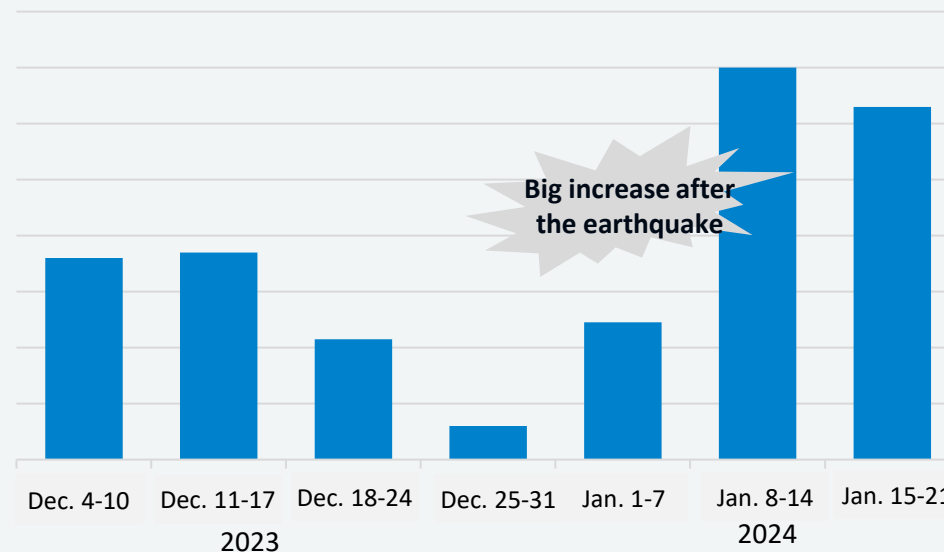
**Number of Fraudulent Telephone Sales Calls**

- The Tobila Systems database shows an increase in the number of phone calls that may be fraudulent attempts to sell services. \*2



**Fraudulent Telephone Sales Calls about Home Repairs in the Earthquake Area**

- There was a very big increase in fraudulent telephone sales calls in the area impacted by the earthquake about repairing damaged structures. \*3



\*1: Press release titled [“Tobila Systems Report on Special Fraud and Phishing” \(December 2023\)](#)

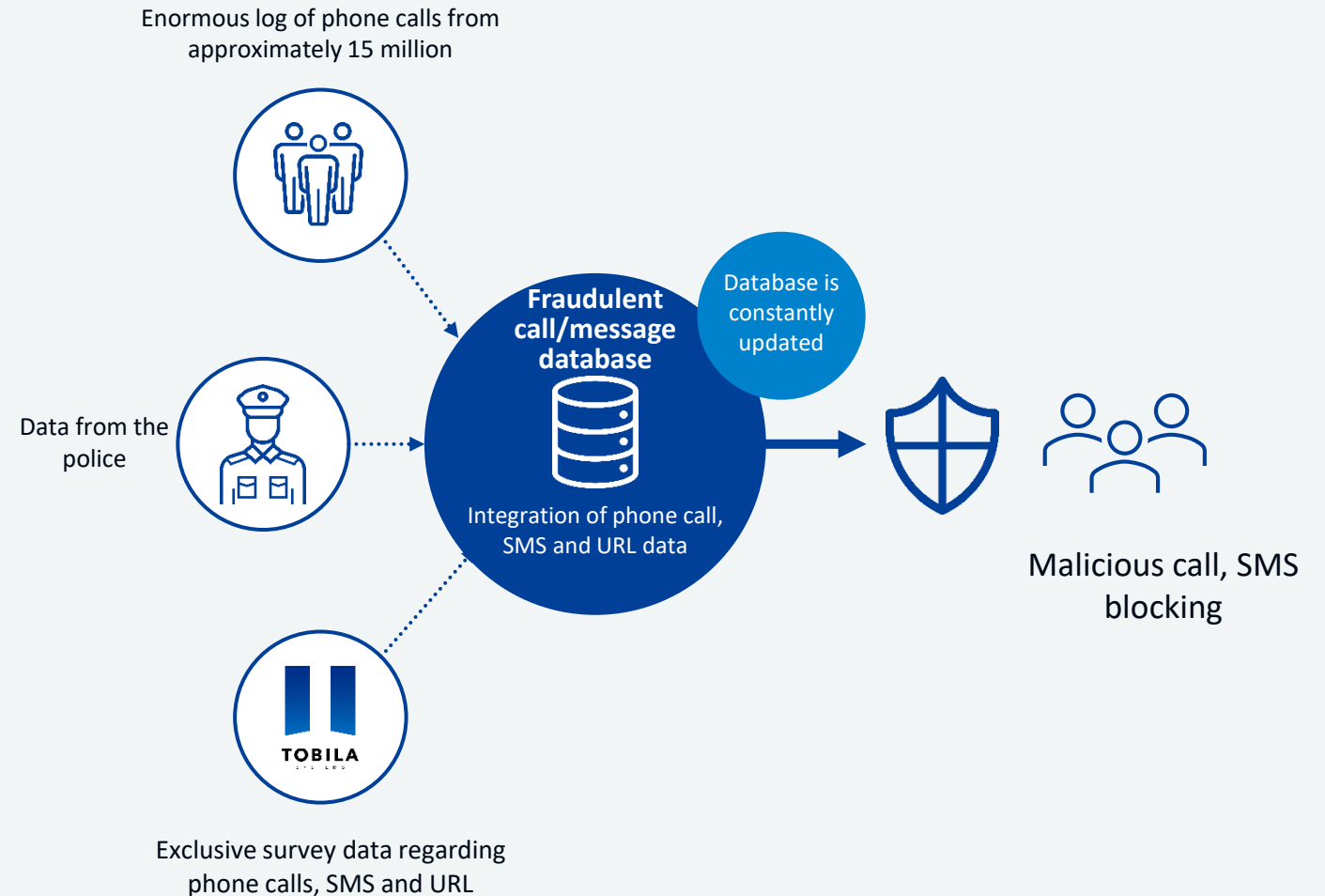
\*2 Calls received by users of a Tobila Systems filtering service from the most active phone numbers from among phone numbers linked with fraudulent sales activities following the January 2024 Noto Peninsula earthquake

\*3 Weekly calls received from telephone numbers linked with fraudulent sales activities by users of a Tobila Systems landline filtering service in areas with a seismic intensity of at least 5 (maximum was 7) during the January 2024 Noto Peninsula earthquake



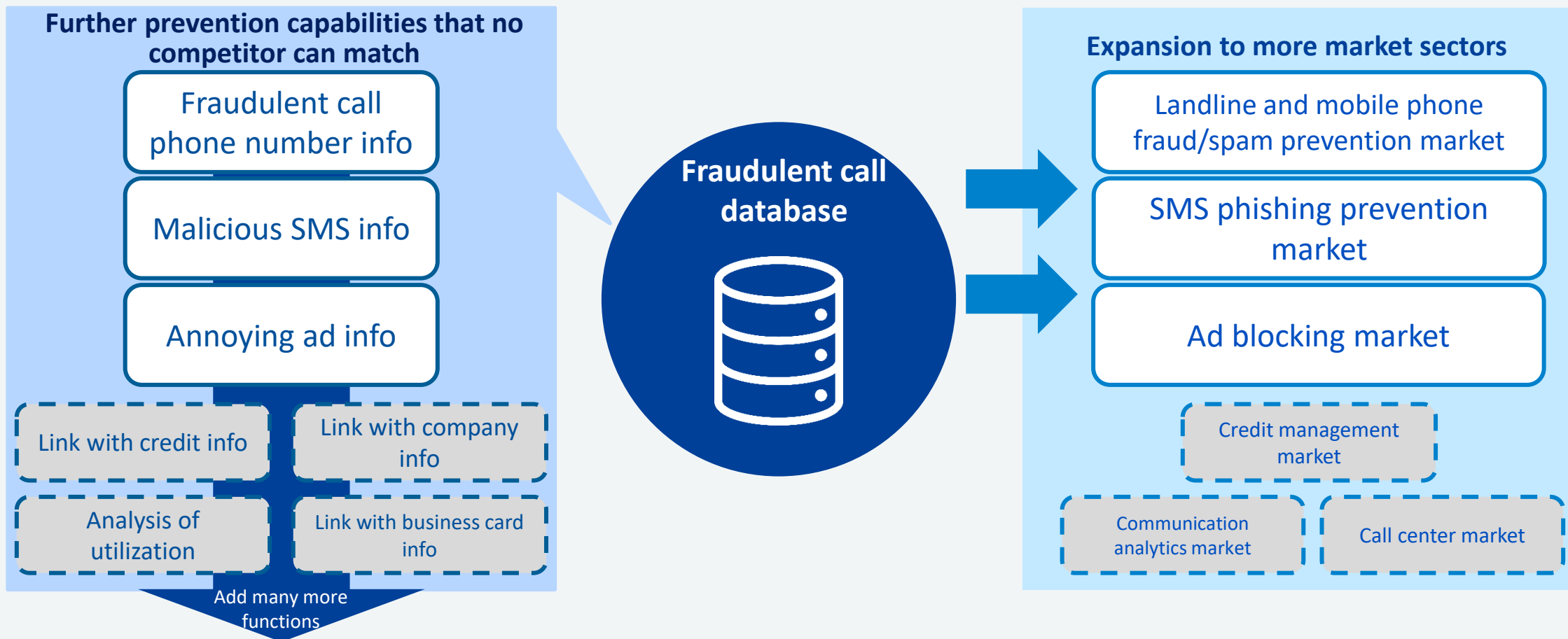
## Tobila Systems' Strengths: Fraudulent Call/Message Database

- 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 Tobila 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



## The Tobilas Systems Strategy for Growth

- For more growth, the strategic objective of Tobilas 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.



## Outline of Services

- For all-inclusive protection, the Fraud and Spam Prevention Business has three categories of services: mobile phones, landline phones and business phones.

### Mobile phone products



- 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.

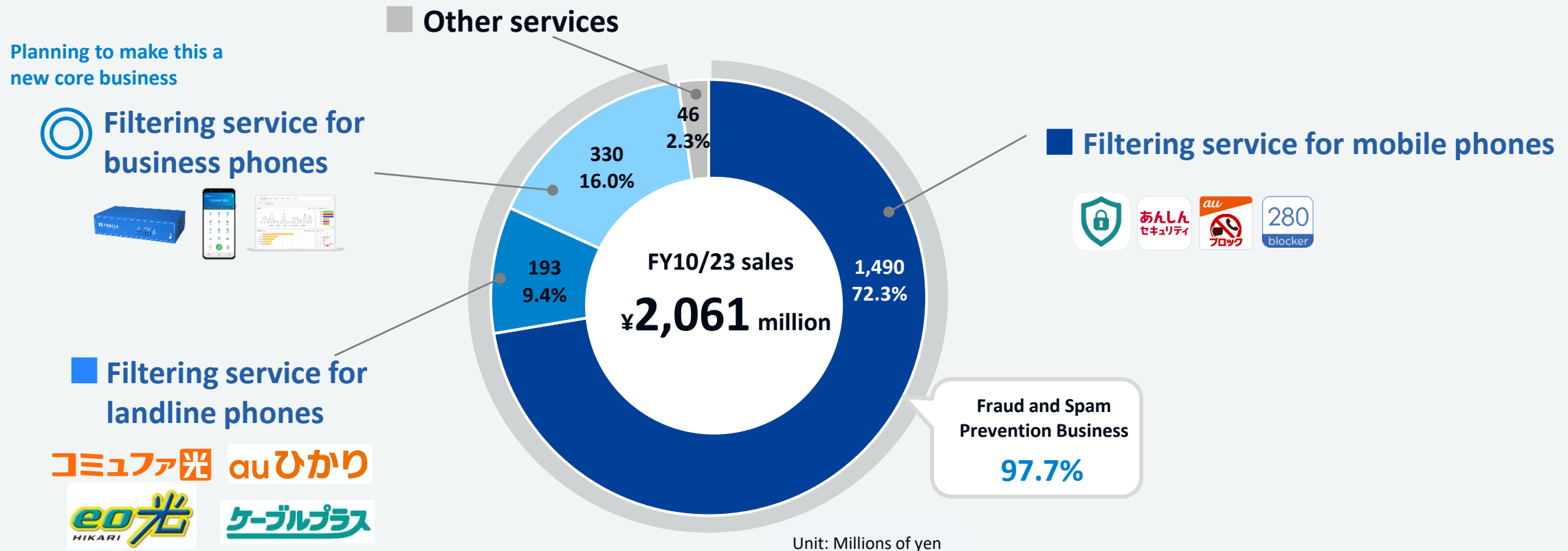
### Business phone products



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

## Business Segments (FY10/23)

- In the core Fraud and Spam Prevention Business, 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.

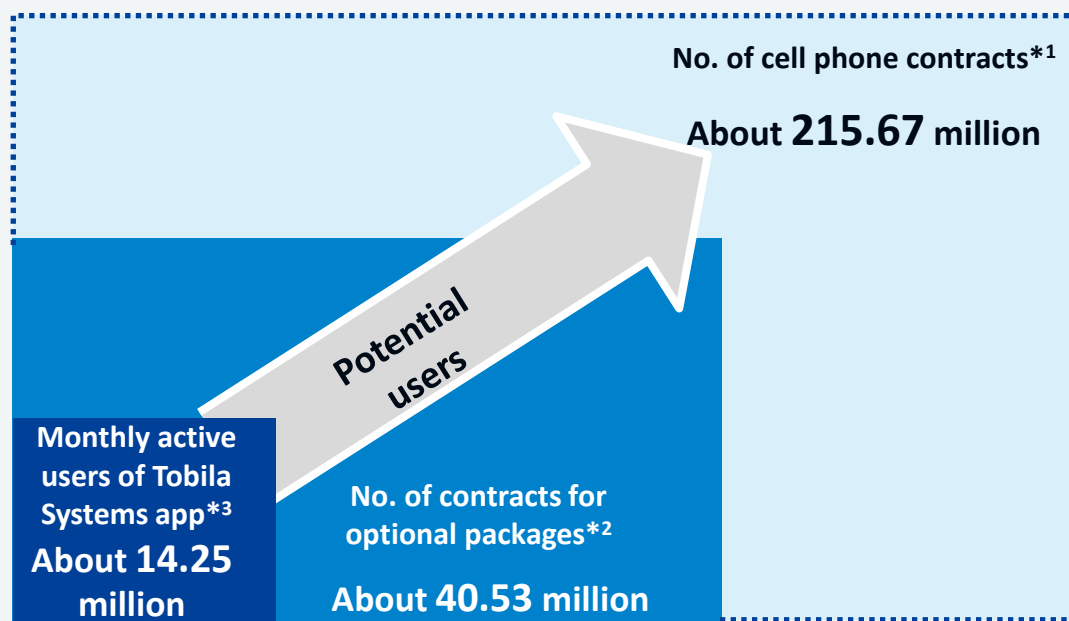


Mobile Phone Services

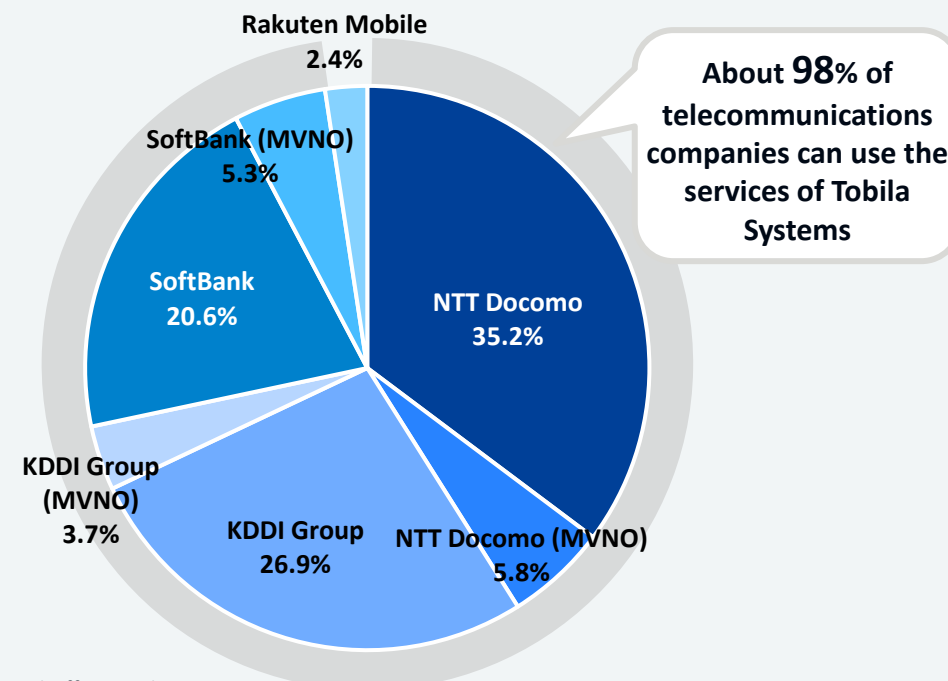
# Growth Potential for Mobile Phone Services

- The number of users who can use Tobile Systems services at no extra charge are currently more than about 40.53 million.
- All major cell phone carriers in Japan provide Tobile 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 December 22, 2023), Ministry of Internal Affairs and Communications

\*2: Tobile Systems estimate based on data collected by Tobile Systems for SoftBank, Smart Pass Premium contracts for au based on the [KDDI 3Q FY3/24 financial data](#) and the number of contracts for options announced on December 19, 2018 for NTT Docomo.

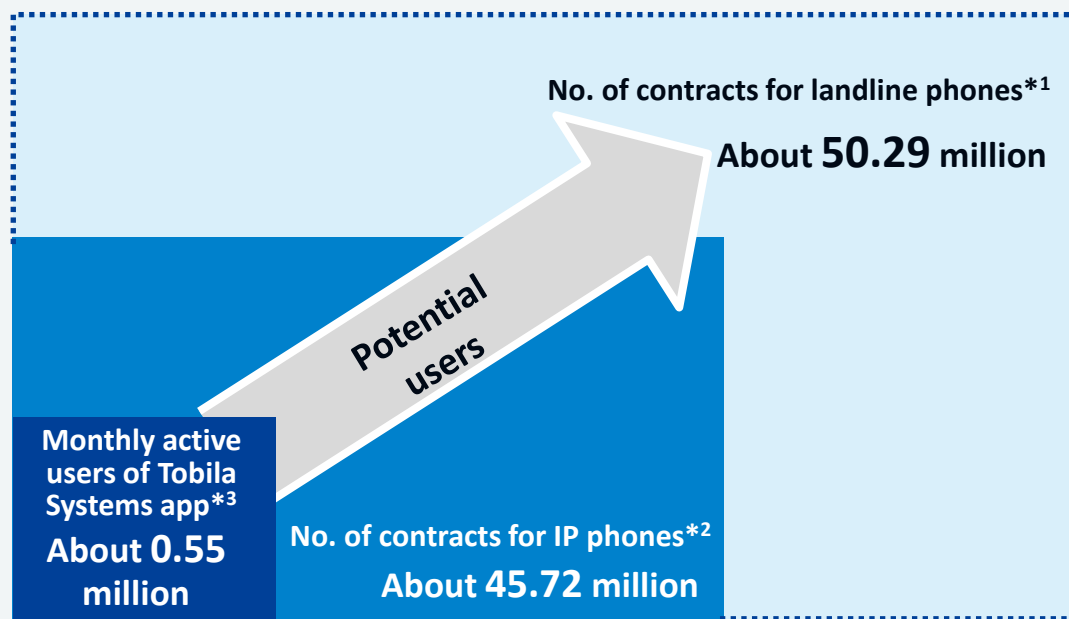
\*3: Number of the monthly active users as of January 31, 2024, includes some provisional figures. The data may vary somewhat when the finalized figures are released and reflected in the data.

Landline Phone Services

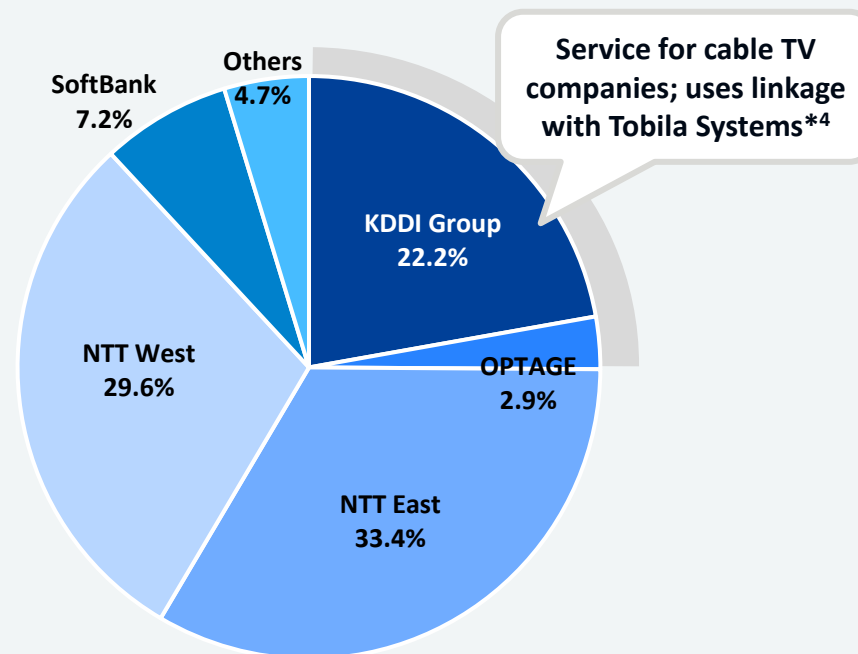
# Growth Potential for Landline Phone Services

- In January 2024, NTT East and NTT West began moving customers from landline services to IP networks. 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

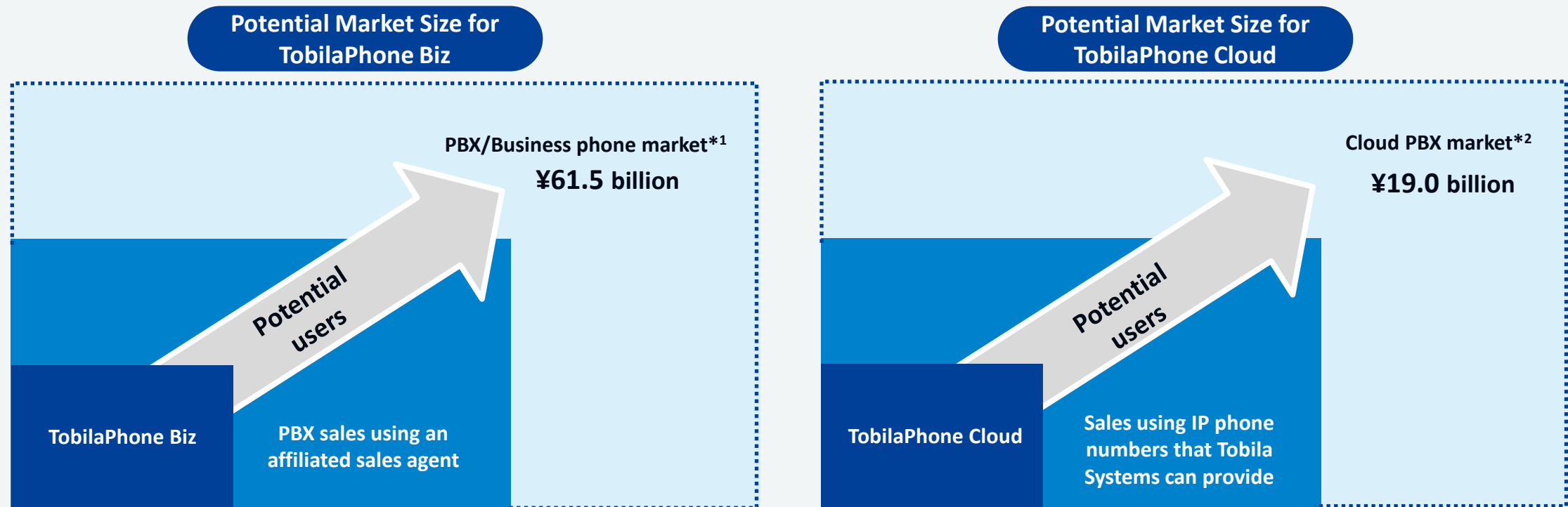


\*1 and \*2: Quarterly Data on the “Number of Telecommunications Service Contracts and Market Share” (announced on December 22, 2023), Ministry of Internal Affairs and Communications  
 \*3: Number of the monthly active users as of January 31, 2024, includes some provisional figures. The data may vary 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”

## Business Phone Services

## — Growth Potential for Business Phone Services

- TobilaPhone Biz is used with a PBX. The size of the PBX/business phone market in Japan is ¥61.5 billion.
- The size of the cloud PBX market in Japan, which is the market for TobilaPhone Cloud, is ¥19.0 billion. This market is growing as users move from the PBX to the cloud PBX market.



\*1: PBX and key telephone system sales in 2022 based on the CIAJ Telecommunications Medium-term Demand Forecast 2022-2027

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

**02**

**1Q FY10/24 Topics**



## Mobile Phone Services/Business Phone Service

# Activities at Tobila Systems Contributing to FY10/24 Performance

- As was explained in the FY10/23 presentation for investors, higher rates for mobile phone services using fixed-payment contracts and higher rates for TobilaPhone Biz in the business phone category are expected to contribute to the growth of sales and profit.

### Mobile phone services

#### Higher rates for fixed-payment contracts\*<sup>1</sup>

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 2023
- Contribute to non-recurring revenue\*<sup>2</sup>

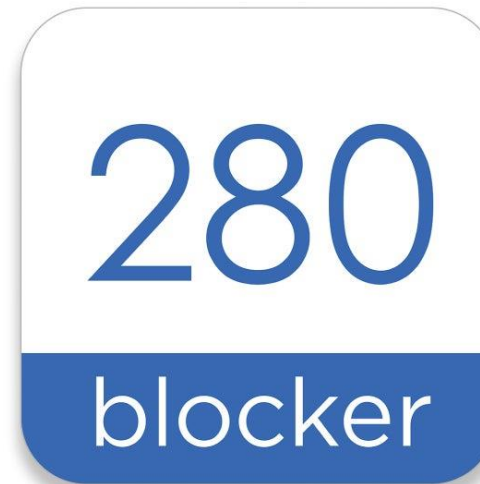
\*1: This fixed payment format generates sales that are not affected by changes in the number of contracts or monthly users.

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

**Mobile Phone services****— 280blocker – App Store First Place in 2023 in the Ad Blocking Fee App Category\***

**App Store  
Top iPhone App with a Fee**

**2023 ranking  
First**



Download iOS version



Download Android version



\* Press release titled [“280blocker Ad Blocking App of Tobila Systems Places First in 2023 among iPhone Apps with a Fee”](#)

## Business Phone Services

# Many Activities Continue for Raising Awareness of TobilaPhone Cloud

- Participation in exhibitions, Leader (highest ranking) in three categories of ITreview Grid Award 2023 Winter for the eighth consecutive term<sup>\*1</sup>
- First Place in the BOXIL SaaS Section PBX Category of BOXIL SaaS AWARD 2024<sup>\*2</sup>

### Actions to be the new leader



- Tobila Systems had a booth at Business IT & SaaS EXPO (BIS) 2024, which was held on January 11-12, 2024, in Tokyo.
- Participating in this event facilitated sales activities involving customer categories not usually targeted by Tobila Systems.

### Awards



- We received the “Leader” award, the highest ranking recognition, at the “ITreview Grid Award 2024 Winter” in three segments, Cloud PBX, IVR and IP phone
- Cloud PBX category Leader award for the third consecutive years



- First Place in the BOXIL SaaS Section PBX Category of BOXIL SaaS AWARD 2024
- In the BOXIL SaaS AWARD Spring 2024 PBX section, first place for Good Service and in eight other award categories.

\*1: Press release titled [“TobilaPhone Cloud Receives Leader Award for the Third Consecutive Year in the Cloud PBX Category of ITreview Grid Award 2024 Winter. Awards Received Again in the IVR and IP phone Categories Too.”](#)

\*2: Press release titled [“TobilaPhone Cloud Takes First Place in the BOXIL SaaS Section PBX Category of BOXIL SaaS AWARD 2024”](#)

## Business Phone Services

## Steady Growth of TobilaPhone Biz Sales – Adding Linkage Capabilities for More Growth

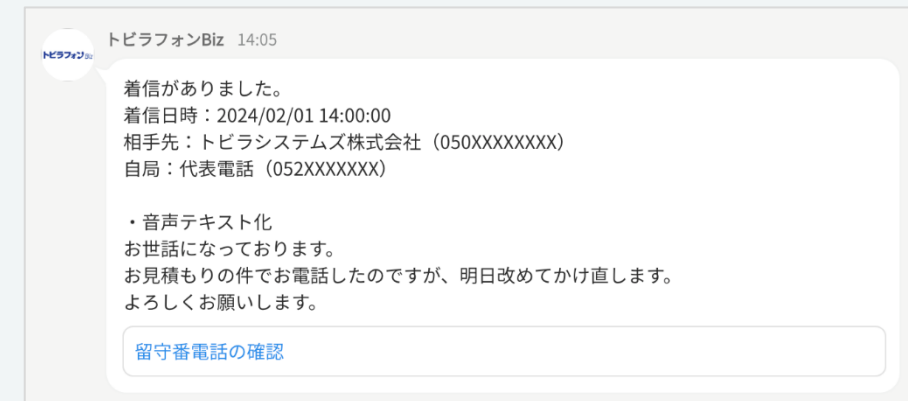
- Activities for adding TobilaPhone Biz sales agents; steady sales volume growth following registration as a product sold by NTT East/NTT West
- Linkage with the elgana® business chat tool provided by NTT West started in February 2024\*

### Cumulative TobilaPhone Biz Units Sold



### More linkage capabilities

Information about incoming calls while away and calls that were rejected is automatically sent to the elgana® chat.



\* Press release titled “TobilaPhone Biz, a Tobila Systems Product for Business Phones, Can Be Linked with the elgana® Business Chat Tool of NTT West”

## Corporate

# Launch of the Fraudulent SMS Monitoring Website for the Real-Time Visualization of Fraudulent SMS

- On February 1, 2024, Tobila Systems began operating for a limited time the Fraudulent SMS Monitoring website for giving people the latest information about SMS fraud and protecting people from these scams.\*



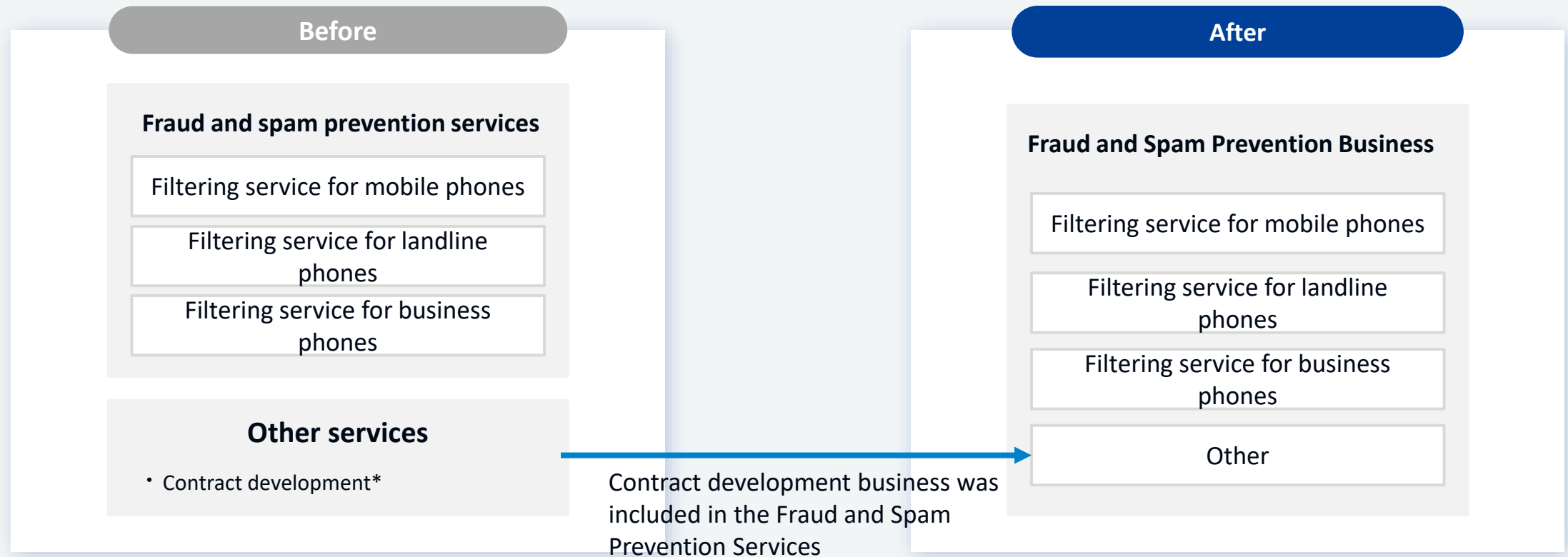
\* Press release titled "Fraudulent SMS Monitoring Website for Real-Time Measurement of Phishing During Cyber Security Month"

**03**

**1Q FY10/24 Financial Results**

## Revisions of Reportable Segments\*

- Following the sale of HP4U in the previous fiscal year, sales and profit of other services have become negligible. As a result, the contract development business has been moved to the Fraud and Spam Prevention Services business, resulting in the single reportable segment of Fraud and Spam Prevention Business.



\* The HP4U website production and operation support business was sold on September 30, 2023

## 1Q FY10/24 Financial Summary

- Sales and earnings at all levels were at least 10% higher than one year earlier and were new quarterly records.
- After excluding the effects of extraordinary income recorded in 4Q FY10/23 and 1Q FY10/24, profit also increased from the previous quarter

	1Q FY10/23	4Q FY10/23	1Q FY10/24 Results	YoY	QoQ
Unit: Millions of yen					
Net sales	487	531	567	116.4%	106.9%
EBITDA*	222	212	247	111.1%	116.2%
Operating profit	182	161	202	111.2%	125.5%
Ordinary profit	181	159	201	111.0%	126.7%
Profit	120	175	155	128.7%	88.6%

\* EBITDA = Operating profit + Depreciation + Goodwill amortization



## 1Q FY10/24 Service Category Sales

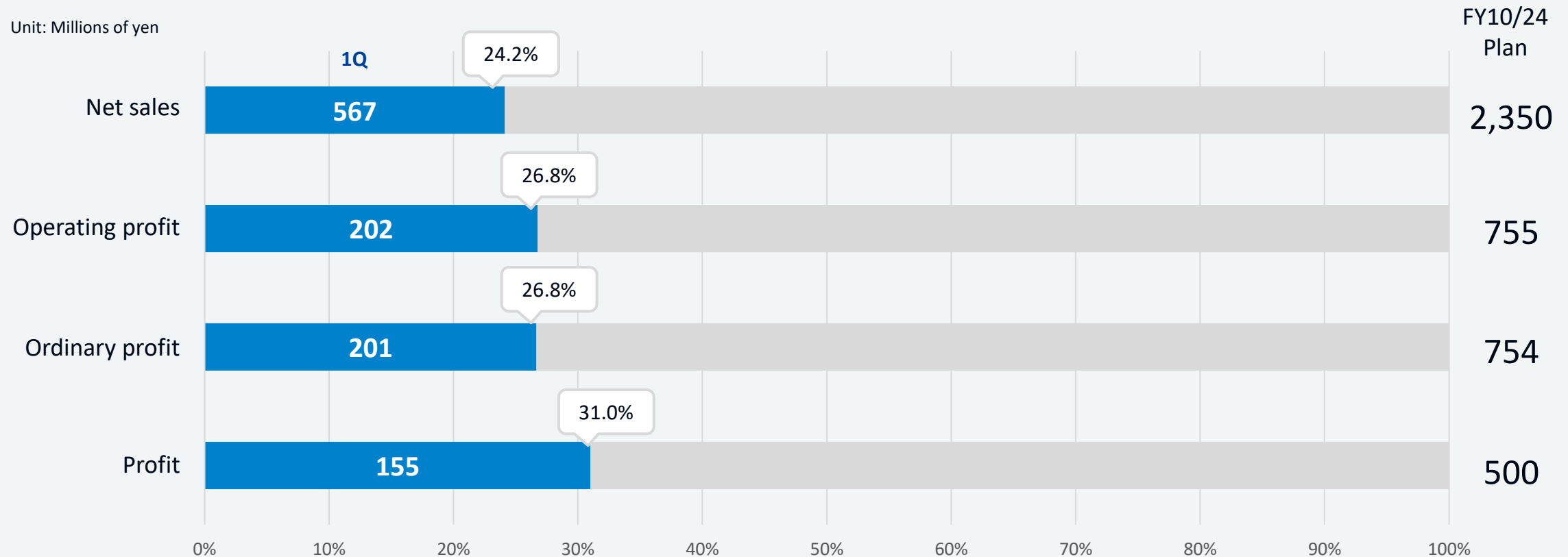
- Mobile phone services sales are increasing mainly because of renewals of fixed-payment contracts and the growth of 280blocker sales.
- Rapid growth of business phone services sales is continuing as sales of TobilaPhone Biz and TobilaPhone Cloud increase generally as planned.
- All operations are now the single reportable segment of Fraud and Spam Prevention Business due to the sale of HP4U in the previous fiscal year.

	1Q FY10/23	4Q FY10/23	1Q FY10/24 Results	YoY	QoQ
Unit: Millions of yen					
Fraud and Spam Prevention Business	471	523	567	120.5%*	108.5%*
Mobile phone services	361	378	397	110.0%	104.9%
Landline phone services	44	50	51	116.7%	102.2%
Business phone services	65	93	113	173.6%	120.8%
Other	-	-	5	-	-
Other services	16	7	-	-	-

\* Beginning with 1Q FY10/24, "Other services" has been included in "Fraud and Spam Prevention Business".

## 1Q vs. FY10/24 Forecasts

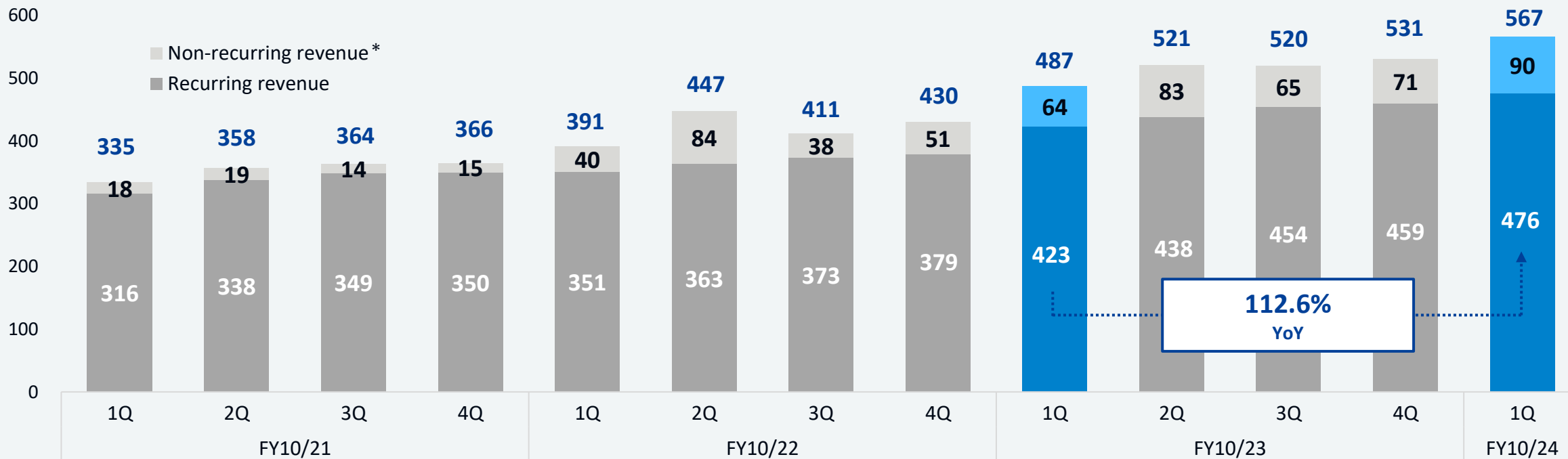
- First quarter sales and earnings were in line with or ahead of the FY10/24 forecasts. Profit includes gains on sales of securities.
- Although all first quarter profit are more than 25% of the fiscal year forecast, fiscal year sales and profit are expected to be about the same as the forecasts.



## Quarterly Sales (Recurring Revenue and Non-recurring Revenue)

- Most of the sales of all services is recurring revenue. In the first quarter, recurring revenue increased 12.6% YoY.
- Non-recurring revenue includes sales of 280blocker (iOS ad blocking app), hardware for TobilaPhone and TobilaPhone Biz, and other products.

Unit: Millions of yen



\* 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\*

- Tobila 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 Tobila Systems app to enable sales through major carriers

### Fixed payment (Subscription contract)

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

### Fixed payment (Subscription contract)

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

### No. of contracts × Unit price

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

### Monthly active users × Unit price

Sales are linked to monthly users of Tobila Systems services

### Monthly active users × Unit price

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

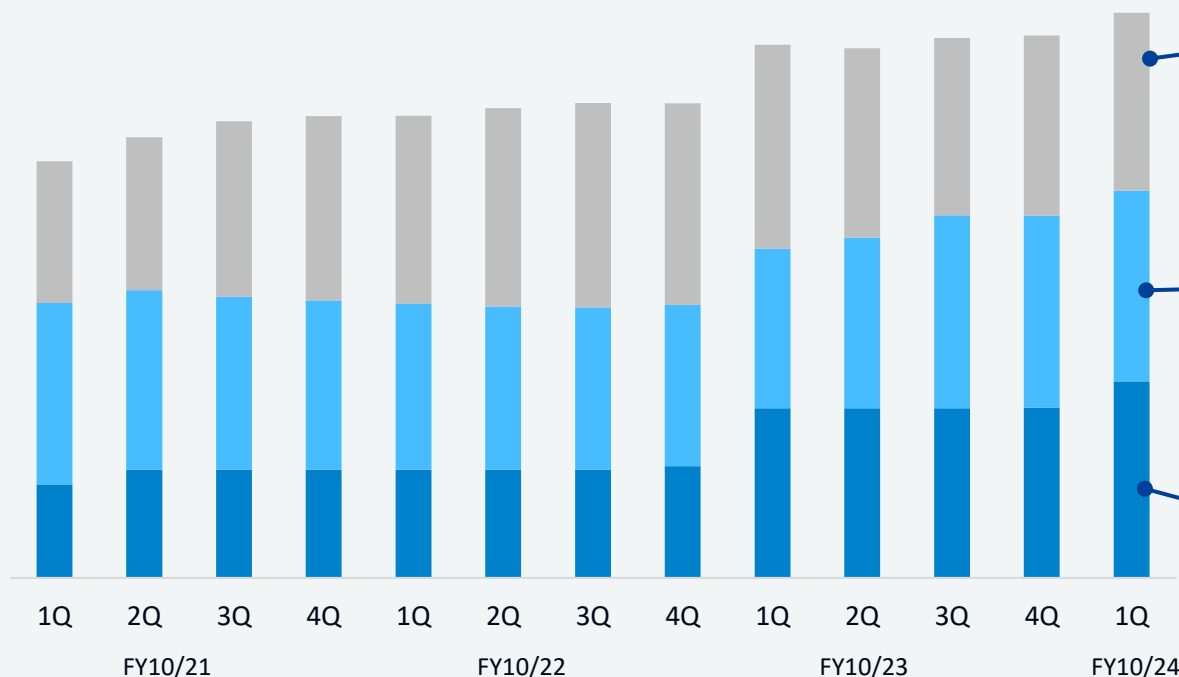
\* IR note <for Mobile Phone Filtering Services> “Differences in contract formats” <https://note.com/tobila4441/n/n71f22dbaab6d>

Mobile Phone Services

# Quarterly Sales of Contract Formats

- Fixed payment (subscription contract) sales increased because of rate increases beginning with contract renewals in December.
- To stop the decline in the number of users, Tobila Systems is working with telecommunication carriers to analyze the causes and determine countermeasures.

Quarterly sales composition of contract formats\*



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

Difference between 4Q FY10/23 and 1Q FY10/24

● Monthly active users × Unit price

Sales: 98.7%  
Monthly active users: 98.1%

● Contracts × Unit price

Sales: 99.4%  
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)

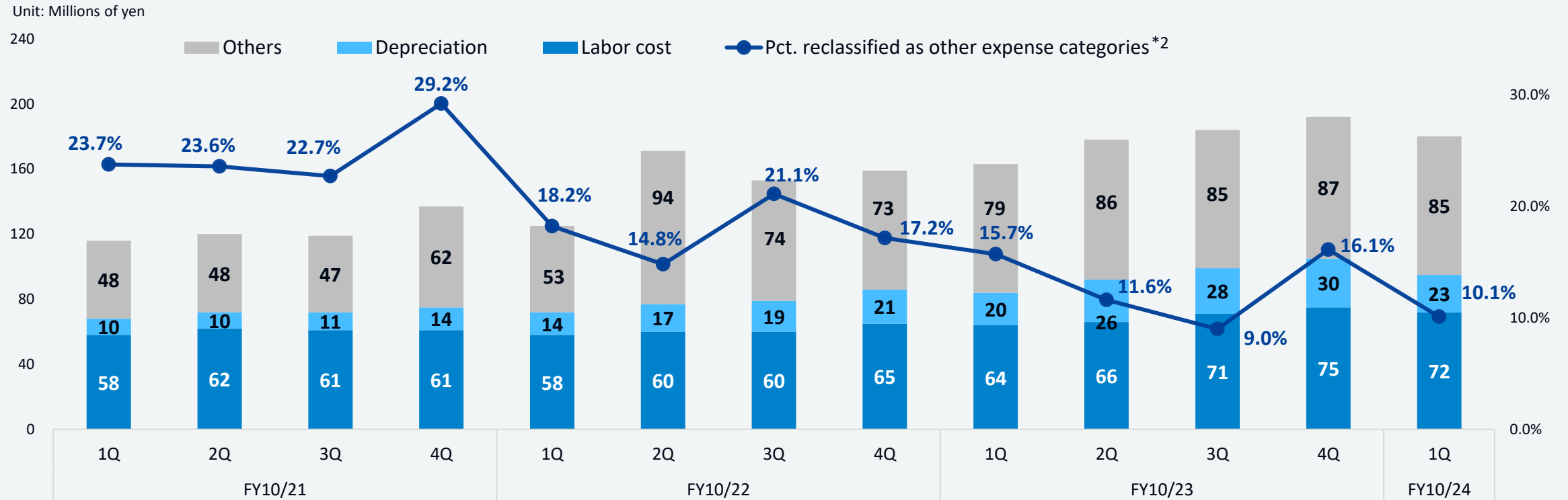
Sales: 115.3%  
Monthly active users: 98.6%

Increased due to higher rates when contracts are renewed

\* 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\*<sup>1</sup> was controlled generally as planned.
- No change in the fiscal year forecast of 712 million yen.



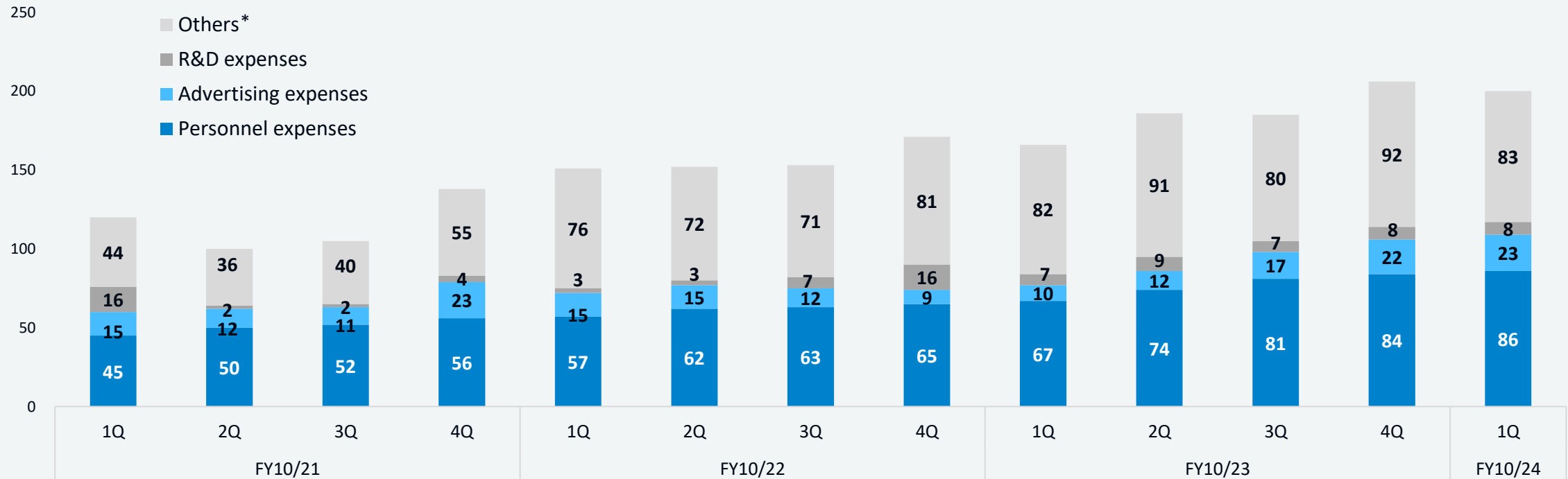
\*1: The sum of labor cost, depreciation and others does not match the total cost of sales on the income statement because these figures are before adjustments for reclassified expenses and work in process transfers

\*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

- Although others was less than in the fourth quarter of FY10/23, expenses have been controlled generally as planned because this decrease is the result of pushing back the timing of hiring people.
- No change in the fiscal year forecast of 883 million yen

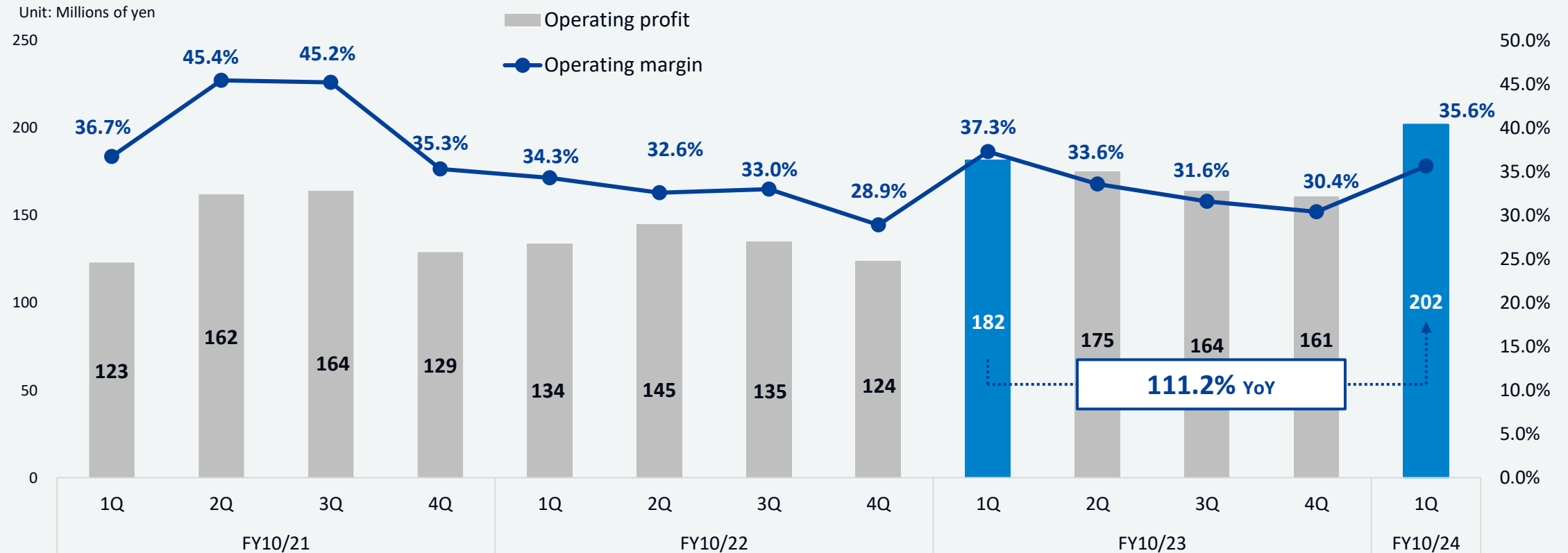
Unit: Millions of yen



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

# Operating Profit

- Record high quarterly operating profit because of steady sales growth and the effect on SG&A expenses of pushing back the timing of hiring people
- No change in the fiscal year forecast of 755 million yen





## Quarterly Expenses

Unit: Millions of yen	1Q FY10/23	4Q FY10/23	1Q FY10/24 Results	YoY	QoQ
<b>Cost of sales</b>	138	162	<b>163</b>	118.2%	101.0%
Labor cost	64	75	<b>72</b>	112.2%	95.4%
Depreciation	20	30	<b>23</b>	114.9%	79.1%
Others	79	87	<b>85</b>	108.3%	98.1%
Pct. of cost of sales classified as R&D expenses and assets*	15.7%	16.1%	<b>10.1%</b>	-5.6pt	-6.0pt
<b>SG&amp;A expenses</b>	167	207	<b>201</b>	120.7%	97.0%
Personnel expenses	67	84	<b>86</b>	127.8%	102.1%
Advertising expenses	10	22	<b>23</b>	227.7%	102.1%
R&D expenses	7	8	<b>8</b>	113.8%	100.2%
Others	82	92	<b>83</b>	102.1%	90.8%

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

## Balance Sheet

- Cash and deposits and net assets decreased mainly due to the purchase of treasury shares.

Unit: Millions of yen	FY10/23	1Q FY10/24	Change
<b>Current assets</b>	2,816	2,675	-140
Cash and deposits	2,404	2,198	-205
Trade receivables and contract assets	254	307	52
Other	156	169	12
<b>Non-current assets</b>	830	777	-53
Property, plant and equipment	103	94	-9
Intangible assets	405	380	-24
Investments and other assets	322	302	-19
<b>Total assets</b>	3,646	3,452	-194
<b>Liabilities</b>	1,510	1,524	14
Current liabilities	1,314	1,341	27
Non-current liabilities	195	183	-12
<b>Net assets</b>	2,136	1,927	-209
<b>Equity ratio</b>	58.6%	55.8%	-2.8pt

## Disclaimer

Tobila Systems plans to announce FY10/24 second quarter results of operations **at 16:00 on June 10, 2024 (Monday).**

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.

■ Contact

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Website <https://tobila.com/contact/>



# Appendix

## Answers to Expected Questions

Categories	Questions	Answers
<b>Mobile phone</b>	Will 280blocker sales continue to increase?	<p>The 280blocker app generates one-time sales because this is a product that customers purchase. This is not a source of recurring revenue. Sales of this app are increasing. Growth is partly due to marketing activities but there are other reasons too. As a result, a statement about the outlook for sales needs to reflect many factors.</p> <p>We will continue to focus on sales of 280blocker, which is the best-selling ad blocking app with a fee for the iPhone.</p>
<b>Mobile phone</b>	What is your view of the decrease in users of the monthly active users x unit price model and the fixed payment (subscription) model?	<p>The number of monthly active users does not include low-priced smartphone and other MVNO contracts. As you said, the number of monthly active users is down from the previous quarter. We are working with telecommunications carriers to determine the causes of this decline and how to stop this downturn.</p>
<b>Business phone</b>	Was first quarter performance consistent with the fiscal year plan for business phone services and what is your outlook?	<p>We are planning on business phone service sales of ¥579 million in the current fiscal year. First quarter sales were ¥113 million, which is 19.5% of the fiscal year plan. Sales of business phone services are increasing steadily but are somewhat below our plan. TobilePhone Biz is one reason. We use sales agents to sell this service and the pace of increasing sales agents is slightly slower than planned. We will continue to use many activities to continue the growth of business phone service sales.</p>

## Use of SNS for the Distribution of IR Information

- Tobila Systems has established an official IR account on X in a step to further increase the distribution of information using SNS (note and X).
- SNS are used for information for investors, press releases, additional commentary and other information. Please follow us on note and X.

### Use of note to distribute information to investors

Tobila Systems periodically posts information about results of operations, answers to questions from shareholders and other investors, and other information on note. Tobila Systems also participates in [IR note magazine](#).



note

<https://note.com/tobila4441>



### Official IR Account on X

The Tobila Systems IR Team has established an X (formerly Twitter) account for the purposes of giving investors an even better understanding of results of operations and business activities.



Account name: Tobila Systems IR Official

User name : @tobila\_ir

URL : [https://twitter.com/tobila\\_ir](https://twitter.com/tobila_ir)



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

Unit: Millions of yen	FY10/21				FY10/22				FY10/23				FY10/24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Net sales</b>	335	358	364	366	391	447	411	430	487	521	520	531	567
Fraud and Spam Prevention Business	316	335	344	349	377	430	397	415	471	510	509	523	567
Other services	19	22	19	17	14	16	14	15	16	11	10	7	-
<b>Cost of sales</b>	89	92	92	97	103	147	121	133	138	158	169	162	163
Labor cost	58	62	61	61	58	60	60	65	64	66	71	75	72
Depreciation	10	10	11	14	14	17	19	21	20	26	28	30	23
Others	48	48	47	62	53	94	74	73	79	86	85	87	85
Pct. of cost of sales classified as R&D expenses and assets*2	23.7%	23.6%	22.7%	29.2%	18.2%	14.8%	21.1%	17.2%	15.7%	11.6%	9.0%	16.1%	10.1%
<b>SG&amp;A expenses</b>	122	102	106	139	153	154	154	173	167	188	186	207	201
Personnel expenses	45	50	52	56	57	62	63	65	67	74	81	84	86
Advertising expenses	15	12	11	23	15	15	12	9	10	12	17	22	23
R&D expenses	16	2	2	4	3	3	7	16	7	9	7	8	8
Others	44	36	40	55	76	72	71	81	82	91	80	92	83

\*1: Beginning with 1Q FY10/24, we have changed to a single reportable segment of Fraud and Spam Prevention Business as other services has become insignificant. "Other services" has been included in "Fraud and Spam Prevention Business".

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

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

	FY10/21				FY10/22				FY10/23				FY10/24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Unit: Millions of yen													
<b>Fraud and Spam Prevention Business</b>	316	335	344	349	377	430	397	415	471	510	509	523	567
Mobile phone services	265	281	290	295	311	331	313	314	361	378	371	378	397
Landline phone services	38	37	37	34	34	51	38	41	44	47	50	50	51
Business phone services	11	17	16	20	31	48	44	59	65	84	87	93	113
Other	-	-	-	-	-	-	-	-	-	-	-	-	5
<b>Other services</b>	19	22	19	17	14	16	14	15	16	11	10	7	-

\* Beginning with 1Q FY10/24, we have changed to a single reportable segment of Fraud and Spam Prevention Business as other services has become insignificant . "Other services" has been included in "Fraud and Spam Prevention Business".



## 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	<b>2,350</b>	114.0%
EBITDA* <sup>1</sup>	693	870	<b>941</b>	108.1%
Operating profit	540	682	<b>755</b>	110.6%
Ordinary profit	532	679	<b>754</b>	111.0%
Profit	322	517	<b>500</b>	96.6%
(Profit excluding extraordinary income (loss))	(350)	(469)	<b>(500)</b>	(106.4%)
Operating margin	32.2%	33.1%	<b>32.1%</b>	-
ROE* <sup>2</sup>	20.1%	26.9%	<b>22.5%</b>	-
Equity ratio	64.1%	58.6%	<b>56.4%</b>	-

\*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 Business
- 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 Business	1,621	2,014	2,350	116.7%
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	-	-	6	-
Other services	60	46	-	-

\* Beginning with 1Q FY10/24, we have changed to a single reportable segment of Fraud and Spam Prevention Business as other services has become insignificant . "Other services" has been included in "Fraud and Spam Prevention Business".

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

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

