

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect, or any other forms of damages arising from this translation.

Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2025

[Japanese GAAP]

December 10, 2025

Company name: Tobila Systems Inc. Listing: Tokyo Stock Exchange
 Securities code: 4441 URL: <https://tobia.com>
 Representative: Atsushi Akita Representative Director and President
 Contact: Norimasa Kanemachi Director and CFO
 General Manager of Corporate Planning & President's Office
 E-mail: ir@tobia.com

Scheduled date of annual general meeting of shareholders: January 28, 2026
 Scheduled date of payment of dividend: January 14, 2026
 Scheduled date of filing of Securities Report: January 26, 2026
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes

(All amounts are rounded down to the nearest million yen)

1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2025 (November 1, 2024 - October 31, 2025)

(1) Results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2025	2,805	16.6	898	8.1	907	9.4	625	4.0
Fiscal year ended Oct. 31, 2024	2,405	16.7	831	21.8	829	22.1	601	16.2
		Earnings per share	Diluted earnings per share		Return on equity	Ordinary profit on total assets	Operating profit to net sales	
		Yen	Yen		%	%	%	
Fiscal year ended Oct. 31, 2025	61.59		61.21		24.8	18.6	32.0	
Fiscal year ended Oct. 31, 2024	57.77		57.41		26.3	20.7	34.6	

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Oct. 31, 2025: 8 Fiscal year ended Oct. 31, 2024: 4

(2) Financial position

	Total assets		Net assets		Equity-to-asset ratio		Net assets per share	
	Million yen		Million yen		%	Yen		
As of Oct. 31, 2025	5,381		2,595		48.2	256.92		
As of Oct. 31, 2024	4,355		2,441		56.0	234.33		

Reference: Equity (million yen) As of Oct. 31, 2025: 2,595 As of Oct. 31, 2024: 2,441

(3) Cash Flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at end of period	
	Million yen		Million yen		Million yen		Million yen	
Fiscal year ended Oct. 31, 2025	1,752		(1,383)		(549)		3,034	
Fiscal year ended Oct. 31, 2024	1,305		(78)		(416)		3,215	

2. Dividends

	Dividend per share					Total dividends	Payout ratio	Dividend on equity
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Oct. 31, 2024	Yen –	Yen 0.00	Yen –	Yen 20.00	Yen 20.00	Million yen 208	% 34.6	% 9.2
Fiscal year ended Oct. 31, 2025	–	0.00	–	21.30	21.30	215	34.6	8.7
Fiscal year ending Oct. 31, 2026 (forecasts)	–	0.00	–	20.00	20.00		38.0	

3. Earnings Forecast for the Fiscal Year Ending October 31, 2026 (November 1, 2025 - October 31, 2026)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	1,589	15.8	385	(26.8)	392	(25.6)	261	(26.2)	25.84
Full year	3,366	20.0	785	(12.7)	796	(12.3)	531	(15.1)	52.58

* Notes

(1) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, etc. : None
- 2) Changes in accounting policies other than 1) above : None
- 3) Changes in accounting-based estimates : None
- 4) Restatements : None

(2) Number of outstanding shares (common shares)

- 1) Number of shares outstanding at the end of the period (including treasury shares)

As of Oct. 31, 2025: 10,644,000 shares	As of Oct. 31, 2024: 10,635,600 shares
--	--
- 2) Number of treasury shares at the end of the period

As of Oct. 31, 2025: 542,750 shares	As of Oct. 31, 2024: 217,450 shares
-------------------------------------	-------------------------------------
- 3) Average number of shares outstanding during the period

Fiscal year ended Oct. 31, 2025: 10,159,125 shares	Fiscal year ended Oct. 31, 2024: 10,418,893 shares
--	--

* This financial report is not subject to audits by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Cautionary Statement Regarding Forward-Looking Information

The forward-looking statements, including performance forecasts, contained in this material are based on information currently available to the Company and on certain assumptions that the Company considers reasonable. These statements are not intended to constitute a guarantee of achievement. Actual results may differ materially from these forward-looking statements due to various factors.

- Contents of Attachments

1. Overview of Results of Operations, etc.	4
(1) Overview of Results of Operations for the Fiscal Year	4
(2) Overview of Financial Position for the Fiscal Year	5
(3) Overview of Cash Flows for the Fiscal Year	5
(4) Future Outlook	6
2. Basic Stance on Selection of Accounting Standards	6
3. Financial Statements and Notes	7
(1) Non-consolidated Balance Sheet	7
(2) Non-consolidated Statement of Income	9
(3) Non-consolidated Statement of Changes in Net Assets	10
(4) Statement of Cash Flows	11
(5) Notes to Financial Statements	13
Going Concern Assumption	13
Equity in Earnings of Affiliates	13
Segment and Other Information	13
Per Share Information	18
Subsequent Events	18

1. Overview of Results of Operations, etc.

(1) Overview of Results of Operations for the Fiscal Year

The operations of Tobila Systems are guided by the corporate philosophy of “We open the door to a better future for our lives and the world” and the primary objective of business activities in line with the corporate philosophy is using innovative technologies to create solutions for social issues that require actions but for which solutions have not yet been found. The total amount of damages of special fraud in Japan in 2025 reached 96.5 billion yen as of the end of September and is increasing at a higher pace than in 2024 when the amount hit a record high. In particular, “fake police officer scams” still continue to increase markedly where perpetrators falsely claiming to be police officers and other authorities defraud victims of money under the pretense of asset protection and bank account investigation, and their swindling methods have become more diversified and more cleverly devised, abusing the video call function of mobile phones and messaging apps. In light of this situation, the Ministry of Internal Affairs and Communications requested telecommunications carriers in April 2025 to strengthen countermeasures against special frauds exploiting landline and mobile phones, SMS, and email. Reinforced anti-fraud measures through information and communications infrastructure are required across society as a whole. To meet this social demand, we have worked to advance fraudulent call and message filtering technology that can address multiple channels, such as telephone calls, SMS, and advertisement, while strengthening collaboration with telecommunication carriers and governmental agencies in the field of fraudulent calls and messages prevention in telecommunication infrastructure.

The objective of our core business of Security Business is to prevent bank transfer scams, special frauds and phishing using telephone calls. We have established a stable earnings base by providing this filtering service through telecommunication carriers and financial institutions. We announced the Medium-term Management Plan 2028 in December 2024, in which we have set the target of achieving net sales of 6.0 billion yen and operating profit of 1.7 billion yen for the fiscal year ending October 31, 2028 and are committed to five key initiatives: (1) accelerate sales of TobilaPhone Cloud; (2) accelerate sales of TobilaPhone Biz; (3) expansion of sales to telecommunication carriers; (4) creation of new businesses; and (5) expansion and growth of personnel.

In the fiscal year ended October 31, 2025, based on this Medium-term Management Plan 2028, we mainly focused on the expansion in the provision of our fraudulent call/message database, strengthening of the sales structure of TobilaPhone Cloud and TobilaPhone Biz, and development and sales of optional plans for 280blocker. In addition, as a new business, we launched Sagitore, an email and SMS scam prevention training service for businesses that leverages our wealth of fraud prevention expertise.

As a result of these efforts, in the fiscal year ended October 31, 2025, net sales increased 16.6% year on year to 2,805,366 thousand yen, operating profit increased 8.1% to 898,744 thousand yen, ordinary profit increased 9.4% to 907,160 thousand yen and profit was up 4.0% to 625,676 thousand yen.

Results of operations by business segment are as follows.

Beginning with the current fiscal year, reportable segments have been changed from a single reportable segment of Fraud and Spam Prevention Business to two reportable segments of Security Business and Solution Business. The comparison and analysis with the previous fiscal year are based on the classification after the change.

Security Business

In the Security Business, we provide and develop services for mobile phones, landline phones and other platforms. The provision of mobile phone services to telecommunication carriers remained steady, while the provision of our fraudulent call/message database expanded. In the landline phone services, the number of contracts for the Cable Plus Phone service increased solidly, contributing to the strengthening of the revenue base of the entire business. As a result, in the fiscal year ended October 31, 2025, net sales increased 3.3% year on year to 1,905,409 thousand yen and segment profit decreased 0.1% to 1,337,863 thousand yen.

Solution Business

In the Solution Business, we worked to increase sales of TobilaPhone Cloud and TobilaPhone Biz, whose purpose is to improve the operational efficiency of office phones. To further expand the provision of TobilaPhone Cloud, we concluded sales agent agreements with CROPS CORPORATION, SKI Corporation, and No. 1 Co., Ltd. and strived to enhance sales channels. Meanwhile, sales of TobilaPhone Biz increased steadily as we, against the backdrop of the growth of demand for use as a measure against customer harassment, began providing fraudulent call blocking function as one of the main built-in functions of NTT EAST, Inc. and NTT WEST, Inc.’s new business phone and also strengthened collaboration with sales agents. These measures have resulted in

a continued upward trend in sales in the Solution Business. As a result, in the fiscal year ended October 31, 2025, net sales increased 60.1% year on year to 899,956 thousand yen and segment profit increased 103.8% to 151,449 thousand yen.

Corporate operating profit is calculated by subtracting corporate expenses of 590,568 thousand yen (up 1.4% year on year), which are not allocated to reportable segments, from the total of segment profit. Corporate expenses are mainly selling, general and administrative expenses not attributable to reportable segments.

(2) Overview of Financial Position for the Fiscal Year

Assets

Total assets increased 1,025,664 thousand yen from the end of the previous fiscal year to 5,381,299 thousand yen. This was attributable mainly to an increase of 520,855 thousand yen in cash and deposits, an increase of 16,830 thousand yen in electronically recorded monetary claims - operating, an increase of 48,823 thousand yen in accounts receivable - trade, an increase of 202,462 thousand yen in securities, a decrease of 35,528 thousand yen in merchandise and finished goods, an increase of 18,125 thousand yen in prepaid expenses, a decrease of 65,904 thousand yen in goodwill, a decrease of 21,576 thousand yen in software, an increase of 306,608 thousand yen in investment securities and an increase of 22,530 thousand yen in deferred tax assets.

Liabilities

Total liabilities increased 871,740 thousand yen from the end of the previous fiscal year to 2,786,045 thousand yen. This was attributable mainly to an increase of 37,225 thousand yen in accounts payable - other, an increase of 848,074 thousand yen in contract liabilities, an increase of 25,599 thousand yen in income taxes payable and a decrease of 50,040 thousand yen in long-term loans payable.

Net assets

Total net assets increased 153,924 thousand yen from the end of the previous fiscal year to 2,595,254 thousand yen. This was attributable mainly to the recording of profit of 625,676 thousand yen, a decrease of 208,363 thousand yen in retained earnings due to dividends paid, and a decrease of 261,227 thousand yen due to purchase of treasury shares, etc.

The equity ratio was 48.2% (compared to 56.0% at the end of the previous fiscal year).

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (hereinafter referred to as "net cash") in the current fiscal year decreased 180,778 thousand yen from the end of the previous fiscal year to 3,034,879 thousand yen. Major components of cash flows are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 1,752,043 thousand yen compared to net cash provided of 1,305,889 thousand yen in the previous fiscal year. This was attributable mainly to the recording of profit before income taxes of 871,309 thousand yen, depreciation of 115,928 thousand yen, amortization of goodwill of 65,904 thousand yen, and impairment losses of 41,082 thousand yen, as well as a decrease in inventories of 35,971 thousand yen, a decrease in long-term prepaid expenses of 25,577 thousand yen, an increase in accounts payable - other of 40,347 thousand yen, and an increase in contract liabilities of 848,074 thousand yen, despite income taxes paid of 244,512 thousand yen and an increase in accounts receivable - trade, and contract assets of 70,046 thousand yen.

Cash flows from investing activities

Net cash used in investing activities was 1,383,522 thousand yen compared to net cash used of 78,339 thousand yen in the previous fiscal year. This was attributable mainly to purchases of property, plant and equipment of 49,317 thousand yen, purchases of intangible assets of 85,002 thousand yen, payments into time deposits of 1,201,634 thousand yen and payments for leasehold and guarantee deposits of 39,698 thousand yen.

Cash flows from financing activities

Net cash used in financing activities was 549,300 thousand yen compared to net cash used of 416,498 thousand yen in the previous fiscal year. This was attributable mainly to repayments of long-term borrowings of 50,040 thousand yen, purchase of treasury shares of 292,608 thousand yen and dividends paid of 208,183 thousand yen.

(4) Future Outlook

We have positioned the achievement of the Medium-Term Management Plan 2028 as its highest priority issue. In the fiscal year ending October 31, 2026, the second year of the Medium-Term Management Plan period, in order to further accelerate growth, we will continue to invest in human capital, particularly in recruiting, and make strategic investments in new business development, striving to further enhance our business foundation.

In the Medium-term Management Plan 2028, we have set the target of achieving net sales of 6.0 billion yen and operating profit of 1.7 billion yen for the fiscal year ending October 31, 2028 and are committed to five key initiatives: (1) accelerate sales of TobilaPhone Cloud; (2) accelerate sales of TobilaPhone Biz; (3) expansion of sales to telecommunication carriers; (4) creation of new businesses; and (5) expansion and growth of personnel.

As for TobilaPhone Cloud's growth strategy, we will step up solution sales in combination with other digital transformation products provided by agents, in addition to direct sales through our own channels, and strive to win large contracts. For TobilaPhone Biz, we will strengthen our sales division and work to develop new sales channels while also reinforcing existing ones. Moreover, for investments to increase our corporate value over the medium to long term, we will work to strengthen our technological expertise and jointly promote sales and create new businesses in collaboration with alliance partners. While profits are expected to decline in the fiscal year ending October 31, 2026 due to these investment activities, we believe that these investments are measures essential to our medium- to long-term growth.

In view of the above, we forecast that in the fiscal year ending October 31, 2026, net sales will increase 20.0% year on year to 3,366,000 thousand yen, operating profit will decrease 12.7% year on year to 785,000 thousand yen, ordinary profit will decrease 12.3% to 796,000 thousand yen, and profit will decrease 15.1% year on year to 531,000 thousand yen.

The forecasts presented herein are based on information available to the Company at the time of preparation, and actual results may differ from these forecasts due to various factors.

2. Basic Stance on Selection of Accounting Standards

Taking into consideration the comparability of financial statements between periods and companies, we plan to prepare financial statements using accounting principles generally accepted in Japan (Japanese GAAP) for the time being. With regard to the application of IFRS (International Financial Reporting Standards), we intend to take appropriate measures while taking into account domestic and overseas conditions.

3. Financial Statements and Notes

(1) Non-consolidated Balance Sheet

(Thousands of yen)

	FY2024 (As of Oct. 31, 2024)	FY2025 (As of Oct. 31, 2025)
Assets		
Current assets		
Cash and deposits	3,215,658	3,736,513
Electronically recorded monetary claims - operating	5,409	22,240
Accounts receivable - trade	260,702	309,526
Contract assets	15,670	20,063
Securities	—	202,462
Merchandise and finished goods	74,720	39,191
Work in process	481	-
Raw materials and supplies	477	515
Prepaid expenses	76,825	94,950
Other	372	3,202
Allowance for doubtful accounts	(1,007)	(1,580)
Total current assets	3,649,311	4,427,085
Non-current assets		
Property, plant and equipment		
Buildings, net	13,878	7,972
Structures, net	327	273
Tools, furniture and fixtures, net	77,119	89,846
Other	-	800
Total property, plant and equipment	91,325	98,891
Intangible assets		
Goodwill	126,317	60,412
Patent right	1,545	494
Trademark right	637	471
Software	168,119	146,542
Other	12,406	1,885
Total intangible assets	309,026	209,806
Investments and other assets		
Investment securities	19,955	326,564
Shares of subsidiaries and associates	139,654	139,654
Long-term prepaid expenses	83,824	59,560
Deferred tax assets	39,976	62,507
Other	22,561	57,229
Total investments and other assets	305,972	645,515
Total non-current assets	706,323	954,214
Total assets	4,355,634	5,381,299

(Thousands of yen)

	FY2024 (As of Oct. 31, 2024)	FY2025 (As of Oct. 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	14,874	9,347
Current portion of long-term borrowings	50,040	50,040
Accounts payable - other	112,232	149,457
Accrued expenses	28,024	41,280
Income taxes payable	132,062	157,661
Accrued consumption taxes	50,582	47,714
Contract liabilities	1,368,138	2,216,213
Deposits received	12,681	18,700
Total current liabilities	1,768,635	2,690,415
Non-current liabilities		
Long-term borrowings	145,670	95,630
Total non-current liabilities	145,670	95,630
Total liabilities	1,914,305	2,786,045
Net assets		
Shareholders' equity		
Share capital	332,929	333,782
Capital surplus		
Legal capital surplus	297,229	298,082
Total capital surpluses	297,229	298,082
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,025,613	2,439,771
Total retained earnings	2,025,613	2,439,771
Treasury shares	(228,291)	(489,519)
Total shareholders' equity	2,427,481	2,582,116
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,848	13,137
Total valuation and translation adjustments	13,848	13,137
Total net assets	2,441,329	2,595,254
Total liabilities and net assets	4,355,634	5,381,299

(2) Non-consolidated Statement of Income

(Thousands of yen)

	FY2024 (Nov. 1, 2023 – Oct. 31, 2024)	FY2025 (Nov. 1, 2024 – Oct. 31, 2025)
Net sales	2,405,885	2,805,366
Cost of sales		
Beginning inventory of merchandise and finished goods	95,825	74,720
Cost of products manufactured	597,789	716,369
Cost of purchased goods	80,793	118,415
Total	774,408	909,505
Ending inventory of merchandise and finished goods	74,720	39,191
Total cost of sales	699,688	870,313
Gross profit	1,706,197	1,935,052
Selling, general and administrative expenses	874,413	1,036,308
Operating profit	831,784	898,744
Non-operating income		
Interest income	225	6,774
Interest on securities	-	5,289
Cancellation income for services	398	544
Gain on forfeiture of unclaimed dividends	154	279
Other	102	496
Total non-operating income	881	13,384
Non-operating expenses		
Interest expenses	767	590
Share issuance cost	118	198
Loss on extinguishment of share-based remuneration expenses	2,014	2,039
Commission expenses	171	1,770
Other	3	369
Total non-operating expenses	3,075	4,968
Ordinary profit	829,589	907,160
Extraordinary income		
Gain on sale of non-current assets	687	-
Gain on donation of non-current assets	-	3,392
Gain on sale of investment securities	29,999	1,999
Total extraordinary income	30,687	5,392
Extraordinary losses		
Impairment losses	-	41,082
Loss on retirement of non-current assets	-	160
Total extraordinary losses	-	41,242
Profit before income taxes	860,276	871,309
Income taxes - current	241,842	268,097
Income taxes - deferred	16,580	(22,464)
Total income taxes	258,422	245,633
Profit	601,854	625,676

(3) Non-consolidated Statement of Changes in Net Assets

Fiscal year ended October 31, 2024 (Nov. 1, 2023 - Oct. 31, 2024)

(Thousands of yen)

	Shareholders' equity							Valuation and translation adjustments		Total net assets	
	Share capital	Capital surplus		Retained earnings		Treasury shares	Shareholders' equity Total	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
		Legal capital surplus	Capital surplus Total	Other Retained earnings	Retained earnings Total						
Balance at beginning of period	332,358	296,658	296,658	1,607,593	1,607,593	(99,772)	2,136,837	-	-	2,136,837	
Change during period											
Issuance of new shares (exercise of subscription rights to shares)	571	571	571				1,143			1,143	
Dividends of surpluses				(179,490)	(179,490)		(179,490)			(179,490)	
Profit				601,854	601,854		601,854			601,854	
Purchase of treasury shares						(190,196)	(190,196)			(190,196)	
Restricted stock compensation				(4,344)	(4,344)	61,677	57,332			57,332	
Net changes of items other than shareholders' equity								13,848	13,848	13,848	
Total changes during period	571	571	571	418,019	418,019	(128,518)	290,643	13,848	13,848	304,491	
Balance at end of period	332,929	297,229	297,229	2,025,613	2,025,613	(228,291)	2,427,481	13,848	13,848	2,441,329	

Fiscal year ended October 31, 2025 (Nov. 1, 2024 - Oct. 31, 2025)

(Thousands of yen)

	Shareholders' equity							Valuation and translation adjustments		Total net assets	
	Share capital	Capital surplus		Retained earnings		Treasury shares	Shareholders' equity Total	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
		Legal capital surplus	Capital surplus Total	Other Retained earnings	Retained earnings Total						
Balance at beginning of period	332,929	297,229	297,229	2,025,613	2,025,613	(228,291)	2,427,481	13,848	13,848	2,441,329	
Change during period											
Issuance of new shares (exercise of subscription rights to shares)	852	852	852				1,704			1,704	
Dividends of surpluses				(208,363)	(208,363)		(208,363)			(208,363)	
Profit				625,676	625,676		625,676			625,676	
Purchase of treasury shares						(290,838)	(290,838)			(290,838)	
Restricted stock compensation				(3,154)	(3,154)	29,610	26,455			26,455	
Net changes of items other than shareholders' equity								(710)	(710)	(710)	
Total changes during period	852	852	852	414,158	414,158	(261,227)	154,635	(710)	(710)	153,924	
Balance at end of period	333,782	298,082	298,082	2,439,771	2,439,771	(489,519)	2,582,116	13,137	13,137	2,595,254	

(4) Statement of Cash Flows

(Thousands of yen)

	FY2024 (Nov. 1, 2023 – Oct. 31, 2024)	FY2025 (Nov. 1, 2024 – Oct. 31, 2025)
Cash flows from operating activities		
Profit before income taxes	860,276	871,309
Depreciation	133,734	115,928
Amortization of goodwill	65,904	65,904
Impairment losses	-	41,082
Increase (decrease) in allowance for doubtful accounts	738	573
Interest and dividend income	(225)	(12,063)
Interest expenses	767	590
Share issuance cost	118	198
Loss on extinguishment of share-based remuneration expenses	2,014	2,039
Loss (gain) on sales of non-current assets	(687)	-
Gain on donation of non-current assets	-	(3,392)
Loss (gain) on sales of investment securities	(29,999)	(1,999)
Loss on retirement of non-current assets	-	160
Decrease (increase) in accounts receivable - trade, and contract assets	(27,993)	(70,046)
Decrease (increase) in inventories	22,991	35,971
Decrease (increase) in long-term prepaid expense	37,776	25,577
Increase (decrease) in trade payable	(416)	(5,526)
Increase (decrease) in accounts payable - other	23,892	40,347
Increase (decrease) in contract liabilities	463,684	848,074
Increase (decrease) in accrued consumption taxes	(2,504)	(2,868)
Other	21,659	35,995
Subtotal	1,571,734	1,987,856
Interest and dividends received	225	9,293
Interest paid	(767)	(594)
Income taxes paid	(265,303)	(244,512)
Net cash provided by (used in) operating activities	1,305,889	1,752,043
Cash flows from investing activities		
Purchases of property, plant and equipment	(46,070)	(49,317)
Proceeds from sales of property, plant and equipment	687	17
Purchase of investment securities	-	(509,886)
Proceeds from sales of investment securities	30,000	2,000
Purchases of intangible assets	(63,150)	(85,002)
Payments into time deposits	-	(1,201,634)
Proceeds from withdrawal of time deposits	-	500,000
Payments for leasehold and guarantee deposits	-	(39,698)
Proceeds from refund of leasehold and guarantee deposits	194	-
Net cash provided by (used in) investing activities	(78,339)	(1,383,522)

(Thousands of yen)

	FY2024 (Nov. 1, 2023 – Oct. 31, 2024)	FY2025 (Nov. 1, 2024 – Oct. 31, 2025)
Cash flows from financing activities		
Repayments of long-term borrowings	(50,040)	(50,040)
Proceeds from issuance of shares	1,082	1,531
Purchase of treasury shares	(188,171)	(292,608)
Dividends paid	(179,369)	(208,183)
Net cash provided by (used in) financing activities	<u>(416,498)</u>	<u>(549,300)</u>
Effect of exchange rate change on cash and cash equivalents	-	0
Net increase (decrease) in cash and cash equivalents	811,050	(180,778)
Cash and cash equivalents at beginning of period	2,404,607	3,215,658
Cash and cash equivalents at end of period	<u>3,215,658</u>	<u>3,034,879</u>

(5) Notes to Financial Statements

Going Concern Assumption

Not applicable.

Equity in Earnings of Affiliates

	(Thousands of yen)	
	Fiscal year ended October 31, 2024 (Nov. 1, 2023 – Oct. 31, 2024)	Fiscal year ended October 31, 2025 (Nov. 1, 2024 – Oct. 31, 2025)
Investments in affiliates	139,654	139,654
Investments when applying the equity method	152,056	160,562
Gain on investments when applying the equity method	4,988	8,729

Segment and Other Information

Segment Information

1. Overview of reportable segments

(1) Method to determine reportable segments

The Company's reportable segments represent the components of the Company for which separate financial information is available and that are reviewed regularly by the Company's Board of Directors in order to determine management resource allocation and evaluate business performance.

The businesses operated by the Company are classified by the type of products and services, and the Company has two reportable segments, which are "Security Business" and "Solution Business."

(2) Types of products and services belonging to each reportable segment

The Security Business mainly provides special fraud and phishing fraud prevention services.

The Solution Business mainly provides products and services for business users to improve the efficiency of office telephone operations.

2. Method to calculate the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting treatment method adopted in the reported business segments conforms to the accounting policy adopted to prepare financial statements.

Profits for the reportable segments represent figures calculated on an operating profit basis.

3. Information about the amounts of net sales, profit or loss, assets, liabilities, and other items and revenue breakdown by reportable segment

Fiscal year ended October 31, 2024 (November 1, 2023 – October 31, 2024)

(Thousands of yen)

	Reportable segments			Adjustments (Note 3)	Amounts shown on non-consolidated financial statements (Note 4)
	Security Business	Solution Business	Total		
Net sales					
Recurring revenue (Note 1)	1,710,679	300,169	2,010,849	–	2,010,849
Non-recurring revenue (Note 2)	133,113	261,922	395,036	–	395,036
Revenue from contracts with customers	1,843,793	562,092	2,405,885	–	2,405,885
Sales to external customers	1,843,793	562,092	2,405,885	–	2,405,885
Inter-segment sales and transfers	–	–	–	–	–
Total	1,843,793	562,092	2,405,885	–	2,405,885
Segment profit	1,339,817	74,327	1,414,145	(582,361)	831,784
Segment assets	506,981	320,354	827,336	3,528,298	4,355,634
Other items					
Depreciation	46,363	77,748	124,112	9,622	133,734
Increases in property, plant and equipment and intangible assets	20,854	52,576	73,431	18,079	91,510

(Notes) 1. Recurring revenue is the revenue that is recorded as sales according to the period of service provided.

2. Non-recurring revenue is revenue recorded as sales at the time of product delivery and acceptance.

3. Contents of adjustments are as follows.

- (1) The adjustment to segment profit represents corporate expenses that are not allocated to the reportable segments, and mainly consists of selling, general and administrative expenses that are not attributable to the reportable segments.
- (2) The adjustment to segment assets represents corporate assets that are not allocated to the reportable segments. The principal components consist mainly of operating funds (cash and deposits) and assets related to administrative departments.
- (3) The adjustment to depreciation represents depreciation expenses associated with corporate assets that are not allocated to the reportable segments.
- (4) The adjustment to the increase in property, plant and equipment and intangible assets represents capital expenditures related to corporate assets that are not attributable to the reportable segments.

4. Segment profit is adjusted with operating profit on the non-consolidated statement of income.

	Reportable segments			Adjustments (Note 3)	Amounts shown on non-consolidated financial statements (Note 4)
	Security Business	Solution Business	Total		
Net sales					
Recurring revenue (Note 1)	1,765,200	507,338	2,272,539	–	2,272,539
Non-recurring revenue (Note 2)	140,209	392,618	532,827	–	532,827
Revenue from contracts with customers	1,905,409	899,956	2,805,366	–	2,805,366
Sales to external customers	1,905,409	899,956	2,805,366	–	2,805,366
Inter-segment sales and transfers	–	–	–	–	–
Total	1,905,409	899,956	2,805,366	–	2,805,366
Segment profit	1,337,863	151,449	1,489,312	(590,568)	898,744
Segment assets	466,996	315,747	782,744	4,598,555	5,381,299
Other items					
Depreciation	39,610	64,156	103,767	12,161	115,928
Increases in property, plant and equipment and intangible assets	78,315	51,800	130,116	4,087	134,203

(Notes) 1. Recurring revenue is the revenue that is recorded as sales according to the period of service provided.

2. Non-recurring revenue is revenue recorded as sales at the time of product delivery and acceptance.

3. Contents of adjustments are as follows.

- (1) The adjustment to segment profit represents corporate expenses that are not allocated to the reportable segments, and mainly consists of selling, general and administrative expenses that are not attributable to the reportable segments.
- (2) The adjustment to segment assets represents corporate assets that are not allocated to the reportable segments. The principal components consist mainly of operating funds (cash and deposits) and assets related to administrative departments.
- (3) The adjustment to depreciation represents depreciation expenses associated with corporate assets that are not allocated to the reportable segments.
- (4) The adjustment to the increase in property, plant and equipment and intangible assets represents capital expenditures related to corporate assets that are not attributable to the reportable segments.

4. Segment profit is adjusted with operating profit on the non-consolidated statement of income.

2. Changes in reportable segments

Beginning with the current fiscal year, we have changed from a single reportable segment of the Fraud and Spam Prevention Business to two reportable segments of the Security Business and Solution Business for the purpose of appropriately and clearly describing business segments and activities from the perspective of future business development, allocation of management resources and the actual state of the administrative system.

The segment information for the previous fiscal year is prepared and disclosed based on the reportable segment classification after the change.

Related Information

Fiscal year ended October 31, 2024 (Nov. 1, 2023 - Oct. 31, 2024)

1. Information about products and services

This information is omitted because similar information is disclosed in the Segment Information.

2. Information by region

(1) Net sales

Not applicable because there are no sales to external customers outside Japan.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment located outside Japan.

3. Information by major customers

(Thousands of yen)

Name of customer	Net sales	Related segment
KDDI CORPORATION	594,997	Security Business
SoftBank Corp.	540,914	Security Business
NTT DOCOMO, INC.	493,583	Security Business
INVERSENET INC.	355,926	Solution Business

Fiscal year ended October 31, 2025 (Nov. 1, 2024 - Oct. 31, 2025)

1. Information about products and services

This information is omitted because similar information is disclosed in the Segment Information.

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan exceed 90% of net sales on the income statement.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment located outside Japan.

3. Information on major customers

(Thousands of yen)

Name of customer	Net sales	Related segment
KDDI CORPORATION	590,869	Security Business
SoftBank Corp.	573,840	Security Business
INVERSENET INC.	534,732	Solution Business
NTT DOCOMO, INC.	498,000	Security Business

Information on Impairment Loss on Non-current Assets by Reportable Segment

Fiscal year ended October 31, 2024 (Nov. 1, 2023 - Oct. 31, 2024)

Not applicable.

Fiscal year ended October 31, 2025 (Nov. 1, 2024 - Oct. 31, 2025)

(Thousands of yen)

	Reportable segments			Other	Corporate and eliminations	Total
	Security Business	Solution Business	Total			
Impairment loss	—	41,082	41,082	—	—	41,082

Goodwill Amortization and Unamortized Balance by Reportable Segment

Fiscal year ended October 31, 2024 (Nov. 1, 2023 - Oct. 31, 2024)

(Thousands of yen)

	Reportable segments			Other	Corporate and eliminations	Total
	Security Business	Solution Business	Total			
Amortization	65,904	–	65,904	–	–	65,904
Balance at end of period	126,317	–	126,317	–	–	126,317

Fiscal year ended October 31, 2025 (Nov. 1, 2024 - Oct. 31, 2025)

(Thousands of yen)

	Reportable segments			Other	Corporate and eliminations	Total
	Security Business	Solution Business	Total			
Amortization	65,904	–	65,904	–	–	65,904
Balance at end of period	60,412	–	60,412	–	–	60,412

Information Related to Gain on Bargain Purchase for the Reportable Segment

Not applicable.

Per Share Information

(Yen)

	Fiscal year ended October 31, 2024 (Nov. 1, 2023 – Oct. 31, 2024)	Fiscal year ended October 31, 2025 (Nov. 1, 2024 – Oct. 31, 2025)
Net assets per share	234.33	256.92
Earnings per share	57.77	61.59
Diluted earnings per share	57.41	61.21

(Notes) 1. The basis for calculating earnings per share and diluted earnings per share is as follows:

	Fiscal year ended October 31, 2024 (Nov. 1, 2023 – Oct. 31, 2024)	Fiscal year ended October 31, 2025 (Nov. 1, 2024 – Oct. 31, 2025)
Earnings per share		
Profit (thousand yen)	601,854	625,676
Profit not attributable to common shareholders (thousand yen)	–	–
Profit attributable to common share (thousand yen)	601,854	625,676
Average number of shares of common share outstanding during period (share)	10,418,893	10,159,125
Diluted earnings per share		
Adjustments to net income (thousand yen)	–	–
Increase in common shares (share)	65,402	62,140
[Subscription rights to shares (share)]	[65,402]	[62,140]
Summary of dilutive shares not included in the calculation of diluted net income per share since there was no dilutive effect	–	–

2. The basis for calculating net assets per share is as follows:

(Thousands of yen)

	Fiscal year ended October 31, 2024 (As of Oct. 31, 2024)	Fiscal year ended October 31, 2025 (As of Oct. 31, 2025)
Total net assets	2,441,329	2,595,254
Amount deducted from total net assets	–	–
Net assets attributable to common share	2,441,329	2,595,254
Number of common shares at end of period used in calculation of net assets per share (shares)	10,418,150	10,101,250

Subsequent Events

Not applicable.