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[Filed to]	Director-General of the Tokai Local Finance Bureau
[Filing date]	January 26, 2026
[Fiscal year]	19th fiscal year (from November 1, 2024 to October 31, 2025)
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[Company name in English]	Tobila Systems Inc.
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[Name of contact person]	Norimasa Kanemachi, Director and CFO, General Manager of Corporate Planning & President's Office
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I Company Information

I. Overview of Company

1. Key Financial Data

Fiscal year	15th fiscal year	16th fiscal year	17th fiscal year	18th fiscal year	19th fiscal year
Fiscal year ended	Oct. 2021	Oct. 2022	Oct. 2023	Oct. 2024	Oct. 2025
Net sales (thousands of yen)	1,424,656	1,681,715	2,061,211	2,405,885	2,805,366
Ordinary profit (thousands of yen)	577,980	532,225	679,248	829,589	907,160
Profit (thousands of yen)	386,047	322,027	517,733	601,854	625,676
Investment return when applying the equity method (thousands of yen)	-	-	7,716	4,988	8,729
Share capital (thousands of yen)	315,391	331,917	332,358	332,929	333,782
Total number of outstanding shares (shares)	10,479,900	10,623,600	10,629,600	10,635,600	10,644,000
Net assets (thousands of yen)	1,489,008	1,710,792	2,136,837	2,441,329	2,595,254
Total assets (thousands of yen)	2,170,016	2,667,177	3,646,902	4,355,634	5,381,299
Net assets per share (yen)	143.30	162.54	202.39	234.33	256.92
Dividends per share (Interim dividend per share) (yen)	12.90 (-)	10.60 (-)	17.00 (-)	20.00 (-)	21.30 (-)
Earnings per share (yen)	37.25	30.68	49.09	57.77	61.59
Diluted earnings per share (yen)	36.47	30.40	48.75	57.41	61.21
Equity-to-asset ratio (%)	68.6	64.1	58.6	56.0	48.2
Return on equity (%)	27.2	20.1	26.9	26.3	24.8
Price-earnings ratio (times)	30.2	31.7	16.7	12.8	15.1
Dividend payout ratio (%)	34.6	34.6	34.6	34.6	34.6
Cash flows from operating activities (thousands of yen)	491,922	641,680	1,220,958	1,305,889	1,752,043
Cash flows from investing activities (thousands of yen)	(652,300)	(188,738)	(91,470)	(78,339)	(1,383,522)
Cash flows from financing activities (thousands of yen)	45,801	(162,910)	(160,645)	(416,498)	(549,300)
Cash and cash equivalents at the end of period (thousands of yen)	1,145,732	1,435,764	2,404,607	3,215,658	3,034,879
Number of employees [Average number of temporary employees] (persons)	59 [16]	58 [24]	71 [24]	83 [21]	114 [20]
Total shareholder return (%)	74.9	65.6	56.8	52.7	66.7
(Index compared: TOPIX Total Return Index) (%)	(129.4)	(128.1)	(153.5)	(187.9)	(238.0)
Highest share price (yen)	1,760	1,178	1,215	999	1,341
Lowest share price (yen)	1,090	665	766	599	716

Notes: 1. As Tobila Systems does not prepare consolidated financial statements, changes in major management indicators, etc. for the consolidated fiscal year are not stated.

2. Investment return when applying the equity method is not stated for the 15th fiscal year because there are no affiliated

companies. In the 16th fiscal year, although there are affiliated companies subject to the equity method, they are not stated because there are no investment gains or losses.

3. The number of employees is the number of employed persons, and for the number of temporary employees (including contract employees, part-time workers, and temporary employees from human resources companies), the average number of employees employed per year is stated in parentheses.
4. The highest and lowest share prices are stated as share prices on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022, and the Standard Market of the Tokyo Stock Exchange on and after October 20, 2023.
5. We have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the 16th fiscal year. The key financial data for the 16th fiscal year onward reflect the application of the said accounting standard, etc.

2. History

Tobila Systems established its proprietary fraudulent telephone call filtering technology after Atsushi Akita, Representative Director and President, began developing products to address fraudulent telephone calls. This effort was motivated by his grandfather's experience of being scammed through a "wilderness land sales" scheme and suffering disruption to daily life due to fraudulent telephone calls.

Based on this technology, Tobila Systems began providing products and services and has developed its business.

Tobila Systems' business development history since its establishment is as follows.

Date	Outline
December 2006	Established A&A tecnologia Inc. in Ogaki, Gifu.
August 2008	Moved the head office to Marunouchi, Naka-ku, Nagoya, Aichi.
May 2010	Changed the company name to Tobila Systems Inc.
June 2011	Developed and started sales of the fraudulent telephone call filter "TobilaPhone" with the aim of solving the social problem of fraudulent telephone calls.
January 2012	Signed a memorandum with the Aichi Prefectural Police concerning demonstration experiments of telephone scams. Since then, we have been signing memorandums with other prefectural police departments and have established a system to receive information provided on telephone scam countermeasures.
March 2012	Increased share capital to 30,000 thousand yen through a third-party allotment of shares.
February 2013	Increased share capital to 47,850 thousand yen through a third-party allotment of shares.
February 2013	Signed a contract with WILLCOM, Inc. (currently SoftBank Corp.) to provide a fraudulent telephone call database.
June 2014	Signed a memorandum with McAfee, LLC to provide a telephone number database for the smartphone app, "Anshin Number Check."
January 2015	Increased share capital to 50,700 thousand yen due to incorporation from legal capital surplus.
March 2015	Signed a memorandum with the National Police Agency concerning telephone scams and established a system to receive information provided on telephone scam countermeasures.
July 2015	Started providing NTT DOCOMO, INC.'s "Anshin Number Check," a fraudulent telephone call filter app for smartphones, included in the optional contract "Anshin Pack."
November 2015	Moved the head office to Nishiki, Naka-ku, Nagoya, Aichi.
November 2015	Started providing SoftBank Corp.'s "Fraudulent Telephone Call Blocker," a fraudulent telephone call filter app for smartphones.
February 2016	Started providing the "TobilaPhone Mobile for au" smartphone app through KDDI CORPORATION's au smart pass platform.
November 2016	Started providing SoftBank Corp.'s "Fraudulent Telephone Call Blocker," a fraudulent telephone call filter app for smartphones, included in the optional contracts "iPhone Basic Pack" and "Smartphone Basic Pack."
April 2017	Started selling CHUBU TELECOMMUNICATIONS CO., INC.'s "Anshin Incoming Telephone Call Service," a fraudulent telephone call filter for home gateway fiber optic telephones, included in the optional contract "Hikari Denwa Additional Service Discount Pack Plus."
June 2017	Started sales of "TobilaPhone Biz for Fiber," a fraudulent telephone call filter for business telephones.
December 2017	NTT DOCOMO, INC.'s "Anshin Number Check," a fraudulent telephone call filter app for DOCOMO phones (iPhones), starts being available as part of the optional contract "Anshin Pack."
March 2018	Started providing KDDI CORPORATION's "Fraudulent Telephone Call Blocker," a fraudulent telephone call filter for home gateway fiber optic telephones, included in the optional contract "Telephone Option Pack EX."
May 2018	Signed a memorandum with the Mie Prefectural Police Headquarters concerning telephone scam countermeasures and established a system to receive information provided on the phone numbers used for crimes in order to prevent scam e-mails.
October 2018	Signed a memorandum with the Shizuoka Prefectural Police Headquarters concerning telephone scam countermeasures and established a system to receive information provided on the phone numbers used for crimes in order to prevent scam e-mails.

Date	Outline
April 2019	Newly listed on the Mothers Market of the Tokyo Stock Exchange.
June 2019	Started providing “Fraudulent Message/Telephone Blocker,” an app that uses Tobila Systems’ telephone number database through KDDI CORPORATION.
September 2019	Signed a memorandum with the Ibaraki Prefectural Police Headquarters concerning telephone scam countermeasures and established a system to receive information provided on the telephone numbers used for crimes in order to prevent scam e-mails.
March 2020	Started sales of “TobilaPhone Cloud,” a cloud-based business telephone service.
April 2020	Listed on the First Section of the Tokyo Stock Exchange.
August 2021	280blocker became a wholly-owned subsidiary.
September 2021	Started capital and business alliance with ageet Corporation.
October 2021	Merger by absorption of 280blocker.
April 2022	Listing moved to the Prime Market of the Tokyo Stock Exchange.
September 2022	ageet Corporation became an affiliate.
October 2022	Started providing “Anshin Security (Fraudulent SMS Countermeasures)” that uses Tobila Systems’ telephone number database through NTT DOCOMO, INC.
March 2023	Became a member of the Japan Unified Communications Service Provider Association (JUSA).
June 2023	Started providing a fraudulent telephone call filter as part of SoftBank Corp.’s “Security One,” an integrated security app.
August 2023	Participated in the “Number Suspension Scheme,” a collaborative initiative with JUSA, the Ministry of Internal Affairs and Communications, and the National Police Agency. This initiative aims to suspend the utilization of telephone numbers associated with special fraud activities.
October 2023	Listing moved to the Standard Market of the Tokyo Stock Exchange.
February 2025	Received an Excellent Telephone Carrier certification from the Elite Telecom Operator Certification Body (ETOC).
October 2025	Started sales of “Sagitore,” an e-mail and SMS scam prevention training service for businesses

3. Description of Business

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.” Based on this philosophy, the primary objective of business activities is using innovative technologies to create solutions for social issues that require actions but for which solutions have not yet been found.

Under this business policy, we develop and provide services that use a database of fraud and spam information related to fraudulent telephone calls and messages, among others (hereinafter, the “fraud and spam information database”), as the foundation.

<Fraud and spam information database>

Utilizing database technology (*1) with our own machine learning cycle, we provide security products and services that are effective in deterring crime so that users can protect their lives from the threat of crimes without being particularly aware of them. Information on suspicious telephone numbers, SMS messages, and URLs is comprehensively collected and aggregated through collaboration with public organizations such as the police, feedback from users of services, gathering information on the Internet, etc. (*2), fraudulent telephone numbers and similar items are extracted using AI technology that determines habitualness (*3), and the fraud and spam information database is updated on a daily basis. This fraud and spam information database performs assessment processing for more than five billion cases per year (*4) of telephone calls, e-mails, and SMS messages, and its scale and accuracy are at a high level. In addition, this database plays an important role in supporting our competitiveness as a core platform that is commonly used across the various services we provide, including fraudulent telephone call filtering services for communications service providers, smartphone apps, and fraudulent telephone call countermeasure solutions for businesses.

*1. With the evolution of digital technologies, various information can now be stored as log information in databases. Tobila Systems has the technology to process information useful for risk detection through integrating and analyzing various databases collected through our own surveys and data collection activities, and analyzing using machine learning; this is referred to as “database technology.”

*2. As of the end of October 2025, we have compiled a database of more than 5.65 million telephone numbers of companies, stores, public facilities, etc., including approximately 30,000 pieces of information on fraudulent telephone numbers. In

addition, this information is updated daily to maintain and improve the high-quality database.

- *3. Through the provision of information by public organizations such as the police, feedback information from users, such as rejection or permission of incoming calls, and our own survey activities, Tobila Systems scores the degree of fraud for each telephone number and stores the information in a database. From the information stored in this database, telephone numbers that may make fraudulent telephone calls, such as telephone numbers used for crimes such as telephone scams and persistent sales telephone numbers, are automatically extracted as fraudulent telephone number candidates using our own algorithms using statistics and machine learning, and the fraudulent telephone number list is created and updated after our technicians make the final decision whether or not to include them in the fraudulent telephone number list.
- *4. The number of telephone calls, e-mails, and SMS messages assessed using our fraud and spam information database during the period from November 1, 2024 to October 31, 2025.

Beginning with the current fiscal year, reportable segments have been changed from the previous single segment of “Fraud and Spam Prevention Business” to two segments of “Security Business” and “Solution Business” in order to appropriately and clearly present our business segments and business activities from the perspectives of our future business development, management resource allocation, and management system.

The specific details of the business are as follows.

(1) Security business

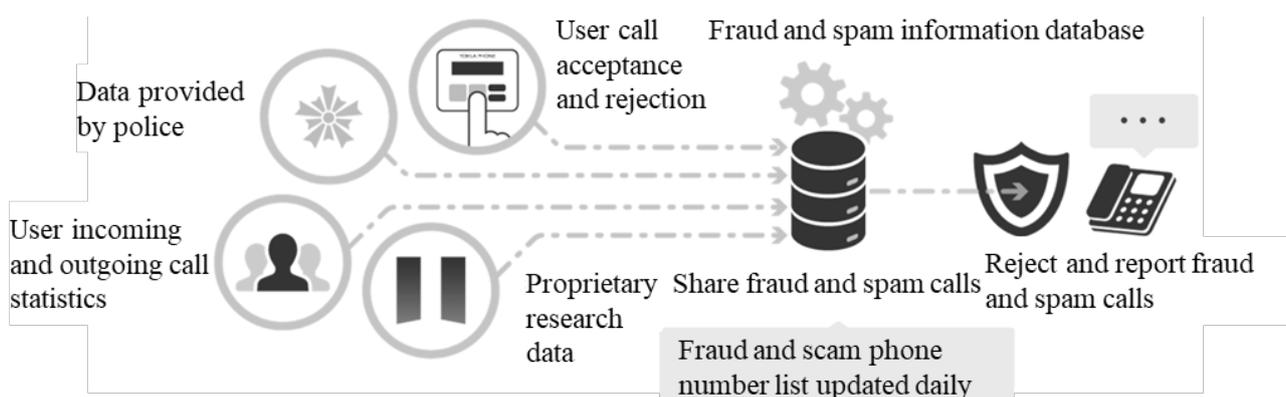
We develop a security business that uses our fraud and spam information database and is effective in deterring fund remittance scams, special fraud, and phishing scams conducted through telephone calls and short message service (SMS).

For the purpose of constantly conducting surveys on the status of the latest fraudulent telephone call activities, we collect and store a vast amount of data every day, such as logs for accepting and rejecting calls by users of our fraud and spam information database, log information obtained from users’ apps and services, information provided by public organizations such as the police, and our survey activities.

“TobilaPhone” is an unprecedented security system that automatically rejects incoming calls or displays “danger” or “warning” according to the warning level of telephone numbers determined to be fraudulent telephone calls using our own fraudulent telephone number extraction technologies based on collected and stored data, and determining whether or not a telephone call received by a user is a fraudulent telephone call. In addition, we have created a database of public telephone numbers, such as those of public organizations and companies, and we are contributing to the realization of a society where callers can make telephone calls with peace of mind by automatically displaying caller information even if they are not registered in the cell phone directory in advance.

We have been actively engaged in R&D activities and intellectual property strategies for the development of these technologies, and as of the date of submission of this document, we have obtained 14 patents in Japan and overseas.

Furthermore, in August 2021, in order to improve the fraud and spam prevention functionality for mobile devices and increase the value provided to users, we acquired all shares of 280blocker, which provided the application “280blocker” that blocks annoying content and conducted an absorption-type merger with said company. As a result, our security business can cover all aspects of annoying web advertisements when browsing the web, in addition to fraudulent telephone calls and SMS countermeasures.



Our security business consists of three sectors: the “mobile phone services sector,” the “landline phone services sector,” and the “other services sector.” The details of each business are as follows.

(i) Mobile phone services sector

In partnership with major telecommunications carriers in Japan, such as SoftBank Corp., NTT DOCOMO, INC., and KDDI CORPORATION, we provide our app that uses the fraud and spam information database to end users in the form of apps for each telecommunications carrier as one of the multiple services included in the option packs provided by each telecommunications carrier.

Option packs are sold under names such as “Anshin Pack Mobile” and “Security Pack Premium” and are provided as a set of security countermeasure services provided by other companies. When entering into a contract for a cell phone, many cell phone users often receive face-to-face explanations about the product details of the option pack at the stores of telecommunications carriers, and based on these explanations, they consider whether or not to subscribe to the option pack.

In addition to subscribers of option packs of each telecommunications carrier being able to use fraudulent telephone call filter functionality by downloading the Tobila Systems’ app that uses the fraud and spam information database, they will be able to use the function that automatically displays the names of public facilities, companies, etc. based on the information stored in our telephone number database even if the telephone numbers are not registered in the mobile terminal directory, etc.

In addition, we also provide a “fraudulent e-mail prevention function” that filters e-mails and SMS messages that contain text information that could lead to fraud by utilizing a fraudulent e-mail database that collects and analyzes by our own algorithms. The fraudulent e-mail database was built after collecting and analyzing e-mail and SMS information received by users, extracting patterns of URL information that is suspected to be dangerous from URLs that frequently appear as fraudulent URLs and text information that has characteristics as fraudulent e-mails, and conducting internal surveys on this information.

Tobila Systems has signed into flat-rate or pay-as-you-go contracts with telecommunications carriers, and has established a continuous and stable revenue base through a revenue model based on the number of subscribers or the number of users of option packs provided by telecommunications carriers.

Although we have been able to approach the customer base of each company by partnering with these three group companies, we expect that the number of users and subscribers of the mobile phone filtering services will increase by capturing the demand for subscription to option packs, etc. due to replacement due to model changes, etc., and review of contract details, etc.

In addition to telecommunications carriers, we provide our fraud and spam information database to financial institutions, including JCB Co., Ltd. We also began providing “Sagitore,” an e-mail and SMS scam prevention training service for businesses, on October 29, 2025.

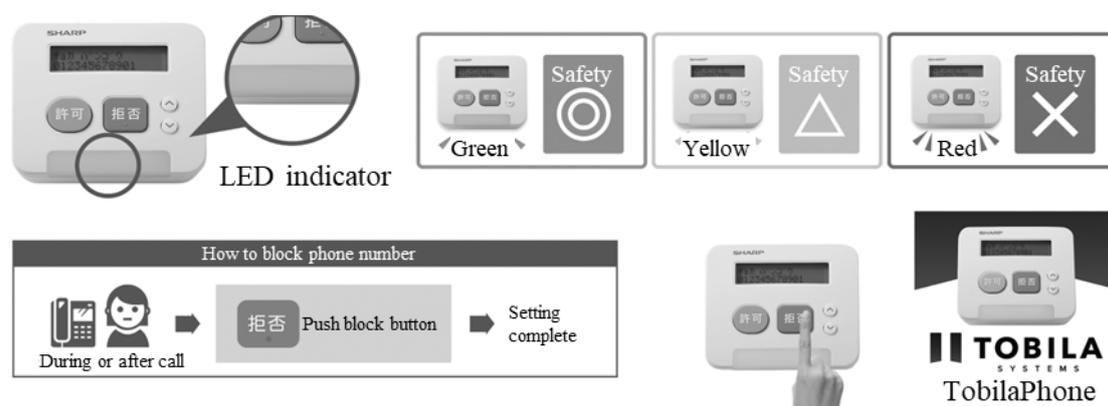
List of main apps and services				
Service provider	Models that can be used	Option pack	Apps and services	Logo
KDDI CORPORATION	Android and iPhone	Ponta pass platform UQ mobile safety security set	Fraudulent message and telephone call blocker	
NTT DOCOMO, INC	Android and iPhone	Anshin Security Standard Plan/Total Plan Anshin Pack Mobile	Anshin Security	
SoftBank Corp.	Android and iPhone	Security Pack Premium	Security One	
	Simple Style Smartphones (Y!mobile)	None (Functions included as standard)	Fraudulent telephone call countermeasures	
JCOM Co., Ltd.	Android and iPhone	Fraudulent telephone call and message blocker	MY J:COM	
Digital Arts Inc.	Android and iPhone	-	i-Filter 10	

(ii) Landline phone services sector

We also provide a fraudulent telephone call prevention service for landline phones for home use.

We offer external telephone terminals, “TobilaPhone,” as products for conventional telephone lines, and our main commercial channel is the sale and rental of external terminals in demonstration experiments conducted by local governments, etc. In these demonstration experiments, local governments, etc. lend “TobilaPhone” free of charge to local residents as part of measures to prevent damages from telephone scams, and verify its effectiveness. In addition to providing “TobilaPhone,” we support the operation of these demonstration experiments by creating pamphlets and reports and conducting surveys, etc.

The “TobilaPhone” external telephone terminal is equipped with a function that displays the safety level of incoming calls through the color the LED on the front of the unit emits, so users can intuitively check the safety level of incoming calls before picking up the telephone. It also allows users to block incoming telephone calls with a single button operation, and information on the user’s blocking operation is stored on our management server and is used as survey data to determine fraudulent telephone calls. As another commercial channel, we also conduct direct sales from Tobila Systems to end users.



In addition, we provide fraud and spam prevention services for IP telephones as an option pack for telecommunications line carriers. For said services, we have signed pay-as-you-go contracts according to the number of optional service contracts of telecommunications line carriers.

In order to use an IP telephone, it is necessary to connect a landline telephone to the Internet through a home gateway (*5) provided by telecommunications line carriers, and in said services, the apps for the services are built-in to the home gateways provided by telecommunications line carriers. It becomes possible for fraud and spam prevention services to be used by users subscribing to use an option pack. When a call is received on a user’s landline telephone, the system automatically checks our fraud and spam information database for the incoming phone number, and does not ring if the call is determined to be a fraudulent telephone call.

*5. A home gateway is a fiber optic telephone router that connects multiple devices to each other through an Internet service using a fiber optic line.

In addition, we provide “automatic fraudulent telephone call blocker,” a service that automatically blocks fraudulent telephone calls to landline telephones without requiring dedicated external equipment. This service is offered as an optional service for “Cable Plus Phone,” a landline telephone service that JCOM Co., Ltd. provides in partnership with cable television operators nationwide. This service uses a mechanism that assesses and blocks fraudulent telephone calls on the network side, allowing users to take measures against fraudulent telephone calls without installing dedicated equipment.

List of main services			
Telecommunications line carriers	Models that can be used	Option pack	Service
KDDI CORPORATION	Home gateway	Telephone Option Pack EX (*6)	Fraudulent telephone call blocker
CHUBU TELECOMMUNICATIONS CO., INC.		Hikari Denwa Additional Service Discount Pack Plus Security Pack	Anshin telephone call service
OPTAGE Inc.		Anshin Telephone Pack	Anshin telephone call service
JCOM Co., Ltd.	Network	- (Paid option)	Automatic fraudulent telephone call blocker (J:COM PHONE)
		- (Free option)	Automatic fraudulent telephone call blocker (CATV)

*6. In light of the worsening situation regarding damage from special fraud in recent years, the Ministry of Internal Affairs and Communications requested telecommunications service providers in April 2025 to strengthen their response to special frauds exploiting landline and mobile phones, SMS, and e-mail. In response to this social background, KDDI CORPORATION has announced that it will provide its fraudulent telephone call countermeasure service for “au HIKARI Phone,” “Fraudulent Telephone Calls: Incoming/Outgoing Call Blocking,” free of charge for six months to users who apply between August 1, 2025 and March 31, 2026 and meet certain conditions.

(iii) Other services sector

We are engaged in contract development of systems, etc. We will not actively develop this business.

(2) Solution business

We develop, design, manufacture, and sell products that improve the operational efficiency of office telephones. We mainly provide two products: “TobilaPhone Biz,” a call management solution service, and “TobilaPhone Cloud,” a cloud PBX service.

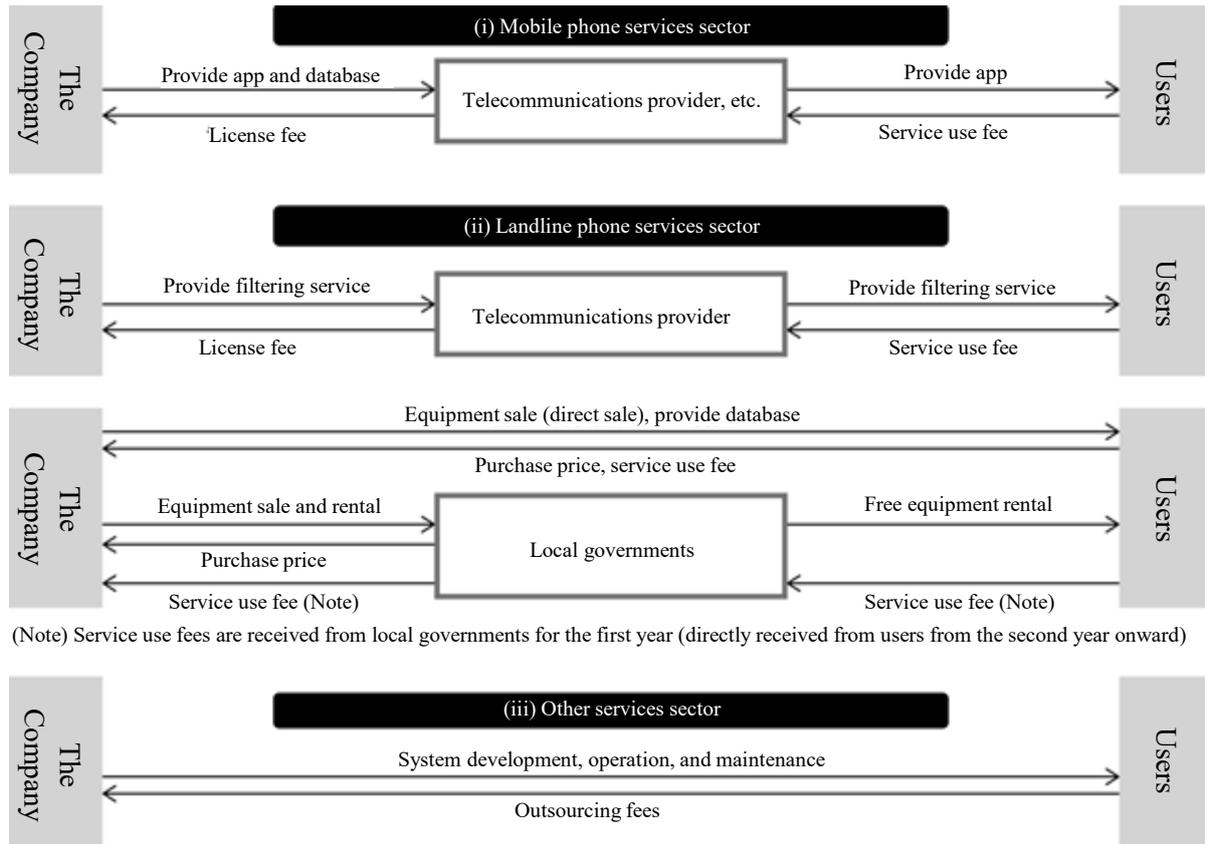
“TobilaPhone Biz” is a product for business telephones that consolidates convenient functions required for office telephones into a single unit. Using our proprietary fraud and spam information database, it provides a function that automatically blocks sales calls and fraudulent faxes, and it also includes call recording and recording notification functions, an IVR (interactive voice response) system, and a function that converts call audio to text. In addition, call recordings, call history, and phonebooks can be centrally managed on the cloud. These functions contribute to responding to customer harassment, which has become a social issue in recent years, and to improving the efficiency of telephone operations.

“TobilaPhone Cloud” is a cloud-based business telephone (cloud PBX) that does not require equipment installation or construction work. It supports multiple devices such as smartphone apps, PCs, and IP telephones, and it enables the construction of a telephone environment that matches diverse work styles.

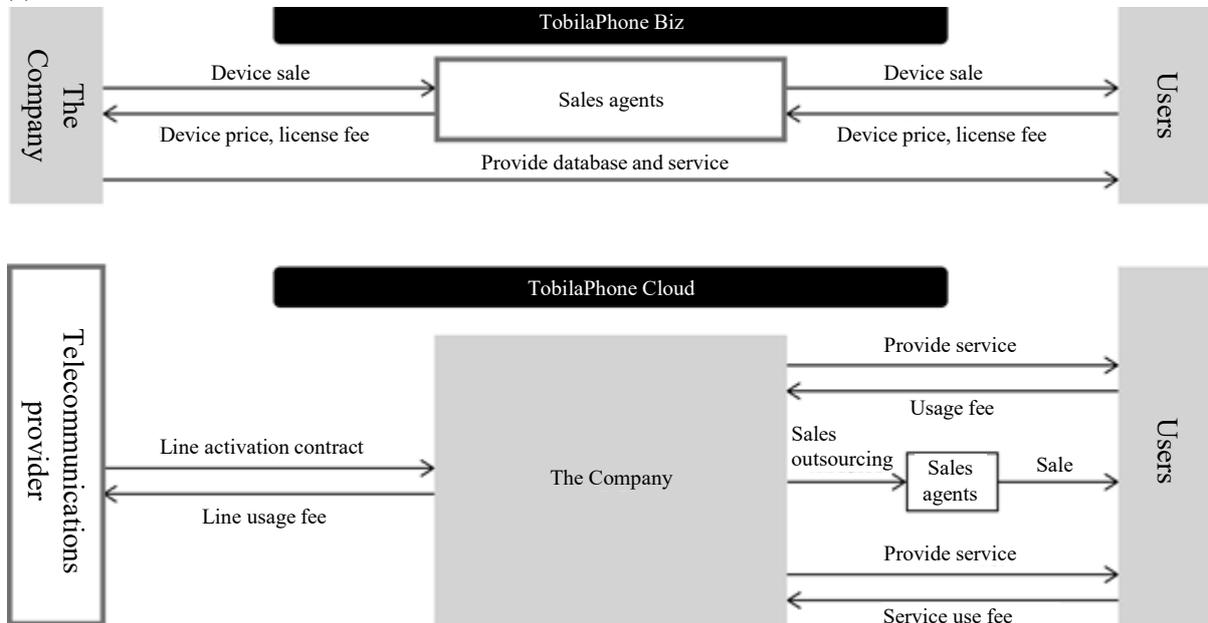
In addition to issuing new telephone numbers or taking over existing numbers according to the intended use, including IP telephone numbers starting with “050” as well as area codes and toll-free numbers, it includes as standard not only call functions such as external calls, internal calls, and transferring calls, but also functions that make telephone operations more convenient, such as recording, IVR, and call transcription. Furthermore, by integrating with various external tools such as Salesforce, HubSpot, and kintone, it enables more efficient recording of outbound call details and management of contact information. It also provides an AI-based function to summarize call content and a function to automatically assign labels to call history, supporting the understanding and management of call content.

<Business system illustrative diagram>

(1) Security business



(2) Solution business



4. Subsidiaries and Associates

Name	Address	Share capital or investments in capital	Details of main businesses	Ratio of voting rights held (Indirectly held) ratio (%)	Relationships
(Affiliate) ageet Corporation	Muko, Kyoto	23,260 thousand yen	Development of SIP/VoIP-related technologies	20.6	Capital and business alliance

5. Employees

(1) Information about the reporting company

As of Oct. 31, 2025

Number of employees (Persons)	Average age (Years old)	Average years in employment (Years)	Average annual salary (Thousands of yen)
114(20)	34.61	3.74	6,238

Department	Number of employees (Persons)
Technology Department	57 (12)
Sales Planning Department	44 (6)
Administration Department	6 (2)
Corporate Planning & President's Office	7 (0)
Total	114 (20)

- Notes: 1. Because our segments do not necessarily match our business divisions, it is difficult to classify and present the status of employees by segment. Therefore, we present the status of employees by department.
2. The number of employees is the number of employed persons, and the number of temporary employees (including contract employees, part-time workers, and temporary employees from human resources companies) is the average annual number of employees stated in parentheses.
3. Average annual salary includes bonuses and supplements.
4. The number of employees increased by 31 compared to the end of the previous fiscal year. The main reason for this was an increase in mid-term hiring due to the expansion of the business.

(2) Information about labor unions

While no labor unions have been established, we have maintained a smooth worker-employer relationship.

(3) Ratio of female workers in managerial positions, ratio of male workers who have taken childcare leave, and difference in wages between male and female workers

Ratio of female workers in managerial positions (%) (Note 1)	Ratio of male workers who have taken childcare leave (%) (Note 2)	Current fiscal year			Supplementary explanation
		Difference in wages between male and female workers (%) (Note 2)			
		All workers	Regular workers	Part-time and fixed-term workers	
7.7	-	-	-	-	-

- Notes: 1. Calculated in accordance with the provisions of the [Act on Promotion of Active Life in Working Life of Women] (Act No. 64 of 2015).
2. Omitted since we are not subject to the obligation to disclose the ratio of male workers who have taken childcare leave and the difference in wages between male and female workers pursuant to the provisions of the [Act on Promotion of Active Life in Working Life of Women] (Act No. 64 of 2015) and the [Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave].

II. Overview of Business

1. Management Policy, Business Environment, Issues to Address, etc.

Forward-looking statements in this document are based on our judgment as of the date of submission.

(1) Basic policies on corporate management

The operations of Tobilas Systems are guided by the corporate philosophy of “We open the door to a better future for our lives and the world.” Based on this philosophy, the primary objective of business development is using innovative technologies to create solutions for social issues that require actions but for which solutions have not yet been found. We aim to achieve sustainable growth as a company through creating and developing various businesses using IT technologies.

(2) Target management indicators

In order to realize higher growth potential, we have formulated and announced [Medium-Term Management Plan 2028] with a four-year plan period from the fiscal year ended October 31, 2025 to the fiscal year ending October 31, 2028. In doing so, we have established the following management targets in order to secure a certain level of profitability for capital while aiming to expand the revenue base.

Indicators	FY2028 Targets
Net sales	¥6 billion
Operating profit	¥1.7 billion
Profit	¥1.1 billion
ROE (Return on equity)	22.0% or more

(3) Medium- to long-term corporate management strategies

We will use our strengths in implementing the following five priority measures in the “Medium-Term Management Plan 2028”.

(Priority measures)

(i) Accelerate sales of TobilasPhone Cloud

Direct sales we conduct range from product development to sales and customer success all the way through. As such, it is possible to directly grasp customer needs and immediately link them to product updates, and we plan to continue expanding direct sales in the future. In addition, we aim to acquire large projects that move from existing on-premise PBX to cloud PBX through distributors that are already affiliated with us. In addition, we will consider selling them as comprehensive security apps in collaboration with our other products. We aim to increase revenue through three-tier sales: direct sales, distributors, and general security app sales.

(ii) Accelerate sales of TobilasPhone Biz

TobilasPhone Biz conducts sales through distributors, and we aim to increase the number of units sold by strengthening the two directions of increasing the number of sales in existing channels and developing new channels. In addition, we aim to increase revenue through new means of providing TobilasPhone Biz with fraudulent telephone call blocking functionality, such as incorporating it into PBX and selling it.

(iii) Expanding sales to telecommunications carriers

Our aim is to deter telephone scams, phishing scams, and gray zone crime. In order to achieve this, it is important to further strengthen relationships with major telecommunications carriers and cultivate new carriers, and we will continue to focus on them.

(iv) Creation of new businesses

We will implement various measures to create new businesses. In particular, [Launch of new products in existing markets] has a strong sales channel centered on TobilasPhone Biz distributors, and we believe that profitability can be quickly achieved by introducing new products into this channel. In addition, we aim to expand revenue by providing new value through expanding alliances and conducting M&A.

(v) Expanding membership and growth

In order to implement the above-mentioned priority measures and accelerate the pace of growth of our businesses, it is important for each member to grow and to actively hire new human resources. To achieve this, we will enhance internal systems and actively engage in hiring activities.

(4) Issues to be addressed by Tobil Systems

We recognize that the following points are issues that need to be addressed, and we will place emphasis on resolving them.

(i) Expanding alliance partners and strengthening cooperative relationships

Up to now, we have been focusing on developing alliance partners who provide services using our fraud and spam information database with telecommunications carriers, telecommunications carriers related to IP phones, and distributors of trading companies such as office equipment. In order for Tobil Systems to sustain medium- to long-term growth and further develop and expand our business, we believe it important to aim to expand alliance partners and strengthen cooperative relationships by supporting the sales activities of existing alliance partners, etc., through proposal activities to telecommunications carriers and telecommunications line carriers, etc.

In services for mobile phones and landline telephones, we expanded earnings along with expanding alliances with telecommunications carriers. In addition, "TobilPhone Biz," a more robust version of "TobilPhone" to companies, has been designated as a Select Item in NTT East and NTT West, and the number of orders received through alliance partners is increasing.

We aim to further expand business in the future by focusing on expanding alliance partners and strengthening cooperative relationships.

(ii) Raising awareness of Tobil Systems and our services

We recognize it important to further improve the name recognition and trust of us and our services to further develop and expand business in the future. We strive to strengthen branding through publishing information on Tobil Systems and our services in various TV programs, newspapers, and magazines, and advertising activities such as digital marketing, and using owned media, etc.

(iii) Establishing new and peripheral businesses

We will focus particularly on [introducing new products into existing markets] as creating new businesses. For new products, we aim to expand into new business fields by utilizing our know-how on the database cultivated through providing our strengths in fraudulent telephone call blocker, fraudulent SMS blocker, and fraudulent advertising blocking services. In addition, we will actively consider developing new products utilizing feedback from customers directly obtained and user requests from distributors.

(iv) Strengthening capabilities to develop technologies

The source of our competitiveness is based on our capabilities to develop technologies in product development built on the fraud and spam information database. In order to improve the differentiation of services, in addition to further enhancing our fraud and spam information database, we will promote the addition of new functions and services based on customer needs, as well as the development of advanced usability.

In addition, as we provide services related to communications, our systems are required to be highly stable with a high operation rate. We will focus on developing sustainable systems, including capital investment to sustain providing services.

(v) Securing excellent human resources and strengthening organizational structure

We recognize that securing excellent human resources, appropriate placement, and building a training system are the most important management issues for our growth. To achieve this, we are continuously conducting hiring activities, and focus especially on hiring excellent IT engineers and sales members. In addition, we strive to secure excellent human resources who fit with our corporate philosophy and organizational culture by building an evaluation and compensation system that can appropriately evaluate human resources.

To strengthen our organizational structure, we will work under three policies: creating the right environment, improving individual skills, and strengthening team capabilities, with the aim of realizing a place where members can take on challenges without fearing failure. For creating the right environment, we have introduced a flextime system, which enables members to take responsibility for their work and proceed at their own pace. We have also introduced a restricted stock income plan, creating a mechanism through which the company's performance is linked to each member's own results. For improving individual skills, we encourage proactive skill development by offering incentive payments for obtaining qualifications and having the company cover the costs of attending various conferences and seminars. For strengthening team capabilities, we hold 1-on-1 meetings and monthly all-hands meetings to ensure alignment between the company's direction and each member's career and to review each member's contribution to the team. We will continue to make various investments in human capital.

(vi) Mergers and acquisitions (M&A)

When considering creating new businesses, we are constantly considering entering into new alliances and conducting M&A. In considering, we pay attention to synergies with our businesses, consistency with business strategies, profitability after acquisition, transparency of the acquisition process, process to maximize integration results after acquisition, etc. We aim to further expand business by entering into new alliances and promoting M&A.

2. Stance and Initiatives on Sustainability

Our stance on sustainability and our initiatives are as follows.

Furthermore, although forward-looking statements in this document are based on our judgment as of the end of the current fiscal year, some sections include details concerning the disclosed "Sustainability Report."

(1) Governance

We have identified important risks and opportunities related to sustainability, and under the organization of the Board of Directors, have established a Sustainability Promotion Committee with the Representative Director and President as the Chairperson for appropriate supervision and management. In addition to identifying sustainability risks and opportunities related to climate change and human capital and formulating company-wide action plans, the Committee aims to expand them to related departments, monitor the progress of the status of sustainability activities, and conduct evaluations on the details of achievement. In addition, the details of discussions of all Committee meetings are reported to the Board of Directors, and the Board of Directors has established a system to manage and supervise the details of said reports.

(2) Strategies

(i) Overall sustainability strategies

As a company that aims to solve social issues, we believe that it is necessary to build a management foundation with the target of realizing sustainability, and we have established the Sustainability Promotion Committee, chaired by the Representative Director and President, to consider sustainability-related policies, priority issues, and measures, and have disclosed the "Sustainability Report."

Sustainability-related issues are diverse and wide-ranging, and from the perspective of aiming to effectively utilize our limited management resources to enhance the sustainability of business activities and enhance our corporate value, the Board of Directors resolved and identified the following four important issues (materiality).

Environment	Response to climate change
Society	Realization of an environment where challenges can be taken on without fearing failure
	Eliminate telephone scams and gray zone crime!
Governance	Enhance corporate governance

We will respond flexibly to changes in external conditions, such as social trends and technological innovation, and aim to both solve environmental problems, etc. and generate earnings.

(ii) Policy on human resource training, including ensuring diversity, and improvement of the internal environment

Our code of conduct includes, “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,” and valuing the human rights of all people involved in our business activities, we strive to create an environment where challenges can be individually taken on without discrimination or harassment in employment or treatment.

Our greatest source of creating corporate value is our members, and we have the conviction that each and every member taking on challenges without fearing failure encourages personal growth, which ultimately leads to promoting our business. We strive to create an environment where members with diverse backgrounds can recognize each other, improve team strength, and grow by overcoming challenges.

(3) Risk management

(i) Process for identifying materiality

The code of conduct stipulates, “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 have designated materiality based on social issues as we should aim to reinvest generated earnings and provide further value.

Specifically, we have created a wide-ranging list of approximately 200 items of social issues from among our issues, evaluated each item based on its importance to stakeholders and us, discussed it with the Sustainability Promotion Committee, with the Representative Director and President as the Chairperson, identified materiality, and resolved it at the Board of Directors meeting.

We will continue to listen to a wide range of opinions from stakeholders and conduct ongoing reviews in the future.

(ii) Management process

An action plan for risks and opportunities related to sustainability based on materiality has been formulated after discussions with the Sustainability Promotion Committee. In addition, the Sustainability Promotion Committee confirms the details and progress of status of actions and reports details of the proceedings to the Board of Directors.

(iii) Status of integrating the system into company-wide risk management

We manage the entire business through the Risk and Compliance Committee, and identify, prioritize, and implement mitigation measures.

On the other hand, risk management related to sustainability is carried out by the Sustainability Promotion Committee, and risks are identified, prioritized, and measures are implemented. In addition, when both committees consider prioritizing risks, they are conducted based on the financial impact on us, the impact of our activities on the environment and society, and the likelihood of occurrence, and important risks are reported to and supervision is conducted by the Board of Directors.

The specific actions taken for climate change risks, human capital risks, other sustainability-related risks, and opportunities identified by the Sustainability Promotion Committee are as follows.

• Climate change risks

We consider the impact of climate change on business to be an important risk, and disclose the amount of greenhouse gas emissions. In addition, we are actively promoting various initiatives to reduce environmental loads, such as promoting energy conservation such as Cool Biz, Warm Biz, Full Remote Work, and online meetings, and providing ways of working (Cloud PBX), and are implementing measures toward decarbonization.

• Human capital risk

We are reducing the risk of excellent human resources being lost by developing a workplace environment that is easy for employees to work in. In addition, we are implementing measures to improve health, productivity, and personal skills with the aim of improving employee engagement and promoting the creation of an organization where diverse human resources can thrive.

• Other sustainability-related risks

There is a possibility that the increase in telephone scams and gray zone crime will not only increase the psychological and financial burden of victims but also increase social costs. Through the promotion of businesses that use our fraud and spam information database and security technologies, we aim to eliminate telephone scams and gray zone crime, and we find

opportunities to earn trust and develop new markets by building an environment where customers can communicate with them with peace of mind.

We believe that management is necessary not only to reduce or avoid risks, but also to be conscious of contributing to the achievement of corporate aims and value creation, and we have a system in which discussions and reports are submitted to the Board of Directors after deliberation and discussion by the Sustainability Promotion Committee, and reflected in management strategies.

(4) Indicators and targets

We use the following indicators for overall sustainability strategies and policy on human resource training, including ensuring diversity and improving the internal environment stated in “(2) Strategies” above. The quantitative targets and results concerning said indicators are as follows. In addition to aiming to familiarize employees with the childcare leave system, we are striving to complete an internal system that makes it easier to take childcare leave and improve the understanding of supervisors.

Indicators	Targets	Results (Current fiscal year)
Average overtime hours (monthly)	20 hours or less	15.5 hours
Ratio of male workers who have taken childcare leave	100%	100% (4/4 persons)
Ratio of female workers who have taken childcare leave	100%	- (Not applicable)

3. Business Risks

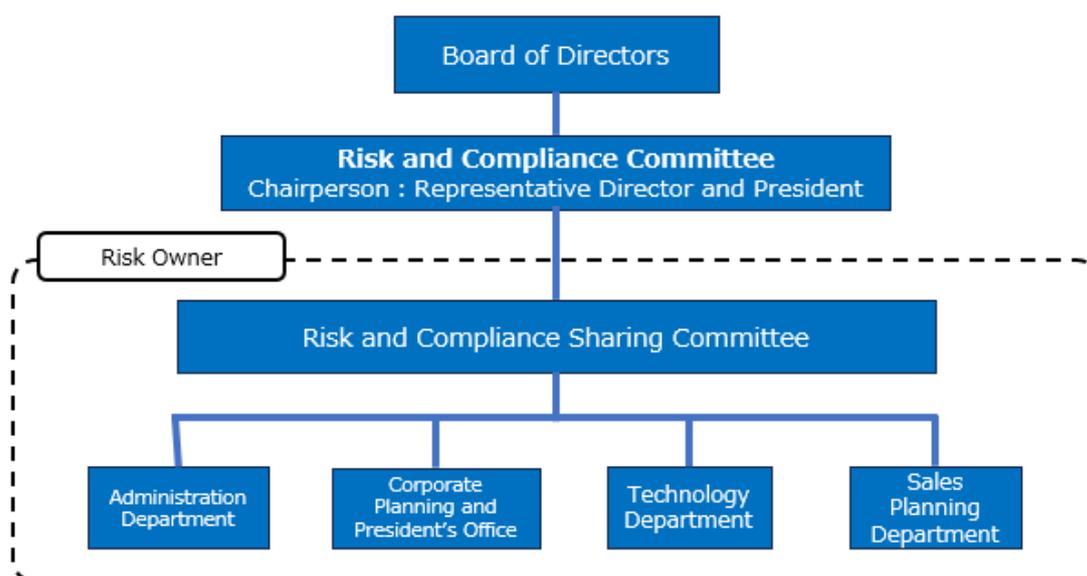
Forward-looking statements in this document are based on judgments as of the date of submission and do not cover all risks.

(1) Our Risk Management System

We have established the “Risk and Compliance Committee” under the Board of Directors, and have established and operated a risk management system based on risk and compliance regulations. The Committee is comprised of Directors and Directors who are Audit & Supervisory Committee Members, and identifies, evaluates, and reviews risks important to management, formulates countermeasures, and regularly confirms the status of management.

In addition, at the “Risk and Compliance Sharing Committee” established under the Committee, the heads of each department and executive officers manage business risks and operation risks by duties as risk owners.

<Risk management system illustrative diagram>



(2) Risk evaluation process in risk management activities

Risk management activities use the following processes to evaluate and manage risks that have an impact on business activities.

1. Identify risks that may affect (List risks)
2. Determining the risk owner for each risk
3. Evaluation of risk impact (monetary basis), likelihood, and degree of control
4. Determining priorities by considering the relative relationships between risks

The risks listed are as follows.

Risk classification	Risk items
External environmental risks	Business environment-related risks
	Geopolitical risks
	Disaster risk
Business risks	Risks related to business
	Risks related to product development
	Risks related to intellectual property
	Service risk (quality, customer satisfaction, rumor)
	Contract risk
Information security risk	Risks related to information systems
	Risks related to information leaks and security
Management risk	Risks related to management strategies
	Governance risks
	Sustainability (ESG) risk
Compliance risk	Reputational risk
	Risks of fraud and crime
	Risk of violations of laws and regulations
Human resources and labor risks	Occupational health and safety risks
	Employment and human resources risks
	Risk of leakage of human resources
Operation risk	Financial and accounting risks
	Internal administrative risks

(3) Selected important risks and countermeasures

We have evaluated the listed risks based on their impact level (profit basis), likelihood of occurrence, and degree of control, and have selected [Important risk] considering the relative relationship between risks. We strive to mitigate risks by implementing countermeasures against selected risks.

(i) Business environment-related risks

- a. Obsolescence due to technological innovation and innovation

[Risk Recognition]

In our security business, we have been confirmed to distribute fraudulent telephone calls and fraudulent SMS using AI, and if countermeasures against fraud damages using these new technologies are delayed, the services we provide may quickly become obsolete. In addition, as our services are implemented using functions provided by operating environments such as OS, expected operations may not be realized due to changes to the specifications of the operating environment in the future. If we are unable to adapt to these future technological innovations, our business and financial results may be affected.

[Countermeasures]

In addition to actively hiring excellent engineers, we have established organizations to catch up on the latest technological trends such as AI, and continuously analyze trends in the latest methods of fraud damages through specialized researchers, and are considering measures to respond to changes in the business environment that may occur in the future. In addition, we are trying to reduce the impact of specific technological changes by entering multiple fields, not just one field.

b. Entry from other companies and other industries

[Risk Recognition]

We currently have a high market share in the security market for fraudulent telephone calls. However, with an expanding market, there is a risk that the number of new entrants, including those in other industries and overseas companies, will increase, and competition will intensify due to price competition and technological innovation. In addition, there is a possibility that services similar to our business model will be introduced to the market in a short time, and our advantage will weaken, and competition may follow in the accuracy and scale of collection of user data. These can be factors that affect our financial results and market position.

[Countermeasures]

While maintaining our advantage of the current customer base of approximately 15 million users, we will develop marketing measures aiming to acquire new users, and strengthen our sales model that incorporates our services into the contract plans of major telecommunications carriers. In addition, we will continue to collect information through collaboration with relevant organizations such as telecommunications carriers and police organizations, and further improve the accuracy of databases. By building barriers to entry, we will maintain and expand our competitive advantage.

(ii) Disaster risk

a. Natural disasters (typhoons, earthquakes), and fires

[Risk Recognition]

Our head office functions and main facilities such as product warehouses are located in Nagoya, Aichi, and if an incident occurs where there is damage to facilities or restrictions on the supply of electricity due to a natural disaster such as the Nankai Trough Earthquake or a typhoon that hits the Tokai region, or a fire, our head office functions, business activities, and service provision may be disrupted, and our financial results may be affected.

[Countermeasures]

To prepare for disaster risk, we are taking physical countermeasures such as redundant networks and data backup at remote data centers. In addition, we have introduced a flexible work style that combines a fully time-flexible system and remote working and have established a system that allows business activities to continue in the event of an emergency. In addition, although we have established a Business Continuity Plan (BCP) and have clarified procedures for emergency responses if an incident occurs that is larger than these measures, our financial results may be affected.

(iii) Risks related to business

a. Dependence on specific customers

[Risk Recognition]

The main customers of our business are major telecommunications carriers in Japan, and our dependence on sales of these specific customers is approximately 60%. As a result, if a contract is not renewed or if the terms and conditions of transactions are changed, our business and financial results may be significantly affected. In addition, the same risk arises if entering into a contract for a new service proposed to these customers is delayed or failed.

[Countermeasures]

We maintain strong relationships with major telecommunications carriers in Japan through regular provision of [Report on Specialty Fraud and Phishing Fraud] based on our own surveys. Furthermore, we are working with all three major telecommunications carriers to achieve early detection and sharing of trends in fraudulent telephone calls and SMS blockers, and to achieve differentiation. In addition, we will focus on expanding the solution business, which does not depend on sales of major telecommunications carriers in Japan, aiming to reduce the risk of dependence on customers.

b. Collaboration with related organizations

[Risk Recognition]

Our fraud and spam information database enhances the credibility and reliability of our customers through collaboration with telecommunications carriers, police organizations, related ministries, etc. However, if this collaboration is disrupted for any reason, the credibility and external credibility of our database may suffer, and our business and financial results may be adversely affected.

[Countermeasures]

We are working to maintain and strengthen relationships with related organizations, such as initiating information exchange meetings with telecommunications carriers, police organizations, and related ministries and agencies. At this time, we have not confirmed any events that interfere with collaboration, and we expect to continue to maintain collaboration and information provision in the future. In addition, our fraud and spam information database is based on our own surveys and the storage of vast amounts of data through information collection, and we have established an operational system that does not rely on collaboration with specific organizations.

(iv) Risks related to information leaks and security

a. Leakage of personal information

[Risk Recognition]

We store personal information of acquired customers and purchase history, etc., along with providing services, and it is regulated by the [Act on the Protection of Personal Information]. If this information is leaked externally for any reason, our creditworthiness may suffer, and our business and financial results may be significantly affected.

[Countermeasures]

We have positioned the management of personal information as an important management issue, acquired and updated the [Privacy Mark], and have established regulations regarding the management of personal information, clarifying business flow, and the authority system. In addition, with regard to the handling of personal information, we provide an environment where customers can use services with peace of mind by ensuring thorough employee training, strengthening the security system, and careful operation.

b. Disclosure of confidential information (database)

[Risk Recognition]

The database of confidential information held by us contains information provided by public organizations such as police organizations, various information concerning telephone numbers, incoming and outgoing telephone call logs of fraudulent telephone numbers, etc. If information is leaked due to unforeseen circumstances (cyberattacks or human errors), the relationship of trust with police organizations and customers may be impaired, and our business and financial results may be adversely affected.

[Countermeasures]

To prevent information leaks, we have implemented security measures from the perspectives of hardware, software, and human resources management systems. Specifically, when accessing a database, we take measures such as accessing it through an environment without an Internet connection from a special room that is prohibited from bringing in a cell phone. In addition, necessary security investments are implemented in a planned manner according to priority.

4. Management Analysis of Financial Position, Results of Operations and Cash Flows

The following is an outline of our financial position, results of operations, and cash flow for the current fiscal year, as well as the recognition, analysis, and examination of our results of operations from management perspective.

Furthermore, forward-looking statements in this document are based on our judgment as of the date of submission.

(1) Results of operations

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.” Based on this philosophy, the primary objective of business activities 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 service providers in April 2025 to strengthen their response to special frauds exploiting landline and mobile phones, SMS, and e-mail. 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 fraud and spam prevention technology that can address multiple channels, such as telephone calls, SMS, and advertisement, while strengthening collaboration with communications service providers and governmental agencies in the field of fraud and spam prevention in telecommunication infrastructure.

The objective of our core security business is to prevent fund remittance scams, special fraud, and phishing scams conducted through telephone calls. We have established a stable revenue base by providing services 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 also set forth five priority measures: (i) Accelerate sales of TobilaPhone Cloud; (ii) Accelerate sales of TobilaPhone Biz; (iii) Expanding sales to telecommunications carriers; (iv) Creation of new businesses; and (v) Expanding membership and growth.

In the current fiscal year, based on the Medium-Term Management Plan, we mainly focused on the expansion in the provision of our fraud and spam information 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 e-mail and SMS scam prevention training service for businesses that leverages the fraud prevention expertise we have accumulated.

As a result of these efforts, fiscal year 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 segment of “Fraud and Spam Prevention Business” to two 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 fraud and spam information 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, net sales were 1,905,409 thousand yen, up 3.3% from one year earlier, 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 telephones. 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 TobilePhone Biz increased steadily as we, against the backdrop of the growth of demand as a product for customer harassment countermeasures, began providing the fraudulent telephone call blocking function as one of the main built-in functions of NTT EAST and WEST'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, net sales were 899,956 thousand yen, up 60.1% from one year earlier, and segment profit increased 103.8% to 151,449 thousand yen.

Total operating profit is the sum of the profit of the two segments minus corporate expenses of 590,568 thousand yen (up 1.4% year on year), which are not allocated to reportable segments. Corporate expenses mainly consist of selling, general and administrative expenses that are not attributable to reportable segments.

(2) Financial position

Total assets

Total assets increased by 1,025,664 thousand yen from the end of the previous fiscal year to 5,381,299 thousand yen. The main factors include increases 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 by 871,740 thousand yen from the end of the previous fiscal year to 2,786,045 thousand yen. The main factors include 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 of income taxes payable, and a decrease of 50,040 thousand yen in long-term borrowings.

Net assets

Total net assets increased by 153,924 thousand yen from the end of the previous fiscal year to 2,595,254 thousand yen. The main factors include 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 repurchased treasury shares, etc.

The equity ratio decreased from 56.0% at the end of the previous fiscal year to 48.2%.

(3) Cash flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the current fiscal year decreased 180,778 thousand yen from the end of the previous fiscal year to 3,034,879 thousand yen. Cash flows by category are as described below.

Cash flows from operating activities

Net cash provided by operating activities amounted to 1,752,043 thousand yen compared with 1,305,889 thousand yen provided in the previous fiscal year. The main factors include income taxes paid of 244,512 thousand yen, increases in trade receivables and contract assets of 70,046 thousand yen, profit before income taxes of 871,309 thousand yen, depreciation of 115,928 thousand yen, amortization of goodwill of 65,904 thousand yen, impairment loss of 41,082 thousand yen, 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.

Cash flows from investing activities

Net cash used in investing activities amounted to 1,383,522 thousand yen compared with 78,339 thousand yen used in the previous fiscal year. The main factors include payments for purchase of property, plant and equipment of 49,317 thousand yen, purchase of intangible assets of 85,002 thousand yen, payments into time deposits of 1,201,634 thousand yen and payments of leasehold and guarantee deposits of 39,698 thousand yen.

Cash flows from financing activities

Net cash used in financing activities amounted to 549,300 thousand yen compared with 416,498 thousand yen used in the previous fiscal year. This was mainly due 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) Production, orders received, and sales results

(i) Production results

The business we conduct is not suitable for stating production results due to the nature of the services we provide, and the statement has been omitted.

(ii) Orders received results

The business we conduct is not suitable for stating orders received results due to the nature of the services we provide, and the statement has been omitted.

(iii) Sales results

Sales results are stated per segment for the current fiscal year as follows.

Name of segment	Amount (Thousands of yen)	Year on year (%)
Security business	1,905,409	103.3
Solution business	899,956	160.1
Total	2,805,366	116.6

Furthermore, the sales results by major counterparties and the ratio of said sales results to the total sales results are as follows.

Counterparty	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)		FY2025 (Nov. 1, 2024 - Oct. 31, 2025)	
	Sales (Thousands of yen)	Ratio (%)	Sales (Thousands of yen)	Ratio (%)
KDDI CORPORATION	594,997	24.7	590,869	21.1
SoftBank Corp.	540,914	22.5	573,840	20.5
INVERSENET INC.	355,926	14.8	534,732	19.1
NTT DOCOMO, INC	493,583	20.5	498,000	17.8

(5) Analysis and examination of results of operations from a management perspective

(i) Significant accounting policies and estimates

Our financial statements are prepared in accordance with accounting standards that are generally accepted as fair and reasonable in Japan. The preparation of these financial statements requires management to make estimates that affect the selection and application of accounting policies, and the reported amounts and disclosure of assets, liabilities, revenue, and expenses. Although management reasonably estimates and accounts for these estimates in consideration of past financial results and current conditions, etc., actual results may differ from these estimates due to uncertainties inherent in estimates.

Among the accounting estimates and assumptions used in the preparation of the financial statements, the most important are stated in “V. Accounting Status, 1. Non-consolidated Financial Statements, etc., (1) Non-consolidated Financial Statements, Notes (Significant accounting-based estimates).”

(ii) Analysis of sources of share capital and liquidity of net cash

Our main working capital needs are expenses such as personnel expenses and communication expenses. The demand for net cash for investment purposes is due to infrastructure facilities such as servers, equipment, and security deposits associated with the relocation of an office.

Working capital comes from self-funding, and investment funds come from self-funding and long-term borrowings from financial institutions. Furthermore, the outstanding amount of borrowings at the end of the current fiscal year was 145,670 thousand yen. In addition, cash and cash equivalents at the end of the current fiscal year was 3,034,879 thousand yen, ensuring liquidity.

(iii) Management’s recognition of problems and future policies

See “II. Overview of Business, 1. Management Policy, Business Environment, Issues to Address, etc.”

(iv) Factors that have a significant impact on results of operations

See “II. Overview of Business, 3. Business Risks.”

(v) Recognition, analysis, and examination of results of operations

Results of operations for the current fiscal year are as stated in “(1) Results of operations”, and fiscal year 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.

Issues that we recognize to be addressed are as stated in “II. Overview of Business, 1. Management Policy, Business Environment, Issues to Address, etc.” In particular, we recognize that the launch of new and peripheral businesses is an issue because our security business is dependent on a business model centered on service operation that is incorporated into the option contracts of telecommunications carriers.

And so, we believe it important to have multiple business models and grow into a more robust organization for future development as a medium- to long-term business strategy. We will actively consider not only expanding our business fields based on the fraud and spam information database, but also developing new business models.

5. Material Contracts, etc.

(Contracts with telecommunications carriers for smartphones and feature telephone terminals)

Name of counterparty	Name of contract	Contract details	Contract period
SoftBank Corp.	Memorandum on License Fees	Provide a mechanism for using the fraudulent telephone call database	Apr. 1, 2017 - Mar. 31, 2018 (Automatically renews each year thereafter)
NTT DOCOMO, INC	Basic Service Provision Contract	Provide a mechanism for using the fraudulent telephone call database	Dec. 1, 2017 - Nov. 30, 2020 (Automatically renews each year thereafter)
KDDI CORPORATION	Software Sales Contract	Smartphone apps that utilize the fraudulent telephone call database and fraudulent e-mail database are provided through the au smart pass platform.	Apr. 15, 2019 - Mar. 31, 2020 (Automatically renews each year thereafter)

6. R&D Activities

Our R&D activities for the current fiscal year focused mainly on improving databases and the functions of existing services to accurately and efficiently prevent fraudulent information, and developing new services that use our fraud and spam information database. The total amount of research and development expenses we incurred in the current fiscal year was 39,605 thousand yen.

The R&D activities for each segment are as follows.

(Security business)

Research and development expenses in the security business for the current fiscal year were 21,399 thousand yen, and the results of main R&D are as follows:

- Functional improvements of services for mobile.
- R&D for a new service for phishing scam countermeasures.
- Functional improvements of the core database system.

(Solution business)

Research and development expenses in the solution business for the current fiscal year were 18,206 thousand yen, and the results of main R&D are as follows:

- R&D to improve functions and add new functions for our call management solution service that improves the operational efficiency of office telephones.
- Functional improvements of the core database system.

III. Status of Equipment and Facilities

1. Outline of Capital Expenditures, etc.

With regard to capital expenditures for the current fiscal year, we have continued to make capital expenditures for the purpose of strengthening production facilities and enhancing and strengthening R&D functions. In addition to investments in property, plant and equipment, investments in intangible assets are also included in the statements.

The total amount of capital expenditures for the current fiscal year was 134,203 thousand yen, and capital expenditures by segment are as follows.

(1) Security business

For the main capital expenditures for the current fiscal year, a total of 78,315 thousand yen was invested for the development of new functions for mobile phone filtering services and phishing scam countermeasure services, the reinforcement of service infrastructure, etc.

Furthermore, important equipment will not be removed or sold.

(2) Solution business

For the main capital expenditures for the current fiscal year, a total of 51,800 thousand yen was invested for the development of new functions for our call management solution service that improves the operational efficiency of office telephones, the reinforcement of service infrastructure, etc.

Furthermore, important equipment will not be removed or sold.

(3) Company-wide

For the main capital expenditures for the current fiscal year, a total of 4,087 thousand yen was invested centered on establishing internal systems.

Furthermore, important equipment will not be removed or sold.

2. Status of Main Equipment and Facilities

As of Oct. 31, 2025

Office name (Location)	Name of segment	Details of equipment and facilities	Book value (Thousands of yen)						Number of employees (Persons)
			Buildings and structures	Tools, furniture and fixtures	Software	Goodwill	Others	Total	
Head office (Nagoya, Aichi)	Security business Solution business Company- wide	Head office functions Production facility	273	8,536	145,351	60,412	3,651	218,225	79(19)
Tokyo office (Chiyoda-ku, Tokyo)	Company- wide	Office functions	7,972	3,026	-	-	-	10,998	35(1)
Datacenter Total of two locations	Security business Solution business Company- wide	Datacenter (external)	-	78,283	1,191	-	-	79,474	-

Notes: 1. There are no major facilities currently sitting idle.

2. "Others" in book value is the sum of patent rights, trademark rights, construction in progress, and patent rights, etc., in progress.

3. The building is partially rented. The annual rent is 53,784 thousand yen.

4. The number of employees is the number of employed persons, and the number of temporary employees (including contract employees, part-time workers, and temporary employees from human resources companies) is the average annual number of employees stated in parentheses.

3. Plan for New Installation, Removal, etc. of Facilities

Our capital expenditure plans are formulated in a comprehensive manner, taking into account future business development, operational efficiency, and strengthening management functions.

(1) New installations of major facilities, etc.

Office name (Location)	Name of segment	Details of equipment and facilities	Expected investment amount		Funding- raising method	Start date	Finish date Year / month	Capacity to be increased after completion
			Total amount (Thousands of yen)	Amount already paid (Thousands of yen)				
Head office (Nagoya, Aichi) Datacenter two locations	Security business	Software development, verification terminals, etc.	31,859	-	Self- funding	From Nov. 2025 onwards	Until Oct. 2026	(Note)
Head office (Nagoya, Aichi) Datacenter two locations	Solution business	Software development, server equipment, etc.	37,964	-	Self- funding	From Nov. 2025 onwards	Until Oct. 2026	(Note)
Head office (Nagoya, Aichi) Datacenter two locations	Company- wide	Office functions, infrastructure reinforcement facilities, server equipment, etc.	314,311	-	Self- funding	From Nov. 2025 onwards	Until Oct. 2026	(Note)

Note: Statements of the capacity to be increased after completion are omitted as it is difficult to quantify.

(2) Removal of major facilities, etc.

Not applicable.

IV. Status of the Submitting Company

1. Status of Shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of authorized shares (Shares)
Common shares	30,000,000
Total	30,000,000

(ii) Outstanding shares

Class	As of the end of the current fiscal year Outstanding (Shares) (Oct. 31, 2025)	As of the submission date Outstanding (Shares) (Jan. 26, 2026)	Stock exchange on which we are listed	Details
Common shares	10,644,000	10,644,000	Tokyo Stock Exchange (Standard market)	Shares have full voting rights and are our standard shares with no restrictions on the rights of shareholders. Furthermore, the number of shares per unit is 100 shares.
Total	10,644,000	10,644,000	-	-

Note: The number of outstanding shares as of the date of submission does not include the number of outstanding shares through the exercise of share acquisition rights from January 1, 2026 to the date of submission of this Annual Securities Report.

(2) Status of share acquisition rights, etc.

(i) Details of the stock option plan

We have adopted a stock option system based on share acquisition rights.

This system is based on the method of issuing share acquisition rights in accordance with the Companies Act.

The details of this system are as follows.

Date of resolution	Jan. 26, 2018 (5th Share Acquisition Rights)	Oct. 26, 2018 (6th Share Acquisition Rights)
Category and number of recipients (persons)	Directors of Tobila Systems: 2 Employees of Tobila Systems: 14	Directors of Tobila Systems: 1 Employees of Tobila Systems: 23
Number of share acquisition rights (units)*	115 (Note 1)	127 (Note 1)
Class, details, and number of shares subject to share acquisition rights (shares)*	Common shares: 34,500 (Notes 1, 5)	Common shares: 38,100 (Notes 1, 5)
Amount paid upon exercise of share acquisition rights (yen)*	147 (Notes 2, 5)	234 (Notes 2, 5)
Exercise period of share acquisition rights*	Feb. 15, 2020 - Jan. 25, 2028	Nov. 22, 2020 - Oct. 25, 2028
Issue price of shares and capitalization amount when shares are issued upon exercise of share acquisition rights (yen)*	Issue price: 147 Capitalization amount: 73.5 (Note 5)	Issue price: 234 Capitalization amount: 117 (Note 5)
Conditions for the exercise of share acquisition rights*	(Note 3)	
Matters concerning the transfer of share acquisition rights*	When acquiring share acquisition rights by transfer, approval of the Board of Directors is required.	
Matters concerning the issuance of share acquisition rights in connection with organizational restructuring*	(Note 4)	

* The contents as of the end of the current fiscal year (October 31, 2025) are stated. Furthermore, as of the end of the month before the submission date (December 31, 2025), there are no changes to these items.

Notes: 1. The number of shares eligible for each share acquisition right is 300 shares.

In the event that we conduct a share split or reverse share split of common shares after the allocation of share acquisition rights, the number of shares for the purpose shall be adjusted according to the following formula. However, such adjustment will only be made to the number of shares that are the subject of share acquisition rights that have not been exercised at the time, and any shares less than one share resulting from the adjustment will be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Split/merger ratio}$$

In addition, if we conduct a merger, company split, share exchange, or share transfer (hereinafter, collectively “merger, etc.”), conduct a gratuitous allotment of shares, or otherwise require an adjustment in the number of eligible shares as described above, we may adjust the number of eligible shares to a reasonable extent after taking into account the respective conditions.

2. If we issue new shares of our common shares or dispose of treasury share at a price lower than the market value after the date of allotment of share acquisition rights (excluding when issuing common shares or disposing of treasury shares by exercising share acquisition rights, or when issuing common shares or disposing of treasury shares due to converting class of shares), the exercise price will be adjusted using the following formula, and any fractions less than one yen resulting from the adjustment will be rounded up. Furthermore, in following formula, the “number of shares already outstanding” shall be the number obtained by subtracting the number of treasury shares held by us from the initial total number of outstanding shares.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already outstanding} + \frac{\text{Number of shares to be issued} \times \text{Amount paid per share}}{\text{Market value before issuance of shares}}}{\text{Number of shares already outstanding} + \text{Number of shares to be issued}}$$

In addition, if we conduct a share split or reverse share split on or after the date of allotment, the exercise price will be adjusted using the following formula, and any fractions less than one yen resulting from the adjustment will be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Split/merger ratio}}$$

Furthermore, if we merge with another company on or after the allotment date, conduct a gratuitous allotment of shares, or any other event that requires an adjustment of the exercise price in accordance with these cases, the exercise price shall be adjusted within a reasonable range after taking into consideration the respective conditions.

3. Conditions for the exercise of share acquisition rights
 - (i) Persons who were a Director, Corporate Auditor, or employee (including seconded employee) of Tobila Systems or its subsidiaries when share acquisition rights were issued must be an officer or employee of Tobila Systems, its subsidiary, or an associate of Tobila Systems when exercising share acquisition rights. However, this does not apply to persons who our Board of Directors has approved to exercise share acquisition rights in particular. Furthermore, if a person who has been assigned share acquisition rights (hereinafter, “share acquisition rights holder”) falls under any of the following reasons, he/she may not exercise the share acquisition rights thereafter.
 - a) In the event that a Director, Corporate Auditor, or employee becomes a Director, Corporate Auditor, employee, advisor, contractor, consultant, etc., of a company that competes with us, or commits an act that is hostile to us or harms our interests. However, this does not apply to persons who our Board of Directors has approved to exercise share acquisition rights in particular.
 - (ii) In the event of the death of the share acquisition rights holder, his or her heirs may not exercise the rights.
 - (iii) The share acquisition rights holder may only exercise rights if our share certificates are listed on any financial instruments exchange in Japan.
4. If we conduct a merger (limited to cases when we disappear due to the merger.), absorption-type split, incorporation-type company split, share exchange, or share transfer (the above hereinafter collectively, “organizational restructuring actions”), for share acquisition rights holders of share acquisition rights remaining at the time of the effective date of the organizational restructuring actions, in each case, share acquisition rights of share companies listed in Article 236, Paragraph 1, Item 8, A to E of the Companies Act (hereinafter, “companies subject to restructuring”) will be issued based on the following conditions. Share acquisition rights shall be terminated in these cases. However, this is limited to cases where the absorption-type merger contract, incorporation-type merger contract, absorption-type split contract, incorporation-type split plan, share exchange contract, or share transfer plan stipulates that share acquisition rights of the companies subject to restructuring will be issued in accordance with the following conditions.
 - (i) Number of share acquisition rights of companies subject to restructuring to be issued
We will issue a number equal to the number of share acquisition rights held by the share acquisition rights holders remaining at the time of the effective date of the organizational restructuring actions.
 - (ii) The class of shares of the companies subject to restructuring for which the share acquisition rights are intended
Common shares of the companies subject to restructuring.
 - (iii) The number of shares of the companies subject to restructuring for which the share acquisition rights are intended
The decision shall be made in accordance with 1 above, taking into consideration the conditions of the organizational restructuring actions.
 - (iv) Amount of assets to be contributed upon exercise of the share acquisition rights
The value of the assets invested in the exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the adjusted exercise price after the restructuring by the number of shares for which the share acquisition rights are intended, taking into consideration the conditions of the organizational restructuring actions, etc.
 - (v) Period during which the share acquisition rights may be exercised
The date of commencement of the period during which the share acquisition rights can be exercised or the effective date of the organizational restructuring actions, whichever is later, to the expiration date of the period during which the share acquisition rights can be exercised.
5. Share splits were conducted on January 16, 2019 at a rate of 100 shares per share, and on October 11, 2019, at a rate of three shares per share. In the above table, the details of “Class, details, and number of shares subject to share acquisition rights (shares),” “Amount paid upon exercise of share acquisition rights (yen),” and “Issue price of shares and capitalization amount when shares are issued upon exercise of share acquisition rights (yen)” are stated after adjustment.

(ii) Details of the rights plan

Not applicable.

(iii) Status of other share acquisition rights, etc.

Not applicable.

(3) Status of exercises of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of outstanding shares and share capital, etc.

Date	Changes in the total number of outstanding shares (Shares)	Balance of the total number of outstanding shares (Shares)	Changes in share capital (Thousands of yen)	Balance of share capital (Thousands of yen)	Changes in legal capital surplus (Thousands of yen)	Balance of legal capital surplus (Thousands of yen)
Nov. 1, 2020 - Oct. 31, 2021 (Note)	Common shares 94,500	Common shares 10,479,900	10,430	315,391	10,430	279,691
Nov. 1, 2021 - Oct. 31, 2022 (Note)	Common shares 143,700	Common shares 10,623,600	16,525	331,917	16,525	296,217
Nov. 1, 2022 - Oct. 31, 2023 (Note)	Common shares 6,000	Common shares 10,629,600	441	332,358	441	296,658
Nov. 1, 2023 - Oct. 31, 2024 (Note)	Common shares 6,000	Common shares 10,635,600	571	332,929	571	297,229
Nov. 1, 2024 - Oct. 31, 2025 (Note)	Common shares 8,400	Common shares 10,644,000	852	333,782	852	298,082

Note: This is an increase due to the exercise of share acquisition rights as stock options.

(5) Status by type of shareholder

As of Oct. 31, 2025

Classification	Status of shares (the number of shares per unit: 100 shares)							Status of odd-lot shares (Shares)	
	Government and local governments	Domestic financial institutions	Financial instruments business operators	Other domestic corporations	Foreign corporations, etc.		Individuals and others		Total
					Other than individuals	Individuals			
Number of shareholders (persons)	-	5	25	31	33	23	4,832	4,949	-
Number of shares held (units)	-	7,645	2,492	2,449	16,803	136	76,833	106,358	8,200
Percentage of shares held (%)	-	7.18	2.34	2.30	15.7	0.12	72.2	100.00	-

Note: 542,750 shares of treasury shares are included as 5,427 units in the item "Individuals and others" and as 50 shares in the "Status of odd-lot shares."

(6) Status of major shareholders

As of Oct. 31, 2025

Name	Address	Number of shares held (Shares)	Percentage of the number of shares held in the total number of outstanding shares issued (excluding treasury stock) (%)
Atsushi Akita	Higashi-ku, Nagoya, Aichi, Japan	4,609,600	45.63
INTERACTIVE BROKERS LLC (Standing proxy: Interactive Brokers Securities Japan Inc.)	ONE PICKWICK PLAZA GREENWICH, CONNECTICUT 06830 USA (3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo, Japan)	785,900	7.78
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	637,900	6.31
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing proxy: MUFG Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NEW YORK 10286, U.S.A. (1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan)	336,181	3.32
Ishiyu Y.K.	1-5-13 Jigyohama, Chuo-ku, Fukuoka-shi, Fukuoka, Japan	175,900	1.74
THE BANK OF NEW YORK MELLON 140042 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo, Japan)	160,200	1.58
Keiichiro Kinoshita	Chiyoda-ku, Tokyo, Japan	133,000	1.31
SBI SECURITIES Co., Ltd.	1-6-1 Roppongi, Minato-ku, Tokyo, Japan	88,039	0.87
Tsubasa Sakakura	Ota-ku, Tokyo, Japan	85,600	0.84
Rakuten Securities, Inc. (Shared account)	2-6-21 Minamiaoyama, Minato-ku, Tokyo, Japan	78,800	0.78
Total	-	7,091,120	70.20

In addition to the above, we hold 542,750 shares of treasury shares.

(7) Status of voting rights

(i) Outstanding Shares

As of Oct. 31, 2025

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common shares 542,700	-	-
Shares with full voting rights (others)	Common shares 10,093,100	100,931	Shares are our standard shares with no restrictions on the rights, and the number of shares per unit is 100 shares.
Odd-lot shares	8,200	-	-
Total number of outstanding shares	10,644,000	-	-
Total voting rights held by shareholders	-	100,931	-

Note: 50 shares of treasury shares are included in "Odd-lot shares."

(ii) Treasury shares, etc.

As of Oct. 31, 2025

Name of shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total number of shares held (Shares)	Percentage of the number of shares held in the total number of outstanding shares (%)
Tobila Systems Inc.	2-5-12, Nishiki, Naka-ku, Nagoya, Aichi, Japan	542,700	-	542,700	5.09
Total	-	542,700	-	542,700	5.09

Note: Other than the above, we hold 50 shares of treasury shares of less than one unit.

2. Status of Repurchased Treasury Shares, etc.

Class of shares, etc. Repurchased common shares that fall under Article 155, Item 3 of the Companies Act and Article 155, Item 13 of the Companies Act.

(1) Status of repurchase at the general meeting of shareholders

Not applicable.

(2) Status of repurchase by resolution of the Board of Directors

Classification	Number of shares (Shares)	Total value (Thousands of yen)
Status of resolutions at the Board of Directors Meeting (Dec. 10, 2024) (Date of repurchase: Dec. 11, 2024 - Mar. 5, 2025)	500,000	400,000
Repurchased treasury shares before the current fiscal year	-	-
Repurchased treasury shares during the current fiscal year	352,800	290,838
Total number and total value of the remaining resolution shares	147,200	109,162
Percentage of non-exercise as of the end of the current fiscal year (%)	29.4	27.3
Repurchased treasury shares during the current period	-	-
Percentage of non-exercise as of the date of submission (%)	29.4	27.3

Note: The method of repurchase is market purchase on the Tokyo Stock Exchange.

(3) Details of the repurchase not based on resolution of the General Meeting of Shareholders or the Board of Directors

Classification	Number of shares (Shares)	Total value (Thousands of yen)
Repurchased treasury shares during the current fiscal year	5,100	-
Repurchased treasury shares during the current period	1,600	-

- Notes: 1. The number of treasury shares repurchased in the current fiscal year is due to gratuitous acquisitions associated with the retirement of employees subject to the restricted stock income plan, etc.
2. The number of treasury shares repurchased in the current period is due to gratuitous acquisitions associated with the retirement of employees subject to the restricted stock income plan, etc.
3. Repurchased treasury shares during the current period does not include the number of shares acquired through the purchase of odd-lot shares from January 1, 2026 to the date of submission of the Annual Securities Report.

(4) Status of the disposition and holding of repurchased treasury shares

Classification	Current fiscal year		Current period	
	Number of shares (Shares)	Total amount of disposal value (Thousands of yen)	Number of shares (Shares)	Total amount of disposal value (Thousands of yen)
Repurchased treasury shares for which subscribers were solicited	-	-	-	-
Repurchased treasury shares disposed of for retirement	-	-	-	-
Repurchased treasury shares transferred in connection with a merger, share exchange, share issuance, or company split	-	-	-	-
Others (treasury shares disposed of under the restricted stock income plan)	32,600	29,610	-	-
Number of treasury shares held	542,750	-	544,350	-

Note: The number of treasury shares held during the current period does not include the number of shares acquired through the purchase of odd-lot shares from January 1, 2026 to the date of submission of the Annual Securities Report.

3. Dividend Policy

We have positioned the return of profits to shareholders as one of the most important management issues, and have adopted a basic policy of a dividend payout ratio of 35%, taking into consideration the strengthening of financial position and the enhancement of internal reserves necessary for active business development. In addition, during the period of the Medium-Term Management Plan, we have set a minimum dividend per share of 20.00 yen.

Based on the above basic policy and our financial results for the fiscal year ended October 31, 2025, we have decided to pay dividends of surplus for the current fiscal year at 21.30 yen per share.

Regarding the use of internal reserves, we will invest them in preparation for future business expansion and active investment in growth services.

Furthermore, when paying dividends of surplus, our basic policy is to pay year-end dividends once a year, and the decision-making organization for dividends is the Board of Directors. In addition, our Articles of Incorporation provide that an interim dividend may be paid by resolution of the Board of Directors.

Note: Dividends of surplus whose record date belongs to the current fiscal year are as follows.

Date of resolution	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)
Resolution of the Board of Directors on Dec. 10, 2025	215,156	21.30

4. Status of Corporate Governance, etc.

(1) Outline of corporate governance

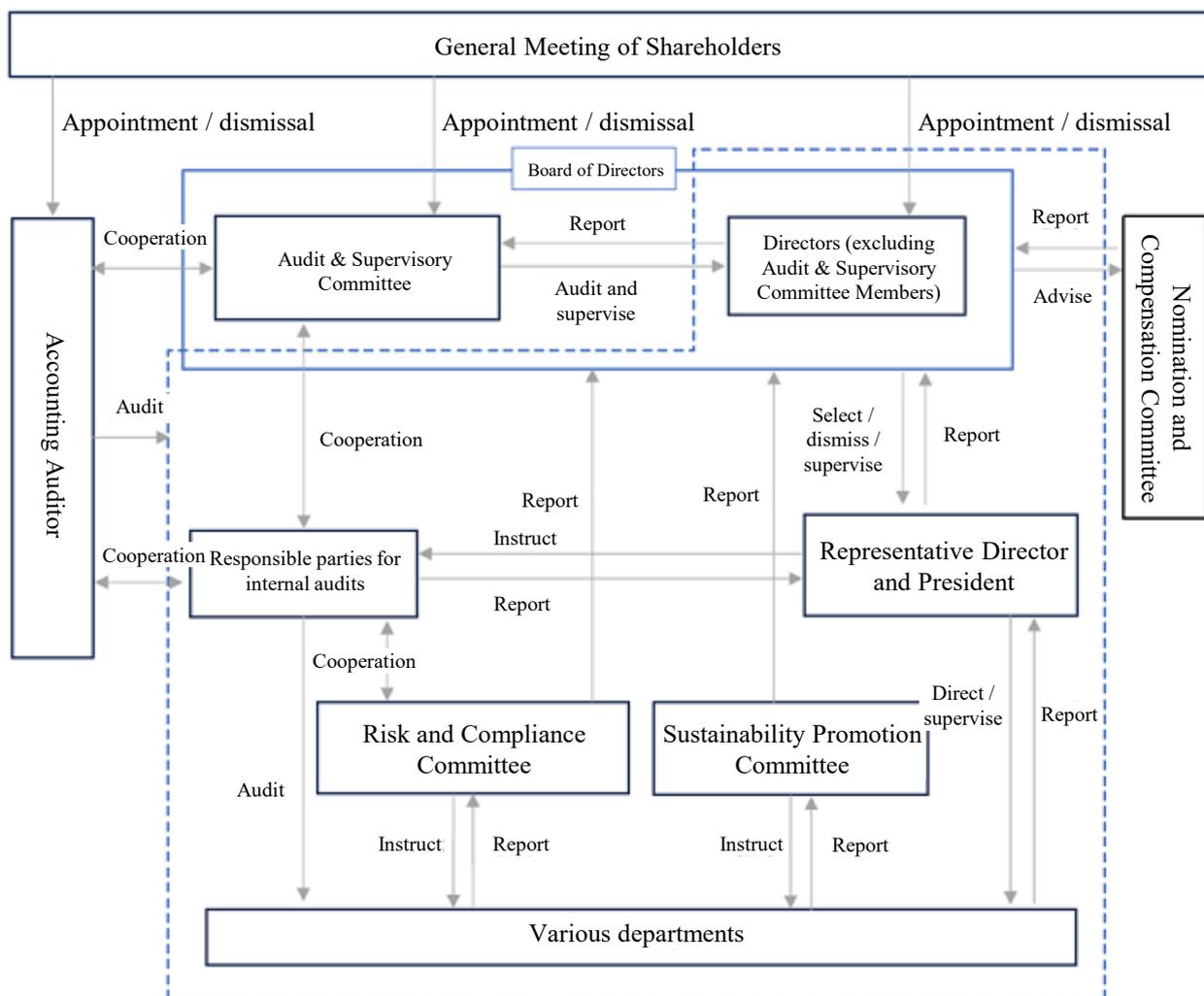
(i) Basic views on corporate governance

We recognize that establishing corporate governance is indispensable in order to continuously expand revenue, enhance corporate value, and maximize earnings of stakeholders such as shareholders, users, business partners, and employees through providing services that contribute to society.

Specifically, we believe that it is important to develop an effective internal control system, develop an appropriate risk management system, strengthen the compliance system, along with strengthening a system that can appropriately audit these systems.

(ii) Corporate governance system

We have established the Board of Directors, the Audit & Supervisory Committee, and the Accounting Auditor as corporate organizations, and have also established an Executive Officer system. In addition, we conduct considerations on particularly important matters such as nomination and compensation through establishing the Nomination and Compensation Committee, comprised of independent Outside Directors under the Board of Directors. As of January 26, 2026 (the date of submission of the Annual Securities Report), the details of our corporate governance system and each organization, etc. are as follows.



a. The Board of Directors

Our Board of Directors is comprised of six Directors (of which, three Outside Directors), and regular Board of Directors meetings are held once a month in principle, where all important matters are discussed, and the status of financial results, countermeasures, and measures to address medium-term management issues are considered. If an issue arises that requires prompt decision-making, an extraordinary Board of Directors meeting will be held, and business decisions will be made after sufficient discussions.

Furthermore, the titles and names of the members comprising the Board of Directors are as follows.

Chairperson: Atsushi Akita, Representative Director and President

Members: Haruo Matsubara and Norimasa Kanemachi, Directors (excluding those who are Audit & Supervisory Committee Members)

Hisashi Tanaami, Akemitsu Nakahama, and Tomoyuki Matsui, Directors who are Audit & Supervisory Committee Members

b. Audit & Supervisory Committee

The Audit & Supervisory Committee is comprised of three highly independent Outside Directors, and in addition to holding meetings once a month in principle, extraordinary Audit & Supervisory Committee meetings will be held, as necessary. Audit & Supervisory Committee Members will, through attending important meetings, exchanging opinions with the Representative Director and President, Directors who are not Audit & Supervisory Committee Members, and managerial employees, and reading important documents, will conduct strict audits of the status of execution of Directors' duties based on Audit & Supervisory Committee regulations and audit plans established by the Audit & Supervisory Committee.

In addition, Audit & Supervisory Committee Members strive to secure the effectiveness of audits through regular sharing of information with the Accounting Auditor and the responsible parties for internal audits, grasping audit plans of the Accounting Auditor, and grasping the status of internal audits.

Furthermore, the titles and names of the members comprising the Audit & Supervisory Committee are as follows.

Chairperson: Hisashi Tanaami

Members: Akemitsu Nakahama and Tomoyuki Matsui

c. Nomination and Compensation Committee

We have established the Nomination and Compensation Committee, comprised of three Outside Directors who are Audit & Supervisory Committee Members, as voluntary advisory bodies to our Board of Directors, and hold meetings once a year in principle, and as necessary. The Nomination and Compensation Committee deliberates on the following matters in response to consultations from the Board of Directors, and submits a report to the Board of Directors.

- Matters concerning selection policy and plan design of Directors
- Matters concerning the election and removal of Directors to be submitted to the General Meeting of Shareholders
- Matters concerning the election and dismissal of executive officers
- Matters concerning the operation of the succession plan
- Matters concerning policy for compensation of officers and plan design
- Matters concerning the limit to the amount of compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) (Matters resolved at the General Meeting of Shareholders)
- Matters concerning the amount of compensation for individual Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Matters concerning the operation of the officer's compensation plan
- Other important matters concerning the nomination and compensation of Directors, which are deemed necessary by the Board of Directors

Furthermore, the titles and names of the members comprising the Nomination and Compensation Committee are as follows.

Chairperson: Hisashi Tanaami

Members: Akemitsu Nakahama and Tomoyuki Matsui

d. Accounting Auditor

We conduct appropriate audits in a timely manner by entering into an audit contract with BDO Sanyu & Co.

e. Executive Officer system

We have introduced an Executive Officer system aiming to strengthen the decision-making function and supervisory function of the Board of Directors and to make business execution more efficient. Executive Officers are elected by the Board of Directors, and in addition to attending important meetings, they make decisions and execute business for the business they are in charge of, which are established by the resolution of the Board of Directors.

As proposals (matters to be resolved) for our Annual General Meeting of Shareholders scheduled to be held on January 28, 2026, we propose “Election of Four (4) Directors (excluding Directors who are Audit & Supervisory Committee Members)” and “Election of Three (3) Directors who are Audit & Supervisory Committee Members.” If these proposals are approved, the number of our Directors will be seven (including four Outside Directors). In addition, as matters to be resolved at the meeting of the Board of Directors scheduled to be held immediately after the Annual General Meeting of Shareholders, “Election of Executive Officers” and “Election of Nomination and Compensation Committee Members” are scheduled to be submitted. The members of the Board of Directors, the members of the Audit & Supervisory Committee, and the Executive Officers in the event that these matters are approved are as set forth in “(2) Status of Officers, (i) b.” below, and the members of the Nomination and Compensation Committee will be Hisashi Tanaami, Yoji Sugata, Akihiko Yagishita, and Kohei Kato.

(iii) Status of establishing an internal control system

We have established the “Basic policy for establishing an internal control system” through the resolution of the Board of Directors, and based on this policy, secures a system whereby the internal control system functions effectively, aiming to establish various internal regulations, etc., alongside thorough compliance with regulations. In addition, to secure the effective function of the internal control system, internal audits are conducted by the responsible parties for internal audits.

(iv) Number of Directors

The Articles of Incorporation stipulate that our Directors who are not Audit & Supervisory Committee Members are five or less, and Directors who are Audit & Supervisory Committee Members are four or less.

(v) Requirements for resolution on election of Directors

For resolution on the election of Directors, we stipulate in the Articles of Incorporation that at the General Meeting of Shareholders, Directors are classified as Directors who are Audit & Supervisory Committee Members and those who are not and shall be elected by a majority of the voting rights of the shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. In addition, the Articles of Incorporation stipulate that the resolution on election shall not be based on cumulative voting.

(vi) Decision-making organization for dividends of surplus, etc.

For matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, we stipulate in the Articles of Organization that they may be determined by resolution of the Board of Directors, except as otherwise provided by laws and regulations. This is to enable the flexible return of profits to shareholders.

(vii) Interim dividend

The Articles of Incorporation stipulate that we may pay an interim dividend by resolution of the Board of Directors with April 30 of every year as the record date pursuant to Article 454, Paragraph 5 of the Companies Act. This is to enable the flexible return of profits to shareholders.

(viii) Requirements for special resolutions at the General Meeting of Shareholders

Our Articles of Incorporation stipulate that the requirements for special resolutions at the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be met by two-thirds or more of the voting rights of the shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The purpose of this is to ensure the smooth operation of the General Meeting of Shareholders Meeting by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

(ix) Exemption from liability of Directors

Pursuant to Article 426, Paragraph 1 of the Companies Act, our Articles of Incorporation stipulate that a resolution of the Board of Directors may exempt Directors (including persons who were Directors) from liability for acts set forth in Article 423, Paragraph 1 of the Companies Act to the extent permitted by laws and regulations. The purpose is to establish an environment in which Directors can fully demonstrate their abilities and fulfill their expected roles in the performance of their duties.

(x) Outline of details of agreements to limit liability

We have entered into agreements with Directors who are Audit & Supervisory Members Mr. Hisashi Tanaami, Mr. Akemitsu Nakahama, and Mr. Tomoyuki Matsui to limit their liability to the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act arising out of the performance of his duties in good faith and without gross negligence.

(xi) Outline of details of directors' and officers' liability insurance policy

We have entered into a directors' and officers' liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act, and those insured under the policy are Directors, Executive Officers, and managerial employees appointed as important employees of Tobila Systems. The insured shall be covered for legal damages and litigation expenses incurred by the insured as a result of a claim for damages arising out of the performance (including omission) of his or her duties. However, claims for damages arising from illegal acts, willful misconduct or gross negligence will not be covered.

The insurance premiums are fully borne by Tobila Systems.

(xii) Activities of the Board of Directors and the Nomination and Compensation Committee

a. Status of Board of Directors' activities

We held 17 Board of Directors meetings in the current fiscal year, and individual attendance is as follows.

Name	Meetings held	Attendance at meetings
Atsushi Akita	17 times	17 times
Haruo Matsubara	17 times	17 times
Norimasa Kanemachi	17 times	17 times
Hisashi Tanaami	17 times	17 times
Akemitsu Nakahama	17 times	17 times
Tomoyuki Matsui	17 times	17 times

Specific details of consideration by the Board of Directors during the current fiscal year include management strategies, business strategies, and M&A projects.

b. Nomination and Compensation Committee

We held four Nomination and Compensation Committee meetings in the current fiscal year, and individual attendance is as follows.

Name	Meetings held	Attendance at meetings
Hisashi Tanaami	4 times	4 times
Akemitsu Nakahama	4 times	4 times
Tomoyuki Matsui	4 times	4 times

Specific details of consideration of the Nomination and Compensation Committee for the current fiscal year are the election of Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officer candidates, and the Officer compensation plan, limit amount, compensation of officer compensation, etc.

(2) Status of Officers

(i) List of officers

a. As of January 26, 2026 (the date of submission of the Annual Securities Report), the status of our officers are as follows.

Six males, zero females (Percentage of females: -%)

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held
Representative Director and President	Atsushi Akita	December 28, 1980	December 2006	Established A&A tecnologia Inc. (currently the Company) Representative Director and President of the Company (current position)	(Note 3)	4,616,930
Director	Haruo Matsubara	September 3, 1977	April 2000 December 2003 April 2007 May 2018 June 2020 January 2022	Joined Tokyo Computer Service Co., Ltd. Joined Daiichi-Consultants Co., Ltd. Joined VISOR INC. Joined the Company Executive Officer and General Manager of Technology Department Director and General Manager of Technology Department (current position)	(Note 3)	11,345
Director	Norimasa Kanemachi	April 26, 1983	March 2007 April 2014 April 2021 November 2021 June 2022 January 2023 January 2024 November 2024 April 2025	Joined the Air Self-Defense Force of the Ministry of Defense Joined Deloitte Touche Tohmatsu LLC Joined the Company General Manager of Administration Department and Manager of General Affairs Division General Manager of Administration Department Executive Officer, CFO, and General Manager of Administration Department Director and CFO, General Manager of Administration Department Director and CFO, General Manager of Corporate Planning & President's Office and General Manager of Administration Department Director and CFO, General Manager of Corporate Planning & President's Office (current position)	(Note 3)	22,702
Director (Audit & Supervisory Committee Member)	Hisashi Tanaami	September 11, 1954	April 1978 February 2001 June 2002 February 2004 June 2005 June 2005 June 2007 June 2007 April 2008 February 2011 June 2013 April 2017 December 2019 January 2020 April 2020 June 2021 June 2023	Joined Chiyoda Mutual Life Insurance Company (currently The Gibraltar Life Insurance Co., Ltd.) Joined Matsui Securities Co., Ltd. Director of Matsui Securities Co., Ltd. Managing Director of Matsui Securities Co., Ltd. Statutory Auditor of Monex Beans, Inc. (currently Monex, Inc.) Full-time Statutory Auditor of Monex Beans Holdings, Inc. (currently Monex Group, Inc.) Member of the Board of Monex, Inc. Member of the Board of Monex Group, Inc. Lecturer of Hosei University Representative Director and Vice President of Monex, Inc. Executive Officer of Monex Group, Inc. Director and Vice Chairman of Monex, Inc. Statutory Auditor of Japan Catalyst, Inc. (current position) Outside Director (Audit & Supervisory Committee Member) of the Company (current position) Outside Director (Audit & Supervisory Committee Member) of A.D. Works Group Co., Ltd. (current position) Part-time Director (External Director) of Japan International Human capital Development Organization (current position) Statutory Auditor of Monex Asset Management, Inc. (current position)	(Note 4)	2,440

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held
Director (Audit & Supervisory Committee Member)	Akemitsu Nakahama	November 5, 1948	April 1971 September 1974 June 1982 January 2014 January 2016 January 2018 August 2020	Joined Marunouchi & Co. (currently Deloitte Touche Tohmatsu LLC) Registered as a certified public accountant Partner of Marunouchi & Co. Established Akemitsu Nakahama Certified Public Accountant Office (current position) Outside Corporate Auditor of the Company Outside Director (Audit & Supervisory Committee Member) of the Company (current position) Outside Director (Audit & Supervisory Committee Member) of MITACHI CO., LTD. (current position)	(Note 4)	2,440
Director (Audit & Supervisory Committee Member)	Tomoyuki Matsui	February 20, 1983	September 2011 January 2017 December 2017 January 2018 September 2021	Registered as an attorney Joined Haruma & Noguchi Law Office (currently and LEGAL Professional Corporation) Outside Director of the Company Outside Auditor of Arr Planner Co., Ltd. (current position) Outside Director (Audit & Supervisory Committee Member) of the Company (current position) LPC Partner of Miura & Partners (current position)	(Note 4)	2,440
Total						4,658,297

Notes: 1. Directors Hisashi Tanaami, Akemitsu Nakahama, and Tomoyuki Matsui are Outside Directors.

2. The structure of our Audit & Supervisory Committee is as follows.

Chairperson: Hisashi Tanaami, Members: Akemitsu Nakahama and Tomoyuki Matsui

3. The terms of office of Directors (excluding Directors who are Audit & Supervisory Committee Members) is from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended October 31, 2024 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended October 31, 2025.
4. The terms of office of Directors who are Audit & Supervisory Committee Members is from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended October 31, 2023 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended October 31, 2025.
5. The number of shares held includes shares held in the names of the Officers Shareholding Association and the Employees Shareholding Association as of October 31, 2025.
6. We have introduced an Executive Officer system aiming to strengthen the decision-making function and supervisory function of the Board of Directors and to make business execution more efficient. The names and responsibilities of Executive Officers are as follows.

Position	Name	Responsibilities
Executive Officer	Tomoyasu Fujii	CTO
Executive Officer	Haruka Ohta	Manager of Product Development Office
Executive Officer	Tsubasa Sakakura	General Manager of Sales Planning Department

7. To prepare for the event that the number of Directors who are Audit & Supervisory Committee Members falls below the number required by laws and regulations, we have elected one substitute Director who is an Audit & Supervisory Committee Member pursuant to Article 329, Paragraph 3 of the Companies Act. The name, etc. of the substitute Director who is an Audit & Supervisory Committee Member are as follows.

Name	Date of birth	Career summary		Number of shares held
Yuichi Sasaki	March 24, 1972	October 1999 June 2003 July 2007 January 2020 June 2022	Joined Ito Accounting Office Registered as a certified public accountant Joined KPMG AZSA LLC Director of Yuichi Sasaki Certified Public Accountant Office (current position) Outside Director (Audit & Supervisory Committee Member) of NIHON DECOLUXE CO., LTD. (current position)	-

- b. As proposals (matters to be resolved) for our Annual General Meeting of Shareholders scheduled to be held on January 28, 2026, we propose “Election of Four (4) Directors (excluding Directors who are Audit & Supervisory Committee Members),” “Election of Three (3) Directors who are Audit & Supervisory Committee Members,” and “Election of a Substitute Director who is an Audit & Supervisory Committee Member.” If these proposals are approved, the status of our officers are scheduled to be as follows. The titles, etc. of officers are presented to include the content (titles, etc.) of the matters to be resolved at the meeting of the Board of Directors scheduled to be held immediately after the Annual General Meeting of Shareholders.

Seven males, zero females (Percentage of females: -%)

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held
Representative Director and President	Atsushi Akita	December 28, 1980	December 2006	Established A&A tecnologia Inc. (currently the Company) Representative Director and President of the Company (current position)	(Note 3)	4,616,930
Director	Haruo Matsubara	September 3, 1977	April 2000 December 2003 April 2007 May 2018 June 2020 January 2022	Joined Tokyo Computer Service Co., Ltd. Joined Daiichi-Consultants Co., Ltd. Joined VISOR INC. Joined the Company Executive Officer and General Manager of Technology Department Director and General Manager of Technology Department (current position)	(Note 3)	11,345
Director	Norimasa Kanemachi	April 26, 1983	March 2007 April 2014 April 2021 November 2021 June 2022 January 2023 January 2024 November 2024 April 2025	Joined the Air Self-Defense Force of the Ministry of Defense Joined Deloitte Touche Tohmatsu LLC Joined the Company General Manager of Administration Department and Manager of General Affairs Division General Manager of Administration Department Executive Officer, CFO, and General Manager of Administration Department Director and CFO, General Manager of Administration Department Director and CFO, General Manager of Corporate Planning & President's Office and General Manager of Administration Department Director and CFO, General Manager of Corporate Planning & President's Office (current position)	(Note 3)	22,702
Director	Yoji Sugata	January 27, 1977	February 2002 February 2005 January 2009 October 2009 September 2014 March 2019 January 2026	Joined Tajima Reform Co., Ltd. (currently TJM Design Corp.) Joined Nippon Parking Development Co., Ltd. Joined Works Media Co., Ltd. President and Representative Director of AZoom Co., Ltd. (current position) Representative Director of PANORAMA Inc. (current position) Director of CGworks Co., Ltd. (current position) Outside Director of the Company (current position)	(Note 3)	-

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held
Director (Audit & Supervisory Committee Member)	Hisashi Tanaami	September 11, 1954	April 1978 February 2001 June 2002 February 2004 June 2005 June 2005 June 2007 June 2007 April 2008 February 2011 June 2013 April 2017 December 2019 January 2020 April 2020 June 2021 June 2023	Joined Chiyoda Mutual Life Insurance Company (currently The Gibraltar Life Insurance Co., Ltd.) Joined Matsui Securities Co., Ltd. Director of Matsui Securities Co., Ltd. Managing Director of Matsui Securities Co., Ltd. Statutory Auditor of Monex Beans, Inc. (currently Monex, Inc.) Full-time Statutory Auditor of Monex Beans Holdings, Inc. (currently Monex Group, Inc.) Member of the Board of Monex, Inc. Member of the Board of Monex Group, Inc. Lecturer of Hosei University Representative Director and Vice President of Monex, Inc. Executive Officer of Monex Group, Inc. Director and Vice Chairman of Monex, Inc. Statutory Auditor of Japan Catalyst, Inc. (current position) Outside Director (Audit & Supervisory Committee Member) of the Company (current position) Outside Director (Audit & Supervisory Committee Member) of A.D. Works Group Co., Ltd. (current position) Part-time Director (External Director) of Japan International Human capital Development Organization (current position) Statutory Auditor of Monex Asset Management, Inc. (current position)	(Note 4)	2,440
Director (Audit & Supervisory Committee Member)	Akihiko Yagishita	April 20, 1969	April 1994 January 2002 December 2010 January 2011 January 2016 January 2026	Joined Mitsubishi Chemical Corporation Registered as a patent attorney Registered as an attorney Joined Uchida & Samejima Law Firm (currently Uchida & Samejima Law Firm, Legal Professional Corporation) Partner of Uchida & Samejima Law Firm, Legal Professional Corporation (current position) Outside Director (Audit & Supervisory Committee Member) of the Company (current position)	(Note 4)	-
Director (Audit & Supervisory Committee Member)	Kohei Kato	July 30, 1973	October 1995 April 1999 July 2009 July 2024 January 2026	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) Registered as a certified public accountant Partner of Deloitte Touche Tohmatsu LLC Director of Kohei Kato, Certified Public Accountant Office; Certified Public Accountant (current position) Outside Director (Audit & Supervisory Committee Member) of the Company (current position)	(Note 4)	-
Total						4,653,417

- Notes: 1. Directors Yoji Sugata, Hisashi Tanaami, Akihiko Yagishita, and Kohei Kato are Outside Directors.
2. The structure of our Audit & Supervisory Committee is as follows.
Chairperson: Hisashi Tanaami, Members: Akihiko Yagishita and Kohei Kato
3. The terms of office of Directors (excluding Directors who are Audit & Supervisory Committee Members) is from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended October 31, 2025 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending October 31, 2026.
4. The terms of office of Directors who are Audit & Supervisory Committee Members is from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended October 31, 2025 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending October 31, 2027.
5. The number of shares held includes shares held in the names of the Officers Shareholding Association and the Employees Shareholding Association as of October 31, 2025.

6. We have introduced an Executive Officer system aiming to strengthen the decision-making function and supervisory function of the Board of Directors and to make business execution more efficient. The names and responsibilities of Executive Officers are as follows.

Position	Name	Responsibilities
Executive Officer	Tomoyasu Fujii	CTO
Executive Officer	Haruka Ohta	Manager of Product Development Office
Executive Officer	Tsubasa Sakakura	General Manager of Sales Planning Department
Executive Officer	Aogu Fujii	Manager of Planning Coordination Office

7. To prepare for the event that the number of Directors who are Audit & Supervisory Committee Members falls below the number required by laws and regulations, we have elected one substitute Director who is an Audit & Supervisory Committee Member pursuant to Article 329, Paragraph 3 of the Companies Act. The name, etc. of the substitute Director who is an Audit & Supervisory Committee Member are as follows.

Name	Date of birth	Career summary		Number of shares held
Yurina Yamashita	December 17, 1989	December 2016 May 2018 June 2024 April 2025	Registered as an attorney Joined Haruma & Noguchi Law Office (currently and LEGAL Professional Corporation) Joined B&P Law Firm (current position) Part-time lecturer (civil law) of Aichi University Law School (current position)	-

(ii) Status of Outside Directors

- a. As of January 26, 2026 (the date of submission of the Annual Securities Report), there are three Outside Directors who are Audit & Supervisory Committee Members.

Outside Director who is an Audit & Supervisory Committee Member Hisashi Tanaami has abundant experience and deep insight in corporate management. Based on this, we have determined him suitable as an Outside Director as we believe he will conduct external objective and neutral management monitoring functions.

Outside Director who is an Audit & Supervisory Committee Member Akemitsu Nakahama has served as an Outside Director of multiple listed companies and has considerable knowledge of finance, accounting, and corporate management. Based on this, we have determined him suitable as an Outside Director as we believe he will conduct external objective and neutral management monitoring functions.

Outside Director who is an Audit & Supervisory Committee Member Tomoyuki Matsui has qualifications as an attorney and has highly specialized knowledge and a wide range of opinions. Based on this, we have determined him suitable as an Outside Director as we believe he will conduct external objective and neutral management monitoring functions.

As stated above, each of the Outside Directors who are Audit & Supervisory Committee Members has specialized knowledge, audits and supervises overall management objectively and neutrally from a specialized perspective and from the perspective of a third party, and plays an important role as supervisory functions and checking functions for our management.

In addition, although we have not established basic policy for independence to elect Outside Directors, when electing, we refer to the criteria for judging the independence of independent directors stipulated by the Tokyo Stock Exchange, Inc., and secure Outside Directors who will not have a conflict of interest with general shareholders.

- b. As proposals (matters to be resolved) for our Annual General Meeting of Shareholders scheduled to be held on January 28, 2026, we propose “Election of Four (4) Directors (excluding Directors who are Audit & Supervisory Committee Members),” “Election of Three (3) Directors who are Audit & Supervisory Committee Members,” and “Election of a Substitute Director who is an Audit & Supervisory Committee Member.” If these proposals are approved, the number of our Outside Directors will be four, including three Outside Directors who are Audit & Supervisory Committee Members.

Outside Director Yoji Sugata has abundant knowledge and experience as a corporate manager. Based on this, we have determined him suitable as an Outside Director as we believe he will provide advice and guidance on management and exercise appropriate oversight from an objective perspective.

Outside Director who is an Audit & Supervisory Committee Member Hisashi Tanaami has abundant experience and deep insight in corporate management. Based on this, we have determined him suitable as an Outside Director as we believe he will conduct external objective and neutral management monitoring functions.

Outside Director who is an Audit & Supervisory Committee Member Akihiko Yagishita has qualifications as an attorney and a patent attorney and has highly specialized knowledge and a wide range of opinions. Based on this, we have determined him suitable as an Outside Director as we believe he will conduct external objective and neutral management monitoring functions.

Outside Director who is an Audit & Supervisory Committee Member Kohei Kato has qualifications as a certified public accountant and has considerable knowledge of finance, accounting, and corporate management. Based on this, we have determined him suitable as an Outside Director as we believe he will conduct external objective and neutral management monitoring functions.

As stated above, each of the Outside Directors has specialized knowledge, audits and supervises overall management objectively and neutrally from a specialized perspective and from the perspective of a third party, and plays an important role as supervisory functions and checking functions for our management.

In addition, although we have not established basic policy for independence to elect Outside Directors, when electing, we refer to the criteria for judging the independence of independent directors stipulated by the Tokyo Stock Exchange, Inc., and secure Outside Directors who will not have a conflict of interest with general shareholders.

(iii) Audit & Supervisory Committee audits by Outside Directors, mutual collaboration with the Accounting Auditor, and relationship with Internal Control Department

As all Outside Directors are Audit & Supervisory Committee Members, for our business execution, we have determined the audit and supervisory system to be fair and effective based on diverse abundant experience and specialized knowledge. Outside Directors hold regular meetings and exchange information from time to time with the responsible parties for internal audits and Accounting Auditor, in addition to receiving reports as necessary from other departments in charge of internal control and conducting mutually collaborative audits and supervision. In particular, the Audit & Supervisory Committee places emphasis on day-to-day collaboration with the responsible parties for internal audits and strives for active collaboration, such as reporting on each other's audit details as appropriate.

(3) Status of audits

(i) Status of Audit & Supervisory Committee audits

As of January 26, 2026 (the date of submission of the Annual Securities Report), our Audit & Supervisory Committee is comprised of three part-time Audit & Supervisory Committee Members, all are Outside Directors, and one has been appointed as Audit & Supervisory Committee Chairperson. We hold Audit & Supervisory Committee meetings once a month from the perspective of strengthening Audit & Supervisory Committee audits, and strive to conduct timely and strict audits. In addition, along with audits of business and accounting audits based on prescribed audit plans, we strive to increase the effectiveness of audits through actively sharing information with the Accounting Auditor and responsible parties for audits.

One Outside Director who is an Audit & Supervisory Committee Member is a certified public accountant, and has considerable knowledge of finance and accounting.

The Audit & Supervisory Committee, in addition to holding meetings once a month in principle, holds extraordinary Audit & Supervisory Committee meetings, as necessary. We held a total of 15 Audit & Supervisory Committee meetings in the current fiscal year, and individual attendance is as follows.

Classification	Name	Meetings held	Attendance at meetings
Audit & Supervisory Committee Member (Outside)	Hisashi Tanaami	15 times	15 times
Audit & Supervisory Committee Member (Outside)	Akemitsu Nakahama	15 times	15 times
Audit & Supervisory Committee Member (Outside)	Tomoyuki Matsui	15 times	15 times

Principal matters considered by the Audit & Supervisory Committee are audit policies and audit plans, status of establishing and operating the internal control system, appropriateness of the Accounting Auditor's methods and results of audits, creation of audit reports, audits of details of proposals to be submitted to the Annual General Shareholders Meeting, and discussions concerning financial results, etc.

Each Audit & Supervisory Committee Member strives to enhance management supervisory functions by attending Board of Directors meetings and auditing the status of execution of Directors' duties from an objective perspective. Furthermore, they aim to enhance audit functionality by grasping the company's status and auditing the soundness of management through attending important meetings such as management meetings and conducting meetings with Directors and employees, reading approval documents, minutes of various meetings, various contracts, etc. In addition, each Audit & Supervisory Committee Member, in addition to conducting regular exchanges of information and opinions with the Accounting Auditor and responsible parties for internal audits, strives to enhance audit details and thoroughness of audit duties by working closely to receive reports on audit results, etc.

As a proposal (matter to be resolved) for our Annual General Meeting of Shareholders scheduled to be held on January 28, 2026, we propose "Election of Three (3) Directors who are Audit & Supervisory Committee Members." If this proposal is approved, our Audit & Supervisory Committee is scheduled to continue to consist of three Outside Directors.

(ii) Status of internal audits

We comply with laws and regulations and internal audit regulations and strive for appropriate and efficient business operations.

Although we have not established an independent Internal Audit Office given the fact that we are a small organization, audits of business are conducted for all departments through two responsible parties for internal audits appointed by the Representative Director and President. The responsible parties for internal audits conduct audits of business for all departments excluding departments they are under, and the independence of audits is secured by the responsible party for audits from a different department conducting audits for departments that the other is under. The results of internal audits are reported to the Representative Director and President, and if it is discovered that a matter should be improved, improvement instructions will be notified to audited departments, and an improvement status report shall be submitted to the responsible parties for audits.

In addition, to secure the effectiveness of internal audits, audit results are compiled monthly and reported to the Audit & Supervisory Committee and the Board of Directors once a month.

(iii) Status of accounting audits

a. Name of auditing firm

BDO Sanyu & Co.

b. Continuous audit period

Nine years

c. Certified public accountants

Yosuke Saeiki, Designated and Engagement Partner

Keita Suzuki, Designated and Engagement Partner

d. Composition of assistants for audit work

Certified public accountants: 2 persons

Others: 6 persons

e. Selection policy and reasons for the selection of the auditing firm

The policy is to select an audit firm by comprehensively considering qualifications, management structure, audit track record, etc. As a result, our auditing firm was selected based on a comprehensive decision encompassing excellent knowledge in accounting audits, in addition to having a well-developed auditing system, as well as the auditing track record, etc.

f. Evaluation of the auditing firm by Audit & Supervisory Committee Members and Audit & Supervisory Committee

Our Audit & Supervisory Committee continuously conducts evaluations on the selected auditing firm's duties, independence, qualifications, and suitability and has confirmed that accounting audits by the auditing firm have been conducted appropriately from before.

(iv) Details of audit compensation, etc.

a. Details of compensation to auditing certified public accountants, etc.

FY2024		FY2025	
Compensation for audit certification services (Thousands of yen)	Compensation for non-audit services (Thousands of yen)	Compensation for audit certification services (Thousands of yen)	Compensation for non-audit services (Thousands of yen)
17,100	-	17,900	-

b. Details of other important compensation

Not applicable.

c. Details of non-audit services for the submitting company by auditing certified public accountants, etc.

Not applicable.

d. Compensation for organizations belonging to the same network as auditing certified public accountants, etc.

Not applicable.

e. Policy for determining audit compensation

Our policy for determining audit compensation of auditing certified public accountants, etc. takes into consideration audit plans, our size and business characteristics, compensation for the previous fiscal year, etc., and an appropriate determination will be made with the consent of the Audit & Supervisory Committee.

f. Reasons for the Audit & Supervisory Committee's consent to the compensation, etc. of the Accounting Auditor

The Audit & Supervisory Committee has determined to consent to the amount of compensation, etc. of the Accounting Auditor as it has been deemed appropriate after conducting the necessary verification of the appropriateness of the details of the audit plans of the Accounting Auditor, the status of the Accounting Auditor's execution of duties, basis for calculating the compensation estimate, etc.

(4) Compensation, etc. of Officers

(i) Matters pertaining to the policy for determining the amount of compensation, etc. of officers and the method of calculation thereof

a. Details of the policy for determining the amount of compensation, etc. of officers and the method of calculation thereof

We revised the policy for determining compensation, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members) at the Board of Directors meeting held on January 26, 2023, and the outline is as follows. Furthermore, the amount of compensation, etc. of Directors who are Audit & Supervisory Committee Members shall be within the limits to the total amount of compensation set at the General Meeting of Shareholders, and taking into consideration the degree of contribution of each Member in Audit & Supervisory Committee audits, etc., shall be determined through discussions with Directors who are Audit & Supervisory Committee Members.

Compensation of our Directors (excluding Directors who are Audit & Supervisory Committee Members) is within limits to the amount of compensation resolved at the General Meeting of Shareholders, and is determined comprehensively taking into consideration financial results trends, positions and responsibilities of each Director, compensation levels at other companies, etc.

Compensation of our Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) is comprised of fixed compensation and restricted stock. Restricted stock is comprised of the "enrollment-based restricted stock," where the requirement for lifting the transfer restrictions is continuous employment for a certain period of time, and in addition to this requirement, the "financial results-based restricted stock," where the requirement for lifting the transfer restrictions is achieving both of the financial results targets set by our Board of Directors of net sales and profit before income taxes. The main reason we selected these indicators for the financial results-based restricted stock is to clearly define responsibility and contribution for short-term financial results.

Enrollment-based restricted stock is paid at a certain time once every three years as principle, and financial results-based restricted stock is paid at a certain time every year. Furthermore, the payment ratio of fixed compensation and restricted stock is determined based on position, responsibilities, trends at other companies with a business scale similar to ours, etc.

Furthermore, only fixed compensation will be paid as compensation of our Outside Directors considering the characteristics of duties.

- b. The date of the resolution at the General Meeting of Shareholders and the details of said resolution when there is a resolution at the General Meeting of Shareholders regarding compensation, etc. of officers

The limit to the amount of compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members) was resolved to be 200 million yen per year or less (However, not including employee salaries) at the 11th Annual General Meeting of Shareholders held on January 26, 2018. There were three Directors (excluding Directors who are Audit & Supervisory Committee Members) at the conclusion of said Annual General Meeting of Shareholders. In addition, the limit to the amount of compensation for granting restricted stock to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), separate from the limit to the amount of compensation above, was resolved to be 50 million yen per year or less (However, a cumulative 150 million yen or less for a maximum of three years can be granted in one lump sum.) for enrollment-based restricted stock and 50 million yen per year or less for financial results-based restricted stock at the 16th Annual General Meeting of Shareholders held on January 26, 2023. There were four Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) at the conclusion of said Annual General Meeting of Shareholders.

The limit to the amount of compensation of Directors who are Audit & Supervisory Committee Members was resolved to be 50 million yen per year or less at the 11th Annual General Meeting of Shareholders held on January 26, 2018. There were three Directors who are Audit & Supervisory Committee Members at the conclusion of said Annual General Meeting of Shareholders.

- c. Persons who have the authority to determine policy for determining the amount of compensation, etc. of officers and the method of calculation thereof, the details of said authority, and the scope of said discretion

We consult with the Nomination and Compensation Committee, a voluntary committee comprised of Outside Directors, on details on individual compensation, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members), and make a determination by resolution of the Board of Directors based on said report. Furthermore, for the current fiscal year, compensation of each Director (excluding Directors who are Audit & Supervisory Committee Members) was consulted with the Nomination and Compensation Committee and was resolved by the Board of Directors based on said report at the Board of Directors meeting held on January 29, 2025. In addition, compensation of Directors who are Audit & Supervisory Committee Members was determined through discussions with Directors who are Audit & Supervisory Committee Members.

- d. Activities of the Board of Directors, committees, etc. in the process of determining the amount of compensation, etc. of officers in the current fiscal year

In the process of determining the amount of compensation, etc. of officers, the Nomination and Compensation Committee, comprised wholly of Outside Directors who are Audit & Supervisory Committee Members, had discussions, and was found to be appropriate from an independent and objective perspective. Afterward, the amount of compensation, etc. of officers was determined by the Board of Directors after receiving the report from the Nomination and Compensation Committee.

In determining the amount of compensation, etc. of officers for the current fiscal year, compensation of each Director (excluding Directors who are Audit & Supervisory Committee Members) was consulted with the Nomination and Compensation Committee and was resolved by the Board of Directors based on said report at the Board of Directors meeting held on January 29, 2025. Furthermore, since the amount of compensation for individual Directors is determined through these procedures, the Board of Directors has determined that the details are in line with the policy for determining and are appropriate.

- (ii) Total amount of compensation, etc. by classification of officer, total amount of compensation, etc. by type of compensation, etc., and number of eligible officers of the submitting company

Classification of officer	Total amount of compensation, etc. (Thousands of yen)	Total amount of compensation, etc. by type of compensation, etc. (Thousands of yen)			Number of eligible officers (Persons)
		Basic compensation	Share-based compensation		
		Cash	Non-monetary		
		Not financial results-based	Not financial results-based	Financial results-based (Note)	
Director (excluding Audit & Supervisory Committee Members and Outside Directors)	54,642	47,586	837	6,219	3
Audit & Supervisory Committee Member (excluding Outside Directors)	-	-	-	-	0
Outside officers	13,200	13,200	-	-	3

Note: In addition to the requirement regarding employment, the lifting of transfer restrictions is conditional on achieving both of the financial results targets set by our Board of Directors of net sales and profit before income taxes. The results of net sales and profit before income taxes for the current fiscal year are as stated in “V. Accounting Status, 1. Non-consolidated Financial Statements, etc., (1) Non-consolidated Financial Statements, (ii) Non-consolidated Statement of Income.”

- (iii) Total amounts, etc. of compensation, etc. for each officer of the submitting company

This information is not stated because there is no person whose total amount of compensation, etc. is 100 million yen or more.

(5) Status of shareholdings

- (i) Criteria and approaches for classification of investment shares

Regarding the classification of investment shares held for pure investment purposes and investment shares held for purposes other than pure investment purposes, we consider an investment whose purpose is to receive profits exclusively from fluctuations in the value of a share or dividends on a share an investment share for pure investment purposes, and other investments are classified as investment shares for purposes other than pure investment.

- (ii) Investment shares held for purposes other than pure investment

a. Method of verifying holding policy and reasonableness of holding, and details of verification by the Board of Directors, etc. of the appropriateness of holding individual issues

For investment shares held for purposes other than pure investment, comprehensive judgment will be made by considering whether maintaining and strengthening business relationships with investee companies will lead to sustainable growth and enhanced corporate value over the medium- to long-term. In addition, considerations will be made on whether or not to continue holding based on said policy.

b. Number of issues and amount on the balance sheet

Not applicable.

(Issues whose number of shares increased during the current fiscal year)

Not applicable.

(Issues whose number of shares decreased during the current fiscal year)

	Number of issues (Issues)	Total sale proceeds related to the decrease in shares (Thousands of yen)
Unlisted shares	1	2,000
Shares other than unlisted shares	-	-

c. Number of shares and amount on the balance sheet, etc. of specified equity securities and deemed holdings of equity securities by issue

Not applicable.

(iii) Investment shares held for pure investment purposes

Classification	Current fiscal year		Previous fiscal year	
	Number of issues (Issues)	Total amount on the balance sheet (Thousands of yen)	Number of issues (Issues)	Total amount on the balance sheet (Thousands of yen)
Unlisted shares	-	-	-	-
Shares other than unlisted shares	1	19,177	1	19,955

Classification	Current fiscal year		
	Dividends income Total amount (Thousands of yen)	Gain or loss on sale Total amount (Thousands of yen)	As valuation gains or losses Total amount (Thousands of yen)
Unlisted shares	-	-	-
Shares other than unlisted shares	-	-	-

(iv) Changes in the purpose of holding investment shares from pure investment to purposes other than pure investment during the current fiscal year

Not applicable.

(v) Changes in the purpose of holding investment shares from a purpose other than pure investment to a pure investment purpose during the four fiscal years preceding the current fiscal year and the current fiscal year

Issues	Number of shares (Shares)	Amount on the balance sheet (Thousands of yen)	Fiscal year in which the change was made	Reasons for the change and the policy for holding or selling after the change
Thinca Co., Ltd.	23,560	19,177	FY2024	We had held these shares for the purpose of maintaining and strengthening our business relationship with the issuing company. However, because the significance of holding them as policy shareholdings has diminished, we changed the holding purpose to pure investment. We will make decisions as appropriate on whether to sell or continue to hold them, taking into account future share price trends and the market environment.

V. Accounting Status

1. Method of preparing non-consolidated financial statements

Our non-consolidated financial statements are prepared based on the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963. Hereinafter, “regulations on non-consolidated financial statements.”).

2. Audit certification

In accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have been audited by BDO Sanyu & Co. on the non-consolidated financial statements for the fiscal year (November 1, 2024 to October 31, 2025).

3. Consolidated financial statements

Consolidated financial statements are not prepared as we have no subsidiaries.

4. Special measures for ensuring appropriateness of non-consolidated financial statements, etc.

We take special measures for ensuring the appropriateness of non-consolidated financial statements. Specifically, to grasp the appropriateness of the details of accounting standards, etc., we strive to actively collect information by participating in seminars sponsored by auditing firms and various organizations, etc., in order to develop a system that can accurately respond to changes in accounting standards, etc.

1. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

(i) 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	*1 5,409	*1 22,240
Accounts receivable-trade	*1 260,702	*1 309,526
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
Others	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
Others	-	800
Total property, plant and equipment	*2 91,325	*2 98,891
Intangible assets		
Goodwill	126,317	60,412
Patent right	1,545	494
Trademark right	637	471
Software	168,119	146,542
Others	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
Others	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 surplus	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 differences	13,848	13,137
Total net assets	2,441,329	2,595,254
Total liabilities and net assets	4,355,634	5,381,299

(ii) Non-consolidated Statement of Income

(Thousands of yen)

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (Nov. 1, 2024 - Oct. 31, 2025)
Net sales	*1 2,405,885	*1 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	*2, 3 874,413	*2, 3 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 exclusion of dividends payable	154	279
Others	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 payment expenses	2,014	2,039
Commission expenses	171	1,770
Others	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	*4 687	-
Gain on donation of non-current assets	-	*5 3,392
Gain on sale of investment securities	*6 29,999	*6 1,999
Total extraordinary income	30,687	5,392
Extraordinary losses		
Impairment loss	-	*7 41,082
Loss on retirement of non-current assets	-	*8 160
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

[Manufacturing costs statement]

Classification	Note	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)		FY2025 (Nov. 1, 2024 - Oct. 31, 2025)	
		Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	Composition ratio (%)
I. Raw materials expenses		2,527	0.4	4,109	0.5
II. Labor expenses		299,553	43.9	379,279	46.4
III. Expenses	*1	379,922	55.7	433,791	53.1
Total manufacturing expenses for the current fiscal year		682,003	100.0	817,180	100.0
Beginning inventory of work in process		62		481	
Total		682,066		817,661	
Ending inventory of work in process		481		-	
Transfers to other accounts	*2	83,795		101,292	
Cost of products manufactured		597,789		716,369	

Notes: *1 The main breakdown is as follows.

Item	FY2024 (Thousands of yen)	FY2025 (Thousands of yen)
Outsourced production expenses	78,836	94,024
Depreciation	114,199	97,610
Communication expenses	79,956	104,578
Rent expenses on land and buildings	19,900	20,343
Commission expenses	64,051	83,341
Supplies expenses	3,455	6,170

*2 The details of transfers to other accounts are as follows.

Item	FY2024 (Thousands of yen)	FY2025 (Thousands of yen)
Software and software in progress	56,502	74,459
Research and development expenses	24,582	26,544
Other	2,711	288
Total	83,795	101,292

(Cost accounting method)

Our cost accounting is based on individual cost accounting per project.

(iii) Non-consolidated Statement of Changes in Equity

FY2024 (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 differences	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings					
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
Changes during period										
Issuance of new shares-exercise of share acquisition rights	571	571	571				1,143			1,143
Dividends of surplus				(179,490)	(179,490)		(179,490)			(179,490)
Profit				601,854	601,854		601,854			601,854
Repurchased treasury shares						(190,196)	(190,196)			(190,196)
Restricted stock income				(4,344)	(4,344)	61,677	57,332			57,332
Changes in items other than shareholders' equity (net)								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

FY2025 (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 differences	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings					
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
Changes during period										
Issuance of new shares-exercise of share acquisition rights	852	852	852				1,704			1,704
Dividends of surplus				(208,363)	(208,363)		(208,363)			(208,363)
Profit				625,676	625,676		625,676			625,676
Repurchased treasury shares						(290,838)	(290,838)			(290,838)
Restricted stock income				(3,154)	(3,154)	29,610	26,455			26,455
Changes in items other than shareholders' equity (net)								(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

(iv) Non-consolidated 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 loss	-	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 payment expenses	2,014	2,039
Gain on sale of non-current assets (gain-)	(687)	-
Gain on donation of non-current assets	-	(3,392)
Loss (gain) on sale of investments in securities	(29,999)	(1,999)
Loss on retirement of non-current assets	-	160
Decrease (increase) in trade receivables and contract assets	(27,993)	(70,046)
Decrease (increase) in inventories	22,991	35,971
Decrease (increase) in long-term prepaid expenses	37,776	25,577
Increase (decrease) in trade payables	(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)
Others	21,659	35,995
Subtotal	1,571,734	1,987,856
Interest and dividend income received	225	9,293
Interest expenses 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		
Purchase of property, plant and equipment	(46,070)	(49,317)
Proceeds from sale of property, plant and equipment	687	17
Purchase of investment securities	-	(509,886)
Proceeds from sale of investment securities	30,000	2,000
Purchase of intangible assets	(63,150)	(85,002)
Payments into time deposits	-	(1,201,634)
Proceeds from withdrawal of time deposits	-	500,000
Payments of 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)
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	(416,498)	(549,300)
Effect of exchange rate changes on cash and cash equivalents	-	0
Net increase (decrease) in cash and cash equivalents	811,050	(180,778)
Cash and cash equivalents at the beginning of period	2,404,607	3,215,658
Cash and cash equivalents at the end of period	* 3,215,658	* 3,034,879

[Notes]

(Significant accounting policies)

1. Basis and method of valuation of securities

(1) Shares in subsidiaries and affiliates

Cost method using moving-average method

(2) Bonds held to maturity

Amortized cost method (straight-line method)

(3) Available-for-sale securities

(i) Shares other than shares with no market price, etc.

Market value method (all valuation differences are treated using the direct-entry method into net assets, and the cost of sales is calculated using the moving-average method.)

(ii) Shares without market price, etc.

Cost method using moving-average method

For investments in investment partnerships and similar partnerships (those deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), we use the most recent financial statements available based on the financial reporting date specified in the partnership agreement, and recognize our equity interest amount on a net basis.

2. Basis and method of valuation of inventories

(1) Merchandise, finished goods, raw materials, and supplies

Cost method using gross average method (Calculated using the method where the book value is written down based on a decline in profitability for amounts on the balance sheet)

(2) Work in process

Cost method using individual method (Calculated using the method where the book value is written down based on a decline in profitability for amounts on the balance sheet)

3. Method of depreciation of non-current assets

(1) Property, plant and equipment

Declining-balance method. However, buildings (excluding building accessories) acquired on or after April 1, 1998 and building accessories and structures acquired on or after April 1, 2016 use the straight-line method.

Furthermore, the range of useful lives is as follows.

Buildings (including building accessories) 3-17 years

Structures 3-20 years

Vehicles 4-5 years

Tools, furniture and fixtures 2-15 years

(2) Intangible assets

Straight-line method. Furthermore, the software we use is based on the expected period of internal use (five years). In addition, goodwill is depreciated evenly over five years.

4. Basis for recording provisions

Allowance for doubtful accounts

Allowance for doubtful accounts is provided for possible losses arising from bad debts at an amount determined based on the historical default rates for general receivables, and an individual consideration of uncollectible amounts for specific doubtful receivables from customers experiencing financial difficulties.

5. Basis for recording revenue and expenses

Revenue is recognized when control of the promised goods or services transfers to the customer at the amount expected to be received in exchange for those goods or services.

The details of the main performance obligations in the main business related to revenue stemming from contracts with customers and the usual time to satisfy the performance obligations (normal time to recognize revenue) are as follows. Furthermore, consideration for performance obligations under a contract with a customer is received approximately within one year after satisfaction of performance obligations, excluding cases where it is received as a contract liability before performance obligations are satisfied, and important financial elements are not included in the contracts.

(1) Providing services such as fraud and spam prevention services

There are performance obligations to provide services based on contracts with customers, and revenue is recognized over a certain period of time based on the period that passes over a reasonable period for satisfying the performance obligations. Furthermore, for services where there are initial costs to introduce the service, said initial costs are recognized as revenue at the time the service is provided. In addition, revenue is measured based on the consideration stated in contracts with customers, excluding amounts collected for third parties.

(2) Sales of products equipped with fraud and spam prevention functionality

Transactions where multiple goods and services are provided under one contract, and includes the delivery of products based on contracts with customers and providing auxiliary services such as fraud and spam prevention services. Delivery of products and providing services are identified as separate performance obligations, and in order to record the amount of revenue commensurate with each performance obligation, the transaction price is allocated based on stand-alone selling prices calculated by estimating past prices, etc. For performance obligations related to delivery of products, for products for personal use, we believe that there is no material difference between the time of shipment and delivery to the customer, and that the customer obtains control of the product at the time of shipment. For products for businesses, we believe that the customer obtains control of the product at the time of acceptance, and we recognize revenue at each point in time. For performance obligations related to providing services, revenue is recognized over a certain period of time based on the period that passes over a reasonable period for satisfying the performance obligations.

(3) Made to order software development based on contracts

Excluding very short-term contracts, revenue is recognized over a certain period of time as performance obligations are satisfied. If the results of performance obligations can be reasonably measured, the method for estimating the degree of progress in satisfying performance obligations is calculated using the ratio of cumulative actual costs to the estimated total cost (input method). In addition, revenue is recognized for very short-term contracts when performance obligations are fully satisfied.

6. Scope of funds in non-consolidated statement of cash flows

Cash and cash equivalents consist of deposits that can be withdrawn at any time that are readily convertible into cash and short-term investments that have insignificant risk of changes in value, all of which mature within three months of the date of acquisition.

7. Other important matters forming the basis of preparation of non-consolidated financial statements

(1) Accounting treatment principles and procedures adopted when relevant accounting standards, etc. are unclear

Restricted stock income plan

Based on our restricted stock income plan, compensation paid to our Directors, Executive Officers, and employees are treated as expenses over the applicable service period.

(2) Method of accounting treatment for retirement benefits

Defined contribution pension plan system

We have adopted the defined contribution pension plan system. Expenses related to retirement benefits under the defined contribution pension plan system are treated as expenses based on the number of contributions required.

(Significant accounting-based estimates)

Items whose amounts were recorded in the non-consolidated financial statements for the current fiscal year based on accounting-based estimates, which may have a material impact on the non-consolidated financial statements for the next fiscal year are as follows.

Evaluation of goodwill

(1) Amount recorded in the non-consolidated financial statements for the current fiscal year

	FY2024	FY2025
Goodwill	126,317 thousand yen	60,412 thousand yen

(2) Information on details of the significant accounting-based estimates for the identified item

This occurred in the past when we acquired all of the equity in 280blocker and merged by absorption with said company.

Regarding goodwill acquired through a business combination, we will focus on whether the excess earning power expected at the time of acquisition will materialize in the future and grasp any signs of impairment to goodwill. If there is any indication of impairment, an impairment loss will be recognized for the asset group, including goodwill, if the total amount of undiscounted future cash flows from the asset group, including goodwill, is less than the book value.

Signs of impairment have not been identified as profit and loss from operating activities related to 280blocker are positive and there is no significant discrepancy between business plans and financial results, and no significant deterioration in the business environment is expected.

Determining signs of impairment includes consideration of whether there have been any significant changes since the time of the business combination, such as the status of contracts for services utilizing the fraud and spam advertising database, the number of users of the 280blocker app, etc., which are major assumptions in the business plan. If it becomes necessary to review these assumptions due to changes in uncertain economic conditions in the future, our financial results and financial position may be affected in the next fiscal year or later.

(Unapplicable accounting standards, etc.)

(Accounting Standard for Leases, etc.)

- [Accounting Standard for Leases] (ASBJ Statement No. 34, September 13, 2024)
- [Implementation Guidance on Accounting Standard for Leases] (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Outline

As part of efforts to ensure international consistency of Japanese standards, the Accounting Standards Committee conducted considerations based on international accounting standards for leases that recognize assets and liabilities for all leases by borrowers. As a basic policy, although the IFRS 16 single accounting model is used, the Accounting Standards, etc. were announced with the aim of adopting only the main provisions, being highly simple and convenient, and not requiring modification even when IFRS 16 is used for individual financial statements.

For the borrower's accounting treatment, as with IFRS 16, a single accounting treatment model is applied that accounts for the depreciation of leased assets and the equivalent of the interest on lease liabilities for all lease assets, whether the lease is a finance lease or an operating lease.

(2) Expected date of application

This is expected to apply from the beginning of the fiscal year ending October 31, 2028.

(3) Effect of application of said accounting standards, etc.

The amount of impact on the non-consolidated financial statements due to the application of [Accounting Standard for Leases], etc. is currently under evaluation.

(Changes in presentation)

(Non-consolidated statement of income)

[Commission expenses], which were included in [Others] in [Non-operating expenses] in the previous fiscal year, is stated separately from the current fiscal year as their monetary materiality increased. The non-consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 174 thousand yen, which was presented in [Others] in [Non-operating expenses] in the non-consolidated statement of income for the previous fiscal year, is reclassified as [Commission expenses] 171 thousand yen and [Others] 3 thousand yen.

(Non-consolidated balance sheet)

*1 The amount of receivables from contracts with customers within electronically recorded monetary claims-operating and accounts receivable-trade are as stated in “(Notes on revenue recognition) 3. (1) Balance of contract assets, contract liabilities, etc.”

*2 The cumulative amount of depreciation of property, plant and equipment are as follows.

	FY2024 (As of Oct. 31, 2024)	FY2025 (As of Oct. 31, 2025)
Cumulative amount of depreciation of property, plant and equipment	200,234 thousand yen	242,410 thousand yen

3. We signed overdraft agreements and loan commitment agreements with two banks (two banks in the previous fiscal year) to efficiently procure working capital.

The undrawn balances, etc. related to overdraft agreements and loan commitments at the end of the fiscal year are as follows.

	FY2024 (As of Oct. 31, 2024)	FY2025 (As of Oct. 31, 2025)
Overdraft limit and total loan commitment	200,000 thousand yen	200,000 thousand yen
Balance of outstanding borrowings	- “	- “
Unused balance	200,000 thousand yen	200,000 thousand yen

(Non-consolidated statement of income)

*1 Revenue from contracts with customers

We do not disaggregate revenue from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is stated in the non-consolidated financial statements “Notes (Segment and Other Information), 3. Information related to net sales, profit or loss, assets, liabilities, and other items for the reportable segment and breakdown of revenue.”

*2 Major components, amounts, and approximate ratios of selling, general and administrative expenses are as follows:

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (Nov. 1, 2024 - Oct. 31, 2025)
Advertising expenses	139,683thousand yen	161,256thousand yen
Payroll and allowances	195,478 “	238,633 “
Depreciation	17,412 “	15,441 “
Commission expenses	118,235 “	145,015 “
Amortization of goodwill	65,904 “	65,904 “
Provision of allowance for doubtful accounts	937 “	1,290 “
Approximate ratios		
Selling expenses	39.0 %	42.9 %
General and administrative expenses	61.0 “	57.1 “

*3 Total amount of research and development expenses included in general and administrative expenses are as follows:

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (Nov. 1, 2024 - Oct. 31, 2025)
Research and development expenses	29,366thousand yen	39,605thousand yen

*4 Details of gain on sale of non-current assets are as follows:

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (Nov. 1, 2024 - Oct. 31, 2025)
Vehicles	643thousand yen	-thousand yen
Tools, furniture and fixtures	43thousand yen	-thousand yen
Total	687thousand yen	-thousand yen

*5 Details of gain on donation of non-current assets are as follows:

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (Nov. 1, 2024 - Oct. 31, 2025)
Tools, furniture and fixtures	-thousand yen	3,392thousand yen

*6 Gain on sale of investment securities

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

We sold one unlisted share of investment securities held.

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

We sold one unlisted share of investment securities held.

*7 Impairment loss

We recorded impairment losses on the following asset groups.

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

Not applicable.

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

Location	Use	Class	Impairment loss (Thousands of yen)
Nagoya, Aichi	Assets for TobilaPhone Cloud	Tools, furniture and fixtures	1,084
		Patent right	370
		Software	39,628
Total			41,082

In recognizing impairment losses, we group assets based on the smallest unit that generates cash flows, using business segments as the basis, and for the solution business, using service categories as the basis.

For the asset group for TobilaPhone Cloud in the solution business, profit or loss arising from operating activities has been continuously negative, and it is difficult to expect cash recovery in the short term. Accordingly, we reduced the carrying amount of the relevant assets to their recoverable amount and recorded the resulting decrease as an impairment loss in extraordinary losses.

The recoverable amount of this asset group is measured as value in use. Because future cash flows are negative, value in use is calculated as zero.

*8 Details of loss on retirement of non-current assets are as follows:

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (Nov. 1, 2024 - Oct. 31, 2025)
Tools, furniture and fixtures	-thousand yen	160thousand yen

(Non-consolidated statement of changes in equity)

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

1. Matters concerning outstanding shares and treasury shares

	FY2024 Number of shares at beginning of period (Shares)	FY2024 Increase in the number of shares (Shares)	FY2024 Decrease in the number of shares (Shares)	As of the end of FY2024 Number of shares (Shares)
Outstanding shares				
Common shares	10,629,600	6,000	-	10,635,600
Treasury shares				
Common shares	71,350	204,200	58,100	217,450

(Outline of the cause for changes)

1. The increase in the number of outstanding shares is due to the exercise of share acquisition rights.
2. Of the increase in the number of treasury shares, 200,000 shares were acquired through the Tokyo Stock Exchange Trading Network System (ToSTNeT-3) based on a resolution of the Board of Directors held on December 8, 2023.
3. 4,200 shares of treasury shares were increased due to the gratuitous acquisitions associated with the retirement of employees subject to the restricted stock income plan, etc.
4. The decrease in the number of treasury shares is due to the disposal of treasury shares due to the restricted stock income plan.

2. Matters concerning share acquisition rights, etc.

Not applicable.

3. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on Dec. 8, 2023	Common shares	179,490	17.00	Oct. 31, 2023	Jan. 9, 2024

(2) Dividends with a record date in the previous fiscal year for which the effective date of the dividend is in the next fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on Dec. 10, 2024	Common shares	Retained earnings	208,363	20.00	Oct. 31, 2024	Jan. 15, 2025

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

1. Matters concerning outstanding shares and treasury shares

	FY2025 Number of shares at beginning of period (Shares)	FY2025 Increase in the number of shares (Shares)	FY2025 Decrease in the number of shares (Shares)	As of the end of FY2025 Number of shares (Shares)
Outstanding shares				
Common shares	10,635,600	8,400	-	10,644,000
Treasury shares				
Common shares	217,450	357,900	32,600	542,750

(Outline of the cause for changes)

1. The increase in the number of outstanding shares is due to the exercise of share acquisition rights.
2. Of the increase in the number of treasury shares, 352,800 shares were acquired through market purchase based on a resolution of the Board of Directors held on December 10, 2024.
3. 5,100 shares of treasury shares were increased due to the gratuitous acquisitions associated with the retirement of employees subject to the restricted stock income plan, etc.
4. The decrease in the number of treasury shares is due to the disposal of treasury shares due to the restricted stock income plan.

2. Matters concerning share acquisition rights, etc.

Not applicable.

3. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on Dec. 10, 2024	Common shares	208,363	20.00	Oct. 31, 2024	Jan. 15, 2025

(2) Dividends with a record date in the previous fiscal year for which the effective date of the dividend is in the next fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on Dec. 10, 2025	Common shares	Retained earnings	215,156	21.30	Oct. 31, 2025	Jan. 14, 2026

(Non-consolidated statement of cash flows)

* Reconciliation of cash and cash equivalents in the non-consolidated statement of cash flows and cash and deposits in the non-consolidated balance sheet as of the end of the period are as follows:

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (Nov. 1, 2024 - Oct. 31, 2025)
Cash and deposits	3,215,658thousand yen	3,736,513thousand yen
Time deposits with a deposit period exceeding three months	-“	(701,634)“
Cash and cash equivalents	3,215,658thousand yen	3,034,879thousand yen

(Leases)

Operating leases

Future minimum lease payments under non-cancelable operating leases

	FY2024 (As of Oct. 31, 2024)	FY2025 (As of Oct. 31, 2025)
Due within one year	22,201 thousand yen	48,165 thousand yen
Due after one year	8,236 thousand yen	89,211 thousand yen
Total	30,438 thousand yen	137,377 thousand yen

(Financial instruments)

1. Status of financial instruments

(1) Group policy for financial instruments

Regarding fund management, our policy is to invest surplus funds in highly safe financial assets and not engage in speculative transactions.

Although we use our own funds to raise working capital and capital investment funds in principle, our policy is to fund-raise by borrowing from banks, etc. as necessary.

(2) Details of financial instruments and their risks

Electronically recorded monetary claims-operating and accounts receivable-trade, which are trade receivables, are exposed to customer credit risk.

Securities and investment securities are shares and bonds held for business promotion purposes and pure investment purposes and are exposed to the credit risk of the issuer. Regarding this risk, we regularly monitor market value and the financial status of issuing companies and review our holdings.

Accounts payable-trade and accounts payable-other, which are trade payables, are exposed to liquidity risk.

Long-term borrowings are primarily for raising investment funds and are exposed to liquidity risks associated with fund-raising.

(3) Risk management system of financial instruments

(i) Management of credit risk (risk of non-performance of contracts by customers, etc.)

For trade receivables based on credit management regulations, we regularly confirm the status of customers, and strive to quickly identify and alleviate concerns of collection due to deterioration in financial conditions, etc. of each customer.

Bonds held to maturity are limited to highly rated bonds in accordance with securities investment regulations, and therefore credit risk is insignificant.

(ii) Management of liquidity risk of funding (risk of not being able to make payments on the due date)

We manage liquidity risk by having the Finance and Accounting Division prepare and update cash flow plans in a timely manner and by signing overdraft agreements with financial institutions.

(4) Supplementary explanation about market value of financial instruments

Since variable factors are reflected in estimating the market value of financial instruments, different assumptions and factors could result in a different market value.

(5) Concentration of credit risk

Of the trade receivables as of the closing day of the current fiscal year, 65% are with four specific large customers.

2. Market value of financial instruments

The book value and market value of financial instruments and their difference are as follows.

FY2024 (Oct. 31, 2024)

	Amount on the balance sheet (Thousands of yen)	Market value (Thousands of yen)	Difference (Thousands of yen)
Investment securities			
Available-for-sale securities	19,955	19,955	-
Total assets	19,955	19,955	-
Long-term borrowings (Including current portion of long-term borrowings)	195,710	193,415	(2,294)
Total liabilities	195,710	193,415	(2,294)

(*1) “Cash and deposits,” “electronically recorded monetary claims-operating,” “accounts receivable-trade,” “accounts payable-trade,” “accounts payable-other,” “income taxes payable,” and “accrued consumption taxes” are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their market value. In addition, statements of items whose carrying amount on the balance sheet is immaterial are also omitted.

(*2) Shares that do not have a market price, etc. are not included in the above table. The amount of such financial instruments recorded in the non-consolidated balance sheet is as follows.

Classification	FY2024 (Thousands of yen)
Unlisted shares	0
Shares of subsidiaries and associates	139,654

FY2025 (Oct. 31, 2025)

	Amount on the balance sheet (Thousands of yen)	Market value (Thousands of yen)	Difference (Thousands of yen)
Securities and investment securities			
Bonds held to maturity	500,214	489,590	(10,624)
Available-for-sale securities	19,177	19,177	-
Total assets	519,392	508,767	(10,624)
Long-term borrowings (Including current portion of long-term borrowings)	145,670	143,313	(2,356)
Total liabilities	145,670	143,313	(2,356)

(*1) “Cash and deposits,” “electronically recorded monetary claims-operating,” “accounts receivable-trade,” “accounts payable-trade,” “accounts payable-other,” “income taxes payable,” and “accrued consumption taxes” are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their market value. In addition, statements of items whose carrying amount on the balance sheet is immaterial are also omitted.

(*2) Shares that do not have a market price, etc. are not included in the above table. The amount of such financial instruments recorded in the non-consolidated balance sheet is as follows. Investments in investment partnerships are not subject to market value disclosure in accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31).

Classification	FY2025 (Thousands of yen)
Investments in investment partnerships	9,633
Shares of subsidiaries and associates	139,654

(Note 1) Expected redemption amount after the closing day of monetary claims and securities with maturities

FY2024 (Oct. 31, 2024)

	Due in one year or less (Thousands of yen)	Due after one year through five years (Thousands of yen)	Due after five years through 10 years (Thousands of yen)	Due after 10 years (Thousands of yen)
Cash and deposits	3,215,658	-	-	-
Electronically recorded monetary claims-operating	5,409	-	-	-
Accounts receivable-trade	260,702	-	-	-
Total	3,481,770	-	-	-

FY2025 (October 31, 2025)

	Due in one year or less (Thousands of yen)	Due after one year through five years (Thousands of yen)	Due after five years through 10 years (Thousands of yen)	Due after 10 years (Thousands of yen)
Cash and deposits	3,736,513	-	-	-
Electronically recorded monetary claims-operating	22,240	-	-	-
Accounts receivable-trade	309,526	-	-	-
Securities and investment securities Bonds held to maturity (corporate bonds)	202,462	297,752	-	-
Total	4,270,743	297,752	-	-

(Note 2) Expected repayment of long-term borrowings after the closing day

FY2024 (Oct. 31, 2024)

	Due in one year or less (Thousands of yen)	Due after one year through two years (Thousands of yen)	Due after two years through three years (Thousands of yen)	Due after three years through four years (Thousands of yen)	Due after four years through five years (Thousands of yen)	Due after five years (Thousands of yen)
Long-term borrowings	50,040	50,040	50,040	45,590	-	-
Total	50,040	50,040	50,040	45,590	-	-

FY2025 (October 31, 2025)

	Due in one year or less (Thousands of yen)	Due after one year through two years (Thousands of yen)	Due after two years through three years (Thousands of yen)	Due after three years through four years (Thousands of yen)	Due after four years through five years (Thousands of yen)	Due after five years (Thousands of yen)
Long-term borrowings	50,040	50,040	45,590	-	-	-
Total	50,040	50,040	45,590	-	-	-

3. Market value information by category within the market value hierarchy

The market value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure market value.

Level 1 market value: Market value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 market value: Market value measured using observable inputs other than Level 1 inputs.

Level 3 market value: Market value measured using unobservable inputs.

If multiple inputs are used that are significant to the market value measurement, the market value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments recorded on the non-consolidated balance sheet at market value

FY2024 (Oct. 31, 2024)

Classification	Market value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	19,955	-	-	19,955
Total assets	19,955	-	-	19,955

FY2025 (October 31, 2025)

Classification	Market value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	19,177	-	-	19,177
Total assets	19,177	-	-	19,177

(2) Financial instruments other than those recorded on the non-consolidated balance sheet at market value

FY2024 (Oct. 31, 2024)

Classification	Market value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	-	193,415	-	193,415
Total liabilities	-	193,415	-	193,415

FY2025 (October 31, 2025)

Classification	Market value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds held to maturity	-	489,590	-	489,590
Total assets	-	489,500	-	489,500
Long-term borrowings	-	143,313	-	143,313
Total liabilities	-	143,313	-	143,313

Note: Explanation of the valuation method used to calculate the market value and the inputs related to the calculation of the market value:

Securities and investment securities

Listed shares are valued using market prices. As listed shares are traded in active markets, their market value is classified as Level 1 market value.

Bonds held to maturity are valued using prices provided by correspondent financial institutions, and as they are traded infrequently and are not considered quoted prices in active markets, their market value is classified as Level 2 market value.

Long-term borrowings

Market values of long-term borrowings are calculated based on the total amount of principal and interest using expected

interest rates if the similar new borrowings or lease transactions took place at present, and their market value is classified as Level 2.

(Securities)

1. Bonds held to maturity

FY2024 (Oct. 31, 2024)

Not applicable.

FY2025 (October 31, 2025)

Classification	Amount on the balance sheet (Thousands of yen)	Market value (Thousands of yen)	Difference (Thousands of yen)
Securities for which market value exceeds the amount on the balance sheet	-	-	-
Securities for which market value does not exceed the amount on the balance sheet	500,214	489,590	(10,624)
Subtotal	500,214	489,590	(10,624)

2. Shares in subsidiaries and affiliates

FY2024 (Oct. 31, 2024)

Shares of affiliates (139,654 thousand yen of shares of affiliates recorded on the balance sheet for the current fiscal year) are not stated because they are shares without a market price.

FY2025 (October 31, 2025)

Shares of affiliates (139,654 thousand yen of shares of affiliates recorded on the balance sheet for the current fiscal year) are not stated because they are shares without a market price.

3. Available-for-sale securities

FY2024 (Oct. 31, 2024)

Classification	Amount on the balance sheet (Thousands of yen)	Acquisition cost (Thousands of yen)	Difference (Thousands of yen)
Securities whose carrying amount on the balance sheet exceeds their acquisition cost			
Shares	19,955	0	19,955
Subtotal	19,955	0	19,955
Amount on the balance sheet does not exceed the acquisition cost			
Shares	-	-	-
Subtotal	-	-	-
Total	19,955	0	19,955

Notes: 1. [Acquisition cost] in the table is the amount after impairment treatment.

2. Unlisted shares (investment securities of 0 yen on the balance sheet) are not included in the above table because they are shares without a market price.

FY2025 (October 31, 2025)

Classification	Amount on the balance sheet (Thousands of yen)	Acquisition cost (Thousands of yen)	Difference (Thousands of yen)
Securities whose carrying amount on the balance sheet exceeds their acquisition cost			
Shares	19,177	0	19,177
Subtotal	19,177	0	19,177
Amount on the balance sheet does not exceed the acquisition cost			
Shares	-	-	-
Subtotal	-	-	-
Total	19,177	0	19,177

Notes: 1. [Acquisition cost] in the table is the amount after impairment treatment.

2. Investments in investment partnerships (9,633 thousand yen on the balance sheet) are not included in the above table because they are shares without a market price.

3. Available-for-sale securities sold during the fiscal year

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

Classification	Sale proceeds (Thousands of yen)	Total gain on sale (Thousands of yen)	Total loss on sale (Thousands of yen)
Shares	30,000	29,999	-
Total	30,000	29,999	-

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

Classification	Sale proceeds (Thousands of yen)	Total gain on sale (Thousands of yen)	Total loss on sale (Thousands of yen)
Shares	2,000	1,999	-
Total	2,000	1,999	-

(Retirement benefits)

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

1. Outline of adopted retirement benefits plan

Since July 2022, we have adopted a defined contribution pension plan system to provide retirement benefits to our employees.

2. Defined contribution plan system

The amount required to contribute to our defined contribution plan system is 4,920 thousand yen.

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

1. Outline of adopted retirement benefits plan

Since July 2022, we have adopted a defined contribution pension plan system to provide retirement benefits to our employees.

2. Defined contribution plan system

The amount required to contribute to our defined contribution plan system is 6,290 thousand yen.

(Stock options, etc.)

(Stock options)

1. Amount of expenses recorded for stock options and items

Not applicable.

2. Details, size, and changes of stock options

(1) Details of stock options

	5th Share Acquisition Rights	6th Share Acquisition Rights
Category and number of recipients	Directors of Tobila Systems: 2 Employees of Tobila Systems: 14	Directors of Tobila Systems: 1 Employees of Tobila Systems: 23
Number of stock options by class of shares (Note)	Common shares: 230,100 shares	Common shares: 266,700 shares
Date of grant	Feb. 15, 2018	Nov. 22, 2018
Vesting conditions	Persons who were a Director, Corporate Auditor, or employee (including seconded employees) of Tobila Systems or its subsidiaries when issued must be an officer or employee of Tobila Systems, its subsidiary, or an associate of Tobila Systems when exercising. However, this does not apply to persons who our Board of Directors has approved to exercise share acquisition rights in particular. Other conditions shall be as specified in the share acquisition rights allotment agreement.	Persons who were a Director, Corporate Auditor, or employee (including seconded employees) of Tobila Systems or its subsidiaries when issued must be an officer or employee of Tobila Systems, its subsidiary, or an associate of Tobila Systems when exercising. However, this does not apply to persons who our Board of Directors has approved to exercise share acquisition rights in particular. Other conditions shall be as specified in the share acquisition rights allotment agreement.
Applicable working period	Applicable period is not set.	Applicable period is not set.
Period to exercise rights	Feb. 15, 2020 - Jan. 25, 2028	Nov. 22, 2020 - Oct. 25, 2028

Note: Stated are the number of shares converted after the share splits on January 16, 2019 (at a rate of 100 shares per share), and on October 11, 2019 (at a rate of three shares per share).

(2) Size and changes of stock options

The number of stock options are stated converted to the number of shares for stock options that were in effect in the current fiscal year (fiscal year ended October 31, 2025).

(i) Number of stock options

	5th Share Acquisition Rights	6th Share Acquisition Rights
Date of resolution	Jan. 26, 2018	Oct. 26, 2018
Before vesting (shares)		
As of the end of FY2024	-	-
Granted	-	-
Revoked	-	-
Vested	-	-
Balance of unvested	-	-
After vesting (shares)		
As of the end of FY2024	37,500	43,500
Vested	-	-
Exercised rights	3,000	5,400
Revoked	-	-
Balance of unexercised	34,500	38,100

Note: Stated are the number of shares converted after the share splits on January 16, 2019 (at a rate of 100 shares per share), and on October 11, 2019 (at a rate of three shares per share).

(ii) Unit price information

	5th Share Acquisition Rights	6th Share Acquisition Rights
Date of resolution	Jan. 26, 2018	Oct. 26, 2018
Exercise price (yen)	147	234
Average share price upon exercise (yen)	1,322	1,009
Fair evaluation unit price on date of grant (yen)	-	-

Note: Stated are the prices converted after the share splits on January 16, 2019 (at a rate of 100 shares per share), and on October 11, 2019 (at a rate of three shares per share).

3. Method of estimating the fair valuation unit price of stock options granted in the current fiscal year

Not applicable.

4. Method of estimating the number of vested stock options

Fundamentally, as it is difficult to reasonably estimate the number of revocations in the future, we adopt a method that only reflects the actual number of revocations.

5. The total amount of intrinsic value at the end of the current fiscal year and the total amount of intrinsic value on the exercise date of stock options exercised during the current fiscal year when the calculation is performed based on the intrinsic value per unit of stock options

(1) Total amount of intrinsic value at the end of the current fiscal year: 53,531 thousand yen

(2) Total amount of intrinsic value exercised in the current fiscal year: 7,546 thousand yen

(Transactions in which shares are granted gratuitously as compensation of Directors, etc.)

1. Details, size, and changes of transactions in which shares are granted gratuitously as compensation of Directors, etc. before grant

(1) Details of transactions before grant

	2023 before grant	2024 before grant	2025 before grant
Category and number of recipients	Directors (excluding Outside Directors) of Tobila Systems 4	Directors (excluding Outside Directors) of Tobila Systems 3	Directors (excluding Outside Directors) of Tobila Systems 3
Number of granted shares by class of shares	Common shares: 6,000 shares	Common shares: 3,000 shares	Common shares: 9,000 shares
Date of grant	Feb. 24, 2023	Feb. 22, 2024	Feb. 28, 2025
Vesting conditions	Continuously held the position of Director or Executive Officer from the date of grant (February 24, 2023) until the vesting date (February 24, 2026).	Continuously held the position of Director or Executive Officer from the date of grant (February 22, 2024) until the vesting date (February 22, 2025). Achieve net sales and profit before income taxes, the financial results targets for the fiscal year ended October 31, 2024 resolved by the Board of Directors on December 8, 2023.	Continuously held the position of Director or Executive Officer from the date of grant (February 28, 2025) until the vesting date (February 28, 2026). Achieve net sales and profit before income taxes, the financial results targets for the fiscal year ended October 31, 2025 resolved by the Board of Directors on December 10, 2024.
Applicable working period	Feb. 24, 2023 - Feb. 24, 2026	Feb. 22, 2024 - Feb. 22, 2025	Feb. 28, 2025 - Feb. 28, 2026

(2) Size and changes of transactions before grant

(i) Amount of expenses recorded and item

	FY2024	FY2025
Share-based compensation expenses of selling, general and administrative expenses	4,985 thousand yen	7,056 thousand yen

(ii) Number of shares

The number of transactions before grant for the number of unvested shares in effect are stated for the current fiscal year (fiscal year ended October 31, 2025).

	2023 before grant	2024 before grant	2025 before grant
End of previous fiscal year (shares)	3,000	3,000	-
Granted (shares)	-	-	9,000
Forfeited (shares)	-	-	-
Vested (shares)	-	3,000	-
Balance of unvested (shares)	3,000	-	9,000

(iii) Unit price information

	2023 before grant	2024 before grant	2025 before grant
Fair evaluation unit price on date of grant (yen)	837	895	822

2. Method of estimating fair evaluation unit price

To eliminate arbitrariness in the valuation, the closing price of our common shares on the Tokyo Stock Exchange on January 25, 2023 (the business day before the day of the Board of Directors' resolution) is used for the transactions before issuance in 2023, and the closing price of our common shares on the Tokyo Stock Exchange on January 22, 2024 (the business day before the day of the Board of Directors' resolution) is used for the transactions before issuance in 2024, and the closing price of our common shares on the Tokyo Stock Exchange on January 28, 2025 (the business day before the day of the Board of Directors' resolution) is used for the transactions before issuance in 2025.

3. Method of estimating number of vested shares

For transactions before grant, as it is fundamentally difficult to reasonably estimate the number of forfeitures in the future, we adopt a method that only reflects the actual number of forfeitures.

(Tax effect accounting)

1. The significant components of deferred tax assets and liabilities

	FY2024 (As of Oct. 31, 2024)	FY2025 (As of Oct. 31, 2025)
Deferred tax assets		
Business taxes payable	8,092 thousand yen	10,098 thousand yen
Restricted stock income	6,840 “	15,963 “
Asset retirement obligations	3,827 “	5,339 “
Depreciation excess	14,492 “	22,854 “
Loss on valuation of investment securities	3,705 “	4,058 “
Other, net	3,266 “	4,311 “
Total deferred tax assets	40,225 thousand yen	62,626 thousand yen
Deferred tax liabilities		
Valuation difference of assets received in merger	248 thousand yen	118 thousand yen
Total deferred tax liabilities	248 thousand yen	118 thousand yen
Net deferred tax assets	39,976 thousand yen	62,507 thousand yen

2. If there is a material difference between the normal effective statutory tax rate and the corporate tax rates, etc. after the tax effect accounting is used, a breakdown of the main items that caused the difference

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Normal effective statutory tax rate	-	30.6%
(Adjustment)		
Items permanently not deductible for tax purposes such as entertainment expenses	-	0.5%
Inhabitant tax on per capita basis	-	0.1%
Tax credit	-	(5.3)%
Amortization of goodwill	-	2.3%
Others	-	(0.1)%
Corporate tax rates, etc. after the tax effect accounting is used	-	28.2%

For the previous fiscal year, notes are omitted as the difference between the normal effective statutory tax rate and the corporate tax rates, etc. after the tax effect accounting is used is 5/100 or less of the normal effective statutory tax rate.

3. Revision of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

The Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, and the “Special Defense Corporate Tax” will be imposed for fiscal years beginning on or after April 1, 2026.

Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences that are expected to reverse in fiscal years beginning on or after November 1, 2026, the normal effective statutory tax rate used in the calculation has been changed from 30.6% to 31.5%.

The impact of this change on the amount of deferred tax assets for the current fiscal year (net of deferred tax liabilities) and on Income taxes-deferred is immaterial.

(Asset retirement obligations)

We recognize the obligation to restore properties to their original condition upon moving out based on the real estate lease contracts for the head office, etc. as an asset retirement obligation.

Furthermore, for asset retirement obligations at the end of the current fiscal year, instead of recording a liability, we used a method to record the amount that belongs to the burden in the current fiscal year as an expense by reasonably estimating the amount for which it is recognized that the security deposit related to the real estate lease contract cannot ultimately be recovered.

(Notes on revenue recognition)

1. Information on the disaggregation of revenue from contracts with customers

Information on the disaggregation of revenue from contracts with customers is as stated in “Notes (Segment and Other Information).”

2. Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue from contracts with customers is as stated in “Notes (Significant accounting policies), 5. Basis for recording revenue and expenses.”

3. Reconciliation of satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue arising from customers’ existing at the end of the current fiscal year expected to be recognized in and after the next fiscal year

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

(1) Balance of contract assets, contract liabilities, etc.

	FY2024 (Thousands of yen)	
	Balance at beginning of period	Balance at the end of period
Receivables from contracts with customers	238,371	266,112
Contract assets	16,223	15,670
Contract liabilities	905,258	1,368,138

Contract liabilities are mainly advances received from customers for usage fees for TobilaPhone Biz in the solution business, where revenue is recognized based on the contract period and are reversed when revenue is recognized.

Furthermore, the significant change in the contract liability balance during the current fiscal year was mainly due to an increase in advances received due to an increase in the number of contracts for TobilaPhone Biz.

Revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was 277,863 thousand yen.

(2) Transaction price allocated to the remaining performance obligations

The total amount of transaction price allocated to the remaining performance obligations and the period during which revenue is expected to be recognized are as follows.

	FY2024 (Thousands of yen)
Due in one year or less	386,221
Due after one year through two years	246,682
Due after two years through three years	240,996
Due after three years through four years	222,588
Due after four years through five years	159,832
Due after five years	111,816
Total	1,368,138

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

(1) Balance of contract assets, contract liabilities, etc.

	FY2025 (Thousands of yen)	
	Balance at beginning of period	Balance at the end of period
Receivables from contracts with customers	266,112	331,766
Contract assets	15,670	20,063
Contract liabilities	1,368,138	2,216,213

Contract liabilities are mainly advances received from customers for usage fees for TobilaPhone Biz in the solution business, where revenue is recognized based on the contract period and are reversed when revenue is recognized. Furthermore, the significant change in the contract liability balance during the current fiscal year was mainly due to an increase in advances received due to an increase in the number of contracts for TobilaPhone Biz.

Revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was 386,507 thousand yen.

(2) Transaction price allocated to the remaining performance obligations

The total amount of transaction price allocated to the remaining performance obligations and the period during which revenue is expected to be recognized are as follows.

	FY2025 (Thousands of yen)
Due in one year or less	564,332
Due after one year through two years	414,347
Due after two years through three years	396,005
Due after three years through four years	333,372
Due after four years through five years	230,350
Due after five years	277,804
Total	2,216,213

(Segment and Other Information)

[Segment information]

1. Overview of reportable segment

(1) Method of determining the reportable segments

Segments used for financial reporting are Tobila Systems' constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

We conduct our business by type of products and services, and have two reportable segments: "Security Business" and "Solution Business."

(2) Products and services for the reportable segment

The security business mainly provides services for countermeasures against special fraud and phishing scams.

The solution business mainly provides products and services for businesses to improve the operational efficiency of office telephones.

(3) Changes in reportable segments, etc.

Beginning with the current fiscal year, reportable segments have been changed from the previous single segment of "Fraud and Spam Prevention Business" to two segments of "Security Business" and "Solution Business" in order to appropriately and clearly present our business segments and business activities from the perspectives of our future business development, management resource allocation, and management system.

Segment information for the previous fiscal year has been prepared and disclosed based on the revised reportable segment classification.

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for the reportable segment

The accounting methods used for the reportable segment are consistent with the accounting policies used in preparing the financial statements. Profit for the reportable segment is based on values of operating profit.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for the reportable segment and breakdown of revenue FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

(Thousands of yen)

	Reportable segment			Adjustment (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
External sales	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
Increase in property, plant and equipment and intangible assets	20,854	52,576	73,431	18,079	91,510

Notes: 1. Recurring revenue is revenue recorded as sales for the provision of a service over a certain period.

2. Non-recurring revenue is revenue recorded as sales upon the delivery of a product and its acceptance by a customer.

3. Contents of adjustments are as follows.

- (1) The adjustment to segment profit includes corporate expenses that are not allocated to reportable segments. Corporate expenses mainly consist of selling, general and administrative expenses that are not attributable to reportable segments.
- (2) The adjustment to segment assets includes corporate assets that are not allocated to reportable segments. Corporate assets mainly consist of surplus funds (cash and deposits), and assets which belong to the administration department.
- (3) The adjustment to depreciation includes depreciation of corporate assets that are not allocated to reportable segments.
- (4) The adjustment to increase in property, plant and equipment and intangible assets includes capital expenditures associated with corporate assets that are not attributable to reportable segments.

4. Segment profit is adjusted to be consistent with operating profit in the non-consolidated statement of income.

	Reportable segment			Adjustment (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
External sales	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
Increase in property, plant and equipment and intangible assets	78,315	51,800	130,116	4,087	134,203

Notes: 1. Recurring revenue is revenue recorded as sales for the provision of a service over a certain period.

2. Non-recurring revenue is revenue recorded as sales upon the delivery of a product and its acceptance by a customer.

3. Contents of adjustments are as follows.

- (1) The adjustment to segment profit includes corporate expenses that are not allocated to reportable segments. Corporate expenses mainly consist of selling, general and administrative expenses that are not attributable to reportable segments.
- (2) The adjustment to segment assets includes corporate assets that are not allocated to reportable segments. Corporate assets mainly consist of surplus funds (cash and deposits), and assets which belong to the administration department.
- (3) The adjustment to depreciation includes depreciation of corporate assets that are not allocated to reportable segments.
- (4) The adjustment to increase in property, plant and equipment and intangible assets includes capital expenditures associated with corporate assets that are not attributable to reportable segments.

4. Segment profit is adjusted to be consistent with operating profit in the non-consolidated statement of income.

[Related information]

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

1. Information by product and service

Omitted because the same information is presented in 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 outside Japan.

3. Information by major customer

(Thousands of yen)

Name of customer	Net sales	Related segment name
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

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

1. Information by product and service

Omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan accounted for more than 90% of net sales shown on the non-consolidated statement of income.

(2) Property, plant and equipment

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

3. Information by major customer

(Thousands of yen)

Name of customer	Net sales	Related segment name
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 Related to Impairment Loss of Non-current Assets for the Reportable Segment]

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

Not applicable.

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

(Thousands of yen)

	Reportable segment			Others	Elimination or corporate	Total
	Security business	Solution business	Total			
Impairment loss	-	41,082	41,082	-	-	41,082

[Information on amortization of goodwill and unamortized balance by reportable segment]

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

(Thousands of yen)

	Reportable segment			Others	Elimination or corporate	Total
	Security business	Solution business	Total			
Amortization	65,904	-	65,904	-	-	65,904
Ending balance	126,317	-	126,317	-	-	126,317

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

(Thousands of yen)

	Reportable segment			Others	Elimination or corporate	Total
	Security business	Solution business	Total			
Amortization	65,904	-	65,904	-	-	65,904
Ending balance	60,412	-	60,412	-	-	60,412

[Information related to gain on negative goodwill by reportable segment]

Not applicable.

Equity in earnings of affiliates

1. Matters concerning affiliates

(Thousands of yen)

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (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

2. Matters concerning special purpose companies subject to disclosure

We do not have any special purpose companies subject to disclosure.

Related party transactions

FY2024 (Nov. 1, 2023 - Oct. 31, 2024)

1. Transactions with related parties

Officers and major shareholders (limited to individuals) of the company submitting non-consolidated financial statements, etc.

Class	Name or name of the company, etc.	Location	Share capital or investments in capital (Thousands of yen)	Description of business or occupation	Ratio of voting rights, etc. held (indirectly held) (%)	Relationship with related party	Details of transaction	Transaction amount (Thousands of yen)	Item	Balance at the end of period (Thousands of yen)
Officer	Atsushi Akita	-	-	Representative Director of Tobila Systems	(Owned) direct 45.21	Representative Director of Tobila Systems	Repurchased treasury shares (Note)	188,000	-	-

Notes: Regarding share repurchase, based on a resolution of the Board of Directors held on December 8, 2023, we repurchased treasury shares through the ToSTNeT-3 Trading Network System on December 11, 2023, and the acquisition price is based on the closing price on December 8, 2023, which is the same date as the resolution on the Board of Directors for the repurchase of treasury shares.

2. Notes on parent company or significant affiliates

Not applicable.

FY2025 (Nov. 1, 2024 - Oct. 31, 2025)

1. Transactions with related parties

Not applicable.

2. Notes on parent company or significant affiliates

Not applicable.

(Per-share information)

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (Nov. 1, 2024 - Oct. 31, 2025)
Net assets per share	234.33(yen)	256.92(yen)
Net income per share	57.77(yen)	61.59(yen)
Diluted net income per share	57.41(yen)	61.21(yen)

Notes: 1. The basis of calculating net income per share and diluted net income per share is as follows:

	FY2024 (Nov. 1, 2023 - Oct. 31, 2024)	FY2025 (Nov. 1, 2024 - Oct. 31, 2025)
Net income per share		
Profit (thousands of yen)	601,854	625,676
Amount not attributable to common shareholders (thousands of yen)	-	-
Profit applicable to common shares (thousands of yen)	601,854	625,676
Average number of common shares outstanding during the period (shares)	10,418,893	10,159,125
Diluted net income per share		
Adjustment to profit (thousands of yen)	-	-
Increase in the number of common shares (shares)	65,402	62,140
[Including: share acquisition rights (shares)]	(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 of calculating net assets per share is as follows.

	FY2024 (As of Oct. 31, 2024)	FY2025 (As of Oct. 31, 2025)
Total net assets (thousands of yen)	2,441,329	2,595,254
Deduction on total net assets (thousands of yen)	-	-
Net assets applicable to common shares at end of period (thousands of yen)	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.

(v) Annexed detailed schedules

[Annexed detailed schedule of property, plant and equipment, etc.]

Class of assets	Balance at the beginning of period (Thousands of yen)	Increase during the period (Thousands of yen)	Decrease during the period (Thousands of yen)	Ending balance (Thousands of yen)	Accumulated depreciation or amortization at the end of period (Thousands of yen)	Amortization (Thousands of yen)	Balance at the end of period (Thousands of yen)
Property, plant and equipment							
Buildings	41,041	-	-	41,041	33,068	5,905	7,972
Structures	854	-	-	854	581	54	273
Tools, furniture and fixtures	249,664	53,261	4,319 (1,084)	298,606	208,760	39,289	89,846
Others	-	17,851	17,051	800	-	-	800
Total property, plant and equipment	291,560	71,112	21,370 (1,084)	341,302	242,410	45,249	98,891
Intangible assets							
Goodwill	329,524	-	-	329,524	269,111	65,904	60,412
Patent right	8,975	-	370 (370)	8,605	8,111	681	494
Trademark right	2,611	-	-	2,611	2,140	166	471
Software	439,895	87,883	40,206 (39,628)	487,571	341,029	69,831	146,542
Others	12,406	76,345	86,865	1,885	-	-	1,885
Total intangible assets	793,412	164,228	127,441 (39,998)	830,199	620,392	136,583	209,806
Long-term prepaid expenses	168,296	27,939	8,414	187,820	128,260	51,544	59,560

Notes: 1. Main components of increase during the year are as follows.

Tools, furniture and fixtures	(Servers)	40,075 thousand yen
Software	(Internal systems)	84,085 thousand yen
Others (software in progress)	(Internal systems)	74,459 thousand yen

2. Main components of decrease during the year are as follows.

Software	(Impairment loss on internal systems)	38,058 thousand yen
Others (software in progress)	(Completed internal systems)	84,085 thousand yen

In the "Decrease during the period" column, the amounts in parentheses represent impairment losses recorded and are included in the figures above.

[Annexed non-consolidated detailed schedule of corporate bonds]

Not applicable.

[Annexed non-consolidated detailed schedule of borrowings]

Classification	Balance at the beginning of period (Thousands of yen)	Ending balance (Thousands of yen)	Average interest rate (%)	Due date
Current portion of long-term borrowings	50,040	50,040	0.35	-
Long-term borrowings (excluding current portion)	145,670	95,630	0.35	Sep. 1, 2028
Total	195,710	145,670	-	-

- Notes: 1. The “Average interest rate” refers to the contracted interest rate as the interest rate on loans, etc., is at a fixed interest rate.
 2. The total annual repayment amount of long-term borrowings (excluding current portion) within five years after the balance sheet date.

Classification	Due after one year through two years (Thousands of yen)	Due after two years through three years (Thousands of yen)	Due after three years through four years (Thousands of yen)	Due after four years through five years (Thousands of yen)
Long-term borrowings	50,040	45,590	-	-

[Annexed detailed schedule of provisions]

Classification	Balance at the beginning of period (Thousands of yen)	Increase during the period (Thousands of yen)	Decrease during the period (Purpose use) (Thousands of yen)	Decrease during the period (Others) (Thousands of yen)	Ending balance (Thousands of yen)
Allowance for doubtful accounts	1,007	1,620	717	329	1,580

Note: The amount in the “Decrease during the period (Others)” column of the allowance for doubtful accounts is the amount to be revised based on historical default rates for general receivables.

[Annexed non-consolidated detailed schedule of asset retirement obligations]

As for asset retirement obligations, there are no applicable items as follows: instead of recording a liability for asset retirement obligations, a reasonable estimate of the amount for which it is recognized that the security deposit related to the real estate lease contract cannot ultimately be recovered is used to record the amount that belongs to the burden in the current fiscal year as an expense.

(2) Components of major assets and liabilities

(i) Cash and deposits

Classification	Amount (Thousands of yen)
Cash	-
Deposits	
Current deposits	1,561
Ordinary deposits	3,033,317
Time deposits	701,634
Total	3,736,513

(ii) Electronically recorded monetary claims-operating

Breakdown by counterparty

Counterparty	Amount (Thousands of yen)
SunTelephone Co., Ltd.	22,097
Yamaichi Techno, Inc.	143
Total	22,240

Breakdown by due date

Due date	Amount (Thousands of yen)
Maturing in Nov. 2025	4,524
Maturing in Dec. 2025	17,716
Total	22,240

(iii) Accounts receivable-trade and contract assets

Breakdown by counterparty (accounts receivable-trade)

Counterparty	Amount (Thousands of yen)
KDDI CORPORATION	111,772
SoftBank Corp.	54,202
INVERSENET INC.	26,486
CHUBU TELECOMMUNICATIONS CO., INC.	6,173
Apple Japan, Inc.	4,514
Others	106,376
Total	309,526

Breakdown by counterparty (contract assets)

Counterparty	Amount (Thousands of yen)
Metropolitan Police Department	13,700
NTT TownPage Corporation	5,821
Izumisano	263
Meguro-ku	258
Shimokawa	19
Total	20,063

Occurrence, collection and retention status of accounts receivable-trade and contract assets

Balance at the beginning of period (Thousands of yen) (A)	Occurrence at the beginning of period (Thousands of yen) (B)	Collection at the beginning of period (Thousands of yen) (C)	Balance at the end of period (Thousands of yen) (D)	Collection rate (%) $\frac{(C)}{(A) + (B)} \times 100$	Retention period (Days) $\frac{(A) + (D)}{2} \div \frac{(B)}{365}$
276,373	2,245,666	2,192,450	329,589	86.9	49.2

(iv) Merchandise and finished goods

Classification	Amount (Thousands of yen)
Fraud and spam prevention terminals for landline telephones	5,429
Fraud and spam prevention terminals for business telephones	32,948
Other telecommunication equipment	812
Total	39,191

(v) Raw materials and supplies

Classification	Amount (Thousands of yen)
Product-related materials, etc.	515
Total	515

(vi) Accounts payable-trade

Breakdown by counterparty

Payee	Amount (Thousands of yen)
NOVALUX JAPAN CO. LTD.	8,388
Prodelight Co., Ltd.	739
SANWA SUPPLY INC.	220
Total	9,347

(vii) Contract liabilities

Breakdown by counterparty

Payee	Amount (Thousands of yen)
INVERSENET INC.	1,761,033
NEC Platforms, Ltd.	175,380
NTT DOCOMO, INC	125,437
SunTelephone Co., Ltd.	83,370
HIRANOTSUSHINKIZAI Co., Ltd.	20,571
Others	50,418
Total	2,216,213

(3) Others

Semi-annual information for the current fiscal year

		First half	FY2025
Net sales	(thousands of yen)	1,372,136	2,805,366
Profit before income taxes	(thousands of yen)	527,112	871,309
Profit	(thousands of yen)	353,754	625,676
Net income per share	(yen)	34.61	61.59

VI. Overview of the Submitting Company's Share Administration

Fiscal year	From Nov. 1 each year to Oct. 31 of the following year
Annual General Meeting of Shareholders	Within three months after the end of each fiscal year
Record date	October 31 each year
Record date for dividends from surplus	April 30 each year October 31 each year
Number of shares per unit	100 shares
Purchase of odd-lot shares	
Handling location	3-15-33 Sakae, Naka-ku, Nagoya, Aichi, Japan Stock Transfer Agency Services Department, Sumitomo Mitsui Trust Bank, Limited
Shareholder register administrator	1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Intermediary agency	-
Purchase fee	None
Method of public notice	Our method of public notices shall be electronic public notice. However, in the event that electronic public notices cannot be made due to an accident or other unavoidable circumstances, public notices shall be made by publication in the Nikkei. Public notice URL: https://tobila.com/
Special benefit for shareholders	Not applicable.

Note: The Articles of Incorporation stipulate that shareholders who hold less than one unit of our shares may not exercise any rights other than the following rights with respect to their shares of less than one unit.

- (1) Rights set forth in each item of Article 189, Paragraph 2 of the Companies Act.
- (2) The right to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act.
- (3) The right to receive allotment of shares to be offered and the right to receive allotment of share acquisition rights in accordance with the number of shares held by shareholders.

VII. Reference Information of the Submitting Company

1. Information on Parent Company, etc. of the Submitting Company

We do not have a parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The following documents were submitted during the period from the start of the current fiscal year to the date of submission of the Annual Securities Report.

(1) Annual Securities Report, its attached documents, and a confirmation letter

18th fiscal year (from November 1, 2023 to October 31, 2024) Submitted to the Director-General of the Tokai Local Finance Bureau on January 29, 2025.

(2) Internal control report and its attached documents

Submitted to the Director-General of the Tokai Local Finance Bureau on January 29, 2025.

(3) Semi-annual report and a confirmation letter

First half of the 19th fiscal year (from November 1, 2024 to April 30, 2025) Submitted to the Director-General of the Tokai Local Finance Bureau on June 10, 2025.

(4) Extraordinary report

This is an extraordinary report based on the provisions of Article 19, Paragraph 2, Item 9-2 (Results of Exercise of Voting Rights at General Meetings of Shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Tokai Local Finance Bureau on January 30, 2025.

(5) Report on the status of share repurchases

Submitted to the Director-General of the Tokai Local Finance Bureau on February 6, 2025, March 7, 2025, and April 8, 2025.

Part II Information on Guarantor Companies, etc. for the Submitting Company

Not applicable.

Independent Auditors' Audit Report and Internal Control Audit Report

January 26, 2026

Tobila Systems Inc.
The Board of Directors

BDO Sanyu & Co.
Nagoya Office

Designated and Certified Public
Engagement Partner Accountant Yousuke Saeki

Designated and Certified Public
Engagement Partner Accountant Keita Suzuki

[Audit of Non-consolidated Financial Statements]

Audit Opinion

To conduct audit certification as prescribed in the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Tobila Systems Inc. for the 19th fiscal year from November 1, 2024 to October 31, 2025 included in the Accounting Status, namely, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the non-consolidated statement of cash flows, significant accounting policies, other notes and non-consolidated supplementary schedules.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tobila Systems Inc. as of October 31, 2025, and the results of their operations and their cash flows for the fiscal year then ended in conformity with accounting principles for non-consolidated financial statements generally accepted in Japan.

Basis for Opinion

We have conducted the audit in accordance with audit standards that are generally considered fair and reasonable in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements" section of our report. We are independent of Tobila Systems in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We consider that audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Issues of the Audit

Key issues of the audit mean issues that we deem particularly important from a professional perspective in auditing non-consolidated financial statements for the current fiscal year. The key issues of the audit are what were addressed in the process of implementing an audit of all non-consolidated financial statements and forming audit comments. They do not mean that we state our own view on them.

Appropriateness of accuracy and attribution of period of sales of TobilaPhone Biz in the solution business	
Details of key issues of the audit and reasons for decision	How our audit addressed the issues
<p>The company operates a solution business aimed at improving the operational efficiency of office telephones. Within this business, it sells “TobilaPhone Biz,” a product for business telephones that includes convenient functions required for office telephones.</p> <p>Contract liabilities of 2,216,213 thousand yen are recorded on the balance sheet at the end of the current fiscal year, and accounted for 41% of the total liabilities and net assets. As stated in [Notes] (Notes on revenue recognition), this balance is mainly advances received for sales of TobilaPhone Biz in the solution business.</p> <p>As stated in [Notes] (Significant accounting policies) 5. Basis for recording revenue and expenses, the company recognizes revenue for usage fees for TobilaPhone Biz over the contract period. Specifically, advances received are recorded as contract liabilities when entering into a contract, and advances received are transferred to sales according to the contract period.</p> <p>If an incorrect registration is made for the contract amount or contract period when registering basic information in documents for management of advances received, the amount of sales recorded is incorrect, and the impact may be important. In addition, if the logic of calculating the amount of sales recorded is incorrect for a contract period, the monetary impact may also be important.</p> <p>As stated above, we have determined that the accuracy and appropriateness of the attribution of net sales of TobilaPhone Biz in the solution business fall under key issues of the audit as they are important for the audit of the non-consolidated financial statements for the current fiscal year.</p>	<p>In order to verify the accuracy and appropriateness of the period attribution of net sales of TobilaPhone Biz in the solution business, we have mainly performed the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluated the effectiveness of the design and operation of internal control related to the recording of sales of TobilaPhone Biz in the solution business. • Verified that the advances received at the end of the previous fiscal year are transferred to sales according to the passage of the contract period in the advance receipt management materials for the current fiscal year, and is appropriately updated from the advance receipt management materials at the end of the previous fiscal year. • In materials for management of advances received in the current fiscal year, transactions related to TobilaPhone Biz in the solution business were extracted through sampling, and verification of the accuracy of contract amounts and contract periods was performed by crosschecking the evidence that served as the basis. • Verified by recalculation that the amount of sales transfers in the management materials for advances received was calculated appropriately based on the passage of the contract period. • Confirmed the consistency between the calculation results of the amount of sales transfers in the management materials for advances received and the amount entered into the accounting system.

Other information

Other information is information included in the annual securities report which is not covered by the non-consolidated financial statements as well as their audit reports. Management’s responsibility is to create and disclose the other information. The Audit & Supervisory Committee is responsible for overseeing the directors’ performance of duties in terms of developing and implementing a process for reporting such other information.

The subject of the audit opinion on the non-consolidated financial statements does not include other information, and we do not express an opinion on the other information.

Our responsibilities in auditing the non-consolidated financial statements are to read through the other information to consider whether there are any major differences between the other information and the non-consolidated financial statements or the knowledge that we acquire in the process of the audit, and to pay attention to any signs of material errors in information other than those major differences.

We are required to report the facts when we determine that there is a material error in other information based on the procedure that was conducted.

There are no matters to be reported regarding other information.

Responsibilities of Management and Audit & Supervisory Committee for the Non-consolidated Financial Statements

Management is responsible for the preparation and appropriate presentation of non-consolidated financial statements in accordance with the Generally Accepted Accounting Principles of Japan. Such responsibilities include the establishment and implementation of internal control that management determines is necessary for the preparation and appropriate presentation of non-consolidated financial statements that are free of any material misstatements due to fraud or errors.

In preparing the non-consolidated financial statements, management is responsible for assessing Tobila Systems’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with generally accepted accounting principles of Japan.

The Audit & Supervisory Committee is responsible for overseeing the directors’ performance of their duties, including the design, implementation and maintenance of Tobila Systems’ financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. Design and perform audit procedures responsive to those risks. These audit procedures are selected and performed, depending on the auditor's judgment. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to assess the risk and design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of Tobila Systems' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tobila Systems' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Tobila Systems to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with auditing standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where we have taken measures to eliminate these barriers or have applied safeguards that can mitigate these barriers to an acceptable level.

We define those matters discussed with the Audit & Supervisory Committee, which are deemed particularly important in the audit of the non-consolidated financial statements for the current fiscal year as key issues of the audit and state them in the audit report. However, we do not state matters in the case where publication of these matters is prohibited by laws, ordinances, or suchlike or in the very rare case that we judge that they should not be reported on the grounds of reasonably expected disadvantages from the reporting in the audit report that would exceed the public interest.

[Internal Control Audit]

Audit Opinion

To conduct audit certification as prescribed in the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the internal control report of Tobila Systems Inc. dated October 31, 2025.

We consider that the aforementioned internal control report, in which Tobila Systems Inc. indicates that effective internal control is maintained pertaining to financial reporting as of October 31, 2025, properly reflects the evaluation results of internal control over financial reporting in all important respects, in compliance with internal control evaluation standards over financial reporting that are generally considered fair and reasonable in Japan.

Basis for Opinion

We have conducted the internal control audit in accordance with internal control audit standards over internal reporting that are generally considered fair and reasonable in Japan. Our responsibilities under the auditing standards for internal control over financial reporting are further described in the “Auditor’s Responsibilities for the Audit of Internal Control” section of our report. We are independent of Tobila Systems in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We consider that audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and the Audit & Supervisory Committee for the Internal Control Report

Management is responsible for the establishment and implementation of internal control as it pertains to financial reporting, as well as the preparation and appropriate presentation of internal control reports, in accordance with internal control evaluation standards over financial reporting that are considered generally fair and reasonable in Japan.

The Audit & Supervisory Committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

It may not be possible, however, to fully prevent or identify the presentation of misstatements due to internal control over financial reporting.

Auditor’s Responsibilities for the Audit of Internal Control

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of internal control and to issue an auditor’s report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor’s judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform an audit of internal control in order to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of our audit of internal control, the results thereof, material weaknesses in internal control identified during our audit of internal control, and those that were remediated.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where we have taken measures to eliminate these barriers or have applied safeguards that can mitigate these barriers to an acceptable level.

Compensation-related information

Compensation for our audit certification services and compensation for non-audit services for Tobila Systems and those belonging to the same network as Tobila Systems are described in “Status of Submitting Company,” Status of Corporate Governance, etc., (3) Status of audits.

Interest Related

There is not any conflict of interest between Tobila Systems and BDO Sanyu & Co. or its Engagement Partners which should be disclosed under the provisions of the Certified Public Accountants Act.

End

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- Notes: 1. The above is an electronic copy of what is described in the original audit report that is separately stored by Tobil Systems (company submitting the Annual Securities Report).
2. XBRL data are not within the scope of audits.