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Non-consolidated Financial Results for the First Quarter of the Fiscal Year Ending October 31, 2025 (Three Months Ended January 31, 2025)

[Japanese GAAP]

March 10, 2025

Company name: Tobila Systems Inc. Listing: Tokyo Stock Exchange
 Securities code: 4441 URL: <https://tobila.com>
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Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of financial results meeting: Yes

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

1. Non-consolidated Financial Results for the First Three Months (November 1, 2024 - January 31, 2025) of the Fiscal Year Ending October 31, 2025

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jan. 31, 2025	672	18.5	259	28.0	257	27.7	172	11.2
Three months ended Jan. 31, 2024	567	16.4	202	11.2	201	11.0	155	28.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended Jan. 31, 2025	16.71	16.61
Three months ended Jan. 31, 2024	14.86	14.76

(2) Financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of Jan. 31, 2025	4,227	2,188	51.8
As of Oct. 31, 2024	4,355	2,441	56.0

Reference: Equity (million yen) As of Jan. 31, 2025: 2,188 As of Oct. 31, 2024: 2,441

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2024	-	0.00	-	20.00	20.00
Fiscal year ending Oct. 31, 2025	-	-	-	-	-
Fiscal year ending Oct. 31, 2025 (forecasts)	-	0.00	-	20.00	20.00

Note: Revision to the most recently announced dividend forecast: None

3. Earnings Forecast for the Fiscal Year Ending October 31, 2025 (November 1, 2024 - October 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	1,293	12.1	416	(5.0)	416	(4.8)	277	(11.3)	26.61
Full year	2,650	10.1	832	0.0	831	0.2	554	(8.0)	53.18

(Note) Revision to the most recently announced earnings forecast: None

* Notes

(1) Application of special accounting methods for presenting quarterly : None
non-consolidated financial statements

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

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

(3) Number of outstanding shares (common shares)

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

As of Jan. 31, 2025: 10,636,800 shares As of Oct. 31, 2024: 10,635,600 shares

2) Number of treasury shares at the end of the period

As of Jan. 31, 2025: 484,250 shares As of Oct. 31, 2024: 217,450 shares

3) Average number of shares outstanding during the period

Three months ended Jan. 31, 2025: 10,331,839 shares Three months ended Jan. 31, 2024: 10,444,873 shares

* Review of the accompanying quarterly financial statements by : None
certified public accountants or auditing firms

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

Cautionary statement with respect to forward-looking statements

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to Tobila Systems' management at the time these materials were prepared, but are not promises by Tobila Systems regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

○ Contents of Attachments

1. Qualitative Information on Quarterly Financial Performance.....2

 (1) Explanation of Results of Operations.....2

 (2) Explanation of Financial Position3

 (3) Explanation of Earnings Forecast and Other Forward-looking Statements.....3

2. Quarterly Non-consolidated Financial Statements and Notes.....4

 (1) Quarterly Non-consolidated Balance Sheet.....4

 (2) Quarterly Non-consolidated Statement of Income5

 For the Three-month Period.....5

 (3) Notes to Quarterly Non-consolidated Financial Statements.....6

 Going Concern Assumption.....6

 Significant Changes in Shareholders' Equity.....6

 Notes to Statement of Cash Flows6

 Notes to Segment Information6

 Subsequent Events.....7

1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Results of Operations

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” and 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 objective of our core business of Fraud and Spam Prevention Business is to prevent bank transfer scams, special frauds and phishing using telephone calls. We have established a stable earnings base by providing this filtering service through telecommunication carriers and financial institutions. On December 10, 2024, we announced the formulation of Medium-term Management Plan 2028 with the aim of achieving further growth. Medium-term Management Plan 2028 sets the target of achieving 6 billion yen in net sales for the fiscal year ending October 31, 2028, and has established five key initiatives: (1) accelerate sales of TobilasPhone Cloud; (2) accelerate sales of TobilasPhone Biz; (3) expansion of sales to telecommunication carriers; (4) creation of new businesses; and (5) expansion and growth of personnel. In the first quarter of the fiscal year ending October 31, 2024, TobilasPhone aggressively invested in business resources. For example, the expansion of functions in TobilasPhone Cloud; provision of a fraudulent call blocking function for new business phones using our database; appearance at an expert training session organized by the Tokyo Metropolitan Police Agency; cooperation with the Tokyo Metropolitan Government’s special website for the prevention of special fraud perpetration; and participation in the Japan Cyber Security Fund No. 1 Limited Partnership as a limited partner.

In the first quarter of the fiscal year ending October 31, 2024, net sales increased 18.5% year on year to 672,955 thousand yen, operating profit increased 28.0% to 259,182 thousand yen, ordinary profit increased 27.7% to 257,911 thousand yen and profit was up 11.2% to 172,617 thousand yen.

Results of operations by business segment are as follows.

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

Security Business

In the Security Business, the company is developing mobile phone, landline phone and other services. In the mobile phone services sector in particular, there were steady sales of optional services for telecommunication carriers. In the landline phone services also, the number of contracts for the Cable Plus Phone service increased from the same period of the previous fiscal year leading to strengthen the revenue base of the entire business.

In the first quarter of the fiscal year ending October 31, 2024, net sales increased 8.6% year on year to 493,291 thousand yen and segment profit increased 11.1% to 365,223 thousand yen.

Solution Business

In the Solutions Business, we worked to increase sales of TobilasPhone Cloud and TobilasPhone Biz, services which the purpose are to improve the operational efficiency of office phones. TobilasPhone Cloud has added an automated SMS transmission function helping reduce the burden of receiving calls and improves the convenience of customers. Sales of TobilasPhone Biz increased due to the growth of demand as a measure against customer harassment. These measures resulted in a significant year-on-year increase in sales in the Solutions Business.

In the first quarter of the fiscal year ending October 31, 2024, net sales increased 58.4% year on year to 179,663 thousand yen and segment profit increased 178.5% to 35,822 thousand yen.

Corporate operating profit is calculated by subtracting corporate expenses not allocated to reportable segments from the total of segment profit. Corporate expenses, which are mainly selling, general and administrative expenses not attributable to reportable segments, increased 2.0% year on year to 141,863 thousand yen due to an increase in management costs associated with the growth of the company size.

(2) Explanation of Financial Position

Total assets

Total assets at the end of the first three months of the current fiscal year decreased 127,972 thousand yen from the end of the previous fiscal year to 4,227,662 thousand yen. This was attributable mainly to decreases of 307,049 thousand yen in cash and deposits, an increase of 9,074 thousand yen in merchandise and finished goods, an increase of 188,556 thousand yen in other current assets and a decrease of 16,476 thousand yen in goodwill.

Liabilities

Total liabilities at the end of the first three months of the current fiscal year increased 124,717 thousand yen from the end of the previous fiscal year to 2,039,022 thousand yen. The main factors include a decrease of 36,813 thousand yen in income taxes payable, an increase of 194,749 thousand yen in contract liabilities, an increase of 24,078 thousand yen in provision for bonuses, a decrease of 44,042 thousand yen in other current liabilities and a decrease of 12,510 thousand yen in long-term loans payable.

Net assets

Total net assets at the end of the first three months of the current fiscal year decreased 252,690 thousand yen from the end of the previous fiscal year to 2,188,639 thousand yen. The main factors include the recording of profit of 172,617 thousand yen, a decrease of 208,363 thousand yen in retained earnings due to dividends paid and the purchase of treasury shares of 216,797 thousand yen.

(3) Explanation of Earnings Forecast and Other Forward-looking Statements

We currently maintain the earnings forecast for the fiscal year ending October 31, 2025 that was announced on December 10, 2024.

2. Quarterly Non-consolidated Financial Statements and Notes
(1) Quarterly Non-consolidated Balance Sheet

(Thousands of yen)

	Previous fiscal year (As of Oct. 31, 2024)	First three months of current fiscal year (As of Jan. 31, 2025)
Assets		
Current assets		
Cash and deposits	3,215,658	2,908,608
Notes and accounts receivable-trade, and contract assets	276,373	284,593
Electronically recorded monetary claims - operating	5,409	8,311
Merchandise and finished goods	74,720	83,794
Work in process	481	31
Raw materials and supplies	477	401
Other	77,197	265,754
Allowance for doubtful accounts	(1,007)	(1,092)
Total current assets	3,649,311	3,550,404
Non-current assets		
Property, plant and equipment	91,325	82,318
Intangible assets		
Goodwill	126,317	109,841
Software	168,119	161,059
Other	14,589	12,178
Total intangible assets	309,026	283,079
Investments and other assets	305,972	311,860
Total non-current assets	706,323	677,258
Total assets	4,355,634	4,227,662
Liabilities		
Current liabilities		
Accounts payable - trade	14,874	14,130
Income taxes payable	132,062	95,248
Contract liabilities	1,368,138	1,562,887
Provision for bonuses	-	24,078
Other	253,560	209,518
Total current liabilities	1,768,635	1,905,862
Non-current liabilities		
Long-term borrowings	145,670	133,160
Total non-current liabilities	145,670	133,160
Total liabilities	1,914,305	2,039,022
Net assets		
Shareholders' equity		
Share capital	332,929	333,070
Capital surplus		
Legal capital surplus	297,229	297,370
Other capital surplus	-	880
Total capital surpluses	297,229	298,250
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,025,613	1,989,867
Total retained earnings	2,025,613	1,989,867
Treasury shares	(228,291)	(445,089)
Total shareholders' equity	2,427,481	2,176,099
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,848	12,540
Total valuation and translation adjustments	13,848	12,540
Total net assets	2,441,329	2,188,639
Total liabilities and net assets	4,355,634	4,227,662

(2) Quarterly Non-consolidated Statement of Income
For the Three-month Period

(Thousands of yen)

	First three months of previous fiscal year (Nov. 1, 2023 to Jan. 31, 2024)	First three months of current fiscal year (Nov. 1, 2024 to Jan. 31, 2025)
Net sales	567,882	672,955
Cost of sales	163,800	197,047
Gross profit	404,081	475,907
Selling, general and administrative expenses	201,632	216,725
Operating profit	202,448	259,182
Non-operating income		
Cancellation income for services	10	391
Gain on forfeiture of unclaimed dividends	-	279
Other	1	116
Total non-operating income	11	788
Non-operating expenses		
Interest expenses	209	165
Loss on extinguishment of share-based payment expenses	181	618
Commission expenses	171	1,273
Other	3	1
Total non-operating expenses	565	2,059
Ordinary profit	201,894	257,911
Extraordinary income		
Gain on sale of investment securities	29,999	-
Total extraordinary income	29,999	-
Profit before income taxes	231,894	257,911
Income taxes - current	66,774	89,676
Income taxes - deferred	9,934	(4,382)
Total income taxes	76,709	85,294
Profit	155,184	172,617

(3) Notes to Quarterly Non-consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First three months of the previous fiscal year (Nov. 1, 2023 to Jan. 31, 2024)

Tobila Systems acquired 200,000 treasury shares based on the resolution at the Board of Directors meeting held on December 8, 2023. In addition, based on the resolution at the Board of Directors meeting held on January 26, 2023, out of the restricted shares that have been granted without consideration to directors, Tobila Systems has acquired without consideration 1,500 shares for which the rights expired with the retirement of one director.

As a result, treasury shares increased by 190,196 thousand yen and the treasury shares at the end of the three months of the current fiscal year was 289,968 thousand yen.

First three months of the current fiscal year (Nov. 1, 2024 to Jan. 31, 2025)

Tobila Systems approved a resolution at the Board of Directors meeting held on December 10, 2024 regarding the repurchase of treasury shares. The number of shares repurchased is 500,000 shares at a maximum total cost of 400,000 thousand yen, and the period is from December 11, 2024 to March 5, 2025. As a result, the Company repurchased 264,000 shares of treasury shares and treasury shares increased by 216,797 thousand yen in the first three months of the current fiscal year.

As a result, treasury shares at the end of the first three months of the current fiscal year was 445,089 thousand yen.

Notes to Statement of Cash Flows

No quarterly cash flow statement has been prepared for the first three months of the current fiscal year. Depreciation (including amortization related to intangible assets) and amortization of goodwill for the first three months of each fiscal year is as follows.

	(Thousands of yen)	
	First three months of previous fiscal year (Nov. 1, 2023 - Jan. 31, 2024)	First three months of current fiscal year (Nov. 1, 2024 - Jan. 31, 2025)
Depreciation	28,443	26,998
Amortization of goodwill	16,476	16,476

Notes to Segment Information

First three months of previous fiscal year (November 1, 2023 - January 31, 2024)

1. Information on net sales and income or loss by reportable segment and revenue breakdown

(Thousands of yen)

	Reportable segments			Adjustments (Note 3)	Amounts shown on quarterly consolidated statement of income (Note 4)
	Security Business	Solutions Business	Total		
Net sales					
Recurring revenue (Note 1)	416,147	60,753	476,901	-	476,901
Non-recurring revenue (Note 2)	38,289	52,691	90,980	-	90,980
Revenue from contracts with customers	454,436	113,445	567,882	-	567,882
Sales to external customers	454,436	113,445	567,882	-	567,882
Inter-segment sales and transfers	-	-	-	-	-
Total	454,436	113,445	567,882	-	567,882
Segment profit	328,640	12,864	341,504	(139,056)	202,448

- (Notes) 1. Recurring revenue is the revenue that is recorded as sales according to the period of service provided.
2. Non-recurring revenue is revenue recorded as sales at the time of product delivery and acceptance.
3. Adjustments to segment profit represent corporate expenses that are not allocated to each reportable segment. This is mainly selling, general and administrative expenses not attributable to reportable segments.
4. Segment profit is adjusted with operating profit on the quarterly statement of income.

First three months of current fiscal year (November 1, 2024 - January 31, 2025)

1. Information on net sales and income or loss by reportable segment and revenue breakdown

(Thousands of yen)

	Reportable segments			Adjustments (Note 3)	Amounts shown on quarterly consolidated statement of income (Note 4)
	Security Business	Solutions Business	Total		
Net sales					
Recurring revenue (Note 1)	439,370	102,193	541,564	–	541,564
Non-recurring revenue (Note 2)	53,921	77,469	131,390	–	131,390
Revenue from contracts with customers	493,291	179,663	672,955	–	672,955
Sales to external customers	493,291	179,663	672,955	–	672,955
Inter-segment sales and transfers	–	–	–	–	–
Total	493,291	179,663	672,955	–	672,955
Segment profit	365,223	35,822	401,045	(141,863)	259,182

- (Notes) 1. Recurring revenue is the revenue that is recorded as sales according to the period of service provided.
2. Non-recurring revenue is revenue recorded as sales at the time of product delivery and acceptance.
3. Adjustments to segment profit represent corporate expenses that are not allocated to each reportable segment. This is mainly selling, general and administrative expenses not attributable to reportable segments.
4. Segment profit is adjusted with operating profit on the quarterly statement of income.

2. Changes in reportable segments

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

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

Subsequent Events

Disposal of treasury stock for restricted stock compensation

Tobila Systems approved a resolution at the Board of Directors meeting held on January 29, 2025 the disposal of treasury shares as follows and the receipt of payments was completed on February 28, 2025.

1. Summary of disposal

	Resolution of the Board of Directors	Actual result of the treasury share disposal
(1) Deadline	February 28, 2025	February 28, 2025
(2) Type and number of shares	32,600 shares of our common shares	32,600 shares of our common shares
(3) Price	822 yen per share	822 yen per share
(4) Total proceeds	26,797,200 yen	26,797,200 yen
(5) Recipients of shares	3 directors of Tobila Systems: 9,000 shares 3 executive officers of Tobila Systems: 9,000 shares 23 employees of Tobila Systems: 14,600 shares	3 directors of Tobila Systems: 9,000 shares 3 executive officers of Tobila Systems: 9,000 shares 23 employees of Tobila Systems: 14,600 shares
(6) Other	For the disposal of treasury shares, a securities notification has not been submitted in accordance with Article 4-1-1 of the Financial Instruments and Exchange Act and Article 2-12-1 of the Order for Enforcement of the Financial Instruments and Exchange Act.	

2. Reasons for the disposal of treasury shares

Tobila Systems approved a resolution at the Board of Directors meeting held on December 10, 2020 to introduce a restricted stock compensation plan (hereinafter referred to as the “Plan”) for Tobila Systems employees (hereafter, “eligible employees”) and at the Board of Directors meeting held on December 21, 2022 to introduce the Plan for Tobila Systems directors (except directors who are Audit & Supervisory Board members and outside directors. hereinafter referred to as “eligible directors”) and executive officers (hereinafter included in “eligible employees”) for the purposes of providing them with an incentive to contribute to the improvement of earnings and sustainable improvement of its corporate value as well as to further share value with the shareholders.

Based on the Plan, eligible directors receive without consideration and with no benefits of monies. etc. Tobila Systems common shares allocated by the treasury share disposal as a consideration for execution of duties, and eligible employees receive Tobila Systems common shares paying the all of the monetary claims supplied by Tobila Systems as properties contributed in kind.