

May 12, 2025

**Consolidated Financial Results
for the Three Months Ended March 31, 2025
(Under Japanese GAAP)**

Company name: SOLITON SYSTEMS K.K.
 Listing: Tokyo Stock Exchange
 Securities code: 3040
 URL: <https://www.soliton.co.jp>
 Representative: Osamu Kamata, President
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentage reflects the change compared to the same quarter of the preceding year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	4,585	0.2	593	21.3	528	(7.4)	400	2.4
March 31, 2024	4,575	(2.0)	489	(24.9)	570	(18.6)	391	(22.0)

Note: Comprehensive income For the three months ended March 31, 2025: ¥398 million [16.2%]
 For the three months ended March 31, 2024: ¥342 million [(28.2)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2025	21.63	-
March 31, 2024	21.14	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	22,880	11,959	52.2
December 31, 2024	23,286	12,283	52.7

Reference: Equity
 As of March 31, 2025: ¥11,948 million
 As of December 31, 2024: ¥12,271 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	13.00	-	39.00	52.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		26.00		26.00	52.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentage reflects the change compared to the same quarter of the preceding year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2025	19,500	4.8	2,200	7.7	2,200	2.0	1,750	1.4	94.41

Note: Revisions to the earnings forecasts most recently announced: None

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: Yes
Excluded: 1 company (Soliton Network Systems (Shanghai) Co., Ltd.)
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	19,738,888 shares
As of December 31, 2024	19,738,888 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2025	1,201,787 shares
As of December 31, 2024	1,201,787 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2025	18,537,101 shares
Three months ended March 31, 2024	18,529,901 shares

- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

- * Cautions on Forecast of consolidated financial results for the fiscal year

The forecast of consolidated financial results for the fiscal year above is based on the judgement made in accordance with information currently available. The forecast therefore includes risks and uncertainties. The forecast is not intended to be a guarantee or commitment by the Company to achieve the projected results. Actual financial results may differ from the forecast due to subsequent changes in the circumstances.

Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	14,692	14,713
Notes receivable - trade	2	-
Electronically recorded monetary claims - operating	1,068	701
Accounts receivable - trade	2,477	2,289
Contract assets	16	-
Investments in leases	128	121
Merchandise and finished goods	601	818
Work in process	27	25
Raw materials and supplies	49	45
Prepaid expenses	1,571	1,702
Other	283	224
Allowance for doubtful accounts	(25)	(16)
Total current assets	20,897	20,625
Non-current assets		
Property, plant and equipment	742	759
Intangible assets		
Software	313	266
Software in progress	107	115
Other	14	14
Total intangible assets	435	396
Investments and other assets		
Investment securities	56	13
Guarantee deposits	386	382
Deferred tax assets	261	235
Other	506	467
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,210	1,098
Total non-current assets	2,388	2,255
Total assets	23,286	22,880

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	913	970
Short-term borrowings	63	61
Lease liabilities	31	31
Accounts payable - other	413	665
Income taxes payable	1	12
Contract liabilities	8,536	8,431
Provision for bonuses	493	248
Provision for bonuses for directors (and other officers)	13	-
Other	379	400
Total current liabilities	10,845	10,822
Non-current liabilities		
Lease liabilities	97	89
Other	59	10
Total non-current liabilities	156	99
Total liabilities	11,002	10,921
Net assets		
Shareholders' equity		
Share capital	1,326	1,326
Capital surplus	1,405	1,405
Retained earnings	11,070	10,748
Treasury shares	(1,314)	(1,314)
Total shareholders' equity	12,486	12,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(215)	(216)
Total accumulated other comprehensive income	(215)	(216)
Non-controlling interests	11	10
Total net assets	12,283	11,959
Total liabilities and net assets	23,286	22,880

Quarterly Consolidated Statement of Income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net sales	4,575	4,585
Cost of sales	2,525	2,479
Gross profit	2,050	2,106
Selling, general and administrative expenses	1,561	1,512
Operating profit	489	593
Non-operating income		
Interest income	0	1
Dividend income	0	0
Foreign exchange gains	83	-
Reversal of allowance for doubtful accounts	0	-
Recoveries of written off receivables	-	2
Other	1	1
Total non-operating income	86	5
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	-	60
Loss on retirement of non-current assets	1	0
Loss on investments in investment partnerships	3	9
Total non-operating expenses	4	70
Ordinary profit	570	528
Extraordinary income		
Gain on sale of non-current assets	0	-
Total extraordinary income	0	-
Extraordinary losses		
Loss on valuation of investment securities	8	13
Loss on sale of investment in affiliates	-	73
Total extraordinary losses	8	86
Profit before income taxes	562	442
Income taxes - current	3	16
Income taxes - deferred	177	25
Income taxes for prior periods	(8)	-
Total income taxes	172	42
Profit	390	399
Loss attributable to non-controlling interests	(1)	(1)
Profit attributable to owners of parent	391	400

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Profit	390	399
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	(0)
Foreign currency translation adjustment	(46)	(1)
Total other comprehensive income	(47)	(1)
Comprehensive income	342	398
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	343	399
Comprehensive income attributable to non-controlling interests	(0)	(1)

(Notes on Segment Information, Etc.)
Segment Information

I. Changes to reporting segments

From the first quarter of the current fiscal year, due to organizational changes, the video streaming core technology development team, which previously belonged to the "Eco Innovative BU" was changed to the "Mobile Video Communication BU." In accordance with the segment change, the segment information for the three months of the previous fiscal year is based on the segment classification after the change.

II. The three months of the previous fiscal year (January 1, 2024 to March 31, 2024)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(Millions of yen)

	Reporting Segments			Total
	IT Security BU	Mobile Video Communication BU	Eco Innovative BU	
Sales				
Products	1,593	111	23	1,727
Maintenance	1,348	12	-	1,360
Cloud services	538	15	-	553
Services and other revenues	766	166	-	933
Revenue generated from customer contracts	4,246	304	23	4,575
Revenues from external customers	4,246	304	23	4,575
Transactions with other segments	1	7	5	15
Total	4,248	312	29	4,590
Segment profit (loss)	765	34	(47)	752

2. The difference between the total amount of profit or loss of the reported segment and the amount recorded in the quarterly consolidated statements of income and the key details of the difference (matters related to adjustment of differences)

(Millions of yen)

Benefit	Amount of Money
Total Reporting Segments	752
Company-wide Expenses (Note)	263
Operating Income in Quarterly Consolidated Statements of Income	489

Note: Company-wide expenses are the difference in the allocation of related departmental expenses, which are mainly borne by reporting segment.

3. Information on impairment losses or goodwill on fixed assets by reporting segment: Not applicable.

III. The three months of the current fiscal year (January 1, 2025 to March 31, 2025)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(Millions of yen)

	Reporting Segments			Total
	IT Security BU	Mobile Video Communication BU	Eco Innovative BU	
Sales				
Products	1,458	75	28	1,563
Maintenance	1,361	15	-	1,377
Cloud services	647	26	-	673
Services and other revenues	840	108	21	969
Revenue generated from customer contracts	4,308	226	49	4,585
Revenues from external customers	4,308	226	49	4,585
Transactions with other segments	1	2	5	9
Total	4,309	228	55	4,594
Segment profit (loss)	805	2	(37)	769

2. The difference between the total amount of profit or loss of the reporting segment and the amount recorded in the quarterly consolidated statements of income and the key details of the difference (matters related to adjustment of differences)

(Millions of yen)

Benefit	Amount of Money
Total Reporting Segments	769
Company-wide Expenses (Note)	176
Operating Income in Quarterly Consolidated Statements of Income	593

Note: Company-wide expenses are the difference in the allocation of related departmental expenses, which are mainly borne by reporting segment.

3. Information on impairment losses or goodwill on fixed assets by reporting segment: Not applicable.