

August 8, 2025

## Consolidated Financial Results for the Six Months Ended June 30, 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  
 Inquiries: Takao Misu, Senior Vice President  
 Telephone: +81-3-5360-3801  
 Scheduled date to submit the semi-annual report:  
 Scheduled date to commence dividend payments:  
 Preparation of supplementary material on financial results:  
 Holding of financial results briefing:

August 8, 2025  
 August 20, 2025  
 Yes  
 None

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

### 1. Consolidated financial results for the Six Months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

#### (1) Consolidated operating results (cumulative)

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

|                  | Net sales       |       | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        |
|------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
| Six Months ended | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %      |
| June 30, 2025    | 8,710           | 2.0   | 793              | 22.5   | 781             | (6.2)  | 577                                     | (1.5)  |
| June 30, 2024    | 8,542           | (2.9) | 647              | (30.1) | 833             | (23.7) | 585                                     | (19.7) |

Note: Comprehensive income For the six months ended June 30, 2025: ¥525 million [12.2%]

For the six months ended June 30, 2024: ¥468 million [(25.8) %]

|                  | Basic earnings per share | Diluted earnings per share |
|------------------|--------------------------|----------------------------|
| Six months ended | Yen                      | Yen                        |
| June 30, 2025    | 31.13                    | -                          |
| June 30, 2024    | 31.60                    | -                          |

#### (2) Consolidated financial position

|                   | Total assets    | Net assets      | Equity-to-asset ratio |
|-------------------|-----------------|-----------------|-----------------------|
| As of             | Millions of yen | Millions of yen | %                     |
| June 30, 2025     | 23,247          | 12,092          | 52.0                  |
| December 31, 2024 | 23,286          | 12,283          | 52.7                  |

Reference: Equity

As of June 30, 2025: ¥12,083 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            | -                          | 26.00              |                   |                 |       |
| Fiscal year ending December 31, 2025 (Forecast) |                            |                    |                   | 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 period 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 semi-annual 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 June 30, 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 June 30, 2025     | 1,197,454 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)

|                                |                   |
|--------------------------------|-------------------|
| Six months ended June 30, 2025 | 18,537,435 shares |
| Six months ended June 30, 2024 | 18,530,455 shares |

- \* Review of the Japanese-language originals of the attached semi-annual consolidated 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 the information currently available. The forecast therefore includes risks and uncertainties. The forecast is not intended to be a guarantee or a commitment by the Company to achieve the projected results. Actual financial results may differ from the forecast due to subsequent changes in the circumstances.

# Semi-annual Consolidated Balance Sheet

(Millions of yen)

|   | As of December 31, 2024 | As of June 30, 2025 |
|---|-------------------------|---------------------|
| <b>Assets</b>                                       |                         |                     |
| Current assets                                      |                         |                     |
| Cash and deposits                                   | 14,692                  | 11,375              |
| Notes receivable – trade                            | 2                       | -                   |
| Electronically recorded monetary claims – operating | 1,068                   | 885                 |
| Accounts receivable – trade                         | 2,477                   | 1,779               |
| Contract assets                                     | 16                      | -                   |
| Securities  | -                       | 4,000               |
| Investments in leases                               | 128                     | 113                 |
| Merchandise and finished goods                      | 601                     | 898                 |
| Work in process                                     | 27                      | 34                  |
| Raw materials and supplies                          | 49                      | 52                  |
| Prepaid expenses                                    | 1,571                   | 1,755               |
| Other   | 283                     | 91                  |
| Allowance for doubtful accounts                     | (25)                    | (14)                |
| Total current assets                                | 20,897                  | 20,970              |
| Non-current assets                                  |                         |                     |
| Property, plant and equipment                       | 742                     | 785                 |
| Intangible assets                                   |                         |                     |
| Software  | 313                     | 221                 |
| Software in progress                                | 107                     | 129                 |
| Other   | 14                      | 14                  |
| Total intangible assets                             | 435                     | 365                 |
| Investments and other assets                        |                         |                     |
| Investment securities                               | 56                      | 13                  |
| Guarantee deposits                                  | 386                     | 380                 |
| Deferred tax assets                                 | 261                     | 278                 |
| Other   | 506                     | 452                 |
| Allowance for doubtful accounts                     | (0)                     | (0)                 |
| Total investments and other assets                  | 1,210                   | 1,125               |
| Total non-current assets                            | 2,388                   | 2,277               |
| Total assets  | 23,286                  | 23,247              |

|  | As of December 31, 2024 | As of June 30, 2025 |
|--|-------------------------|---------------------|
| <b>Liabilities</b>                                       |                         |                     |
| Current liabilities                                      |                         |                     |
| Notes and accounts payable – trade                       | 913                     | 888                 |
| Short-term borrowings                                    | 63                      | 59                  |
| Lease liabilities  | 31                      | 31                  |
| Accounts payable – other                                 | 413                     | 449                 |
| Income taxes payable                                     | 1                       | 143                 |
| Contract liabilities                                     | 8,536                   | 8,693               |
| Provision for bonuses                                    | 493                     | 496                 |
| Provision for bonuses for directors (and other officers) | 13                      | -                   |
| Other  | 379                     | 300                 |
| Total current liabilities                                | 10,845                  | 11,064              |
| Non-current liabilities                                  |                         |                     |
| Lease liabilities  | 97                      | 81                  |
| Other  | 59                      | 10                  |
| Total non-current liabilities                            | 156                     | 91                  |
| Total liabilities  | 11,002                  | 11,155              |
| Net assets   |                         |                     |
| Shareholders' equity                                     |                         |                     |
| Share capital  | 1,326                   | 1,326               |
| Capital surplus  | 1,405                   | 1,405               |
| Retained earnings  | 11,070                  | 10,924              |
| Treasury shares  | (1,314)                 | (1,310)             |
| Total shareholders' equity                               | 12,486                  | 12,346              |
| Accumulated other comprehensive income                   |                         |                     |
| Valuation difference on available-for-sale securities    | 0                       | 0                   |
| Foreign currency translation adjustment                  | (215)                   | (263)               |
| Total accumulated other comprehensive income             | (215)                   | (263)               |
| Non-controlling interests                                | 11                      | 8                   |
| Total net assets   | 12,283                  | 12,092              |
| Total liabilities and net assets                         | 23,286                  | 23,247              |

# Semi-annual Consolidated Statement of Income

(Millions of yen)

|  | Six months ended<br>June 30, 2024 | Six months ended<br>June 30, 2025 |
|--|-----------------------------------|-----------------------------------|
| Net sales                                      | 8,542                             | 8,710                             |
| Cost of sales                                  | 4,775                             | 4,846                             |
| Gross profit                                   | 3,766                             | 3,863                             |
| Selling, general and administrative expenses   | 3,118                             | 3,070                             |
| Operating profit                               | 647                               | 793                               |
| Non-operating income                           |                                   |                                   |
| Interest income                                | 0                                 | 9                                 |
| Dividend income                                | 0                                 | 20                                |
| Foreign exchange gains                         | 185                               | -                                 |
| Reversal of allowance for doubtful accounts    | 0                                 | -                                 |
| Recoveries of written off receivables          | -                                 | 2                                 |
| Other  | 4                                 | 4                                 |
| Total non-operating income                     | 190                               | 37                                |
| Non-operating expenses                         |                                   |                                   |
| Interest expenses                              | 0                                 | 0                                 |
| Foreign exchange losses                        | -                                 | 36                                |
| Loss on retirement of non-current assets       | 1                                 | 0                                 |
| Provision of allowance for doubtful accounts   | -                                 | 0                                 |
| Loss on investments in investment partnerships | 3                                 | 11                                |
| Total non-operating expenses                   | 5                                 | 49                                |
| Ordinary profit                                | 833                               | 781                               |
| Extraordinary income                           |                                   |                                   |
| Gain on sale of non-current assets             | 0                                 | -                                 |
| Total extraordinary income                     | 0                                 | -                                 |
| Extraordinary losses                           |                                   |                                   |
| Loss on valuation of investment securities     | 8                                 | 16                                |
| Loss on sale of investment in affiliates       | -                                 | 105                               |
| Total extraordinary losses                     | 8                                 | 122                               |
| Profit before income taxes                     | 825                               | 659                               |
| Income taxes – current                         | 138                               | 102                               |
| Income taxes – deferred                        | 111                               | (17)                              |
| Income taxes for prior periods                 | (8)                               | -                                 |
| Total income taxes                             | 242                               | 85                                |
| Profit   | 583                               | 574                               |
| Loss attributable to non-controlling interests | (2)                               | (2)                               |
| Profit attributable to owners of parent        | 585                               | 577                               |

# Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

|  | Six months ended<br>June 30, 2024 | Six months ended<br>June 30, 2025 |
|--|-----------------------------------|-----------------------------------|
| Profit   | 583                               | 574                               |
| Other comprehensive income                                     |                                   |                                   |
| Valuation difference on available-for-sale securities          | (1)                               | (0)                               |
| Foreign currency translation adjustment                        | (112)                             | (48)                              |
| Total other comprehensive income                               | (114)                             | (48)                              |
| Comprehensive income   | 468                               | 525                               |
| Comprehensive income attributable to                           |                                   |                                   |
| Comprehensive income attributable to owners of parent          | 469                               | 529                               |
| Comprehensive income attributable to non-controlling interests | (0)                               | (3)                               |

# Semi-annual consolidated statement of cash flows

(Millions of yen)

|  | Six months ended<br>June 30, 2024 | Six months ended<br>June 30, 2025 |
|--|-----------------------------------|-----------------------------------|
| Cash flows from operating activities   |                                   |                                   |
| Profit before income taxes   | 825                               | 659                               |
| Depreciation   | 159                               | 146                               |
| Increase (decrease) in allowance for doubtful accounts   | (2)                               | (10)                              |
| Increase (decrease) in provision for bonuses   | (182)                             | 3                                 |
| Increase (decrease) in provision for bonuses for directors (and other officers)                | (24)                              | (13)                              |
| Interest and dividend income   | (0)                               | (30)                              |
| Interest expenses  | 0                                 | 0                                 |
| Foreign exchange losses (gains)  | (192)                             | 38                                |
| Loss (gain) on valuation of investment securities  | 8                                 | 16                                |
| Loss (gain) on investments in investment partnerships  | 3                                 | 11                                |
| Loss (gain) on sale of investment in associates  | -                                 | 105                               |
| Gain on sale of non-current assets   | (0)                               | -                                 |
| Decrease (increase) in accounts receivable - trade, and contract assets                        | 1,041                             | 875                               |
| Decrease (increase) in inventories   | 50                                | (316)                             |
| Decrease (increase) in prepaid expenses  | (14)                              | (190)                             |
| Increase (decrease) in trade payables  | (329)                             | (14)                              |
| Increase (decrease) in accounts payable - other  | (107)                             | 39                                |
| Increase (decrease) in contract liabilities  | 529                               | 156                               |
| Other, net   | 226                               | 26                                |
| Subtotal   | 1,988                             | 1,503                             |
| Interest and dividends received  | 0                                 | 25                                |
| Interest paid  | (1)                               | (0)                               |
| Income taxes refund (paid)   | (851)                             | 112                               |
| Net cash provided by (used in) operating activities  | 1,137                             | 1,641                             |
| Cash flows from investing activities   |                                   |                                   |
| Payments into time deposits  | -                                 | (3,000)                           |
| Proceeds from withdrawal of time deposits  | -                                 | 3,000                             |
| Purchase of property, plant and equipment  | (155)                             | (101)                             |
| Proceeds from sale of property, plant and equipment  | 0                                 | -                                 |
| Purchase of intangible assets  | (50)                              | (21)                              |
| Payments from sales of investments in affiliates resulting in change in scope of consolidation | -                                 | (107)                             |
| Payments of guarantee deposits   | -                                 | (0)                               |
| Payments for investments in capital  | -                                 | -                                 |
| Purchase of securities   | -                                 | (4,000)                           |
| Other, net   | -                                 | 0                                 |
| Net cash provided by (used in) investing activities  | (206)                             | (4,229)                           |
| Cash flows from financing activities   |                                   |                                   |
| Net increase (decrease) in short-term borrowings   | (3)                               | (3)                               |
| Dividends paid   | (259)                             | (722)                             |
| Net cash provided by (used in) financing activities  | (262)                             | (726)                             |
| Effect of exchange rate change on cash and cash equivalents                                    | 14                                | (2)                               |
| Net increase (decrease) in cash and cash equivalents   | 682                               | (3,317)                           |
| Cash and cash equivalents at beginning of period   | 13,394                            | 14,692                            |
| Cash and cash equivalents at end of period   | 14,076                            | 11,375                            |

(Notes on Segment Information, Etc.)  
Segment Information

I. Changes to reporting segments

Effective 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 six months of the previous fiscal year is based on the segment classification after the change.

II. The six months of the previous fiscal year (January 1, 2024 to June 30, 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                                  | 2,872              | 141                           | 47                | 3,061 |
| Maintenance                               | 2,714              | 22                            | -                 | 2,737 |
| Cloud services                            | 1,108              | 37                            | -                 | 1,145 |
| Services and other revenues               | 1,338              | 255                           | 4                 | 1,597 |
| Revenue generated from customer contracts | 8,033              | 456                           | 51                | 8,452 |
| Revenues from external customers          | 8,033              | 456                           | 51                | 8,452 |
| Transactions with other segments          | 3                  | 16                            | 11                | 31    |
| Total                                     | 8,037              | 473                           | 63                | 8,573 |
| Segment profit (loss)                     | 1,292              | (33)                          | (90)              | 1,167 |

2. The difference between the total amount of profit or loss of the reported segment and the amount recorded in the Semi-annual 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  | 1,167           |
| Company-wide Expenses (Note)                                      | 519             |
| Operating Income in Semi-annual Consolidated Statements of Income | 647             |

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 six months of the current fiscal year (January 1, 2025 to June 30, 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                                  | 2,741              | 155                           | 59                | 2,955 |
| Maintenance                               | 2,711              | 29                            | -                 | 2,741 |
| Cloud services                            | 1,281              | 48                            | -                 | 1,330 |
| Services and other revenues               | 1,452              | 193                           | 36                | 1,682 |
| Revenue generated from customer contracts | 8,187              | 426                           | 95                | 8,710 |
| Revenues from external customers          | 8,187              | 426                           | 95                | 8,710 |
| Transactions with other segments          | 3                  | 4                             | 11                | 18    |
| Total                                     | 8,190              | 431                           | 106               | 8,728 |
| Segment profit (loss)                     | 1,257              | (30)                          | (77)              | 1,148 |

2. The difference between the total amount of profit or loss of the reporting segment and the amount recorded in the semi-annual 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  | 1,148           |
| Company-wide Expenses (Note)                                      | 354             |
| Operating Income in Semi-annual Consolidated Statements of Income | 793             |

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.