

Translation

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**Summary of Consolidated Financial Results
for the Nine Months Ended September 30, 2024
(Based on Japanese GAAP)**

November 14, 2024

Company name: SOLITON SYSTEMS K.K.
 Stock exchange listing: Tokyo
 Stock code: 3040 URL <https://www.soliton.co.jp/>
 Representative: President OSAMU KAMATA
 Senior Vice President, Corporate
 Inquiries: Management Division TAKAO MISU TEL 03-5360-3801
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2024	13,244	(3.2)	1,041	(38.3)	1,074	(45.3)	725	(44.8)
Nine months ended September 30, 2023	13,677	(5.6)	1,687	41.3	1,964	40.7	1,315	30.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2024	39.16	–
Nine months ended September 30, 2023	71.03	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	22,109	11,346	51.3	611.45
As of December 31, 2023	22,624	11,131	49.1	599.90

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2023	–	10.00	–	14.00	24.00
Year ending December 31, 2024	–	13.00	–		
Year ending December 31, 2024 (Forecast)				39.00	52.00

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	18,400	(3.5)	2,000	(23.3)	2,070	(26.3)	1,430	(26.2)	77.16

4. Notes

- (1) Significant changes in the scope of consolidation during the nine months ended September 30, 2024: No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - Changes in accounting policies due to other reasons: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2024	19,738,888 shares	As of December 31, 2023	19,738,888 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	1,201,787 shares	As of December 31, 2023	1,208,987 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2024	18,532,686 shares	Nine months ended September 30, 2023	18,523,519 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	13,394	13,564
Notes receivable - trade	2	-
Electronically recorded monetary claims - operating	1,076	986
Accounts receivable - trade	2,655	2,123
Contract assets	19	11
Investments in leases	65	92
Merchandise and finished goods	751	782
Work in process	54	39
Raw materials and supplies	59	53
Prepaid expenses	1,524	1,652
Other	373	472
Allowance for doubtful accounts	(23)	(23)
Total current assets	19,952	19,755
Non-current assets		
Property, plant and equipment	684	783
Intangible assets		
Software	337	377
Software in progress	230	91
Other	14	14
Total intangible assets	583	484
Investments and other assets		
Investment securities	97	75
Guarantee deposits	472	387
Deferred tax assets	350	151
Other	483	473
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,404	1,087
Total non-current assets	2,672	2,354
Total assets	22,624	22,109

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	883	1,108
Short-term borrowings	69	64
Lease liabilities	21	23
Accounts payable - other	525	310
Income taxes payable	930	9
Contract liabilities	7,881	8,546
Provision for bonuses	656	302
Provision for bonuses for directors (and other officers)	24	–
Other	408	271
Total current liabilities	11,402	10,639
Non-current liabilities		
Lease liabilities	43	68
Other	47	55
Total non-current liabilities	90	123
Total liabilities	11,493	10,763
Net assets		
Shareholders' equity		
Share capital	1,326	1,326
Capital surplus	1,404	1,405
Retained earnings	9,844	10,070
Treasury shares	(1,322)	(1,314)
Total shareholders' equity	11,253	11,486
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	10
Foreign currency translation adjustment	(150)	(163)
Total accumulated other comprehensive income	(136)	(152)
Non-controlling interests	15	11
Total net assets	11,131	11,346
Total liabilities and net assets	22,624	22,109

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Net sales	13,677	13,244
Cost of sales	7,664	7,519
Gross profit	6,012	5,725
Selling, general and administrative expenses	4,325	4,683
Operating profit	1,687	1,041
Non-operating income		
Interest income	0	0
Dividend income	73	18
Foreign exchange gains	169	12
Subsidy income	19	–
Reversal of allowance for doubtful accounts	0	0
Other	19	5
Total non-operating income	283	37
Non-operating expenses		
Interest expenses	0	0
Loss on retirement of non-current assets	4	2
Loss on investments in investment partnerships	0	1
Other	–	0
Total non-operating expenses	6	3
Ordinary profit	1,964	1,074
Extraordinary income		
Gain on sale of investment securities	–	11
Gain on sale of non-current assets	–	0
Gain on forgiveness of debts	24	–
Total extraordinary income	24	12
Extraordinary losses		
Loss on valuation of investment securities	2	8
Business restructuring expenses	28	–
Total extraordinary losses	31	8
Profit before income taxes	1,958	1,078
Income taxes - current	550	165
Income taxes - deferred	93	198
Income taxes for prior periods	–	(8)
Total income taxes	644	356
Profit	1,313	722
Loss attributable to non-controlling interests	(2)	(3)
Profit attributable to owners of parent	1,315	725

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	1,313	722
Other comprehensive income		
Valuation difference on available-for-sale securities	7	(3)
Foreign currency translation adjustment	(109)	(11)
Total other comprehensive income	(102)	(15)
Comprehensive income	1,211	706
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,211	710
Comprehensive income attributable to non-controlling interests	(0)	(3)