

**Translation**

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2024 (Based on Japanese GAAP)

February 14, 2025

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 of ordinary general meeting of shareholders: March 27, 2025  
 Scheduled date to file Securities Report: March 27, 2025  
 Scheduled date to commence dividend payments: March 28, 2025  
 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 year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

#### (1) Consolidated operating results

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	%
Year ended December 31, 2024	18,606	(2.4)	2,043	(21.7)	2,156	(23.2)	1,725	(10.9)
Year ended December 31, 2023	19,058	(3.5)	2,608	28.1	2,809	27.5	1,936	22.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2024	93.11	–	14.8	9.4	11.0
Year ended December 31, 2023	104.55	–	18.7	13.4	13.7

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	23,286	12,283	52.7	662.01
As of December 31, 2023	22,624	11,131	49.1	599.90

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2024	2,035	(237)	(507)	14,692
Year ended December 31, 2023	3,643	(57)	(397)	13,394

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2023	–	10.00	–	14.00	24.00	333	23.0	4.3
Year ended December 31, 2024	–	13.00	–	39.00	52.00	500	55.8	8.2
Year ending December 31, 2025 (Forecast)	–	26.00	–	26.00	52.00		55.1	

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

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	19,500	4.8	2,200	7.7	2,200	2.0	1,750	1.4	94.41

4. Notes

(1) Significant changes in the scope of consolidation during the year ended December 31, 2024: No

(2) 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

(3) Number of issued shares (common shares)

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

As of December 31, 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 December 31, 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

Year ended December 31, 2024	18,533,796 shares	Year ended December 31, 2023	18,525,127 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	13,394	14,692
Notes receivable - trade	2	2
Electronically recorded monetary claims - operating	1,076	1,068
Accounts receivable - trade	2,655	2,477
Contract assets	19	16
Investments in leases	65	128
Merchandise and finished goods	751	601
Work in process	54	27
Raw materials and supplies	59	49
Prepaid expenses	1,524	1,571
Other	373	283
Allowance for doubtful accounts	(23)	(25)
Total current assets	19,952	20,897
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,010	875
Accumulated depreciation	(651)	(472)
Buildings and structures, net	358	403
Vehicles	52	52
Accumulated depreciation	(49)	(50)
Vehicles, net	2	1
Tools, furniture and fixtures	1,090	991
Accumulated depreciation	(952)	(846)
Tools, furniture and fixtures, net	138	145
Land	184	191
Total property, plant and equipment	684	742
Intangible assets		
Software	337	313
Software in progress	230	107
Other	14	14
Total intangible assets	583	435
Investments and other assets		
Investment securities	97	56
Guarantee deposits	472	386
Deferred tax assets	350	261
Other	483	506
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,404	1,210
Total non-current assets	2,672	2,388
<b>Total assets</b>	<b>22,624</b>	<b>23,286</b>

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	883	913
Short-term borrowings	69	63
Lease liabilities	21	31
Accounts payable - other	525	413
Income taxes payable	930	1
Contract liabilities	7,881	8,536
Provision for bonuses	656	493
Provision for bonuses for directors (and other officers)	24	13
Other	408	379
Total current liabilities	11,402	10,845
Non-current liabilities		
Lease liabilities	43	97
Other	47	59
Total non-current liabilities	90	156
Total liabilities	11,493	11,002
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,326	1,326
Capital surplus	1,404	1,405
Retained earnings	9,844	11,070
Treasury shares	(1,322)	(1,314)
Total shareholders' equity	11,253	12,486
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	0
Foreign currency translation adjustment	(150)	(215)
Total accumulated other comprehensive income	(136)	(215)
Non-controlling interests	15	11
Total net assets	11,131	12,283
Total liabilities and net assets	22,624	23,286

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	19,058	18,606
Cost of sales	10,497	10,313
Gross profit	8,561	8,293
Selling, general and administrative expenses	5,952	6,249
Operating profit	2,608	2,043
Non-operating income		
Interest income	0	1
Dividend income	73	18
Foreign exchange gains	128	124
Subsidy income	19	–
Reversal of allowance for doubtful accounts	0	0
Other	21	8
Total non-operating income	244	152
Non-operating expenses		
Interest expenses	0	0
Loss on retirement of non-current assets	12	31
Loss on investments in investment partnerships	30	6
Other	–	0
Total non-operating expenses	44	38
Ordinary profit	2,809	2,156
Extraordinary income		
Gain on sale of investment securities	–	27
Gain on sale of non-current assets	30	0
Gain on forgiveness of debts	24	–
Total extraordinary income	55	28
Extraordinary losses		
Impairment losses	5	1
Loss on retirement of software	19	–
Loss on valuation of investment securities	2	8
Loss on sale of investment securities	–	3
Business restructuring expenses	29	–
Total extraordinary losses	56	13
Profit before income taxes	2,808	2,171
Income taxes - current	929	349
Income taxes - deferred	(54)	90
Income taxes for prior periods	–	10
Total income taxes	874	450
Profit	1,934	1,720
Loss attributable to non-controlling interests	(2)	(4)
Profit attributable to owners of parent	1,936	1,725

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	1,934	1,720
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(13)
Foreign currency translation adjustment	(100)	(62)
Total other comprehensive income	(96)	(76)
Comprehensive income	1,837	1,644
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,839	1,647
Comprehensive income attributable to non-controlling interests	(1)	(3)

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,326	1,403	8,241	(1,333)	9,637
Changes during period					
Dividends of surplus			(333)		(333)
Profit attributable to owners of parent			1,936		1,936
Disposal of treasury shares		1		10	11
Net changes in items other than shareholders' equity					
Total changes during period	–	1	1,603	10	1,615
Balance at end of period	1,326	1,404	9,844	(1,322)	11,253

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	10	(49)	(39)	16	9,615
Changes during period					
Dividends of surplus					(333)
Profit attributable to owners of parent					1,936
Disposal of treasury shares					11
Net changes in items other than shareholders' equity	3	(101)	(97)	(1)	(99)
Total changes during period	3	(101)	(97)	(1)	1,516
Balance at end of period	14	(150)	(136)	15	11,131

Fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,326	1,404	9,844	(1,322)	11,253
Changes during period					
Dividends of surplus			(500)		(500)
Profit attributable to owners of parent			1,725		1,725
Disposal of treasury shares		0		7	8
Net changes in items other than shareholders' equity					
Total changes during period	–	0	1,225	7	1,233
Balance at end of period	1,326	1,405	11,070	(1,314)	12,486

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	14	(150)	(136)	15	11,131
Changes during period					
Dividends of surplus					(500)
Profit attributable to owners of parent					1,725
Disposal of treasury shares					8
Net changes in items other than shareholders' equity	(13)	(64)	(78)	(3)	(81)
Total changes during period	(13)	(64)	(78)	(3)	1,152
Balance at end of period	0	(215)	(215)	11	12,283

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,808	2,171
Depreciation	315	347
Impairment losses	5	1
Loss on retirement of software	19	–
Increase (decrease) in allowance for doubtful accounts	1	1
Increase (decrease) in provision for bonuses	216	(163)
Increase (decrease) in provision for bonuses for directors (and other officers)	0	(10)
Interest and dividend income	(74)	(19)
Interest expenses	0	0
Foreign exchange losses (gains)	(133)	(122)
Loss (gain) on valuation of investment securities	2	8
Loss (gain) on sale of investment securities	–	(24)
Loss (gain) on investments in investment partnerships	30	6
Gain on sale of non-current assets	(30)	(0)
Decrease (increase) in accounts receivable - trade, and contract assets	(58)	194
Decrease (increase) in inventories	(78)	180
Decrease (increase) in prepaid expenses	(187)	(35)
Increase (decrease) in trade payables	(56)	26
Increase (decrease) in accounts payable - other	19	(113)
Increase (decrease) in contract liabilities	729	646
Decrease (increase) in distressed receivables	0	–
Other, net	(4)	250
Subtotal	3,526	3,346
Interest and dividends received	74	19
Interest paid	(2)	(1)
Income taxes refund (paid)	45	(1,328)
Net cash provided by (used in) operating activities	3,643	2,035
Cash flows from investing activities		
Purchase of property, plant and equipment	(90)	(190)
Proceeds from sale of property, plant and equipment	461	0
Purchase of intangible assets	(413)	(86)
Proceeds from sale of investment securities	–	40
Payments of guarantee deposits	(0)	(0)
Payments for investments in capital	(20)	–
Proceeds from distributions from investment partnerships	2	–
Other, net	3	–
Net cash provided by (used in) investing activities	(57)	(237)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(63)	(6)
Dividends paid	(333)	(500)
Net cash provided by (used in) financing activities	(397)	(507)
Effect of exchange rate change on cash and cash equivalents	6	6
Net increase (decrease) in cash and cash equivalents	3,194	1,298
Cash and cash equivalents at beginning of period	10,199	13,394
Cash and cash equivalents at end of period	13,394	14,692