

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 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 file Quarterly Securities Report: May 10, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 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	%
Three months ended March 31, 2024	4,575	(2.0)	489	(24.9)	570	(18.6)	391	(22.0)
Three months ended March 31, 2023	4,670	(3.4)	650	6.9	700	2.9	502	0.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2024	21.14		–	
Three months ended March 31, 2023	27.12		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	21,648	11,214	51.7
As of December 31, 2023	22,624	11,131	49.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2023	–	10.00	–	14.00	24.00
Year ending December 31, 2024	–				
Year ending December 31, 2024 (Forecast)		13.00	–	13.00	26.00

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	20,000	4.9	2,870	10.0	2,810	0.0	1,940	0.2	104.70

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): 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 March 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 March 31, 2024	1,208,987 shares	As of December 31, 2023	1,218,877 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024	18,529,901 shares	Three months ended March 31, 2023	18,520,001 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	13,394	13,028
Notes receivable - trade	2	0
Electronically recorded monetary claims - operating	1,076	919
Accounts receivable - trade	2,655	2,599
Contract assets	19	24
Investments in leases	65	59
Merchandise and finished goods	751	718
Work in process	54	26
Raw materials and supplies	59	57
Prepaid expenses	1,524	1,502
Other	373	133
Allowance for doubtful accounts	(23)	(19)
Total current assets	19,952	19,051
Non-current assets		
Property, plant and equipment	684	797
Intangible assets		
Software	337	371
Software in progress	230	176
Other	14	14
Total intangible assets	583	562
Investments and other assets		
Investment securities	97	89
Guarantee deposits	472	471
Deferred tax assets	350	173
Other	483	502
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,404	1,236
Total non-current assets	2,672	2,597
Total assets	22,624	21,648

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	883	816
Short-term borrowings	69	68
Lease liabilities	21	19
Accounts payable - other	525	714
Income taxes payable	930	24
Contract liabilities	7,881	7,944
Provision for bonuses	656	234
Provision for bonuses for directors (and other officers)	24	–
Other	408	519
Total current liabilities	11,402	10,341
Non-current liabilities		
Lease liabilities	43	40
Other	47	52
Total non-current liabilities	90	92
Total liabilities	11,493	10,434
Net assets		
Shareholders' equity		
Share capital	1,326	1,326
Capital surplus	1,404	1,404
Retained earnings	9,844	9,976
Treasury shares	(1,322)	(1,322)
Total shareholders' equity	11,253	11,385
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	12
Foreign currency translation adjustment	(150)	(198)
Total accumulated other comprehensive income	(136)	(185)
Non-controlling interests	15	14
Total net assets	11,131	11,214
Total liabilities and net assets	22,624	21,648

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	4,670	4,575
Cost of sales	2,624	2,525
Gross profit	2,046	2,050
Selling, general and administrative expenses	1,395	1,561
Operating profit	650	489
Non-operating income		
Interest income	0	0
Dividend income	0	0
Foreign exchange gains	28	83
Subsidy income	19	–
Reversal of allowance for doubtful accounts	0	0
Gain on investments in investment partnerships	1	–
Other	2	1
Total non-operating income	52	86
Non-operating expenses		
Interest expenses	0	0
Loss on retirement of non-current assets	1	1
Loss on investments in investment partnerships	–	3
Total non-operating expenses	2	4
Ordinary profit	700	570
Extraordinary income		
Gain on sale of non-current assets	–	0
Gain on forgiveness of debts	24	–
Total extraordinary income	24	0
Extraordinary losses		
Loss on valuation of investment securities	2	8
Total extraordinary losses	2	8
Profit before income taxes	723	562
Income taxes - current	125	3
Income taxes - deferred	96	177
Income taxes for prior periods	–	(8)
Total income taxes	222	172
Profit	501	390
Loss attributable to non-controlling interests	(1)	(1)
Profit attributable to owners of parent	502	391

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	501	390
Other comprehensive income		
Valuation difference on available-for-sale securities	1	(1)
Foreign currency translation adjustment	(25)	(46)
Total other comprehensive income	(24)	(47)
Comprehensive income	477	342
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	478	343
Comprehensive income attributable to non-controlling interests	(0)	(0)