

February 13, 2026

Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP)

Company name: SOLITON SYSTEMS K.K.
 Listing: Tokyo Stock Exchange
 Securities code: 3040
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 Scheduled date of annual general meeting of shareholders: March 26, 2026
 Scheduled date to commence dividend payments: March 27, 2026
 Scheduled date to file annual securities report: March 24, 2026
 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 Fiscal Year Ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated Operating Results

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	19,762	6.2	2,844	39.2	2,977	38.1	2,298	33.2
December 31, 2024	18,606	(2.4)	2,043	(21.7)	2,156	(23.2)	1,725	(10.9)

Note: Comprehensive income For the fiscal year ended December 31, 2025: ¥2,172 million 32.1%
 For the fiscal year ended December 31, 2024: ¥1,644 million (10.5%)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2025	123.97	-	18.0	12.0	14.4
December 31, 2024	93.11	-	14.8	9.4	11.0

Reference: Equity method investment profit/loss For the fiscal year ended December 31, 2025: ¥ - million
 For the fiscal year ended December 31, 2024: ¥ - million

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2025	26,228	13,256	50.5	714.48
December 31, 2024	23,286	12,283	52.7	662.01

Reference: Equity
 As of December 31, 2025: ¥13,247 million
 As of December 31, 2024: ¥12,271 million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2025	3,603	(10,171)	(1,268)	6,858
December 31, 2024	2,035	(237)	(507)	14,692

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2024	-	13.00	-	39.00	52.00	963	55.8	8.2
Fiscal year ended December 31, 2025	-	26.00	-	28.00	54.00	1,001	43.6	7.8
Fiscal year ending December 31, 2026 (Forecast)	-	30.00	-	30.00	60.00		47.3	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(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, 2026	21,200	7.3	3,150	10.7	3,200	7.5	2,350	2.3	126.74

* **Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Removed: 1 company (Soliton Network Systems (Shanghai) Co., Ltd.)

(2) 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

(3) Number of issued shares (common shares)

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

As of December 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 December 31, 2025	1,197,498 shares
As of December 31, 2024	1,201,787 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2025	18,539,448 shares
Fiscal year ended December 31, 2024	18,533,796 shares

[Reference] Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Non-consolidated Operating Results

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	19,397	8.7	2,884	33.7	2,951	34.3	2,191	34.6
December 31, 2024	17,842	(2.4)	2,157	(23.6)	2,197	(20.2)	1,627	(12.5)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2025	118.21	-
December 31, 2024	87.83	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2025	26,050	13,257	50.9	715.01
December 31, 2024	22,887	12,265	53.6	661.65

Reference: Equity

As of December 31, 2025: ¥13,257 million

As of December 31, 2024: ¥12,265 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Explanation regarding proper use of earnings forecasts, and other special matters

(Cautions on on forward-looking statements, etc.)

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors.

Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	14,692	10,858
Notes receivable - trade	2	-
Electronically recorded monetary claims - operating	1,068	1,349
Accounts receivable - trade	2,477	2,695
Contract assets	16	-
Securities	-	6,000
Investments in leases	128	97
Merchandise and finished goods	601	1,050
Work in process	27	66
Raw materials and supplies	49	48
Prepaid expenses	1,571	1,677
Other	283	125
Allowance for doubtful accounts	(25)	(14)
Total current assets	20,897	23,954
Non-current assets		
Property, plant and equipment		
Buildings and structures	875	841
Accumulated depreciation	(472)	(490)
Buildings and structures, net	403	351
Vehicles	52	52
Accumulated depreciation	(50)	(51)
Vehicles, net	1	1
Tools, furniture and fixtures	991	1,079
Accumulated depreciation	(846)	(855)
Tools, furniture and fixtures, net	145	224
Land	191	154
Total property, plant and equipment	742	731
Intangible assets		
Software	313	210
Software in progress	107	60
Other	14	14
Total intangible assets	435	285
Investments and other assets		
Investment securities	56	12
Guarantee deposits	386	378
Deferred tax assets	261	393
Other	506	472
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,210	1,257
Total non-current assets	2,388	2,274
Total assets	23,286	26,228

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	913	1,420
Short-term borrowings	63	-
Lease liabilities	31	32
Accounts payable - other	413	564
Income taxes payable	1	655
Contract liabilities	8,536	8,931
Provision for bonuses	493	752
Provision for bonuses for directors (and other officers)	13	57
Other	379	482
Total current liabilities	10,845	12,896
Non-current liabilities		
Lease liabilities	97	65
Other	59	10
Total non-current liabilities	156	75
Total liabilities	11,002	12,971
Net assets		
Shareholders' equity		
Share capital	1,326	1,326
Capital surplus	1,405	1,406
Retained earnings	11,070	12,163
Treasury shares	(1,314)	(1,310)
Total shareholders' equity	12,486	13,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(215)	(338)
Total accumulated other comprehensive income	(215)	(338)
Non-controlling interests	11	9
Total net assets	12,283	13,256
Total liabilities and net assets	23,286	26,228

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	18,606	19,762
Cost of sales	10,313	10,524
Gross profit	8,293	9,237
Selling, general and administrative expenses	6,249	6,392
Operating profit	2,043	2,844
Non-operating income		
Interest income	1	45
Dividend income	18	23
Foreign exchange gains	124	71
Subsidy income	-	-
Reversal of allowance for doubtful accounts	0	2
Other	8	10
Total non-operating income	152	152
Non-operating expenses		
Interest expenses	0	0
Loss on retirement of non-current assets	31	1
Provision of allowance for doubtful accounts	-	1
Loss on investments in investment partnerships	6	13
Other	0	2
Total non-operating expenses	38	19
Ordinary profit	2,156	2,977
Extraordinary income		
Gain on sale of investment securities	27	39
Gain on sale of non-current assets	0	44
Total extraordinary income	28	83
Extraordinary losses		
Impairment losses	1	-
Loss on valuation of investment securities	8	16
Loss on sale of investment securities	3	-
Loss on sale of investment in affiliates	-	105
Total extraordinary losses	13	122
Profit before income taxes	2,171	2,938
Income taxes - current	349	775
Income taxes - deferred	90	(132)
Income taxes for prior periods	10	-
Total income taxes	450	643
Profit	1,720	2,295
Loss attributable to non-controlling interests	(4)	(2)
Profit attributable to owners of parent	1,725	2,298

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit	1,720	2,295
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	(0)
Foreign currency translation adjustment	(62)	(123)
Total other comprehensive income	(76)	(123)
Comprehensive income	1,644	2,172
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,647	2,175
Comprehensive income attributable to non-controlling interests	(3)	(2)

Consolidated Statement of Changes in Equity

Fiscal Year Ended December 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at beginning of period	1,326	1,404	9,844	(1,322)	11,253	14	(150)	(136)
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						(13)	(64)	(78)
Total changes during period	-	0	1,225	7	1,233	(13)	(64)	(78)
Balance at end of period	1,326	1,405	11,070	(1,314)	12,486	0	(215)	(215)

	Non-controlling interests	Total net assets
Balance at beginning of period	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	(3)	(81)
Total changes during period	(3)	1,152
Balance at end of period	11	12,283

Consolidated Statement of Changes in Equity

Fiscal Year Ended December 31, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at beginning of period	1,326	1,405	11,070	(1,314)	12,486	0	(215)	(215)
Changes during period								
Dividends of surplus			(1,205)		(1,205)			
Profit attributable to owners of parent			2,298		2,298			
Purchase of treasury shares				(0)	(0)			
Disposal of treasury shares		0		4	5			
Net changes in items other than shareholders' equity						(0)	(123)	(123)
Total changes during period	-	0	1,093	4	1,098	(0)	(123)	(123)
Balance at end of period	1,326	1,405	12,163	(1,310)	13,585	0	(338)	(338)

	Non-controlling interests	Total net assets
Balance at beginning of period	11	12,283
Changes during period		
Dividends of surplus		(1,205)
Profit attributable to owners of parent		2,298
Disposal of treasury shares		5
Net changes in items other than shareholders' equity	(2)	(125)
Total changes during period	(2)	972
Balance at end of period	9	13,256

Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from operating activities		
Profit before income taxes	2,171	2,938
Depreciation	347	319
Impairment losses	1	-
Increase (decrease) in allowance for doubtful accounts	1	(10)
Increase (decrease) in provision for bonuses	(163)	258
Increase (decrease) in provision for bonuses for directors (and other officers)	(10)	44
Interest and dividend income	(19)	(68)
Interest expenses	0	0
Foreign exchange losses (gains)	(122)	(72)
Loss (gain) on valuation of investment securities	8	16
Loss (gain) on sale of investment securities	(24)	(39)
Loss (gain) on investments in investment partnerships	6	13
Loss (gain) on sale of investment in affiliates	-	105
Gain on sale of non-current assets	(0)	(44)
Decrease (increase) in accounts receivable - trade, and contract assets	194	(496)
Decrease (increase) in inventories	180	(501)
Decrease (increase) in prepaid expenses	(35)	(106)
Increase (decrease) in trade payables	26	516
Increase (decrease) in accounts payable - other	(113)	156
Increase (decrease) in contract liabilities	646	374
Other, net	250	203
Subtotal	3,346	3,609
Interest and dividends received	19	54
Interest paid	(1)	(0)
Income taxes refund (paid)	(1,328)	(59)
Net cash provided by (used in) operating activities	2,035	3,603
Cash flows from investing activities		
Payments into time deposits	-	(7,000)
Proceeds from withdrawal of time deposits	-	3,000
Purchase of property, plant and equipment	(190)	(175)
Proceeds from sale of property, plant and equipment	0	116
Purchase of intangible assets	(86)	(46)
Proceeds from sale of investment securities	40	40
Payments from sales of investments in affiliates resulting in change in scope of consolidation	-	(107)
Payments of guarantee deposits	(0)	(0)
Purchase of securities	-	(16,000)
Proceeds from redemption of securities	-	10,000
Other, net	-	0
Net cash provided by (used in) investing activities	(237)	(10,171)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6)	(63)
Dividends paid	(500)	(1,205)
Net cash provided by (used in) financing activities	(507)	(1,268)
Effect of exchange rate change on cash and cash equivalents	6	2
Net increase (decrease) in cash and cash equivalents	1,298	(7,834)
Cash and cash equivalents at beginning of period	13,394	14,692
Cash and cash equivalents at end of period	14,692	6,858

Segment Information

1. Overview of Reporting Segments

The Company group's reporting segments are those of the Company's constituent units for which segregated financial information is available and are subject to periodic review by the highest management decision-making body in order to determine the allocation of management resources and evaluate business performance.

The Group classifies the Company and its subsidiaries into three business units based on products and services, and each business unit formulates a comprehensive strategy for the products and services it handles in Japan and overseas and develops business activities.

Accordingly, the Group is comprised of product and service segments based on business units, and the three reporting segments are IT Security Business Unit, Mobile Video Communication Business Unit, and Eco Innovative Business Unit.

The IT Security Business Unit develops proprietary software for information breach countermeasures, authentication and access control, security solutions for teleworking, cyber security solutions, etc., and provides customers with proposals for optimal system design and management services. The Mobile Video Communication Business Unit develops and sells the Smart-telecaster series, a high-definition, low-latency video transmission system using mobile networks. Eco Innovative Business Unit develops and sells semiconductor devices that adopts both analog and digital technologies as well as video transmission systems.

Effective from the current consolidated fiscal year, following an organizational change, the base technology development team for video transmission, which was previously included in the Eco Innovative Business Unit, has been reassigned to the Mobile Video Communication Business Unit. The segment information for the previous consolidated fiscal year has been prepared based on the revised segment classifications resulting from this change.

2. Method of Calculating the Sales, Profits or Losses, Assets, Liabilities and Other Items for Each Reporting Segment

The method of accounting for the reported business segments is in accordance with the accounting policy adopted to prepare consolidated financial statements. Profits in the reporting segment are a figure based on operating profits. Internal revenues and transfers between segments are based on prevailing market prices.

3. Information on Sales, Profits or Losses, Assets, Liabilities and Other Amounts by Reporting Segment, and Breakdown of Earnings

Previous Fiscal Year (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reporting segments			Total
	IT Security BU	Mobile Video Communication BU	Eco Innovative BU	
I. Sales				
Products	6,759	378	100	7,238
Maintenance	5,498	51	-	5,549
Cloud services	2,326	71	-	2,397
Services and other revenues	2,898	499	22	3,420
Revenue generated from customer contracts	17,482	1,000	122	18,606
Revenues from external customers	17,482	1,000	122	18,606
Transactions with other segments	7	33	22	63
Total	17,490	1,033	145	18,669
Segment profit or loss (loss)	3,170	26	(181)	3,015
Segment assets	5,779	429	47	6,257
Other items				
Depreciation	289	8	1	299
Impairment loss	-	-	1	1
Increase in tangible and intangible fixed assets	94	1	-	95

Current Fiscal Year (January 1, 2025 to December 31, 2025)

(Millions of yen)

	Reporting segments			Total
	IT Security BU	Mobile Video Communication BU	Eco Innovative BU	
I. Sales				
Products	7,321	479	131	7,931
Maintenance	5,452	53	-	5,505
Cloud services	2,652	99	-	2,751
Services and other revenues	3,090	421	59	3,572
Revenue generated from customer contracts	18,516	1,053	191	19,762
Revenues from external customers	18,516	1,053	191	19,762
Transactions with other segments	17	12	13	43
Total	18,534	1,066	204	19,805
Segment profit or loss (loss)	3,717	52	(184)	3,585
Segment assets	6,182	641	49	6,874
Other items				
Depreciation	222	4	0	227
Impairment loss	-	-	-	-
Increase in tangible and intangible fixed assets	180	0	-	181

4. Difference between the Total Amount of All Reporting Segments and the Amount Recorded in Consolidated Financial Statements, and Main Details of the Difference (Matters Related to Adjustment of Differences)

(Millions of yen)

Sales	The previous fiscal year	The current fiscal year
Total reporting segments	18,669	19,805
Inter-segment transaction elimination	(63)	(43)
Sales in consolidated financial statements	18,606	19,762

(Millions of yen)

Profit	The previous fiscal year	The current fiscal year
Total reporting segments	3,015	3,585
Company-wide expenses (Note)	(972)	(740)
Operating income in consolidated financial statements	2,043	2,844

Note: Company-wide expenses are the difference in the allocation of administrative expenses born mainly by the reporting segment.

(Millions of yen)

Assets	The previous fiscal year	The current fiscal year
Total reporting segments	6,257	6,874
Company-wide assets (Note)	17,028	19,354
Total assets in consolidated financial statements	23,286	26,228

Note: Company-wide assets are mainly assets related to the parent company's surplus funds under management (cash and deposits) or long-term investment funds (investment securities) and the management division.

(Millions of yen)

Other items	Total Reporting segments		Adjustment amount		Amount recorded in consolidated financial statements	
	The previous fiscal year	The current fiscal year	The previous fiscal year	The current fiscal year	The previous fiscal year	The current fiscal year
Depreciation	299	227	48	92	347	319
Impairment loss	1	-	-	-	1	-
Increase in tangible and intangible fixed assets	95	181	181	40	277	221

Note: 1. Depreciation adjustment is the depreciation of assets related to the administrative division that are not attributable to the reporting segment.

2. The adjustment for the increase in property, plant and equipment and intangible assets is the amount of capital expenditure in the administrative department that are not attributable to the reporting segment.