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August 12, 2026

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Notice Concerning Revisions to the Full-Year Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2026 and to the Year-End Dividend Forecast (Increase)

Soliton Systems K.K. (the "Company") hereby announces that, in light of recent trends in its business performance, it has decided to revise the consolidated earnings forecasts released on February 13, 2026, as set forth below. In conjunction with the above, the Company hereby announces that it has resolved to revise the year-end dividend forecast (increase) as set forth below.

1. Revision to Consolidated Earnings Forecast

(1) Revision to the Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2026 (January 1, 2026 – December 31, 2026)

(Millions of yen)

	Net Sales	Operating Profit	Ordinary Profit	Net Income Attributable to Owners of Parent	Net Income per Share (yen)
Previous Forecast (A)	21,200	3,150	3,200	2,350	126.74
Revised Forecast (B)	22,300	3,900	3,950	2,670	144.01
Change (B–A)	1,100	750	750	320	
Rate of Change (%)	5.2	23.8	23.4	13.6	
(Reference) Results for FY 2025	19,762	2,844	2,977	2,298	123.97

(2) Reasons for the Revision of the Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2026

In our core IT security business, supported by progress in the second phase of cybersecurity enhancement initiatives for local governments and Phase 2 of the GIGA School Program, demand for authentication security solutions remained solid among local governments, boards of education, schools, and other institutions for strengthening network environments, implementing access controls in connection with the advancement of digital transformation in school administration and other initiatives, and implementing security measures for the use of cloud services. Under these business conditions, sales of "Net Attest EPS," our authentication appliance with the No. 1 market share in Japan, remained strong demand for updates due to EOL*, while our "Soliton OneGate" cloud-based multi-factor authentication service also continued to grow steadily. As a result, net sales are expected to exceed our previously announced forecast by 5.2% (an increase of 12.8% year on year). Driven by strong sales of our company-developed products and services with high gross profit margins, operating profit is expected to exceed the previously announced forecast by 23.8% (an increase of 37.1% year on year), with the operating profit margin expected to improve to 17.5% (FY2025 result: 14.4%). Accordingly, ordinary profit is expected to exceed the previously announced forecast by 23.4% (an increase of 32.7% year on year), and net income attributable to owners of parent is expected to exceed the previously announced forecast by 13.6% (an increase of 16.2% year on year).

For the full fiscal year, both net sales and all profit metrics are expected to reach record high levels, and the Company expects to achieve the targets for the fiscal year ending December 31, 2027, as set forth in the Medium-Term Management Plan disclosed on March 19, 2026, one year ahead of schedule.

While the growing adoption of cloud services and generative AI is improving operational efficiency, the rapid evolution of frontier AI (cutting-edge AI models) is making cyberattacks increasingly sophisticated and frequent. As conventional perimeter-based security alone is becoming insufficient to address these threats, zero-trust security, which verifies users and devices on each occasion, is becoming more important than ever. Against this evolving security landscape, demand for security measures involving multi-factor authentication and network isolation—key components of a zero-trust security architecture—is expected to continue expanding across a broad range of sectors, including government agencies, local governments, educational institutions, hospitals, and private-sector companies. We will further accelerate sales of our "Soliton OneGate" multi-factor authentication cloud service and our network isolation solutions combining "Soliton Secure Browser," "File Zen S," and other products. By enhancing profitability and achieving sustainable growth, we will strive to further increase corporate value.

*EOL: End of Sales and Support for Products and Services

2. Revision to the Year-End Dividend Forecast

	Dividend per Share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Full-year
Previous Forecast	Yen —	Yen —	Yen —	Yen 30.00	Yen 60.00
Revised Forecast	—	—	—	42.00	72.00
Results for Current FY	—	30.00	—		
Results for FY 2025	—	26.00	—	28.00	54.00

(Reason for Revision)

Our basic policy concerning profit distribution is to continue stable dividend payments while securing the internal reserves necessary for future business development and for strengthening our financial base and management foundation. For dividends, we use approximately a 50.0% consolidated dividend payout ratio or approximately an 8.0% consolidated dividend on equity as indicators.

In light of the revisions to the consolidated earnings forecast and the aforementioned dividend policy, the Company will revise its full-year dividend forecast for the fiscal year ending December 31, 2026, from 60.00 yen to 72.00 yen per share. This represents an increase of 12.00 yen, or 20%, compared with the previous forecast. As the interim dividend has been paid at 30.00 yen, the year-end dividend per share is scheduled to be 42.00 yen, an increase of 12.00 yen from the previous forecast. As a result of this increase, the consolidated dividend payout ratio for the fiscal year ending December 31, 2026, is expected to be 50.0% (FY2025: 43.6%), and the consolidated dividend on equity is expected to be 9.3% (FY2025: 7.7%).

(Note)

The above forecasts are based on information currently available and on certain assumptions considered reasonable. Actual results may differ from these forecasts due to various factors.