

*This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.*

Securities identification code: 6197

June 10, 2022

To our shareholders:

Yoshikazu Fujikawa  
President and Representative Director CEO  
**Solasto Corporation**  
1-7-18, Konan, Minato-ku, Tokyo, Japan

## NOTICE OF THE 54TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Solasto Corporation (the “Company”) will hold its 54th Ordinary General Meeting of Shareholders as described below.

You may exercise your voting rights by postal mail or via the Internet. After reviewing the attached Reference Documents for the General Meeting of Shareholders, please exercise your voting rights by postal mail or via the Internet to reach us no later than 5:30 p.m. on Friday, June 24, 2022 (Japan Standard Time).

---

**1. Date and Time:** Monday, June 27, 2022 at 10:00 a.m. (reception will open at 9:45 a.m.)  
(Japan Standard Time)

---

**2. Venue:** Solasto Corporation CAREER CENTER  
A-PLACE SHINAGAWA HIGASHI 5F  
1-7-18, Konan, Minato-ku, Tokyo

---

**3. Purposes:**

**Items to be reported:**

1. Business Report, Consolidated Financial Statements for the 54th Term (from April 1, 2021 to March 31, 2022), and Audit Reports for the Consolidated Financial Statements by Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 54th Term (from April 1, 2021 to March 31, 2022)

**Items to be resolved:**

- Proposal 1:** Partial Amendments to the Articles of Incorporation  
**Proposal 2:** Election of Nine (9) Directors  
**Proposal 3:** Election of One (1) Substitute Corporate Auditor
-

---

#### 4. Matters concerning Internet Disclosure and others

- Of those documents that would require appending to this notice, The Notes to the Consolidated Financial Statements\* and The Notes to the Financial Statements as the parts of the Financial Statements\* have been made available on the Company's website in accordance with relevant laws and regulations, and as prescribed in Article 14 of the Company's Articles of Incorporation, and are therefore not presented in this notice. \*Prepared in Japanese
  - As such, the documents provided with this convening notice are part of the documents that were subject to the audit by Accounting Auditor and the Board of Corporate Auditors for the purpose of preparation of the audit report and accounting audit report.
  - In the event that any revision is made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements, the revised matters of these documents will be posted on the Company's website.  
The Company's website: <https://www.solasto.co.jp/ir/en/stock/general.html>
  - The Company strongly recommends the shareholders to consider exercising their voting rights by postal mail or via the Internet and avoid attending the General Meeting of Shareholders as a measure against the COVID-19 situation.
  - If shareholders exercise voting rights both in writing and via the Internet, the exercise via the Internet shall be deemed valid. In addition, if shareholders exercise their voting rights more than once via the Internet, the last vote shall be deemed valid.
-

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for proposal

To revise the purpose of business defined under Article 2 (Purpose) of the current Articles of Incorporation in order to account for the diversification of Company business operations and future business development.

Furthermore, the amended regulations defined in the Addendum to Article 1 of the Supplemental Provision to the Act for Partial Amendment of the Companies Act (Act No. 70 of 2019) will come into force on September 1, 2022. As such, we will revise the Company Articles of Incorporation as follows in order to prepare for the adoption of an electronic material provision system for the General Meeting of Shareholders.

- (1) Article 14, Paragraph 1 of the revision proposal stipulates establishing a means of electronic provision for information and reference materials for the General Meeting of Shareholders.
- (2) Article 14, Paragraph 2 is added to stipulate limitations on the scope of matters included in documents issued to shareholders who request the issuance of printed matter.
- (3) The regulation regarding internet disclosure and deemed provision for General Meeting of Shareholders materials (Article 14 of the current Articles of Incorporation) is no longer required and is to be deleted.
- (4) In accordance with the above additions and deletions, supplemental provisions related to the date of enforcement will be included.

2. Details of amendments

Details of the proposed amendments are as follows:

(Amendments are indicated in underlined text)

Current Articles of Incorporation	Proposed Amendments
(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses: 1. -15. (Text omitted) 16. <u>Businesses related to infant care, child care, and school-aged child care.</u>  17. -31. (Text omitted)	(Purpose) Article 2. (Same as the current text)  1. -15. (Same as the current text) 16. <u>Businesses related to the operation of and operational support for child-rearing support facilities, including child care centers, early childhood education centers, school children’s facilities, infant care centers, and child-rearing spaces.</u>  17. -31. (Same as the current text)

<p><u>(Internet disclosure and deemed provision for General Meeting of Shareholders materials)</u>  <u>Article 14. When convening the General Meeting of Shareholders, the Company shall deem the disclosure of information subject to inclusion or indication in General Meeting of Shareholders' reference materials, business reports, financial statements, and consolidated financial statements via methods using the internet in accordance with provisions set forth in relevant ordinances from the Ministry of Justice as provision to shareholders.</u></p> <p>(Newly added)</p> <p>(Newly added)</p>	<p>(Deleted)</p> <p><u>(Means of electronic provision)</u>  <u>Article 14. When convening the General Meeting of Shareholders, the Company shall use a means of electronic provision for information and reference materials for the General Meeting of Shareholders.</u>  <u>2. Of the information subject to a means of electronic provision, the Company may choose to not indicate all or a portion of matters stipulated in ordinances from the Ministry of Justice in printed materials issued to shareholders who request the issuance of printed matter prior to the date of reference for voting rights.</u></p> <p><u>(Supplemental provision)</u>  <u>1. The deletion of Article 14 (Internet disclosure and deemed provision for General Meeting of Shareholders materials) of the current Articles of Incorporation and the new addition to Article 14 (Means of electronic provision) in the amendment proposal shall come into force on the date of enforcement (hereinafter, Enforcement Date) for the amended regulations stipulated in the Addendum to Article 1 of the Supplemental Provision to the Act for Partial Amendment of the Companies Act (Act No. 70 of 2019).</u>  <u>2. Notwithstanding the preceding provision, Article 14 of the current Articles of Incorporation shall be enforceable for the General Meeting of Shareholders with a convening date that is within six months of the Enforcement Date.</u>  <u>3. This Supplemental Provision shall be deleted on the date that is six months after the Enforcement Date or the date that is three months from the aforementioned General Meeting of Shareholders' convening date, whichever comes later.</u></p>
--	---

## Proposal 2: Election of Nine (9) Directors

The terms of office of all eight (8) incumbent Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following nine (9) Directors, including one (1) additional Director and five (5) Outside Directors in order to further strengthen corporate governance. The candidates for Director are as follows:

Candidate No.	Name	Current Position	Attendance at the Board of Directors' Meetings in FY2021
1	<b>Yoshikazu Fujikawa</b> Reelection	President and Representative Director, Chief Executive Officer	100% 15/15
2	<b>Masateru Kawanishi</b> Reelection	Director, Senior Managing Corporate Officer, Chief Human Resource Officer, Chief Compliance Officer, General Manager of Human Resources, & General Affairs Division	100% 15/15
3	<b>Masumi Tamai</b> Reelection	Director, Senior Managing Corporate Officer and General Manager of Medical Business Division	100% 15/15
4	<b>Shigeru Fukushima</b> Reelection	Director, Senior Managing Corporate Officer and General Manager of Elderly Care Business Division	100% 15/15
5	<b>Yukio Kubota</b> Reelection Outside Director	Outside Director	100% 15/15
6	<b>Kenji Chishiki</b> Reelection Outside Director Independent Director	Outside Director	100% 10/10
7	<b>Toru Noda</b> Reelection Outside Director Independent Director	Outside Director	100% 10/10
8	<b>Miki Mitsunari</b> New election Outside Director Independent Director	—	—
9	<b>Kanitsu Uchida</b> Reelection Outside Director	Outside Director	100% 15/15

Candidate No. <b>1</b>	<b>Yoshikazu Fujikawa</b> (Date of birth: January 27, 1957) (Age 65)	Number of the Company's shares owned 395,893 shares
Reelection	<p><b>Career summary, position and responsibility in the Company</b></p> <p>Apr. 1976      Joined Japan Golden Pioneer</p> <p>Nov. 1978      Joined McDonald's Company (Japan), Ltd.</p> <p>Sep. 2003      Joined Japan Tobacco Inc.</p> <p>Sep. 2004      Joined McDonald's Holdings Company (Japan), Ltd.</p> <p>Oct. 2005      Joined Lotteria Co., Ltd.</p> <p>Apr. 2010      Corporate Adviser of Burger King Japan Co., Ltd.</p> <p>Jun. 2010      President and Representative Director, CEO</p> <p>Feb. 2014      Senior Managing Corporate Officer and General Manager of Welfare Business (currently: Elderly Care Business) Division of the Company</p> <p>Jan. 2016      Director, Senior Managing Corporate Officer and General Manager of Elderly Care Business Division</p> <p>Jan. 2018      Vice President and Director, and General Manager of Elderly Care Business Division</p> <p>Jun. 2018      Vice President and Representative Director, and General Manager of Elderly Care Business Division</p> <p>Apr. 2019      President and Representative Director</p> <p>Apr. 2020      President and Representative Director, Chief Executive Officer (incumbent)</p> <p><b>Reasons for nomination as a candidate for Director</b></p> <p>Mr. Fujikawa, as the Company's CEO, has demonstrated his decision-making abilities based on the long-term visions and strategies to achieve the Company's growth and increased corporate value. Along with a wealth of experience, extensive insight and strong leadership, he can bring out the strengths of other management members and lead the Company towards innovations. Therefore, the Company has nominated him again as a candidate for Director.</p>	
	<b>Number of years as Director:</b>	6 years and 5 months
	<b>Attendance at Board of Directors' Meetings:</b>	15/15

Candidate No. <b>2</b>	<b>Masateru Kawanishi</b> (Date of birth: May 22, 1963) (Age 59)	Number of the Company's shares owned 5,434 shares
Reelection	<p><b>Career summary, position and responsibility in the Company</b></p> <p>Apr. 1986      Joined Nippon Life Insurance Company</p> <p>Oct. 1989      Joined Digital Equipment Corporation Japan (currently: Hewlett-Packard Japan, Ltd.)</p> <p>May 2004      Corporate Officer and General Manager of Human Resources Division</p> <p>Jan. 2006      Corporate Officer and General Manager of Human Resources &amp; Human Resources Development Division of The Daiei, Inc.</p> <p>Mar. 2007      Manager of Human Resources Department of PricewaterhouseCoopers Aarata LLC</p> <p>Mar. 2008      Corporate Officer and Manager of Human Resources &amp; General Affairs Division of EMC Japan K.K.</p> <p>Mar. 2015      Corporate Officer and Manager of Human Resources Department of Thomson Reuters Markets KK (currently: Refinitiv Japan K.K.)</p> <p>Oct. 2017      Senior Managing Corporate Officer, General Manager of Human Resources &amp; General Affairs Department and Chief Talent Officer of the Company</p> <p>Apr. 2018      Senior Managing Corporate Officer, General Manager of Human Resources &amp; General Affairs Department, Chief Talent Officer and Director of Career Center</p> <p>Jun. 2019      Director, Senior Managing Corporate Officer, General Manager of Human Resources &amp; General Affairs Department, Chief Talent Officer and Director of Career Center</p> <p>Apr. 2020      Director, Senior Managing Corporate Officer, Chief Human Resource Officer, General Manager of Human Resources &amp; General Affairs Department</p> <p>Oct. 2021      Director, Senior Managing Corporate Officer, Chief Human Resource Officer, Chief Compliance Officer, General Manager of Human Resources &amp; General Affairs Division (incumbent)</p> <p><b>Reasons for nomination as a candidate for Director</b></p> <p>Mr. Kawanishi has utilized his extensive experience in Japanese-owned and foreign-owned companies and demonstrated an outstanding ability in executing measures and leading reformation of our personnel processes on a company-wide basis as General Manager of Human Resources &amp; General Affairs Division since joining the Company. We believe we need to continue improving our measures toward human resource to further strengthen our management base. Therefore, the Company has again nominated him as a candidate for Director.</p>	
	<b>Number of shares under stock acquisition rights in the Company</b>	3,000
	<b>Number of years as Director:</b>	3 years
	<b>Attendance at Board of Directors' Meetings:</b>	15/15

Candidate No. <b>3</b>	<b>Masumi Tamai</b>	(Date of birth: December 9, 1960) (Age 61)	Number of the Company's shares owned 130,919 shares
Reelection	<p><b>Career summary, position and responsibility in the Company</b></p> <p>May 1985      Joined the Company</p> <p>Apr. 1995      Tokyo Branch Manager, Metropolitan Area, Medical Business Division</p> <p>Apr. 1999      Manager of Worker Dispatch Business Division</p> <p>Apr. 2005      Manager of Education Business Division</p> <p>Apr. 2009      Corporate Officer and Manager of the Tokai Block</p> <p>Apr. 2013      Corporate Officer and Manager of the Eastern Japan Block</p> <p>Apr. 2015      Managing Corporate Officer and General Manager of the Eastern Japan Block</p> <p>Aug. 2015      Managing Corporate Officer and General Manager of Medical Business Division</p> <p>Oct. 2017      Senior Managing Corporate Officer and General Manager of Medical Business Division</p> <p>Jun. 2019      Director, Senior Managing Corporate Officer and General Manager of Medical Business Division (incumbent)</p> <p><b>Reasons for nomination as a candidate for Director</b></p> <p>Mr. Tamai has many years of experience in Medical Outsourcing Business. In addition, he has greatly contributed to the growth of our Medical Outsourcing Business by demonstrating strong leadership as the General Manger of Medical Business Division since 2015. We believe that he is a person we need for the management of the Company because of his wealth of experience and achievements. Therefore, the Company has again nominated him as a candidate for Director.</p>		
	<b>Number of years as Director:</b>	3 years	
	<b>Attendance at Board of Directors' Meetings:</b>	15/15	



Candidate No. <b>4</b>	<b>Shigeru Fukushima</b> (Date of birth: February 12, 1960) (Age 62)	Number of the Company's shares owned 4,919 shares
Reelection	<p><b>Career summary, position and responsibility in the Company</b></p> <p>Apr. 1984      Joined McDonald's Company (Japan), Ltd.</p> <p>Sep. 2007      Manager of Corporate Planning Department, Corporate Strategy Division</p> <p>Jul. 2009      Assistant to the CEO, Corporate Development Division</p> <p>Jul. 2011      East Japan District Manager of Field Operations Division</p> <p>Jun. 2015      Manager of Customer Satisfaction Department and Risk Management Department</p> <p>Jul. 2018      Senior Managing Corporate Officer and Deputy General Manager of Elderly Care Business Division of the Company</p> <p>Apr. 2019      Senior Managing Corporate Officer and General Manager of Elderly Care Business Division</p> <p>Jun.2019      Director, Senior Managing Corporate Officer and General Manager of Elderly Care Business Division (incumbent)</p> <p><b>Reasons for nomination as a candidate for Director</b></p> <p>Mr. Fukushima has utilized his wealth of experience in a major restaurant chain company to drive forward our Elderly Care Business as Deputy General Manager of Elderly Care Business Division since joining the Company and as General Manager of Elderly Care Business Division since April 2019. We believe he is a person we need for the further growth of our Elderly Care Business because of his extensive insights and leadership. Therefore, the Company has again nominated him as a candidate for Director.</p>	
	<b>Number of shares under stock acquisition rights in the Company</b>	3,000
	<b>Number of years as Director:</b>	3 years
	<b>Attendance at Board of Directors' Meetings:</b>	15/15

Candidate No. <b>5</b>	<b>Yukio Kubota</b> (Date of birth: October 7, 1949) (Age 72)	Number of the Company's shares owned 0 shares
Reelection  Candidate for Outside Director	<p><b>Career summary, position and responsibility in the Company</b></p> <p>Apr. 1974      Joined Sony Corporation (currently: Sony Group Corporation)</p> <p>Jun. 1997      Executive Vice President and Corporate Executive Officer</p> <p>Sep. 2001      Outside Director of J-Phone Communications Co., Ltd.</p> <p>Apr. 2003      President of Sony Ericsson Mobile Communications Inc. (currently: Sony Corporation)</p> <p>Aug. 2009      President and CEO of WILLCOM, Inc.</p> <p>Apr. 2010      Senior Advisor of Carlyle Japan L.L.C.</p> <p>Jan. 2011      Outside Corporate Auditor of Broadleaf Co., Ltd.</p> <p>Mar. 2012      Outside Corporate Auditor of Qualicaps Co., Ltd.</p> <p>Jan. 2013      Outside Director of Diversey, Inc. (currently: CxS Corporation)</p> <p>Sep. 2013      Outside Director of the Company (retired in January 2016)</p> <p>May 2015      Outside Director of ARUHI Corporation</p> <p>Sep. 2016      Outside Director of WingArc1st Inc.</p> <p>Jun. 2019      Outside Director of the Company (incumbent)</p> <p>Mar. 2021      Outside Director of KOEI DREAMWORKS Co., Ltd. (incumbent)</p> <p><b>Significant concurrent positions outside the Company</b> Outside Director of KOEI DREAMWORKS Co., Ltd.</p> <p><b>Reasons for nomination as a candidate for Outside Director and expected roles</b> Mr. Kubota has a wealth of experience and extensive knowledge as the Director including Representative Director among plural companies. Therefore, the Company has nominated him again as a candidate for Outside Director with expectation that he will use this experience to supervise and support management toward improving our corporate value. If he is elected, he will serve as Chairperson of the Nomination, Evaluation, and Compensation Committee and as a member of the Corporate Governance Committee, and will participate objectively and impartially in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company.</p>	
	<b>Number of years as Outside Director:</b>	3 years
	<b>Attendance at Board of Directors' Meetings:</b>	15/15

Candidate No. <b>6</b>	<b>Kenji Chishiki</b> (Date of birth: January 27, 1963) (Age 59)	Number of the Company's shares owned 0 shares
Reelection  Candidate for Outside Director  Independent Director	<p><b>Career summary, position and responsibility in the Company</b></p> <p>Apr. 1985      Joined Kanebo Ltd.</p> <p>Apr. 1998      Representative Director of LISSAGE LTD.</p> <p>May 2004      Director, President and Representative Executive Officer, COO of Kanebo Cosmetics Inc.</p> <p>Jan. 2006      Representative Director, President and Executive Officer</p> <p>Jun. 2010      President and Representative Director of TAKE AND GIVE. NEEDS Co., Ltd.</p> <p>Aug. 2015      President and Representative Director of Nihon Kotsu Co., Ltd.</p> <p>Nov. 2018      Outside Director of SHIFT Inc.</p> <p>Nov. 2019      Outside Director and Audit &amp; Supervisory Committee Member of SHIFT Inc. (incumbent)</p> <p>Jun. 2020      Outside Director of Ishii Food CO., Ltd. (incumbent)</p> <p>May 2021      Outside Director of ONWARD HOLDINGS CO., LTD</p> <p>Jun. 2021      Outside Director of the Company (incumbent)</p> <p>May 2022      Director and Vice President of ONWARD HOLDINGS CO., LTD (incumbent)</p> <p><b>Significant concurrent positions outside the Company</b></p> <p>Outside Director and Audit &amp; Supervisory Committee Member of SHIFT Inc. Outside Director of Ishii Food CO., Ltd. Director and Vice President of ONWARD HOLDINGS CO., LTD</p> <p><b>Reasons for nomination as a candidate for Outside Director and expected roles</b></p> <p>Mr. Chishiki has served as a representative director in a number of companies, as well as has a wealth of experience serving as an outside director. The Company nominates him as a candidate for Outside Director because he has a wide range of knowledge and experience in personnel development, organizational management including corporate culture, and the establishment and strengthening of management foundations, with the expectation he will provide useful advices to the Company. If he is elected, he will serve as a member of the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee, and will participate objectively and impartially in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company.</p>	
	<b>Number of years as Outside Director:</b>	1 year
	<b>Attendance at Board of Directors' Meetings:</b>	10/10

Candidate No. <b>7</b>	<b>Toru Noda</b>	(Date of birth: September 16, 1960) (Age 61)	Number of the Company's shares owned 0 shares																																		
Reelection  Candidate for Outside Director  Independent Director	<p><b>Career summary, position and responsibility in the Company</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">Apr. 1984</td> <td>Joined Mitsubishi Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jul. 2003</td> <td>Chairman, President &amp; CEO of Berlitz International, Inc. (currently: Berlitz Corporation)</td> </tr> <tr> <td style="vertical-align: top;">Jul. 2007</td> <td>Executive vice president &amp; COO of Seiyu Corporation</td> </tr> <tr> <td style="vertical-align: top;">Feb. 2010</td> <td>Representative partner &amp; CEO of Seiyu G.K. (currently: Seiyu Co., Ltd.) Representative partner &amp; CEO of Walmart Japan Holdings G.K. (currently: Seiyu Holdings Co., Ltd.)</td> </tr> <tr> <td style="vertical-align: top;">Aug. 2012</td> <td>President and Representative Director of ALC PRESS INC.</td> </tr> <tr> <td style="vertical-align: top;">May 2016</td> <td>Executive Officer of TAIYO SYSTEM TECHNOLOGY Co., Ltd. (currently: DIGITAL VORN CO., LTD.)</td> </tr> <tr> <td style="vertical-align: top;">Sep. 2016</td> <td>Executive Vice President</td> </tr> <tr> <td style="vertical-align: top;">Sep. 2017</td> <td>Representative of SITE PUBLIS Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2018</td> <td>Chairman (Outside Director) of Softfront Holdings, Inc.</td> </tr> <tr> <td style="vertical-align: top;">Jan. 2019</td> <td>Director of Taiyo System Technology Co., Ltd. Outside Director of COACH A Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Feb. 2019</td> <td>Chairman and Representative Director of Softfront Holdings, Inc.</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2019</td> <td>President &amp; CEO Director of Softfront Japan (incumbent) Director of Softfront Marketing</td> </tr> <tr> <td style="vertical-align: top;">Dec. 2019</td> <td>President of Softfront Marketing</td> </tr> <tr> <td style="vertical-align: top;">Nov. 2020</td> <td>Professor of Organizational Management Area of Graduate School of Business Sciences at University of Tsukuba (incumbent)</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2021</td> <td>Outside Director of the Company (incumbent)</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2021</td> <td>Director of Softfront Holdings, Inc. (incumbent)</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2022</td> <td>Visiting Professor, Department of International Business at Meiji Gakuin University</td> </tr> </table> <p><b>Significant concurrent positions outside the Company</b></p> <p>Director of Softfront Holdings, Inc.  Director of Softfront Japan  Professor of Organizational Management Area of Graduate School of Business Sciences at University of Tsukuba  Visiting Professor, Department of International Business at Meiji Gakuin University</p> <p><b>Reasons for nomination as a candidate for Outside Director and expected roles</b></p> <p>Mr. Noda has served as a representative director of several companies and has deep insights and experience in the areas of DX, AI, RPA and data science. The Company nominates him as a candidate for Outside Director with the expectation that he will provide extremely useful advices for the Company in its efforts to integrate human resources, IT and digital technologies in the medical and elderly care fields. If he is elected, he will serve as a member of the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee, and will participate objectively and impartially in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company.</p> <p><b>Number of years as Outside Director:</b> 1 year</p>			Apr. 1984	Joined Mitsubishi Corporation	Jul. 2003	Chairman, President & CEO of Berlitz International, Inc. (currently: Berlitz Corporation)	Jul. 2007	Executive vice president & COO of Seiyu Corporation	Feb. 2010	Representative partner & CEO of Seiyu G.K. (currently: Seiyu Co., Ltd.) Representative partner & CEO of Walmart Japan Holdings G.K. (currently: Seiyu Holdings Co., Ltd.)	Aug. 2012	President and Representative Director of ALC PRESS INC.	May 2016	Executive Officer of TAIYO SYSTEM TECHNOLOGY Co., Ltd. (currently: DIGITAL VORN CO., LTD.)	Sep. 2016	Executive Vice President	Sep. 2017	Representative of SITE PUBLIS Co., Ltd.	Jun. 2018	Chairman (Outside Director) of Softfront Holdings, Inc.	Jan. 2019	Director of Taiyo System Technology Co., Ltd. Outside Director of COACH A Co., Ltd.	Feb. 2019	Chairman and Representative Director of Softfront Holdings, Inc.	Apr. 2019	President & CEO Director of Softfront Japan (incumbent) Director of Softfront Marketing	Dec. 2019	President of Softfront Marketing	Nov. 2020	Professor of Organizational Management Area of Graduate School of Business Sciences at University of Tsukuba (incumbent)	Jun. 2021	Outside Director of the Company (incumbent)	Jun. 2021	Director of Softfront Holdings, Inc. (incumbent)	Apr. 2022	Visiting Professor, Department of International Business at Meiji Gakuin University
Apr. 1984	Joined Mitsubishi Corporation																																				
Jul. 2003	Chairman, President & CEO of Berlitz International, Inc. (currently: Berlitz Corporation)																																				
Jul. 2007	Executive vice president & COO of Seiyu Corporation																																				
Feb. 2010	Representative partner & CEO of Seiyu G.K. (currently: Seiyu Co., Ltd.) Representative partner & CEO of Walmart Japan Holdings G.K. (currently: Seiyu Holdings Co., Ltd.)																																				
Aug. 2012	President and Representative Director of ALC PRESS INC.																																				
May 2016	Executive Officer of TAIYO SYSTEM TECHNOLOGY Co., Ltd. (currently: DIGITAL VORN CO., LTD.)																																				
Sep. 2016	Executive Vice President																																				
Sep. 2017	Representative of SITE PUBLIS Co., Ltd.																																				
Jun. 2018	Chairman (Outside Director) of Softfront Holdings, Inc.																																				
Jan. 2019	Director of Taiyo System Technology Co., Ltd. Outside Director of COACH A Co., Ltd.																																				
Feb. 2019	Chairman and Representative Director of Softfront Holdings, Inc.																																				
Apr. 2019	President & CEO Director of Softfront Japan (incumbent) Director of Softfront Marketing																																				
Dec. 2019	President of Softfront Marketing																																				
Nov. 2020	Professor of Organizational Management Area of Graduate School of Business Sciences at University of Tsukuba (incumbent)																																				
Jun. 2021	Outside Director of the Company (incumbent)																																				
Jun. 2021	Director of Softfront Holdings, Inc. (incumbent)																																				
Apr. 2022	Visiting Professor, Department of International Business at Meiji Gakuin University																																				
	<p><b>Attendance at Board of Directors' Meetings:</b> 10/10</p>																																				

Candidate No. <b>8</b>	<b>Miki Mitsunari</b> (Date of birth: February 29, 1972) (Age 50)	Number of the Company's shares owned 0 shares
New election  Candidate for Outside Director  Independent Director	<p><b>Career summary, position and responsibility in the Company</b></p> <p>Apr. 1994      Joined TOKYU LAND CORPORATION</p> <p>Feb. 2001      Joined Fuji Sogo Research Institute (currently, Mizuho Research &amp; Technologies, Ltd.)</p> <p>Sep. 2011      Established FINEV inc. and became the President (incumbent)</p> <p>Mar. 2020      Outside Director of Funai Soken Holdings Inc. (incumbent)</p> <p>Jun. 2020      Director of Japan Accreditation Board (incumbent)</p> <p>Jun. 2020      Outside Director of YAMADA HOLDINGS CO., LTD. (incumbent)</p> <p><b>Significant concurrent positions outside the Company</b></p> <p>President of FINEV inc. Outside Director of Funai Soken Holdings Inc. Director of Japan Accreditation Board Outside Director of YAMADA HOLDINGS CO., LTD.</p> <p><b>Reasons for nomination as a candidate for Outside Director and expected roles</b></p> <p>Ms. Mitsunari has served as the representative director of a consulting company related to the environment, climate change, ESG, and the SDGs, and has experience serving as an outside director for multiple companies. She also possesses vast knowledge and broad perspective concerning environmental problems related to real estate. We nominated her as an Outside Director candidate with the expectation that she will provide beneficial advice as we aim to provide high-quality services based on a fusion of humans and technology, including facility monitoring services using cameras and sensors. If she is appointed, she will serve as a member of the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee, where she will take an objective and neutral stance during their involvement in selecting Company Director candidates, determining Director compensation, and building a governance structure.</p>	

Candidate No. <b>9</b>	<b>Kanitsu Uchida</b> (Date of birth: May 2, 1965) (Age 57)	Number of the Company's shares owned 0 shares
Reelection  Candidate for Outside Director	<p><b>Career summary, position and responsibility in the Company</b></p> <p>Aug. 1987      Joined Daito Trust Construction Co., Ltd.</p> <p>Apr. 2012      Executive Officer and General Manager of Cost Management Department</p> <p>Apr. 2013      Executive Officer and General Manager of Design Management Department</p> <p>Jun. 2014      Director and Executive Officer, General Manager of Design Management Department</p> <p>Apr. 2016      Director and General Manager of Design Business Headquarters</p> <p>Apr. 2017      Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business (incumbent) Director of Care Partner Co., Ltd. (incumbent)</p> <p>Jun. 2019      Outside Director of the Company (incumbent)</p> <p><b>Significant concurrent positions outside the Company</b></p> <p>Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business at Daito Trust Construction Co., Ltd. Director of Care Partner Co., Ltd.</p> <p><b>Reasons for nomination as a candidate for Outside Director and expected roles</b></p> <p>Mr. Uchida currently serves as a Director at a major construction company and has a wealth of experience and extensive insight in the planning of new business development and in the development of new technologies. The Company has nominated him again as a candidate for Outside Director with the expectation that he will use this experience to supervise and support management toward improving our corporate value as Outside Director.</p>	
	<p><b>Number of years as Outside Director:</b>                      3 years</p>	
	<p><b>Attendance at Board of Directors' Meetings:</b>              15/15</p>	

Notes:

1. No special conflicts of interest exist between the Company and the candidates for Directors.
2. Yukio Kubota, Kenji Chishiki, Toru Noda, Miki Mitsunari and Kanitsu Uchida are candidates for Outside Directors.
3. The Company has concluded agreements with Yukio Kubota, Kenji Chishiki, Toru Noda, and Kanitsu Uchida in accordance with Companies Act Article 427, paragraph 1 and its Article of Incorporation limiting the liability outlined in Companies Act Article 423, paragraph 1. The maximum liability set forth in these agreements is the minimum liability amount mandated by law. Furthermore, if these candidates for Directors are reelected, we intend to maintain said agreements. In addition, if the nomination of Miki Mitsunari is approved, we plan to conclude similar liability limitation agreements with her.
4. The Company has concluded an Officers' Liability Insurance Contract with an insurance company pursuant to the provisions of Article 430-3, paragraph 1 of the Companies Act. An outline of the terms and conditions of the insurance contract is as set forth in "4. Directors and Corporate Auditors (3)Outline of Officers' liability insurance contract" of the Business Report. If each candidate is elected and assumes office as Director, he/she will be an insured person under the relevant insurance contract. The insurance is scheduled to be renewed at the next renewal with same conditions.
5. The age and years of service for each candidate for Director indicates the age and years of service as of the adjournment of this General Meeting of Shareholders.
6. Yukio Kubota served as an Outside Director of the Company in the past and he has served as an Outside Director for the total of 5 years and 5 months as of the adjournment of this General Meeting of Shareholders.
7. The Company has set its own Requirements for Independence of Outside Officers using provisions outlined by the Tokyo Stock Exchange as a reference. The Company believes that Kenji Chishiki and Toru Noda satisfies the requirements and has designated them as Independent Officers. If these candidates for Directors are reelected, we intend to continue their designation as Independent Officers. Furthermore, the Company believes that Miki Mitsunari satisfies the requirements and plans to designate her as Independent Officer if she is elected. Please see Page 41 for "(Appendix 1) Requirements for Independence of Outside Officers."
8. The above-mentioned number of Company shares and number of shares under stock acquisition rights held by each candidate for Director is the number of shares as of March 31, 2022.
9. The above-mentioned number of times attending the Board of Directors' Meetings by each candidate for Director is the number of times in attendance at the Company's Board of Directors' Meetings convened during the fiscal year 2021 (April 1, 2021 – March 31, 2022) (total of 15 meetings held). The number of times attending the Board of Directors' Meetings for Kenji Chishiki and Toru Noda are after the appointments as Directors on June 28, 2021.
10. The expertise and experience of each director candidate is described in "(Appendix 2) Structure of the Board of Directors and the Board of Corporate Auditors after the resolution of Proposal 2" on Page 43.

### Proposal 3: Election of One (1) Substitute Corporate Auditor

The effectiveness of the election of Kanae Fukushima, who was elected as a substitute Corporate Auditor at the 53rd Ordinary General Meeting of Shareholders held on June 28, 2021, expires at the start of this General Meeting of Shareholders. Therefore, the Company again proposes the nomination of one (1) substitute Corporate Auditor to prepare for situations in which the number of Corporate Auditors falls short of that stipulated by law.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for substitute Corporate Auditor is as follows.

	<p><b>Kanae Fukushima</b> (Date of birth: March 30, 1974) (Age 48)</p>	<p>Number of the Company's shares owned 0 shares</p>
<p>Candidate for Substitute Outside Corporate Auditor</p>	<p><b>Career summary</b></p> <p>Apr. 2000 Assistant to Judge at Tokyo District Court  Aug. 2004 Assistant Judge at Yokohama District Family Court Odawara Branch  Apr. 2005 Assistant Judge at Naha District Family Court  Apr. 2008 Assistant Judge at Tokyo District Court  Apr. 2010 Judge at Tokyo District Court  Apr. 2012 Judge at Kobe District Court  Apr. 2014 Judge at Tokyo High Court  Apr. 2016 Professor of Legal Training and Research Institute  Apr. 2019 Registered with the Daiichi Tokyo Bar Association  Joined Utsunomiya Shimizu &amp; Haruki Law Office</p> <p><b>Reasons for nomination as a candidate for substitute Outside Corporate Auditor</b></p> <p>Ms. Fukushima has extensive legal knowledge and experience handling civil, criminal and political cases as a judge since 2000 in domestic courts, municipal courts, and the high court. The Company believes she can audit the execution of Directors from an objective and fair perspective, and therefore nominated her as substitute Outside Corporate Auditor.</p>	

Notes:

1. There are no special interests between Kanae Fukushima and the Company.
2. Kanae Fukushima is a candidate for substitute Outside Corporate Auditor.
3. Kanae Fukushima has no experience of being directly involved in company management, however, based on the above reasons, we believe that she can appropriately execute the duties of Outside Corporate Auditor.
4. The Company will conclude agreements with Kanae Fukushima in accordance with Companies Act Article 427, paragraph 1 and our Article of Incorporation limiting the liability outlined in Companies Act Article 423, paragraph 1 if she is appointed as a Corporate Auditor. The maximum liability set forth in these agreements is the minimum liability amount mandated by law.
5. The Company has concluded an officer's liability insurance contract with an insurance company as prescribed in Article 430-3, Paragraph 1 of the Companies Act. The outline of the terms of the contract is as described in "4. Directors and Corporate Auditors (3) Outline of Officers' liability insurance contract" of the Business Report. If Kanae Fukushima assumes the office of Audit & Supervisory Board Member, she will be an insured person under the relevant insurance contract. The insurance is scheduled to be renewed at the next renewal with same conditions.
6. The age for Kanae Fukushima indicates her age as of the adjournment of this General Meeting of Shareholders.
7. The Company has set its own Requirements for Independence of Outside Officers using provisions outlined by the Tokyo Stock Exchange as a reference. The Company believes that Kanae Fukushima satisfies our requirements and plans to designate and register her as an Independent Officer. Please see Page 41 for "(Appendix 1) Requirements for Independence of Outside Officers."
8. The number of Company shares held by Kanae Fukushima is current as of March 31, 2022.



## **Business Report (April 1, 2021 to March 31, 2022)**

### **1. State of current fiscal year**

#### **(1) Business progress and results**

The operating environment influencing our Group during the consolidated fiscal year under review saw the following types of conditions and changes.

- The Medical Outsourcing Business saw stable needs for medical clerical work services from hospitals and other medical institutions. Additionally, we saw a marked increase in worker dispatch needs for physician's administrative staff due to the government's promotion of workstyle reform for medical professionals.
- The Elderly Care Business saw a steady increase in demand for elderly care services driven by population aging. The domestic population of people age 75 and older in 2021 reached 18.8 million people, an increase of 90,000 people compared to the previous year (source: "Population Estimates," Ministry of Internal Affairs and Communication).
- The COVID-19 pandemic continued to have a major impact on society, the economy, and lifestyle environments. In the elderly care industry, we saw scattered cases of users refraining from using services, particularly day services. There was a marked uptick in this trend from January 2022 following the spread of the omicron variant.
- Recovery of the employment market remained sluggish due to the impact of COVID-19. The average active recruitment rate in 2021 was 113% (seasonal adjusted value), representing the third consecutive year of decline (source: "Job Referral Service," Ministry of Health, Labour and Welfare). However, the active recruitment rate for the elderly care sector is much higher at over 300%, indicating that the hiring of appropriate personnel at the appropriate timing remain critical issues for the medical outsourcing, elderly care, and child care industries.

Amid such an operating environment, our Group promote various policies based on three core themes for FY2021: Innovation, Sustainable growth of existing businesses, and Enhancing management foundation.

To achieve "Innovation", we launched a new smart hospital business and advanced the development of "iisy," a medical DX package that combines human workers with ICT. As the first "iisy" service, in June 2021 we started providing remote medical administration services and aggressively engaged in seed investments towards improving service quality and expanding our service provision structure. As part of our initiative to provide elderly care with scientific evidence, we are advancing joint research with businesses, organizations, and universities towards the visualization of the physical functions that help improve activities of daily living (ADL) for persons requiring elderly care.

To promote “Sustainable growth of existing businesses”, we conducted three M&A for child care centers. This increased our number of child care centers from 18 at the end of the previous fiscal year more than three-fold to 66 centers. We also pursued M&A for the Elderly Care Business, adding 15 centers compared to the end of the previous fiscal year. In the worker dispatch business of the Medical Outsourcing Business, we strengthened sales activities to capture increasing worker dispatch needs for physician’s administrative staff, resulting in a 24.4% increase in net sales compared to the previous fiscal year. Across all businesses, we also worked to strengthen hiring and worker development involving IT such as web-based hiring and online training.

For “Enhancing management foundation”, we advanced initiatives to address risk management and compliance. These measures include enhancing education and training aimed at accident prevention at elderly care centers and strengthening monitoring functions, including increasing the number of care cameras. In the Elderly Care Business, consolidating administrative work previously conducted at each center into the head office and using IT to optimize workflow contributed to cost reductions.

Our Group’s main businesses, medical outsourcing, elderly care, and child care, are all essential services that help society function. Our ability to continue operations by implementing various infection countermeasures to help ensure customer safety and peace of mind while also paying due care to worker safety amid the conditions caused by COVID-19 has enabled us to fulfill social responsibilities that are even more needed than in normal times.

As a result of the above efforts, in FY2021 we achieved our 9th consecutive year of increased net sales and profits despite the impact of COVID-19 thanks to firm performance by the Medical Outsourcing Business, Elderly and Child Care Business. Net sales increased by 10.4% year on year to 117.239 billion yen. Operating profit increased by 4.2% year on year to 6.319 billion yen. Ordinary income increased by 3.6% year on year to 6.297 billion yen. Net income decreased by 1.0% year on year to 3.502 billion yen mainly due to having recorded impairment losses for the Elderly and Child Care Business.

Results by business segment were as follows.

## **Medical Outsourcing Business**

- + Main areas of business (as of March 31, 2022)
- ▶ Outsourcing and staffing for medical administration services including reception, accounting, processing of medical billing, clinical information management, and management support services

In the Medical Outsourcing Business, we continued to advance initiatives, including training and the use of IT, aimed at maintaining and improving service quality and improving productivity. During the consolidated fiscal year, net sales increased by 8.4% year on year to 66.042 billion yen on orders received for work related to COVID-19 and increased sales for existing contracted business and the worker dispatching business. Operating profit increased by 9.5% year on year to 8.450 billion yen. While we continued efforts to improve compensations, profit increased on increased net sales, productivity improvements, and a rebound effect from the first quarter of the previous fiscal year when we recorded special workers bonuses for COVID-19.

## **Elderly and Child Care Business**

- + Main areas of business (as of March 31, 2022)
- ▶ Elderly Care Business: operating centers for day care, home help, group homes, care management planning, nursing homes
- ▶ Child Care Business: operation of licensed child care facilities and certified child care facilities

The Elderly Care Business recorded increased net sales and profits from adding Japan Elderly Care Services Inc. and Kabushikigaisha Five Cs Healthcare to the scope of consolidation in October 2020. COVID-19 impacted business during the consolidated fiscal year as users refrained from using services, particularly day services, and we had to temporarily close certain centers. The user service levels remain below pre-COVID-19 levels. Although user levels were at one point on a recovery trend following the decline in infections, the rapid spread of the omicron variant caused user levels to drop again.

In the Child Care Business, we increased our child care numbers thanks to the opening of two new licensed child care centers in April 2021 and one certified child care center gaining status as a licensed child care center. In February 2022, we added two companies to the scope of consolidation: Cocoro Care Plan Corporation and Hug Hug Kids Corporation. We further added Nanairo Co., Ltd. in March 2022. As a result, we increased our number of child care centers (as of the end of March 2022) from the previous year by 48 centers to 66 centers.

As a result of the above efforts, net sales for the Elderly and Child Care Business increased by 13.3% year on year to 50.681 billion yen and operating profit increased by 22.2% year on year to 2.797 billion yen.

### **Others, Corporate Expenses**

- + Main areas of business (as of March 31, 2022)
- ▶ Education Business: providing seminars on medical administration services and elderly care to corporations, group customers, and individuals. Certification testing related to the above
- ▶ Smart Hospital Business: Developing “iisy,” a medical DX package that combines human workers with ICT and providing the service (remote medical administration service).

In the Education Business, sales of e-learning courses and renewal of educational material to revisions to the elderly care reimbursement system in FY2021 contributed but sales decreased due to the impact of COVID-19, which caused delays in sales activities for corporate services.

In the Smart Hospital Business, we started providing remote medical administration services to medical institutions in June 2021. As of March 31, 2022, we exceeded our initial goal of 100 service applicants. As for profit and losses, we recorded losses for the current consolidated fiscal year due to aggressive seed investments towards improving service quality and expanding our service provision structure.

As a result of the above, Others net sales decreased by 1.6% year on year to 0.516 billion yen and operating losses were 0.352 billion yen.

Corporate expenses increased to 4.575 billion yen on expenses and amortization related to the integration of the attendance, wage, and sales management system we adopted in July 2021 and other IT-related investments.

(2) Summary of consolidated income statement and consolidated balance sheet

		FY2018	FY2019	FY2020	FY2021
Net sales	(millions of yen)	84,251	95,719	106,182	117,239
EBITDA	(millions of yen)	6,544	7,416	8,402	8,917
EBITDA margin	(%)	7.8	7.7	7.9	7.6
Operating profit	(millions of yen)	5,030	5,465	6,062	6,319
Operating profit margin	(%)	6.0	5.7	5.7	5.4
Ordinary income	(millions of yen)	5,011	5,374	6,075	6,297
Net income	(millions of yen)	3,506	4,739	3,538	3,502
EPS	(yen)	37.50	50.33	37.51	37.08
Total asset	(millions of yen)	45,798	57,703	60,103	70,745
Total equity	(millions of yen)	13,936	16,770	18,472	20,149
BPS	(yen)	148.00	177.70	195.51	212.96
ROE	(%)	27.2	30.9	20.1	18.1
Net cash provided by operating activities	(millions of yen)	5,153	4,248	6,728	5,519
Net cash used in investing activities	(millions of yen)	-2,404	-3,482	-3,816	-7,446
Net cash provided by (used in) financing activities	(millions of yen)	-1,215	1,784	-5,721	3,201
Cash and cash equivalents, end of the year	(millions of yen)	9,211	11,762	8,953	10,228
Free cash flows	(millions of yen)	2,748	766	2,912	-1,927
DPS	(yen)	19.00	19.50	19.50	20.00
Dividend payout ratio	(%)	50.7	38.7	52.0	53.9

Notes:

1. EBITDA = Operating profit + Depreciation costs + Amortization of goodwill
2. EPS is calculated based on the average total number of shares issued for the period, excluding treasury shares. BPS is calculated based on the total number of shares issued for the end of period, excluding treasury shares.
3. We have conducted stock splits of common shares involving a 1:3 split on July 1, 2018. PER, BPS, and DPS are calculated based on the conversion for if those stock splits had been conducted at the beginning of FY2018.
4. Free cash flows = Net cash provided by operating activities – Net cash used in investing activities

(Reference) FY2022 consolidated earnings forecast

Our earnings forecast for FY2022 assumes operations will continue to be influenced by COVID-19. Looking at our operating environment, although the first quarter will be impacted by the omicron variant seen since the fourth quarter of FY2021, we are assuming that the average for FY2022 will be on par with infections during the third quarter of FY2020, and that there will be no further emergency declarations or other major restrictions on movement or activities.

We are forecasting net sales will increase by 8.9% year on year to 127.7 billion yen on increased net sales thanks to M&A in the Child Care and Elderly Care businesses.

As for operating profit, while we expect decrease factors related to accounting treatments for wage subsidies for elderly care and child care workers, we also expect a recovery in existing centers in the Elderly Care Business, including day service and facility-based services, productivity improvements for the Medical Outsourcing Business, and profit contributions from M&A conducted in the Child Care Business in FY2021. As a result, we are forecasting operating profit will increase by 7.3% year on year to 6.78 billion yen. Furthermore, the government has finalized wage assistance subsidies for elderly care and child care workers. The accounting treatment for said subsidies will cause FY2022 operating profit to decrease by approximately 0.3 billion yen compared to the previous fiscal year. However, the subsidies will be recorded as non-operating income and thus the impact on ordinary income will be minor.

Furthermore, as we are expanding the Child Care Business, from FY2022 we separated the Child Care Business from “Elderly and Child Care Business” segment to better distinguish the business domain from the Elderly Care Business. As a result, we changed the segment name from the “Child Care Business” to the “Children Business.” This change is only a segment division and change in segment names, and the impact on earnings is minor.

►Consolidated earnings forecast

(millions of yen)

	FY2021 (Results)	FY2022 (Forecast)	YoY
Net sales	117,239	127,700	+8.9%
Operating profit	6,319	6,780	+7.3%
Ordinary income	6,297	7,100	+12.8%
Net income	3,502	4,000	+14.2%

▶Consolidated earnings forecast by segments

(millions of yen)	<Net sales>			<Operating profit>		
	FY2021 (Results)	FY2022 (Forecast)	YoY	FY2021 (Results)	FY2022 (Forecast)	YoY
Medical Outsourcing Business	66,042	66,200	+0.2%	8,450	8,850	+4.7%
Elderly Care Business	47,602	51,200	+7.6%	2,575	3,550	+37.8%
Children Business	3,078	9,500	+208.6%	222	450	+102.6%
Others, Corporate Expenses	516	800	+55.0%	-4,928	-6,070	-
<b>Total</b>	<b>117,239</b>	<b>127,700</b>	<b>+8.9%</b>	<b>6,319</b>	<b>6,780</b>	<b>+7.3%</b>

## 2. Challenges to be Addressed

When thinking about the Group's 30 years from now, there are several issues to be addressed. These include creating new digital transformation (DX) based businesses, reforming existing businesses, and the ability to continuously provide valuable services that also enable to contribute to solving social issues through its business activities. In order to continue to make a meaningful contribution to society 30 years from now, the Group adopted a new corporate philosophy on April 1, 2022 to better clarify the direction it must take and the values it must embrace.

The numerical goals set forth in VISION2030 are carried forward as the "2030 Numerical goals" together with the "Sustainability Theme", as long-term goals to realize the mission set forth in the new corporate philosophy. Under the new corporate philosophy, the Group will look beyond the medical outsourcing, elderly care, child care, and education businesses by accelerating initiatives that enable to operate as a game changer that leads businesses in the all industries. At same time, the Group will continue working to make sustainable improvements in the corporate value and increase satisfaction among its users, customers, employees, and all other stakeholders.

### Philosophy Systems



### New Corporate Philosophy

## People. Technology. Supporting comfortable living and energetic communities

The Solasto Group supports the energetic smiles of our customers by combining the advanced expertise and superior teamwork of our employees with the innovative and flexible use of technology to provide medical, elderly care, child care, and education services suited to the local communities we serve.

We are equally committed to the realization of a society that provides peace of mind, happiness, and well-being to each of our employees.



## **2030 Numerical Goals**

### **Net Sales ¥300 B    Operating Profit ¥20 B**

Medical Outsourcing Business:	Net Sales	¥100B	OPM 15%
Elderly Care Business:	Net Sales	¥150B	OPM 10%
New Business and Others:	Net Sales	¥50B	OPM 15%

## **Sustainability Themes**

Initiatives to address social issues through business activities

(1) Contributing to an Aging Society and Local Communities

- Providing safe, reliable, and high-quality services
- Contributing to a super-aged society through "support for self-reliance of elderly people and total care services in each local areas"
- Realization of total care services and the integrated community care system

(2) Innovation and Contribution to Optimizing Social Security Expenditures

- Utilize ICT in all businesses and operations, dramatically improve customer satisfaction and productivity
- Expansion of ICT-centered businesses and creation of new businesses
- Realization of integrated community care system through ICT and data utilization
- Contributing to the rationalization of social security expenditures through scientific elderly care, preventive care, preventive medicine, etc. through the utilization of healthcare data

Management Foundation

(1) Human Capital (Human Resource Development, Compensation Improvement, and Diversity)

- Continuous efforts to develop human resources and improve retention rate, compensation, and employee satisfaction
- Promoting diversity in which 30,000 employees are active in their respective personalities and working styles

(2) Compliance and Governance

- Promoting compliance and strengthening corporate governance as the foundation for all business activities
- Ensuring the protection of personal information and fair trade

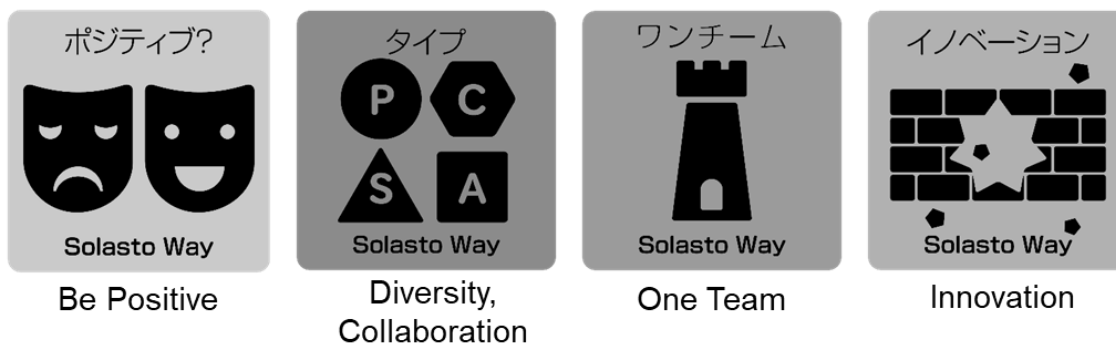
(3) Consideration for Environment and Resources

- Each employee is aware of issues such as energy and water resource use and food loss, and reflects in their actions
- Review and implement initiatives ahead of regulations for a carbon-free society

## Core Competence

The ability to apply expert human resources and technology towards service reform and creative innovation in the workplace

## Solasto Way



## FY2022 Initiatives

- (1) Innovation
  - Completing DX
  - Adopting changes
  - Extending business areas
- (2) Sustainable growth of existing businesses
  - Mechanisms for growth
  - Improving customer satisfaction/ Top ideal workplace
  - Operational excellence
- (3) Enhancing management foundation
  - Security and safety as the premise of trust
  - Reinforcing governance and risk management

On May 14, 2019, the Company's Medical Business Division in Chubu district was investigated by the Fair Trade Commission for alleged violations of Antimonopoly Act for the Medical Outsourcing Business and the medical reimbursement review operations. The Company has been giving the fullest cooperation to the investigation of the Fair Trade Commission.

Although the COVID-19 pandemic has a major impact on society and the economy, we continue to provide services in accordance with requests and policies from various administrative agencies,

recognizing that the main services provided by the Group (Medical Outsourcing Business, Elderly Care Business, and Child Care Business) are services of a highly public nature that are crucial to maintaining social functions.

We will continue to provide services while ensuring the safety of customers and employees and thoroughly implementing measures to prevent the spread of infection.

### 3. Stock information (As of March 31, 2022)

(1) Number of shares authorized	339,000,000	Stocks
(2) Total shares issued	94,579,550	Stocks (including 258 treasury shares)
(3) Number of shareholders	6,102	
(4) Major shareholders (Top 10)		

Name	Number of shares held (stocks)	Holdings ratio (%)
Daito Trust Construction Co., Ltd.	31,805,100	33.63
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,555,800	11.16
TOHO HOLDINGS CO., LTD.	4,709,500	4.98
Custody Bank of Japan, Ltd. (Trust Account)	4,643,100	4.91
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	3,645,200	3.85
JP MORGAN CHASE BANK 385174	3,170,300	3.35
STATE STREET BANK AND TRUST COMPANY 505038	2,589,100	2.74
INFOCOM CORPORATION	2,545,200	2.69
JP MORGAN CHASE BANK 385632	1,696,531	1.79
Solasto Employee Shareholding Association	1,657,018	1.75

Note: Holdings ratio excludes treasury shares (258 stocks).

(5) Status of stock issued to Company Directors as compensation for business execution during the current fiscal year.

	No. of shares	Grantees
Directors (Excluding Outside Directors)	25,665	4

Note:

The details of equity compensation is described in "4. Directors and Corporate Auditors, (4) The compensation for Directors and Corporate Auditors".

(6) Status of share warrants, etc.

- (i) Status of share warrants retained by Directors as of the final day of the current fiscal year

-Type and number of applicable shares: Commons stock 6,000 shares  
(100 shares per share warrant)

Name (Date of vote on issuance)	No. of units	No. of shares	Exercise price (per share)	Issue price	Exercise period	Category	Owners
2018 1st share warrants (Issued on September 28, 2018)	60	6,000	1,393 yen	Non- compensated	From October 16, 2020 to October 15, 2025	Directors	2

Notes:

1. The above share warrants held by 2 Directors were allocated before they were appointed as Directors.
2. Directors classified under "Category" does not include Outside Directors.
3. Conditions for exercising share warrants are outlined in the share warrant allocation agreement concluded between the Company and the share warrant holders.

- (ii) Status of share warrants issued to employees during the current fiscal year  
Not applicable

- (iii) Other important notes regarding share warrants  
Not applicable

## 4. Directors and Corporate Auditors

### (1) Directors and Corporate Auditors (as of March 31, 2022)

Position	Name	Responsibility in the Company and significant concurrent positions outside the Company
President and Representative Director	Yoshikazu Fujikawa	Chief Executive Officer
Director	Masateru Kawanishi	Senior Managing Corporate Officer, Chief Human Resource Officer, Chief Compliance Officer, General Manager of Human Resources & General Affairs Division
Director	Masumi Tamai	Senior Managing Corporate Officer and General Manager of Medical Business Division
Director	Shigeru Fukushima	Senior Managing Corporate Officer and General Manager of Elderly Care Business Division
Director	Yukio Kubota	Outside Director of KOEI DREAMWORKS Co.Ltd.
Director	Kenji Chisiki	Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. Outside Director of Ishii Food CO., Ltd. Outside Director of ONWARD HOLDINGS CO., LTD
Director	Toru Noda	Director of Softfront Holdings, Inc. Director of Softfront Japan Professor of Organizational Management Area of Graduate School of Business Sciences at University of Tsukuba
Director	Kanitsu Uchida	Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business at Daito Trust Construction Co., Ltd. Director of Care Partner Co., Ltd.
Full-time Corporate Auditor	Masami Nishino	-
Corporate Auditor	Hironori Yokote	Director of Hironori Yokote CPA Office Representative Partner of Miogi Audit Corporation.
Corporate Auditor	Miho Tanaka	Partner of Shiba & Tanaka Law Office Supervisory Director of Marimo Regional Revitalization REIT, Inc. Supervisory Director of JINUSHI Private REIT Investment Corporation Outside Director of Tokyo Century Corporation. Outside Corporate Auditor of Pacific Porter, inc

#### Note:

- Directors Yukio Kubota, Kenji Chishiki, Toru Noda and Kanitsu Uchida are Outside Directors.
- Corporate Auditors Hironori Yokote and Miho Tanaka are Outside Corporate Auditors.
- Corporate Auditor Hironori Yokote is a certified public accountant and tax attorney, and possesses significant knowledge related to finances and accounting.
- Corporate Auditor Miho Tanaka's name on her family registry is Miho Takahashi.
- Changes in Director and Corporate Auditor positions, responsibilities, and significant concurrent position during the current fiscal year are as follows.
  - Director Masateru Kawanishi's position has been changed to Senior Managing Corporate Officer, Chief Human Resource Officer, Chief Compliance Officer, General Manager of Human Resources & General Affairs Department as of October 1, 2021.
  - Kenji Chishiki and Toru Noda were elected at the 53<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 28, 2021 and became a Director.
  - Director Kenji Chishiki was appointed as Outside Director of ONWARD HOLDINGS CO., LTD on May 27, 2021

- (iv) Director Toru Noda resigned from the position of President of Softfront Marketing on June 30, 2021 and Director of DIGITAL VORN CO., LTD on October 28, 2021. He was appointed as Director of Softfront Holdings, Inc. on June 29, 2021.
  - (v) Corporate Auditor Hironori Yokote resigned from the position of Outside Corporate Auditor of PinT, Inc. on 16 July, 2021.
  - (vi) Corporate Auditor Miho Tanaka was appointed as Outside Director of Tokyo Century Corporation. On 28 June, 2021, and Outside Corporate Auditor of Pacific Porter, inc on 30 June, 2021.
6. Changes in Director and Corporate Auditor positions, responsibilities, and significant concurrent position after the end of current fiscal year are as follows.
- (i) Director Toru Noda was appointed as Visiting Professor of Department of International Business at Meiji Gakuin University on April 1, 2022.
  - (ii) Director Kenji Chishiki was appointed as Director and Vice President of ONWARD HOLDINGS CO., LTD. on May 26, 2022..
7. We designated Outside Directors Kenji Chishiki and Toru Noda, and Outside Corporate Auditors Hironori Yokote and Miho Tanaka as Independent Officers and registered them as such with the Tokyo Stock Exchange. The Company has had an advisory contract with TMI Associates until August 2019, where Outside Corporate Auditor Miho Tanaka worked and resigned in June 2015, however, the Company has determined it does not affect her independence with the reason that the amount of advisory fees and compensation was insignificant, amounting to less than 0.1% of the Company's net sales.

(2) Outline of agreements to limit Directors' liability

The Company has concluded agreements with Outside Directors Yukio Kubota, Kenji Chishiki, Toru Noda and Kanitsu Uchida, Corporate Auditor Masami Nishino, and Outside Corporate Auditors Hironori Yokote and Miho Tanaka in accordance with Companies Act Article 427, paragraph 1 and its Article of Incorporation, limiting the liability outlined in Companies Act Article 423, paragraph 1. The maximum liability set forth in these agreements is the minimum liability amount mandated by the law.

(3) Outline of Officers' liability insurance contract

The Company has concluded an Officers' Liability Insurance Contract with an insurance company pursuant to the provisions of Article 430 paragraph 3, paragraph 1 of the Companies Act. The insured persons include officers and employees (managerial positions) of the Company and officers and employees (managerial positions) of consolidated subsidiaries of the Company, all of which are paid by the Company.

The outline of the contents of the insurance contract is that the insurance company compensates for the damage that may be caused by the insured person being responsible for the execution of his/her duties or receiving a claim for the pursuit of such responsibility, and the contract is to be renewed every year. The insurance is scheduled to be renewed with same conditions at the next renewal.

(4) The compensation for Directors and Corporate Auditors

(i) Policy for determining the individual remuneration of Directors

At Board of Directors held on May 25, 2021, we adopted a policy for determining the content of individual compensation for directors. In prior to the resolution of the Board of Directors, it was reported to and examined by the Nomination, Evaluation, and Compensation Committee.

In addition, the Nomination, Evaluation, and Compensation Committee is delegated the authority to determine individual compensation and other related matters by the Board of Directors, as it is considered appropriate for the Committee which consists of a majority of Outside Directors, to decide on individual compensation. The Committee made the conclusion on the individual compensation for the fiscal year after deliberations on subjects whether the remuneration is in accordance with the relevant decision-making policy. Board of Directors has confirmed that the policy for determining the content of compensation and the content of the determined remuneration and others are consistent with the decision-making policy decided by Board of Directors, and has determined that the individual remuneration and others

of directors related to this fiscal year is in accordance with the said decision-making policy.

The details of the decision-making policy concerning the content of individual remuneration, etc. for Directors are as follows.

a. Basic Policy

The remuneration for the Directors is based on a remuneration system that functions sufficiently as an incentive to continuously improve corporate value, and the basic policy is to determine the remuneration of individual directors in consideration of the level of the Company's peers, performance, and the balance with the employees.

Remuneration for Directors (excluding Outside Directors) consists of basic remuneration, bonuses, restricted stock remuneration. Basic remuneration consists of director remuneration and business execution remuneration, and is paid monthly. Bonuses are paid for director and execution at certain times in accordance with their roles. The business execution portion of the bonuses consists of fixed and variable remuneration. Variable remuneration is determined by the both qualitative evaluation and a quantitative evaluation linked to the company's performance (performance-linked remuneration). Remuneration for Outside Directors is limited to basic remuneration in light of their roles. Basic remuneration consists of director remuneration and committee allowances, and is paid monthly.

b. Policy on performance-linked remuneration, etc.

Performance-linked remuneration uses net sales and operating profit as performance indicators as they are directly linked to the Company's goal of achieving its 2030 Numerical Goals. The performance goal is to achieve the annual plan for each indicator, and the payment rate of performance-linked remuneration is determined based on the achievement rate. Directors in charge of specific business divisions are designated for indices of their respective divisions in charge, while other directors, including the President, are designated for indices of consolidation.

c. Policy on non-monetary compensation

Restricted stock remuneration provides an incentive to continuously improve corporate value and promotes further value sharing with shareholders. The amount is determined based on performance and their roles. In addition, certain transfer restriction period is to be stipulated by the Board of Directors shall be imposed on the shares to be granted.

d. Policy on determination of details of individual compensation for Directors

In order to supplement the functions of Board of Directors, compensation for each director is determined by the Nomination, Evaluation, and Compensation Committee after deliberation by the Committee. Final decisions on individual compensation can also be made discretionary to the President & Director. If delegated, President & Director must make the final decisions on individual compensation based on the results of deliberations by the Nomination, Evaluation, and Compensation Committee. Nomination, Evaluation, and Compensation Committee was established under the Board of Directors and is chaired by an Outside Director, Yukio Kubota, and the other members are Director, Yoshikazu Fujikawa, and Outside Directors, Kenji Chishiki and Toru Noda.

The committee is operated with the majority of the Committee being composed of Outside Directors, incorporating the superior aspects of the structure of a company with a Nominating Committee.



e. Policy on the proportion of remuneration, etc.

The ratio of each Director's remuneration is determined by the Nomination, Evaluation, and Compensation Committee, with a structure in which the higher the position and the Director in charge of a specific business division, the higher the percentage of the bonus.

<Reference> The proportion of remuneration for Directors (excluding Outside Directors)

The composition ratio of remuneration for Directors (excluding Outside Directors) for the fiscal year is as shown below. Bonuses are calculated based on the base amount and stock remuneration is calculated based on the issue price of restricted stock, thus differs from the composition ratio of actual payments.

	Basic Remuneration	Bonus	Stock Remuneration
President and Representative Director	56%	22%	22%
Directors (excluding Outside Directors)	61%	23%	16%

(ii) Total compensation for Directors and Corporate Auditors

Category	Total amount (¥ in millions)	Compensation by types (¥ in millions)				Paid personnel (No. of personnel)
		Basic compensa tion	Bonus		Non-monetary compensation	
			Fixed	Variable (Performance- linked, etc.)		
Directors (out of Outside Directors)	196 (26)	139 (26)	10 (-)	38 (-)	7 (-)	9 (5)
Corporate Auditors (out of Outside Corporate Auditors)	28 (13)	28 (13)	- (-)	- (-)	- (-)	3 (2)
Total (out of Outside Directors and Outside Corporate Auditors)	224 (39)	167 (39)	10 (-)	38 (-)	7 (-)	12 (7)

Note:

- Directors receiving compensation includes the two Outside Directors resigned at the adjournment of the 53th Ordinary General Meeting of Shareholders held on June 28, 2021. The number of paid personnel excludes one uncompensated Outside Director.
- The performance indicators related to the performance-linked compensation portion of the variable portion of bonuses, the calculation method for the performance-linked compensation, and the payment rate are as described in the "(i) Policy for determining the individual remuneration of Directors b. Policy on performance-linked remuneration, etc." The reason for selecting the performance indicator is that it is directly linked to the Company's goal of achieving 2030 Numerical Goals. The actual performance is as explained in "1. State of current fiscal year (1) Business progress and results." Bonuses range from 20% to 173% of the base amount, and the range varies depending on the position and responsibilities. The variable portion of compensation includes individual assessment (qualitative assessment) based that evaluates each individual's efforts to achieve performance targets.

3. Non-monetary compensation consists of Company common stock (restricted stock compensation). The conditions for and status of allotment are as indicated in “(i) Policy for determining the individual remuneration of Directors c. Policy on non-monetary compensation” and “3. Stock information (5) Status of stock issued to Company Directors as compensation for business execution during the current fiscal year.” Non-monetary compensation to Directors includes the amount of expenses for the current fiscal year related to restricted stock compensation and subscription rights allocated as stock options prior to appointment as Director. Furthermore, at the Ordinary General Meeting of Shareholders convened on June 28, 2021, a resolution was passed to abolish the stock option system for Directors and corporate Auditors (excludes stock options previously issued) and to not issue new subscription rights as stock options to Directors or Corporate Auditors in the future.
4. The maximum amount for compensation for Directors was approved at the 47th Ordinary General Meeting of Shareholders held on June 26, 2015 for the annual amount of 320 million yen or less (not including compensation for Directors who are also employees). The number of the Directors at the close of the said Shareholders Meeting was seven. In addition, at the 53rd Ordinary General Meeting of Shareholders held on June 28, 2021, the compensation for Directors (excluding Outside Directors) for the grant of restricted stock was determined to be monetary remuneration receivables and the total amount of remuneration was resolved to be no more than 100 million per year (but not including compensation for employees and Directors who are also employees). The number of the Directors at the close of the said Shareholders Meeting was eight (including four Outside Directors).
5. The maximum amount for compensation for Corporate Auditors was approved at the 38th Ordinary General Meeting of Shareholders held on June 29, 2006 for the annual amount of 30 million yen or less. The number of the Corporate Auditors at the close of the said Shareholders Meeting was four.

(5) Matters concerning Outside Directors and Outside Corporate Auditors

(i) Status of important concurrent posts

Category	Name	Status of concurrent posts and relations to other corporations, etc.
Director	Yukio Kubota	Outside Director of KOEI DREAMWORKS Co.Ltd. There is no specific relationship between the Company and company where Mr. Kubota holds a position.
Director	Kenji Chishiki	Outside Director and Audit & Supervisory Committee Member of SHIFT Inc., Outside Director of Ishii Food CO., Ltd., and Outside Director of ONWARD HOLDINGS CO., LTD. There is no specific relationship between the Company and companies where Mr. Chishiki holds a position.
Director	Toru Noda	Director of Softfront Holdings, Inc., Director of Softfront Japan, and Professor of Organizational Management Area of Graduate School of Business Sciences at University of Tsukuba. There is no specific relationship between the Company organizations where Mr. Noda holds a position.
Director	Kanitsu Uchida	Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business at Daito Trust Construction Co., Ltd., a shareholder retaining a total 33.6% of the Company's issued shares. Director of Care Partner Co., Ltd., a wholly owned subsidiary of Daito Trust Construction Co., Ltd.
Corporate Auditor	Hironori Yokote	Director of Hironori Yokote CPA Office, and Representative Partner of Miogi Audit Corporation. There is no specific relationship between the Company and companies where Mr. Yokote holds a position.
Corporate Auditor	Miho Tanaka	Partner of Shiba & Tanaka Law Office, and Supervisory Director of Marimo Regional Revitalization REIT, Inc., JINUSHI Private REIT Investment Corporation, Outside Director of Tokyo Century Corporation., and Outside Corporate Auditor of Pacific Porter, inc. There is no specific relationship between the Company and companies where Ms. Tanaka holds a position.

(ii) Main activities of Outside Directors and Outside Corporate Auditors during current fiscal year

Category	Name	Attendance at Board of Directors' meetings	Attendance at Board of Corporate Auditors' meetings
Director	Yukio Kubota	100% 15/15	—
Director	Kenji Chishiki	100% 10/10	
Director	Toru Noda	100% 10/10	
Director	Kanitsu Uchida	100% 15/15	—
Corporate Auditor	Hironori Yokote	100% 15/15	100% 25/25
Corporate Auditor	Miho Tanaka	100% 15/15	100% 20/20

(6) Status of Accounting Auditor

Name: KPMG Azsa LLC.

Amount of compensation:

	Payment amount
Amount of compensation, etc. related to the accounting auditor for the current fiscal year	70 million yen
Total amount of fees and other asset-based income to be paid by the Company and subsidiaries to the accounting auditor.	70 million yen

Note:

1. The amount of compensation, etc. related to the accounting auditor for the current fiscal year is the total amount of audit compensation set forth in the Companies Act and audit compensation set forth in the Financial Securities Instrument and Exchange Act.
2. The Board of Corporate Auditors validated the appropriateness of the details of the audit plan presented by the auditing accountant, the status of accounting audit work, and the basis for compensation estimates before approving the amount of compensation, etc. related to the corporate audit performed by the accounting auditor.

## **5. Policy on determining surplus dividends**

We position maximizing corporate value for our shareholders as one of our highest priority corporate objectives. Pursuit of this objective results in a focus on the efficient and dynamic use of capital. In order to continue making aggressive growth investments aimed at enhancing corporate value, our current basic dividend policy is to pay an annual dividend of 20.0 yen per share. When the level of earnings rises and consolidated dividend payout ratio falls to around 30%, the Company plans to re-examine the dividend policy.

### **-Dividends for FY2021**

The year-end dividend is set to the amount of 10.0 yen per share by the resolution of the Board of Directors Meeting held on May 11, 2022. Combined with the interim dividend of 10.0 yen per share, the full-year dividend amount is 20.0 yen per share. As a result, the consolidated dividend payout ratio is 53.9%.

### **-Dividends for FY2022**

For FY2022 dividends, our plan is to continue the annual dividend of 20.0 yen per share, representing a consolidated dividend payout ratio of 47.2%.

## 6. Consolidated Financial statements

### (1) Consolidated income statement

	FY2018	FY2019	FY2020	FY2021	FY2022 Forecast
(Millions of yen)					
Net sales					
Medical outsourcing business	55,640	58,263	60,926	66,042	66,200
Elderly and child care business <sup>*1</sup>	28,058	37,011	44,730	50,681	—
Elderly care business	26,441	35,085	42,303	47,602	51,200
Children business <sup>*1</sup>	1,616	1,925	2,427	3,078	9,500
Others <sup>*2</sup>	552	445	524	516	800
Total net sales	84,251	95,719	106,182	117,239	127,700
Cost of sales	69,094	78,718	87,321	96,775	—
Gross profit	15,156	17,001	18,860	20,464	—
Selling, general and administrative expenses	10,126	11,535	12,798	14,144	—
Operating profit					
Medical outsourcing business	6,105	6,581	7,720	8,450	8,850
Elderly and child care business <sup>*1</sup>	1,869	2,246	2,288	2,797	—
Elderly care business	1,704	2,030	2,033	2,575	3,550
Children business <sup>*1</sup>	164	216	255	222	450
Others <sup>*2</sup>	89	6	44	(352)	(570)
Corporate expenses <sup>*3</sup>	(3,033)	(3,368)	(3,990)	(4,575)	(5,500)
Total operating profit	5,030	5,465	6,062	6,319	6,780
Non-operating income					
Interest income	4	17	16	16	—
Dividend income	1	1	3	5	—
Insurance income	42	37	91	100	—
Subsidy income	46	63	217	165	—
Others	31	23	37	108	—
Total non-operating income	126	144	366	396	—
Non-operating expenses					
Interest expense	99	160	215	237	—
Compensation for damage	12	24	69	108	—
Others	34	50	68	73	—
Total non-operating expenses	146	235	353	419	—
Ordinary income	5,011	5,374	6,075	6,297	7,100
Special gain					
Subsidy income	173	464	93	195	—
Gain on disposal of fixed assets	17	2,202	1	3	—
Gain on sales of investment securities	—	—	—	202	—
Others	—	14	—	—	—
Total special gain	191	2,681	94	401	—
Special losses					
Loss on reduction of fixed assets	173	464	93	195	—
Impairment loss	56	466	643	813	—
Others	17	158	79	48	—
Total special losses	248	1,090	816	1,057	—
Income before taxes	4,954	6,965	5,354	5,641	—
Total income taxes	1,447	2,226	1,815	2,138	—
Net income	3,506	4,739	3,538	3,502	4,000
EBITDA <sup>*4</sup>	6,544	7,416	8,402	8,917	10,050
Depreciation <sup>*5</sup>	770	880	1,052	1,197	1,420
Amortization of goodwill	742	1,070	1,286	1,400	1,850
CAPEX	832	1,359	1,114	983	—
M&A investment	1,840	4,213	3,300	7,151	—
Equity investment	—	326	105	—	—
Per share data (yen)					
Net income <sup>*6</sup>	37.50	50.33	37.51	37.08	42.34
Dividends	19.00	19.50	19.50	20.00	20.00
Total equity	148.00	177.70	195.51	212.96	—

<sup>\*1</sup> From FY2022, Child care business was separated from Elderly and child care business and changed the segment name to Children business.

Figures for Children business prior to FY2021 use figures for Child care business.

<sup>\*2</sup> Education business, etc. Smart hospital business is included from FY2021.

<sup>\*3</sup> Corporate expenses indicated as reconciliation in the earning summary.

<sup>\*4</sup> Operating profit + Depreciation + Amortization of goodwill

<sup>\*5</sup> Cost of sales + Selling, general and administrative expenses

<sup>\*6</sup> Net income per share forecast for FY2022 = Net income forecast for FY2022 ÷ (number of shares issued as of March 31, 2022 - number of treasury stock as of March 31, 2022)

## (2) Consolidated balance sheet

	Mar. 31 2019	Mar. 31 2020	Mar. 31 2021	Mar. 31 2022
(Millions of yen)				
<b>Current assets</b>				
Cash and time deposits	9,211	12,232	8,973	10,340
Accounts receivable	10,296	11,995	13,876	15,729
Inventory	53	56	45	27
Others	1,032	1,280	1,300	1,820
<b>Total current assets</b>	<b>20,594</b>	<b>25,565</b>	<b>24,196</b>	<b>27,918</b>
<b>Fixed assets</b>				
<b>Tangible fixed assets</b>				
Buildings and structures-net	5,981	6,709	7,459	9,224
Land	1,247	1,142	1,512	2,677
Others	1,965	2,570	3,111	3,001
<b>Intangible fixed assets</b>				
Goodwill	9,826	14,448	15,711	19,539
Others	9,332	13,736	14,721	18,283
Others	493	711	990	1,255
Investments and other assets	6,184	7,267	8,111	8,384
<b>Total fixed assets</b>	<b>25,204</b>	<b>32,138</b>	<b>35,906</b>	<b>42,826</b>
<b>Total assets</b>	<b>45,798</b>	<b>57,703</b>	<b>60,103</b>	<b>70,745</b>

	Mar. 31 2019	Mar. 31 2020	Mar. 31 2021	Mar. 31 2022
(Millions of yen)				
<b>Current liabilities</b>				
Short-term debt	506	4,500	2,000	5,177
Current portion of long-term debt	3,192	3,224	3,545	4,260
Accounts payable-other	6,479	6,479	7,523	8,923
Others	6,403	6,722	7,511	7,544
<b>Total current liabilities</b>	<b>16,582</b>	<b>20,926</b>	<b>20,580</b>	<b>25,905</b>
<b>Long-term liabilities</b>				
Long-term debt, less current portion	9,088	12,956	12,854	15,619
Lease obligations	1,781	2,526	3,346	3,592
Liability for retirement benefits	1,317	1,397	1,627	1,765
Others	3,093	3,125	3,222	3,712
<b>Total fixed liabilities</b>	<b>15,280</b>	<b>20,006</b>	<b>21,050</b>	<b>24,689</b>
<b>Total liabilities</b>	<b>31,862</b>	<b>40,933</b>	<b>41,631</b>	<b>50,595</b>
<b>Equity</b>				
<b>Shareholder's equity</b>				
Common stock	572	583	595	630
Capital surplus	5,471	5,482	5,494	5,530
Retained earning	7,857	10,666	12,365	13,979
Treasury stock	(0)	(0)	(0)	(0)
Accumulated other comprehensive income	29	28	9	1
Subscription rights to shares	5	8	8	7
<b>Total equity</b>	<b>13,936</b>	<b>16,770</b>	<b>18,472</b>	<b>20,149</b>
<b>Total liabilities and equity</b>	<b>45,798</b>	<b>57,703</b>	<b>60,103</b>	<b>70,745</b>

### (3) Consolidated statements of cash flows

	FY2018	FY2019	FY2020	FY2021
(Millions of yen)				
<b>Net cash provided by operating activities</b>				
Income before income taxes and minority interests	4,954	6,965	5,354	5,641
Depreciation	770	880	1,052	1,197
Amortization of goodwill	742	1,070	1,286	1,400
Loss on impairment of long-lived assets	56	466	643	813
Increase (decrease) in reserve for bonuses	(11)	62	462	(188)
Increase (decrease) in liability for retirement benefits	79	72	132	104
Interest expenses	99	160	215	237
(Increase) decrease in notes and accounts receivable – trade	(384)	(1,194)	(661)	(1,284)
(Increase) decrease in prepaid expenses	(24)	(90)	3	(169)
Increase (decrease) in notes and accounts payable – other	176	(222)	416	901
Increase (decrease) in accrued consumption taxes	99	315	261	(285)
Increase (decrease) in deposits received	15	(385)	99	(47)
Loss (gain) on sales of tangible fixed assets	(17)	(2,202)	(1)	(3)
Others	102	(419)	(105)	(789)
<b>Total Adjustment</b>	<b>6,660</b>	<b>5,479</b>	<b>9,160</b>	<b>7,527</b>
Interest and dividends received	6	18	20	32
Interest paid	(99)	(181)	(213)	(238)
Income taxes paid	(1,610)	(1,503)	(2,544)	(2,106)
Others	196	435	305	304
<b>Net cash provided by operating activities</b>	<b>5,153</b>	<b>4,248</b>	<b>6,728</b>	<b>5,519</b>
<b>Net cash used in investing activities</b>				
Purchases of tangible fixed assets	(613)	(867)	(532)	(271)
Proceeds from sales of tangible fixed assets	313	2,466	1	9
Purchases of intangible fixed assets	(131)	(429)	(418)	(527)
Purchase of investment securities	—	(326)	(105)	—
Proceeds from sales of investment securities	—	—	—	294
Payments for lease and guarantee deposits	(198)	(153)	(83)	(27)
Proceeds from collection of lease and guarantee deposits	29	25	29	14
Payments for transfer of business	(537)	(793)	(1,499)	(474)
Purchase of shares of subsidiaries	(1,303)	(3,420)	(1,801)	(6,677)
Others	36	16	593	212
<b>Net cash (used in) provided by investing activities</b>	<b>(2,404)</b>	<b>(3,482)</b>	<b>(3,816)</b>	<b>(7,446)</b>
<b>Net cash used in financing activities</b>				
(Increase) decrease in short-term debt	(22)	3,993	(2,514)	2,986
Proceeds from long-term debt	3,500	6,400	3,000	7,000
Repayment of long-term debt	(3,010)	(6,275)	(4,172)	(4,745)
Redemption of bonds	(131)	(319)	(71)	—
Proceeds from issuance of common stock	48	21	20	16
Purchases of treasury stock	—	(0)	(0)	—
Dividends paid	(1,494)	(1,929)	(1,840)	(1,888)
Repayments of lease obligations	(82)	(101)	(134)	(154)
Others	(22)	(4)	(9)	(13)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,215)</b>	<b>1,784</b>	<b>(5,721)</b>	<b>3,201</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,533</b>	<b>2,550</b>	<b>(2,808)</b>	<b>1,274</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>7,678</b>	<b>9,211</b>	<b>11,762</b>	<b>8,953</b>
<b>Cash and cash equivalents, end of year</b>	<b>9,211</b>	<b>11,762</b>	<b>8,953</b>	<b>10,228</b>



(Appendix 1)

### Requirements for Independence of Outside Officers

Solasto Corporation considers that, based on the independence requirements for outside officers defined by Tokyo Stock Exchange, Outside Officers who fall under the following items are not qualified as independent Outside Officers.

1. A person who currently is a Director (excluding Outside Directors), a Corporate Auditor (excluding Outside Corporate Auditors), a Corporate Officer or an employee of the Solasto Group (Note 1)
2. A person who currently is or was in any of the last ten (10) fiscal years a Director, a Corporate Auditor, a Corporate Officer or an employee of a large shareholder of the Solasto Group (Note 2) or of an entity whose large shareholder is the Solasto Group
3. A person who currently is or was an executing person (Note 4) of a major business partner (Note 3) of the Solasto Group
4. A person who currently is or was a Director, a Corporate Auditor, a Corporate Officer or an employee of a legal entity, an organization, etc. that has received a significant amount of donation (Note 5) from the Solasto Group
5. A person who exchanges a Director, a Corporate Auditor or a Corporate Officer with the Solasto Group
6. A person who has belonged since five (5) years ago or any earlier date or who belonged in the last five (5) years to an auditing firm which undertakes audits of the Solasto Group
7. A person who falls or fell under a lawyer, a certified public accountant, a consultant, etc. receiving a significant amount of money (Note 6) or in other forms of assets from the Solasto Group other than executive remuneration
8. A spouse of, a relative within the second degree of kinship of, or a relative who lives together or shares the same livelihood with a person falling under one of the following items:
  - (i) An executing person of the Solasto Group
  - (ii) A person who was in any of the last ten (10) fiscal years an executing person of the Solasto Group
  - (iii) A person described under 2 to 7 above who is determined not to be independent from the Company
9. A person, other than the above persons, who may create conflicts of interests with general shareholders of the Solasto Group as an Outside Officer based on the Company's judgment,

(Notes)

1. "The Solasto Group" means Solasto Corporation and subsidiaries of Solasto Corporation.
2. "A large shareholder" means a company, etc. which directly or indirectly holds 20% or more of total voting rights.
3. "A major business partner" means a company, etc. whose payments or receipts resulting from transactions with the Solasto Group are no less than 2% of the Solasto Group's or such company's consolidated net sales in any one of the last three (3) fiscal years.

4. "An executing person" means an Executive Director, a Corporate Officer or an employee who is a General Manager or is in a higher-level management position.
5. "A significant amount of donation" means a donation of an amount exceeding the larger of either 10 million yen per year on average over the last three (3) fiscal years or 2% of the consolidated net sales or the total revenue of the beneficiary of the donation.
6. "A significant amount of money" means, if the recipient of the money is an individual, 10 million yen or higher per year on average of the past three (3) fiscal years, or if the recipient is an organization, 2% or more of the consolidated net sales of the organization.

## (Appendix 2)

## Structure of the Board of Directors and the Board of Corporate Auditors after the resolution of Proposal 2

●possesses

Name / Position	Gender	Expertise and Experience									
	Male: M Female: F	Corporate Management	Industry Experience	Organizational Management	Global	Business Development/ Innovation	DX/ICT	Financial Accounting/ M&A	Human Resources/Human Resource Development	Legal/Compliance/ Risk Management	ESG/ Sustainability
President and Representative Director Yoshikazu Fujikawa	M	●	●			●		●			
Director Masateru Kawanishi	M			●	●				●	●	
Director Masumi Tamai	M	●	●	●		●					
Director Shigeru Fukushima	M		●	●	●				●		
Outside Director Yukio Kubota	M	●			●	●	●				
Outside Director (independent) Kenji Chisiki	M	●		●		●			●		
Outside Director (independent) Toru Noda	M	●			●		●	●			
Outside Director (independent) Miki Mitsunari	F					●	●			●	●
Outside Director Toru Noda	M	●	●	●							●
Full-time Corporate Auditor Masami Nishino	M		●							●	
Outside Corporate Auditor (Independent) Hironori Yokote	M							●		●	
Outside Corporate Auditor (Independent) Miho Tanaka	F							●		●	

- (Notes)
1. The above list does not represent all the expertise and experience possessed by directors and auditors
  2. The reasons for the selection of each item in the skills matrix are as follows.

Corporate Management:	As the business environment surrounding us continues to change, we need the experience and achievements of corporate management in order to make appropriate management decisions and realize sustainable increases in corporate value.
Industry Experience:	In order to continue to provide our services that is a high public nature, such as medical administration, elderly care, and child care, in a stable manner, deep knowledge and experience on industry customs, regulations, and rules are essential.
Organizational Management:	In order for approximately 30,000 employees to demonstrate their high level of expertise and teamwork and continue to provide services on a stable manner, we need a high level of organizational management ability and experience.
Global:	With a large number of business locations and employees in Japan, we consider that the operational models, systems, and organizational structures of global companies often need to be learned as best practices, and they are also useful in terms of diversification of corporate culture and values.
Business Development/Innovation:	In order to lead the solution of social issues through our business, such as contributing to the declining birthrate and aging population and the optimization of social security expenditures, it is necessary to have a deep understanding of business and to have knowledge to realize new ideas and initiatives that differ from those in the past.
DX/ICT:	In order to continue to support local communities where people live with peace of mind by integrating "people" and "technology," it is necessary to have a deep understanding of technology and knowledge to realize advanced and flexible utilization.
Financial Accounting/M&A:	In order to build a solid financial base and realize growth investments (new businesses, M&A) aimed at sustained improvement of corporate value, it requires solid knowledge and experience in the financial and accounting fields.
Human Resources/Human Resource Development:	Our greatest asset is "people," and in order to promote diversity in which approximately 30,000 employees can thrive in their respective personalities and working styles while maximizing their capabilities, we need a knowledge to formulate a human resource strategy and accomplish it.
Legal/Compliance/Risk Management:	Risk management based on law and compliance is the foundation of our business activities, and we need reliable knowledge and experience in the areas of legal, compliance and risk management in order to realize sustainable growth.
ESG/ Sustainability:	We are responsible for businesses with a high public profile, thus consider "coexistence and co-prosperity with society" to be particularly important, and need knowledge to contribute to the formation of a sustainable society.