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Solasto Corporation
(Securities Code: 6197 TSE PRIME)

Letter to Solasto's Stakeholder regarding the Announcement made by the Japan Fair Trade Commission

Solasto Corporation (TSE: 6197) announced today the following statement regarding the announcement made by the Japan Fair Trade Commission. The Japan Fair Trade Commission announced on October 17, 2022, that 1) they concluded that there were violations of Antitrust Act among the bidding participants regarding outsourcing of medical administration of hospitals in Aichi or Gifu Prefectures, and 2) they have imposed cease and desist order and penalty charges on the companies participated in the violations.

In regard to this case, Solasto had applied for the leniency policy, and has been fully cooperative with the investigation of the Japan Fair Trade Commission as announced on May 14, 2019. The cease and desist order and penalty charges were not imposed on Solasto as its efforts to prevent recurrence and application of the leniency policy was approved, however, it was concluded that the Company participated in the said violations.

Yoshikazu Fujikawa, CEO of Solasto, commented as follows;

"We sincerely apologize to our customers, shareholders and all the other stakeholders on this matter, and uncertainty and any inconvenience it may have caused. Today we would like to explain our actions we took regarding this matter as well as our preventive measures we have implemented."

1. Solasto's Actions for the case

In August 2018, we have received information through whistle-blowing that there were some activities that may be violating Antitrust Act. Solasto delegated a third party law firm to conduct the investigation and immediately initiated internal investigation including interested party hearings, investigation of documents and emails, and executions of internal leniency programs. In November 2018, in the investigation, the Company found that there were activities that may have violated the Antitrust Act. Immediately the Company reported to the Japan Fair Trade Commission and applied for the leniency program and subsequently the Company has made additional reports as necessary.

2. Measures to strengthen the compliance

Solasto has taken the utmost seriousness with the matter and executed preventive measures which were implemented reflecting some external expert opinions. The details are as follows;

- i. Fostering training and improving employee awareness
 - Conduct trainings specialized for preventing violations of Antitrust Act mandatory for the certain level of employee every year.
 - Forbid any actions that may breach the Antitrust Act and employees, employees must submit a commitment letter agreeing that it is their obligation to report to the Company if they found any actions violating the Antitrust Act by colleagues.

- ii. **Strengthening compliance system**
Introduced internal leniency program that will reduce penalties such as disciplinary measures for employees if contribute in early discovery or resolution of issues by voluntary reporting or other actions.
- iii. **Reviewing the relationship with competitors**
Introduced a rule to eliminate inappropriate contacts and communication with competitors.

3. Return of Director compensation

Considering the significance of the case occurred, the following Director has decided to return his compensation to indicate the commitment to recover trust from stakeholders and take thorough measures in preventing reoccurrence.

Representative Director	Return of 20% of the monthly compensation for 3 months
All Other Directors (excluding Outside Directors)	Return of 10% of the monthly compensation for 3 months

4. Outlook

As no penalty charge was imposed on Solasto since the Company was exempted under the leniency policy, the impact of this event on the financial results for the fiscal year ending March 31, 2023 is expected to be insignificant. If any matter arises that should be disclosed, the Company will make an announcement promptly.

Investor Relations Office

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