

April 28, 2023

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President and Representative Director, CEO
Solasto Corporation
(Securities Code: 6197 TSE PRIME)

Notice Concerning the Acquisition of Shares of Sogo Care Network, an Elderly Care Service Provider

Solasto Corporation (TSE: 6197, “Solasto”) announces on April 28, 2023 that it has concluded to acquire all the shares of Sogo Care Network Co., Ltd. (“Sogo Care Network”) to make it a subsidiary and signed the contract for the share acquisition. Details are as follows. In addition, the acquisition of shares of Sogo Care Network is the fifth M&A project*¹ in 2023 for Solasto.

1. Reason for the acquisition

Mission of Solasto’s Elderly Care Business is to support the self-reliance of elderly people and provide total care services in local area*² to respond to the increasing needs of an aging society. Solasto is working to expand its business areas and the services that it provides within those areas so that it can provide multiple services for users while they live in their familiar neighborhoods.

In order to achieve these goals, Solasto will expand to achieve sales of 150 billion yen by 2030 and provide elderly care services in 300 areas, approximately three times its current size. Solasto’s long-term vision is to operate at least one of each of the services it provides, including home help services, day services, care management planning, group home services, nursing home services, and other services in each of the areas. Solasto is actively pursuing merger and acquisition activities to rapidly expand its business areas and the services provided within those areas.

Sogo Care Network operates 9 business centers including nursing home and home help services in Fukuoka prefecture. Solasto believes acquisition of Sogo Care Network will contribute to the Group’s service expansion in the area and the realization of total care services in local areas. For these reasons, Solasto has decided to acquire the shares of the company and make it a subsidiary.

*1 One of the M&As was not disclosed in consideration of its size and other factors.

*2 Total care services in local areas: The concept aims to meet the needs of the elderly by providing multiple services in one local area. Local area is defined as the living area of a typical elderly person, an area with a diameter of 5-20 km depending on the geographical size or population of the town or city.

2. Details of the company to be acquired

1. Company name	Sogo Care Network Co., Ltd.			
2. Address	2-14-8 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka			
3. Representative	Representative Director, Moritaka Nakashima			
4. Business description	Elderly care service			
5. Capital	300 million yen			
6. Established	November 9, 2011			
7. Shareholders	SOGO MEDICAL CO., LTD. 100%			
8. Relationship between the listed company and the relevant company	Capital relationship	Not applicable		
	Human relationship	Not applicable		
	Business relationship	Not applicable		
9. Operating results and financial position of the company in the past three years (millions of yen)				
	Fiscal year ended	March 2020	March 2021	March 2022
	Net assets*	-147	-116	-125
	Total assets	209	245	225
	Net sales	488	524	485
	Operating profit	1	22	-11
	Ordinary profit	0	31	-11
	Net income	-1	32	-9
	Dividends per share (yen)	—	—	—

* As a result of the third-party allotment of new shares by SOGO MEDICAL CO., LTD., the insolvency is scheduled to be eliminated as of the date of the share transfer.

3. Seller information

1. Company name	SOGO MEDICAL CO., LTD.	
2. Address	2-14-8 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	
3. Representative	Representative Director, President, and Chief Executive Officer, Kenji Sakamoto	
4. Business description	Consultation for clinic and hospital management, Development and operation of healthcare malls, recruitment consulting of doctors to medical institutions	
5. Capital	1,000 million yen	
6. Established	June 12, 1978	
7. Shareholders	SOGO MEDICAL GROUP CO., LTD. 100%	
8. Relationship between the listed company and the relevant company	Capital relationship	Not applicable
	Human relationship	Not applicable

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	Business relationship	Not applicable
	Status as a related party	Not applicable

Note. Net assets and total assets of the company in the most previous fiscal year are not disclosed because the information is not available based on the contract between companies.

4. Number of shares acquired, acquisition price, and status of shares owned before and after the acquisition

1. Number of shares owned before acquisition	Common stock 0 shares (Number of voting rights: 0) (Percentage of voting rights owned: 0%)
2. Number of shares to be acquired	Common stock 10,000 shares (Number of voting rights: 10,000)
3. Acquisition price	Common Stock: 120 million yen Advisory fees and other costs (estimate): 10 million yen Total (estimate): 130 million yen
4. Number of shares owned after acquisition	Common stock 10,000 shares (Number of voting rights: 10,000) (Percentage of voting rights owned: 100%)
5. Methods applied for the calculation of acquisition price	The evaluation of business value is conducted using methods such as the EBITDA multiple approach and the DCF approach based on the information obtained through due diligence by third party experts in finance, tax affairs, and legal affairs. The acquisition price is determined based on the results of those evaluations.

5. Schedule

1. Date of contract	April 28, 2023
2. Date of transfer of shares	June 1, 2023 (plan)

5. Outlook

Sogo Care Network is scheduled to be reflected in Solasto's consolidated financial results from the first quarter of FY2023, the impact of this matter on FY2023 financial results will be incorporated into FY2023 financial forecast (to be announced in the financial results of FY2022 on May 11, 2023).

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