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Securities identification code: 6197

June 7, 2023

Commencement of electronic provision: June 1, 2023

To our shareholders:

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

NOTICE OF THE 55TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Solasto Corporation (the “Company”) will hold its 55th 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 Monday, June 26, 2023 (Japan Standard Time).

In convening this Ordinary General Meeting of Shareholders, the Company has taken measures to provide the information including the reference materials for the General Meeting (Matters to be Provided in an Electronic Format) in an electronic format.

Date and Time	Tuesday, June 27, 2023 at 2:00 p.m. (reception will open at 1:30 p.m.) (Japan Standard Time)
Venue	THE GRAND HALL SHINAGAWA GRAND CENTRAL TOWER 3F 2-16-4, Konan, Minato-ku, Tokyo
Purposes	Items to be reported: 1. Business Report, Consolidated Financial Statements for the 55th Term (from April 1, 2022 to March 31, 2023), and Audit Reports for the Consolidated Financial Statements by Accounting Auditor and the Board of Corporate Auditors 2. Non-Consolidated Financial Statements for the 55th Term (from April 1, 2022 to March 31, 2023) Items to be resolved: Proposal 1: Election of Seven (7) Directors Proposal 2: Election of Three (3) Corporate Auditors Proposal 3: Election of One (1) Substitute Corporate Auditor

- Along with the implementation of the electronic provision system for materials for general shareholders' meetings as a result of the amendment to the Companies Act, provision of materials for general meetings of shareholders has changed from a paper-based to online.
- In the event that any revision is made to the reference materials for the General Meeting (Matters to be Provided in an Electronic Format) , the matters before the revisions and after the revisions of the 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 will continue to hold the General Meeting of Shareholders with some measures to avoid risk of COVID-19 infection in place.
- 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: Election of Seven (7) Directors

The terms of office of all nine (9) incumbent Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following seven (7) Directors, including five (5) Outside Directors. In order to reform management functions and further improve strategic and flexible decision-making by the Board of Directors, the number of Directors will be reduced by two (2). The candidates for Director are as follows:

Candidate No.	Name	Gender, Age, No. of years as Director	Current Position	Attendance at the Board of Directors' Meetings in FY2022
1	Yoshikazu Fujikawa Reelection	Male Age 66 7 years 5 months	President and Representative Director, Chief Executive Officer	100% 14/14
2	Keiichi Harada New election	Male Age 44 —	Senior Managing Corporate Officer, Chief Financial Officer and General Manager of Management Division	—
3	Yukio Kubota Reelection Outside Director	Male Age 73 4 years	Outside Director	100% 14/14
4	Kenji Chishiki Reelection Outside Director Independent Officer	Male Age 60 2 years	Outside Director	92.9% 13/14
5	Toru Noda Reelection Outside Director Independent Officer	Male Age 62 2 years	Outside Director	100% 14/14
6	Miki Mitsunari Reelection Outside Director Independent Officer	Female Age 51 1 year	Outside Director	100% 10/10
7	Kanitsu Uchida Reelection Outside Director	Male Age 58 4 years	Outside Director	100% 14/14

Candidate No. 1	Yoshikazu Fujikawa (Date of birth: January 27, 1957) (Age 66)	Number of the Company's shares owned 416,546 shares
Reelection Male	<p>Career summary, position and responsibility in the Company</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>Reasons for nomination as a candidate for Director 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>	
	Number of years as Director:	7 years and 5 months
	Attendance at Board of Directors' Meetings:	14/14

Candidate No. 2	Keiichi Harada <small>(Date of birth: February 18, 1979) (Age 44)</small>	Number of the Company's shares owned 8,020 shares
New election Male	<p>Career summary, position and responsibility in the Company</p> <p>Apr. 2001 Joined Daiwa Asset Management Co. Ltd.</p> <p>Mar. 2005 Joined Rheos Capital Works Inc.</p> <p>Nov. 2009 Joined Benesse Corporation</p> <p>Jun. 2015 Joined the Company</p> <p>Apr. 2019 Executive Officer, General Manager of Finance, Accounting & Corporate Communication</p> <p>Apr. 2021 Managing Corporate Officer, Chief Financial Officer, and General Manager of Management Division</p> <p>Apr. 2023 Senior Managing Corporate Officer, Chief Financial Officer, and General Manager of Management Division (incumbent)</p> <p>Reasons for nomination as a candidate for Director</p> <p>Since joining the Company, Mr. Harada has demonstrated a number of achievements, including the restructuring of the Company's internal and external communications strategies as the head of public relations and investor relations. Furthermore, since 2021, as the Chief Financial Officer and General Manager of Management Division, he has been assisting the President and promoting the strengthening of governance. We believe he can further contribute to the Company's growth and the enhancement of corporate value. For these reasons, we have nominated him as a candidate for Director.</p>	
	Number of shares under stock acquisition rights in the Company	2,000
	Number of years as Director:	—
	Attendance at Board of Directors' Meetings:	—

Candidate No. 3	Yukio Kubota (Date of birth: October 7, 1949) (Age 73)	Number of the Company's shares owned 0 shares
Reelection Male Candidate for Outside Director	<p>Career summary, position and responsibility in the Company</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>Significant concurrent positions outside the Company Outside Director of KOEI DREAMWORKS Co., Ltd.</p> <p>Reasons for nomination as a candidate for Outside Director and expected roles 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 where he will take an objective and neutral stance during their involvement in selecting Company Director candidates, determining Director compensation, and construction of the Company's governance structure.</p>	
	Number of years as Outside Director:	4 years
	Attendance at Board of Directors' Meetings:	14/14

Candidate No. 4	Kenji Chishiki (Date of birth: January 27, 1963) (Age 60)	Number of the Company's shares owned 0 shares
Reelection Male Candidate for Outside Director Independent Officer	<p>Career summary, position and responsibility in the Company</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 & 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>Significant concurrent positions outside the Company</p> <p>Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. Outside Director of Ishii Food CO., Ltd. Director and Vice President of ONWARD HOLDINGS CO., LTD</p> <p>Reasons for nomination as a candidate for Outside Director and expected roles</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 again 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, where he will take an objective and neutral stance during their involvement in selecting Company Director candidates, determining Director compensation, and construction of the Company's governance structure.</p>	
	Number of years as Outside Director:	2 years
	Attendance at Board of Directors' Meetings:	13/14

Candidate No. 5	Toru Noda	(Date of birth: September 16, 1960) (Age 62)	Number of the Company's shares owned 0 shares
Reelection Male Candidate for Outside Director Independent Officer	<p>Career summary, position and responsibility in the Company</p> <p>Apr. 1984 Joined Mitsubishi Corporation</p> <p>Jul. 2003 Chairman, President & CEO of Berlitz International, Inc. (currently: Berlitz Corporation)</p> <p>Jul. 2007 Executive vice president & COO of Seiyu Corporation</p> <p>Feb. 2010 Representative partner & CEO of Seiyu G.K. (currently: Seiyu Co., Ltd.)</p> <p> Representative partner & CEO of Walmart Japan Holdings G.K. (currently: Seiyu Holdings Co., Ltd.)</p> <p>Aug. 2012 President and Representative Director of ALC PRESS INC.</p> <p>May 2016 Executive Officer of TAIYO SYSTEM TECHNOLOGY Co., Ltd. (currently: DIGITAL VORN CO., LTD.)</p> <p>Sep. 2016 Executive Vice President</p> <p>Jun. 2018 Chairman (Outside Director) of Softfront Holdings, Inc.</p> <p>Jan. 2019 Director of Taiyo System Technology Co., Ltd.</p> <p>Feb. 2019 Chairman and Representative Director of Softfront Holdings, Inc.</p> <p>Apr. 2019 President & CEO</p> <p>Dec. 2019 President of Softfront Marketing</p> <p>Nov. 2020 Professor of Graduate School of Business Sciences at University of Tsukuba (incumbent)</p> <p>Jun. 2021 Outside Director of the Company (incumbent)</p> <p>Jun. 2021 Director of Softfront Holdings, Inc.</p> <p>Significant concurrent positions outside the Company</p> <p>Professor of Graduate School of Business Sciences at University of Tsukuba</p> <p>Reasons for nomination as a candidate for Outside Director and expected roles</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 again 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, where he will take an objective and neutral stance during their involvement in selecting Company Director candidates, determining Director compensation, and construction of the Company's governance structure.</p>		
	Number of years as Outside Director:	2 years	
	Attendance at Board of Directors' Meetings:	14/14	

Candidate No. 6	Miki Mitsunari (Date of birth: February 29, 1972) (Age 51)	Number of the Company's shares owned 0 shares
Reelection Female Candidate for Outside Director Independent Officer	<p>Career summary, position and responsibility in the Company</p> <p>Apr. 1994 Joined TOKYU LAND CORPORATION</p> <p>Feb. 2001 Joined Fuji Sogo Research Institute (currently, Mizuho Research & 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.</p> <p>Jun. 2020 Director of Japan Accreditation Board (incumbent)</p> <p>Jun. 2020 Outside Director of YAMADA HOLDINGS CO., LTD. (incumbent)</p> <p>Jun. 2022 Outside Director of the Company (incumbent)</p> <p>Significant concurrent positions outside the Company</p> <p>President of FINEV inc. Director of Japan Accreditation Board Outside Director of YAMADA HOLDINGS CO., LTD.</p> <p>Reasons for nomination as a candidate for Outside Director and expected roles</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, disaster prevention measures and risk management. We nominated her again 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 elected, 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 construction of the Company's governance structure.</p>	
	Number of years as Outside Director:	1 year
	Attendance at Board of Directors' Meetings:	10/10

Candidate No. 7	Kanitsu Uchida	(Date of birth: May 2, 1965) (Age 58)	Number of the Company's shares owned 0 shares
Reelection Male Candidate for Outside Director	<p>Career summary, position and responsibility in the Company</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 Director of Care Partner Co., Ltd. (incumbent)</p> <p>Jun. 2019 Outside Director of the Company (incumbent)</p> <p>Apr. 2023 Director, Senior Executive Officer, In charge of New Core Business Headquarter at Daito Trust Construction Co., Ltd. (incumbent)</p> <p>Significant concurrent positions outside the Company</p> <p>Director, Senior Executive Officer, In charge of New Core Business Headquarter at Daito Trust Construction Co., Ltd. Director of Care Partner Co., Ltd.</p> <p>Reasons for nomination as a candidate for Outside Director and expected roles</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>		
	Number of years as Outside Director:	4 years	
	Attendance at Board of Directors' Meetings:	14/14	

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, Miki Mitsunari 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.
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 6 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, Toru Noda and Miki Mitsunari 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. Please see Page 42 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, 2023.
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 2022 (April 1, 2022 – March 31, 2023) (total of 14 meetings held). The number of times attending the Board of Directors' Meetings for Miki Mitsunari is after the appointment as Director on June 27, 2022.
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 1&2" on Page 44.

Proposal 2: Election of Three (3) Corporate Auditors

The terms of office of all three (3) incumbent Corporate Auditors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following three (3) Corporate Auditors including two (2) Outside Corporate Auditors. The Board of Corporate Auditors has given its consent to this proposal. The candidates for Corporate Auditors are as follows:

Candidate No.	Name	Gender, Age, No. of years as Corporate Auditor	Current Position	Attendance at the Board of Directors' Meetings in FY2022	Attendance at the Board of Corporate Auditors' Meetings in FY2022
1	Masami Nishino Reelection	Male Age 57 3 years	Full-time Corporate Auditor	100% 14/14	100% 22/22
2	Hironori Yokote Reelection Outside Corporate Auditor Independent Officer	Male Age 49 6 years	Outside Corporate Auditor	100% 14/14	100% 22/22
3	Miho Tanaka Reelection Outside Corporate Auditor Independent Officer	Female Age 48 3 years	Outside Corporate Auditor	100% 14/14	100% 22/22

Candidate No. 1	Masami Nishino (Date of birth: August 13, 1965) (Age 57)	Number of the Company's shares owned 41,279 shares
Reelection Male	<p>Career summary, position and responsibility in the Company</p> <p>Jan. 1989 Joined the Company</p> <p>Apr. 1997 Chiba Branch Manager, Metropolitan Area, Medical Business Division</p> <p>Oct. 2009 Manager of Administrative Management Department</p> <p>Apr. 2013 Manager of Auditing Office</p> <p>Aug. 2016 Manager of Internal Auditing Office, Auditing Department</p> <p>Apr. 2017 Manager of Auditing Department and Manager of Internal Auditing Office</p> <p>Apr. 2020 Manager of Auditor Office, Manager of Auditing Department, and Manager of Internal Auditing Office</p> <p>Jun. 2020 Ful-time Corporate Auditor (incumbent)</p> <p>Reasons for nomination as a candidate for Corporate Auditor</p> <p>Mr. Nishino has many years of experience in internal auditing of the Company and the group companies. He also has extensive experience and knowledge that contributes to the enhancement and improvement of corporate governance. The Company believes that he can perform the auditing functions necessary for the Company's management leveraging this experience and knowledge and therefore nominated him again as a candidate for a Corporate Auditor.</p>	
	Number of years as Corporate Auditor:	3 years
	Attendance at Board of Directors' Meetings:	14/14
	Attendance at Board of Corporate Auditors' Meetings:	22/22

Candidate No. 2	Hironori Yokote (Date of birth: January 18, 1974) (Age 49)	Number of the Company's shares owned 0 shares
Reelection Male Candidate for Outside Corporate Auditor Independent Officer	<p>Career summary, position and responsibility in the Company</p> <p>Oct. 1999 Joined Ota Showa Auditing Co. (currently Ernst & Young ShinNihon LLC)</p> <p>Feb. 2006 Seconded to the Tokyo Stock Exchange, Inc.</p> <p>Jun. 2016 Established Hironori Yokote CPA Office (Incumbent)</p> <p>Mar. 2017 Outside Corporate Auditor (Provisional) of the Company</p> <p>Jun. 2017 Outside Corporate Auditor of the Company (Incumbent)</p> <p>Dec. 2017 Outside Corporate Auditor of Panair, Inc.</p> <p>Nov. 2018 Outside Corporate Auditor of PinT, Inc.</p> <p>Sep. 2019 Representative Partner of Miogi Audit Corporation. (incumbent)</p> <p>Nov. 2022 Outside Corporate Auditor of Suzuki Shokai K.K. (incumbent)</p> <p>Significant concurrent positions outside the Company</p> <p>Director of Hironori Yokote CPA Office Representative Partner of Miogi Audit Corporation. Outside Corporate Auditor of Suzuki Shokai K.K.</p> <p>Reasons for nomination as a candidate for Corporate Auditor and expected roles</p> <p>Mr. Yokote has a wealth of knowledge and experience in accounting and taxation as a certified public accountant (CPA) and tax attorney. In addition, he has experience being seconded for many years to the Listing Department of the Tokyo Stock Exchange, and he is familiar with the practical business of listed companies. Accordingly, the Company expects that he will be able to give useful advice to further strengthen the corporate governance of the Company. Therefore, the Company has again nominated him as Outside Corporate Auditor. If he is appointed, he will serve as a chairman of the Corporate Governance Committee, where he will take an objective and neutral stance regarding the construction of the Company's governance structure.</p>	
	Number of years as Outside Corporate Auditor:	6 years
	Attendance at Board of Directors' Meetings:	14/14
	Attendance at Board of Corporate Auditors' Meetings:	22/22

Candidate No. 3	Miho Tanaka (Date of birth: December 1 1974) (Age 48)	Number of the Company's shares owned 0 shares
Reelection Female Candidate for Outside Corporate Auditor Independent Officer	<p>Career summary, position and responsibility in the Company</p> <p>Oct. 2004 Registered with the Daini Tokyo Bar Association Joined Asahi Koma Law Offices (currently: Nishimura & Asahi)</p> <p>Feb. 2007 Joined TMI Associates</p> <p>May 2011 Graduated from The University of Michigan (US), Law School (LL.M.)</p> <p>Jun. 2015 Resigned from TMI Associates</p> <p>Jul. 2015 Partner of Shiba Management Legal Office (name changed to the Shiba & Tanaka Law Offices in 2018) (incumbent)</p> <p>Feb. 2016 Supervisory Director of Marimo Regional Revitalization REIT, Inc. (incumbent)</p> <p>Sep. 2016 Supervisory Director of JINUSHI Private REIT Investment Corporation (incumbent)</p> <p>Jun. 2020 Outside Corporate Auditor of the Company (Incumbent)</p> <p>Jun. 2021 Outside Director of Tokyo Century Corporation. (Incumbent)</p> <p>Jun. 2021 Outside Corporate Auditor of Pacific Porter, inc</p> <p>Significant concurrent positions outside the Company</p> <p>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.</p> <p>Reasons for nomination as a candidate for Corporate Auditor and expected roles</p> <p>We believe that Miho Tanaka can audit the execution of the duties of the Directors from an objective and fair position because of her extensive knowledge and experience as a lawyer familiar with the corporate law and M&A related fields. Therefore, the Company has again nominated her as Outside Corporate Auditor. If she is appointed, she will serve as a member of the Corporate Governance Committee, where she will take an objective and neutral stance regarding the construction of the Company's governance structure.</p>	
	Number of years as Outside Corporate Auditor:	3 years
	Attendance at Board of Directors' Meetings:	14/14
	Attendance at Board of Corporate Auditors' Meetings:	22/22

Notes:

1. No special conflicts of interest exist between the Company and the candidates for Corporate Auditors.
2. Hironori Yokote and Miho Tanaka is a candidate for Outside Corporate Auditor.
3. Hironori Yokote and Miho Tanaka have no experience of being directly involved in management of companies other than as Outside Officers. However, as stated in the reasons for nomination as a candidate for Outside Corporate Auditor, we believe that they will be able to appropriately perform their duties as Outside Corporate Auditors.
4. The Company has concluded agreements with Masami Nishino, 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 law. Furthermore, if these candidates for Corporate Auditors are reelected, we intend to maintain said agreements.
5. 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 Corporate Auditor, 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.

6. The age and years of service for each candidate for Corporate Auditor indicates the age and years of service as of the adjournment of this General Meeting of Shareholders.
7. Miho Tanaka's name in the family register is Miho Takahashi.
8. 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 Hironori Yokote and Miho Tanaka satisfies the requirements and has designated them as Independent Officers. If these candidates for Corporate Auditors are reelected, we intend to continue their designation as Independent Officers. 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.
Please see Page 42 for "(Appendix 1) Requirements for Independence of Outside Officers."
9. The above-mentioned number of Company shares held by each candidate for Corporate Auditor is the number of shares as of March 31, 2023.
10. The expertise and experience of each candidate is described in "(Appendix 2) Structure of the Board of Directors and the Board of Corporate Auditors after the resolution of Proposal 1&2" on Page 44.

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 54th Ordinary General Meeting of Shareholders held on June 27, 2022, 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.

	Kanae Fukushima	(Date of birth: March 30, 1974) (Age 49)	Number of the Company's shares owned 0 shares
Female Candidate for substitute Corporate Auditor Independent Officer	<p>Career summary</p> <p>Apr. 2000 Assistant to Judge at Tokyo District Court</p> <p>Aug. 2004 Assistant Judge at Yokohama District Family Court Odawara Branch</p> <p>Apr. 2005 Assistant Judge at Naha District Family Court</p> <p>Apr. 2008 Assistant Judge at Tokyo District Court</p> <p>Apr. 2010 Judge at Tokyo District Court</p> <p>Apr. 2012 Judge at Kobe District Court</p> <p>Apr. 2014 Judge at Tokyo High Court</p> <p>Apr. 2016 Professor of Legal Training and Research Institute</p> <p>Apr. 2019 Registered with the Daiichi Tokyo Bar Association Joined Utsunomiya Shimizu & Haruki Law Office</p> <p>Jun. 2022 Outside Director (Audit & Supervisory Committee Member) of WOW WORLD Inc.</p> <p>Aug. 2022 Outside Corporate Auditor of iXs Co., Ltd (Incumbent)</p> <p>Oct. 2022 Outside Director (Audit & Supervisory Committee Member) of WOW WORLD GROUP Inc. (Incumbent)</p> <p>Jan. 2023 Partner at Utsunomiya Shimizu & Haruki Law Office (Incumbent)</p> <p>Significant concurrent positions outside the Company</p> <p>Outside Corporate Auditor of iXs Co., Ltd</p> <p>Outside Director (Audit & Supervisory Committee Member) of WOW WORLD GROUP Inc.</p> <p>Partner at Utsunomiya Shimizu & Haruki Law Office</p> <p>Reasons for nomination as a candidate for substitute Outside Corporate Auditor</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 other than as Outside Officers, 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 Corporate Auditor, 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 if she assumes the office of Corporate Auditor. Please see Page 42 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, 2023.

Business Report (April 1, 2022 to March 31, 2023)

1. State of current fiscal year

(1) Business progress and results

Net Sales	131.088 billion yen Up 11.8% YoY	Operating Profit	6.325 billion yen Up 0.1% YoY
Ordinary Profit	6.747 billion yen Up 7.1% YoY	Net Income	3.172 billion yen Down 9.4% YoY

Effective from FY2022, the Company has changed its segmentation, presenting the "Elderly and Child Care Business" separately as the "Elderly Care Business" and the "Children Business" segments.

Figures for the previous fiscal years have also been reclassified to the new segments.

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 demand for medical clerical work services from hospitals and other medical institutions. Additionally, on the back of the government's "workstyle reform for medical professionals" coming into effect in April 2024, it saw high demand for dispatched physician's administrative staff to reduce the burden of administrative works on physicians.
- 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 2022 reached 19.3 million people, an increase of 0.72 million people compared to the previous year (source: "Population Estimates," Ministry of Internal Affairs and Communication).
- The resurgence of COVID-19 infections has continued to affect society, the economy and the living environment significantly. The seventh and eighth waves of the COVID-19 pandemic where Omicron was the dominant variant outpaced the previous pandemic waves, and the number of new patients per day continued to exceed 100,000 nationwide. In the elderly care sector, there were a number of COVID-19 patients among the users, their families, and the service providing staff, and there was a notable decline in the use of elderly care services, mainly for day care services.
- The average active recruitment rate in 2022 was 128% (seasonal adjusted value), with a 15% improvement from the previous year (source: Job Referral Service, Ministry of Health, Labour and Welfare). Although it has not recovered to the level before the COVID-19 pandemic, an improvement trend was seen in the employment environment. On the other hand, the active recruitment rate for the elderly care sector remained at a higher level regardless. The Government has introduced measures to improve the compensation of welfare and elderly care

workers, specifically the special revision to the reimbursement system in 2022, however, the hiring of appropriate personnel at the appropriate time remains a critical issue for the medical outsourcing, elderly care and child care industries.

In this business environment, the Group announced its new corporate philosophy on April 1, 2022. Looking ahead to the next 30 years, we have considered the direction we must take and the values we must embrace. Under the new corporate philosophy, we will create new businesses, reform existing businesses leveraging the integration of people and technology and continue to contribute to solving social issues and provide valuable services through our business. We will strive to increase the satisfaction of all stakeholders as well as to sustainably increase corporate value. During the fiscal year under review, under the concept that communication should be provided by people and administrative work can be provided leveraging ICT, we have started to propose new services to medical institutions to contribute to the promotion of the DX of healthcare. These services aim to support the efficiency of medical institutions' outpatient operations and examples include the health insurance card check system, the deferred payment system for medical expenses (cashless), the face recognition reception system, the in-hospital call center (non-face-to-face reception), and the Internet reservation system.

In the Elderly Care Business, we are engaged in an effort to realize science-based elderly care. The joint research project with Nestle Japan Co., Ltd. examining the effects of the improvement of nutrition for the elderly (started in April 2021) confirmed that early and appropriate nutritional support for day service users may lead to a reduction in the risk of health deterioration.

In the Elderly Care Business, M&A activities have begun to produce results through the continuing measures, but due mainly to the impact of COVID-19 pandemic, their contribution to the results was limited. The number of elderly care centers increased only 15 from the end of the previous fiscal year.

In remote medical administration services, the first service for iisy, a medical DX service package which we launched in June 2021, we are making upfront investments to improve service quality and establish a system for providing services. In April 2022, we began providing remote medical administration services for home medical care, and in October we began offering a receipt check plan. Service needs are high, and the number of contracts surpassed the initial annual plan of 200 in December. In February 2023, we announced a medium-term plan that included a roadmap and targets for the medium-term growth of remote medical administration services.

Our Group's main businesses, namely the Medical Outsourcing Business, the Elderly Care Business and the Children business, are all important businesses providing essential services for maintaining social functions. In particular, during the fiscal year under review, we had to fulfill our important role in society and continue our business while ensuring the safety and security of customers as well employees by taking measures to prevent COVID-19 infections.

As a result of the above, in FY2022, despite the impact of the COVID-19 pandemic, the Medical Outsourcing Business, the Elderly Care Business and the Children Business remained solid, resulting in net sales increasing 11.8% year on year to 131.088 billion yen and operating profit increasing 0.1% year on year to 6.325 billion yen, achieving an increase in both net sales and operating profit for the tenth consecutive year. From February to September 2022, the Elderly Care and Child Care Worker Wage Improvement Support Subsidy ("Wage Improvement Support Subsidy") was available, however, as the compensation increase was recorded as cost of sales and the subsidy are recorded as non-operating profit, this subsidy resulted in an approximate 350 million yen decrease in operating profit. Ordinary profit increased 7.1% to 6.747 billion yen. Net income decreased 9.4% year on year to 3.172 billion yen due to the recording of an impairment loss of 664 million yen mainly due to the judgment that the profitability of the elderly care and child care facilities in the Elderly Care Business and Children Business had declined and the recovery of investment was not expected, as well as due to the recording of a 505 million yen provision for loss on compensation for damages in the Medical Outsourcing Business.

Results by business segment were as follows.

Medical Outsourcing Business (Sales composition 54.9%)

+ Main areas of business (as of March 31, 2023)

- ▶ Outsourcing and staffing for medical administration services including reception, accounting, processing of medical billing, clinical information management, and management support services

Net Sales	72.029 billion yen Up 9.1% YoY	Operating Profit	8.96 billion yen Up 6.0% YoY
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In the Medical Outsourcing Business, we continually promote initiatives such as training and IT utilization programs aimed at maintaining and improving service quality and improving productivity. During the fiscal year under review, net sales increased 9.1% year on year, to 72.029 billion yen, due to an increase in sales of COVID-19 related services resulting from the resurgence of COVID-19 infections, as well as an increase in sales from existing contracted services and worker dispatch services. Operating profit rose only 6.0%, to 8.96 billion yen. Despite the effects of improved productivity and higher sales, there was an increase in costs incurred to respond to the COVID-19 pandemic, as well as the ongoing efforts to improve compensation.

Elderly Care Business (Sales composition 37.0%)

- + Main areas of business (as of March 31, 2023)
- ▶ Operating centers for day service, home help, group homes, care management planning, and nursing homes

Net Sales	48.536 billion yen Up 2.0% YoY	Operating Profit	2.521 billion yen Down 2.1% YoY
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In the Elderly Care Business, net sales increased 2.0% year on year, to 48.536 billion yen, due to factors that included the consolidation of Kabushikigaisha Plus ("Plus") in November 2021. The seventh wave of the COVID-19 pandemic began in July 2022 and was followed by the eighth wave, causing the use of elderly care services to decline as well as suspension of operations at some facilities. Since February 2023, the number of service users has been recovering with a decline in the number of new COVID-19 infections. However, the seventh and eighth waves had a significant impact, and the number of service users in the current fiscal year decreased from the previous year. Operating profit decreased 2.1%, to 2.521 billion yen. The contribution of Plus to profit and the cost efficiency gained from the operating transfers and business process improvements mitigated the decline in profit from the decrease in service users and the impact of the Wage Improvement Support Subsidy.

Children Business (Sales composition 7.6%)

- + Main areas of business (as of March 31, 2023)
- ▶ Operation of licensed child care facilities and certified child care facilities

Net Sales	9.93 billion yen Up 222.6% YoY	Operating Profit	0.504 billion yen Up 127.2% YoY
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In the Children Business, net sales increased 222.6% year on year, to 9.93 billion yen, due to the consolidation of Cocoro Care Plan Corporation and Hug Hug Kids Corporation in February 2022 and Nanairo Co., Ltd. in March 2022. Operating profit increased 127.2% year on year, to 504 million yen. This was due to an improvement in the occupancy rate stemming from an increase in the number of children, despite an increase in goodwill amortization expenses resulting from the consolidation of 3 companies and a profit-reducing factor associated with the Wage Improvement Support Subsidy until September 2022.

Others, Corporate Expenses (Sales composition 0.5%)

- + Main areas of business (as of March 31, 2023)
- ▶ 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: Providing “iisy,” a medical DX package services that combines human workers with ICT (remote medical administration service).

In the Education Business, despite an increase in the number of books sold following the revision of medical reimbursement fees in April 2022 and an increase in the number of students taking correspondence courses, net sales declined due to factors such as the cancellation of certification exams due to the COVID-19 pandemic from July 2022 and the stagnation of sales activities for corporate services.

The Smart Hospital Business began providing remote medical services in June 2021. Service needs are apparent, centered on newly established clinics. Also, the needs are not just in urban areas but also in outlying islands and villages where no permanent doctors are available. The number of contracts including applications was 223, which was favorable. In terms of profit and loss, despite a certain effect from the improvement of productivity, we recorded a loss due to the continuation of upfront investment.

As a result of the above, other sales increased 14.6% year on year, to 591 million yen, and the operating loss was 607 million yen.

Corporate expenses increased to 5.053 billion yen due to factors including the consolidation of hiring operations in the Elderly Care Business into the head office, depreciation expenses related to IT systems for attendance, payroll and sales administration which began operating in July 2021, and miscellaneous IT related investments.

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

		FY2019	FY2020	FY2021	FY2022
Net sales	(millions of yen)	95,719	106,182	117,239	131,088
EBITDA	(millions of yen)	7,416	8,402	8,917	9,462
EBITDA margin	(%)	7.7	7.9	7.6	7.2
Operating profit	(millions of yen)	5,465	6,062	6,319	6,325
Operating profit margin	(%)	5.7	5.7	5.4	4.8
Ordinary profit	(millions of yen)	5,374	6,075	6,297	6,747
Net income	(millions of yen)	4,739	3,538	3,502	3,172
EPS	(yen)	50.33	37.51	37.08	33.53
Total asset	(millions of yen)	57,703	60,103	70,745	69,852
Total net asset	(millions of yen)	16,770	18,472	20,149	21,572
BPS	(yen)	177.70	195.51	212.96	227.83
ROE	(%)	30.9	20.1	18.1	15.2
Net cash provided by operating activities	(millions of yen)	4,248	6,728	5,519	9,012
Net cash used in investing activities	(millions of yen)	-3,482	-3,816	-7,446	-2,171
Net cash provided by (used in) financing activities	(millions of yen)	1,784	-5,721	3,201	-5,211
Cash and cash equivalents, end of the year	(millions of yen)	11,762	8,953	10,228	11,857
Free cash flows	(millions of yen)	766	2,912	-1,927	6,840
DPS	(yen)	19.50	19.50	20.00	20.00
Dividend payout ratio	(%)	38.7	52.0	53.9	59.6

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. Free cash flows = Net cash provided by operating activities – Net cash used in investing activities

(Reference) FY2023 consolidated earnings forecast

Net sales are forecast to increase 3.0% year on year, to 135 billion yen, due to the contribution of new M&A activities in FY2022 and FY2023 in the Elderly Care Business, despite the negative impact of the termination of COVID-19 related sales that continued until FY2022 in the Medical Outsourcing Business.

Operating profit is forecast to increase 0.7%, to 6.37 billion yen, due to a recovery in the use of day services and facility-based services in the Elderly Care Business, despite factors reducing income resulting from aggressive wage increases. Net income is forecast to increase 79.6% year on year, to 5.7 billion yen, due to the gain on negative goodwill incurred with M&A activities in the Elderly Care Business and other factors.

►Consolidated earnings forecast

(millions of yen)

	FY2022 (Results)	FY2023 (Forecast)	YoY
Net sales	131,088	135,000	+3.0%
EBITDA	9,462	10,000	+5.7%
Operating profit	6,325	6,370	+0.7%
Ordinary profit	6,747	6,150	-8.8%
Net income	3,172	5,700	+79.6%

►Consolidated earnings forecast by segments

(millions of yen)

Segments	Net Sales			EBITDA			Operating Profit		
	FY2022 (Results)	FY2023 (Forecast)	YoY	FY2022 (Results)	FY2023 (Forecast)	YoY	FY2022 (Results)	FY2023 (Forecast)	YoY
Medical Outsourcing Business	72,029	68,800	-4.5%	9,020	9,020	+0.0%	8,960	8,960	+0.0%
Elderly Care Business	48,536	55,400	+14.1%	4,748	5,940	+25.1%	2,521	3,220	+27.7%
Children Business	9,930	10,000	+0.7%	1,028	1,040	+1.2%	504	540	+7.0%
Education Business	473	600	+26.7%	23	70	+195.2%	11	60	+409.5%
Smart Hospital Business	97	250	+157.1%	-613	-740	—	-621	-760	—
Others, Corporate Expenses	20	-50	—	-4,745	-5,330	—	-5,050	-5,650	—
Total	131,088	135,000	+3.0%	9,462	10,000	+5.7%	6,325	6,370	+0.7%

2. Challenges to be Addressed

Guided by our Group's corporate philosophy, "People. Technology. Supporting comfortable living and energetic communities," we are aiming to create new businesses while reforming existing businesses through the integration of people and technology as we continue to contribute to solving social issues and providing valuable services through our business. We have set numerical targets for 2030 and sustainability themes in our long-term vision for realizing our corporate philosophy.

To achieve these goals, in May 2023, we announced our Medium-Term Management Plan 2025, which identifies important issues to be addressed over the medium term, and sets priority strategies and specific numerical targets. While we will encounter a variety of challenges and changes in the environment, we aim to establish a pillar for sustainable growth through the differentiation of our core businesses and investment in innovation.

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

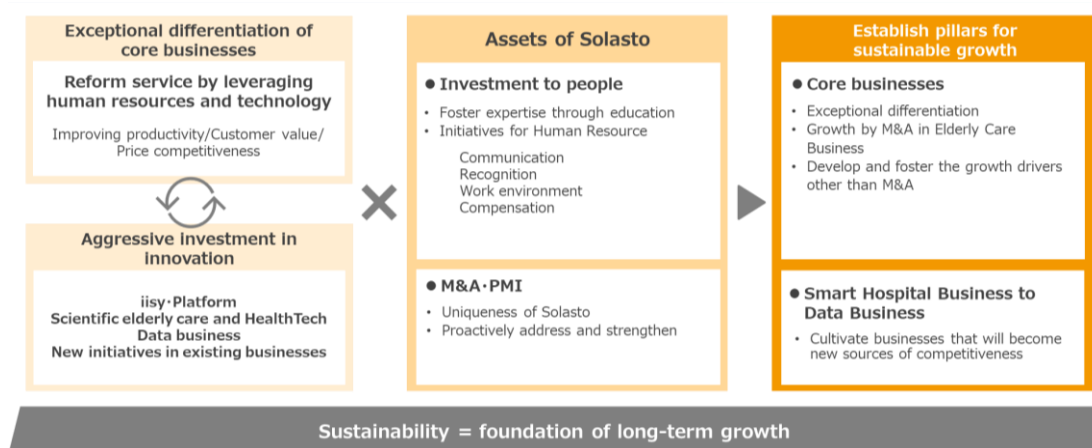
- Promoting compliance and strengthening corporate governance as the foundation for all business activities
- Ensuring the protection of personal information and fair trade

(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

Medium-term Business Plan 2025

Establish pillars for sustainable growth through exceptional differentiation of core businesses and aggressive investment in innovation



Numerical Targets

(Billions of yen)

	FY2022 Actual	FY2025 Plan	CAGR
Net Sales	131.0	165.0	+8.0%
EBITDA	9.4	15.0	+16.6%
Operating Profit	6.3	10.0	+16.5%
Ordinary Profit	6.7	9.8	+13.2%
Net Income	3.1	5.7	+21.6%
ROE	15.2%	20% approx.	—
ROIC	9.1%	10% over	—

For the details of Medium-term Business Plan 2025, please refer to our website (<https://www.solasto.co.jp/ir/en/stock/general.html>)

On May 14, 2019, the Company was investigated by the Fair Trade Commission for alleged violations of Antimonopoly Act and the Company had given the fullest cooperation to the investigation of the Fair Trade Commission.

The Japan Fair Trade Commission announced on October 17, 2022, that 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 they have imposed cease and desist order and penalty charges on the companies participated in the violations. 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. We have taken this matter with the utmost seriousness and will strive to thoroughly implement measures to prevent a recurrence.

3. Stock information (As of March 31, 2023)

(1) Number of shares authorized	339,000,000	Stocks
(2) Total shares issued	94,653,362	Stocks (including 258 treasury shares)
(3) Number of shareholders	7,902	
(4) Major shareholders (Top 10)		

Name	Number of shares held (stocks)	Holdings ratio (%)
Daito Trust Construction Co., Ltd.	31,805,100	33.60
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,898,600	11.51
Custody Bank of Japan, Ltd. (Trust Account)	6,122,400	6.47
TOHO HOLDINGS CO., LTD.	4,709,500	4.98
JP MORGAN CHASE BANK 385174	3,537,500	3.74
INFOCOM CORPORATION	2,545,200	2.69
GOVERNMENT OF NORWAY	2,068,695	2.19
Solasto Employee Shareholding Association	1,886,634	1.99
STATE STREET BANK AND TRUST COMPANY 505038	1,873,100	1.98
Custody account (for Junichi Arai) Custodian SMBC Trust Bank Ltd.	1,200,600	1.27

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)	48,219	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, 2023)

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, in charge of special missions
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 Chishiki	Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. Outside Director of Ishii Food CO., Ltd. Director and Vice President of ONWARD HOLDINGS CO., LTD
Director	Toru Noda	Professor of Graduate School of Business Sciences at University of Tsukuba
Director	Miki Mitsunari	President of FINEV inc. Director of Japan Accreditation Board Outside Director of YAMADA HOLDINGS CO., LTD.
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. Outside Corporate Auditor of Suzuki Shokai K.K.
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.

Note:

1. Directors Yukio Kubota, Kenji Chishiki, Toru Noda, Miki Mitsunari and Kanitsu Uchida are Outside Directors.
2. Corporate Auditors Hironori Yokote and Miho Tanaka are Outside Corporate Auditors.
3. Corporate Auditor Hironori Yokote is a certified public accountant and tax attorney, and possesses significant knowledge related to finances and accounting.
4. Corporate Auditor Miho Tanaka's name on her family registry is Miho Takahashi.
5. Changes in Director and Corporate Auditor positions, responsibilities, and significant concurrent position during the current fiscal year are as follows.
 - (i) Director Masumi Tamai's position has been changed to Senior Managing Corporate Officer, in charge of special missions as of October 1, 2022.
 - (ii) Director Kenji Chishiki was appointed as Director and Vice President of ONWARD HOLDINGS CO., LTD on May 26, 2022.
 - (iii) Director Toru Noda retired from the position of Director of Sofffront Holdings, Inc and Director of Sofffront Japan on June 29, 2022, and June 30, 2022, respectively.

- (iv) Miki Mitsunari was elected at the 54th Ordinary General Meeting of Shareholders held on June 27, 2022 and became a Director.
 - (v) Director Miki Mitsunari retired from the position of Outside Director of Funai Soken Holdings Inc. on March 25, 2023.
 - (vi) Corporate Auditor Hironori Yokote was appointed as Outside Corporate Auditor of Suzuki Shokai K.K., on November 24, 2022.
 - (vii) Corporate Auditor Miho Tanaka resigned from the position of Outside Corporate Auditor of Pacific Porter, inc on February 24, 2023.
6. Changes in Director positions, responsibilities, and significant concurrent position after the end of current fiscal year are as follows.
- (i) Director Masateru Kawanishi retired from the position of Senior Managing Corporate Officer, Chief Human Resource Officer, Chief Compliance Officer, General Manager of Human Resources & General Affairs Division
 - (ii) Director Masumi Tamai, retired from the position of Senior Managing Corporate Officer, in charge of special missions on April 1, 2023.
 - (iii) Director Shigeru Fukushima retired from the position of Senior Managing Corporate Officer and General Manager of Elderly Care Business Division on April 1, 2023.
 - (iv) Director Kanitsu Uchida was appointed as Senior Executive Officer, In charge of New Core Business Headquarter at Daito Trust Construction Co., Ltd.
7. We designated Outside Directors Kenji Chishiki, Toru Noda and Miki Mitsunari, 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, Miki Mitsunari 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 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, and 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, Toru Noda and Miki Mitsunari.

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 percentage of the bonus becomes higher for the higher position and the Director in charge of a specific business division.

<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. Stock remuneration is determined by multiplying a certain percentage on the basic remuneration and bonus. Bonuses are calculated based on the base amount thus differs from the composition ratio of actual payments.

Director & President	Basic remuneration 56%	Bonus 22%	Stock remuneration 22%
Directors (Excluding Outside Directors)	61%	Bonus 23%	16%

(ii) Total compensation for Directors and Corporate Auditors

Category	Total amount (millions of yen)	Compensation by types (¥ in millions)				Paid personnel (No. of personnel)
		Basic compensation	Bonus		Non-monetary compensation	
			Fixed	Variable (Performance-linked, etc.)		
Directors (out of Outside Directors)	209 (33)	146 (33)	17 (-)	25 (-)	19 (-)	8 (4)
Corporate Auditors (out of Outside Corporate Auditors)	29 (14)	29 (14)	- (-)	- (-)	- (-)	3 (2)
Total (out of Outside Directors and Outside Corporate Auditors)	238 (48)	176 (48)	17 (-)	25 (-)	19 (-)	11 (6)

Note:

1. The number of paid personnel excludes one uncompensated Outside Director.
2. The performance indicators related to the performance-linked compensation portion of the variable portion of the 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 organization 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 Director and Vice President of ONWARD HOLDINGS CO., LTD. There is no specific relationship between the Company and organizations where Mr. Chishiki holds a position.
Director	Toru Noda	Professor of Graduate School of Business Sciences at University of Tsukuba. There is no specific relationship between the Company and organization where Mr. Noda holds a position.
Director	Miki Mitsunari	President of FINEV inc., Director of Japan Accreditation Board, Outside Director of YAMADA HOLDINGS CO., LTD. There is no specific relationship between the Company and organizations where Ms. Mitsunari 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, Representative Partner of Miogi Audit Corporation, and Outside Corporate Auditor of Suzuki Shokai K.K. There is no specific relationship between the Company and organisations 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, and Outside Director of Tokyo Century Corporation. There is no specific relationship between the Company and organisations 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	Major Activities
Director	Yukio Kubota	100% 14/14	-	Mr. Kubota has experiences in serving as a director including representative director among plural companies, and he has utilized the expertise to play an appropriate role in ensuring the adequacy and appropriateness of decision-making at the Board of Directors. He has served as a Chairperson of the Nomination, Evaluation, and Compensation Committee and as a member of the Corporate Governance Committee, and participated in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company from an objective and neutral standpoint.
Director	Kenji Chishiki	100% 13/14	-	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, and he has utilized the expertise to play an appropriate role in ensuring the adequacy and appropriateness of decision-making at the Board of Directors. He has served as a member of the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee, and participated in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company from an objective and neutral standpoint.
Director	Toru Noda	100% 14/14	-	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, and he has utilized the expertise to play an appropriate role in ensuring the adequacy and appropriateness of decision-making at the Board of Directors. He has served as a member of the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee, and participated in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company from an objective and neutral standpoint.
Director	Miki Mitsunari	100% 10/10	-	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 and she has utilized the expertise to play an appropriate role in ensuring the adequacy and appropriateness of decision-making at the Board of Directors. She has served as a member of the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee, and participated in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company from an objective and neutral standpoint.
Director	Kanitsu Uchida	100% 14/14	-	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, and he has utilized the expertise to play an appropriate role in ensuring the adequacy and appropriateness of decision-making at the Board of Directors.

Corporate Auditor	Hironori Yokote	100% 14/14	100% 22/22	<p>Mr. Yokote has a wealth of knowledge and experience in accounting and taxation as a certified public accountant (CPA) and tax attorney, and he has utilized the expertise to make comments to ensure the adequacy and appropriateness of decision-making at the Board of Directors.</p> <p>At meetings of the Board of Corporate Auditors, he makes comments as necessary on the Company's compliance system, including internal controls, as appropriate.</p> <p>He has served as a Chairman of Corporate Governance Committee, and participated in the establishment of the governance system of the Company from an objective and neutral standpoint.</p>
Corporate Auditor	Miho Tanaka	100% 14/14	100% 22/22	<p>Ms. Tanaka has utilized the expertise as a lawyer to make comments to ensure the adequacy and appropriateness of decision-making at the Board of Directors.</p> <p>At meetings of the Board of Corporate Auditors, she makes comments as necessary on the Company's compliance system, including internal controls, as appropriate. She has served as a member of Corporate Governance Committee, and participated in the establishment of the governance system of the Company from an objective and neutral standpoint.</p>

Note:

1. In addition to the above number of Board of Directors meetings, there were three written resolutions deemed to have been adopted by the Board of Directors pursuant to Article 370 of the Companies Act and Article 24 of the Company's Articles of Incorporation.
2. The number of times attending the Board of Directors' Meetings of Miki Mitsunari is different from other Outside Directors since she was appointed at the 54th General Ordinary Shareholder Meeting held on June 27, 2022.

(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	69 million yen
Total amount of fees and other asset-based income to be paid by the Company and subsidiaries to the accounting auditor.	69 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 FY2022

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, 2023. 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 59.6%.

-Dividends for FY2023

For FY2023 dividends, our plan is to continue the annual dividend of 20.0 yen per share, representing a consolidated dividend payout ratio of 33.2%.

In FY2023, we expect a significant increase in net income and a temporary decrease in the consolidated dividend payout ratio due to an extraordinary income from the record of negative goodwill resulting from M&A in the Elderly Care Business.

6. Consolidated Financial statements

(1) Consolidated income statement

(Millions of yen)	FY2019	FY2020	FY2021	FY2022	FY2023 Forecast
Net sales	95,719	106,182	117,239	131,088	135,000
Medical outsourcing business	58,263	60,926	66,042	72,029	68,800
Elderly care business	35,085	42,303	47,602	48,536	55,400
Children business*1	1,925	2,427	3,078	9,930	10,000
Others*2	445	524	516	591	800
Cost of sales	78,718	87,321	96,775	109,335	—
Gross profit	17,001	18,860	20,464	21,752	—
Selling, general and administrative expenses	11,535	12,798	14,144	15,426	—
Operating profit	5,465	6,062	6,319	6,325	6,370
Medical outsourcing business	6,581	7,720	8,450	8,960	8,960
Elderly care business	2,030	2,033	2,575	2,521	3,220
Children business	216	255	222	504	540
Others	6	44	(352)	(607)	(700)
Corporate expenses*3	(3,368)	(3,990)	(4,575)	(5,053)	(5,650)
Non-operating income	144	366	396	953	—
Interest income	17	16	16	15	—
Dividend income	1	3	5	0	—
Insurance claim income	37	91	100	46	—
Subsidy income	63	217	165	803	—
Others	23	37	108	87	—
Non-operating expenses	235	353	419	532	—
Interest expenses	160	215	237	272	—
Commission expenses	0	0	0	50	—
Compensation for damage	24	69	108	43	—
Provision for loss on compensation for damage	—	—	—	—	—
Others	49	68	72	166	—
Ordinary profit	5,374	6,075	6,297	6,747	6,150
Extraordinary income	2,681	94	401	297	—
Subsidy income	464	93	195	297	—
Gain on sale of non-current assets	2,202	1	3	—	—
Gain on sales of investment securities	—	—	202	—	—
Others	14	—	—	—	—
Extraordinary losses	1,090	816	1,057	1,626	—
Loss on tax purpose reduction entry of non-current assets	464	93	195	297	—
Impairment losses	466	643	813	664	—
Compensation for damage	—	—	—	44	—
Provision for loss on compensation for damage	—	—	—	505	—
Others	158	79	48	115	—
Profit before income taxes	6,965	5,354	5,641	5,418	—
Total income taxes	2,226	1,815	2,138	2,245	—
Net income	4,739	3,538	3,502	3,172	5,700
EBITDA*4	7,416	8,402	8,917	9,462	10,000
Medical outsourcing business	6,647	7,770	8,501	9,020	9,020
Elderly care business	3,720	4,098	4,797	4,748	5,940
Children business	261	312	291	1,028	1,040
Depreciation*5	880	1,052	1,197	1,402	1,660
Amortization of goodwill	1,070	1,286	1,400	1,733	1,970
CAPEX	1,359	1,114	983	1,176	—
M&A investment	4,213	3,300	7,151	172	—
Equity investment	326	105	—	403	—
Per share data (yen)					
Net income*6	50.33	37.51	37.08	33.53	60.24
Dividends	19.50	19.50	20.00	20.00	20.00
Total net assets	177.70	195.51	212.96	227.83	—

*1 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.

*2 Education business, etc. Smart hospital business is included from FY2021.

*3 Corporate expenses indicated as reconciliation in the earning summary.

*4 Operating profit + Depreciation + Amortization of goodwill

*5 Depreciation (Cost of sales + Selling, general and administrative expenses)

*6 Net income per share forecast for FY2022 = Net income forecast for FY2022 ÷ (number of shares issued as of March 31, 2023 - number of treasury stock as of March 31, 2023)

(2) Consolidated balance sheet

(Millions of yen)	2020 Mar.	2021 Mar.	2022 Mar.	2023 Mar.
Current assets	25,565	24,196	27,918	28,164
Cash and deposits	12,232	8,973	10,340	11,957
Accounts receivable - trade	11,995	13,876	15,729	13,850
Inventory	56	45	27	83
Others	1,280	1,300	1,820	2,273
Non-current assets	32,138	35,906	42,826	41,688
Property, plant and equipment	10,421	12,083	14,902	14,711
Buildings and structures-net	6,709	7,459	9,224	9,228
Land	1,142	1,512	2,677	2,695
Others	2,570	3,111	3,001	2,787
Intangible assets	14,448	15,711	19,539	17,897
Goodwill	13,736	14,721	18,283	16,656
Others	711	990	1,255	1,241
Investments and other assets	7,267	8,111	8,384	9,079
Total assets	57,703	60,103	70,745	69,852
Current liabilities	20,926	20,580	25,905	20,382
Short-term borrowings	4,500	2,000	5,177	500
Current portion of long-term borrowings	3,224	3,545	4,260	3,682
Accounts payable-other	6,479	7,523	8,923	9,198
Others	6,722	7,511	7,544	7,000
Non-current liabilities	20,006	21,050	24,689	27,897
Long-term borrowings	12,956	12,854	15,619	18,275
Lease liabilities	2,526	3,346	3,592	3,429
Retirement benefit liability	1,397	1,627	1,765	1,848
Others	3,125	3,222	3,712	4,344
Total liabilities	40,933	41,631	50,595	48,280
Shareholders' equity	16,733	18,454	20,139	21,476
Share capital	583	595	630	658
Capital surplus	5,482	5,494	5,530	5,557
Retained earnings	10,666	12,365	13,979	15,259
Treasury stock	(0)	(0)	(0)	(0)
Accumulated other comprehensive income	28	9	1	88
Share acquisition rights	8	8	7	8
Total net assets	16,770	18,472	20,149	21,572
Total liabilities and net assets	57,703	60,103	70,745	69,852

(3) Consolidated statements of cash flows

(Millions of yen)	FY2019	FY2020	FY2021	FY2022
Profit before income taxes	6,965	5,354	5,641	5,418
Depreciation	880	1,052	1,197	1,402
Amortization of goodwill	1,070	1,286	1,400	1,733
Impairment losses	466	643	813	664
Increase (decrease) in provision for bonuses	62	462	(188)	(197)
Increase (decrease) in retirement benefit liability	72	132	104	163
Interest expenses	160	215	237	272
Decrease (increase) in trade receivables	(1,194)	(661)	(1,284)	1,944
Decrease (increase) in prepaid expenses	(90)	3	(169)	(28)
Increase (decrease) in accounts payable - other	(222)	416	901	86
Increase (decrease) in accrued consumption taxes	315	261	(285)	(216)
Increase (decrease) in deposits received	(385)	99	(47)	(179)
Loss (gain) on sale of property, plant and equipment	(2,202)	(1)	(3)	0
Others	(419)	(105)	(789)	399
Subtotal	5,479	9,160	7,527	11,464
Interest and dividends received	18	20	32	15
Interest paid	(181)	(213)	(238)	(284)
Income taxes paid	(1,503)	(2,544)	(2,106)	(2,189)
Others	435	305	304	6
Cash flows from operating activities	4,248	6,728	5,519	9,012
Purchase of property, plant and equipment	(867)	(532)	(271)	(1,032)
Proceeds from sale of property, plant and equipment	2,466	1	9	22
Purchase of intangible assets	(429)	(418)	(527)	(292)
Purchase of investment securities	(326)	(105)	—	(403)
Proceeds from sale of investment securities	—	—	294	0
Payments of leasehold and guarantee deposits	(153)	(83)	(27)	(234)
Proceeds from refund of leasehold and guarantee deposits	25	29	14	31
Payments for acquisition of businesses	(793)	(1,499)	(474)	(193)
Purchase of shares of subsidiaries	(3,420)	(1,801)	(6,677)	—
Others	16	593	212	(69)
Cash flows from investing activities	(3,482)	(3,816)	(7,446)	(2,171)
(Increase) decrease in short-term borrowings	3,993	(2,514)	2,986	(4,712)
Proceeds from long-term borrowings	6,400	3,000	7,000	7,500
Repayments of long-term borrowings	(6,275)	(4,172)	(4,745)	(5,762)
Redemption of bonds	(319)	(71)	—	(97)
Proceeds from issuance of shares	21	20	16	—
Purchases of treasury stock	(0)	(0)	—	—
Dividends paid	(1,929)	(1,840)	(1,888)	(1,891)
Repayments of finance lease liabilities	(101)	(134)	(154)	(191)
Others	(4)	(9)	(13)	(55)
Cash flows from financing activities	1,784	(5,721)	3,201	(5,211)
Net increase (decrease) in cash and cash equivalents	2,550	(2,808)	1,274	1,628
Cash and cash equivalents at beginning of period	9,211	11,762	8,953	10,228
Cash and cash equivalents at end of period	11,762	8,953	10,228	11,857

(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 Proposal1&2

The structure of the Board of Directors and the Board of Corporate Auditors if Proposals 1 and 2 are approved as proposed at the Ordinary General Meeting of Shareholders is as follows

■ : Chairman □ : Member

●possesses

Name	Committees to serve		Expertise and Experience									
	Nomination, Evaluation, and Compensation Committee	Corporate Governance Committee	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
Yoshikazu Fujikawa	□	□	●	●			●		●	●		
Keiichi Harada		□	●	●					●			●
Yukio Kubota	■	□	●			●	●	●				
Kenji Chishiki	□	□	●		●		●			●		
Toru Noda	□	□	●			●		●	●			
Miki Mitsunari	□	□					●	●			●	●
Kanitsu Uchida			●	●	●							●
Masami Nishino		□		●							●	
Hironori Yokote		■							●		●	
Miho Tanaka		□				●			●		●	

(Notes) 1. The above list does not represent all the expertise and experience possessed by directors and auditors

<Reason for selecting each skill items>

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.