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Securities identification code: 6197

June 6, 2024

Commencement of electronic provision: May 31, 2024

To our shareholders:

Toru Noda
President and Representative Director CEO
Solasto Corporation
2-15-3, Konan, Minato-ku, Tokyo, Japan

NOTICE OF THE 56TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Solasto Corporation (the “Company”) will hold its 56th 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 25, 2024 (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	Wednesday, June 26, 2024 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 56th Term (from April 1, 2023 to March 31, 2024), and Audit Reports for the Consolidated Financial Statements by Accounting Auditor and the Board of Corporate Auditors 2. Non-Consolidated Financial Statements for the 56th Term (from April 1, 2023 to March 31, 2024) Items to be resolved: Proposal 1: Partial Amendments to the Articles of Incorporation Proposal 2: Election of Six (6) Directors Proposal 3: Election of Two (2) Corporate Auditors Proposal 4: Election of One (1) Substitute Corporate Auditor

- 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>

- If shareholders exercise voting rights both in writing and via the Internet, the exercise via the Internet shall be deemed valid. In addition, if shareholders exercise their voting rights more than once via the Internet, the last vote shall be deemed valid.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for proposal

- (1) To allow the President to be appointed not only by Directors but also by Corporate Officers and revise the provisions on executive directors for the purpose of flexibly building an optimal management structure in response to changes in the business environment, the Company will make amendments to Article 21, Paragraph 2 of the current Articles of Incorporation. In connection with this amendment, the Company will also make amendments to Article 13 (Convener and Chairperson) of the current Articles of Incorporation, which stipulates the convener and the chairperson of the General Meetings of Shareholders, and Article 22 (Convener and Chairperson of Meetings of the Board of Directors) of the current Articles of Incorporation, which stipulates the convener and chairperson of meetings of the Board of Directors.
- (2) The Company has introduced a corporate officer system to clarify management responsibility, in addition to enabling it to make efficient and prompt decision-making regarding business execution by separating the functions of supervision and business execution. To clarify the election method and roles of Corporate Officers in line with the amendment in (1) above, the Company will newly establish Article 28 (Corporate Officers).
- (3) In conjunction with the establishment of Article 28 in (2) above, the number of articles will be changed.

2. Details of amendments

Details of the proposed amendments are as follows:

(Amendments are indicated in underlined text)

Current Articles of Incorporation	Proposed Amendments
Article 1-12. (Text omitted) (Convener and Chairperson) Article 13. A General Meeting of Shareholders shall be convened and chaired by the <u>Director and President</u> . 2. If the <u>Director and President</u> is prevented from so doing, another Director in the order determined in advance by the Board of Directors shall convene the General Meeting of Shareholders and serve as the chairperson of the meeting.	Article 1-12. (Same as the current text) (Convener and Chairperson) Article 13. <u>Unless otherwise provided by laws or regulations</u> , the General Meeting of Shareholders shall be convened and chaired <u>by a Director designated in advance by resolution of the Board of Directors</u> . 2. If the <u>Director prescribed in the preceding paragraph</u> is prevented from so doing, another Director in the order determined in advance by the Board of Directors shall convene the General Meeting of Shareholders and serve as the Chairperson of the meeting.
Article 14-16. (Text omitted) Chapter 4. Directors <u>and</u> Board of Directors	Article 14-16. (Same as the current text) Chapter 4. Director, Board of Directors <u>and</u> <u>Corporate Officers</u>
Article 17-20. (Text omitted)	Article 17-20. (Same as the current text)

Current Articles of Incorporation	Proposed Amendments
<p>(Representative Director and Executive Directors) Article 21. A Representative Director shall be appointed from among the Directors by a resolution of the Board of Directors.</p> <p>2. The Board of Directors <u>may appoint one (1) Director and President, one (1) Director and Chairman, several Directors and Vice Presidents, several Senior Managing Directors and several Managing Directors by its resolution.</u></p> <p>(Convener and Chairperson of Meetings of the Board of Directors) Article 22. <u>Director and President</u> shall call and chair a meeting of the Board of Directors, except for a case where provisions otherwise exist in the applicable laws and regulations.</p> <p>2. If the <u>Director and President</u> is prevented from so doing, another Director in the order determined in advance by the Board of Directors shall convene the Meetings of the Board of Directors and serve as the chairperson of the meeting.</p> <p>Article 23-27. (Text omitted) (Newly added)</p> <p>Article 28-44. (Text omitted)</p>	<p>(Representative Director and Executive Directors) Article 21. A Representative Director shall be appointed from among the Directors by a resolution of the Board of Directors.</p> <p>2. The Board of Directors <u>may appoint one (1) Director and President and one (1) Director and Chairman</u> by its resolution. <u>In addition, when the Company does not have a Director and President, the Board of Directors may appoint one President and Corporate Officer from among the Corporate Officers by its resolution.</u></p> <p>(Convener and Chairperson of Meetings of the Board of Directors) Article 22. Unless otherwise provided by laws or regulations, a meeting of the Board of Directors shall be convened and chaired by <u>a Director designated in advance by its resolution.</u></p> <p>2. If the <u>Director prescribed in the preceding paragraph</u> is prevented from so doing, another Director in the order determined in advance by the Board of Directors shall convene the Meetings of the Board of Directors and serve as the Chairperson of the meeting.</p> <p>Article 23-27. (Same as the current text) <u>(Corporate Officer)</u></p> <p><u>Article 28. The Company may, by resolution of the Board of Directors, appoint Corporate Officers and have them share and execute their duties.</u></p> <p>Article <u>29-45</u>. (Same as the current text)</p>

Proposal 2: Election of Six (6) Directors

The terms of office of all seven (7) incumbent Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following six (6) Directors, including four (4) 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 one (1). 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 FY2023
1	Toru Noda Reelection	Male Age 63 3 years	President and Representative Director, Chief Executive Officer, General Manager of Management Division	100% 14/14
2	Masateru Kawanishi New election	Male Age 61 —	Senior Managing Corporate Officer, Chief Transformation Officer and General Manager of Transformation Division	100% 4/4
3	Yukio Kubota Reelection Outside Director	Male Age 74 5 years	Outside Director	100% 14/14
4	Kenji Chishiki Reelection Outside Director Independent Officer	Male Age 61 3 years	Outside Director	100% 14/14
5	Miki Mitsunari Reelection Outside Director Independent Officer	Female Age 52 2 years	Outside Director	100% 14/14
6	Miho Tanaka New election Outside Director Independent Officer	Female Age 49 —	Outside Director	100% 14/14

Candidate No. 1	Toru Noda (Date of birth: September 16, 1960) (Age 63)	Number of the Company's shares owned 23,096 shares
Reelection Male	<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.) 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 MBA Program in International Business, Humanities and Social Sciences, Graduate School of Business Sciences at University of Tsukuba (incumbent)</p> <p>Jun. 2021 Outside Director of the Company</p> <p>Jun. 2021 Director of Softfront Holdings, Inc.</p> <p>Oct. 2023 Vice President and Representative Director of the Company</p> <p>Apr. 2024 President and Representative Director, Chief Executive Officer, and General Manager of Management Division (incumbent)</p> <p>Significant concurrent positions outside the Company</p> <p>Professor of MBA Program in International Business, Humanities and Social Sciences, 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>As Representative Director, Mr. Noda has been demonstrating his skills to facilitate the Company's growth and increase corporate value through strong leadership. The Company judges that he will be able to further enhance its corporate value by utilizing his rich experience and broad knowledge as President, and has once again nominated him as a candidate for Director.</p>	
	Number of years as Outside Director:	3 years
	Attendance at Board of Directors' Meetings:	14/14

Candidate No. 2	Masateru Kawanishi (Date of birth: May 22, 1963) (Age 61)	Number of the Company's shares owned 6,552 shares
New election Male	<p>Career summary, position and responsibility in the Company</p> <p>Apr. 1986 Joined Nippon Life Insurance Company</p> <p>Oct. 1989 Joined Digital Equipment Corporation Japan (currently: Hewlett-Packard Japan, Ltd.)</p> <p>May 2004 Corporate Officer and General Manager of Human Resources Division</p> <p>Jan. 2006 Corporate Officer and General Manager of Human Resources & Human Resources Development Division of The Daiei, Inc.</p> <p>Mar. 2007 Manager of Human Resources Department of PricewaterhouseCoopers Aarata LLC</p> <p>Mar. 2008 Corporate Officer and Manager of Human Resources & General Affairs Division of EMC Japan K.K.</p> <p>Mar. 2015 Corporate Officer and Manager of Human Resources Department of Thomson Reuters Markets KK (currently: Refinitiv Japan K.K.)</p> <p>Oct. 2017 Senior Managing Corporate Officer, General Manager of Human Resources & General Affairs Department and Chief Talent Officer of the Company</p> <p>Apr. 2018 Senior Managing Corporate Officer, General Manager of Human Resources & General Affairs Department, Chief Talent Officer and Director of Career Center</p> <p>Jun. 2019 Director, Senior Managing Corporate Officer, General Manager of Human Resources & General Affairs Department, Chief Talent Officer and Director of Career Center</p> <p>Apr. 2020 Director, Senior Managing Corporate Officer, Chief Human Resource Officer, General Manager of Human Resources & General Affairs Department</p> <p>Oct. 2021 Director, Senior Managing Corporate Officer, Chief Human Resource Officer, Chief Compliance Officer, General Manager of Human Resources & General Affairs Division</p> <p>Apr. 2023 Director (retired in June 2023)</p> <p>Oct. 2023 Senior Managing Corporate Officer, and Chief Digital Officer</p> <p>Apr. 2024 Senior Managing Corporate Officer, Chief Transformation Officer, General Manager of Transformation Division(incumbent)</p> <p>Reasons for nomination as a candidate for Director Drawing on the extensive experience Mr. Kawanishi gained at Japanese and foreign companies, he has demonstrated his outstanding execution skills and led the transformation of a companywide HR process since joining the Company. Currently, as General Manager of the Transformation Division, he is responsible for transforming business models and promoting innovation. The Company has decided to nominate him as a candidate for Director because he is expected to continue to contribute to the growth of the Company and enhancement of its corporate value, going forward.</p>	
	Number of shares under stock acquisition rights in the Company	3,000
	Number of years as Director:	—
	Attendance at Board of Directors' Meetings:	4/4

Candidate No. 3	Yukio Kubota (Date of birth: October 7, 1949) (Age 74)	Number of the Company's shares owned 358 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:	5 years
	Attendance at Board of Directors' Meetings:	14/14

Candidate No. 4	Kenji Chishiki (Date of birth: January 27, 1963) (Age 61)	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.</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 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 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:	3 years
	Attendance at Board of Directors' Meetings:	14/14

Candidate No. 5	Miki Mitsunari (Date of birth: February 29, 1972) (Age 52)	Number of the Company's shares owned 179 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>Jun. 2023 Outside Director of YUASA TRADING CO., LTD. (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. Outside Director of YUASA TRADING 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. 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:	2 year
	Attendance at Board of Directors' Meetings:	14/14

Candidate No. 6	Miho Tanaka (Date of birth: December 1 1974) (Age 49)	Number of the Company's shares owned 0 shares
New election Female Candidate for Outside Director 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 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 Ms. Tanaka is very familiar with corporate legal affairs and areas related to M&A. In addition, since she has extensive experience and deep knowledge and is expected to provide advice useful to the Company, the Company has decided to nominate her as a candidate for Outside Director. If she is elected, the Company expects her to be involved in the selection of candidates for officers of the Company, determination of officers' compensation, and improvement of the governance system from a neutral and objective perspective as a member of the Nomination, Evaluation, and Compensation Committee and chairman of the Corporate Governance Committee.</p>	
	Number of years as Outside Director:	—
	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, Miki Mitsunari and Miho Tanaka are candidates for Outside Directors.
3. Ms. Tanaka does not have any experience of being involved in corporate management except for serving as an outside officer. Even so, the Company has decided that Ms. Tanaka could adequately fulfill her duties as Outside Director as described in the reason for selection as a candidate for Outside Director.
4. The Company has concluded agreements with Yukio Kubota, Kenji Chishiki, and Miki Mitsunari in accordance with Companies Act Article 427, paragraph 1 and its Article of Incorporation limiting the liability outlined in Companies Act Article 423, paragraph 1. The maximum liability set forth in these agreements is the minimum liability amount mandated by law. Furthermore, if these candidates for Directors are reelected, we intend to maintain said agreements. In addition, if the nomination of Miho Tanaka is approved, we plan to conclude similar liability limitation agreements with her.
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 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.
6. 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.
7. Masateru Kawanishi served as a Director of the Company in the past and he has served as a Director for the total of 4 years as of the adjournment of this General Meeting of Shareholders.
8. 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 7 years and 5 months as of the adjournment of this General Meeting of Shareholders.
9. Ms. Tanaka is currently the Company's Outside Corporate Auditor and will have served as Outside Corporate Auditor for four years upon the conclusion of this General Meeting of Shareholders. At the close of the General Meeting of Shareholders, Ms. Tanaka will leave office as Corporate Auditor due to resignation.
10. Miho Tanaka's name in the family register is Miho Takahashi.
11. 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, Miki Mitsunari and Miho Tanaka 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. 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 for "(Appendix 1) Requirements for Independence of Outside Officers."
12. 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, 2024. In addition, the number of the Company's shares held by each candidate for Director includes their equity interest in the Officers' Shareholding Association.
13. 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 2023 (April 1, 2023 – March 31, 2024) (total of 14 meetings held). The number of times attending the Board of Directors' meetings by Mr. Kawanishi shows his attendance before his retirement on June 27, 2023 as a Director, while the number of times attending the Board of Directors' meetings by Ms. Tanaka shows her attendance as Corporate Auditor.
14. 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".

Proposal 3: Election of Two (2) Corporate Auditors

At the close of the General Meeting of Shareholders, Ms. Tanaka will resign as Corporate Auditor. In conjunction with this, the Company proposes the election of two Corporate Auditors, increasing the number of Outside Corporate Auditors by one to strengthen and enhance the audit system. The Company proposes the election of Ms. Fukushima as a candidate for Corporate Auditor to fill vacancy attributable to the resignation of Ms. Tanaka as Corporate Auditor. The term of office of Ms. Fukushima shall be concurrent with the term of office of the retiring Corporate Auditor in accordance with the provisions of the Company's Articles of Incorporation. In addition, the term of office of Mr. Okamoto, who is a candidate for Corporate Auditor shall continue until the conclusion of the Ordinary General Meeting of Shareholders for the last business year that ends within four years from the time of his election.

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 FY2023	Attendance at the Board of Corporate Auditors' Meetings in FY2023
1	Kanae Fukushima New election Outside Corporate Auditor Independent Officer	Female Age 50 —	Outside Corporate Auditor	—	—
2	Tsukasa Okamoto New election Outside Corporate Auditor	Male Age 56 —	Outside Corporate Auditor	—	—

Candidate No. 1	Kanae Fukushima	(Date of birth: March 30, 1974) (Age 50)	Number of the Company's shares owned 0 shares
New election Female Candidate for substitute Corporate Auditor Independent Officer	<p>Career summary, position and responsibility in the Company</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.</p> <p>Jan. 2023 Partner at Utsunomiya Shimizu & Haruki Law Office (Incumbent)</p> <p>Jun. 2023 Outside Director (Audit & Supervisory Committee Member) of World Co., Ltd. (Incumbent)</p> <p>Significant concurrent positions outside the Company</p> <p>Outside Corporate Auditor of iXs Co., Ltd</p> <p>Partner at Utsunomiya Shimizu & Haruki Law Office</p> <p>Outside Director (Audit & Supervisory Committee Member) of World Co., Ltd.</p> <p>Reasons for nomination as a candidate for Corporate Auditor and expected roles</p> <p>The Company believes that Ms. Fukushima will be able to audit the execution of the duties of Directors from a fair and objective perspective based on the extensive knowledge and experience she gained through the handling of civil, criminal and administrative cases in family courts, district courts and high courts after being appointed a judge. Accordingly, it has decided to nominate her as a candidate for Outside Corporate Auditor. If she is elected, the Company expects her to be involved in the improvement of the governance system from a neutral and objective perspective as a members of the Corporate Governance Committee.</p>		
	Number of years as Outside Corporate Auditor: —		
	Attendance at Board of Directors' Meetings: —		
	Attendance at Board of Corporate Auditors' Meetings: —		

Candidate No. 2	Tsukasa Okamoto (Date of birth: October 6, 1967) (Age 56)	Number of the Company's shares owned 0 shares
New election Male Candidate for Outside Corporate Auditor	<p>Career summary, position and responsibility in the Company</p> <p>Oct. 1997 Joined Aoyama Audit Corp.</p> <p>Apr. 2002 Registered as a certified public accountant.</p> <p>Sep. 2006 Joined Arata Audit Corporation (currently: PricewaterhouseCoopers Japan LLC)</p> <p>Mar. 2011 Joined Daito Trust Construction Co., Ltd.</p> <p>Jun. 2013 Auditor, HOUSECOM CORPORATION.</p> <p>Apr. 2020 Executive Officer, and General Manager of Accounting Department of Daito Trust Construction Co., Ltd.</p> <p>Apr. 2023 Senior Executive Officer and General Manager of Finance and Accounting Department of Daito Trust Construction Co., Ltd.</p> <p>Jun. 2023 Director, Senior Executive Officer and General Manager of Finance and Accounting Department of Daito Trust Construction Co., Ltd.</p> <p>Apr. 2024 Director, Senior Executive Officer and General Manager of Management Department, CFO of Daito Trust Construction Co., Ltd. (Incumbent)</p> <p>Significant concurrent positions outside the Company Director, Senior Executive Officer and General Manager of Management Department, CFO of Daito Trust Construction Co., Ltd.</p> <p>Reasons for nomination as a candidate for Corporate Auditor and expected roles As a certified public accountant, Mr. Okamoto not only has a wealth of expertise and experience in corporate accounting, but also a broad knowledge about corporate management through a range of experiences such as serving as a director at a large construction company. The Company believes that by utilizing his expertise as a certified public accountant, he will be able to audit the execution of the duties of Directors from a fair and objective perspective, and has therefore decided to nominate him as a candidate for Outside Corporate Auditor.</p>	
	Number of years as Outside Corporate Auditor: —	
	Attendance at Board of Directors' Meetings: —	
	Attendance at Board of Corporate Auditors' Meetings: —	

Notes:

1. No special conflicts of interest exist between the Company and the candidates for Corporate Auditors.
2. Kanae Fukushima and Tsukasa Okamoto is a candidate for Outside Corporate Auditor.
3. Kanae Fukushima has 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. If the elections of Ms. Fukushima and Mr. Okamoto are approved, the Company will enter into a liability limitation agreement with each of them pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, limiting their liability for damages as provided for under Article 423, Paragraph 1 of the Companies Act. The maximum liability set forth in these agreements is the minimum liability amount mandated by the law.
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. 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 Kanae Fukushima satisfy the requirements and has designated them as Independent Officers. This candidates for Corporate Auditors are elected, we intend to continue their designation as Independent Officers.
Please see Page 40 for "(Appendix 1) Requirements for Independence of Outside Officers."
8. The above-mentioned number of Company shares held by each candidate for Corporate Auditor is the number of shares as of March 31, 2024.
9. 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 2&3" on Page 42.

Proposal 4: Election of One (1) Substitute Corporate Auditor

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.

	Yukako Oshimi	(Date of birth: August 11, 1976) (Age 47)	Number of the Company's shares owned 0 shares
Female	Career summary		
Candidate for substitute Corporate Auditor	Oct. 2000	Registered with the Daiichi Tokyo Bar Association Joined NAGASHIMA OHNO & TSUNEMATSU Law Office	
	Apr. 2011	Seconded to Ricoh Co., Ltd.	
	Sep. 2014	Partner at SHIBATA SUZUKI & NAKADA Law Office (Incumbent)	
	Jun. 2015	Outside Corporate Auditor of JP-HOLDINGS, INC.	
Independent Officer	Mar. 2019	Outside Corporate Auditor of FUJI SOFT INCORPORATED (Incumbent)	
	Jun. 2019	Outside Corporate Auditor of KUREHA CORPORATION	
	Dec. 2020	Outside Corporate Auditor of CMK CORPORATION	
	Nov. 2021	Supervisory Director of ORIX JREIT Inc. (Incumbent)	
	Jan. 2022	Outside Corporate Auditor of Prored Partners CO.,LTD.	
	Jun. 2024	Outside Director (Audit & Supervisory Committee Member) of Prored Partners CO.,LTD. (Incumbent)	
	Significant concurrent positions outside the Company		
	Partner at SHIBATA SUZUKI & NAKADA Law Office Outside Corporate Auditor of FUJI SOFT INCORPORATED Supervisory Director of ORIX JREIT Inc. Outside Director (Audit & Supervisory Committee Member) of Prored Partners CO.,LTD.		
	Reasons for nomination as a candidate for substitute Outside Corporate Auditor		
	As a lawyer, Ms. Oshimi has a wealth of knowledge and high level expertise, as well as experiences serving as an outside auditor at more than one companies. The Company believes that by utilizing her extensive experience, she will be able to audit the execution of the duties of Directors from a fair and objective perspective, and has therefore decided to nominate her as a candidate for an alternate Outside Corporate Auditor.		

Notes:

1. There are no special interests between Yukako Oshimi and the Company.
2. Yukako Oshimi is a candidate for substitute Outside Corporate Auditor.
3. Yukako Oshimi 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 Yukako Oshimi 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 Yukako Oshimi 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 Yukako Oshimi indicates her age as of the adjournment of this General Meeting of Shareholders.
7. Yukako Oshimi's name in the family register is Yukako Saito.
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 Yukako Oshimi 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 40 for "(Appendix 1) Requirements for Independence of Outside Officers."
9. The number of Company shares held by Kanae Fukushima is current as of March 31, 2024.

Business Report (April 1, 2023 to March 31, 2024)

1. State of current fiscal year

(1) Business progress and results

Net Sales	135.139 billion yen Up 3.1% YoY	Operating Profit	5.517 billion yen Down 12.8% YoY
Ordinary Profit	5.564 billion yen Down 17.5% YoY	Net Income	2.257 billion yen Down 28.8% YoY

Environment surrounding our Group and the changes that took place during FY2023 under review were as follows.

- In the Medical Outsourcing Business there was stable demand for medical administrative services generated by hospitals and other medical institutions. Additionally, supported by the government's workstyle reform for medical professionals that came into effect in April 2024, there was great demand for dispatched administrative staff for physicians to reduce the burden of administrative work on physicians.
- In the Elderly Care Business, demand for elderly care services steadily increased, driven by the aging of the population. The number of people in Japan that were 75 years of age or older in 2023 reached 20.05 million people, exceeding 20 million people for the first time, an increase of 0.72 million people compared to the previous year (source: Population Estimates, Ministry of Internal Affairs and Communication).
- COVID-19 was reclassified as a class five infectious disease on May 8, 2023. Society, the economy and the living environment are returning to the normal pre-COVID-19 situation, and this same trend was observed in the elderly care industry by users of the services. Meanwhile, the elderly care industry was partially affected by COVID-19. Due to the 9th wave of COVID-19 infections in the summer and the wave of infections concurrent with seasonal influenza in the winter, day service users were discouraged from using the services.
- The employment environment continues to improve, with the average effective job-to-applicant ratio in 2023 being 1.31 (seasonally adjusted), 0.03 percentage points higher than the previous year (source: Employment referrals for general workers, Ministry of Health, Labour and Welfare). On the other hand, the recruitment of timely and appropriate personnel in the medical administration, elderly care and childcare sectors remains a key issue for the industry as a whole, with the job-to-applicant ratio in the elderly care sector being more than three times higher than the ratio in other sectors.

Looking at our group's performance in this business environment, in FY2023 both sales and operating profit increased year on year. Net sales increased 3.1% year on

year to 135,139 million yen, mainly due to M&A activities in the Elderly Care Business in FY2022 and FY2023, thereby achieving sales growth for the 11th consecutive year. Operating profit decreased by 12.8% from the previous year to 5,517 million yen due to an increase in personnel expenses resulting from higher-than-usual compensation, start-up costs incurred from new contracts in the Medical Outsourcing Business, and an increase in corporate expenses. Ordinary profit decreased 17.5% from the previous year to 5,564 million yen. Regarding extraordinary profit/loss, in the Elderly Care Business, a gain on negative goodwill of 2,828 million yen was recorded due to the acquisition of Solasto Care Co.,Ltd. (former name: Mitsui Sumitomo Insurance Care Network Co.,Ltd) and Solasto Care Network Co., Ltd. (former name: Sogo Care Network Co., Ltd) as its subsidiaries in June 2023. However, the Company recorded impairment losses on the consolidation of offices and elderly care offices, business restructuring costs in the Smart Hospital Business and the Education Business and other costs related to reorganization within the Company. As a result, net income decreased by 28.8% year-on-year to 2,257 million yen.

Medical Outsourcing Business (Sales composition 52.1%)

- + Main areas of business (as of March 31, 2024)
- ▶ Outsourcing and staffing for medical administration services including reception, accounting, processing of medical billing, clinical information management, and management support services

Net Sales	70.464 billion yen Down 2.2% YoY	Operating Profit	8.204 billion yen Down 8.4% YoY
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In the Medical Outsourcing Business, the company worked to establish next-generation operations to significantly improve quality, sales and operational capabilities. Net sales in the Medical Outsourcing Business decreased by 2.2% from the previous year to 70,464 million yen. This was mainly due to COVID-19 related services decreasing JPY 5.2 billion from the previous year, because of the reclassification of COVID-19 as a class five infectious disease, despite favorable growth due to new contracts in the contracted service and worker dispatching services. Operating profit decreased 8.4% from the previous year to 8,204 million yen despite the increased profit due to the growth of sales of contracted services and worker dispatching services. This was mainly due to the decrease in profit from COVID-19 related services, increased personnel costs because of the improvement of compensation which was higher than usual, start-up costs related to new contracts, and an increase in sales supporting system-related costs due to initiatives to shift to next-generation operations.

Elderly Care Business (Sales composition 39.9%)

- + Main areas of business (as of March 31, 2024)
- ▶ Operating centers for day service, home help, group homes, care management planning, and nursing homes

Net Sales	53.895 billion yen Up 11.0% YoY	Operating Profit	2.777 billion yen Up 10.2% YoY
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In the Elderly Care Business, the number of elderly care offices increased by 61 from the end of FY2022 due to the acquisition of subsidiaries Solasto Care and Solasto Care Network in June 2023 and subsidiaries Kabushikigaisha Medical Life Care and POSSIBLE MEDICAL SCIENCE Kabushikigaisya in July 2023. Net sales increased 11.0% from the previous year to 53,895 million yen due to M&As activities in FY2022 and FY2023, the contributions of newly opened offices to the business's performance, and an improvement in the number of users of day care services, which had been stagnant due to the prolonged COVID-19 pandemic. Operating profit increased 10.2% from the previous year to 2,777 million yen due to a recovery from COVID-19 as seen in the increase in the number of users of elderly care services such as day care services, and the absence of the effect of accounting treatment related to the Wage Improvement Support Subsidy for elderly care and childcare workers in FY2022, despite the negative factors such as increased personnel costs following the improvement of compensation, the cost of due diligence and brokerage commissions incurred in M&A activities.

Children Business (Sales composition 7.5%)

- + Main areas of business (as of March 31, 2024)
- ▶ Operation of licensed child care facilities and certified child care facilities

Net Sales	10.174 billion yen Up 2.5% YoY	Operating Profit	0.546 billion yen Up 8.4% YoY
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In the Children Business, there was a decrease in sales mainly due to the absence of the five months of results from February to June 2022 recorded in the first quarter of FY2022 (due to the accounting treatment associated with a change in the fiscal year period) following the change in the fiscal year period of Cocoro Care Plan Corporation, which became a subsidiary of the Company in February 2022. On the other hand, net sales increased 2.5% year on year to 10,174 million yen, exceeding 10 billion yen for the first time, mainly due to higher unit prices resulting from the revision of official prices in 2023 and an increase in the number of children due to the opening of two new licensed centers in April 2023. Operating profit increased 8.4% from the previous year to 546 million yen due to an improvement in the utilization ratio resulting from an increase in the number of children in childcare centers, despite a decrease in profit due to the impact of the accounting treatment associated with the change in the fiscal year end.

Others, Corporate Expenses (Sales composition 0.4%)

- + Main areas of business (as of March 31, 2024)
- ▶ Education Business: Training services related to medical administrative work for medical corporations, school corporations, general corporations and individuals, training services related to nursing care, and skill certification testing services related to the above
- ▶ Smart Hospital Business: Provision of remote medical administrative services (agency services of medical administrative services such as remote receipt checks and online-based billing)

In the Education Business, net sales declined 22.1% from the previous year, mainly due to the completion of the temporary increase in the number of books sold following the revision of medical reimbursement in April 2022.

In the Smart Hospital Business, net sales increased 91.9% from the previous year due to an increase in the number of customers in the Remote Medical Administration Services. In terms of profit and loss, the business continued to post a loss as net sales failed to exceed fixed costs, but profitability has been steadily improving since the business restructuring in October 2023.

As a result, other sales increased 2.2% from the previous year to 604 million yen, and operating loss was 542 million yen.

Corporate expenses totaled 5,469 million yen due to an increase in depreciation related to IT-related investments and systems and recruiting expenses resulting from aggressive recruiting activities.

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

		FY2020	FY2021	FY2022	FY2023
Net sales	(millions of yen)	106,182	117,239	131,088	135,139
EBITDA	(millions of yen)	8,402	8,917	9,462	8,856
EBITDA margin	(%)	7.9	7.6	7.2	6.6
Operating profit	(millions of yen)	6,062	6,319	6,325	5,517
Operating profit margin	(%)	5.7	5.4	4.8	4.1
Ordinary profit	(millions of yen)	6,075	6,297	6,747	5,564
Net income	(millions of yen)	3,538	3,502	3,172	2,257
EPS	(yen)	37.51	37.08	33.53	24.11
Total asset	(millions of yen)	60,103	70,745	69,852	75,199
Total net asset	(millions of yen)	18,472	20,149	21,572	20,485
BPS	(yen)	195.51	212.96	227.83	222.07
ROE	(%)	20.1	18.1	15.2	10.7
Net cash provided by operating activities	(millions of yen)	6,728	5,519	9,012	7,858
Net cash used in investing activities	(millions of yen)	-3,816	-7,446	-2,171	-2,762
Net cash provided by (used in) financing activities	(millions of yen)	-5,721	3,201	-5,211	-1,837
Cash and cash equivalents, end of the year	(millions of yen)	8,953	10,228	11,857	15,115
Free cash flows	(millions of yen)	2,912	-1,927	6,840	5,096
DPS	(yen)	19.50	20.00	20.00	20.00
Dividend payout ratio	(%)	52.0	53.9	59.6	83.0

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) FY2024 consolidated earnings forecast

Net sales in FY2024 are expected to increase by 2.9% compared to FY2023 to 139,000 million yen, mainly due to new contracts for contracted services and worker dispatching services and sales from existing customers in the Medical Business, and the contributions of both the M&A activities carried out in FY2023 and day services and facility-based services following the COVID-19 pandemic to the performance of the Elderly Care Business. Operating profit is forecast to increase by 12.4% compared to FY2023 to 6,200 million yen, mainly due to improved profitability following structural reforms in the Smart Hospital Business and increased profits from increased sales in the Medical and the Elderly Care Businesses.

►Consolidated earnings forecast

(millions of yen)

	FY2023 (Reference value)	FY2024 (Forecast)	YoY
Net sales	135,139	139,000	+2.9%
EBITDA	8,856	9,550	+7.8%
Operating profit	5,517	6,200	+12.4%
Ordinary profit	5,564	6,050	+8.7%
Net income	2,257	2,500	+10.7%

In order to further accelerate the synergies between the Medical Outsourcing Business and the Education Business, the name of the reportable segment was changed from Medical Outsourcing Business to Medical Business in 2024, and the Education Business, which was previously included in Others, was included in the Medical Business reportable segment. In addition, in order to more appropriately assess the operating results of each business segment, the Corporate expenses item was eliminated and general and the administrative expenses not belonging to the reportable segments that were previously included in Corporate expenses have been included in the Medical Business, Elderly Care Business, Children Business and Others based on certain reasonable allocation criteria.

Net sales and operating profit by business segment in the table below are compared with the previous year using reference figures that reflect the FY2023 results and the segment changes in FY2024.

► Consolidated earnings forecast by segments

(millions of yen)

Segments	Net Sales			Operating Profit			EBITDA		
	FY2023 (Reference)	FY2024 (Forecast)	YoY	FY2023 (Reference)	FY2024 (Forecast)	YoY	FY2023 (Reference)	FY2024 (Forecast)	YoY
Medical Business	70,833	72,400	+2.2%	4,301	4,310	+0.2%	4,666	4,670	+0.1%
Elderly Care Business	53,895	56,100	+4.1%	1,482	1,750	+18.0%	3,957	4,250	+7.4%
Children Business	10,174	10,200	+0.3%	307	270	-12.3%	801	760	-5.2%
Others	236	300	+27.0%	-575	-130	—	-568	-130	—
Total	135,139	139,000	+2.9%	5,517	6,200	+12.4%	8,856	9,550	+7.8%

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.

Under this corporate philosophy, Solasto has identified important issues that it should address with particular priority through its business activities, as sustainability themes to continue growing together with society going forward.

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

Priority Initiatives in FY2024 and Suspension of Medium-term Business Plan 2025

The Group achieved increases in sales and profit for the tenth consecutive year in FY2022 and has been expanding its businesses mainly through the growth of the Medical Outsourcing Business and Elderly Care Business. And in May 2023, the Group announced its Medium-Term Management Plan 2025, which is based on a policy of establishing a pillar for sustainable growth through the differentiation of our core businesses and investment in innovation. Subsequently, in FY2023, while achieving an increase in sales for the eleventh straight years, the Group recorded a significant 12.8% year-on-year decrease in operating profit, mainly reflecting increased personnel costs due to a higher-than-usual wage increase, the posting of start-up costs due to new contracts in the Medical Outsourcing Business, and an increase in corporate expenses. Moreover, with respect to M&A in the Elderly Care Business, which has been positioned as one of the pillars of growth, the Group faced a range of issues, such as projects that it did not prove as profitable as expected and delays in the progress in PMI due to rapid business expansion. Consequently, the Group recorded an impairment loss, which resulted in a significant deviation in financial results for FY2023 from targets set out in the Medium-Term Management Plan 2025.

The Group will work on the following priority measures in FY2024, a year that it has positioned as a period in which it seeks to achieve a V-shaped recovery in operating profit, following the decline in the previous fiscal year, while simultaneously laying the foundations for driving sustainable growth.

In addition, within the current fiscal year the Group will review the numerical plans set out for the Medium-Term Management Plan 2025 and the 2030 Numerical Goals established in FY2017.

Priority Initiatives in FY2024

Changing the trajectory of strategy	New growth strategy	Developing new pillars
(Elderly Care Business) Carefully selected elderly care M&A actions and the opening of new facilities (Smart Hospital Business) Specializing in highly profitable services	(Medical Business) Shifting from medical outsourcing with a focus on public hospitals toward providing comprehensive solutions that combine various services including worker dispatching, recruitment, training and remote administration medical services Acceleration of service provision to clinics and private hospitals	(New) Leveraging Solasto's strengths to pursue coordination with partners and utilize M&A in areas with a high degree of synergy with existing businesses

3. Stock information (As of March 31, 2024)

(1) Number of shares authorized	339,000,000	Stocks
(2) Total shares issued	94,741,793	Stocks (including 2,531,133 treasury shares)
(3) Number of shareholders	10,645	
(4) Major shareholders (Top 10)		

Name	Number of shares held (stocks)	Holdings ratio (%)
Daito Trust Construction Co., Ltd.	31,805,100	34.49
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,805,600	9.55
Custody Bank of Japan, Ltd. (Trust Account)	5,482,300	5.95
TOHO HOLDINGS CO., LTD.	4,709,500	5.11
JP MORGAN CHASE BANK 385174	3,412,500	3.70
INFOCOM CORPORATION	2,545,200	2.76
GOVERNMENT OF NORWAY	2,150,094	2.33
Solasto Employee Shareholding Association	2,110,012	2.29
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS	1,516,900	1.65
Custody account (for Junichi Arai) Custodian SMBC Trust Bank Ltd.	1,200,600	1.30

Note: The Company, which holds 2,531,133 shares of treasury stock, is excluded from the above list of major shareholders. Holdings ratio excludes treasury stock.

(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)	56,085	3

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 2,000 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)	20	2,000	1,393 yen	Non- compensated	From October 16, 2020 to October 15, 2025	Directors	1

Notes:

1. The above share warrants held by 1 Director 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, 2024)

Position	Name	Responsibility in the Company and significant concurrent positions outside the Company
President and Representative Director	Yoshikazu Fujikawa	Chief Executive Officer
Vice President and Representative Director	Toru Noda	Professor of MBA Program in International Business, Humanities and Social Sciences, Graduate School of Business Sciences at University of Tsukuba (incumbent)
Director	Keiichi Harada	Senior Managing Corporate Officer, Chief Financial Officer, General Manager of Management Division
Director	Yukio Kubota	Outside Director of KOEI DREAMWORKS Co.Ltd.
Director	Kenji Chishiki	Outside Director of Ishii Food CO., Ltd. Director and Vice President of ONWARD HOLDINGS CO., LTD
Director	Miki Mitsunari	President of FINEV inc. Director of Japan Accreditation Board Outside Director of YAMADA HOLDINGS CO., LTD. Outside Director of YUASA TRADING CO., LTD.
Director	Kanitsu Uchida	Senior Executive Officer, In charge of New Core Business Headquarter 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 Toru Noda position has been changed to Vice President and Representative Director as of October 1, 2023.
 - (ii) Keiichi Harada was elected at the 55th Ordinary General Meeting of Shareholders held on June 27, 2023 and became a Director.
 - (iii) Director Kenji Chishiki retired from the position of Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. on November 24, 2023.
 - (iv) Director Miki Mitsunari was appointed as Outside Director of YUASA TRADING CO., LTD. on June 23, 2023.
 - (v) Director Kanitsu Uchida retired from the position of Director of Daito Trust Construction Co., Ltd. on June 27, 2023.
6. Changes in Director positions, responsibilities, and significant concurrent position after the end of current fiscal year are as follows.
 - (i) President and Representative Director Yoshikazu Fujikawa position has been changed to Director as of April 1, 2024.

- (ii) Vice President and Representative Director Toru Noda position has been changed to President and Representative Director, Chief Executive Officer as of April 1, 2024.
 - (iii) Director Keiichi Harada retired from the position of Senior Managing Corporate Officer, Chief Financial Officer, General Manager of Management Division as of April 1, 2024.
 - (iv) Director Kanitsu Uchida retired from the position of Senior Executive Officer, In charge of New Core Business Headquarter at Daito Trust Construction Co., Ltd. And Director of Care Partner Co., Ltd. on April 1, 2024. and was appointed as Corporate Auditors of Daito Construction Co., Ltd. on April 1, 2024.
7. We designated Outside Directors Kenji Chishiki 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, 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 Company had concluded the agreement with Mr. Noda. However, the agreement has been terminated due to the change in his position from Outside Director to Vice President and Representative Director on October 23, 2023. 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 Outside Directors, Kenji Chishiki 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, Vice 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	
Directors (out of Outside Directors)	166 (31)	122 (31)	24 (-)	19 (-)	9 (4)
Corporate Auditors (out of Outside Corporate Auditors)	29 (14)	29 (14)	- (-)	- (-)	3 (2)
Total (out of Outside Directors and Outside Corporate Auditors)	196 (46)	152 (46)	24 (-)	19 (-)	12 (6)

Note:

- Directors receiving compensation includes the three Outside Directors resigned at the adjournment of the 55th Ordinary General Meeting of Shareholders held on June 27, 2023. The number of paid personnel excludes one uncompensated Outside Director.
- Performance-linked remuneration is included in bonuses, and performance indicators and the calculation method and payment rates thereof are described in "(i) Policy for determining the individual remuneration of Directors, b. Policy on performance-linked remuneration, etc." The reason for choosing the said performance indicators is that they are directly linked to the Company's goal of achieving the 2030 Numerical Goals. Performance indicators-related results are described 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. Performance-linked remuneration includes individual assessment (qualitative assessment) based that evaluates each individual's efforts to achieve performance targets.
- 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.
- 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 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. ,Outside Director of YUASA TRADING CO., LTD. There is no specific relationship between the Company and organizations where Ms. Mitsunari holds a position.
Director	Kanitsu Uchida	Senior Executive Officer, In charge of New Core Business Headquarter at Daito Trust Construction Co., Ltd., a shareholder retaining a total 34.49% 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.

Note: Mr. Noda changed his position from Outside Director to Vice President and Representative Director on October 1, 2023.

(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% 14/14	-	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% 14/14	-	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 has served 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.

Note: Mr. Noda changed his position from Outside Director to Vice President and Representative Director on October 1, 2023.

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>

(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	82 million yen
Total amount of fees and other asset-based income to be paid by the Company and subsidiaries to the accounting auditor.	82 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 FY2023

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 10, 2024. 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 83.0%.

-Dividends for FY2024

For FY2024 dividends, our plan is to continue the annual dividend of 20.0 yen per share, representing a consolidated dividend payout ratio of 74.9%.

6. Consolidated Financial statements

(1) Consolidated income statement

(Yen 1M)					
Consolidated Financial Highlights	FY2020	FY2021	FY2022	FY2023	FY2024 Forecast
Consolidated income statement					
Net sales	106,182	117,239	131,088	135,139	139,000
Medical outsourcing business	60,926	66,042	72,029	70,464	72,400
Elderly care business	42,303	47,602	48,536	53,895	56,100
Children business*1	2,427	3,078	9,930	10,174	10,200
Others*2	524	516	591	604	300
Cost of sales	87,321	96,775	109,335	113,205	-
Gross profit	18,860	20,464	21,752	21,934	-
Selling, general and administrative expenses	12,798	14,144	15,426	16,416	-
Personal expenses	5,769	6,237	6,552	6,832	-
Amortization of goodwill	1,286	1,400	1,733	1,823	-
Hiring expenses	538	551	607	701	-
Tax and dues	1,060	1,141	1,448	1,565	-
Rent expenses	847	877	890	749	-
Others	3,295	3,936	4,193	4,744	-
Operating profit	6,062	6,319	6,325	5,517	6,200
Medical outsourcing business	7,720	8,450	8,960	8,204	4,310
Elderly care business	2,033	2,575	2,521	2,777	1,750
Children business	255	222	504	546	270
Others	44	(352)	(607)	(542)	(130)
Corporate expenses*3	(3,990)	(4,575)	(5,053)	(5,469)	-
Non-operating income	366	396	953	579	-
Interest income	16	16	15	15	-
Dividend income	3	5	0	2	-
Insurance claim income	91	100	46	16	-
Subsidy income	217	165	803	408	-
Others	37	108	87	136	-
Non-operating expenses	353	419	532	532	-
Interest expenses	215	237	272	288	-
Commission expenses	0	0	50	18	-
Compensation for damage	69	108	43	18	-
Others	68	72	166	207	-
Ordinary profit	6,075	6,297	6,747	5,564	6,050
Extraordinary income	94	401	297	2,828	-
Subsidy income	93	195	297	-	-
Gain on sale of non-current assets	1	3	-	-	-
Gain on sales of investment securities	-	202	-	-	-
Gain on negative goodwill	-	-	-	2,828	-
Others	-	-	-	-	-
Extraordinary losses	816	1,057	1,626	4,251	-
Loss on tax purpose reduction entry of non-current assets	93	195	297	-	-
Impairment losses	643	813	664	3,015	-
Compensation for damage	-	-	44	-	-
Provision for loss on compensation for damage	-	-	505	-	-
Payment related to the employment of persons with disabilities	-	-	-	181	-
Relocation related expenses	-	-	-	216	-
Business restructuring expenses	-	36	-	197	-
Others	79	11	115	640	-
Profit before income taxes	5,354	5,641	5,418	4,141	-
Total income taxes	1,815	2,138	2,245	1,884	-
Net income	3,538	3,502	3,172	2,257	2,500

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

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

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

(2) Consolidated balance sheet

	(Yen 1M)				
Consolidated balance sheet*	FY2020	FY2021	FY2022	FY2023	FY2024 Forecast
Current assets	24,196	27,918	28,164		0
Cash and deposits	8,973	10,340	11,957		0
Accounts receivable - trade	13,876	15,729	13,850		0
Inventory	45	27	83		0
Others	1,301	1,821	2,273		0
Non-current assets	35,906	42,826	41,688		0
Property, plant and equipment	12,083	14,902	14,711		0
Buildings and structures-net	7,459	9,224	9,228		0
Land	1,512	2,677	2,695		0
Others	3,111	3,001	2,787		0
Intangible assets	15,711	19,539	17,897		0
Goodwill	14,721	18,283	16,656		0
Others	990	1,255	1,241		0
Investments and other assets	8,111	8,384	9,079		0
Total assets	60,103	70,745	69,852		0
Current liabilities	20,580	25,905	20,382		0
Short-term borrowings	2,000	5,177	500		0
Current portion of long-term borrowings	3,545	4,260	3,682		0
Accounts payable-other	7,523	8,923	9,198		0
Others	7,511	7,544	7,000		0
Non-current liabilities	21,050	24,689	27,897		0
Long-term borrowings	12,854	15,619	18,275		0
Lease liabilities	3,346	3,592	3,429		0
Retirement benefit liability	1,627	1,765	1,848		0
Others	3,222	3,712	4,344		0
Total liabilities	41,631	50,595	48,280		0
Shareholders' equity	18,454	20,139	21,476		0
Share capital	595.00	630.00	658.00		0.00
Capital surplus	5,494.00	5,530.00	5,557.00		0.00
Retained earnings	12,365	13,979	15,259		0
Treasury stock	(0)	(0)	(0)		0
Accumulated other comprehensive income	9	1	88		0
Share acquisition rights	8	7	8		0
Total net assets	18,472	20,149	21,572		0
Total liabilities and net assets	60,103	70,745	69,852		0

*As of the end of March each fiscal year

(3) Consolidated statements of cash flows

(Yen 1M)

Consolidated statements of cash flows	FY2020	FY2021	FY2022	FY2023	FY2024 Forecast
Profit before income taxes	5,354	5,641	5,418		0
Depreciation	1,052	1,197	1,402		0
Amortization of goodwill	1,286	1,400	1,733		0
Impairment losses	643	813	664		0
Increase (decrease) in provision for bonuses	462	(188)	(197)		0
Increase (decrease) in retirement benefit liability	132	104	163		0
Interest expenses	215	237	272		0
Gain on negative goodwill	-	-	-		0
Decrease (increase) in trade receivables	(661)	(1,284)	1,944		0
Decrease (increase) in prepaid expenses	3	(169)	(28)		0
Increase (decrease) in accounts payable - other	416	901	86		0
Increase (decrease) in accrued consumption taxes	261	(285)	(216)		0
Increase (decrease) in deposits received	99	(47)	(179)		0
Loss (gain) on sale of property, plant and equipment	(1)	(3)	0		0
Others	(105)	(789)	399		0
Subtotal	9,160	7,527	11,464		0
Interest and dividends received	20	32	15		0
Interest paid	(213)	(238)	(284)		0
Income taxes paid	(2,544)	(2,106)	(2,189)		0
Others	305	304	6		0
Cash flows from operating activities	6,728	5,519	9,012		0
Purchase of property, plant and equipment	(532)	(271)	(1,032)		0
Proceeds from sale of property, plant and equipment	1	9	22		0
Purchase of intangible assets	(418)	(527)	(292)		0
Purchase of investment securities	(105)	-	(403)		0
Proceeds from sale of investment securities	-	294	0		0
Payments of leasehold and guarantee deposits	(83)	(27)	(234)		0
Proceeds from refund of leasehold and guarantee deposits	29	14	31		0
Payments for acquisition of businesses	(1,499)	(474)	(193)		0
Purchase of shares of subsidiaries	(1,801)	(6,677)	-		0
Proceeds from purchase of shares of subsidiaries	-	-	21		0
Others	593	212	(91)		0
Cash flows from investing activities	(3,816)	(7,446)	(2,171)		0
Increase (decrease) in short-term borrowings	(2,514)	2,986	(4,712)		0
Proceeds from long-term borrowings	3,000	7,000	7,500		0
Repayments of long-term borrowings	(4,172)	(4,745)	(5,762)		0
Redemption of bonds	(71)	-	(97)		0
Proceeds from issuance of shares	20	16	-		0
Purchases of treasury stock	(0)	-	-		0
Dividends paid	(1,840)	(1,888)	(1,891)		0
Repayments of finance lease liabilities	(134)	(154)	(191)		0
Others	(9)	(13)	(55)		0
Cash flows from financing activities	(5,721)	3,201	(5,211)		0
Net increase (decrease) in cash and cash equivalents	(2,808)	1,274	1,628		0
Cash and cash equivalents at beginning of period	11,762	8,953	10,228		0
Cash and cash equivalents at end of period	8,953	10,228	11,857		0
Free cash flows	2,912	(1,927)	6,840		0

(Appendix 1)

Requirements for Independence of Outside Officers

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

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

(Notes)

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

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

(Appendix 2)

Structure of the Board of Directors and the Board of Corporate Auditors after the resolution of Proposal 2&3

The structure of the Board of Directors and the Board of Corporate Auditors if Proposals 2 and 3 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	Organizational Management	Marketing/ Innovation	DX/ICT	Financial and Accounting/ M&A	Human Resources/ Human Resource Development	Risk Management/ Sustainability
Toru Noda	<input type="checkbox"/>	<input type="checkbox"/>	●	●	●	●	●		
Masateru Kawanishi		<input type="checkbox"/>		●	●	●		●	●
Yukio Kubota	■	<input type="checkbox"/>	●	●	●	●			
Kenji Chishiki	<input type="checkbox"/>	<input type="checkbox"/>	●	●	●			●	
Miki Mitsunari	<input type="checkbox"/>	<input type="checkbox"/>			●	●			●
Miho Tanaka	<input type="checkbox"/>	■		●			●		●
Masami Nishino		<input type="checkbox"/>		●					●
Hironori Yokote		<input type="checkbox"/>					●		●
Kanae Fukushima		<input type="checkbox"/>							●
Tsukasa Okamoto				●			●		●

(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.
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.
Marketing/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 the knowledge to create customers and markets with new ideas that are different from the conventional ones.
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.
Risk Management/Sustainability:	We are responsible for businesses with a high public profile, thus consider "grow together with society" to be particularly important, and need knowledge to risk management and sustainability in light of laws and compliance.