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Securities identification code: 6197

June 9, 2025

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To our shareholders:

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

NOTICE OF THE 57TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Solasto Corporation (the “Company”) will hold its 57th 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 24, 2025 (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 25, 2025 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 57th Term (from April 1, 2024 to March 31, 2025), and Audit Reports for the Consolidated Financial Statements by Accounting Auditor and the Board of Corporate Auditors 2. Non-Consolidated Financial Statements for the 57th Term (from April 1, 2024 to March 31, 2025) Items to be resolved: Proposal 1: Election of Five (5) Directors Proposal 2: 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/en/ir/stock/general/>

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

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Five (5) Directors

The terms of office of all six (6) incumbent Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following five (5) Directors, including three (3) 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 FY2024
1	Toru Noda Reelection	Male Age 64 4 years	President and Representative Director, Chief Executive Officer	100% 14/14
2	Kazuhiro Mashihara New election	Male Age 59 —	Senior Managing Corporate Officer, Chief Information Officer and General Manager of IT Strategy Division	—
3	Kenji Chishiki Reelection Outside Director Independent Officer	Male Age 62 4 years	Outside Director	100% 14/14
4	Miki Mitsunari Reelection Outside Director Independent Officer	Female Age 53 3 years	Outside Director	100% 14/14
5	Miho Tanaka Reelection Outside Director Independent Officer	Female Age 50 1 years	Outside Director	100% 14/14*

*Includes four (4) Board of Directors' meetings attended during her tenure as Corporate Auditor.

Candidate No. 1	Toru Noda (Date of birth: September 16, 1960) (Age 64)	Number of the Company's shares owned 69,214 shares
Reelection Male	Career summary, position and responsibility in the Company Apr. 1984 Joined Mitsubishi Corporation Jul. 2003 Chairman, President & CEO of Berlitz International, Inc. (currently: Berlitz Corporation) Jul. 2007 Executive vice president & COO of Seiyu Corporation Feb. 2010 Representative partner & CEO of Seiyu G.K. (currently: Seiyu Co., Ltd.) Representative partner & CEO of Walmart Japan Holdings G.K. (currently: Seiyu Holdings Co., Ltd.) Aug. 2012 President and Representative Director of ALC PRESS INC. May 2016 Executive Officer of TAIYO SYSTEM TECHNOLOGY Co., Ltd. (currently: DIGITAL VORN CO., LTD.) Sep. 2016 Executive Vice President Jun. 2018 Chairman (Outside Director) of Softfront Holdings, Inc. Jan. 2019 Director of Taiyo System Technology Co., Ltd. Feb. 2019 Chairman and Representative Director of Softfront Holdings, Inc. Apr. 2019 President & CEO Dec. 2019 President of Softfront Marketing Nov. 2020 Professor of MBA Program in International Business, Humanities and Social Sciences, Graduate School of Business Sciences at University of Tsukuba (incumbent) Jun. 2021 Outside Director of the Company Jun. 2021 Director of Softfront Holdings, Inc. Oct. 2023 Vice President and Representative Director of the Company Apr. 2024 President and Representative Director, Chief Executive Officer, and General Manager of Management Division Apr. 2025 President and Representative Director, Chief Executive Officer (incumbent)	
	Significant concurrent positions outside the Company Professor of MBA Program in International Business, Humanities and Social Sciences, Graduate School of Business Sciences at University of Tsukuba	
	Reasons for nomination as a candidate for Outside Director and expected roles 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.	
	Number of years as Outside Director:	4 years
	Attendance at Board of Directors' Meetings:	14/14

Candidate No. 2	Kazuhiro Mashihara (Date of birth: April 7, 1966) (Age 59)	Number of the Company's shares owned 36,783 shares
New election Male	Career summary, position and responsibility in the Company	
	Apr. 1991	Joined Toshiba Information Systems (Japan) Corporation
	Dec. 1994	Joined Grand Prix Co., Ltd. (currently: Yamaguchi Yellow Hat Ltd.)
	Apr. 1998	Joined Yellow Hat Ltd.
	Jul. 2005	Joined NITORI Co., Ltd. (currently: Nitori Holdings Co., Ltd.)
	Mar. 2013	Manager of Corporate Planning Promotion Office
	Aug. 2017	Corporate Officer and Deputy General Manager of Corporate Planning Division of the Company
	Apr. 2019	Managing Corporate Officer and General Manager of Corporate Planning Division
	Oct. 2020	Managing Corporate Officer, Chief Information Officer, General Manager of System Management Division
	Apr. 2023	Senior Managing Corporate Officer, Chief Information Officer, General Manager of System Management Division
Apr. 2024	Senior Managing Corporate Officer, Chief Information Officer, General Manager of IT Strategy Division (incumbent)	
Reasons for nomination as a candidate for Director		
Since joining the Company, Mr. Mashihara has leveraged his extensive experience and expertise in DX/ICT and corporate planning to lead company-wide DX initiatives, with a focus on driving growth investments and integrating people with technology. He currently serves as Chief Information Officer, responsible for building the Company's system infrastructure and driving 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.		
Number of years as Director: —		
Attendance at Board of Directors' Meetings: —		

Candidate No. 3	Kenji Chishiki (Date of birth: January 27, 1963) (Age 62)	Number of the Company's shares owned 0 shares
Reelection Male Candidate for Outside Director Independent Officer	Career summary, position and responsibility in the Company Apr. 1985 Joined Kanebo Ltd. Apr. 1998 Representative Director of LISSAGE LTD. May 2004 Director, President and Representative Executive Officer, COO of Kanebo Cosmetics Inc. Jan. 2006 Representative Director, President and Executive Officer Jun. 2010 President and Representative Director of TAKE AND GIVE. NEEDS Co., Ltd. Aug. 2015 President and Representative Director of Nihon Kotsu Co., Ltd. Nov. 2018 Outside Director of SHIFT Inc. Nov. 2019 Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. Jun. 2020 Outside Director of Ishii Food CO., Ltd. (incumbent) May 2021 Outside Director of ONWARD HOLDINGS CO., LTD Jun. 2021 Outside Director of the Company (incumbent) May 2022 Director and Vice President of ONWARD HOLDINGS CO., LTD Significant concurrent positions outside the Company Outside Director of Ishii Food CO., Ltd. 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.	
	Number of years as Outside Director:	4 years
	Attendance at Board of Directors' Meetings:	14/14

Candidate No. 4	Miki Mitsunari (Date of birth: February 29, 1972) (Age 53)	Number of the Company's shares owned 2,787 shares
Reelection Female Candidate for Outside Director Independent Officer	Career summary, position and responsibility in the Company Apr. 1994 Joined TOKYU LAND CORPORATION Feb. 2001 Joined Fuji Sogo Research Institute (currently, Mizuho Research & Technologies, Ltd.) Sep. 2011 Established FINEV inc. and became the President (incumbent) Mar. 2020 Outside Director of Funai Soken Holdings Inc. Jun. 2020 Director of Japan Accreditation Board (incumbent) Jun. 2020 Outside Director of YAMADA HOLDINGS CO., LTD. (incumbent) Jun. 2022 Outside Director of the Company (incumbent) Jun. 2023 Outside Director of YUASA TRADING CO., LTD. (incumbent) Significant concurrent positions outside the Company President of FINEV inc. Director of Japan Accreditation Board Outside Director of YAMADA HOLDINGS CO., LTD. Outside Director of YUASA TRADING CO., LTD. Reasons for nomination as a candidate for Outside Director and expected roles 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 Chairperson of the Nomination, Evaluation, and Compensation Committee and as a member of 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.	
	Number of years as Outside Director:	3 year
	Attendance at Board of Directors' Meetings:	14/14

Candidate No. 5	Miho Tanaka (Date of birth: December 1 1974) (Age 50)	Number of the Company's shares owned 122 shares
New election Female	Career summary, position and responsibility in the Company	
	Oct. 2004	Registered with the Daini Tokyo Bar Association Joined Asahi Koma Law Offices (currently: Nishimura & Asahi)
Candidate for Outside Director	Feb. 2007	Joined TMI Associates
	May 2011	Graduated from The University of Michigan (US), Law School (LL.M.)
	Jun. 2015	Resigned from TMI Associates
Independent Officer	Jul. 2015	Partner of Shiba Management Legal Office (name changed to the Shiba & Tanaka Law Offices in 2018) (incumbent)
	Feb. 2016	Supervisory Director of Marimo Regional Revitalization REIT, Inc. (incumbent)
	Sep. 2016	Supervisory Director of JINUSHI Private REIT Investment Corporation (incumbent)
	Jun. 2020	Outside Corporate Auditor of the Company
	Jun. 2021	Outside Director of Tokyo Century Corporation. (Incumbent)
	Jun. 2021	Outside Corporate Auditor of Pacific Porter, inc
	Jun. 2024	Outside Director of the Company (incumbent)
	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.	
	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.	
	Number of years as Outside Director:	1 year
	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. Kenji Chishiki, Miki Mitsunari and Miho Tanaka are candidates for Outside Directors.
3. Miho 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 Kenji Chishiki, Miki Mitsunari and Miho Tanaka in accordance with Companies Act Article 427, paragraph 1 and its Article of Incorporation limiting the liability outlined in Companies Act Article 423, paragraph 1. The maximum liability set forth in these agreements is the minimum liability amount mandated by law. Furthermore, if these candidates for 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. Miho Tanaka's name in the family register is Miho Takahashi.
8. The Company has set its own Requirements for Independence of Outside Officers using provisions outlined by the Tokyo Stock Exchange as a reference. The Company believes that 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 the Company Website.
<https://www.solasto.co.jp/en/company/sustainability/governance/>
9. 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, 2025. In addition, the number of the Company's shares held by each candidate for Director includes their equity interest in the Officers' Shareholding Association.
10. 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 2024 (April 1, 2024 – March 31, 2025) (total of 14 meetings held).
11. The expertise and experience of each director candidate is described in "(Appendix) Structure of the Board of Directors and the Board of Corporate Auditors after the resolution of Proposal 1&2".

Proposal 2: 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 48)	Number of the Company's shares owned 0 shares
Female Candidate for substitute Corporate Auditor Independent Officer	Career summary		
	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.	
	Mar. 2019	Outside Corporate Auditor of FUJI SOFT INCORPORATED	
	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		
	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.
12. 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 for the Company Website.
<https://www.solasto.co.jp/en/company/sustainability/governance/>
8. The number of Company shares held by Yukako Oshimi is current as of March 31, 2025.

Business Report (April 1, 2024 to March 31, 2025)

1. State of current fiscal year

(1) Business progress and results

Net Sales	137.435 billion yen Up 1.7% YoY	Operating Profit	7.017 billion yen Up 27.2% YoY
Ordinary Profit	6.726 billion yen Up 20.9% YoY	Net Income	3.960 billion yen Up 75.4% YoY

Environment surrounding our Group and the changes that took place during FY2024 under review were as follows.

- In the Medical Business, there was stable demand for medical administrative services generated by hospitals and other medical institutions.
- In the Elderly Care Business, nursing care fees were revised in June 2024, resulting in a 0.98% increase for nursing care staff treatment and a 1.59% increase overall.
- Despite the COVID-19 pandemic, society, the economy and the living environment are gradually returning to normal, and the use of services for the Elderly Care Business is trending toward a recovery.
- Regarding the employment environment, the average effective job-to-applicant ratio in 2024 was 1.25 (seasonally adjusted), marking a reversal from the recovery trend that had been observed since 2022 and 0.06 percentage points decrease from the previous year (source: Ministry of Health, Labor and Welfare's Employment referrals for general workers). The timely and appropriate recruitment of 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 four times higher than the ratio in other sectors.

In the current business environment, looking at our group's performance in FY2024, net sales increased 1.7% year on year to 137,435 million yen thanks to the strong performance of the Medical Business, the Elderly Care Business and the Children Business. Operating profit increased 27.2.% year on year to 7,017 million yen due to the effects of the recovery from the COVID-19 pandemic in the Elderly Care Business, a decrease in amortization expenses following the impairment loss recorded in the previous fiscal year, and improved profitability resulting from structural reforms in the Smart Hospital Business. Ordinary profit increased 20.9% year on year to 6,726 million yen. Net income attributable to owners of parent increased 75.4% year on year to 3,960 million yen.

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.

Medical Outsourcing Business (Sales composition 51.6%)

- + Main areas of business (as of March 31, 2025)
 - ▶ Outsourcing and staffing for medical administration services including reception, accounting, processing of medical billing, clinical information management, management support services, and skill certification testing services and training services related to the above

Net Sales	70.981 billion yen Up 0.2% YoY	Operating Profit	4.418 billion yen Up 2.7% YoY
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Net sales increased by 0.2% year on year to 70,981 million yen, due to the contributions of new orders for contracted services received during the previous fiscal year and the effect of price revisions, despite a decrease of approximately 1,340 million yen in sales due to the end of COVID-19 related services. Operating profit increased by 2.7% year on year to 4,418 million yen, due to the increase in income from the increase in sales of contracted service, the reduction of the higher-than-expected new start-up costs recorded in the previous year due to stabilization of operations, and the decrease in selling, general and administrative expenses due to the improvement in productivity from the transition of next-generation operations that was carried out in the previous year exceeded the negative impact of the decrease in income from COVID-19 related services.

Elderly Care Business (Sales composition 40.3%)

- + Main areas of business (as of March 31, 2025)
- ▶ Operating centers for day service, home help, group homes, care management planning, and nursing homes

Net Sales	55.337 billion yen Up 2.7% YoY	Operating Profit	2.218 billion yen Up 49.6% YoY
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Net sales increased by 2.7% year on year to 55,337 million yen due to the continued recovery following the COVID-19 pandemic, as well as the contributions of a total of four companies that became subsidiaries in FY2023, including Possible Medical Science Corporation and Solasto Care Corporation, and newly opened business centers. Operating profit increased by 49.6% year on year to 2,218 million yen, a significant increase due to the increase in sales, efficiency improvements including the consolidation and closing of elderly care centers and the impact of lower depreciation expenses following the recording of impairment losses in the previous fiscal year.

Children Business (Sales composition 7.9%)

- + Main areas of business (as of March 31, 2025)
- ▶ Operation of licensed child care facilities and certified child care facilities

Net Sales	10.836 billion yen Up 6.5% YoY	Operating Profit	0.401 billion yen Up 30.4% YoY
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Net sales increased by 6.5% year on year to 10,836 million yen, mainly due to an increase in the number of children attending the company's child-care centers. Operating profit significantly increased by 30.4% year on year to 401 million yen, mainly due to an increase in sales and a decrease in recruiting expenses due to improved employee retention.

Others, Corporate Expenses (Sales composition 0.2%)

+ Main areas of business (as of March 31, 2025)

- ▶ 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 Smart Hospital Business, net sales increased by 24.8% year on year thanks to the steady acquisition of new customers. In terms of profit and loss, profitability has improved significantly since the reform of the structure of the business in October 2023, as the Company achieved profitability in both the third and fourth quarters of the current fiscal year.

As a result of the above, net sales in Others category increased by 18.4% year on year to 279 million yen, with an operating loss of 20 million yen.

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

		FY2021	FY2022	FY2023	FY2024
Net sales	(millions of yen)	117,239	131,088	135,139	137,435
EBITDA	(millions of yen)	8,917	9,462	8,856	10,127
EBITDA margin	(%)	7.6	7.2	6.6	7.4
Operating profit	(millions of yen)	6,319	6,325	5,517	7,017
Operating profit margin	(%)	5.4	4.8	4.1	5.1
Ordinary profit	(millions of yen)	6,297	6,747	5,564	6,726
Net income	(millions of yen)	3,502	3,172	2,257	3,960
EPS	(yen)	37.08	33.53	24.11	42.94
Total asset	(millions of yen)	70,745	69,852	75,199	70,097
Total net asset	(millions of yen)	20,149	21,572	20,485	22,684
BPS	(yen)	212.96	227.83	222.07	245.81
ROE	(%)	18.1	15.2	10.7	18.4
Net cash provided by operating activities	(millions of yen)	5,519	9,012	7,858	5,877
Net cash used in investing activities	(millions of yen)	-7,446	-2,171	-2,762	347
Net cash provided by (used in) financing activities	(millions of yen)	3,201	-5,211	-1,837	-7,335
Cash and cash equivalents, end of the year	(millions of yen)	10,228	11,857	15,115	14,004
Free cash flows	(millions of yen)	-1,927	6,840	5,096	6,224
DPS	(yen)	20.00	20.00	20.00	20.00
Dividend payout ratio	(%)	53.9	59.6	83.0	46.6

Notes:

1. EBITDA = Operating profit + Depreciation costs + Amortization of goodwill
2. EPS is calculated based on the average total number of shares issued for the period, excluding treasury shares.
BPS is calculated based on the total number of shares issued for the end of period, excluding treasury shares.
3. Free cash flows = Net cash provided by operating activities – Net cash used in investing activities

(Reference) FY2025 consolidated earnings forecast

Consolidated net sales are forecast to be 139,450 million yen, up 1.5% from the previous year, mainly due to the effect of price revisions in the Medical Business and improvements in service operating rates and occupancy rates in the Elderly Care Business. Operating profit is expected to decrease 14.5% year-on-year to 6,000 million yen, due to the implementation of the largest-ever compensation improvement in the Medical Business (+2.1 billion yen year-on-year) and the impact of a one-time new IT investment, despite the expected increase in sales.

►Consolidated earnings forecast

(millions of yen)

	FY2024 (Actual)	FY2025 (Forecast)	YoY
Net sales	137,435	139,450	+1.5%
EBITDA	10,127	9,000	-11.1%
Operating profit	7,017	6,000	-14.5%
Ordinary profit	6,726	5,800	-13.8%
Net income	3,960	3,400	-14.2%

In addition, the "Smart Hospital Business," which was previously included in the "Other" category, is included in the "Medical Business" segment of the reportable segment. The figures for net sales and operating income by business segment in the table below are year-on-year comparisons using reference figures that reflect the segment changes in FY2025 based on the results for FY2024.

►Consolidated earnings forecast by segments

(millions of yen)

Segments	Net Sales			EBITDA			Operating Profit		
	FY2024 (Reference)	FY2025 (Forecast)	YoY	FY2024 (Reference)	FY2025 (Forecast)	YoY	FY2024 (Reference)	FY2025 (Forecast)	YoY
Medical Business	71,214	72,210	+1.4%	4,765	3,880	-18.6%	4,388	3,540	-19.3%
Elderly Care Business	55,337	56,260	+1.7%	4,456	4,300	-3.5%	2,218	2,140	-3.5%
Children Business	10,836	10,950	+1.1%	895	810	-9.6%	401	310	-22.7%
Others	46	30	-35.9%	9	10	+11.0%	9	10	+11.0%
Total	137,435	139,450	+1.5%	10,127	9,000	-11.1%	7,017	6,000	-14.5%

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

The Group announced its “Medium-term Business Plan FY2025-2029” on May 12, 2025. To realize our corporate philosophy, we aim to establish a corporate organization that achieves long-term, sustainable growth through responses to changes in the business environment and human resource development, while also having the ability to adapt, over the next five years outlined in this Medium-term Business Plan.

Medium-term Business Plan 2025-2029

Aim: Achieving sustainable growth by responding to changes in the business environment and enabling the development of human resources.

(1) Quantitative targets and shareholder return policy

Ensure shareholder return by pursuing quantitative targets and the shareholder return policy

(2) Promptly respond to changes in the external environment to establish a company with a long, sustainable future

In order to respond to changes in the external environment, including the decrease of the working-age population, the continued rise of prices and wages, and changes to regulations, we will strive to increase wages and improve productivity using technology to establish a company with a long and sustainable future

(3) Improve and upgrade services capable of responding to changes in the business environment

Identify the changing needs of customers accurately to enhance the value of the services provided

(4) Build a sound financial foundation by maintaining discipline

Invest actively but prioritize discipline when making decisions to build a sound financial foundation

(5) Facilitate human resource development to have a diverse, knowledgeable and competent workforce

Improve the quality of services through human resource development activities while also embracing the diversity of human resources

►**Priority Strategies:**

Combine enhanced human capital management and technology to prepare ourselves for the decrease in the population.

Medical Business

- Develop a next-generation outsourcing business
- Upgrade the solution business
- Reinforce human resource development to facilitate the improvement of quality
- Optimize prices and actively improve compensation

Elderly Care Business

- Improve profitability with elderly care BPR
- Improve utilization and occupancy rates
- Implement carefully selected M&A activities

Children Business

- Improve the quality of childcare and implement a differentiation strategy
- Take measures to improve the retention rate and productivity

Companywide Measures

- Invest in new IT systems, including new next-generation IT infrastructure
- Enhance ESG Initiatives
- Build a sound financial foundation
- Actively invest in business

►**Quantitative targets and Shareholder Return Policy:**

	FY2024 Actual	FY2029 Target	CAGR (FY2024→FY2029)
Net Sales	¥137.4B	¥175.5B	+5.0%
EBITDA	¥10.1B	¥15.0B	+8.2%
Operating Profit	¥7.0B	¥10.0B	+7.3%
ROE	18.4%	20%	—
ROIC	10.3%	15%	—
Payout Ratio	46.6%	50% or more	—
Total Return Ratio	46.6%	70% or more	—

Medium-term Business Plan 2025-2029: <https://www.solasto.co.jp/en/ir/library/library/>

3. Stock information (As of March 31, 2025)

(1) Number of shares authorized	339,000,000	Stocks
(2) Total shares issued	94,741,793	Stocks (including 2,482,666 treasury shares)
(3) Number of shareholders	12,080	
(4) Major shareholders (Top 10)		

Name	Number of shares held (stocks)	Holdings ratio (%)
Daito Trust Construction Co., Ltd.	31,805,100	34.47
Custody Bank of Japan, Ltd. (Trust Account)	9,016,300	9.77
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,894,900	8.56
TOHO HOLDINGS CO., LTD.	4,709,500	5.10
Solasto Employee Shareholding Association	2,295,220	2.49
Nomura Securities Co., Ltd	2,271,141	2.46
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS	2,050,000	2.22
GOLDMAN SACHS INTERNATIONAL	2,045,505	2.22
JPMorgan Chase & Co.	1,654,547	1.79
Custody account (for Junichi Arai) Custodian SMBC Trust Bank Ltd.	1,200,600	1.30

Note: The Company, which holds 2,482,666 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)	47,611	2

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 3,000 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)	30	3,000	1,393 yen	Non- compensated	From October 16, 2020 to October 15, 2025	Directors	1

Notes:

1. The above share warrants held by 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, 2025)

Position	Name	Responsibility in the Company and significant concurrent positions outside the Company
Vice President and Representative Director	Toru Noda	President and Representative Director, Chief Executive Officer, General Manager of Management Division Professor of MBA Program in International Business, Humanities and Social Sciences, Graduate School of Business Sciences at University of Tsukuba
Director	Masateru Kawanishi	Senior Managing Corporate Officer, Chief Transformation Officer and General Manager of Transformation 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.
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.
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	Kanae Fukushima	Outside Corporate Auditor of iXs Co., Ltd Partner at Utsunomiya Shimizu & Haruki Law Office Outside Director (Audit & Supervisory Committee Member) of World Co., Ltd.
Corporate Auditor	Tsukasa Okamoto	Director, Senior Executive Officer and General Manager of Management Department, CFO of Daito Trust Construction Co., Ltd.

Note:

- Directors Yukio Kubota, Kenji Chishiki, Toru Noda, Miki Mitsunari and Miho Tanaka are Outside Directors.
- Corporate Auditors Hironori Yokote, Kanae Fukushima and Tsukasa Okamoto are Outside Corporate Auditors.
- Corporate Auditor Hironori Yokote is a certified public accountant and tax attorney, and possesses significant knowledge related to finances and accounting.
- Corporate Auditor Tsukasa Okamoto is a certified public accountant, and possesses significant knowledge related to finances and accounting.
- Directors Miho Tanaka's name on her family registry is Miho Takahashi.
- Changes in Director and Corporate Auditor positions, responsibilities, and significant concurrent position during the current fiscal year are as follows.
 - Miho Tanaka retired from the position of Corporate Auditor at the 56th Ordinary General Meeting of Shareholders held on June 26, 2024.
 - Masateru Kawanishi was elected at the 56th Ordinary General Meeting of Shareholders held on June 26, 2024 and became a Director.
 - Kanae Fukushima and Tsukasa Okamoto were elected at the 56th Ordinary General Meeting of Shareholders held on June 26, 2024 and became Corporate Auditors.

7. Changes in Director positions, responsibilities, and significant concurrent position after the end of current fiscal year are as follows.
- (i) Director Masateru Kawanishi retired from the position of Senior Managing Corporate Officer, Chief Transformation Officer and General Manager of Transformation Division as of April 1, 2025.
 - (ii) Director Kenji Chishiki retired from the position of Director and Vice President of ONWARD HOLDINGS CO., LTD on May 22, 2025.
8. We designated Outside Directors Kenji Chishiki, Miki Mitsunari and Miho Tanaka, and Outside Corporate Auditors Hironori Yokote and Kanae Fukushima 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 Miho Tanaka, Corporate Auditor Masami Nishino, and Outside Corporate Auditors Hironori Yokote, Kanae Fukushima and Tsukasa Okamoto 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.

►Members of the Nomination, Evaluation, and Compensation Committee

Chairman	Yukio Kubota	Outside Director
Members	Toru Noda	President and Representative Director, Chief Executive Officer, General Manager of Management Division
	Kenji Chishiki	Outside Director (Independent Officer)
	Miki Mitsunari	Outside Director (Independent Officer)
	Miho Tanaka	Outside Director (Independent Officer)

► **Details of authorities delegated to the Nomination, Evaluation, and Compensation Committee**

Matters concerning decisions on the details of remuneration, etc. paid to individual directors

► **Reason for delegation, etc.**

Because the majority of the Nomination, Evaluation, and Compensation Committee consists of Outside Directors, who are in a position to ensure greater transparency and objectivity, it is deemed appropriate for the Committee to make such decisions.

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 Directors Toru Noda, and Outside Directors Kenji Chishiki, Miki Mitsunari and Miho Tanaka.

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.

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

(ii) Total compensation for Directors and Corporate Auditors

Category	Total amount (million yen)	Compensation by types (million yen)			Paid personnel
		Basic compensation	Bonus	Non-monetary compensation	
Directors (out of Outside Directors)	146 (34)	106 (34)	26 (-)	13 (-)	8 (4)
Corporate Auditors (out of Outside Corporate Auditors)	29 (14)	29 (14)	- (-)	- (-)	4 (3)
Total (out of Outside Directors and Outside Corporate Auditors)	175 (49)	136 (49)	26 (-)	13 (-)	12 (7)

Note:

- Directors receiving compensation includes the two Outside Directors resigned at the adjournment of the 56th Ordinary General Meeting of Shareholders held on June 26, 2024. The number of paid personnel excludes one uncompensated Outside Director and one uncompensated Outside Corporate Auditor.
- For Ms. Miho Tanaka, who retired as Corporate Auditor and assumed the position of Director upon the conclusion of the 56th Ordinary General Meeting of Shareholders held on June 26, 2024, her compensation has been allocated separately for her tenure as Corporate Auditor and as Director, and each portion is included in the respective total amounts and number of personnel stated above.
- 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.

5. 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).
6. 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	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.
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.
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	Kanae Fukushima	Outside Corporate Auditor of iXs Co., Ltd, Partner at Utsunomiya Shimizu & Haruki Law Office, and Outside Director (Audit & Supervisory Committee Member) of World Co., Ltd. There is no specific relationship between the Company and organisations where Ms. Tanaka holds a position.
Corporate Auditor	Tsukasa Okamoto	Director, Senior Executive Officer and General Manager of Management Department, CFO of Daito Trust Construction Co., Ltd., a shareholder retaining a total 34.47% of the Company's issued shares.

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

Category	Name	Attendance at Board of Directors' 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	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	Miho Tanaka	100% 10/10	Ms. Tanaka has extensive expertise in corporate legal affairs and M&A, as well as significant experience serving as an Outside Director. Drawing on this background, she has played 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 Chairperson of the Corporate Governance Committee, participating in the selection of candidates for Directors, determination of Directors' compensation, enhancement of the Board's effectiveness, and the establishment of the Company's governance system from an objective and neutral standpoint.

Category	Name	Attendance at		Major Activities
		Attendance at Board of Directors' meetings	Attendance at Board of Corporate Auditors' meetings	
Corporate Auditor	Hironori Yokote	100% 14/14	100% 22/22	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. At meetings of the Board of Corporate Auditors, he makes comments as necessary on the Company's compliance system, including internal controls, as appropriate. 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.
Corporate Auditor	Kanae Fukushima	100% 10/10	100% 17/17	Drawing on her extensive knowledge and experience as an attorney, Ms. Fukushima has made comments at meetings of the Board of Directors and the Board of Corporate Auditors to ensure the adequacy and appropriateness of decision-making and to strengthen internal controls. As a member of the Corporate Governance Committee, she has also contributed to enhancing the effectiveness of the Board and establishing the Company's governance system from an objective and neutral standpoint.
Corporate Auditor	Tsukasa Okamoto	100% 10/10	88.2% 15/17	Drawing on his extensive knowledge and experience as a certified public accountant, as well as his broad insight into corporate management gained through his role as a Director at a major construction company, Mr. Okamoto has made comments at meetings of the Board of Directors and the Board of Corporate Auditors to ensure the adequacy and appropriateness of decision-making and to strengthen internal controls.

Note:

1. Director Miho Tanaka attended four of the four Board of Directors' meetings and five of the five Corporate Auditors' meetings held during the current fiscal year until her resignation as Corporate Auditor on June 26, 2024.
2. Director Miho Tanaka, Corporate Auditors Kanae Fukushima and Tsukasa Okamoto were elected at the 56th Ordinary General Meeting of Shareholders held on June 26, 2024, and therefore the number of Board of Directors meetings they attended differs from that of other Outside Directors and Outside Corporate Auditors.
3. Kanae Fukushima and Tsukasa Okamoto were elected as Corporate Auditors at the 56th Ordinary General Meeting of Shareholders held on June 26, 2024, and therefore the number of meetings of the Board of Corporate Auditors differs from that of other Outside Corporate Auditors.

(6) Status of Accounting Auditor

(i) Name: KPMG Azsa LLC.

(ii) Amount of compensation:

	Payment amount
Amount of compensation, etc. related to the accounting auditor for the current fiscal year	73 million yen
Total amount of fees and other asset-based income to be paid by the Company and subsidiaries to the accounting auditor.	73 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

In Medium-term Business Plan FY2025-2029, the Company has adopted a policy of distributing profits linked to business performance, as its investment strategy is to strengthen shareholder return. We will continually pay stable dividends, aiming for a consolidated dividend payout ratio of 50% or more, total return ratio of 70% or more.

We will also actively consider repurchasing treasury shares to improve capital efficiency in the future. We will make prudent decisions regarding the specific implementation of acquisition of treasury stock, taking into consideration our financial condition and the market environment.

- Dividends for the current fiscal year (FY2024)

On May 12, 2025, the Company's Board of Directors announced the Company would pay a year-end cash dividend of 10 yen per share for FY2024. As a result, the annual dividend was 20 yen per share, including the interim dividend of 10 yen, for a consolidated Dividend payout ratio of 46.6%.

- Dividends for the next fiscal year (FY2025)

In FY2025, we plan to maintain annual dividends of 22 yen per share, for a consolidated Dividend payout ratio of 59.7%.

6. Consolidated Financial statements

(1) Consolidated income statement

(Millions of yen)

Consolidated Financial Highlights	FY2023	FY2024
Consolidated income statement		
Net sales	135,139	137,435
Cost of sales	113,205	115,034
Gross profit	21,934	22,400
Selling, general and administrative expenses	16,416	15,383
Personal expenses	6,832	6,388
Amortization of goodwill	1,823	1,656
Hiring expenses	701	708
Taxex and dues	1,565	1,452
Rent expenses	749	597
Others	4,744	4,579
Operating profit	5,517	7,017
Non-operating income	579	245
Interest income	15	17
Dividend income	2	8
Insurance claim income	16	9
Subsidy income	408	135
Others	136	74
Non-operating expenses	532	536
Interest expenses	288	287
Commission expenses	18	10
Compensation for damage	18	21
Others	207	217
Ordinary profit	5,564	6,726
Extraordinary income	2,828	-
Subsidy income	-	-
Gain on sale of non-current assets	-	-
Gain on sales of investment securities	-	-
Gain on negative goodwill	2,828	-
Others	-	-
Extraordinary losses	4,251	272
Loss on tax purpose reduction entry of non-current assets	-	-
Impairment losses	3,015	272
Compensation for damage	-	-
Provision for loss on compensation for damage	-	-
Payment related to the employment of persons with disabilities	181	-
Relocation related expenses	216	-
Business restructuring expenses	197	-
Others	640	-
Profit before income taxes	4,141	6,454
Total income taxes	1,884	2,493
Net income	2,257	3,960

(2) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet*	FY2023	FY2024
Current assets	32,284	31,166
Cash and deposits	15,115	14,004
Accounts receivable - trade	15,018	14,983
Inventory	99	142
Others	2,051	2,035
Non-current assets	42,915	38,930
Property, plant and equipment	17,503	17,013
Buildings and structures-net	9,252	8,881
Land	5,685	5,672
Others	2,565	2,459
Intangible assets	16,608	14,816
Goodwill	15,377	13,625
Others	1,230	1,190
Investments and other assets	8,803	7,100
Total assets	75,199	70,097
Current liabilities	24,582	22,362
Short-term borrowings	500	-
Current portion of long-term borrowings	4,782	4,782
Accounts payable-other	10,859	9,942
Others	8,439	7,637
Non-current liabilities	30,132	25,050
Long-term borrowings	19,942	15,160
Lease liabilities	3,291	3,134
Retirement benefit liability	2,083	2,150
Others	4,813	4,605
Total liabilities	54,714	47,412
Shareholders' equity	20,402	22,563
Share capital	686	686
Capital surplus	5,586	5,575
Retained earnings	15,629	17,745
Treasury stock	(1,500)	(1,444)
Accumulated other comprehensive income	74	115
Share acquisition rights	8	5
Total net assets	20,485	22,684
Total liabilities and net assets	75,199	70,097

*As of the end of March each fiscal year

(3) Consolidated statements of cash flows

(Millions of yen)

Consolidated statements of cash flows	FY2023	FY2024
Profit before income taxes	4,141	6,454
Depreciation	1,515	1,452
Amortization of goodwill	1,823	1,656
Impairment losses	3,015	272
Increase (decrease) in provision for bonuses	100	128
Increase (decrease) in retirement benefit liability	163	162
Interest expenses	288	287
Gain on negative goodwill	(2,828)	-
Decrease (increase) in trade receivables	(217)	34
Decrease (increase) in prepaid expenses	(12)	(187)
Increase (decrease) in accounts payable - other	747	(513)
Increase (decrease) in accrued consumption taxes	388	(448)
Increase (decrease) in deposits received	843	(761)
Loss (gain) on sale of property, plant and equipment	(0)	-
Others	672	46
Subtotal	10,640	8,585
Interest and dividends received	18	25
Interest paid	(288)	(287)
Income taxes paid	(2,500)	(2,106)
Others	(11)	(339)
Cash flows from operating activities	7,858	5,877
Purchase of property, plant and equipment	(1,218)	(415)
Proceeds from sale of property, plant and equipment	0	1
Purchase of intangible assets	(358)	(407)
Purchase of investment securities	-	-
Proceeds from sale of investment securities	-	-
Payments of leasehold and guarantee deposits	(62)	(56)
Proceeds from refund of leasehold and guarantee deposits	295	186
Payments for acquisition of businesses	(51)	-
Purchase of shares of subsidiaries	(1,657)	-
Proceeds from purchase of shares of subsidiaries	384	-
Others	(95)	1,039
Cash flows from investing activities	(2,762)	347
Increase (decrease) in short-term borrowings	(20)	(500)
Proceeds from long-term borrowings	6,500	-
Repayments of long-term borrowings	(4,714)	(4,782)
Redemption of bonds	-	-
Proceeds from issuance of shares	-	-
Purchases of treasury stock	(1,518)	(0)
Dividends paid	(1,886)	(1,844)
Repayments of finance lease liabilities	(196)	(207)
Others	(1)	(1)
Cash flows from financing activities	(1,837)	(7,335)
Net increase (decrease) in cash and cash equivalents	3,258	(1,111)
Cash and cash equivalents at beginning of period	11,857	15,115
Cash and cash equivalents at end of period	15,115	14,004
Free cash flows	5,096	6,224

(Appendix)

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	□	□	●	●	●	●	●		
Kazuhiro Mashihara		□		●		●	●		
Kenji Chishiki	□	□	●	●	●			●	
Miki Mitsunari	■	□			●	●			●
Miho Tanaka	□	■		●			●		●
Masami Nishino		□		●					●
Hironori Yokote		□					●		●
Kanae Fukushima		□						●	●
Tsukasa Okamoto			●	●			●		●

Notes: 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.