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Securities identification code: 6197
June 8, 2020

To our shareholders:

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

NOTICE OF THE 52ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

Solasto Corporation (the "Company") will hold its 52nd Ordinary General Meeting of Shareholders as described below.

You may exercise your voting rights by postal mail. After reviewing the attached Reference Documents for the General Meeting of Shareholders, please return it by postal mail to reach us no later than 5:30 p.m. on Wednesday, June 24, 2020 (Japan Standard Time).

1. Date and Time: Thursday, June 25, 2020 at 10:00 a.m. (reception will open at 9:45 a.m.) (Japan Standard Time)

2. Venue: Solasto Corporation CAREER CENTER
A-PLACE SHINAGAWA HIGASHI 5F
1-7-18, Konan, Minato-ku, Tokyo

3. Purposes:

Items to be reported:

1. Business Report, Consolidated Financial Statements for the 52nd Term (from April 1, 2019 to March 31, 2020), and Audit Reports for the Consolidated Financial Statements by Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 52nd Term (from April 1, 2019 to March 31, 2020)

Items to be resolved:

Proposal 1: Election of Eight (8) Directors
Proposal 2: Election of Two (2) Corporate Auditors
Proposal 3: Election of One (1) Substitute Corporate Auditor

4. Matters concerning Internet Disclosure

- Of those documents that would require appending to this notice, The Notes to the Consolidated Financial Statements* and The Notes to the Financial Statements as the parts of the Financial Statements* have been made available on the Company's website in accordance with relevant laws and regulations, and as prescribed in Article 14 of the Company's Articles of Incorporation, and are therefore not presented in this notice. *Prepared in Japanese
- As such, the documents provided with this convening notice are part of the documents that were subject to the audit by Accounting Auditor and the Board of Corporate Auditors for the purpose of preparation of the audit report and accounting audit report.
- In the event that any revision is made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements, the revised matters of these documents will be posted on the Company's website.
  The Company's website: https://www.solasto.co.jp/ir/en/stock/general.html
- The Company strongly recommends the shareholders to consider exercising their voting rights by postal mail and avoid attending the General Meeting of Shareholders as a measure against the COVID-19 situation.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Eight (8) Directors

The terms of office of all nine (9) incumbent Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following eight (8) Directors, including four (4) Outside Directors. The number of Directors will be reduced by one (1) Director to eight (8) Directors. The candidates for Director are as follows:

Candidate No.	Name	Current Position	Attendance at the Board of Directors' Meetings in FY2019
1	**Yoshikazu Fujikawa** Reelection	President and Representative Director, Chief Executive Officer	100% 13/13
2	**Masumi Tamai** Reelection	Director, Senior Managing Corporate Officer and General Manager of Medical Business Division	100% 10/10
3	**Shigeru Fukushima** Reelection	Director, Senior Managing Corporate Officer and General Manager of Elderly Care Business Division	100% 10/10
4	**Masateru Kawanishi** Reelection	Director, Senior Managing Corporate Officer, Chief Human Resource Officer General Manager of Human Resources, & General Affairs Department	100% 10/10
5	**Tsutomu Une** Reelection Outside Director Independent Director	Outside Director	100% 13/13
6	**Yukio Kubota** Reelection Outside Director	Outside Director	100% 10/10
7	**Kanitsu Uchida** Reelection Outside Director	Outside Director	80% 8/10
8	**Kuniko Nishikawa** New election Outside Director Independent Director	—	—

Candidate No. 1	**Yoshikazu Fujikawa**	(Date of birth: January 27, 1957) (Age 63)	Number of the Company's shares owned 384,900 shares

Reelection

Career summary, position and responsibility in the Company

Apr. 1976	Joined Japan Golden Pioneer
Nov. 1978	Joined McDonald's Company (Japan), Ltd.
Sep. 2003	Joined Japan Tobacco Inc.
Sep. 2004	Joined McDonald's Holdings Company (Japan), Ltd.
Oct. 2005	Joined Lotteria Co., Ltd.
Apr. 2010	Corporate Adviser of Burger King Japan Co., Ltd.
Jun. 2010	President and Representative Director, CEO of Burger King Japan Co., Ltd.
Feb. 2014	Senior Managing Corporate Officer and General Manager of Welfare Business (currently: Elderly Care Business) Division of the Company
Jan. 2016	Director, Senior Managing Corporate Officer and General Manager of Elderly Care Business Division
Jan. 2018	Vice President and Director, and General Manager of Elderly Care Business Division
Jun. 2018	Vice President and Representative Director, and General Manager of Elderly Care Business Division
Apr. 2019	President and Representative Director
Apr. 2020	President and Representative Director, Chief Executive Officer (incumbent)

Reasons for nomination as a candidate for Director

Mr. Fujikawa, as the Company's CEO, has demonstrated his decision-making abilities based on the long-term visions and strategies to achieve the Company's growth and increased corporate value. Along with a wealth of experience, extensive insight and strong leadership, he can bring out the strengths of other management members and lead the Company towards innovations. Therefore, the Company has nominated him again as a candidate for Director.

Number of years as Director:	4 years and 5 months
Attendance at Board of Directors' Meetings:	13/13

Candidate No. 2	**Masumi Tamai**	(Date of birth: December 9, 1960) (Age 59)	Number of the Company's shares owned 126,000 shares

Reelection

Career summary, position and responsibility in the Company

May 1985	Joined the Company
Apr. 1995	Tokyo Branch Manager, Metropolitan Area, Medical Business Division
Apr. 1999	Manager of Worker Dispatch Business Division
Apr. 2005	Manager of Education Business Division
Apr. 2009	Corporate Officer and Manager of the Tokai Block
Apr. 2013	Corporate Officer and Manager of the Eastern Japan Block
Apr. 2015	Managing Corporate Officer and General Manager of the Eastern Japan Block
Aug. 2015	Managing Corporate Officer and General Manager of Medical Business Division
Oct. 2017	Senior Managing Corporate Officer and General Manager of Medical Business Division
Jun. 2019	Director, Senior Managing Corporate Officer and General Manager of Medical Business Division (incumbent)

Reasons for nomination as a candidate for Director

Mr. Tamai has many years of experience in Medical Outsourcing Business. In addition, he has greatly contributed to the growth of our Medical Outsourcing Business by demonstrating strong leadership as the General Manger of Medical Business Division since 2015. We believe that he is a person we need for the management of the Company because of his wealth of experience and achievements. Therefore, the Company has again nominated him as a candidate for Director.

Number of years as Director:	1 year
Attendance at Board of Directors' Meetings:	10/10

Candidate No. 3	**Shigeru Fukushima**	(Date of birth: February 12, 1960) (Age 60)	Number of the Company's shares owned 0 shares

Reelection

Career summary, position and responsibility in the Company

Apr. 1984	Joined McDonald's Company (Japan), Ltd.
Sep. 2007	Manager of Corporate Planning Department, Corporate Strategy Division
Jul. 2009	Assistant to the CEO, Corporate Development Division
Jul. 2011	East Japan District Manager of Field Operations Division
Jun. 2015	Manager of Customer Satisfaction Department and Risk Management Department
Jul. 2018	Senior Managing Corporate Officer and Deputy General Manager of Elderly Care Business Division of the Company
Apr. 2019	Senior Managing Corporate Officer and General Manager of Elderly Care Business Division
Jun.2019	Director, Senior Managing Corporate Officer and General Manager of Elderly Care Business Division (incumbent)

Reasons for nomination as a candidate for Director

Mr. Fukushima has utilized his wealth of experience in a major restaurant chain company to drive forward our Elderly Care Business as Deputy General Manager of Elderly Care Business Division since joining the Company and as General Manager of Elderly Care Business Division since April 2019. We believe he is a person we need for the further growth of our Elderly Care Business because of his extensive insights and leadership. Therefore, the Company has again nominated him as a candidate for Director.

Number of shares under stock acquisition rights in the Company	3,000
Number of years as Director:	1 year
Attendance at Board of Directors' Meetings:	10/10

Candidate No. 4	**Masateru Kawanishi**	(Date of birth: May 22, 1963) (Age 57)	Number of the Company's shares owned 600 shares

Reelection

Career summary, position and responsibility in the Company

Apr. 1986	Joined Nippon Life Insurance Company
Oct. 1989	Joined Digital Equipment Corporation Japan (currently: Hewlett-Packard Japan, Ltd.)
May 2004	Corporate Officer and General Manager of Human Resources Division
Jan. 2006	Corporate Officer and General Manager of Human Resources & Human Resources Development Division of The Daiei, Inc.
Mar. 2007	Manager of Human Resources Department of PricewaterhouseCoopers Aarata LLC
Mar. 2008	Corporate Officer and Manager of Human Resources & General Affairs Division of EMC Japan K.K.
Mar. 2015	Corporate Officer and Manager of Human Resources Department of Thomson Reuters Markets KK (currently: Thomson Reuters Japan KK)
Oct. 2017	Senior Managing Corporate Officer, General Manager of Human Resources & General Affairs Department and Chief Talent Officer of the Company
Apr. 2018	Senior Managing Corporate Officer, General Manager of Human Resources & General Affairs Department, Chief Talent Officer and Director of Career Center
Jun. 2019	Director, Senior Managing Corporate Officer, General Manager of Human Resources & General Affairs Department, Chief Talent Officer and Director of Career Center
Apr. 2020	Director, Senior Managing Corporate Officer, Chief Human Resource Officer, General Manager of Human Resources & General Affairs Department (incumbent)

Reasons for nomination as a candidate for Director

Mr. Kawanishi has utilized his extensive experience in Japanese-owned and foreign-owned companies and demonstrated an outstanding ability in executing measures and leading reformation of our personnel processes on a company-wide basis as General Manager of Human Resources & General Affairs Department since joining the Company. We believe we need to continue improving our measures toward human resource to further strengthen our management base. Therefore, the Company has again nominated him as a candidate for Director.

Number of shares under stock acquisition rights in the Company	3,000
Number of years as Director:	1 year
Attendance at Board of Directors' Meetings:	10/10

Candidate No. 5	**Tsutomu Une**	(Date of birth: December 11, 1947) (Age 72)	Number of the Company's shares owned 0 shares

Reelection

Candidate for Outside Director

Independent Director

Career summary, position and responsibility in the Company

Apr. 1970	Joined Daiichi Pharmaceutical Co., Ltd
Jun. 1999	Director of Daiichi Pharmaceutical Co., Ltd.
Sep. 2005	Director of Daiichi Sankyo Co. Ltd.
Apr. 2007	Director, Senior Executive Officer of Daiichi Sankyo Co., Ltd.
May 2009	Director, Chairman of the Board of Ranbaxy Laboratories Limited (currently: Sun Pharmaceutical Industries Ltd.)
Jul. 2015	Senior Corporate Advisor of GCA Savvian Corporation (currently: GCA Corporation)
Jun. 2016	Outside Director of the Company (incumbent)
Aug. 2016	Executive Advisor of FunPep Co., Ltd. (incumbent)
Oct. 2016	Corporate Advisor of Fuji Pharma Co., Ltd.

Reasons for nomination as a candidate for Outside Director

Mr. Une is again nominated as a candidate for Outside Director because he has advanced knowledge concerning business management as a business manager, and we can expect his management supervision and support from an independent perspective towards improving our corporate value.

Number of years as Outside Director:	4 years
Attendance at Board of Directors' Meetings:	13/13

Candidate No. 6	**Yukio Kubota**	(Date of birth: October 7, 1949) (Age 70)	Number of the Company's shares owned 0 shares

Reelection

Candidate for Outside Director

Career summary, position and responsibility in the Company

Apr. 1974	Joined Sony Corporation
Jun. 1997	Executive Vice President and Corporate Executive Officer
Sep. 2001	Outside Director of J-Phone Communications Co., Ltd.
Apr. 2003	President of Sony Ericsson Mobile Communications Inc. (currently: Sony Mobile Communications Inc.)
Aug. 2009	President and CEO of WILLCOM, Inc.
Apr. 2010	Senior Advisor of Carlyle Japan L.L.C.
Jan. 2011	Outside Corporate Auditor of Broadleaf Co., Ltd.
Mar. 2012	Outside Corporate Auditor of Qualicaps Co., Ltd.
Jan. 2013	Outside Director of Diversey, Inc. (currently: CxS Corporation)
Sep. 2013	Outside Director of the Company (retired in January 2016)
May 2015	Outside Director of ARUHI Corporation
Sep. 2016	Outside Director of WingArc1st Inc.
Jun. 2019	Outside Director of the Company (incumbent)

Reasons for nomination as a candidate for Outside Director

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.

Number of years as Outside Director:	1 years
Attendance at Board of Directors' Meetings:	10/10

Candidate No. 7	**Kanitsu Uchida**	(Date of birth: May 2, 1965) (Age 55)	Number of the Company's shares owned 0 shares

Reelection

Candidate for Outside Director

Career summary, position and responsibility in the Company

Aug. 1987	Joined Daito Trust Construction Co., Ltd.
Apr. 2012	Executive Officer and General Manager of Cost Management Department
Apr. 2013	Executive Officer and General Manager of Design Management Department
Jun. 2014	Director and Executive Officer, General Manager of Design Management Department
Apr. 2016	Director and General Manager of Design Business Headquarters
Apr. 2017	Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business (incumbent) Director of Care Partner Co., Ltd. (incumbent)
Jun. 2019	Outside Director of the Company (incumbent)

Significant concurrent positions outside the Company

Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business at Daito Trust Construction Co., Ltd.
Director of Care Partner Co., Ltd.

Reasons for nomination as a candidate for Outside Director

Mr. Uchida currently serves as a Director at a major construction company and has a wealth of experience and extensive insight in the planning of new business development and in the development of new technologies. The Company has nominated him again as a candidate for Outside Director with the expectation that he will use this experience to supervise and support management toward improving our corporate value as Outside Director.

Number of years as Outside Director: 1 years

Attendance at Board of Directors' Meetings: 8/10

Candidate No. 8	**Kuniko Nishikawa**	(Date of birth: July 9, 1962) (Age 57)	Number of the Company's shares owned 0 shares

New election

Candidate for Outside Director

Independent Director

Career summary, position and responsibility in the Company

Apr. 1986	Joined Citibank N.A.
Feb. 1996	Joined A.T. Kearney, Inc.
Sep. 2000	President and CEO of Supernurse Co., Ltd.
Aug. 2010	Established FIRSTSTAR Healthcare Co., Ltd., President and CEO (incumbent).
Apr. 2013	Outside Director of Regional Economy Vitalization Corporation of Japan
Jun. 2013	President of Benesse MCM Corp.
Jun. 2015	Outside Director of OMRON Corporation (incumbent)
May. 2017	Chief Executive Officer of FRONTEO Healthcare, Inc.
Jun. 2018	Outside Auditor of AIG Japan Holdings Kabushiki Kaisha (incumbent)

Significant concurrent positions outside the Company

President and CEO of FIRSTSTAR Healthcare Co., Ltd.
Outside Director of OMRON Corporation
Outside Auditor of AIG Japan Holdings Kabushiki Kaisha

Reasons for nomination as a candidate for Outside Director

Ms. Nishikawa has served as Director in a number of companies, including as representative director. She has extensive insights in the Company's business areas and high literacy in ICT and other areas where the Company will expand. Therefore, the Company believes she can support the management in their efforts to increase corporate value and has nominated her as a candidate for Outside Director..

Notes:

1. No special conflicts of interest exist between the Company and the candidates for Directors.
2. Tsutomu Une, Yukio Kubota, Kanitsu Uchida, and Kuniko Nishikawa are candidates for Outside Directors.
3. The Company has concluded agreements with Tsutomu Une, Yukio Kubota, and Kanitsu Uchida in accordance with Companies Act Article 427, paragraph 1 and its Article of Incorporation limiting the liability outlined in Companies Act Article 423, paragraph 1. The maximum liability set forth in these agreements is the minimum liability amount mandated by law. Furthermore, if these three (3) candidates for Directors are reelected, we intend to maintain said agreements. In addition, if the nomination of Kuniko Nishikawa is approved, we plan to conclude similar liability limitation agreements with her.
4. 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.
5. 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 3 years and 5 months as of the adjournment of this General Meeting of Shareholders.
6. 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 has concluded that Tsutomu Une satisfies our requirements and designated and registered him as an Independent Officer. If he is reelected, we intend to maintain his status as an Independent Director. The Company believes that Kuniko Nishikawa satisfies the requirements and plans to designate and register her as an Independent Officer. Please see Page 32 for "Requirements for Independence of Outside Officers."
7. The above-mentioned number of Company shares held by each candidate for Director is the number of shares as of March 31, 2020.
8. 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 2019 (April 1, 2019 – March 31, 2020) (total of 13 meetings held). The attendances for Masumi Tamai, Shigeru Fukushima, Masateru Kawanishi and Yukio Kubota are after their appointment of Directors on June 27, 2019.

Proposal 2: Election of Two (2) Corporate Auditors

At the conclusion of this General Meeting of Shareholders, Osamu Akiyama and Junko Utsunomiya will resign from the Corporate Auditors.
The Company proposes the election of two (2) Corporate Auditors, Masami Nishino as a substitute for Osamu Akiyama, and Miho Tanaka as a substitute for Junko Utsunomiya. The terms of office of the substitute Corporate Auditors will expire at the conclusion of the incumbent Corporate Auditors.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for Corporate Auditor is as follows.

Candidate No.	Name	Current Position	Attendance at the Board of Directors' Meetings in FY2019	Attendance at the Corporate Auditors' Meetings in the FY2019
1	**Masami Nishino** New election	Manager of Auditor Office, Manager of Auditing Department, Manager of Internal Auditing Office	-	-
2	**Miho Tanaka** New election Outside Corporate Auditor, Independent Corporate Auditor	-	-	-

Candidate No. 1	**Masami Nishino**	(Date of birth: August 13 1965) (Age 54)	Number of the Company's shares owned 41,000 shares

New election

Career summary, position and responsibility in the Company

Jan. 1989	Joined the Company
Apr. 1997	Chiba Branch Manager, Metropolitan Area, Medical Business Division
Oct. 2009	Manager of Administrative Management Department
Apr. 2013	Manager of Auditing Office
Aug. 2016	Manager of Internal Auditing Office, Auditing Department
Apr. 2017	Manager of Auditing Department and Manager of Internal Auditing Office
Apr. 2020	Manager of Auditor Office, Manager of Auditing Department, and Manager of Internal Auditing Office (incumbent)

Reasons for nomination as a candidate for Corporate Auditor

Mr. Nishino has been in charge of internal audits since 2013, and has experience and knowledge to improve corporate governance. The Company believes that with these skills he can supervise the Company's management and therefore nominated him as a candidate for Corporate Auditor.

Candidate No. 2	**Miho Tanaka**	(Date of birth: December 1, 1974) (Age 45)	Number of the Company's shares owned 0 shares

New election

Outside Corporate Auditor

Independent Corporate Auditor

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)
Feb. 2007	Joined TMI Associates
May 2011	Graduated from The University of Michigan (US), Law School (LL.M.)
Jun. 2015	Resigned from TMI Associates
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)

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

Reasons for nomination as a candidate for Outside Corporate Auditor

We believe that Miho Tanaka can audit the execution of the duties of the Directors from an objective and fair position because of her extensive knowledge and experience as a lawyer familiar with the corporate law and M&A related fields. Therefore, the Company has nominated her as Outside Corporate Auditor.

Notes:
1. No special conflicts of interest exist between the Company and the candidates for Corporate Auditors.
2. Miho Tanaka is a candidate for Outside Corporate Auditor.
3. Miho Tanaka has no experience of being directly involved in management of companies. However, as stated in the reasons for nomination as a candidate for Outside Corporate Auditor, we believe that she will be able to appropriately perform her duties as Outside Corporate Auditor.
4. The Company will conclude agreements with Masami Nishino 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.
5. The age for each candidate for Corporate Auditor indicates the age as of the adjournment of this General Meeting of Shareholders.
6. Miho Tanaka's name in the family register is Miho Takahashi.
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 Miho Tanaka satisfies our requirements and plans to designate and register her as an Independent Officer. Please see Page 32 for "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, 2020.

Proposal 3: Election of One (1) Substitute Corporate Auditor

The Company proposes the nomination of one (1) substitute Corporate Auditor to prepare for situations in which the number of Corporate Auditors falls short of that stipulated by law.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for substitute Corporate Auditor is as follows.

	Kanae Fukushima (Date of birth: March 30, 1974) (Age 46)	Number of the Company's shares owned 0 shares
Candidate for Substitute Outside Corporate Auditor	**Career summary** Apr. 2000 Assistant to Judge at Tokyo District Court Aug. 2004 Assistant Judge at Yokohama District Family Court Odawara Branch Apr. 2005 Assistant Judge at Naha District Family Court Apr. 2008 Assistant Judge at Tokyo District Court Apr. 2010 Judge at Tokyo District Court Apr. 2012 Judge at Kobe District Court Apr. 2014 Judge at Tokyo High Court Apr. 2016 Professor of Legal Training and Research Institute Apr. 2019 Registered with the Daiichi Tokyo Bar Association Joined Utsunomiya Shimizu & Haruki Law Office **Reasons for nomination as a candidate for substitute Outside Corporate Auditor** Ms. Fukushima has extensive legal knowledge and experience handling civil, criminal and political cases as a judge since 2000 in domestic courts, municipal courts, and the high court. The Company believes she can audit the execution of Directors from an objective and fair perspective, and therefore nominated her as substitute Outside Corporate Auditor.	

Notes:

1. There are no special interests between Kanae Fukushima and the Company.
2. Kanae Fukushima is a candidate for substitute Outside Corporate Auditor.
3. Kanae Fukushima has no experience of being directly involved in company management but, based on the above reasons, we believe that she can appropriately execute the duties of Outside Corporate Auditor.
4. The Company will conclude agreements with Kanae Fukushima in accordance with Companies Act Article 427, paragraph 1 and our Article of Incorporation limiting the liability outlined in Companies Act Article 423, paragraph 1 if she is appointed as a Corporate Auditor. The maximum liability set forth in these agreements is the minimum liability amount mandated by law.
5. The age for Kanae Fukushima indicates her age as of the adjournment of this General Meeting of Shareholders.
6. The Company has set its own Requirements for Independence of Outside Officers using provisions outlined by the Tokyo Stock Exchange as a reference. The Company believes that Kanae Fukushima satisfies our requirements and plans to designate and register her as an Independent Officer. Please see Page 32 for "Requirements for Independence of Outside Officers."
7. The number of Company shares held by Kanae Fukushima is current as of March 31, 2020.

Business Report (April 1, 2019 to March 31, 2020)

1. State of current fiscal year

(1) Business progress and results

During the consolidated fiscal year under review, the following conditions and changes were seen in the operating environment impacting our Group.

-The Medical Outsourcing Business saw stable demand for medical clerical services among hospitals and other medical institutions.

-The Japanese population of people aged 75 and older reached 18.4 million people in 2019, an increase of 0.5 million people compared to the previous year. Aging population is driving steady increases in demands for elderly care services.

The COVID-19 pandemic has had a profound impact on society and the economy since February 2020. For the period until the end of the fiscal year, March 31, 2020, amid restrictions on outings and the voluntary stay-at-home policy imposed by some local governments, there was a trend to refrain from using services among some elderly care service users, especially for the daycare service. In addition, elderly care service providers were asked to implement intensive countermeasures to prevent infection.

-Jobs-to-applicants ratio in Japan remains high. While conditions vary depending on factors such as region and recruitment timing, the timely hiring of appropriate human resources remains a core issue across the medical outsourcing, elderly care, and child care industries.

Amid this environment, the Group set the priority strategies for FY2019 as “utilizing ICT,” “aggressive implementation of M&A and alliances,” “increase hiring and improve retention,” “enhancing management structure,” and executed the initiatives in each strategy.

ICT use, measures for improving productivity and the quality of existing businesses results in positive outcomes along with other measures, such as continuous programs for people, such as trainings. In the Medical Outsourcing Business area, the Company initiated measures for future growth and formed alliances with companies that boast ICT platforms.

The Elderly Care Business continued to expand through M&A. In FY2019, the Company executed 10 M&A transactions, including Nagoyaka CareLink Co,.Ltd. (hereinafter, Nagoyaka CareLink), which was acquired in April 2019. Of the M&A conducted in FY2019, Meguminokai Co., Ltd. and Meguminokai Y.K. (hereinafter, “Megumi-no-kai”), in which the Company concluded the share acquisition on March 19, 2020, will start to contribute to earnings from FY2020. Moreover, the Company conducted its first M&A in the Child Care Business, and executed the business transfer of a child care center as of April 1, 2020.

Thanks to these initiatives, we successfully achieved growth in both revenues and operating profit for seven consecutive years. Net sales were favorable for both the Medical Outsourcing Business and the Elderly and Child Care Business, up 13.6% YoY to 95,719 million yen. Operating profit increased by 8.7% to 5,465 million yen although there were increased IT investments for productivity improvement and negative impacts of about 90 million yen from COVID-19 situation.
Ordinary income increased by 7.3% to 5,374 million yen and net income increased 35.1% to 4,739 million yen. This was due to extraordinary income incidental to the sales of fixed assets while there were extraordinary losses of impairment loss of fixed assets and goodwill, and restructuring costs for Medical Outsourcing Business occurred in centralizing and systemizing the back-office operations at branches.

The status by business segments is as follows.

Medical Outsourcing Business

+ Main areas of business (as of March 31, 2020)
- Outsourcing and staffing for medical clerical services including reception, accounting, processing of medical billing, clinical information management, and management support services

In FY2019, we further enhanced staff training aimed at improving productivity and quality by extending programs and targeted staff, as well as took measures in IT utilization. Thanks to those initiatives, we saw growth in sales from new contracts and expansion in existing client hospitals, and improved productivity.
As a result, net sales increased by 4.7% YoY to 58,263 million yen. Operating profit increased by 7.8% YoY to 6,581 million yen. OP profit margin increased for 5 consecutive years to 11.3%, improved 0.3 points from the previous year.

Elderly and Child Care Business

+ Main areas of business (as of March 31, 2020)
- Elderly Care Business: operating centers for day care, home help, group homes, care management planning, nursing homes
- Child Care Business: operation of authorized child care facilities and certified child care facilities

In the Elderly Care Business, ALL LIFE MATE acquired in December, 2018 and Nagoyaka CareLink led the growth in sales and profits in FY2019. Overall, for the Elderly Care Business we continued our measures in increasing operating rates and number of users, training of human resources and improving retention rate.
On the other hand, after February 2020, the business was affected by COVID-19 situation with expenditures on procuring additional thermometers and other equipment as well as a decrease in use of services, mainly in day service.
As a result, Elderly Care Business net sales increased by 32.7% and operating profit increased by 19.1%.
In the Child Care Business, number of children in our facility care increased thanks to opening of two new authorized facility and shifting of three facilities from certified child care facility to authorized child care facility in April 2019. As a result, Child Care Business net sales increased by 19.1% and operating profit increased by 31.5%. In April 2020, we opened one new authorized child care facility and shifted the status of two facilities from certified child care facility to authorized child care facility. We also obtained one authorized child care facility through a business transfer.
As a result, Elderly and Child Care Business net sales increased by 31.9% YoY to 37,011 million yen. Operating profit increased by 20.2% YoY to 2,246 million yen. OP profit margin decreased by 0.6 points to 6.1%.

Others（Education Business, Corporate Expenses）

+ Main areas of business (as of March 31, 2020)
- Providing seminars on medical clerical services and elderly care to corporations, group customers, and individuals
- Certification testing related to the above

Net sales decreased by 19.4% YoY to 445 million yen due to Education Business saw a decline in sales of textbooks against the last year’s favorable sales from revision in medical reimbursement, as well as cancelling on-sites examination due to COVID-19 situation.
Corporate Expenses increased on the back of proactive IT-related investments and office relocating costs incidental to the sales of own building. IT-related investments aimed at improving productivity included installation of new personnel system and accounting system. Operating profit for Education Business decreased due to the decline in net sales.
As a result, we recorded operating losses of 3,362 million yen as a total of Education Business and Corporate Expenses.

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

		FY2016	FY2017	FY2018	FY2019
Net sales	(¥ in millions)	65,413	74,329	84,251	95,719
EBITDA	(¥ in millions)	4,233	5,195	6,544	7,416
EBITDA margin	(%)	6.5	7.0	7.8	7.7
Operating profit	(¥ in millions)	3,654	4,188	5,030	5,465
Operating profit margin	(%)	5.6	5.6	6.0	5.7
Ordinary Income	(¥ in millions)	3,626	4,164	5,011	5,374
Net income	(¥ in millions)	2,473	2,710	3,506	4,739
EPS	(yen)	28.51	29.53	37.50	50.33
Total asset	(¥ in millions)	23,802	37,665	45,798	57,703
Total equity	(¥ in millions)	10,257	11,871	13,936	16,770
BPS	(yen)	112.55	127.15	148.00	177.70
ROE	(%)	26.4	24.5	27.2	30.9
Net cash provided by operating activities	(¥ in millions)	3,086	5,068	5,153	4,248
Net cash used in investing activities	(¥ in millions)	-832	-6,375	-2,404	-3,482
Net cash provided by financing activities	(¥ in millions)	-2,119	3,018	-1,215	1,784
Cash and cash equivalents, end of the year	(¥ in millions)	5,966	7,678	9,211	11,762
Free cash flows	(¥ in millions)	2,253	-1,306	2,748	766
DPS	(yen)	14.33	15.00	19.00	19.50
Dividend payout ratio	(%)	50.3	50.8	50.7	38.7

Notes:
1. EPS is calculated based on the average total number of shares issued for the period, excluding treasury shares. BPS is calculated based on the average total number of shares issued for the period, excluding treasury shares.
2. We have conducted stock splits of common shares involving a 1:3 split on July 1, 2018. PER, BPS, and DPS are calculated based on the conversion for if those stock splits had been conducted at the beginning of FY2016.
3. Incidental to the application of the Partial Amendments to Accounting Standards for Tax Effect Accounting, etc., from the start of FY2018, the figures for FY2017 total equity is retroactively revised.
4. EBITDA = Operating profit + Depreciation costs + Amortization of goodwill
5. Free cash flows = Net cash provided by operating activities – Net cash used in investing activities

(Reference) FY2020 consolidated earnings forecast

The forecast for FY2020 is based on the assumption that the impact of COVID-19 will continue through July at the same level following the state of emergency (mid-April). The impact is estimated at 6 million yen in net sales and 8.1 million yen in operating profits. The assumed impact includes the decreased use of services coming from the refrained use by users or the close of business centers, and the impact is mainly in day service operated in the Elderly Care Business. The impact may differ depending on the pandemic and the length of the affected period. The special bonus paid to 27,000 employees engaged in service provision in the Medical Outsourcing, Elderly Care, and Child Care Businesses is included in the above amount.

We are forecasting net sales to increase by 7.3% YoY to 102,700 million yen on increased revenues from M&A in the Elderly Care Business, and sales growth in Medical Outsourcing Business from new contracts and expanded sales in existing hospitals.

We are forecasting operating profit of 5,470 million yen, 0.1% increase YoY, after including the assumed COVID-19 impact, while the productivity improvement in each business and profit contribution from M&A conducted in FY2019 and Megumi-no-kai are expected.

We forecast net income to decrease by 30.2% to 3,310 million yen. This is due to the extraordinary income posted in FY2019.

▸Consolidated earnings forecast

(¥ in millions)

	FY2019 (Results)	FY2020 (Forecast)	YoY
Net sales	95,719	102,700	+7.3%
Operating profit	5,465	5,470	+0.1%
Ordinary income	5,374	5,330	-0.8%
Net income	4,739	3,310	-30.2%

▸Consolidated earnings forecast by segments

(¥ in millions)

Segments	＜Net sales＞ FY2019 (Results)	FY2020 (Forecast)	YoY	＜Operating profit＞ FY2019 (Results)	FY2020 (Forecast)	YoY
Medical Outsourcing Business	58,263	60,000	+3.0%	6,581	7,420	+12.7%
Elderly and Child Care Business	37,011	42,300	+14.3%	2,246	2,250	+0.1%
Others*	445	400	-10.2%	-3,362	-4,200	—
Total	95,719	102,700	+7.3%	5,465	5,470	+0.1%

* Education Business, Corporate Expenses

2. Challenges to be Addressed

We embrace the Corporate Philosophy of promoting enriched lifestyles and working with customers towards the realization of a promising future by contributing to healthy people, healthy partnerships, and a healthy society. The following Management Vision serves as a concrete strategy for the realization of our Corporate Philosophy and as our outlook for the future.

Management Vision

The Solasto story has begun.
To provide global quality service in medical outsourcing, elderly and child care
To create professional career for Japanese working women.

VISION 2030

- An innovation leader in medical outsourcing, elderly care and child care, with strong focus on client needs and service quality
- Transforming to a digital company of service industry, constantly renewing service model leveraging state of the art ITs
- Contributing to local communities and all our stakeholders (clients, employees, shareholders, business partners) through continuous growth and strong business performance
- Through talent development and 2X compensation, supporting employees on work-life balance and to build professional life-time careers
- Culture with a value for care, reliability, compliance suited for medical, elderly care and child care

Net sales	300 billion yen	Operating profit	20 billion yen
(breakdown)			
Medical Outsourcing Business	100 billion yen		
Elderly Care Business	150 billion yen		
New Business	50 billion yen		

Main initiatives of FY2020

We will promote the following initiatives towards realizing our Management Vision.

(1) Reinforcing existing businesses
- M&As in Elderly Care Business
- Additional services in existing services, expand the market
- Productivity improvement
- Compensation improvements

(2) Innovation
- Changing current business model and creating new businesses
- Challenge to become a “Game Changer”
- Utilization of ICT to achieve innovations and operation replacements
- Establishing competitive and differentiated business model

(3) Strengthening organization and human resource
- Reinforcing compliance and governance
- Centralizing operations and optimizing back-office functions
- Talent management and strategic resource allocation
- Development of middle-management and next-generation management personnel

On May 14, 2019, the Company’s Medical Business Division in Chubu district was investigated by the Fair Trade Commission for alleged violations of Antimonopoly Act for the Medical Outsourcing Business and the medical reimbursement review operations. The Company has been giving the fullest cooperation to the investigation of the Fair Trade Commission.

3. Stock information (As of March 31, 2020)

(1) Number of shares authorized	339,000,000	Stocks
(2) Total shares issued	94,325,700	Stocks (including 179 treasury shares)
(3) Number of shareholders	6,379	

(4) Major shareholders (Top 10)

Name	Number of shares held (stocks)	Holdings ratio (%)
Daito Trust Construction Co., Ltd.	31,805,100	33.72
TOHO HOLDINGS CO., LTD.	9,709,500	10.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,613,400	5.95
Japan Trustee Services Bank, Ltd. (Trust Account)	5,304,000	5.62
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	3,604,300	3.82
STATE STREET BANK AND TRUST COMPANY 505038	2,674,600	2.84
INFOCOM CORPORATION	2,545,200	2.70
JP MORGAN CHASE BANK 385174	2,259,800	2.40
JP MORGAN CHASE BANK 385632	2,029,600	2.15
Solasto Employee Shareholding Association	1,471,716	1.56

Note: Holdings ratio excludes treasury shares (179 stocks).

(5) Status of share warrants, etc.

① Status of share warrants retained by Directors as of the final day of the current fiscal year

-Type and number of applicable shares: Commons stock 6,000 shares
(100 shares per share warrant)

Name (Date of vote on issuance)	No. of units	No. of shares	Exercise price (per share)	Issue price	Exercise period	Category	Owners
2018 1st share warrants (Issued on September 28, 2018)	60	6,000	1,393 yen	Non-compensated	From October 16, 2020 to October 15, 2025	Directors	2

Notes:
1. The above share warrants held by 2 Directors were allocated before they were appointed as Directors.
2. Directors classified under "Category" does not include Outside Directors.
3. Conditions for exercising share warrants are outlined in the share warrant allocation agreement concluded between the Company and the share warrant holder.

② Status of share warrants issued to employees during the current fiscal year

Not applicable

③ Other important notes regarding share warrants

Not applicable

4. Directors and Corporate Auditors

(1)Directors and Corporate Auditors (as of March 31, 2020)

Position	Name	Responsibility in the Company and significant concurrent positions outside the Company
President and Representative Director	Yoshikazu Fujikawa	
Chairman and Director	Junichi Arai	
Director	Masumi Tamai	Senior Managing Corporate Officer and General Manager of Medical Business Division
Director	Shigeru Fukushima	Senior Managing Corporate Officer and General Manager of Elderly Care Business Division
Director	Masateru Kawanishi	Director, Senior Managing Corporate Officer, General Manager of Human Resources & General Affairs Department, Chief Talent Officer and Director of Career Center
Director	Ko Sekiguchi	Outside Director of Otsuka Holdings, Co., Ltd.
Director	Tsutomu Une	
Director	Yukio Kubota	Senior Advisor of Carlyle Japan L.L.C.
Director	Kanitsu Uchida	Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business at Daito Trust Construction Co., Ltd. Director of Care Partner Co., Ltd.
Full-time Corporate Auditor	Osamu Akiyama	
Corporate Auditor	Junko Utsunomiya	Partner at Utsunomiya Shimizu & Haruki Outside Corporate Auditor of ZOZO, Inc. Outside Director of Adventure, Inc. Outside Director (Audit and Supervisory Committee) of RAKSUL, INC.
Corporate Auditor	Hironori Yokote	Director of Hironori Yokote CPA Office Outside Corporate Auditor of Panair, Inc. Outside Corporate Auditor of PinT, Inc. Representative Partner of Miogi Audit Corporation.

Note:

1. Directors Ko Sekiguchi, Tsutomu Une, Yukio Kubota and Kanitsu Uchida are Outside Directors.
2. Corporate Auditors Junko Utsunomiya and Hironori Yokote are Outside Corporate Auditors.
3. Corporate Auditors Hironori Yokote is a certified public accountant and tax attorney, and possesses significant knowledge related to finances and accounting.
4. Corporate Auditor Junko Utsunomiya's name on her family registry is Junko Morita.
5. Changes in Director and Corporate Auditor positions, responsibilities, and significant concurrent position during the current fiscal year are as follows.
   ① Directors Masumi Tamai, Shigeru Fukushima, Masateru Kawanishi, Yukio Kubota and Kanitsu Uchida were elected at the General Meeting of Shareholders held on June 27, 2019 and became Directors.
   ② Corporate Auditors Junko Utsunomiya resigned as Corporate Auditor of RAKSUL, INC. and became an Outside Director (Audit and Supervisory Committee) of the company on October 17, 2019 due to a change in the company structure to a company with audit and supervisory committee.
   ③ Corporate Auditor Hironori Yokote became Representative Partner of Miogi Audit Corporation on September 2, 2019.
6. As of April 1, 2020, Director positions have changed as follows.
   ① Representative Director Yoshikazu Fujikawa's position has changed to Chief Executive Officer. Director Masateru Kawanishi's position has changed to Senior Managing Corporate Officer, Chief Human Resource Officer, General Manager of Human Resources & General Affairs Department.

② Director Yukio Kubota has retired from Senior Advisor of Carlyle Japan L.L.C. as of April 23, 2020.

7. We designated Outside Directors Ko Sekiguchi and Tsutomu Une, and Outside Corporate Auditors Junko Utsunomiya and Hironori Yokote as Independent Officers and registered them as such with the Tokyo Stock Exchange.

(2)Total compensation for Directors and Corporate Auditors

Category	Paid personnel	Amount (¥ in millions)
Directors	10	189
(out of Outside Directors)	(3)	(21)
Corporate Auditors	3	22
(out of Outside Corporate Auditors)	(2)	(9)
Total	13	211
(out of Outside Directors and Outside Corporate Auditors)	(5)	(30)

Note:

1. Directors receiving compensation includes the two Directors (excluding Outside Directors) resigned at the adjournment of the 51st Ordinary General Meeting of Shareholders held on June 27, 2019. The number of paid personnel excludes three uncompensated Outside Directors including the two Directors resigned at the adjournment of the 51st Ordinary General Meeting of Shareholders held on June 27, 2019.
2. 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 employee wages). Separate from the abovementioned amount for compensation, etc., the annual amount of 30 million yen was approved at the 38th Ordinary General Meeting of Shareholders held on June 29, 2006, as compensation, etc. related to share warrants for the issuance of stock options.
3. 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. Separate from the abovementioned amount for compensation, etc., the annual amount of up to 6 million yen was approved as compensation, etc. related to share warrants for the issuance of stock options.
4. The above compensation amounts include the following.
   Compensation as executive bonuses
   No. of Director : 6
   Compensation : 47 million yen

(3) Matters concerning Outside Directors and Outside Corporate Auditor

①Status of important concurrent posts

Category	Name	Status of concurrent posts and relations to other corporations, etc.
Director	Ko Sekiguchi	An Outside Director of Otsuka Holdings Co., Ltd. There is no specific relationship between the Company and company where Mr. Sekiguchi holds a position.
Director	Tsutomu Une	None
Director	Yukio Kubota	Senior Advisor of Carlyle Japan L.L.C., the Japanese advisory company for The Carlyle Group. There is no specific relationship between the Company and company where Mr. Kubota holds a position.
Director	Kanitsu Uchida	Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business at Daito Trust Construction Co., Ltd., a shareholder retaining a total 33.7% of the Company's issued shares. Director of Care Partner Co., Ltd., a wholly owned subsidiary of Daito Trust Construction Co., Ltd.
Corporate Auditor	Junko Utsunomiya	Partner at Utsunomiya Shimizu & Haruki, Outside Corporate Auditor of ZOZO, Inc., Outside Director of Adventure, Inc., Outside Director (Audit and Supervisory Committee) of RAKSUL, INC. There is no specific relationship between the Company and company where Ms. Utsunomiya holds a position.
Corporate Auditor	Hironori Yokote	Director of Hironori Yokote CPA Office, Outside Corporate Auditor of Panair, Inc. and PinT, Inc. and Representative Partner of Miogi Audit Corporation. There is no specific relationship between the Company and company where Mr. Yokote holds a position.

②Main activities of Outside Directors and Outside Corporate Auditor during current fiscal year

Category	Name	Attendance at Board of Directors' meetings	Attendance at Board of Corporate Auditors' meetings
Director	Ko Sekiguchi	100% 13/13	—
Director	Tsutomu Une	100% 13/13	—
Director	Yukio Kubota	100% 10/10	—
Director	Kanitsu Uchida	80% 8/10	—
Corporate Auditor	Junko Utsunomiya	100% 13/13	100% 24/24
Corporate Auditor	Hironori Yokote	100% 13/13	100% 24/24

(4) Status of Accounting Auditor

①Name KPMG Azsa LLC.

②Amount of compensation, etc.

	Payment amount
Amount of compensation, etc. related to the accounting auditor for the current fiscal year	64 million yen
Total amount of fees and other asset-based income to be paid by the Company and subsidiaries to the accounting auditor.	112 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.

③Details of non-audit work

We pay compensation to KPMG Azsa LLC. for advisory work related to international financial reporting standards (IFRS).

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. As a result, our current basic policy entails shareholder returns equivalent to approximately 50% of our consolidated net income. Moving forward, we will flexibly evaluate our capital policies includes evaluating shareholder dividends in case of having appropriate opportunity to expand corporate value such as large-scale M&A.

-Dividends for FY2019

Based on this policy, the dividend for FY2019 was set to be approximately 50% of consolidated net income, excluding extraordinary income related to the transfer of ownership of fixed assets. The year-end dividend is set to the amount of 10.0 yen per share. Combined with the interim dividend of 9.5 yen per share, this results in a full-year dividend amount of 19.5 yen per share. As a result, our consolidated dividend payout ratio is 38.7%, and adjustment payout ratio is 50.5% after excluding extraordinary gains/losses.

-Dividends for FY2020

For FY2020 dividends, we are planning to maintain an annual dividend of 19.5 yen per share, representing a consolidated dividend payout ratio of 55.6%. In FY2020, our forecast is based on the assumption that the impact of COVID-19 will continue for a certain period, thus the forecast may differ significantly depending on the situation and the length of the impact.

6. Consolidated Financial statements

(1) Consolidated income statement

(¥ in millions)	FY2016	FY2017	FY2018	FY2019	FY2020 Estimate
Net sales					
Medical outsourcing business	50,817	53,601	55,640	58,263	60,000
Elderly and child care business	13,862	20,095	28,058	37,011	42,300
Others[*1]	733	632	552	445	400
Total net sales	65,413	74,329	84,251	95,719	102,700
Cost of sales	54,246	61,347	69,094	78,718	—
Gross profit	11,166	12,981	15,156	17,001	—
Selling,general and administrative expenses	7,512	8,792	10,126	11,535	—
Operating profit					
Medical outsourcing business	4,950	5,601	6,105	6,581	7,420
Elderly and child care business	884	1,046	1,869	2,246	2,250
Others[*1]	(226)	112	89	6	(30)
Corporate expenses[*1,*2]	(1,953)	(2,570)	(3,033)	(3,368)	(4,170)
Total operating profit	3,654	4,188	5,030	5,465	5,470
Non-operating income					
Interest income	0	0	4	17	—
Dividend income	2	1	1	1	—
Insurance income	23	41	42	37	—
Subsidy income	30	13	46	63	—
Others	13	18	31	23	—
Total non-operating income	70	75	126	144	—
Non-operating expenses					
Interest expense	46	61	99	160	—
Compensation for damage	—	14	12	24	—
Others	52	24	34	50	—
Total non-operating expenses	98	100	146	235	—
Ordinary income	3,626	4,164	5,011	5,374	5,330
Special gain					
Subsidy income	—	—	173	464	—
Gain on disposal of fixed assets	8	1	17	2,202	—
Others	18	0	—	14	—
Total special gain	26	2	191	2,681	—
Special losses					
Loss on reduction of fixed assets	—	—	173	464	—
Impairment loss	—	—	56	466	—
Others	12	66	17	158	—
Total special losses	12	66	248	1,090	—
Income before taxes	3,639	4,100	4,954	6,965	—
Total income taxes	1,166	1,390	1,447	2,226	—
Net income	2,473	2,710	3,506	4,739	3,310
EBITDA[*3]	4,233	5,195	6,544	7,416	7,818
Depreciation[*4]	432	605	770	880	975
Amortization of goodwill	146	400	742	1,070	1,373
CAPEX	269	571	832	1,359	—
M&A investment	658	5,786	1,840	4,213	—
Equity investment	—	—	—	326	—
Per share data[*5] (yen)					
Net income[*6]	28.51	29.53	37.50	50.33	35.09
Dividends	14.33	15.00	19.00	19.50	19.50
Total equity	112.55	127.15	148.00	177.70	—

*1. Others indicates education business, etc. In accordance with organizational changes implemented on April 1, 2018, from FY2018 specialist employee hiring and development operations, which previously were included under "Others", will be recorded under "Corporate expenses." Furthermore, FY2017 figures were created to reflect this change in segmentation.

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

*3. Operating profit + Depreciation + Amortization of goodwill

*4. Cost of sales + Selling,general and administrative expenses

*5. We conducted a 1: 3 stock split on July 1, 2018. Per share information for the past year indicates figures adjusted to reflect the stock split.

*6. Net income per share forecast for FY2020 = Net income forecast for FY2020 ÷ number of shares issued as of March 31, 2020

(2) Consolidated balance sheet

(¥ in millions)	Mar. 31 2017	Mar. 31 2018	Mar. 31 2019	Mar. 31 2020
Current assets				
Cash and time deposits	5,979	7,678	9,211	12,232
Notes and accounts receivable	7,614	9,608	10,296	11,995
Inventory	94	58	53	56
Others	700	862	1,032	1,280
Total current assets	14,389	18,208	20,594	25,565
Fixed assets				
Tangible fixed assets	4,390	8,421	9,194	10,421
Buildings and structures-net	2,612	5,730	5,981	6,709
Land	918	1,267	1,247	1,142
Others	859	1,423	1,965	2,570
Intangible fixed assets	2,869	8,123	9,826	14,448
Goodwill	2,491	7,724	9,332	13,736
Others	378	399	493	711
Investments and other assets	2,152	2,912	6,184	7,267
Total fixed assets	9,412	19,456	25,204	32,138
Total assets	23,801	37,665	45,798	57,703

(¥ in millions)	Mar. 31 2017	Mar. 31 2018	Mar. 31 2019	Mar. 31 2020
Current liabilities				
Short-term debt	—	—	506	4,500
Current portion of long-term debt	2,189	2,705	3,192	3,224
Accounts payable-other	4,686	5,887	6,479	6,479
Others	3,307	5,389	6,403	6,722
Total current liabilities	10,183	13,981	16,582	20,926
Long-term liabilities				
Long-term debt, less current portion	1,256	8,626	9,088	12,956
Lease obligations	746	1,250	1,781	2,526
Liability for retirement benefits	1,145	1,193	1,317	1,397
Others	212	741	3,093	3,125
Total fixed liabilities	3,361	11,812	15,280	20,006
Total liabilities	13,544	25,793	31,862	40,933
Equity				
Shareholder's equity	10,335	11,841	13,901	16,733
Common stock	478	548	572	583
Capital surplus	5,381	5,447	5,471	5,482
Retained earning	4,475	5,845	7,857	10,666
Treasury stock	—	(0)	(0)	(0)
Accumulated other comprehensive income	(78)	28	29	28
Subscription rights to shares	—	1	5	8
Total equity	10,257	11,871	13,936	16,770
Total liabilities and equity	23,801	37,665	45,798	57,703

*1. Incidental to the application of the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc., from Q1 FY2018, we offset deferred tax assets and deferred tax liabilities and record the amount under Other Investments Assets or Fixed Liabilities. Furthermore, we retroactively revised figures for March 31, 2018.

(3) Consolidated statements of cash flows

(¥ in millions)	FY2016	FY2017	FY2018	FY2019
Net cash provided by operating activities				
Income before income taxes and minority interests	3,639	4,100	4,954	6,965
Depreciation	432	605	770	880
Amortization of goodwill	146	400	742	1,070
Loss on impairment of long-lived assets	—	—	56	466
Increase (decrease) in reserve for bonuses	(93)	133	(11)	62
Increase (decrease) in liability for retirement benefits	98	98	79	72
Interest expenses	46	61	99	160
(Increase) decrease in notes and accounts receivable – trade	(378)	(673)	(384)	(1,194)
(Increase) decrease in prepaid expenses	(22)	(36)	(24)	(90)
Increase (decrease) in notes and accounts payable – other	157	694	176	(222)
Increase (decrease) in accrued consumption taxes	35	372	99	315
Increase (decrease) in deposits received	(4)	486	15	(385)
Loss (gain) on sales of tangible fixed assets	(7)	(1)	(17)	(2,202)
Others	210	100	102	(419)
Total Adjustment	4,262	6,343	6,660	5,479
Interest and dividends received	2	1	—	18
Interest paid	(44)	(62)	(99)	(181)
Income taxes paid	(1,159)	(1,274)	(1,610)	(1,503)
Others	26	61	202	435
Net cash provided by operating activities	3,086	5,068	5,153	4,248
Net cash used in investing activities				
Purchases of tangible fixed assets	(60)	(417)	(613)	(867)
Proceeds from sales of tangible fixed assests	20	39	313	2,466
Purchases of intangible fixed assets	(145)	(190)	(131)	(429)
Purchase of investment securities	—	—	—	(326)
Payments for lease and guarantee deposits	(46)	(82)	(198)	(153)
Proceeds from collection of lease and guarantee deposits	24	22	29	25
Payments for transfer of business	(413)	(1,169)	(537)	(793)
Cash decrease due to acquisition of controlling interest in a company	(245)	(4,616)	(1,303)	(3,420)
Others	34	38	36	16
Net cash used in investing activities	(832)	(6,375)	(2,404)	(3,482)
Net cash used in financing activities				
Proceeds from short-term debt	—	2,850	7,427	30,900
Repayment of short-term debt	—	(3,030)	(7,449)	(26,906)
Proceeds from long-term debt	—	10,075	3,500	6,400
Repayment of long-term debt	(1,307)	(5,558)	(3,010)	(6,275)
Redemption of bonds	—	—	(131)	(319)
Proceeds from issuance of common stock	356	140	48	21
Purchases of treasury stock	—	(0)	—	(0)
Dividends paid	(1,080)	(1,340)	(1,494)	(1,929)
Repayments of lease obligations	(36)	(54)	(82)	(101)
Others	(51)	(63)	(22)	(4)
Net cash provided by (used in) financing activities	(2,119)	3,018	(1,215)	1,784
Net increase (decrease) in cash and cash equivalents	134	1,711	1,533	2,550
Cash and cash equivalents, beginning of year	5,831	5,966	7,678	9,211
Cash and cash equivalents, end of year	5,966	7,678	9,211	11,762

<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 five (5) 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 five (5) 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.