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Securities identification code: 6197
June 8, 2021

To our shareholders:

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

NOTICE OF THE 53RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

Solasto Corporation (the "Company") will hold its 53rd 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 Friday, June 25, 2021 (Japan Standard Time).

1.	**Date and Time:**	Monday, June 28, 2021 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 53rd Term (from April 1, 2020 to March 31, 2021), and Audit Reports for the Consolidated Financial Statements by Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 53rd Term (from April 1, 2020 to March 31, 2021)

Items to be resolved:

Proposal 1: Partial Amendments to the Articles of Incorporation
Proposal 2: Election of Eight (8) Directors
Proposal 3: Determination of Remuneration for the Allotment of Restricted Share to Directors (Excluding Outside Directors)
Proposal 4: Election of One (1) Substitute Corporate Auditor

4. Matters concerning Internet Disclosure and others

- 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 or via the Internet and avoid attending the General Meeting of Shareholders as a measure against the COVID-19 situation.
- If shareholders exercise voting rights both in writing and via the Internet, the exercise via the Internet shall be deemed valid. In addition, if shareholders exercise their voting rights more than once via the Internet, the last vote shall be deemed valid.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments
   The Company proposes to amend its business purpose prescribed in Article 2 of the current Articles of Incorporation in order to prepare for the diversification of its business and future business development.

2. Details of amendments
   Details of the proposed amendments are as follows:

(Amendments are indicated in underlined text)

Current Articles of Incorporation	Proposed Amendments
(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses:	(Purpose) Article 2. (Same as the current text)
1. - 20. (Text omitted) (New item)	1. - 20. (Same as the current text) 21. Business related to the provision of various information via the Internet and software services
21. Development and sales of data processing software	22. Software development, sales, consulting, and system integration businesses in both Japan and overseas
22. – 30. (Text omitted)	23. – 31. (Same as the current text)

Proposal 2: Election of Eight (8) Directors

The terms of office of all eight (8) 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 candidates for Director are as follows:

Candidate No.	Name	Current Position	Attendance at the Board of Directors' Meetings in FY2020
1	**Yoshikazu Fujikawa** Reelection	President and Representative Director, Chief Executive Officer	100% 16/16
2	**Masateru Kawanishi** Reelection	Director, Senior Managing Corporate Officer, Chief Human Resource Officer General Manager of Human Resources, & General Affairs Department	100% 16/16
3	**Masumi Tamai** Reelection	Director, Senior Managing Corporate Officer and General Manager of Medical Business Division	100% 16/16
4	**Shigeru Fukushima** Reelection	Director, Senior Managing Corporate Officer and General Manager of Elderly Care Business Division	100% 16/16
5	**Yukio Kubota** Reelection Outside Director	Outside Director	100% 16/16
6	**Kenji Chishiki** New election Outside Director Independent Director	—	—
7	**Toru Noda** New election Outside Director Independent Director	—	—
8	**Kanitsu Uchida** Reelection Outside Director	Outside Director	93.8% 15/16

Candidate No. 1	**Yoshikazu Fujikawa**	(Date of birth: January 27, 1957) (Age 64)	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
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:	5 years and 5 months
Attendance at Board of Directors' Meetings:	16/16

Candidate No. 2	**Masateru Kawanishi**	(Date of birth: May 22, 1963) (Age 58)	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: Refinitiv Japan K.K.)
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:	2 years
Attendance at Board of Directors' Meetings:	16/16

Candidate No. 3	**Masumi Tamai**	(Date of birth: December 9, 1960) (Age 60)	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:	2 years
Attendance at Board of Directors' Meetings:	16/16

Candidate No. 4	**Shigeru Fukushima**	(Date of birth: February 12, 1960) (Age 61)	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:	2 years
Attendance at Board of Directors' Meetings:	16/16

Candidate No. 5	**Yukio Kubota**	(Date of birth: October 7, 1949) (Age 71)	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 (currently: Sony Group 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 Corporation)
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)
Mar. 2021	Outside Director of KOEI DREAMWORKS Co.Ltd. (incumbent)

Significant concurrent positions outside the Company

Outside Director of KOEI Dream Works Co., Ltd.

Reasons for nomination as a candidate for Outside Director and expected roles

Mr. Kubota has a wealth of experience and extensive knowledge as the Director including Representative Director among plural companies. Therefore, the Company has nominated him again as a candidate for Outside Director with expectation that he will use this experience to supervise and support management toward improving our corporate value. If he is elected, he will serve as Chairperson of the Nomination, Evaluation, and Compensation Committee and as a member of the Corporate Governance Committee, and will participate objectively and impartially in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company.

Number of years as Outside Director: 2 years

Attendance at Board of Directors' Meetings: 16/16

Candidate No. 6	**Kenji Chishiki**	(Date of birth: January 27, 1963) (Age 58)	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. 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. (incumbent)
Jun. 2020	Outside Director of Ishii Food CO., Ltd. (incumbent)

Significant concurrent positions outside the Company

Outside Director and Audit & Supervisory Committee Member of SHIFT Inc.
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 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, and will participate objectively and impartially in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company.

Candidate No. 7	**Toru Noda**	(Date of birth: September 16, 1960) (Age 60)	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. 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 (currently: Seiyu G.K.)
Feb. 2010	Representative partner & CEO of Seiyu G.K. Representative partner & CEO of Walmart Japan Holdings G.K. (currently: Walmart Japan Holdings K.K.)
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
Sep. 2017	Representative of SITE PUBLIS Co., Ltd.
Jun. 2018	Chairman (Outside Director) of Softfront Holdings, Inc.
Jan. 2019	Director of Taiyo System Technology Co., Ltd. (incumbent) Outside Director of COACH A Co., Ltd.
Feb. 2019	Chairman and Representative Director of Softfront Holdings, Inc.
Apr. 2019	President & CEO (incumbent) Director of Softfront Japan (incumbent) Director of Softfront Marketing
Dec. 2019	President of Softfront Marketing (incumbent)
Nov. 2020	Professor of Organizational Management Area of Graduate School of Business Sciences at University of Tsukuba (incumbent)

Significant concurrent positions outside the Company

Director of DIGITAL VORN CO., LTD.
President & CEO of Softfront Holdings, Inc.
Director of Softfront Japan
President of Softfront Marketing
Professor of Organizational Management Area of Graduate School of Business Sciences at University of Tsukuba

Reasons for nomination as a candidate for Outside Director and expected roles

Mr. Noda has served as a representative director of several companies and has deep insights and experience in the areas of DX, AI, RPA and data science. The Company nominates him as a candidate for Outside Director with the expectation that he will provide extremely useful advices for the Company in its efforts to integrate human resources, IT and digital technologies in the medical and eldery care fields. If he is elected, he will serve as a member of the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee, and will participate objectively and impartially in the selection of candidates for Directors, the determination of compensation for Directors, and the establishment of the governance system of the Company.

Candidate No. 8	**Kanitsu Uchida**	(Date of birth: May 2, 1965) (Age 56)	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 and expected roles

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:	2 years
Attendance at Board of Directors' Meetings:	15/16

Notes:

1. No special conflicts of interest exist between the Company and the candidates for Directors.
2. Yukio Kubota, Kenji Chishiki, Toru Noda, and Kanitsu Uchida are candidates for Outside Directors.
3. The Company has concluded agreements with 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 two (2) candidates for Directors are reelected, we intend to maintain said agreements. In addition, if the nomination of Kenji Chishiki and Toru Noda are approved, we plan to conclude similar liability limitation agreements with them.
4. The Company has concluded an Officers' Liability Insurance Contract with an insurance company pursuant to the provisions of Article 430-3, paragraph 1 of the Companies Act. An outline of the terms and conditions of the insurance contract is as set forth in "4. Directors and Corporate Auditors (3)Outline of Officers' liability insurance contract" of the Business Report. If each candidate is elected and assumes office as Director, he will be an insured person under the relevant insurance contract. The insurance is scheduled to be renewed at the next renewal with same conditions.
5. The age and years of service for each candidate for Director indicates the age and years of service as of the adjournment of this General Meeting of Shareholders.
6. Yukio Kubota served as an Outside Director of the Company in the past and he has served as an Outside Director for the total of 4 years and 5 months as of the adjournment of this General Meeting of Shareholders.
7. The Company has set its own Requirements for Independence of Outside Officers using provisions outlined by the Tokyo Stock Exchange as a reference. The Company believes that Kenji Chishiki and Toru Noda satisfies the requirements and plans to designate them as Independent Officers. Please see Page 39 for "Requirements for Independence of Outside Officers (revised June 1, 2021)."
8. The above-mentioned number of Company shares held by each candidate for Director is the number of shares as of March 31, 2021.
9. The above-mentioned number of times attending the Board of Directors' Meetings by each candidate for Director is the number of times in attendance at the Company's Board of Directors' Meetings convened during the fiscal year 2020 (April 1, 2020 – March 31, 2021) (total of 16 meetings held).

Proposal 3: Determination of Remuneration for the Allotment of Restricted Share to Directors (Excluding Outside Directors)

At the 47th Ordinary General Meeting of Shareholders held on June 26, 2015, the maximum amount of remuneration for the Directors was approved for the annual amount of 320 million yen (excluding the amount of employee compensation of Directors who concurrently serve as employees). In addition, separate from the abovementioned remuneration, at the 38th Ordinary General Meeting of Shareholders held on June 29, 2006, the maximum amount of remuneration for share warrant issued as stock options to Directors was approved for the annual amount of 30 million yen, and the maximum amount of remuneration for share warrants issued as stock options to Members of Board of Corporate Auditors was approved for the annual amount of 6 million yen.

As a part of the revision of remuneration for officers, in lieu of the abovementioned stock options and separate from the abovementioned compensation limit, the Company, would like to provide remuneration to allot the Directors, excluding Outside Directors, (the "Eligible Directors") Restricted Stock for the purpose of providing the incentive to continuously enhance the corporate value of the Company and of further enhancing value sharing with shareholders.

According to the proposal, the remuneration intended for the allotment of Restricted Stock to the Eligible Directors to be monetary remuneration receivables, and the maximum amount to be 100 million yen per annum (excluding the amount of employee compensation of Directors who concurrently serve as employees), which is considered as reasonable in light of the aforementioned purpose. The specific timing of payments and allotment to the each Eligible Director shall be determined by the Board of Directors. If the proposal is approved, the Company will abolish the existing stock option system for Directors and Corporate Auditors, excluding the outstanding share warrants, and discontinue the allotment of new share warrants as stock options in the future.

The number of Directors is currently eight (8) (including four Outside Directors). Subject to the approval of Proposal 2 "Election of Eight (8) Directors" in their original forms, there will be no change in the number of Directors.

Upon a resolution by the Board of Directors, the Eligible Directors shall receive shares of the Company's common stock, upon issuance or disposition thereof by contributions in-kind of the entire monetary remuneration receivables paid based on this proposal, and the total number of shares of common stock for new issuance or disposition thereby to the Eligible Directors shall be up to 125,000 shares per annum (in cases where there is a stock split of the Company's shares of common stock (including a gratis allotment of shares of the Company's common stock) or a stock consolidation thereof which takes effect on the day after this proposal is adopted, total number will be adjusted to a reasonable extent in proportion).
The amount to be paid per share shall be decided at the Board of Directors meeting and

shall be within a range not specifically advantageous to the Eligible Directors and based on the closing price of shares of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (or the closing price on the trading day immediately prior thereto if there is no transaction concluded on the relevant business day). For issuance or disposition of the Company's common stock, and provision of monetary compensation receivables in the form of property contributed in kind, the Company is to enter into an agreement of allotment of Restricted Stock (the "Allotment Agreement" including the details described below with the Eligible Directors.

In addition, the maximum amount of compensation under this proposal, the total number of shares of the Company's common stock to be issued or disposed of and the terms of any grants of restricted stock to the Eligible Directors under this proposal have been determined in consideration of the aforementioned objectives, business conditions, policies regarding the determination of the content of the Director' individual compensation and other factors, and are considered reasonable (for the details of policy of compensation, please refer to the Japanese Original Version of 53th Business Report "2. Status of the Company, (3) Status of Officers, (iv) Compensation of Directors and Auditors, the Policy on Determining Details of Compensation."

[The details of the Allotment Agreements]
(1) Period and content of transfer restriction
The Eligible Directors may not transfer to any third party, create a pledge on or otherwise dispose of the shares of the Company's common stock ("Transfer Restriction") allotted (the "Allotted Shares") during a period predetermined in advance by the Company's Board of Directors, which shall be from 3 years up to 5 years from the date when the allotment was received due to the Allotment Agreement (the "Transfer Restriction Period").

(2) Treatment in cases of loss of position
If, prior to the expiry of the Transfer Restriction Period, the Eligible Director loses a position which the Board of Directors preliminarily determined as eligible, the Company shall make a gratis acquisition of the Allotted Shares as a matter of course, with the exception of expiration of term of service, retirement by the age, death or other reasons which is considered legitimate for the loss of position.

(3) Lifting of Transfer Restriction
Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restriction on all of the Allotted Shares at the expiry of the Transfer Restriction Period on the condition that the Eligible Director continues to serve in the position which the Board of Directors preliminarily determined as eligible. However, if such the Eligible Director loses a position which the Board of Directors preliminarily determined as eligible prior to the expiry of the Transfer Restriction Period due to the conditions set in (2) of

expiration of the term of service, retirement age, death or other legitimate reason, the Company shall lift the Transfer Restriction depends on the period from the start of the Transfer Restriction Period to the month of the Director loses the position at the time immediately after the loss of position. Further, in accordance with the above provisions, the Company shall, as a matter of course, make a gratis acquisition of the Allotted Shares on which the Transfer Restriction has not been lifted immediately after the Transfer Restriction has been lifted.

(4) Handling in case of reorganization, etc.
Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly owned subsidiary of another company or any other matters related to reorganization, etc. is approved at a General Meeting of Shareholders (or at a meeting of the Board of Directors of the Company if the approval of the General Meeting of Shareholders for said reorganization, etc. is not required) of the Company, the Company shall, prior to the effective date of said reorganization, etc., lift the Transfer Restriction on Allotted Shares determined in a reasonable manner based on the period from the month of commencement of the Transfer Restriction Period to the month of approval of said reorganization, etc. In addition, in accordance with the above provisions, the Company shall, as a matter of course, make a gratis acquisition of the Allotted Shares on which the Transfer Restriction has not been lifted immediately after the Transfer Restriction has been lifted.

(5) Other matters
Other matters concerning the Agreement shall be determined at meetings of the Board of Directors of the Company.

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

The effectiveness of the election of Kanae Fukushima, who was elected as a substitute Corporate Auditor at the 52nd Ordinary General Meeting of Shareholders held on June 25, 2020, expires at the start of this General Meeting of Shareholders. Therefore, the Company again proposes the nomination of one (1) substitute Corporate Auditor to prepare for situations in which the number of Corporate Auditors falls short of that stipulated by law.

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

The candidate for substitute Corporate Auditor is as follows.

	Kanae Fukushima (Date of birth: March 30, 1974) (Age 47)	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, however, based on the above reasons, we believe that she can appropriately execute the duties of Outside Corporate Auditor.
4. The Company will conclude agreements with Kanae Fukushima in accordance with Companies Act Article 427, paragraph 1 and our Article of Incorporation limiting the liability outlined in Companies Act Article 423, paragraph 1 if she is appointed as a Corporate Auditor. The maximum liability set forth in these agreements is the minimum liability amount mandated by law.
5. The Company has concluded an officer's liability insurance contract with an insurance company as prescribed in Article 430-3, Paragraph 1 of the Companies Act. The outline of the terms of the contract is as described in "4. Directors and Corporate Auditors (3) Outline of Officers' liability insurance contract" of the Business Report. If Kanae Fukushima assumes the office of Audit & Supervisory Board Member, she will be an insured person under the relevant insurance contract. The insurance is scheduled to be renewed at the next renewal with same conditions.

6. The age for Kanae Fukushima indicates her age as of the adjournment of this General Meeting of Shareholders.
7. The Company has set its own Requirements for Independence of Outside Officers using provisions outlined by the Tokyo Stock Exchange as a reference. The Company believes that Kanae Fukushima satisfies our requirements and plans to designate and register her as an Independent Officer. Please see Page for “Requirements for Independence of Outside Officers (revised June 1, 2021).”
8. The number of Company shares held by Kanae Fukushima is current as of March 31, 2021.

Business Report (April 1, 2020 to March 31, 2021)

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 administration services among hospitals and other medical institutions.

-The Japanese population of people aged 75 and older reached 18.7 million people in 2020 an increase of 0.2 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, the economy and living environment. The business conditions of medical institutions deteriorated, as evidenced by a decrease in the number of outpatients and inpatients. In the elderly care sector, users declined to use the services mainly for day services. These trends were conspicuous during the period of the State of Emergency declared in April 2020 and January 2021.

-The active job openings-to-applicant ratio declined due to the COVID-19 situation, and the unemployment rate also worsened for the first time since the global financial crisis in 2008. As a result of these factors, the recruitment environment for the Group has improved in part, but the timely and appropriate recruitment of personnel continues to be a key issue for the medical outsourcing, elderly care and child care industries as a whole.

In this business environment, our Group promoted each measure under the themes of "reinforcing existing businesses," "innovation," and "strengthening organization and human resource" as priority initiatives for FY2020.

For "reinforcing existing businesses," we executed a record-high number of M&A deals (10 deals) with annualized net sales totaling approximately 10.3 billion yen, and the number of business centers increased by 157 compared to the end of the previous fiscal year. In addition, we strengthened our recruitment and training capabilities using IT, such as web recruitment and online training in all business segments.

For "innovation," we launched a Smart Hospital Project aimed at providing new services, targeting small and medium-sized hospitals and clinics in the early stages. “Remote medical administration services,” which we plan to roll out ahead of the other services, has progressed steadily in demonstration trials, and we have made progress in the development for the launch of the services planned in the next fiscal year. We have also begun joint research with other companies as part of our efforts to realize elderly care based on scientific evidence.

In the area of “strengthening organization and human resource,” we established the Corporate Governance Committee, which aims to continuously enhance corporate

governance and increase management transparency and fairness, and the Investment Management Committee, which aims to scrutinize the efficiency of investment projects and monitor them after they are executed and promoted each initiatives. In addition, since FY2020, we have streamlined the administrative, personnel, accounting, and other support operations that had been conducted at Medical Outsourcing Business branches through the consolidation of operations at the head office and the use of IT. This contributed to the cost reduction of the Company.
Medical Outsourcing Business, Elderly Care Business and Child Care Business, which are our main businesses, are all essential businesses for maintaining social functions as essential services. In the wake of COVID-19 pandemic, it has become increasingly vital to ensure the security and safety of our customers while taking various measures to combat infections, and to continue our business with due attention to the safety of our employees, in order to fulfill our social responsibilities.

Thanks to these initiatives, in FY2020, both Medical Outsourcing Business and Elderly Care and Child Care Business performed favorably, achieving double-digit increases in both sales and profits despite the impact of COVID-19, and achieving the eighth consecutive year of increases in both sales and profits. Net sales increased 10.9% year on year to 106.182 billion yen, exceeding 100 billion yen for the first time. Operating profit increased 10.9% year on year to 6.062 billion yen. Ordinary income increased 13.0% year on year to 6.075 billion yen. Profit attributable to owners of parent decreased 25.3% year on year to 3.538 billion yen due to the extraordinary gains on the transfer of fixed assets in the previous fiscal year.

Results by business segment were as follows.

Medical Outsourcing Business

+ Main areas of business (as of March 31, 2021)

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

Medical Outsourcing Business is continually promoting training and IT-based initiatives aimed at maintaining and improving service quality and productivity. Net sales increased 4.6% year on year to 60.926 billion yen, mainly due to the contribution of these initiatives to new contract orders and an increase in transactions with existing customers, as well as receiving large-scale one-time orders in the second half of the fiscal year. Operating income increased 17.3% year on year to 7.72 billion yen due to several factors including higher earnings from higher sales, improved productivity, streamlining of branch operations, and the reorganization of branch offices, despite the payment of special bonuses in the first quarter. The operating profit margin rose 1.4 percentage points, to 12.7%, marking the sixth

consecutive year of improvement.

Elderly and Child Care Business

+ Main areas of business (as of March 31, 2021)

- Elderly Care Business: operating centers for day care, home help, group homes, care management planning, nursing homes
- Child Care Business: operation of certified child care facilities and licensed child care facilities

Elderly Care Business experienced a challenging business environment due to the impact of COVID-19 pandmeic, including restraints on the use of services by some users, particularly for day services, and temporary suspension of operations at facilities. In addition, there were expenses spent on measures against infections and payments of special bonus, however, with contributions of new M&A, both sales and profits increased year on year. Major new M&A activities included the consolidation of Meguminokai Co., Ltd. and Meguminokai Y.K. in March 2020, Japan Elderly Care Service Inc. and Kabushikigaisha Five Cs Healthcare in October 2020. The use of day services at existing business centers was below the previous year's level, and the number of users declined markedly during the State of Emergency made in April 2020 and January 2021 in particular.
In April 2020, Child Care Business opened one new certified child care center facility, acquired one certified facility, and transferred two licensed child care center facilities to certified child care center, resulting in an increase in the number of children in care. As a result, both sales and profits increased year on year.
Consequently, Elderly Care and Child Care Business's net sales increased 20.9% year on year to 44.73 billion yen, and operating income increased 1.9% year on year to 2.288 billion yen.

Others（Education Business, Corporate Expenses）

+ Main areas of business (as of March 31, 2020)

- Providing seminars on medical administration services and elderly care to corporations, group customers, and individuals
- Certification testing related to the above

In the Education Business, both sales and profits increased compared with the previous fiscal year. This was mainly due to an increase in the number of examinees following the switch to at-home exams from onsite exams for qualification examinations which had been discontinued due to COVID-19, and an increase in the number of books sold following the revisions to medical reimbursement made in April 2020.
Corporate Expenses increased due to transfer of some operations to the head office in line with the streamlining of Medical Outsourcing Business's branch office

operations, as well as IT-related expenses. On the other hand, various expenses, such as travel expenses and transportation expenses, declined due to the operation under COVID-19 situation in the wake of the remote work and other IT-based operations.

As a result of the above, sales in Education Business and Corporate Expenses increased 17.8% year on year to 524 million yen. Total operating income and Corporate Expenses amounted to an operating loss of 3.946 billion yen.

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

		FY2017	FY2018	FY2019	FY2020
Net sales	(¥ in millions)	74,329	84,251	95,719	106,182
EBITDA	(¥ in millions)	5,195	6,544	7,416	8,402
EBITDA margin	(%)	7.0	7.8	7.7	7.9
Operating profit	(¥ in millions)	4,188	5,030	5,465	6,062
Operating profit margin	(%)	5.6	6.0	5.7	5.7
Ordinary income	(¥ in millions)	4,164	5,011	5,374	6,075
Net income	(¥ in millions)	2,710	3,506	4,739	3,538
EPS	(yen)	29.53	37.50	50.33	37.51
Total asset	(¥ in millions)	37,665	45,798	57,703	60,103
Total equity	(¥ in millions)	11,871	13,936	16,770	18,472
BPS	(yen)	127.15	148.00	177.70	195.51
ROE	(%)	24.5	27.2	30.9	20.1
Net cash provided by operating activities	(¥ in millions)	5,068	5,153	4,248	6,728
Net cash used in investing activities	(¥ in millions)	-6,375	-2,404	-3,482	-3,816
Net cash provided by financing activities	(¥ in millions)	3,018	-1,215	1,784	-5,721
Cash and cash equivalents, end of the year	(¥ in millions)	7,678	9,211	11,762	8,953
Free cash flows	(¥ in millions)	-1,306	2,748	766	2,912
DPS	(yen)	15.00	19.00	19.50	19.50
Dividend payout ratio	(%)	50.8	50.7	38.7	52.0

Notes:
1. EBITDA = Operating profit + Depreciation costs + Amortization of goodwill
2. EPS is calculated based on the average total number of shares issued for the period, excluding treasury shares. BPS is calculated based on the average total number of shares issued for the period, excluding treasury shares.
3. 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 FY2017.
4. 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.
5. Free cash flows = Net cash provided by operating activities – Net cash used in investing activities

(Reference) FY2020 consolidated earnings forecast

The earnings forecast for FY2021 assumes that the impact of COVID-19 will continue until the first quarter of FY2021 at the same level as the fourth quarter of FY2020 and recover from around the third quarter of FY2021 due to the progress of vaccination among elderly people.
Net sales are forecast to increase 8.7% year on year to 115.4 billion yen. This is attributable to sales growth from Elderly Care Business stemming from M&A conducted in FY2020 and new M&A planned for FY2021, as well as higher sales from Medical Outsourcing Business stemming from new contract orders and expanded sales from existing customers.
Operating profit is forecast to increase 10.5% year on year to 6.7 billion yen, due to factors including the contribution to earnings from the M&A conducted in FY2020 and recovery of existing business centers especially for day services at Elderly Care Business, improved productivity, and higher profits from increased sales at Medical Outsourcing Business.
We also plan to commercialize the Smart Hospitals Project in FY2021, and expect to incur a loss in the first year of this project.

▸Consolidated earnings forecast

(¥ in millions)

	FY2020 (Results)	FY2021 (Forecast)	YoY
Net sales	106,182	115,400	+8.7%
Operating profit	6,062	6,700	+10.5%
Ordinary income	6,075	6,550	+7.8%
Net income	3,538	3,930	+11.1%

▸Consolidated earnings forecast by segments

(¥ in millions)

Segments	＜Net sales＞ FY2020 (Results)	FY2021 (Forecast)	YoY	＜Operating profit＞ FY2020 (Results)	FY2021 (Forecast)	YoY
Medical Outsourcing Business	60,926	62,000	+1.8%	7,720	7,980	+3.4%
Elderly and Child Care Business	44,730	52,700	+17.8%	2,288	3,430	+49.9%
Others*	524	700	+33.4%	-3,946	-4,710	—
Total	106,182	115,400	+8.7%	6,062	6,700	+10.5%

* 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		

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

FY2021 Management Policy

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

(1) Innovation - Become a company that transforms the world into new common sense

- DX
- Extending business areas
- Sowing seeds for the next decade

(2) Sustainable growth of existing businesses - Continue growth by taking on new challenges in existing businesses

- Mechanisms for growth
- Improving customer satisfaction
- Improving recruitment capabilities

(3) Enhancing management foundation - Build a strong and sound foundation for offense and defense

- Efficiency of SG&A expenses
- Improving retention rate
- Compliance & Governance

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.

Although the COVID-19 pandemic has a major impact on society and the economy, we continue to provide services in accordance with requests and policies from various administrative agencies, recognizing that the main services provided by the Group (Medical Outsourcing Business, Elderly Care Business, and Child Care Business) are services of a highly public nature that are crucial to maintaining social functions.
We will continue to provide services while ensuring the safety of customers and employees and thoroughly implementing measures to prevent the spread of infection.

3. Stock information (As of March 31, 2021)

(1) Number of shares authorized	339,000,000	Stocks
(2) Total shares issued	94,437,900	Stocks (including 258 treasury shares)
(3) Number of shareholders	5,643	

(4) Major shareholders (Top 10)

Name	Number of shares held (stocks)	Holdings ratio (%)
Daito Trust Construction Co., Ltd.	31,805,100	33.68
TOHO HOLDINGS CO., LTD.	8,779,500	9.30
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,308,800	6.68
Custody Bank of Japan, Ltd.(Trust Account)	4,995,600	5.29
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	4,081,700	4.32
JP MORGAN CHASE BANK 385632	2,848,031	3.02
STATE STREET BANK AND TRUST COMPANY 505038	2,765,500	2.93
INFOCOM CORPORATION	2,545,200	2.70
JP MORGAN CHASE BANK 385174	2,037,200	2.16
Solasto Employee Shareholding Association	1,534,211	1.62

Note: Holdings ratio excludes treasury shares (258 stocks).

(5) Status of share warrants, etc.

(i) Status of share warrants retained by Directors as of the final day of the current fiscal year

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

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

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

(ii) Status of share warrants issued to employees during the current fiscal year

Not applicable

(iii) Other important notes regarding share warrants

Not applicable

4. Directors and Corporate Auditors

(1) Directors and Corporate Auditors (as of March 31, 2021)

Position	Name	Responsibility in the Company and significant concurrent positions outside the Company
President and Representative Director	Yoshikazu Fujikawa	Chief Executive Officer
Director	Masateru Kawanishi	Senior Managing Corporate Officer, Chief Human Resource Officer, General Manager of Human Resources & General Affairs Department
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	Tsutomu Une	
Director	Yukio Kubota	Outside Director of KOEI DREAMWORKS Co.Ltd.
Director	Kuniko Nishikawa	President and CEO of FIRSTSTAR Healthcare Co., Ltd. Outside Director of The Gunma Bank, Ltd. Outside Director of AIG Japan Holdings Kabushiki Kaisha
Director	Kanitsu Uchida	Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business at Daito Trust Construction Co., Ltd. Director of Care Partner Co., Ltd.
Full-time Corporate Auditor	Masami Nishino	
Corporate Auditor	Hironori Yokote	Director of Hironori Yokote CPA Office Outside Corporate Auditor of PinT, Inc Representative Partner of Miogi Audit Corporation.
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

Note:

1. Directors Tsutomu Une, Yukio Kubota, Kuniko Nishikawa and Kanitsu Uchida are Outside Directors.
2. Corporate Auditors Hironori Yokote and Miho Tanaka are Outside Corporate Auditors.
3. Corporate Auditor Hironori Yokote is a certified public accountant and tax attorney, and possesses significant knowledge related to finances and accounting.
4. Corporate Auditor Miho Tanaka's name on her family registry is Miho Tanaka.
5. Changes in Director and Corporate Auditor positions, responsibilities, and significant concurrent position during the current fiscal year are as follows.
   (i) Kuniko Nishikawa was elected at the Ordinary General Meeting of Shareholders held on June 25, 2020 and became a Director.
   (ii) Corporate Auditors Osamu Akiyama and Junko Utsunomiya resigned at the conclusion of the Ordinary General Meeting of Shareholders on June 25, 2020, and as substitutes for the positions, Masami Nishino and Miho Tanaka were elected and became Corporate Auditors.
   (iii) Director Yukio Kubota has retired from Senior Advisor of Carlyle Japan L.L.C. as of April 23, 2020. In addition, he was appointed as Outside Director of KOEI DREAMWORKS Co.Ltd. on March 22, 2021.
   (iv) Director Kuniko Nishikawa resigned from the position of Outside Director at OMRON Corporation on June 23, 2020 and from the position of Outside Corporate Auditor at AIG Japan Holdings Kabushiki Kaisha on June 26, 2020. She was elected as Outside Director of Gunma Bank, Ltd. on June 24, 2020 and as Outside Director of AIG Japan Holdings Kabushiki Kaisha on June 26, 2020.

(v) Corporate Auditor Hironori Yokote resigned from the position of Outside Corporate Auditor at Panair, Inc. on December 10, 2020.

6. We designated Outside Directors Tsutomu Une and Kuniko Nishikawa, and Outside Corporate Auditors Hironori Yokote and Miho Tanaka as Independent Officers and registered them as such with the Tokyo Stock Exchange. The Company has had an advisory contract with TMI Associates until August 2019, where Outside Corporate Auditor Miho Tanaka worked and resigned in June 2015, however, the Company has determined it does not affect her independence with the reason that the amount of advisory fees and compensation was insignificant, amounting to less than 0.1% of the Company's net sales.

(2) Outline of agreements to limit Directors' liability

The Company has concluded agreements with Tsutomu Une, Yukio Kubota, Kuniko Nishikawa 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 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

Total compensation for Directors and Corporate Auditors

Category	Total amount (¥ in millions)	Compensation by types (¥ in millions)				Paid personnel (No. of personnel)
		Basic compensation	Bonus		Non-monetary compensation	
			Fixed	Variable (Performance-linked, etc.)		
Directors	199	139	10	48	0	9
(out of Outside Directors)	(24)	(24)	(-)	(-)	(-)	(4)
Corporate Auditors	24	24	0	-	-	5
(out of Outside Corporate Auditors)	(10)	(10)	(-)	(-)	(-)	(3)
Total	233	163	11	48	0	14
(out of Outside Directors and Outside Corporate Auditors)	(34)	(34)	(-)	(-)	(-)	(7)

Note:

1. Directors receiving compensation includes the two Directors (including one Outside Director) and the two Corporate Auditors (including one Outside Corporate Auditor) resigned at the adjournment of the 52nd Ordinary General Meeting of Shareholders held on June 25, 2020. The number of paid personnel excludes one uncompensated Outside Director.
2. The performance indicators related to the performance-linked compensation portion of the variable portion of bonuses, the calculation method for the performance-linked compensation, and the payment rate are as described in the Japanese Original Version of Business Report "Policy on determining the details of compensation for officers. b. Policy on performance-linked compensation." The reason for selecting the performance indicator is that it is directly linked to the Company's goal of achieving Vision2030. The actual performance is as explained in "1. State of current fiscal year (1) Business progress and results." The variable portion of compensation includes individual assessment (qualitative assessment) based that evaluates each individual's efforts to achieve performance targets.
3. Non-monetary compensation consists of stock options, and the conditions for allotment are described in the Japanese Original Version of Business Report "Policy on determining the details of compensation for officers c. Policy on non-monetary compensation. " The details are described in "3. Stock information (As of March 31, 2021) (5) Status of share warrants, etc., (i) Status of share warrants retained by Directors as of the final day of the current fiscal year."
4. The maximum amount for compensation for Directors was approved at the 47th Ordinary General Meeting of Shareholders held on June 26, 2015 for the annual amount of 320 million yen or less (not including 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.
5. The maximum amount for compensation for Corporate Auditors was approved at the 38th Ordinary General Meeting of Shareholders held on June 29, 2006 for the annual amount of 30 million yen or less. 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.
6. At the conclusion of the 39th Ordinary General Meeting of Shareholders held on June 28, 2007, the Company resolved to abolish the Retirement Benefits System for Directors and Corporate Auditors and to provide Directors and Corporate Auditors who continue to serve after the conclusion of the General Meeting of Shareholders with retirement benefits corresponding to their terms of service until the abolition of the Retirement Benefits System. Based on this policy, the Company provided retirement benefits of 9 million yen to one Director who retired during the fiscal year under review. The amounts paid were included as the provision for retirement benefits disclosed in the previous fiscal year's business report. The amount of such retirement benefits is not included in the above total compensation.

(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	Tsutomu Une	None
Director	Yukio Kubota	Outside Director of KOEI DREAMWORKS Co.Ltd. There is no specific relationship between the Company and company where Mr. Kubota holds a position.
Director	Kuniko Nishikawa	President and CEO of FIRSTSTAR Healthcare Co., Ltd., Outside Director of The Gunma Bank, Ltd. and Outside Director of AIG Japan Holdings Kabushiki Kaisha. There is no specific relationship between the Company and company where Ms. Nishikawa 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	Hironori Yokote	Director of Hironori Yokote CPA Office, Outside Corporate Auditor of 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.
Corporate Auditor	Miho Tanaka	Partner of Shiba & Tanaka Law Office, and Supervisory Director of Marimo Regional Revitalization REIT, Inc., and JINUSHI Private REIT Investment Corporation. There is no specific relationship between the Company and company where Ms. Tanaka holds a position.

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

Category	Name	Attendance at Board of Directors' meetings	Attendance at Board of Corporate Auditors' meetings
Director	Tsutomu Une	100% 16/16	—
Director	Yukio Kubota	100% 16/16	—
Director	Kuniko Nishikawa	81.8% 9/11	—
Director	Kanitsu Uchida	93.8% 15/16	—
Corporate Auditor	Hironori Yokote	100% 16/16	100% 25/25
Corporate Auditor	Miho Tanaka	100% 11/11	100% 20/20

(6) Status of Accounting Auditor

Name: KPMG Azsa LLC.

Amount of compensation:

	Payment amount
Amount of compensation, etc. related to the accounting auditor for the current fiscal year	72 million yen
Total amount of fees and other asset-based income to be paid by the Company and subsidiaries to the accounting auditor.	72 million yen

Note:

1. The amount of compensation, etc. related to the accounting auditor for the current fiscal year is the total amount of audit compensation set forth in the Companies Act and audit compensation set forth in the Financial Securities Instrument and Exchange Act.
2. The Board of Corporate Auditors validated the appropriateness of the details of the audit plan presented by the auditing accountant, the status of accounting audit work, and the basis for compensation estimates before approving the amount of compensation, etc. related to the corporate audit performed by the accounting auditor.

5. Policy on determining surplus dividends

We position maximizing corporate value for our shareholders as one of our highest priority corporate objectives. Pursuit of this objective results in a focus on the efficient and dynamic use of capital. Since listing in 2016 through FY2020, our basic policy has been to return approximately 50% of consolidated net income to shareholders as dividends. At the end of March 2016, our balance sheet was substantially debt free, however, as we continued to make proactive investments in growth, mainly through M&A, interest-bearing debt at the end of March 2021 totaled 21.8 billion yen. In order to continue making aggressive growth investments aimed at enhancing corporate value, our basic dividend policy for FY2021 and beyond is to pay an annual dividend of 20.0 yen per share. When the level of earnings rises and consolidated dividend payout ratio falls to around 30%, the Company plans to re-examine the dividend policy.

-Dividends for FY2020

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, the full-year dividend amount is 19.5 yen per share. As a result, the consolidated dividend payout ratio is 52.0%.

-Dividends for FY2021

For FY2021 dividends, our plan is to increase the annual dividend to 20.0 yen per share, representing a consolidated dividend payout ratio of 48.1%.

6. Consolidated Financial statements

(1) Consolidated income statement

(¥ in millions)	FY2017	FY2018	FY2019	FY2020	FY2021 Estimate
Net sales					
Medical outsourcing business	53,601	55,640	58,263	60,926	62,000
Elderly and child care business	20,095	28,058	37,011	44,730	52,700
Others[*1, *2]	632	552	445	524	700
Total net sales	74,329	84,251	95,719	106,182	115,400
Cost of sales	61,347	69,094	78,718	87,321	—
Gross profit	12,981	15,156	17,001	18,860	—
Selling,general and administrative expenses	8,792	10,126	11,535	12,798	—
Operating profit					
Medical outsourcing business	5,601	6,105	6,581	7,720	7,980
Elderly and child care business	1,046	1,869	2,246	2,288	3,430
Others[*1, *2]	112	89	6	44	(140)
Corporate expenses[*3]	(2,570)	(3,033)	(3,368)	(3,990)	(4,570)
Total operating profit	4,188	5,030	5,465	6,062	6,700
Non-operating income					
Interest income	0	4	17	16	—
Dividend income	1	1	1	3	—
Insurance income	41	42	37	91	—
Subsidy income	13	46	63	217	—
Others	18	31	23	37	—
Total non-operating income	75	126	144	366	—
Non-operating expenses					
Interest expense	61	99	160	215	—
Compensation for damage	14	12	24	69	—
Others	24	34	50	68	—
Total non-operating expenses	100	146	235	353	—
Ordinary income	4,164	5,011	5,374	6,075	6,550
Special gain					
Subsidy income	—	173	464	93	—
Gain on disposal of fixed assets	1	17	2,202	1	—
Others	0	—	14	—	—
Total special gain	2	191	2,681	94	—
Special losses					
Loss on reduction of fixed assets	—	173	464	93	—
Impairment loss	—	56	466	643	—
Others	66	17	158	79	—
Total special losses	66	248	1,090	816	—
Income before taxes	4,100	4,954	6,965	5,354	—
Total income taxes	1,390	1,447	2,226	1,815	—
Net income	2,710	3,506	4,739	3,538	3,930
EBITDA[*4]	5,195	6,544	7,416	8,402	9,500
Depreciation[*5]	605	770	880	1,052	1,230
Amortization of goodwill	400	742	1,070	1,286	1,570
CAPEX	571	832	1,359	1,114	—
M&A investment	5,786	1,840	4,213	3,300	—
Equity investment	—	—	326	105	—
Per share data (yen)[*6]					
Net income[*7]	29.53	37.50	50.33	37.51	41.61
Dividends	15.00	19.00	19.50	19.50	20.00
Total equity	127.15	148.00	177.70	195.51	—

[*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.] Smart hospital business is included in "Others" from FY2021.

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

[*4.] Operating profit + Depreciation + Amortization of goodwill

[*5.] Cost of sales + Selling, general and administrative expenses

[*6.] 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.

[*7.] Net income per share forecast for FY2021 = Net income forecast for FY2021 ÷(number of shares issued as of March 31, 2021 - number of treasury stock as of March 31, 2021)

(2) Consolidated balance sheet

(¥ in millions)	Mar. 31 2018	Mar. 31 2019	Mar. 31 2020	Mar. 31 2021
Current assets				
Cash and time deposits	7,678	9,211	12,232	8,973
Notes and accounts receivable	9,608	10,296	11,995	13,876
Inventory	58	53	56	45
Others	862	1,032	1,280	1,300
Total current assets	18,208	20,594	25,565	24,196
Fixed assets				
Tangible fixed assets	8,421	9,194	10,421	12,083
Buildings and structures-net	5,730	5,981	6,709	7,459
Land	1,267	1,247	1,142	1,512
Others	1,423	1,965	2,570	3,111
Intangible fixed assets	8,123	9,826	14,448	15,711
Goodwill	7,724	9,332	13,736	14,721
Others	399	493	711	990
Investments and other assets	2,912	6,184	7,267	8,111
Total fixed assets	19,456	25,204	32,138	35,906
Total assets	37,665	45,798	57,703	60,103

(¥ in millions)	Mar. 31 2018	Mar. 31 2019	Mar. 31 2020	Mar. 31 2021
Current liabilities				
Short-term debt	—	506	4,500	2,000
Current portion of long-term debt	2,705	3,192	3,224	3,545
Accounts payable-other	5,887	6,479	6,479	7,523
Others	5,389	6,403	6,722	7,511
Total current liabilities	13,981	16,582	20,926	20,580
Long-term liabilities				
Long-term debt, less current portion	8,626	9,088	12,956	12,854
Lease obligations	1,250	1,781	2,526	3,346
Liability for retirement benefits	1,193	1,317	1,397	1,627
Others	741	3,093	3,125	3,222
Total fixed liabilities	11,812	15,280	20,006	21,050
Total liabilities	25,793	31,862	40,933	41,631
Equity				
Shareholder's equity	11,841	13,901	16,733	18,454
Common stock	548	572	583	595
Capital surplus	5,447	5,471	5,482	5,494
Retained earning	5,845	7,857	10,666	12,365
Treasury stock	(0)	(0)	(0)	(0)
Accumulated other comprehensive income	28	29	28	9
Subscription rights to shares	1	5	8	8
Total equity	11,871	13,936	16,770	18,472
Total liabilities and equity	37,665	45,798	57,703	60,103

*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

	FY2017	FY2018	FY2019	FY2020
(¥ in millions)				
Net cash provided by operating activities				
Income before income taxes and minority interests	4,100	4,954	6,965	5,354
Depreciation	605	770	880	1,052
Amortization of goodwill	400	742	1,070	1,286
Loss on impairment of long-lived assets	—	56	466	643
Increase (decrease) in reserve for bonuses	133	(11)	62	462
Increase (decrease) in liability for retirement benefits	98	79	72	132
Interest expenses	61	99	160	215
(Increase) decrease in notes and accounts receivable – trade	(673)	(384)	(1,194)	(661)
(Increase) decrease in prepaid expenses	(36)	(24)	(90)	3
Increase (decrease) in notes and accounts payable – other	694	176	(222)	416
Increase (decrease) in accrued consumption taxes	372	99	315	261
Increase (decrease) in deposits received	486	15	(385)	99
Loss (gain) on sales of tangible fixed assets	(1)	(17)	(2,202)	(1)
Others	100	102	(419)	(105)
Total Adjustment	6,343	6,660	5,479	9,160
Interest and dividends received	1	6	18	20
Interest paid	(62)	(99)	(181)	(213)
Income taxes paid	(1,274)	(1,610)	(1,503)	(2,544)
Others	61	196	435	305
Net cash provided by operating activities	5,068	5,153	4,248	6,728
Net cash used in investing activities				
Purchases of tangible fixed assets	(417)	(613)	(867)	(532)
Proceeds from sales of tangible fixed assests	39	313	2,466	1
Purchases of intangible fixed assets	(190)	(131)	(429)	(418)
Purchase of investment securities	—	—	(326)	(105)
Payments for lease and guarantee deposits	(82)	(198)	(153)	(83)
Proceeds from collection of lease and guarantee deposits	22	29	25	29
Payments for transfer of business	(1,169)	(537)	(793)	(1,499)
Cash decrease due to acquisition of controlling interest in a company	(4,616)	(1,303)	(3,420)	(1,801)
Others	38	36	16	593
Net cash (used in) provided by investing activities	(6,375)	(2,404)	(3,482)	(3,816)
Net cash used in financing activities				
Proceeds from short-term debt	2,850	7,427	30,900	30,500
Repayment of short-term debt	(3,030)	(7,449)	(26,906)	(33,014)
Proceeds from long-term debt	10,075	3,500	6,400	3,000
Repayment of long-term debt	(5,558)	(3,010)	(6,275)	(4,172)
Redemption of bonds	—	(131)	(319)	(71)
Proceeds from issuance of common stock	140	48	21	20
Purchases of treasury stock	(0)	—	(0)	(0)
Dividends paid	(1,340)	(1,494)	(1,929)	(1,840)
Repayments of lease obligations	(54)	(82)	(101)	(134)
Others	(63)	(22)	(4)	(9)
Net cash provided by (used in) financing activities	3,018	(1,215)	1,784	(5,721)
Net increase (decrease) in cash and cash equivalents	1,711	1,533	2,550	(2,808)
Cash and cash equivalents, beginning of year	5,966	7,678	9,211	11,762
Cash and cash equivalents, end of year	7,678	9,211	11,762	8,953

<Requirements for Independence of Outside Officers>

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

1. A person who currently is a Director (excluding Outside Directors), a Corporate Auditor (excluding Outside Corporate Auditors), a Corporate Officer or an employee of the Solasto Group (Note 1)

2. A person who currently is or was in any of the last ten (10) fiscal years a Director, a Corporate Auditor, a Corporate Officer or an employee of a large shareholder of the Solasto Group (Note 2) or of an entity whose large shareholder is the Solasto Group

3. A person who currently is or was an executing person (Note 4) of a major business partner (Note 3) of the Solasto Group

4. A person who currently is or was a Director, a Corporate Auditor, a Corporate Officer or an employee of a legal entity, an organization, etc. that has received a significant amount of donation (Note 5) from the Solasto Group

5. A person who exchanges a Director, a Corporate Auditor or a Corporate Officer with the Solasto Group

6. A person who has belonged since five (5) years ago or any earlier date or who belonged in the last five (5) years to an auditing firm which undertakes audits of the Solasto Group

7. A person who falls or fell under a lawyer, a certified public accountant, a consultant, etc. receiving a significant amount of money (Note 6) or in other forms of assets from the Solasto Group other than executive remuneration

8. A spouse of, a relative within the second degree of kinship of, or a relative who lives together or shares the same livelihood with a person falling under one of the following items:

   (i) An executing person of the Solasto Group
   (ii) A person who was in any of the last ten (10) fiscal years an executing person of the Solasto Group
   (iii) A person described under 2 to 7 above who is determined not to be independent from the Company

9. A person, other than the above persons, who may create conflicts of interests with general shareholders of the Solasto Group as an Outside Officer based on the Company's judgment,

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

General Manager or is in a higher-level management position.

5. “A significant amount of donation” means a donation of an amount exceeding the larger of either 10 million yen per year on average over the last three (3) fiscal years or 2% of the consolidated net sales or the total revenue of the beneficiary of the donation.
6. “A significant amount of money” means, if the recipient of the money is an individual, 10 million yen or higher per year on average of the past three (3) fiscal years, or if the recipient is an organization, 2% or more of the consolidated net sales of the organization.