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President and Representative Director, CEO
Solasto Corporation
(Securities Code: 6197 TSE PRIME)

Posting of Extraordinary Losses and Notice of Difference between Forecast and Actual Results

Solasto Corporation (TSE: 6197, "the Company") announces that it has recorded extraordinary losses in FY2023 (April 1, 2023 to March 31, 2024). Details are as follows. In addition, it has announced that there was a difference between the forecast of consolidated financial results for FY2023, which was announced on February 8, 2024, and the actual results announced today.

1. Details of extraordinary loss
   The major items of the extraordinary loss of 4,251 million yen recorded in the consolidated financial statements for FY2023 are as follows.

   1.1 Recognition of Impairment loss on non-current assets
   An impairment loss of JPY 2,773 million on non-current assets and goodwill was recorded in the fourth quarter of the year under review, as it was determined that the investment was unlikely to be recovered due to the declining profitability of some of the elderly care facilities operated by the Company. And an impairment loss of 241 million yen for non-current assets due to office consolidation during the third quarter cumulative period, respectively.

   1.2 Loss on investment and loan evaluation
   Regarding investment securities held by the Company, shares of affiliates and loans to affiliates, the Company determined that recovery of investment could not be expected due to deterioration in the business performance of the investee, and recorded a valuation loss of 640 million yen in the fourth quarter.

   1.3 Others
   The Company recorded 197 million yen in restructuring costs associated with business restructuring in the Smart Hospital Business and Education Business and internal organizational restructuring, as well as 181 million yen in payments for employment of persons with disabilities and 216 million yen in relocation-related expenses.

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2. Difference between the consolidated forecasts and actual results for FY2023

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Net income	Net income per share (yen)
Previous forecasts (A)	135,000	5,430	5,440	4,250	45.35
Actual results (B)	135,139	5,517	5,564	2,257	24.11
Increase/Decrease (B-A)	+139	+87	+124	-1,992	―
Change (%)	+0.1%	+1.6%	+2.3%	-46.9%	―
(Reference) results of previous fiscal year (FY2022)	131,088	6,325	6,747	3,172	33.53

3. Reasons for the difference

Net sales, operating profit and ordinary profit were within the forecast range. On the other hand, net income fell short of the forecast, mainly due to impairment losses and losses on revaluation of investments and loans, as described in '1. Details of extraordinary loss'.

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