FY2024 Financial Results

May 12, 2025

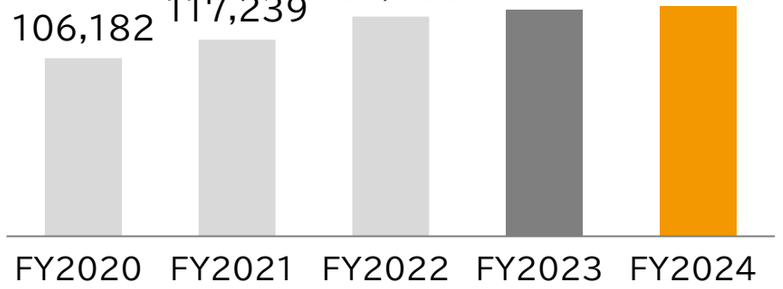
Solasto Corporation

Financial Highlights

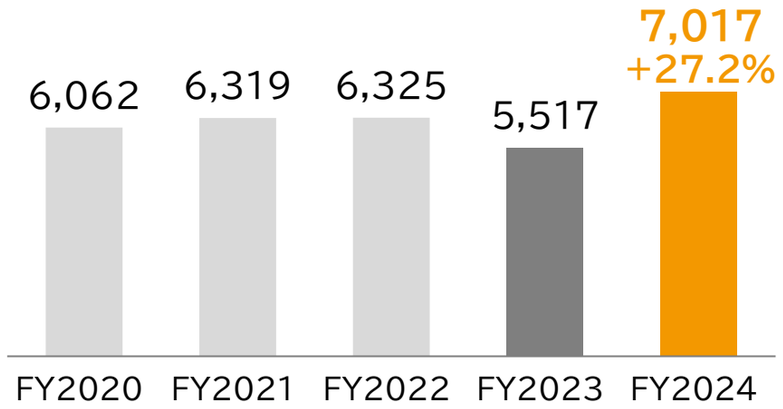
- Net Sales were 137,435 million yen (a 1.7% increase), and Operating Profit was 7,017 million yen (a 27.2% increase).
- Profit increased steadily, driven by the recovery following the underperformance linked to the COVID-19 pandemic in the Elderly Care Business, lower amortization expenses following the impairment loss recorded in the previous fiscal year and the improvement in profitability due to the structural reforms in the Smart Hospital Business.
- Net income increased 75.4% due to an increase in operating profit and a decrease in impairment losses associated with the recovery of the profitability of mainly elderly care facilities.

Million Yen

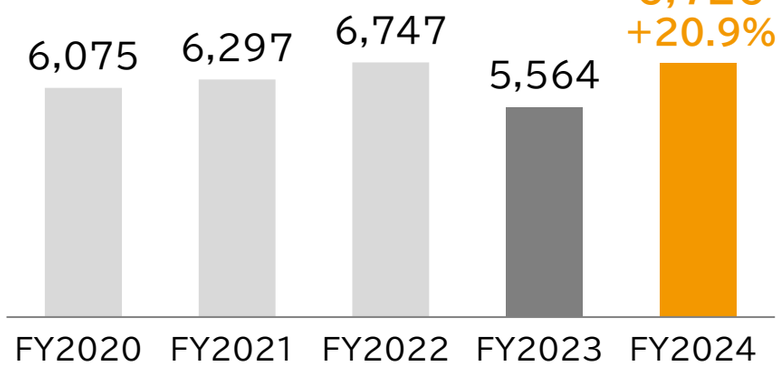
Net Sales



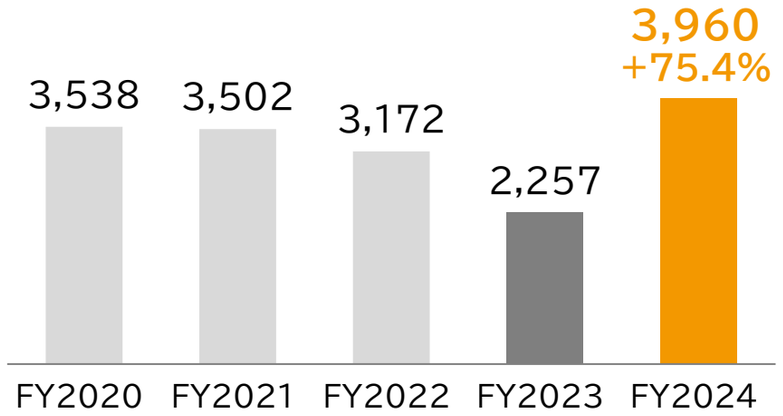
Operating Profit



Ordinary Profit



Net Income



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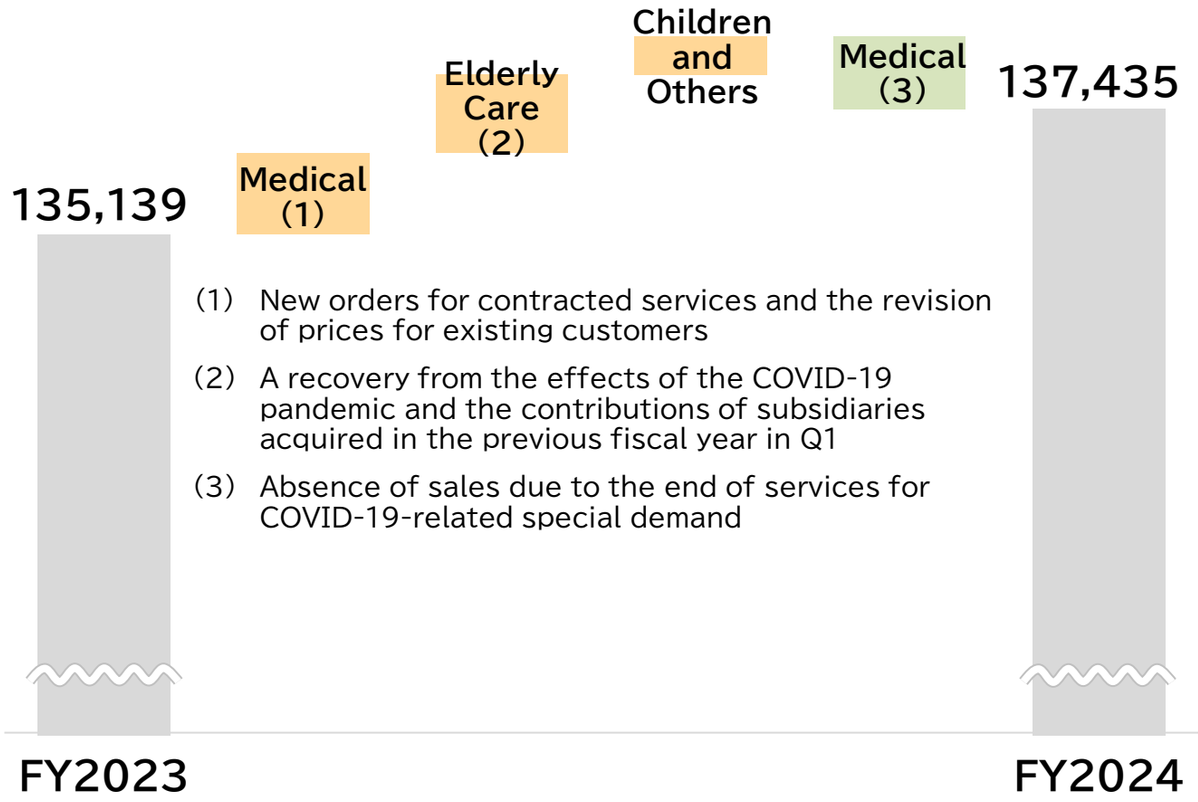
Results by Segments (Net Sales)

Positive factor: New orders for contracted services in the previous fiscal year and the revision of prices for existing customers in the Medical Business, as well as a recovery from underperformance linked to the COVID-19 pandemic and the contributions of subsidiaries acquired through M&A in the previous fiscal year in Q1 in the Elderly Care Business, etc.

Negative factor: Absence of special demand (1,340 million yen in the previous year) for services related to COVID-19 in the Medical Business.

Million Yen	FY2023*	FY2024	YoY	YoY(%)
Medical Business	70,833	70,981	+148	+0.2%
Elderly Care Business	53,895	55,337	+1,442	+2.7%
Children Business	10,174	10,836	+661	+6.5%
Smart Hospital Business and Others	236	279	+43	+18.4%
Total	135,139	137,435	+2,295	+1.7%

* The FY2023 results changed to reflect the segment changes made in FY2024 were used to make YoY comparisons.



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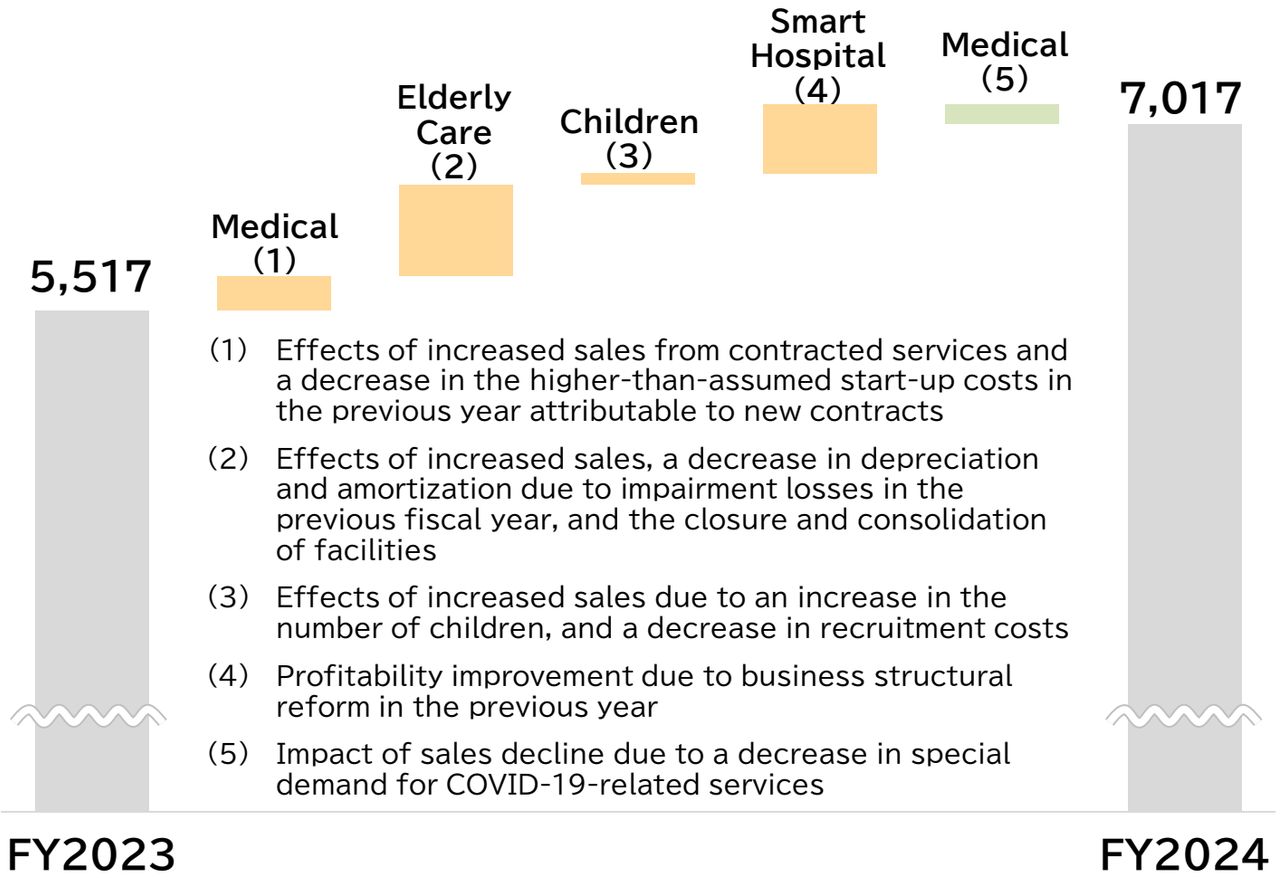
Results by Segments (Operating Profit)

Positive factor: Higher sales, decreases in depreciation/amortization due to the posting of impairment losses in the previous fiscal year and the closure and consolidation of facilities in the Elderly Care Business and an improvement in profitability due to the restructuring of the Smart Hospital Business, as well as other factors including the effects of higher sales, productivity improvements and cost reductions.

Negative factor: Effects of a decline in sales from COVID-19-related services in the Medical Business.

Million Yen	FY2023*	FY2024	YoY	YoY(%)
Medical Business	4,301	4,418	+116	+2.7%
Elderly Care Business	1,482	2,218	+735	+49.6%
Children Business	307	401	+93	+30.4%
Smart Hospital Business and Others	-575	-20	+554	-
Total	5,517	7,017	+1,500	+27.2%

* The FY2023 results changed to reflect the segment changes made in FY2024 were used to make YoY comparisons.



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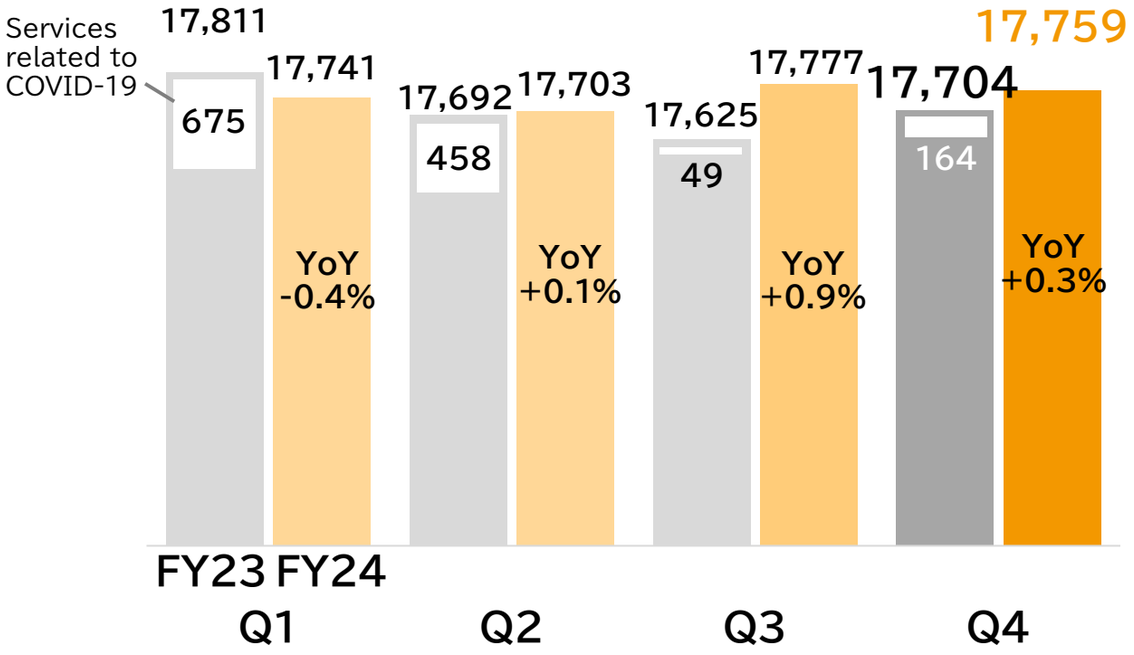
Financial Highlights of Q4 (Medical Business)

Net Sales: Increased 0.3% year on year, reflecting improvements in performance due to the positive impact of new orders for existing contracted services and revision of prices for existing customers.

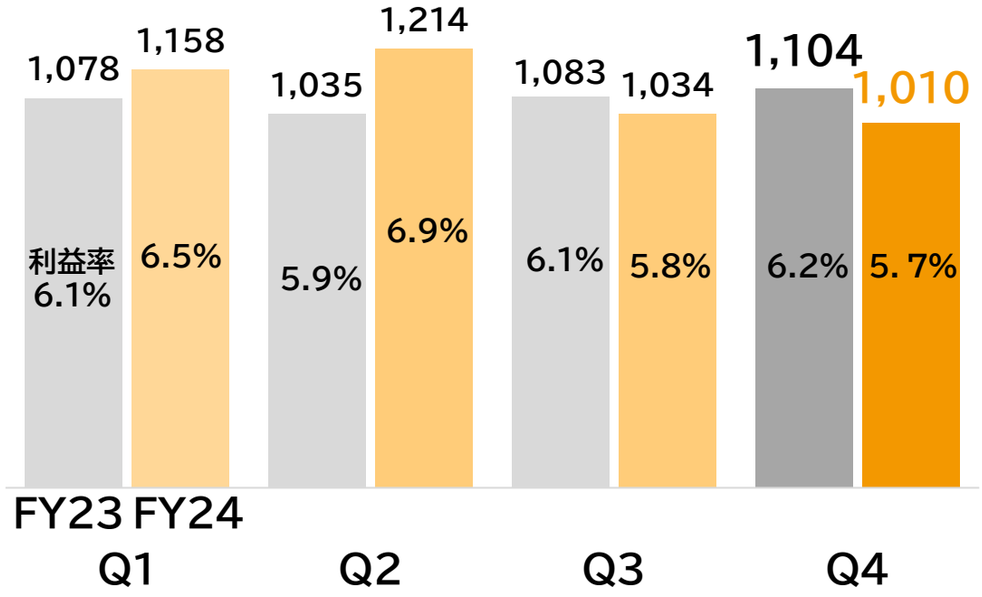
Operating Profit: Decreased 8.5% year on year due to the continued proactive increase in wages that began in Q3.

Million Yen

Net Sales



Operating Profit



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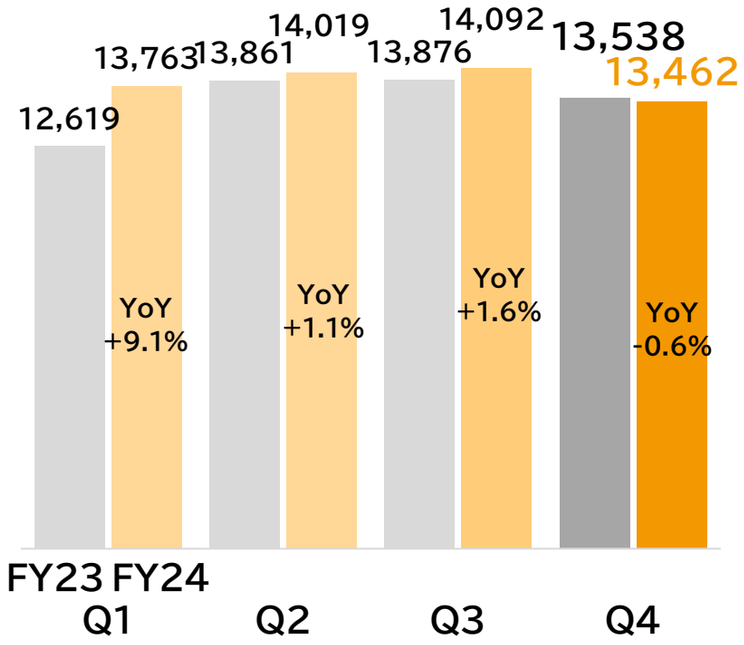
Financial Highlights of Q4 (Elderly Care Business)

Net Sales: Decreased 0.6% year on year due to the simultaneous spread of influenza and COVID-19 and the number of operating days.

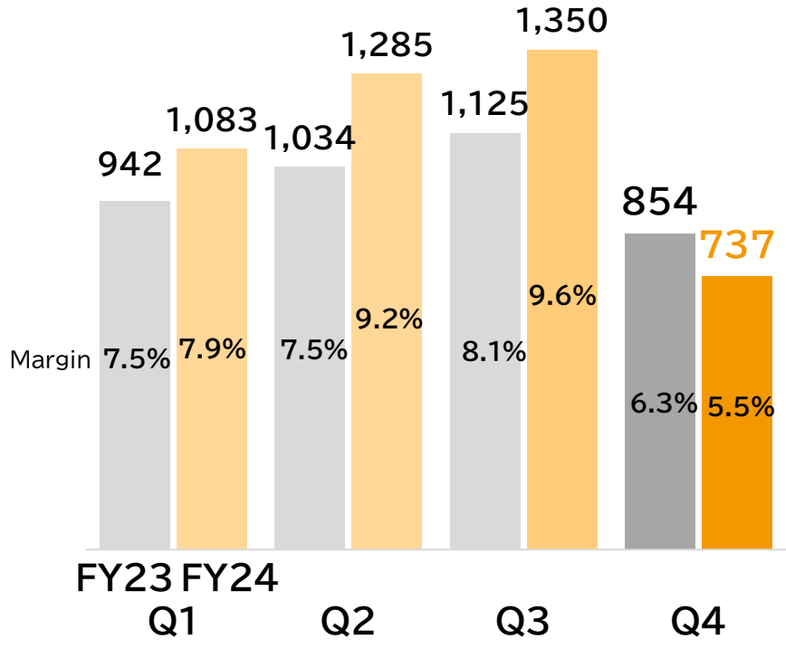
Operating Profit: Decreased 19.5% year on year due to the impact of reduced revenue and the increase in repair costs for the renovation of facilities.

Million Yen

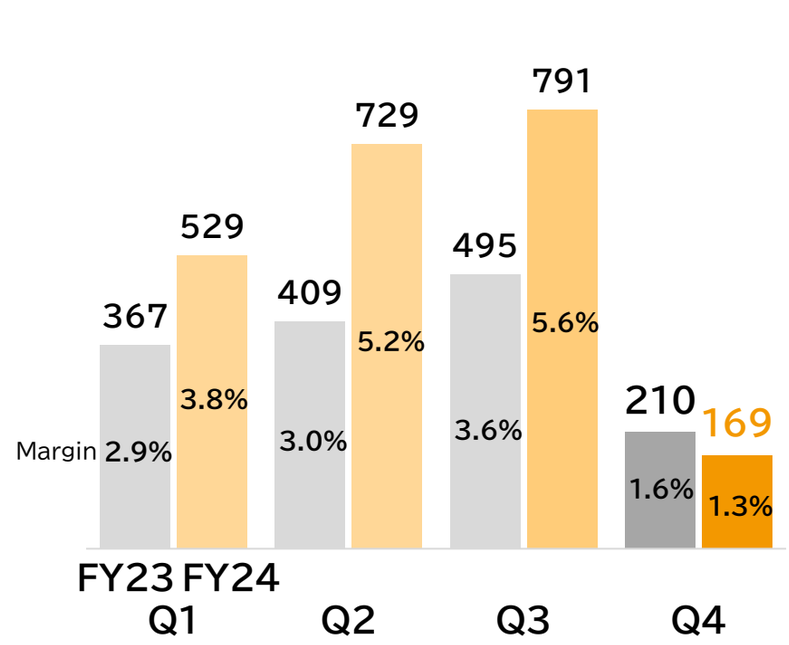
Net Sales



EBITDA*



Operating Profit



* EBITDA= Operating profit + Depreciation + Amortization of goodwill

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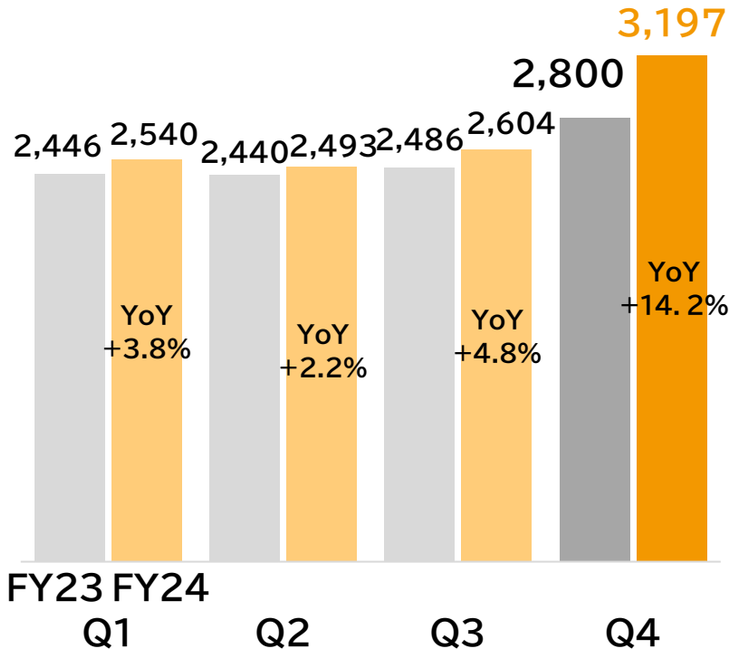
Financial Highlights of Q4 (Children Business)

Net Sales: Increased 14.2% year on year due to the increase in the number of children enrolled and higher unit prices due to the revision of official prices above the level in the previous year.

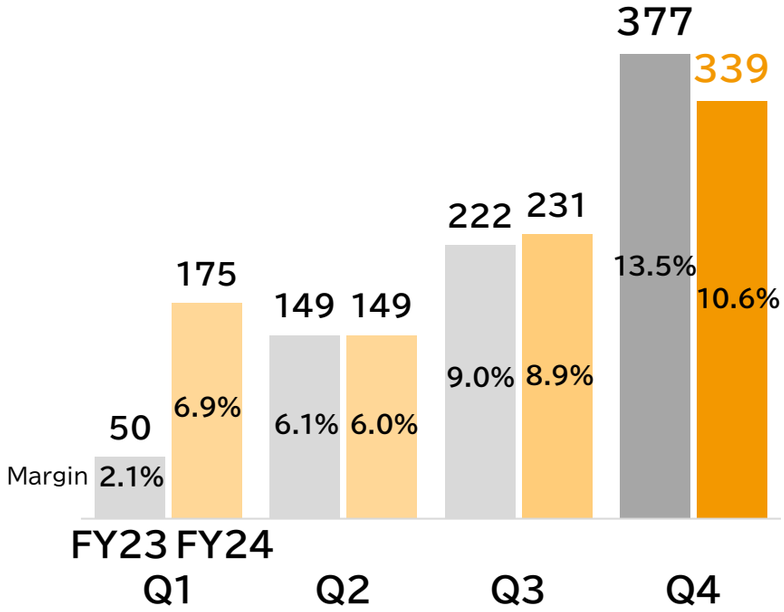
Operating Profit: Despite increased sales, operating profit decreased 15.3% year on year due to the wage increases accompanying the official price revisions and the rise in expenses associated with the transition to being licensed facilities.

Million Yen

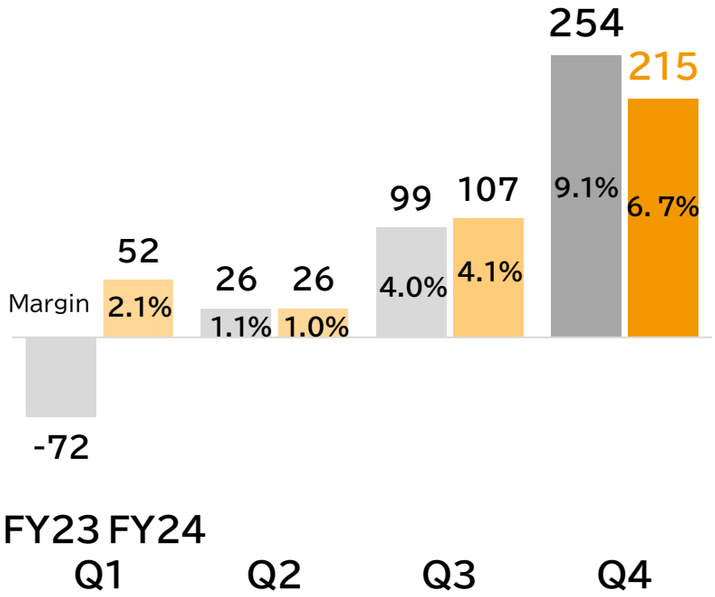
Net Sales



EBITDA*



Operating Profit



* EBITDA= Operating profit + Depreciation + Amortization of goodwill

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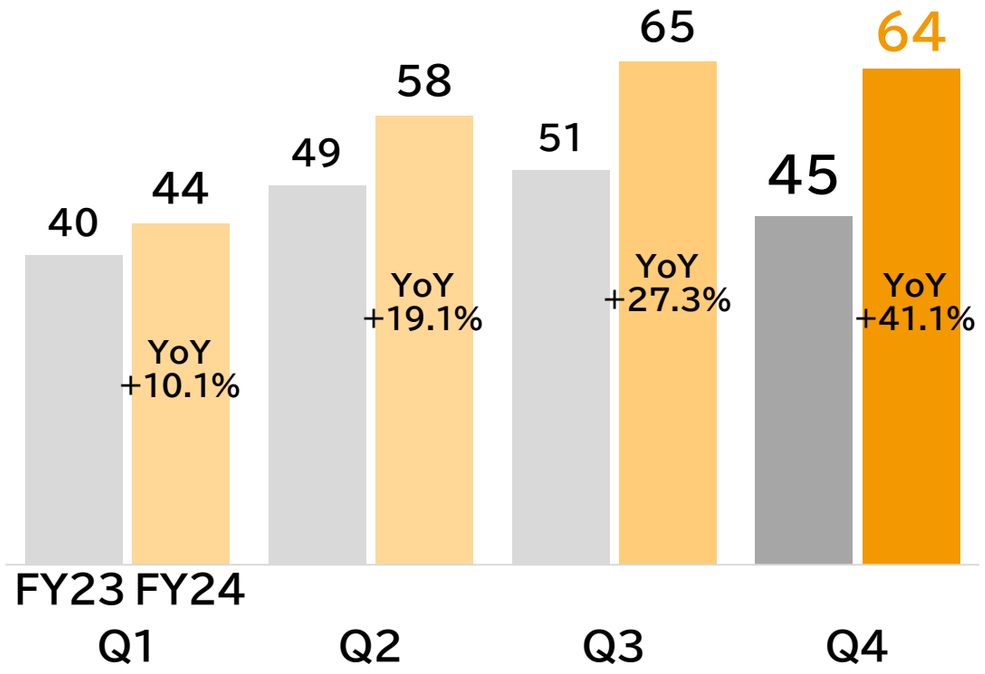
Financial Highlights of Q4 (Smart Hospital Business)

Net Sales: Increased 41.1% year on year due to the increase in the number of remote medical administration service customers as a result of the new growth strategies.

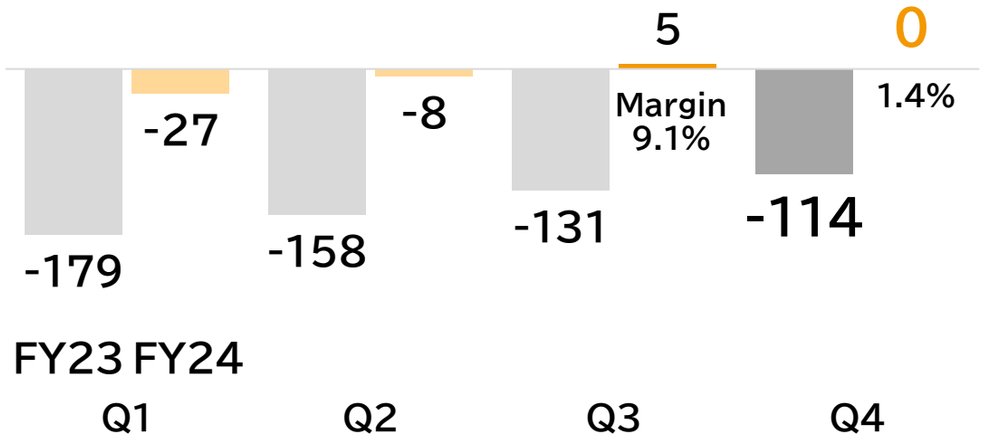
Operating Profit: The business restructuring that began to be implemented in October 2023 has been completed and quarterly profitability has been maintained.

Million Yen

Net Sales



Operating Profit



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APPENDIX

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Financial Indicators

	FY2021	FY2022	FY2023	FY2024
ROE	18.1%	15.2%	10.7%	18.4%
ROIC	8.8%	9.1%	7.9%	10.3%
WACC*1	6.1%	6.1%	5.1%	5.9%
Net debt/EBITDA*2 (x)	2.1	1.5	1.5	0.9
Debt/equity ratio*3 (x)	1.4	1.2	1.4	1.0
Free cash flow (Million yen)	-1,927	6,840	5,096	6,224
Earnings per share(Yen)	37.08	33.53	24.11	42.94
Dividend per share(Yen)	20.0	20.0	20.0	20.0
Consolidated dividend payout ratio	53.9%	59.6%	83.0%	46.6%

*1 Estimated values as of the end of March each fiscal year

*2 Net debt = Interest- bearing debt (including lease obligations) − Cash and time deposits

*3 Debt/equity ratio = Interest- bearing debt (including lease obligations) / Net assets

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Consolidated Income Statement

Million yen	FY2021	FY2022	FY2023	FY2024	YoY(%) FY23→24
Net Sales	117,239	131,088	135,139	137,435	+1.7%
EBITDA Margin	8,917 7.6%	9,462 7.2%	8,856 6.6%	10,127 7.4%	+14.4%
Operating Profit Margin	6,319 5.4%	6,325 4.8%	5,517 4.1%	7,017 5.1%	+27.2%
Ordinary Profit	6,297	6,747	5,564	6,726	+20.9%
Net Income	3,502	3,172	2,257	3,960	+75.4%

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Consolidated Balance Sheets

Million Yen	Mar.31, 2024	Mar.31, 2025
Current assets		
Cash and deposits	15,115	14,004
Accounts receivable - trade	15,018	14,983
Others	2,150	2,178
Total current assets	32,284	31,166
Non-current assets		
Buildings and structures-net	9,252	8,881
Land	5,685	5,672
Goodwill	15,377	13,625
Others	12,599	10,751
Total non-current assets	42,915	38,930
Total assets	75,199	70,097

	Mar.31, 2024	Mar.31, 2025
Current liabilities		
Short-term borrowings	500	—
Current portion of long-term borrowings	4,782	4,782
Accounts payable-other	10,859	9,942
Others	8,439	7,637
Total current liabilities	24,582	22,362
Non-current liabilities		
Long-term borrowings	19,942	15,160
Others	10,189	9,890
Total non-current liabilities	30,132	25,050
Total liabilities	54,714	47,412
Total net assets	20,485	22,684
Total liabilities and net assets	75,199	70,097
(Bank loan)	25,225	19,942

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Consolidated Statement of Cash Flows

Million yen	FY2023	FY2024
Profit before income taxes	4,141	6,454
Depreciation	1,515	1,452
Impairment loss	3,015	272
Amortization of goodwill	1,823	1,656
Gain on negative goodwill	-2,828	—
Income taxes paid	-2,500	-2,106
Others	2,691	-1,852
Net cash provided by operating activities	7,858	5,877
Purchase of property, plant and equipment	-1,218	-415
Proceeds from sale of property, plant and equipment	0	1
Purchase of intangible assets	-358	-407
Purchase of shares of subsidiaries	-1,657	—
Proceeds from purchase of shares of subsidiaries	384	—
Proceeds from cancellation of money held in trust	—	1,107
Others	86	61
Net cash used in investing activities	-2,762	347

	FY2023	FY2024
Short-term borrowings (borrowed-return)	-20	-500
Long-term borrowings (borrowed-return)	1,785	-4,782
Dividends paid	-1,886	-1,844
Others	-1,716	-208
Net cash used in financing activities	-1,837	-7,335
Net increase (decrease) in cash and cash equivalents	3,258	-1,111
Cash and cash equivalents at beginning of period	11,857	15,115
Cash and cash equivalents at end of period	15,115	14,004
Free cash flows	5,096	6,224
(Depreciation and Amortization)	3,338	3,109
(CAPEX)	1,552	864
(M&A)	1,324	—
(Investment total)	2,876	864

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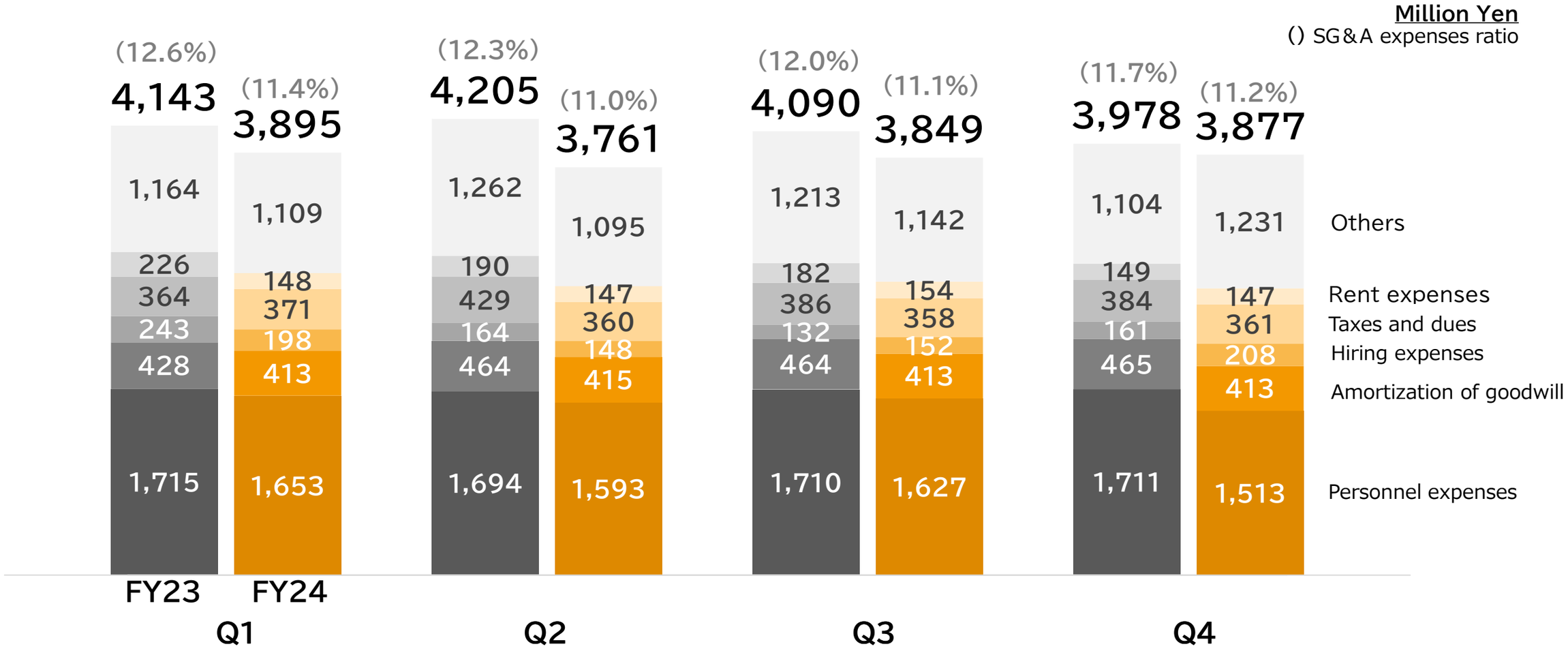
Selling, General and Administrative Expenses

- The SG&A expenses remained at the same level as in the first half, primarily due to the positive impact of restructuring programs including the consolidation and elimination of offices.



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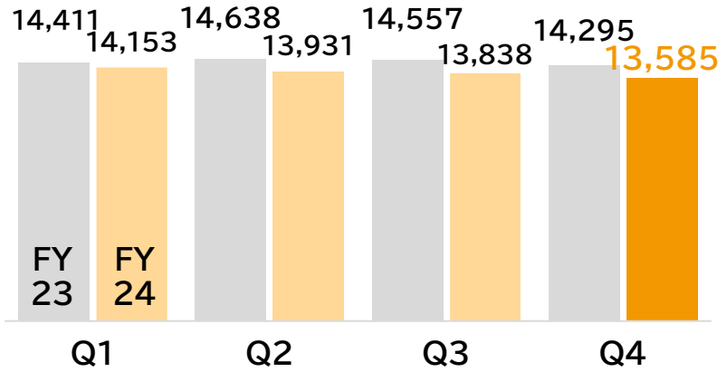
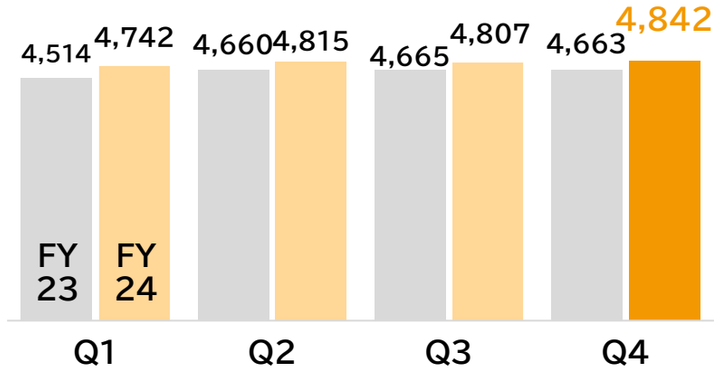
Elderly Care Business: Status of Service Usage (as of end of month)

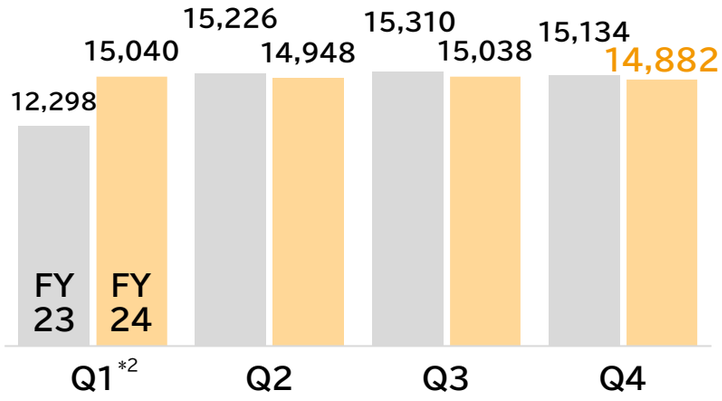
Number of home help service users



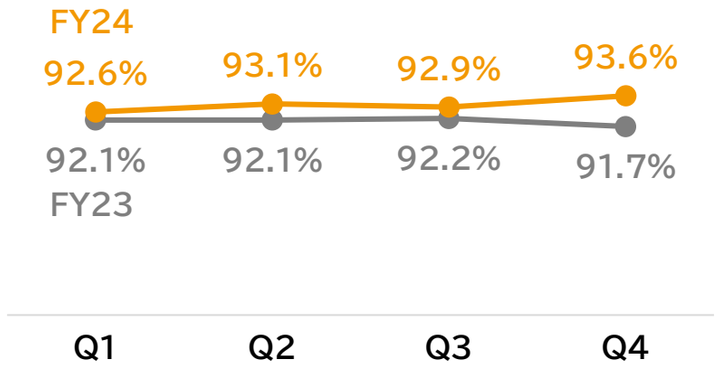
Number of facility-based service *1 users



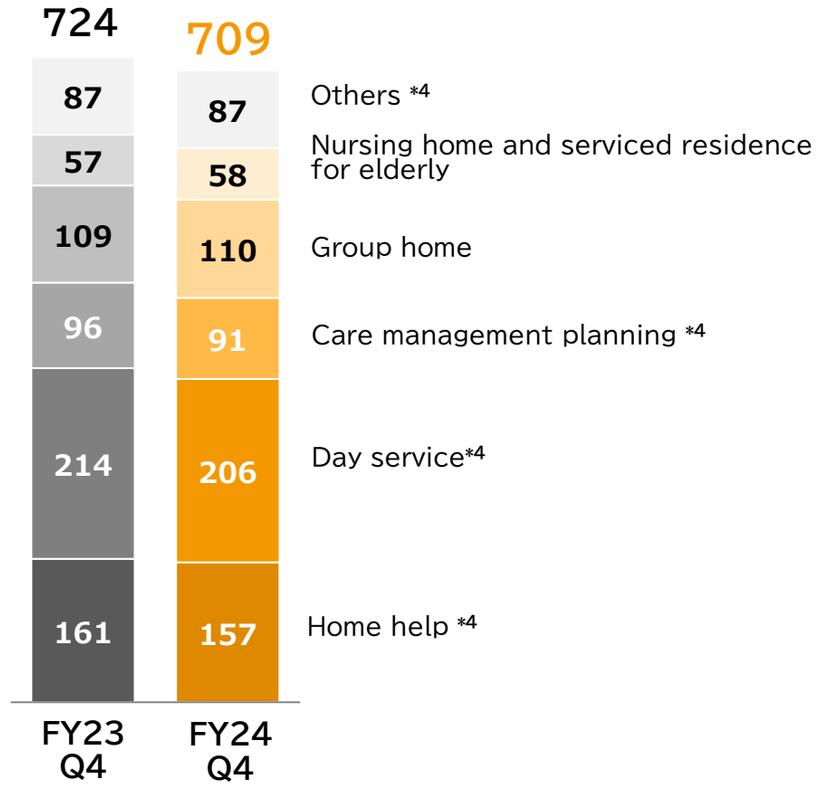
Number of day service users



Occupancy Rate of Facility-based Service



Number of Centers by Service *3



*1 Group home + Nursing home + Serviced residence for elderly

*2 The contributions of a total of four companies that became subsidiaries in FY2023

*3 In addition, there are 24 other franchises

*4 We have closed 13 centers (including seven day- service centers, three care management planning centers, and a home help center).

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- **Cautionary statement regarding forward-looking information**
  This material includes forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors.

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