Medium-term Business Plan FY2025-2029

May 12, 2025

Solasto Corporation

Top Message
On the Preparation of the Medium-term Business Plan (FY2025-2029)

Solasto Corporation will celebrate its 60th anniversary in 2025. Originally established as a provider of educational courses on medical administration, large hospitals soon entrusted us with the implementation of their medical administration work. We then entered the Elderly Care and Children Businesses in 1999 and 2002, respectively.

Our goal is to continue the growth of our business and continue to support social welfare initiatives for the next 60 years by embracing our corporate philosophy, ”People. Technology. Supporting comfortable living and energetic communities.”

We uphold the following values:

(1)Provide customers and users with professional services and constantly improve ourselves to enhance quality

(2)Strengthen engagement with employees to help them feel fulfilled

(3)Fulfill our responsibilities to society while supporting social welfare initiatives

We also work hard to maximize shareholder value through our everyday activities.

The business environment surrounding us changes every year. We need to become an organization that is able to adapt to change and that continues to evolve every day. That is our objective. We will not simply pursue the expansion of business. We will promptly respond to change and continue to evolve.

More than 30,000 employees working for us provide services by applying their expertise. It is essential, however, that we continuously provide training to them to continue to improve the quality of our services. We also need to take advantage of new technologies to increase productivity. We will concentrate our management resources on human resources and technology during the next five years.

We will carefully respond to the demands of society through our regular everyday activities. We also seek to offer greater value to customers and users through a combination of the knowledge we have acquired through our operations in our Medical, Elderly Care and Children Businesses and the information and data collected through our professional services, the improvement and upgrading of services to reflect the changes in the business environment, and the sound financial foundation we built by maintaining discipline. Our competent human resources make it possible to deliver these professional services.

Against the backdrop of a drastically changing business environment, we will live up to our corporate philosophy and respond to the demands of society while also helping our employees grow and feel fulfilled.



Solasto Corporation
President and
Representative Director,CEO
Toru Noda

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Table of Contents

1. Medium-term Business Plan FY2025-2029
   - ① Companywide Strategy
   - ② Reinforcing the Management Foundation
   - ③ Quantitative targets and Shareholder Return Policy
   - ④ Business Strategy

2. Forecast FY2025



Table of Contents

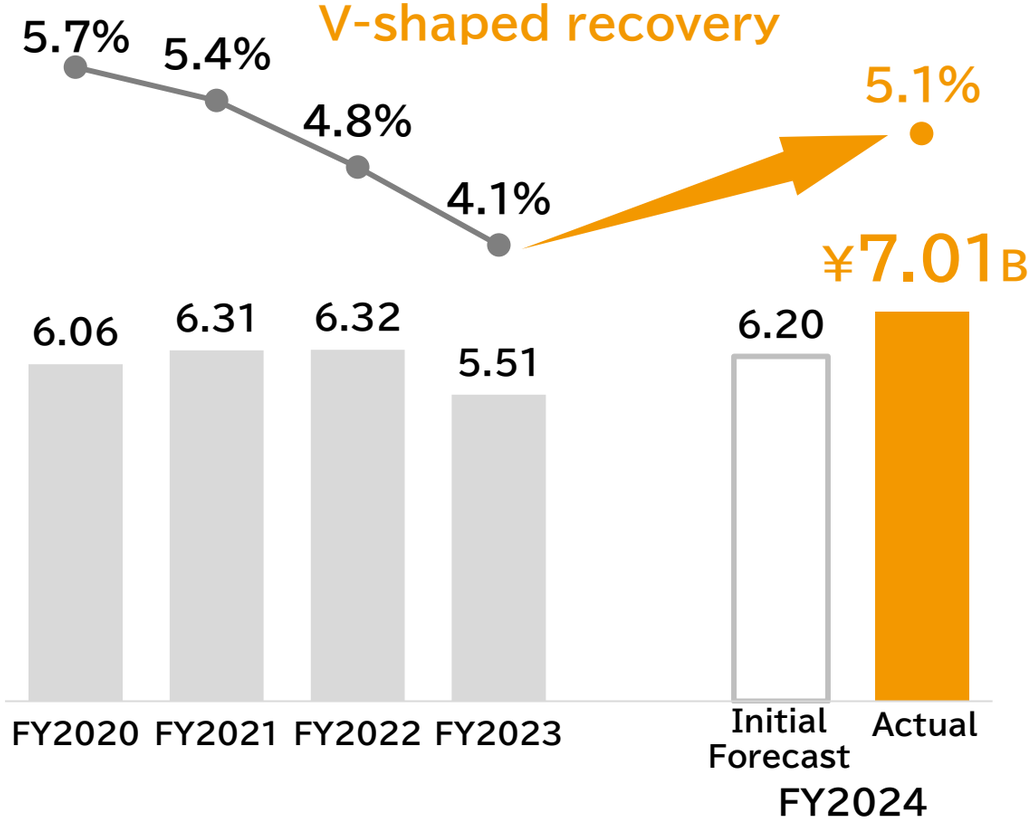
1. Medium-term Business Plan FY2025-2029
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   - ② Reinforcing the Management Foundation
   - ③ Quantitative targets and Shareholder Return Policy
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2. Forecast FY2025

Summary of FY2024

- We prioritized our strategic course correction, our new medical growth strategy and the development of a new pillar of our business, and we achieved positive results.
- In terms of the strategic course correction, the restructuring of the Elderly Care and Smart Hospital Businesses led to a V-shaped recovery of profits.
- We started providing solutions (temporary staffing, education and remote medical administration) to private hospitals and clinics, creating a new business.

Operating profit indicated a V-shaped recovery



Began the sale of solutions to private hospitals and clinics



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Position of Medium-term Business Plan

- **To realize our corporate philosophy, we aim to establish a corporate organization that achieves long-term, sustainable growth through responses to changes in the business environment and human resource development, while also having the ability to adapt, over the next five years outlined in this Medium-term Business Plan.**

2016-2020
Immediately after re-listing

Growth strategy

① Improve service quality and productivity mainly through Medical Business training

② Sharply accelerate elderly care M&A activities

2021-2023
COVID-19 pandemic

Management issues

① Decrease in the use of Elderly Care services due to the COVID-19 pandemic

② Decrease in the speed of elderly care M&A activities

③ Delay in the post-merger integration (PMI) of past acquisitions

④ No prospects for the monetization of the Smart Hospital Business

⑤ Decline in the Education Business

2024
Course correction

Implemented three key strategies

① Changing the trajectory of strategy

② New growth strategy for Medical Business

③ Developing new pillars

Achievements

① Operating profit YoY +¥1.5B

② Started providing solutions to private hospitals and clinics

③ Launched solabell and terrace studio

④ Smart Hospital Business achieved profitability at an early stage

⑤ Compensation improvement exceeding the planned figures

2025-2029
Medium-term Business Plan

Aim

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

Outline

① Quantitative targets and shareholder return policy

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

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

④ Build a sound financial foundation by maintaining discipline

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

Our ideal vision

Corporate Philosophy

People. Technology.

Supporting comfortable living and energetic communities

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Outline of the Medium-Term Business Plan

Aim

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

1	Quantitative targets and shareholder return policy	Ensure shareholder return by pursuing quantitative targets and the shareholder return policy
2	Promptly respond to changes in the external environment to establish a company with a long, sustainable future	In order to respond to changes in the external environment, including the decrease of the working-age population, the continued rise of prices and wages, and changes to regulations, we will strive to increase wages and improve productivity using technology to establish a company with a long and sustainable future
3	Improve and upgrade services capable of responding to changes in the business environment	Identify the changing needs of customers accurately to enhance the value of the services provided
4	Build a sound financial foundation by maintaining discipline	Invest actively but prioritize discipline when making decisions to build a sound financial foundation
5	Facilitate human resource development to have a diverse, knowledgeable and competent workforce	Improve the quality of services through human resource development activities while also embracing the diversity of human resources

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Quantitative Targets for FY2029

Operating Profit (EBITDA)	¥10B (¥15B)
ROE	20%
ROIC	15%

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Shareholder Return Policy for FY2025-2029

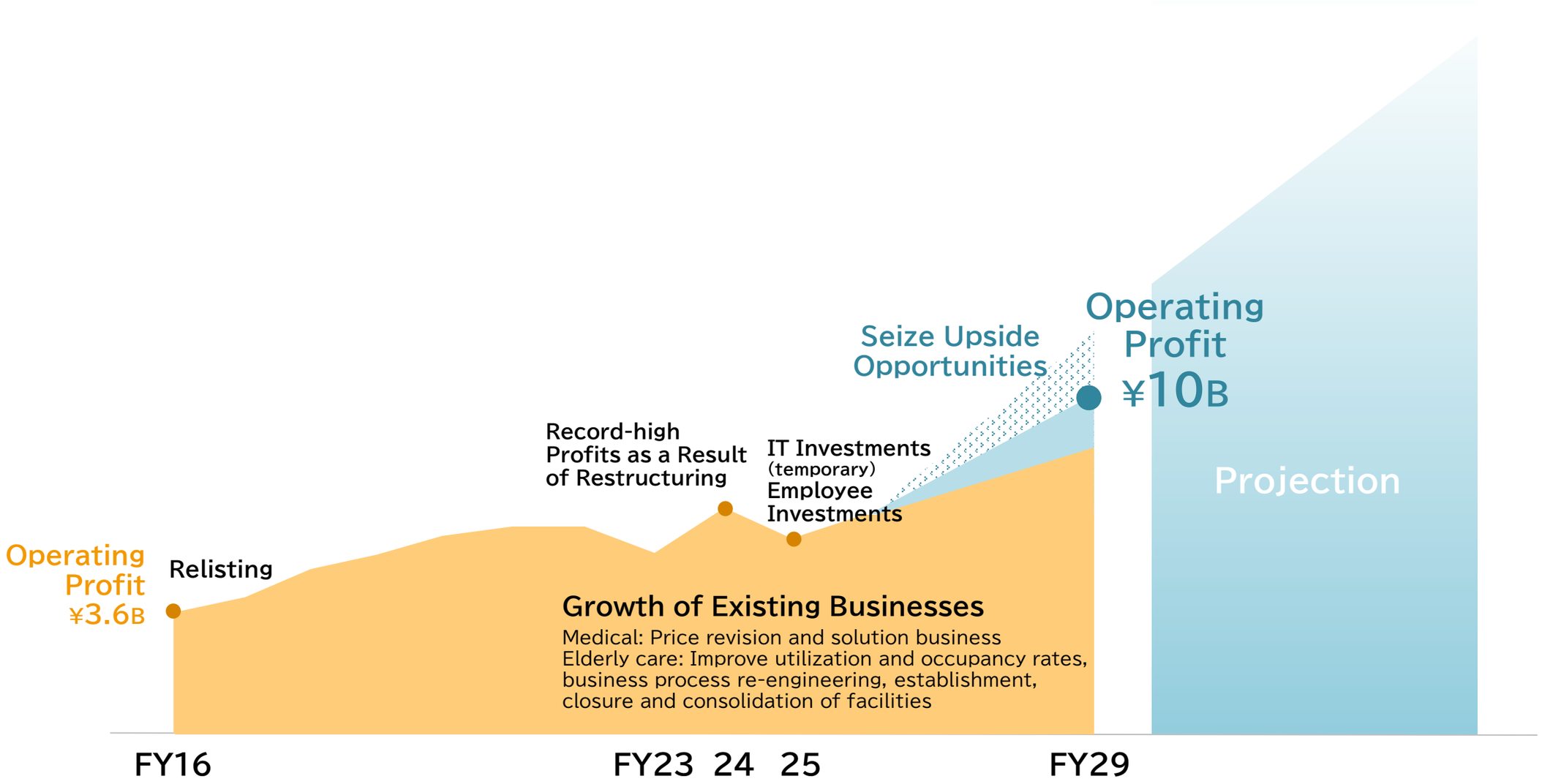
Payout Ratio **50% or more**

Total Return Ratio **70% or more**

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Direction of the Growth Strategy

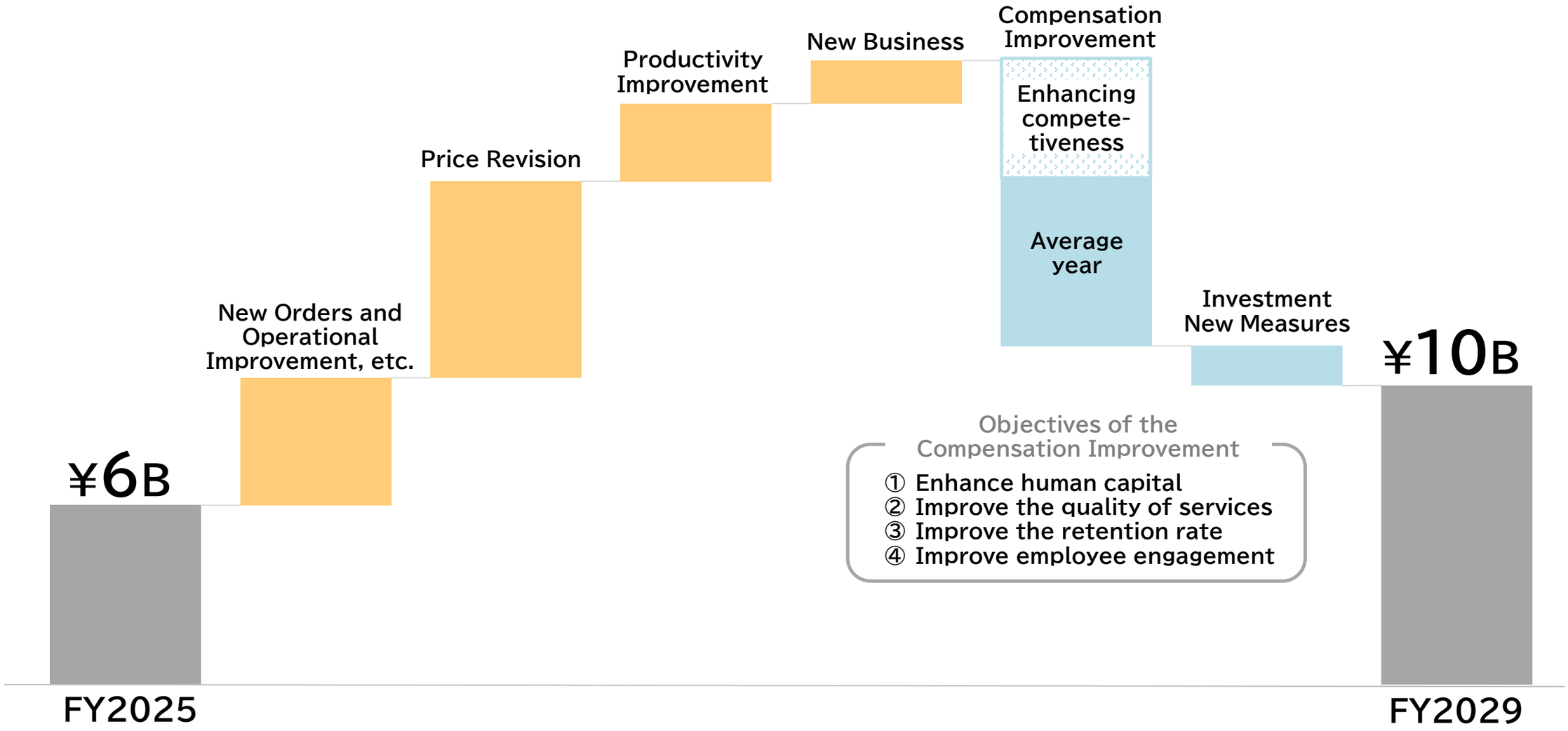
- We aim to achieve an operating profit of 10 billion yen in FY2029 by growing the two existing core businesses and establishing a new business.



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Companywide Analysis of Increase/Decrease in Profits

- Secure funds for the continuous compensation improvement through the increase of revenue, revision of prices and improvement of productivity to ensure the sustainable growth of profit.



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Priority Strategies

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

Medical Business

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

Elderly Care Business

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

Children Business

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

Companywide Measures

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

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Vision for Business Collaboration

- Realize unique business collaborations that only we can facilitate as a company whose customers include both medical institutions and elderly care users.

Expand our business. Partner primarily with public hospitals but also private hospitals and clinics.

Number of Hospitals under Contract

Approx.

1,400



Medical Business

Creation of Synergies Between Businesses

Develop a community-based integrated care system to establish Solasto's own unique elderly care brand



Elderly Care Business

Number of Service Users

Approx.

34,000

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Table of Contents

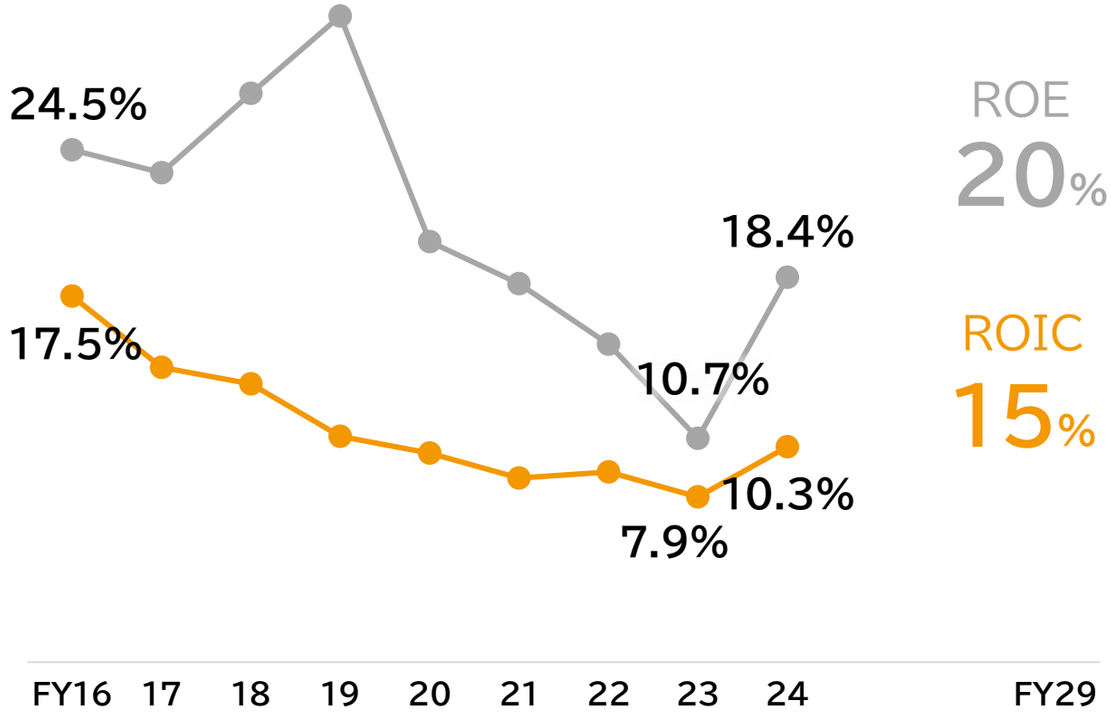
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   - ① Companywide Strategy
   - ② Reinforcing the Management Foundation
   - ③ Quantitative targets and Shareholder Return Policy
   - ④ Business Strategy
2. Forecast FY2025

① Build a Sound Financial Foundation

- We prioritized the expansion of our business, which led to a series of inefficient investments and gradually decreased our capital efficiency.
- Going forward, we need to invest actively but prioritize discipline when making decisions to build a sound financial foundation.

Sound Financial Foundation

1. Well-disciplined investments
   - ① Strict investment decision criteria
   - ② Prioritize investment efficiency
2. Sound financial status
   - ① Stable cash flow
   - ② Maintain appropriate shareholder return
3. Post-investment management system
   - ① Strict implementation of PMI
   - ② Stricter post-investment monitoring system

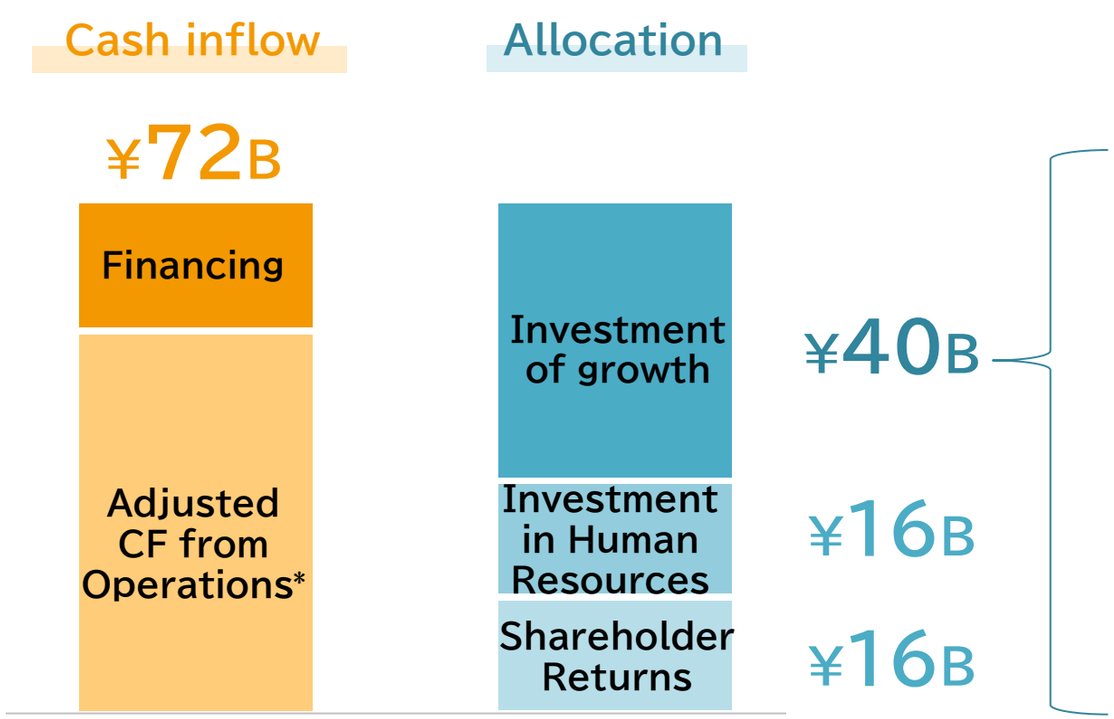


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② Active Business Investment (Investment Strategy)

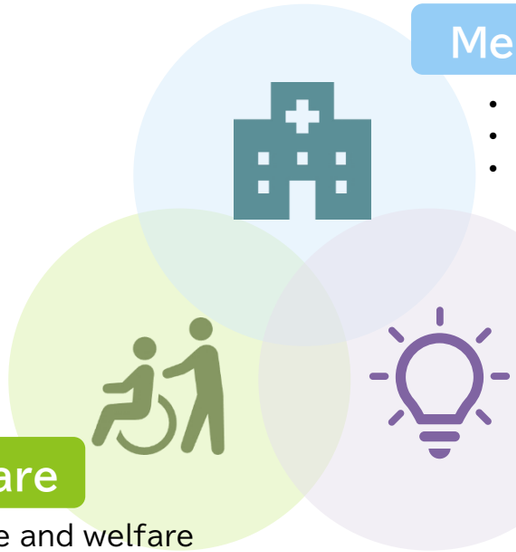
- Take advantage of surplus cash flow (72 billion yen in the next five years) to increase investments for growth, shareholder return and investments in human resources to ensure it is most appropriately allocated.
- The scope of M&A activities will be expanded. The healthcare and elderly care sectors and also new fields will now be considered.

Cash Allocation(FY2025-2029)



*Adjusted cash flow from operations =
cash flow from operations + investments in human resources

Scope of M&A activities



Medical

- Consulting(New)
- SIer(New)
- Medical institution DX (new), etc.

Elderly Care

- Elderly care and welfare services
- Temporary staffing (new)
- Elderly care-related systems (new), etc.

New

- Business process outsourcing companies (new), etc.

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③ Investments in New IT Systems

- To address the shortage of human resources, substantially increase labor productivity leveraging IT systems.
- Invest approximately 500 million yen in new IT systems in FY2025, including the new next-generation IT infrastructure.
- It is expected that in FY2026, productivity will improve due to active BPR and profitability will increase due to reduced software license fees.

Effects of new next-generation IT infrastructure

Productivity improvement

- Increase efficiency through active BPR (Consolidate operations by becoming less dependent on people and simplify operations by eliminating useless tasks)

Work style reforms

- Leverage cloud technology to enhance team collaboration
- Develop a zero trust security network to create a safe and secure environment anywhere and anytime

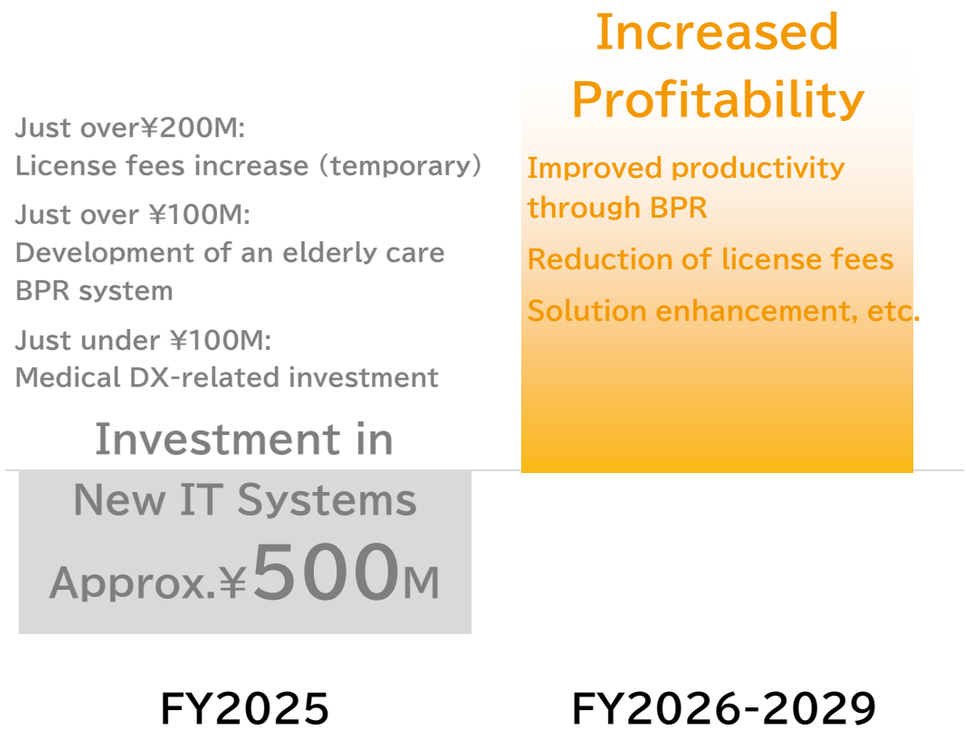
Utilization of generative AI

- Utilize Generative AI as part of everyday operations
- Develop an in-house LLM(large language model) to facilitate the use of Generative AI with existing systems
- Prioritize the optimization of communication operations and apply these optimizations for medical and elderly care systems

Promotion of in-house development

- Swift, low-cost in-house development to meet on-site needs
- Enhance recruitment and human resource development to promote in-house development

Influence on profit and loss



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④ Enhancing ESG initiatives

- Greatly contribute to a sustainable society by fostering human capital management.
- Evaluate cost-effectiveness based on our material issues to be a sustainable company.
- Actively take measures primarily regarding human rights due diligence to improve the social factor, our top priority.

	~FY2024	FY2025-2029
Environment	• Set long-term environmental targets • TCFD disclosure • Improve energy efficiency by replacing LED lights in elderly care facilities, and open new facilities whose energy efficiency is higher	• Increase energy efficiency by replacing air conditioning in elderly care facilities and considering the use of electric vehicles, and discuss other offsetting measures • Take measures to acquire third-party certifications • Understand the actual industrial waste situation, including factors such as disposable diapers, then discuss necessary measures
Social	• Formulate a diversity policy • Develop and appoint women as managers and executives • Formulate a human rights policy statement	• Enhance human capital management and foster respect for human rights throughout the business • Increase the ratio of managers who are women to 60%. Actively employ people with disabilities • Create further training opportunities by doubling the amount of learning content
Governance	• Ensure the appropriate delegation of authority from the Board of Directors • Share more information about the execution of business	• Improve the effectiveness of the governance of the executive board as the executive committee holding the most authority • Enhance the sustainability promotion structure, etc.

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Table of Contents

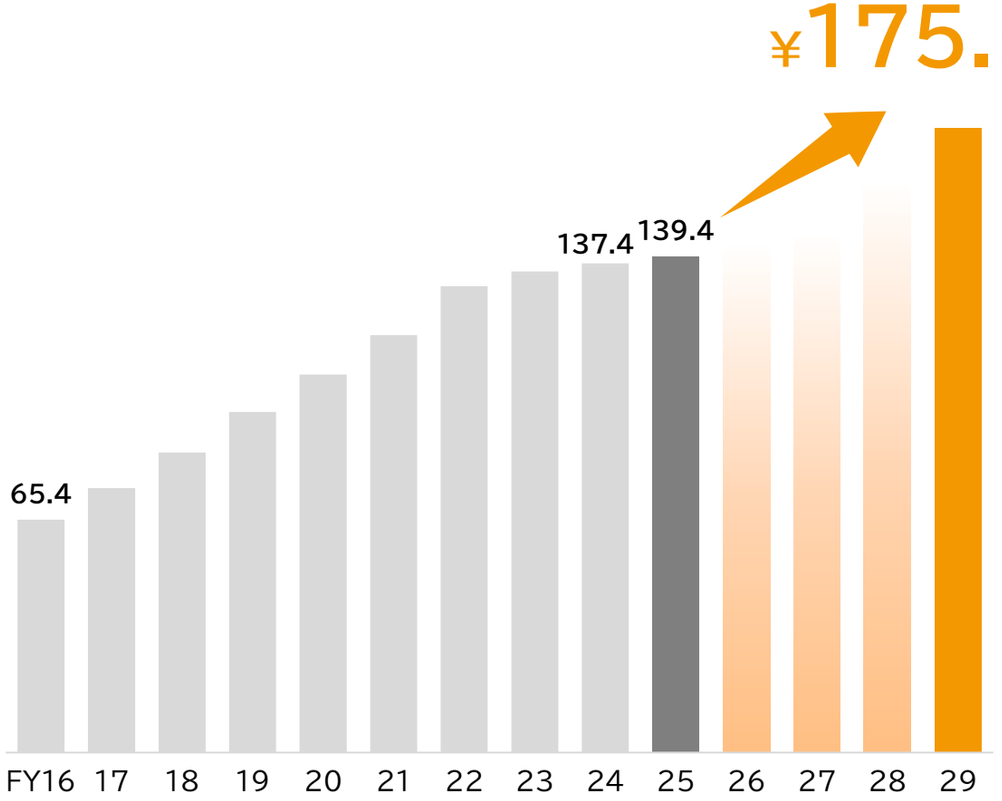
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   - ② Reinforcing the Management Foundation
   - ③ Quantitative targets and Shareholder Return Policy
   - ④ Business Strategy

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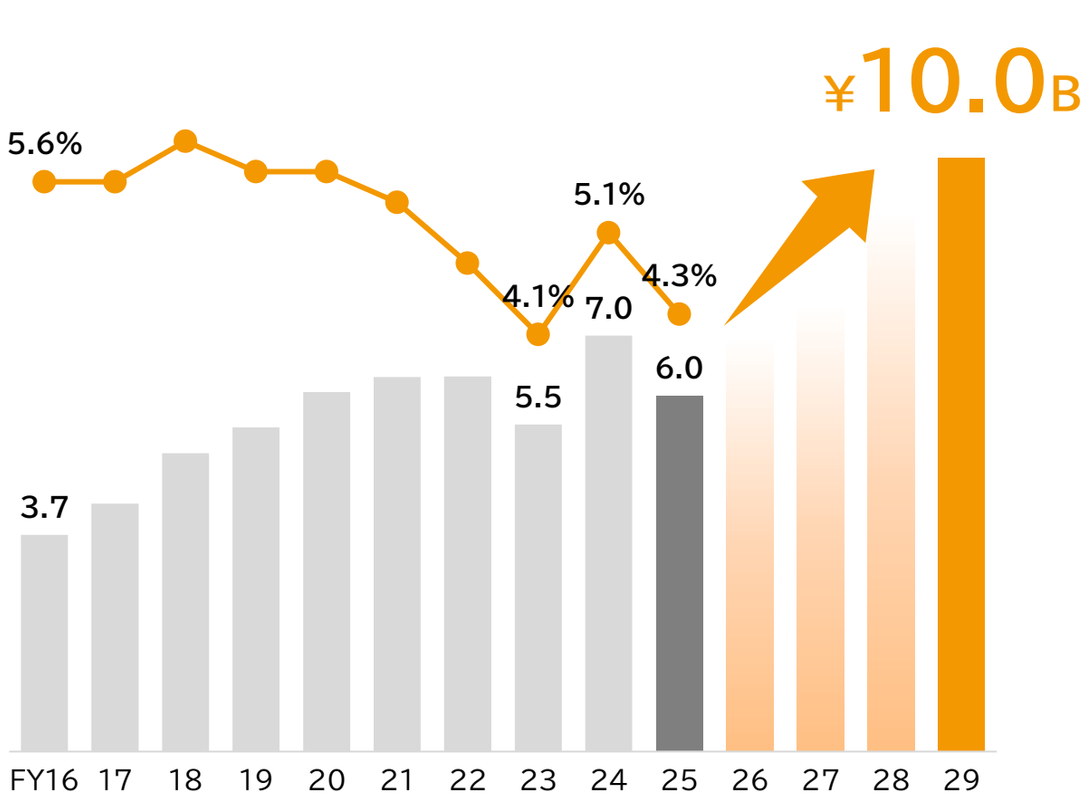
Quantitative Targets: Net Sales and Operating Profit

- Our financial targets in FY2029 are net sales of 175.5 billion yen and operating profit of 10.0 billion yen (1.6 times the results in FY2025).
- We aim to exceed these targets by developing a next-generation outsourcing business and seizing upside opportunities through business collaborations.

Net Sales



Operating Profit



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Quantitative Targets: By Segment

- CAGR*1: Net sales up 5.0%; EBITDA up 8.2%; operating profit up 7.3%.
- We aim to achieve an additional 1.91 billion yen of operating profit in the Medical Business, 0.66 billion yen in the Elderly Care Business, and 1.40 billion yen in businesses in new fields (compared to FY2025), which includes new business operations in the Medical and Elderly Care Businesses and throughout the company.

	Net Sales				EBITDA				Operating Profit			
Million yen	FY24 Actual	FY25 Forecast	FY29 Target	CAGR FY24→29	FY24 Actual*2	FY25 Forecast	FY29 Target	CAGR FY24→29	FY24 Actual*2	FY25 Forecast*3	FY29 Target	CAGR FY24→29
Medical Business	71,214	72,210	79,800	+2.3	4,765	3,880	5,880	+4.3%	4,388	3,540 (3,790)	5,450	+4.4
Elderly Care Business	55,337	56,260	60,400	+1.8	4,456	4,300	4,700	+1.1%	2,218	2,140 (2,340)	2,800	+4.8
Children Business	10,836	10,950	11,500	+1.2	895	810	850	-1.0%	401	310 (360)	350	-2.7
New	-	-	23,800	-	-	-	3,570	-	-	-	1,400	-
Total*4	137,435	139,450	175,500	+5.0	10,127	9,000	15,000	+8.2%	7,017	6,000 (6,500)	10,000	+7.3

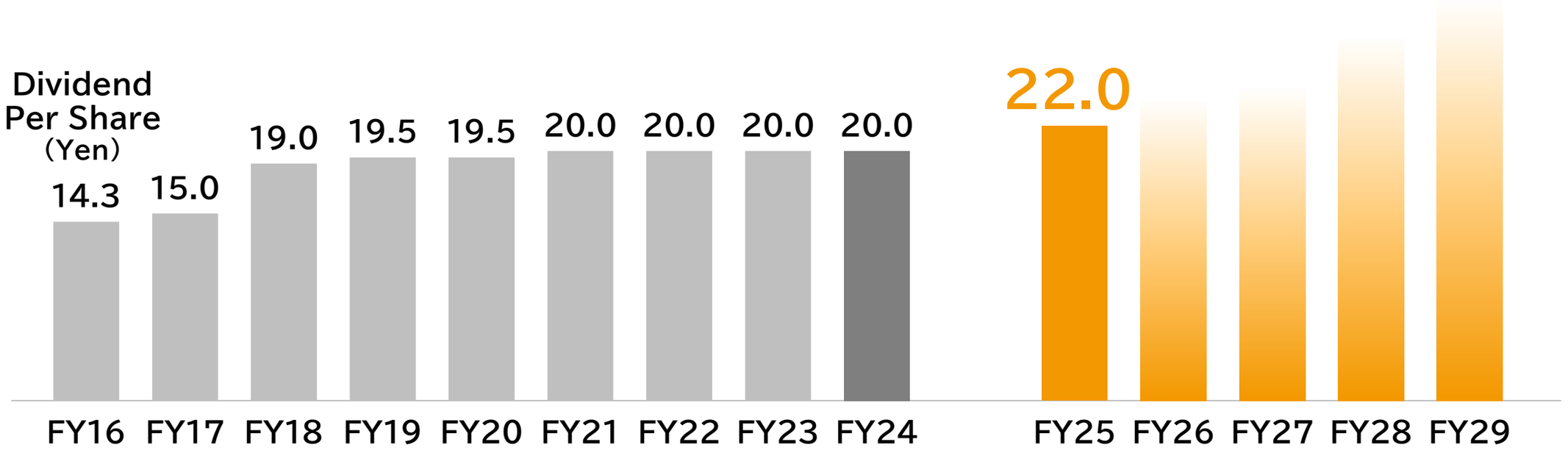
*1: CAGR in the table above is calculated for the six-year period from FY2024 to FY2029, excluding FY2025, when profits are expected to decrease due to new IT investments, etc.
*2: “Smart Hospital business” which had been included under ”Others,” fell under ”Medical Business”.
*3: Figures in parentheses are the operating profit excluding investments in new IT systems.
*4: The above table excludes ”Others” (Other is operations not included in any segment including real estate leasing and non-life insurance brokerage operations.)

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Shareholder Return Policy

- The policy has been changed to move from fixed to performance-based dividends (a dividend payout ratio of 50% or more and a total return ratio of 70% or more).
- In FY2025, in accordance with this shareholder return policy, we aim to achieve a dividend payout ratio of 50% or more and total return ratio of 70% or more, by paying dividends (which are being increased to 22 yen per share) and purchasing treasury shares.

Fixed Dividend ▶ Performance-Based Dividend



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Table of Contents

1. Medium-term Business Plan FY2025-2029
   - ① Companywide Strategy
   - ② Reinforcing the Management Foundation
   - ③ Quantitative targets and Shareholder Return Policy
   - ④ Business Strategy

2. Forecast FY2025

① Medical Business Strategy

Price Optimization Strategy

- Continue contract negotiations to optimize prices and use the funds to actively improve compensation.
- Establish a competitive advantage in terms of human resources by increasing the retention rate through the compensation improvement and by enhancing resource management measures.

Upgrade the Solution Business

- Establish a competitive advantage in service provision by continuing to enhance products.

Vision for the Next-Generation Outsourcing Business

- Develop a next-generation business model to become a contracted operator responsible for the overall operation of hospitals and clinics.



① Medical Business Strategy: Price Optimization Strategy

- In accordance with the pricing strategy guidelines, continue contract negotiations and use the funds to actively improve compensation.
- Establish a competitive advantage in terms of human resources. First, increase the retention rate by Compensation Improvement. Second, maximize the effect of the improvement of productivity by enhancing resource management measures.

A virtuous circle that improves both customer and employee satisfaction

Improving the quality of services

- Improve customer satisfaction
- Establish sustainable relationships

Secure funds for Compensation improvement

- Negotiate contracts in accordance with the pricing strategy guidelines
- Improve productivity by implementing DX and Kaizen initiatives

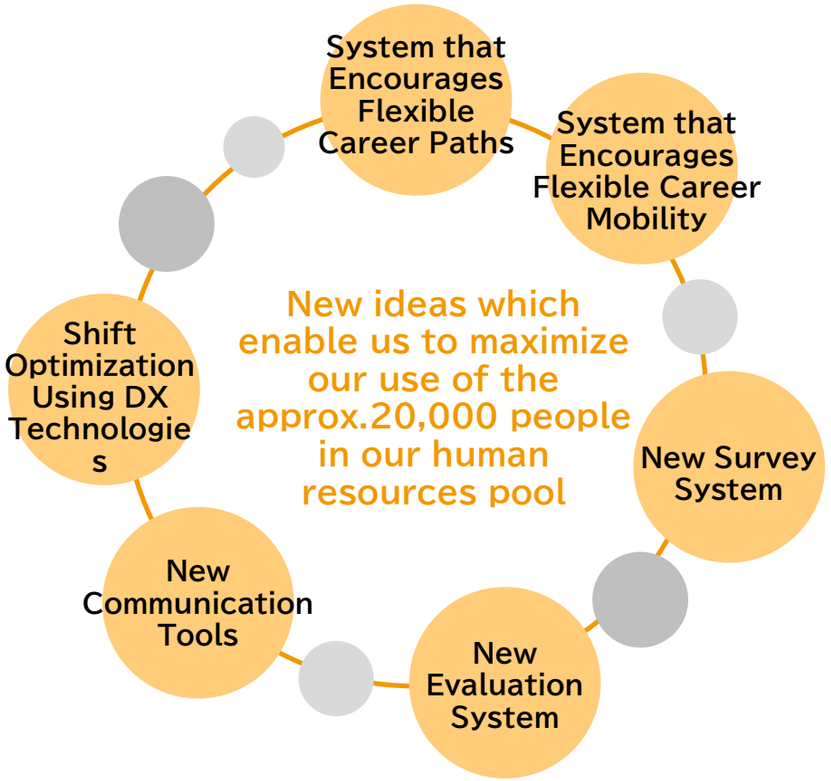
Compensation improvement and workstyles

- Increase employee satisfaction by improving employee treatment and providing a work environment that ensures a healthy work-life balance
- Secure high-quality human resources by increasing starting wages

Establish a competitive advantage

- Ensure adequate staffing by improving retention rate and reduce overtime
- Maximize the effects of productivity improvements through resource management measures

Resource Management Measures



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① Medical Business Strategy: Upgrade the Solution Business

- Solve all types of problems at both hospitals and clinics by enhancing the product lineup.
- Establish a competitive advantage in the provision of services as a solution provider.

New Service

Market	Management Support	Operational Support	Contracted Medical Administration Service	Temporary Staffing	Educational Support	Recruitment Support
Public Hospital Approx. 1,500 facilities	Under Development Management Support Service	Industry First! solabell (Medical Fee Knowledge App)	Outsourced Medical Office Work	Temporary Staffing (Individuals, Teams and Medical Clerks)	terrace studio Study support service Book Selling, Qualification Exams and Lecture Dispatch Service	Staff Referral and Employment Placement Dispatching
Private Hospitals Approx. 6,700 facilities						
Clinic Approx. 102,000 facilities	Under Development	Remote Medical Receipt Inspection Plan	Medical Fee Reimbursement Marutto Plan Home-visit Care Marutto Plan			
Service Brands	Service Brand in Preparation	iisy				

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① Medical Business Strategy: solabell and terrace studio

- solabell: Developed to improve the productivity of people responsible for medical fee reimbursement operations. External sales will start in September 2025.
- terrace studio: External sales of this primary product included in the education package will start in April 2025. It will be available as a subscription service.

solabell, a Medical Fee Knowledge App

ソラスト診療報酬算定ナレッジアプリ
solabell

Hospital DX Award 2025 Excellence

A single solution for finding information and learning

Bookmarking Function
A list of registered bookmarks for easy access

Knowledge
A database that translates our knowledge and experience into a verbal form

Information you want to inquire about
Post questions related to calculations. Use the possible solutions in your work.

*Under development



Search Function
Powered by AI, the app can search for information using simple keywords.

Fee Points Table
A medical fee points table that includes our proprietary information

Information you want to learn
Review comprehensive information about medical issues, drugs and other information that can be used in calculations and assessment analyses

*Under development

terrace studio, a Self-study Support Service

terrace studio

Learners can use their spare time to study casually while having fun

Content
Learning content derived from on-the-job experiences

+

Technology
Specialized learning function technology

+

Design
Educational materials designed leveraging knowledge about the psychology of learning



My Tasks
View a list of study tasks

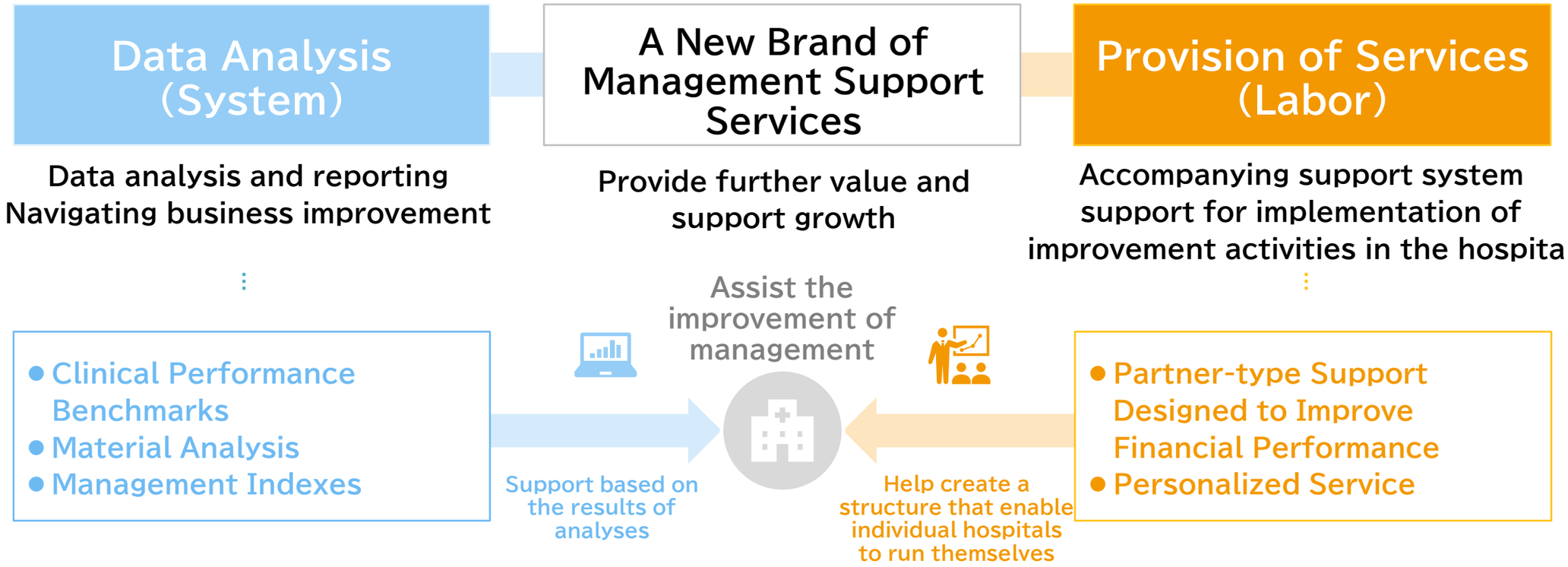
Learning History
View a list of modules you have studied

Favorites
Save your favorite content for easy access

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① Medical Business Strategy: Management Support Service

- The new management support service will be released (Service brand in preparation).
- Provide partner-type consulting services to complete the improvement of hospital management using a combination of people and technology.



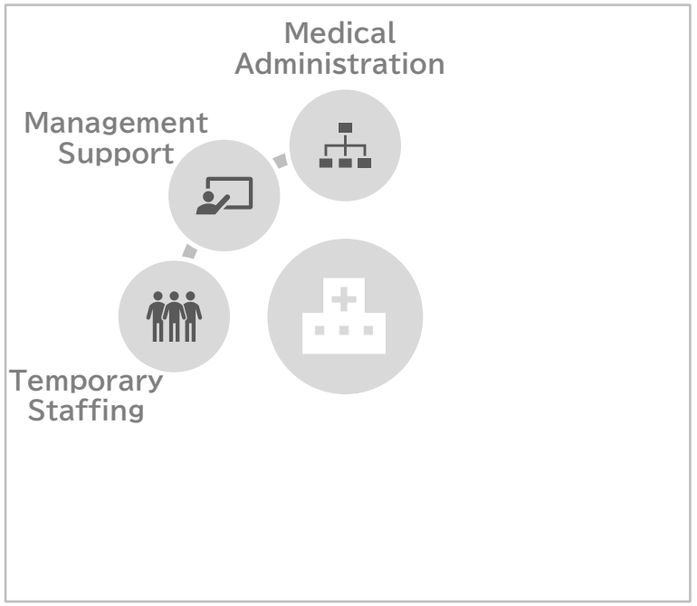
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① Medical Business Strategy: Vision for the Next-generation Outsourcing Business

- Aim to enhance the value of provided services by maximizing the value of our approximately 20,000 employees.
- We will use our training abilities and solutions as assets so that we can pursue a business that allows us to become a contracted operator responsible for the overall operation of medical institutions.

To Date

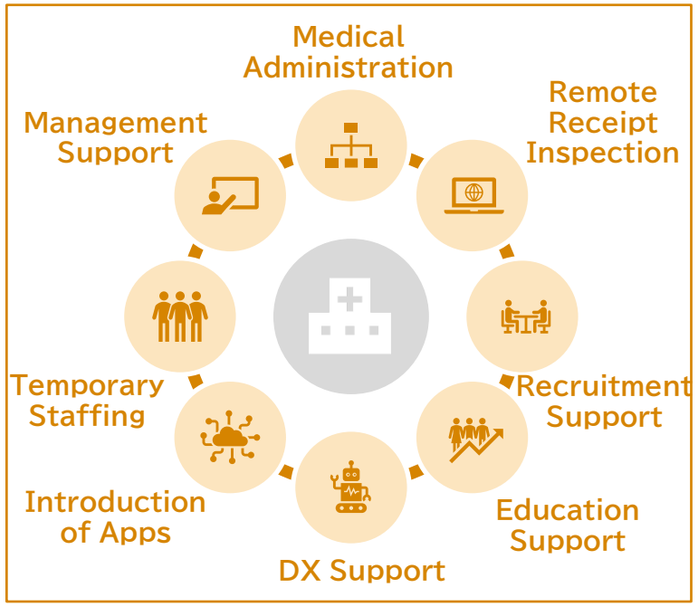
Contracted Medical Administration Service Provider
(Provision of Services)



Public Hospital | Private Hospital | Clinic

Phase 1

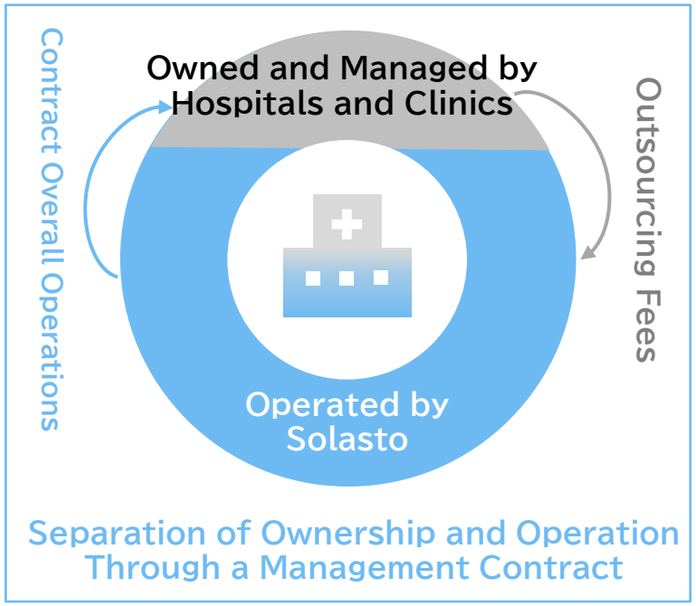
Solution Provider
(Provision of Services and Solution Sales)



Public Hospital | Private Hospital | Clinic

Phase 2

Vision for the Next-generation Outsourcing Business
(Contracted Operator)



Public Hospital | Private Hospital | Clinic

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② Elderly Care Business Strategy

Initiatives to improve utilization and occupancy rates

- Push forward with PMI and the acquisition of additional payments.
- Strengthen human resource measures, including the active compensation improvement.
- Open new facilities and carry out renovations.

Initiatives for improving profitability

- Implement the closure and consolidation of facilities.
- Carry out elderly care BPR.

Carefully selected elderly care M&A activities

- Implement elderly care M&A activities while prioritizing discipline.



② Elderly Care Business Strategy: Initiatives to improve utilization and occupancy rates

- Take measures to improve utilization and occupancy rates so they surpass the pre-COVID-19 pandemic levels.

1



Pushing Forward with PMI

- Continue to push forward with PMI in relation to M&A projects in FY2023.
- Roll out the best practices for business operations obtained through M&A activities to other facilities to encourage the acquisition of additional payments.

2



Strengthening Human Resource Measures

- Familiarize employees with our elderly care philosophy and increase our human resource development efforts to improve service quality.
- Make our company more desirable to candidates by improving employee treatment and offering them a wider range of positions.

3



Opening New Facilities

- Open approximately five facilities each year, primarily nursing home and group homes.
- Open new facilities to provide other types of services to realize a community-based integrated care system.

4



Renovating Facilities

- Actively renovate old facilities.
- Additionally, relocate facilities in consideration of service life and the profitability of the facility.

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② Elderly Care Business Strategy: Initiatives for improving profitability

- In the past, significant impairment losses were posted due to our aggressive M&A policy, but we strategically corrected course to pursue more carefully selected M&A projects.
- We will continue to close and consolidate facilities where problems have been identified, including profitability issues and the duplication of services offered by different providers in the same area.
- As part of elderly care BPR, we will further improve productivity by automating the connection of systems from record keeping to billing, integrating the functions of group companies through operational DX, and the streamlining of reporting and application management operations involving headquarters and the other facilities.

Strategic course correction aimed at improving profitability

Aggressive M&A

- Rapid growth of business.
- Significant impairment losses were posted.
- Duplicate services offered by different providers in the same area.

Profitability Improvement ↑

Closure and Consolidation of Facilities

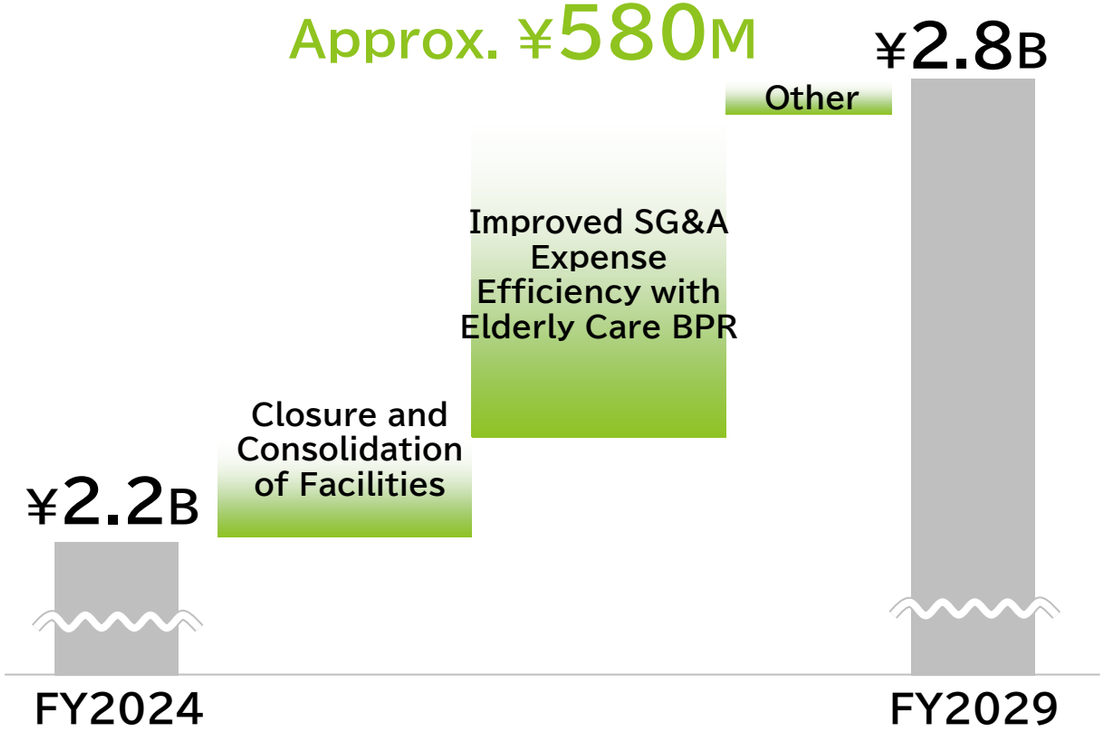
- Closure of low-profit facilities.
- Eliminate duplicate services offered by different providers in the same area.
- Users and staff of closed facilities being accommodated at nearby facilities.

Profitability Improvement ↑

Carefully Selected M&A

- Implement M&A activities considering the area and service provision while also prioritizing financial discipline.
- Avoid impairment loss risks.

Effects of profitability improvements



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③ Children Business Strategy

Improve the quality of childcare and implement a differentiation strategy

- Improve the quality of childcare through extensive employee training.
- Also provide peripheral services, such as English lessons and after school childcare.

Taking measures to improve retention rate

- Actively improve employee treatment.
- Implement more measures to improve employee engagement.

Initiatives to improve productivity

- Improve profitability by consolidating and streamlining administrative operations.





Table of Contents

1. Medium-term Business Plan FY2025-2029
   - ① Companywide Strategy
   - ② Reinforcing the Management Foundation
   - ③ Quantitative targets and Shareholder Return Policy
   - ④ Business Strategy

2. Forecast FY2025

FY2025 Priority Initiatives

- We declare FY2025 to be the Year of Reform to realize the vision outlined in this medium-term business plan and respond to the major changes in the business environment.
- It will be an investment phase as we invest in human resources and IT systems in FY2025 to achieve a harmonious combination of people and technology.
- We will secure future investment funds by implementing effective measures in the Medical and Elderly Care Businesses and throughout the company, and build a foundation for increasing profits in and after FY2026.

Investment in Human Resources	Actively improve employee treatment to increase retention rate
Investment in IT Systems	Realize work style reforms using new next-generation IT infrastructure

Measures to Ensure Sustainable Growth

1 Measures in Medical Business

- Increase revenue through price revisions that are more significant than in the previous fiscal year.
- Reduce recruitment costs by increasing the retention rate through the active compensation improvement.

2 Measures in Elderly Care Business

- Improve productivity through active elderly care BPR to significantly increase the profit margin.

3 Companywide Measures

- Reduce costs throughout the business through active BPR (excluding investments in diversity initiatives and new IT systems).

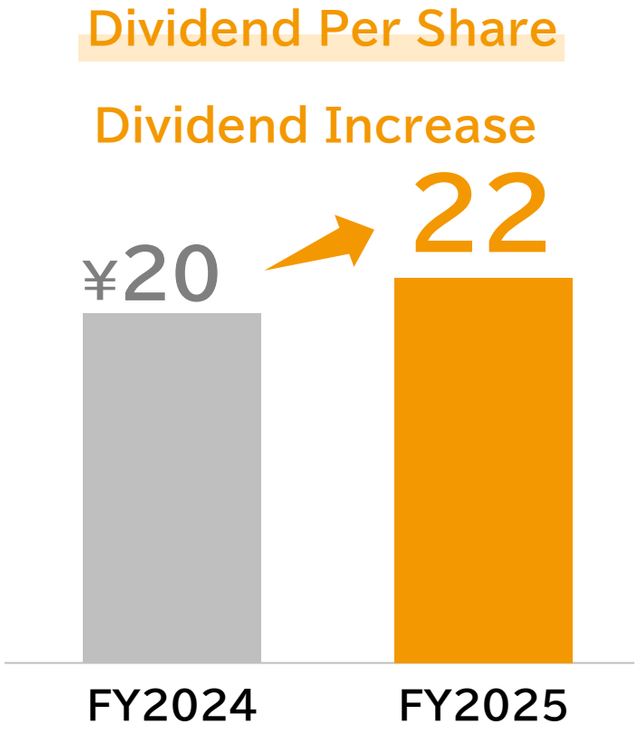
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Consolidated Earnings Forecast

- Forecasts are as follows: Net sales up 1.5%; operating profit down 14.5%; adjusted operating profit down 7.4%.
- The annual dividend will increase to 22 yen per share.
- We aim to achieve a dividend payout ratio of 50% or more and total return ratio of 70% or more by paying dividends and purchasing treasury shares.

Million yen	FY2024 Actual	FY2025 Forecast	YoY	YoY(%)
Net Sales	137,435	139,450	+2,014	+1.5%
EBITDA (Margin)	10,127 7.4%	9,000 6.5%	-1,127	-11.1%
Operating Profit (Margin)	7,017 5.1%	6,000 4.3%	-1,017	-14.5%
Adjusted Operating Profit*	-	6,500	-517	-7.4%
Ordinary Profit	6,726	5,800	-926	-13.8%
Net Income	3,960	3,400	-560	-14.2%

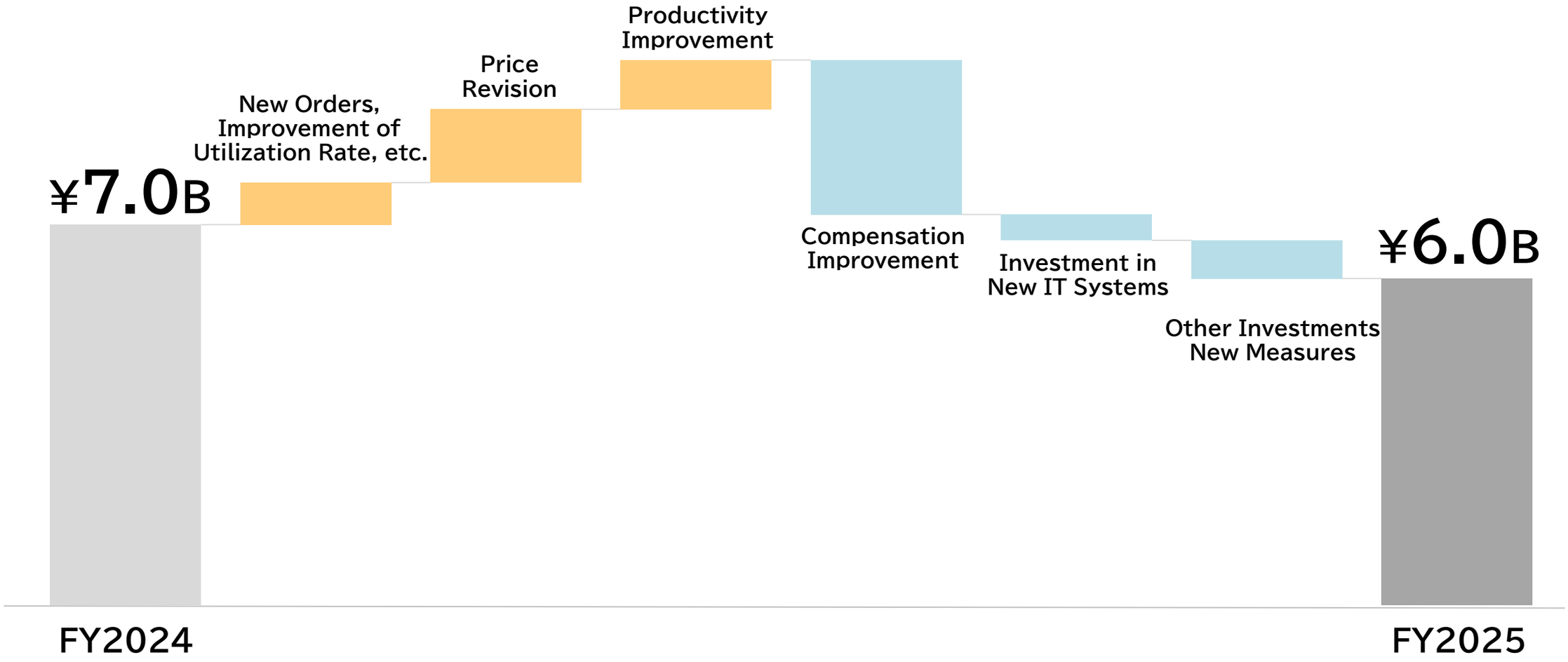
*Adjusted Operating Profit: The operating profit excluding investments in new IT systems.



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FY2025: Companywide Analysis of the Increase/Decrease of Profits

- Factors increasing profit: The revision of prices in the Medical Business and the increase of revenue and improvement of productivity in the Medical, Elderly Care and Children businesses.
- Factors decreasing profit: Investments including in the active compensation improvement (up 2.1 billion yen YoY) and investments in new IT systems (up 500 million yen).



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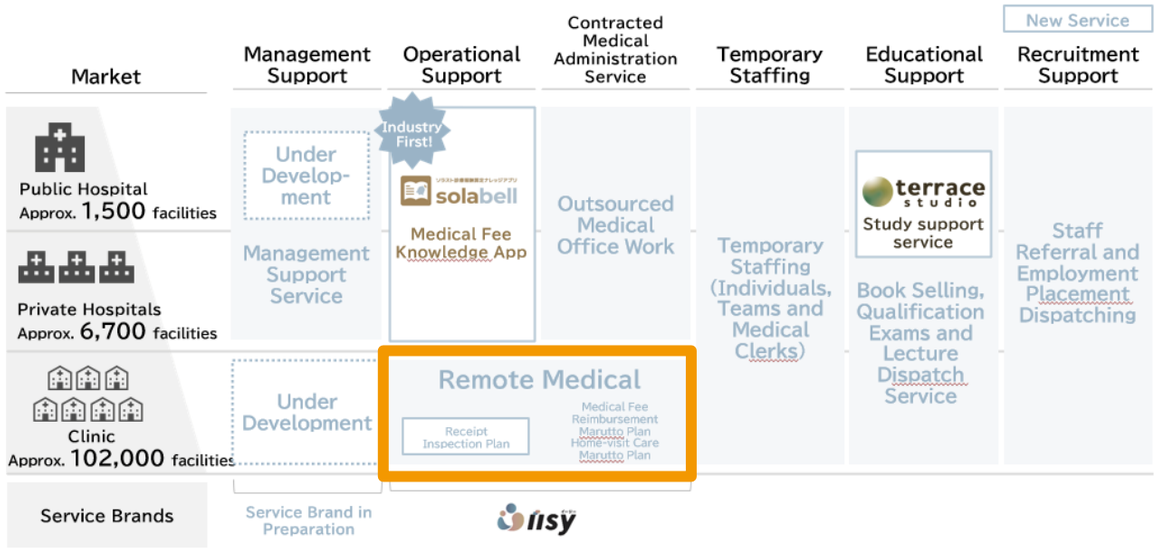
Changes to Business Segments

- The Smart Hospital Business, which was previously included in Other, will be included in the Medical Business from FY2025.
- Remote medical administration provided as part of the Smart Hospital Business is now positioned as a medical business solution targeting medical institutions.

The Smart Hospital Business previously included in Other will be included in the Medical Business

		change	
Medical Business		→	Medical Business
Elderly Care Business			Elderly Care Business
Children Business			Children Business
Other	Smart Hospital Business		Other
	Other		

Remote medical administration is now positioned as a medical business solution



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Forecast of Consolidated Financial Results: by Segment

- Medical Business: Revenue is expected to increase due to the revision of the prices for existing contract work, but profit is expected to decrease due to the implementation of the largest-ever compensation improvement.
- Elderly Care business: Revenue is expected to increase due to the improvement of utilization and occupancy rates. Profit is expected to decrease due to the allocation of funds to new IT investments, but adjusted operating profit is planned to increase.

	Net Sales				EBITDA				Operating Profit			
	FY24	FY25			FY24	FY25			FY24	FY25		
Million yen	Actual*1	Forecast	YoY	YoY (%)	Actual*1	Forecast	YoY	YoY (%)	Actual*1	Forecast*2	YoY	YoY (%)
Medical Business	71,214	72,210	+995	+1.4%	4,765	3,880	-885	-18.6%	4,388	3,540 (3,790)	-848 (-598)	-19.3% (-13.6%)
Elderly Care Business	55,337	56,260	+922	+1.7%	4,456	4,300	-156	-3.5%	2,218	2,140 (2,340)	-78 (+121)	-3.5% (+5.5%)
Children Business	10,836	10,950	+113	+1.1%	895	810	-85	-9.6%	401	310 (360)	-91 (-41)	-22.7% (-10.3%)
Other*3	46	30	-16	-35.9%	9	10	+0	+11.0%	9	10	+0	+11.0%
Total	137,435	139,450	+2,014	+1.5%	10,127	9,000	-1,127	-11.1%	7,017	6,000 (6,500)	-1,017 (-517)	-14.5% (-7.4%)

*1: Reference figures are figure after segment adjustments (the Smart Hospital Business is now included in the Medical Business)
*2: Figures in parentheses are the operating profit excluding investments in new IT systems
*3: Other is operations not included in any segment including real estate leasing and non-life insurance brokerage operations.

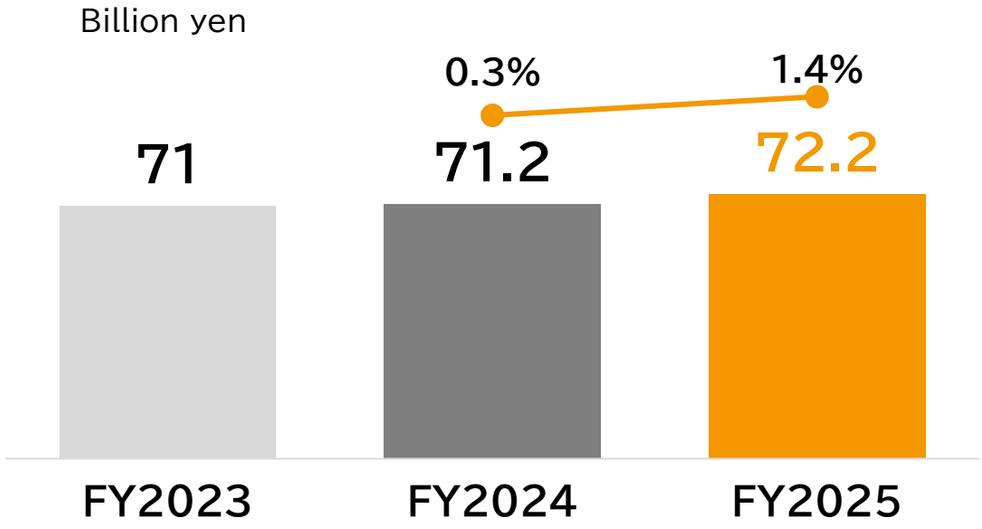
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Consolidated Earnings Forecast:
Medical Business (including the Smart Hospital Business)

- Revenue is likely to increase (up 1.4%), mainly due to the revision of prices for existing contract work.
- Profit is expected to decrease (down 19.3%) as a result of the active compensation improvement (up 2.08 billion yen YoY) and investments in new IT systems (temporary).

Net Sales

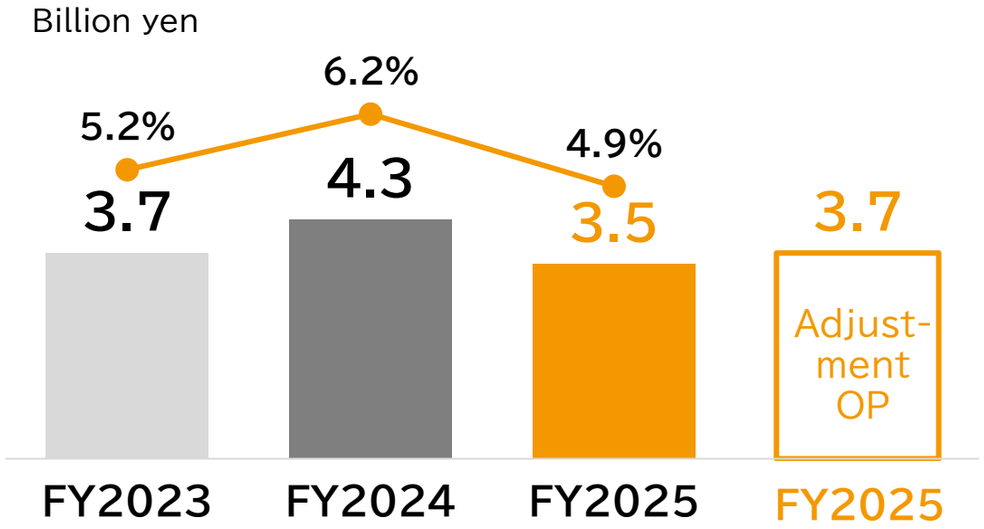
%: YoY



(Figures after segment adjustments)

Operating Profit

%: margin



(Figures after segment adjustments)

Increase Factors

++	Revenue increase due to the revision of prices for existing contract work
+	Failure to win orders for contract work and staffing

Increase/Decrease Factors

++	Effects of the increase in revenue (including price revisions)
+	Productivity improvement
△△	Active compensation improvement (up ¥2.08 B YoY)
△	Investments in new IT systems (temporary)

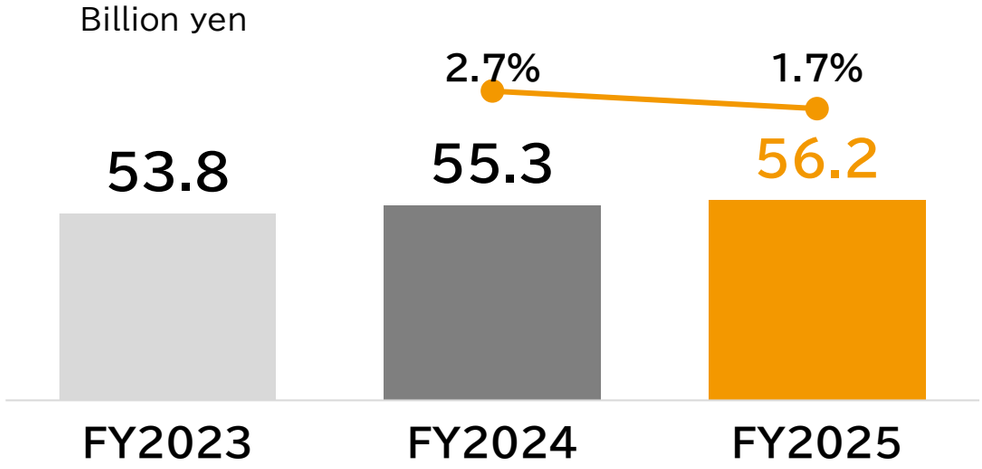
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Consolidated Earnings Forecast:
Elderly Care Business

- Revenue is expected to increase (up 1.7%) by improving the utilization and occupancy rates.
- Profit is likely to decline (down 3.5%) as a result of the active compensation improvement and investments in new IT systems (temporary). Adjusted operating profit (excluding investment into new IT systems) is planned to increase (up 5.5%).

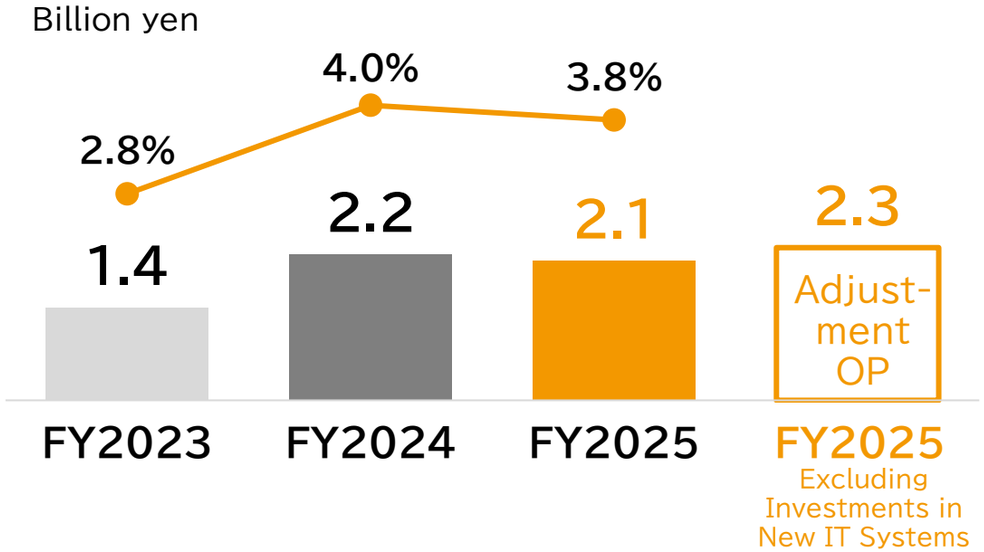
Net Sales

%: YoY



Operating Profit

%: margin



Increase Factors

++	Improvement of utilization and occupancy rates

Increase/Decrease Factors

++	Revenue increase due to improvement of utilization and occupancy rates
+	Effects of the closure and consolidation of facilities
△ △	Active compensation improvement (excluding subsidies)
△	Investments in new IT systems (temporary)

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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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