FY2025 Q3YTD Financial Results

February 10, 2026

Solasto Corporation

01

FY2025 Q3YTD Financial Results

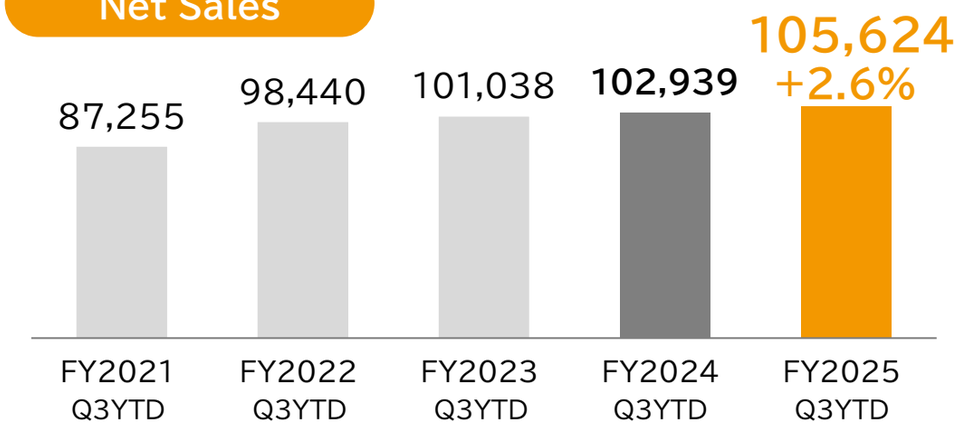
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Financial Highlights

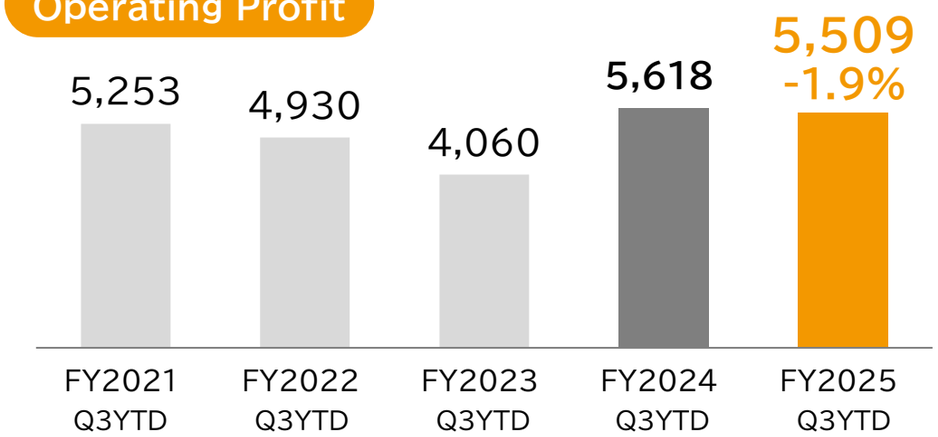
- Net sales for the first nine months increased 2.6% YoY, marking a new high.
- Operating profit decreased 1.9% YoY, reflecting the strategic acceleration of improvements in employee treatment and new IT investments.

Million Yen

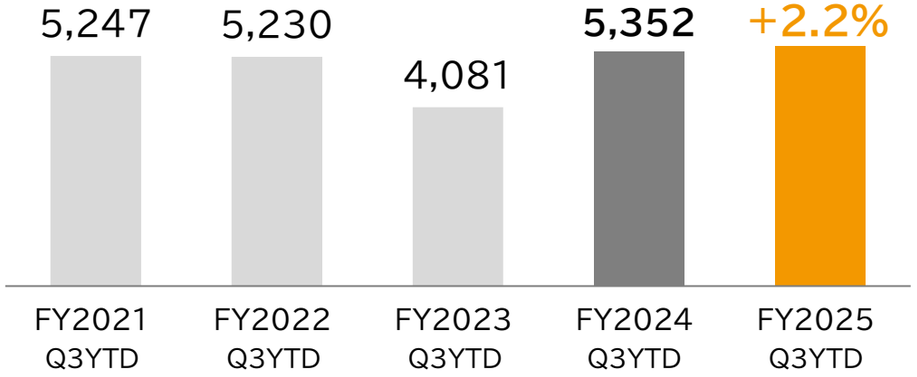
Net Sales



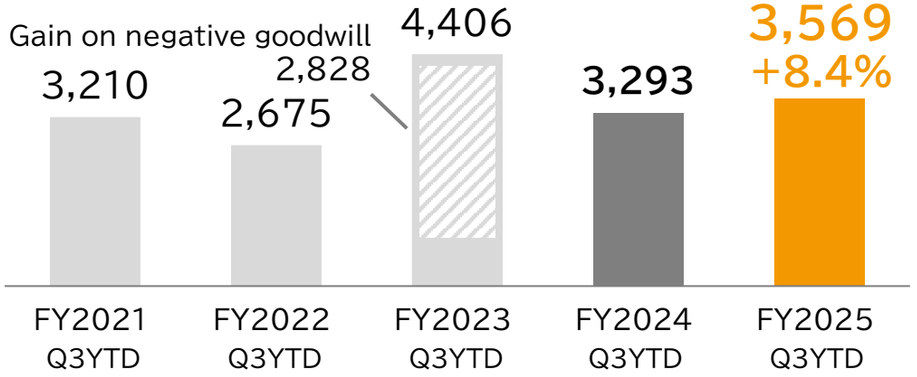
Operating Profit



Ordinary Profit



Net Income



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Financial Highlights by Segments

- YoY sales increases were achieved in all businesses. Rapid growth was maintained in the Medical Business, the Elderly Care Business and the Children Business.
- Progress in operating profit for the first nine months was very good, 82% vs. the full-year forecast whose upward revision was announced in November.
- For Q4, seasonal factors and additional improvements in employee treatment, upfront IT investments and other matters have already been taken into account. Accordingly, the full-year forecast is unchanged.

	Net Sales				EBITDA (Margin)				Operating Profit (Margin)			
Million Yen	FY24 Q3YTD	FY25 Q3YTD	YoY	YoY (%)	FY24 Q3YTD	FY25 Q3YTD	YoY	YoY (%)	FY24 Q3YTD	FY25 Q3YTD	YoY	YoY (%)
Medical Business*	53,390	55,208	+1,818	+3.4%	3,657 (6.9%)	3,388 (6.1%)	-268 (-0.7p)	-7.3%	3,377 (6.3%)	3,092 (5.6%)	-284 (-0.7p)	-8.4%
Elderly Care Business	41,875	42,268	+393	+0.9%	3,719 (8.9%)	3,938 (9.3%)	+218 (+0.4p)	+5.9%	2,049 (4.9%)	2,286 (5.4%)	+237 (+0.5p)	+11.6%
Children Business	7,638	8,114	+475	+6.2%	556 (7.3%)	497 (6.1%)	-58 (-1.2p)	-10.6%	185 (2.4%)	126 (1.6%)	-59 (-0.9p)	-32.1%

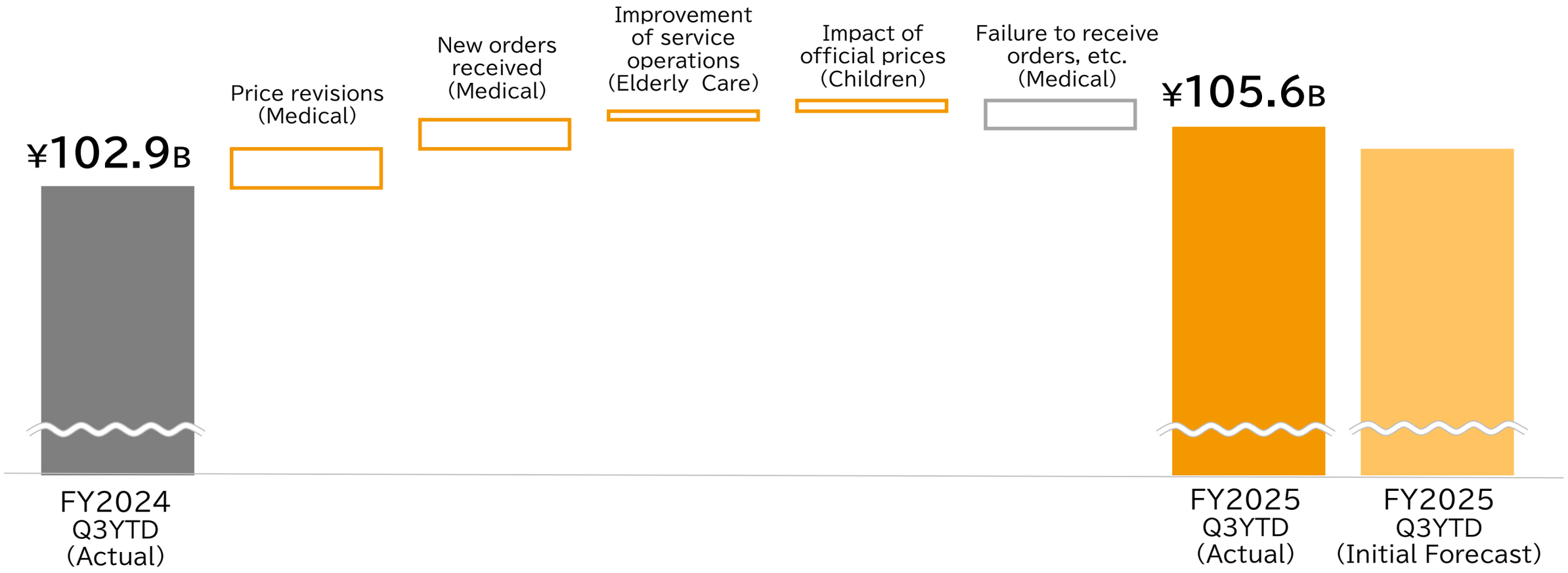
*In FY2025, the Smart Hospital Business, which was previously included in Others, is included in the Medical Business.
The figures are year-on-year comparisons using reference figures that reflect the segment change based on the results for FY2024.

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Companywide Analysis of Increase/Decrease in Net Sales(Q3YTD)

Increase Factors: In the Medical Business, progress in price revisions for existing contracted services exceeded expectations and new orders received.

Decrease Factors: In the Medical Business, there were some cases of a failure to receive an order due to aggressive price negotiations.

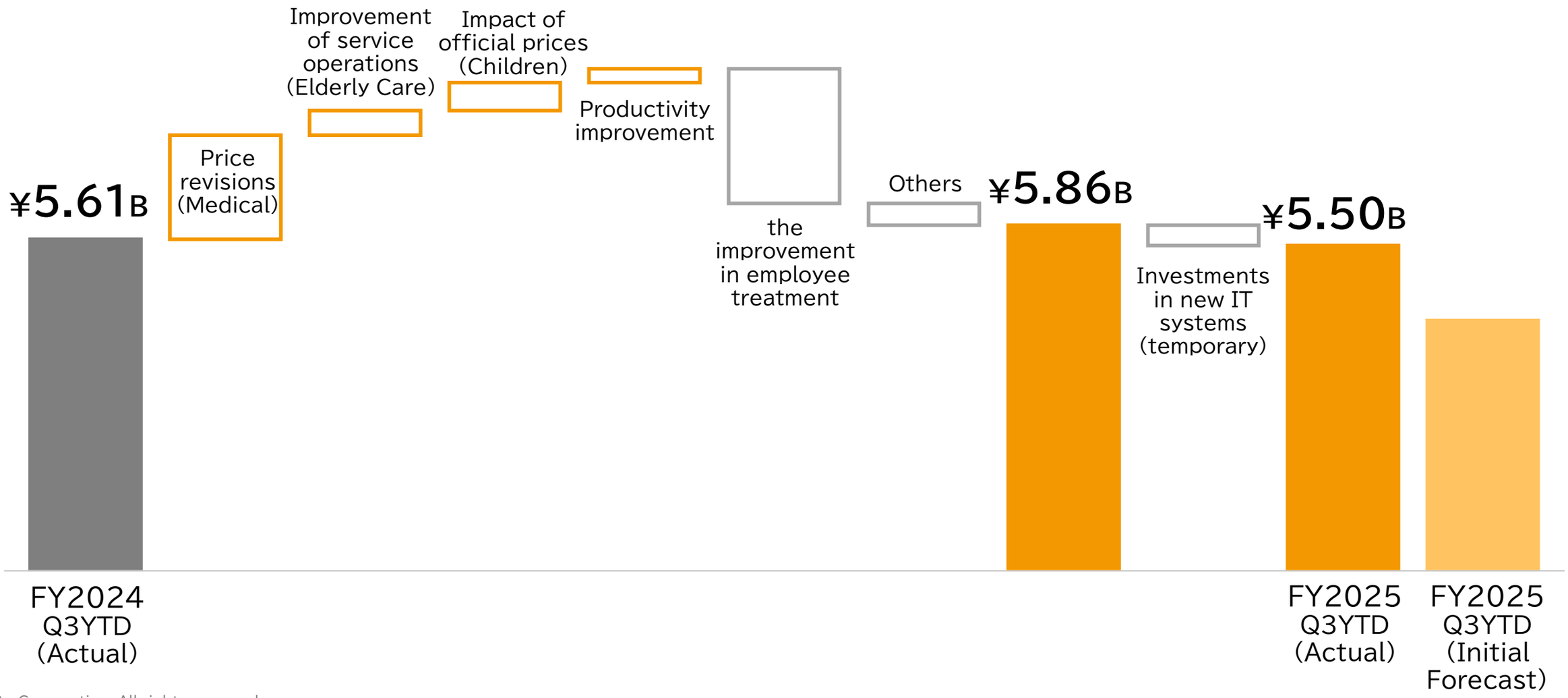


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Companywide Analysis of Increase/Decrease in Operating Profit(Q3YTD)

Increase Factors: Mainly due to the effect of price revisions, which exceeded the forecast in the Medical Business.

Decrease Factors: the strategic acceleration of improvements in employee treatment, investments in new IT systems (temporary).



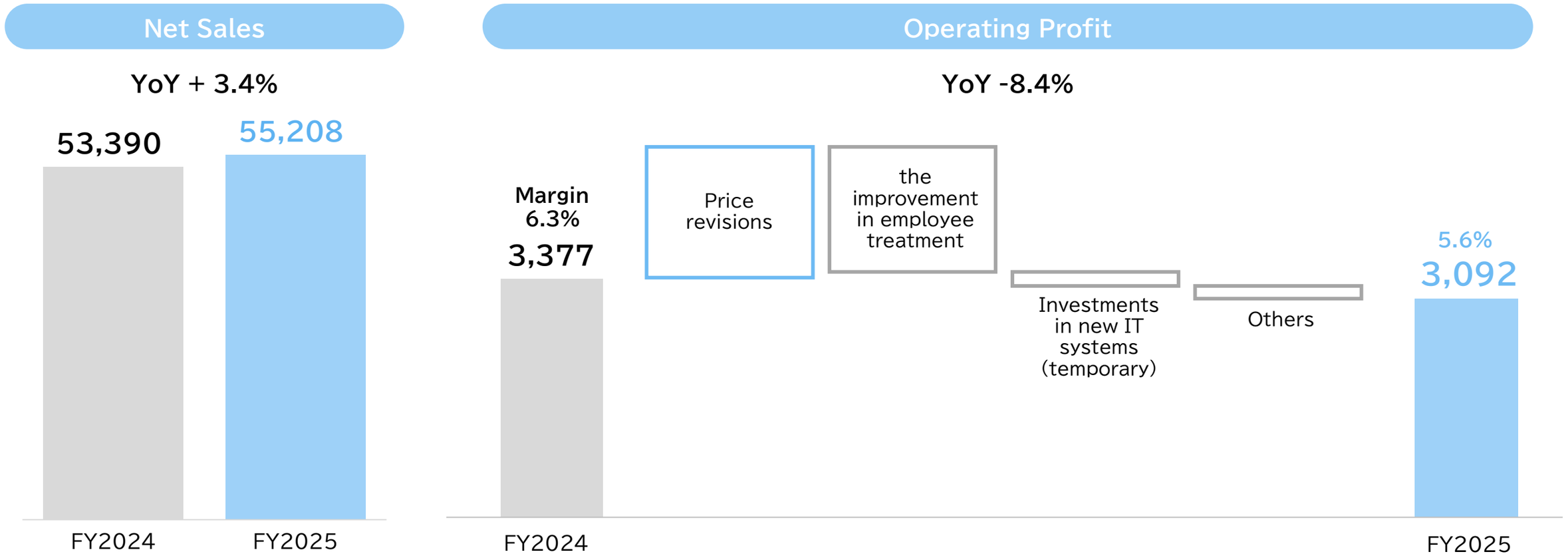
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Medical Business: Financial Highlights (YoY)

Net Sales: Increased 3.4%, reflecting favorable price revisions.

Operating Profit: Decreased 8.4% after the strategic acceleration of improvements in employee treatment and new IT investments. In Q3, additional improvements in employee treatment were implemented following an increase in the minimum wage.

Million Yen



*In FY2025, the Smart Hospital Business, which was previously included in Others, is included in the Medical Business.
The figures are year-on-year comparisons using reference figures that reflect the segment change based on the results for FY2024.

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Elderly Care Business: Financial Highlights (YoY)

Net Sales: Increased 0.9%, reflecting steady day service operations and a solid increase in the number of facility-based service users.

Operating Profit: Increased 11.6%, mainly reflecting increased profits due to increased sales and a reduction in selling, general and administrative expenses. Progress was made in ensuring that prices reflect the high cost of living.

Million Yen

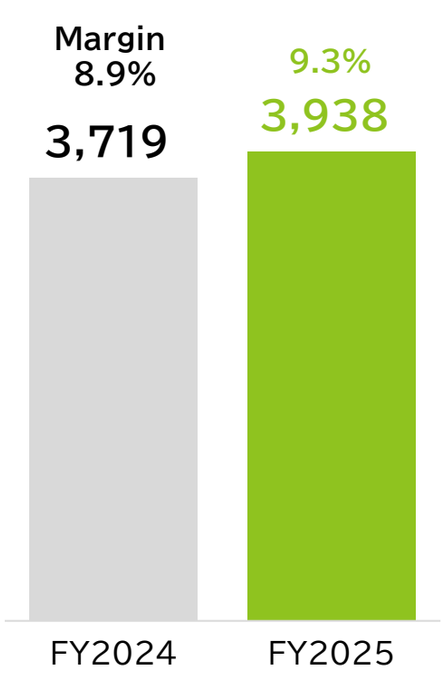
Net Sales

YoY +0.9%



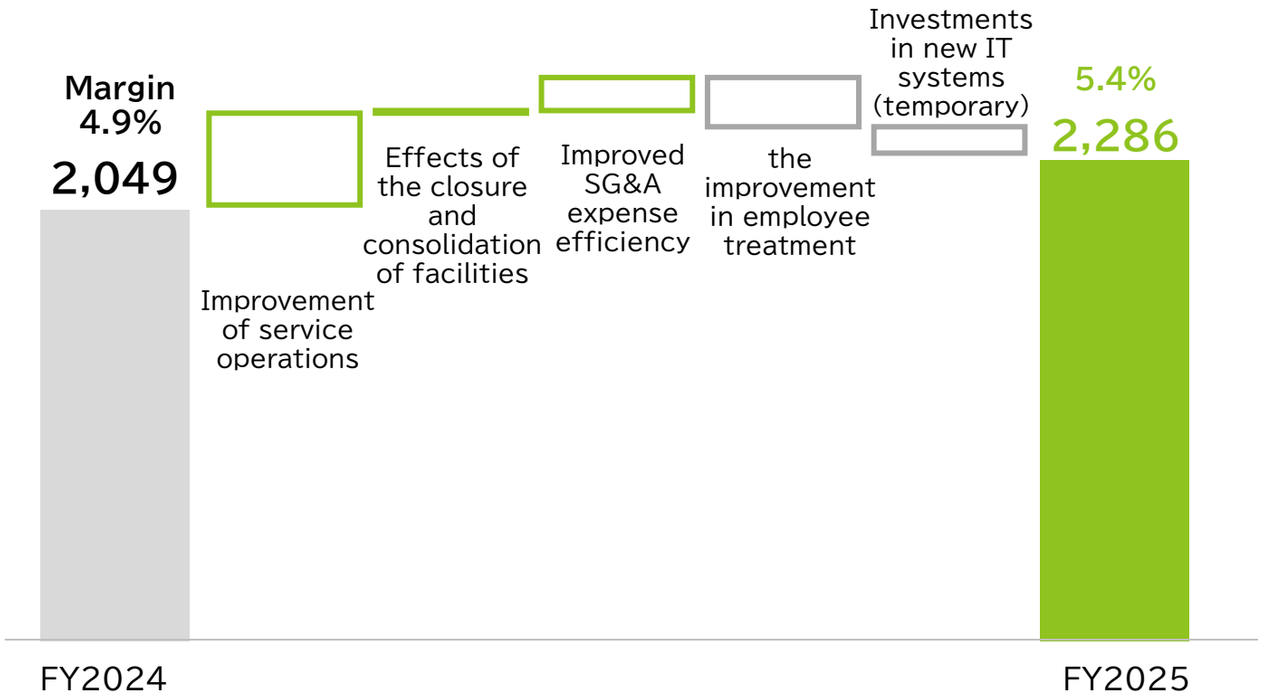
EBITDA

YoY +5.9%



Operating Profit

YoY +11.6%



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Children Business: Financial Highlights (YoY)

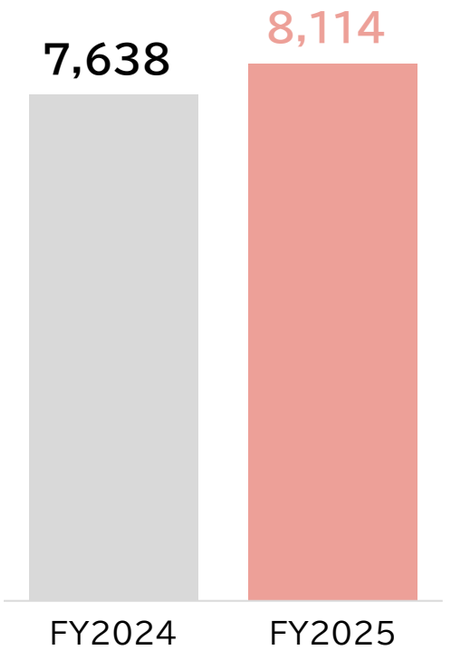
Net Sales: Increased 6.2%, mainly due to an increase in unit prices resulting from the revision of official prices as well as the Tokyo Metropolitan Government's program for free daycare for first children.

Operating Profit: Decreased 32.1% mainly due to improvements in employee treatment, increased recruitment costs in Q1 to strengthen staffing, and higher facility expenses.

Million Yen

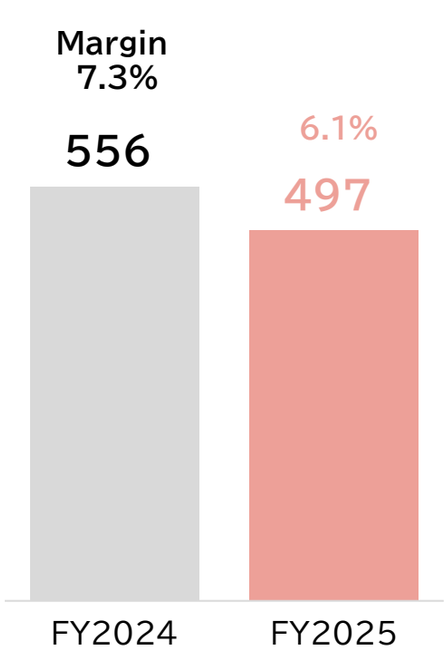
Net Sales

YoY +6.2%



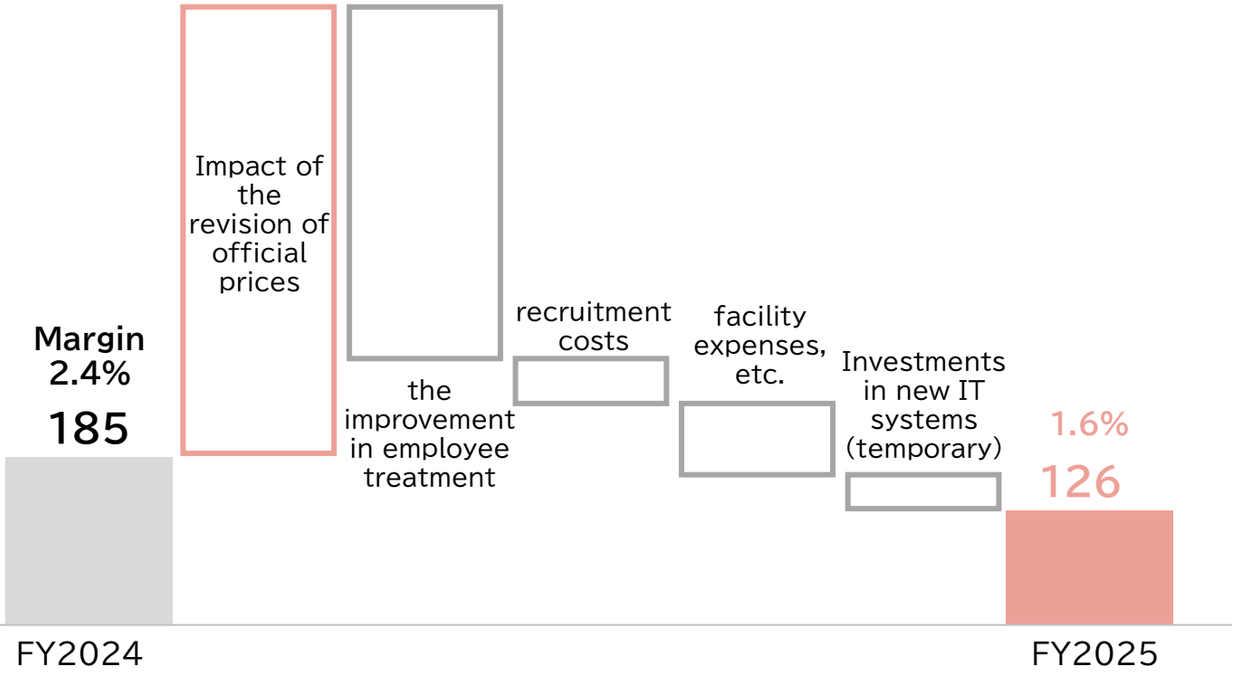
EBITDA

YoY -10.6%



Operating Profit

YoY -32.1%



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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

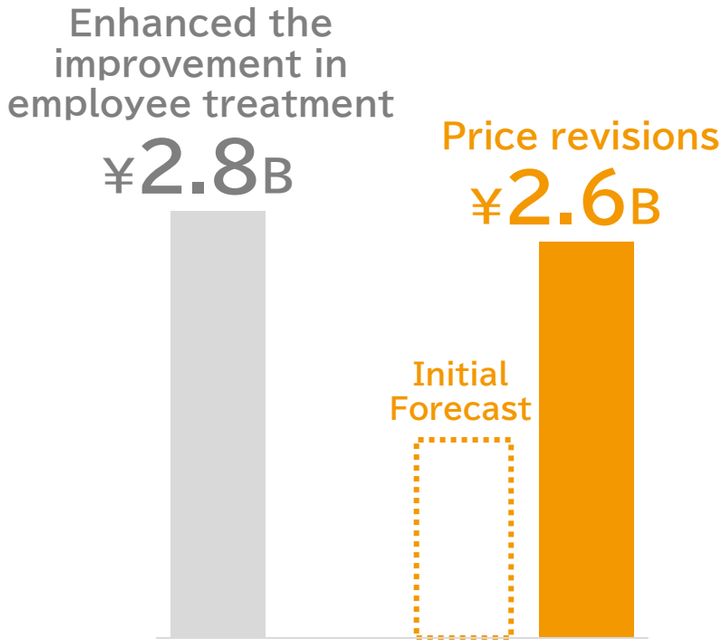
- Reduce costs throughout the business through active BPR (excluding investments in diversity initiatives and new IT systems).

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Results of Investments in Human Capital

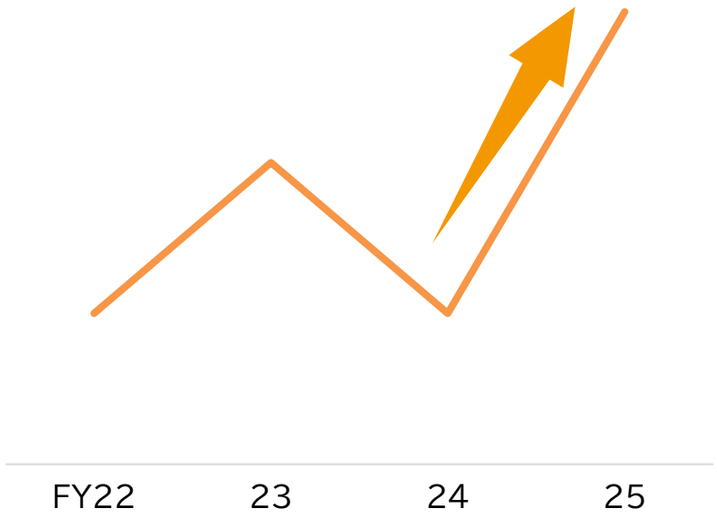
- Improvements in employee treatment were initially expected to reduce profit. However, price revisions exceeding the plan covered a large part of the increase in expenses. Investment efficiency was higher than initially forecast.
- Improvements in employee treatment led directly to human resources development and an increase in employee engagement. A record-high retention rate was achieved across all businesses.
- The improvement in retention reduced recruitment and training expenses and enabled the construction of a solid management foundation based on the competitive advantages of our human capital.

Enhanced the improvement in employee treatment

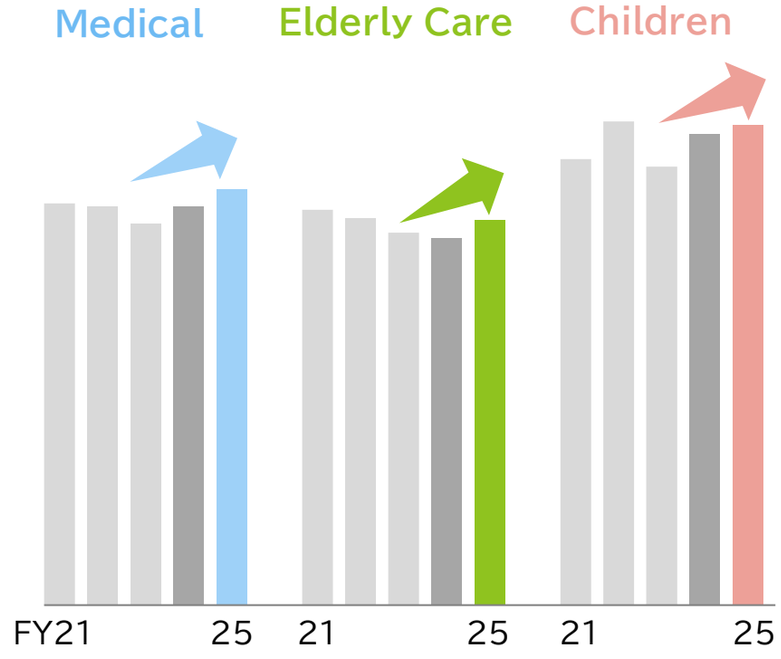


Employee Satisfaction Survey

The percentage of employees wishing to continue working increased two percentage points, hitting a record high.



Retention Rates
(As of the end of Q3 of each fiscal year)



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Results of the Work Style Reforms through the Upgrade to the Next-Generation IT Infrastructure

- On-site capabilities were improved by improving retention rates using IT, increasing both productivity and the quality of services.
- The transfer to the Google platform was completed, establishing a foundation for the utilization of AI. The progress in Medical DX and elderly care BPR was as planned. Accordingly, we fully constructed a smart operational system that enables our staff to concentrate on their core duties.

Benefits of upgrading to a new IT system

1



Maximizing efficiency by consolidating operations,
Eliminating waste and dependency on individual skills with BPR

2



A work style featuring a network of teams,
Reform with cloud computing x zero trust

3



Accelerating business efficiency with AI,
Expansion to work sites with in-house LLM(Large Language Model)

4



Development system with the leading role played by people on-site
Reducing cost by enhancing the in-house development capability

Development and utilization of medical IT solutions

- We started selling the medical fee calculation and knowledge app solabell, to customers outside the group to move forward with the monetization of our expertise.
- We introduced the hospitality skill improvement app solaheart, and the employee app solaLink, which supports employees' improvement of the quality of their hospitality and smooths the sharing of information.

Elderly care BPR to improve productivity

- We selected an optimal system and conducted on-site trial operations as planned with a view toward starting to operate the system in FY2026.
- By consolidating and automatically linking record, billing and attendance systems, we are accelerating the construction of an environment that enables our staff to concentrate on care services.

Company-wide digital transformation including the introduction of Google Workspace

- We completed the transition to the Google platform as planned with a view toward fully operating using the platform beginning in March 2026.
- We trialed the AI-powered processing of administrative tasks using Gemini to reduce selling, general and administrative expenses.

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Progress of Medium-term Business Plan FY2025-2029

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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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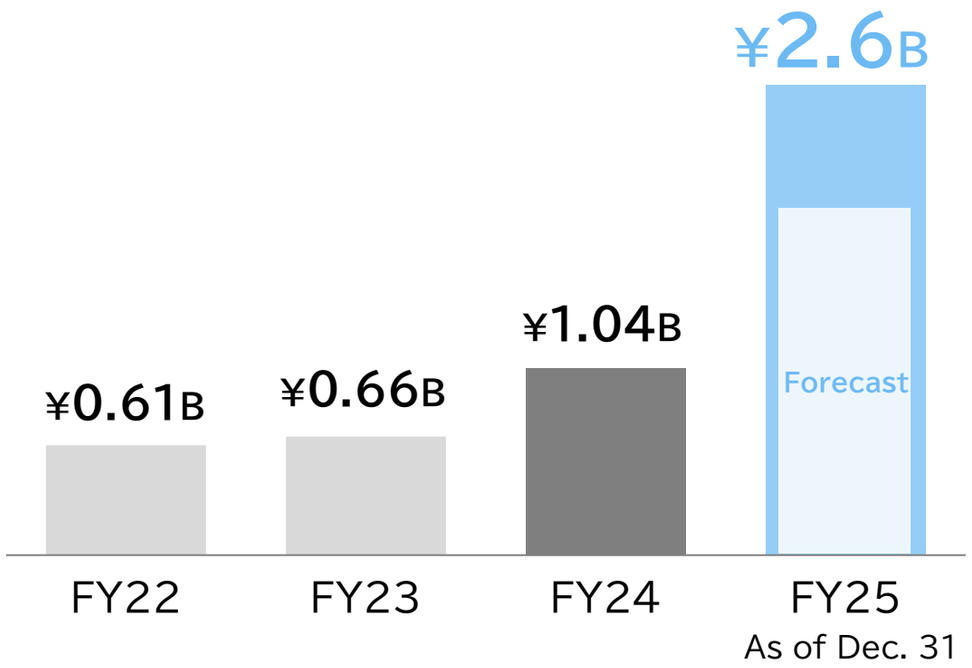
*Repost of the Medium-term Business Plan FY2025-2029

Medical Business Strategies:

Progress of Price Negotiations

- In the fiscal year under review, the effect of price revisions increased to 2.6 billion yen, far exceeding the initial plan.
- With an eye toward the revision of medical fees in April 2026, we will carry out negotiations for price revisions for the next fiscal year.

Impact on Operating Profit (Full-year)



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

Establish a competitive advantage

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

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

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Measures Using IT to Increase Customer and Employee Satisfaction

- We will invest funds procured by optimizing prices in original IT strategies to further enhance the quality and worker-friendliness of workplaces.
- The solaheart app, which uses AI voice analysis, will visualize and standardize the quality of hospitality. We will maximize the value offered to medical institutions.
- The solaLink app for employees will smooth information communication, ease burdens borne by on-site managers, and help improve employee retention to increase profitability.

ソラスト接遇力向上アプリ solaheart

- An original app for improving hospitality skills using voice analysis technologies
- It visualizes users' hospitality skills as data and informs the users of points that can be improved. It also provides proper training in line with the results of its analysis to develop their hospitality skills.



solaLink

- A smartphone app for employees that integrates their attendance records, personnel files, training program and manuals
- It enables the head office to directly provide information to approximately 25,000 employees to reduce the communication burdens on on-site managers. It increases employee satisfaction and retention, improving profitability.



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Medical Business Strategies:

Progress of the Solution Business

- We provided solutions matched to the needs of medical institutions, which helped us achieve a steady increase in contracts and other areas.
- A remarkably high 92% of the fee-based plan contracts for solabell were renewed.
- We will continue to step up proposal-based sales activities that respond to hospital management issues.



Management Support

New orders remained strong in the first half and prices per contract increased.

We began introducing a high added-value partner-type support service.

No. of new contracts	Price per contract (Million Yen)
48 (+19)	2.3M (+0.5M)



Remote Medical

As a result of strengthened coordination in the provision of solutions, the number of contracts increased 1.4-fold YoY.

Both net sales and profit increased. We started to implement price revisions in August.

Total No. of contracts	Net Sales (Million Yen)	Operating Profit (Million Yen)
166 (+50)	217M (+48M)	62M (+92M)

solabell

The percentage of fee-based plan contracts renewed was quite high at 92%.

Transitions from the free-offer campaign to fee-based plan contracts were strong.

Total No. of contracts	Total No. of IDs registered
166 (-)	373ID (-)

terrace studio

We changed our pricing plans to subscription-based plans in April.

Total number of contracts increased steadily.

Total No. of contracts	Total No. of IDs registered
95 (-)	791ID (-)

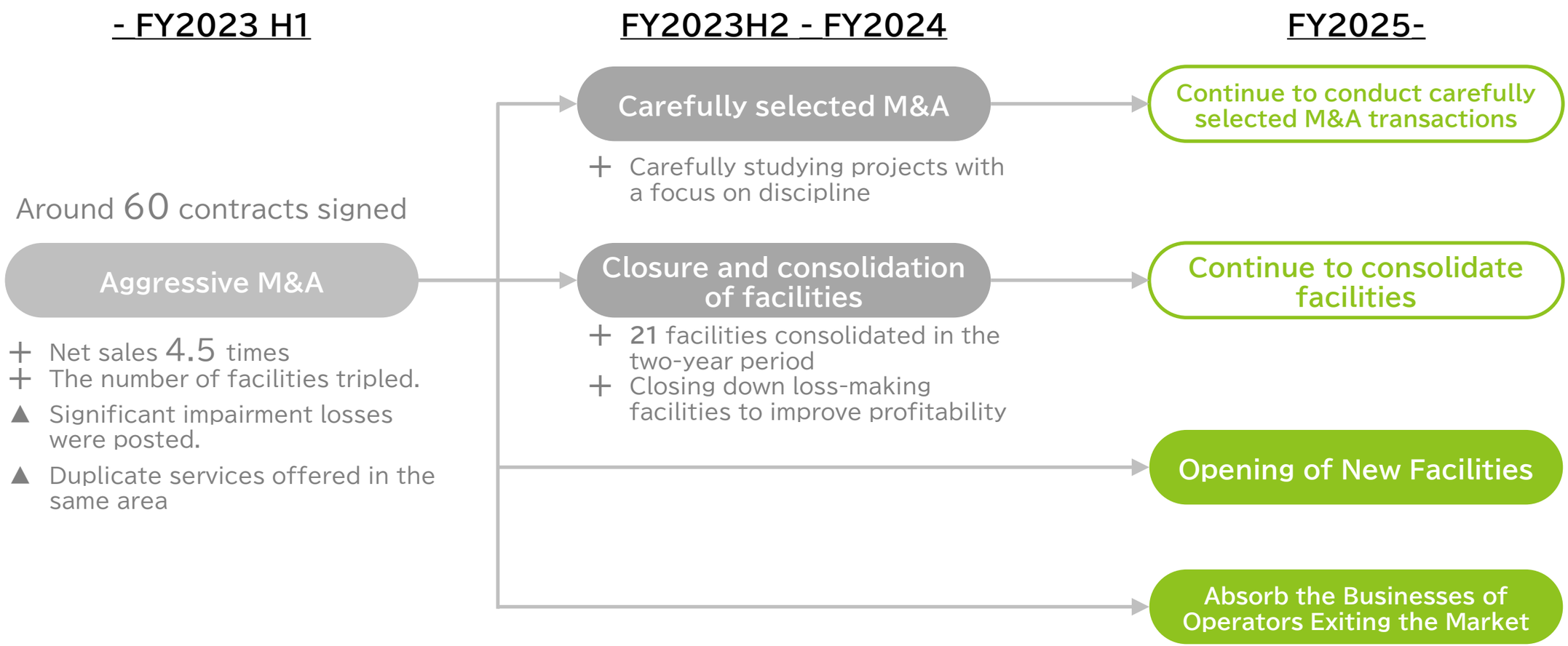
*()YoY

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Elderly Care Business Strategies:

Strategic Business Expansion

- The closure of loss-making facilities and those with duplicate services came to an end. Profitability improved considerably.
- We will continue with carefully selected M&A transactions and consolidation. At the same time, we will also actively open new facilities and absorb the businesses of operators exiting the market.



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Elderly Care Business Strategies:

Absorbing the Businesses of Operators Exiting the Market and Closure and consolidation of facilities

Absorbing the Businesses of Operators Exiting the Market:	A company that joined the Group through an M&A activity in FY2020 absorbed six home help business operators. In the future, we will develop a system for learning information about operators exiting the market at an early stage and share examples of success throughout the Group.
Closure and consolidation of facilities:	In the past two years, we have consolidated a total of 21 facilities, which has improved profitability by 150 million yen. In the future, we will carry out strategic consolidation with the goal of gaining premiums for multiple services and streamlining operations.

Absorbing the Businesses of Operators Exiting the Market

Results of strategic actions (As of Dec. 31)

	Home help
Number of operators absorbed	6
Number of staff members hired	25
Number of customers accepted	115

Future developments

Learning information

- Learn information about operators exiting the market at an early stage with a network of locally based network of employees
- Provide incentives as rewards for success

Quick absorption and expansion of scope

- Provision of non-visit services as well
- Standardize processes to achieve the smooth transfer of customers

Closure and consolidation of facilities

Cumulative total number of facilities consolidated	21
Annual effects of profitability improvements	¥150M

Consolidation plan for FY2026	4 consolidations already confirmed.
Expected annual effects of profitability improvements	¥50M

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Productivity Improvement through New IT Investments and Organizational Reforms

solasto × Google Workspace

- The rollout of the Google platform with Gemini to all employees has been completed. We will carry out a structural reform to depart from our labor-intensive business model.
- We are currently trialing the AI-powered automation of various administrative tasks. We will use the time created by streamlining tasks to improve service quality and engagement.
- We established the Business Operation Headquarters in FY2026. We will improve the productivity of head office operations drastically by consolidating administrative work and utilizing AI.

Gemini

	Output	Communication	Input
			
	Reduction of labor and automation of administrative tasks	**Streamline responses to internal inquiries**	**Transform knowledge into assets**
Problems	Various routine tasks that put pressure on workers, such as the creation of meeting minutes and other documents	Handling of a huge number of inquiries from approximately 30,000 active and former employees	Dependency on the professional expertise of individual employees and an increased workload for searching for information due to information being scattered across the organization
AI utilization	Automated AI-powered creation and standardization to free up time to handle care services	Introduce an AI chat bot to handle inquiries to reduce processing workload and selling, general and administrative expenses	Training AI on internal knowledge and information to enable employees to use it immediately

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Appendix

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Financial Indicators

	FY2022	FY2023	FY2024	FY2025 Q3YTD	FY2025 Revised forecast
ROE	15.2%	10.7%	18.4%	—	17.1%
ROIC	9.1%	7.9%	10.3%	—	10.5%
WACC*1	6.1%	5.1%	5.9%	—	—
Net debt/EBITDA*2 (x)	1.5	1.5	0.9	0.8	—
Debt/equity ratio*3 (x)	1.2	1.4	1.0	0.8	—
Free cash flow (Million yen)	6,840	5,096	6,224	4,681	—
Earnings per share(Yen)	33.53	24.11	42.94	38.83	44.23
Dividend per share(Yen)	20.00	20.00	20.00	11.00	22.00
Consolidated dividend payout ratio	59.6%	83.0%	46.6%	—	49.7%

*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	FY2022 Q3YTD	FY2023 Q3YTD	FY2024 Q3YTD	FY2025 Q3YTD	YoY(%)	FY2025 Revised forecast
Net Sales	98,440	101,038	102,939	105,624	+2.6%	140,740
EBITDA Margin	7,278 (7.4%)	6,539 6.5%	7,939 7.7%	7,828 7.4%	-1.4%	9,720 6.9%
Operating Profit Margin	4,930 (5.0%)	4,060 4.0%	5,618 5.5%	5,509 5.2%	-1.9%	6,720 4.8%
Ordinary Profit	5,230	4,081	5,352	5,472	+2.2%	6,670
Net Income	2,675	4,406	3,293	3,569	+8.4%	4,050

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Consolidated Balance Sheets

Million Yen	Mar.31, 2025	Dec.31, 2025
Current assets		
Cash and deposits	14,004	12,400
Accounts receivable – trade	14,983	15,992
Others	2,178	3,173
Total current assets	31,166	31,566
Non-current assets		
Buildings and structures-net	8,881	8,502
Land	5,672	5,672
Goodwill	13,625	12,393
Others	10,751	10,616
Total non-current assets	38,930	37,184
Total assets	70,097	68,750

	Mar.31, 2025	Dec.31, 2025
Current liabilities		
Short-term borrowings	—	500
Current portion of long-term borrowings	4,782	4,782
Accounts payable-other	9,942	11,263
Others	7,637	7,396
Total current liabilities	22,362	23,942
Non-current liabilities		
Long-term borrowings	15,160	11,448
Others	9,890	9,717
Total non-current liabilities	25,050	21,166
Total liabilities	47,412	45,108
Total net assets	22,684	23,642
Total liabilities and net assets	70,097	68,750
(Bank loan)	19,942	16,731

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Consolidated Statement of Cash Flows

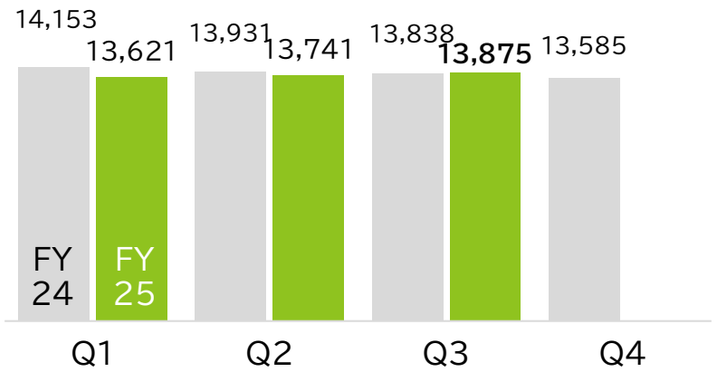
Million Yen	FY2024 Q3YTD	FY2025 Q3YTD
Profit before income taxes	5,352	5,782
Depreciation	1,077	1,086
Amortization of goodwill	1,242	1,232
Income taxes paid	-2,106	-2,455
Others	-1,713	-239
Net cash provided by operating activities	3,852	5,406
Purchase of property, plant and equipment	-305	-219
Purchase of intangible assets	-372	-392
Proceeds from cancellation of money held in trust	1,107	—
Proceeds from redemption of investment securities	—	310
Others	101	-422
Net cash used in investing activities	531	-724

	FY2024 Q3YTD	FY2025 Q3YTD
Short-term borrowings (borrowed-return)	-500	500
Long-term borrowings (borrowed-return)	-3,711	-3,711
Dividends paid	-1,841	-1,932
Purchases of treasury stock	-0	-693
Others	-152	-447
Net cash used in financing activities	-6,206	-6,285
Net increase (decrease) in cash and cash equivalents	-1,822	-1,603
Cash and cash equivalents at beginning of period	15,115	14,004
Cash and cash equivalents at end of period	13,293	12,400
Free cash flows	4,383	4,681
(Depreciation and Amortization)	2,320	2,318
(CAPEX)	604	601
(M&A)	—	—
(Investment total)	604	601

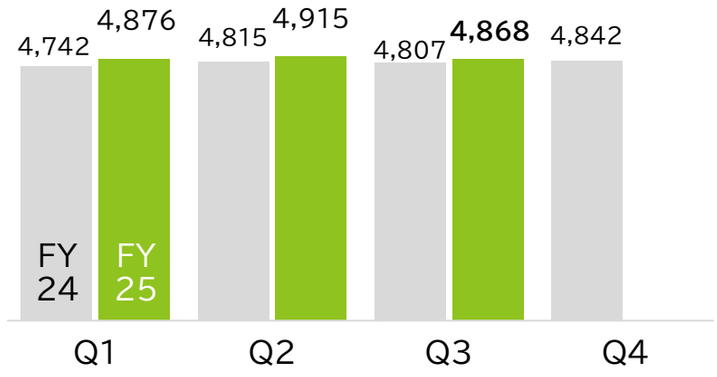
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Elderly Care Business: Status of Service Usage (as of end of month)

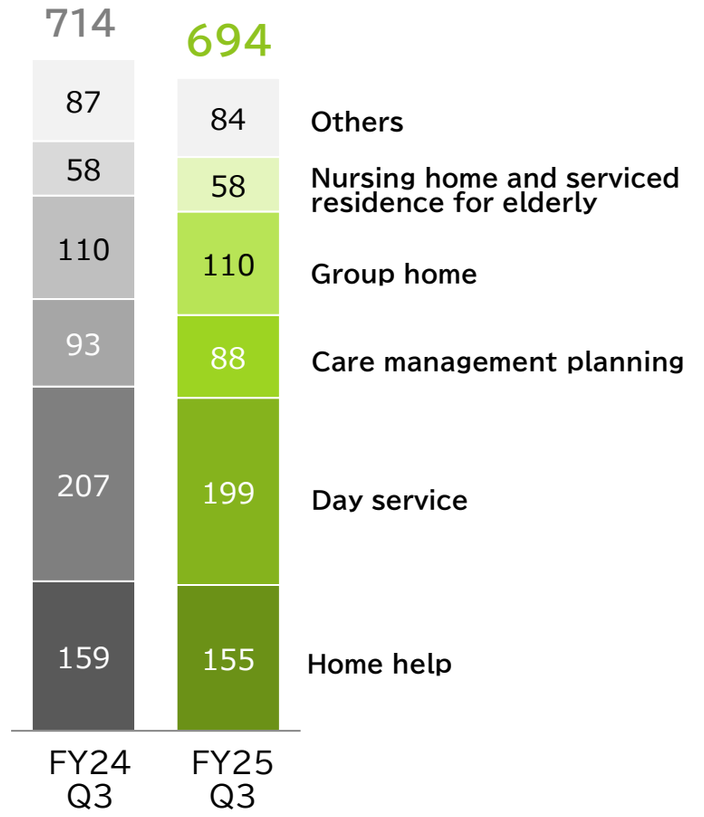
Number of home help service users



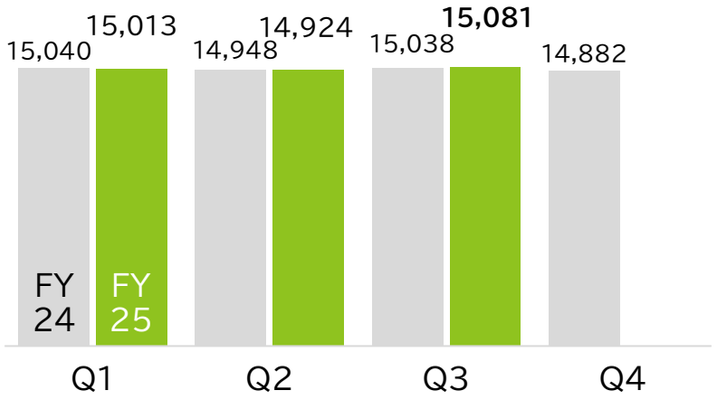
Number of facility-based service *1 users



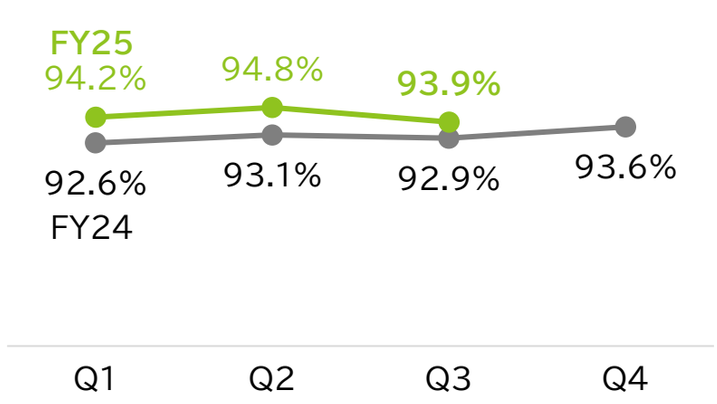
Number of Centers by Service *2



Number of day service users



Occupancy Rate of Facility-based Service



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

*2 In addition, there are 24 other franchises

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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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