



FY2025 Q1 Financial Results

August 13, 2025

Solasto Corporation

01

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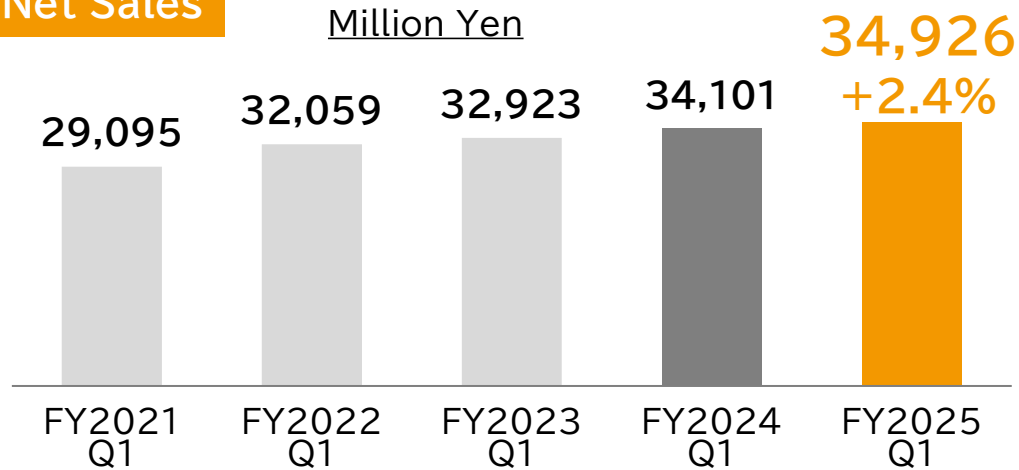
Financial Highlights



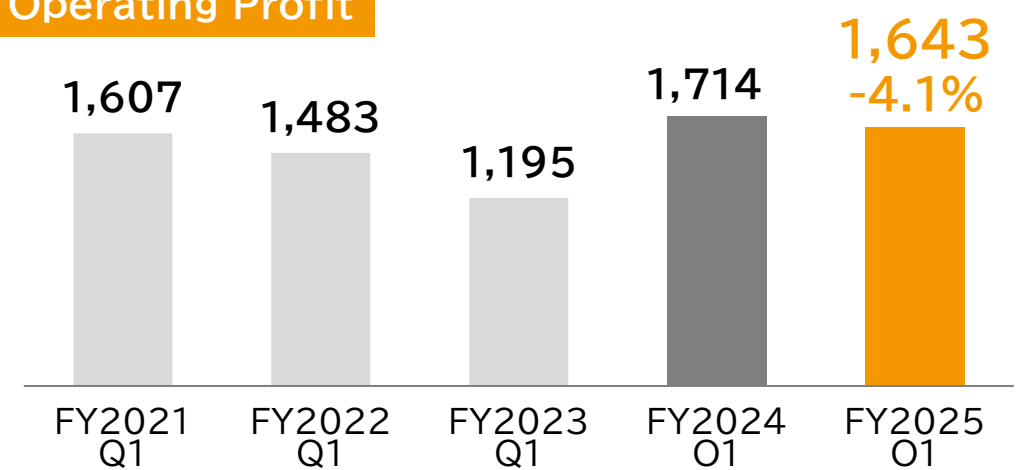
- Net Sales: 34,926 million yen, a new record-high quarterly net sales result (up 2.4% year on year)
- Operating Profit: Decreased by 4.1% due to the improvement in employee treatment made as planned and new IT investments, including the introduction of a next-generation IT platform.
- Got off to the good start exceeded expectations.

Net Sales

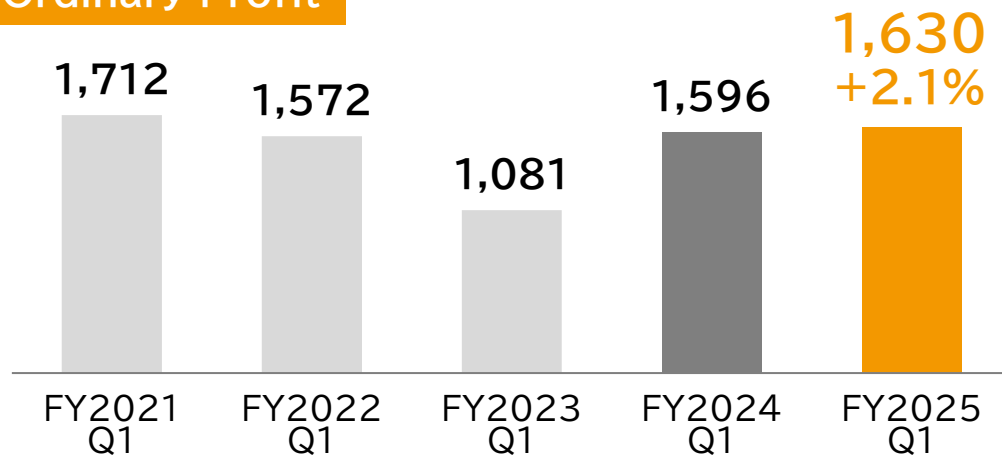
Million Yen



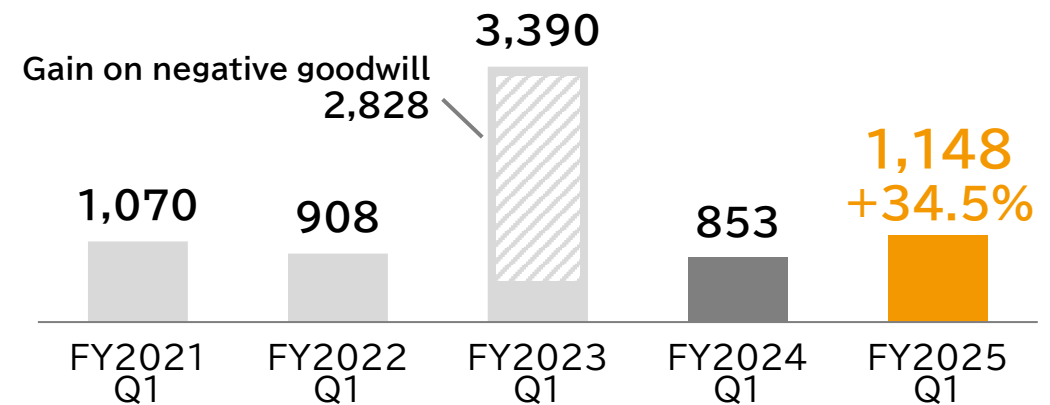
Operating Profit



Ordinary Profit



Net Income



Financial Highlights by Segments



- The Medical Business, the Elderly Care Business, and the Children Business all made a good start, with an increase in net sales achieved in each.
- Profit in the Medical Business and the Children Business decreased as initially forecast, but operating profit was above the forecast level in all businesses.

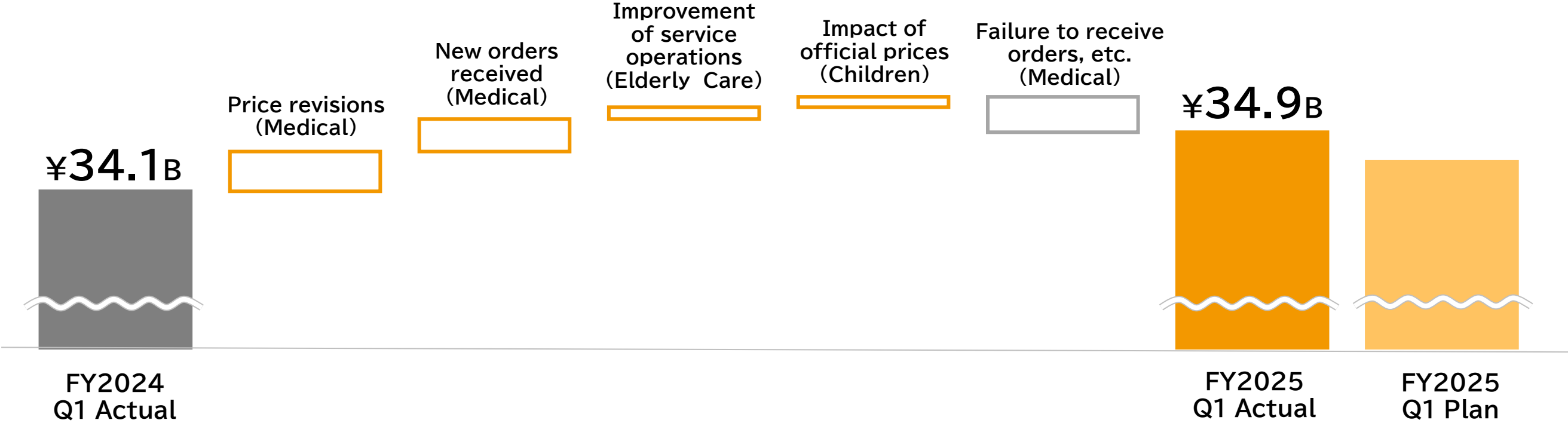
Million Yen	Net Sales				EBITDA ()EBITDA Margin				Operating Profit ()OP Margin			
	FY24 Q1	FY25 Q1	YoY	YoY (%)	FY24 Q1	FY25 Q1	YoY	YoY (%)	FY24 Q1	FY25 Q1	YoY	YoY (%)
Medical Business*	17,785	18,310	+524	+3.0%	1,217 (6.8%)	1,096 (6.0%)	-121 (-0.9p)	-10.0%	1,130 (6.4%)	1,001 (5.5%)	-129 (-0.9p)	-11.4%
Elderly Care Business	13,763	13,925	+162	+1.2%	1,083 (7.9%)	1,253 (9.0%)	+170 (+1.1p)	+15.8%	529 (3.8%)	706 (5.1%)	+177 (+1.2p)	+33.5%
Children Business	2,540	2,678	+138	+5.4%	175 (6.9%)	57 (2.1%)	-117 (-4.8p)	-67.3%	52 (2.1%)	-66 (-)	-118 (-)	—

*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.

Companywide Analysis of Increase/Decrease in Net Sales(Q1)



- Increase factors: In the Medical Business, it 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.

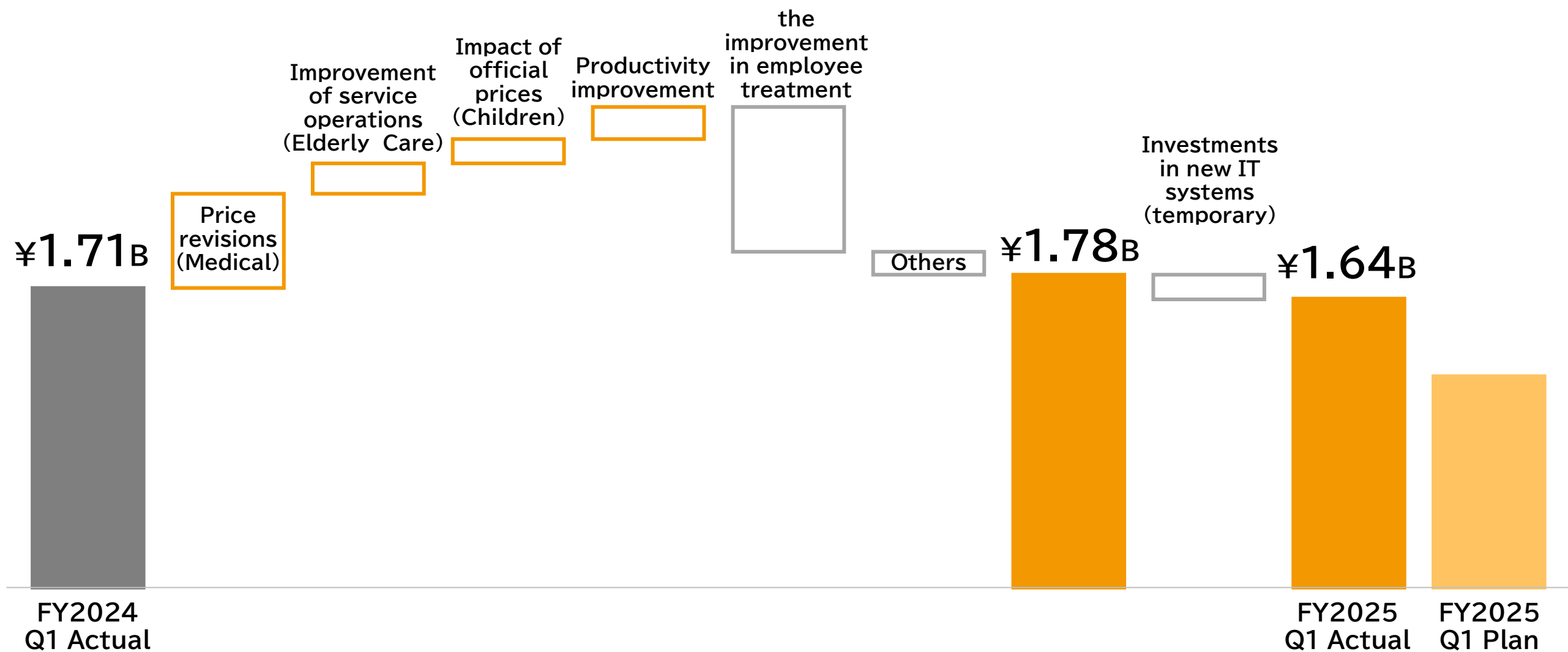


Companywide Analysis of Increase/Decrease in Operating Profits(Q1)



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

Decrease factors: Enhanced the improvement in employee treatment which was implemented as planned, investments in new IT systems (temporary).

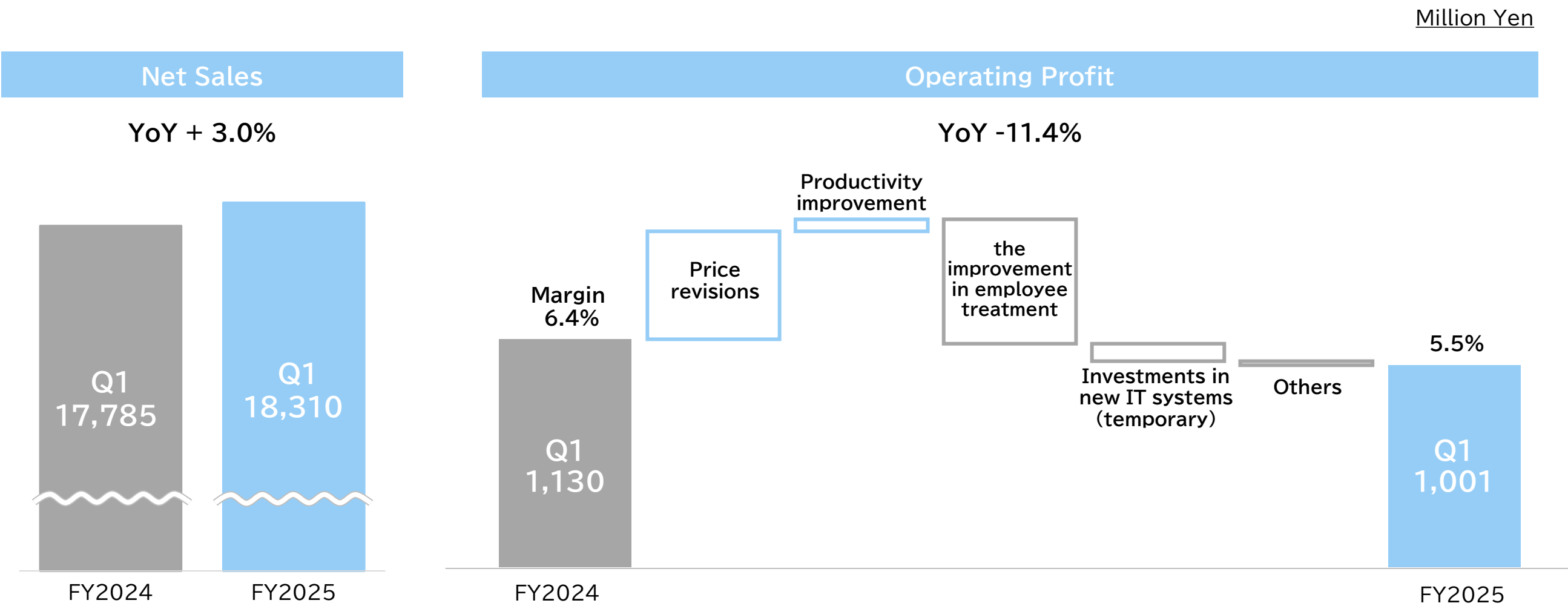


Financial Highlights (Medical Business)



Net Sales: Increased 3.0% year on year, to 18,310 million yen, mainly because progress in negotiations for price revisions in existing contracted services exceeded expectations.

Operating Profit: Decreased 11.4% year on year, to 1,001 million yen, reflecting the enhancement of measures to improve the treatment with the aim of improving employee satisfaction, which was implemented as planned.



*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.

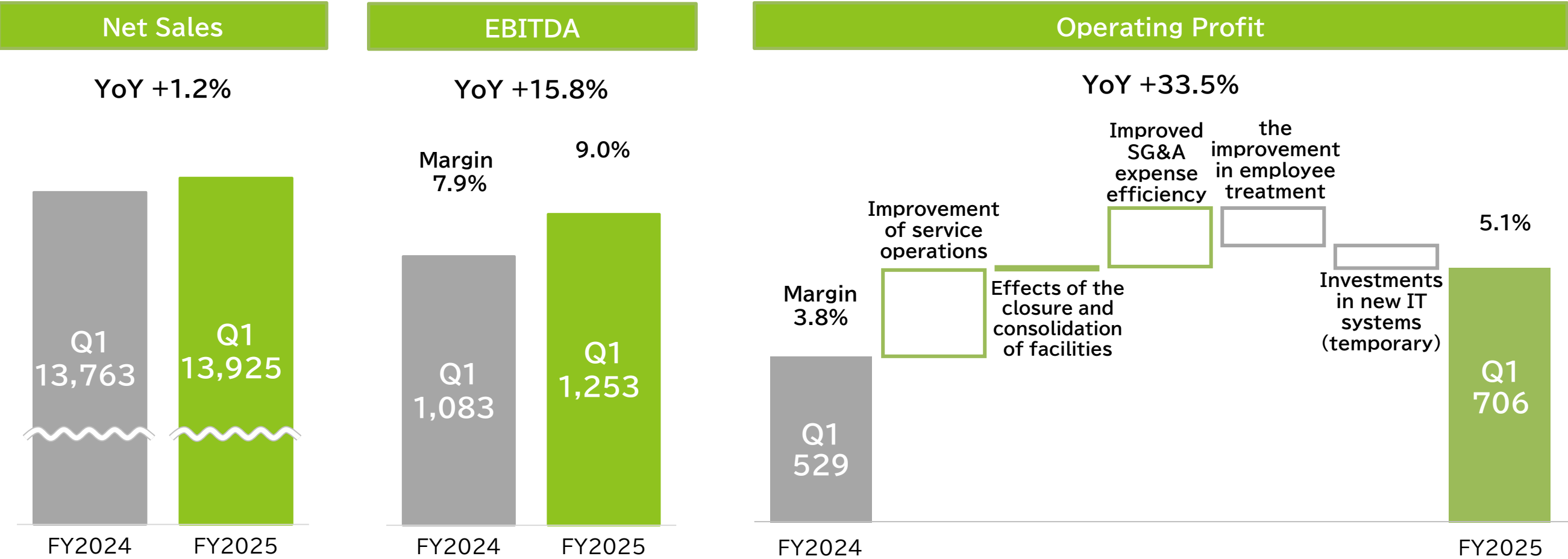
Financial Highlights (Elderly Care Business)



Net Sales: Increased 1.2% year on year, to 13,925 million yen, as the recovery from the COVID-19 pandemic continued from the previous fiscal year.

Operating Profit: Grew significantly to 706 million yen, up 33.5% year on year, reflecting an increase in sales and the reduction of various selling, general and administrative expenses.

Million Yen



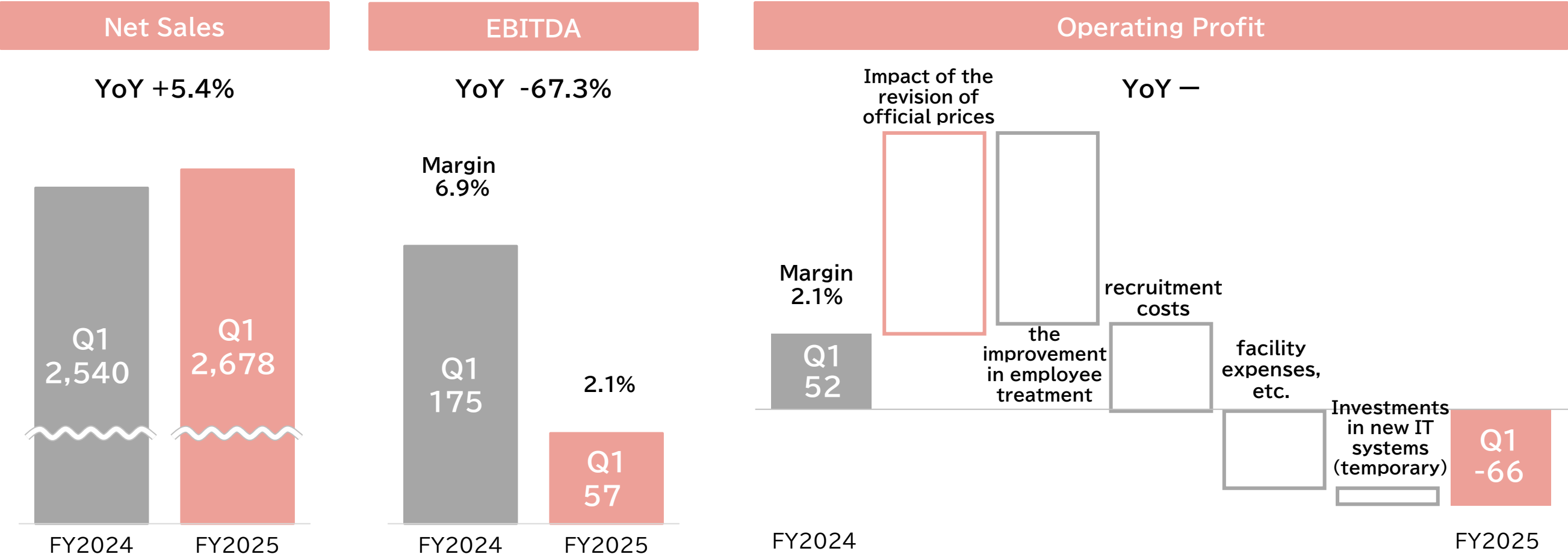
Financial Highlights (Children Business)



Net Sales: Increased 5.4% year on year, mainly due to a rise in unit prices that resulted from the revision of official prices.

Operating Loss: Posted an operating loss, mainly attributable to improvements in the treatment, increased recruitment costs to strengthen staffing, and higher facility expenses such as utilities.

Million Yen



02

Progress of Medium-term Business Plan FY2025-2029

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

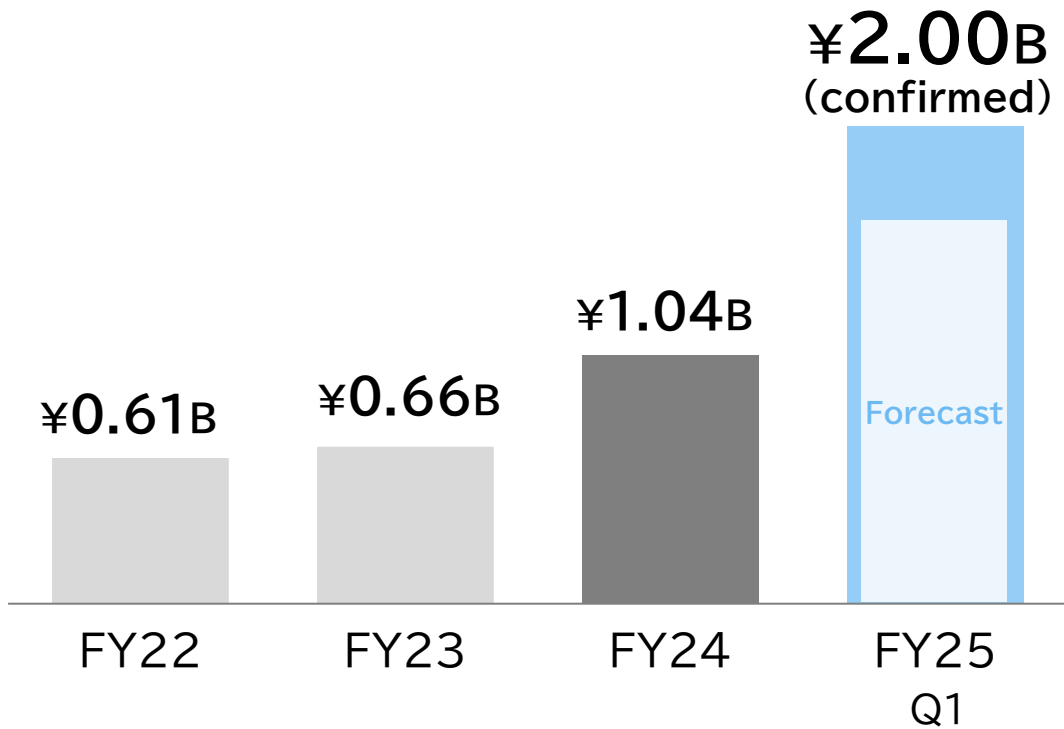
- Invest in new IT systems, including new next-generation IT infrastructure
- Enhance ESG Initiatives
- Build a sound financial foundation
- Actively invest in business

Medical Business Strategies: Progress of price negotiations

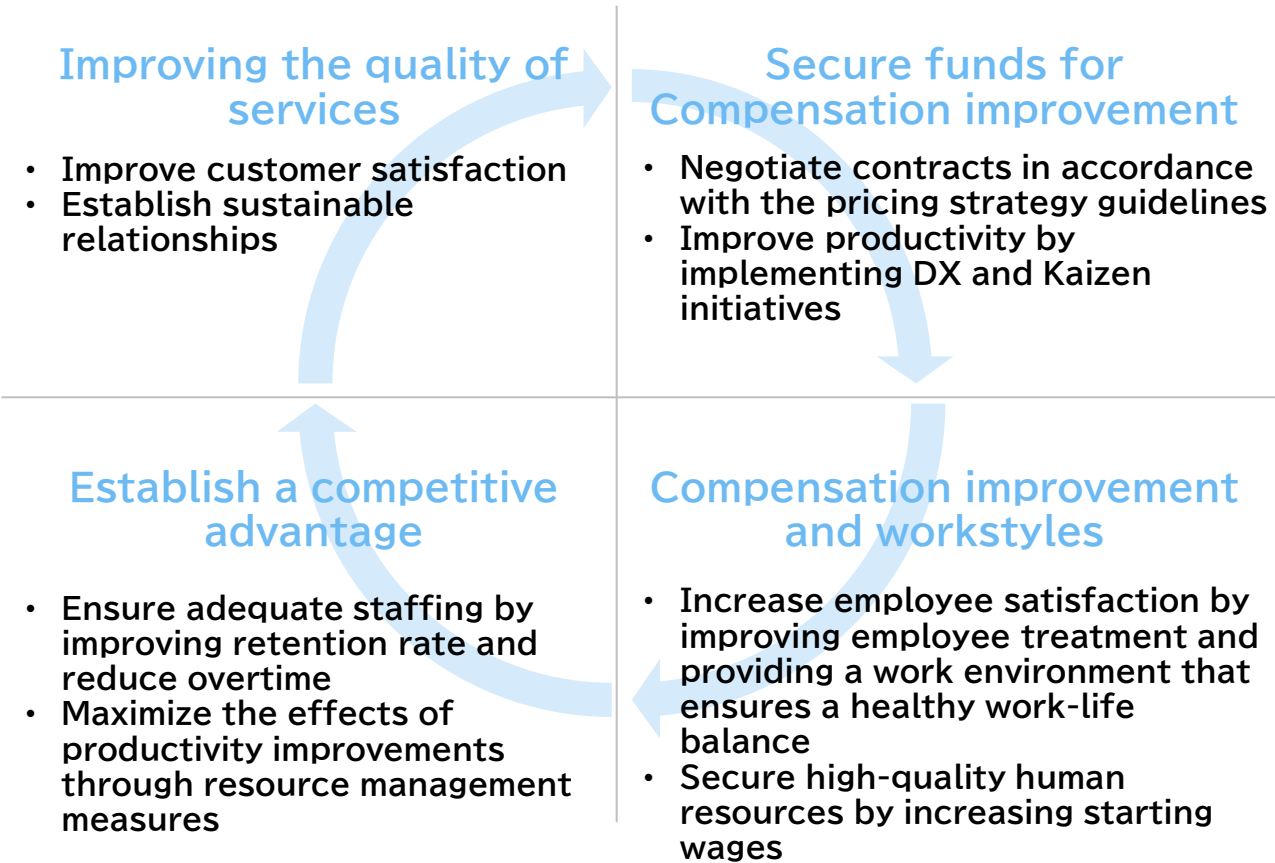


- Price negotiations with contract medical institutions were made proactively based on the pricing strategy guidelines.
- In the current fiscal year, price revisions exceeding the plan have been implemented. At present, they are expected to have the effect of boosting profits by 2.0 billion yen, which is approximately double the level of the previous year.
- From the next fiscal year onward, achieving both sustainable profit growth and the return of profit to employees aligned with progress in price revisions will be targeted.

Impact on operating profit (Full-year)



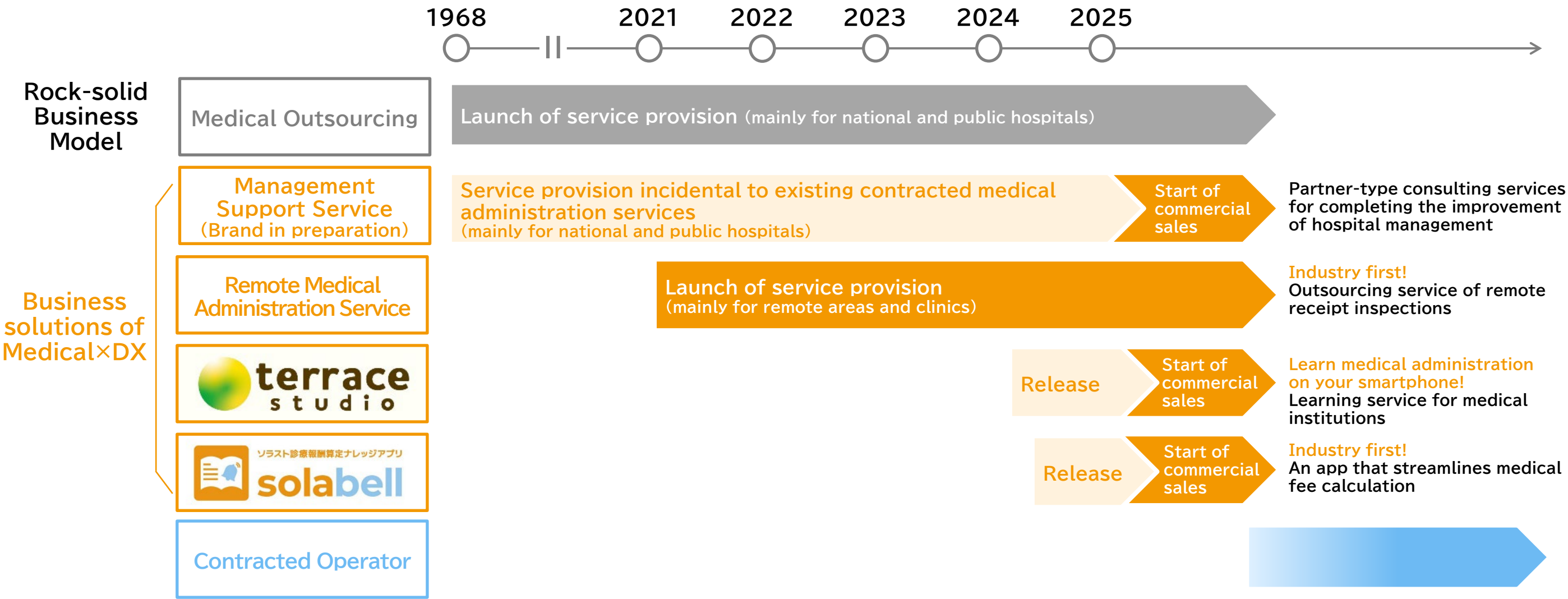
A virtuous circle that improves both customer and employee satisfaction*



Medical Business Strategies: Business Model Transformation



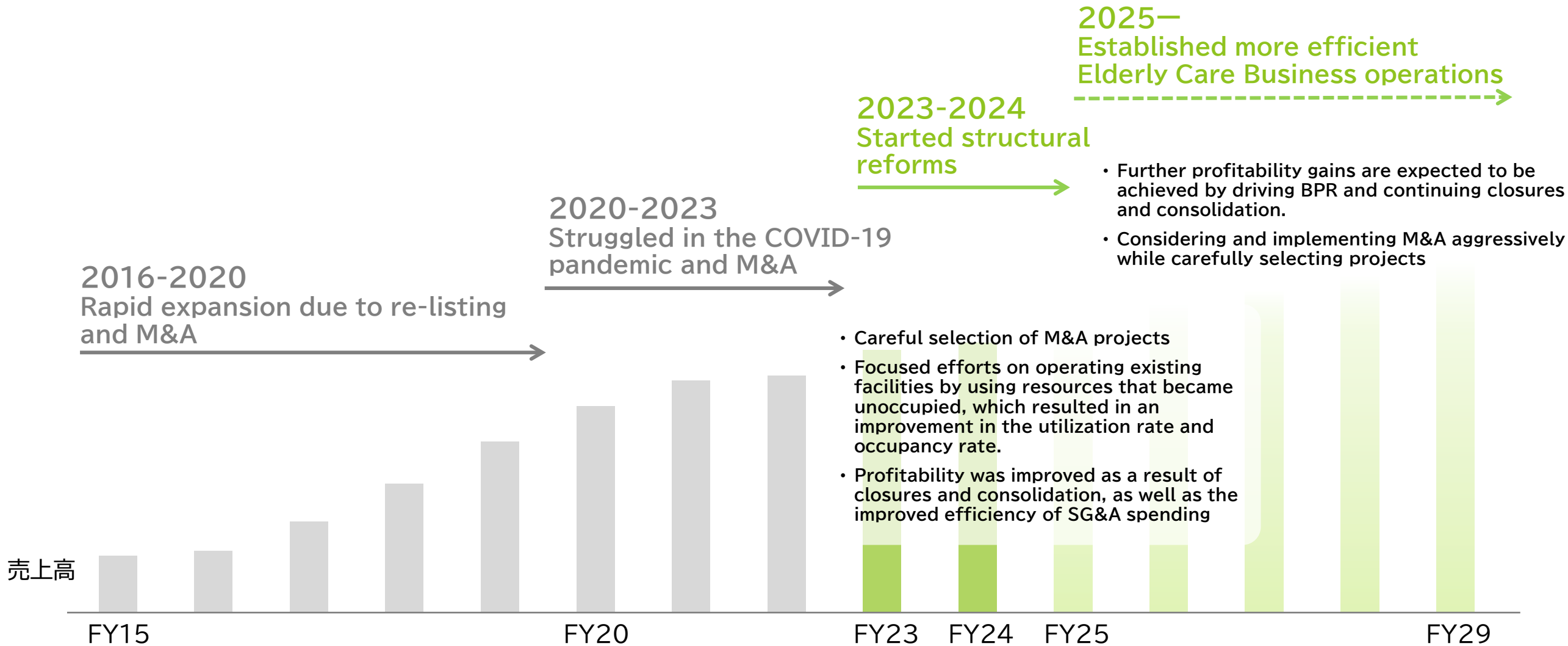
- Business solutions targeting private hospitals and clinics have been enhanced in the last several years.
- Solasto has achieved the transformation from a provider of contracted medical administration services intended mainly for national and public hospitals to a solution provider.



Elderly Care Business Strategies: Growth Story



- The intensive use of resources for existing facilities has improved the utilization rate and occupancy rate.
- Moving forward, efficient elderly care operations in the Solasto style will be established through BPR.
- M&A will be considered and conducted aggressively while projects are carefully selected.



Company Split of the Children Business

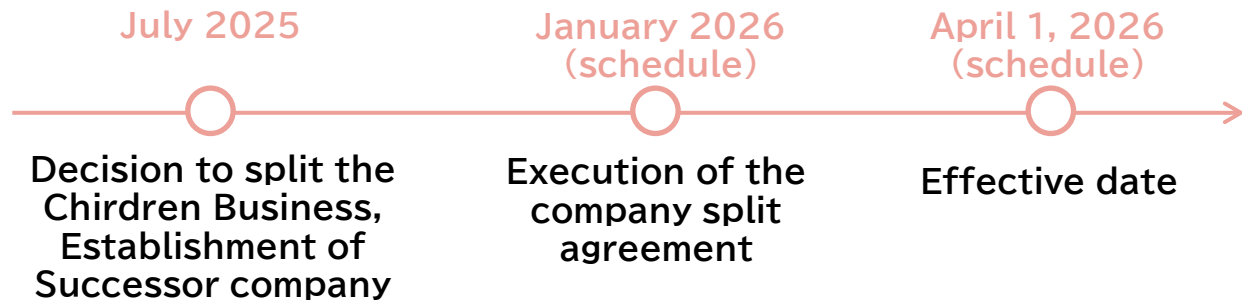


- Effective as of April 1, 2026, the Children Business will be spun off into a newly established wholly owned subsidiary through a simplified absorption-type company split.
- This is necessary to respond flexibly and swiftly to rapid changes in the business environment, including declining birthrates, diversifying childcare needs, and challenges in securing and retaining qualified childcare staff.
- By means of this company split, the goal is to enable autonomous and prompt decision-making and initiative implementation at the site level, thereby further improving the quality of childcare services.

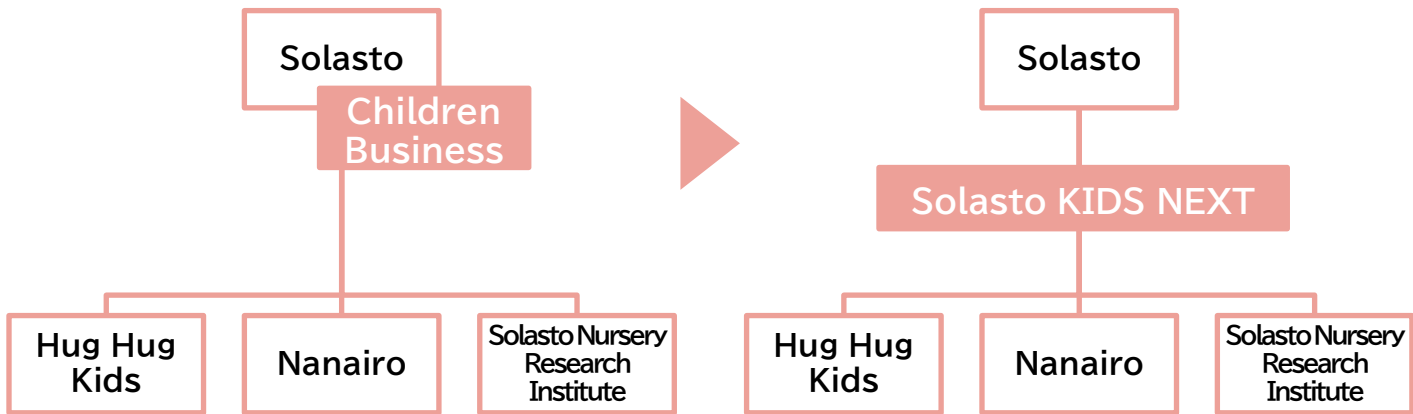
Outline of Successor company

Name	Solasto KIDS NEXT Corporation
Location	12F, Shinagawa Intercity Building C, 2-15-3 Konan, Minato-ku, Tokyo
Name of representative	Etsuko Yashiro
Share capital	10 million yen
Date of establishment	July 23, 2025
Business	Operation of licensed and certified childcare facilities
Major shareholders	Solasto Corporation: 100%

Schedule



Situation



Progress of New IT Investments

- Progress was made as planned. In Q1, new IT investments of 140 million yen (full-year plan: 500 million yen) were implemented.
- The phased transition to the Google platform has been started, with full operation planned to begin in March 2026.

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

Breakdown of new IT investments (Q1)

- Google license fee (overlapped with license for the old platform in the current fiscal year)
- Advancing medical DX (additional development of solabell, development of a system for improving patient services)
- Advancing elderly care BPR (developing a scheme for achieving productivity improvement)
- Developing an internal inquiry system using generative AI

Shareholder Return



- Dividend policy:

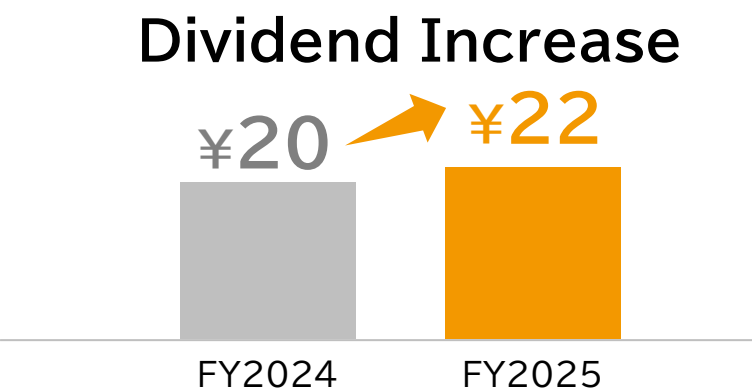
An annual dividend of 22 yen per share will be paid for the current fiscal year (unchanged from the initial plan). Enhance shareholder returns, aiming to increase dividends stably and continuously through profit growth.
- Stock buy-back:

Conduct to to increase shareholder returns, up to 1.4 billion yen, 4.4 million shares.
The Company will cancel the purchased treasury shares at an appropriate time if they are not expected to be used.

Shareholder Return Policy*

Payout Ratio	50% or more
Total Return Ratio	70% or more

Dividend Per Share*



Stock Buy-back

Type of shares to be repurchased	Common stock
Type of shares to be repurchased	Up to 4,400,000 shares Ratio to the number of outstanding shares (Excluding treasury stock): 4.8%
Aggregate repurchase amount	Up to 1,400,000,000 yen
Period of repurchase	August 13, 2025 to May 31, 2026
Method of repurchase	Market purchases through the Tokyo Stock Exchange

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

Appendix

Financial Indicators



	FY2022	FY2023	FY2024	FY2025 Q1	FY2025 Forecast
ROE	15.2%	10.7%	18.4%	—	14.6%
ROIC	9.1%	7.9%	10.3%	—	—
WACC*1	6.1%	5.1%	5.9%	—	—
Net debt/EBITDA*2 (x)	1.5	1.5	0.9	1.1	—
Debt/equity ratio*3 (x)	1.2	1.4	1.0	1.0	—
Free cash flow (Million yen)	6,840	5,096	6,224	464	—
Earnings per share(Yen)	33.53	24.11	42.94	12.45	36.85
Dividend per share(Yen)	20.00	20.00	20.00	—	22.00
Consolidated dividend payout ratio	59.6%	83.0%	46.6%	—	59.7%

*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

Consolidated Income Statement



<u>Million yen</u>	FY2022 Q1	FY2023 Q1	FY2024 Q1	FY2025 Q1	YoY(%)	FY2025 Forecast
Net Sales	32,059	32,923	34,101	34,926	+2.4%	139,450
EBITDA <u>Margin</u>	2,280 <u>7.1%</u>	1,982 <u>6.0%</u>	2,478 <u>7.3%</u>	2,408 <u>6.9%</u>	-2.8%	9,000 <u>6.5%</u>
Operating Profit <u>Margin</u>	1,483 <u>4.6%</u>	1,195 <u>3.6%</u>	1,714 <u>5.0%</u>	1,643 <u>4.7%</u>	-4.1%	6,000 <u>4.3%</u>
Ordinary Profit	1,572	1,081	1,596	1,630	+2.1%	5,800
Net Income	908	3,390	853	1,148	+34.5%	3,400

Consolidated Balance Sheets



Million Yen	Mar.31, 2025	Jun.30, 2025
Current assets		
Cash and deposits	14,004	12,177
Accounts receivable – trade	14,983	15,410
Others	2,178	2,389
Total current assets	31,166	29,977
Non-current assets		
Buildings and structures-net	8,881	8,747
Land	5,672	5,672
Goodwill	13,625	13,215
Others	10,751	10,652
Total non-current assets	38,930	38,288
Total assets	70,097	68,265

	Mar.31, 2025	Jun.30, 2025
Current liabilities		
Short-term borrowings	—	—
Current portion of long-term borrowings	4,782	4,782
Accounts payable-other	9,942	10,118
Others	7,637	6,791
Total current liabilities	22,362	21,692
Non-current liabilities		
Long-term borrowings	15,160	13,840
Others	9,890	9,828
Total non-current liabilities	25,050	23,668
Total liabilities	47,412	45,360
Total net assets	22,684	22,905
Total liabilities and net assets	70,097	68,265
(Bank loan)	19,942	18,622

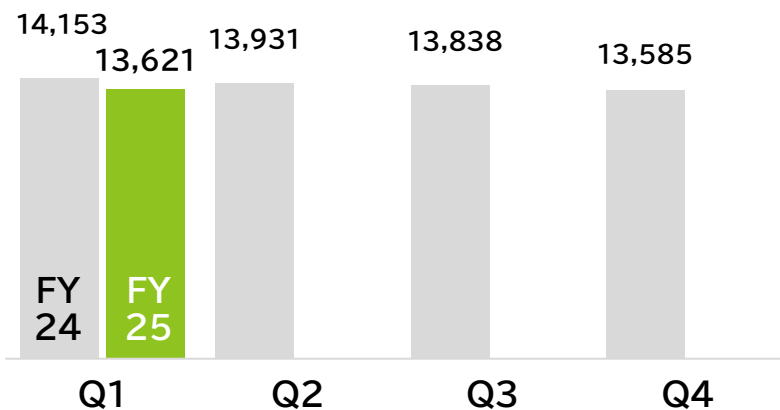
Consolidated Statement of Cash Flows



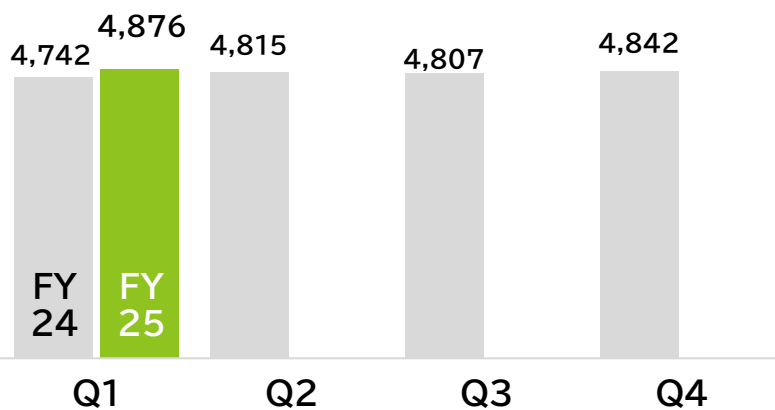
Million Yen	FY2024 Q1	FY2025 Q1		FY2024 Q1	FY2025 Q1
Profit before income taxes	1,596	1,940	Short-term borrowings (borrowed-return)	-500	—
Depreciation	350	354	Long-term borrowings (borrowed-return)	-1,320	-1,320
Amortization of goodwill	413	410	Dividends paid	-916	-918
Income taxes paid	-1,008	-1,271	Others	-50	-53
Others	-1,660	-1,091	Net cash used in financing activities	-2,786	-2,291
Net cash provided by operating activities	-309	343	Net increase (decrease) in cash and cash equivalents	-2,208	-1,827
Purchase of property, plant and equipment	-145	-55	Cash and cash equivalents at beginning of period	15,115	14,004
Purchase of intangible assets	-192	-124	Cash and cash equivalents at end of period	12,907	12,177
Proceeds from cancellation of money held in trust	1,107	—	Free cash flows	578	464
Proceeds from redemption of investment securities	—	310	(Depreciation and Amortization)	763	765
Others	117	-9	(CAPEX)	237	140
Net cash used in investing activities	887	121	(M&A)	—	—
			(Investment total)	237	140

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

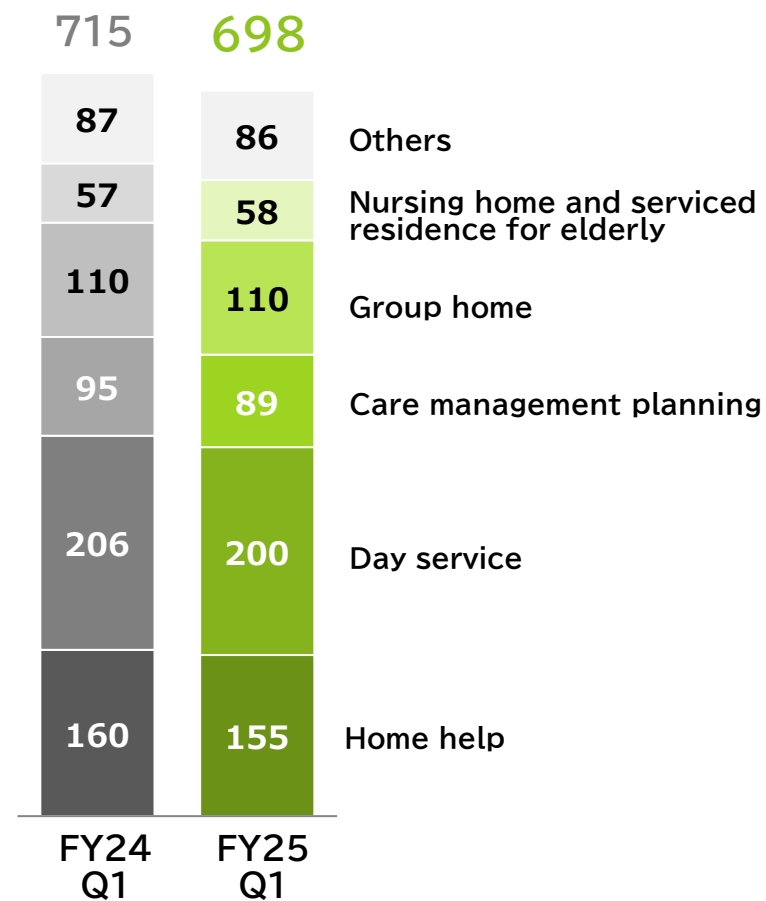
Number of home help service users



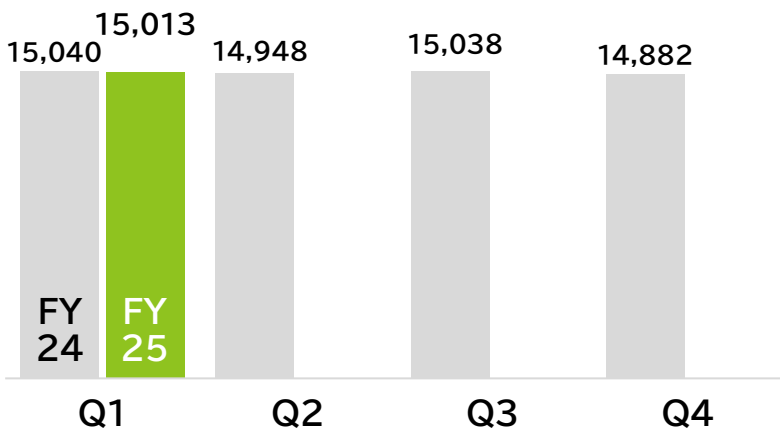
Number of facility-based service *1 users



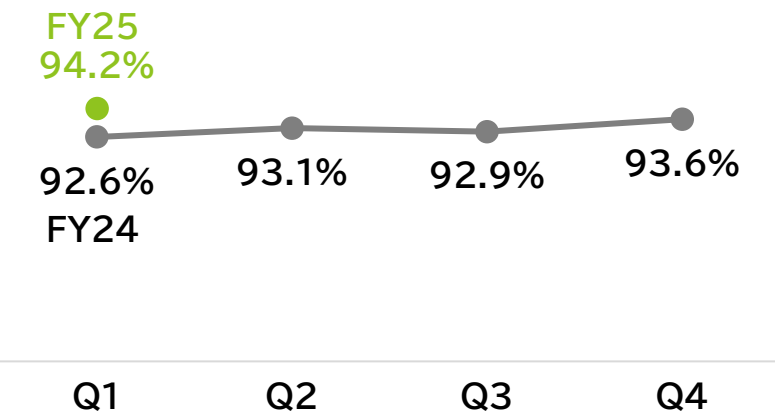
Number of Centers by Service *2



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

- **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.

- **Contact**

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