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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2025(Japanese GAAP)

May 12, 2025

Company name: Solasto Corporation  
 Stock exchange listings: Tokyo Stock Exchange  
 Stock code: 6197  
 URL: <https://www.solasto.co.jp/en/ir/>  
 Representative: Toru Noda, President and Representative Director CEO  
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 Scheduled date for ordinary general meeting of shareholders: June 25, 2025  
 Scheduled date for dividend payment: June 10, 2025  
 Scheduled date for submission of securities report: June 24, 2025  
 Preparation of supplementary material on financial results: Yes  
 Holding of presentation meeting for financial results: Yes (For institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

#### (1) Consolidated Results of Operations

(% : Changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2025	137,435	1.7	7,017	27.2	6,726	20.9	3,960	75.4
March 31, 2024	135,139	3.1	5,517	-12.8	5,564	-17.5	2,257	-28.8

Note: Comprehensive income FY2024 4,001 Million yen 78.3% YoY, FY2023 2,243 Million yen -31.2% YoY

	Per share Net income	Fully diluted Net income per share	Shareholders' equity Net income margin	Total assets Ordinary profit margin	Net sales Operating profit margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	42.94	—	18.4	9.3	5.1
March 31, 2024	24.11	24.11	10.7	7.7	4.1

Reference: Investment profit (loss) on equity method FY2024 — million yen, FY2023 — million yen

#### (2) Consolidated financial positions

	Total assets	Net assets	Equity Ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2025	70,097	22,684	32.4	245.81
March 31, 2024	75,199	20,485	27.2	222.07

Reference: Shareholders' equity FY2024 22,678 Million yen, FY2023 20,477 Million yen

#### (3) Consolidated cash flows

	Operating activities Cash Flows	Investing activities Cash Flows	Financing activities Cash Flows	Cash and cash equivalents Balance at end of year
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2025	5,877	347	-7,335	14,004
March 31, 2024	7,858	-2,762	-1,837	15,115

## 2. Dividends

	Dividends per share					Total dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2024	—	10.00	—	10.00	20.00	1,863	83.0	8.9
Fiscal year ended March 31, 2025	—	10.00	—	10.00	20.00	1,845	46.6	8.5
Fiscal year ending March 31, 2026 (Forecast)	—	11.00	—	11.00	22.00		59.7	

## 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

	Net sales		Operating profit		Ordinary profit		Net income		Per share Net income
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2026	139,450	1.5	6,000	-14.5	5,800	-13.8	3,400	-14.2	36.85

### \* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, Changes in accounting estimates, Retrospective restatement

(i) Changes in accounting policies due to revisions of accounting standards: Yes

(ii) Changes in accounting policies other than those in (i): None

(iii) Changes in accounting estimates : None

(iv) Retrospective restatement : None

Note: For details, please refer to the attached document, "3. Consolidated Financial Statements and Supplementary Notes (5) Notes to Consolidated Financial Statements (Notes on Changes in Accounting Policies)" in P.13.

(3) Number of shares issued (common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	94,741,793 shares
As of March 31, 2024	94,741,793 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	2,482,666 shares
As of March 31, 2024	2,531,133 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	92,240,068 shares
Fiscal year ended March 31, 2024	93,661,631 shares

### Reference: Summary of Non-Consolidated Operating Results

1. Non-consolidated Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Overview of Non-Consolidated Results of Operation

(% : Changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	109,575	3.9	5,057	42.5	4,879	35.8	3,271	—
March 31, 2024	105,459	-0.6	3,548	-23.4	3,592	-25.7	-1,321	—
	Per share Net income		Fully diluted Net income per share					
	Yen		Yen					
Fiscal year ended March 31, 2025	35.47		—					
March 31, 2024	-14.11		—					

**(2) Non-consolidated financial positions**

	Total assets	Equity	Equity to total assets ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2025	65,563	16,535	25.2	179.17
March 31, 2024	68,253	15,066	22.1	163.30

Reference: Shareholders' equity FY2024: 16,530 Million yen, FY2023: 15,058 Million yen

< Reasons for differences in non-consolidated results from the results of the previous fiscal year >

In the current fiscal year, in addition to the steady performance of the medical, nursing care, and child-related businesses, differences between the results of the previous fiscal year and the current fiscal year arose due to factors such as the recovery of the nursing care business from the COVID-19 pandemic, a decrease in depreciation expenses following the recognition of impairment losses in the previous fiscal year, improved profitability resulting from structural reforms in the Smart Hospital business, and a significant reduction in impairment losses compared to the previous fiscal year.

\* The financial results are outside the scope of audits by a certified public accountant or an auditing firm.

\* Explanations and other special notes concerning the appropriate use of business performance forecasts

(1) The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors. Please refer to "1. Analysis of Operating Results and Financial Position (4) Forecast" in P.4" of the Attached Materials for the assumptions on which the forecasts are based and notes for using the forecasts.

(2) Supplementary materials for financial results and materials for the financial results briefing (live distribution, language available in Japanese only) for institutional investors and analysts scheduled to be held on May 12, 2025 are scheduled to be posted on our website before the briefing on May 12.

(Company website URL)

<https://www.solasto.co.jp/en>

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## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of Operating results for FY2024

Environment surrounding our Group and the changes that took place during FY2024 under review were as follows.

- In the Medical Business, there was stable demand for medical administrative services generated by hospitals and other medical institutions.
- In the Elderly Care Business, nursing care fees were revised in June 2024, resulting in a 0.98% increase for nursing care staff treatment and a 1.59% increase overall.
- Despite the COVID-19 pandemic, society, the economy and the living environment are gradually returning to normal, and the use of services for the Elderly Care Business is trending toward a recovery.
- Regarding the employment environment, the average effective job-to-applicant ratio in 2024 was 1.25 (seasonally adjusted), marking a reversal from the recovery trend that had been observed since 2022 and 0.06 percentage points decrease from the previous year (source: Ministry of Health, Labor and Welfare's Employment referrals for general workers). The timely and appropriate recruitment of personnel in the medical administration, elderly care and childcare sectors remains a key issue for the industry as a whole, with the job-to-applicant ratio in the elderly care sector being more than four times higher than the ratio in other sectors.

In the current business environment, looking at our group's performance in FY2024, net sales increased 1.7% year on year to 137,435 million yen thanks to the strong performance of the Medical Business, the Elderly Care Business and the Children Business. Operating profit increased 27.2% year on year to 7,017 million yen due to the effects of the recovery from the COVID-19 pandemic in the Elderly Care Business, a decrease in amortization expenses following the impairment loss recorded in the previous fiscal year, and improved profitability resulting from structural reforms in the Smart Hospital Business. Ordinary profit increased 20.9% year on year to 6,726 million yen. Net income attributable to owners of parent increased 75.4% year on year to 3,960 million yen.

The results in FY2024 are as follows:

	FY2023	FY2024	Change	YoY
Net sales	135,139	137,435	+2,295	+1.7%
Operating profit Margin	5,517 4.1%	7,017 5.1%	+1,500	+27.2%
Ordinary profit Margin	5,564 4.1%	6,726 4.9%	+1,161	+20.9%
Net income Margin	2,257 1.7%	3,960 2.9%	+1,703	+75.4%

#### < Business Segment Information >

##### [Medical Business]

Net sales increased by 0.2% year on year to 70,981 million yen, due to the contributions of new orders for contracted services received during the previous fiscal year and the effect of price revisions, despite a decrease of approximately 1,340 million yen in sales due to the end of COVID-19 related services. Operating profit increased by 2.7% year on year to 4,418 million yen, due to the increase in income from the increase in sales of contracted service, the reduction of the higher-than-expected new start-up costs recorded in the previous year due to stabilization of operations, and the decrease in selling, general and administrative expenses due to the improvement in productivity from the transition of next-generation operations that was carried out in the previous year exceeded the negative impact of the decrease in income from COVID-19 related services.

##### [Elderly Care Business]

Net sales increased by 2.7% year on year to 55,337 million yen due to the continued recovery following the COVID-19 pandemic, as well as the contributions of a total of four companies that became subsidiaries in FY2023, including Possible Medical Science Corporation and Solasto Care Corporation, and newly opened business centers. Operating profit increased by 49.6% year on year to 2,218 million yen, a significant increase due to the increase in

sales, efficiency improvements including the consolidation and closing of elderly care centers and the impact of lower depreciation expenses following the recording of impairment losses in the previous fiscal year.

#### [Children Business]

Net sales increased by 6.5% year on year to 10,836 million yen, mainly due to an increase in the number of children attending the company's child-care centers. Operating profit significantly increased by 30.4% year on year to 401 million yen, mainly due to an increase in sales and a decrease in recruiting expenses due to improved employee retention.

#### [Others]

In the Smart Hospital Business, net sales increased by 24.8% year on year thanks to the steady acquisition of new customers. In terms of profit and loss, profitability has improved significantly since the reform of the structure of the business in October 2023, as the Company achieved profitability in both the third and fourth quarters of the current fiscal year.

As a result of the above, net sales in Others category increased by 18.4% year on year to 279 million yen, with an operating loss of 20 million yen.

#### [Net sales]

	FY2023	FY2024	Change	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%
Others	236	279	+43	+18.4%
Total	135,139	137,435	+2,295	+1.7%

(Millions of yen)

#### [Operating profit and margin]

	FY2023	FY2024	Change	YoY
Medical Business Margin	4,301 6.1%	4,418 6.2%	+116	+2.7%
Elderly Care Business Margin	1,482 2.8%	2,218 4.0%	+735	+49.6%
Children Business Margin	307 3.0%	401 3.7%	+93	+30.4%
Others Margin	-575 —	-20 —	+554	—
Total Margin	5,517 4.1%	7,017 5.1%	+1,500	+27.2%

(Millions of yen; operating profit margin in parentheses)

NOTE: "Net sales" in <Business Segment Information> above is "Net sales to outside customers" in "3. Consolidated Financial Statements and Supplementary Notes (5) Notes to Consolidated Financial Statements (Segment Information)

#### [Numbers of Elderly Care Business Centers and Child-care Centers]

	End of March, 2024	End of March, 2025	Change
Number of elderly care business centers	724	709	-15
Number of childcare centers	68	67	-1

NOTE: In addition to the above, there are 24 franchise locations.

## **(2) Analysis of Financial Position for FY2024**

### **Assets**

Current assets as of March 31, 2025 totaled 31,166 million yen, a decrease of 1,118 million yen compared to the end of the previous fiscal year. This was primarily due to a decrease of 1,111 million yen in cash and deposits. Fixed assets totaled 38,930 million yen, a decrease of 3,984 million yen compared to the end of the previous fiscal year. This decrease was primarily due to a decrease of 1,752 million yen in goodwill and a decrease of 1,702 million yen in investments and others assets.

As a result, total assets amounted to 70,097 million yen, a decrease of 5,102 million yen compared to the end of the previous fiscal year.

### **Liabilities**

Current liabilities as of March 31, 2025 amounted to 22,362 million yen, a decrease of 2,220 million yen compared to the end of the previous fiscal year. This was primarily due to a decrease of 500 million yen in short-term borrowings and a decrease of 917 million yen in accounts payable. Fixed liabilities totaled 25,050 million yen, a decrease of 5,081 million yen compared to the end of the previous fiscal year. This was primarily due to a decrease of 4,782 million yen in long-term borrowings.

As a result, total liabilities amounted to 47,412 million yen, a decrease of 7,301 million yen compared to the end of the previous fiscal year.

### **Net assets**

Total equity as of March 31, 2025 amounted to 22,684 million yen, an increase of 2,198 million yen compared to the end of the previous fiscal year. This was primarily due to net income attributable to parent company shareholders of 3,960 million yen and dividend payments from retained earnings of 1,844 million yen.

## **(3) Analysis of Cash Flow Position for FY2024**

Cash and cash equivalents at the end of the current fiscal year amounted to 14,004 million yen, representing a decrease of 1,111 million yen from the end of the previous fiscal year. Despite an increase in income before income taxes, the decrease was primarily due to repayments of long-term borrowings, income taxes paid and dividend payments.

Cash Flow Position and their Factors for the current fiscal year were as follows:

### **Cash flows from operating activities**

Net cash provided by operating activities amounted to 5,877 million yen. This was mainly due to income before income taxes of 6,454 million yen, amortization of goodwill of 1,656 million yen, depreciation of 1,452 million yen, and income taxes paid of 2,106 million yen.

### **Cash flows from investing activities**

Net cash provided by investing activities amounted to 347 million yen. This was mainly due to proceeds from the cancellation of money held in trust of 1,107 million yen, purchase of property, plant and equipment of 415 million yen and purchase of intangible assets of 407 million yen.

### **Cash flows from financing activities**

Net cash used in financing activities amounted to 7,335 million yen. This was mainly due to repayments of long-term borrowings of 4,782 million yen and dividend payments of 1,844 million yen.

## **(4) Forecast**

The Company has formulated "Medium-term Business Plan FY2025-2029" which end of FY2029. There are five outlines in order to realize our corporate philosophy and 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.

1. Quantitative targets (operating profit for FY2029 of 10 billion yen, EBITDA of 15 billion yen, ROE of 20%, ROIC of 15%) and shareholder return policy (payout ratio of 50% or more, total return ratio of 70% or more)
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
- \* For details of "Medium-term Business Plan FY2025-2029", refer to "Medium-term Business Plan FY2025-2029" announced by the Company on May 12, 2025 (Timely Disclosure Materials).

We declare FY2025, which marks the first year of "Medium-term Business Plan FY2025-2029", 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.

Consolidated net sales are forecast to be 139,450 million yen, up 1.5% from the previous year, mainly due to the effect of price revisions in the Medical Business and improvements in service operating rates and occupancy rates in the Elderly Care Business. Operating profit is expected to decrease 14.5% year-on-year to 6,000 million yen, due to the implementation of the largest-ever compensation improvement in the Medical Business (+2.1 billion yen year-on-year) and the impact of a one-time new IT investment, despite the expected increase in sales.

In addition, the "Smart Hospital Business," which was previously included in the "Other" category, will be included in the "Medical Business" segment of the reportable segment. The figures for net sales and operating income by business segment in the table below are year-on-year comparisons using reference figures that reflect the segment changes in FY2025 based on the results for FY2024.

**[Net sales]**

(Millions of yen)

	FY2024 (Reference)	FY2025 (Forecast)	Change	YoY
Medical Business	71,214	72,210	+995	+1.4%
Elderly Care Business	55,337	56,260	+922	+1.7%
Children Business	10,836	10,950	+113	+1.1%
Others	46	30	-16	-35.9%
Total	137,435	139,450	+2,014	+1.5%

**[Operating profit and margin]**

(Millions of yen)

	FY2024 (Reference)	FY2025 (Forecast)	Change	YoY
Medical Business Margin	4,388 6.2%	3,540 4.9%	-848	-19.3%
Elderly Care Business Margin	2,218 4.0%	2,140 3.8%	-78	-3.5%
Children Business Margin	401 3.7%	310 2.8%	-91	-22.7%
Others Margin	9 19.2%	10 33.3%	+0	+11.0%
Total Margin	7,017 5.1%	6,000 4.3%	-1,017	-14.5%



**(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years**

In Medium-term Business Plan FY2025-2029, the Company has adopted a policy of distributing profits linked to business performance, as its investment strategy is to strengthen shareholder return. We will continually pay stable dividends, aiming for a consolidated dividend payout ratio of 50% or more, total return ratio of 70% or more. We will also actively consider repurchasing treasury shares to improve capital efficiency in the future. We will make prudent decisions regarding the specific implementation of acquisition of treasury stock, taking into consideration our financial condition and the market environment.

**Dividends for the current fiscal year (FY2024)**

On May 12, 2025, the Company's Board of Directors announced the Company would pay a year-end cash dividend of 10 yen per share for FY2024. As a result, the annual dividend was 20 yen per share, including the interim dividend of 10 yen, for a consolidated Dividend payout ratio of 46.6%.

**Dividends for the next fiscal year (FY2025)**

In FY2025, we plan to maintain annual dividends of 22 yen per share, for a consolidated Dividend payout ratio of 59.7%.

## **2. Basic Approach to Selection of Accounting Standards**

In order to ensure comparability with other companies in the same industry in Japan, our Group will apply Japanese Accounting Standards for the time being

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposit	15,115	14,004
Accounts receivable	15,017	14,983
Inventory	99	142
Others	2,264	2,064
Allowance for doubtful accounts	-212	-28
Total current asset	32,284	31,166
Fixed assets		
Property, plant, and equipment		
Buildings and structures, net	9,252	8,881
Land	5,685	5,672
Leased assets, net	2,218	2,107
Other, net	347	352
Total property, plant and equipment, net	17,503	17,013
Intangible assets		
Goodwill	15,377	13,625
Others	1,230	1,190
Total intangible assets	16,608	14,816
Investments and Others assets		
Investment securities	418	409
Lease deposits	2,273	2,255
Deferred tax assets	3,789	3,290
Others	2,342	1,164
Allowance for doubtful accounts	-21	-19
Total Investments and Other Assets	8,803	7,100
Total non-current assets	42,915	38,930
Total assets	75,199	70,097
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	500	—
Current portion of long-term borrowings	4,782	4,782
Accounts payable - other	10,859	9,942
Income taxes payable	1,359	1,662
Consumption tax payable	1,675	1,220
Contractual liabilities	1,212	1,159
Provision for bonuses	2,219	2,348
Provision for directors' bonuses	15	16
Allowance other	22	-
Others	1,933	1,229
Total current liabilities	24,582	22,362
Long-term liabilities		
Long-term borrowings	19,942	15,160
Lease obligations	3,291	3,134
Deferred tax liabilities	1,120	757
Provisions for loss on compensation for damages	383	377
Obligations for retirement pay	2,083	2,150
Asset retirement obligations	1,467	1,648
Others	1,841	1,820
Total non-term liabilities	30,132	25,050
Total liabilities	54,714	47,412

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Net assets		
Shareholders' equity		
Capital	686	686
Capital surplus	5,586	5,575
Retained earnings	15,629	17,745
Treasury stock	-1,500	-1,444
Total shareholders' equity	20,402	22,563
Other accumulated comprehensive income		
Remeasurements of defined benefit plans	74	115
Total other accumulated comprehensive income	74	115
Stock acquisition rights	8	5
Total net assets	20,485	22,684
Total liabilities and net assets	75,199	70,097

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
Consolidated Profit and Loss Statement

(Millions of yen)

	For the previous fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	135,139	137,435
Cost of sales	113,205	115,034
Gross profit	21,934	22,400
Selling, general and administrative expenses	16,416	15,383
Operating profit	5,517	7,017
Non-operating profit		
Subsidy income	408	135
Others	171	109
Total non-operating profit	579	245
Non-operating expenses		
Interest expenses	288	287
Others	244	248
Total non-operating expenses	532	536
Ordinary profit	5,564	6,726
Extraordinary gains		
The gain from negative goodwill	2,828	—
Total extraordinary profit	2,828	—
Extraordinary loss		
Impairment losses	3,015	272
Loss on valuation of investment security	309	—
Valuation loss on share of affiliate	150	—
The levy for employment the physically disabled	181	—
Restructuring expenditures related to Structure	197	—
Transfer-related expenses	216	—
Provision for bad debt	180	—
Total extraordinary loss	4,251	272
Income before income taxes	4,141	6,454
Income taxes	2,205	2,374
Income taxes-deferred	-321	118
Total income taxes	1,884	2,493
Net income	2,257	3,960
Profit attributable to owners of parent	2,257	3,960

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net income	2,257	3,960
Other comprehensive income (loss), net of tax		
Valuation difference on available-for-sale securities	-28	—
Remeasurements of defined benefit plans, net of tax	14	40
Other comprehensive income, net of tax	-14	40
Comprehensive income	2,243	4,001
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,243	4,001
Comprehensive income attributable to non-controlling interests	—	—

### (3) Consolidated Statements of Changes in Shareholders' Equity

FY2023: From April 1, 2023, to March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury Stock	Total shareholders' equity
Opening balance	658	5,557	15,259	-0	21,476
Change during the year					
Issuance of new shares	28	28			56
Dividend of surplus			-1,887		-1,887
Net income			2,257		2,257
Acquisition of treasury stock				-1,499	-1,499
Net change in items other than shareholders' equity					
Total changes in current term	28	28	370	-1,499	-1,073
Closing balance	686	5,586	15,629	-1,500	20,402

	Other accumulated comprehensive income			Stock acquisition rights	Total net assets
	Valuation difference on securities	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Opening balance	28	59	88	8	21,572
Change during the year					
Issuance of new shares					56
Dividend of surplus					-1,887
Net income					2,257
Acquisition of treasury stock					-1,499
Net change in items other than shareholders' equity	-28	14	-14	—	-14
Total changes in current term	-28	14	-14	—	-1,087
Closing balance	—	74	74	8	20,485

FY2024: From April 1, 2024 to March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury Stock	Total shareholders' equity
Opening balance	686	5,586	15,629	-1,500	20,402
Change during the year					
Dividend of surplus			-1,844		-1,844
Net income			3,960		3,960
Acquisition of treasury stock				-0	-0
Disposal of treasury stock		-10		55	44
Net change in items other than shareholders' equity					
Total changes in current term	—	-10	2,116	55	2,160
Closing balance	686	5,575	17,745	-1,444	22,563

	Other accumulated comprehensive income		Stock acquisition rights	Total net assets
	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Opening balance	74	74	8	20,485
Change during the year				
Dividend of surplus				-1,844
Net income				3,960
Acquisition of treasury stock				-0
Disposal of treasury stock				44
Net change in items other than shareholders' equity	40	40	-2	37
Total changes in current term	40	40	-2	2,198
Closing balance	115	115	5	22,684

**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	For the previous fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net cash provided by (used in) operating activities		
Income before income taxes	4,141	6,454
Depreciation and amortization	1,515	1,452
Impairment losses	3,015	272
Amortization of goodwill	1,823	1,656
Increase (decrease) in accrued bonuses	100	128
Increase (decrease) in provision for directors' bonuses	-5	1
Increase (decrease) in liabilities for retirement benefits	163	162
Interest expense	288	287
The gain from negative goodwill	-2,828	—
Loss (gain) on evaluation of investment securities	309	—
Valuation loss on share of affiliate	150	—
Restructuring expenditures related to Structure	197	—
Transfer-related expenses	216	—
Decrease in notes and accounts receivable trade	-217	34
Increase (decrease) in inventory	-16	-42
Decrease (increase) in prepaid expenses	-12	-187
Increase (decrease) in accounts payable - other	747	-513
Increase (decrease) in accrued consumption taxes	388	-448
Increase (decrease) in deposits received	843	-761
Others	-181	87
Subtotal	10,640	8,585
Interest expenses paid	-288	-287
Subsidies received	298	—
Income taxes paid	-2,500	-2,106
Compensation paid for damage	-121	-6
Amount of payment for the levy for employment of persons with disabilities	—	-179
Payments for restructuring charges	-31	-164
Payments for relocation-related expenses	-173	—
Others	35	35
Net cash provided by (used in) operating activities	7,858	5,877
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-1,218	-415
Proceeds from sales of property, plant and equipment	0	1
Purchase of intangible assets	-358	-407
Proceeds from cancellation of money held in trust	—	1,107
Payments of lease and guarantee deposits	-62	-56
Proceeds from collection of lease and guarantee deposits	295	186
Payments for transfer of business	-51	—
Acquisition of newly consolidated subsidiaries	-1,657	—
Proceeds from acquisition of newly consolidated subsidiaries	384	—
Others	-95	-68
Net cash provided by (used in) investing activities	-2,762	347
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	-20	-500
Proceeds from long-term borrowings	6,500	-
Repayment of long-term borrowings	-4,714	-4,782
Acquisition of treasury stock	-1,518	-0
Dividends paid	-1,886	-1,844
Principal payments under finance lease obligations	-196	-207
Others	-1	-1
Net cash provided by (used in) financing activities	-1,837	-7,335
Increase (decrease) in cash and cash equivalents	3,258	-1,111
Cash and cash equivalents, beginning of year	11,857	15,115
Cash and cash equivalents, end of year	15,115	14,004



## **(5) Notes to Consolidated Financial Statements**

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No.27, October 28, 2022; hereinafter "2022 Revised Accounting Standard") applied from the beginning of the current consolidated fiscal year.

Revisions concerning the recognition classification of income taxes follow the transitional treatment set forth in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28; October 28, 2022; hereinafter, "2022 Revised Guidance"). This change in accounting policy has no impact on the consolidated financial statements.

Regarding the revisions related to the review of treatment in consolidated financial statements when conducting a tax deferral of gains or losses on sale arising from the sale of subsidiary shares, etc. between consolidated companies, the 2022 Revised Guidance has been applied since the beginning of the current consolidated accounting period. This change in accounting policy is applied retrospectively, and the consolidated financial statements for the previous consolidated fiscal year are after retrospective application. This change in accounting policy has no impact on the consolidated financial statements for the previous consolidated fiscal year.

(Segment Information)

### **1. The outline of any Reporting Segment**

The reportable segments of the Group are the constituent units of the Group for which separate financial information is available and which Board of Directors regularly reviews in order to decide how to allocate resources and evaluate performance.

We have 3 reportable segments: "Medical Business," "Elderly Care Business," and "Children Business" based on our internal performance management-by-service structure.

Medical Business handles reception, accounting, reimbursement, hospital management support services, and other medical administration-related services outsourcing and human resource dispatching.

Elderly Care Business provides elderly care services such as home help service, day service, and elderly care for the living of residents in specified facilities (paid nursing homes with elderly care), urban-type light-cost senior citizen homes (care houses), residential-type private nursing homes, serviced senior citizen homes, short stay, care management planning, group home, small-scale multifunctional elderly care home, home-visit nursing, and rental and sells of welfare equipment.

Children Business provides childcare services for licensed child care center, certified child care center, small-scale childcare centers, and post-sick childcare rooms.

### **2. Calculation method for net sales, income or loss, assets, and other items by reportable segment**

The method of accounting for reportable business segments is in accordance with the accounting policies used to prepare the consolidated financial statements.

Profits of reportable segments are figures based on operating profit.

Inter-segment sales and transfers are based on prevailing market prices.

(Changes in the measurement method for net sales and profit (loss) of reportable segments)

On the occasion of the implementation of structural reforms accompanying organizational changes, we changed our business management classification from April 1, 2024. Accordingly, from the following fiscal year, we changed the name of "Medical Outsourcing Business" to "Medical Business." In addition, the "Education Business," which was previously included in the "Other" category, will be included in the "Medical Business" segment of the reportable segment. In addition, the Company will revise its method of allocating corporate expenses in order to more appropriately present the method of managing the performance of reportable segments. Accordingly, the Company has changed the method of measuring net sales and profit (loss) of reportable segments from the following fiscal year.

1. Information on net sales, income or loss, assets, and other items by reportable segment and breakdown of revenue  
FY2023 : From April 1, 2023, to March 31, 2024

(Millions of yen)

	Reportable segments				Others (NOTE1)	Total	Adjustments due (NOTE2)	Carrying value (NOTE3)
	Medical Business	Elderly Care Business	Children Business	Total				
Net sales								
Medical: Contracted service	62,091	—	—	62,091	—	62,091	—	62,091
Medical: Worker dispatching	7,371	—	—	7,371	—	7,371	—	7,371
Elderly care	—	53,809	—	53,809	—	53,809	—	53,809
Children	—	—	10,174	10,174	—	10,174	—	10,174
Others	1,370	80	—	1,450	188	1,639	—	1,639
Income from contracts with customers	70,833	53,889	10,174	134,897	188	135,086	—	135,086
Other income	—	5	—	5	47	53	—	53
Sales to customers	70,833	53,895	10,174	134,903	236	135,139	—	135,139
Intersegment sales	—	—	—	—	—	—	—	—
Total	70,833	53,895	10,174	134,903	236	135,139	—	135,139
Segment profit (loss)	4,301	1,482	307	6,092	-575	5,517	—	5,517
Segment assets	10,293	40,539	10,085	60,918	83	61,002	14,197	75,199
Other items								
Depreciation and amortization	344	966	192	1,503	11	1,515	—	1,515
Amortization of goodwill	8	1,513	301	1,823	—	1,823	—	1,823
Increase in fixed assets, plant and equipment, and intangible assets	529	7,163	45	7,739	28	7,767	—	7,767

NOTE: 1. The "Others" category includes Education Business, Smart Hospital Business, real estate leasing and non-life insurance agency operations that are not included in the reportable segments.

2. The adjustments of 14,197 million yen to segment assets is corporate assets that are not allocated to each reportable segment. Corporate assets mainly consist of surplus funds, etc. not attributable to reportable segments.

3. Segment profit (loss) (-) is reconciled to operating profit in the consolidated financial statements.

FY2024 : From April 1, 2024, to March 31, 2025

(Millions of yen)

	Reportable segments				Others NOTE:1	Total	Adjustments NOTE:2	Consolidated NOTE:3
	Medical Business	Elderly Care Business	Children Business	Total				
Net sales								
Medical: Contracted service	63,013	—	—	63,013	—	63,013	—	63,013
Medical: Worker dispatching	6,634	—	—	6,634	—	6,634	—	6,634
Elderly care	—	55,195	—	55,195	—	55,195	—	55,195
Children	—	—	10,836	10,836	—	10,836	—	10,836
Others	1,333	133	—	1,467	234	1,701	—	1,701
Income from contracts with customers	70,981	55,329	10,836	137,147	234	137,382	—	137,382
Other income	—	8	—	8	44	53	—	53
Sales to customers	70,981	55,337	10,836	137,155	279	137,435	—	137,435
Intersegment sales	—	—	—	—	—	—	—	—
Total	70,981	55,337	10,836	137,155	279	137,435	—	137,435
Segment profit (loss)	4,418	2,218	401	7,038	-20	7,017	—	7,017
Segment assets	10,379	36,851	9,518	56,749	71	56,821	13,275	70,097
Other items								
Depreciation and amortization	361	889	193	1,444	7	1,452	—	1,452
Amortization of goodwill	8	1,347	301	1,656	—	1,656	—	1,656
Increase in fixed assets, plant and equipment, and intangible assets	447	588	94	1,129	9	1,130	—	1,130

NOTE: 1. The "Others" category includes Smart Hospital Business, real estate leasing and non-life insurance agency operations that are not included in the reportable segments.

2. The adjustments of 13,275 million yen to segment assets is corporate assets that are not allocated to each reportable segment. Corporate assets mainly consist of surplus funds, etc. not attributable to reportable segments.

3. Segment profit (loss) (-) is reconciled to operating profit in the consolidated financial statements.

## (Per Share Information)

	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Net assets per share	222.07 yen	245.81 yen
Net income per share	24.11 yen	42.94 yen
Diluted net income per share	24.11 yen	—

NOTE: 1. Diluted net income per share for the current consolidated fiscal year is not stated because there are no potential shares with dilutive effects.

2. The calculation basis for Net income per share and Diluted net income per share is as follows:

	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Net income per share		
Net Income Attributable to Owners of the Parent (Millions of yen)	2,257	3,960
Not attributable to common stockholders (Millions of yen)	—	—
Net income attributable to owners of the parent related to common shares (Millions of yen)	2,257	3,960
Average number of shares of common stock outstanding during the period (shares)	93,661,631	92,240,068
Diluted net income per share		
Net income adjustment that is available for parent shareholders (Millions of yen)	—	—
Increase in common stock (shares)	539	—
Of which, Stock acquisition rights (shares)	(539)	(—)
Outline of potential shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	Solasto Corporation 2018 1st series stock acquisition rights by resolution of Board of Directors on September 28, 2018 Number of stock options 180 units (18,000 shares of common stocks)	Solasto Corporation 2018 1st series stock acquisition rights by resolution of Board of Directors on September 28, 2018 Number of stock options 160 units (16,000 shares of common stocks)

## (Significant Subsequent Events)

Not applicable.