

Translation

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**Non-Consolidated Financial Results
for the Six Months Ended September 30, 2025
(Based on Japanese GAAP)**

November 14, 2025

Company name:	SUNWELS Co.,Ltd.	
Stock exchange listing:	Tokyo	
Stock code:	9229	URL https://sunwels.jp
Representative:	President and Representative Director	Ryotatsu Nawashiro
Inquiries:	Director and General Manager of Corporate Division	Eiichi Ueno TEL 076(272)8982
Scheduled date to file Semi-annual Securities Report:	November 14, 2025	
Scheduled date to commence dividend payments:	—	
Preparation of supplementary material on financial results:	Yes	
Holding of financial results meeting:	Yes (for institutional investors and analysts)	

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2025	13,407	2.4	(993)	—	(1,441)	—	(1,517)	—
Six months ended September 30, 2024	13,087	42.4	1,237	36.5	867	30.0	242	(27.7)

	Earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Six months ended September 30, 2025	(46.77)	—	—	—
Six months ended September 30, 2024	7.77	7.76	7.76	7.76

Reference: EBITDA (operating profit + depreciation + share-based payment expenses)

For the six months ended September 30, 2025: ¥(110) million [—%]

For the six months ended September 30, 2024: ¥1,853 million [45.7%]

Note: Information on diluted earnings per share for the six months ended September 30, 2025 is not presented because, although there are potential shares, a net loss per share was reported.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	
As of September 30, 2025	45,567	7,105	7,105	7,105	15.5	
As of March 31, 2025	38,994	8,616	8,616	8,616	22.0	

Reference: Equity

As of September 30, 2025: ¥7,072 million

As of March 31, 2025: ¥8,589 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended March 31, 2025	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Year ending March 31, 2026	—	0.00	—	—	0.00
Year ending March 31, 2026 (Forecast)	—	—	—	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: No

3. Forecast of non-consolidated financial results for the year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
28,844	8.9	(1,039)	–	(2,072)	–	(2,281)	–	(70.35)	

Reference: EBITDA For the full fiscal year ending March 31, 2026 ¥893 million [(64.5)%]

Note: Revisions to the earnings forecast most recently announced: Yes

Regarding revisions to the financial results forecasts, please refer to the “Notice Concerning Revisions to Full-Year Financial Results Forecasts” announced today (November 14, 2025).

4. Notes

(1) Application of special accounting methods for preparing semi-annual non-consolidated financial statements: Yes

Note: For details, please refer to “2. Semi-annual non-consolidated financial statements and related notes, (4) Notes to the semi-annual non-consolidated financial statements, (Notes regarding special accounting methods for preparing semi-annual non-consolidated financial statements)” on page 11 (attached materials).

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of September 30, 2025	35,220,000 shares	As of March 31, 2025	35,220,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2025	2,787,492 shares	As of March 31, 2025	2,787,492 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2025	32,432,508 shares	Six months ended September 30, 2024	31,155,719 shares
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* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Notice regarding forward-looking statements

Forward-looking statements, including the non-consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ from the non-consolidated forecasts due to various factors. Please refer to “1. Overview of operating results, etc., (3) Explanation of non-consolidated financial forecasts and other forward-looking statements” on page 4 (attached materials) for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts, etc.

How to obtain the supplementary briefing materials

The supplementary briefing materials are disclosed on TDnet on the same day of the financial results.

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1. Overview of operating results, etc.

Overview of operating results, etc.

(1) Overview of operating results for the period under review

During the six months ended September 30, 2025, the Japanese economy exhibited signs of a gradual recovery against the backdrop of improvements in the employment and income environment, as well as strong demand for inbound travel. Uncertainty remains in future outlooks, however, due to factors that include concerns about sluggish personal consumption resulting from continued price increases and economic downturns influenced by U.S. tariff policies.

Within our domains of nursing care and medical care, with an eye on the baby boomer generation becoming over 75 years of age, efforts are underway to create a society in which elderly people can continue to live their lives in their own neighborhoods even while requiring nursing care (establishment of a community-based integrated care system). A system in which people can receive appropriate medical and nursing care regardless of where they live is needed, and it is becoming increasingly important to ensure high-quality home healthcare and home nursing care. In addition, the need for specialized hospitals and specialized nursing care is expected to grow due to the specialized nature of designated intractable diseases.

Amid this environment, the Company has accelerated the nationwide development of its PD House facilities specializing in Parkinson's disease. To meet the needs of those suffering from Parkinson's disease, the Company newly opened the following facilities: PD House Sakurayama (Showa-ku, Nagoya City, Aichi Prefecture) in May 2025, PD House Otsu (Otsu City, Shiga Prefecture) and PD House Okayama Tatsumi (Kita-ku, Okayama City, Okayama Prefecture) in June 2025, PD House Hamamatsu Wago (Chuo-ku, Hamamatsu City, Shizuoka Prefecture) in July 2025, PD House Inage (Inage-ku, Chiba City, Chiba Prefecture), PD House Higashi-Urawa (Midori-ku, Saitama City, Saitama Prefecture), and PD House Shakujii-Koen (Nerima-ku, Tokyo) in August 2025, and PD House Kiyota (Kiyota-ku, Sapporo City, Hokkaido Prefecture) and PD House Chuorinkan (Yamato City, Kanagawa Prefecture) in September 2025. Due to the recording of initial costs incurred from these new openings, profitability has temporarily declined.

In addition, as stated in the "Notice on the Formulation of Measures to Prevent Recurrence and Disciplinary Action Against Related Parties" dated February 12, 2025, as a result of the review of the operating structure based on the implementation of measures to prevent recurrence, profitability has temporarily declined significantly.

As a result of the above, net sales were 13,407 million yen (up 2.4% year on year), operating loss was 993 million yen (compared with operating profit of 1,237 million yen in the same period of the previous fiscal year), ordinary loss was 1,441 million yen (compared with ordinary profit of 867 million yen in the same period of the previous fiscal year), and loss was 1,517 million yen (compared with profit of 242 million yen in the same period of the previous fiscal year).

(2) Overview of financial position as of the end of the period under review

i) Analysis of assets, liabilities and net assets

(Assets)

Total assets at the end of the period under review amounted to 45,567 million yen, up 6,573 million yen from the end of the previous fiscal year. This was mainly due to increases of 6,921 million yen in leased assets and 1,214 million yen in buildings, primarily due to the opening of new facilities, despite a decrease of 1,372 million yen in cash and deposits.

(Liabilities)

Total liabilities at the end of the period under review amounted to 38,461 million yen, up 8,084 million yen from the end of the previous fiscal year. This was mainly due to an increase of 7,134 million yen in lease liabilities, primarily due to the opening of new facilities, as well as to an increase of 1,337 million yen in payables arising from securitized receivables.

(Net assets)

Net assets at the end of the period under review amounted to 7,105 million yen, down 1,511 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,517 million yen in retained earnings from posting of loss.

(Reference) Major facilities

Major facilities acquired during the six months ended September 30, 2025, are as follows.

Business office name (Location)	Facility description	Acquisition type	Acquisition cost	Total lease amount	(Millions of yen)
PD House Otsu (Otsu City, Shiga Prefecture)	PD House building	Leased facilities	645	1,555	
PD House Okayama Tatsumi (Kita-ku, Okayama City, Okayama Prefecture)	PD House building	Leased facilities	772	1,606	
PD House Hamamatsu Wago (Chuo-ku, Hamamatsu City, Shizuoka Prefecture)	PD House building	Leased facilities	645	1,690	
PD House Inage (Inage-ku, Chiba City, Chiba Prefecture)	PD House building	Self-ownership	838	—	
PD House Higashi-Urawa (Midori-ku, Saitama City, Saitama Prefecture)	PD House building	Leased facilities	897	2,168	
PD House Shakujii-Koen (Nerima-ku, Tokyo)	PD House building	Leased facilities	1,240	3,131	
PD House Kiyota (Kiyota-ku, Sapporo City, Hokkaido Prefecture)	PD House building	Self-ownership	606	—	
PD House Chuorinkan (Yamato City, Kanagawa Prefecture)	PD House building	Leased facilities	818	1,606	
PD House Utsunomiya Hosoyacho (Utsunomiya City, Tochigi Prefecture)	PD House building	Leased facilities	700	1,606	
PD House Gifu (Gifu City, Gifu Prefecture)	PD House building	Leased facilities	730	1,773	
PD House Otori (Nishi-ku, Sakai City, Osaka Prefecture)	PD House building	Leased facilities	820	2,270	

Note: Leased facilities refer to lease assets acquired via finance lease transactions without transfer of ownership. Acquisition cost for leased facilities is listed as an equivalent amount for acquisition cost.

ii) Analysis of cash flows

Cash and cash equivalents (hereinafter, "cash") as of the end of the period under review decreased 1,372 million yen from the end of the previous fiscal year to 4,265 million yen.

Cash flows and factors affecting cash flows for the period under review are as follows:

(Cash flows from operating activities)

Net cash used in investing activities amounted to 818 million yen. This was mainly attributable to a loss before income taxes of 1,445 million yen, which more than offset depreciation of 875 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,182 million yen. This was mainly attributable to the purchase of property, plant and equipment of 1,091 million yen in line with the opening of new business offices.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 628 million yen. This was mainly attributable to net increase/decrease in payables arising from securitized receivables of 1,337 million yen, which more than offset repayments of long-term borrowings of 519 million yen.

(3) Explanation of non-consolidated financial forecasts and other forward-looking statements

The forecast of non-consolidated financial results for the year ending March 31, 2026, released on May 15, 2025 in the “Non-Consolidated Financial Results for the Year Ended March 31, 2025 (Based on Japanese GAAP),” has been revised in light of the recent trend in business results. For details, please refer to the “Notice Concerning Revisions to Full-Year Financial Results Forecasts” announced today (November 14, 2025).

(4) Significant events regarding going concern assumption

Following the investigation report received by the Company from the Special Investigation Committee on February 7, 2025, incidents of overly short visits and visits without accompanying staff came to light. Consequently, corrections to our past financial statements related to these events and a review of our operating structure, including the implementation of measures to prevent recurrence, led to a temporary significant decline in profitability. As a result, the Company recorded a loss of 925 million yen in the previous fiscal year and a loss of 1,517 million yen during the six months ended September 30, 2025. In addition, as stated in the "Notice Concerning Revisions to Full-Year Financial Results Forecasts" dated November 14, 2025, regarding the revision of our full-year earnings forecast, we have revised the outlook for our financial results downward during the period under review due to an increase in unexpected resignations at PD House locations and the impact of the restriction of sales and advertising activities over a certain period. These circumstances indicate that the business environment surrounding the Company remains challenging.

Of the borrowings at the end of the period under review, the Company was also in breach of the financial covenants attached to the term loan agreement with commitment period concluded on March 14, 2023 (balance of borrowings at the end of the period under review: 357 million yen) and the term loan agreement with commitment period concluded on September 15, 2023 (balance of borrowings at the end of the period under review: 599 million yen).

These events or circumstances constitute events or circumstances that may cast significant doubt on the Company's going concern assumption.

However, the Company is implementing specific measures to review its business model from the ground up and establish a stable profit structure.

i) Cost Reduction through Optimization of Personnel Allocation

As a key measure to prevent recurrence, we have reviewed home visit nursing plans at all facilities. In particular, for cases where nighttime sleep has become a regular occurrence, we have revised the plans and re-established them to ensure that necessary services were provided appropriately to each resident. As a result of the simultaneous review of home visit nursing plans at all facilities, surplus personnel have been identified, leading to a temporary increase in labor costs (labor cost ratio). Therefore, we will transfer personnel to dominant facilities and adjust staffing levels to achieve appropriate staffing at each facility and improve profitability.

ii) Contribution to Revenue from the Opening of New Facilities

In the fiscal year ending March 31, 2026, we will open 13 new facilities nationwide, including in areas where we have not yet established a presence (Shiga Prefecture, Okayama Prefecture, Shizuoka Prefecture, Tochigi Prefecture, and Gifu Prefecture). The increased initial costs associated with new openings will temporarily worsen profitability in the first year of operation. However, by quickly recovering the investment and establishing a foundation for generating profits, we aim to significantly contribute to profitability in subsequent fiscal years.

Moreover, the Company has obtained written confirmation from the financial institutions with which it has concluded the term loan agreements that are in violation of financial covenants that they will not exercise their right to demand early repayment. The Company is working to maintain a consultative relationship with the financial institutions it does business with by sharing information closely, and these financial institutions have expressed their continued support.

Regarding the Company's financial situation, we have entered into a receivables securitization agreement with the aim of improving cash flow and enhancing financial stability, thereby securing the necessary business funds for the time being. Going forward, we will continue considering strengthening our financial foundation promptly through early fundraising as appropriate.

Based on the above, the Company believes that there are no material uncertainties regarding the going concern assumption.

2. Semi-annual non-consolidated financial statements and related notes

(1) Semi-annual balance sheet

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	5,637	4,265
Accounts receivable - trade	4,068	4,391
Inventories	16	18
Other	245	268
Allowance for doubtful accounts	(1)	(1)
Total current assets	<u>9,967</u>	<u>8,942</u>
Non-current assets		
Property, plant and equipment		
Buildings, net	10,044	11,258
Leased assets, net	14,358	21,279
Other, net	3,303	2,678
Total property, plant and equipment	<u>27,706</u>	<u>35,216</u>
Intangible assets	13	13
Investments and other assets		
Other	1,308	1,396
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	<u>1,306</u>	<u>1,395</u>
Total non-current assets	<u>29,026</u>	<u>36,624</u>
Total assets	<u>38,994</u>	<u>45,567</u>

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	169	192
Current portion of bonds payable	15	15
Short-term borrowings	660	619
Current portion of long-term borrowings	1,039	1,039
Payables arising from securitized receivables	–	1,337
Lease liabilities	273	335
Income taxes payable	–	70
Provision for bonuses	1,091	1,138
Other	2,353	2,265
Total current liabilities	5,602	7,012
Non-current liabilities		
Bonds payable	45	37
Long-term borrowings	5,580	5,060
Lease liabilities	14,877	21,949
Provision for retirement benefits	241	277
Liabilities for refund of medical fees	3,207	3,207
Asset retirement obligations	547	604
Other	275	310
Total non-current liabilities	24,774	31,448
Total liabilities	30,377	38,461
Net assets		
Shareholders' equity		
Share capital	35	35
Capital surplus	8,633	8,633
Retained earnings	(74)	(1,591)
Treasury shares	(5)	(5)
Total shareholders' equity	8,589	7,072
Share acquisition rights	27	33
Total net assets	8,616	7,105
Total liabilities and net assets	38,994	45,567

(2) Semi-annual statements of income

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Net sales	13,087	13,407
Cost of sales	10,061	12,294
Gross profit	3,025	1,113
Selling, general and administrative expenses	1,788	2,106
Operating profit (loss)	1,237	(993)
Non-operating income		
Interest income	0	4
Subsidy income	33	86
Other	17	22
Total non-operating income	52	113
Non-operating expenses		
Interest expenses	383	555
Other	38	6
Total non-operating expenses	421	561
Ordinary profit (loss)	867	(1,441)
Extraordinary losses		
Loss on retirement of non-current assets	2	4
Special investigation costs	12	–
Total extraordinary losses	14	4
Profit (loss) before income taxes	853	(1,445)
Income taxes	611	71
Profit (loss)	242	(1,517)

(3) Semi-annual statements of cash flows

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	853	(1,445)
Depreciation	607	875
Increase (decrease) in provision for bonuses	187	46
Increase (decrease) in provision for retirement benefits	32	35
Increase (decrease) in liabilities for refund of medical fees	831	–
Increase (decrease) in allowance for doubtful accounts	(0)	0
Interest and dividend income	(0)	(4)
Interest expenses	383	555
Subsidy income	(33)	(86)
Special investigation costs	12	–
Decrease (increase) in trade receivables	(781)	(323)
Decrease (increase) in inventories	(0)	(1)
Increase (decrease) in trade payables	32	22
Increase (decrease) in accounts payable - other, and accrued expenses	250	(114)
Increase (decrease) in deposits received	(64)	9
Increase (decrease) in leasehold and guarantee deposits received	21	20
Other, net	(117)	(11)
Subtotal	2,214	(423)
Interest and dividends received	0	3
Interest paid	(391)	(511)
Subsidies received	33	83
Income taxes paid	(790)	29
Net cash provided by (used in) operating activities	1,066	(818)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,152)	(1,091)
Payments of leasehold deposits	(127)	(97)
Other, net	22	5
Net cash provided by (used in) investing activities	(3,256)	(1,182)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,640)	(40)
Net increase/decrease in payables arising from securitized receivables	–	1,337
Proceeds from long-term borrowings	4,500	–
Repayments of long-term borrowings	(398)	(519)
Redemption of bonds	(7)	(7)
Dividends paid	(241)	(0)
Repayments of lease liabilities	(117)	(137)
Proceeds from disposal of treasury shares	4,574	–
Other, net	(31)	(4)
Net cash provided by (used in) financing activities	5,638	628
Net increase (decrease) in cash and cash equivalents	3,447	(1,372)
Cash and cash equivalents at beginning of period	3,307	5,637
Cash and cash equivalents at end of period	6,755	4,265

(4) Notes to the semi-annual non-consolidated financial statements

(Notes regarding going concern assumption)

Not applicable

(Notes regarding significant changes in the amount of shareholders' equity)

Not applicable

(Notes regarding special accounting methods for preparing semi-annual non-consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by rationally estimating the effective tax rate after applying the tax effect on profit before income taxes for the fiscal year including the six months ended September 30, 2025, and multiplying profit before income taxes by the estimated effective tax rate.

However, in cases where the calculation of taxes using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the effective statutory tax rate is used.

(Revenue recognition)

Information on breakdown of revenue from contracts with customers

Six months ended September 30, 2024

(Millions of yen)

	Service category						Total
	PD House	Medical specific facilities	Group homes	Day-care services	Welfare equipment business	Kaatsu training business	
Hokkaido	1,177	—	—	—	—	—	1,177
Kanto	4,786	—	—	—	—	—	4,786
Chubu and Hokuriku	2,008	1,038	84	238	45	16	3,430
Kansai	2,137	—	—	—	—	—	2,137
Kyushu	1,350	—	—	—	—	—	1,350
Revenue from contracts with customers	11,460	1,038	84	238	45	16	12,882
Other revenue	—	—	—	—	205	—	205
Revenues from external customers	11,460	1,038	84	238	250	16	13,087

Note: "Other revenue" is revenue based on the Accounting Standard for Lease Transactions.

Six months ended September 30, 2025

(Millions of yen)

	Service category						Total
	PD House	Medical specific facilities	Group homes	Day-care services	Welfare equipment business	Kaatsu training business	
Hokkaido	1,096	—	—	—	—	—	1,096
Kanto	4,939	—	—	—	—	—	4,939
Chubu and Hokuriku	2,126	910	85	236	48	15	3,422
Kansai	2,370	—	—	—	—	—	2,370
Chugoku and Shikoku	42	—	—	—	—	—	42
Kyushu	1,329	—	—	—	—	—	1,329
Revenue from contracts with customers	11,905	910	85	236	48	15	13,200
Other revenue	—	—	—	—	206	—	206
Revenues from external customers	11,905	910	85	236	255	15	13,407

Note: "Other revenue" is revenue based on the Accounting Standard for Lease Transactions.

(Significant events after reporting period)

Not applicable