Translation

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Non-Consolidated Financial Results for the Year Ended March 31, 2026 (Based on Japanese GAAP)

May 12, 2026

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 of ordinary general meeting of shareholders:	June 26, 2026
Scheduled date to file Securities Report:	June 29, 2026
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 year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

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	%
Year ended March 31, 2026	28,136	6.2	(1,223)	–	(2,168)	–	(1,656)	–
Year ended March 31, 2025	26,496	31.8	1,114	(51.0)	388	(77.4)	(925)	–

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended March 31, 2026	(51.07)	–	(21.3)	(5.1)	(4.3)
Year ended March 31, 2025	(29.12)	–	(13.4)	1.1	4.2

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2026: ¥– million
For the fiscal year ended March 31, 2025: ¥– million

EBITDA (operating profit + depreciation + share-based payment expenses)
For the fiscal year ended March 31, 2026: ¥654 million [(74.0)%]
For the fiscal year ended March 31, 2025: ¥2,513 million [(19.0)%]

Note: Information on diluted earnings per share is not presented because, although there are potential shares, a net loss per share is reported.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2026	45,633	6,972	15.2	214.97
As of March 31, 2025	38,994	8,616	22.0	265.69

Reference: Equity
As of March 31, 2026: ¥6,932 million
As of March 31, 2025: ¥8,589 million

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2026	(332)	(1,275)	62	4,092
Year ended March 31, 2025	1,883	(4,396)	4,842	5,637

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2025	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2026	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2027 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of non-consolidated financial results for the year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	28,872	2.6	420	–	(854)	–	(1,060)	–	(32.71)

Reference: EBITDA For the full fiscal year ending March 31, 2027 ¥2,402 million [267.2%]

Note: The Company administers its operations on an annual basis, and therefore omits a results forecast for the first half of the fiscal year. For details, please refer to “1. Overview of operating results, etc., (4) Future Outlook” on page 5 (attached materials).

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of March 31, 2026	35,220,000 shares	As of March 31, 2025	35,220,000 shares

Number of treasury shares at the end of the period

As of March 31, 2026	2,787,492 shares	As of March 31, 2025	2,787,492 shares

Average number of shares during the period

Year ended March 31, 2026	32,432,508 shares	Year ended March 31, 2025	31,792,373 shares

* Financial results reports are exempt from audit 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., (4) Future outlook” on page 5 (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 Company posts the supplementary briefing materials on its website on the day of the briefing.

○ Table of Contents: Attached Materials

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review, 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, given the current state of society, where the baby boomer generation is now 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 (further developing and promoting 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, PD House Kiyota (Kiyota-ku, Sapporo City, Hokkaido Prefecture) and PD House Chuorinkan (Yamato City, Kanagawa Prefecture) in September 2025, PD House Utsunomiya Hosoyacho (Utsunomiya City, Tochigi Prefecture) and PD House Gifu (Gifu City, Gifu Prefecture) in October 2025, PD House Otori (Nishi-ku, Sakai City, Osaka Prefecture) in December 2025, and PD House Nakano Shirasagi (Nakano-ku, Tokyo) in February 2026. 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, and the "Notice Regarding Progress of Recurrence Prevention Measures (Status of Disclosure Items)" dated November 14, 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.

On the other hand, as stated in the "Notice Regarding the Acceptance of a Donation from the Representative Director and the Recognition of Extraordinary Income" dated February 12, 2026, we received a donation of 1,000 million yen from our Representative Director for the purpose of strengthening our financial base and recognized this amount as extraordinary income. As a result, the net loss for the current fiscal year improved significantly compared with our earnings forecast.

As a result of the above, net sales were 28,136 million yen (up 6.2% year on year), operating loss was 1,223 million yen (compared with operating profit of 1,114 million yen in the previous fiscal year), ordinary loss was 2,168 million yen (compared with ordinary profit of 388 million yen in the previous fiscal year), and loss was 1,656 million yen (compared with loss of 925 million yen in the previous fiscal year).

Detailed results by segment have been omitted because the Company's nursing care business is its single segment.

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

<u>Analysis of assets, liabilities and net assets</u>

(Assets)

Total assets at the end of the fiscal year under review amounted to 45,633 million yen, up 6,639 million yen from the end of the previous fiscal year. This was mainly due to increases of 7,310 million yen in leased assets and 928 million yen in buildings, primarily due to the opening of new facilities, despite a decrease of 1,545 million yen in cash and deposits.

(Liabilities)

Total liabilities at the end of the fiscal year under review amounted to 38,661 million yen, up 8,284 million yen from the end of the previous fiscal year. This was mainly due to increases of 7,763 million yen in lease liabilities, and 1,516 million yen in payables arising from securitized receivables, despite a decrease of 1,126 million yen in total borrowings.

(Net assets)

Total net assets at the end of the fiscal year under review amounted to 6,972 million yen, down 1,644 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,656 million yen in retained earnings from posting of loss.

(Reference) Major facilities
Major facilities acquired during the fiscal year under review are as follows.

(Millions of yen)

Business office name (Location)	Facility description	Acquisition type	Acquisition cost	Total lease amount
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	839	–
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	618	–
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
PD House Nakano Shirasagi (Nakano-ku, Tokyo)	PD House building	Leased facilities	787	2,458

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.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter, "cash") as of the end of the fiscal year under review decreased 1,545 million yen from the end of the previous fiscal year to 4,092 million yen.

Cash flows and factors affecting cash flows are as follows:

(Cash flows from operating activities)

Net cash used in operating activities amounted to 332 million yen, versus net cash provided of 1,883 million yen in the previous fiscal year. This was mainly attributable to a loss before income taxes of 1,175 million yen and an increase in trade receivables of 855 million yen, which more than offset depreciation of 1,862 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,275 million yen, versus net cash used of 4,396 million yen in the previous fiscal year. This was mainly attributable to the purchase of property, plant and equipment of 1,169 million yen in line with the opening of new business offices.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 62 million yen, versus net cash provided of 4,842 million yen in the previous fiscal year. This was mainly attributable to a net increase in payables arising from securitized receivables of 1,516 million yen, which more than offset repayments of long-term borrowings of 1,039 million yen, and repayments of lease liabilities of 293 million yen.

(4) Future outlook

The Company has pursued nationwide expansion, focusing on metropolitan areas and core regional cities, with the development of its core PD House business positioned as a growth driver. However, the Company's business structure has reached an important turning point due to the revision of medical fees in fiscal 2026, which will affect its revenue structure.

In light of this situation, the Company will temporarily suspend new facility opening plans for the next fiscal year. Positioning this as a period for implementing structural reforms, it will focus on measures such as transforming the revenue model, reviewing the cost structure, and improving occupancy rates. The Company expects that it will take some time to recover profitability. Based on this premise, for the fiscal year ending March 31, 2027, the Company forecasts net sales of 28,872 million yen (up 2.6% year on year), operating profit of 420 million yen (operating loss of 1,223 million yen in the previous fiscal year), ordinary loss of 854 million yen (ordinary loss of 2,168 million yen in the previous fiscal year), and loss of 1,060 million yen (loss of 1,656 million yen in the previous fiscal year).

(5) 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 1,656 million yen in the fiscal year under review. In addition, the business environment surrounding the Company remains challenging, against the backdrop of changes in the external environment, such as the revision of medical fees in fiscal 2026, which will make it difficult to maintain profitability under the current business structure.

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 as of the end of the fiscal year under review: 321 million yen) and the term loan agreement with commitment period concluded on September 15, 2023 (balance of borrowings as of the end of the fiscal year under review: 549 million yen).

In these circumstances, there exist events or circumstances that may cast significant doubt on the Company’s going concern assumption.

To resolve this situation, the Company has positioned the fiscal year ending March 31, 2027, as a period for implementing structural reforms. It will carry out the following measures:

i) Transformation of the revenue model

The Company will optimize service provision, aiming to transition to a sustainable revenue model.

ii) Radical review of the cost structure

The Company will review the cost structure in terms of both fixed and variable costs and engage in improving profitability.

iii) Implementation of measures to improve occupancy rates

The Company aims to improve occupancy rates by strengthening collaboration with medical facilities and promoting resident admissions to boost its earning power.

To alleviate concerns over cash flow, the financial institutions the Company does business with have agreed to defer the principal repayments on loans from April 30, 2026, to September 30, 2026, as announced in the “Notice Regarding Changes to the Repayment Terms for Borrowings and Changes in Use of Funds (Change in Disclosure Items).” Going forward, the Company will continue to work closely with the financial institutions it does business with and engage in ongoing discussions as necessary.

The Company has entered into a receivables securitization agreement with the aim of improving cash flow and enhancing financial stability. In addition, the Company has accepted a donation from its Representative Director aimed at strengthening its financial base, thereby securing working capital for the immediate future.

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

2. Basic approach to the selection of accounting standards

In consideration of comparability with other domestic companies in the same industry, the Company has adopted Japanese generally accepted accounting principles (J-GAAP) for its accounting standards.

3. Non-consolidated financial statements and related notes

(1) Balance sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	5,637	4,092
Accounts receivable - trade	4,068	4,923
Merchandise	2	2
Work in process	1	2
Supplies	12	15
Advance payments to suppliers	48	23
Prepaid expenses	149	149
Income taxes receivable	29	113
Other	18	127
Allowance for doubtful accounts	(1)	(1)
Total current assets	9,967	9,448
Non-current assets		
Property, plant and equipment		
Buildings, net	10,044	10,973
Structures, net	406	422
Machinery and equipment, net	109	96
Vehicles, net	7	–
Tools, furniture and fixtures, net	828	819
Land	883	883
Leased assets, net	14,358	21,669
Construction in progress	1,067	229
Total property, plant and equipment	27,706	35,094
Intangible assets		
Software	8	10
Other	5	5
Total intangible assets	13	15
Investments and other assets		
Investments in capital	0	0
Long-term loans receivable	46	45
Distressed receivables	1	1
Long-term prepaid expenses	82	75
Deferred tax assets	385	52
Other	792	901
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	1,306	1,075
Total non-current assets	29,026	36,185
Total assets	38,994	45,633

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	169	209
Short-term borrowings	660	572
Current portion of bonds payable	15	15
Current portion of long-term borrowings	1,039	1,039
Payables arising from securitized receivables	–	1,516
Lease liabilities	273	378
Accounts payable - other	1,843	1,603
Accrued expenses	422	453
Advances received	1	1
Deposits received	80	50
Unearned revenue	4	6
Provision for bonuses	1,091	1,233
Other	0	4
Total current liabilities	5,602	7,084
Non-current liabilities		
Bonds payable	45	30
Long-term borrowings	5,580	4,541
Lease liabilities	14,877	22,535
Provision for retirement benefits	241	314
Liabilities for refund of medical fees	3,207	3,207
Asset retirement obligations	547	612
Other	275	335
Total non-current liabilities	24,774	31,576
Total liabilities	30,377	38,661
Net assets		
Shareholders’ equity		
Share capital	35	35
Capital surplus		
Other capital surplus	8,633	8,633
Total capital surplus	8,633	8,633
Retained earnings		
Legal retained earnings	8	8
Other retained earnings		
Retained earnings brought forward	(82)	(1,739)
Total retained earnings	(74)	(1,730)
Treasury shares	(5)	(5)
Total shareholders’ equity	8,589	6,932
Share acquisition rights	27	39
Total net assets	8,616	6,972
Total liabilities and net assets	38,994	45,633

(2) Statements of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	26,496	28,136
Cost of sales	21,581	25,372
Gross profit	4,914	2,763
Selling, general and administrative expenses	3,800	3,987
Operating profit (loss)	1,114	(1,223)
Non-operating income		
Interest and dividend income	3	8
Subsidy income	123	164
Grant income	10	18
Insurance claims income	2	50
Other	26	39
Total non-operating income	166	281
Non-operating expenses		
Interest expenses	814	1,196
Other	77	29
Total non-operating expenses	892	1,226
Ordinary profit (loss)	388	(2,168)
Extraordinary income		
Donation income	–	1,000
Total extraordinary income	–	1,000
Extraordinary losses		
Loss on retirement of non-current assets	3	6
Special investigation costs	638	–
Listing agreement penalty	62	–
Total extraordinary losses	704	6
Loss before income taxes	(316)	(1,175)
Income taxes - current	495	148
Income taxes - deferred	113	332
Total income taxes	609	481
Loss	(925)	(1,656)

(3) Non-consolidated statements of changes in equity

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
	Share capital	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35	4,062	4,062	8	1,085	1,093	(8)	5,182
Changes during period								
Dividends of surplus					(241)	(241)		(241)
Profit					(925)	(925)		(925)
Purchase of treasury shares							(0)	(0)
Disposal of treasury shares		4,570	4,570				3	4,574
Net changes in items other than shareholders' equity								
Total changes during period	–	4,570	4,570	–	(1,167)	(1,167)	3	3,407
Balance at end of period	35	8,633	8,633	8	(82)	(74)	(5)	8,589

	Share acquisition rights	Total net assets
Balance at beginning of period	15	5,198
Changes during period		
Dividends of surplus		(241)
Profit		(925)
Purchase of treasury shares		(0)
Disposal of treasury shares		4,574
Net changes in items other than shareholders' equity	11	11
Total changes during period	11	3,418
Balance at end of period	27	8,616

Fiscal year under review (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Share capital	Other capital surplus	Total capital surplus	Legal retained earnings	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35	8,633	8,633	8	(82)	(74)	(5)	8,589
Changes during period								
Dividends of surplus								
Profit					(1,656)	(1,656)		(1,656)
Purchase of treasury shares								
Disposal of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	(1,656)	(1,656)	–	(1,656)
Balance at end of period	35	8,633	8,633	8	(1,739)	(1,730)	(5)	6,932

	Share acquisition rights	Total net assets
Balance at beginning of period	27	8,616
Changes during period		
Dividends of surplus		
Profit		(1,656)
Purchase of treasury shares		
Disposal of treasury shares		
Net changes in items other than shareholders' equity	11	11
Total changes during period	11	(1,644)
Balance at end of period	39	6,972

(4) Statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Loss before income taxes	(316)	(1,175)
Depreciation	1,384	1,862
Increase (decrease) in provision for bonuses	295	142
Increase (decrease) in provision for retirement benefits	66	72
Increase (decrease) in liabilities for refund of medical fees	1,189	–
Increase (decrease) in allowance for doubtful accounts	(0)	0
Interest and dividend income	(3)	(8)
Interest expenses	814	1,196
Subsidy income	(123)	(164)
Grant income	(10)	(18)
Insurance claims income	–	(50)
Donation income	–	(1,000)
Loss (gain) on sale and retirement of property, plant and equipment	3	5
Special investigation costs	638	–
Listing agreement penalty	62	–
Decrease (increase) in trade receivables	(80)	(855)
Decrease (increase) in inventories	(2)	(2)
Increase (decrease) in trade payables	51	39
Increase (decrease) in accounts payable - other, and accrued expenses	515	(193)
Increase (decrease) in leasehold and guarantee deposits received	–	42
Other, net	28	(53)
Subtotal	4,513	(159)
Interest and dividends received	2	7
Interest paid	(811)	(1,180)
Subsidies received	123	164
Grants received	8	18
Proceeds from insurance income	–	50
Donations received	–	1,000
Payments for special investigation costs	(638)	–
Income taxes paid	(1,315)	(232)
Net cash provided by (used in) operating activities	1,883	(332)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,207)	(1,169)
Purchase of intangible assets	(7)	(2)
Proceeds from sale of property, plant and equipment	–	6
Payments of leasehold deposits	(210)	(130)
Other, net	28	21
Net cash provided by (used in) investing activities	(4,396)	(1,275)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,740)	(87)
Net increase (decrease) in payables arising from securitized receivables	–	1,516
Proceeds from long-term borrowings	4,500	–
Repayments of long-term borrowings	(917)	(1,039)
Redemption of bonds	(15)	(15)
Dividends paid	(241)	(0)
Repayments of lease liabilities	(247)	(293)

Proceeds from disposal of treasury shares	4,574	–
Other, net	(69)	(18)
Net cash provided by (used in) financing activities	4,842	62
Net increase (decrease) in cash and cash equivalents	2,330	(1,545)
Cash and cash equivalents at beginning of period	3,307	5,637
Cash and cash equivalents at end of period	5,637	4,092

(5) Notes to the non-consolidated financial statements

(Notes regarding going concern assumption)

Not applicable

(Additional information)

(Liabilities for refund of medical fees)

Following reports by an external media organization, it came to light that there were concerns that, in the home-visit nursing care business, excessive medical fees had been invoiced across the Company. In response, a Special Investigation Committee, which included independent external attorneys, was established on September 20, 2024, and proceeded with an investigation, the report on which was received from said Committee on February 7, 2025. As a result of the investigation by the Special Investigation Committee, it was established as fact that the home-visit nursing care business had issued excessive invoices for medical fees. Accordingly, in the previous fiscal year, the Company recorded liabilities for refunds to insurers and other parties in connection with such overbilling and related matters. In the current fiscal year, no additional refund liabilities have been recorded, as measures to prevent recurrence have been implemented.

(Equity in earnings (losses) of affiliates, etc.)

Not applicable since the Company has no associates.

(Revenue recognition)

Information on breakdown of revenue from contracts with customers

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Service category						Total
	PD House	Medical specific facilities	Group homes	Day-care services	Welfare equipment business	Kaatsu training business	
Hokkaido	2,380	–	–	–	–	–	2,380
Kanto	9,717	–	–	–	–	–	9,717
Chubu and Hokuriku	4,098	1,990	169	472	89	33	6,852
Kansai	4,320	–	–	–	–	–	4,320
Kyushu	2,815	–	–	–	–	–	2,815
Revenue from contracts with customers	23,332	1,990	169	472	89	33	26,086
Other revenue	–	–	–	–	410	–	410
Revenues from external customers	23,332	1,990	169	472	499	33	26,496

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

Fiscal year under review (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Service category						Total
	PD House	Medical specific facilities	Group homes	Day-care services	Welfare equipment business	Kaatsu training business	
Hokkaido	2,355	–	–	–	–	–	2,355
Kanto	10,561	–	–	–	–	–	10,561
Chubu and Hokuriku	4,420	1,805	168	458	87	32	6,972
Kansai	4,994	–	–	–	–	–	4,994
Chugoku and Shikoku	185	–	–	–	–	–	185
Kyushu	2,653	–	–	–	–	–	2,653
Revenue from contracts with customers	25,170	1,805	168	458	87	32	27,722
Other revenue	–	–	–	–	413	–	413
Revenues from external customers	25,170	1,805	168	458	501	32	28,136

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

(Notes regarding segment information, etc.)

Previous fiscal year (From April 1, 2024 to March 31, 2025)

This information is omitted because the Company’s nursing care business is its single segment.

Fiscal year under review (From April 1, 2025 to March 31, 2026)

This information is omitted because the Company’s nursing care business is its single segment.

(Per share information)

(Yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2025 to March 31, 2026)
Net assets per share	265.69	205.33
Earnings per share	(29.12)	(60.71)
Diluted earnings per share	–	–

Notes: 1. Although there are potential shares, the diluted earnings per share are not provided because it is a net loss per share.

2. The basis for calculation of earnings per share and diluted earnings per share is as follows:

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2025 to March 31, 2026)
Earnings per share		
Loss (millions of yen)	(925)	(1,969)
Amount not available to common shareholders (millions of yen)	–	–
Loss related to common shares (millions of yen)	(925)	(1,969)
Average number of common shares during the period (shares)	31,792,373	32,432,508
Diluted earnings per share		
Adjustment on profit (millions of yen)	–	–
Increase in number of common shares (shares)	–	–
(Of which, share acquisition rights (shares))	–	–
Summary of residual shares that are not included in calculation of diluted earnings per share due to a lack of dilution effect	–	–

3. The basis for calculation of net assets per share is as follows:

	Previous fiscal year (March 31, 2025)	Fiscal year under review (March 31, 2026)
Total net assets (millions of yen)	8,616	6,659
Amount to be deducted from total net assets (millions of yen)	–	–
Amount of net assets at the end of period related to common shares (millions of yen)	8,616	6,659
Number of common shares at the end of period used in calculation of net assets per share (shares)	32,432,508	32,432,508

(Significant events after reporting period)

(Amendment of Loan Repayment Terms)

On March 27, 2026, the Company held a bank meeting with its financial institutions to discuss a deferral of scheduled principal repayments on its borrowings for a specified period. As a result, the Company obtained consent from all financial institutions concerned, and at a meeting of the Board of Directors held on April 21, 2026, resolved to amend the loan repayment terms.

(1) Purpose

To secure cash on hand.

(2) Details of the Amendment

The Company will defer the scheduled repayment of loan principal totaling ¥574 million for borrowings whose repayment dates fall between April 30, 2026 and September 30, 2026.

(3) Impact on Profit and Loss

The impact of this amendment on profit or loss is immaterial.