

# Translation

Notice: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## Non-Consolidated Financial Results for the Three Months Ended June 30, 2025 (Based on Japanese GAAP)

August 12, 2025

Company name: SUNWELS Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 9229 URL <https://sunwels.jp>  
 Representative: President and Representative Director Ryotatsu Nawashiro  
 Director and General Manager of  
 Inquiries: Corporate Division Eiichi Ueno TEL 076(272)8982  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Non-consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 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	%
Three months ended June 30, 2025	6,605	5.9	(507)	–	(687)	–	(725)	–
Three months ended June 30, 2024	6,240	42.1	584	44.4	421	33.8	123	(24.8)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	(22.35)	–
Three months ended June 30, 2024	4.09	4.07

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

For the three months ended June 30, 2025: ¥(95) million [–%]

For the three months ended June 30, 2024: ¥858 million [51.3%]

Note: Information on diluted earnings per share for the three months ended June 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	%
As of June 30, 2025	42,215	7,894	18.6
As of March 31, 2025	38,994	8,616	22.0

Reference: Equity

As of June 30, 2025: ¥7,864 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
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2025	–	0.00	–	0.00	0.00
Year ending March 31, 2026	–				
Year ending March 31, 2026 (Forecast)		0.00	–	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
	31,106	17.4	(369)	—	(1,613)	—	(1,823)	—	(56.22)

Reference: EBITDA For the full fiscal year ending March 31, 2026 ¥1,674 million [(33.4)%]

Note: Revisions to the earnings forecast most recently announced: No

### 4. Notes

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

Note: For details, please refer to “2. Quarterly non-consolidated financial statements and related notes, (3) Notes to the quarterly non-consolidated financial statements, (Notes regarding special accounting methods for preparing quarterly non-consolidated financial statements)” on page 8 (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 June 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 June 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)

Three months ended June 30, 2025	32,432,508 shares	Three months ended June 30, 2024	30,247,840 shares
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\* Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit corporation: Yes (mandatory)

\* 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 3 (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.

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

During the three months ended June 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. 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 6,605 million yen (up 5.9% year on year), operating loss was 507 million yen (compared with operating profit of 584 million yen in the same period of the previous fiscal year), ordinary loss was 687 million yen (compared with ordinary profit of 421 million yen in the same period of the previous fiscal year), and loss was 725 million yen (compared with profit of 123 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

#### *(Assets)*

Total assets at the end of the period under review amounted to 42,215 million yen, up 3,221 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,020 million yen in cash and deposits, while buildings increased by 1,347 million yen and leased assets by 4,040 million yen, primarily due to the opening of new facilities.

#### *(Liabilities)*

Total liabilities at the end of the period under review amounted to 34,320 million yen, up 3,943 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,136 million yen in lease liabilities.

#### *(Net assets)*

Net assets at the end of the period under review amounted to 7,894 million yen, down 722 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 725 million yen in retained earnings from posting of loss.

## (Reference) Major facilities

Major facilities acquired during the three months ended June 30, 2025, 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	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	591	—

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) 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, remains unchanged from the full-year non-consolidated financial forecast disclosed in the “Non-Consolidated Financial Results for the Year Ended March 31, 2025 (Based on Japanese GAAP)” of May 15, 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 725 million yen during the three months ended June 30, 2025.

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: 374 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: 624 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 will review home visit nursing plans at all facilities. In particular, for cases where nighttime sleep has become a regular occurrence, we will revise the plans and re-establish them to ensure that necessary services are 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.

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

## 2. Quarterly non-consolidated financial statements and related notes

### (1) Quarterly balance sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	5,637	3,617
Accounts receivable - trade	4,068	4,538
Inventories	16	16
Income taxes receivable	29	82
Other	216	279
Allowance for doubtful accounts	(1)	(1)
Total current assets	9,967	8,533
Non-current assets		
Property, plant and equipment		
Buildings, net	10,044	11,392
Leased assets, net	14,358	18,398
Other, net	3,303	2,485
Total property, plant and equipment	27,706	32,276
Intangible assets	13	14
Investments and other assets		
Other	1,308	1,392
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	1,306	1,391
Total non-current assets	29,026	33,681
Total assets	38,994	42,215

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	169	182
Current portion of bonds payable	15	15
Short-term borrowings	660	643
Current portion of long-term borrowings	1,039	1,039
Payables arising from securitized receivables	-	177
Lease liabilities	273	297
Provision for bonuses	1,091	576
Other	2,353	2,677
Total current liabilities	5,602	5,609
Non-current liabilities		
Bonds payable	45	45
Long-term borrowings	5,580	5,320
Lease liabilities	14,877	18,989
Provision for retirement benefits	241	258
Liabilities for refund of medical fees	3,207	3,207
Asset retirement obligations	547	602
Other	275	287
Total non-current liabilities	24,774	28,710
Total liabilities	30,377	34,320
<b>Net assets</b>		
Shareholders' equity		
Share capital	35	35
Capital surplus	8,633	8,633
Retained earnings	(74)	(799)
Treasury shares	(5)	(5)
Total shareholders' equity	8,589	7,864
Share acquisition rights	27	30
Total net assets	8,616	7,894
<b>Total liabilities and net assets</b>	<b>38,994</b>	<b>42,215</b>



**(2) Quarterly statements of income**

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	6,240	6,605
Cost of sales	4,749	6,041
Gross profit	1,490	563
Selling, general and administrative expenses	906	1,071
Operating profit (loss)	584	(507)
Non-operating income		
Interest income	0	0
Reversal of allowance for doubtful accounts	0	—
Grant income	1	3
Subsidy income	22	71
Other	6	7
Total non-operating income	30	82
Non-operating expenses		
Interest expenses	187	260
Other	5	2
Total non-operating expenses	193	262
Ordinary profit (loss)	421	(687)
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Total extraordinary losses	1	0
Profit (loss) before income taxes	420	(687)
Income taxes	296	37
Profit (loss)	123	(725)

**(3) Notes to the quarterly non-consolidated financial statements****(Notes regarding the framework for financial reporting)**

The quarterly non-consolidated financial statements are prepared in accordance with Article 4, paragraph 1 of the standard for preparation of the quarterly non-consolidated financial statements established by Tokyo Stock Exchange, Inc. and the accounting standards for quarterly non-consolidated financial statements generally accepted in Japan (provided, however, the Company applies the practice of omitting the descriptions provided for in Article 4, paragraph 2 of the aforementioned standard for preparation of the quarterly 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 quarterly 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 first quarter of the fiscal year ending March 31, 2026, 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.

**(Notes to quarterly statements of cash flows)**

Quarterly statements of cash flows for the three months ended June 30, 2025 are not prepared. Depreciation associated with the first three months of the previous and current fiscal years (including amortization of intangible assets) is as follows.

	(Millions of yen)	
	Three months ended June 30, 2024	Three months ended June 30, 2025
Depreciation	270	408

**(Notes regarding segment information, etc.)**

Three months ended June 30, 2024

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

Three months ended June 30, 2025

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

**(Revenue recognition)**

Information on breakdown of revenue from contracts with customers

Three months ended June 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	544	—	—	—	—	—	544
Kanto	2,254	—	—	—	—	—	2,254
Chubu and Hokuriku	977	515	41	116	22	8	1,682
Kansai	1,044	—	—	—	—	—	1,044
Kyushu	610	—	—	—	—	—	610
Revenue from contracts with customers	5,432	515	41	116	22	8	6,137
Other revenue	—	—	—	—	102	—	102
Revenues from external customers	5,432	515	41	116	125	8	6,240

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

Three months ended June 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	550	—	—	—	—	—	550
Kanto	2,440	—	—	—	—	—	2,440
Chubu and Hokuriku	1,030	453	41	117	26	7	1,678
Kansai	1,161	—	—	—	—	—	1,161
Chugoku and Shikoku	5	—	—	—	—	—	5
Kyushu	667	—	—	—	—	—	667
Revenue from contracts with customers	5,855	453	41	117	26	7	6,502
Other revenue	—	—	—	—	102	—	102
Revenues from external customers	5,855	453	41	117	129	7	6,605

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