

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 Nine Months Ended December 31, 2025 (Based on Japanese GAAP)

February 13, 2026

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: Eiichi Ueno TEL 076(272)8982
 Corporate Division
 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 nine months ended December 31, 2025 (from April 1, 2025 to December 31, 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	%
Nine months ended December 31, 2025	20,734	2.2	(1,192)	–	(1,943)	–	(2,055)	–
Nine months ended December 31, 2024	20,293	40.6	1,733	12.9	1,158	1.1	(123)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2025	(63.37)	–
Nine months ended December 31, 2024	(3.89)	–

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

For the nine months ended December 31, 2025: ¥181 million [(93.4)%]

For the nine months ended December 31, 2024: ¥2,730 million [28.8%]

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
	Millions of yen	Millions of yen	%
As of December 31, 2025	45,693	6,570	14.3
As of March 31, 2025	38,994	8,616	22.0

Reference: Equity

As of December 31, 2025: ¥6,534 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	–	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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	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: 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 9 (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 December 31, 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 December 31, 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)

Nine months ended December 31, 2025	32,432,508 shares	Nine months ended December 31, 2024	31,582,870 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 4 (attached materials) for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts, etc.

○ **Table of Contents: Attached Materials**

Index

1. Overview of operating results, etc.	2
(1) Overview of operating results for the period under review	2
(2) Overview of financial position as of the end of the period under review.....	2
(3) Explanation of non-consolidated financial forecasts and other forward-looking statements	4
(4) Significant events regarding going concern assumption	4
2. Quarterly non-consolidated financial statements and related notes	6
(1) Quarterly balance sheet	6
(2) Quarterly statements of income.....	8
(3) Notes to the quarterly non-consolidated financial statements	9
(Notes regarding the framework for financial reporting)	9
(Notes regarding going concern assumption).....	9
(Notes regarding significant changes in the amount of shareholders' equity).....	9
(Notes regarding special accounting methods for preparing quarterly non-consolidated financial statements).....	9
(Notes to quarterly statements of cash flows)	9
(Notes regarding segment information, etc.).....	9
(Revenue recognition).....	10
(Significant events after reporting period).....	10

1. Overview of operating results, etc.

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

During the nine months ended December 31, 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, 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, and PD House Otori (Nishi-ku, Sakai City, Osaka Prefecture) in December 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 and "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.

As a result of the above, net sales were 20,734 million yen (up 2.2% year on year), operating loss was 1,192 million yen (compared with operating profit of 1,733 million yen in the same period of the previous fiscal year), ordinary loss was 1,943 million yen (compared with ordinary profit of 1,158 million yen in the same period of the previous fiscal year), and loss was 2,055 million yen (compared with loss 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 45,693 million yen, up 6,699 million yen from the end of the previous fiscal year. This was mainly due to increases of 7,511 million yen in leased assets and 1,076 million yen in buildings, primarily due to the opening of new facilities, despite a decrease of 2,212 million yen in cash and deposits.

(Liabilities)

Total liabilities at the end of the period under review amounted to 39,123 million yen, up 8,746 million yen from the end of the previous fiscal year. This was mainly due to an increase of 7,843 million yen in lease liabilities, as well as an increase of 1,354 million yen in payables arising from securitized receivables.

(Net assets)

Net assets at the end of the period under review amounted to 6,570 million yen, down 2,046 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,055 million yen in retained earnings from posting of loss.

(Reference) Major facilities

Major facilities acquired during nine months ended December 31, 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	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 leased 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 non-consolidated financial forecast announced on 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 2,055 million yen during the nine months ended December 31, 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 six months ended September 30, 2025, 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: 339 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: 574 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. The Company has also 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. Quarterly non-consolidated financial statements and related notes

(1) Quarterly balance sheet

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	5,637	3,425
Accounts receivable - trade	4,068	4,862
Inventories	16	19
Income taxes receivable	29	150
Other	216	214
Allowance for doubtful accounts	(1)	(1)
Total current assets	9,967	8,670
Non-current assets		
Property, plant and equipment		
Buildings, net	10,044	11,121
Leased assets, net	14,358	21,869
Other, net	3,303	2,594
Total property, plant and equipment	27,706	35,585
Intangible assets	13	14
Investments and other assets		
Other	1,308	1,424
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	1,306	1,422
Total non-current assets	29,026	37,022
Total assets	38,994	45,693

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	169	206
Current portion of bonds payable	15	15
Short-term borrowings	660	596
Current portion of long-term borrowings	1,039	1,039
Payables arising from securitized receivables	–	1,354
Lease liabilities	273	354
Provision for bonuses	1,091	626
Other	2,353	3,015
Total current liabilities	5,602	7,207
Non-current liabilities		
Bonds payable	45	37
Long-term borrowings	5,580	4,800
Lease liabilities	14,877	22,639
Provision for retirement benefits	241	296
Liabilities for refund of medical fees	3,207	3,207
Asset retirement obligations	547	607
Other	275	326
Total non-current liabilities	24,774	31,915
Total liabilities	30,377	39,123
Net assets		
Shareholders' equity		
Share capital	35	35
Capital surplus	8,633	8,633
Retained earnings	(74)	(2,129)
Treasury shares	(5)	(5)
Total shareholders' equity	8,589	6,534
Share acquisition rights	27	36
Total net assets	8,616	6,570
Total liabilities and net assets	38,994	45,693

(2) Quarterly statements of income

(Millions of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net sales	20,293	20,734
Cost of sales	15,754	18,834
Gross profit	4,538	1,899
Selling, general and administrative expenses	2,805	3,092
Operating profit (loss)	1,733	(1,192)
Non-operating income		
Interest income	0	4
Subsidy income	34	89
Other	26	40
Total non-operating income	61	135
Non-operating expenses		
Interest expenses	596	870
Other	40	15
Total non-operating expenses	636	886
Ordinary profit (loss)	1,158	(1,943)
Extraordinary income		
Gain on sale of non-current assets	-	1
Total extraordinary income	-	1
Extraordinary losses		
Loss on retirement of non-current assets	2	6
Special investigation costs	470	-
Provision for special investigation costs	171	-
Total extraordinary losses	644	6
Profit (loss) before income taxes	514	(1,948)
Income taxes	637	107
Loss	(123)	(2,055)

(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 third 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 nine months ended December 31, 2025 are not prepared. Depreciation associated with the first nine months of the previous and current fiscal years (including amortization of intangible assets) is as follows.

	(Millions of yen)	
	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Depreciation	986	1,362

(Notes regarding segment information, etc.)

[Segment information]

I Nine months ended December 31, 2024

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

II Nine months ended December 31, 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

Nine months ended December 31, 2024

(Millions of yen)

	Service category						Total
	PD House	Medical specific facilities	Group homes	Day-care services	Welfare equipment business	Kaatsu training business	
Hokkaido	1,829	–	–	–	–	–	1,829
Kanto	7,507	–	–	–	–	–	7,507
Chubu and Hokuriku	3,129	1,536	127	359	70	24	5,248
Kansai	3,264	–	–	–	–	–	3,264
Kyushu	2,135	–	–	–	–	–	2,135
Revenue from contracts with customers	17,866	1,536	127	359	70	24	19,985
Other revenue	–	–	–	–	308	–	308
Revenues from external customers	17,866	1,536	127	359	378	24	20,293

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

Nine months ended December 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	1,720	–	–	–	–	–	1,720
Kanto	7,728	–	–	–	–	–	7,728
Chubu and Hokuriku	3,269	1,370	127	352	72	24	5,215
Kansai	3,653	–	–	–	–	–	3,653
Chugoku and Shikoku	105	–	–	–	–	–	105
Kyushu	2,000	–	–	–	–	–	2,000
Revenue from contracts with customers	18,476	1,370	127	352	72	24	20,423
Other revenue	–	–	–	–	311	–	311
Revenues from external customers	18,476	1,370	127	352	383	24	20,734

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

(Significant events after reporting period)

(Acceptance of donation)

As detailed below, the Company resolved at the Board of Directors meeting held on February 12, 2026, to accept a donation from its Representative Director aimed at strengthening its financial base, and received the donation on February 13, 2026.

- (1) Donation amount: 1,000 million yen
- (2) Donor: Ryotatsu Nawashiro (President and Representative Director of the Company)
- (3) Date of receipt: February 13, 2026
- (4) Purpose of donation: Strengthening the Company’s financial base