Translation

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Non-Consolidated Financial Results for the Year Ended March 31, 2025 (Based on Japanese GAAP)

May 15, 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 of ordinary general meeting of shareholders: June 25, 2025
Scheduled date to file Securities Report: June 26, 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 year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	26,496	31.8	1,114	(51.0)	388	(77.4)	(925)	―
Year ended March 31, 2024	20,107	―	2,273	―	1,720	―	802	―

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended March 31, 2025	(29.12)	―	(13.4)	1.1	4.2
Year ended March 31, 2024	26.61	26.40	16.4	6.8	11.3

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2025: ¥― million
For the fiscal year ended March 31, 2024: ¥― million

EBITDA (operating profit + depreciation + share-based payment expenses)
For the fiscal year ended March 31, 2025: ¥2,513 million [(19.0)%]
For the fiscal year ended March 31, 2024: ¥3,104 million [―%]

Notes: 1. The figures presented for the year ended March 31, 2024, have been retrospectively adjusted to reflect changes in accounting policies. Consequently, the percentages of year-on-year changes are not presented.
2. As a net loss per share was reported for the year ended March 31, 2025, information on diluted earnings per share is not presented.

(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, 2025	38,994	8,616	22.0	265.69
As of March 31, 2024	31,591	5,198	16.4	171.86

Reference: Equity
As of March 31, 2025: ¥8,589 million
As of March 31, 2024: ¥5,182 million

Note: The figures presented as of March 31, 2024, have been adjusted retrospectively to reflect changes in accounting policies.

(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, 2025	1,883	(4,396)	4,842	5,637
Year ended March 31, 2024	2,557	(5,662)	3,801	3,307

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, 2024	—	6.00	—	8.00	14.00	423	52.7	8.5
Year ended March 31, 2025	—	0.00	—	0.00	0.00	—	—	—
Year ending March 31, 2026 (Forecast)	—	0.00	—	0.00	0.00		—	

Note: Regarding the "Dividend Payout Ratio" and "Net Asset Dividend Ratio" for the fiscal year ended March 31, 2024, retrospective adjustments have been made due to changes in accounting policies. The calculations are based on the figures after these retrospective adjustments.

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	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: 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 and Others, (4) Future Outlook” on page 4 (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:	Yes
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, 2025	35,220,000 shares	As of March 31, 2024	35,220,000 shares

Number of treasury shares at the end of the period

As of March 31, 2025	2,787,492 shares	As of March 31, 2024	4,974,648 shares

Average number of shares during the period

Year ended March 31, 2025	31,792,373 shares	Year ended March 31, 2024	30,153,579 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 and Others, (4) Future outlook” 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 Company posts the supplementary briefing materials on its website on the day of the briefing.

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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 gradual recovery amid progressive normalization of socioeconomic activities and mounting inbound demand. Uncertainty remains in future outlooks, however, due to factors that include rising prices against a backdrop of yen depreciation, escalating energy and raw material prices, and movements in financial and capital markets.

Within our domains of nursing care and medical care, Japan's entire baby boomer generation will be over 75 years of age in the year 2025. As the country nears this milestone, efforts have been 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 Kunitachi (Kunitachi City, Tokyo) in April 2024, PD House Taihei (Higashi-ku, Sapporo City, Hokkaido Prefecture) and PD House Jinnoharu (Yahatanishi-ku, Kitakyushu City, Fukuoka Prefecture) in May 2024, PD House Higashiomiya (Minuma-ku, Saitama City, Saitama Prefecture) in June 2024, PD House Yachiyo Chuo (Yachiyo City, Chiba Prefecture) in August 2024, PD House Minami Kashiwa (Kashiwa City, Chiba Prefecture) and PD House Atsuta (Atsuta-ku, Nagoya City, Aichi Prefecture) in September 2024, PD House Niigata Shichikuyama (Chuo-ku, Niigata City, Niigata Prefecture) and PD House Nishi Kyogoku (Ukyo-ku, Kyoto City, Kyoto Prefecture) in October 2024, PD House Kobe Fukae Honmachi (Higashinada-ku, Kobe City, Hyogo Prefecture) in November 2024, PD House Hatsushiba (Higashi-ku, Sakai City, Osaka Prefecture) in December 2024, and PD House Koshigaya (Koshigaya City, Saitama Prefecture) in January 2025.

On the other hand, 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 from the fourth quarter of the current fiscal year, profitability has temporarily declined significantly. Furthermore, during the fiscal year under review, the Company recorded special investigation costs of 638 million yen as extraordinary losses. These costs were mainly expenses related to the establishment of the Special Investigation Committee. Additionally, the Company recorded a listing agreement breach penalty of 62 million yen as extraordinary losses.

As a result of the above, net sales were 26,496 million yen (up 31.8% year on year), operating profit was 1,114 million yen (down 51.0% year on year), ordinary profit was 388 million yen (down 77.4% year on year), and loss was 925 million yen (compared with profit of 802 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

Analysis of assets, liabilities and net assets

(Assets)

Total assets at the end of the fiscal year under review amounted to 38,994 million yen, up 7,403 million yen from the end of the previous fiscal year. This was mainly due to an increase of 5,268 million yen in buildings, primarily due to the opening of new facilities, as well as to an increase of 2,330 million yen in cash and deposits.

(Liabilities)

Total liabilities at the end of the fiscal year under review amounted to 30,377 million yen, up 3,984 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,555 million yen in lease liabilities, 1,189 million yen in liabilities for refund of medical fees, and 842 million yen in the total of borrowings.

(Net assets)

Total net assets at the end of the fiscal year under review amounted to 8,616 million yen, up 3,418 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,570 million yen in capital surplus resulting primarily from disposal of treasury shares through public offering, despite a decrease in retained earnings that mainly resulted from the Company recording a loss of 925 million yen.

(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 Yachiyo Chuo (Yachiyo City, Chiba Prefecture)	PD House building	Self-ownership	818	–
PD House Minami Kashiwa (Kashiwa City, Chiba Prefecture)	PD House building	Self-ownership	809	–
PD House Atsuta (Atsuta-ku, Nagoya City, Aichi Prefecture)	PD House building	Self-ownership	803	–
PD House Niigata Shichikuyama (Chuo-ku, Niigata City, Niigata Prefecture)	PD House building	Self-ownership	741	–
PD House Nishi Kyogoku (Ukyo-ku, Kyoto City, Kyoto Prefecture)	PD House building	Self-ownership	791	–
PD House Kobe Fukae Honmachi (Higashinada-ku, Kobe City, Hyogo Prefecture)	PD House building	Leased facilities	897	2,174
PD House Hatsushiba (Higashi-ku, Sakai City, Osaka Prefecture)	PD House building	Self-ownership	725	–
PD House Koshigaya (Koshigaya City, Saitama Prefecture)	PD House building	Leased facilities	900	2,195
PD House Sakurayama (Showa-ku, Nagoya City, Aichi Prefecture)	PD House building	Self-ownership	747	–

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 increased 2,330 million yen from the end of the previous fiscal year to 5,637 million yen.

Cash flows and factors affecting cash flows are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,883 million yen, versus net cash provided of 2,557 million yen in the previous fiscal year. This was mainly due to negative factors such as income taxes paid of 1,315 million yen, offset by positive factors such as depreciation and amortization of 1,384 million yen and an increase in liabilities related to the return of medical fees of 1,189 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 4,396 million yen, versus net cash used of 5,662 million yen in the previous fiscal year. This was mainly attributable to the purchase of property, plant and equipment of 4,207 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 4,842 million yen, versus net cash provided of 3,801 million yen in the previous fiscal year. This was mainly due to an increase of 4,574 million yen from the disposal of treasury stock.

(4) Future outlook

The Company has positioned the development of its core PD House business as a growth driver and plans to further expand this business nationwide, focusing on metropolitan areas and core regional cities. By rapidly opening new locations in metropolitan areas, the Company aims to maximize profits by fencing in target areas and properly allocating employees. In core regional cities, the Company will first gain a foothold in the local market by opening a first location, and then open new locations in surrounding areas to meet the needs of our customers, thereby preventing competitors from entering the area and gaining a high market share in the medium term.

For the fiscal year ending March 31, 2026, in the PD House business, 13 facilities will be newly established, and the Company expects the operations of that business will expand to 56 facilities nationwide by March 31, 2026. However, the Company will implement the measures to prevent recurrence and revisions to the operating structure announced on February 12, 2025 in "Notice Concerning Establishment of Measures to Prevent Recurrence and Disciplinary Action against Personnel Involved," and as a result, profitability is expected to decline substantially compared to the previous fiscal year. Based on this premise, for the fiscal year ending March 31, 2026, the Company forecasts net sales of 31,106 million yen (up 17.4% year on year), operating loss of 369 million yen (operating profit of 1,114 million yen in the previous fiscal year), ordinary loss of 1,613 million yen (ordinary profit of 388 million yen in the previous fiscal year), and loss of 1,823 million yen (profit of 925 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 fiscal year 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 as of the end of the fiscal year under review: 392 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: 649 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.

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, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	3,307	5,637
Accounts receivable - trade	3,987	4,068
Merchandise	2	2
Work in process	1	1
Supplies	9	12
Advance payments to suppliers	53	48
Prepaid expenses	130	149
Income taxes receivable	–	29
Other	13	18
Allowance for doubtful accounts	(1)	(1)
Total current assets	7,504	9,967
Non-current assets		
Property, plant and equipment		
Buildings, net	4,776	10,044
Structures, net	149	406
Machinery and equipment, net	19	109
Vehicles, net	–	7
Tools, furniture and fixtures, net	524	828
Land	883	883
Leased assets, net	13,077	14,358
Construction in progress	3,425	1,067
Total property, plant and equipment	22,856	27,706
Intangible assets		
Software	4	8
Other	5	5
Total intangible assets	9	13
Investments and other assets		
Investments in capital	0	0
Long-term loans receivable	48	46
Distressed receivables	1	1
Long-term prepaid expenses	61	82
Deferred tax assets	498	385
Other	611	792
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	1,220	1,306
Total non-current assets	24,086	29,026
Total assets	31,591	38,994

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	118	169
Short-term borrowings	3,400	660
Current portion of bonds payable	15	15
Current portion of long-term borrowings	496	1,039
Lease liabilities	250	273
Accounts payable - other	1,262	1,843
Accrued expenses	448	422
Income taxes payable	790	–
Advances received	1	1
Deposits received	143	80
Unearned revenue	6	4
Provision for bonuses	795	1,091
Other	0	0
Total current liabilities	7,729	5,602
Non-current liabilities		
Bonds payable	60	45
Long-term borrowings	2,540	5,580
Lease liabilities	13,344	14,877
Provision for retirement benefits	175	241
Liabilities for refund of medical fees	2,017	3,207
Asset retirement obligations	301	547
Other	222	275
Total non-current liabilities	18,662	24,774
Total liabilities	26,392	30,377
Net assets		
Shareholders' equity		
Share capital	35	35
Capital surplus		
Other capital surplus	4,062	8,633
Total capital surplus	4,062	8,633
Retained earnings		
Legal retained earnings	8	8
Other retained earnings		
Retained earnings brought forward	1,085	(82)
Total retained earnings	1,093	(74)
Treasury shares	(8)	(5)
Total shareholders' equity	5,182	8,589
Share acquisition rights	15	27
Total net assets	5,198	8,616
Total liabilities and net assets	31,591	38,994

(2) Statements of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	20,107	26,496
Cost of sales	14,957	21,581
Gross profit	5,149	4,914
Selling, general and administrative expenses	2,876	3,800
Operating profit	2,273	1,114
Non-operating income		
Interest and dividend income	0	3
Subsidy income	68	123
Grant income	13	10
Insurance claims income	3	2
Other	19	26
Total non-operating income	105	166
Non-operating expenses		
Interest expenses	635	814
Other	21	77
Total non-operating expenses	657	892
Ordinary profit	1,720	388
Extraordinary losses		
Loss on retirement of non-current assets	0	3
Loss on disaster	16	–
Special investigation costs	–	638
Listing agreement penalty	–	62
Total extraordinary losses	17	704
Profit before income taxes	1,703	(316)
Income taxes - current	1,031	495
Income taxes - deferred	(130)	113
Total income taxes	901	609
Profit (loss)	802	(925)

(3) Non-consolidated statements of changes in equity

Previous fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	35	4,023	4,023	8	544	533	(9)	4,602
Cumulative impact of changes in accounting policies					48	48		48
Beginning balance after retrospective adjustment	35	4,023	4,023	8	593	601	(9)	4,651
Changes during period								
Dividends of surplus					(310)	(310)		(310)
Profit					802	802		802
Purchase of treasury shares							–	–
Disposal of treasury shares		38	38				0	39
Net changes in items other than shareholders' equity								
Total changes during period	–	38	38	–	491	491	0	531
Balance at end of period	35	4,062	4,062	8	1,085	1,093	(8)	5,182

	Share acquisition rights	Total net assets
Balance at beginning of period	3	4,606
Cumulative impact of changes in accounting policies		48
Beginning balance after retrospective adjustment	3	4,655
Changes during period		
Dividends of surplus		(310)
Profit		802
Purchase of treasury shares		–
Disposal of treasury shares		39
Net changes in items other than shareholders' equity	11	11
Total changes during period	11	542
Balance at end of period	15	5,198

Fiscal year under review (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings		
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

(4) Statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	1,703	(316)
Depreciation	816	1,384
Increase (decrease) in provision for bonuses	203	295
Increase (decrease) in provision for retirement benefits	49	66
Increase (decrease) in liabilities for refund of medical fees	1,253	1,189
Increase (decrease) in allowance for doubtful accounts	0	(0)
Interest and dividend income	(0)	(3)
Interest expenses	635	814
Subsidy income	(68)	(123)
Grant income	(13)	(10)
Loss (gain) on sale and retirement of property, plant and equipment	0	3
Special investigation costs	–	638
Listing agreement penalty	–	62
Loss on disaster	16	–
Decrease (increase) in trade receivables	(1,310)	(80)
Decrease (increase) in inventories	(0)	(2)
Increase (decrease) in trade payables	30	51
Increase (decrease) in accounts payable - other, and accrued expenses	607	515
Other, net	(151)	28
Subtotal	3,774	4,513
Interest and dividends received	0	2
Interest paid	(644)	(811)
Subsidies received	68	123
Grants received	13	8
Payments associated with disaster loss	(10)	–
Payments for special investigation costs	–	(638)
Income taxes paid	(643)	(1,315)
Net cash provided by (used in) operating activities	2,557	1,883
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,489)	(4,207)
Purchase of intangible assets	(3)	(7)
Payments of leasehold deposits	(171)	(210)
Other, net	2	28
Net cash provided by (used in) investing activities	(5,662)	(4,396)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,700	(2,740)
Proceeds from long-term borrowings	1,900	4,500
Repayments of long-term borrowings	(289)	(917)
Redemption of bonds	(31)	(15)
Dividends paid	(310)	(241)
Repayments of lease liabilities	(171)	(247)
Proceeds from disposal of treasury shares	39	4,574
Other, net	(36)	(69)
Net cash provided by (used in) financing activities	3,801	4,842
Net increase (decrease) in cash and cash equivalents	696	2,330

Cash and cash equivalents at beginning of period	2,610	3,307
Cash and cash equivalents at end of period	3,307	5,637

(5) Notes to the non-consolidated financial statements

(Notes regarding going concern assumption)

Not applicable

(Notes regarding changes in accounting policies)

With respect to accounting treatment of non-deductible consumption taxes, etc. related to assets of the Company, whereas such consumption taxes had been recorded under “other” in investments and other assets and amortized using the straight-line method over a period of five years previously, the Company has changed to a method of including such consumption taxes in acquisition costs of individual non-current assets from the fiscal year under review.

Because the Company has been accelerating its pace of opening new business offices thereby making more acquisitions by means of self-construction, in addition to its approach predominately enlisted thus far of making acquisitions through leases, the Company has accordingly made this change from the perspective of ensuring that such economic realities are appropriately reflected in the semi-annual non-consolidated financial statements and the non-consolidated financial statements by expensing non-deductible consumption taxes, etc. over the useful life of each non-current asset.

This change in accounting policies has been applied retrospectively, and is reflected in the information for the previous fiscal year in the non-consolidated financial statements.

As a result, property, plant and equipment increased by 408 million yen and investments and other assets decreased by 335 million yen relative to the amounts prior to the retrospective application in the balance sheet for the previous fiscal year. In the statements of income for the previous fiscal year, cost of sales increased by 19 million yen and selling, general, and administrative expenses decreased by 54 million yen, thereby resulting in operating profit, ordinary profit, and profit before income taxes each increasing by 35 million yen.

Moreover, because the cumulative effect was reflected in net assets as of the beginning of the previous fiscal year, the beginning balance of retained earnings increased by 48 million yen subsequent to the retrospective application in the balance sheet.

Furthermore, the net asset per share for the previous fiscal year was ¥2.39, the net income per share for the current fiscal year was ¥0.77, and the net income per share after adjustment for potential shares increased by ¥0.76.

(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. Accordingly, 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. The Company has posted refunds of the monies to insurers and others in relation to this excessive invoicing of medical fees. Furthermore, during the third quarter of the fiscal year ended March 31, 2025, since the Company had not yet introduced recurrence prevention measures, the refund amount of medical fees related to short-time visits and visits when accompanying persons were not present attributable to the third quarter of the fiscal year ended March 31, 2025 has been recorded in addition.

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

Not applicable since the Company has no associates.

(Revenue recognition)

1. Information on breakdown of revenue from contracts with customers

Previous fiscal year (From April 1, 2023 to March 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	1,949	–	–	–	–	–	1,949
Kanto	6,545	–	–	–	–	–	6,545
Hokuriku	3,248	1,883	167	433	92	32	5,858
Kansai	3,500	–	–	–	–	–	3,500
Kyushu	1,869	–	–	–	–	–	1,869
Revenue from contracts with customers	17,114	1,883	167	433	92	32	19,724
Other revenue	–	–	–	–	382	–	382
Revenues from external customers	17,114	1,883	167	433	475	32	20,107

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

Fiscal year under review (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
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.

2. Information that provides a basis for understanding revenue from contracts with customers

The information that provides a basis for understanding revenue from contracts with customers is presented in “Significant Accounting Policies 5. Standards for the recognition of income and expenses.”

(Notes regarding segment information, etc.)

[Segment information]

Previous fiscal year (From April 1, 2023 to March 31, 2024)

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

Fiscal year under review (From April 1, 2024 to March 31, 2025)

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, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Net assets per share	171.86	265.69
Earnings per share	26.61	(29.12)
Diluted earnings per share	26.40	–

Notes: 1. The figures for the fiscal year ended March 31, 2024 have been retrospectively revised due to changes in accounting policies, and the revised figures are provided.

2. Although there are potential shares for the current fiscal year, the diluted earnings per share are not provided because it is a net loss per share.

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

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Fiscal year under review (From April 1, 2024 to March 31, 2025)
Earnings per share		
Profit (millions of yen)	802	(925)
Amount not available to common shareholders (millions of yen)	–	–
Profit related to common shares (millions of yen)	802	(925)
Average number of common shares during the period (shares)	30,153,579	31,792,373
Diluted earnings per share		
Adjustment on profit (millions of yen)	–	–
Increase in number of common shares (shares)	237,275	51,065
(Of which, share acquisition rights (shares))	(237,275)	(51,065)
Summary of residual shares that are not included in calculation of diluted earnings per share due to a lack of dilution effect	–	Single class of share acquisition rights (130 share acquisition rights, equivalent to 39,000 common shares)

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

	Previous fiscal year (March 31, 2024)	Fiscal year under review (March 31, 2025)
Total net assets (millions of yen)	5,198	8,616
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)	5,198	8,616
Number of common shares at the end of period used in calculation of net assets per share (shares)	30,245,352	32,432,508

(Significant events after reporting period)

Not applicable