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 Six Months Ended September 30, 2026 (Based on Japanese GAAP)

November 16, 2026

Company name: SUNWELS Co., Ltd.
Stock exchange listing: Tokyo
Stock code: 9229 URL https://sunwels.jp
Representative: President and Representative Director Toshihiko Atarashi
Inquiries: Director and General Manager of Corporate Division Eiichi Ueno TEL 076(272)8982
Scheduled date to file Semi-annual Securities Report: November 16, 2026
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 six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

(1) Non-consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2026	14,165	5.7	(590)	–	(1,047)	–	(1,211)	–
Six months ended September 30, 2025	13,407	2.4	(993)	–	(1,441)	–	(1,517)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2026	(37.33)	–
Six months ended September 30, 2025	(46.77)	–

Reference: EBITDA (operating profit + depreciation + share-based payment expenses)
For the six months ended September 30, 2026: ¥335 million [–%]
For the six months ended September 30, 2025: ¥(110) million [–%]

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 September 30, 2026	44,493	5,767	12.9
As of March 31, 2026	45,633	6,972	15.2

Reference: Equity
As of September 30, 2026: ¥5,722 million
As of March 31, 2026: ¥6,932 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, 2026	–	0.00	–	0.00	0.00
Year ending March 31, 2027	–	0.00			
Year ending March 31, 2027 (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, 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: Revisions to the earnings forecast most recently announced: No

4. Notes

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

Note: For details, please refer to "2. Semi-annual non-consolidated financial statements and related notes, (4) Notes to the semi-annual non-consolidated financial statements, (Notes regarding special accounting methods for preparing semi-annual non-consolidated financial statements)" on page 10 (attached materials).

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

Changes in accounting policies due to revisions to accounting standards and other regulations:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(3) Number of issued shares (common shares)

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

As of September 30, 2026	35,220,000 shares	As of March 31, 2026	35,220,000 shares

Number of treasury shares at the end of the period

As of September 30, 2026	2,777,292 shares	As of March 31, 2026	2,787,492 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2026	32,440,480 shares	Six months ended September 30, 2025	32,432,508 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Notice regarding forward-looking statements

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

○ 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 3
(4) Significant events regarding going concern assumption 4
2. Semi-annual non-consolidated financial statements and related notes 6
(1) Semi-annual balance sheet 6
(2) Semi-annual statements of income 8
(3) Semi-annual statements of cash flows 9
(4) Notes to the semi-annual non-consolidated financial statements 10
(Notes regarding going concern assumption) 10
(Notes regarding significant changes in the amount of shareholders' equity) 10
(Notes regarding special accounting methods for preparing semi-annual non-consolidated financial statements) 10
(Revenue recognition) 11
(Additional information) 12
(Significant events after reporting period) 12

1. Overview of operating results, etc.

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

During the six months ended September 30, 2026, the Japanese economy exhibited signs of a gradual recovery against the backdrop of improvements in the employment 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 the influence of U.S. tariff policies.

As for the nursing care and medical care environments surrounding the Company, given the current situation where the baby boomer generation has become late-stage elderly, and looking ahead to around 2040 when the elderly population will increase and the working-age population will decrease, 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, by further developing and promoting a community-based integrated care system. A system in which people can receive appropriate medical and nursing care services regardless of where they live is needed, and ensuring high-quality home healthcare and home-visit nursing care is becoming increasingly important. Additionally, in the field of designated intractable diseases, there is a growing need for specialized medical care and nursing care, and the demand for specialized medical care institutions and specialized nursing care services is expected to grow even more in the future.

Amid this environment, the Company is promoting the medium- to long-term expansion of PD House, its specialized facilities for patients with Parkinson's disease, including the opening of 13 new facilities during the previous fiscal year. Meanwhile, the Company is prioritizing initiatives, such as transforming its revenue model and reviewing its cost structure, against the backdrop of changes in the business environment primarily due to the revision of medical fees in fiscal 2026. In order to prioritize the promotion of these initiatives, the Company will temporarily suspend the opening of new PD House facilities for the foreseeable future.

Additionally, following the introduction of a comprehensive home-visit nursing care system in this revision of medical fees, changes have occurred in the remuneration system of the Company's home-visit nursing care service. Due to this change in the fee system, there has been a certain downward impact on the profitability of the Company's home-visit nursing care service. In order to respond to such a change in the business environment, the Company has been promoting structural reforms, such as transitioning to staffing levels that comply with this system and reviewing its business model, while maintaining its characteristics as a facility specializing in Parkinson's disease. As these structural reforms require a certain amount of time, profitability has temporarily declined significantly. Additionally, during the six months ended September 30, 2026, the Company recorded extra retirement payments of 88 million yen, associated with the solicitation of applicants for voluntary retirement, as an extraordinary loss.

As a result of the above, net sales were 14,165 million yen (up 5.7% year on year), operating loss was 590 million yen (compared with operating loss of 993 million yen in the same period of the previous fiscal year), ordinary loss was 1,047 million yen (compared with ordinary loss of 1,441 million yen in the same period of the previous fiscal year), and loss was 1,211 million yen (compared with loss of 1,517 million yen in the same period of the previous fiscal year).

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

i) Analysis of assets, liabilities and net assets

(Assets)

Total assets at the end of the period under review amounted to 44,493 million yen, down 1,140 million yen from the end of the previous fiscal year. This was mainly due to decreases of 446 million yen in accounts receivable, 400 million yen in leased assets, 192 million yen in cash and deposits, and 113 million yen in income taxes receivable.

(Liabilities)

Total liabilities at the end of the period under review amounted to 38,726 million yen, up 64 million yen from the end of the previous fiscal year. This was mainly due to increases of 123 million yen in provision for bonuses, 73 million yen in income taxes payable, and 66 million yen in asset retirement obligations, despite a decrease of 135 million yen in payables arising from securitized receivables.

(Net assets)

Net assets at the end of the period under review amounted to 5,767 million yen, down 1,204 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,211 million yen in retained earnings from posting of loss.

(Reference) Major facilities
Major facilities acquired during the six months ended September 30, 2026, are as follows.

(Millions of yen)

Business office name (Location)	Facility description	Acquisition type	Acquisition cost	Total lease amount
PD House Niigata Terayama (Higashi-ku, Niigata City, Niigata Prefecture)	PD House building	Self-ownership	655	–

Note: It is scheduled to open in June 2027.

ii) Analysis of cash flows

Cash and cash equivalents (hereinafter, “cash”) as of the end of the period under review decreased 192 million yen from the end of the previous fiscal year to 3,900 million yen.

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

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 621 million yen. This was mainly attributable to depreciation of 919 million yen, decrease in trade receivables of 446 million yen, and income taxes refund of 113 million yen, which more than offset loss before income taxes of 1,136 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 487 million yen. This was mainly attributable to the purchase of property, plant and equipment of 501 million yen in line with the acquisition of new facilities.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 325 million yen. This was mainly attributable to repayments of lease liabilities of 175 million yen and net decrease in payables arising from securitized receivables of 135 million yen.

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

The forecast of non-consolidated financial results for the year ending March 31, 2027, remains unchanged from the full-year non-consolidated financial forecast disclosed in the “Non-Consolidated Financial Results for the Year Ended March 31, 2026 (Based on Japanese GAAP)” of May 12, 2026.

(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 fiscal year before last (fiscal year ended March 31, 2025) and a loss of 1,656 million yen in the previous fiscal year (fiscal year ended March 31, 2026), resulting in losses for two consecutive fiscal years. Furthermore, against the backdrop of changes in the external environment, such as the revision of medical fees in fiscal 2026, it is difficult to maintain sufficient profitability under the current business structure, and as a result, a loss of 1,211 million yen was recorded during the six months ended September 30, 2026.

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: 321 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: 549 million yen).

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

However, the Company is promoting specific measures to resolve this situation. Positioning the fiscal year ending March 31, 2027 as a period for implementing structural reforms, it is carrying out the following measures.

i) Transformation of the revenue model

The Company is optimizing service provision and working on transitioning to a sustainable revenue model.

Therefore, the Company is working on restructuring its service provision system to respond to the revision of the fee system and changes in user needs, aiming to stabilize its revenue structure.

Following the establishment of the new Comprehensive Home Nursing Care Fee, the Company has been transitioning from a revenue structure dependent on traditional fee-for-service visits to a sustainable revenue model that accommodates per-day comprehensive evaluation. Specifically, the Company will maintain the care system for residents with Parkinson's disease, which has been a strength, while promoting the optimization and streamlining of service provision according to the residents' condition, along with the optimization of staff allocation associated with it. The Company is shifting to a revenue platform capable of creating stable profits under the new fee system.

ii) Radical review of the cost structure

The Company is reviewing the cost structure in terms of both fixed and variable costs and is engaging in improving profitability.

In order to mitigate the impact to profit margins in conjunction with the change in the fee system, the Company is moving forward with a fundamental restructuring of its entire cost structure to improve its management efficiency. The Company is promoting the internalization of various tasks, such as cleaning, which were previously outsourced, in order to reduce outsourcing expenses. Additionally, the Company is simultaneously promoting the optimization of work shifts and allocation for home-visit nursing care and care staff, as well as the optimization of various procurement costs related to facility operations. The Company is working to establish a management system capable of maintaining a certain level of profitability even under a comprehensive evaluation system.

iii) Implementation of measures to improve occupancy rates

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

To improve occupancy rates, the Company is systematically promoting stronger collaboration with local medical institutions and resident admissions measures to establish a stable resident admission flow. Specifically, the Company has assigned “Dedicated Sales Representatives” to each area to conduct sales activities targeting major local hospitals and care managers at home care support agencies. Through the ongoing sales activities conducted by the Dedicated Sales Representatives, the Company is working to establish consultation and referral routes for resident admission from home or after discharge. By directly promoting the Company’s expertise in Parkinson’s disease care, which is one of its strengths, to local medical institutions, the Company aims to maintain a high occupancy rate.

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 March 31, 2027, as announced in the “Notice Regarding Changes to the Repayment Terms for Borrowings and Changes in Use of Funds (Change in Disclosure Items).” dated April 21, 2026 and the “Notice Regarding Changes to Loan Repayment Terms (Update on Previously Disclosed Matter)” dated September 24, 2026. 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, as announced in the “Notice Regarding a Receivables Securitization” dated March 21, 2025. In addition, 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, the Company accepted a donation from its then Representative Director for the purpose of strengthening its financial base, thereby securing sufficient 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. Semi-annual non-consolidated financial statements and related notes

(1) Semi-annual balance sheet

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	4,092	3,900
Accounts receivable - trade	4,923	4,476
Inventories	19	21
Income taxes receivable	113	–
Other	300	241
Allowance for doubtful accounts	(1)	(1)
Total current assets	9,448	8,639
Non-current assets		
Property, plant and equipment		
Buildings, net	10,973	11,389
Leased assets, net	21,669	21,269
Other, net	2,451	2,129
Total property, plant and equipment	35,094	34,787
Intangible assets	15	15
Investments and other assets		
Other	1,076	1,053
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	1,075	1,051
Total non-current assets	36,185	35,854
Total assets	45,633	44,493

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	209	196
Current portion of bonds payable	15	15
Short-term borrowings	572	572
Current portion of long-term borrowings	1,039	1,193
Payables arising from securitized receivables	1,516	1,381
Lease liabilities	378	406
Income taxes payable	–	73
Provision for bonuses	1,233	1,357
Other	2,119	2,204
Total current liabilities	7,084	7,401
Non-current liabilities		
Bonds payable	30	22
Long-term borrowings	4,541	4,394
Lease liabilities	22,535	22,331
Provision for retirement benefits	314	343
Liabilities for refund of medical fees	3,207	3,207
Asset retirement obligations	612	679
Other	335	345
Total non-current liabilities	31,576	31,324
Total liabilities	38,661	38,726
Net assets		
Shareholders' equity		
Share capital	35	35
Capital surplus	8,633	8,634
Retained earnings	(1,730)	(2,941)
Treasury shares	(5)	(5)
Total shareholders' equity	6,932	5,722
Share acquisition rights	39	45
Total net assets	6,972	5,767
Total liabilities and net assets	45,633	44,493

(2) Semi-annual statements of income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	13,407	14,165
Cost of sales	12,294	13,048
Gross profit	1,113	1,117
Selling, general and administrative expenses	2,106	1,707
Operating loss	(993)	(590)
Non-operating income		
Interest income	4	6
Subsidy and grant income	94	206
Other	14	24
Total non-operating income	113	236
Non-operating expenses		
Interest expenses	555	654
Other	6	38
Total non-operating expenses	561	693
Ordinary loss	(1,441)	(1,047)
Extraordinary losses		
Loss on retirement of non-current assets	4	1
Extra retirement payments	–	88
Total extraordinary losses	4	89
Loss before income taxes	(1,445)	(1,136)
Income taxes	71	74
Loss	(1,517)	(1,211)

(3) Semi-annual statements of cash flows

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Loss before income taxes	(1,445)	(1,136)
Depreciation	875	919
Increase (decrease) in provision for bonuses	46	123
Increase (decrease) in provision for retirement benefits	35	29
Increase (decrease) in allowance for doubtful accounts	0	0
Interest and dividend income	(4)	(6)
Interest expenses	555	654
Subsidy and grant income	(94)	(206)
Decrease (increase) in trade receivables	(323)	446
Decrease (increase) in inventories	(1)	(2)
Increase (decrease) in trade payables	22	(13)
Increase (decrease) in accounts payable - other, and accrued expenses	(114)	(36)
Increase (decrease) in deposits received	9	150
Increase (decrease) in leasehold and guarantee deposits received	20	12
Other, net	(9)	47
Subtotal	(429)	985
Interest and dividends received	3	5
Interest paid	(511)	(684)
Subsidies and grants received	89	200
Income taxes refund (paid)	29	113
Net cash provided by (used in) operating activities	(818)	621
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,091)	(501)
Proceeds from sale of property, plant and equipment	–	7
Payments of leasehold deposits	(97)	(0)
Other, net	5	6
Net cash provided by (used in) investing activities	(1,182)	(487)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(40)	–
Net increase (decrease) in payables arising from securitized receivables	1,337	(135)
Proceeds from long-term borrowings	–	7
Repayments of long-term borrowings	(519)	–
Redemption of bonds	(7)	(7)
Dividends paid	(0)	(0)
Repayments of lease liabilities	(137)	(175)
Proceeds from disposal of treasury shares	–	0
Other, net	(4)	(15)
Net cash provided by (used in) financing activities	628	(325)
Net increase (decrease) in cash and cash equivalents	(1,372)	(192)
Cash and cash equivalents at beginning of period	5,637	4,092
Cash and cash equivalents at end of period	4,265	3,900

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

(Notes regarding going concern assumption)

Not applicable

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

Not applicable

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

(Calculation of tax expenses)

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

(Revenue recognition)

Information on breakdown of revenue from contracts with customers

Six months ended September 30, 2025

(Millions of yen)

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

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

Six months ended September 30, 2026

(Millions of yen)

	Service category						Total
	PD House	Medical specific facilities	Group homes	Day-care services	Welfare equipment business	Kaatsu training business	
Hokkaido	1,206	–	–	–	–	–	1,206
Kanto	5,534	–	–	–	–	–	5,534
Chubu and Hokuriku	2,228	782	86	227	35	16	3,376
Kansai	2,529	–	–	–	–	–	2,529
Chugoku and Shikoku	176	–	–	–	–	–	176
Kyushu	1,138	–	–	–	–	–	1,138
Revenue from contracts with customers	12,812	782	86	227	35	16	13,960
Other revenue	–	–	–	–	204	–	204
Revenues from external customers	12,812	782	86	227	239	16	14,165

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

(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 fiscal year before last, the Company recorded liabilities for refunds to insurers and other parties in connection with such overbilling and related matters. During the six months ended September 30, 2026, no additional refund liabilities have been recorded due to the continuous implementation and improvements of already introduced measures to prevent recurrence.

(Significant events after reporting period)

Not applicable