

Translation

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**Summary of Non-Consolidated Financial Results
for the Six Months Ended September 30, 2022
(Based on Japanese GAAP)**

November 8, 2022

Company name: SUNWELS Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9229 URL <https://sunwels.jp>
 Representative: President and Representative Director Ryotatsu Nawashiro
 Managing Director of General Affairs and
 Inquiries: Accounting Department Eiichi Ueno TEL 076(272)8982
 Scheduled date to file Quarterly Securities Report: November 8, 2022
 Scheduled date to commence dividend payments: December 9, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	6,009	—	492	—	351	—	248	—
Six months ended September 30, 2021	—	—	—	—	—	—	—	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	28.17		27.52	
Six months ended September 30, 2021	—		—	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2022	14,455		4,956		34.3	
As of March 31, 2022	9,015		864		9.6	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	—	0.00	—	11.00	11.00
Year ending March 31, 2023	—	13.00	—	—	—
Year ending March 31, 2023 (Forecast)	—	—	—	13.00	26.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	12,990	54.3	1,320	169.2	1,001	187.0	655	156.5	69.92

4. Notes

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

(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: Yes

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, 2022	11,740,000 shares	As of March 31, 2022	11,740,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,798,879 shares	As of March 31, 2022	4,000,000 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	8,824,954 shares	Six months ended September 30, 2021	– shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	814,760	2,493,976
Accounts receivable - trade	1,617,382	2,112,179
Inventories	29,718	13,627
Other	85,741	83,478
Allowance for doubtful accounts	(367)	(368)
Total current assets	2,547,236	4,702,892
Non-current assets		
Property, plant and equipment		
Buildings, net	1,597,203	1,973,213
Leased assets, net	3,381,451	6,231,280
Other, net	806,861	735,807
Total property, plant and equipment	5,785,516	8,940,302
Intangible assets	17,368	14,666
Investments and other assets		
Other	666,598	798,755
Allowance for doubtful accounts	(1,477)	(1,467)
Total investments and other assets	665,120	797,288
Total non-current assets	6,468,006	9,752,257
Total assets	9,015,242	14,455,149
Liabilities		
Current liabilities		
Accounts payable - trade	68,852	74,730
Current portion of bonds payable	31,000	31,000
Short-term borrowings	1,540,000	–
Current portion of long-term borrowings	265,399	188,729
Lease liabilities	87,583	130,924
Income taxes payable	90,719	98,440
Provision for bonuses	359,766	454,885
Other	673,136	882,181
Total current liabilities	3,116,456	1,860,891
Non-current liabilities		
Bonds payable	106,000	90,500
Long-term borrowings	1,165,802	862,049
Lease liabilities	3,403,627	6,280,290
Provision for retirement benefits	94,773	110,135
Asset retirement obligations	170,347	173,731
Other	93,493	120,990
Total non-current liabilities	5,034,044	7,637,697
Total liabilities	8,150,501	9,498,588

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	35,000	35,000
Capital surplus	102,007	4,019,703
Retained earnings	747,733	911,257
Treasury shares	(20,000)	(9,399)
Total shareholders' equity	864,741	4,956,561
Total net assets	864,741	4,956,561
Total liabilities and net assets	9,015,242	14,455,149

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022
Net sales	6,009,138
Cost of sales	4,410,900
Gross profit	1,598,238
Selling, general and administrative expenses	1,105,932
Operating profit	492,306
Non-operating income	
Interest income	171
Subsidy income	34,272
Other	7,673
Total non-operating income	42,117
Non-operating expenses	
Interest expenses	155,530
Other	27,743
Total non-operating expenses	183,274
Ordinary profit	351,148
Extraordinary losses	
Loss on retirement of non-current assets	3,773
Other	83
Total extraordinary losses	3,856
Profit before income taxes	347,292
Income taxes	98,628
Profit	248,663

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022
Cash flows from operating activities	
Profit before income taxes	347,292
Depreciation	212,111
Increase (decrease) in provision for bonuses	95,119
Increase (decrease) in provision for retirement benefits	15,361
Increase (decrease) in allowance for doubtful accounts	(9)
Interest and dividend income	(171)
Interest expenses	155,530
Subsidy income	(34,272)
Decrease (increase) in trade receivables	(494,796)
Decrease (increase) in inventories	16,091
Increase (decrease) in trade payables	5,877
Increase (decrease) in accounts payable - other, and accrued expenses	191,381
Increase (decrease) in deposits received	21,452
Increase (decrease) in leasehold and guarantee deposits received	20,200
Other, net	6,681
Subtotal	557,848
Interest and dividends received	8
Interest paid	(148,733)
Subsidies received	32,052
Income taxes paid	(90,907)
Net cash provided by (used in) operating activities	350,268
Cash flows from investing activities	
Purchase of property, plant and equipment	(406,344)
Payments of leasehold deposits	(105,233)
Other, net	6,282
Net cash provided by (used in) investing activities	(505,295)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(1,540,000)
Proceeds from long-term borrowings	80,000
Repayments of long-term borrowings	(460,423)
Redemption of bonds	(15,500)
Dividends paid	(85,140)
Repayments of lease liabilities	(44,369)
Proceeds from disposal of treasury shares	3,928,701
Other, net	(29,026)
Net cash provided by (used in) financing activities	1,834,242
Net increase (decrease) in cash and cash equivalents	1,679,215
Cash and cash equivalents at beginning of period	814,760
Cash and cash equivalents at end of period	2,493,976