

FAQ on FY March 2023 Third Quarter Financial Results

This FAQ is intended for reference purposes and contains answers to questions that may be asked by shareholders, investors, and other stakeholders regarding Sunwels Co., Ltd.'s financial results. Please refer to this together with the financial results briefing and financial results briefing materials.

[Business Performance and Future Prospects]**Q. What was the impact of COVID-19 on performance?**

A. Since around the latter half of December, when the eighth wave of COVID-19 began spreading throughout Japan, there have been cases of infection in some facilities. However, there has not been a sharp increase as observed during the seventh wave, and the impact has been limited, thanks to efforts made to review personnel allocation in the event of a cluster.

Q. What specific impact has COVID-19 had?

A. The outbreak of new clusters within the facilities means we have to temporarily refrain from accepting new residents. In addition, if an employee becomes ill or has close contact with an infected person, that results in lower insurance fees. This is because we are unable to provide services while the employee is infected, in accordance with the standards established by the Ministry of Health, Labour and Welfare, which necessitate measures such as staying home.

Q. On average, how long does it take for a new facility to become profitable after opening?

A. It takes 3 to 4 months to become profitable on a monthly basis, and 10 to 12 months for profitability on a cumulative basis.

Q. What is the cost of a new facility?

A. The construction cost of a facility is about 700-800 million yen (in the case of in-house construction), and the purchase cost of furniture and fixtures is about 50-60 million yen (for both in-house construction and lease contracts).

Q. How long does it take to open a new facility?

A. We begin selecting the land and buildings approximately two years prior to the scheduled opening of a new facility.

Q. What is the ratio of in-house construction to lease contracts?

A. Of the 20 PD House facilities planned for the fiscal year ending March 2023, 5 will be acquired through in-house construction and 15 will be acquired through leasing. Looking ahead, we plan to effectively utilize funds procured through borrowing and have set ourselves the target of acquiring 50% of new facilities through in-house construction.

[Management System]

Q. What is the annual income of employees?

A. The average annual salary for the most recent fiscal year is approximately 4,330,000 yen (excluding employees joining or retiring during the term, part-timers, and employees with an annual salary of one million yen or less).

Q. How many employees are there per facility?

A. We have 55 to 60 staff members for a standard 50-bed facility.

Q. What is the turnover rate?

A. The turnover rate in the previous fiscal year was about 15%. This fiscal year, we have set up a dedicated department to investigate this and are working to improve the turnover. The forecast at the current time is for the rate to decrease to around 10% to 11%.

Q. How long is the average length of stay at the facility?

A. About two and a half years, but since our facilities have only been in operation for a short time, we are still in the process of confirming this.

Q. Does the facility provide end-of-life care?

A. We provide end-of-life care. (Many residents are requesting it)

Q. Aside from PD House facilities, where else are Parkinson's patients looked after?

A. Our estimate is that about 70% of Parkinson's patients are cared for at home and the remaining 30% are in hospitals and nursing care facilities of other companies.

[Other]

Q. How do you decide where to open a PD House? Do you have any conditions regarding location?

A. We choose densely populated areas such as Kanto and Kansai for new facilities. The locations will be within a 10-minute walk from a station and also have restrictions on hazard maps.

Q. To what extent do you plan to increase the number of *PD House* facilities?

A. We aim to open 100 *PD House* facilities by 2030.

Q. What was the impetus for opening facilities specializing in Parkinson's disease?

A. We operate a hospice-type residential fee-based nursing home in the Hokuriku region, which accepts a wide variety of residents, including patients who suffer from Parkinson's disease, terminal cancer, and ALS. Since each of these diseases requires different treatment and care, it is difficult to create a single environment which suits the needs of all patients. This led to us conceiving the idea of opening facilities specializing in Parkinson's disease, as that would allow us to have sufficient rehabilitation rooms and rehabilitation staff.

Q. What is your policy on shareholder returns?

A. Our basic policy is to provide continuous and stable dividends as a means of returning profits to shareholders. As our policy is to allocate the portion of future growth in profits to investment in the growth of our business, we do not plan to increase dividends in line with performance, but will still strive to return profits to shareholders.

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