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To whom it may concern

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Notice Regarding Progress of Recurrence Prevention Measures (Status of Disclosure Items)

As announced in our February 12, 2025 notice titled “Notice Regarding the Formulation of Recurrence Prevention Measures and Disciplinary Actions Against Related Parties,” we have formulated recurrence prevention measures in response to the recommendations of the Special Investigation Committee, as disclosed in our February 7, 2025 notice titled “Notice Regarding Receipt of the Special Investigation Committee's Report.”

We hereby provide the following update on the specific progress made to date regarding these recurrence prevention measures.

1. Introduction and implementation of a system for conducting risk analysis and assessment, which will serve as a foundation for promoting the home health care nursing business.
 - (1) Establishment of the 'Home Nursing and Long-Term Care Business Risk Review Committee.' In March 2025, we established the "Home Visiting Nursing and Care Services Risk Review Committee." To date, we have convened this committee a total of nine times at a frequency of once per month. In addition to participation by our directors and executives from departments responsible for management promotion, the committee has invited three external experts (a director of the Japan Generic and Biosimilar Medicines Association, Director of the National Political Federation of Care Service Providers, and a legal advisor). We report on the progress of disclosed recurrence prevention measures and discuss the current status and challenges of the home-visit nursing and care business and its internal control system. We also conduct risk analysis and assessment to determine whether any inappropriate incidents have occurred within the company and whether there is any risk of such incidents occurring. Through these discussions, the committee verifies whether recurrence prevention measures are being appropriately implemented at the operational level and whether they are institutionally established. It also verifies the effectiveness of each recurrence prevention measure and promotes continuous improvement. Furthermore, since the 9th committee meeting (held on November 11, 2025), Mr. Toshihiko Atarashi, a newly appointed outside director, has also been participating.
 - (2) Regular facility rounds by management. To accurately grasp on-site conditions and resolve issues, management rounds led by the President and CEO have been conducted since February 2025. To date, we have completed visits to a total of 58 facilities, totaling 180 visits, fulfilling the initial plan to visit all facilities. Going forward, the President and CEO will visit each facility once every six months, while other members will visit once every quarter. By directly hearing field opinions, management confirmed that staff understanding of recurrence prevention measures deepened, as evidenced by enhanced compliance awareness and understanding, and a significant reduction in short visits. and “significantly reduced the number of short visits.” However, we also identified feedback that the implementation of these measures has increased the operational burden on the field. Moving forward, we recognize the need to continuously execute these recurrence prevention measures while also addressing the challenge of improving operational efficiency to reduce the burden on the field.

(3) We will consider inviting external experts who are knowledgeable about compliance in the medical and nursing care industries

At the Extraordinary General Meeting of Shareholders held on November 11, 2025, we appointed one new outside director. Mr. Toshihiko Atarashi, newly appointed, possesses extensive knowledge and experience in the nursing care and medical fields, gained through approximately 30 years of administrative experience spanning the Ministry of Health, Labour and Welfare, local governments, the Cabinet Office, and other entities. We determined that he can perform his duties from an objective and independent standpoint, leveraging this knowledge and experience, and thus invited him to serve as an outside director.

(1) Strengthening and restructuring internal controls at PD House and other sites

- 1) Introduction of an electronic record system to accurately capture and document home nursing hours. To ensure accurate recording of visit times and prevent fraud in our home-visit nursing services, we have installed QR codes in every patient room across all facilities since January 2025. This system standardizes entry and exit time recording and remains in continuous operation. Additionally, for recording actual service times, we utilize the timer function (start/end) within our electronic medical record system to simultaneously execute precise recording and management.
- 2) Creation and review of home nursing plans through the collaboration of multiple nurses. We have revised the home visit nursing plan creation process. Starting January 2025, for each home visit nursing recipient, we will implement the creation and review of home visit nursing plans through consultation involving at least three nurses as a general rule. This ensures a peer review function among field nurses while guaranteeing the appropriateness and transparency of the home visit nursing plan content. Furthermore, to verify whether the planned nursing care is appropriate and to ensure short-duration visits are not becoming routine, conferences involving multiple nurses are held every three months. These meetings confirm operational status and make necessary plan revisions as required.
- 3) Reinforcing the system for checking home nursing records by on-site managers. Starting January 2025, at all facilities providing home-visit nursing services, on-site managers (Nursing Supervisors and Assistant Supervisors) will verify that all home-visit nursing records are properly completed and that no required nursing details for the Special Management Add-on are omitted. If issues are found in the content of the home visit nursing records, they are primarily returned to the creator via the electronic medical record system. Furthermore, the Nursing Supervisors and Assistant Supervisors determine eligibility for billing based on the record content and the visit duration (QR code, electronic medical record system timer data).
- 4) Sample checks of the home-visit nursing records by the managers (head nurses). Starting in January 2025, the Nursing Department Manager will visit all facilities under their supervision monthly. During these visits, they will randomly select the home visit nursing records for five residents (covering the most recent month) from each facility. This is to reconfirm that on-site management staff (Nursing Supervisors and Assistant Nursing Supervisors) are performing the required checks correctly.
- 5) The general manager of each area will conduct regular interviews. Starting in January 2025, the Service Operations Manager overseeing PD Houses in each area has been leading monthly individual interviews at each facility. These interviews target approximately five staff members (nurses, care workers, administrative staff, etc.) and residents, aiming to understand on-site realities and identify issues early. During these interviews, we carefully gather anonymous feedback regarding operational concerns, system implementation worries, and service delivery challenges, striving to establish a system that reflects frontline voices in management decisions.
To date, surveys have been conducted at all 58 facilities. Information gathered from these interviews is reported monthly at the Visiting Nursing and Care Services Risk Review Committee as "Interview Findings and Issues." This information is then utilized for individual operational improvement guidance and cross-functional system reviews. Moving forward, we will continue to build trust with

the field through this dialogue-based approach, focusing on early risk detection and preventive management.

(2) Strengthen and rebuild the internal controls in the administrative department.

- 1) Introduce a surveillance system using cameras in the common areas of PD houses and other sites. By May 2025, we completed the installation of recording cameras in hallways, floors, and other areas of all facilities providing home-visit nursing services. Furthermore, within the management department, we established a monitoring system where approximately 10 facilities are sampled each month. From the recorded data of these cameras, we conduct sample checks of approximately 5 daytime (9:00 AM to 6:00 PM) and 10 nighttime (6:00 PM to 9:00 AM) video clips. By October 2025, we conducted a total of seven investigations, cross-referencing home visit nursing records with camera footage to verify that visits were performed as documented. Approximately 150 cases are investigated monthly. For cases showing discrepancies with the home visit nursing records, the Nursing Education Department reviews the details and determines the eligibility for insurance claims. To date, we have conducted a total of 1,089 investigations and identified 49 cases where insurance claims could not be submitted. For facilities where ineligible visits occurred, we require re-investigation and submission of a recurrence prevention report, strengthening our efforts to prevent recurrence.
- 2) Establish a new Nursing Department within the Administration Division. In April 2025, we established a Nursing Department within the Administrative Division. This department serves as the central point of contact for inquiries from all facilities, providing responses and solutions to questions and challenges raised by the field. We are particularly focusing our support on facilities that have recently opened, aiming to establish appropriate operations and ensure compliance is thoroughly implemented. When the Nursing Department identifies potential issues, it reports them to the Visiting Nursing and Care Services Risk Review Committee. Furthermore, since similar inquiry points were newly established for each profession (care, nursing, rehabilitation), the Nursing Department was renamed the Nursing Education Department (formerly the Nursing Department) in October of the same year. As of October 2025, the Nursing Education Department is organized with 10 nurses, including the department head.

(3) Strengthening the audit function of the Internal Audit Office.

- 1) Expansion of investigations within internal audits. The Internal Audit Basic Plan for the fiscal year ending March 2026 expands the scope of investigations beyond traditional audit items. This expansion focuses on evaluating the implementation status of recurrence prevention measures, particularly regarding the creation process for home visit nursing plans and home visit nursing records. Furthermore, improvements have been made to internal audit methodologies. In addition to the previous document-based investigations, we now conduct interviews with nursing staff and utilize cameras in common areas to investigate the appropriateness of nursing records.
- 2) Expansion of the scope and content of internal audits. To more accurately grasp the overall state of the visiting nursing business, we determined that in addition to the existing audits conducted at the facility level, it is necessary to audit the status of rule establishment within each head office department and the status of operational support provided to facilities. Therefore, we have newly added the Service Operations Headquarters (formerly the West Japan Operations Department and East Japan Operations Department), Nursing Education Department (formerly Nursing Department and Education Department), etc., to the audit scope. We have also incorporated audit items such as whether improvement activities by each head office department align with the intent of recurrence prevention measures and whether there are discrepancies between guidance from the head office and the understanding of the field offices.
- 3) Appropriate allocation of personnel under the head of the internal audit office and strengthening

authority.

Effective March 2025, the Internal Audit Office will be elevated to the Internal Audit Department to strengthen its authority. The new department head is an individual with extensive experience in corporate governance, having worked in internal audit (3 years) and board secretariat (8 years) roles at other listed companies. Starting in March 2025, the Head of the Internal Audit Department was appointed as a participant in the Management Committee and the Visiting Nursing and Care Business Risk Review Committee. This establishes a system enabling timely identification of management issues through direct exchange of opinions and reporting with management, and creates an environment for continuously monitoring the progress of recurrence prevention measures.

2. Enhance training and education to foster compliance awareness.

(1) Establish a continuous education system for operations.

In June 2025, we conducted compliance training for all employees, including management, covering home-visit nursing and home-visit care regulations and ethical standards. As of November 7, 2025, 100% of the target participants have completed the training. Regarding the frequency of training participation, while previously it was only conducted upon joining the company, we now plan to require all employees to participate twice annually.

(2) Develop and revise manuals on home nursing, and strengthen the management system.

In January 2025, we began removing expressions from all home-visit nursing manuals that could potentially cause misunderstandings, while also conducting a thorough review and revision of the content. Furthermore, in April 2025, we strengthened the manual access system across all facilities. To ensure only the latest version of the manual is accessible at all times, we completed the deployment of training PCs or tablets available for employee use in every facility. We are also enhancing our information management system by assigning serial numbers to the manuals deployed at each facility.

(3) Stricter disciplinary measures against misconduct and other related issues, and the implementation of such measures.

Effective April 1, 2025, we have revised our work rules to add “acts leading to fraudulent insurance claims” as grounds for disciplinary action. Should such grounds arise, we will implement strict measures. To date, no disciplinary actions have been taken based on “acts leading to fraudulent insurance claims.”

3. Changes to the personnel evaluation system, including the elimination of the facility unit price target as a criterion for personnel evaluation.

Effective for the fiscal year ending March 2025 and beyond, the facility unit price metric—which had been criticized for prescribing metrics such as visit counts—has been immediately abolished. The personnel evaluation system has been revised to incorporate the measures outlined in the recurrence prevention plan: “Adding customer satisfaction and employee satisfaction metrics, previously only evaluated for facility managers and above, to the evaluation criteria for supervisors and assistant supervisors,” and “Adding compliance adherence as an evaluation criterion for all employees.” The first half of the fiscal year ending March 2026 served as a period for preparing the revisions and internal communication. Implementation began in the second half.

4. Reexamination of the content of home nursing care during nighttime hours.

Regarding home visit nursing plans during bedtime hours, we formulate them by considering the wishes of each resident and their family, the physician's opinion, and feedback from on-site nurses, ensuring they are not based on uniform standards. Furthermore, to verify whether the planned nursing content is appropriate and whether short-duration visits have become routine, we have established a rule requiring regular conferences involving multiple nurses. This allows us to confirm operational status and make necessary plan adjustments as required.

5. Ensure that there is sufficient staffing to respond to nurse calls.

Starting April 2025, we have increased staffing across all facilities specifically for responding to nurse call systems. This ensures a staffing level capable of providing 24-hour care services, including nurse call

response, as part of our facility services. Furthermore, we plan to expand staffing as needed in the future, based on the residents' conditions.

We sincerely apologize for the significant inconvenience and concern caused to our shareholders, investors, and all other stakeholders. We are committed to working diligently to restore trust and prevent recurrence, and we kindly ask for your continued understanding.

End

Note: This document has been translated from the original document in Japanese. In the event of any discrepancy between this English translation and the original document in Japanese, the original document in Japanese shall prevail.