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August.14.2024

Non-consolidated Financial Results for the Six Months Ended December 31,2024 (Under Japanese GAAP)

Company name: eWeLL Co., Ltd.
Listing: Tokyo Stock Exchange Securities code: 5038
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Scheduled date to file quarterly securities report: August.14.2024
Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes

(Amounts rounded down to the nearest Million yen)

1. Non-consolidated financial results for the Six Months Ended December 31,2024 (from January 1,2024 to June 30,2024)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary income		Net Income	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30,2024	1,205	24.2	528	17.4	529	17.2	365	26.3
June 30,2023	970	31.2	449	33.4	451	34.7	289	25.6

	Net Income per share	Diluted Net Income per share
Six months ended	Yen	Yen
June 30,2024	24.44	24.03
June 30,2023	20.79	19.05

(Note) The Company conducted a 2-for-1 share split of common stock on January 1, 2024. Accordingly, net income per share and diluted net income per share are calculated on the assumption that the said share split was conducted at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Net assets	Equity capital ratio
As of	Million yen	Million yen	%
June 30,2024	2,567	1,952	76.0
December 31,2023	2,380	1,690	71.0

Reference: Shareholders' share
Six-month period ended June 30, 2024, ¥1,952 million
Fiscal year ended December 31,2023, ¥1,690 million

(3) Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31,2023	-	0.00	-	20.00	20.00

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ending December 31,2024	-	0.00			
Fiscal year ending December 31,2024 (Forecast)			-	11.00	11.00

Note: (1) Revisions to the forecast of cash dividends most recently announced: None

(2) On January 1, 2024, the Company conducted a 2-for-1 share split of its common stock. The "Number of issued shares at the end of the period," "Number of treasury shares at the end of the period," and "Average number of shares during the period" are calculated on the assumption that the said share split was conducted at the beginning of the previous fiscal year.

3. Earnings Forecasts for the Fiscal Year Ending December 31,2024 (from January 1,2024 to December 31,2024)

	Net sales		Operating profit		Ordinary profit		Net Income		Earnings Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	2,560	23.7	1,111	22.3	1,112	22.1	749	22.3	52.66

Note: Revisions to earnings forecast most recently announced: None

***Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of Six months ended December 31,2024	14,995,867 shares
As of fiscal year ended December 31,2023	14,961,792 shares

(ii) Number of treasury shares at the end of the period

As of June 30,2024	166 shares
As of December 31,2023	166 shares

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

Six months ended December 31,2024	14,973,694 shares
Six months ended December 31,2023	13,935,692 shares

Note: On January 1, 2024, the Company conducted a 2-for-1 share split of its common stock. The "Number of issued shares at the end of the period," "Number of treasury shares at the end of the period," and "Average number of shares during the period" are calculated on the assumption that the said share split was conducted at the beginning of the previous fiscal year.

* The financial statements for the second quarter (quarterly period) end are not subject to review by certified public accountants or auditing firms.

* Proper use of earnings forecasts, and other special matters

(Cautionary Statement Concerning Forward-Looking Statements)
This document contains forward-looking statements based on current information and reasonable assumptions.
These statements are based on current information and reasonable assumptions, but they don't guarantee that they will be achieved. Actual results may differ due to numerous factors.

(How to obtain the contents of the quarterly financial results briefing and supplementary materials)
The Company plans to hold a quarterly financial result briefing for investors on August 14, 2024.
Presentation materials for the second quarter (quarterly) fiscal year end are disclosed on TDnet on the same day.
English materials are disclosed on our website. (https://ewell.co.jp/ir/ir-news/)

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Qualitative Information on Quarterly Financial Results

(1) Explanation of results of operations

During the current quarterly accounting period (from January 1, 2024 to June 30, 2024), the Japanese economy continued to show a moderate recovery trend, with an increase in inbound consumption, as social and economic activities were revitalized and the employment and income environment improved However, the outlook remained uncertain due to the protracted conflict in Ukraine, the situation surrounding the Middle East region, the trend of the next US presidential election, and high raw materials and energy prices

In the home health care industry where our clients operate, the government is promoting the establishment of Community-based integrated care systems by 2025, when the baby boomer generation will be 75 years old or older. The start of "online billing of home-visit nursing receipts (for medical insurance claims)" and "online confirmation of eligibility for home-visit nursing" from June 2024 will promote medical DX in this industry, and the revision of Medical Fee and Nursing-care fee in 2024 will also result in a positive revision of "home-visit nursing" fee, creating a favorable environment due to the national policy.

Under these circumstances, the Company responded to the revision of Medical Fee and Nursing-care fee in FY2024 and developed new services utilizing generated AI.

As a result, the Company's operating results for the current quarterly accounting period were as follows: net sales amounted to 1,205,706 thousand yen (up 24.2% YoY), operating profit amounted to 528,353 thousand yen (up 17.4% YoY), ordinary profit amounted to 529,174 thousand yen (up 17.2% YoY), and quarterly net income amounted to 365,885 thousand yen (up 26.3% YoY)

Since the Company operates in a single segment of the business of providing services to home-visit nursing stations, segment information has been omitted Net sales by service category is as follows.

(Unit: thousand yen)

Net sales								Operating profit
Fiscal year	Cloud			BPO		Other	Total	
	iBow	iBow	Other	iBow BPO	Other			
FY12/2024 1H	945,639	97,214	32,274	115,140	540	14,897	1,205,706	528,353

(2) Explanation of financial condition

（Assets）

Current assets at the end of the current quarterly accounting period totaled 2,018,075 thousand yen, an increase of 161,306 thousand yen from the end of the previous fiscal year.

This was due to a 105,985 thousand yen increase in Cash and deposits due to an increase in net income, etc., and a 38,157 thousand yen increase in Accounts receivable due to an increase in net sales.

Non-current assets totaled 549,263 thousand yen, an increase of 25,302 thousand yen from the end of the previous fiscal year. This was mainly due to a 12,835 thousand yen decrease in Property, plant and equipment due to depreciation, a 15,142 thousand yen increase in Intangible assets due to an increase in software with the addition of cloud service functions, and a 22,995 thousand yen increase in Investments and other assets due to the issuance of new shares as restricted stock compensation.

As a result, total Assets amounted to 2,567,338 thousand yen, an increase of 186,609 thousand yen from the end of the previous fiscal year.

（Liabilities）

Current liabilities at the end of the current quarterly accounting period totaled 513,008 thousand yen, a decrease of 75,629 thousand yen from the end of the previous fiscal year This was mainly due to a decrease of 46,766 thousand yen in Income taxes payable and a decrease of 42,793 thousand yen in "Other" current liabilities Non-current liabilities totaled 102,220 thousand yen, an increase of 168 thousand yen from the end of the previous fiscal year.

As a result, total liabilities amounted to 615,229 thousand yen, decrease 75,460 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the current quarterly accounting period totaled 1,952,109 thousand yen, an increase of 262,069 thousand yen from the end of the previous fiscal year This was mainly due to an increase of 22,901 thousand yen in capital stock and 22,899 thousand yen in capital surplus resulting from the issuance of new shares and exercise of share acquisition rights as restricted stock compensation, as well as an increase of 365,885 thousand yen in retained earnings resulting from the posting of quarterly net income and a decrease of 149,616 thousand yen in retained earnings resulting from dividend payments.

As a result, the equity capital ratio rose to 76.0% from 71.0% at the end of the previous fiscal year.

(3) Explanation of cash flows

Cash and cash equivalents (hereinafter referred to as "*cash*") during the period under review totaled 1,518,893 thousand yen, an increase of 105,985 thousand yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 298,267 thousand yen (same period of the previous year provided 203,217-thousand-yen). This was mainly due to an increase in funds such as 529,174 thousand yen in income before income taxes and minority interests due to strong business performance, while there were decreases in funds such as 38,157 thousand yen in increase in accounts receivable, 65,982 thousand yen in decrease in Accounts payable, and 212,564 thousand yen in payment or refund of income taxes, etc.

(Cash Flows from Investing Activities)

Cash used in investing activities amounted to 41,380 thousand yen (same period of the previous year used 47,604-thousand-yen). This was due to expenditures of 12,280 thousand yen for the acquisition of property, plant, and equipment and 29,100 thousand yen for the acquisition of intangible assets due to the addition of cloud service functions, etc. - the latter being the main cause of the decrease in net cash used in investing activities.

(Cash flows from financing activities)

Cash used in financing activities amounted to 150,901 thousand yen (same period of the previous year used 105,895-thousand-yen). This was due to dividend payments of 149,616 thousand yen and repayment of Long-term borrowings of 1,500 thousand yen.

(4) Explanation of earnings forecasts and other forward-looking information

There is no change to the full year forecast for the fiscal year ending December 31, 2024, which was announced in the "Summary of Financial Results for the Fiscal Year Ended December 31, 2023" on February 13, 2024.

(Note) "Summary of Financial Results for the Fiscal Year Ended December 31, 2023" is not translated.

Quarterly financial statements and major notes

(1) Quarterly Balance sheet

(Unit: thousand yen)

	Previous fiscal year December 31, 2023	Second quarter under review June 30, 2024
Assets		
Current assets		
Cash and deposits	1,412,907	1,518,893
Accounts receivable - trade	416,178	454,336
Other	28,594	46,550
Allowance for doubtful accounts	(911)	(1,703)
Total Current assets	1,856,768	2,018,075
Non-current assets		
Non-current assets, plant, and equipment		
Buildings, net	236,426	228,997
Other, net	45,039	39,632
Total Non-current assets	281,465	268,629
Intangible assets	106,115	121,258
Investments and other assets		
Other	137,829	161,996
Allowance for doubtful accounts	(1,449)	(2,621)
Total Investments and other assets	136,379	159,375
Total Non-current assets	523,961	549,263
Total Assets	2,380,729	2,567,338
Liabilities		
Current liabilities		
Accounts payable - trade	23,577	39,008
Current portion of long-term borrowings	91,500	90,000
Income taxes payable	224,700	177,934
Other	248,858	206,064
Total Current liabilities	588,637	513,008
Non-current liabilities		
Asset retirement obligations	102,052	102,220
Total Non-current liabilities	102,052	102,220
Total Liabilities	690,689	615,229
Net assets		
Shareholders' equity		
Share capital	366,777	389,678
Share capital surplus	358,380	381,279
Retained earnings	965,292	1,181,561
Treasury shares	(410)	(410)
Total shareholders' equity	1,690,039	1,952,109
Total Net assets	1,690,039	1,952,109
Total Liabilities and net assets	2,380,729	2,567,338

(2) Quarterly profit and loss statement

(Unit: thousand yen)

	Six-month period in the previous fiscal year (From January 1, 2023, to June 30, 2023)	Six-month period under review (From January 1, 2024 to June 30, 2024)
Net sales	970,735	1,205,706
Cost of sales	206,315	283,537
Gross profit	764,419	922,168
Selling, general and administrative expenses	314,529	393,814
Operating profit	449,889	528,353
Non-operating income		
Interest income	5	5
Commission income	3,027	2,594
Other	291	-
Total non-operating income	3,323	2,599
Non-operating expenses		
Interest expenses	1,575	1,688
Other	207	90
Total non-operating expenses	1,782	1,779
Ordinary income	451,430	529,174
Extraordinary losses		
Loss on sale and retirement of Non-current assets	2,348	-
Total Extraordinary losses	2,348	-
Net income before taxation	449,081	529,174
Income taxes - current	137,134	164,131
Income taxes - deferred	22,232	(842)
Total Income taxes	159,367	163,288
Net income	289,714	365,885

(3) Quarterly Cash Flow Statement

(Unit: thousand yen)

	Six-month period in the previous fiscal year (From January 1, 2023, to June 30, 2023)	Six-month period under review (From January 1, 2024 to June 30, 2024)
Cash flows from operating activities		
Income before income taxes	449,081	529,174
Depreciation and amortization	29,537	36,570
Share-based payment expenses	1,523	8,466
Increase (decrease) in allowance for doubtful accounts	247	1,964
Increase (decrease) in provision for bonuses	(1,309)	—
Increase (decrease) in provision for bonuses for directors (and other officers)	(60,000)	—
Interest income	(5)	(5)
Interest expenses	1,575	1,688
Decrease (increase) in trade receivables	(47,028)	(38,157)
Loss (gain) on sale and retirement of Non-current assets	2,348	—
Decrease (increase) in other assets	1,030	(4,161)
Increase (decrease) in trade payables	6,843	15,430
Increase (decrease) in accounts payable - other	11,734	(65,982)
Increase (decrease) in accrued expenses	(5,956)	(4,211)
Increase (decrease) in accrued consumption taxes	(42,146)	6,107
Increase (decrease) in contract liabilities	(7,176)	18,909
Increase (decrease) in other liabilities	13,251	6,564
Subtotal	353,550	512,356
Interest and dividends income received	5	5
Interest expenses paid	(1,825)	(1,530)
Income taxes paid or refund (paid)	(148,512)	(212,564)
Cash flows from operating activities	203,217	298,267
Cash flows from investing activities		
Purchase of Non-current assets Property, plant, and equipment	(33,830)	(12,280)
Purchase of Non-current assets	(11,705)	(29,100)
Payments of leasehold deposits	(2,354)	—
Other net sales/payments	284	—
Cash flows from investing activities	(47,604)	(41,380)
Cash flows from financing activities		
Repayments of long-term borrowings	(2,660)	(1,500)
Purchase of treasury shares	(410)	—
Dividends paid	(104,394)	(149,616)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,569	215
Cash flows from financing activities	(105,895)	(150,901)
Net increase (decrease) in cash and cash equivalents	49,717	105,985
Cash and cash equivalents at beginning of period	1,075,210	1,412,907
Cash and cash equivalents at end of period	1,124,928	1,518,893

(4) Notes to quarterly financial statements

(Notes on going concern assumption)

Not applicable

(Notes in case of significant changes in shareholders' equity)

Share capital and Capital surplus increased by 22,792 thousand yen and 22,792 thousand yen, respectively, due to the Issuance of new shares as restricted stock compensation with a payment date of May 24, 2024 (31,945 shares). Exercise of share acquisition rights increased capital stock by 108 thousand yen and capital surplus by 106 thousand yen.

(Notes to quarterly profit and loss statement)

The major items and amounts of selling, general and administrative expenses are as follows.

(Unit: thousand yen)

	Six-month period in the previous fiscal year (From January 1, 2023, to June 30, 2023)	Six-month period under review (From January 1, 2024 to June 30, 2024)
Salary and Bonuses	56,389	87,543
Provision for bonuses	18,070	—
Allowance for doubtful accounts	253	1,964
Depreciation and amortization	18,125	23,548

(Notes to the quarterly cash flow statement)

* Reconciliation of cash and cash equivalents at the end of the quarterly period to the amounts reported in the quarterly balance sheet is as follows

(Unit: thousand yen)

	Six-month period in the previous fiscal year (From January 1, 2023, to June 30, 2023)	Six-month period under review (From January 1, 2024 to June 30, 2024)
Cash and deposits	1,124,928	1,518,893
Time deposits with a deposit term exceeding three months	—	—
Cash and cash equivalents	1,124,928	1,518,893

(Notes to segment information)

(Segment information)

(i) Previous quarterly accounting period (From 1 January to 30 June 2023)

This information is omitted as the Company has only one segment, providing services to home-visit nursing stations.

(ii) Current quarterly accounting period (From 1 January to 30 June 2024)

This information is omitted as the Company has only one segment, providing services to home-visit nursing stations.