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November 14, 2024

Non-consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: eWeLL Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 5038
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes (for institutional and individual investors)

(Amounts rounded down to the nearest million yen)

1. Non-consolidated financial results for the Nine Months Ended September 30, 2024 (from January 1, 2024, to September 30, 2024)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended September 30, 2024	1,860	24.1	823	16.2	825	16.2	579	21.9
September 30, 2023	1,499	29.5	708	29.8	710	34.1	474	30.3

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended September 30, 2024	38.66	38.03
September 30, 2023	33.79	31.21

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

(2) Financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
As of September 30, 2024	2,609	2,165	83.0
As of December 31, 2023	2,380	1,690	71.0

Reference: Shareholders' share
As of September 30, 2024 ¥2,165 million
As of December 31, 2023 ¥1,690 million

2. 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
Fiscal year ending December 31, 2024	-	0.00	-		
Fiscal year ending December 31, 2024 (forecast)				11.00	11.00

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

1. On January 1, 2024, the Company conducted a 2-for-1 share split of its common stock. For the fiscal year ended December 31, 2023, the actual dividend amount before the said stock split is shown. For the fiscal year ending December 31, 2024 (forecast), the projected dividend amount after the split is shown.

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net Income		Net Income 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 September 30, 2024	15,001,417
As of December 31, 2023	14,961,792

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

As of September 30, 2024	194
As of December 31, 2023	166

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

Nine months ended September 30, 2024	14,981,644 shares
Nine months ended September 30, 2023	14,059,170 shares

(Note) The Company conducted a 2-for-1 share split of common stock on January 1, 2024. Accordingly, 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.

* Review of the accompanying quarterly financial statements by a certified public accountant or auditing firm: None

* Proper use of earnings forecasts, and other special matters

(Cautionary Statement Concerning Forward-Looking Statements)

This document contains forward-looking statements based on information currently available to the Company and certain assumptions that the Company considers reasonable, however the Company does not 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 institutional and individual investors on November 14, 2024.

Presentation materials for the third quarter financial results 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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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of results of operations

During the current accounting period under review (from January 1, 2024, to September 30, 2024), the Japanese economy continued to show a moderate recovery trend, with a sign of recovery of capital investment, as social and economic activities were revitalized and the employment and income environment improved. However, the outlook remains uncertain, as the recovery of personal consumption has stalled due to continued price hikes.

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 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 fees and nursing-care fees in 2024 will also result in a positive revision of the “home-visit nursing” fee, creating a favorable environment due to the national policy. Under these circumstances, the Company responded to the revision of medical fees and nursing-care fees in FY2024 and developed new services utilizing generative AI.

As a result, the Company’s operating results for the current cumulative accounting period under review were as follows: net sales amounted to 1,860,234 thousand yen (up 24.1% YoY), operating profit came to 823,431 thousand yen (up 16.2% YoY), ordinary profit was 825,392 thousand yen (up 16.2% YoY), and quarterly net income posted 579,256 thousand yen (up 21.9% YoY) due to stable acquisition of new clients in our main service, iBow.

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 are as follows.

(Thousand yen)

Net sales								Operating profit
Fiscal year	Cloud			BPO		Other Services	Total	
	iBow	iBow receipt	Other	iBow BPO	Other			
Nine months ended September 30, 2024	1,456,127	152,512	41,985	186,946	620	22,043	1,860,234	823,431

(2) Explanation of financial condition

(Assets)

Current assets at the end of the third quarter of the accounting period under review totaled 2,064,899 thousand yen, an increase of 208,130 thousand yen from the end of the previous fiscal year. This was due to a 143,654 thousand yen increase in cash and deposits due to an increase in net income, etc., a 45,924 thousand yen increase in accounts receivable - trade due to an increase in net sales, and a 19,164 thousand yen increase in other current assets. Non-current assets came to 544,153 thousand yen, an increase of 20,192 thousand yen from the end of the previous fiscal year. This was mainly due to a 20,333 thousand yen decrease in Property, plant and equipment due to depreciation, a 24,547 thousand yen increase in intangible assets due to investments in software with the addition of iBow functions, and a 18,480 thousand yen increase in other investments and other assets due to the issuance of new shares as restricted stock compensation.

As a result, total assets amounted to 2,609,052 thousand yen, an increase of 228,323 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the current accounting period under review totaled 340,753 thousand yen, a decrease of 247,884 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 121,325 thousand yen in Income taxes payable and a decrease of 91,500 thousand yen in Current portion of long-term borrowings. Non-current liabilities totaled 102,305 thousand yen, an increase of 252 thousand yen from the end of the previous fiscal year.

As a result, total liabilities amounted to 443,058 thousand yen, a decrease of 247,631 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the third quarter of the current accounting period under review totaled 2,165,994 thousand yen, an increase of 475,954 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 23,184 thousand yen in share capital and 23,176 thousand yen in share 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 579,256 thousand yen in retained earnings resulting from the posting of quarterly net income and a decrease of 149,616 thousand yen resulting from dividend payments.

As a result, the equity capital ratio rose to 83.0% from 71.0% at the end of the previous fiscal year.

(3) 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.

2. Quarterly financial statements and major notes

(1) Quarterly balance sheet

(Thousand yen)

	As of Previous fiscal year (December 31, 2023)	As of the end of the Third quarter under review (September 30, 2024)
Assets		
Current assets		
Cash and deposits	1,412,907	1,556,561
Accounts receivable - trade	416,178	462,103
Other	28,594	47,758
Allowance for doubtful accounts	(911)	(1,524)
Total Current assets	1,856,768	2,064,899
Non-current assets		
Property, plant, and equipment		
Buildings, net	236,426	221,901
Other, net	45,039	39,230
Total Non-current assets	281,465	261,131
Intangible assets	106,115	130,663
Investments and other assets		
Other	137,829	156,309
Allowance for doubtful accounts	(1,449)	(3,950)
Total Investments and other assets	136,379	152,358
Total Non-current assets	523,961	544,153
Total Assets	2,380,729	2,609,052
Liabilities		
Current liabilities		
Accounts payable - trade	23,577	30,687
Current portion of long-term borrowings	91,500	-
Income taxes payable	224,700	103,375
Provision for bonuses	-	26,486
Other	248,858	180,202
Total Current liabilities	588,637	340,753
Non-current liabilities		
Asset retirement obligations	102,052	102,305
Total Non-current liabilities	102,052	102,305
Total Liabilities	690,689	443,058
Net assets		
Shareholders' equity		
Share capital	366,777	389,961
Share capital surplus	358,380	381,556
Retained earnings	965,292	1,394,932
Treasury shares	(410)	(456)
Total shareholders' equity	1,690,039	2,165,994
Total Net assets	1,690,039	2,165,994
Total Liabilities and net assets	2,380,729	2,609,052

(2) Quarterly profit and loss statement

(Nine months ended September 30, 2024)

(Thousand yen)

	Previous nine-month accounting period (from January 1, 2023, to September 30, 2023)	Current nine-month accounting period (from January 1, 2024, to September 30, 2024)
Net sales	1,499,068	1,860,234
Cost of sales	312,148	425,941
Gross profit	1,186,920	1,434,292
Selling, general and administrative expenses	478,028	610,861
Operating profit	708,891	823,431
Non-operating income		
Interest income	10	158
Commission income	4,149	4,098
Other	291	-
Total non-operating income	4,451	4,257
Non-operating expenses		
Interest expenses	2,413	2,248
Other	337	47
Total non-operating expenses	2,751	2,296
Ordinary profit	710,591	825,392
Extraordinary losses		
Loss on sale and retirement of Non-current assets	2,348	-
Total extraordinary loss	2,348	-
Net Income before income taxes	708,242	825,392
Income taxes - current	208,517	246,994
Income taxes - deferred	24,730	(857)
Total Income taxes	233,247	246,136
Net Income	474,995	579,256

(3) Notes to quarterly financial statements

(Notes on going concern assumption)

Not applicable

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

Share capital and share 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 share capital by 391 thousand yen and share capital surplus by 384 thousand yen.

As a result, share capital and share capital surplus amounted to 389,961 thousand yen and 381,556 thousand yen, respectively, at the end of the third quarter of the current fiscal year.

(Notes to the quarterly cash flow statement)

Quarterly statement of cash flows for the nine months ended September 30, 2024, was not prepared. Depreciation and amortization (including amortization related to intangible assets) for the nine months ended September 30, 2024, is as follows.

	Previous nine-month accounting period (from January 1, 2023, to September 30, 2023)	Current nine-month accounting period (from January 1, 2024, to September 30, 2024)
Depreciation and amortization	44,753 thousand yen	57,219 thousand yen

(Notes to segment information)

(Segment information)

I Previous nine-month accounting period (from January 1, 2023, to September 30, 2023)

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

II Current nine-month accounting period (from January 1, 2024, to September 30, 2024)

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