



3Q of the Fiscal Year Ending December 31, 2024 Financial Results

eWeLL Co., Ltd. (TSE Growth Market: 5038)

November 14, 2024

AI Home-visit Nursing Report off to a strong start. Already provided to 70% Home-visit nursing stations.

◆ AI Home-visit Nursing Report released in October. Preliminary-use period established to promote utilization.

AI Home-visit Nursing Report will be available from October 2024. **The service is being promoted without charge** until January 2025 **as a period of prior use and paid user registration.**

Reduced the average monthly writing time **from 7 hours to 1.4 hours.** Contributed to increased productivity at Home-visit Nursing Stations.

◆ 3Q Sales, operating profit and KPI progressing well as we look to the end of the period

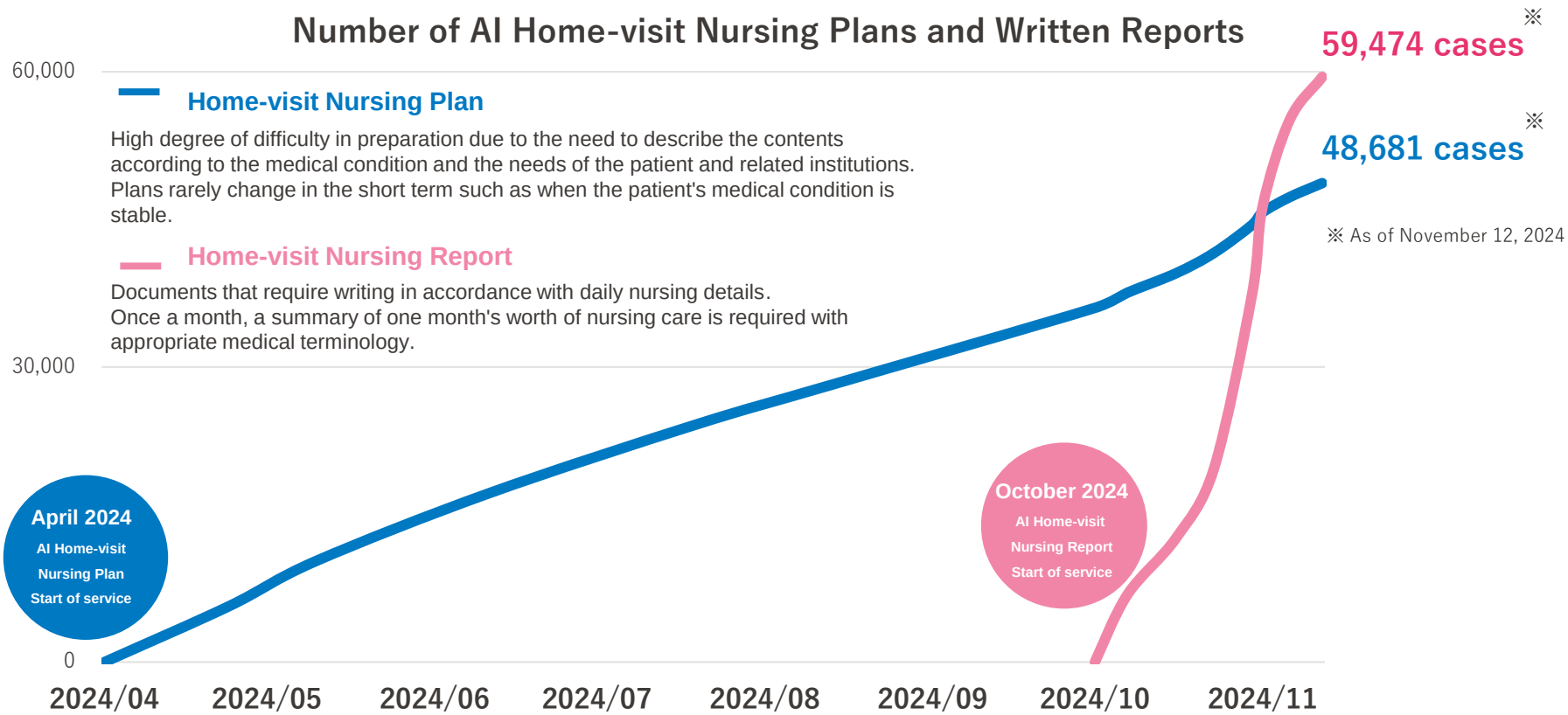
Net sales: **1,860 million yen (72.6% of plan)**, Operating profit ratio: **823 million yen (74.1% of plan)**
Record-high number of contracted stations (**2,891** stations) and average sales per customer (**79.3** thousand yen)

BPO service sales increased 33.0% YoY. Internal system reviews and employee training have been effective. Measures ranging from customer acquisition to measures to increase customer satisfaction are functioning.



The AI Home-visit Nursing Plan was released in April. As a result, awareness of the ability to utilize generative AI in "iBow" spread, leading to rapid use of the new service. Consequently, 4% of our total contracts have already been billed contracts

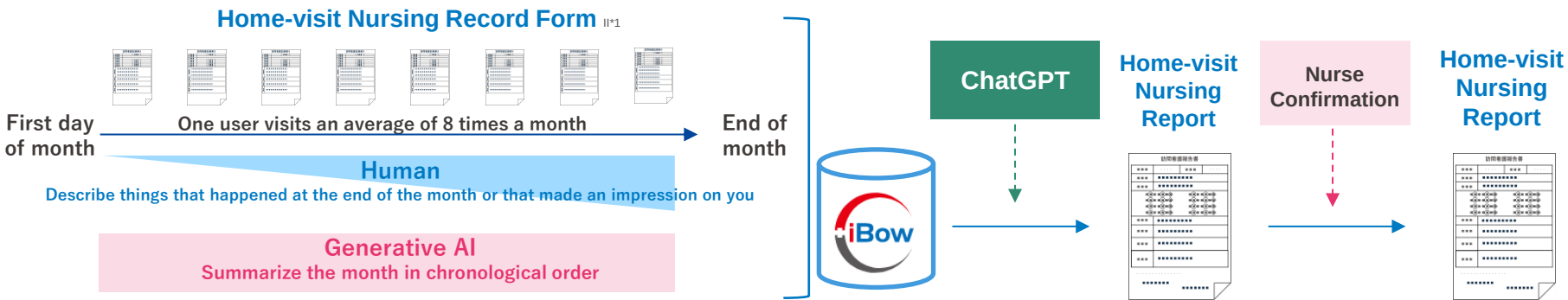
Number of AI Home-visit Nursing Plans and Written Reports



Period of increased awareness of generative AI services

Full utilization period

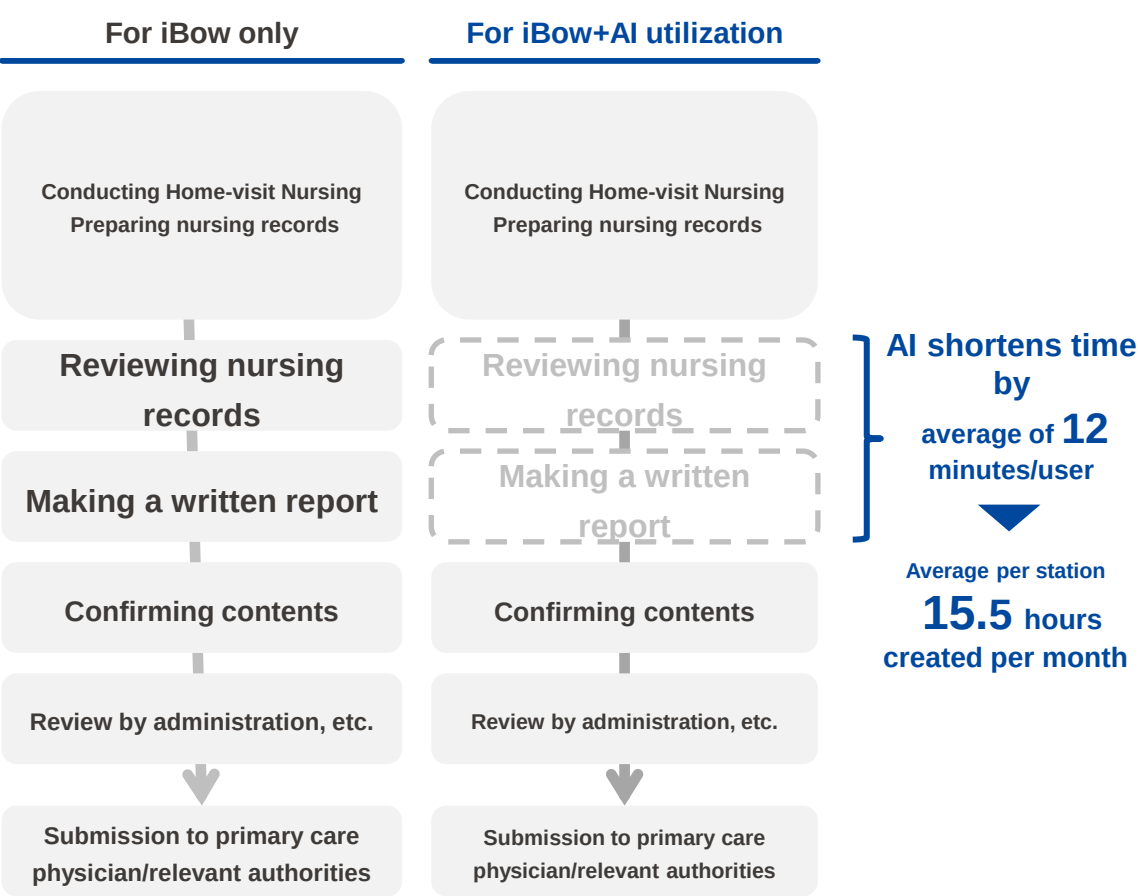
The AI Home-visit Nursing Written Report is a product unique to eWeLL, which has been working to improve the accuracy of generative AI by utilizing data accumulated in iBow and to build a system that makes it possible to create high-quality nursing records.



*1 Home-visit Nursing Record II: A nursing record that describes the specific nursing care provided and the patient's condition, including the patient's medical condition, vital signs, and the details of the nursing care provided.
*2 Home-visit Nursing Written Report: A document that describes the date of visit, medical condition, changes in condition, and details of care based on the primary care physician's instructions; it must be submitted to the primary care physician once a month.

Overview and Background	The Company has been researching AI (then IBM Watson) since 2017; providing AI-based services since 2018. Generative AI appeared in 2022. Quickly begin validation and release of AI Home-visit Nursing Plan in April 2024. Automatically creates Home-visit Nursing Reports with a single click. Significantly reduces document creation time. Provides an environment in which nurses can focus on the assessment they are supposed to perform. Accelerating DX and operational efficiency in home healthcare.
Placement	Generative AI function added to "iBow" is an add-on function that automates the creation of written reports
Release	Released in October 2024
Fee rate structure	Number of visits × 20 yen (AI Home-visit Nursing Plan and AI Home-visit Nursing Report are set)

Home-visit Nursing Reports are a service that takes advantage of the features of generative AI, where iBow can generate reports for an **average of 15.5 hours per month** even for places of business that utilize iBow to efficiently generate written reports.



Key Points of AI

State objective facts in chronological order

Prepare an objective written report with a chronological order based on one month's worth of nursing records.

Choosing the right medical terminology

Use publicly available data and data stored in iBow as training data for generative AI. Generate written reports with appropriate medical terminology.

Prepare a written report using the form provided as a reference.

If the written report has a specific format, the report is prepared based on the previous month's written report.

The time required to prepare nursing reports is based on our own research. According to the Ministry of Health, Labour and Welfare's FY2023 survey of elderly care service facilities and places of business, there were 1,111,824 users of Home-visit Nursing nationwide. The number of home-visit nursing stations in operation nationwide is 15,697, according to the results of the FY2023 survey of home-visit nursing stations conducted by the Japan Association of Home-Visit Nursing Services.

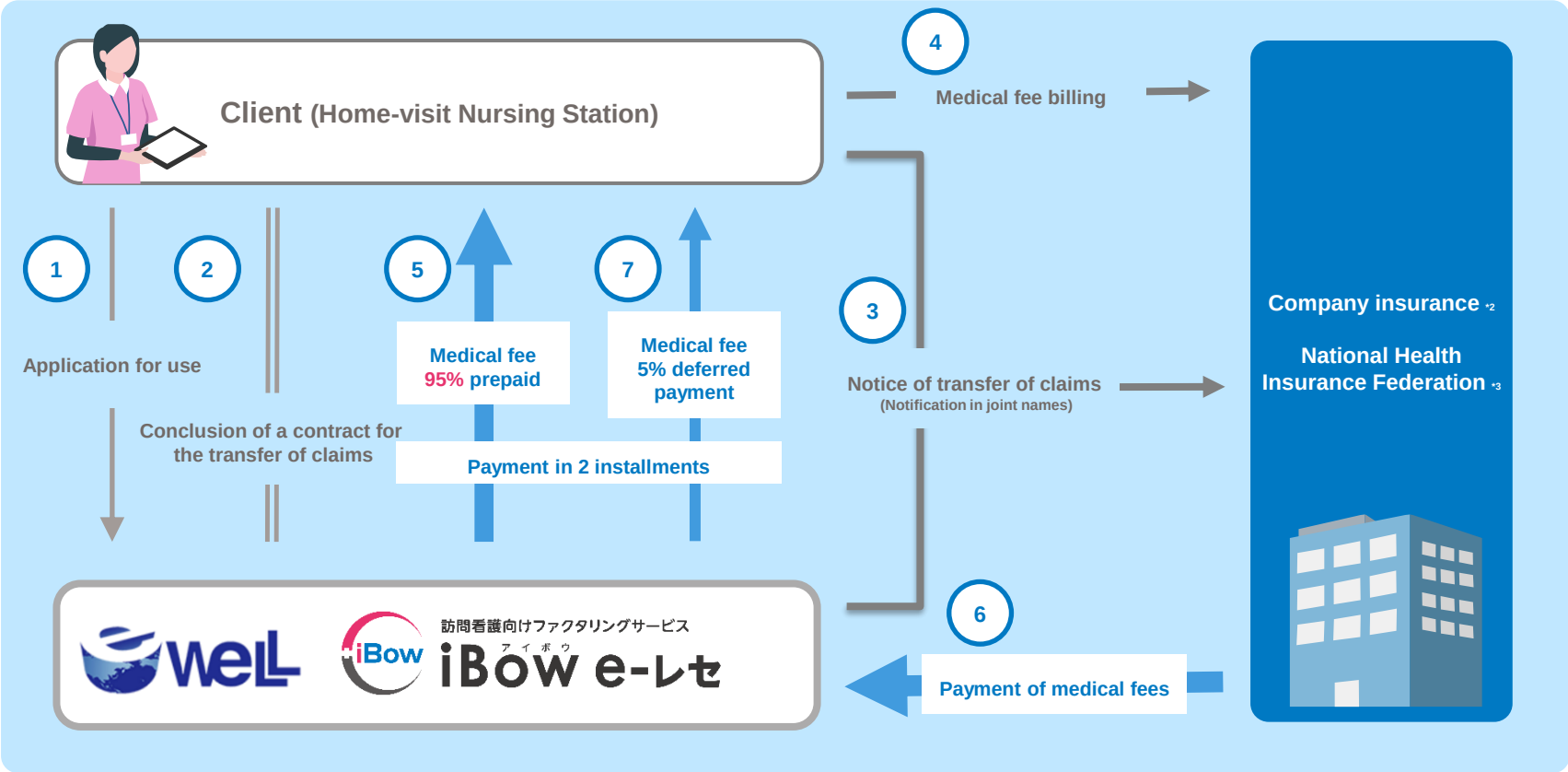
$1,111,824 \text{ persons} \div 15,697 \text{ stations} = 70.8 \text{ persons per station on average.}$
 $12 \text{ minutes} \times 70.8 \text{ persons} = 15.5 \text{ hours}$



Launched “e- Rece,” a factoring service exclusively for Home-visit Nursing Stations.

For the time being, it is a service for BPO service users with a low return rate of medical prescriptions.

Industry's highest level of premium (95%), commission rate (0.5%), and maintenance cost (0 yen/month) ^{*1}

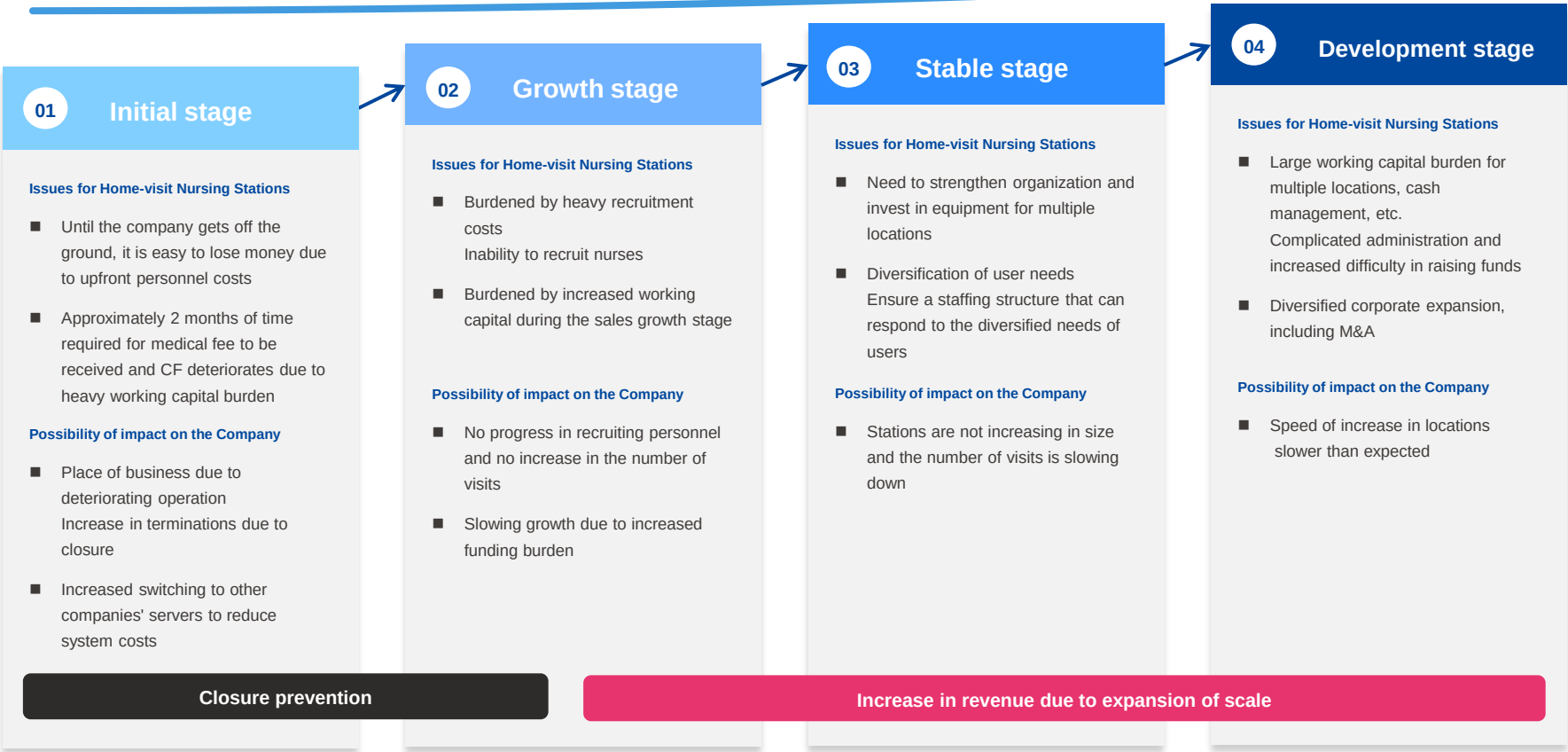


^{*1} 0% commission rate for BPO service users ^{*2} Social Insurance Claims Review & Reimbursement services ^{*3} National Health Insurance Organization

Home-visit Nursing Stations need funding for phases of growth.

Funding will support the growth of the station and increase the number of visits. It also will lead to sales for the Company.

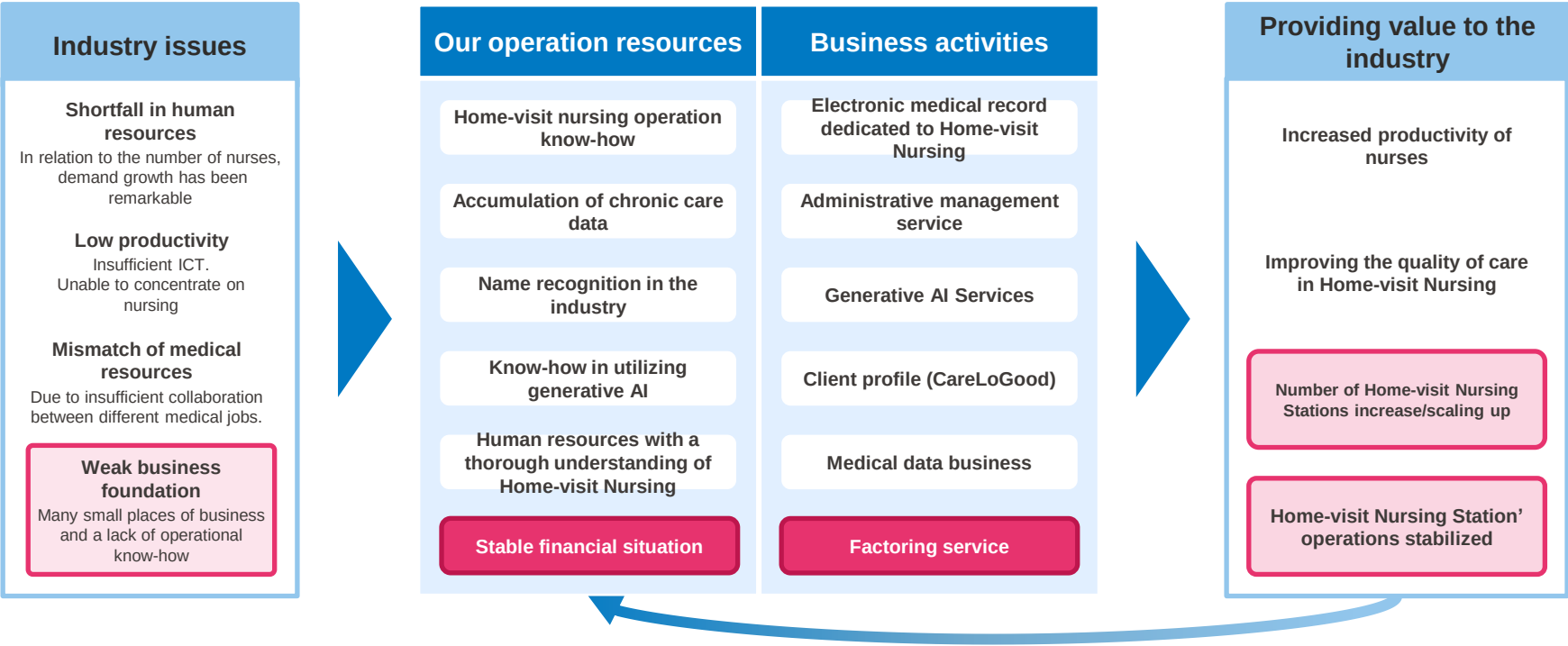
Increase in the number of visits with the growth of stations = increase in our sales



Services aimed at further revitalizing the Home-visit Nursing market as a whole.

The results obtained through the DX Support Project for Home-visit Nursing will be returned to Home-visit Nursing Stations in the form of a return of retained earnings.

Virtuous Circle Model Leading to the Development of Home Healthcare



Accelerate service improvements and function additions, and envision full-scale expansion throughout Japan.

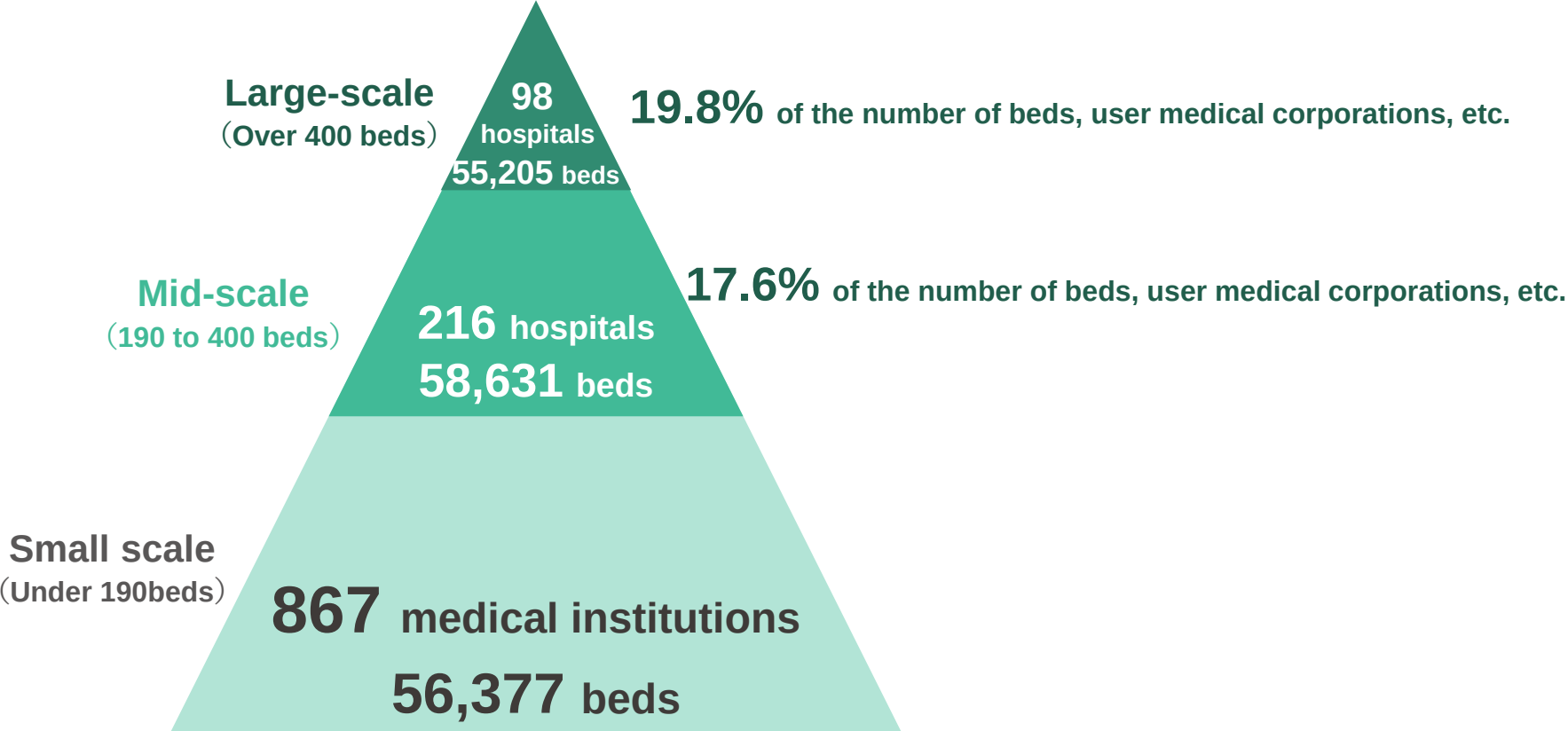


2026

The Company intends to promote the introduction of the system to hospitals, focusing on the parent organizations and close contacts of Home-visit Nursing Stations, which are the Company's customers.

In the focus areas (Osaka and Hyogo), many user medical corporations and organizations are encouraging the introduction of the system for medium-sized and larger hospitals.

Pyramid of the number of medical institution beds in Osaka and Hyogo prefectures



*Number of sickbeds Source: Japan Medical Association Regional Medical Information Website (<http://jmap.jp/>)
Definition of the number of our hospital beds Large-scale: 400 beds, which is one of the requirements for a hospital with specific functions.
Mid-scale: We defined medium-scale hospitals as those with 200 beds that meet the requirements for community hospitals and those with 190 or more beds that have slightly less than 200 beds but are considered to be core hospitals in the community.

FY12/2024 3Q Financial Results

1 FY12/2024 3Q Financial Summary

2 Progress Against Forecasts

3 Net Sales Results by Service

4 KPI

5 Analysis of Operating profit

6 Gross Profit Results by Service

7 Number of Employees

8 Balance Sheet Summary

9 Reference Data



Net sales and operating profit both remained steady. Operating profit ratio was 44.3%, down 3.0 pt YoY.

The profit margin tends to decline during the 4Q period. Even taking this into account, the full-year target of 43.4% is still attainable.

Million yen	FY12/2023 3Q Results	FY12/2024 3Q Results	Compared with FY12/2023	YoY
Net sales	1,499	1,860	+361	+24.1%
Cloud	1,341	1,650	+309	+23.1%
BPO	144	187	+43	+29.9
Other	13	22	+8	+65.3%
Operating profit	708	823	+114	+16.2%
Operating profit ratio	47.3%	44.3%	-3.0pt	-

Operating profit ratio (plan) for the fiscal year ending March 31, 2013, is 43.4%, and we believe that we have a high probability of achieving this ratio, even taking into consideration the fact that expenses tend to be higher in the 4Q, when the profit ratio tends to decline.

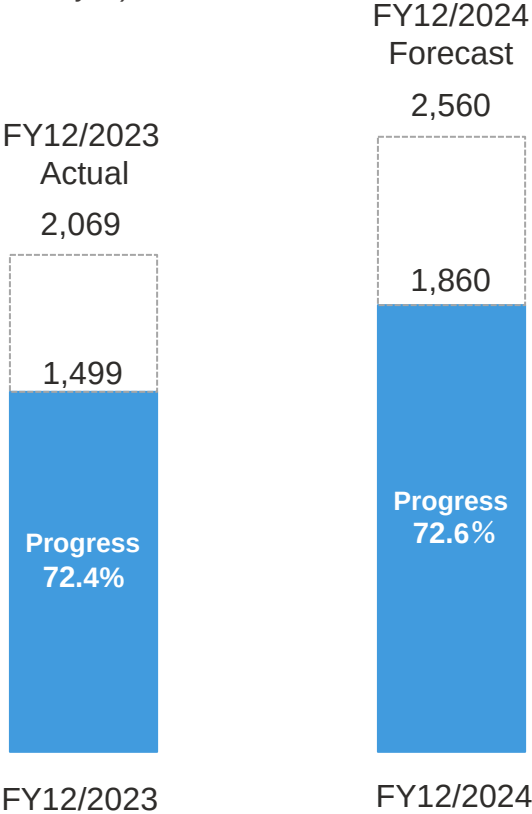


Net sales progress was in line with the same period of the previous year.

Operating profit ratio is expected to be at or above the budget for the full year, although the progress rate is lower than that of the same period of the previous year.

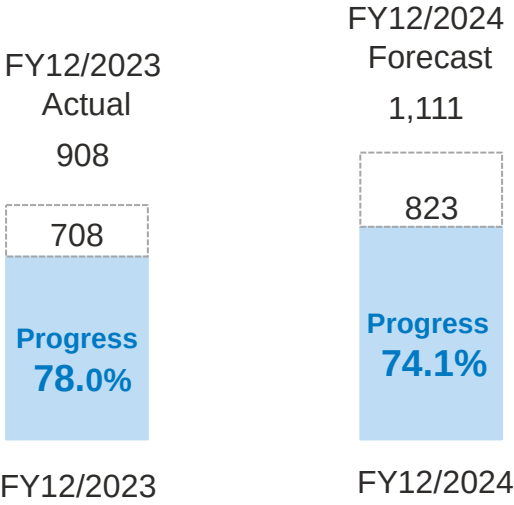
Net sales

(Millions of yen)



Operating profit

(Millions of yen)



FY12/2023

FY12/2024

FY12/2023

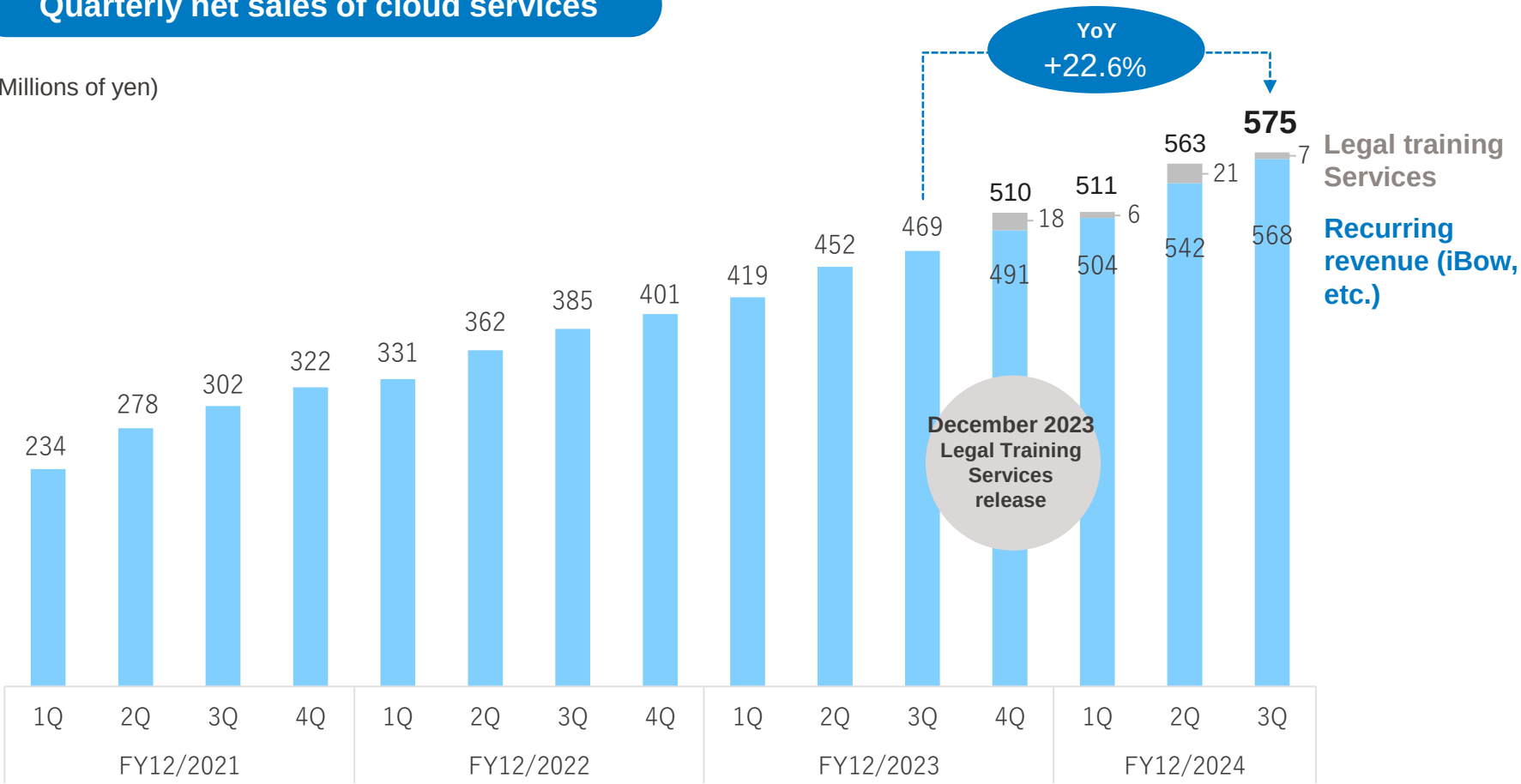
FY12/2024

Cloud service sales remained steady.

Many of the legal training projects started operation in the 4Q, and the amount recorded in the 3Q was lower than in the 2Q.

Quarterly net sales of cloud services

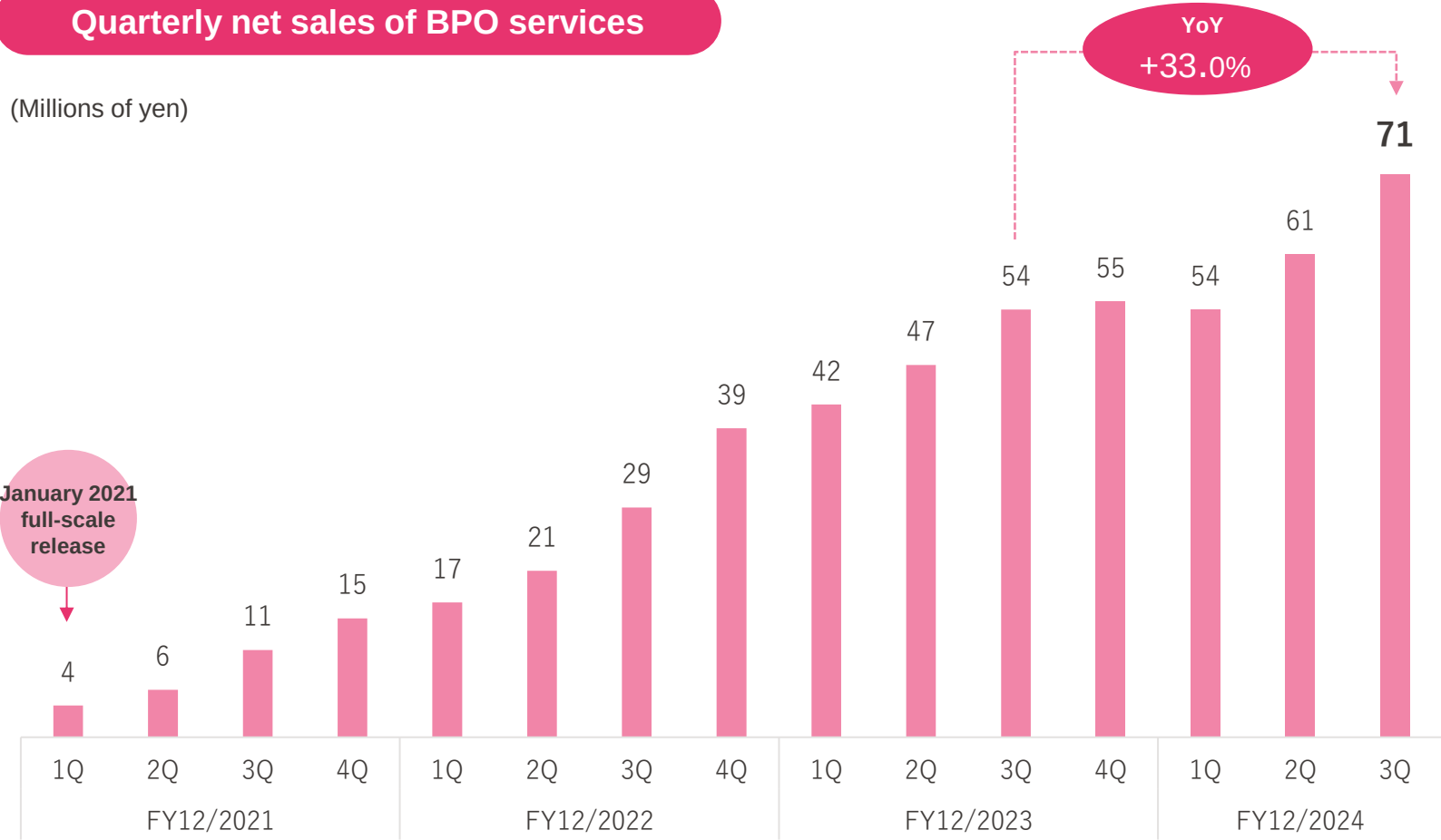
(Millions of yen)



BPO has been on an upward trend since 2Q as a result of efforts in recruitment and training in 1Q.

Quarterly net sales of BPO services

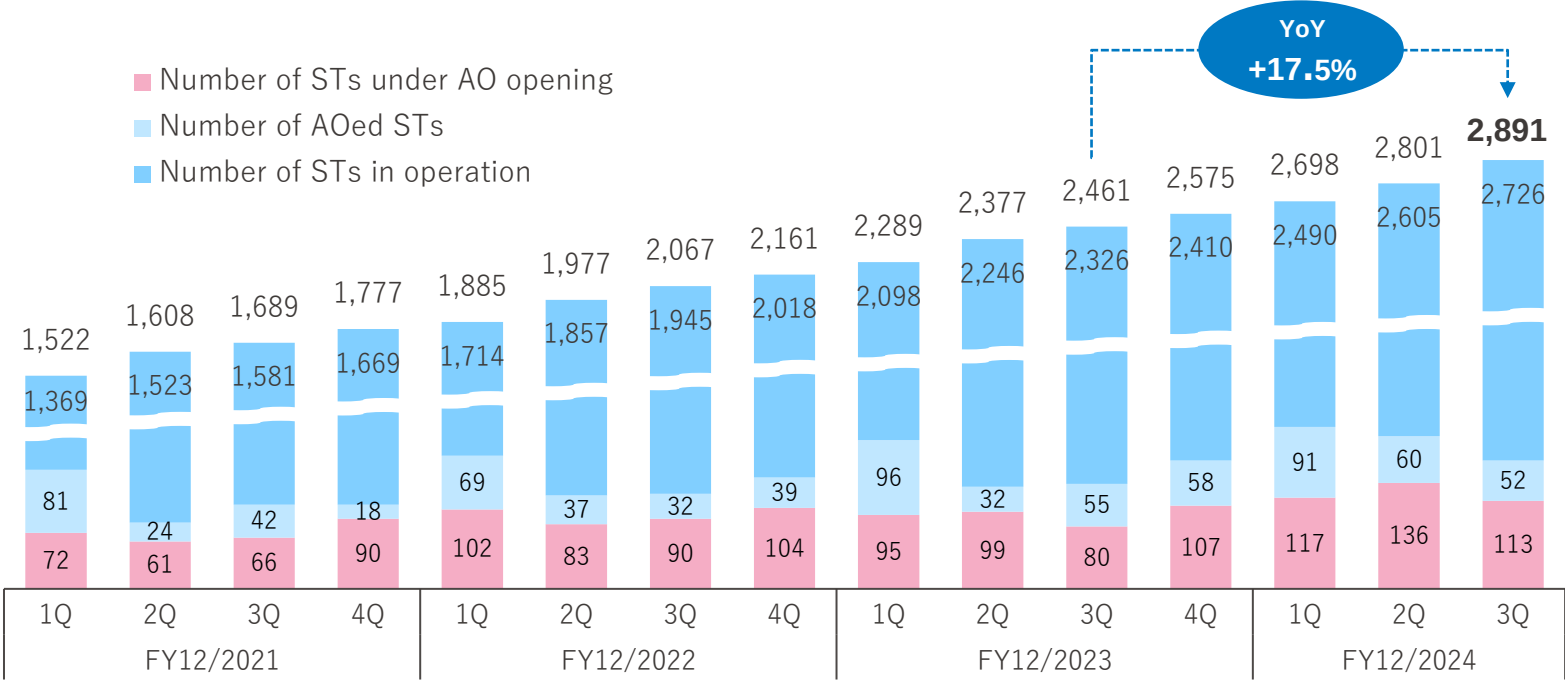
(Millions of yen)



4 KPI-Number of Contracted Stations



The number of new contracts acquired during the period under review was 133. The number of new business acquisitions remained strong, up 19.8% from the same period last year. The number of AOed STs, which had been increasing this term, has also started to operate smoothly. The number of STs in operation is also increasing steadily.



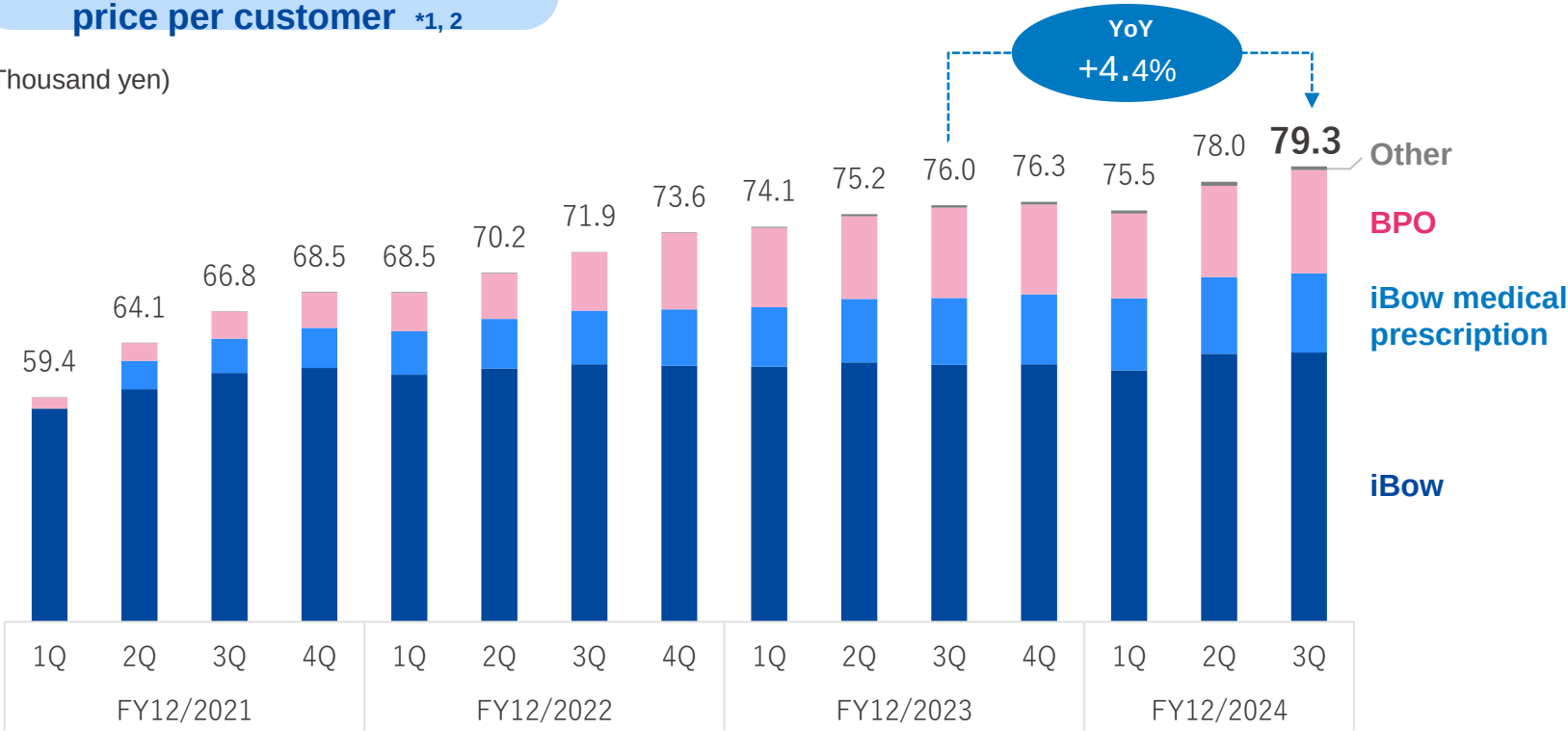
Breakdown of change in number of contracted STs	FY12/2021				FY12/2022				FY12/2023				FY12/2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
(1) New acquisitions	143	107	105	106	132	107	105	117	139	127	111	134	160	162	133
(2) Termination	-21	-11	-6	-17	-7	-14	-13	-22	-19	-27	-22	-24	-36	-56	-48
(3) Increase/decrease in number of dormant STs	2	-10	-18	-1	-17	-1	-2	-1	8	-12	-5	4	-1	-3	5
Quarterly total	124	86	81	88	108	92	90	94	128	88	84	114	123	103	90

1. The number of STs in operation is the number of stations in service.
2. The number of AOed STs is the number of stations for which the establishment of an account to use the service has been completed, but before the service is used.
3. The number of AO stations in operation is the number of stations that have an account established for use of the service.
4. The number of contracted stations is the sum of the number of STs in operation, the number of STs that have completed AO, and the number of STs that are in the process of opening AO.
5. The number of inactive stations is the number of stations that have suspended service for a certain period of time during the contract period, and the increase or decrease in the number of inactive stations is subtracted from the number of stations that have resumed service.

The number of client visits for each service continued to increase steadily.
Especially in 3Q, the strong performance of BPO services contributed to the company-wide increase in the number of client visits per client. YoY growth was +4.4%.

Average monthly unit price per customer *1, 2

(Thousand yen)



1 Average monthly unit price per customer is calculated by dividing the average monthly net sales during the quarter (liquor revenue only) by the average number of stations in operation at the end of the month during the same period. Since the previous period, average monthly revenue per customer had been calculated including non-recurring revenue, and the calculation method used in the current quarter was retroactively adjusted to reflect the previous period's calculation.

2 Due to the seasonality of the 1Q, which includes January and February, the number of visits usually decreases due to fewer business days, and sales of both cloud computing and BPO tend to be several percent lower than in other quarters.

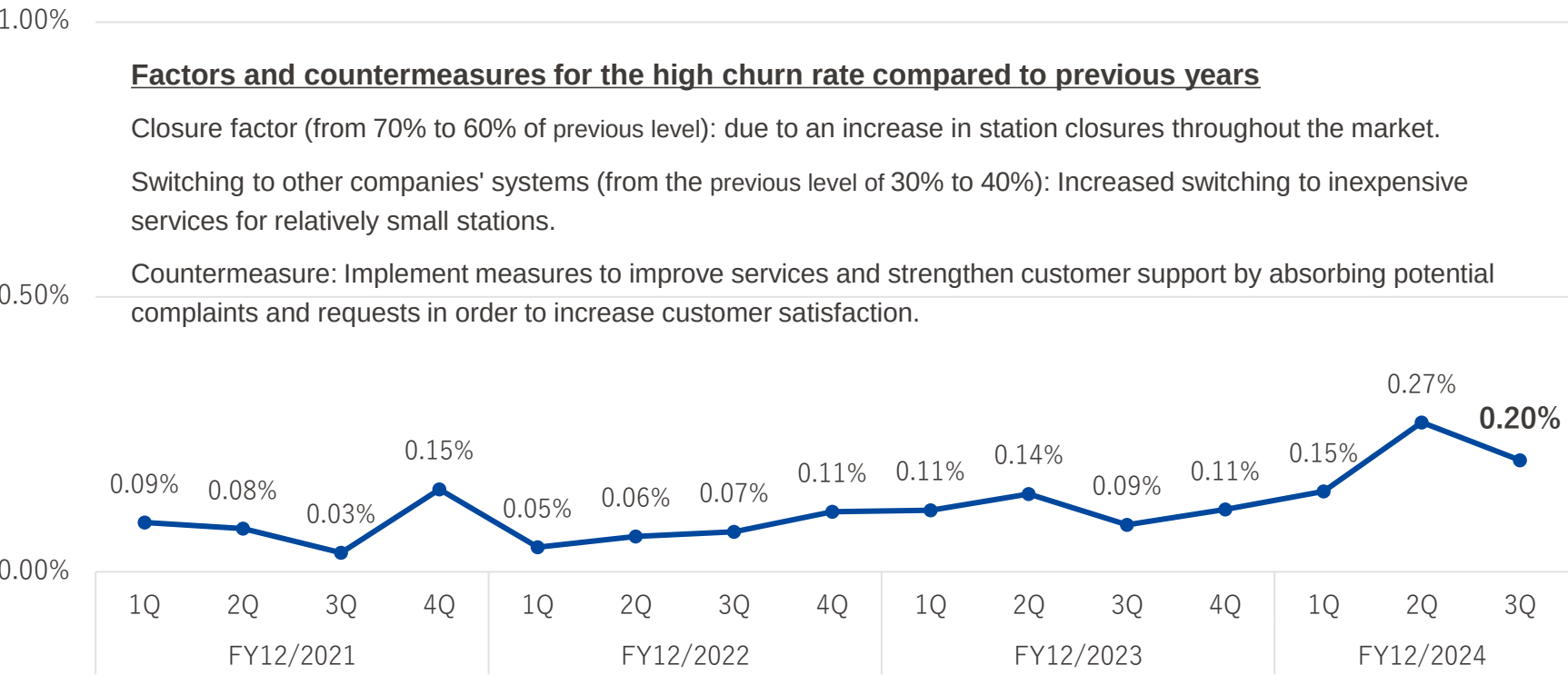


The churn rate for this 3Q period was 0.2%, down from 2Q.

The telephone survey for all active users has been completed. Medium- to long-term countermeasures to prevent termination have been initiated.

Revenue Churn Rate Transition

The average monthly churn rate is the quarterly average of the percentage of monthly subscription fees decreased due to churn as a percentage of the monthly subscription fees of existing customers.

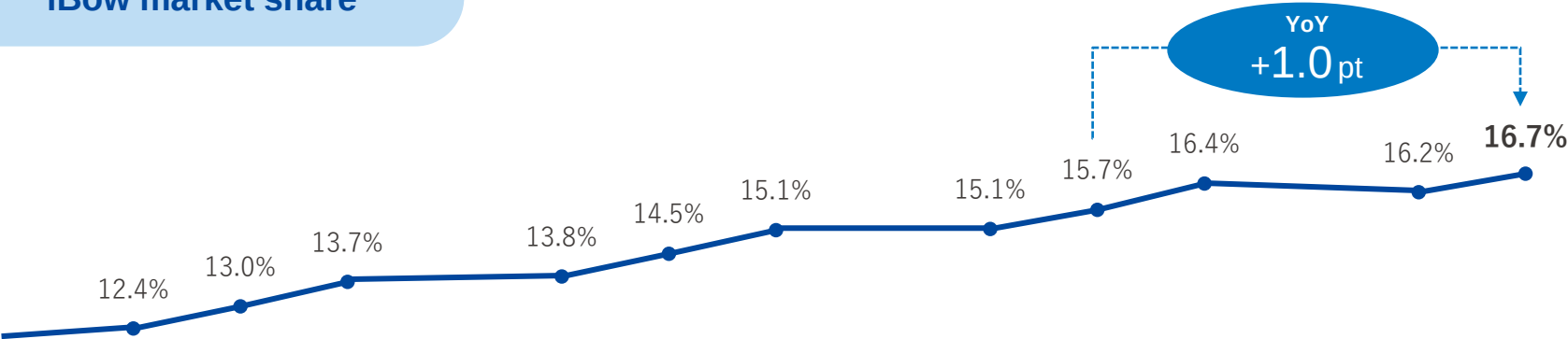


Factors and countermeasures for the high churn rate compared to previous years

- Closure factor (from 70% to 60% of previous level): due to an increase in station closures throughout the market.
- Switching to other companies' systems (from the previous level of 30% to 40%): Increased switching to inexpensive services for relatively small stations.
- Countermeasure: Implement measures to improve services and strengthen customer support by absorbing potential complaints and requests in order to increase customer satisfaction.

Market share (penetration rate) increased steadily.
Note that the fluctuation range tends to be smaller from 4Q to 2Q as the denominator value used to calculate market share is updated.

iBow market share ※



1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
FY12/2021				FY12/2022				FY12/2023				FY12/2024		

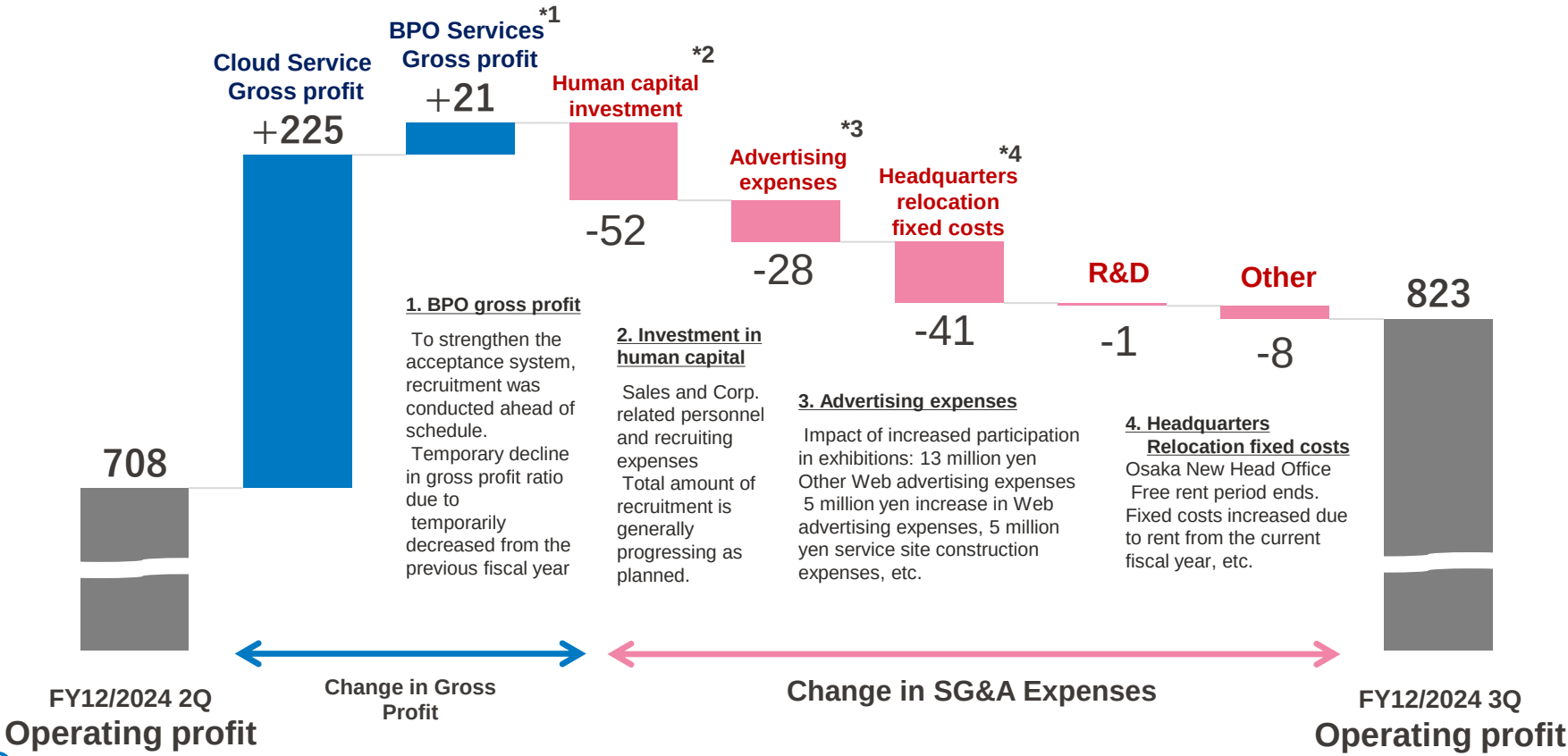
*: Calculated by dividing the number of contracted stations at the end of each quarter by the number of active home-visit nursing stations as of April 1 of each year, as announced by the Japan Home-Visit Nursing Association.

The number of home-visit nursing stations in operation as of April 1 of each year is not disclosed at the end of 1Q because of a delay of several months in the announcement of the number of home-visit nursing stations in operation as of April 1 of each year.

Gross profit increased steadily. Investments in human capital, advertising, and fixed costs for head office relocation were in line with expectations. Research and development expenses increased slightly. We are investing more in development for new services than we had expected.



(Millions of yen)



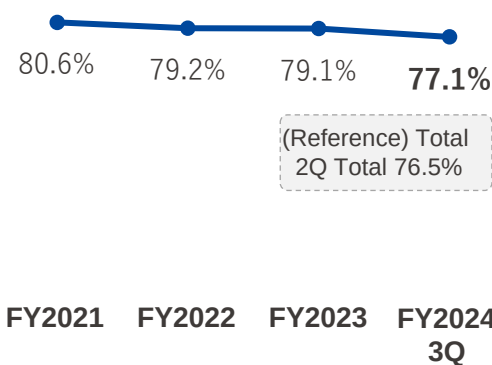
6 Gross Profit Results by Service



Gross profit ratios for the entire company and the Cloud remained as expected. Although BPO declined from the previous year, the gross profit ratio for the 3Q period under review was 58.4%, returning to the level of the previous full year and showing improvement.

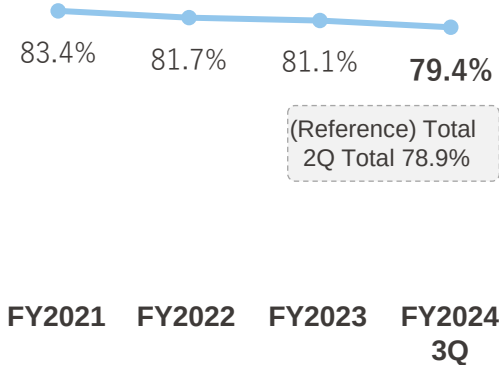
Whole-company gross profit ratio

- Increase/decrease mainly due to increase/decrease in gross profit ratio of Cloud.
- This fiscal year is progressing as expected.



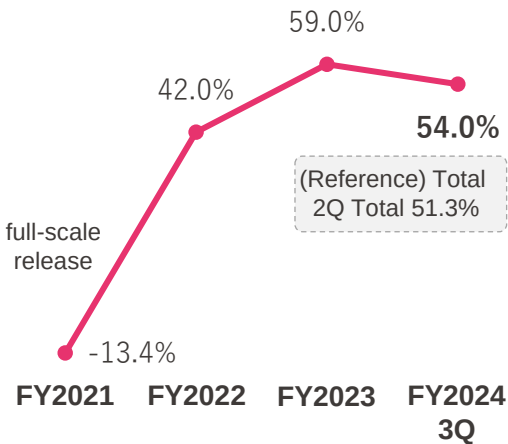
Cloud gross profit ratio

- The ratio remained at around 80% until the previous fiscal year. From this fiscal year, Development expenses, Cloud expenses, maintenance expenses, etc. have increased in order to develop multi-products. Due to this impact, the ratio has remained in the high 70s.
- This fiscal year is progressing as expected.



BPO gross profit ratio

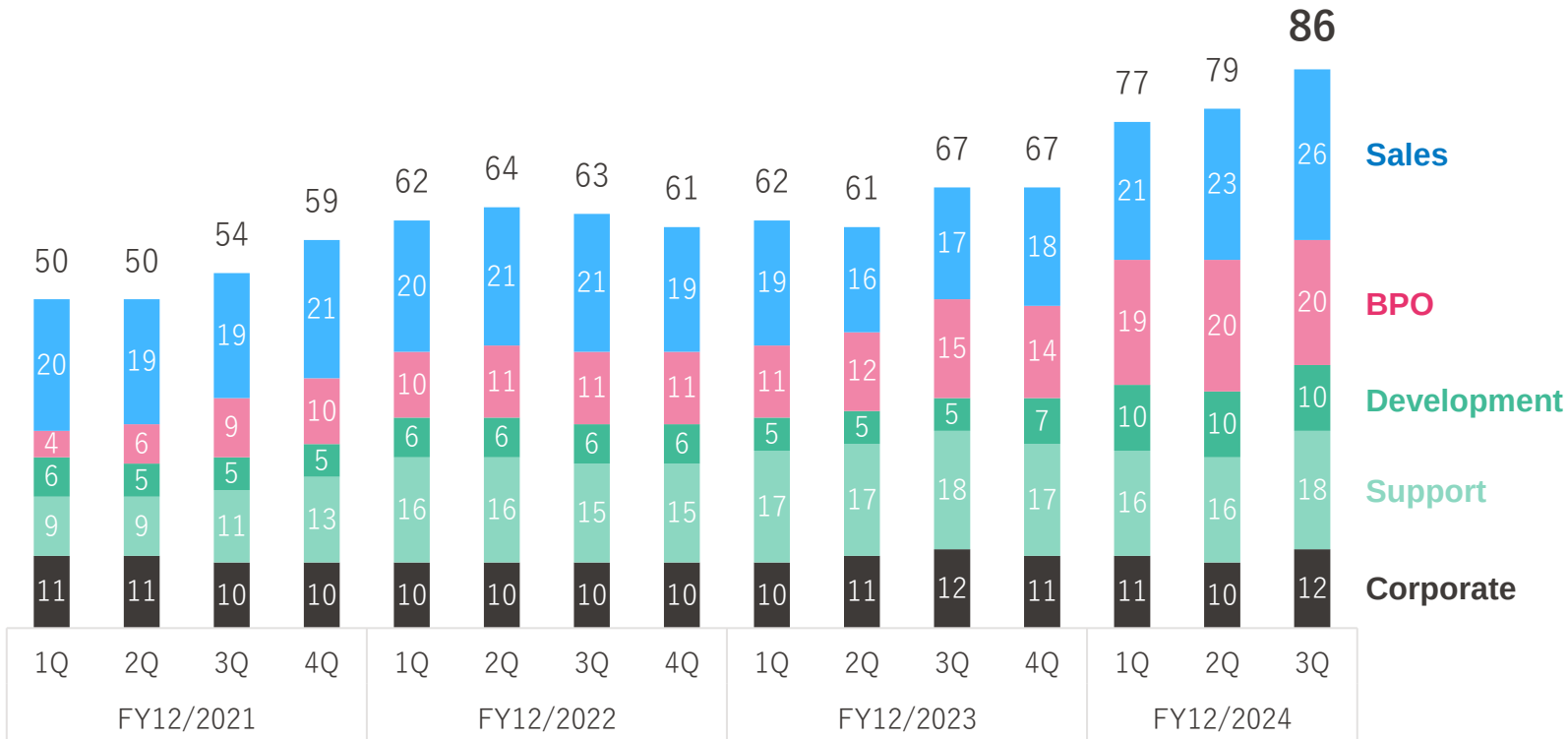
- From its full-scale release to the previous fiscal year, the business progressed with the goal of achieving a gross profit ratio of 60%. From the current fiscal year, the company has been hiring ahead of others and focusing on training, resulting in a gross profit margin in the low 50% range.
- Gross profit ratio for the period under review was 58.4%, returning to the previous year's level.



In 3Q, sales and support staff increased, and the Corporate Planning Office was expanded to strengthen the IR function and alliance with other companies. We are expecting to hire several people in the 4Q as well.

Number of Employees by Department

(Persons)



Equity-to-asset ratio is 83.0% (+12.0 pt from the end of the previous period), forming a strong financial structure.
Equity-to-asset ratio increased due to the repayment of 91 million yen in loans during the period.

Million yen	Fiscal year ended FY12/2023		3Q FY12/2024		Compared with the previous year end	
	Amount	Composition	Amount	Composition	Change (Amount)	Change (ratio)
Current assets	1,856	78.0%	2,064	79.1%	+208	+11.2%
Non-current assets	523	22.0%	544	20.9%	+20	+3.9%
(Tangible fixed assets)	281	11.8%	261	10.0%	-20	- 7.2%
Total Assets	2,380	100.0%	2,609	100.0%	+228	+9.6%
Current liabilities	588	24.7%	340	13.1%	-247	-42.1%
Non-current liabilities	102	4.3%	102	3.9%	+0	+0.2%
Total liabilities	690	29.0%	443	17.0%	-247	-35.9%
Net assets	1,690	71.0%	2,165	83.0%	+475	+28.2%
Total liabilities and equity	2,380	100.0%	2,609	100.0%	+228	+9.6%
Equity capital ratio	71.0%		83.0%		+12.0pt	



Millions of yen	FY12/2023 3Q Results	Composition	FY12/2024 3Q Results	Composition	YoY change
Net sales	1,499	100.0	1,860	100.0%	+24.1%.
Cloud	1,341	89.5%	1,650	88.7%	+23.1%
BPO	144	9.6%	187	10.1%	+29.9%
Other	13	0.9%	22	1.2%	+65.3%
Gross profit	1,186	100.0	1,434	100.0%	+20.8
Cloud	1,085	91.5%	1,310	91.4%	+20.7%
BPO	87	7.4%	101	7.1%	+15.3%
Other	13	1.1%	22	1.5%	+65.3%
Gross profit ratio	79.2%		77.1%		-2.1
Cloud	80.9%		79.4%		- 1.5
BPO	60.9%		54.0%		-6.9
Other	100.0%		100.0%		-



Disclaimer

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To all of our iBow users and to all of those who have supported our company, we would like to take this opportunity to thank you again.

Since its release in 2014, iBow has worked with many nurses and Home-Visit Nursing Stations to develop many functions and new services.

We will continue to "make people happy" by providing new value for home care and aiming to be a company that can contribute to a better society.

