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May 15, 2025

Non-consolidated Financial Results for the First Three Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: eWeLL Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 5038
 URL: <https://ewell.co.jp>
 Representative: Norito Nakano, President & Representative Director
 Inquiries: Keiichirou Sawada, Officer & General Manager, Administration Division
 Telephone: +81-6-6243-3355
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (For institutional and individual investors)

(Amounts rounded down to the nearest million yen)

1. Non-consolidated financial results for the first three months ended March 31, 2025 (from January 1, 2025, to March 31, 2025)

(1) Operating results (cumulative total) (Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three months ended								
March 31, 2025	754	31.2	376	61.0	378	61.6	261	62.4
March 31, 2024	574	23.4	234	4.9	234	4.7	161	4.4

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
March 31, 2025	17.32	17.16
March 31, 2024	10.78	10.60

(2) Financial position

	Total assets	Net assets	Equity capital ratio
As of	Million yen	Million yen	%
March 31, 2025	2,979	2,489	83.6
December 31, 2024	3,070	2,409	78.5

Reference: Equity capital

As of March 31, 2025: ¥2,489 million

As of December 31, 2024: ¥2,409 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, 2024	-	0.00	-	12.00	12.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (forecast)		0.00	-	15.00	15.00

Note: Revision of dividend forecast from the last announcement: None

3. Earnings forecasts for the fiscal year ending December 31, 2025 (from January 1, 2025, to December 31, 2025)

(Percentages represent changes from the previous year for full-year figures and from the same period of the previous year for quarterly figures.)

	Net sales		Operating profit		Ordinary profit		Net Income		Net Income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending June 30, 2025	1,564	29.8	683	29.3	685	29.5	475	30.0	31.22
Fiscal year ending December 31, 2025	3,349	30.3	1,494	31.6	1,499	31.6	1,040	28.7	68.26

Note: Revision of earnings forecast from the last announcement: None

*** Notes**

(1) Adoption of accounting methods specific to the preparation of quarterly 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 March 31, 2025	15,126,187 shares
As of December 31, 2024	15,121,447 shares

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

As of March 31, 2025	194 shares
As of December 31, 2024	194 shares

(iii) Average number of shares outstanding during the period (cumulative quarterly period)

First three months ended March 31, 2025	15,122,833 shares
First three months ended March 31, 2024	14,962,336 shares

* 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, but 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 financial results briefing and supplementary materials)

The Company plans to hold a financial results briefing for institutional and individual investors on May 15, 2025. Presentation materials for financial results are disclosed on TDnet on the same day. English materials are disclosed on our website. (<https://ewell.co.jp/ir/library/english/>)

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1. Overview of operating results, etc.

(1) Overview of operating results for the first three months under review

During the three months ended March 31, 2025 (from January 1, 2025, to March 31, 2025), the Japanese economy continued to show a moderate recovery trend, with signs of a recovery in personal consumption and capital investment, as social and economic activities were revitalized and the employment and income environment improved. However, the outlook remains uncertain due to concerns about the continued domestic price increases in Japan and policy trends, particularly U.S. trade policy.

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. We are working to enhance our corporate value as well as our social value, aiming to “create new value in home care and realize a society where all people can live with peace of mind,” which is our vision.

During the three months ended March 31, 2025, the Company worked to develop a new AI-based service, “AI home-visit scheduling and routing,” following “AI home-visit nursing planning and reporting,” which had been launched in 2024 to help improve the efficiency of home-visit nursing operations, and at the same time, worked on a multi-product strategy, including enhancing the functions of “carelogood,” a community-based comprehensive care platform.

As a result, the Company’s operating results for the first three months under review were as follows: net sales amounted to 754,105 thousand yen (up 31.2% YoY), operating profit came to 376,786 thousand yen (up 61.0% YoY), ordinary profit was 378,528 thousand yen (up 61.6% YoY), and net income posted 261,860 thousand yen (up 62.4% 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.

The services provided by the Company were previously classified into two categories, “Cloud service” and “BPO service,” depending on the method of provision. However, “BPO services” has been renamed “BPaaS” since the end of the previous fiscal year in light of the sophistication of the services provided.

(Thousand yen)

Net sales								Operating profit
Accounting period	Cloud service			BPaaS		Other	Total	
	iBow	iBow receipt	Other	iBow BPO	Other			
Three months ended March 31, 2025	540,155	61,713	49,107	94,794	200	8,135	754,105	376,786

(2) Overview of financial position for the first three months under review

(Assets)

Current assets as of the end of the first quarter under review amounted to 2,451,125 thousand yen, a decrease of 75,607 thousand yen from the end of the previous fiscal year. This was mainly due to a 110,718 thousand yen decrease in cash and deposits and a 26,532 thousand yen increase in accounts receivable - trade. Non-current assets came to 528,513 thousand yen, an increase of 15,341 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 21,570 thousand yen in investments and other assets.

As a result, total assets came to 2,979,638 thousand yen, a decrease of 90,949 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of the end of the first quarter under review amounted to 387,178 thousand yen, a decrease of 171,917 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 97,332 thousand yen in income taxes payable. Non-current liabilities totaled 102,474 thousand yen, an increase of 84 thousand yen from the end of the previous fiscal year.

As a result, total liabilities came to 489,652 thousand yen, a decrease of 171,833 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the first quarter under review amounted to 2,489,986 thousand yen, an increase of 80,883 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 261,860 thousand yen in retained earnings brought forward from the posting of quarterly net income and a decrease of 181,455 thousand yen from the payment of dividends.

As a result, the equity capital ratio rose to 83.6% from 78.5% at the end of the previous fiscal year.

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

There is no change to the earnings forecast for the second quarter and full year ending December 31, 2025, from the one which was announced in the “Financial Results for the Fiscal Year Ended December 31, 2024” on February 14, 2025.

2. Quarterly Financial Statements and Major Notes

(1) Quarterly balance sheet

(Thousand yen)

	As of previous fiscal year (December 31, 2024)	As of first quarter under review (March 31, 2025)
Assets		
Current assets		
Cash and deposits	1,965,928	1,855,210
Accounts receivable - trade	506,913	533,445
Prepaid expenses	45,655	50,658
Other	11,897	15,697
Allowance for doubtful accounts	(3,661)	(3,887)
Total Current assets	2,526,732	2,451,125
Non-current assets		
Property, plant, and equipment		
Buildings, net	214,702	209,188
Other, net	33,522	31,804
Total property, plant, and equipment	248,225	240,993
Intangible assets	134,044	147,505
Investments and other assets		
Other	166,048	144,669
Allowance for doubtful accounts	(4,464)	(4,654)
Total Investments and other assets	161,584	140,014
Total Non-current assets	543,854	528,513
Total Assets	3,070,587	2,979,638
Liabilities		
Current liabilities		
Accounts payable - trade	31,036	30,708
Income taxes payable	209,005	111,672
Provision for bonuses	-	30,761
Other	319,054	214,035
Total Current liabilities	559,095	387,178
Non-current liabilities		
Asset retirement obligations	102,389	102,474
Total Non-current liabilities	102,389	102,474
Total Liabilities	661,485	489,652
Net assets		
Shareholders' equity		
Share capital	397,073	397,315
Share capital surplus	388,548	388,785
Retained earnings	1,623,937	1,704,342
Treasury shares	(456)	(456)
Total Shareholders' equity	2,409,102	2,489,986
Total Net assets	2,409,102	2,489,986
Total Liabilities and net assets	3,070,587	2,979,638

(2) Quarterly statement of income
(Three months ended March 31, 2025)

(Thousand yen)

	Three months ended March 31, 2024 (from January 1, 2024, to March 31, 2024)	Three months ended March 31, 2025 (from January 1, 2025, to March 31, 2025)
Net sales	574,960	754,105
Cost of sales	135,482	150,164
Gross profit	439,477	603,941
Selling, general and administrative expenses	205,420	227,154
Operating profit	234,057	376,786
Non-operating income		
Interest income	5	863
Commission income	1,100	909
Other	-	60
Total Non-operating income	1,105	1,833
Non-operating expenses		
Interest expenses	845	84
Other	131	7
Total Non-operating expenses	977	92
Ordinary profit	234,186	378,528
Profit before income taxes	234,186	378,528
Income taxes - current	58,637	104,620
Income taxes - deferred	14,286	12,047
Total Income taxes	72,924	116,668
Net Income	161,261	261,860

(3) Notes to quarterly financial statements

(Notes to segment information)

Since the Company operates in a single segment of only the business of providing services to home-visit nursing stations, information has been omitted.

(Notes on cases with significant changes in the amount of shareholders' equity)

Not applicable

(Notes on going concern assumption)

Not applicable

(Notes on quarterly statement of cash flows)

Quarterly statement of cash flows for the first quarter under review has not been prepared. Depreciation and amortization (including amortization for intangible assets) for the first three months is as follows.

	Three months ended March 31, 2024 (from January 1, 2024, to March 31, 2024)	Three months ended March 31, 2025 (from January 1, 2025, to March 31, 2025)
Depreciation and amortization	18,058 thousand yen	23,589 thousand yen

(Notes on significant subsequent events)

(Issuance of new shares as restricted stock compensation)

At a meeting of the Board of Directors held on April 17, 2025, the Company resolved to issue new shares as restricted stock compensation.

1. Summary of Issuance

(1) Payment date	May 16, 2025
(2) Class and number of shares to be issued	Common stock of the Company 22,481 shares
(3) Issue price	2,064 yen per share
(4) Total amount of issue	46,400,784 yen
(5) Amount of share capital and legal capital surplus to be increased	Amount of share capital to be increased 23,200,392 yen Amount of legal capital surplus to be increased 23,200,392 yen
(6) Eligible persons for allotment of shares and their number, and the number of shares to be allotted	Directors of the Company (including Outside Directors) 4 persons: 18,833 shares Executive Officers who do not concurrently serve as Director of the Company 1 person: 1,744 shares Employees of the Company 1 person: 1,904 shares
(7) Restricted period of transfer	From May 16, 2025 (payment date) to May 15, 2028

2. Purpose and Reason for Issuance

At a meeting of the Board of Directors held on February 16, 2023, the Company resolved to introduce a restricted stock compensation plan (hereinafter referred to as the "Plan") as a new compensation plan for Directors and Executive Officers who do not concurrently serve as Director of the Company (hereinafter collectively referred to as "Eligible Directors, etc.") with the aim of giving incentives to continuously improve corporate value of the Company as well as promoting further value-sharing with shareholders. The 11th Annual General Meeting of Shareholders held on March 29, 2023, approved to pay monetary claims, as compensation for contributed properties to acquire restricted stock compensation (hereinafter referred to as the "Restricted Stock Compensation"), of up to 500,000 thousand yen per year to Directors of the Company (including up to 100,000 thousand yen for Outside Directors) under the Plan, issue or dispose of up to 35,000 shares of common stock of the Company per year (including up to 7,000 shares for Outside Directors). Approval was also received to establish the period of two (2) to thirty (30) years as the period for the Restricted Stock Compensation, as determined by the Board of Directors of the Company.

After the introduction of the Plan, the Company conducted a 2-for-1 share split of its common stock, effective January 1, 2024, and after that date, the number of shares of common stock to be issued or disposed of to the Company's Directors under the Plan was adjusted in accordance with the split ratio and should not exceed 70,000 shares per year (including 14,000 shares for Outside Directors).