



Presentation Material for FY2021 Q1 Financial Results

Medley, Inc.
May 14, 2021

Disclaimer

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Disclosure Policy

The Company plans to disclose the latest information, including the status of progress, at the end of each fiscal year under the section of “Business Plan and Growth Opportunities and Strategies”. However, the Company’s financial data and key performance indicators are planned to be disclosed at the end of each quarter.

1. Financial Highlights

2. FY2021 Q1 Results

3. FY2021 Forecast

4. Appendix

FY2021 Q1 Results

- **Steady progress toward our earnings targets**
- **Maintained high sales growth rate and continued aggressive investment in growth**
 - Sales : JPY 2,125 million (YoY: +70%)
 - EBITDA : JPY -73 million (YoY: +JPY 104 million)⁽¹⁾

FY2021 Forecast

- **Continue to make progress toward our medium- and long-term goals even as we face COVID-19**
- **Leave our FY2020 full-year forecast unchanged**
 - Sales : JPY 10,770~11,270 million (YoY: +58~65%)
 - EBITDA : JPY 670~1,170 million (EBITDA margin: 6~10%)⁽¹⁾
- **Strengthen efforts to achieve our medium-term targets while responding to changes in the operating environment caused by the COVID-19**
 - Acquisition of Pacific Medical, Inc. (included in consolidated PL from Q1 FY21)⁽²⁾
 - Acquisition of MEDiPASS Co., Ltd. (to be included in consolidated PL from Q2 FY21)
 - Capital and business alliance with NTT DOCOMO, INC. (Impact on FY21 earnings under consideration)

(1) Share-based compensation expenses are included in the calculation of EBITDA starting in FY2021. This change does not have any impact on EBITDA of FY2020 or before.

(2) As of April 1, 2021, Pacific System Co., Ltd. changed its name to Pacific Medical, Inc.

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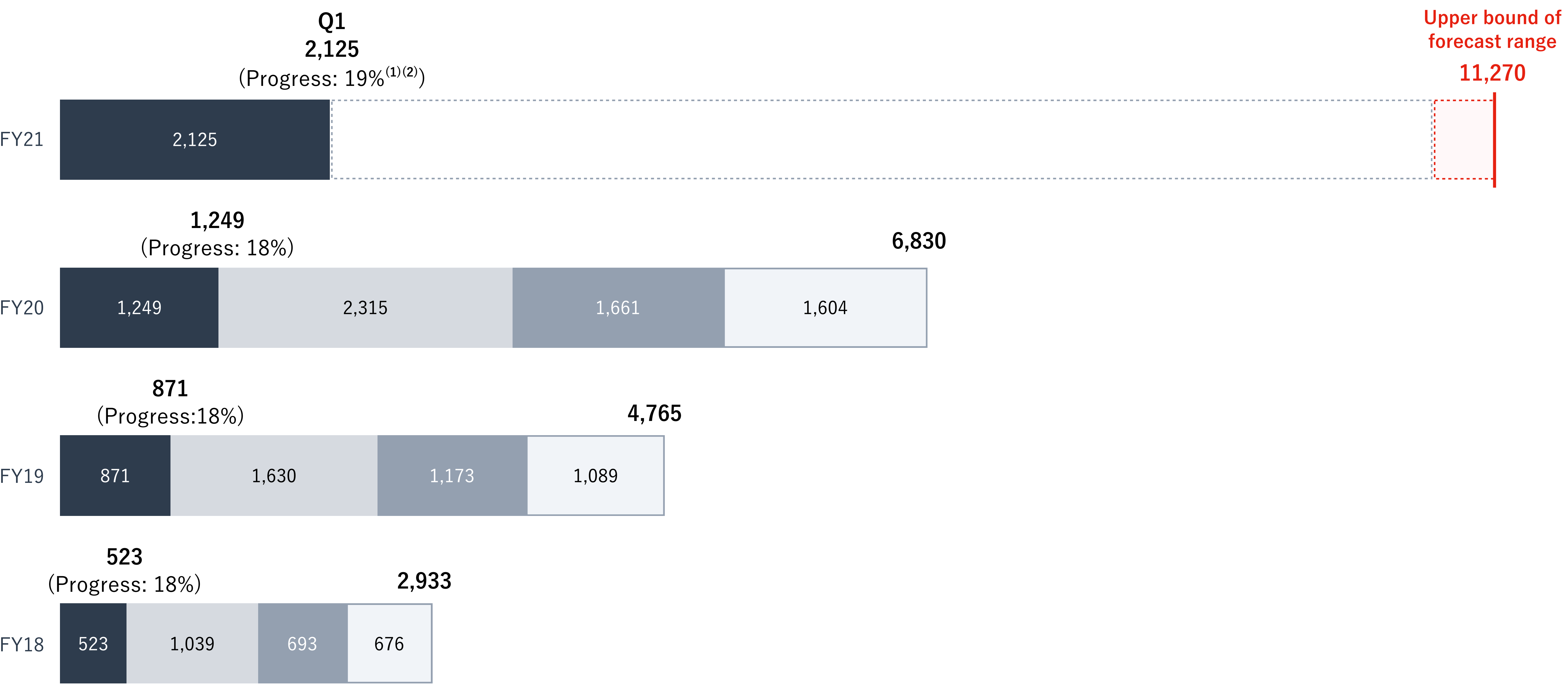
Summary of Consolidated FY2021 Q1 Results

JPY mm	FY2020 Q1	FY2021 Q1	YoY growth
Sales	1,249	2,125	+70%
Gross Profit	760	1,302	+71%
EBITDA	-177	-73	-
Operating Profit	-210	-138	-
Ordinary Profit	-211	-133	-
Profit Attributable to Owners of Parent	-213	-132	-

In Q1 FY2021, we made 19% progress toward the upper bound of our FY2021 forecast range (upward revision announced on March 17, 2021 to the previous forecast).

Aggregated Quarterly Sales

(JPY mm) ■ Q1 ■ Q2 ■ Q3 ■ Q4



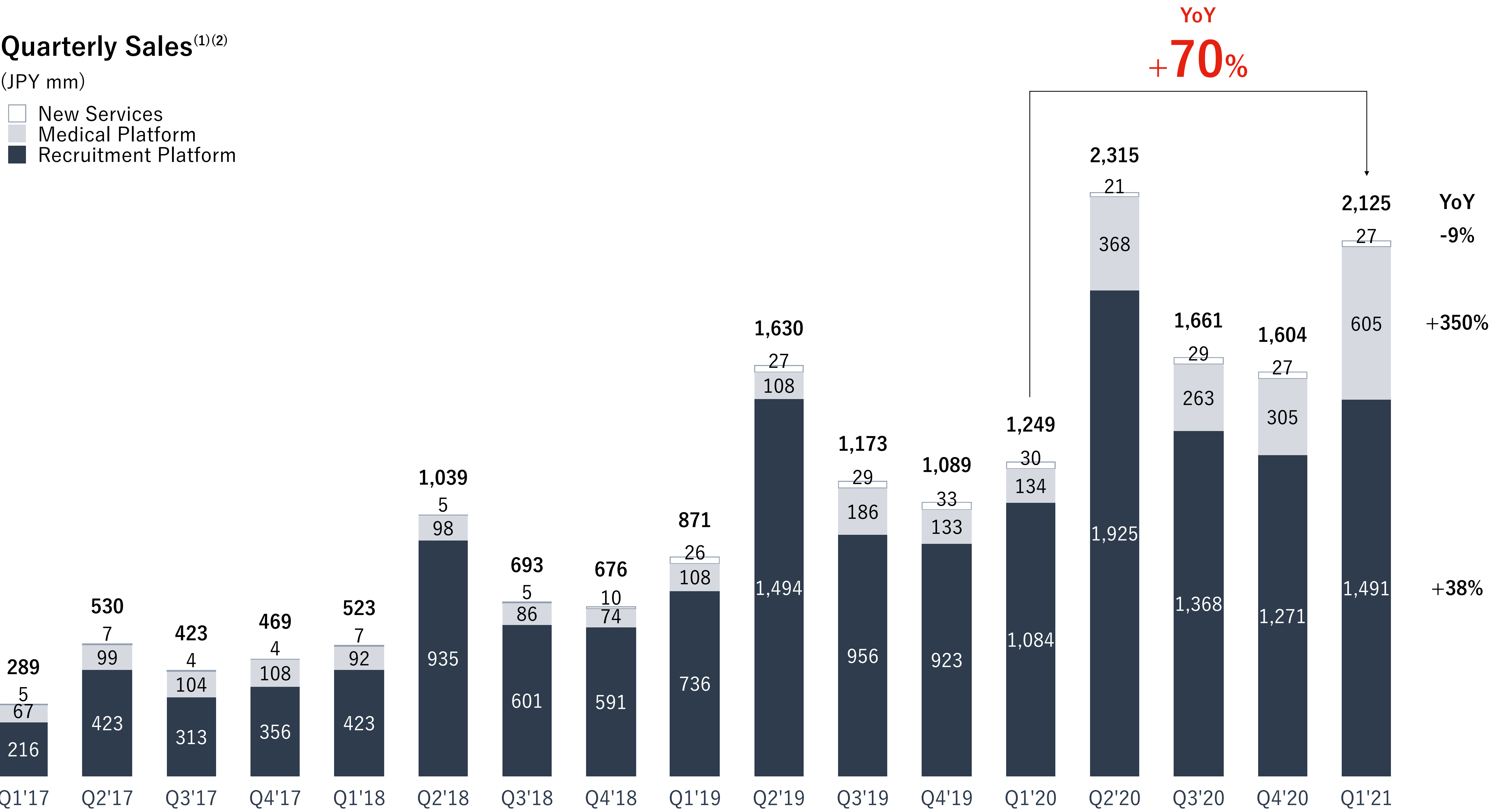
(1) Progress toward JPY 11,270 million, which is the high end of our FY2021 forecast range of JPY 10,770 million to JPY 11,270 million
(2) As the deemed acquisition date for shares of MEDiPASS Co., Ltd. (integrated into the Group on February 26, 2021) was March 31, 2021, it is not included in our consolidated statements of income and comprehensive income in Q1 FY2021.

In Q1 FY2021, group-wide sales grew by 70% YoY and we made progress toward our targets in line with our expectations. We achieved strong growth owing to continued rapid expansion in the Recruitment Platform Business, and strong performance in telemedicine and the consolidation of Pacific Medical, Inc. in the Medical Platform Business.

Quarterly Sales⁽¹⁾⁽²⁾

(JPY mm)

- New Services
- Medical Platform
- Recruitment Platform



(1) The Recruitment Platform Business posts sales based on the hire dates of new employees.
(2) As the deemed acquisition date for shares of MEDiPASS Co., Ltd. (integrated into the Group on February 26, 2021) was March 31, 2021, it is not included in our consolidated statements of income and comprehensive income in Q1 FY2021.

Continued Aggressive Investment in Growth Funded by Profitable Businesses

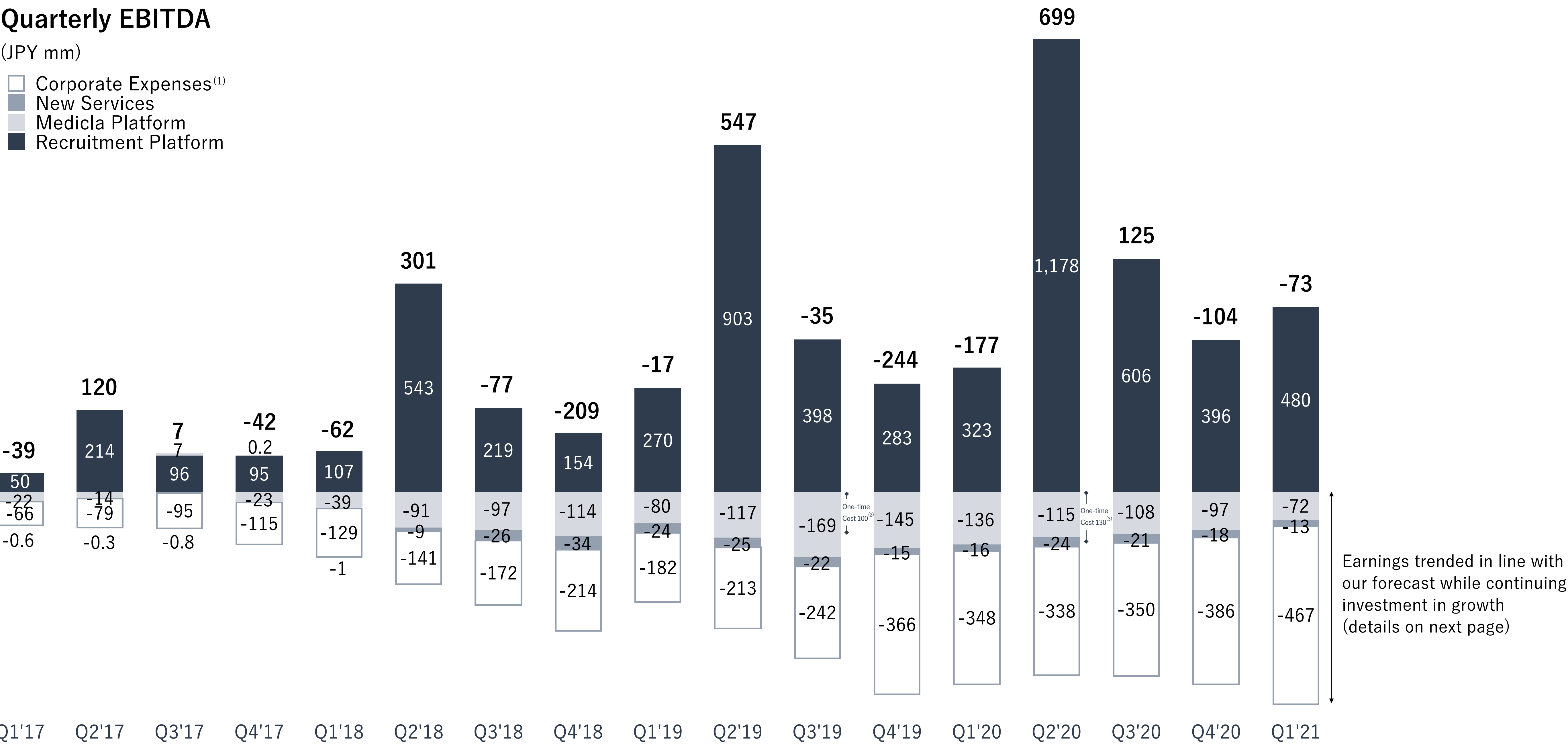


In Q1 FY2021, we continued aggressive investment in growth funded by profitable businesses and earnings trended in line with our forecast.

Quarterly EBITDA

(JPY mm)

- Corporate Expenses⁽¹⁾
- New Services
- Medicla Platform
- Recruitment Platform



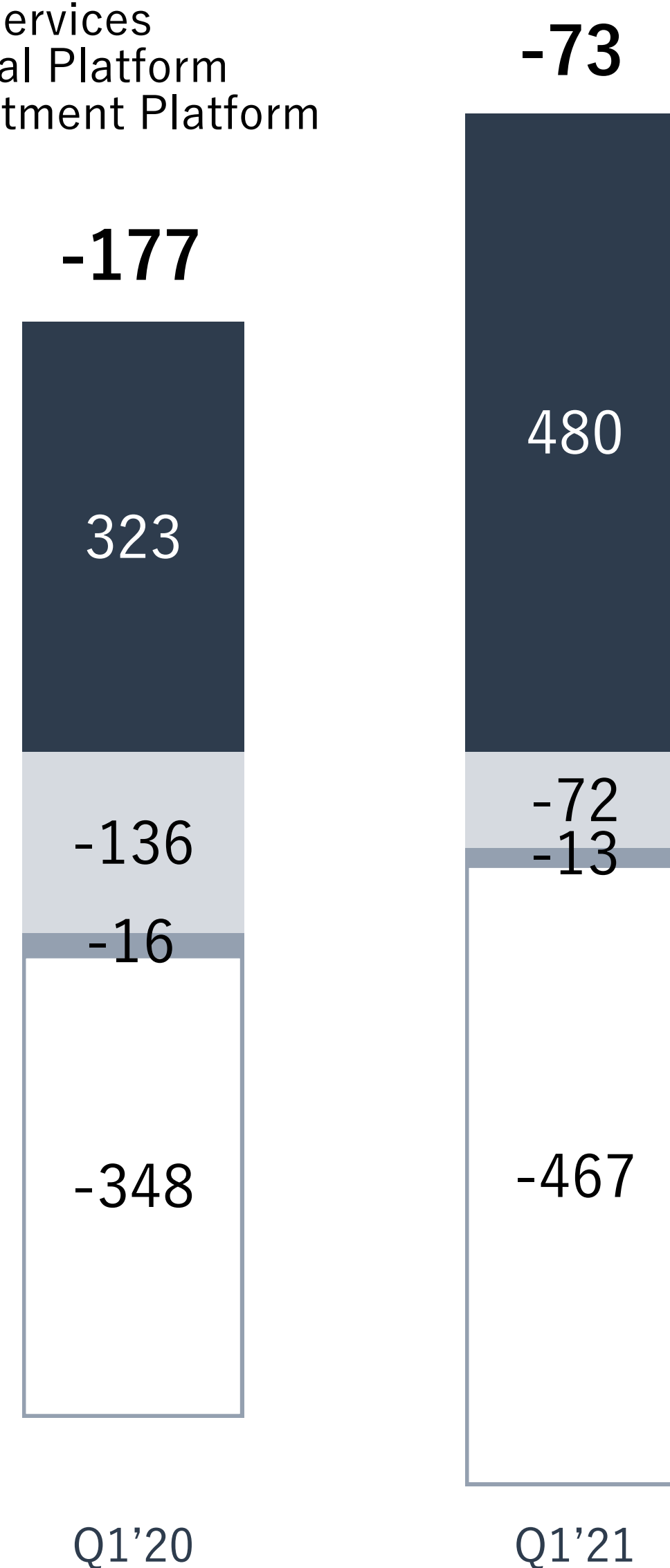
(1) Total of companywide expenses not allocated to segments and intersegment eliminations
(2) One-time cost (JPY 100 mm) for acquiring a source code to add a new function to the Medical Platform
(3) One-time cost (JPY 130 mm) for acquiring EMR assets from another company

In the Medical Platform Business, we continued to aggressively invest in our pharmacy window support system business and yet improved EBITDA margin through strong sales growth. The ratio of group-wide costs to sales improved on a YoY basis while the number of corporate employees increased.

Q1 EBITDA

(JPY mm)

- Corporate Expenses
- New Services
- Medical Platform
- Recruitment Platform



Main Factors Contributing to Change in Q1 EBITDA margin

Segment	Q1 FY20	Q1 FY21	Main Factors
Recruitment PF	29.8%	32.2%	• Decline in ratio of advertising costs targeting acquisition of customer offices and business outsourcing costs
Medical PF	-101.1%	-11.9%	• Investment in pharmacy windows support system • High growth in telemedicine system and pharmacy window support system

Main Factors Contributing to Change in Corporate Expenses

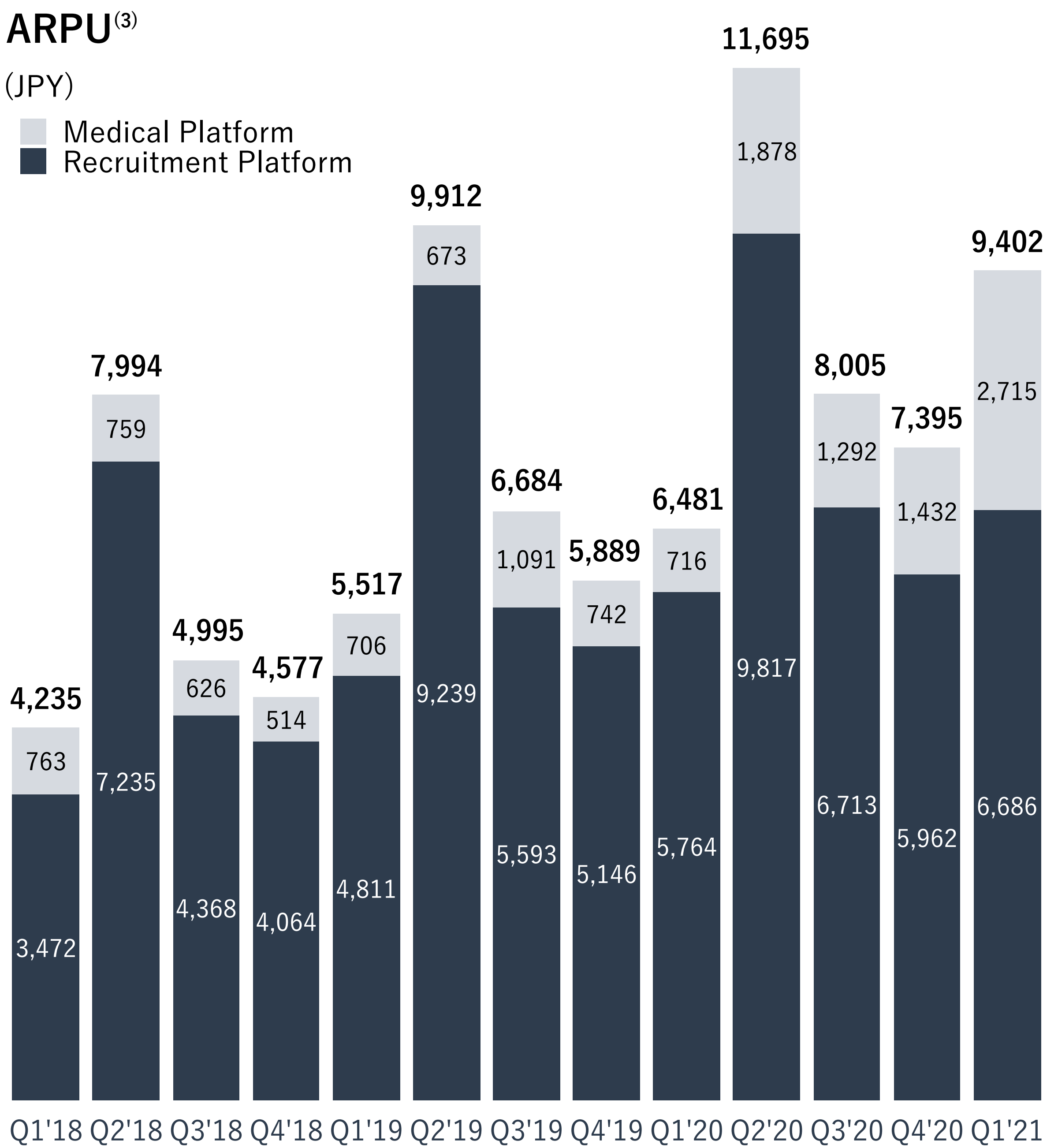
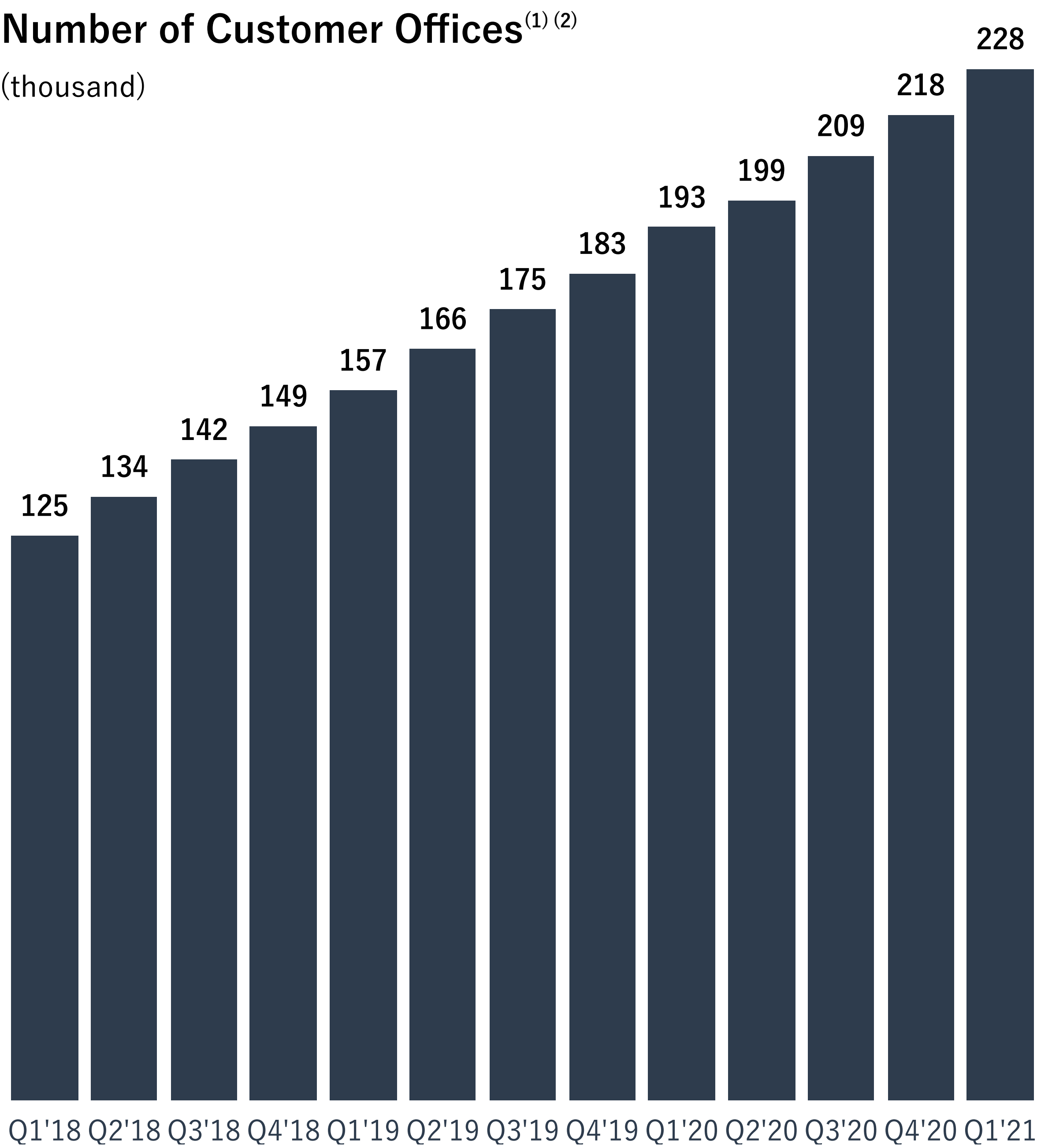
(JPY mm) *figures in parentheses show each cost to quarterly sales ratio

Cost Item	Q1 FY20	Q1 FY21	Main Factors
Personnel costs	146 (11.8%)	167 (7.9%)	• Increase in the number of corporate employees - Number of corporate employees: 64 in Q1 FY20 → 77 in Q1 FY21 ⁽¹⁾
Rents	62 (5.0%)	89 (4.2%)	• Office expansion ahead of increase in number of employees (FY21Q1) - 394 in Q1 FY20 → 508 in Q1 FY21 ⁽¹⁾
Hiring costs	50 (4.0%)	47 (2.3%)	• Improved efficiency in hiring activities
Commission fees	40 (3.3%)	109 (5.1%)	• Expenses associated with the acquisition of shares of Pacific Medical and MEDiPASS (total: JPY 38 million)
Other costs	48 (3.9%)	53 (2.5%)	• Increase in size-based business tax associated with capital increase: + JPY 10mm

(1) The number of employees of parent company Medley, Inc.

Steady Growth in Number of Customers and ARPU

The number of customer offices and ARPU, our KPIs, has been continuously growing and we plan to keep investing going forward. ARPU increases sharply in every Q2 as a result of the concentration of sales during the time period.



(1) Total number of customers in the Recruitment Platform and Medical Platform businesses.
Please note, however, that since 4Q FY2019, customers using both platforms have been counted as a single customer account.

(2) Starting in Q2 FY2020, the number of customer offices served includes customers acquired from Life Sciences Computing Corporation.

(3) ARPU = Quarterly sales / Average number of customer offices (total for Recruitment Platform and Medical Platform businesses)
ARPU for each platform = Quarterly sales of each platform / Total number of customer offices in the Recruitment Platform and Medical Platform businesses Please note, however, that since 4Q FY2019, customer offices using both platforms have been counted as a single customer account.

The Company paid cash (total of roughly JPY 2.3 billion) in Q1 FY2021 for two M&A deals, but still had JPY 11.8 billion in cash and deposits as of end-March 2021. We will continue to allocate funds to invest in new and existing businesses and M&A.

B/S as of the end of December 2020

(JPY mm)

Cash raised from LOC	Untapped LOC 850
Cash and deposits 14,052	Debt 4,184
	Other debts 1,618
	Net assets 9,717
Other assets 1,467	

▶
Paid cash
(total of JPY 2,292 mm)
for two M&A deals

B/S as of the end of March 2021

(JPY mm)

Cash raised from LOC	Untapped LOC 850
Cash and deposits 11,842	Debt 4,281
	Other debts 1,928
Other assets 4,039	Net assets 9,672

Capital ratio: 60.8%, D/E ratio: 0.44x

At the general meeting of shareholders held in March 2021, in order to strengthen the Company’s management and corporate governance, new Directors (one Internal Director and two External Directors) were appointed. The Board of Directors therefore now consists of eleven Directors (including four External Directors) who work to increase enterprise value.

Strengthened Board of Directors



- One Internal Director was appointed to quickly and flexibly make decisions to respond to changes in the operating environment within the area of responsibility
- Two External Directors were appointed to strengthen corporate governance as the scale of business operations increases, to prepare for our potential overseas expansion and to benefit from their extensive experience working with growing/global corporations

Newly Appointed Directors

Director
Yusuke Shima
Mr. Shima was appointed director of Medley in March 2021. He led development of new products and M&A as head of the CLINICS dept. and Corporate Planning division, and now serves as deputy head of the Incubation Headquarters and head of Business Planning division. Prior to joining Medley, he specialized in gastrointestinal medicine at the JRC Medical Center. He graduated from the University of Tokyo, Faculty of Medicine. He also joined the Boston Consulting Group, where he served as a consultant in the healthcare field. He also serves as Representative Director (Medical Doctor) of Pacific Medical, Inc.

External Director
Daisuke Iwase
Mr. Iwase was appointed external director of Medley, Inc. in March 2021. After graduating from the University of Tokyo Faculty of Law in 1998, he joined the Boston Consulting Group and attended Harvard Business School. He co-established Lifenet Insurance Company as Vice President in 2006, and became Representative Director and President. In 2018, he served as Chief Digital Officer of AIA Group Limited, Asia's largest insurance company. At present, he is External Director of Benesse Holdings, Inc. and Managing Partner of Spiral Capital.

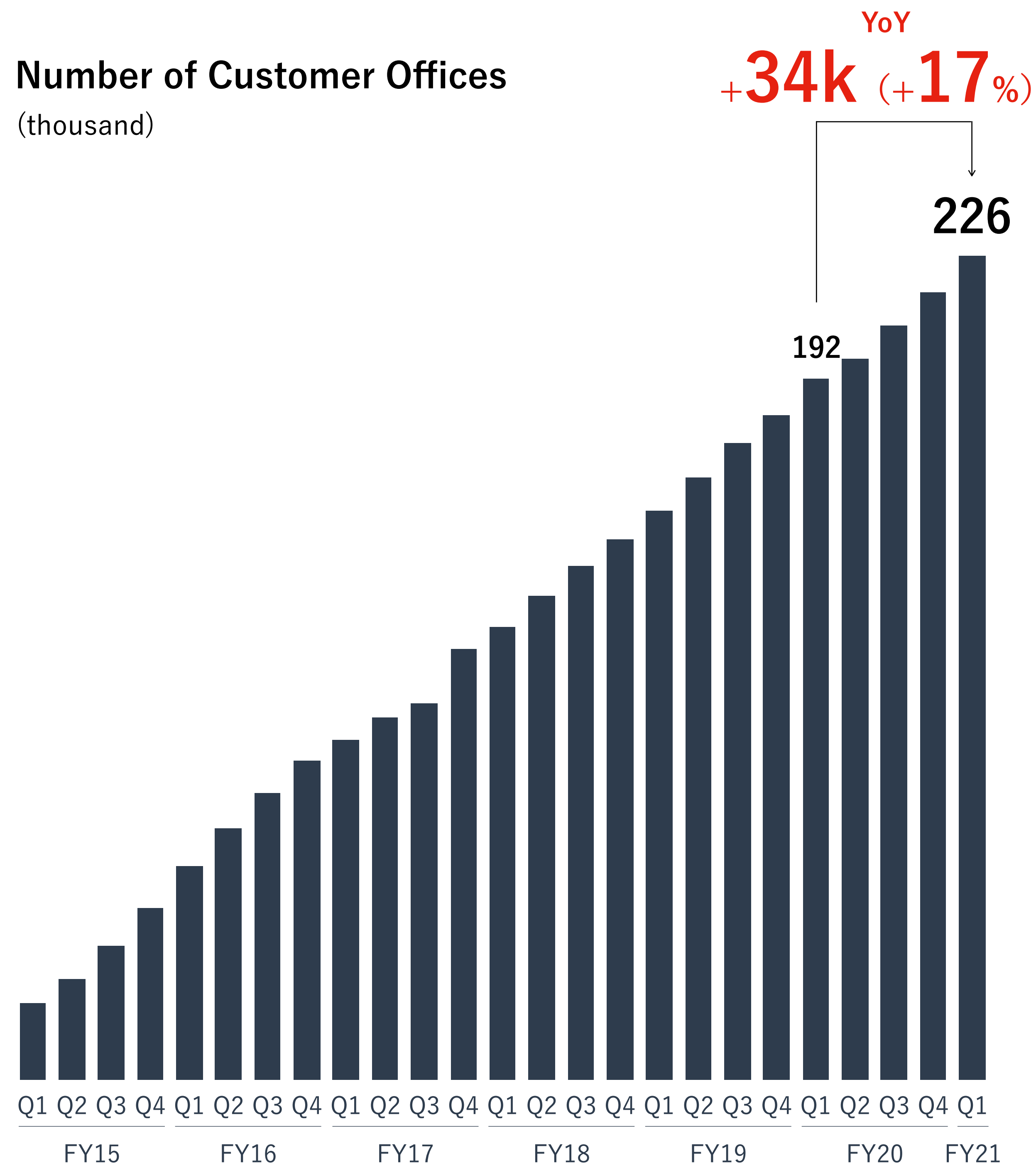
External Director
Kenichi Hoshi
Mr. Hoshi was appointed external director of Medley, Inc. in March 2021. After serving as President of affiliated companies of JUKI Corporation in France and Romania, the company he joined in 1989, he joined Misumi Coporation in 2005 where he served as President of an affiliated company in Thailand. He joined Amazon Japan G.K. in 2008, serving as head of hardline business department, seller services department, and Amazon business division through its early growth period. He is currently COO of Oisix RA Daichi Inc.

Recruitment Platform

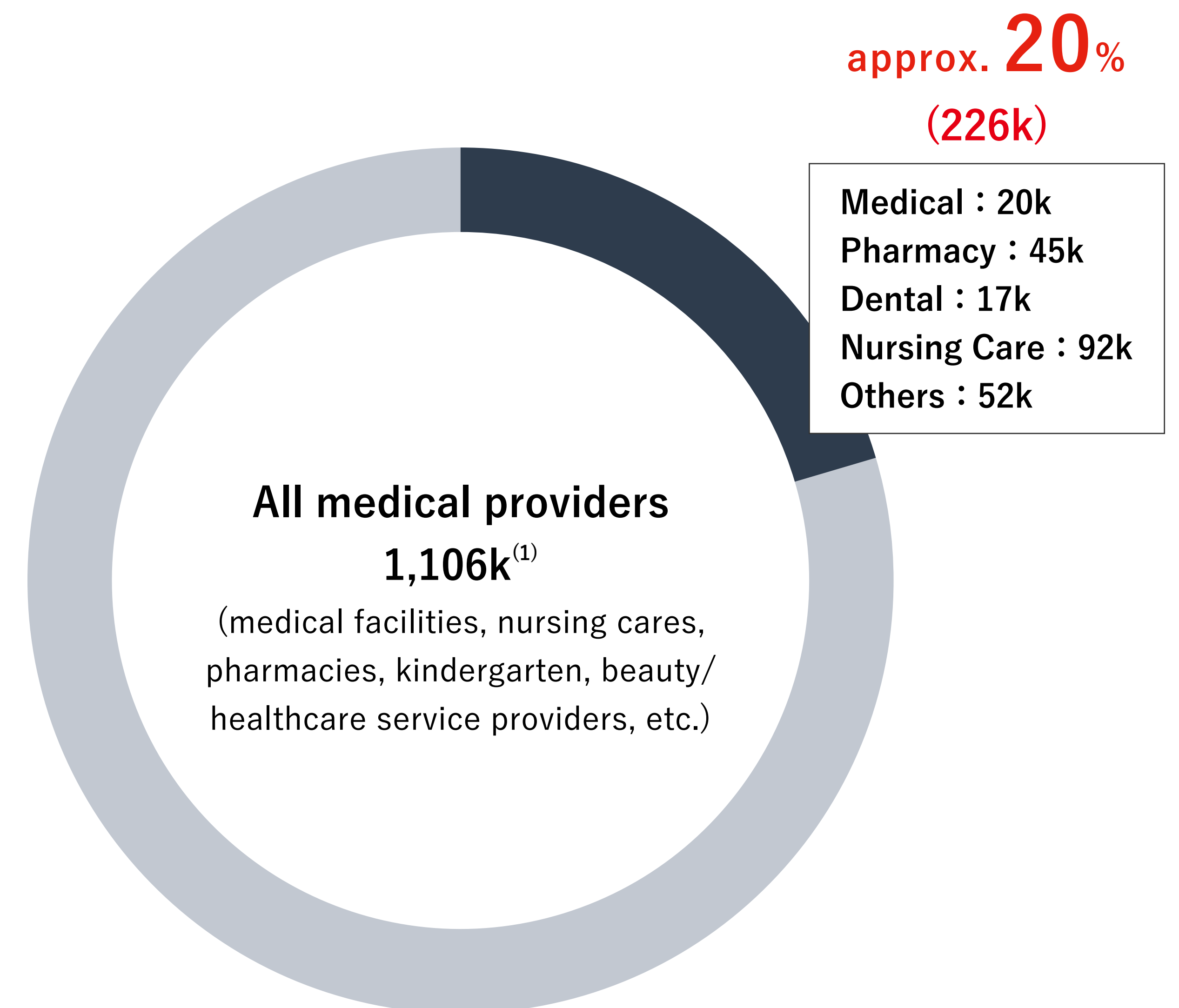
JobMedley
ジョブメドレー



In Q1 FY2021, the number of customer offices served trended in line with our forecast and we currently have service contracts with 226k.



Current Customer Coverage Ratio



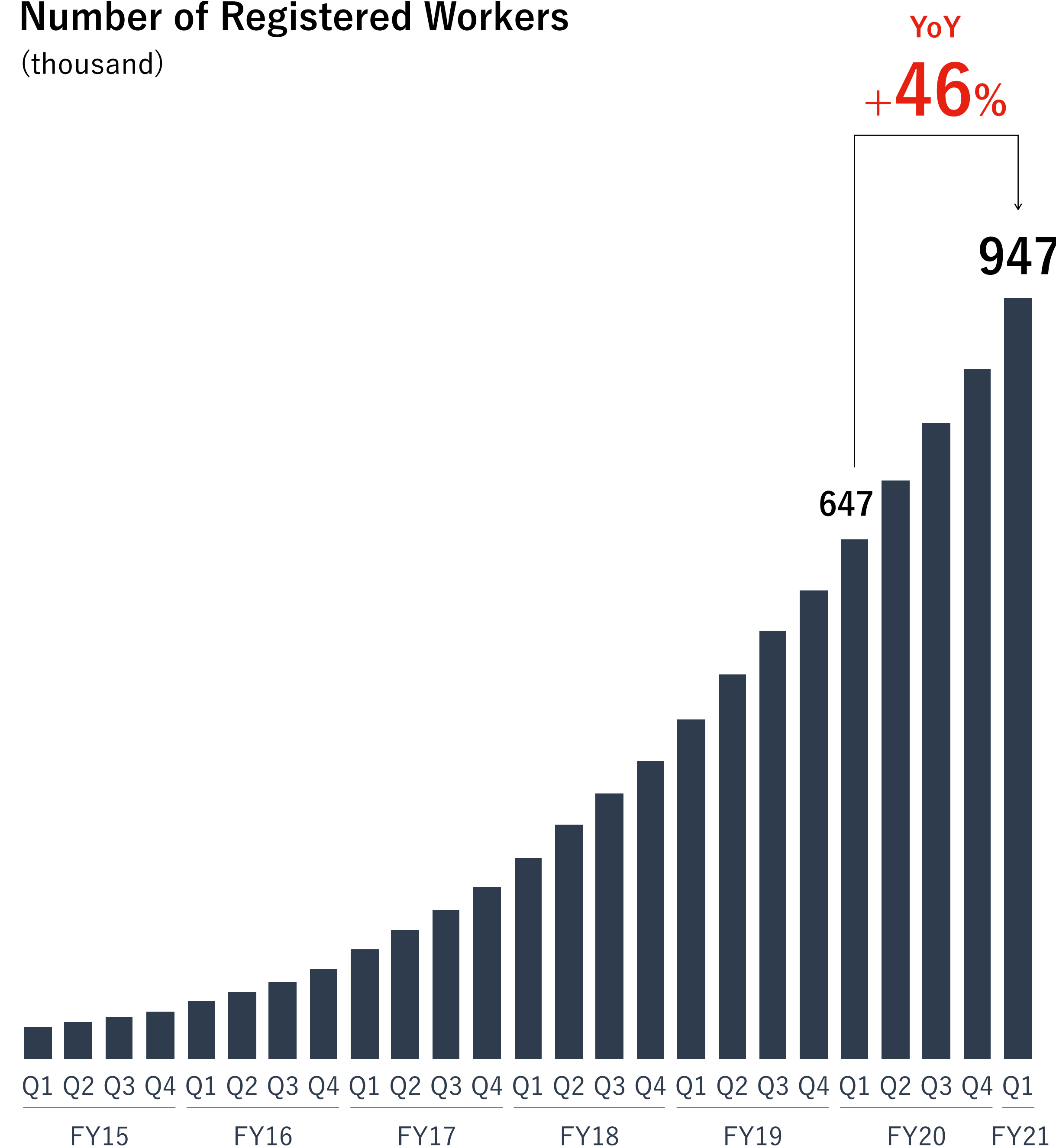
(1) Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications, and Cabinet Office statistics

Accelerate Direct Recruiting with Expansion of the Pool of Registered Workers

We believe proactive recruitment methods are effective for hiring medical and healthcare professionals. In Q1 FY2021, our customers increased usage of our scouting functions as we expanded our pool of registered workers.

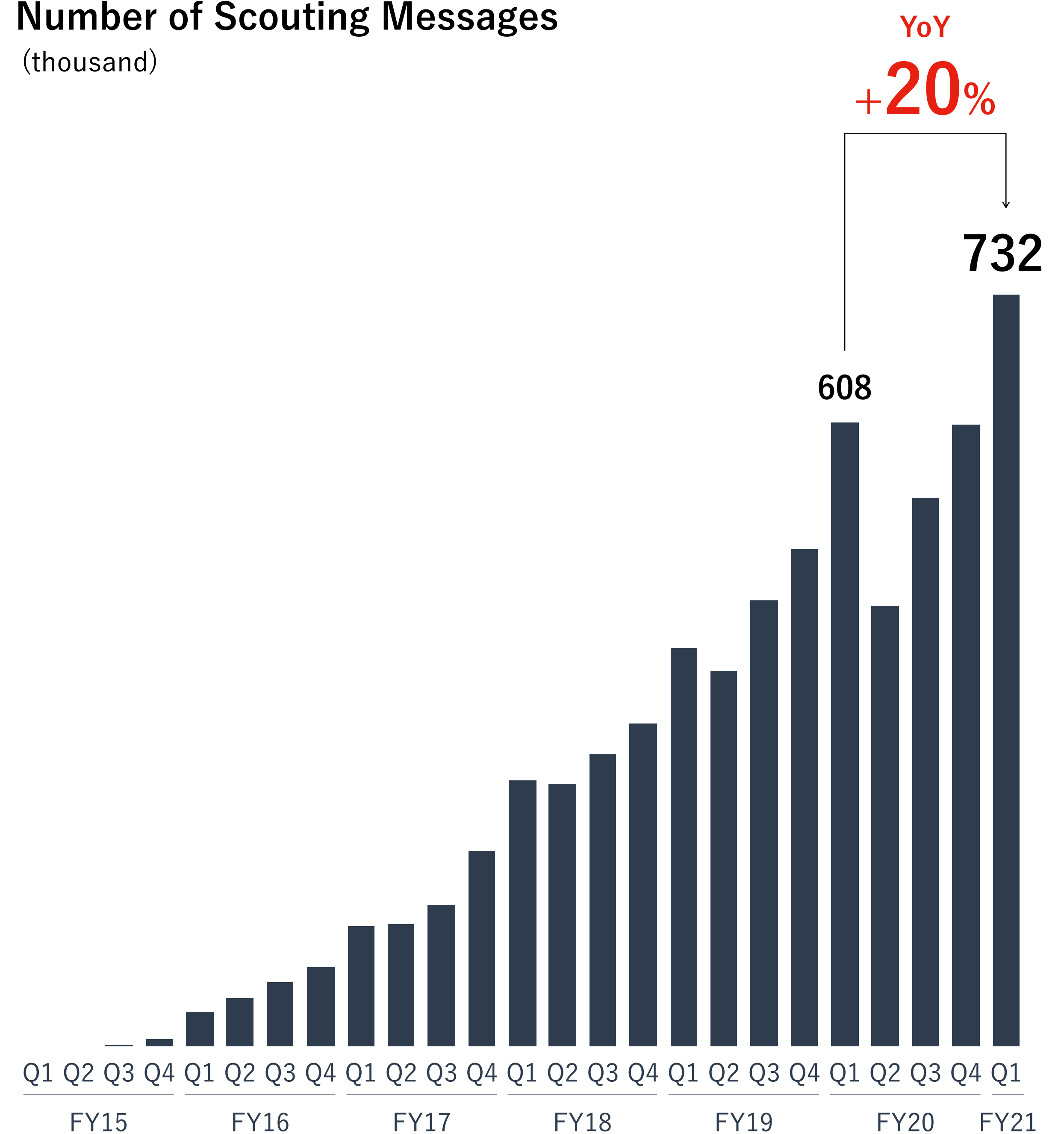
Number of Registered Workers

(thousand)



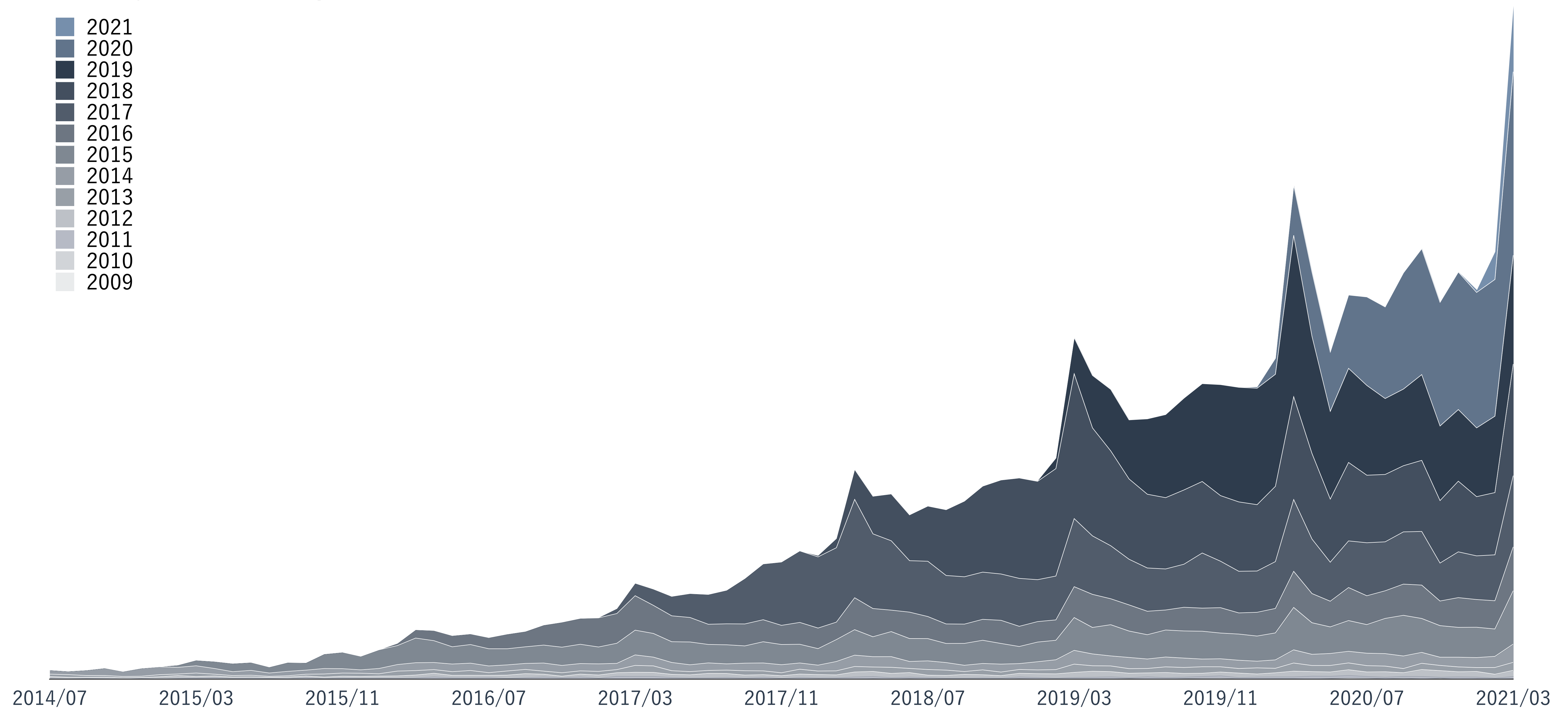
Number of Scouting Messages

(thousand)



We are building a stable customer base by encouraging customers to become repeat users of JobMedley. Recently acquired customers are making extensive use of our scouting functions. This has boosted the ratio of applicants per job offering and contributed to sales growth.

Sales by Customer Acquisition Year⁽¹⁾



(1) Based on per-customer monthly orders/sales value data

As of February 26 2021, MEDiPASS Co., Ltd., providing online training business, was converted into Medley's subsidiary. We aim to persistently grow its business by gaining its market share in the nursing care field while leveraging Medley's customer base and also by tapping other markets.
(MEDiPASS's PL statement during January and March 2021 is not included in our consolidated statements of Q1 FY2021.)⁽¹⁾

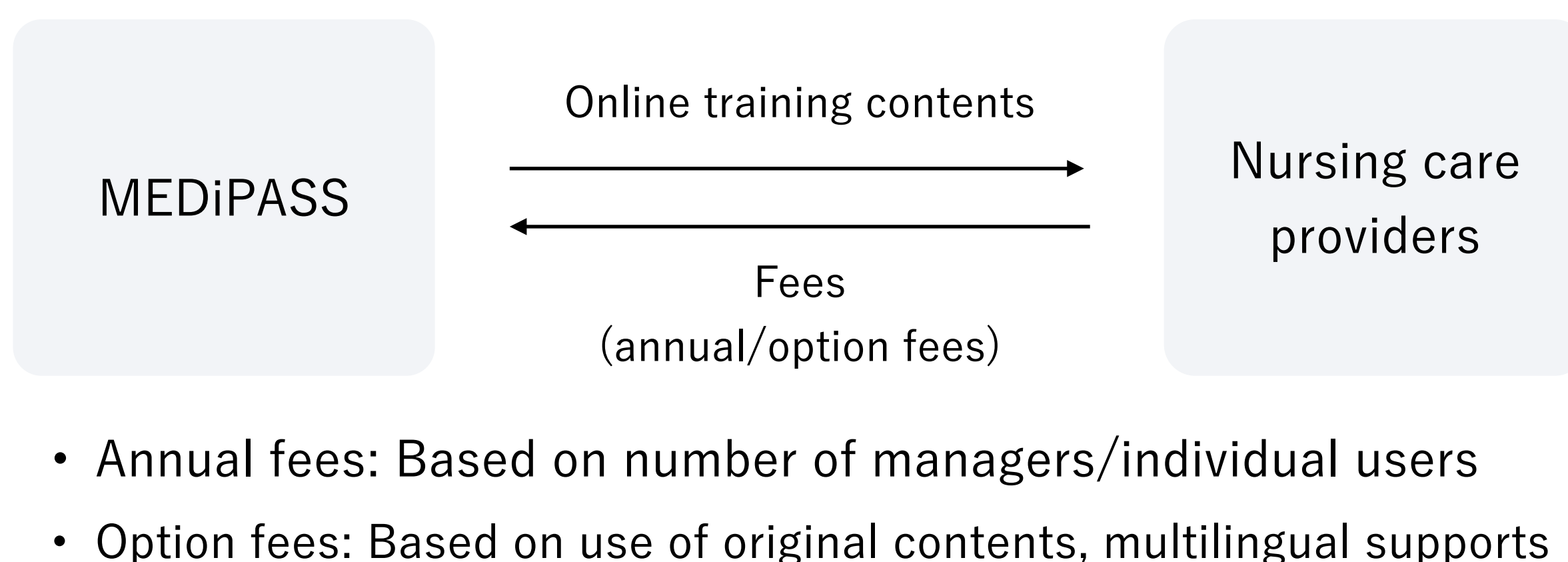
Company Overview

Date of Establishment	September, 2008
Representative	Hiroshi Oda, Representative Director and CEO
Net Sales	JPY 1,113 million (FYE March 2021) - CAGR: 10.3% (over the past 4 years)
Main Businesses	Online training services for nursing care providers Online introduction service for paid senior living facilities Operational support for medical institutions offering care to residents of nursing care facilities
Number of Employees	93 (as of end-March 2021)

Competitiveness of MEDiPASS Academy

Impressive Track Record	<ul style="list-style-type: none">• Rapid growth of customer base since launch in 2018<ul style="list-style-type: none">- Used in 2,000+ nursing care facilities- 40,000+ trainees
Wide Range of Contents	<ul style="list-style-type: none">• Library of over 2,000 videos addressing a wide range of nursing care needs
High Convenience	<ul style="list-style-type: none">• Trainees can watch videos anytime, anywhere on smartphones or tablet computers

Business Model of Online Training (MEDiPASS Academy)



Expected Synergy

Leveraging Medley's customer base	<ul style="list-style-type: none">• Expansion of sales of online training products leveraging JobMedley's rich customer base<ul style="list-style-type: none">- Increase the market share in nursing care sector- Tapping other markets (hospitals, dental clinics, pharmacies, etc.)
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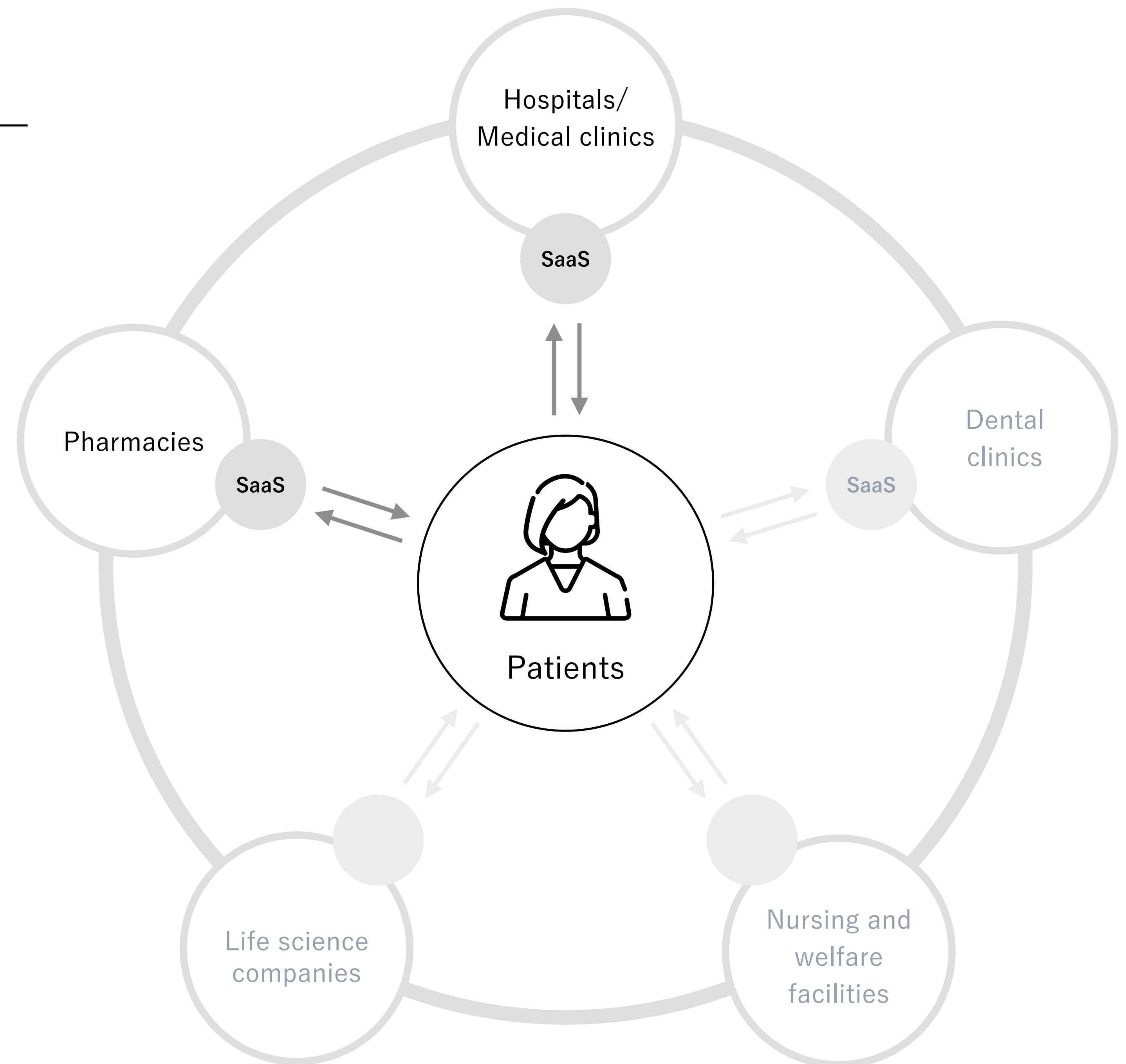
(1) As the deemed acquisition date for shares of MEDiPASS Co., Ltd. was March 31, 2021, its PL statement will be included in the Group's consolidated statements of income and comprehensive income starting in Q2 FY2021.

Medical Platform

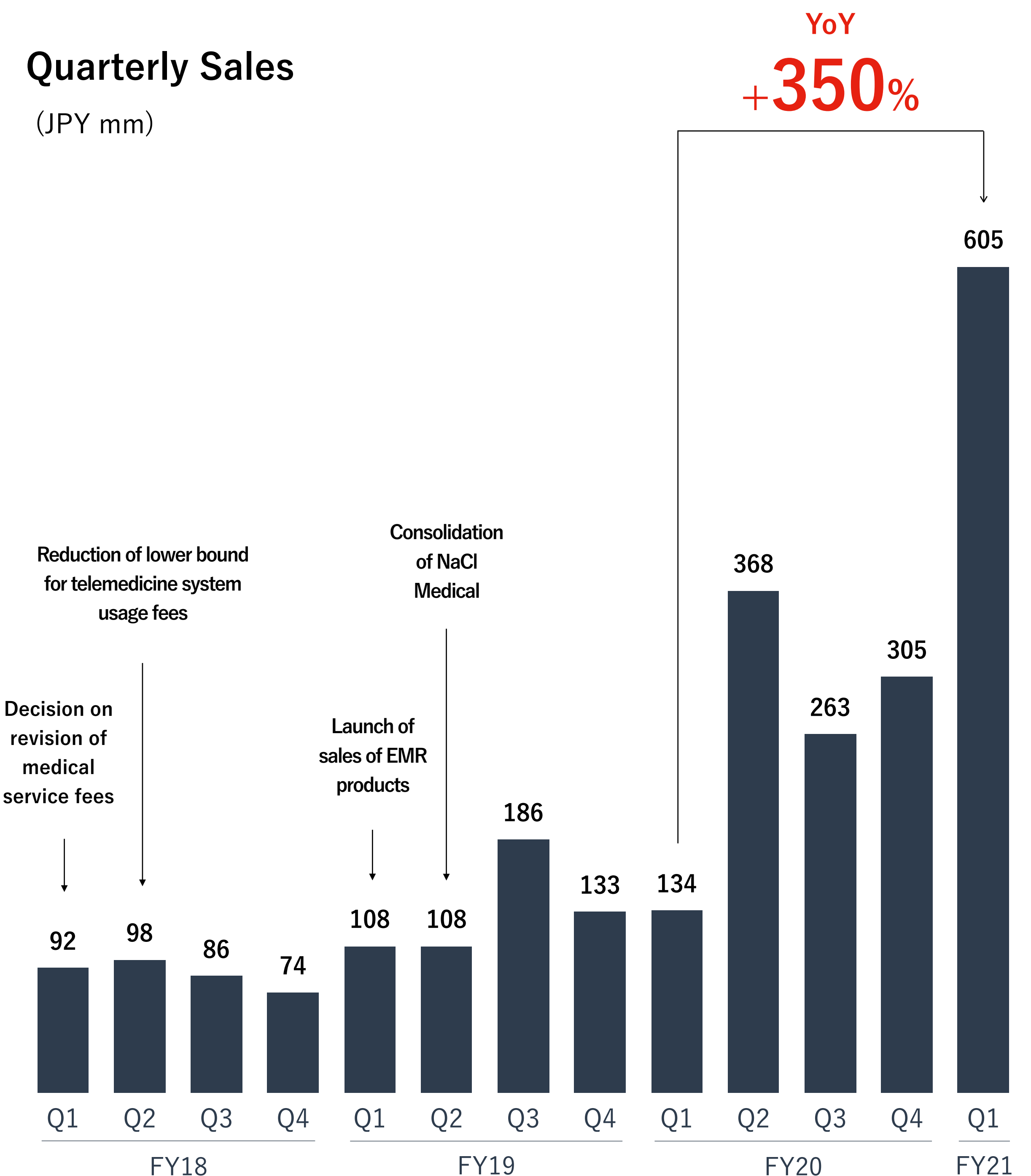
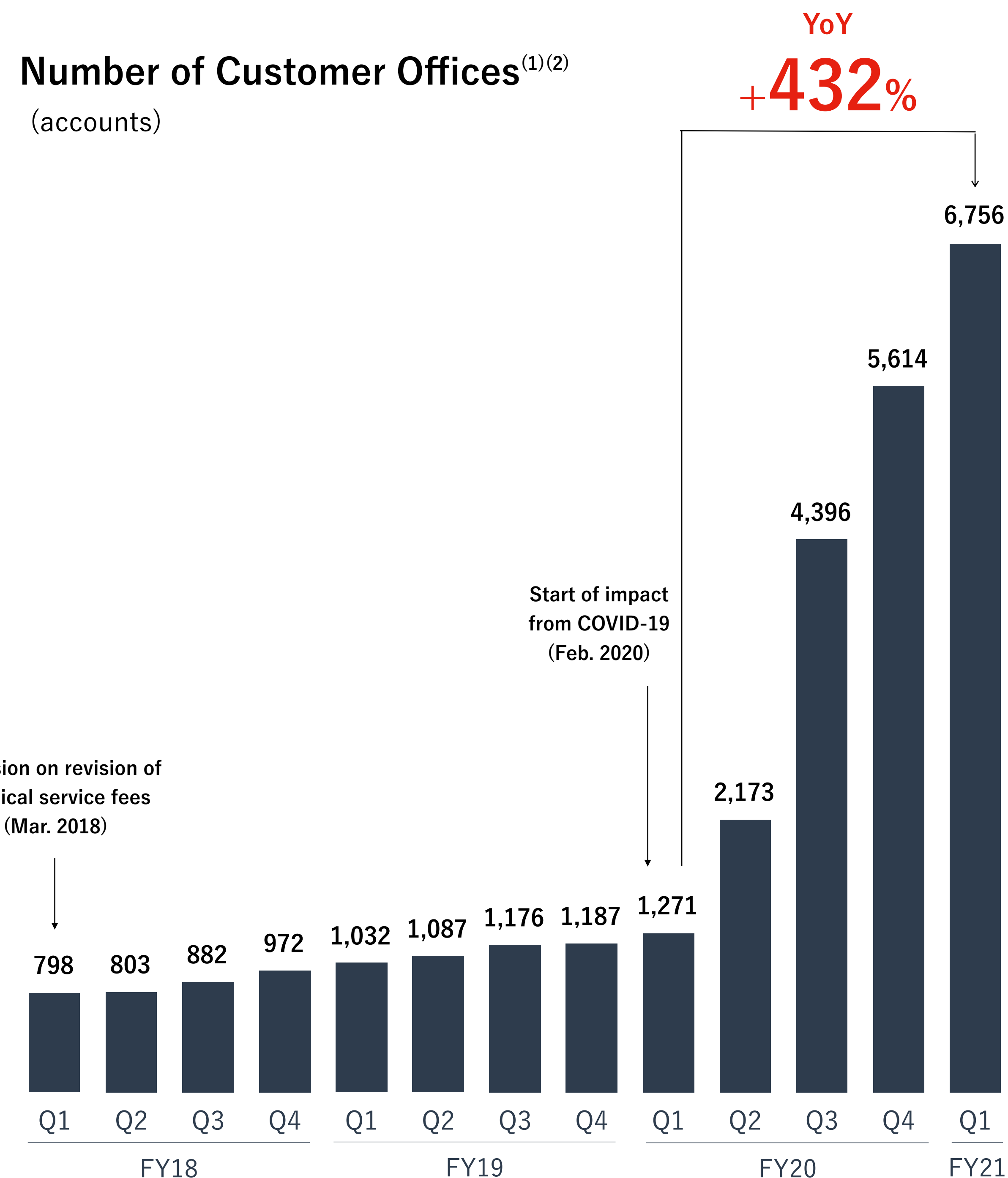
 **CLINICS**

 **Pharms**

 **MALL**



The number of customer offices served showed strong YoY growth in Q1 FY2021 as adoption of Pharms moved forward smoothly. Sales also rose sharply on strong performance in the field of telemedicine and the consolidation of Pacific Medical, Inc., which provides EMR systems to hospitals.



(1) Number of customer offices = number of medical intuitions that have begun using our systems (CLINICS, Pharms, etc.) and have not cancelled or discontinued their contracts; customers using multiple systems counted as a single customer account

(2) Starting in Q2 FY2020, the number of customer offices served includes customers acquired from Life Sciences Computing Corporation

Measures to Expand Range of Targeted Customers, Improve ARPU, and Streamline Operations

In Q1 FY2021, we implemented a number of measures to boost the medium- to long-term growth and profitability of our Medical Platform Business. These include expanding our target customers, improving ARPU, and streamlining measures.

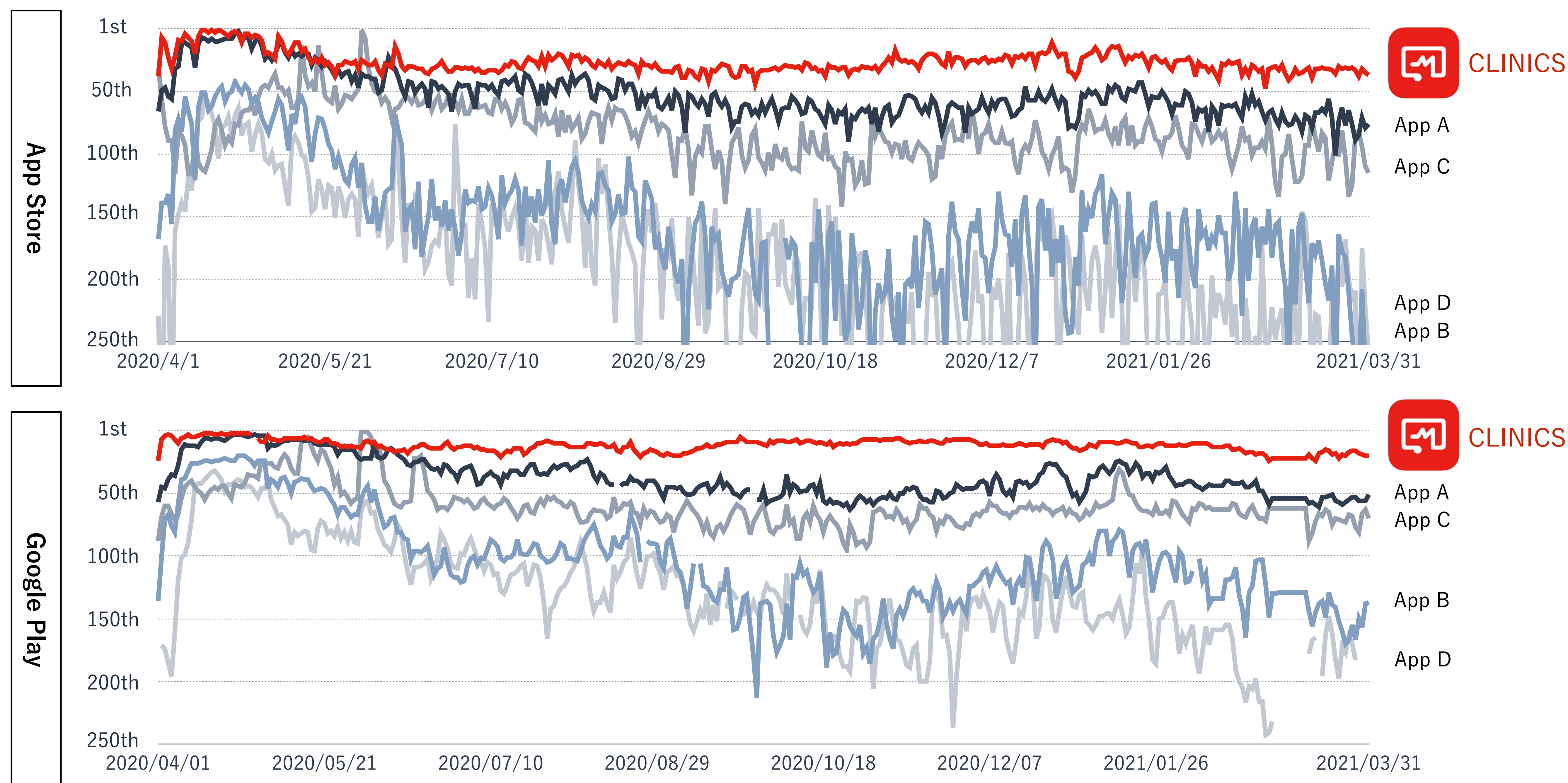
Main Measures Implemented in Q1 FY2021

	Hospitals/Medical Clinics		Pharmacies
	Telemedicine	EMR	Systems for Dispensing Pharmacies
Expansion of targeted customers	Provide patients with a full end-to-end online experience through a smartphone application	<div>B</div> Acquisition of Pacific Medical, Inc.	Development of family pharmacy support function
Improvement in ARPU	<div>A</div> Utilization promotion	Boosted sales growth of partners' products	
Streamlining		Launch of indication/receipt check function	
		Improvement of implementation process	
		Optimized compatibility with ORCA (reduced costs)	

A : CLINICS Telemedicine Has Been Well Received by Patients

Among several telemedicine apps offered by other companies, our CLINICS app remained consistently at the top of the rankings during FY2021 1Q period and we believe it the first choice of patients.

App rankings in the medical category (telemedicine apps only)⁽¹⁾



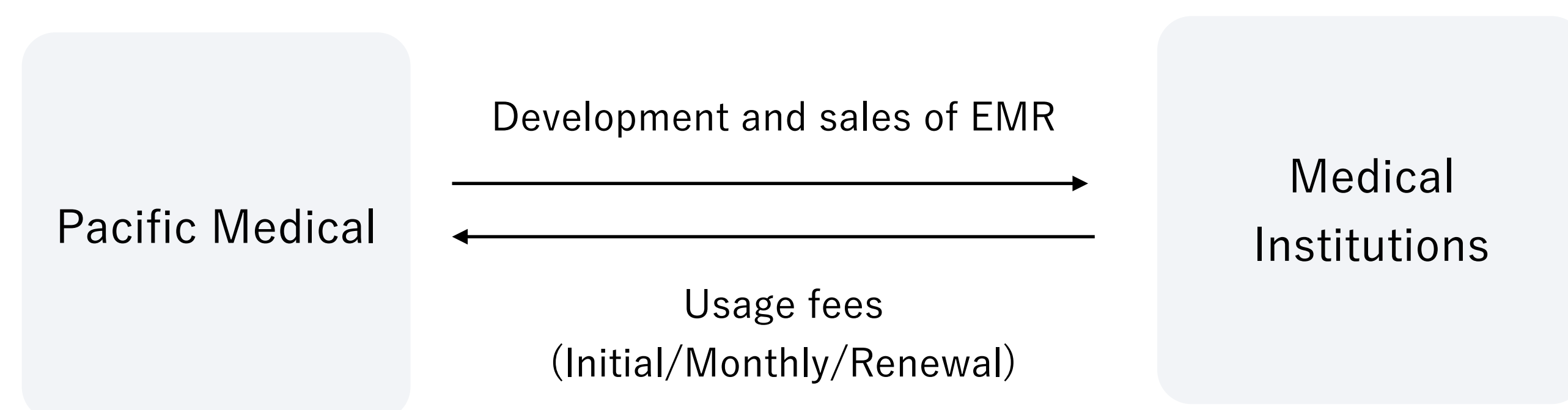
(1) Comparison among telemedicine apps which cover insured medical treatment; Source: App Annie

In FY2021 1Q, Pacific Medical, Inc., providing EMR for hospitals, was converted into Medley's subsidiary. In addition to its stable recurring revenues, we aim to boost its sales through our synergies including leveraging Medley's customer base and connection with CLINICS telemedicine system.

Company Overview

Company Representative	Representative Director: Hiroyuki Komatsu (Founder) Representative Director (Medical Doctor): Yusuke Shima (Director of Medley)
Main Business	Development and sales of EMR for hospitals (2003~)
Net Sales	JPY 483 million (FY20 ending December 2020; Irregular nine-month fiscal period)
Number of Customers	139 (As of end-March 2021)
Number of Employees	62

Business Model of EMR for Hospitals



- Main customers: Small and medium hospitals with less than 400 beds
- Distributors support some deals
- Hardware updates every 5~7 years

Competitive Advantages of EMR (MALL)

Retention Rate
98%⁽¹⁾
For 17 years

Low Cost	In-house development enables low initial/maintenance fees
Customizability	The screen layout can be customized (2,664 options)
Connectivity	Other in-house developed systems (dialysis, rehabilitation etc.) can be easily connected

Expected Synergies

Leveraging customer base of Medley	Increase the share of the EMR for hospitals through rich customer base of JobMedley
Connection with telemedicine system	Link the EMR for hospitals to Medley's CLINICS telemedicine system
Marketing support	Sharing of Medley's marketing expertise

(1) 139 customers currently use the EMR out of 142 cumulative total users in the past 17 years

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Mid-term Target: Aim to Maximize Long-term Free Cash Flow

Our management policy is to maximize long-term free cash flow, and aim to maintain high sales growth by increasing the value provided to our customers. In order to achieve sales growth, we pursue a business model focused on stable, recurring sales. Further investments will therefore be made in growth focused on maximizing the number of customers and achieving continuous ARPU growth by improving utilization rates and strengthening product lineup.

Long-term
Policy

Maximize Long-term Free Cash Flow



Medium-term
Policy

Maintain High Sales Growth
(Expand Sources of Free Cash Flow)

Primary
KPIs

Maximize Number of Customers

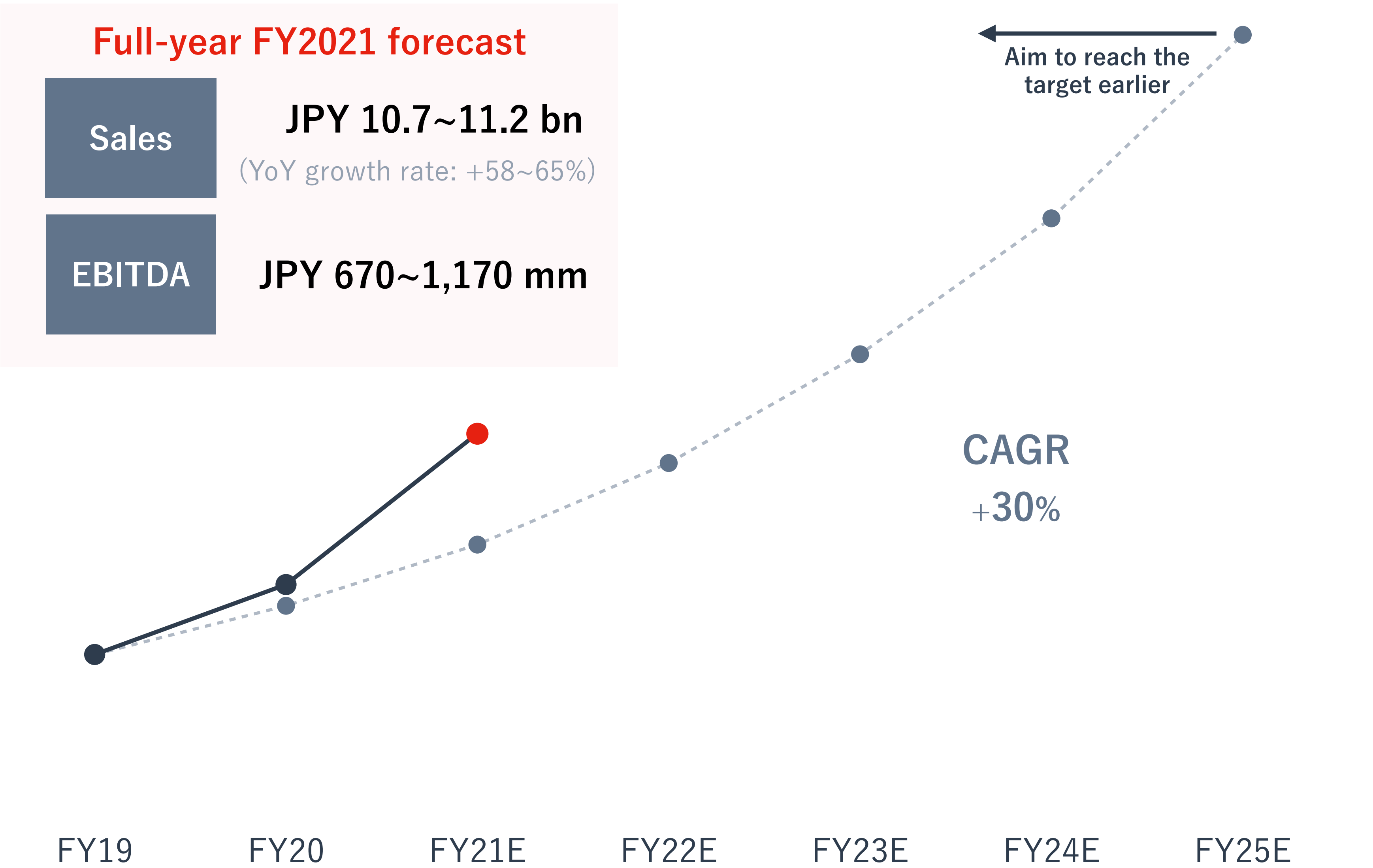


Improve ARPU
(Increase utilization ratio / Expand
product lineup)

Progress Toward Medium-Term Targets

Our mid-term sales target is to achieve JPY 23 billion by FY2025. We plan to move decisively in FY2021 to reach this goal ahead of schedule.

Progress toward Our Mid-term Sales Target



(JPY billion)

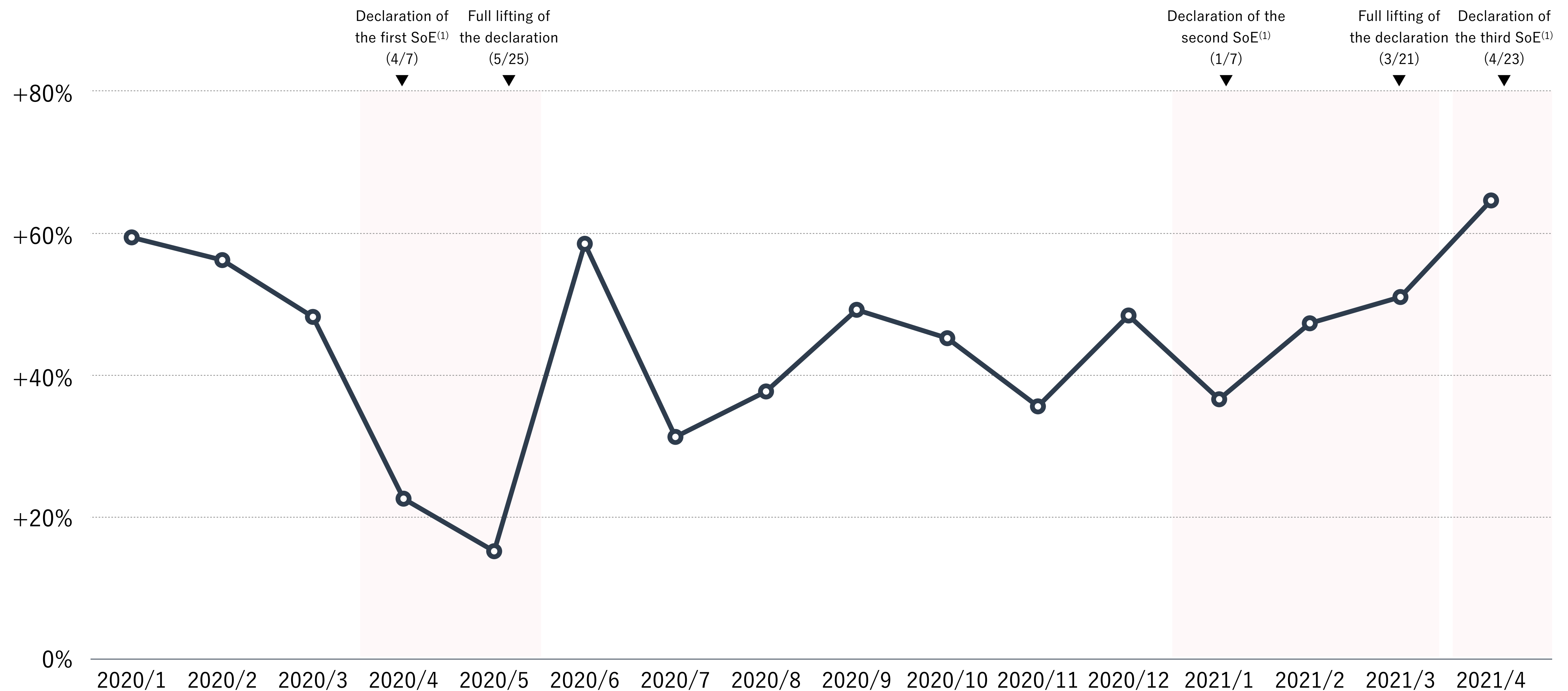
Year	CAGR30%	Sales Forecast	Actual Sales
2019	4.7	4.6	4.7
2020	6.1	6.6~6.9	6.8
2021	8.0	10.7~11.2	
2022	10.4		
2023	13.6		
2024	17.6		
2025	23.0		

	Assumption of FY21 Full-Year Forecast (As of March 17, 2021)	Current Update
Recruitment PF	<ul style="list-style-type: none">• Number of customer offices: Maintain the same growth• ARPU: Increase by improving functionality	<ul style="list-style-type: none">• Limited impact of second and third SoE [P28]
Medical PF	<ul style="list-style-type: none">• Continue to increase ARPU, expand customer base, and improve cost efficiencies<ul style="list-style-type: none">- Continue growing existing businesses (CLINICS, Pharms etc.)- Increase number of employees in order to accelerate growth of newly consolidated Pacific Medical's business• Continue investment in development targeting mid-term growth• Forecast does not factor in any impact from deregulation	<ul style="list-style-type: none">• Capital and business alliance with NTT DOCOMO, INC. [P29~32]<ul style="list-style-type: none">- Impact on FY21 earnings under consideration
New Services	<ul style="list-style-type: none">• Plan to expand business• Shift from commercialization phase to profitability phase (losses shrinking)	<ul style="list-style-type: none">• New nursing care business proceeding according to plan
Corporate Expenses	<ul style="list-style-type: none">• Continued aggressive hiring to achieve growth<ul style="list-style-type: none">- Recruitment Platform: approx. 80 new hires⁽¹⁾- Medical Platform: approx. 30 new hires⁽¹⁾- Corporate: approx. 30 new hires⁽¹⁾• Introduction of share-based compensation and strengthened human resources system	<ul style="list-style-type: none">• Steady progress in recruitment activities
Others	<ul style="list-style-type: none">• Reflects the impact from MEDiPASS acquisition (PL to be included starting from FY21 Q2)• Sales of undefined new businesses and M&A are not included the forecast	<ul style="list-style-type: none">• No update

(1) Number of planned hires at parent company Medley, Inc.

In Q1 FY2021 under the second state of emergency (SoE)⁽¹⁾ in Japan, job interview numbers, which are a leading indicator of sales in JobMedley, were still strong. The impact of the third SoE⁽¹⁾ has also been limited at present and we expect to achieve continued strong growth.

YoY Growth in Job Interview Numbers



(1) The first SoE was spread to all areas of Japan, whereas the second and third SoE have been in effect in major cities including Tokyo and Osaka.

Objectives

- **Bring closer a future where patients make full use of medical healthcare**
 - Accelerate appropriate dissemination of telemedicine (joint management of CLINICS app)
 - Develop new services for end-users

Overview of transaction

- **Formation of capital and business alliance agreement with NTT DOCOMO**
- **Third-party allotment of new shares to NTT DOCOMO (equivalent of 3% of Medley's issued shares)⁽¹⁾**
 - Number of new shares: 933,100 shares (dilution ratio: 3.0%)
 - Issue price: JPY 5,500 per share
 - ▶ Premiums applied to the recent (April 23) share price and the average share prices over the past one month, three months, and six months
 - Estimated net proceeds: JPY 5,083 million
 - Payment date: May 11, 2021

Expected synergies

- **Expansion of the Medical PF Business by leveraging the assets of two companies with different strengths**
 - NTT DOCOMO: Strong membership base (knowhow in fields such as contact points, management, and promotion)
 - Medley: Development and management capabilities in the field of medical services, and strong customer base in the medical healthcare field

Use of funds

- **The net proceeds of JPY 5,083 million will be allocated to M&A opportunities which benefit this capital and business alliance**

(1) The total number of issued shares referred is 30,889,100 as of December 31, 2020

We will leverage the sizable assets of the two companies and, in addition to promoting telemedicine properly through joint management with NTT DOCOMO of our telemedicine app CLINICS (see page 32), we will develop new services for users to bring closer a future where patients make full use of medical and healthcare.



Strong customer base

- 80,000 medical institutions⁽¹⁾

Development and management capabilities in the field of medical services

- Patient-facing media
- Systems for hospitals
- Systems for medical clinics
- Systems for pharmacies
- Symptom checker⁽²⁾
- Integrated patient data base⁽²⁾
- Medical systems integration database⁽²⁾
- Blockchain-based e-prescribing system⁽²⁾

- ① Joint management of CLINICS app
- ② New services for end-users



Largest user contact points in Japan

- Number of mobile telecom contracts: 70.29 million⁽³⁾
- d POINT CLUB: 79.67 million members⁽⁴⁾
- DOCOMO shops: 2,330 locations⁽⁵⁾

Strong capabilities to provide a variety of services to end-users

- d POINT CLUB (customer loyalty program)
- d Barai (mobile payment service)
- d healthcare (app)
- Medicine Notebook Link (app)



(1) Number of medical institutions (medical, dental, pharmaceutical) served by our Recruitment PF and Medical PF businesses as of end-2020

(2) Patent received for Symptom checker (patent No. 6844088), patents pending for others

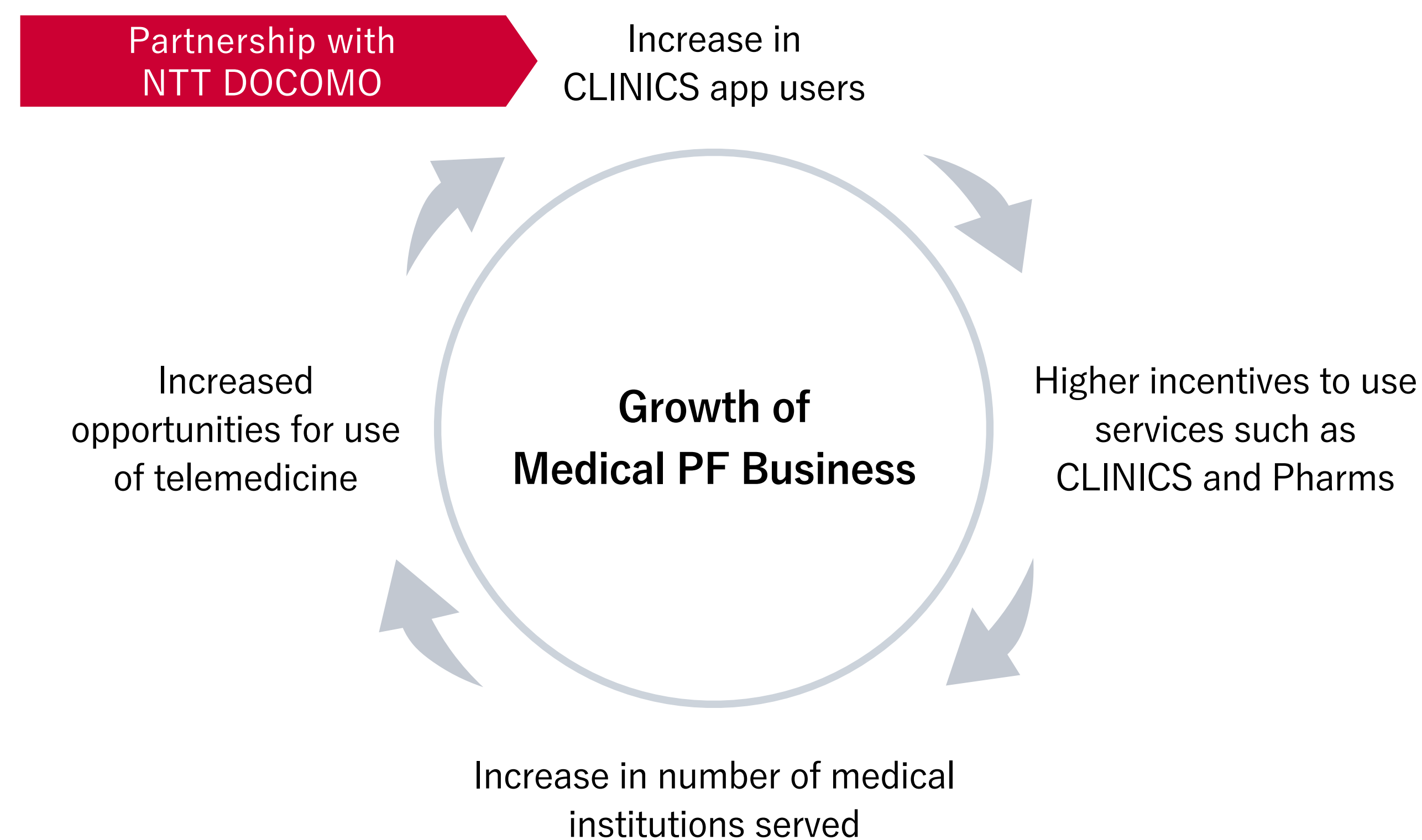
(3) Ministry of Internal Affairs and Communications "Announcement of quarterly data on the number of subscriptions and market share of telecommunications services (FY2020 Q2 (end-September))"

(4) NTT DOCOMO, INC. "Financial Data Book for FY2020/3Q"

(5) Number of NTT DOCOMO stores according to MCA Inc. "Carrier Shop Deployment Status and List of Stores Spring 2021"

This partnership will strengthen the growth cycle wherein the number of CLINICS app users increases along with the number of medical institution customers served and enable us to expand revenues by developing new services for end-users. We believe the resulting long-term growth in enterprise value will outweigh the dilution impact.

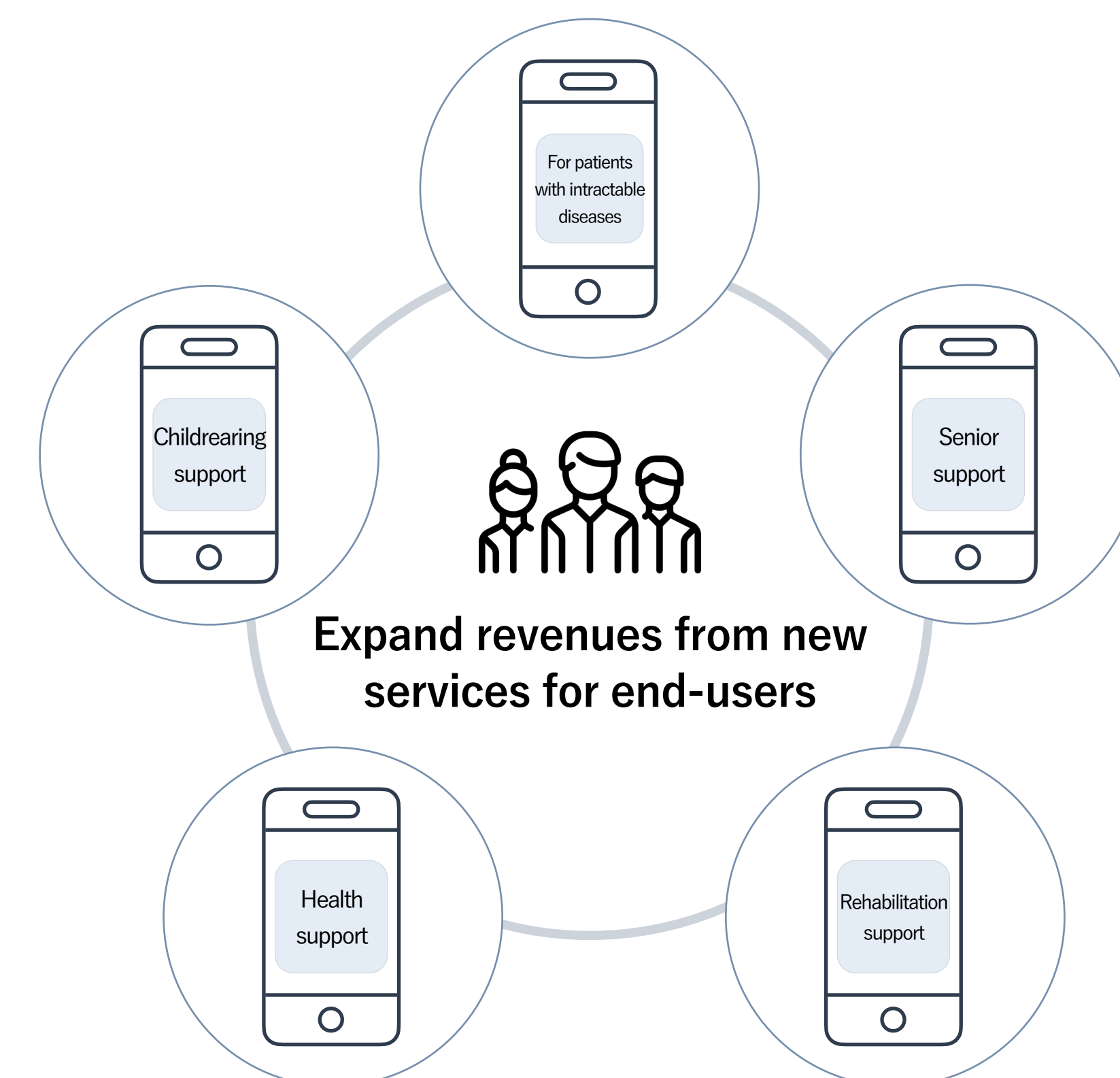
Strengthening of Growth Cycle in the Medical PF Business



Joint management of telemedicine app

- Leveraging of NTT DOCOMO's membership base and promotion knowhow to increase the number of CLINICS app users
- Growth in CLINICS end-user base increases incentives for medical institutions to introduce telemedicine system
- Increase in number of medical institutions using telemedicine results in increased opportunities for end-users to make use of telemedicine, thereby driving further growth in our end-user base

Development of New Services for End-users (example)



Leveraging of telemedicine assets

- Provide services that leverage telemedicine capabilities to meet diverse, specific needs of end-users
- Both Medley and NTT DOCOMO will consider a wide range of partnerships with other companies

Telemedicine in Japan that benefits patients and medical institutions requires three essential prerequisites: 1) widespread adoption in secondary medical care areas⁽¹⁾ to promote GP system⁽²⁾, 2) enhanced accessibility to specialized medical care, and 3) safety and reliability. As a telemedicine systems provider, Medley partners with related institutions including the government to take on the crucial mission of disseminating telemedicine in Japan together with NTT DOCOMO.

Appropriate Dissemination of Telemedicine in Japan

Widespread adoption in secondary medical care areas to promote GP system	Patients	<ul style="list-style-type: none">• Medical care that combines telemedicine and face-to-face medical examinations becomes rooted in everyday life while both the limits and usefulness of telemedicine are recognized
	Medical institutions	<ul style="list-style-type: none">• Enhanced communication with patients prevents withdrawal from care and disease progression• Telemedicine is deployed efficiently while recognizing the complementary relationship between telemedicine and face-to-face medical care
Enhanced accessibility to highly specialized medical care	Patients	<ul style="list-style-type: none">• Accessibility to highly specialized medical care is assured with programs such as online second opinions to overcome geographical barriers
	Medical institutions	<ul style="list-style-type: none">• Proactive use of services such as online second opinions with an awareness that doctors can contribute to improvement of patient experiences not only at the local level, but also nationwide
Safety and reliability	Telemedicine systems providers	<ul style="list-style-type: none">• Construction of highly secure telemedicine system infrastructure and operating systems to ensure safety of both patients and medical institutions
	Medical institutions	<ul style="list-style-type: none">• Promotion of understanding and building frameworks of proper use of telemedicine to prevent fraud and misconduct

(1) Secondary medical care areas are geographically defined and each typically consist of several cities, towns, and/or villages wherein general healthcare services (ranging from health promotion and disease prevention to hospitalized treatment) are provided. Based on the medical resources available in Japan and taking into consideration the convenience of patients, Medley views provision of telemedicine to secondary medical care areas as a crucial mission.

(2) GP: General Practitioner; family doctor

1. Financial Highlights

2. FY2021 Q1 Results

3. FY2021 Forecast

4. Appendix

Technology is not being fully leveraged in the medical and healthcare industry due to heavy regulations. Our ultimate goal is to solve medical and healthcare issues by leveraging the internet and information technology.

Recruitment Platform Business

We operate JobMedley, one of Japan's largest recruitment systems in medical healthcare field, and MEDiPASS Academy, online video nursing training service. Our objective is not only to provide better matching for job seekers and medical providers, but to resolve the shortage of medical and healthcare personnel by facilitating unemployed but qualified workers return to work and tackling the issue of uneven service distribution between communities.



Medical Platform Business

We provide CLINICS telemedicine, one of the leading telemedicine system in Japan, CLINICS electronic medical record system (EMR) for clinics, Pharms for pharmacies, MEDLEY (online medical encyclopedia dedicated for patients), and MALL (EMR for hospitals) with a focus to build a platform beneficial for both patients and medical institutions.



Corporate Name	Medley, Inc.
Headquarters	Sumitomo Fudosan Roppongi Grand Tower 22F 3-2-1 Roppongi, Minato-ku, Tokyo
Established	June 5, 2009
Business	Recruitment Platform Business Medical Platform Business
Management	Kohei Takiguchi (President and CEO)
Number of employees	680 (March 31, 2021)
Group Companies	NaCl Medical, Inc. (Shimane), MEDS, Inc. (Tokyo), OTO, Inc. (Tokyo), Pacific Medical, Inc. (Kochi etc.), MEDiPASS Co., Ltd. (Tokyo etc.)
Awards	Nov. 2020: ASPIC IoT/AI/Cloud Award 2020 - “Minister for Internal Affairs and Communications Award” “Social Industry Specialized ASP / SaaS Category Comprehensive Grand Prix” Nov. 2019: Forbes JAPAN - “Japan Entrepreneur Ranking” 3rd place Nov. 2019: ASPIC IoT/AI/Cloud Award 2019 - “Best Social Contribution” Jan. 2019: Nikkei Superior Product/Service Award 2018 Feb. 2018: Nikkei Digital Health - No.1 for “Venture Companies Chosen by Venture Companies”

Representative Director, President and Chief Executive Officer

Kohei Takiguchi

He established Medley to heighten awareness of medical issues from personal medical experiences.

As the CEO of Medley, he oversees the CEO's administrative office which is responsible for companywide significant issues, and the internal audit office. Prior to establishing Medley, at the age of 17, he established Gemeinschaft, Inc., a U.S. corporation, and became involved in domestic and overseas marketing and statistical research.

Director and CTO

Sosuke Hirayama

He was appointed director of Medley in January 2016. He leads Medical Platform system and is currently in charge of the incubation development as CTO. Prior to joining Medley, he worked for Hitachi Software Engineering, Co., Ltd. and Gree, Inc., as well as working as CTO with Livesense, Inc. He has been selected to lead projects that are aimed at creating completely new types of software.

Director and Head of Corporate Division

Yuta Tamaru

In May 2016, he joined Medley and worked on the development of the telemedicine business as Chief Legal Officer. After that, he was appointed director in February 2018, in charge of overseeing the corporate headquarters. Prior to joining Medley, he worked on M&A, business alliances, and other cross-border company legislations at Paul Hastings LLP and White & Case LLP. He holds attorney qualifications.

Director

Yusuke Shima

He was appointed director of Medley in March 2021. He led development of new products and M&A as head of the CLINICS dept. and Corporate Planning division, and now serves as deputy head of the Incubation Headquarters and head of Business Planning division. Prior to joining Medley, he specialized in gastrointestinal medicine at the JRC Medical Center. He graduated from the University of Tokyo, Faculty of Medicine. He also joined the Boston Consulting Group, where he served as a consultant in the healthcare field. He also serves as Representative Director (Medical Doctor) of Pacific Medical, Inc.

Director

Goichiro Toyoda

He was appointed director of Medley in February 2015. He took the lead in launching the Medical Encyclopedia MEDLEY and engaged in educational activities aimed at disseminating correct telemedicine. Currently, he is in charge of the business collaboration promotion department. Prior to joining Medley, he worked as a physician at Seirei Hamamatsu General Hospital and NTT Medical Center Tokyo; conducted brain research at Children's Hospital of Michigan; and worked at McKinsey & Company. He graduated from the University of Tokyo Faculty of Medicine. He also published the book, "Working to Create Our Future."

Director

Yosuke Ishizaki

He was appointed director of Medley in April 2015. He is driving the growth of businesses. Prior to joining Medley, he worked at Hatena Co., Ltd. and worked as director of the media department, as well as president of a subsidiary at GREE, Inc.

Director and CFO

Ryo Kawahara

He was appointed director of Medley in July 2016. As CFO, he is engaged in financial activities across Medley, including financial affairs, analysis, and investor relations. Prior to joining Medley, he worked on domestic and overseas finance and M&A advisory business at JPMorgan Securities Japan Co., Ltd.

External Director

Hidetoshi Takano

Mr. Takano was appointed external director of Medley since the establishment in June 2009. Prior to joining Medley, he was involved in the start up of the talent referral business at Intelligence, Inc. He is also the founder and representative director of KeyPlayers, Inc. He graduated from the Tohoku University Faculty of Economics.

External Director

Noboru Kotani

Mr. Kotani was appointed external director of Medley in March 2018. He has an extensive career as a senior vice president at the Boston Consulting Group, as well as a founder and representative director at Dream Incubator Inc. He currently serves as the external director for Combi Corporation, Jins Holdings, Inc., SanBio Co., Ltd., Bilcom Inc, and Innophys Co., Ltd. He holds a Master's degree in Industrial Engineering from Stanford University and graduated from the University of Tokyo Graduate School of Engineering • Faculty of Engineering.

External Director

Daisuke Iwase

Mr. Iwase was appointed external director of Medley, Inc. in March 2021. After graduating from the University of Tokyo Faculty of Law in 1998, he joined the Boston Consulting Group and attended Harvard Business School. He co-established Lifenet Insurance Company as Vice President in 2006, and became Representative Director and President. In 2018, he served as Chief Digital Officer of AIA Group Limited, Asia's largest insurance company. At present, he is External Director of Benesse Holdings, Inc. and Managing Partner of Spiral Capital.

External Director

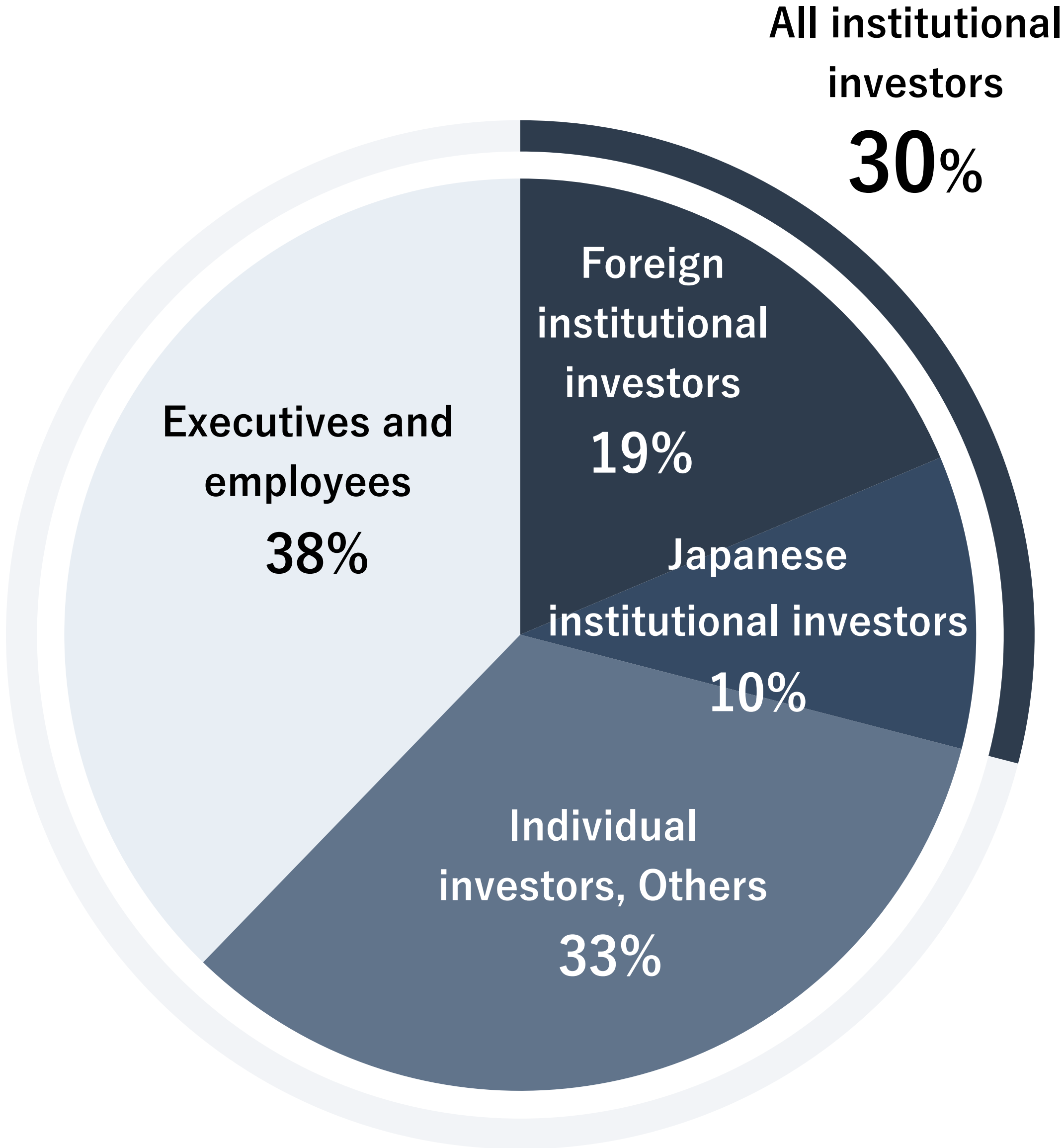
Kenichi Hoshi

Mr. Hoshi was appointed external director of Medley, Inc. in March 2021. After serving as President of affiliated companies of JUKI Corporation in France and Romania, the company he joined in 1989, he joined Misumi Coporation in 2005 where he served as President of an affiliated company in Thailand. He joined Amazon Japan G.K. in 2008, serving as head of hardline business department, seller services department, and Amazon business division through its early growth period. He is currently COO of Oisix RA Daichi Inc.

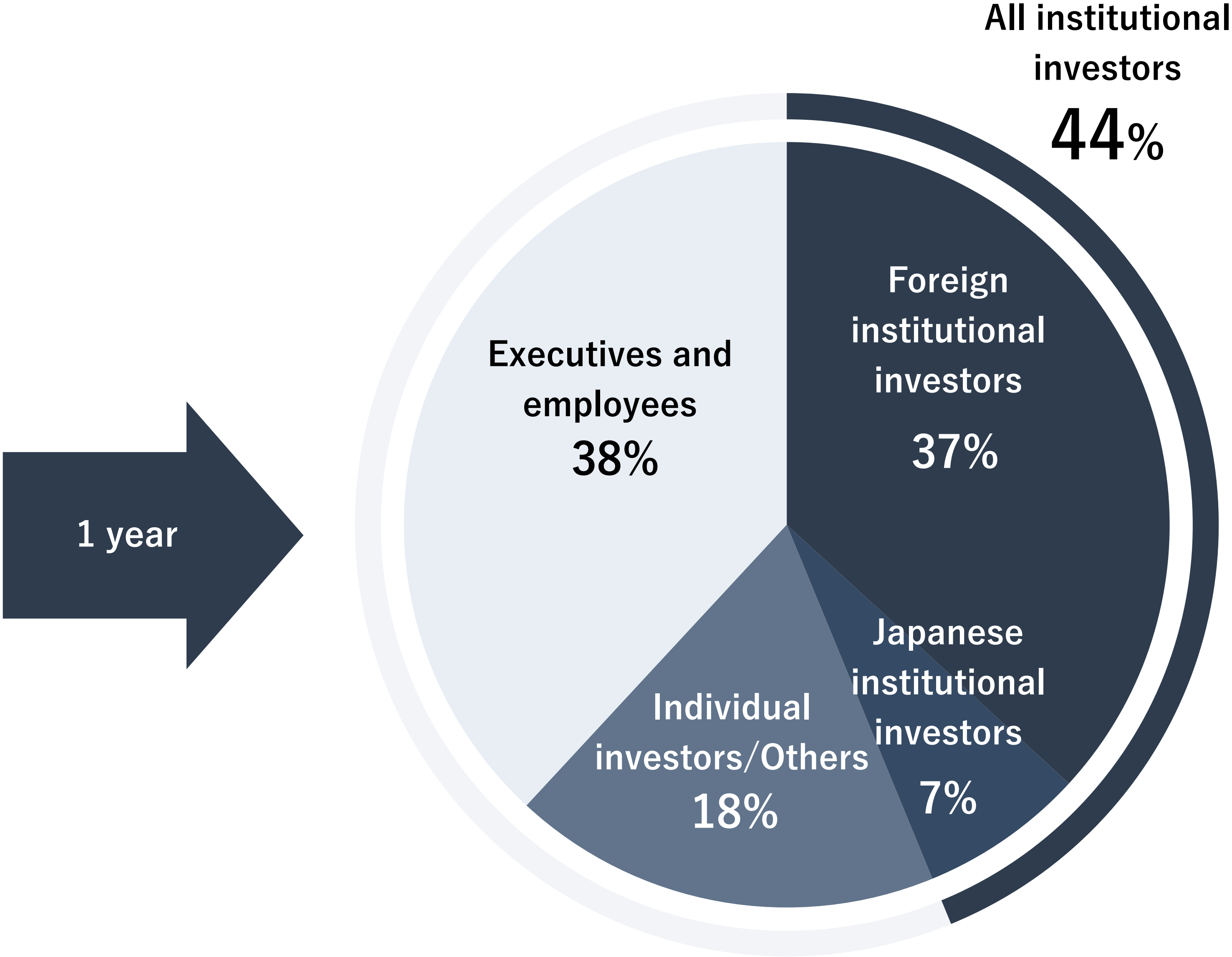
(Ref.) Change in Ratio of Ownership

The ratio of institutional investors (primarily foreign institutional investors) has increased greatly since the IPO to 44% as of end-December 2020. We will continue to endeavor to provide robust disclosure that helps both institutional and individual long-term investors make investment decisions.

As of December 31, 2019



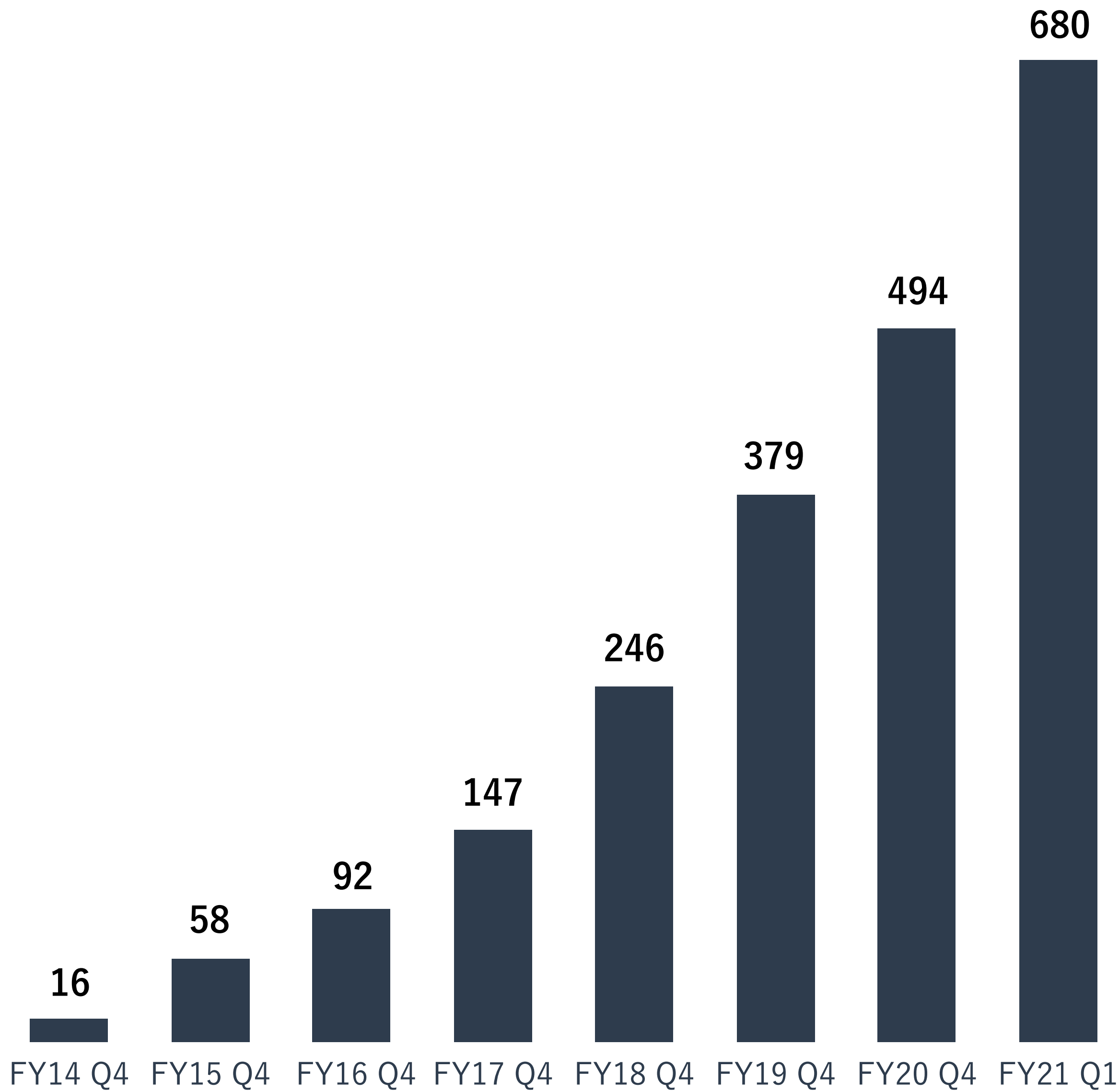
As of December 31, 2020



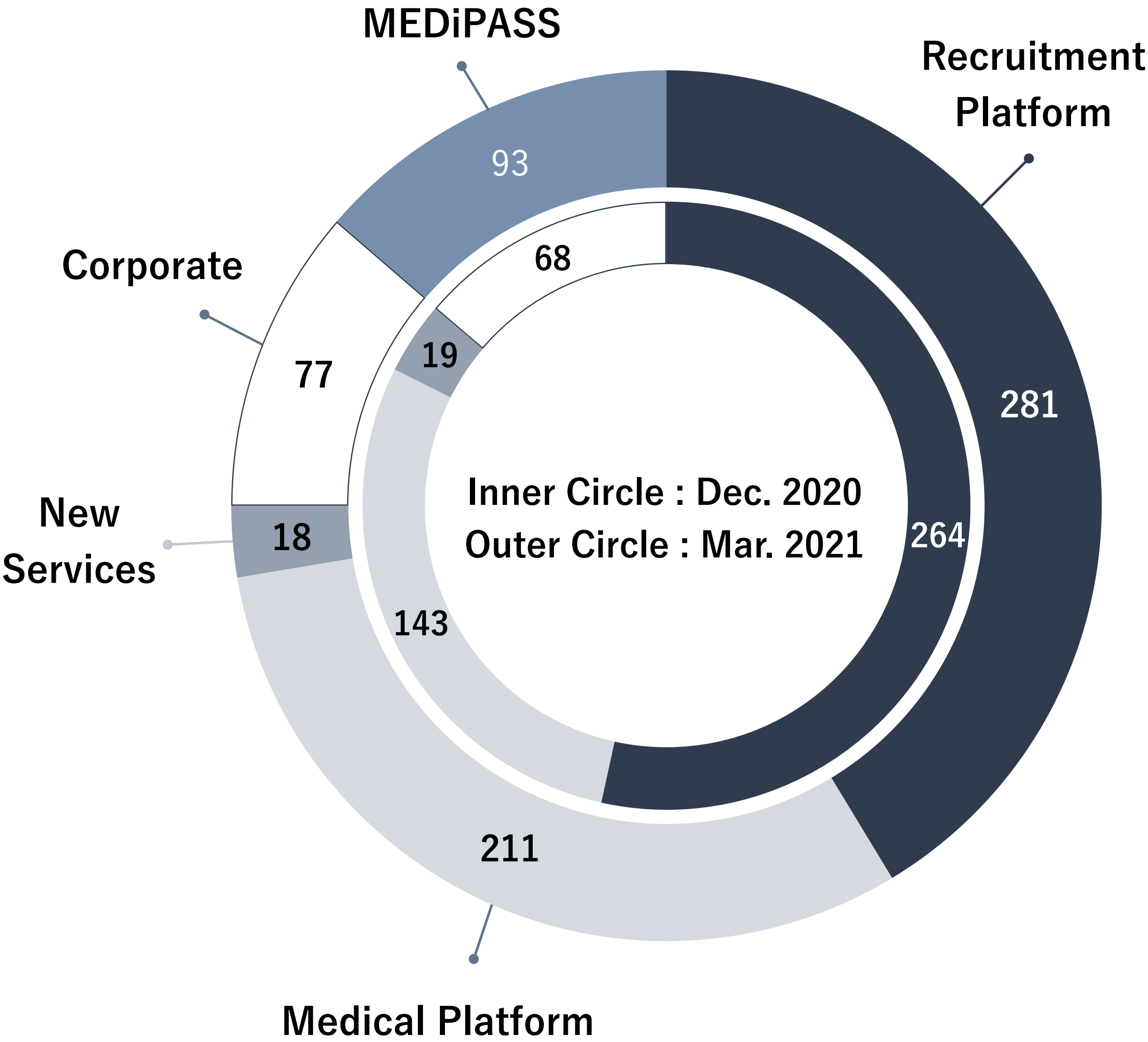
(Ref.) Steadily Securing Human Resources to Fuel Growth of Business Operations

Not only the number of employees working in both platform businesses, but also the number of corporate employees increased to achieve continued growth.

Number of Employees⁽¹⁾



Breakdown of Employees by Segment⁽¹⁾



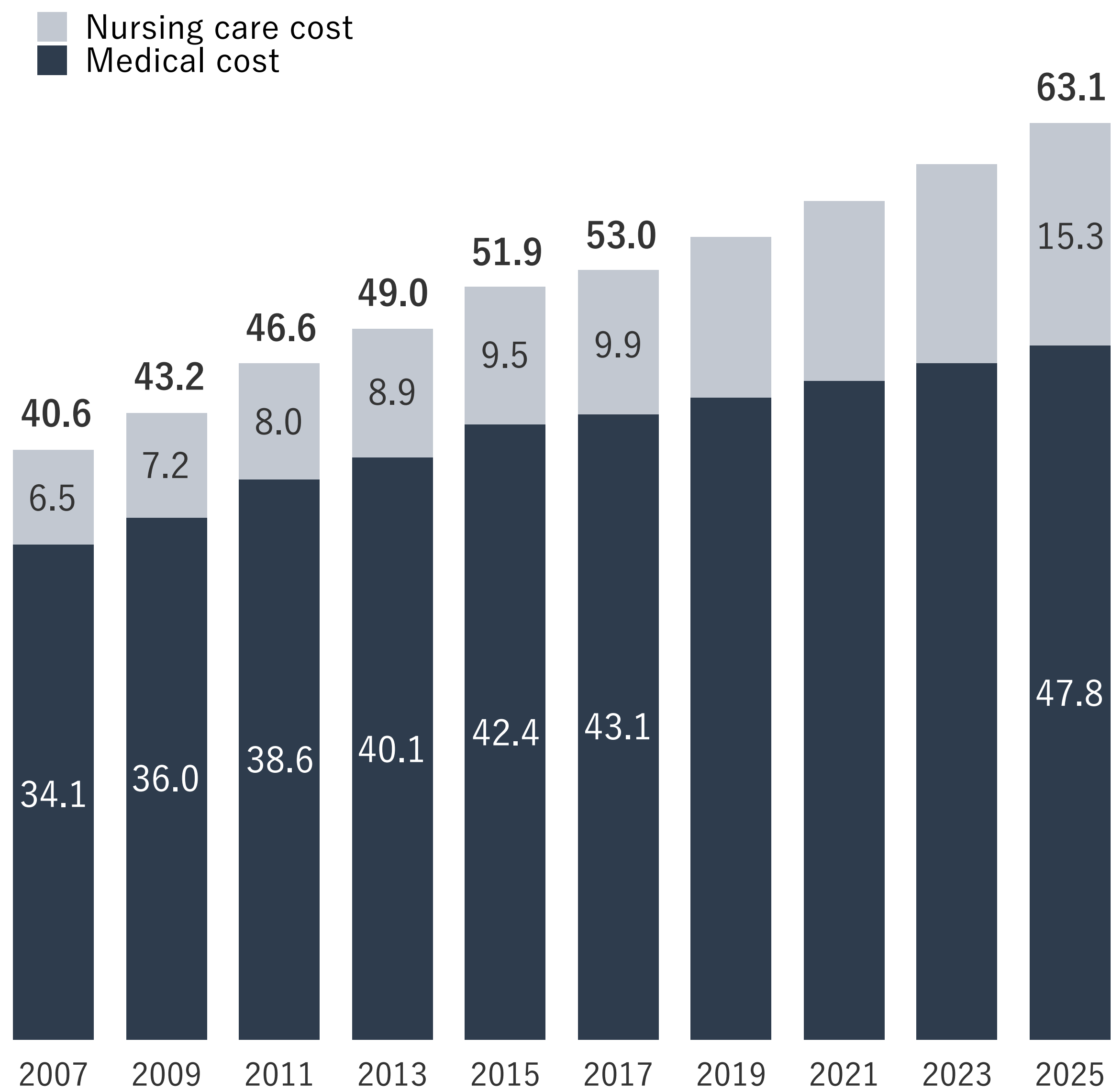
(1) The number of employees indicated does not include part-time/contract employees and Board members.

Defensive Growth Industry: Social Welfare Spending and Number of Employees Not Impacted by Economic Trends

Spending on social welfare is expected to rise continuously in Japan owing to the aging of the population. The number of medical care workers taking care of elderly patients is also expected to rise.

Social Welfare Spending Forecast ⁽¹⁾

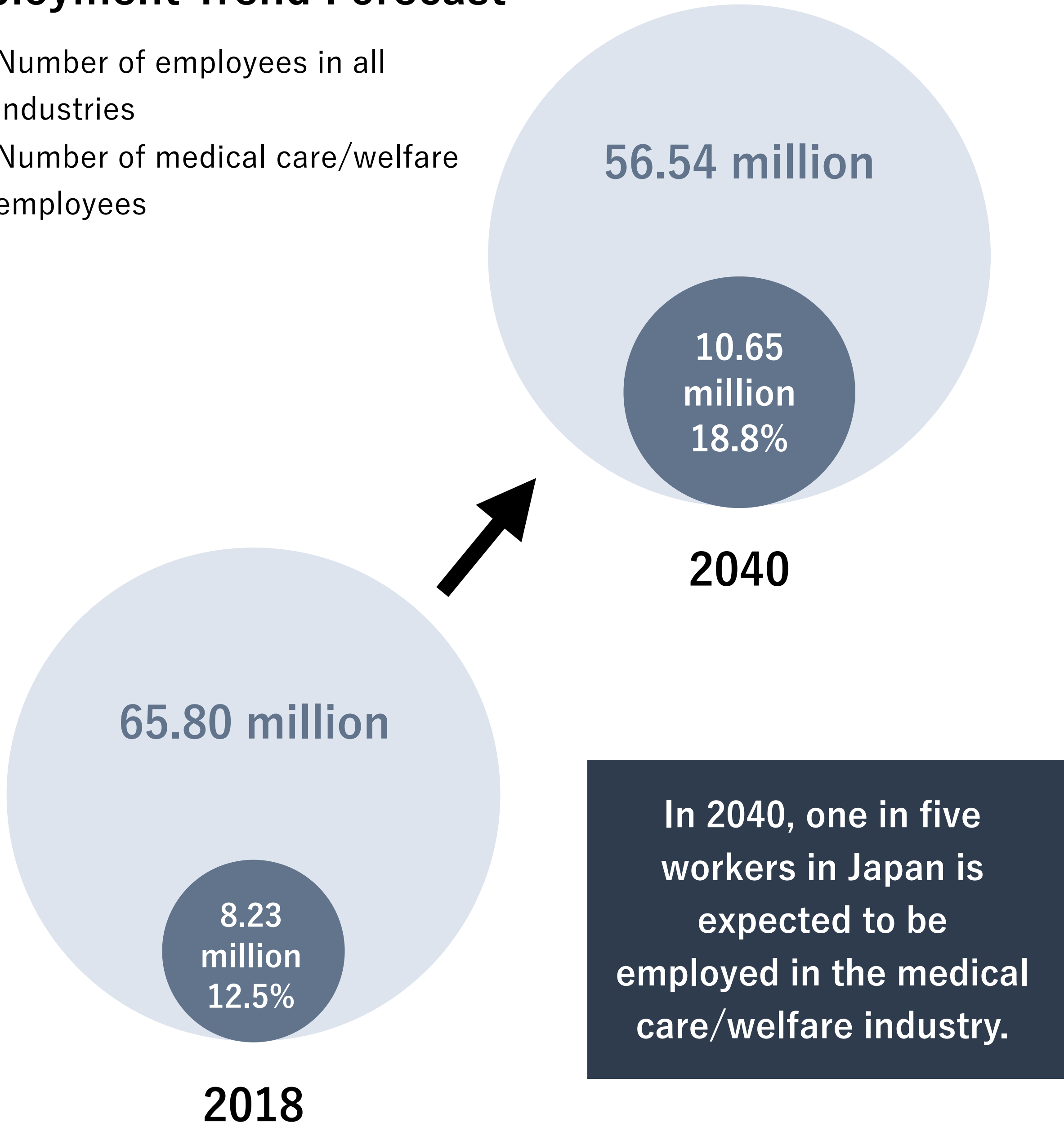
(JPY Trillion)



(1) Report from Ministry of Health, Labor and Welfare

Employment Trend Forecast ⁽²⁾

- Number of employees in all industries
- Number of medical care/welfare employees

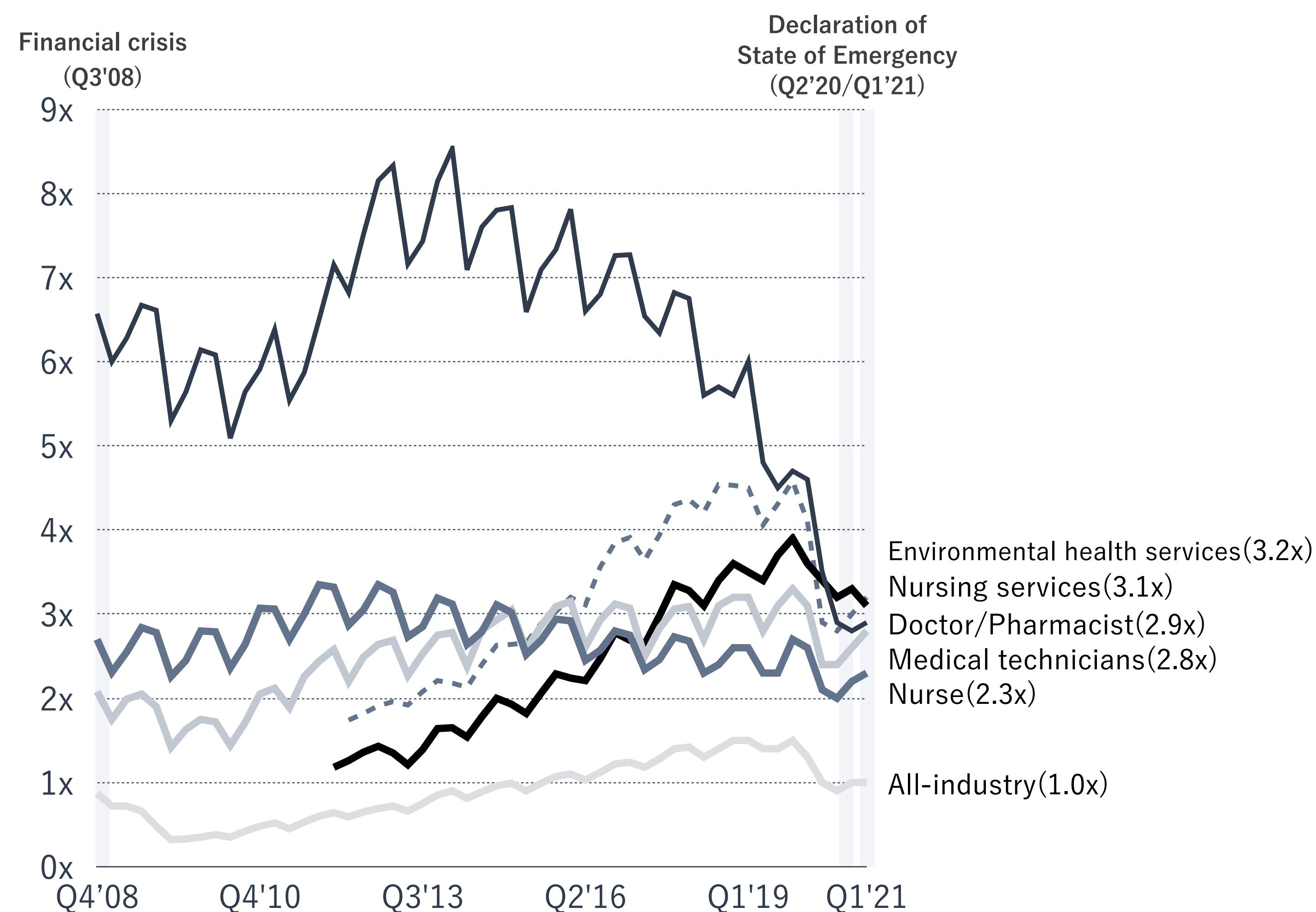


In 2040, one in five workers in Japan is expected to be employed in the medical care/welfare industry.

(2) Report from Cabinet Secretariat, Cabinet Office, Ministry of Finance, Ministry of Health, Labor and Welfare

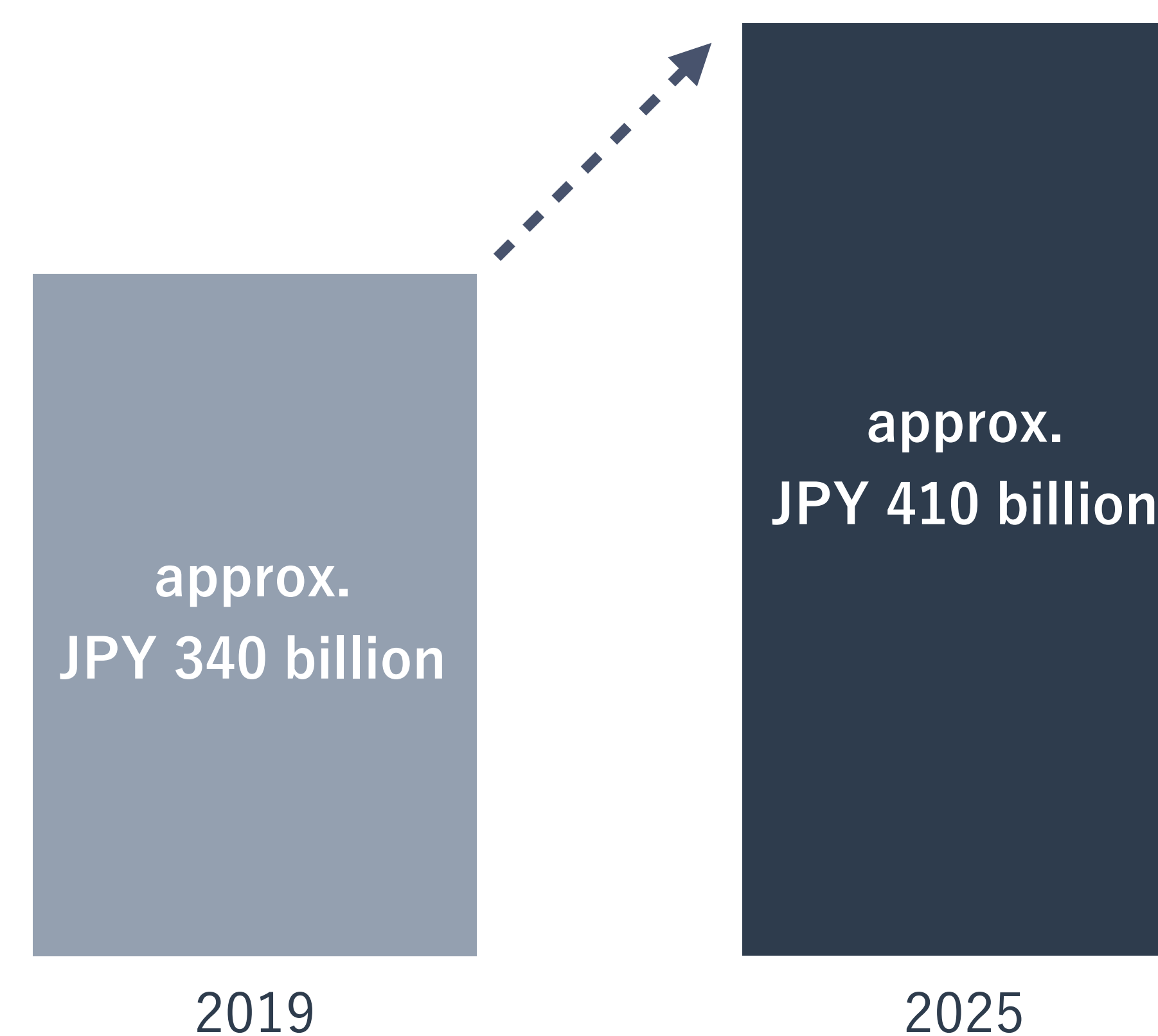
The Japanese medical industry suffers from a chronic shortage of workers, with a jobs-to-applicant ratio remains much higher than the average for all industries regardless of economic conditions. We estimate the current market size to be approximately JPY 340 billion, and expect expansion to up to JPY 410 billion in 2025 driven by increasing demand.

Ratios of Job Openings to Job Applicants⁽¹⁾



(1) Ministry of Health, Labor and Welfare statistics, 3-months average

Market Scale of the Medical/Healthcare Recruitment Industry (based on our unit price)⁽²⁾



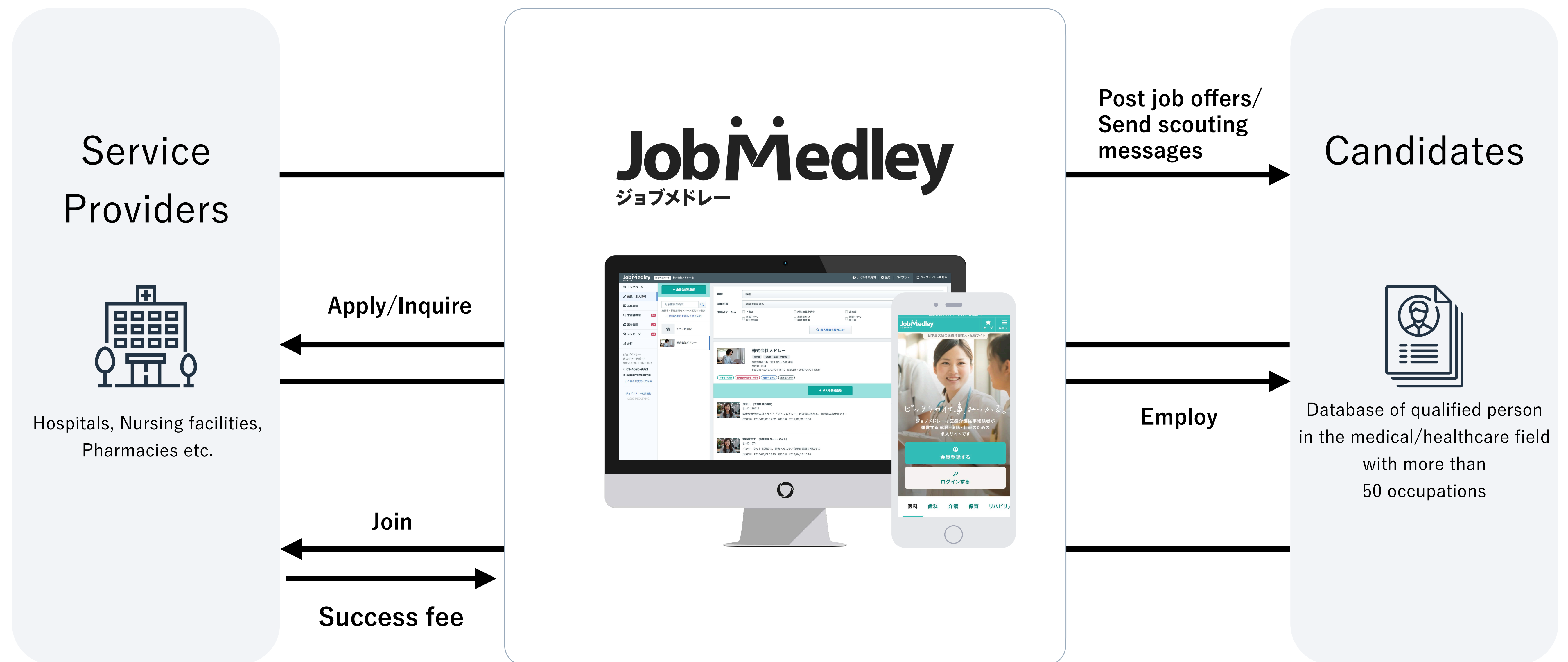
(2) Estimates by Medley, Inc.

FY2019A: Calculated based on the number of employees in the medical/beauty healthcare industries in Japan (roughly 8.7 million), the average annual hiring rate for occupations that fall under the category of “medical care/welfare” and “environmental health services” in FY2018 employment trend survey results (approximately 16% for the “medical care/welfare”, approximately 28% for the “environmental health services” = approximately 1.5 million people), and the average unit price of JobMedley placements for all occupation categories.

FY2025E: Based on the abovementioned FY2018A multiplied by the medical cost growth rate in Future Outlook for Social Security in Anticipation of 2040 published by the Cabinet Secretariat, the Cabinet Office, the Ministry of Finance, and the Ministry of Health, Labor and Welfare.

Success-fee-based Hiring Support System for the Medical/ Healthcare Industry

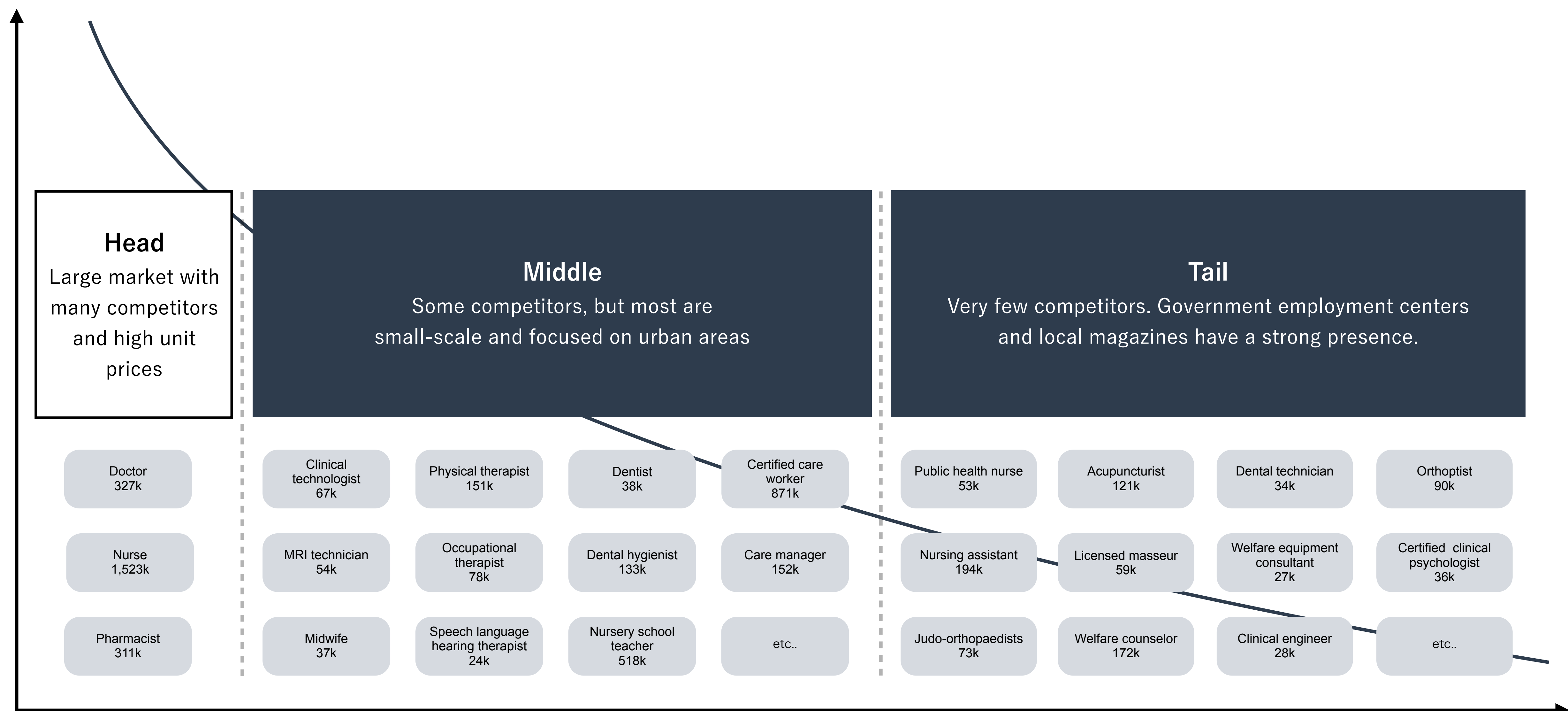
JobMedley is a recruitment system used by businesses (mainly medical institutions) in the nursing, childcare, and healthcare fields. Recruitment information for over 50 types of qualified professionals can be entered into the system and placement fee is charged when a placement is successfully made. The placement fee varies depending on the occupation type and hiring classification.



Industry Has a Long-tail Structure: Our Strengths Are in the Middle and Tail Segments

Out of the 8.7 million workers in the medical/beauty healthcare industry, 25% are doctors, nurses, and pharmacists, who are highly competitive in terms of job placement. On the other hand, there are few competitors in the remaining 75% - the middle and tail segments - where we have captured a leading market share. We currently have over 850,000 users in more than 50 occupations registered in our system.

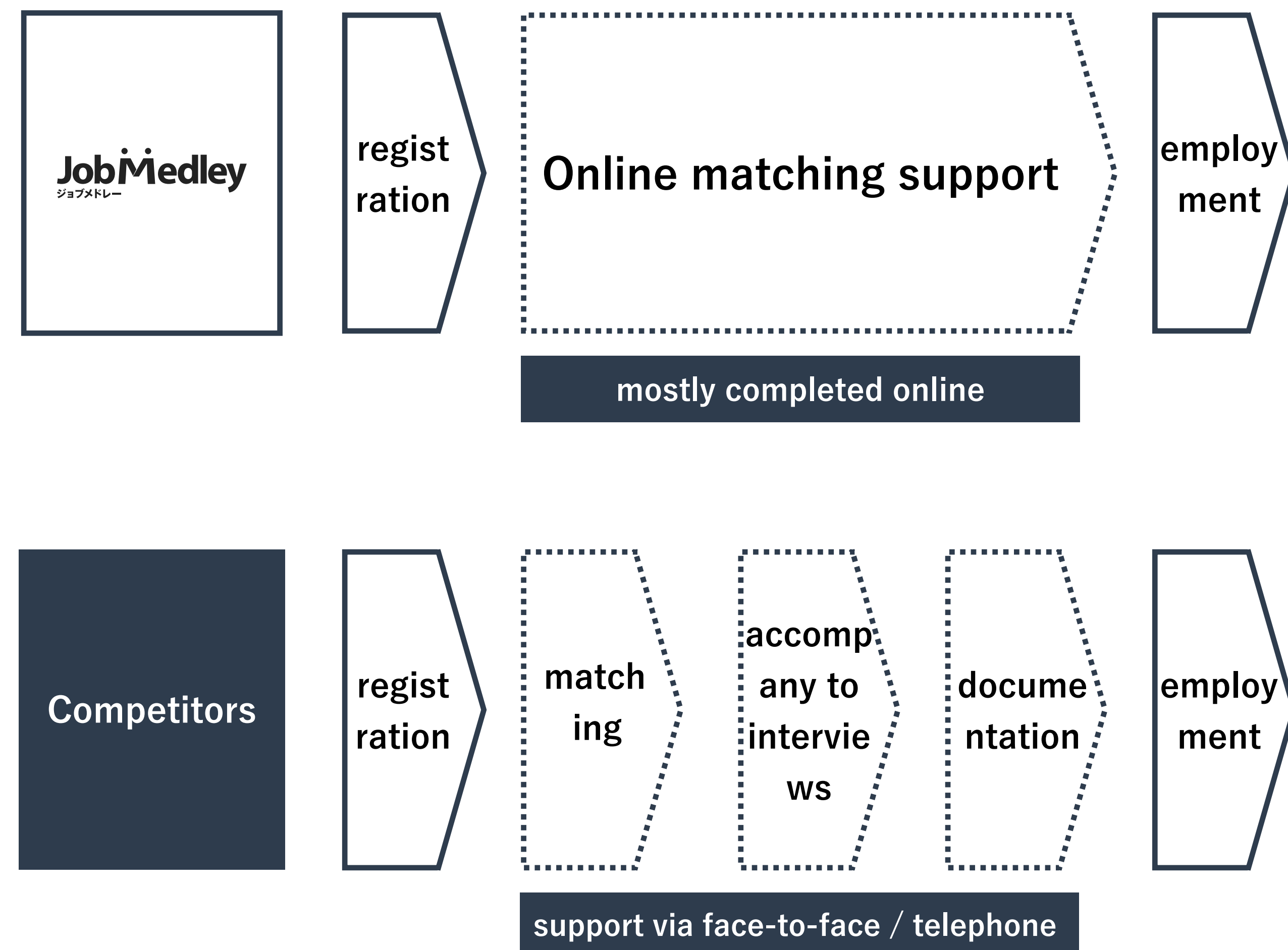
Our Target Area⁽¹⁾



(1) Ministry of Health, Labor and Welfare statistics,

JobMedley covers more than 50 different types of medical/healthcare occupations, and recruitment success fee is approximately 50 - 80% lower than the industry average. While many recruitment agencies conduct most of their business in person, JobMedley uses online support staff, thereby increasing efficiency and enabling lower fees.

Improved Efficiency by Leveraging Online Support



Price Advantages

JobMedley
ジョブメドレー

Success Fee (of annual income; back calculation)

2~13%⁽¹⁾

Major Recruitment
Agencies

Success Fee (of annual income)

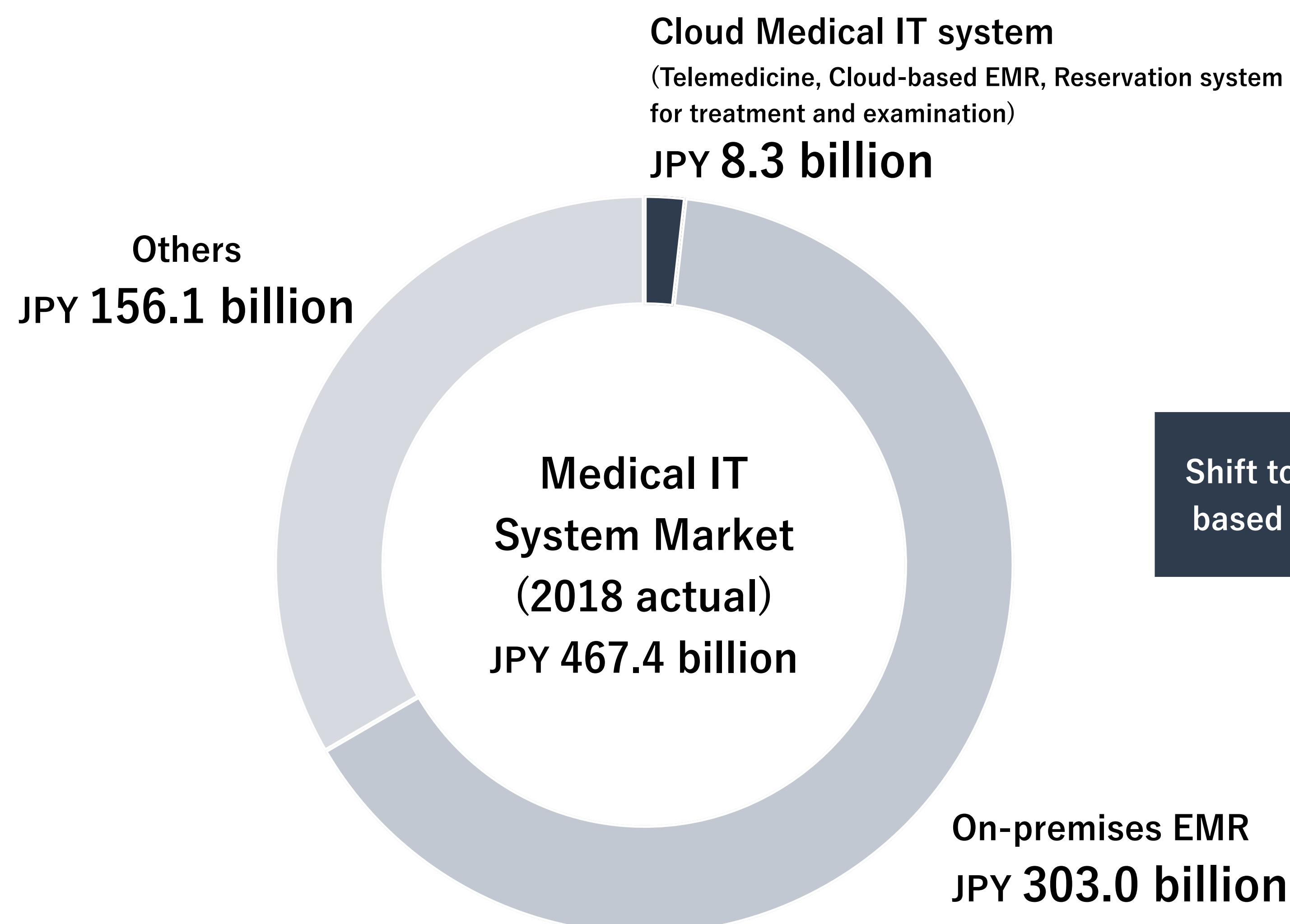
20~35%⁽²⁾

(1) Ratio of our recruitment success fee to annual salary (full-time) is calculated based on the 2018 Basic Survey on Wage Structure (range of nurses, childcare professionals, physiotherapists, dentists, and caregivers).

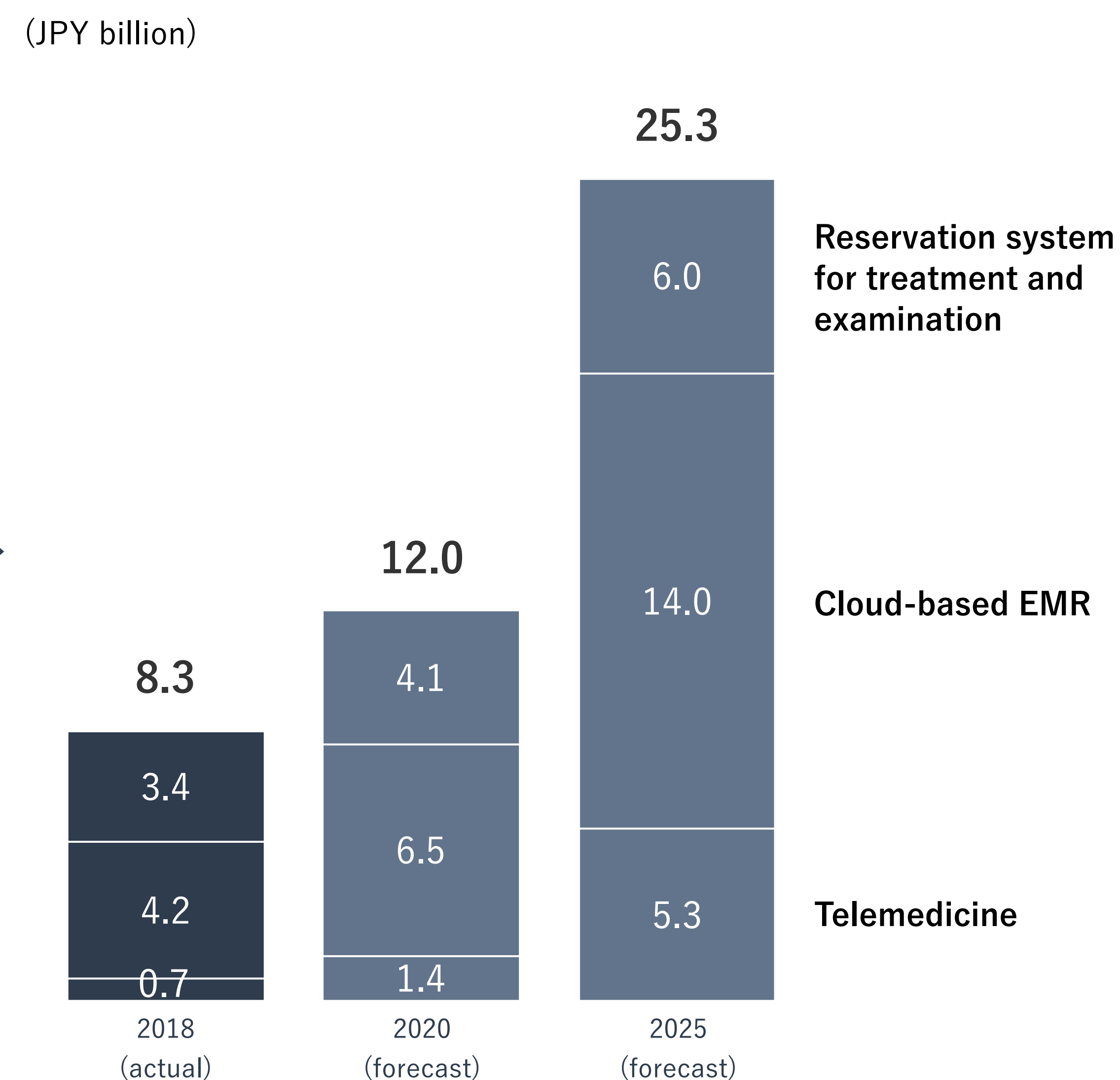
(2) This refers to typical fees for recruitment services for occupations such as doctors, nurses, childcare professionals, physical therapists, dentists, and care workers among the 50 occupations we handle. (Some recruitment services employ different methods for setting success fee amounts that are different from that described above.)

Estimated current medical IT system market size is approximately JPY 470 billion. Today, the bulk of the systems used in medical industry are on-premises based (on-site servers), but more platforms have been adopting cloud-based systems since the deregulation in 2010, owing to advantages in terms of costs and convenience. Due to the low operating efficiency and customary use of long-term contracts, 7-year (FY2018-2025) CAGR in target operating area of the cloud medical IT system market is expected to be 17.3%.

Scale of the Medical IT System Market⁽¹⁾



Cloud Medical IT System Market in Our Operating Area⁽¹⁾



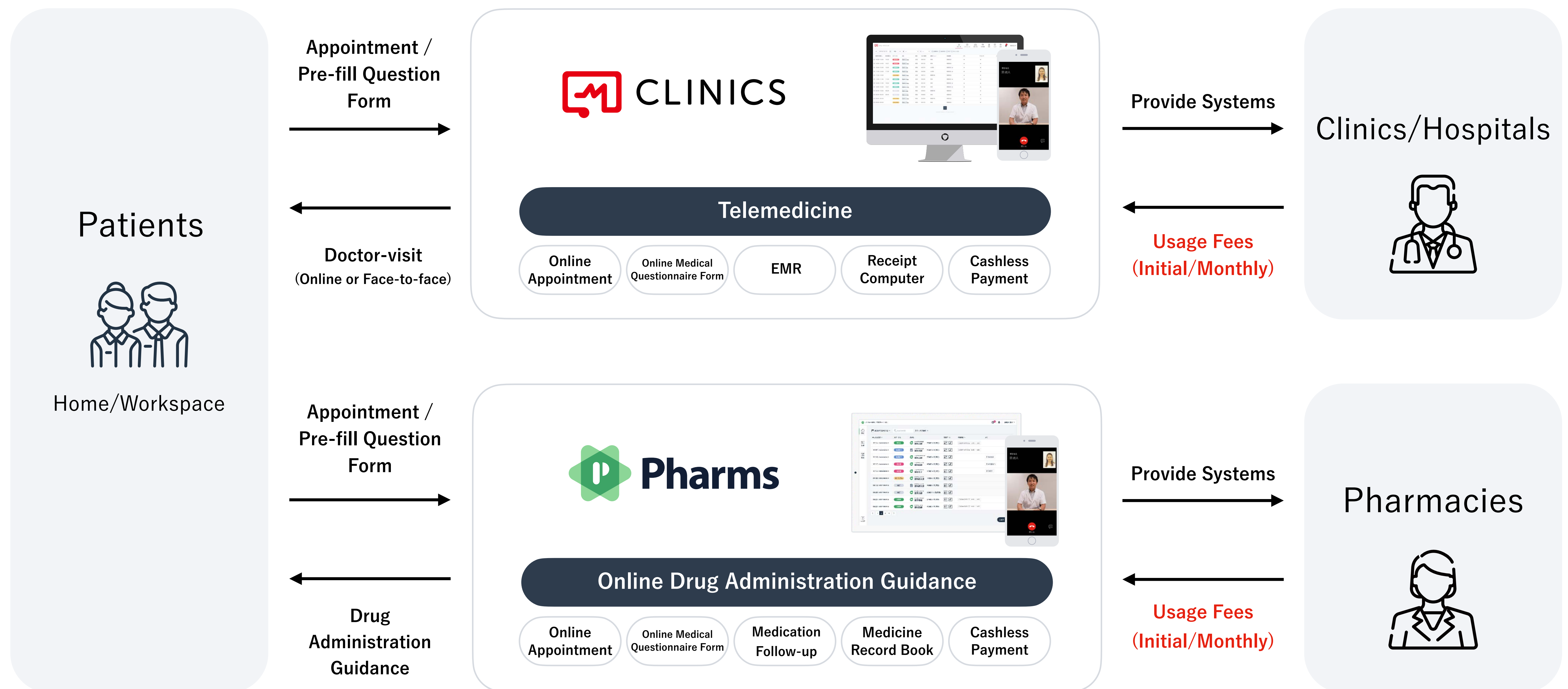
Currently, most systems are on-premises based (on-site servers)

Cloud-based systems are expected to become more prevalent in light of deregulation, cost advantages, and greater convenience.

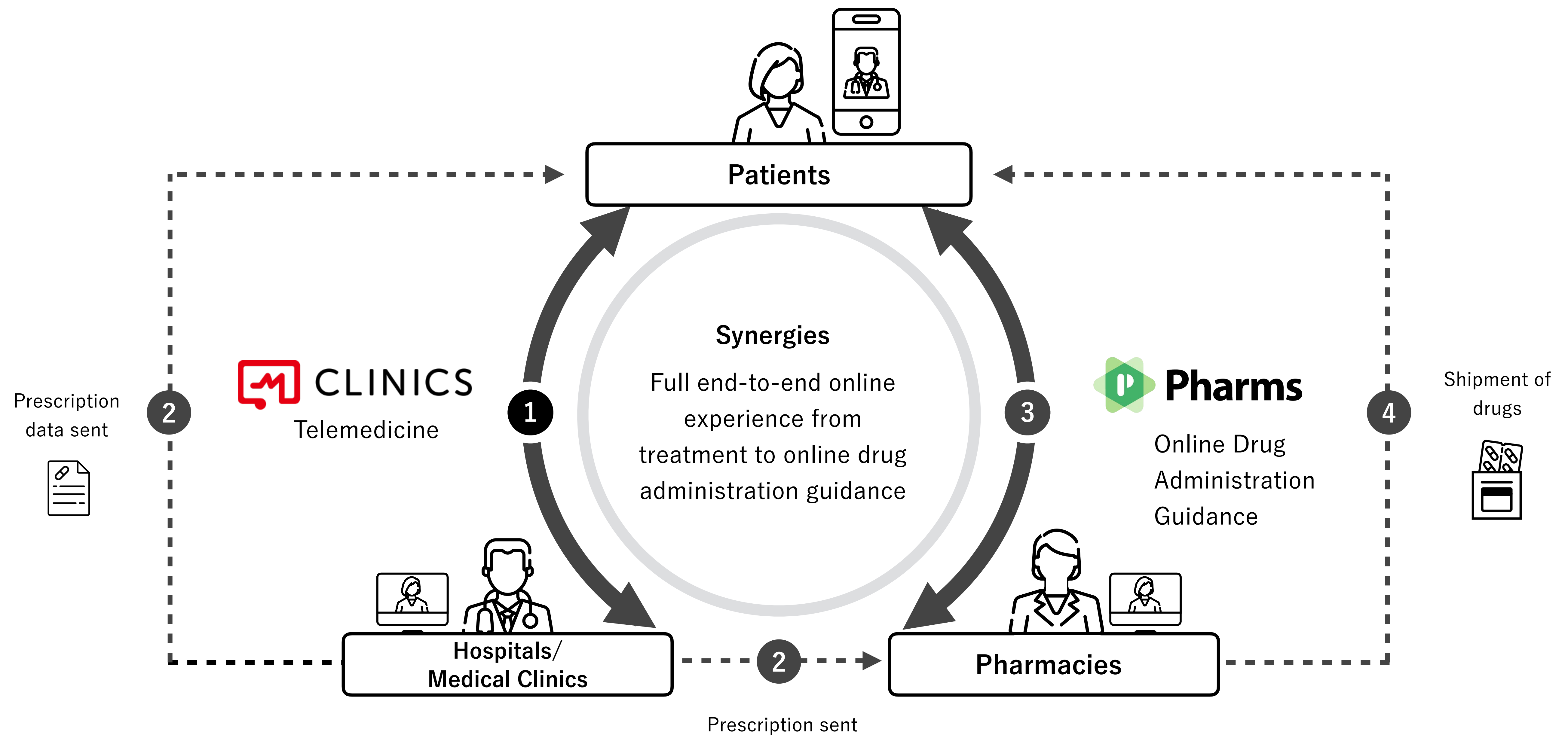
(1) Future Outlook for Medical Big Data Business and Seamless IT / Cloud Computing of Medical IT in 2020 by Fuji Keizai

CLINICS/Pharms Earnings Models: Usage Fees from Medical Institutions

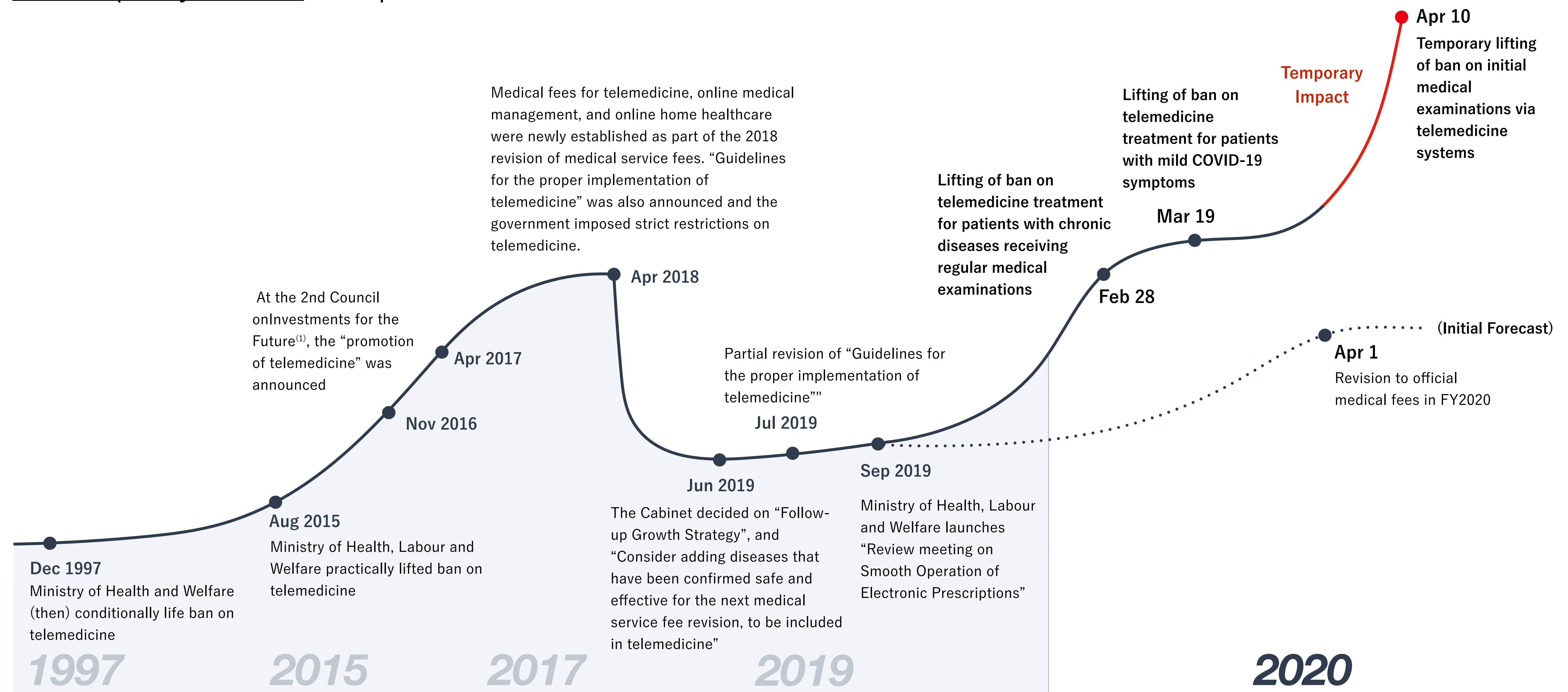
CLINICS and Pharms use earnings models wherein it receives system usage fees from medical institutions (CLINICS: clinics/hospitals, Pharms: dispensing pharmacies). Income comes from initial fees paid when systems are installed and monthly fee payments.



In September 2020, we released a pharmacy window support system called Pharms. Through integration with existing telemedicine services, we can provide patients with a full end-to-end online experience from treatment to online drug administration guidance.



Official medical fees were established for telemedicine treatment in April 2018, but strict regulations regarding the practice of telemedicine were also established. After that, deliberations regarding telemedicine continued and regulations were relaxed to some degree with the revision to official medical fees conducted in April 2020. Significant deregulation was then implemented as a temporary measure in response to COVID-19.



(1) A meeting to be held by the Prime Minister to promote bold investments in fields that contribute to future growth through public-private partnerships and to accelerate growth strategies and structural reforms aimed at expanding "investment in the future". Held from September 2016. http://www.kantei.go.jp/jp/97_abe/actions/201611/10mirai_toshi.html

On April 1, 2020, the regular biannual revision of revision to official medical fees was conducted and regulations regarding telemedicine were relaxed to some extent. Then, on April 10, in response to COVID-19, national health insurance coverage was extended to include initial medical examinations conducted via telemedicine systems and restrictions regarding which conditions may be treated via telemedicine were also lifted. This has resulted in significant temporary changes in our telemedicine business.

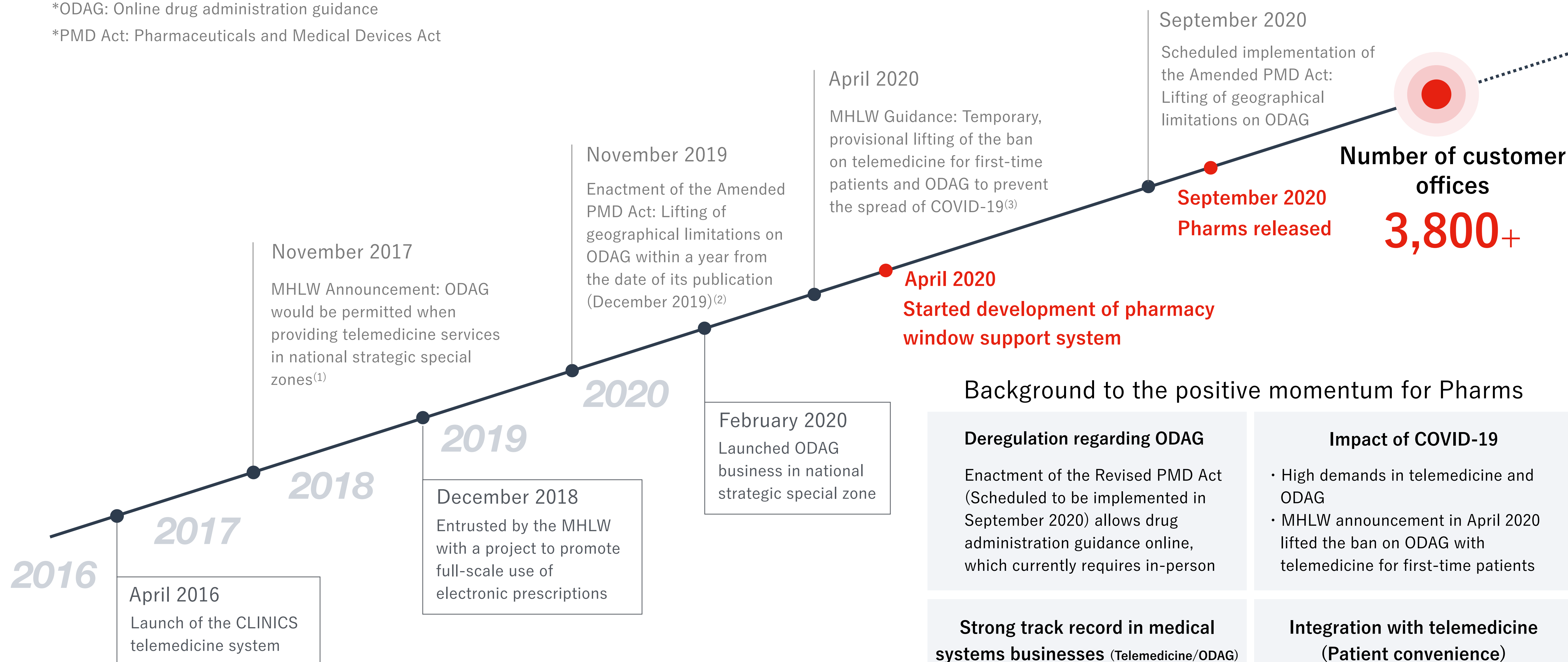
Main requirements to be covered by insurance	Continuing impact until March 31, 2022		Temporary impact from COVID-19
	April 1 2018: Medical Fee Revision	April 1 2020: Medical Fee Revision	April 10 2020: Guidance Statement
Requirement for a patient to begin treatment via telemedicine	The doctor conducting telemedicine treatment must also provide face-to-face medical treatment <u>every month for at least six months</u>	The doctor conducting telemedicine treatment must also provide face-to-face medical treatment <u>every month for at least three months</u>	<u>Initial medical examinations via telemedicine systems allowed</u>
Requirements for medical care system	In the event of an emergency, face-to-face medical treatment must be possible within roughly 30 minutes	<u>No restrictions</u>	<u>No restrictions</u>
Target patients	Certain patients with lifestyle-related diseases such as hypertension and diabetes	<u>Chronic headaches and nicotine addiction</u> added to list of conditions eligible for telemedicine treatment	<u>No restrictions</u>

The momentum is supported by external factors including deregulation regarding ODAG and increasing demands due to COVID-19. Our track record of business and end-to-end service integrating telemedicine aiming to improve patients' convenience also raise expectations.

Changes in Japanese ODAG Regulations / Track Record of Medley

*ODAG: Online drug administration guidance

*PMD Act: Pharmaceuticals and Medical Devices Act



Background to the positive momentum for Pharms

Deregulation regarding ODAG

Enactment of the Revised PMD Act (Scheduled to be implemented in September 2020) allows drug administration guidance online, which currently requires in-person

Impact of COVID-19

- High demands in telemedicine and ODAG
- MHLW announcement in April 2020 lifted the ban on ODAG with telemedicine for first-time patients

Strong track record in medical systems businesses (Telemedicine/ODAG)

- Robust customer support
- Trusted security measures
- ODAG business in national strategic special zone (Feb)

Integration with telemedicine (Patient convenience)

Full end-to-end online experience from treatment to ODAG

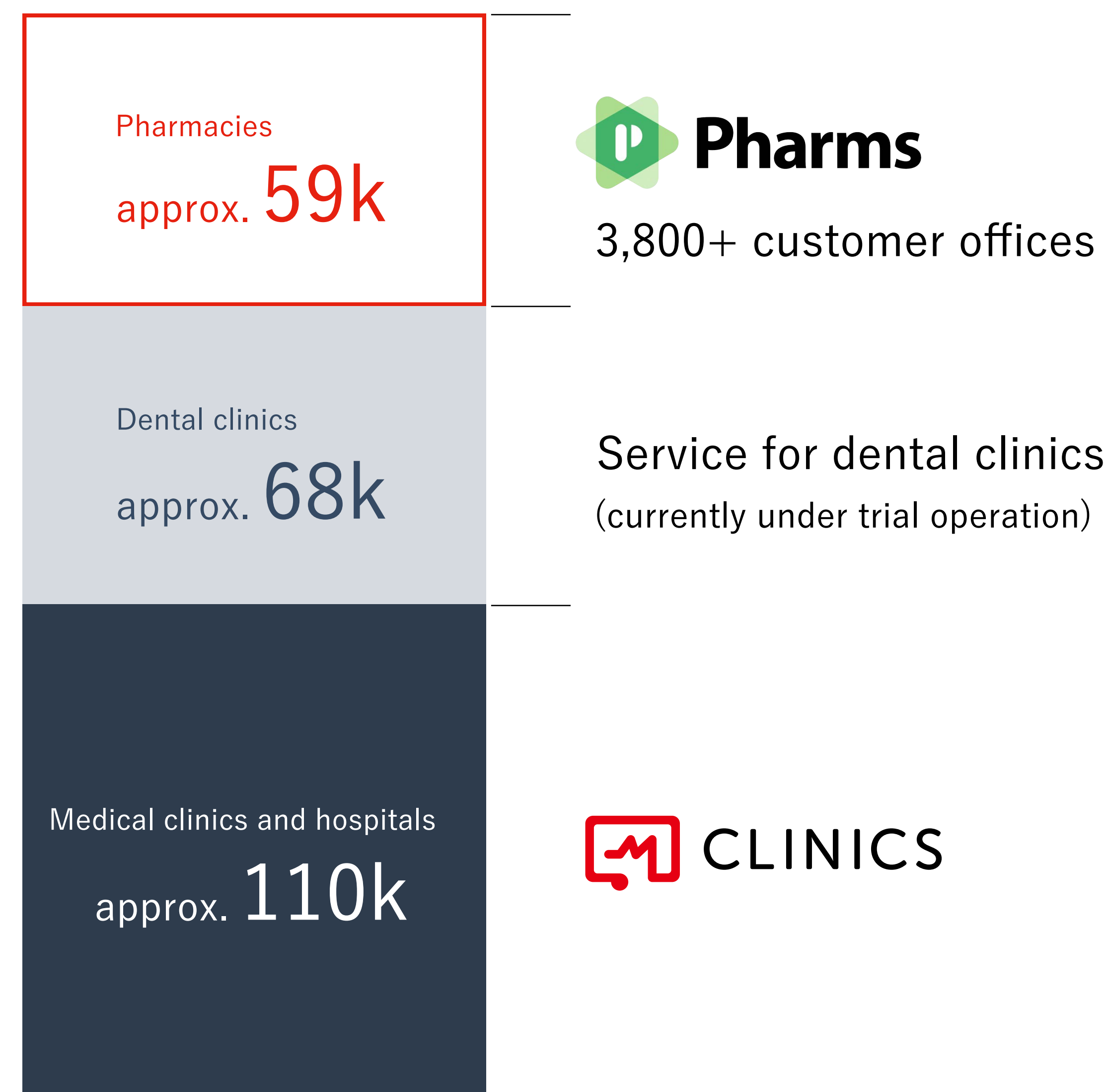
(1) <https://secure.nippon-pa.org/mail/img/833.pdf> (Japanese language only)

(2) Patients are required to have received in-person drug guidance before receiving ODAG.

(3) <https://www.city.shinjuku.lg.jp/content/000285629.pdf> (Japanese language only)

Pharms targets approximately 59,000 dispensing pharmacies across Japan. Adoption of Pharms by dispensing pharmacies, including top-tier or second-tier pharmacy chains that account for roughly 30% of Japanese dispensing pharmacies, is driven by a relatively keen interest in digitization in the field.

Target customers for Pharms



Number of medical institutions ⁽¹⁾

(1) Calculated using statistics from “Survey of Medical Institutions” and “Hospital Report” (2018) published by Ministry of Health, Labour and Welfare

Customers of Pharms among Top Pharmacy Chains⁽²⁾

■ : Pharmacy chains that have introduced Pharms at all stores
■ : Pharmacy chains that have introduced Pharms at some stores

#	Pharmacy operation company name	Number of pharmacies ⁽³⁾
1	Ain Holdings	1,151
2	Kraft	1,002
3	Qol Holdings	805
4	Sogo Medical	722
5	Nihon Chozai	650
6	I&H	558
7	Kyoso Mirai Group	545
8	Medical System Network	416
9	Aisei Pharmacy	378
10	Pharmarise Holdings	309
11	Pfercos	251
12	Yakuju Corporation	146
13	MIC	146
14	Frontier Corporation	143
15	Tanpopo Pharmacy	133

(2) As of end of December 2020

(3) Number of pharmacies: “DRUG magazine” July 2020

Number of pharmacies of Aisei Pharmacy: the company’s website as of December 1 2020

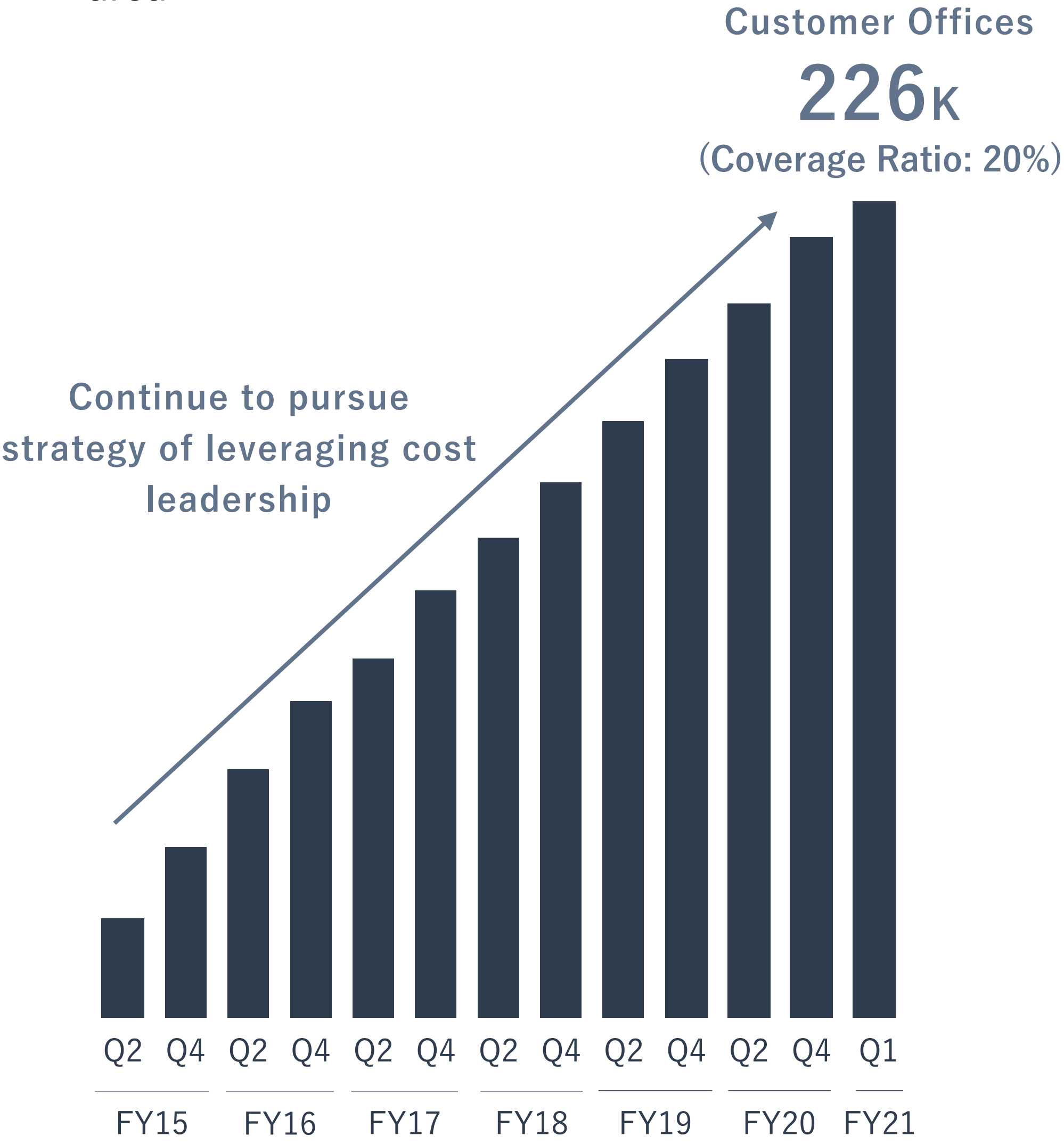
In order to reach our medium-term targets ahead of schedule, we will aggressively invest capital secured via operating cash flow and interest-bearing debt in our businesses. We will also conduct M&A while keeping the company EBITDA positive on a companywide basis.

Priority (in principle)	Uses of funds	Sources of funds
<div></div>	<div><div>A</div><div>Investment in businesses</div></div> <ul style="list-style-type: none">• Aggressive investment while maintaining profitability on a companywide basis<ul style="list-style-type: none">- Make use of cost merits on a pretax investment basis• Maximize number of customers and achieve ARPU growth<ul style="list-style-type: none">- Continue to leverage cost leadership of JobMedley- Improve utilization rate and product lineup	<div><div>C</div><div>Operating cash flows from profitable businesses</div></div> <ul style="list-style-type: none">• Establish target timetable for bringing loss-making businesses into the black and systematically increase operating cash flow<ul style="list-style-type: none">- Focus on sound unit economics
	<div><div>B</div><div>M&A</div></div> <ul style="list-style-type: none">• Focus on synergy<ul style="list-style-type: none">- Sizable customer base- Internet product development knowhow- Digital marketing knowhow• Conduct M&A necessary for the future without delay	<div><div>D</div><div>Debt</div></div> <ul style="list-style-type: none">• Take full advantage of financing opportunities presented by very low interest rates in Japan and our business model focused on stable, recurring sales
	<div><div></div><div>Share buyback</div></div> <ul style="list-style-type: none">• Flexible investments based on factors such as our share price, market conditions, cost of capital, and our financing capacity	<div><div>D</div><div>Equity</div></div> <ul style="list-style-type: none">• Equity financing will be conducted based on factors such as our share price, market conditions, and whether it is necessary to procure capital in order to reach our medium-term targets

In the Recruitment Platform Business, in addition to shoring up our customer base and pool of registered workers, we conduct investments to develop and deliver new products while leveraging our customer base. As part of these investments, in February 2021, MEDiPASS Co., Ltd. was converted into Medley’s subsidiary.

Maximize Number of Customers

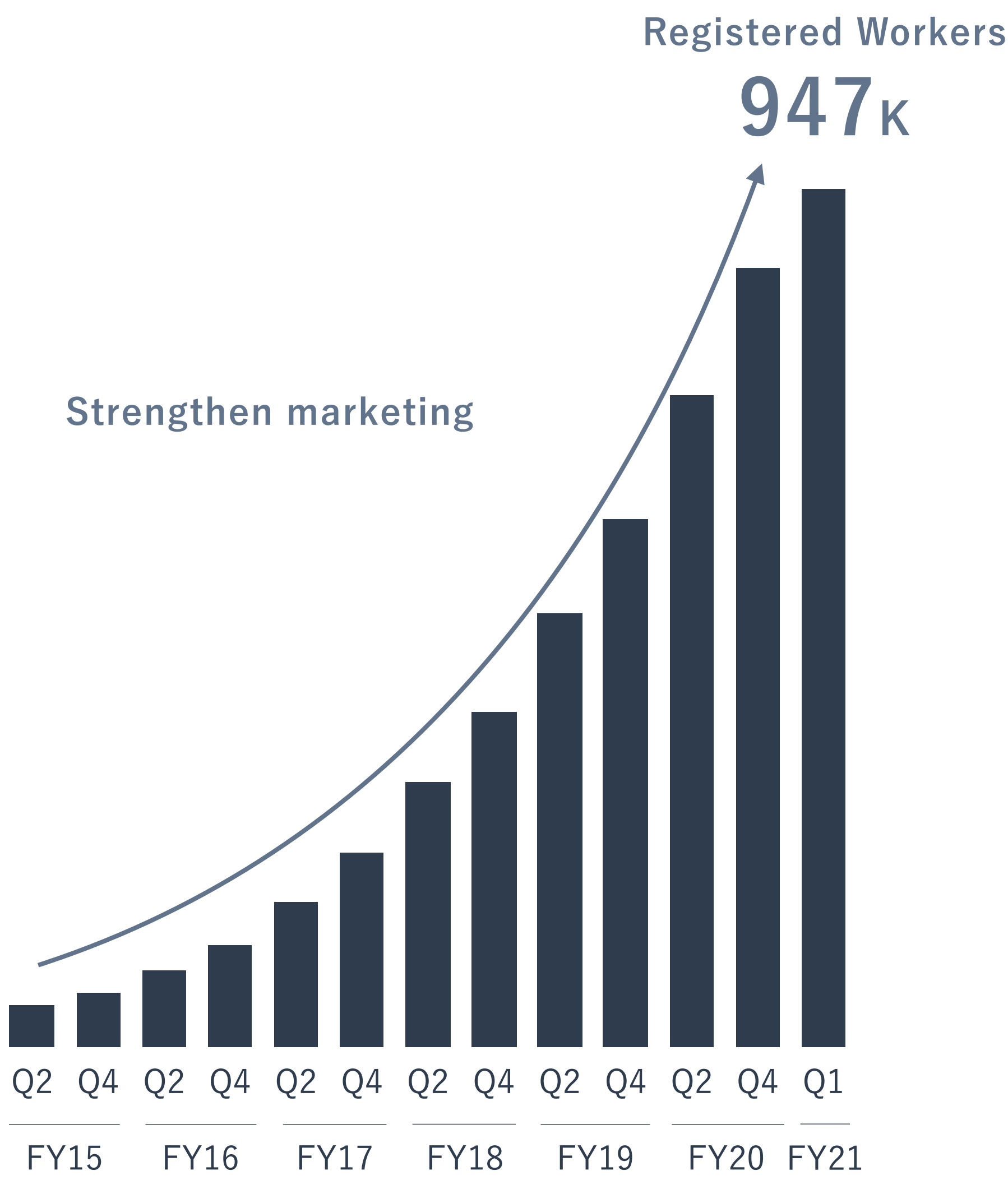
- The number of target customers is 1.1 million⁽¹⁾ and we still see sizable upside potential in this area



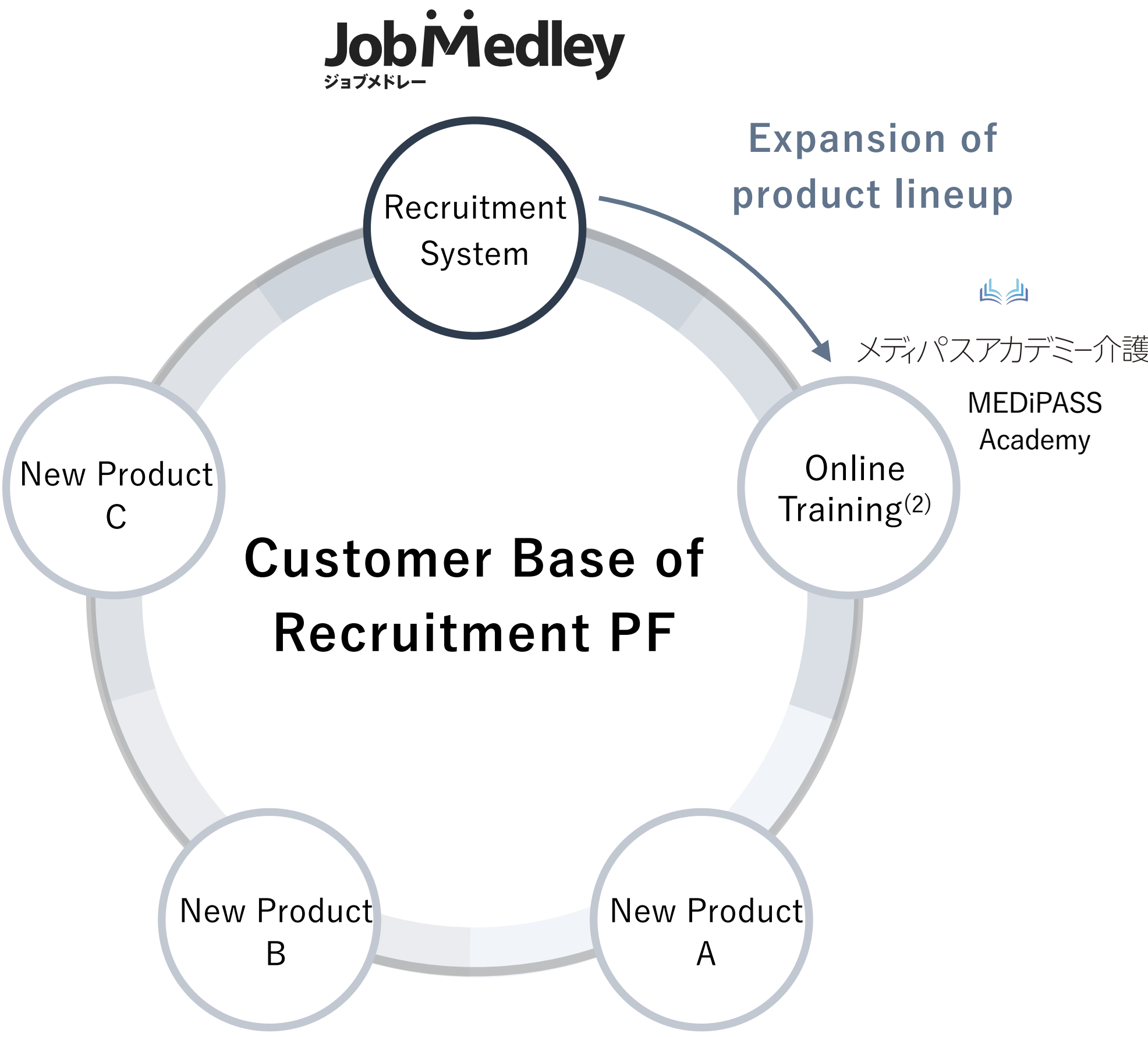
(1) Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications etc. statistics

Improve ARPU

- As the number of employees in the medical industry in Japan is over 8.7 million⁽¹⁾, we see considerable upside potential



- Leverage the customer base for our recruitment systems and promote digitalization of related operations such as online training, etc.

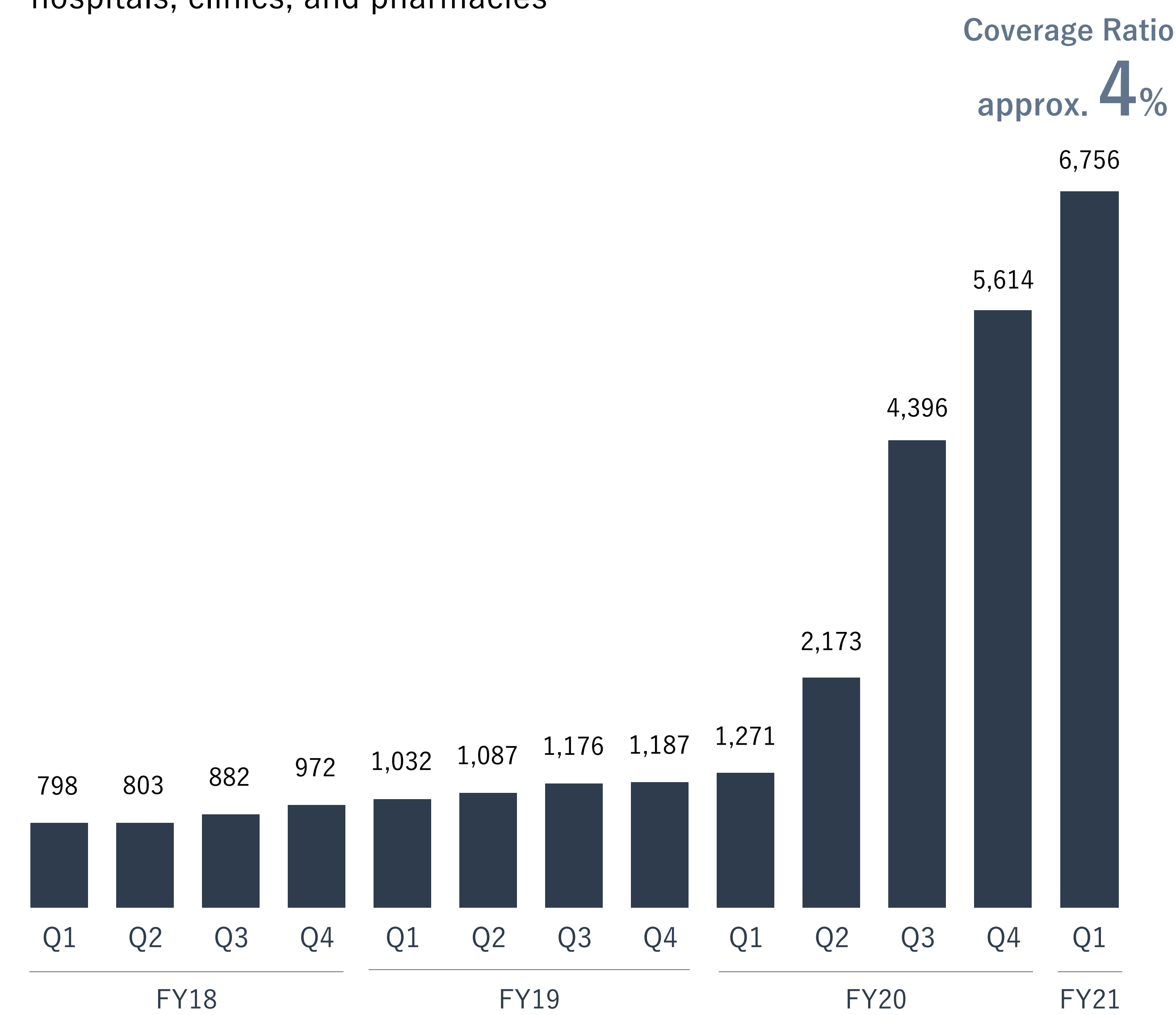


(2) Medley is to start providing online training service for nursing care facilities by acquiring shares of MEDiPASS as announced on February 12, 2021.
Closing date of share purchase: February 26, 2021

In the Medical Platform Business, in addition to expanding our customer base, we will aggressively invest in strengthening our product lineup in order to build a robust patient-centered platform.

Maximize Number of Customers

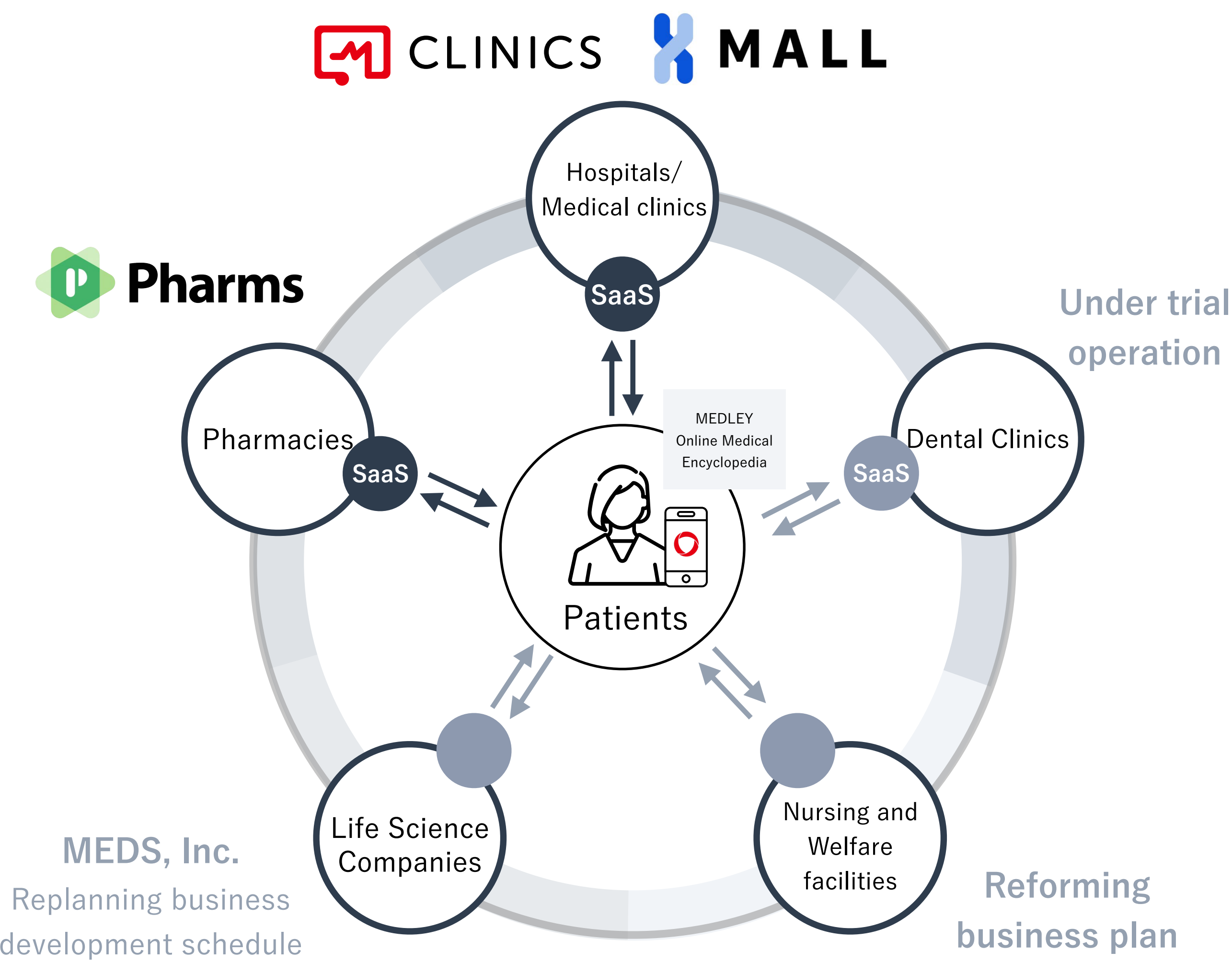
- Target customer base has sizable upside potential with roughly 180,000⁽¹⁾ hospitals, clinics, and pharmacies



(1) Ministry of Health, Labour and Welfare statistics

Improve ARPU

- Room for improvement of boosting efficiency of medical institutions' operations and enhancing patients' experiences by strengthening our product lineup



B : Promoting Digitalization in the Healthcare Sector Through Synergy-Focused M&A

We view M&A as an important growth driver. Our group companies will work together to promote digitalization by focusing on creating synergies utilizing our robust customer base in the healthcare sector.

Development of Operations Support Systems



(1) As of end of March 2021

C : Increase Operating Cash Flow by Making Lossmaking Businesses Profitable in Line with Our Plans

We have set target years for bringing lossmaking businesses into the black and will increase operating cash flow in line with our plans.

Cash generation phase: Positive operating cash flow

Profitability phase: Operating cash flow negative, but unit economics sound (return on investment expected)

Commercialization phase: Creation of business model targeting generation of operating cash flow, unit economics carefully monitored

	Profitable in FY2020	In the red in FY2020	
	Cash generation phase	Profitability phase	Commercialization phase
Recruitment Platform			
Medical Platform	CLINICS オンライン診療 Telemedicine system Profitable in FY2019 <div>Expected to turn profitable in FY2022</div> <div>Expected to turn profitable in FY2022</div> N MED NaCl MEDICAL Profitable in FY2020 MALL EMR for hospitals <ul style="list-style-type: none"> Planning investment to accelerate growth 	<div> CLINICS カルテ EMR </div> <div> Pharms Pharmacy window support system <ul style="list-style-type: none"> Launched in September FY2020 Business for dispensing pharmacies </div>	 <ul style="list-style-type: none"> Preparation for next phase No expansion of losses <div>Service for Dental Clinics</div> <ul style="list-style-type: none"> Began development in FY2019 Plan to begin business development in FY2021 <div>MEDS, Inc.</div> <ul style="list-style-type: none"> Established in August FY2020 Reschedule development plan after FY2022 Partial participation in alliance with NTT DOCOMO, INC. <div>New Service</div> <ul style="list-style-type: none"> Began development in FY2019 Plan to begin business development in FY2022
New Services	<div>Expected to turn profitable in FY2023</div>	介護のほんね Kaigo no Honne; Nursing facility search website	

The company has a strong financial base and derives sufficient cash holdings to fund business operations from business activities, public offerings, and loans. This cash will be allocated to fund new and existing businesses and M&A deals.

Current Financial Position and Policy

B/S as of end of March 2021
(JPY million)

Plans for use of cash and deposits

- Increasing working capital
- Investment in new/existing businesses to drive medium- to long-term growth
- M&A
- Capital allocated to address emerging risks

Cash raised from LOC	Untapped LOC 850
Cash and deposits 11,842	Debt 4,281
	Other debts 1,928
	Net assets 9,672
Other assets 4,039	

Make appropriate use of debt whilst monitoring cost of capital

- Secure more LOC and increase borrowings to take advantage of business opportunities
- May 2020: Long-term borrowings JPY 0.5 bn
 - November 2020: Long-term borrowings JPY 3.0 bn

- September 2020:
Conduct JPY 5.4 bn public offering
- Recruitment PF: JPY 2.8 bn
 - Medical PF: JPY 2.6 bn

- *Further increase from the capital increase via third-party allotment in May 2021 (approx. JPY 5.1 bn)
- Allocation to M&A

As part of our efforts to reach our medium-term targets ahead of schedule and maximize free cash flow over the long term, we identify and analyze risks and develop appropriate responses to them. Below, we outline major risks.

Major Risk Factor ⁽¹⁾	Segment	Possible Risk Scenario	Major Measures
Intensification of competition	Recruitment PF	<ul style="list-style-type: none">• Increase in advertising and sales promotion costs in response to heating up of competition	<ul style="list-style-type: none">• Continue to follow cost leadership strategy• Expand and enhance our pool of registered medical professionals• Expand our product lineup to meet the needs of our customers• Improve functionality and user friendliness to increase customer utilization ratio
	Medical PF	<ul style="list-style-type: none">• Decline in per-customer unit pricing due to heating up of competition	<ul style="list-style-type: none">• Increase per-customer unit pricing by expanding product lineup• Develop services with input from medical professionals with clinical experience including engineers and doctors• Increase efficiency and functionality of operations• Leverage the robust customer base of our human resources platform
Regulatory changes	Medical PF	<ul style="list-style-type: none">• As the Company provides novel healthcare experiences including telemedicine and online drug administration guidance, if an issue arises in the provision of these services, questions could be raised in society regarding the reliability and appropriateness of such services and this could result in the tightening of applicable regulations	<ul style="list-style-type: none">• As the company with a track record of installing the largest telemedicine and online drug administration guidance systems in Japan, we will leverage our systems to support medical institutions in an appropriate manner

(1) Herein, we summarize a selection of the risks to growth and achievement of our targets listed in the Business Risks section of our securities reports (only available in Japanese).
For information regarding other risks, please see the Business Risks section of our securities reports

Major Potential Risk Factors Toward Mid-Term Targets and Measures (2/2)

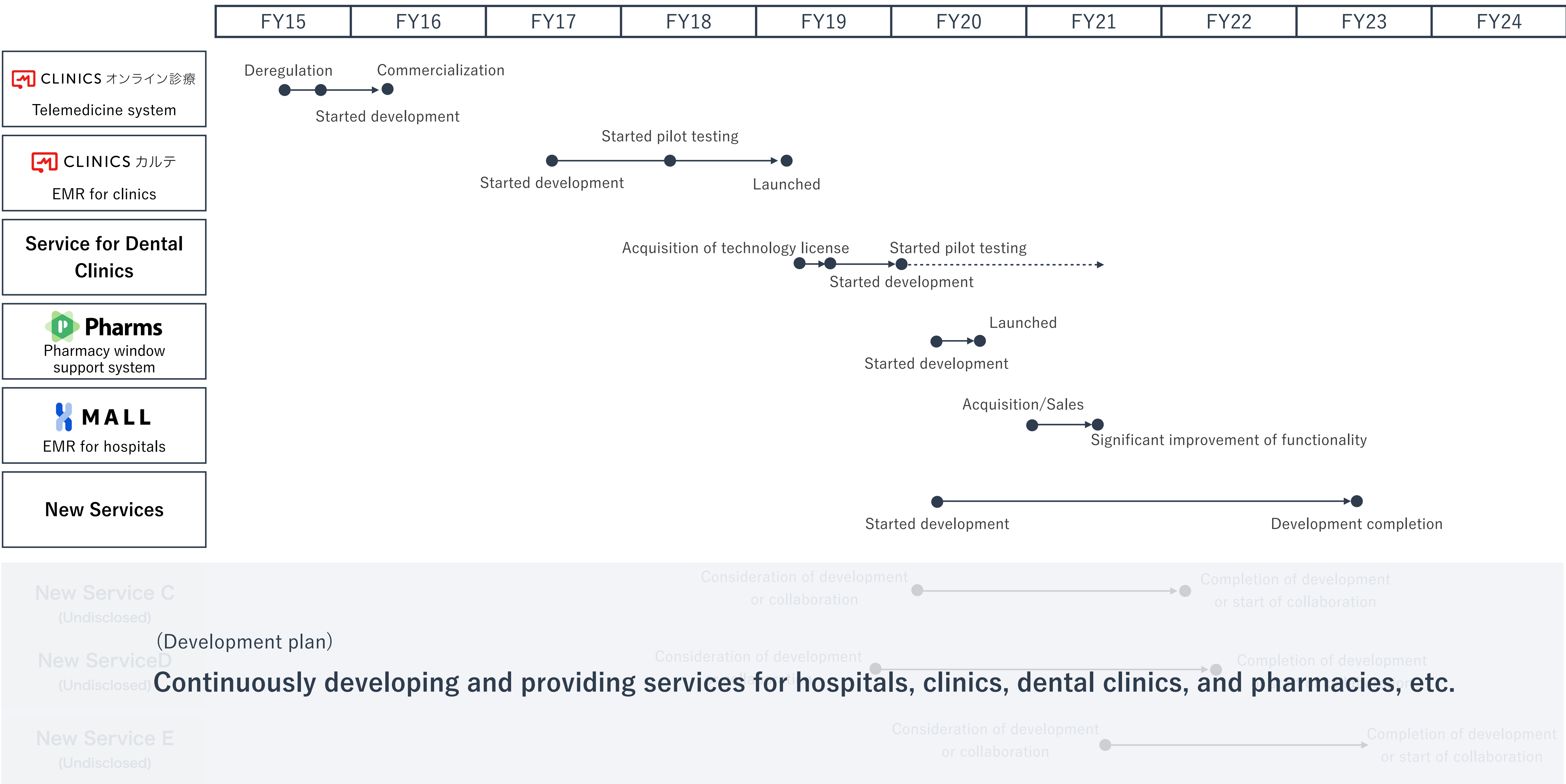
Major Risk Factor ⁽¹⁾	Segment	Possible Risk Scenario	Major Measures
Intensification of competition for human resources	All	<ul style="list-style-type: none"> • Intensification of competition with other Internet companies for human resources could impede the continued growth of our businesses - Increased difficulty in hiring talented human resources - Departure from the Company of currently employed talented executives 	<ul style="list-style-type: none"> • Strengthen our incentive plan • Introduce a human resources system with the goal of achieving sustainable business growth
Large-scale leak of personal information	All	<ul style="list-style-type: none"> • The leak or loss of personal information obtained by the Group could lead to a loss of trust in the Group by society, a decline in competitiveness, and result in the bearing of large costs in the form of compensation for damages 	<ul style="list-style-type: none"> • Receive international ISMS certification • Conduct information handling training for employees • Improve security systems • Conduct thorough information access management • Strengthen internal control systems
Large-scale system failure	All	<ul style="list-style-type: none"> • Prolonged system failure could have an adverse impact on the relationships of trust that the Group has built with our customers 	<ul style="list-style-type: none"> • Strengthen systems to ensure stable operations • Enhance security • Construct a system that can be restored in a short period of time
Prolongation of the COVID-19 crisis	All	<ul style="list-style-type: none"> • An extended economic slowdown in Japan resulting from people voluntarily refraining from outings and businesses voluntarily suspending operations owing to prolongation of the COVID-19 crisis could have an adverse impact on our businesses 	<p>(Recruitment PF)</p> <ul style="list-style-type: none"> • Fully integrate online interview and video screening functions <p>(All segments)</p> <ul style="list-style-type: none"> • Enhance remote work environment • Improve internal communication

(1) Herein, we summarize a selection of the risks to growth and achievement of our targets listed in the Business Risks section of our securities reports.
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Leveraging Our Customer Base to Promote the Use of Digital Technologies in Medical/Healthcare Industry

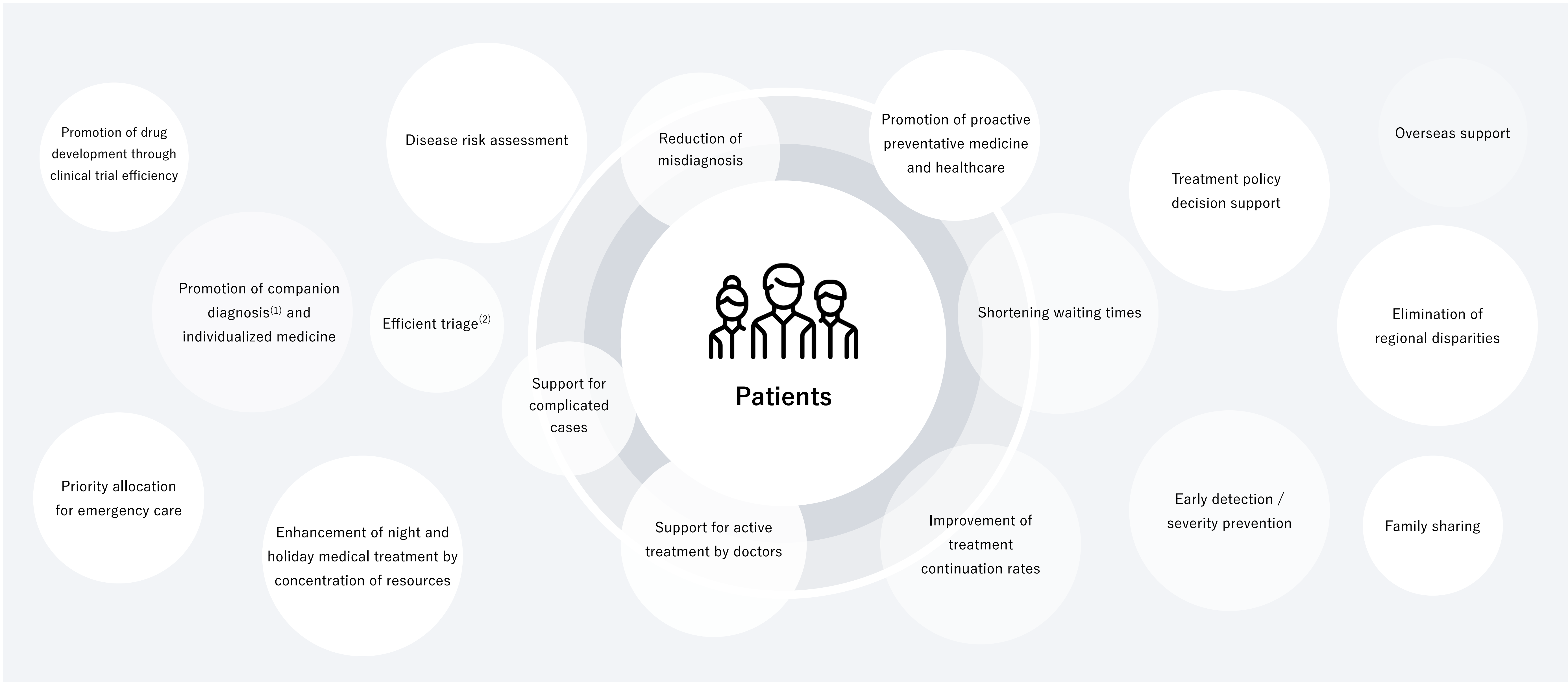


Medical institutions generally expect services which benefit patients, cut costs, and boost sales. We will leverage JobMedley’s strong customer base to develop and widely distribute such needs. In FY2021, in addition to improvement of existing products, we plan to launch and improvement of functionality of EMR for hospitals and development of new services.



Continuously developing and providing services for hospitals, clinics, dental clinics, and pharmacies, etc.

By sharing data between corporate systems and patient services, we aim to lighten patient burden and enable full utilization of medical services by patients to achieve excellent medical care. To achieve this, we will continue developing applications and products for consumers and patients.



(1) Companion diagnosis involves clinical testing to predict the efficacy and side effects of a drug before administering medication.
(2) Triage is the process of deciding treatment priorities based on the urgency and severity of injuries when a large number of victims must be treated due to a disaster.



Creating the Future of Medical and Healthcare