



Presentation Material for FY2021 Q2 Financial Results

Medley, Inc.
August 13, 2021

Disclaimer

In preparing these materials, Medley, Inc. (“the Company”) relies upon and assumes the accuracy and completeness of all available information. This presentation may contain future assumptions, prospects and forecasts based on planning, but these forward-looking statements are based on the information that is currently available to us, and on certain assumptions that we assume to be reasonable, but the Company does not promise to achieve these. Major differences may occur between the forecast and the actual performance, including changes in economic conditions, consumer needs and user preferences; competition with other companies; changes in laws, regulations and others; and a number of other future factors. Therefore, the actual performance announced may vary depending on these various factors.

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 Q2 Results

3. FY2021 Forecast

4. Appendix

FY2021 Q2 Results

- **Steady progress toward our earnings targets despite some impact from administration of COVID-19 vaccines by hospitals, clinics, and nursing homes**
- **Maintained high sales growth rate and continued aggressive investment in growth**
 - Sales : JPY 3,413 million (YoY: +47%)
 - EBITDA : JPY 1,110 million (YoY: +59%)⁽¹⁾

FY2021 Forecast

- **Continue to make progress toward our medium- and long-term goals even as we face COVID-19**
- **Leave our full-year FY2021 forecast unchanged while factoring in the impact of vaccinations**
 - 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 COVID-19**
 - Capital and business alliance with NTT DOCOMO, INC.

(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.

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Summary of Consolidated FY2021 Q2 Results

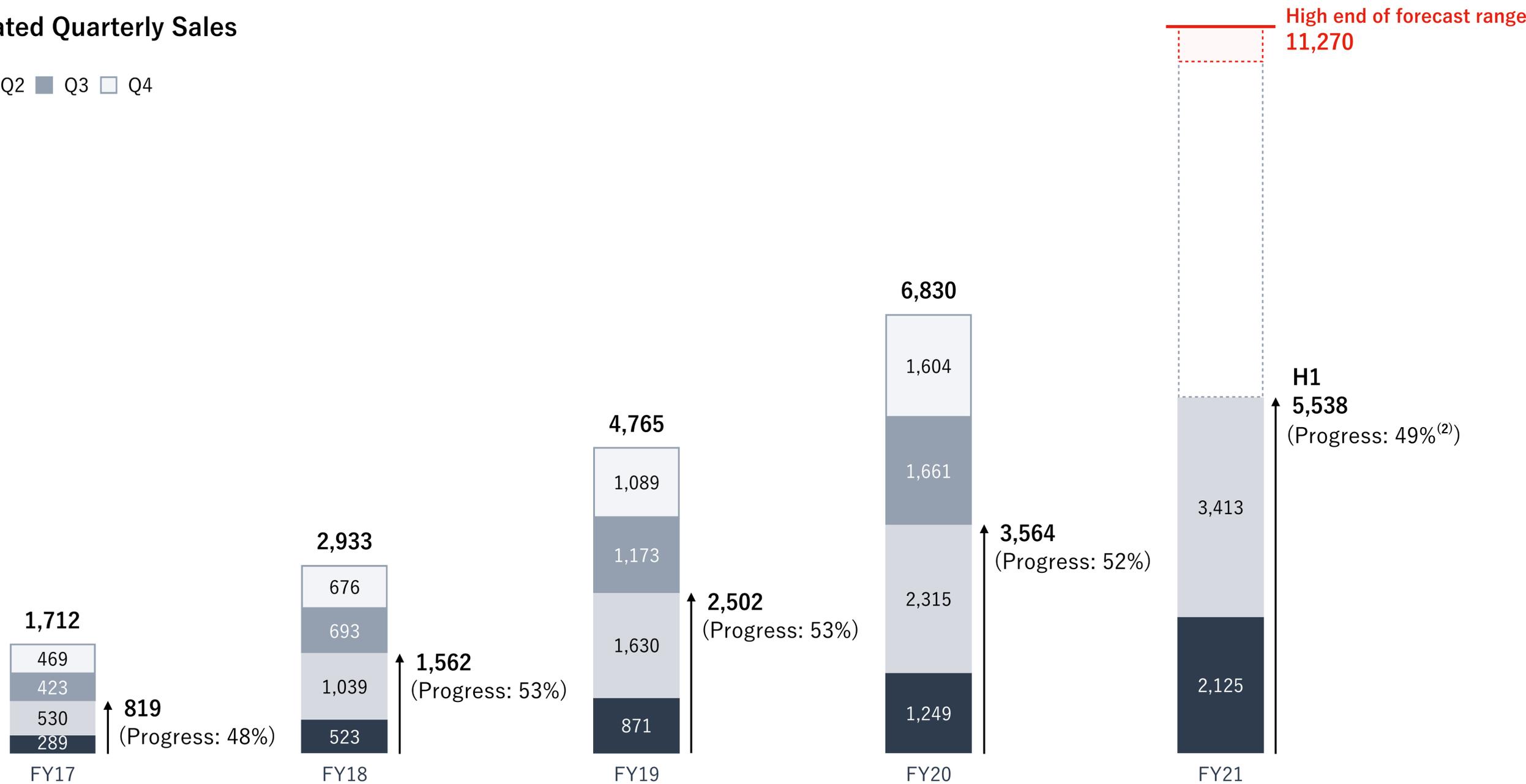
JPY mm	FY2020 Q2	FY2021 Q2	YoY growth
Sales	2,315	3,413	+47%
Gross Profit	1,804	2,454	+36%
EBITDA	699	1,110	+59%
Operating Profit	663	962	+45%
Ordinary Profit	665	969	+46%
Profit Attributable to Owners of Parent	593	687	+16%

In H1 FY2021, we made 49% progress toward the high end of our full-year forecast range for net sales. We made steady progress despite the impact of COVID-19 owing to sales growth in the Medical PF Business (little seasonality), considering the reduced earnings impact from the Recruitment PF Business⁽¹⁾, which typically has sales concentrated in Q2.

Aggregated Quarterly Sales

(JPY mm)

■ Q1 ■ Q2 ■ Q3 ■ Q4



(1) Sales proportion of the Recruitment Platform Business in H1 FY2021 was 75% compared with 84% in H1 FY2020

(2) 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

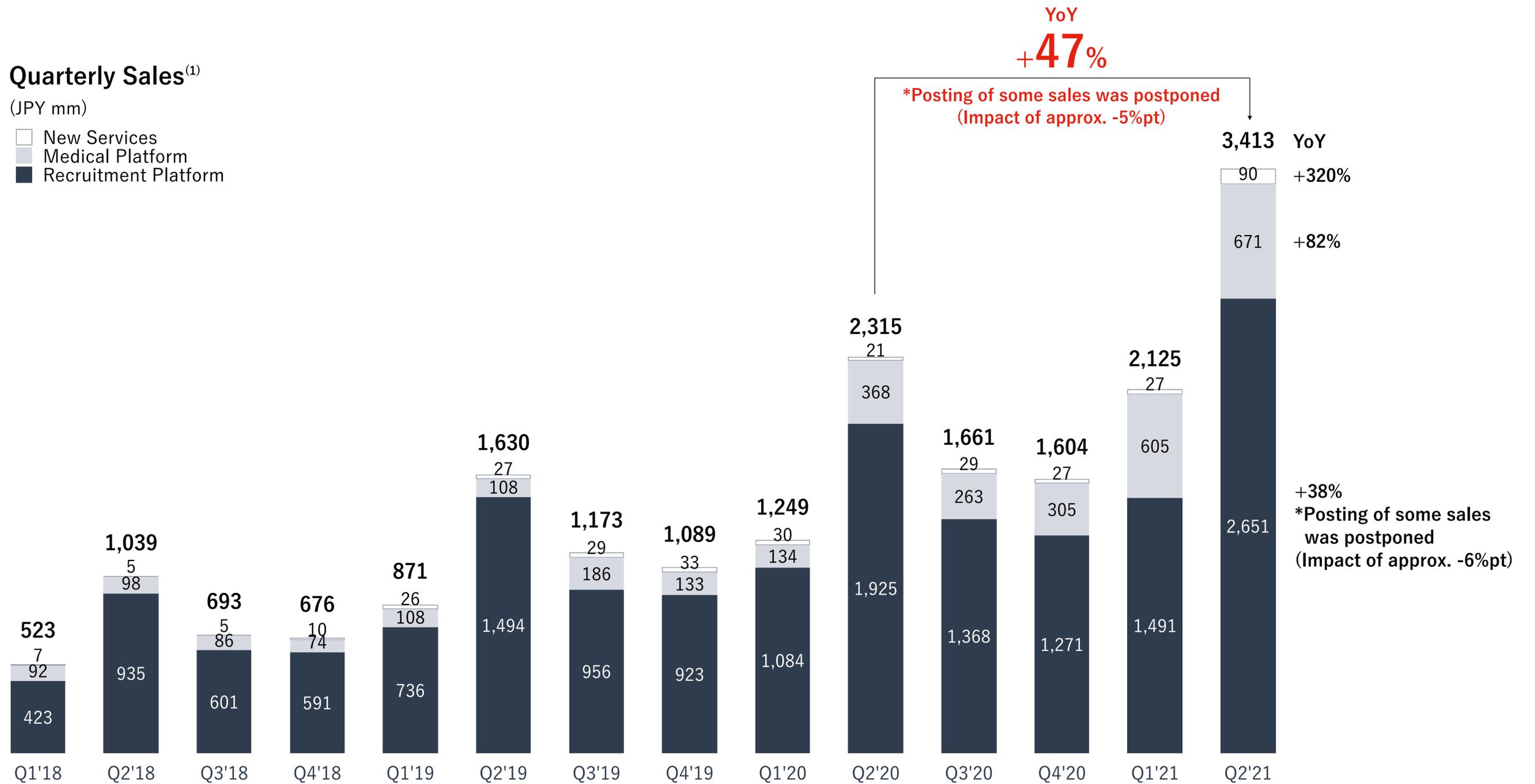
Maintained High Sales Growth Despite Impact of COVID-19 Vaccine Administration

While we saw some impact in Q2 FY2021 from administration of COVID-19 vaccines by hospitals, clinics, and nursing homes, consolidated sales grew 47% YoY and we made progress toward our full-year targets in line with our expectations.

Quarterly Sales⁽¹⁾

(JPY mm)

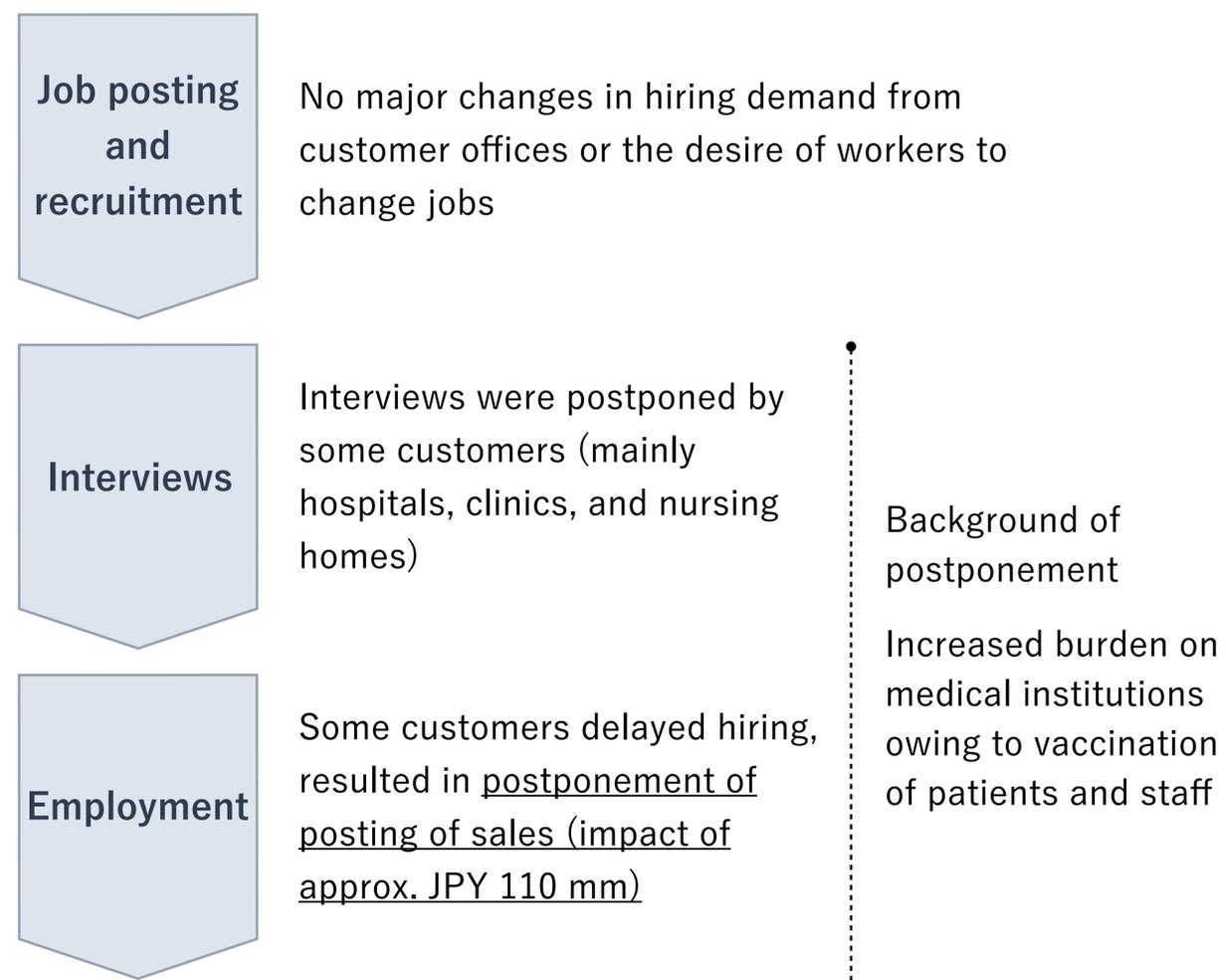
- New Services
- Medical Platform
- Recruitment Platform



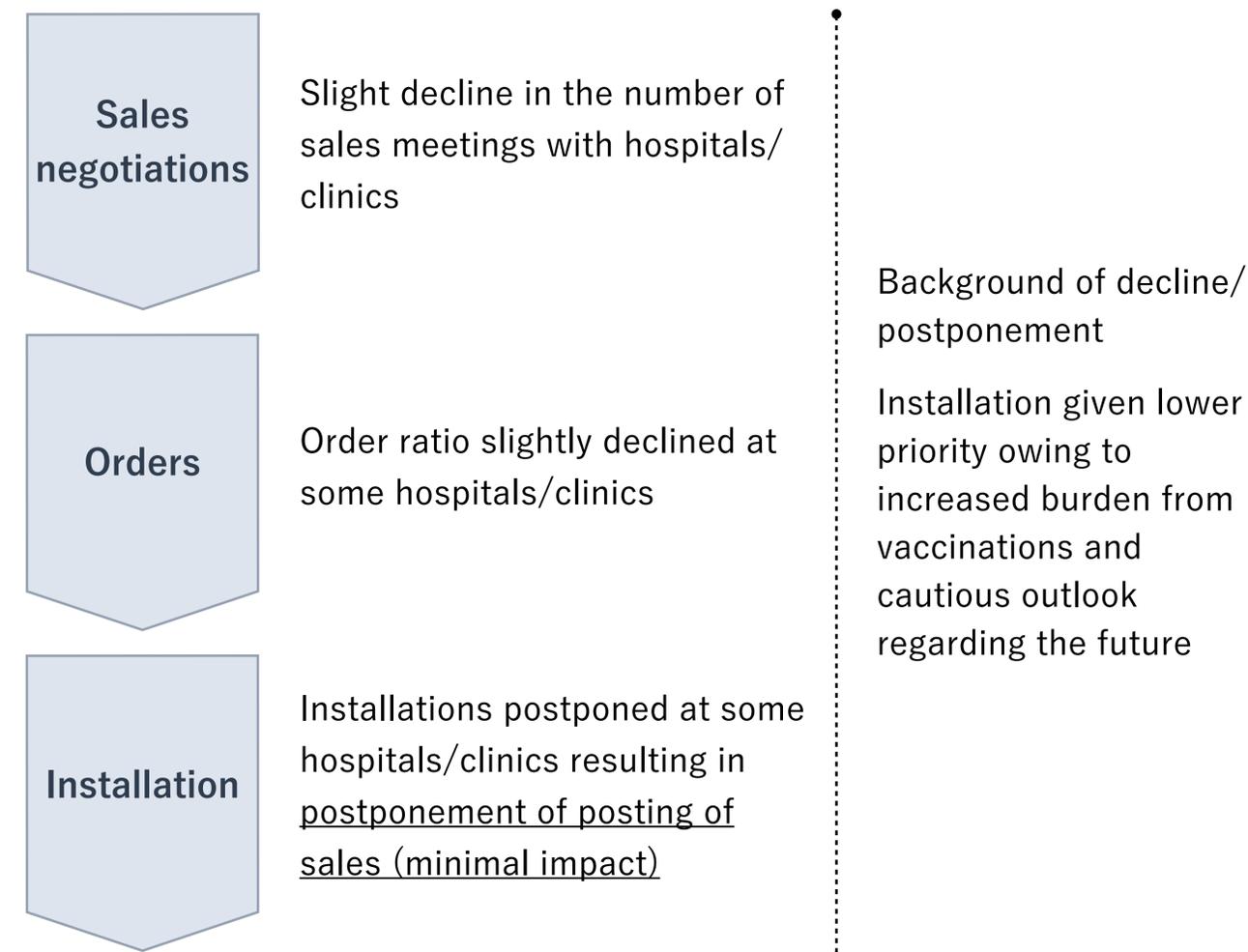
(1) The Recruitment Platform Business posts sales based on the hire dates of new employees.

Vaccination of patients and staff put an additional burden on hospitals, clinics, and nursing homes (our main customer base), resulting in delayed implementation of each process in our Recruitment Platform and Medical Platform businesses. This led to some postponement of sales as employment and system installations were pushed back.

Recruitment PF: Impact from Vaccinations on Hiring Process



Medical PF: Impact from Vaccinations on Sales Processes



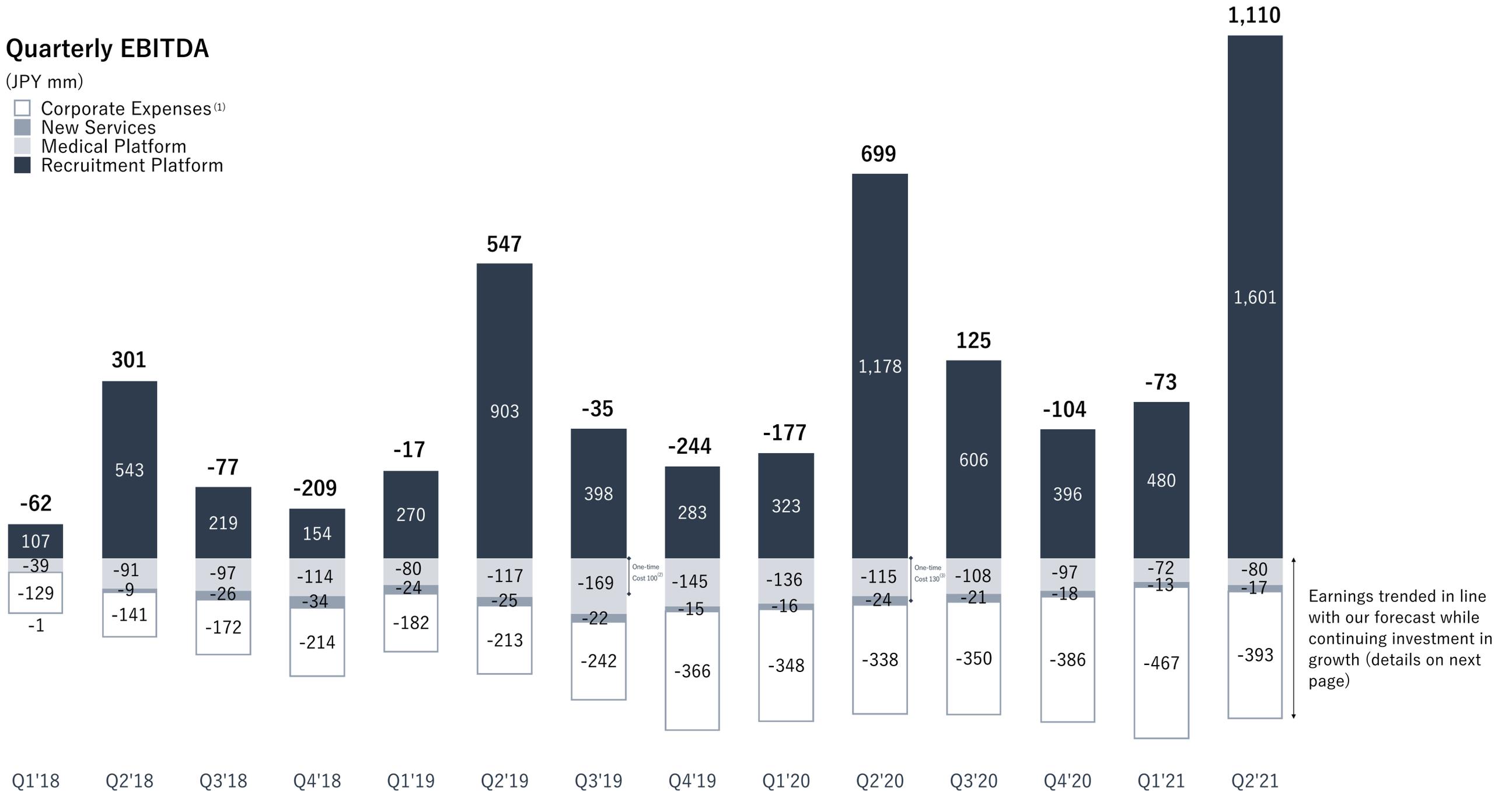
Continued Aggressive Investment in Growth Funded by Profitable Businesses

In Q2 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
- Medical Platform
- Recruitment Platform



Earnings trended in line with our forecast while continuing investment in growth (details on next page)

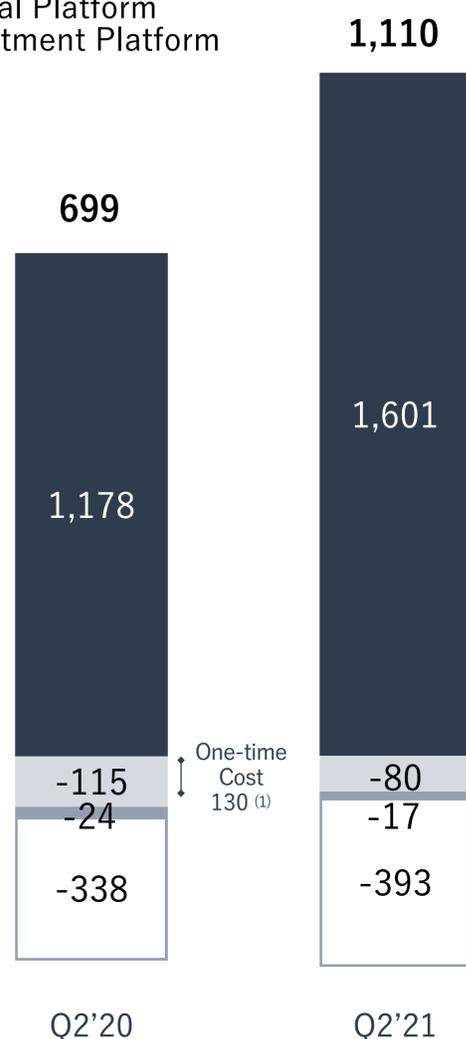
(1) Total of companywide expenses not allocated to segments and inter-segment eliminations
 (2) One-time cost (JPY 100 mm) for acquiring a source code to add a new function to the Medical Platform
 (3) One-time cost (JPY 130 mm) for acquiring EMR assets from another company

Although we continued to aggressively invest in the Medical Platform Business, its EBITDA margin improved due to strong sales growth. We invested in revamping and shifting to new HR systems as well as hiring in preparation for overseas launches aimed at expanding our TAM over the long-term, but the ratio of group-wide costs to sales still improved.

Q2 EBITDA

(JPY mm)

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



Main Factors Contributing to Change in Q2 EBITDA margin

Segment	Q2 FY20	Q2 FY21	Main Factors
Recruitment PF	61.2%	60.4%	<ul style="list-style-type: none"> • Slight increase in the ratio of advertising costs to sales on ad spending targeting acquisition of customer offices • Investment in growth of online training system business
Medical PF	-31.3%	-12.0%	<ul style="list-style-type: none"> • Strong growth in sales of pharmacy support systems and electronic medical record systems

Main Factors Contributing to Change in Corporate Expenses

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

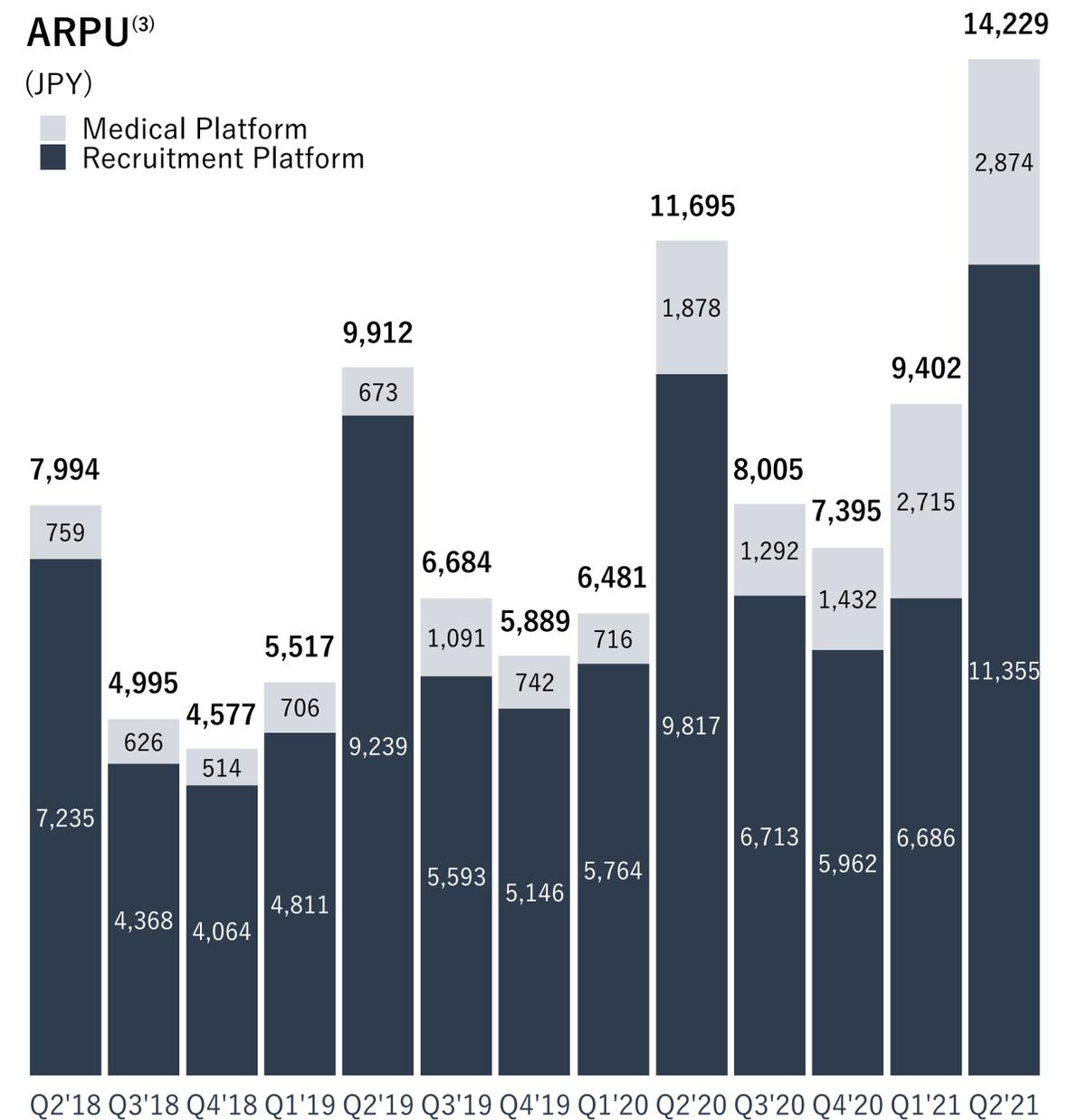
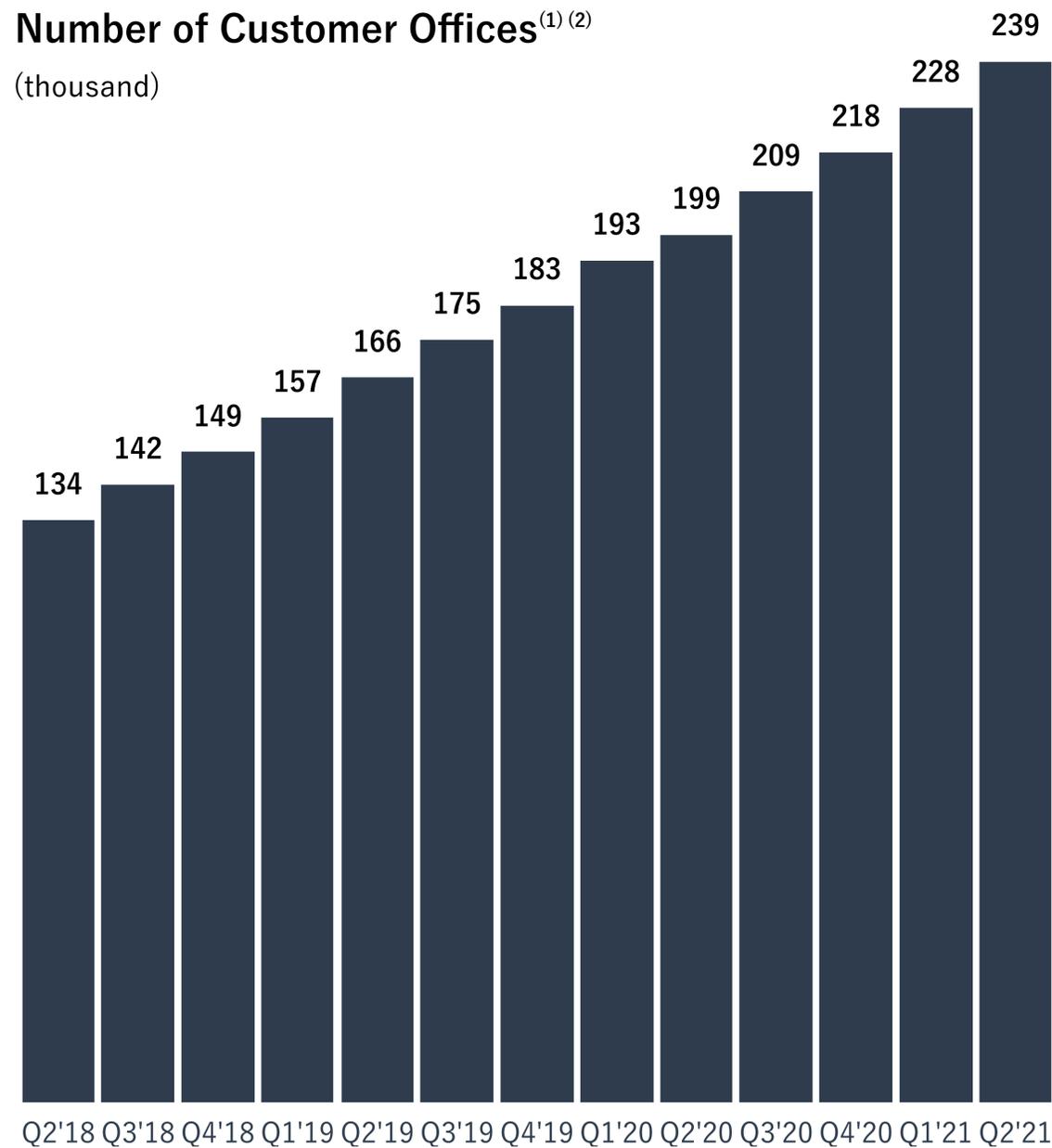
Cost Item	Q2 FY20	Q2 FY21	Main Factors
Personnel costs	155 (6.7%)	164 (4.8%)	<ul style="list-style-type: none"> • Increase in number of corporate employees <ul style="list-style-type: none"> - Number of corporate employees: 65 in Q2 FY20 → 81 in Q2 FY21⁽²⁾
Rents	61 (2.7%)	96 (2.8%)	<ul style="list-style-type: none"> • Office expansion ahead of increase in number of employees (Q1 FY21) <ul style="list-style-type: none"> - 438 in Q2 FY20 → 538 in Q2 FY21⁽²⁾
Hiring costs	42 (1.8%)	26 (0.8%)	<ul style="list-style-type: none"> • Improved efficiency in hiring activities
Commission fees	36 (1.6%)	44 (1.3%)	<ul style="list-style-type: none"> • Rise in outsourcing costs for HR related operations (+JPY 10mm)
Other costs	42 (1.8%)	63 (1.9%)	<ul style="list-style-type: none"> • Increase in business-size-based taxes (+JPY 24mm)

(1) One-time cost (JPY 130 mm) for acquiring EMR assets from another company

(2) 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, have 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 FY2021, the number of customer offices served includes customers using our online training system.

(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.

In May 2021, we conducted third-party allotment through our business and capital alliance with NTT DOCOMO, INC. In response to interest rate trends, we also repaid a portion of debt and our financial position remains strong. We will put cash and deposits of JPY 17.3 billion to use by investing in the growth of our new and existing businesses and conducting M&A.

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 liabilities 1,928
Net assets 9,672	
Other assets 4,039	



May 2021
Capital increase via third-party allotment
 (approx. JPY 5,132 mm)

B/S as of the End of June 2021

(JPY mm)

Cash raised from LOC	Untapped LOC 1,500
Cash and deposits 17,351	Debt 3,573
	Other liabilities 2,294
	Net assets 15,663
Other assets 4,179	

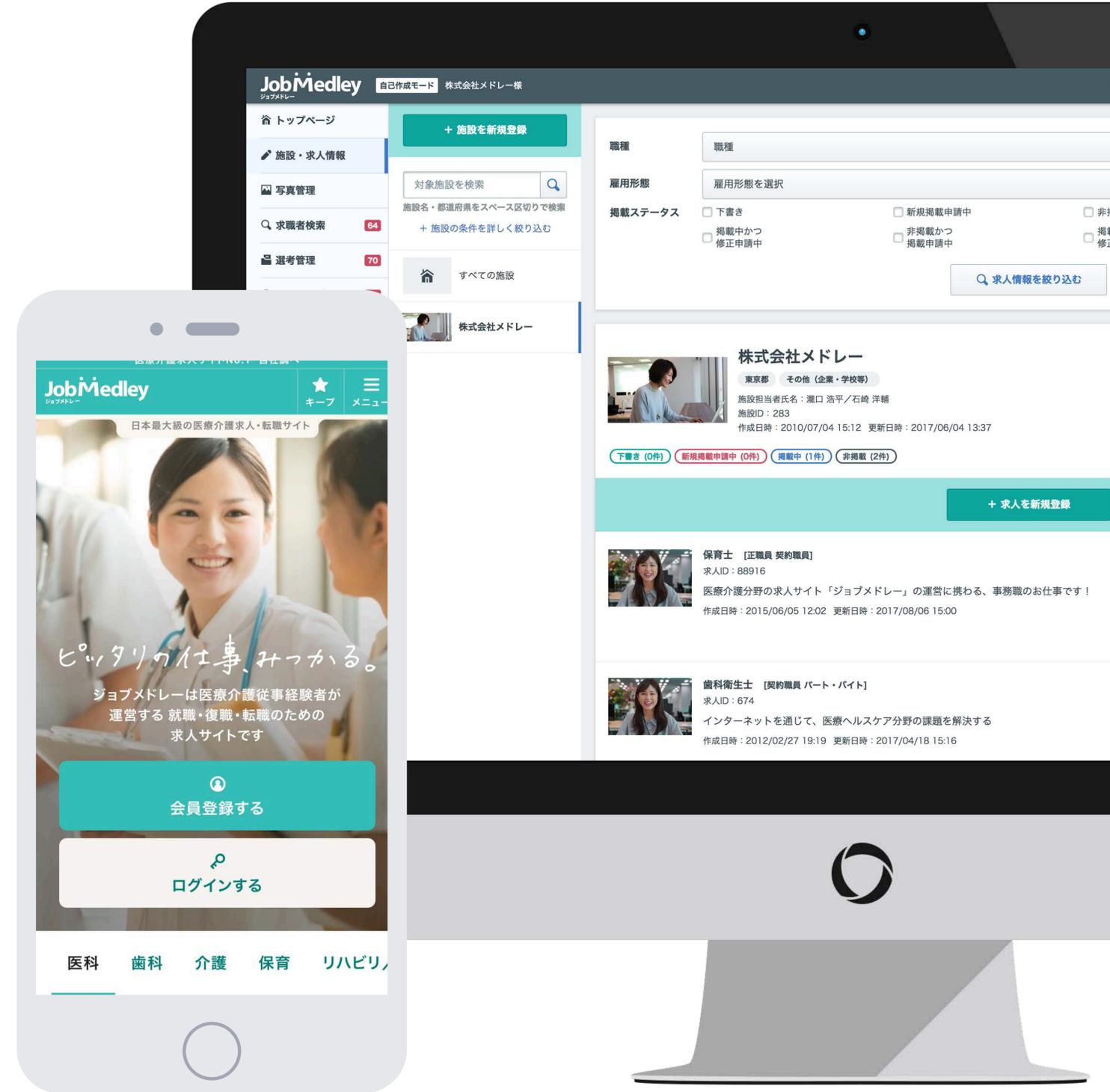
Capital ratio: 72.7%、 D/E ratio: 0.23x

Recruitment Platform

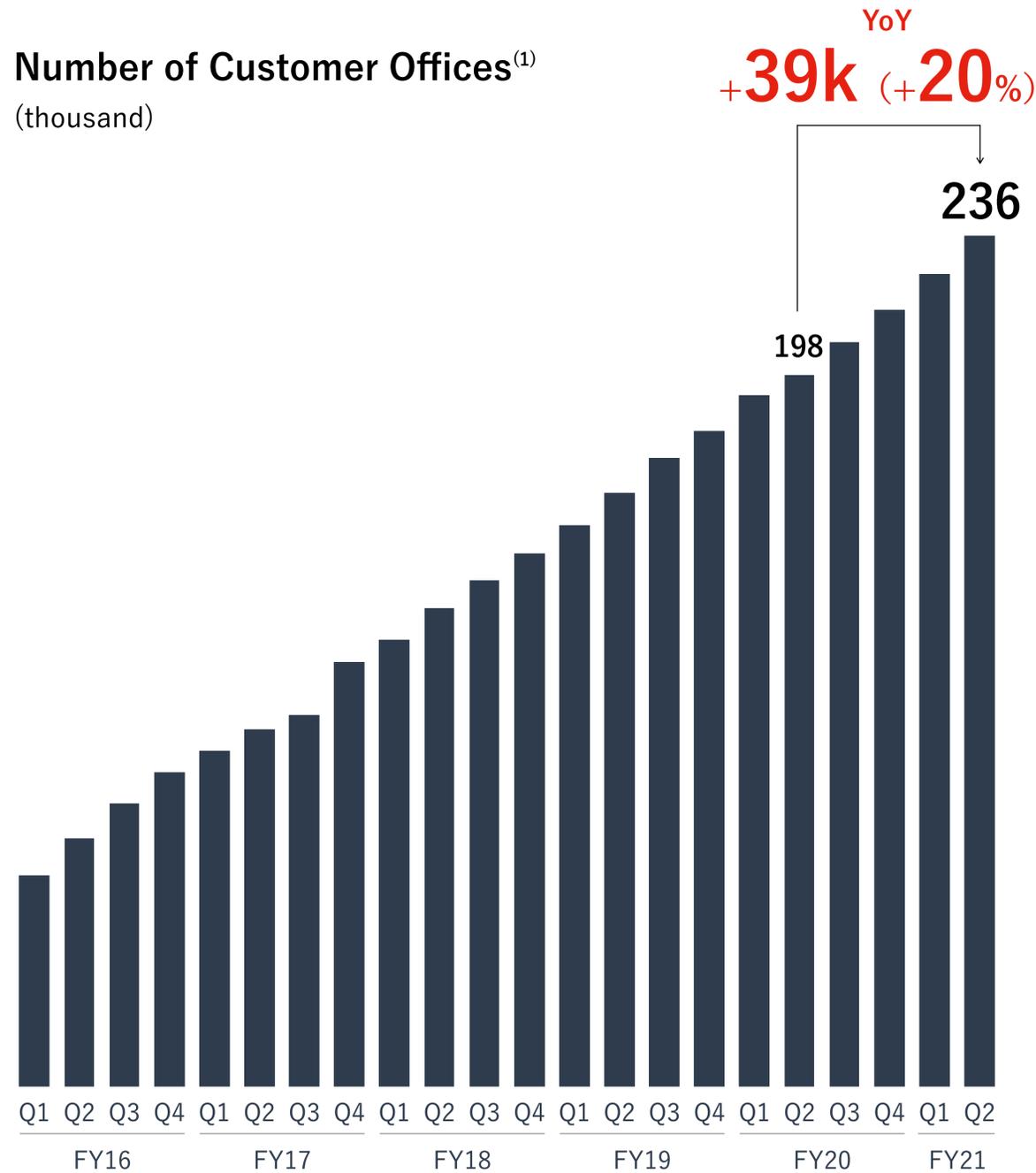
JobMedley

ジョブメドレー

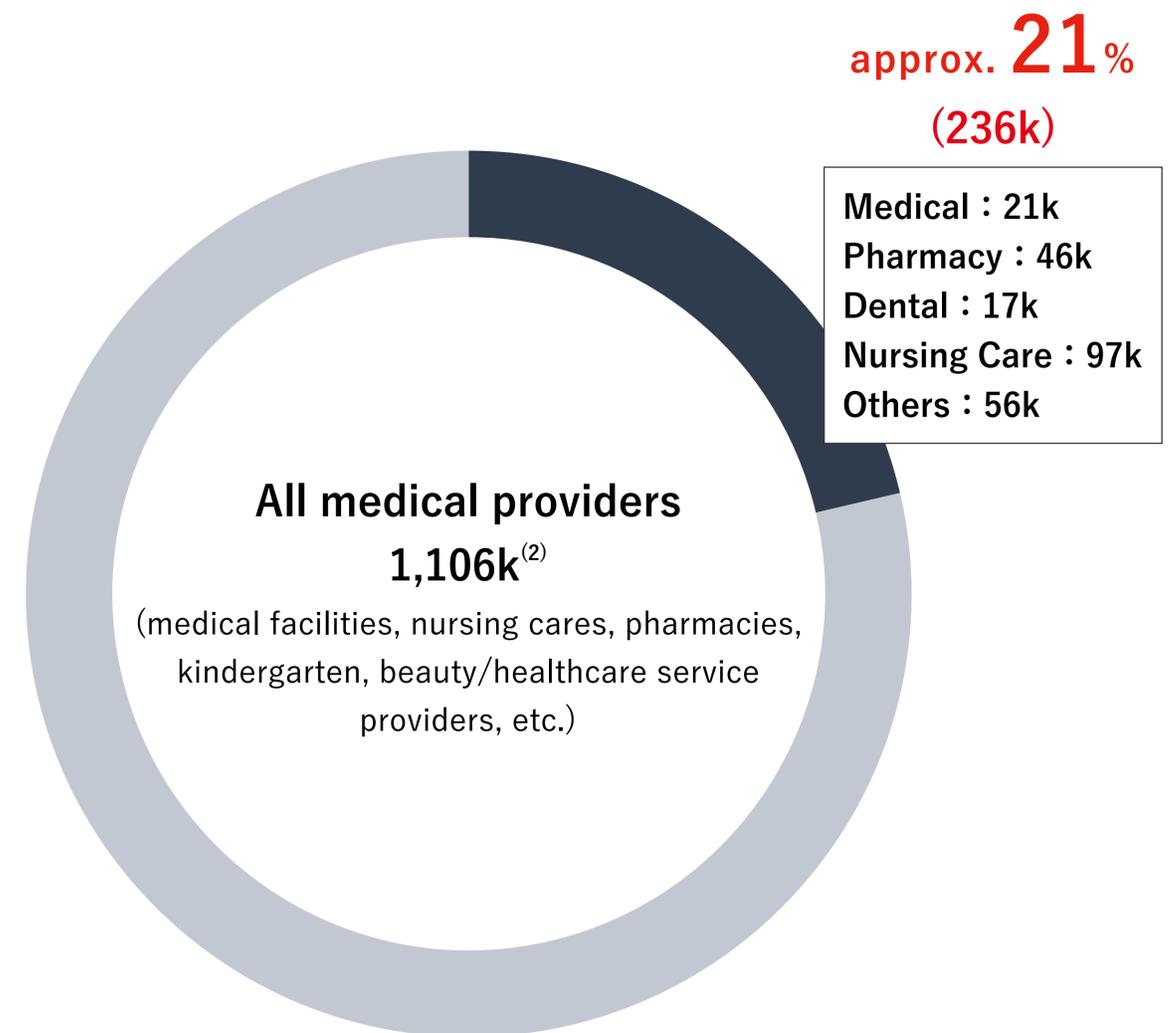
 メディパスアカデミー介護
MEDiPASS Academy



In Q2 FY2021, we continued to make steady progress in signing on new customer offices and we currently have contracts with over 236,000 offices. (Starting in Q2 FY2021, this figure includes offices using our online training system.)



Current Customer Coverage Ratio

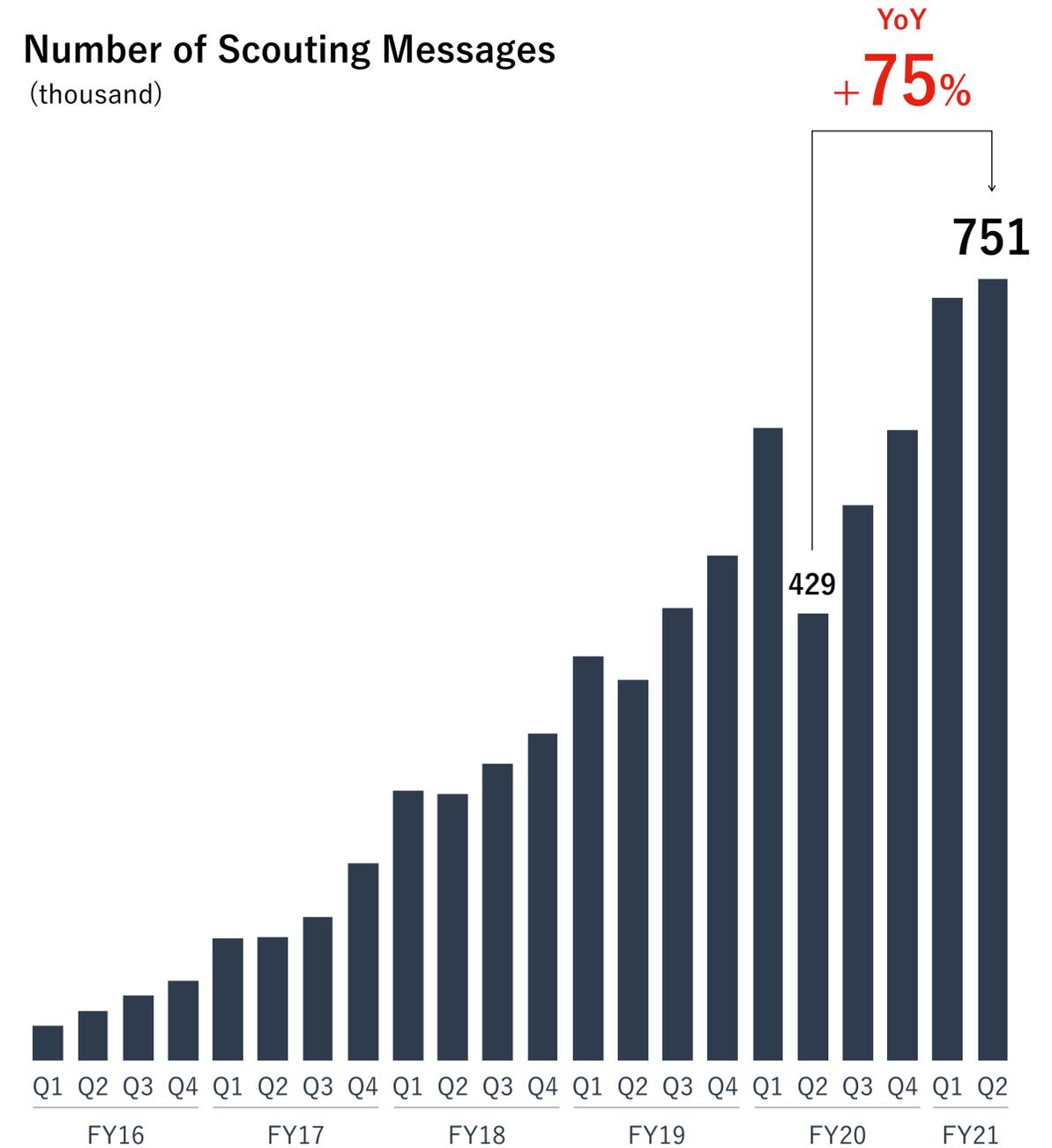
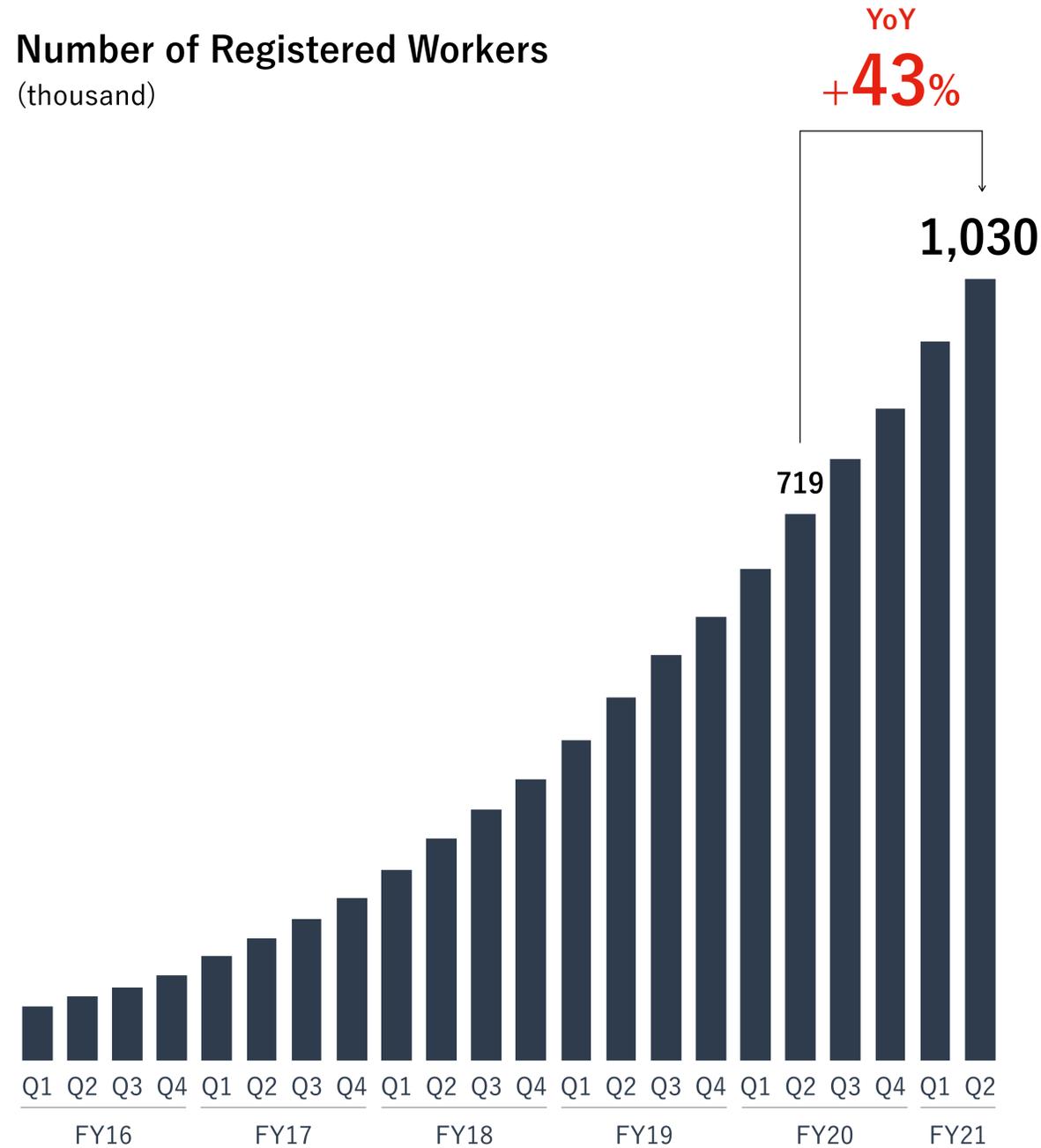


(1) Starting in Q2 FY2021, the number of customer offices includes offices using our online training system. (Offices with multiple contracts counted once.)

(2) 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

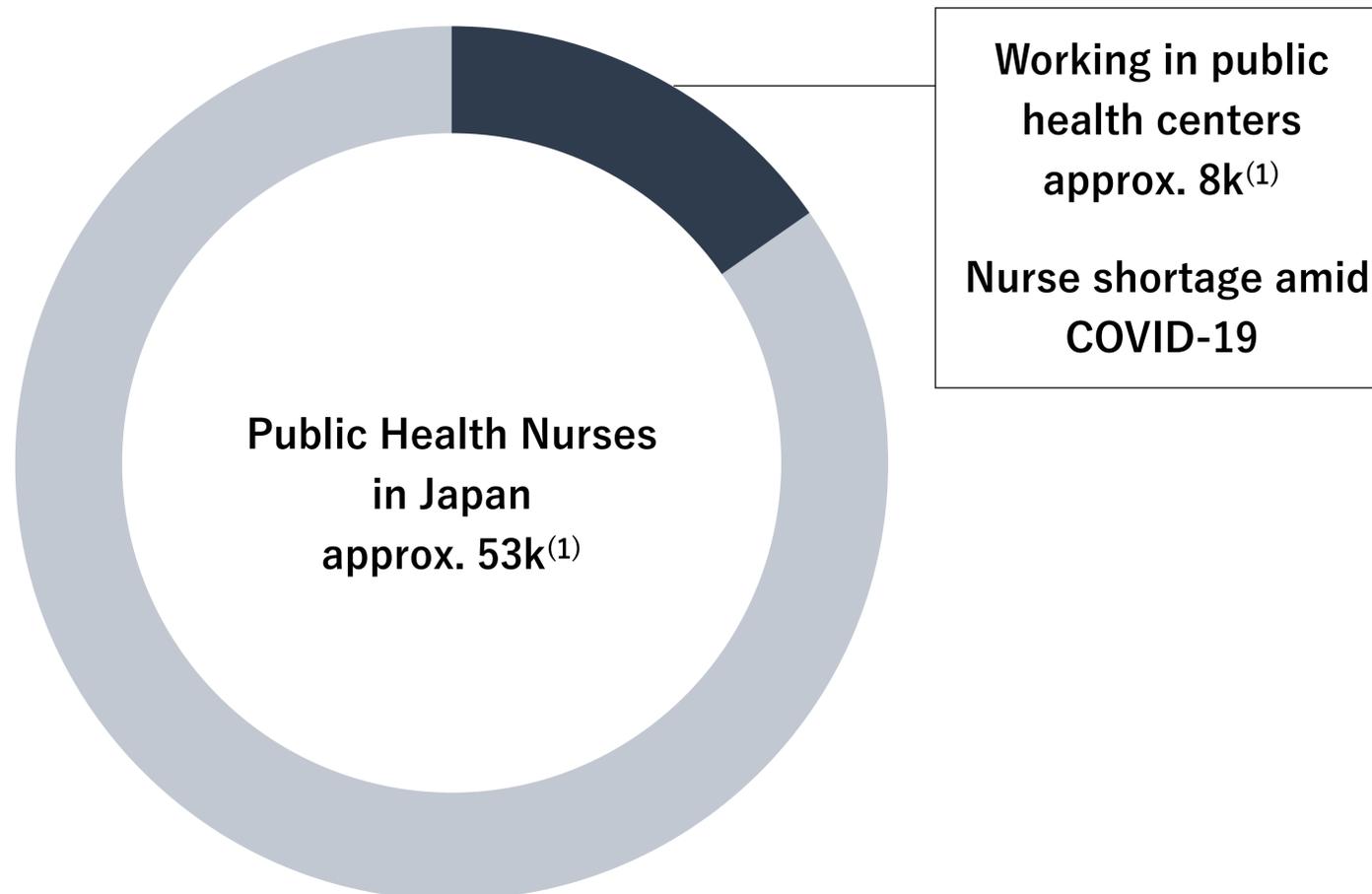
Proactive recruitment methods are effective for hiring medical and healthcare professionals. In Q2 FY2021, our customers increased usage of our scouting functions as we expanded our pool of registered workers.



Free Support for Employment of Public Health Nurses at Local Governments amid COVID-19 Crisis

The rise in COVID-19 cases has piled pressure on public health centers nationwide. As it has been difficult for local governments to hire enough public health nurses, we support their hiring process via JobMedley free of charge.

Support for Employment of Public Health Nurses



Working in public health centers
approx. 8k⁽¹⁾
Nurse shortage amid
COVID-19



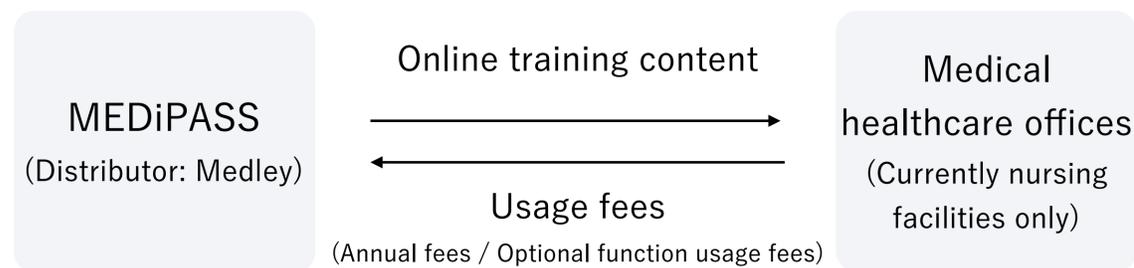
Support provided

- Job postings written by professional writers
- Support for smooth communication with job seekers
- Success fees waived

(1) From 2018 Health Administration Report (employment of medical personnel) by Ministry of Health, Labour and Welfare

Sales from our online training system began contributing to group-wide ARPU in Q2 FY2021. Contribution to ARPU is currently limited at roughly 2% of recruitment systems ARPU, but we expect the contribution to increase by cross-selling to existing recruitment systems customers and accumulation of recurring sales through expansion outside the nursing care field.

Business Model of Online Training System



Efforts to Achieve Synergies

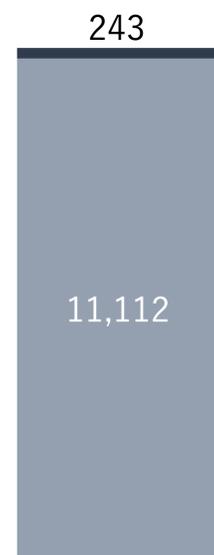
Cross-selling within nursing care field

- Began sales operation for recruitment system customers (nursing care providers) in April
 - Approx. 30% of new contracts in the online training system business signed in June came via the recruitment system business

Contribution to Group-wide ARPU⁽¹⁾

(JPY)

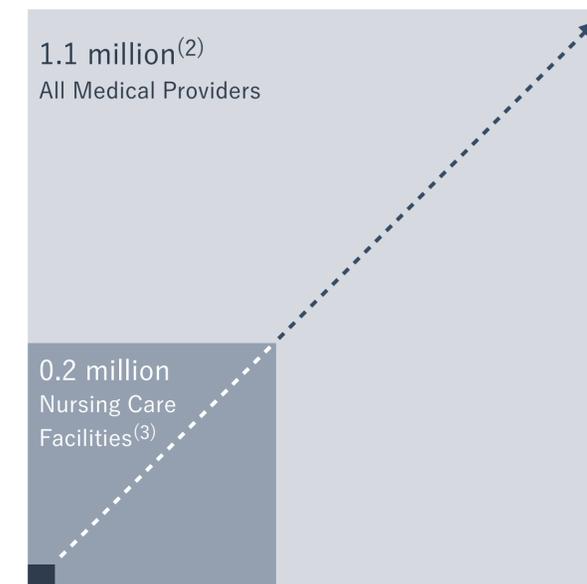
- Online Training System
- Recruitment System



- Currently accounts for roughly 2% of recruitment system ARPU
- We expect contribution to increase owing to cross-selling to the recruitment systems customer base and expansion outside the nursing care field (see figure on the right)

Q2'21

Expansion of content to include other fields



- Leveraging recruitment system customer base (236k offices)
- Medical : 21k
 - Pharmacy : 46k
 - Dental : 17k
 - Nursing Care : 97k
 - Others : 56k

MEDiPASS Academy (nursing care): 2k offices

(1) ARPU = Quarterly sales / Average number of customer offices (total for Recruitment Platform and Medical Platform businesses)

(2) Refer to notes on P15

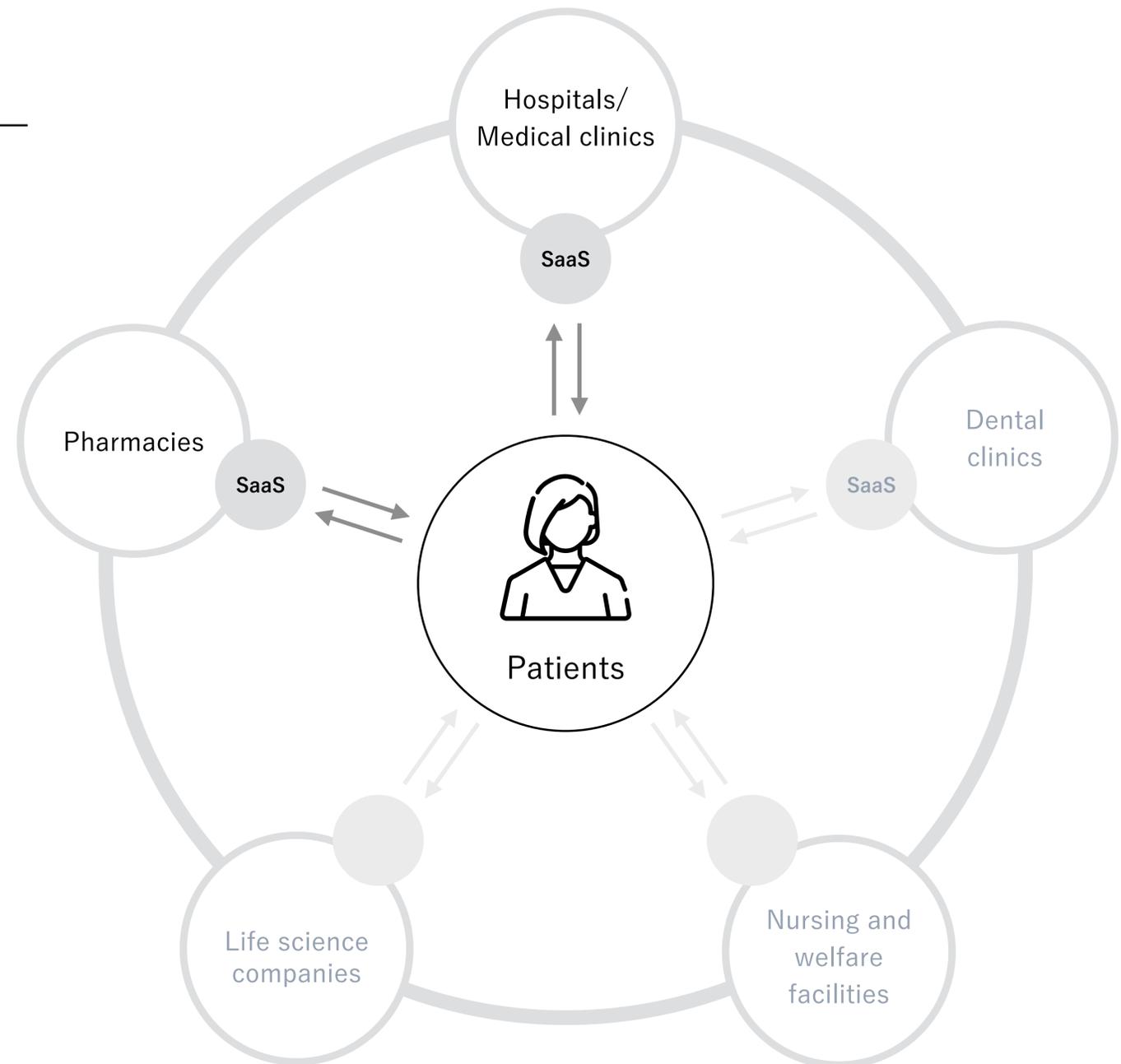
(3) Ministry of Health, Labour and Welfare statistics (as of October 2017)

Medical Platform

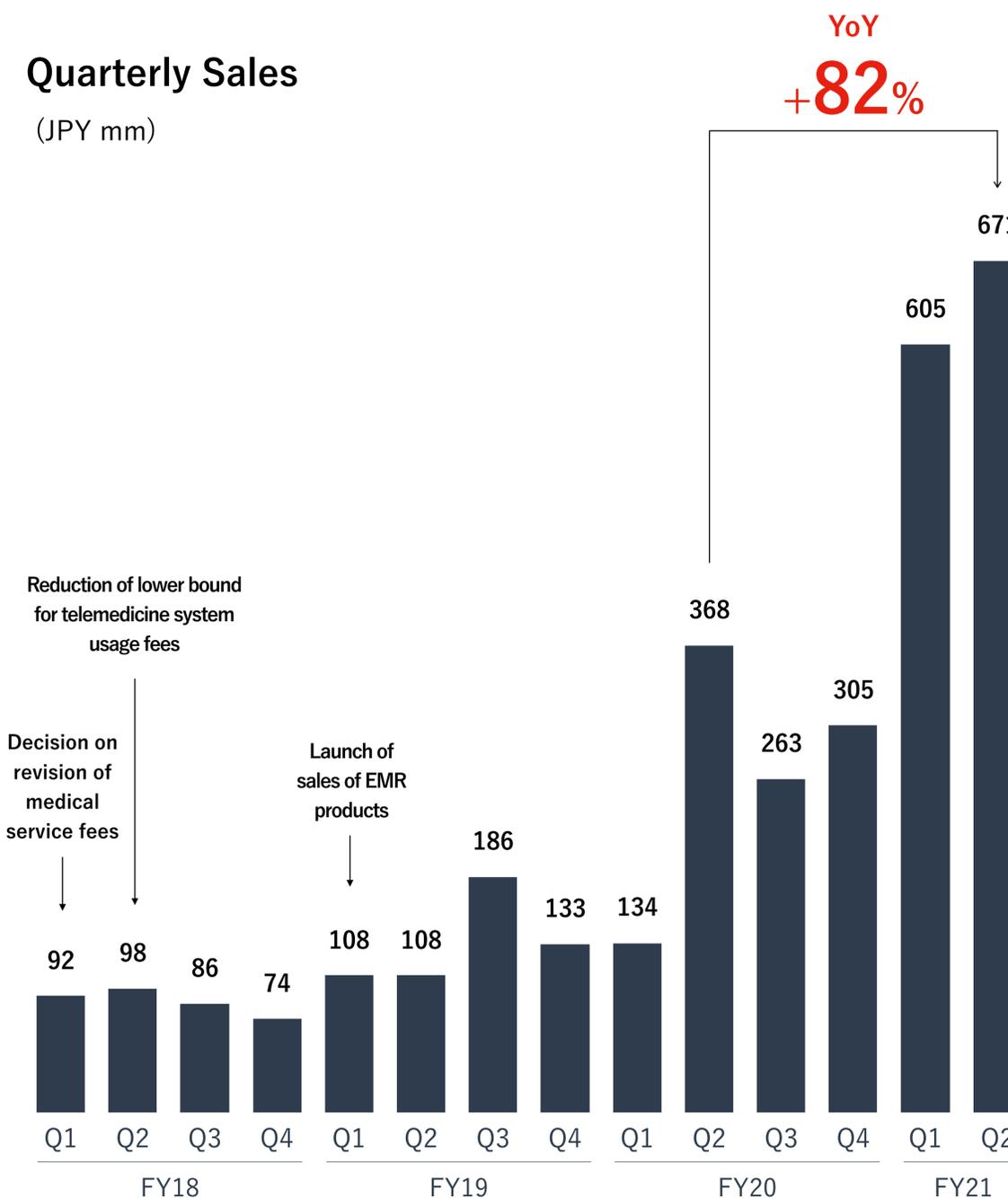
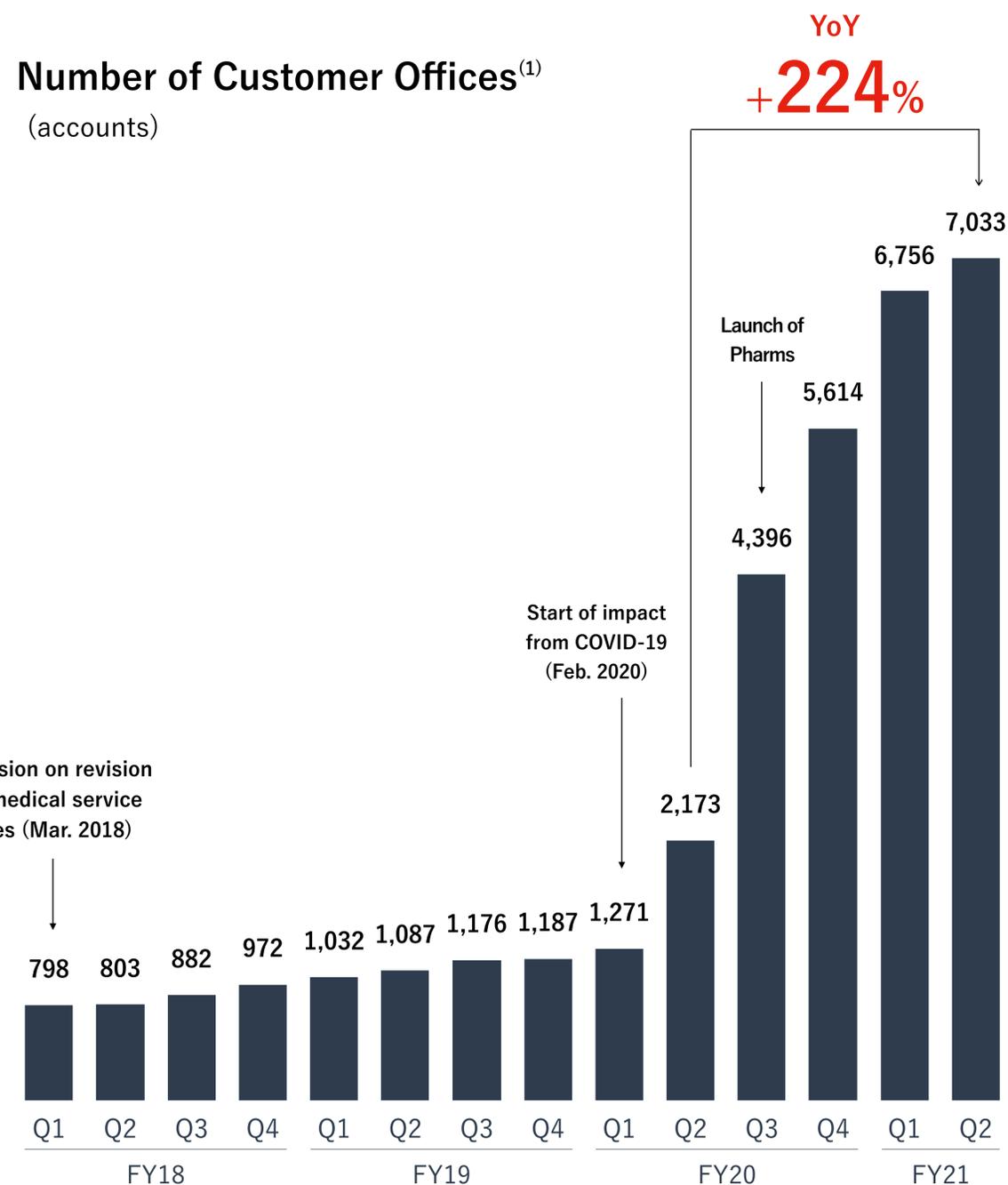
 **CLINICS**

 **Pharms**

 **MALL**



While Medical Platform Business sales were impacted by medical institutions' administration of COVID-19 vaccines during Q2 FY2021, sales rose YoY owing to steady product sales and the consolidation of Pacific Medical and MEDiPASS.



(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

Measures to Expand Number of Customers, Improve ARPU, and Streamline Operations

In Q2 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.

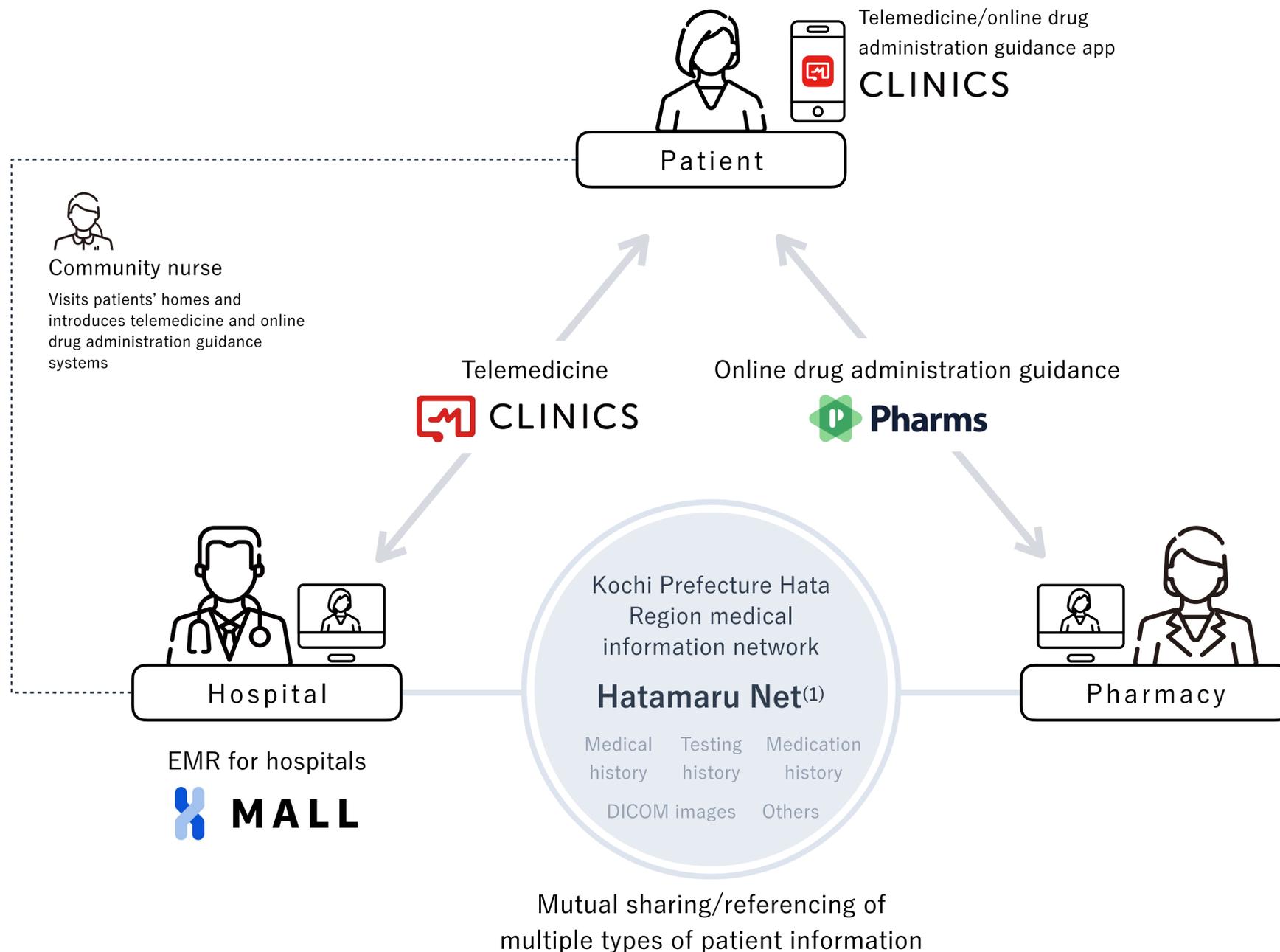
Main Measures Implemented in Q2 FY2021

	Hospitals/Medical Clinics	Pharmacies
Expansion of targeted customers	A Online demonstration project leveraging regional medical information network	
	Capital and business alliance with NTT DOCOMO Explore possibility of operational support from NTT Group	C Developed family pharmacy support function
	Strengthened sales of EMR to hospitals	C Launch of flexible fee systems
Improvement in ARPU	Capital and business alliance with NTT DOCOMO Increase in settlement fees owing to growth in number of users	
	Strengthened sales of partner products	
Streamlining	Improved EMR implementation process	
	Optimized integration of EMR and ORCA (cost reduction)	
Patient users expansion	B Capital and business alliance with NTT DOCOMO <ul style="list-style-type: none"> - Prepared for collaboration with DOCOMO shops - Prepared for joint operation of telemedicine app 	

A: Online Medical Demonstration Project Leveraging Regional Medical Information Networks

We cooperate in the SUKUMO Online Medical Demonstration Project along with Hata Medical Association and NTT DOCOMO Shikoku branch office, run by Sukumo city in Hata area of Kochi Prefecture and Ooida Hospital⁽¹⁾.

SUKUMO Online Medical Demonstration Project

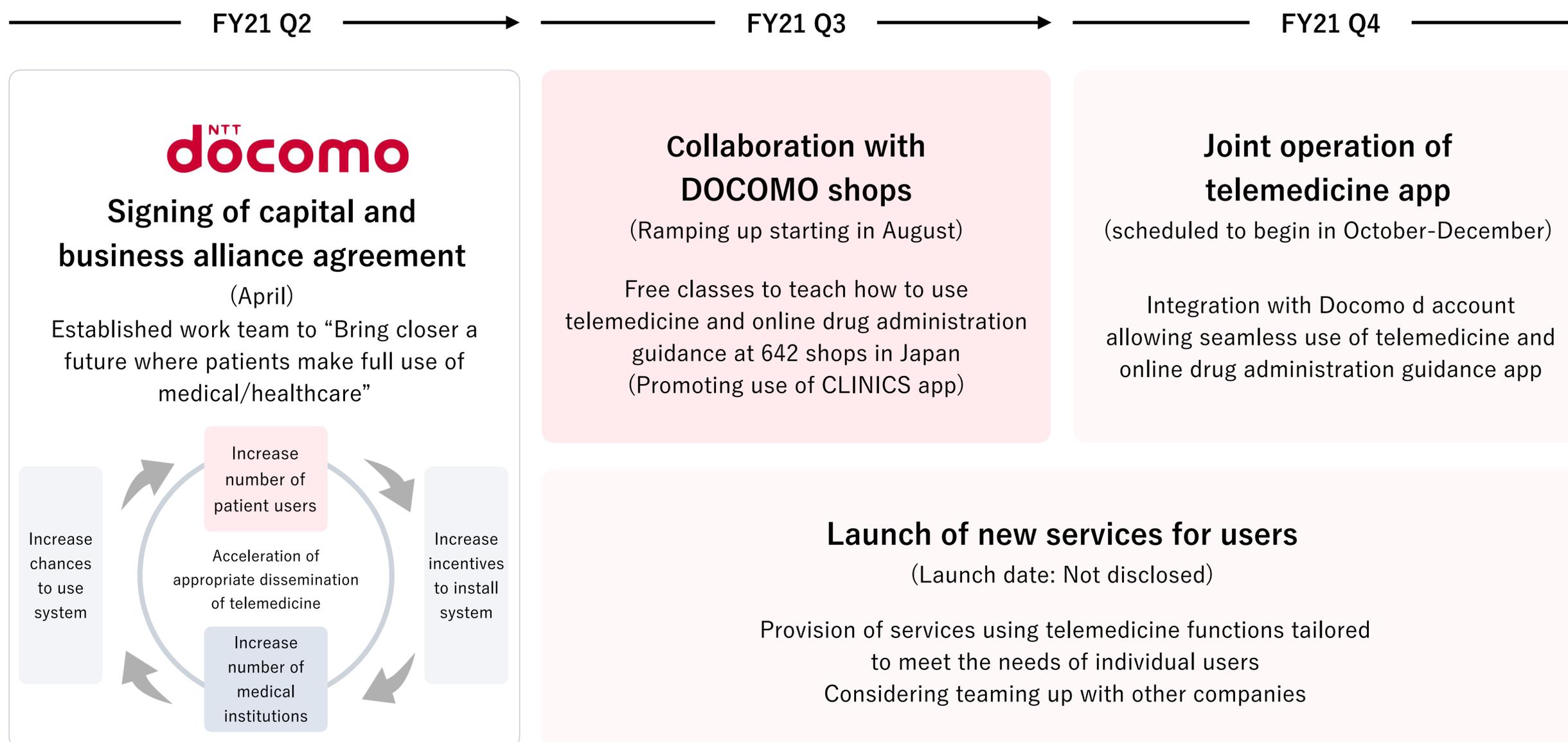


Project Collaborators

- Sukumo City
- Ooida Hospital
- Hata Medical Association
- Sukumo Medical Association
- Sukumo City Council of Social Welfare
- Kochi Prefecture
- Kochi University
- Yoshimura Dispensing Pharmacy
- Sumire Pharmacy
- Kinoshita Pharmacy
- NTT DOCOMO INC. (Shikoku Branch Office)
- C-mec Co., Ltd.
- Pacific Medial, Inc.
- Medley, Inc.

(1) The Hatamaru Net (Kochi Prefecture Hata Region medical information network) is developed by Pacific Medical, Inc., a Medley Group company.

In the Medical Platform Business, we have made steady growth in installation of our telemedicine and online drug administration guidance systems, and view distribution of the apps to patient users as our next growth driver. While major initiatives with NTT DOCOMO have yet to be announced, we are making steady progress including collaboration with DOCOMO shops. We will conduct timely disclosure of any significant impact on our earnings from the alliance.



C: Improved Functionality and Adoption of Flexible Fee System of Pharms

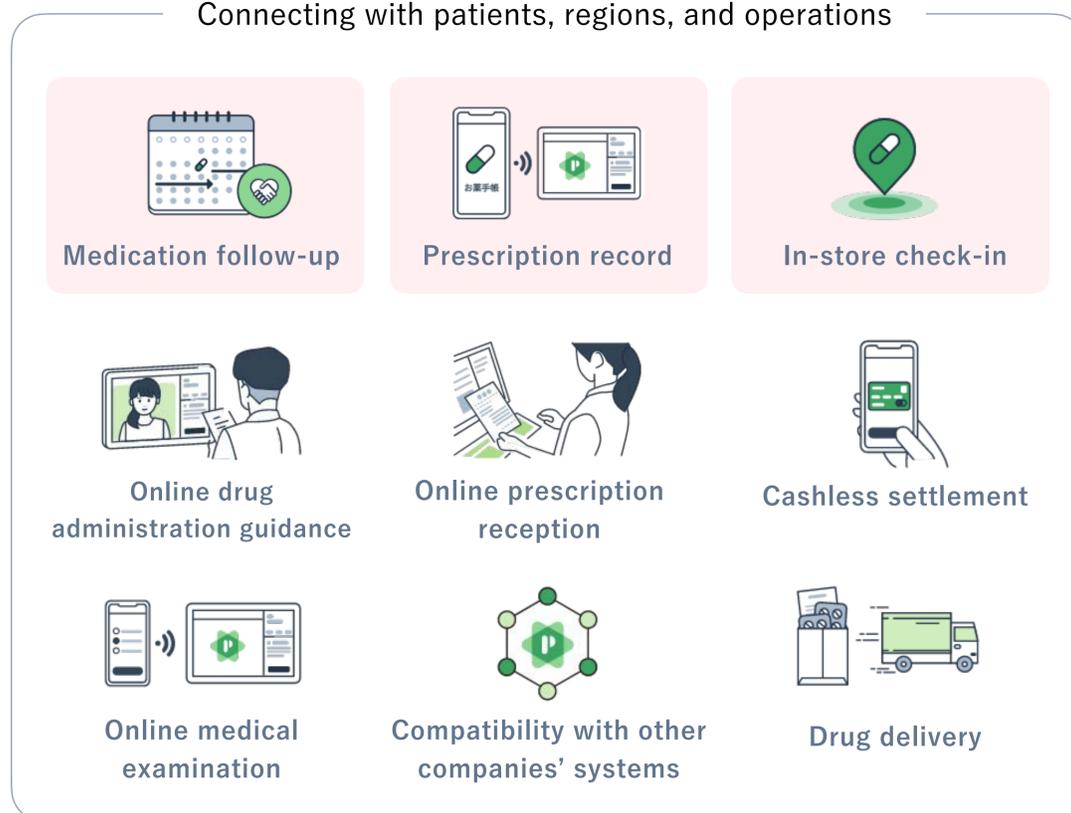
In April 2021, Pharms added prescription record and medication follow-up functions along with its existing drug administration guidance function. The system therefore now provides one-stop functionality for services required by family pharmacies. Starting in August, we also launched a pay-per-use fee plan to promote adoption of the system.

Improved Functionality Toward Family Pharmacy Support System

New functions

Pharms

Connecting with patients, regions, and operations

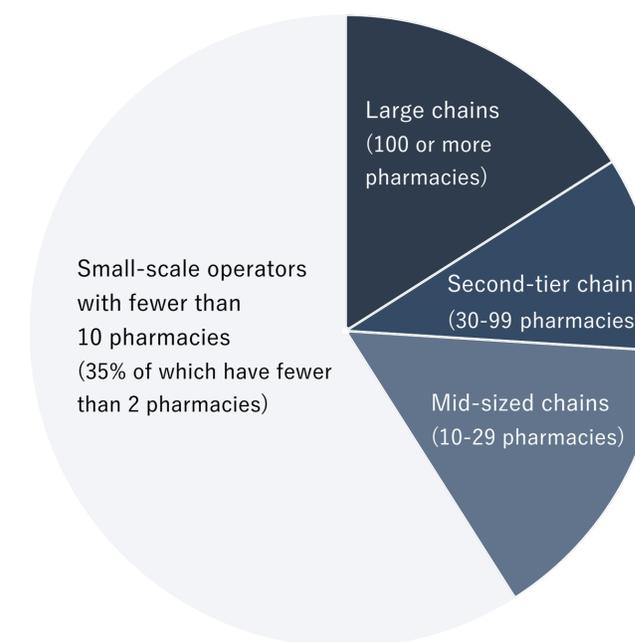


- Medication follow-up function can be used to increase patients' involvement in drug therapy while enabling pharmacies to provide specialized services
- Medication information centrally managed in prescription record and other medical information obtained via medication follow-ups can be utilized to provide feedback to regional hospitals and clinics
- Integration with other prescription record apps and a variety of systems including drug distribution systems and dispensing systems such as medication history receipt computers allows seamless operation in pharmacies

Adoption of Flexible Fee System

- Launched pay-per-use plan in addition to fixed-rate plan
 - Installation of Pharms has been made progress in large and second-tier pharmacies with strong interest in digital technologies
 - Pay-per-use plan is added to attract small-to-medium-sized pharmacies, which account for the majority of all pharmacies in Japan

Share of pharmacies in operation by size of operators (breakdown of roughly 59k pharmacies nationwide)⁽¹⁾



(1) Based on data from the "List of medical institutions receiving notification" by the Ministry of Health, Labour and Welfare. Therefore, companies with different names are counted separately even if they are part of the same corporate group (as of October 2019)

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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.



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. We leave our full-year forecast (net sales and EBITDA) unchanged at present.

Progress toward Our Mid-term Sales Target



Assumption of FY21 Full-Year Forecast (As of March 17, 2021)

Current Update

Recruitment PF

- Number of customer offices: Maintain the same growth
- ARPU: Increase by improving functionality

- Currently limited impact from 2nd-4th state of emergency
- Some impact on earnings from vaccinations (see next page)

Medical PF

- Continue to increase ARPU, expand customer base, and improve cost efficiencies
 - 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

- Capital and business alliance with NTT DOCOMO
 - Joint operation of telemedicine app scheduled to start in Q4
 - Earnings impact is currently under review
- Limited earnings impact from COVID-19 vaccinations administered by hospitals and clinics (see next page)

New Services

- Plan to expand business
- Shift from commercialization phase to profitability phase (losses shrinking)

- New nursing care business proceeding according to plan

Corporate Expenses

- Continued aggressive hiring to achieve growth
 - 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

- No update

Others

- Reflects the impact from MEDiPASS acquisition (consolidated in Q2 FY21)
- Sales of undefined new businesses and M&A are not included the forecast

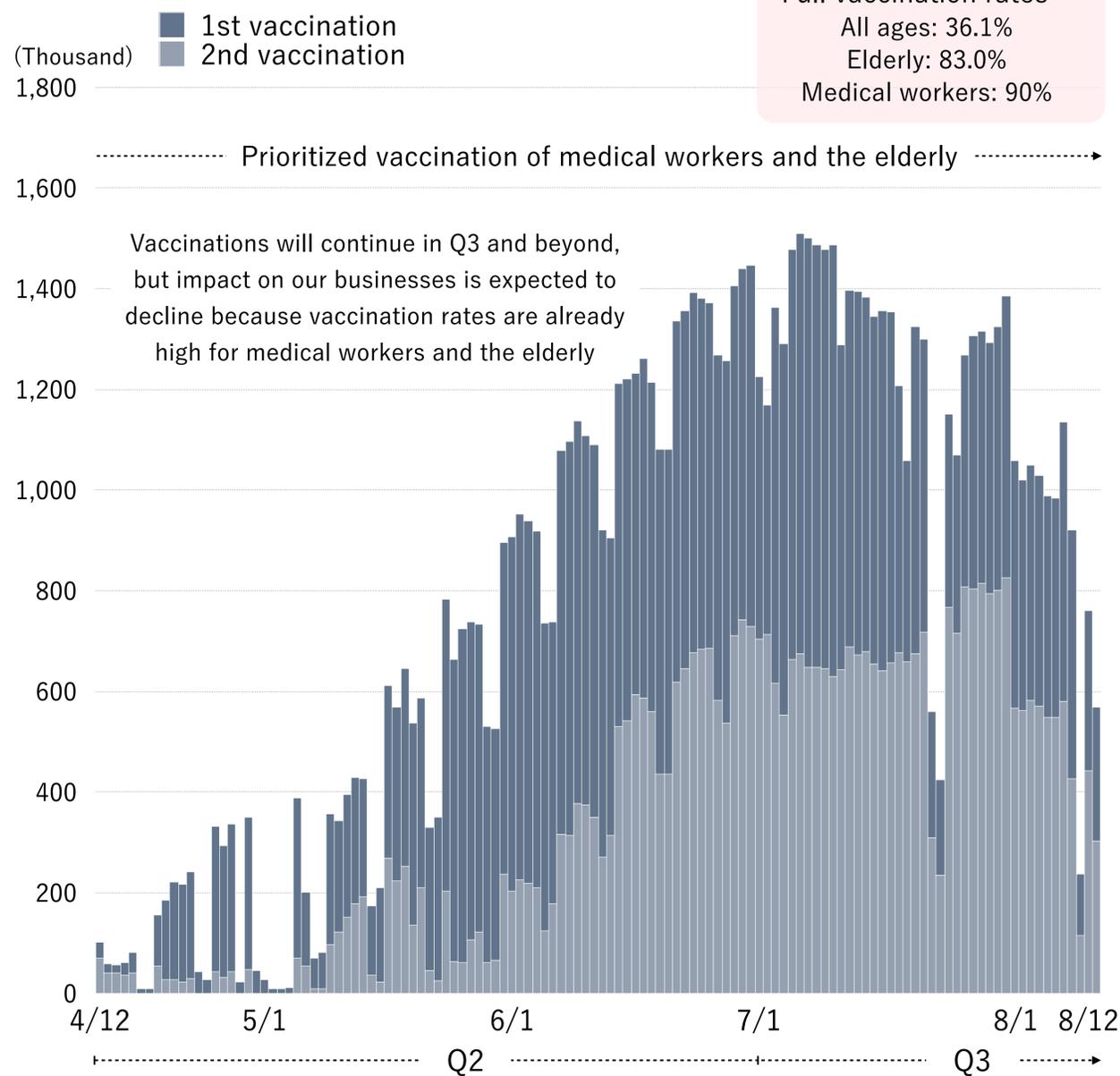
- No update

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

Outlook and Response Plans Against Impact of COVID-19 Vaccination Administration

While some impact from the vaccination administration is expected to continue in Q3 and beyond, because vaccination rates are already high for medical professionals and the elderly, the impact on our businesses is estimated to be trending downward. We will adjust our sales and marketing strategies to further decrease the impact.

Nationwide vaccinations per day⁽¹⁾



Outlook and Response Plans

Outlook
(As of Aug 12)

- Some impact at hospitals/clinics due to vaccination of non-elderly people
- Impact at nursing care facilities is trending downward as vaccination of most residents (elderly) have been completed
- Some impact from vaccination of workers at other customer offices

Recruitment PF

- Adjust sales and marketing strategies
 - Enhance activities targeting offices that have seen little impact from vaccinations
 - Strengthen support for pending job seekers

Medical PF

- Adjust sales and marketing strategies
 - Enhance activities targeting departments that have seen little impact from vaccinations
 - Strengthen sales promotion for CLINICS by highlighting vaccination reservation function
 - Develop new product distribution channel

(1) The officially announced number of vaccinations for medical workers and non-medical workers (including the elderly) administered on the date (Source: Prime Minister's Office of Japan)
 (2) Vaccination rates for all ages and the elderly are as of August 12, 2021, and for medical workers as of June 28, 2021. At a press conference held on July 27, Taro Kono, Minister for Administrative Reform and Regulatory Reform, commented that vaccination of medical professionals was complete by July 23. (Source: Prime Minister's Office and Ministry of Health, Labour and Welfare)

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1. Vast opportunity in the medical and healthcare field
2. Continuous growth through maximization of customer office numbers and ARPU
3. Disciplined investment in growth

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.



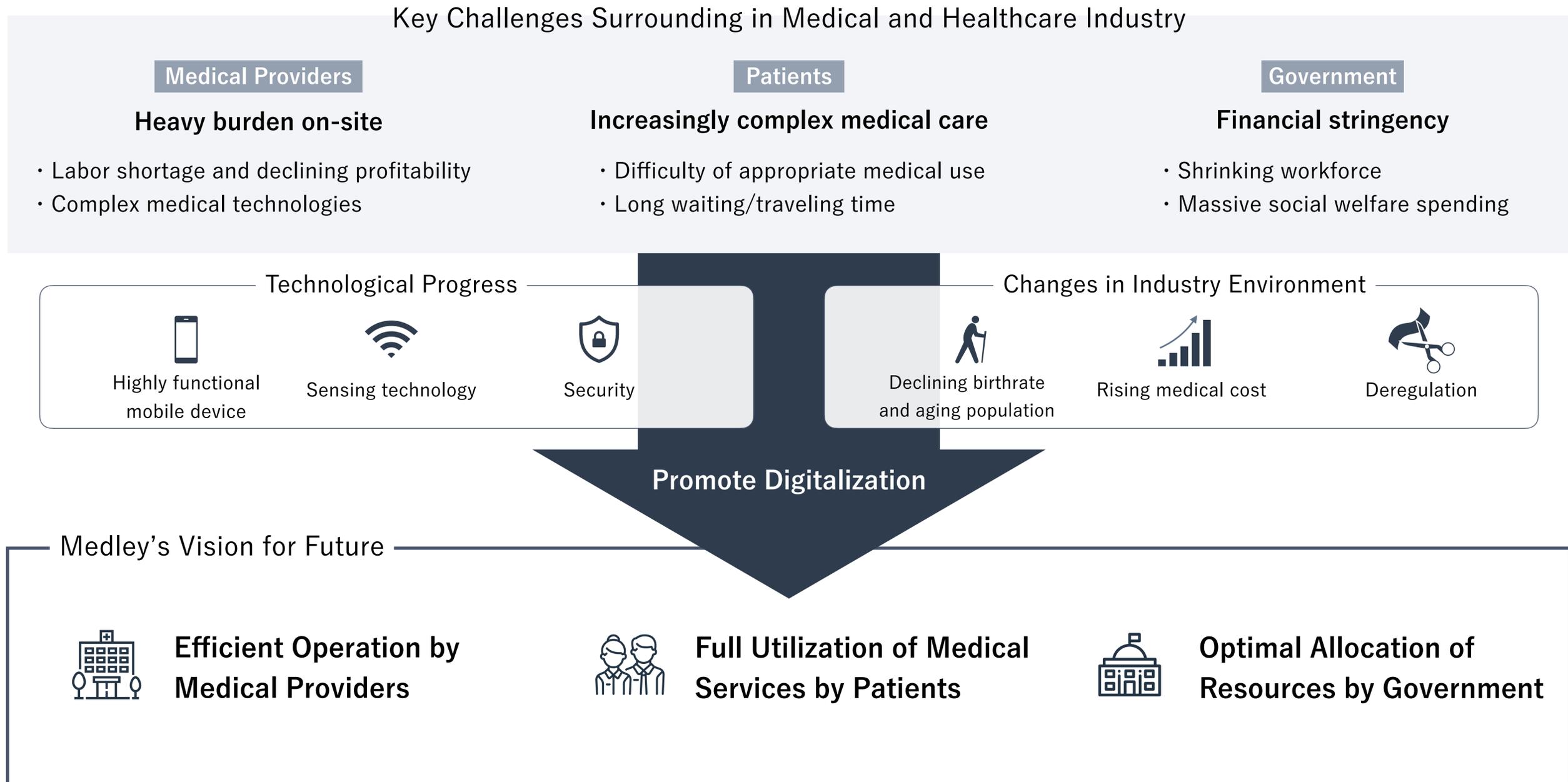
メディパスアカデミー介護
MEDiPASS Academy

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.



Medical institutions in Japan have been facing a variety of challenges including heavy burden on-site and increased complexity of medical care. The importance of digitalization is increasing owing to macro trends such as the declining birthrate and aging population and advancements in digital technologies.



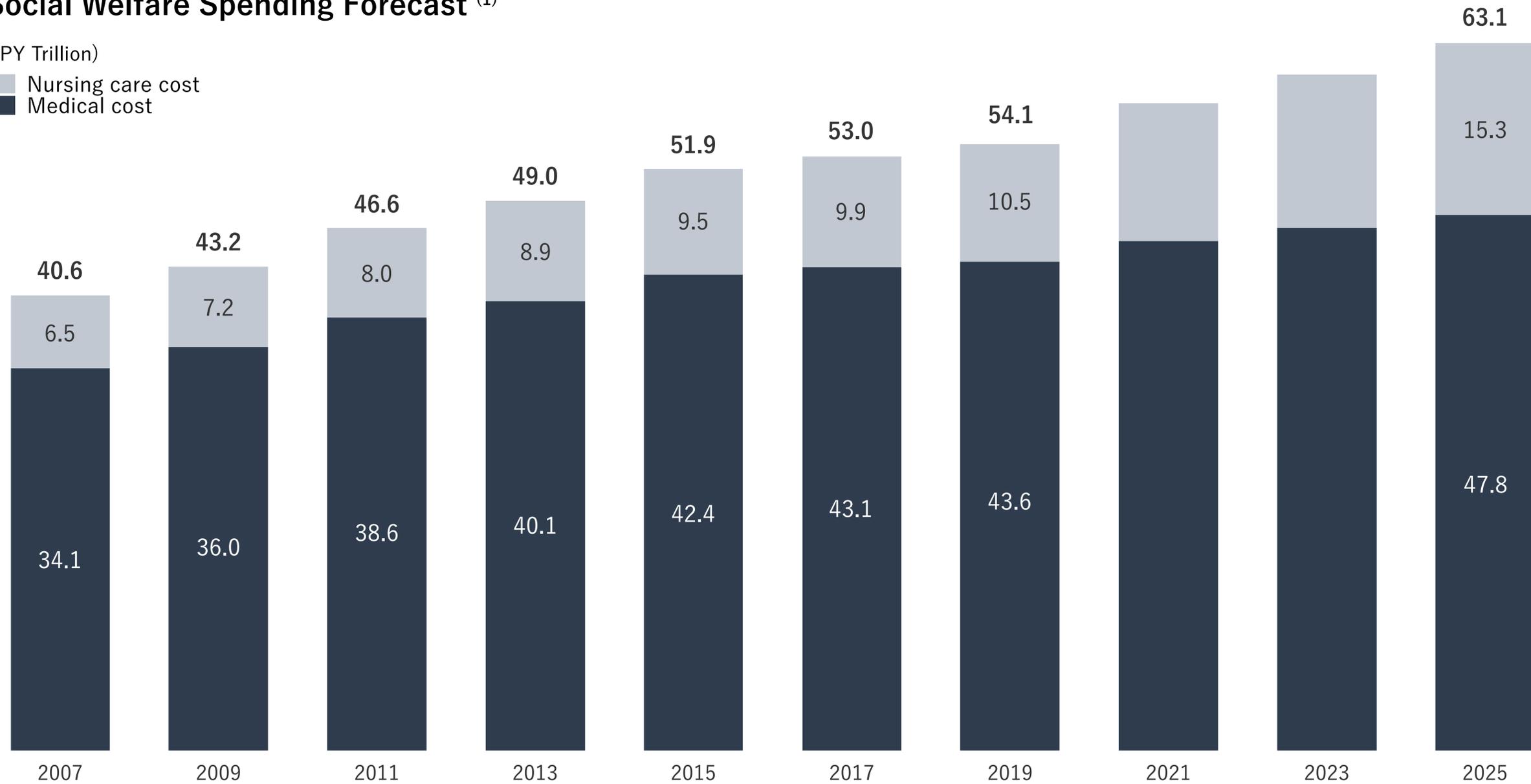
Defensive Growth Industry: Social Welfare Spending and Number of Employees Not Impacted by Economic Trends

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)

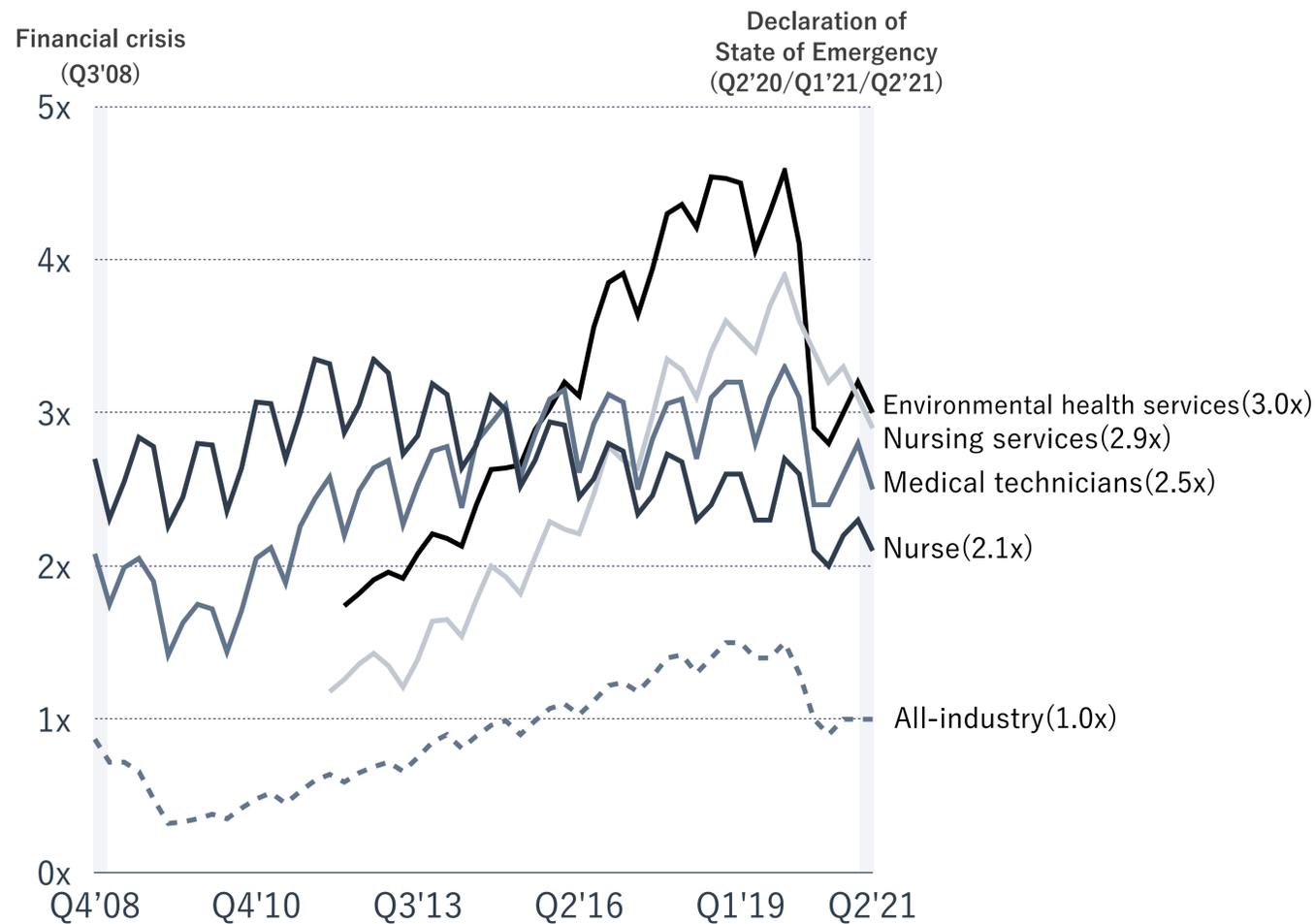
- Nursing care cost
- Medical cost



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

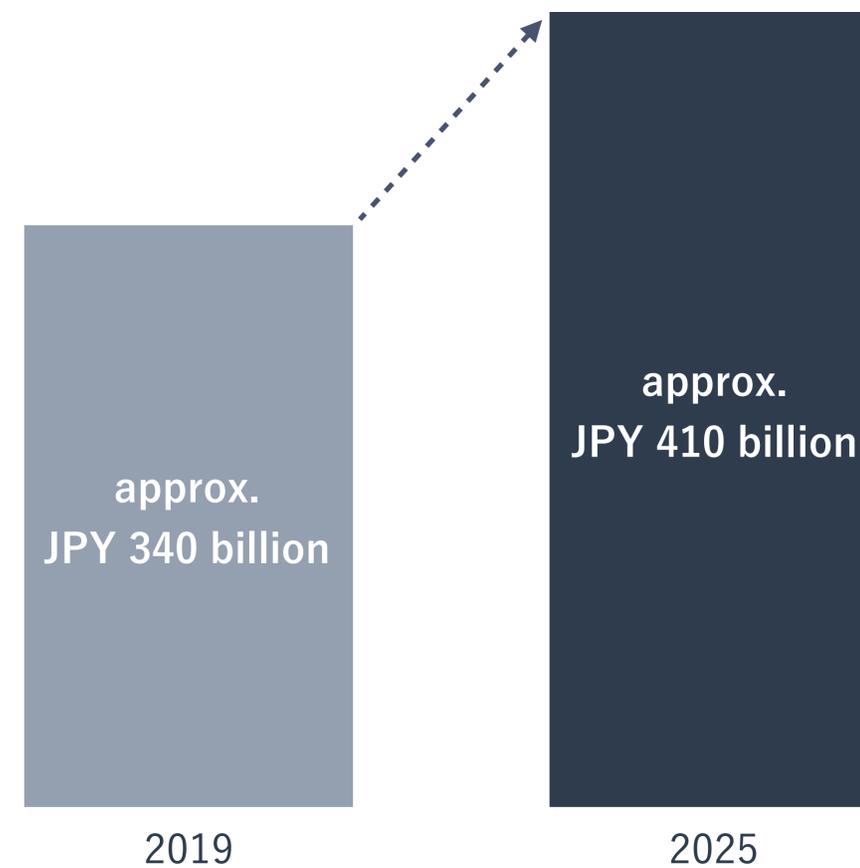
The Japanese medical industry suffers from a chronic shortage of workers, with a jobs-to-applicant ratio remains much higher than the average for all industries regardless of economic conditions. We estimate the current market size to be approximately JPY 340 billion, and expect expansion to up to JPY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

Ratios of Job Openings to Job Applicants⁽¹⁾



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

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

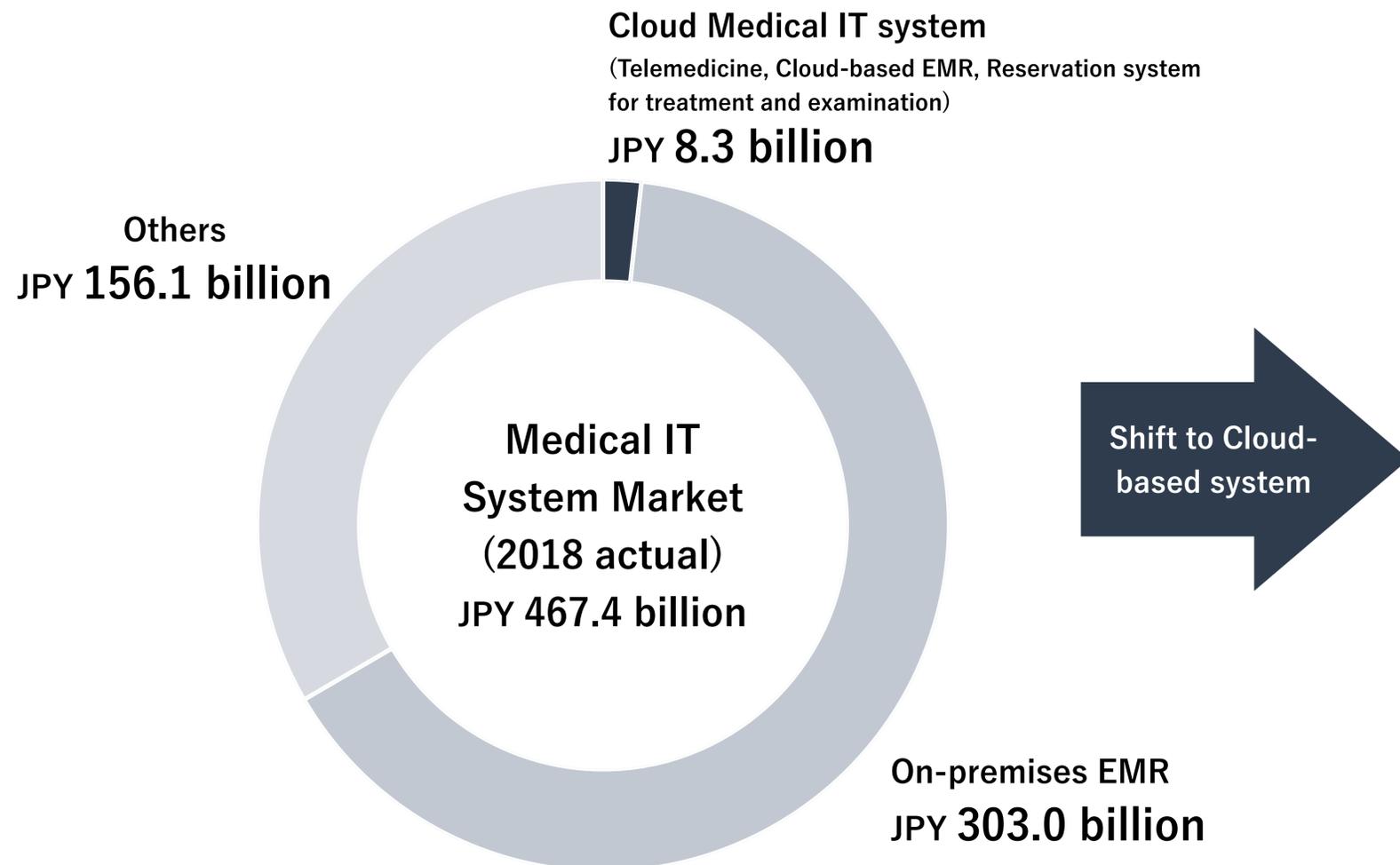


(2) Estimates by Medley, Inc.

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, Labour and Welfare.

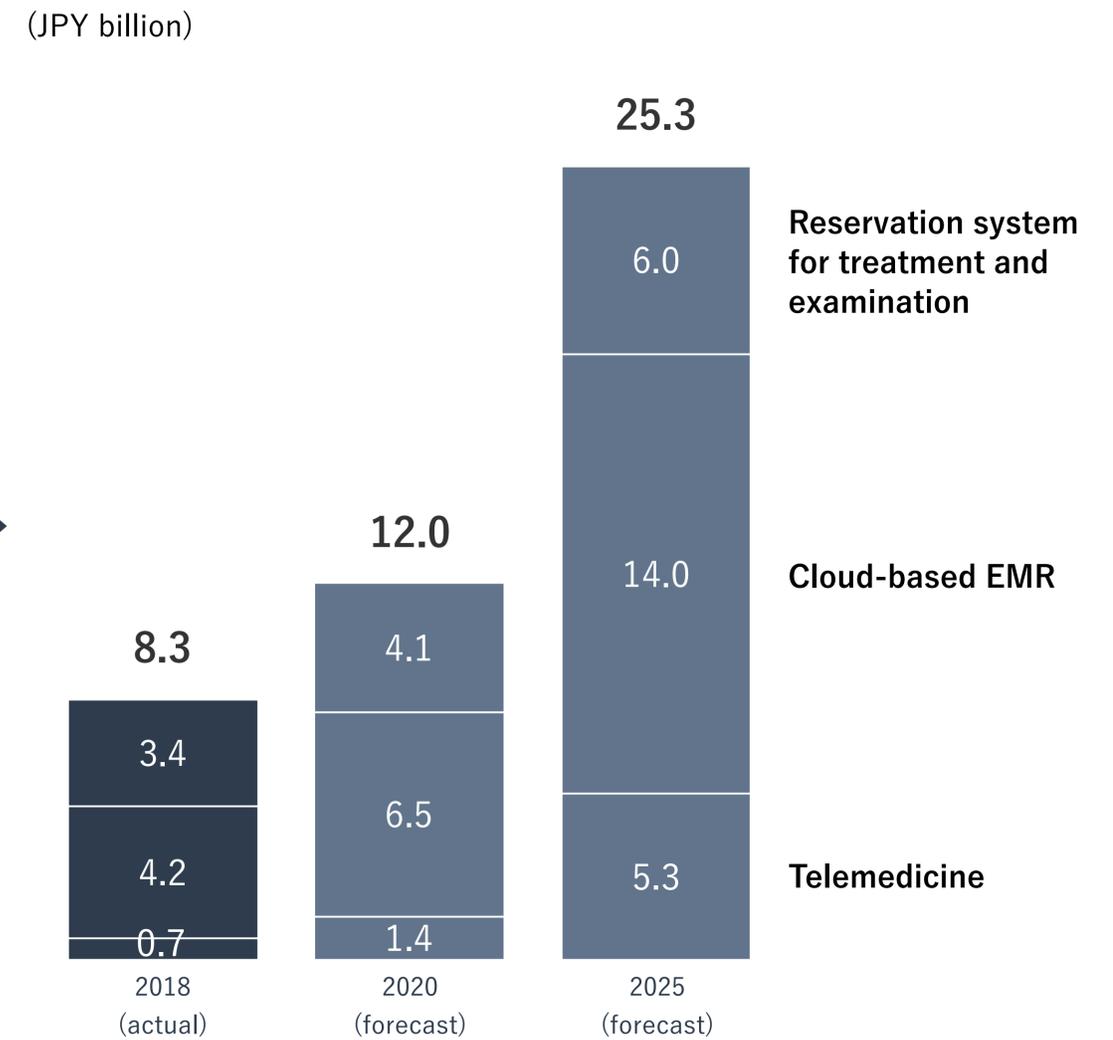
Estimated current medical IT system market size is approximately JPY 470 billion. Today, the bulk of the systems used in medical industry are on-premises based (on-site servers), but more platforms have been adopting cloud-based systems since the deregulation in 2010, owing to advantages in terms of 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⁾



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

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

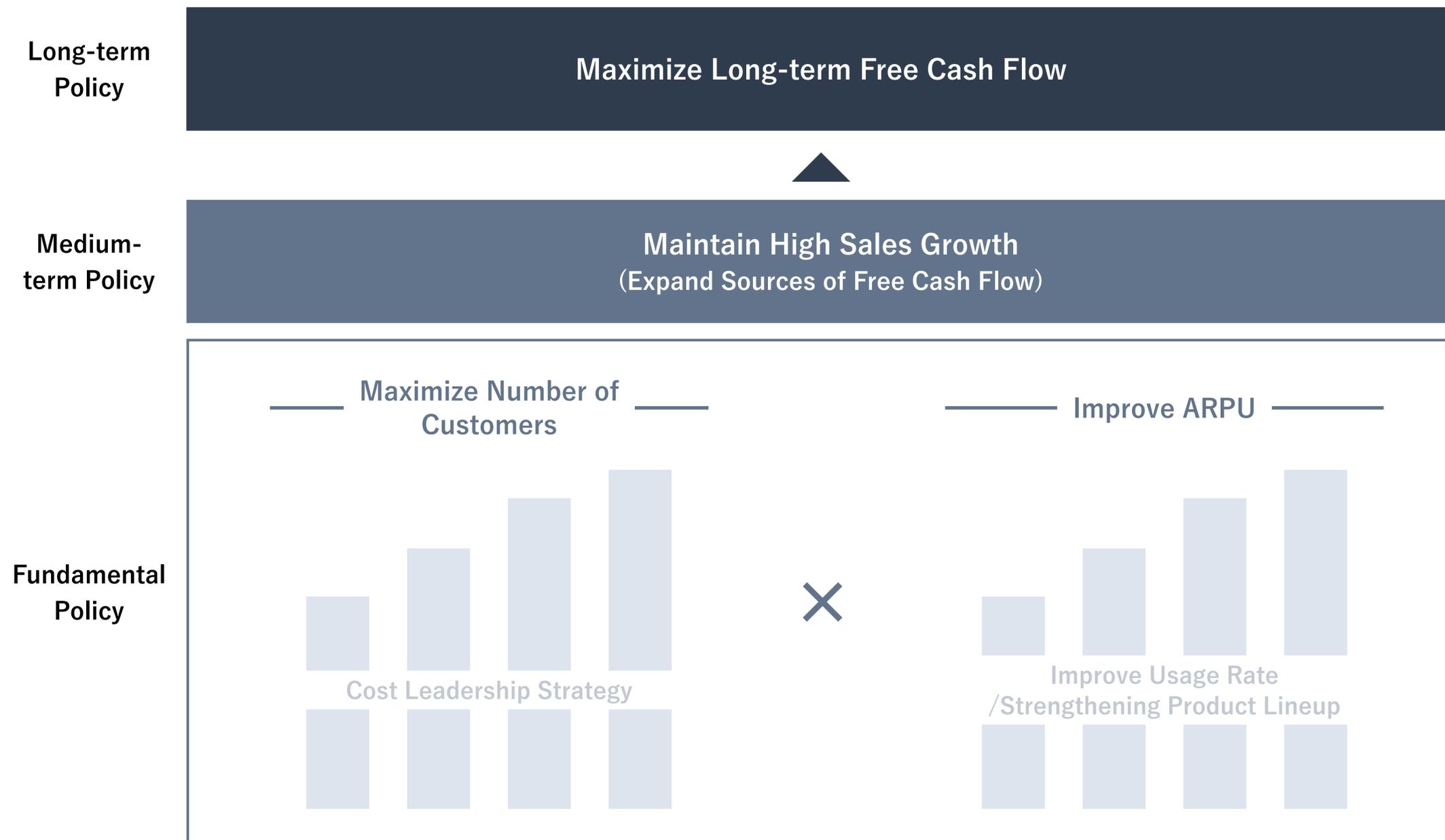


Cloud-based systems are expected to become more prevalent in light of deregulation, cost advantages, and greater convenience.

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

Maintain High Sales Growth by Maximizing Number of Customers and ARPU

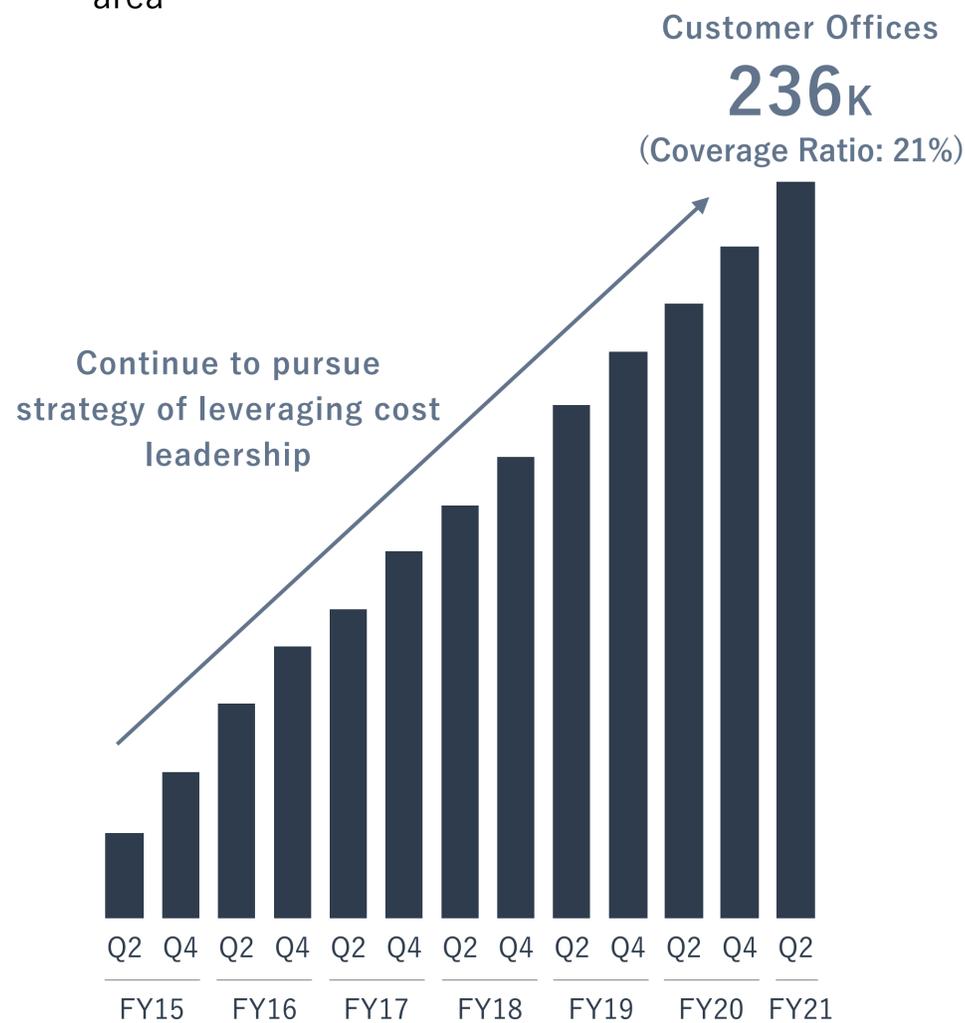
Our management policy is to maximize long-term free cash flow and maintain high sales growth by increasing the value provided to our customers. In order to achieve continuous sales growth, we pursue a basic strategy of maximizing the number of customer offices served and improving ARPU. In order to continuously improve ARPU, we pursue a business model focused on stable, recurring sales.



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.

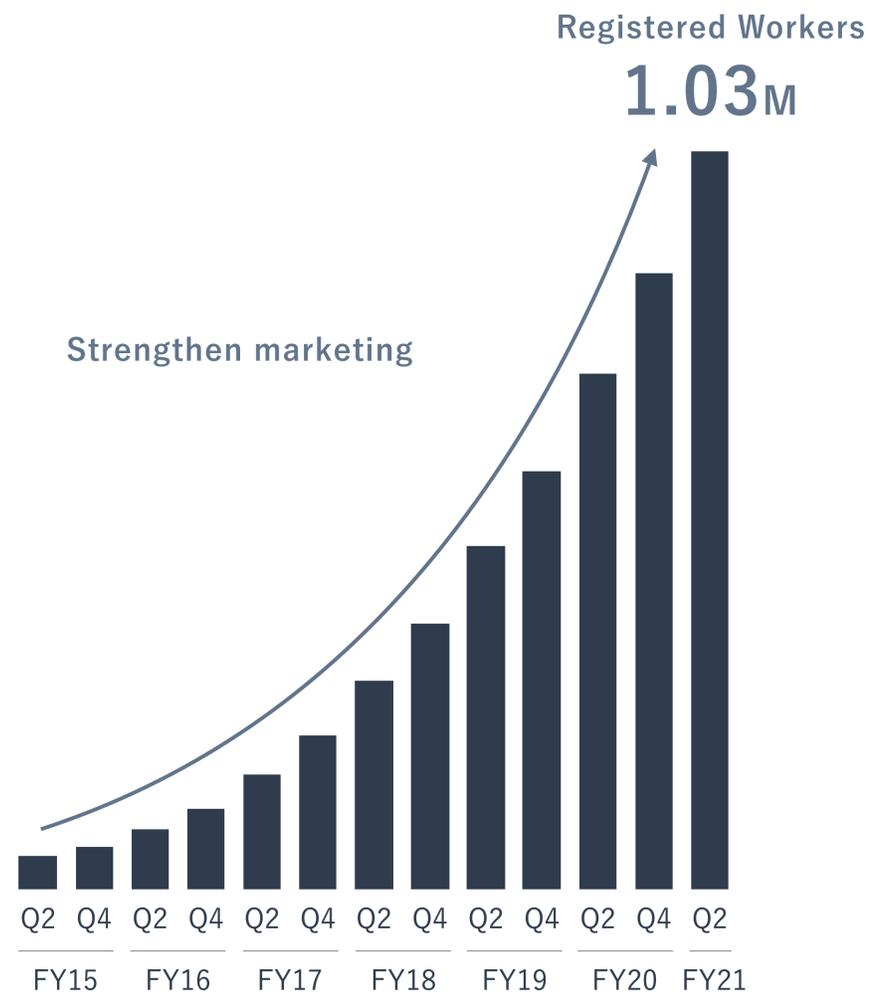
Maximize Number of Customers

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

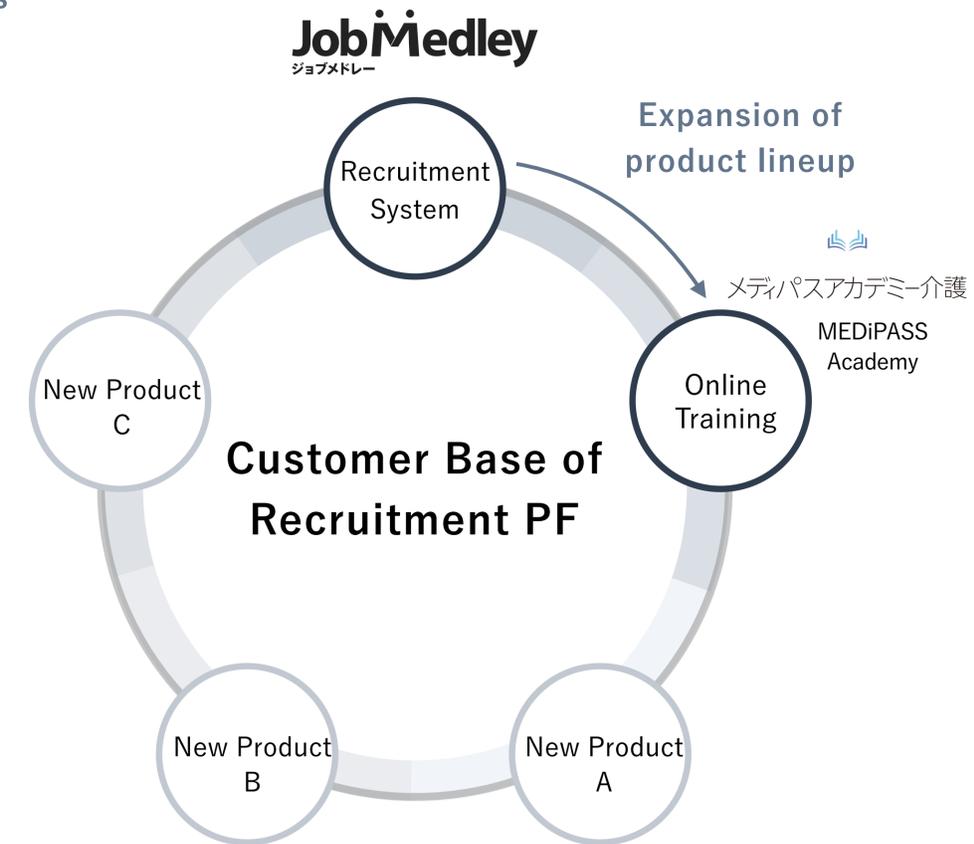


Improve ARPU

- 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.

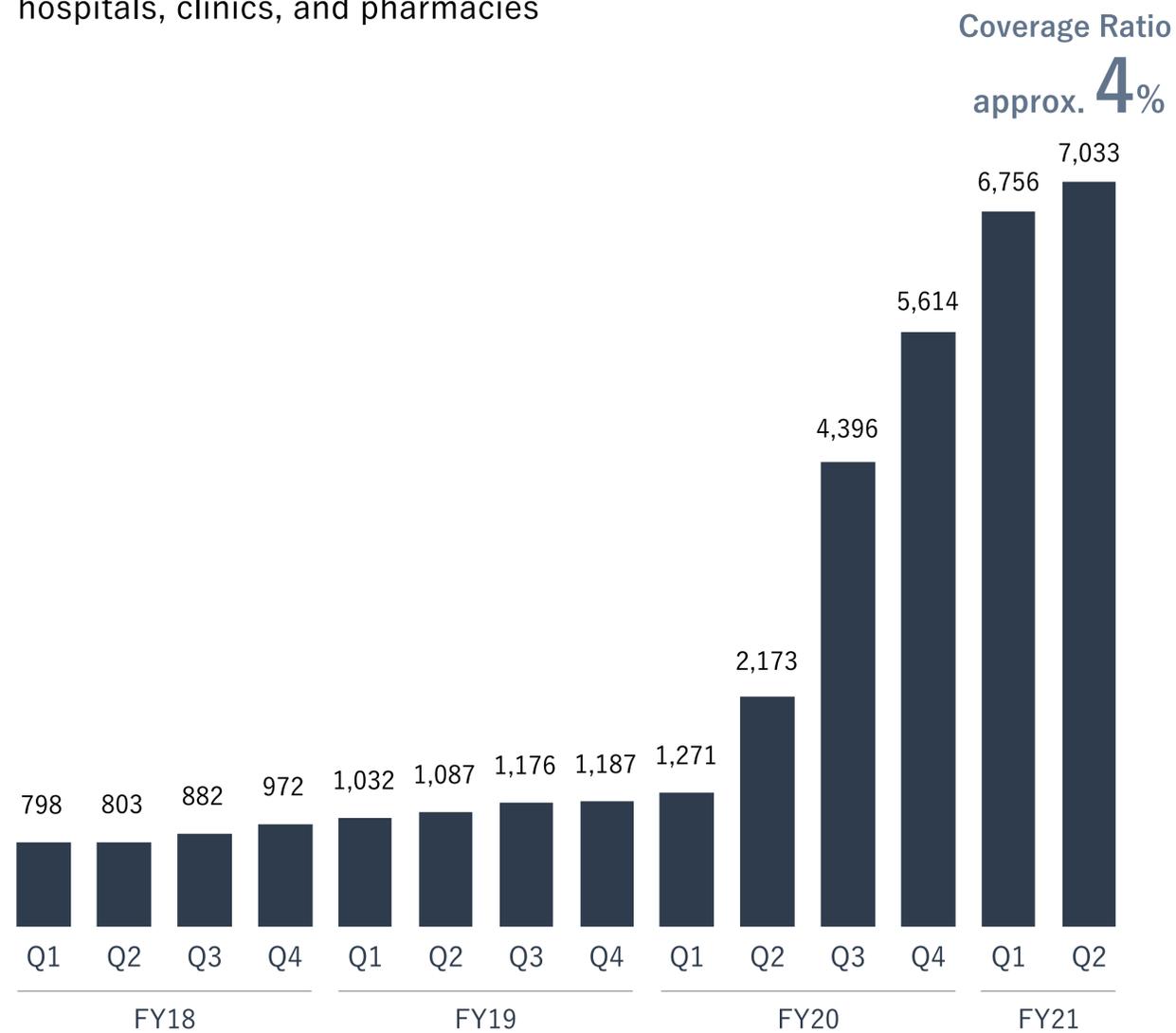


(1) Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications etc. statistics

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.

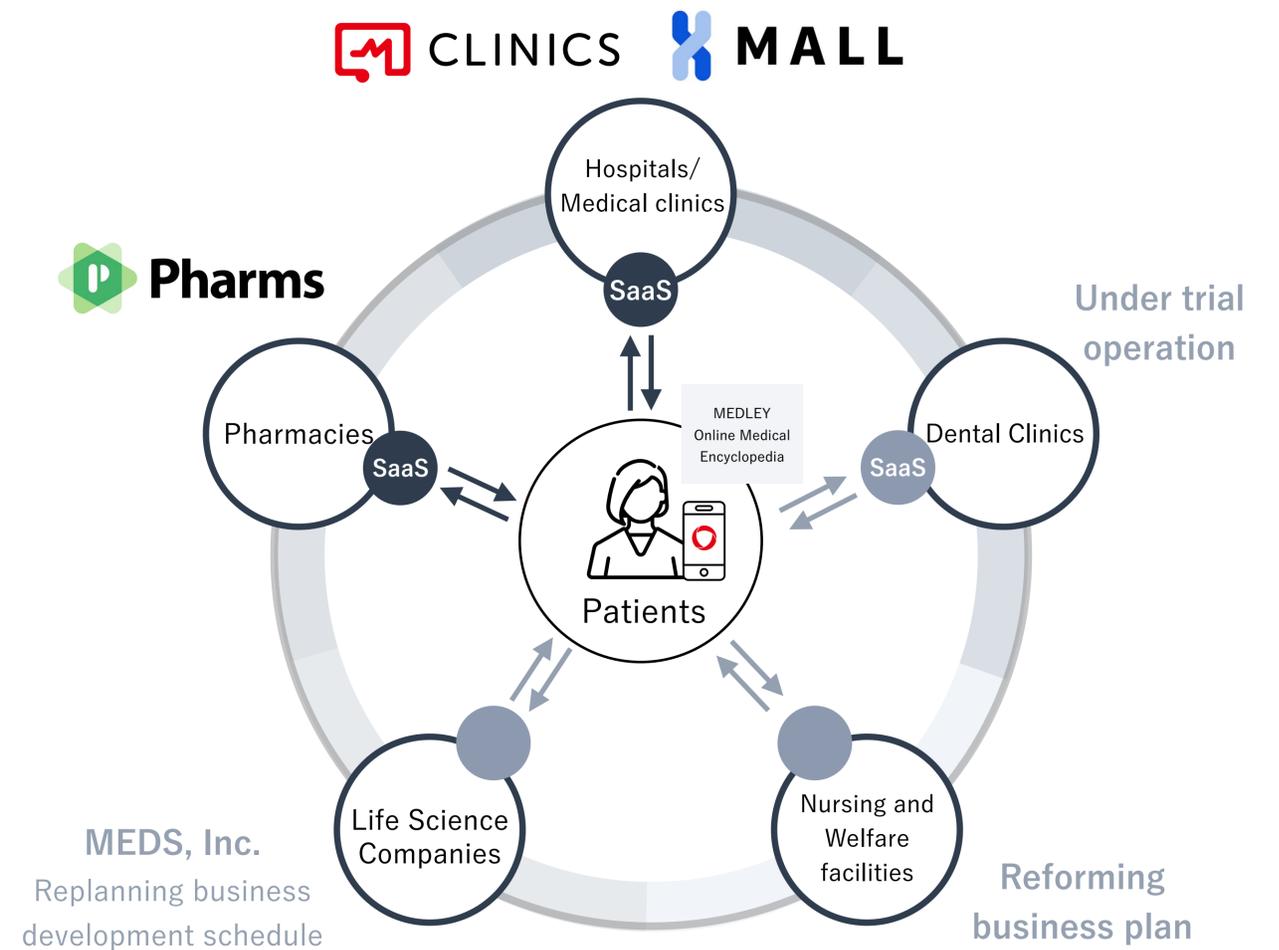
Maximize Number of Customers

- Target customer base has sizable upside potential with roughly 170k⁽¹⁾ hospitals, clinics, and pharmacies



Improve ARPU

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



(1) Ministry of Health, Labour and Welfare statistics

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 style="border: 1px solid black; padding: 5px; background-color: #4a6984; color: white; text-align: center;"> A Investment in businesses </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 style="border: 1px solid black; padding: 5px; background-color: #4a6984; color: white; text-align: center;"> C Operating cash flows from profitable businesses </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 style="border: 1px solid black; padding: 5px; background-color: #4a6984; color: white; text-align: center;"> B M&A </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 style="border: 1px solid black; padding: 5px; background-color: #4a6984; color: white; text-align: center;"> D Debt </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 style="border: 1px solid black; padding: 5px; background-color: #4a6984; color: white; text-align: center;"> Share buyback </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 style="border: 1px solid black; padding: 5px; background-color: #4a6984; color: white; text-align: center;"> D Equity </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

A: Investment in Growth Targeting Maximization of Customer Numbers and Improvement of ARPU



We aggressively invest capital secured via operating cash flow and interest-bearing debt while keeping the group-wide EBITDA positive.

Investment in Businesses

Aggressive investment while maintaining group-wide profitability

- Focus on achieving cost merits on a pretax investment basis while also focusing on after-tax capital base strengthening merits

Focus on sound unit economics

- Confirm investment return periods and LTV/CAC for all businesses
- Determine profitability timing and invest aggressively in businesses with sound unit economics

Maximization of Customer Numbers

Strengthen customer base by leveraging JobMedley’s cost leadership

- Maintain current customer acquisition pace
- Aggressively pursue cross-selling by leveraging group-wide customer management system

ARPU Improvement

① **Increase customer usage rate**

- Continuous improvement

② **Strengthen product lineup**

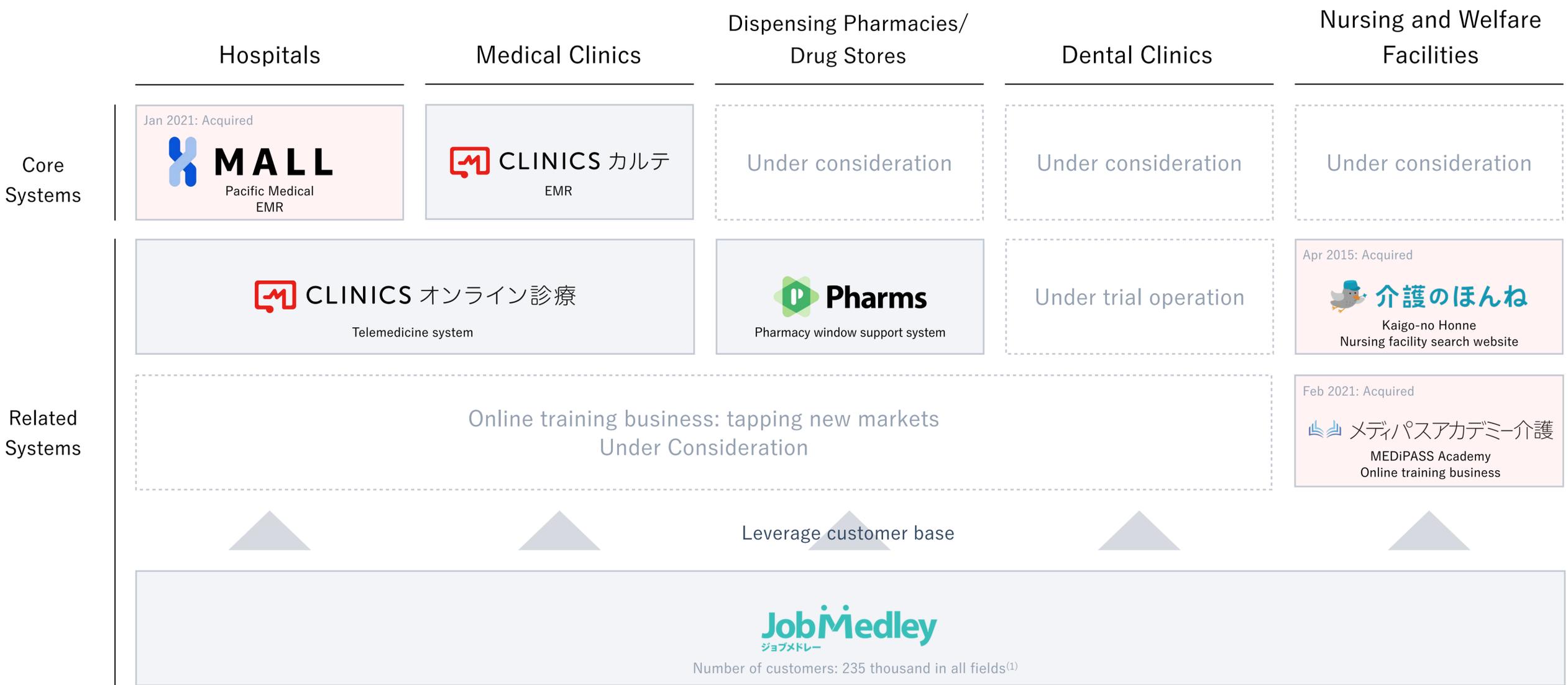
- New services under development
- Proactively pursue business and capital alliances with other companies

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 June 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	<p>JobMedley</p> <p>Expected to turn profitable in FY22</p>	<p>メディパスアカデミー介護 MEDiPASS Academy</p>	
Medical Platform	<p>CLINICS オンライン診療 Telemedicine system</p> <p>Turned Profitable in FY19</p> <p>Expected to turn profitable in FY22</p> <p>Expected to turn profitable in FY22</p> <p>N MED NaCl MEDICAL</p> <p>Turned Profitable in FY20</p> <p>MALL EMR for hospitals</p> <ul style="list-style-type: none"> Planning investment to accelerate growth 	<p>CLINICS カルテ EMR</p> <p>Pharms</p> <ul style="list-style-type: none"> Launched in September FY2020 Business for dispensing pharmacies 	<p>MEDLEY</p> <ul style="list-style-type: none"> Preparation for next phase No expansion of losses <p>Service for Dental Clinics</p> <ul style="list-style-type: none"> Began development in FY19 Plan to begin business development in FY21 <p>MEDS, Inc.</p> <ul style="list-style-type: none"> Established in August FY20 Reschedule development plan after FY22 Partial participation in alliance with NTT DOCOMO <p>New Service</p> <ul style="list-style-type: none"> Began development in FY19 Plan to begin business development in FY22
New Services	<p>Expected to turn profitable in FY23</p>	<p>介護のほんね Kaigo no Honne; Nursing facility search website</p>	

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 June 2021
(JPY million)

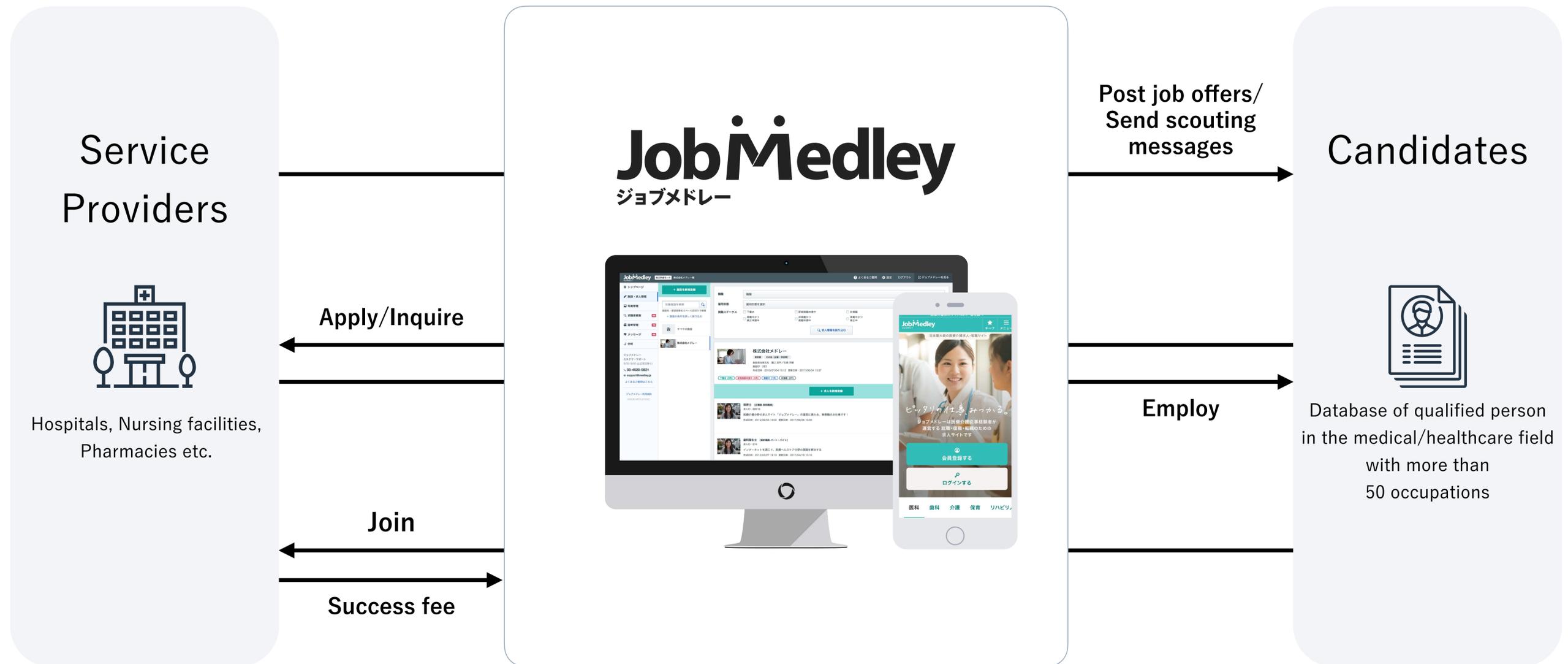
- Plans for use of cash and deposits
- Increasing working capital
 - Investment in new/existing businesses to drive medium- to long-term growth
 - M&A
 - Capital allocated to address emerging risks

	Cash raised from LOC	Untapped LOC 1,500
Cash and deposits 17,351	Debt 3,573	
	Other liabilities 2,294	
	Net assets 15,663	
Other assets 4,179		

- 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:
 - Conducted JPY 5.4 bn public offering
 - Recruitment PF: JPY 2.8 bn
 - Medical PF: JPY 2.6 bn
- May 2021:
 - Conducted JPY 5.1 bn third-party allotment
 - Allocation to M&A

Recruitment PF: Success-fee-based Hiring Support System for Medical/Healthcare Industry

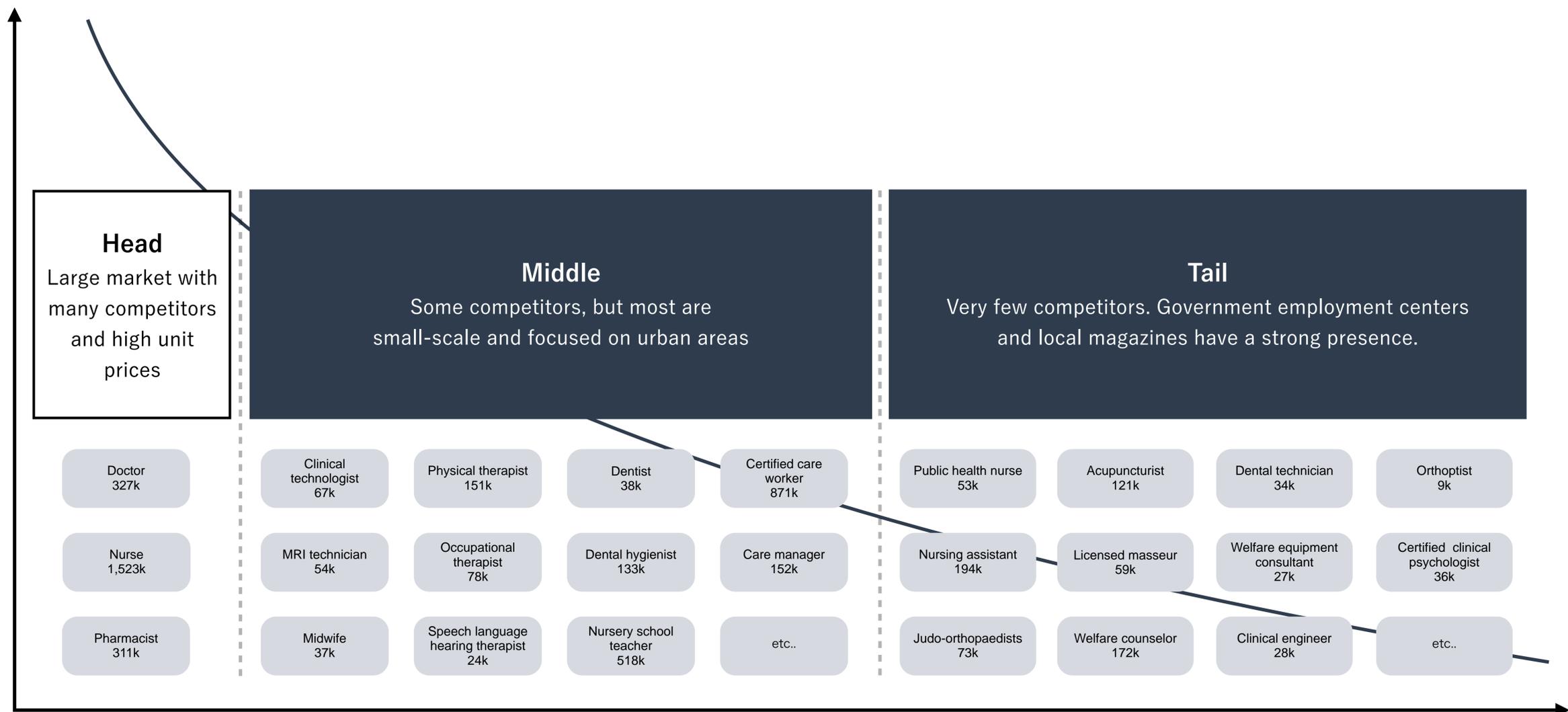
JobMedley is a recruitment system used by businesses (mainly medical institutions) in the nursing, childcare, and healthcare fields. Recruitment information for over 50 types of qualified professionals can be entered into the system and placement fee is charged when a placement is successfully made.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



Recruitment PF: 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 1,000,000 users in more than 50 occupations registered in our system.

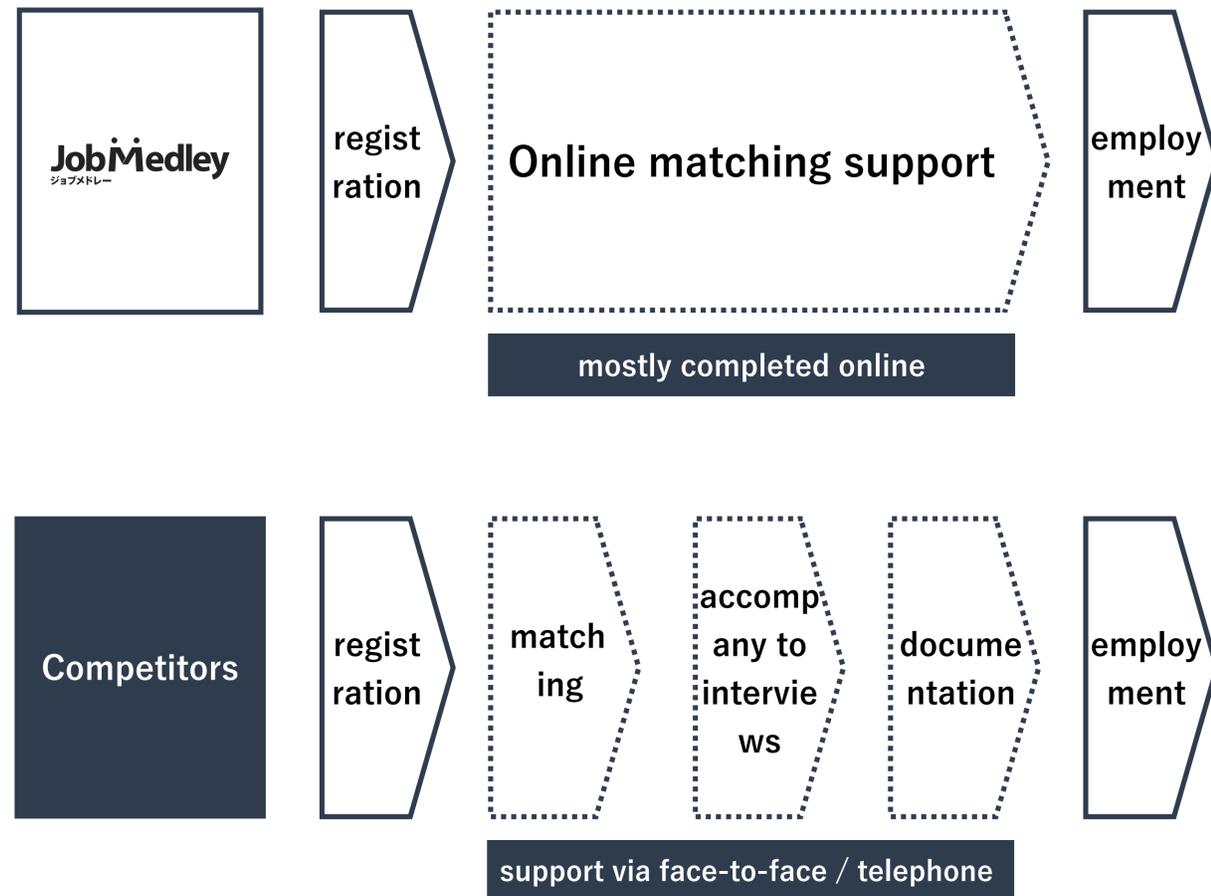
Our Target Area⁽¹⁾



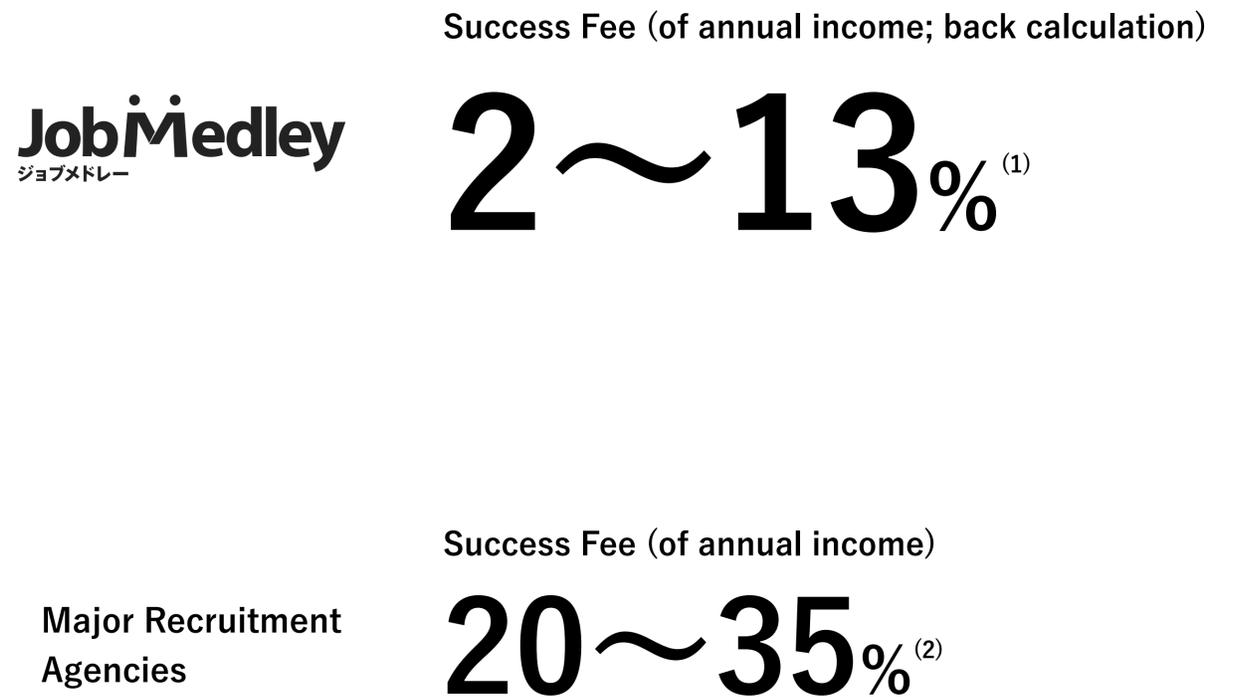
(1) Ministry of Health, Labour and Welfare statistics.

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

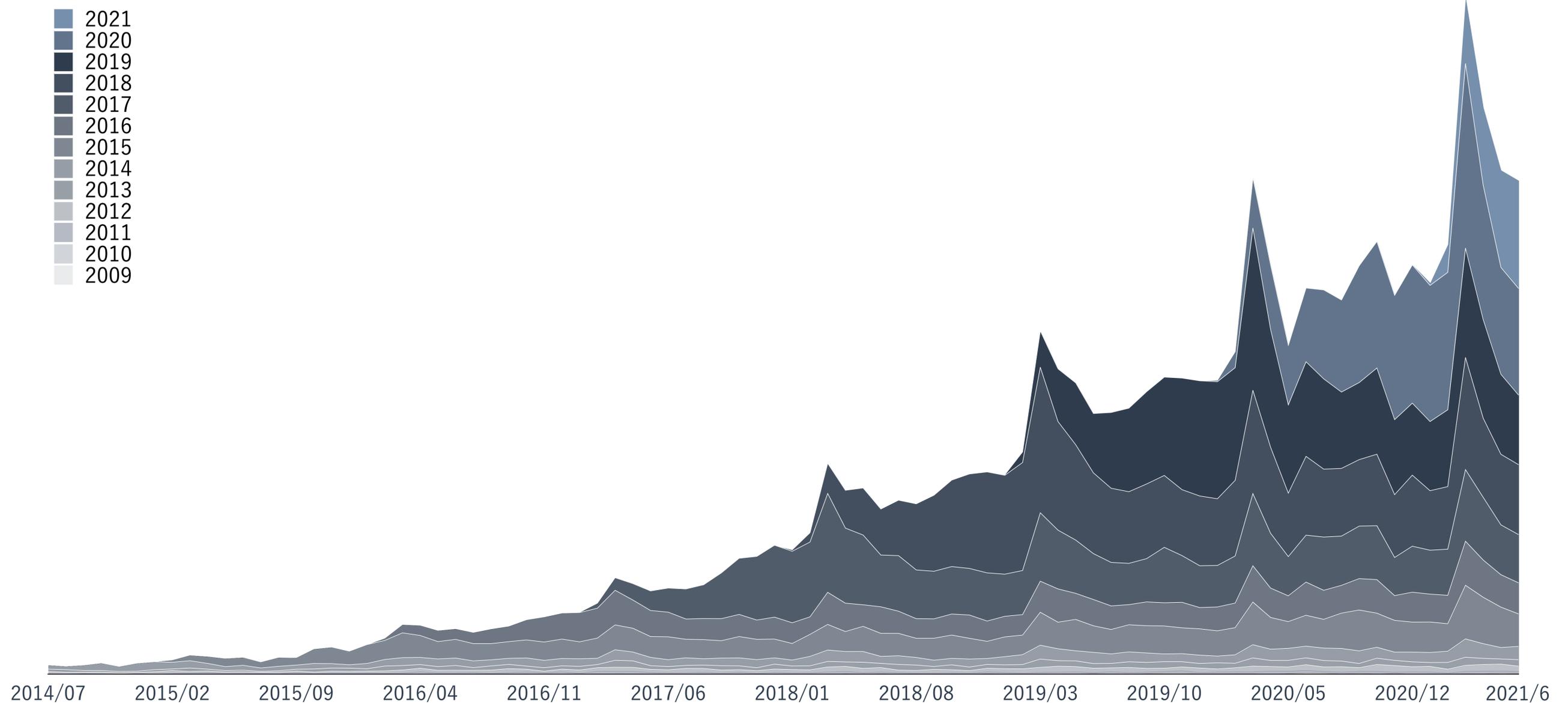


(1) Ratio of our recruitment success fee to annual salary (full-time) is calculated based on the 2018 Basic Survey on Wage Structure (range of nurses, childcare professionals, physiotherapists, dentists, and caregivers).

(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.)

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.

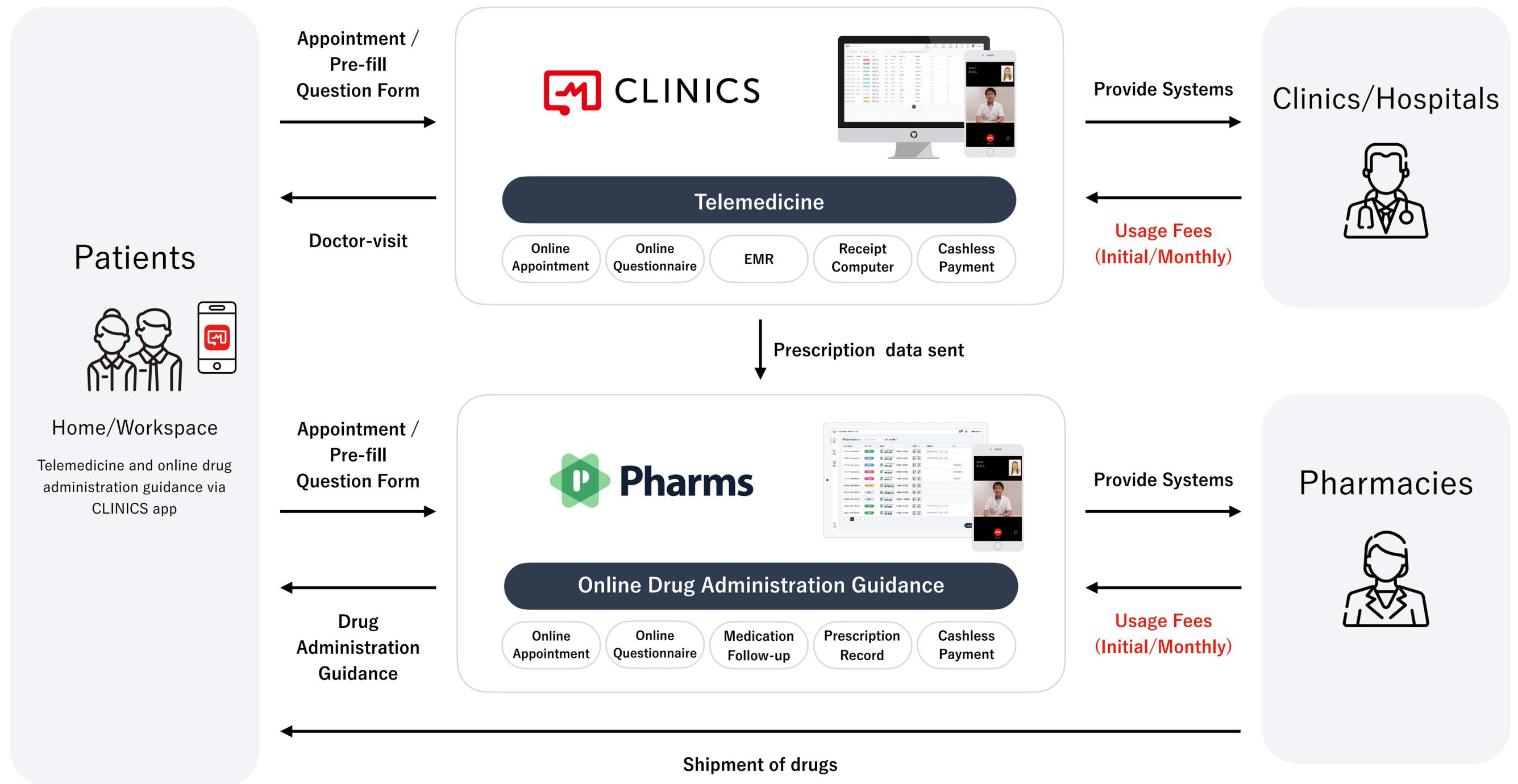
Sales by Customer Acquisition Year⁽¹⁾



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

Medical PF: CLINICS/Pharms Earnings Models

CLINICS and Pharms use earnings models wherein it receives system usage fees from medical institutions (CLINICS: clinics/hospitals, Pharms: dispensing pharmacies). Usage fees include initial fees for installation and monthly fee payments. Patients can receive online medical experience from treatment to drug administration guidance via both systems and CLINICS app.



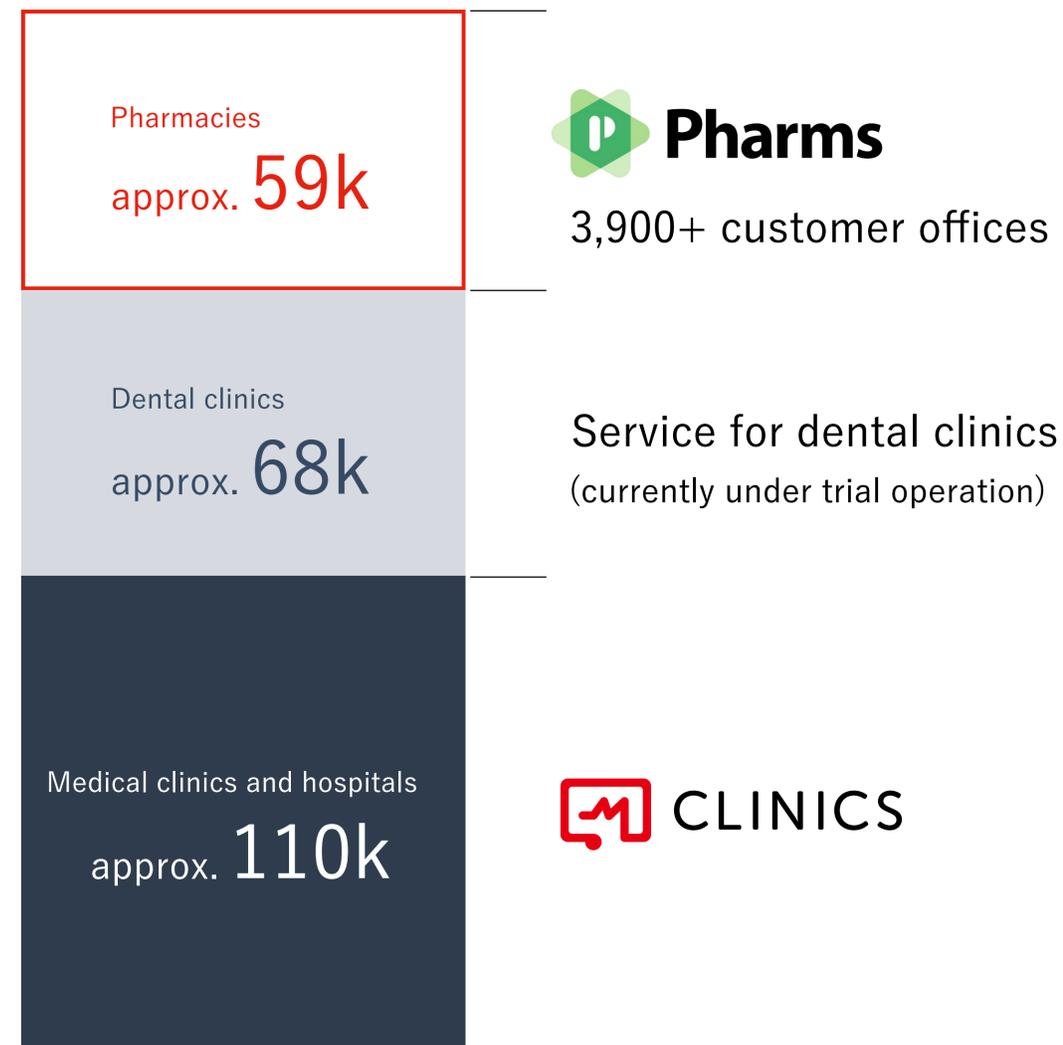
Medical PF: Changes in Japanese Telemedicine Regulations

On April 10, 2020, in response to COVID-19, national health insurance coverage was extended to include initial medical examinations via telemedicine and restrictions regarding conditions treated via telemedicine were also lifted. Currently, the Ministry of Health, Labour and Welfare (MHLW) has been discussing permanent ease of telemedicine and the Central Social Insurance Medical Council (Chuikyo) plans to discuss ahead of the revision to medical fees scheduled for April 1, 2022.

		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	— Current Discussions —
Main requirements to be covered by insurance				
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>	Permanent ease of initial medical examinations via telemedicine - Discussions ongoing within an investigating committee of MHLW on reviewing guidelines for the proper use of telemedicine
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>	Revision of medical fees of telemedicine - Discussions to be held among members of Chuikyo of MHLW ahead of the revision to medical fees scheduled for April 1, 2022
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>	

Pharms targets approximately 59k dispensing pharmacies in Japan. Adoption of Pharms by the pharmacies, including top-tier/second-tier chains that account for roughly 30% of all dispensing pharmacies, is driven by a keen interest in digitization in the field. We have also begun initiatives targeting smaller operators that account for the majority in the market.

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	397
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 June 2021

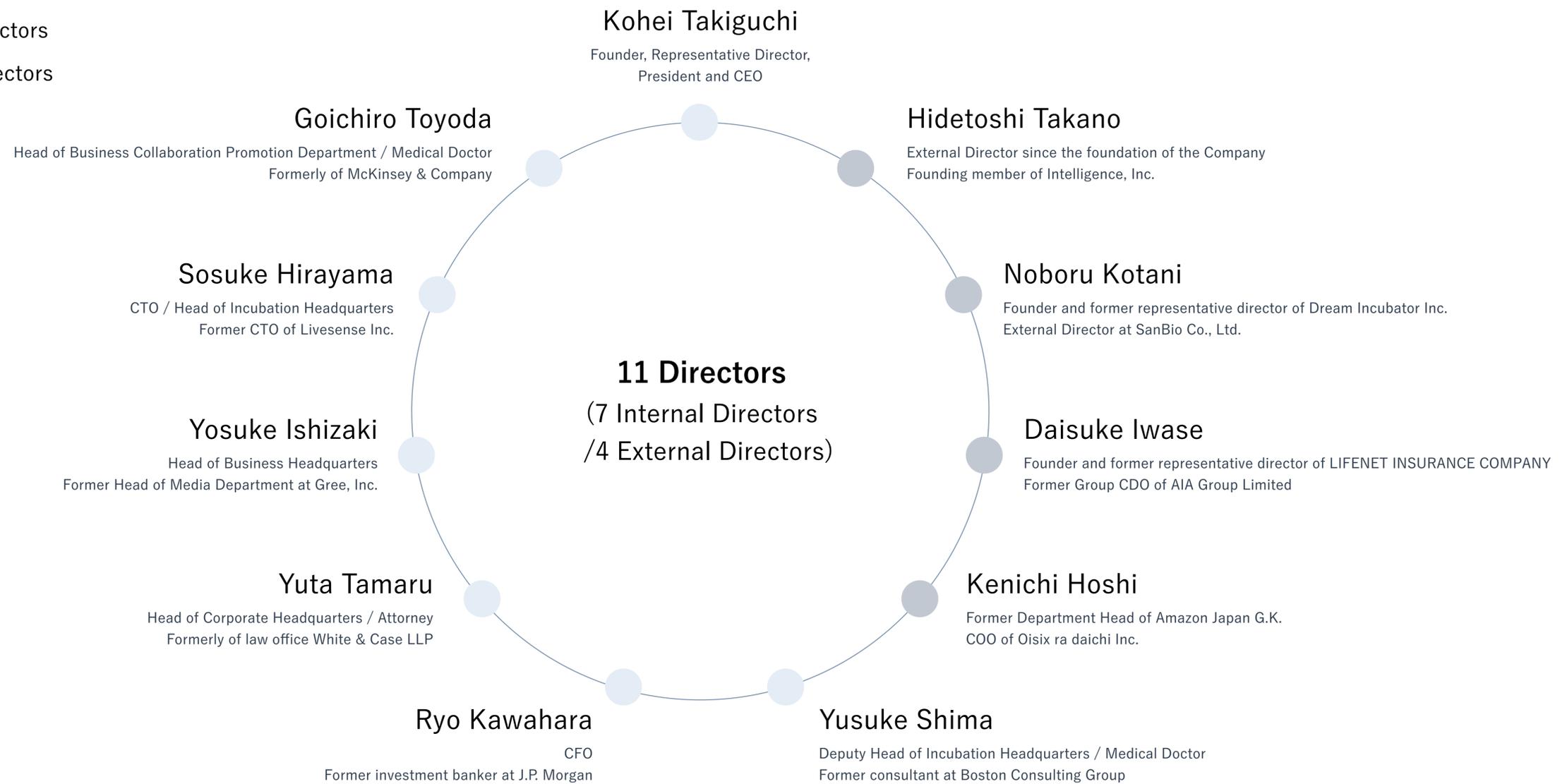
(3) Number of pharmacies: "DRUG magazine" July 2020

Number of pharmacies of Aisei Pharmacy: the company's website as of July 5 2021

Medley's Board of Directors consists of 11 directors, including 4 external directors. In addition to founder and CEO Kohei Takiguchi, internal directors include medical, IT, legal, and financial professionals and external directors include people with extensive management experience.

Board of Directors

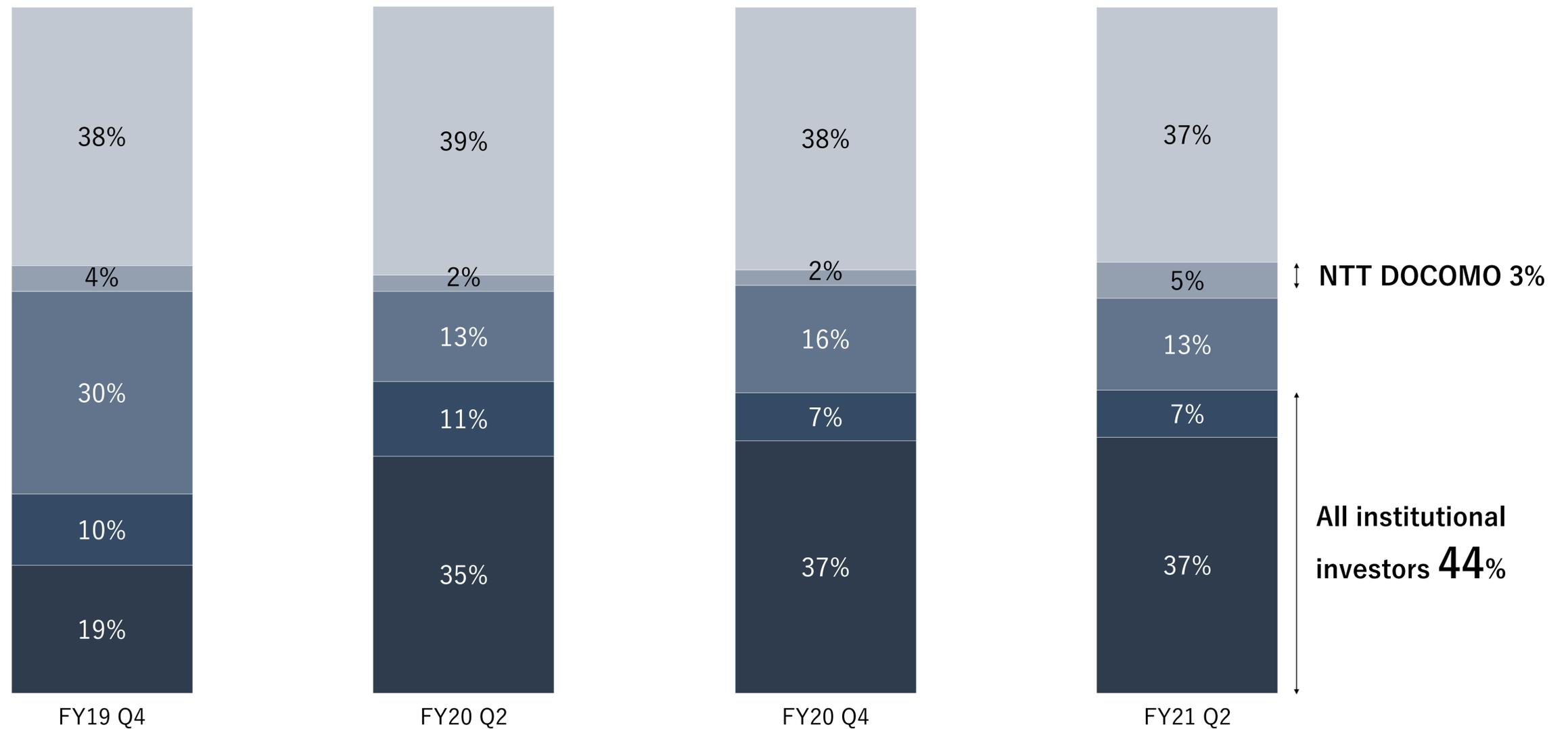
- Internal Directors
- External Directors



Changes in Ratio of Ownership

The ratio of institutional investors (primarily foreign institutional investors) has increased greatly since the IPO to 44% as of end-June 2021. We will continue to endeavor to provide robust disclosure that helps both institutional and individual long-term investors make investment decisions.

- Executives and employees
- Others
- Individual investors
- Domestic institutional investors
- Foreign institutional investors





Creating the Future of Medical and Healthcare