



# Presentation Material for FY2021 Financial Results

(Business Plan and Growth Potential)

Medley, Inc.

February 14, 2022

## 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 Potential”. However, the Company’s financial data and key performance indicators are planned to be disclosed at the end of each quarter.

## **FY2021 Q4 Results**

- **Maintained high sales growth rate and achieved positive EBITDA**
  - Sales: JPY 2,791 million (YoY: +74%)
  - EBITDA: JPY 209 million (YoY: JPY +314 million)

## **FY2021 Full-year Results**

- **Sales were within our original forecast range, EBITDA was above the upper range**
  - Sales: JPY 10,863 million (YoY: +59%)
  - EBITDA: JPY 1,218 million (YoY: +125%)

## **FY2022 Forecast**

- **Began application of new revenue recognition standard**
  - Changes applied to accounting methods for sales and CoGS only, no impact on profit
- **Maintained high rate of sales growth and planned investments targeting expansion of the scale of our businesses**
  - Sales: JPY 13,950 million  
(YoY: +35%, JPY 14,700 million based on previous revenue recognition standard)
  - EBITDA: JPY 1,550 million (EBITDA margin: 11%)

## **Revising Medium-term Target**

- **No change to our medium-term sales target of JPY 23.0 billion under the new revenue recognition standard**
  - Medium-term target: Sales of JPY 23.0 billion by FY2025
  - Continue to make progress toward our medium- and long-term goals even as we face COVID-19

# 1. FY2021 Q4 Results

## 2. FY2021 Results

## 3. Progress Towards Mid-Term Targets and FY2022 Forecast

## 4. Investment Highlights

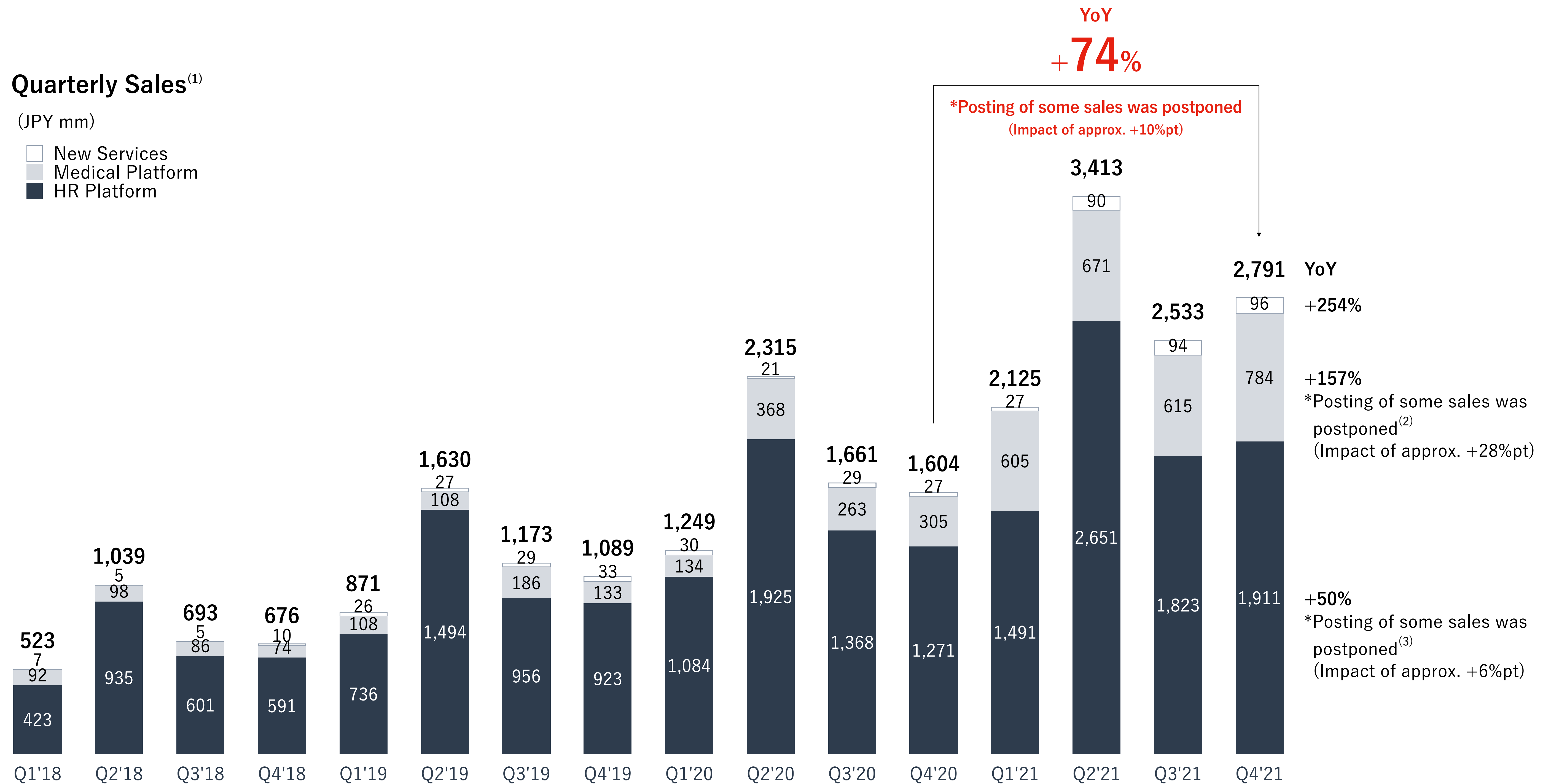
# Summary of Consolidated FY2021 Q4 Results

JPY mm	FY2020 Q4	FY2021 Q4	YoY growth
<b>Sales</b>	<b>1,604</b>	<b>2,791</b>	<b>+74%</b>
<b>Gross Profit</b>	<b>981</b>	<b>1,725</b>	<b>+76%</b>
<b>EBITDA</b>	<b>-104</b>	<b>209</b>	<b>-</b>
Operating Profit	<b>-145</b>	<b>90</b>	<b>-</b>
Ordinary Profit	<b>-129</b>	<b>99</b>	<b>-</b>
Profit Attributable to Owners of Parent	<b>-5</b>	<b>178</b>	<b>-</b>

Q4 FY2021 sales grew at a high rate of +74% YoY, within our forecast.

### Quarterly Sales<sup>(1)</sup>

(JPY mm)



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

(2) The value of sales occurring in Q3 FY2021 for which posting was delayed to Q4 FY2021 (JPY 84 million yen)

(3) The value of sales occurring in Q3 FY2021 for which posting was delayed to Q4 FY2021 (JPY 78 million yen)

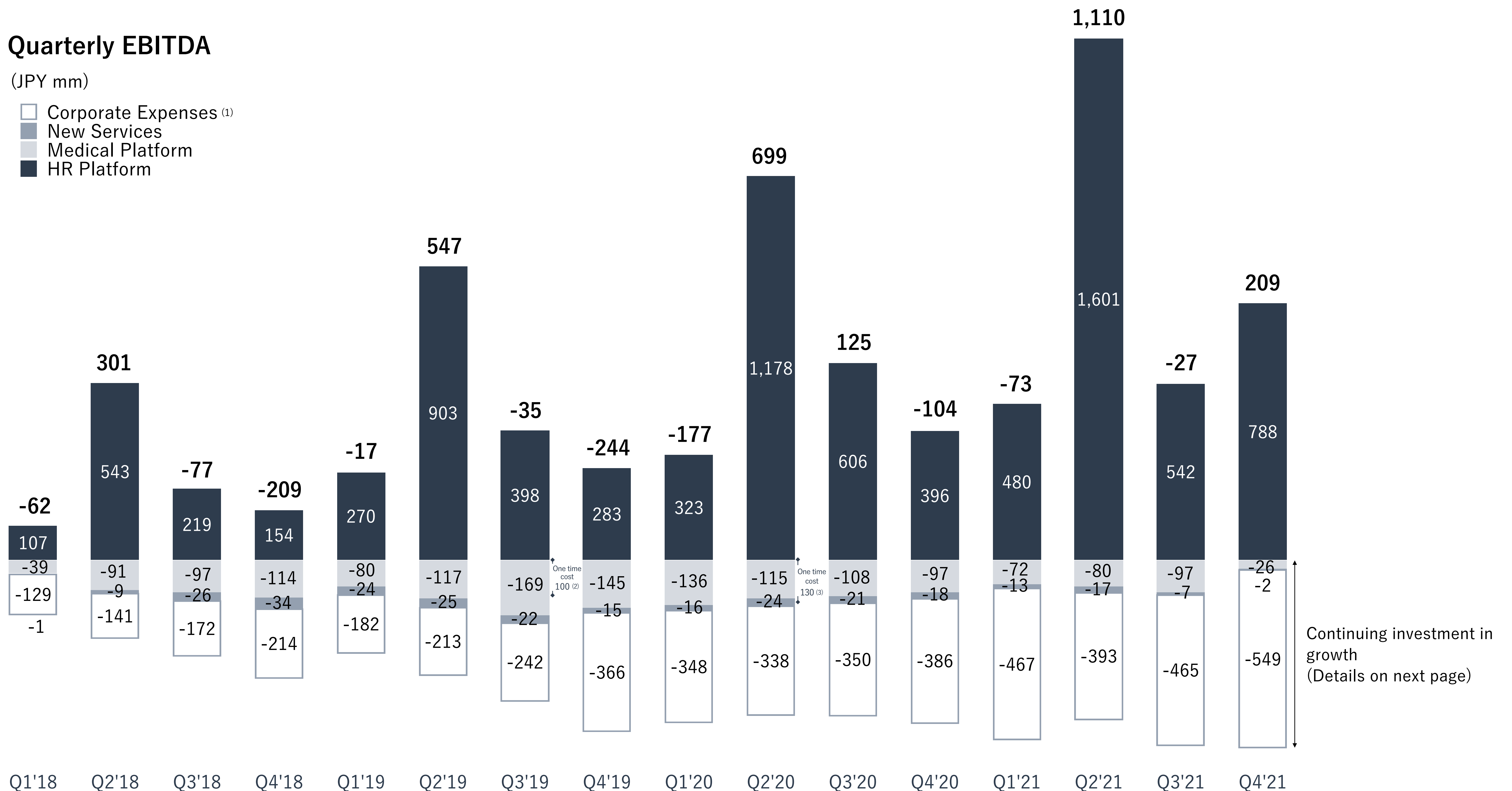


# Investment Continuously in Growth Based on Profits from Profitable Businesses

EBITDA surpassed the upper range as we proactively invested profit from established, profitable businesses in sustainable growth

## Quarterly EBITDA

(JPY mm)



(1) Total of companywide expenses not allocated to segments and inter-segment eliminations

(2) One-time cost (JPY 100 million) for acquiring a source code to add a new function to the Medical Platform Business

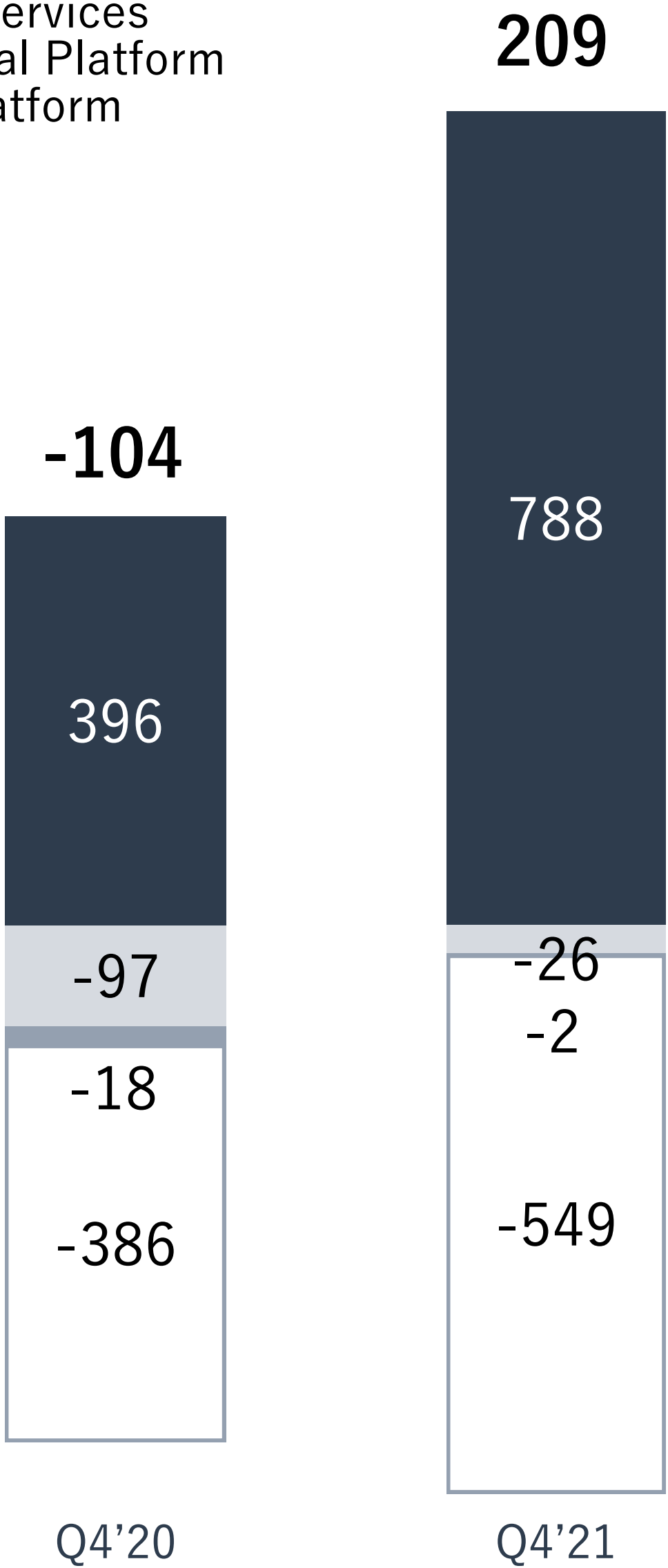
(3) One-time cost (JPY 130 million) for acquiring EMR assets from another company

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

### Q4 EBITDA

(JPY mm)

- Corporate Expenses <sup>(1)</sup>
- New Services
- Medical Platform
- HR Platform



### Main Factors Contributing to Change in Q4 EBITDA margin

Segment	Q4 FY20	Q4 FY21	Main Factors
HR PF	31.2%	41.3%	<ul style="list-style-type: none"> <li>Change in margins owing to marketing costs, including for TV commercials (mainly in Q3 FY2021)</li> <li>Investment in growth of online training business</li> </ul>
Medical PF	-31.8%	-3.4%	<ul style="list-style-type: none"> <li>Continued to increase number of employees</li> <li>High sales growth from pharmacy window support system and EMRs</li> </ul>

### Main Factors Contributing to Change in Corporate Expenses

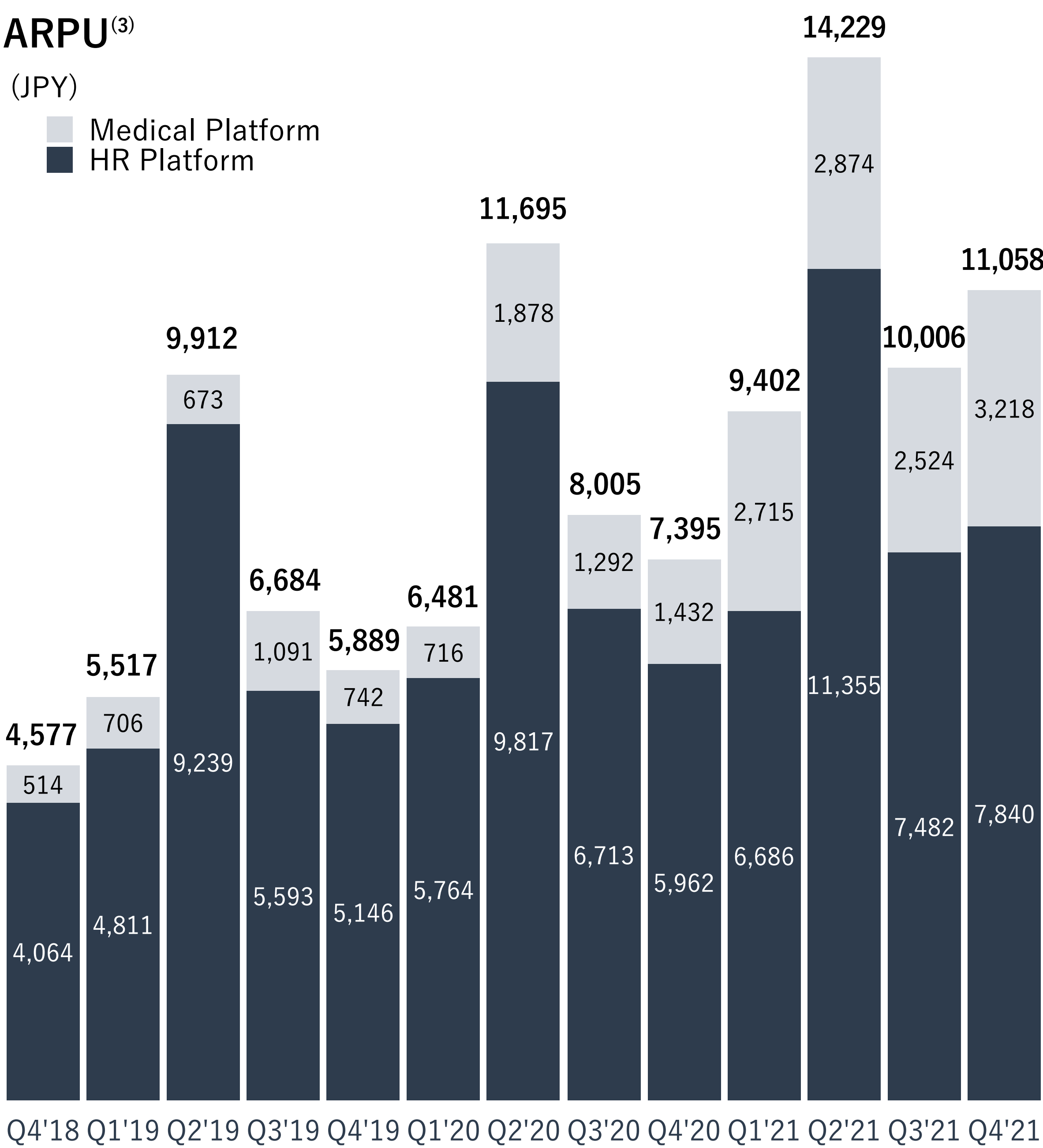
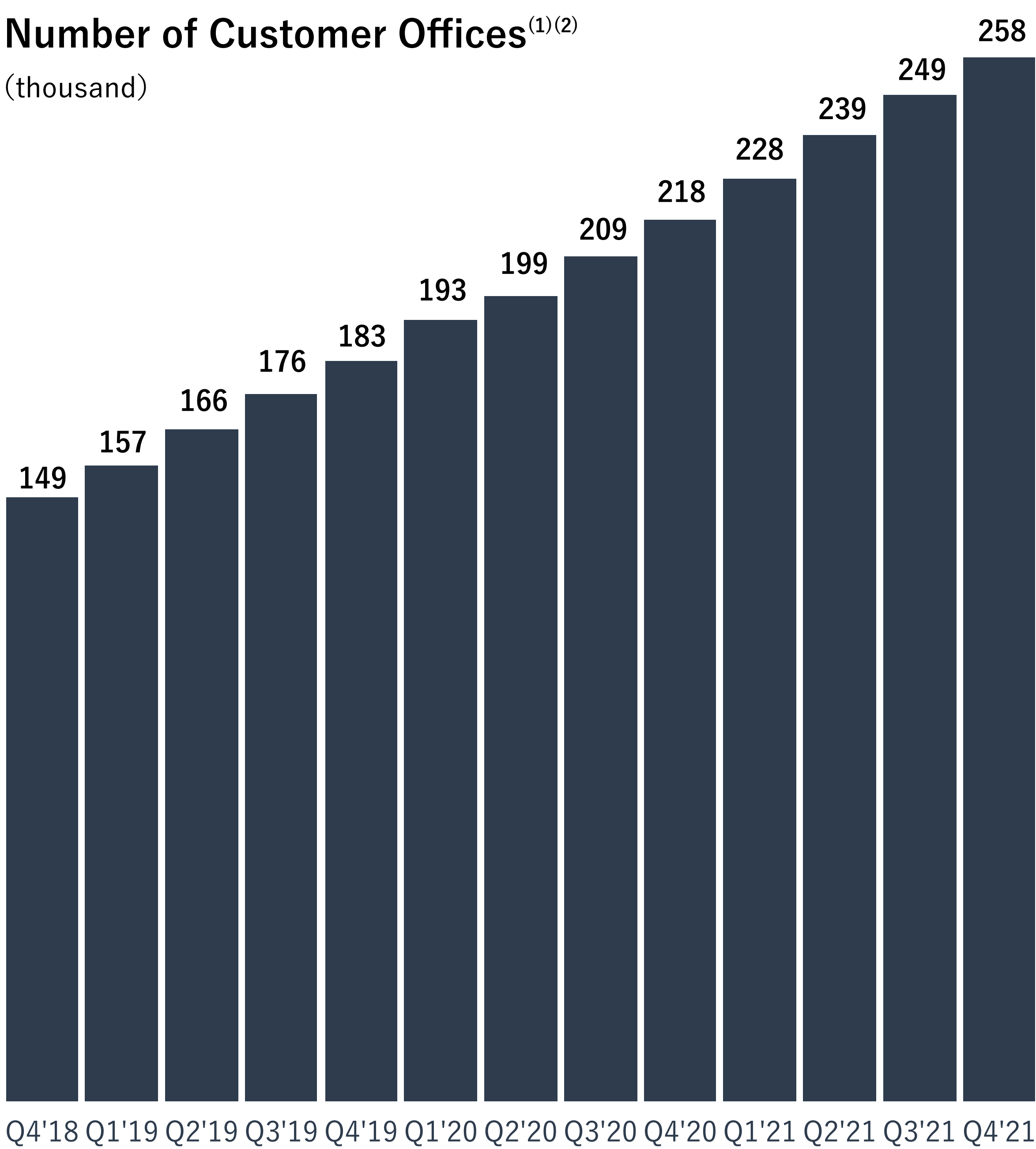
(JPY mm) \*figures in parentheses show each cost to quarterly sales ratio

Cost Item	Q4 FY20	Q4 FY21	Main Factors
Personnel costs	169 (10.5%)	182 (6.5%)	<ul style="list-style-type: none"> <li>Increase in number of corporate employees               <ul style="list-style-type: none"> <li>Number of employees: 68 in Q4 FY20 -&gt;86 in Q4 FY21</li> </ul> </li> </ul>
Rents	80 (5.0%)	110 (4.0%)	<ul style="list-style-type: none"> <li>Office expansion ahead of increase in number of employees(Q1, Q3 FY21)               <ul style="list-style-type: none"> <li>494 in Q4 FY20 -&gt; 719 in Q4 FY21</li> </ul> </li> </ul>
Hiring costs	44 (2.8%)	49 (1.8%)	<ul style="list-style-type: none"> <li>Improved efficiency in hiring activities</li> </ul>
Commission fees	57 (3.6%)	150 (5.4%)	<ul style="list-style-type: none"> <li>Expenses related to acquisition of shares through M&amp;A</li> <li>Personnel-related system implementation costs (JPY 99 million)</li> </ul>
Other costs	34 (2.2%)	56 (2.0%)	<ul style="list-style-type: none"> <li>Increase in Size-based business tax due to increase in capital (JPY 30 million)</li> </ul>

(1) Total companywide costs and cross-segment limitations not allocated to any business segment



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 HR Platform and Medical Platform businesses. 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 HR Platform and Medical Platform businesses) ARPU for each platform = Quarterly sales of each platform / Total number of customer offices in the HR Platform and Medical Platform businesses. Since 4Q FY2019, customer offices using both platforms have been counted as a single customer account.

In view of the capital increase from NTT DOCOMO, Inc. announced in April 2021 and the progress of profits beyond our expectations, we continued to maintain our financial position strong by implementing the share buyback and partial repayment of debt announced on November 12, 2021. (Capital ratio: 69.1%、 D/E ratio 0.22x)

B/S as of the End of September 2021

(JPY mm)

Cash raised from LOC	Untapped LOC 2,000
Cash and deposits 17,059	Debt 3,357
	Other liabilities 2,488
	Net assets 15,505
Other assets 4,292	

Capital ratio : 72.6%、 D/E ratio : 0.22x

B/S as of the End of December 2021

(JPY mm)

Cash raised from LOC	Untapped LOC 2,000
Cash and deposits 14,294	Debt 3,156
	Other liabilities 3,002
	Net assets 14,049
Other assets 5,913	

Capital ratio : 69.1%、 D/E ratio : 0.22x

▶

Repaid a portion of debt  
(JPY 201 million)

Repurchased shares  
(JPY 1,763 million)

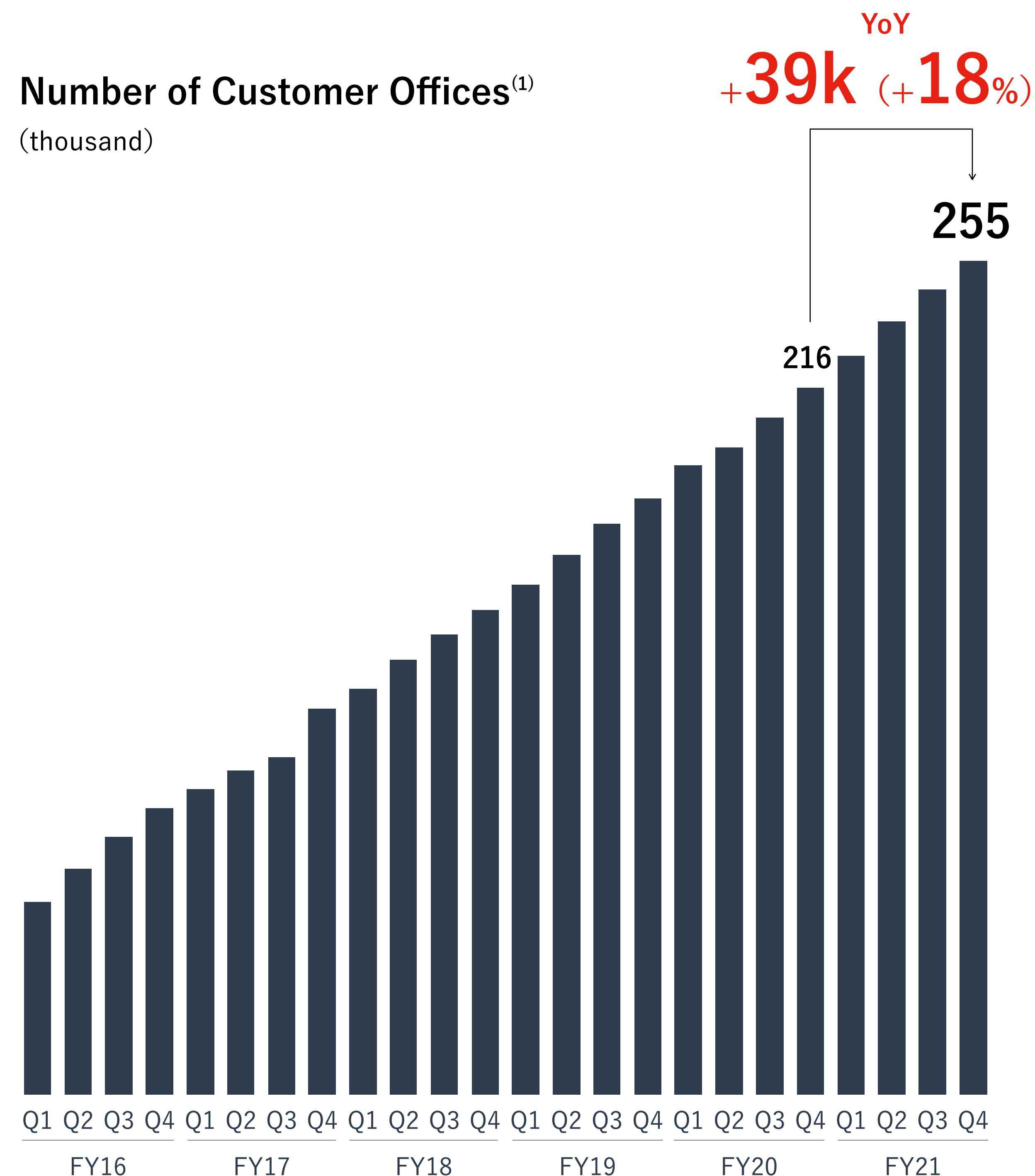


HR Platform

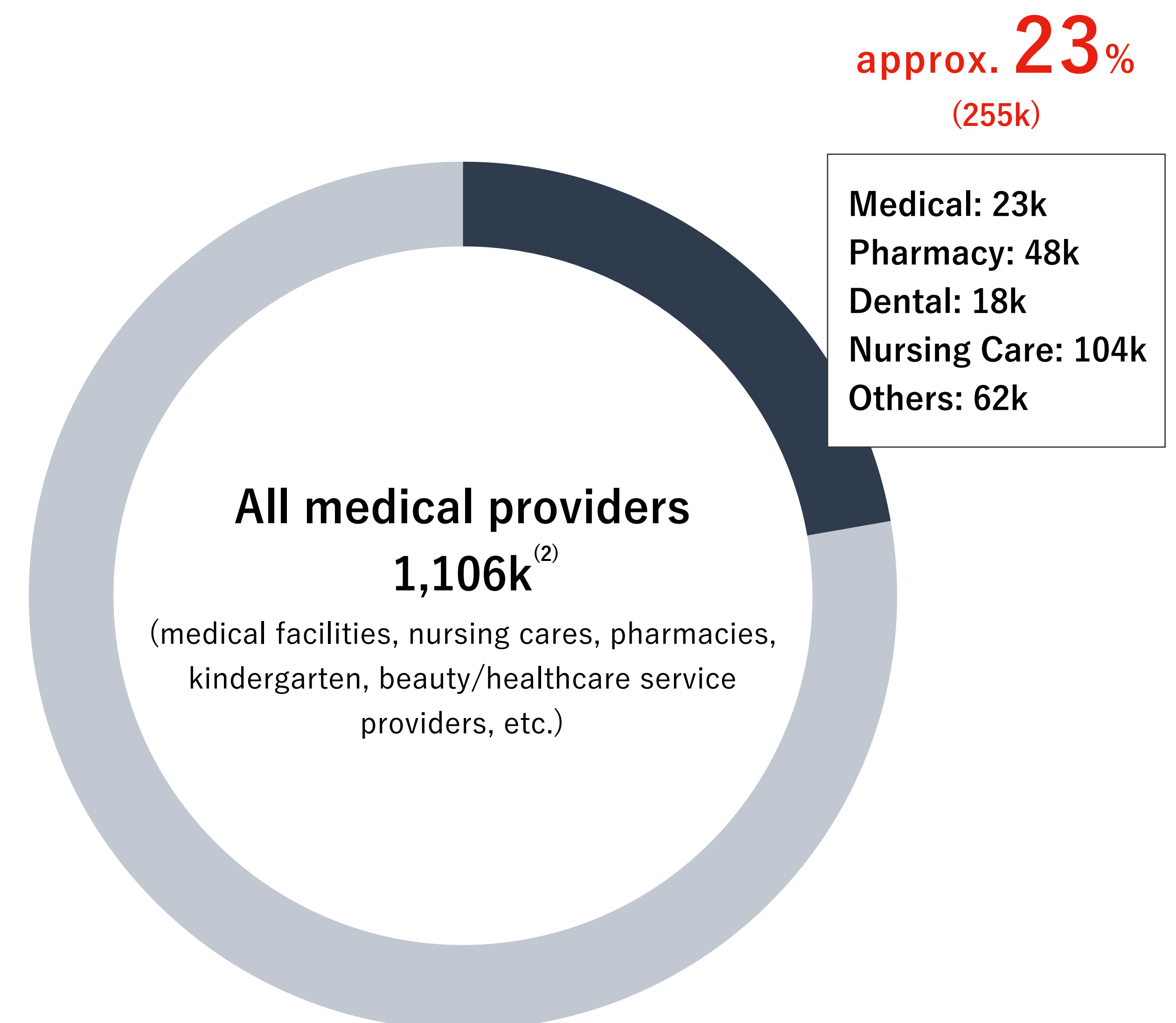
**JobMedley**  
ジョブメドレー



In Q4 FY2021, we continued to make steady progress in signing on new customer offices and we currently have contracts with over 255,000 offices. (Starting in Q2 FY2021, this figure includes offices using our online training system.)



## Customer Coverage Ratio

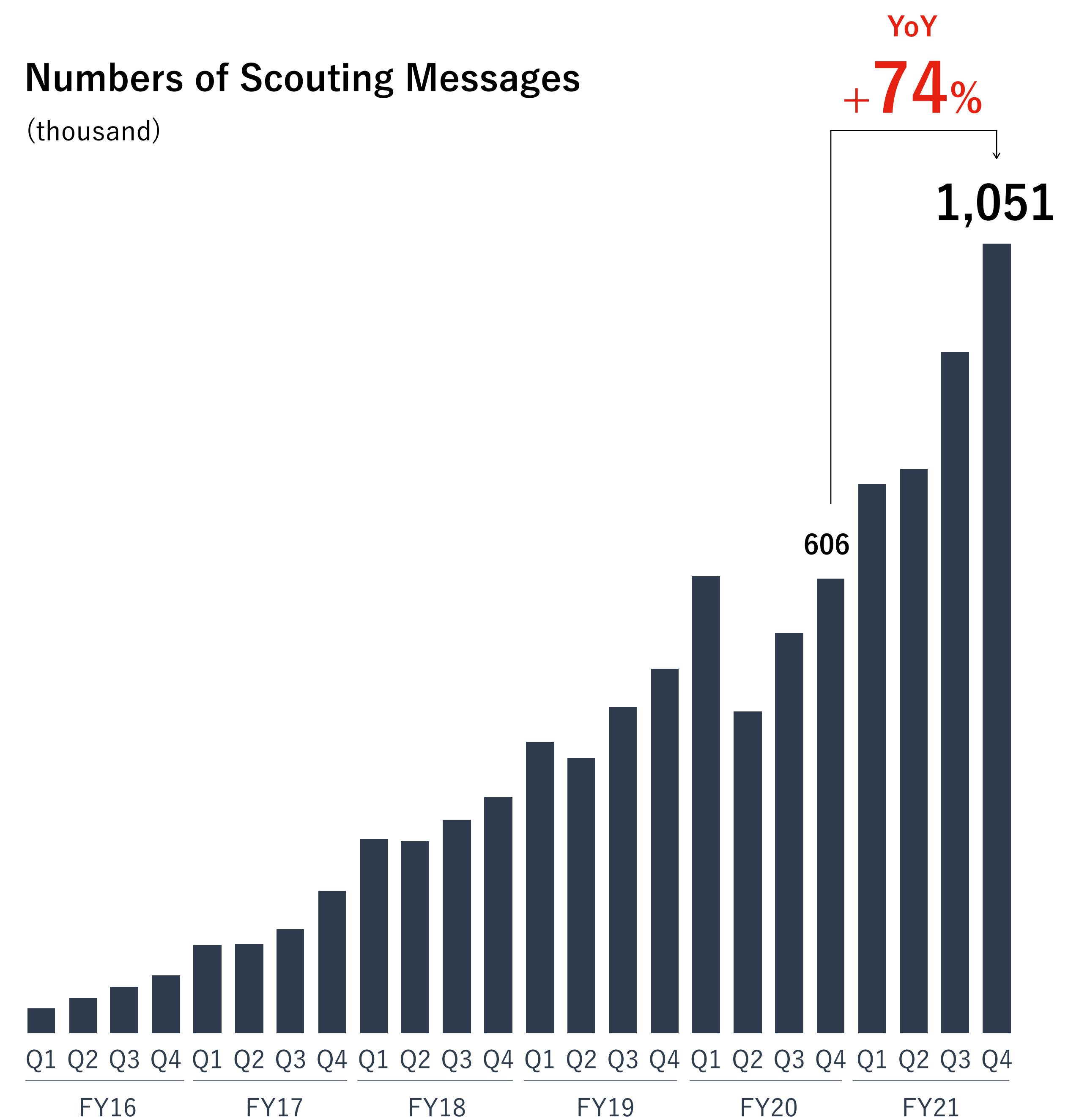
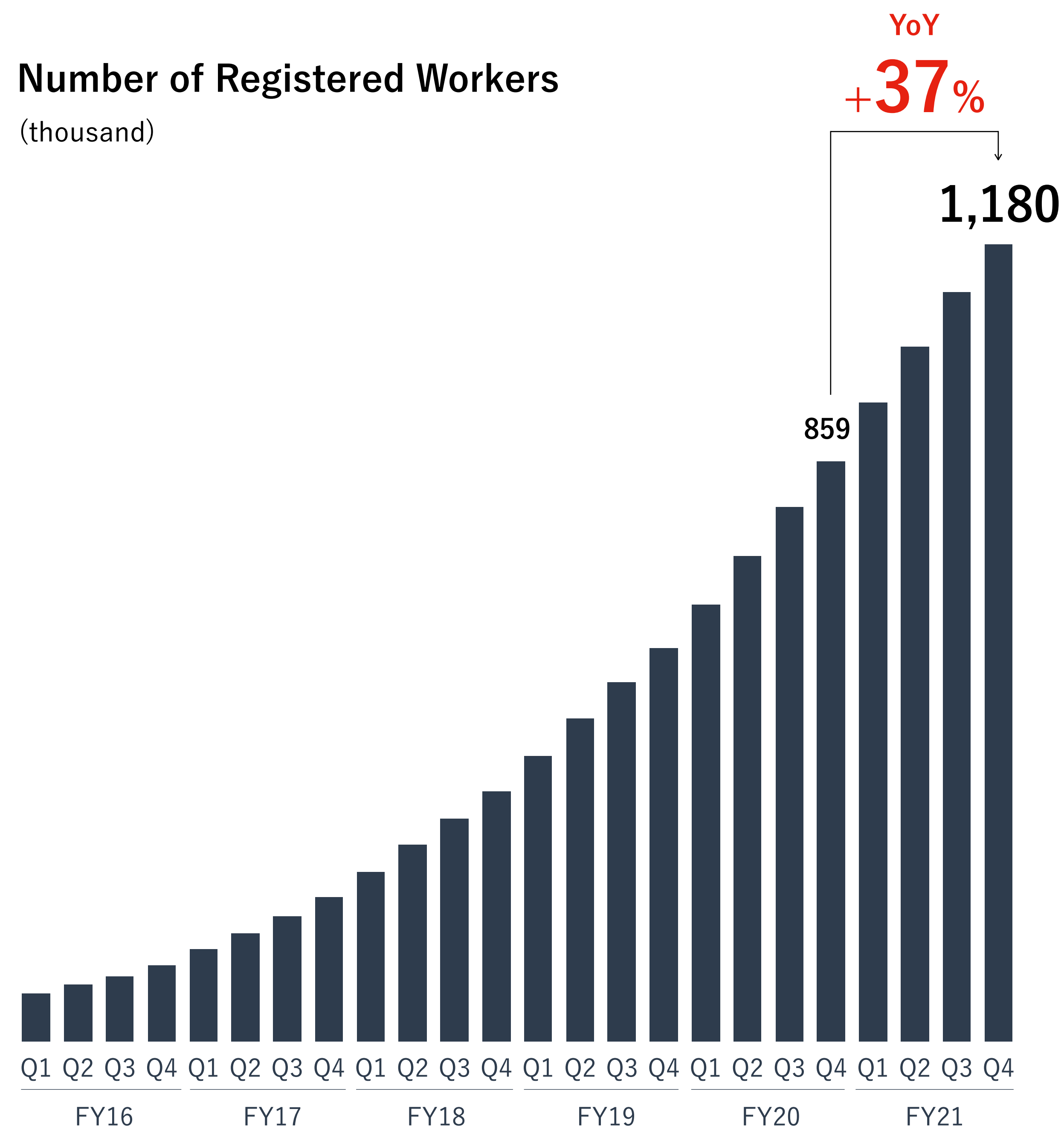


(1) Starting in Q2 FY2021, the number of customer offices includes offices using our online training system. (Offices with multiple contracts counted once.)

(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 Q4 FY2021, our customers increased usage of our scouting functions as we expanded our pool of registered workers.





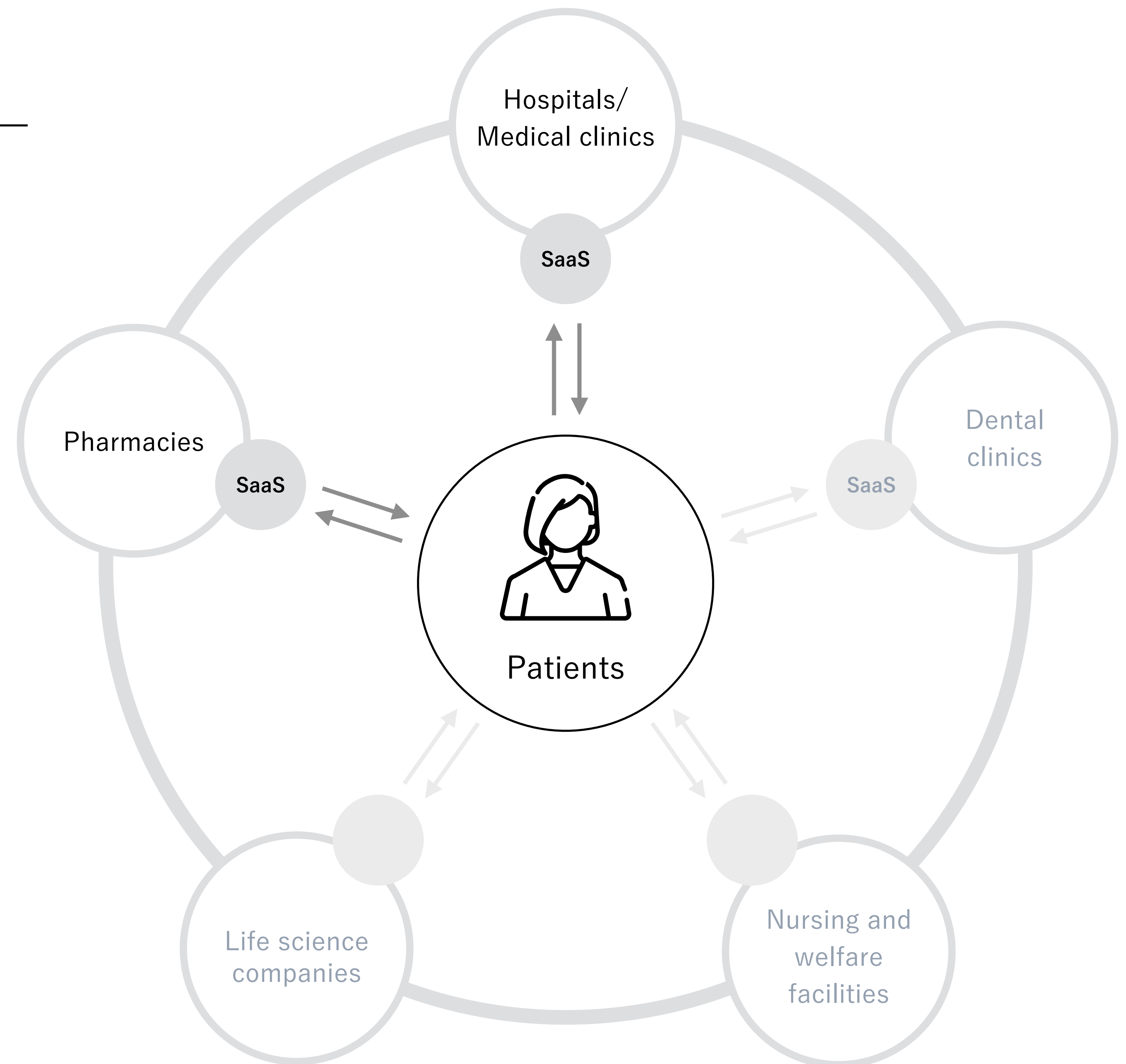
# Medical Platform

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 **CLINICS**

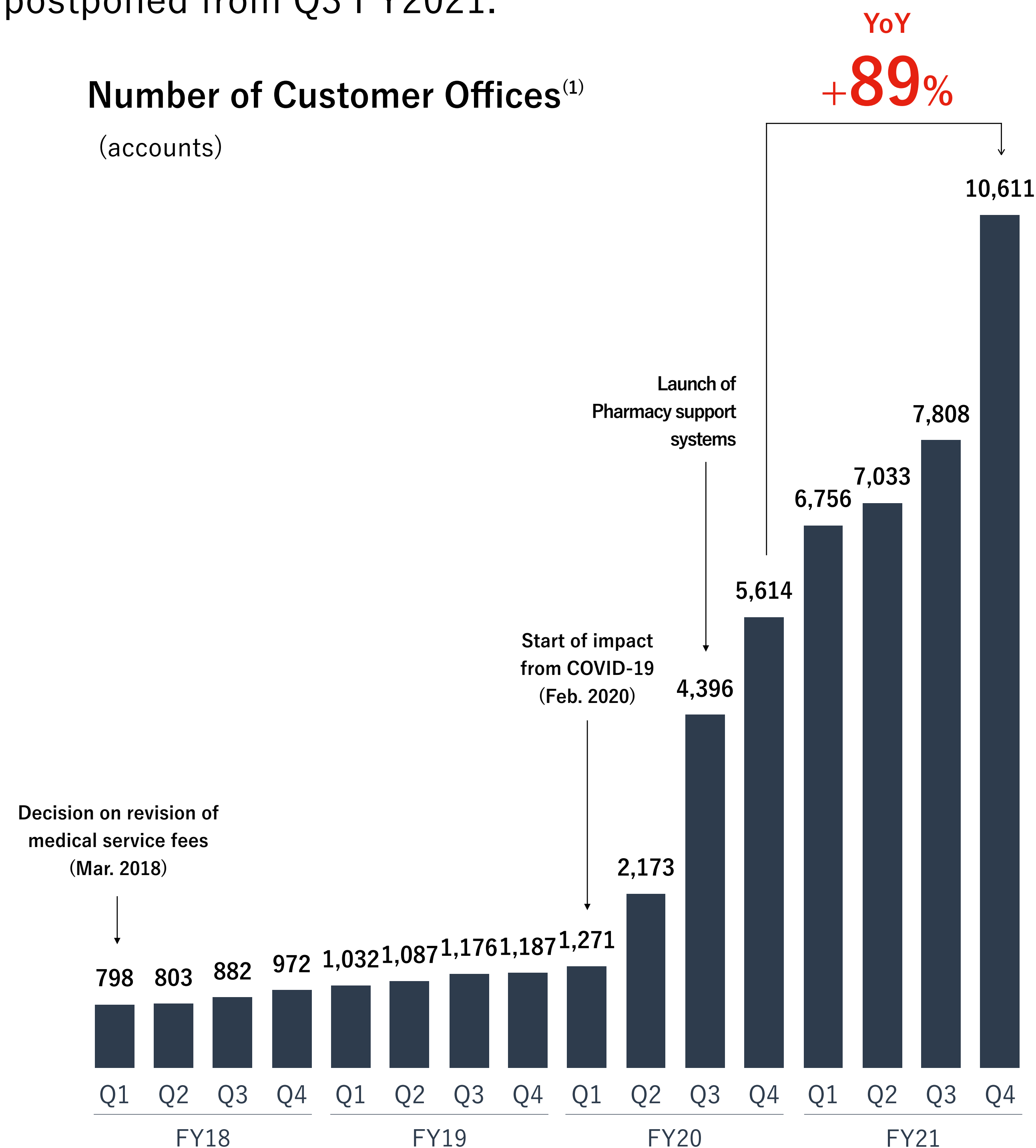
 **Pharms**

 **MALL**

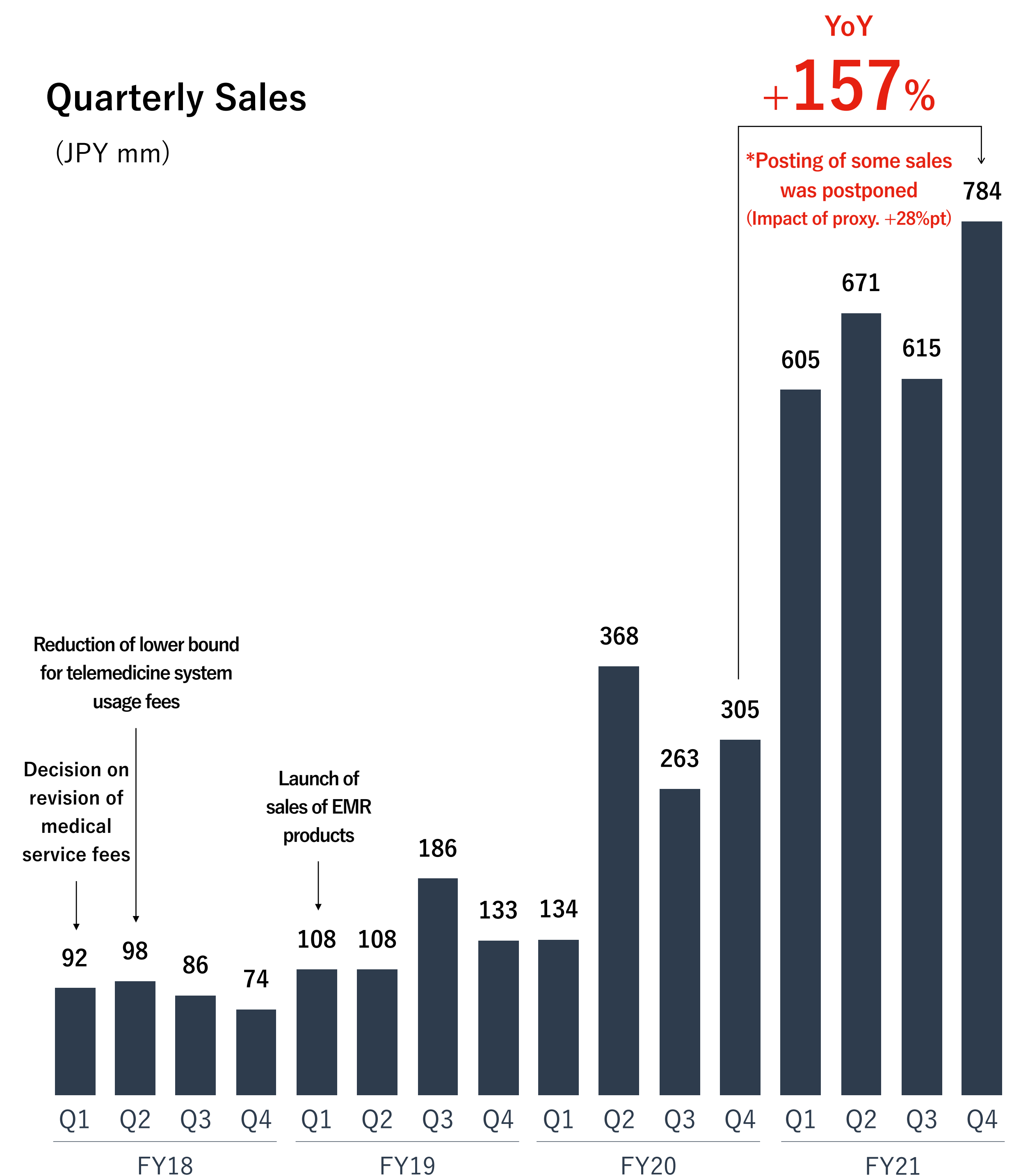


The number of customers (especially customers of our pharmacy support systems) increased in Q4 FY2021, we posted record-high sales due to the posting of some sales, especially those related to large-scale projects for hospitals, was postponed from Q3 FY2021.

**Number of Customer Offices<sup>(1)</sup>**  
(accounts)



**Quarterly Sales**  
(JPY mm)



(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

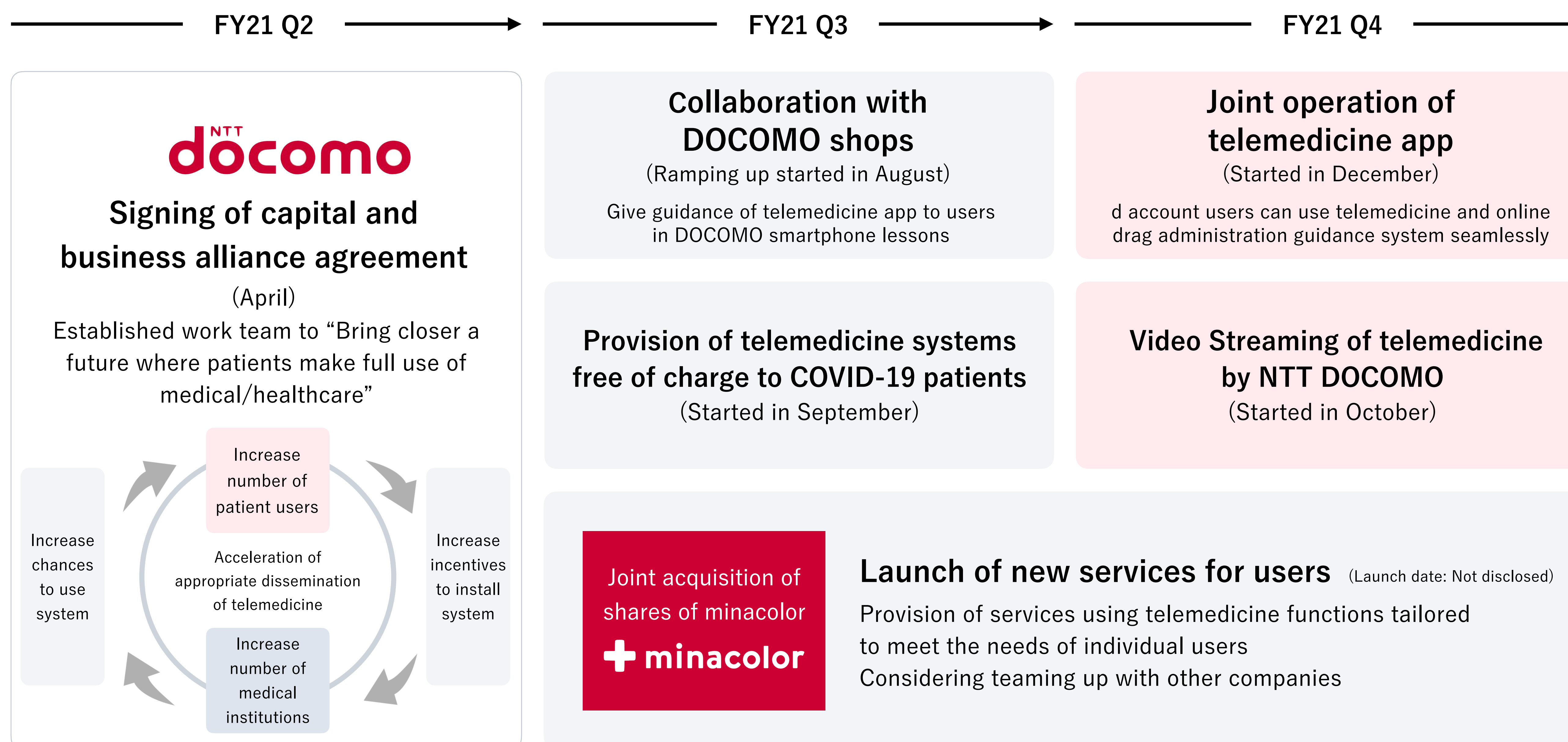
In Q4 FY2021, we implemented a number of measures to boost the medium- to long-term growth and profitability of our Medical Platform Business. These include expanding our target customers, improving ARPU, and streamlining measures.

## Main Measures Implemented in Q4 FY2021

	Hospitals/Medical Clinics	Pharmacies
Expansion of targeted customers	<b>A</b> Capital and business alliance with NTT DOCOMO provided systems to COVID-19 patients cooperating with NTT Group	Strengthen compatibility with electronic medication history system for pharmacies
	<b>C</b> Participation in proof-of-concept test constructing sustainable regional medical digital transformation model	
	Strengthened sales of EMR to hospitals	
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	
	<b>B</b> Launched solutions for medical groups	
Streamlining	Improved EMR implementation process	
	Optimized integration of EMR and ORCA (cost reduction)	
Patient users expansion	<b>A</b> Capital and business alliance with NTT DOCOMO - Joint operation of telemedicine app	<b>A</b> Joint acquisition of minacolor with NTT DOCOMO in order to launch new businesses



In Q4, we are making smooth progress in our partnership with NTT DOCOMO, including joint operation of telemedicine app and joint acquisition of minacolor (announced on October 22). We will conduct timely disclosure of any significant impact on our earnings from the alliance.



(1) A part of the branding movie, "Changing the world with you" telemedicine series, was aired in TV by NTT DOCOMO. Full version is available on YouTube

We began joint operation of a telemedicine app with NTT DOCOMO on December 7, 2021. We also upgraded the app, linking it with NTT DOCOMO “d Accounts” so it can also provide outpatient support, allowing convenient use of telemedicine and online drug administration guidance.

### App renewal

Search hospitals and clinics by various criteria



Make an consultation appointment



Telemedicine using video call

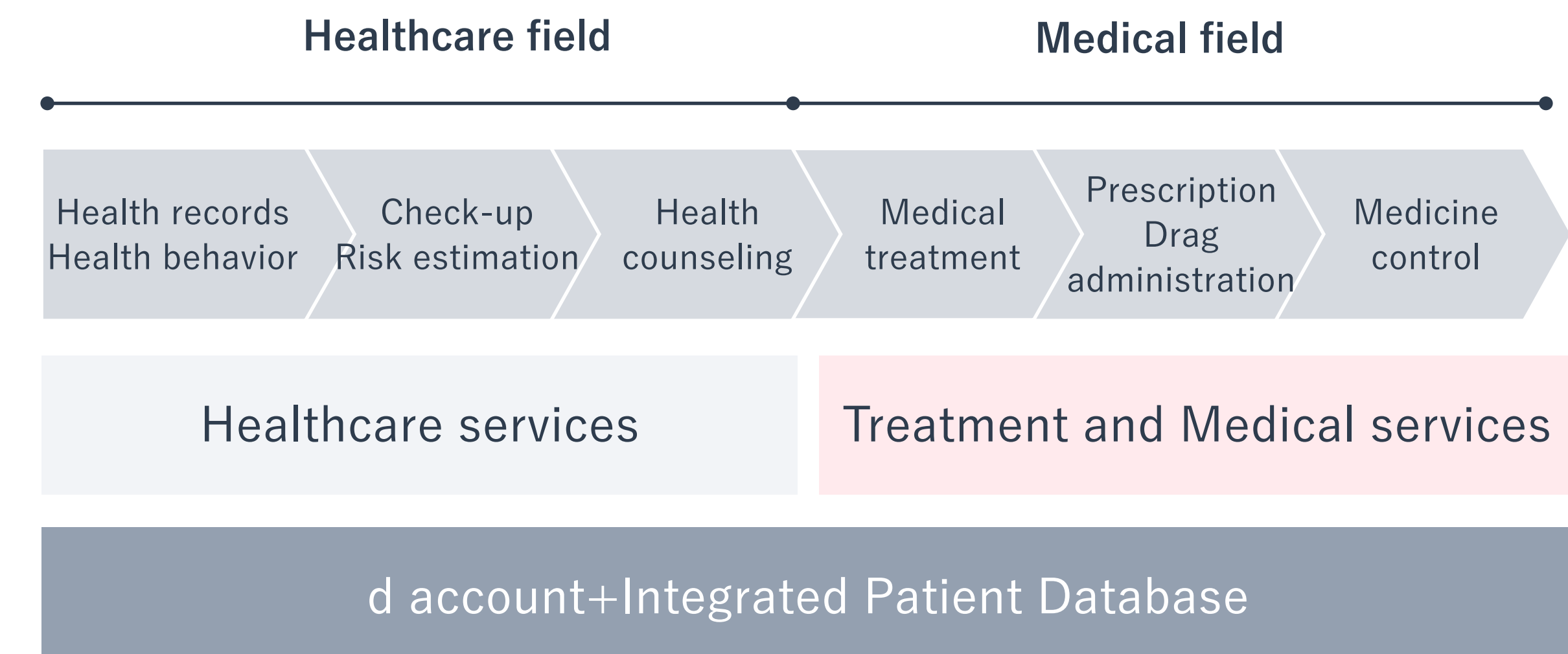


Prescription data on the app



- Redesigned user interface to mirror patients' actual treatment experiences and thereby provide more convenient outpatient support

### Linking of Medley's patient user base with “d Accounts”



- By allowing CLINICS registration and login via “d Accounts”, we have made it easier for patients to start using the app
- While collaborating with healthcare services by NTT DOCOMO, providing patients with a full range of services in the fields of healthcare and medicine by leveraging Medley's integrated patient database



Through Pacific Medical, Inc., we began to provide the MINET cloud-based system that allows the sharing of patients' basic information, medical information, and vital data to medical groups that include multiple medical institutions and nursing care facilities.

## Advantages of MINET solution for medical groups



### Sharing of patient information across multiple fields

- Enables sharing of medical information from medical facilities and patient information provided by nursing care facilities

### Suitable for medical groups

- Suitable for medical groups that include multiple medical institutions and nursing care facilities and secondary medical care areas implementing comprehensive regional care systems

### Inherit advantage from MALL

- Highly flexible, scalable, and adaptable
- Highly compatible with systems developed by other companies
- High cost performance

### Leverages the knowledge of regional medical information EHR

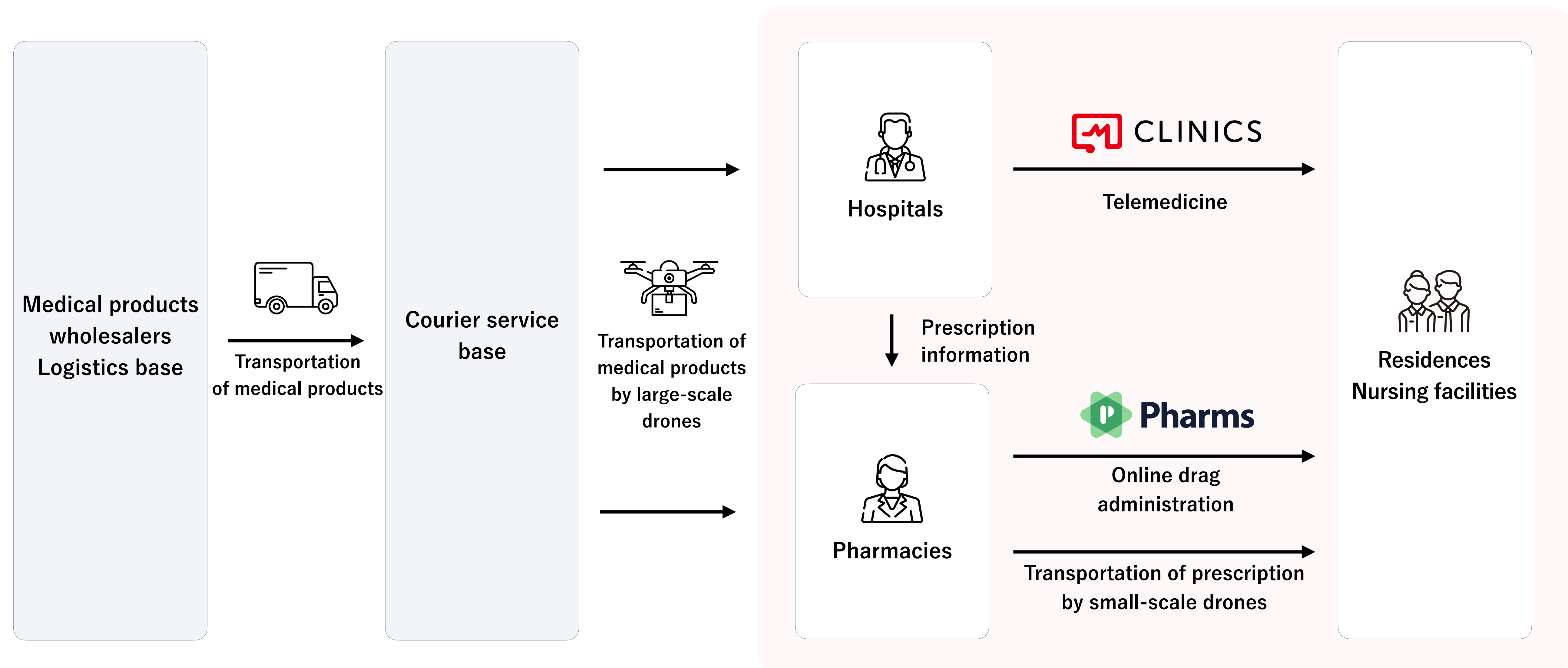
- Leverages the knowledge gained through constructing and expanding electronic health record system Hatamaru-net (approximately 80 registered facilities, roughly 13% of population resistered)



# C: Participation in Proof of Concept Testing Constructing Sustainable Regional Medical DX Model

Participated in proof of concept testing conducted in November 2021 in the town of Wake in Okayama Prefecture on the economic feasibility of using drones to deliver needed medical products to regional medical institutions and prescription drugs to private residences with the aim of constructing a sustainable pharmaceutical transport network.

## Proof-of-concept test constructing regional medical digital transformation



1. FY2021 Q4 Results

**2. FY2021 Results**

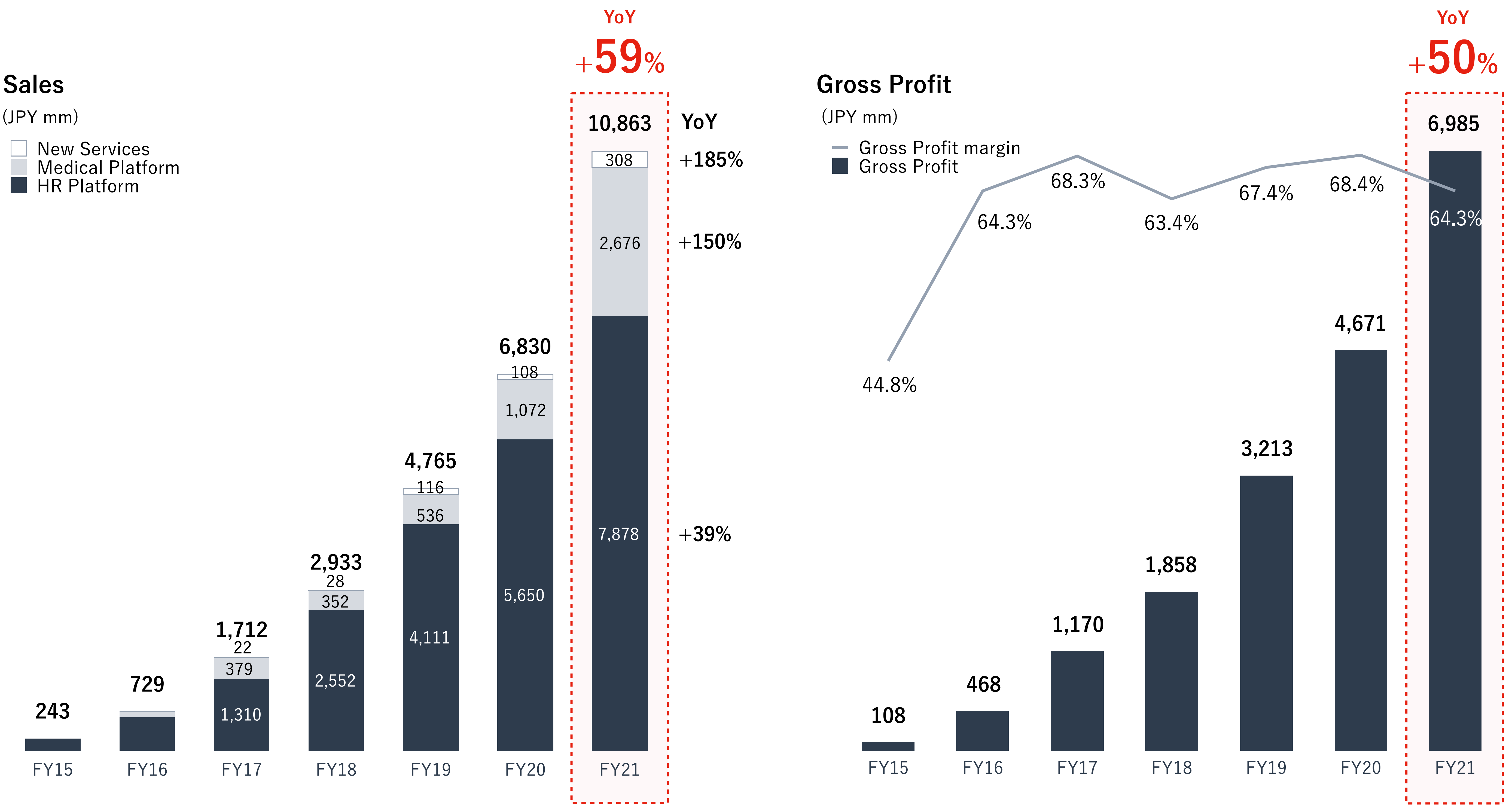
3. Progress Towards Mid-Term Targets and FY2022 Forecast

4. Investment Highlight

# Summary of Consolidated FY2021 Results

(JPY mm)	Actual			Forecast
	FY2020	FY2021	YoY	FY2021
<b>Sales</b>	6,830	10,863	+59%	10,770 ~ 11,270
<b>Gross Profit</b>	4,671	6,985	+50%	-
<b>EBITDA</b>	542	1,218	+125%	670 ~ 1,170
Operating Profit	396	733	+85%	160 ~ 660
Ordinary Profit	422	743	+76%	180 ~ 680
Profit Attributable to Owners of Parent	455	563	+24%	20 ~ 480

In FY2021, we have maintained high growth, even amid COVID-19, and sales was within the range of our forecast. Gross profit also continues to grow at a high rate.





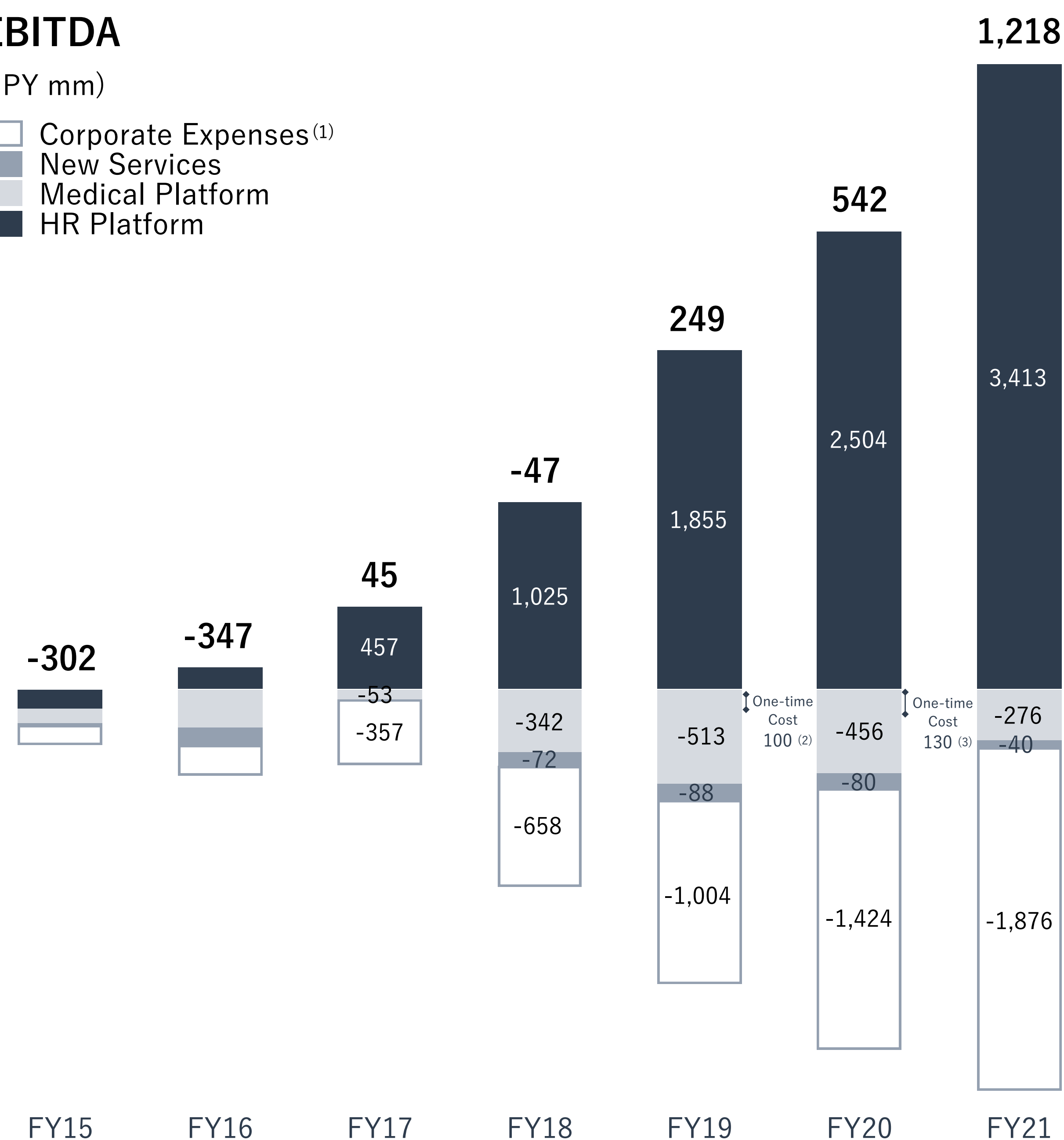
# EBITDA beyond Our Expectation, and Operating CF Continues to Expand

EBITDA for FY2021 arrived above the forecast range, despite proactive investment in growth. Operating cash flow also continued to grow, and in FY2021, we also carried out financing activities such as third-party allotment of new shares, and investment activities such as M&A.

## EBITDA

(JPY mm)

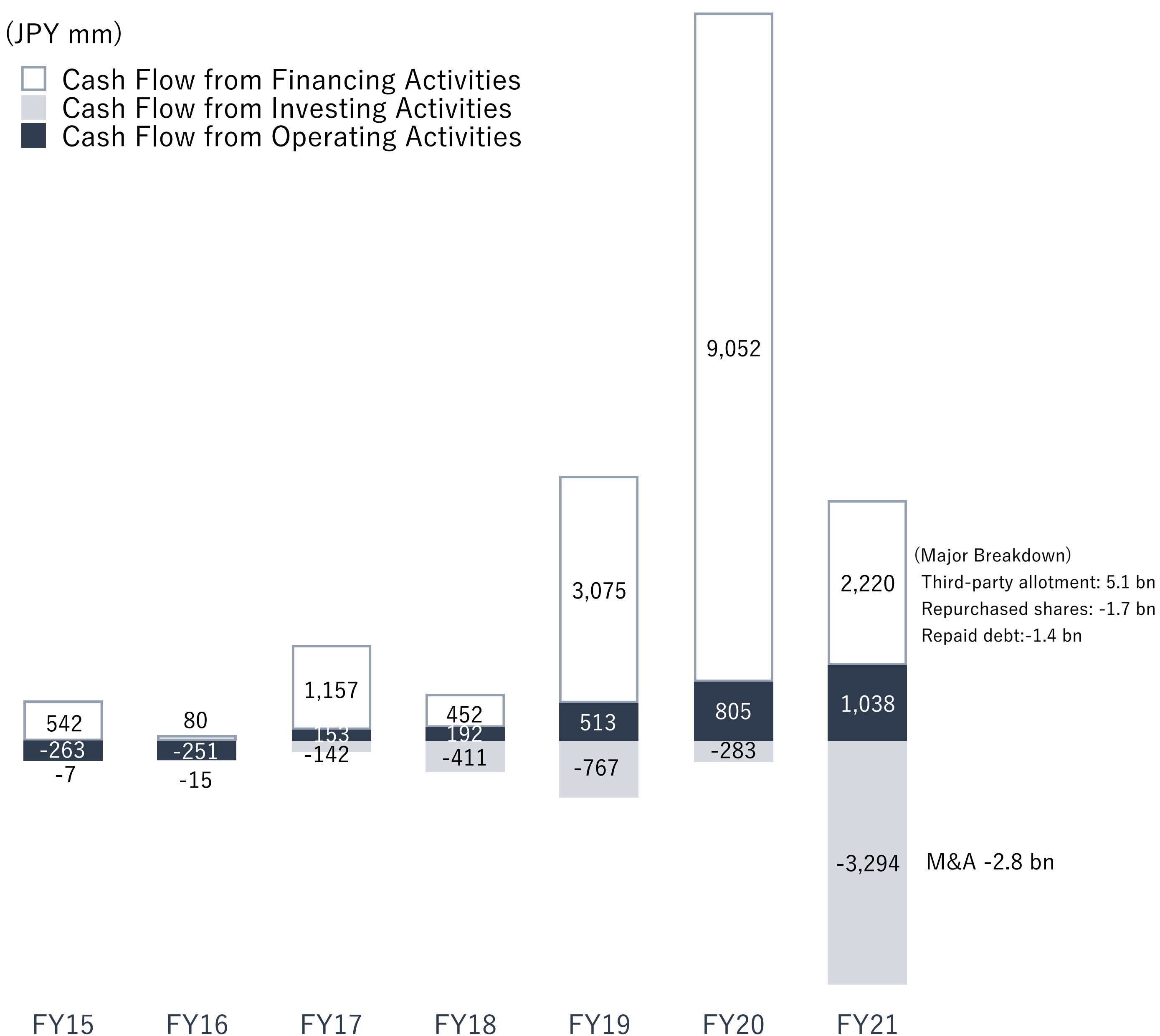
- Corporate Expenses<sup>(1)</sup>
- New Services
- Medical Platform
- HR Platform



## Cash Flow

(JPY mm)

- Cash Flow from Financing Activities
- Cash Flow from Investing Activities
- Cash Flow from Operating Activities



(1) Total of companywide expenses not allocated to segments and inter-segment eliminations

(2) One-time cost (JPY 100 million) for acquiring a source code to add a new function to the Medical Platform Business

(3) One-time cost (JPY 130 million) for acquiring EMR assets from another company

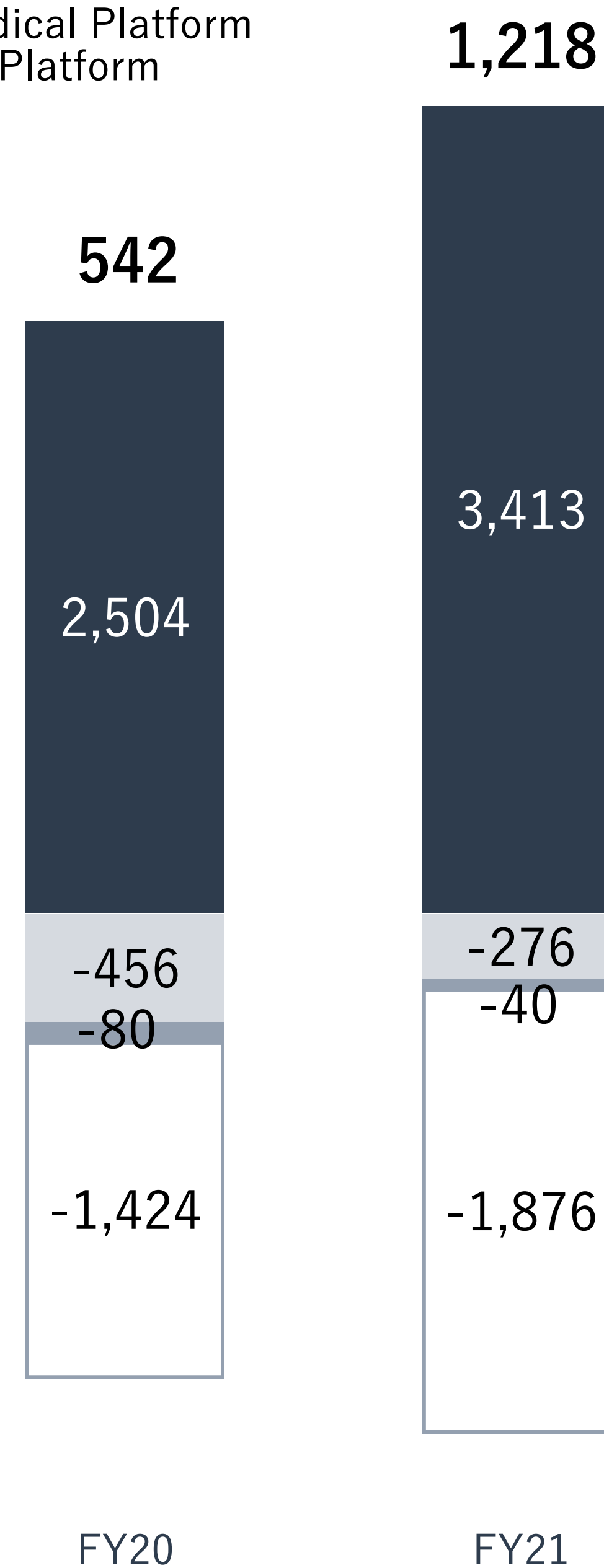
# Breakdown of Investments: Investments Aimed at Expanding the Scale of Our Businesses

In 2021, we continued to make proactive investments aimed at expanding the scale of our businesses, including the launch of our online training system business and our hospital EMR business and the launch of our human resources system

## Annual EBITDA

(JPY mm)

- Corporate Expenses <sup>(1)</sup>
- New Services
- Medical Platform
- HR Platform



## Main Factors Contributing to Change in FY2021 EBITDA Margin

Segment	FY20	FY21	Main Factors
HR PF	44.3%	43.3%	<ul style="list-style-type: none"> <li>Change in margins owing to marketing costs, including for TV commercials (mainly in Q3 FY2021)</li> <li>Investment in growth of online training business</li> </ul>
Medical PF	-42.6%	-10.3%	<ul style="list-style-type: none"> <li>Continued to increase number of employees</li> <li>High sales growth from pharmacy window support system and EMRs</li> </ul>

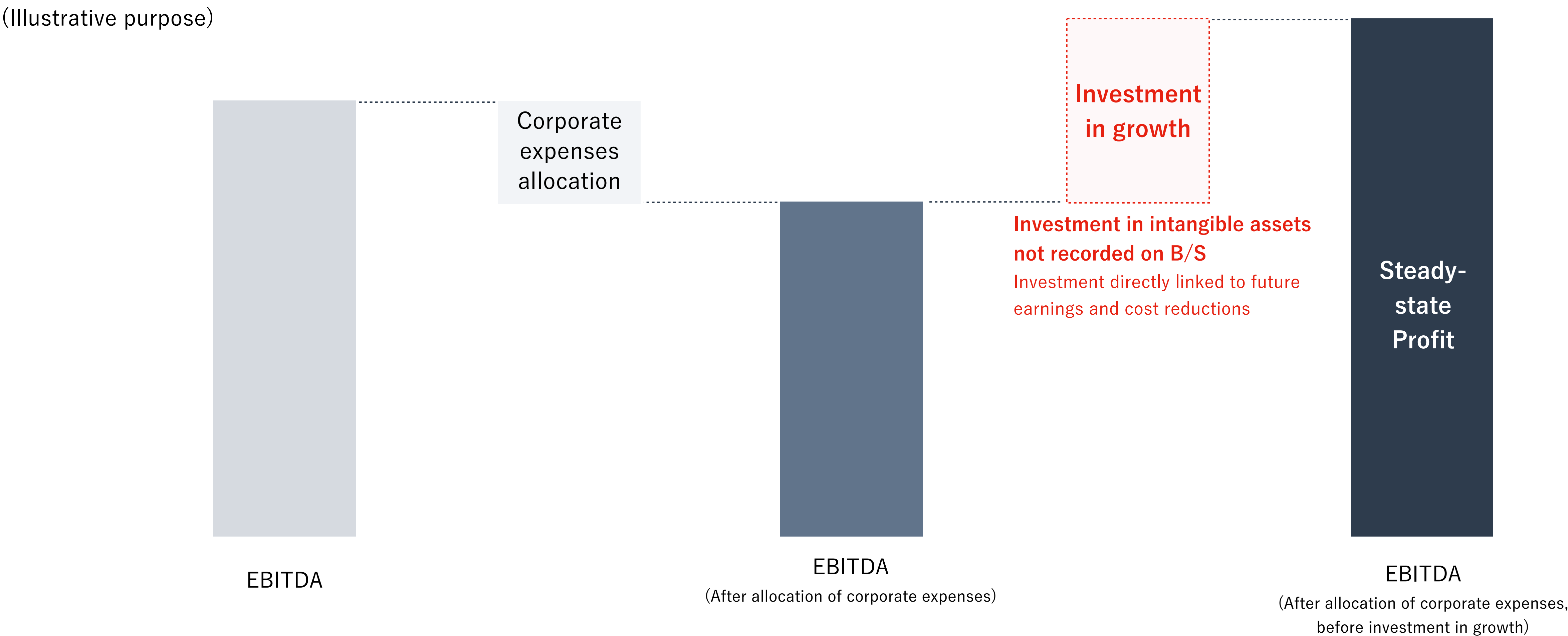
## Main Factors Contributing to Change in Corporate Expenses

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

Cost Item	FY20	FY21	Main Factors
Personnel costs	631 (9.2%)	685 (6.3%)	<ul style="list-style-type: none"> <li>Increase in number of corporate employees <ul style="list-style-type: none"> <li>Number of employees: 68 in Q4 FY20 -&gt;86 in Q4 FY21</li> </ul> </li> </ul>
Rents	273 (4.0%)	401 (3.7%)	<ul style="list-style-type: none"> <li>Office expansion ahead of increase in number of employees(Q1, Q3 FY21) <ul style="list-style-type: none"> <li>494 in Q4 FY20 -&gt; 719 in Q4 FY21</li> </ul> </li> </ul>
Hiring costs	164 (2.4%)	150 (1.4%)	<ul style="list-style-type: none"> <li>Improved efficiency in hiring activities</li> </ul>
Commission fees	176 (2.6%)	396 (3.6%)	<ul style="list-style-type: none"> <li>Expenses related to acquisition of shares through M&amp;A</li> <li>Personnel-related system implementation costs (99 million)</li> </ul>
Other costs	178 (2.6%)	243 (2.2%)	<ul style="list-style-type: none"> <li>Increase in Size-based business tax due to increase in capital (42 million)</li> </ul>

(1) Total companywide costs and cross-segment limitations not allocated to any business segment

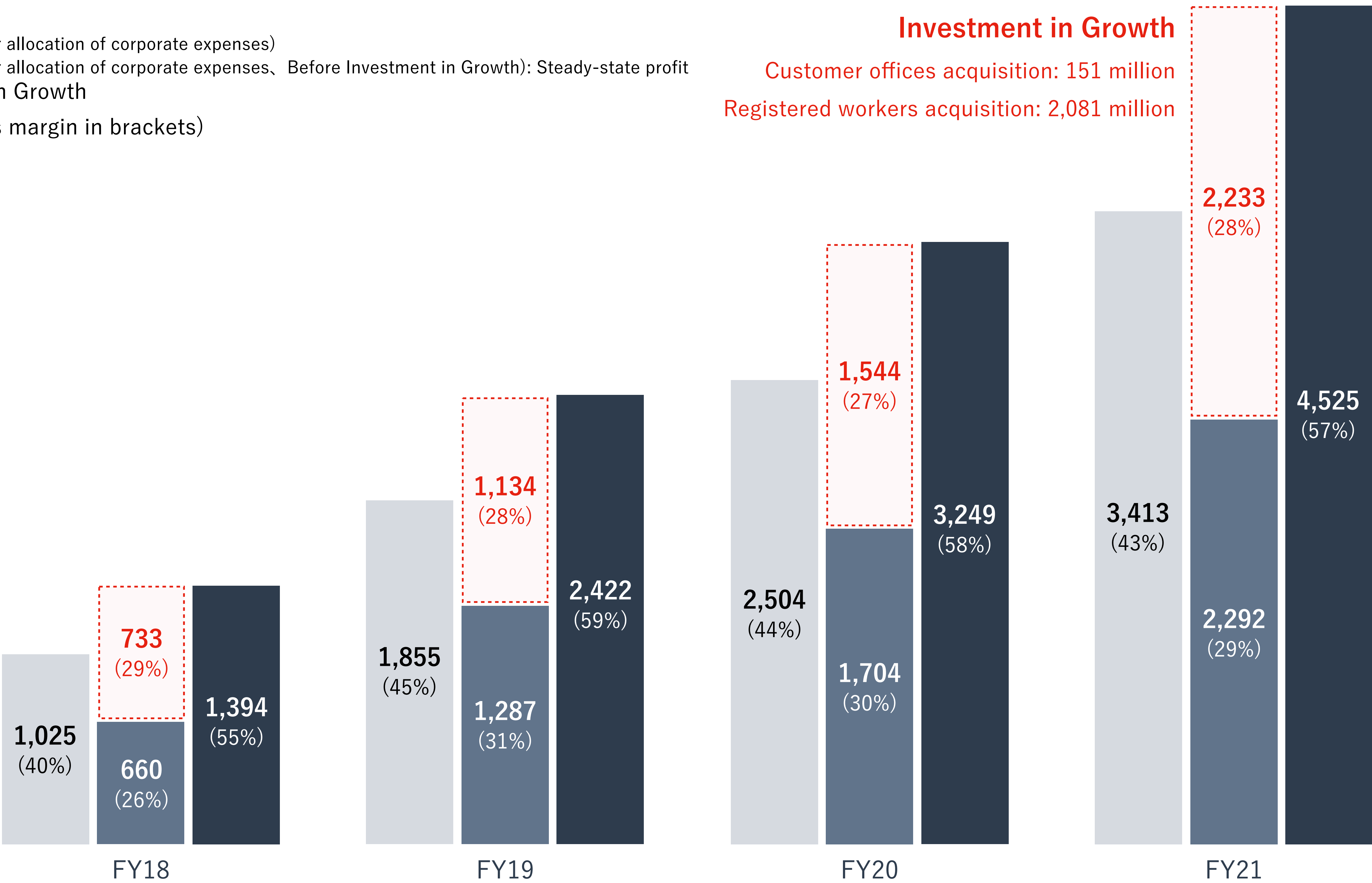
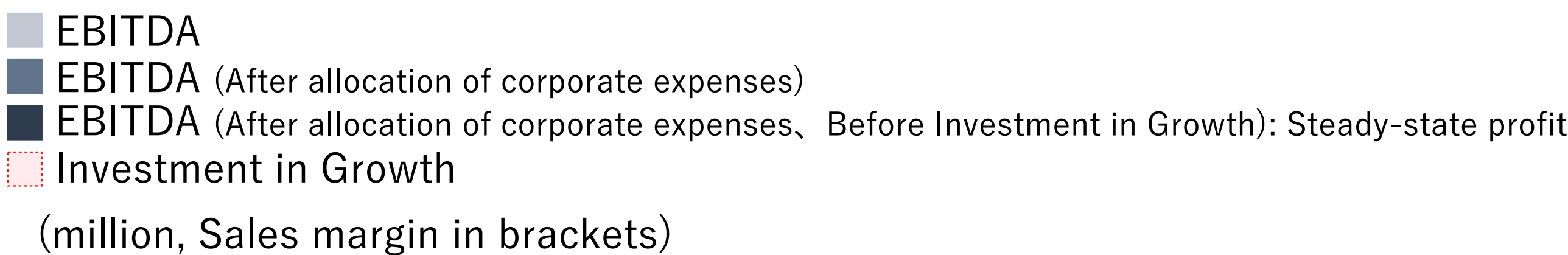
Our services tend to have long customer-retention periods and are generate revenue over time. When measuring our earnings potential under normal conditions, we believe it is appropriate to reference EBITDA before investment in growth.



(FY21 results, JPY, Ratio to sales)

HR PF	3,413 million (43%)	-1,120 million (-14%)	2,292 million (29%)	+2,233 million (+28%)	4,525 million (57%)
Medical PF	-276 million (-10%)	-665 million (-25%)	-941 million (-35%)	+763 million (+29%)	-178 million (-7%)

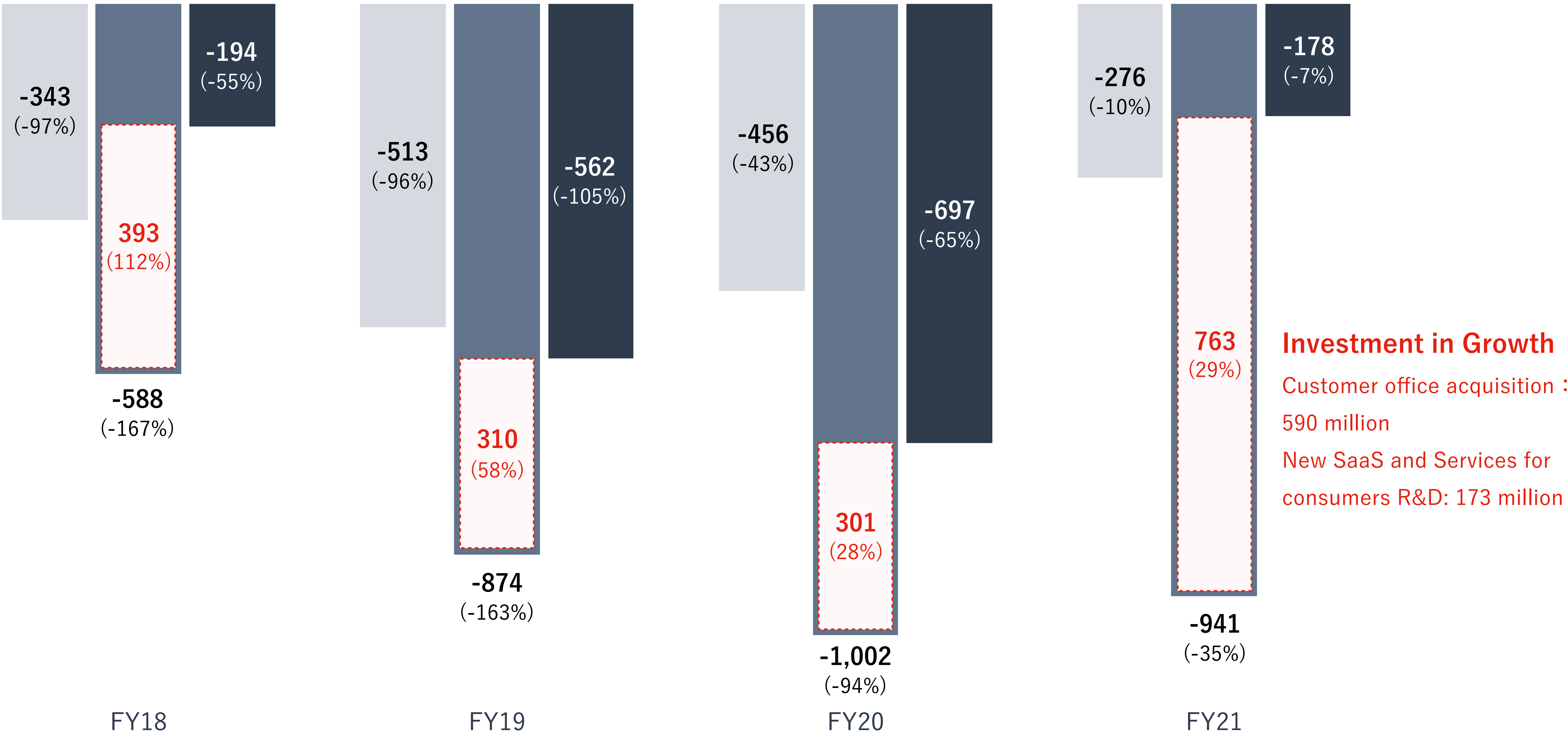
Please see Slide 26 of this presentation our definition regarding growth investment and steady-state profit. We are in the phase of expanding our organization to maximize long-term cash flow, and although the corporate expenses is becoming larger, HR PF is generating stable profits even after allocation.





As we are currently in a phase of expanding our organizational structure in order to maximize long-term cash flow, we have allocated a sizable budget for corporate expenses. For this reason, Medical PF is posting losses after allocating corporate costs. While we are not currently disclosing SaaS KPIs such as unit economics, they are controlled at a healthy level<sup>(1)</sup>.

■ EBITDA  
■ EBITDA (After allocation of corporate expenses)  
■ EBITDA (After allocation of corporate expenses, Before Investment in Growth): Steady-state profit  
□ Investment In Growth  
(million, Sales margin in brackets)

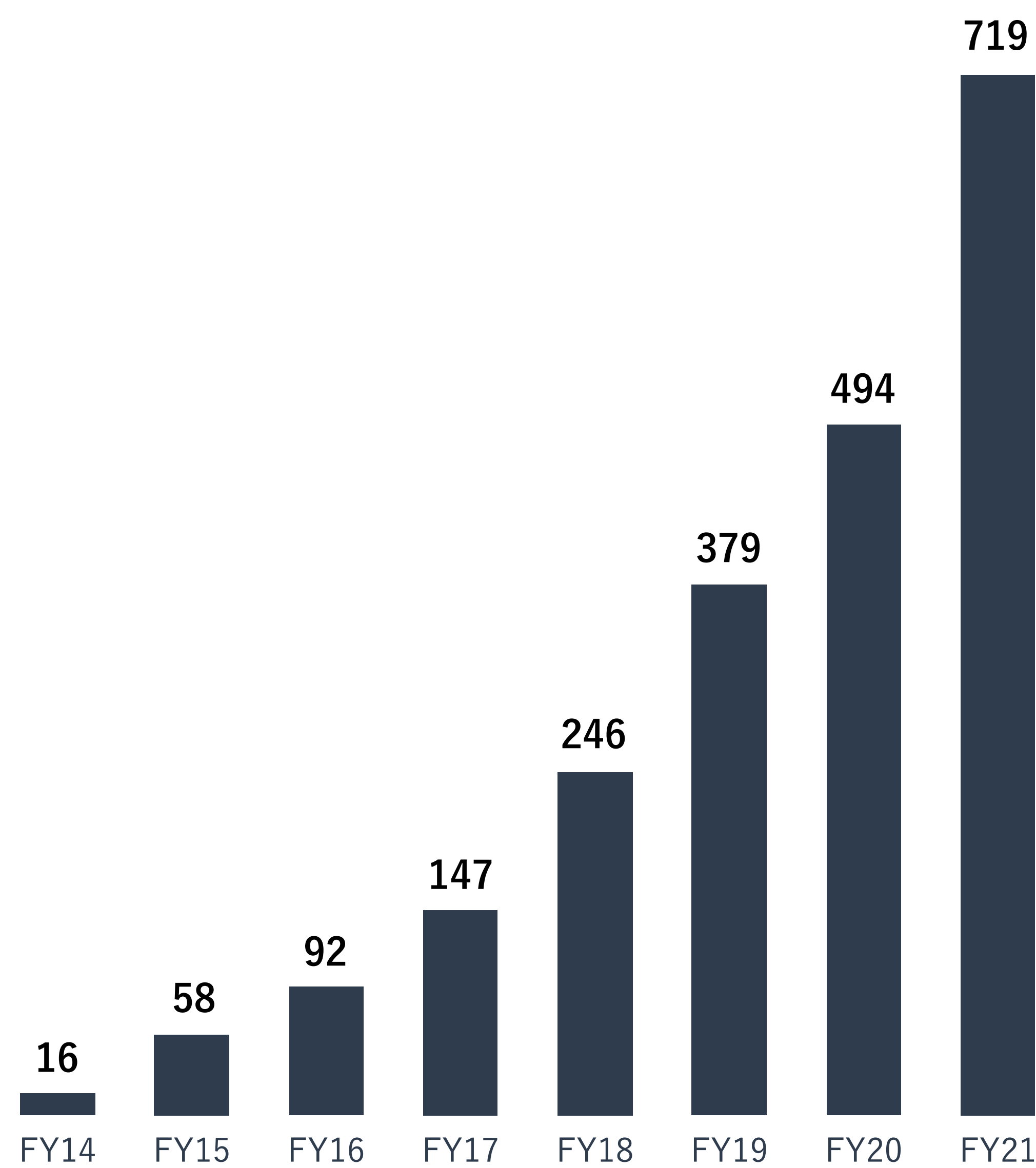


(1) LTV/CAC of total SaaS business is more than 3



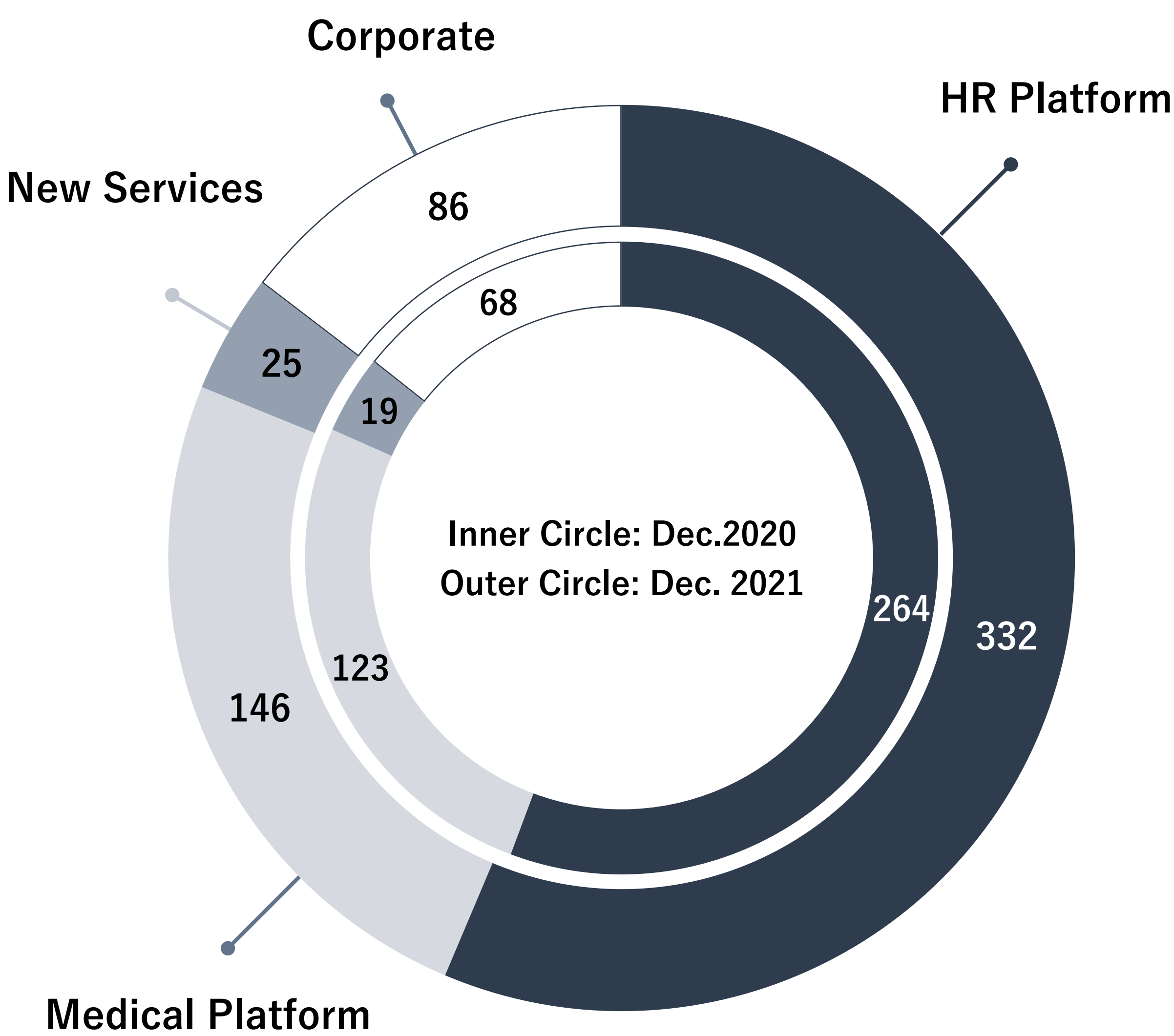
In order to achieve continued growth in the future, we are not only increasing the number of employees in our two platform businesses, but we are also increasing our number of corporate employees. In addition, we introduced a human resource system designed to handle over 1,000 employees and upgraded our human resources IT system.

Number of Employees (as of December 31 each year)<sup>(1)</sup>



(1) Consolidated basis  
(2) Non-consolidated basis

Breakdown of Employees by Segment<sup>(2)</sup>



1. FY2021 Q4 Results

2. FY2021 Results

3. Progress Towards Mid-Term Targets and  
FY2022 Forecast

4. Investment Highlights

# 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)

# Adopted New Revenue Recognition Standard Starting in FY2022

Owing to the adoption of the New Revenue Recognition Standard starting in FY2022, we will change our accounting methods for sales and CoGS. However, this change will have no impact on profit indicators such as gross profit and operating profit.

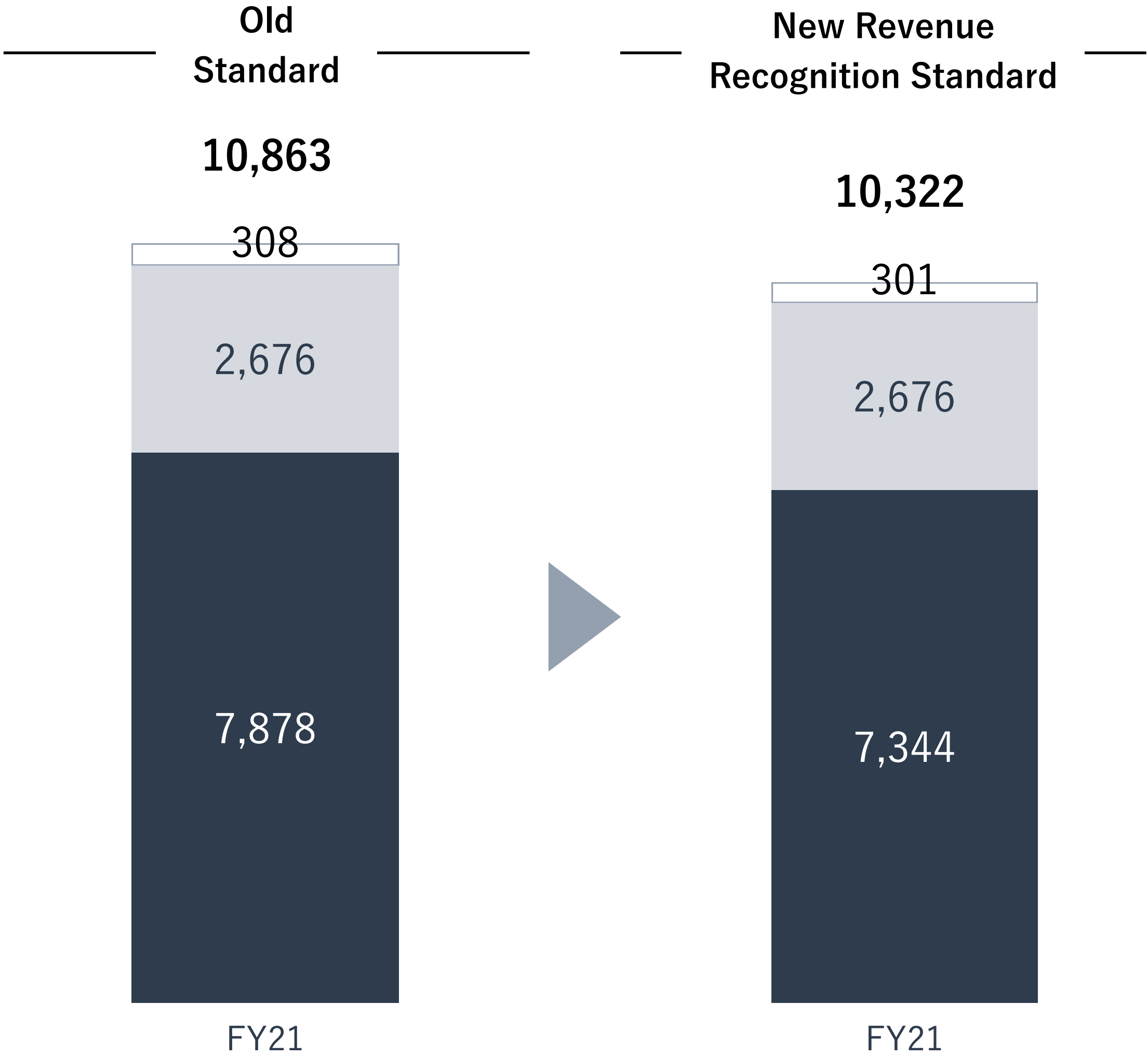
## Changes in Accounting Methods

Sales	Sales, CoGS: Refund-related costs in the HR Platform Business are deducted from sales and sales (HR Platform Business and New Services Segment)
CoGS	
Gross Profit	No Change
EBITDA	
Operating Profit	
Ordinary Profit	
Profit Attributable to Owners of Parent	

## (Ref.) Sales Change in FY2021 Results

(JPY mm)

- New Services
- Medical Platform
- HR Platform

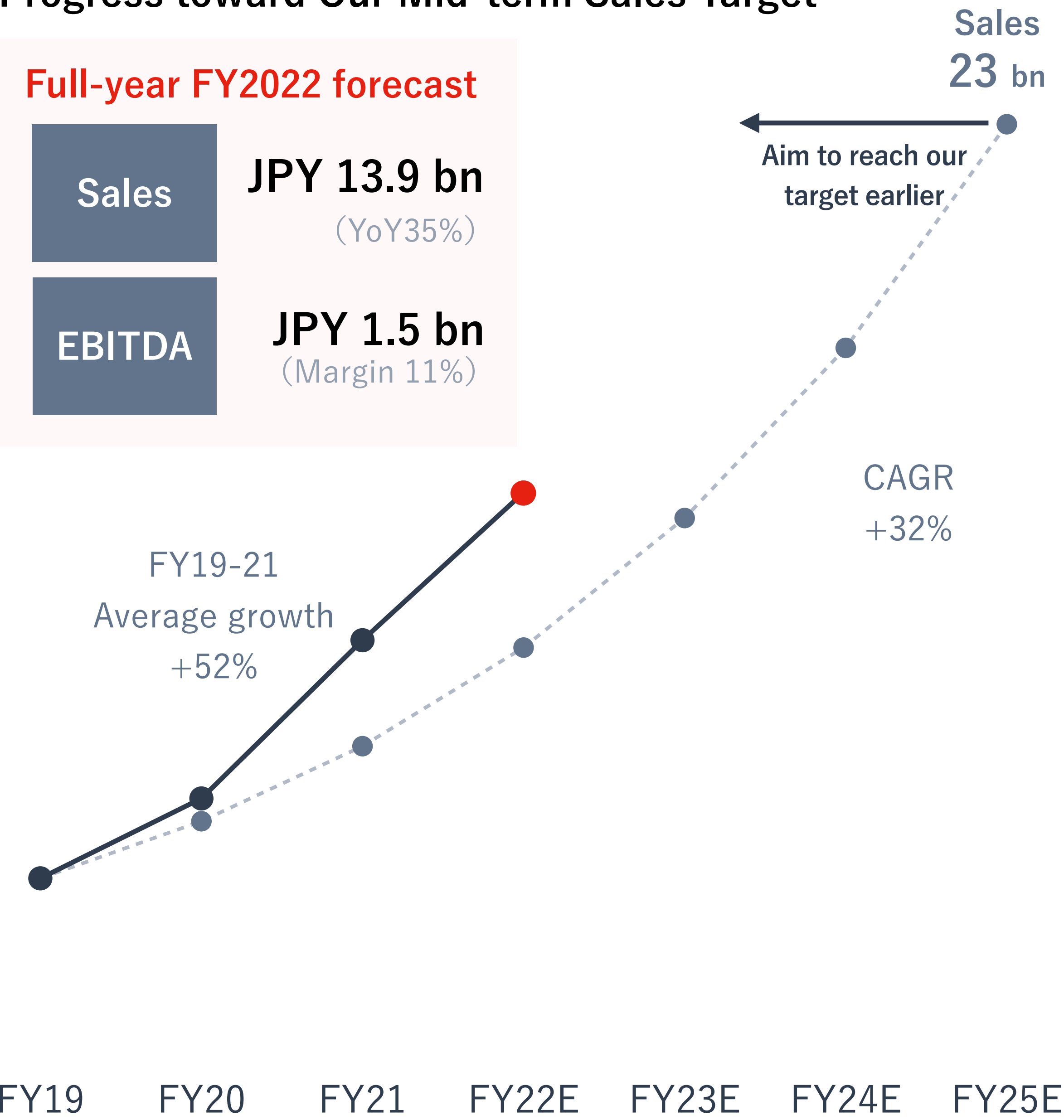




# Maintaining Our Medium-term Target Despite Adoption of the New Revenue Recognition Standard

While we considered revising our medium-term target alongside the adoption of the New Revenue Recognition Standard, owing to steady progress toward our goals, we decided to leave our original medium-term target of sales of over JPY 23.0 billion in FY2025 unchanged.

Progress toward Our Mid-term Sales Target



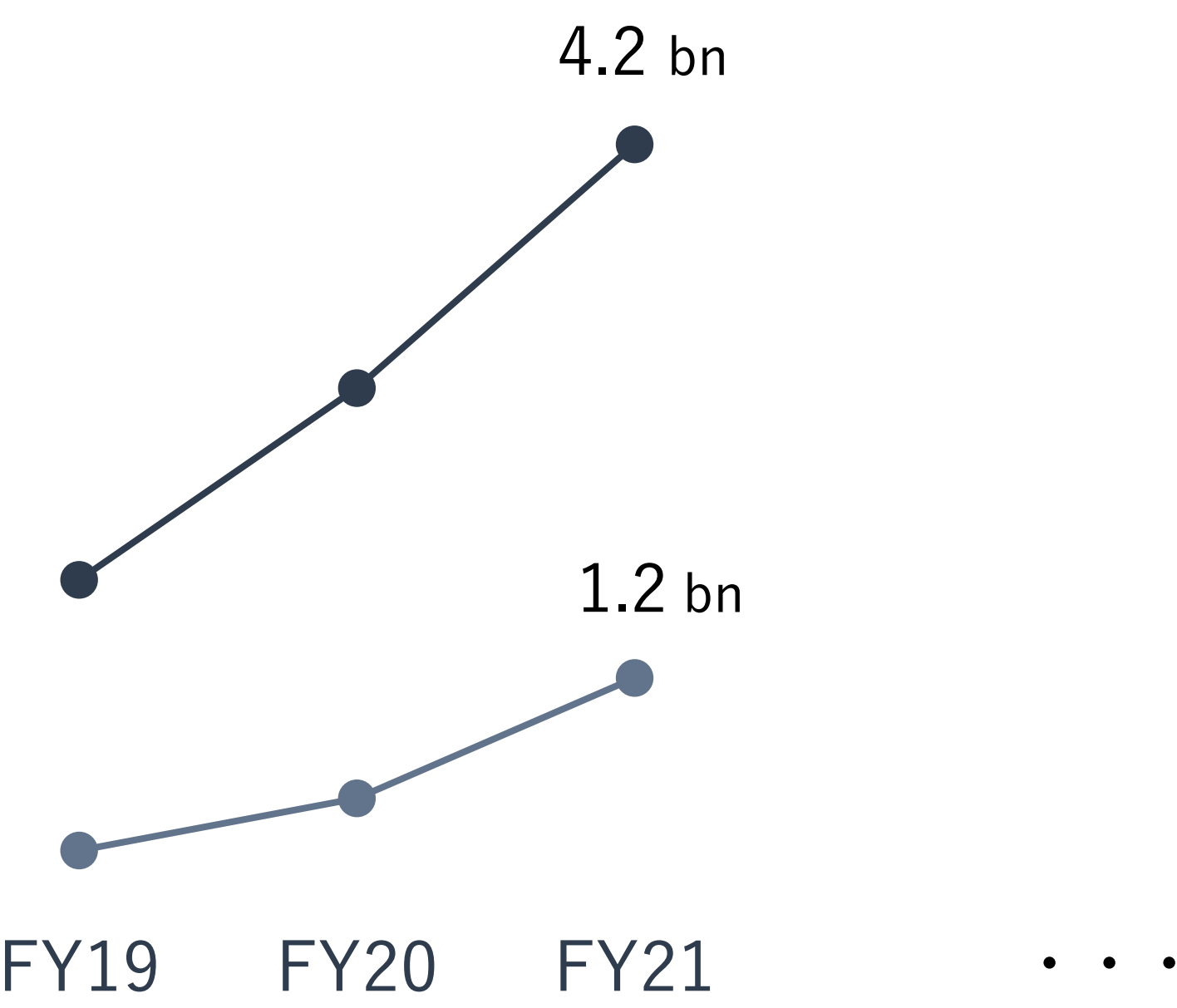
(billion yen)	New Revenue Recognition Standard			Old Standard	
	CAGR 32%	Sales Forecast	Actual Sales	CAGR 30%	Actual Sales
2019	4.4	-	4.4	4.7	4.7
2020	5.8	-	6.4	6.1	6.8
2021	7.6	-	10.3	8.0	10.8
2022	10.1	13.9		10.4	-
2023	13.3			13.6	-
2024	17.5			17.6	-
2025	23.0			23.0	-

# Estimation of Our Earnings Potential Under Normal Conditions When We Reach Our Medium-term Target

We have proactively invested in growth in order to reach our medium-term target ahead of schedule. When we reach our medium-term target of sales of JPY 23.0 billion, we estimate that EBITDA before investment in growth will be roughly JPY 9.0 billion. While we have not released a forecast for our EBITDA level at the time we reach our sales target as it will depend on the level of investment in growth, past performance shows a steady growth trend.

### Estimation of Steady-state Earnings When We Reach Our Medium-term Target

● EBITDA (Before Investment in Growth)  
● EBITDA



EBITDA  
(Before Investment in Growth)  
**Approx. 9.0** bn

By FY25  
(When Sales Reach Medium-term Target of JPY 23.0 bn)

Units: Billion yen, %: Margin

Year	Sales	EBITDA (Before Investment in Growth)		EBITDA	
2019	4.4	1.6	38%	0.2	6%
2020	6.4	2.3	37%	0.5	8%
2021	10.3	4.2	41%	1.2	12%
	•	•	•		
	•	•	•		
	•	•	•		
By 2025 (Estimation)	Over 23.0	Approx. 9.0	Approx. 40%	—	—

# Major Potential Risk Factors Toward Mid-Term Targets and Measures (1/2)

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 <sup>(1)</sup>	Segment	Possible Risk Scenario	Major Measures
Intensification of competition for human resources	All	<ul style="list-style-type: none"> <li>Intensification of competition with other Internet companies for human resources could impede the continued growth of our businesses</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen our incentive plan</li> <li>Introduce a human resources system with the goal of achieving sustainable business growth</li> <li><u>Increase spending related to engineer hiring and raise unit prices</u></li> </ul>
Large-scale leak of personal information	All	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Continue international ISMS certification</li> <li>Conduct information handling training for employees</li> <li>Improve security systems</li> <li>Conduct thorough information access management</li> <li>Strengthen internal control systems</li> </ul>
Large-scale system failure	All	<ul style="list-style-type: none"> <li>Prolonged system failure could have an adverse impact on the relationships of trust that the Group has built with our customers</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen systems to ensure stable operations</li> <li>Enhance security</li> <li>Construct a system that can be restored in a short period of time</li> </ul>
Prolongation of the COVID-19 crisis	All	<ul style="list-style-type: none"> <li>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</li> </ul>	<p>(HR PF)</p> <ul style="list-style-type: none"> <li>Fully integrate online interview and video screening functions</li> </ul> <p>(All segments)</p> <ul style="list-style-type: none"> <li>Enhance remote work environment</li> <li>Improve internal communication</li> </ul>

(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. Highlighted are risks that have a medium or greater possibility of materializing.  
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 <sup>(1)</sup>	Segment	Possible Risk Scenario	Major Measures
Intensification of competition	HR PF	<ul style="list-style-type: none"> <li>• Increase in advertising and sales promotion costs in response to heating up of competition</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to follow cost leadership strategy</li> <li>• Expand and enhance our pool of registered medical professionals</li> <li>• Expand our product lineup to meet the needs of our customers</li> <li>• Improve functionality and user friendliness to increase customer utilization ratio</li> <li>• <u>Considering raising prices to offset the rise in advertising costs</u></li> </ul>
	Medical PF	<ul style="list-style-type: none"> <li>• Decline in per-customer unit pricing due to heating up of competition</li> </ul>	<ul style="list-style-type: none"> <li>• Increase per-customer unit pricing by expanding product lineup</li> <li>• Develop services with input from medical professionals with clinical experience including engineers and doctors</li> <li>• Increase efficiency and functionality of operations</li> <li>• <u>Expanding business to provide high-value-added services leveraging our large customer base</u></li> </ul>
Regulatory changes	Medical PF	<ul style="list-style-type: none"> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> <li>• <u>FY2022 revision expected to deregulate</u></li> </ul>

(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. Highlighted are risks that have a medium or greater possibility of materializing.  
For information regarding other risks, please see the Business Risks section of our securities reports

We must develop a wide range of systems in order to achieve our mission of “Creating the future of medical healthcare” wherein patients are able to make full use of medical care, medical institutions are efficiently managed, and governments are able to optimally allocate medical resources. We plan to expand our businesses through both in-house development and M&A. Below, we provide an overview of completed M&A.

Name	Impacted segment	Time of grouping	Status
<b>NaCI MEDICAL</b>	Medical PF	Mar. 2019	<ul style="list-style-type: none"> <li>Made progress in development of new cloud-based receipt computer and merged the company with Medley</li> </ul>
<b>Pacific Medical</b>	Medical PF	Jan. 2021	<ul style="list-style-type: none"> <li>Strengthened sales and marketing of EMR systems to small- and medium-sized hospitals</li> <li>Leveraged existing assets to develop the MINET group management system for medical corporations and to assist with regional medical cooperation</li> </ul>
<b>MEDiPASS</b>	HR PF/Medical PF /New Services	Feb. 2021	<ul style="list-style-type: none"> <li>Integrated online training business with Medley in January 2022, improved core functions, and developed multilingual support</li> <li>Regarding other MEDiPASS businesses, withdrew from the staffing businesses (sales expected to decline in some businesses in FY2022)</li> </ul>
<b>Source code of dental receipt computer</b>	Medical PF	Aug. 2019	<ul style="list-style-type: none"> <li>Leveraged knowhow to completely rebuild system assets acquired in 2019 and released new system Dentis in January 2022 (please see P41 for more information)</li> </ul>
<b>Proof-of-concept testing base</b>	Medical PF	Dec. 2020	<ul style="list-style-type: none"> <li>Ownership of facilities where proof-of-concept testing for Pharms system for pharmacies was conducted contributed considerably to development of Pharms.</li> <li>As facilities where proof-of-concept testing is conducted must serve as models for the future, we consider to retain ownership of other facilities formats.</li> </ul>
<b>minacolor</b> <small>*an equity method affiliate in the future</small>	Medical PF	Oct. 2021	<ul style="list-style-type: none"> <li>Began operation as a joint venture with NTT DOCOMO developing high-valueadded services</li> <li>Currently working to design governance systems, strengthen organizational systems, and develop the business to ensure success as a joint venture</li> </ul>
<b>Other</b>	Medical PF	Jun. 2020	<ul style="list-style-type: none"> <li>Acquired knowhow and customer accounts by securing EMRs of other companies. Partial transfer of EMRs completed.</li> </ul>

# Assumption of FY2021 Full-Year Forecast

## HR PF

- Number of customer offices: Maintain the same growth
- ARPU:
  - Improve utilization rate by gaining job seekers, Increase by improving functionality
  - Contribution of online training system

## Medical PF

- Continue to increase ARPU, expand customer base, and improve cost efficiencies
  - Continue growing existing businesses (CLINICS, Pharms etc.)
  - Start of performance impact from new businesses (Dentis)
- Continue investment in development targeting mid-term growth
- Impact from deregulation is conservatively factored in

## New Services

- Plan to expand business

## Corporate Expenses

- Continued aggressive hiring to achieve growth
  - HR Platform: approx. 130 new hires<sup>(1)</sup>
  - Medical Platform: approx. 30 new hires<sup>(1)</sup>
  - Corporate: approx. 30 new hires<sup>(1)</sup>
- Expect one-time expenses associated with office relocation(JPY 172 million<sup>(2)</sup>)

## Others

- Still-to-be-determined sales from new businesses and potential impact of M&A deals with low probability not factored into forecast
- We forecast that any disruption caused by the third round (and any subsequent rounds) of vaccinations will be smaller than that seen in 2021
- Adoption of new revenue recognition standard factored into forecast

(1) Number of planned hires at parent company

(2) Double rent and moving expenses incurred during the restoration period of the original office after relocation



We aim to achieve continued sales growth in FY2022 and forecast YoY growth of 35%. We will consider and carry out M&A and other measures to achieve our goals.

	New Revenue Recognition Standard			(Ref.) Old Standard		
(JPY mm)	FY2021	FY2022E	YoY	FY2021	FY2022E	YoY
<b>Sales</b>	<b>10,322</b>	<b>13,950</b>	<b>+35%</b>	<b>10,863</b>	<b>14,700</b>	<b>+35%</b>
<b>Gross Profit</b>	<b>6,985</b>	<b>9,450</b>	<b>+35%</b>	<b>6,985</b>	<b>9,450</b>	<b>+35%</b>
<b>EBITDA</b>	<b>1,218</b>	<b>1,550</b>	<b>+ 27%</b>	<b>1,218</b>	<b>1,550</b>	<b>+ 27%</b>
Operating Profit	733	900	+23%	733	900	+23%
Ordinary Profit	743	900	+21%	743	900	+21%
Profit Attributable to Owners of Parent	563	650	+ 15%	563	650	+ 15%

# General Plan for Investment in FY2022

In FY2022, we will continue to proactively invest in growth in order to reach our medium-term sales target ahead of schedule.

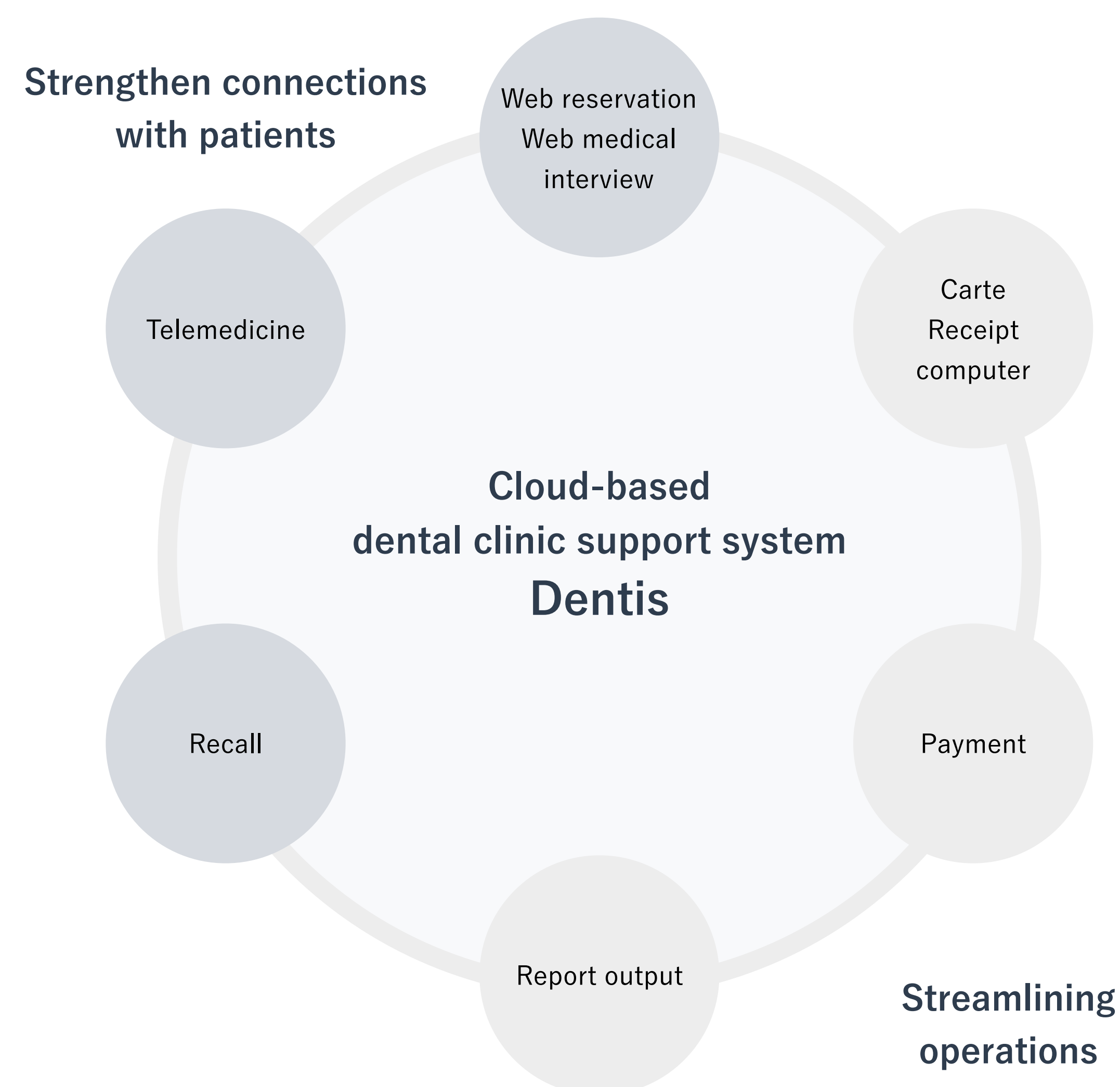
## Definitions

- Investment in growth: Investment directly linked to future earnings and cost reductions

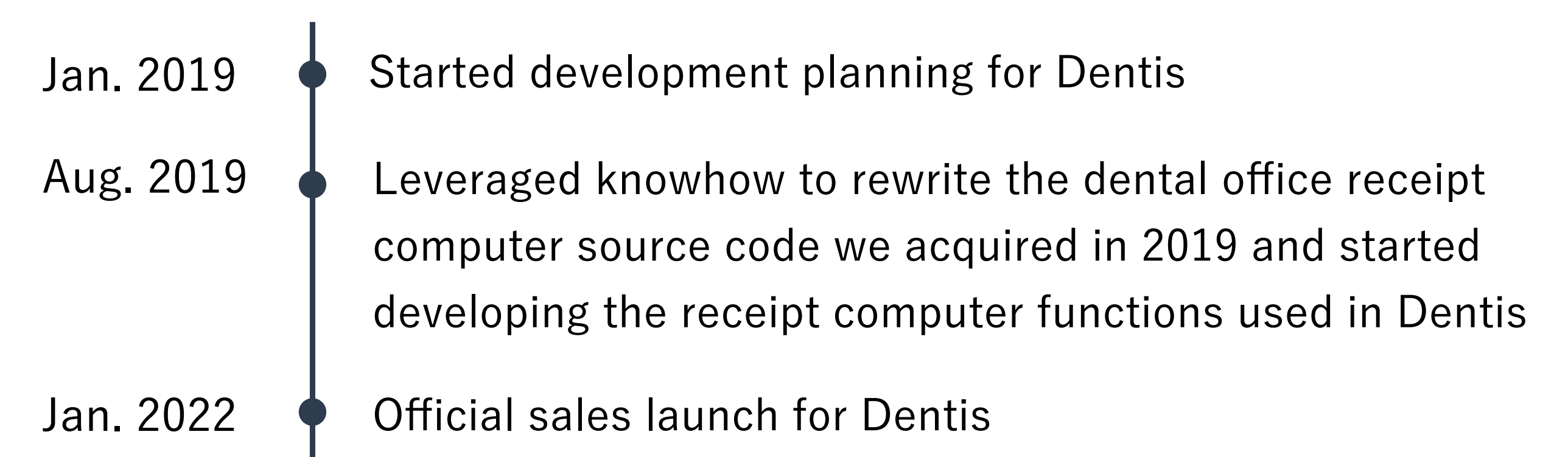
		FY21 Results	FY22 Plan
(JPY mm)			
<b>Investment in Growth</b>		<b>2,997</b>	<b>3,900</b>
<b>HR PF</b>	Customer Offices Acquisition	151	-
	Customers Acquisition	2,081	-
<b>Medical PF</b>	Customer Offices Acquisition	590	-
	R&D for New Service SaaS	83	-
	R&D for Service for Consumer	89	-
<b>Expenses Associated with Business Expansion (e.g.)</b>			
<b>HR PF</b>	R&D for constant improvement	132	-
<b>Medical PF</b>	R&D for constant improvement	266	-
<b>Corporate Expenses</b>	Personnel costs for corporate	Increase: 53	-
	Hiring costs	150	-
	Invest on personnel-related system	99	-

We launched the cloud-based dental clinic support system Dentis, designed to provide a new type of patient experience and streamline dental office workflow. In addition to core systems such as receipt computers and EMRs, Dentis offers the support regular appointment scheduling and improve the dental care experience of patients. This comprehensive solution encourages patient engagement and thereby supports the transition from treatment-focused dental care to prevention-focused dental care.

## Features of Dentis

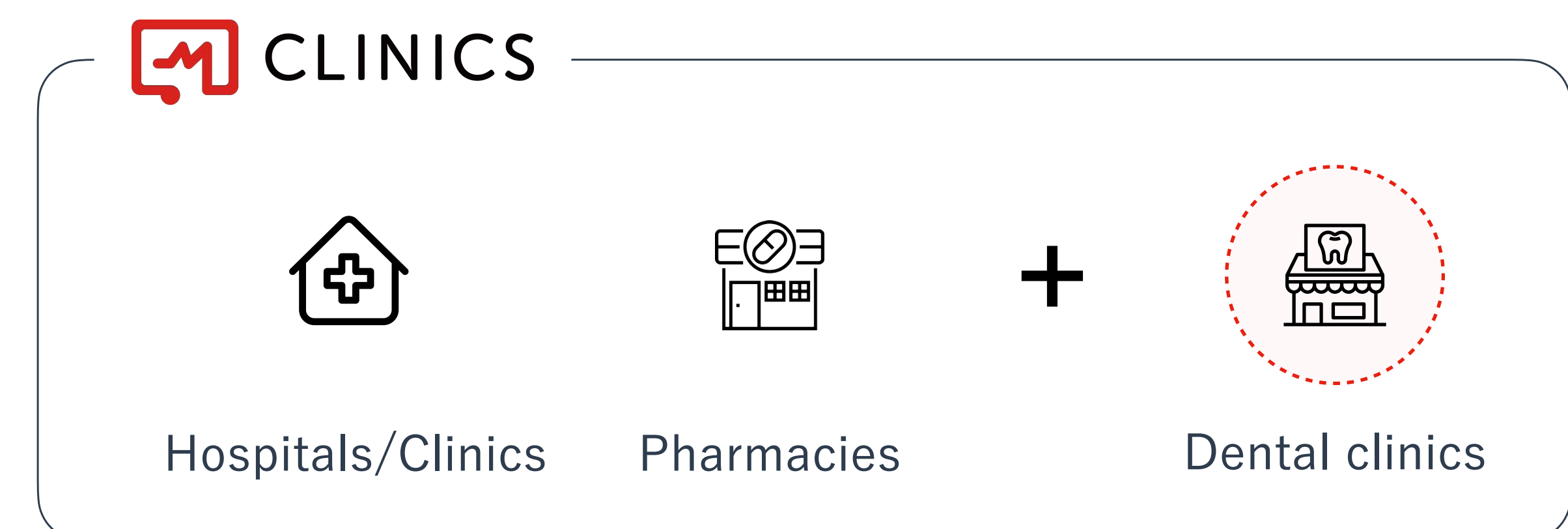


## Transition from commercialization phase to profitability phase



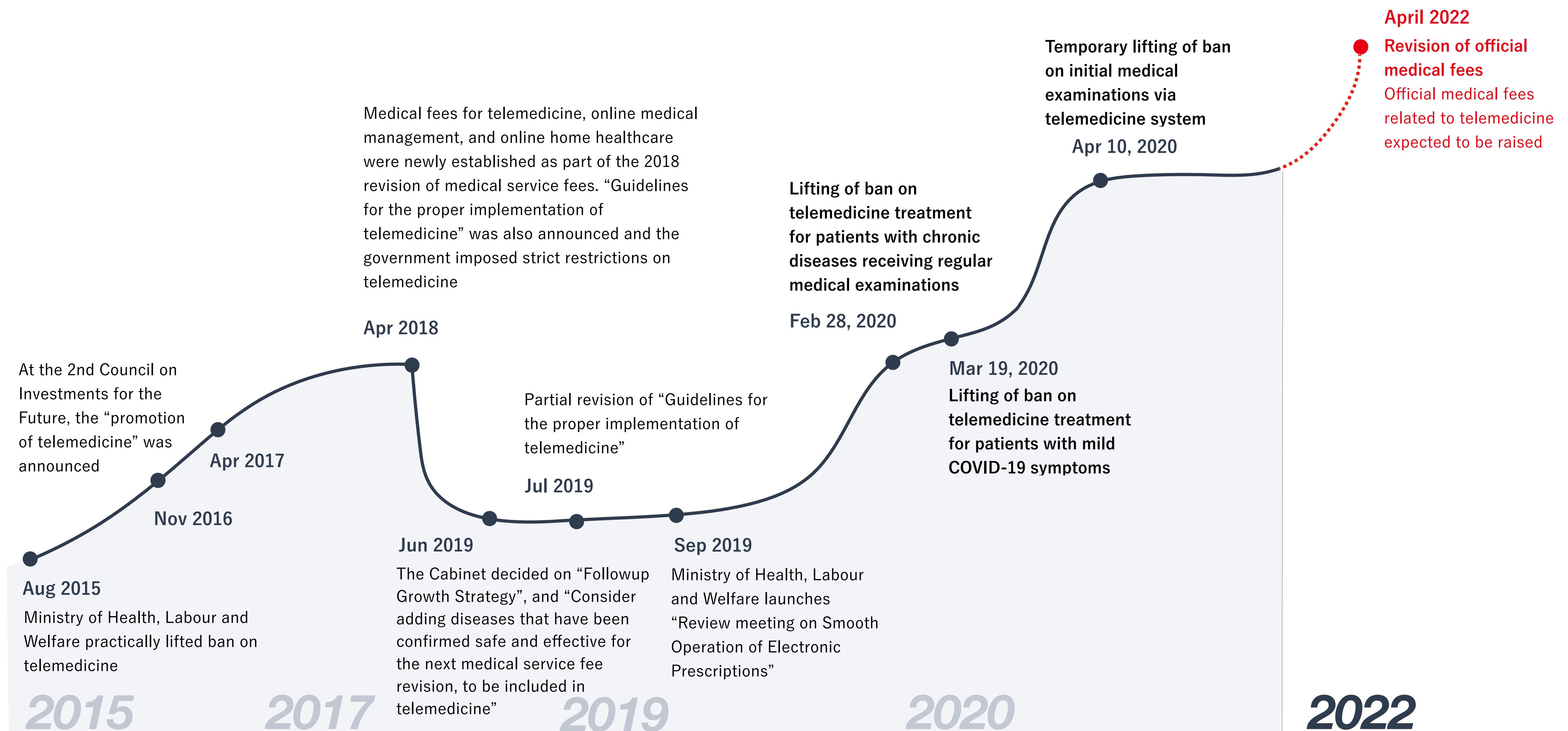
## Synergies with CLINICS app

- Plan to generate synergies by linking with CLINICS app for patients





Starting in 2020, large-scale deregulation was implemented as a temporary measure in response to COVID-19. We expect even further deregulation along with the revision to official medical fees in 2022.



On April 10, 2020, in response to the COVID-19 crisis, the ban on initial medical examinations via telemedicine was lifted and restrictions regarding conditions treated via telemedicine were also lifted. Ahead of the revision to official medical fees scheduled for April 1, 2022, the Central Social Insurance Medical Council (Chuikyo) is holding discussions regarding price levels and treatment regulations.

			Temporary impact from COVID-19	Systematic implementation
	April 1 2018: Medical Fee Revision	April 1 2020: Medical Fee Revision	April 10 2020: Guidance Statement	April 1 2022 : Medical Fee Revision (Public information basis)
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 <b><u>every month for at least six months</u></b>	The doctor conducting telemedicine treatment must also provide face-to-face medical treatment <b><u>every month for at least three months</u></b>	<b><u>Initial medical examinations via telemedicine systems allowed</u></b>	<b><u>Initial medical examinations via telemedicine systems allowed</u></b> <sup>(1)</sup>
Medical fee for online medical treatment (Initial examination fee)	No available for first time	No available for first time	JPY 2,140 (Approx. 70% of face-to-face medical treatment)	JPY 2,510 (Approx. 90% of face-to-face medical treatment)
Requirements for medical care system	In the event of an emergency, face-to-face medical treatment must be possible within roughly 30 minutes	<b><u>No restrictions</u></b>	<b><u>No restrictions</u></b>	<b><u>No restrictions</u></b>
Target patients	Certain patients with lifestyle-related diseases such as hypertension and diabetes	<b><u>Chronic headaches and nicotine addiction</u></b> added to list of conditions eligible for telemedicine treatment	<b><u>No restrictions</u></b>	<b><u>No restrictions</u></b>

(1) In principle, it should be performed by patient's home doctor. However, it can be conducted at the doctor's discretion after understanding the patient's medical information.

1. FY2021 Q4 Results

2. FY2021 Results

3. Progress Towards Mid-Term Targets and FY2022 Forecast

**4. Investment Highlights**



1. Vast opportunities 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.

### HR 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

### New Services

We are continuously developing businesses to promote the use of IT in the nursing care area and in peripheral areas.

### 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.



CLINICS



MEDLEY

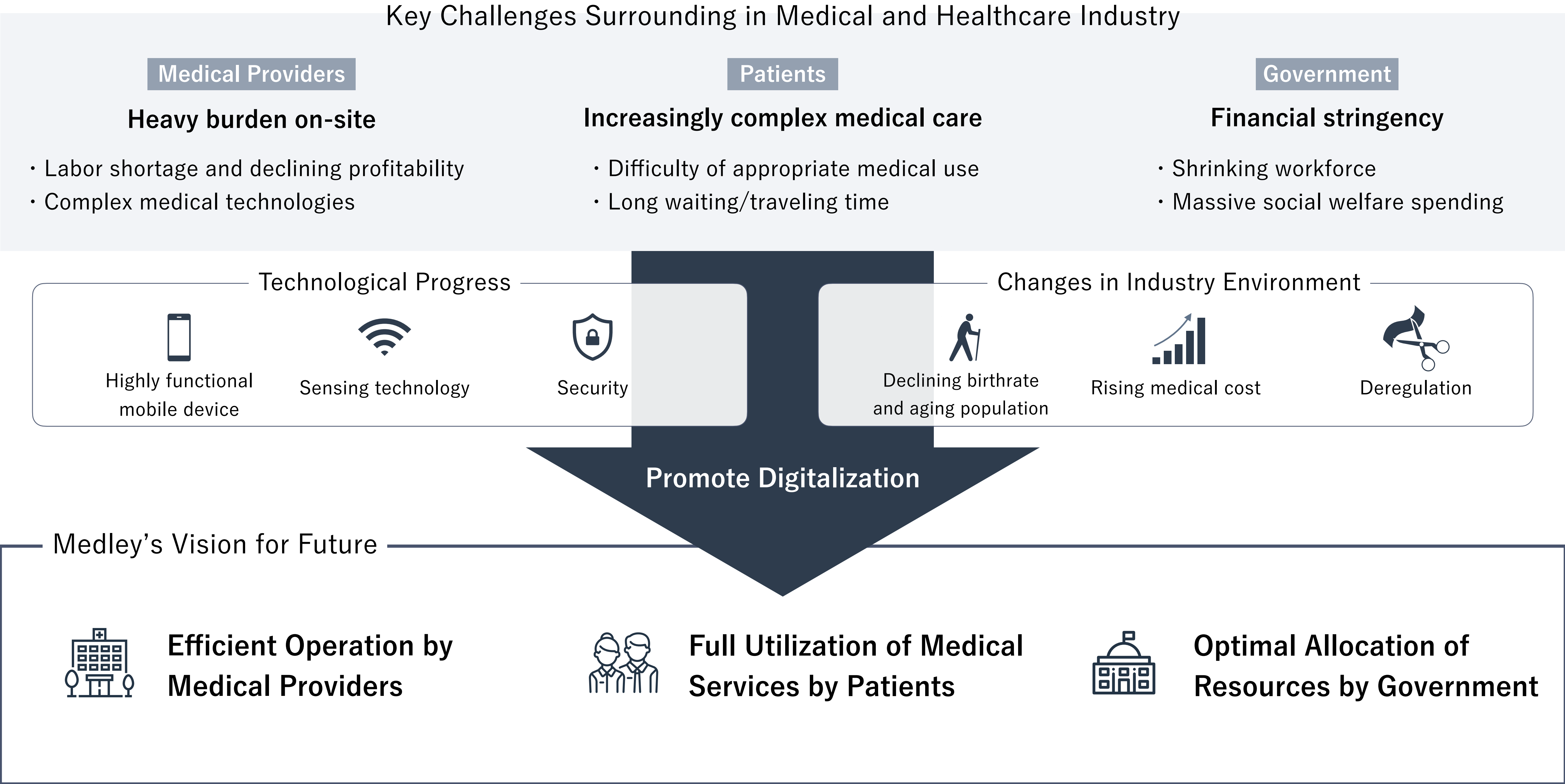


Pharms



MALL

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

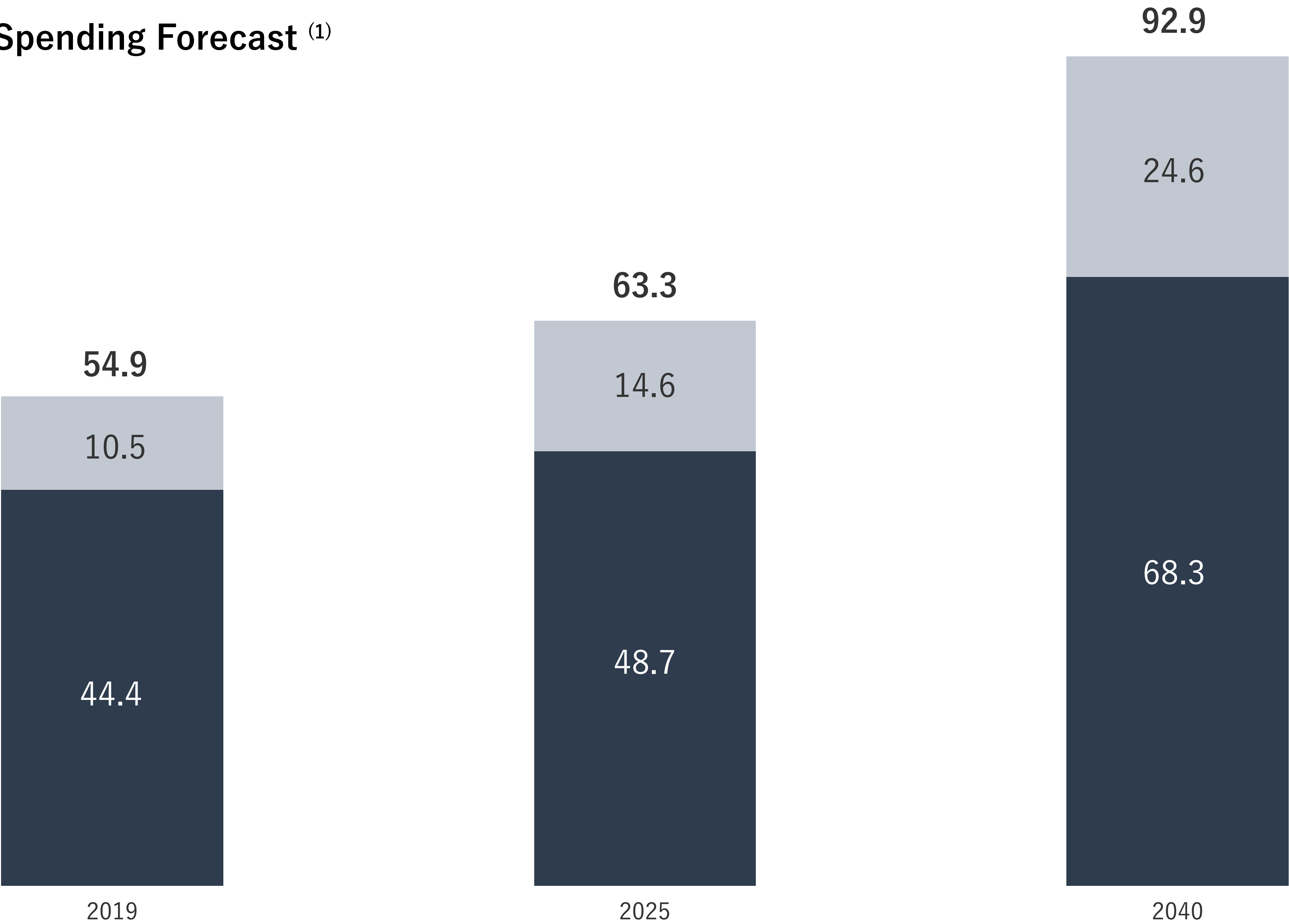


Spending on social welfare is expected to rise continuously in Japan owing to the aging of the population. The number of medical care workers taking care of elderly patients is also expected to rise.

## Social Welfare Spending Forecast <sup>(1)</sup>

(JPY Trillion)

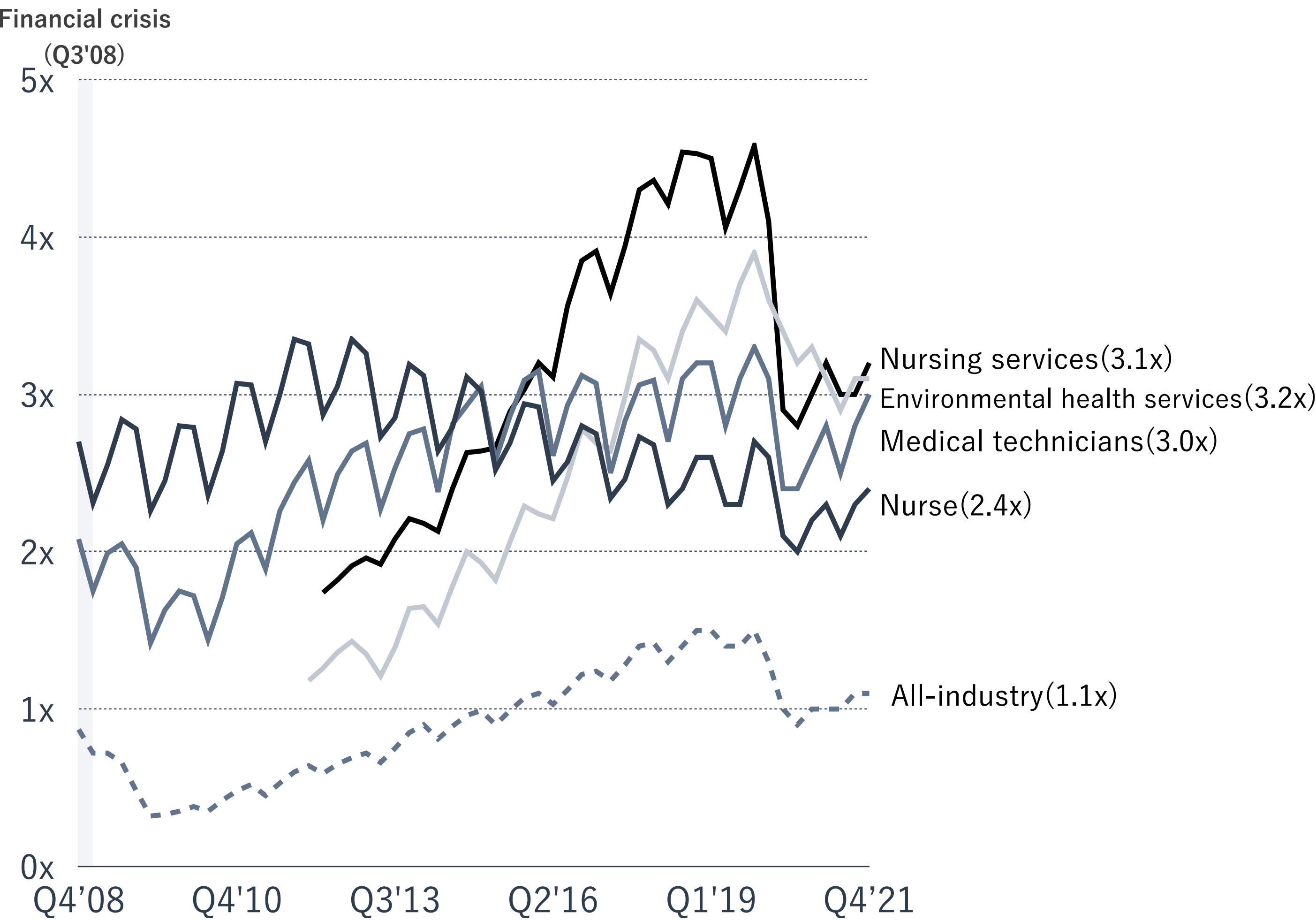
- Nursing care cost
- Medical cost



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

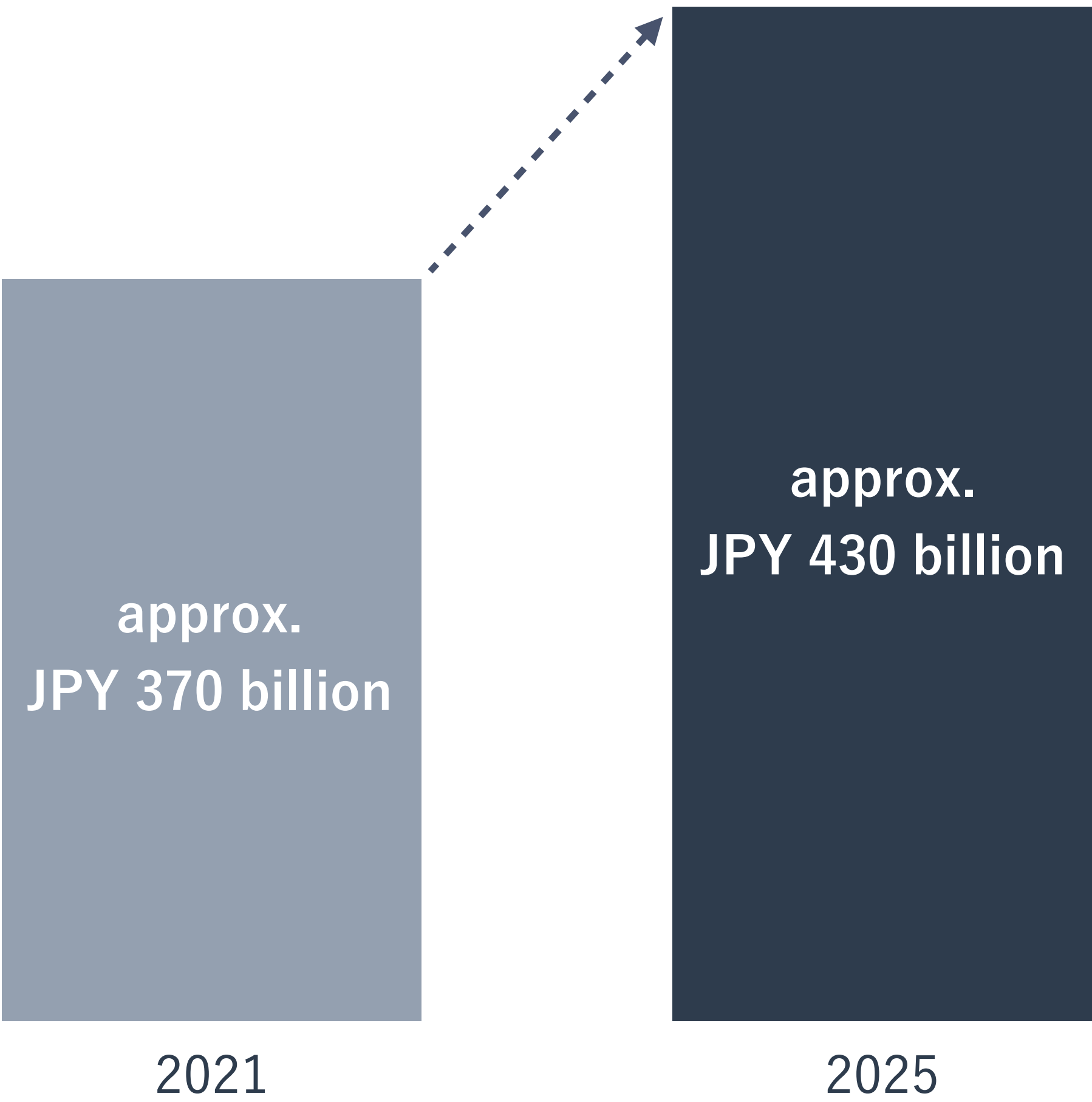
The Japanese medical industry suffers from a chronic shortage of workers, with a jobs-to-applicant ratio remains much higher than the average for all industries regardless of economic conditions. We estimate the current market size to be approximately JPY 370 billion, and expect expansion to up to JPY 430 billion in 2025 driven by increasing demand.

Ratios of Job Openings to Job Applicants<sup>(1)</sup>



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

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

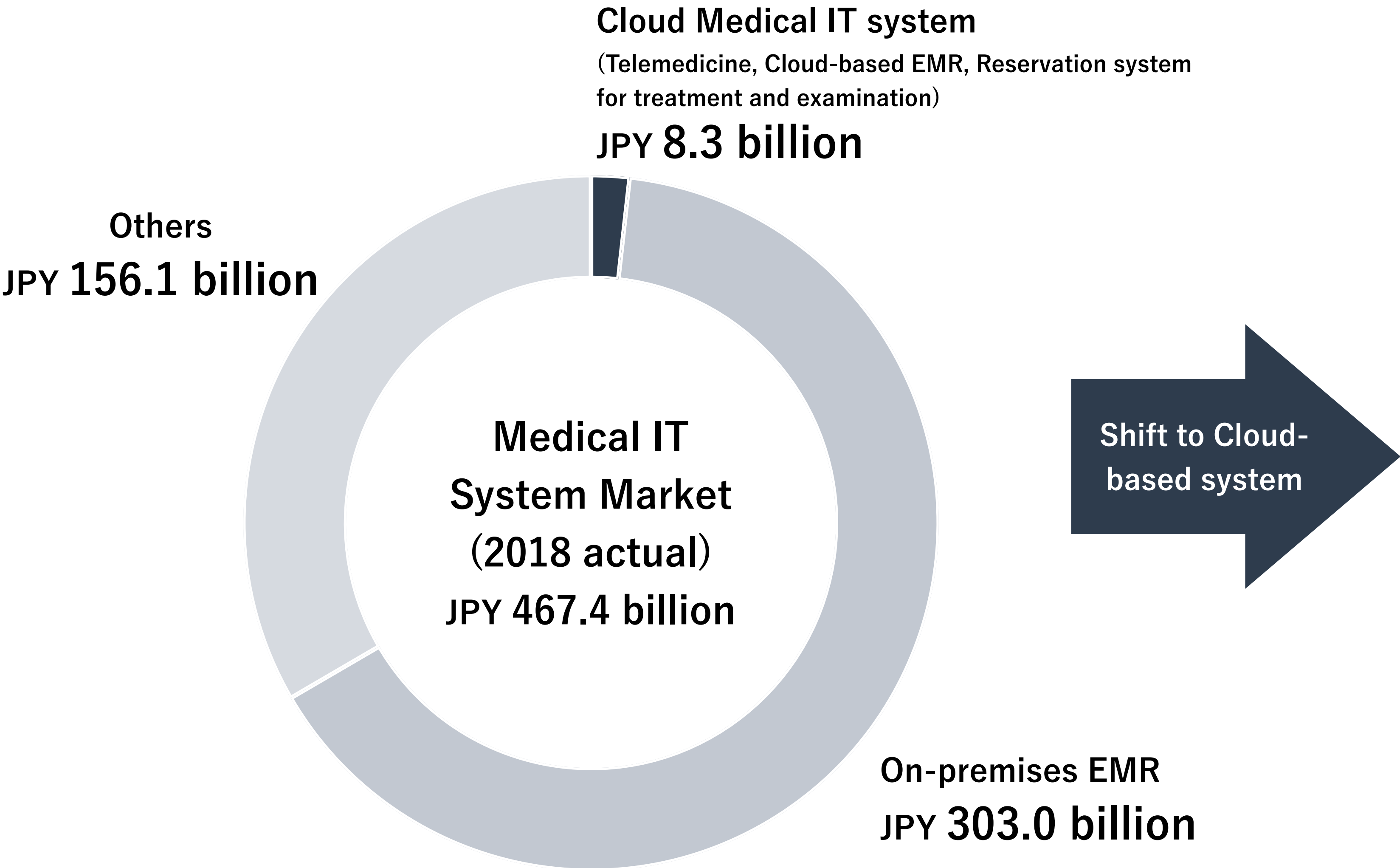


(2) Estimates by Medley, Inc.

FY2021A: Calculated based on the number of employees in the medical/beauty healthcare industries in Japan (roughly 9.9 million), the average annual hiring rate for occupations that fall under the category of “medical care/welfare” and “environmental health services” in FY2019 employment trend survey results (approximately 16% for the “medical care/welfare”, approximately 25% for the “environmental health services” = approximately 1.6 million people), and the average unit price of JobMedley placements for all occupation categories.  
FY2025E: Based on the abovementioned FY2021A 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.

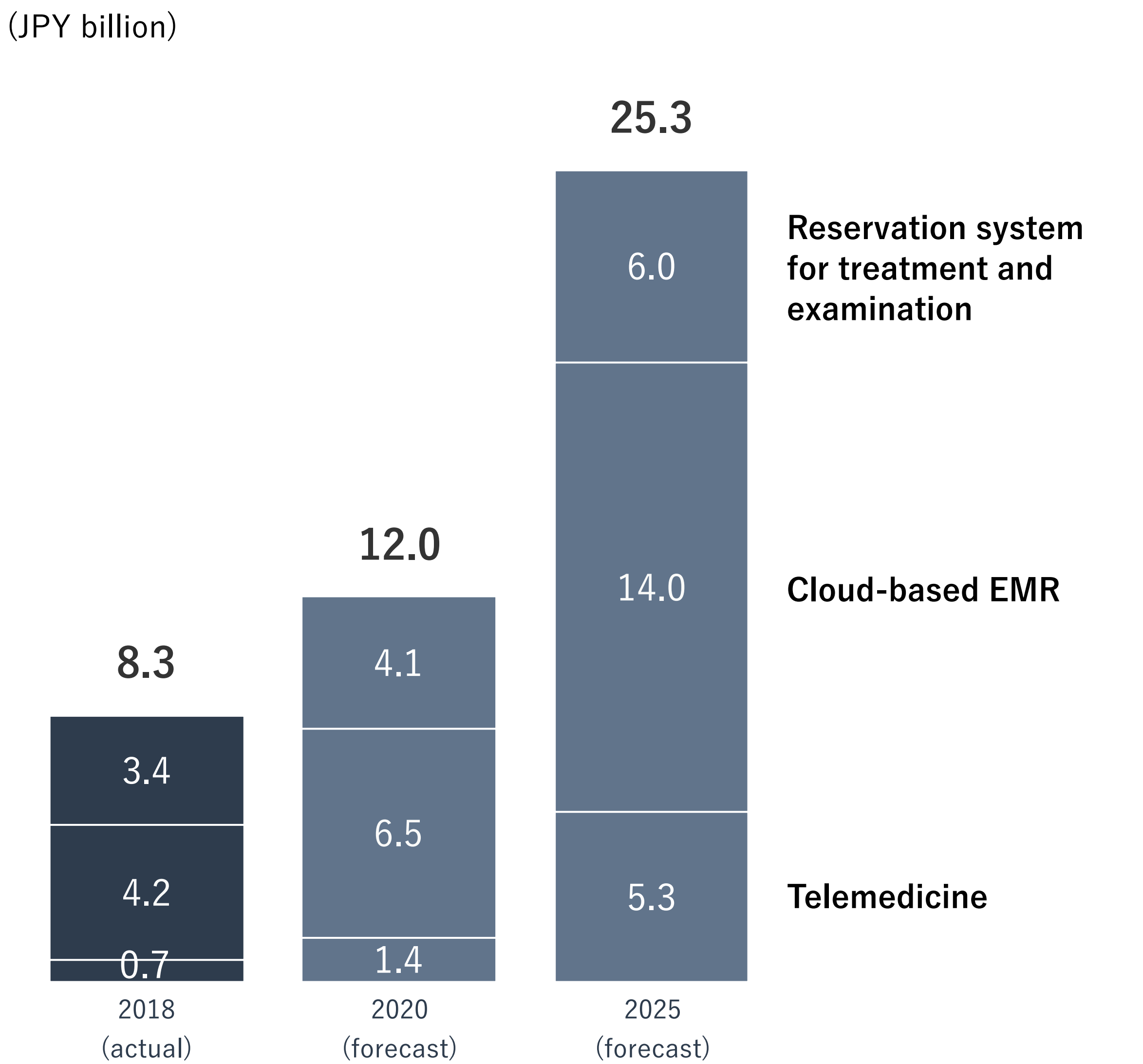
Estimated current medical IT system market size is approximately JPY 470 billion. Today, the bulk of the systems used in medical industry are on-premises based (on-site servers), but more platforms have been adopting cloud-based systems since the deregulation in 2010, owing to advantages in terms of 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<sup>(1)</sup>



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

Cloud Medical IT System Market in Our Operating Area<sup>(1)</sup>



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

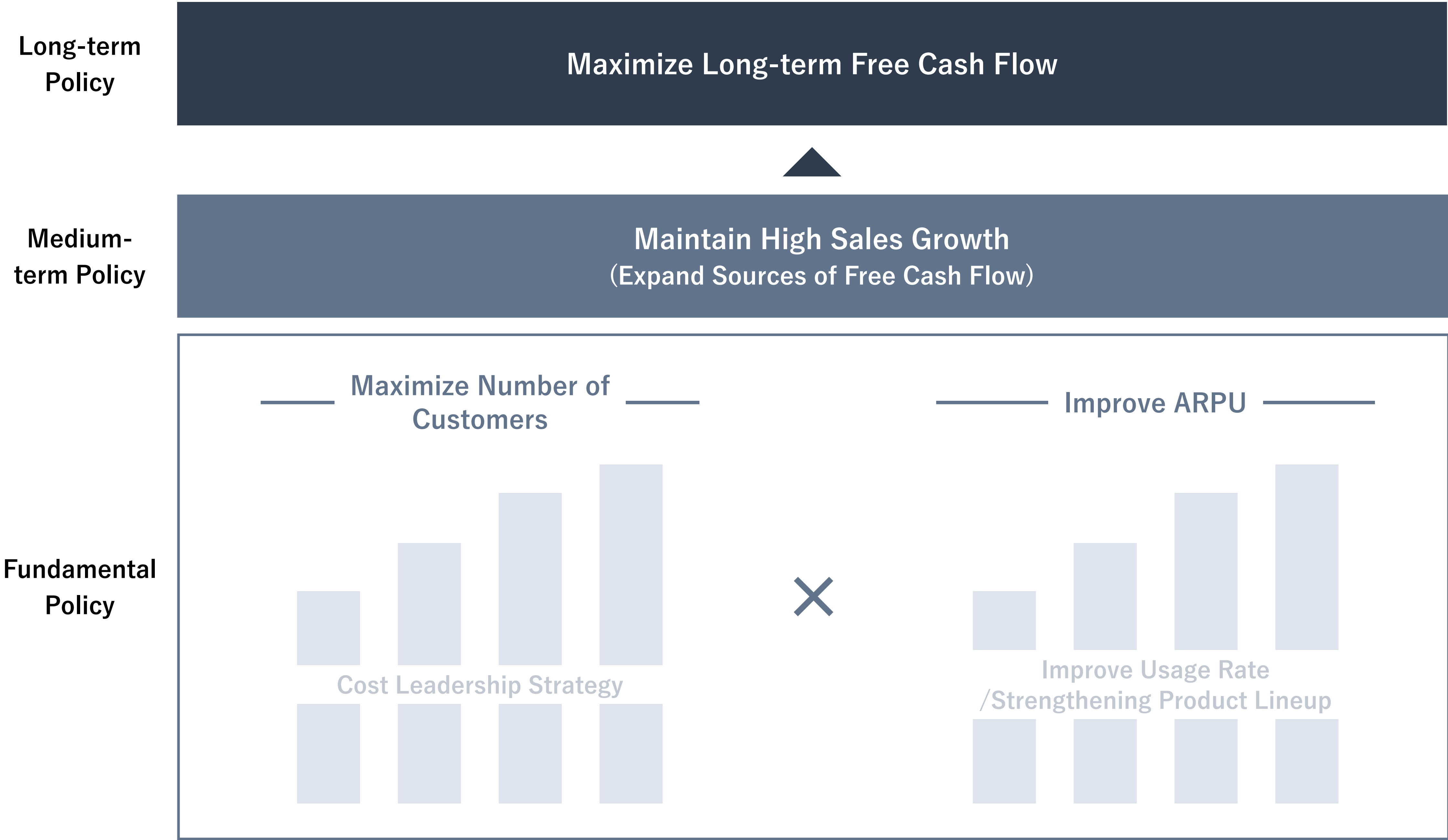
(1) Future Outlook for Medical Big Data Business and Seamless IT / Cloud Computing of Medical IT in 2020 by Fuji Keizai



# 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.

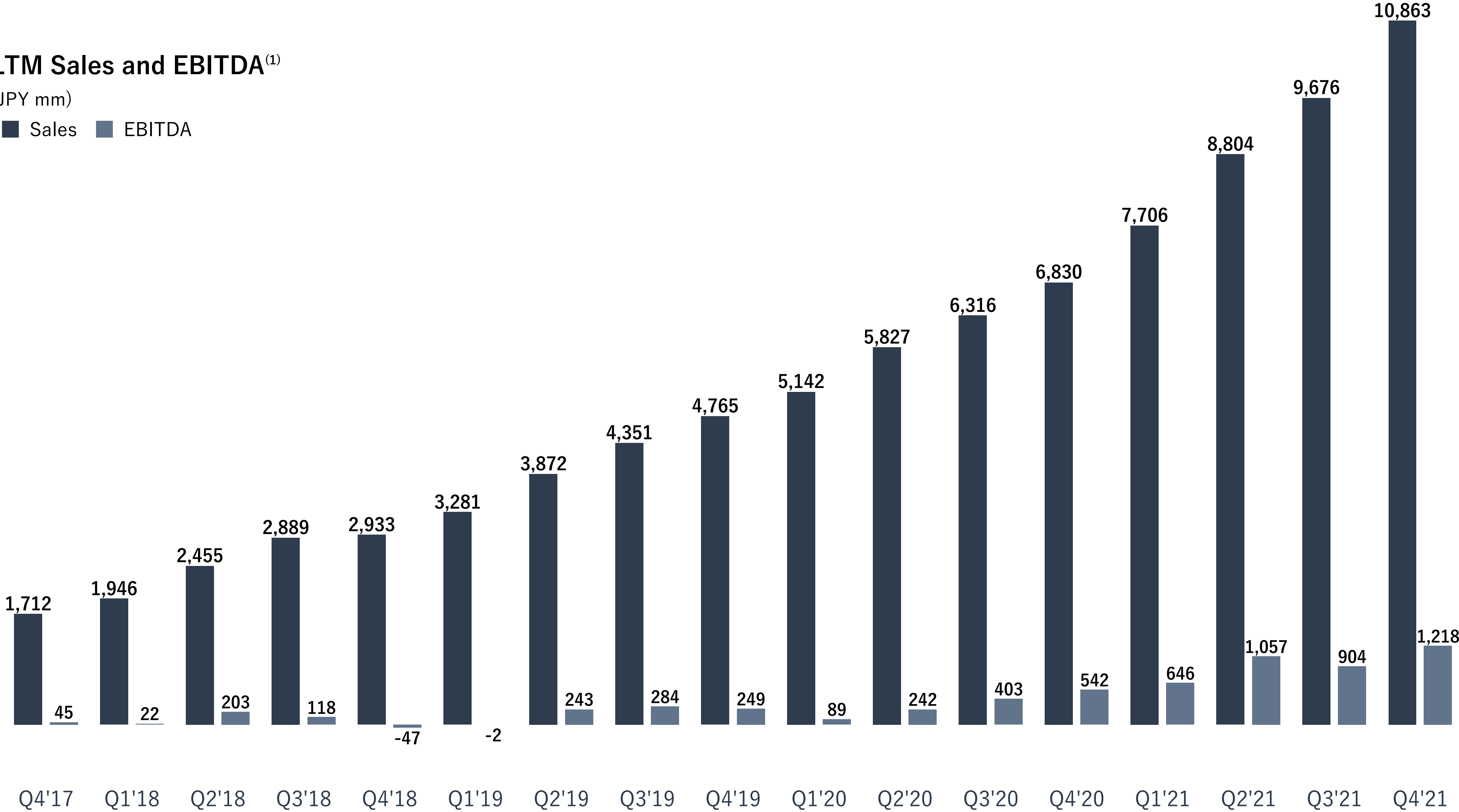


Although sales in HR Platform tend to concentrate on every Q2, sales and EBITDA for the last 12 months (LTM) have been on a stable increasing trend.

LTM Sales and EBITDA<sup>(1)</sup>

(JPY mm)

■ Sales ■ EBITDA

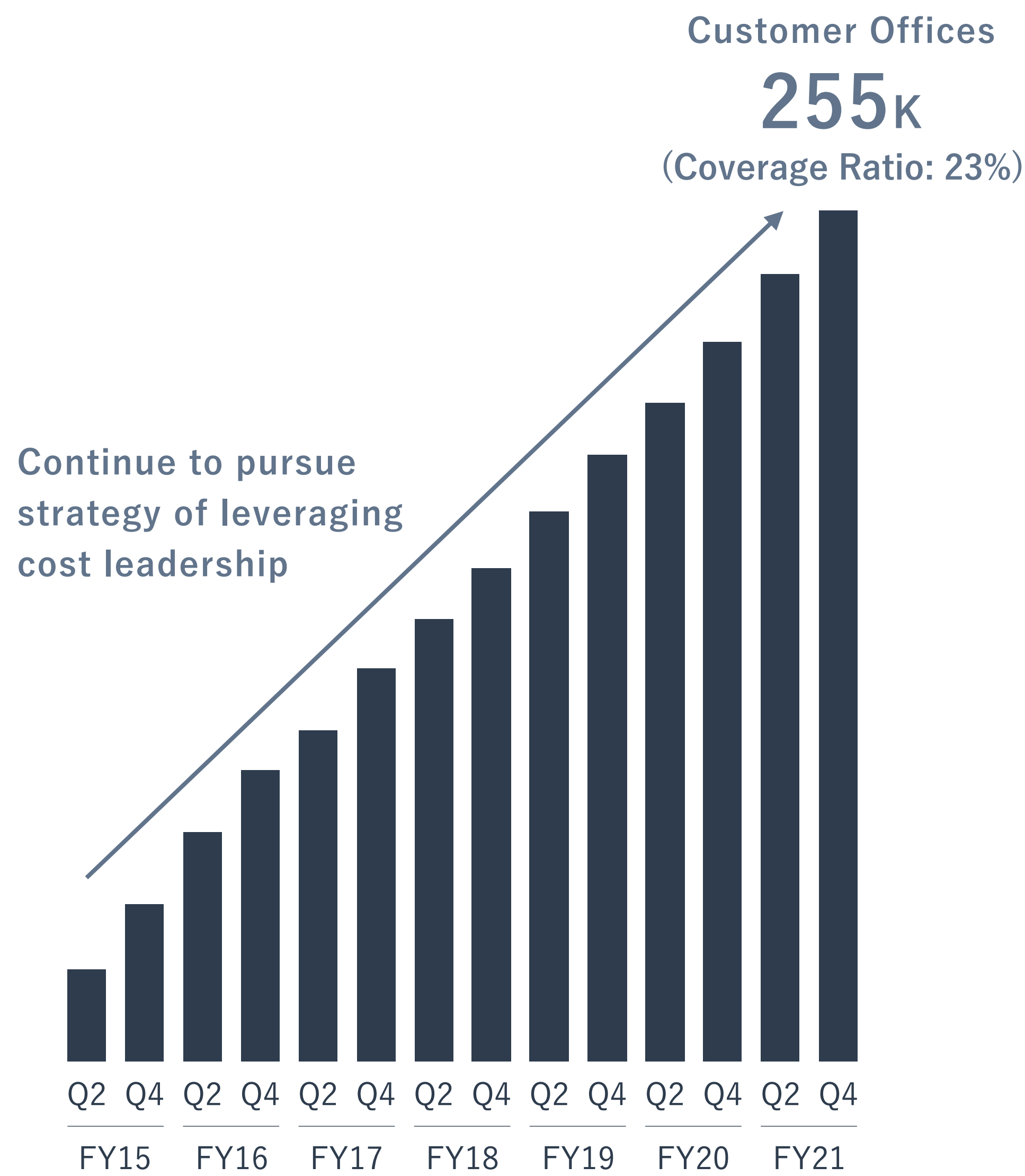


(1) Sum of sales and EBITDA for the last 12 months from the end of each quarter. Sales is based on Old Standard.

In HR 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.

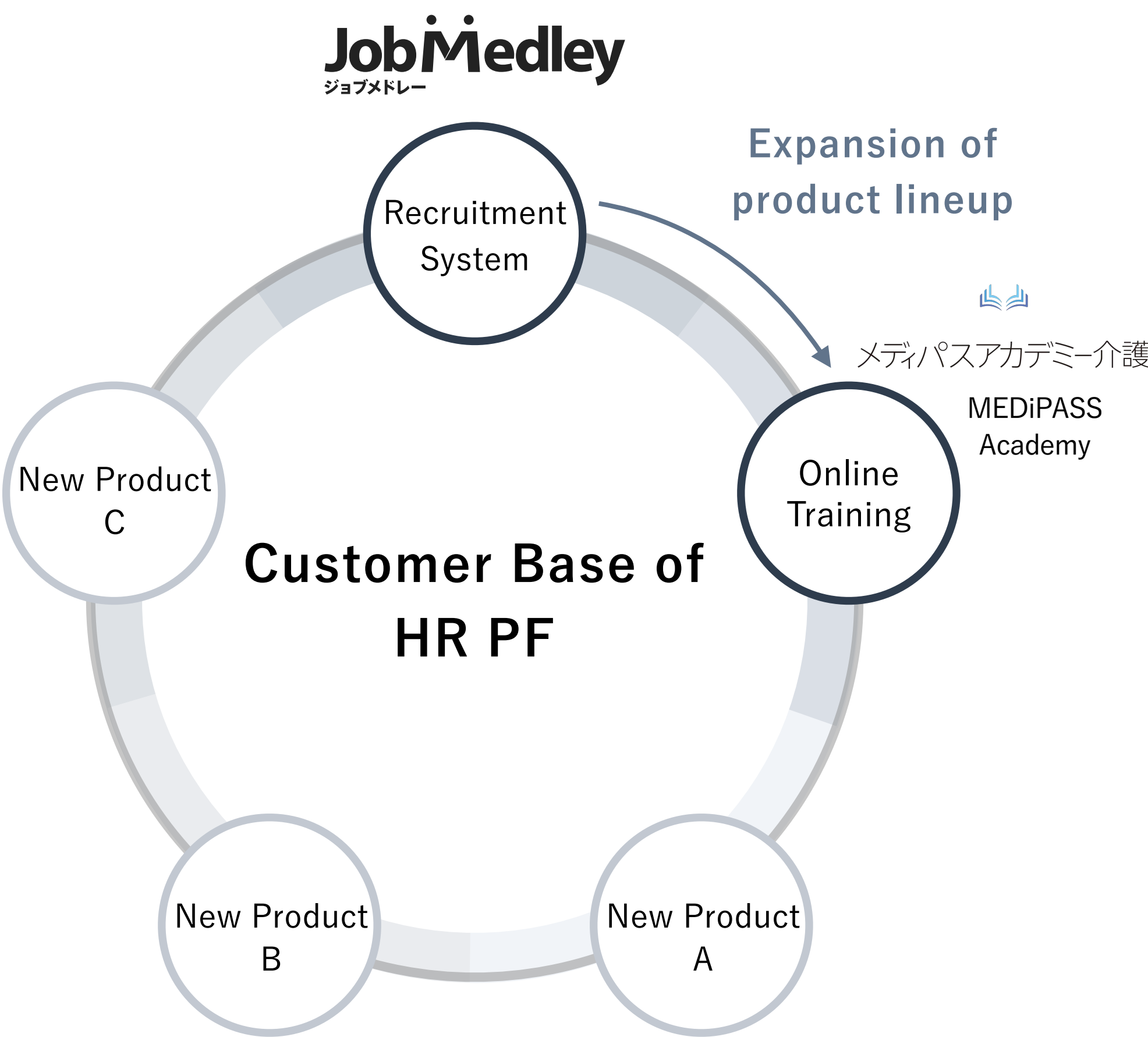
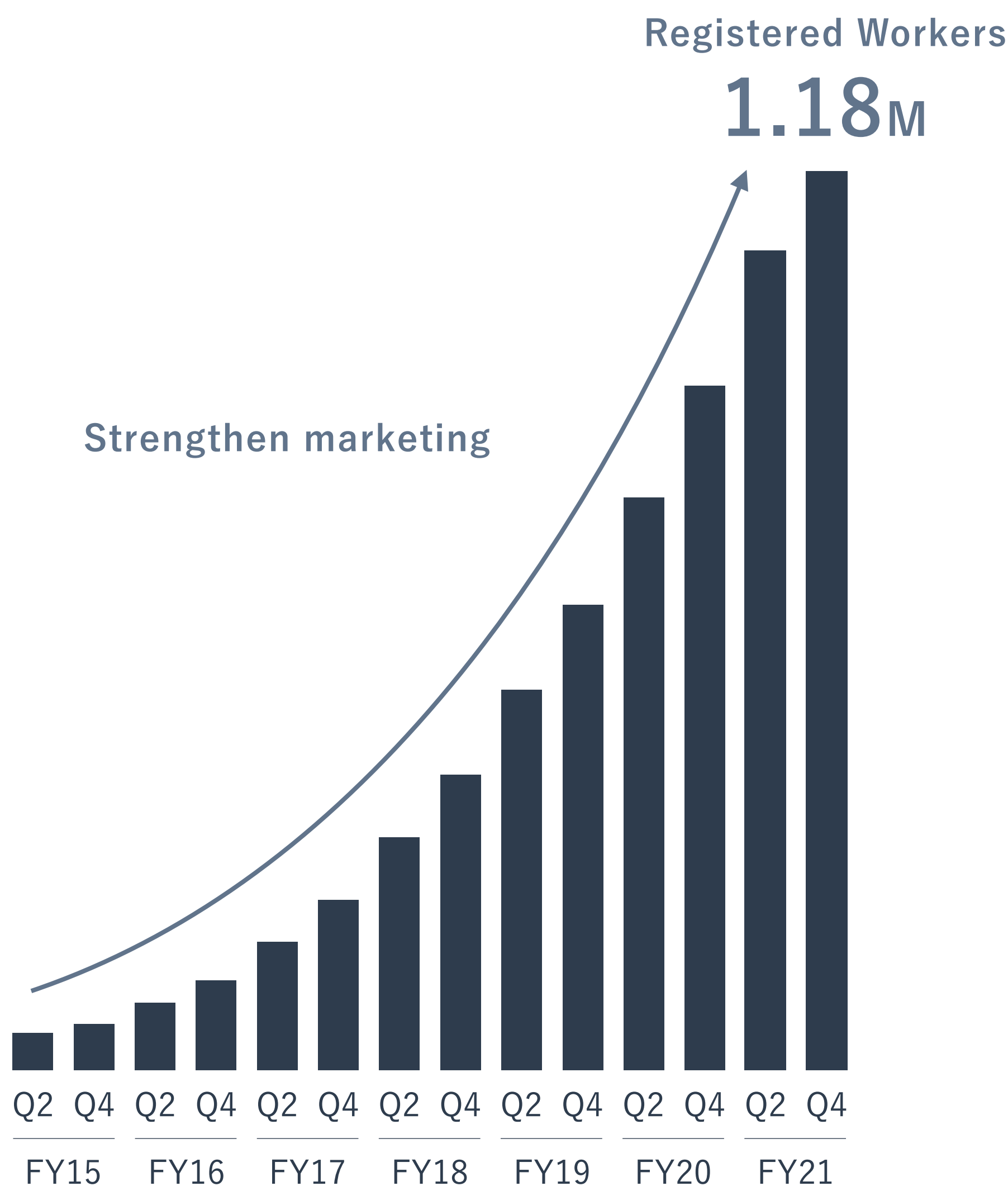
### Maximize Number of Customers

- The number of target customers is 1.1 million<sup>(1)</sup> 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 9.9 million<sup>(1)</sup>, we see considerable upside potential
- Leverage the customer base for our recruitment systems and promote digitalization of related operations such as online training, etc.



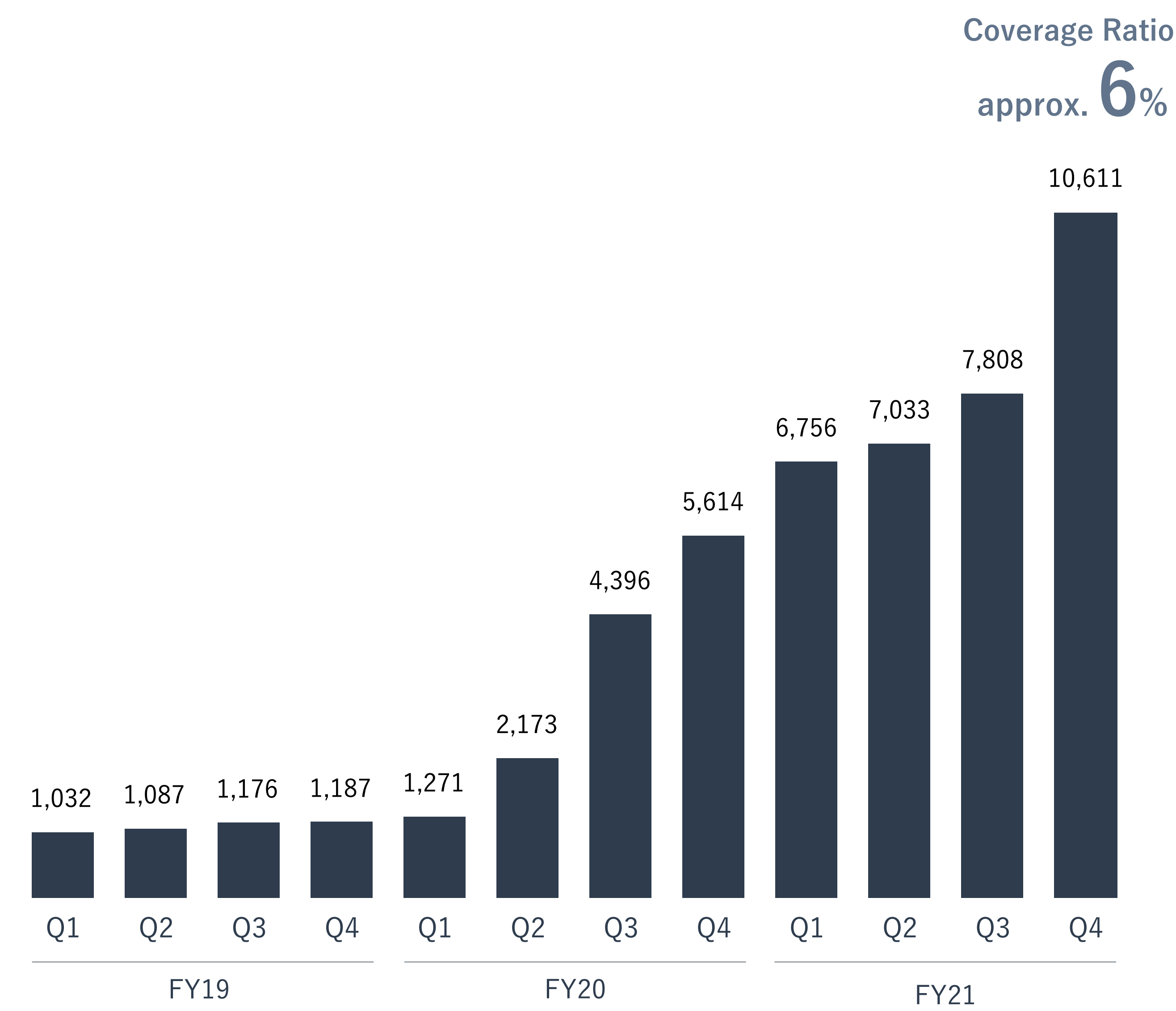
(1) Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications etc. statistics



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

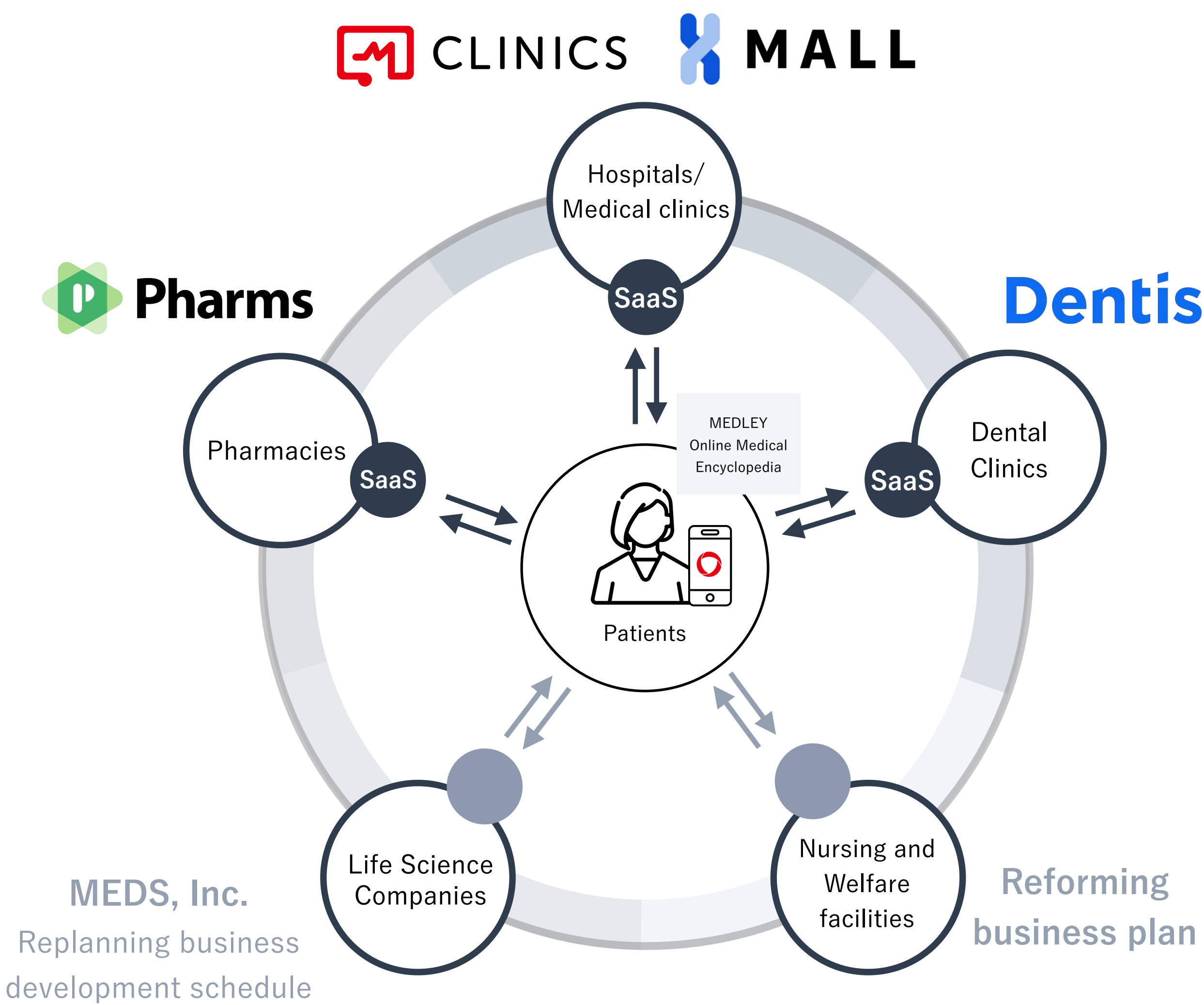
- Target customer base has sizable upside potential with roughly 170k<sup>(1)</sup> hospitals, clinics, and pharmacies



(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



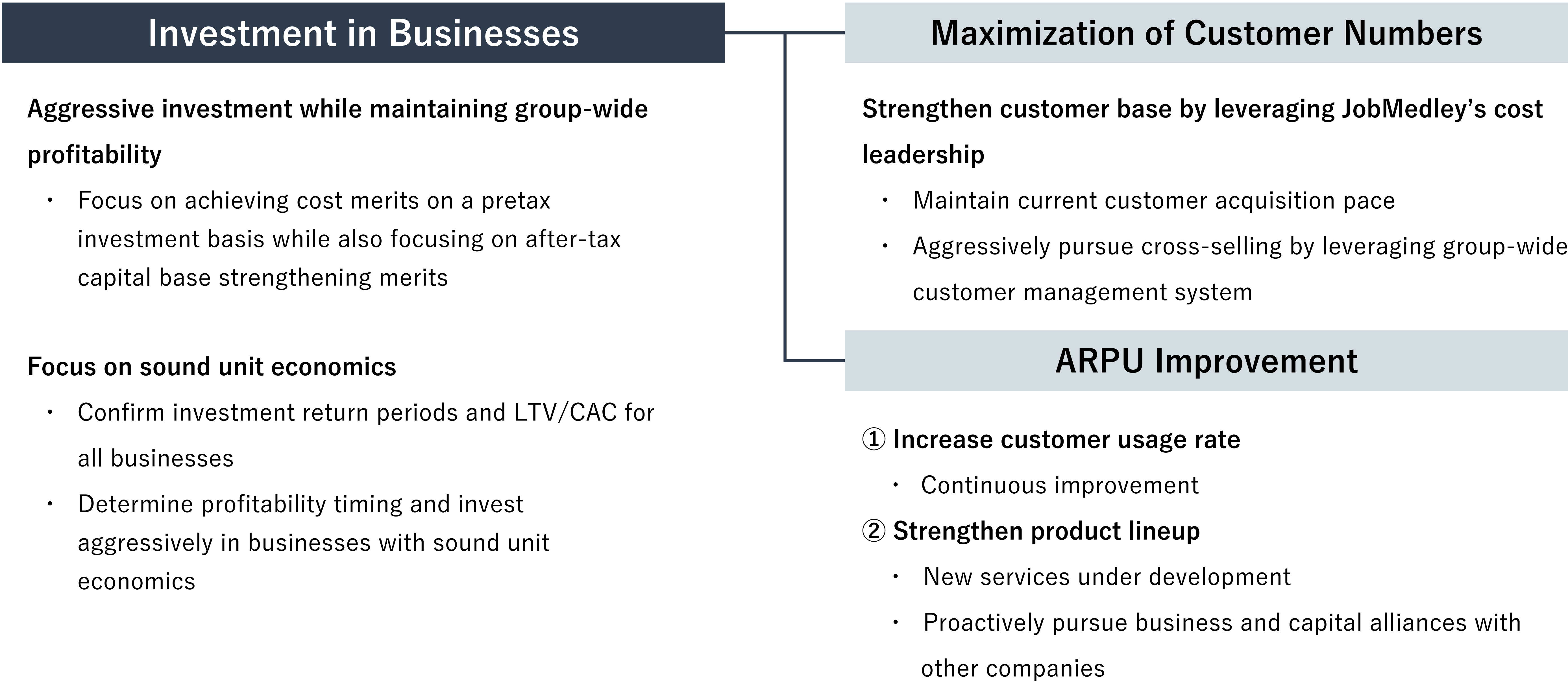
In order to reach our medium-term targets ahead of schedule, we will aggressively invest capital secured via operating cash flow and interest-bearing debt in our businesses. We will also conduct M&A while keeping the company EBITDA positive on a companywide basis.

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

# 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.



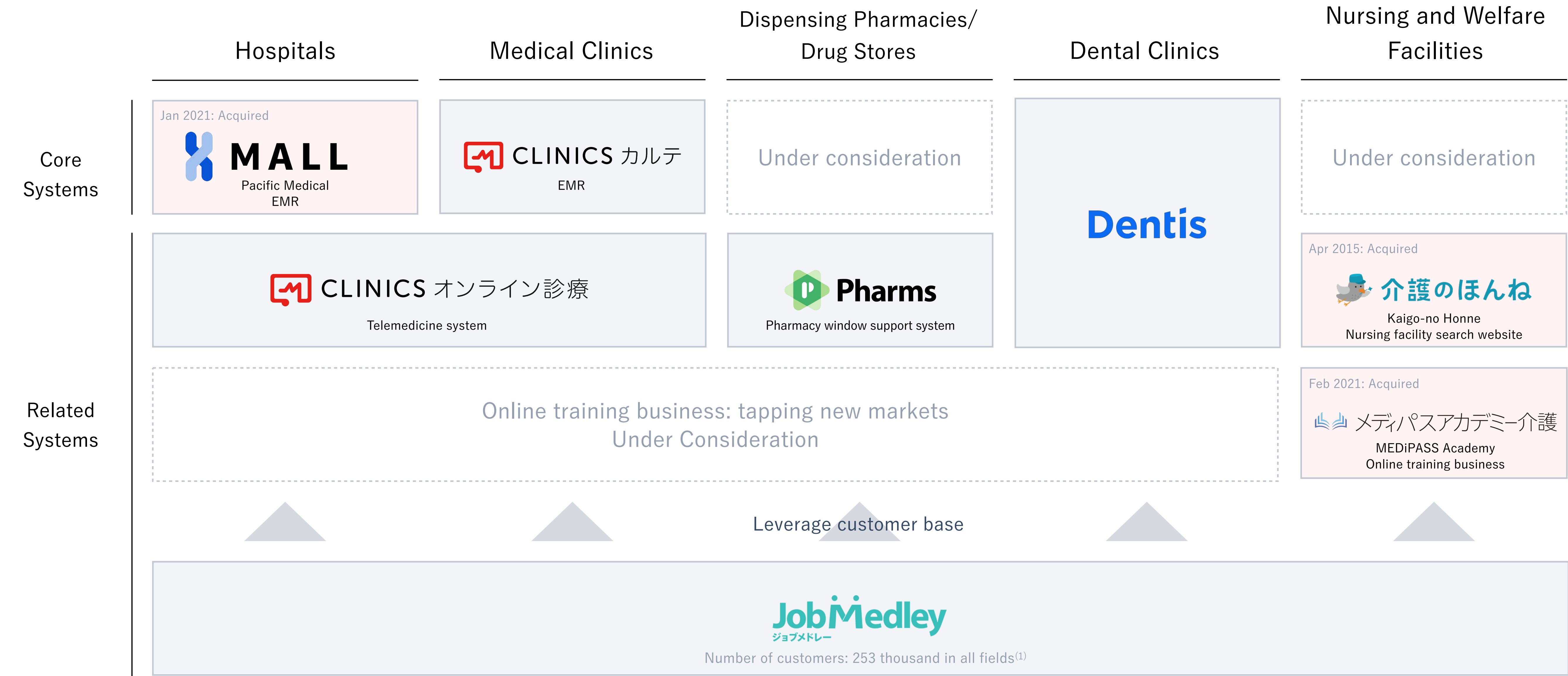


# B: Promoting Digitalization in the Healthcare Sector Through Synergy-Focused M&A



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 December 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 FY2021	In the red in FY2021	
	Cash generation phase	Profitability phase	Commercialization phase
HR Platform	<div>JobMedley</div> <div>Expected to turn profitable in FY24</div>	<div>メディパスアカデミー介護 MEDiPASS Academy</div>	
Medical Platform	<div>CLINICS オンライン診療 Telemedicine system</div> <div>Turned Profitable in FY19</div> <div>Expected to turn profitable in FY24</div> <div>Expected to turn profitable in FY22</div> <div>MALL EMR for hospitals</div> <div>• Planning investment to accelerate growth</div>	<div>CLINICS カルテ EMR</div> <div>Pharms</div> <div>• Launched in September FY20 • Business for dispensing pharmacies</div> <div>Dentis</div> <div>• Launched in January FY22 • Business for dental clinics</div>	<div>MEDLEY</div> <div>• Preparation for next phase • No expansion of losses</div> <div>MEDS, Inc.</div> <div>• Established in August FY20 • Rescheduled development plan after FY22 • Partial participation in alliance with NTT DOCOMO</div> <div>New Service</div> <div>• Began development in FY19 • Plan to begin business development in FY22</div>
New Services	<div>Expected to turn profitable in FY23</div>	<div>介護のほんね Kaigo no Honne; Nursing facility search website</div>	

We set a high ratio of cash and deposits in order to make flexible investments. In addition to cash flow from operations, we have a strong financial base funded by equity offerings and by bank loans. Under the current circumstances, additional equity financing to achieve our mid-term targets is not required. We seek for appropriate use of capital as attractive investment opportunities are expected under market fluctuations.

Current Financial Position and Policy

B/S as of end of December 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

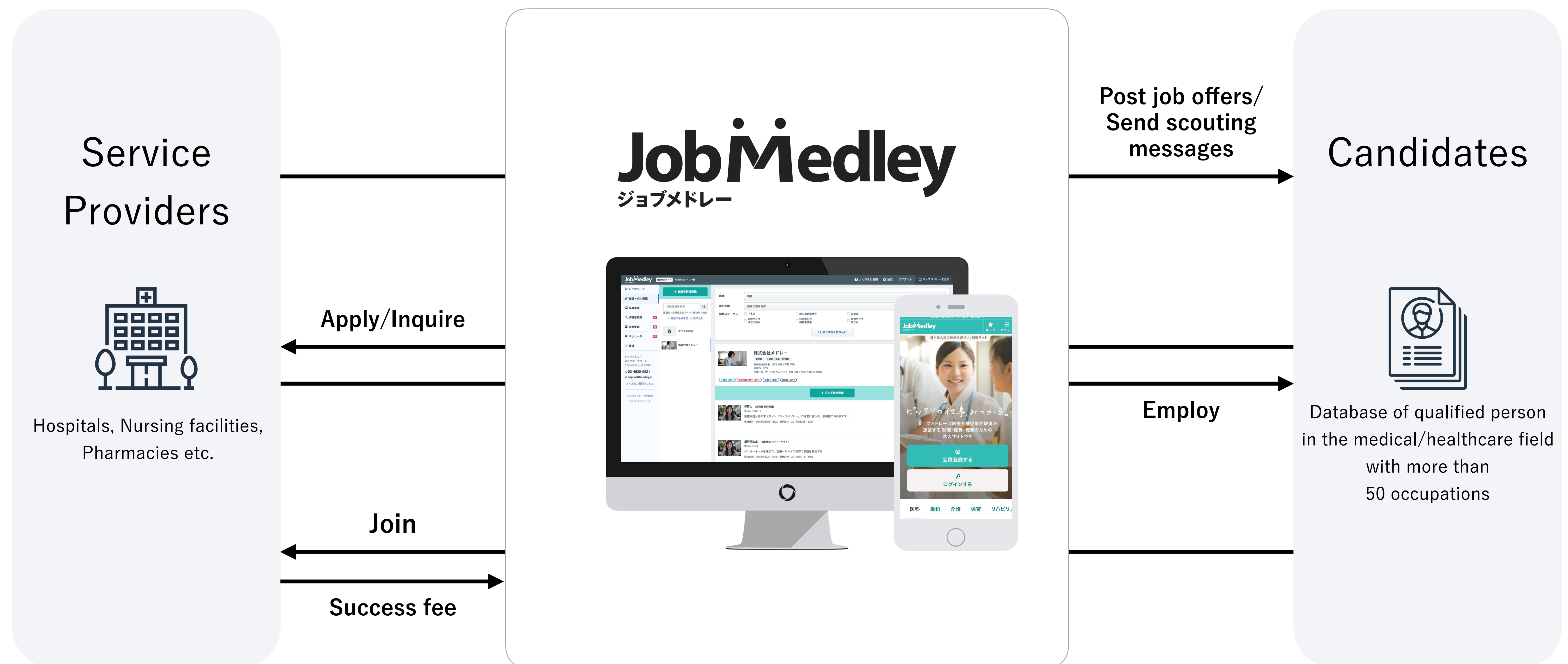
Cash raised from LOC		Untapped LOC 2,000	
Cash and deposits 14,294		Debt 3,156	
		Other Liabilities 3,002	
		Net assets 14,049	
Other assets 5,913			

- 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
- HR 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



# HR 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.



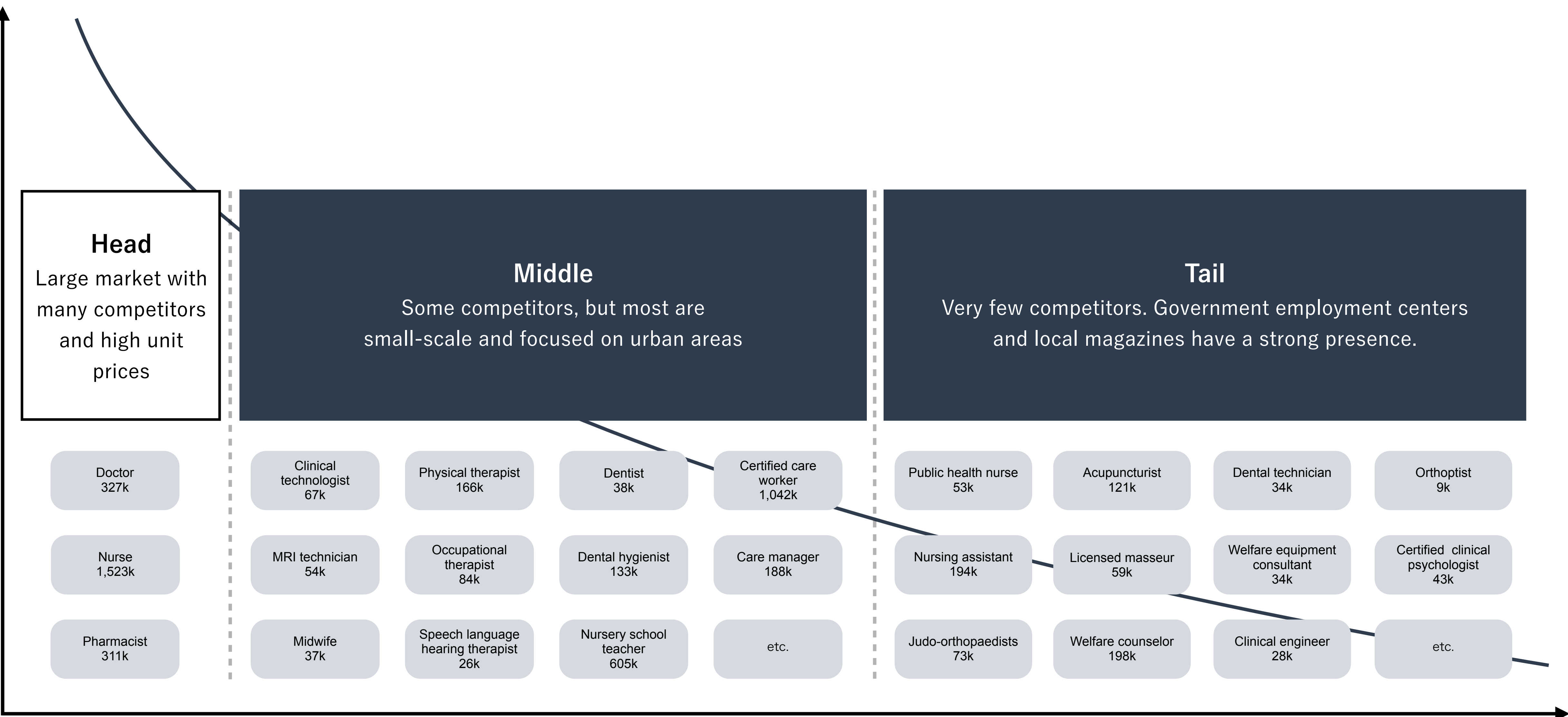


HR PF:  
Industry Has a Long-tail Structure:  
Our Strengths Are in the Middle and Tail Segments



Out of the 9.9 million workers in the medical/beauty healthcare industry, 22% 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 78% - the middle and tail segments - where we have captured a leading market share. We currently have over 1.1 million users in more than 50 occupations registered in our system.

Our Target Area<sup>(1)</sup>



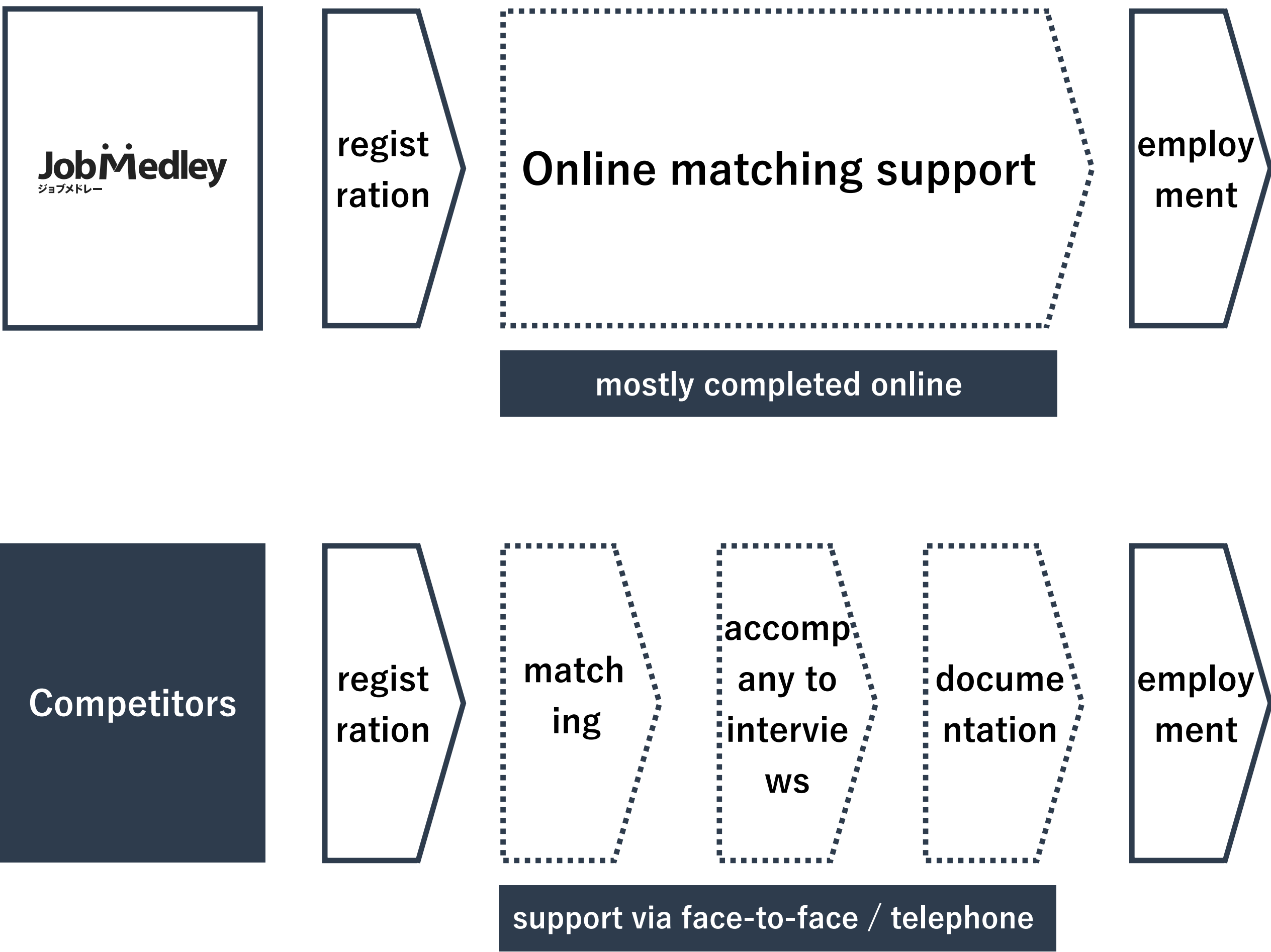
(1) Ministry of Health, Labour and Welfare statistics,

HR PF:  
**Low-cost Structure Gives Advantages in Terms of Pricing**



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

	Success Fee (of annual income; back calculation)
<b>JobMedley</b> ジョブメドレー	<b>2~13%</b> <sup>(1)</sup>
Major Recruitment Agencies	Success Fee (of annual income) <b>20~35%</b> <sup>(2)</sup>

(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).

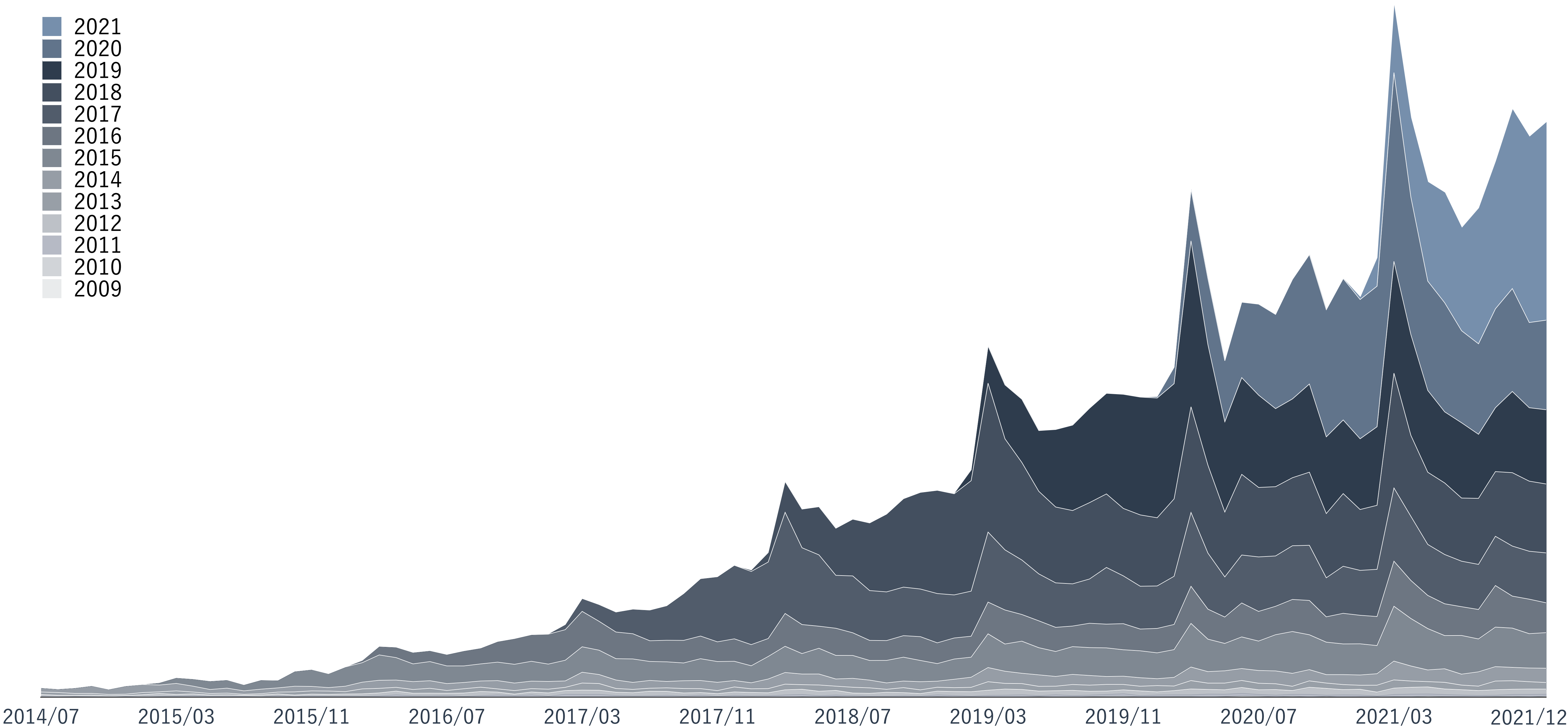
(2) This refers to typical fees for recruitment services for occupations such as doctors, nurses, childcare professionals, physical therapists, dentists, and care workers among the 50 occupations we handle. (Some recruitment services employ different methods for setting success fee amounts that are different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

HR PF:  
**Building a Stable Customer Base with Repeat Customers**



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<sup>(1)</sup>**



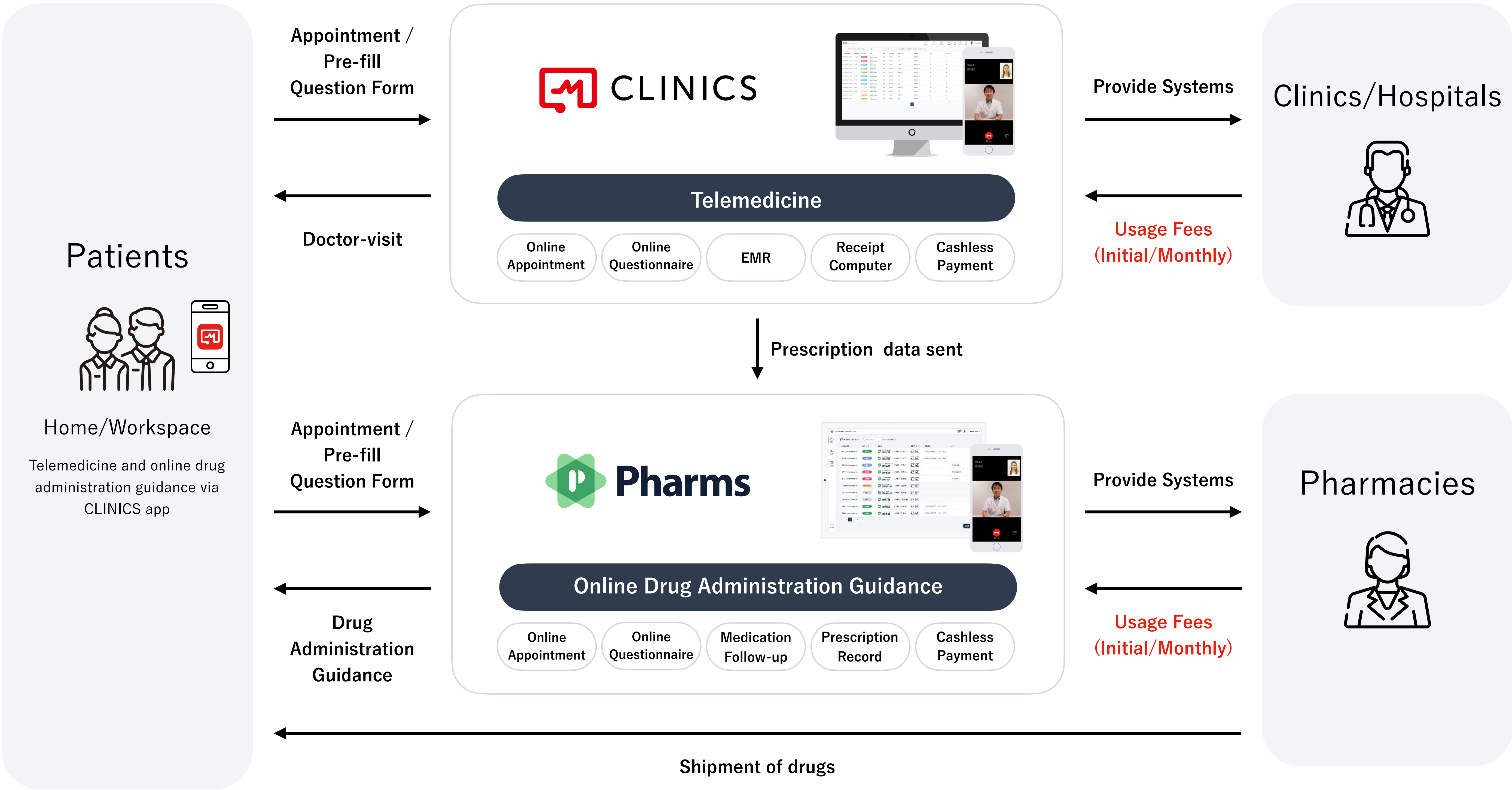
(1) Based on per-customer monthly orders/sales value data



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.



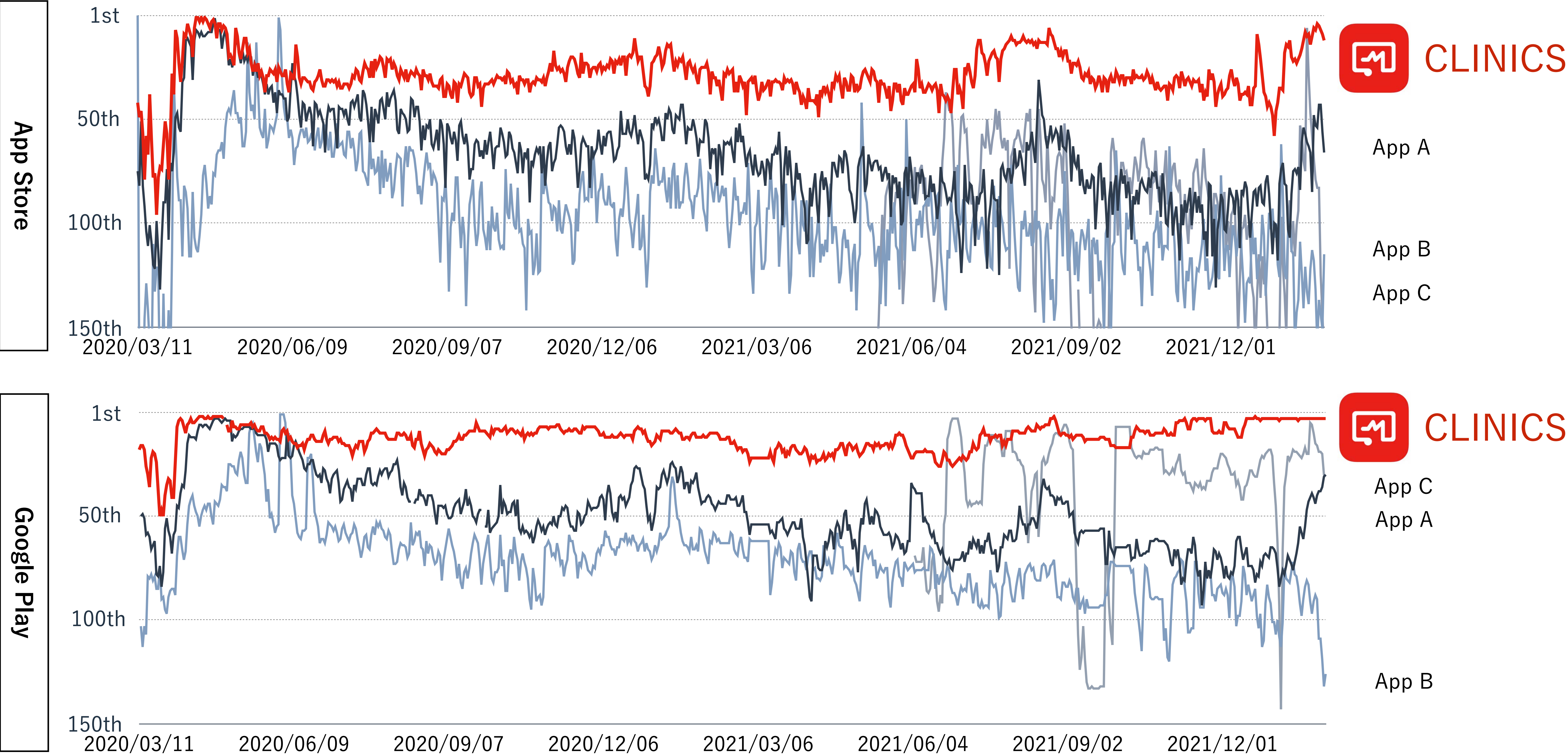


# CLINICS app (telemedicine app) Has Been Well Received by Patients



Although other companies offer telemedicine apps, our CLINICS app is consistently at the top of the rankings and we believe it the first choice of patients.

App rankings in the medical category (telemedicine apps only)<sup>(1)</sup>

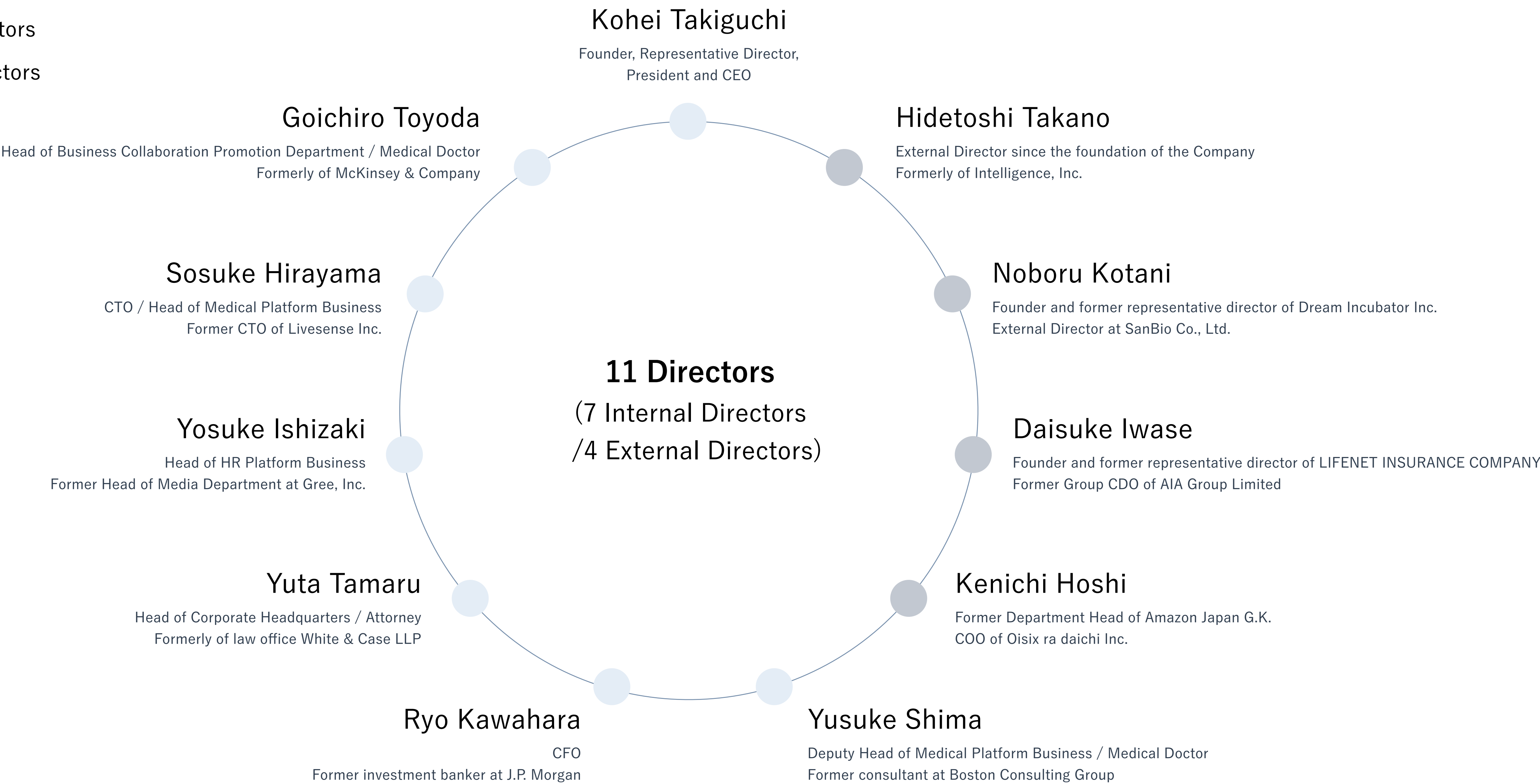


(1) Comparison among telemedicine apps which cover insured medical treatment; Source: App ANNIE

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

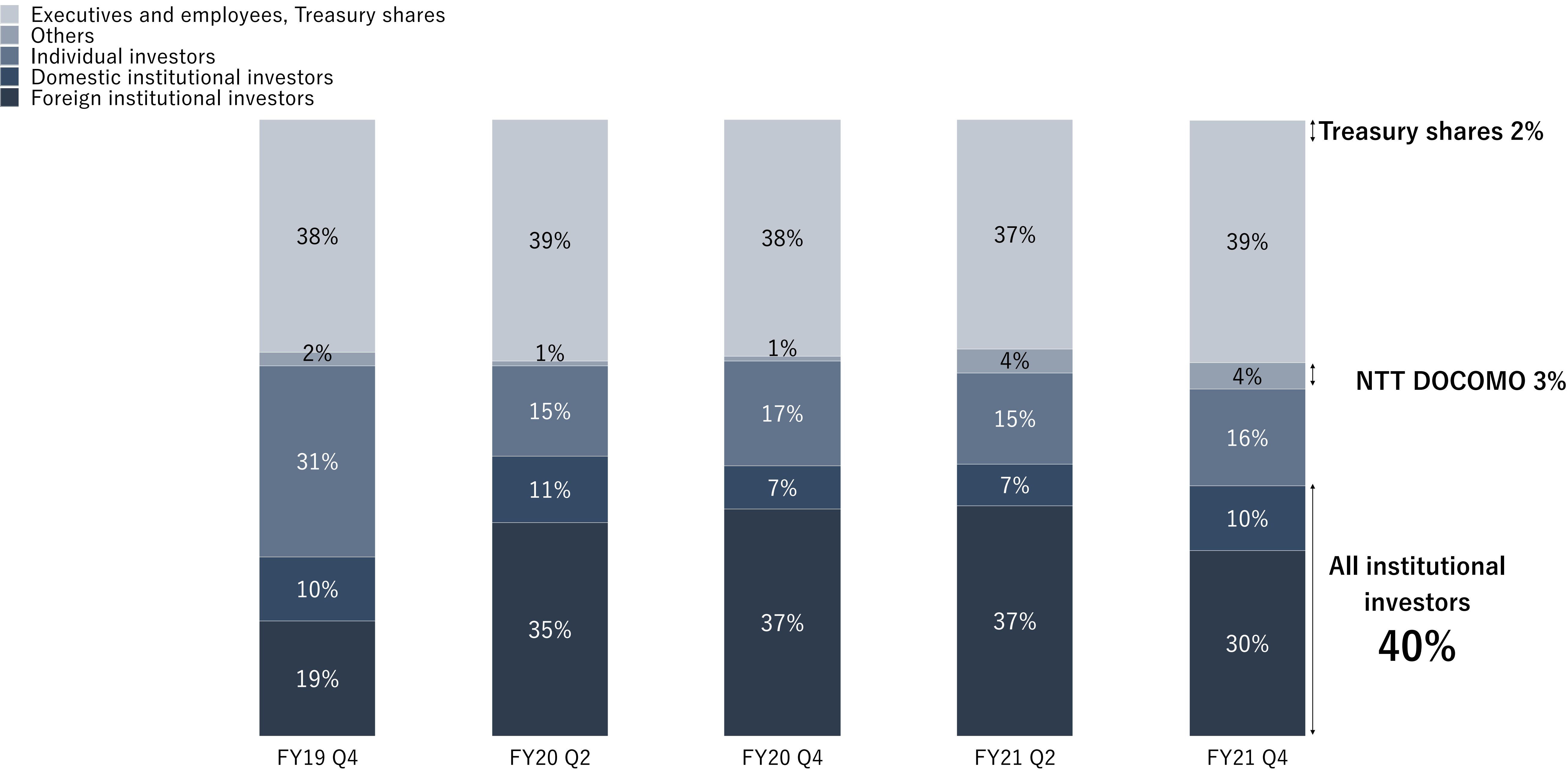
- Internal Directors
- External Directors



# Change in Ratio of Ownership



The ratio of institutional investors, mainly overseas institutional investors, accounts for 40% as of end-December 2021. We will continue to endeavor to provide robust disclosure that helps both institutional and individual long-term investors make investment decisions.





# Historical Share Price





# Sales by Segment: Comparison of Old and New Standards



## Quarterly Sales

Old Standard (JPY mm)	FY18				FY19				FY20				FY21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Company	523	1,039	693	676	871	1,630	1,173	1,089	1,249	2,315	1,661	1,604	2,125	3,413	2,533	2,791
HR PF	423	935	601	591	736	1,494	956	923	1,084	1,925	1,368	1,271	1,491	2,651	1,823	1,911
Medical PF	92	98	86	74	108	108	186	133	134	368	263	305	605	671	615	784
New Services	7	5	5	10	26	27	29	33	30	21	29	27	27	90	94	96


New Revenue Recognition Standard (JPY mm)	FY18				FY19				FY20				FY21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Company	489	976	645	630	814	1,542	1,090	1,023	1,163	2,205	1,558	1,506	2,011	3,265	2,401	2,643
HR PF	389	873	553	545	680	1,407	874	857	1,000	1,817	1,266	1,175	1,382	2,504	1,693	1,764
Medical PF	92	98	86	74	108	108	186	133	134	368	263	305	605	671	615	784
New Services	7	4	5	10	25	26	28	32	28	20	28	25	23	89	93	94

We prioritize issues to be addressed (materiality) in order to meet the expectations and demands of our stakeholders. Our materiality is determined based on issues directly related to our mission, “Creating the future of medical and healthcare”. By working to solve these critical issues, we strive to continuously contribute to society while increasing enterprise value.


## Creating the Future of Medical and Healthcare

Solutions for social challenges through our businesses


Promotion of digitalization in medical and healthcare industry

 For medical providers

- Streamlining operation through internet products
- Solving lack of workforce in medical and healthcare field

 For patients users

- Provision of medical information
- Supports in utilizing medical services

 For government & communities

- Participation in proof-of-concept testing/information provision
- Supports for disaster areas
- Supports for infection prevention measures

Fundamentals backing our businesses

Ensuring information security and privacy protection

- Ensuring information security
- Privacy protection of users

Promotion of diversity & inclusion

- Promotion of hiring and active participation of diverse human resources

Strengthening of governance

- Strengthening of corporate governance



Creating the Future of Medical and Healthcare