

October 24, 2023

Company name: MEDLEY, INC.
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Notice Concerning the Execution of Absorption-type Demerger Agreement Concerning the Transfer of the Lalune Business of Ateam Wellness, Inc. to MEDLEY, INC. through a Corporate Demerger (simplified absorption-type demerger)

MEDLEY, INC. (the “Company”) hereby announces that the Company resolved at the Board of Directors Meeting held on October 24, 2023, to take over the business operations (“absorption-type demerger”) related to Lalune (the “Business” or the “Lalune business”), a women’s health consultation application operated by Ateam Wellness, Inc. (“Ateam Wellness”) through a corporate demerger (simplified absorption-type demerger) and to enter into an absorption-type demerger agreement with Ateam Wellness.

Because the absorption-type demerger is a corporate demerger in which changes in total assets and sales of the Company are expected to meet the standards for being negligible, certain disclosure items and details are omitted from this notice.

1. Purpose of the acquisition

Under its mission of “Creating the Future of Medical/Healthcare”, the Company has developed businesses in the medical and healthcare industries to meet the demand of society. It aims to promote digital transformation in these industries by utilizing technologies such as the internet to create medical services that satisfy both patients and medical professionals. Currently, the Company operates JobMedley and JobMedley Academy to fully support medical welfare providers’ ability to provide a satisfactory service. The Company also operates CLINICS, Pharms, Dentis, MALL, and MEDLEY to enhance the operational efficiency of medical institutions and improve patients’ access to medical care.

Ateam Wellness provides products and services in the wellness area including a women’s health consultation application and cosmetics and skincare brands. Based on the concept of “すべての女性に安心を (Peace of mind for all women)” Ateam Wellness’ Lalune business develops and operates the Lalune women’s health consultation application that provides a wide range of support for women’s health management.

The Company has built a strong business base in the medical healthcare area, such as telemedicine application CLINICS. By adding to our portfolio the Lalune business, which boasts one of the largest registered memberships in Japan with a total user base of over 8.67 million¹ users, we believe we can achieve growth and expand our

business opportunities. We have therefore decided to take over the Lalune business. Going forward, we will improve access to healthcare for patients by creating synergies between the Lalune business and the Company's other businesses.

Note 1: As of September 2023

2. Overview of the absorption-type demerger

(1) Schedule

Date of resolution by the Board of Directors	October 24, 2023 (today)
Signing date of absorption-type demerger agreement	October 24, 2023 (today)
Effective date of absorption-type demerger	February 1, 2024 (scheduled)

(2) Method of absorption-type demerger

Absorption-type demerger (simplified absorption-type demerger) wherein the Company is the successor company and Ateam Wellness is the divesting entity

(3) Details of allotments related to the absorption-type demerger

The Company will pay to Ateam Wellness 500 million JPY as consideration for the absorption-type demerger.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights with the absorption-type demerger

Not applicable.

(5) Changes in capital resulting from the absorption-type demerger

There are no changes in capital resulting from the absorption-type demerger.

(6) Rights and obligations to be succeeded to by the successor company

The Company will receive the assets, liabilities, contracts and other rights and obligations related to the Business as of the effective date, which are stipulated in the corporate demerger.

(7) Expected fulfillment of obligations by the successor company

The Company has determined that there will be no problems regarding performance of obligations to be assumed by the successor company (the Company) after the effective date of the absorption-type demerger.

3. Basis for allotments related to the absorption-type demerger

We adopted the discounted cash flow method to reflect the future business performance potential of the Business. A third-party assessment of the Business resulted in a valuation range between 456 million JPY to 554 million JPY. The Company and Ateam Wellness concluded multiple careful discussions taking this valuation range into account and agreed upon 500 million JPY, which falls within the assessment range, to be the consideration paid by the Company for the absorption-type demerger. Large fluctuations in profit and losses were not assumed in the financial estimates used for the calculation of the Business' valuation.

4. Overview of the companies involved in the absorption-type demerger

	Divesting entity (as of July 31, 2023)	Successor company (as of June 30, 2023)
(1) Company name	Ateam Wellness, Inc.	MEDLEY, INC.

(2)	Location	3 Chome-28-12 Meieki, Nakamura-ku, Nagoya, Aichi, Japan	6 Chome-10-1, Roppongi, Minato-ku, Tokyo, Japan
(3)	Representative	Representative Director, Fumio Mase	President and CEO, Kohei Takiguchi
(4)	Business Overview	Platform Business Plans, develops, and operates e-commerce websites	HR Platform Business Medical Platform Business
(5)	Capital	50 million JPY (as of July 31, 2022)	22 million JPY (as of June 30, 2023)
(6)	Date of Establishment	August 22, 2013	June 5, 2009
(7)	Shares issued	100,000	32,738,600
(8)	Fiscal year end	July 31	December 31
(9)	Major shareholders and their holding ratios	Ateam Inc. 100%	Kohei Takiguchi 18.56% The Master Trust Bank of Japan (securities investment trust account) 10.89% Goichiro Toyoda 10.71% Custody Bank of Japan, Ltd. (securities investment trust account) 6.36% NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT (standing proxy: HSBC Tokyo Branch) 5.06% CREDIT SUISSE (LUXEMBOURG) S.A. / CUSTOMER ASSETS. FUNDS UCITS (standing proxy: MUFG Bank, Ltd.) 4.46% NTT DOCOMO INC. 2.89% Keiichi Shibahara 2.60% MORGAN STANLEY & CO. LLC (standing proxy: Morgan Stanley MUFG Securities Co., Ltd.) 2.10% One Globe Capital 1.37%
(10)	Operating results and financial position in previous fiscal year		
	Fiscal Year End	FY ended July 2022	Consolidated FY ended December 2022
	Net assets	511 million JPY	15,170 million JPY
	Total assets	878 million JPY	21,810 million JPY
	Net assets per share	5,112.53	469.79
	Revenue	3,575 million JPY	14,185 million JPY
	Operating income	281 million JPY	1,290 million JPY
	Ordinary income	270 million JPY	1,526 million JPY
	Net income	168 million JPY	1,017 million JPY
	Net profit per share	1,683.11 JPY	31.77 JPY

5. Overview of the business to be received

(1) Business activities of the business unit to be received

Business related to the Lalune women's health consultation application

(2) Operating results of the business unit to be received (fiscal year ended July 2022)

Net sales: 277 million JPY

(3) Categorization and amounts of assets and liabilities to be received

Current assets 37 million JPY, fixed assets 1 million JPY, current liabilities 23 million JPY, fixed liabilities - million JPY

6. Status of listed company (successor company) after the absorption-type demerger

There will be no changes to the Company's name, address, title and name of representative, business activities, capital stock, or fiscal year end resulting from the absorption-type demerger.

7. Outlook

As the effective date of the absorption-type demerger is February 1, 2024, it will have no effect on consolidated results for the fiscal year ending in December 31, 2023. The absorption-type demerger is not expected to have a significant impact on the Company's consolidated financial results for the fiscal year ending December 31, 2024, but we will disclose accordingly if material impact is expected.