

April 17, 2020

[To whom it may concern]

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Notice regarding Commencement of New Business (online drug administration guidance support system)

MEDLEY, INC. ("the Company") hereby announces that its Board of Directors, at a meeting held on April 17, 2020, has resolved to commence a new business as described below.

1. Purpose of Commencement of the New Business

We develop and provide various Internet services in the field of medical healthcare based on our mission of "creating the future of medical healthcare". In the field of medical healthcare, although medical technology is advancing day by day, there are many issues that need to be addressed before everyone can benefit from technology due to legal and regulatory factors and delays in the adoption of digital technology. Against this backdrop, we believe that using Internet technology to solve problems one by one while collaborating with various stakeholders in the medical and healthcare field will ultimately lead to the realization of "satisfactory medical care" for both patients and medical professionals. Therefore, we provide problem-solving services that respond to the actual demands of society.

Recently, the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (*Yakki Hou*) was amended (Act No. 63 of 2019, hereinafter referred to as the "Revised Act"). Under the Revised Act, it will become legal for pharmacies throughout the nation, not only for pharmacies in designated special zones, to conduct online drug administration guidance from September 1, 2020. As described on page 47 of our "Financial Results for the Fiscal Year Ended December 31, 2019" disclosed on February 14, 2020, the Company has been studying the development of new services in response to the Revised Act and has decided to launch an online drug administration guidance support system business for pharmacies called "CLINICS for Pharmacies" from September 1, 2020 (the "New Business").

In response to the social demands associated with the outbreak of COVID-19, which is currently raging in Japan, the Company has been utilizing its "CLINICS Telemedicine" for online medication adherence guidance by pharmacists as a limited-time measure. Specifically, the Company has been providing a provisional service to some pharmacy companies so that pharmacists can provide online drug administration guidance using "CLINICS Telemedicine" for prescribed medicines after the implementation of online medical care (telemedicine) by doctors.

Until now, such services have been temporarily provided mainly in collaboration with pharmacy companies with expertise in online drug administration guidance that have partnered with us in proof-of-concept trials. Starting today, however, until the official launch of the New Business in September of this year, in order to meet the needs of society, we will temporarily leverage the abovementioned "CLINICS Telemedicine" system to expand provision of these services to pharmacy companies that enter into service contracts for the "online drug administration guidance support system".

2. Overview of the New Business

(1) Details of the New Business

The New Business aims to enable approximately 59,000 pharmacy facilities across Japan to provide online drug administration guidance to patients.

Customers using our online drug administration guidance support system will be able to receive information on prescriptions issued by medical institutions that provide online medical care (telemedicine) by facsimile or other methods, accept appointments for online drug administration guidance from patients who need prescribed medicine(s), and conduct drug administration guidance in the form of a video interview. In addition, the pharmacy facilities can settle payments for the prescribed medicine(s) through our online payment system and thereby complete the entire prescription process online.

In line with our goal of providing our clients and their patients with safe and convenient services, the New Business will not only be compatible with Medley's "CLINICS Telemedicine" service, but also with services provided by other companies.

(2) Division(s) in charge of the New Business

Business Planning Office (Incubation Headquarters) and CLINICS division (Business Headquarters)

(3) Amount and Content of Special Expenditure for Commencement of the New Business

As of today, the Company does not have plans to make any special expenditure that meets the threshold set under the Timely Disclosure Standards.

3. Schedule

(1) Resolution of Board of Directors: April 17, 2020

(2) Date of Commencement of the New Business: September 1, 2020 (scheduled)

* As explained above, the Company plans on providing provisional services until the official commencement of the New Business.

4. Future Outlook

The impact of the commencement of the New Business on the consolidated earnings forecast for the fiscal year ending December 31, 2020, which was announced on February 14, 2020, is currently under review, but we believe that it will contribute to the improvement of the Company's shareholder value over the medium to long term. We will closely examine the impact of this business on the Company's consolidated results, and will promptly disclose any revisions to the earnings forecast when necessary.

(For Reference)

Full-year forecast for consolidated FY2020 and consolidated financial results for FY2019

(million yen)

	Net sales	EBITDA	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2020	6,600~6,900	500~800	330~630	350~650	300~550
FY2019	4,765	249	153	178	(381)