



Presentation Material for FY2020 Q1 Financial Results

Medley, Inc.
May 14, 2020

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1. Financial Highlights

2. FY2020 Q1 Results

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FY2020 Q1 Results

- **Steady progress toward our earnings targets**
- **Maintained high sales growth rate and continued aggressive investment in growth**
 - Sales : JPY 1,249 million (YoY : +43%) ⁽¹⁾
 - EBITDA : JPY -177 million (YoY : JPY -17 million) ⁽¹⁾

FY2020 Forecast

- **Continue to make progress toward our medium- and long-term goals, even as we face COVID-19, while giving top priority to human life**
- **Leave our FY2020 full-year forecast unchanged**
 - Sales : JPY6,600~6,900million (YoY : +39~45%)
 - EBITDA : JPY500~800million (EBITDA margin : 7~12%)
- **Flexibly adjust our initial action plan in response to the impact of COVID-19 on our operating environment**

(1) Because the Company did not prepare quarterly financial statements for the first quarter of the consolidated fiscal year ended December 31, 2019, Q1 FY2019 data provided herein for the purpose of YoY comparison is on a parent company (Medley, Inc.) basis.

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Summary of Consolidated FY2020 Q1 Results

JPY mm	FY2019 Q1 ⁽¹⁾	FY2020 Q1	YoY growth
Sales	871	1,249	+43%
Gross Profit	553	760	+37%
EBITDA	-17	-177	-
Operating Profit	-37	-210	-
Ordinary Profit	-27	-211	-
Profit Attributable to Owners of Parent	-522	-213	-

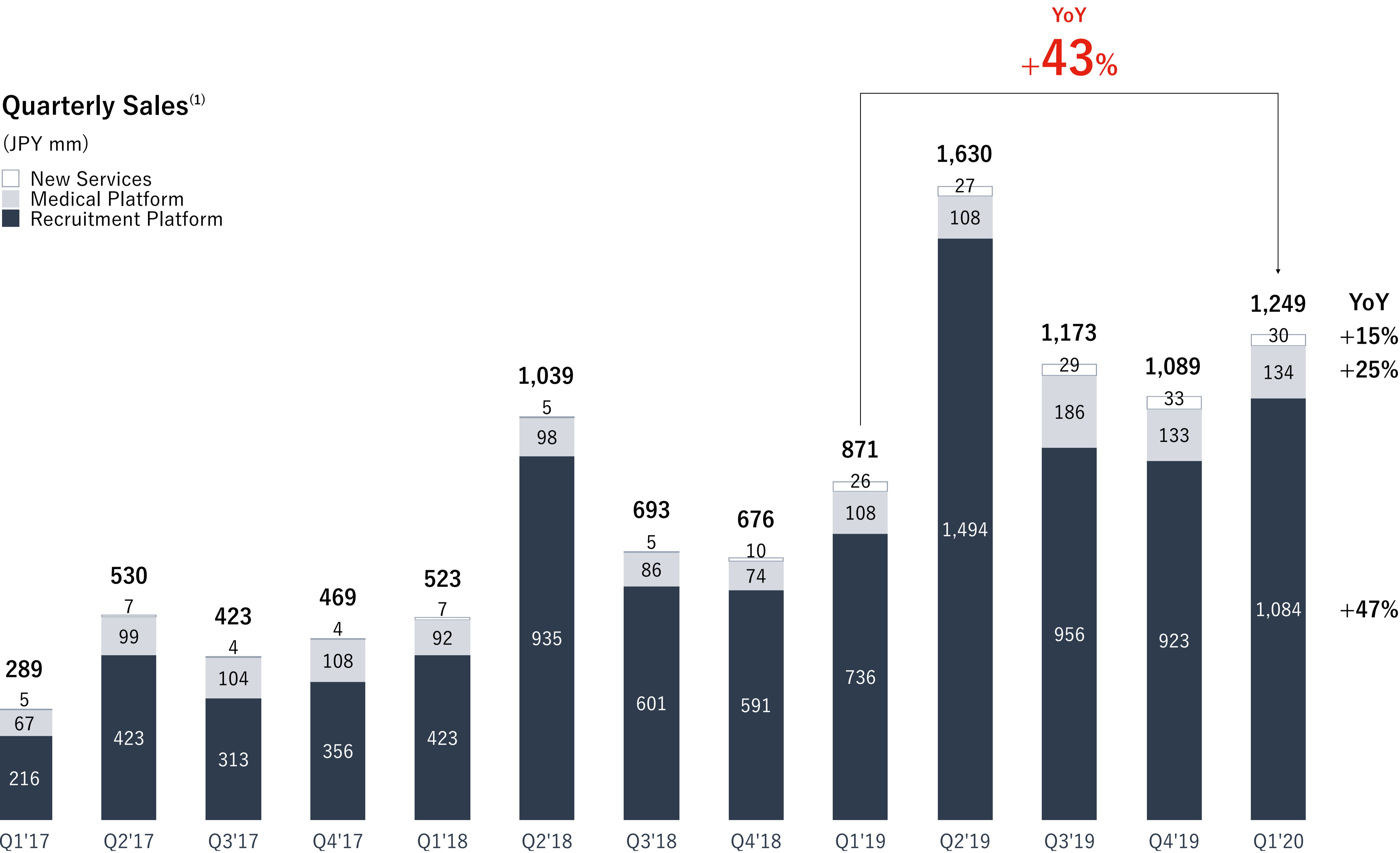
(1) Because the Company did not prepare quarterly financial statements for the first quarter of the consolidated fiscal year ended December 31, 2019, Q1 FY2019 data provided herein for the purpose of YoY comparison is on a parent company (Medley, Inc.) basis.

Q1 FY2020 sales increased by 43% YoY, trending near the top of our forecast range.

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.

Continued Aggressive Investment in Growth Funded by Profitable Businesses

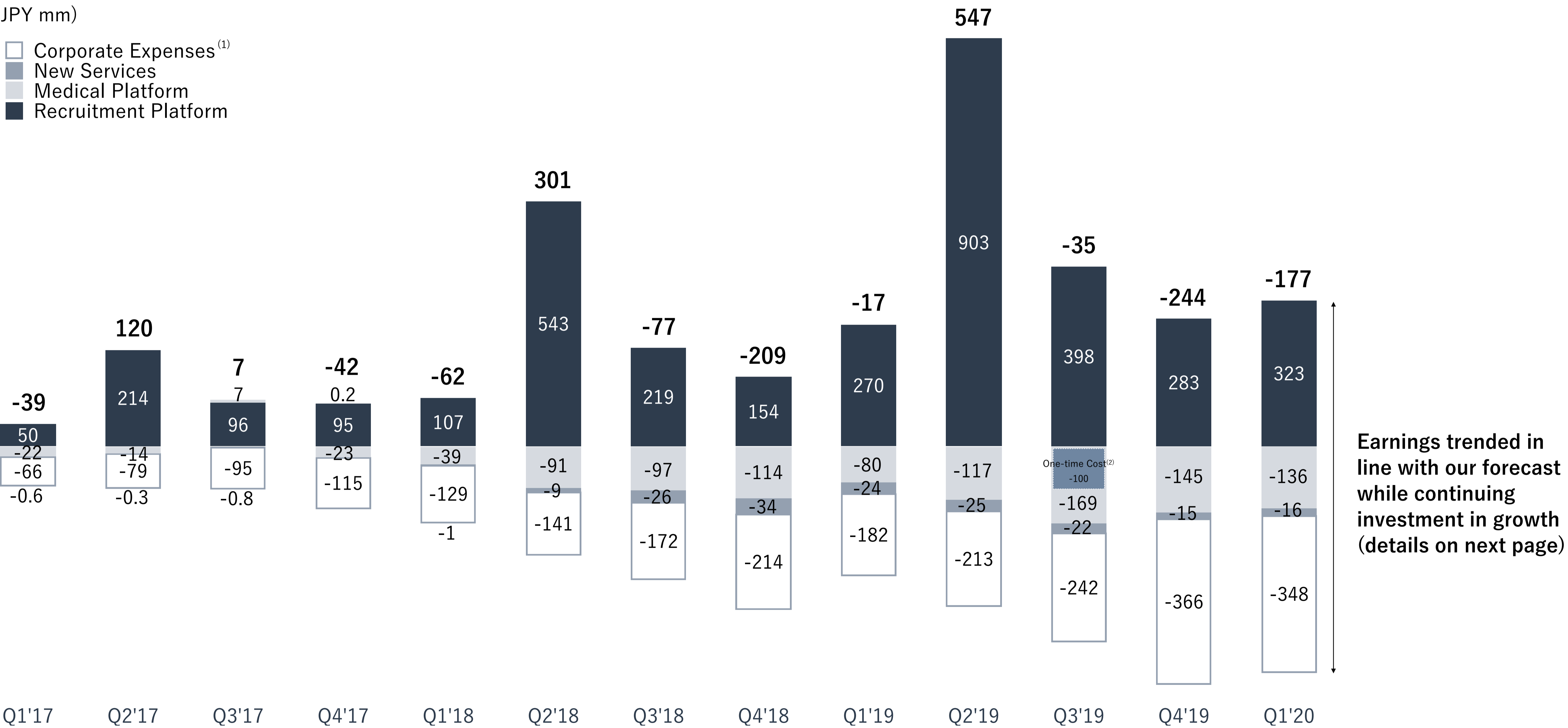


In Q1 FY2020, we continued aggressive investment in growth funded by profitable businesses and earnings trended in line with our forecast.

Quarterly EBITDA

(JPY mm)

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



(1) Total of companywide expenses not allocated to segments and intersegment eliminations
(2) One-time cost for acquiring a source code to add a new function to the Medical Platform

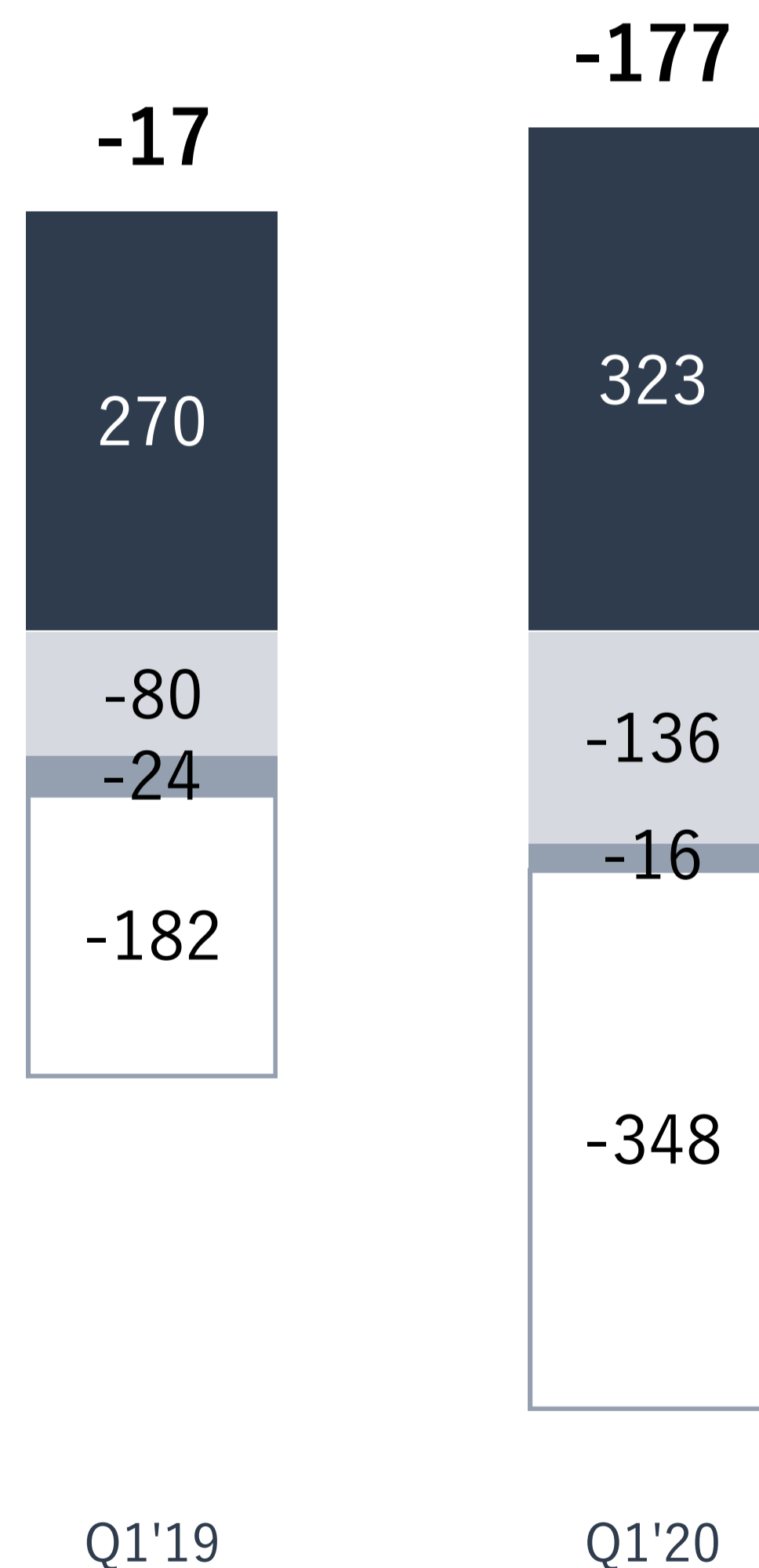
Breakdown of Investments: Investments for Medium- to Long-term Growth

We made investments targeting medium- to long-term growth, including investments in TV advertisements for Recruitment Platform and in new businesses for Medical Platform. As a result, while gross margin and EBITDA margin narrowed YoY in Q1 FY2020, we expect full-year FY2020 gross margin to remain basically unchanged YoY.

Q1 EBITDA

(JPY mm)

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



Main factors contributing to change in Q1 EBITDA margin

Segment	Q1 FY19	Q1 FY20	Main factors
Recruitment PF	36.7%	29.8%	<ul style="list-style-type: none"> TV ads (costs: +JPY 66mm) In addition to a near-term increase in name recognition, we expect these ads to have a gradually emerging impact over the medium-to-long term.
Medical PF	-74.3%	-101.1%	<ul style="list-style-type: none"> Aggressive Investment in new services for dental clinics and pharmacies

Main factors contributing to increase in Corporate Expenses

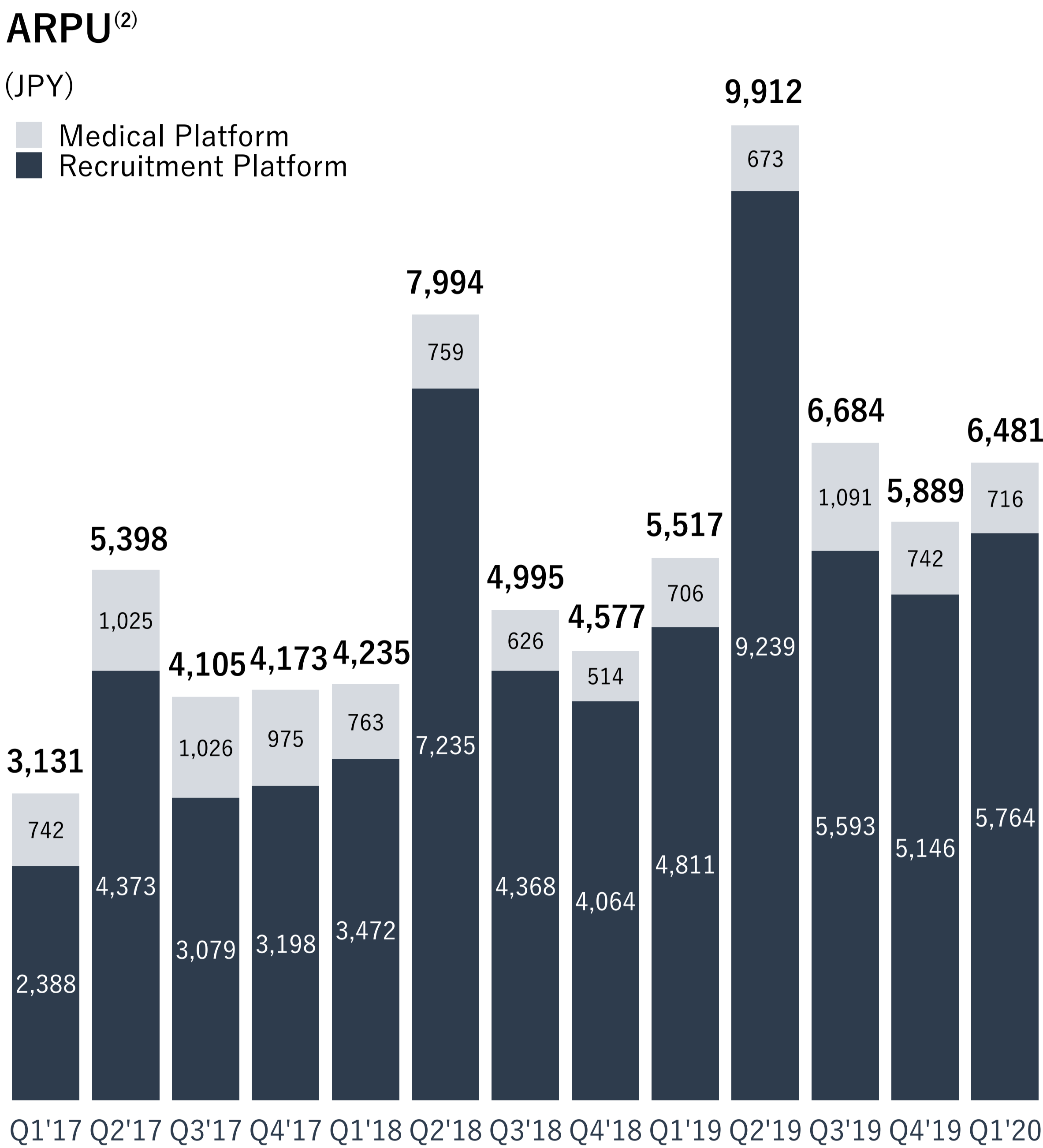
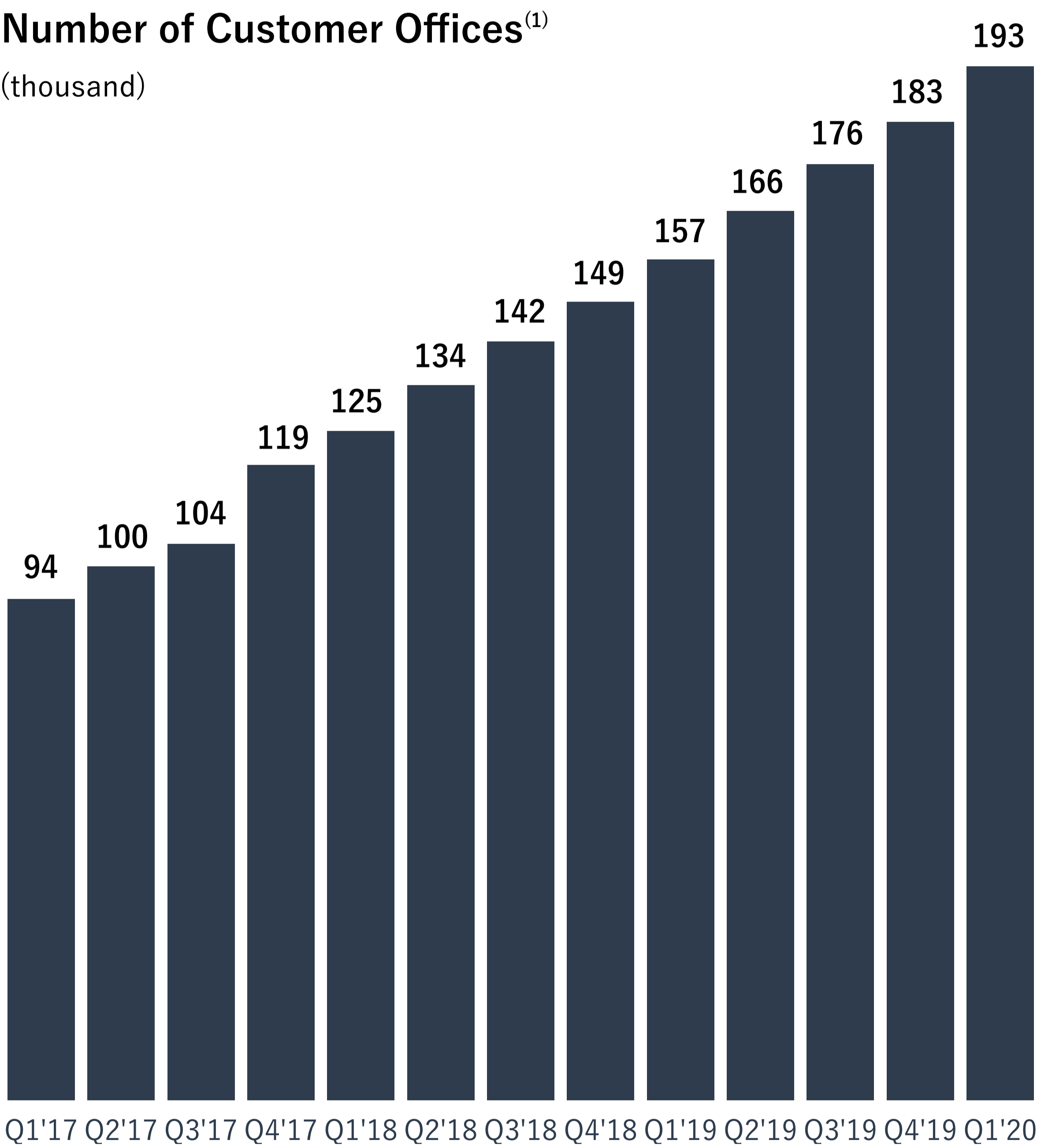
(JPY mm) *figures in parentheses show each cost to quarterly sales ratio

Cost item	Q1 FY19	Q1 FY20	Main factors
Personnel costs	78 (9.0%)	146 (11.8%)	<ul style="list-style-type: none"> Expansion of corporate planning and hiring teams Number of corporate employees: 18 in Q1 FY19 → 47 in Q1 FY20
Rents	47 (5.5%)	62 (5.0%)	<ul style="list-style-type: none"> Office expansion ahead of increase in number of employees (Q4 FY19) 274 in Q1 FY19 → 417 in Q1 FY20
Hiring costs	16 (1.9%)	50 (4.0%)	<ul style="list-style-type: none"> Progress made in companywide hiring
Commission fees	19 (2.2%)	40 (3.2%)	<ul style="list-style-type: none"> Increase in costs associated with stock market listing Costs related to general meeting of shareholders: JPY 8mm
Other costs	20 (2.4%)	49 (3.9%)	<ul style="list-style-type: none"> Size-based business tax associated with capital increase: JPY 13mm

(1) Total of companywide expenses not allocated to segments and intersegment eliminations

Steady Growth in Number of Customers and ARPU

In FY2019, we have continued to aggressively invest in growth funded by profitable businesses. ARPU increases sharply in every Q2 as a result of the concentration of sales during the time period.



×

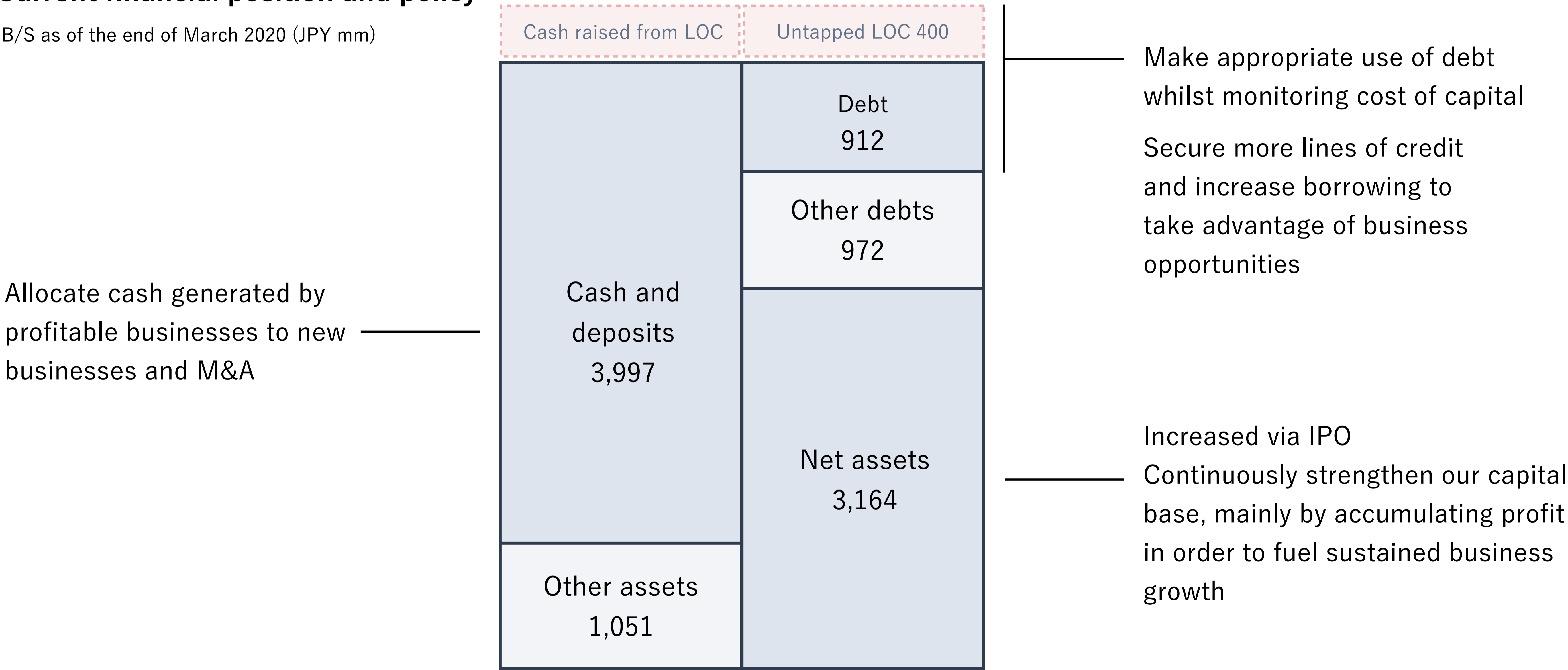
(1) Total number of customers in the Recruitment Platform and Medical Platform businesses.
Please note, however, that since 4Q FY2019, customers using both platforms have been counted as a single customer account.

(2) ARPU = Quarterly sales / Average number of business locations (total for Recruitment Platform and Medical Platform businesses)
ARPU for each platform = Quarterly sales of each platform / 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.

In addition to cash flow from business operations, we raised JPY3.0bn at IPO and we have sufficient cash to fund our business operations. We also have a strong financial position with net assets of JPY3.1bn (capital ratio: 62%, D/E ratio: 0.29x). We plan to increase lines of credit and borrowings to take advantage of investment opportunities.

Current financial position and policy

B/S as of the end of March 2020 (JPY mm)

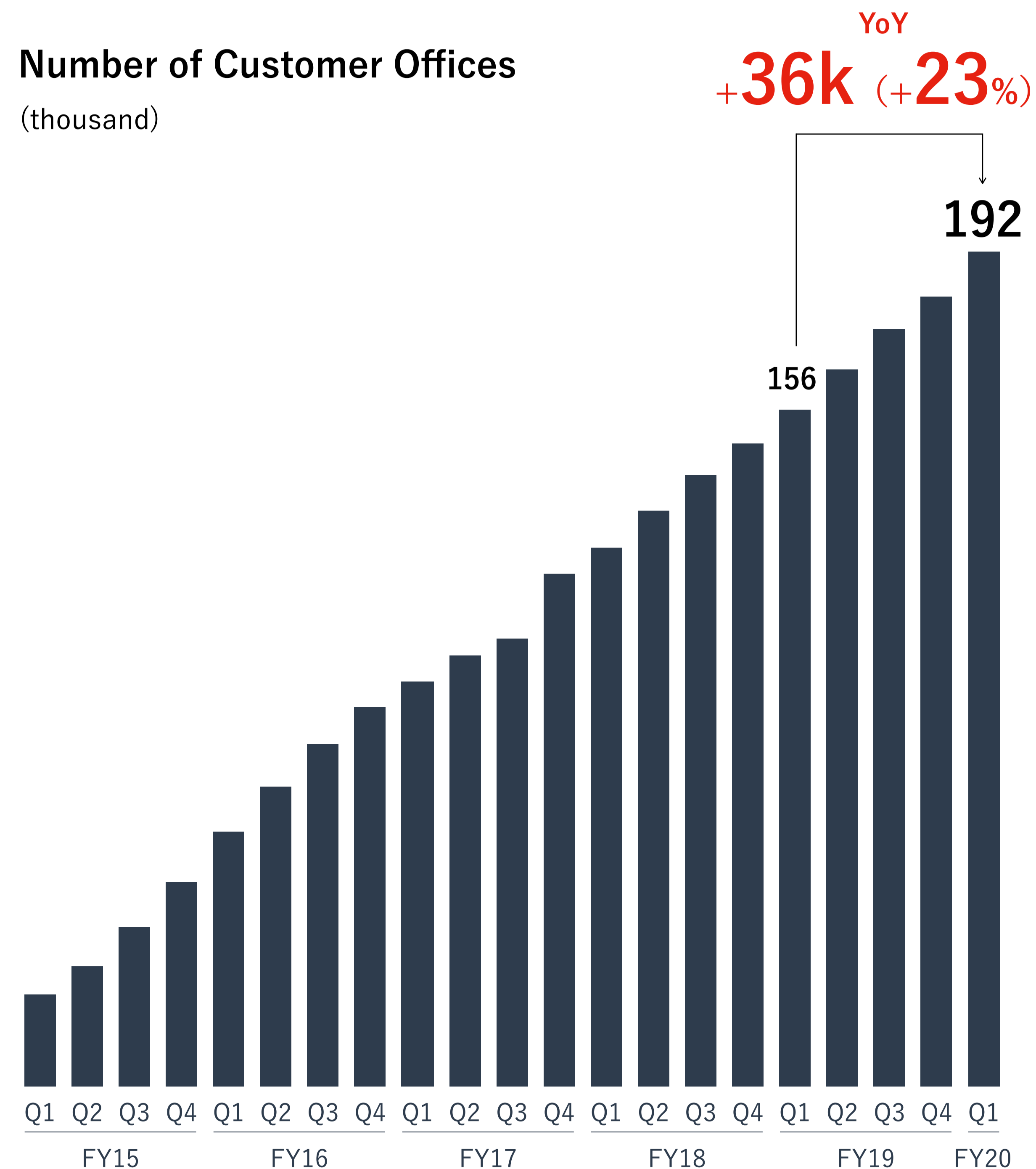




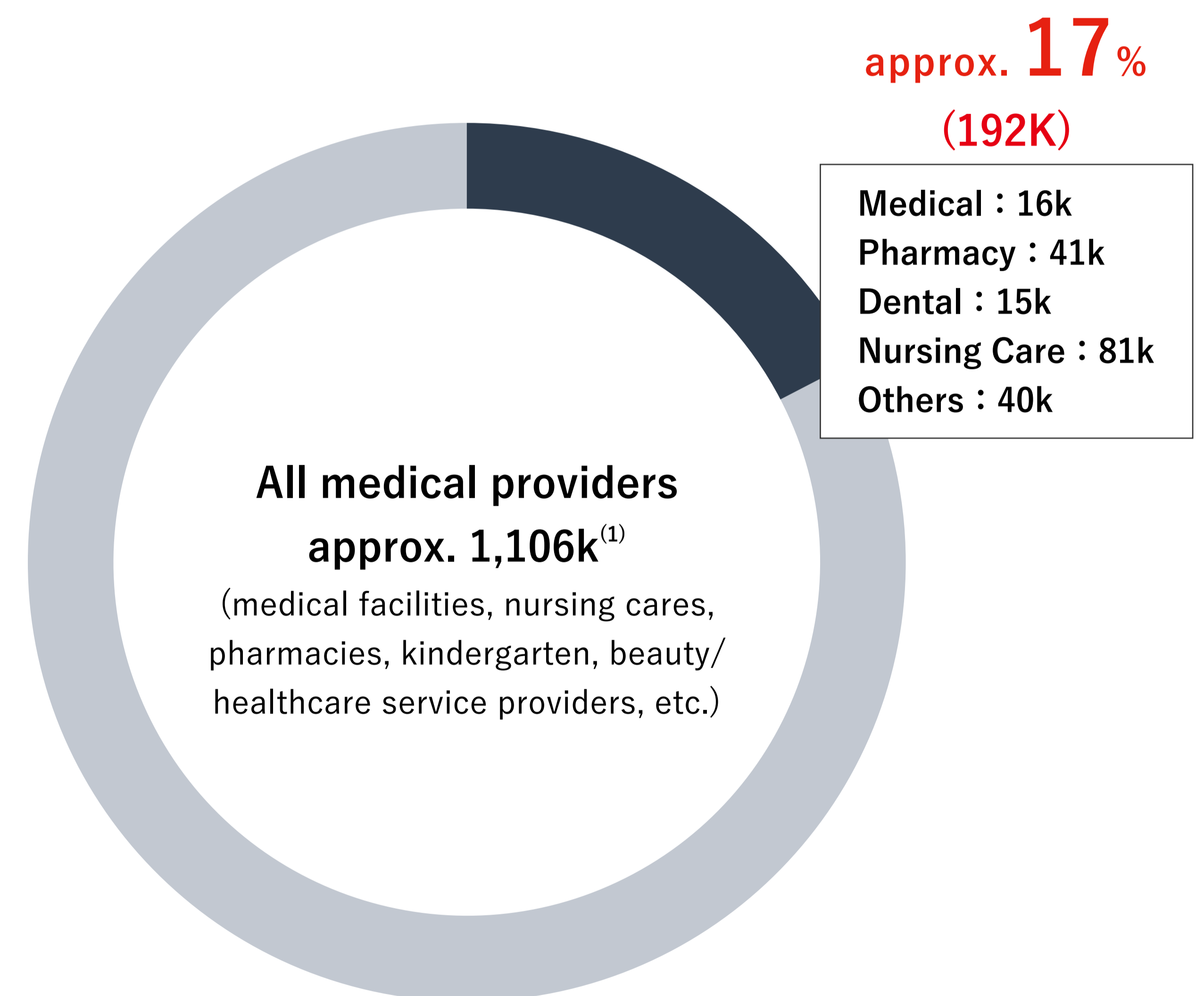
① Recruitment Platform



We saw no particular negative impact from the spread of COVID-19 in Q1 FY2020 and were able to steadily increase the current number of customer office contracts to 192,000.



Current Customer Coverage Ratio



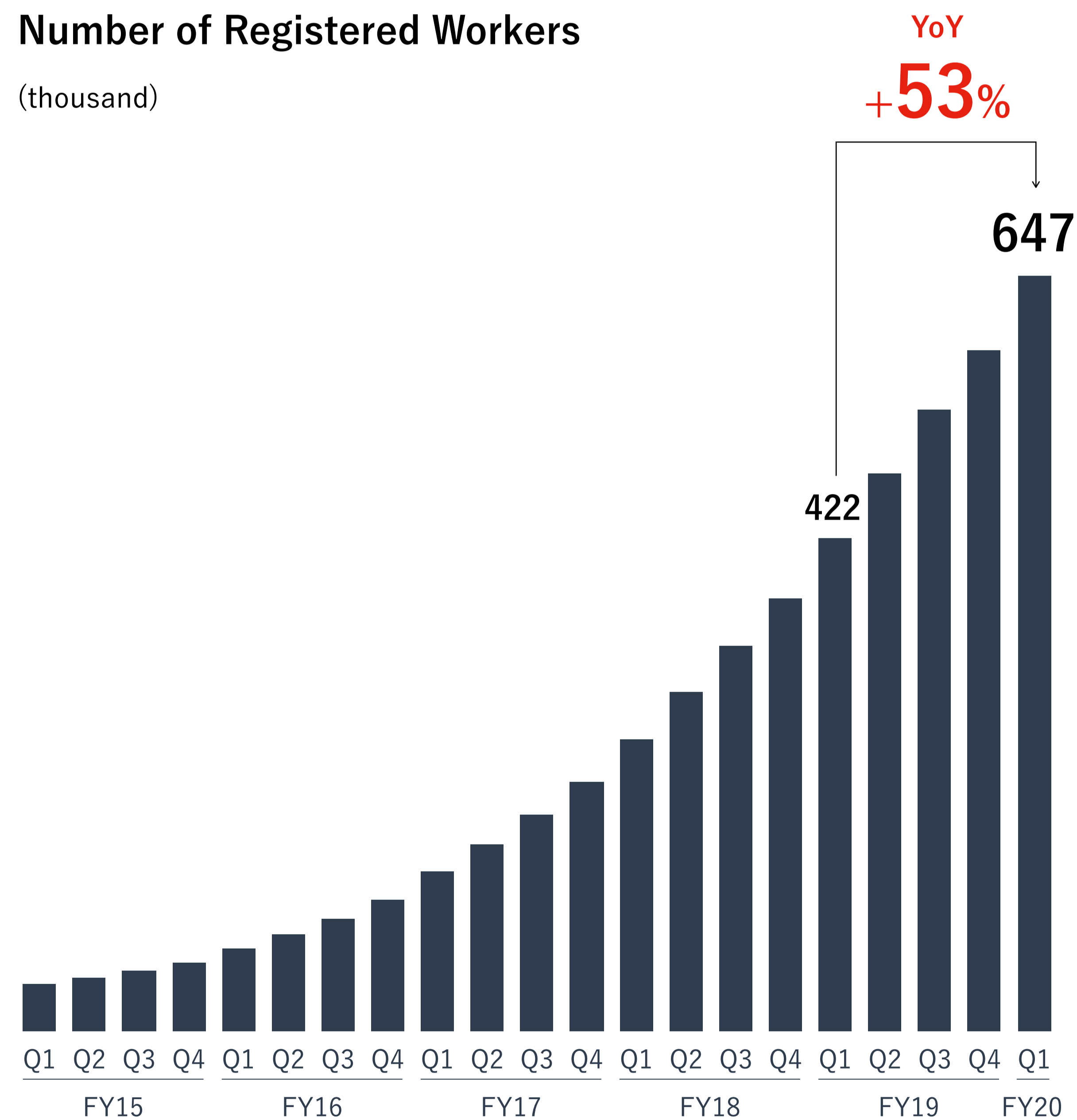
(1) Ministry of Health, Labor and Welfare statistics

Accelerate Direct Recruiting with Expansion of the Pool of Registered Workers

We think proactive recruitment methods are effective for hiring medical and healthcare professionals. In Q1 FY2020, our customers increased usage of our scouting functions as we expanded our pool of registered workers.

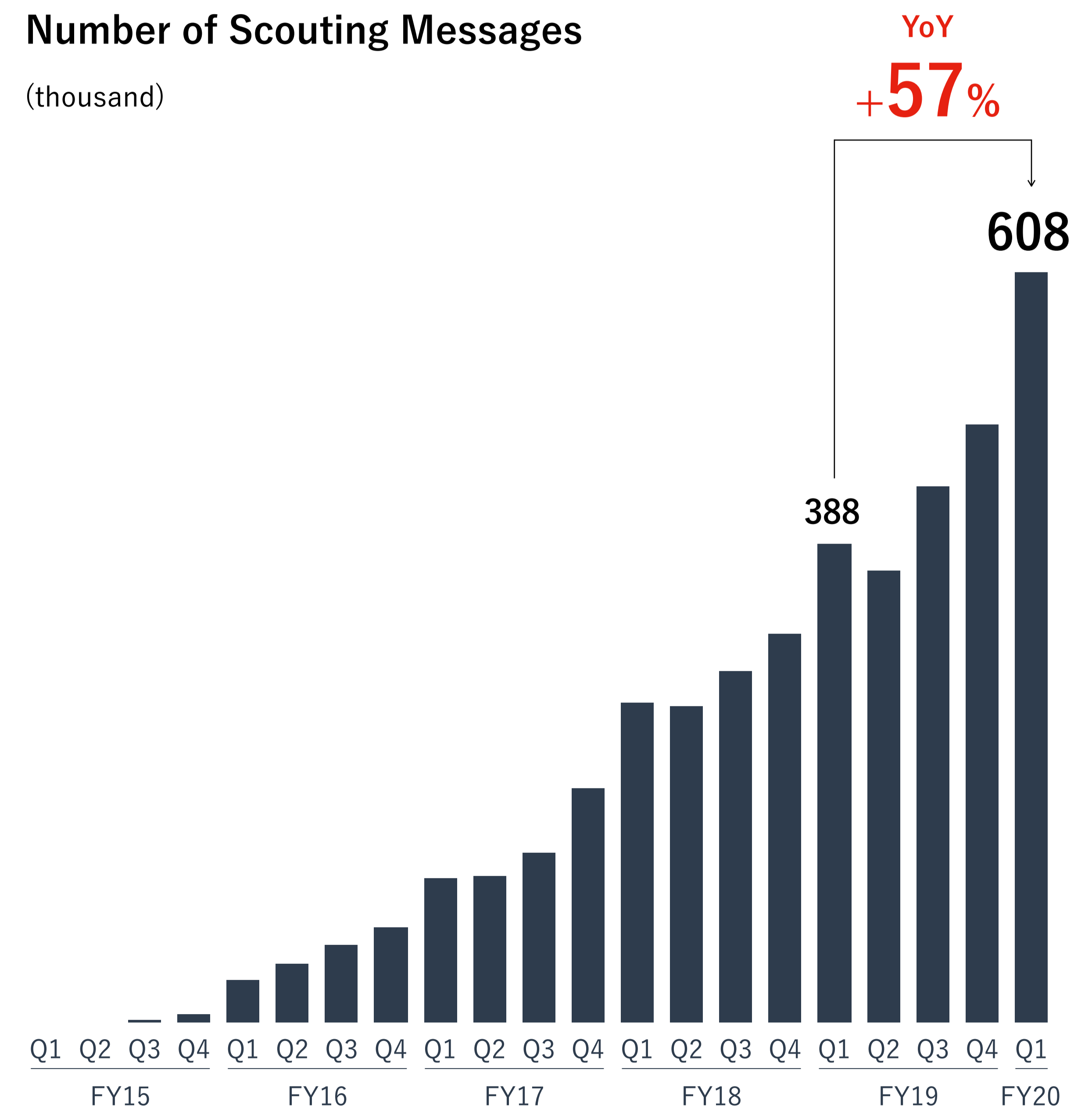
Number of Registered Workers

(thousand)



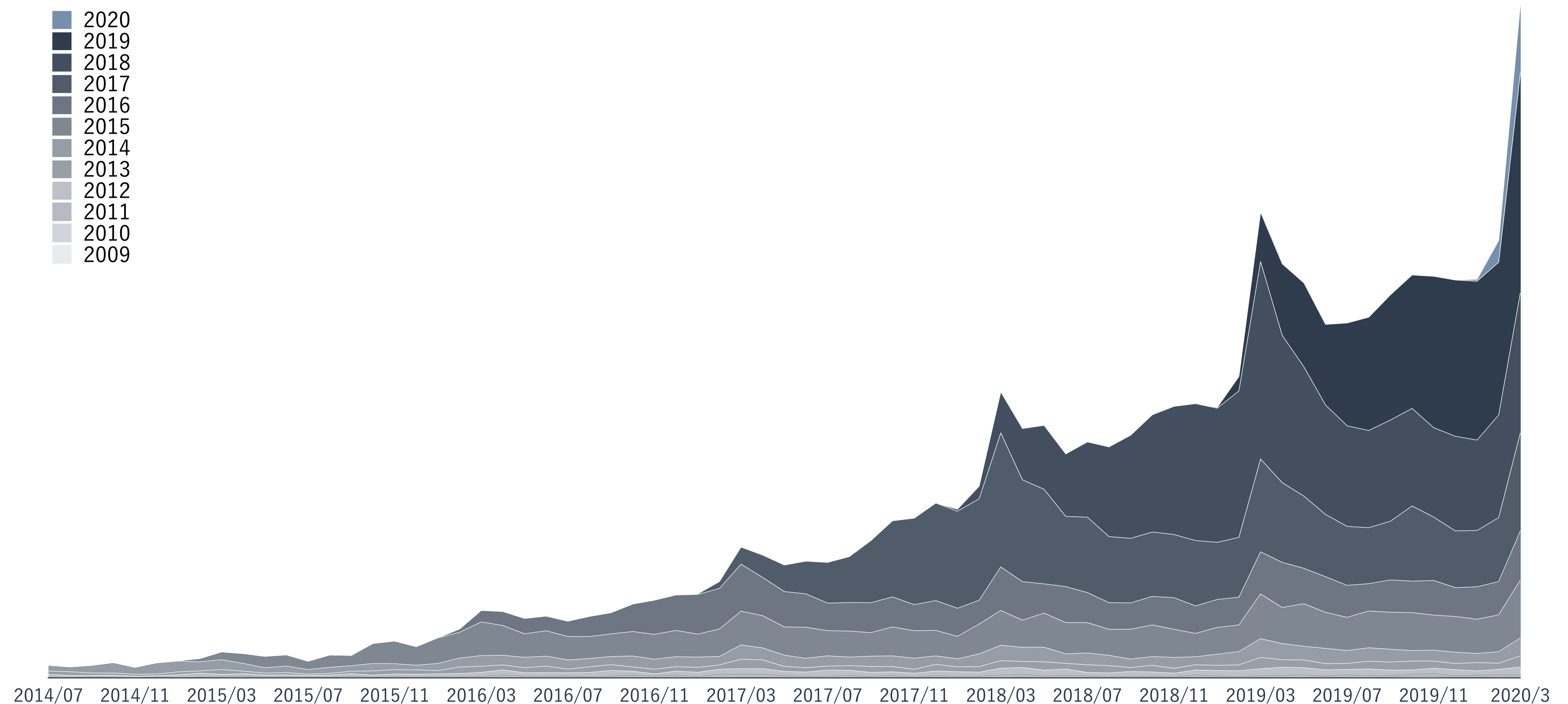
Number of Scouting Messages

(thousand)



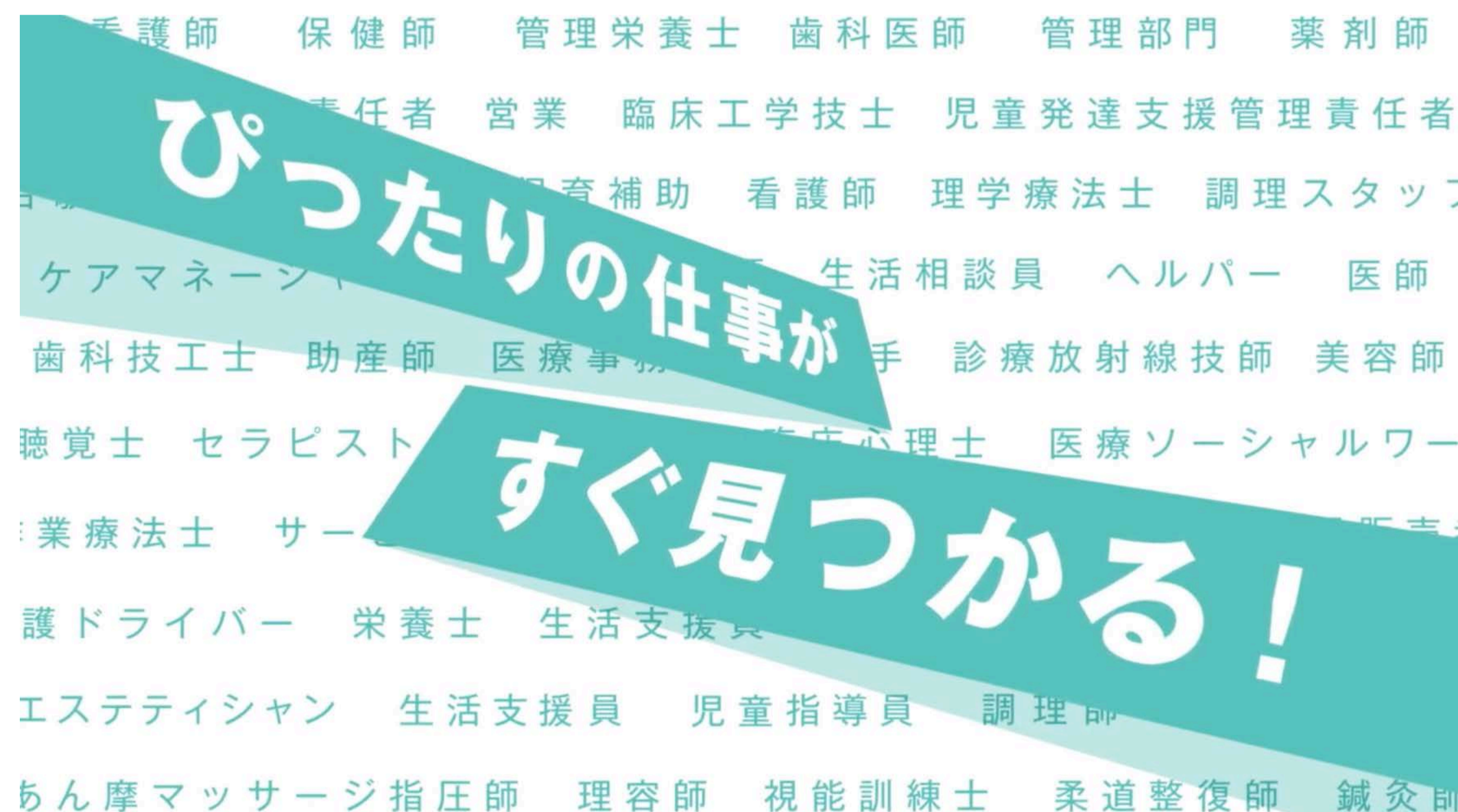
We are building a stable customer base by encouraging customers to become repeat users of JobMedley. Recently acquired customers are making extensive use of our scouting functions. This has boosted the ratio of applicants per job offering and contributed to sales growth.

Sales by Customer Acquisition Year⁽¹⁾



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

From December 2019 until March 2020, we aired a television advertisement in some regions of Japan. While we saw an immediate impact in terms of increased web search volume and improved advertising performance, our main goal in running the ad was to achieve growth in registered workers over the long term. In FY2020, we plan to make a slight YoY increase in our ratio of advertising costs (digital marketing + TV ads) to sales.



“A quick solution to find a job best fit for you!”

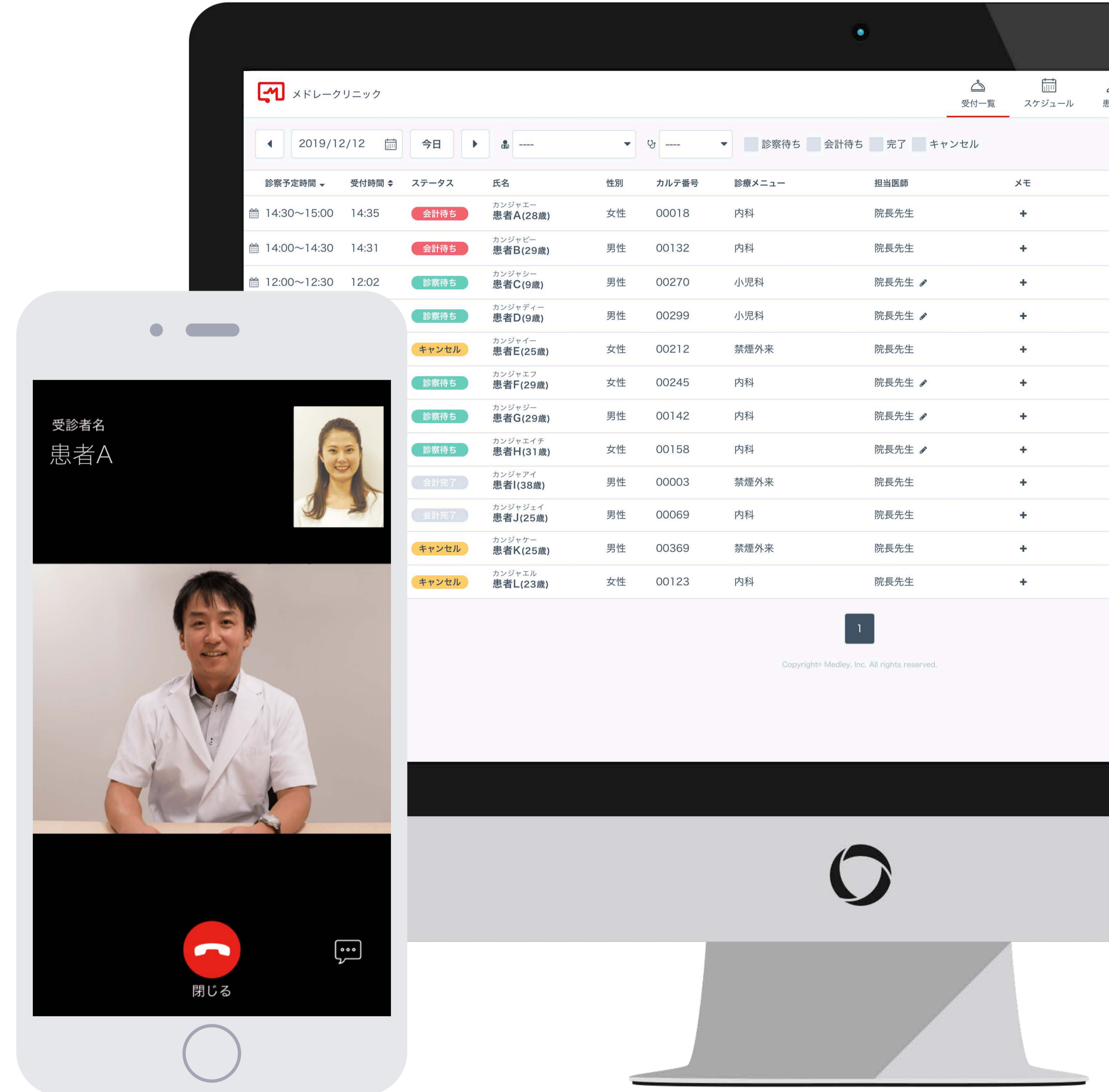


“JobMedley lists the largest number of job openings in medical and nursing care industries”

- We aired four different versions of the ad in some regions of Japan.
- After the airing of the ad, Google searches for “JobMedley” increased.



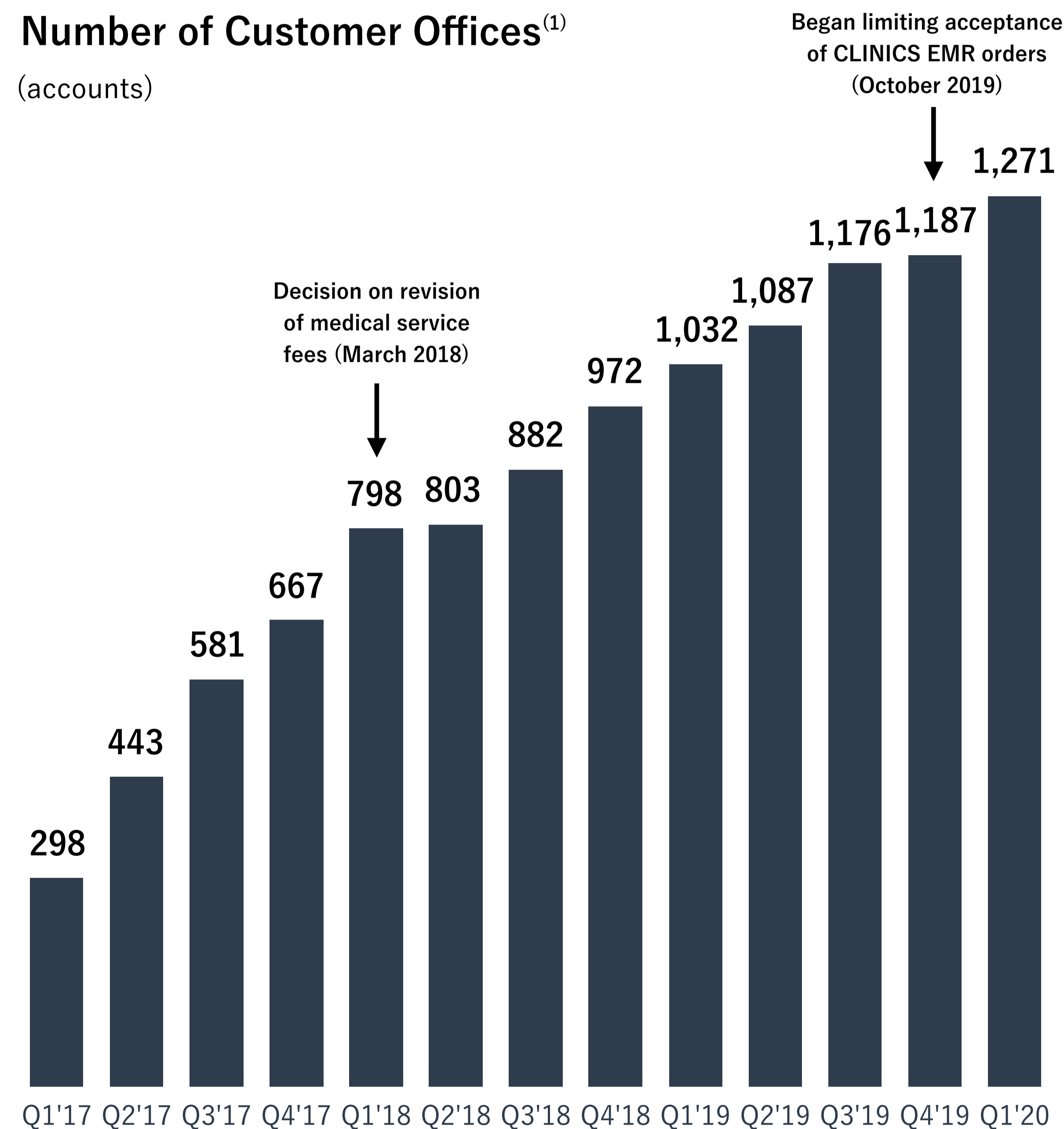
② Medical Platform



Strong Performance in Telemedicine, Accelerated Growth in Customer Numbers

In Q1 FY2020, growth in the number of medical institutions using our systems was mainly driven by orders for telemedicine systems and the rate of increase in the number has regained. In March 2020, we also lifted temporary limits on order acceptance for CLINICS EMR.

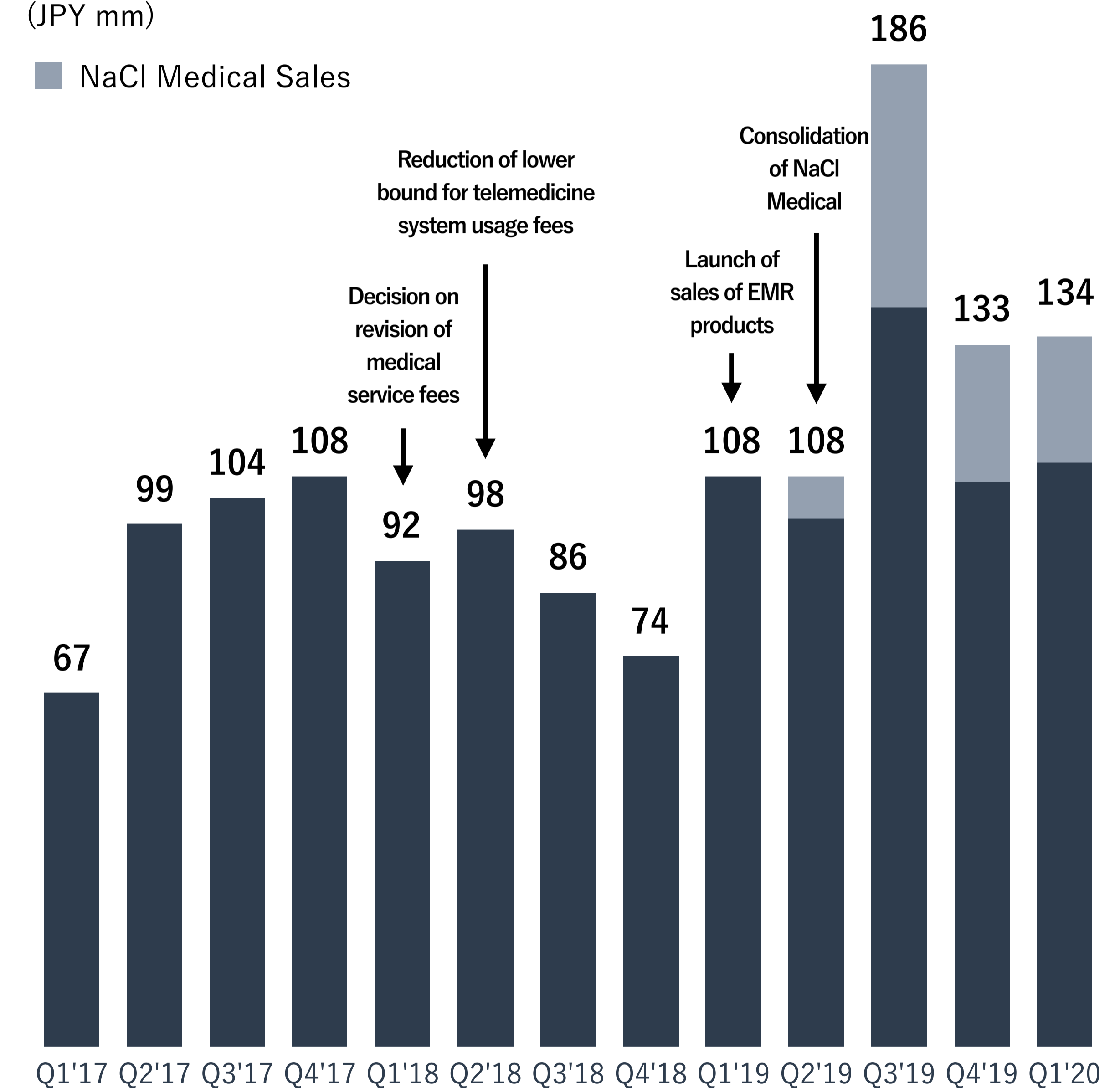
Number of Customer Offices⁽¹⁾
(accounts)



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

Quarterly Sales⁽¹⁾
(JPY mm)

■ NaCl Medical Sales



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

In Q1 FY2020, 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 customer range, improving ARPU, and streamlining measures.

Main Measures Implemented in Q1 2020

	Telemedicine	EMR	Others
Expansion of targeted customers	Began strengthening our service systems to respond to demand growth	Improved device compatibility	Dental clinics: Began test marketing of new service
		Began preparations to expand functionality for large-scale medical clinics (P30)	Pharmacies: Conducted online drug administration guidance support
Improvement in ARPU	Utilization promotion	Sales of supporting systems	
Streamlining		Improvement of implementation process	
		Optimized compatibility with ORCA (reduced costs)	

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Continued Progress Toward our Medium- and Long-term Goals, Even Amid COVID-19

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. We continue to implement our plans, even amid COVID-19, while giving top priority to human life.

Long-term
Policy

Maximize Long-term Free Cash Flow



Medium-term
Policy

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

Primary
KPIs

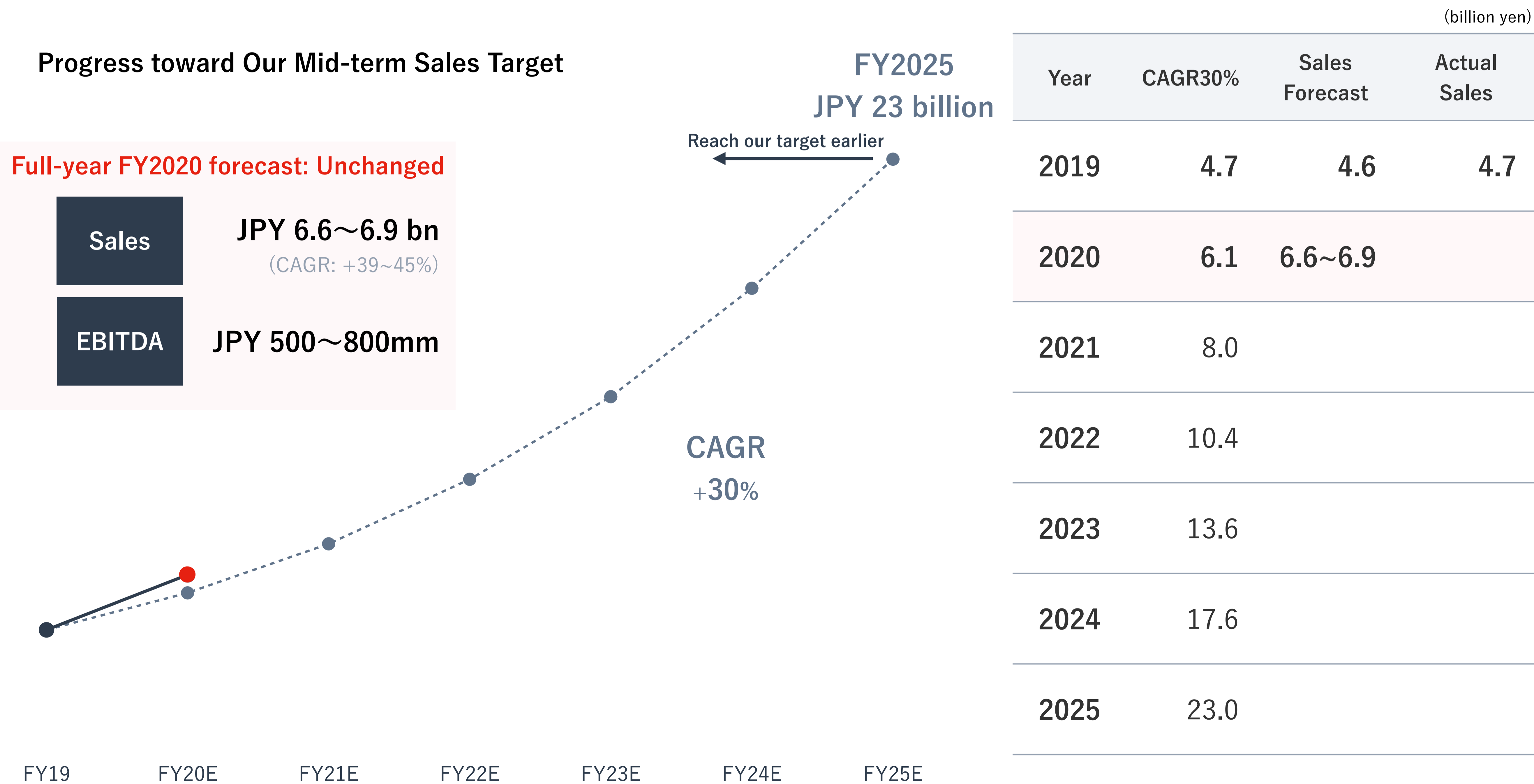
Maximize Number of Customers



Improve ARPU
(Increase utilization ratio / Expand
product lineup)

No Changes to Medium-term Targets or FY2020 Earnings Forecast

Based on to-date results and our cautious forecast with regard to the impact of COVID-19, we leave our full-year FY2020 earnings forecast and our medium-term targets announced on February 14, 2020 unchanged. If we determine that we are likely to revise our forecast, we will disclose the revision in a timely manner⁽¹⁾.



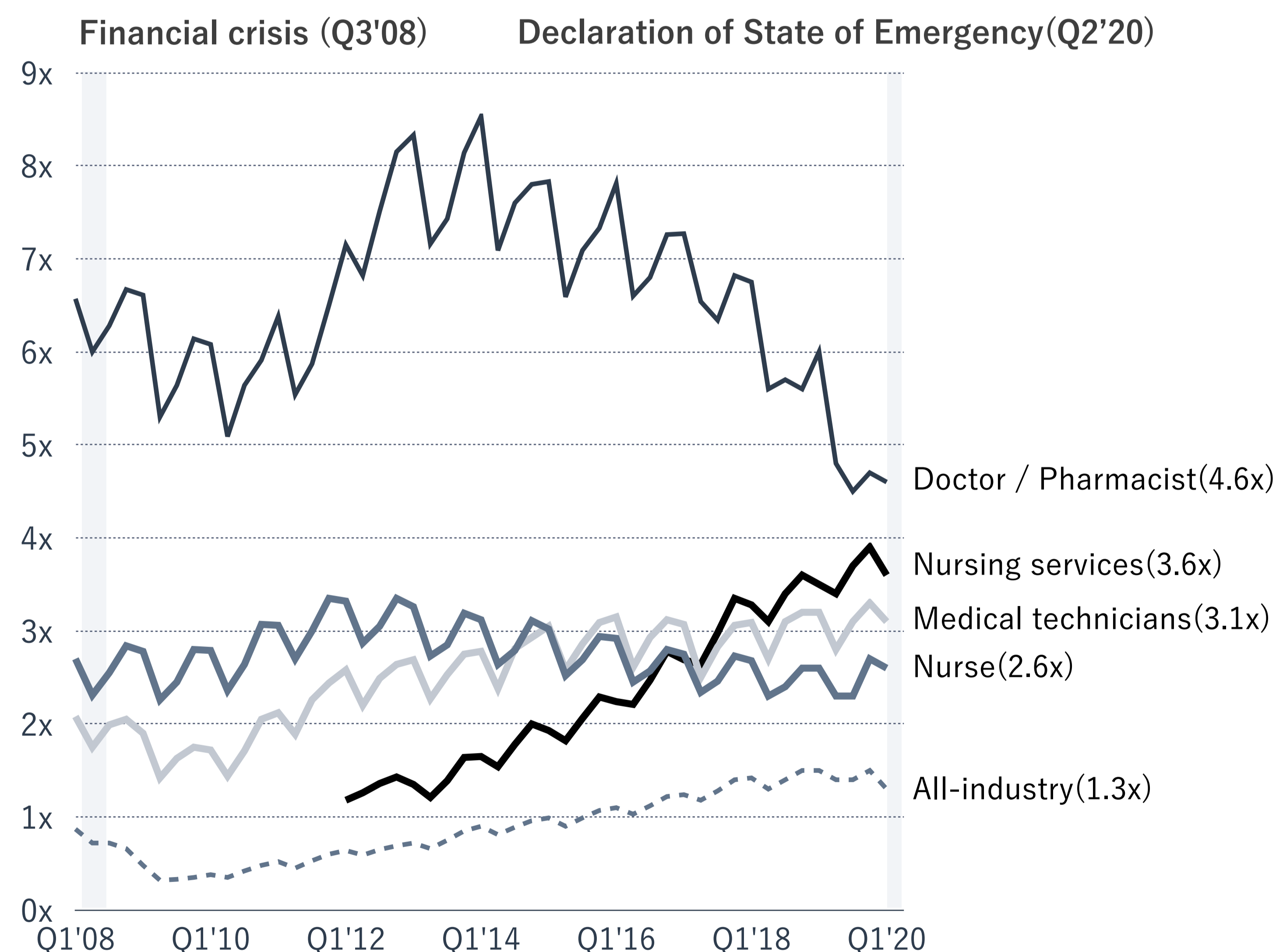
(1) Our forecast was issued in the form of a range. If we determine that sales are likely to surpass the upper bound of the forecast range or fall below the lower bound by 10% or more, or that operating profit, ordinary profit, or net profit is likely to surpass the upper bound of the forecast range or fall below the lower bound by 30% or more, we will revise our forecast.

	Assumptions as of announcement on February 14 2020	Updates
Recruitment PF	<ul style="list-style-type: none"> Number of customer offices: steady annual acquisition rate ARPU: Increase driven by improved functionality 	<ul style="list-style-type: none"> ▼ Due to COVID-19, compared with the previous fiscal year, our customers could suspend hiring activities or push back hiring dates [P24]
Medical PF	<ul style="list-style-type: none"> Continued improvement in ARPU, growth in range of targeted customers, and cost reduction <ul style="list-style-type: none"> - Targeting NaCl Medical to be EBITDA positive FY2020 - Targeting narrower losses in the EMR business as it approaches profitability Continue investment in development targeting mid-term growth Forecast does not factor in any impact from revisions to official medical fees or deregulation 	<ul style="list-style-type: none"> ▲ Due to the temporary suspension of the ban on initial diagnoses via telemedicine in April, we expect an increase in demand for telemedicine services over the near term [P25-P27] ► Due to COVID-19, we think the number of medical institutions launching new businesses could decline compared with the previous fiscal year (minor impact) ► Decision to launch online drug administration guidance support system business (scale of earnings impact under consideration) [P28-29]
New Services	<ul style="list-style-type: none"> Plan to continue expanding the range of services 	<ul style="list-style-type: none"> ► Due to COVID-19, we think sales in the new nursing care businesses will decline (minor impact).
Corporate Expenses	<ul style="list-style-type: none"> Continued aggressive hiring to achieve growth <ul style="list-style-type: none"> - Recruitment Platform: 60 new hires - Medical Platform: 40 new hires - New Services: 5 new hires - Corporate: 20 new hires 	<ul style="list-style-type: none"> ▼ Adjust our hiring plans in line with progress on measures to strengthen our telemedicine systems and the launch of our online drug administration guidance support system business (adjusted based on sales outlook)
Others	<ul style="list-style-type: none"> Forecast does not factor in any impact from undetermined new business sales or M&A 	<ul style="list-style-type: none"> ► Updated the impact of acquiring EMR assets from other companies (minor impact) [P30]

COVID-19 Developed a Bottleneck in Hiring Processes Despite Continued Strong and Stable Hiring Demand

Amid COVID-19, we see the provision of our services to medical facilities as more important than ever. The Japanese medical industry has a jobs-to-applicant ratio higher than the average for all industries and, while we currently see no major changes in hiring demand, it has impacted hiring processes at some businesses. We will closely monitor any changes and continue to respond appropriately to remove a bottleneck.

Ratios of Job Openings to Job Applicants⁽¹⁾



Impact of COVID-19

**Job Opening/
Application**

No major change in hiring demand from customers or job seeker sentiment regarding changing jobs
Some companies in the nursing care industry have suspended hiring activities

Interview

Arranging interviews with some customers has become more challenging

Employment

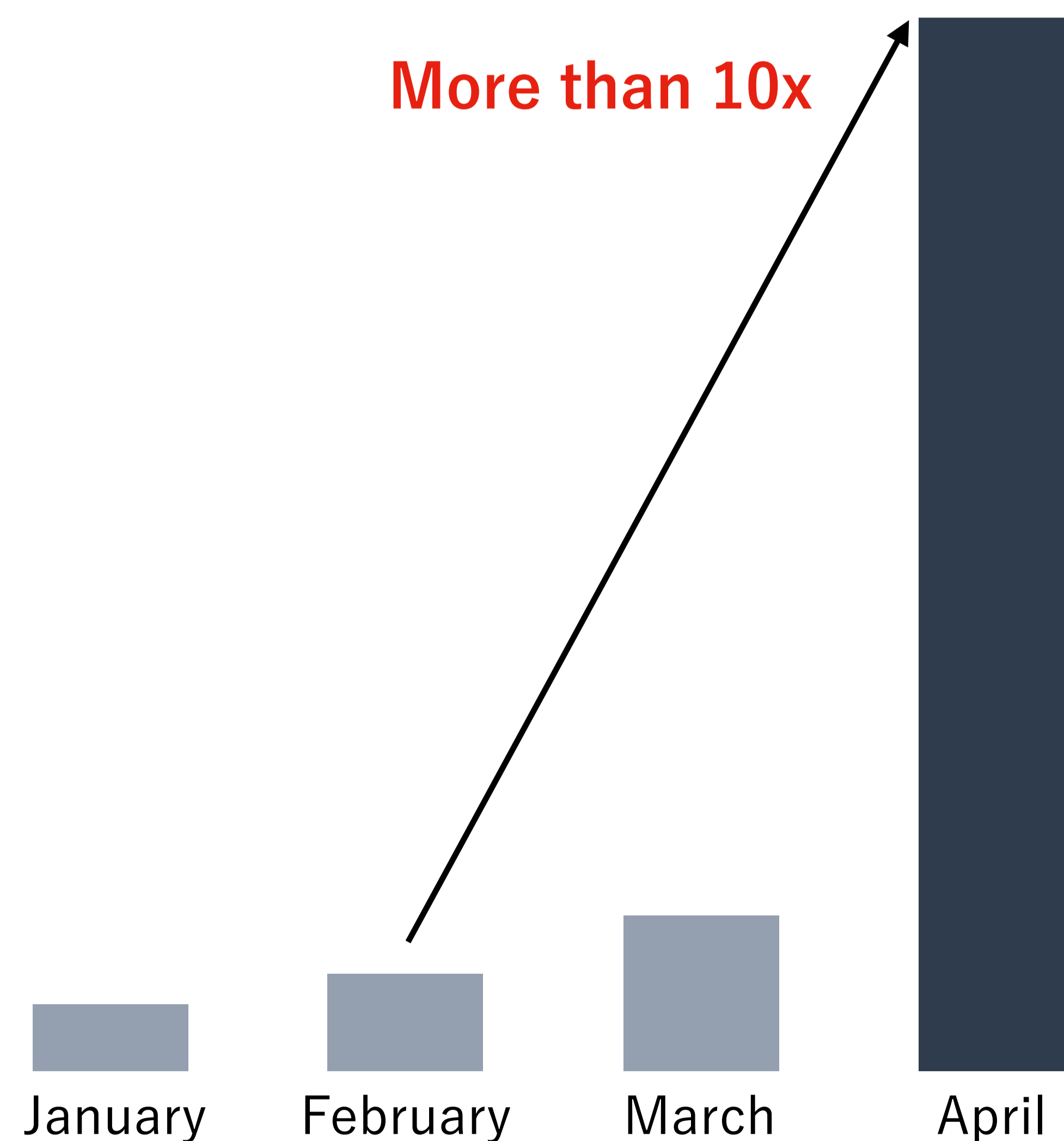
Some customers have pushed back hiring dates

Continued response to remove a bottleneck

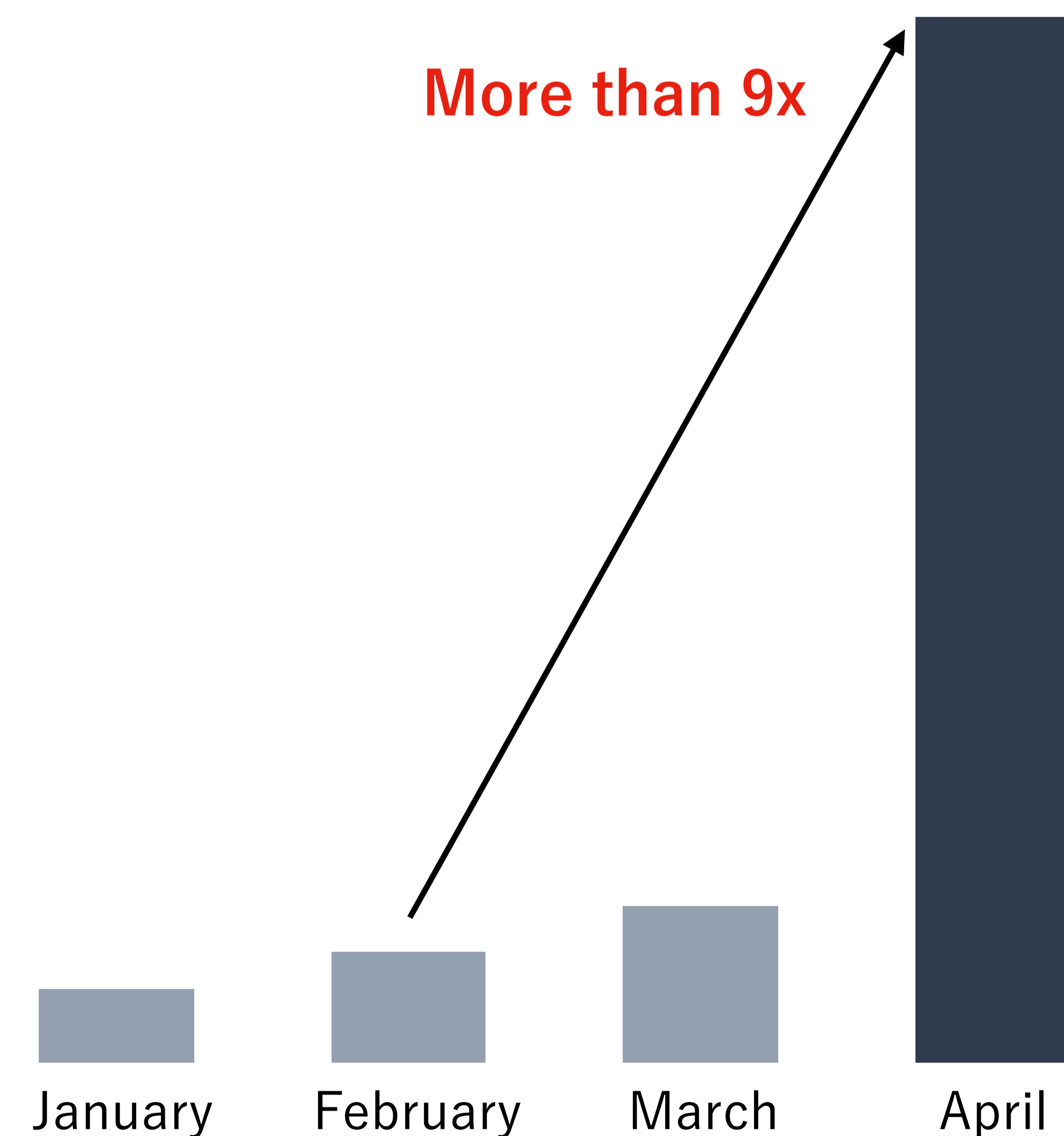
(1) 3-months average of statistics from Ministry of Health, Labour and Welfare

Telemedicine is playing a more important role amid COVID-19. We strengthened our CLINICS telemedicine system operations and already reached the full-year FY2020 sales target by April. Based on past trends, patients receiving telemedicine care tend to continue using telemedicine services and we therefore expect the utilization rate of our medical institution customers using CLINICS telemedicine system to improve. Because the potential impact on demand from COVID-19 remains unclear, we base our earnings forecast solely on actual past results.

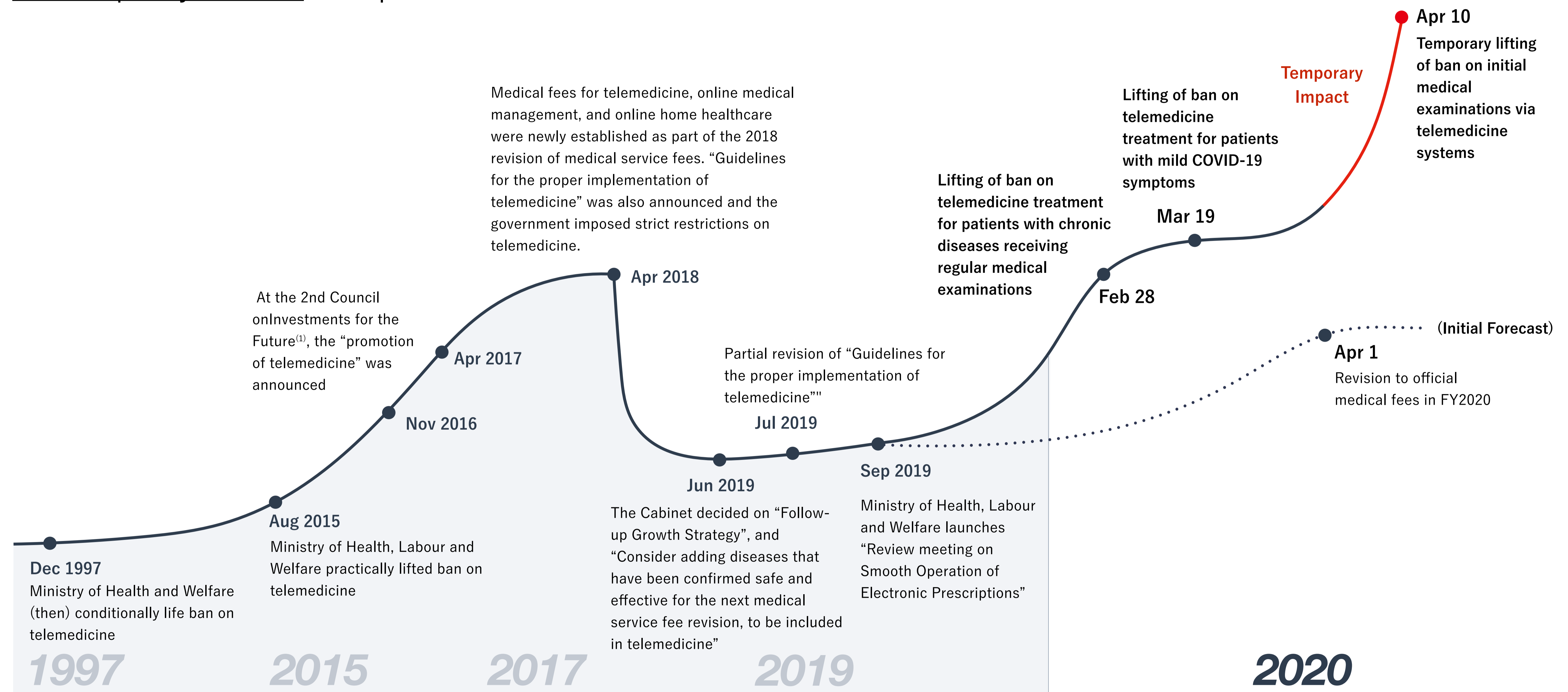
Monthly new medical institution customer adds
(CLINICS telemedicine system)



Monthly new patient registrations
(CLINICS telemedicine system)



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



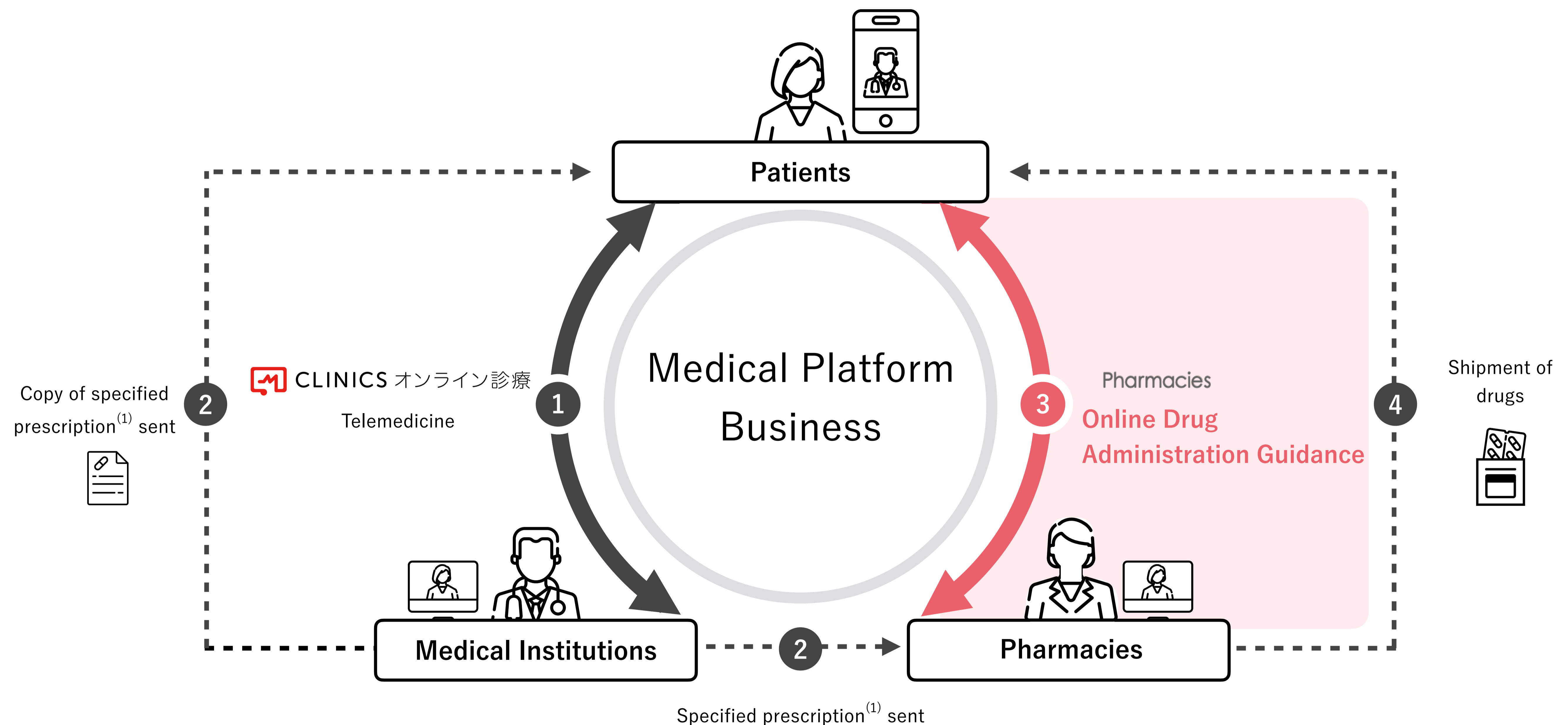
(1) A meeting to be held by the Prime Minister to promote bold investments in fields that contribute to future growth through public-private partnerships and to accelerate growth strategies and structural reforms aimed at expanding "investment in the future". Held from September 2016. http://www.kantei.go.jp/jp/97_abe/actions/201611/10mirai_toshi.html

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

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

Launch of Online Drug Administration Guidance Support System Business

Previously, when online drug administration guidance was only permitted in national strategic special zones, we participated in a proof-of-concept test. Then, owing to a revision of the law in December 2019, it became legal for pharmacies throughout Japan to conduct online drug administration guidance. In response, we decided to launch an online drug administration guidance support system for pharmacies from September 2020.



(1) A specified prescription is a prescription granted via a method other than face-to-face treatment (such as telemedicine treatment). Patients cannot receive online drug administration guidance for regular prescriptions granted via face-to-face treatment.

(Ref.) Markets Targeted by the Online Drug Administration Guidance Support System Business

The online drug administration guidance support system business targets approximately 59,000 pharmacies across Japan. Unlike medical and dental clinics, roughly 30% of pharmacies in Japan are members of top-tier or second-tier pharmacy chains.

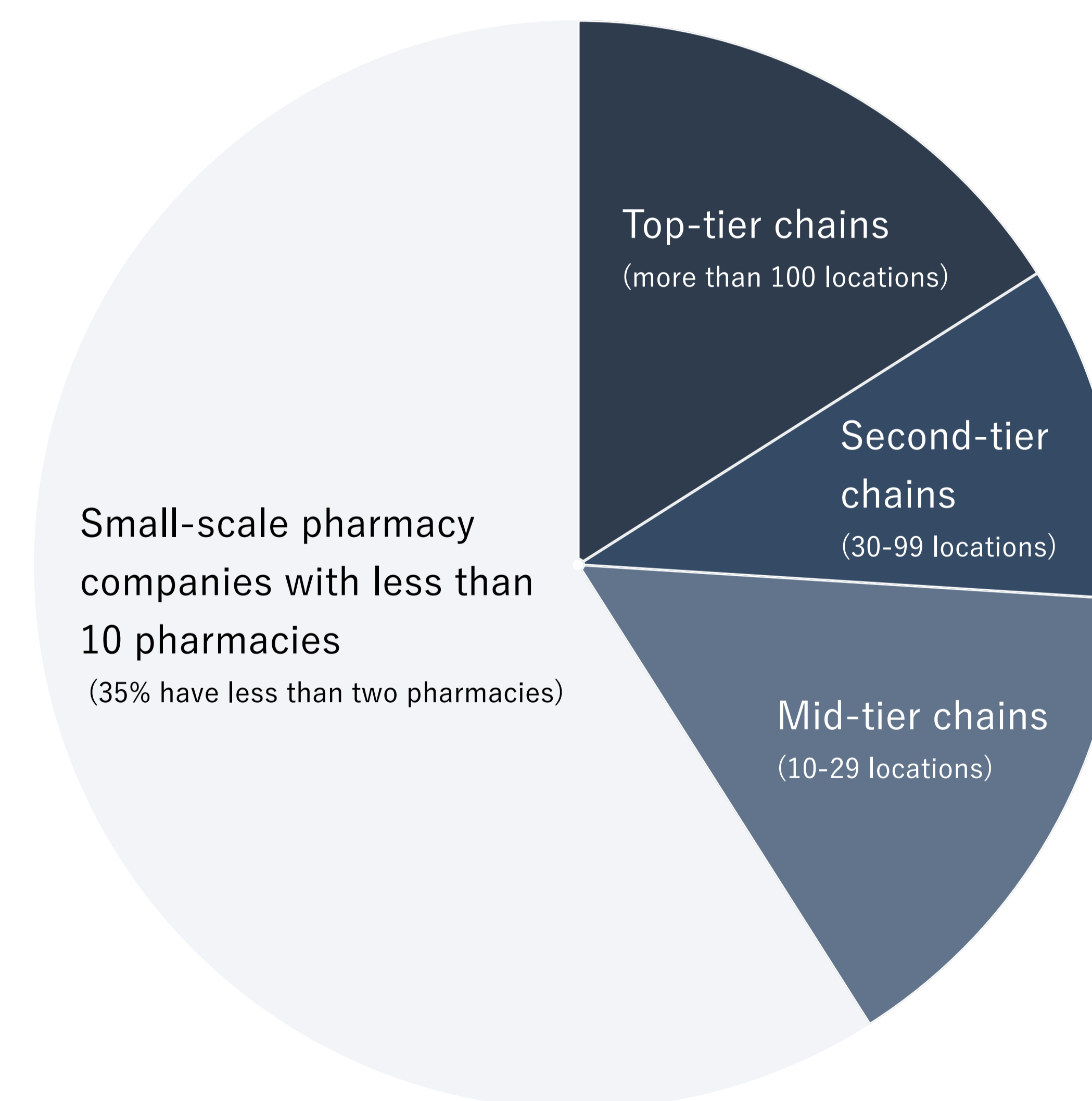
Pharmacies are now our target customers



Number of medical institutions ⁽¹⁾

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

Market share (number of locations) in pharmacy market (breakdown of 59k pharmacies nationwide)⁽²⁾



(2) Classified based on establishing entity as entered in the “list of medical institutions receiving notification” of each regional Bureau of Health and Welfare. Therefore, pharmacy operators that have different corporate names, but are members of the same corporate group are counted separately (as of October 2019)

On May 1, we entered agreements⁽¹⁾ with Life Sciences Computing Corporation (“LSC”) to acquire its EMR assets with customer accounts and its license for PACS system. We are currently working with LSC to support the above mentioned customers that we will take on and we plan to leverage these assets to increase the number of customers using our medical platform and improve ARPU (minor near-term earnings impact).

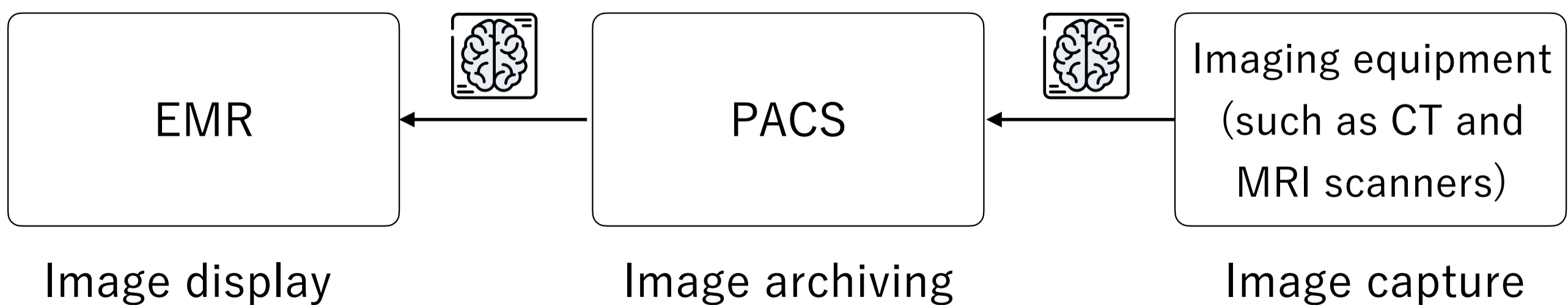
Assets to be acquired: EMR assets and related customer accounts

Details regarding assets to be acquired	<ul style="list-style-type: none">• Mainly for medical clinics• Including cloud-based and on-premise assets
Number of customer accounts to be acquired	Approx. 200 (one of the largest pools of cloud- based EMR accounts in Japan)
Acquisition price	JPY110mm (to be posted as a one-time sales promotion expenses)

Licensed asset: PACS technology

Overview of PACS	<ul style="list-style-type: none">• Data archiving system for images produced by imaging equipment (such as CT and MRI scanners)• Used by large-scale internal medicine and orthopedic surgery departments, where compatibility with EMR is important.
Licensed fee	JPY20mm (to be posted as a one-time software expense)

Compatibility between EMR and PACS



Purpose of acquisition

	EMR	Telemedicine
Expansion of our customer base	Acquisition of roughly 200 customers (We plan a phased transfer to CLINICS EMR after expansion of CLINICS EMR functionality.)	Cross selling of CLINICS Telemedicine to acquired customers
	Development and sale of products featuring integrated PACS and EMR functions Development of new customers including orthopedic surgery departments Sale of products featuring integrated functions to existing customers	
ARPU improvement		

(1) Contract scheduled to become effective on June 1, 2020

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

Recruitment Platform Business

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



Medical Platform Business

Focusing on CLINICS telemedicine, the largest telemedicine system in Japan, allow us to create platforms that can enable both patients and medical institutions to enjoy the benefits of technology. We also aim to provide necessary information to consumers through MEDLEY, a medical information service dedicated to patients.



Corporate Name	Medley, Inc.
Headquarters	Sumitomo Fudosan Roppongi Grand Tower 22F 3-2-1 Roppongi, Minato-ku, Tokyo
Established	June 5, 2009
Business	Recruitment Platform Business Medical Platform Business
Management	Kohei Takiguchi (President and CEO) Goichiro Toyoda (Representative Director, Doctor)
No. of employees	417 (as of March 2020)
Business Locations	Tokyo, Shimane (NaCl Medical, Inc.)
Awards	Nov. 2019 : Forbes JAPAN - Japan Entrepreneur Ranking “3rd place” Nov. 2019 : ASPIC IoT/AI/Cloud Award 2019 “Best Social Contribution” Jan. 2019 : Nikkei Superior Product / Service Award 2018 Feb. 2018 : Nikkei Digital Health - No.1 for “Venture Companies Chosen by Venture Companies”

Representative Director, President and Chief Executive Officer

Kohei Takiguchi

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

As the CEO of Medley, he oversees the CEO's administrative office, the organizational strategy office and the internal audit department. Prior to establishing Medley, at the age of 17, he established Gemeinschaft, Inc., a U.S. corporation, and became involved in domestic and overseas marketing and statistical research.

Director and CTO

Sosuke Hirayama

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

Director and Head of Corporate Division

Yuta Tamaru

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

External Director

Noboru Kotani

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

Representative Director (Medical Doctor)

Goichiro Toyoda

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

Director

Yosuke Ishizaki

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

Director and CFO

Ryo Kawahara

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

External Director

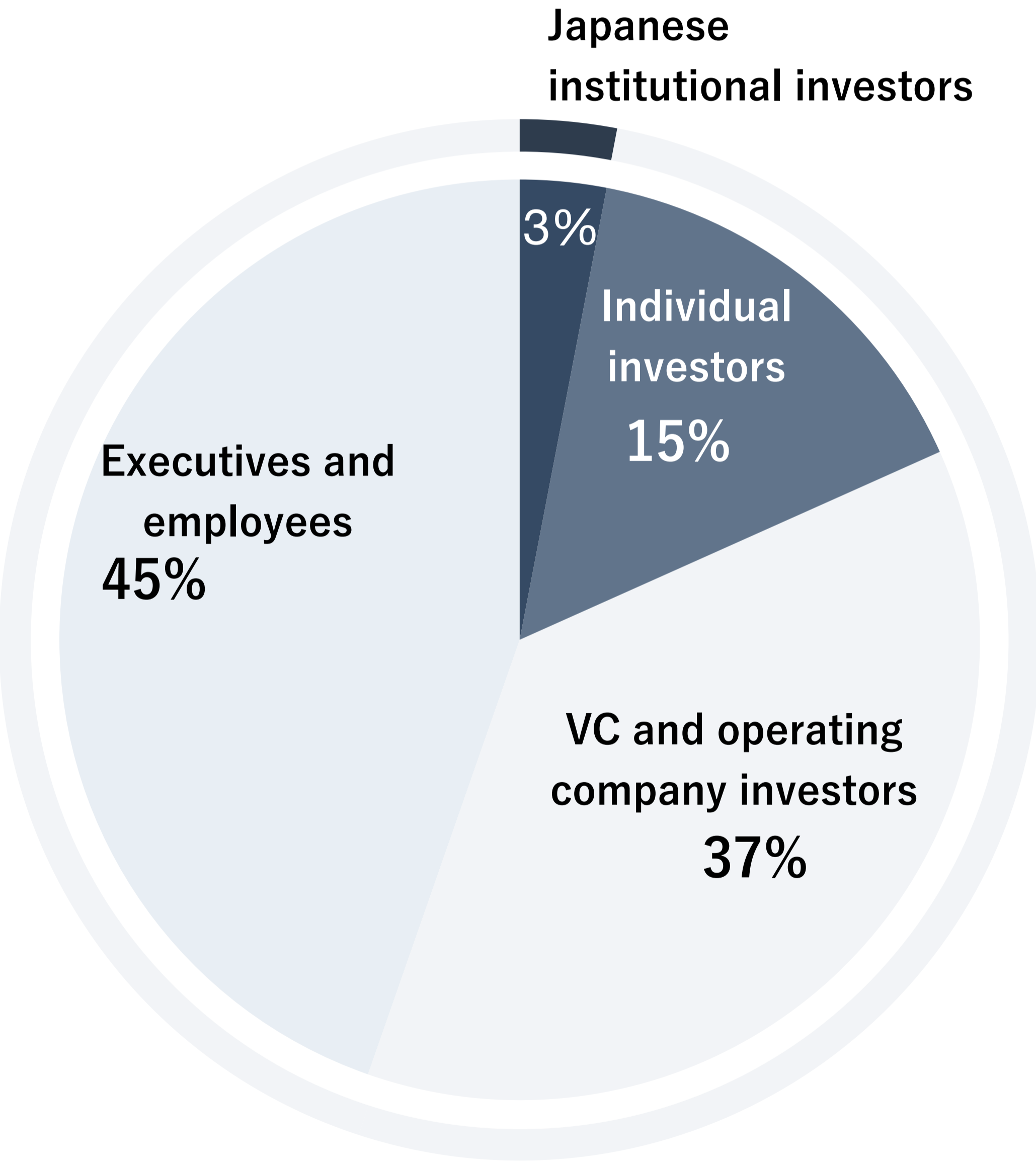
Hidetoshi Takano

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

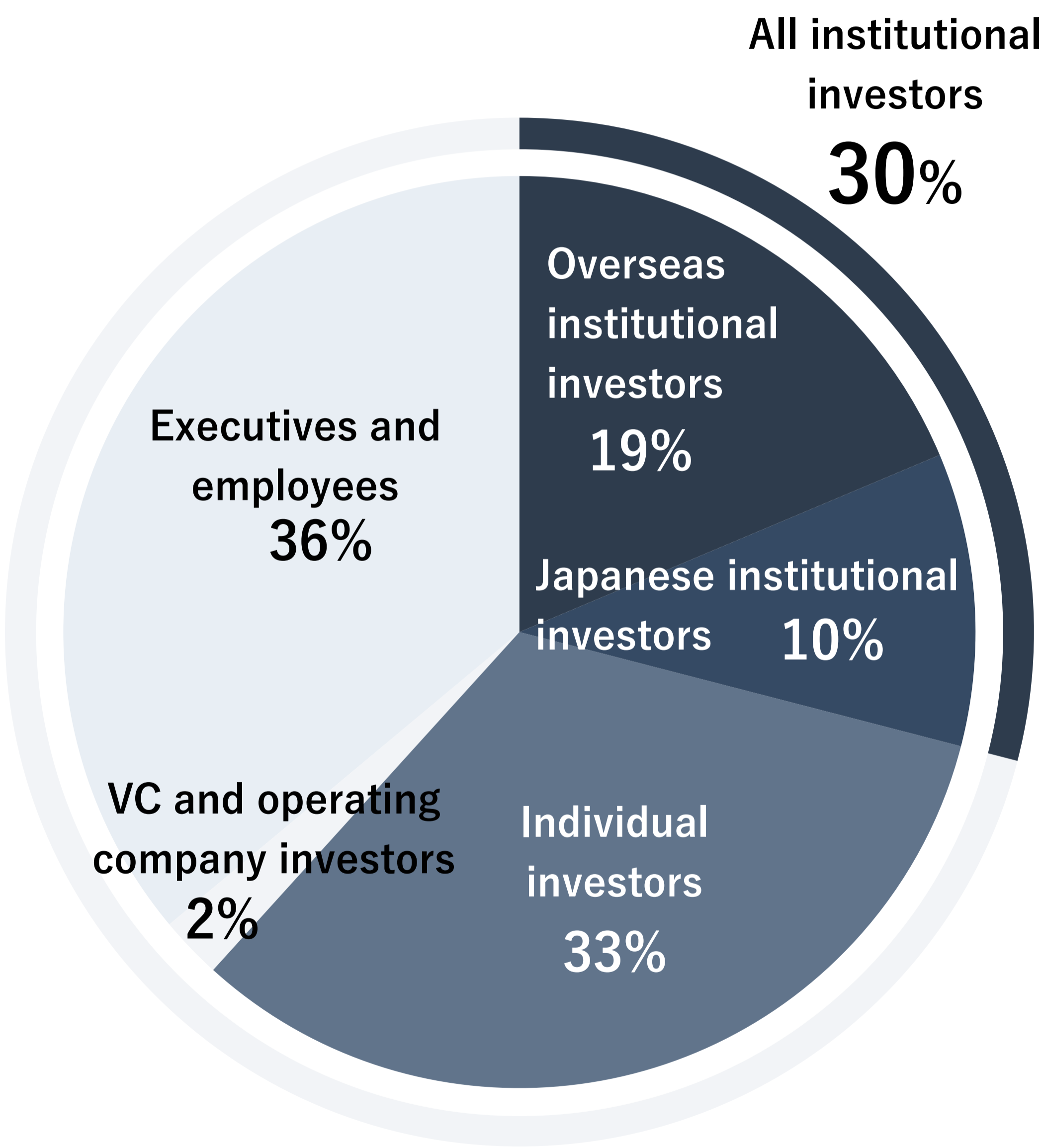
Our VC Ownership Ratio Decreased Sharply Following the IPO; Approx. 50% of Share Float Owned by Institutional Investors

With the cooperation of VC and operating company investors that supported us before the IPO, we were able to take measures during the IPO process to address concerns regarding liquidity and overhang. We will endeavor to provide robust disclosure that helps both corporate and individual long-term investors make investment decisions.

As of December 11, 2019 (immediately before listing)



As of December 31, 2019

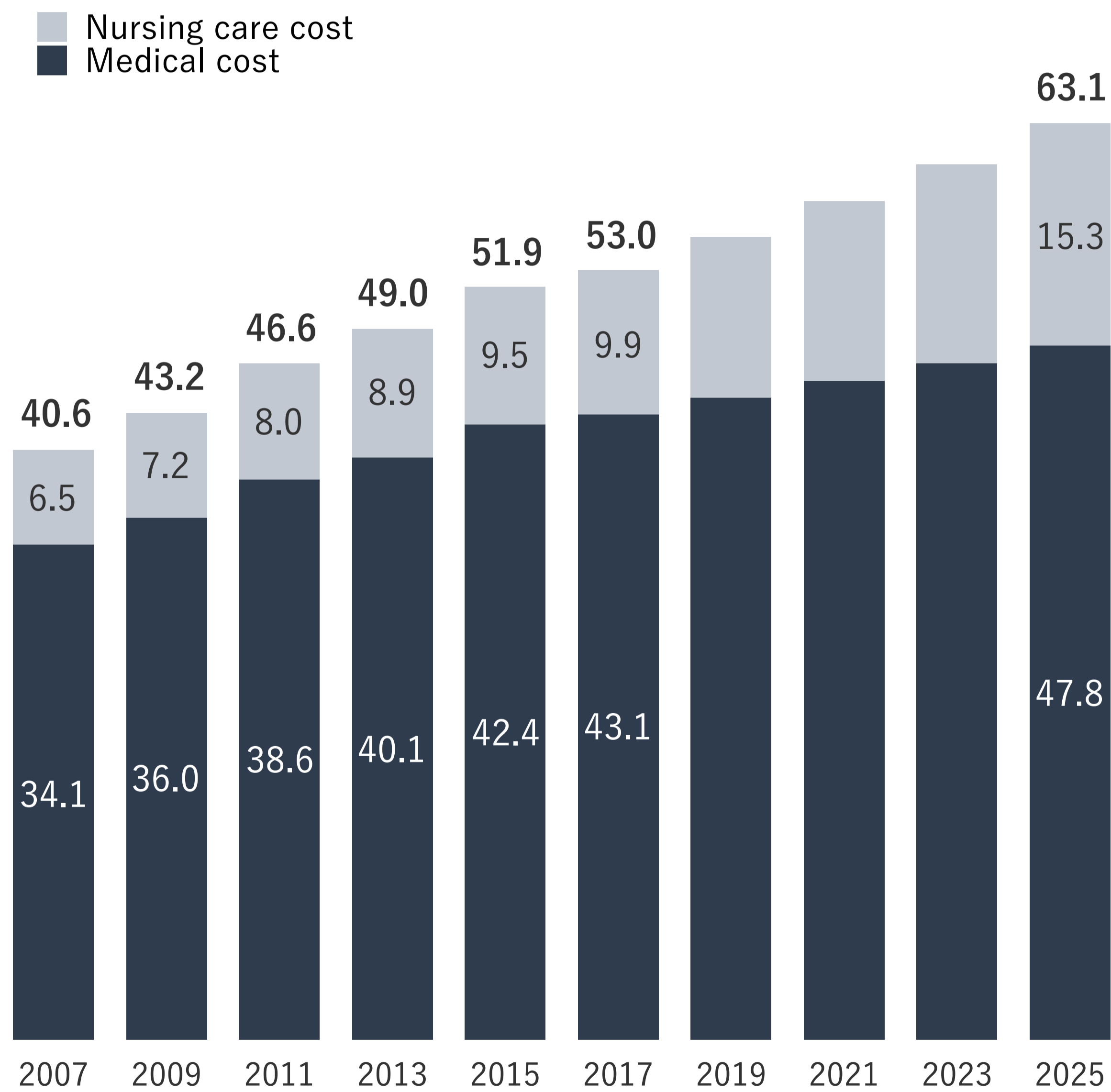


Defensive Growth Industry: Social Welfare Spending and Number of Employees not Impacted by Economic Trends

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

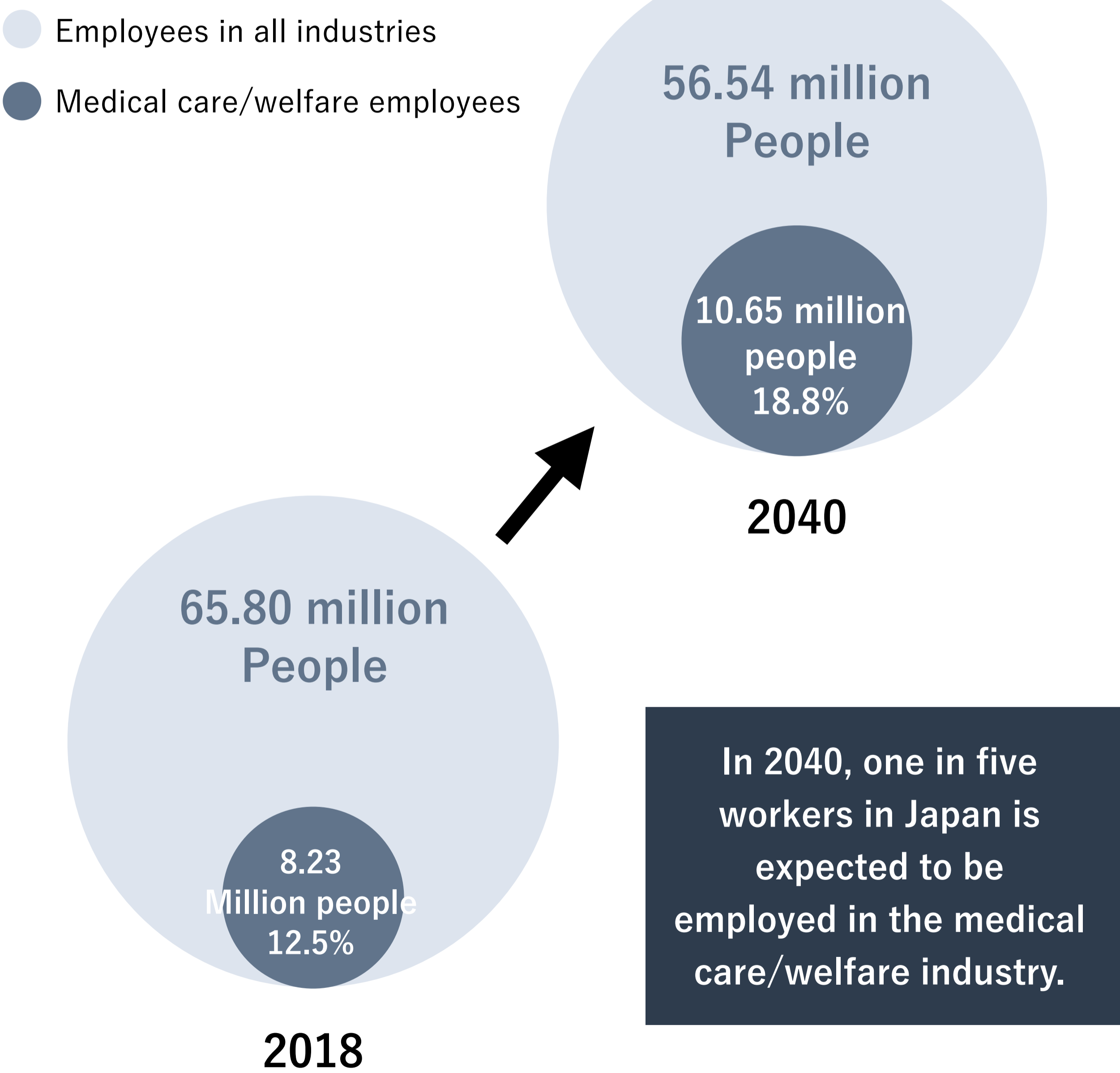
Social welfare spending forecast ⁽¹⁾

(JPY Trillion)



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

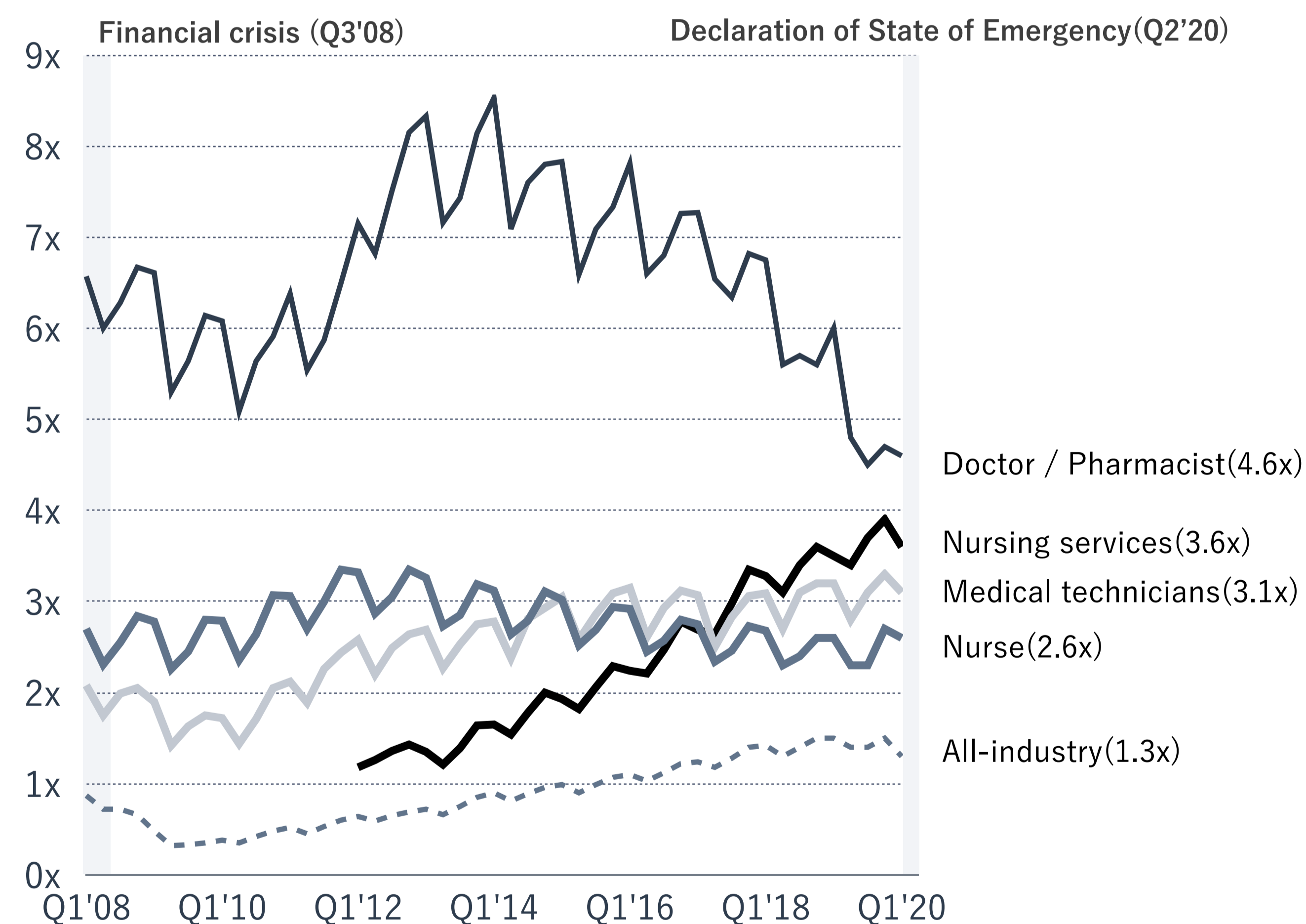
Employment trend forecast ⁽²⁾



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

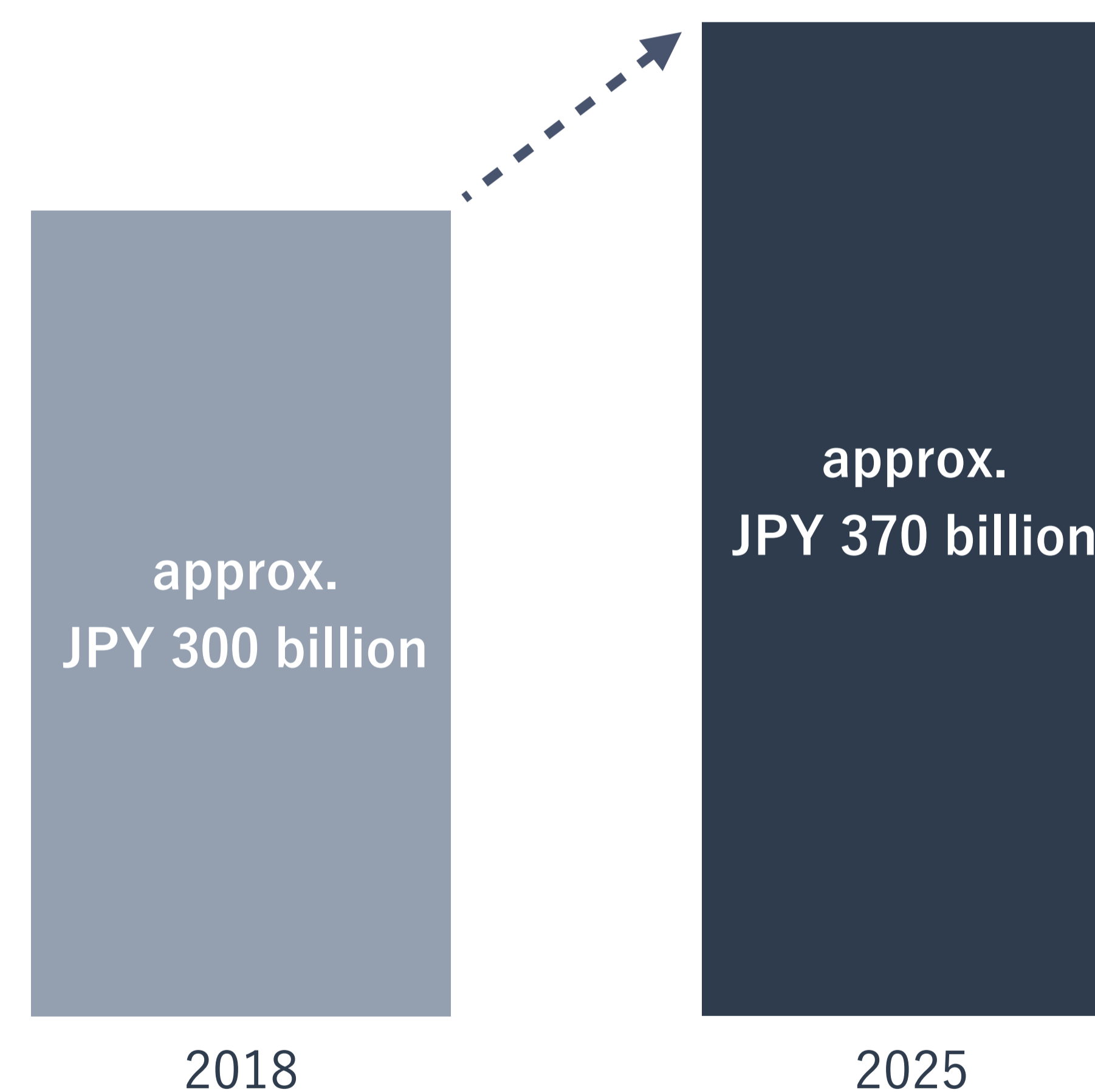
The Japanese medical industry suffers from a chronic shortage of workers, with a jobs-to-applicant ratio remains much higher than the average for all industries regardless of economic conditions. We estimate the current market size to be approximately JPY300 billion, and expect expansion to up to JPY370 billion in 2025 driven by increasing demand.

Ratios of Job Openings to Job Applicants⁽¹⁾



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

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



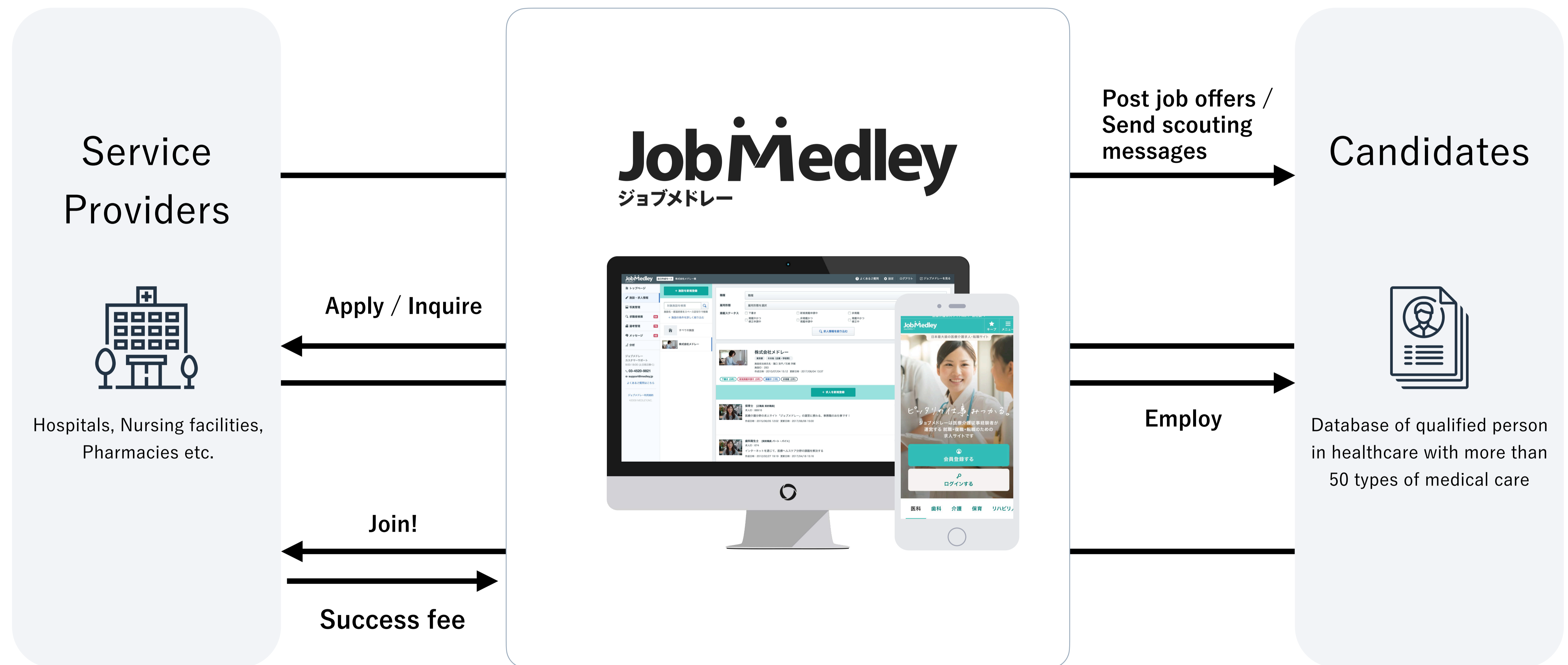
(2) Estimates by Medley, Inc.

FY2018A: Calculated based on the number of employees in the medical industry in Japan (roughly 7 million), the average annual hiring rate for occupations that fall under the category of “medical care / welfare” in FY2016 employment trend survey results (approximately 15% of roughly 7 million = approximately 1 million people), and the average unit price of JobMedley placements for all occupation categories.

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

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

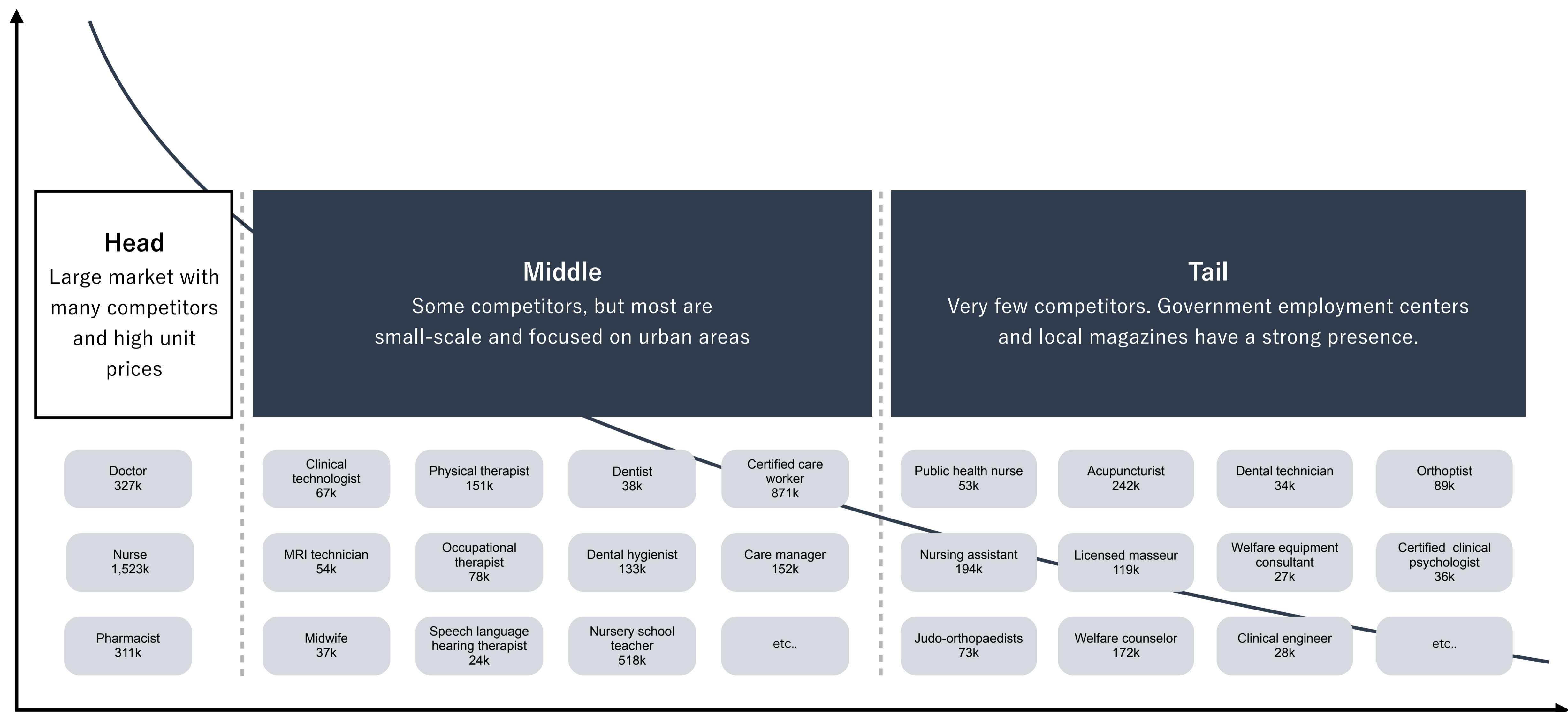
JobMedley is a recruitment system used by businesses (mainly medical institutions) in the nursing, childcare, and healthcare fields. Recruitment information for over 50 types of qualified professionals can be entered into the system and placement fee is charged when a placement is successfully made.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



Industry has a Long-tail Structure: Our Strengths are in the Middle and Tail Segments

Out of the 7 million workers in the medical/healthcare industry, 30% 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 70% - the middle and tail segments - where we have captured a leading market share. We currently have over 600,000 users in more than 50 occupations registered in our system.

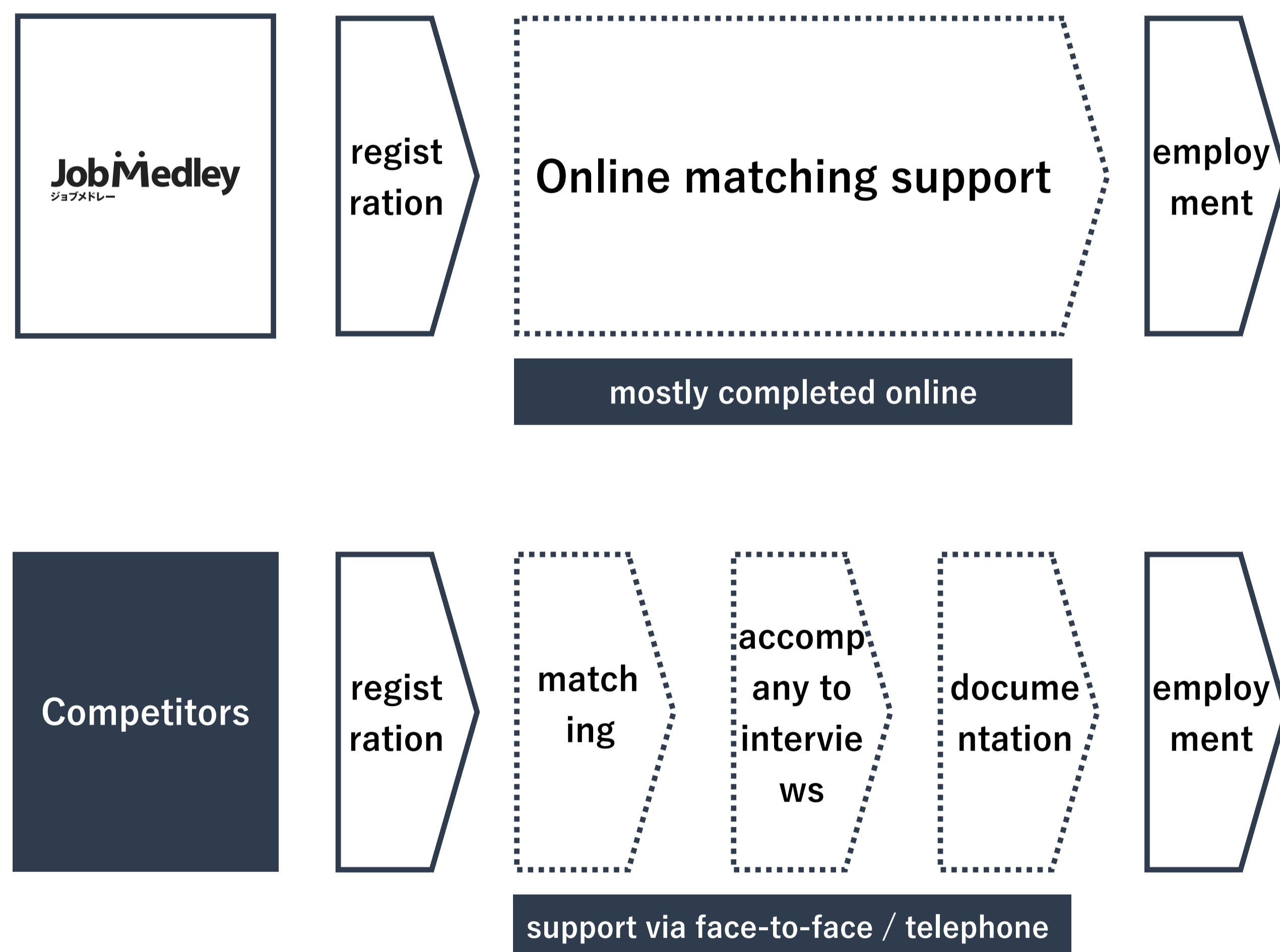
Our Target Area⁽¹⁾



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

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

Improved efficiency by leveraging online support



Price Advantages

JobMedley
ジョブメドレー

Success Fee (of annual income)

2~13%⁽¹⁾

Major Recruitment
Agencies

Success Fee (of annual income)

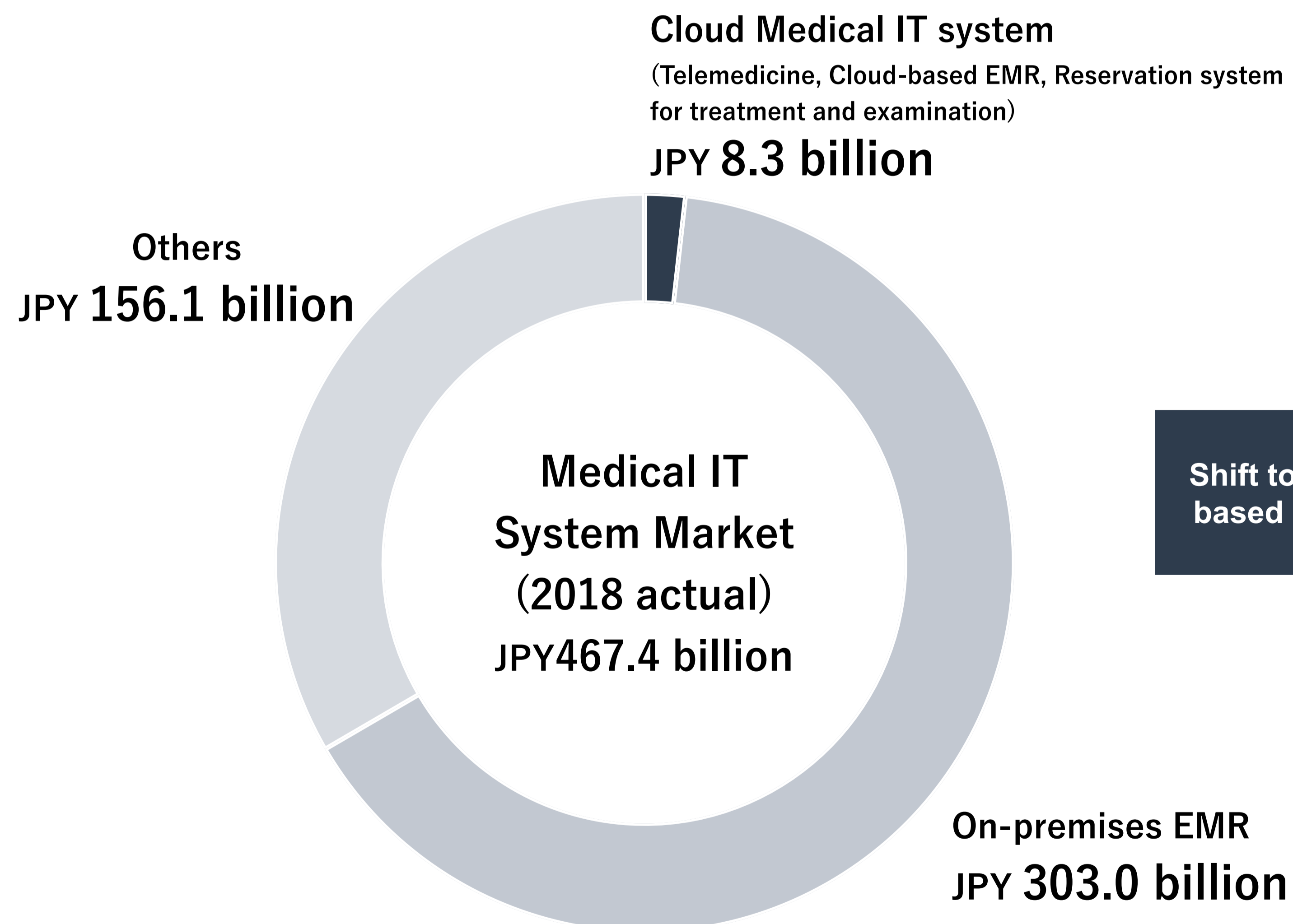
20~35%⁽²⁾

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

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

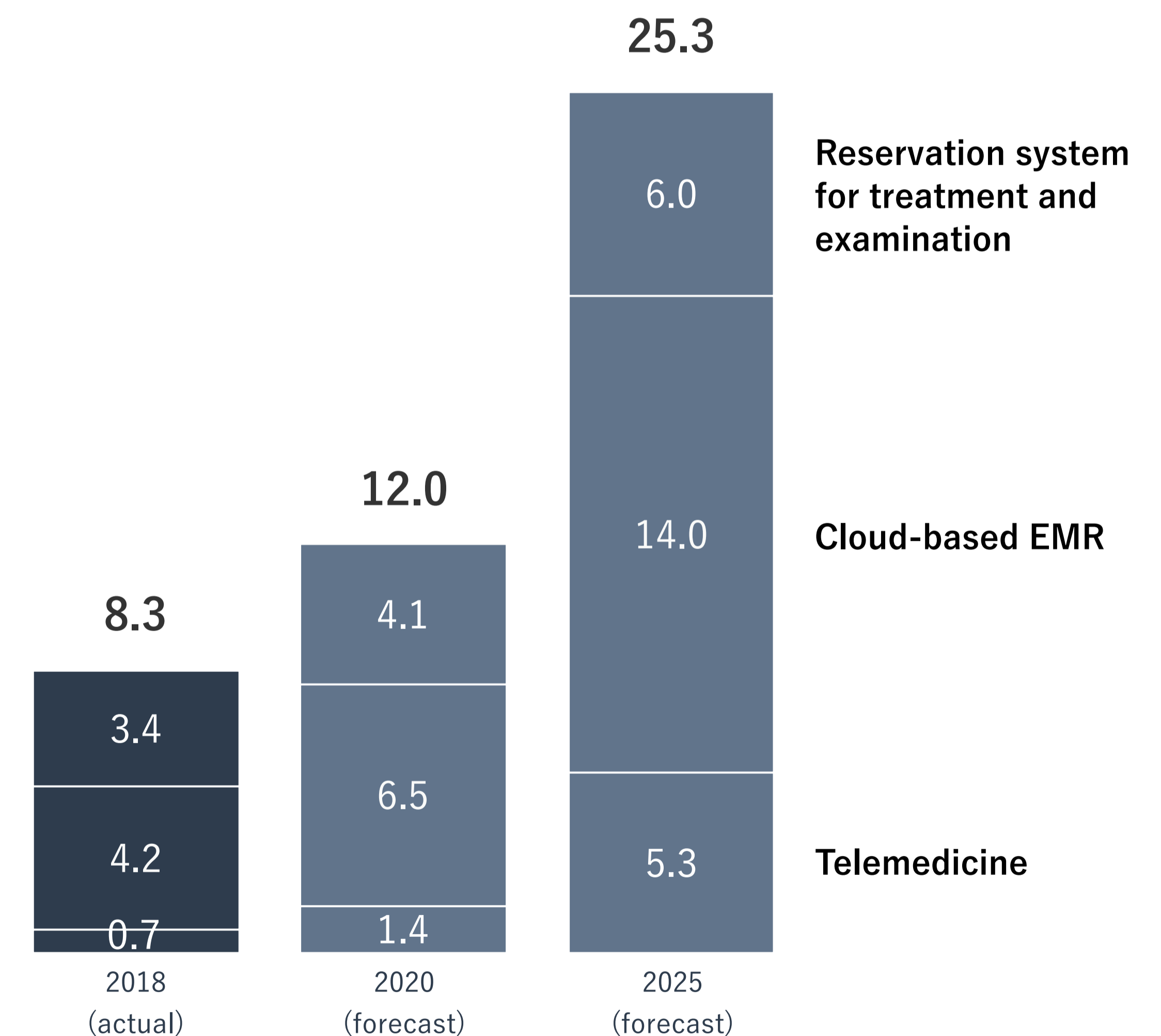
Estimated current medical IT system market size is approximately JPY470 billion. Today, the bulk of the systems used in medical industry are on-premises based (on-site servers), but more platforms are adopting cloud-based systems since the deregulation in 2010, owing to advantages in terms of costs and convenience. Due to the low operating efficiency and customary use of long-term contracts, 7-year (FY2018-2025) CAGR in target operating area of the cloud medical IT system market is expected to be 17.3%.

Scale of the Medical IT System Market⁽¹⁾



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

(JPY billion)



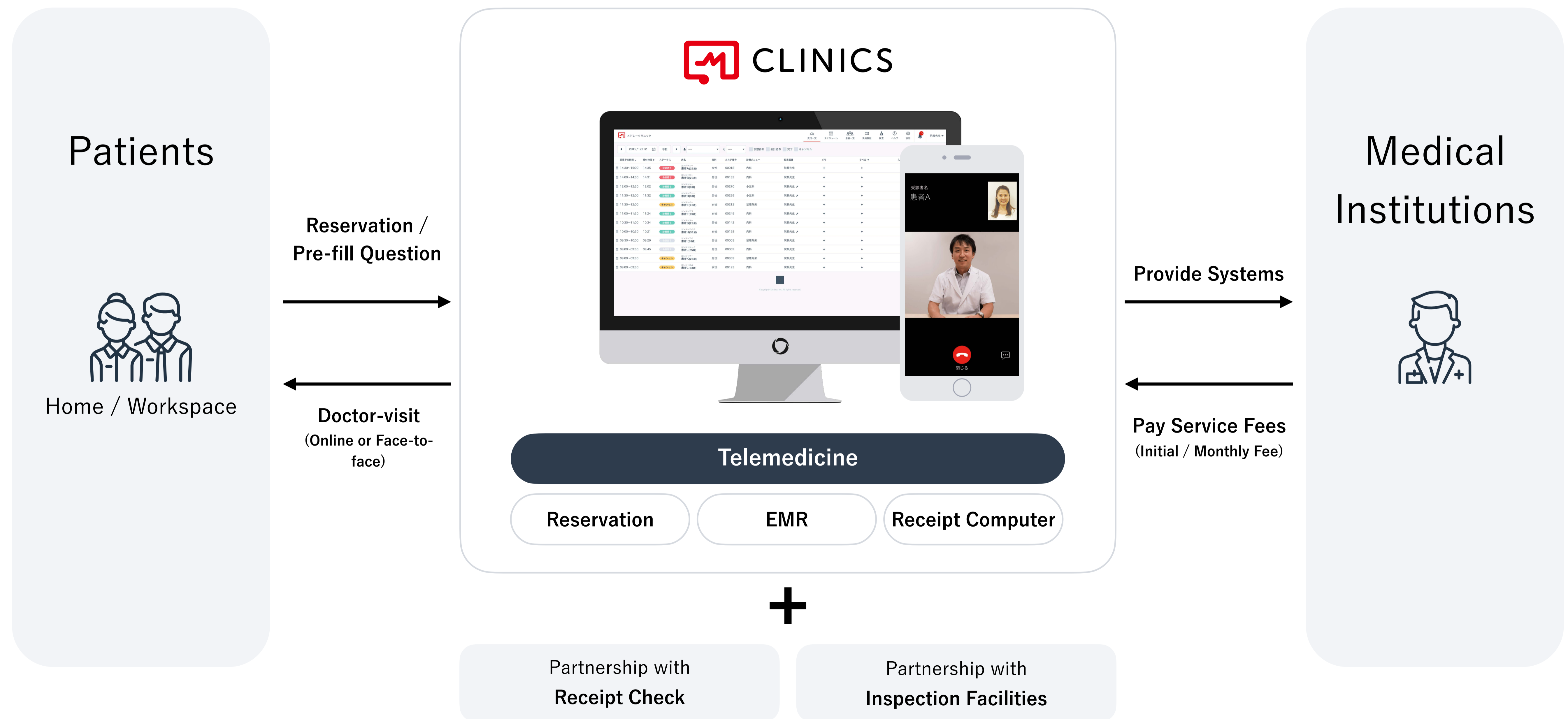
Currently, most systems are on-premises based (on-site servers)

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

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

Launched as a Telemedicine System in 2016, CLINICS has No.1 Market Share⁽¹⁾

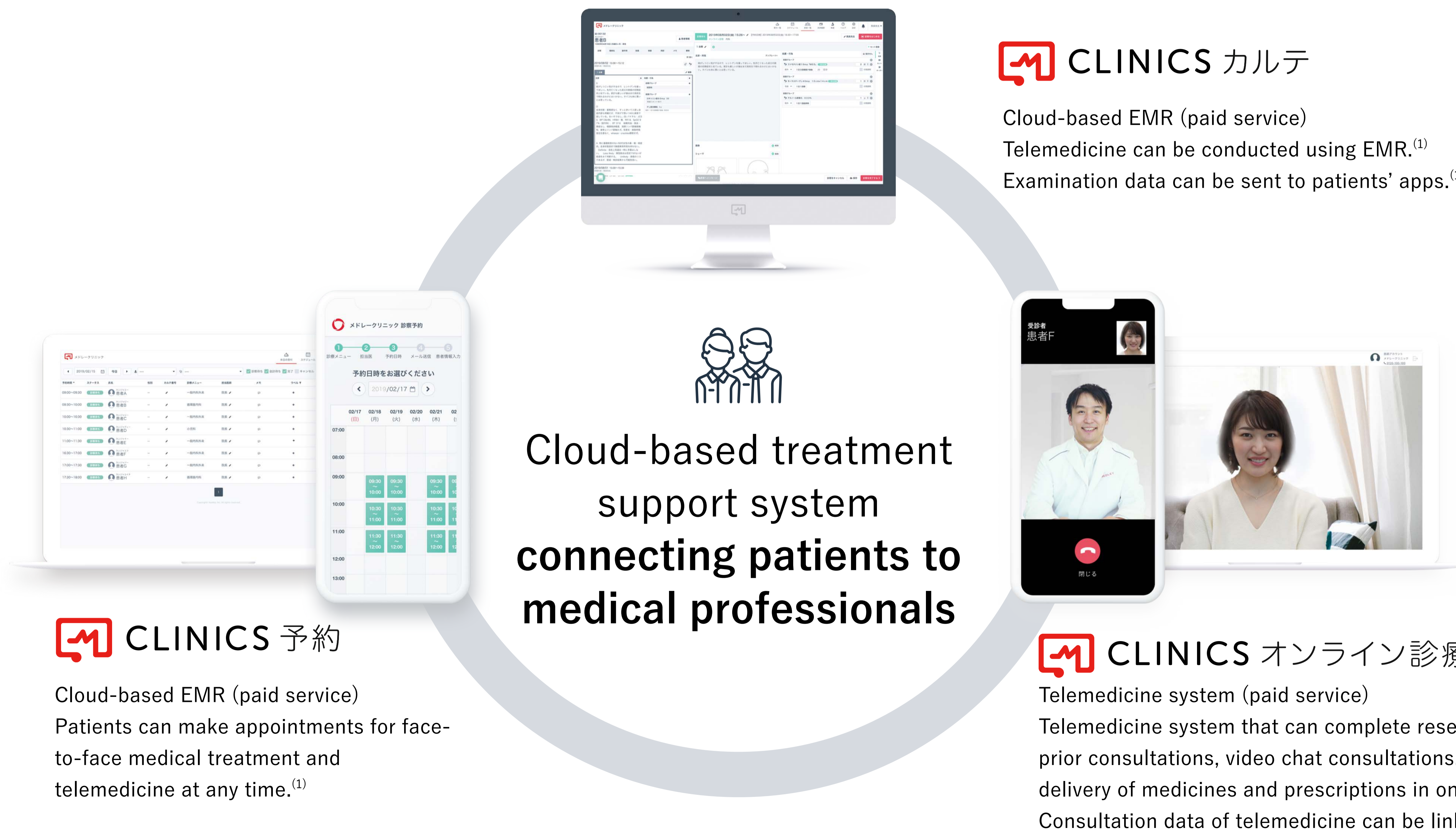
Telemedicine is one of the keys to next-generation medical care. We aim to create a world where medical institutions, in cooperation with pharmacies and care providers, can realize benefits to patients by appropriately combining traditional face-to-face medical care and telemedicine. CLINICS charges system usage fees from medical institutions and provide additional functions to the system platform.



(1) According to Fuji Keizai's report on "Future Outlook for Medical Big Data Business and Seamless IT / Cloud Computing of Medical IT in 2020: No.1 Medical IT and Medical Information Platforms", as of 2018, the CLINICS telemedicine system had the largest installed base in the telemedicine systems and services category.

CLINICS is Evolving into a Comprehensive Cloud-based Medical Support System

In addition to the telemedicine system (launched in 2016), in 2019, a cloud-based EMR system (CLINICS EMR) was launched. As this system is connected with apps used by patients, CLINICS is evolving into a cloud-based medical support system that smoothly connects institutions and patients, handling functions including reservations, reception, treatment, and accounting.

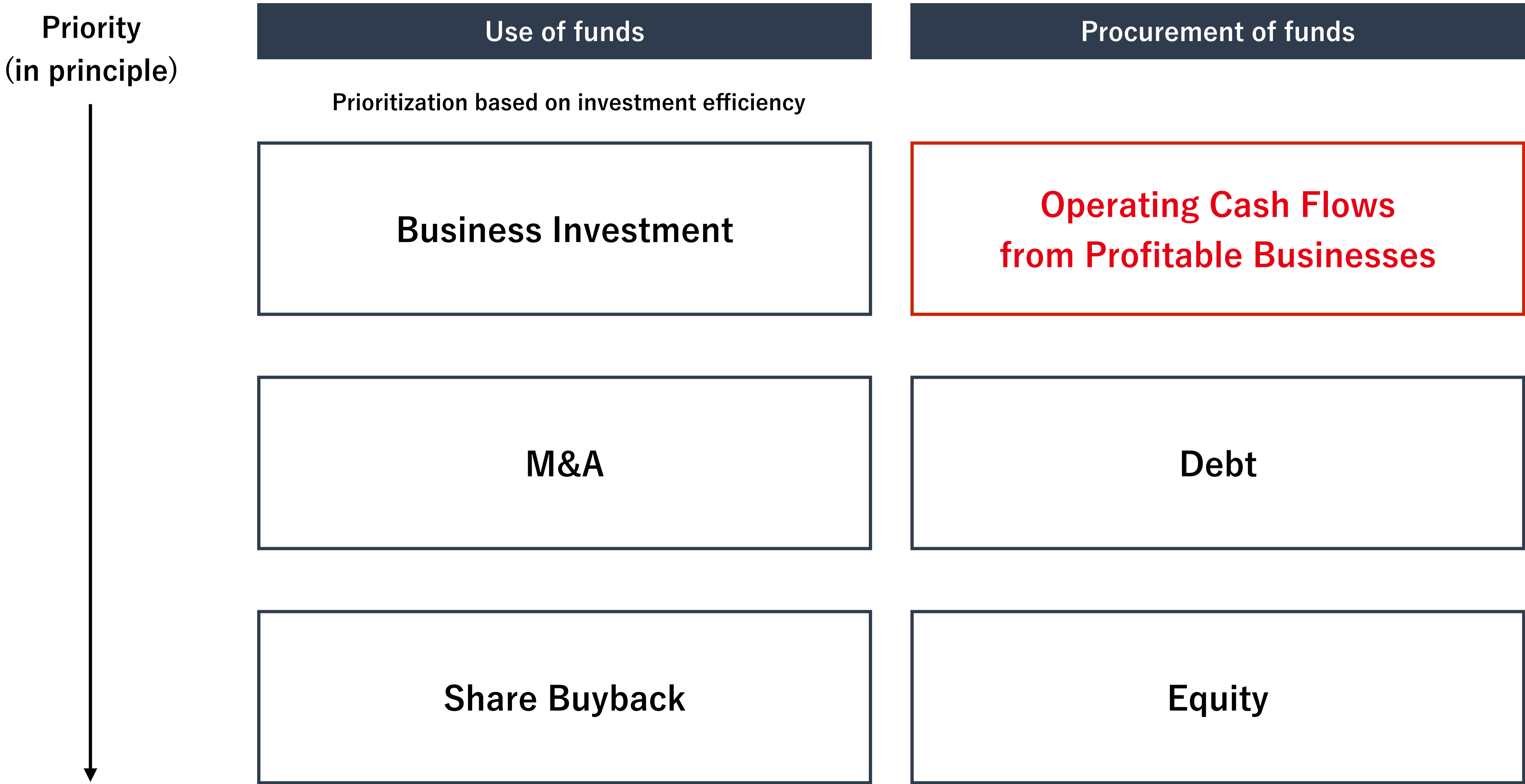


(1) When used concurrently with CLINICS Telemedicine

(2) When used concurrently with CLINICS EMR

Use of Operating Cash Flows from Profitable Businesses and Debt for Aggressive Investment

We focus on companywide sales growth rather than on growth of individual businesses. We have set target years for bringing lossmaking businesses into the black and will increase operating cash flow in line with our plans.









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 FY2019	In the red in FY2019	
	Cash generation phase	Profitability phase	Commercialization phase
Recruitment Platform			
Medical Platform	<div>  <div> CLINICS オンライン診療 <small>(Telemedicine)</small> Profitable in FY2019 </div> </div> <div> <div> <div>Expected to turn profitable in FY2022</div> <div>←</div> </div> <div>  <div> CLINICS カルテ <small>(Cloud-based EMR)</small> </div> </div> </div> <div> <div> <div>Expected to turn profitable in FY2020</div> <div>←</div> </div> <div>  </div> </div>		<div>  <ul style="list-style-type: none"> Preparation for next phase No expansion of losses <div> Service for Dental Clinics <ul style="list-style-type: none"> Began development in FY2019 Plan to begin business development in FY2020 </div> <div> [New] Service for Pharmacies <ul style="list-style-type: none"> Plan to begin business development in Q3 FY2020 </div> <div> New Service <ul style="list-style-type: none"> Began development in FY2019 Plan to begin business development in FY2021 </div> </div>
New Services			<div>  <ul style="list-style-type: none"> Consideration of optimal earnings structure </div>

Investment in Growth Targeting Maximization of Customer Numbers and ARPU Improvement

Aggressively invest capital secured via operating cash flow and interest-bearing debt while keeping the company in the EBITDA positive on a companywide basis.

Investment in Growth

Aggressive investment while maintaining profitability on a companywide basis

- We will 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 companywide customer management system

ARPU Improvement

① Increase customer usage rate

- Continuous improvement

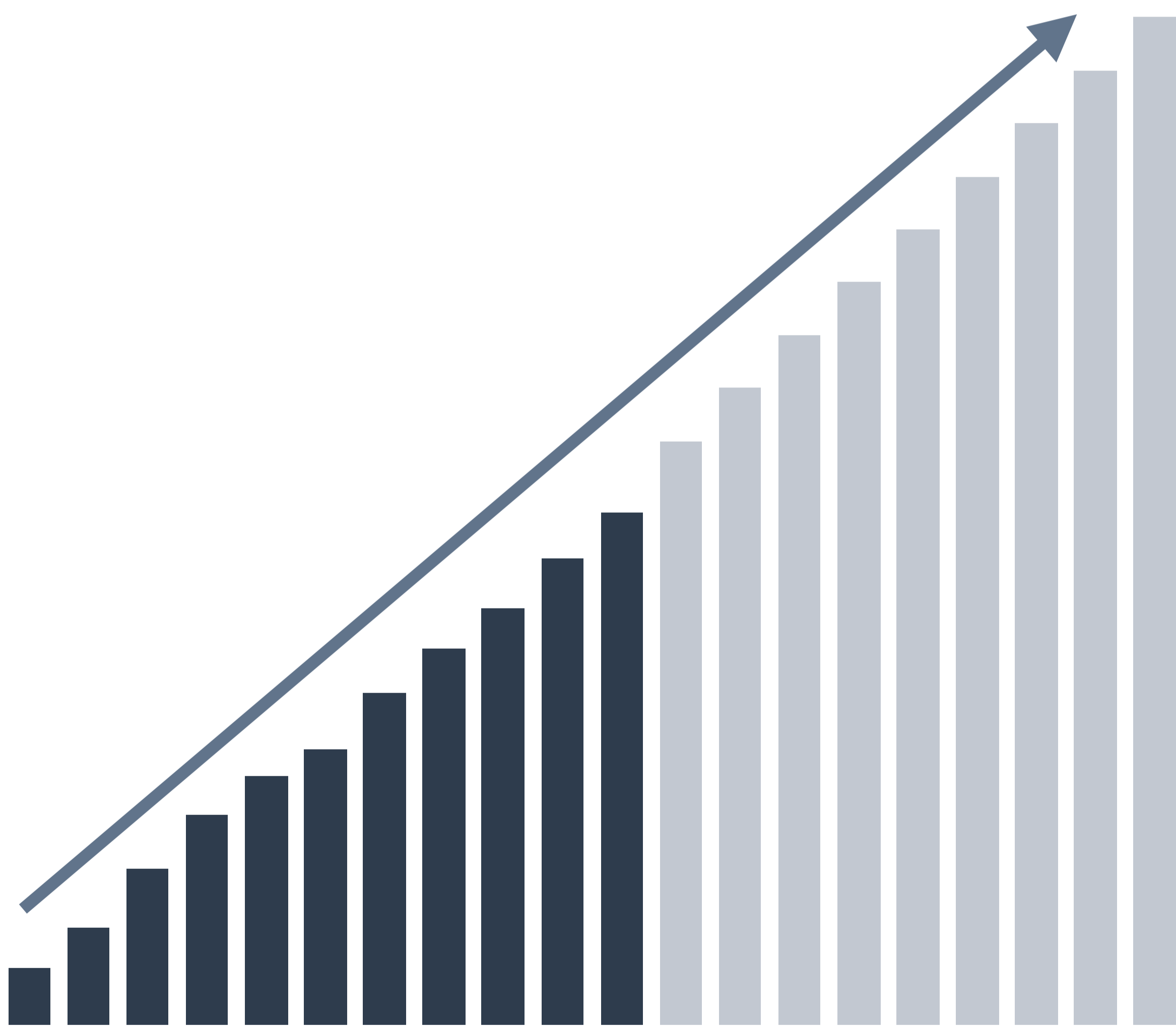
② Strengthen product lineup

- New services under development
- Plan to increase number of services
- Proactively pursue operational and capital alliances with other companies

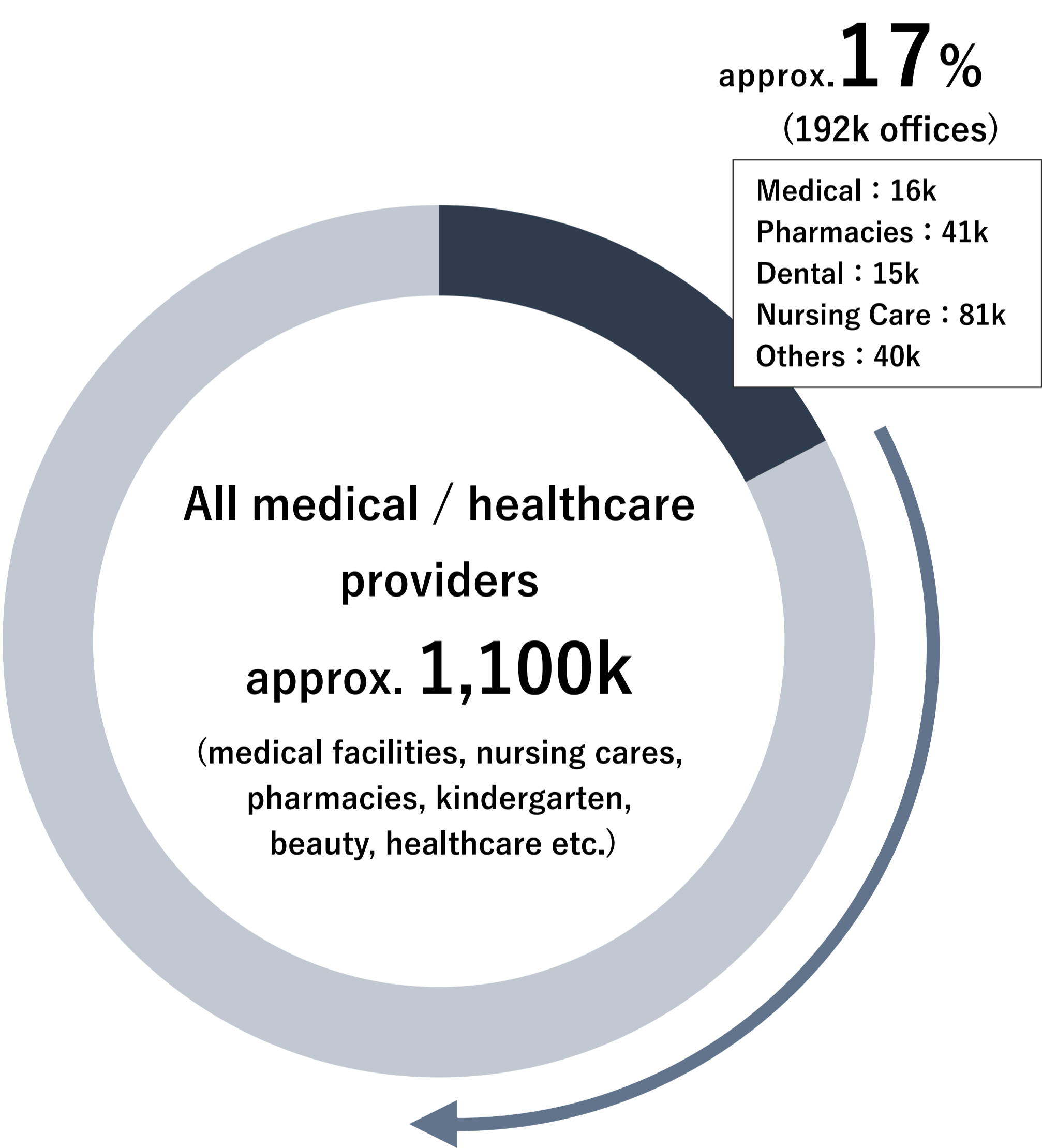
Continue to Expand Customer Base by Leveraging JobMedley's Cost Leadership

All businesses face human resources constraints. Providing low-cost human resource systems in the field of healthcare enabled increase in number of customers and users. We will further strengthen our customer base by continuing to pursue our cost leadership strategy. Our basic strategy is to develop and deliver valuable services to our customers.

Customer Base Expansion



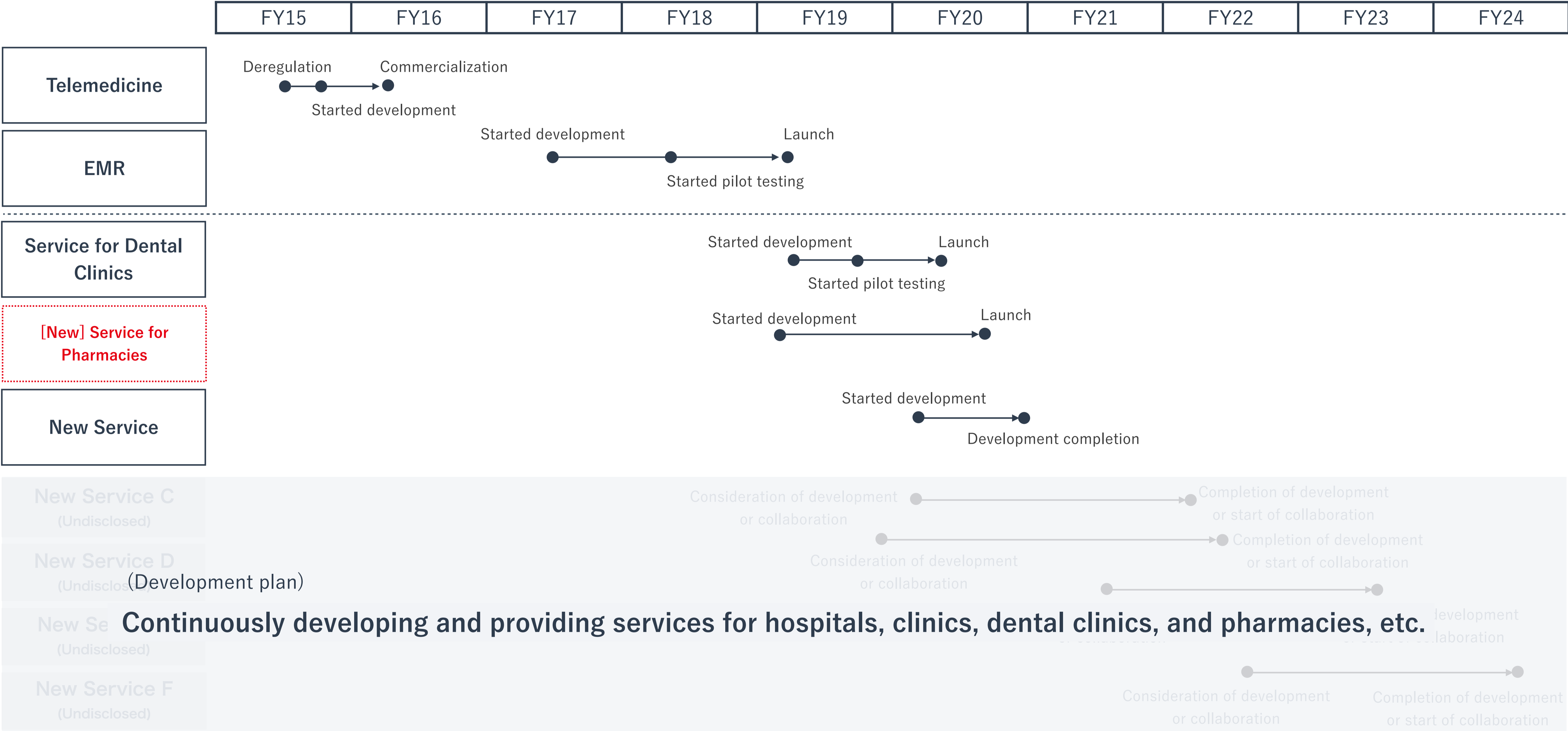
Ratio of target businesses using our services



Leveraging Our Customer Base to Promote the Use of Digital Technologies in Medical/Healthcare Industry



Shifting medical institutions’ on-site systems to the cloud is an essential step for society in terms of increasing the efficiency of the medical healthcare industry as a whole. The outsourcing of services required by all medical institutions would benefit patients, cut costs, and boost sales. We will leverage JobMedley’s strong customer base to aggressively develop and widely distribute such services.



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

In addition to continued investment in development, M&A is a core component of our growth strategy and we are strengthening our M&A team.

M&A Plan

Conduct strategic M&A

- Proactively acquire functions necessary for each business segment

Focus on synergy

- Sales support to leverage our strong customer base
- To leverage our Internet product development knowhow
- To leveraging our digital marketing knowhow

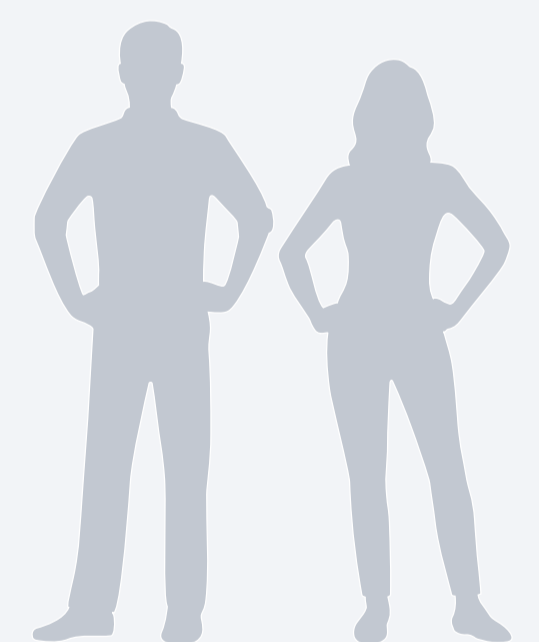
Conduct M&A necessary for the future without delay

* Because it is not always possible to make the necessary acquisitions at the time they are needed.

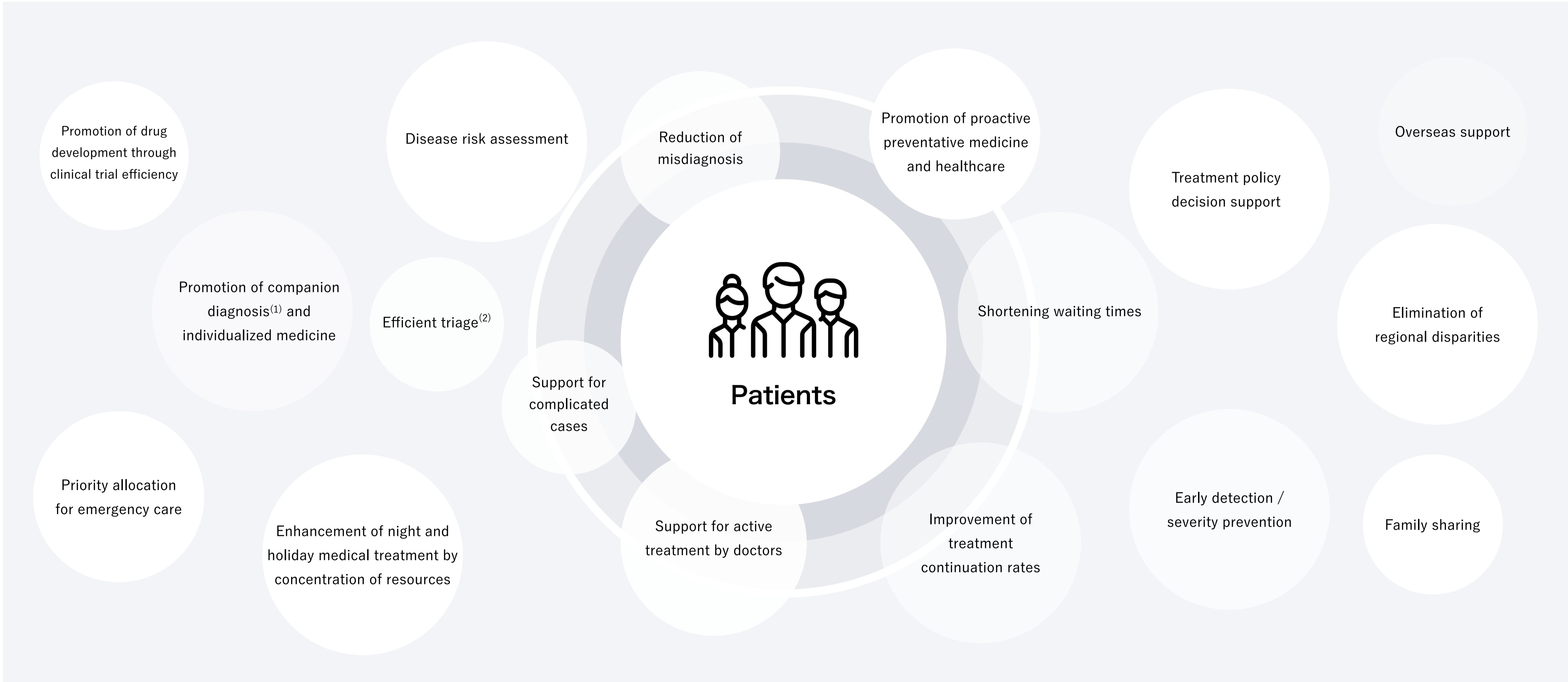
M&A team

Ability to handle sourcing, due diligence, negotiations, and post-merger integration with in-house team

- Team members with experience:
 - working at private equity funds (ex Partner)
 - working at investment banks
 - working in companies undergoing M&A
 - working as legal and financial specialists
 - serving as general manager
 - working as DX engineer



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



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



Creating the Future of Medical / Healthcare