

[Translation]



April 26, 2024

To whom it may concern:

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Notice Regarding Change in Subsidiaries

As described in “Notice Regarding Results of Tender Offer for GUPPY’s Inc. Share Certificates, etc. (Securities Code: 5127)” published on March 8, 2024 by Medley, Inc. (the “Company”), the Company implemented a tender offer (the “Tender Offer”) for common shares (the “Target Shares”) and share options of GUPPY’s Inc. (the “Target”) from January 22, 2024 to March 7, 2024 as the period for purchase, etc., and as a result, acquired 1,474,085 Target Shares (ownership ratio (Note): 38.26%) on March 14, 2024.

At an extraordinary shareholders meeting held today (the “Extraordinary Shareholders Meeting”) at which the agenda items including a share consolidation and a partial amendment to the articles of incorporation to abolish the provision on share units on the condition that the share consolidation takes effect, the series of procedures (the “Squeeze-Out Procedures”) to delist the Target Shares were approved and officers of the Company were appointed as directors of the Target.

Furthermore, due to resolution at a meeting of the board of directors of the Target (the “Board of Directors Meeting”) to change the Target’s administrative authority table, the Company has come to control material financial and operational or business policy decisions of the Target, and therefore now falls under Article 8(4)(iii) of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. Therefore, the Company hereby gives notice as follows that the Target has become a consolidated subsidiary of the Company.

(Note) The “ownership ratio” is the ratio to the total number of issued shares as of February 29, 2024 stated in the second quarter report for the 24th fiscal year submitted by the Target on April 15, 2024 (the “Target Q2 Report”) (3,853,300 shares) minus the number of treasury shares held by the Target as of February 29, 2024 stated in the Target Q2 Report (170 shares) (3,853,130 shares; hereinafter the “Base Number of Shares”) (rounded to the second decimal place; hereinafter the same when calculating the ownership ratio).

Particulars

1. Reason for the Change

At the Extraordinary Shareholders Meeting, officers of the Company were appointed as directors of the Target, and furthermore, there was a resolution at the Board of Directors Meeting to change the Target’s administrative authority table, so the Company has come to control material financial and operational or business policy decisions of the Target, and therefore now falls under Article 8(4)(iii) of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. Therefore, the Target has become a subsidiary of the Company as of today.

2. Outline of the Subsidiary Pertaining to the Change (the Target)

(i)	Name	GUPPY's Inc.		
(ii)	Location	14-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo		
(iii)	Title and name of representative	Yoshimitsu Hida, Representative Director		
(iv)	Business details	Human resource service business specializing in medical care, nursing care, and welfare, and healthcare business utilizing a health management app		
(v)	Stated capital	473,990,000 yen (as of February 29, 2024)		
(vi)	Date of incorporation	September 19, 2000		
(vii)	Major Shareholders and their Shareholding Percentages (as of February 29, 2024)	Yoshimitsu Hida		48.69%
		Guppy Co., Ltd.		7.79%
		PERSHING SECURITIES LTD CLIENT SAFE CUSTODY ASSET ACCOUNT (standing proxy: Citibank)		3.62%
		SBI SECURITIES Co., Ltd.		2.92%
		Rakuten Securities, Inc.		2.59%
		Tokai Tokyo Securities Co., Ltd.		2.27%
		NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB) (standing proxy: Nomura Securities Co., Ltd.)		2.21%
		Nomura Securities Co., Ltd.		1.87%
		Masashi Kurata		1.74%
		Norihiro Iramina		1.43%
(viii)	Relationship Between the Company and the Target			
	Capital relationship	The Company holds 1,474,085 Target Shares (ownership ratio: 38.26%) as of today.		
	Personnel relationship	Not applicable.		
	Transactional relationship	Not applicable.		
	Status of constitution of a related party	A subsidiary of the Company.		
(ix)	Business performance and financial condition of the Target for the past three years			
	Accounting period	Fiscal year ending August 2021	Fiscal year ending August 2022	Fiscal year ending August 2023
	Net assets	539,788,000 yen	832,665,000 yen	2,051,233,000 yen
	Total assets	1,134,540,000 yen	1,509,404,000 yen	2,875,199,000 yen
	Net assets per share	179.93 yen	277.56 yen	564.65 yen
	Net sales	1,396,238,000 yen	1,850,489,000 yen	2,395,113,000 yen
	Operating profit	304,469,000 yen	470,395,000 yen	653,800,000 yen
	Ordinary profit	304,562,000 yen	484,579,000 yen	650,995,000 yen

Net profit	229,864,000 yen	342,276,000 yen	422,054,000 yen
Net profit per share	76.62 yen	114.09 yen	120.24 yen
Dividend per share	0.00 yen	0.00 yen	0.00 yen

(Note) “(vii) Major Shareholders and their Shareholding Percentages (as of February 29, 2024)” is stated based on the “Status of Major Shareholders” set forth in the Target Q2 Report.

3. Status of Shareholding Before and After Acquisition

(i) Number of shares held before change	1,474,085 shares (Number of voting rights: 14,740 units) (Voting rights ratio: 38.25%)
(ii) Number of shares held after change	1,474,085 shares (Number of voting rights: 14,740 units) (Voting rights ratio: 38.25%)

(Note) “Voting rights ratio” is calculated with the number of voting rights (38,531 units) pertaining to the Base Number of Shares (3,853,130 shares) as the denominator and rounded to the second decimal place.

4. Timing of Change

April 26, 2024 (Friday)

5. Outlook

The impact on future consolidated financial results is currently being examined, and if any matters that should be announced arise in the future, they will be promptly announced.

End