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February 13, 2026

Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP)

Company name: MEDLEY,INC.

Listing: Tokyo Stock Exchange

Securities code: 4480

URL: <https://www.medley.jp>

Representative: Kohei Takiguchi

President and Chief Executive Officer

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Scheduled date of annual general meeting of shareholders: March 27, 2026

Scheduled date to commence dividend payments: -

Scheduled date to file annual securities report: March 27, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA※		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended										
December 31, 2025	36,786	25.5	4,821	17.2	2,150	(7.6)	2,202	(46.0)	975	(65.1)
December 31, 2024	29,302	42.7	4,114	21.2	2,326	(12.6)	4,078	8.6	2,798	9.0

Note: Comprehensive income For the fiscal year ended December 31, 2025: ¥ 791 million [(71.3)%]
For the fiscal year ended December 31, 2024: ¥ 2,751 million [20.3%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2025	30.62	30.47	5.6	5.1	5.8
December 31, 2024	86.17	85.62	14.7	11.5	7.9

Note: EBITDA = Operating profit / loss + depreciation and amortization of goodwill + share-based compensation expenses

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2025	41,252	14,799	35.9	478.95
December 31, 2024	45,201	20,219	44.7	621.43

Reference: Equity

As of December 31, 2025: ¥ 14,799 million

As of December 31, 2024: ¥ 20,209 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2025	3,486	(7,128)	(6,776)	8,575
December 31, 2024	2,447	(10,719)	11,899	18,993

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2024	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended December 31, 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending December 31, 2026 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	46,400	26.1	5,800	20.3	2,950	37.2	3,250	47.6	1,800	84.5	58.25

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes
 Excluded: 3 companies(MEDiPASS Co., Ltd., GUPPY's Inc., Pacific Medical, Inc.)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2025	32,738,600 shares
As of December 31, 2024	32,738,600 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2025	1,838,986 shares
As of December 31, 2024	218,285 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended December 31, 2025	31,866,284 shares
Fiscal Year ended December 31, 2024	32,474,847 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

This preliminary earnings report contains forward-looking statements such as earnings forecasts which are based on information currently available to the Group and certain assumptions deemed to be reasonable. The Group makes no guarantee regarding the accuracy of the forecasts contained herein. Because of variable factors, actual results may differ from the forecast figures. For information regarding assumptions upon which the Group's results forecasts are based and notes regarding the use of results forecasts, please refer to (4) Outlook under 1. Outline of Business Performance on page 5.

1. Outline of Business Performance

(1) Explanation regarding operating results

During the consolidated fiscal year ended December 31, 2025 (consolidated FY2025), in both the HR PF Business and the Medical PF Business, Japanese medical and nursing industry continued to face human resource shortages and issues related to national budget shortages.

Amid this business environment, in consolidated FY2025, sales in the HR PF Business increased due to a steady increase in the number of customer offices and in our pool of registered workers for the recruitment system JobMedley and the number of customer offices for the online training system JobMedley academy also grew.

We also achieved sales growth in the Medical PF Business as installation of our products at customers' facilities went smoothly, resulting in growth in the number of customer offices. Even as the Group achieved sales growth, it actively implemented the following initiatives with a view toward medium- to long-term growth. We conducted marketing activities and invested in the expansion of our online training system in the HR PF Business in order to increase the scale of our businesses. At the same time, we reorganized the structure of the Medical PF Business. We converted ASFON TRUST NETWORK, Inc. which operates a nursing care facility referral business, and AxisRoot Holdings, Inc. whose subsidiary develops and provides a cloud-based medication history system into consolidated subsidiaries. Furthermore, we merged six consolidated companies into our company to enhance operational efficiency.

As a result of the above, in consolidated FY2025, the Group posted net sales of ¥36,786 million (up 25.5% YoY), EBITDA of ¥4,821 million (up 17.2% YoY), operating profit of ¥2,150 million (down 7.6% YoY), ordinary profit of ¥2,202 million (down 46.0% YoY), and net profit attributable to owners of the parent company of ¥975 million (down 65.1% YoY).

The HR PF Business posts sales based on the hiring dates of persons using the Group's services to find employment at companies seeking employees. The sales therefore tend to be concentrated in April, when Japanese companies tend to hire more employees (because this is often the beginning of Japanese companies' fiscal years).

Earnings by business segment are as follows.

As we have revised our reportable segments as of consolidated FY2025, YoY comparisons below are based on figures for the same period of the previous fiscal year that have been adjusted to reflect the new segment classifications.

1) HR PF Business

During consolidated FY2025, the Group continuously improved the functionality of its websites in order to improve user convenience. As a result, customer offices in the HR PF Business grew 9.9% compared with the end of consolidated FY2024, to 448 thousand; and listed job offers rose by 12.3% over the same period, to 471 thousand.

As a result of the above, consolidated FY2025 segment net sales were ¥26,321 million (up 24.7% YoY), and segment profit before allocation of group-wide shared costs (operating profit) was ¥9,085 million (up 17.6% YoY).

2) Medical PF Business

During consolidated FY2025, the number of medical institution users in the Medical PF Business continued to grow, rising 17.1% compared with the end of consolidated FY2024, to 22 thousand users. In addition, we have finalized our plan to provide our MEDLEY Funding Support service in coordination with system usage data from the Medley Group and data from our medical billing system. As of consolidated FY2025, this service was reclassified from the New Services Segment to the Medical PF Business. Furthermore, we have launched "MEDLEY AI CLOUD," an AI platform that connects hospitals, clinics, dental offices, dispensing pharmacies, and other healthcare facilities with patients and consumers. Additionally, the cloud-based medication history system "MEDIXS" has joined this segment through Axis, Inc.

As a result of the above, consolidated FY2025 segment net sales were ¥9,378 million (up 23.6% YoY) and segment loss before allocation of group-wide shared costs (operating loss) was ¥454 million (¥15 million loss in FY2024).

The segment loss (operating loss) is attributable to the prioritization of initiatives aimed at achieving a high sales growth rate.

3) New Services Segment

During consolidated FY2025, the Group conducted investments in business expansion for the recruitment system in the U.S. In addition, nursing facility search website, Kaigo-no-Honne, continued proactive sales efforts to expand its content, as well as the number of listed facilities. In addition, the Minkai service operated by ASFON TRUST NETWORK, Inc. was integrated into this segment. Also, we began offering JobMedley Spot, a recruitment system designed to meet short-term demand arising from labor shortages. Also, in January 2026, "Kaigo-no-Honne" was integrated into the "Minkai" brand.

As a result, consolidated FY2025 segment net sales were ¥1,088 million (up 78.5% YoY) and segment loss before allocation of group-wide shared costs (operating loss) was ¥769 million (¥377 million loss in FY2024).

Factors that drove the operating loss in the segment include costs related to investments being made in business expansion and operational development in the U.S.

In addition, adjustments not attributable to any segment (intersegment eliminations and companywide expenses not allocated to any segment) totaled ¥5,711 million (up 14.1% YoY).

(2) Outline of financial position

Assets

Current assets as of the end of the consolidated FY2025 totaled ¥14,820 million, a decrease of ¥10,517 million from the end of the previous consolidated fiscal year. This was mainly attributed to a decrease of ¥10,420 million in cash and deposits. Non-current assets totaled ¥26,432 million, an increase of ¥6,569 million from the end of the previous consolidated fiscal year. This was mainly attributed to a ¥6,224 million increase in intangible fixed assets.

As a result of the above, total assets as of end-consolidated FY2025 totaled ¥41,252 million, a decrease of ¥3,948 million compared with the end of the previous consolidated fiscal year.

Liabilities

Current liabilities as of the end of the consolidated FY2025 amounted to ¥11,516 million, an increase of ¥953 million from the end of the previous consolidated fiscal year. This was mainly attributable to an increase of ¥1,076 million in contract liabilities. Non-current liabilities totaled ¥14,937 million, an increase of ¥518 million compared to the end of the consolidated fiscal year. This increase was attributable to a ¥734 million increase in long-term borrowings.

As a result of the above, total liabilities as of end-consolidated FY2025 totaled ¥26,453 million, an increase of ¥1,472 million compared with the end of the previous consolidated fiscal year.

Net assets

Net assets as of the end of the consolidated FY2025 totaled ¥14,799 million, a decrease of ¥5,420 million from the end of the previous consolidated fiscal year. This was mainly attributable to a decrease of ¥1,978 million in capital surplus, an increase of ¥975 million in retained earnings, and an increase of ¥4,222 million in treasury shares.

(3) Outline of cash flows for the consolidated fiscal year

Cash and cash equivalents (hereinafter, net cash) as of end-consolidated FY2025 totaled ¥8,575 million, a decrease of ¥10,417 million compared with the end-FY2024.

Cash flows during consolidated FY2025 were as follows.

Cash flows from operating activities

Net cash provided by operating activities during consolidated FY2025 was ¥3,486 million (compared with ¥2,447 million in FY2024). This increase was mainly attributable to ¥2,380 million in pretax net profit, adjusted for ¥1,102 million in depreciation and amortization costs, ¥1,355 million in amortization of goodwill, ¥863 million in settlement received, and ¥1,801 million in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities during consolidated FY2025 was ¥7,128 million (compared with ¥10,719 million in FY2024). This was mainly attributable to ¥984 million used in the acquisition of investment securities, ¥6,618 million in purchase of shares of subsidiaries resulting in change in scope of consolidation, and ¥779 million in sale of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities

Net cash used in financing activities during consolidated FY2025 was ¥6,776 million (compared with 11,899 million proceeds in FY2024). This was mainly attributable to ¥4,713 million in repayments of long-term borrowings, ¥5,000 million in proceeds from long-term borrowings, ¥5,326 million in purchase of treasury shares, and ¥1,719 million in purchase of shares of subsidiaries not resulting in change in scope of consolidation.

(4) Outlook

The Company views the providing of value to its customers, in other words, maximization of companywide sales, as essential to maximization of long-term free cash flow, leading to growth in corporate value. The Company therefore positioned net sales as a key performance indicator to be considered when making management decisions. Specifically, the Company will focus on developing its business based on a business model focused on stable relationships with customers in order to achieve continuous high growth in sales (number of customer offices × ARPU*). The Company will also strive to maximize customer numbers while strengthening its product lineup in order to continuously improve ARPU. In order to achieve these goals, to the extent possible, the Company plans to make necessary investments in growth to continue to win customers, increase customer usage rate, and expand the range of functions offered by its services.

Based on the above, in addition to net sales, which the Company views as the main source of long-term free cash flow, the Company focuses on EBITDA, a profit indicator that it views as closer to free cash flow. The Company will proactively disclose information on these two indicators to shareholders and investors. Profit indicators other than EBITDA include operating profit, ordinary profit, and net profit attributable to owners of the parent company. When M&A is conducted, accounting standards can have a sizable impact on progress made in terms of the abovementioned investments in growth. The Company therefore focuses on EBITDA as a profit indicator that measures actual profitability and is not impacted by such factors. EBITDA levels may vary depending on the growth phases of businesses including new businesses or growth of group companies driven by M&A. However, we establish timeframes for individual businesses to reach positive EBITDA and proactively conduct investments with the goal of maximizing long-term free cash flow.

The Company's consolidated financial results forecast for FY2026 is shown below. The Company's forecast does not factor in any impact from the launch of new businesses not currently included in our business plan or M&A with low probabilities.

Financial results forecast for FY2026

Net sales	46,400 million yen
EBITDA	5,800 million yen
Operating profit	2,950 million yen
Ordinary profit	3,250 million yen
Profit attributable to owners of parent	1,800 million yen

The above forward-looking statements include forecasts that are based on information currently available to the Company and certain assumptions deemed to be reasonable. These statements include risks and uncertainties. Actual results may vary due to various uncertain factors.

Please also refer to the Company's financial results presentation materials for more details.

(Note) ARPU (Average Revenue Per User) = average sales per Group customer business office

2. Basic Approach to Accounting Standard Selection

The Company has adopted Japanese accounting standards as a means to allow comparison between companies. The Company has the policy of appropriately adopting International Financial Reporting Standards (IFRS), taking into consideration conditions in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	18,996	8,575
Notes and accounts receivable - trade	2,856	3,042
Merchandise and finished goods	255	455
Work in process	17	149
Accounts receivable - other	2,872	1,881
Prepaid expenses	364	533
Other	20	235
Allowance for doubtful accounts	(46)	(53)
Total current assets	25,337	14,820
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	297	413
Tools, furniture and fixtures, net	87	93
Other, net	105	103
Total property, plant and equipment	490	609
Intangible assets		
Software	380	374
Goodwill	7,876	12,861
Customer-related assets	8,758	9,312
Technical assets	-	365
Other	15	340
Total intangible assets	17,030	23,254
Investments and other assets		
Investment securities	392	1,192
Deferred tax assets	689	5
Leasehold deposits	1,040	1,049
Other	220	320
Total investments and other assets	2,342	2,567
Total non-current assets	19,863	26,432
Deferred assets	0	-
Total assets	45,201	41,252

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	407	443
Current portion of long-term borrowings	3,617	3,786
Accounts payable - other	2,025	2,570
Accrued expenses	766	414
Contract liabilities	1,230	2,306
Deposits received	750	937
Income taxes payable	981	244
Other provisions	221	114
Other	562	697
Total current liabilities	10,562	11,516
Non-current liabilities		
Long-term borrowings	11,564	12,299
Deferred tax liabilities	2,629	2,563
Other	224	74
Total non-current liabilities	14,418	14,937
Total liabilities	24,981	26,453
Net assets		
Shareholders' equity		
Share capital	47	47
Capital surplus	14,196	12,217
Retained earnings	6,601	7,576
Treasury shares	(621)	(4,843)
Total shareholders' equity	20,223	14,998
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(40)	(224)
Foreign currency translation adjustment	25	26
Total accumulated other comprehensive income	(14)	(198)
Non-controlling interests	10	-
Total net assets	20,219	14,799
Total liabilities and net assets	45,201	41,252

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Net sales	29,302	36,786
Cost of sales	10,382	13,600
Gross profit	18,919	23,186
Selling, general and administrative expenses	16,592	21,036
Operating profit	2,326	2,150
Non-operating income		
Interest income	2	22
Settlement received	2,234	372
Subsidy income	13	6
Other	35	59
Total non-operating income	2,284	460
Non-operating expenses		
Interest expenses	67	173
Amortization of share issuance costs	5	-
Outsourcing expenses	413	101
Loss on extinguishment of share-based compensation expenses	20	63
Other	25	70
Total non-operating expenses	533	408
Ordinary profit	4,078	2,202
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	155
Gain on sale of businesses	-	48
Gain on sale of non-current assets	2	1
Total extraordinary income	2	205
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on abandonment of non-current assets	12	1
Loss on termination of retirement benefit plan	-	25
Total extraordinary losses	13	27
Profit before income taxes	4,068	2,380
Income taxes - current	1,739	1,092
Income taxes - deferred	(445)	312
Total income taxes	1,293	1,404
Profit	2,774	975
Profit (loss) attributable to non-controlling interests	(23)	-
Profit attributable to owners of parent	2,798	975

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Profit	2,774	975
Other comprehensive income		
Valuation difference on available-for-sale securities	(40)	(184)
Foreign currency translation adjustment	17	0
Total other comprehensive income	(22)	(184)
Comprehensive income	2,751	791
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,775	791
Comprehensive income attributable to non-controlling interests	(23)	-

(3) Consolidated Statement of Changes in Equity
For the fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	47	14,812	3,802	(1,118)	17,543	-	8	8	85	17,637
Changes during period										
Profit attributable to owners of parent			2,798		2,798					2,798
Purchase of treasury shares				(0)	(0)					(0)
Disposal of treasury shares		(310)		498	187					187
Change in ownership interest of parent due to transactions with non-controlling interests		(305)			(305)					(305)
Net changes in items other than shareholders' equity						(40)	17	(22)	(74)	(97)
Total changes during period	-	(616)	2,798	497	2,679	(40)	17	(22)	(74)	2,582
Balance at end of period	47	14,196	6,601	(621)	20,223	(40)	25	(14)	10	20,219

For the fiscal year ended December 31, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	47	14,196	6,601	(621)	20,223	(40)	25	(14)	10	20,219
Changes during period										
Profit attributable to owners of parent			975		975					975
Purchase of treasury shares				(5,326)	(5,326)					(5,326)
Disposal of treasury shares		(98)		643	545					545
Changes by share exchanges		70		459	530					530
Change in ownership interest of parent due to transactions with non-controlling interests		(1,950)			(1,950)					(1,950)
Net changes in items other than shareholders' equity						(184)	0	(184)	(10)	(195)
Total changes during period	-	(1,978)	975	(4,222)	(5,225)	(184)	0	(184)	(10)	(5,420)
Balance at end of period	47	12,217	7,576	(4,843)	14,998	(224)	26	(198)	-	14,799

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Cash flows from operating activities		
Profit before income taxes	4,068	2,380
Depreciation	903	1,102
Amortization of goodwill	773	1,355
Amortization of security deposit	27	30
Increase (decrease) in allowance for doubtful accounts	10	0
Interest and dividend income	(2)	(22)
Interest expenses	67	173
Amortization of share issuance costs	5	-
Settlement income	(2,234)	(372)
Gain on sale of non-current assets	(2)	(1)
Loss on sales of non-current assets	0	1
Loss on abandonment of non-current assets	12	1
Gain on sale of shares of subsidiaries and associates	-	(155)
Gain on sale of businesses	-	(48)
Decrease (increase) in trade receivables	(749)	(86)
Decrease (increase) in accounts receivable - other	(1,005)	543
Decrease (increase) in inventories	35	(308)
Increase (decrease) in trade payables	66	(34)
Increase (decrease) in accounts payable - other	353	391
Increase (decrease) in accrued expenses	42	(454)
Increase (decrease) in contract liabilities	(6)	(63)
Increase (decrease) in deposits received	237	167
Other, net	116	48
Subtotal	2,720	4,648
Interest and dividends received	2	23
Interest paid	(67)	(246)
Settlement received	1,757	863
Income taxes paid	(1,965)	(1,801)
Net cash provided by (used in) operating activities	2,447	3,486
Cash flows from investing activities		
Purchase of investment securities	(409)	(984)
Proceeds from sale of investment securities	1,569	-
Proceeds from withdrawal of time deposits	2	3
Purchase of property, plant and equipment	(66)	(205)
Proceeds from sale of property, plant and equipment	14	8
Purchase of intangible assets	(222)	(289)
Payments of leasehold and guarantee deposits	(317)	(44)
Proceeds from refund of leasehold and guarantee deposits	31	53
Payments for acquisition of businesses	(498)	-
Proceeds from sale of businesses	-	50
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(10,771)	(6,618)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	779
Other, net	(51)	119
Net cash provided by (used in) investing activities	(10,719)	(7,128)

(Millions of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Cash flows from financing activities		
Repayments of long-term borrowings	(3,147)	(4,713)
Proceeds from long-term borrowings	15,700	5,000
Proceeds from disposal of treasury shares	43	24
Purchase of treasury shares	(0)	(5,326)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(660)	(1,719)
Other, net	(36)	(43)
Net cash provided by (used in) financing activities	11,899	(6,776)
Effect of exchange rate change on cash and cash equivalents	14	1
Net increase (decrease) in cash and cash equivalents	3,641	(10,417)
Cash and cash equivalents at beginning of period	15,351	18,993
Cash and cash equivalents at end of period	18,993	8,575

(5) Important notes regarding semi-annual consolidated financial statements

(Notes related to going concern assumptions)

Not applicable

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) Classification of reportable segments

The business segments the Company reports are the business units from which individual financial information can be obtained, and on which the Board of Directors can conduct periodic reviews to determine the appropriate distribution of operational resources and evaluate business performance.

The Company consists of service-specific segments based on business divisions, and the Company's reportable segments are composed of the following three units: HR PF Business, Medical PF Business, and New Services Segment.

(2) Services provided by each reportable segment

The HR PF Business handles and provides various services to address issues such as labor shortages and uneven regional distribution of medical professionals in the medical healthcare field.

These include JobMedley, a hiring support service that runs on a placement fee business model, GUPPY Kyujin, a pay-per-click recruitment system, and JobMedley academy, an online training system.

The Medical PF Business handles and provides various services to improve the operational efficiency of medical institutions and enhance patients' access to medical care.

These include CLINICS, a cloud medical support system for clinics without beds, MEDIXS, a system for dispensing pharmacies, MEDLEY, a medical information service, MALL, an electronic medical record system for hospitals, DENTIS, a cloud support system for dental offices, @link, an appointment service app for hospitals and in-patient clinics, and Medley Funding Support, a factoring service for medical claims receivables.

The New Services Segment handles and provides services such as Minkai, a referral service for nursing homes and elderly care facilities.

(3) Notes on changes to reportable segments

In consolidated FY2025, we have finalized our plan to provide our Medley Funding Support service in coordination with system usage data from the Medley Group and data from our medical billing system. This service was reclassified from the New Services Segment to the Medical PF Business Segment.

The segment information for consolidated FY2024 has been restated to conform to the current segment classifications.

2. Method of calculating sales and profit (loss), identifiable assets and liabilities, and other items by reportable segment

Accounting methods for reportable segments are basically the same as those used when creating financial statements. Profit by reportable segment is reported on an operating profit basis.

3. Information on net sales and operating profit (loss), identifiable assets and liabilities, other items by reportable segment, and revenue analysis information

Consolidated Fiscal Year 2024 (from January 1, 2024 to December 31, 2024)

	Reportable segment				Adjustment (Note)	Amount in the consolidated financial statement
	HR PF Business	Medical PF Business	New Services	Total		
Net sales						
Revenue from contracts with customers	21,104	7,348	610	29,062	—	29,062
Other revenue	—	239	—	239	—	239
Sales to external customers	21,104	7,587	610	29,302	—	29,302
Inter-segment sales and transfers	4	—	—	4	(4)	—
Total	21,108	7,587	610	29,306	(4)	29,302
Segment profit (loss)	7,723	(15)	(377)	7,331	(5,004)	2,326
Segment assets	10,898	6,312	58	17,269	27,932	45,201
Other items						
Depreciation	546	230	16	794	109	903
Amortization of goodwill	470	303	—	773	—	773
Increase in property, plant and equipment and intangible assets	11,203	1,871	—	13,075	55	13,130

- Notes: 1. Segment profit (loss) adjustments of (¥5,004 million) include intersegment eliminations and corporate expenses unallocated to reportable segments.
2. Segment profit (loss) is adjusted under operating profit on the Consolidated Statements of Income.
3. Adjustments of identifiable segment assets of ¥27,932 million mainly include company-wide assets unallocated to reportable segments.
4. In consolidated FY2024, the Company acquired Lalune business of Ateam Wellness, Inc. and increases in tangible fixed assets and intangible fixed assets include goodwill associated with this acquisition. Also, in consolidated FY2024, GUPPY's Inc. and Offshore Inc. were brought into the scope of consolidated accounting and increases in tangible fixed assets and intangible fixed assets include goodwill associated with the acquisition of the shares of GUPPY's Inc. and Offshore Inc.

Consolidated financial results for consolidated FY2025 (January 01, 2025, to December 31, 2025)

(Million yen)

	Reportable segment				Adjustment (Note)	Amount in the consolidated financial statement
	HR PF Business	Medical PF Business	New Services	Total		
Net sales						
Revenue from contracts with customers	26,319	9,006	1,088	36,414	—	36,414
Other revenue	—	372	—	372	—	372
Sales to external customers	26,319	9,378	1,088	36,786	—	36,786
Inter-segment sales and transfers	2	—	—	2	(2)	—
Total	26,321	9,378	1,088	36,788	(2)	36,786
Segment profit (loss)	9,085	(454)	(769)	7,861	(5,711)	2,150
Segment assets	9,915	12,257	1,206	23,379	17,873	41,252
Other items						
Depreciation	604	354	50	1,009	92	1,102
Amortization of goodwill	551	697	107	1,355	—	1,355
Increase in property, plant and equipment and intangible assets	1	7,961	1,340	9,303	147	9,451

- Notes: 1. Segment profit (loss) adjustments of (¥5,711 million) include intersegment eliminations and corporate expenses unallocated to reportable segments.
2. Segment profit (loss) is adjusted under operating profit on the Consolidated Statements of Income.
3. Adjustments of identifiable segment assets of ¥17,873 million mainly include company-wide assets unallocated to reportable segments.
4. In consolidated FY2025, the Company consolidated ASFONTRUST NETWORK Inc., AxisRoot Holdings, Inc., and its subsidiaries and increases in tangible fixed assets and intangible fixed assets include goodwill, customer-related assets, and technical assets associated with the acquisition of the shares in these companies.

(Related information)

Consolidated Fiscal Year 2024 (from January 1, 2024 to December 31, 2024)

1. Information about each product or service

This information is omitted here because similar information is disclosed in Segment information.

2. Information for geographical regions

(1) Net sales

This information is omitted because sales to external customers in Japan account for over 90% of the net sales in the consolidated statements of income.

(2) Property, plant and equipment

(Million yen)

Japan	U.S.	Total
431	58	490

3. Information about major customers

This information is omitted because no customer accounts for over 10% of the net sales in the consolidated statements of income.

Consolidated Fiscal Year 2025 (from January 1, 2025 to December 31, 2025)

1. Information about each product or service

This information is omitted here because similar information is disclosed in Segment information.

2. Information for geographical regions

(1) Net sales

This information is omitted because sales to external customers in Japan account for over 90% of the net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because non-current assets in Japan account for over 90% of the non-current assets in the consolidated statements of assets.

3. Information about major customers

This information is omitted because no customer accounts for over 10% of the net sales in the consolidated statements of income.

(Information on impairment losses on non-current assets by reportable segment)

Consolidated Fiscal Year 2024 (from January 1, 2024 to December 31, 2024)

Not applicable

Consolidated Fiscal Year 2025 (from January 1, 2025 to December 31, 2025)

Not applicable

(Information regarding the amount of amortization of goodwill and the unamortized balance for each reporting segment)

Consolidated Fiscal Year 2024 (from January 1, 2024 to December 31, 2024)

(Million yen)

	Reportable segment				Other	Company-wi de/ amortization	Total
	HR PF Business	Medical PF Business	New Services	Total			
Balance at end of period	4,640	3,235	—	7,876	—	—	7,876

Notes: Information on amount of amortization of goodwill is omitted here because similar information is disclosed in Segment information.

Consolidated Fiscal Year 2025 (from January 1, 2025 to December 31, 2025)

(Million yen)

	Reportable segment				Other	Company-wi de/ amortization	Total
	HR PF Business	Medical PF Business	New Services	Total			
Balance at end of period	4,089	7,808	963	12,861	—	—	12,861

Notes: Information on amount of amortization of goodwill is omitted here because similar information is disclosed in Segment information.

(Information regarding the amount of gain on negative goodwill for each reporting segment)

Not applicable

(Business combinations, etc.)

(Business combination via transaction)

1. Acquired shares of ASFON TRUST NETWORK Inc.

(1) Summary of business combination

1) Name and description of business of acquired corporation

Name of acquired corporation: ASFON TRUST NETWORK Inc.

Description of business activities: Introduction of potential residents of nursing care facilities to nursing care facilities, etc.

2) Main purpose of business combination

ASFON TRUST NETWORK Inc. has built strong brand recognition and high levels of trust from referral sources such as hospitals and in-home nursing care support offices, as well as from nursing facility residents and their families, through development of its Minkai business. The acquisition will strengthen the Company's hospital discharge coordination service. More specifically, it will expand the functionality of the Company's hospital discharge coordination service which includes the Renkei-san hospital discharge coordination service and encourage its use not only by hospitals, but also by the assisted living nursing care support businesses to which ATN provides introductions. The acquisition will also allow the Company to respond to the needs of many customers by leveraging its strengths in online services, and ATN's Minkai business, with its strengths in face-to-face services.

3) Business combination date

January 6, 2025 (Deemed acquisition date: January 1, 2025)

4) Legal form of business combination

Acquisition of shares in exchange for cash.

5) Name of acquired company after acquisition

Name not changed.

6) Percentage of voting rights acquired

Voting rights ratio acquired on the date of the business combination 100%

7) Main basis for determining the acquiring company

The Company will acquire 100% of ASFON TRUST NETWORK Inc.'s voting rights through the acquisition of shares in exchange for cash.

(2) Period of acquired company's business results included in annual consolidated financial statements

January 1, 2025 to December 31, 2025

(3) Acquisition cost and breakdown by type of considerations

Consideration paid in cash: 1,300 million yen

Acquisition cost: 1,300 million yen

(4) Breakdown and amount of main costs related to acquisition

Compensation for advisory services 15 million yen

(5) Amount, reason for recognition, amortization method, and period of goodwill

1) Goodwill recognized

1,070 million yen

2) Reason for recognition

Mainly recognized based on excess earning power expected from future business development.

3) Amortization method and period of goodwill

Goodwill will be amortized evenly using the straight-line method for a period of not more than 20 years, which is determined in consideration of its estimated period of effect.

(6) Amount and major breakdown of assets received and liabilities assumed on business combination date

Current assets	381 million yen
Non-current assets	476 million yen
Total assets	858 million yen
Current liabilities	198 million yen
Non-current liabilities	430 million yen
Total liabilities	629 million yen

2. Acquisition of shares of AxisRoot Holdings, Inc. and its subsidiaries

(1) Summary of business combination

1) Name and description of business of acquired corporation

Name of acquired corporation	Description of business activities
AxisRoot Holdings, Inc.	Management of owned companies doing business in planning, development, operation and sales of systems in the medical field etc.
Axis, Inc.	Planning, development, operation and sales of systems in the medical field
Axis Innovation, Inc.	Management consulting and related services using internet-based systems

Notes: Axis, Inc. and Axis Innovation, Inc. are wholly owned subsidiaries of AxisRoot Holdings, Inc.

2) Main purpose of business combination

AxisRoot Holdings, Inc. provides services that improve the operational efficiency of medical professionals and support the smooth receipt of medical care by patients. The MEDIXS cloud-based electronic medication history system developed and provided by Axis, Inc., a core subsidiary of AxisRoot Holdings, has a high customer satisfaction rate owing to its excellent UI/UX and in-home care support functions. The acquisition will enable us to leverage the customer base of our Pharms business to expand the number of customers for MEDIXS, which will lead to improvement of the Company's ARPU in the dispensing pharmacies business domain. Therefore, the Company believes this acquisition strongly complements our basic strategy of "maximizing the number of customer offices and improving ARPU," and expects to greatly expand the value provided by the Medley Group in the dispensing pharmacies business domain.

3) Business combination date

January 31, 2025 (Deemed acquisition date: February 28, 2025)

4) Legal form of business combination

Acquisition of shares in exchange for cash.

5) Name of acquired company after acquisition

Name not changed

6) Percentage of voting rights acquired

Voting rights ratio acquired on the date of the business combination: 76.7%

(Note) The voting rights ratio is calculated based on the number of shares prior to the effective date of the reverse stock split.

7) Main basis for determining the acquiring company

The Company exchanged cash for shares for the purpose of acquiring a majority of the voting rights of AxisRoot Holdings, Inc.

(2) Period of acquired company's business results included in annual consolidated financial statements

March 1, 2025 to August 31, 2025

(Note) AxisRoot Holdings, Inc. and its subsidiaries were absorbed into our company through a merger effective September 1, 2025.

(3) Acquisition cost and breakdown by type of considerations

Consideration	cash	6,138 million yen
Acquisition cost		6,138 million yen

(4) Breakdown and amount of main costs related to acquisition

Compensation for advisory services 35 million yen

(5) Amount, reason for recognition, amortization method, and period of goodwill

1) Goodwill recognized

5,187 million yen

2) Reason for recognition

Mainly recognized based on the future earnings potential from the expected future development of businesses.

3) Amortization method and period of goodwill

Goodwill will be amortized evenly using the straight-line method for a period of not more than 20 years, which is determined in consideration of its estimated period of effect.

(6) Amount and major breakdown of assets received and liabilities assumed on business combination date

Current assets	1,161 million yen
Non-current assets	2,879 million yen
Total assets	4,041 million yen
Current liabilities	1,646 million yen
Non-current liabilities	1,155 million yen
Total liabilities	2,802 million yen

(7) Estimated amount and calculation method of the impact of the business combination on the consolidated statement of income for consolidated FY2025 assuming that the business combination was completed on the first day of consolidated FY2025
This information is omitted due to lack of materiality.

(Additionally acquired subsidiary shares)

(1) Summary of transactions

1) Name of acquired corporation: AxisRoot Holdings, Inc.

2) Period of additional purchase

April 18, 2025 (Deemed acquisition date: March 1, 2025)

3) Legal form

Acquisition of shares in exchange for cash.

4) Percentage of voting rights acquired

Voting rights ratio before the date of additional acquisition	76.70%
Voting rights ratio additionally acquired	15.90%
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Voting rights ratio after additional acquisition	92.60%

Notes: The voting rights ratio is calculated based on the number of shares prior to the effective date of the reverse stock split.

(2) Overview of accounting methods applied

The business combination, classified as a transaction under common control, has been recognized as a transaction with non-controlling shareholders in accordance with the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures.”

(3) Acquisition cost and breakdown by type of considerations

Consideration	cash	1,269 million yen
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Acquisition cost		1,269 million yen

(4) Changes in equity related to transactions with noncontrolling shareholders

Capital surplus decreased by 1,072 million yen due to the acquisition of subsidiary shares from noncontrolling shareholders.

(Business Combination through Conversion to Wholly Owned Subsidiary via Simplified Share Exchange)

(1) Overview of the share exchange

1) Name of wholly owned subsidiary in the share exchange

AxisRoot Holdings, Inc.

2) Effective date of share exchange

April 30, 2025 (Deemed acquisition date: March 1, 2025)

3) Legal form of business combination

Share exchange wherein the Company became the wholly owning parent company and AxisRoot Holdings, Inc. became the wholly owned subsidiary.

4) Percentage of voting rights acquired

Voting rights ratio before the date of additional acquisition	92.60%
Voting rights ratio acquired via simplified share exchange	7.40%
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Voting rights ratio after additional acquisition	100.00%

Notes: The voting rights ratio is calculated based on the number of shares prior to the effective date of the reverse stock split.

(2) Overview of accounting methods applied

The business combination, classified as a transaction under common control, has been recognized as a transaction with non-controlling shareholders in accordance with the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures.”

(3) Matters related to calculation of acquisition cost

1) Acquisition cost and breakdown by type of considerations

Consideration	common shares of the Company (treasury shares)	530 million yen
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Acquisition cost		530 million yen

2) Details of allotment related to the share exchange

company name	The Company (wholly owning parent company)	AxisRoot Holdings, Inc. (wholly owned subsidiary)
Share exchange ratio	1	158,718
Number of shares allotted and delivered via the share exchange	common shares of the Company : 158,718 shares	

The Company engaged an independent third-party institution, separate from both the Company and AxisRoot Holdings, Inc., to ensure fairness and reasonableness in calculating the share exchange ratio for this share exchange.

Notes: 1. The reduction in the number of shares resulting from the reverse stock split has been taken into account in the calculation of the per-share value of AxisRoot Holdings, Inc.

2. All shares delivered by the Company in the share exchange were allocated from treasury shares.

(4) Changes in equity related to transactions with noncontrolling shareholders

Capital surplus decreased by 438 million yen due to the acquisition of subsidiary shares from noncontrolling shareholders

(Sale of shares in subsidiaries)

(1) Purpose of the sale of subsidiary shares

In March 2021, the Company acquired MEDiPASS Co., Ltd. with the purpose of obtaining its online training system. Thereafter, the online training system business was transferred to the Company and rebranded as JobMedley academy and has achieved continued growth.

MEDiPASS Co., Ltd., which operates a business providing management support for home healthcare agencies and nursing care providers, has also continued to achieve stable results. However, no additional investments were made in the business for three years since the acquisition because the nature of its business is different from technology businesses.

In 2024, the Company received a request from the management team of MEDiPASS Co., Ltd. that they are willing to pursue a growth strategy with a medium-to-long-term perspective independently from the Company. The Company has determined that MBO is the best option for both parties. Accordingly, the Company has decided to transfer all shares of MEDiPASS Co., Ltd. to newly established MEDiPASS HOLDINGS Co., Ltd., fully owned by Hiroshi Oda, Representative Director and CEO of MEDiPASS Co., Ltd.

(2) Details regarding sale of shares of subsidiary

1) Name of company to which shares will be sold	MEDiPASS HOLDINGS Co., Ltd.
2) Date of sale	January 6, 2025
3) Sale price	928 million yen
4) Loss/gain on sale of shares	155 million yen

(Per share information)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Net assets per share	621.43 Yen	478.95 Yen
Net profit (loss) per share	86.17 Yen	30.62 Yen
Diluted net profit per share	85.62 Yen	30.47 Yen

Notes: Methods used to calculate net profit per share and diluted net profit per share are shown below.

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Net profit (loss) per share		
Net profit (loss) attributable to owners of parent (million yen)	2,798	975
Amount not attributable to common shareholders (million yen)	-	-
Net profit attributable to parent company shareholders of common stock (million yen)	2,798	975
Average number of common shares during fiscal year (share)	32,474,847	31,866,284
Diluted net profit per share		
Net profit adjustment attributable to owners of parent (million yen)	-	-
Amount of increase in common shares (share)	207,747	148,997
Descriptions of potentially non-dilutive common shares that were not included in the calculation of diluted net profit per share	-	-

(Significant Subsequent Events)
(Substantial Borrowing of Funds)

The Company resolved at its Board of Directors meeting held on January 22, 2026, to borrow funds as follows for the purpose of securing long-term working capital and funds for the acquisition of treasury shares, and executed the borrowing on January 30, 2026.

Lender	Mizuho Bank, Ltd.	Sumitomo Mitsui Banking Corporation
Loan Amount	3,500 million yen	1,500 million yen
Interest Rate	Base rate + spread	
Loan Drawdown Date	January 30, 2026	January 30, 2026
Scheduled Repayment Date	January 31, 2031	January 31, 2031
Collateral	None	None
Guarantee	None	None