



Presentation Material for FY2019 Financial Results

Medley, Inc.

February 14, 2020

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1. Financial Highlights

2. FY2019 Results and Business Overview

3. Establishment of Medium-Term Targets

4. FY2020 Forecast

5. Appendix

Results disclosure policy

- **Focus on the following indicators to maximize long-term free cash flow**
 - Sales : Sources of free cash flow
 - EBITDA : Organic earnings growth potential
(excluding impact of accounting standards related to investment in growth, including M&A)

FY2019 results

- **Maintained high sales growth rate and turned profitable at the EBITDA level**
 - Sales : JPY4,765 million (YoY : +63%) ⁽¹⁾
 - EBITDA : JPY249 million (FY2018 : JPY-47 million) ⁽¹⁾

Mid-term business plan

- **Mid-term target: Sales of JPY23 billion by FY2025**
- **We are establishing timing targets in terms of reaching profitability in each business segment and making investments in growth aimed at achieving companywide profitability ⁽²⁾**

FY2020 forecast

- **To maintain a high rate of sales growth and remain in the black in FY2020. ⁽²⁾**
 - Sales: JPY6,600~6,900 million (YoY : +39~45%)
 - EBITDA: JPY500~800 million (EBITDA margin : 7~12%)
 - Operating Profit (Ref): JPY330~630 million

(1) As we did not conduct financial reporting on a consolidated basis on FY2018, we are providing FY2018 results data on a parent company (Medley, Inc.) basis.

(2) Profitability refers to EBITDA. (EBITDA = Operating profit / loss + Depreciation + Amortization of goodwill)

1. Financial Highlights

2. FY2019 Results and Business Overview

3. Establishment of Medium-Term Targets

4. FY2020 Forecast

5. Appendix

Summary of Consolidated FY2019 Results

JPY mm	FY2018 ⁽¹⁾	FY2019	YoY growth
Sales	2,933	4,765	+62.5%
Gross Profit	1,858	3,213	+72.9%
EBITDA	-47	249	-
Operating Profit	-100	153	-
Ordinary Profit	-87	178	-
Loss Attributable to Owners of Parent	-153	-381	-

goodwill impairment loss : - 494 million yen

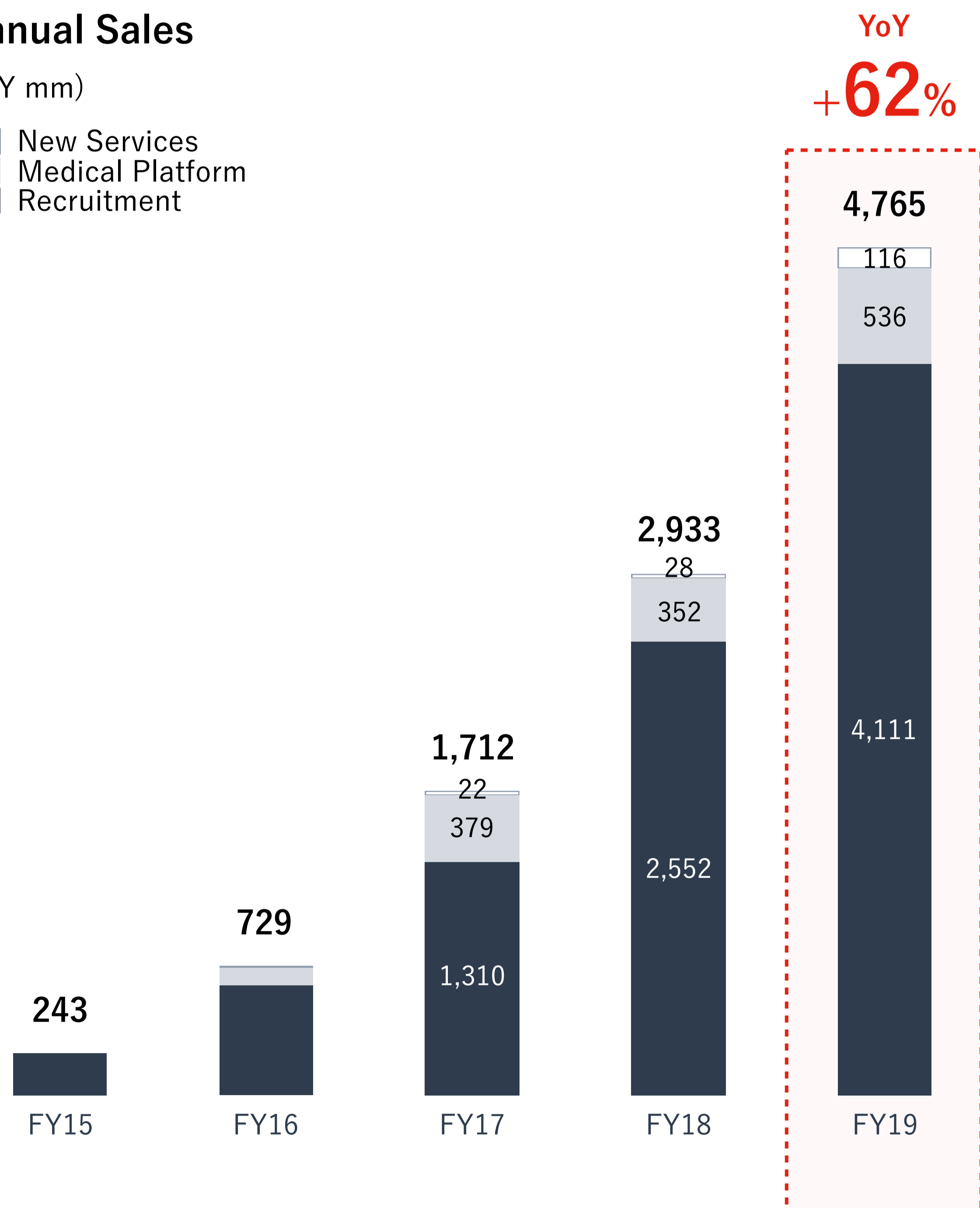
(1) As we did not conduct financial reporting on a consolidated basis on FY2018, we are providing FY2018 results data on a parent company (Medley, Inc.) basis. Subsequent slides are the same. As a result, for net profit attributable to owners of parent in FY2018, we use the same figures as parent company net profit.

Achieved sales growth in all business segments, with strong YoY companywide sales growth of 62%.

Annual Sales

(JPY mm)

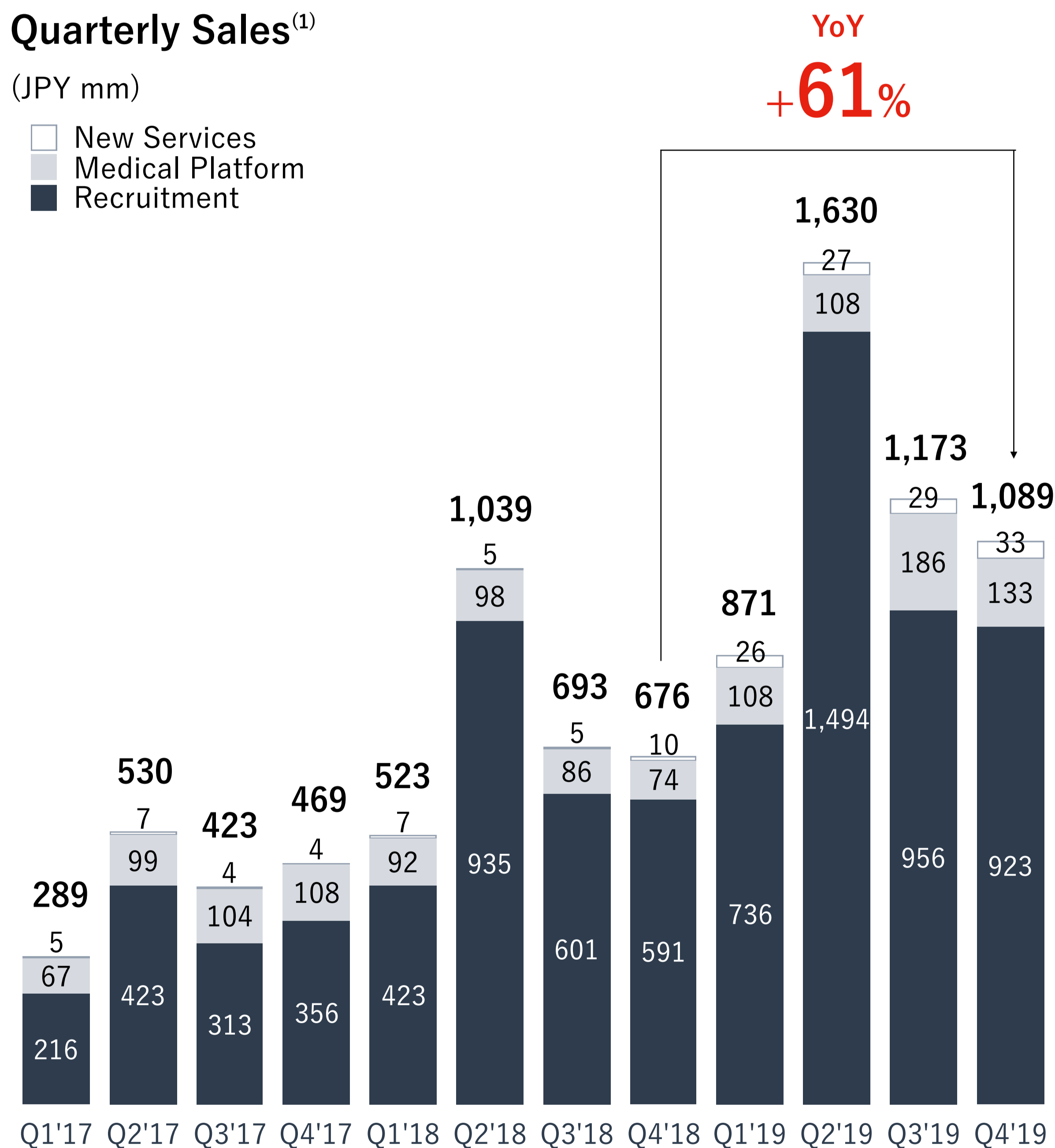
- New Services
- Medical Platform
- Recruitment



Quarterly Sales⁽¹⁾

(JPY mm)

- New Services
- Medical Platform
- Recruitment



(1) The Recruitment Platform Business posts sales based on the hire dates of new employees.

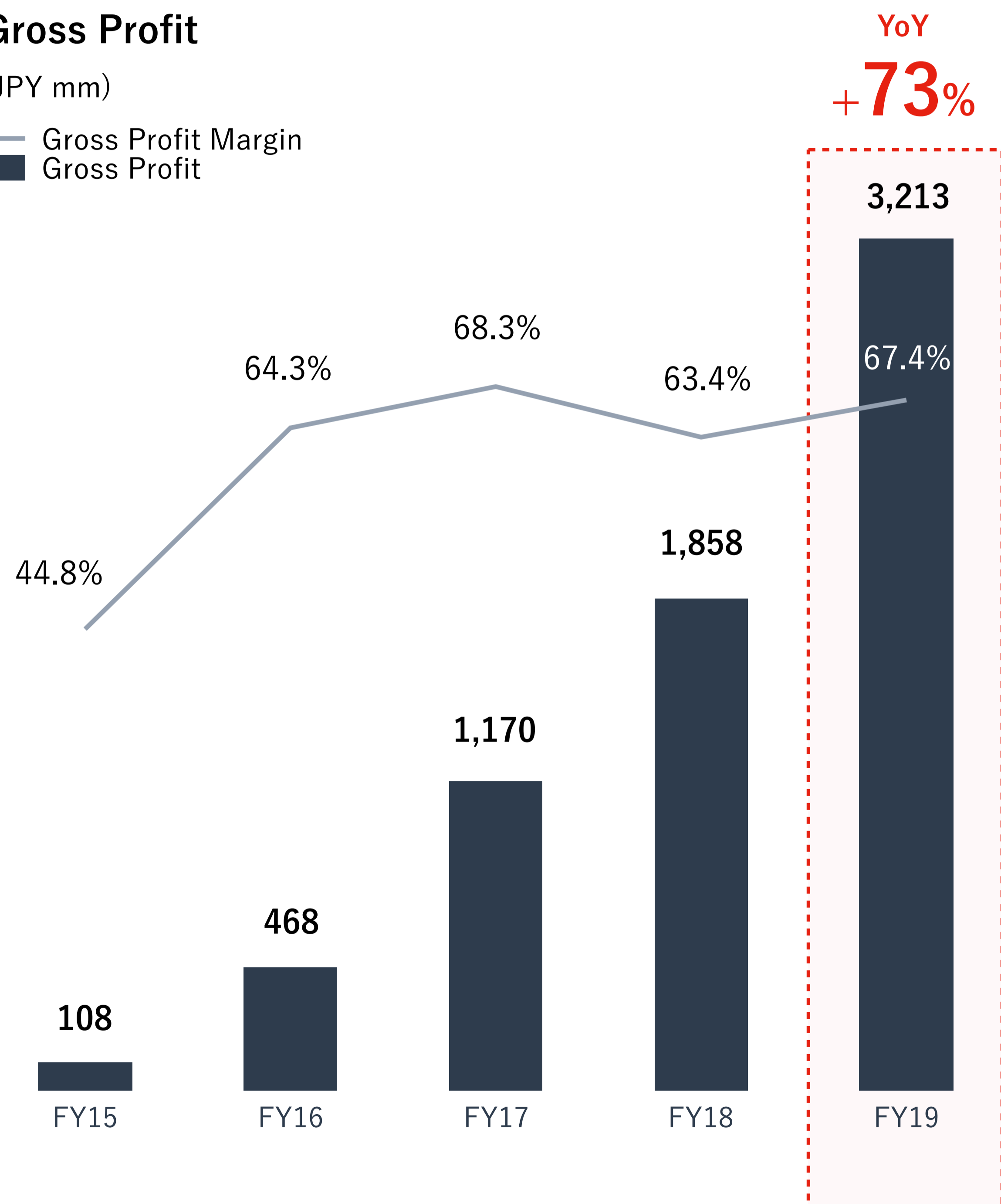
Maintained Strong Gross Profit Growth and High Gross Margin

Maintained strong gross margin growth and high profit growth rate while continuing to expand operating cash flow.

Gross Profit

(JPY mm)

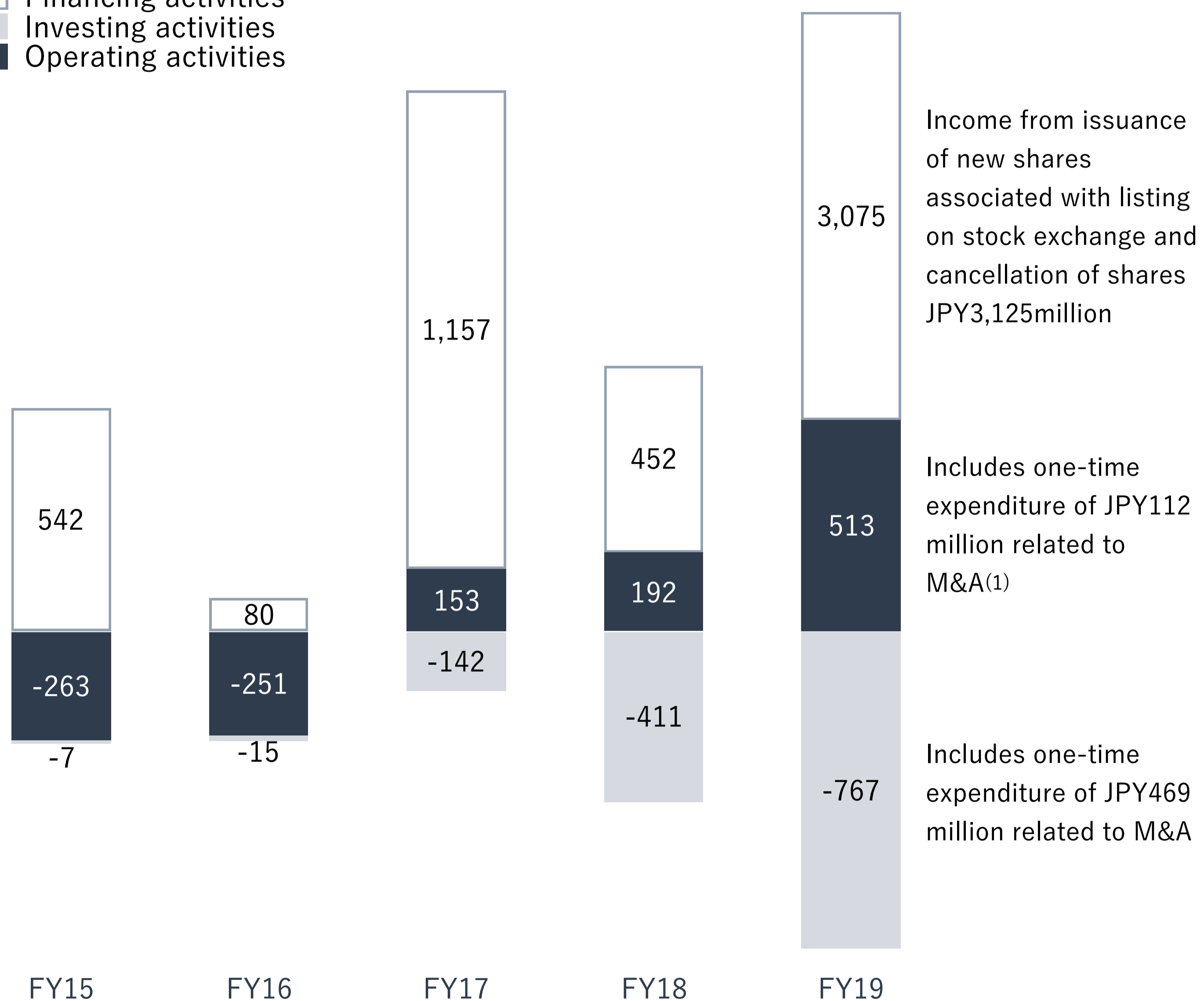
- Gross Profit Margin
- Gross Profit



Cash Flow

(JPY mm)

- Financing activities
- Investing activities
- Operating activities



(1) One-time cost for acquiring a source code to add a new function to the Medical Platform, etc.

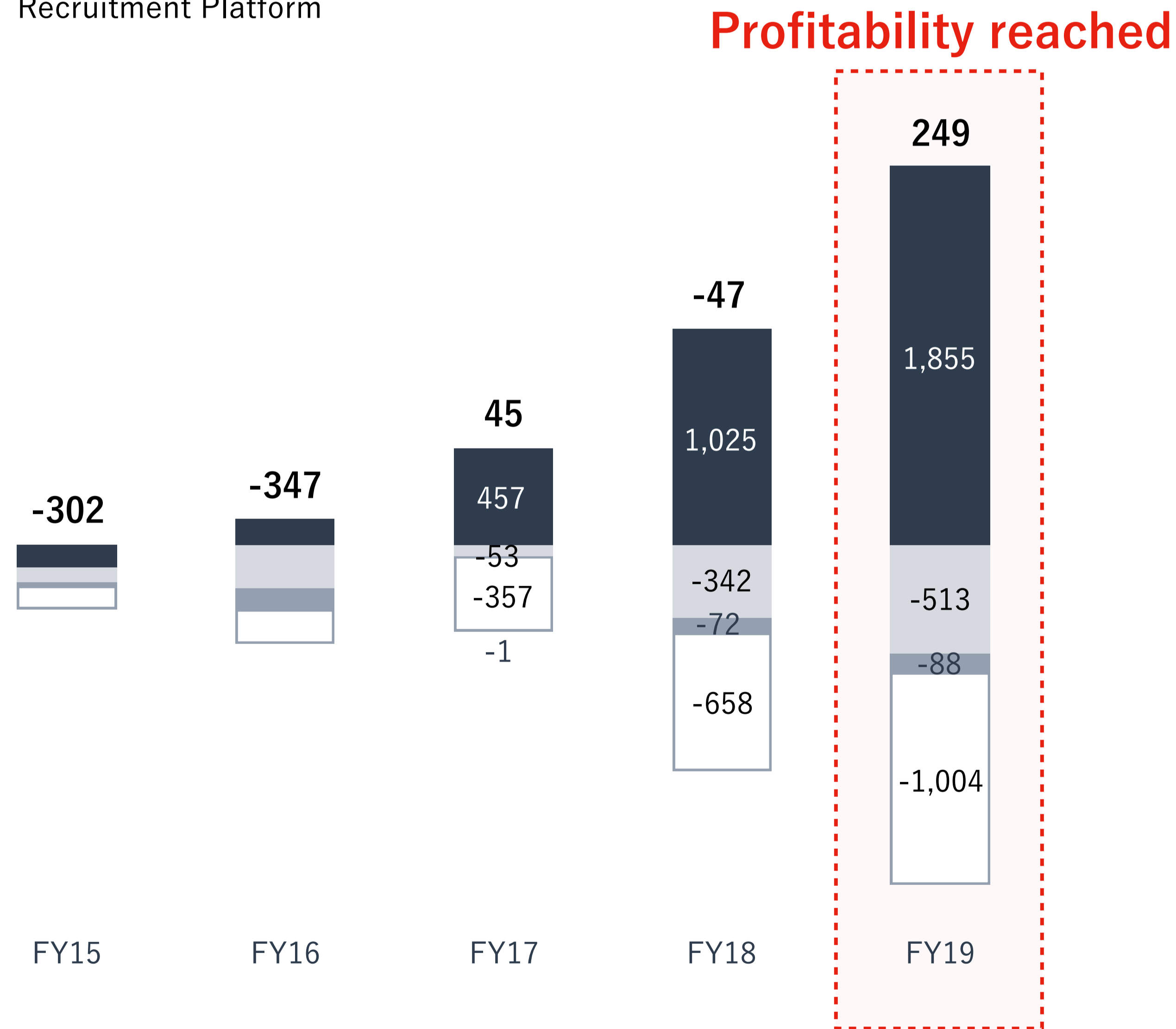
Continued Aggressive Investment in Growth Funded by Profitable Businesses

In FY2019, as a result of aggressive investment in growth funded by profitable businesses. In 4Q FY2019, we brought forward hiring of staff for FY2020, which resulted in a rise in companywide costs.

Annual EBITDA

(JPY mm)

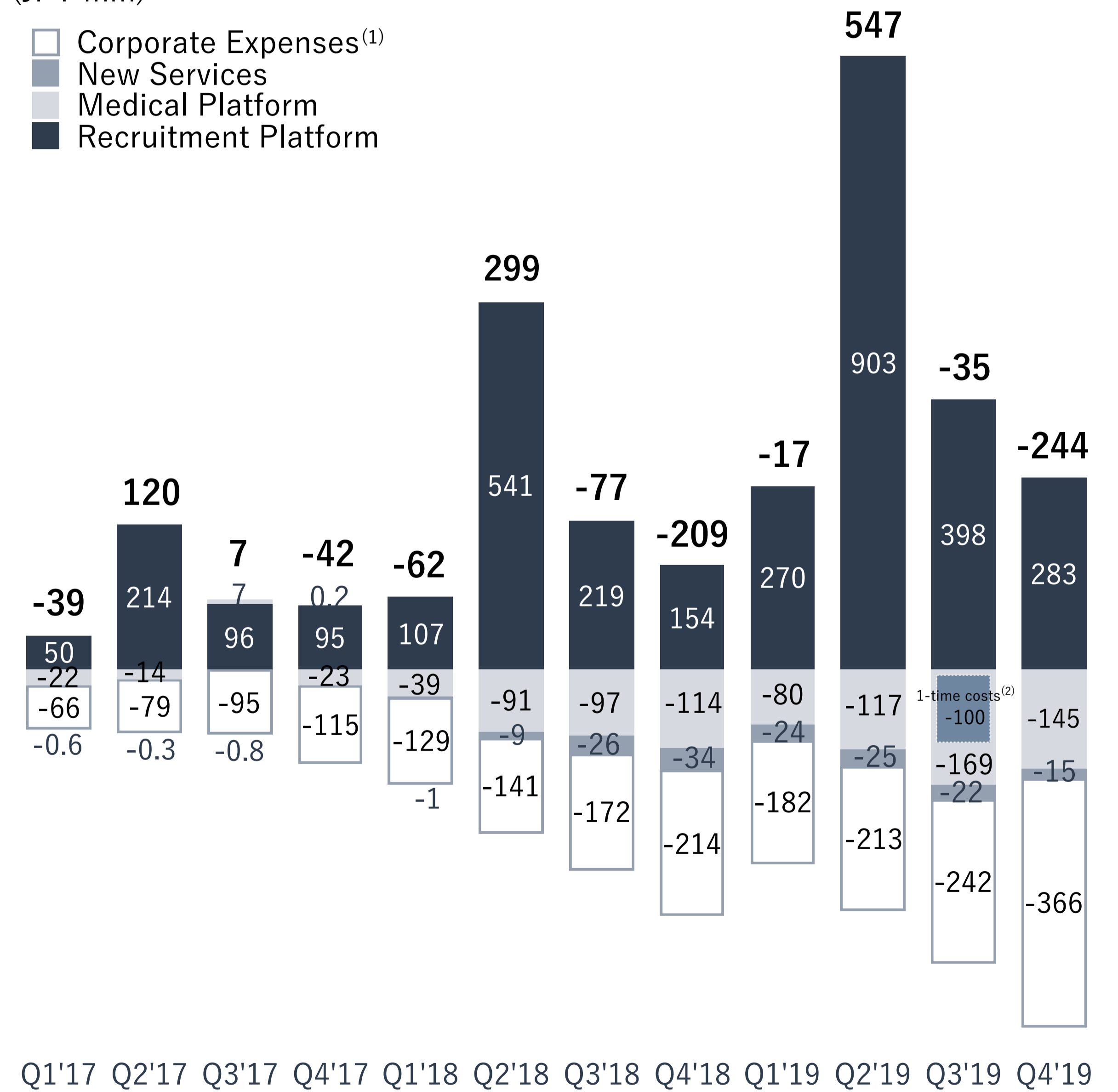
- Corporate Expenses ⁽¹⁾
- New Services
- Medical Platform
- Recruitment Platform



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

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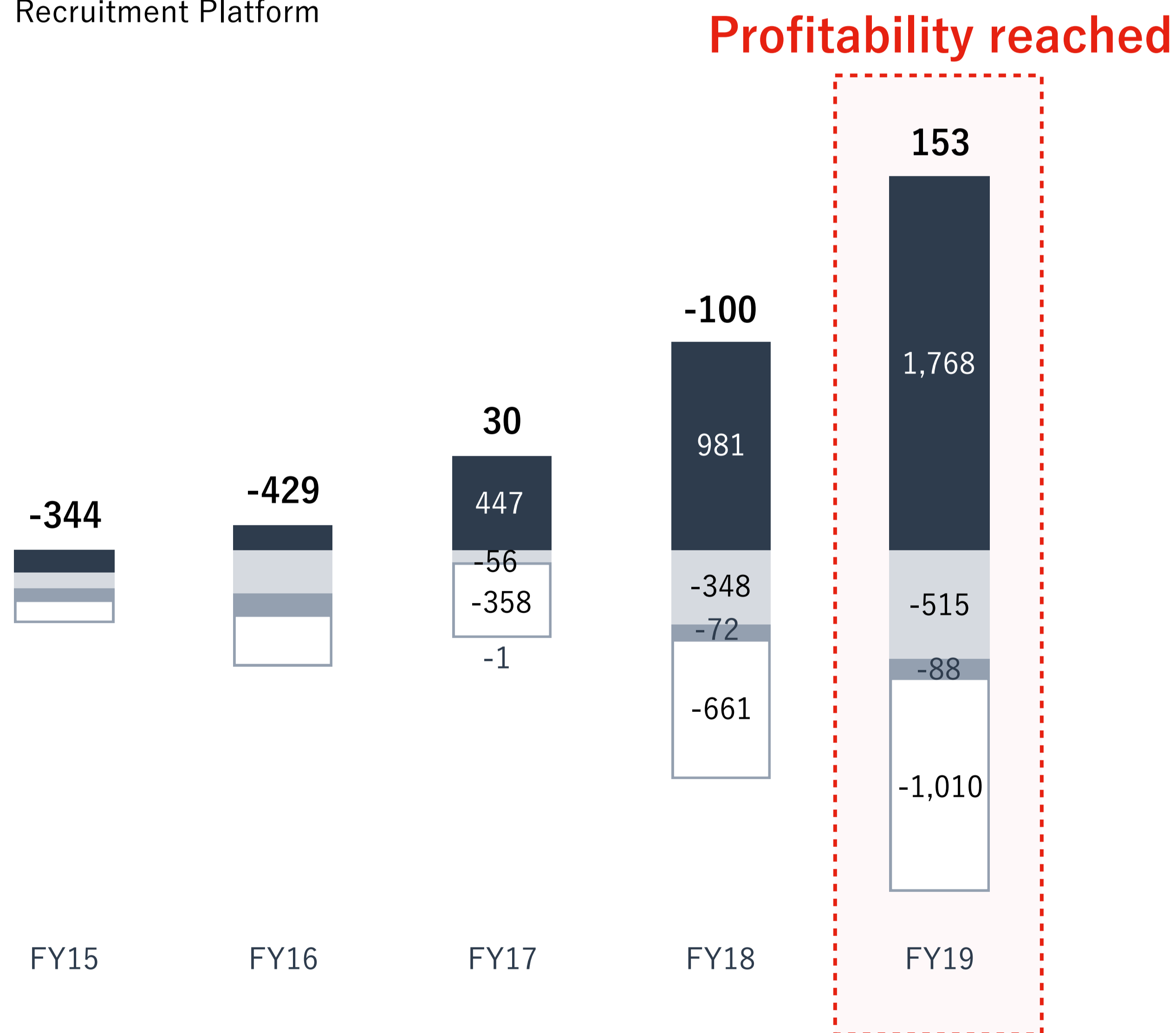
(2) One-time cost for acquiring a source code to add a new function to the Medical Platform,

Profitability reached at the operating profit level in FY2019.

Annual Operating Profit and Loss

(JPY mm)

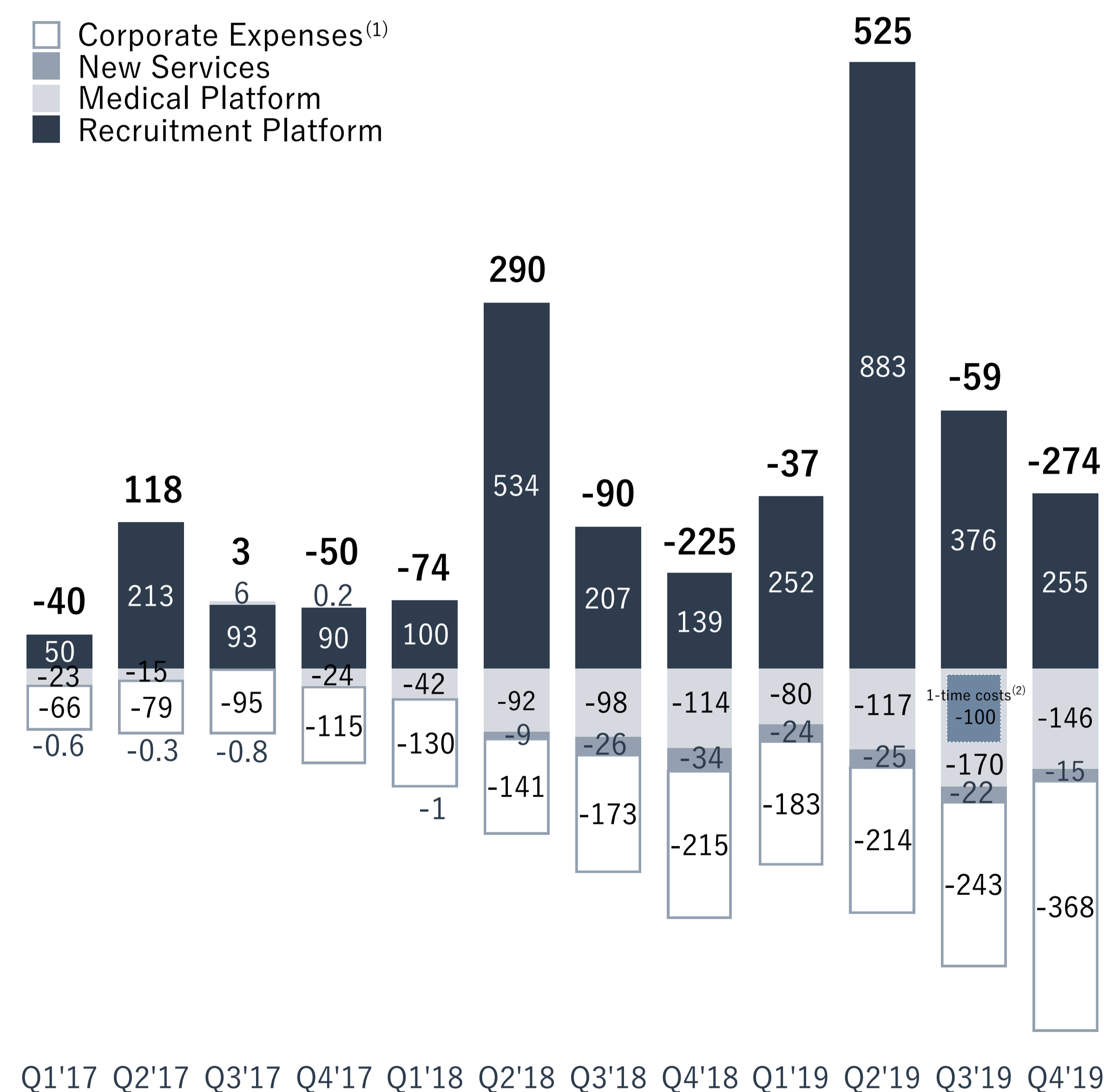
- Corporate Expenses ⁽¹⁾
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- Medical Platform
- Recruitment Platform



Quarterly Operating Profit and Loss

(JPY mm)

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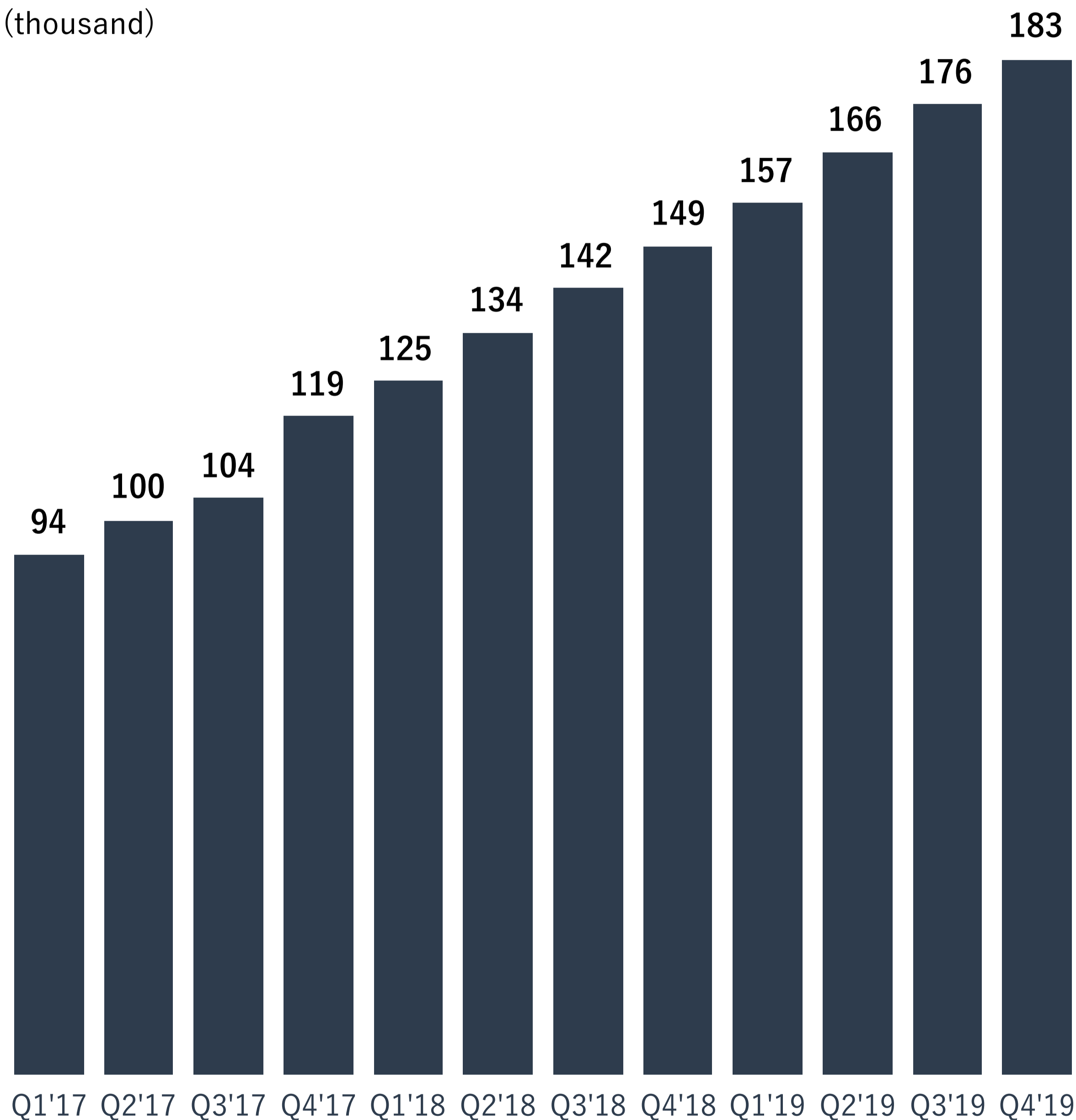
(2) One-time cost for acquiring a source code to add a new function to the Medical Platform,

Steady Growth in Number of Customers and ARPU

In FY2019, we have continued to aggressively invest in growth funded by profitable businesses. In 4Q FY2019, we brought forward hiring of staff for FY2020, which resulted in a rise in companywide costs.

Number of Customer Offices⁽¹⁾

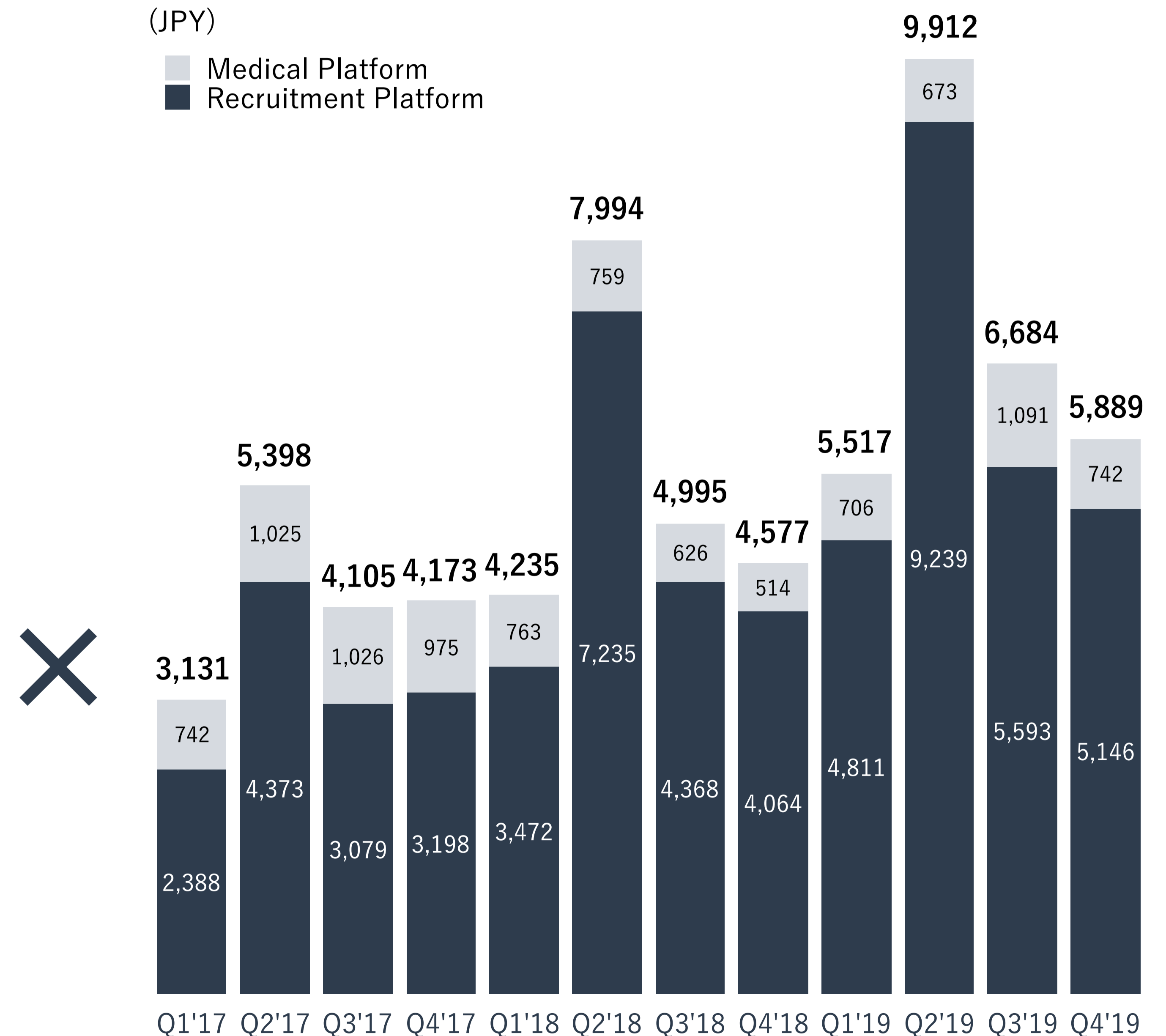
(thousand)



ARPU⁽²⁾

(JPY)

■ Medical Platform
■ Recruitment Platform



(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.

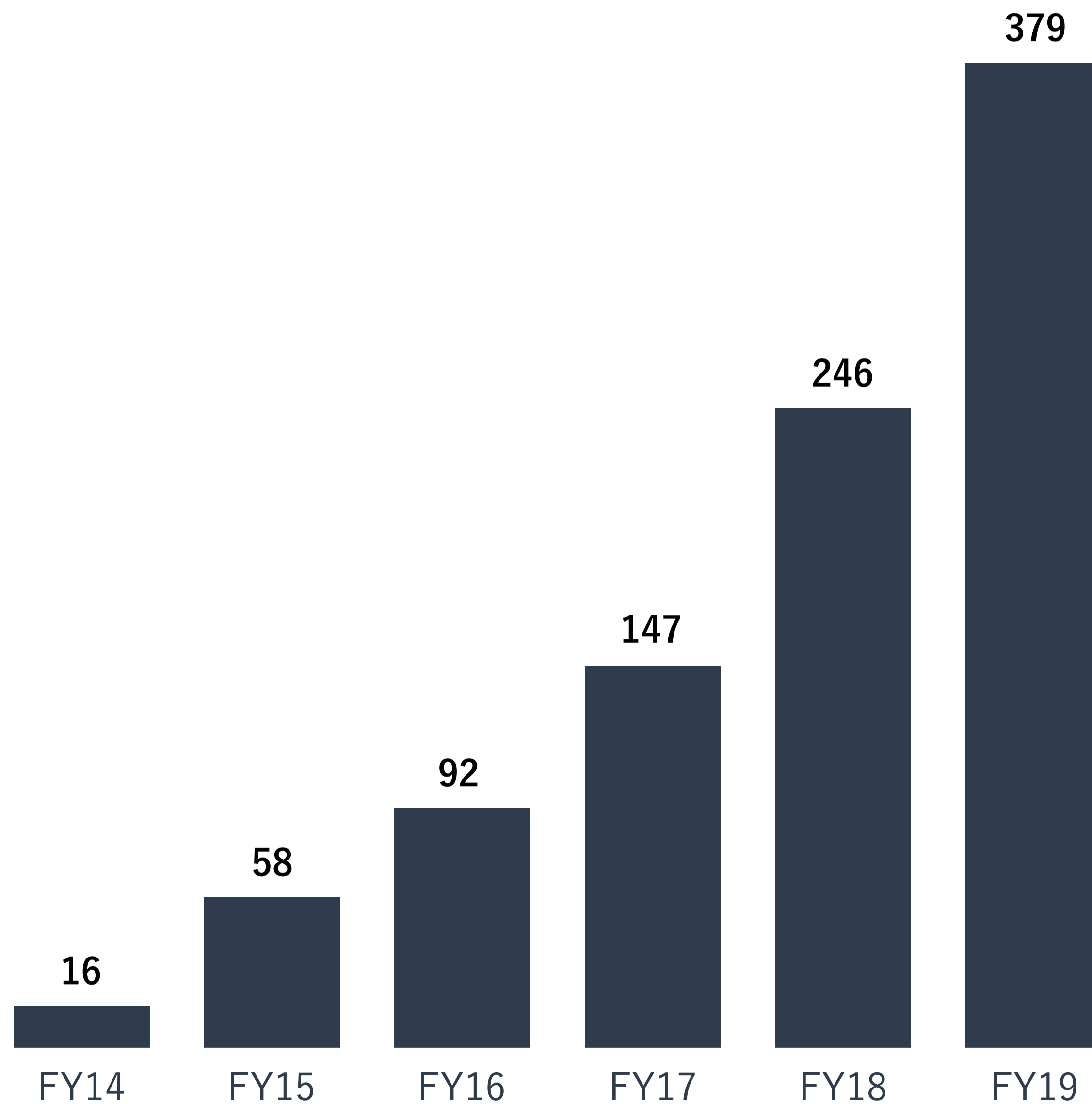
(2) ARPU = Quarterly sales / Average number of business locations (total for Recruitment Platform and Medical Platform businesses)

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.

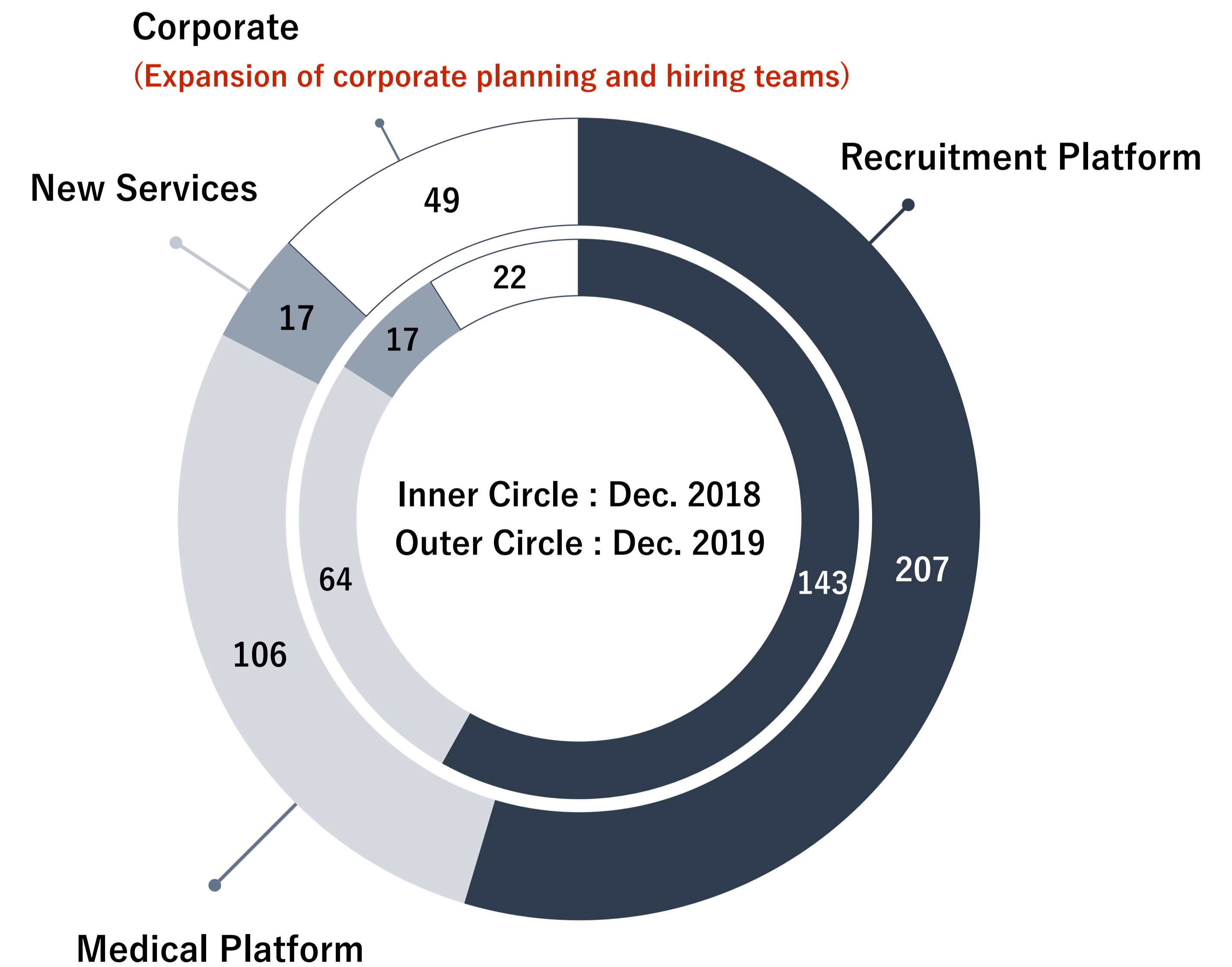
Steadily Securing Human Resources to Fuel Growth of Business Operations

Not only to increase the number of employees working in both platform businesses, but also to increase the number of corporate employees working in our planning and hiring teams.

Number of employees (as of end-December of each year)



Breakdown of employees by segment



JobMedley

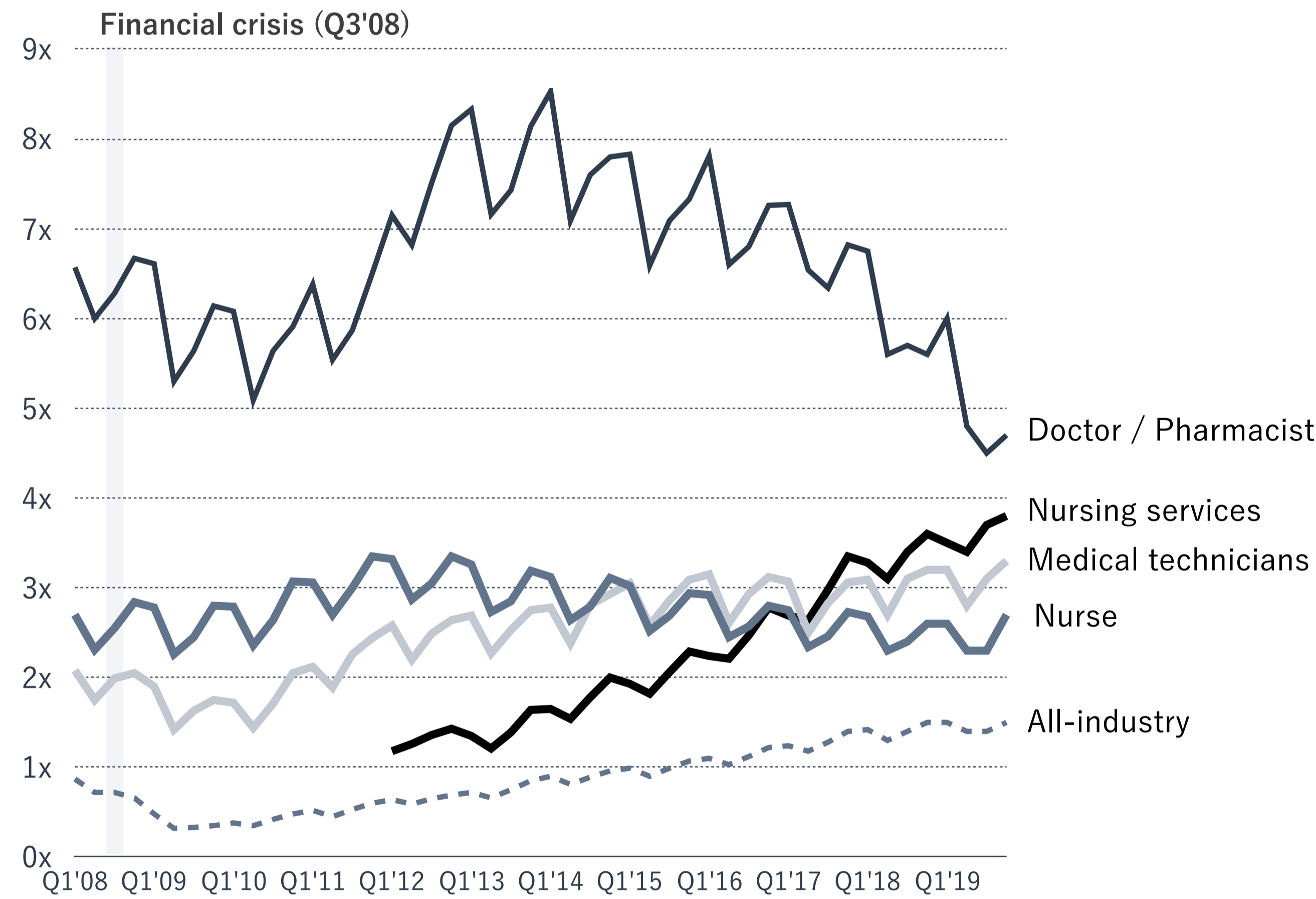
ジョブメドレー

① Recruitment Platform



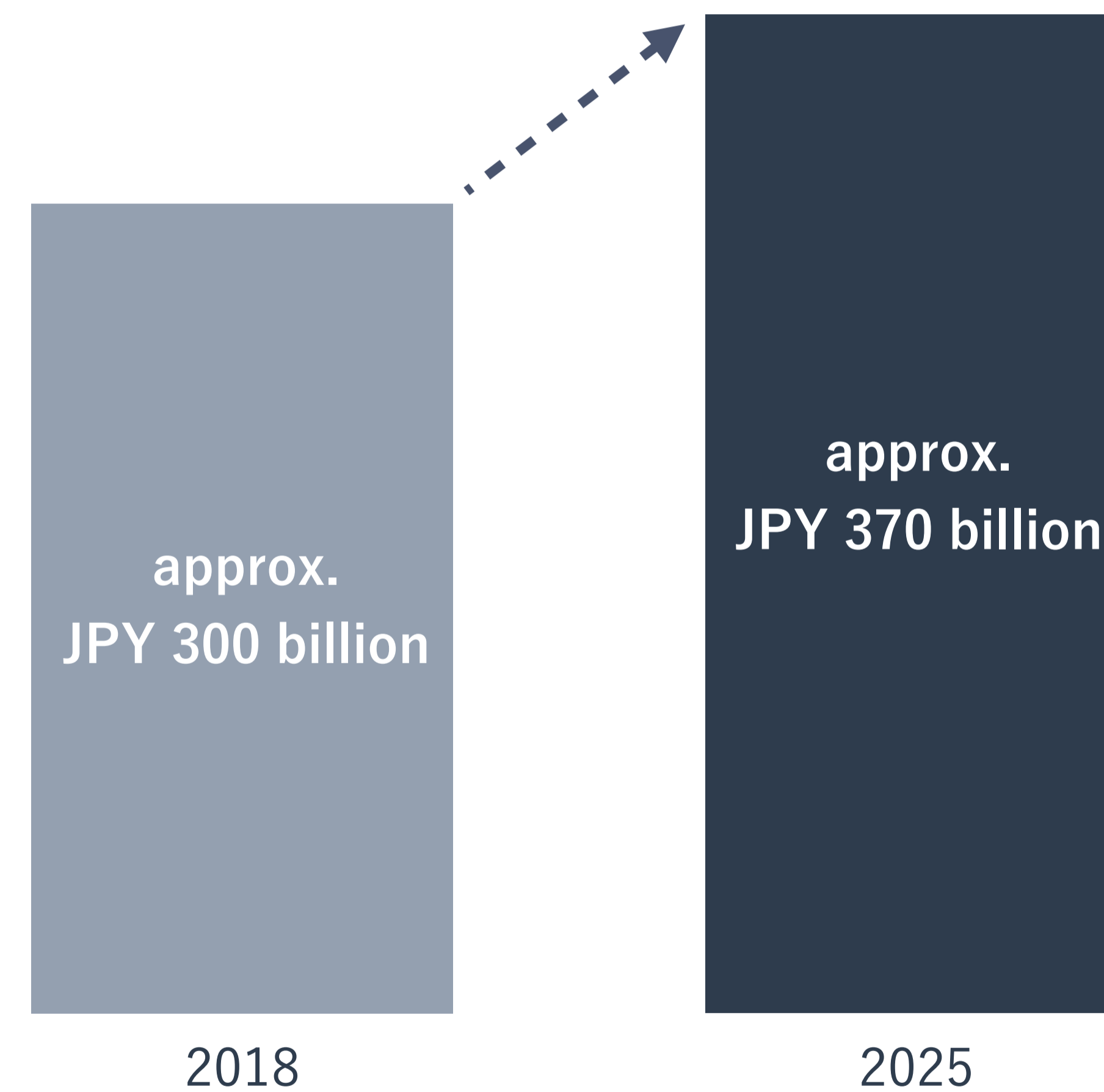
The Japanese medical industry suffers from a chronic shortage of workers, with a jobs-to-applicant ratio remains much higher than the average for all industries regardless of economic conditions. We estimate the current market size to be approximately JPY300 billion, and expect expansion to up to JPY370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



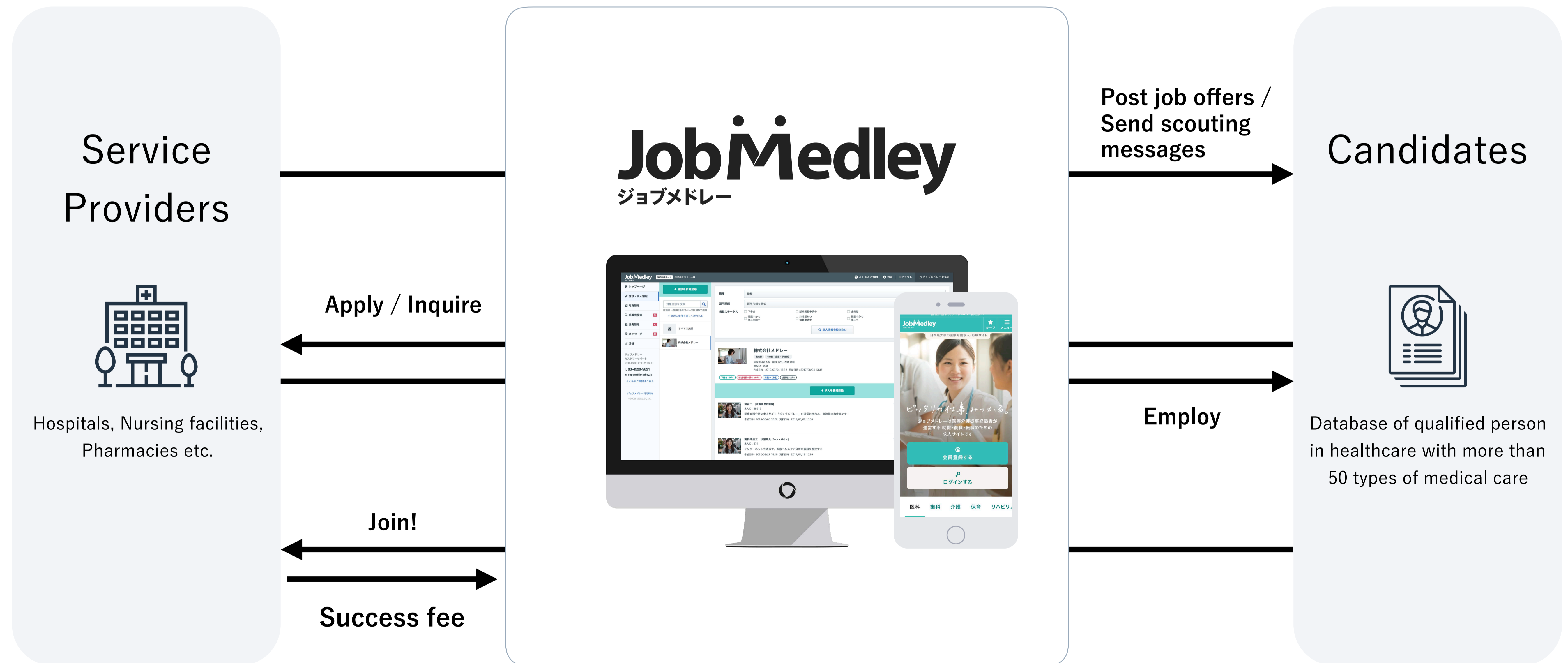
(2) Estimates by Medley, Inc.

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

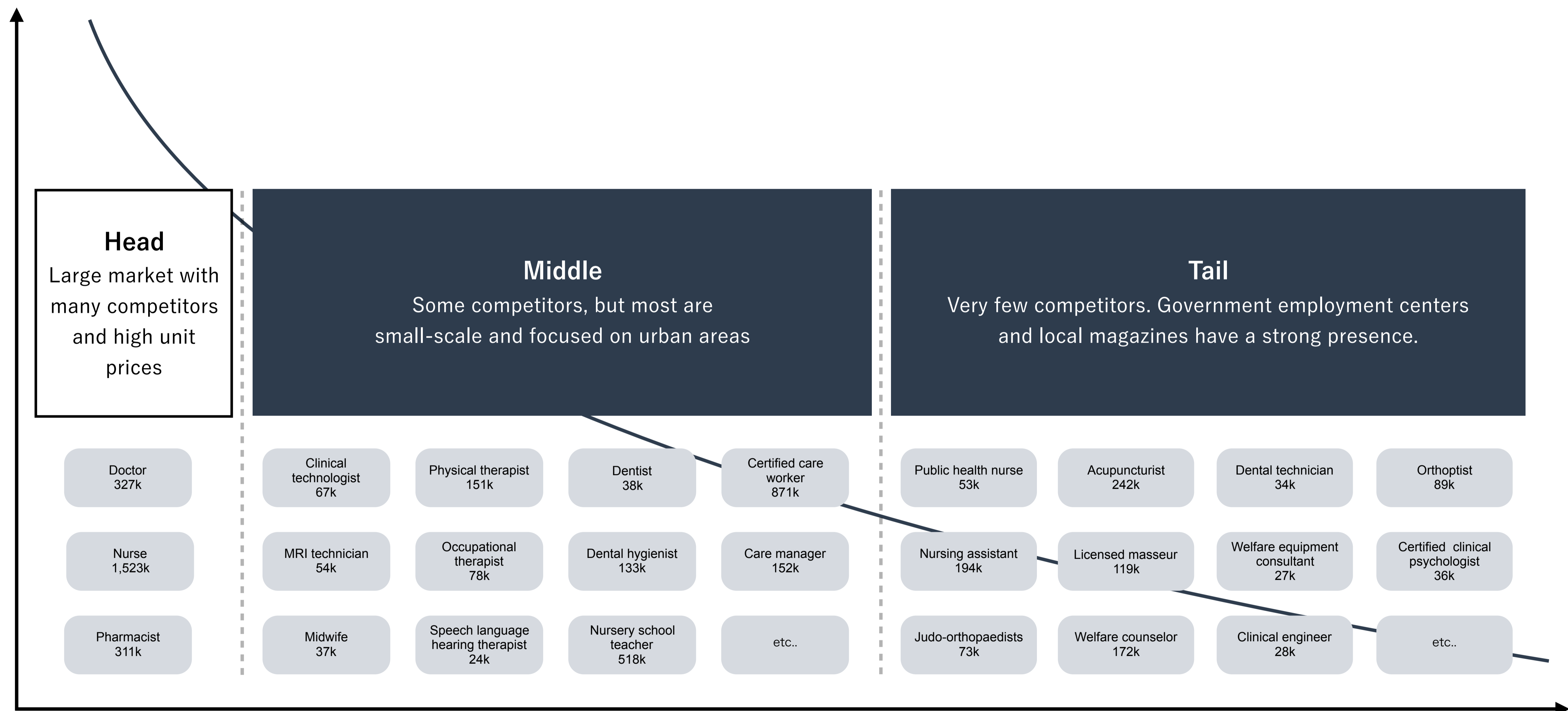
Job Medley is a recruitment system used by businesses (mainly medical institutions) in the nursing, childcare, and healthcare fields. Recruitment information for over 50 types of qualified professionals can be entered into the system and placement fee is charged when a placement is successfully made. 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 500,000 users in more than 50 occupations registered in our system.

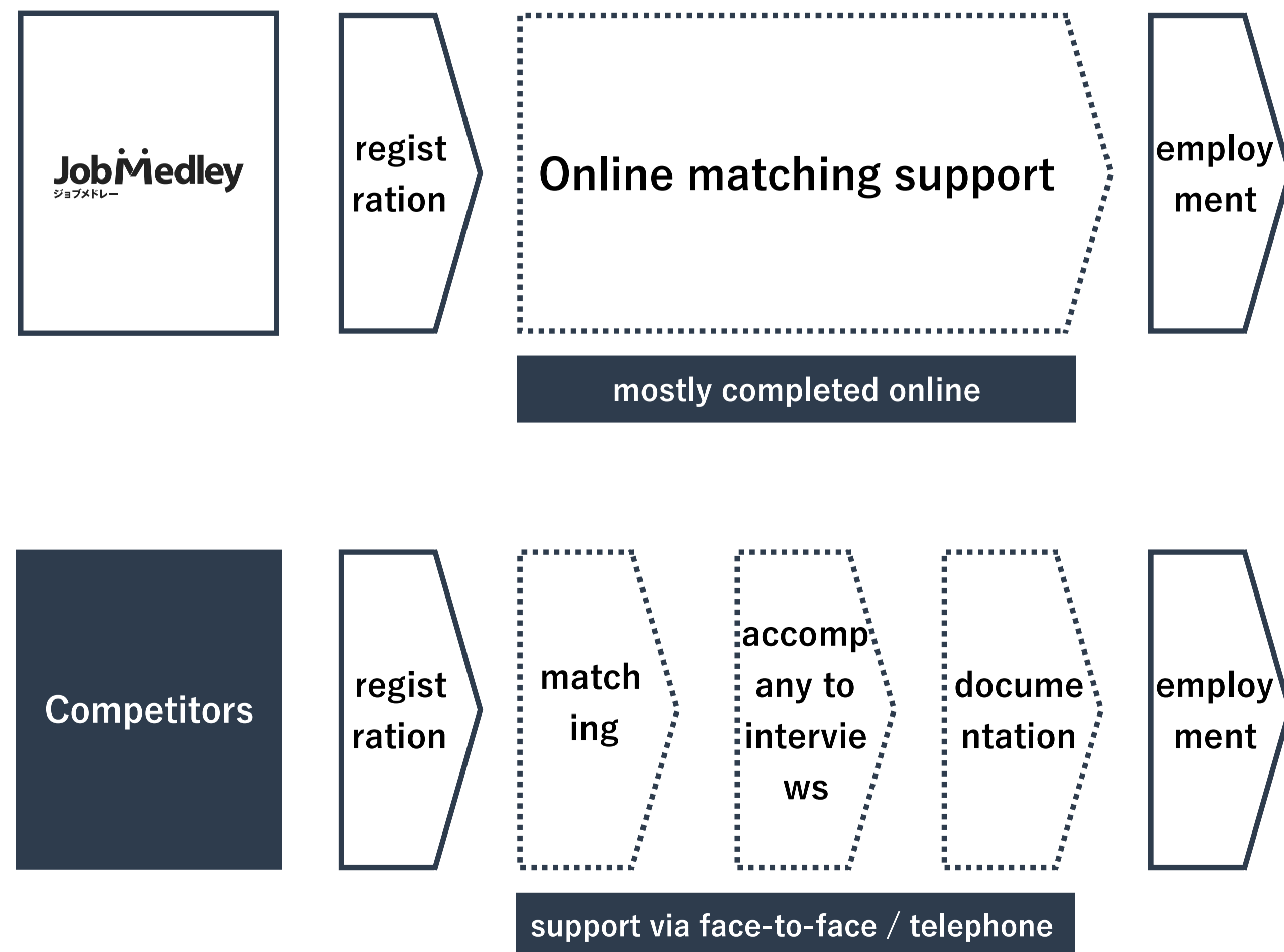
Our Target Area⁽¹⁾



(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

Success Fee (of annual income)

JobMedley (ジョブメドレー) **2~13%**⁽¹⁾

Success Fee (of annual income)

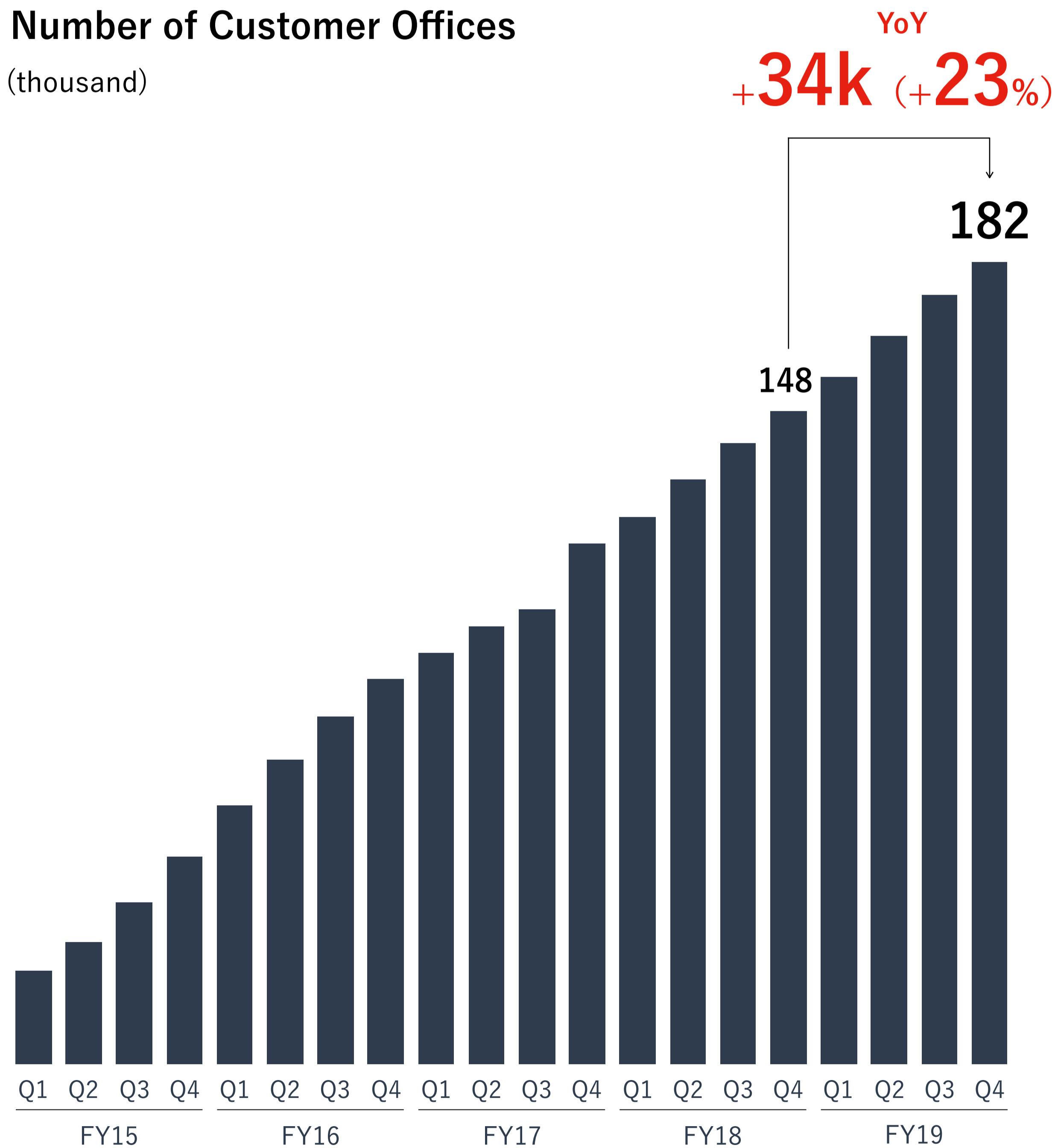
Major Recruitment Agencies **20~35%**⁽²⁾

(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).

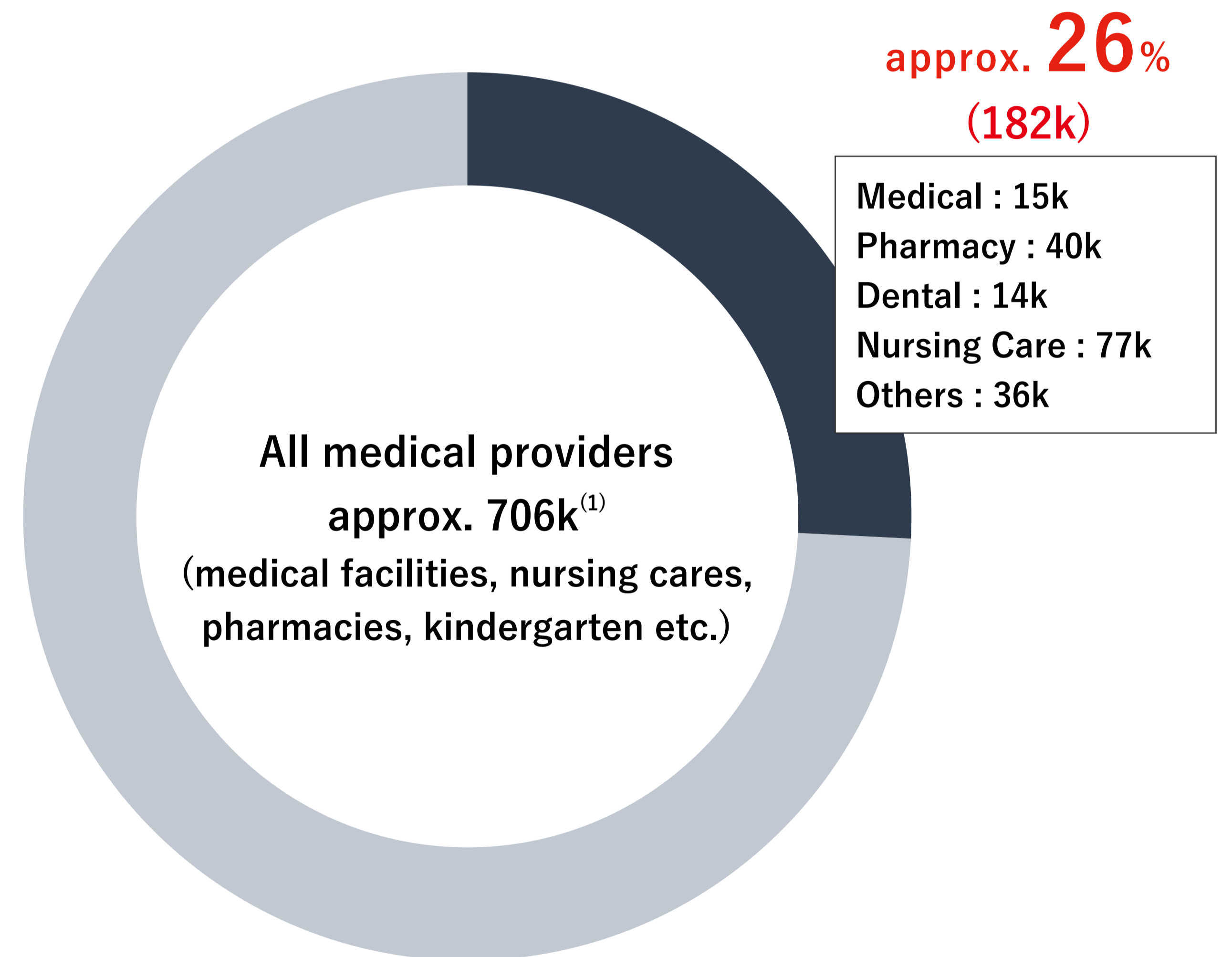
(2) This refers to typical fees for recruitment services for occupations such as doctors, nurses, childcare professionals, physical therapists, dentists, and care workers among the 50 occupations we handle. (Some recruitment services employ different methods for setting success fee amounts that are different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

Achieved steady growth in number of customers, to accomplish 182,000 office service contracts.

Number of Customer Offices
(thousand)



Current Customer Coverage Ratio (as of Dec. 2019)



(1) Ministry of Health, Labor and Welfare statistics

With uneven distribution of medical and healthcare professionals, we think proactive recruitment methods (such as direct recruiting), which enable customers to find ideal candidates, directly appeal to them, and hire them, are most effective. In order to create a wide range of employment opportunities regardless of brand recognition or location, we are expanding our pool of registered workers while promoting the use of our scouting functions.

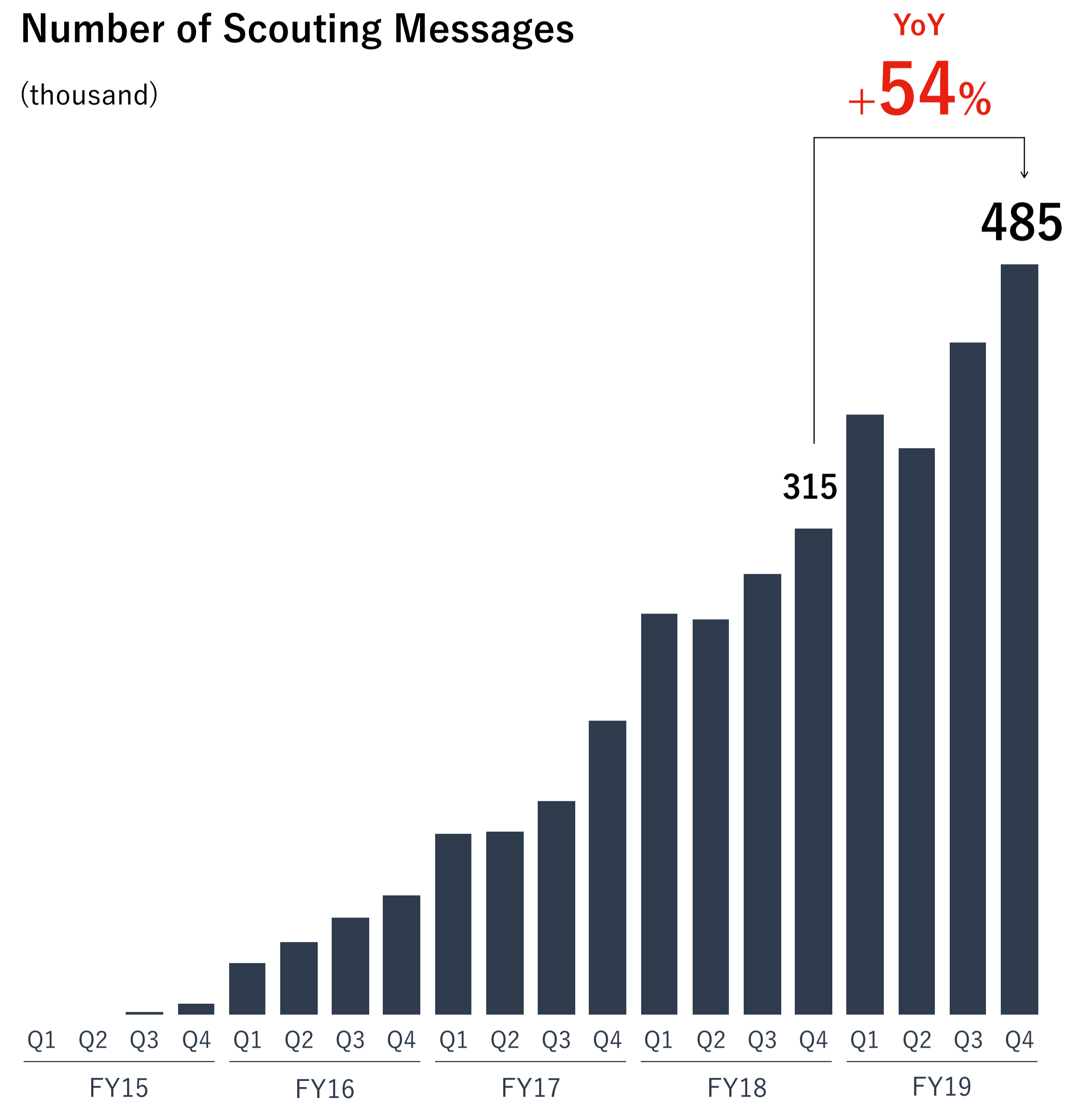
Number of Registered Workers

(thousand)



Number of Scouting Messages

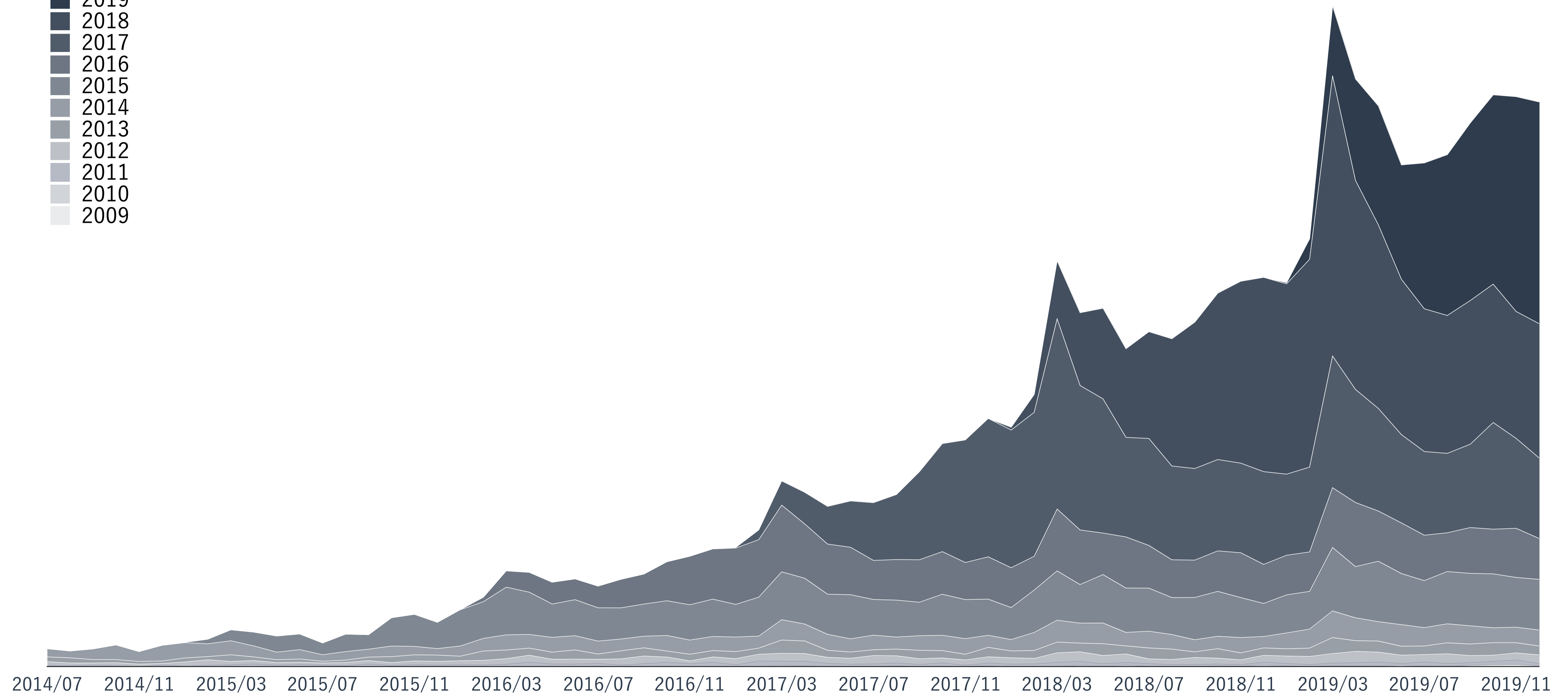
(thousand)



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.

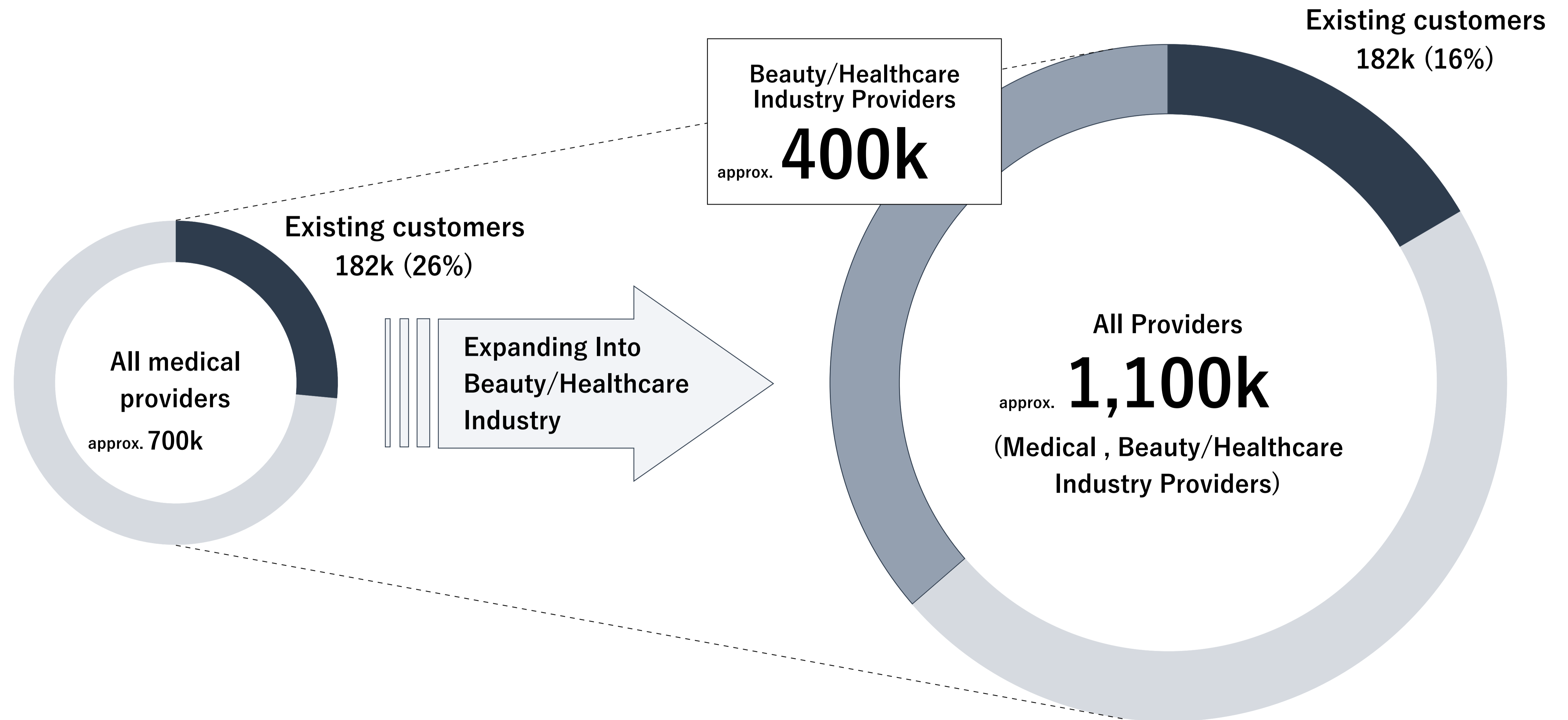
Sales by Customer Acquisition Year⁽¹⁾

- 2019
- 2018
- 2017
- 2016
- 2015
- 2014
- 2013
- 2012
- 2011
- 2010
- 2009



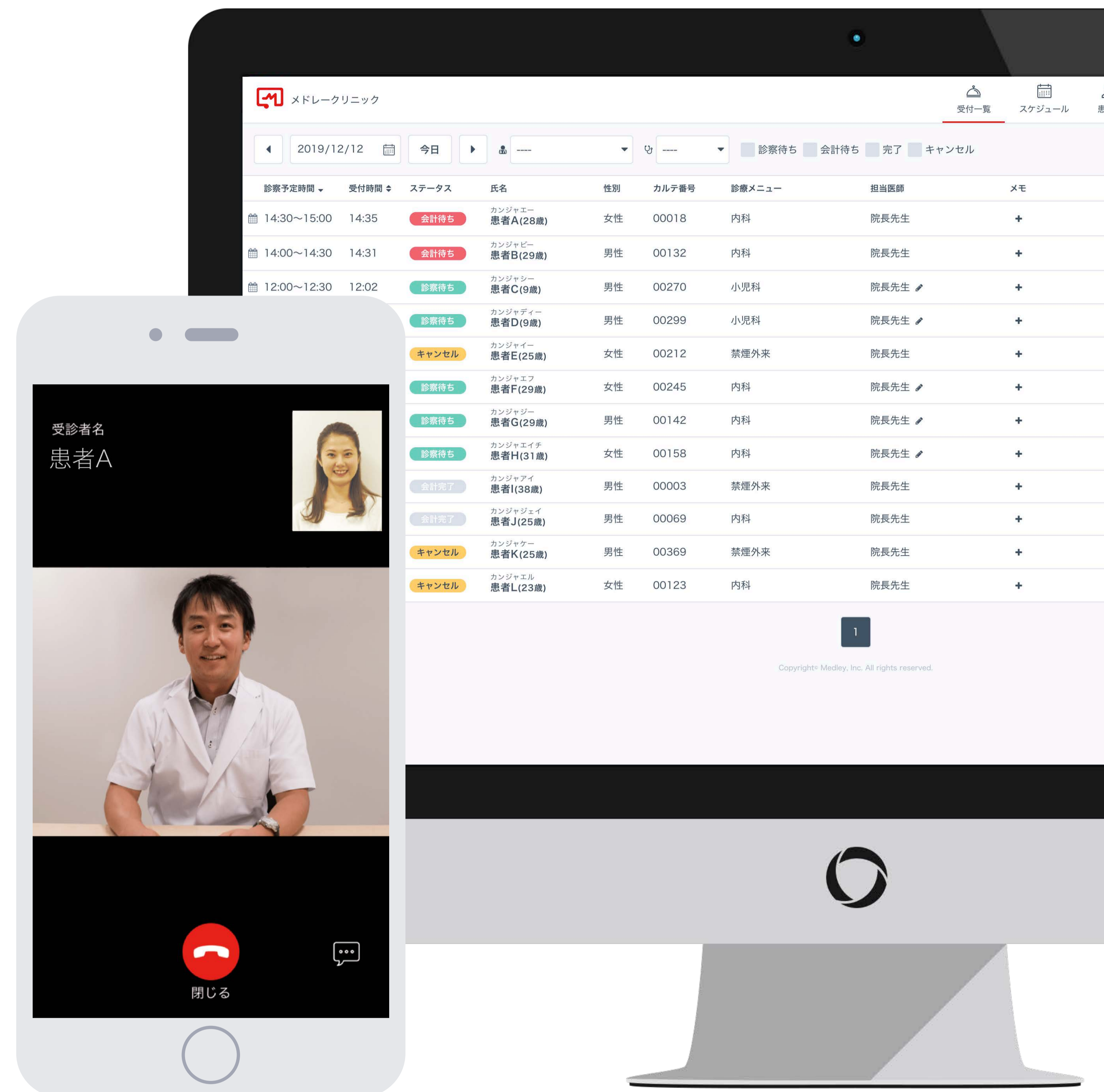
(1) based on per-customer monthly orders/sales value data

As part of efforts to maintain future growth, in 4Q FY2019, JobMedley expanded the range of markets on a trial basis to include related business domains. **As the initiative achieved positive results, JobMedley expanded coverage to include 1.1 million customers.**



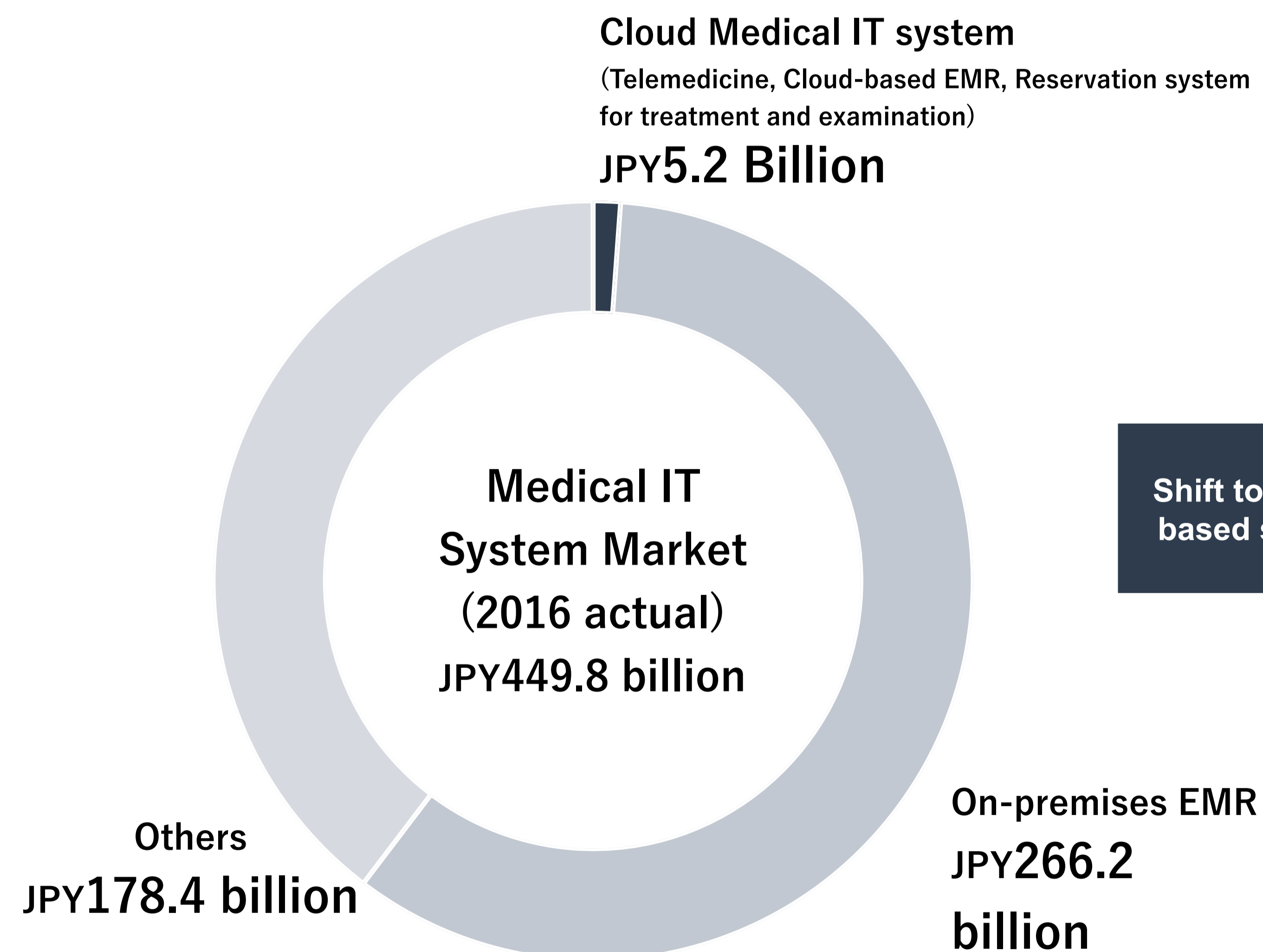


② Medical Platform

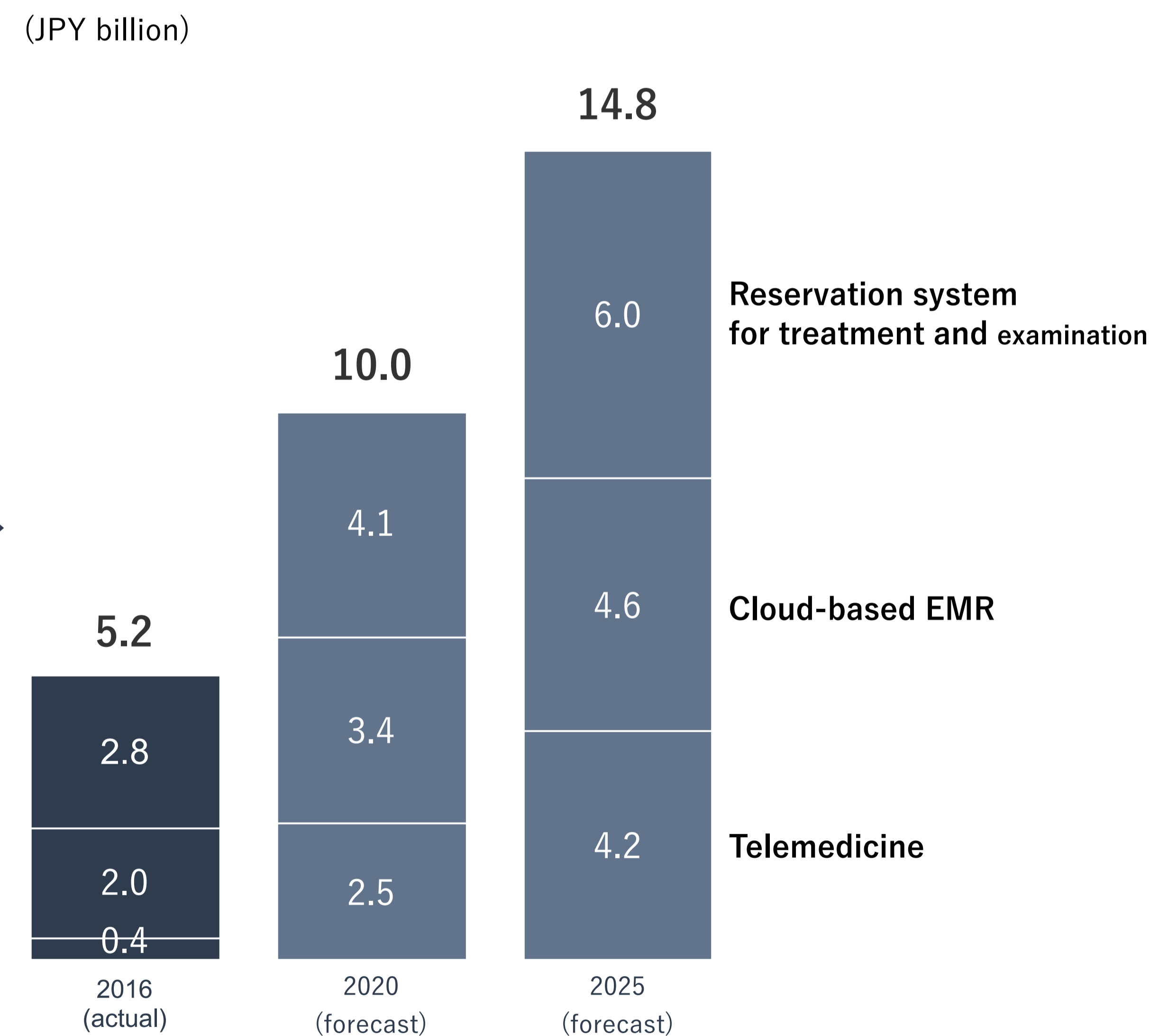


Estimated current medical IT system market size is approximately JPY450 billion. Today, the bulk of the systems used in medical industry are on-premises based (on-site servers), but more platforms are adopting cloud-based systems since the deregulation in 2010, owing to advantages in terms of costs and convenience. Due to the low operating efficiency and customary use of long-term contracts, 9-year (FY2016-2025) CAGR in target operating area of the cloud medical IT system market is expected to be 12.3%.

Scale of the Medical IT System Market⁽¹⁾



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



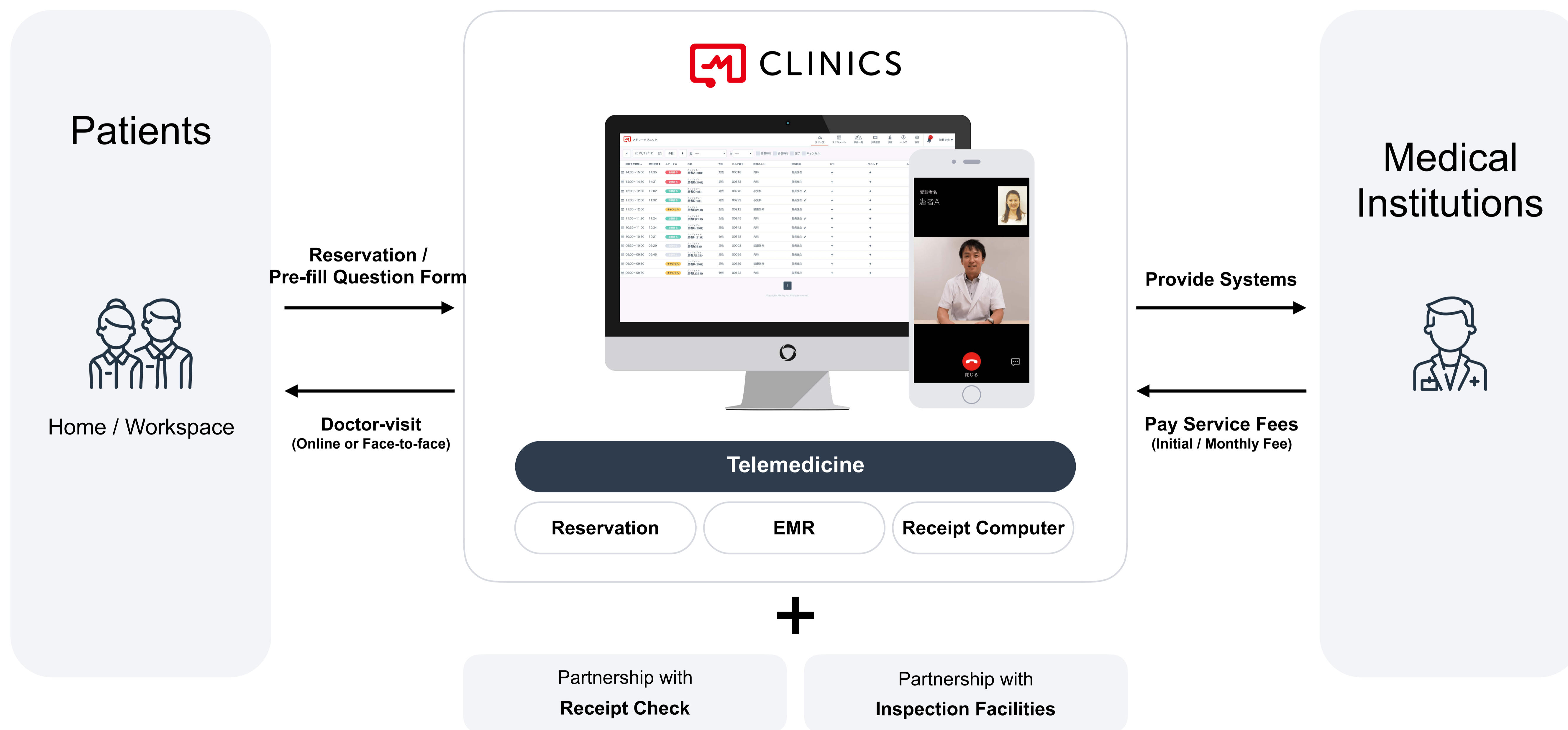
Currently, most systems are on-premises based (on-site servers)

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 2018 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.

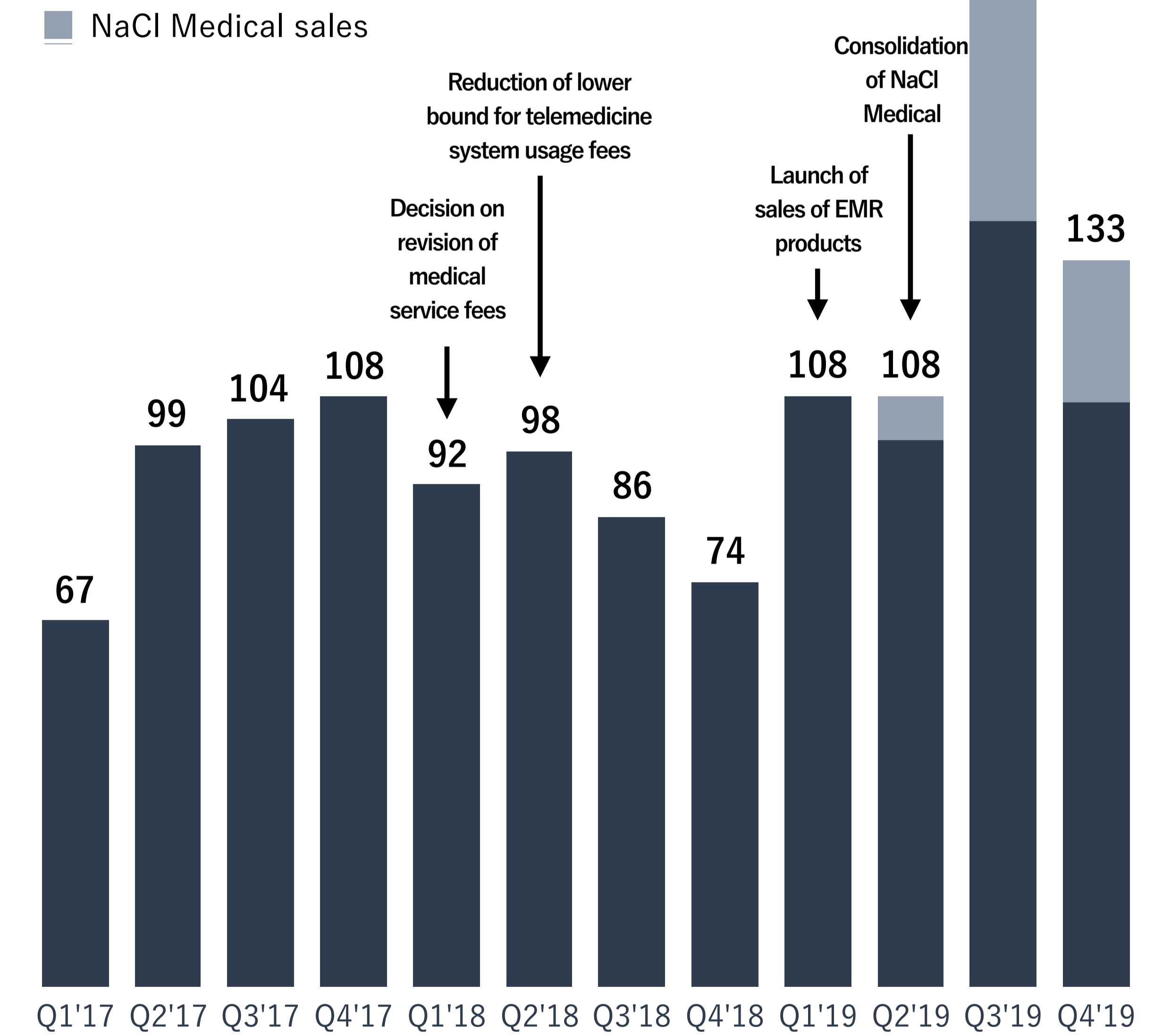
In Response to Launch of EMR Products, Number of Customers is Growing and Sales is Picking up

Achieved growth in number of customer offices owing to the launch of EMR products in 2019. In response to sharp growth in orders on 3Q FY2019, we temporarily limited order acceptance (see slide 33). Sales are on an uptrend owing to the launch of sales of EMR products and the consolidation of NaCl Medical.

Number of Customer Offices⁽¹⁾
(accounts)



Quarterly Sales⁽¹⁾
(JPY mm)



(1) Medical institution installed base = 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

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

In FY2019, implemented a wide range of measures to ensure medium- to long-term growth and greater profitability in the Medical Platform Business. These included measures to expand range of targeted customers, improve ARPU, and streamline operations.

Main Measures Implemented in 2019

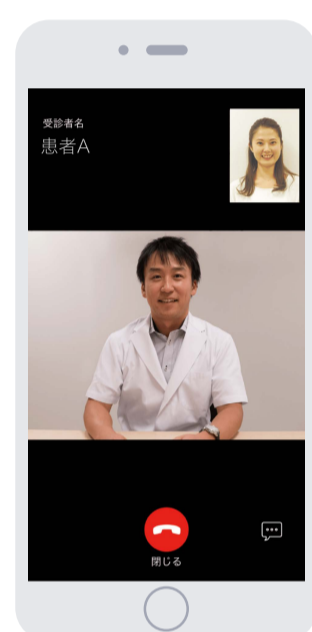
	Telemedicine	EMR	Others
Expansion of targeted customers	A Launched online second opinion services for university hospitals	Improved device compatibility	B Dental: launched new services
	Improved functionality	Improved functionality <small>(Expansion in number of diagnosis departments using our services)</small>	C Dispensing pharmacies: trial launch of electronic prescriptions
Improvement in ARPU	Utilization promotion	E Began sales <small>(cloud business support system)</small>	D Applied for Patent for Integrated Patient Database
		Added receipt checking function ⁽¹⁾	
Streamlining	Continued with automation of business operations	F Reduced server costs <small>(M&A with receipt computer⁽²⁾ company)</small>	
		G Improvement of implementation process	

(1) Receipt checking function: function ensuring that the disease name and ethical drug/treatment administered match the medical remuneration statement created by the medical accounting system

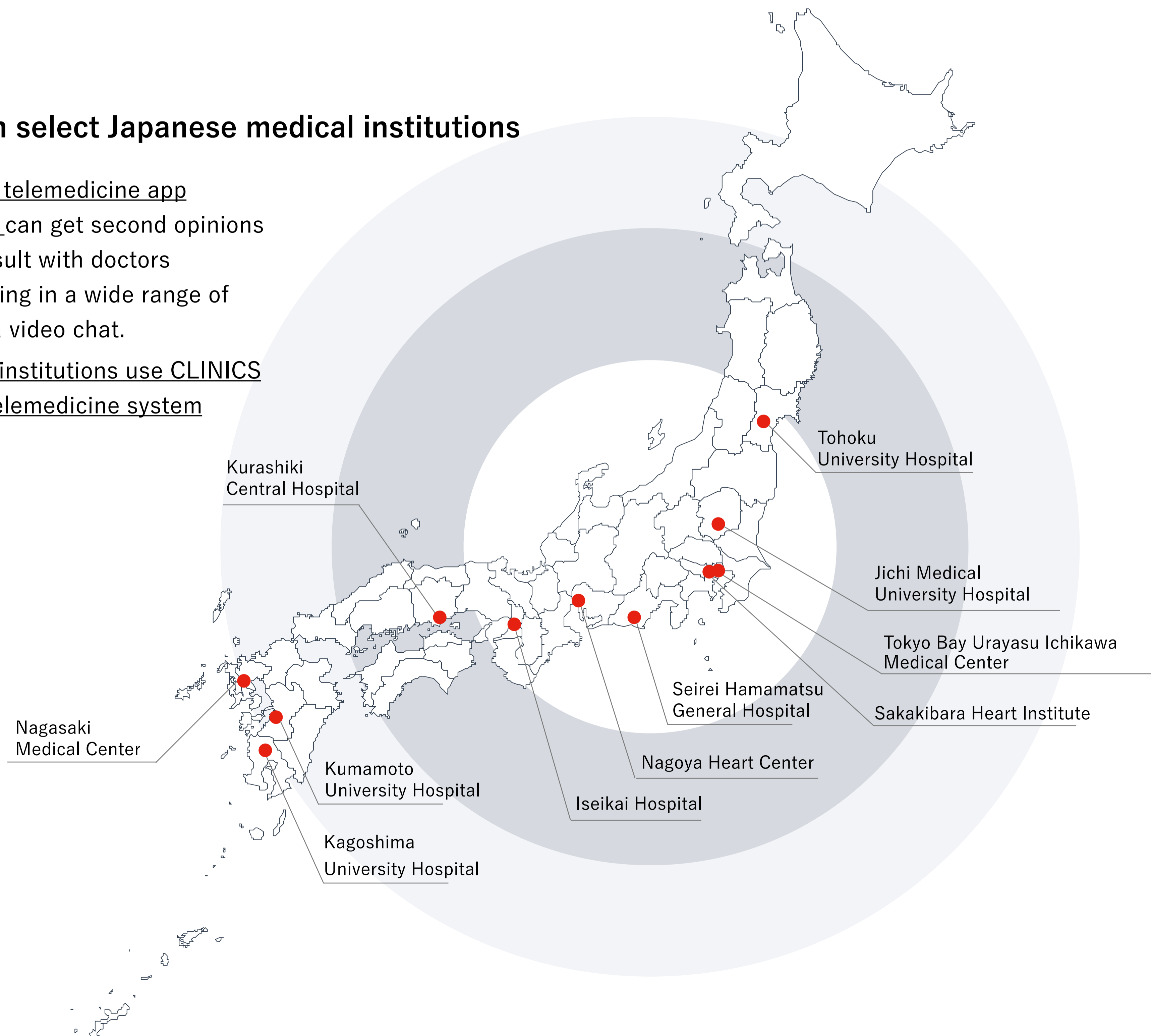
(2) Receipt computer: medical accounting software that creates medical fee statements, also called receipt software

In June 2019, launched a service allowing patients to obtain second opinions and consult with select doctors in Japanese university hospitals. 70 university hospitals currently use this service. Other highly specialized university hospitals also plan to participate.

Cooperation with select Japanese medical institutions



- Users of telemedicine app CLINICS can get second opinions and consult with doctors specializing in a wide range of fields via video chat.
- Medical institutions use CLINICS Online telemedicine system



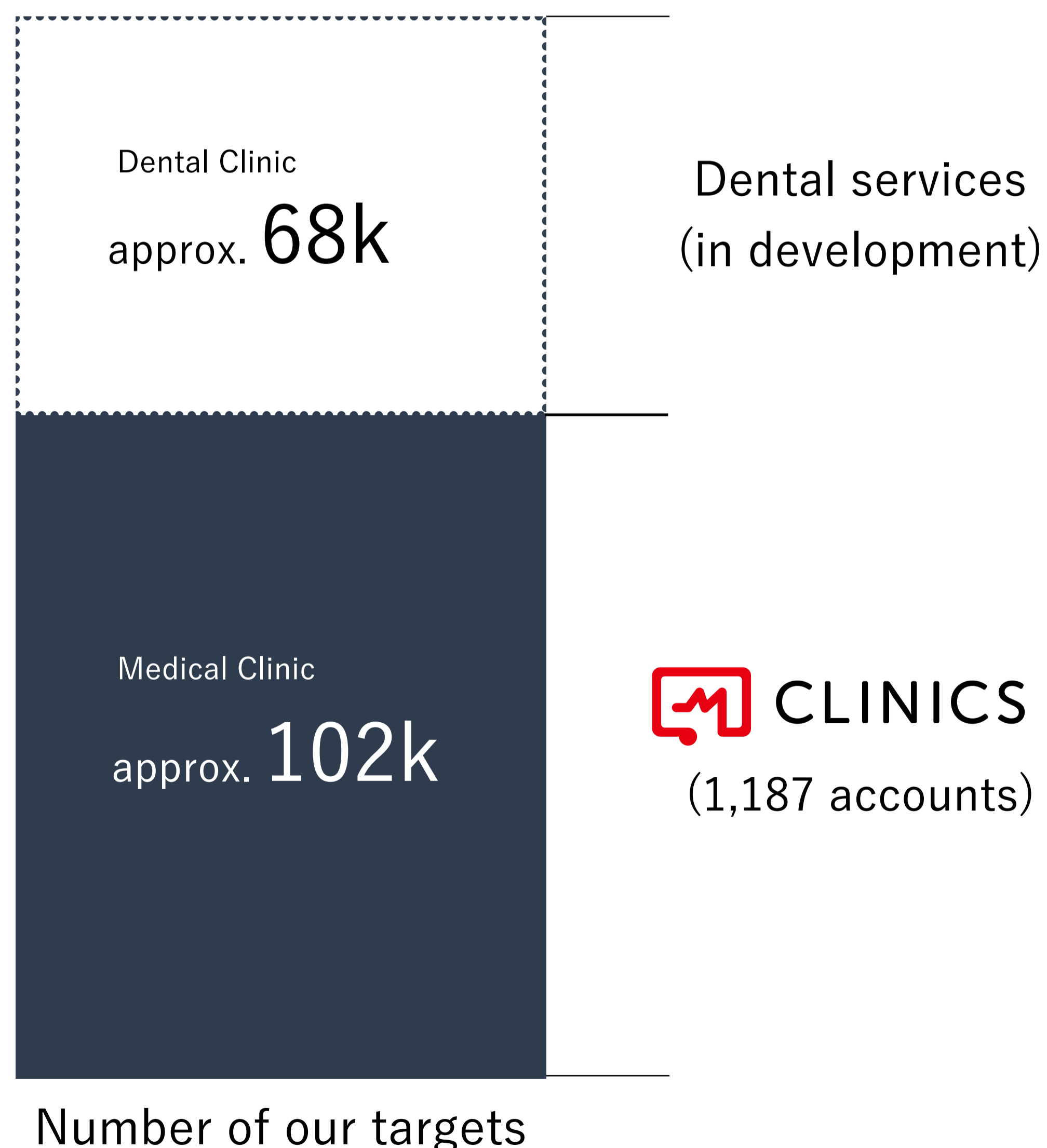
Treatment fields

- Epilepsy
- Cardiovascular surgery
- Mental health
- Fertility treatment
- Spinal cord peripheral nerve surgery
- Medical examination result consultation
- Pediatric dental consultation

Cooperation with
70
Japanese medical
institutions

Received a large number of inquiries from dental clinics regarding telemedicine applications that allow them to give counseling. In response, we are designing and developing a service specializing in dental clinics. As we aim for this service to include end-to-end support for dental clinics including reservation acceptance, treatment, accounting, and patient recall, in August 2019, we acquired receipt computer source code for dental applications.

Targeting the Dental Market

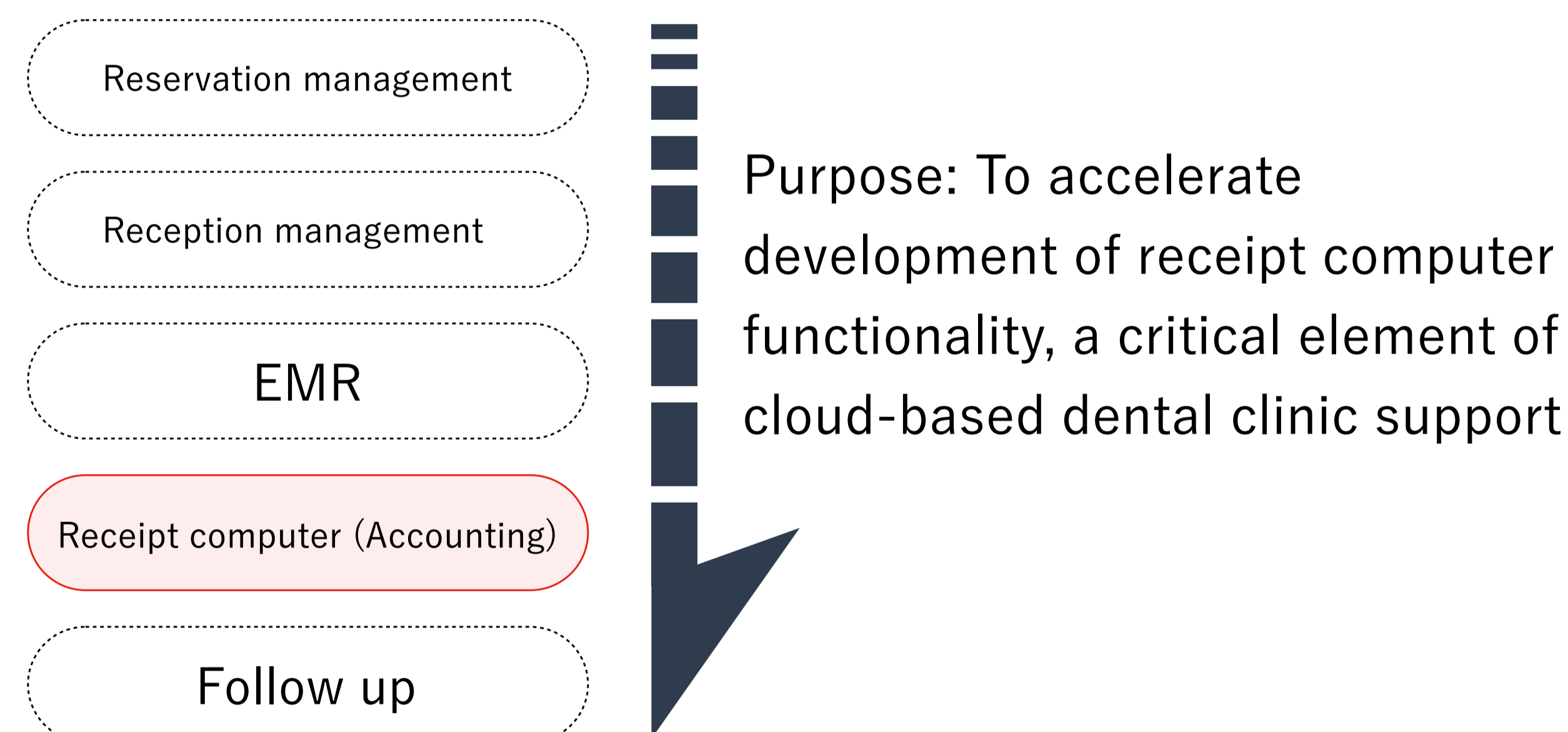


Acquisition of source code to develop systems to support dental clinics

Acquisition target Receipt computer source code for dental applications

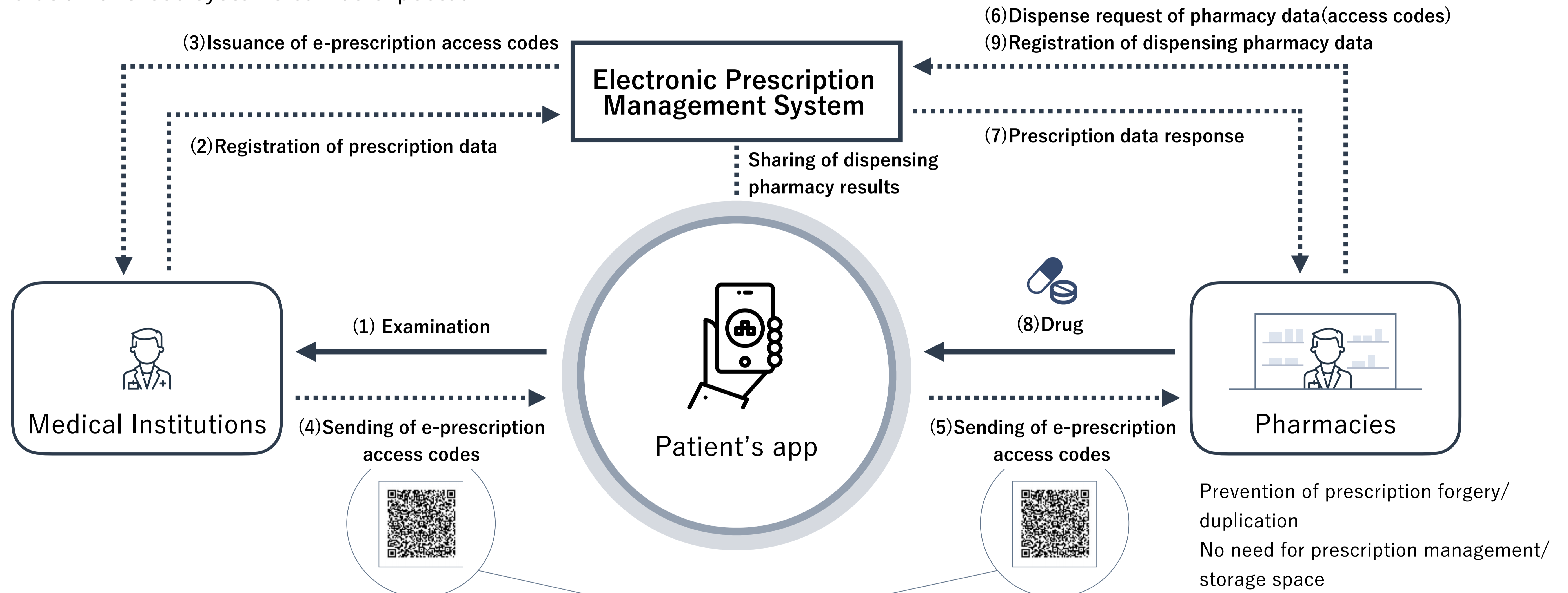
Acquisition price JPY100 million (posted as a one-time cost)

Time of acquisition Aug. 2019



C : Completed Development and Trial Operation of Electronic Prescription System

In March 2019, we were entrusted by the Ministry of Health, Labor and Welfare with a project to promote the use of electronic prescriptions and, with the cooperation of medical institutions and pharmacies, we conducted development and trial operation and made proposals for full-scale implementation of the system. As electronic prescriptions are highly compatible with telemedicine, further deregulation and proliferation of these systems can be expected.



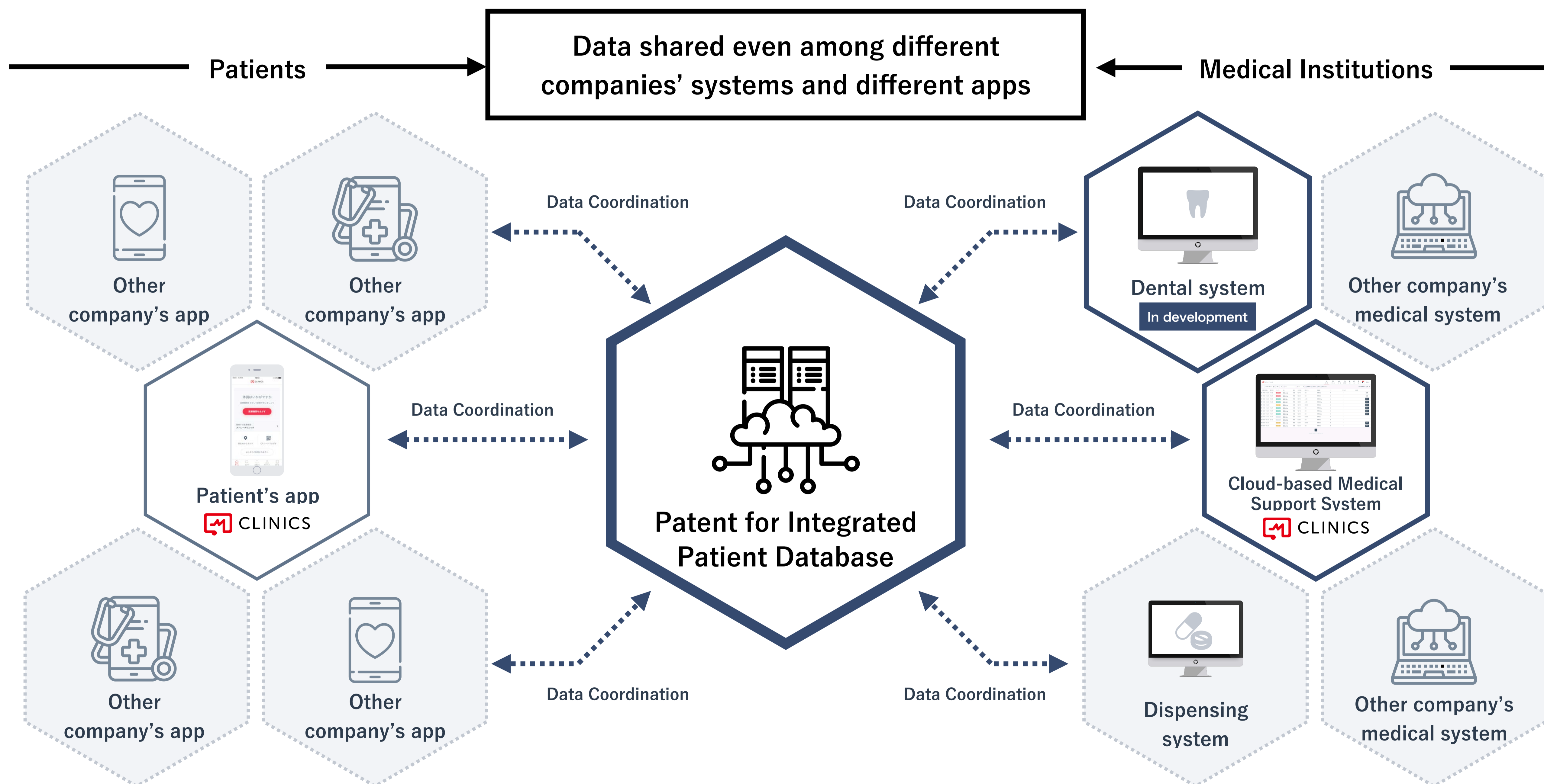
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氏名	生年月日
性別	年齢
住所	電話番号
診療科	処方年月日
処方内容	処方年月日

Proposals made by Medley for full-scale implementation

Currently, e-prescription vouchers are printed on paper (see left), but we are conducting trials using access codes (QR code).

D: Applied for Patent for Integrated Patient Database that Can be Shared with Other Companies

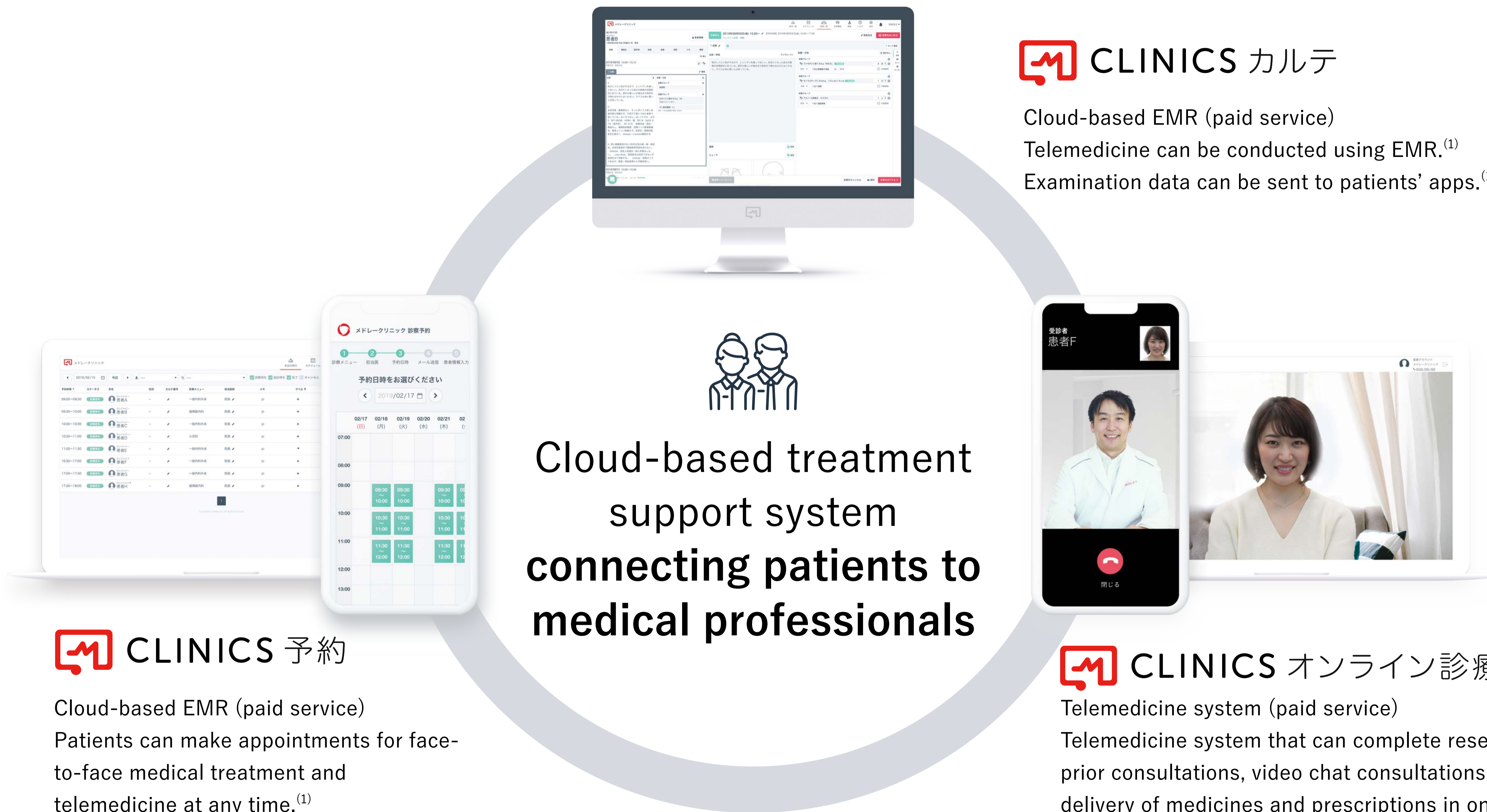
Medley has developed an integrated patient database that can share medical data between medical systems and patient apps, even among medical systems and patient apps created by different developers (not only Medley). We applied for a patent for this system in December 2019.¹



(1) Patent applied for medical information system, medical information devices, and medical information device control system and control program #2019-233247

E: 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.



CLINICS カルテ

Cloud-based EMR (paid service)
 Telemedicine can be conducted using EMR.⁽¹⁾
 Examination data can be sent to patients' apps.⁽¹⁾

CLINICS 予約

Cloud-based EMR (paid service)
 Patients can make appointments for face-to-face medical treatment and telemedicine at any time.⁽¹⁾

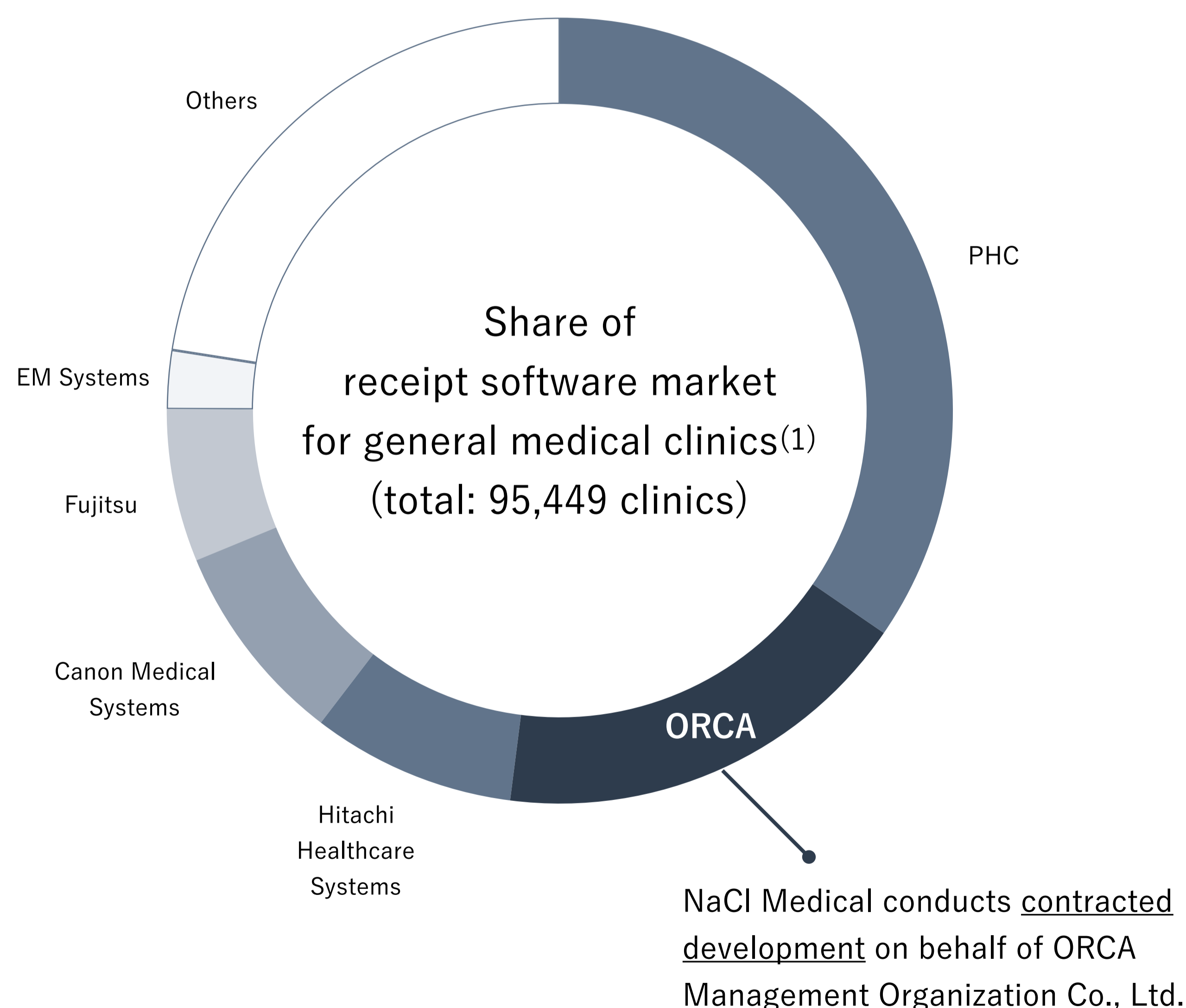
CLINICS オンライン診療

Telemedicine system (paid service)
 Telemedicine system that can complete reservations, handle prior consultations, video chat consultations, payments, and delivery of medicines and prescriptions in one stop.
 Consultation data of telemedicine can be linked with EMR⁽²⁾

(1) When used concurrently with CLINICS Telemedicine
 (2) When used concurrently with CLINICS EMR

Online Receipt Computer Advantage (ORCA) was used as the receipt engine for CLINICS EMR, but we were unsatisfied with system performance when linking with other systems. After consideration of multiple solutions, in March 2019, we decided to convert NaCl Medical, Inc., which had been involved in contracted development of ORCA, into a group company. The company’s advanced knowhow and our development capabilities will be used to improve the efficiency of our medical platform.

Positioning of NaCl Medical in the industry



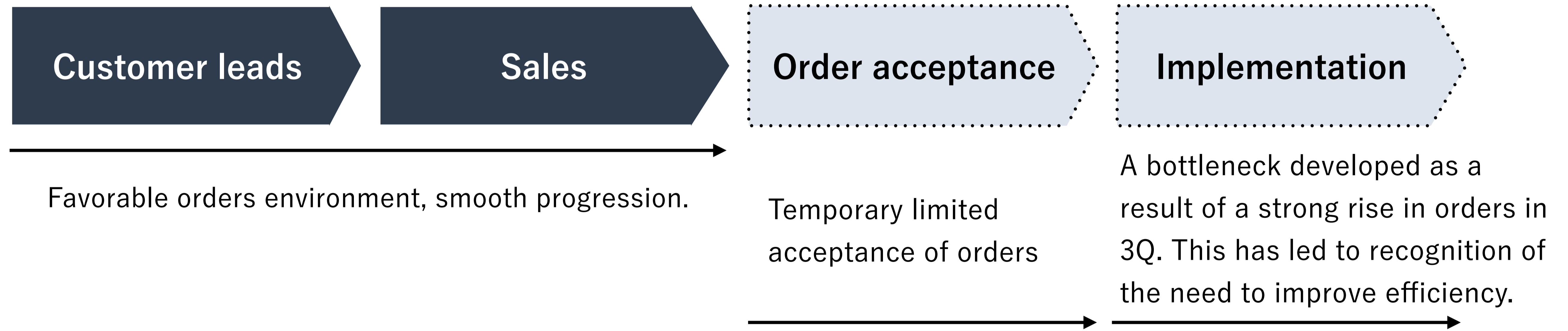
Outline of NaCl Medical

Location	Matsue-city, Shimane
Number of employees	14 (all engineers)
Business	Contracted development of ORCA; (Involved in ORCA project since its establishment in 2001)
Main objective behind conversion into a group	Reduction of server costs and leveraging of the advanced knowhow of NaCl Medical’s engineers to improve the efficiency of our medical platform
Goodwill impairment	As future cash flow trends are uncertain, we posted the entire acquisition cost as an extraordinary loss in 1Q FY2019

(1) Yano Research Institute Ltd.'s report, 2018 Next-Generation Medical ICT Market Status and Prospects - Medical Cloud, Related Markets, AI

While the order environment for the CLINICS EMR has remained favorable, we recognized the need to improve the efficiency of the implementation process after the order acceptance. As this is an issue directly related to the scalability of our business, rather than increasing the number of employees assigned to handle it, we are currently addressing the issue by leveraging our IT systems to improve operating efficiency.

CLINICS EMR Business Processes and Status as of 4Q FY2019



How we are addressing the issue:

Objective	<ul style="list-style-type: none"> Eliminate the implementation bottleneck that impacts the scalability of our business
Action period	<ul style="list-style-type: none"> November 2019 – March 2020 (lift limitations on order acceptance by April 2020)
Way	<ul style="list-style-type: none"> Leverage our systems to improve support efficiency and increase customer satisfaction Strengthen system support to improve efficiency when shifting from use of another company’s EMR products Improve compatibility with a wide range of peripheral devices

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Aim to Maximize Long-term Free Cash Flow

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. Further investments will be made in growth focused on maximizing the number of customers and achieving ARPU growth by improving utilization rates and strengthening product lineup.

Long-term
Policy

Maximize Long-term Free Cash Flow

Medium-term
Policy

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

Primary
KPIs

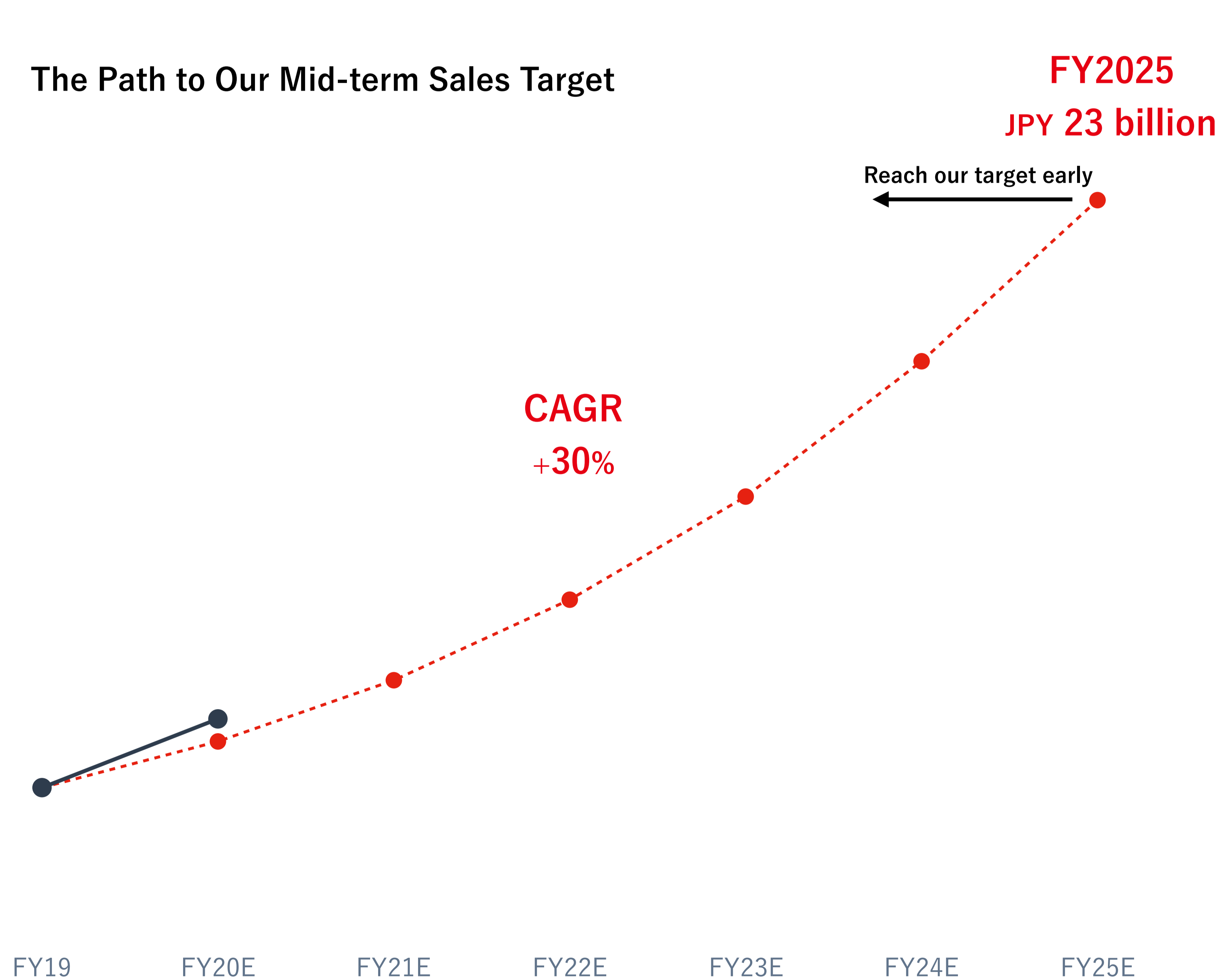
Maximize Number of Customers

×

Improve ARPU
(Increase utilization ratio / Expand
product lineup)

In order to reach our mid-term sales target, we must continuously achieve average YoY sales growth of 30%. We aim to invest aggressively to reach our target early.

The Path to Our Mid-term Sales Target

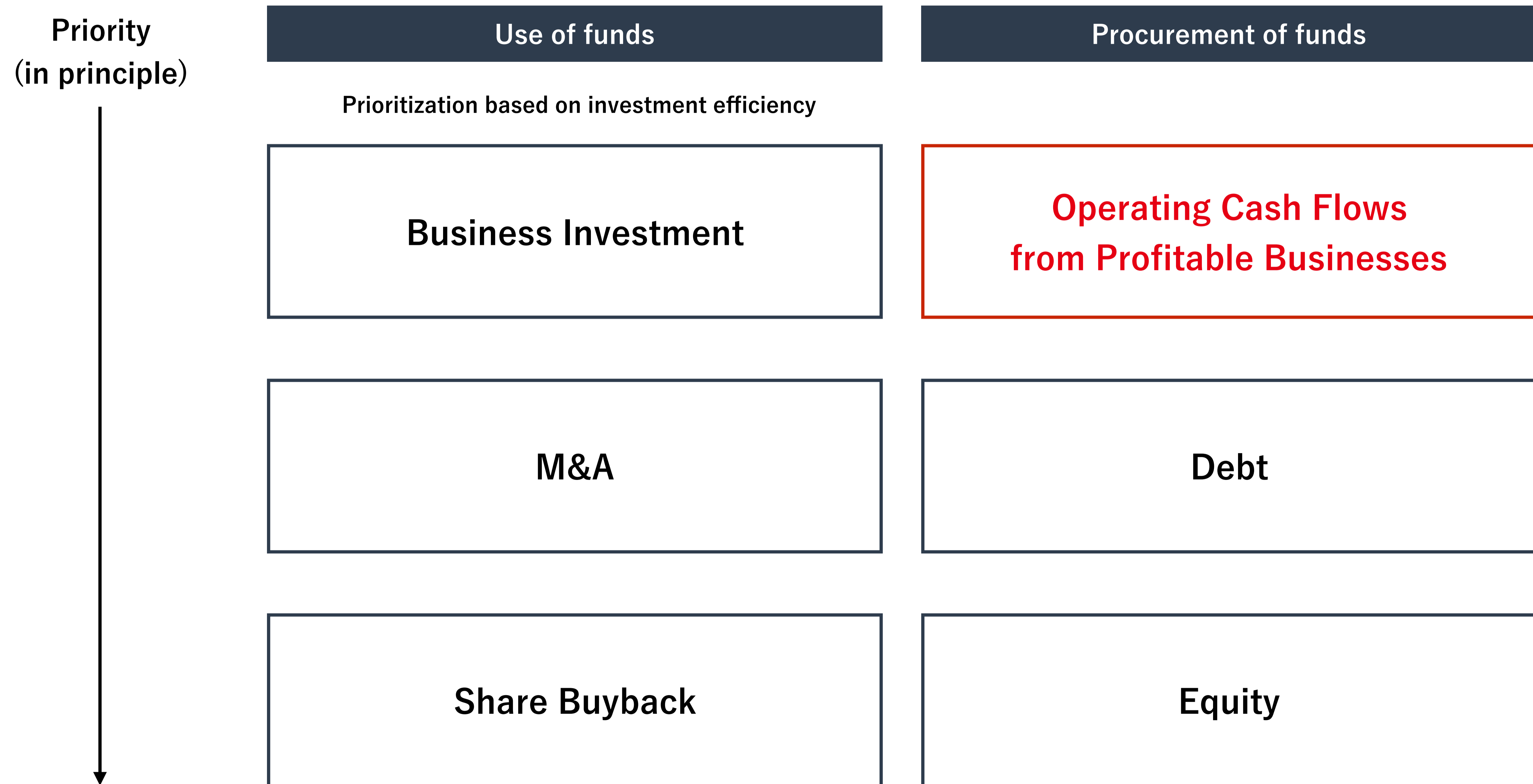


(billion yen)

Year	CAGR30%	Sales forecast	Actual Sales
2019	4.7	4.6	4.7
2020	6.1	6.6~6.9 (See slide 44~)	
2021	8.0		
2022	10.4		
2023	13.6		
2024	17.6		
2025	23.0		

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	CLINICS オンライン診療 (Telemedicine) Profitable in FY2019 <div style="border: 1px dashed black; padding: 5px; display: inline-block;"> Expected to turn profitable in FY2022 </div>	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> CLINICS カルテ (Cloud-based EMR) </div> <div style="border: 1px solid black; padding: 5px; display: inline-block;"> N MED NaCI MEDICAL </div>	 <ul style="list-style-type: none"> Preparation for next phase No expansion of losses <div style="border: 1px dashed black; padding: 5px; display: inline-block; text-align: center;"> [New] Service for Dental Clinics </div> <ul style="list-style-type: none"> Began development in FY2019 Plan to begin business development in FY2020 <div style="border: 1px dashed black; padding: 5px; display: inline-block; text-align: center;"> New Service </div> <ul style="list-style-type: none"> Began development in FY2019 Plan to begin business development in FY2021
New Services			 <ul style="list-style-type: none"> Consideration of optimal earnings structure

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

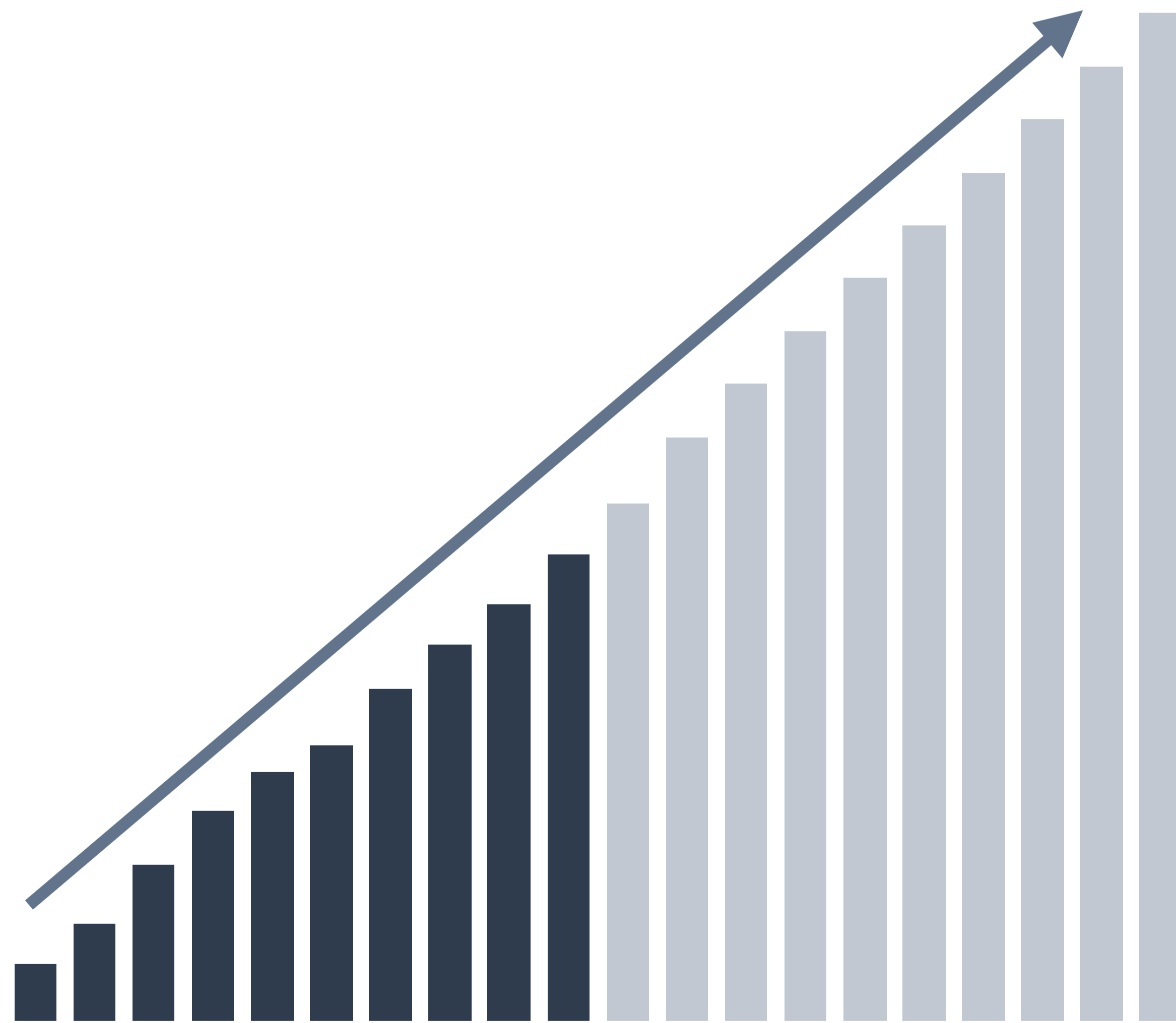
② Strengthen product lineup

- Two new services already in development
- Plan to increase number of services
- Proactively pursue operational and capital alliances with other companies

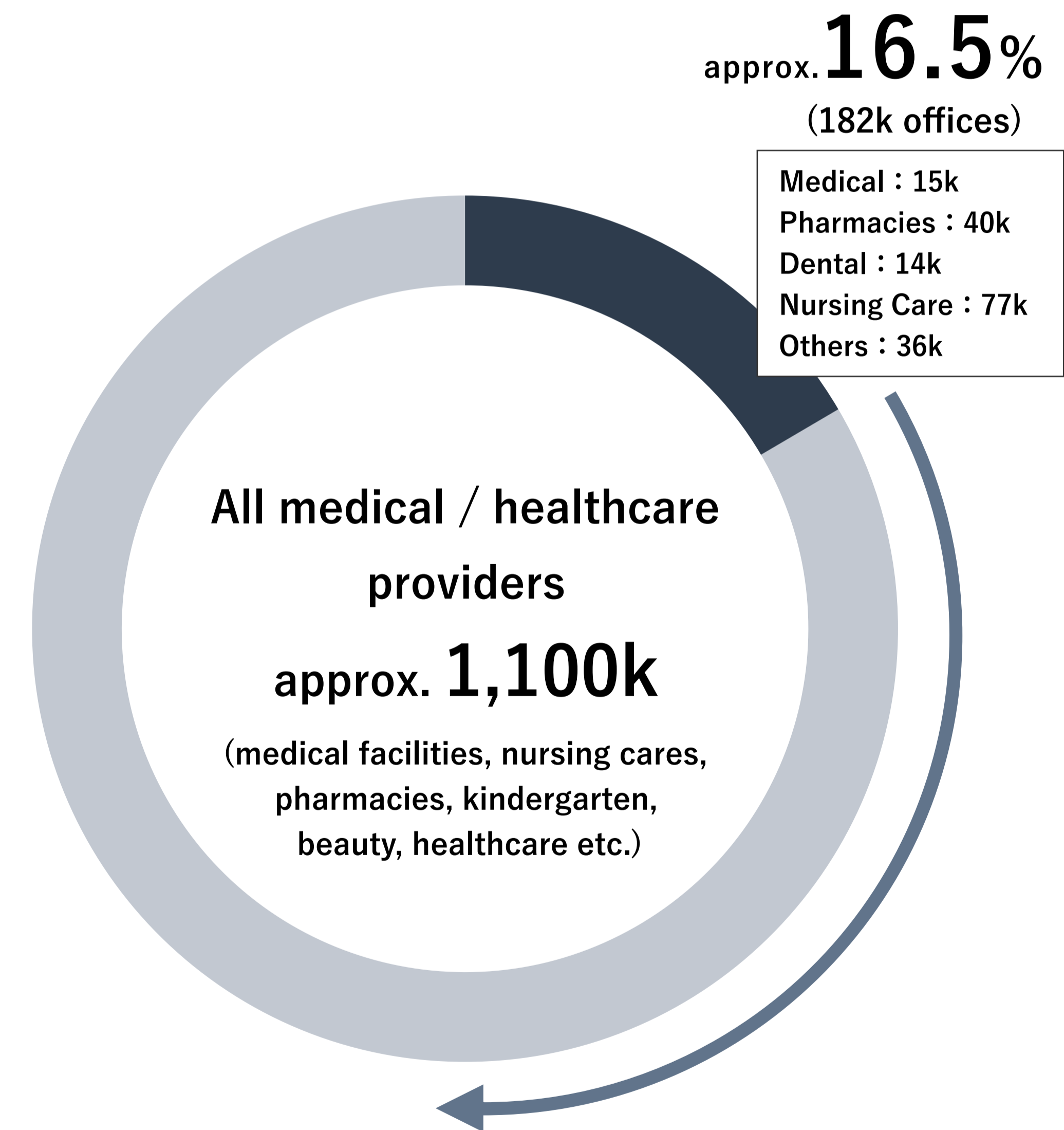
Continue to Expand Customer Base by Leveraging JobMedley's Cost Leadership

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

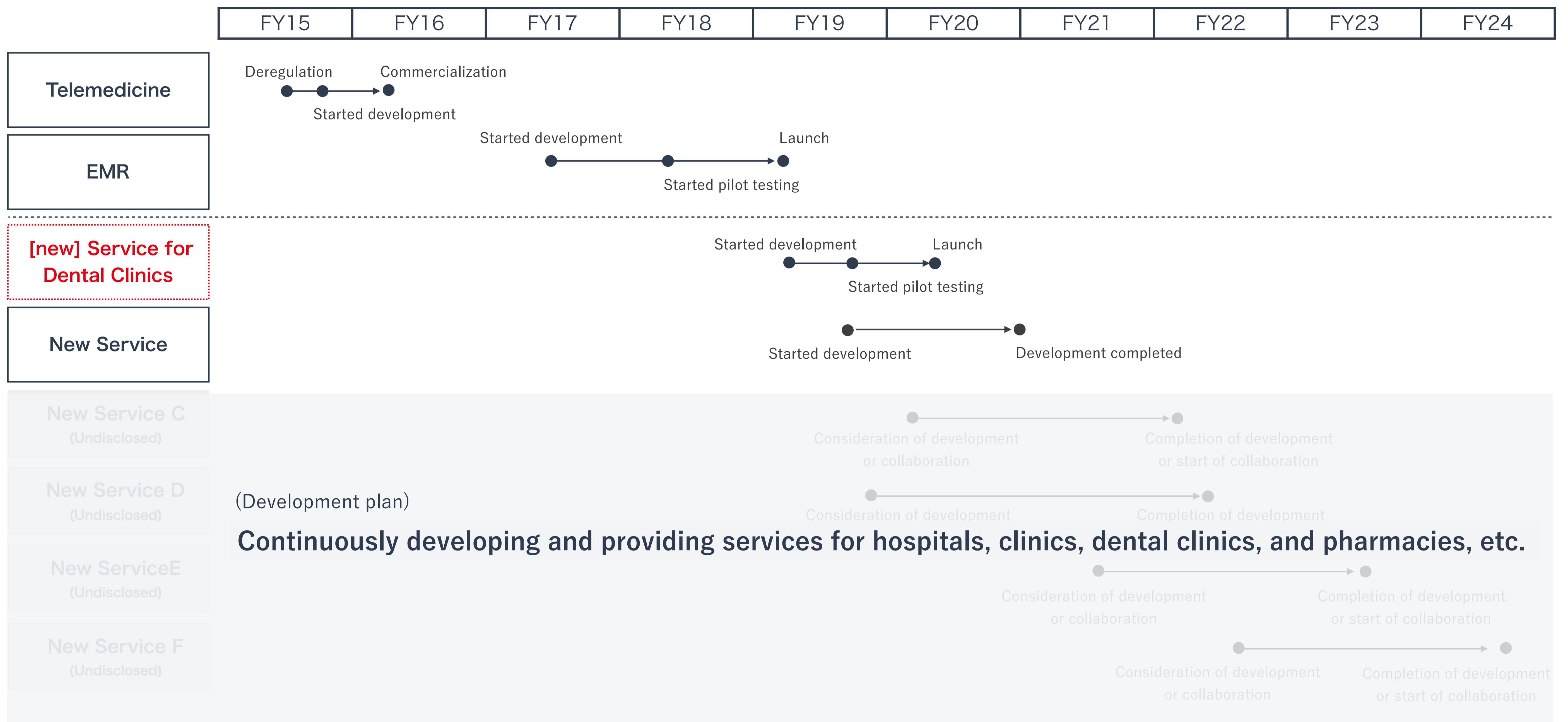


Ratio of target businesses using our services



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.



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

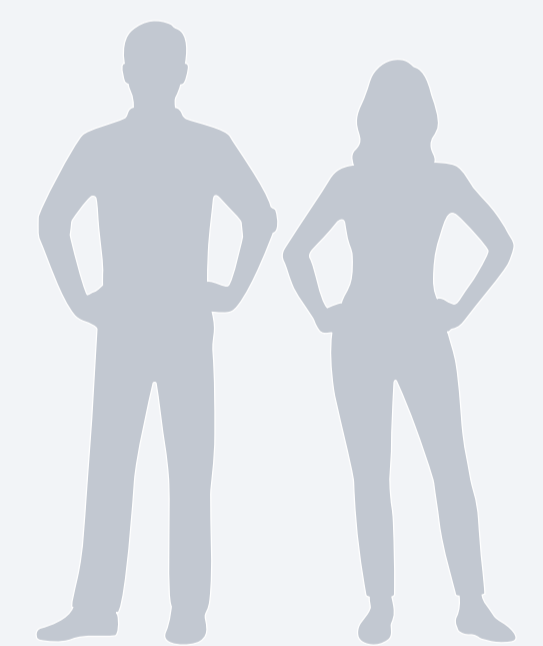
Conduct M&A necessary for the future without delay

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

M&A team

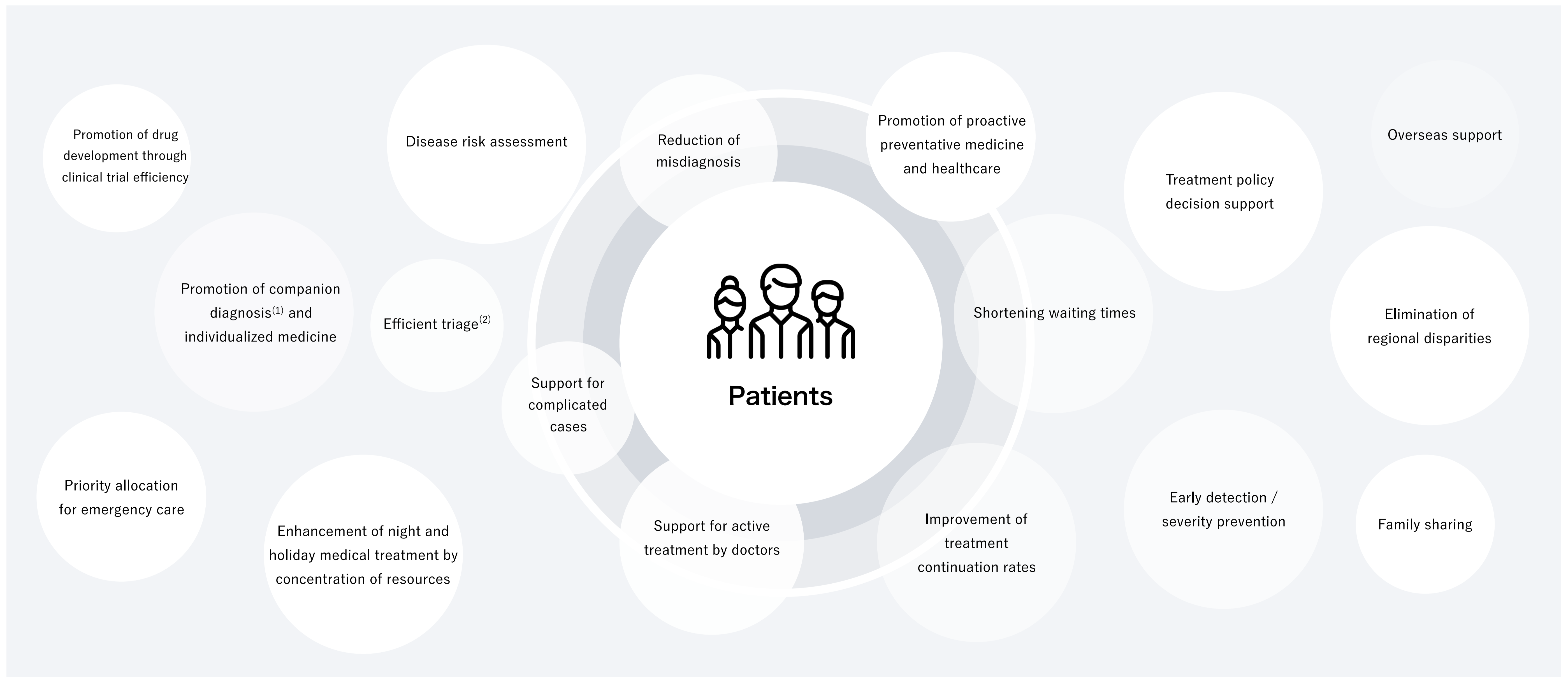
Ability to handle sourcing, due diligence, negotiations, and post-merger integration with in-house team

- 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



Promotion of companion diagnosis⁽¹⁾ and individualized medicine

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.

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Recruitment Platform	<ul style="list-style-type: none">• Number of customer offices: steady annual acquisition rate• ARPU: Increase driven by improved functionality
Medical Platform	<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
New Services	<ul style="list-style-type: none">• Plan to continue expanding the range of services
Companywide Shared Costs	<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
Others	<ul style="list-style-type: none">• Forecast does not factor in any impact from undetermined new business sales or M&A

Telemedicine: Focus on Upcoming Revision to Official Medical Fees Scheduled in April 2020

Regarding calculation requirements for telemedicine covered by insurance, based on discussions thus far, some degree of deregulation can be expected.

April 2018: Previous revision to official medical fees

Main calculation requirements for medical treatment covered by insurance

Requirement for a patient to begin treatment via telemedicine

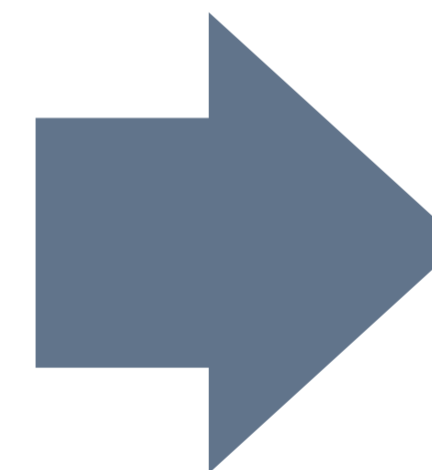
The doctor conducting telemedicine treatment must also provide face-to-face medical treatment every month for at least six months.

Requirements for medical care system

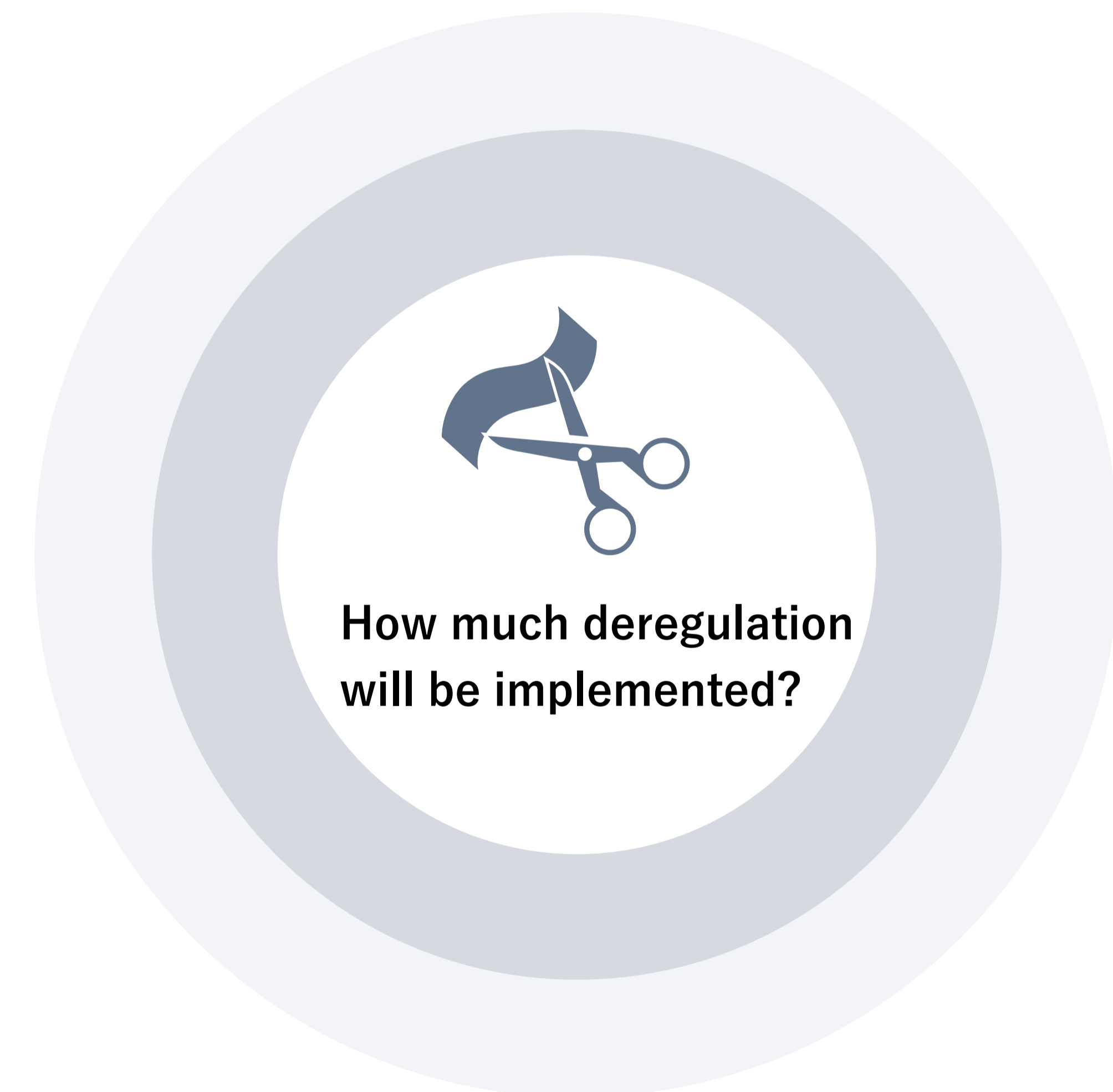
In the event of an emergency, face-to-face medical treatment must be possible within roughly 30 minutes

Target patients

Certain patients with lifestyle-related diseases such as hypertension and diabetes



April 2020: Upcoming revision to official medical fees



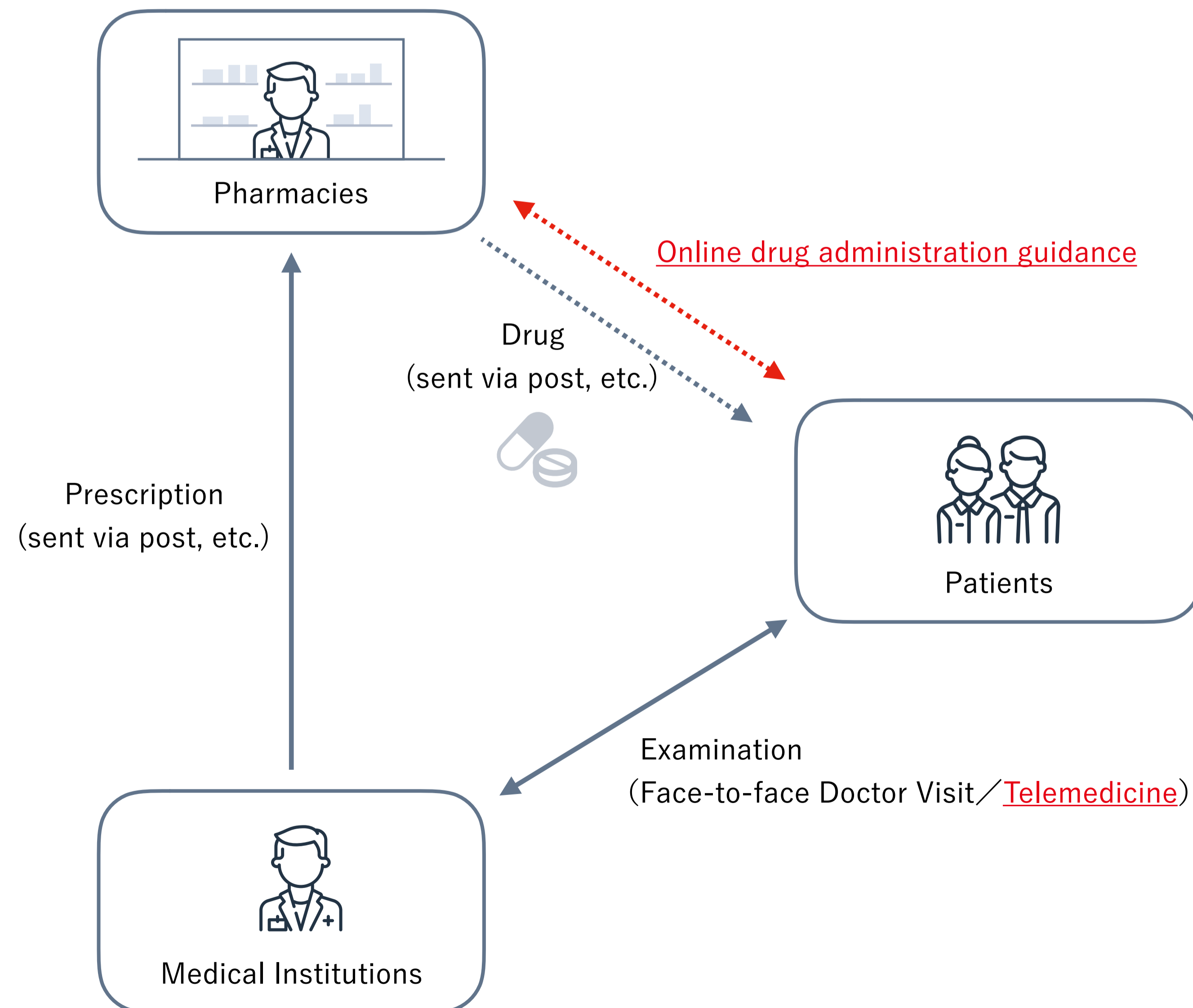
On January 29, 2020, the MHLW held a meeting of the Central Social Insurance Medical Council (Chuikyo) wherein a plan to conduct a review of the calculation requirements official medical fees for telemedicine in April 2020 was announced.

The Revised Pharmaceuticals and Medical Devices Act and the Next Generation Medical Infrastructure Act are Creating New Trends

The legal framework for deregulation to promote the use of digital technology in the medical/healthcare industry is being developed. In November 2019, the Revised Pharmaceuticals and Medical Devices Act was passed. This law lifted nationwide prohibitions on online drug administration guidance, which is highly compatible with telemedicine. Medley is conducting development aimed at taking advantage of these new trends.

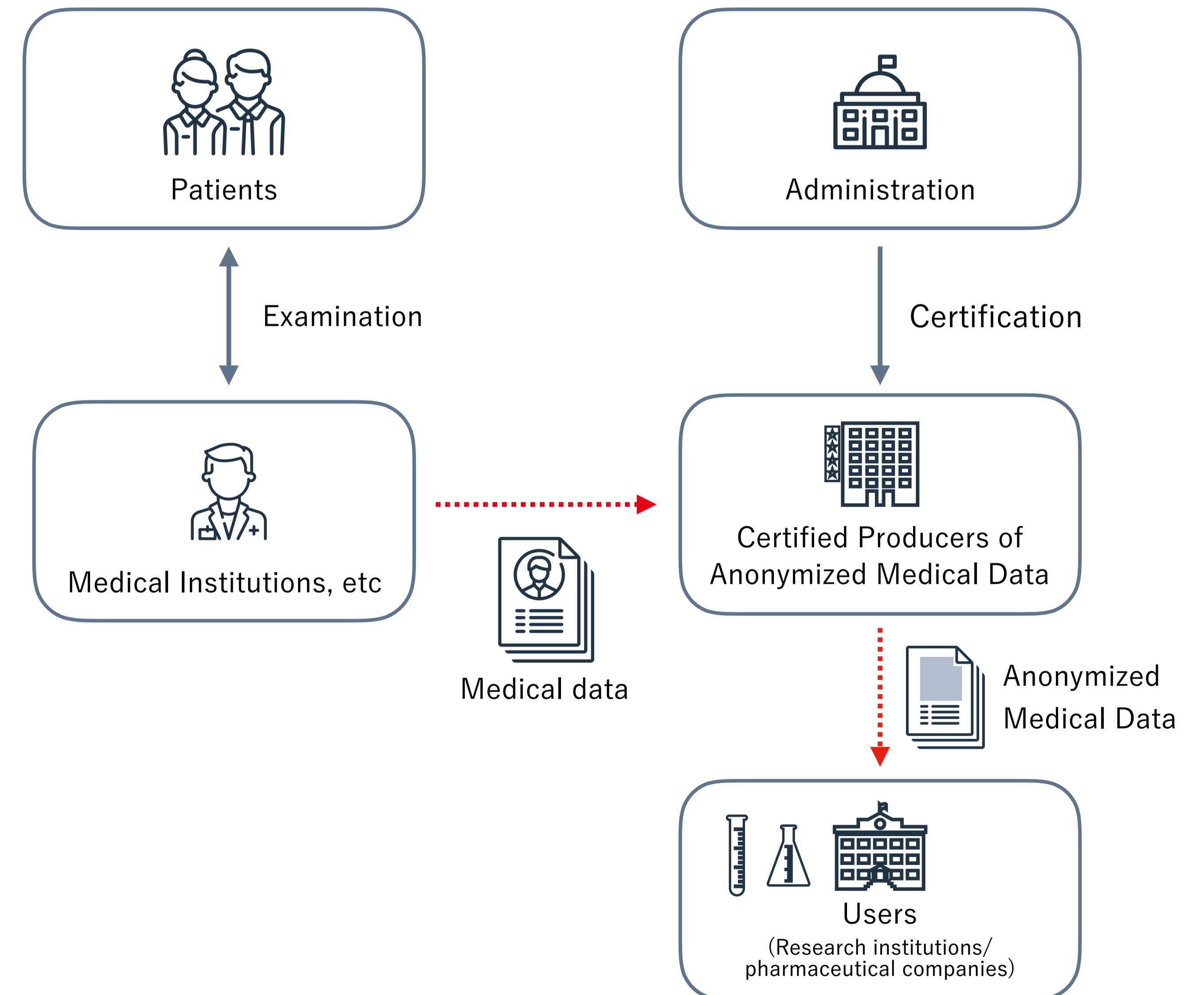
Revised Pharmaceuticals and Medical Devices Act (Nov-2019):

- Previously, online drug administration guidance was only allowed under certain circumstances. Now, patients can receive both online medical care and online drug administration guidance.



Next Generation Medical Infrastructure Act (May 2018)

- Legislation to enhance Japanese medical treatment by sharing anonymized medical data including EMR data to research institutions etc.



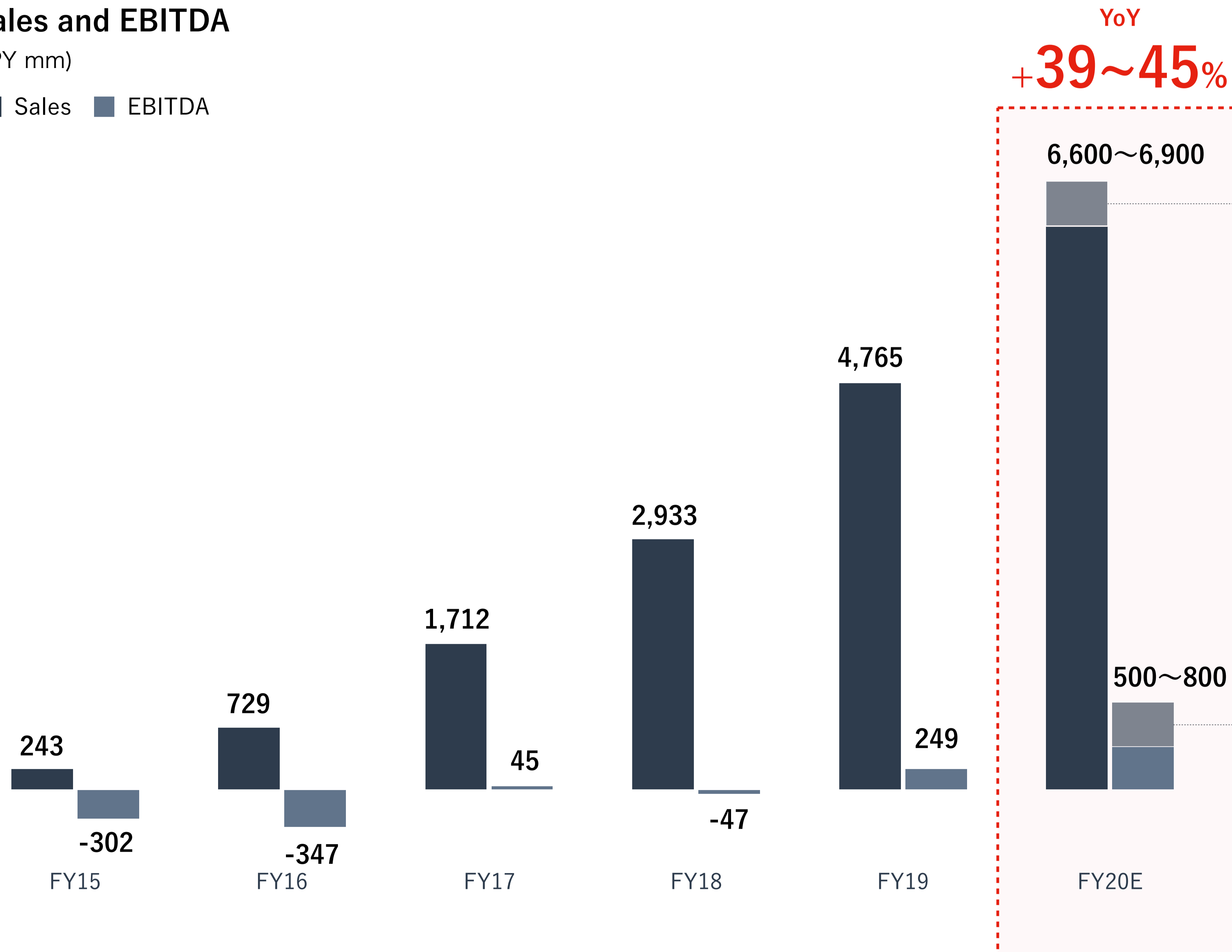
FY2020 Full-year Forecast: Continued Strong Sales Growth; Profit Growth Also Expected

As we expect to remain in a high-growth stage in FY2020, our forecast is provided in the form of a range.

Sales and EBITDA

(JPY mm)

■ Sales ■ EBITDA



Variable factors impacting range of sales

- Growth potential of each business

Cost variability depending on sales trends

- Variability in hiring costs and labor costs depending on progress made in hiring
- Variability in hiring costs and labor costs depending on progress made in hiring

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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 (Founder and CEO) Goichiro Toyoda (Representative Director, Doctor)
No. of employees	379 (as of December 2019)
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.

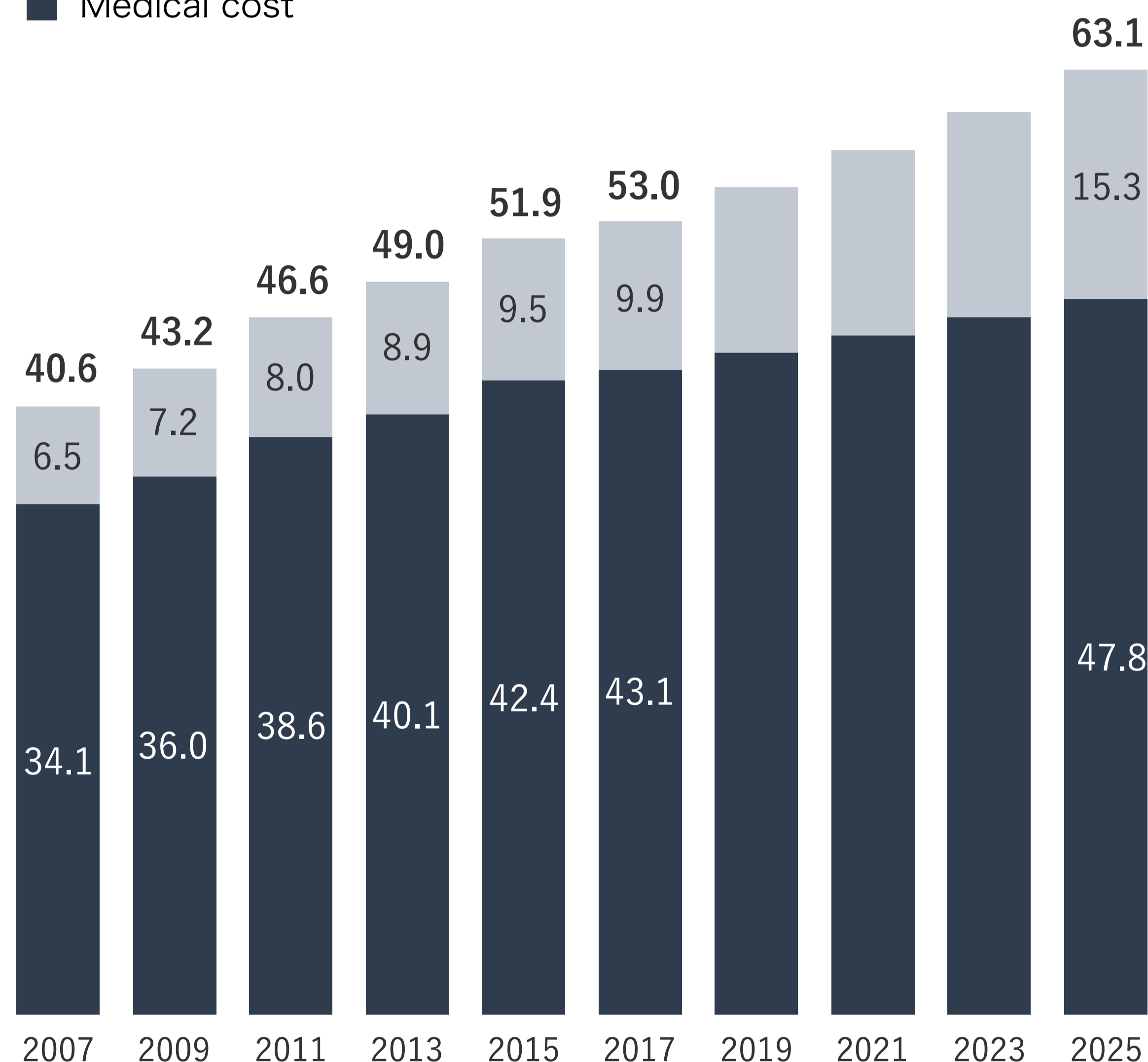
Defensive Growth Industry: Social Welfare Spending and Number of Employees not Impacted by Economic Trends

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)

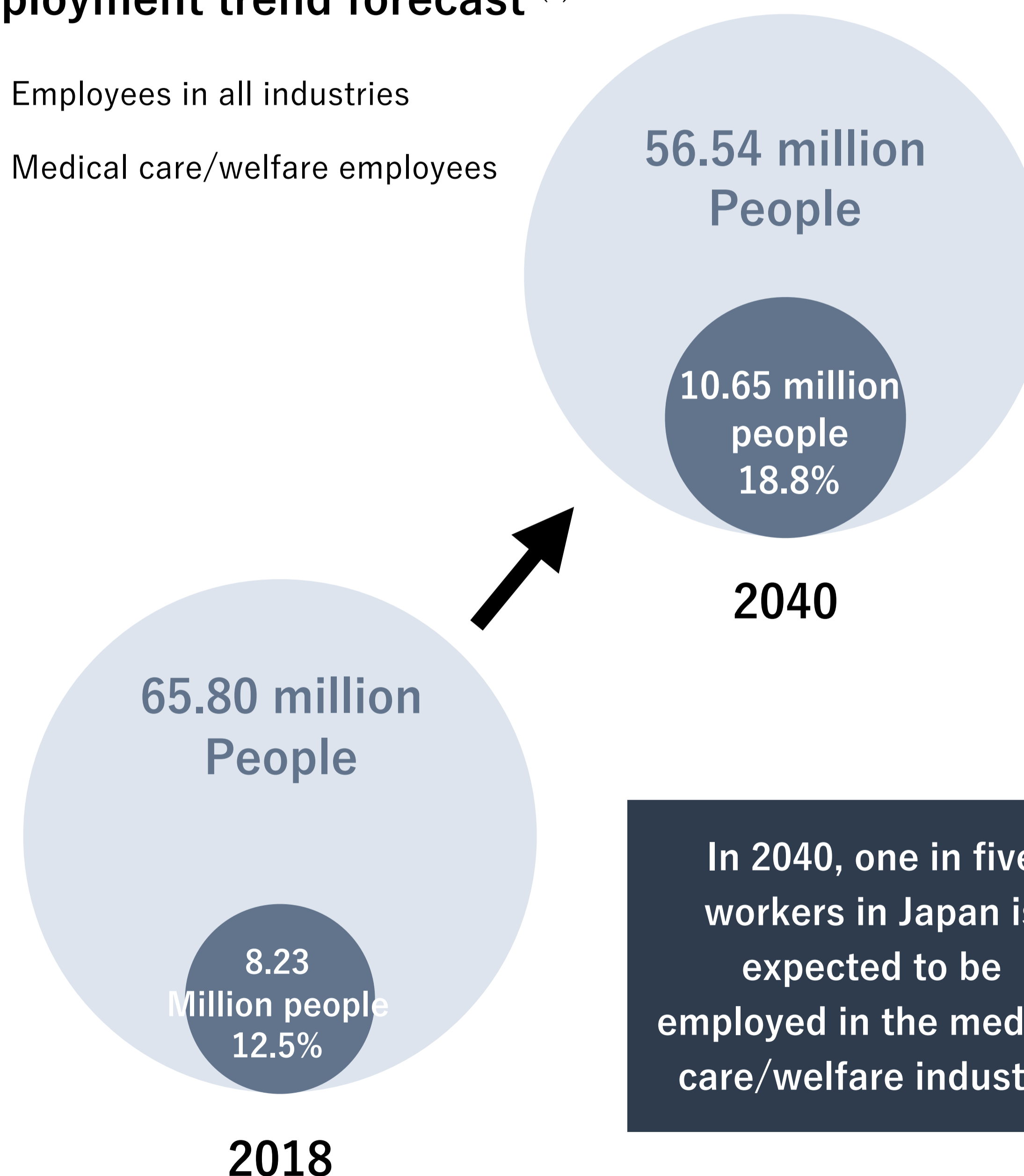
- Nursing care cost
- Medical cost



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

Employment trend forecast ⁽²⁾

- Employees in all industries
- Medical care/welfare employees



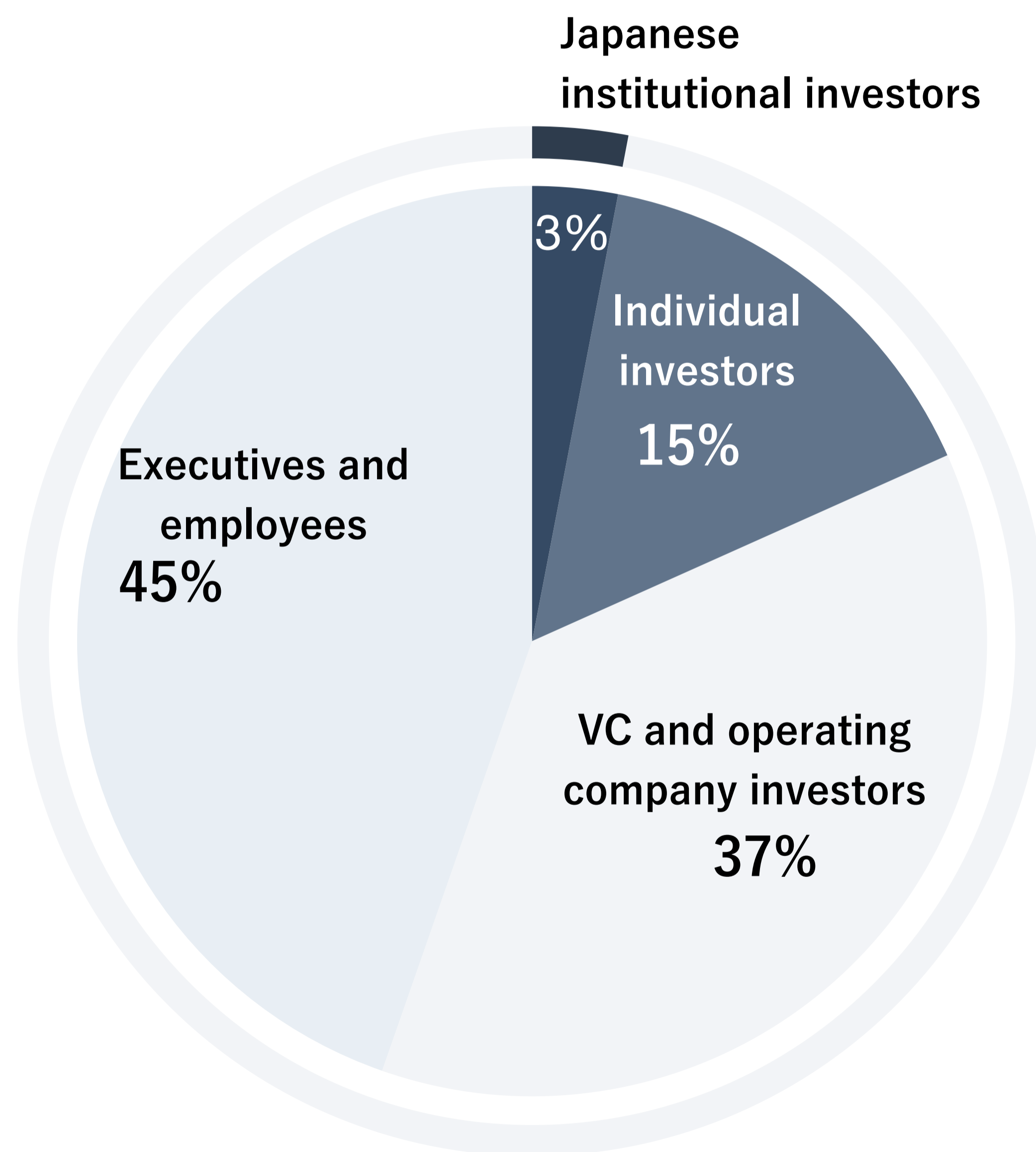
In 2040, one in five workers in Japan is expected to be employed in the medical care/welfare industry.

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

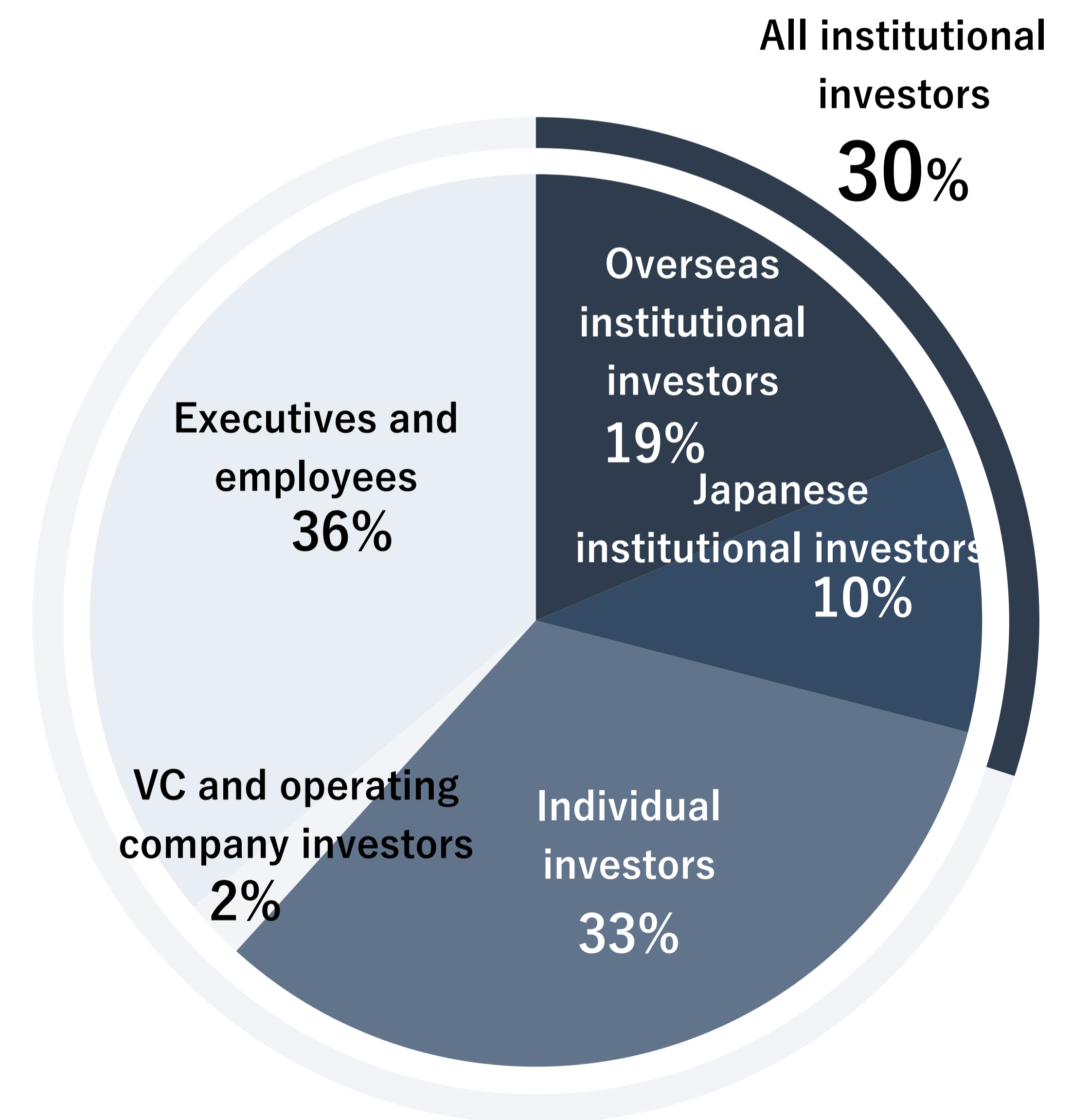
Our VC Ownership Ratio Decreased Sharply Following the IPO; Approx. 50% of Share Float Owned by Institutional Investors

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



Consolidated Balance Sheets

(JPY mm)	As of December 31, 2019	As of December 31, 2018	As of September 30, 2019	YoY	QoQ
Current assets	4,755	1,843	1,760	2,911	2,995
Cash and deposits	4,477	1,656	1,413	2,821	3,064
Non-current assets	638	465	623	173	15
Total assets	5,400	2,310	2,384	3,089	3,016
Current liabilities	1,767	852	1,488	915	278
Non-current liabilities	273	368	317	-95	-44
Net assets	3,359	1,090	577	2,269	2,782



Creating the Future of Medical / Healthcare