

July 17, 2020

Company name: MEDLEY, INC.
 Representative: Kohei Takiguchi
 President and Chief Executive Officer
 (TSE Mothers Code No.4480)
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Notice Regarding Establishment of a Subsidiary

MEDLEY, INC. (“the Company”) hereby announces that its Board of Directors, at a meeting held on July 17, 2020, has resolved to establish a subsidiary as described below.

1. Purpose of establishment of subsidiary

In recent years, pharmaceutical companies and medical device manufacturers have shown increased interest in services that can improve patient experiences and treatment outcomes. Since the outbreak of COVID-19, the Company has received even more inquiries regarding such services. The Company had been formulating plans for a future initiative to create integrated patient services highly compatible with our Medical Platform Business, but in response to recent societal needs, we have decided to establish a subsidiary for the purpose of providing digitalization services to pharmaceutical companies and medical device manufacturers.

2. New subsidiary profile

(1) Company Name	MEDS, INC.	
(2) Address	3-2-1 Roppongi, Minato-ku, Tokyo, Japan	
(3) Name and position of representative	Fumihiko Ugajin, President and CEO	
(4) Main business	Provision of digitalization services to pharmaceutical companies and medical device manufacturers	
(5) Registered capital	50 million yen (tentative)	
(6) Date of establishment	August 3, 2020 (tentative)	
(7) Fiscal year end	December 31	
(8) Major shareholders and ownership ratios	MEDLEY, INC., 100%	
(9) Relationship with the Company	Capital relationship	Established by the Company as a wholly owned subsidiary

	Personal relationship	The Company's executives and employees will concurrently serve as directors of the subsidiary.
	Business relationships	The Company will provide the subsidiary with shared services in certain areas of business operation.

3. Schedule

(1) Resolution passed by the Company's Board of Directors: July 17, 2020

(2) Establishment date for the subsidiary: August 3, 2020 (tentative)

4. Future Outlook

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

(For Reference)

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

(million yen)

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