

December 17, 2020

Company name: MEDLEY, INC.
Representative: Kohei Takiguchi
President and Chief Executive Officer
(TSE Mothers Code No.4480)
Contact: Yuta Tamaru
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Notice Regarding Acquisition of Pacific System Co., Ltd.

MEDLEY, INC. (“the Company”) hereby announces that the Company resolved at the Board of Directors Meeting held on December 17, 2020, to acquire shares of Pacific System Co., Ltd. (“Pacific System”) and make it a subsidiary as set forth below.

1. Purpose of the acquisition

Under its mission of “Creating the Future of Medical/Healthcare”, the Company has developed businesses in medical and healthcare industries to meet the demand of society. It aims to promote digital transformation in the industries by utilizing IT to realize medical services that satisfy both patients and those who are involved. The Company currently operates Recruitment Platform Business where it works to solve issues including the shortage of medical workers and low availability of medical services in local areas through JobMedley, and Medical Platform Business where it aims to improve operational efficiency in medical institutions and accessibility to medical care with such products as CLINICS, Pharms, and MEDLEY.

Meanwhile, Pacific System has developed and offered electronic medical records (“EMR”) for small and medium hospitals in the past 17 years. 98% of its customers have been repeatedly using its EMR with high satisfaction due to its low price yet high functionality.

While the market of EMR for small and medium hospitals has been expanding, a majority of these hospitals still use paper-based medical records, which indicates the delay in digital use. The Company believes it is essential to expand EMR with low cost and high functionality for small and medium hospitals in order to realize sustainable regional medical care in Japan, where the population is aging and decreasing.

The acquisition of Pacific System provides us the opportunity to enter into the market of EMR for hospitals. The Company and Pacific System will accelerate the use of digital technology in medical and healthcare industries, by increasing the share of EMR for hospitals through the Company’s customer base, as well as generating synergy with other products including its telemedicine system.

2. Overview of Pacific System

1) Name	Pacific System Co., Ltd.
2) Address	5-12 Saiwai-Cho, Sukumo city, Kochi

3) Name and title of representative	Hiroyuki Komatsu, Representative Director		
4) Description of business	Development and sales of EMR; customized system development; storage and maintenance of server apparatus; planning, designing, and consulting of system installment		
5) Capital	32 million yen		
6) Date of establishment	April 14, 1997		
7) Major shareholders and their shareholding ratio	7 individuals 100%*1		
8) Relationship between the Company and Pacific System	Capital relationship		Not applicable
	Personnel relationship		Not applicable
	Business relationship		Not applicable
9) Operating results and financial position of Pacific System over the past 3 years (JPY)			
Fiscal Year End	March, 2018	March, 2019	March, 2020
Net assets	89 million	104 million	112 million
Total assets	234 million	284 million	331 million
Net assets per share*2	140,017.00	162,961.42	175.98
Net sales	478 million	552 million	615 million
Operating profit	11 million	12 million	10 million
Ordinary profit	13 million	22 million	13 million
Net profit	10 million	16 million	9 million
Net profit per share*2	16,776.13	25,444.42	15.52
Dividend per share	—	—	—

Notes:

*1 The individual names are undisclosed upon their request.

*2 Pacific System conducted a stock split (1:1000) in the fiscal year ending March 31 2020.

3. Overview of the seller of the shares

1) Name	1 Individual*1
2) Address	— *1
3) Relationship between the listed company and the concerned individual	Not applicable

Notes:

*1 The Individual name and the address are undisclosed upon the person's request.

4. Number of shares to be acquired, acquisition costs, and number of shares held before and after the acquisition

1) Number of shares held before the change	0 shares (Number of voting rights: 0 rights) (Percentage of voting rights: 0.0%)						
2) Number of shares to be acquired	512,000 shares (Number of voting rights: 512,000 rights)						
3) Acquisition costs	<table> <tr> <td>Common shares of Pacific System</td><td>792 million yen</td></tr> <tr> <td>Consulting fees (Approx.)</td><td>31 million yen</td></tr> <tr> <td>Total (Approx.)</td><td>823 million yen</td></tr> </table>	Common shares of Pacific System	792 million yen	Consulting fees (Approx.)	31 million yen	Total (Approx.)	823 million yen
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Consulting fees (Approx.)	31 million yen						
Total (Approx.)	823 million yen						
4) Number of shares held after the change	512,000 shares (Number of voting rights: 512,000 rights) (Percentage of voting rights: 80.0%)						

5. Schedule

1) Date of resolution by the Board of Directors	December 17, 2020
2) Signing date of share purchase agreement	December 17, 2020
3) Closing date of share purchase	January 4, 2021 (scheduled)

6. Outlook

This acquisition will have no significant impact on its consolidated financial results for the fiscal year ending December 31, 2020. The impact of the acquisition on the consolidated financial results for the fiscal year ending December 31, 2021 is currently under review, and it is planned to be reflected in the FY2021 full-year forecast scheduled to be disclosed on February 12, 2021.