

February 12, 2021

Company name: MEDLEY, INC.

Representative: Kohei Takiguchi

President and Chief Executive Officer

(TSE Mothers Code No.4480)

Contact: Yuta Tamaru

Director and Head of Corporate Division

TEL: +813-6372-1265

Notice Regarding Booking of Deferred Tax Assets and Differences Between Consolidated Financial Results Forecast and Actual Results

MEDLEY, INC. ("the Company") hereby announces that it will book the following deferred tax assets in the financial results for the fiscal year ended December 31, 2020 ("FY2020").

The Company also announces that differences have arisen between the consolidated financial results forecast for FY2020 announced on February 14, 2020 and the actual results announced today.

1. Booking of Deferred Tax Assets

As a result of careful consideration of FY2020 results and the outlook and the recoverability of deferred tax assets, the Company decided to book deferred tax assets of ¥125 million and corporate tax adjustments (- denotes profit) of -¥125 million are recorded in the financial results for FY2020.

2. Differences Between Consolidated Financial Results Forecast for FY2020 and Actual Results

	Net Sales	EBITDA*	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Financial results forecast (A)	Million yen 6,600 ~ 6,900	Million yen 500 ~ 800	Million yen 330 ~ 630	Million yen 350 ~ 650	Million yen 300 ~ 550	Yen 10.32 ~ 18.92
Actual results of FY2020 (B)	6,830	542	396	422	455	15.69
Difference (B-A)	230 ~ Δ69	42 ~ Δ257	66 ~ Δ233	72 ~ Δ227	155 ~ Δ94	5.37 ~ Δ3.23
Difference (%)	3.5 ~ Δ1.0	8.5 ~ Δ32.2	20.0 ~ Δ37.1	20.8 ~ Δ35.0	52.0 ~ Δ17.1	52.0 ~ Δ17.1

(Ref) Actual results of FY2019	4,765	249	153	178	Δ381	Δ14.87
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(Note) EBITDA = Operating profit / loss + depreciation and amortization of goodwill

Because the Company has posted no amortization of goodwill during consolidated FY2020, it is not included in the calculation of EBITDA

3. Reason for Differences

Net sales were close to the upper range of the consolidated financial results forecast. EBITDA, operating profit, and ordinary profit were within the forecast range while they were close to each lower limit figure. This is mainly because the Company made investments in future growth including the investments that were not expected at the beginning of the fiscal year, such as the acquisition of the EMR assets of another company and the launch of pharmacy window support system business. Profit attributable to owners of the parent was close to the upper range of the forecast, which was mainly due to the booking of deferred tax assets of ¥125 million.