

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: +81 3-6372-1265

Notice Regarding Acquisition of MEDiPASS Co., Ltd.

MEDLEY, INC. (the “Company”) hereby announces that the Company resolved at the Board of Directors Meeting held on February 12, 2021, to enter into a share purchase agreement with ND Software Co., Ltd. (“ND Software”) to acquire all outstanding shares of MEDiPASS Co., Ltd. (“MEDiPASS”).

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.

In line with its mission of “Connecting people and creating systems to solve the problems of super-aging society”, MEDiPASS offers services for healthcare and nursing care providers. Especially, since the launch of online video training service “MEDiPASS Academy” in 2018, MEDiPASS has built an impressive track record by providing nursing care providers with a wide range of contents. MEDiPASS also offers “Goika no Kaigo”, an online introduction service for paid senior living facilities, which has strengths in the arrangement of discharge of patients, and operational support for medical institutions which provide residents of nursing care facilities with medical care, etc.

The acquisition of MEDiPASS will enable the Company to enter the field of online training and accelerate digital transformation in medical and healthcare industries by expanding the product lineup offered via JobMedley. The Company will continue to address the challenges which medical and healthcare industries are facing such as the shortage of medical workers and low availability of medical services in local areas by creating synergies through business expansion leveraging the customer base of JobMedley.

2. Overview of MEDiPASS

1) Name	MEDiPASS Co., Ltd.
---------	--------------------

2)	Address	2 Chome-29-5, Nishi-Gotanda, Shinagawa-ku, Tokyo		
3)	Name and title of representative	Hiroshi Oda, Representative Director and CEO		
4)	Description of business	Operation of online video nursing training service “MEDiPASS Academy”, online introduction service for paid senior living facilities “Goika no Kaigo”, operational support for home healthcare and nursing providers, etc.		
5)	Capital	100 million yen (as of March 31, 2020)		
6)	Date of establishment	September 1, 2008		
7)	Major shareholders and their shareholding ratio	ND Software Co., Ltd. 100%		
8)	Relationship between the Company and MEDiPASS	Capital relationship		Not applicable
		Personnel relationship		Not applicable
		Business relationship		Not applicable
9)	Operating results and financial position of MEDiPASS over the past 3 years (JPY)			
	Fiscal Year End	March, 2018	March, 2019	March, 2020
	Net assets	451 million	454 million	415 million
	Total assets	716 million	824 million	797 million
	Net assets per share	1,409.97	1,420.46	1,297.57
	Net sales	830 million	1,005 million	1,163 million
	Operating profit	10 million	15 million	32 million
	Ordinary profit	12 million	16 million	31 million
	Net profit (loss)	(1 million)	3 million	(39 million)
	Net profit (loss) per share	(3.54)	10.50	(122.89)
	Dividend per share	-	-	-

3. Overview of the seller of the shares

1)	Name	ND Software Co., Ltd.
2)	Address	3369 Wada, Nanyo City, Yamagata
3)	Name and title of representative	Hitoshi Narusaka, Representative Director and CEO
4)	Description of business	Planning, development, and sales of original software related to welfare and healthcare, software operational support and maintenance services, sales and operational support for the Honobono welfare business support software series (developed in-house)
5)	Capital	7,750 million yen (as of March 31, 2020)

6)	Date of establishment	December 20, 2018	
7)	Net assets	14,506 million yen (as of March 31, 2020)	
8)	Total assets	36,472 million yen (as of March 31, 2020)	
9)	Major shareholders and their shareholding ratio	Not disclosed due to confidentiality agreement	
10)	Relationship between the Company and ND Software	Capital relationship	Not applicable
		Personnel relationship	Not applicable
		Business relationship	Not applicable
		Related party relationship	Not applicable

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	320,000 shares (Number of voting rights: 320,000 rights)	
3)	Acquisition costs	Ordinary shares of MEDiPASS Consulting fees (Approx.) Total (Approx.)	1,500 million yen 9 million yen 1,509 million yen
4)	Number of shares held after the change	320,000 shares (Number of voting rights: 320,000 rights) (Percentage of voting rights: 100.0%)	

5. Schedule

1)	Date of resolution by the Board of Directors	February 12, 2021
2)	Signing date of share purchase agreement	February 12, 2021
3)	Closing date of share purchase	February 26, 2021 (scheduled)
4)	Deemed acquisition date	March 31, 2021 (scheduled)

6. Outlook

The impact of the acquisition on the consolidated financial results for the fiscal year ending December 31, 2021 is currently under review. We disclosed FY2021 full-year forecast on February 12, 2021, and we will make timely disclosure if a material impact on the forecast is expected.

(Reference) Consolidated financial results forecast for the fiscal year ending December 31, 2021 (disclosed on February 12, 2021) and consolidated financial results for the fiscal year ended December 31, 2020

(Million yen)

	Net sales	EBITDA	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated financial results forecast (FYE December 31 2021)	10,000 ~ 10,500	460 ~ 1,000	50 ~ 590	10 ~ 550	10 ~ 470
Consolidated financial results (FYE December 31 2020)	6,830	542	396	422	455

* The financial results of MEDiPASS are not considered in either consolidated financial results forecast for the fiscal year ending December 31, 2021 or consolidated financial results for the fiscal year ended December 31, 2020

* Share-based compensation expenses are included in the calculation of EBITDA (operating profit / loss + depreciation and amortization of goodwill) of consolidated financial results forecast for fiscal year ending December 31, 2021.