



Acquisition of reservation system for hospitals and clinics

Medley, Inc.

September 30, 2024

Disclaimer

In preparing these materials, Medley, Inc. (“the Company”) relies upon and assumes the accuracy and completeness of all available information. This presentation may contain future assumptions, prospects and forecasts based on planning, but these forward-looking statements are based on the information that is currently available to us, and on certain assumptions that we assume to be reasonable, but the Company does not promise to achieve these. Major differences may occur between the forecast and the actual performance including changes in economic conditions, consumer needs and user preferences; competition with other companies; changes in laws, regulations and others; and a number of other future factors. Therefore, the actual performance announced may vary depending on these various factors.

Overview of Transaction

- Acquisition of 100% of outstanding shares of Offshore Inc.
 - Signing date of share purchase agreement: September 30, 2024
 - Closing date of share purchase: October 1, 2024 (scheduled)
 - Acquisition price: 2,577,480,508 yen
 - Source of acquisition price: Cash on hand and deposits
 - Impact on the consolidated financial results for the fiscal year ending December 31, 2024: Not significant

Purpose

- Acquisition of reservation system for hospitals and clinics
- Strengthening of telemedicine in the field of obstetrics and gynecology

Synergy

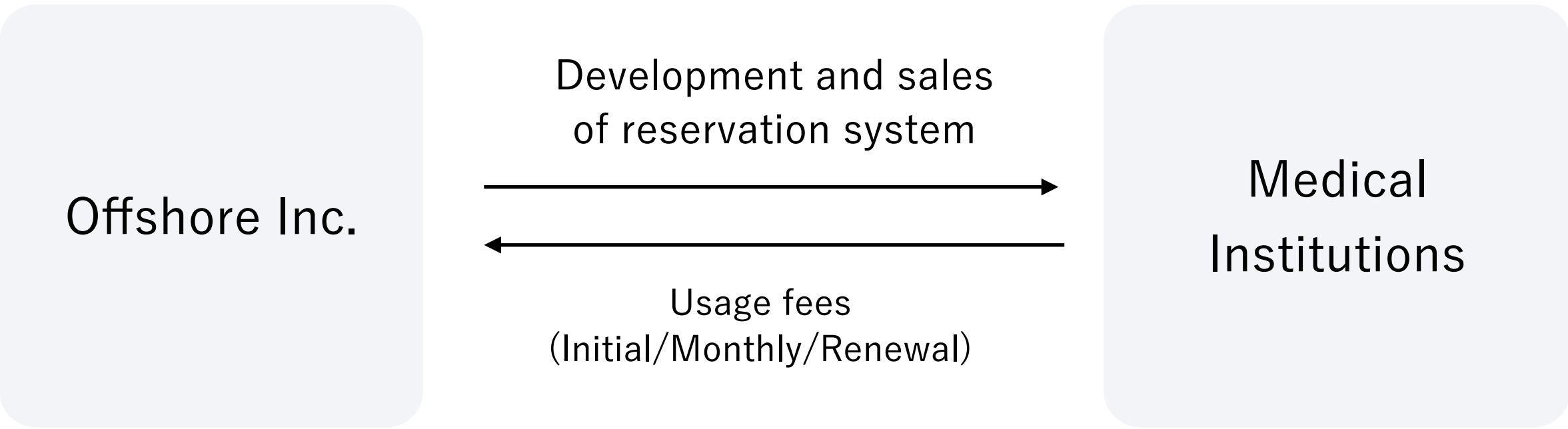
- Cross selling with MALL EMR and CLINICS EMR products
- Collaboration in the field of telemedicine with its CLINICS integrated medical app and Lalune women’s health management app

Since its establishment in 2001, Offshore Inc. has developed and supplied reservation systems to hospitals and clinics and app for patients. The company holds the top market share ⁽¹⁾ in the field of obstetrics and gynecology reservation systems. In addition, its app for patients is used by approximately 30% of all pregnant women and infertility patients in Japan.

Company Overview

Date of Establishment	May, 2001
Number of Employees	59 (as of June 2024)
Main Products	Reservation systems for hospitals and clinics - Appointment booking, surgery management, hospitalization/ obstetrics management functions, etc. Service general management apps for patients

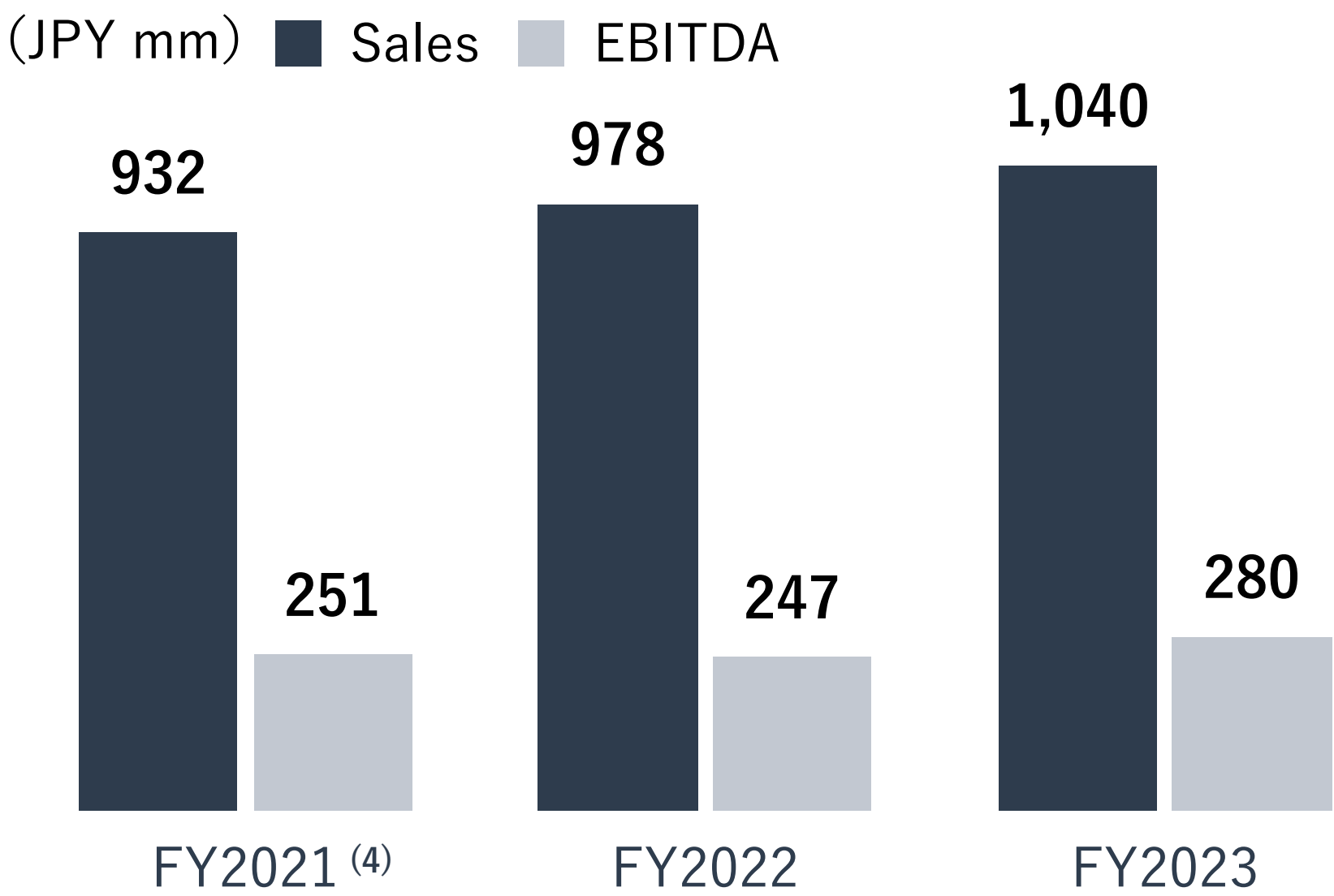
Business Model of @link reservation system



- Main customers are obstetrics, gynecology and fertility facilities.
- Over 40% of sales from recurring “stock” businesses
- Annual churn rate is 2.5% (Main reason is closure)

(1) Source: Offshore’s official website

Financial Results



Number of medical facilities using @link

749 facilities⁽²⁾

Ratio of @link users

Roughly **30%**⁽³⁾ of pregnant women in Japan

Competitive Advantages

Trusted by customers	• Digitalization of medical institutions for over 20 years • Top market share⁽¹⁾ in the field of obstetrics/gynecology department reservation systems
Total solution	• Integrated end-to-end management of processes from patient acquisition to postnatal (hospital discharge)
Customizability	• Business support tailored to individual medical institutions with over 700 functions and settings

(2) As of end-March 2024

(3) Based on a survey conducted by Offshore, Inc.

(4) FY2021 was an irregular six-month accounting period, but the sales and EBITDA figures provided above are for the 12-month period from April 1, 2021 to March 31, 2022.

1 Contribution to Medley's FY24 consolidated results	- Offshore Inc. will become Medley's consolidated subsidiary as of October 1, 2024. Consolidation of the PL will be from October 2024. - We expect that the impact on Medley's FY24 consolidated results will be roughly at least +JPY 248 million in sales and a minor impact in EBITDA. At this point, synergies have not been included in these figures.
2 Appropriateness of the acquisition price	We believe the acquisition price is appropriate as it falls within the results of the DCF analysis by a third-party institution, which was based on business projection plans closely examined and modified by Medley through interviews and the business plan received from Offshore Inc. - DCF range: JPY 2.27 billion to JPY 2.76 billion
3 Impairment risk	We believe that impairment risks can be controlled. This is based on the appropriateness of the acquisition price mentioned in 2 above, the business of Offshore's reservation system is high in ratio of sales from recurring "stock" businesses and retention rate and its top market share. After completion of the acquisition, we plan to promptly implement PMI (post-merger integration - synergy creation process) with the cooperation of Offshore Inc. to further reduce impairment risks (steady achievement of the business plan).
4 Payback period	We conservatively expect the payback period on an after-tax cash flow basis to be around 10 years. An even earlier payback can be expected depending on contributions from synergies.
5 Impact on earnings per share (EPS)	Taking into account the burden of goodwill amortization expenses from this acquisition, in the short term we expect only a minor impact to EPS; and in the mid to long term, we expect a positive impact due to profit growth by its expected synergies. We plan to go through accounting procedures that allocate the acquisition price (PPA – purchase price allocation) and finalize the specific amount of goodwill amortization expenses once the acquisition is successfully completed.
6 Funding of the acquisition	As of the end of June 2024, Medley has JPY 20.8 billion in cash on hand and we plan to use cash on hand to finance this acquisition at the closing. And we are considering using debt in connection with this acquisition.



Creating the Future of Medical Healthcare