

November 14, 2024

[To whom it may concern]

Company name: MEDLEY, INC.
Representative: Kohei Takiguchi
President and Chief Executive Officer

(TSE Prime Market Code No. 4480)

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Notice Regarding Acquisition of shares (conversion into subsidiary) of ASFON TRUST NETWORK

MEDLEY, INC. (the “Company”) hereby announces that the Company resolved at the Board of Directors Meeting held on November 14, 2024 to acquire all outstanding shares of ASFON TRUST NETWORK (the “ATN”) and to make it a subsidiary (hereinafter referred to as the “acquisition”).

1. Purpose of acquisition of shares

Under its mission of “Creating the Future of Medical/Healthcare”, the Company has developed businesses in the medical and healthcare industries to meet the demands of society. It aims to promote digital transformation in these industries by utilizing technologies such as the Internet to create medical services that satisfy both patients and medical professionals. The Company currently operates its HR PF Business to resolve social issues such as shortages and uneven regional distribution of human resources in the field of medical healthcare and its Medical PF Business to improve the operational efficiency of medical institutions and offer patients better access to healthcare. In addition, one of the new services offered by the Company targeting medium-to-long-term growth is Kaigo-no Honne, which includes the Renkei san hospital discharge coordination support service.

ATN is a pioneer in the field of nursing care centers and, since its establishment over 20 years ago, has built strong brand recognition and high levels of trust from referral sources such as hospitals and in-home nursing care support offices, as well as from nursing facility residents and their families, through development of its Minkai business. ATN has built a system that allows it to stably refer an industry-leading volume of consultations.

The acquisition will strengthen the Company’s hospital discharge coordination service. More specifically, it will expand the functionality of the Company’s hospital discharge coordination service and encourage its use not only by

hospitals, but also by the assisted living nursing care support businesses to which the ATN provides introductions. The acquisition will also allow the Company to respond to the needs of many customers by leveraging Kaigo-no Honne, with its strengths in online services, and the ATN's Minkai business, with its strengths in face-to-face services.

2. Overview of the subsidiary to be acquired (the Target)

(1)	Name	ASFON TRUST NETWORK		
(2)	Location	Kawaasa Building, 6F, 2-11-5 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa Prefecture, Japan		
(3)	Title and name of representative	Representative Director, Taro Nagamori		
(4)	Business details	Referrals of prospective residents to nursing care facilities, etc.		
(5)	Stated capital	50 million yen		
(6)	Date of incorporation	November 2000		
(7)	Major shareholders and their shareholding percentages	Taro Nagamori : 100%		
(8)	Relationship between the Company and the Target	Capital relationship	Not applicable.	
		Personnel relationship	Not applicable.	
		Transactional relationship	Not applicable.	
(9)	Business performance and financial condition of the Taret for the past three years			
	Accounting period	Fiscal year ending October 2021	Fiscal year ending October 2022	Fiscal year ending October 2023
	Net assets	210 million yen	250 million yen	264 million yen
	Total assets	820 million yen	799 million yen	690 million yen
	Net assets per share	263,737.43 yen	312,667.80 yen	330,008.58 yen
	Net sales	872 million yen	983 million yen	900 million yen
	Operating profit (loss)	(3 million yen)	80 million yen	19 million yen
	Ordinary profit	20 million yen	80 million yen	24 million yen
	Net profit	7 million yen	49 million yen	13 million yen
	Adjusted EBITDA (see note)	97 million yen	236 million yen	173 million yen
	Net profit per share	9,670.76 yen	61,430.37 yen	17,340.78 yen
	Dividend per share	31,250 yen	12,500 yen	- yen

Note: Adjusted EBITDA = based on due diligence conducted on the ATN and adjusted for costs not expected to occur after the completion of the acquisition

3. Overview of the seller of the shares

(1)	Name	Taro Nagamori		
(2)	Address	Setagaya Ward, Tokyo, Japan		
(3)	Relationship between the Company and the seller	Capital relationship	Not applicable.	
		Personnel relationship	Not applicable.	
		Transactional relationship	Not applicable.	

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

(1)	Number of shares held before the acquisition	0 (Number of voting rights: 0 rights) (Percentage of voting rights: 0.0%)
(2)	Number of shares to be acquired	800 (Number of voting rights: 800 rights)
(3)	Acquisition price	Common shares of ATN 1,300,000,000 yen Advisory fees and related costs (estimate): 16 million yen Total (estimate): 1,316 million yen
(4)	Number of shares held after the acquisition	800 (Number of voting rights: 800 rights) (Percentage of voting rights: 100.0%)

5. Schedule

(1)	Date of resolution by the Board of Directors	November 14, 2024
(2)	Signing of share purchase agreement	November 15, 2024 (scheduled)
(3)	Date of execution of stock transfer	January 6, 2025 (scheduled)

6. Outlook

Because the acquisition of the ATN will be effective January 6, 2025, it will have no impact on results for the consolidated fiscal year ending on December 31, 2024. We are currently in the process of estimating the earnings impact on the following consolidated fiscal year ending December 31, 2025, and we plan to factor the impact into our FY2025 earnings forecast which we plan to announce on February 14, 2025.