

November 20, 2024

[To whom it may concern]

Company name: MEDLEY, INC.
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Notice Regarding Change in Consolidated Subsidiary (transfer of shares)

MEDLEY, INC. (the “Company”) hereby announces that the Company resolved at the Board of Directors Meeting held on November 20, 2024, to transfer all outstanding shares of its consolidated subsidiary MEDiPASS Co., Ltd. (the “Medipass”) to MEDiPASS HOLDINGS Co., Ltd. (hereinafter referred to as the “transfer”).

As a result of the transfer, Medipass will be excluded from the scope of the Company’s consolidation.

1. Purpose of the transfer of shares

In March 2021, the Company acquired Medipass as a consolidated subsidiary with the purpose of obtaining its online training system. Thereafter, the online training system business was transferred to the Company and rebranded as JobMedley Academy. After the acquisition, the business has achieved a sales CAGR (compound annual growth rate) of 49%.

Medipass has shown stable performance in its operational support business for medical institutions providing home healthcare and nursing care providers. However, no additional investments were made in the business for three years since the acquisition, because the nature of its business is different from technology business.

In 2024, the Company has received a request from the management team of Medipass that they are willing to pursue a growth strategy with a medium-to-long-term perspective independently from the Company. The Company has determined that MBO is the best option for both parties, positioning the operational support business of Medipass as a non-core business for the Company. Accordingly, the Company has decided to transfer all shares of Medipass to MEDiPASS HOLDINGS Co., Ltd., newly established in 2024 and fully owned by Hiroshi Oda, Representative Director and CEO of Medipass.

2. Overview of the subsidiary to be transferred (Medipass)

(1)	Name	MEDiPASS Co., Ltd.	
(2)	Location	2-13-10 Shimo-meguro, Meguro-ku, Tokyo, Japan	
(3)	Title and name of representative	Hiroshi Oda, Representative Director and CEO	
(4)	Business details	Management consulting for home healthcare and nursing care providers, etc.	
(5)	Stated capital	100 million yen	
(6)	Date of incorporation	September 2008	
(7)	Major shareholders and their shareholding percentages	The Company: 100%	
(8)	Relationship between the Company and the subsidiary to be transferred	Capital relationship	The Company holds 100% of the outstanding shares of Medipass.
		Personnel relationship	Two of the Company's officers are also directors of Medipass, and one of the Company's auditors is also an auditor of Medipass. They are scheduled to retire as a result of the transfer.
		Transactional relationship	Medipass uses the JobMedley service of the Company.
(9)	Business performance and financial condition of Medipass for the past three years		
	Accounting period	Fiscal year ending December 2021 ^{*1}	Fiscal year ending December 2022
	Net assets	528 million yen	560 million yen
	Total assets	664 million yen	953 million yen
	Net assets per share	1,651.56 yen	1,752.59 yen
	Net sales	771 million yen	721 million yen
	Operating profit	162 million yen	118 million yen
	Ordinary profit	163 million yen	117 million yen
	Net profit	109 million yen	75 million yen
	Net profit per share	341.79 yen	234.86 yen
	Dividend per share	- yen	- yen

Note 1: Owing to a change in the fiscal year-end, the fiscal year ending December 2021 was an irregular nine-month accounting period starting on April 1, 2021 and ending on December 31, 2021.

3. Overview of the receiver of the shares

(1)	Name	MEDiPASS HOLDINGS Co., Ltd.
(2)	Address	7-13-1, Okusawa, Setagaya-ku, Tokyo, Japan
(3)	Title and name of representative	Hiroshi Oda, Representative Director and CEO
(4)	Business details	Holding company operations
(5)	Stated capital	1 million yen (as of November 20, 2024)
(6)	Date of incorporation	October 7, 2024
(7)	Net assets	1 million yen (as of November 20, 2024)
(8)	Total assets	1 million yen (as of November 20, 2024)
(9)	Major shareholders and their shareholding percentages	Hiroshi Oda: 100%

(10) Relationship between the Company and the receiver of the shares	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Transactional relationship	Not applicable.
	Related party relationship	The representative director of MEDiPASS HOLDINGS Co., Ltd. is also the representative director of Medipass, which is a consolidated subsidiary of the Company, being deemed a related party.

4. Number of shares to be transferred, transfer price, and number of shares held before and after the transfer

(1)	Number of shares held before the transfer	320,000 (Percentage of voting rights: 100.0%)
(2)	Number of shares to be transferred	320,000
(3)	Transfer price	928 million yen
(4)	Number of shares held after the transfer	0 (Percentage of voting rights: 0.0%)

5. Schedule

(1)	Date of resolution by the Board of Directors	November 20, 2024
(2)	Signing of share transfer agreement	November 21, 2024 (scheduled)
(3)	Date of execution of share transfer	January 6, 2025 (scheduled)

6. Outlook

Because the transfer will be effective January 6, 2025, it will have no impact on results for the consolidated fiscal year ending on December 31, 2024. However, a capital gain of approximately 156 million yen from the transfer is expected for the consolidated fiscal year ending on December 31, 2025.