



Presentation Material for FY2024 Financial Results

Medley, Inc.

February 14, 2025

Disclaimer

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FY2024 Q4 Results

- **Q4 sales rose 52% YoY, progressing in line with our forecast**
 - HR PF: JobMedley saw impacts from a decline in placement fees and hiring delays, but leading indicators such as the number of applications and hiring decisions remain strong
 - Medical PF: Strong results in EMR for hospitals, Offshore Inc. brought into the scope of consolidated accounting
- **Q4 EBITDA margin improved by 1%pt YoY to 8%**
 - HR PF: Results held steady YoY
 - Medical PF: EBITDA margins improved as we fully completed the switchover to our proprietary medical billing system software

FY2024 Full-year Results

- **Made progress on mid-term targets ahead of schedule. Fell short of our after revision of full-year results forecast (P.24)**
 - Sales: JPY 29,302 million (YoY: +43%)
 - EBITDA: JPY 4,114 million (EBITDA margin: 14%)

FY2025 Full-year Forecast

- **Targeting continued sales growth and improvement in our EBITDA margin**
 - Sales: JPY 39,800million (YoY: +36%)
 - Launch sales of core systems for pharmacies by bringing AxisRoot Holdings into the Medley Group
 - Enter business and capital alliance with Alfresa Corporation and cooperate on development and sales
 - EBITDA: JPY 5,700million (EBITDA margin: 14%)

1. FY2024 Q4 Results

2. FY2024 Full-year Results

3. FY2025 Full-year Forecast

4. Investment Highlights

Summary of Consolidated FY2024 Q4 Results



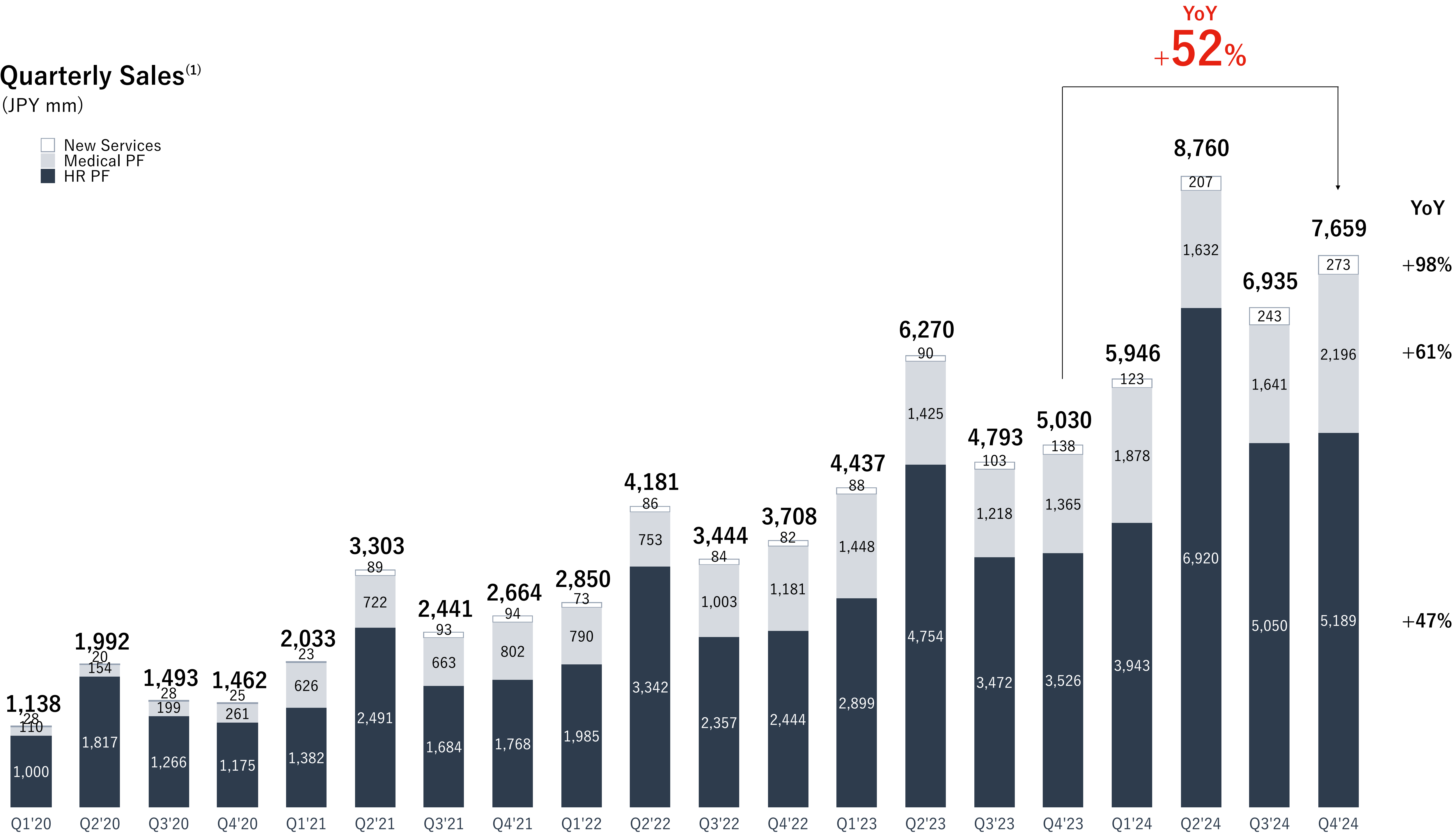
JPY mm	FY2023 Q4	FY2024 Q4	YoY Growth
Sales	5,030	7,659	+52%
Gros Profit	3,210	4,925	+53%
EBITDA	334	630	+296 ⁽¹⁾
Operating Profit	117	-31	-148 ⁽²⁾
Ordinary Profit	525	347	-178
Profit Attributable to Owners of Parent	389	475	+86

(1) See slide 8 for breakdown of changes
(2) Amortization of goodwill and intangible assets resulting from M&A of GUPPY's and Offshore: JPY 383 mm

Sales were steady in all segments, with companywide sales growth of +52% YoY in Q4 2024.

Quarterly Sales⁽¹⁾
(JPY mm)

- New Services
- Medical PF
- HR PF



(1) Figures for FY2021 and earlier are based on the new revenue recognition standard.

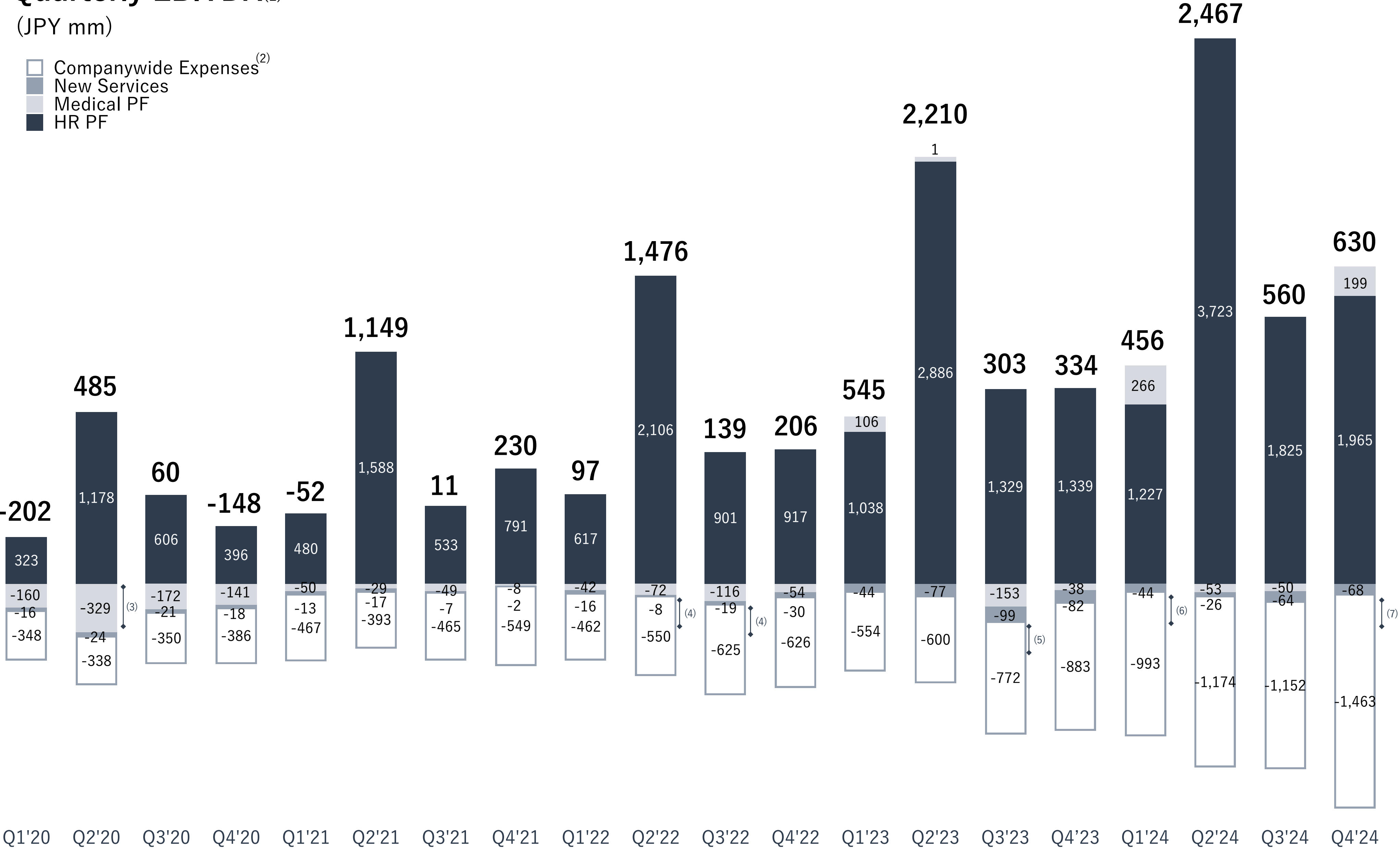
Continued Proactive Investment in Growth, etc Funded by Profitable Businesses



Although we continued to proactively invest in long-term growth and deployed costs to expand our businesses, EBITDA margin improved YoY in Q4 FY2024.

Quarterly EBITDA⁽¹⁾
(JPY mm)

- Companywide Expenses⁽²⁾
- New Services
- Medical PF
- HR PF



EBITDA margin (YoY change)

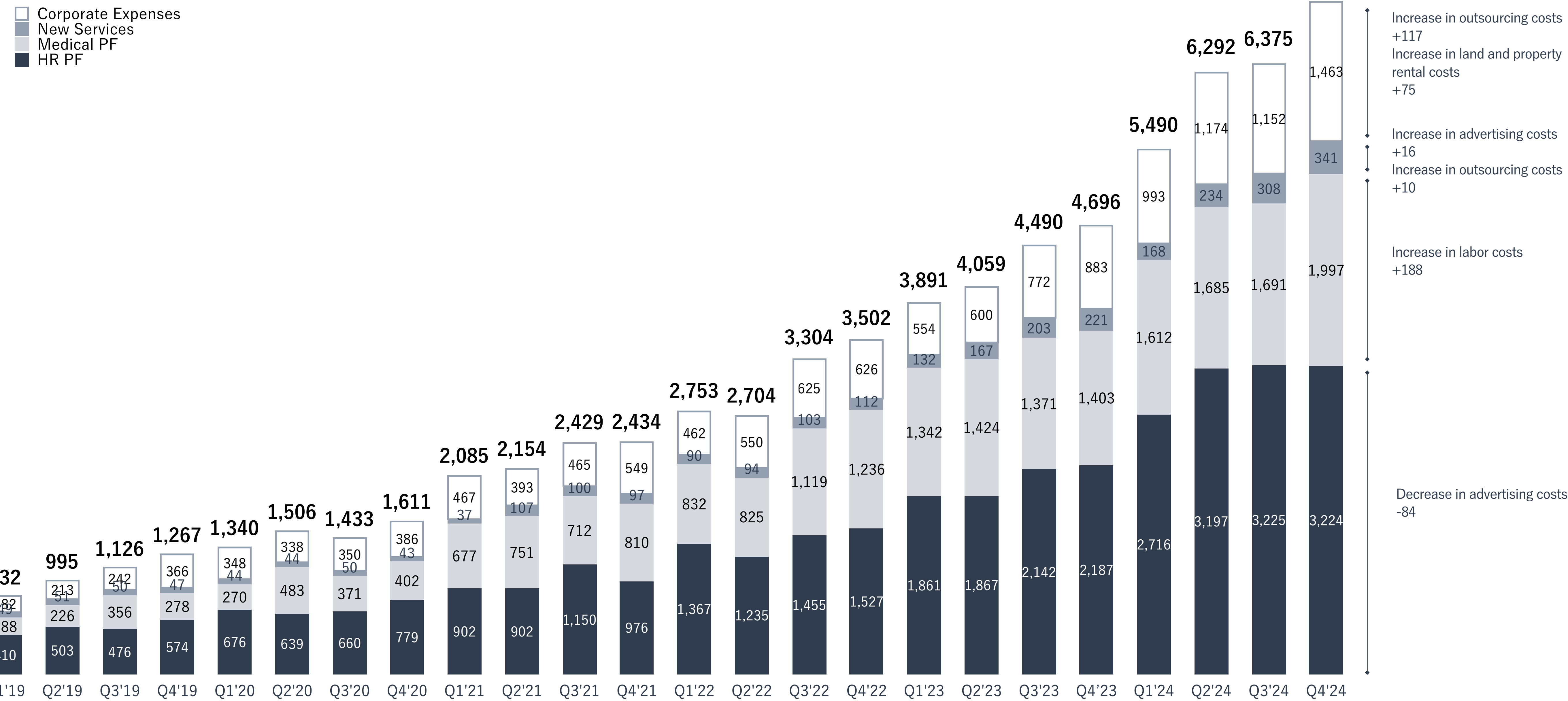
- Companywide**
8% (+1%pt)
- Margins improvement in the Medical PF business
- Medical PF**
9% (+12%pt)
- CoGS ratio improve owing to the transition to our medical billing system software (SRIM)
 - Labor cost ratio declined due to sales growth
- HR PF**
38% (±0%pt)

(1) Figures for FY2021 and earlier are based on the new revenue recognition standard
(2) Total of companywide expenses not allocated to segments and inter-segment eliminations
(3) One-time cost (JPY 130 million) in the Medical PF business for acquiring EMR assets from another company
(4) One-time office relocation costs: JPY 93 million in Q2, JPY 79 million in Q3
(5) One-time outsourcing costs (JPY 77 million) associated with M&A and strengthening of corporate system
(6) One-time acquisition cost (JPY 115 million) associated with acquisition of GUPPY's Inc.
(7) One-time outsourcing costs (JPY 120 million) associated with M&A

Labor costs and outsourcing costs related to M&A rose in Q4 FY2024 on strong progress in hiring activity and business progress.

Quarterly operating expenses (OPEX)⁽¹⁾

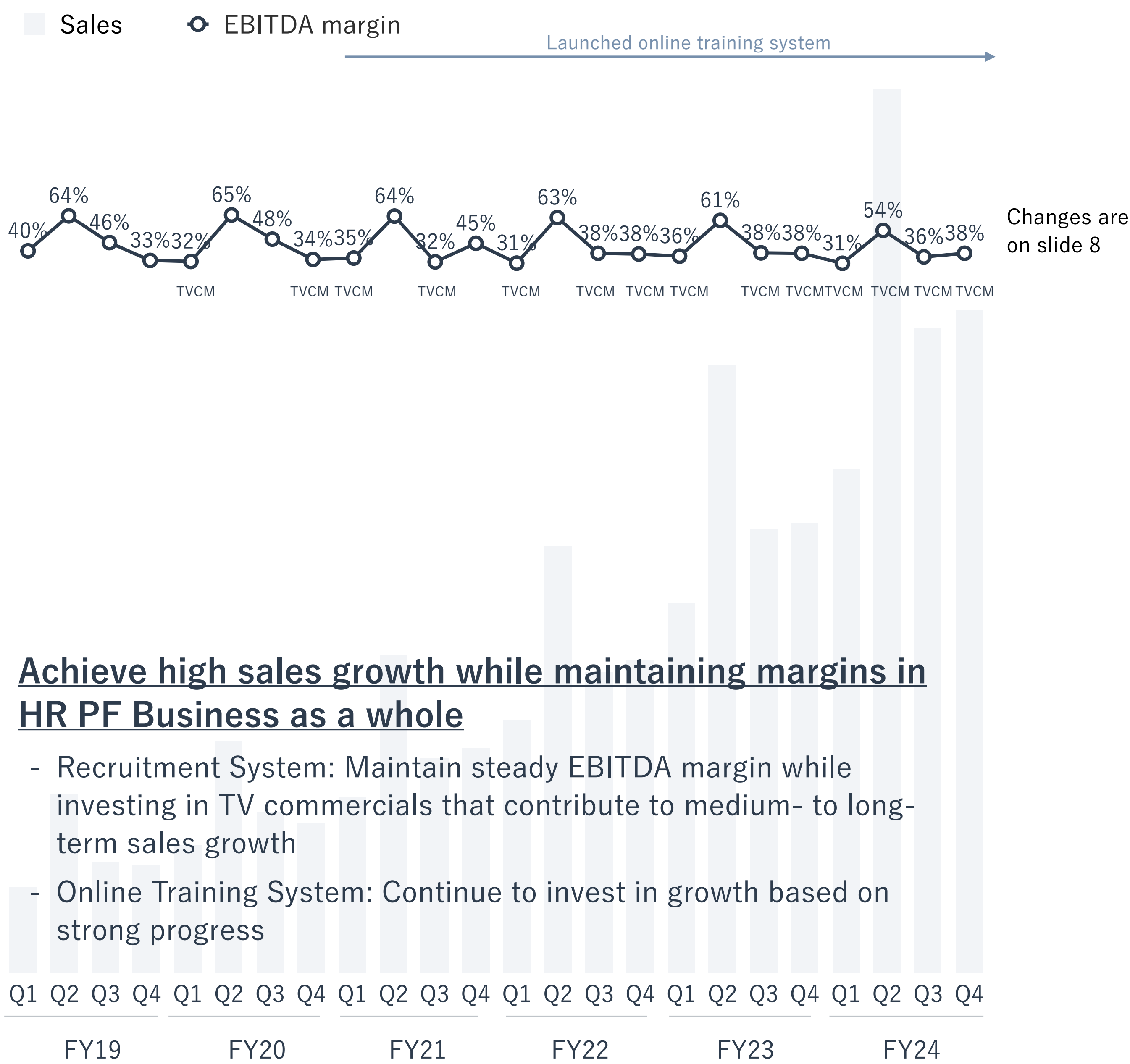
(JPY mm)



(1) OPEX = Cost of sales + selling, general and administrative expenses - depreciation and amortization of goodwill - share-based compensation expenses. Figures for FY2021 and earlier are based on the new revenue recognition standard.

For the HR PF Business, our basic policy is to achieve high revenue growth while maintaining our EBITDA margin. For the Medical PF Business, though we will continue to invest in growth initiatives, we plan to improve our gross margin in order to enable high sales growth while maintaining EBITDA profitability.

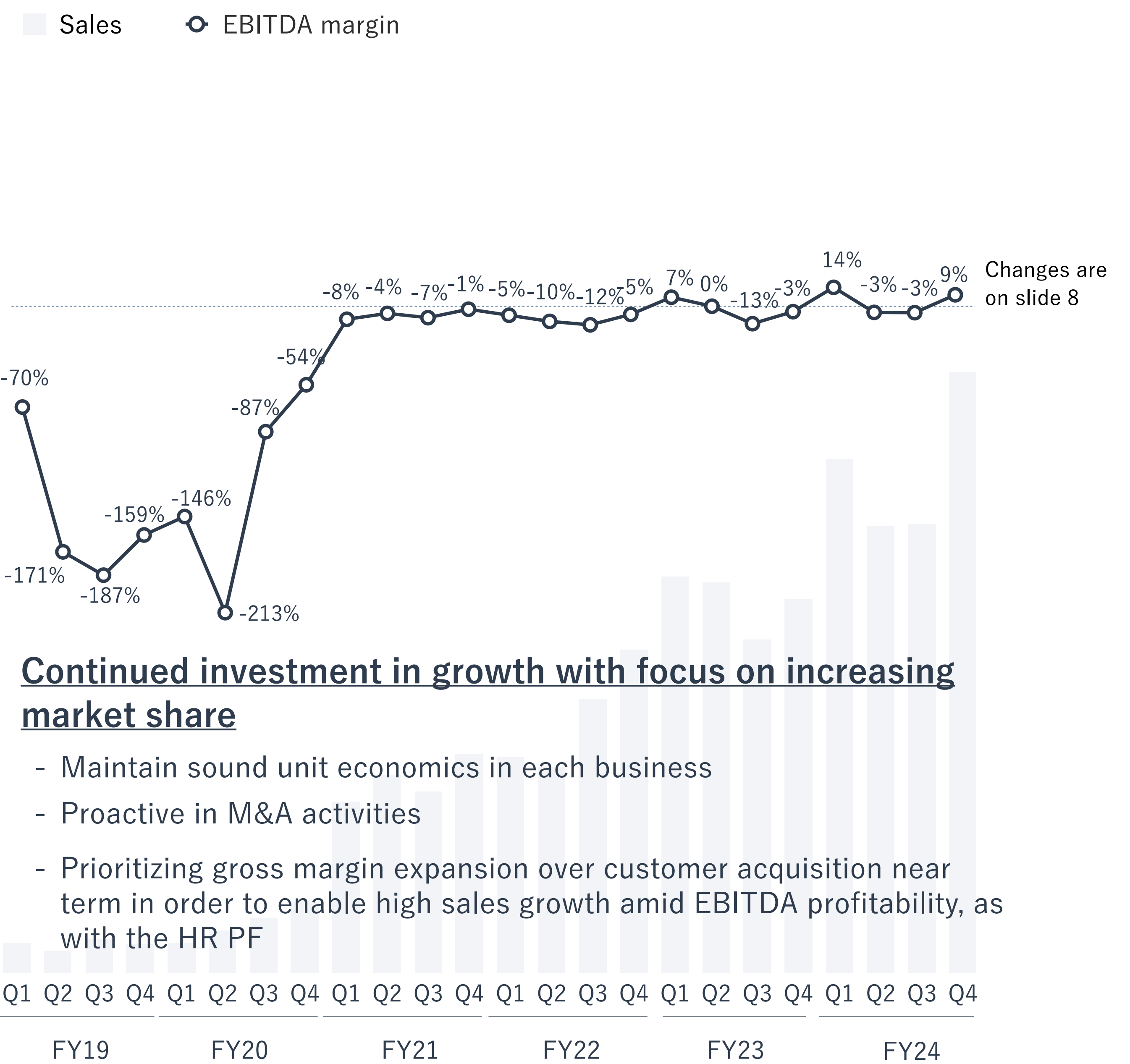
EBITDA margin policies in HR PF⁽¹⁾



Achieve high sales growth while maintaining margins in HR PF Business as a whole

- Recruitment System: Maintain steady EBITDA margin while investing in TV commercials that contribute to medium- to long-term sales growth
- Online Training System: Continue to invest in growth based on strong progress

EBITDA margin policies in Medical PF⁽¹⁾



Continued investment in growth with focus on increasing market share

- Maintain sound unit economics in each business
- Proactive in M&A activities
- Prioritizing gross margin expansion over customer acquisition near term in order to enable high sales growth amid EBITDA profitability, as with the HR PF

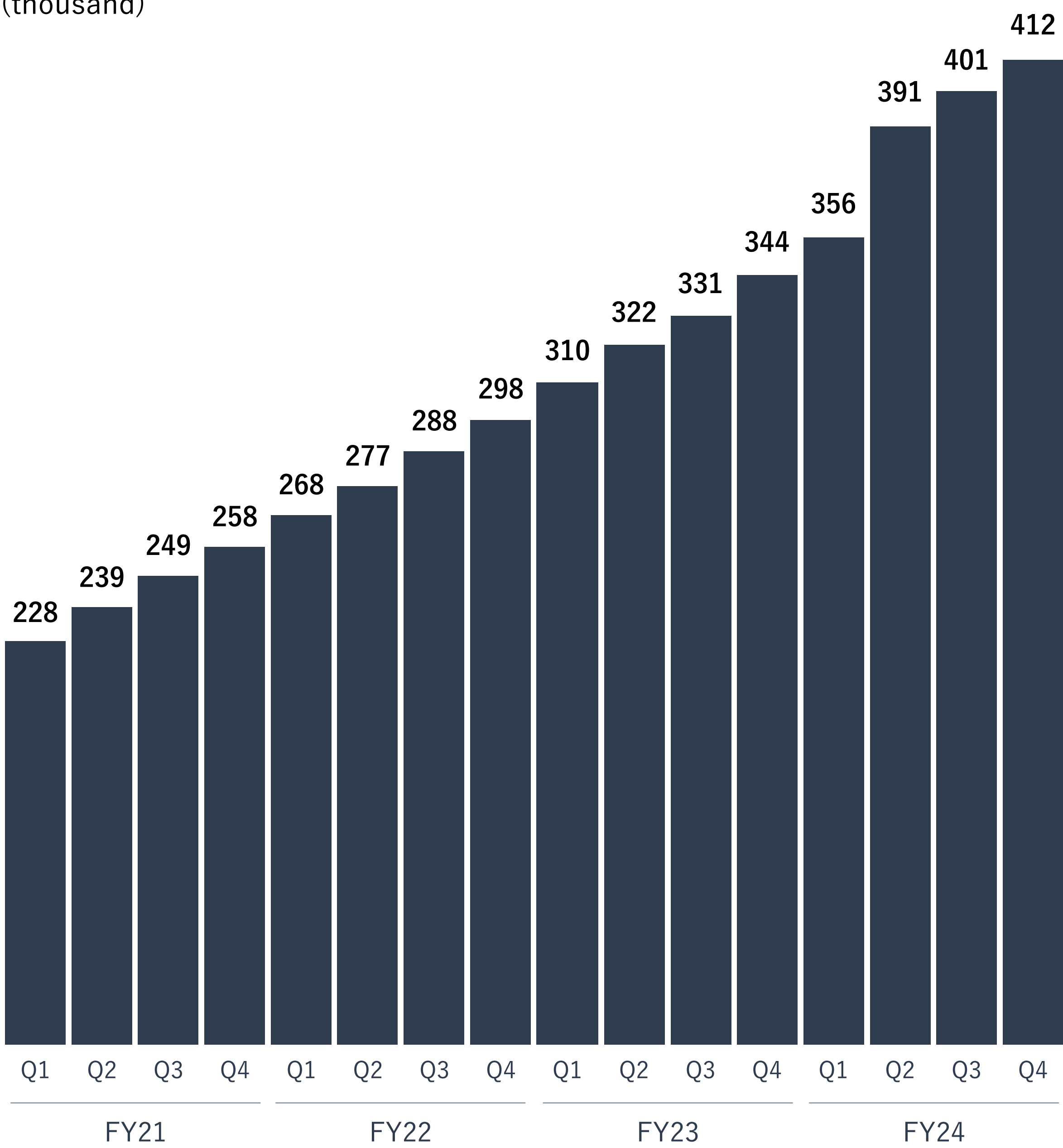
(1) Figures for FY2021 and earlier are based on the new revenue recognition standard.

Steady Growth in Number of Customers and ARPU

The number of customer offices and ARPU, our main KPIs, have been continuously growing and we plan to keep investing going forward. Generally, HR PF sales increases sharply in Q2, which also results in ARPU to increase.

Number of Customer Offices⁽¹⁾

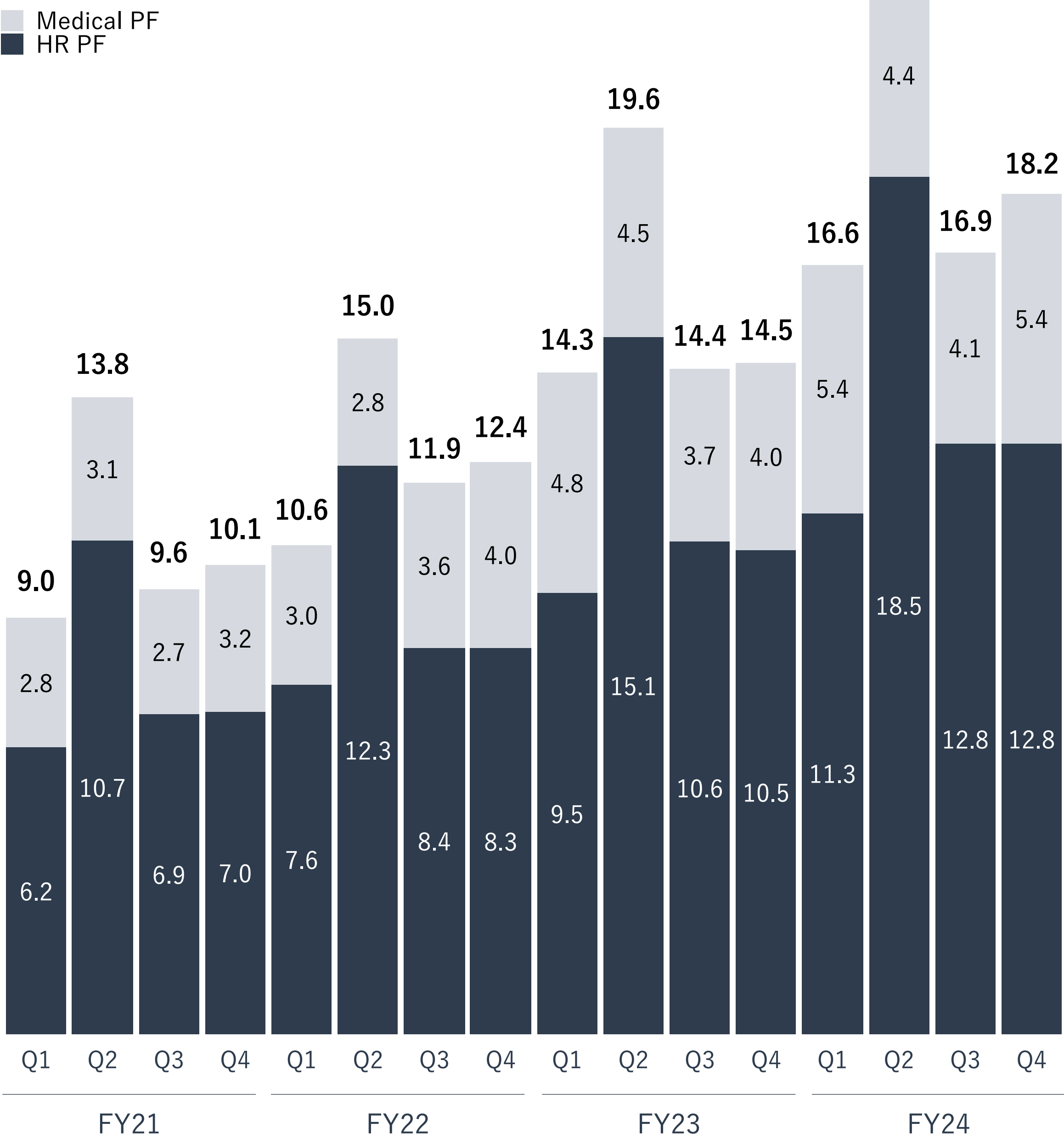
(thousand)



(1) Total number of customers in HR PF and Medical PF businesses. Customers using both platforms have been counted as a single customer account.

ARPU⁽²⁾

(JPY thousand)



(2) ARPU = Quarterly sales / Average number of customer offices (total for HR PF and Medical PF businesses) ARPU for each platform = Quarterly sales of each platform / Total number of customer offices in HR PF and Medical PF businesses. Customer offices using both platforms have been counted as a single customer account.

Our financial base remained sound (D/E ratio of 0.76x), and operating cash flow remained strong.

We plan to purchase up to JPY 1.5 billion in treasury stock in H1 (announcement today) in order to ensure that we have the freedom to take action when appropriate.

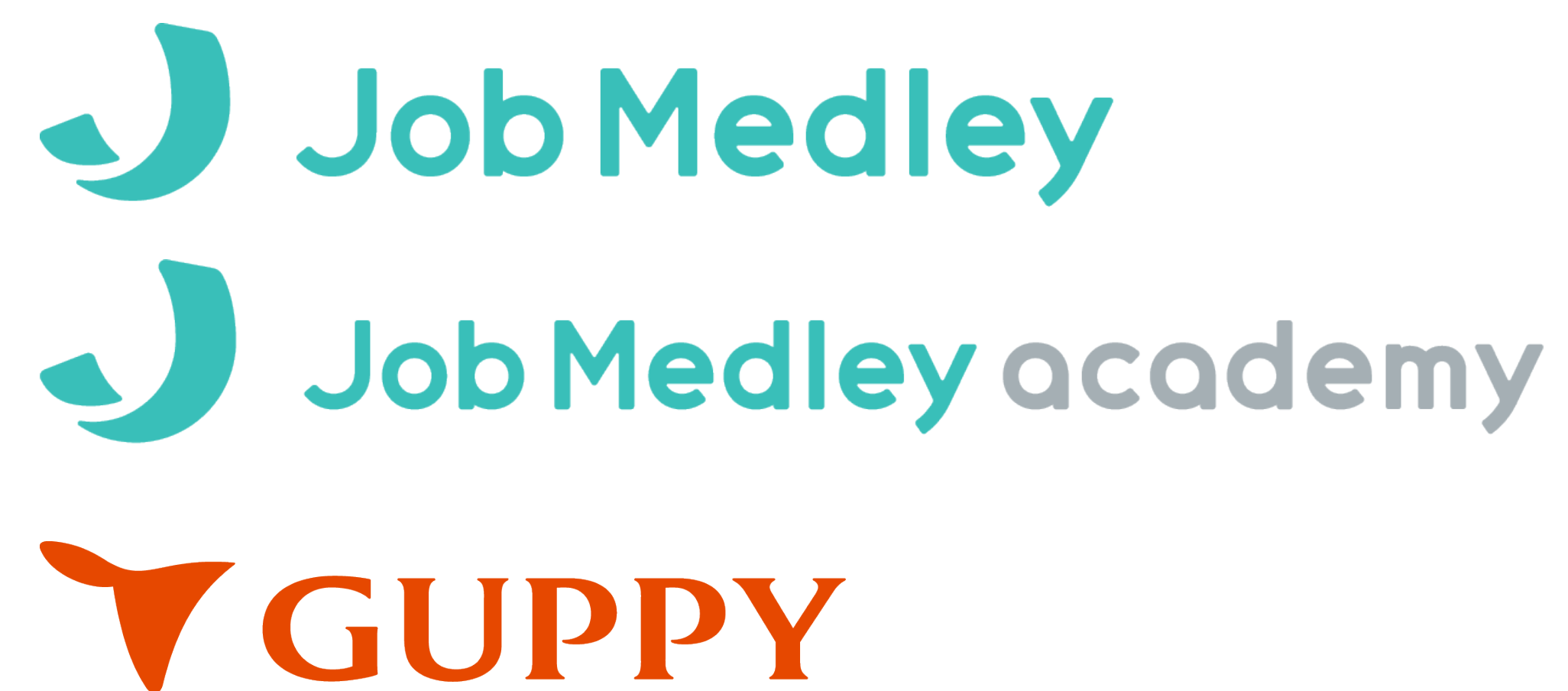
Quarterly B/S

(JPY mm)	FY22				FY23				FY24				QoQ
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Total assets	19,461	20,940	21,340	21,810	21,811	24,501	25,186	25,430	30,904	42,165	41,125	45,201	+4,076
Cash and deposits	13,470	14,638	14,149	14,422	13,952	16,005	15,462	15,354	16,556	20,855	18,760	18,996	+236
Goodwill, etc.	2,207	2,141	2,455	2,375	2,485	2,401	2,696	2,850	3,229	13,919	13,580	16,634	+3,054
Other assets	3,784	4,161	4,736	5,013	5,374	6,095	7,028	7,226	11,119	7,391	8,785	9,570	+786
Total liabilities	5,692	6,153	6,548	6,640	6,242	7,270	7,669	7,792	12,740	22,631	21,329	24,981	+3,652
Debt	2,795	2,587	2,658	2,377	2,145	1,941	1,919	1,660	7,377	13,022	12,717	15,304	+2,587
Other liabilities	2,897	3,565	3,890	4,263	4,097	5,328	5,749	6,132	5,362	9,609	8,612	9,676	+1,064
Net assets	13,768	14,787	14,791	15,170	15,568	17,231	17,517	17,637	18,164	19,534	19,795	20,219	+424
Untapped LOC	2,000	2,000	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,970	2,970	2,970	+0
Capital ratio	70.3%	70.2%	68.9%	69.1%	70.9%	69.9%	69.2%	69.0%	58.4%	46.1%	48.0%	44.7%	-3.3%pt
Goodwill-to-equity ratio	0.16x	0.14x	0.17x	0.16x	0.16x	0.14x	0.15x	0.16x	0.18x	0.71x	0.69x	0.82x	+0.14x
D/E ratio	0.20x	0.18x	0.18x	0.16x	0.14x	0.11x	0.11x	0.09x	0.41x	0.66x	0.64x	0.76x	+0.12x

Quarterly C/F

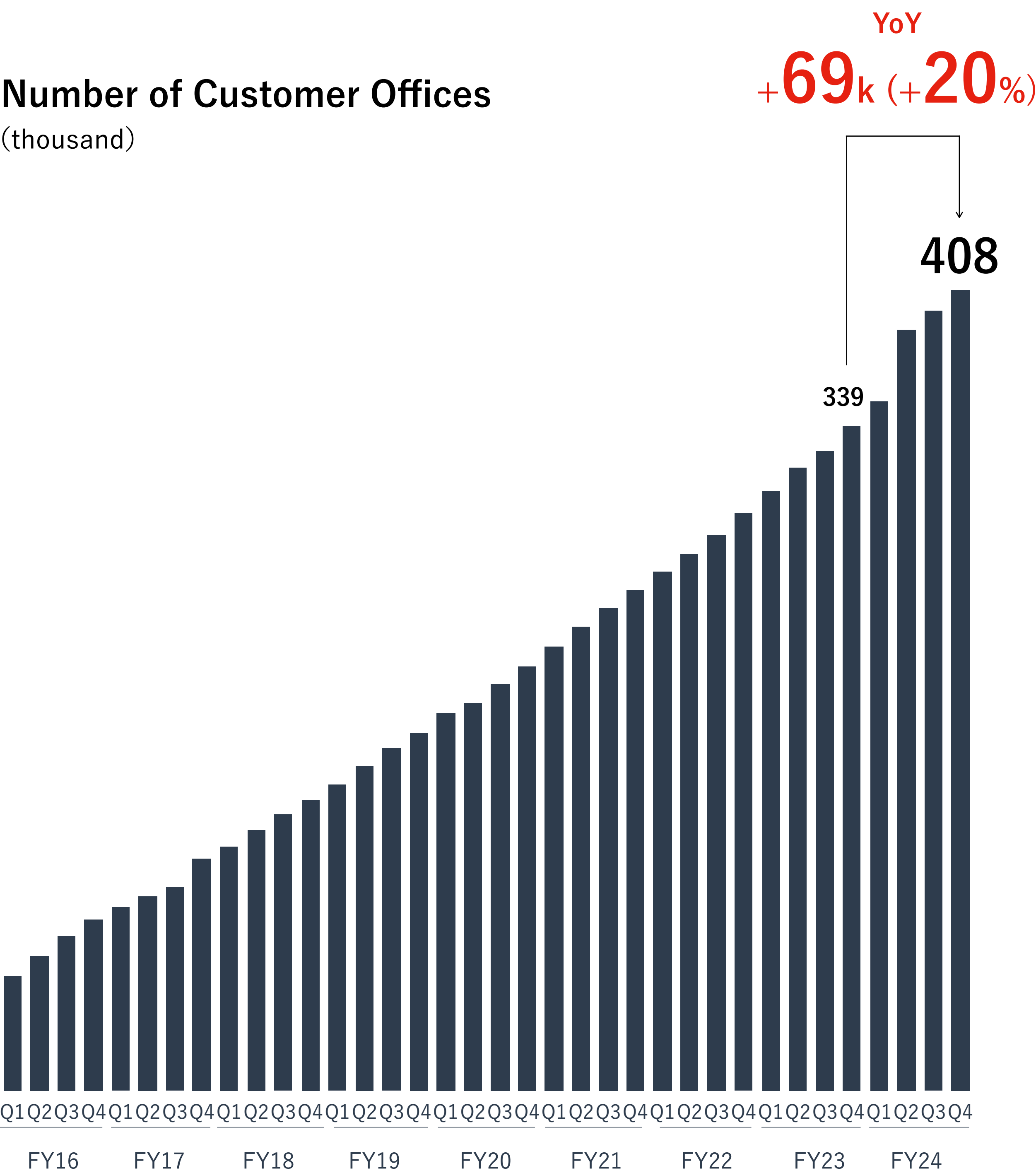
Cash flow	-823	1,262	-488	383	-470	2,037	-533	-42	1,202	4,279	-2,076	221	Main factors in Q4
Operating CF	-449	1,703	11	747	-47	2,806	617	495	-818	3,328	-665	601	
Investing CF	-116	-249	-288	-96	-214	-591	-617	-239	-3,717	-4,438	-380	-2,183	M&A of Offshore
Financing CF	-257	-191	-211	-267	-208	-177	-534	-298	5,737	5,389	-1,030	1,802	Debt financing for M&A

HR PF

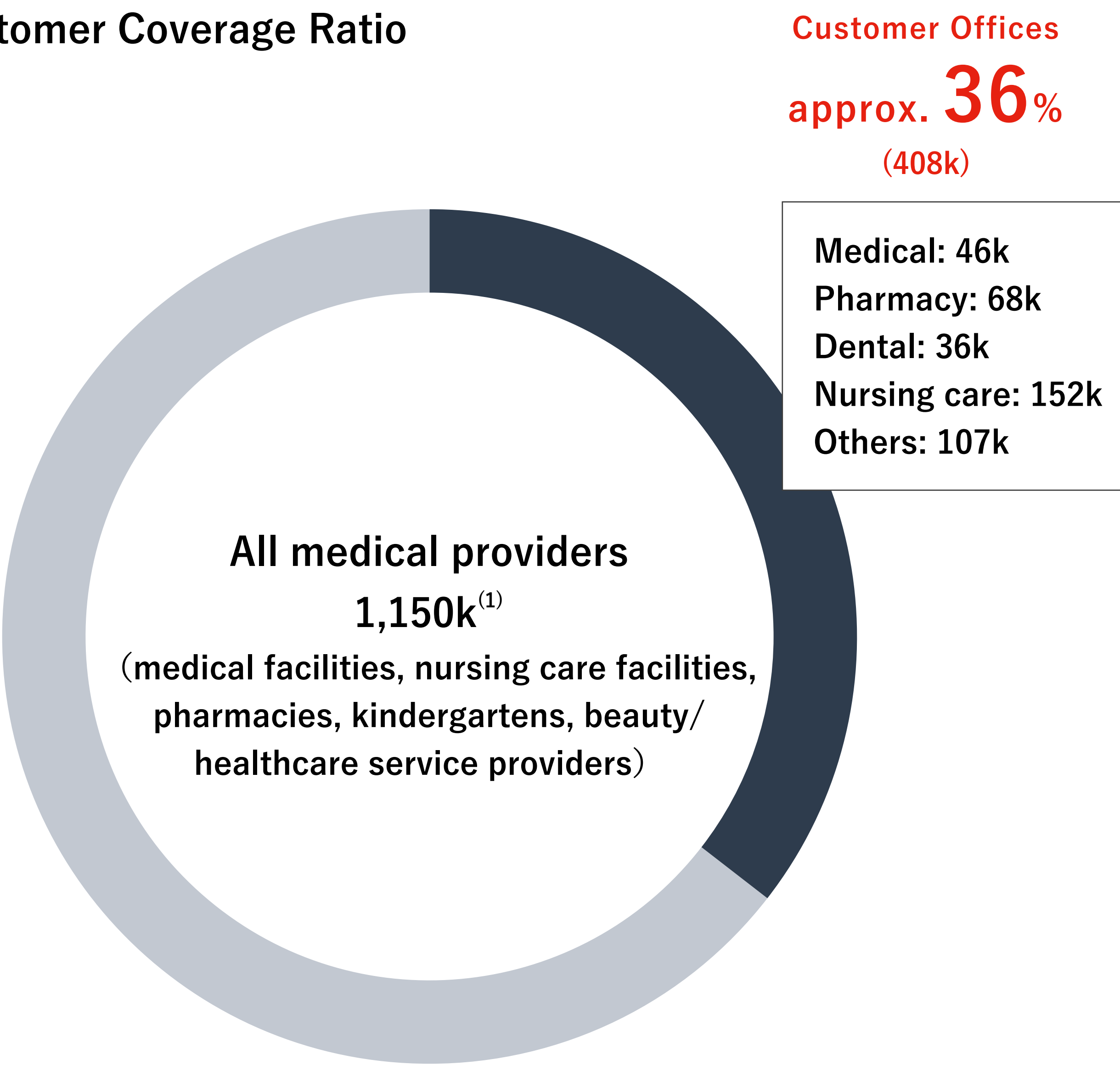


The number of customer contracts has reached 408 thousand due to continued steady new customer office acquisitions in Q4 FY2024.

Number of Customer Offices
(thousand)



Customer Coverage Ratio



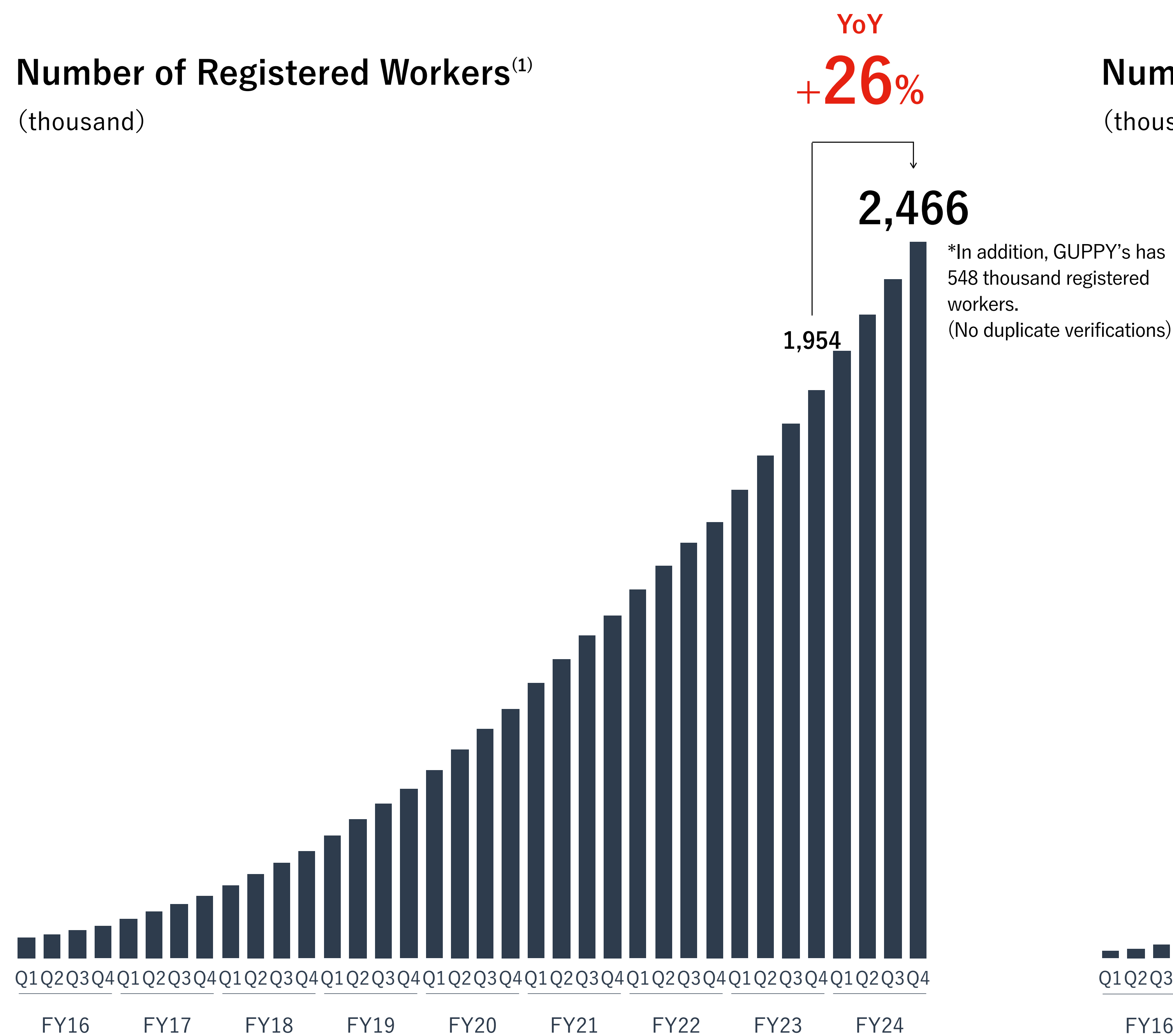
(1) Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications, and Cabinet Office statistics

Accelerate Direct Recruiting with Expansion of the Pool of Registered Workers

Proactive recruitment methods are effective for hiring medical and healthcare professionals. In FY2024 Q4, our customers increased usage of our scouting functions as we expanded our pool of registered workers.

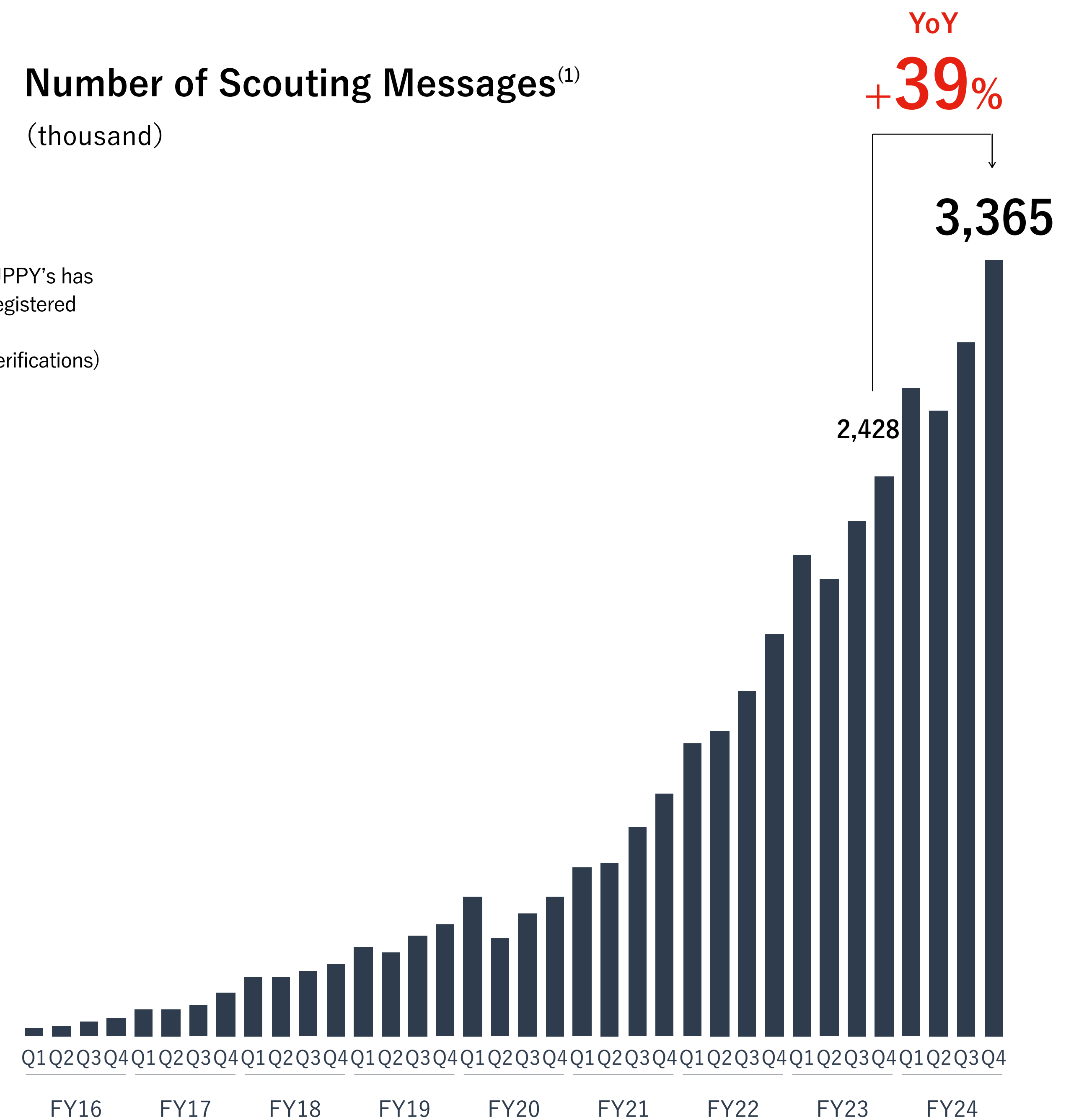
Number of Registered Workers⁽¹⁾

(thousand)



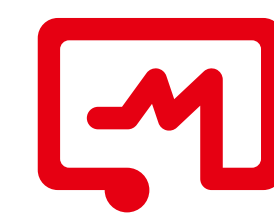
Number of Scouting Messages⁽¹⁾

(thousand)



(1) Number of workers registered and scouting messages in JobMedley

Medical PF

 **CLINICS**

 **Pharms**

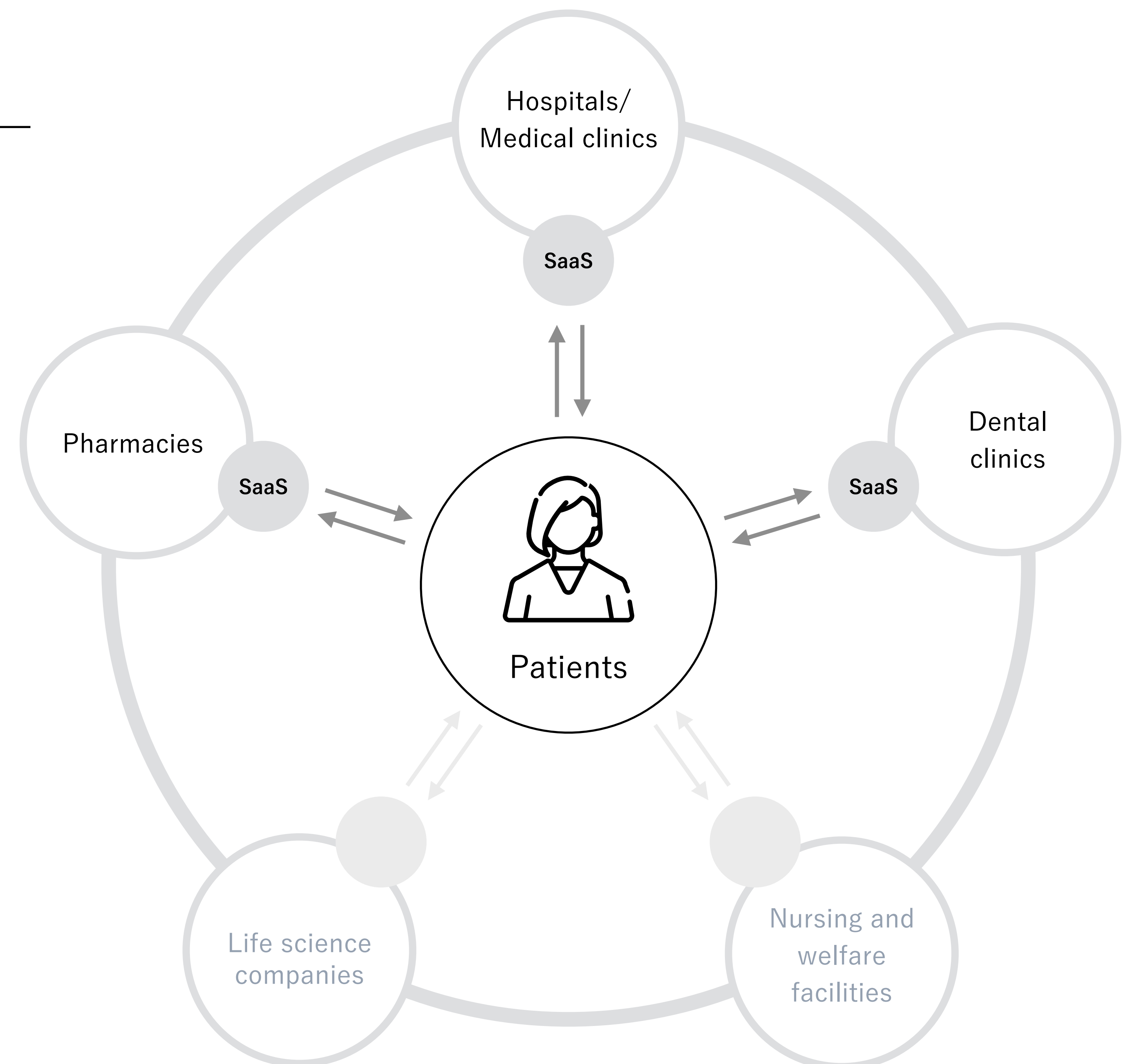
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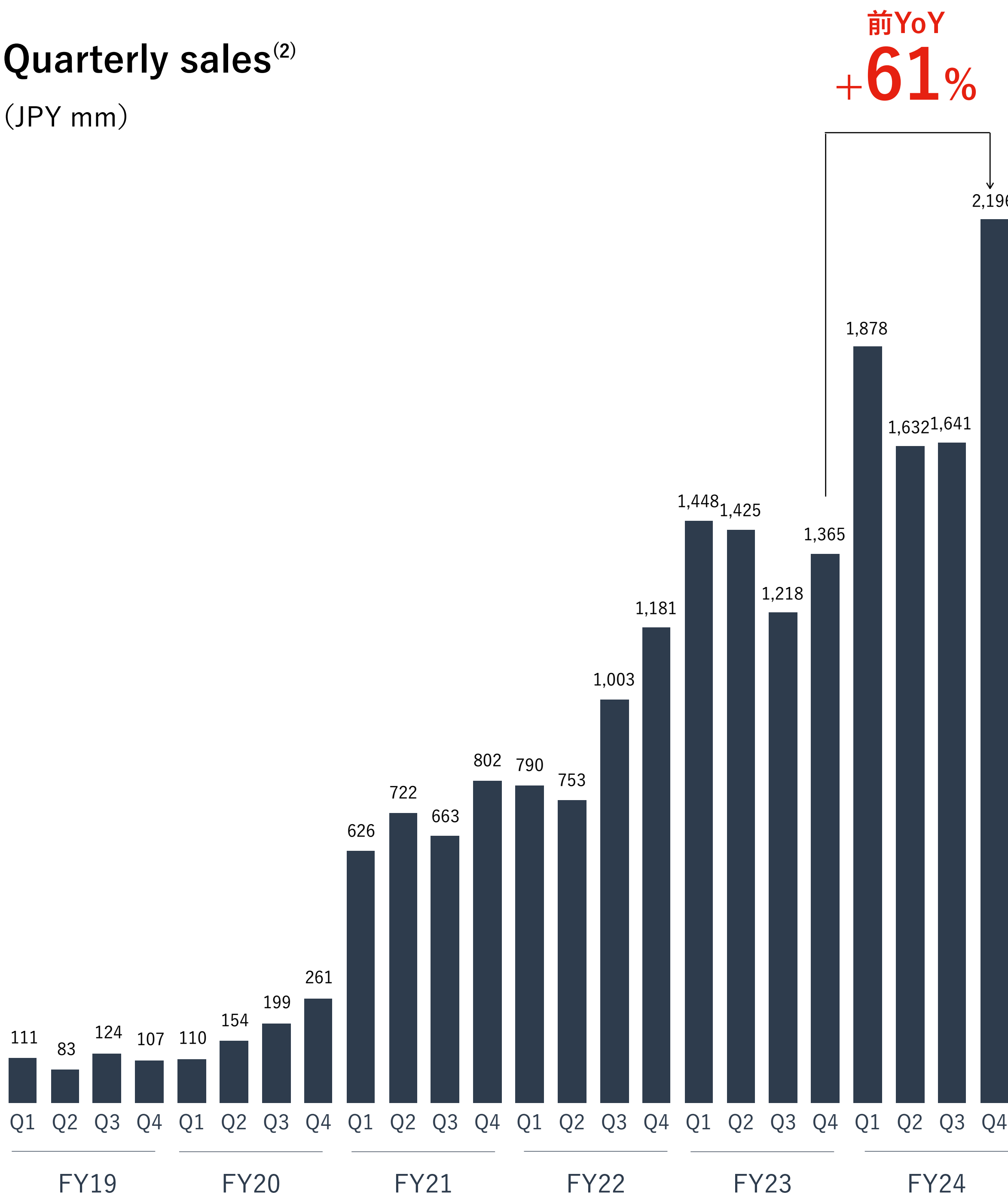
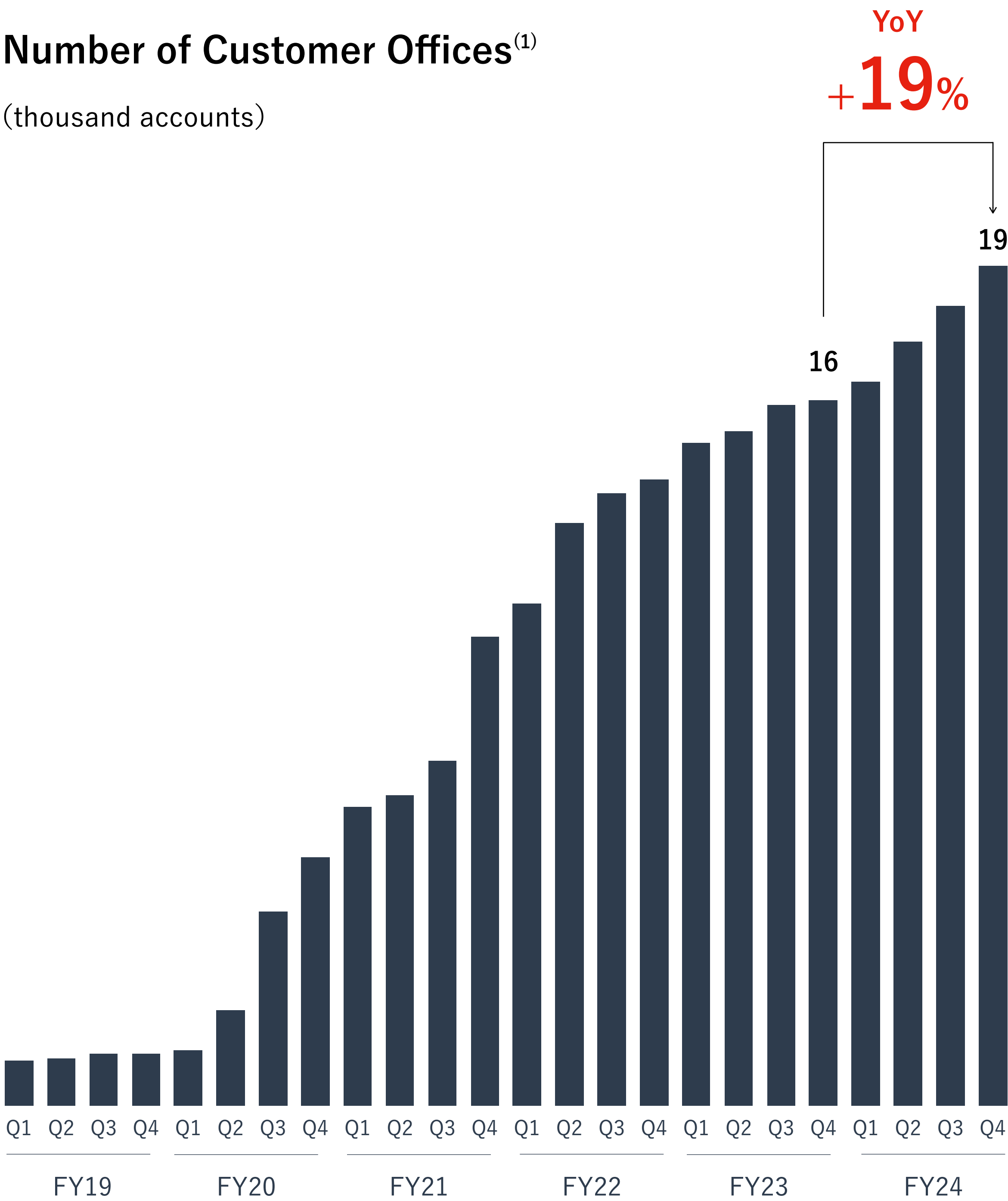
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Number of customer offices and sales increased YoY in Q4 2024, partly owing to the consolidation of Offshore Inc.



(1) Number of customer offices = number of medical intuitions that have begun using our systems (CLINICS, Pharms, etc.) and have not cancelled or discontinued their contracts; customers using multiple systems counted as a single customer account

(2) Figures for FY2021 and earlier are based on the new revenue recognition standard.

Measures to Expand Number of Customers, Improve ARPU, and Streamline Operations

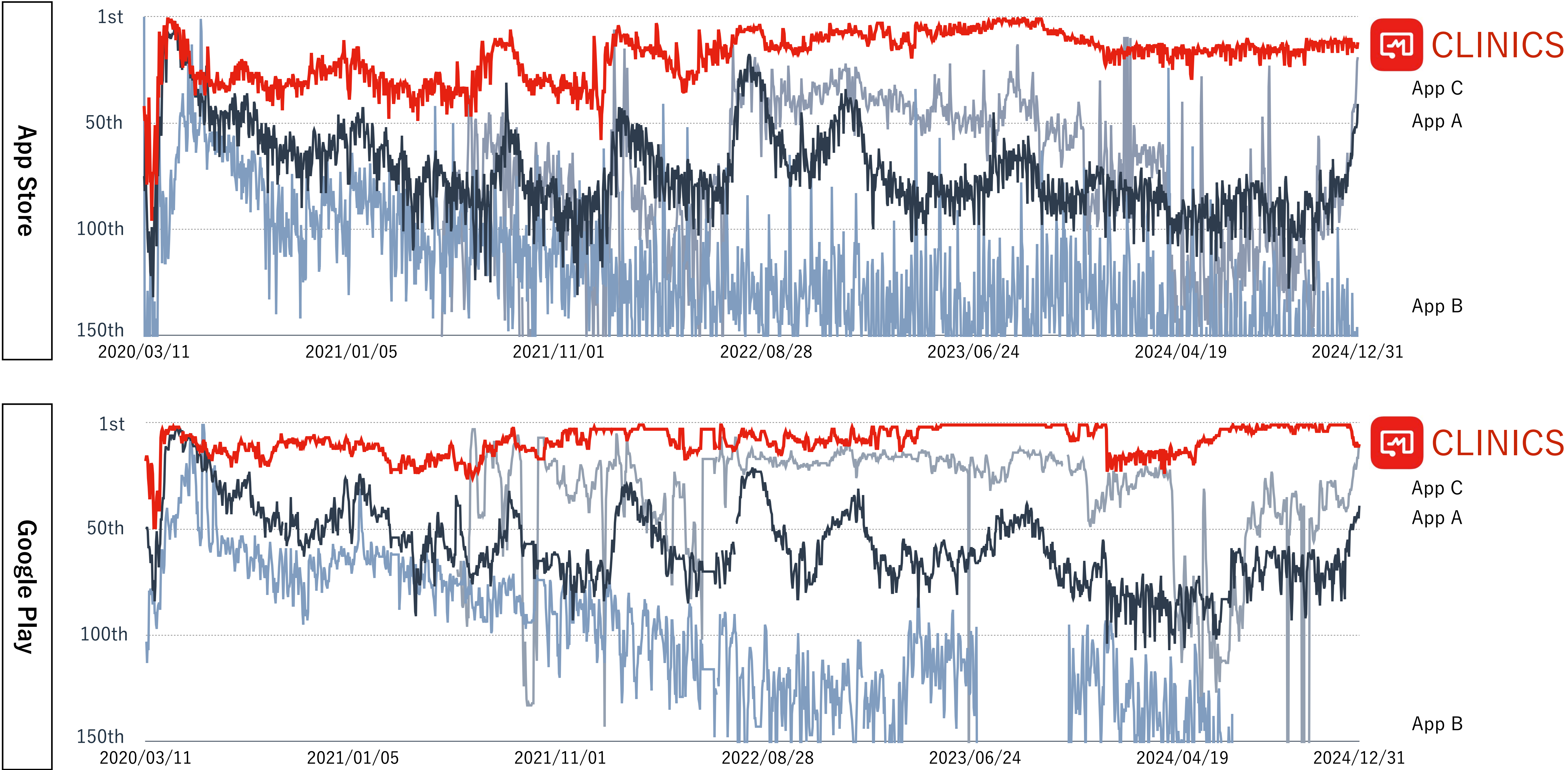
In FY2024 Q4, we implemented a number of measures to boost the medium- to long-term growth and profitability of the Medical PF Business. These included expanding our customer base, improving ARPU, and streamlining measures.

Main Measures Implemented in FY2024 Q4

	Hospitals / Medical Clinics	Pharmacies	Dental Clinics
Expansion of targeted customers	Strengthened sales of EMR to hospitals		
Improvement in ARPU	Strengthened EMR functions for hospitals Acquired appointment system for hospitals and in-patient clinics	Conducted development aimed at strengthening functionality	Conducted development aimed at strengthening functionality
	^A Increased settlement fees owing to growth in number of users		
	Strengthened sales of partner products		
Streamlining	Improved EMR business gross margin by completing transition to medical billing system		
Patient users expansion	Collaborated with Amazon Pharmacy	Collaborated with Uber Eats Japan to provide intra-day delivery service for prescription drugs	Strengthened integration with telemedicine app

Our CLINICS app is consistently at the top of the telemedicine app rankings. We plan to continue to expand our user base through initiatives such as the collaboration with Uber Eats Japan that began in April 2024 and the collaboration with Amazon that started in July 2024.

App rankings in the medical category (telemedicine apps only)⁽¹⁾



1. FY2024 Q4 Results

2. FY2024 Full-year Results

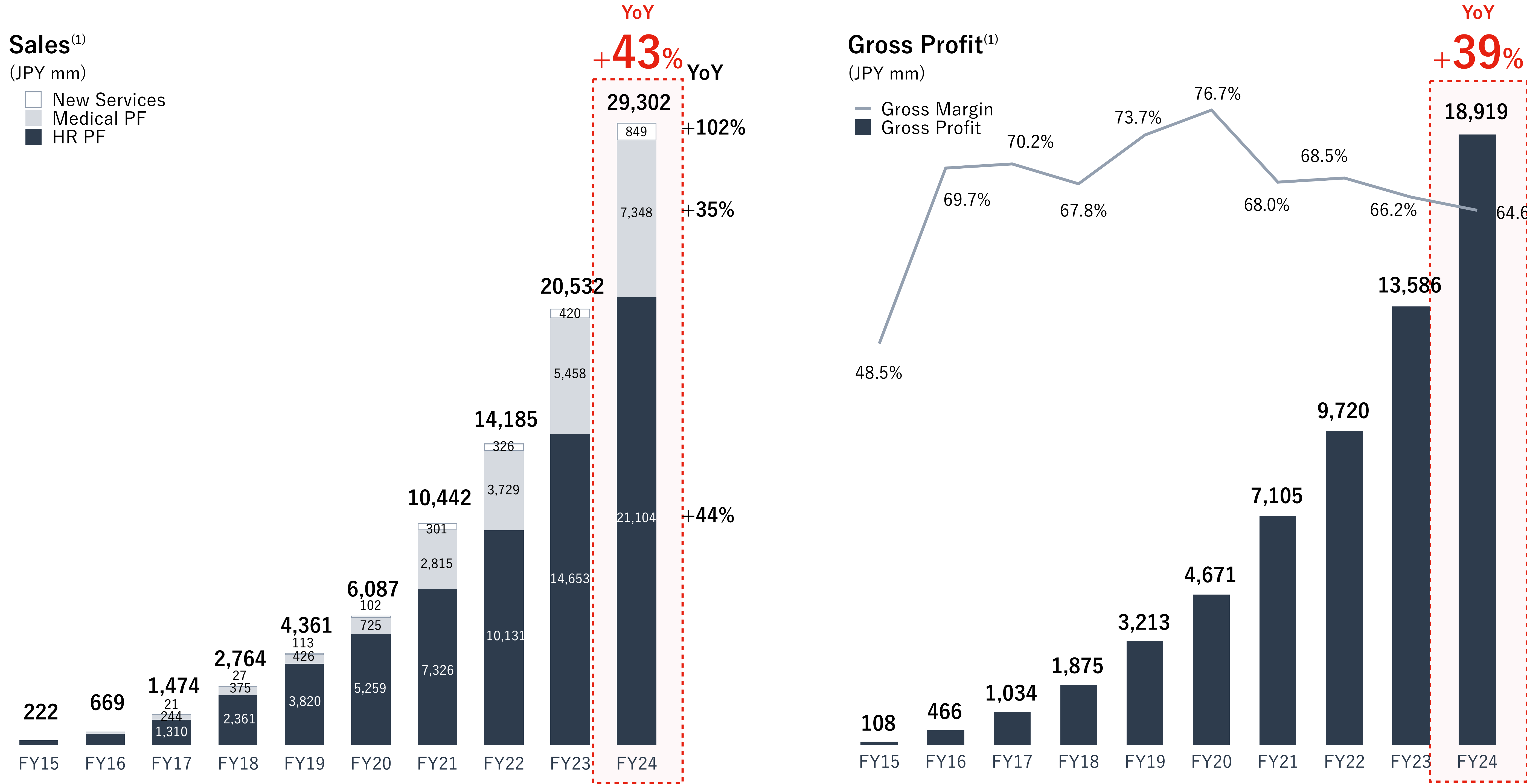
3. FY2025 Full-year Forecast

4. Investment Highlights

Summary of Consolidated FY2024 Results

JPY mm	Actual			Forecast	
	FY2023	FY2024	YoY	FY2024 (Initial forecast)	FY2024 (After revision)
Sales	20,532	29,302	+43%	27,100	29,400
Gross Profit	13,586	18,919	+39%	18,280	19,950
EBITDA	3,394	4,114	+21%	3,900	4,640
Operating Profit	2,661	2,326	-13%	2,950	2,950
Ordinary Profit	3,755	4,078	+9%	3,850	4,440
Profit Attributable to Owners of Parent	2,566	2,798	+9%	2,570	3,000

Amid industry-wide headwinds, sales in FY24 continued to have high growth rate, but we fell just short of our full-year results forecast. We also maintained strong gross margin growth. The top-line is on track to achieve the mid-term target ahead of schedule.



(1) Figures for FY2021 and earlier are based on the new revenue recognition standard.

EBITDA fell short of the forecast, Medical PF achieved profitability and remained strong

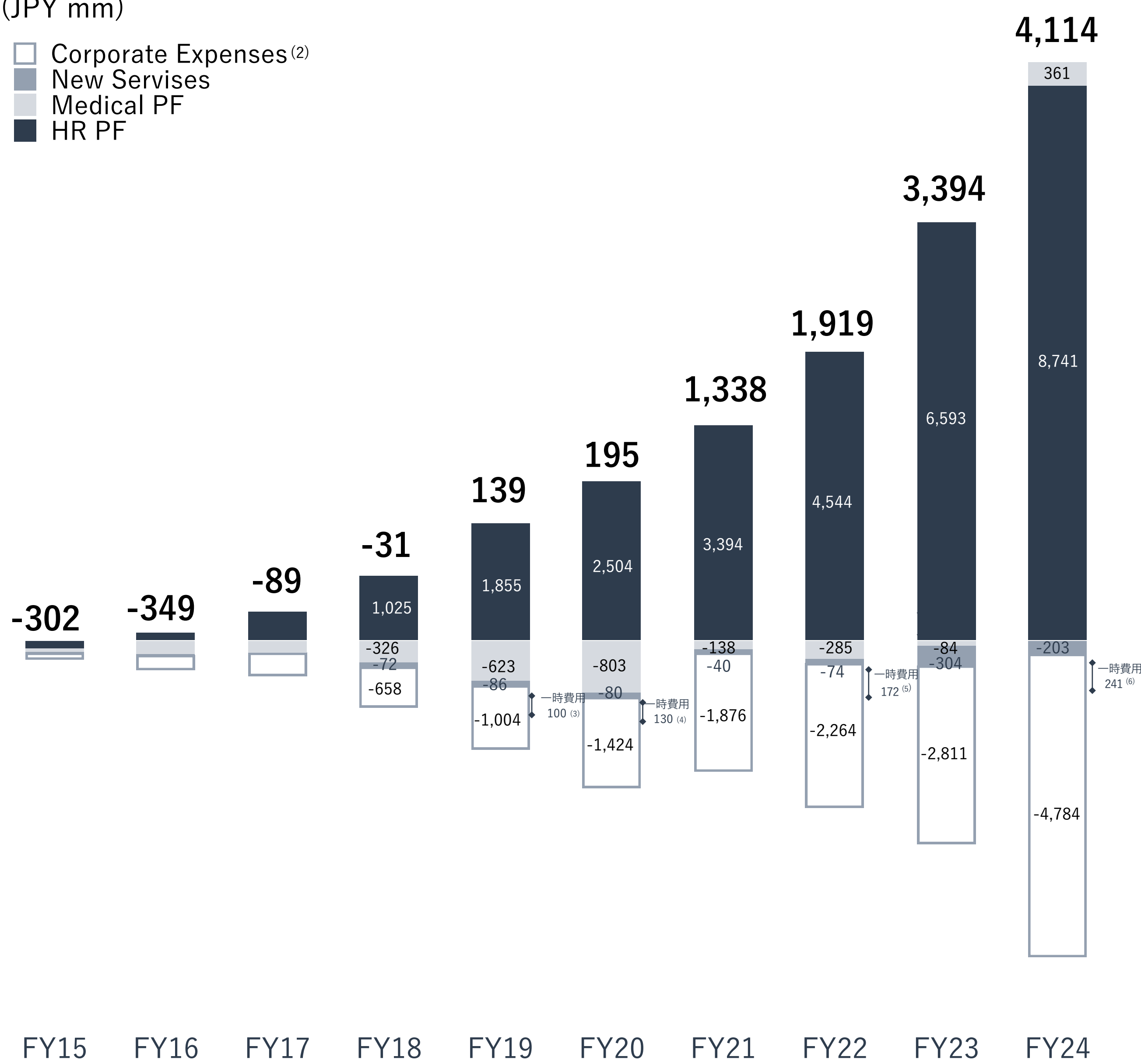


EBITDA fell short of our forecast in FY2024 (P.24). Medical PF Business posted its first-full year in the black. EBITDA is also on track to achieve mid-term target.

EBITDA⁽¹⁾

(JPY mm)

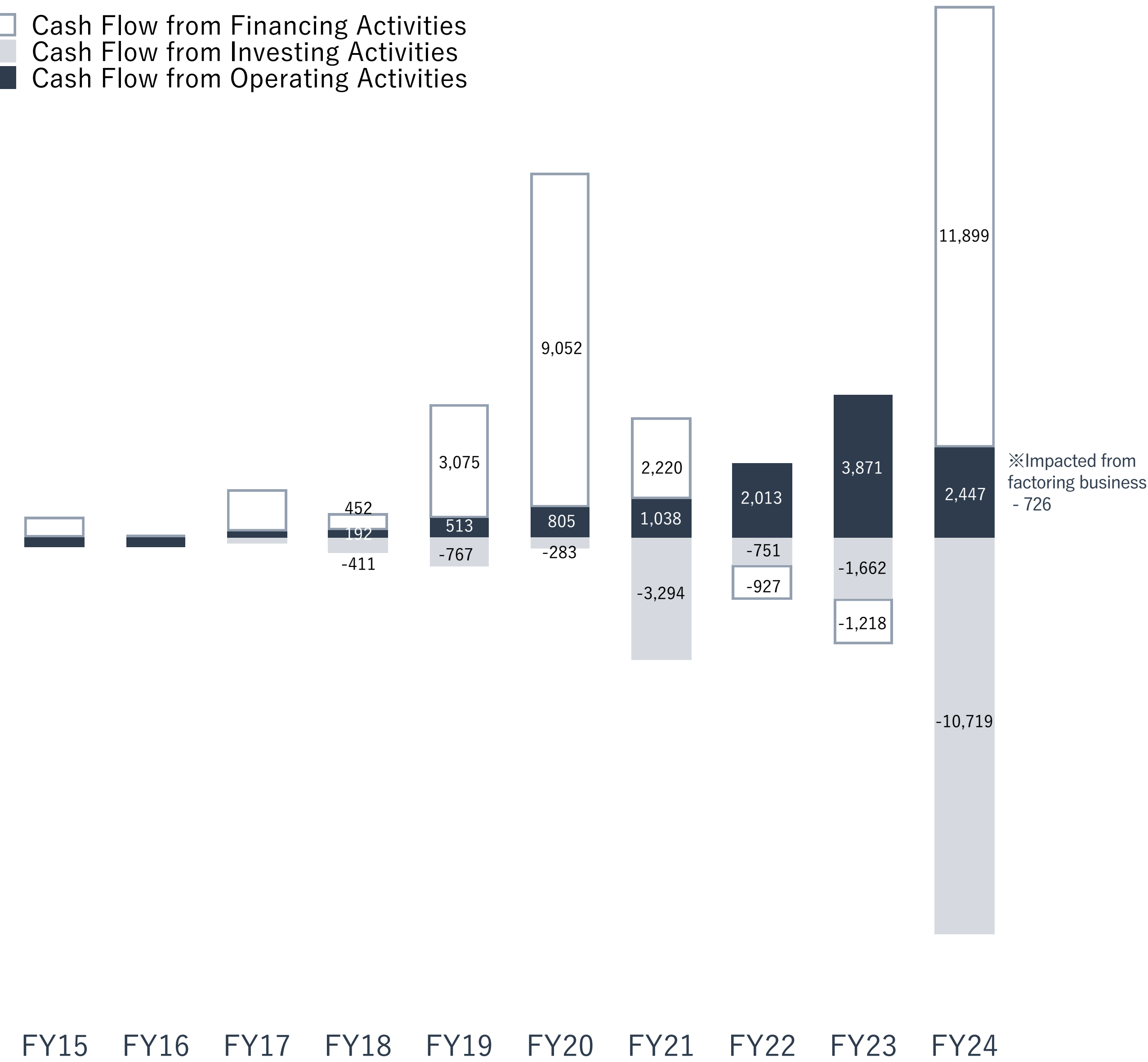
- Corporate Expenses⁽²⁾
- New Services
- Medical PF
- HR PF



Cash Flow

(JPY mm)

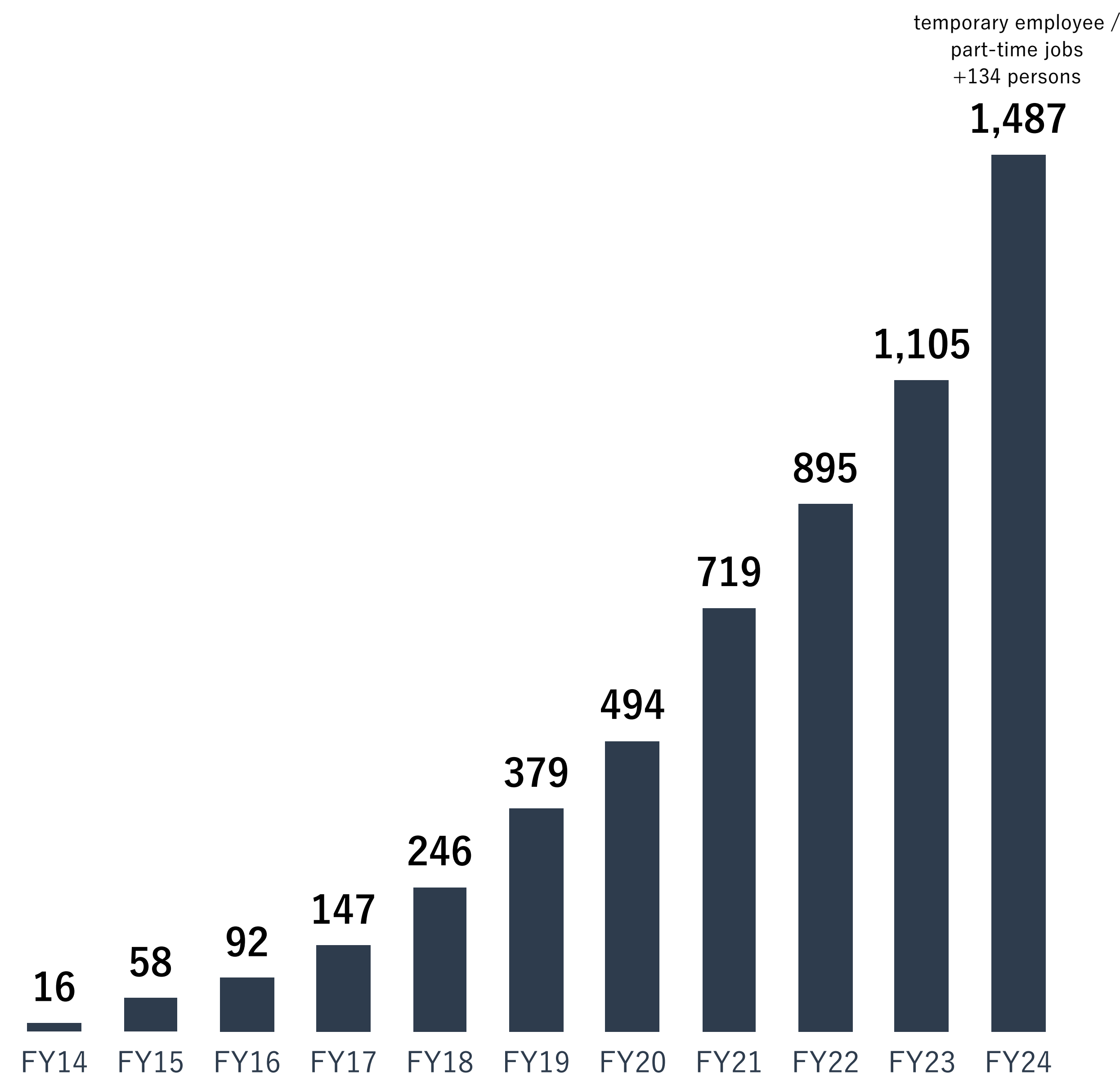
- Cash Flow from Financing Activities
- Cash Flow from Investing Activities
- Cash Flow from Operating Activities



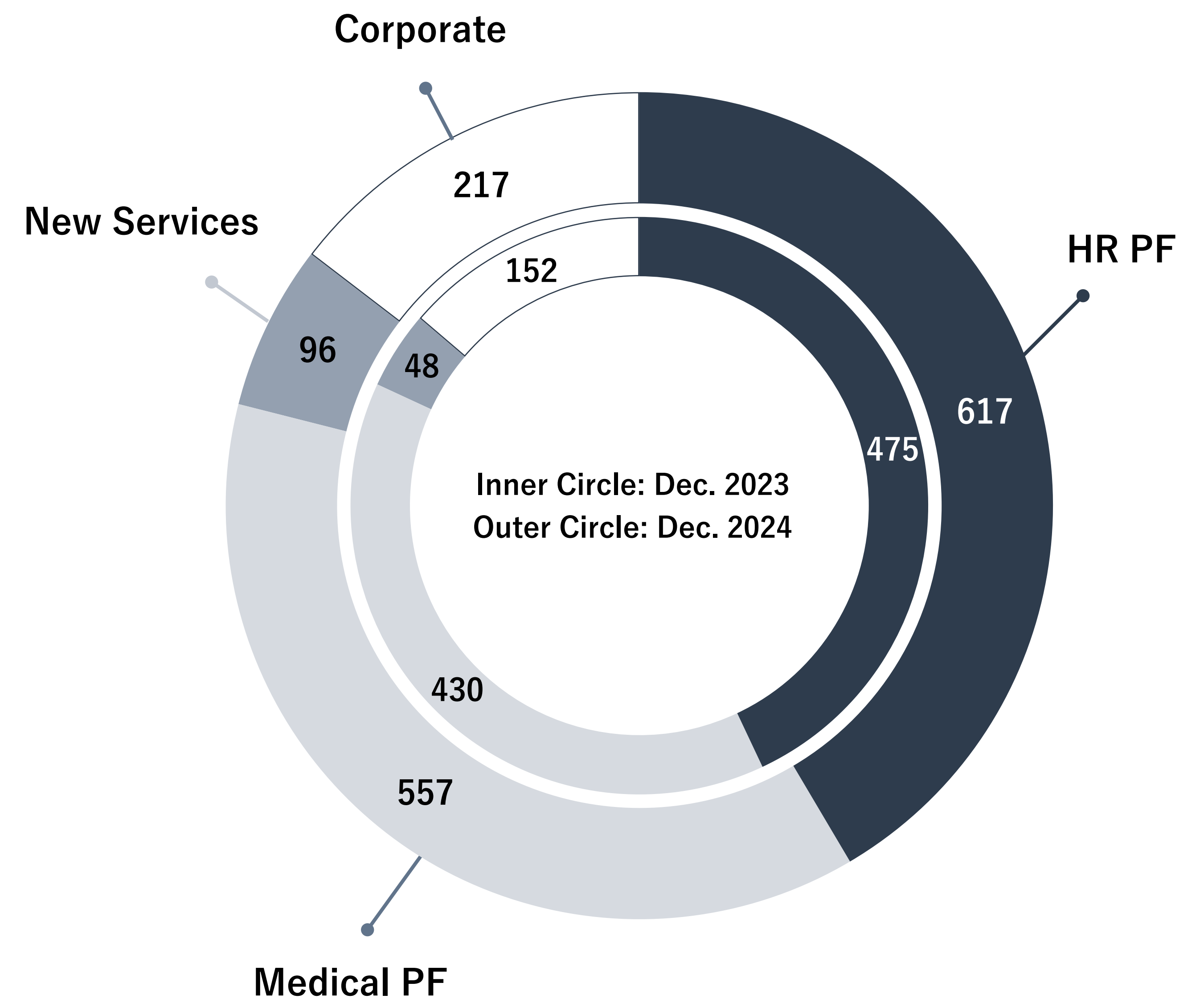
(1) Figures for FY2021 and earlier are based on the new revenue recognition standard
(2) Total of companywide expenses not allocated to segments and inter-segment eliminations
(3) One-time cost (JPY 100 million) in the Medical PF business for acquiring source code for the purpose of adding new functions
(4) One-time cost (JPY 130 million) in the Medical PF business for acquiring EMR assets from another company
(5) One-time office relocation costs (JPY 172 million)
(6) One-time acquisition costs associated with acquisition of GUPPY's Inc. (JPY 121 million), Offshore Inc. (JPY 106 million), and ATN Inc. (JPY 14 million)

In preparation for continued growth, we plan to increase the number of employees in our operating businesses and also increase the number of corporate employees in accordance with expansion of the scale of our businesses. Our headcount has risen rapidly owing to aggressive hiring and M&A activity and we see sizable potential for near-term streamlining.

Number of Employees (as of December 31 each year)



Breakdown of Employees by Segment



Factors Behind Shortfall Versus FY2024 Forecast and Summary of Countermeasures

Each of the profits fell short of the full-year forecast that was revised upward on May 14, 2024. We will continue to prioritize maximizing long-term cash flow and accelerating the achievement of mid-term targets over short-term profits, but we will be conservative in our forecasts for FY2025 and improve our agility to respond to changes.

		Factors behind FY24 shortfall	Summary of countermeasures
Sales		Job seekers’ motivation to change jobs waned from midyear. This had a negative impact on applicant and hiring numbers in JobMedley (P.25).	Already covered (details in P.25)
		<u>Occurred cost</u> related to the regulation of “continuous service allowances”. (implementation starting in April 2025).	Already covered
		Suspension of JobMedley service provision due to DNS, etc. (JPY 120mm).	Measures to prevent recurrence have been implemented.
Each profit		<u>Due to dispersion of human resources, performance measures were not fully implemented.</u> • HR allocation associated with large-scale PMI project • HR allocation associated with intermittent corporate restructuring	Countermeasures strategy has been determined. • <u>FY2025 forecast is more conservative than FY2024</u> • In order to reduce dispersion of human resources, strengthen the PMI framework and promote subsidiary mergers to improve efficiency and mobility.
		<u>Expenses exceeded full-year forecasts</u> • Recruitment activity progressed more rapidly than usual and recruitment costs rose (JPY 130mm) • One-time M&A costs increased (JPY 120mm) • Office expansion brought forward owing to increased headcount (JPY 80mm)	

Job seekers' motivation to change jobs temporarily waned midyear in FY24 and this impacted JobMedley's applicant and hiring numbers. However, these numbers have recovered in response to various measures that we put in place. Changes in the occupation mix have resulted in a decline in the average unit price and delay in the timeline to entry into client offices, but they have also recovered owing to the implementation of various countermeasures. We will continue to respond flexibly to changing conditions in FY25.

Status of each key issue

Applications

While corporate hiring demand remained strong, applications declined as job seekers' motivation to change jobs temporarily weakened midyear in FY24. The situation improved after we developed and implemented various countermeasures.

Hiring decisions

The situation improved in Q3 with a delay of roughly 1-2 months from time of application.

Start of employment (posting of sales)

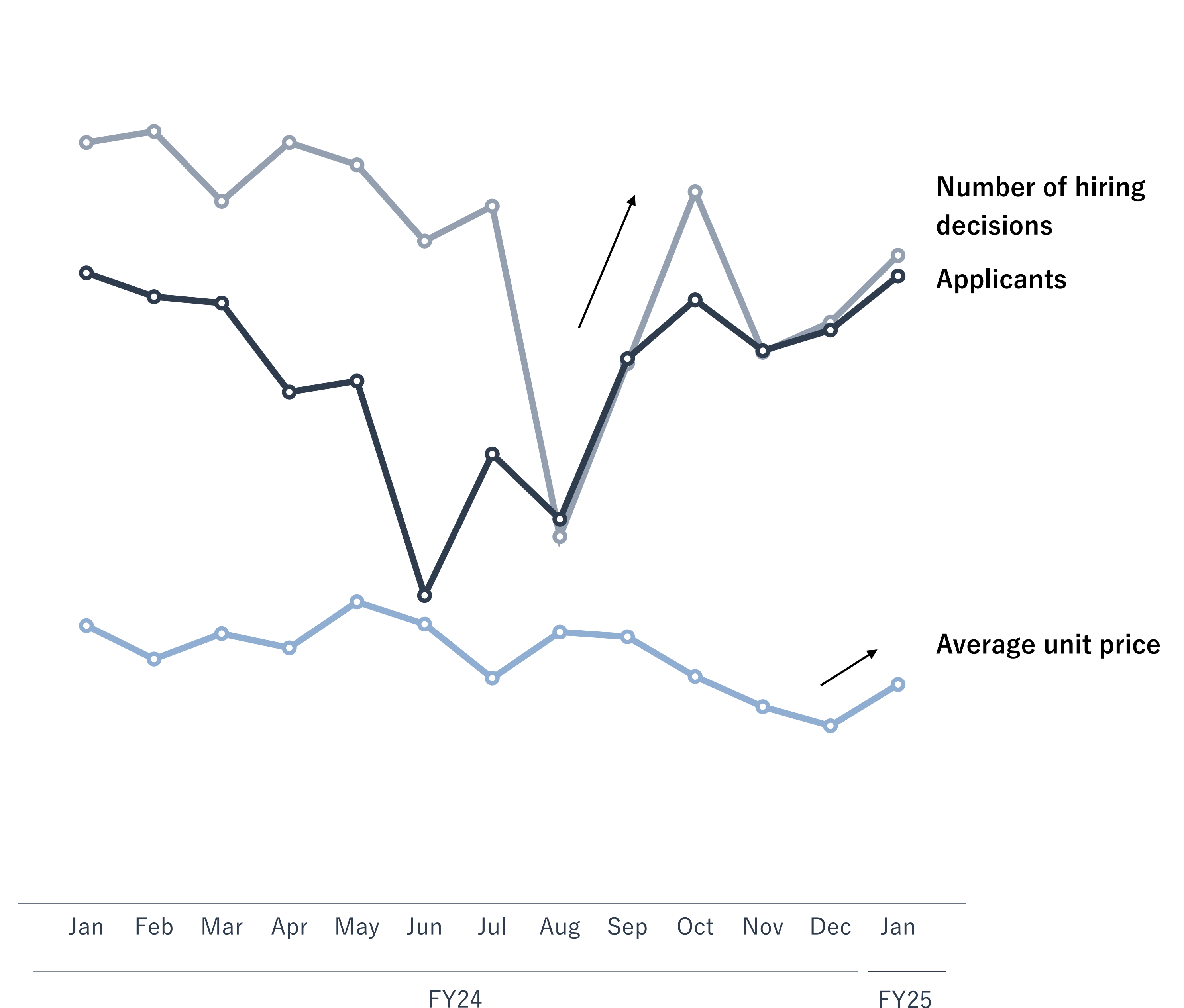
Start of employment delayed by more than usual owing to changes in the occupation mix.

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Average unit price

Despite a decline in average unit prices around end-2024 owing to changes in the occupation mix, we achieved a recovery in early-2025 by implementing various measures to boost key occupations.

KPI trends (% YoY change)



1. FY2024 Q4 Results

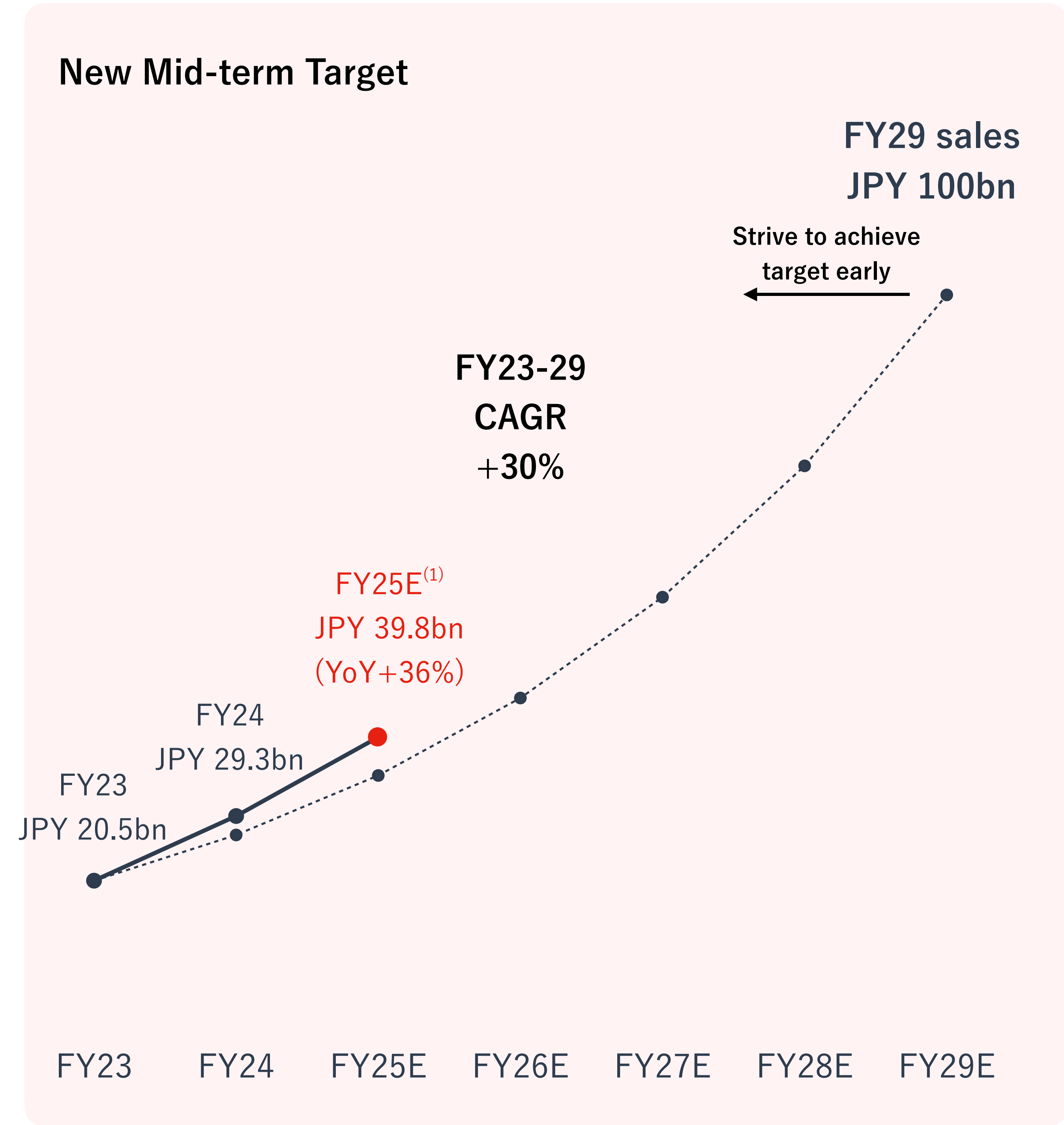
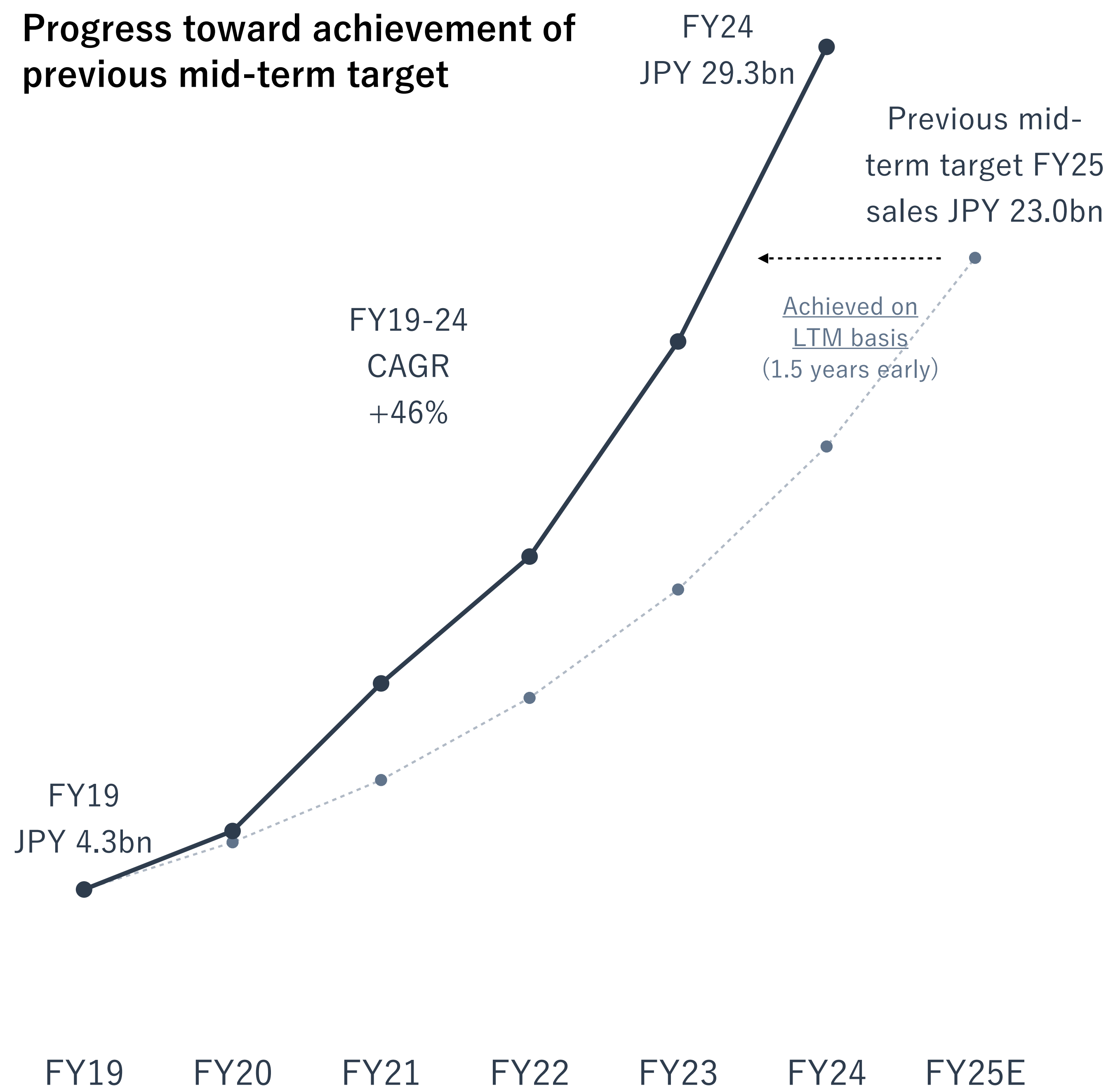
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(Ref.) Progress Toward New Mid-term Target

We made steady progress toward the new mid-term targets established in February 2024 (FY2029 sales: JPY 100 billion, EBITDA: 20 billion). While in principle, we target growth in sales and profit during the period covered by the mid-term business plan, we will prioritize adapting to changes in the business environment and taking advantage of investment opportunities and, as with our previous medium-term targets, aim to achieve them ahead of schedule.



(1) Forecast assumes consolidation of AxisRoot in April 2025. Assumptions are based on conservative examination and adjustments made by Medley to business projections received from Offshore.

FY25 Forecast: Assumption

FY25 forecast is based on the assumptions, in accordance with the explanation on P.24. A certain amount of temporary load on the corporate and business organizations due to business transfers and subsidiary mergers has been factored in.

	Assumption (Including M&A, FY25)	Main approaches in FY25	(Ref.): Breakdown of New Mid-term Target (FY29)
HR PF	• Sales: <u>Approximately JPY 29bn (Approx. YoY +35%)</u> • EBITDA margin: <u>Approximately 40%</u>	• <u>Price increase (implement after apply on April)</u> • Continuous functional improvement • Strengthening synergies with Guppy's • High growth of online training system	• Sales: <u>Approximately JPY 65bn</u> • EBITDA margin: <u>Approximately 40%</u>
Medical PF	• Sales: <u>Approximately JPY 10bn (Approx. YoY+35%)</u> - <u>Impact from sold MEDiPASS -10%pt</u> • EBITDA margin: <u>Approximately 5%</u>	• <u>Starts sales of core system for dispensing pharmacies</u> • <u>Business alliance with Alfresa</u> • <u>Reorganization by customer category to maximize growth rate</u> • <u>Enhancement of primary pharmacy and AI-related functions</u>	• Sales: <u>Approximately JPY 25bn</u> • EBITDA margin: <u>Approximately 20%</u> - <u>In principle, target growth while maintaining positive EBITDA</u>
New Services	• Sales: <u>Approximately JPY 1bn</u> • EBITDA: JPY <u>Approximately -500mm</u> - <u>Spend JPY 400mm on US business, JPY 200mm on development of EMR for acute care hospital, and JPY 100mm on new business</u>	• <u>Continuing expansion of US business</u> • <u>Continuing development of EMR for acute care hospital</u> • <u>Development of new business related to HR PF</u>	• Sales: <u>Approximately JPY 10bn</u> - <u>Expect rapid growth to continue in FY29 and beyond</u> • EBITDA margin: <u>Approximately 20%</u>
Others	• Ratio vs. companywide sales: <u>Approximately 15%</u>	• <u>Streamlining through merger of subsidiaries</u> • Continuing aggressive hiring for mid-term growth - <u>Increased investments in human capital related areas, including hiring</u>	• Ratio vs. companywide sales: <u>Approximately 10–12%</u> - Continued downtrend in ratio of corporate expenses to sales

Full-year FY2025 Forecast

Our initial FY2025 forecast, including the impact of the consolidation of AxisRoot Holdings, is for YoY sales growth of 35.8% and an EBITDA margin of 14.3%. Factoring in the measures mentioned on P.24, we aim for safer visibility and control.

(JPY mm)	FY2024 Actual	FY2025 Forecast ⁽¹⁾
Sales	29,302	39,800
Sales Growth	42.7%	35.8%
Gross Profit	18,919	25,500
Gross margin	64.6%	64.1%
EBITDA	4,114	5,700
EBITDA margin	14.0%	14.3%
Operating Profit	2,326	3,000
Operating margin	7.9%	7.5%
Ordinary Profit	4,078	4,300
Ordinary margin	13.9%	10.8%
Profit Attributable to Owners of Parent	2,798	3,100
Net margin	9.5%	7.8%

(1) AxisRoot Holdings expected to be included in consolidated financial statements starting in April 2025

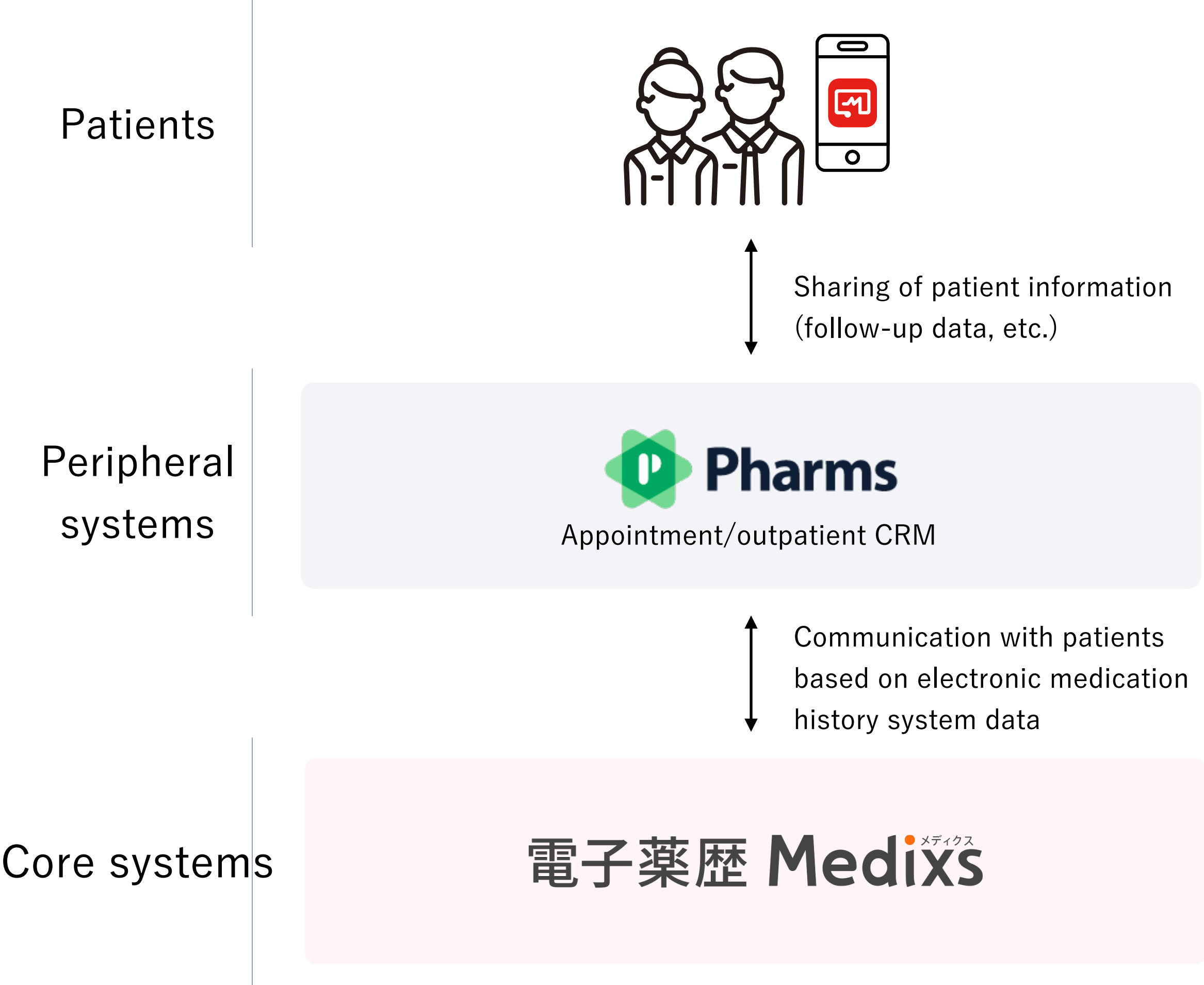
Consolidation of AxisRoot Holdings and Alliance with Alfresa Corporation



The integration of the Medixs medication history system, which includes information on drug administration status and patient information, and Pharms, which features strong customer contacts, will not only streamline operations, but also greatly strengthen our connection to patients. Through our alliance with major pharmaceuticals wholesaler Alfresa Corporation, we will cooperate on expanding the reach of Medixs and on the products of both companies. (For an overview of AxisRoot Holdings, please see our timely disclosure published on January 23.)

Acquisition of Medixs medication history system

Business and capital alliance with Alfresa Corporation



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Development and sale of DX solutions for pharmacies
Cooperation on sales promotion for Medixs
Planning, development, and sale of other DX product lines for pharmacies

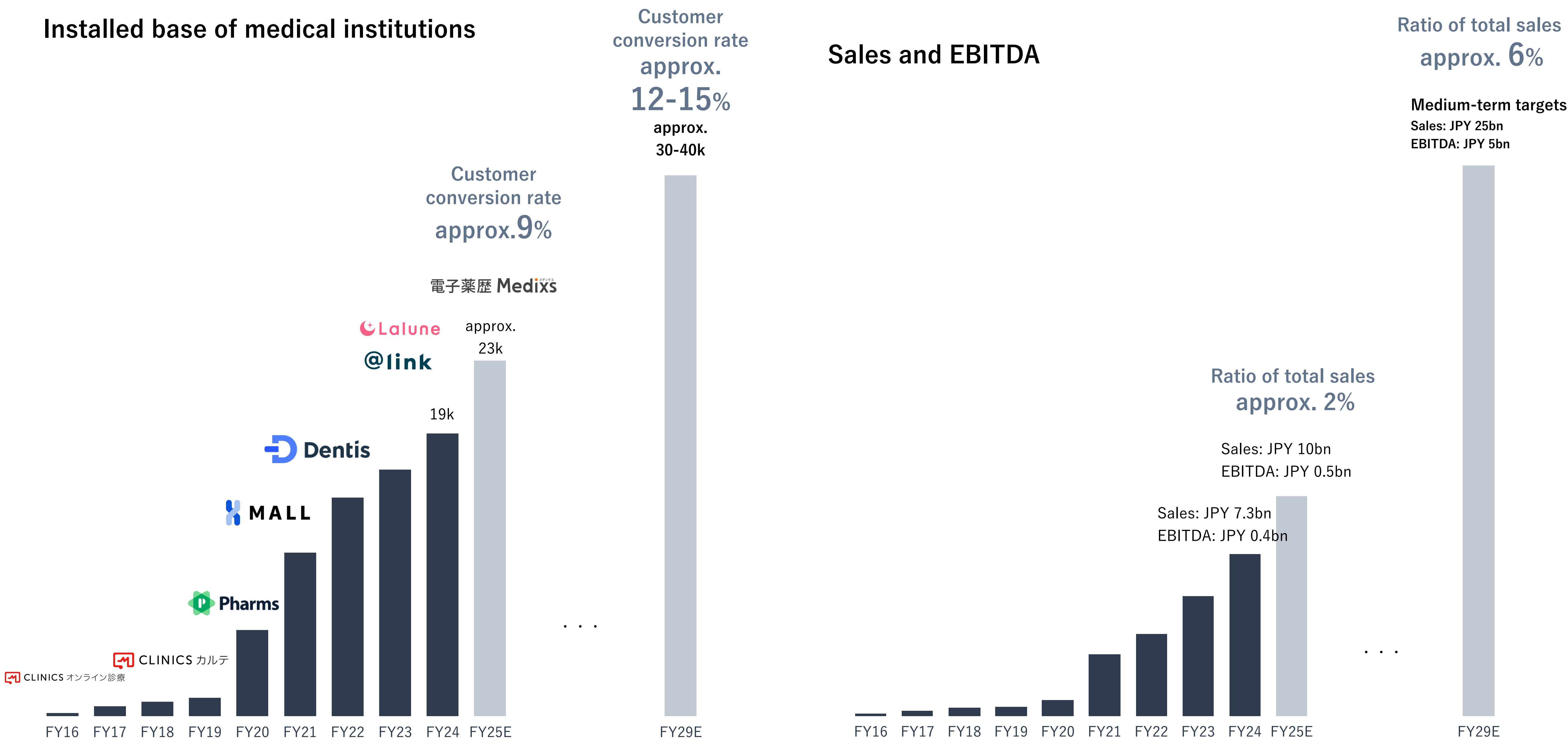
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Cooperation on both companies' products for hospitals and clinics

+

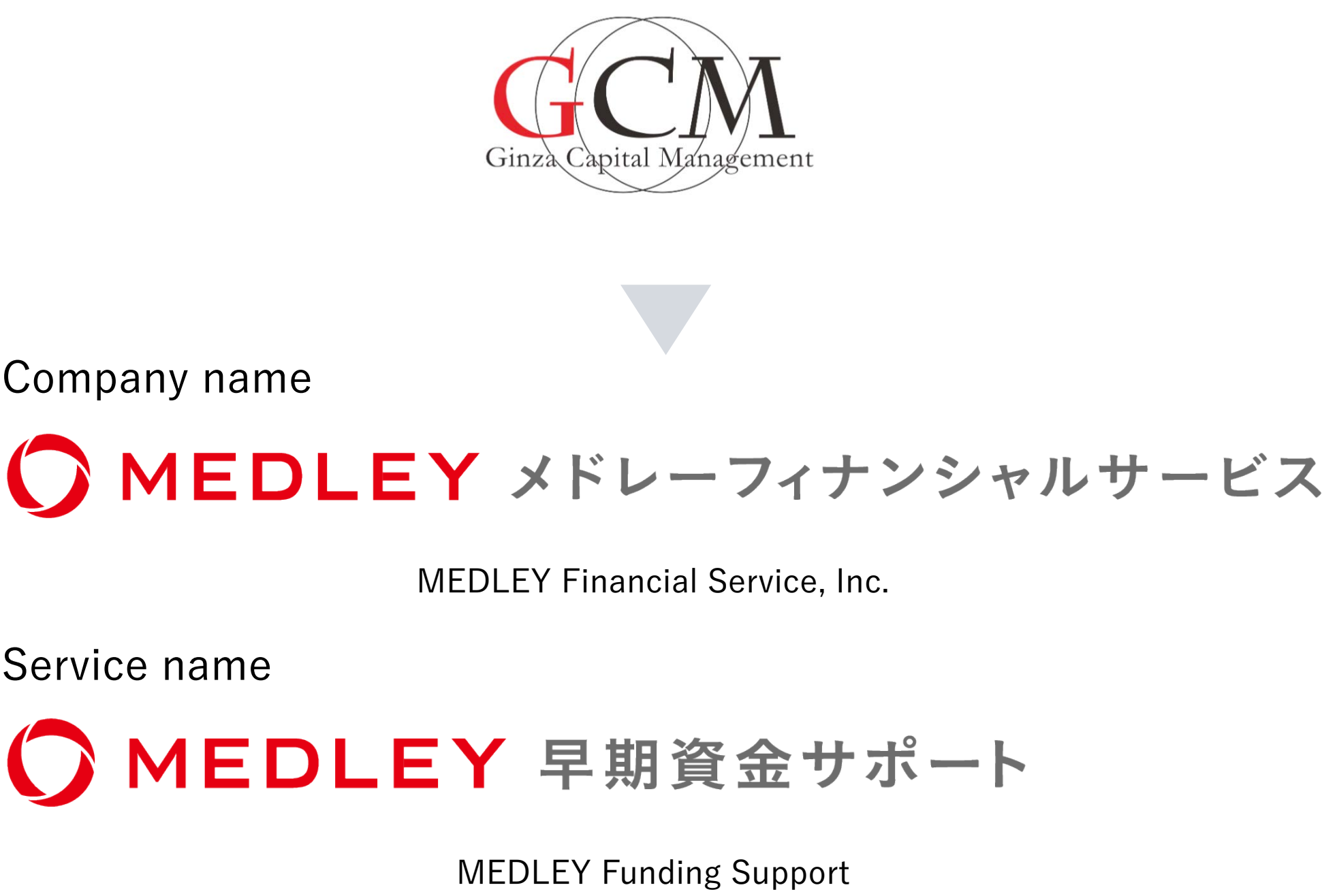
Cooperation on DX solutions in other medical and healthcare fields

In FY24, the Medical PF Business entered the black and strengthened its product line. Going forward, we will restructure each of our subsegments and increase the value we provide to customers and accelerate sales growth in existing businesses. Factoring in the impact from M&A, we target FY25 sales of JPY 10 billion, but the scale of the market is a sizable JPY 470 billion and we aim to contribute for reach the targets in our new mid-term business plan ahead of schedule.



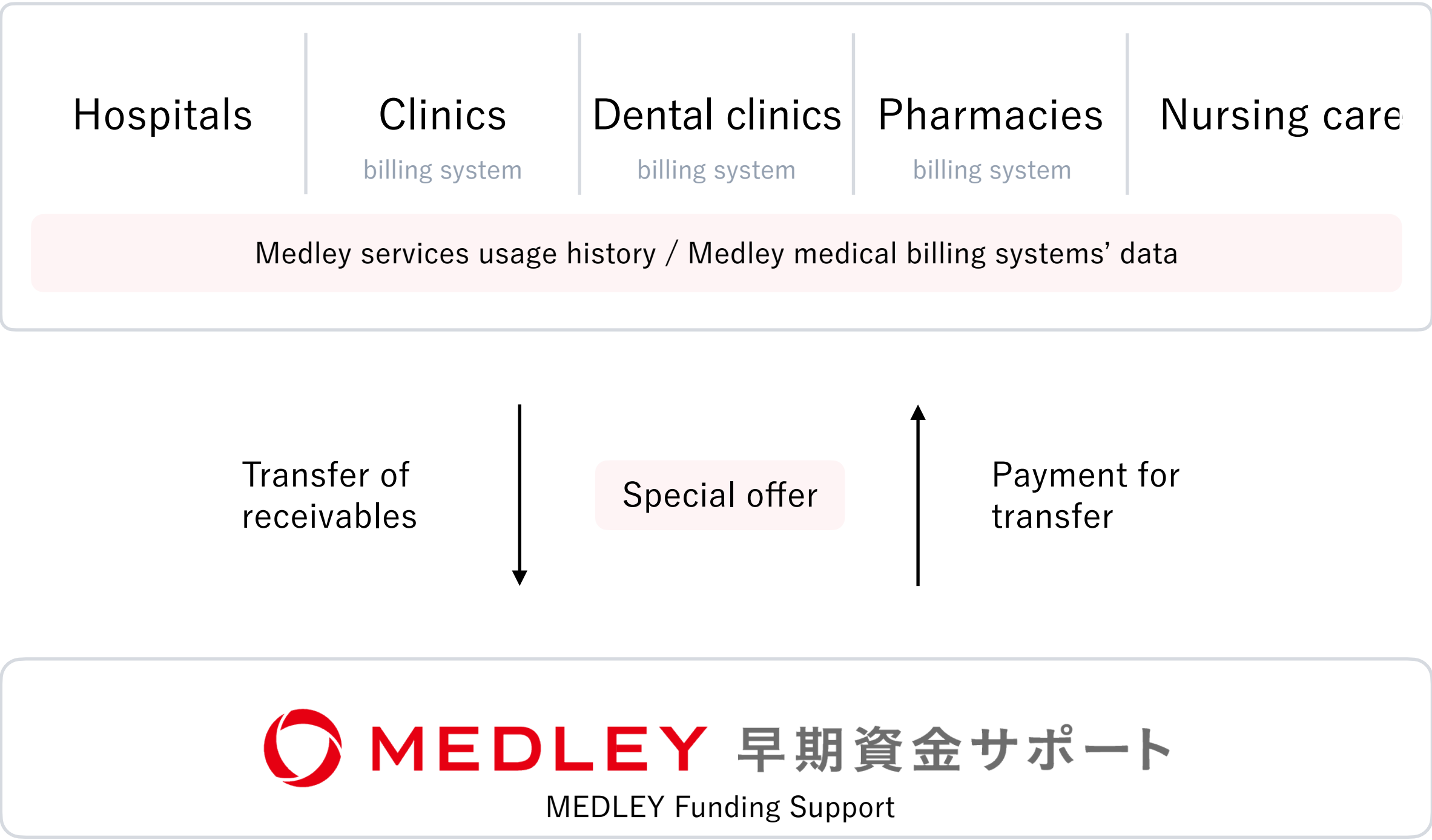
We will work to create a business structure that makes use of SaaS customer contact points and data. In September 2023, we acquired all of the issued shares of GCM Co., Ltd. and we have changed the company’s name and the name of its service. Starting in February, we began offering special plans to customers tailored to their needs based on their use of our services. We aim to provide quick and inexpensive solutions to customers’ temporary funding needs when they open a new business (or branch) or install a new system.

Changed names of the company and its services



Accelerated investment in growth and achievement of synergies under the Medley brand
(YoY sales growth of +55%⁽¹⁾)

Began offering special plans based on usage data. Considering using medical billing data

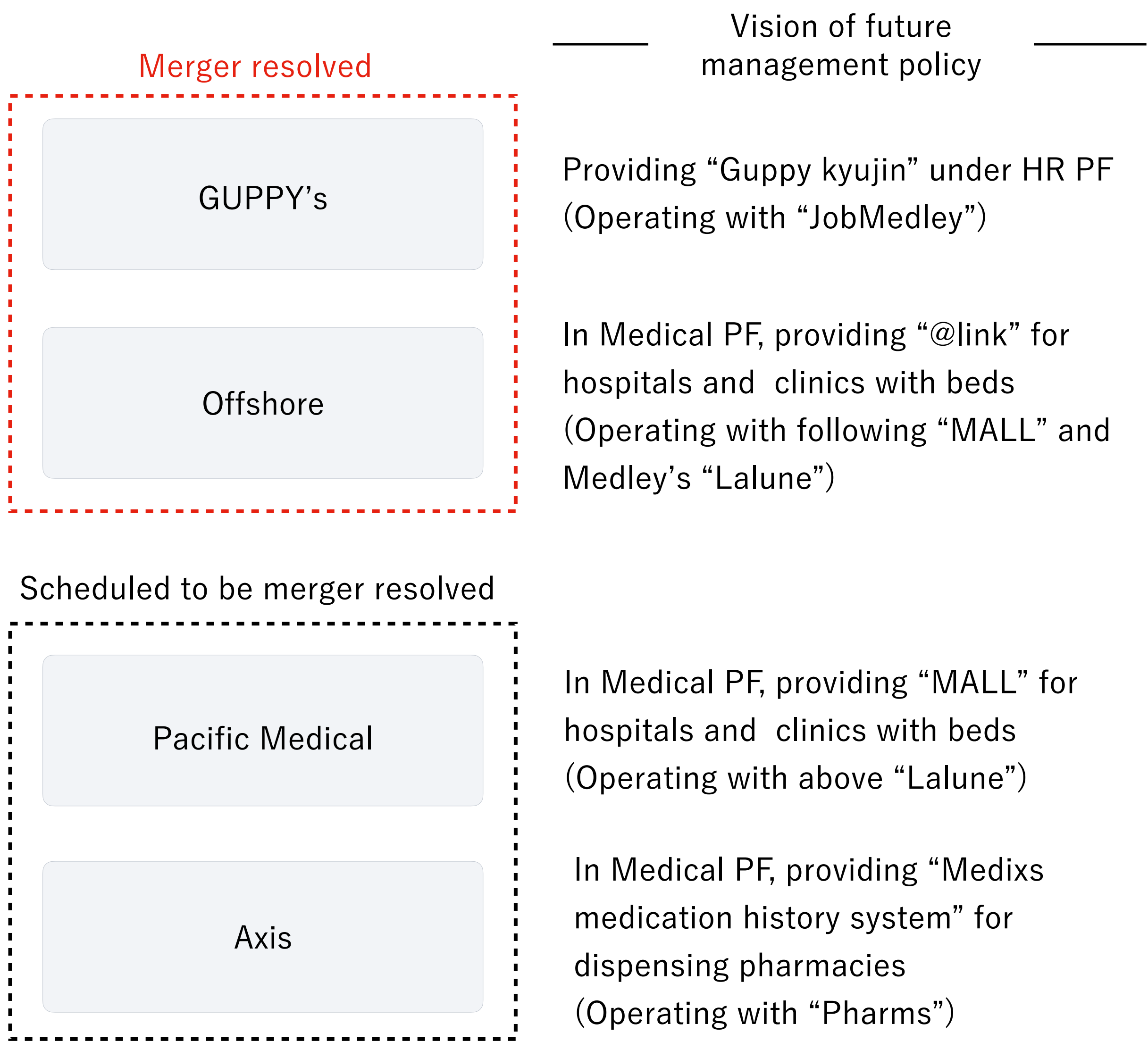


Provide quick solutions to customers’ temporary funding needs when they open a new business (or branch) or install a new system

(1) YoY sales growth in FY24 Q4

Group companies will be integrated to improve administrative efficiency in areas such as finance, legal, HR, and IT, and to strengthen sales and marketing through integrated operations with Medley’s products. In addition, we will transfer some of the businesses we have taken over through M&A to concentrate on priority areas in our new mid-term targets.

Integration of group companies



Business transfer

Company name	MEDiPASS Co., Ltd.
Financial indicators	Sales: JPY Approx. 800mm EBITDA: JPY Approx. 200mm (FY24)
Timing of transfer	January 2025
Business	Operational support for medical institutions providing residents of nursing care facilities with medical care

Company name	GUPPY’s Inc. Healthcare business
Financial indicators	Sales: JPY Approx. 200mm EBITDA: JPY Approx. -20mm (FY24)
Timing of transfer	March 2025 (Scheduled)
Business	Healthcare service utilizing a health management app

The composition of the Board of Directors in FY2025 is shown below. Our aim is to strengthen business, human resources and global strategies, taking into account the balance of knowledge, experience and skills (skill matrix) of the board of directors as a whole.

Board of directors

 Newly appointed directors

Name	Role in the company
Kohei Takiguchi	President and CEO, Representative Director
Ryo Kawahara	Director, Senior Vice President and CFO
Shin Takeuchi	Director, Senior Vice President and CHRO
Rina Sakuraba	Director (independent external)
Hidetoshi Uriu	Director (independent external)
Shinji Kimura	Director (independent external)
Yasukane Matsumoto	Director (independent external)
Shohei Omote	Auditor (full-time)
Masahide Kamachi	Auditor (external, part-time)
Ryoko Nagata	Auditor (external, part-time)

Background of new directors

Executive Director

Shin Takeuchi

After joining Fuji Soft ABC (now FUJISOFT), Mr. Takeuchi developed a wide range of software with a focus on enterprise services. In 2008, he participated in the founding of BizReach (now Visional), and as director and CTO, he was involved in the development of HR services including BizReach and HRMOS.

External Director

Hidetoshi Uriu

After joining Goldman Sachs, Mr. Uriu worked in the investment banking division for roughly 20 years, providing M&A and financing advice to domestic and overseas technology companies. He then joined VisasQ Inc and helped expand the company globally through acquisitions. In 2024, he joined NEC Corporation and was appointed Chief Investment Officer.

External Director

Shinji Kimura

After joining Dream Incubator, Mr. Kimura founded Atlantis Inc. (now Glossom) in 2007, which was sold to GREE, Inc. in 2011. He was appointed as the representative director of Gunosy, Inc. in 2013, and as the representative director and chairman of the group and CEO in 2020. The group is expanding globally through investments in Indian company Slice.

External Director

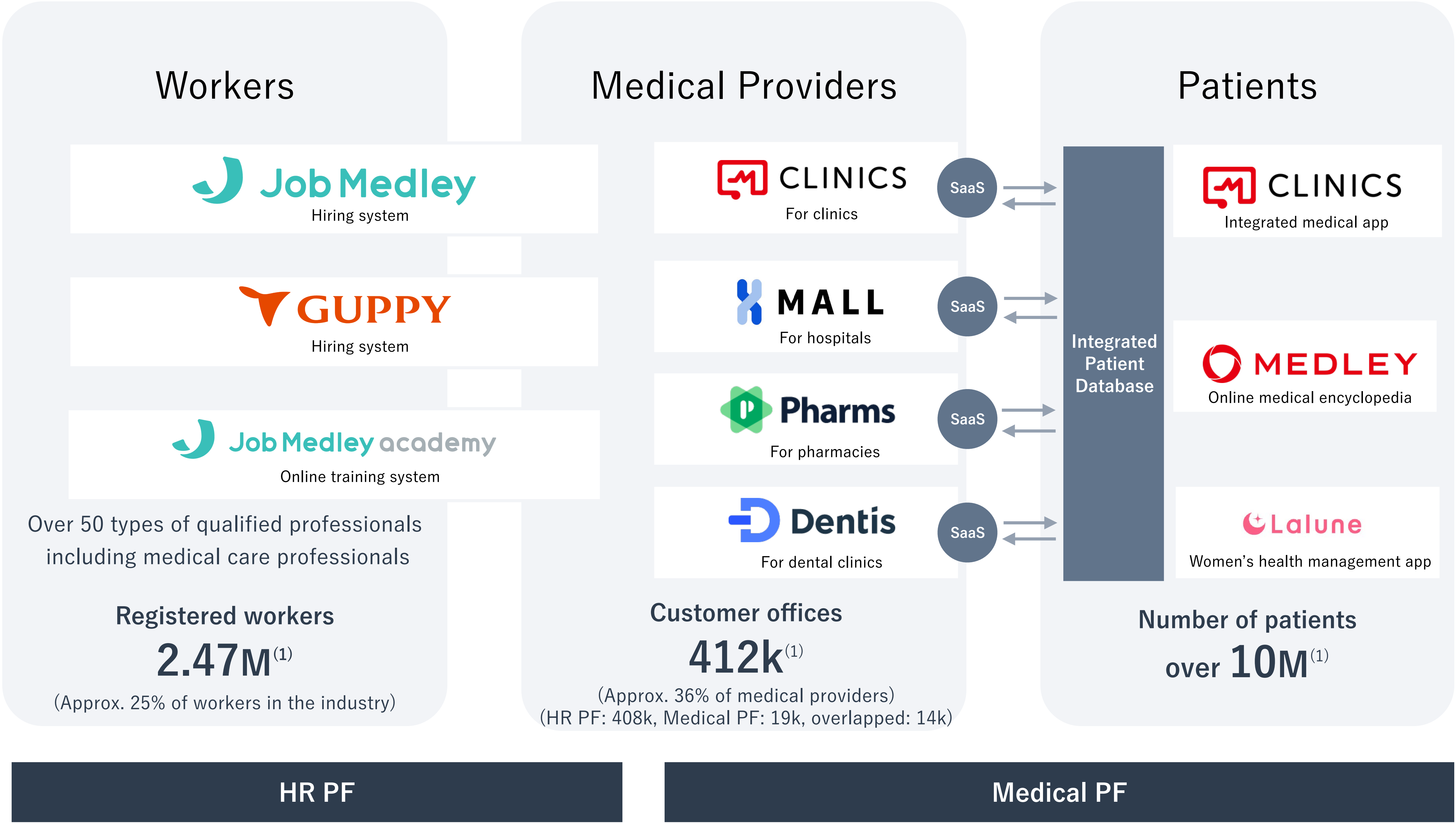
Yasukane Matsumoto

Joined A.T. Kearney in 2008. Mr. Matsumoto established Raksul Inc. in 2009 and became its CEO. Raksul listed on the TSE Mothers (now Growth) in 2017 and on the TSE 1st section (now Prime) in 2019. He became Chairman Director in 2023. In 2022, he established Josys Inc., and became its CEO.

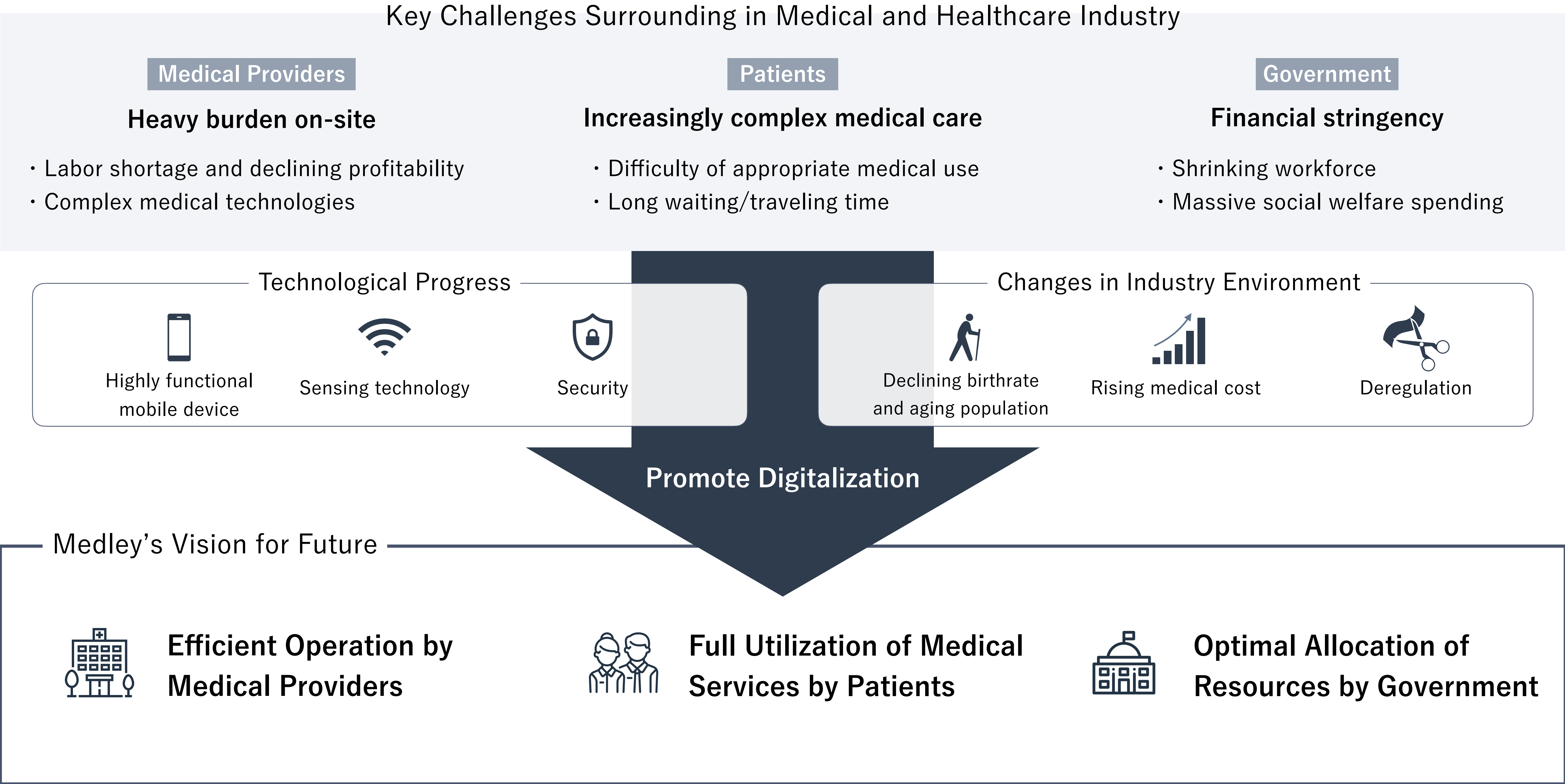
1. FY2024 Q4 Results
2. FY2024 Full-year Results
3. FY2025 Full-year Forecast
- 4. Investment Highlights**

1. Vast opportunities in the medical and healthcare field
2. Continuous growth through maximization of customer office numbers and ARPU
3. Disciplined investment in growth

Our HR PF business connects medical healthcare professionals and businesses and our Medical PF business provides SaaS products and customer touch points to businesses. Currently, we mainly pursue a business model wherein we receive fees from businesses. We will leverage our strength, which is our connections with businesses, to increase ARPU by increasing profit margins and expanding our product offerings.



Medical institutions in Japan have been facing a variety of challenges including heavy burden on-site and increased complexity of medical care. The importance of digitalization is increasing owing to macro trends such as the declining birthrate and aging population and advancements in digital technologies.



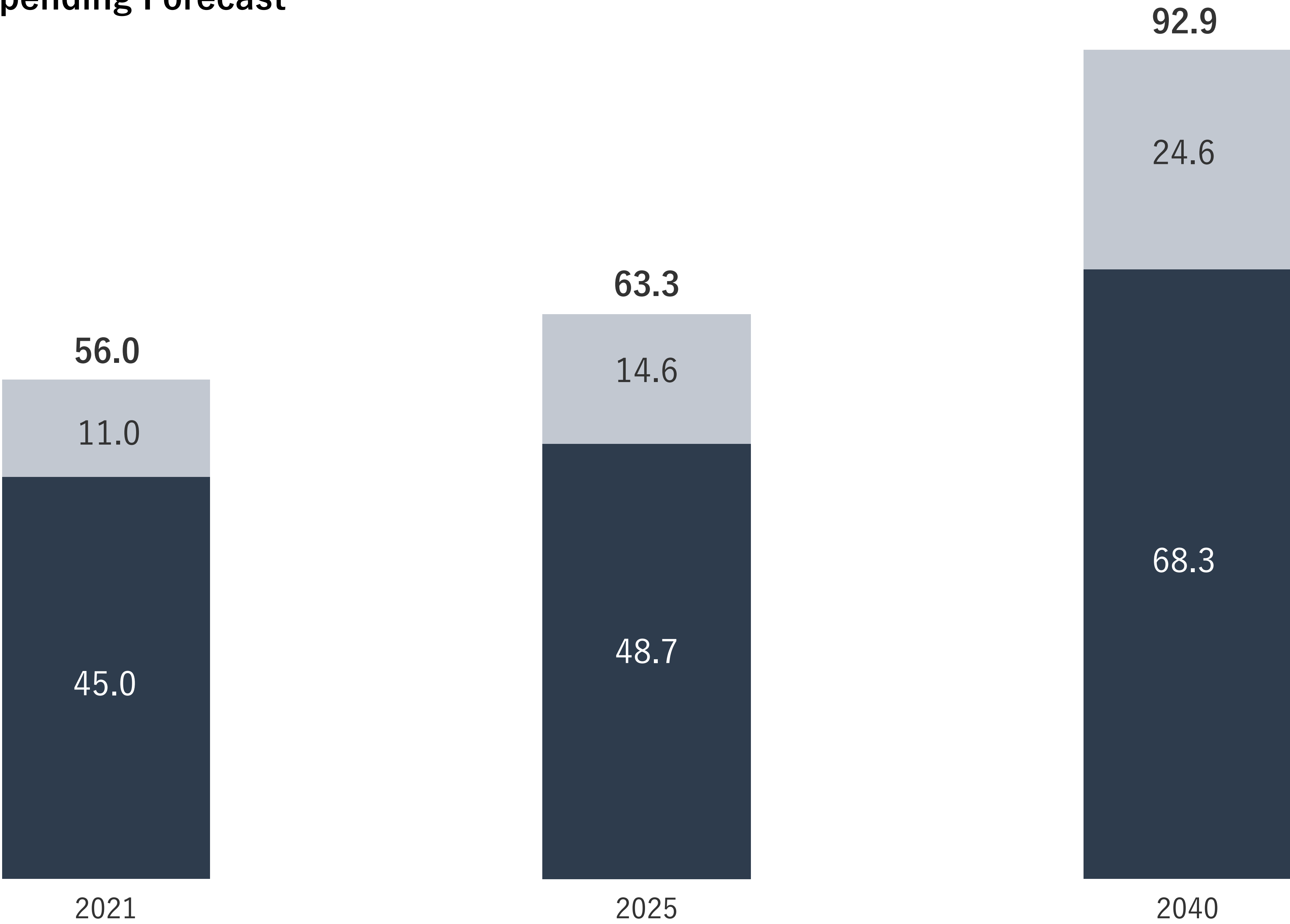
Defensive Growth Industry: Social Welfare Spending and Number of Employees Not Impacted by Economic Trends



Spending on social welfare is expected to rise continuously in Japan owing to the aging of the population. This and the declining workforce population are important and well recognized issues in Japan.

Social Welfare Spending Forecast⁽¹⁾

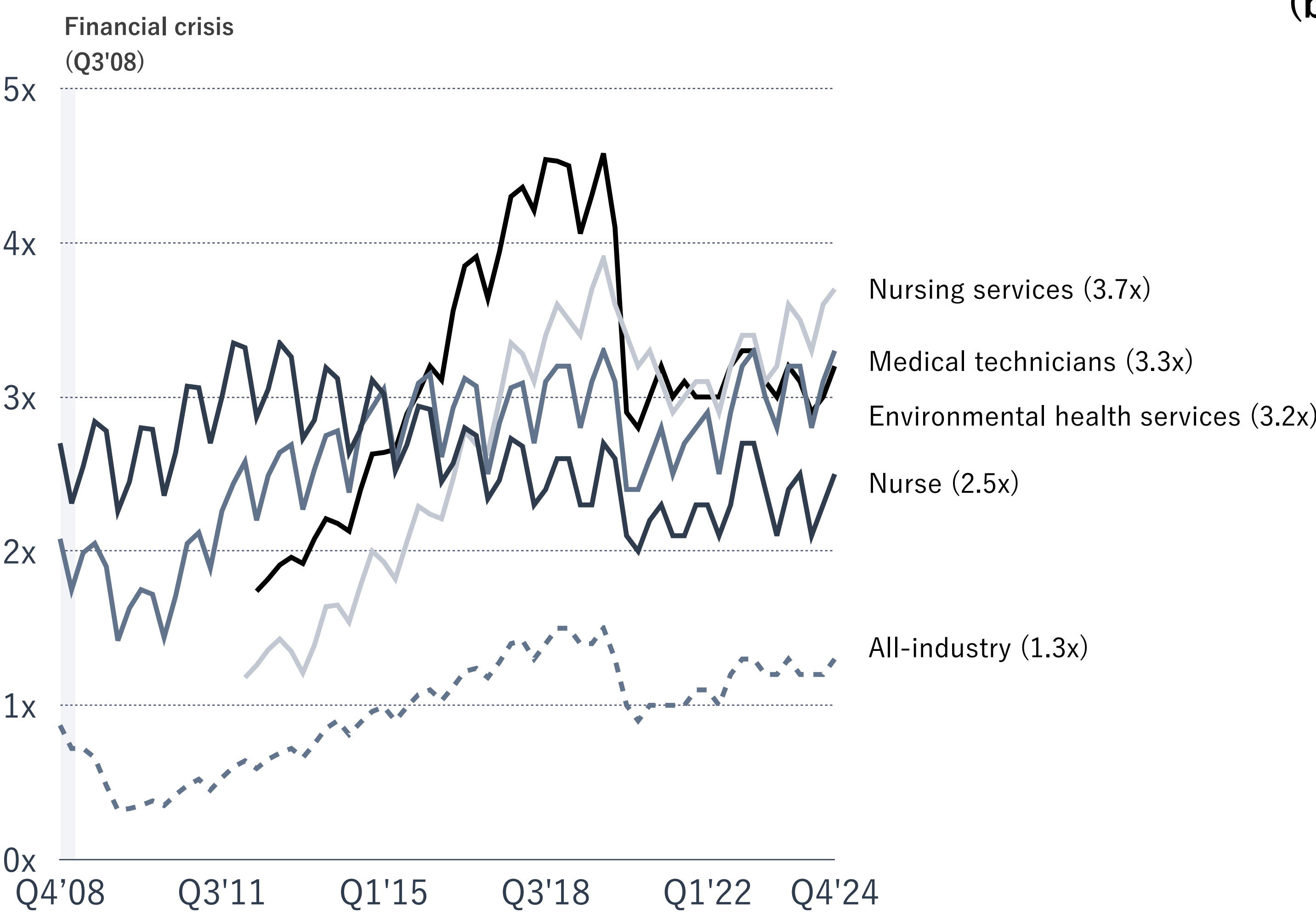
(JPY Trillion)
■ Nursing care cost
■ Medical cost



(1) Report from Ministry of Health, Labour and Welfare

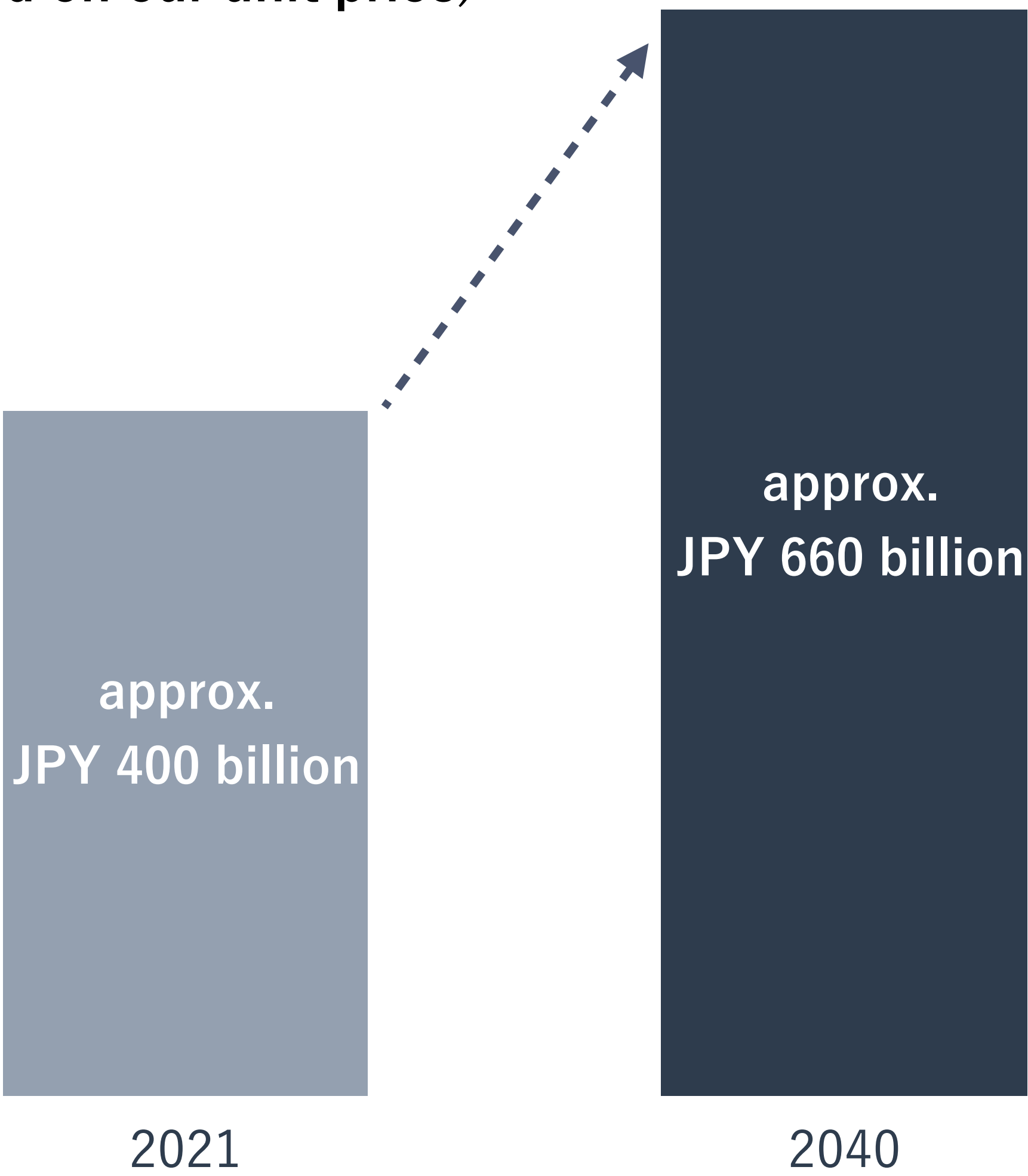
The Japanese medical industry suffers from a chronic shortage of workers, with a jobs-to-applicant ratio that remains much higher than the average for all industries regardless of economic conditions. We estimate the current market size to be approximately JPY 400 billion, and expect expansion to up to JPY 660 billion in 2040 driven by increasing demand.

Ratios of Job Openings to Job Applicants⁽¹⁾



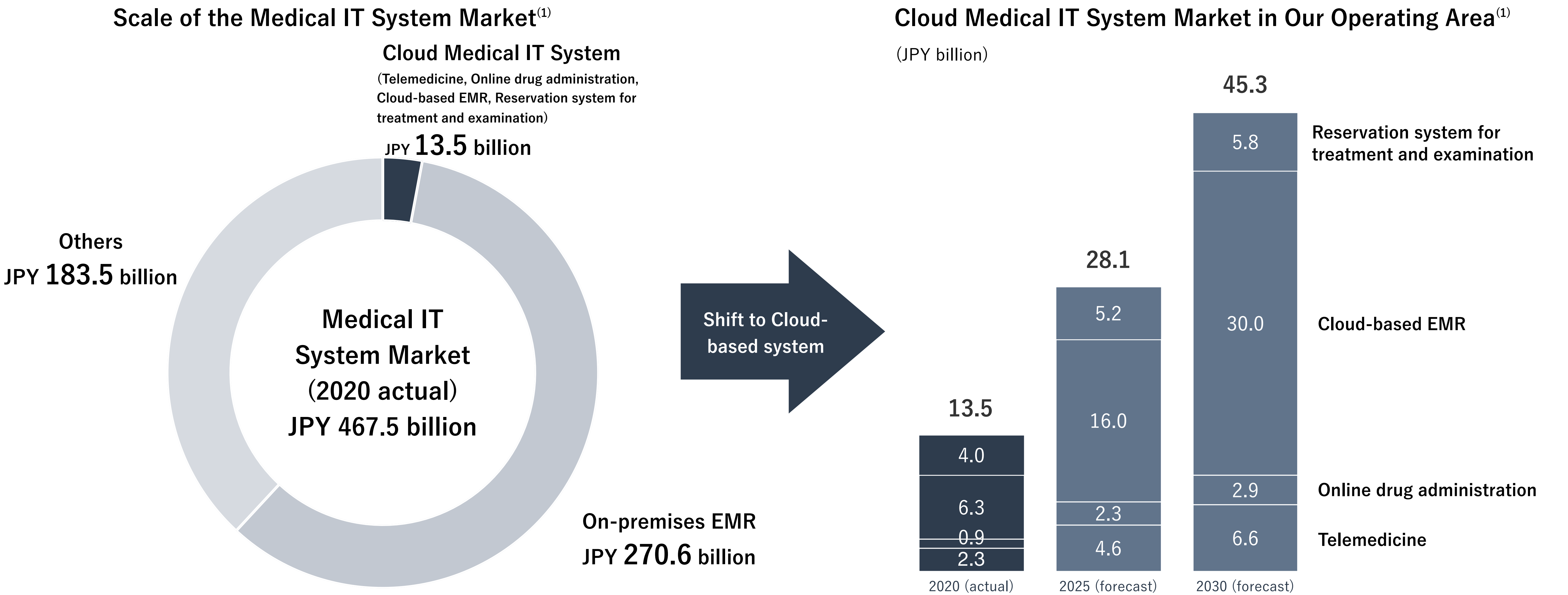
(1) Ministry of Health, Labour and Welfare statistics, 3-months average

Market Size of the Medical/Healthcare Recruitment Industry
(based on our unit price)⁽²⁾



(2) Estimates by Medley, Inc.

The estimated current medical IT system market size is approximately JPY 470 billion. Today, the bulk of the systems used in medical industry are on-premise based (on-site servers), but more platforms have been adopting cloud-based systems since deregulation in 2010, owing to advantages in terms of costs and convenience. The cloud medical IT system market is expected to grow at a 10-year (FY2020-2030) CAGR of 12.9% due to the low operating efficiency and customary use of long-term contracts.



Currently, most systems are on-premises based (on-site servers)

Cloud-based systems are expected to become more prevalent in light of deregulation, cost advantages, and greater convenience.

(1) The Current Status and Future Market Trends Related to Medical Cooperation and Medical Platforms in 2022 by Fuji Keizai

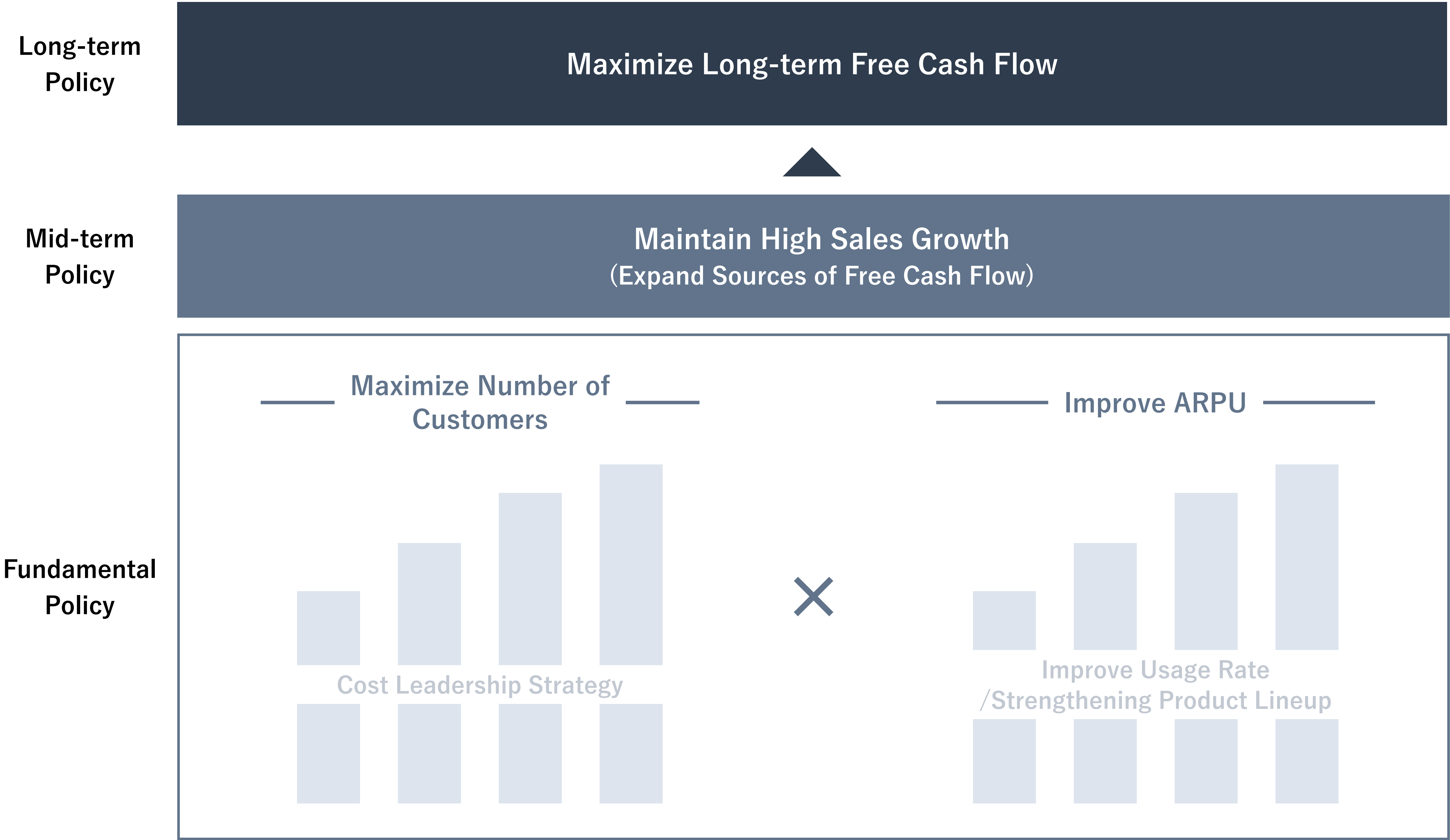
The Japanese government has announced and implemented deregulation and policies to promote telemedicine and EMR, as well as the revitalization of regional healthcare through the use of digital technologies. We view these initiatives as beneficial to the development of our businesses.

Institution/Policy	Overview	Major medical implications
Medical DX roadmap	- As indicated in the Basic Policy 2022 published by the Headquarters for Medical Digital Transformation (DX) Promotion on June 2, 2023 - Update of the Basic Policy to promote DX in the medical healthcare field	- Creation of a nationwide medical data platform - Creation of an EMR data sharing service (planned in 2025) - Data sharing using My Number card - Consideration of DX and standardization of pharmacy data - Promotion of standardization and introduction of EMR data - Utilization of subsidies to launch EMR data sharing service - Start development of a standardized EMR - Targeting adoption of EMR system by almost all medical institutions by 2030
Revisions to official medical prices in FY2024	- Implemented June 1, 2024 - Triple revisions to medical care, long-term care, and welfare services - Promotion of human resource recruitment and work style reforms based on current employment conditions - Looking ahead to the post-2025 era and deepening and promoting regional comprehensive care systems, differentiating and strengthening of medical functions including medical DX, and promotion of cooperation	- Promotion of human resource recruitment and work style reforms - Efforts to increase wages of medical professionals - Task sharing/task shifting - Promotion of use of ICT contributing to operational efficiency - Promotion of differentiation and strengthening of medical functions including medical DX, promotion of cooperation - Effective utilization of medical information through promotion of medical DX, promotion of telemedicine
Comprehensive Strategy for the Vision for a Digital Garden City Nation (DIGIDEN)	- June 7, 2022: Cabinet decision - Aiming for a “nationwide society that is convenient and comfortable for anyone to live in” - Rapidly develop digital infrastructure and actively promote DX in rural areas in both the public and private sectors - National government support of regional digital initiatives via grants - Medical healthcare is an important theme in creation of attractive local areas	- Revitalizing local communities through disease prevention and health promotion - Creating an environment for the development of PHR services - Use of future technologies in the medical field - Use of future technologies in the medical field (appropriate expansion of telemedicine) - Expansion of online dosage guidance - Promotion of electronic prescriptions, online verification, etc.

Maintain High Sales Growth by Maximizing Number of Customers and ARPU



Our management policy is to maximize long-term free cash flow and maintain high sales growth by increasing the value provided to our customers. In order to achieve continuous sales growth, we pursue a basic strategy of maximizing the number of customer offices served and improving ARPU. In order to continuously improve ARPU, we pursue a business model focused on stable, recurring sales.

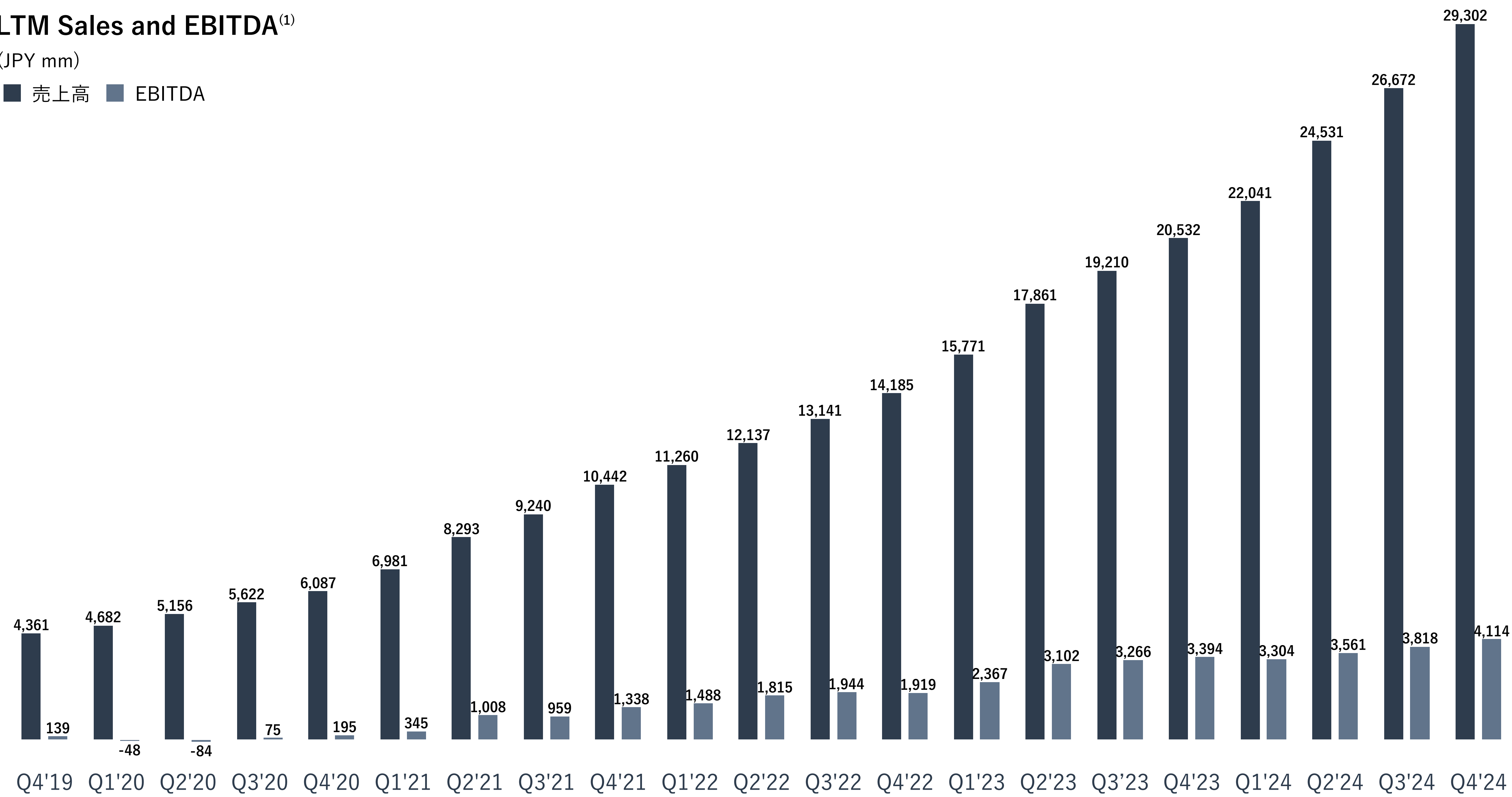


Although sales in the HR PF tend to seasonally concentrate on every Q2, sales and EBITDA for the last 12 months (LTM) have been on a stable increasing trend.

LTM Sales and EBITDA⁽¹⁾

(JPY mm)

売上高 EBITDA

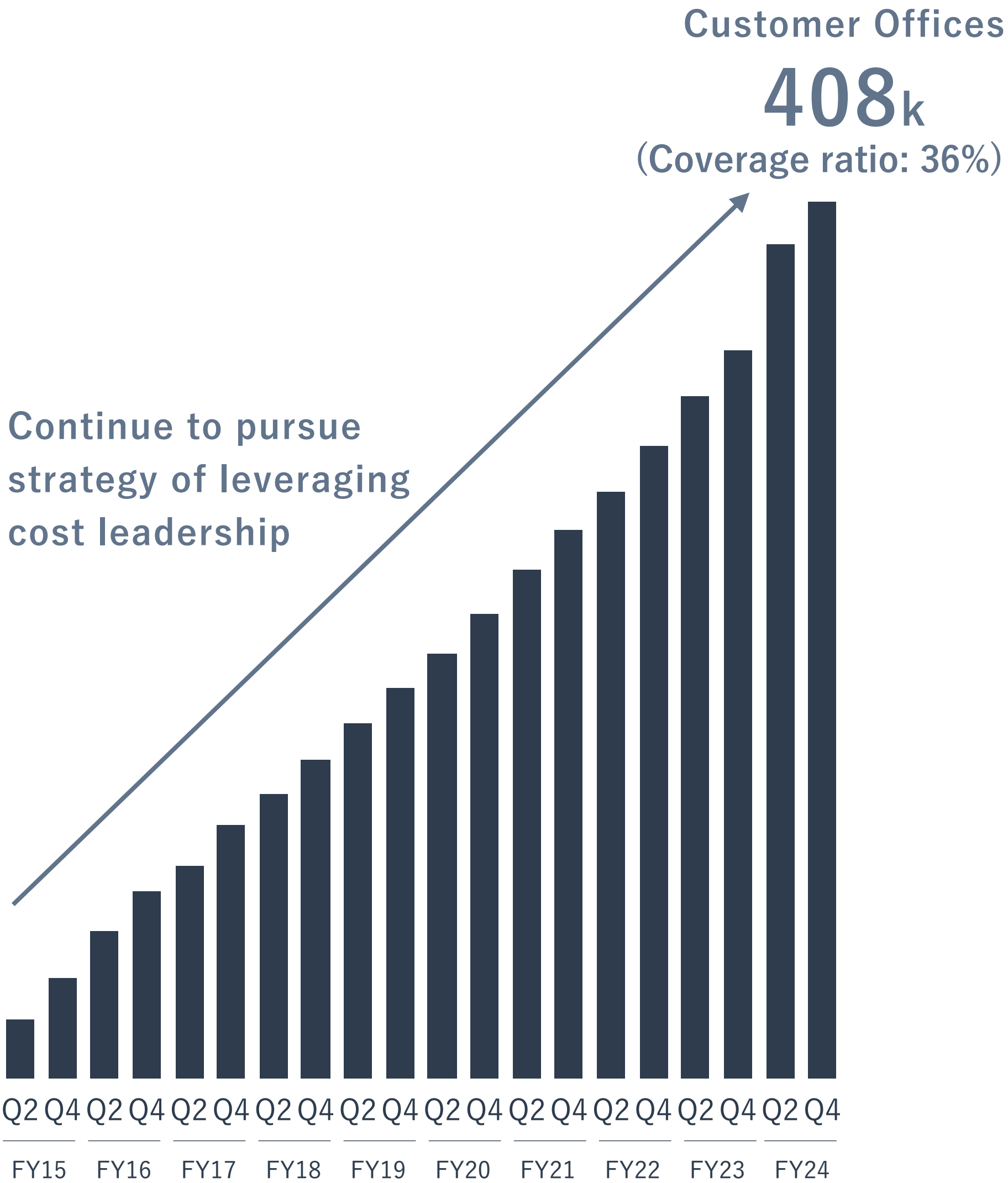


(1) Sum of sales and EBITDA for the last 12 months from the end of each quarter. Figures for FY2021 and earlier are based on the new revenue recognition standard.

In the HR PF Business, not only will we work towards improving labor shortage so that patients can receive appropriate medical services, but also we will provide full-scale support to both businesses and workers offering medical and welfare services. Currently, in addition to strengthening our customer base and pool of registered workers, we leverage such this customer base to develop and deliver new products.

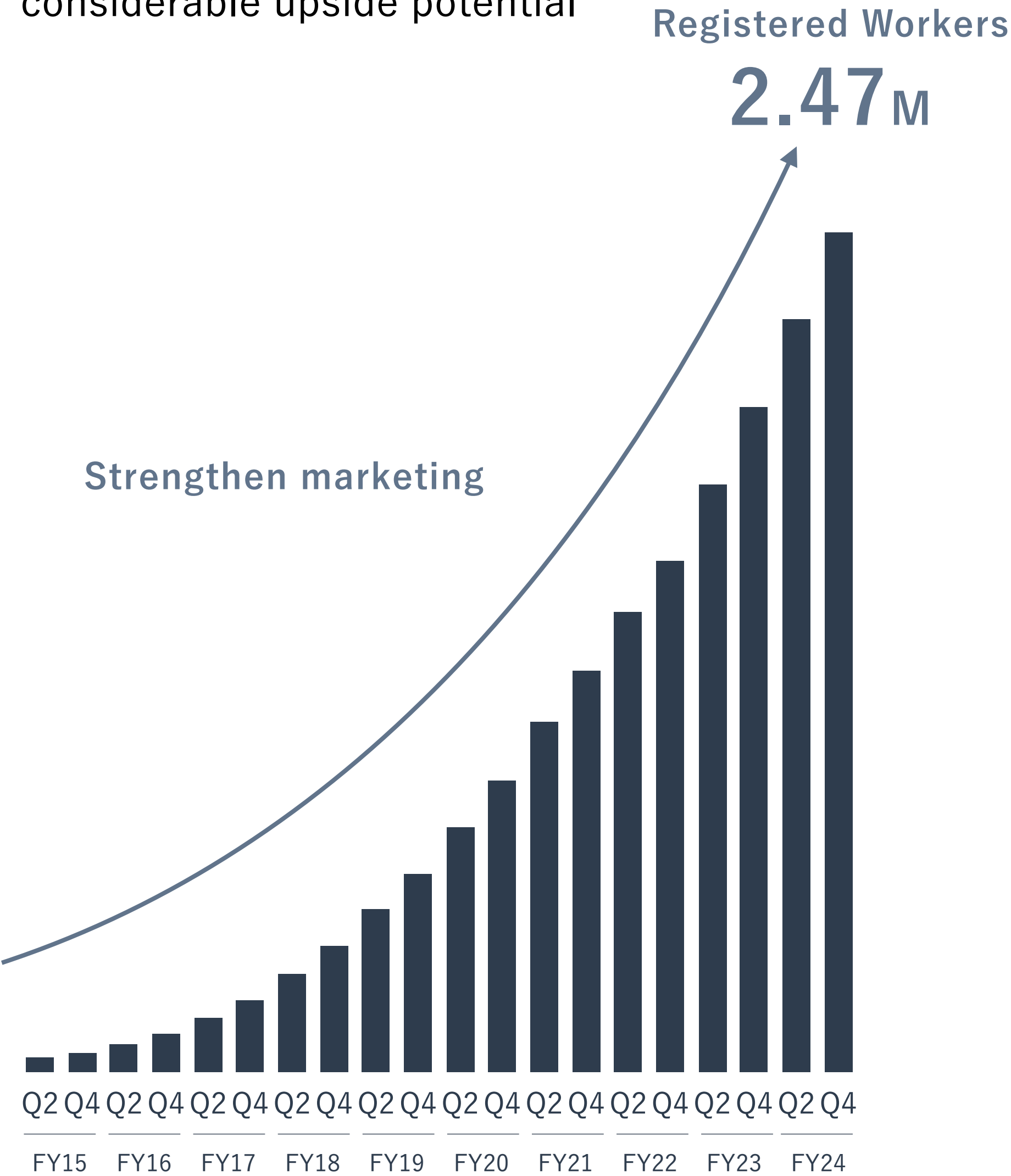
Maximize Number of Customers

- There are 1.1 million⁽¹⁾ target customers in Japan, thus continue to see sizable upside potential

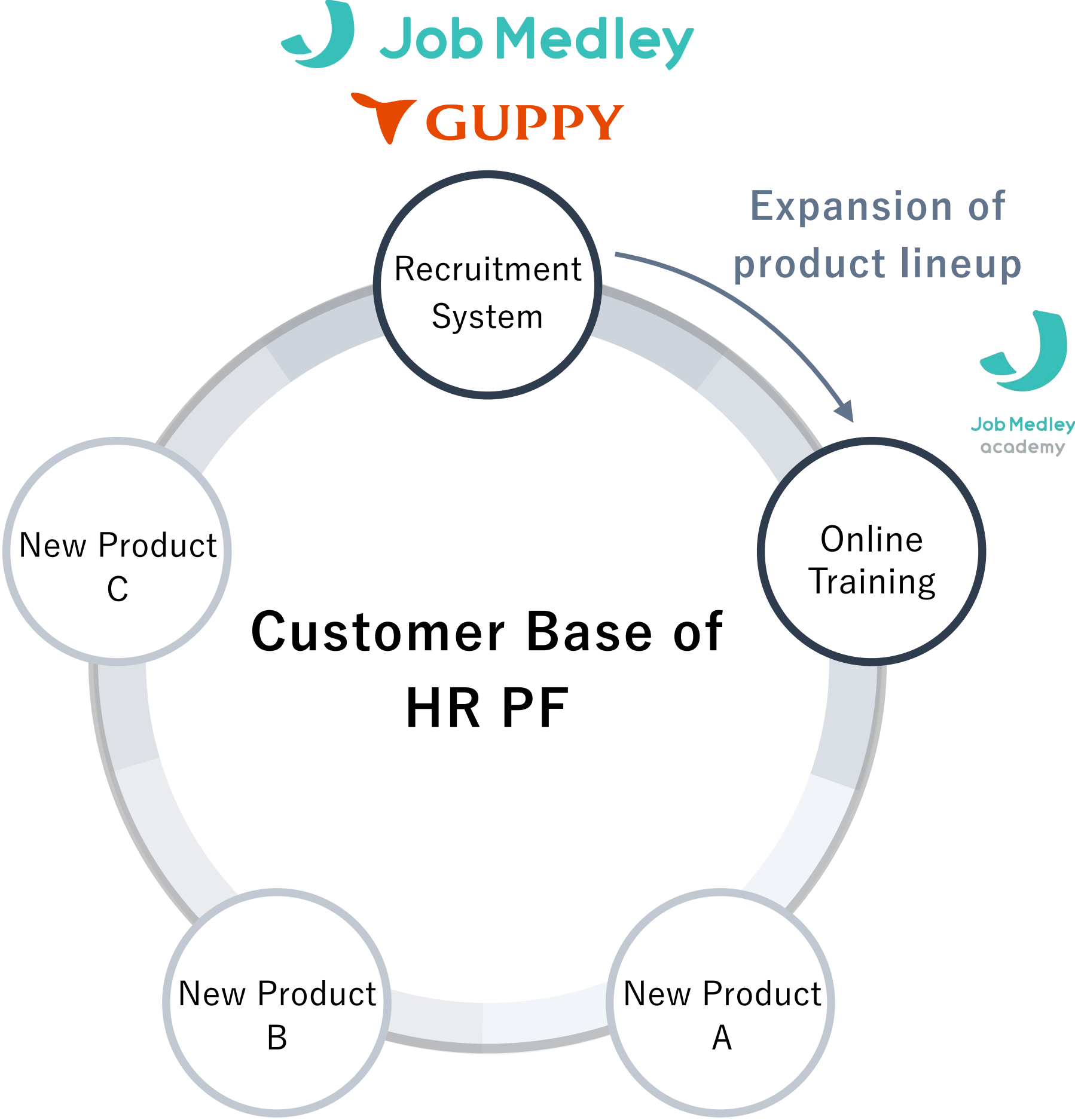


Improve ARPU

- There are over 10 million⁽¹⁾ medical industry workers in Japan, thus continue to see considerable upside potential



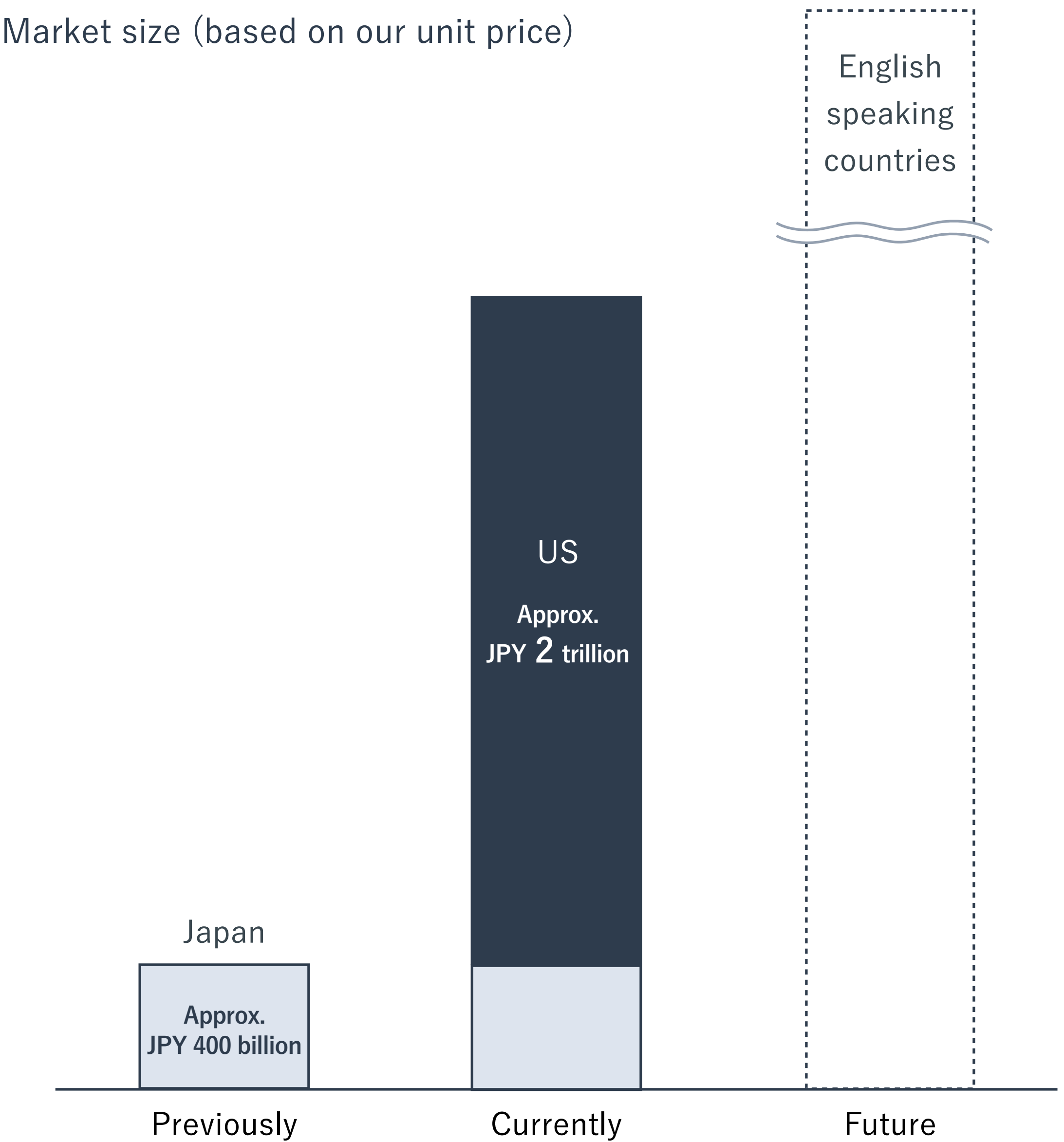
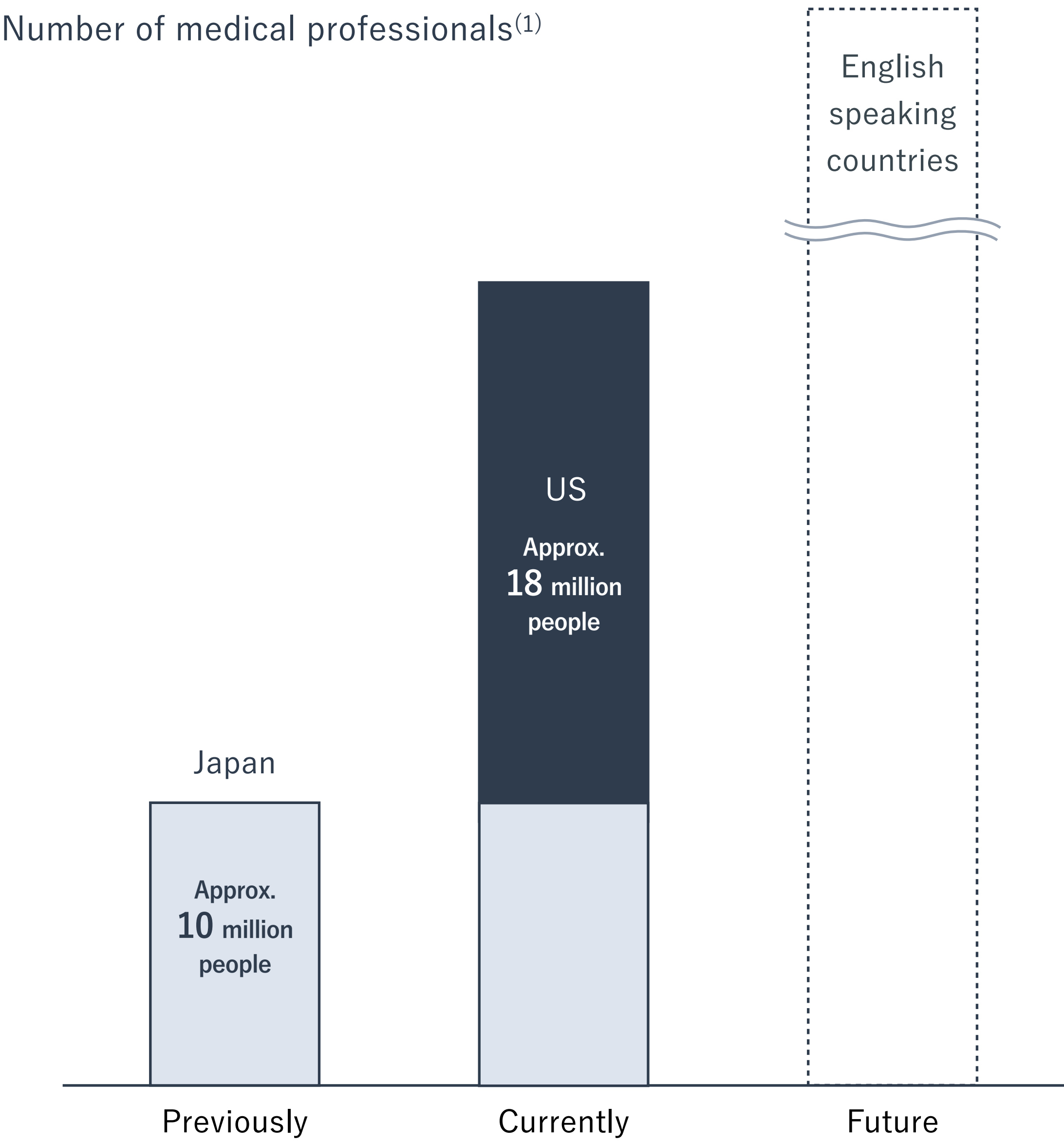
- Leverage the customer base for our recruitment systems and promote digitalization of related operations such as online training, etc.



(1) Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications etc. statistics

In the HR PF Business, as part of our first overseas business, we are expanding our TAM in the US market. By combining development and operations in Japan and the Philippines, where labor costs are lower than in the US, we aim to achieve better performance on business investments than that achieved in Japan alone. Our basic plan is to first make US operations profitable and then expand operations to other English-speaking countries.

Expansion of TAM⁽¹⁾



(1) For Japan: Based on the average annual hiring rate for “medical and welfare” and “lifestyle-related services” categories (approximately 14% for medical and welfare and approximately 29% for lifestyle-related services, total of approximately 1.73 million persons) in the FY2022 Survey on Employment Trends and the average unit cost per hire for JobMedley for each job category. For the US: Our estimates are based on publicly available information. (Assuming \$1=JPY150)

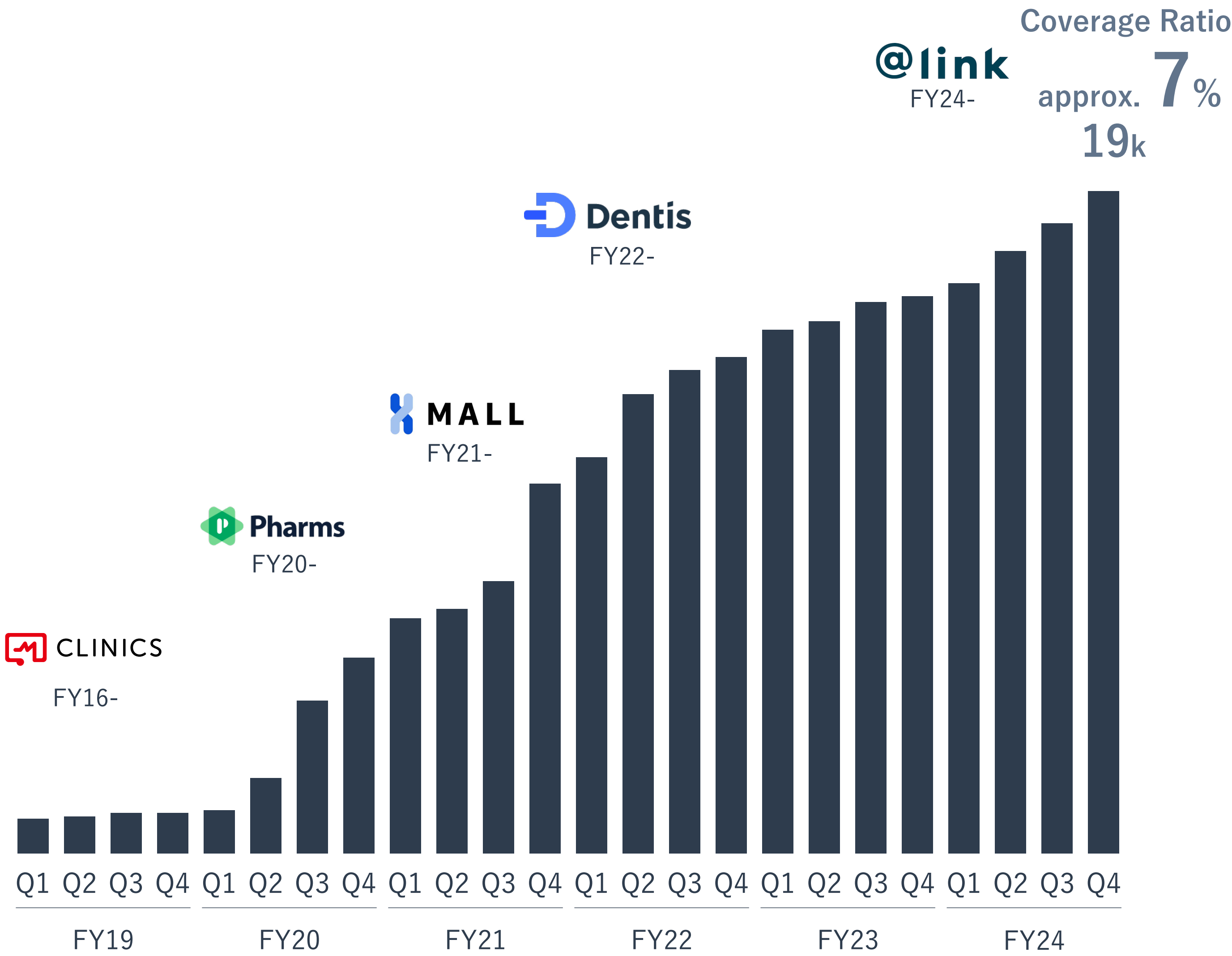
Medical PF: Improved ARPU via Synergy with HR PF Business Customer Base



In the Medical PF Business, we help our customers improve operational efficiencies, as well as contact with patient by use of digital technology. We are currently focused on developing SaaS products and, in addition to leveraging the customer base of our HR PF Business to expand the number of customer offices, we are improving ARPU by strengthening our product lineup.

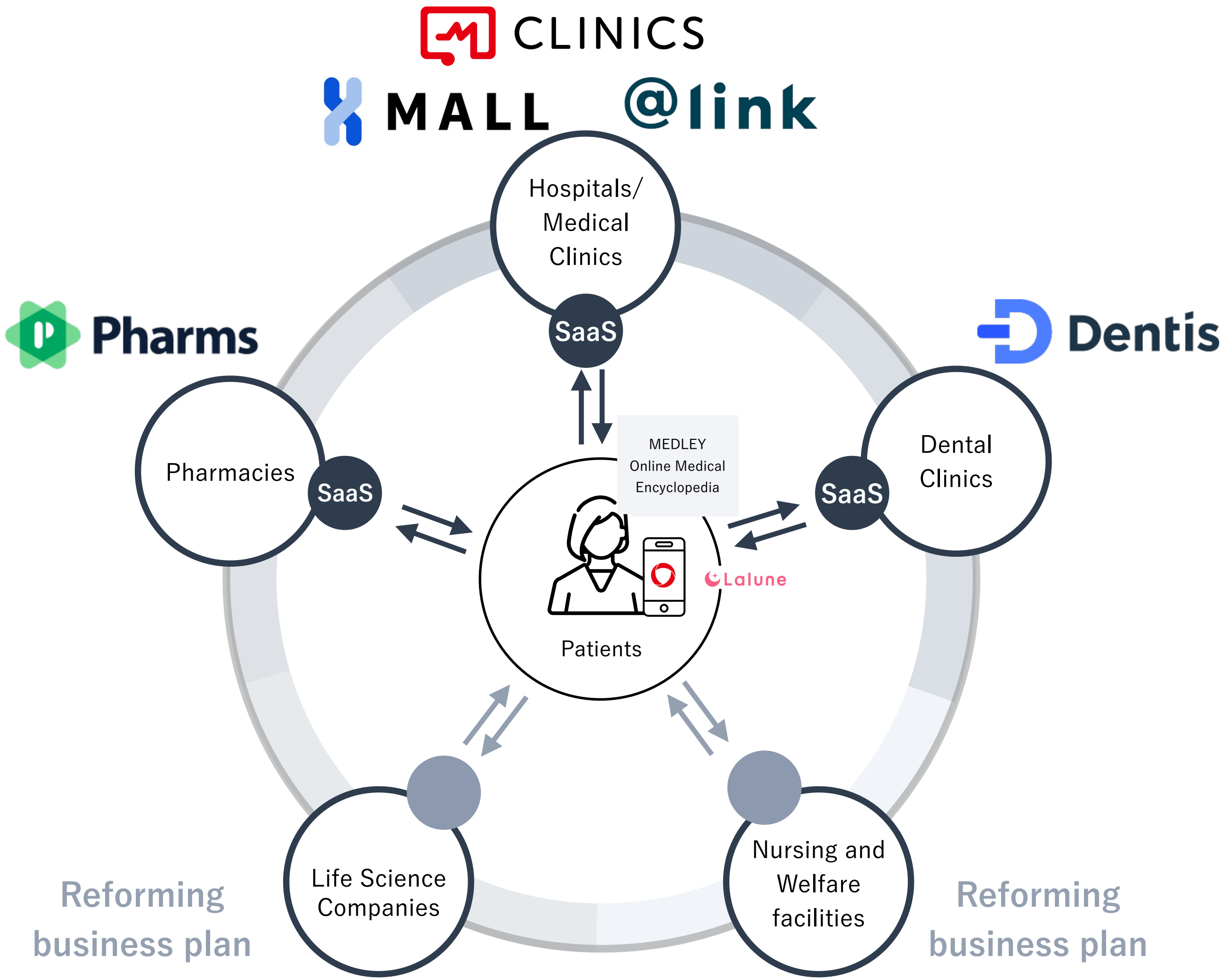
Maximize Number of Customers

- Target customer base has sizable upside potential with roughly 260k⁽¹⁾ hospitals, clinics, pharmacies, and dental clinics
- Conducted sales promotion that leveraged synergies with the customer base of HR PF Business



Improve ARPU

- Room for improvement of boosting efficiency of medical institutions' operations and enhancing patients' experiences by strengthening our product lineup

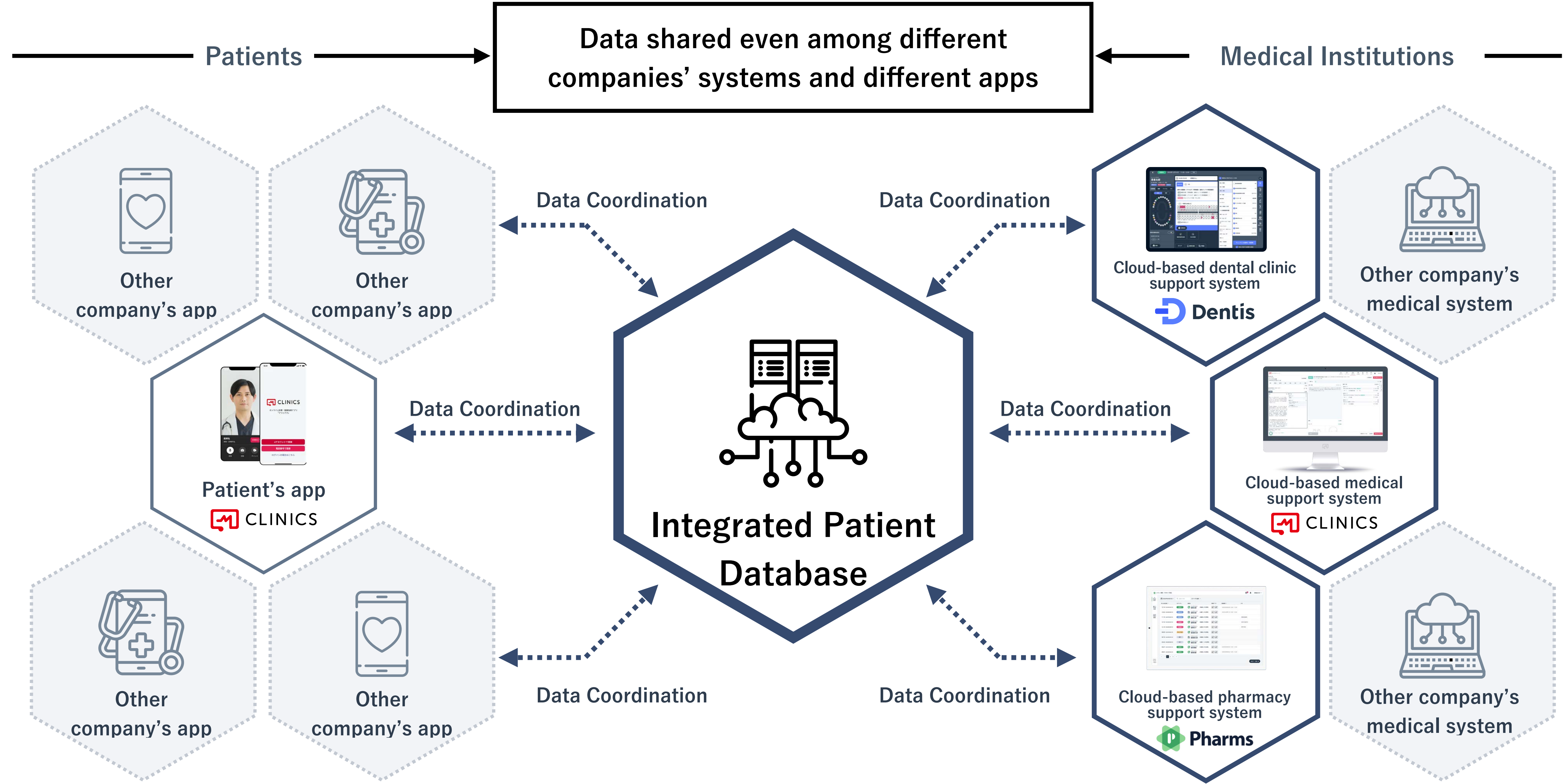


(1) Ministry of Health, Labour and Welfare statistics

Medical PF: Product Development Using Integrated Patient Database as a Core Technology

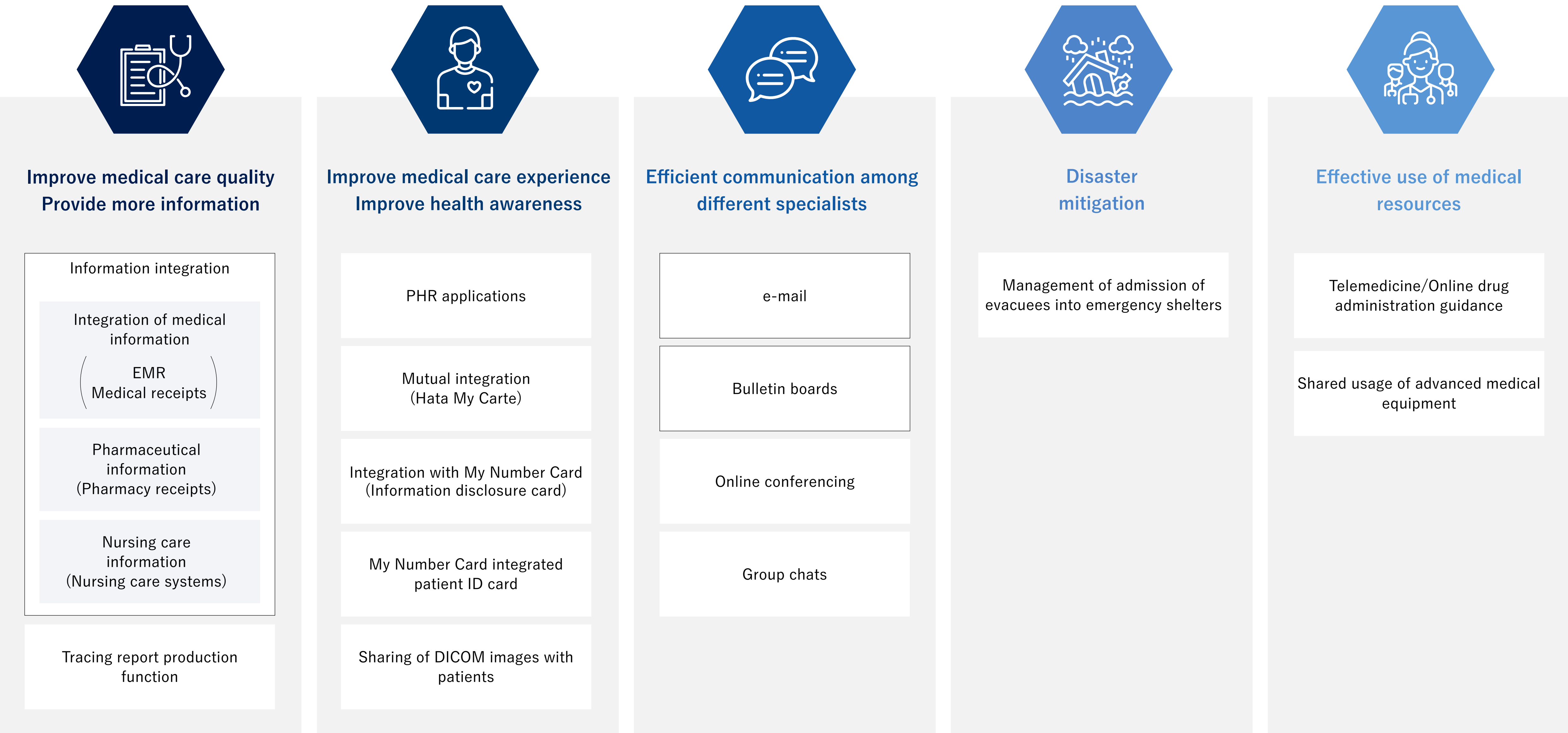


Many of the products provided by Medical PF Business use as a core technology our patient integration platform, which allows the sharing of medical data between different medical systems and applications used by patients (Japanese patent registration number 6921177). We will raise the overall efficiency of medical services by improving patient access to medical healthcare services.



One of the unique features of our customer base is that it covers over 35% of medical and welfare offices from a wide range of categories including hospitals, clinics, pharmacies, and nursing care and public welfare facilities. We will leverage our customer base to help increase the efficiency of regional medical coordination.

Example of Hatamarunet, the special medical zone of Hata district (Kochi prefecture)



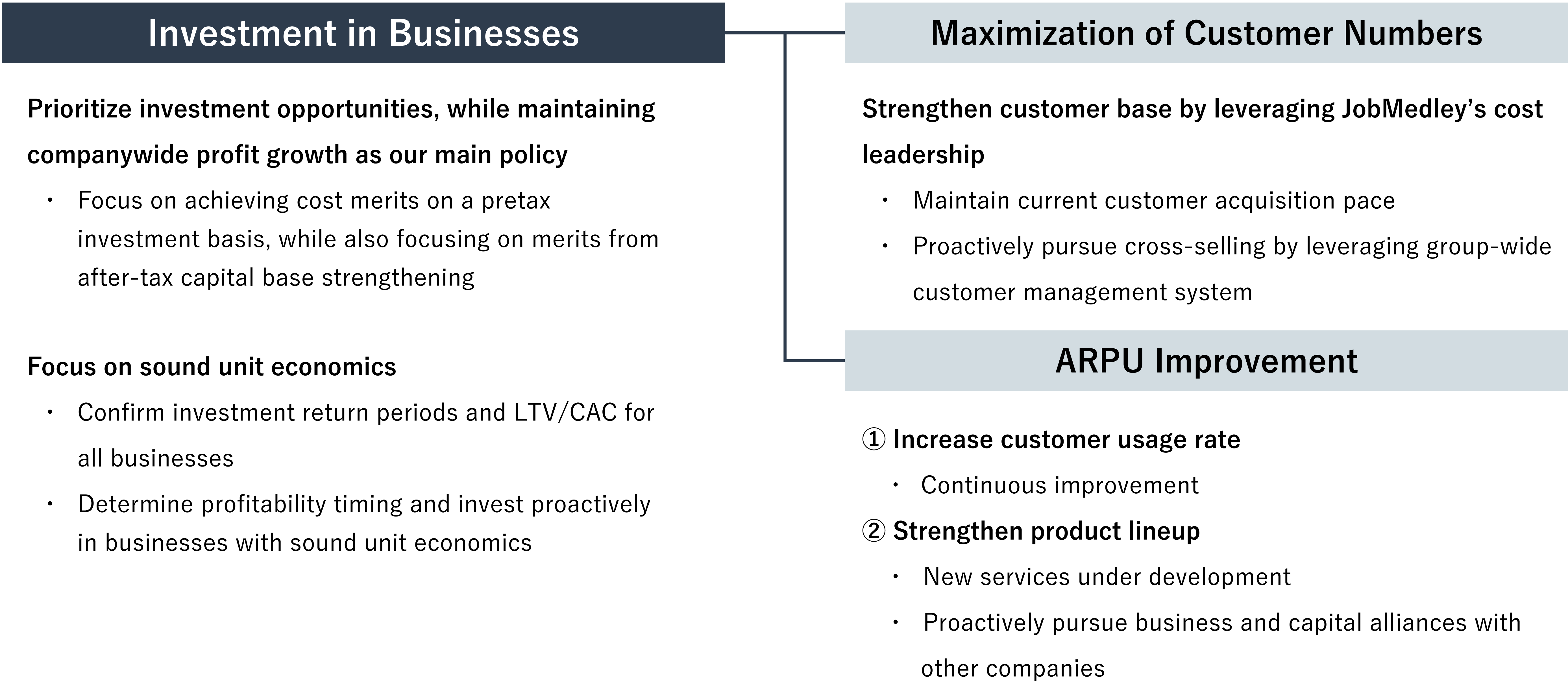
In order to reach our mid-term targets ahead of schedule, we will proactively invest capital secured via operating cash flow and interest-bearing debt into our business and acquisitions, while keeping companywide profit growth as our principal policy. That said, if attractive investment opportunities arise, we will prioritize these opportunities over profit growth.

Priority (in principle)	Uses of funds	Sources of funds
	A Investment in businesses • Prioritize investment opportunities, while maintaining companywide profit growth as our main policy - Make use of cost merits on a pretax investment basis • Maximize number of customers and achieve ARPU growth - Continue to leverage cost leadership of JobMedley - Improve utilization rate and product lineup	C Operating cash flows from profitable businesses • Establish target timetable for bringing loss-making businesses into the black and systematically increase operating cash flow - Focus on sound unit economics
	B M&A • Focus on synergy - Sizable customer base - Internet product development knowhow - Digital marketing knowhow • PMI based on our Global One initiative	D Debt • Take full advantage of financing opportunities presented by very low interest rates in Japan and our business model focused on stable, recurring sales
	Share repurchase • Flexible investments based on factors such as our share price, market conditions, cost of capital, and our financing capacity	D Equity • Equity financing will be conducted based on factors such as our share price, market conditions, and whether it is necessary to procure capital in order to reach our mid-term targets

A: Investment in Growth Targeting Maximization of Customer Numbers and Improvement of ARPU



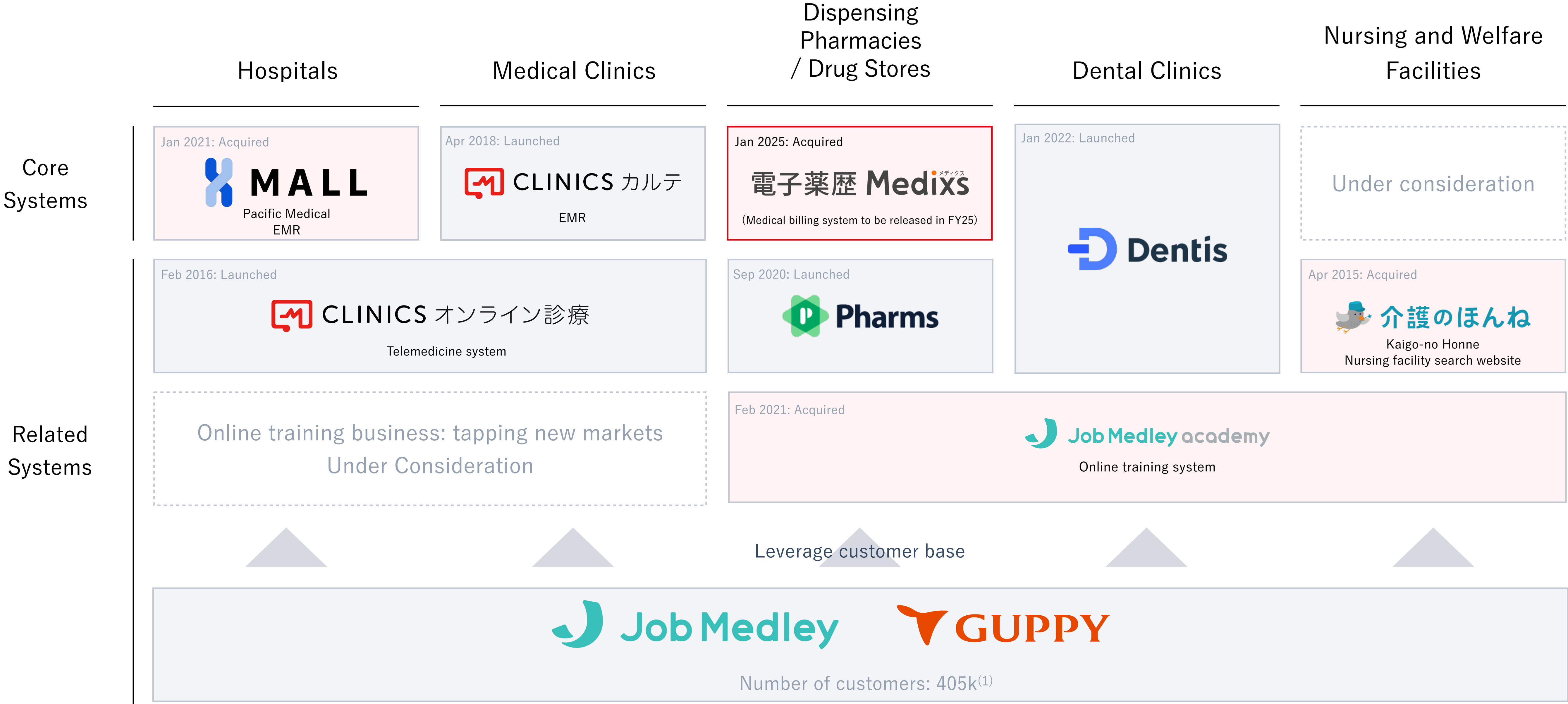
We will proactively invest capital secured via operating cash flow and interest-bearing debt, while keeping company-side profit growth as our main policy. That said, if attractive investment opportunities arise, we will prioritize these opportunities over profit growth.



B: Promoting Digitalization in the Healthcare Sector Through Synergy-Focused M&A

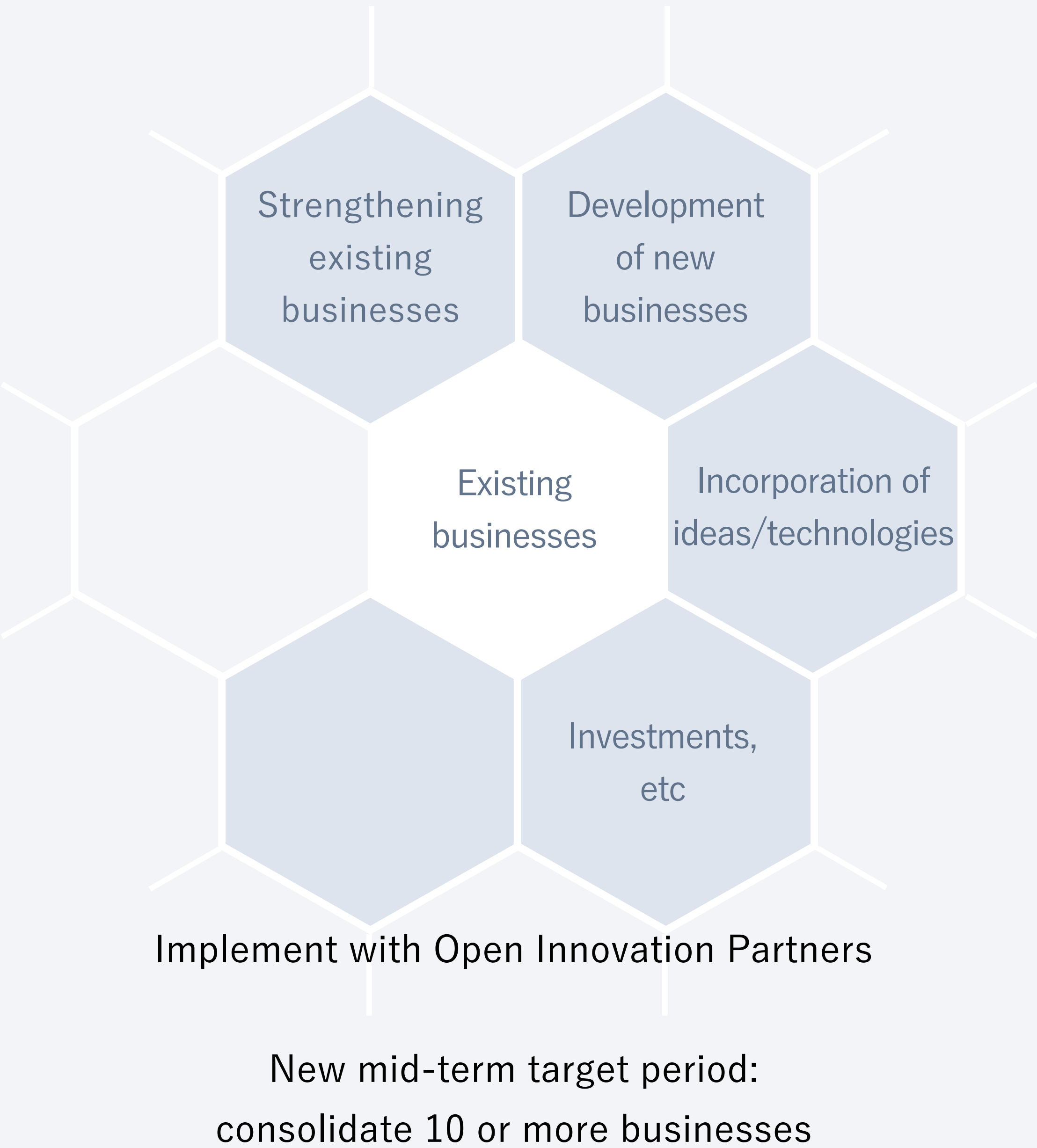


We view M&A as an important growth driver. Our group companies will work together to promote digitalization by focusing on creating synergies utilizing our robust customer base in the healthcare sector.



(1) As of end of December 2024

In order to accomplish our mission of “Creating the future of medical healthcare”, we will strengthen our open innovation initiatives. We define open innovation as sparking innovation by leveraging the business/research assets and knowledge of outside companies and individuals such as researchers, entrepreneurs, and experts. During the period covered by our new mid-term target, we will use open innovation to consolidate 10 or more businesses.



Main Goals

- Initiatives to strengthen the HR PF and Medical PF segments
 - Development and supply of products from our partner companies that are not specifically designed for use in the medical healthcare field
 - Consigned development of new products and functions based on our portfolio concept, as well as businesses based on these products and functions
- Development of new business segments that we will manage in the future
- Secure access to other ideas and technologies that we lack
- Make investments related to the above (minority stakes)

Examples of resources that can be used by partner

- Outreach to our customer base in the medical healthcare field
- Access to test marketing venues and requests for cooperation from potential customers
- Technological resources including patient integration infrastructure
- Knowledge sharing related to our corporate design
- Temporary support and recruitment assistance for development and business activities

We will develop a wide range of systems necessary to create the future of medical and healthcare so that patients can take full advantage of medical care, medical institutions can operate efficiently, and administrators can optimally allocate medical resources. We plan to develop our business based on three development pillars: in-house development, M&A, and open innovation. See below for a review of the M&A deals we have completed.

Open Innovation

Name	Start of Initiative	Investment	Status
emol inc.	Dec. 2024	Not disclosed	• Working to achieve synergies with various projects in the Medical PF Business
Medical & Technologies, Inc.	May. 2024	JPY 0.4 bn	• Working develop products that contribute to the eciency of medical providers and regional medical coordination

M&A

Name	Impacted segment	Timing of group integration	Acquisition price	Annual sales at time of acquisition	Status
AxisRoot	Medical PF	Jan. 2025	JPY 8.0bn	JPY 1.7bn	• The integration of the Medixs medication history system, which includes information on drug administration status and patient information, and Pharms, which features strong customer contacts will not only streamline operations, but also greatly strengthen our connection to patients.
ATN	New Services	Jan. 2025	JPY 1.3bn	JPY 0.9bn	• We aim to accelerate the DX in the industry with Minkai (referral services for prospective residence to nursing care facilities) and Renkei san,(the discharge coordination support system).
Offshore	Medical PF	Oct. 2024	JPY 2.6bn	JPY 1.0bn	• We plan to take measures to create synergies with projects undertaken by the Medical PF Business
GUPPY's	HR PF/New Services	Apr. 2024	JPY 11.8bn	JPY 2.4bn	• Tender offer for minority shareholders completed in March 2024; squeeze-out procedures for minority shareholders and transfer of shares from Mr. Hida implemented
Lalune	Medical PF	Feb. 2024	JPY 0.5bn	JPY 0.3bn	• Executed an absorption-type demerger agreement in Oct. 2023, and consolidated in Feb. 2024 • Creation of synergies with our business to improve patients' medical access
GCM	New Services	Sep. 2023	JPY 0.5bn	JPY 0.1bn	• We aim to leverage customer base to further expand the business • Utilizing technology to improve the efficiency of business operations
Tenxia	HR PF	Sep. 2022	JPY 0.1bn	JPY 0.1bn	• Implementing initiatives to generate long-term synergies with recruitment system • Integrated into Medley in February 2023
minacolor	Medical PF	Oct. 2021	-	-	• Jointly operated with NTT DOCOMO starting in 2022 via a joint venture. <u>Sold our stake on Feb. 21, 2024</u>
MEDiPASS	HR PF/Medical PF/ New Services	Feb. 2021	JPY 1.5bn	JPY 1.2bn	• Integrated online training business with Medley in January 2022, improved core functions, and developed multilingual support • <u>Sold in January 2025</u>
Pacific Medical	Medical PF	Jan. 2021	JPY 0.8bn (80%)	JPY 0.6bn	• Strengthened sales and marketing of EMR systems to small-and-medium-sized hospitals • Leveraged existing assets to develop MINET, a regional medical cooperation and group management system for medical corporations
Proof-of-concept testing	Medical PF	Dec. 2020	-	-	• Ownership of facilities where proof-of-concept testing for Pharms system for pharmacies was conducted contributed considerably to development of Pharms • As facilities where proof-of-concept testing is conducted must serve as models for the future, we are considering retaining ownership of other facility formats
Other	Medical PF	Jun. 2020	JPY 0.1bn	-	• Acquired knowhow and customer accounts by securing EMRs of other companies. Partial transfer of EMRs completed
Source code of dental billing system	Medical PF	Aug. 2019	JPY 0.1bn	-	• Leveraged knowhow to completely rebuild system assets acquired in 2019 and released new system Dentis in January 2022
NaCI MEDICAL	Medical PF	Mar. 2019	JPY 0.5bn	-	• Made progress in development of new cloud-based medical billing system software and merged the company with Medley

C: Increase Operating Cash Flow by Making Loss-making Businesses Profitable in Line with Our Plans



We focus on our companywide sales growth rate. For individual businesses, we not only make commitments regarding sales growth rates, but we also set target years for bringing lossmaking businesses into the black and will increase operating cash flow in line with our plans. Medical PF became profitable on FY2024, however, the timing of the turnaround for CLINICS EMR and Kaigo no Honne was pushed back by one year due to delays in ARPU improvement.

Cash generation phase: Positive operating cash flow
Profitability phase: Operating cash flow negative, but unit economics sound (return on investment expected)
Commercialization phase: Creation of business model targeting generation of operating cash flow, unit economics carefully monitored

	Profitable in FY2024	In the red in FY2024	
	Cash generation phase	Profitability phase	Commercialization phase
HR PF	  		
Medical PF	 CLINICS オンライン診療 Telemedicine system   Expected to turn profitable in FY26 Expected to turn profitable in FY26	 CLINICS カルテ EMR  Launched in January FY22 Business for dental clinics	 - Preparation for next phase - No expansion of losses
New Services	Expected to turn profitable in FY25 Factoring business		Recruitment System in the US EMR for Acute Care Hospitals

Operating cash flow produced by our businesses is on a rising trend owing to business expansion and margin improvement in our existing businesses. We estimate that our investment capacity (including additional borrowing capacity) will be approximately JPY 90 billion during the period covered by the new mid-term target and we expect to be able to take advantage of attractive investment opportunities.

Current financial position and outlook for investment capacity

Consolidated balance sheet as of December 2024 (unit: million JPY)

- Operating cash flow continues to rise and **we expect to generate total operating cash flow of over JPY 40 billion during the mid-term target period.**
(FY24 actual: JPY 2.4bn)
- Our investments will include M&A mainly focused on potential synergies
- Funds available for investment during the the mid-term target period **total roughly JPY 40 billion assuming no additional capital procurement**
(FY24 actual: JPY 15.2bn)

Cash and deposit 18,996	Debt 15,304
	Other liabilities 9,676
Goodwill, etc. 16,634	Net assets 20,219
Other assets 9,570	

- Owing to our focus on cost of capital, we plan to **prioritize debt financing over equity financing.**
- Factoring in accumulation of net assets from profit achieved during the period covered by the mid-term target and assuming that we maintain a debt-to-equity ratio below 1.0x, we have additional borrowing capacity of **approximately JPY 50 billion.**
(FY24 actual: JPY 15.7bn)

Capital ratio: 44.7%, D/E ratio: 0.76x

HR PF:
**Success-fee-based Hiring Support System
for Medical / Healthcare Industry**



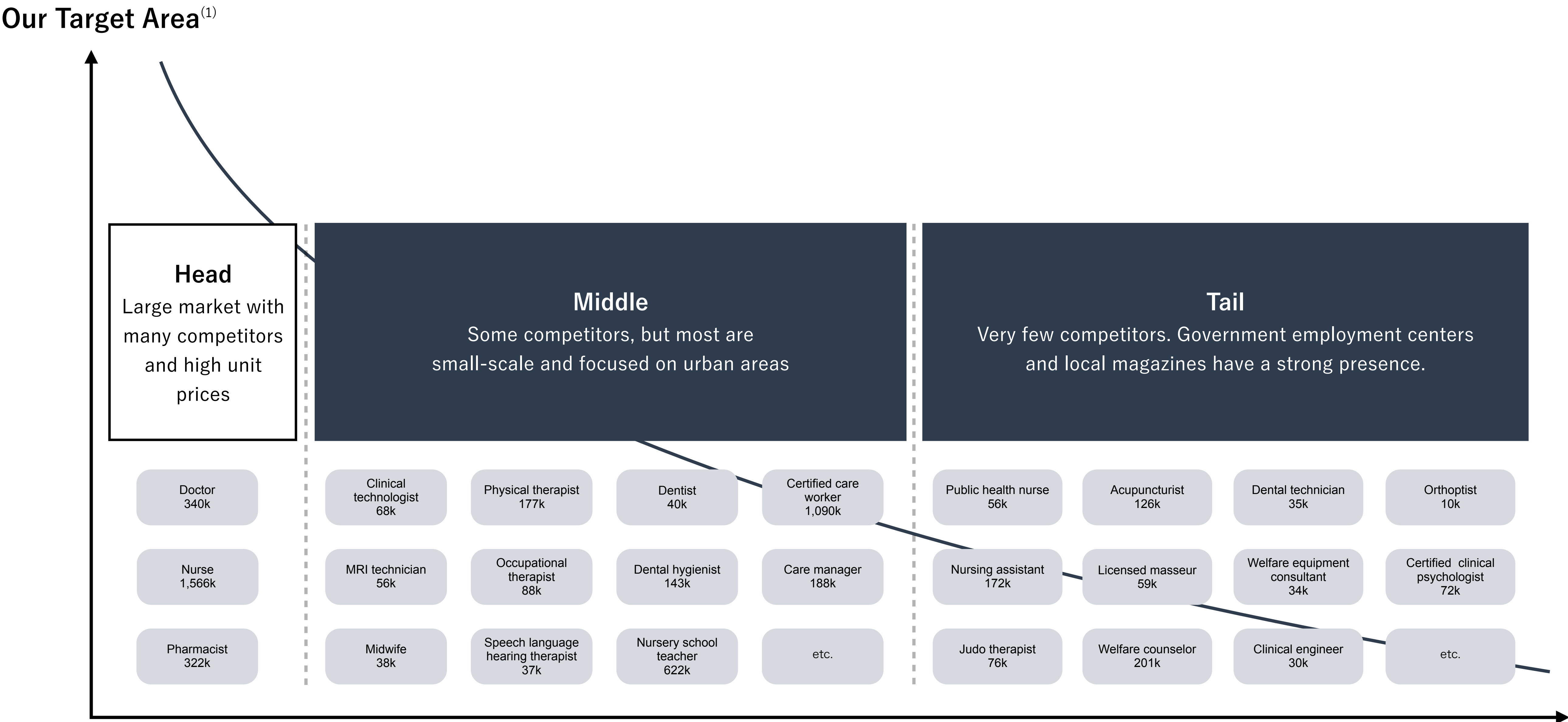
JobMedley is a recruitment system used by businesses (mainly medical institutions) in the nursing, childcare, and healthcare fields. Recruitment information for over 50 types of qualified professionals can be entered into the system and placement fee is charged when a placement is successfully made. The placement fee varies depending on the occupation type and hiring classification.



HR PF:
Industry Has a Long-tail Structure:
Our Strengths Are in the Middle and Tail Segments



Out of the 10 million workers in the medical/beauty healthcare industry, 22% are doctors, nurses, and pharmacists, who are highly competitive in terms of job placement. On the other hand, there are few competitors in the remaining 78% - the middle and tail segments - where we have captured a leading market share. We currently have over 2.4 million users in more than 50 occupations registered in our platform and we have seen expansion in the Head segment in recent years.



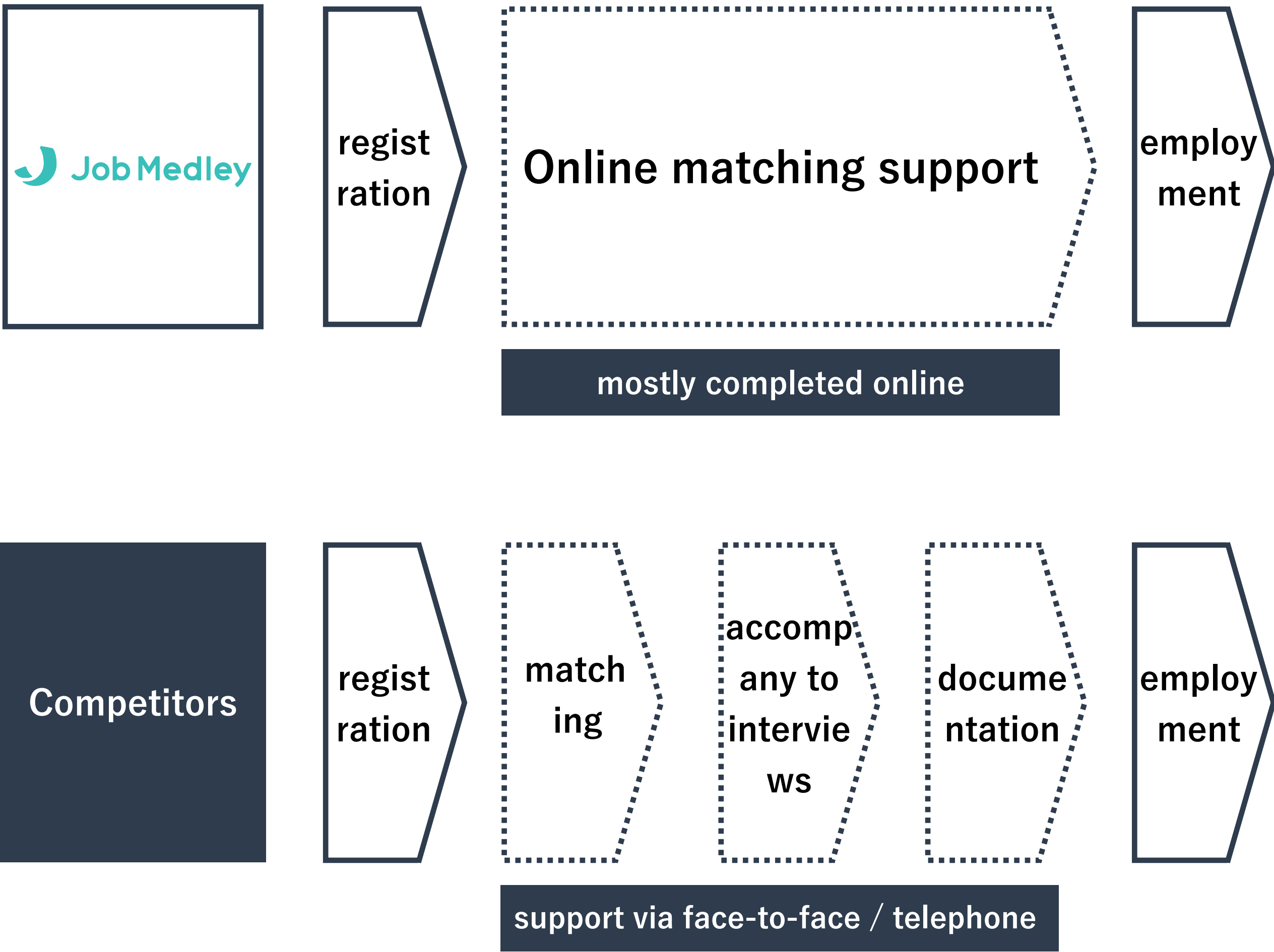
(1) Ministry of Health, Labour and Welfare statistics

HR PF:
Low-cost Structure Gives Advantages in Terms of Pricing

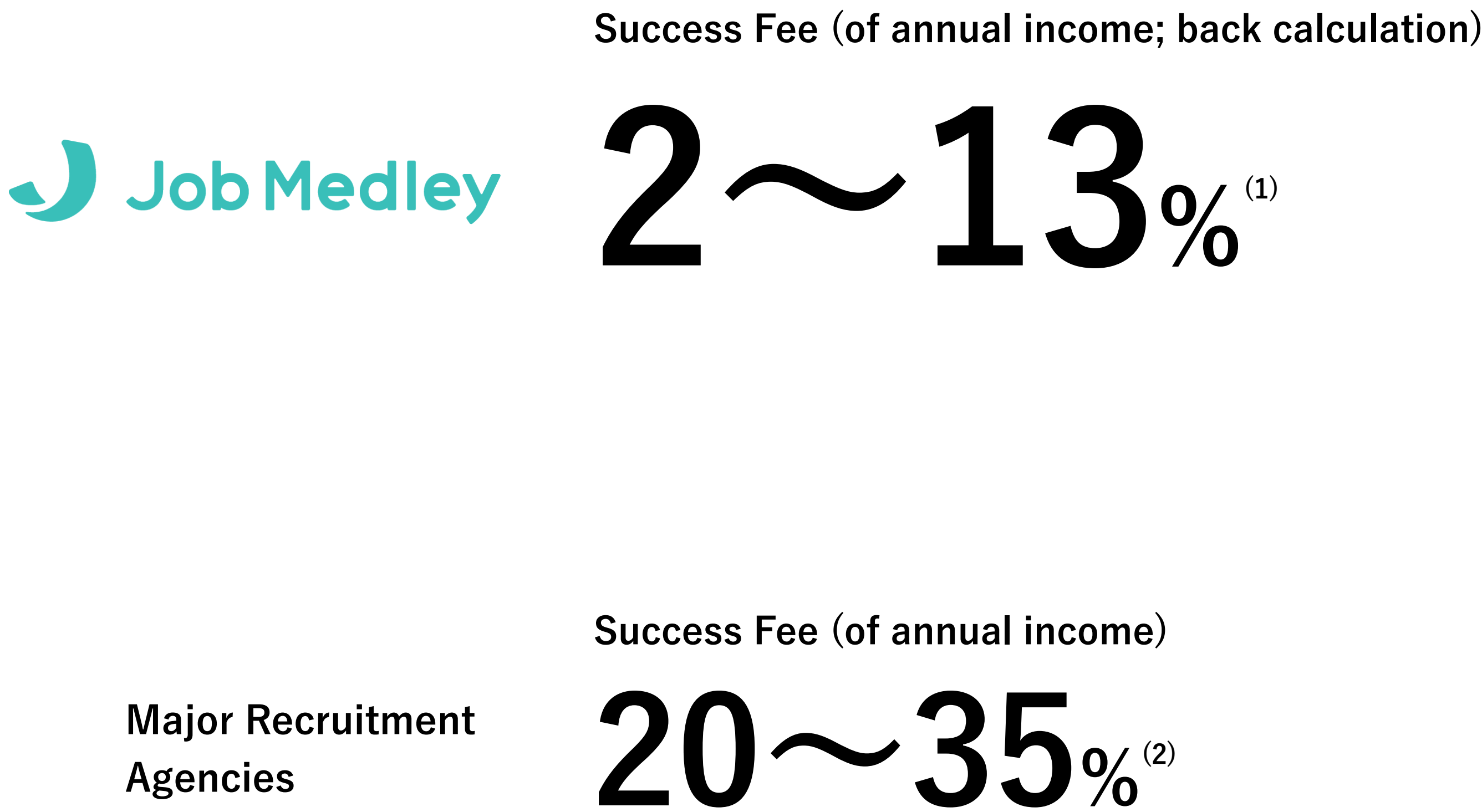


JobMedley covers more than 50 different types of medical/healthcare occupations, and recruitment success fee is approximately 50 - 80% lower than the industry average. While many recruitment agencies conduct most of their business in person, JobMedley uses online support staff, thereby increasing efficiency and enabling lower fees.

Improved Efficiency by Leveraging Online Support



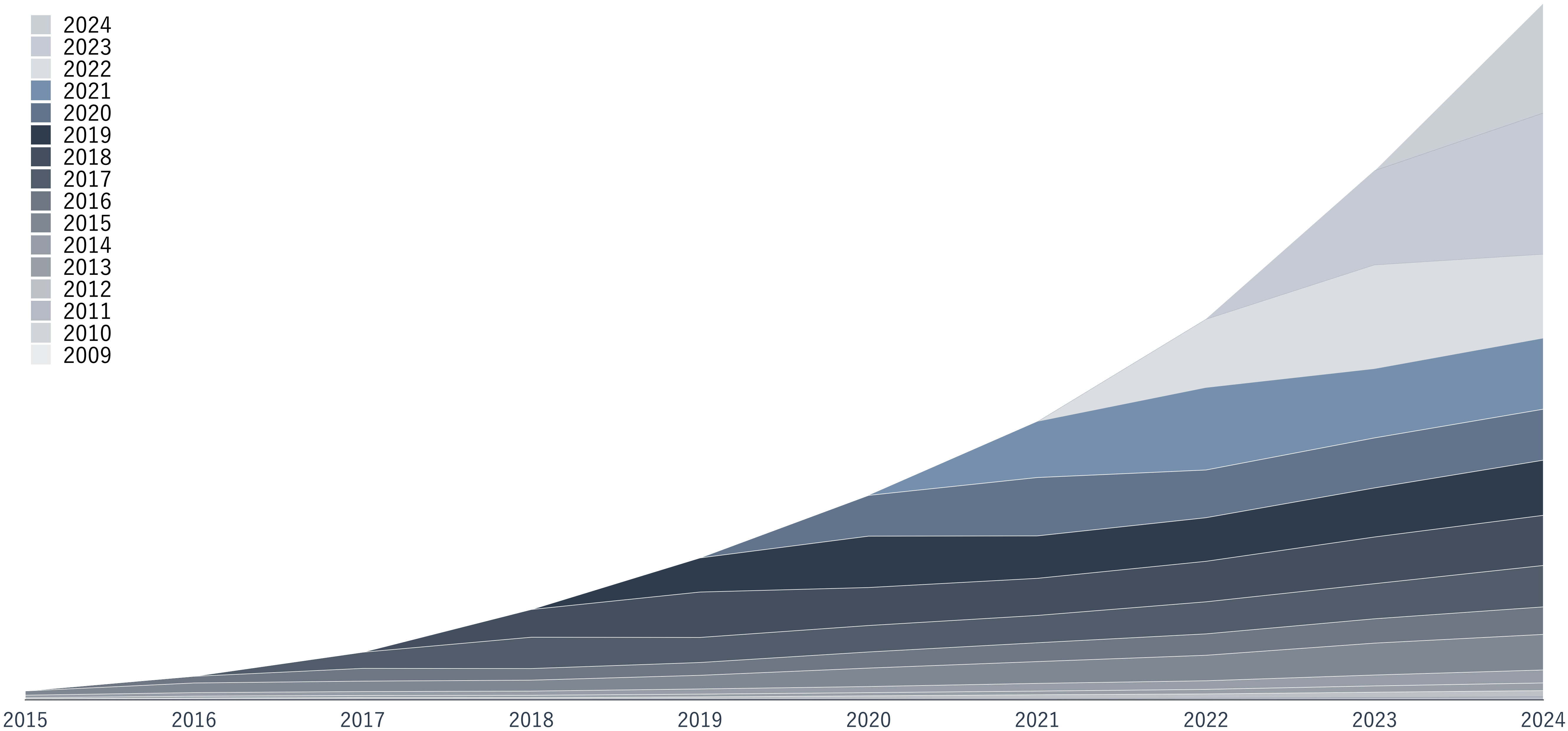
Price Advantages



(1)Ratio of our recruitment success fee to annual salary (full-time) is calculated based on the 2018 Basic Survey on Wage Structure (range of nurses, childcare professionals, physiotherapists, dentists, and caregivers).
(2) This refers to typical fees for recruitment services for occupations such as doctors, nurses, childcare professionals, physical therapists, dentists, and care workers among the 53 occupations we handle. (Some recruitment services employ different methods for setting success fee amounts that are different from that described above.)

We are building a stable customer base by encouraging customers to become repeat users of JobMedley. Recently acquired customers are making extensive use of our scouting functions. This has boosted the ratio of applicants per job offering and contributed to sales growth.

Sales by Customer Acquisition Year ⁽¹⁾

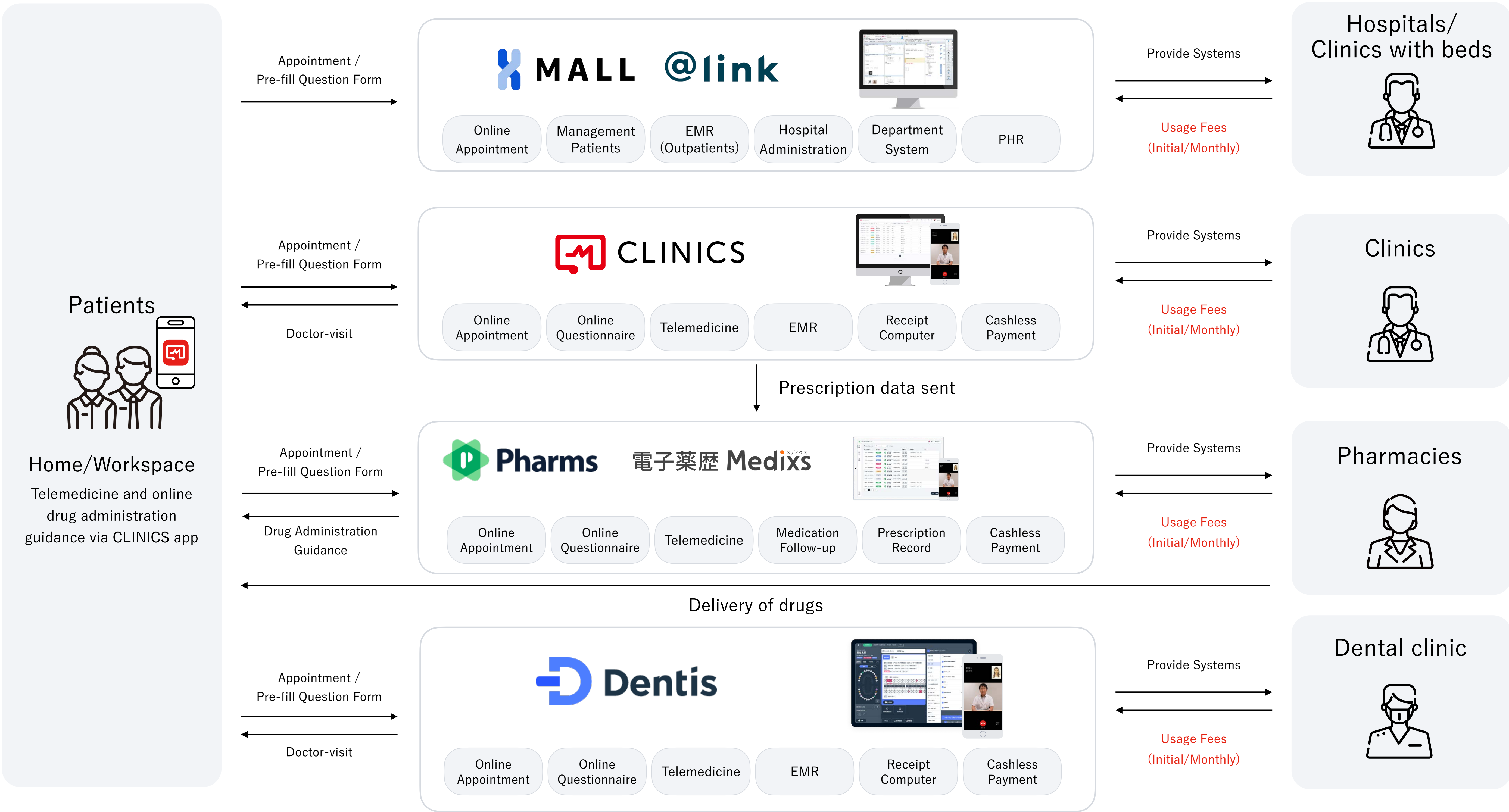


(1) Based on per-customer monthly orders/sales value data.

Medical PF:
Earnings Model: Platform Fee From Medical Institutions



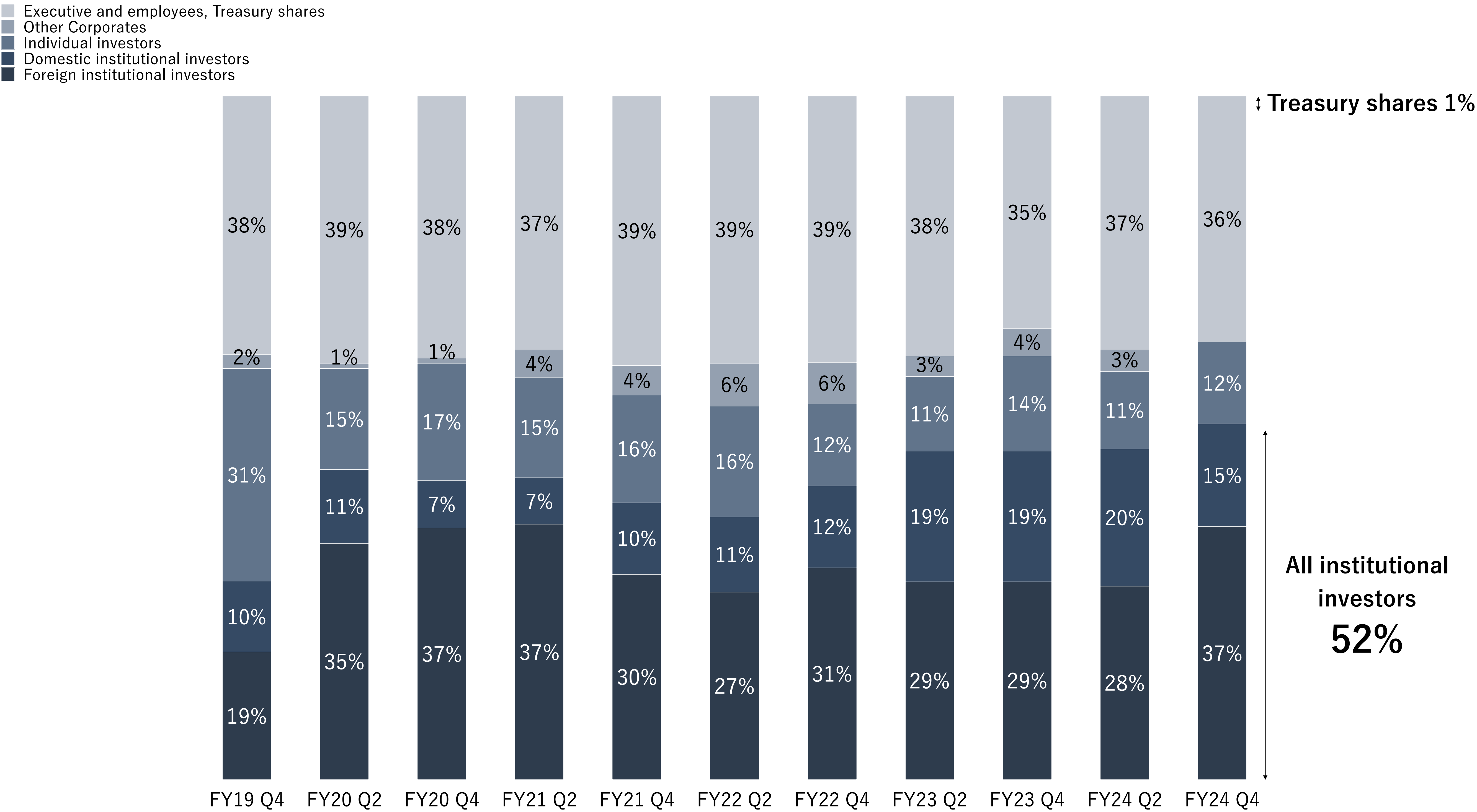
These products employ an earnings model whereby it receives system usage fees from clinics, hospitals, pharmacies, and dental clinics. Usage fees include initial fees for installation and monthly fee payments. These systems and CLINICS app offer patients a seamless online and offline medical experience from treatment to drug administration guidance.



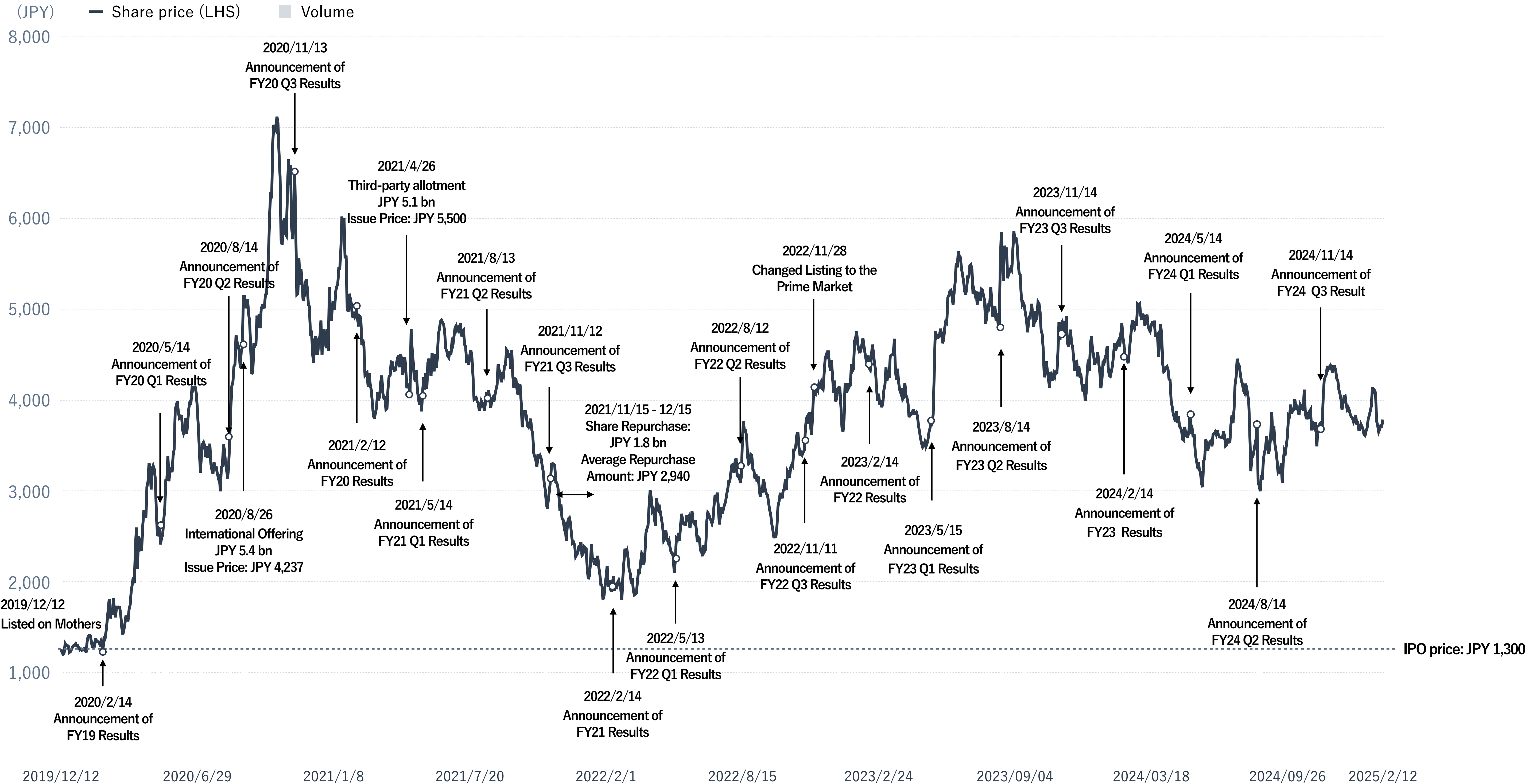
Change in Ratio of Ownership



The ratio of institutional investors, mainly overseas institutional investors, accounts for 52% as of end-December 2024. We will continue to endeavor to provide robust disclosure that helps both institutional and individual long-term investors make investment decisions.



Historical Share Price



We prioritize issues to be addressed (materiality) in order to meet the expectations and demands of our stakeholders. Our materiality is determined based on issues directly related to our mission, “Creating the future of medical and healthcare”. By working to solve these critical issues, we strive to continuously contribute to society while increasing enterprise value.

Creating the Future of Medical and Healthcare

Solutions for social challenges through our businesses

Promotion of digitalization in medical and healthcare industry



For medical providers

- Streamlining operation through internet products
- Solving lack of workforce in medical and healthcare field



For patients users

- Provision of medical information
- Supports in utilizing medical services



For government & communities

- Participation in proof-of-concept testing/information provision
- Supports for disaster areas
- Supports for infection prevention measures

Fundamentals backing our businesses

Ensuring information security and privacy protection

Promotion of diversity & inclusion

Strengthening of governance

- Ensuring information security
- Privacy protection of users

- Promotion of hiring and active participation of diverse human resources

- Strengthening of corporate governance

For more information, access our corporate website.



Creating the Future of Medical and Healthcare