



Presentation Material for FY2025 Q2 Financial Results

Medley, Inc.

August 14, 2025

Disclaimer

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FY2025 Q2 Results

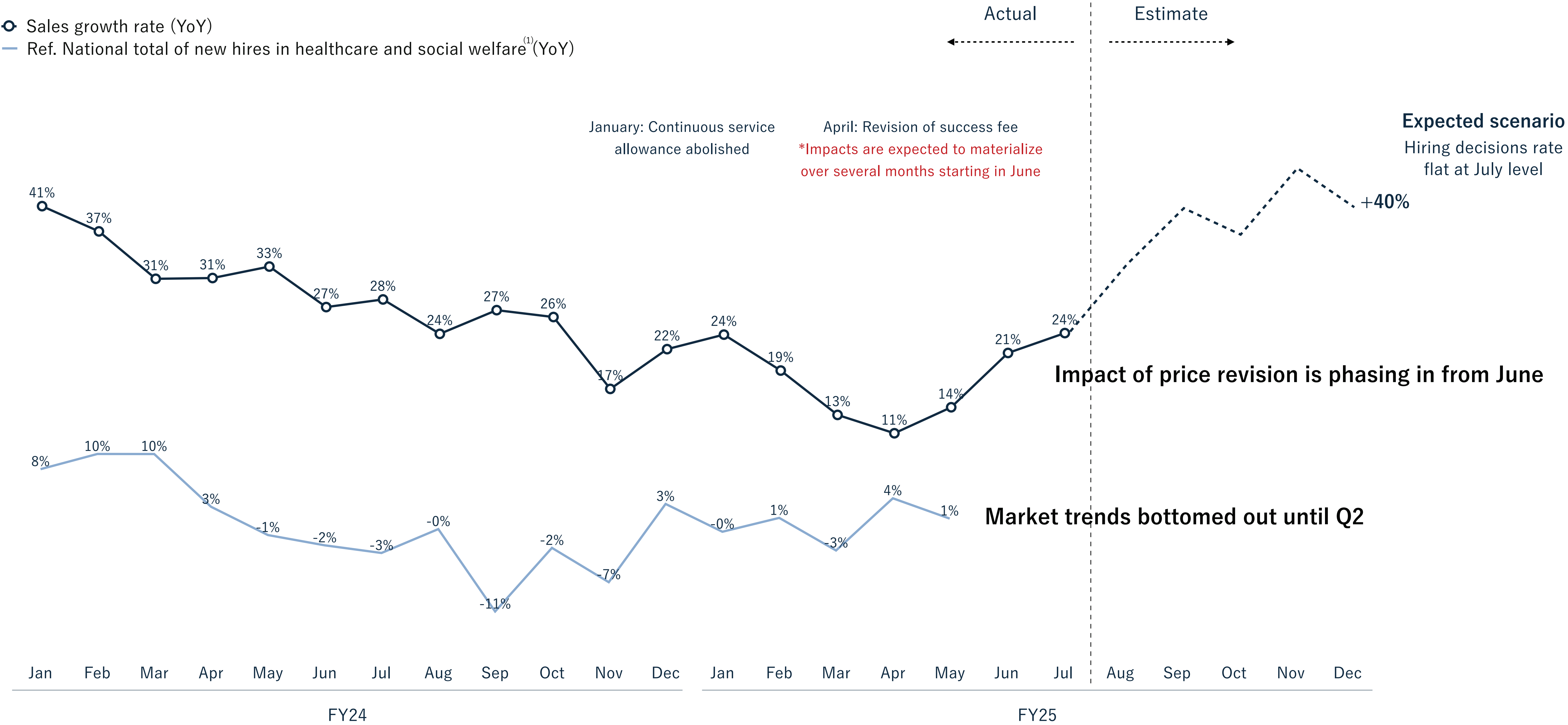
- **Q2 sales fell short of expectations at 10.3 billion yen (YoY +18%), but bottoming out was confirmed (see next slide)**
 - HR PF: Despite a temporary slowdown in JobMedley's sales growth (YoY +14%), the July results confirmed that sales had bottomed out (YoY +24%, see next slide)
 - Medical PF: Despite concentration of resources on business renewal, Q2 sales progressed steadily (YoY +30%)
- **EBITDA margin in Q2 was 22% (YoY -6%pt), weighted toward H2 as expected**
 - HR PF: "Ratio" of advertising, etc. increased (YoY -6%pt) due to a downward swing in the hiring decisions rate.
 - Medical PF: Reduction in the personnel costs to sales ratio due to sales growth and increased system efficiency (YoY +4%pt)

FY2025 Forecast

- **We leave our full-year forecast unchanged**
 - Sales: Impact of JobMedley's price increases will materialize in H2, but there are hurdles to achieving the target
 - EBITDA and operating profit: Expect to achieve target due to cost control measures in response to lower sales

Due to market factors since mid-FY24, along with the regulatory impact of continuous service allowance in FY25 (slide 18), sales growth rate in H1 for the HR PF decelerated year-on-year. However, July's results confirmed that it has bottomed out at +24%. Sales growth rate in H2 is expected to improve due to the gradual impact of price increases. (approx. +35% YoY)

Market Trends and HR PF Sales Growth Rate (YoY, excluding M&A impact)



(1) Ministry of Health, Labour and Welfare

1. FY2025 Q2 Results

2. FY2025 Full-year Forecast

3. Investment Highlights

Summary of Consolidated FY2025 Q2 Results

JPY mm	FY24 Q2	FY25 Q2	YoY
Sales	8,760	10,325	+18%
Gross Profit	6,161	6,677	+8%
EBITDA	2,467	2,270	-197⁽¹⁾
Operating Profit	2,015	1,582	-433⁽²⁾
Ordinary Profit	2,444	1,572	-872⁽³⁾
Profit Attributable to Owners of Parent	1,541	723	-818⁽⁴⁾

(1) See slide 9 for breakdown of changes

(2) Amortization expenses for goodwill and intangible assets related to the M&A of Offshore, ATN and AxisRoot: 222 million yen

(3) Receipt of settlement fee (non-operating income) decreased from 569 million yen in Q2 FY24 to 63 million yen in Q2 FY25 (down 506 million yen YoY)

(4) In connection with merger with GUPPY's in April, we recorded a tax effect of 224 million yen based on the difference in effective tax rates between the Company and GUPPY's.

Progress at About -5% Compared to Our Initial Forecast

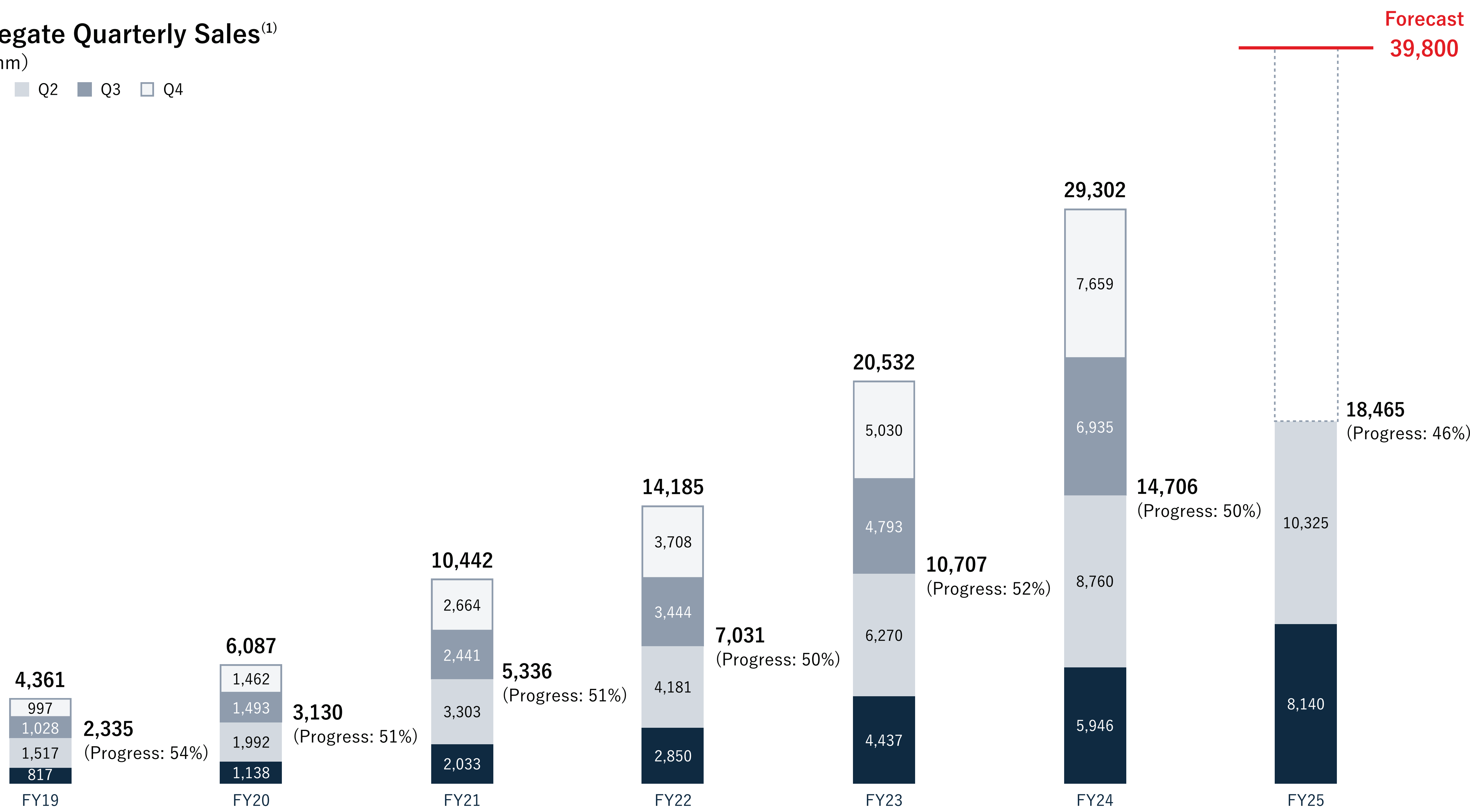


H1 2025 sales are progressing at a pace of approximately -5% compared to our initial forecast for FY2025, even when we factor in the expected positive impact from price increases in H2. We aim to achieve our initial forecast by strengthening resource allocation to strong businesses and implementing M&A during the period.

Aggregate Quarterly Sales⁽¹⁾

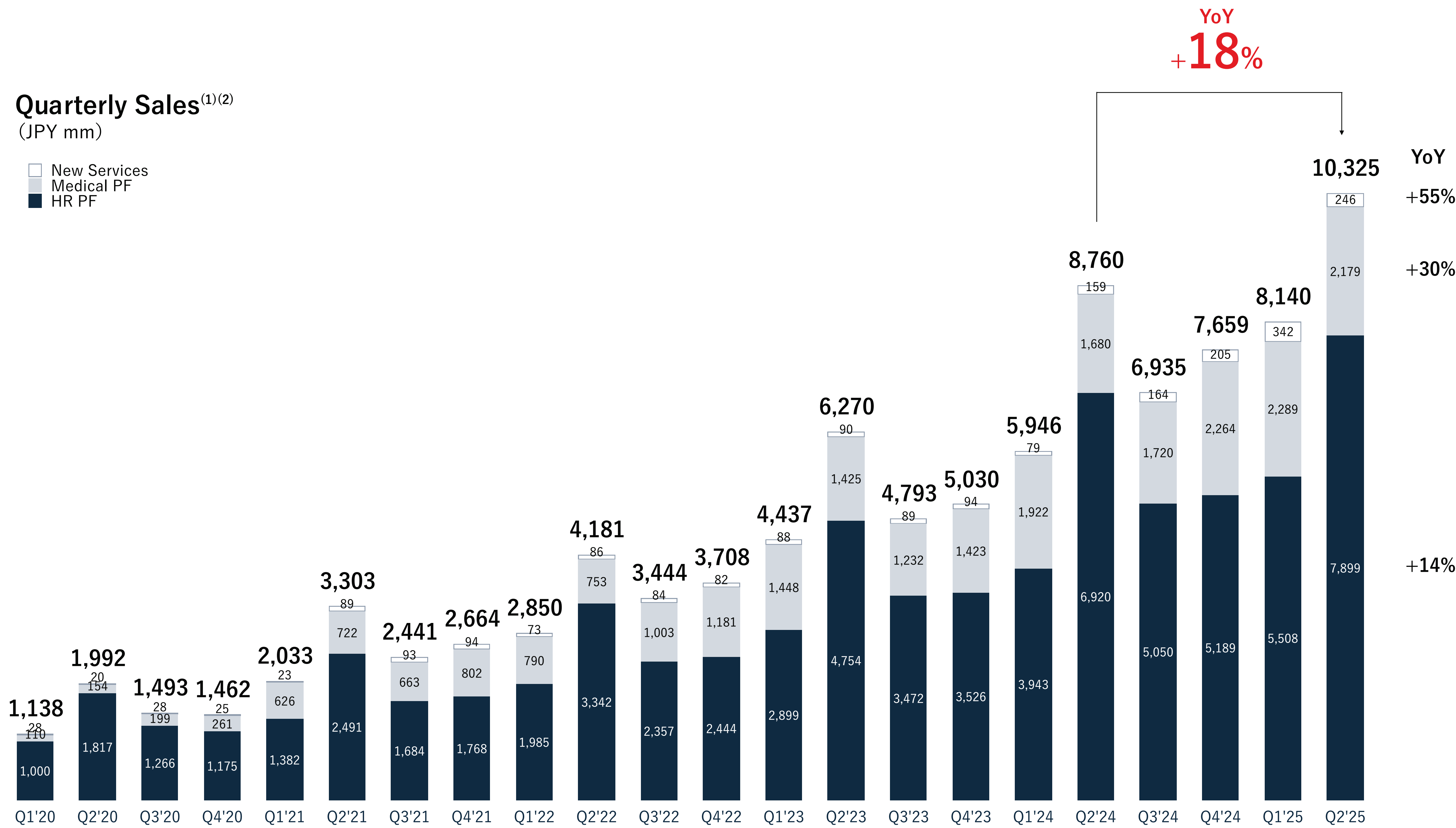
(JPY mm)

■ Q1 ■ Q2 ■ Q3 ■ Q4



(1) Figures before FY21 are reference values based on the application of the new revenue recognition standard.

Overall Q2 2025 sales growth was temporarily low at +18% YoY, but is expected to recover (approx. +35% YoY) in Q3.



(1) Figures before FY21 are reference values based on the application of the new revenue recognition standards.
(2) Due to the change in the reporting segment of factoring business from New service to Medical PF, segment sales from FY23 Q3 have been retroactively adjusted.

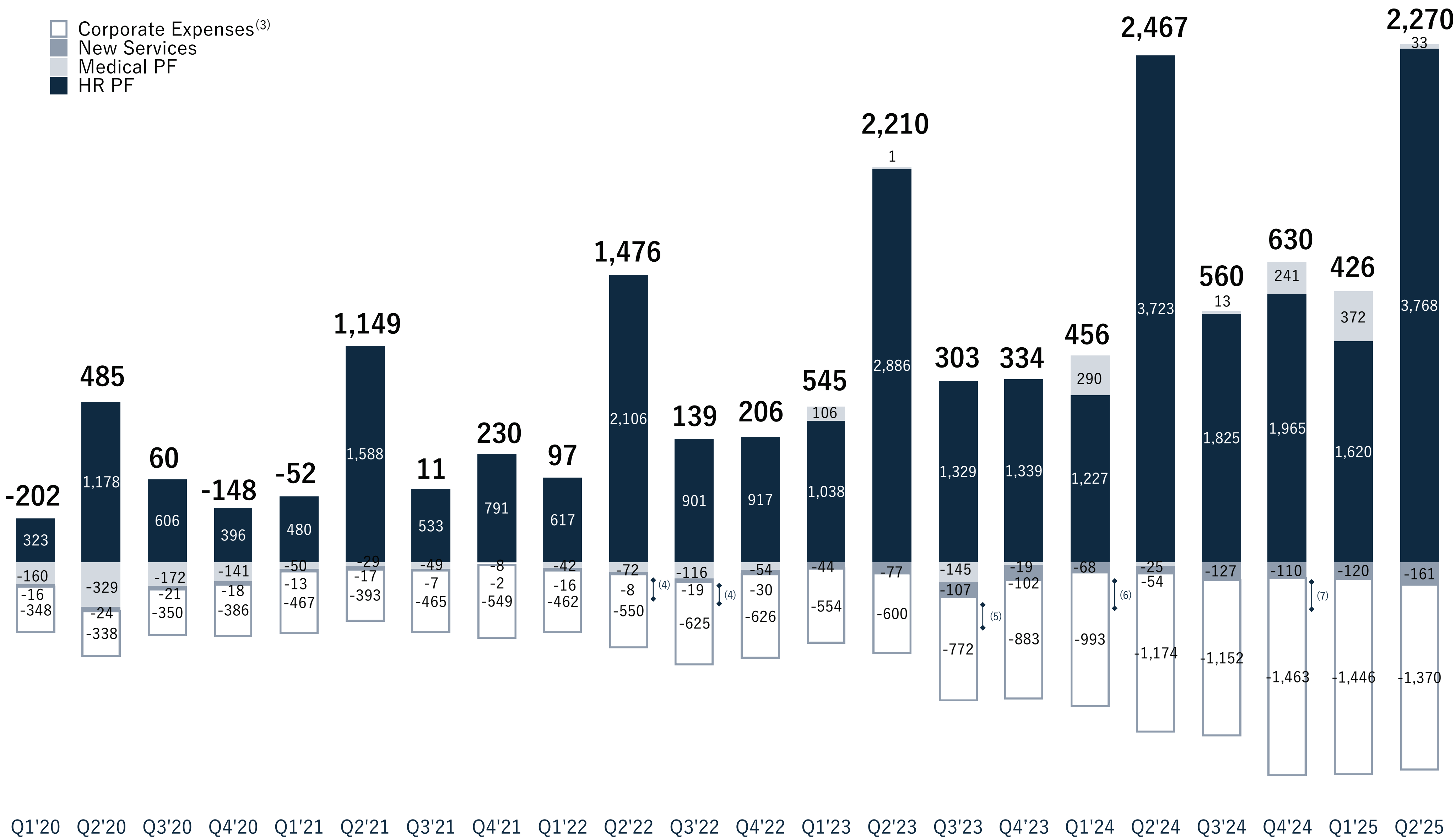
Continued Proactive Investment in Growth, etc Funded by Profitable Businesses



The EBITDA margin for Q2 2025 decreased by 6%pt (YoY). This was a result of an increased “ratio” of advertising costs, etc. in the HR PF due to a lower hiring decisions rate than we had forecasted. We expect both EBITDA and the EBITDA margin will achieve our initial forecast.

Quarterly EBITDA⁽¹⁾⁽²⁾ (JPY mm)

- Corporate Expenses⁽³⁾
- New Services
- Medical PF
- HR PF



EBITDA margin (YoY)

Companywide
22% (-6%pt)

Medical PF
2% (+4%pt)

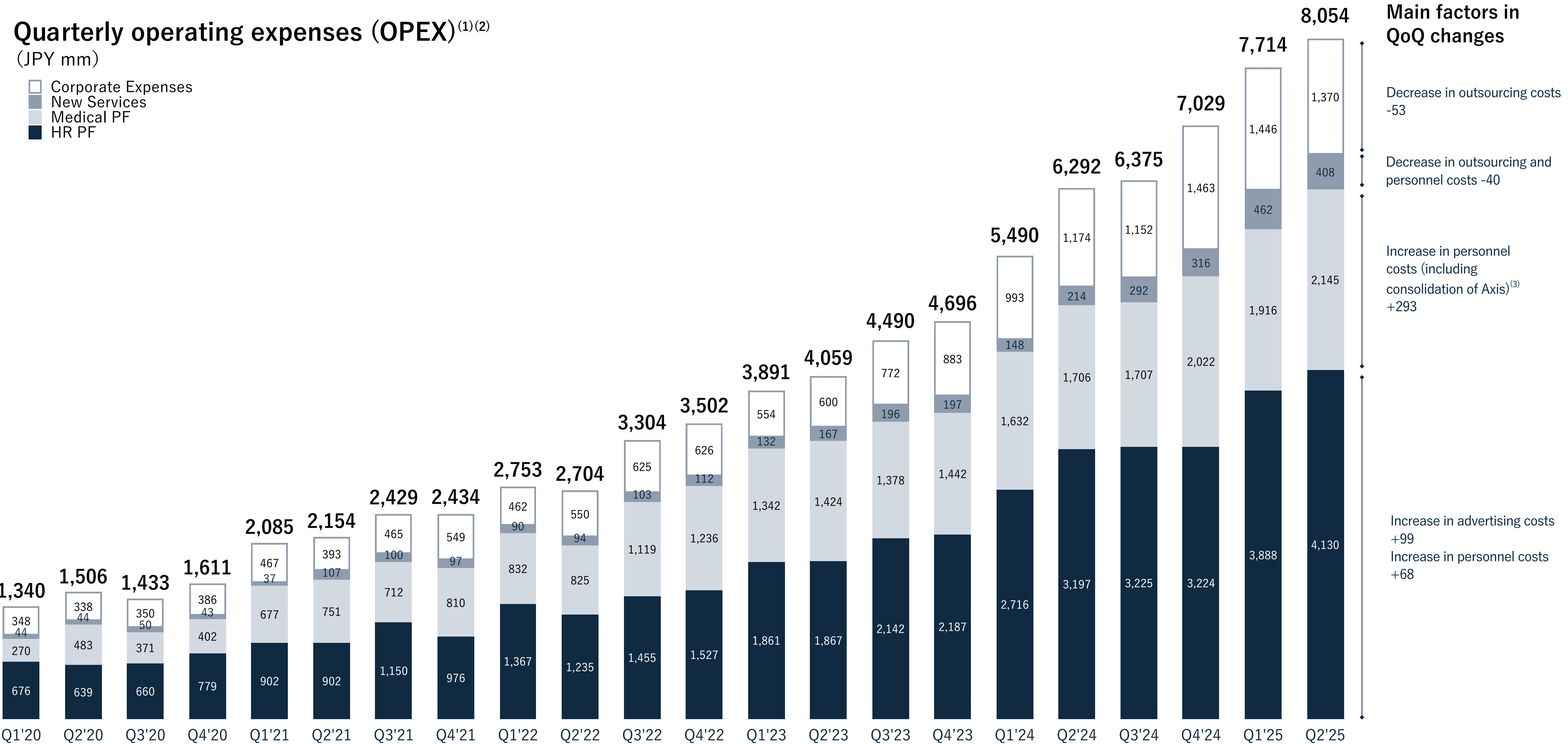
- Personnel costs ratio declined due to sales growth
- System efficiency improvement

HR PF
48% (-6%pt)

- Slowing sales growth
- Advertising costs increased

(1) Figures for FY2021 and earlier are based on the new revenue recognition standard.
(2) Segment revenue figures from Q3 2023 onward have been retrospectively revised to reflect the reclassification of the factoring business from the New Services segment to the Medical PF segment.
(3) Total of companywide expenses not allocated to segments and inter-segment eliminations
(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

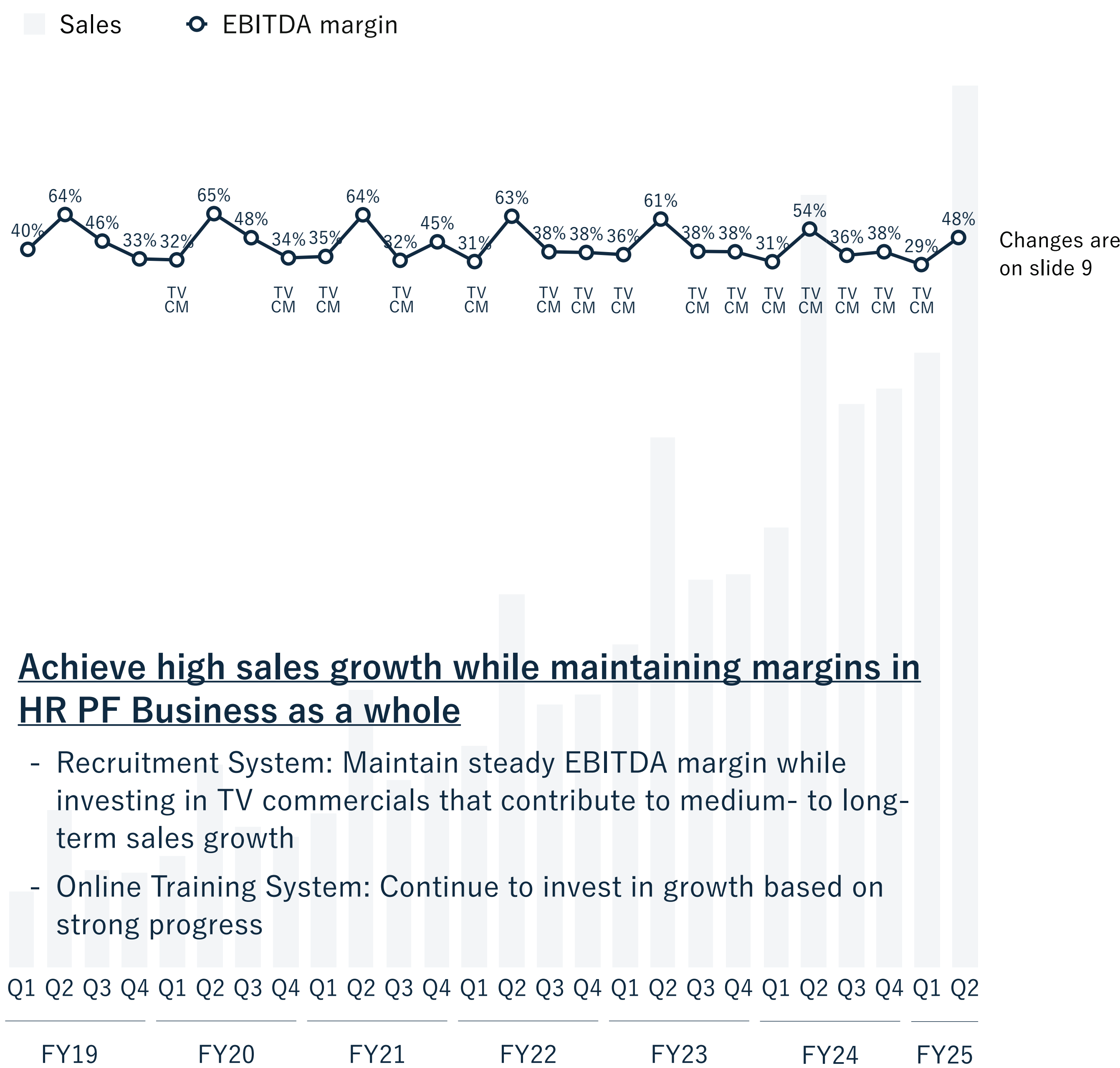
In Q2 2025, expenses increased primarily due to higher advertising costs in the HR PF segment and M&A. The increase in personnel costs is expected to be controlled by the expanded use of AI, etc.



(1) Operating expenses = Cost of sales + Selling, general and administrative expenses - Depreciation, amortization of goodwill and stock-based compensation expense. (Figures before FY21 are reference values based on the application of the new revenue recognition standard.)
(2) Segment OPEX has been retroactively adjusted from FY23 Q3 due to the change in reporting segment of factoring business from New service to Medical PF
(3) Personnel cost growth is expected to be moderated in the H2, primarily by reassessing our recruitment strategy and using of AI, etc.

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 enable high sales growth while maintaining EBITDA profitability.

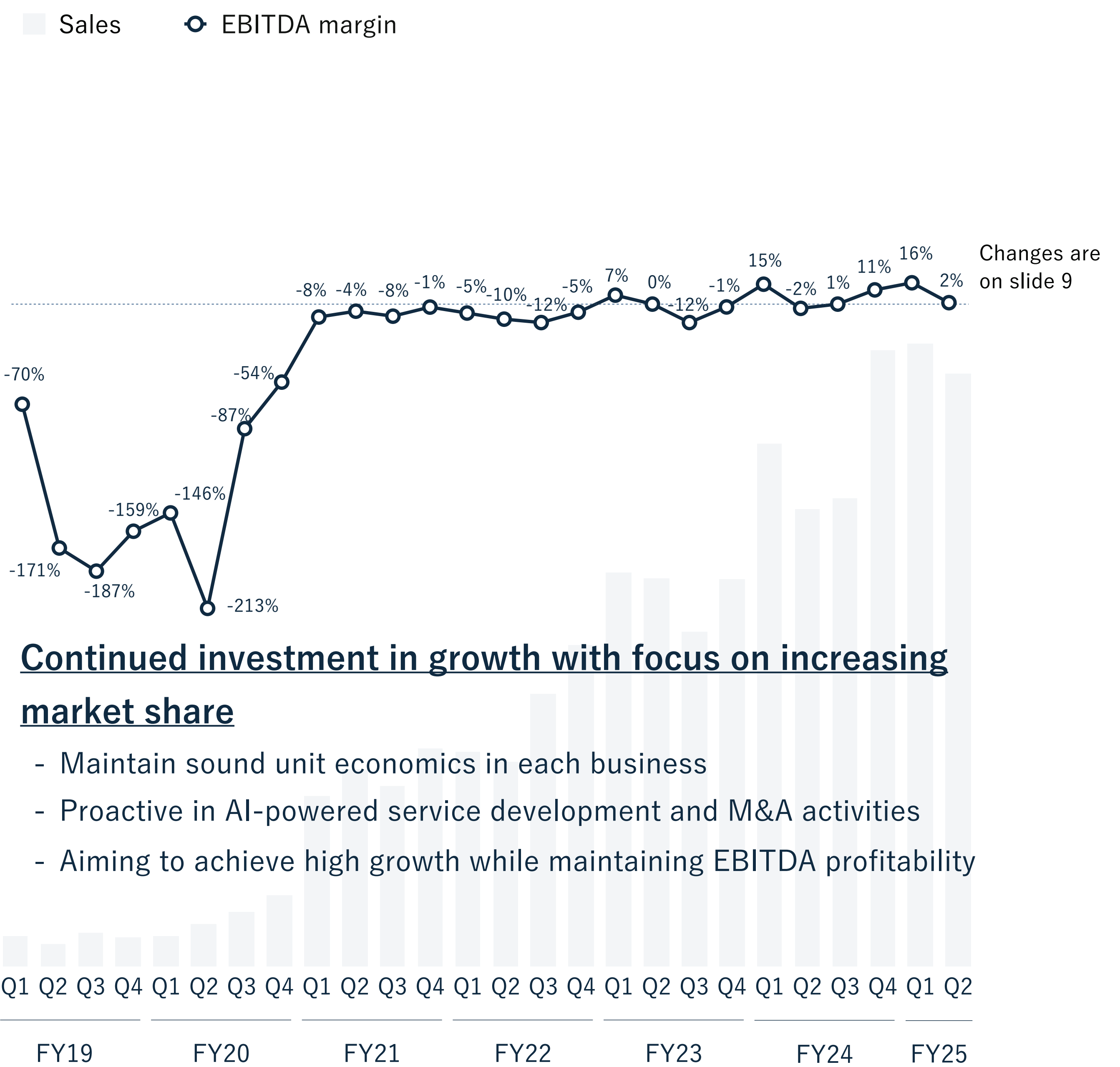
EBITDA margin policies in HR PF⁽¹⁾



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⁾⁽²⁾



Continued investment in growth with focus on increasing market share

- Maintain sound unit economics in each business
- Proactive in AI-powered service development and M&A activities
- Aiming to achieve high growth while maintaining EBITDA profitability

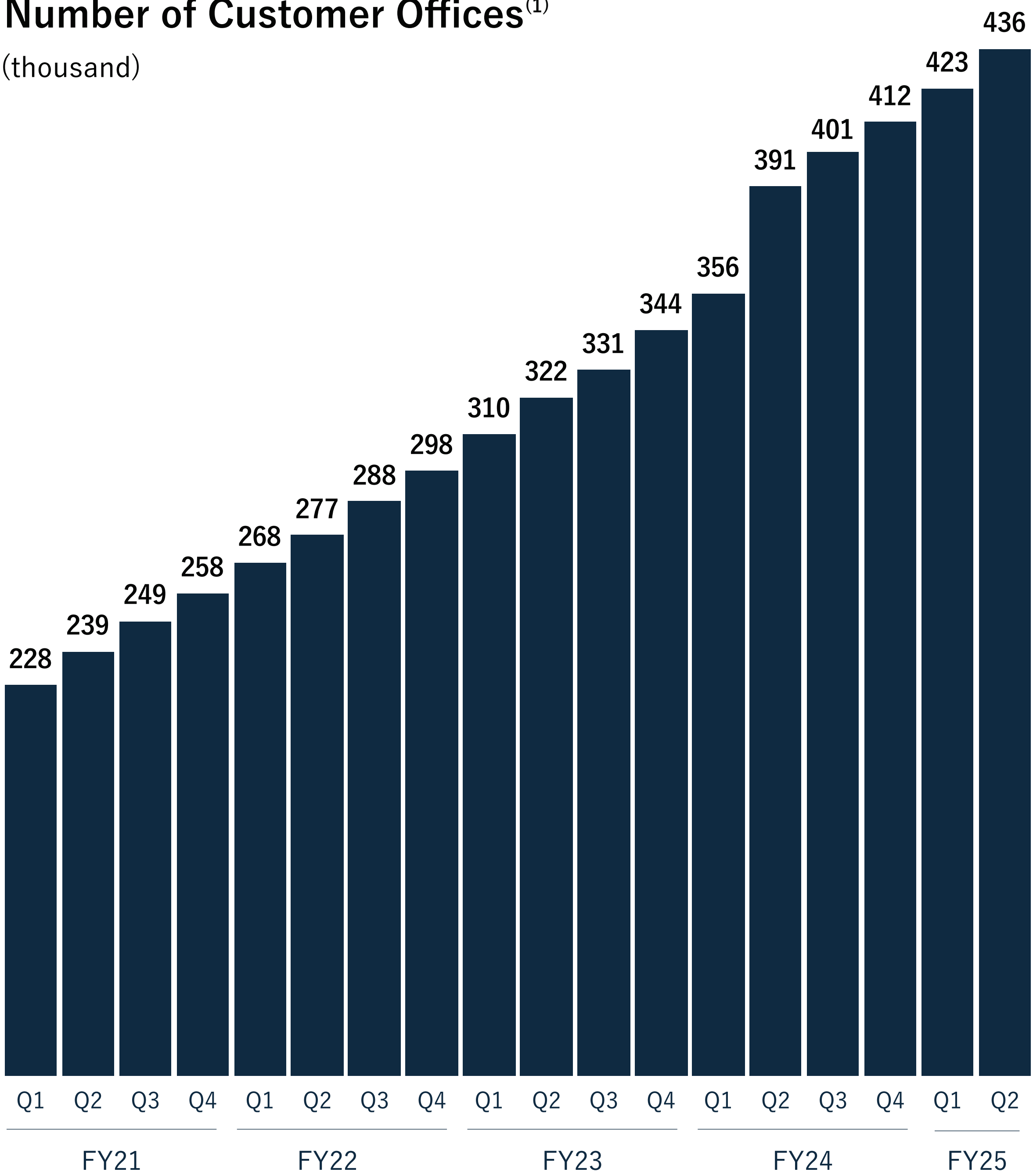
(1) Figures for FY2021 and earlier are based on the new revenue recognition standard.
(2) Segment revenue and EBITDA figures from Q3 2023 onward have been retrospectively revised to reflect the reclassification of the factoring business from the New Services segment to the Medical PF segment

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 an increase in ARPU.

Number of Customer Offices⁽¹⁾

(thousand)



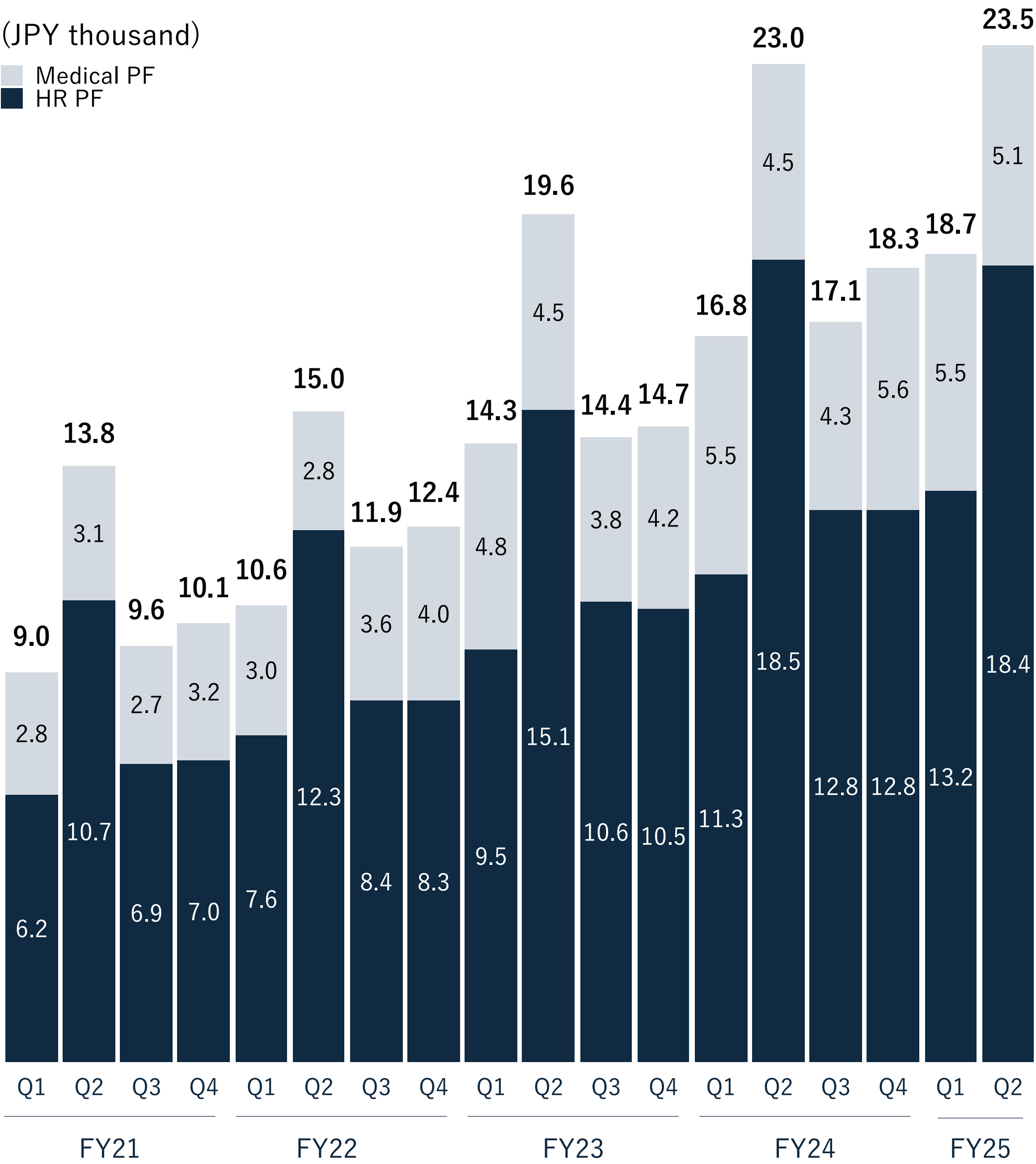
(1) Total number of customers in HR PF and Medical PF businesses. Customers using both platforms have been counted as a single customer account.

ARPU⁽²⁾⁽³⁾

(JPY thousand)

Medical PF
HR PF

×



(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.

(3) Segment ARPU figures from Q3 2023 onward have been retrospectively revised to reflect the reclassification of the factoring business from the New Services segment to the Medical PF segment

The goodwill-to-equity ratio rose to 1.30x due to acquisition of AxisRoot, we expect it to improve from this fiscal year as profits accumulate. In addition, we repurchased JPY 1.2 billion of treasury stock in Q1 and we are currently in the process of conducting additional share buybacks of up to JPY 1.0 billion.

Quarterly B/S

(JPY mm)	FY23				FY24				FY25		QoQ
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Total assets	21,811	24,501	25,186	25,430	30,904	42,165	41,125	45,201	48,966	47,422	-1,544
Cash and deposits	13,952	16,005	15,462	15,354	16,556	20,855	18,760	18,996	14,151	13,524	-627
Goodwill, etc.	2,485	2,401	2,696	2,850	3,229	13,919	13,580	16,634	23,304	23,532	+228
Other assets	5,373	6,094	7,027	7,225	11,118	7,390	8,784	9,570	11,510	10,365	-1,145
Total liabilities	6,242	7,270	7,669	7,792	12,740	22,631	21,329	24,981	30,468	29,356	-1,112
Debt	2,145	1,941	1,919	1,660	7,377	13,022	12,717	15,304	19,965	18,363	-1,602
Other liabilities	4,097	5,328	5,749	6,132	5,362	9,609	8,612	9,676	10,503	10,993	+490
Net assets	15,568	17,231	17,517	17,637	18,164	19,534	19,795	20,219	18,498	18,065	-433
Untapped LOC	2,700	2,700	2,700	2,700	2,700	2,970	2,970	2,970	2,970	2,920	-50
Capital ratio	70.9%	69.9%	69.2%	69.0%	58.4%	46.1%	48.0%	44.7%	37.8%	38.1%	+0.3%pt
Goodwill-to-equity ratio	0.16x	0.14x	0.15x	0.16x	0.18x	0.71x	0.69x	0.82x	1.26x	1.30x	+0.04x
D/E ratio	0.14x	0.11x	0.11x	0.09x	0.41x	0.66x	0.64x	0.76x	1.08x	1.02x	-0.06x

Quarterly C/F

Cash flow	-470	2,037	-533	-42	1,202	4,279	-2,075	221	-4,844	-612	Main factors in Q2
Operating CF	-47	2,806	617	495	-818	3,328	-665	601	-202	2,131	
Investing CF	-214	-591	-617	-239	-3,717	-4,438	-380	-2,183	-6,094	-236	Acquisition of AxisRoot, repayment of Medley debt and share repurchase
Financing CF	-208	-177	-534	-298	5,737	5,389	-1,030	1,802	1,452	-2,508	

Quarterly P/L

(JPY mm)	FY23				FY24				FY25	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	4,437	6,270	4,793	5,030	5,946	8,760	6,935	7,659	8,140	10,325
Cost of sales	1,629	1,765	1,730	1,820	2,429	2,599	2,620	2,734	3,321	3,648
Advertising expenses	984	1,050	1,130	1,219	1,590	1,735	1,795	1,721	2,359	2,740
Other	644	715	599	600	838	863	824	1,012	961	907
SG&A	2,427	2,464	2,940	3,092	3,270	4,145	4,218	4,957	4,940	5,094
Personnel expenses	1,368	1,444	1,560	1,631	1,696	2,021	2,136	2,238	2,411	2,654
Advertising expenses	211	55	242	159	247	221	255	268	447	180
Outsourcing fee	196	202	289	364	366	304	340	501	451	395
Other	651	761	847	936	961	1,598	1,485	1,948	1,629	1,864
Operating profit	380	2,040	123	117	246	2,015	96	-31	-121	1,582
Ordinary profit	503	2,277	448	525	723	2,444	563	347	5	1,572
Profit Attributable to Owners of Parent	358	1,525	292	389	466	1,541	314	475	-75	723

EBITDA Breakdown

Operating profit	380	2,040	123	117	246	2,015	96	-31	-121	1,582
+ Amortization of goodwill ⁽¹⁾	79	78	86	103	112	339	339	498	433	537
+ Depreciation	71	72	73	94	78	80	92	135	90	81
+ Stock compensation	14	19	19	19	19	31	31	28	24	69
EBITDA	545	2,210	303	334	456	2,467	560	630	426	2,270

M&A⁽²⁾

Acquisition
Divestment

MEDLEY
Financial
Service
(Sep)

Lalune
(Feb)

GUPPY's
(Apr)

Offshore
(Oct)

ATN
(Jan)

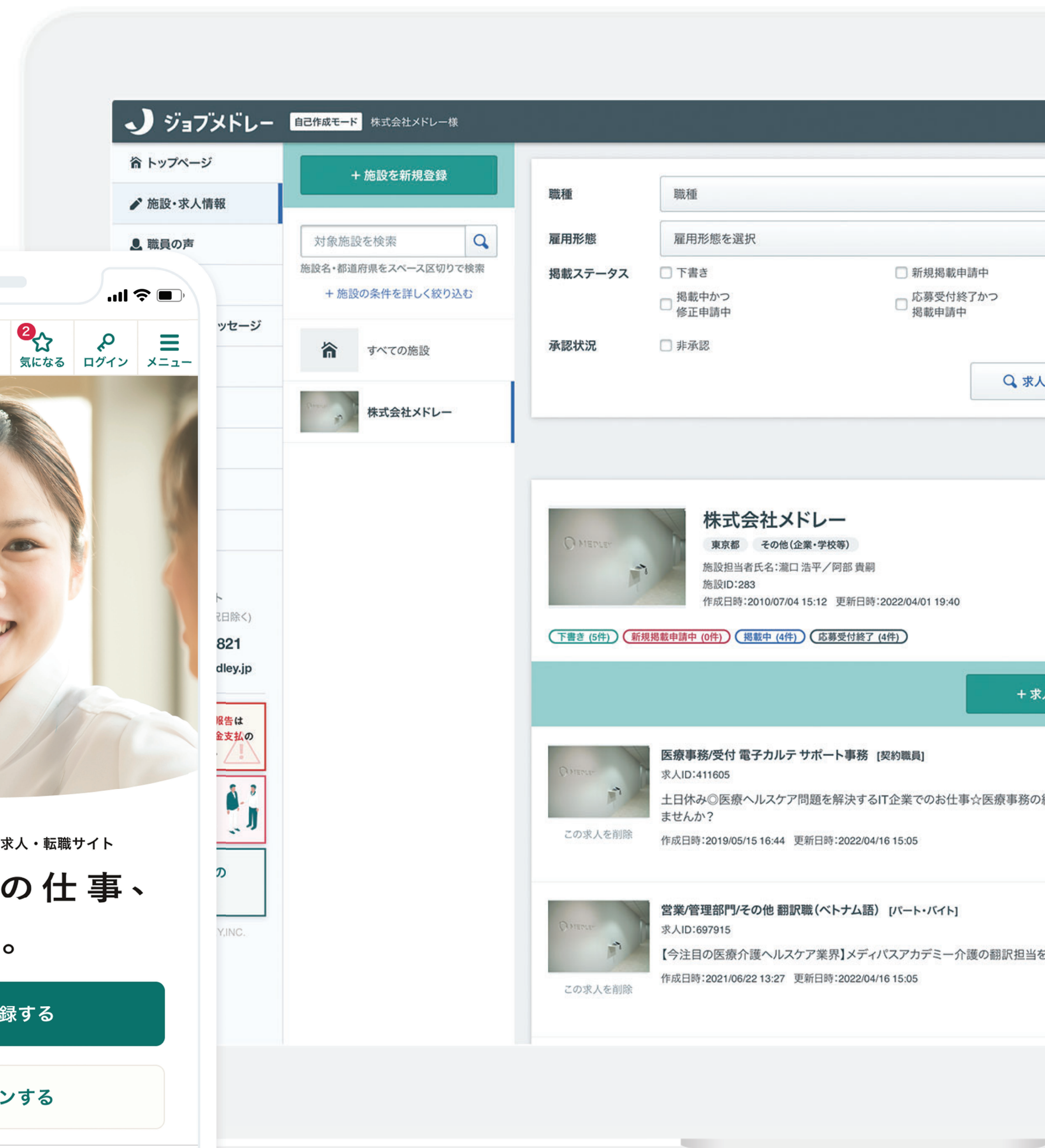
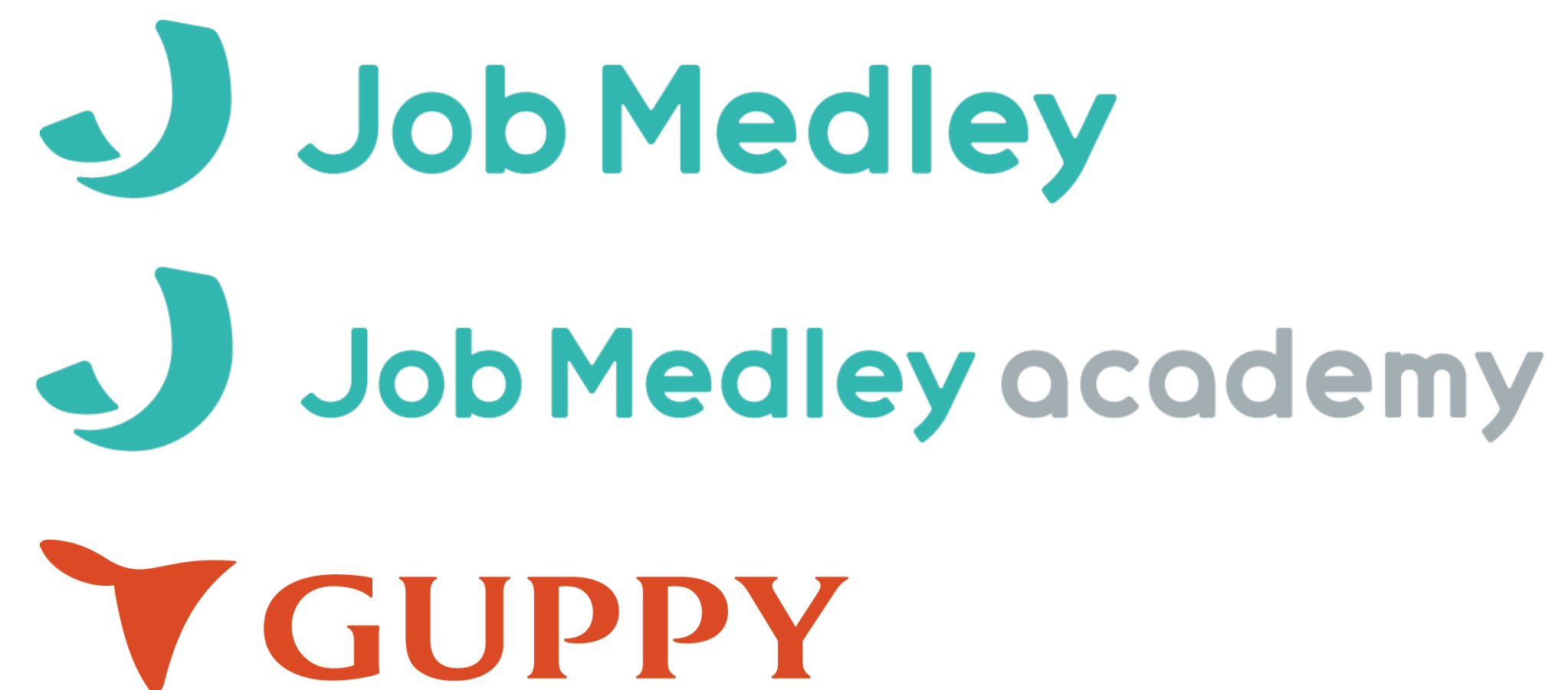
AxisRoot
(Apr)

MEDiPASS
(Dec)

GUPPY
Health Care
(Mar)

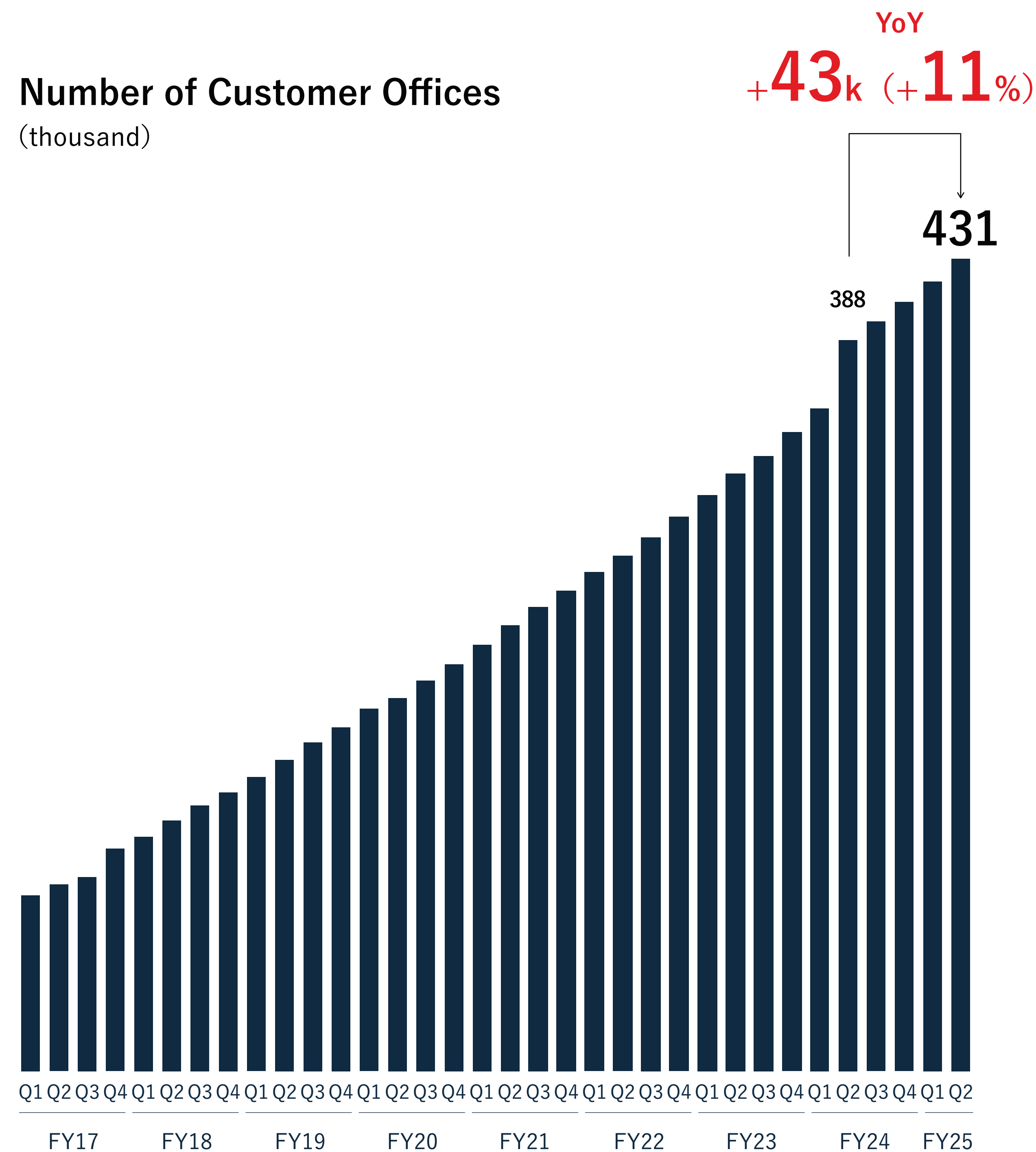
(1) Amortization of goodwill in the broad sense, including customer-related assets.
(2) Grouping indicates the month in which consolidation began; divestiture indicates the month in which consolidation ended; see slide 48 for details of each company

HR PF

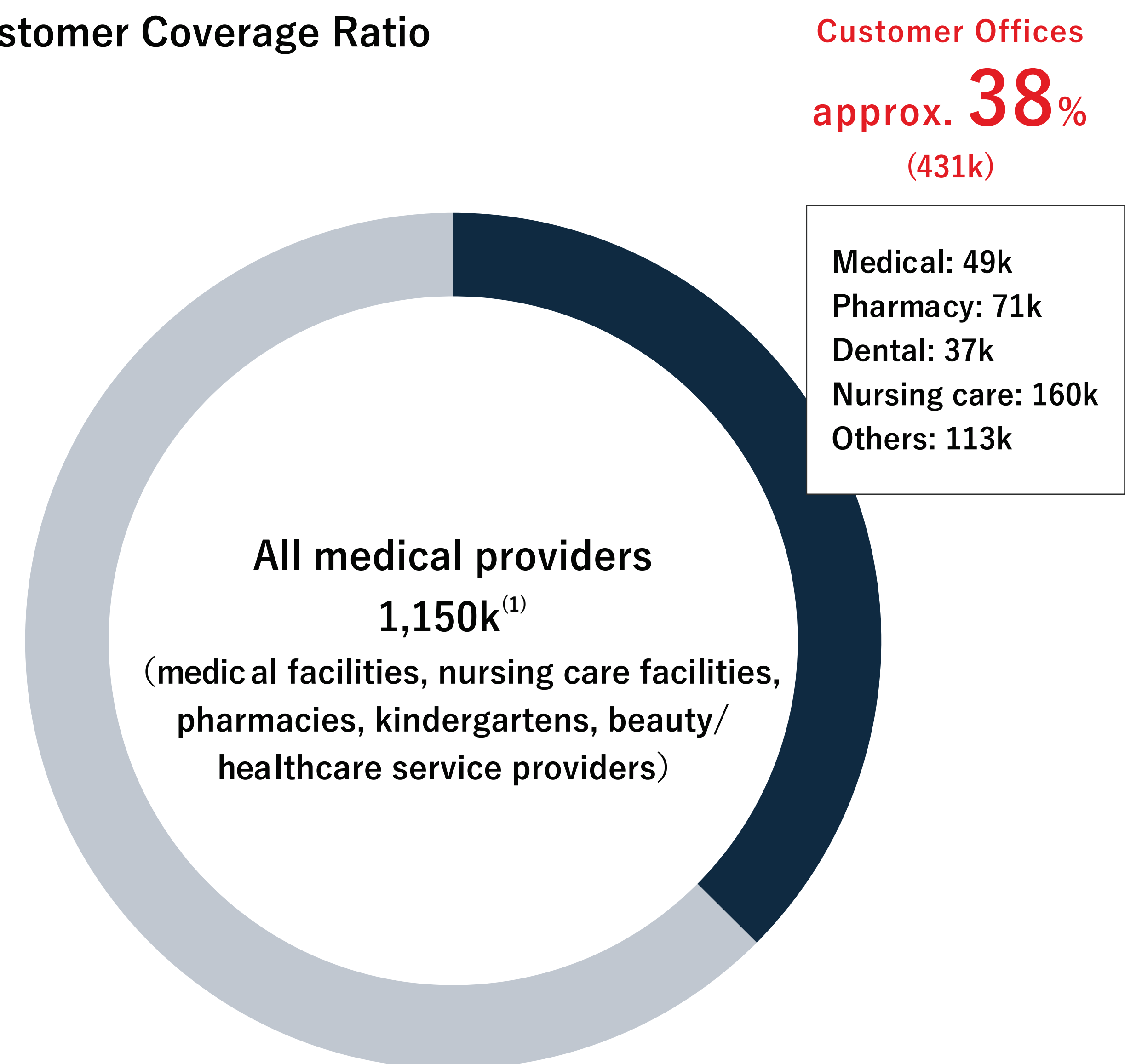


The number of customer contracts has reached 431 thousand due to continued steady new customer office acquisitions in Q2.

Number of Customer Offices
(thousand)



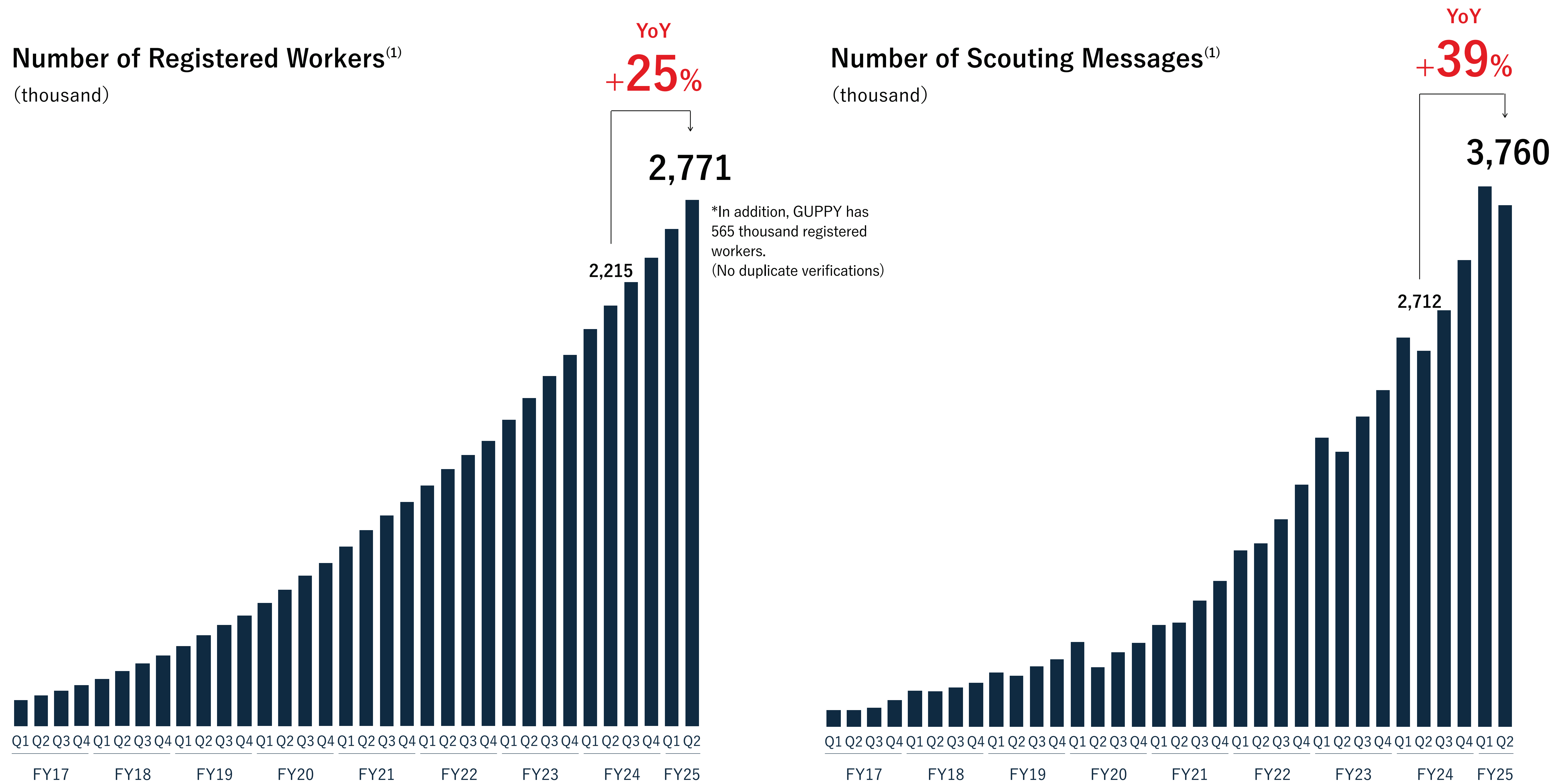
Customer Coverage Ratio



(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 FY2025 Q2, our customers increased usage of our scouting functions as we expanded our pool of registered workers.



(1) Number of Members and Number of Scouting Messages in JobMedley

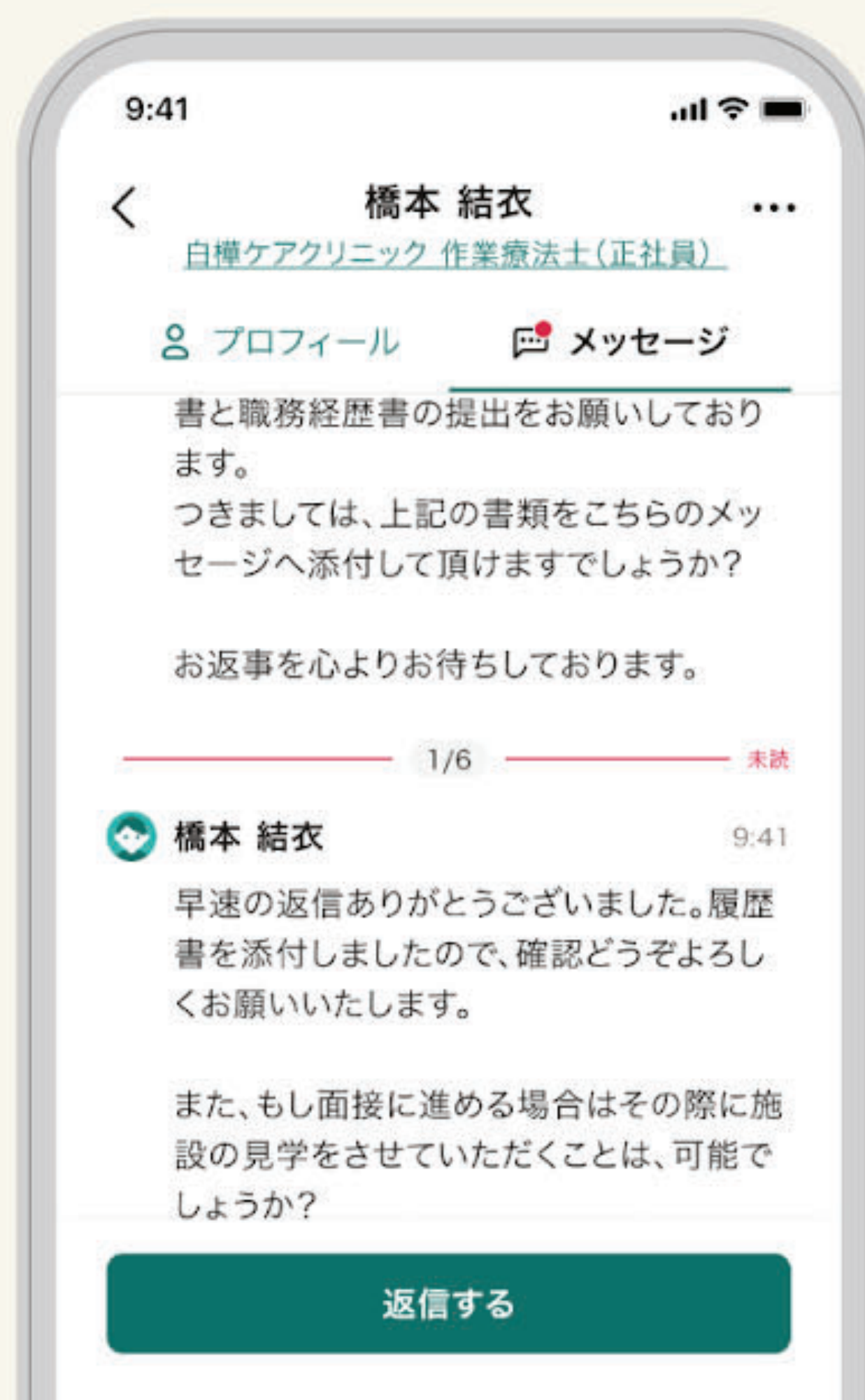
Even under the market environment referred to on slide 4, the number of job openings and applications has remained strong on an ongoing basis. In accordance with the continuous service allowance regulations, there have been some omissions in the reporting of hiring decisions, and we anticipate potential sales deferrals. We will continue to improve operations and offer new services that will help strengthen recruitment confirmations, as well as offset the impact of the continuous service allowance by implementing a fine-tuning of the part-time unit price in Q3.

Status by Major Items

	Situation in FY25	Response
Number of job postings	Medical providers continue to be highly motivated to hire, and <u>there is no impact of the revision of success fees</u> on the number of customers or job postings.	Collaborating with customers whose transactions have been suspended to co-create recurrence prevention measures, including proposals for strengthening internal controls and organizational structures.
Applications	Market factors (slide 4) remain a headwind, but <u>the number of applications remains strong (Apr-Jul: +30-40% YoY).</u>	Continuing enhancement
Hiring decisions	Discontinued the hiring verification process by paying continuous service allowance and transitioning to alternative methods. As of now, there is a high possibility that issues such as “failure to report hiring decisions” have increased by approximately 10%pt.	Attacking "hiring report omission" through various measures - Launched recruitment management app (slide 19), developing ATS, providing administrative services, etc. - Promoting appropriate use to customers (In case of inappropriate use: Temporary or permanent suspension of job posting)
Join (Posting of sales)	Terms from hiring decision to joining remained the same as in previous years.	Responding in conjunction with hiring decision rate.
×		
Average price	The effects of price increases implemented in April is emerging gradually.	Planning <u>adjustment of part-time unit price in Q3.</u>

It is not uncommon for professionals in the medical and welfare fields to manage recruitment alongside their main duties, such as clinical work, instead of having a specialized hiring manager. On August 7, we launched the "JobMedley Recruitment Management App" with the aim of reducing the workload of hiring staff and improving the job change experience for job seekers.

POINT 1 Whenever, wherever
いつでも・どこでも
スマホで採用業務



POINT 2 Accelerate the hiring process
採用スピードアップ
リアルタイム通知

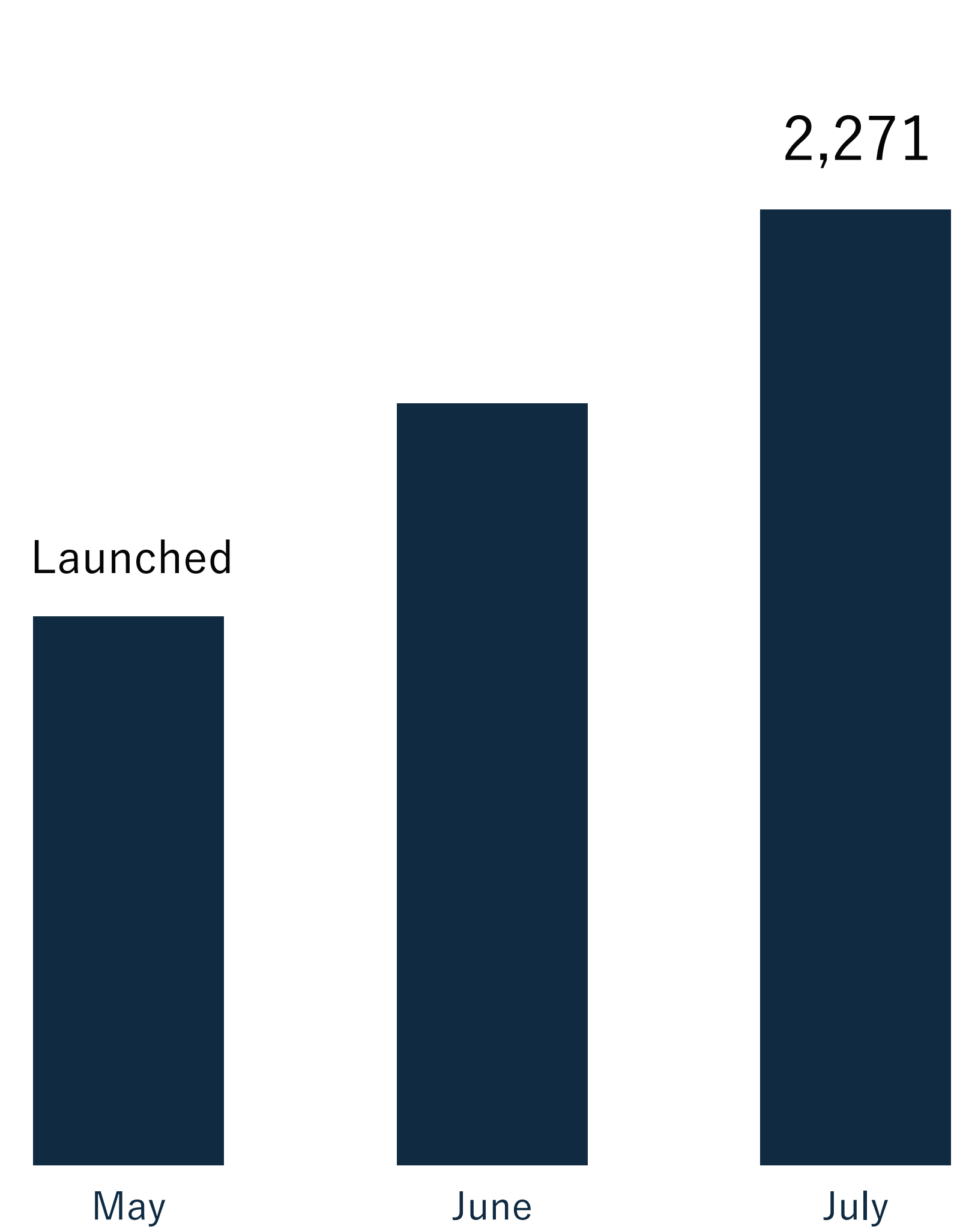


POINT 3 Anyone can use without hesitation
誰でも迷わず使える
直感的な操作設計

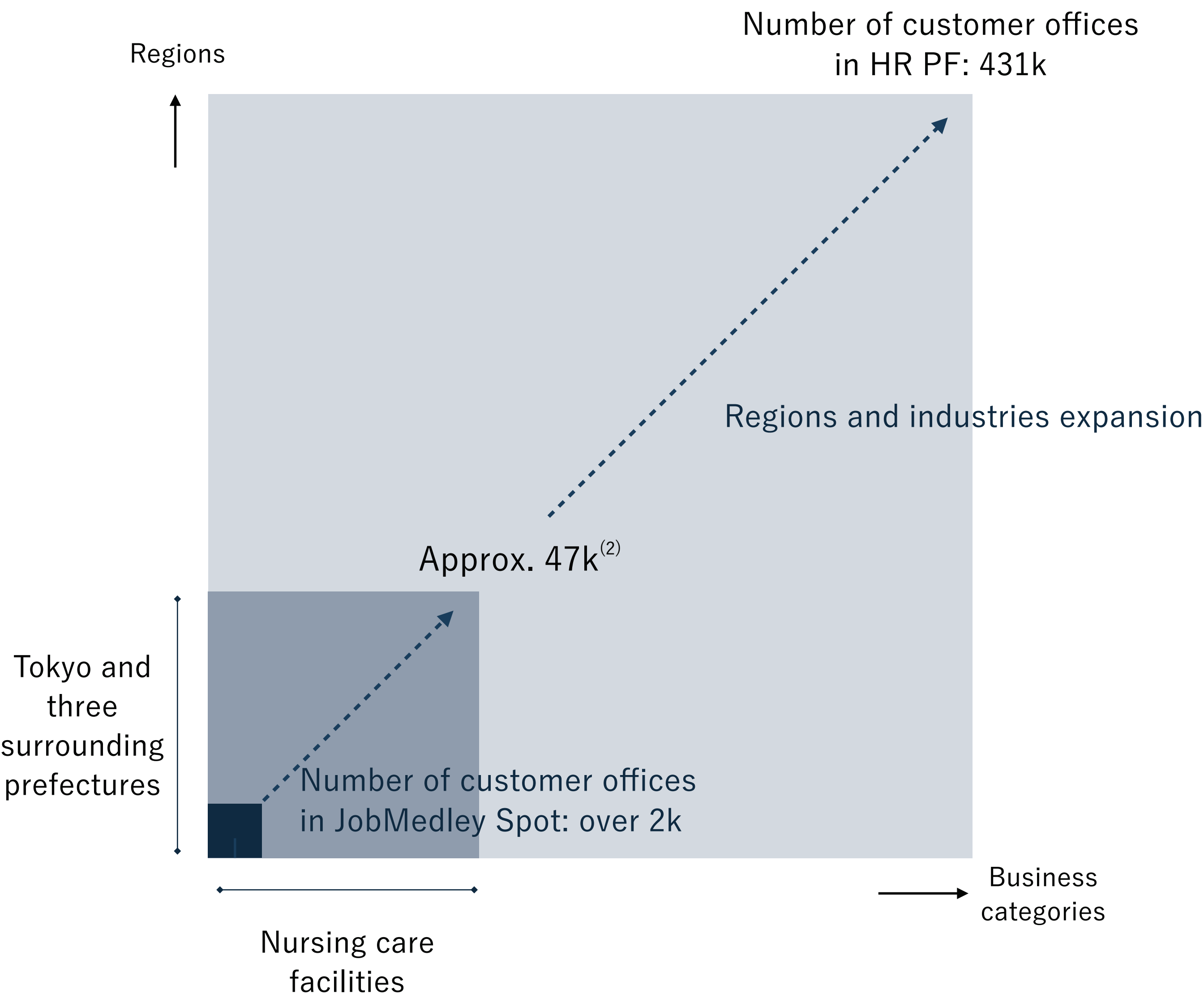


Since its launch in May 2025, JobMedley Spot has seen a steady increase in customer offices. By the end of July 2025, 2,271 nursing care facilities in the Tokyo and three surrounding prefectures had already introduced the service, achieving a 5% of the approximately 47,000 JobMedley clients in that segment. Going forward, we plan a staged expansion into new regions and business categories based on this progress.

Number of Customer Offices of JobMedley Spot



Upside Potential for Customer Acquisition⁽¹⁾



(1) As of end of June 2025
(2) Of JobMedley's total clients, the number of nursing care facilities located in the Tokyo and three surrounding prefectures

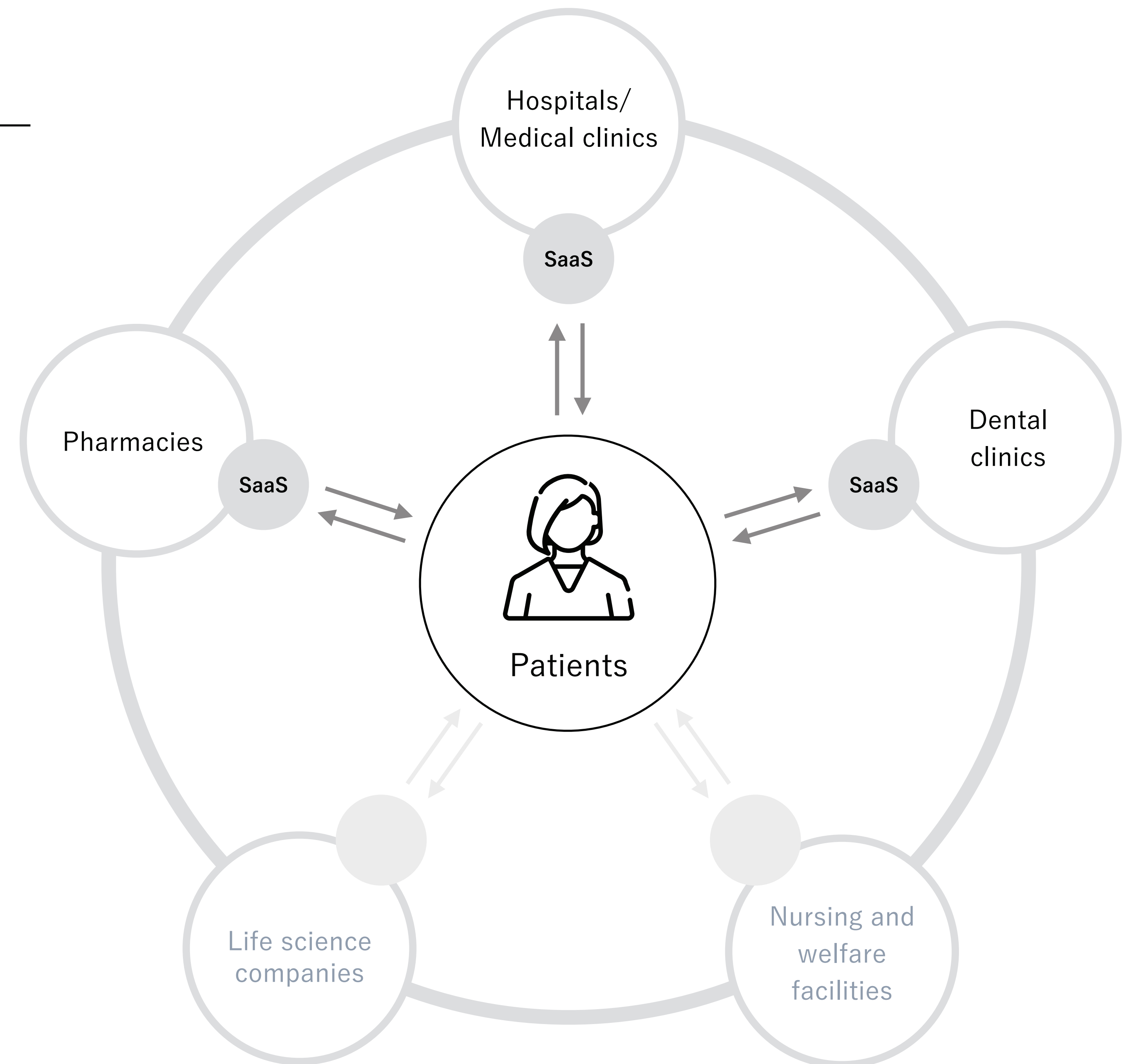
Medical PF

System for medical providers

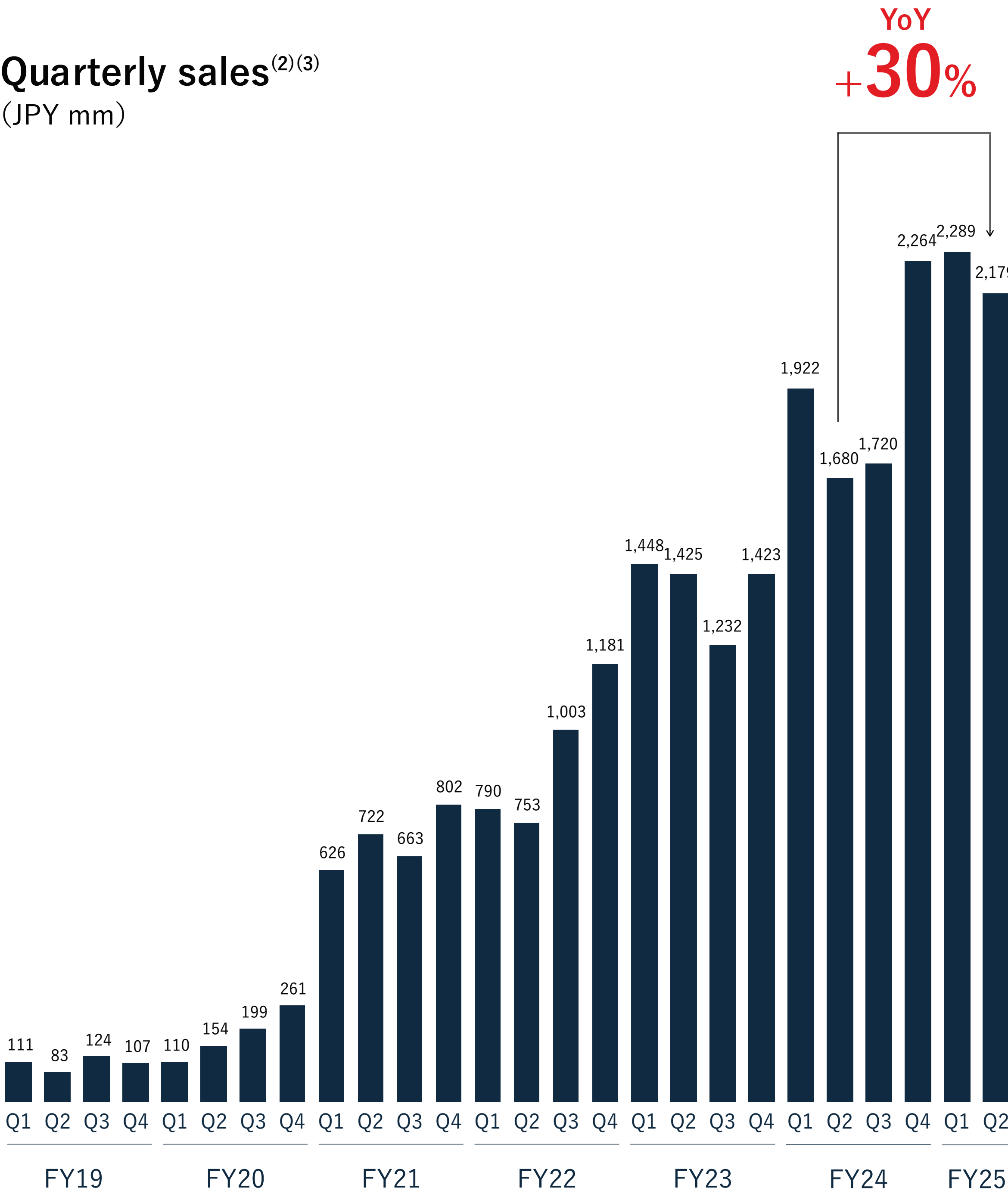
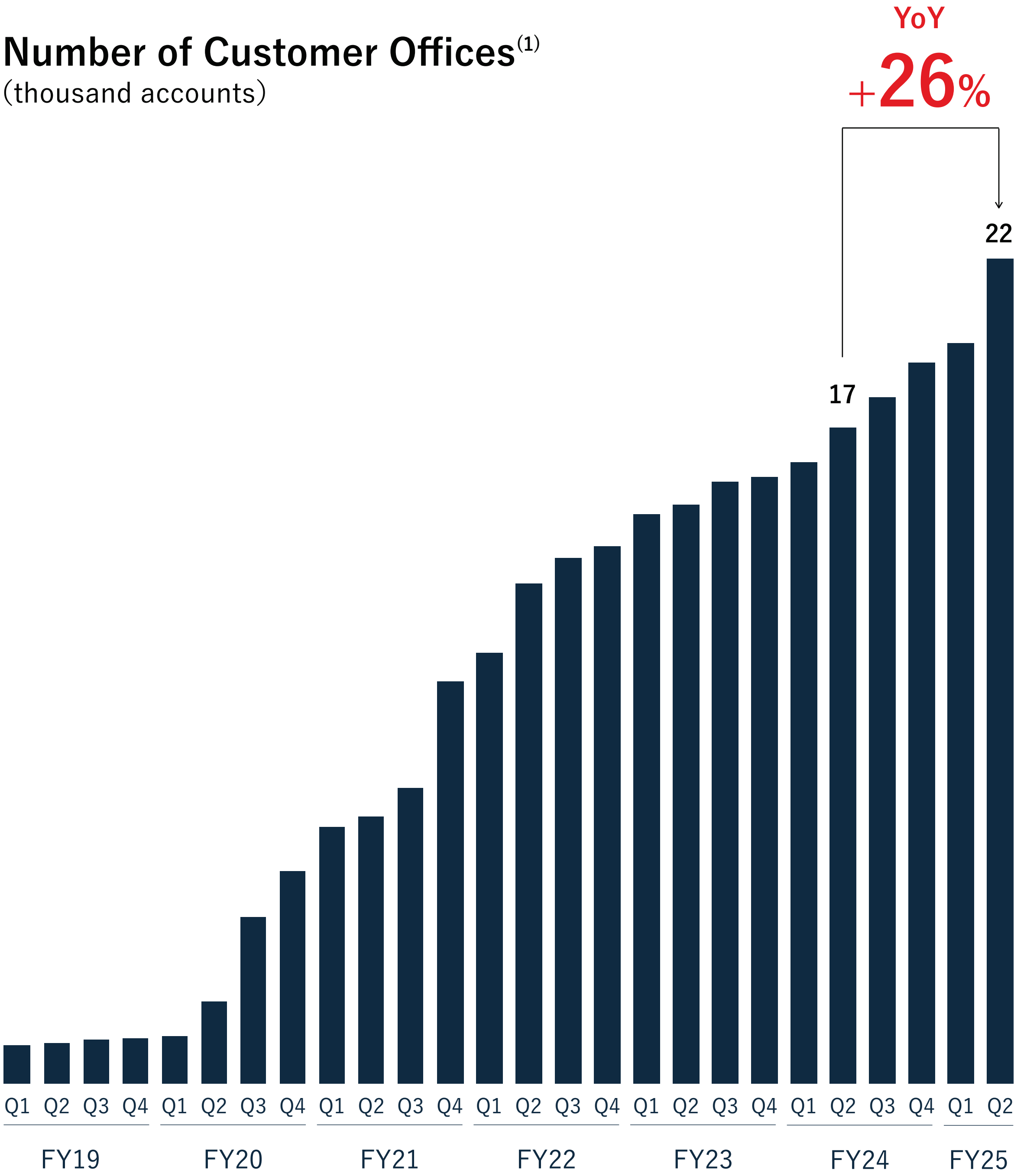
- Hospitals and Clinics with beds | MALL
- Medical clinics | CLINICS
- Dental clinics | Dentis
- Dispensing pharmacies | Medixs (Pharms is scheduled to be integrated)

App for patients/consumer

- CLINICS (CLINICS is scheduled to be integrated @link and renewed the brand)
- Others | Healthcare app



Sales growth for Q2 2025 was +30% YoY. The number of customer offices is expanding significantly due to the participation of Axis and expectations for new feature launches.



(1) Number of customer offices = number of medical institutions 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.

(3) Segment revenue figures from Q3 2023 onward have been retrospectively revised to reflect the reclassification of the factoring business from the New Services segment to the Medical PF segment

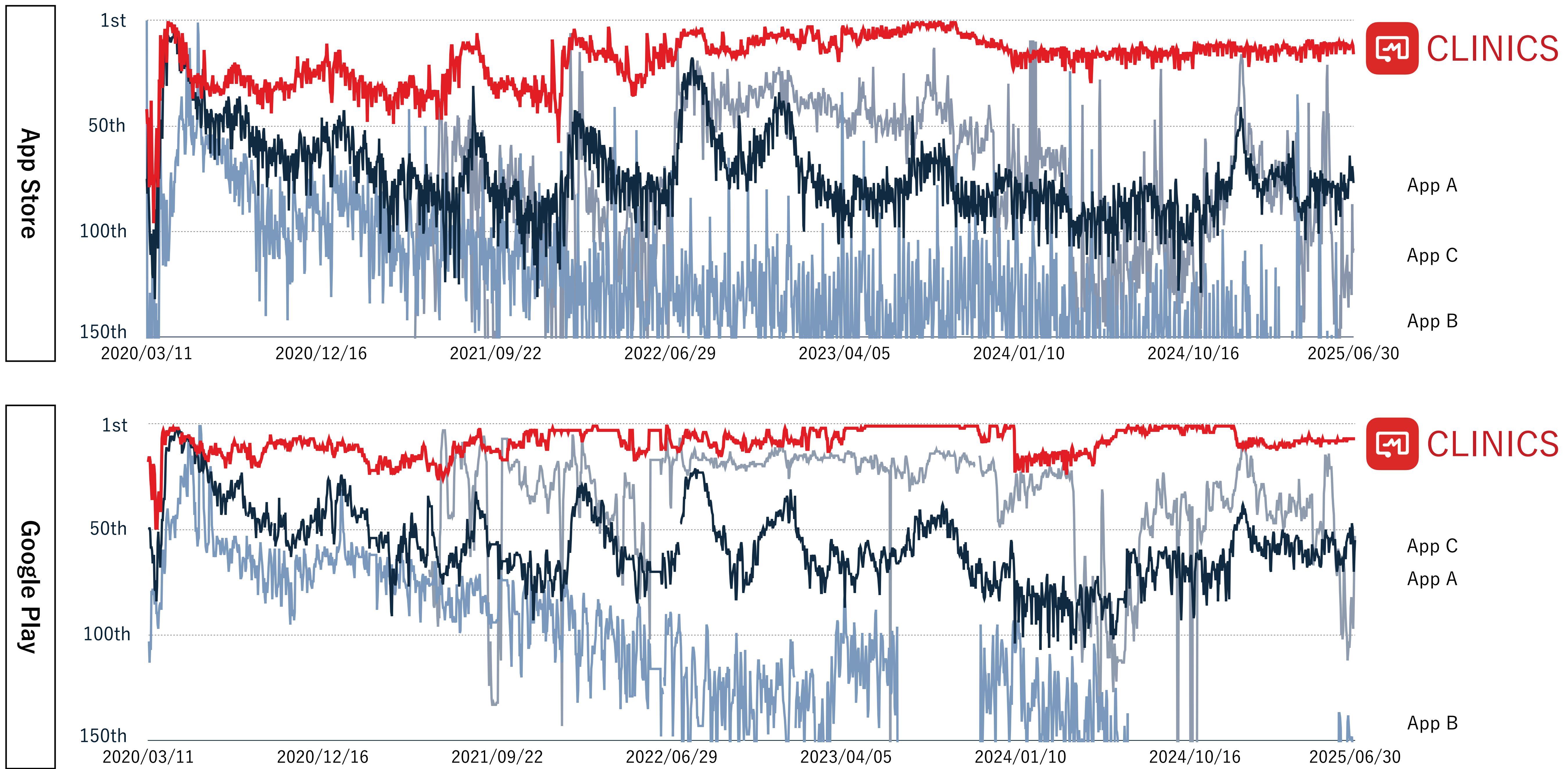
Based on the new market growth hypothesis (slide 35), various measures are being implemented in parallel for each client industry. The merger of Pacific Medical and AxisRoot is scheduled for September of this year, and is expected to improve the speed of business promotion and profitability.

- Medical PF
Crossing
- Clinic
- Hospital/clinic
with beds
- Pharmacy
- Dental clinic

- Steady progress in building AI-First development framework
 - Preparations for MEDLEY AI CLOUD are progressing, with AI-related functions for each area to be rolled out gradually from August
 - Preparations for renewal of the app for patients/consumers are in progress, scheduled for release around November
 - Strengthen support for medical institutions through factoring business (subject to liquidation of receivables from Q3 onward)
 - Pacific Medical and AxisRoot merger scheduled on September
-
- Monthly customer acquisitions of Cloud-Based EMR increased by 2 times in YoY
 - Aiming to further increase monthly customer acquisitions by 2 to 3 times
-
- Prioritizing cloud development in anticipation of a full-scale push for cloud adoption by the government.
 - Partial order restrictions due to changes in development plans (existing customer requests are prioritized)
-
- Progress in sales of medication history system to major clients, which is expected to make a significant contribution from FY26 onward
 - Preparation for sales of medical billing system (over 500 cases are in beta test and official sales are scheduled to start within this year)
-
- Bottleneck indicator (medical billing system return rate) improved and PMF achieved
 - Having transitioned from the seed stage to the growth stage and expect to achieve a high growth rate

Our CLINICS app is consistently at the top of the telemedicine app rankings. In conjunction with the renewal of the patient/consumer app scheduled for autumn, we intend to review and update our KPIs, including patient user-related indicators.

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



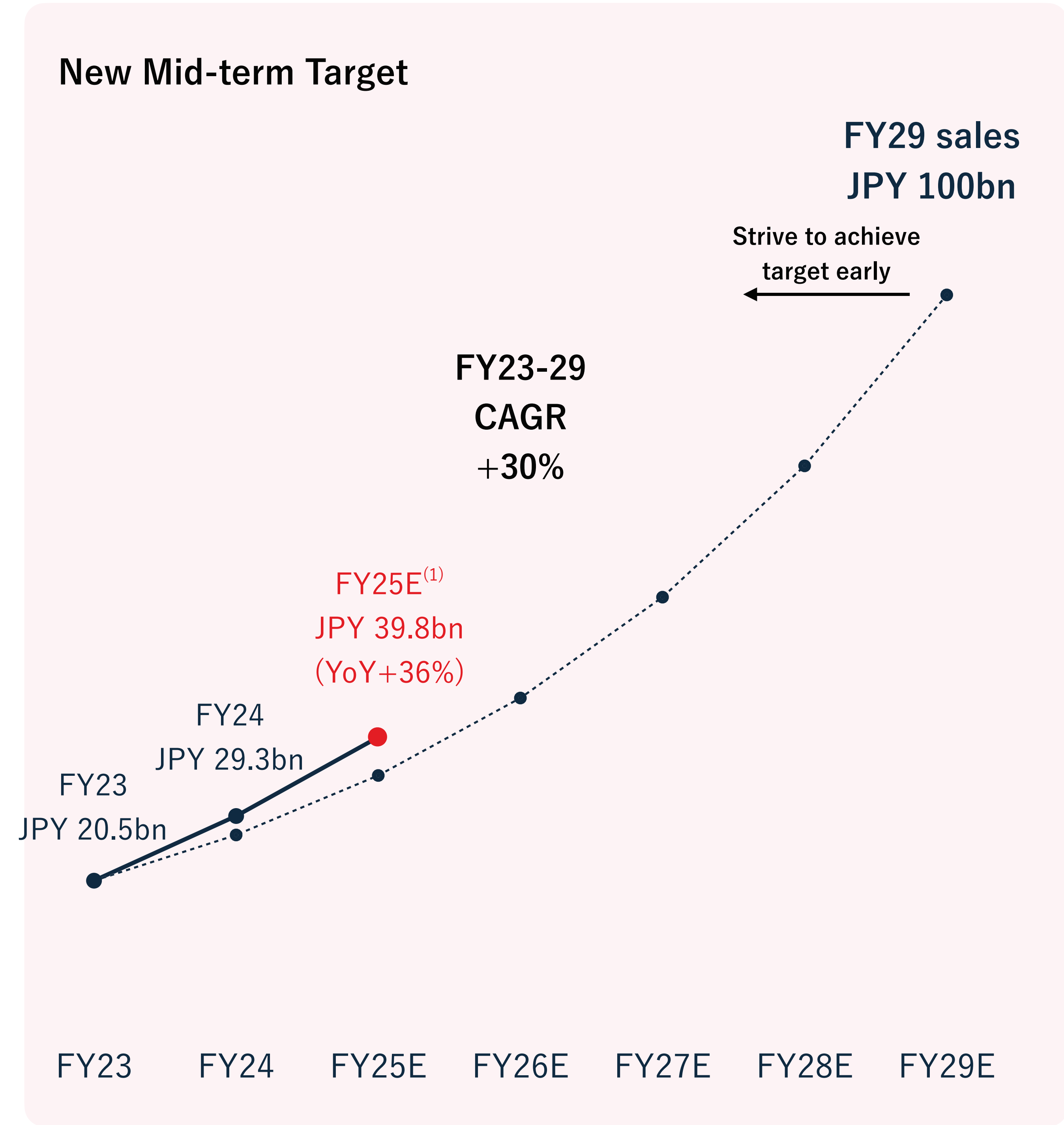
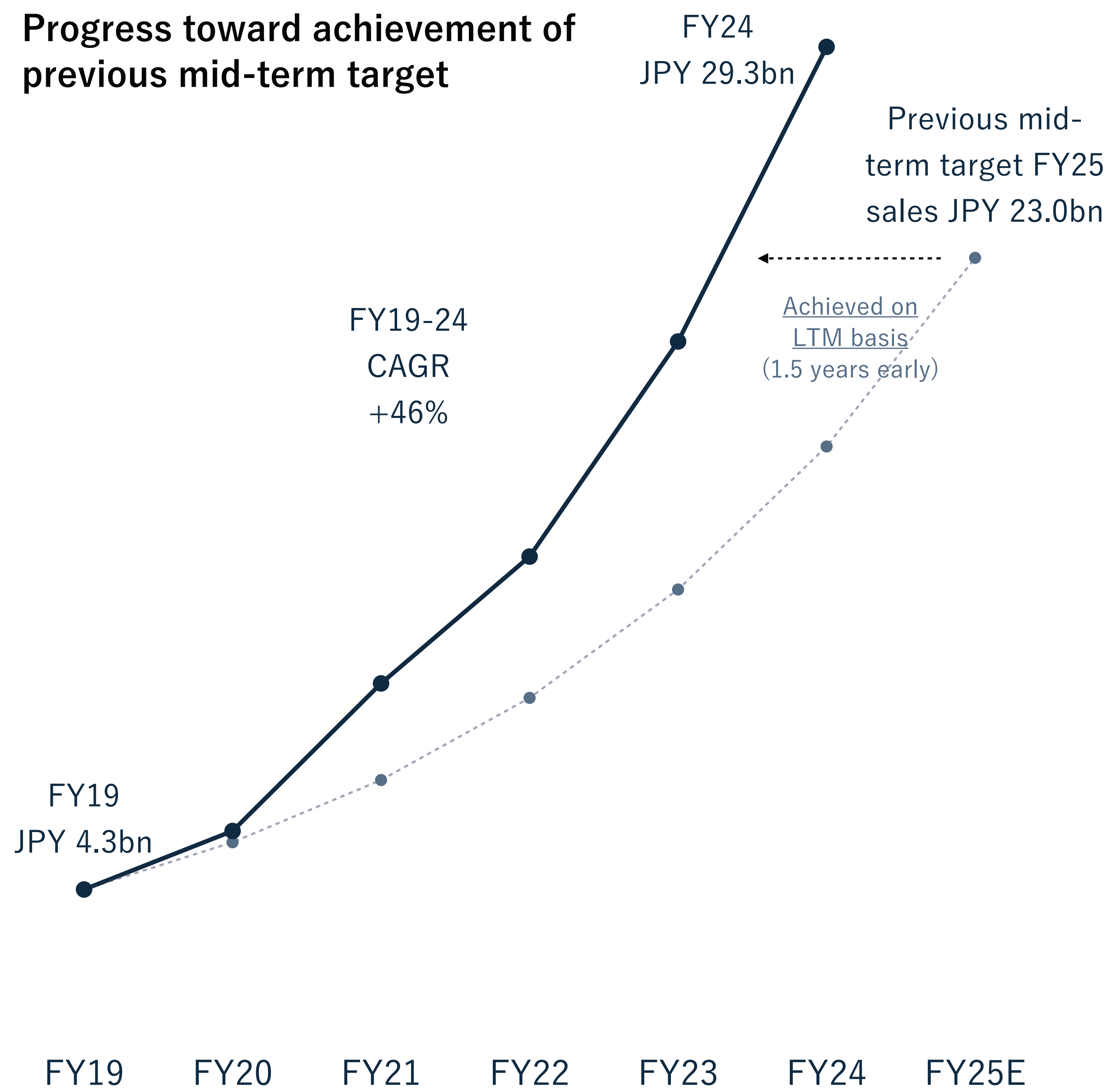
1. FY2025 Q2 Results

2. FY2025 Full-year Forecast

3. Investment Highlights

(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.



We Maintain Our Full-year FY2025 Forecast

Although we expect to raise or lower each index against our initial forecast, we leave our earnings forecast unchanged. To meet the hurdle of the sales target, we will strengthen resource allocation to strong businesses and implement M&A during the period.

* Underlined are the updated parts

(JPY mm)	Q2 FY2025 actual	Full-year FY2025 forecast	Outlook for full-year and Q3–Q4 FY2025
Sales	18,465	39,800	There is a risk of missing the forecast by approx. <u>-5%</u> . - Q3: <u>+35%</u> approx. - Q4: <u>+30%</u> approx.
Gross Profit	11,496	25,500	
EBITDA	2,696	5,700	We expect to achieve our forecast <u>by offsetting a potential sales shortfall with thorough cost control</u> . <EBITDA margin forecast for the quarter> - Q3: 10-15% approx. - Q4: <u>15-20%</u> approx.
Operating Profit	1,461	3,000	
Ordinary Profit	1,577	4,300	Settlement income is gradually decreasing due to our efforts to encourage appropriate customer use, there is a downside risk to the forecast. Net non-operating income is expected to be around <u>300-400</u> million yen in FY25. Due to the merger of our subsidiary, we expect an additional recording of deferred tax assets to have <u>a positive impact of 500 million yen on Q3</u> .
Profit Attributable to Owners of Parent	647	3,100	

* Underlined are the updated parts

	Assumption (Including M&A, FY25)	Main approaches in FY25	Progress Made
HR PF	- Sales: Approximately JPY <u>27bn</u> (Approx. YoY +<u>28%</u>) - EBITDA margin: Approximately 40%	- Price increase (effective for applications from April 2025) - Continuous functional improvement - Strengthening synergies with GUPPY - High growth of online training system	- Progress in line with our forecast - We expect growth to accelerate in H2 due to price increases, with growth of approximately <u>35%</u> - EBITDA margin is expected to improve in H2 compared to FY24 H2
Medical PF	- Sales: Approximately JPY 10bn (Approx. YoY +35%) - Impact from the divestiture of MEDiPASS -10%pt - EBITDA margin: Approximately 5%	- Start of sales of core system for dispensing pharmacies - Business alliance with Alfresa - Reorganization by customer category to maximize growth rate - Enhancement of primary pharmacy and AI-related functions	- Progress in line with our forecast - Sales from EMR for hospitals more evenly distributed than in previous years - Axis will be consolidated from Q2 - Strategy and organizational restructuring based on generative AI
New Services	- Sales: Approximately JPY 1bn - EBITDA: JPY Approximately -500mm - Spend JPY 400mm on US business, JPY 200mm on development of EMR for acute care hospital, and JPY 100mm on new business	- Continuing expansion of US business - Continuing development of EMR for acute care hospital - Development of new business related to HR PF	- Steady progress on US business - Progress in line with our forecast - JobMedley Spot launched in May
Others	Ratio vs. companywide sales: Approximately 15%	- Streamlining through merger of subsidiaries - Continuing aggressive hiring for mid-term growth - Increased investments in human capital related areas, including hiring	- Progress in line with our forecast - Steady progress on mergers and other initiatives

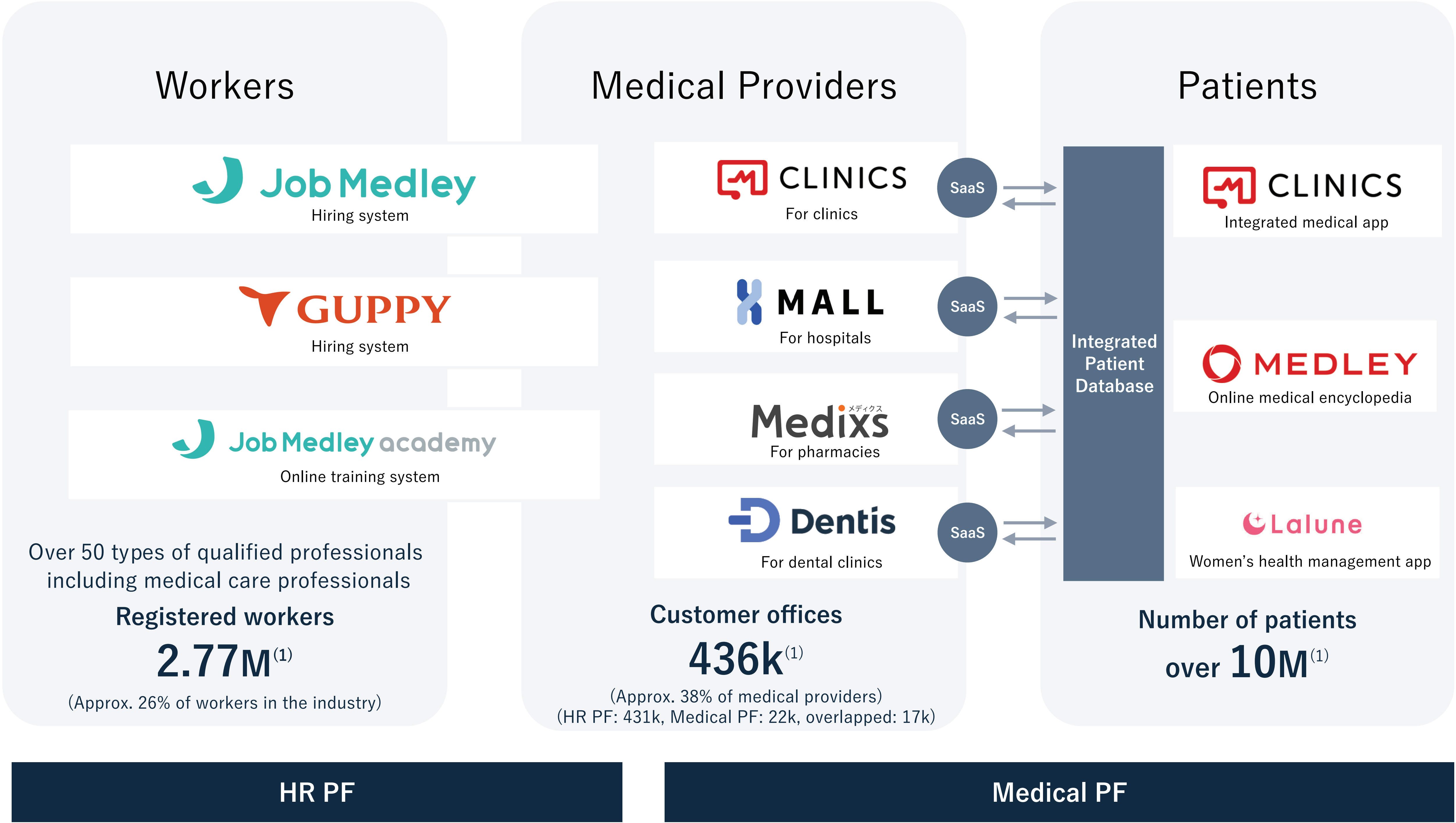
1. FY2025 Q2 Results

2. FY2025 Full-year Forecast

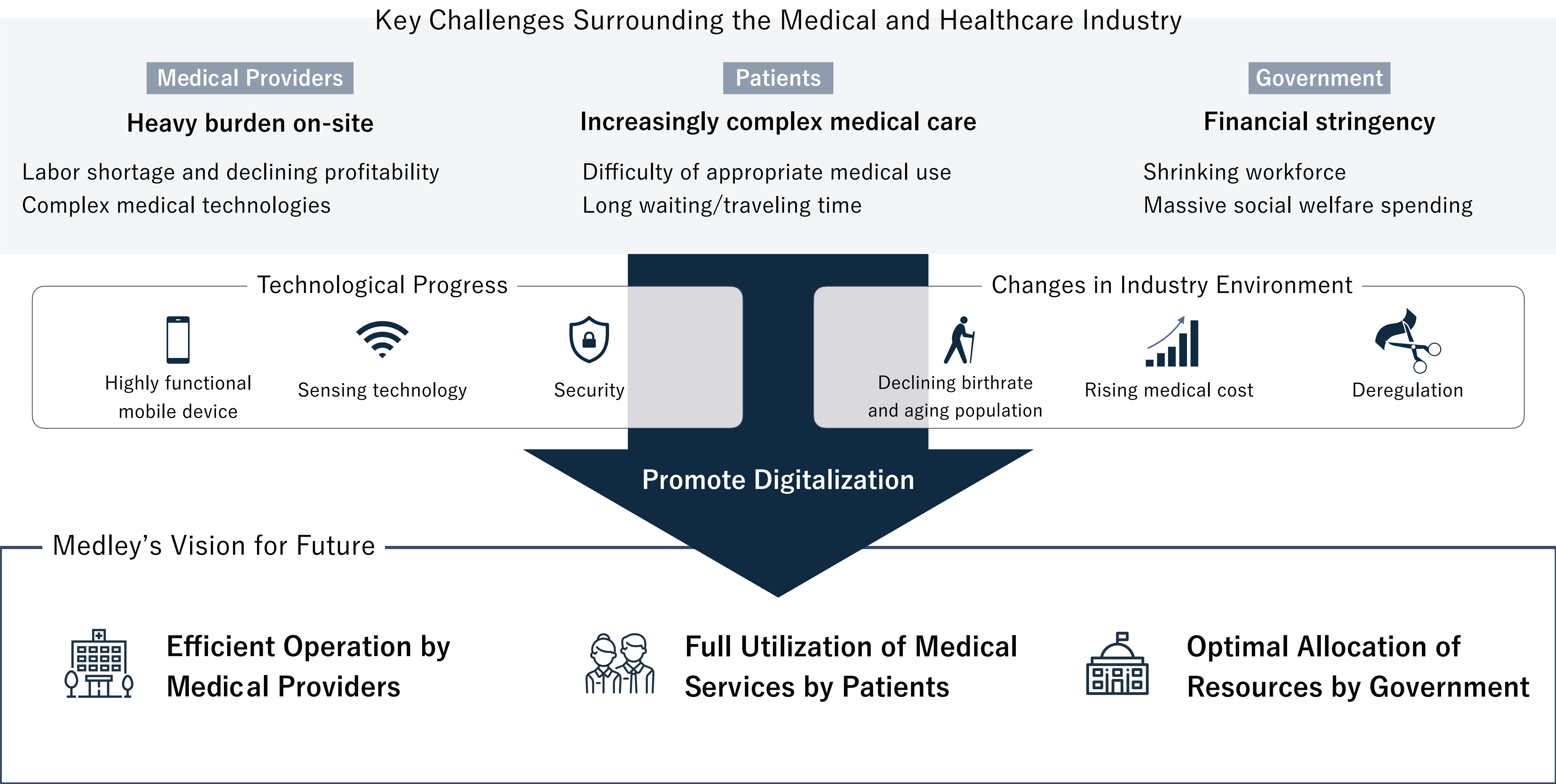
3. Investment Highlights

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

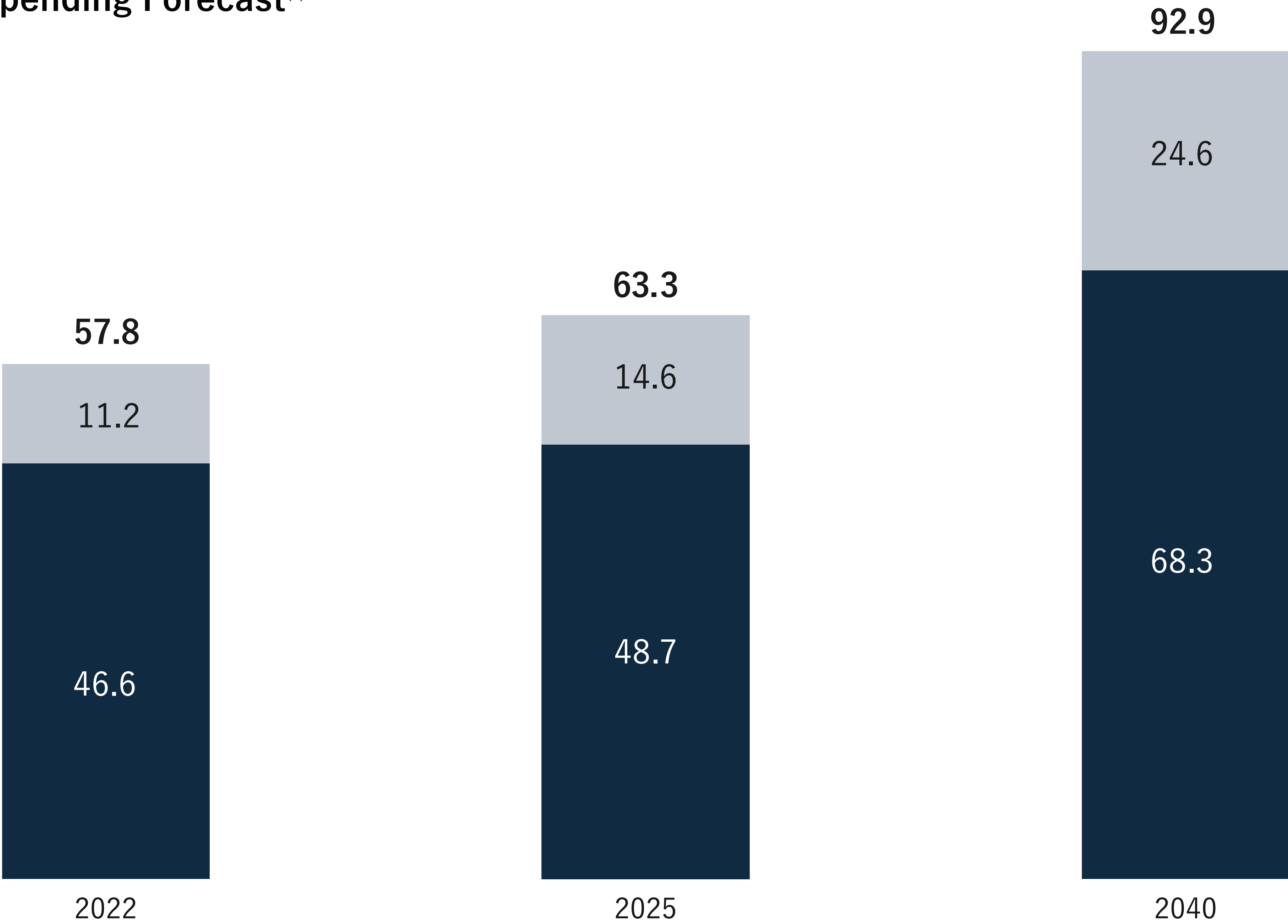


Spending on social welfare is expected to rise continuously in Japan owing to the aging of the population. This and the declining workforce population are important and well recognized issues in Japan.

Social Welfare Spending Forecast⁽¹⁾

(JPY Trillion)

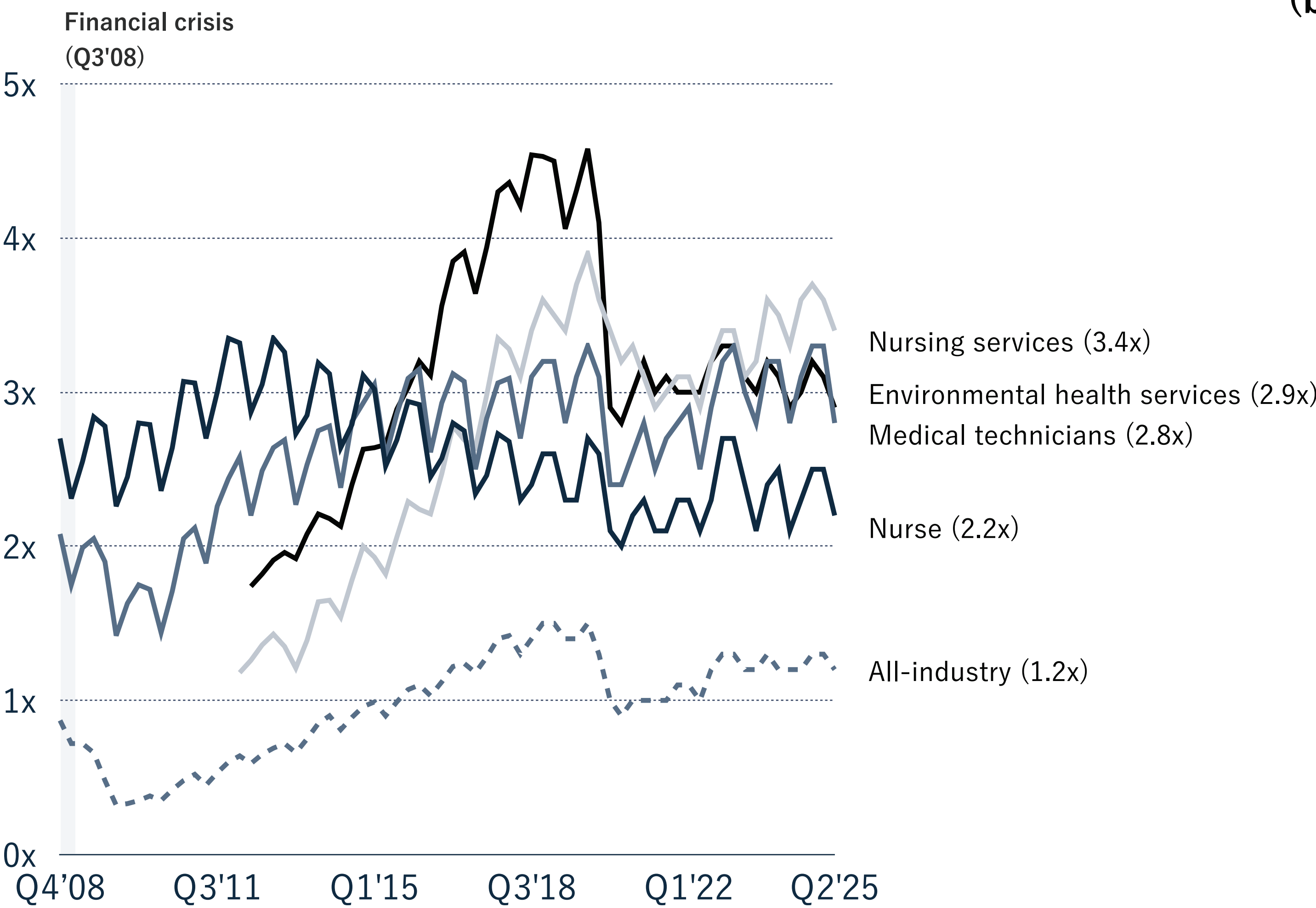
- Nursing care cosst
- Medical cost



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

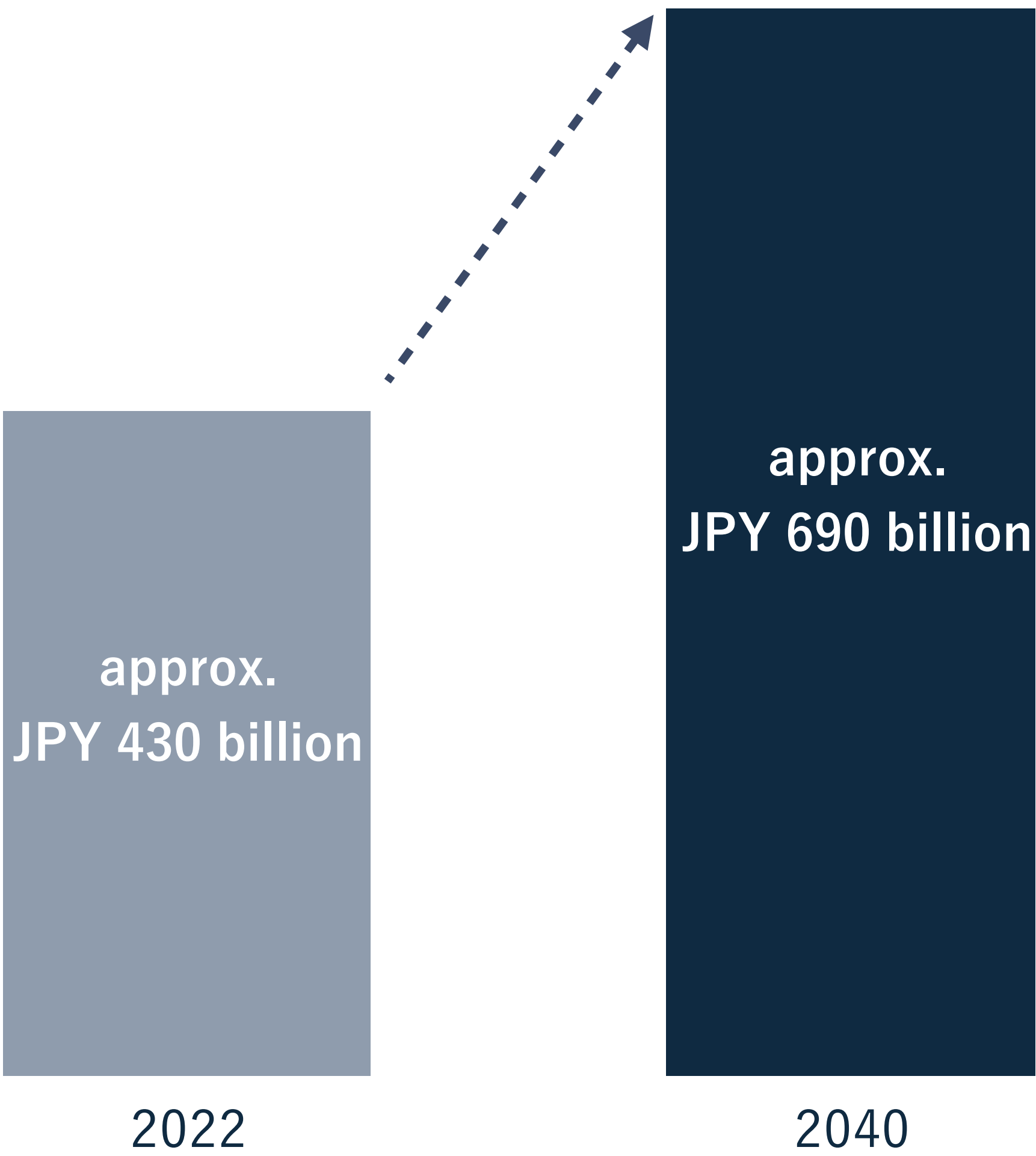
The Japanese medical industry suffers from a chronic shortage of workers, with a jobs-to-applicant ratio that remains much higher than the average for all industries regardless of economic conditions. We estimate the current market size to be approximately JPY 430 billion, and expect expansion to up to JPY 690 billion in 2040 driven by increasing demand.

Ratios of Job Openings to Job Applicants⁽¹⁾



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

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



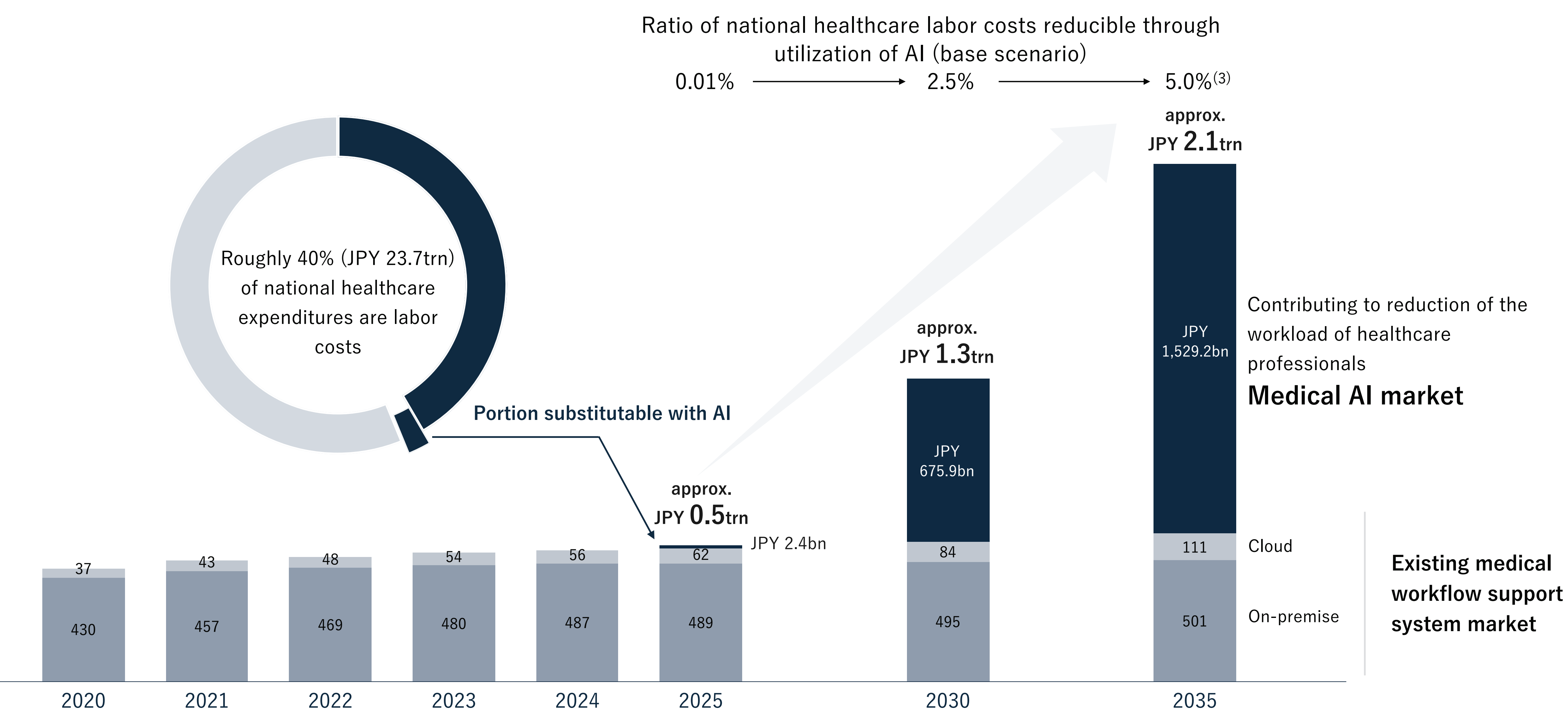
(2) Estimates by Medley, Inc.

Hypothesis: Generative AI Innovation will Drive Growth in the Medical IT Market

Innovation in generative AI technology is expected to drive rapid expansion of the medical AI market, particularly in areas that help reduce the workload of healthcare professionals. While forecasting market scale is difficult, we use an AI substitution rate for labor costs of 2.5% over the next five years and 5% over the next ten years as our base scenario. Based on the new hypothesis, we will proceed with prompt plan adjustments, execution, and reorganization of disclosure items, aiming to accelerate the achievement of mid-term targets.

Estimated market size of medical workflow support systems ⁽¹⁾⁽²⁾

(JPY bn)



(1) The size of medical AI market is calculated based on our company's estimation of personnel expenses using data from the Ministry of Health, Labour and Welfare's "Future Outlook for Medical Expenses," "Overview of National Medical Expenses for FY2022," and "The 24th Survey on the Actual Conditions of Medical Economics (Survey on Medical Institutions, etc.)," assuming that productivity improvement support of 0.01%, 2.5%, and 5% is possible.

(2) Existing medical workflow support system market reference: Fuji Keizai Co., Ltd., 2022 Current Status and Future Prospects of the Medical Collaboration and Medical Platform-Related Market

(3) We have set the ratio of costs reducible through utilization of AI at 5% based on the fact that data from the MHLW's Monthly Labour Survey shows that overtime pay accounts for 5% of total cash earnings among workers in the medical and welfare sector, and that the MHLW's Reform Plan for Medical and Welfare Services sets a goal of improving service output in this sector by 5% (and 7% for physicians) by 2040.

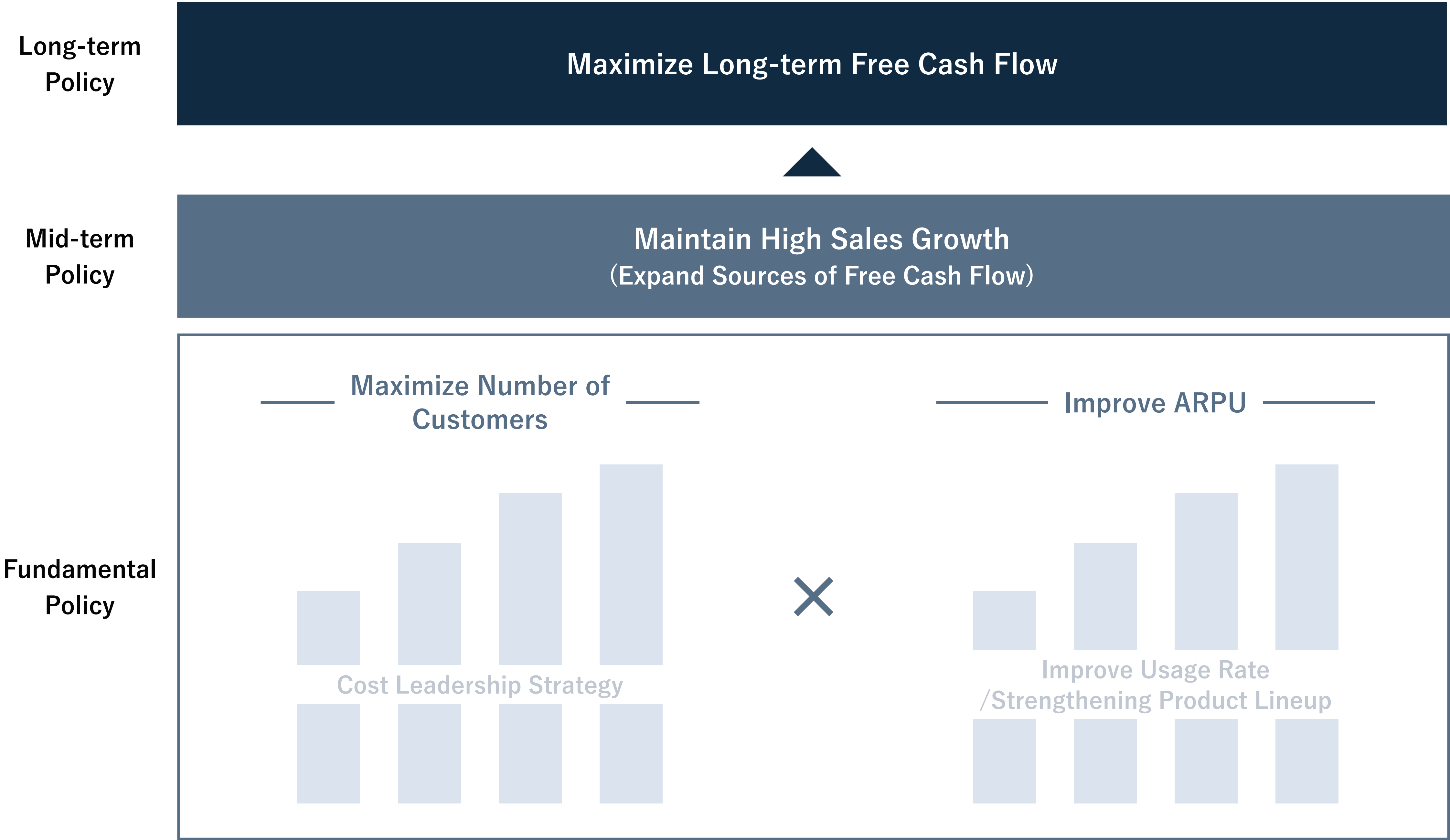
The Japanese government has announced and implemented deregulation and policies to promote telemedicine and EMR, as well as the revitalization of regional healthcare through the use of digital technologies. We view these initiatives as beneficial to the development of our businesses.

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 - Updated of the Basic Policy to promote DX in the medical healthcare field (2024) - Updated to include <u>the consideration of incentives, such as regulatory and fiscal measures, to promote the shift to cloud-based hospital systems</u> (2025)	- 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 - Considering the details for the full-scale implementation of a standardized EMR <u>Targeting adoption of EMR system by almost all medical institutions by 2030</u>
Grand Design and Action Plan for New Capitalism, 2025 Revised Edition	- June 13, 2025: Cabinet decision - Support and promote the adoption and utilization of technology	- Presenting labor-saving promotion measures - Support for the introduction, development and implementation of ICT equipment that contributes to improving work efficiency and reducing workload (including IT subsidies) <u>Promoting the use of AI technology at nursing care facilities</u> - Renewal of hospital information systems - Promote migration to cloud-native systems for EMR and other hospital information systems <u>Accelerate R&D and social implementation of nursing care technology utilizing AI, ICT, etc. and medical devices using digital technology</u>
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.

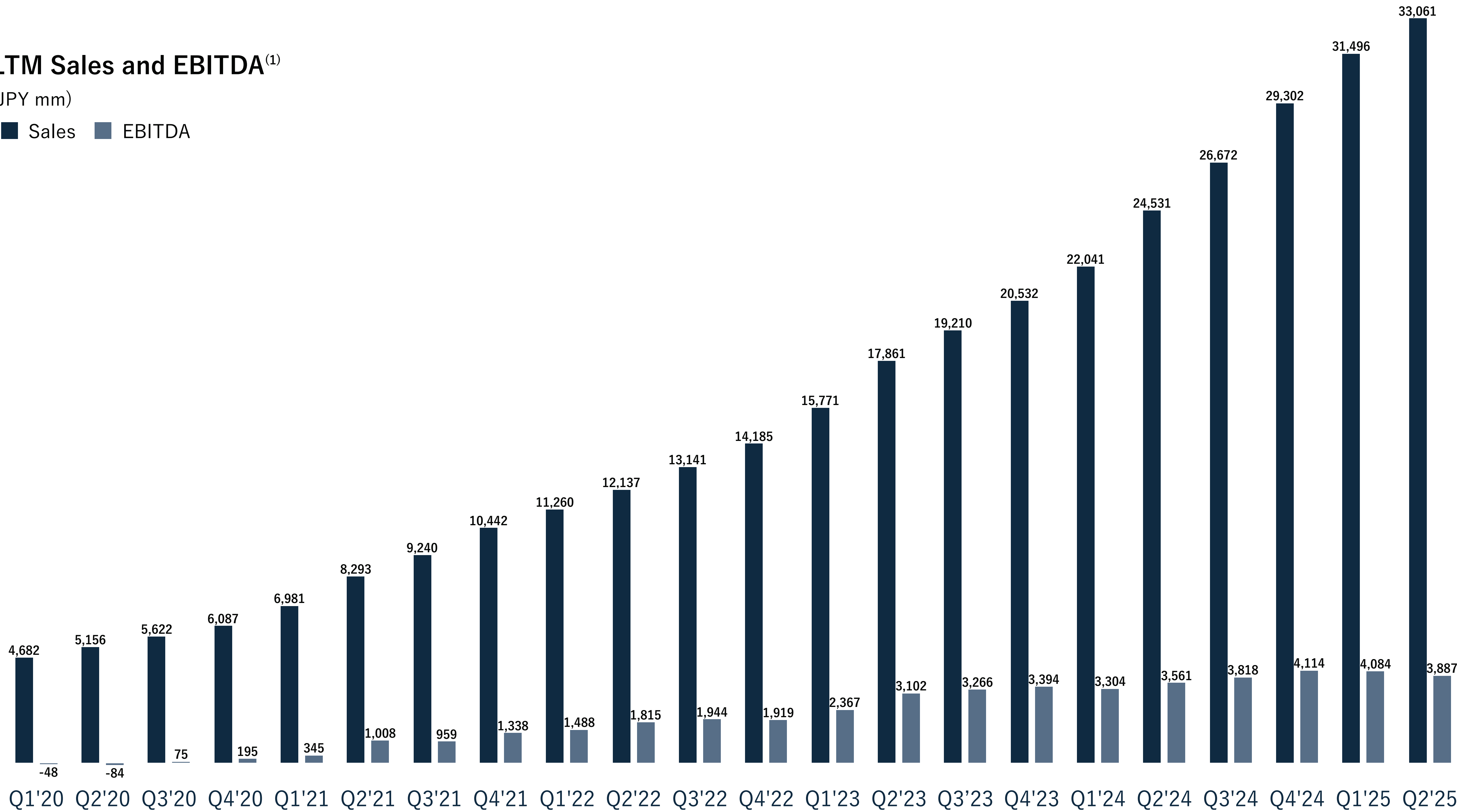


Although sales in the HR PF tend to seasonally concentrate on every Q2, sales and EBITDA for the last 12 months (LTM) have been on a stable increasing trend.

LTM Sales and EBITDA⁽¹⁾

(JPY mm)

Sales EBITDA

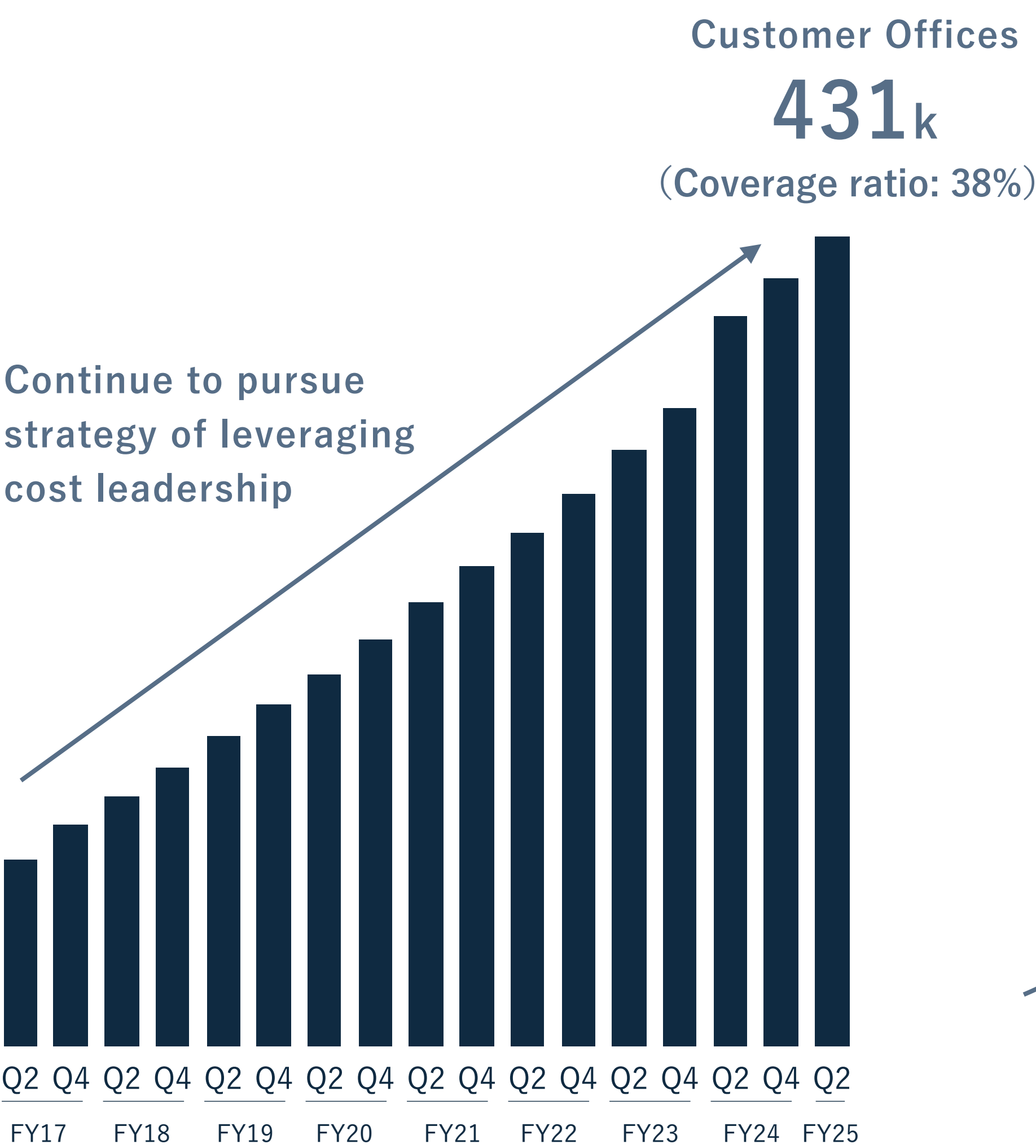


(1) Sum of sales and EBITDA for the last 12 months from the end of each quarter. Figures for FY2021 and earlier are based on the new revenue recognition standard.

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 customer base to develop and deliver new products.

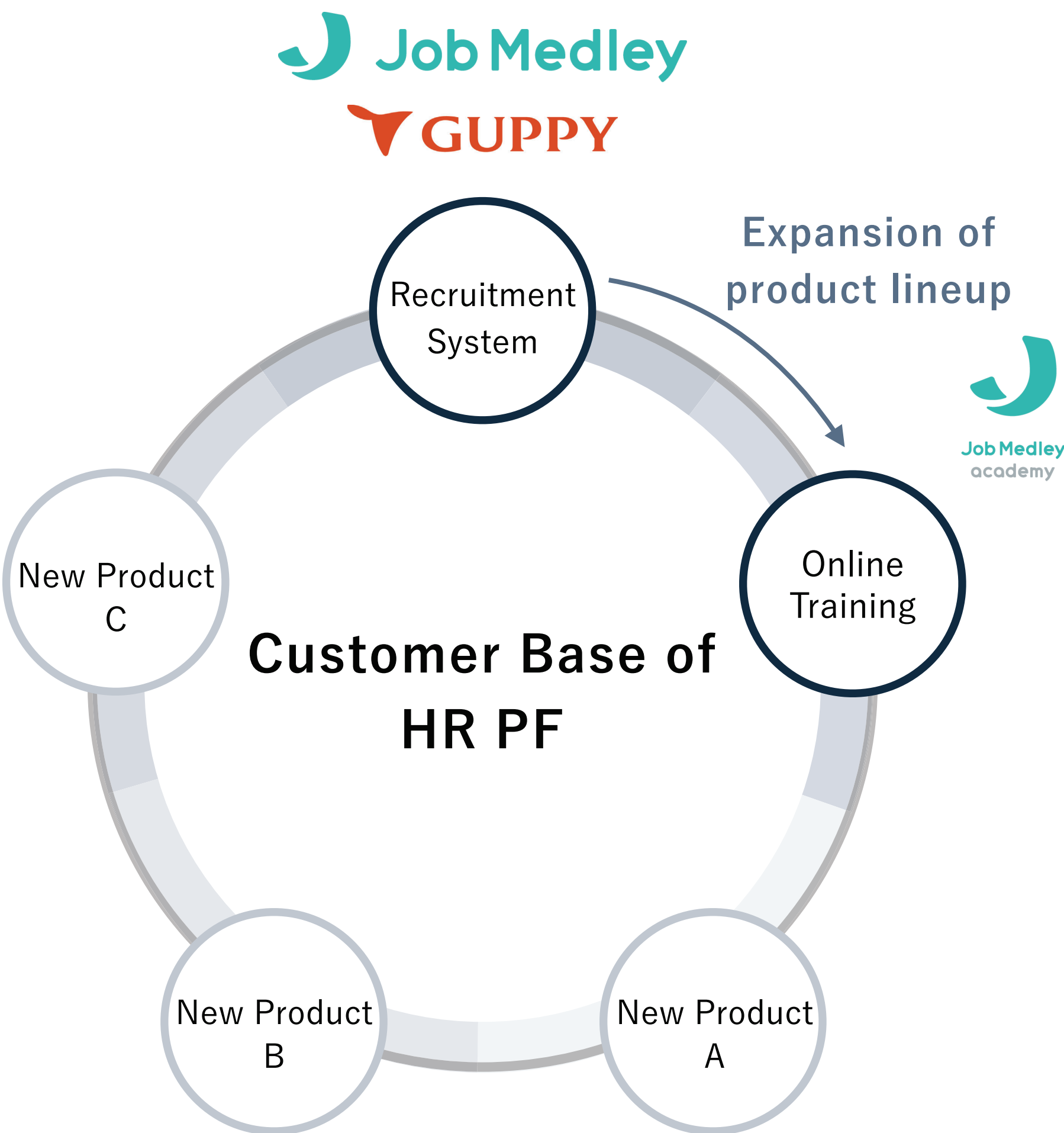
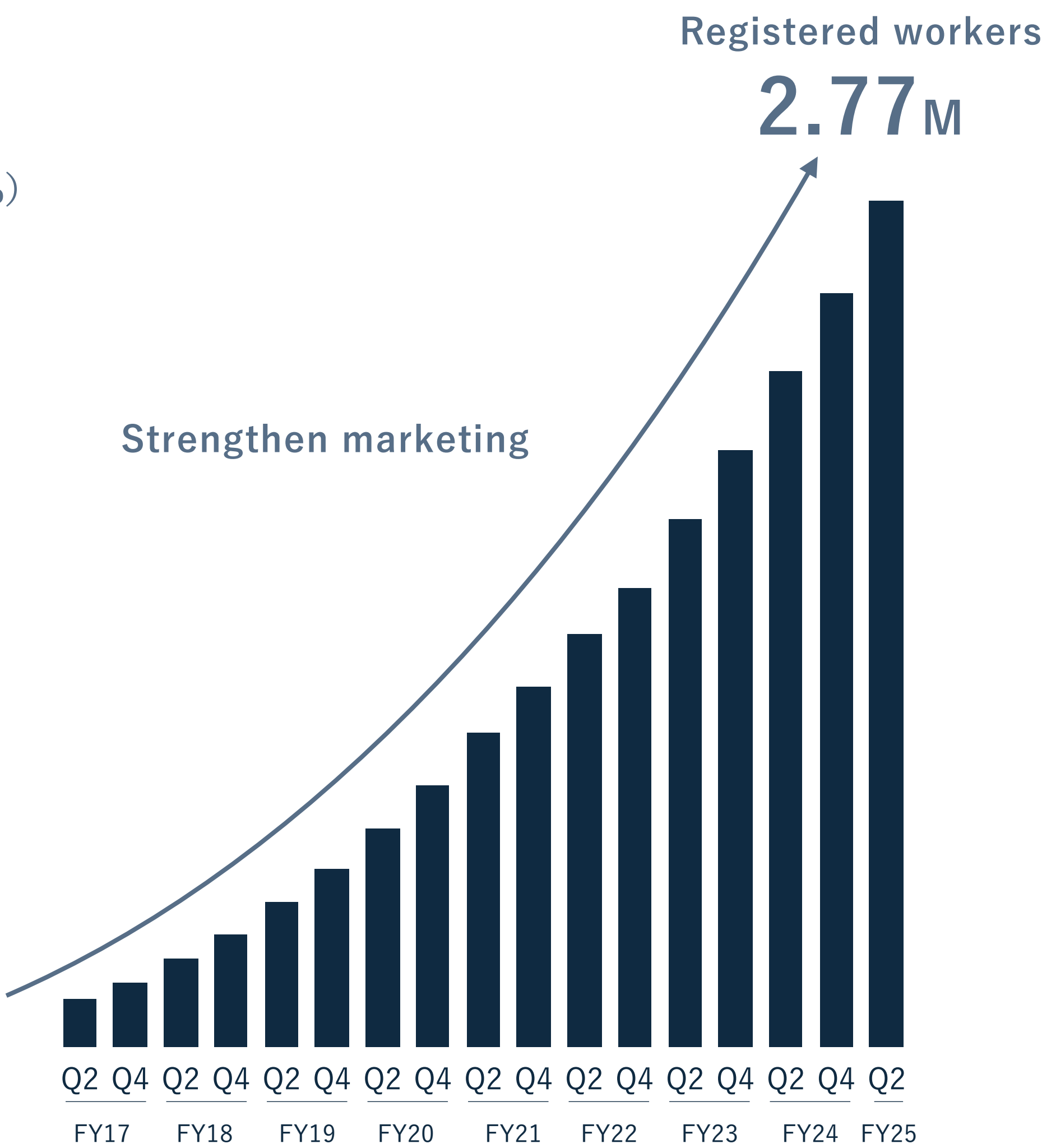
Maximize Number of Customers

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



Improve ARPU

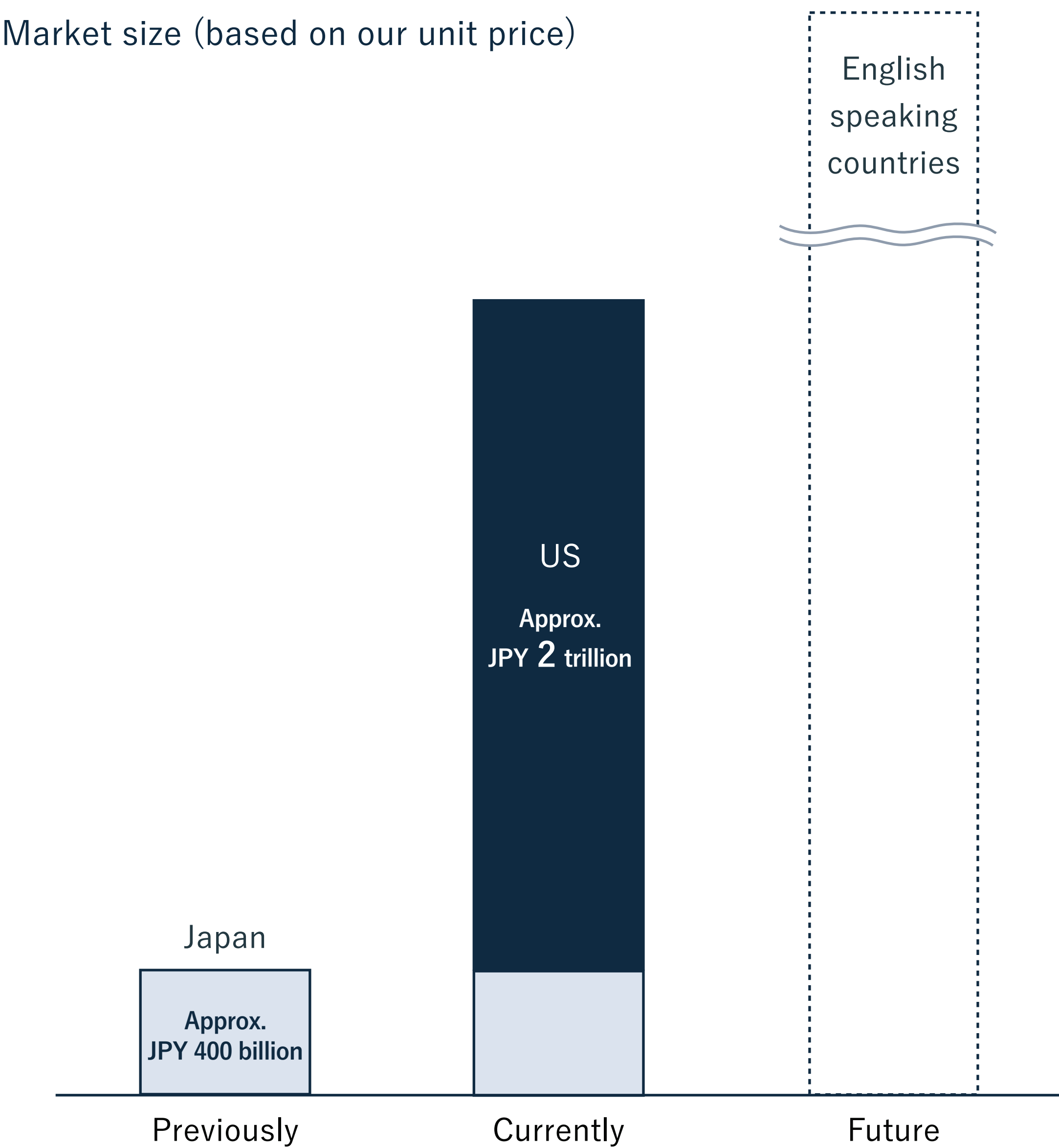
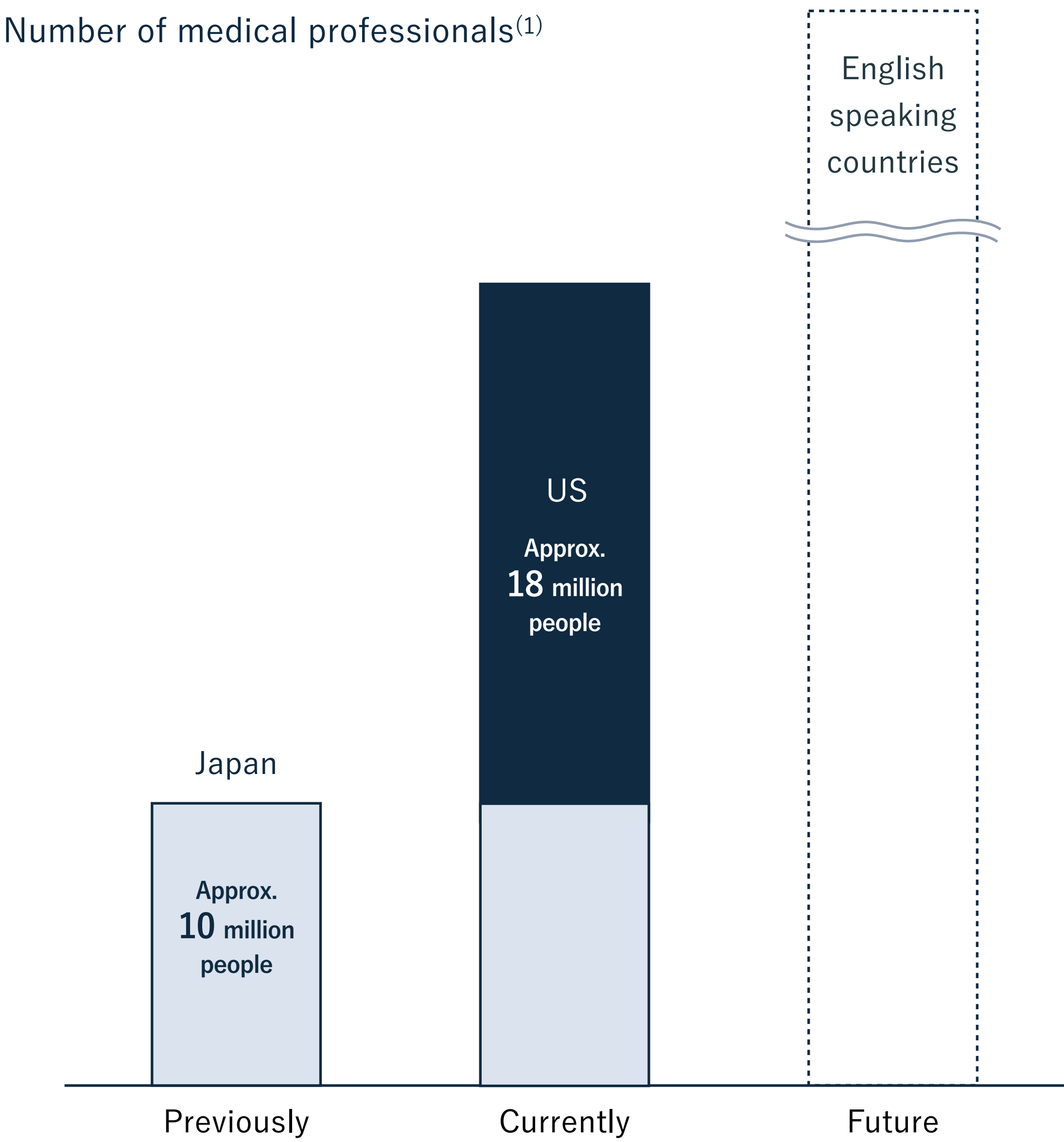
- There are over 10 million⁽¹⁾ medical industry workers in Japan, thus continue to see considerable upside potential
- Leverage the customer base for our recruitment systems and promote digitalization of related operations such as online training, etc.



(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)

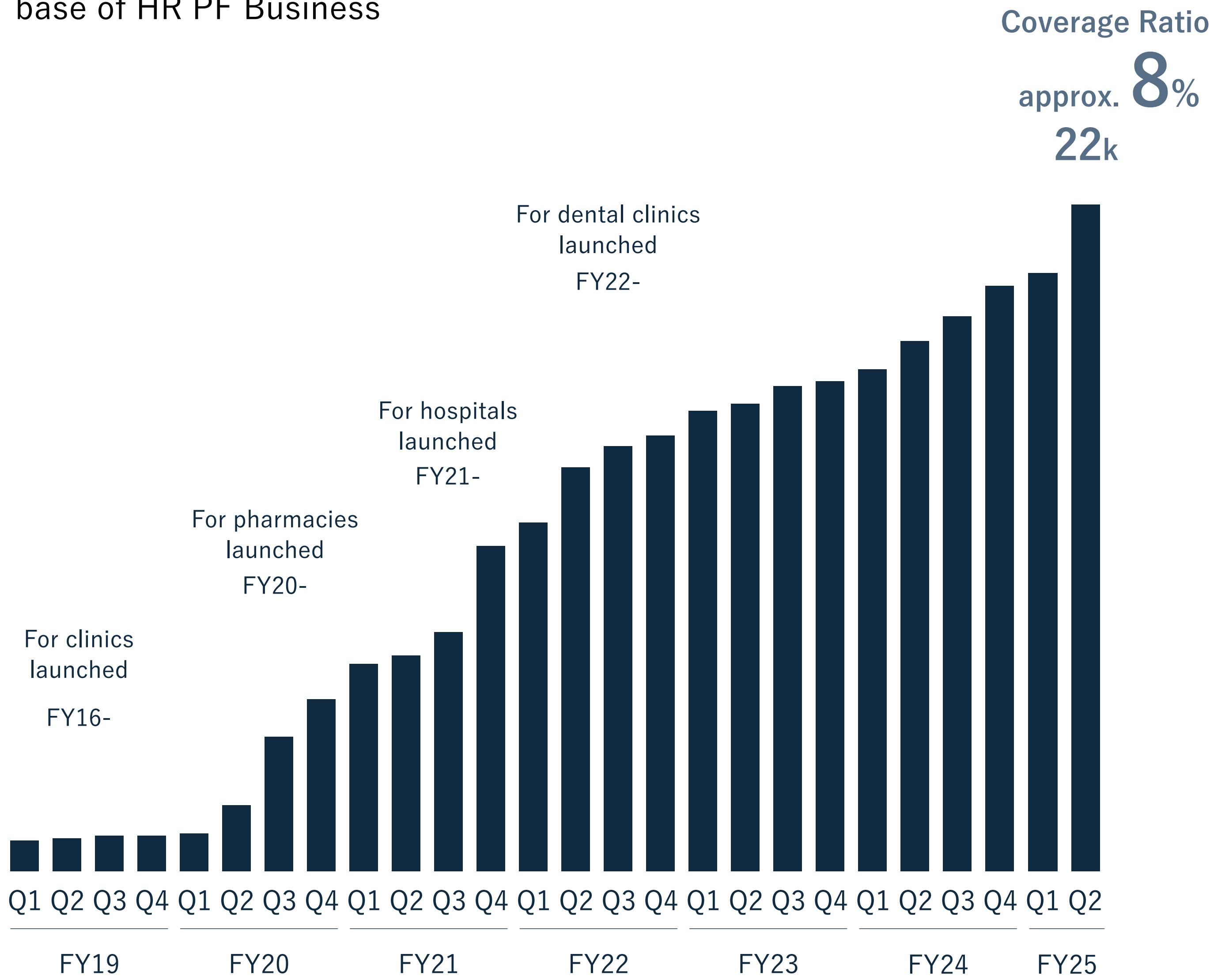
Medical PF: Improved ARPU via Synergy with HR PF Business Customer Base



In the Medical PF Business, we help our customers improve operational efficiencies, as well as contact with patients by using 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

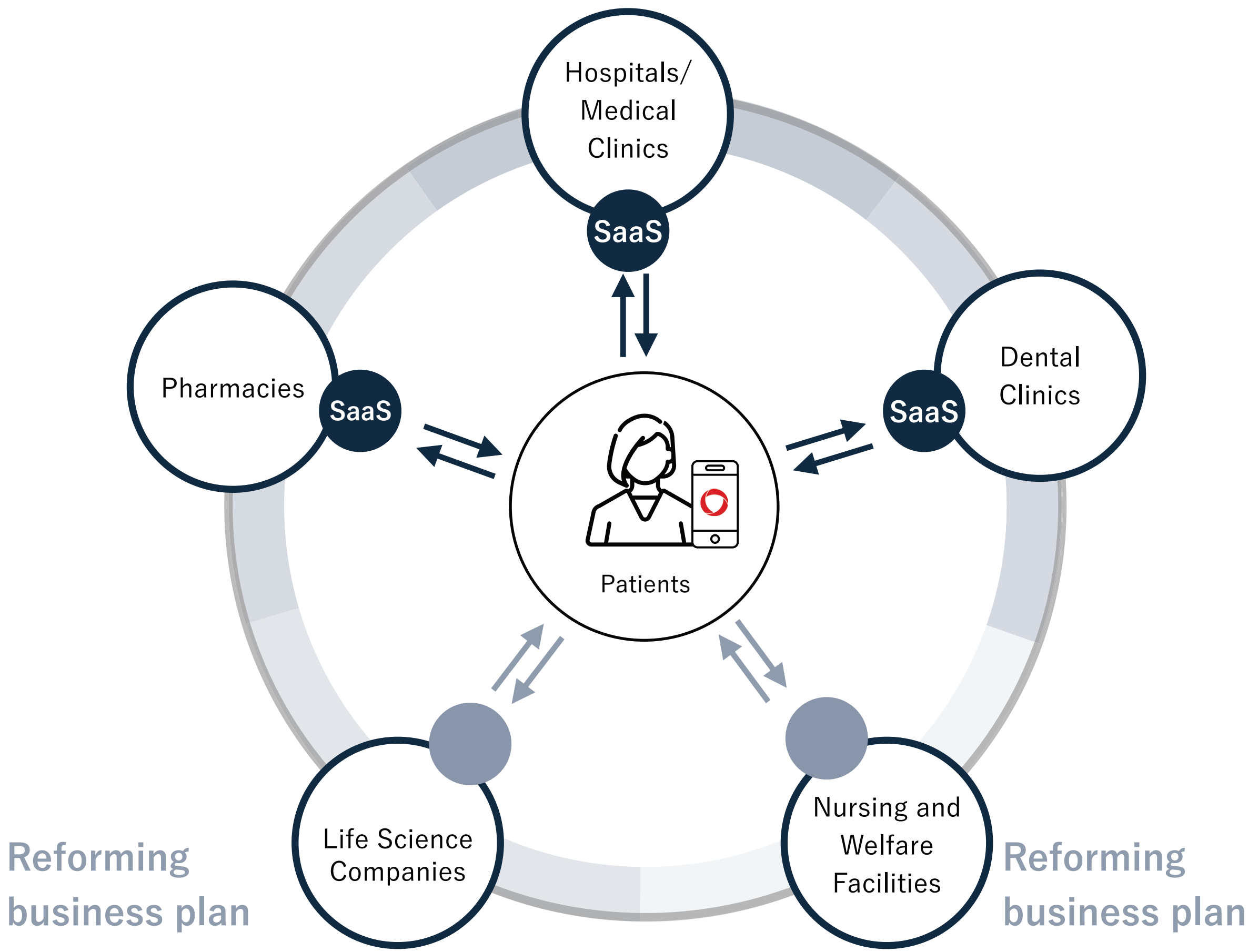
- Target customer base has sizable upside potential with roughly 260k⁽¹⁾ hospitals, clinics, pharmacies, and dental clinics
- Conducted sales promotion that leveraged synergies with the customer base of HR PF Business



(1) Ministry of Health, Labour and Welfare statistics

Improve ARPU

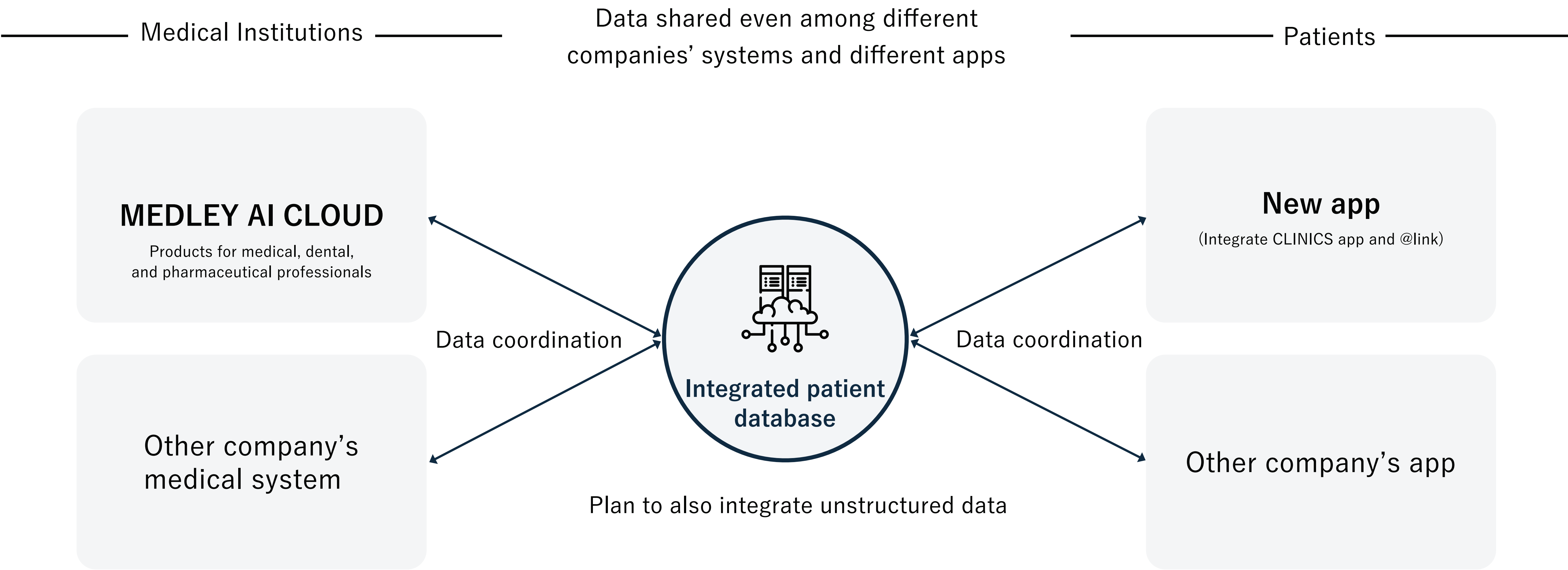
- Room for improvement in boosting efficiency of medical institutions' operations and enhancing patients' experiences by strengthening our product lineup



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

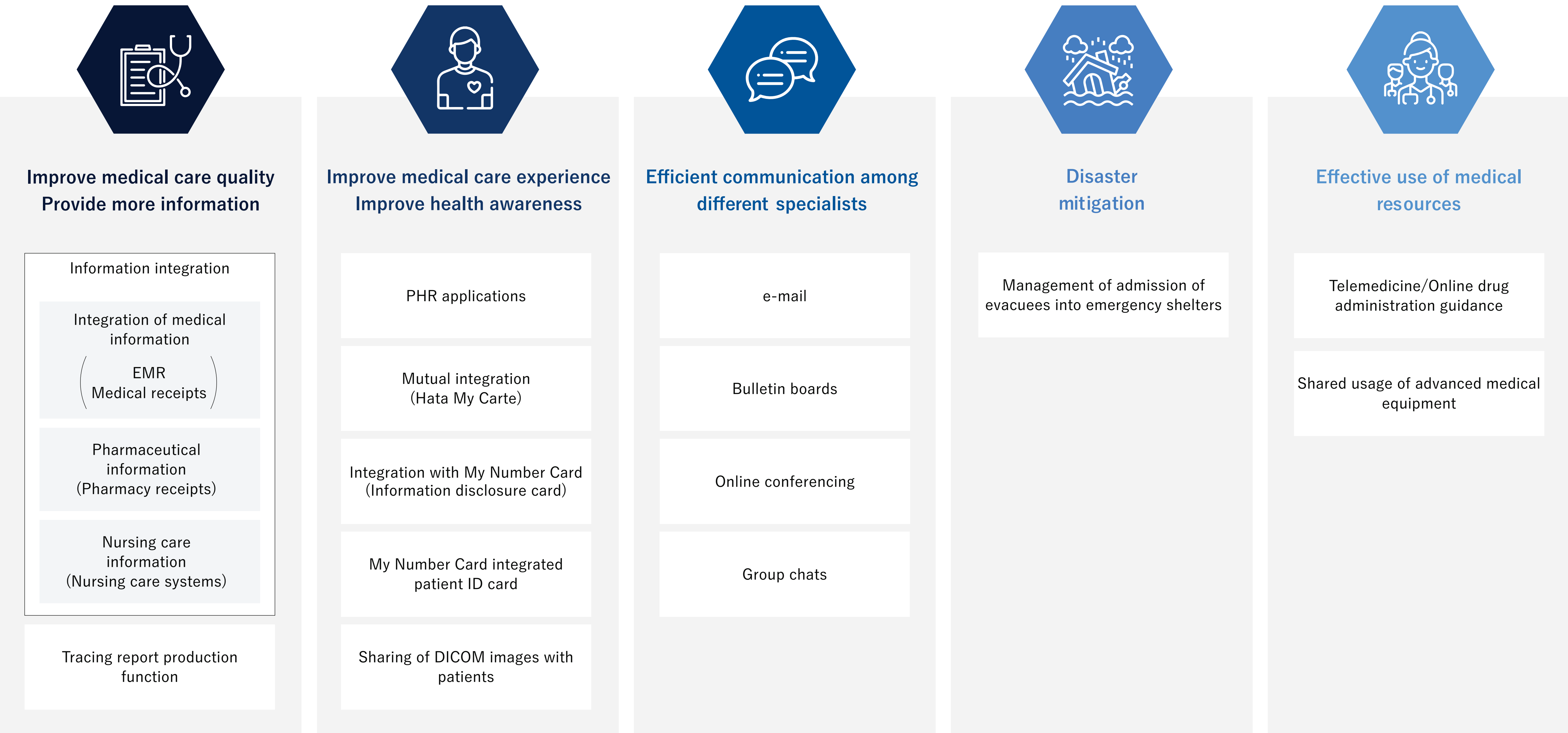


The various products offered via the Medical PF are built using an integrated patient database as a core technology (patent no. 6921177), enabling the exchange of medical data between a wide range of healthcare systems and patient-facing applications. We are constructing the database in alignment with the standardization policies of the Japanese government. As generative AI continues to evolve, we will also work to integrate unstructured data such as voice and images, with a fundamental commitment to safety and security.



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)



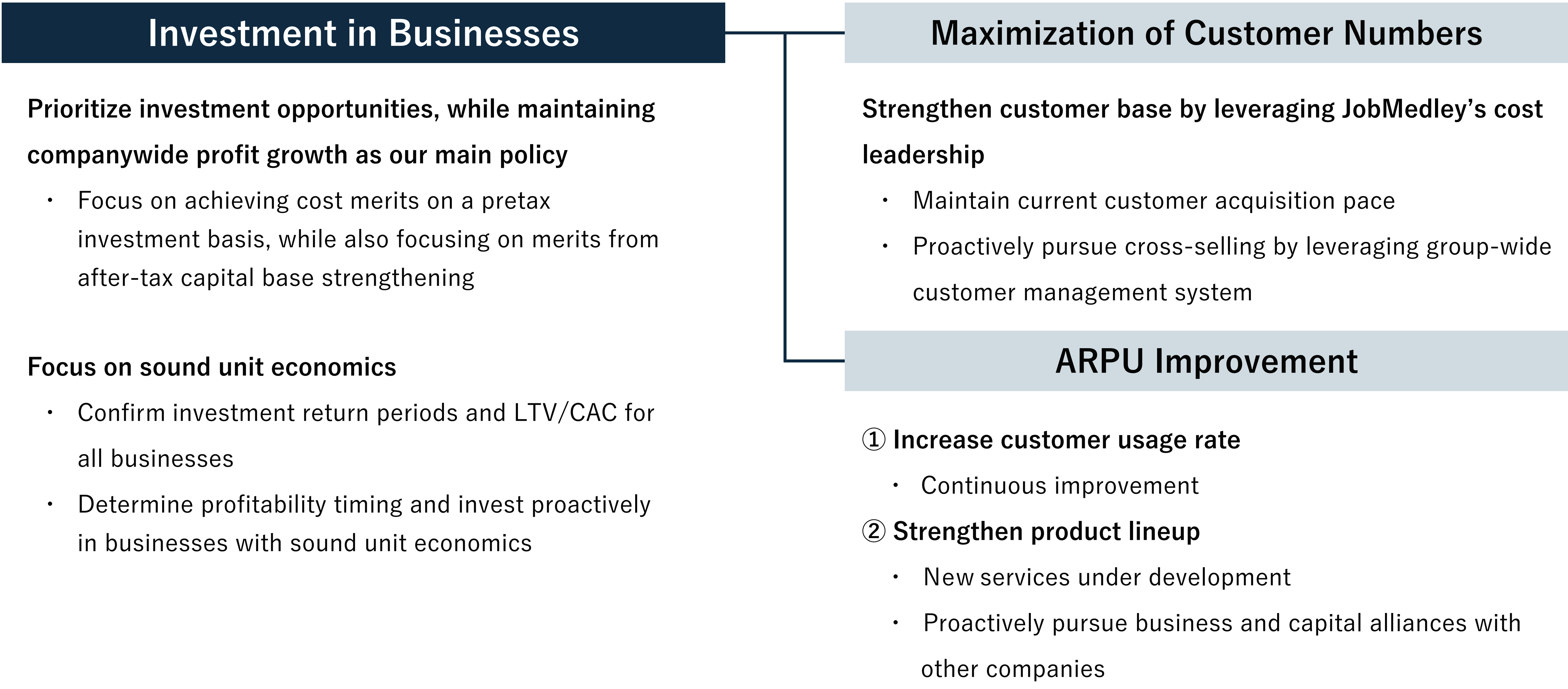
In order to reach our mid-term targets ahead of schedule, we will proactively invest capital secured via operating cash flow and interest-bearing debt into our business and acquisitions, while keeping companywide profit growth as our principal policy. That said, if attractive investment opportunities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

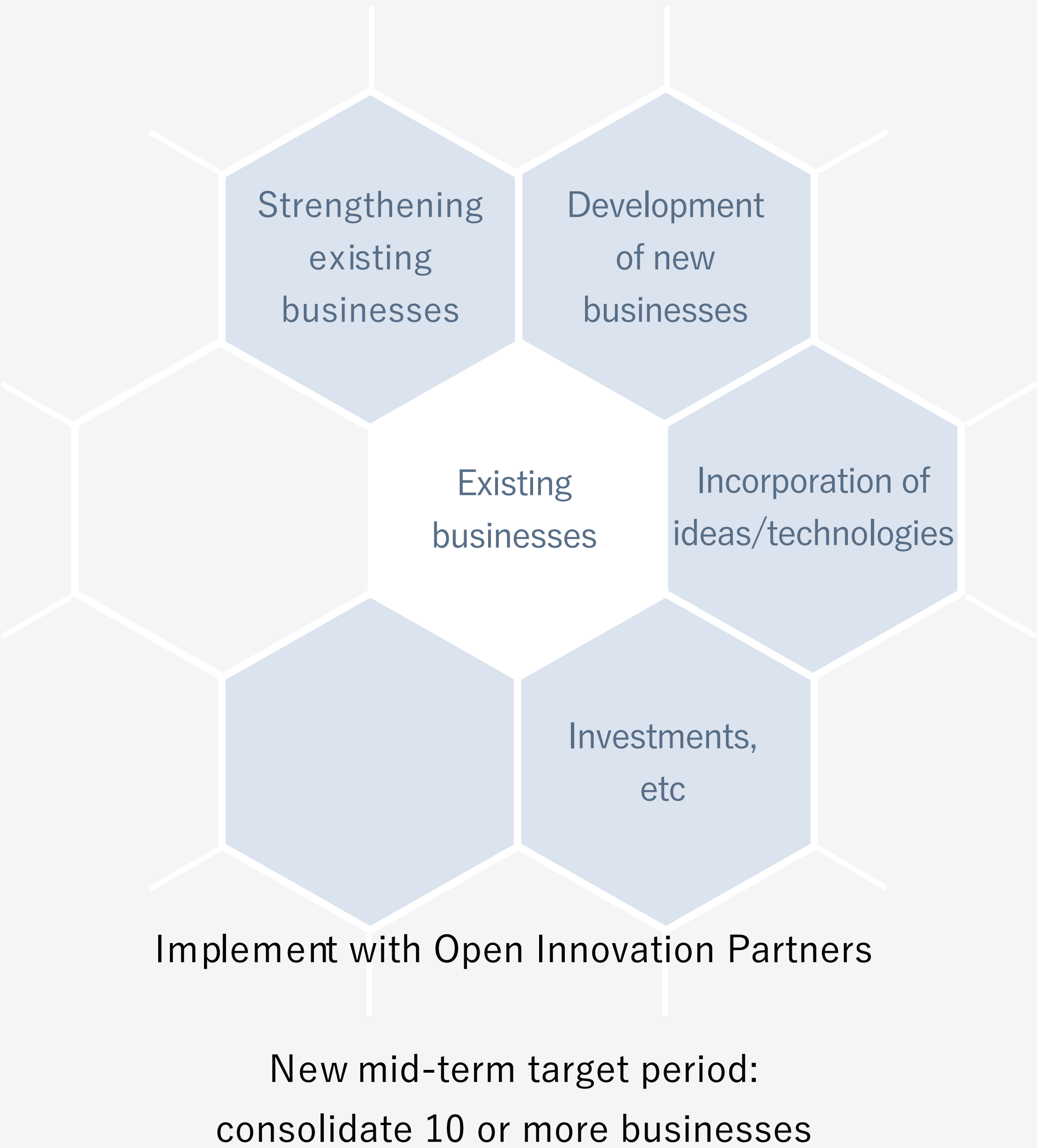


We view M&A as an important growth driver. Our group companies will work together to promote digitalization by focusing on creating synergies utilizing our robust customer base in the healthcare sector.



(1) As of end of June 2025

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. 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 and investments we have completed.

Open innovation

Name	Start of Initiative	Investment	Status
Philduct Inc.	Mar. 2025	Not disclosed	• Implementing initiatives to generate synergies with Dentis
GeCS, Inc.	Feb. 2025	Not disclosed	• Working to create synergies with “Annyo” platform provided by GeCS
emol inc.	Dec. 2024	Not disclosed	• Working to achieve synergies with various projects in the Medical PF Business
Medical & Technologies, Inc.	May 2024	JPY 0.8bn	• Developing products that contribute to the efficiency of medical providers and regional medical coordination

M&A

Name	Impacted segment	Timing of group	Acquisition	Annual sales	Status
AxisRoot	Medical PF	Jan. 2025	JPY 7.9bn	JPY 1.7bn	• Integration with Pharms will streamline operations and greatly strengthen our connection with patients
ATN	New Services	Jan. 2025	JPY 1.3bn	JPY 0.9bn	• Accelerate DX in the industry with Minkai (referral services for prospective residents to nursing care facilities) and Renkei san (discharge coordination support system)
Offshore	Medical PF	Oct. 2024	JPY 2.6bn	JPY 1.0bn	• Taking 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	• Working to create synergies with JobMedley. Sold healthcare business in April 2025
Lalune	Medical PF	Feb. 2024	JPY 0.5bn	JPY 0.3bn	• Creation of synergies with our business to improve patients’ medical access
MEDLEY Financial Service	Medical PF	Sep. 2023	JPY 0.5bn	JPY 0.1bn	• Launched special plan for existing customers under the “Medley Funding Support” program
Tenxia	HR PF	Sep. 2022	JPY 0.1bn	JPY 0.1bn	• Implementing initiatives to generate long-term synergies with recruitment system
MEDiPASS	HR PF/Medical PF/ New Services	Feb. 2021	JPY 1.5bn	JPY 1.2bn	• Integrated online training business with Medley in Jan 2022, improved core functions, and developed multilingual support • <u>Sold other businesses in January 2025</u>
Pacific Medical	Medical PF	Jan. 2021	JPY 0.8bn (80%)	JPY 0.6bn	• Strengthened MALL EMR system for small-and-medium-sized hospitals and MINET regional medical cooperation system
Proof-of-concept testing	Medical PF	Dec. 2020	-	-	• Contributed considerably to development of Pharms. As facilities where proof-of-concept testing is conducted serve as models for the future, we are considering retaining ownership of other facility formats
Source code of dental billing	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 in FY2024, but 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	     Expected to turn profitable in FY26 Expected to turn profitable in FY26  		 • Preparation for next phase • No expansion of losses
New Services	Expected to turn profitable in FY25		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 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**



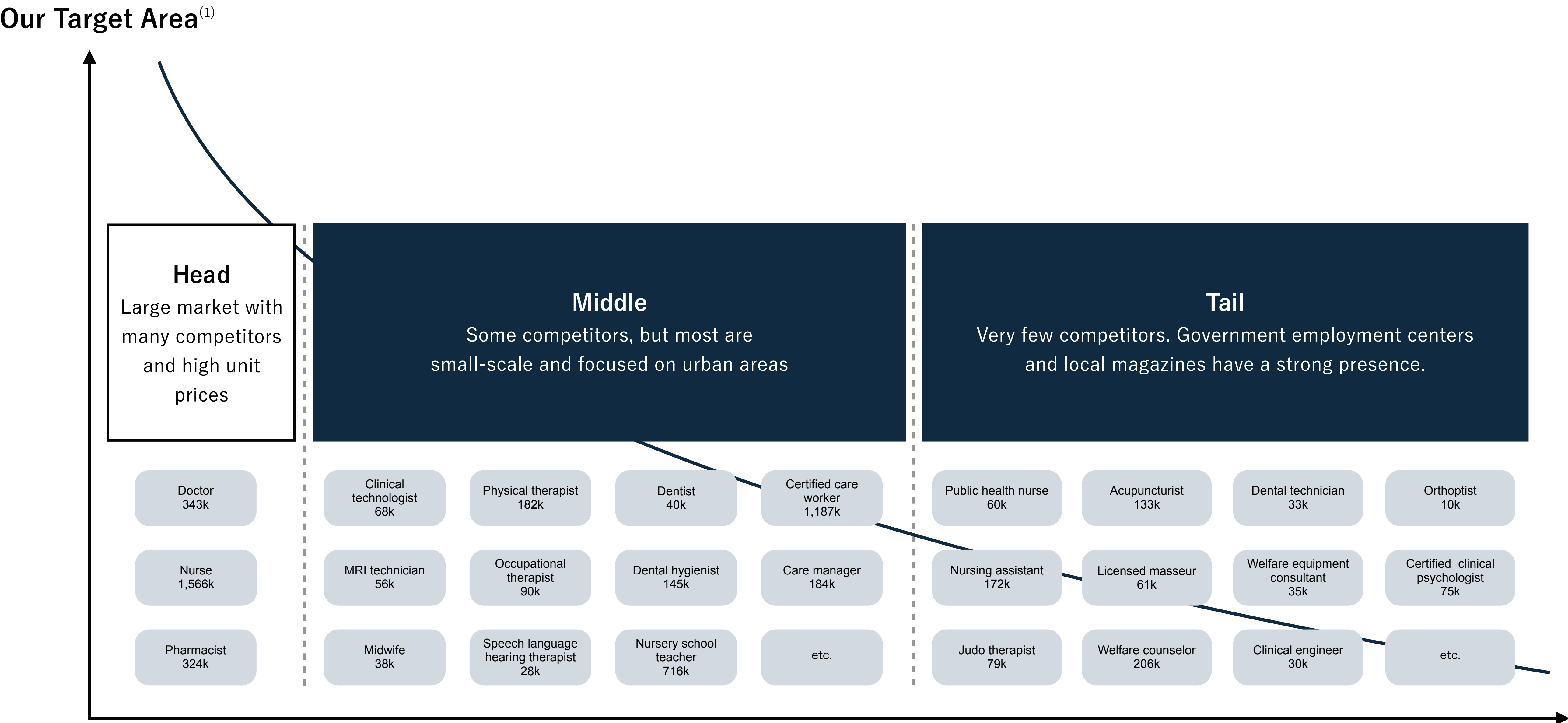
JobMedley is a recruitment system used by businesses (mainly medical institutions) in the nursing, childcare, and healthcare fields. Recruitment information for over 50 types of qualified professionals can be entered into the system and placement fee is charged when a placement is successfully made.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



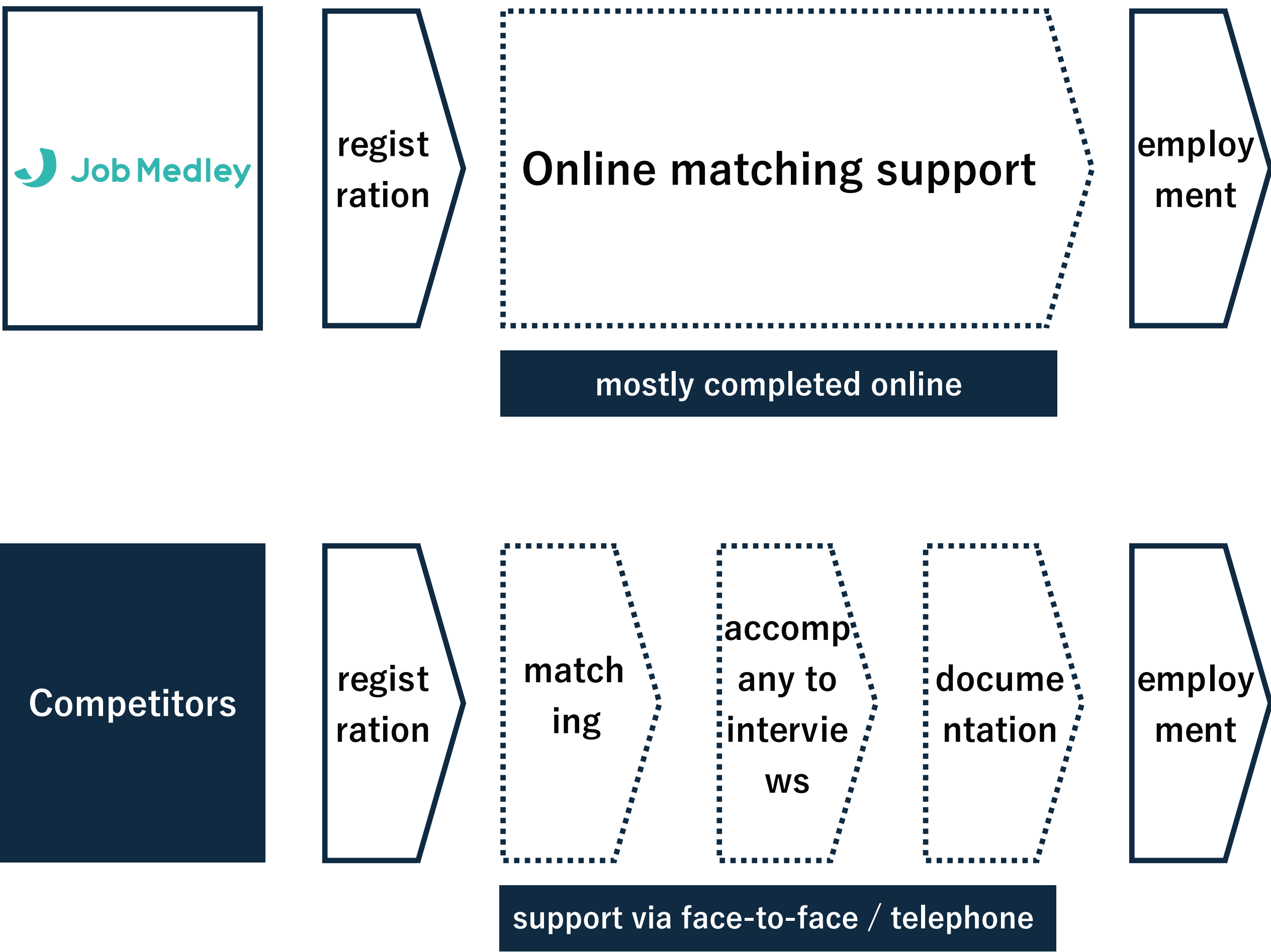
Out of the 10 million workers in the medical/beauty healthcare industry, 21% are doctors, nurses, and pharmacists, who are highly competitive in terms of job placement. On the other hand, there are few competitors in the remaining 79% - the middle and tail segments - where we have captured a leading market share. We currently have over 2.7 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

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 2022 Basic Survey on Wage Structure (range of nurses, childcare professionals, physiotherapists, dentists, and caregivers)

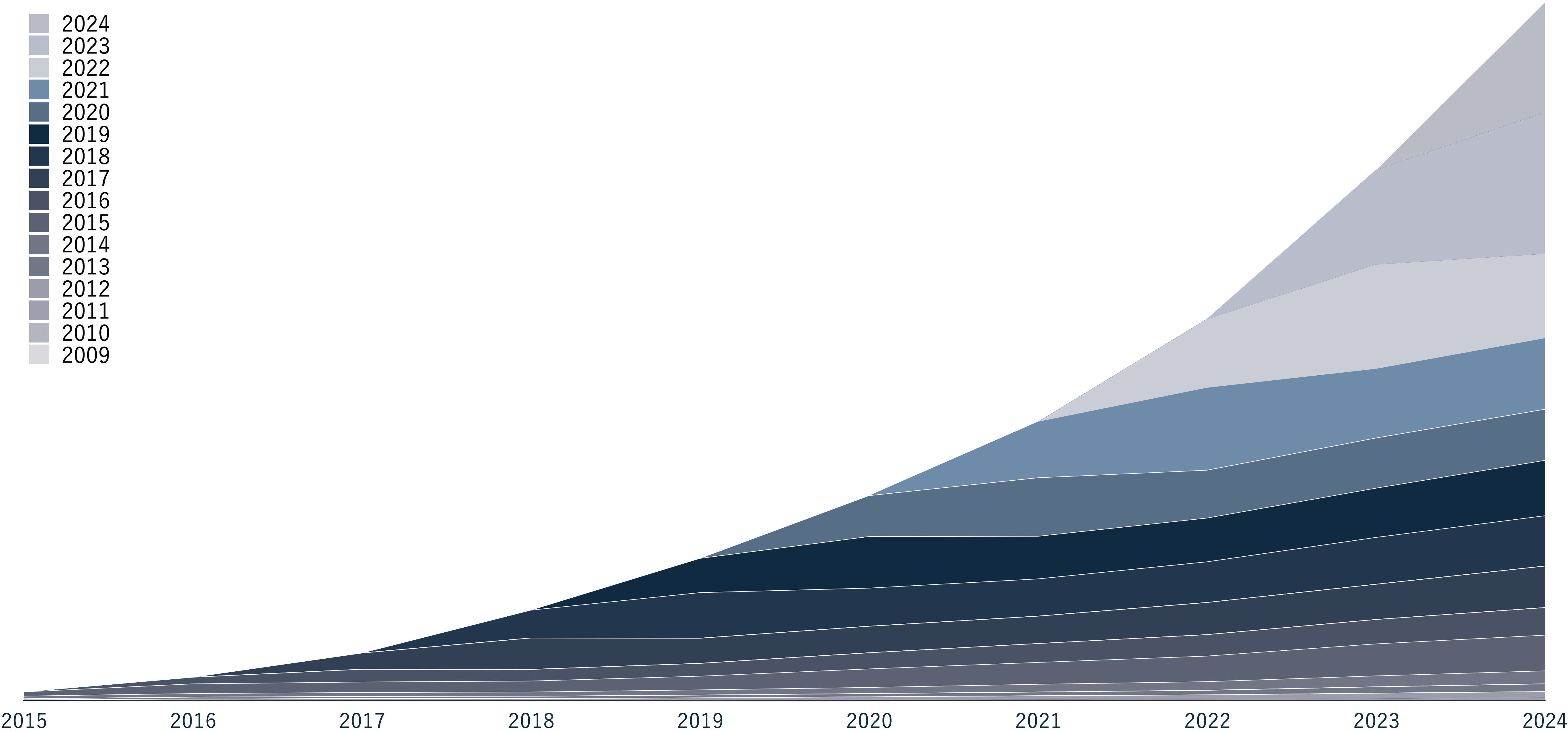
(2) This refers to typical fees for recruitment services for occupations such as doctors, nurses, childcare professionals, physical therapists, dentists, and care workers among the 53 occupations we handle. (Some recruitment services employ different methods for setting success fee amounts that are different from that described above)

HR PF:
Building a Stable Customer Base with Repeat Customers



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⁾

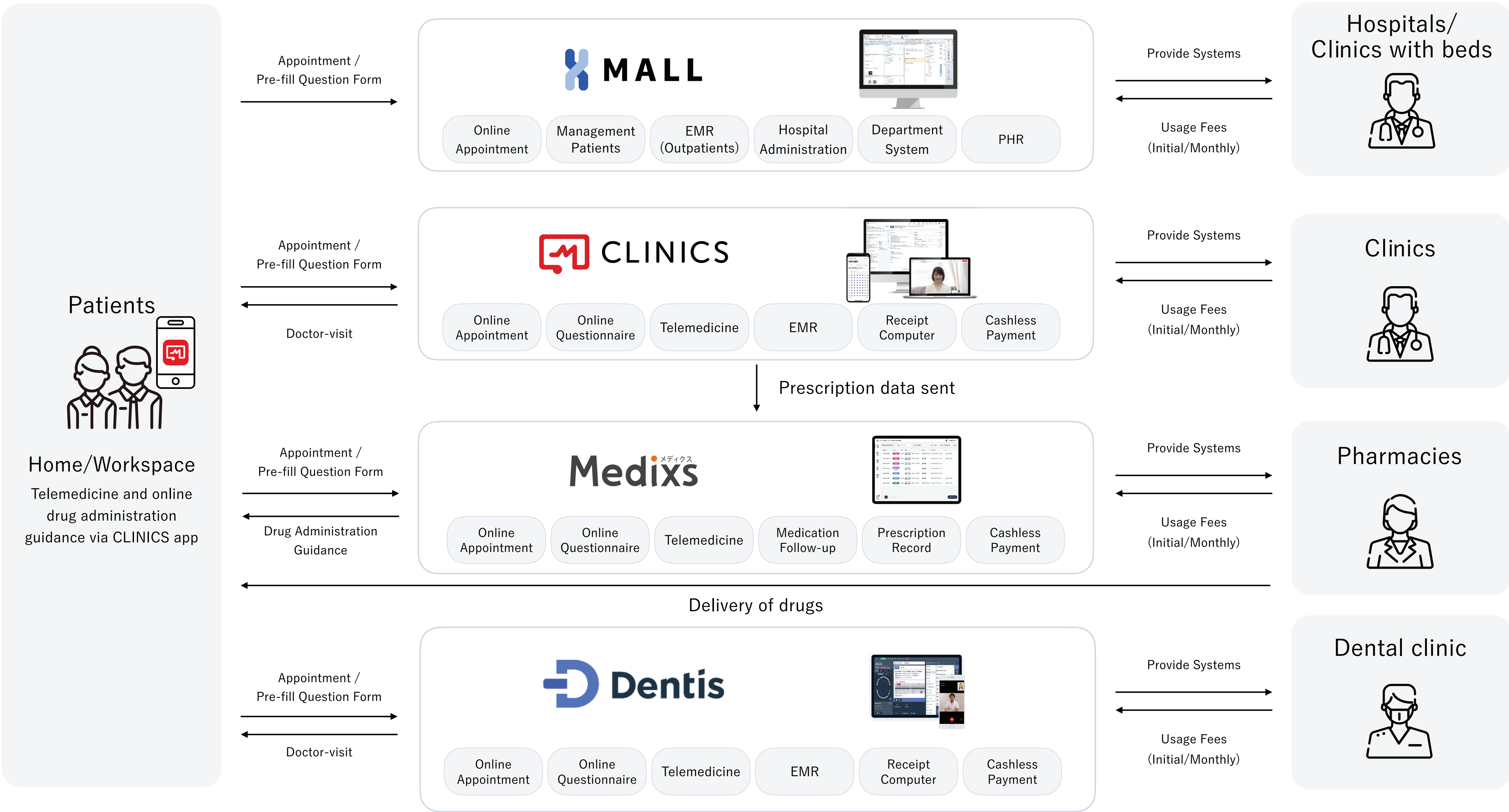


(1) Based on per-customer monthly orders/sales value data.

Medical PF:
Earnings Model: Platform Fee From Medical Institutions



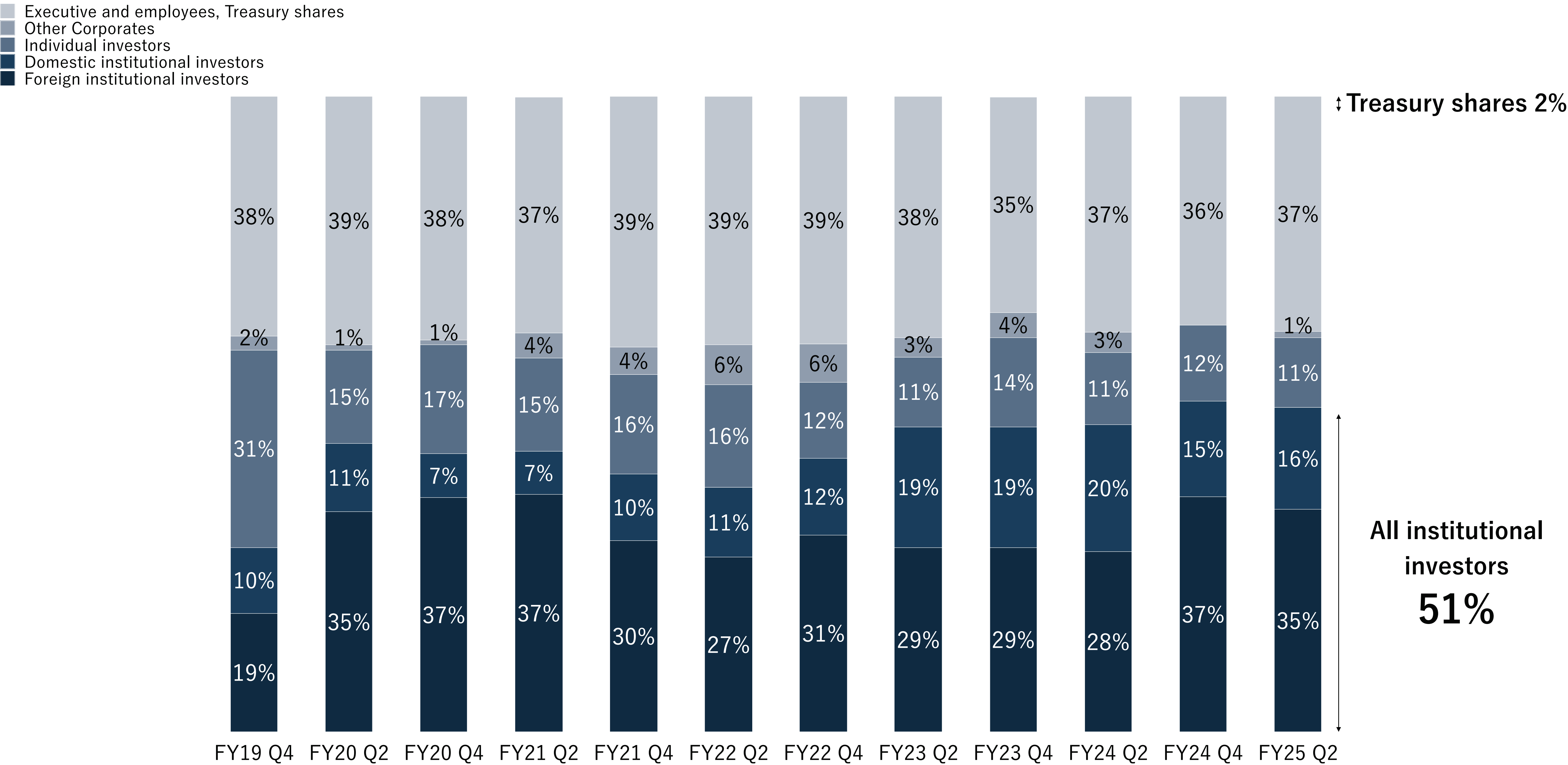
These products employ an earnings model whereby they receive system usage fees from clinics, hospitals, pharmacies, and dental clinics. Usage fees include initial fees for installation and monthly fee payments. These systems and CLINICS app offer patients a seamless online and offline medical experience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



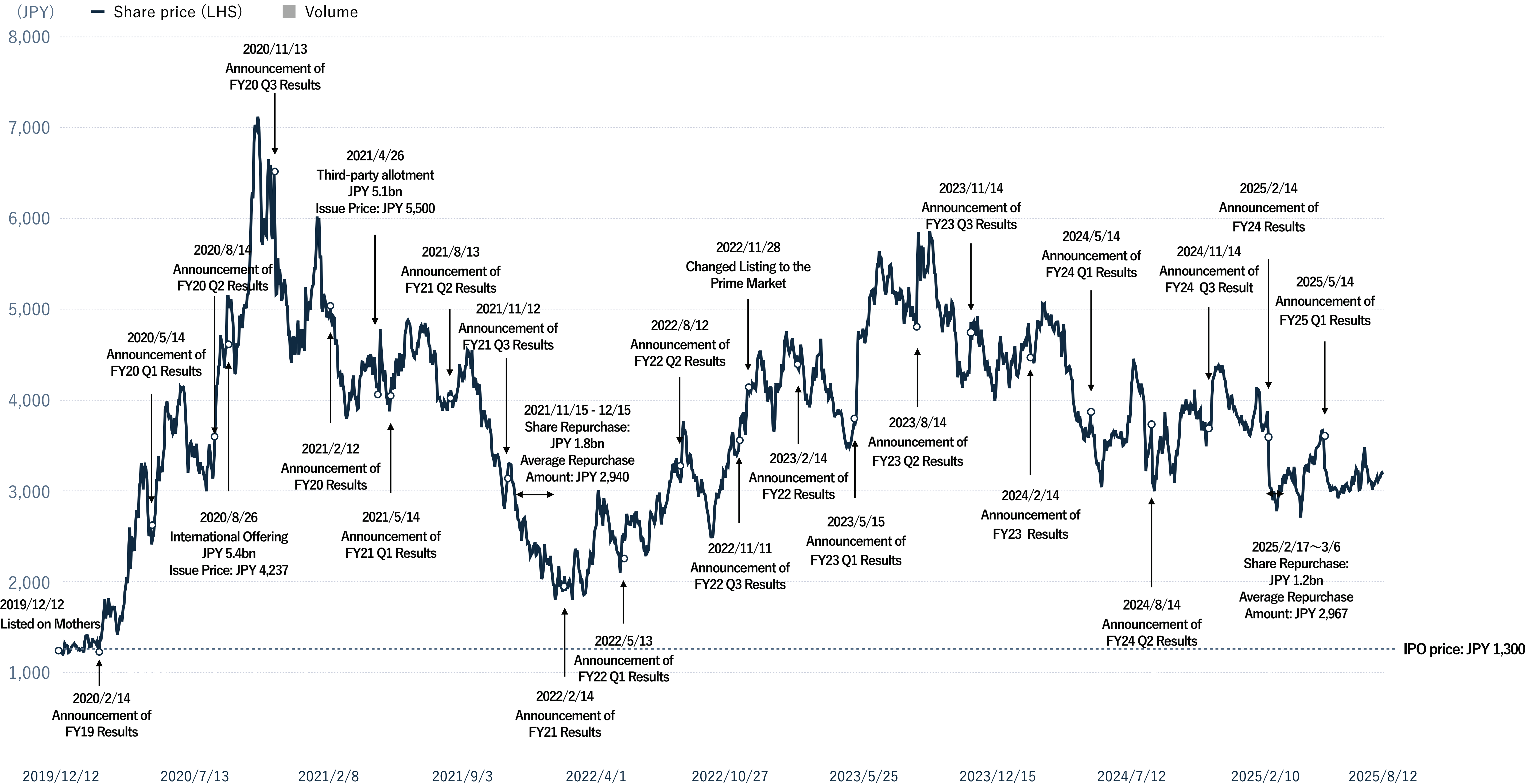
Change in Ratio of Ownership



The ratio of institutional investors, mainly overseas institutional investors, accounts for 51% as of end-June 2025. 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 patient 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

- Ensuring information security
- Privacy protection of users

Promotion of diversity & inclusion

- Promotion of hiring and active participation of diverse human resources

Strengthening of governance

- Strengthening of corporate governance

For more information, access our corporate website.



Creating the Future of Medical and Healthcare