

September 30, 2024

[To whom it may concern]

Company name: MEDLEY, INC.
Representative: Kohei Takiguchi
President and Chief Executive Officer
(TSE Prime Market Code No.4480)
Contact: Ryo Kawahara
Chief Financial Officer
TEL. +813-6372-1265

Notice Regarding Acquisition of shares (conversion into subsidiary) of Offshore Inc.

MEDLEY, INC. (the “Company”) hereby announces that the Company resolved at the Board of Directors Meeting as of September 30, 2024 to acquire all outstanding shares of Offshore Inc. (the “Offshore”) and to make it a subsidiary (hereinafter referred to as “the acquisition”).

1. Purpose of acquisition of shares

Under its mission of “Creating the Future of Medical Healthcare”, the Company has developed businesses in the medical healthcare industries to meet the demand of society. It aims to promote digital transformation in these industries by utilizing technologies such as the Internet to create medical services that satisfy both patients and medical professionals. In the HR PF Business, the Company operates JobMedley, GUPPY Kyujin, GUPPY Shinsotsu, and JobMedley Academy to fully support medical welfare providers’ ability to provide satisfactory services. In the Medical PF Business, the Company operates CLINICS, Pharms, Dentis, MALL, Lalune, and MEDLEY to enhance the operational efficiency of medical institutions and improve patient access to medical care.

Established in 2001, for over 20 years Offshore has worked to solve problems and revolutionize the business operations of medical institutions by developing its @link reservation system for hospitals and clinics as well as its @link integrated service management app for patients. Offshore’s @link enables integrated end-to-end management of processes from patient acquisition to postpartum (hospital discharge) and has the leading market share (*1) in the field of reservation systems for obstetrics and gynecology. In addition, Offshore’s @link app for patients is used by approximately 30% (*2) of all pregnant women in Japan.

The Company has decided to integrate Offshore into its corporate group because it expects synergies such as cross-selling with the Company’s MALL EMR and CLINICS EMR products and collaboration in the field of telemedicine with its CLINICS integrated medical app and Lalune women’s health management app. By creating synergies with Offshore, the Company will increase the value of its medical platform.

(Reference) Offshore’s official product website can be found here: <https://at-link.net/>

*1 From Offshore’s official website

*2 Based on a survey conducted by Offshore

2. Overview of Offshore

(1)	Name	Offshore Inc.	
(2)	Address	Markler Kobe Bldg. 6F, 4-2-2, Kumoidori, Chuo-ku, Kobe City, Hyogo Prefecture, Japan	
(3)	Name and title of representative	CEO Daisuke Yamamoto	
(4)	Description of business	Development, installation, and operation of packaged systems and related ancillary services in the medical field; support for engagement between hospitals and consumers, etc.	
(5)	Capital	25 million yen	
(6)	Date of establishment	May, 2001 *1	
(7)	Major shareholders and their shareholding ratio	NINE STATES 4 LIMITED PARTNERSHIP FOR INVESTMENT: 91.27% 3 other shareholders	
	Relationship between	Capital	Not applicable

(8)	the Company and Offshore Inc.	relationship		
		Personnel relationship	Not applicable	
		Business relationship	Not applicable	
(9) Operating results and financial position of Offshore Inc. over the past 3 years (JPY)				
Fiscal Year End		March 2022 *2	March 2023	March 2024
Net assets		1,395 million	1,435 million	1,503 million
Total assets		2,631 million	2,587 million	2,564 million
Net assets per share		1,041.21	1,070.99	1,121.99
Net sales		444 million	978 million	1,040 million
EBITDA		108 million	247 million	280 million
Operating profit		107 million	246 million	277 million
Ordinary profit		44 million	122 million	155 million
Net profit		12 million	39 million	68 million
Net profit per share		9.59	29.78	51.00
Dividend per share		-	-	

*1 Merged with parent company on May 1, 2021, but actual establishment date is in May 2001

*2 Owing to a change in the fiscal year-end, the fiscal year ending on March 31, 2022 was an irregular six-month accounting period starting on October 1, 2021 and ending on March 31, 2022. For the 12-month period from April 1, 2021 to March 31, 2022, net sales were 932 million yen and EBITDA was 251 million yen.

3. Overview of the seller of the shares

(1)	Name	NINE STATES 4 LIMITED PARTNERSHIP FOR INVESTMENT	
(2)	Address	12-20, Kamikawabatomachi, Hakata-ku, Fukuoka City, Fukuoka Prefecture, Japan	
(3)	Legal basis for establishment	Act on Limited Liability Partnership Agreement for Investment Business	
(4)	Purpose of formation	The Fund aims to contribute to local communities and secure stable yields by investing mainly in stocks, monetary claims, etc., and real estate of small- and medium-sized companies in Japan.	
(5)	Partnership formation date	July 15, 2016	
(6)	Total fund amount	Not disclosed	
(7)	Investors, investment ratio and outline of investors	Japanese institutional investors, etc.	
(8)	Outline of general partner	Name	Fukuoka Capital Partners Co., Ltd.
		Location	12-20, Kamikawabatomachi, Hakata-ku, Fukuoka City, Fukuoka Prefecture, Japan
		Title and name of representative	CEO Hideaki Nakajima
		Description of business	Formation and management, etc. of investment funds
		Capital	356 million yen
(9)	Outline of agent in Japan	Not applicable	
(10)	Relationship between the Company and the seller	Relationship between the Company and the fund	There is no capital, personal, or business relationship to be reported between the Company, its related parties and affiliates, and the Fund.
		Relationship between the Company and the general partner	There is no capital, personal, or business relationship to be reported between the Company, its related parties and affiliates, and the general partner.
		Relationship with agent in Japan	Not applicable

* Prior to the execution of the share acquisition by the Company, the seller will acquire all shares of Offshore owned by other shareholders of Offshore, and then the Company will acquire all outstanding shares of Offshore including such shares from the seller on the date of the share acquisition.

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

(1)	Number of shares held before the change	0 (Number of voting rights: 0 rights) (Percentage of voting rights: 0.0%)
(2)	Number of shares to be acquired	1,340,050 (Number of voting rights: 1,340,050 rights)
(3)	Acquisition price	Common shares of Offshore: 2,577,480,508 yen *1 Advisory fees and related costs (estimate): 120 million yen Total (estimate): 2,700 million yen Regarding the determination of the acquisition price, the Company decided to acquire the shares for an amount considered fair and reasonable, taking into consideration the results of due diligence by multiple outside experts and third-party evaluation of the value of the shares.
(4)	Number of shares held after the change	1,340,050 (Number of voting rights: 1,340,050 rights) (Percentage of voting rights: 100.0%)

*1 The actual acquisition price is expected to be the adjusted amount to be determined at the time of execution of the share acquisition as stipulated in the share purchase agreement. Although the currently expected acquisition price is disclosed, the final acquisition price may vary depending on the amount of the price adjustment.

5. Schedule

(1)	Date of resolution by the Board of Directors	September 30, 2024
(2)	Signing date of share purchase agreement	September 30, 2024
(3)	Closing date of share purchase	October 1, 2024 (scheduled)

6. Outlook

The consolidation of Offshore's financial results will start from the fourth quarter of the fiscal year ending December 31, 2024 (starting October 2024). The acquisition is not expected to have a significant impact on the Company's consolidated financial results for the fiscal year ending December 31, 2024, but we will make a timely disclosure if material impact is expected.