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On **February 13, 2020**, MedPeer Inc. announced earnings results for Q1 FY09/20, and revisions to its full-year forecasts; see the results section for details.

Cumulative (JPYmn)	FY09/18				FY09/19				FY09/20				FY09/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	548	1,072	1,605	2,199	763	1,545	2,247	3,046	941				18.1%	5,200
YoY	51.6%	50.9%	49.5%	41.1%	39.2%	44.1%	40.0%	38.5%	23.4%					70.7%
Gross profit	389	781	1,184	1,632	525	1,073	1,536	2,117	644					
YoY	47.0%	49.1%	47.9%	38.7%	35.1%	37.4%	29.6%	29.8%	22.7%					
GPM	70.9%	72.8%	73.8%	74.2%	68.8%	69.5%	68.3%	69.5%	68.5%					
SG&A expenses	297	596	890	1,264	350	743	1,154	1,559	461					
YoY	23.4%	20.7%	13.4%	15.5%	18.1%	24.6%	29.6%	23.3%	31.6%					
SG&A-to-sales ratio	54.1%	55.6%	55.5%	57.5%	45.9%	48.1%	51.3%	51.2%	49.0%					
Operating profit	92	185	294	368	175	330	382	558	183				22.3%	820
YoY	283.4%	517.8%	1,756.5%	346.8%	89.9%	78.7%	29.7%	51.8%	4.8%					46.8%
OPM	16.8%	17.2%	18.3%	16.7%	22.9%	21.4%	17.0%	18.3%	19.5%					15.8%
Recurring profit	89	202	306	379	177	318	367	555	206				25.8%	800
YoY	314.8%	774.8%	6,781.1%	474.9%	97.9%	57.1%	20.1%	46.3%	16.6%					44.2%
RPM	16.3%	18.9%	19.1%	17.3%	23.2%	20.6%	16.3%	18.2%	21.9%					15.4%
Net income	50	101	167	206	128	225	253	395	151				29.1%	520
YoY	634.1%	-	-	-	155.1%	122.2%	51.5%	91.4%	18.4%					31.7%
Net margin	9.1%	9.5%	10.4%	9.4%	16.7%	14.6%	11.3%	13.0%	16.1%					10.0%
Quarterly (JPYmn)	FY09/18				FY09/19				FY09/20					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	548	524	533	594	763	782	702	798	941					
YoY	51.6%	50.2%	46.7%	22.4%	39.2%	49.2%	31.9%	34.3%	23.4%					
Gross profit	389	392	403	447	525	548	462	582	644					
YoY	47.0%	51.3%	45.6%	19.0%	35.1%	39.6%	14.6%	30.1%	22.7%					
GPM	70.9%	74.9%	75.7%	75.2%	68.8%	70.1%	65.8%	72.9%	68.5%					
SG&A expenses	297	300	294	374	350	392	411	405	461					
YoY	23.4%	18.2%	1.0%	20.8%	18.1%	31.0%	39.8%	8.4%	31.6%					
SG&A-to-sales ratio	54.1%	57.1%	55.2%	62.8%	45.9%	50.2%	58.5%	50.7%	49.0%					
Operating profit	92	93	109	74	175	156	51	177	183					
YoY	283.4%	1,465.9%	-	10.7%	89.9%	67.5%	-53.0%	140.1%	4.8%					
OPM	16.8%	17.7%	20.5%	12.4%	22.9%	19.9%	7.3%	22.1%	19.5%					
Recurring profit	89	113	103	74	177	141	49	188	206					
YoY	314.8%	6,926.1%	-	19.6%	97.9%	24.9%	-52.4%	155.0%	16.6%					
RPM	16.3%	21.6%	19.4%	12.4%	23.2%	18.1%	7.0%	23.5%	21.9%					
Net income	50	51	66	39	128	98	28	141	151					
YoY	634.1%	-	-	-	155.1%	90.1%	-57.4%	262.6%	18.4%					
Net margin	9.1%	9.8%	12.4%	6.6%	16.7%	12.5%	4.0%	17.7%	16.1%					

Source: Shared Research based on company data

Note: Figures may differ from company data due to differences in rounding methods.

Cumulative (JPYmm)	FY09/18				FY09/19				FY09/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	548	1,072	1,605	2,199	763	1,545	2,247	3,046	941			
YoY	51.6%	50.9%	49.5%	41.1%	39.2%	44.1%	40.0%	38.5%	23.4%			
Doctor Platform	469	908	1,328	1,794	594	1,185	1,704	2,283	692			
YoY	68.2%	62.1%	52.9%	41.0%	26.5%	30.5%	28.3%	27.2%	16.5%			
% of total sales	85.7%	84.7%	82.7%	81.6%	77.9%	76.7%	75.8%	75.0%	73.5%			
Healthcare Solutions	79	164	277	405	169	360	543	762	249			
YoY	-4.6%	9.3%	35.2%	40.8%	114.9%	118.8%	96.1%	88.4%	47.6%			
% of total sales	14.3%	15.3%	17.3%	18.4%	22.1%	23.3%	24.2%	25.0%	26.5%			
Adjustments												
Cost of sales	159	291	420	568	238	472	712	928	297			
YoY	63.9%	55.9%	54.1%	48.4%	49.2%	62.0%	69.3%	63.6%	24.8%			
Cost ratio	29.1%	27.2%	26.2%	25.8%	31.2%	30.5%	31.7%	30.5%	31.5%			
Gross profit	389	781	1,184	1,632	525	1,073	1,536	2,117	644			
YoY	47.0%	49.1%	47.9%	38.7%	35.1%	37.4%	29.6%	29.8%	22.7%			
GPM	70.9%	72.8%	73.8%	74.2%	68.8%	69.5%	68.3%	69.5%	68.5%			
SG&A expenses	297	596	890	1,264	350	743	1,154	1,559	461			
YoY	23.4%	20.7%	13.4%	15.5%	18.1%	24.6%	29.6%	23.3%	31.6%			
SG&A ratio	54.1%	55.6%	55.5%	57.5%	45.9%	48.1%	51.3%	51.2%	49.0%			
Operating profit	92	185	294	368	175	330	382	558	183			
YoY	283.4%	517.8%	1,756.5%	346.8%	89.9%	78.7%	29.7%	51.8%	4.8%			
OPM	16.8%	17.2%	18.3%	16.7%	22.9%	21.4%	17.0%	18.3%	19.5%			
Doctor Platform	161	318	463	594	238	460	597	820	274			
YoY	152.1%	137.1%	138.0%	72.1%	48.0%	44.6%	29.0%	38.0%	15.0%			
% of total OP	123.6%	122.9%	114.7%	109.6%	92.2%	91.2%	92.2%	89.7%	89.2%			
OPM	34.3%	35.0%	34.8%	33.1%	40.1%	38.8%	35.0%	35.9%	39.6%			
Healthcare Solutions	-31	-59	-59	-52	21	44	51	94	33			
YoY	-	-	-	-	-	-	-	-	61.1%			
% of total OP	-23.6%	-22.9%	-14.7%	-9.6%	7.9%	8.8%	7.8%	10.3%	10.8%			
OPM	-39.2%	-36.0%	-21.4%	-12.9%	12.2%	12.3%	9.3%	12.4%	13.3%			
Adjustments	-38	-74	-109	-174	-84	-174	-266	-356	-124			
Quarterly (JPYmm)	FY09/18				FY09/19				FY09/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	548	524	533	594	763	782	702	798	941			
YoY	51.6%	50.2%	46.7%	22.4%	39.2%	49.2%	31.9%	34.3%	23.4%			
Doctor Platform	469	438	420	467	594	591	519	579	692			
YoY	68.2%	56.1%	36.1%	15.5%	26.5%	34.8%	23.6%	24.1%	16.5%			
% of total sales	85.7%	83.6%	78.9%	78.5%	77.9%	75.6%	73.9%	72.6%	73.5%			
Healthcare Solutions	79	86	113	128	169	191	183	219	249			
YoY	-4.6%	26.1%	106.9%	54.6%	114.9%	122.5%	62.9%	71.6%	47.6%			
% of total sales	14.3%	16.4%	21.1%	21.5%	22.1%	24.4%	26.1%	27.4%	26.5%			
Cost of sales	159	132	129	147	238	234	240	217	297			
YoY	63.9%	47.2%	50.1%	34.2%	49.2%	77.6%	85.7%	47.1%	24.8%			
Cost ratio	29.1%	25.1%	24.3%	24.8%	31.2%	29.9%	34.2%	27.1%	31.5%			
Gross profit	389	392	403	447	525	548	462	582	644			
YoY	47.0%	51.3%	45.6%	19.0%	35.1%	39.6%	14.6%	30.1%	22.7%			
GPM	70.9%	74.9%	75.7%	75.2%	68.8%	70.1%	65.8%	72.9%	68.5%			
SG&A expenses	297	300	294	374	350	392	411	405	461			
YoY	23.4%	18.2%	1.0%	20.8%	18.1%	31.0%	39.8%	8.4%	31.6%			
SG&A ratio	54.1%	57.1%	55.2%	62.8%	45.9%	50.2%	58.5%	50.7%	49.0%			
Operating expenses breakdown												
CoS + SG&A expenses	456	431	423	521	588	627	651	622	758			
YoY	35.1%	25.7%	12.2%	24.3%	29.0%	45.2%	53.8%	19.4%	28.9%			
% of sales	83.2%	82.3%	79.5%	87.6%	77.1%	80.1%	92.7%	77.9%	80.5%			
Personnel	188	177	196	233								
YoY	22.1%	25.5%	15.3%	43.8%	-	-	-	-	-			
% of sales	34.3%	33.8%	36.8%	39.2%	-	-	-	-	-			
Advertising	55	44	46	73								
YoY	96.4%	22.2%	-4.2%	49.0%	-	-	-	-	-			
% of sales	10.0%	8.4%	8.6%	12.3%	-	-	-	-	-			
Various expenses	203	200	171	205								
YoY	50.4%	34.2%	22.1%	8.5%	-	-	-	-	-			
% of sales	37.0%	38.1%	32.1%	34.5%	-	-	-	-	-			
Amortization of goodwill	8	8	8	8								
YoY	-57.9%	-57.9%	-57.9%	-57.9%	-	-	-	-	-			
% of sales	1.5%	1.5%	1.5%	1.3%	-	-	-	-	-			
Operating profit	92	93	109	74	175	156	51	177	183			
YoY	283.4%	1,465.9%	-	10.7%	89.9%	67.5%	-53.0%	140.1%	4.8%			
OPM	16.8%	17.7%	20.5%	12.4%	22.9%	19.9%	7.3%	22.1%	19.5%			
Doctor Platform	161	157	145	132	238	221	137	223	274			
YoY	152.1%	123.4%	140.2%	-12.8%	48.0%	41.2%	-5.3%	69.7%	15.0%			
% of total OP	123.6%	122.2%	100.1%	94.9%	92.2%	90.3%	95.4%	83.7%	89.2%			
OPM	34.3%	35.8%	34.4%	28.2%	40.1%	37.5%	26.4%	38.6%	39.6%			
Healthcare Solutions	-31	-28	-0	7	21	24	7	43	33			
YoY	-	-	-	-	-	-	-	514.8%	61.1%			
% of total OP	-23.6%	-22.2%	-0.1%	5.1%	7.9%	9.6%	4.6%	16.3%	10.8%			
OPM	-39.2%	-33.1%	-0.1%	5.5%	12.2%	12.3%	3.6%	19.8%	13.3%			
Adjustments	-38	-35	-35	-65	-84	-90	-92	-90	-124			

Source: Shared Research based on company data

Note: Figures may differ from company data due to differences in rounding methods. From FY09/19, costs for the company's public relations and hiring departments, which had been included in the Doctor Platform segment results, are classified as companywide expenses in the consolidated results. The aim is to enable more appropriate understanding of the segment's performance given the increasing role the departments are playing in the overall group's public relations and hiring activities. The change resulted in a JPY119mm increase in Doctor Platform segment profit for full-year FY09/19 (JPY23mm in Q1, JPY32mm in Q2, JPY36mm in Q3, and JPY27mm in Q4) compared with the previous methodology.

Q1 FY09/20 results (out February 13, 2020)

Overview

- ▷ Q1 FY09/20 results: sales were JPY941mn (+23.4% YoY), operating profit was JPY183mn (+4.8% YoY), recurring profit was JPY206mn (+16.6% YoY), and net income attributable to parent company shareholders was JPY151mn (+18.4% YoY). The company posted record-high quarterly results for sales and profits.
- ▷ Revisions to full-year FY09/20 company forecasts: The company revised its full-year FY09/20 forecast upward to factor in the consolidation of COLBO Co., Ltd. and COLBO Holdings Co., Ltd. effective January 1, 2020.
- ▷ Progress: Q1 FY09/20 sales reached 18.1% of the projected target in the upwardly revised full-year FY09/20 forecast announced on February 13, 2020 (Q1 FY09/19 sales reached 25.0% of FY09/19 full-year results), operating profit 22.3% (31.3%), recurring profit 25.8% (31.8%), and net income attributable to parent company shareholders 29.1% (32.3%).
- ▷ Sales up 23.4% YoY: The company posted record high quarterly sales, with a 16.5% YoY increase in the Doctor Platform segment and 47.6% YoY rise in the Healthcare Solutions segment.
- ▷ Operating profit up 4.8% YoY: Operating profit also reached a record high, with Doctor Platform posting a 15.0% increase YoY and Healthcare Solutions a 61.1% YoY increase. Record quarterly operating profit was achieved, with increased sales compensating for higher costs. GPM fell 0.3pp YoY to 68.5%, due to investment in personnel and office expansion. The SG&A-to-sales ratio rose by 3.1pp YoY to 49.0%, while the OPM narrowed 3.4pp YoY to 19.5%.

Revisions to full-year FY09/19 forecasts (announced February 13, 2020)

- ▷ Sales: JPY5.2bn (previously JPY4.3bn)
- ▷ Operating profit: JPY820mn (JPY800mn)
- ▷ Recurring profit: JPY800mn (JPY765mn)
- ▷ Net income*: JPY520mn (JPY500mn)
- ▷ EPS: JPY25.30 (JPY25.30)

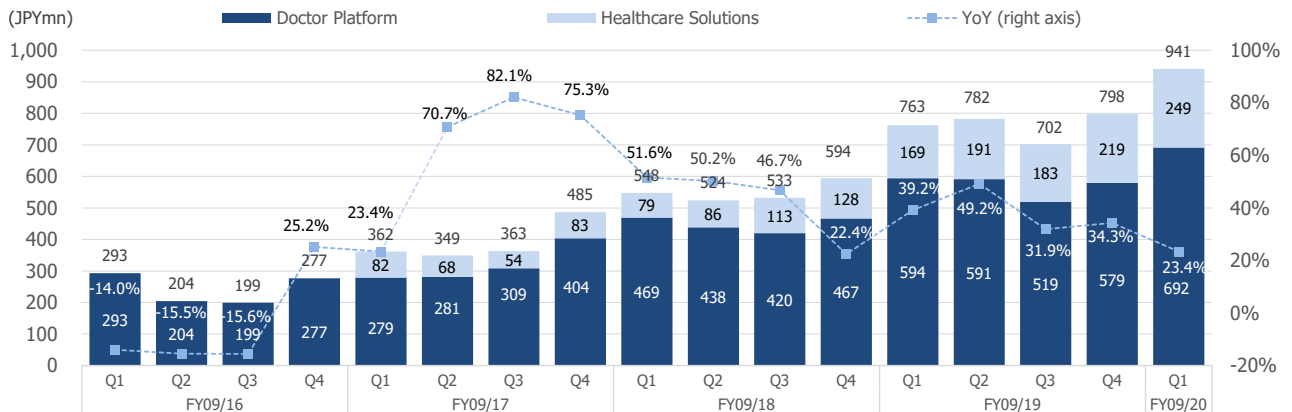
* Net income attributable to parent company shareholders

Reasons for the revision:

- ▷ The company revised its full-year FY09/20 forecasts to factor in the consolidation of COLBO Co., Ltd. and COLBO Holdings Co., Ltd. effective January 1, 2020.
- ▷ The company expects sales to increase by JPY900mn to JPY5.2bn with the new consolidation of sales from COLBO for the nine-month period from January 1 to September 30, 2020. Taking into account profit at COLBO, and expenses related to factors such as the acquisition of shares and goodwill amortization, the company forecasts operating profit of JPY820mn (JPY20mn above the previous forecast), recurring profit of JPY800mn (JPY35mn above the previous forecast), and net income attributable to parent company shareholders of JPY520mn (JPY20mn above the previous forecast).
- ▷ The company expects EPS to remain at a similar level to the figure in the previous forecast, despite an upward revision to the forecast for net income, because the number of issued shares has increased since the previous forecast primarily due to the fully completed exercise of third-party allocation stock acquisition rights (fixed exercise price) allotted to UBS AG London Branch on March 8, 2019.

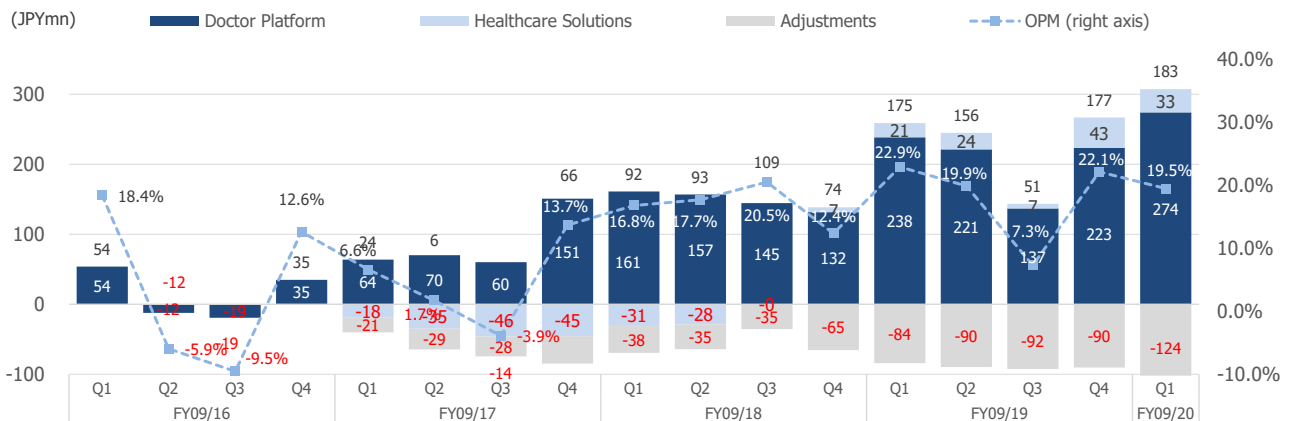
Note: One of the company's core businesses is the Doctor Platform business centering on the MedPeer doctors-only community website. In the Doctor Platform segment, the company provides support services for doctors and medical settings, while the Healthcare Solutions segment focuses on consumer health promotion and disease prevention. The company also has a Healthcare Solutions business, which has a strong affinity with its established business and opens doors to the disease prevention and health fields, which are business areas with growth potential.

Quarterly sales and sales YoY



Source: Shared Research based on company data
 Note: Figures may differ from company data due to differences in rounding methods. From FY09/19, costs for the company's public relations and hiring departments, which had been included in the Doctor Platform segment results, are classified as companywide expenses in the consolidated results. The aim is to enable more appropriate understanding of the segment's performance given the increasing role the departments are playing in the overall group's public relations and hiring activities. The change resulted in a JPY119mn increase in Doctor Platform segment profit for full-year FY09/19 (JPY23mn in Q1, JPY32mn in Q2, JPY36mn in Q3, and JPY27mn in Q4) compared with the previous methodology.

Quarterly operating profit and OPM



Source: Shared Research based on company data
 Note: Figures may differ from company data due to differences in rounding methods. From FY09/19, costs for the company's public relations and hiring departments, which had been included in the Doctor Platform segment results, are classified as companywide expenses in the consolidated results. The aim is to enable more appropriate understanding of the segment's performance given the increasing role the departments are playing in the overall group's public relations and hiring activities. The change resulted in a JPY119mn increase in Doctor Platform segment profit for full-year FY09/19 (JPY23mn in Q1, JPY32mn in Q2, JPY36mn in Q3, and JPY27mn in Q4) compared with the previous methodology.

Earnings by business segment

Doctor Platform

- ▷ Q1 FY09/20 sales were JPY692mn (+16.5% YoY) while segment operating profit was JPY274mn (+15.0% YoY).
 In Q1 FY09/20, the company enhanced content of the MedPeer website, which one in three Japanese doctors uses, and took measures to stimulate member activity, such as the launch of MedPeer Channel, an online TV channel for doctors. It is working to develop and offer services aimed at expanding earnings opportunities centered on ad distribution, such as its drug assessment bulletin board, to areas including content creation and efficacy measurement.

Healthcare Solutions:

- ▷ Q1 FY09/19 sales were JPY249mn (+47.6% YoY) and segment operating profit was JPY33mn (+61.1% YoY).
- ▷ This segment provides healthcare support for consumers, including health promotion and disease prevention.

- ▷ The company worked to strengthen the earnings platform for businesses operated by its subsidiaries. Mediplat operates the industrial health support service “first call,” FitsPlus provides a specified health guidance service, and DietPlus offers a personalized diet service. The company also took efforts to extend its business through the expansion of the lifelog platform with Sugi Support, a business collaboration between Mediplat and Sugi Pharmacy.

FY09/20 company forecasts

(JPYmn)	FY09/18			FY09/19			FY09/20
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	FY Est.
Sales	1,072	1,127	2,199	1,545	1,501	3,046	5,200
YoY	50.9%	32.8%	41.1%	44.1%	33.2%	38.5%	70.7%
Cost of sales	291	276	568	472	456	928	
Gross profit	781	850	1,632	1,073	1,044	2,117	
GPM	72.8%	75.5%	74.2%	69.5%	69.6%	69.5%	
SG&A expenses	596	668	1,264	743	816	1,559	
SG&A-to-sales ratio	55.6%	59.2%	57.5%	48.1%	54.4%	51.2%	
Operating profit	185	183	368	330	228	558	820
YoY	517.8%	249.1%	346.8%	78.7%	24.7%	51.8%	46.8%
OPM	17.2%	16.2%	16.7%	21.4%	15.2%	18.3%	15.8%
Recurring profit	202	177	379	318	237	555	800
YoY	774.8%	312.9%	474.9%	57.1%	33.9%	46.3%	44.2%
RPM	18.9%	15.7%	17.3%	20.6%	15.8%	18.2%	15.4%
Net income	101	105	206	225	169	395	520
YoY	-	-	-	1	1	91.4%	31.7%
Net margin	9.5%	9.3%	9.4%	14.6%	11.3%	13.0%	10.0%

Source: Shared Research based on company data

Note: Figures may differ from company data due to differences in rounding methods.

Full-year FY09/20 forecasts (revised on February 13, 2020)

The company’s FY09/20 forecasts revised on February 13, 2020 call for sales of JPY5.2bn (+70.7% YoY), operating profit of JPY820mn (+46.8% YoY), recurring profit of JPY800mn (+44.2% YoY), and net income attributable to parent company shareholders of JPY520mn (+31.7% YoY).

The following predates the announcement of the revised forecast, and will be updated by Shared Research following interviews with the company.

Initial company forecast

- ▷ MedPeer expects FY09/20 consolidated sales of JPY4.3bn (+41.2% YoY), operating profit of JPY800mn (+43.3% YoY), recurring profit of JPY765mn (+37.9% YoY), and net income attributable to parent company shareholders of JPY500mn (+26.6% YoY).
 - Assumption (1): Continued high growth by both the Doctor Platform and Healthcare Solutions segments
 - Assumption (2): Though costs necessary to promote growth (e.g., direct costs, advertising expenditures) are expected to rise, profit margins will improve toward fiscal year end when sales increase
- ▷ The company plans to raise the advertising value of the MedPeer website by expanding its member base of doctors, and increase earnings from pharmaceutical companies through providing extensive marketing support. Further, the company aims to boost earnings growth by expanding its business areas, through measures including offering the collective medical intelligence service to healthcare professionals of various specialties.
- ▷ In addition to the current two main business segments of Doctor Platform (pharmaceutical companies are the main clients) and Healthcare Solutions (targeting the preventive medicine market), MedPeer regards the medical data generated by these

operations as its core business assets. Common across all three businesses is the strategy of leveraging data assets to strengthen the services and businesses.

- ▷ The company is promoting M&A and alliances.
- ▷ The company targets market cap of JPY50.0bn in FY09/20.

This note is the most recent addition to the [full report](#).

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