

Initiatives and performance forecast for 2017

■ Performance for 2016 and performance forecast for 2017

For the year ended December 31, 2016, sales stood at 3,288,025,000 yen (an increase of 11.4% year on year), ordinary income at 724,821,000 yen (an increase of 8.0% year on year), and net income at 499,915,000 yen (an increase of 13.3% year on year). For the year ending December 31, 2017, we forecast sales of 3,850,000,000 yen, ordinary income of 1,055,000,000 yen and net income of 730,000,000 yen.

	2016		2017(forecast)	
Sales(thousand yen)	3,288,025	111.4%	3,850,000	117.1%
Operating income(thousand yen)	724,664	108.1%	1,055,000	145.6%
Ordinary income(thousand yen)	724,821	108.0%	1,055,000	145.6%
Net income(thousand yen)	499,915	113.3%	730,000	146.0%
Net income per share(yen)	19.35	-	28.30	-
Dividend per share(yen)				
Interim dividend(yen)	2.00	-	2.00	-
Year-end dividend(yen)	5.00	-	5.00	-
Full-year dividend(yen)	7.00	-	7.00	-
Total dividends (million yen)	182		180	
Dividend payout ratio (%)	36.2		24.7	

Medical field

In the year ended December 31, 2016, the Company revised down its performance forecast for the year due to external factors such as: 1) delays in the introduction of solutions caused by medical institutions' own issues; and 2) the fact that the Company failed to win many contracts that were based on bundling its electronic medical records system with another company's system. However, the Company's integrated solution offerings, including its two flagship systems, network imaging system Claio and document creation system DocuMaker, were highly praised, resulting in our solutions

being newly or additionally introduced into 85 hospitals and 114 clinics. MapleNote Perinatal System was released in February 2016 and has already been introduced to nine customers during the year under review, with many inquiries on the system continuing to come from customers.

In a new move, we have begun to explore and build a regional collaboration system based on medical certificates (letters of acceptance). The country's April 2016 revision to its fee structure for official medical services enables service providers to be able to calculate the number points by attaching examination results or image data when sending or receiving medical certificates using electronic means. In light of the above-mentioned revision, we are now leveraging our existing solutions and technologies to build a scheme that allows the user to create a medical certificate, gather images and examination results and send or receive the data securely.

The Company has been aggressively collaborating with other companies. Through a strategic collaboration with CRI Middleware, we have created a system to record high-quality videos of surgeries and other medical procedures; these videos take up half the hard disk space compared to a typical product of this kind. In joint research programs with Kyoto University and Ehime University, we have launched an initiative to develop a new perimetry system, as well as an initiative to gather and use big data. To strengthen our solutions and technologies to the extent possible, we will continue to enter into strategic partnerships and engage in joint research with enterprises and universities that have a high level of expertise in a particular field.

Non-medical field

During the year under review, the Company marketed document management system DocuMaker Office, providing it to construction and real estate companies. These users highly praised the fact that this system enables them to effortlessly streamline operations through digitizing paper documents by scanning them, in addition to inputting and compiling data online. As a result, companies faced with similar challenges in other sectors are inquiring us about the system. Our existing proposals appear to be solidly promising, although it is time-consuming to put forward a proposal to a prospective customer in a sector new to us. It also takes time to win a contract from

the entity because we must deeply examine its challenges after understanding the sector's business practices and provide solution and consultation services. Meanwhile, we are actively marketing the Company in different ways in order to acquire new prospective customers.

■ Initiative for the year ending December 31, 2017

Medical field

Demand from large-sized hospitals has run its course and now mainly consists of meeting the demand for replacing hardware when their useful lifetimes are up. An advantage of the Company's solutions is the fact that they allow a single product to cover a wide range of matters and that introducing multiple products enables the user to lower introduction costs, which puts the Company at an advantage over its rivals when the time comes to replace a system. Going forward, in addition to steadily acquiring replacement contracts, we will ensure that an increasingly wider range of customers will choose our products by leveraging our product appeal and significant cost advantage.

Small- to medium-sized hospitals and clinics will likely continue to introduce our systems steadily in the coming years. We will strive to expand our market share on the back of our powerful ophthalmology and otolaryngology solutions, as well as our radiotherapy segment systems, which will provide the key to allowing our systems to be introduced by small- to medium-sized hospitals, and will become a new source of strength for the company. At the same time, we will continuously seek to acquire new distributors and ensure that system introduction becomes more efficient.

In collaboration with a consolidated subsidiary newly established in February 2017, we will also work on medical data analysis and data health initiatives, programs that will tap into our medical sector strategy and artificial intelligence (AI) technologies, thereby further improving the quality of our existing business lines and expanding them.

Steady progress is continuing to be made by our efforts to explore and build a new regional collaboration system based on letters of acceptance. Already, we are in the process of negotiating with several key regional hospitals toward establishing a collaboration platform with each of them. By leveraging the expertise accumulated to date, we will propose a regional collaboration system befitting of each medical institution's policies and the

characteristics of each area, thus working to build a user-friendly system that is appropriate for practical usage.

Healthcare and home medical and nursing care fields

In the healthcare field, we will work on the research and development for gathering and analyzing not only medical data from medical institutions, but also the data on personal health management.

In the home medical and nursing care fields, the Japanese government has been pursuing a state policy of promoting a shift to early-stage home medical service practices. IT is increasingly used as a means of streamlining operations and enabling the entities involved to share information smoothly. In this respect, in order to save medical expenses, it is necessary to: 1) improve the quality of an objective evaluation (i.e. assessment) of visiting medical and nursing care services; and 2) provide such services appropriately. The Company has developed a system to ensure that such assessment is done periodically and a plan based on it is carried out, thereby enabling quality improvement and providing assistance. In the coming years, we will work on making the system more widespread in an effort to promote visualization in medical and nursing care services and improve their quality.

Non-medical field

For our flagship product, document management system DocuMaker Office , we have completed a for-municipality package as an addition to our ordinary package targeting general enterprises. We have been receiving inquiries from both existing-user municipalities as well as other municipalities. They highly praise the system's uncomplicated and user-friendly screens while being equipped with the necessary and required functions. Going forward, we will continue to approach existing-user companies in sectors for which we already hold specialized knowledge as well as sectors new to us, such as the temporary staffing service sector.

Although sufficient demand is thought to exist for our data transfer service, market needs only match technology seeds when the system replacement occurs timely, so it is rare for us to win contracts promptly. However, given that our technologies and schemes

in this respect are highly praised, we will take a continuous approach to our contacts in order to secure a contract when such need arises.

As for our stress checking system, a growing number of inquiries are coming from facility operators that used the paper-based operation method for the first year, owing to a wait-and-see attitude. Our system allows the user to effortlessly take an examination and know the results of the examination online, and to simultaneously use the paper-based and online methods. Thus, we think the advantage of this system's would be appreciated by each user because its actual operation enabled it to discover challenges. Given that there have been a large number of inquiries from facility operators providing stress checking services; we will approach them as new contact targets in the coming years.

With steady progress being made by the direct sales of our products for system introduction, we will simultaneously strive to acquire new distributors, laying and solidifying the groundwork for great growth in our market share.