

# FY2019 Financial Results

**Medical Data Vision Co., Ltd.**

**(Code: 3902)**

February 10, 2020



# Table of Contents

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<b>1</b>	FY2019 Financial results overview -----	3
<b>2</b>	FY2020 Financial outlook and business strategy -----	15
<b>3</b>	Appendix -----	24

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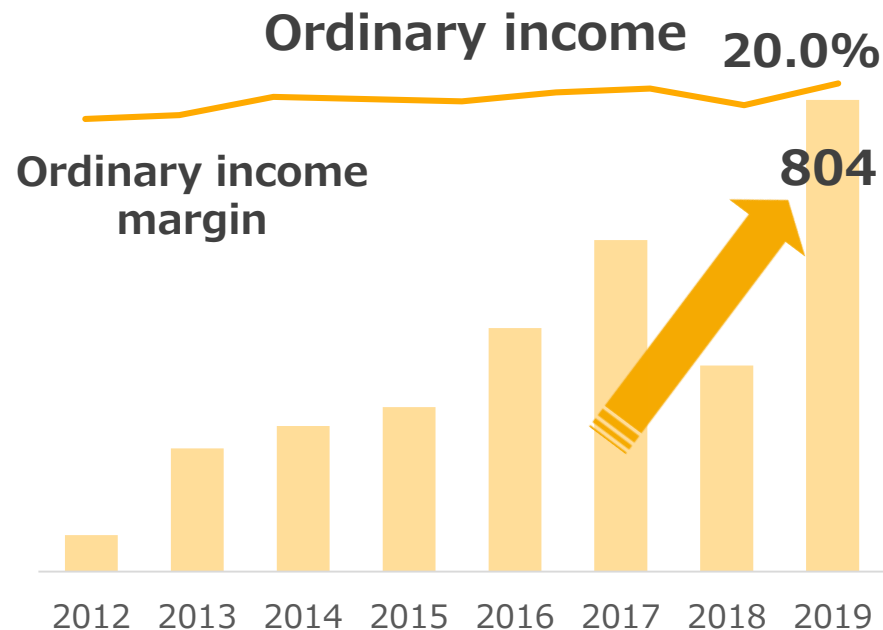
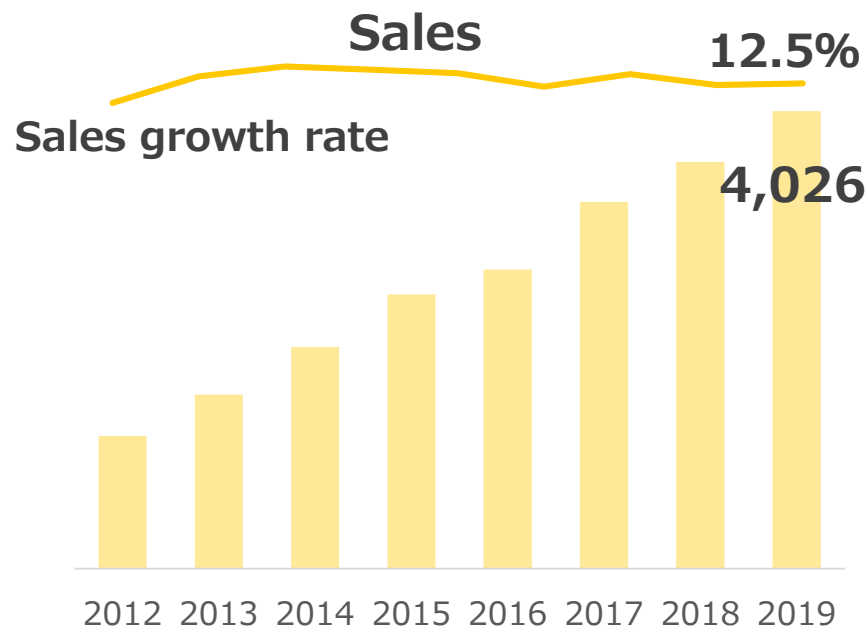
# FY2019 Financial results overview

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## Record-high sales and profit

Millions of yen

- ✓ **Sales Y4,026mn** → Continued growth in medical database that leads the industry in both quality and volume
- ✓ **Ordinary income Y804mn** → V-shaped recovery via swift action on underperforming subsidiaries
- ✓ **Ordinary income margin 20.0%** → Steady efficiency increase from a high-earnings business model while continuing to invest in growth



※ Listed in December 2014 ※ Consolidated reporting from FY2016

# FY2019 Financial results overview

Millions of yen	FY2018	FY2019	Change	YoY
<b>Sales</b>	<b>3,577</b>	<b>4,026</b>	<b>448</b>	<b>+ 12.5%</b>
<b>Data network service sales</b>	<b>1,467</b>	<b>1,514</b>	<b>47</b>	<b>+ 3.2%</b>
<b>Data utilization service sales</b>	<b>2,110</b>	<b>2,511</b>	<b>401</b>	<b>+ 19.0%</b>
<b>Ordinary income</b>	<b>351</b>	<b>804</b>	<b>452</b>	<b>+ 130.3%</b>
<b>Ordinary income margin</b>	<b>9.8%</b>	<b>20.0%</b>	<b>—</b>	<b>+ 10.2pt</b>
<b>Net income</b>	<b>69</b>	<b>554</b>	<b>484</b>	<b>+ 697.9%</b>
<b>ROE</b>	<b>2.2%</b>	<b>15.2%</b>	<b>—</b>	<b>+ 13.0pt</b>
<b>Medical data patients</b>	<b>26.31mn</b> <small>(End-Jan 2019)</small>	<b>30.15mn</b> <small>(End-Jan 2020)</small>	<b>3.84mn</b>	<b>+ 14.6%</b>
<b>Real-time medical data patients</b>	<b>—</b>	<b>800,000</b> <small>(End-Dec 2019)</small>	<b>800,000</b>	<b>—</b>
<b>Clinical Cloud clinician accounts</b>	<b>—</b>	<b>22,346</b> <small>(End-Dec 2019)</small>	<b>22,346</b>	<b>—</b>

## FY2019 themes

## Challenge again

**– Start of a new medical data utilization business –**

### Goals

### Achievements

To establish real-time data infrastructure

**Grow CADA-BOX orders**

- ✓ Order target missed (target 22 ⇒ got 4)
- ✓ Begin testing/R&D of regional-partner model (Chiba Univ. Hospital)
- ✓ 800,000-patient real-time data from new data acquisition method (comp. use contract)

To promote new medical data utilization business

**Make key subsidiaries profitable**



Sales: Y137mn  
Operating income: Y35mn

- ✓ Full-year profit achieved
- ✓ Start of orders in data-based clinical trial business (3Q FY2019)



**Doctorbook**

Sales: Y156mn  
Operating loss: Y36mn

- ✓ Full-year profit not achieved
- ✓ Single-month profit achieved
- ✓ Clinician account # for Clinical Cloud by MEDIPAL reached 22,346

# FY2019 segment sales breakdown

## Data network service

Millions of yen

- Slow progress in CADA-BOX orders
- Expansion in Doctorbook's services for dentistry
- Start of Doctorbook's Clinical Cloud service

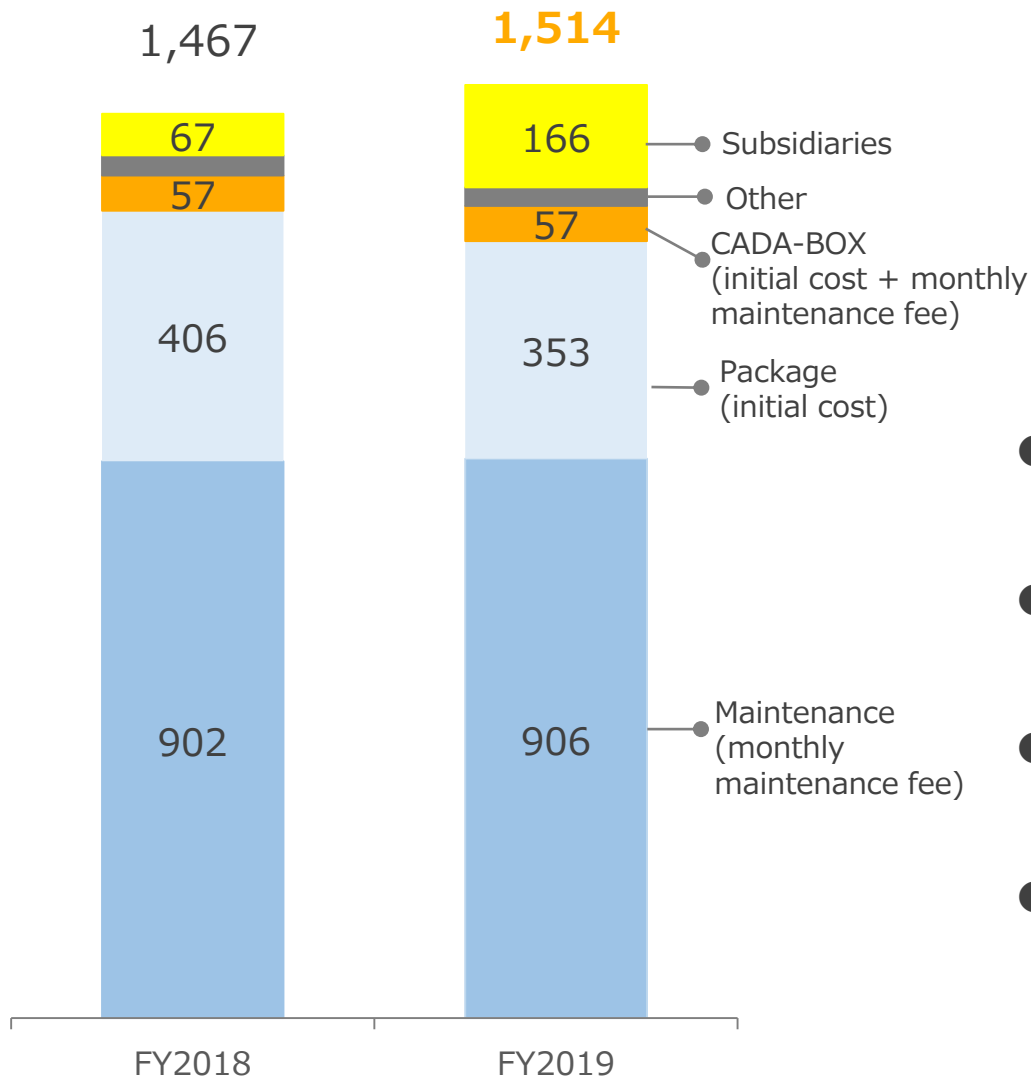
## Data utilization service

- Growth in ad hoc survey service
- Start of data-based clinical trial business at MDV Trial

		FY2018		FY2019		YoY
			Sales ratio		Sales ratio	
Network	Maintenance	902	25.2%	906	22.5%	+0.4%
	Package	406	11.4%	353	8.8%	-12.9%
	CADA-BOX	57	1.6%	57	1.4%	0.0%
	Other	33	0.9%	30	0.7%	-9.6%
	Subsidiaries	67	1.9%	166	4.1%	+148.3%
Total		1,467	41.0%	1,514	37.6%	+3.2%
Utilization	MDV analyzer	339	9.5%	377	9.4%	+11.2%
	Ad hoc survey	1,710	47.8%	2,060	51.2%	+20.5%
	Other	0.2	0.0%	0	0.0%	-100.0%
	Subsidiaries	60	1.7%	73	1.8%	+21.8%
Total		2,110	59.0%	2,511	62.4%	+19.0%
Net sales		3,577	100.0%	4,026	100.0%	+12.5%

# FY2019 data network service sales breakdown

Millions of yen

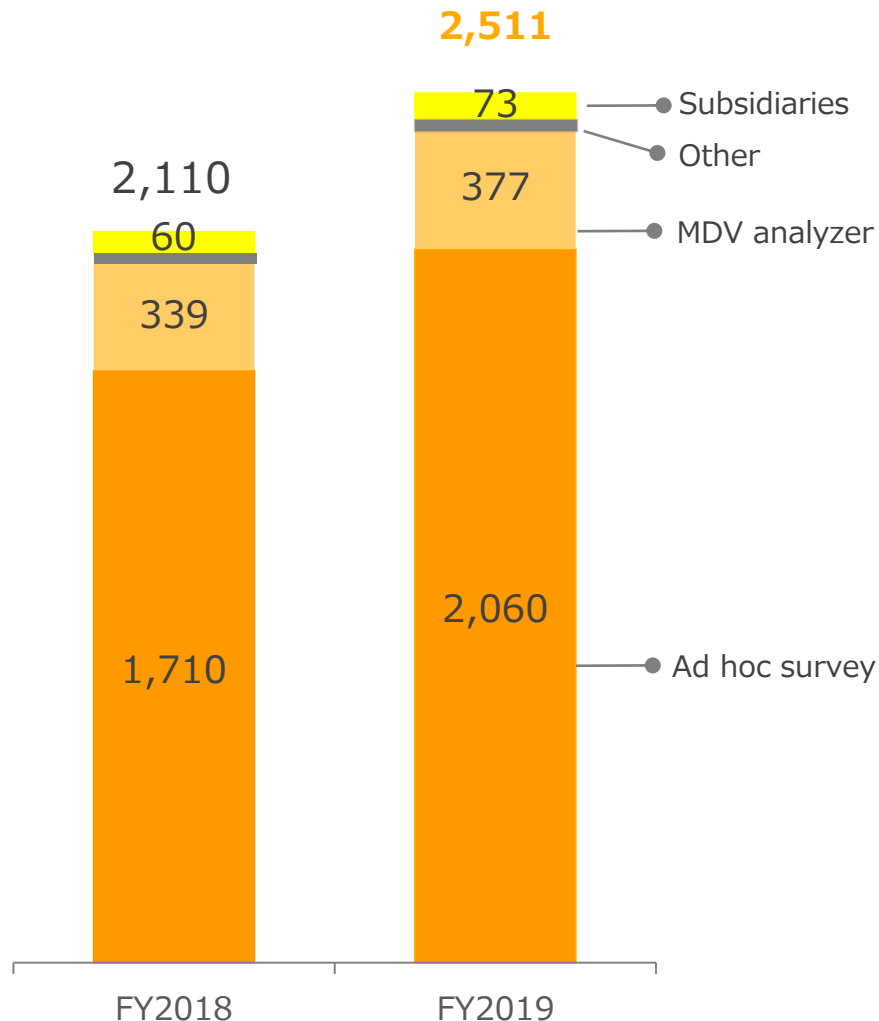


## + 3.2% YoY

- **CADA-BOX**  
7 hospitals (+2 YoY)
- **EVE**  
802 hospitals (+1 YoY)
- **Medical Code**  
281 hospitals (+7 YoY)
- **Doctorbook (subsidiary)**  
Y156mn (+156.4% YoY)



# FY2019 data utilization service sales breakdown



## + 19.0% YoY

- Ad hoc survey service  
Y2,060mn (+20.5% YoY)  
All therapeutic areas  
10 companies (+4 YoY)
- MDV analyzer  
18 companies ( $\pm 0$  YoY)
- MDV Trial (subsidiary)  
Y137mn

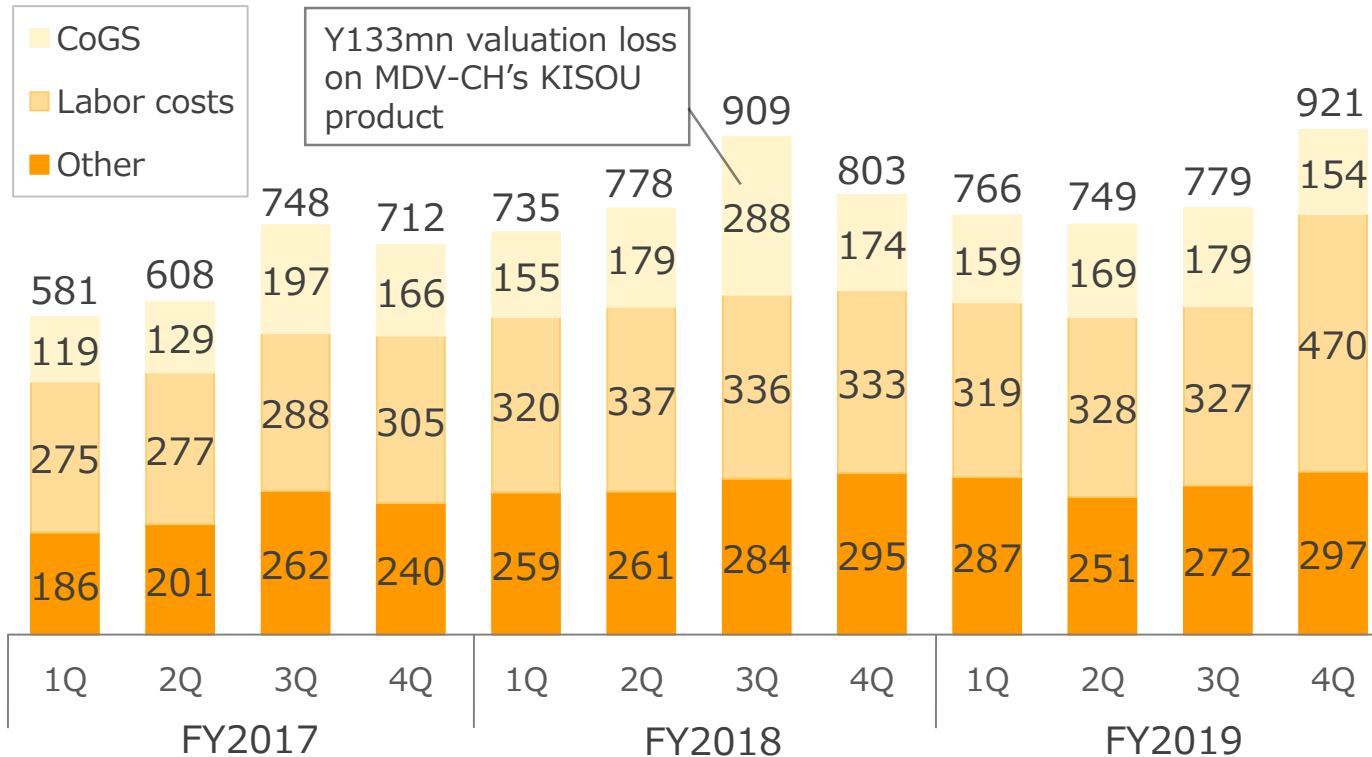
# FY2019 cost analysis

Millions of yen

	FY2018	FY2019	Change
<b>CoGS</b>	<b>797</b>	<b>662</b>	<b>-135</b>
<b>Labor costs</b>	<b>1,327</b>	<b>1,446</b>	<b>118</b>
<b>Other expenses</b>	<b>1,100</b>	<b>1,108</b>	<b>7</b>
<b>Total</b>	<b>3,225</b>	<b>3,216</b>	<b>-9</b>

Drop out of FY2018's Y133mn valuation loss on MDV-CH's KISOU product  
Swift exit from struggling ops

Year-end bonuses for FY2019 Y134mn  
\*FY2018 bonus payments suspended in light of results



Year-end bonuses Y134mn

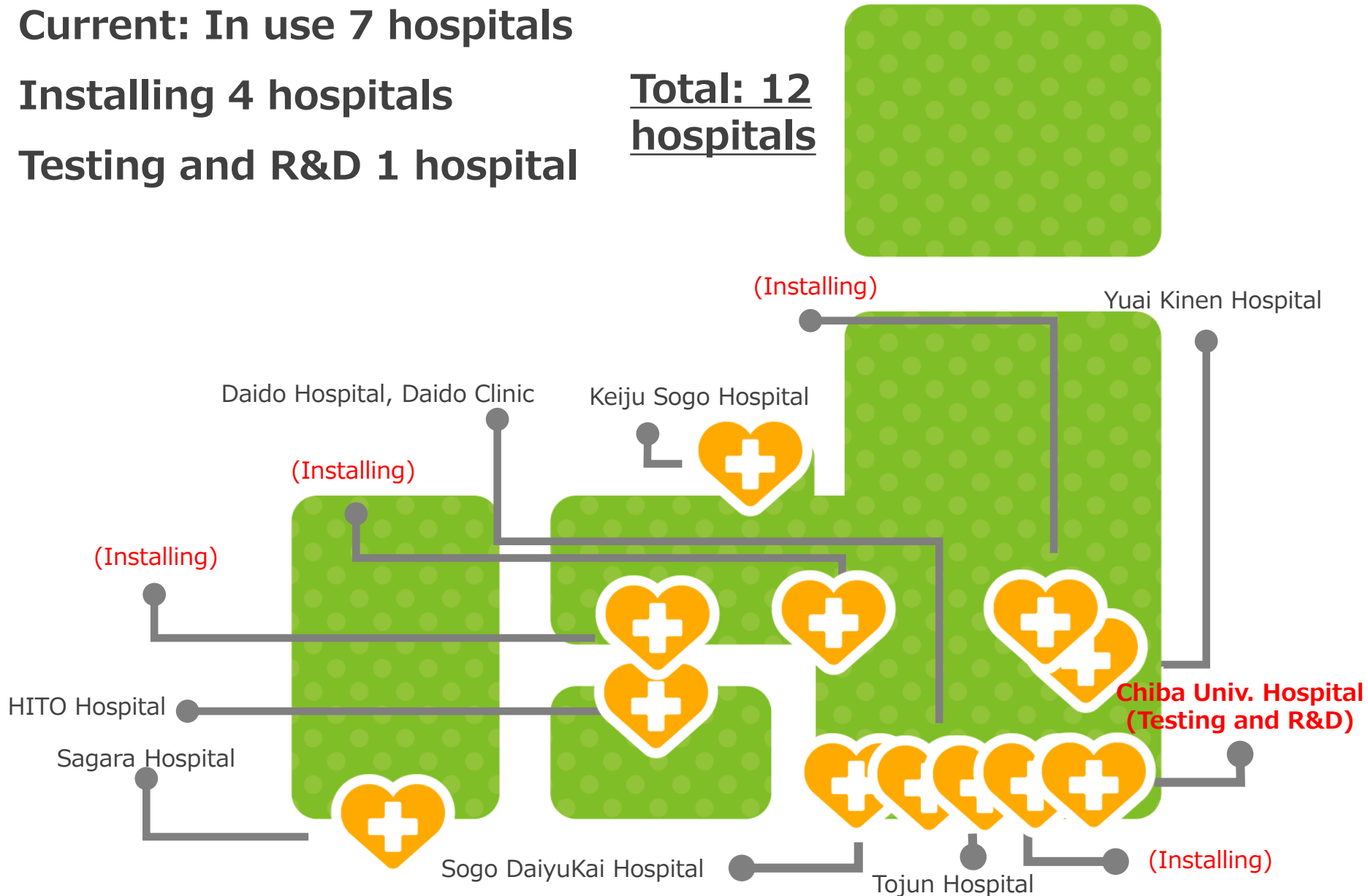
# Data network service: expansion of CADA-BOX usage

Current: In use 7 hospitals

Installing 4 hospitals

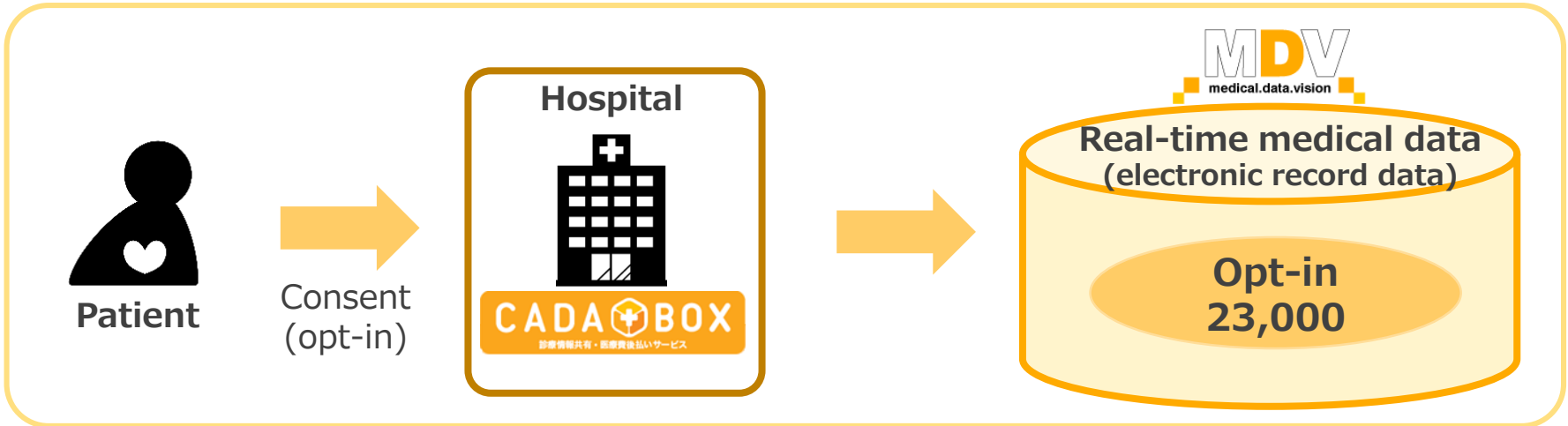
Testing and R&D 1 hospital

Total: 12  
hospitals



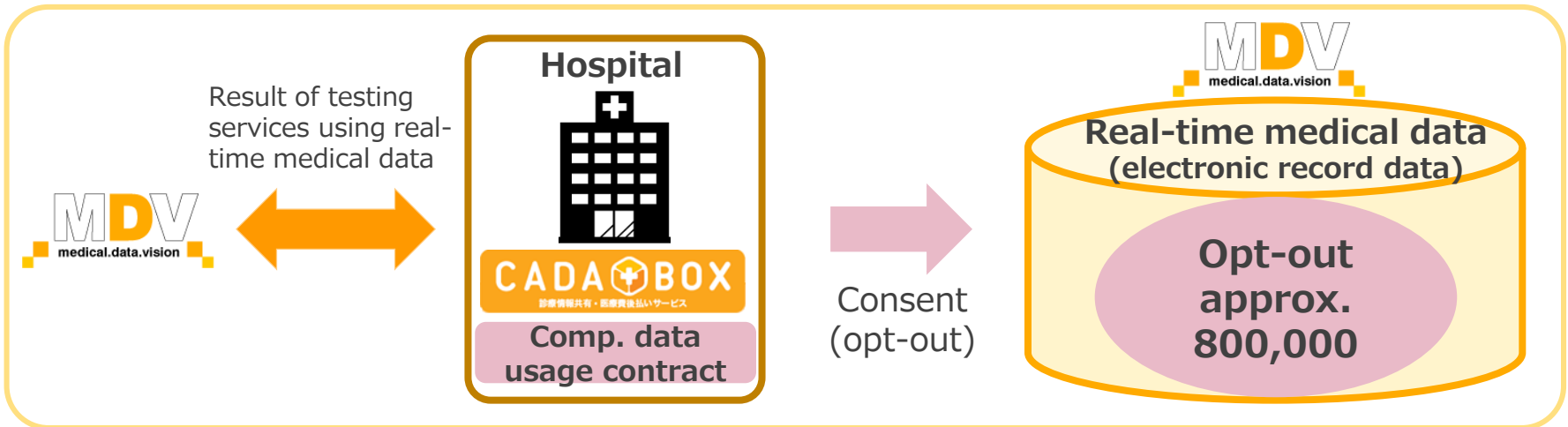
# New method of acquiring real-time medical data using CADA-BOX

## ■ Previous real-time medical data acquisition method



**approx. 35x**

## ■ New real-time medical data acquisition method

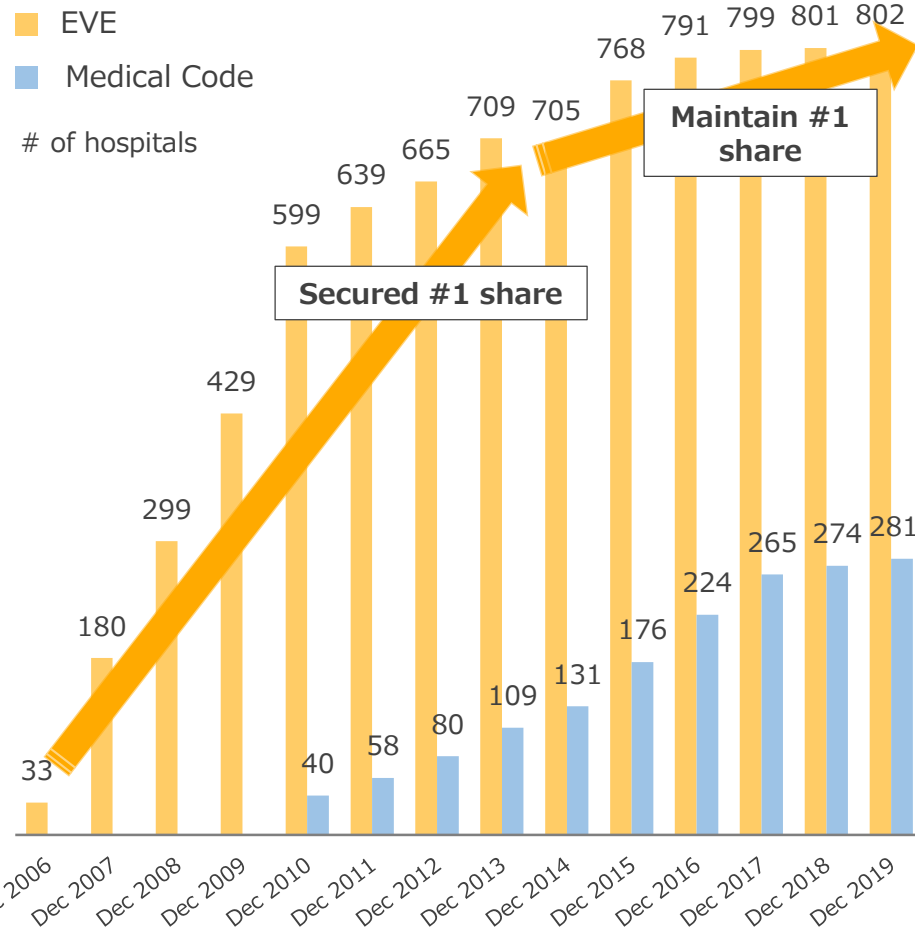


# Increase in data network service users

## <MDV>

Maintain an overwhelming share of around 45% for DPC hospitals

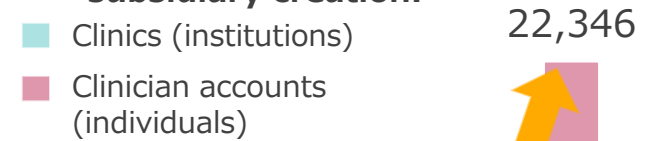
- Creation of dedicated user support team
- Start of various reporting services
- builds trust with institutions and wider network



## <Subsidiaries>

**Doctorbook** Launches Clinical Cloud by MEDIPAL service. Swiftly adds 22,000+ clinician users.

**MDI** Begins building medical Big Data network covering small clinics to large hospitals via stock buyouts and subsidiary creation.



FY2017

FY2018

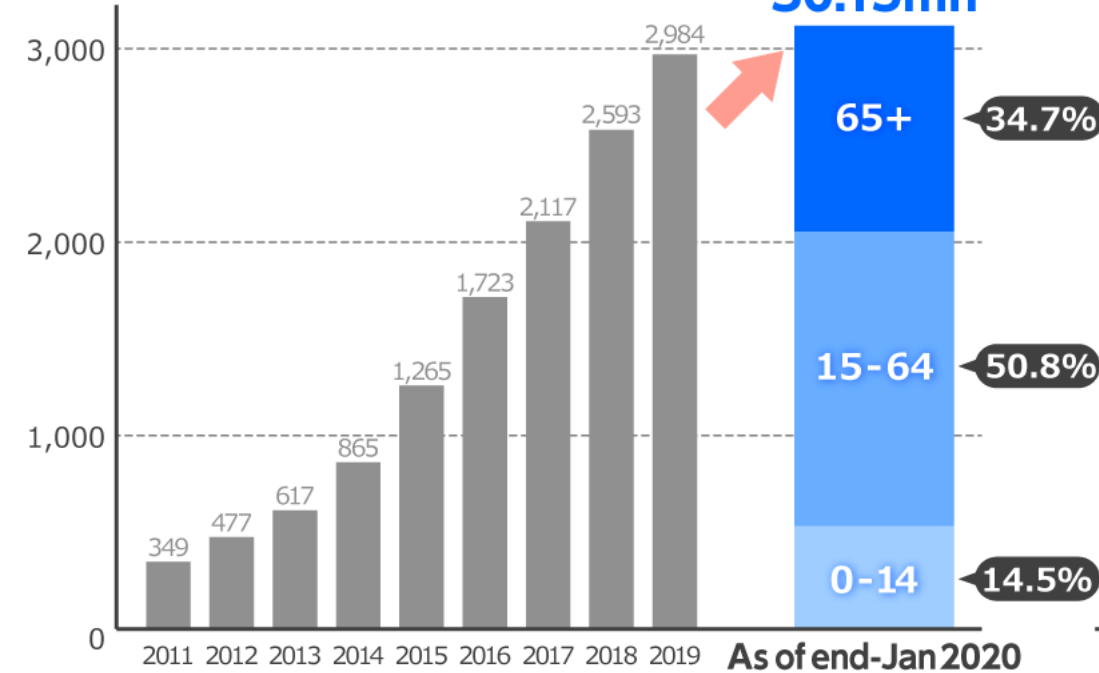
FY2019

# Data utilization service: growing a database that has both quality and volume

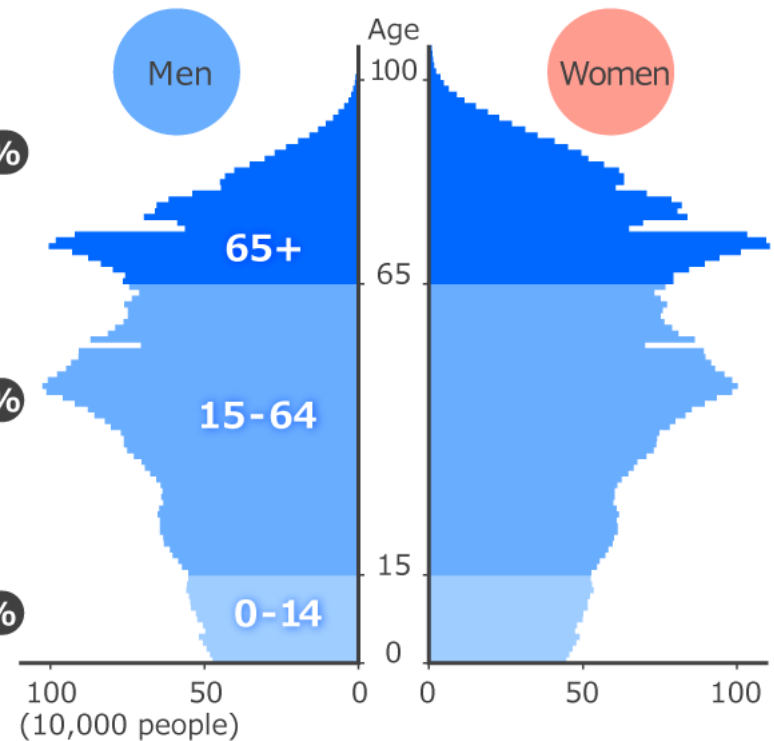
- No. of patients in medical database exceeds 30mn (30.15mn at end-Jan 2020)
- Age distribution of database roughly matches Japan's population pyramid

## No. of patients in medical database

(10,000 people)



## Population pyramid (2020)



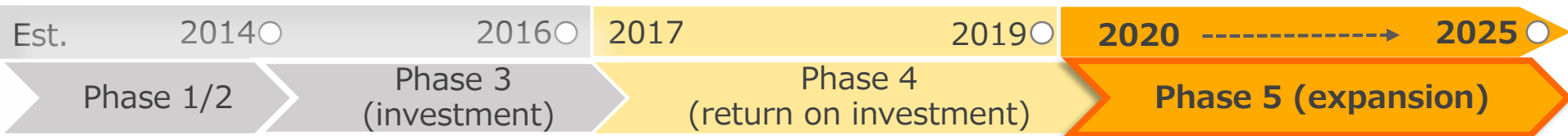
Source: Based on the Population Projection for Japan (2017 survey), National Institute of Population and Social Security Research

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# **FY2020 Financial outlook and business strategy**

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# Business plan blueprint



- Develop system to capture real-time data with patient consent
- Create data infrastructure to enable investment returns
- Expand earnings to support returns

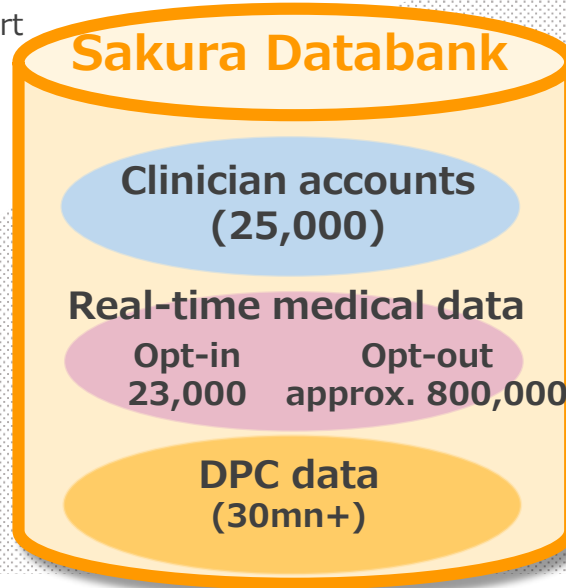
- Completion of data infrastructure
- Expansion of data utilization business



Foundation for stable growth

- Increase and unify medical data market
- Further growth of data utilization business
- Shareholder returns

- Data building via system provision
- Medical data usage



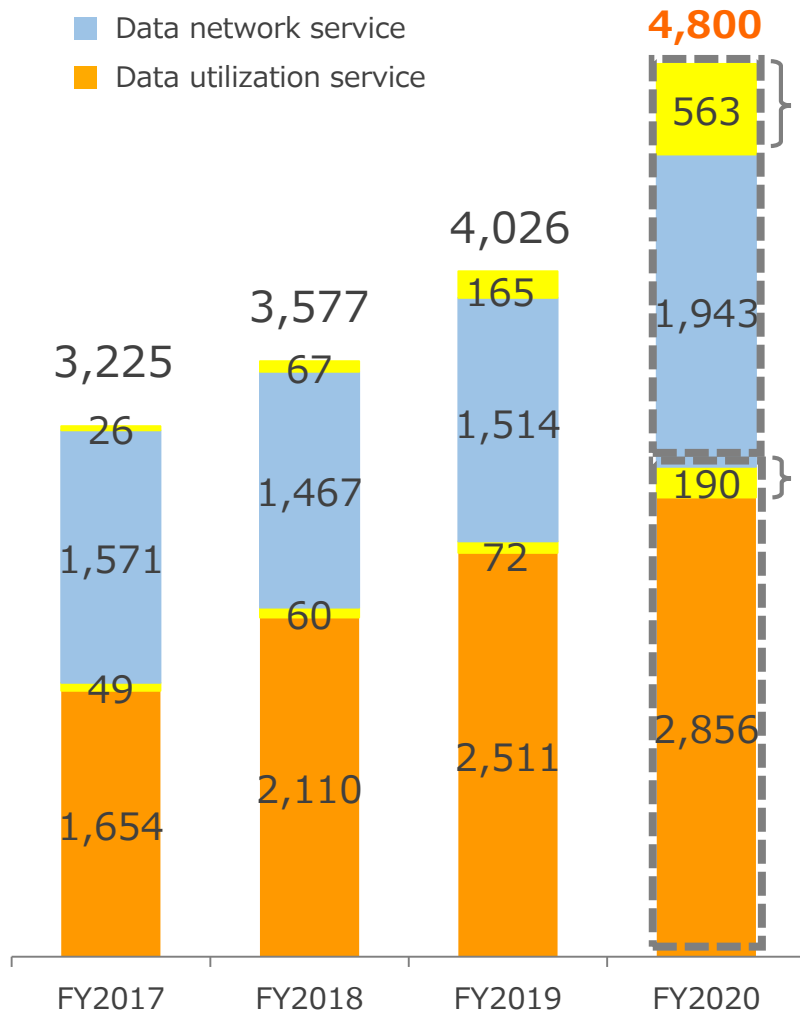


# FY2020 consolidated business outlook

## Forecast record-high sales and profit

	FY2019	FY2020	Change	YoY
<b>Sales</b>	<b>4,026</b>	<b>4,800</b>	<b>774</b>	<b>+19.2%</b>
<b>Operating income</b>	<b>809</b>	<b>900</b>	<b>91</b>	<b>+11.2%</b>
<b>Ordinary income</b>	<b>804</b>	<b>900</b>	<b>91</b>	<b>+11.9%</b>
<b>Net income</b>	<b>554</b>	<b>600</b>	<b>46</b>	<b>+8.2%</b>

# FY2020 sales forecast (by segment)



## +19.2% YoY

✓ **Expect growth in data utilization service**  
**Strengthen marketing hiring for pharmaceutical companies**

✓ **Key subsidiaries' earnings contribution**

- MDV Trial** Acceleration of data-based clinical trials
- Doctorbook** Increase membership for Clinical Cloud by MEDIPAL
- MDI** Contribute to FY2020 earnings by becoming consolidated subsidiary

# Evolution and partnerships – Real-time medical data utilization –

### Expansion of real-time medical data market

- Plans for launch of new service based on pilot tests
- Contribute to hospitals' "working-style reforms", "security measures", and "earnings increase"
- Expand real-time medical data to more than 1.5mn cases

### Real-time medical data utilization

- Pharmaceutical companies: analysis using new datasets such as imaging, blood pressure
- Clinical testing: new phase of data-based screening etc.

# FY2020 group strategy: organic combination of products

- Develop new products by combining modules from within group
- Market all products and services by adding agencies to existing marketing teams



- Marketing analysis system
- Data analysis, cleansing know-how
- Sakura Databank



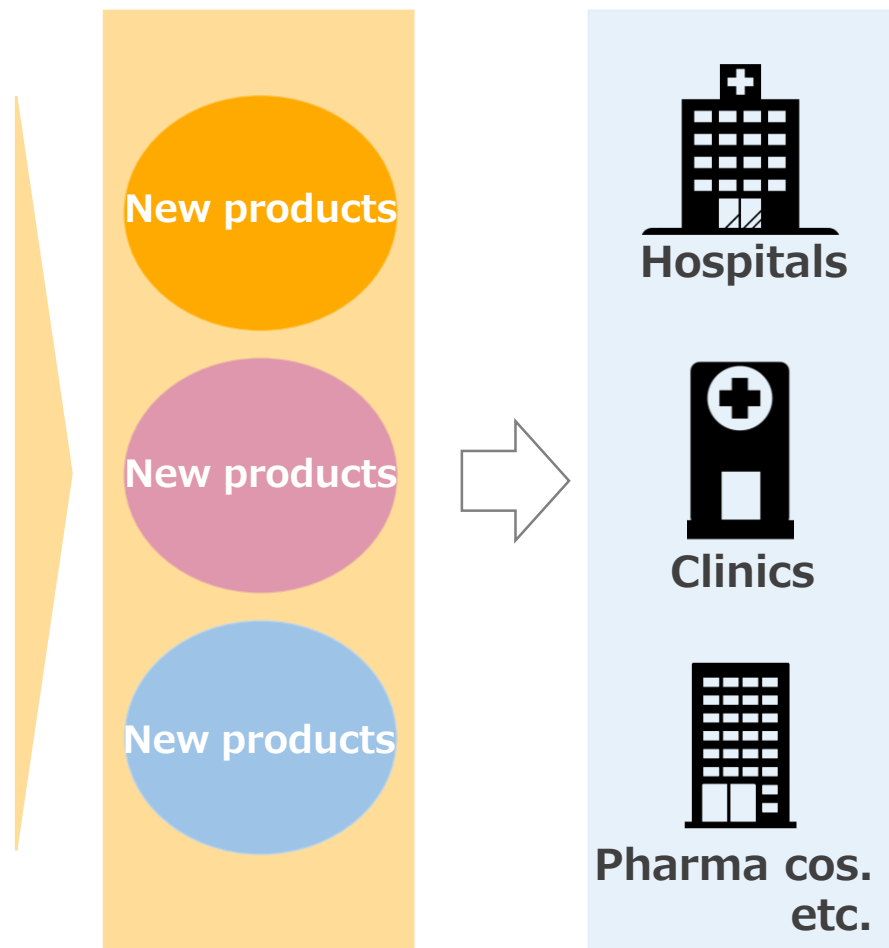
- Data-based clinical trial business



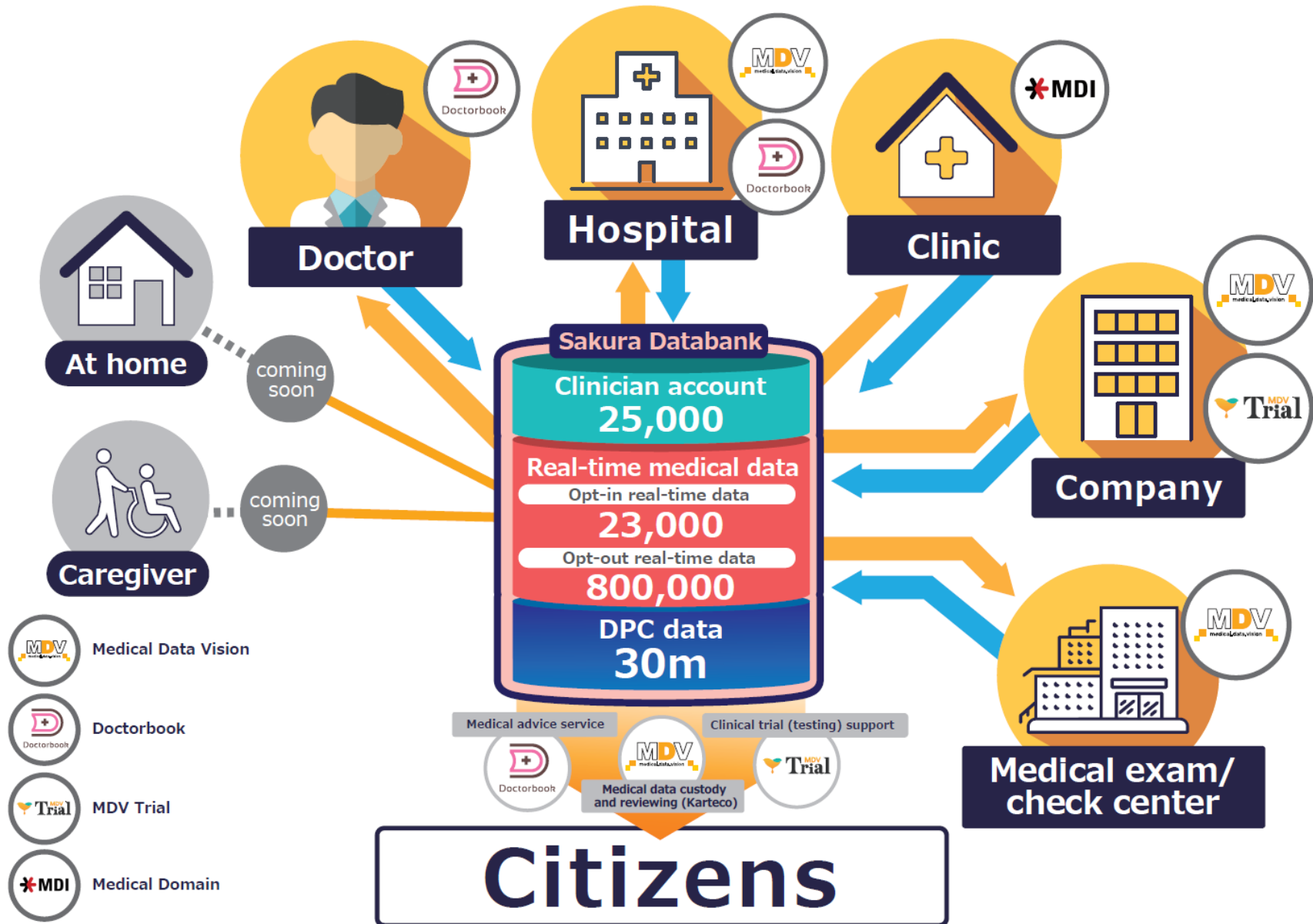
- Video medical info website
- Online dentistry consulting
- Doctor accounts



- Receipt inspection software
- Treatment support system
- Various data converters



# FY2020 group strategy: unification and utilization of medical and health data



Completion of stable growth foundation enables continued **stable dividends** while **securing investment funds for further expansion**

## 1. Dividends (target stable DPS, payout ratio of at least 20%)

### Initial payout FY2020 Y3/share

\*See February 10 "Consolidated Financial Results for the Fiscal Year Ending December 31, 2019 (J-GAAP)"  
Outline of Results 2. Dividends

## 2. Share buyback

### Buyback Y600mn (600,000 shares, 1.5% of issued stock)

\*See February 10 "Notice concerning repurchase of own shares"

### Shareholder returns (DPS+ buyback) up Y1.3bn

\*See February 10 "Notice concerning reduction in capital reserves"



# Appendix





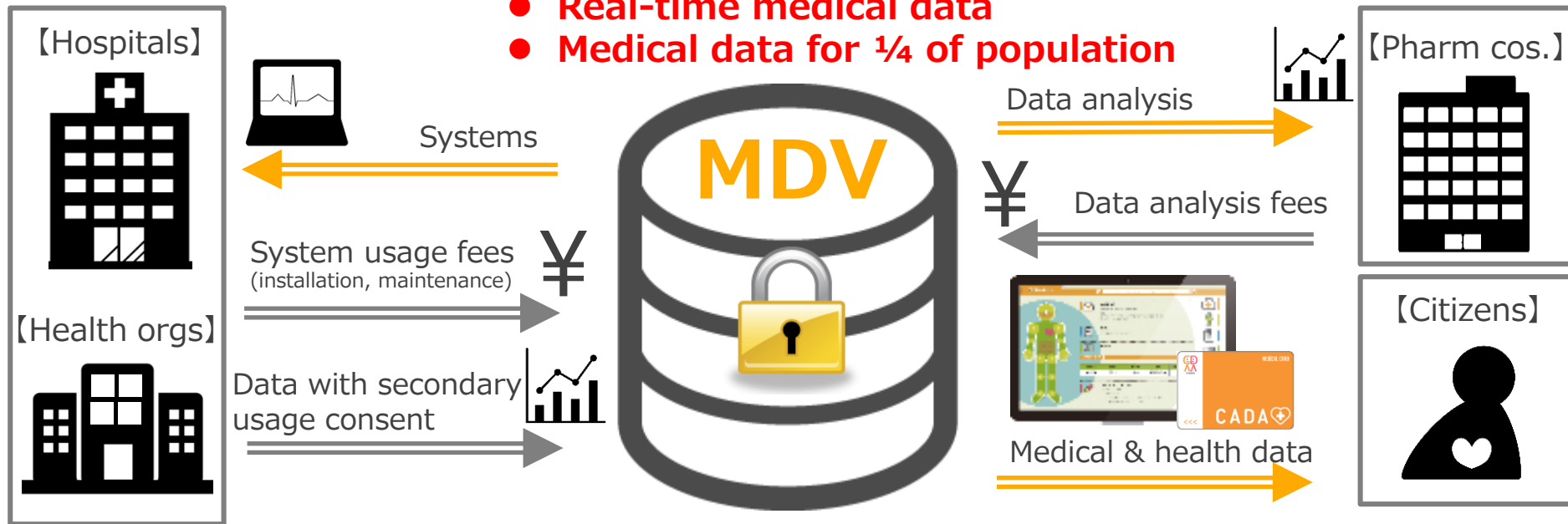
## Data network service

Collection of medical and health data

## Data utilization service

Analytical services for medical and health data

\*Only data with secondary usage consent



# Target major growth in data utilization service

## 【Data network service】

Product	Overview	Price
EVE	<p>Analysis of charges/DPC fee gap, patient #s/stay length/resources by disease/condition, and benchmarking with other hospitals</p> <p>Uses benchmarks to identify user hospital's trends/strengths &amp; weaknesses, helps with detailed investigation of treatment policy as core of hospital management</p>	<p>Installation: ¥4mn</p> <p>Maintenance: ¥50,000/mth.</p>
Medical Code	<p>Uses standardized format for DCP/elec. receipt data to support hospital management in areas like costing, raising treatment prices</p> <p>Unlimited user registration promotes smooth internal data sharing, change in awareness/actions to help improve management</p>	<p>Installation: ¥8.2mn</p> <p>Maintenance: ¥100,000/mth.</p>
CADA-BOX	<p>System for hospitals that allows linkage to existing electronic records by merging online patient-use data portal Karteco and deferred medical fee payment service CADA Payment</p> <p>Free to use for patients</p>	<p>Installation: ¥20mn</p> <p>Maintenance: ¥500,000/mth.</p>

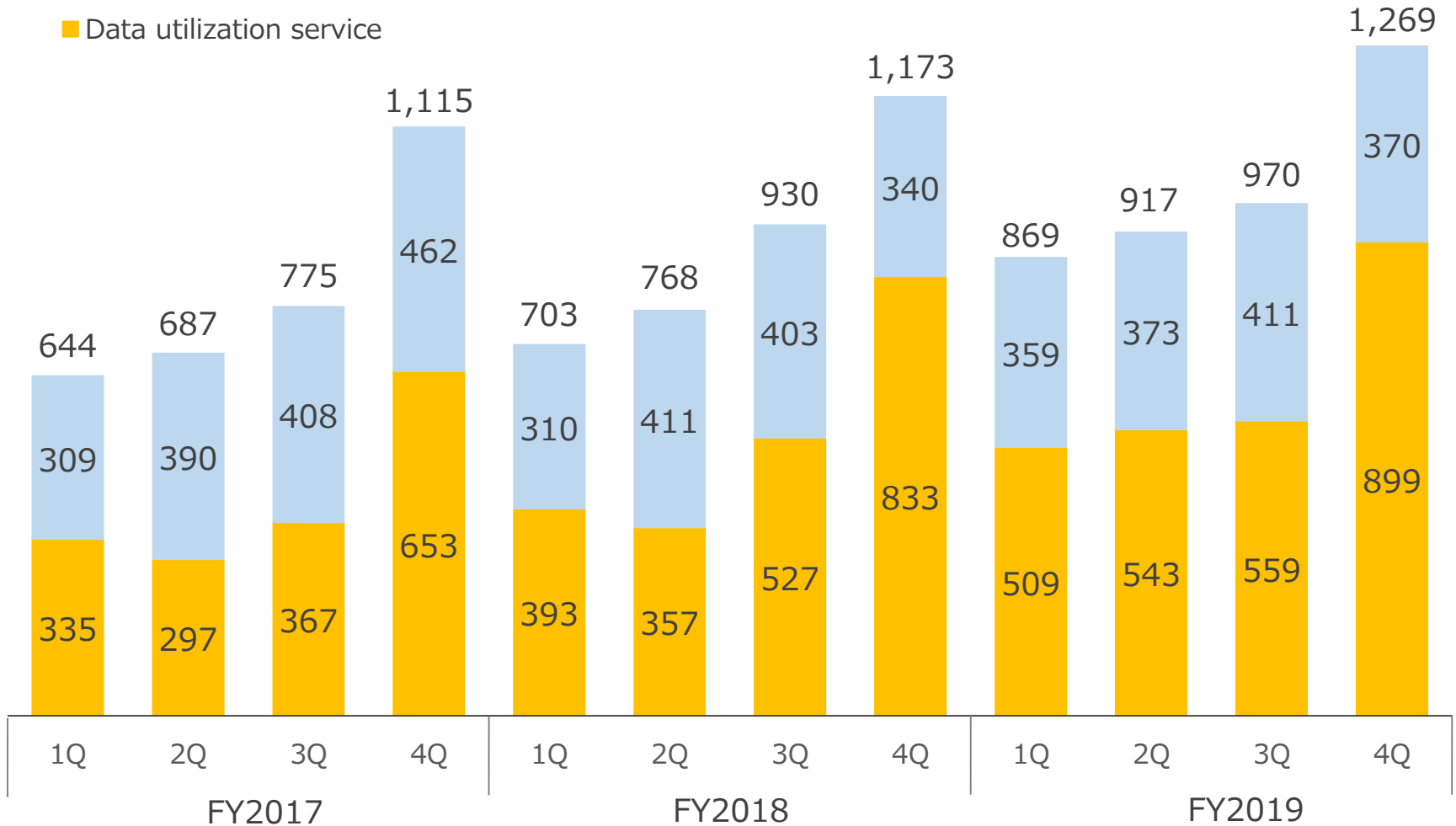
## 【Data utilization service】

Product	Overview	Price
MDV analyzer	<p>Online analysis tool allowing clients to easily examine data on patient numbers, prescription lengths/volumes using Japan's largest medical database</p> <p>Enables multifaceted analysis based on actual medical practice (surgery, testing) as well as disease and drug regimen</p>	<p>¥20mn/yr.</p>
Ad hoc surveys	<p>Provision of tailored reports in line with client's wishes</p>	<p>Avg. ¥3.5-4mn per survey</p>

# Quarterly sales breakdown (by segment)

Millions of yen

- Data network service
- Data utilization service



## Contacts

<https://www.mdv.co.jp/contactus/form.php?classification=7>

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