

FY2020 Financial Results

Medical Data Vision Co., Ltd.

(Code: 3902)

February 8, 2021

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A decorative graphic consisting of three overlapping squares in shades of orange and yellow, positioned to the left of the title.

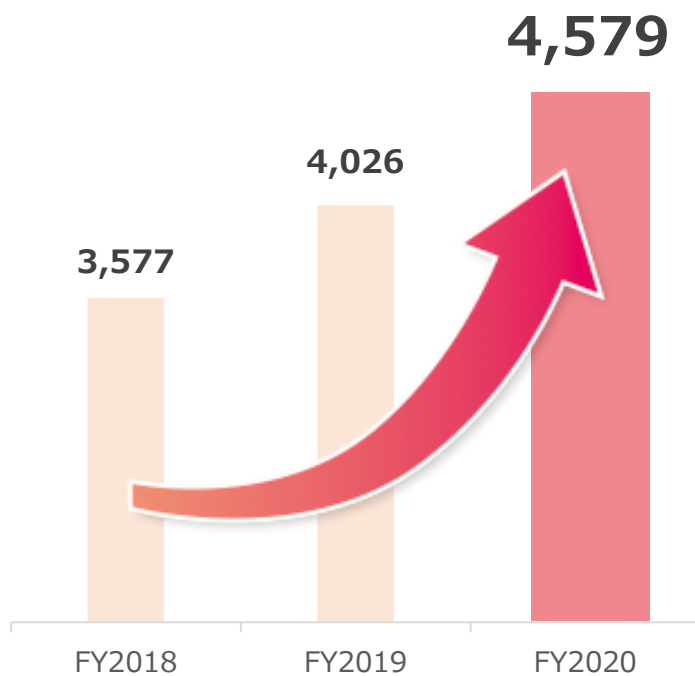
FY2020 Financial results overview

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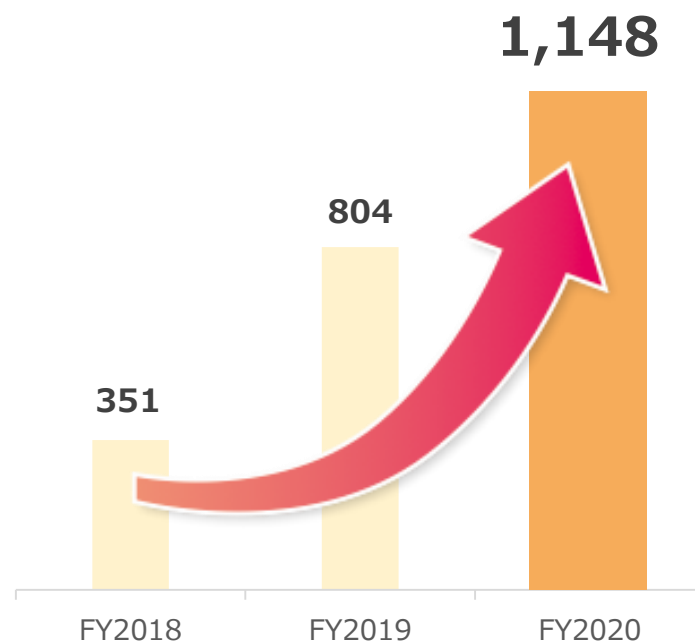
<Full-year earnings>

Strong earnings growth despite COVID-19

Net sales **Y4,579mn**
+ 13.7% YoY



Ordinary income **Y1,148mn**
+ 42.7% YoY

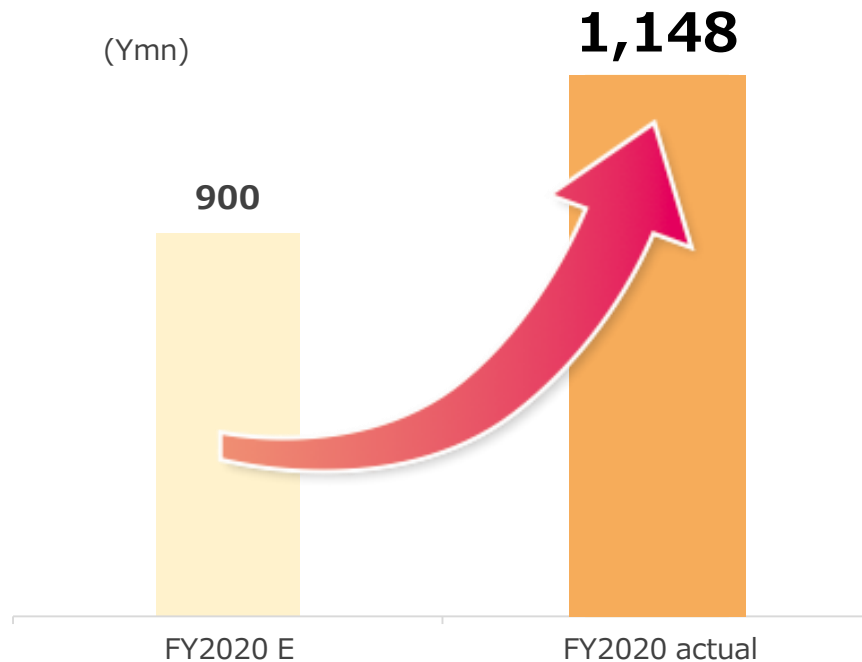


FY2020 Financial results overview: actual results against initial plan

<Actual results against initial plan> Outperformance vs. full-year earnings and dividend estimation

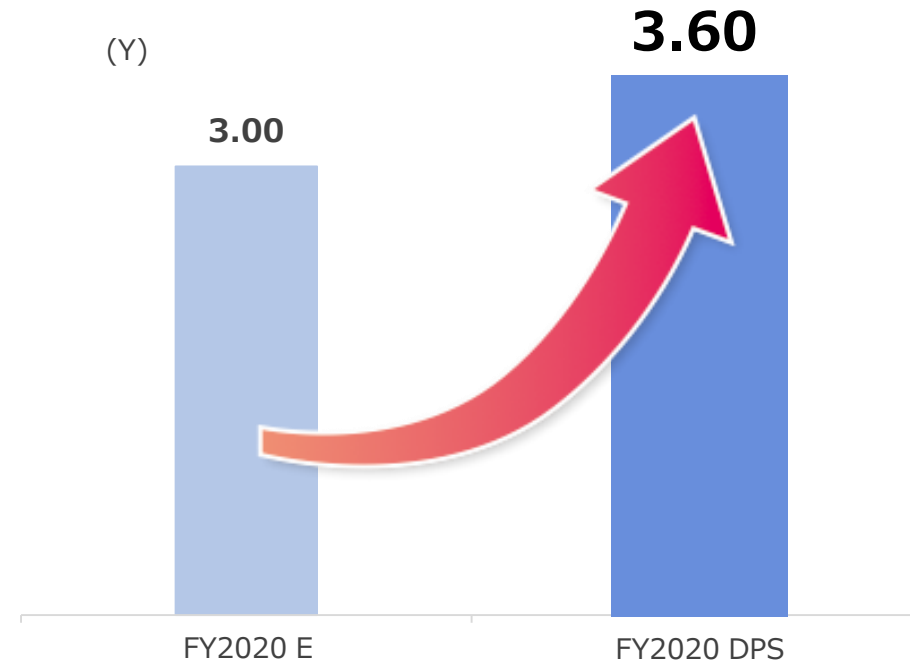
Ordinary Income

+ 27.6% above target



Dividend per share

Y0.60 above target



*Based on retained earnings as of December 31, 2020.
Final dividend will be decided at 18th Annual General Shareholders' Meeting, scheduled for March 23, 2021.

✓ Data network service

- **Limited impact** (Recurring business around 60% of sales)
- **Launch of needs-driven products and services** ('Online Doctor Bank', 'Must', 'Kangochi+', etc.)
 - ① **Recurring** *maintenance (monthly fees)
 - ⇒ Minimal impact on sales so earnings stability unchanged
 - ② **Non-recurring** *packages (new installations)
 - ⇒ Sales impacted by visit restrictions at hospitals, purchasing budgets rollovers to next year, etc.
 - ③ **Subsidiaries** *'Doctorbook', 'Medical Domain', etc.
 - ⇒ 'Doctorbook' ...Brisk sales of online services for dentists that precisely match the needs of the COVID-19 era
 - ⇒ 'Medical Domain' ...Impact from new consolidation

✓ Data utilization service

- **No impact, high growth rate maintained**

FY2020 Financial results overview

Millions of yen	FY2019	FY2020	Difference	YoY
Net sales	4,026	4,579	553	+13.7%
Data network service sales	1,514	1,602	87	+5.8%
Data utilization service sales	2,511	2,977	465	+18.5%
Ordinary income	804	1,148	343	+42.7%
Ordinary income margin	20.0%	25.1%	—	+5.1P
Net income	554	700	145	+26.3%

4Q FY2020 net adds

	FY2019	FY2020	Difference	3Q FY2020	4Q FY2020 net adds
Medical data patients	29.84 _{mn}	34.51 _{mn}	4.67 _{mn}	33.32 _{mn}	1.19 _{mn}
Real-time medical data patients	823,000	828,000	5,000	827,000	1,000
Health ins. data patients	—	6.16 _{mn}	6.16 _{mn}	5.98 _{mn}	180,000
Clinical Cloud clinician accounts	22,346	33,773	11,427	33,144	629

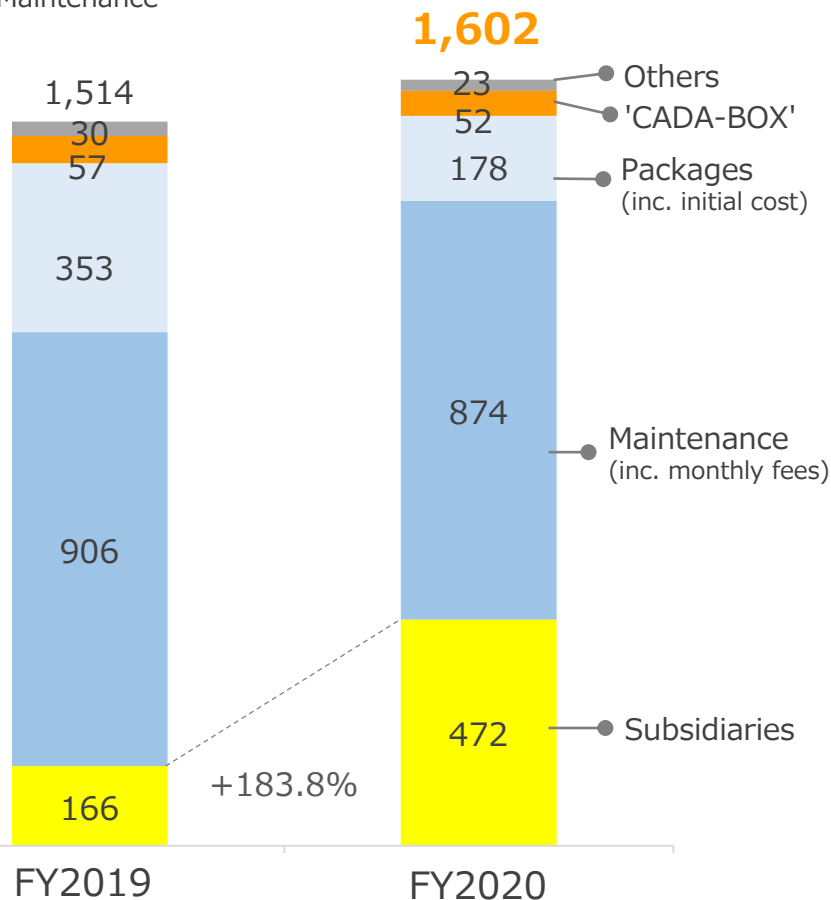
FY2020 Financial results overview: data network service sales breakdown



Millions of yen

- Subsidiaries
- Others
- 'CADA-BOX'
- Packages
- Maintenance

Agressive growth in subsidiaries driven by M&A



● Recurring *maintenance (monthly fees)

Minimal impact on sales so earnings stability unchanged

● Non-recurring *packages (new installations)

Sales impacted by visit restrictions at hospitals, purchasing budgets rollovers to next year, etc.

● Subsidiaries *'Doctorbook', 'Medical Domain', etc.

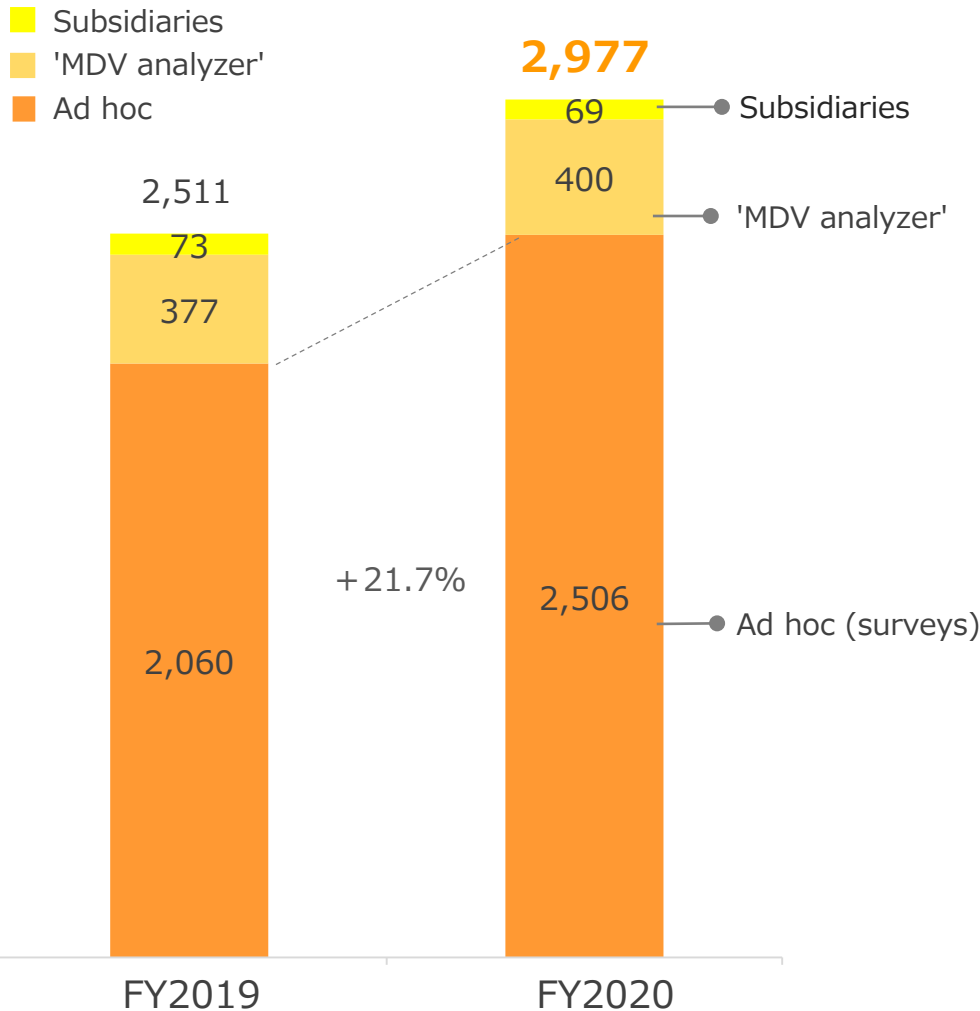
- 'Doctorbook' ...Brisk sales of online services for dentists that precisely match the needs of the COVID-19 era
- 'Medical Domain' ...Impact from new consolidation

FY2020 Financial results overview: data utilization service sales breakdown



Millions of yen

Fast growth in all core business sectors



- **'MDV analyzer'**
20 companies (+2 YoY)

- **Ad hoc survey service**
All therapeutic areas
13 companies (+3 YoY)

Ongoing expansion, growth remains high in line with target
No impact seen from COVID-19

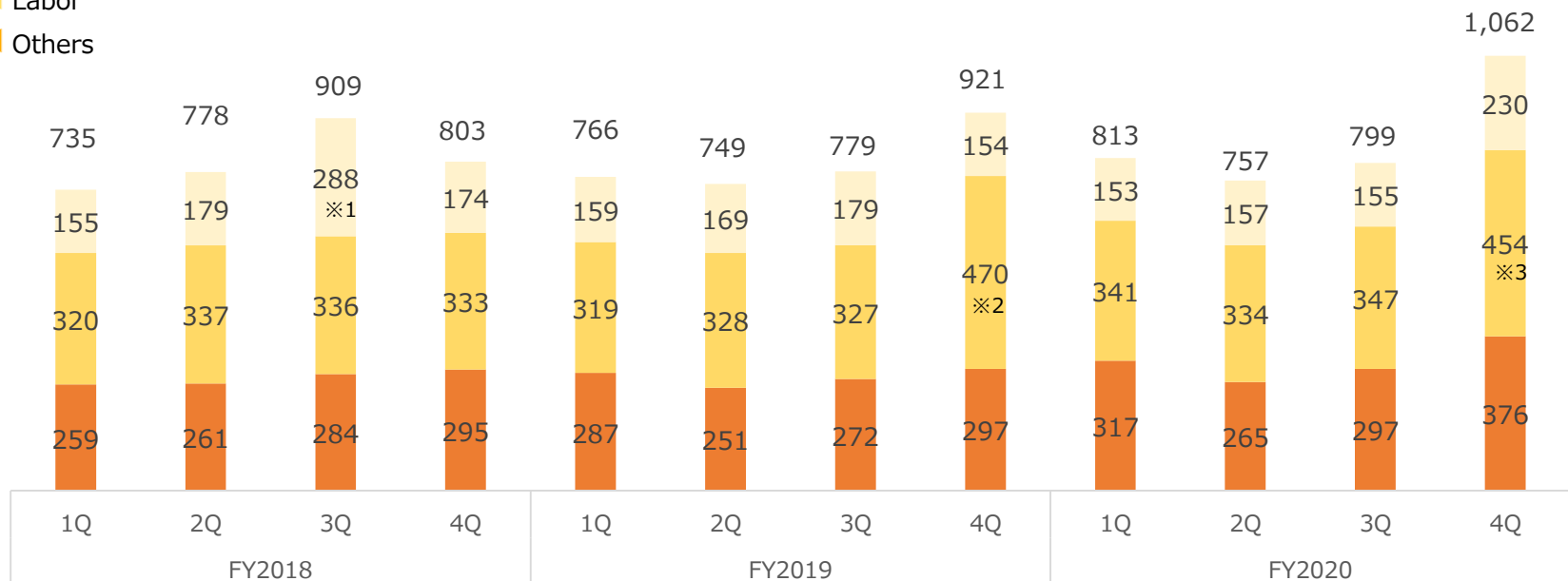
- **Subsidiaries ('MDV Trial')**
Existing trial support business stagnant, but solid rise in trial business using data

FY2020 Financial results overview: cost analysis

Millions of yen

	FY2019	FY2020	Difference	
CoGS	662	697	35	• CoGS ratio improved on rise in high-margin data utilization sales 16.4%→15.2% -1.2P
Labor	1,446	1,478	32	
Others	1,108	1,257	149	R&D costs for investigation into BtoC services (+Y91mn)
Total	3,216	3,433	216	

■ CoGS
■ Labor
■ Others



※1 Y133mn valuation loss on 'MDV-CH's' 'KISOU' product

※2 Year-end bonuses Y134mn

※3 Year-end bonuses Y103mn

FY2021 Financial outlook and growth strategy

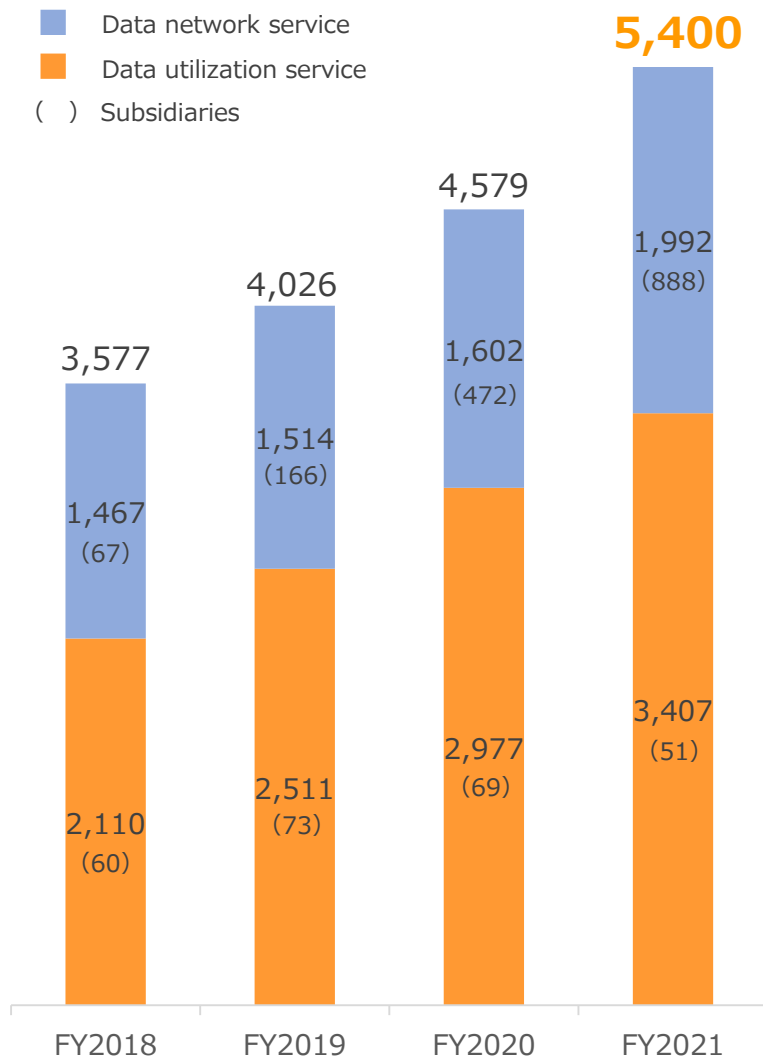
<Main points for financial outlook>

- Cautious estimates to reflect uncertain economic situation
- Expect higher sales, profits, and dividend

Millions of yen	FY2020	FY2021	YoY
Net sales	4,579	5,400	+17.9%
Operating income	1,146	1,199	+4.7%
Ordinary income	1,148	1,200	+4.5%
Net income	700	800	+14.2%
Dividend (Y)	3.6	4.0	+11.1%

Expand core business with high rates of growth

- Data network service
- Data utilization service
- () Subsidiaries



+17.9% YoY

- ✓ **Data utilization service**
 - Create added value from DPC data and health insurance data
- ✓ **Earnings contributions from growth at subsidiaries and new consolidation**
 - 'Doctorbook'...Continue to grow dental business
Build base for medical business sphere
 - 'MDV Trial'...Expand data trials
 - 'System Be-α'...Earnings contribution from new consolidation

Proactive investment in business expansion

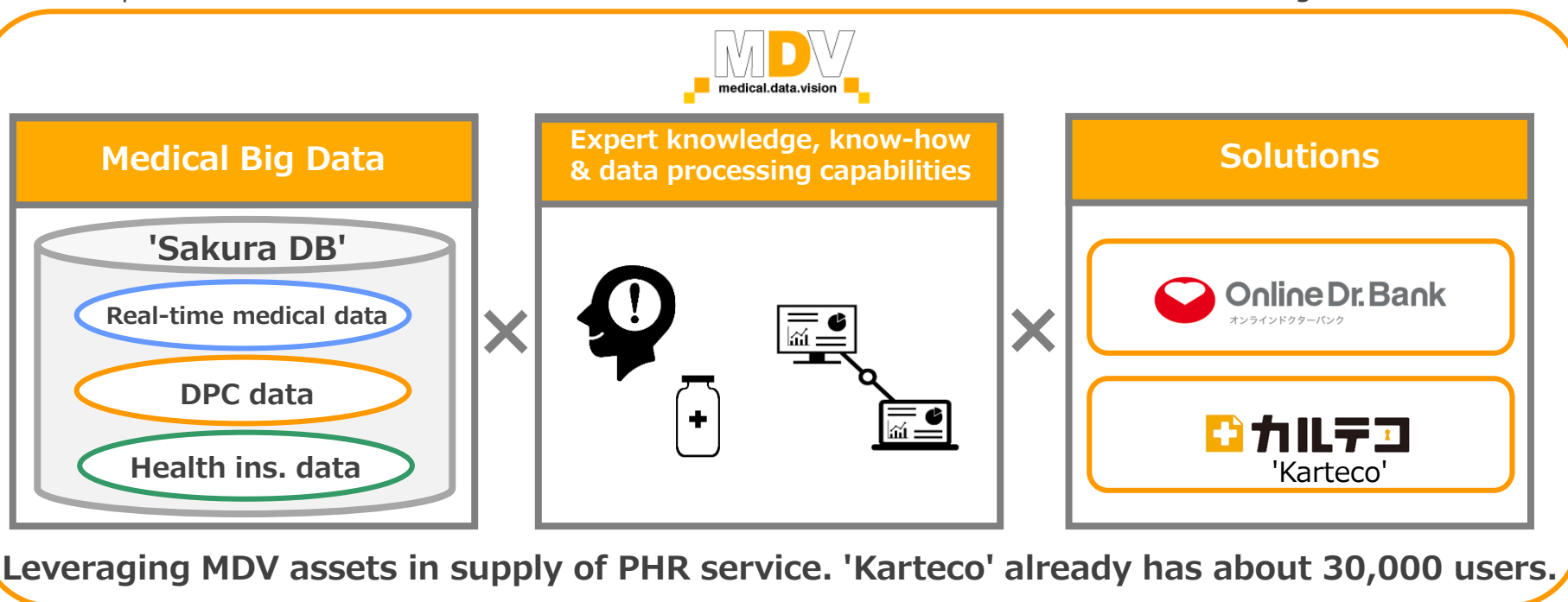
<Reasons for proactive investment>

• Government promotion of PHR a tailwind for our business

COVID-19 an opportunity to ramp up measures for health insurance/medical/nursing care data usage

【Government's aims】

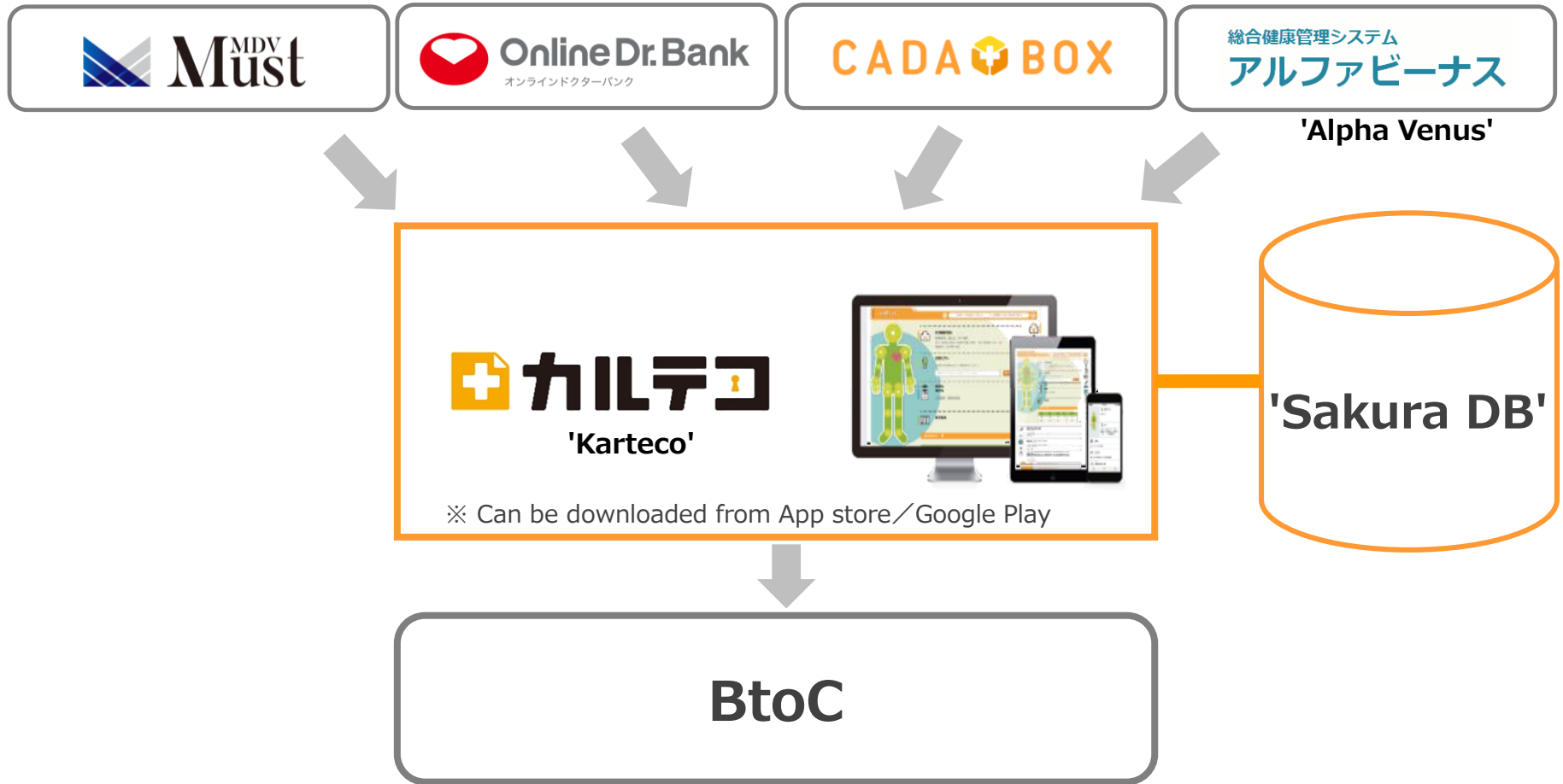
- Improve individual's daily lifestyle habits and promote health
- Use communication at medical consultations to provide more efficient & effective medical care by patient supplying own data
- Develop tools for accurate data collection from individuals when new infectious diseases emerge



1. Accelerate spread of '**Karteco**', expand business into **BtoC services**
2. Develop business **overseas**
3. Alliance with '**SBI Group**'

FY2021 growth strategy: accelerate spread of 'Karteco', expand business into BtoC services

Business development centered on 'Karteco'

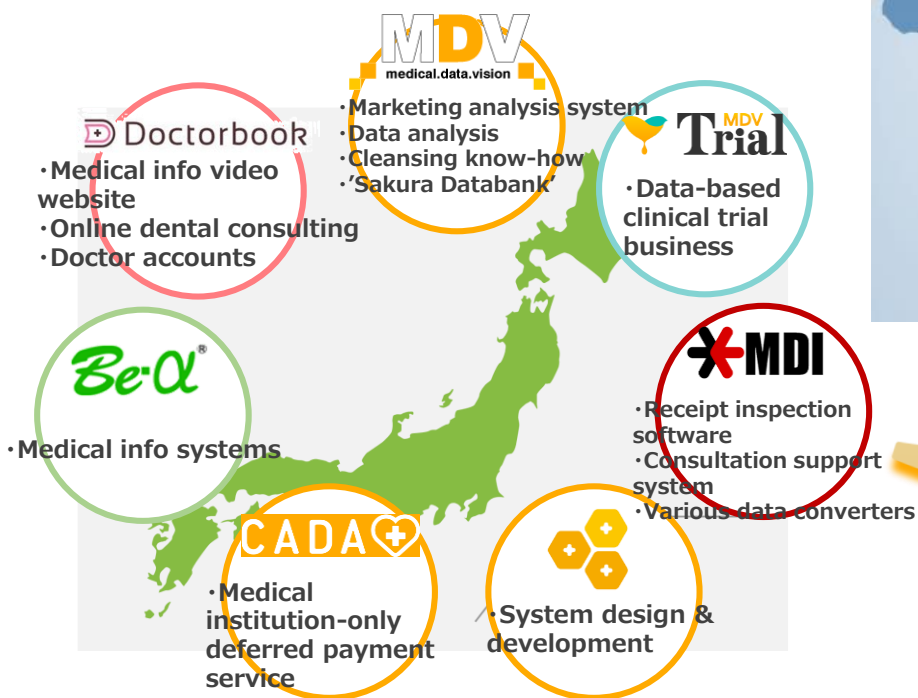


Example: Survey of 'Karteco' users yielded more than 1,000 responses in two days despite no incentives

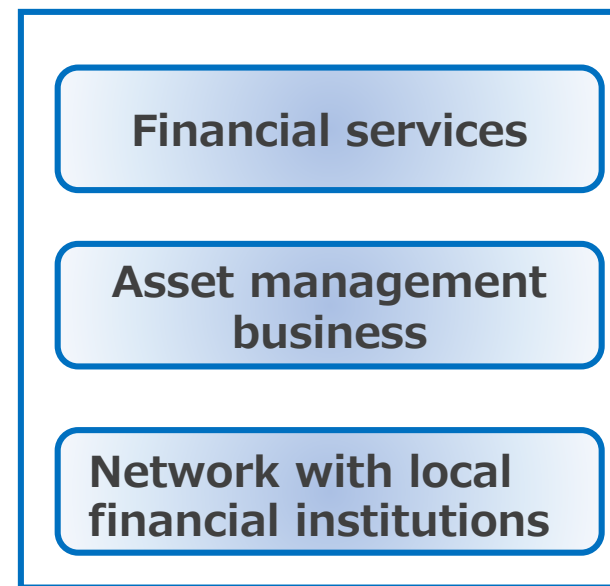
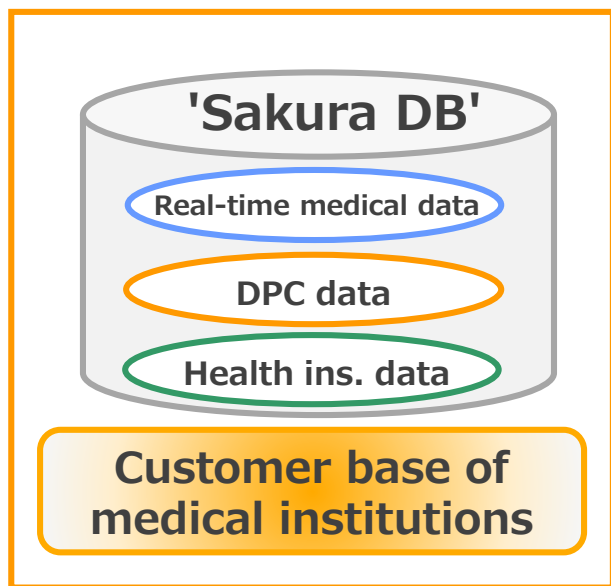
⇒ Solid consumer base already

FY2021 growth strategy: develop business overseas

Use knowledge, technologies, know-how of the MDV Group to develop the business overseas



Promote active cooperation



- Use medical Big Data to develop new products and services in the financial and healthcare fields
- Promote business that contributes to revitalization of local economies and local medicine
- Strengthen ties with SBI Holdings' subsidiaries/group-funded companies in medical and healthcare



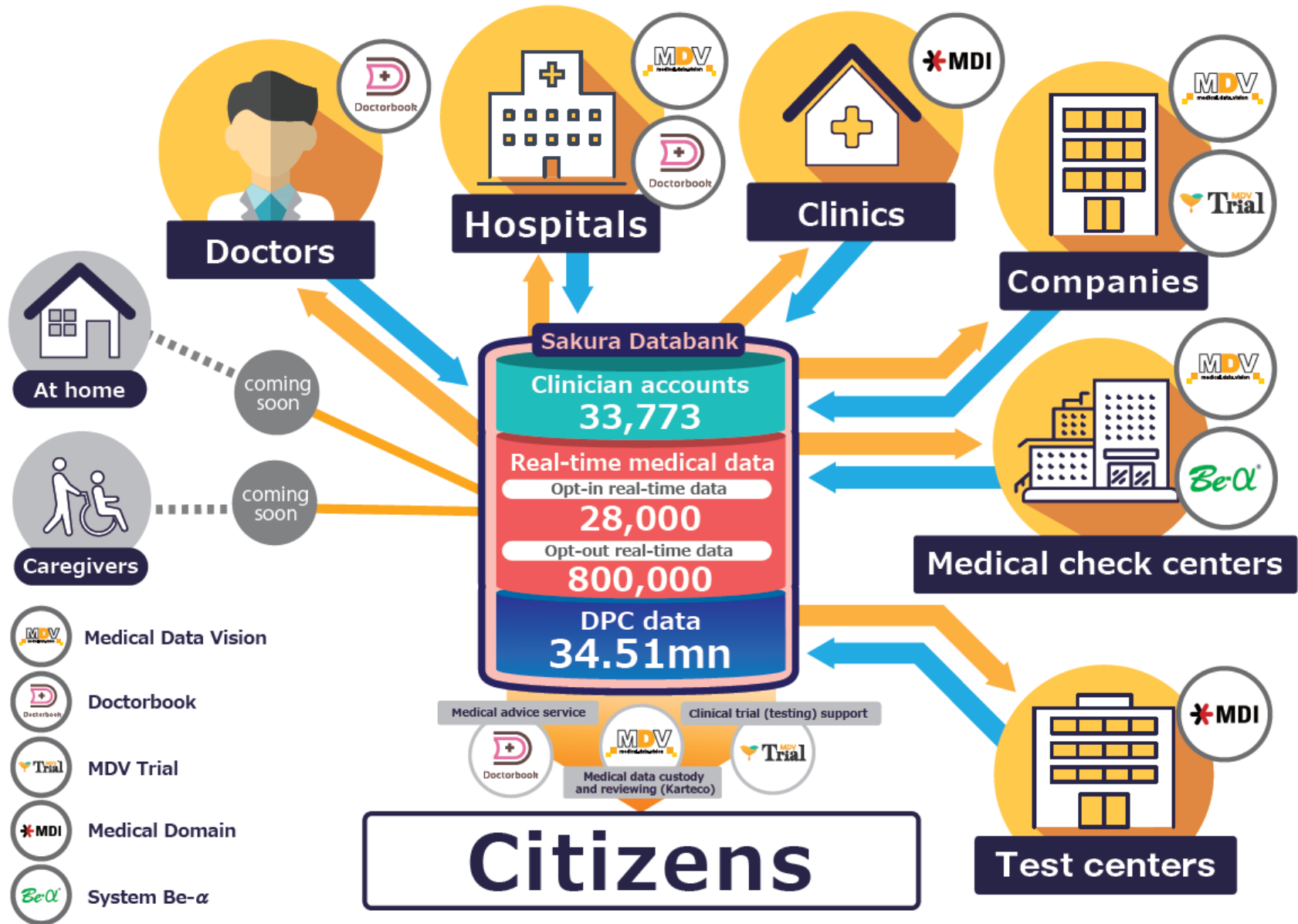
Reference materials



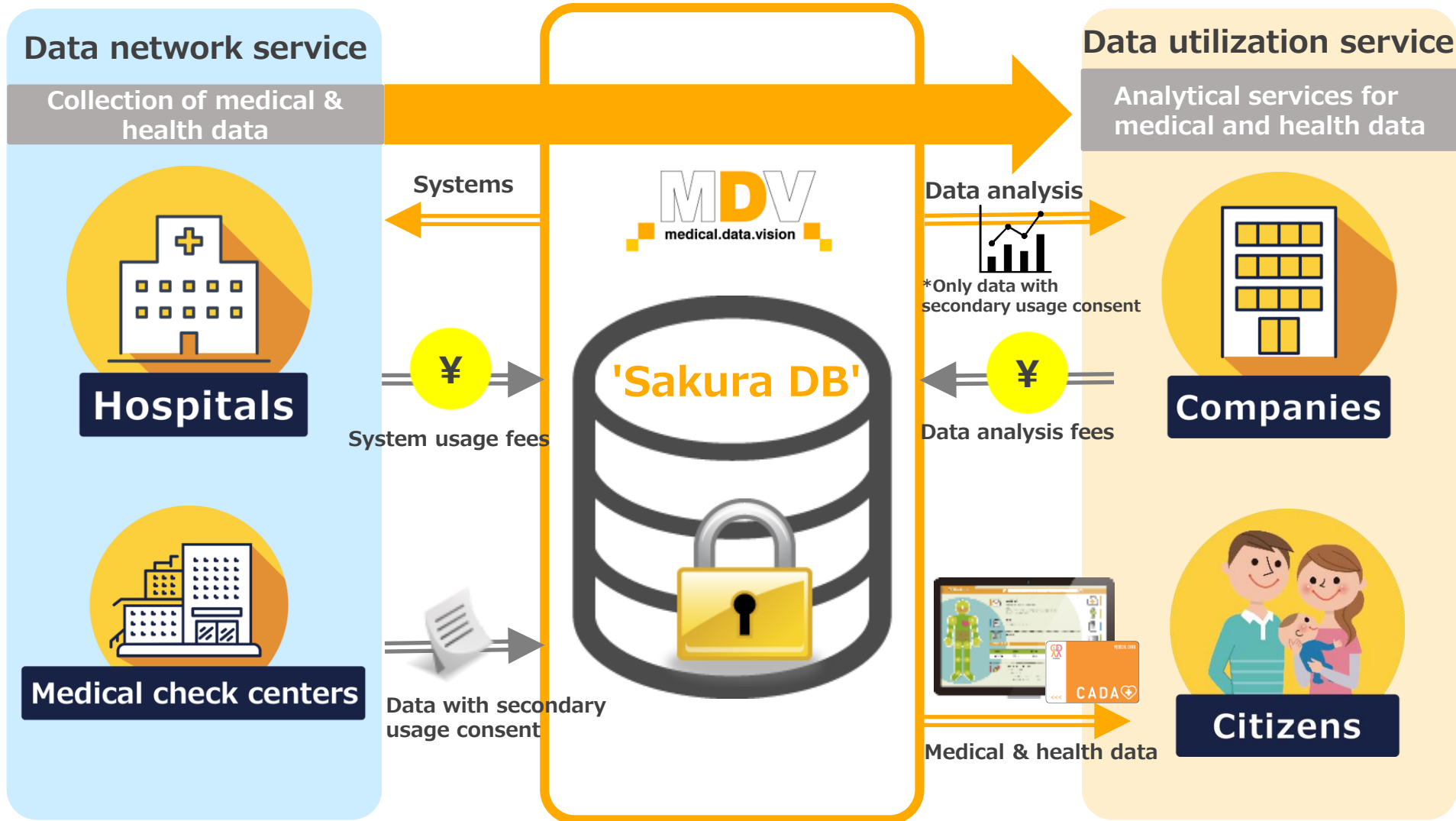
Main group companies and business fields

Company	Business
 Medical Data Vision	<ul style="list-style-type: none"> • Development, sale & maintenance of management analysis systems • Medical data analysis, surveys, consulting
 Doctorbook	<ul style="list-style-type: none"> • Creation & operation of medical info video website • Online dental consulting service
 MDV Trial	<ul style="list-style-type: none"> • Data-based clinical trial business • SMO business
 Medical Domain ※From FY2020	<ul style="list-style-type: none"> • Receipt inspection software • Consultation support system • Development, sale & maintenance of various data converters
 System Be-a ※From FY2021	<ul style="list-style-type: none"> • Development, sale & maintenance of software including health consulting systems • Agency sales for electronic medical records, etc.

Group strategy: unification and utilization of medical and health data



Business model



Target major growth in data utilization service

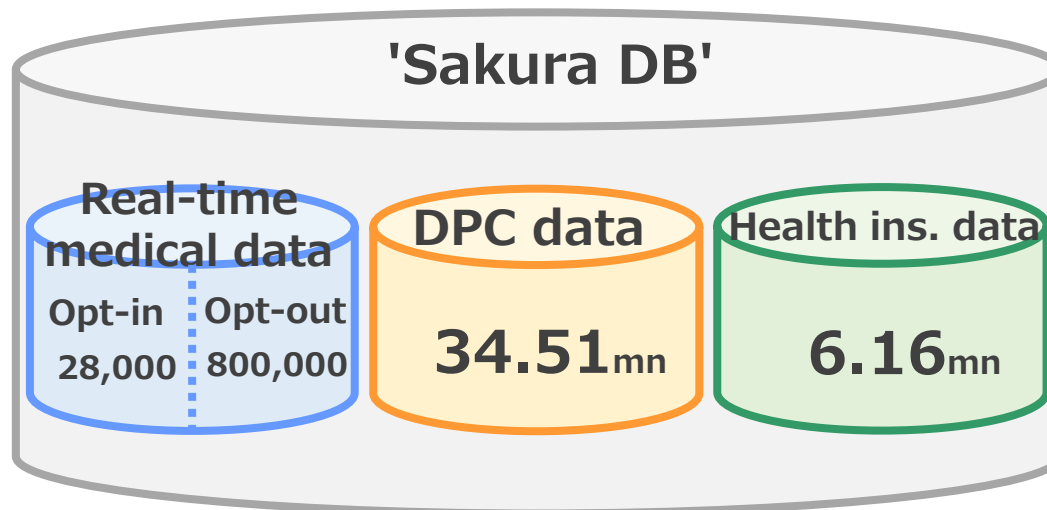
Services overview

【Data network service】

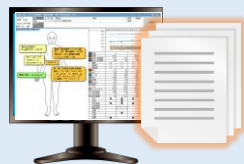
Product	Overview	Price
EVE	<p>Analysis of charges/DPC fee gap, patient #s/stay length/resources by disease/condition, and benchmarking with other hospitals</p> <p>Uses benchmarks to identify user hospital's trends/strengths & weaknesses, helps with detailed investigation of treatment policy as core of hospital management</p>	<p>Installation: ¥4mn</p> <p>Maintenance: ¥50,000/mth.</p>
Medical Code	<p>Uses standardized format for DPC/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>



Real-time medical data



Features

All types of hospital data inc. test results, images, appointment info

Immediacy

DPC data



Hospitals

Features

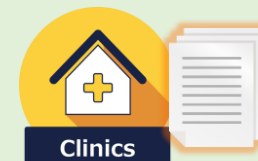
Data focus on treatment/surgery of acute diseases

Extensive patient data (all ages, ins. types)

Data on disease severity (tumor stage, etc.)

Analytical extensibility (e.g. combination with test data)

Health ins. data



Clinics

Features

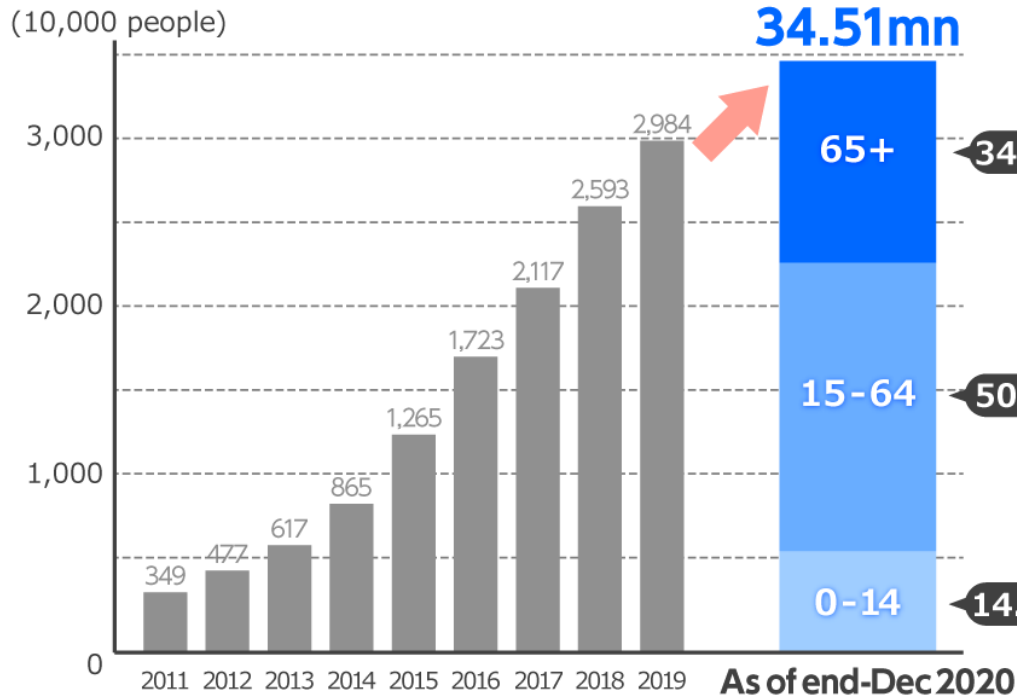
Data focus on chronic and light disease stages

Useful for individual tracking

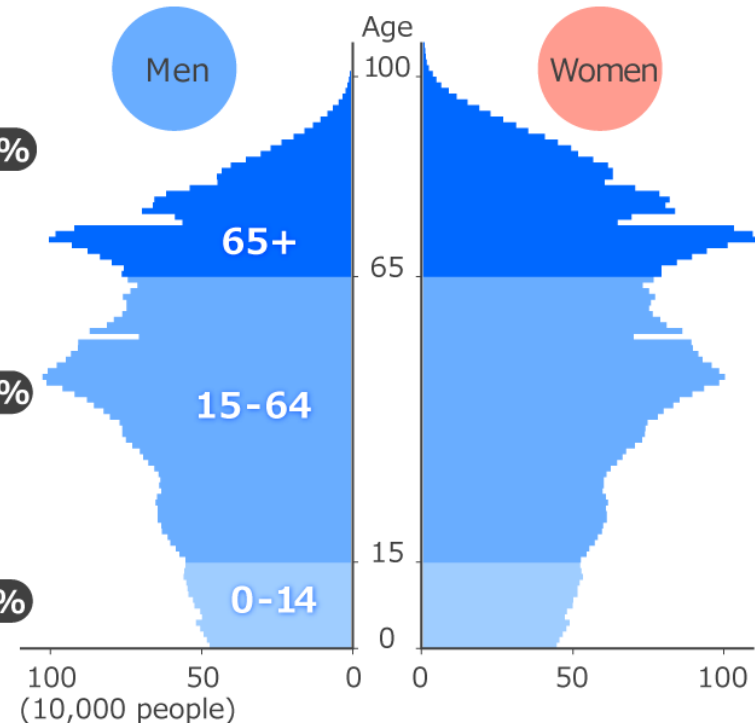
Medical database that has both quality and volume

- No. of patients in medical database exceeds 34mn (34.51mn at end-Dec 2020)
- Age distribution of database roughly matches Japan's population pyramid

No. of patients in medical database



Population pyramid (2020)

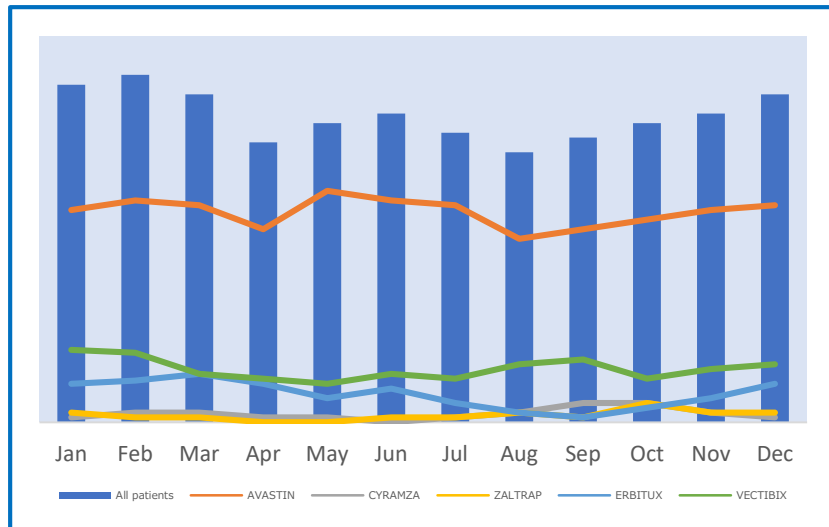


Source: Based on the Population Projection for Japan (2017 survey), National Institute of Population and Social Security Research

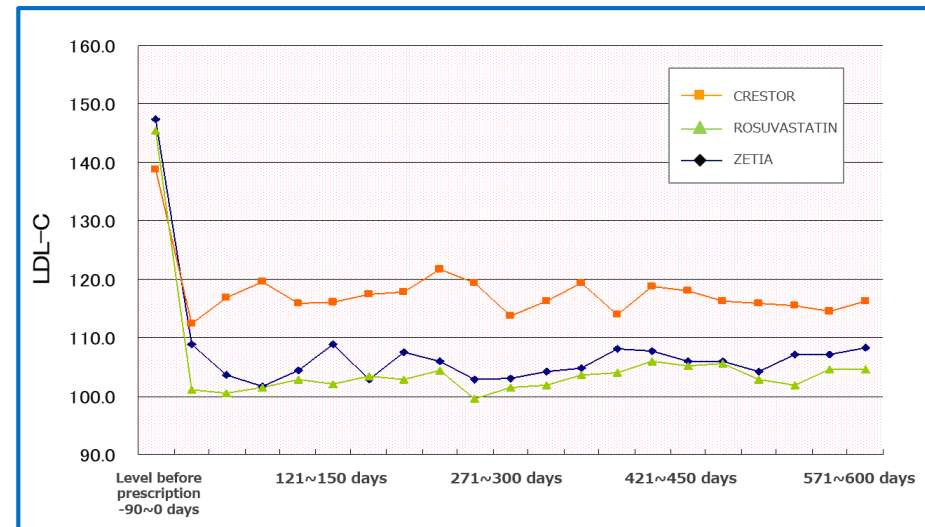
MDV data usages: DPC (hospital) data analysis example

- Test data can be used to analyze drugs efficacy and change in symptoms
- Analysis of diseases, inc. in the elderly, and overall drug usage
- Analysis of acute diseases stages in cancer, rare diseases, etc.

E.g. Analysis of prescription drug usage in colon cancer patients



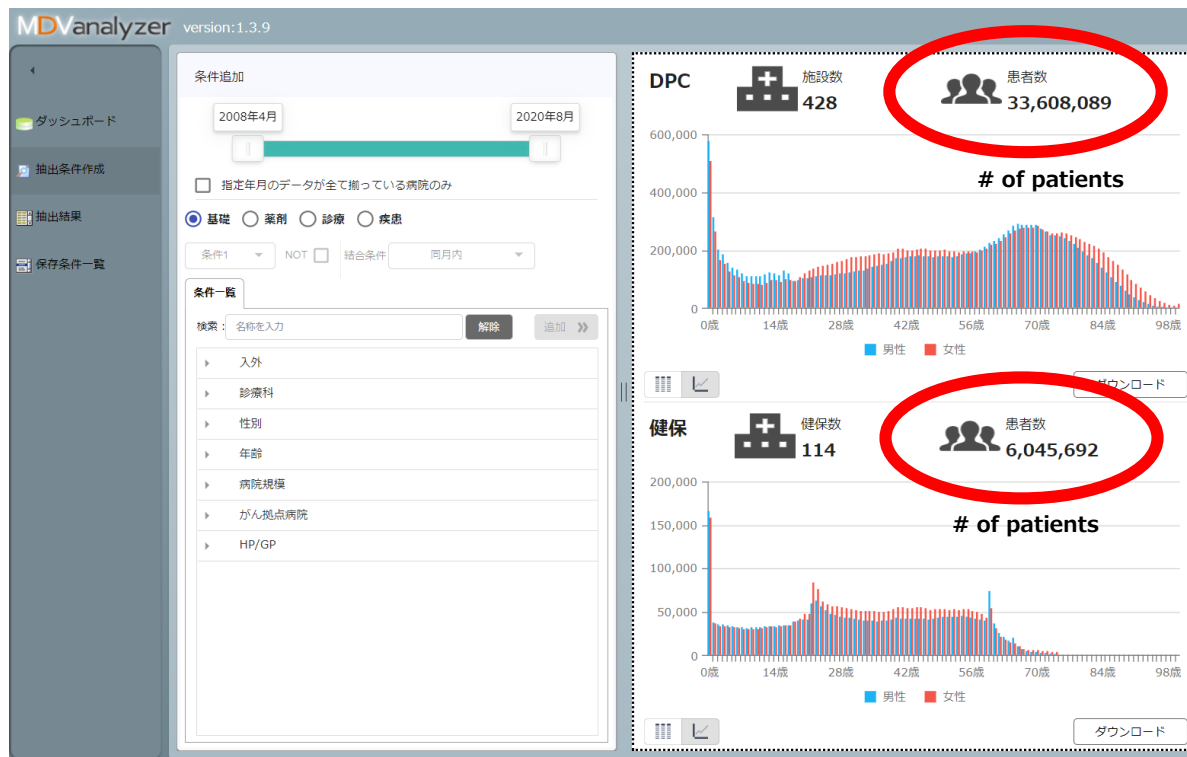
E.g. Comparison of treatment efficacy by drug



※Tested levels obtained separately

MDV data usages: multiple analysis of hospital and health insurance data

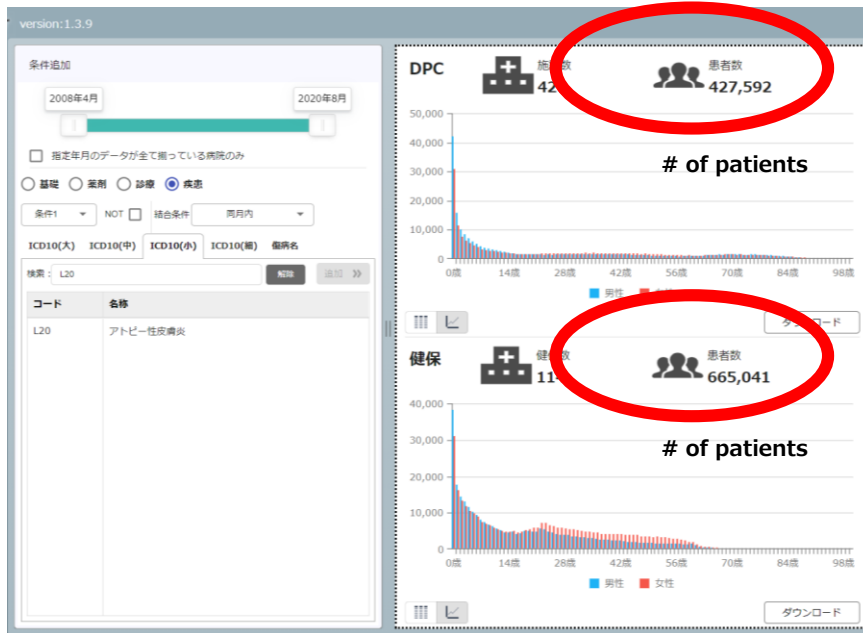
- Analysis of treatment trends at clinics and hospitals of the same patient
 - Analysis of clinic and DPC hospital data together can highlight differences and improve analytical accuracy
- ① Simultaneous analysis using two types of data ('MDV analyzer'): all patient numbers



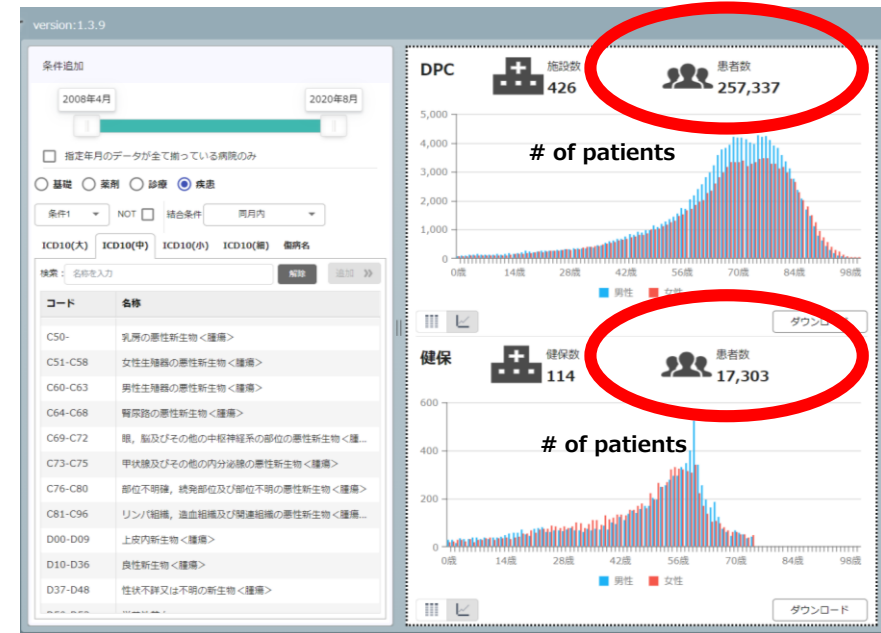
MDV data usages: multiple analysis of hospital and health insurance data

② Simultaneous analysis using two types of data ('MDV analyzer')

Atopic dermatitis

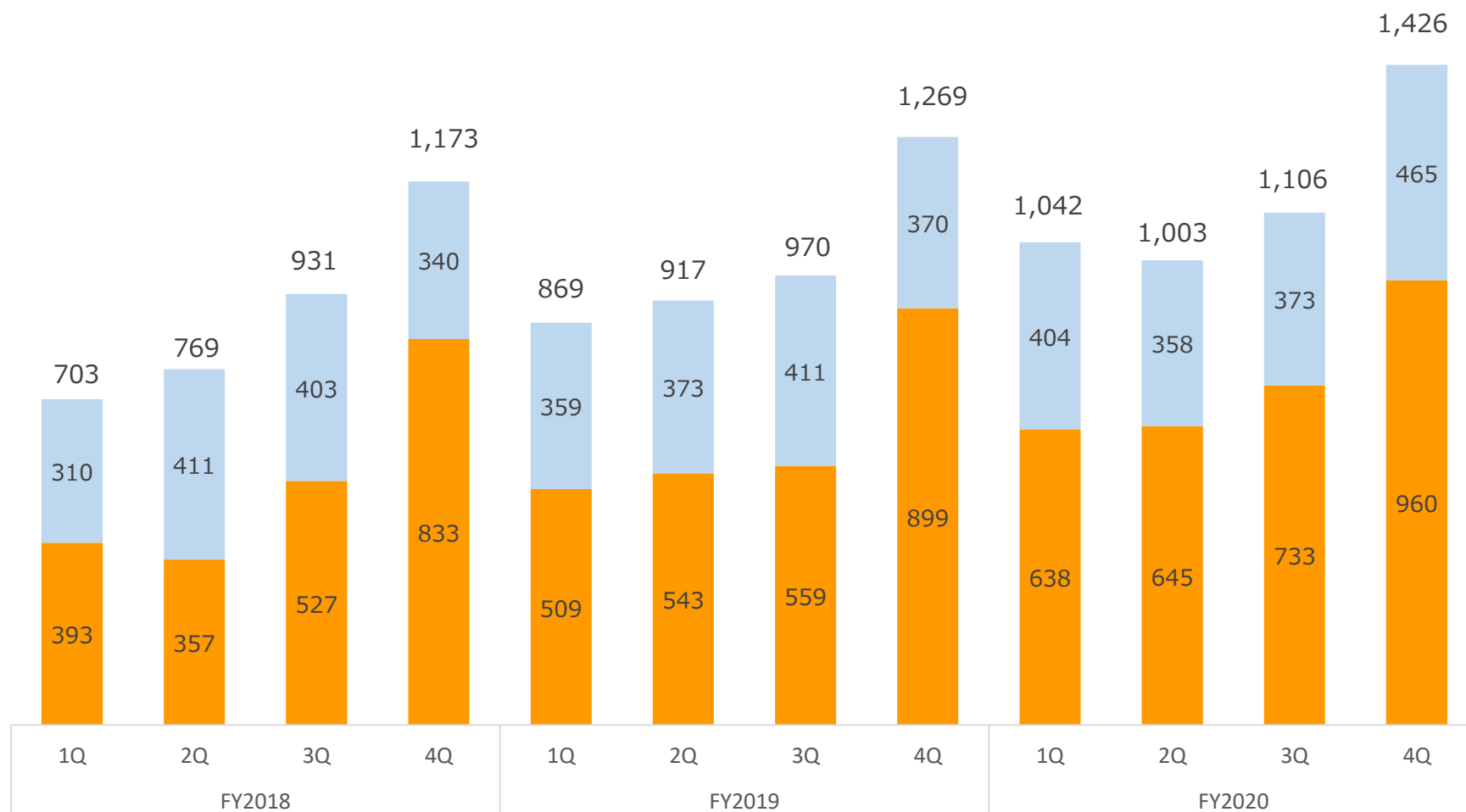


Hematological cancer



Quarterly sales breakdown (by service segment)

- Data network service
- Data utilization service



Business indicators

Main business indicators	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021E
Net sales (Ymn)	2,413	2,632	3,225	3,577	4,026	4,579	5,400
Operating income (Ymn)	282	430	569	351	809	1,146	1,199
Operating income margin (%)	11.7	16.4	17.6	9.8	20.1	25.0	22.2
Ordinary income (Ymn)	280	415	565	351	804	1,148	1,200
Net income (Ymn)	164	178	354	69	554	700	800
Net income per share (Y)	4.42	4.67	8.86	1.74	13.85	17.72	20.25
Net assets (Ymn)	2,489	2,809	3,164	3,278	4,023	4,136	—
Total assets (Ymn)	2,918	3,194	3,752	3,865	4,948	5,321	—
Net assets per share (Y)	65.94	70.22	79.08	81.91	99.68	104.00	—
ROA (%)	10.0	13.7	16.3	9.2	18.3	22.4	—
ROE (%)	6.9	6.7	11.9	2.2	15.3	17.3	—
Equity ratio (%)	85.3	88.0	84.3	84.8	80.6	77.0	—
CoGS (Ymn)	516	458	619	797	662	697	1,096
SG&A (Ymn)	1,614	1,743	2,037	2,428	2,554	2,736	3,103

※FY2015 figures are parent data provided for comparison purposes. Per-share data adjusted for past stock splits.

Sales breakdown, other indicators, cash flow statement

Sales breakdown (Ymn)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021E
Data network services	1,449	1,438	1,571	1,467	1,514	1,602	1,992
Data utilization services	963	1,194	1,654	2,110	2,511	2,977	3,407

Other indicators	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
No. of hospital using 'EVE'	768	791	799	801	802	772
No. of hospitals using 'Medical Code'	176	224	265	274	281	260
No. of hospitals using 'CADA-BOX'	–	1	5	5	7	6
No. of patients in MDV large-scale medical database (10,000)	1,265	1,723	2,117	2,593	2,984	3,451
No. of patients' health ins. data (10,000)	–	–	–	–	–	616
No. of patients' real-time medical data (10,000)	–	–	–	–	82.3	82.8
Clinical Cloud clinician accounts	–	–	–	–	22,346	33,773

Cash flow statement (Ymn)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Balance of cash and cash equivalents at start of period	1,799	1,751	1,959	1,697	1,574	2,944
CF from operating activities	118	196	486	120	1,202	964
CF from investment activities	-218	-144	-739	-271	-31	-142
CF from financial activities	52	139	-7	28	199	-589
Change in cash and cash equivalents	-47	191	-261	-123	1,370	232
Balance of cash and cash equivalents at end of period	1,751	1,959	1,697	1,574	2,944	3,177

Balance sheet

Balance sheet (Ymn)	End-FY2015	End-FY2016	End-FY2017	End-FY2018	End-FY2019	End-FY2020
Current assets	2,416	2,797	2,864	2,773	3,872	4,319
Cash and deposits	1,751	1,959	1,797	1,674	2,944	3,194
Accounts receivables	596	770	794	949	757	867
Raw materials	9	9	13	15	12	34
Merchandise	–	–	142	–	–	0
Others	57	57	116	134	179	224
Allowance for doubtful accounts	–	-0	-0	-0	-22	-1
Fixed assets	497	394	888	1,091	1,076	1,002
Tangible fixed assets	97	105	173	224	233	177
Intangible fixed assets	194	127	476	368	356	303
Investments and other assets	205	161	238	498	486	521
Deferred assets	5	2	–	–	–	–
Total assets	2,918	3,194	3,752	3,865	4,948	5,321
Current liabilities	407	363	550	543	852	1,099
Accounts payable	63	39	40	28	33	76
Income taxes payable	78	80	188	164	138	298
Others	265	243	321	350	679	725
Noncurrent liabilities	21	20	37	43	71	84
Asset retirement obligations	18	18	33	38	71	72
Others	2	1	4	4	–	12
Total liabilities	429	384	588	587	924	1,184
Shareholders' equity	2,489	2,809	3,164	3,278	3,989	4,100
Capital stock	910	981	981	992	992	992
Capital surplus	1,495	1,565	1,565	1,599	1,756	1,763
Retained earnings	83	263	617	687	1,241	1,934
Treasury stock	-0	-0	-0	-0	-0	-590
Total net assets	2,489	2,809	3,164	3,278	4,023	4,136
Total liabilities and net assets	2,918	3,194	3,752	3,865	4,948	5,321

※End-FY2015 figures are parent data provided for comparison purposes.

Contacts

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

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