Supplementary Materials (business overview)

Medical Data Vision Co.,Ltd.
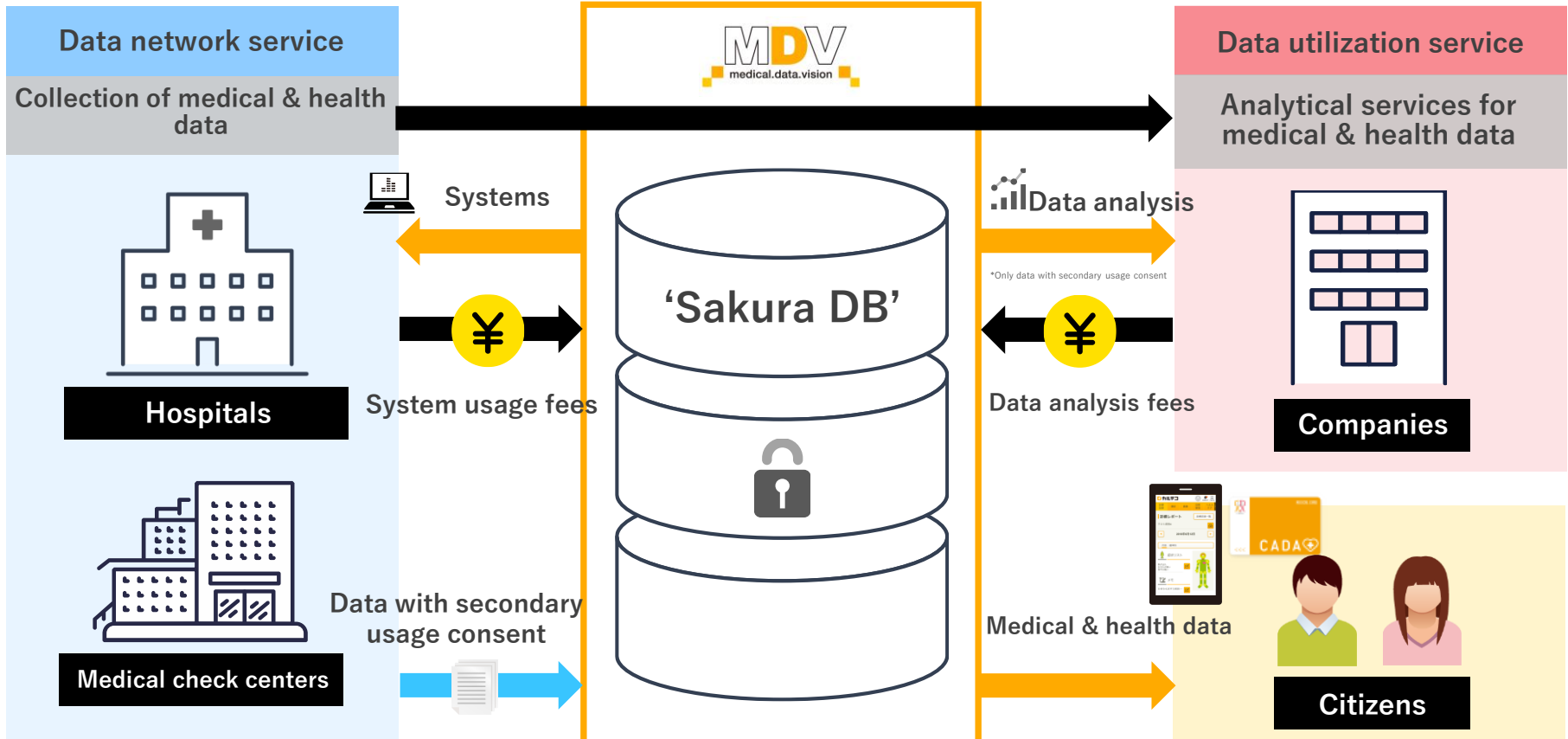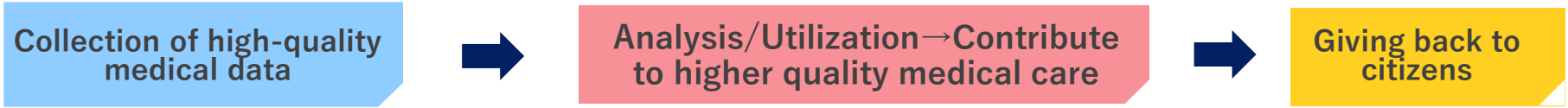**（ Code : 3902 ）**
August 8, 2022

medical.data.vision

Contents

About Our Business

business model

Collection of high-quality medical data → Analysis/Utilization→Contribute to higher quality medical care → Giving back to citizens

Data network service
Collection of medical & health data

Data utilization service
Analytical services for medical & health data

Systems

Data analysis

*Only data with secondary usage consent

'Sakura DB'

Hospitals

System usage fees

Companies

Data analysis fees

Medical check centers

Data with secondary usage consent

Medical & health data

Citizens

Our business journey

Steadily expanding business fields, sales, and scale in line with our corporate vision

FY2016 ○	FY2019 ○	----------------→ FY2025 ○
Seeding period	**Investment period**	**Expansion period**

■**Data utilization service to embark on a growth path**
- Business growth amid market expansion
- Begin further strengthening data and DB
- M&A to accelerate growth
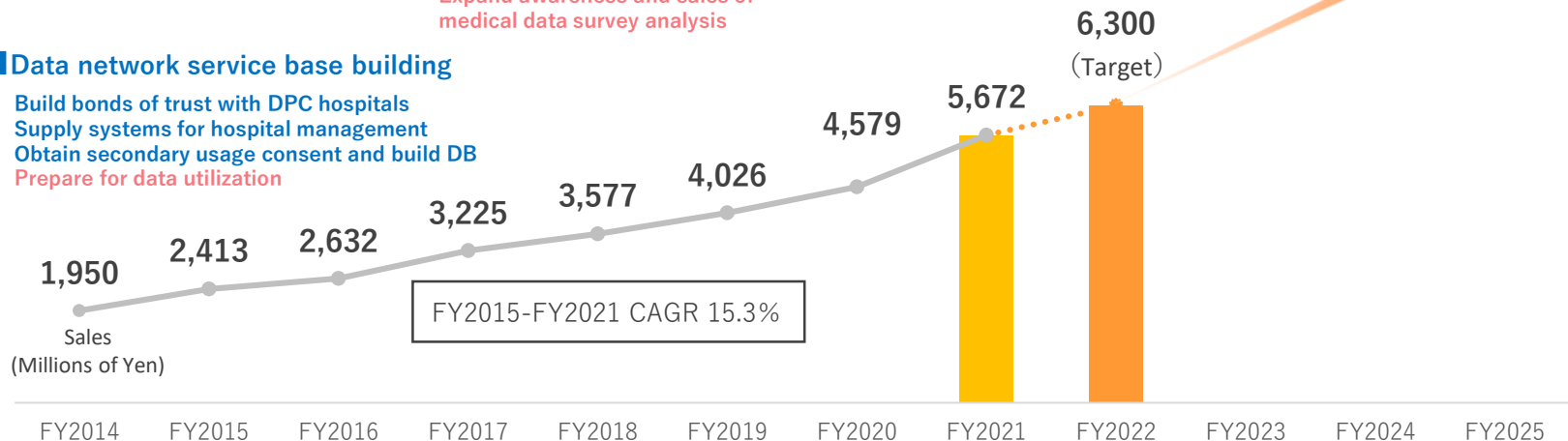- Consider scheme to return information to citizens

■**Start of data utilization service**
- Develop new market for data utilization
- Expand 'Sakura DB' (create pathway to secure data from data network)
- Expand awareness and sales of medical data survey analysis
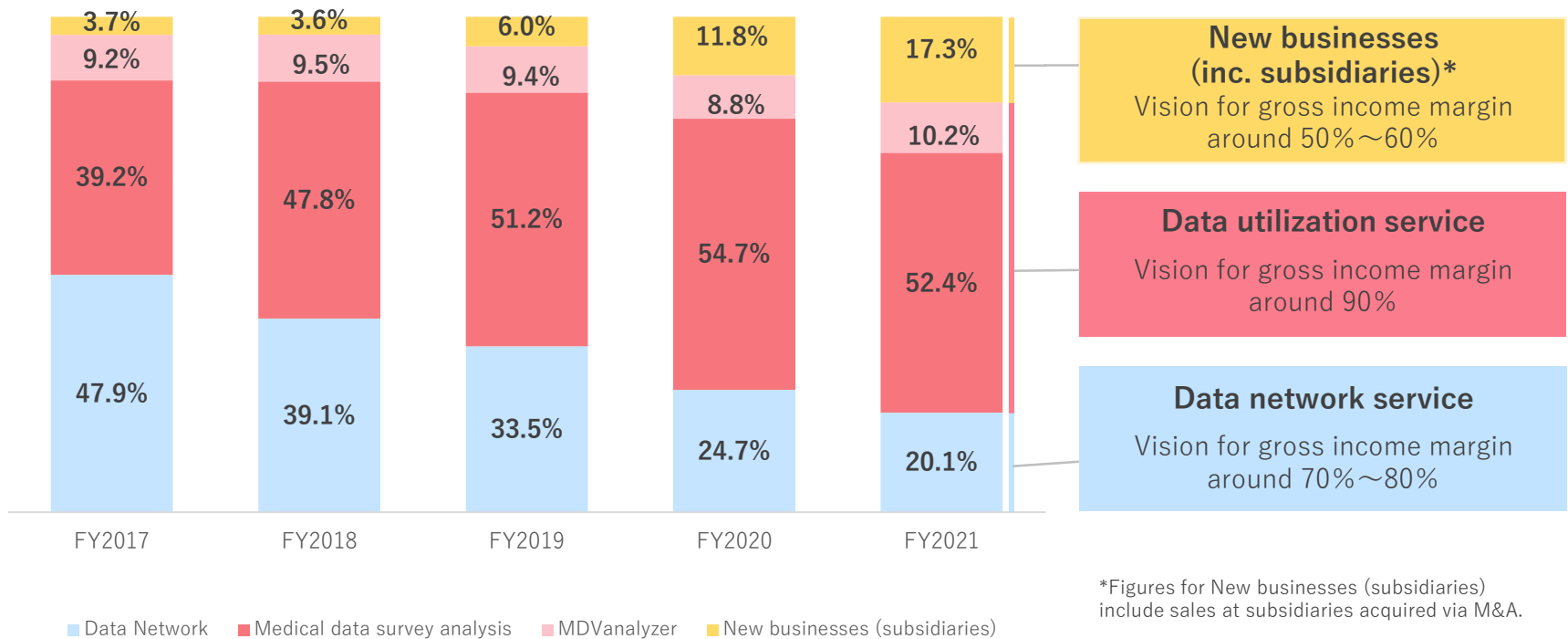
■**Data network service base building**
- Build bonds of trust with DPC hospitals
- Supply systems for hospital management
- Obtain secondary usage consent and build DB
- Prepare for data utilization

6,300
（Target）

5,672

4,579

4,026

3,577

3,225

2,632

2,413

1,950

Sales
(Millions of Yen)

FY2015-FY2021 CAGR 15.3%

| FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |

Change in sales weighting by service

**Data network crucial to data collection,
turn data utilization into sales**

Weighting of new businesses rising in part due to M&A

	FY2017	FY2018	FY2019	FY2020	FY2021
New businesses (subsidiaries)	3.7%	3.6%	6.0%	11.8%	17.3%
MDVanalyzer	9.2%	9.5%	9.4%	8.8%	10.2%
Medical data survey analysis	39.2%	47.8%	51.2%	54.7%	52.4%
Data Network	47.9%	39.1%	33.5%	24.7%	20.1%

New businesses (inc. subsidiaries)*
Vision for gross income margin around 50%〜60%

Data utilization service
Vision for gross income margin around 90%

Data network service
Vision for gross income margin around 70%〜80%

*Figures for New businesses (subsidiaries) include sales at subsidiaries acquired via M&A.

■ Data Network　■ Medical data survey analysis　■ MDVanalyzer　■ New businesses (subsidiaries)

Our strengths

We possess the largest domestic stock of high-quality medical data in the rapidly growing medical big data market

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Business conditions

- Valuable big data (40.16mn patients) being collected from the Japanese medical frontline
- Aiming to raise medical care quality by building bonds of trust with major hospitals
- An overwhelming market share of around 45% in packaged products for DPC hospitals
- Market which includes data utilization expected to grow fivefold over the next decade

Business model

- A hybrid model rooted in marketing capabilities as well as IT
- A business field with barriers to entry that are not easy to overcome
- Significant growth potential from expansion into data utilization services

Earnings structure

- Main business model has strong profitability
- Data network service mostly a recurring revenue business, but a mixed recurring and non-recurring business model in data utilization service gives the earnings structure balance
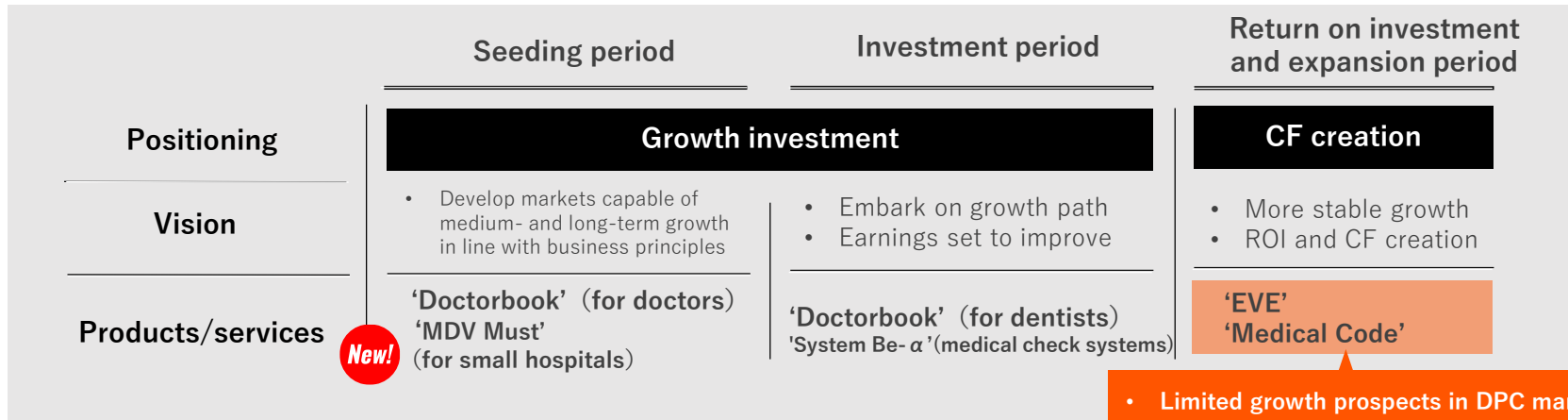
Current business opportunities/challenges and the direction of growth

**Accelerating growth in data utilization service
and planting the seeds for BtoC business**

	Opportunities	Challenges
Data network service	• **System sales to smaller hospitals** • Room to expand the scope of subsidiary operations	• **Drop in face-to-face marketing opportunities amid COVID** • **Slow growth in new services**
Data utilization service	• **Market expansion, promote awareness of the benefits of data utilization** • **Promote use outside the pharmaceutical sector** • **Strengthen data using large stock of health insurance data (expand dataset)**	• **Further raise the pace of growth** • **Hire more data analysis staff and expediting training**
New businesses	• **Lack of large-scale healthcare DB for citizens** • **Growth prospects for BtoC healthcare business**	• **Establish business model for BtoC services** • **Accelerate links with SBI Group**

*Points in boldface relate to the parent company,
other points relate to the MDV Group

Direction of data network service

> ① **Focus on ongoing acquisition of data and expansion scope in DPC data business**
>
> ② **Key to sales expansion in this service is the focus on new businesses**

	Seeding period	Investment period	Return on investment and expansion period
Positioning	Growth investment		CF creation
Vision	• Develop markets capable of medium- and long-term growth in line with business principles	• Embark on growth path • Earnings set to improve	• More stable growth • ROI and CF creation
Products/services New!	'Doctorbook' (for doctors) 'MDV Must' (for small hospitals)	'Doctorbook' (for dentists) 'System Be-α'(medical check systems)	'EVE' 'Medical Code'

- Limited growth prospects in DPC market
- Crucial to maintain one of the largest market share in Japan, and keep/strengthen links with KOL hospitals
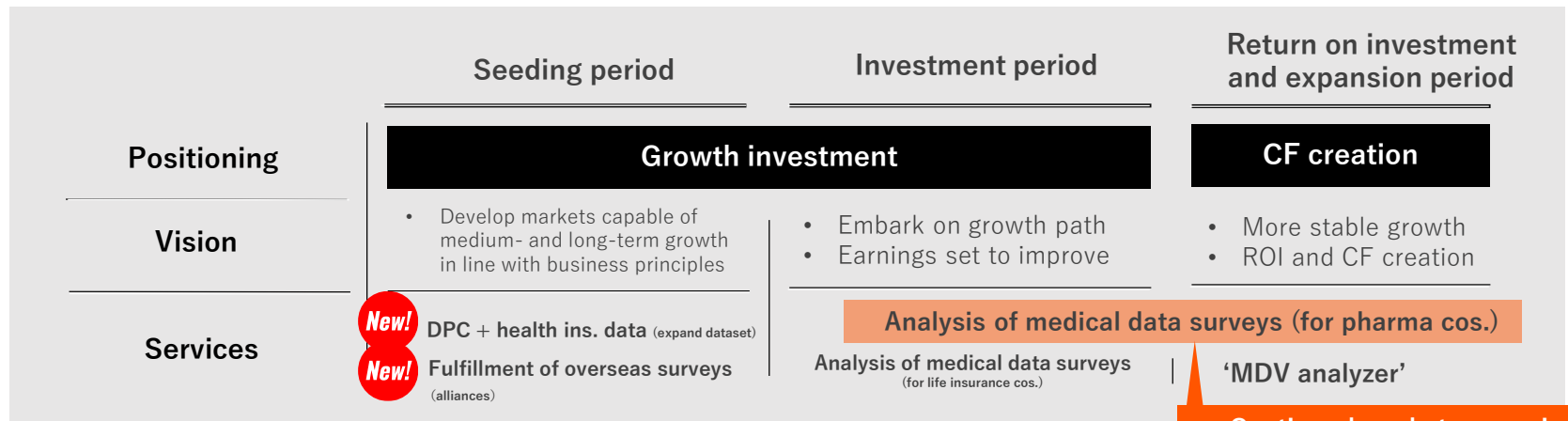
Basic policies for this service

「Maintain and expand data which can be used in the data utilization service」
→Actively invest in non-DPC markets rather than in growing DPC sales and market share

How can we develop the service?

- Maintain and develop links with medical institutions which can provide useful DPC data for the data utilization service
- Gradually expand scope to real-time data via system upgrades to continually refresh and strengthen database
- Proactively challenge sizable markets as new business opportunities

Direction of data utilization service

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① Focus on growth rate due to expectations for market expansion

② Expand pipeline as market awareness of MDV's data strength increases

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	Seeding period	Investment period	Return on investment and expansion period
Positioning	**Growth investment**		**CF creation**
Vision	• Develop markets capable of medium- and long-term growth in line with business principles	• Embark on growth path • Earnings set to improve	• More stable growth • ROI and CF creation
Services	**New!** DPC + health ins. data (expand dataset) **New!** Fulfillment of overseas surveys (alliances)	Analysis of medical data surveys (for life insurance cos.)	**Analysis of medical data surveys (for pharma cos.)** 'MDV analyzer'

• **Continued market expansion**
• **Growing awareness of MDV's data strength**

Basic policies for this service

「Keep growth rate to at least the speed of market expansion or higher」
→Continue to advance in the pharmaceutical sector, and proactively move into other spheres to compete with peers

How can we develop the service?

• Make the market aware of MDV's data strengths and the superiority of our model that uses an expanded dataset through newly-launched data unification

• Grow net client adds through pipeline expansion and expand services by increasing headcount

• Strengthen services not only for pharmaceutical companies' marketing, but also for drug discovery and life insurance companies

Medical data held by MDV

Medical data held by MDV

'Sakura Databank'

- Real-time medical data
- DPC data
- Health ins. data
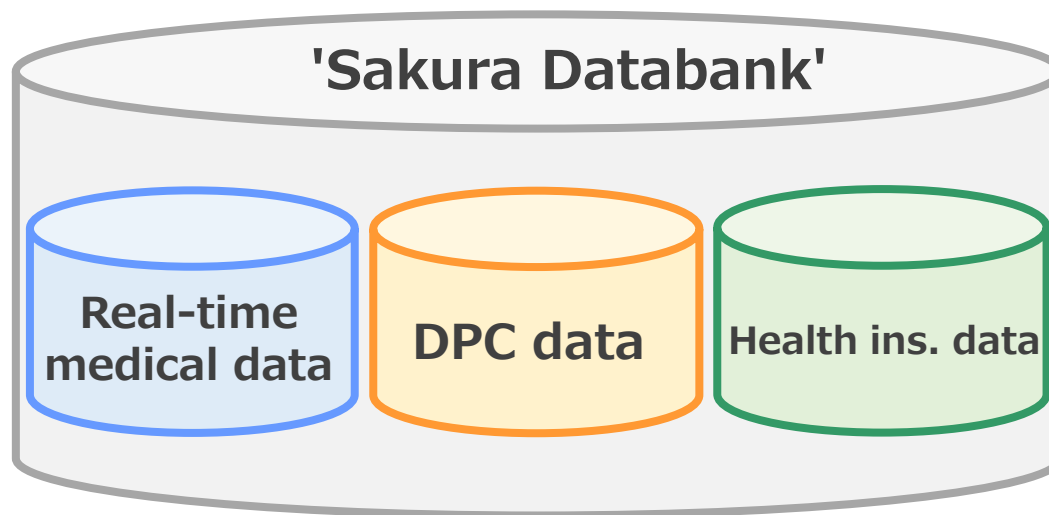
Real-time medical data
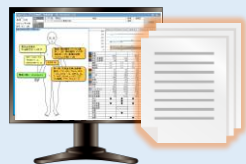
Features

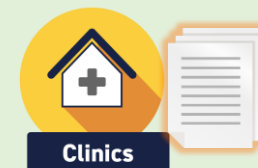| All types of hospital data inc. test results, images, appointment info |
| --- |
| Immediacy |

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

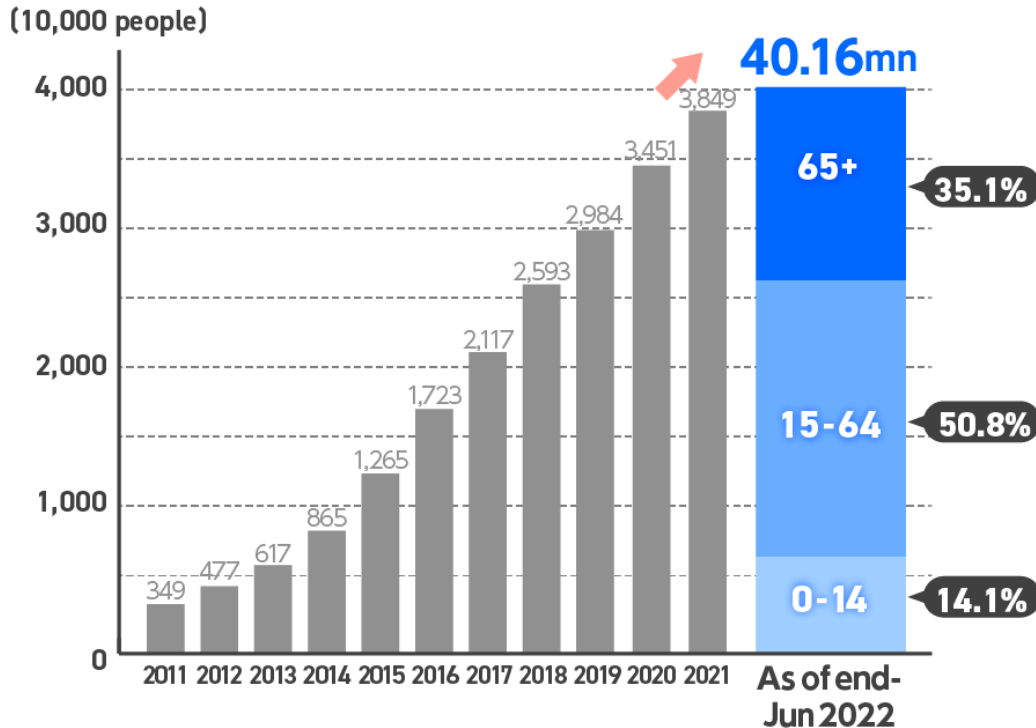| Data focus on chronic and light disease stages |
| --- |
| Useful for individual tracking |

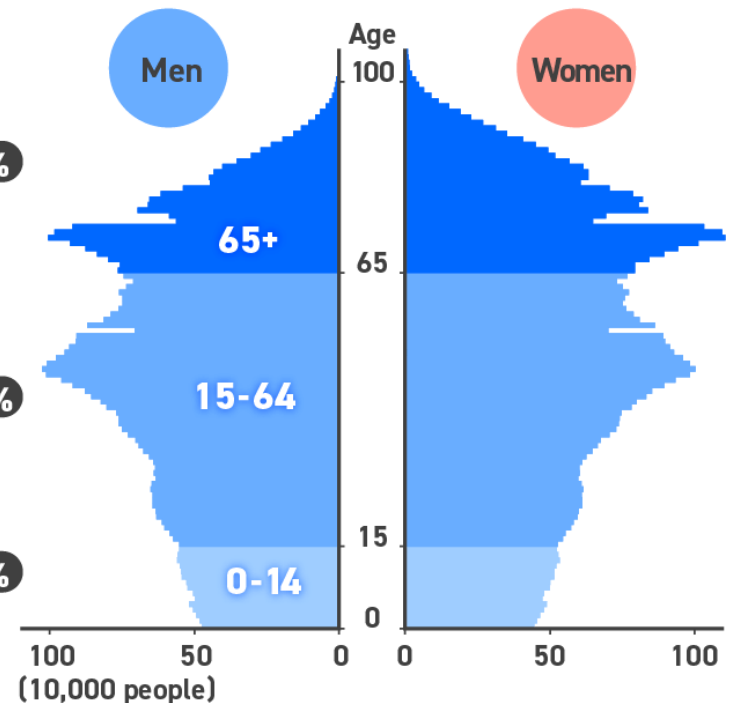# Medical database that has both quality and volume

No. of patients in medical database exceeds 40mn (40.16mn at end-Jun 2022)

Age distribution of database roughly matches Japan's population pyramid


No. of patients in medical database

(10,000 people)

Year	Value
2011	349
2012	477
2013	617
2014	865
2015	1,265
2016	1,723
2017	2,117
2018	2,593
2019	2,984
2020	3,451
2021	3,849

40.16mn As of end-Jun 2022

- 65+ : 35.1%
- 15-64 : 50.8%
- 0-14 : 14.1%

Population pyramid (2020)

Men — Women

Age: 100, 65, 15, 0

65+, 15-64, 0-14

100 50 0 0 50 100
(10,000 people)

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

Data users and example uses

Sakura Databank

DPC data

Health ins. Data

Real-time medical data
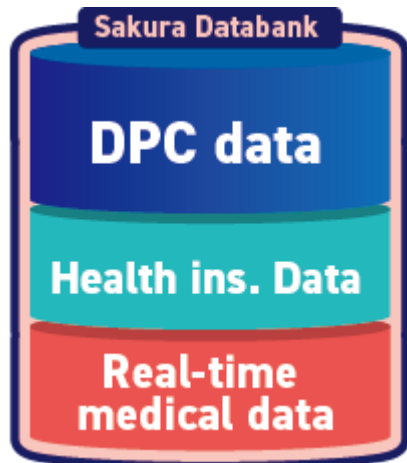
■ Main users

Pharma cos.

Medical device & materials makers

Academia

Research institutions

■ Example uses

· Post-marketing database studies

· Survey of drug prescription trends (by disease, by treatment department)

· Collection of promotional information, evidence extraction

· Target identification and analysis

· Analysis of disease onset factors

· Safety and efficacy validation, evidence extraction

· Feasibility studies

· Research-use data

· Expanding drug applications

etc.

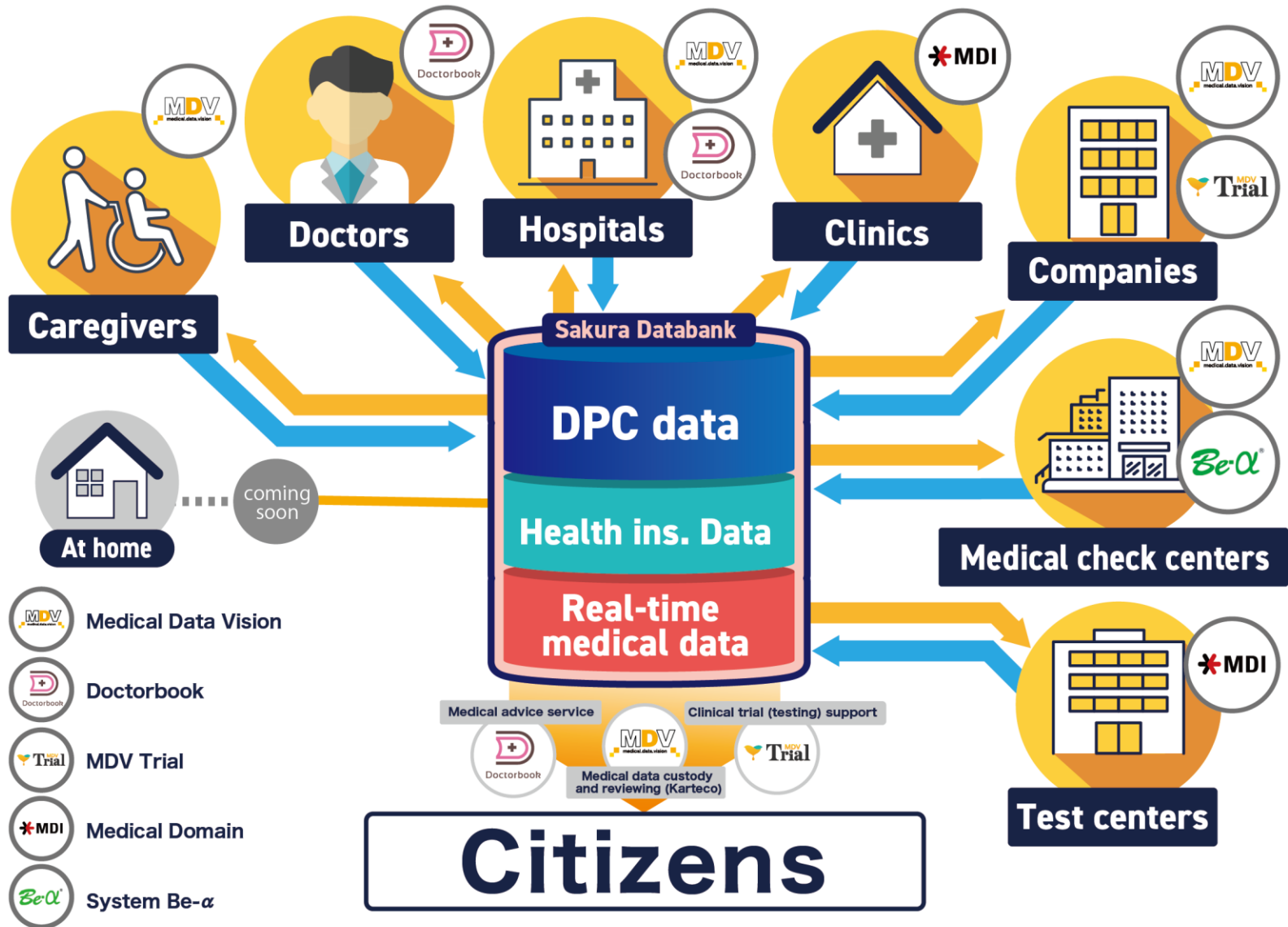# Company Profile

Company Profile（As of the end of June 2022）

Company Name	Medical Data Vision Co.,Ltd.
Established	August 20 , 2003
Head Office	Sumitomo Fudosan Kanda Building 10F, 7 KandaMitoshirocho,Chiyoda-ku,Tokyo
Number of Employees	253 employees（Number of employees in the group）
Capital	JPY 992,661,739
President and C E O	Hiroyuki Iwasaki
TSE code / TSE market	3902 / Tokyo Stock Exchange Prime Market （Listed on Mothers market in December 16, 2014）
Major Shareholders	SBI Holdings, Inc.　　　　　　　　　　　（24.63%） MEDIPAL HOLDINGS CORPORATION　（8.41%） Hiroyuki Iwasaki（President and CEO）（2.09%） CMIC HOLDINGS Co., Ltd.　　　　　　（1.59%） ※Shareholding ratio excluding treasury shares
Major Subsidiaries	Doctorbook Inc. System Be Alpha Co., Ltd. MDV Trial Co., Ltd Medical Domain Co., Ltd.

Main group companies and business fields

Company	Business
Medical Data Vision	・Development, sale & maintenance of management analysis systems ・Medical data analysis, surveys, consulting
System Be Alpha	・Development, sale & maintenance of software including health consulting systems ・Agency sales for electronic medical records, etc.
Doctorbook	・Creation & operation of medical info video website
MDV Trial	・Data-based clinical trial business ・SMO business
Medical Domain	・Consultation support system ・Development, sale & maintenance of various data converters

Services overview

【Data network service】

Product	Overview	Price
EVE	Analysis of charges/DPC fee gap, patient #s/stay length/resources by disease/condition, and benchmarking with other hospitals Uses benchmarks to identify user hospital's trends/strengths & weaknesses, helps with detailed investigation of treatment policy as core of hospital management	Installation: Y4mn Maintenance: Y50,000/mth.
Medical Code	Uses standardized format for DPC/elec. receipt data to support hospital management in areas like costing, raising treatment prices Unlimited user registration promotes smooth internal data sharing, change in awareness/actions to help improve management	Installation: Y8.2mn Maintenance: Y100,000/mth.
MDV Act	A cloud-based application that is the analytical gateway for existing products 'EVE' and 'Medical Code' and offers an at-a-glance view of key indicators for hospital management. Allows benchmarking against other institutions on various indicators for DPC hospitals, regional integrated community care facilities, and convalescent facilities	Free (rollout of paid functionality planned)

【Data utilization service】

Product	Overview	Price
MDV analyzer	Online analysis tool allowing clients to easily examine data on patient numbers, prescription lengths/volumes using Japan's largest medical database Enables multifaceted analysis based on actual medical practice (surgery, testing) as well as disease and drug regimen	Y20mn/yr.
Medical data survey analysis	Provision of tailored reports in line with client's wishes	Avg. Y3.5-4mn per survey

Financial Results ·Financial Statements

Sales breakdown by service, sales progress （cumulative）

(Millions of Yen)	FY2019				FY2020				FY2021				FY2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Data utilization service total sales	509	1,053	1,612	2,511	638	1,283	2,017	2,977	877	1,628	2,450	3,610	1,020	1,885		
MDV analyzer	88	185	282	377	96	191	289	400	114	245	403	578	186	372		
Medical data survey analysis	401	827	1,271	2,060	509	1,048	1,670	2,506	738	1,345	1,998	2,972	826	1,494		
Subsidiaries	19	40	59	73	31	44	56	69	23	36	49	59	7	18		
Data network service total sales	359	733	1,144	1,514	404	762	1,136	1,602	552	1,007	1,501	2,061	490	971		
Non-recurring	105	221	342	407	65	109	145	220	68	107	151	252	67	135		
Recurring	232	468	704	940	236	463	685	909	220	443	665	886	222	443		
Subsidiaries	21	43	97	166	102	189	304	472	262	455	684	922	200	393		

Business indicators

Main business indicators	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	2Q FY2022
Net sales（Ymn）	2,632	3,225	3,577	4,026	4,579	5,672	2,856
Net sales growth（%）	9.1	22.5	10.9	12.5	13.7	23.9	8.4
Operating income （Ymn）	430	569	351	809	1,146	1,594	785
Ordinary income（Ymn）	415	565	351	804	1,148	1,592	776
Ordinary income margin（%）	15.8	17.5	9.8	20.0	25.1	28.1	27.2
Net income attributable to owners of parent (Ymn)	178	354	69	554	700	1,087	522
Net income per share（Y）	4.67	8.86	1.74	13.85	17.72	27.74	13.63
Net assets （Ymn）	2,809	3,164	3,278	4,023	4,136	4,205	3,279
Total assets （Ymn）	3,194	3,752	3,865	4,948	5,321	5,534	4,675
Net assets per share（Y）	70.22	79.08	81.91	99.68	104.00	106.69	83.43
ROA（%）	13.7	16.3	9.2	18.3	22.4	29.3	15.2
ROE（%）	6.7	11.9	2.2	15.3	17.3	26.3	15.2
Equity-to-assent ratio（%）	88.0	84.3	84.8	80.6	77.0	75.1	68.2
CoGS（Ymn）	458	619	797	662	697	1,028	495
SG&A（Ymn）	1,743	2,037	2,428	2,554	2,736	3,049	1,575

※Per-share data adjusted for past stock splits.

Sales breakdown, other indicators, cash flow statement

Sales breakdown（Ymn）	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	2Q FY2022
Data network services	1,438	1,571	1,467	1,514	1,602	2,061	971
Data utilization services	1,194	1,654	2,110	2,511	2,977	3,610	1,885

Other indicators	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	2Q FY2022
No. of hospital using 'EVE'	791	799	801	802	772	770	750
No. of hospitals using 'Medical Code'	224	265	274	281	260	250	242
No. of patients in MDV large-scale medical database（10,000）	1,723	2,117	2,593	2,984	3,451	3,849	4,016

Cash flow statement（Ymn）	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	2Q FY2022
Cash and cash equivalents at beginning of period	1,751	1,959	1,697	1,574	2,944	3,177	3,202
CF from operating activities	196	486	120	1,202	964	1,082	611
CF from investing activities	-144	-739	-271	-31	-142	-26	-596
CF from financing activities	139	-7	28	199	-589	-1,030	-979
Net increase(decrease) in cash and cash equivalents	191	-261	-123	1,370	232	25	-964
Cash and cash equivalents at end of period	1,959	1,697	1,574	2,944	3,177	3,202	2,237

Balance sheet

Balance sheet (Ymn)	End-FY2016	End-FY2017	End-FY2018	End-FY2019	End-FY2020	End-FY2021	2Q FY2022
Current assets	2,797	2,864	2,773	3,872	4,319	4,525	3,058
Cash and deposits	1,959	1,797	1,674	2,944	3,194	3,221	2,237
Accounts receivable - trade	770	794	949	757	867	1,058	493
Raw materials	9	13	15	12	34	11	11
Merchandise	—	142	—	—	—	—	—
Other	57	116	134	179	224	235	319
Allowance for doubtful accounts	-0	-0	-0	-22	-1	-2	-3
Non-current assets	394	888	1,091	1,076	1,002	1,009	1,616
Property, plant and equipment	105	173	224	233	177	140	129
Intangible assets	127	476	368	356	303	227	664
Investments and other assets	161	238	498	486	521	641	822
Deferred assets	2	—	—	—	—	—	—
Total assets	3,194	3,752	3,865	4,948	5,321	5,534	4,675
Current liabilities	363	550	543	852	1,099	1,243	1,310
Accounts payable - trade	39	40	28	33	76	97	79
Income taxes payable	80	188	164	138	298	400	128
Other	243	321	350	679	725	746	1,102
Non-current liabilities	20	37	43	71	84	85	85
Asset retirement obligations	18	33	38	71	72	72	72
Other	1	4	4	—	12	12	12
Total liabilities	384	588	587	924	1,184	1,328	1,396
Shareholders' equity	2,809	3,164	3,278	3,989	4,100	4,156	3,186
Share capital	981	981	992	992	992	992	992
Capital surplus	1,565	1,565	1,599	1,756	1,763	1,763	1,838
Retained earnings	263	617	687	1,241	1,934	2,879	2,697
Treasury shares	-0	-0	-0	-0	-590	-1,479	-2,341
Total net assets	2,809	3,164	3,278	4,023	4,136	4,205	3,279
Total liabilities and net assets	3,194	3,752	3,865	4,948	5,321	5,534	4,675

Contacts
https://en.mdv.co.jp/application/contactus/form.php?TOP-

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