

2Q FY2020 Financial Results

Medical Data Vision Co., Ltd.

(Code: 3902)

August 11, 2020

Table of Contents

1	2Q FY2020 financial results overview	-----	3
2	Business strategy for 3Q FY2020 onward	-----	13
3	Reference materials	-----	21

Three small orange squares are arranged in a small cluster to the left of the main title.

2Q FY2020 financial results overview

Two horizontal bars extend across the width of the slide below the title. The top bar is orange and the bottom bar is yellow.

<2Q results>

Record-high sales and profit Steady progress against FY targets

Net sales Y2,046 mn

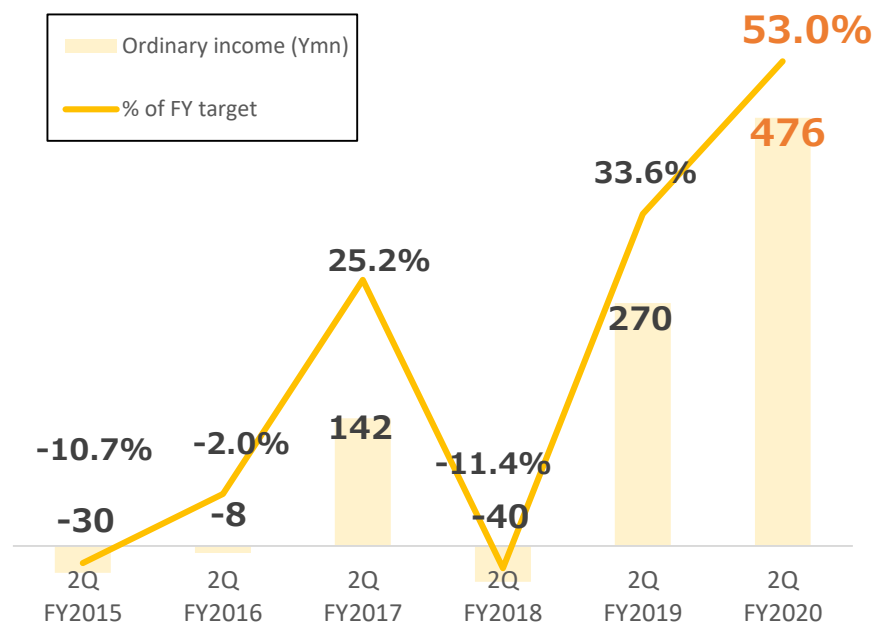
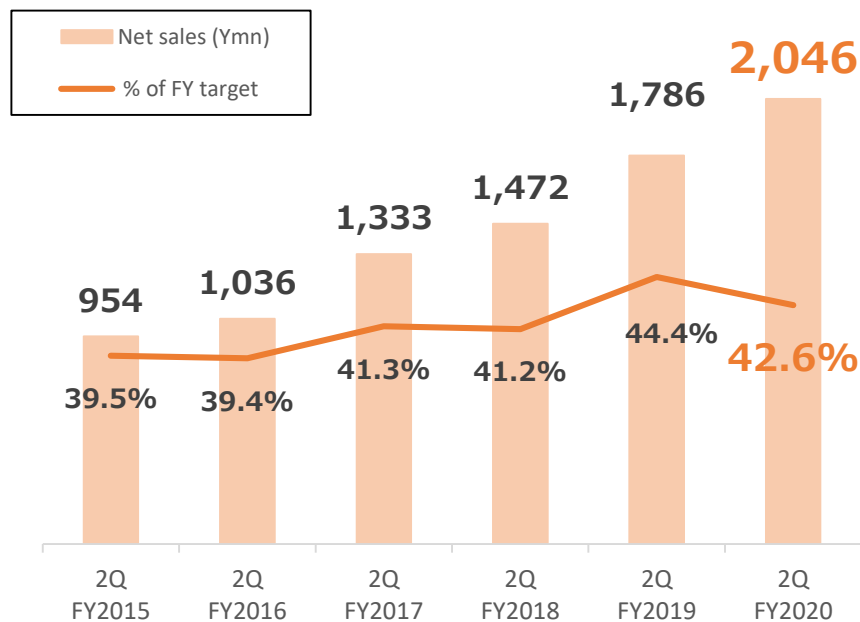
+14.6% YoY

42.6% of FY target

Ordinary income Y476 mn

+76.3% YoY

53.0% of FY target



2Q FY2020 financial results overview: Full-year outlook



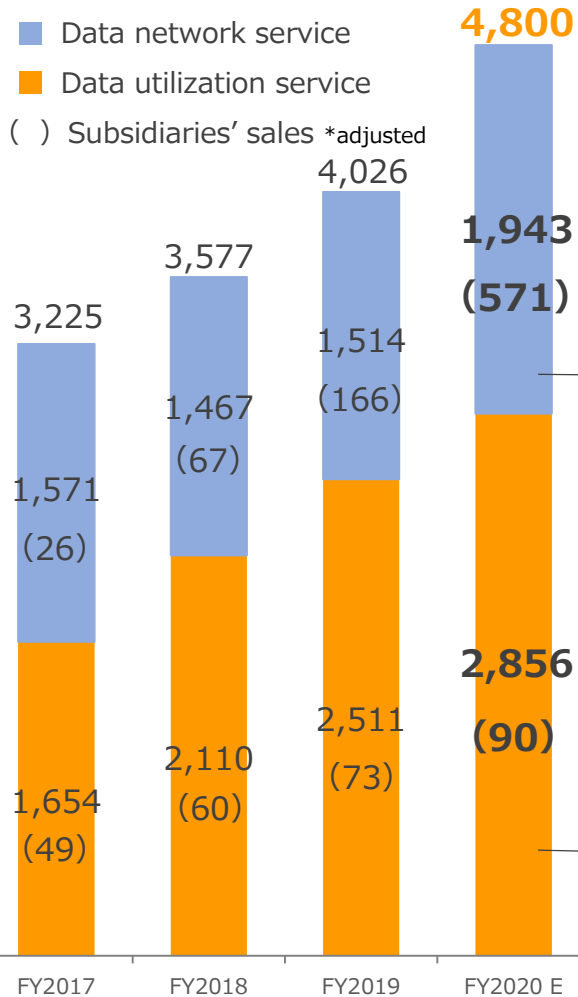
< Full-year outlook > **No change to outlook**

Impact of COVID-19 ⇒ No major earnings impact expected

Net sales outlook: Ymn

- Data network service
- Data utilization service

() Subsidiaries' sales *adjusted



Data network service

- ✓ **Limited impact** (Recurring business around 60% of sales)
 - ① **Recurring** *maintenance (monthly fees) ⇒ Minimal impact
 - ② **Non-recurring** *packages (new installations) ⇒ Net sales impacted by marketing visit restrictions
 - ③ **Subsidiaries** *Doctorbook, Medical Domain, etc. ⇒ Brisk sales in the online Doctorbook dental business from video sharing the knowledge of dental industry opinion leaders

Data utilization service

- ✓ **No impact expected**

- ✓ **Online consultation support service** ----- 15~

- ✓ **Accelerate growth in data utilization service** ----- 16~

- ✓ **Make medical check system company a subsidiary** ---- 18~

- ✓ **Introduce needs-driven new products and services for hospitals** ---- 19~
 - ① **Kangochi+**
 - ② **“Vision” hospital operations reports**

2Q FY2020 financial results overview



Millions of yen	2Q FY2019	2Q FY2020	YoY	FY2020	
				Target	% of target
Net sales	1,786	2,046	+14.6%	4,800	42.6%
Data network service sales	733	762	+4.0%	1,943	39.3%
Data utilization service sales	1,053	1,283	+21.9%	2,856	44.9%
Ordinary income	270	476	+76.3%	900	53.0%
Ordinary income margin	15.1%	23.3%	—	18.8%	—
Net income	173	319	+84.0%	600	53.2%

	2Q FY2019	2Q FY2020	Change	1Q FY2020	2Q FY2020 net adds
Medical data patients	27.81mn	32.07mn	4.26mn	30.98mn	1.09mn
Real-time medical data patients	16,000	825,000	809,000	824,000	1,000
Health ins. data patients	—	5.68mn	5.68mn	—	5.68mn
Clinical Cloud clinician accounts	6,844	32,205	25,361	31,500	705

2Q FY2020 segment sales breakdown

Millions of yen

	2Q FY2019		2Q FY2020		YoY
		% of total		% of total	
Network	733	41.1%	762	37.3%	+4.0%
Maintenance	452	25.4%	449	22.0%	-0.7%
Packages	178	10.0%	98	4.8%	-44.7%
CADA-BOX	42	2.4%	12	0.6%	-70.8%
Others	15	0.9%	12	0.6%	-23.3%
Subsidiaries	43	2.5%	189	9.3%	+333.7%
Data utilization	1,053	58.9%	1,283	62.7%	+21.9%
MDV analyzer	185	10.4%	191	9.3%	+3.1%
Ad hoc	827	46.3%	1,048	51.2%	+26.8%
Subsidiaries	40	2.3%	44	2.2%	+8.8%
Total sales	1,786	100.0%	2,046	100.0%	+14.6%

2Q FY2020 data network service sales breakdown

Millions of yen

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

+4.0% YoY

● Packages

Sales impacted by tough conditions, as marketing visit restrictions force a shift to mainly online marketing resulting in fall in consultations

● Maintenance

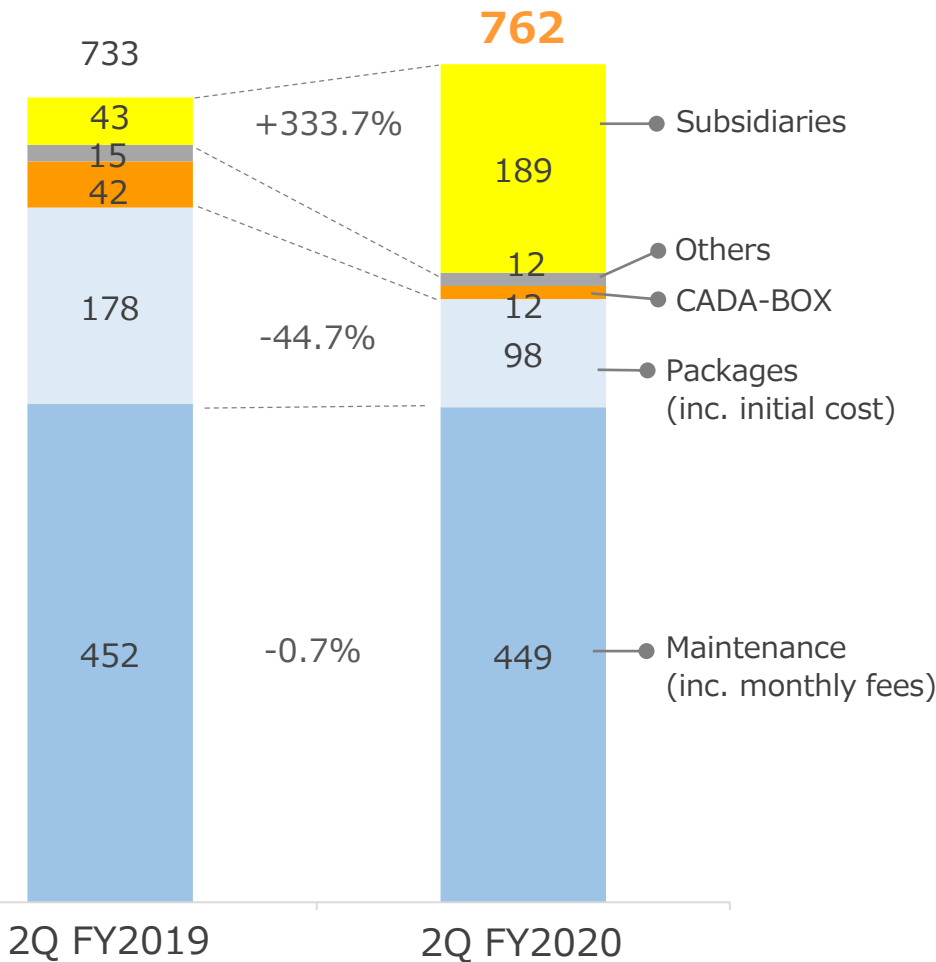
Limited impact despite slow package sales

● CADA-BOX

Delay in meetings about installations, impact also on operating schedules

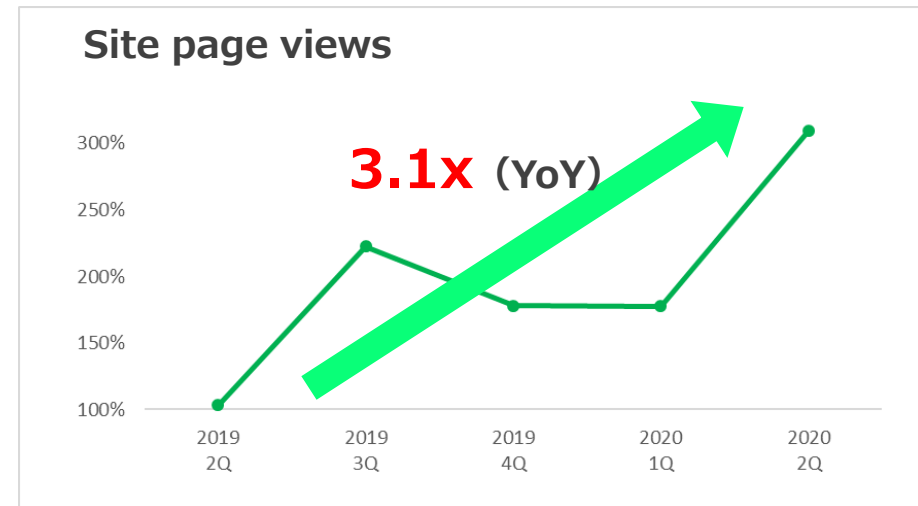
● Subsidiaries

- Brisk sales in the online Doctorbook dental business from video sharing the knowledge of dental industry opinion leaders
- Impact of MDI consolidation



Doctorbook academy

An online platform for video sharing the knowledge of dental industry opinion leaders



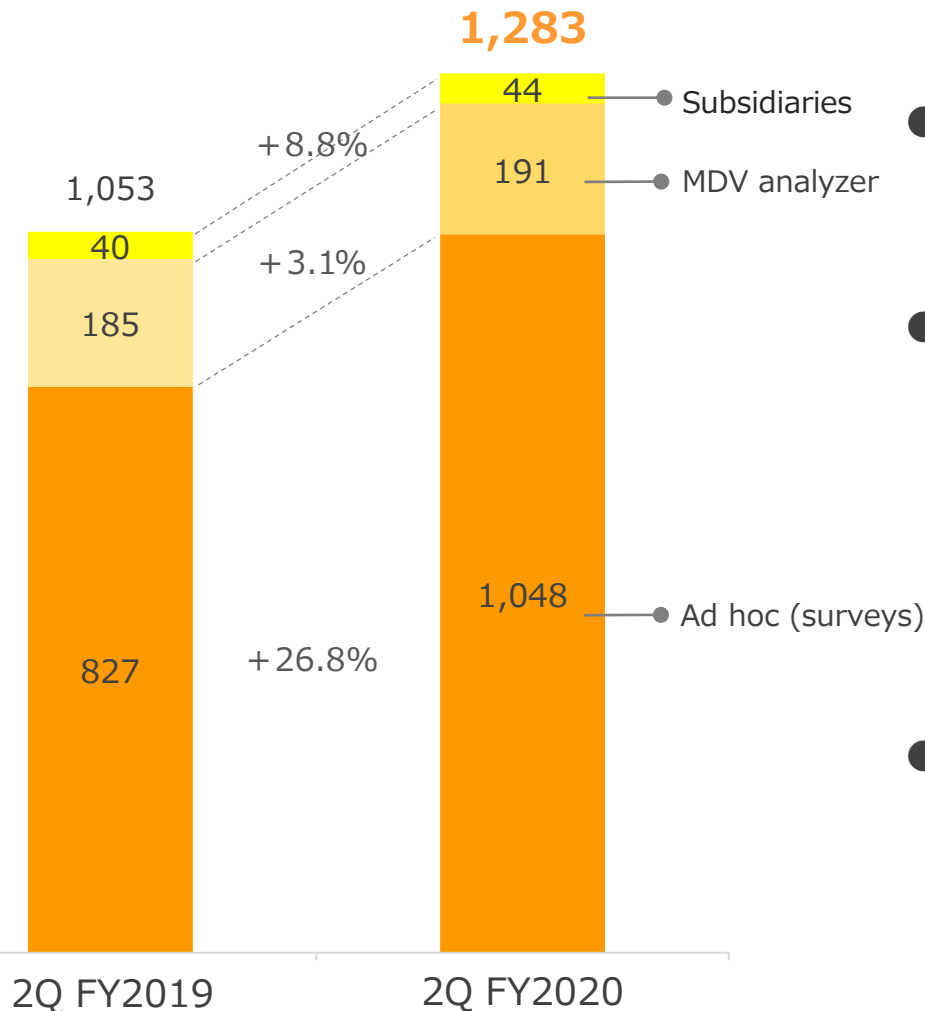
- ✓ Extensive video content
- ✓ DB learning (e-learning)
- ✓ Online seminars

- ✓ Leveraging online service strengths in the COVID-19 era

2Q FY2020 data utilization service sales breakdown

Millions of yen

- Subsidiaries
- MDV analyzer
- Ad hoc



+ 21.9% YoY

- **MDV analyzer**
17 companies (± 0 YoY)

- **Ad hoc survey service**
All therapeutic areas
12 companies (+6 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

2Q FY2020 cost analysis

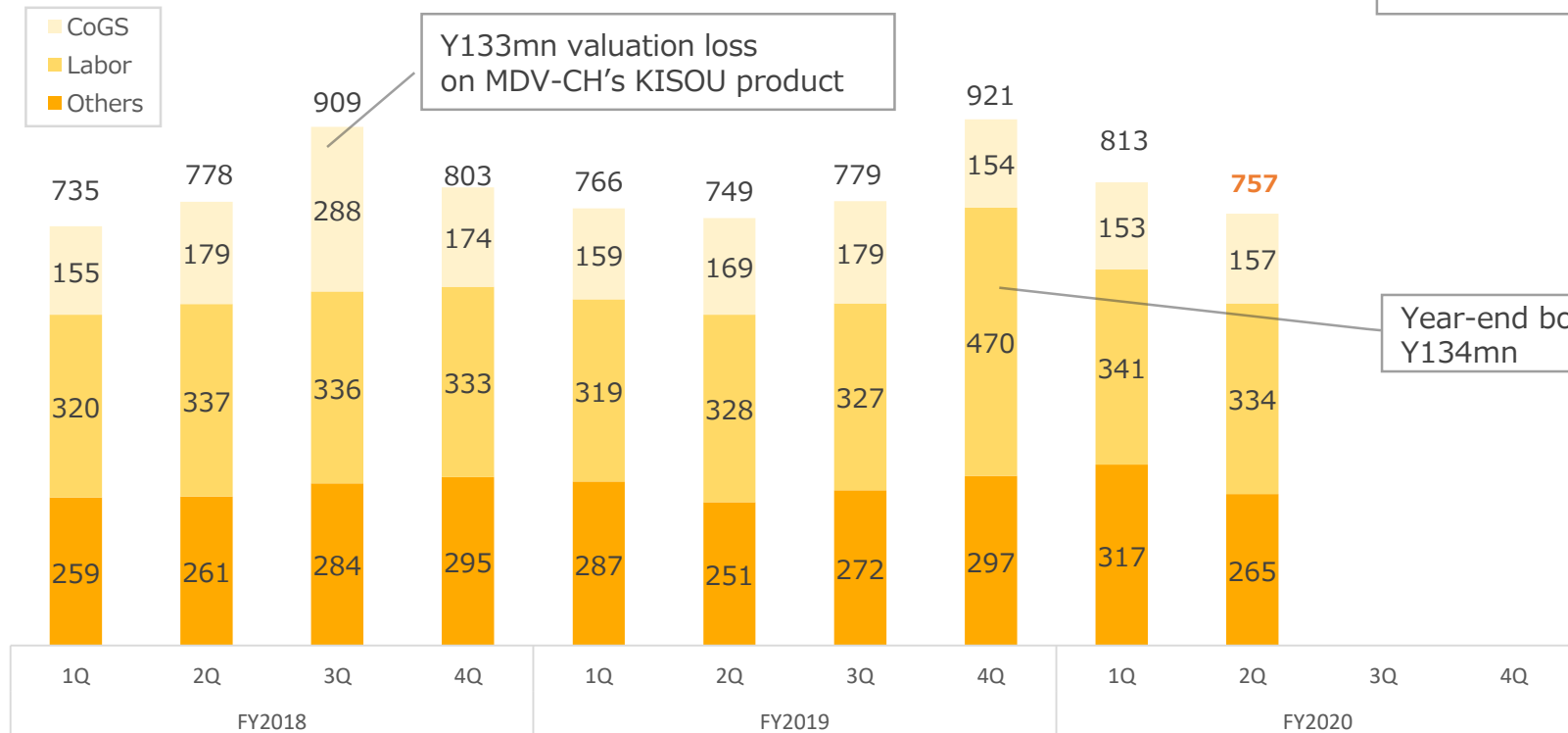
Millions of yen

	2Q FY2019	2Q FY2020	Change
CoGS	169	157	-12
Labor	328	334	5
Others	251	265	14
Total	749	757	8

• CoGS ratio improved on rise in high-margin data utilization sales
 CoGS ratio
 18.5%→15.6% -2.9 P

• Effect of MDI consolidation

• R&D costs for new services
 • MDI consolidation



Business strategy for 3Q FY2020 onward

FY2020 theme **Evolution and partnerships** – **Start of business using new medical data** –

Goals

Expansion of real-time medical data operation

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

Real-time medical data utilization

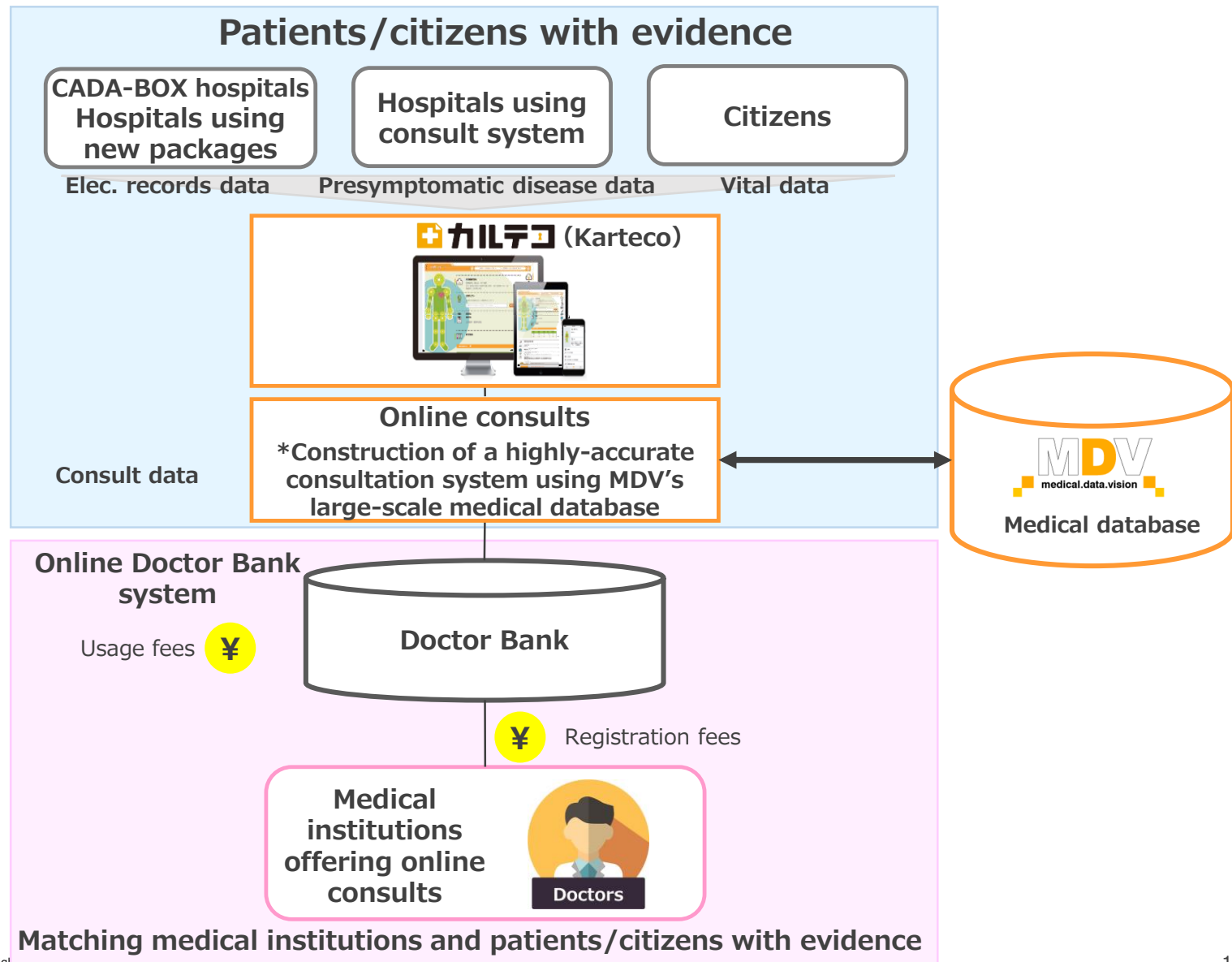
- Pharmaceutical companies: analysis using new datasets such as imaging, BP
- Clinical testing: new phase of data-based screening

Measures for 3Q onward

- **Online consultation support service**
- **Accelerate growth in data utilization service**
- **Make medical check system company a subsidiary**
- **Introduce needs-driven new products and services for hospitals**
 - ① **Kangochi+**
 - ② **"Vision" hospital operations reports**

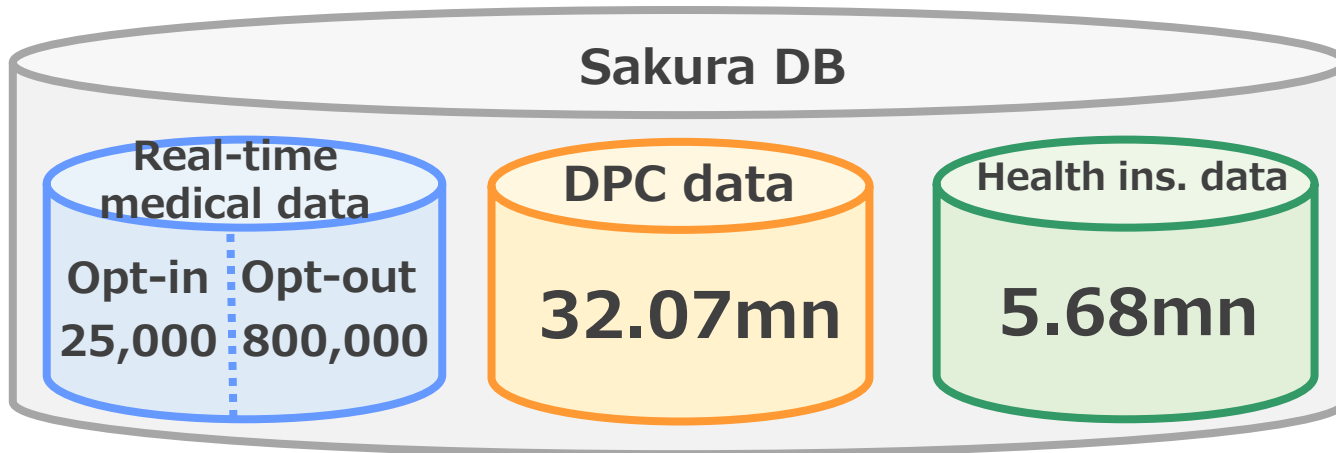
Measures for 3Q onward: Online consultation support service

Aiming to build a structure in which all Japanese people have evidence to enable online consultations



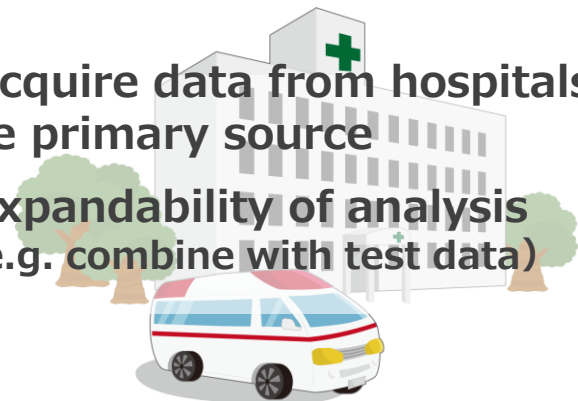
Measures for 3Q onward: accelerate growth in the data utilization service

Accelerate growth in medical database of exceptional quality and volume



✓ Acquire data from hospitals

- Acquire data from hospitals, the primary source
- Expandability of analysis (e.g. combine with test data)



✓ Utility

DBs used for post-marketing database study in creating medical product risk-management plans (RMP)

DB used (53 research plans)*1		<Reason for choice>	
MDV	27	Large # of patients	MDV 32.07mn
MID-NET	12		MID-NET 5.00mn*2
Others (JMDC, FormsNet)	3		JMDC 7.50mn*3
Under consideration	11		FormsNet Undisclosed

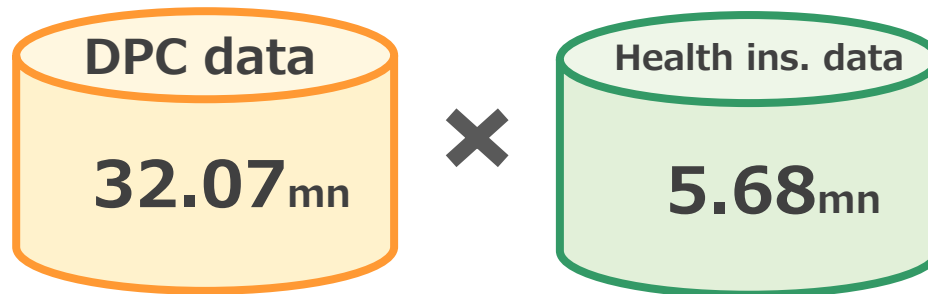
Sources: ※1 Pharmaceuticals and Medical Devices Agency (PMDA) website

※2 PMDA's MID-NET Outline document "Understanding MID-NET" (Japanese only)

※3 JDMC Inc.'s FY2019 Financial Briefing Materials

Measures for 3Q onward: accelerate growth in the data utilization service

Launch MDV analyzer built on health ins. data Planned for Sep 2020



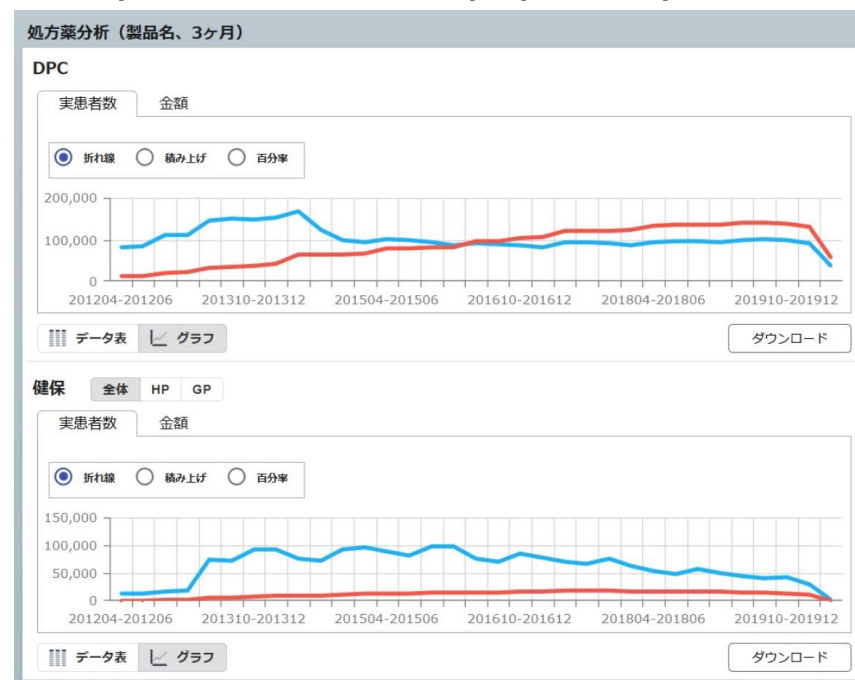
■ This photo is for illustration purposes only.

✓ Able to fulfill previously unmet needs
• Analysis of chronic diseases, mild diseases, etc.

✓ Value in combining DPC & health ins. data
• Identify trends at hospitals and clinics
• Improve analytical accuracy via joint analysis




• Meeting broad range of needs
• Upselling impact of higher analytical quality



Measures for 3Q onward: Make medical check system company a subsidiary


Medical Data Vision



✓ Acquire data on presymptomatic diseases

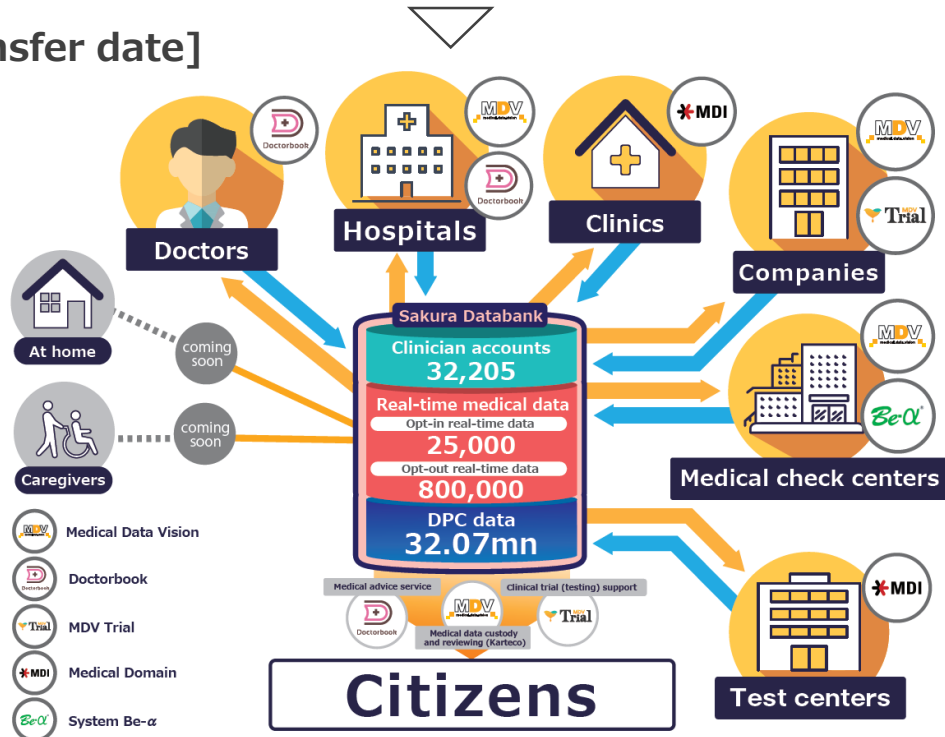


System Be-α



✓ Develop nationwide using MDV's network of medical institutions

[Planned share transfer date]
October 1, 2020



- Accelerate growth
- Expedite acquisition and unification of medical and health data

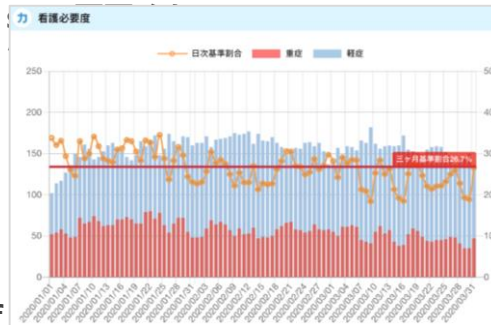
Measures for 3Q onward: Introduce needs-driven new products and services for hospitals

① Kangochi+ Service start September 1, 2020 (planned)

Launch application for analyzing nursing needs, which have become more important after FY2020 Revision of Medical Fees

- ✓ Kangochi service, previously free for EVE users, upgraded to FY2020 system compliance and made a paid service
- ✓ Existing user base of 928 hospitals

■ Screen



※This photo is for illustration purposes only.

② “Vision” hospital operations reports

New service providing distributable reports that give visibility on hospital operations

- ✓ Makes possible assessment of advanced acute, acute, recovery, and chronic phase wards, as well as the state of outpatient and paid-per-visit operations
- ✓ 412 hospitals applied for free trial

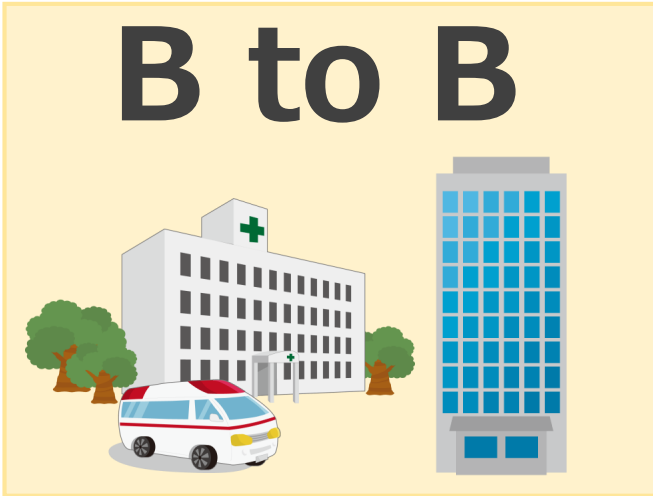
■ Sample report



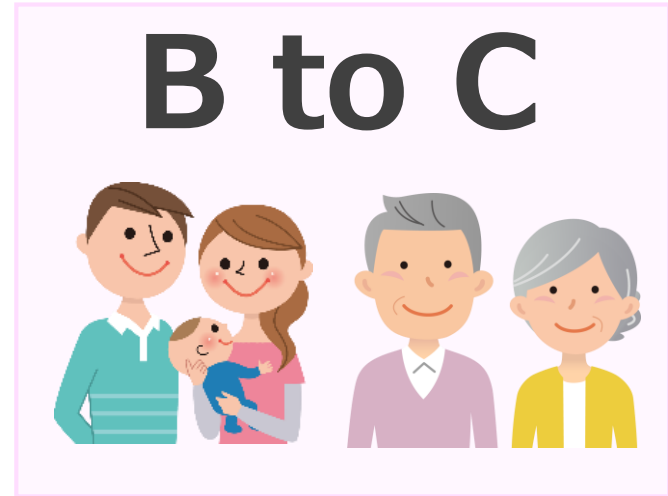
- Expand user base
- Raise revenue per user

Expand into new markets

B to B



B to C



Japan



Overseas



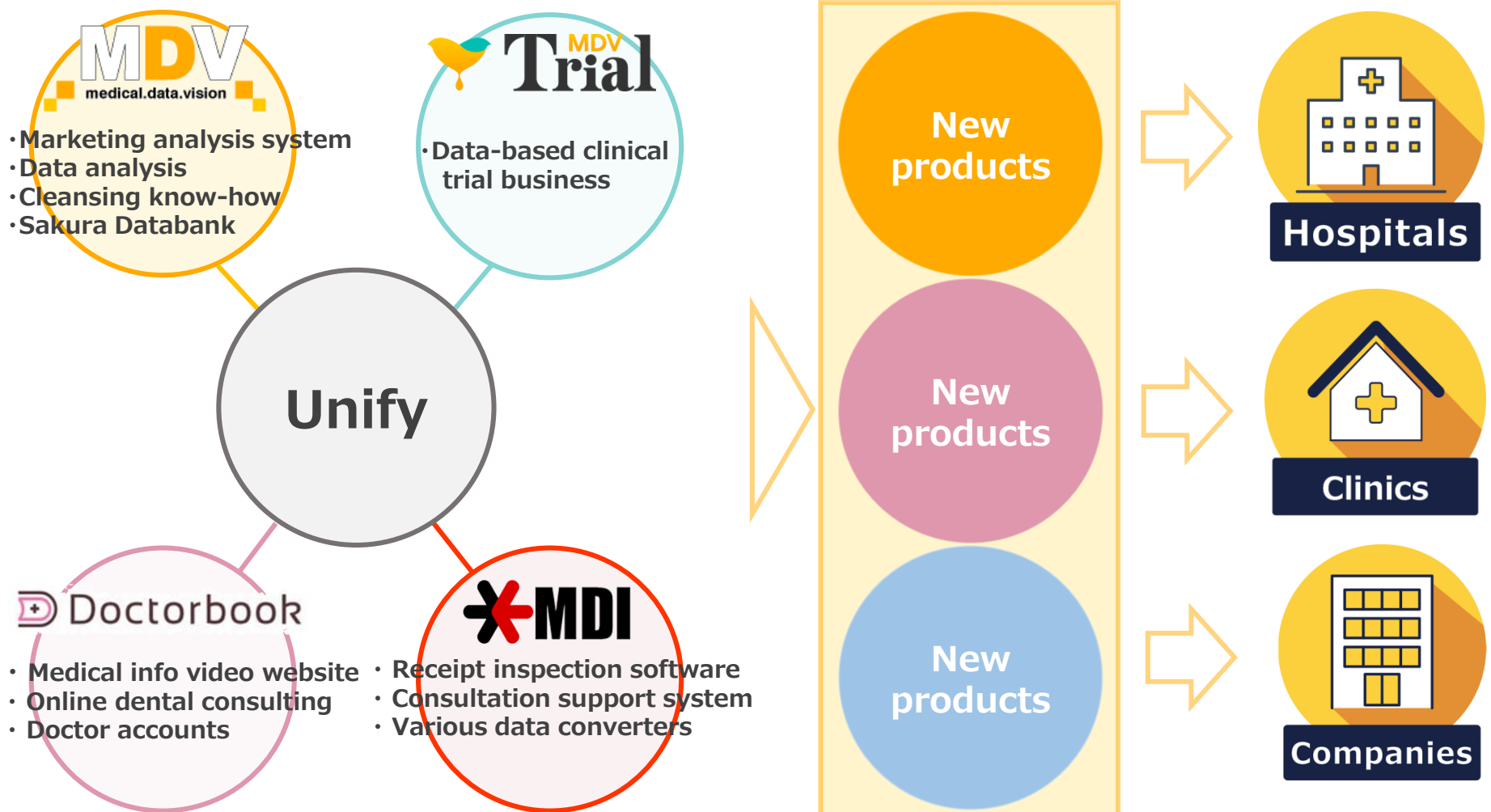


Reference materials

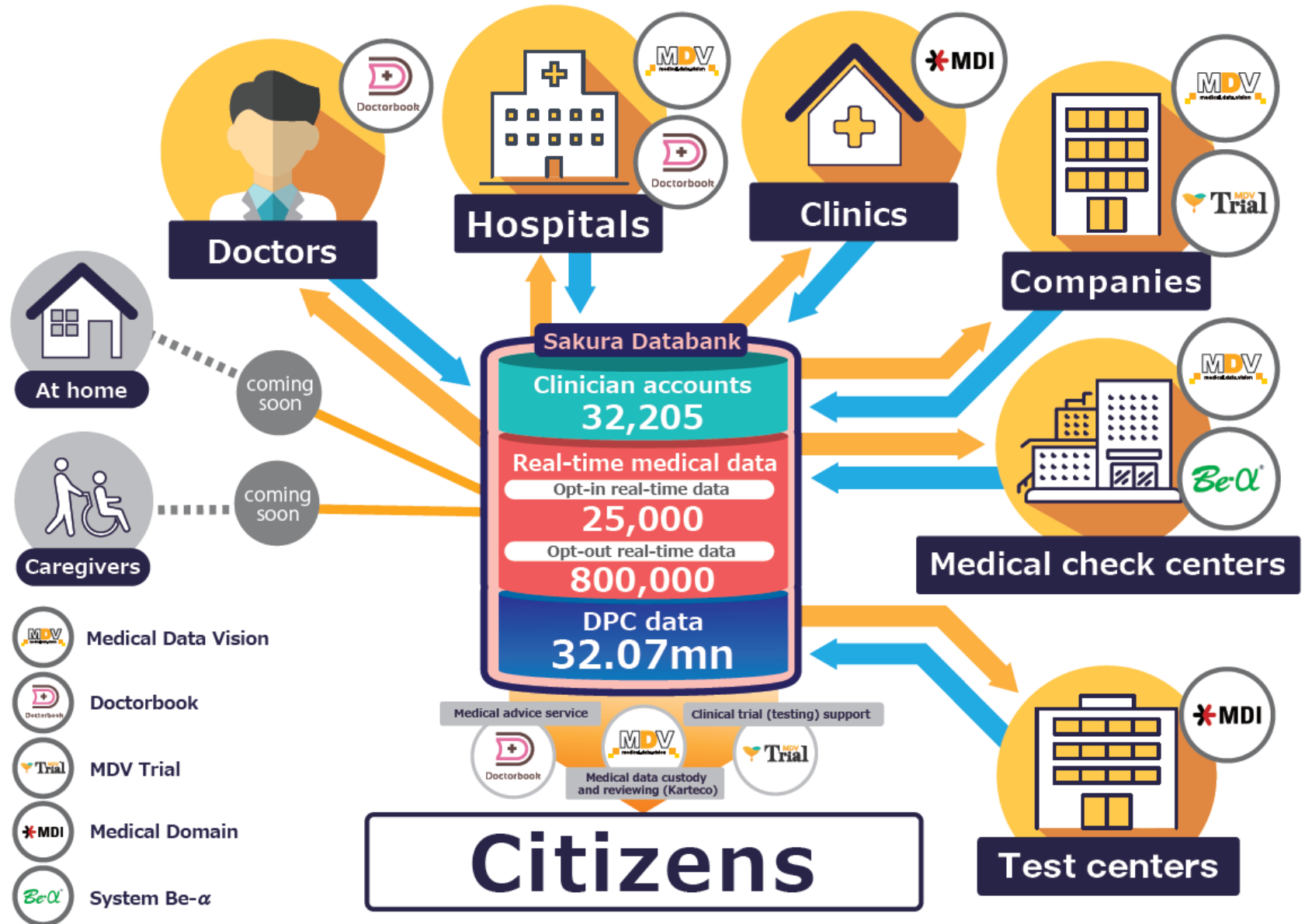


FY2020 group strategy: organic unification of group products

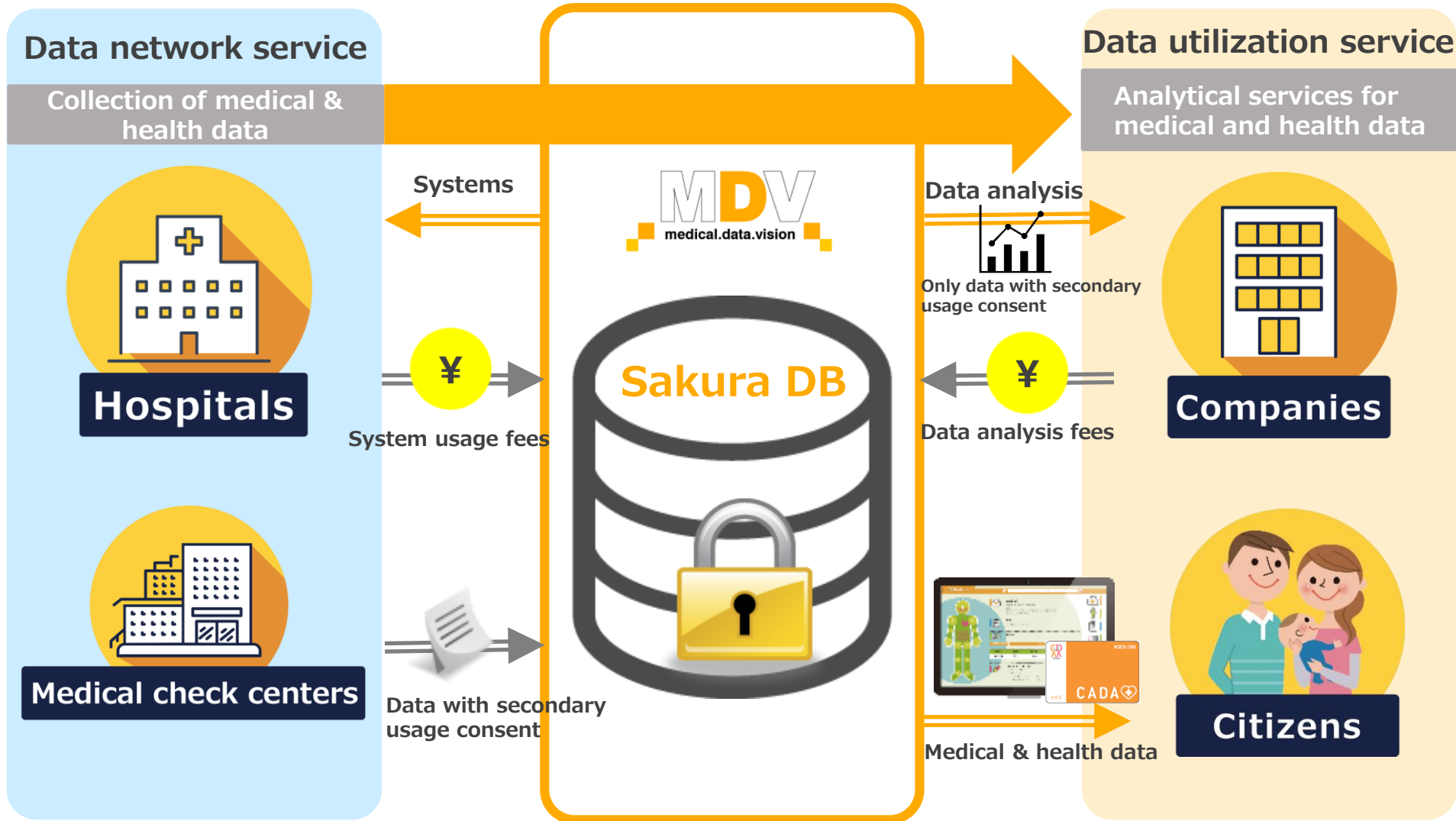
- Develop new products by unifying group products/services/techniques/know-how
- Market all products and services by adding agencies to existing marketing teams



FY2020 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 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>

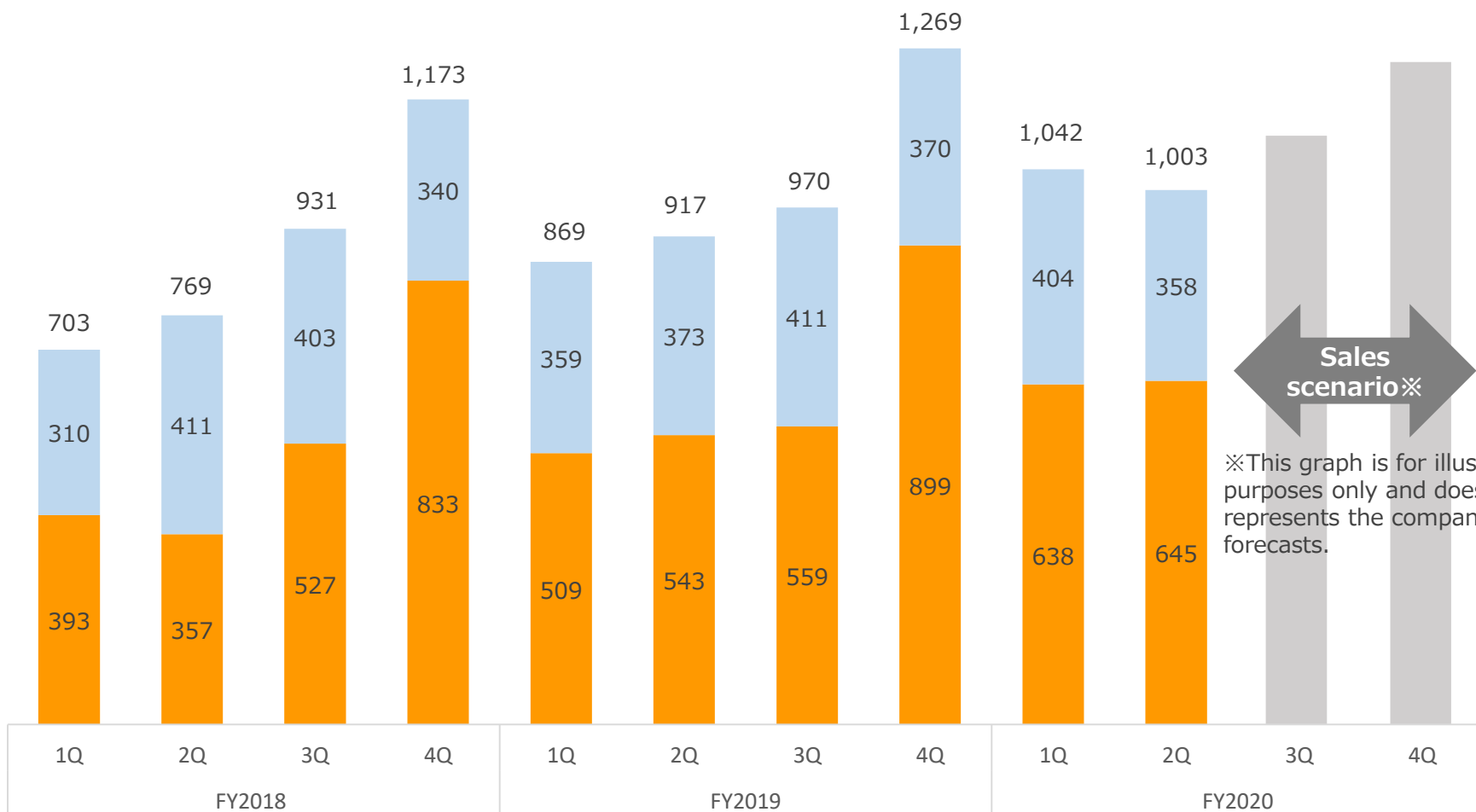
【Data utilization service】

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>	¥20mn/yr.
Ad hoc surveys	Provision of tailored reports in line with client's wishes	Avg. ¥3.5-4mn per survey

Quarterly sales breakdown (by service segment)

Millions of yen

- Data network service
- Data utilization service



※This graph is for illustration purposes only and does not represent the company's forecasts.

Business indicators

Main business indicators	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 E
Net sales (Ymn)	1,950	2,413	2,632	3,225	3,577	4,026	4,800
Operating income (Ymn)	260	282	430	569	351	809	900
Operating income margin (%)	13.4	11.7	16.4	17.6	9.8	20.1	18.8
Ordinary income (Ymn)	248	280	415	565	351	804	900
Net income (Ymn)	135	164	178	354	69	554	600
Net income per share (Y)	4.51	4.42	4.67	8.86	1.74	13.85	14.99
Net assets (Ymn)	2,271	2,489	2,809	3,164	3,278	4,023	—
Total assets (Ymn)	2,659	2,918	3,194	3,752	3,865	4,948	—
Net assets per share (Y)	61.58	65.94	70.22	79.08	81.91	99.68	—
ROA (%)	12.5	10.0	13.7	16.3	9.2	18.3	—
ROE (%)	8.0	6.9	6.7	11.9	2.2	15.3	—
Equity ratio (%)	85.4	85.3	88.0	84.3	84.8	80.6	—
CoGS (Ymn)	384	516	458	619	797	662	1,022
SG&A (Ymn)	1,305	1,614	1,743	2,037	2,428	2,554	2,877

※ FY2014 and 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)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 E
Data network service	1,213	1,449	1,438	1,571	1,467	1,514	1,943
Data utilization service	737	963	1,194	1,654	2,110	2,511	2,856

Other indicators	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	2Q FY2020
No. of hospital using 「EVE」	705	768	791	799	801	802	782
No. of hospitals using 「Medical Code」	131	176	224	265	274	281	270
No. of hospitals using 「CADA-BOX」	–	–	1	5	6	7	6
No. of patients in MDV large-scale medical database (10,000)	865	1,265	1,723	2,117	2,593	2,984	3,207
No. of patients' health ins. data (10,000)	–	–	–	–	–	–	568
No. of patients' real-time medical data (10,000)	–	–	–	–	–	82.3	82.5
Clinical Cloud clinician accounts	–	–	–	–	–	22,346	32,205

Cash flow statement (Ymn)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Balance of cash and cash equivalents at start of period	679	1,799	1,751	1,959	1,697	1,574
CF from operating activities	206	118	196	486	120	1,202
CF from investment activities	-108	-218	-144	-739	-271	-31
CF from financial activities	1,021	52	139	-7	28	199
Change in cash and cash equivalent	1,119	-47	191	-261	-123	1,370
Balance of cash and cash equivalents at end of period	1,799	1,751	1,959	1,697	1,574	2,944

※ FY2014 and FY2015 figures are parent data provided for comparison purposes.

Balance sheet

Balance sheet	End-FY2014	End-2015	End-FY2016	End-FY2017	End-FY2018	End-FY2019
Current assets	2,274	2,416	2,797	2,864	2,799	3,872
Cash and deposits	1,799	1,751	1,959	1,797	1,674	2,944
Accounts receivables	433	596	770	794	949	757
Raw materials	14	9	9	13	15	12
Merchandise	–	–	–	142	–	–
Others	27	57	57	116	160	179
Allowance for doubtful accounts	–	–	-0	-0	-0	-22
Fixed assets	376	497	394	888	1,066	1,076
Tangible fixed assets	119	97	105	173	224	233
Intangible fixed assets	146	194	127	476	368	356
Investments and other assets	110	205	161	238	473	486
Deferred assets	7	5	2	–	–	–
Total assets	2,659	2,918	3,194	3,752	3,865	4,948
Current liabilities	361	407	363	550	543	852
Accounts payable	53	63	39	40	28	33
Income taxes payable	62	78	80	188	164	138
Others	245	265	243	321	350	679
Noncurrent liabilities	25	21	20	37	43	71
Asset retirement obligations	18	18	18	33	38	71
Others	7	2	1	4	4	–
Total liabilities	387	429	384	588	587	924
Shareholders' equity	2,271	2,489	2,809	3,164	3,278	3,989
Capital stock	883	910	981	981	992	992
Capital surplus	1,468	1,495	1,565	1,565	1,599	1,756
Retained earnings	-80	83	263	617	687	1,241
Treasury stock	–	-0	-0	-0	-0	-0
Total net assets	2,271	2,489	2,809	3,164	3,278	4,023
Total liabilities and net assets	2,659	2,918	3,194	3,752	3,865	4,948

※ FY2014 and FY2015 figures are parent data provided for comparison purposes.

Contacts

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

This document provides information intended solely to help readers' understanding of Medical Data Vision Co., Ltd. (MDV). Thus, MDV has no intention to solicit or encourage investment for securities or financial products mentioned in this document. Also, readers are advised that this document is not a disclosure document or statement of financial performance as required by Japan's Financial Instruments and Exchange Act, Act on Investment Trusts and Investment Corporations, related cabinet orders, cabinet office ordinances or rules, the rules governing companies listed on the Tokyo Stock Exchange, or any other applicable rules. This document contains forward-looking statements, including forecasts of financial position, results of operations, and business-related matters, as well as statements related to the plans and goals of the management of Medical Data Vision Co., Ltd. (MDV). There are a number of known and unknown risks and uncertainties that can cause MDV's actual results or performance to differ materially from any explicit or implicit forecasts contained herein. These forward-looking statements also rest on a number of assumptions with regard to MDV's present and future management strategies, as well as the political and economical environments in which MDV will conduct its future business operations. Although the information contained in this document is the best available at the time of publication, no assurances can be given regarding the accuracy, certainty, validity or fairness of this information. The content of this document can be modified or withdrawn without prior notice.