2Q FY2021 Financial Results

Medical Data Vision Co., Ltd.
(Code: 3902)
August 10, 2021

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2Q FY2021 Financial results overview

Strong 2Q results

Acceleration in sales growth, improvement in margins

Millions of yen	2Q FY2020	2Q FY2021	YoY
Net sales	**2,046**	**2,635**	**+28.8%**
Operating income	**475**	**720**	**+51.4%**
Ordinary income	**476**	**719**	**+50.8%**
Net income attributable to owners of parent	**319**	**484**	**+51.7%**
Operating income margin	23.2%	27.3%	+4.1P
Ordinary income margin	23.3%	27.3%	+4.0P
Margin for net income attributable to owners of parent	15.6%	18.4%	+2.8P

Acceleration in sales growth

Good performance in data utilization service and
new business (subsidiaries) sectors

Millions of yen

2,635

2,046

1,786

28.8%

1,472

1,333

1,036

**CAGR
18.5%**

2Q FY2016   2Q FY2017   2Q FY2018   2Q FY2019   2Q FY2020   2Q FY2021
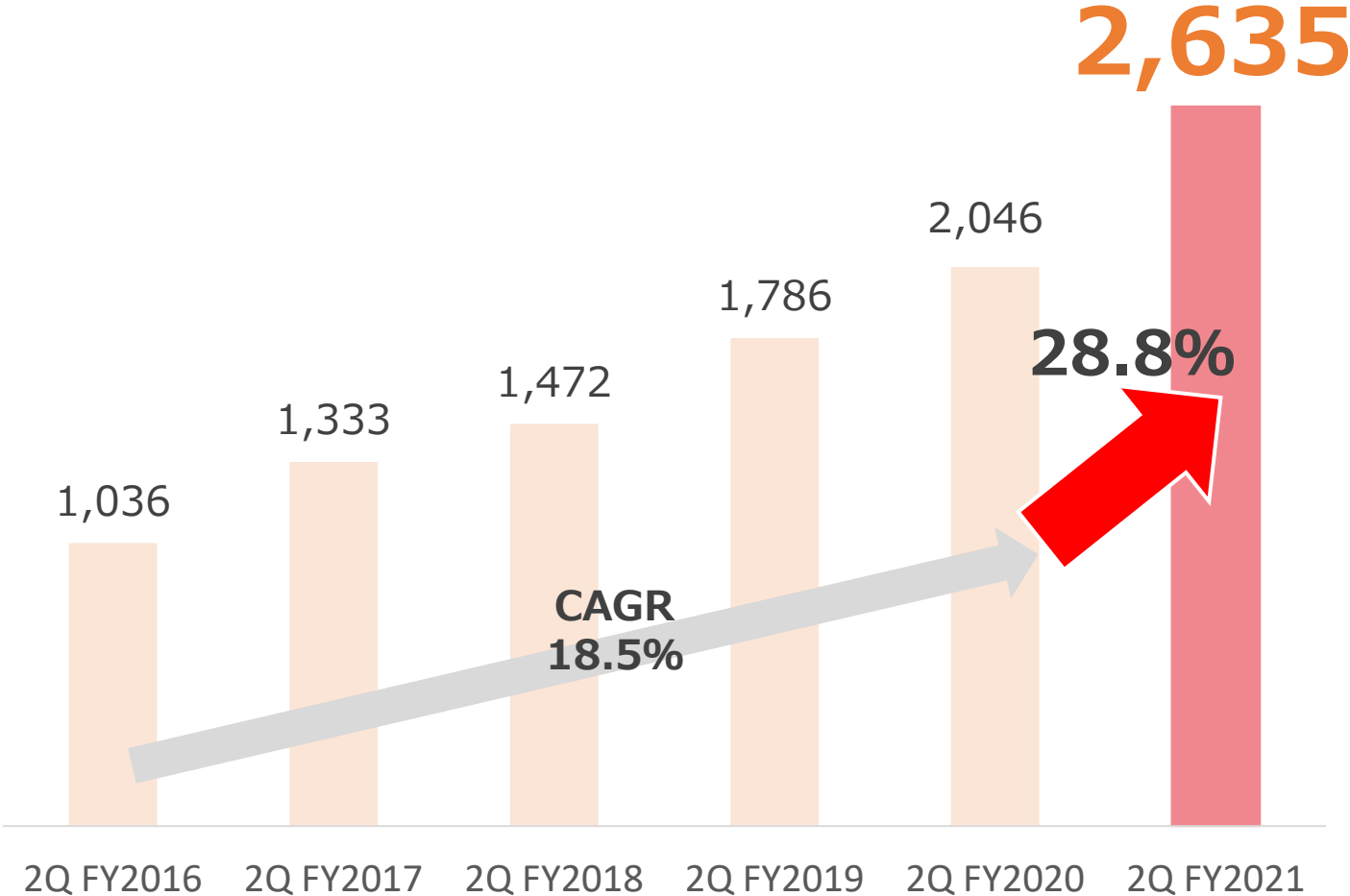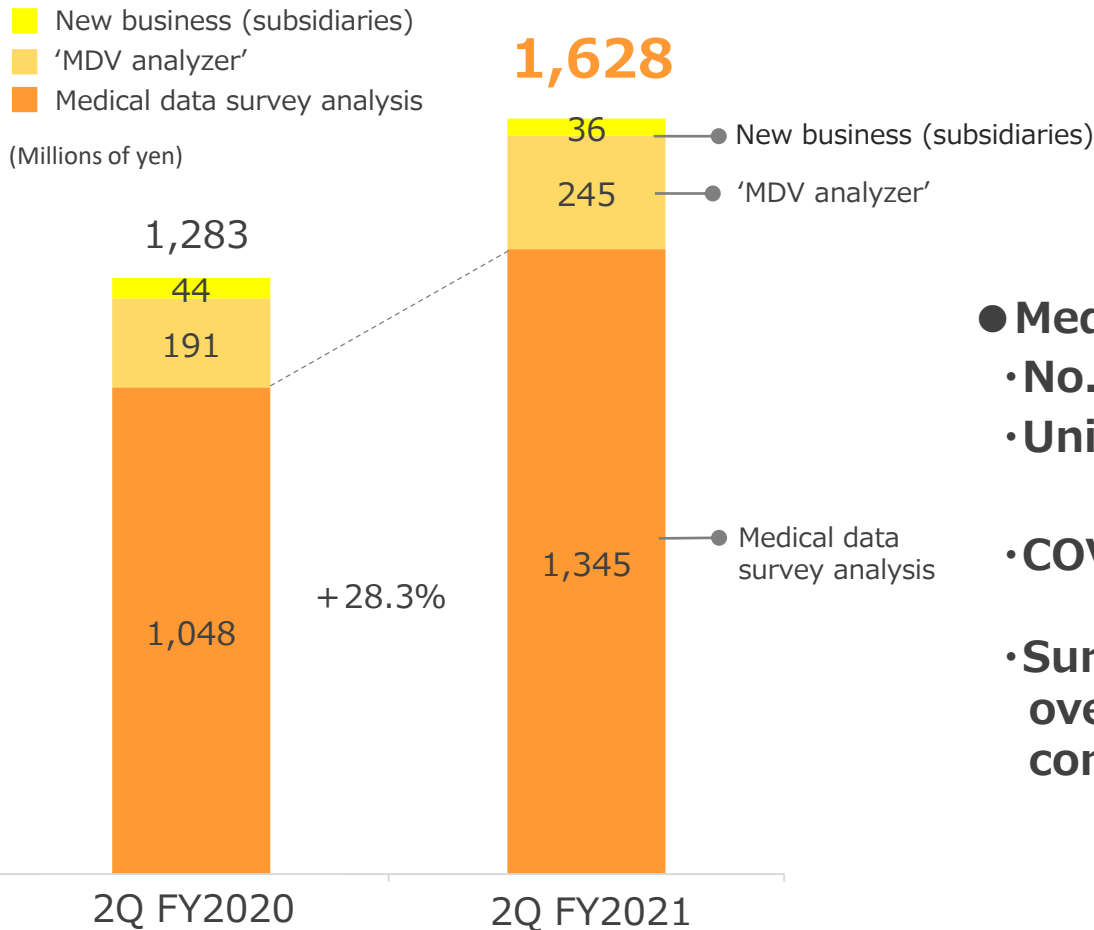
2Q FY2021 Financial results overview: data utilization service sales breakdown

Established dominant position with a medical database of exceptional quality and volume

Tailwind from business conditions helped growth accelerate

■ New business (subsidiaries)
■ 'MDV analyzer'
■ Medical data survey analysis

(Millions of yen)

1,628

	2Q FY2020	2Q FY2021
New business (subsidiaries)	44	36
'MDV analyzer'	191	245
Medical data survey analysis	1,048	1,345
Total	1,283	1,628

+28.3%

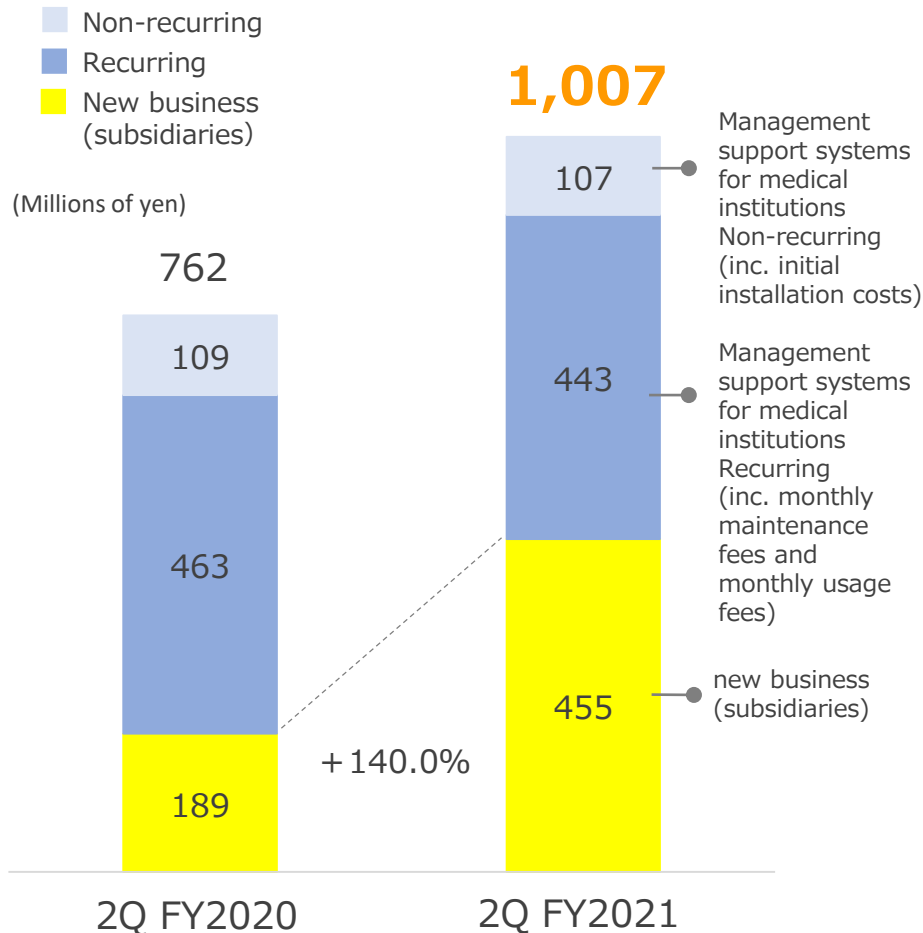● **Medical data survey analysis**
　・**No. of surveys　+29.9% YoY**
　・**Unit price　　　+19.1% YoY**

　・**COVID-19-related surveys**

　・**Survey orders from HQs of overseas pharmaceutical companies and other clients rising**

New business sales (subsidiaries) outperformed

Legend:
- Non-recurring
- Recurring
- New business (subsidiaries)

(Millions of yen)

2Q FY2020: 762
- 109
- 463
- 189

2Q FY2021: 1,007
- 107 — Management support systems for medical institutions Non-recurring (inc. initial installation costs)
- 443 — Management support systems for medical institutions Recurring (inc. monthly maintenance fees and monthly usage fees)
- 455 — new business (subsidiaries)

+140.0%

● **New business** (subsidiaries; 'Doctorbook', 'System Be-α', etc.)

'Doctorbook'

· **Continued brisk sales of online services for dentists**

· **Steady growth too in sales of services for doctors**

'System Be-α'

· **Medical check systems subsidiary consolidated from FY2021**

· **Earnings contribution from new consolidation impact**

· **Accelerating data collection in presymptomatic areas inc. medical checks**

● **Recurring sales**

· **Stable base of earnings even amid COVID-19 conditions**

<Note on sales>
Sales related to the supply of management support systems to medical institutions

· Non-recurring sales
Include initial installation costs for 'EVE', 'Medical Code', 'CADA-BOX', etc.
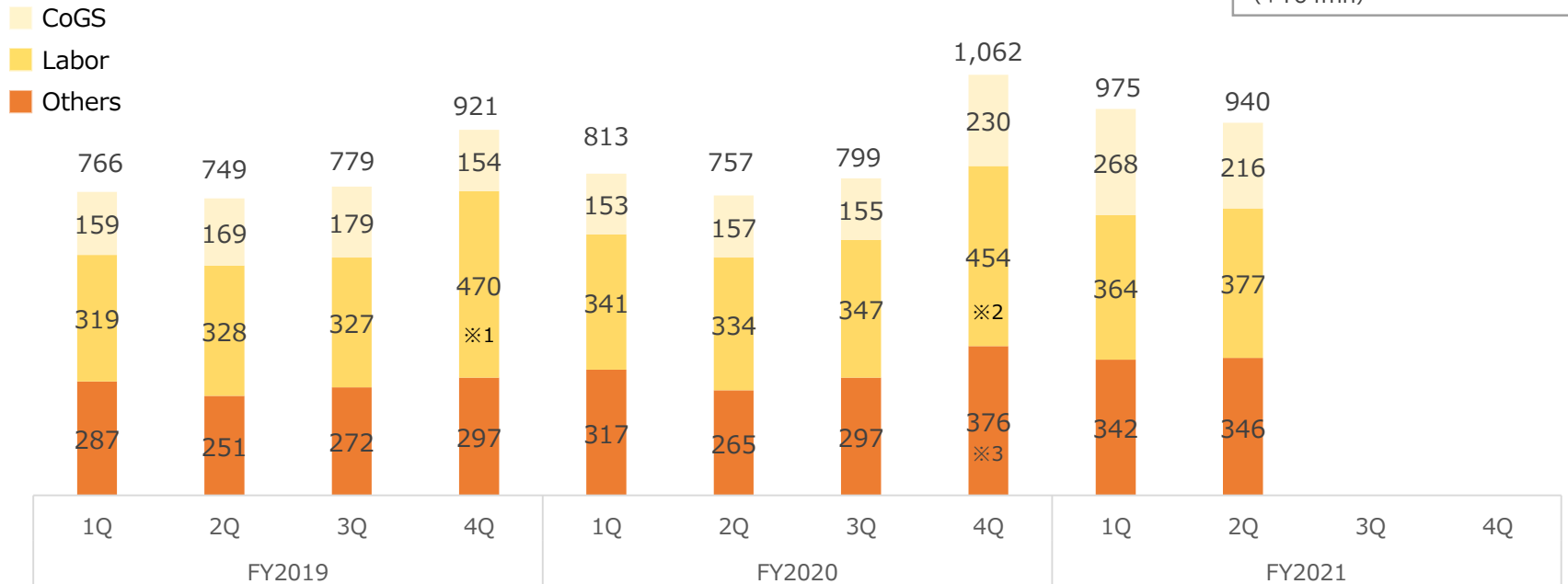
· Recurring sales
Include monthly maintenance fees and monthly usage fees for 'EVE', 'Medical Code', 'CADA-BOX', 'Kangochi+' etc.

2Q FY2021 Financial results overview: cost analysis

Increase in headcount and more aggressive investment for future growth

Millions of yen

	2Q FY2020	2Q FY2021	Difference	
CoGS	157	216	+59	·CoGS ratio 15.6%→17.9% +2.3P ·Rise on consolidation of 'System Be-α'
Labor	334	377	+42	Rise from headcount increase
Others	265	346	+80	
Total	757	940	+182	R&D investment for future growth (+Y64mn)

Legend:
- CoGS
- Labor
- Others

FY2019
- 1Q: 766 (CoGS 159, Labor 319, Others 287)
- 2Q: 749 (CoGS 169, Labor 328, Others 251)
- 3Q: 779 (CoGS 179, Labor 327, Others 272)
- 4Q: 921 (CoGS 154, Labor 470 ※1, Others 297)

FY2020
- 1Q: 813 (CoGS 153, Labor 341, Others 317)
- 2Q: 757 (CoGS 157, Labor 334, Others 265)
- 3Q: 799 (CoGS 155, Labor 347, Others 297)
- 4Q: 1,062 (CoGS 230, Labor 454 ※2, Others 376 ※3)

FY2021
- 1Q: 975 (CoGS 268, Labor 364, Others 342)
- 2Q: 940 (CoGS 216, Labor 377, Others 346)
- 3Q:
- 4Q:

*1 Year-end bonuses Y134mn
*2 Year-end bonuses Y103mn
*3 One-time costs, including for development of new services Y66mn

FY2021 dividend and earnings outlook

FY2021 dividend and earnings outlook

Upward revisions to FY2021 dividend and earnings outlook

	End-FY2020 DPS	Former outlook (Feb 8, 2021)	Revised outlook (Aug 10, 2021)	Difference
DPS (Y)	3.6	4.0	5.0	+1.0

Millions of yen	FY2020 result	Former outlook (Feb 8, 2021)	Revised outlook (Aug 10, 2021)	Difference
Sales	4,579	5,400	5,450	+50
Operating income	1,146	1,199	1,402	+202
Ordinary income	1,148	1,200	1,400	+200
Net income attributable to owners of parent	700	800	950	+150

＜Main factors for revision＞

▶ **Sales**
・**Reflection of brisk data utilization service sales through 2Q**

▶ **Income**
・**Upward revision to sales outlook**
・**Fall in expenses from shift to remote marketing**

※For more details, please refer to the August 10, 2021 release

MDV's growth strategy

MDV's growth strategy

Accelerate growth in existing businesses to create stable earnings base and step up investment in future growth

④Future growth

✓ Step up investment in future growth

③Growth from new business

✓ Accelerate growth from new business (subsidiaries)
- Medical imaging media（'Doctorbook'）
- Medical check systems ('System Be-α')

②Data utilization services to drive earnings

✓ Medical data survey analysis to become new driver that powers earnings

①Stable base to support growth

✓ Recurring sales to create stable base and provide funds for growth investment

MDV's growth strategy ① Stable base to support growth

Stable earnings cover around 80% of SG&A expenses
⇒ Create stable business base and secure funds for future investment

Legend: ■ Stable earnings ■ SG&A expenses

X-axis: 1Q 2Q 3Q 4Q (2017), 1Q 2Q 3Q 4Q (2018), 1Q 2Q 3Q 4Q (2019), 1Q 2Q 3Q 4Q (2020), 1Q 2Q (2021)
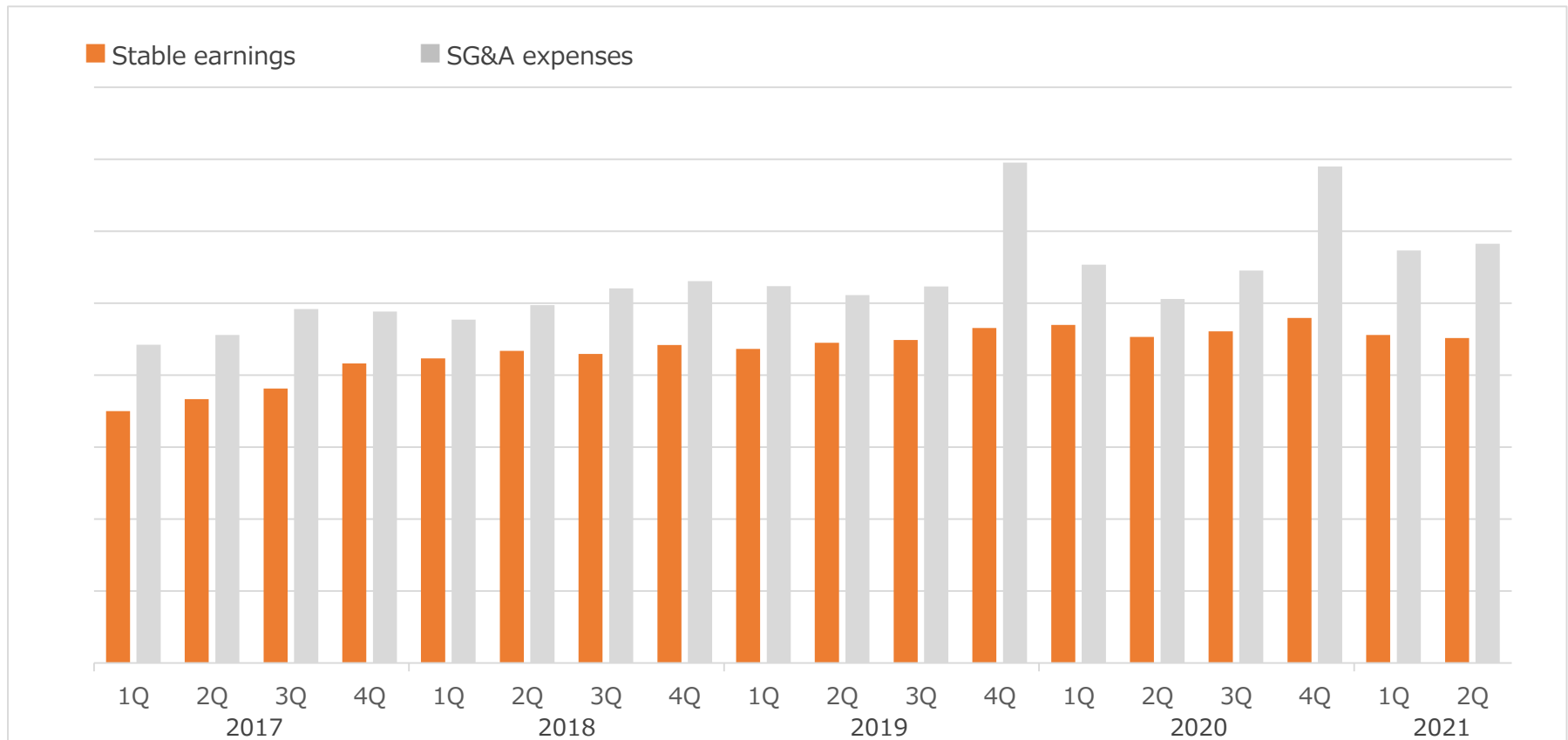
Stable earnings are

- The coverage rate on SG&A for recurring sales where long-term contracts are expected (including package product maintenance fees and 'MDV analyzer')

- One of MDV's KPI under its cash flow-focused management approach

✓ **Accelerate growth in existing businesses**

Advantages of 'Sakura Databank' (large-scale medical database)

・**Huge number of patients**

・**Abundant data**

・**Analytical extensibility**

✓ Accelerate growth in existing businesses

・Huge number of patients
・Abundant data

▶ **Large-scale medical database with huge number of patients**

▶ **Applicable to a wide range of needs via use of abundant DPC data (data points, disease info)**

▶ **Only MDV can offer analysis that combines DPC data and health insurance data**

	DPC data	Health ins. data
No. of patients (as of end-June 2021)	**36.41mn** **Equivalent to ¼ of the population of Japan**	**Around 6.00mn**
Data features	・Data on cancer onset, cancer stages, height, weight, etc. ・Abundant data on the elderly ・Patient data for all age cohorts	・Possible to track data on people treated at other medical institutions
Disease data features	・Focus on data on cancer and acute diseases	・Focus on mild and chronic diseases

✓ Accelerate growth in existing businesses
・Analytical extensibility

▶ Quality and breadth of analysis can be increased by using multiple types of data

Data network service (customer base)

Hospitals and medical check centers

DPC data	Exam data
Real-time medical data	Medical check data

etc.

Sources of medical data

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'Sakura DB'

DPC data	Exam data
Real-time medical data	Medical check data
Health ins. data	

Data utilization service

DPC data	×	Exam data
DPC data	×	Health ins. data

⋮

etc.
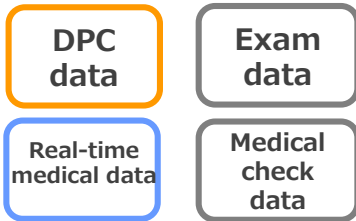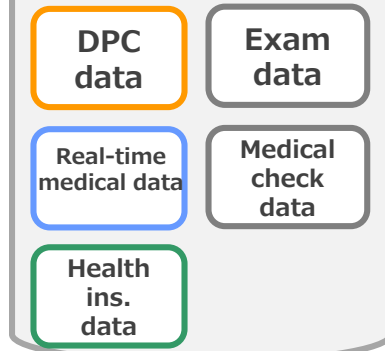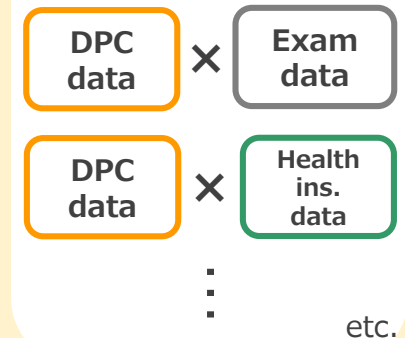
Possible to acquire a range of in-house medical data from our customer base of hospitals

Possible to provide services that combine data

✓ Accelerate growth from new services

Launch of extrapolation functionality for 'MDV analyzer' (July 1, 2021)

▶ **Delivers highly-accurate extrapolation by using DPC data and health insurance data**

Analysis of patients (all)
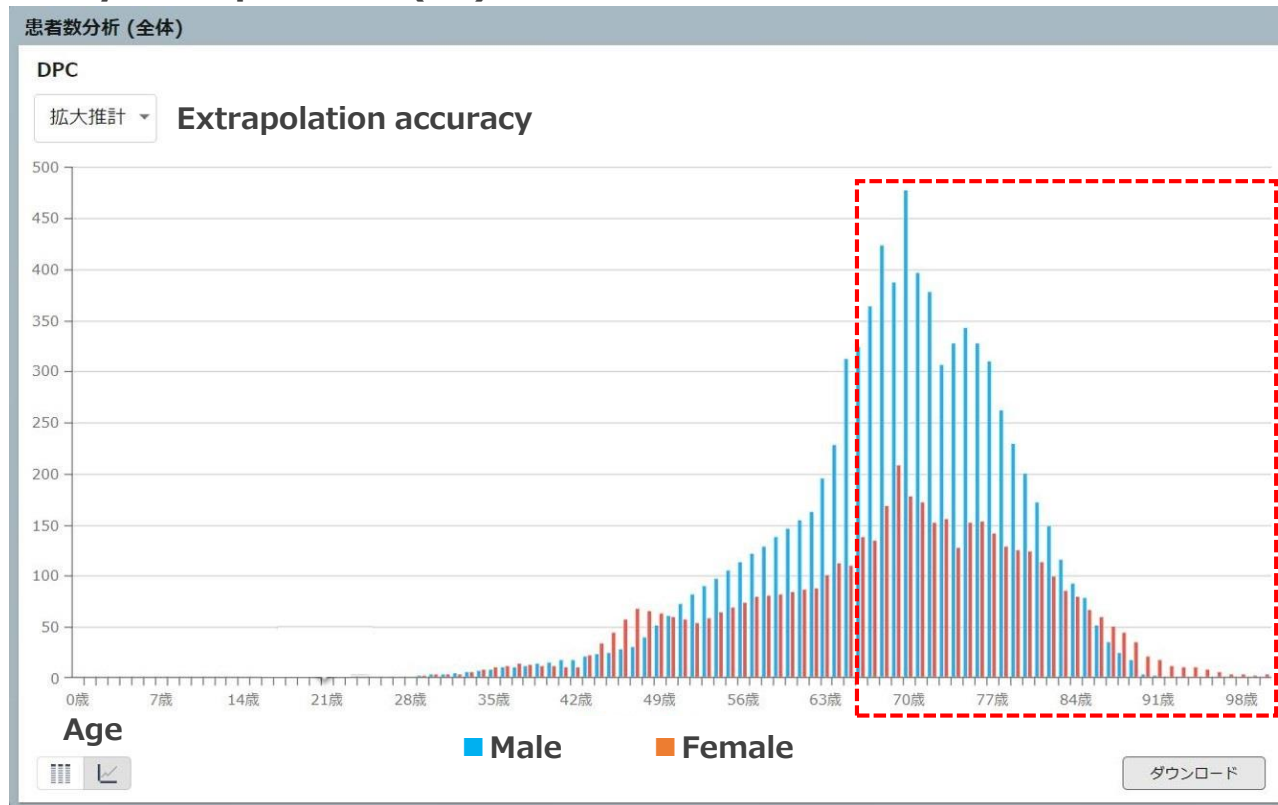
Extrapolation accuracy is increased by also using DPC data to offset the small amount of data on the elderly in health insurance data (a lack of data on the advanced elderly).

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MDV's growth strategy ③ Growth from new business

Medical imaging media（'Doctorbook'）

Business growing on tailwinds from medical DX

Dental sphere

Doctorbook academy

> **Business remains brisk on precise capture of needs in the COVID-19 era**

Medical sphere

Clinical Cloud

> **Rise in inquiries from pharmaceutical companies, steady growth in earnings**

Medical check systems ('System Be-α')

Earnings contribution from consolidation
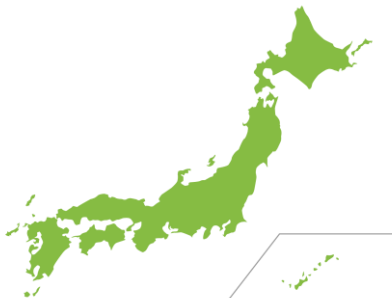
Expansion in medical check systems

Medical check centers → **カルテコ** → **'Sakura DB'**

'Karteco'

Acquisition of medical check data, accelerated combination with treatment data

MDV's growth strategy ④ Future growth

Promote the spread of 'Karteco', move into the business of BtoC services

Accelerate installation of 'Karteco' at hospitals

Ohara General Hospital (Fukushima Pref.)

San-ikukai Hospital (Tokyo)

Koga Hospital (Shizuoka Pref.)

＜Installation targets and aims＞

Share medical and health information with patients

✓ **Achieve early disease discovery, better recuperation, and improved QOL**

✓ **Raise medical and health literacy among patients and citizens**

✓ **Encourage people with health issues to get a medical check, prevent aggravation of chronic diseases**

MDV's growth strategy ④ Future growth

Promote the spread of 'Karteco', move into the business of BtoC services

'Karteco' as a tool people like and love to use

<frequently used functions>

People can review and manage their own health and medical records

・Clinical information (diagnosed diseases, prescription history, exam results, etc.)

・Exam images

・Medical check results, etc.

■**Examples of 'Karteco' use from participants in free online seminars**

・**I can look at my medical records anytime, anywhere**, be it data on hospital visits, hospitalization records, or medications/exams taken.

・I look at my exam record data and subsequent progress. **I like that can ask questions of the doctor but also do my own searches and we can share information.**

・I use it after a recommendation from the hospital when my mother broke her leg. **It was useful to be able to show my family the photo of the break site on my smartphone. It would be good if all hospitals used it.**

・I use it to save pictures of allergy exam results I get on paper **and get doctors to look at them when I visit other hospitals.**

MDV's growth strategy ④ Future growth

Promote the spread of **'Karteco'**, move into the business of **BtoC services**

Only MDV can offer a PHR service in which medical information can be shared

✓ **Only MDV can do this because**
- It has a strong customer base of medical institutions
- It possesses the assets to keep and utilizes medical big data
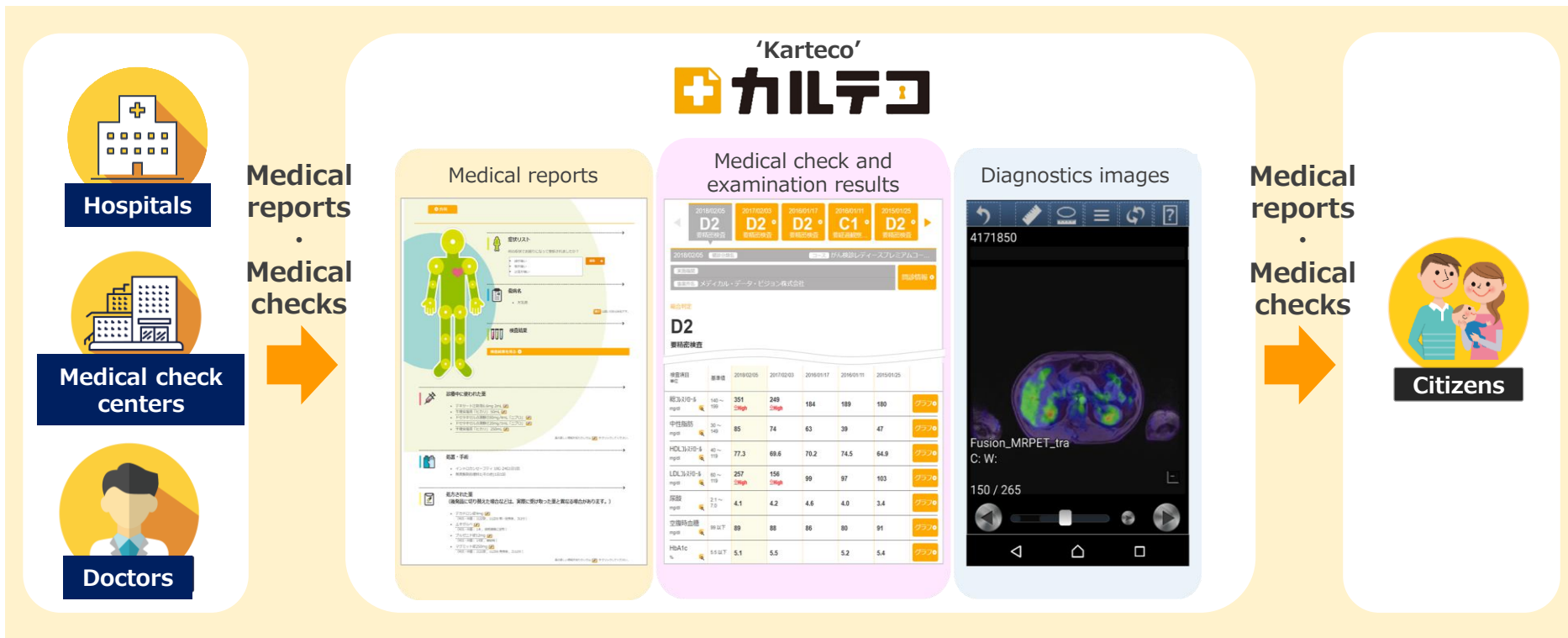
Overseas development

Overseas development of the data utilization service
Alliances with 'IQVIA'、'TriNetX'

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'Sakura DB'
- DPC data
- Health ins. data
- Real-time medical data

×

IQVIA
- Global network in more than 100 countries and regions
- **Technologies**
- **Consulting**
- **Clinical trial services**

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'Sakura DB'
- DPC data
- Health ins. data
- Real-time medical data

×

TriNetX
- **Global network in 29 countries**
- **Global platform for clinical trials**
- **Support for evidence-based analysis design**

- **Provides capabilities for marketing at global pharmaceutical companies and research institutions and for feasibility (commercialization studies) in clinical research**
- **Strengthens marketing in overseas markets, including to global pharmaceutical companies**

Reference Materials

'Sakura Databank' (large-scale medical database) value

'Sakura Databank' (large-scale medical database) value

Huge number of patients

✓ **Possible to acquire data on larger number of cases**

✓ **Efficient acquisition of data on incurable and rare diseases**

■ **Example**

Post-marketing DB studies

Key point of post-marketing DB studies
⇒**Comparative study with most patients possible**

⬇

Most choose MDV's medical database of exceptional quality and volume

<DBs used for post-marketing database study>

Others
7 studies
18.9%

MID-NET
10 studies
27.0%

**MDV
20 studies
54.1%**
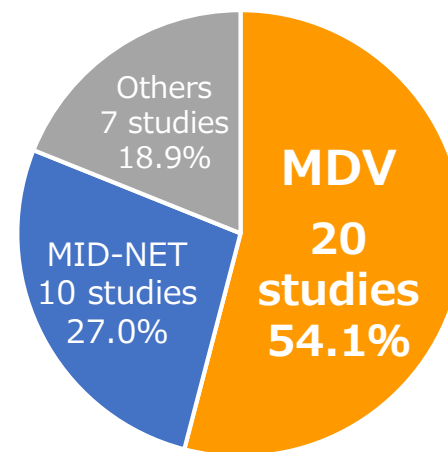
·52 planned studies (including 15 with DB is undecided) *As of June 2021
·Percentages exclude studies where DB is undecided

MDV compatible with more than half post-marketing DB studies

'Sakura Databank' (large-scale medical database) value

✓ **Abundant data (data points, disease data) allows application to a wide range of needs**

<table>
<tr>
<td colspan="3"></td>
<td>DPC data</td>
<td>Health ins. association data</td>
</tr>
<tr>
<td colspan="3">Advantages</td>
<td>·Abundant data on elderly (lots of disease data)
·Can be combined with other medical data from the hospital</td>
<td>·Can track data on patients treated at other medical institutions</td>
</tr>
<tr>
<td colspan="3">Disadvantages</td>
<td>·Cannot add data on patients treated at other medical institutions</td>
<td>·Can acquire almost no data on elderly
·Cannot be combined with other data from the hospital
·Cannot track data on those who move to other health ins. associations</td>
</tr>
<tr>
<td rowspan="6">Data points</td>
<td colspan="2">Gender/Age</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td colspan="2">Disease name</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td colspan="2">Drug data</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td colspan="2">Surgery, procedure data</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td colspan="2">Severity
(Data on cancer onset, cancer stages, height, weight, etc.)</td>
<td>○</td>
<td>✕</td>
</tr>
<tr>
<td colspan="2">Exam results</td>
<td>△
(some availability)</td>
<td>✕</td>
</tr>
<tr>
<td rowspan="3">Data features</td>
<td colspan="2">Data on elderly</td>
<td>○</td>
<td>△</td>
</tr>
<tr>
<td colspan="2">Data on cancer /acute diseases</td>
<td>○</td>
<td>△</td>
</tr>
<tr>
<td colspan="2">Data on mild /chronic diseases</td>
<td>△</td>
<td>○</td>
</tr>
</table>

'Sakura Databank' (large-scale medical database) value

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Practical applications

'Sakura Databank'

DPC data
36.41mn people
Equivalent to ¼ of the population of Japan

Health ins. data
Around 6.00mn people

Real-time medical data
Around 800,000 people

■ **Main data users**

Pharma cos.　**Medical device/material cos.**　**Academia**　**Research institutions**

■ **Application objective (examples)**

・**Post-marketing DB studies**

・**Drug prescription surveys** (by disease, by hospital dept.)

・**Promotional data collection, evidence gathering**

・**Target identification, analysis**

・**Analysis of disease onset factors**

・**Safety/efficacy validation, evidence gathering**

・**Feasibility studies**

・**Data for research use**

・**Drug indication expansion**　　　　**etc.**

Notes and disclaimer

Supplementary materials

https://en.mdv.co.jp/assets/pdf/Supplementary_Materials_20210810.pdf

Contacts

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

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