

3Q FY2021 Financial Results

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

November 8, 2021

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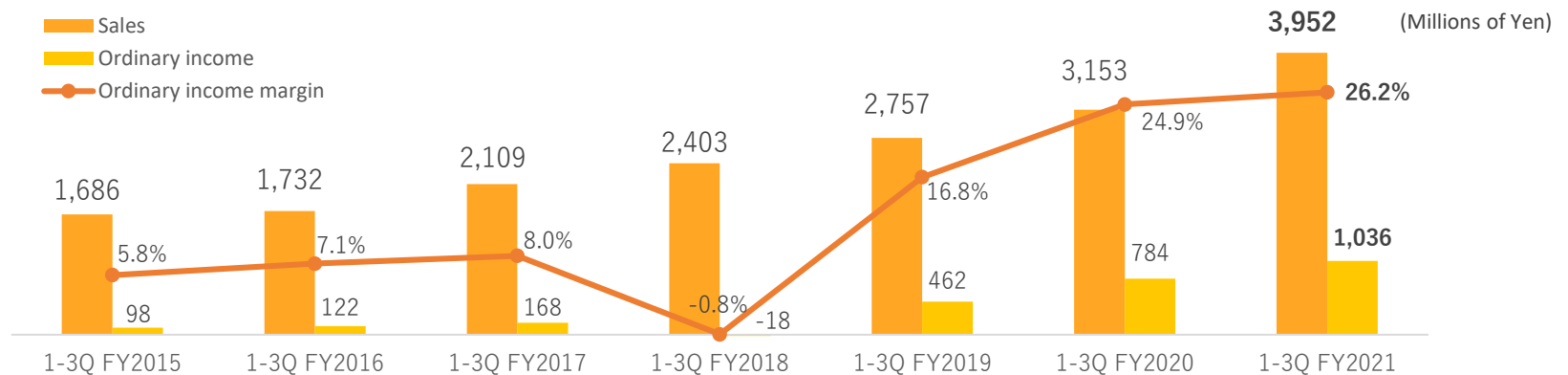
3Q FY2021 Financial Results



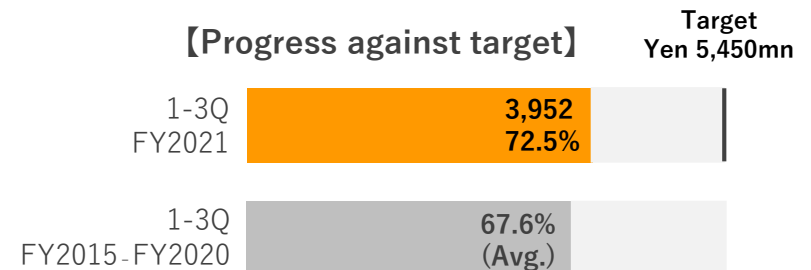
3Q FY2021 results highlights

3Q results in line with revised targets

Progress slightly better than in previous years, but sales also continuing to level off



(Millions of Yen)	Data network service	Data utilization service	All-company total
Sales	1,501	2,450	3,952
YoY	+32.1%	+21.5%	+25.3%
Gross income	1,098	2,120	3,219
YoY	+23.8%	+17.8%	+19.8%
Ordinary income	—	—	1,036
YoY	—	—	+32.2%



3Q FY2021 results comparison

Sales up 15% and margin up more than 20% YoY in 3Q

Narrowing in margin in 3Q owed to aggressive investment

(Millions of Yen)	3Q FY2021 (July-September 2021)					1-3Q FY2021 (January-September 2021)		
	Result	YoY		QoQ		Result	YoY	
		Result	Change	Result	Change		Result	Change
Sales	1,316	1,106	19.0%	1,205	+9.3%	3,952	3,153	+25.3%
Sales growth	19.0%	14.0%	+5.0 P	20.1%	-1.1 P	25.3%	14.4%	+10.9 P
Ordinary income	317	307	+3.3%	265	+19.5%	1,036	784	+32.2%
Ordinary income margin	24.1%	27.8%	-3.7 P	22.0%	+2.1%	26.2%	24.9%	+1.3 P
Headcount	246	221	+11.3%	246	0.0%	246	221	+11.3%
Sales per employee	5.3	5.0	+6.9%	4.9	+9.3%	16.0	14.2	+12.6%

3Q FY2021 results overview: cost analysis

Greater R&D investment for future growth, hiring a struggle

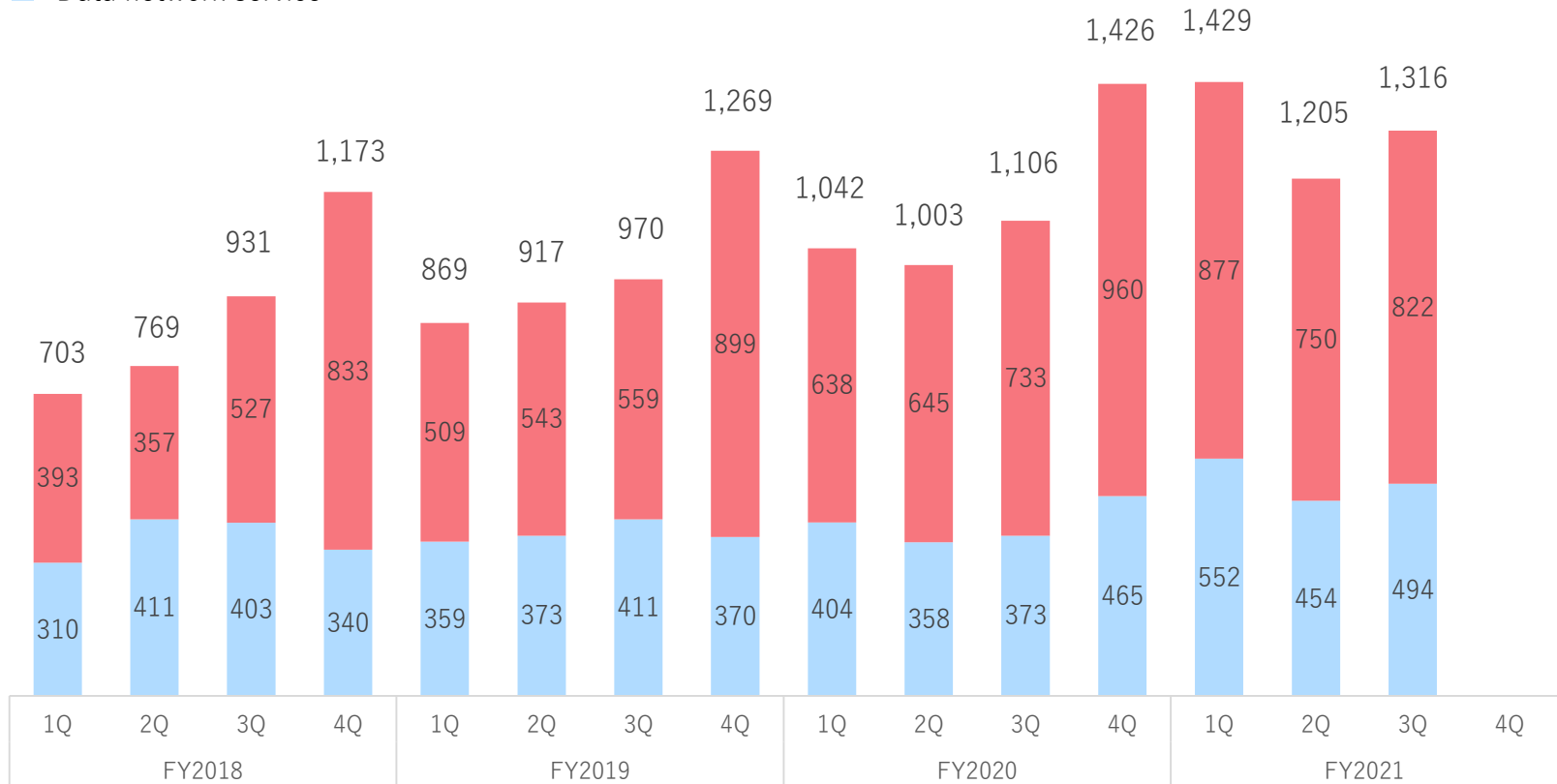
Rise in CoGS driven by new consolidations and increase in outsourcing fees for medical data survey analysis

(Millions of Yen)	【Consolidated】 3Q FY2021	【Consolidated】 3Q FY2020	YoY	【Consolidated】 2Q FY2021	QoQ	Details
CoGS	248	155	+59.7%	216	+14.9%	<ul style="list-style-type: none"> • Rise in outsourcing costs →inc. analysis of medical data surveys • Increase in purchasing at sales agent of subsidiary added to consolidated account this year ('System Be-α')
Labor	380	347	+9.7%	377	+0.8%	<ul style="list-style-type: none"> • Targets for headcount increase missed • YoY impact of new consolidation
Hiring costs	9	9	+1.1%	7	+27.3%	<ul style="list-style-type: none"> • Increase in hiring activity, but progress in 3Q still unsatisfactory
Others	370	297	+24.6%	346	+7.0%	<ul style="list-style-type: none"> • Large YoY rise mostly due to R&D costs →Investment progress on target
R&D costs	100	31	+221.0%	86	+16.5%	<ul style="list-style-type: none"> • Development costs for moving various services to cloud, investment in developing new services for BtoC, etc.

Sales by quarter (breakdown by service)

Data network service sales steady, data utilization service sales leveling off

- Data utilization service
- Data network service

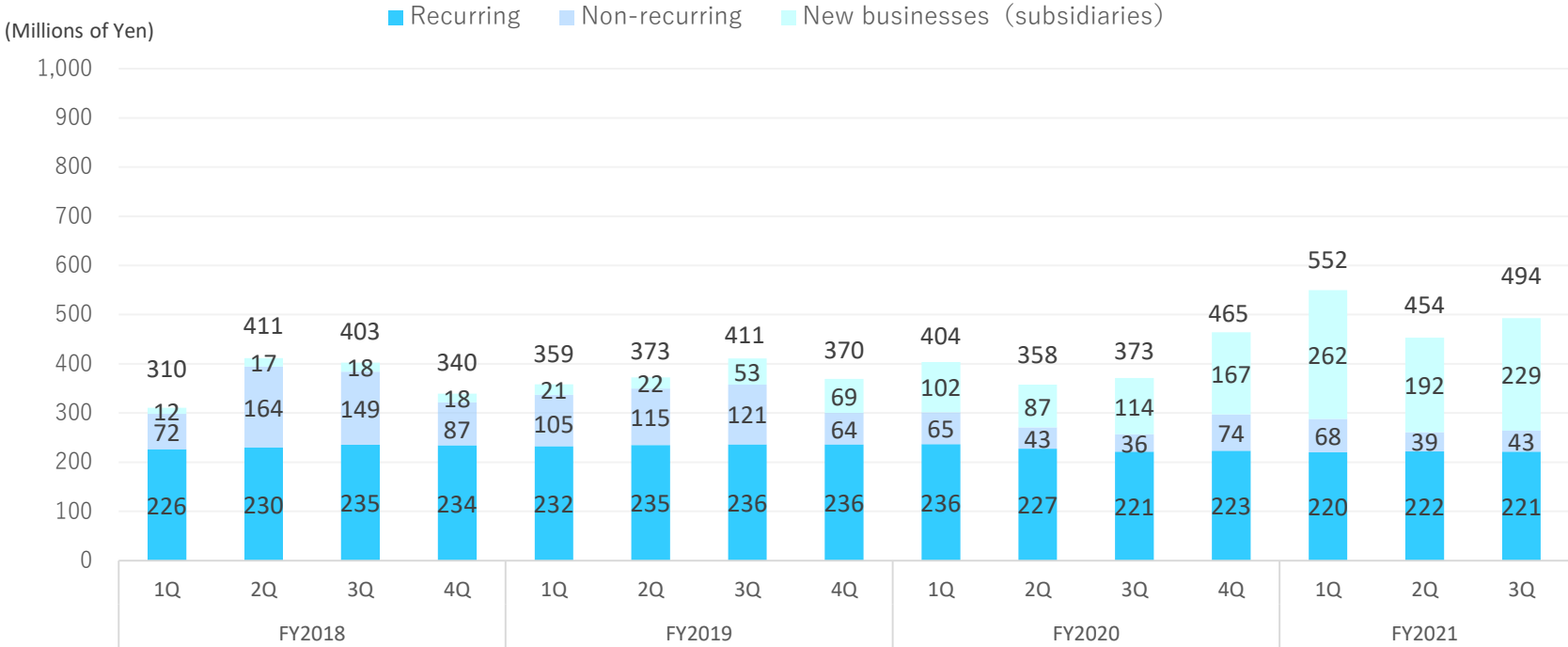


Data network service sales breakdown



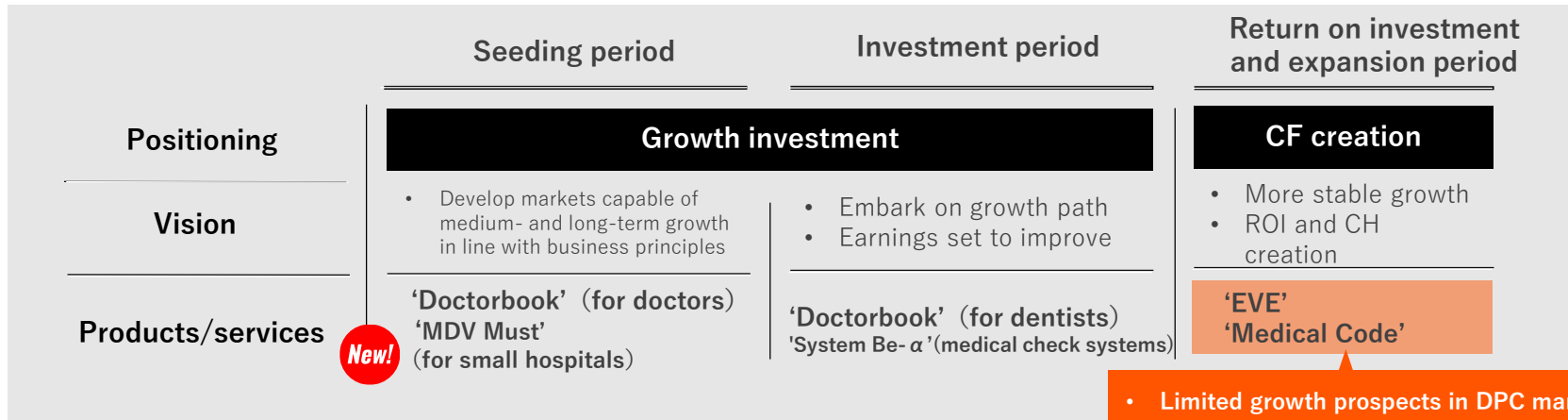
**Trending steady with no major fluctuation,
on course to equal FY2020 level**

Recurring sales affected by face-to-face marketing restraint due to COVID



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



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

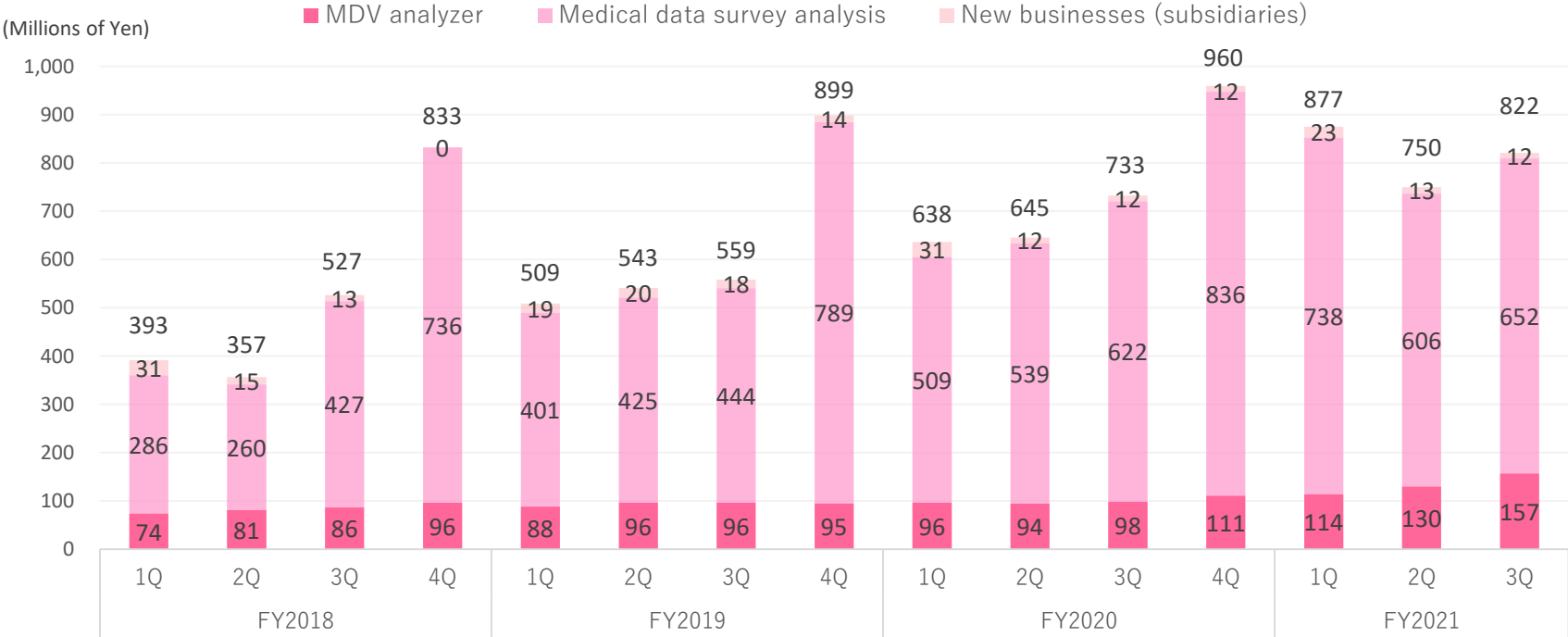
Data utilization service sales breakdown



Quarterly levelling out in medical data survey analysis sales

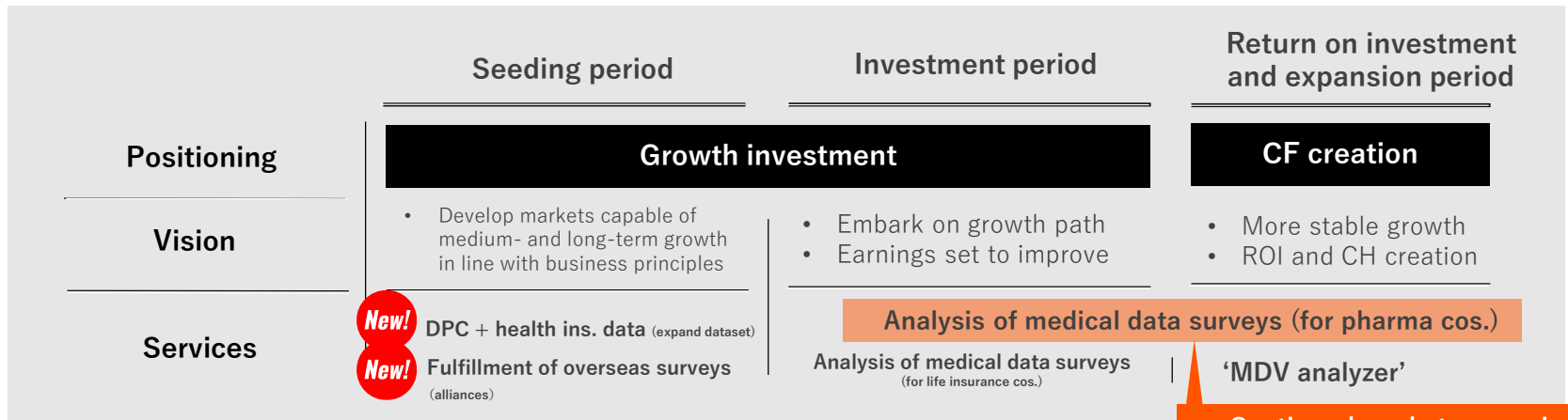
Sense that 1Q was temporary peak for demand at domestic pharmaceutical companies

MDV analyzer growing steadily on addition of products that meet client needs



Direction of data utilization service

- ① Focus on growth rate due to expectations for market expansion
- ② Expand pipeline as market awareness of MDV's data strength increases



- 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?

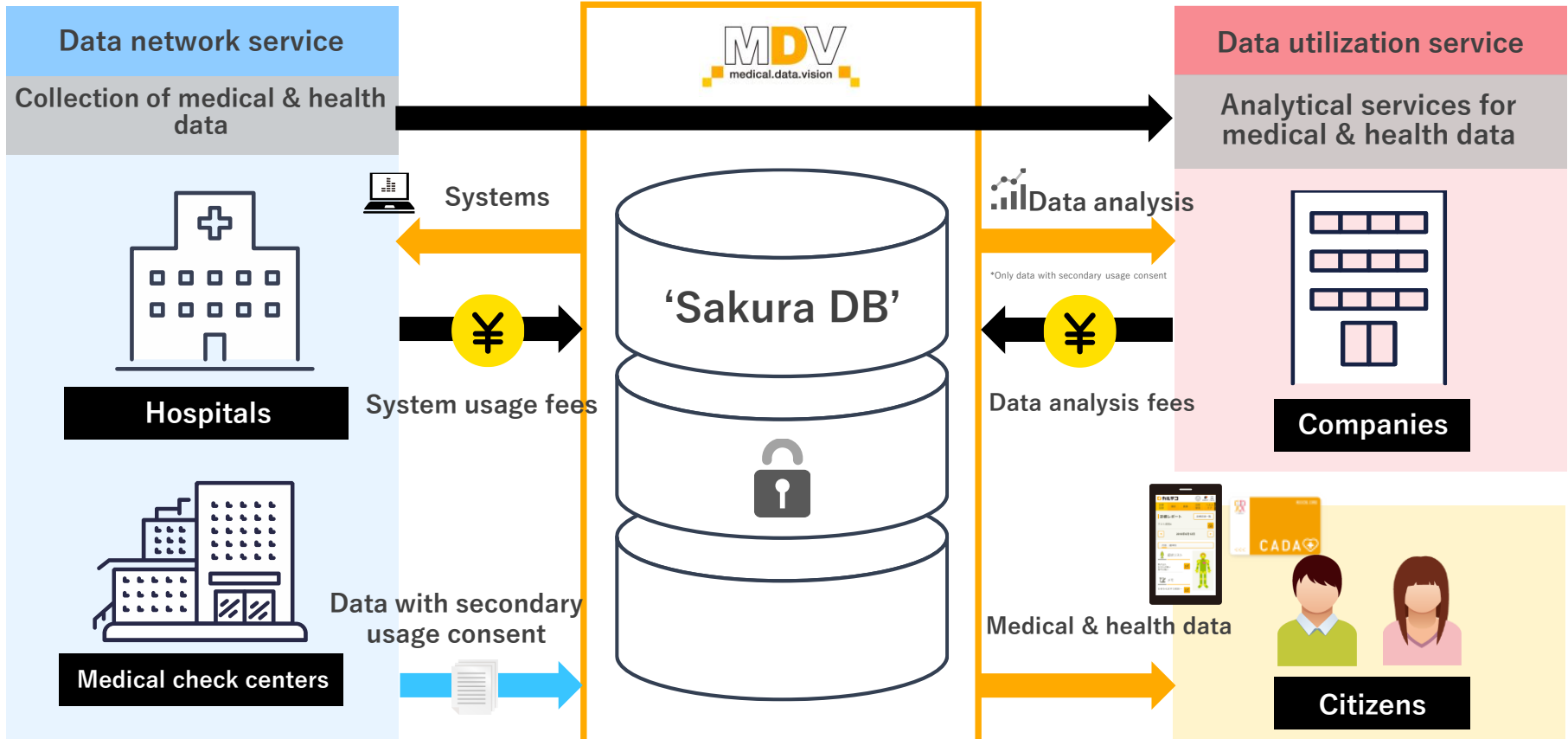
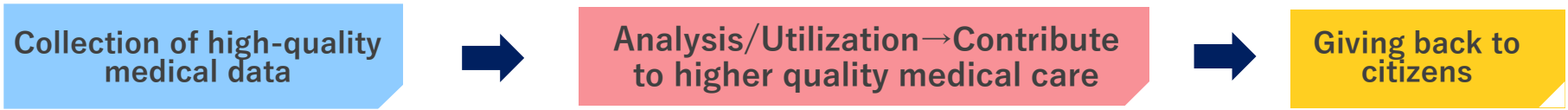
- Make the market aware of MDV's data strengths and the superiority of our model that uses an expanded dataset through newly-launched data unification
- Grow net client adds through pipeline expansion and expand services by increasing headcount
- Strengthen services not only for pharmaceutical companies' marketing, but also for drug discovery and life insurance companies

Company Overview

~Our journey so far and the current phase~



MDV's business model



MDV's business journey

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

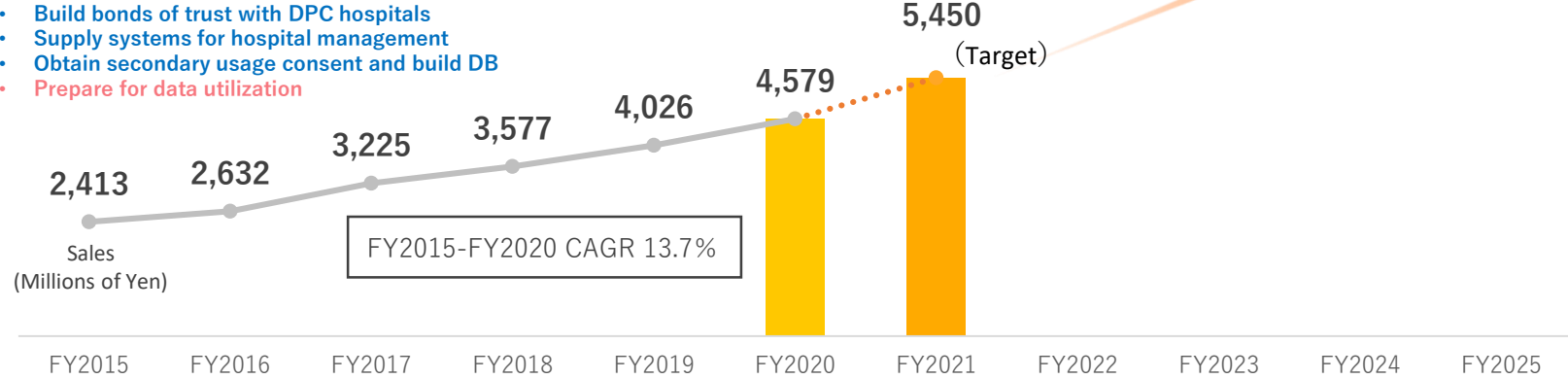


- Start of data utilization service
- Develop new market for data utilization
 - Expand 'Sakura DB' (create pathway to secure data from data network)
 - Expand awareness and sales of medical data survey analysis

- Data 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

■ Data network service base building

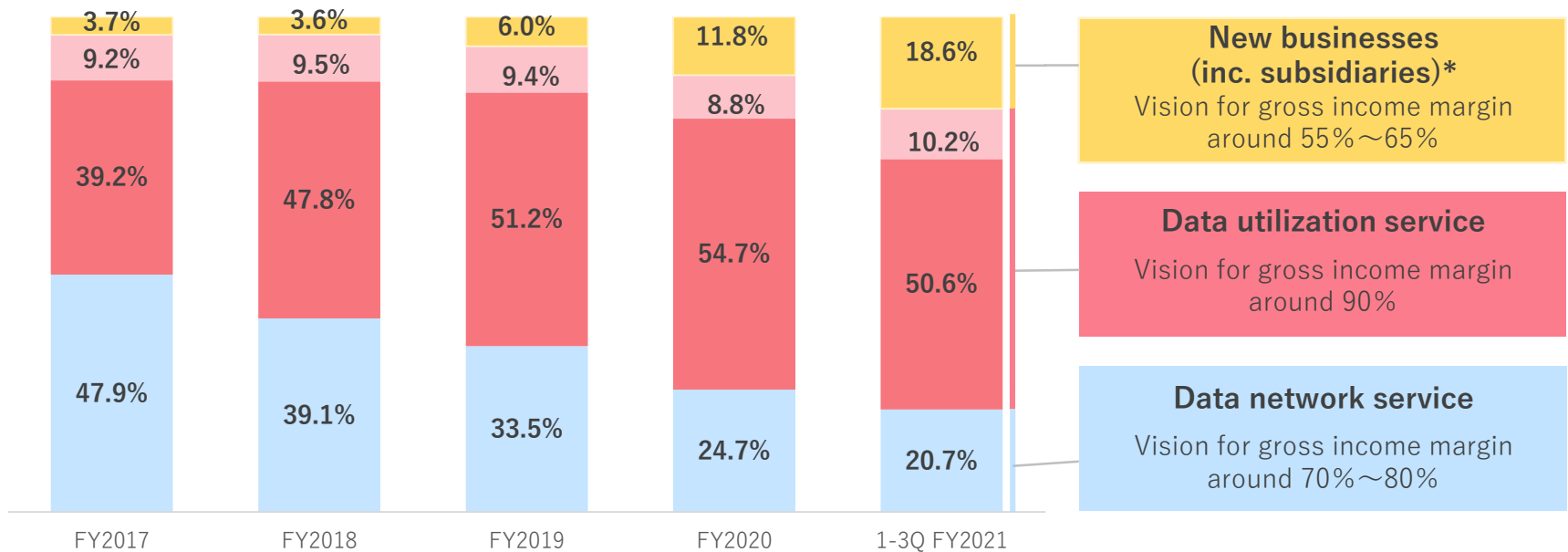
- Build bonds of trust with DPC hospitals
- Supply systems for hospital management
- Obtain secondary usage consent and build DB
- Prepare for data utilization



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



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

*Figures for New businesses (subsidiaries) include sales at subsidiaries acquired via M&A. Breakdown of sales by service on p4 onward show sales separated by service.

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

Business conditions

- Valuable **big data (37.42mn 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

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

	Opportunities	Challenges
Data network service	<ul style="list-style-type: none">• System sales to smaller hospitals• Room to expand the scope of subsidiary operations	<ul style="list-style-type: none">• Drop in face-to-face marketing opportunities amid COVID• Slow growth in new services
Data utilization service	<ul style="list-style-type: none">• 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)	<ul style="list-style-type: none">• Further raise the pace of growth• Hire more data analysis staff and expediting training
New businesses	<ul style="list-style-type: none">• Lack of large-scale healthcare DB for citizens• Growth prospects for BtoC healthcare business	<ul style="list-style-type: none">• 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

Progress on Developing New Services

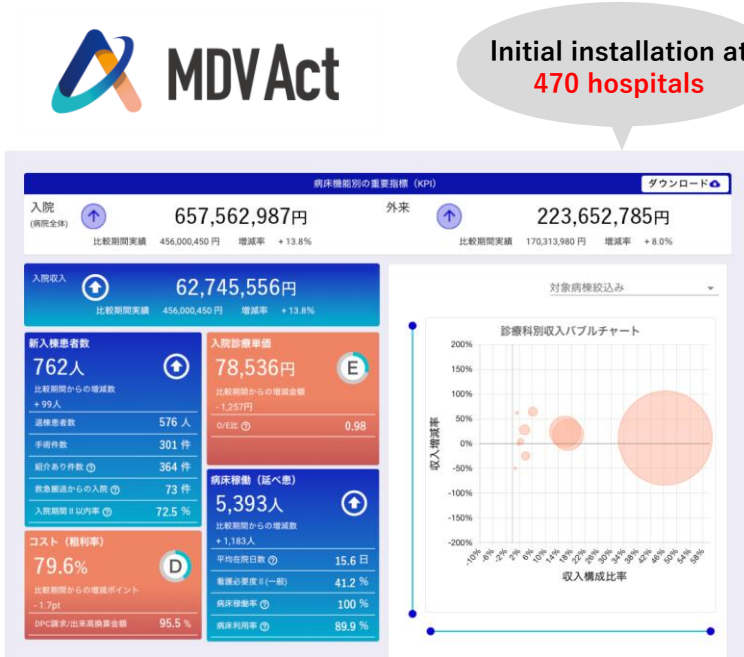


◆ Promote cloud-compliance of hospital management support systems 'MDV Act' (platform)

└ main story function (dashboard: released October 28, 2021)

→ An easy-to-implement management improvement tool that gives a more detailed picture of operations when used in conjunction with existing products 'EVE' and 'Medical Code'

→ Plans to develop cloud services on this platform in the future



■ At-a-glance KPI for hospital management

- Shows 28 key indicators as KPI separated into four categories crucial for hospital management: “number of patients”, “treatment prices”, “costs”, and “bed occupancy”.
- Possible to view up to five years of monthly trends to allow comparison over time and with other hospitals
- One-click exporting to PowerPoint file for use as report in management meetings

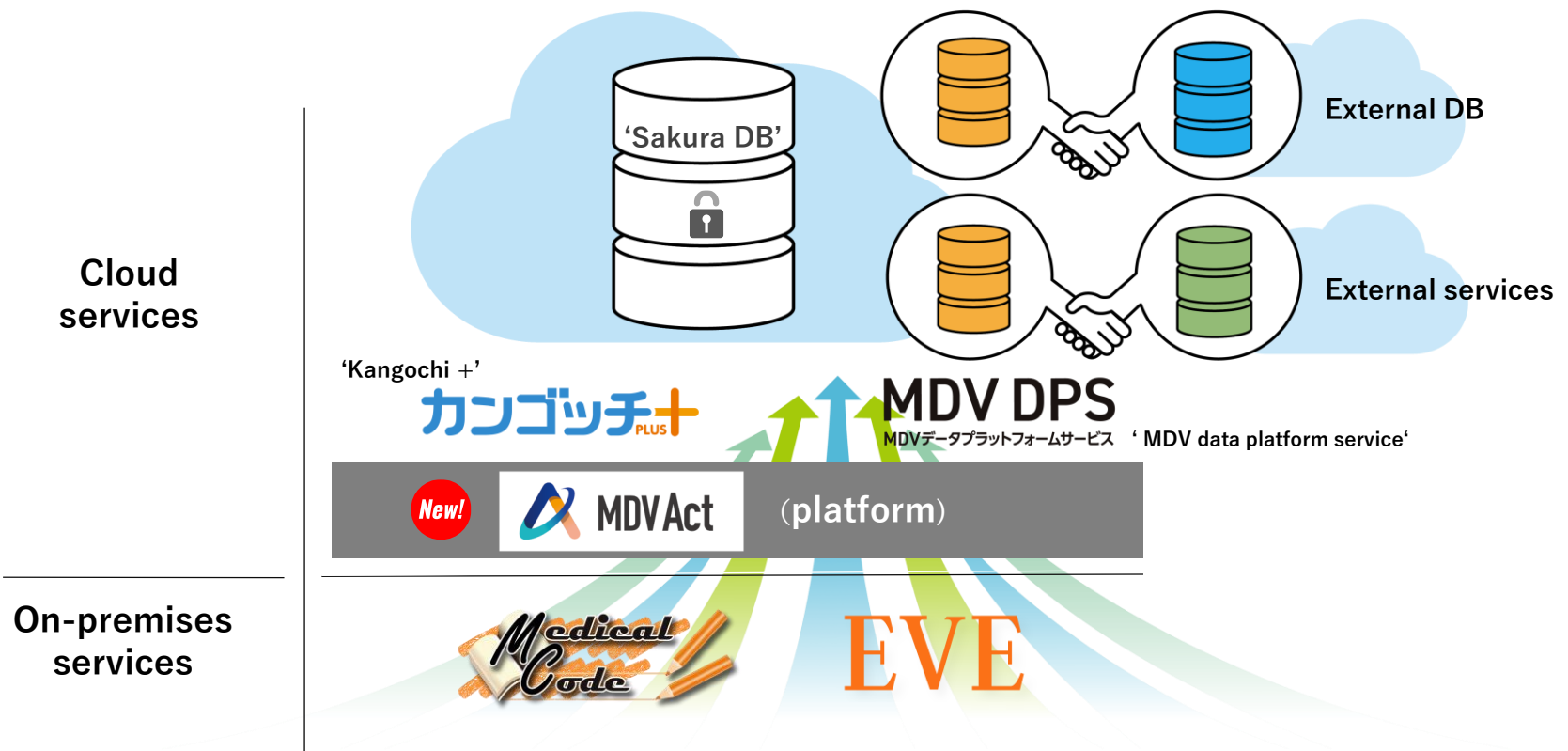
■ Issues easy to grasp even for the inexperienced users

- Gives a screen recreating the flow of basic revenue analysis that references know-how on hospital management learned from our clients. Makes the overall management issues facing the hospital easy to grasp even for those unfamiliar with data analysis.

Direction of products and services ①

Challenge to promote cloud usage by improving the extensibility and linkage of data utilization

- Move to cloud for our DB ('Sakura DB') already basically completed
- Plan to strengthen and add functions onto our cloud-based platform 'MDV Act'



Ongoing acquisition and expansion of the scope of medical data the core of MDV's business

- Creating structures that facilitate data acquisition and analysis with an eye on the future shift to cloud
- Pursuing data acquisition via the supply of tools to a variety of hospitals and medical check centers



Promote cloud usage



Expand breadth of
hospital userbase

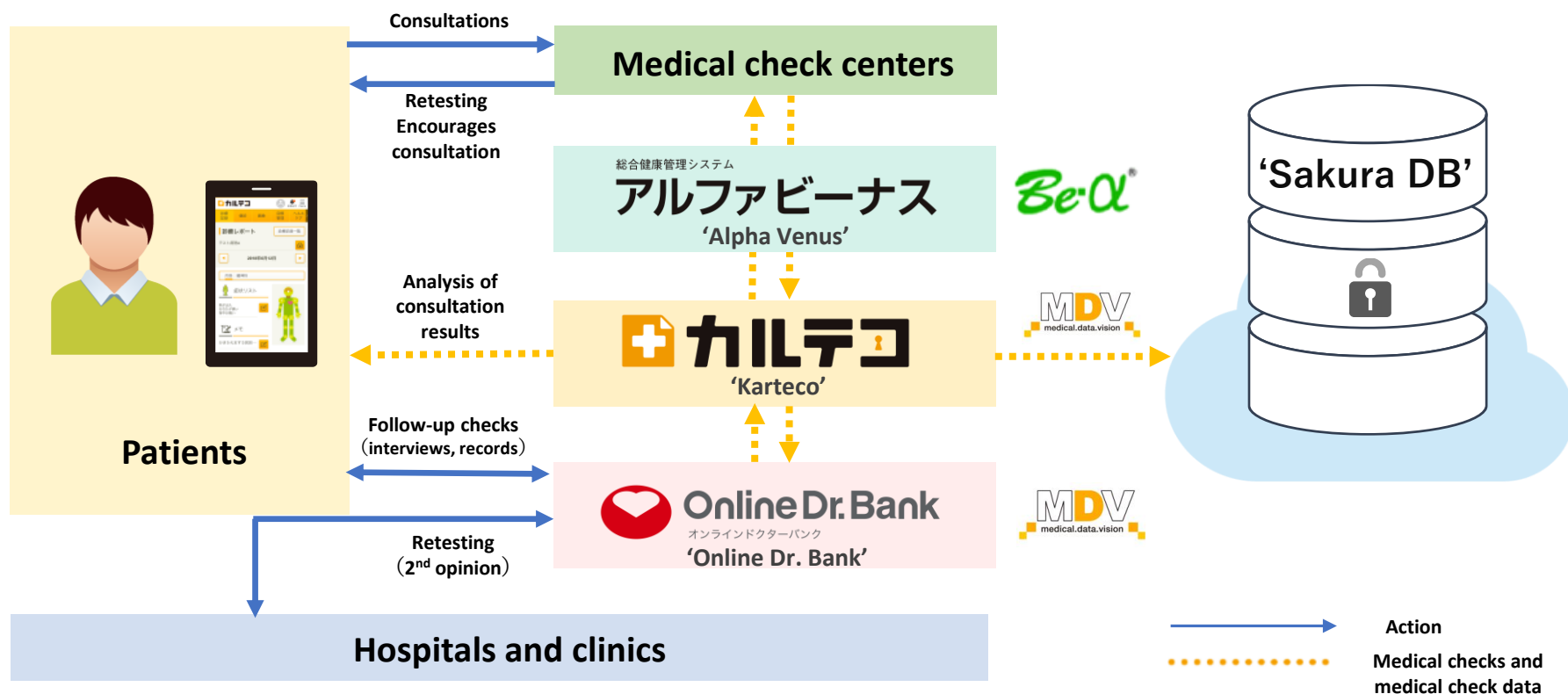
総合健康管理システム
アルファビーナス
'Alpha Venus'

Expand scope of data

【Measures being prepared】 shift medical check systems to the cloud

Subsidiary 'System Be-α' developing cloud-based medical check system 'Alpha Venus'

- Use of cloud-based version enables online reservations and patient interviews
- **Analysis made possible using our 'Sakura DB'** facilitates early diagnosis and prevents disease advance



< **Appendix** >

Financial Results and Financial Statements



Sales breakdown by service, sales progress (cumulative)

(Millions of Yen)	FY2018				FY2019				FY2020				FY2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Data utilization service total sales	393	750	1,277	2,110	509	1,053	1,612	2,511	638	1,283	2,017	2,977	877	1,628	2,450
MDV analyzer	74	156	243	339	88	185	282	377	96	191	289	400	114	245	403
Medical data survey analysis	286	546	973	1,710	401	827	1,271	2,060	509	1,048	1,670	2,506	738	1,345	1,998
Subsidiaries	31	46	60	60	19	40	59	73	31	44	56	69	23	36	49
Data network service total sales	310	722	1,126	1,467	359	733	1,144	1,514	404	762	1,136	1,602	552	1,007	1,501
Non-recurring	72	236	386	473	105	221	342	407	65	109	145	220	68	107	151
Recurring	226	456	692	926	232	468	704	940	236	463	685	909	220	443	665
Subsidiaries	12	29	48	67	21	43	97	166	102	189	304	472	262	455	684

Business indicators

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	3Q FY2021
Net sales (Ymn)	2,413	2,632	3,225	3,577	4,026	4,579	3,952
Net sales growth (%)	23.7	9.1	22.5	10.9	12.5	13.7	25.3
Operating income (Ymn)	282	430	569	351	809	1,146	1,037
Ordinary income (Ymn)	280	415	565	351	804	1,148	1,036
Ordinary income margin (%)	11.6	15.8	17.5	9.8	20.0	25.1	26.2
Net income attributable to owners of parent (Ymn)	164	178	354	69	554	700	699
Net income per share (Y)	4.42	4.67	8.86	1.74	13.85	17.72	17.82
Net assets (Ymn)	2,489	2,809	3,164	3,278	4,023	4,136	3,867
Total assets (Ymn)	2,918	3,194	3,752	3,865	4,948	5,321	4,859
Net assets per share (Y)	65.94	70.22	79.08	81.91	99.68	104.00	97.77
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	78.5
CoGS (Ymn)	516	458	619	797	662	697	732
SG&A (Ymn)	1,614	1,743	2,037	2,428	2,554	2,736	2,181

※ 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	End-3Q FY2021
Data network service	1,449	1,438	1,571	1,467	1,514	1,602	1,501
Data utilization service	963	1,194	1,654	2,110	2,511	2,977	2,450

Other indicators	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	End-3Q FY2021
No. of hospitals using 'EVE'	768	791	799	801	802	772	775
No. of hospitals using 'Medical Code'	176	224	265	274	281	260	248
No. of hospitals using 'Karteco'	–	1	5	5	7	6	6
No. of patients in MDV large-scale medical database (10,000)	1,265	1,723	2,117	2,593	2,984	3,451	3,742

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

※ FY2015 figures are parent data provided for comparison purposes.

Balance sheet

Balance sheet (Ymn)	End-FY2015	End-FY2016	End-FY2017	End-FY2018	End-FY2019	End-FY2020	End-3Q FY2021
Current assets	2,416	2,797	2,864	2,773	3,872	4,319	3,935
Cash and deposits	1,751	1,959	1,797	1,674	2,944	3,194	2,977
Account receivables	596	770	794	949	757	867	710
Raw materials	9	9	13	15	12	34	19
Merchandise	–	–	142	–	–	–	–
Others	57	57	116	134	179	224	230
Allowance for doubtful accounts	–	-0	-0	-0	-22	-1	-2
Fixed assets	497	394	888	1,091	1,076	1,002	924
Tangible fixed assets	97	105	173	224	233	177	150
Intangible fixed assets	194	127	476	368	356	303	246
Investments and other assets	205	161	238	498	486	521	527
Deferred assets	5	2	–	–	–	–	–
Total assets	2,918	3,194	3,752	3,865	4,948	5,321	4,859
Current liabilities	407	363	550	543	852	1,099	907
Accounts payable	63	39	40	28	33	76	72
Income taxes payable	78	80	188	164	138	298	154
Others	265	243	321	350	679	725	680
Noncurrent liabilities	21	20	37	43	71	84	85
Asset retirement obligations	18	18	33	38	71	72	72
Others	2	1	4	4	–	12	12
Total liabilities	429	384	588	587	924	1,184	992
Shareholders' equity	2,489	2,809	3,164	3,278	3,989	4,100	3,812
Capital stock	910	981	981	992	992	992	992
Capital surplus	1,495	1,565	1,565	1,599	1,756	1,763	1,763
Retained earnings	83	263	617	687	1,241	1,934	2,491
Treasury stock	-0	-0	-0	-0	-0	-590	-1,435
Total net assets	2,489	2,809	3,164	3,278	4,023	4,136	3,867
Total liabilities and net assets	2,918	3,194	3,752	3,865	4,948	5,321	4,859

※ FY2015 figures are parent data provided for comparison purposes.

Contacts

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

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