FY 2018.12 Financial Results

Medical Data Vision Co., Ltd.
 （Code：3902）
February 12th, 2019

Contents

FY 2018.12 Financial results overview

Financial results overview

	FY 2017.12	FY 2018.12	FY 2018.12 (after the revision)	YoY
Sales	3,225	3,577	3,500	+10.9%
Operating income	569	351	208	−38.2%
Ordinary income	565	351	208	−37.7%
Net income	354	69	0	−80.4%

Ref. " Notice on Revision of Full-Year Earnings Forecast " on November 12, 2018.

2nd Year of Business Expansion Period
- Establish a New Medical Utilization Business -

Goals for Business Expansion Period (FY 2017 - FY 2019)

- Introduce CADA-BOX to 344 hospitals in secondary medical area

- Expand our data infrastructure

- **Expand Data usage and utilization business**

- **Build business alliance** (M&A)

Goals & Achievements

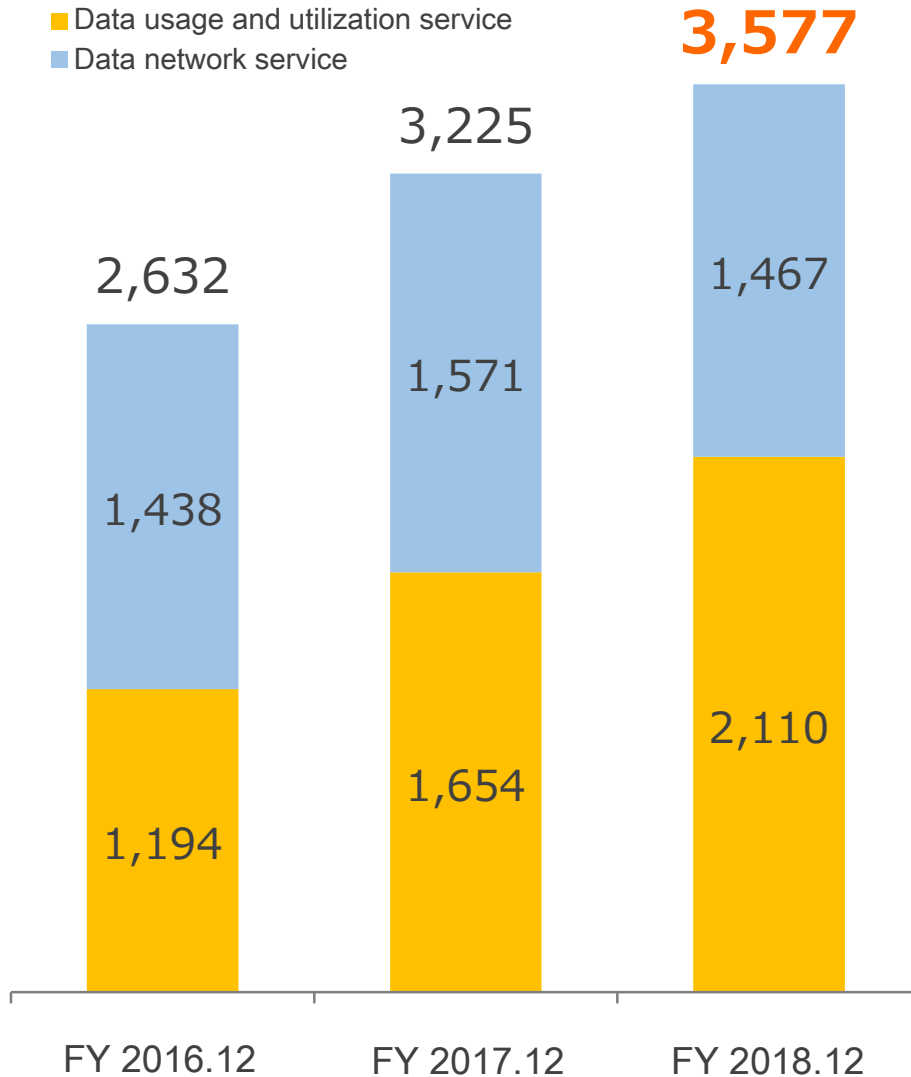| Goals		Achievements
★ Introduce CADA-BOX to 24 hospitals	✕	New introduction 3 hospitals
Expand Medical Code	✕	YoY +9 hospitals
★ Start medical trial business	✕	Improvement of business environment completed
★ Provid medical advisory services	✕	Started medical checkup / examination data collection
Expand ad hoc investigation service	◎	YoY +35.4%

We put an effort on goals with ★

Sales

- 🟧 Data usage and utilization service
- 🟦 Data network service

	FY 2016.12	FY 2017.12	FY 2018.12
Total	2,632	3,225	**3,577**
Data network service	1,438	1,571	1,467
Data usage and utilization service	1,194	1,654	2,110

YoY +10.9%

Data network service

Stacked bar chart:

FY 2016.12 — Total 1,438
- 20
- 611
- 805

FY 2017.12 — Total 1,571
- 26
- 75
- 589
- 867

FY 2018.12 — Total **1,467**
- 67 — Subsidiaries
- (Other)
- 57 — CADA-BOX (initial cost + monthly maintenance fee)
- 412 — Package (initial cost)
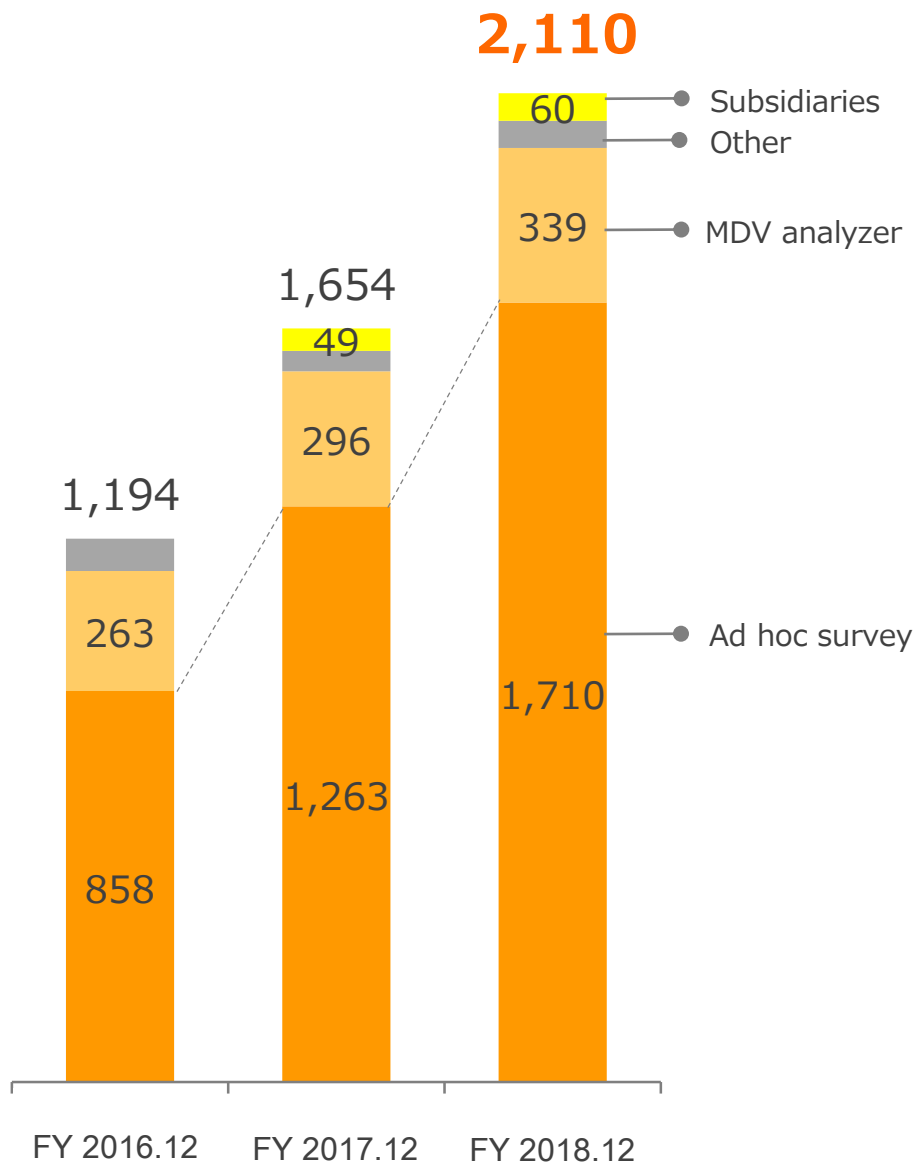- 906 — Maintenance (monthly maintenance fee)

YoY -6.6%

- CADA-BOX
  8 hospitals (YoY +3)

  FY 2018 - book 2 revenues from 2 hospitals
  FY 2019 - book 1 revenues from 1 hospital

- EVE
  801 hospitals (YoY +2)

- Medical Code
  274 hospitals (YoY +2)

- Doctorbook (subsidiary)
  57 mil yen (YoY +119.9%)

Data usage and utilization service

2,110

- 60 — Subsidiaries
- — Other
- 339 — MDV analyzer

1,654
- 49
- 296

1,194
- 263
- 858

1,263 — Ad hoc survey

1,710

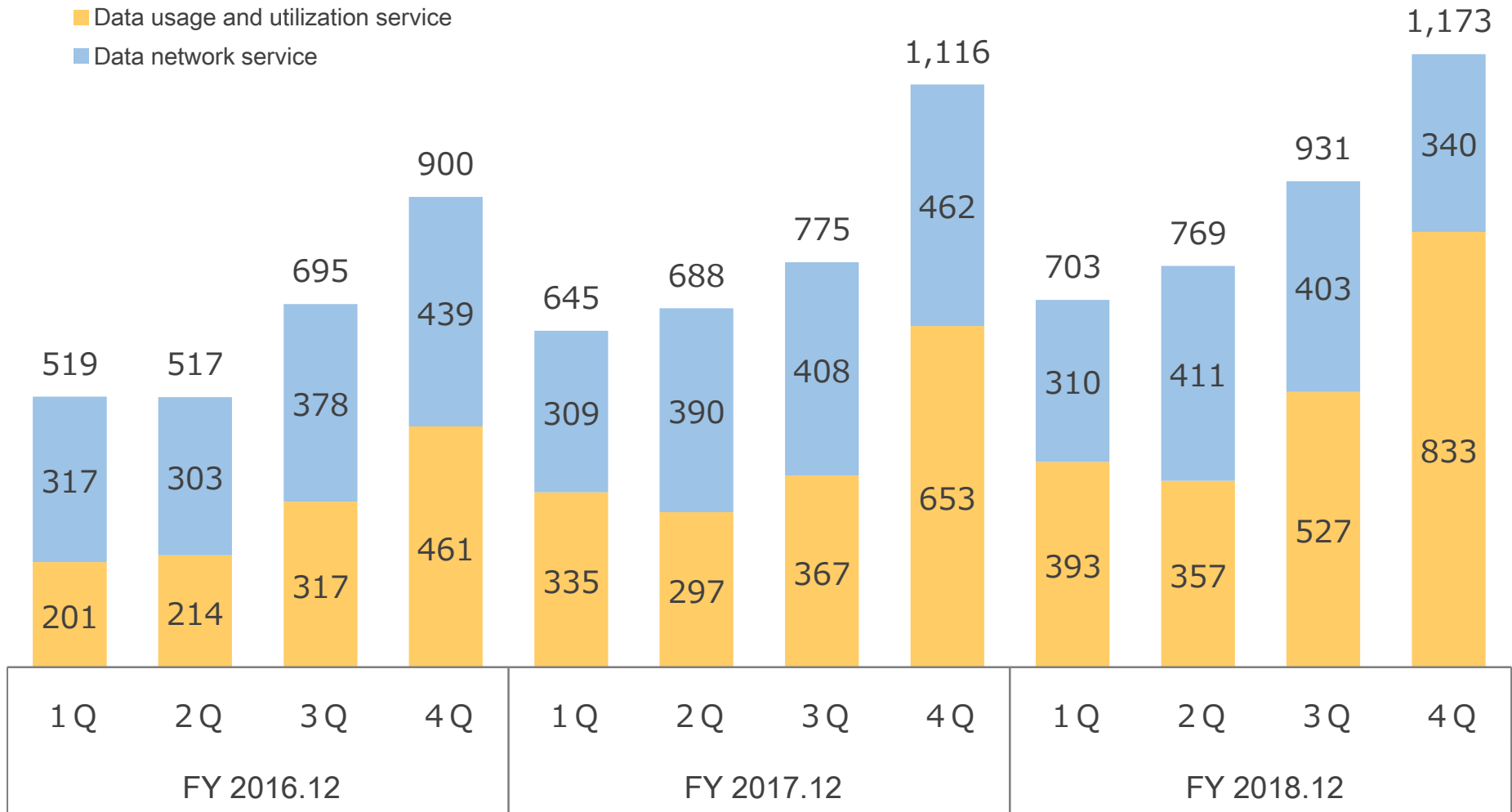FY 2016.12 FY 2017.12 FY 2018.12

YoY +27.6%

- Ad Hoc Survey Service
  17.1 bil yen
  (YoY +35.4%)

- MDV analyzer
  15 companies
  (YoY +2)

- MDV Trial (subsidiary)
  60 mil yen

Quarterly sales trend

Millions of yen

■ Data usage and utilization service
■ Data network service

	FY 2016.12				FY 2017.12				FY 2018.12			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total	519	517	695	900	645	688	775	1,116	703	769	931	1,173
Data network service	317	303	378	439	309	390	408	462	310	411	403	340
Data usage and utilization service	201	214	317	461	335	297	367	653	393	357	527	833

Sales analysis

Millions of yen

		FY 2016.12		FY 2017.12		FY 2018.12		YoY
			Sales ratio		Sales ratio		Sales ratio	
Network	Maintenance	805	30.6%	867	26.9%	906	25.3%	104.6%
	Package	611	23.2%	589	18.3%	412	11.5%	69.9%
	CADA-BOX	20	0.8%	75	2.3%	57	1.6%	76.7%
	Other	1	0.0%	13	0.4%	23	0.7%	177.7%
	Subsidiaries	0	0.0%	26	0.8%	67	1.9%	250.4%
	合計	1,438	54.6%	1,571	48.7%	1,467	41.0%	93.4%
Usage and utilization	MDV analyzer	263	10.0%	296	9.2%	339	9.5%	114.8%
	Ad hoc survey	858	32.6%	1,263	39.2%	1,710	47.8%	135.4%
	Other	71	2.7%	45	1.4%	0	0.0%	0.4%
	Subsidiaries	0	0.0%	49	1.5%	60	1.7%	121.5%
	Total	1,194	45.4%	1,654	51.3%	2,110	59.0%	127.6%
Net sales		2,632	100.0%	3,225	100.0%	3,577	100.0%	110.9%

【Data network】
Package：Mainly initial introduction cost of "EVE" and "Medical Code" (EVE: 400,000 yen, Medical Code: 8.2 million yen)
Maintenance：Mainly monthly maintenance fee for "EVE" and "Medical Code" (EVE: 50,000 yen / month, Medical Code: 100,000 yen/ month)
Subsidiaries：Doctorbook Company , CADA Company , MDV new connect Company

【Data usage and utilization service】
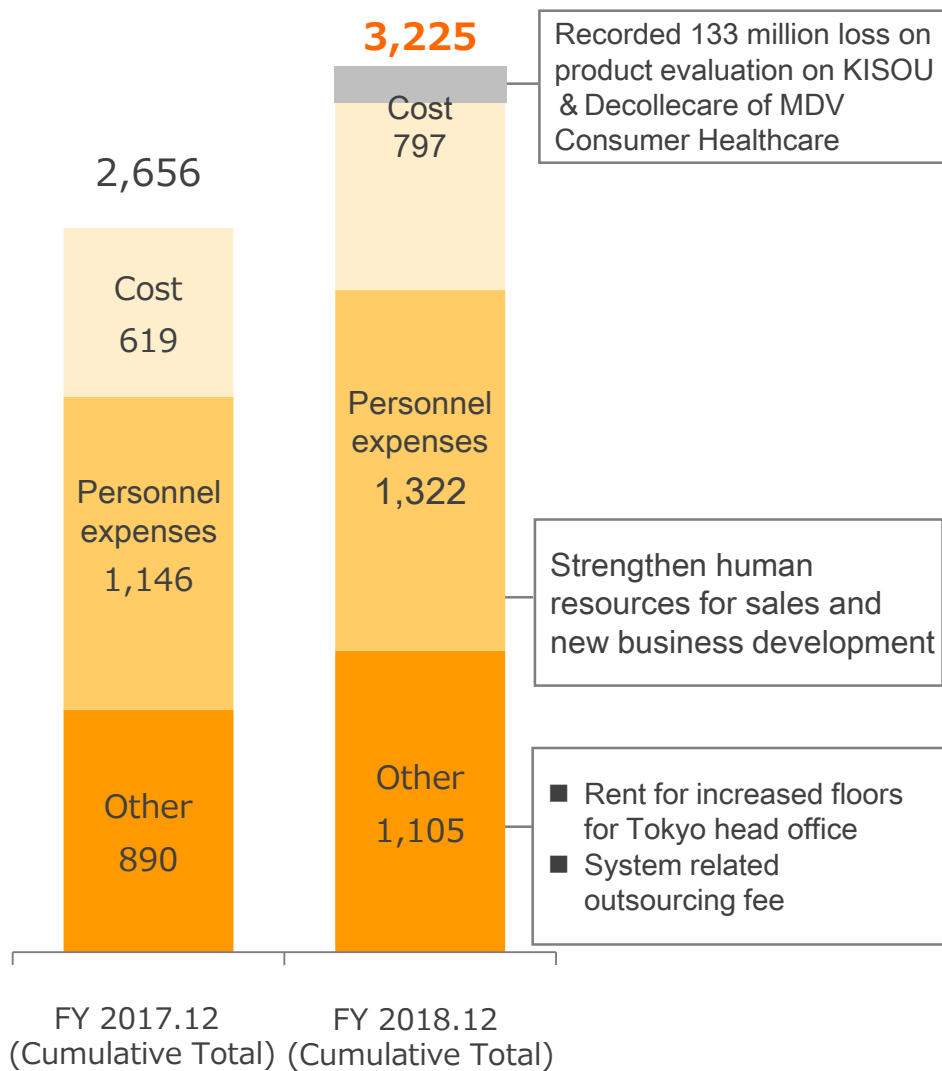MDV analyzer：Annual fee 20 million yen for 1 company
Ad Hoc：Mostly 3.5-4 million yen per project. Price depends on the project. Some exceeds 10 million yen
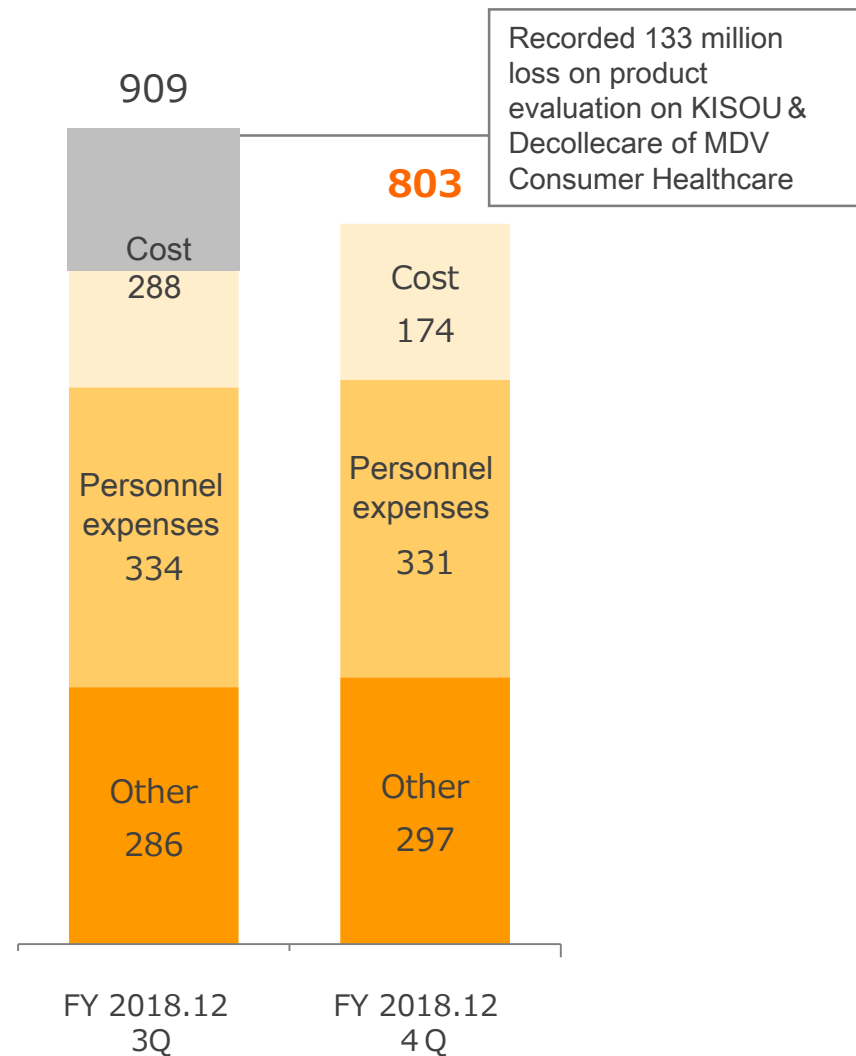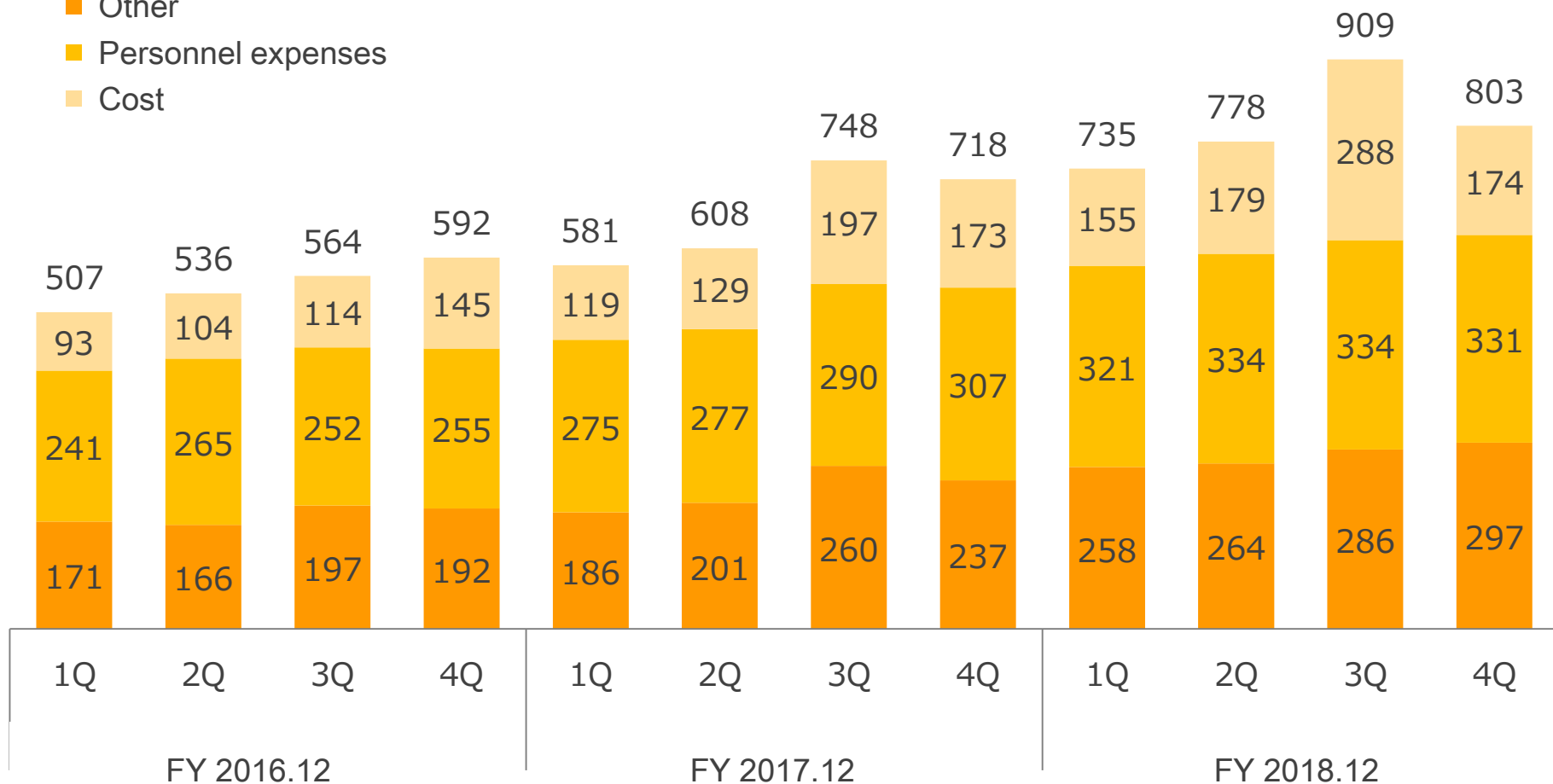Subsidiaries：MDV Trial Company

Cost analysis

【YoY】

3,225

Cost 797

Recorded 133 million loss on product evaluation on KISOU & Decollecare of MDV Consumer Healthcare

2,656

Cost 619

Personnel expenses 1,322

Personnel expenses 1,146

Strengthen human resources for sales and new business development

Other 890

Other 1,105

■ Rent for increased floors for Tokyo head office
■ System related outsourcing fee

FY 2017.12 (Cumulative Total)   FY 2018.12 (Cumulative Total)

【QoQ】

909

Recorded 133 million loss on product evaluation on KISOU & Decollecare of MDV Consumer Healthcare

Cost 288

803

Cost 174

Personnel expenses 334

Personnel expenses 331

Other 286

Other 297

FY 2018.12 3Q   FY 2018.12 4Q

Quarterly cost trend

■ Other
■ Personnel expenses
■ Cost

	FY 2016.12				FY 2017.12				FY 2018.12			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total	507	536	564	592	581	608	748	718	735	778	909	803
Cost	93	104	114	145	119	129	197	173	155	179	288	174
Personnel expenses	241	265	252	255	275	277	290	307	321	334	334	331
Other	171	166	197	192	186	201	260	237	258	264	286	297

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Operating income

430   569   351

Product valuation loss 133 million yen(cost of sales)

FY 2016.12   FY 2017.12   FY 2018.12
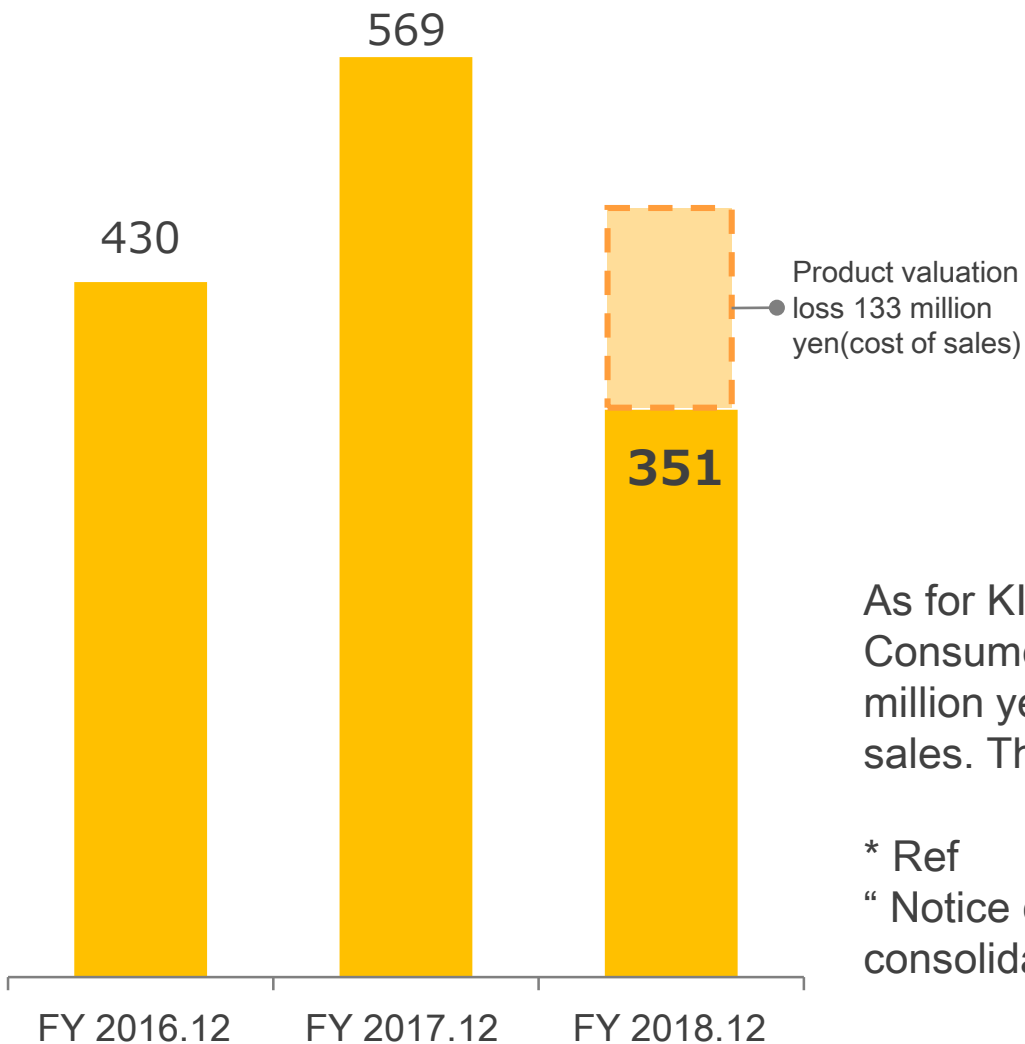
YoY -38.2%

As for KISOU & Decollecare sold by MDV Consumer Healthcare Co., Ltd., we recorded 133 million yen of product valuation loss as a cost of sales. The subsidiary is scheduled to withdraw.*

* Ref
" Notice concerning the abolition of all business of consolidated subsidiary " Jan 15th

Consolidated statements of income

Millions of yen

	FY 2016.12		FY 2017.12		FY 2018.12		
	Result	Sales ratio	Result	Sales ratio	**Result**	YOY	Sales ratio
Net sales	2,632	100.0%	3,225	100.0%	**3,577**	110.9%	100.0%
Cost of sales	458	17.4%	619	19.2%	**797**	128.7%	22.3%
Gross profit	2,174	82.6%	2,606	80.8%	**2,779**	106.7%	77.7%
SG&A	1,743	66.2%	2,037	63.1%	**2,428**	119.2%	67.9%
Operating income	430	16.4%	569	17.6%	**351**	61.8%	9.8%
Ordinary income	415	15.8%	565	17.5%	**351**	62.3%	9.8%
Net income before income taxes	293	11.2%	547	17.0%	**314**	57.6%	8.8%
Net income attributable to shareholders	178	6.8%	354	11.0%	**69**	19.6%	1.9%

Ref. " Notice on Revision of Full-Year Earnings Forecast " on November 12, 2018.

FY 2019.12 Forecast and Business Progress

Summary of business outlook

	FY 2018.12	FY 2019.12 Est.	Increase/ Decrease	YoY
Sales	3,577	4,250	+672	+18.8%
Operating income	351	500	+148	+42.2%
Ordinary income	351	500	+148	+42.1%
Net income	69	279	+209	+302.0%

Sales plan

4,250

229 } Subsidiaries

- **Data usage and utilization service**
- **Data network service**

3,577
67
1,749

3,225
26
1,467

2,632
1,571

160 } Subsidiaries

1,438

1,194

1,654
49

2,110
60

2,500

| FY 2016.12 | FY 2017.12 | FY 2018.12 | FY 2019.12 Est. |
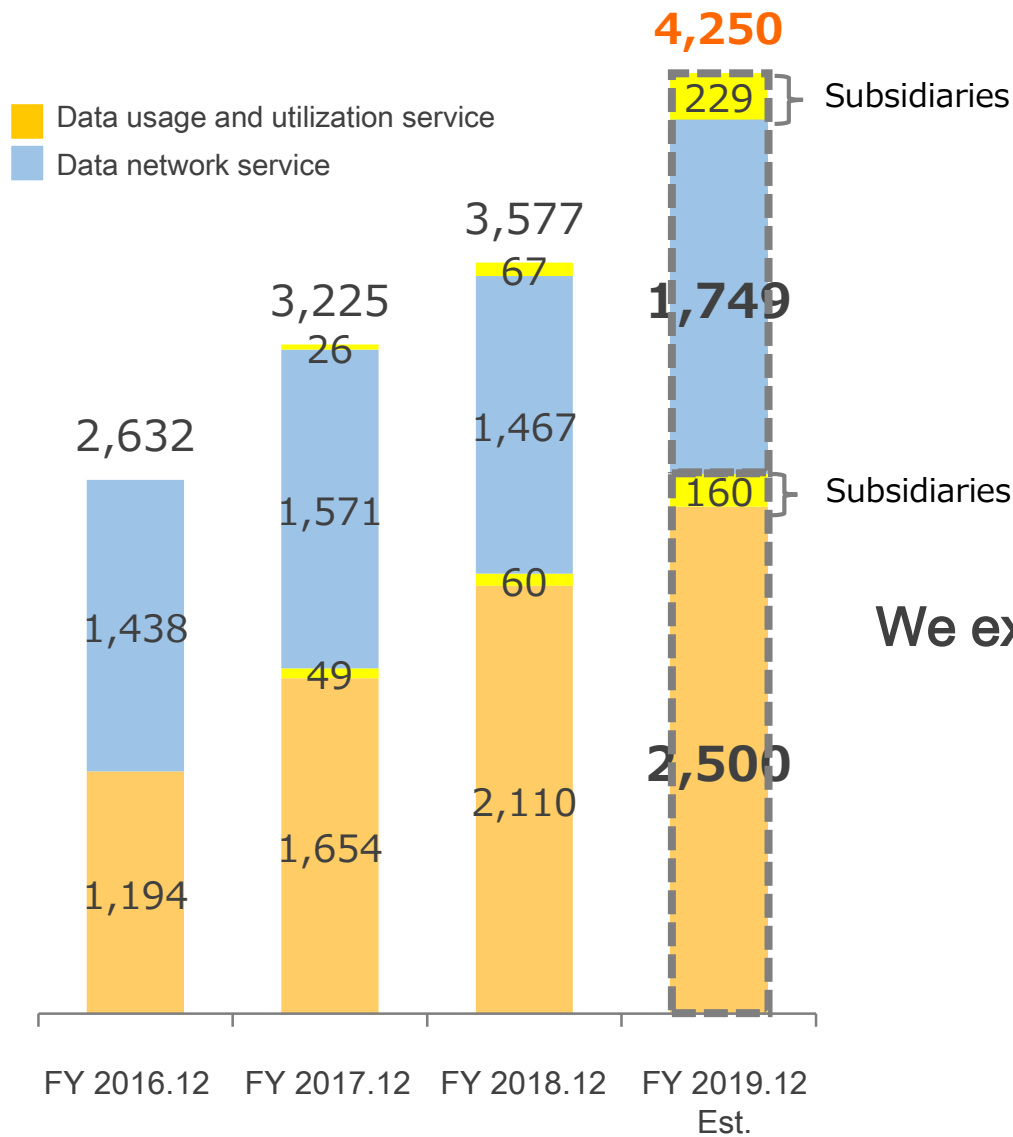
YoY

+18.8%

We expect most sales will be realized on
3Q and 4Q
(Ref. P10)

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Challenge again
- Begin a new Medical Data Utilization Business -

Goals

Expansion of orders for CADA-BOX

New orders from 24 hospitals

*13 revenues will be booked for 2019

Make our key subsidiaries profitable

MDV Trial

Sales：160mil yen
Profit：36 mil yen

Doctorbook

Sales：223mil yen
Profit：1 mil yen

Expansion of orders for CADA-BOX
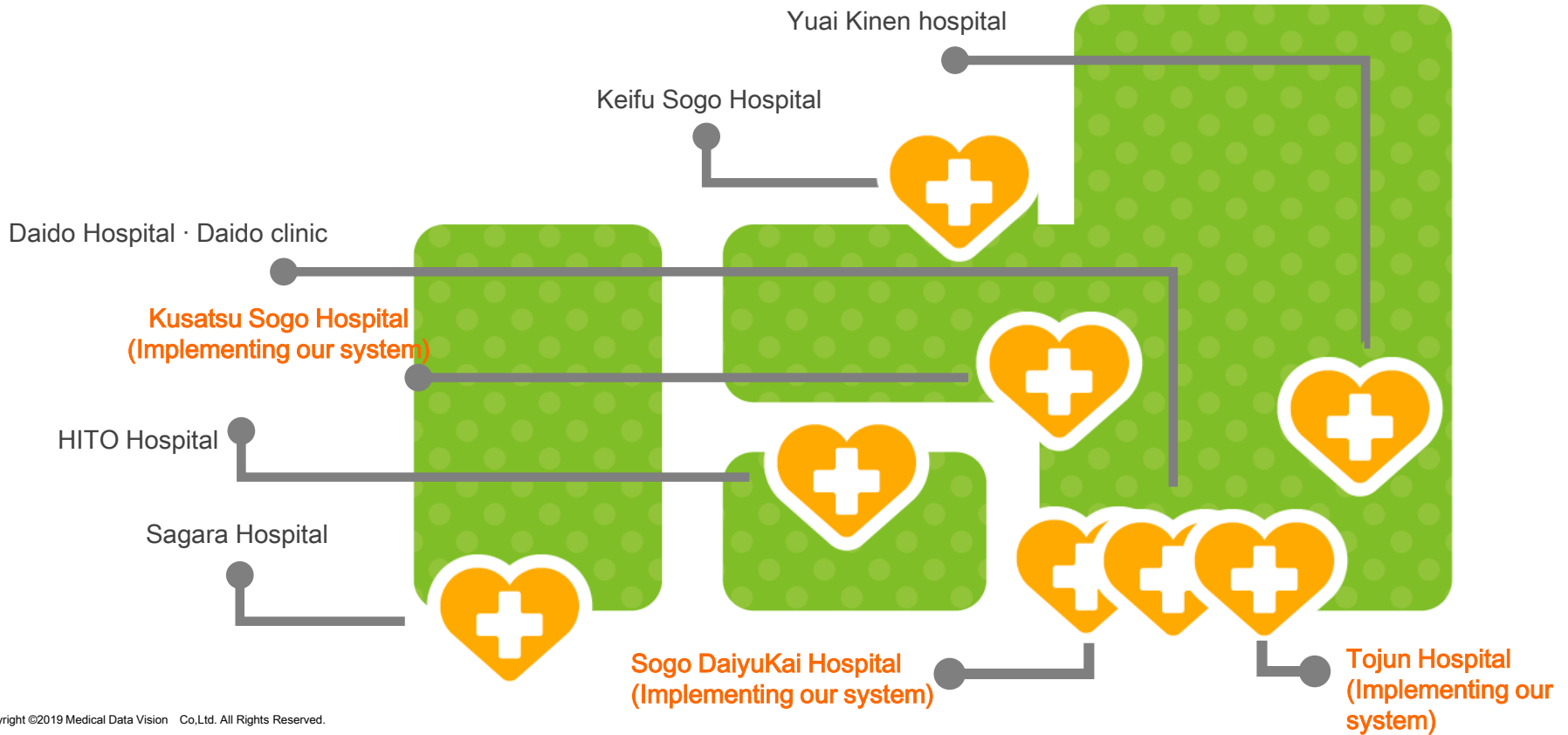
Expansion of orders for CADA-BOX

Goal of New Orders for 2019 ： 22 hospital

Current Clients
　　On Implementation : 3 hospitals
　　Finished implementation : 5 hospitals

* New clients in 2018 is in red letters.

Yuai Kinen hospital

Keifu Sogo Hospital

Daido Hospital · Daido clinic

**Kusatsu Sogo Hospital
(Implementing our system)**

HITO Hospital

Sagara Hospital

**Sogo DaiyuKai Hospital
(Implementing our system)**

**Tojun Hospital
(Implementing our system)**

Our first user of CADA-BOX in Tokyo

Jisei-Kai Tojun Hospital

Located Adachi-Ku Tokyo, has 164 beds.

Tojun Hospital prides itself on its sophisticated IT infrastructure. In Tojun Hospital, each beds are equipped with a bedside terminal which enable patients to check her medical records or drug information. The hospital has joined "Tokyo Comprehensive Medical Network", an IT network for sharing medical records among hospitals in Tokyo, inNov 2018.

"I believe CADA-BOX will help us to provide better medical services with our patients.If each patient could check and manage her medical records through the Web by Karteco, she could manage her health condition by herself and would further avoids serious illnesses.
If she were hospitalized, she would receive enough and effective medical services, since she would share her medical records with her doctors by Karteco.
CADA payment enables patients to choose their payment method and schedule for their bills. So it will reduce hastles of paying medical bills and increase patient satisfaction as a result."
- Mr. Masashi Ito, President of Tojun Hospital

Focusing on clients who sympathize with CADA-BOX's concepts

Issues

- Lack of prospective clients
- Lack of facts to show cost effectiveness of our product (necessary for client's decision)

Trend

Organizations with a need of medical information share tend prefere our products and therefore would be potential clients.

Actions

- 80% of visits should be to a new client
- Visit chairpersons or directors

Progress of our sales processes

Likely to make contracts with — 5 hospitals

Potential clients — Over 40 hospitals
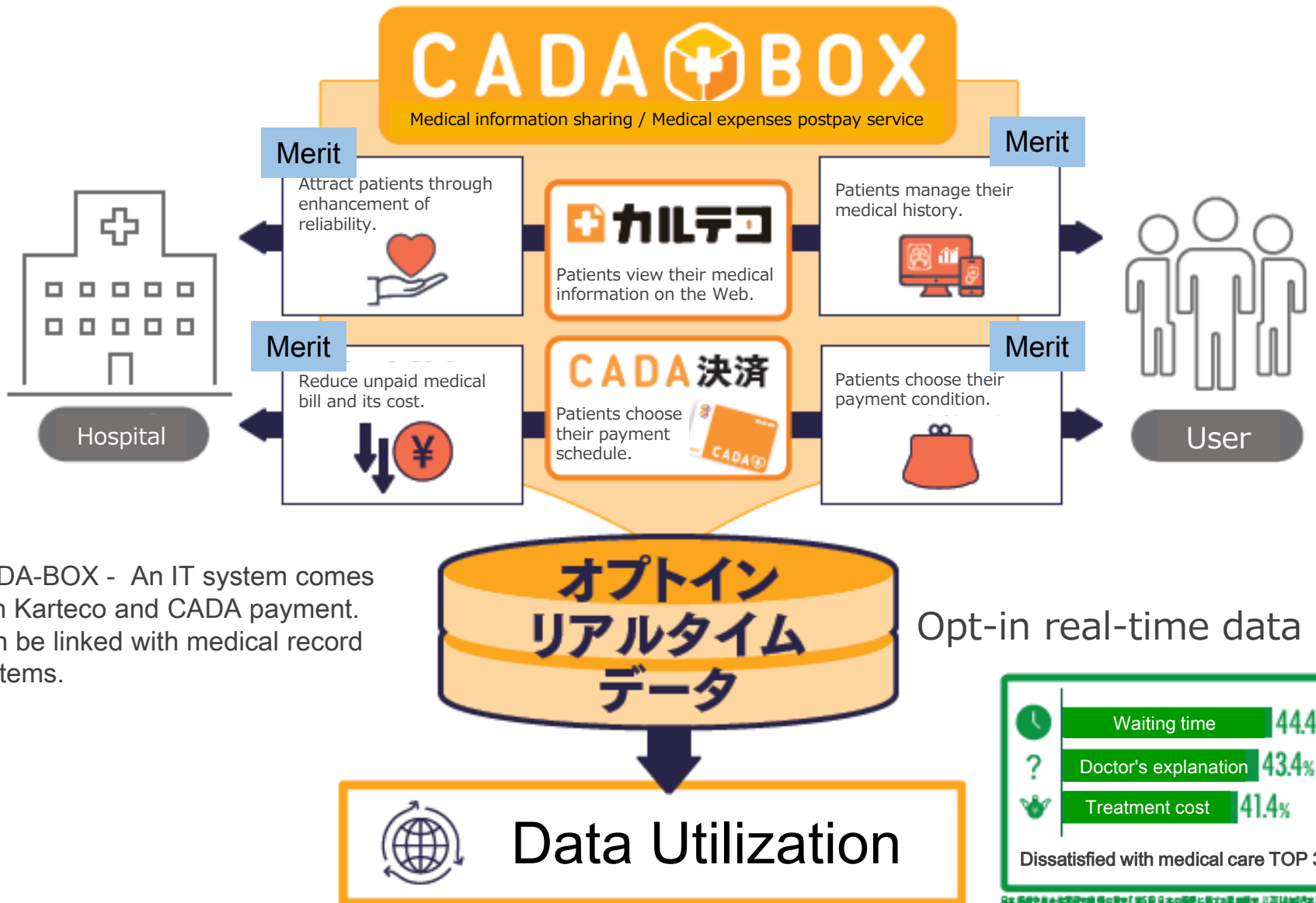
Client acquisition goal for 2019 — 22 hospitals
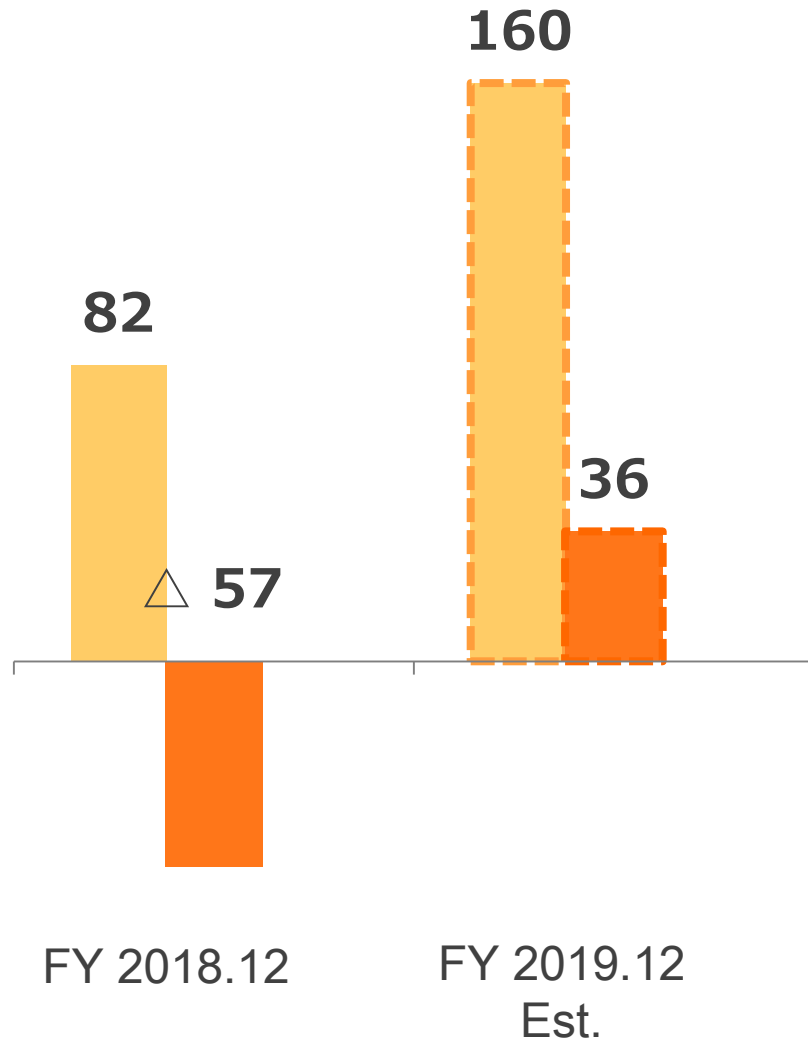
Existing clients — 8 hospitals

} 30 hospitals
Planning to start a new data business

CADA-BOX

CADA❖BOX

Medical information sharing / Medical expenses postpay service

Merit — Attract patients through enhancement of reliability.

カルテコ — Patients view their medical information on the Web.

Merit — Patients manage their medical history.

Merit — Reduce unpaid medical bill and its cost.

CADA決済 — Patients choose their payment schedule.

Merit — Patients choose their payment condition.

Hospital

User

CADA-BOX - An IT system comes with Karteco and CADA payment. Can be linked with medical record systems.

オプトイン リアルタイム データ

Opt-in real-time data

Data Utilization

Waiting time 44.4%
Doctor's explanation 43.4%
Treatment cost 41.4%
Dissatisfied with medical care TOP 3

Make our subsidiaries profitable

Make our subsidiaries profitable (MDV Trial)
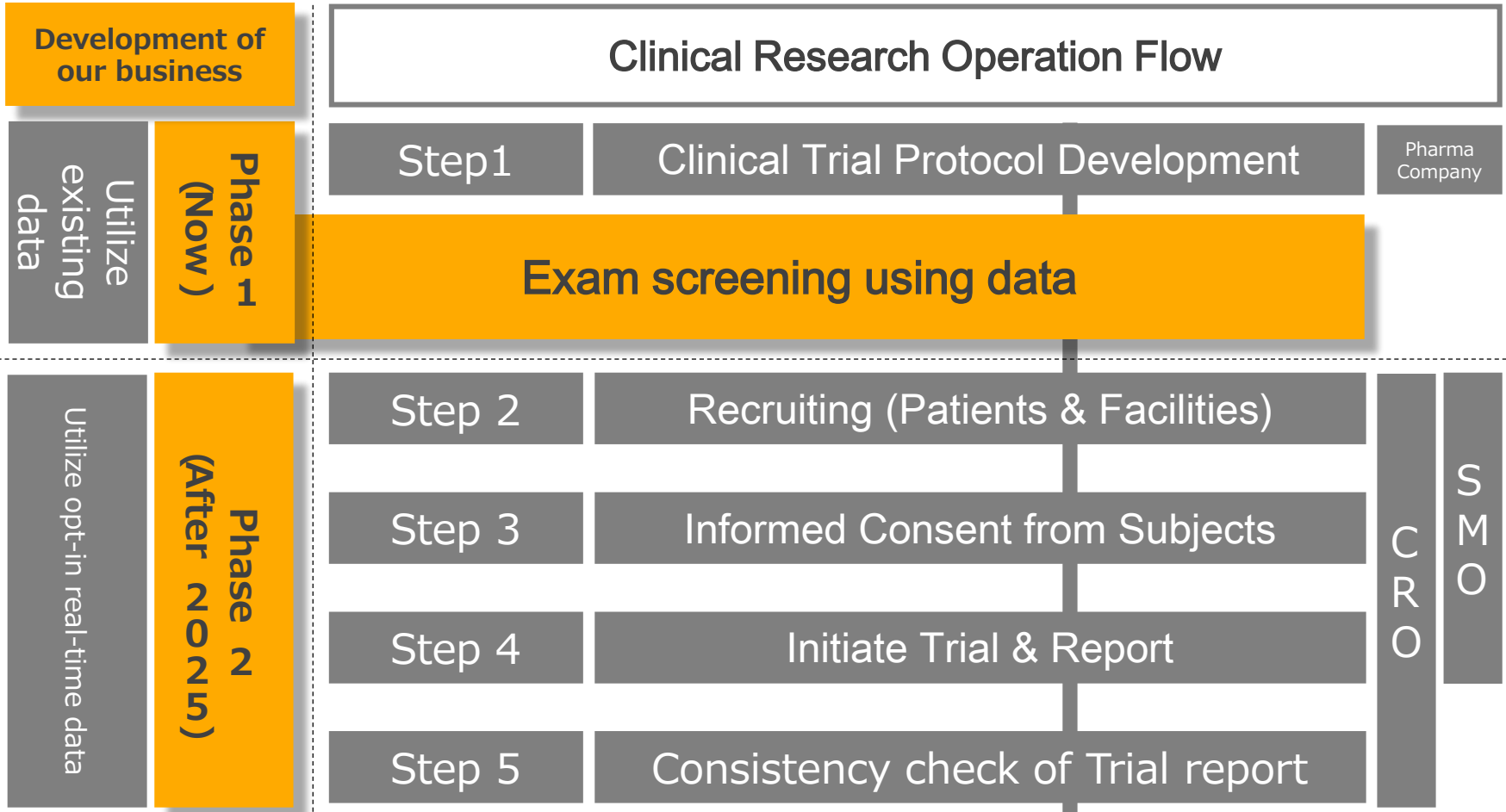
Millions of yen

82

160

△ 57

36

FY 2018.12

FY 2019.12
Est.

Data utilization clinical trial business

- Improvement of environment that was behind was completed

- Align with a major clinical trial company
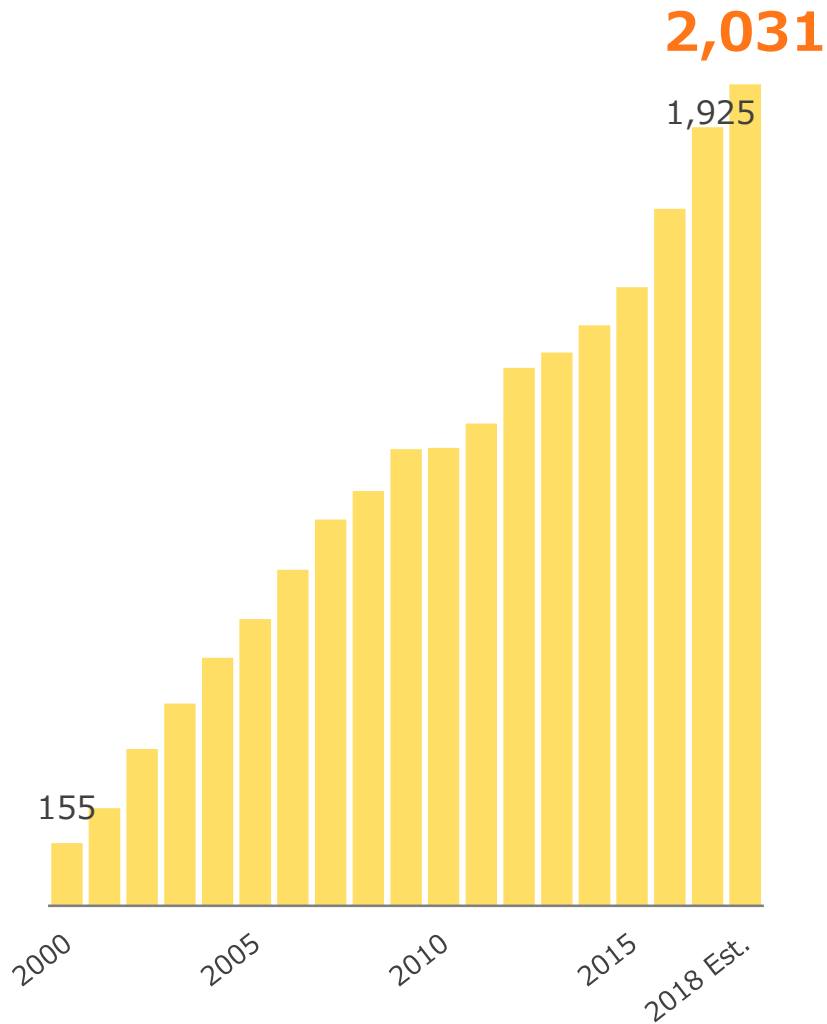
- Start taking orders from clients

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Clinical trial utilizing data

Preparing for rapid and efficient clinical trials using medical big data

Development of our business		Clinical Research Operation Flow	
Utilize existing data	Phase 1 (Now)	**Step1** — Clinical Trial Protocol Development	Pharma Company
		Exam screening using data	
Utilize opt-in real-time data	Phase 2 (After 2025)	**Step 2** — Recruiting (Patients & Facilities)	C R O / S M O
		Step 3 — Informed Consent from Subjects	
		Step 4 — Initiate Trial & Report	
		Step 5 — Consistency check of Trial report	

* Opt-in real-time data
  Data collected from patients directly, with the consent of data secondary use, collected in real time

Market size

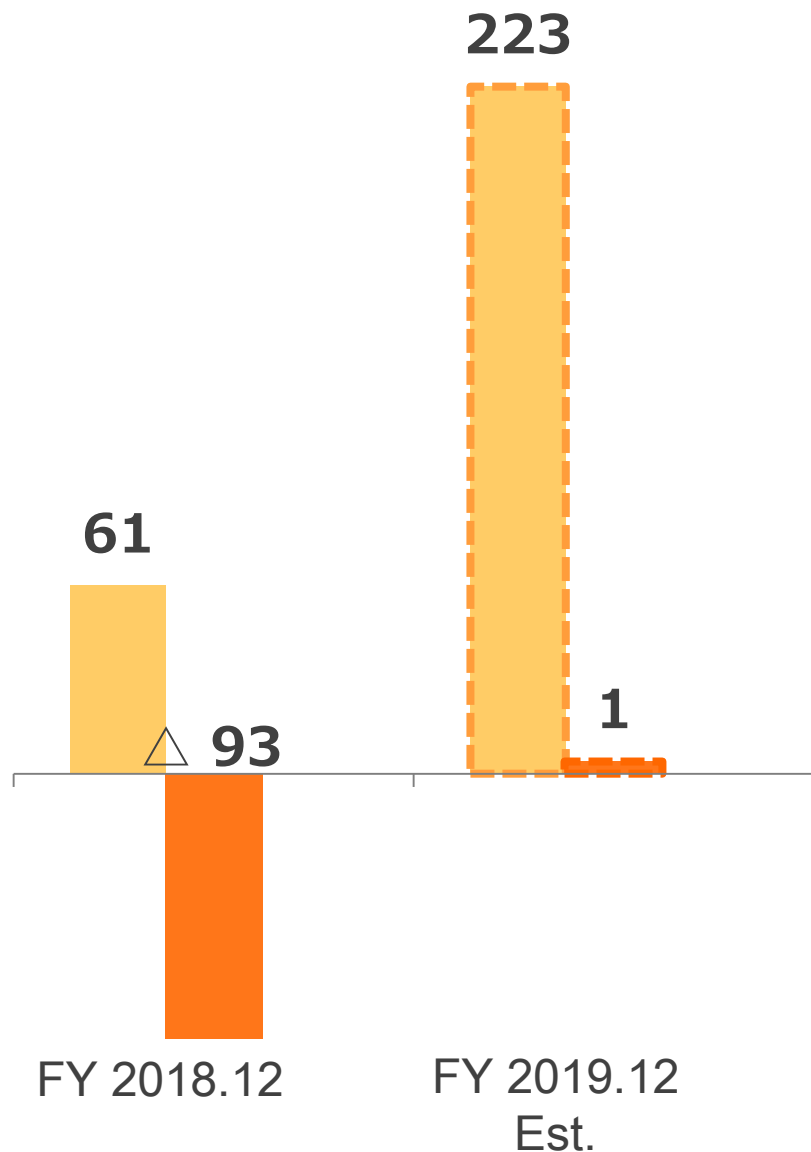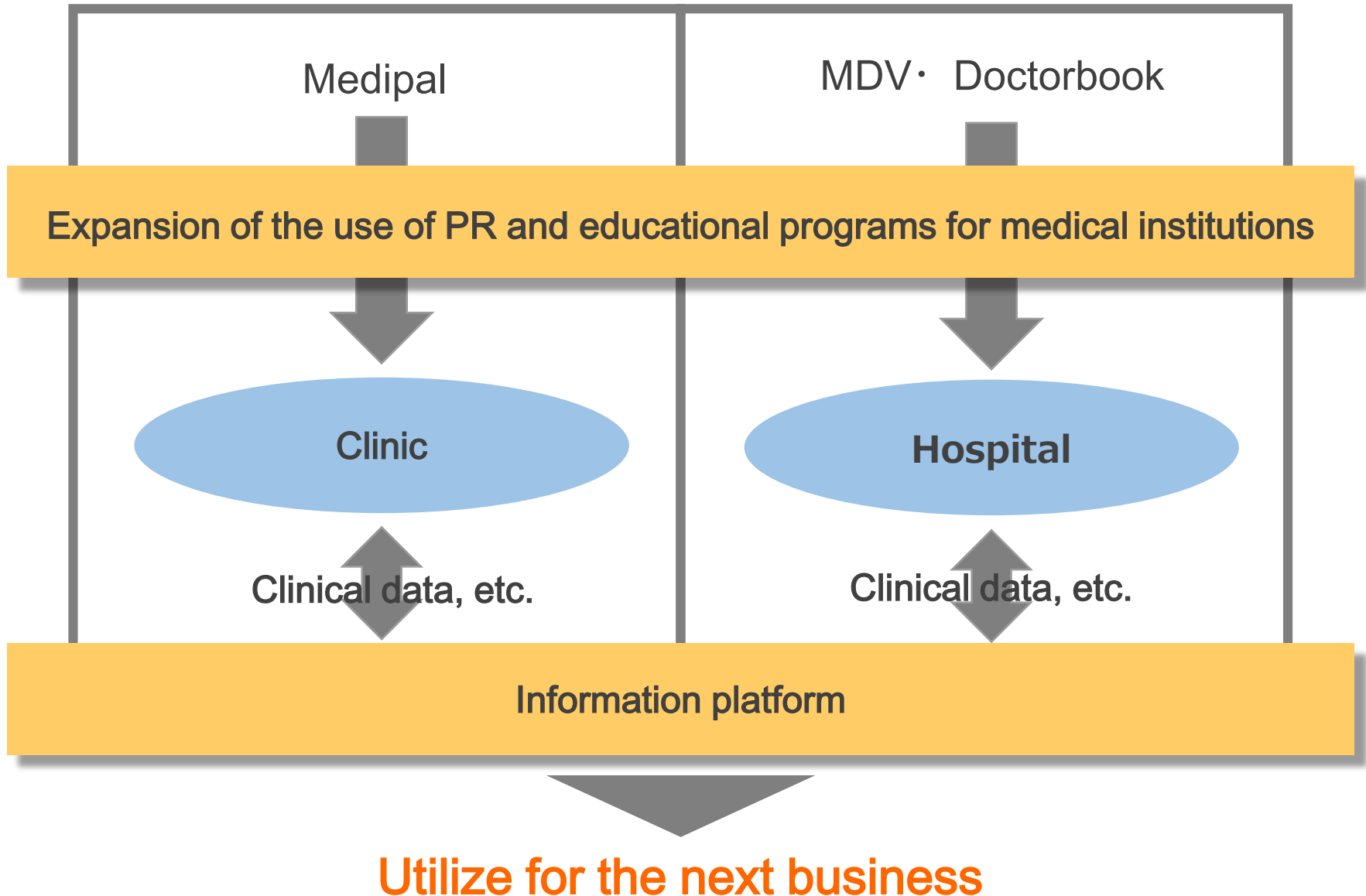【 Sales of CRO companies】

2,031

1,925

155

2000　2005　2010　2015　2018 Est.

【Sales of SMO companies】

394

343

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017
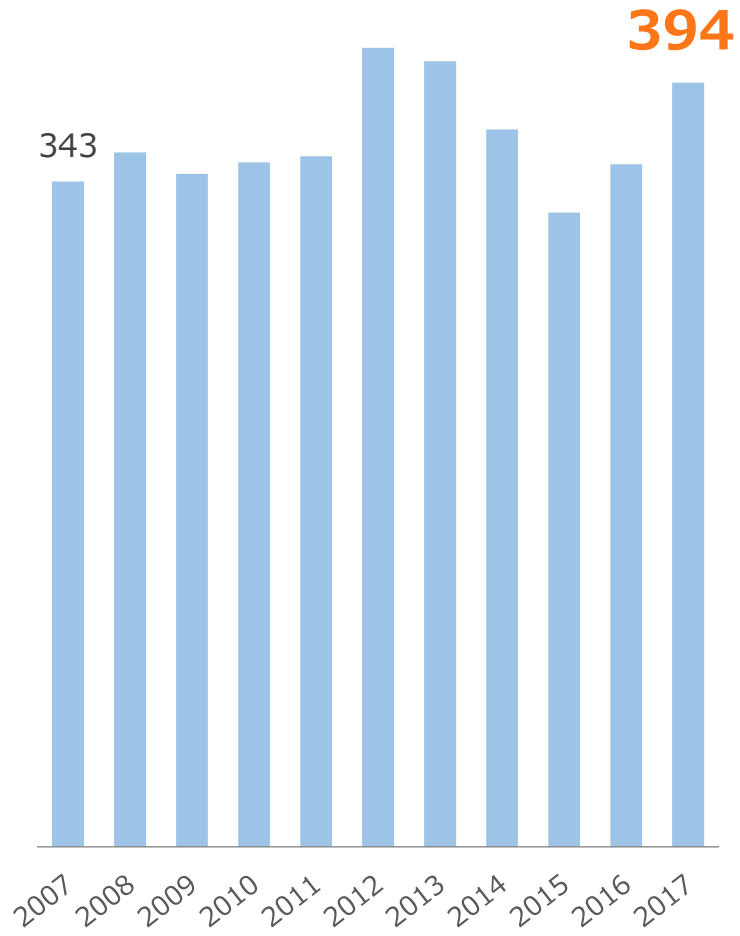
Source: Japan CRO Association 2017 Annual Reports, Japan SMO Association 2018 JASMO Data

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Make our subsidiaries profitable（Doctorbook）

223

61

△ 93

1
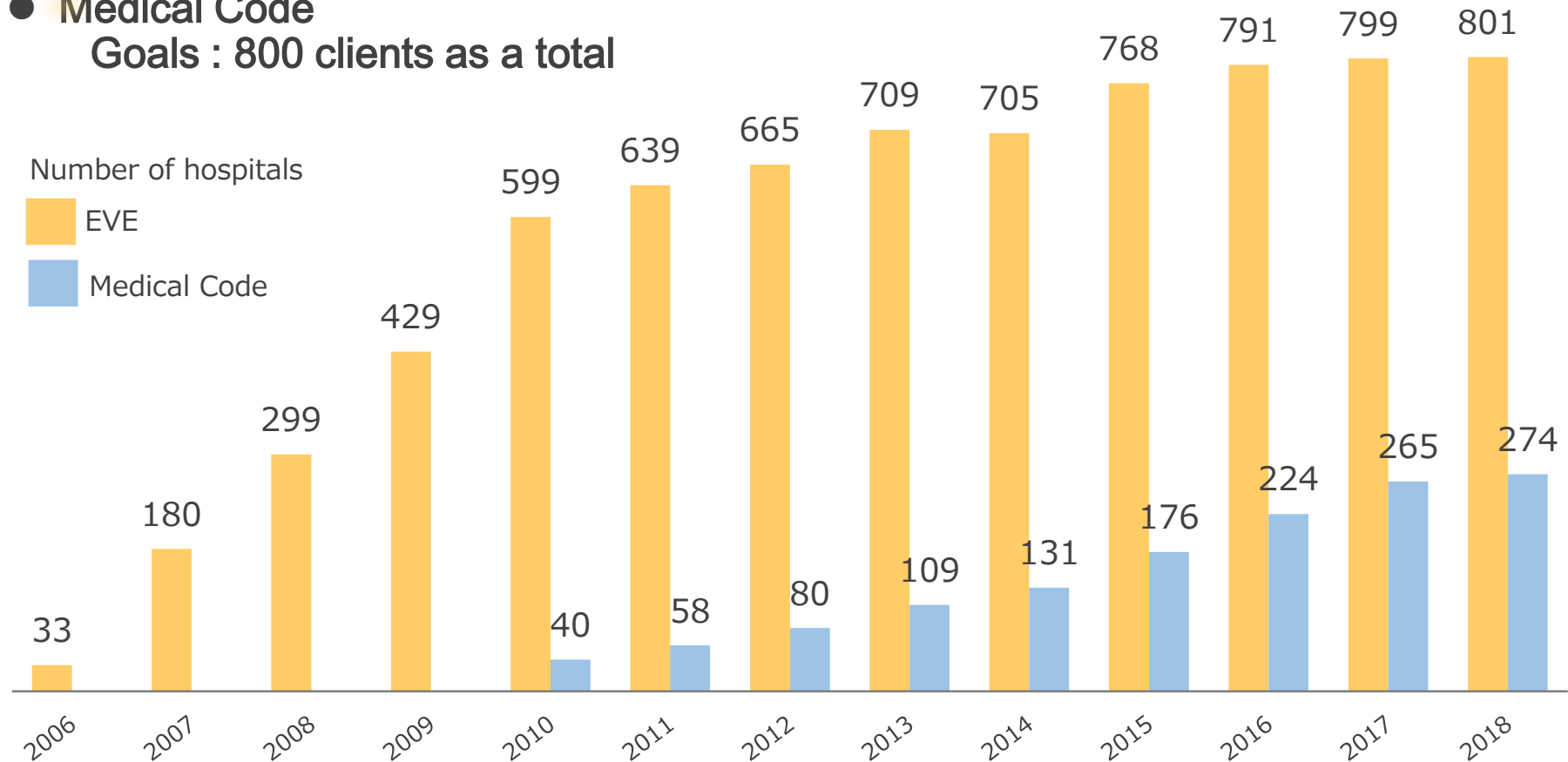
FY 2018.12

FY 2019.12
Est.

Doctor network business

- Sales of PR / educational programs for hospitals
  →Alliance with Medipal (Jan 30)

- Development of advisory services for doctors（Examination / Checkup business）

- Increased paid members (dental clinics)
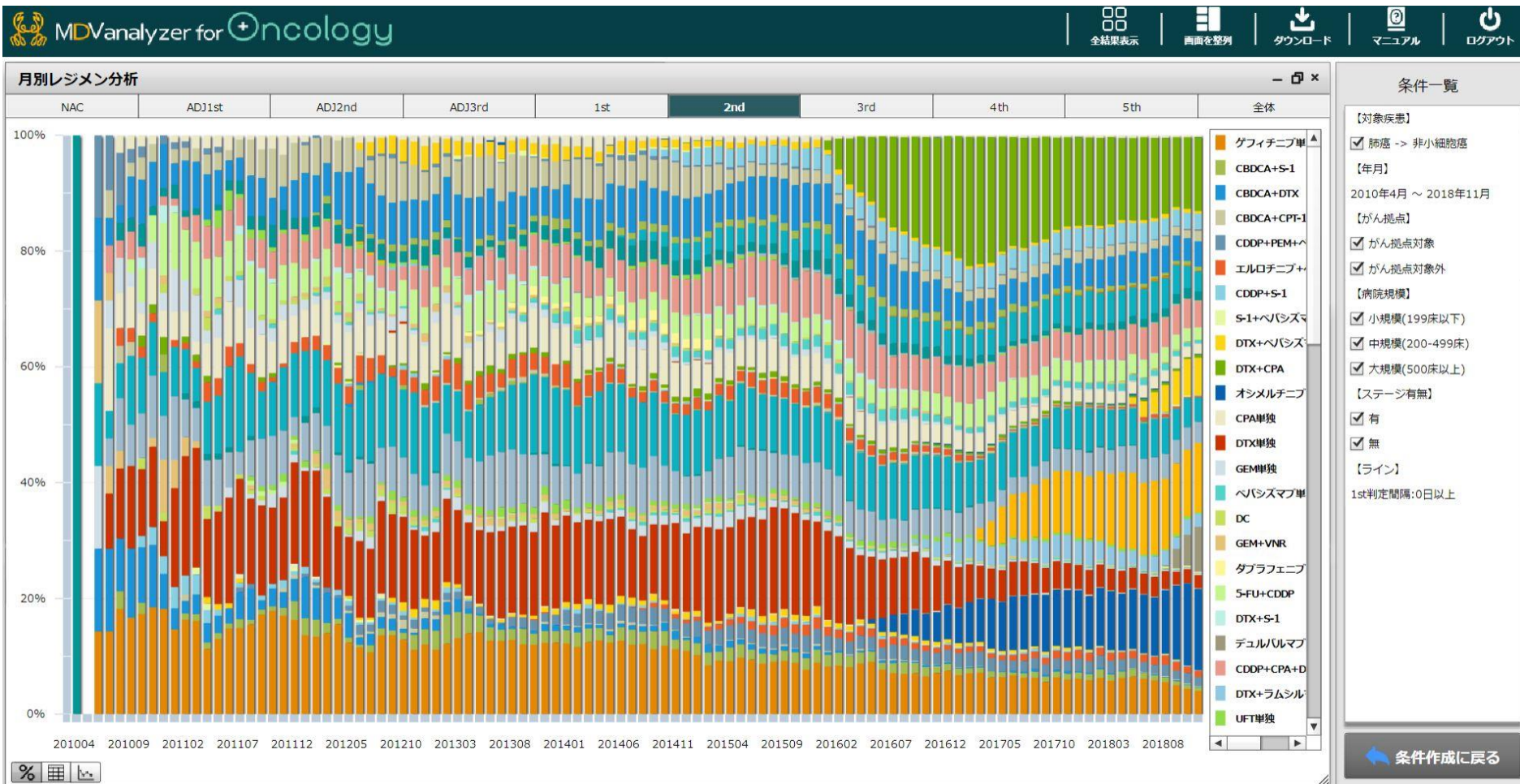
- Increased promotional sales from dental manufacturers

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Collaboration with Medipal

Medipal

MDV・Doctorbook

Expansion of the use of PR and educational programs for medical institutions

Clinic

Hospital

Clinical data, etc.

Clinical data, etc.

Information platform

Utilize for the next business

Our existing business

Data network service

Promote new introduction by MDV salesforce and newly established agency's salesforce

- EVE
  Maintaining 45% market share

- Medical Code
  Goals : 800 clients as a total

Number of hospitals

- EVE
- Medical Code

Year	EVE	Medical Code
2006	33	
2007	180	
2008	299	
2009	429	
2010	599	40
2011	639	58
2012	665	80
2013	709	109
2014	705	131
2015	768	176
2016	791	224
2017	799	265
2018	801	274

Data usage and utilization service
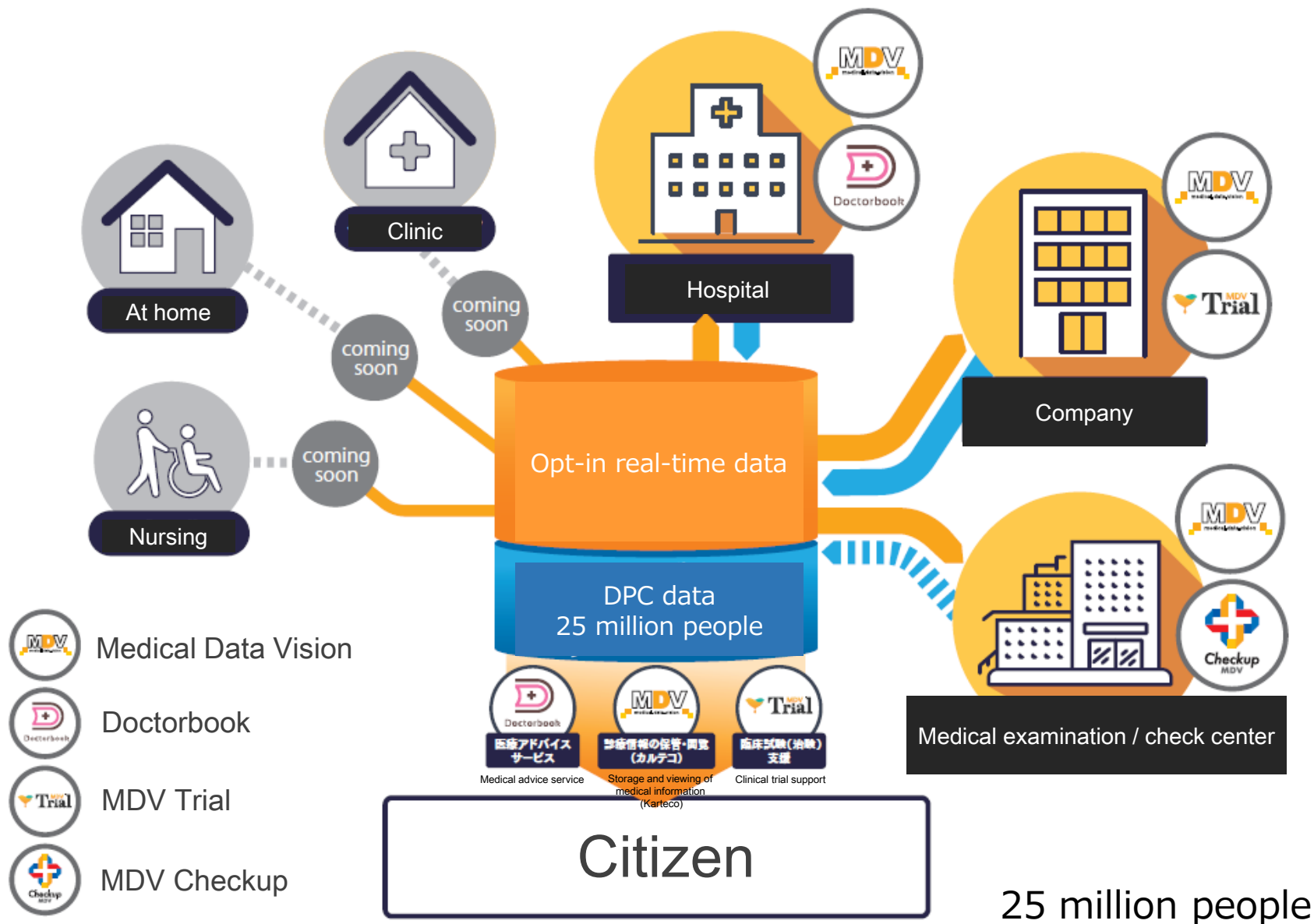
Launch "MDV analyzer oncology"

Analysis example
"Regimen analysis": Display the proportion and trend of patients by regimen in each line.
Analysis of trends of anticancer drug therapy by monthly progress with latest data.

Group strategy

Unify and utilize medical and health data

Contacts

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

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