

MEDICAL DATA VISION CO., LTD (3902 JP)

FY23 EARNINGS UPSIDE DEPENDS ON MONETISATION SUCCESS IN MDV ACT AND B2C SERVICES.

FY22 RESULTS SUMMARY

Medical Data vision [MDV] reported FY22 (Dec year-end) results with recurring profit [RP] of ¥1,750mil (+9.9% YoY) on sales of ¥6,104mil. Due to the introduction of a new revenue recognition method from FY22, YoY comparisons were not given with the FY22 earnings results. However, on a like-for-like basis with FY21 sales of ¥5,428mil, FY22 would have expanded +12.4% YoY.

The Data Utilisation Service segment earned FY22 sales of ¥4,003mil (+18.9% YoY) compared to FY21 segment sales of ¥3,367mil, which is adjusted to the new revenue recognition method. Thanks to solid segment sales growth and an improved sales mix, FY22 RP surpassed the company estimate of ¥1,600mil, although sales fell short of guidance by 3.1%.

In Q4 alone, the firm reported RP of ¥594mil (+55.9% QoQ) on sales of ¥1,777mil (+20.9% QoQ).

MDV (3902 JP): Earnings Summary (Cumulative)								
¥mil	FY20		FY21		FY22			
	FY	1H	FY	1H	FY	YoY (%)	FYCE	FY vs. FYCE (%)
Sales	4,579	2,635	5,672	2,856	6,104	7.6	6,300	-3.1
GP	3,882	2,150	4,643	2,360	5,030	8.3	N/A	N/A
GPM (%)	84.8	81.6	81.9	82.6	82.4	+0.5ppt	N/A	N/A
SG&A	2,736	1,430	3,049	1,576	3,271	7.3	N/A	N/A
SG&A / Sales (%)	59.8	54.3	53.8	55.2	53.6	-0.2ppt	N/A	N/A
OP	1,146	720	1,594	784	1,758	10.3	1,599	9.9
OPM (%)	25.0	27.3	28.1	27.5	28.8	+0.7ppt	25.4	+3.4ppt
RP	1,148	719	1,592	775	1,750	9.9	1,600	9.4
RPM (%)	25.1	27.3	28.1	27.2	28.7	+0.6ppt	25.4	+3.3ppt
NP*	700	484	1,087	521	870	-20.0	1,098	-20.8
Dividend (¥)	3.6	N/A	5.6	N/A	6.0	7.1	N/A	N/A

Source: Nippon-IBR based on MDV's FY21 & FY22 earnings results material
* NP attributed to the parent's shareholders

PERFORMANCE BY SEGMENT

MDV's business portfolio is largely divided into two segments:

(1) Data Network Services: With a one-off installation fee and a monthly subscription fee thereafter, the Data Network Service business provides data solutions services such as EVE to DPC hospitals – i.e., those with a Diagnosis Procedure Combination / Per Diem Payment System [DPC / PDPS] fee payment system, hereinafter referred to as DPC – to support their data management needs.

EXECUTIVE SUMMARY

- Medical Data Vision [MDV] reported FY22 (Dec year-end) recurring profit [RP] of ¥1,750mil (+9.9% YoY) on sales of ¥6,104mil. In Q4 alone, RP surged +55.9% QoQ to ¥594mil on sales of ¥1,777mil (+20.9% QoQ).
- FY22 Data Network Service Segment sales rose +1.9% YoY to ¥2,100mil while gross profit [GP] fell -0.9% YoY to ¥1,360mil. However, in Q4 alone, segment sales improved to ¥594mil (+6.1% YoY / +11.0% QoQ) thanks primarily to solid sales growth of subsidiaries.
- The Data Utilisation segment's FY22 GP rose +12.2% YoY to ¥3,669mil on sales of ¥4,003mil (+18.9% YoY), based on like-for-like adjusted FY21 segment sales of ¥3,367mil. In Q4 alone, segment GP was ¥1,086mil (+27.9% QoQ) on sales of ¥1,182mil (+2.0% YoY / +26.4% QoQ).
- MDV's FY23 guidance calls for GP of ¥5,555mil (+10.4% YoY) and RP of 1,800mil (+2.8% YoY) on sales of ¥7,200mil (+17.9% YoY). RP growth is much lower than that of sales, due to increase in costs such as personnel cost and subcontractor cost.
- For FY23, the firm's strategic focus will be on 1) shifting to cloud-based services in the Data Network Service segment, and 2) the launch of the remodelled Karteco app to further enhance the growth potential of BtoC businesses.
- With the release of its FY22 Q3 results, MDV announced its first medium-term management plan that covers FY23~FY25. The final target is for RP of ¥2,500mil+ (CAGR of 16.1%+) on sales of ¥10,000mil (CAGR 16.7% or more) solely from organic growth of the existing businesses.
- MDV plans to (1) allocate 5~8% of sales to R&D, (2) add 20~30 new staff every year, and (3) pay 20%+ of net profit as a dividend.

In FY22, MDV focused on marketing its cloud-based data solution product MDV Act. While EVE was designed for 1,764 large hospitals categorised as DPC hospitals, MDV Act was designed for some 2,800 hospitals, including both DPC and smaller hospitals so that those hospitals can meet the ever-increasing data requirements specified by the Ministry of Health, Labour and Welfare [MHLW]. Currently, the basic functions of MDV Act (MDV Act Main Story) are provided for free to promote the solution to new users but from FY23 onwards, the firm plans to introduce new fee-payable services.

MDV also has permission to reuse anonymised patient information (payment, age, prescription, medical treatment, etc), which supports its other key business:

(2) Data Utilisation Services: Here, MDV provides data and research analysis services for pharmaceutical companies, research institutions, and potentially insurance companies.

Data Network Service Segment

FY22 Data Network Service Segment sales rose +1.9% YoY to ¥2,100mil while gross profit [GP] fell -0.9% YoY to ¥1,360mil. In Q4 alone, segment sales were ¥594mil (+6.1% YoY / +11.0% QoQ), thanks primarily to solid sales growth of its three subsidiaries.

The business trends of the three sub-segments are outlined below:

Flow revenue (initial fees etc)

The flow revenue from initial fees – earned when a hospital takes on the firm's legacy on-premises data solution – was ¥69mil (-31.7% YoY / 2.1x QoQ) in Q4 alone. The drop in initial fee revenue was within management's expectation, as MDV promoted its customers to shift from the on-premises solution (EVE) to the cloud-based solution (MDV Act). It has been 15 years since the launch of EVE. MDV Act was developed with the aim to expand data accumulation through data linkage, which is made possible with the shift to a cloud-based system.

MDV Act's basic function, Main Story, is currently being offered for free to promote the solution to hospitals that are not DPC hospitals.

For FY22, the firm had based its segment forecasts on the following assumptions:

- 1) The number of DPC hospitals that use EVE would remain stable, between 750~770. As of FY22-end, 741 hospitals permitted the firm to reuse patients' anonymised data through subscriptions to EVE, and
- 2) The number of hospitals that use its cloud-based services would increase to 1,000, a sharp rise from the 558 that had signed up in FY21, and all of the 1,000 would install MDV Act.

As of FY22, the number of hospitals that use MDV's cloud-based services reached 993 hospitals, of which 977 hospitals installed MDV Act – just shy of the goal to sign up 1,000 hospitals.

MDV Act will enable users to (1) access to their main performance indicators at a single glance, and (2) analyse their performance more accurately if used in combination with EVE and Medical Code – a solution that supports more efficient management of a hospital by linking EVE.

MDV provides the basic functions of MDV Act for free to 1) expand the client base, 2) monetise add-ons of MDV Act to optimise ARPU – as MDV continues to launch add-ons, customers can choose the services that they require, resulting in an increase in ARPU per customer – and 3) expand the data base from which can then be monetised in the Data Utilisation Segment.

Recurring revenue (monthly subscription fees)

Recurring revenue is generated from monthly subscription fees from hospitals using MDV's DPC data solution packages. In FY22 Q4 alone, revenue was ¥225mil (+2.3% YoY / +1.8% QoQ). The YoY and QoQ numbers indicate that other recurring revenues increased ARPU of existing EVE users (who pay the subscription fees), despite a decline in number of EVE users.

New Business (Subsidiaries)

FY22 Q4, subsidiaries revenues improved to ¥299mil (+25.6% YoY / +6.8% QoQ) as sales from (1) subsidiary Doctorbook and (2) from cloud-based software solutions provided by System Be Alpha to manage health checks, fully contributed to the segment performance.

Data Network Service New Sales Breakdown (Quarterly)														
(¥mil)	FY20				FY21				FY22				YoY (%)	QoQ (%)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Data Network Total	404	358	373	465	552	454	494	560	490	480	535	594	6.1	11.0
Flow Revenue (initial fees)	65	43	36	74	68	39	43	101	67	67	33	69	-31.7	109.1
Recurring Revenue (monthly subscription fees)	236	227	221	223	220	222	221	220	222	220	221	225	2.3	1.8
New Businesses (subsidiaries)	102	87	114	167	262	192	229	238	200	192	280	299	25.6	6.8

Source: Nippon-IBR Based on MDV's FY21 & FY22 earnings results materials

Data Network Service New Sales Breakdown (Cumulative)														
(¥mil)	FY20				FY21				FY22				YoY (%)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Data Network Total	404	762	1,136	1,602	552	1,007	1,501	2,061	490	971	1,506	2,100	1.9	
Flow Revenue (initial fees)	65	109	145	220	68	107	151	252	67	135	168	237	-6.0	
Recurring Revenue (monthly subscription fees)	236	463	685	909	220	443	665	886	222	443	664	890	0.5	
New Businesses (subsidiaries)	102	189	304	472	262	455	684	922	200	393	673	973	5.5	

Source: Nippon-IBR Based on MDV's FY21 & FY22 earnings results materials

Data Utilisation Service

MDV's Data Utilisation Service model focuses on providing various analytical services based on information collected through its Data Network Service solutions. The segment offers the following two key services:

1. Medical Data Survey Analysis (ad-hoc services)

With the data MDV has been given permission to collect and reuse, the company provides pharmaceutical companies with ad-hoc research and analysis services. Since pharmaceutical companies' medical representatives [MRs] cannot provide information on any drug without evidence under the industry's compliance guidelines, demand for MDV's services – especially custom-made research analysis that can be presented to doctors who decide which treatment to be used – have risen. Although the number of users reached 133 companies, surpassing the firm's target of 130, ARPU fell short of expectations as MDV had hoped to increase sales at the top 10 customers to ¥1,800mil (+8.0% YoY) but revenues declined -8.3% YoY to ¥1,528mil.

The segment's FY22 revenue is affected by the change in revenue recognition of Medical Data Survey Analysis (ad-hoc services). Under the new method, annual revenue from the service will be evened out into 12 equal payments, instead of an upfront payment at the beginning of an annual contract. The segment reported FY22 GP of ¥3,669mil (+12.2% YoY) on sales of ¥4,003mil (+18.9% YoY) – based on like-for-like adjusted FY21 segment sales of ¥3,367mil. Segment GPM remains high at 91.7%, thanks to increasing demand for MDV's analysis services from pharmaceutical companies. In Q4 alone, segment GP was ¥1,086mil (+27.9% QoQ) on sales of ¥1,182mil (+31.6% YoY / +26.4% QoQ). Q4 Medical Data Survey Analysis (ad-hoc services) sales grew 38.6% YoY / 32.4% QoQ to ¥988mil based on FY21 sales adjusted to the new revenue recognition.

2. MDV analyzer

This is a web-based system which analyses numbers of patients, prescription trends and dosing periods in DPC hospitals. Pharmaceutical companies can access the system for an annual subscription fee of ¥20mil. The number of MDV analyzer subscribers edged up to 49 in Q4 from 43 in Q3. FY22 revenues from this service rose 27.2% YoY to ¥735mil. In Q4 alone, MDV analyzer sales were ¥186mil (+6.3% YoY / +5.7% QoQ).

In addition to the DPC data of 42.32mil patients' (up from 41.20mil as of the end of FY22 Q3), data from insurance associations surged from 7.8mil individuals as of the end of FY22 1H to some 17.97mil in Q4, thanks to an alliance with DeNA (2432 JP).

KPIs of this segment include the following:

- **Boost the number of MDV analyzer subscribers:** The number MDV analyzer subscribers in Q4 was 49, up from 43 in Q3, but remains shy of the firm's FY22 target for 50 users.
- **Boost the number of companies using the Medical Data Survey Analysis services:** The +12.7% YoY increase to 133 users who accessed MDV's ad-hoc services was largely in line with company guidance.
- **Expand its Ad-Hoc Services:** FY22 sales for its ad-hoc services from the firm's top 10 customers came in at ¥1,528mil, short of the full-year target of ¥1,800mil.
- **Raise the number of samples in MDV's database:** As noted above, the number of patients who have permitted the reuse of their data from DPC hospitals stored in MDV's Sakura databank increased to 42.32 mil patients (+10.0% YoY / +2.7% QoQ) as of Q4.
- **Increase the number of patients data from insurance associations:** MDV focused on increasing the variety of samples by gaining access to insurance associations' data through an alliance with DeNA (2432 JP) and Japan System Techniques Co., Ltd. [JAST] (4323 JP) to 17.97mil patients (2.4x YoY / +1.2% QoQ) as of the end of Q4.

Data Utilisation Services: Sales Breakdown by Service (Quarterly: Adjusted to new revenue recognition method)										
¥mil)	FY21				FY22				YoY (%)	QoQ (%)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Data Utilisation Total	946	724	797	898	1,020	865	935	1,182	31.6	26.4
MDV analyzer	114	130	157	175	186	186	176	186	6.3	5.7
Ad-Hoc	807	580	627	713	826	668	746	988	38.6	32.4
Subsidiaries	23	13	12	10	7	10	12	8	-20.0	-33.3

Source: Nippon-IBR Based on MDV's FY21 & FY22 earnings results material

FY23 OUTLOOK AND BUSINESS STRATEGY

MDV's FY23 guidance calls for GP of ¥5,555mil (+10.4% YoY) and RP of 1,800mil (+2.8% YoY) on sales of ¥7,200mil (+17.9% YoY). RP growth (+¥50mil YoY) is much lower than that of sales, due to increases in costs: Of the ¥1,095mil rise expected in absolute sales, COGS will likely rise ¥570mil YoY, primarily due to costs associated with setting up alliances with data bases of insurance associations, a ¥126mil YoY rise in personnel costs, especially for marketing staff, and a ¥243mil YoY increase in subcontractor costs. Future growth relies on how successfully MDV can secure engineers who, ideally, have knowledge in healthcare and develop solutions that improve the company's proposals to customers. In FY22, the company managed to hire a team of eight IT engineers who have extensive expertise in the development of IT systems for electronic medical records. MDV's R&D capability will continue to be sufficiently supported with alliance subcontractors.

Earnings Guidance						
(¥mil)	FY20	FY21	FY22		FY23 CE	
	FY	FY	FY	YoY (%)	FY CE	YoY (%)
Sales	4,579	5,672	6,104	7.6	7,200	17.9
OP	1,146	1,594	1,758	10.3	1,800	2.4
RP	1,148	1,592	1,750	9.9	1,800	2.8
RPM (%)	25.1	28.1	28.7	+0.6ppt	25.0	-3.7ppt
NP*	700	1,087	870	-20.0	1,200	37.9
Dividend (¥)	3.6	5.6	6.0	7.1	6.5	8.3

Source: Nippon-IBR based on MDV's FY21 & FY22 earnings results material

* NP attributed to the parent's shareholders

Data Network Service

MDV is guiding for Data Network Service GP of ¥850mil on sales of ¥1,584m (+3.2% YoY). The firm has two major growth strategies for this segment:

- 1) Promoting shift of the client base to cloud-based services,
- 2) Expand sales of Alpha Salus, a cloud-based system for medical check-ups.

We discuss this further below.

1) Shift the client base to the cloud-based services:

FY23 will be a transformation year for the Data Network Service segment. A key strategy is to shift the client base fully from EVE, the on-premises type solution, to the cloud-based service platform that can be loaded with services such as MDV Act. On the cloud platform, MDV can offer chargeable add-ons depending on what each client needs. EVE charges ¥50,000/month subscription cost.

MDV reckons that the same level of monthly subscription costs can be charged to cloud system customers. The major difference is that the cloud-based service does not charge the initial one-off fee of ¥4mil as with EVE. Since MDV Act also targets smaller hospitals, which in the past found the initial fee an obstacle to use the service, the firm plans to roll out the SaaS model with the cloud-based services.

KPIs for the cloud services include (1) the number of users: In FY23, the firm aims to raise the number of users to 1,200 hospitals from 993 in FY22, and 2) the number of fee-paying customers. Out of those 1,200 users of MDV Act, MDV aims to monetise 600 users by offering them fee-charging services.

2) Increase number of medical check facilities that use subsidiary System Be Alpha's cloud system, Alpha Salus:

In FY22 Q4, segment sales were boosted thanks to a full contribution from the subsidiary's cloud-based online health check data reporting and follow-up service, Alpha Salus, that targets medical check-up facilities. In FY23, MDV aims to further increase the number of users to 109 facilities from 94 in FY22. Furthermore, during FY23, the firm aims to reduce the number of necessary processes (calculated as number of hours required to custom-make a system multiplied by number of engineers required) so as to improve the number of users from FY24 onwards. Data extracted from Alpha Salus will also add the data of healthy people so as to enhance the accuracy of the sample data.

Data Utilisation Service

MDV is guiding for FY22 Data Utilisation Service GP of ¥4,014mil (+9.4% YoY) on sales of ¥4,780mil (+19.4% YoY). In this segment, the firm will focus on maintaining its market share in the growing medical big data analysis market. In addition to data from DPC hospitals, MDV can now add data from insurance companies and medical check-up facilities, and it will work in alliance with DeNA and JAST as they also have access to the data from insurance associations. As a result, the firm expects increase in sales from MDV analyzer, as well as increase in sales of Medical Data Survey Analysis.

BtoC Services

MDV plans to launch a BtoC service, the Karteco app, which was redesigned for practicality and user-friendliness. The ultimate goal of Karteco is for patients to directly access their own health records, health check results, etc. via the Karteco interface, and subsequently promote preventive medicine. A user of Karteco can access their health record, and if recommended by the app, they can see a medic based on their health check results by simply clicking on the booking app on screen. The app will direct the patient to a call centre for a triage consultation with a nurse, who then ensures that the patient gets an online appointment with the appropriate medical care provider. Users can also use sensors that are installed on the app to obtain vital data.

MDV plans to introduce a subscription model for these in-app services. Initially, the firm considered building a blockchain with Karteco being a part of it. However, for the time being, Karteco itself can function as a versatile app through which patients can access their data and purchase goods and services. Revenue will come from 1) a monthly subscription of Karteco, and 2) commission payments from service providers which gain customers via Karteco. Although the firm aims to roll out the service in FY23, any potential earnings from the Karteco service is not currently included in the FY23 guidance.

THE FY23~FY25 MEDIUM-TERM MANAGEMENT PLAN

With FY22 Q3 results, MDV announced its first medium-term management plan that covers the three years from FY23 until FY25. The final year target is for RP of ¥2,500mil+ (CAGR of 16.1%+) on sales of ¥10,000mil (CAGR of 16.7%+) solely from organic growth of the firm's existing businesses. During the three years between FY20~FY22, the firm enjoyed CAGR of approx. 15~16% while investing on developing cloud systems, increasing subsidiaries, proactively forming alliances with companies in other sectors, such as SBI Holdings (8473 JP) and DeNA (2432 JP)'s insurance subsidiaries, and hiring engineers.

MDV set KPIs for both segments during the plan's three-year tenure. Those KPIs are as follows:

- **Data Network Service KPI:** Targeting the number of hospitals that deploy MDV Act to over 1,200 hospitals and to promote Alpha Salus, its cloud-based health check data system, to 300 health check centres.
- **Data Utilisation Service KPI:** Maintaining sales CAGR of 16%. Currently, MDV has a market share of 32%. Some 80% of the medical big data analysis service is generated from providing services to pharmaceutical companies. To capture growth, MDV plans to tap the data analysis market for insurance companies by obtaining an extra data from the alliance with DeNA.

Over the next three years, MDV aims to plant steppingstones to secure its long-term growth potential while solidifying the existing businesses. The firm expects the plan's targets can be achieved by the following three strategies:

1. **Shifting to a cloud-based database and promoting health check to enhance variety of data:** Management sees the need for these existing services to become cloud-based as an important step to develop further solutions. As such, MDV's Sakura Databank is fully cloud-based, enabling its services to have data links with other service providers and create new services. The firm is expanding its customer base from hospitals to associated health check centres which cater for individuals. By linking the health check information to Karteco, an information interface that is used by individuals, MDV will extend its services to BtoC.
2. **Maintaining market share in the evidence-based medicine [EBM] data market:** According to Fuji Keizai Group's report "*Current state and the future prospects of medical AI and medical big data markets 2022*", the part of the medical big data market that MDV's Data Utilisation services target is estimated to grow to ¥19,000mil (13.5% CAGR over three years) in Japan in 2025, up from an estimated market size of ¥13,000mil in 2022. To maintain its 30~40% market share, the firm will need to expand its Data Utilisation services not only to pharmaceutical companies but to insurance firms, and potentially to overseas customers as well.

3. **Investing on healthcare BtoC data businesses:** MDV reckons that the next growth area will be in the healthcare BtoC businesses. In 2015, MDV started providing its personal health record [PHR] service Karteco, an app which can be used by patients for free to access their health records. Under the medium-term management plan, the firm will redefine Karteco and launch the health check data and vital data analysis services which will form important parts of the preventive medicine and healthcare markets.

Fuji Keizai Group's report "*Trends in the data health planning, health management, and PHR-related market and cutting-edge health insurance, 2021*", suggested that the health check data, vital data and lifestyle data analysis markets together have an estimated size of ¥13,170mil, and are estimated to expand to ¥16,070mil (CAGR of 6.9% over three years). Although MDV's exposure to this market is currently nugatory, the firm aims to monetise Karteco through subscriptions and potentially increase ARPU per user by connecting various services to the Karteco platform. However, any potential revenue from Karteco is not included in the medium-term plan's forecasts.

After creating an open alliance on the Karteco platform, the next step will likely be to establish a BtoBtoC data utilisation infrastructure via blockchain. In FY22, MDV invested ¥171mil on the HVM business, whose main feature will be to provide a data utilisation infrastructure via its proprietary blockchain PadBlock. The firm believes that a blockchain infrastructure is necessary to achieve a society connected via various data. MDV aims to link not only medical and healthcare data through PadBlock but also other data such as insurance, fitness, a life improvement app, and merchandise, etc. Through the data infrastructure, the firm will be able to cultivate a B2B2C data service value chain. However, for the time being, management sees the monetisation of Karteco, with links to various service providers, is the first step to prove that it is a viable project. Hence, it is premature to expect any revenue from PadBlock during the next three years.

GROWTH INVESTMENTS AND SHAREHOLDER RETURN

There are primarily three areas to which the firm's financial resources will be allocated:

- 1) **Human resources:** MDV plans to hire 20~30 new staff members every year between FY23~FY25. Management think it is crucial to hire engineers who are able to create a medical data infrastructure that will be attractive for other companies to participate in. The firm does not limit its human resources by nationality, gender, and age, but rather it tries to hire those with a variety of skills and expertise. With the focus in FY23 on increasing sales of cloud-based products and to gain market share in the insurance data market, the firm plans to hire marketing staff.
- 2) **R&D:** MDV plans to spend approx. 5~8% of sales every year on R&D and will concentrate funds on MDV Act and health check system-related fields during FY23~FY24. In FY23, the firm will invest ¥145mil (-56.3% YoY) in R&D, including existing businesses, HVM business such as AI blockchain platform, and others (including new businesses and minor investments that will lead to alliances). FY22 R&D spending was ¥332mil (+5.4% YoY) but below the budget of ¥425mil, due to a review of R&D spending at subsidiaries. As a result, R&D/sales ratio was 5.4%. The firm has not yet announced detailed figures on R&D for the medium-term plan.

R&D Breakdown		
(¥mil)	FY21	FY22
Existing Business (Evidence-based Medicine [EBM] function development, MDV Act, Alpha Salus etc.)	216	158
HVM Business (AI Blockchain Platform, Diabetes AI etc)	99	171
Others (new businesses, reserve fund)	0	3
Total	316	332

Source: Nippon-IBR based on MDV's Medium-term Management Plan presentation material

- 3) **Shareholder returns:** MDV's shareholder return policy offers an annual dividend pay-out ratio of 20%+. Over the past two fiscal years, the firm also implemented share buybacks of ¥589mil in FY20 and ¥889mil in FY21, which saw total shareholder returns of 104.5% and 101.8%, respectively. In FY22, the firm reported impairment costs associated with subsidiaries, hence the dividend pay-out ratio hit 26.3%. In FY23, MDV plans to maintain a pay-out of approx. 20%+ of net profit as an annual cash dividend. For the medium-term plan, MDV has not yet detailed the shareholder return policy.

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