



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2022 [Japanese GAAP]

August 8, 2022

Company name: Medical Data Vision Co., Ltd. Listing: Tokyo Stock Exchange
Securities code: 3902 URL <https://www.mdv.co.jp/>
Representative: (Title) President (Name) Hiroyuki Iwasaki
Inquiries: (Title) Executive Officer and General Manager of Corporate Planning Division (Name) Masahiro Kihara Tel: +81-3-5283-6911

Scheduled date to file quarterly report: August 9, 2022

Scheduled date to commence dividend payments: -

Preparation of supplementary material on quarterly financial results : Yes

Holding of quarterly financial results briefing : Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted)

1. Consolidated financial results for the second quarter of the fiscal year ending December 31, 2022 (from January 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter of FY ending December 31, 2022	2,856	-	785	-	776	-	522	-
Second quarter of FY ended December 31, 2021	2,635	28.8	720	51.4	719	50.8	484	51.7

(Note) Comprehensive income Second quarter of fiscal year ending December 31, 2022 522 million yen [-%]
Second quarter of fiscal year ended December 31, 2021 499 million yen [56.3%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Second quarter of FY ending December 31, 2022	13.65		13.64	
Second quarter of FY ended December 31, 2021	12.32		-	

(Note) 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) and related implementation guidance have been applied from the beginning of the fiscal year ending December 2022. Consolidated earnings for the 2nd quarter of the fiscal year ending December 2022, therefore, are the amount after applying such accounting standard and related implementation guidance, presenting no change from the previous corresponding period.

2. Diluted earnings per share for the six months ended June 30, 2021 are not presented as there are no potential shares.

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2022 (2Q FY2022)	4,675		3,279		68.2	
As of December 31, 2021 (FY2021)	5,534		4,205		75.1	

(Reference) Equity As of June 30, 2022 3,186 million yen
As of December 31, 2021 4,156 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen		Yen		Yen
FY ended December 31, 2021	-	0.00	-	5.60	5.60
FY ending December 31, 2022	-	0.00	-	-	-
FY ending December 31, 2022 (forecast)	-	-	-	6.00	6.00

(Note) Revision of the latest released dividend forecast : None

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,300	-	1,599	-	1,600	-	1,098	-	28.74

- (Notes) 1. Revision of the latest released earnings forecasts : None
 2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) and related implementation guidance have been applied from the beginning of the fiscal year ending December 2022. The above consolidated earnings forecasts therefore are the amount after applying such accounting standard and related implementation guidance, presenting no year-on-year changes.
 3. The Company purchased 763,400 treasury shares from January 1, 2022 to January 25, 2022 based on the resolution of the Board of Directors held on December 22, 2021. Basic earnings per share for the consolidated earnings forecasts takes into account the impact of the purchase of treasury shares.

* Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2022 (changes in specified subsidiaries resulting in changes in scope of consolidation) : None
 Newly included: - companies (Company name) , Excluded: - companies (Company name)

- (2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements : None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes
 (ii) Changes in accounting policies other than (i) above : None
 (iii) Changes in accounting estimates : None
 (iv) Restatement : None

(Notes) For more details, please refer to “(4) Notes to quarterly consolidated financial statements (Change in accounting policies) in 2. Quarterly consolidated financial statements and Key notes” on page 5 of the attached materials.

- (4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)	As of June 30, 2022	40,027,526 shares	As of December 31, 2021	40,027,526 shares
(ii) Number of treasury shares at the end of the period	As of June 30, 2022	1,830,678 shares	As of December 31, 2021	1,067,278 shares
(iii) Average number of shares outstanding during the period (cumulative quarterly period)	Second quarter of FY ending December 31, 2022	38,272,311 shares	Second quarter fiscal year ended December 31, 2021	39,299,332 shares

* Quarterly financial results reports are exempt from a quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in this material are based on information currently available to the Group and on certain assumptions deemed to be reasonable.

2. Quarterly consolidated financial statements and key notes

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	Previous fiscal year (December 31, 2021)	Current second quarter (June 30, 2022)
Assets		
Current assets		
Cash and deposits	3,221,790	2,237,800
Accounts receivable - trade	1,058,670	493,318
Raw materials	11,253	11,230
Other	235,643	319,457
Allowance for doubtful accounts	-2,268	-3,188
Total current assets	4,525,088	3,058,618
Non-current assets		
Property, plant and equipment	140,061	129,159
Intangible assets		
Software	5,088	3,407
Goodwill	222,367	661,358
Other	192	192
Total intangible assets	227,649	664,959
Investments and other assets		
Other	667,835	847,963
Allowance for doubtful accounts	-25,927	-25,585
Total investments and other assets	641,907	822,378
Total non-current assets	1,009,618	1,616,497
Total assets	5,534,706	4,675,116
Liabilities		
Current liabilities		
Accounts payable - trade	97,266	79,261
Income taxes payable	400,206	128,723
Contract liabilities	—	850,206
Provision for bonuses	28,858	18,169
Other	717,227	234,330
Total current liabilities	1,243,559	1,310,691
Non-current liabilities		
Asset retirement obligations	72,509	72,657
Other	12,778	12,744
Total non-current liabilities	85,288	85,401
Total liabilities	1,328,848	1,396,093
Net assets		
Shareholders' equity		
Share capital	992,661	992,661
Capital surplus	1,763,567	1,838,890
Retained earnings	2,879,722	2,697,336
Treasury shares	-1,479,444	-2,341,975
Total shareholders' equity	4,156,506	3,186,913
Non-controlling interests	49,351	92,110
Total net assets	4,205,858	3,279,023
Total liabilities and net assets	5,534,706	4,675,116

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

(Quarterly consolidated statement of income)

(Six-month period)

(Thousands of yen)

	Previous second quarter (From January 1, 2021 to June 30, 2021)	Current second quarter (From January 1, 2022 to June 30, 2022)
Net sales	2,635,193	2,856,737
Cost of sales	484,363	495,847
Gross income	2,150,829	2,360,889
Selling, general and administrative expenses	1,430,829	1,575,100
Operating income	720,000	785,789
Non-operating income		
Interest income	15	17
Reversal of allowance for doubtful accounts	497	342
Other	132	140
Total non-operating income	645	499
Non-operating expenses		
Commission expenses	1,325	9,343
Other	94	41
Total non-operating expenses	1,420	9,385
Ordinary income	719,224	776,903
Extraordinary losses		
Loss on sale of non-current assets	527	—
Loss on retirement of non-current assets	542	—
Total extraordinary losses	1,070	—
Net income before income taxes	718,154	776,903
Income taxes – current	223,673	111,446
Income taxes – deferred	-4,525	142,627
Total income taxes	219,148	254,073
Net income	499,006	522,829
Net income attributable to non-controlling interests	14,794	557
Net income attributable to owners of parent	484,211	522,271

(Quarterly consolidated statement of comprehensive income)
 (Six-month period)

(Thousands of yen)

	Previous second quarter (From January 1, 2021 to June 30, 2021)	Current second quarter (From January 1, 2022 to June 30, 2022)
Net income	499,006	522,829
Comprehensive income	499,006	522,829
Comprehensive income attributable to:		
Owners of parent	484,211	522,271
Non-controlling interests	14,794	557

(3) Quarterly consolidated statement of cash flows

	(Thousands of yen)	
	Previous second quarter (From January 1, 2021 to June 30, 2021)	Current second quarter (From January 1, 2022 to June 30, 2022)
Cash flows from operating activities		
Net income before income taxes	718,154	776,903
Depreciation	30,415	26,122
Amortization of goodwill	36,136	38,246
Increase (decrease) in allowance for doubtful accounts	236	578
Increase (decrease) in provision for bonuses	-60,962	-10,689
Interest income	-15	-17
Loss on sale of non-current assets	527	—
Loss on retirement of non-current assets	542	—
Share-based payment expenses	1,874	—
Decrease (increase) in trade receivables	223,445	206,721
Decrease (increase) in inventories	11,391	-1,197
Increase (decrease) in trade payables	-9,044	-18,005
Increase (decrease) in accounts payable - other	-21,940	-7,544
Increase (decrease) in accrued expenses	-39,447	-6,387
Increase (decrease) in unearned revenue	139,573	—
Increase (decrease) in contract liabilities	—	100,823
Other	-48,448	-118,910
Subtotal	982,438	986,642
Interest and dividends received	15	17
Income taxes refund (paid)	-277,533	-375,133
Net cash provided by (used in) operating activities	704,920	611,526
Cash flows from investing activities		
Payments into time deposits	-18,012	-800
Proceeds from withdrawal of time deposits	16,810	20,418
Purchase of property, plant and equipment	-12,278	-10,200
Purchase of investment securities	—	-150,550
Payments of leasehold deposits	-24	—
Proceeds from refund of leasehold deposits	—	11,430
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-467,090
Other	1,094	66
Net cash provided by (used in) investing activities	-12,409	-596,726
Cash flows from financing activities		
Proceeds from share issuance to non-controlling shareholders	—	110,200
Purchase of treasury shares	-499,992	-871,874
Dividends paid	-141,100	-217,498
Net cash provided by (used in) financing activities	-641,093	-979,172
Net increase (decrease) in cash and cash equivalents	51,417	-964,371
Cash and cash equivalents at beginning of period	3,177,088	3,202,172
Cash and cash equivalents at end of period	3,228,505	2,237,800

(4) Notes to quarterly consolidated financial statements

(Notes to assumptions for on-going concerns)
Not applicable

(Notes to substantial changes in the amount of shareholders' equity)

The Company acquired 763,400 shares of treasury stock based on a resolution of a meeting of the Board of Directors held on December 22, 2021. Due to this acquisition, treasury stock increased by 862,530 thousand yen during the second quarter of the consolidated fiscal year under review to close at 2,341,975 thousand yen at the end of the same period under review.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter referred to as "Revenue Recognition Accounting Standard"), etc. from the beginning of the first quarter of the consolidated fiscal year under review. Accordingly, the Company recognizes revenue at the time when control over promised goods or services is transferred to customers, in an amount equal to the consideration expected to be received for the said goods or services.

Regarding major changes caused by applying the Revenue Recognition Accounting Standard, revenue under some contracts for data utilization services was previously recognized by category specified in the contract according to the service provided; however, the method for recognizing revenue has been changed and revenue is recorded pro rata over the contract period according to the performance obligation for data delivery or for each data delivery.

In applying the Revenue Recognition Accounting Standard, etc., the Company has followed the transitional treatment stipulated under the proviso of Paragraph 84 of Revenue Recognition Accounting Standard, adjusting retained earnings at the beginning of the first quarter of the consolidated fiscal year under review to account for the cumulative effects of the retrospective application of the new accounting policy prior to that time, and applying the new accounting policy from the adjusted balance.

As a result, "Net sales" for the second quarter of the current fiscal year increased by 519,950 thousand yen, "Selling, general and administrative expenses" decreased by 1,350 thousand yen, and "Operating income," "Ordinary income" and "Net income before income taxes and minority interests" increased by 521,300 thousand yen each. In addition, the balance of "Retained earnings" at the beginning of the fiscal year under review decreased by 486,478 thousand yen.

"Unearned revenue," which was included in "Other" under "Current liabilities" in the Consolidated Balance Sheets for the previous fiscal year, is presented as "Contract liabilities" from the first quarter of the fiscal year under review due to the adoption of revenue recognition accounting standards, etc. In addition, "Increase (decrease) in unearned revenue," which was presented in "Cash flows from operating activities" in the quarterly consolidated statement of cash flows of the previous second quarter, is now included in "Increase (decrease) in contract liabilities" from the current second quarter. And, in accordance with the transitional treatment set out in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the figures for the previous consolidated fiscal year have not been reclassified using the new method of presentation. Furthermore, in accordance with the transitional treatment set forth in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the information on disaggregation of revenue from contracts with customers for the second quarter of the previous consolidated fiscal year are not presented.