



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

November 14, 2022

Listing: Tokyo Stock Exchange

Company name: Medical Data Vision Co., Ltd.

Securities code: 3902 URL <https://www.mdv.co.jp/>

Representative: (Title) President

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Scheduled date to file quarterly report: November 14, 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 third quarter of the fiscal year ending December 31, 2022 (from January 1, 2022 to September 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	%
Third quarter of FY ending December 31, 2022	4,327	-	1,168	-	1,159	-	776	-
Third quarter of FY ended December 31, 2021	3,952	25.3	1,037	32.6	1,036	32.2	699	32.7

(Note) Comprehensive income Third quarter of fiscal year ending December 31, 2022 774 million yen [-%]

Third quarter of fiscal year ended December 31, 2021 717 million yen [36.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter of FY ending December 31, 2022	20.30	20.30
Third quarter of FY ended December 31, 2021	17.82	17.82

(Note) 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 3rd 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) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022 (3Q FY2022)	4,726	3,530	72.9
As of December 31, 2021 (FY2021)	5,534	4,205	75.1

(Reference) Equity As of September 30, 2022 3,445 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	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)

Full year	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
	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 “(3) Notes to quarterly consolidated financial statements (Change in accounting policies) in 2. Quarterly consolidated financial statements and Key notes” on page 4 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 September 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 September 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)	Third quarter of FY ending December 31, 2022	38,246,880 shares	Third quarter fiscal year ended December 31, 2021	39,253,806 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 third quarter (September 30, 2022)
Assets		
Current assets		
Cash and deposits	3,221,790	1,934,806
Accounts receivable - trade	1,058,670	650,817
Raw materials	11,253	5,605
Other	235,643	596,145
Allowance for doubtful accounts	-2,268	-3,029
Total current assets	4,525,088	3,184,345
Non-current assets		
Property, plant and equipment	140,061	139,639
Intangible assets		
Software	5,088	2,567
Goodwill	222,367	636,270
Other	192	192
Total intangible assets	227,649	639,031
Investments and other assets		
Other	667,835	789,091
Allowance for doubtful accounts	-25,927	-25,414
Total investments and other assets	641,907	763,676
Total non-current assets	1,009,618	1,542,347
Total assets	5,534,706	4,726,693
Liabilities		
Current liabilities		
Accounts payable - trade	97,266	94,105
Income taxes payable	400,206	6,096
Contract liabilities	—	775,096
Provision for bonuses	28,858	13,955
Other	717,227	222,680
Total current liabilities	1,243,559	1,111,933
Non-current liabilities		
Asset retirement obligations	72,509	71,481
Other	12,778	12,744
Total non-current liabilities	85,288	84,225
Total liabilities	1,328,848	1,196,159
Net assets		
Shareholders' equity		
Share capital	992,661	992,661
Capital surplus	1,763,567	1,838,890
Retained earnings	2,879,722	2,951,452
Treasury shares	-1,479,444	-2,341,975
Total shareholders' equity	4,156,506	3,441,029
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	4,171
Total accumulated other comprehensive income	—	4,171
Non-controlling interests	49,351	85,334
Total net assets	4,205,858	3,530,534
Total liabilities and net assets	5,534,706	4,726,693

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

(Quarterly consolidated statement of income)

(Nine-month period)

(Thousands of yen)

	Previous third quarter (From January 1, 2021 to September 30, 2021)	Current third quarter (From January 1, 2022 to September 30, 2022)
Net sales	3,952,122	4,327,598
Cost of sales	732,679	777,699
Gross income	3,219,442	3,549,899
Selling, general and administrative expenses	2,181,839	2,381,694
Operating income	1,037,602	1,168,204
Non-operating income		
Interest income	30	27
Reversal of allowance for doubtful accounts	668	513
Other	232	185
Total non-operating income	931	726
Non-operating expenses		
Commission expenses	2,015	9,343
Other	73	—
Total non-operating expenses	2,089	9,343
Ordinary income	1,036,444	1,159,587
Extraordinary losses		
Loss on sale of non-current assets	527	—
Loss on retirement of non-current assets	566	115
Total extraordinary losses	1,094	115
Net income before income taxes	1,035,350	1,159,472
Income taxes – current	336,483	199,467
Income taxes – deferred	-18,597	189,835
Total income taxes	317,886	389,303
Net income	717,463	770,169
Net income(loss) attributable to non-controlling interests	17,952	-6,218
Net income attributable to owners of parent	699,510	776,387

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

(Thousands of yen)

	Previous third quarter (From January 1, 2021 to September 30, 2021)	Current third quarter (From January 1, 2022 to September 30, 2022)
Net income	717,463	770,169
Other comprehensive income		
Valuation difference on available-for-sale securities	—	4,171
Total other comprehensive income	—	4,171
Comprehensive income	717,463	774,340
Comprehensive income attributable to:		
Owners of parent	699,510	780,558
Non-controlling interests	17,952	-6,218

(3) 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 third 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 third quarter of the current fiscal year increased by 674,250 thousand yen, "Selling, general and administrative expenses" decreased by 1,763 thousand yen, and "Operating income," "Ordinary income" and "Net income before income taxes and minority interests" increased by 676,014 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. 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 third quarter of the previous consolidated fiscal year are not presented.