

2Q FY2023 Financial Results

Medical Data Vision Co., Ltd.

(Code: 3902)

August 10, 2023

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2Q results

1Q-2Q earnings progress on target

• Sales	¥3,002mn	YoY	+ 5.1%
• Ordinary income	¥700mn	YoY	-9.7%
• Ordinary income margin	23.3%	YoY	-3.8P

Business progress

Steady expansion in paid contracts for 'MDV Act', sales of insurer data also brisk

- Number of paid contract hospitals for 'MDV Act' reaches 84.5% of 600 target
- Insurer data-related sales steadily growing for applications other than 'MDV analyzer'
- Updated 'Karteco' app slated for release soon

Importance of database expansion

Initiatives to database expansion, a key strategy for medium-term plan achievement

- Steady shift to cloud services, laying the groundwork for database expansion
- Numerous paid functions for 'MDV Act' slated for release by 2025
- Future growth built on MDV cloud platform

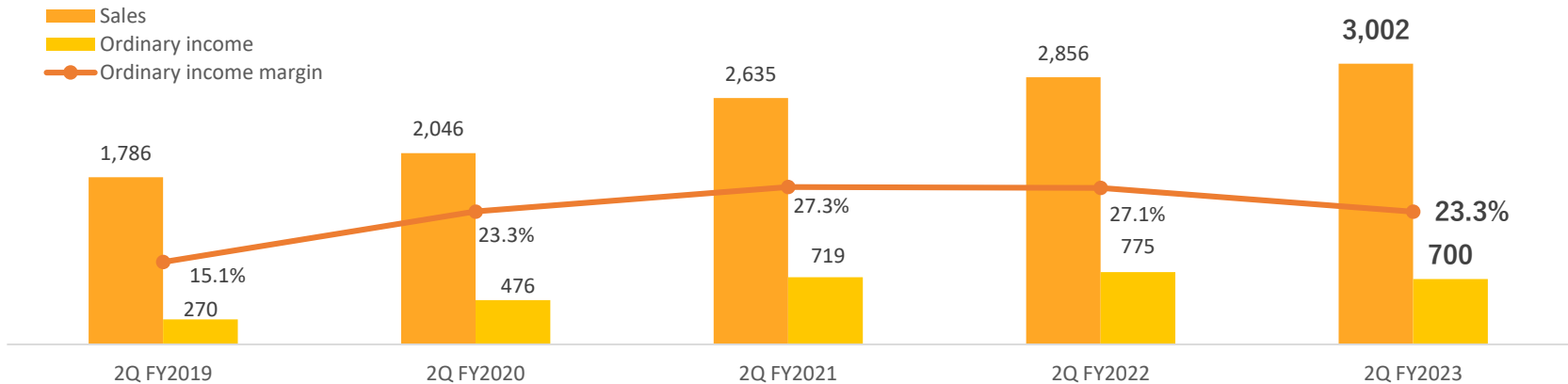
2Q FY2023 Financial Results



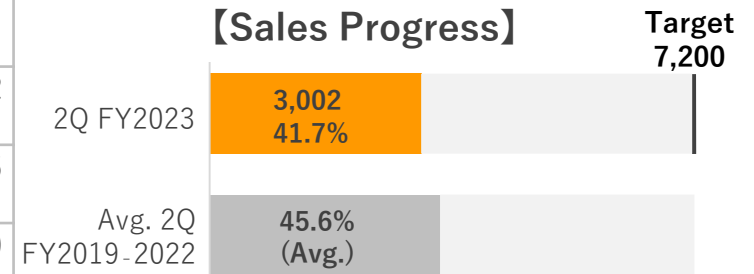
2Q FY2023 results highlights

1Q-2Q earnings progress on target

Forecasts weighted toward 2H, so earnings progress through 2Q slightly behind historical average



(Millions of Yen)	Data network service	Data utilization service	Other service	All-company total
Sales	723	2,007	271	3,002
YoY	-1.1%	+ 6.4%	+ 13.4%	+ 5.1%
Gross income	348	1,778	218	2,345
YoY	-20.7%	+ 2.5%	+ 16.6%	-0.7%
Ordinary income	—	—	—	700
YoY	—	—	—	-9.7%



2Q FY2023 results comparison

2Q data utilization service sales growth 13.8% YoY

Ordinary income declines, mainly on rise in costs related to expansion in insurer data sales, but still above forecast

(Millions of Yen)	2Q FY2023 (Apr-Jun 2023)		
	Result	YoY	
		Result	Change
Sales	1,442	1,345	+ 7.2%
Data network service	334	357	-6.5%
Data utilization service	984	865	+ 13.8%
Other service	124	122	+ 0.9%
Ordinary income	275	314	-12.4%
Ordinary income margin	19.1%	23.4%	-4.3 P
Employees	263	253	+ 4.0%
Sales per employee	5.4	5.3	+ 3.2%

2Q FY2023 results: cost analysis

Rise in CoGS mainly from increase in insurer data procurement

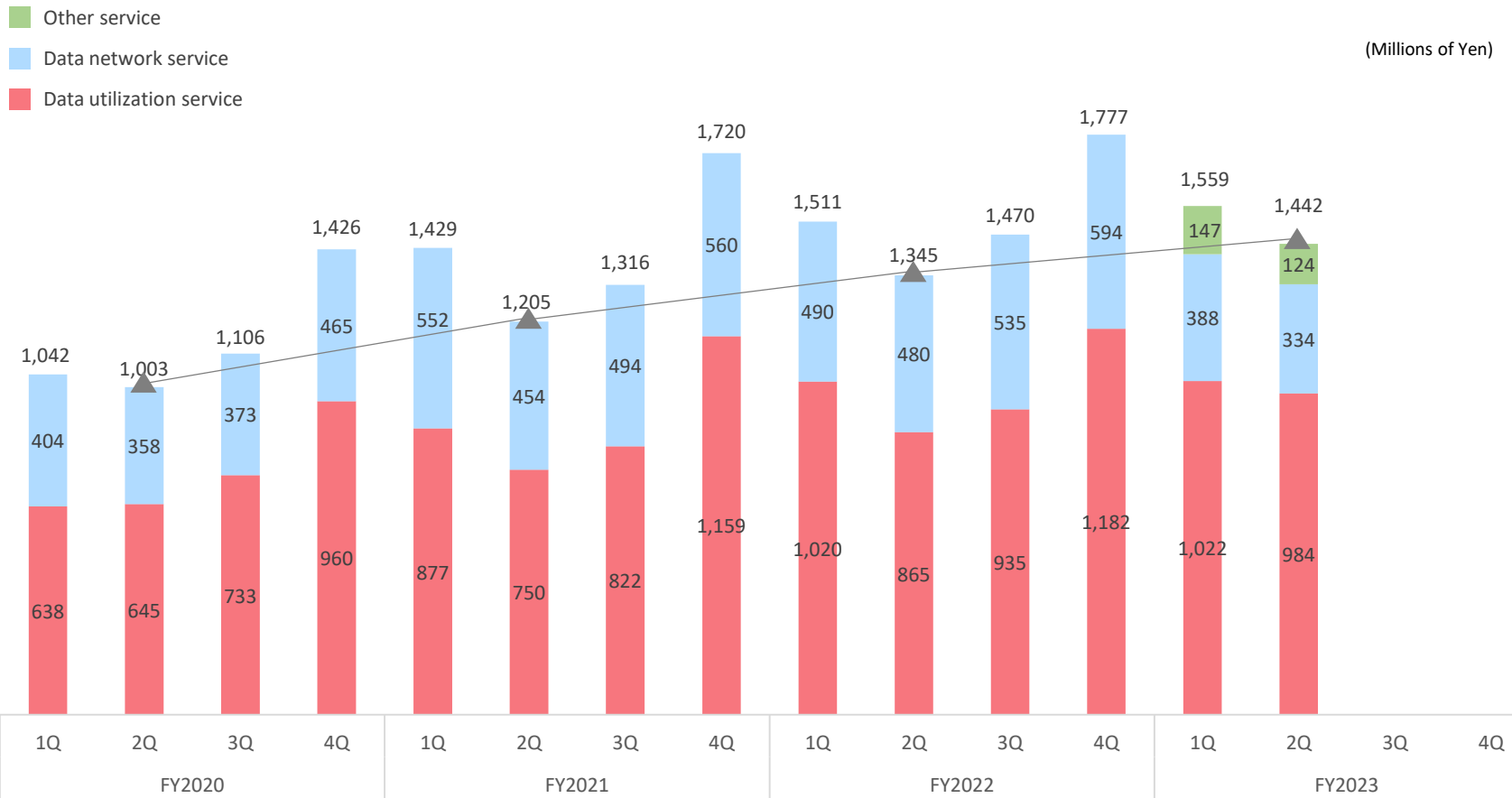
Booking of ¥21m investment loss from investment in SENSING Co., Ltd. equity-method affiliate under non-operating costs

(Millions of Yen)	【Consolidated】 2Q FY2023	【Consolidated】 2Q FY2022	YoY	Details
CoGS	336	243	+38.0%	Rise in costs related to insurer data sales (+47M) Rise in costs for start of cloud services (paid functionality for MDV Act, Alpha Salus) (+23M)
Personnel costs	468	426	+9.7%	Higher wage costs from salary increases, headcount rise, etc. (+23M)
Hiring costs	13	11	+13.4%	Rise in costs for mid-career hires (+1M)
Others	342	360	-5.1%	Increased usage fees for external services such as AWS (+24M) Rise in business outsourcing expenses at subsidiaries (+15M)
R&D costs	6	64	-89.7%	Fall in HVM concept-related development costs (-30M) Expense items moved to CoGS due to start of cloud service provisions (paid functionality for 'MDV Act', 'Alpha Salus' (-26M)
non-operating expenses	21	0	—	Investment loss on equity-method affiliate (+21M)
Total costs*	1,168	1,031	+13.2%	

※ The total of CoGS, SG&A and non-operating expenses

Sales by quarter (breakdown by service)

Quarterly sales trending on target

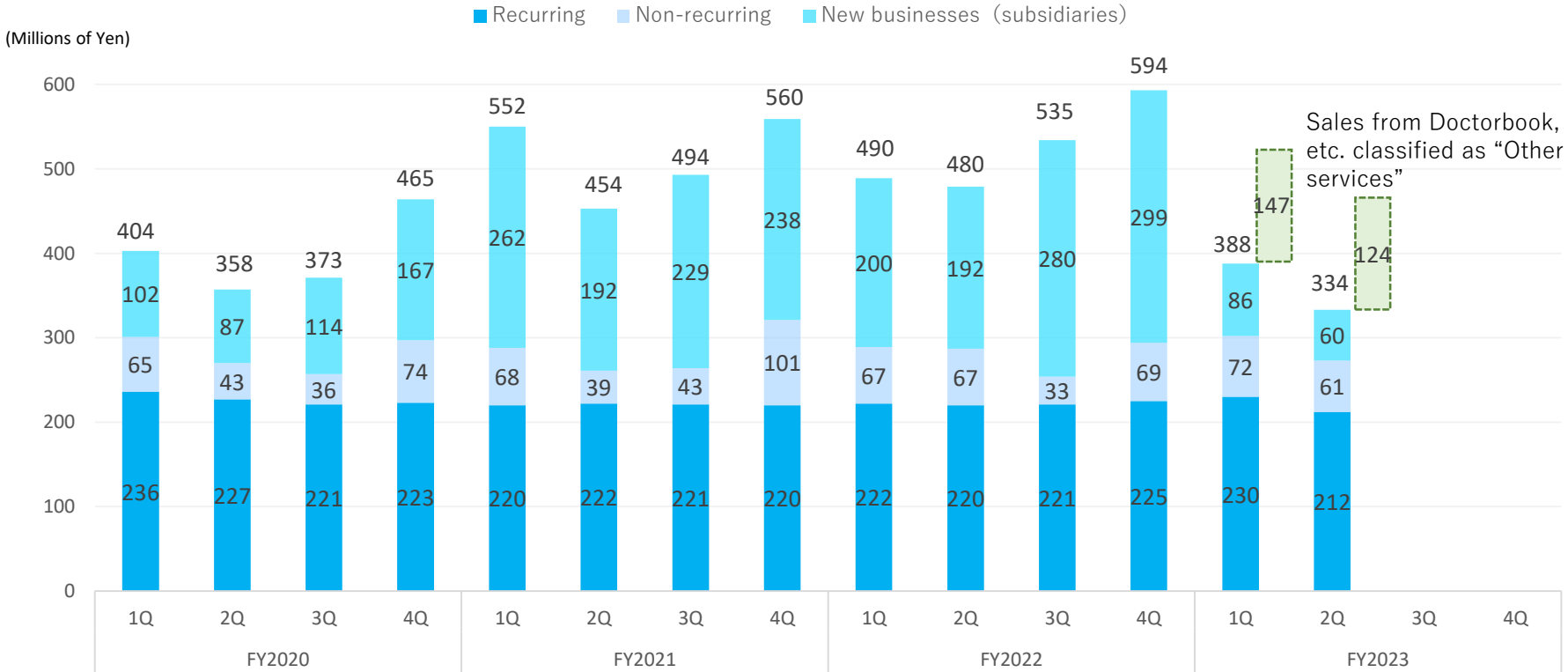


Data network service sales breakdown



Recurring sales fall QoQ on impact of fiscal year-end product cancellations

End of fiscal year (end-March) tends to see most contract renewals but also cancellations due to factors such as a review of usage



Steady increase in number of 'MDV Act' paid contract hospitals

Shift to cloud services an important KPI for our business

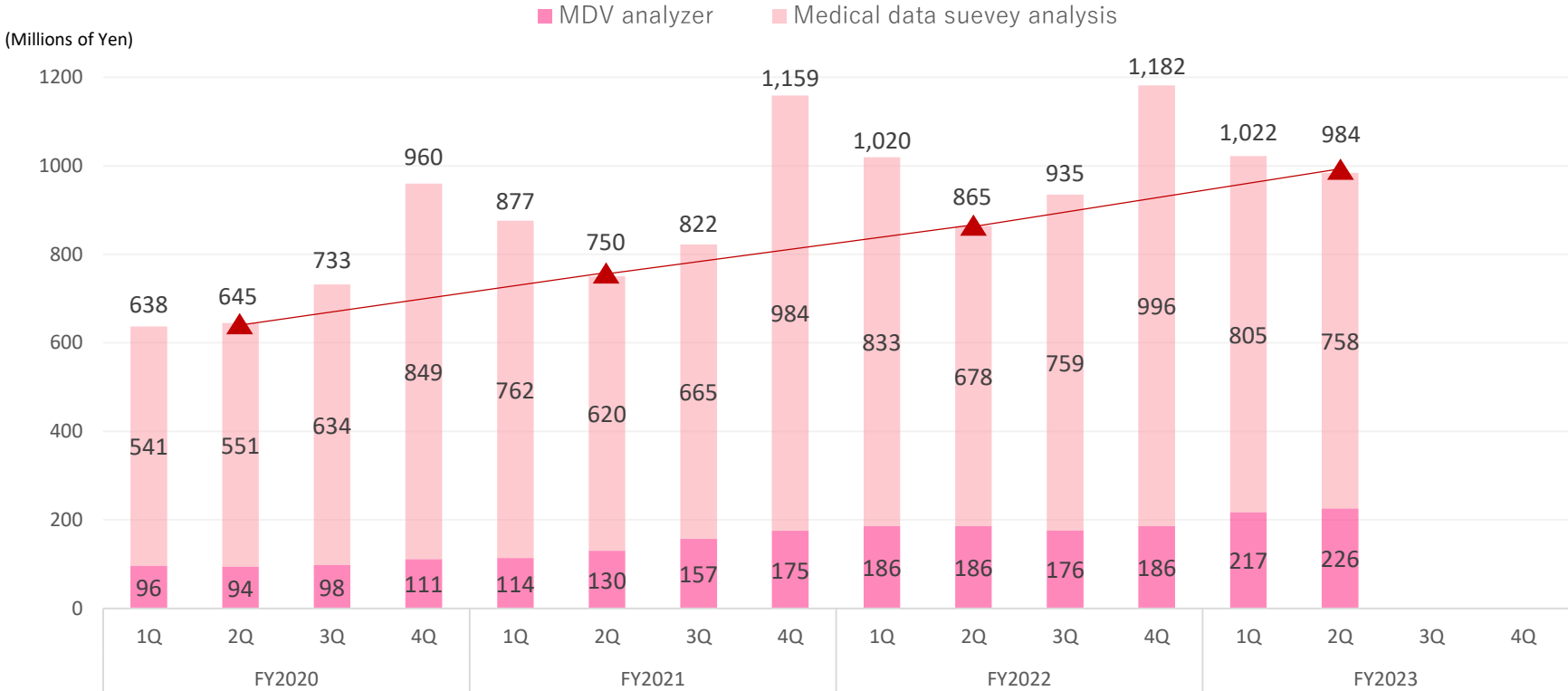
Indicators	FY2020 Results	FY2021 Results	FY2022 Results	1Q FY2023 Results	2Q FY2023 Results	FY2023 Targets
No. of hospitals using cloud services	–	–	993	1,025	1,047	1,200
Number of hospitals with paid contracts for 'MDV Act'	–	–	–	0 (315※)	507	600
Number of installations of medical check systems	–	–	94	94	93	109

※Order volume

Data utilization service sales breakdown



Medical data survey analysis sales up for both DPC and insurers
 'MDV analyzer' sales increase on rise in contracts for insurer DB



*Owing to the absorption of MDV Trial on 1 January 2023, its sales, previously listed under New businesses (subsidiaries), are now included in medical data survey analysis.

KPI for data utilization service

1H performance ahead of target pace despite expected impact from decline in number of sales staff

Aim to further strengthen sales structure via active hiring of sales staff

Indicators	FY2020 Results	FY2021 Results	FY2022 Results	1Q FY2023 Results	2Q FY2023 Results(1Q-2Q)	FY2023 Targets
Sales growth rate in data utilization service segment	+18.5%	+21.3%	+10.9%	+0.2%	+6.4%	+19.4%
Sales related to insurer data (¥mn)	—	—	125	70	153	500
Sales in the data trial field (¥mn)	69	59	38	8	16	80
No. of patients in MDV large-scale medical database (10,000)	3,451	3,849	4,232	4,322	4,406	—
No. of patients in insurer database (10,000)	616	762	1,797	1,911	1,946	—

Business progress



Strategies to achieve 2025 sales of 10bn yen and focus points for FY2023

Additional explanation of three focus points for this year where there has been notable progress

Three strategies to achieve 2025 sales of 10bn yen

Focus points for FY2023

1

Data network service

Expand base of data mainly on cloud and maintain market share

1

Conduct major shift of the customer base for hospital services to the cloud

2

Expand sales of cloud-based medical check systems ('Alpha Salus')

2

Data utilization service

Maintain share of expanding medical big data analytic services market

3

Secure new sales from insurer data
→ Secure market share using 3-way collaboration (DeNA Group · JAST · MDV) insurer DB

3

Other service (B2C, etc.)

Upfront investment in B2C to feed into MDV growth from 2025

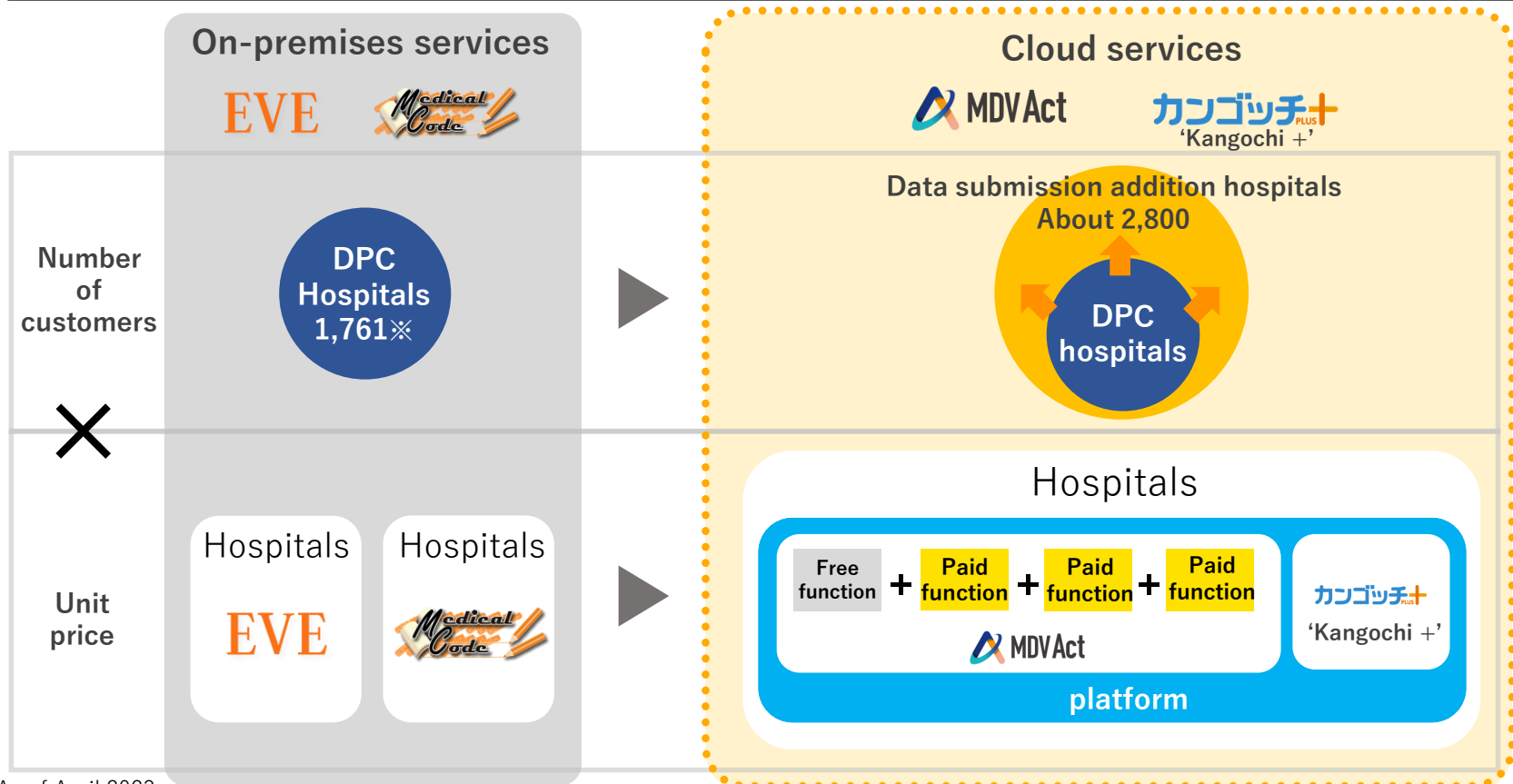
4

Successfully upgrade 'Karteco'
→ At the same time, make progress on incorporating new technologies such as vital sign sensing

1 Conduct major shift of the customer base for hospital services to the cloud

Benefits of shift to cloud = 「expanded customer base」 and 「cross selling」

Initial widening of scope to data submission addition hospitals, target cross-selling when paid functionality is launched

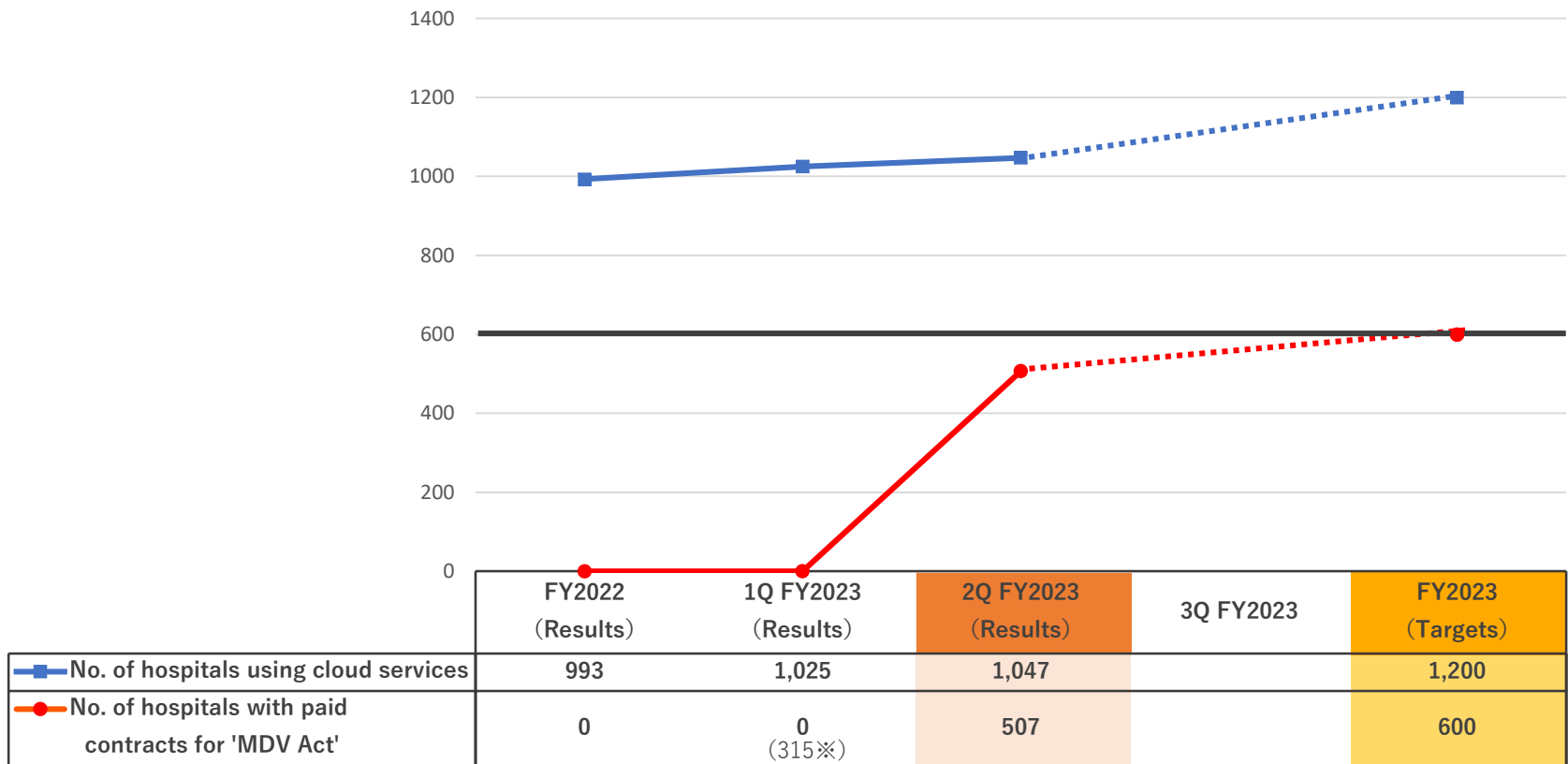


※As of April 2023

1 Conduct major shift of the customer base for hospital services to the cloud

Number of paid contracts for 'MDV Act' reaches **507** (year-end target 600)

Acquisition of new hospitals is further widening the company's customer base



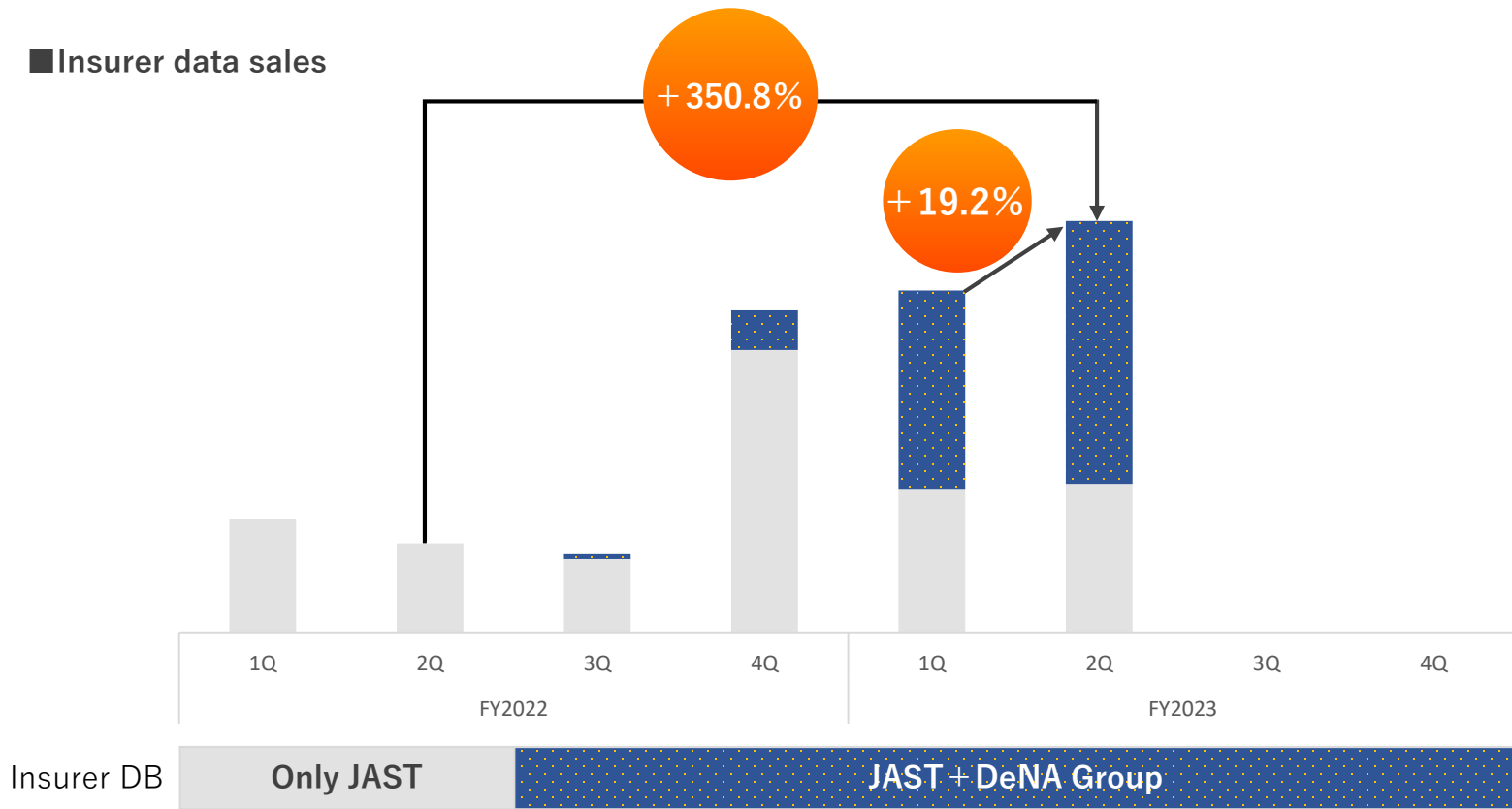
※Order volume

3 Secure new sales from insurer data

Sales expansion from impact of insurer DB with DeNA Group

Increases in insurer DB data volume and information on the elderly enhance advantages and competitiveness

■ Insurer data sales



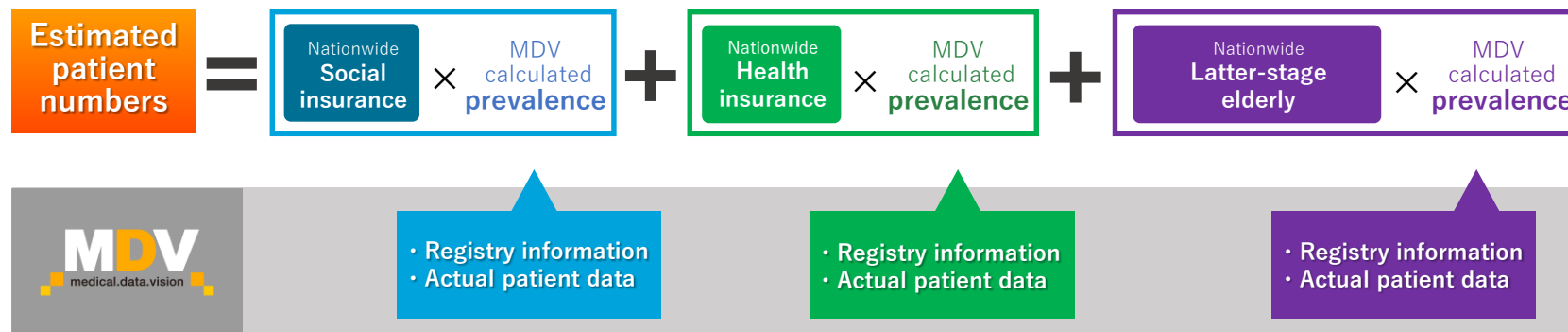
3 Secure new sales from insurer data

Launch of functionality for estimating expansion in insurer DB 'MDV analyzer'

Aim to further grow sales of insurer data by leveraging the many advantages of actual data on the elderly

Characteristics of MDV's functionality for estimating expansion

* 「functionality for estimating expansion」 jointly developed with DeSC Healthcare, Inc.



✓ **Abundance of data on the elderly** makes it possible to accurately estimate expansion in the elderly population using actual data

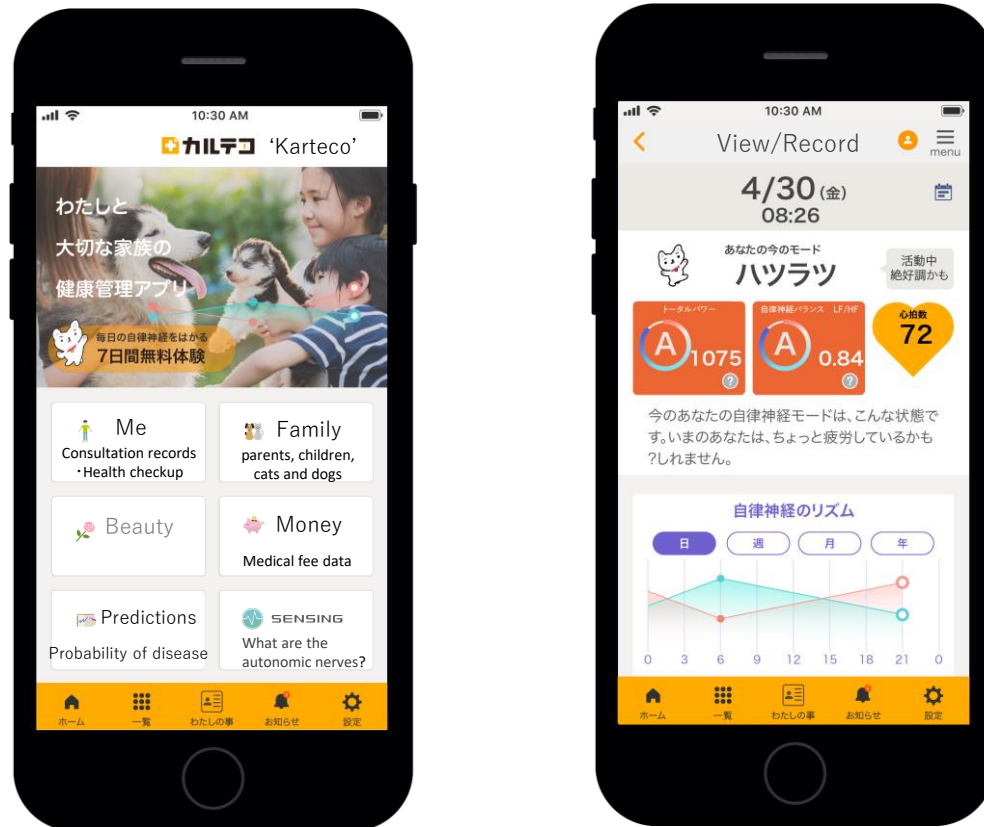
Usage cases

- ① Understanding and estimating the nationwide scale of the market for pharmaceuticals
- ② Compliance with matters of inquiry by the regulatory authorities

4 Successfully upgrade 'Karteco'

Currently in final adjustment stage ahead of near-term release

Key concepts “checking multiple times a day”, “participation in medicine”, “earning”



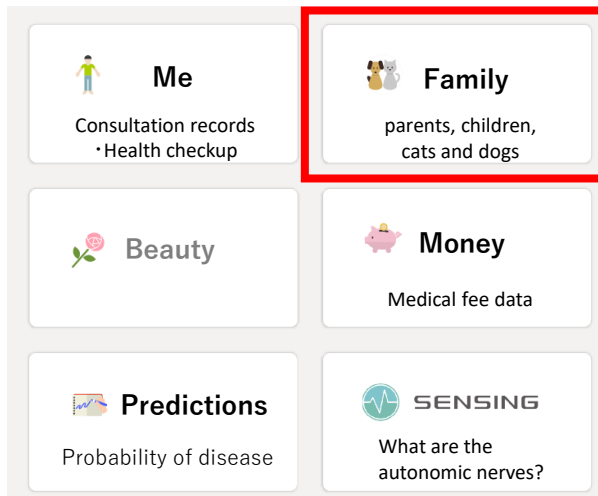
*Screen impression of under-development new 'Karteco'

4 Successfully upgrade 'Karteco'

Keywords “**Family**” (parents, children, cats and dogs)

Promote usage via menus linked to keywords of interest

■ 'Karteco' Menu



*Screen impression of under-development new 'Karteco'

Health management made possible by addition of vital sign sensing technology

Visualizes disruption in lifestyle rhythms and physical changes, leads to healthy behaviors becoming a habit



SENSING

Contactless sensing technology

High accuracy

Contactless vital-signs sensing technology that uses only a camera-equipped handset

Competitive advantage

An algorithm that removes shadows to eliminate the impact of light and pigment component separation technology that can measure the pulse very accurately

Ease of use

Possible to measure vital signs from smartphones and other camera-equipped devices

Collectable data



Pulse rate



Respiratory rate



Autonomic nerves (LF/HF · HF)

Usage examples



Stress check



Remote monitoring of parents



Solutions to early signs of abnormalities



Make healthy behaviors a habit

Importance of database expansion



Medium-term numerical targets already disclosed

Numerical targets for 2025 are as below

Targets based on existing or already planned business, possibility of greater performance

FY2025
Sales

10 Billion
yen

FY2025
Ordinary
Income

2.5 Billion
yen
or more

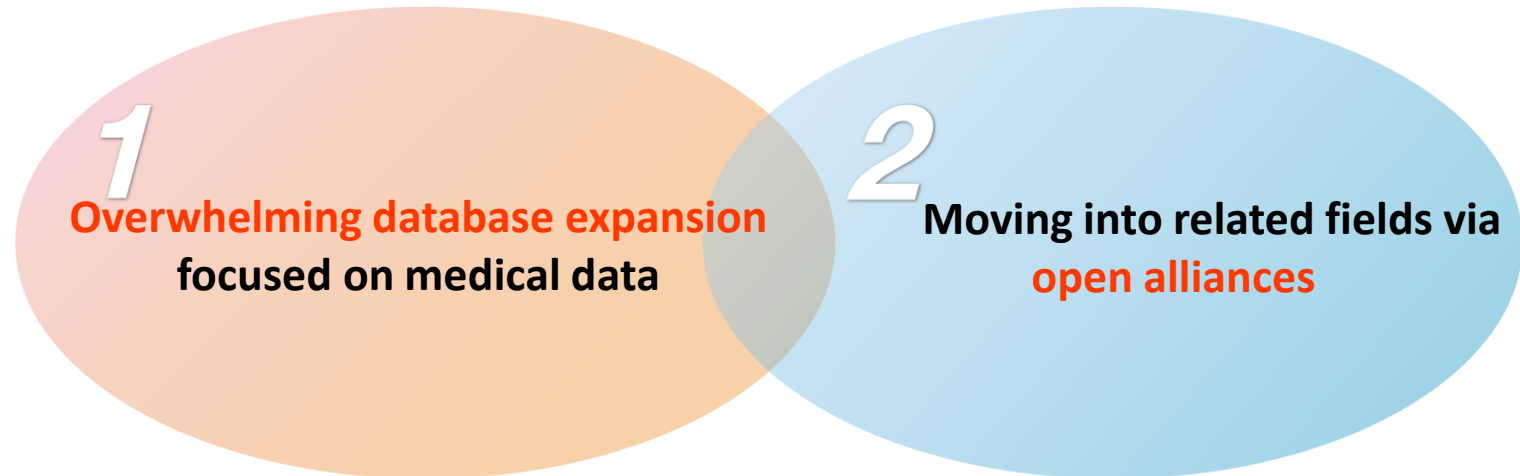
Management targets that will form the base of the plan

Two themes for MDV moving toward 2025

Further strengthen the data acquisition base and forge open alliances

We believe alliances are the best way to achieve speed that matches change in social conditions

We need to maintain robust foundations to make ourselves an attractive alliance partner



Strategies through 2025 are in keeping with previous measures

10bn yen in sales from existing businesses achievable, laying the foundations for future growth in other fields

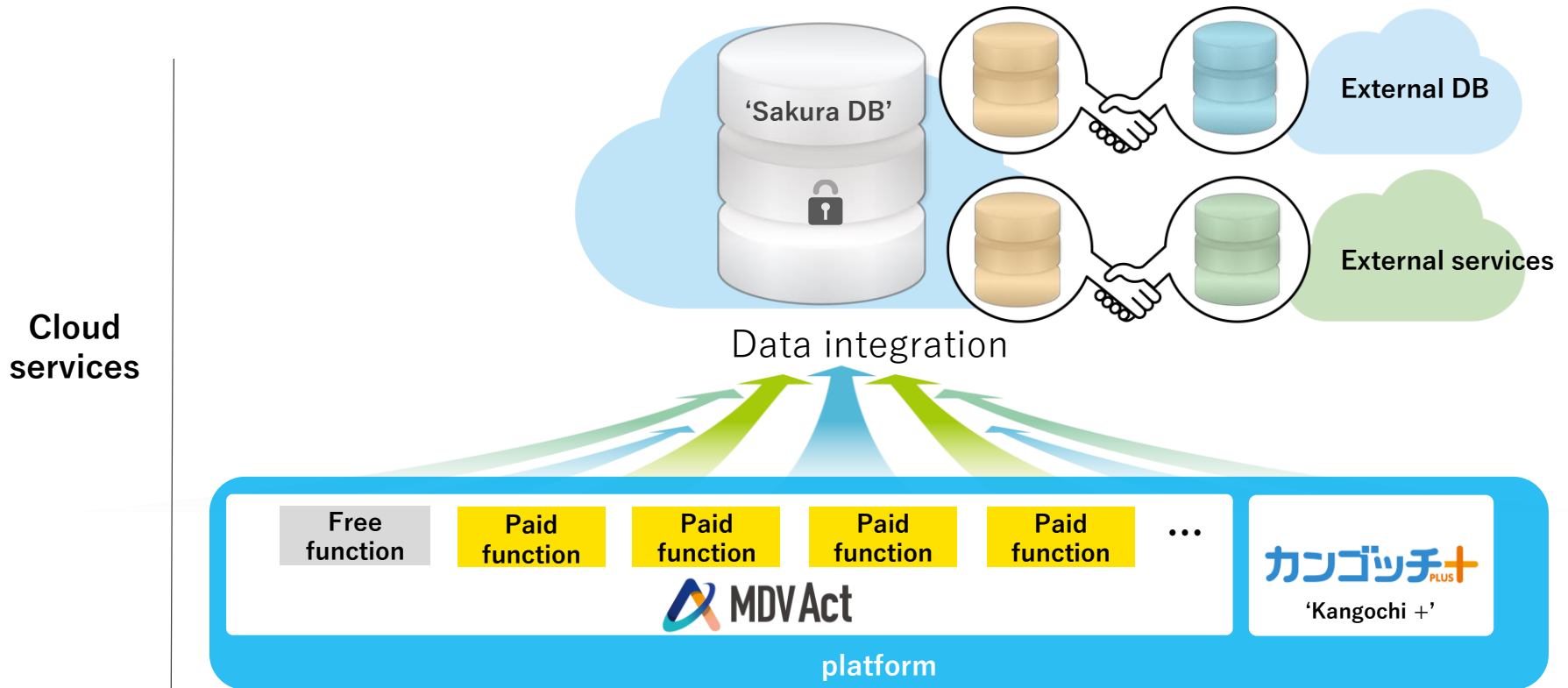
	Data network service	Data utilization service	Other (B2C, etc.)
Strategic target	Build bonds of trust with hospitals Gain understanding on data supply	Data accumulation and usage	Return medical data to patients Use in preventative medicine
Market size	Small (≒ no. of hospitals)	Medium (growing market)	Large (whole healthcare sector)
Earnings model type	【Stable】 Costs for support, etc. Secure funds for company base	【High-earning】 Few installation costs Source of high margins	【Upfront investment】 Needs upfront investment Share→rapid sales growth
Moves for 2025	Pursue shift to cloud Grow medical check system sales and maintain share	Maintain share of growing market Sales from overseas, insurance field	Upfront investment for new growth Create healthcare infrastructure
open alliance			

Key strategy for achievement of medium-term plan

Move to the cloud: the future beyond the shift to cloud operations

Shift to cloud makes external linkages easier

Collection and integration of medical data under our 「open alliance」 will lead to further growth in data utilization services



Release plans for paid functionality of 'MDV Act'

Provision of a variety of solutions to help resolve issues faced by medical institutions

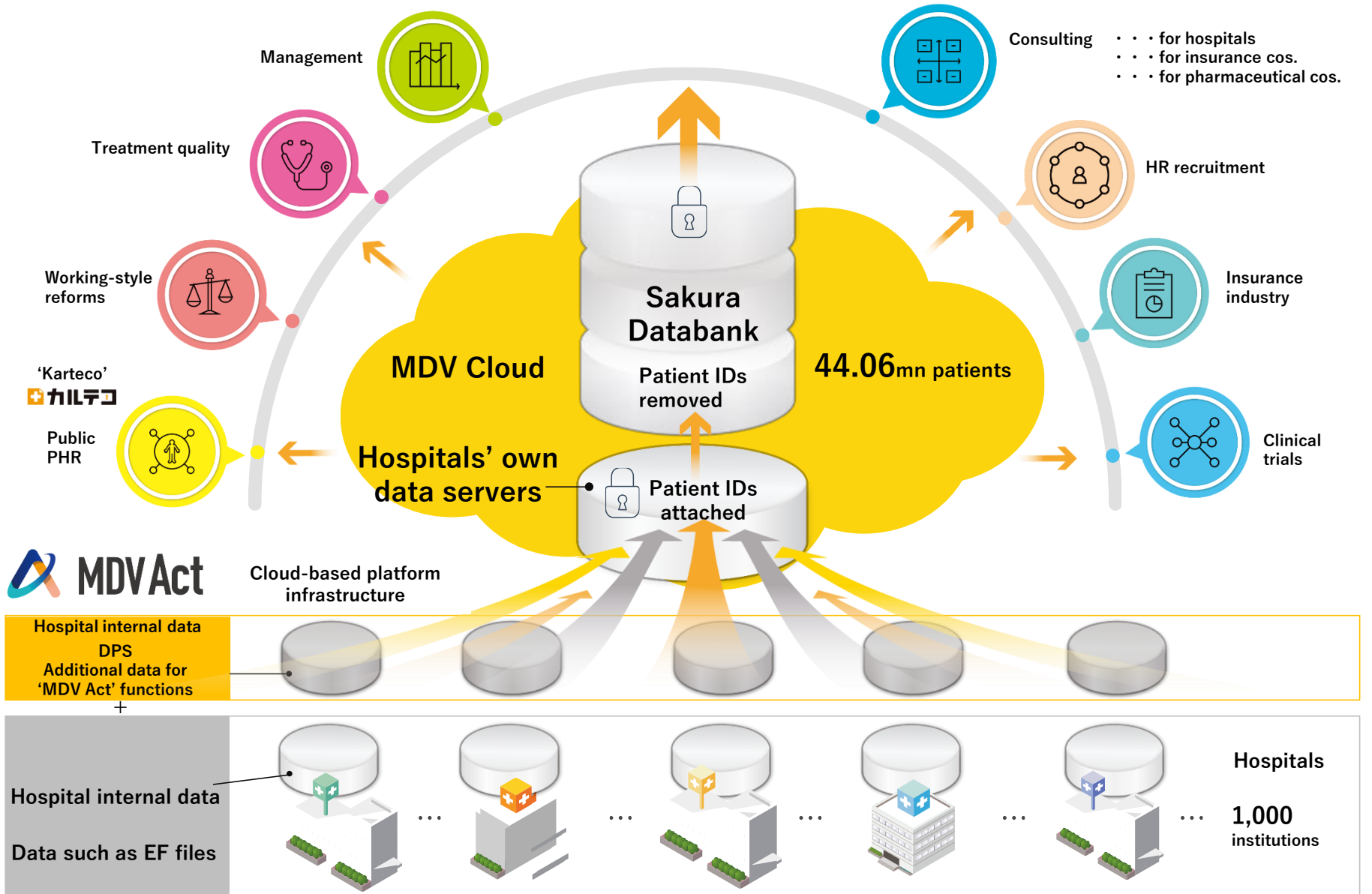
Plans to release solutions with a range of functionality through 2025

Release plans for paid functionality of 'MDV Act' (~2025) ★denotes already released

	Data source	Functionality	Target () = no. of hospitals	Monthly fee	Release date					
					2023		2024		2025	
					1H	2H	1H	2H	1H	2H
Management analysis solutions	DPC data	Maximize revenue Standardize medical treatment	DPC hospitals	¥50,000	Medical analysis pack ★					
			Data submission addition hospitals (around 2,800)*	¥10,000~30,000			[Release bar]			
Administrative support solutions	Electronic records · appointments, consultations · orders · medical accounting · clinical testing, etc	Support for patient appointment management Control of bed occupancy Departmental administration	Data submission addition hospitals (around 5,500)	¥20,000~100,000			[Release bar]			
Marketing solutions	Publicly available information Information related to referrals	Support for patient acquisition /local links Analysis of external environment Sales support	Regular hospitals (7,084) as of end-Mar 2023	¥10,000~50,000		[Release bar]				

※Number of hospital targets by MDV from within the around 5,500 data submission addition hospitals

Future growth built on MDV cloud platform



IR Contents in English

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