MEDICAL DATA VISION CO., LTD (3902 JP)

FULL-YEAR GUIDANCE WAS REVISED DOWN GIVEN SLOWER THAN EXPECTED RECOVERY IN SALES

EXECUTIVE SUMMARY

- **FY25 Q3 results summary**

  Medical Data Vision's [MDV] produced FY25 (Dec year-end) Q3 gross profit [GP] of ¥3,248mil (+6.3% YoY) and operating profit [OP]of ¥95mil (vs FY24 Q3's operating loss of -¥140mil) on sales of ¥4,650mil (+12.7% YoY). The Q3 sales performance was largely led by a recovery in Data Utilisation services, thanks to the enhanced sales teams for the segment, though the growth in OP was capped by rapid surge in COGS (+30.9% YoY / +¥331mil) over Q1~Q3), especially due to rapid surge in costs associated with cloud-based services such as datacentre fees (+¥171mil YoY).

- **Downward revision of FY25 guidance**

  FY25 is the last year of the ongoing 3-year medium-term management plan [MTP]. MDV revised down the FY25 guidance on 14 October from OP of ¥2,600mil (vs a recovery from ¥3mil in FY24) on sales of ¥9,000mil (+52.4% YoY) to OP of ¥490mil on sales of ¥6,860mil (+16.1% YoY). The sales guidance for each segment was also revised down as follows: (1) Data Network Service sales from ¥2,220mil (+81.6% YoY) to ¥1,314mil (+7.5% YoY), (2) Data Utilisation Service sales from ¥6,100mil (+46.3% YoY) to ¥5,000mil (+19.9% YoY) and (3) sales of Other Services from ¥680mil (+31.8% YoY) to ¥546mil (+5.9% YoY).

- **Shareholder Returns**

  MDV's shareholders' return policy offers an annual dividend pay-out ratio of 20%+. In FY25, the firm is guiding for a dividend payment of ¥9.00/share, which generates a dividend pay-out ratio of 126.2% on an EPS of ¥7.13/share. The ¥9.0/share dividend also translates to a DOE of 12.6%, based on shareholders' equity as of the FY24 end.

MDV (3902 JP) : Share Information						
Market Cap (¥mil)		18,900	Market Cap ($mil)			122
22-day Average Trading Volume (¥mil)		83	22-day Average Trading Volume ($mil)			0.5
Share performance (%)	**3902**	**TOPIX**	**Earnings Summary (¥mil, %)**	**FY23**	**FY24**	**FY25 CE**
Share price (¥, 04 Dec 2025)	474	3,398.21	Sales	6,419	5,906	6,860
3mo (from 04 September)	-13.3	10.3	OP	1,770	3	490
6mo (from 04 June)	18.5	22.0	OPM (%)	27.6	0.1	7.1
YTD (from 6 Jan 2025)	13.7	42.0	EBITDA	1,818	105	500*
1yr	8.5	24.0	EPS (¥)	25.63	-20.73	7.13
5yrs	-82.9	91.3	Financial Leverage (X)	1.4	1.5	1.5*
Per-share and Valuations	**3902**	**TOPIX**	Net D/E Ratio (X)	0.8	0.5	0.5*
EPS (¥, FY25 CE)	7.13	189.76	FCF	1,179	-1,469	300*
DPS (¥, FY25 CE)	9.0	N/A	**Shareholder Return Summary**	**FY23**	**FY24**	**FY25 CE**
BPS (¥, FY25 EST*)	79.8	N/A	Dividend (¥)	6.5	6.5	9.0
FCFPS (¥, FY25 EST*)	7.5	N/A	Dividend Payout (%)	25.4	N/A	126.2
Forward PER	66.5	17.01	Dividend Yield (%)	N/A	N/A	1.9
PBR (x)	5.9	1.6	DOE (%)	N/A	6.7	12.1*
PCFR (x)	63.2	N/A	Treasury Shares (%)	N/A	5.4	5.4
EV/EBITDA*	35.1	N/A	ROE (%)	23	N/A	N/A

*Source: Nippon-IBR based on data on Bloomberg and Toyo Keizai / *Nippon-IBR estimates*

FY25 Q3 RESULTS SUMMARY

Medical Data Vision's [MDV] produced FY25 Q3 gross profit [GP] of ¥3,248mil (+6.3% YoY) and operating profit [OP]of ¥95mil (vs FY24 Q3 operating loss of -¥140mil) on sales of ¥4,650mil (+12.7% YoY).). The Q3 sales performance was largely led by a recovery in Data Utilisation services, thanks to the enhanced sales teams for the segment, though the growth in OP was capped by rapid surge in COGS (+30.9% YoY / +¥331mil) over Q1~Q3), especially due to rapid surge in costs associated with cloud-based services such as datacentre fees (+¥171mil YoY).In Q3 alone, sales improved +20.1% YoY to ¥1,615mil (+7.5-% QoQ). However, primarily thanks to a +24.2%YoY / +6.8% QoQ improvement in sales of Data Utilisation Services.

On the cost side, COGS surged +40.7% YoY (+¥142mil YoY) / +7.2% QoQ to ¥494mil, due to higher subcontractor fees (+¥87mil) and cloud-related services (+¥50mil) but the increase in COGS was offset by a -12.2% YoY (-¥141mil) / -4.1% QoQ decline in SG&A due to a -¥220mil YoY drop in Karteco promotion-related advertisement.

The gross profit margin [GPM] continues to contract, declining from 70.9% in FY25 Q1, 69.3% in Q2 and 69.4% in Q3 alone.

MDV (3902 JP): Earnings Summary (Cumulative)

(¥mill / Dec year-end)	FY24			FY25			
	1H	Q3	FY	Q1	1H	Q3	YoY (%)
Sales	2,780	4,125	5,906	1,532	3,034	4,650	12.7
GP	2,061	3,055	4,331	1,085	2,126	3,248	6.3
GPM (%)	74.1	74.0	73.3	70.9	70.1	69.8	-4.2ppt
SG&A	2,034	3,195	4,327	1,068	2,131	3,152	-1.4
SG&A / Sales (%)	73.2	77.5	73.3	69.7	70.3	67.8	-9.7ppt
OP	26	-140	3	17	-5	95	N/A
OPM (%)	1.0	-3.4	0.1	1.1	-0.2	2.1	+5.5ppt
RP	-32	-229	-509	20	3	106	N/A
RPM (%)	-1.2	-5.6	-8.6	1.4	0.1	2.3	+7.9ppt
NP*	-86	-314	-791	12	-10	55	N/A
Dividend (¥)	N/A	N/A	6.5	N/A	N/A	N/A	N/A

Source: Nippon-IBR based on MDV's earnings results materials

** NP attributed to the parent's shareholders*

PERFORMANCE BY SEGMENT

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

1. Data Network Services

Data Network Services comprise the following services: (1) MDV Act, (2) Alpha Salus, and (3) Karteco. Segment sales are generated from (1) stock (recurring) revenue from these three services, (2) flow revenue from initial fees, and (3) new businesses. For the cumulative Jan~Sept period, segment sales growth was delivered by data convert services included in the flow revenue, which saw +177.8% YoY to ¥245mil. Data convert services transfer data from past electric medical records to a hospital's new system. The demand for such data transfer incurs when the lease tenure of the electric medical records system is renewed every 5~6 years. By having data transferred, hospitals maintain continuity of the data and can meet the duty to maintain up-to-date medical record.

MDV Act: stock revenue declined -1.4% YoY to ¥642mil during Q1~Q3. Stock revenue is still primarily generated from the on-premises service for DPC (Diagnosis Procedure Combination) hospitals, while MDV is encouraging its existing customers to shift to the cloud-based MDV Act service. Some on-premise system EVE users chose not to move to cloud-based MDV Act and have terminated their contracts. The firm continues to market MDV Act to new customers. As of the end of Q3, there were 1,431 DPC hospitals using MDV Act (vs 1,389 in Q2) of which 704 hospitals were fee-paying customers, compared to 701 hospitals in Q2, gradually increasing in line with the firm's plan.

Data Network Service New Sales Breakdown (Cumulative)								
(¥mil / Dec year-end)	FY24				FY25			
	Q1	1H	Q3	FY	Q1	Q2	Q3	YoY (%)
Data Network Total	332	625	900	1,222	321	600	918	2.0
Flow Revenue (initial fees)	48	50	88	171	82	141	245	177.8
Recurring Revenue (monthly subscription fees)	220	429	646	864	217	424	628	-2.7
New Businesses (subsidiaries)	63	146	161	176	17	25	31	-80.7
Karteco	0	0	4	9	4	9	13	177.8
Other services	127	249	389	515	157	297	438	12.5

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

Data Network Service New Sales Breakdown (Quarterly)									
(¥mil / Dec year-end)	FY24				FY25				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YoY (%)	QoQ (%)
Data Network Total	332	293	274	322	321	278	317	15.8	14.0
Flow Revenue (initial fees)	48	1	37	83	82	59	103	172.5	72.6
Recurring Revenue (monthly subscription fees)	220	209	217	218	217	206	204	-5.9	-1.0
New Businesses (subsidiaries)	63	82	14	15	17	7	5	-61.9	-27.4
Karteco	0	0	4	4	4	4	4	-2.4	-7.4
Other services	127	122	139	126	157	140	140	1.1	0.6

Source: Nippon-IBR Based on MDV's earnings results materials
*NB: * Sales of System B Alpha is split into Flow and Stock revenues from FY24 Q3.*

Alpha Salus: Although the debugging issue has been dealt with, the onboarding of customers (health check facilities) was delayed. Consequently, MDV has not actively marketed the system to prospective customers. The firm aims to restructure the onboarding process so as to recognise revenue in Q4. Currently, it has an order backlog of 35 customers vs the firm's plan to onboard about 77 customers in FY25.

Karteco: FY25 Q1~Q3 revenue from Karteco, a service ultimately used by consumers to monitor their health records online or via an app, is increasing but it was a mere ¥13mil (nil in FY24 1H, ¥4mil in FY25 Q1 and ¥9mil in FY25 Q2), generated from fee-paying subscriptions of the Karteco app and Karteco workwell.

MDV launched a large-scale promotion campaign to boost the number of downloads [DLs] for the service in FY24 and continued the promotion in FY25 Q1. The advertising effort boosted Karteco app DLs to 941,201 in FY25 Q1, 1,028,882 in FY25 Q2 to 1,100,091 in FY25 Q3, and the firm is targeting 1.4mil DLs in FY25. The number of fee-paying Karteco users is still only 2%, and the churn of fee-paying subscribers remains an issue. Increasing fee-paying Karteco users and maintaining them are key for growth although the firm discontinued spending on advertisements after Q1.

Meanwhile, the promotion of Karteco workwell, which enables employers to support the mental health of their employees, was launched, aiming at the transportation and passenger industries.

2. Data Utilisation Services

Data Utilisation Services sales were boosted thanks to reinforced marketing team and were ahead of guidance, coming in at ¥3,293mil (+16.1% YoY) for the Q1~Q3 period. Especially, medical data survey analysis, an ad-hoc service, made a good progress to ¥2,578mil (+19.5% YoY) during the cumulative 9-month period.

In Q3 alone, segment sales were ¥1,156mil (+24.2% YoY / +6.8% QoQ). Sales of ad hoc, medical data survey analysis services rose +29.8% YoY / +8.2% QoQ to ¥916mil, thanks to the success of the firm's revamped sales team and marketing force in attracting higher-value ad hoc services.

MDV analyzer sales rose +5.4% YoY to ¥715mil in FY25 Q1~Q3, thanks to the increase in users opting to employ MDV analyzer for multiple services, such as DPC data set (number of patients, prescription dosage, number of days prescribed etc) and that of insurance patients' data. In Q3 alone, the service reported sales of ¥240mil (+6.7% YoY / +1.7% QoQ).

Data Utilisation Service Segment: Sales Breakdown by Service (Cumulative)								
(¥mill / Dec year-end)	FY24				FY25			
	Q1	1H	Q3	FY	Q1	1H	Q3	YoY (%)
Data Utilisation Total	928	1,904	2,836	4,168	1,053	2,136	3,293	16.1
MDV analyzer	225	453	678	903	238	474	715	5.4
Medical data survey analysis	702	1,451	2,157	3,265	814	1,661	2,578	19.5

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

Data Utilisation Service Segment: Sales Breakdown by Service (Quarterly)									
(¥mill / Dec year-end)	FY24				FY25				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YoY (%)	QoQ (%)
Data Utilisation Total	928	976	931	1,332	1,053	1,083	1,156	24.2	6.8
MDV analyzer	225	227	225	224	238	236	240	6.7	1.7
Medical data survey analysis	702	748	706	1,108	814	847	916	29.8	8.2

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

FY25 OUTLOOK

FY25 is the last year of the ongoing 3-year medium-term management plan [MTP]. MDV revised down the FY25 guidance on 14 October from OP of ¥2,600mil (vs a recovery from ¥3mil in FY24) on sales of ¥9,000mil (+52.4% YoY) to OP of ¥490mil on sales of ¥6,860mil (+16.1% YoY). The sales guidance for each segment was also revised down as follows: Data Network Service sales from ¥2,220mil (+81.6% YoY) to ¥1,314mil (+7.5% YoY), Data Utilisation Service sales from ¥6,100mil (+46.3% YoY) to ¥5,000mil (+19.9% YoY) and sales of Other Services from ¥680mil (+31.8% YoY) to ¥546mil (+5.9% YoY).

MDV (3902 JP): Earnings Guidance							
(¥mill / Dec year-end)	FY21	FY22	FY23	FY24	FY25		
	FY	FY	FY	FY	Old FY CE	New FY CE	YoY (%)
Sales	5,672	6,104	6,419	5,906	9,000	6,860	16.1
OP	1,594	1,758	1,770	3	2,600	490	N/A
RP	1,592	1,750	1,700	-509	2,500	500	N/A
RPM (%)	28.1	28.7	26.5	-8.6	27.8	7.3	N/A
NP*	1,087	870	979	-791	1,650	270	N/A
Dividend (¥)	5.6	6.0	6.5	6.5	9.0	9.0	38.5

Source: Nippon-IBR based on MDV's earnings results materials

* NP attributed to the parent's shareholders

MDV assumes the following risks to its sales forecast:

1. Data Utilisation Services sales achieved a record level up to Q3, however, the order book is not high enough to achieve the firm's FY25 segment sales forecast of ¥6,100mil as of Q3.
2. Sales of Alpha Salus have been delayed due to excessive time spent on system installation

The revision to RP was primarily due to downward revision on sales by -23.8% YoY / -¥2,140mil. While COGS continue to surge for subcontractor fees and datacentre costs, the increase in COGS and SG&A is so far in line with expectation.

SHAREHOLDER RETURNS

MDV's shareholders' return policy offers an annual dividend pay-out ratio of 20%+. In FY25, MDV is guiding to pay a dividend of ¥9.00/share, which generates a pay-out ratio of 126.2% on EPS of ¥7.13/share. The ¥9.0/share dividend also translates to DOE of 12.6%, based on shareholders' equity as of the FY24 end.

As of June 2025, 5.4% of shares outstanding remained as treasury shares. Between September 2024 and March 2025, the firm repurchased total of 340,000 shares (approx. ¥152mil). For the medium-term plan, MDV has not yet detailed the additional shareholder return policy.

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