

Developing digital therapeutic apps

This report is an English translation of part of the report issued on December 28, 2021.
For inquiries concerning the report, please contact info@stock-r.org

[4263 SUSMED Sector : Information & Communication]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Jun. 2020	34	593.5	-160	-	-88	-	-96	-	-8.4	-38.8	0.0
Jun. 2021	115	231.0	-333	-	-271	-	-277	-	-21.7	-54.6	0.0
Jun. 2022 f	95	-17.4	-780	-	-724	-	-748	-	-51.8	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending June 2022 are the company's forecasts.
It conducted 1-to-700 stock split on October 1, 2021. Per share indices are adjusted retroactively.

Business Centered on Digital Therapy App Development

SUSMED's business operations are centered on development in the field of digital therapeutics (DTx). Its businesses include the DTx product business, which develops digital therapeutic apps, and the DTx platform business, which is in charge of the development and provision of general-purpose clinical trial systems, automated machine learning analysis systems, etc. SUSMED has completed verification tests of products for the DTx product business, but has not yet launched sales.

DTx is a software-driven treatment method taking the form of a smartphone app, etc. It is a medical device based on scientific evidence, and regulatory approval has been obtained. DTx is different from general healthcare applications. Compared with traditional medical care, DTx gives patients easier access to care, while also making it possible to collect activity data outside of medical institutions. The technology is expected to solve issues specifically related to chronic diseases, such as high treatment discontinuation rates and prolonged treatment periods caused by the inability to provide appropriate, timely, and sufficient therapeutic intervention.

It is believed that risks associated with the development costs, development period, profitability after sales and such can be reduced in the development of therapeutic apps because nonclinical tests required when developing ordinary drugs and medical devices are not required. Furthermore, because the software itself is the product, the process and quality control are relatively easy in the manufacturing process once the medical device has been approved. It differs by the target disease, but the company believes that the development of a therapeutic app will take approximately six years and incur costs ranging from several hundred million to several billion yen.

SUSMED (4263 TSE Mothers) - - - - - January 11,2022**Financial Statements**

Statement of income	Fiscal Year	Jun.2020		Jun.2021		Three months to Sep. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		34	100.0	115	100.0	30	100.0
Cost of sales		1	4.4	9	8.5	3	10.8
R&D expenses		86	247.6	249	215.7	87	282.1
Selling, general and administrative expenses		107	308.7	190	164.5	68	222.2
Operating profit		-160	-	-333	-	-128	-
Non-operating income		71	206.1	62	54.0	1	3.4
Non-operating expenses		-	-	0	-	2	6.5
Ordinary profit		-88	-	-271	-	-128	-
Profit before income taxes		-96	-	-275	-	-129	-
Net profit		-96	-	-277	-	-129	-

Balance sheet	Fiscal Year	Jun.2020		Jun.2021		Sep. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		378	99.2	1,674	100.0	1,501	99.5
Cash and deposits		366	96.0	1,626	97.1	1,450	96.2
Accounts receivable-trade and contract asset		1	0.5	5	0.3	13	0.9
Non-current assets		3	0.8	0	0.0	7	0.5
Property, plant and equipment		0	0.0	0	0.0	0	0.0
Intangible assets		-	-	-	-	-	-
Investments and other assets		3	0.8	0	0.0	7	0.5
Total assets		381	100.0	1,674	100.0	1,508	100.0
Current liabilities		22	6.0	96	5.8	59	4.0
Accounts payable - trade		-	-	-	-	-	-
Accounts payable		13	3.5	81	4.9	45	3.0
Non-current liabilities		3	1.0	0	0.1	0	0.1
Net assets		355	93.1	1,577	94.2	1,447	96.0
Owners' equity		355	93.1	1,577	94.2	1,447	96.0

Statement of cash flows	Fiscal Year	Jun.2020	Jun.2021
		(mn yen)	(mn yen)
Cash flows from operating activities		-88	-235
Depreciation		0	0
Cash flows from investing activities		-5	-4
Cash flows from financing activities		-	1,500
Dividends paid		-	-
Net increase in cash and cash equivalents		-94	1,260
Cash and cash equivalents		366	1,626

Note: Non-consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

About Stock Research Center

Stock Research Center is engaged in the preparation of analyst reports, mainly on companies that are not sufficiently covered by analysts, based on a neutral perspective, and broadly disclose the reports to the public with an aim to revitalize the stock market.

Note: Reports prepared by Stock Research Center are created in reference to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.



■ Supporting Members

Tokyo Stock Exchange, Inc.
Nomura Securities Co., Ltd.
Ernst & Young ShinNihon LLC
Deloitte Touche Tohmatsu LLC
H.S. Securities Co., Ltd.
TAKARA PRINTING CO., LTD.
A&A Partners

SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.
ICMG Co., Ltd.
SBI SECURITIES Co., Ltd.
Ichiyoshi Securities Co., Ltd.
PRONEXUS INC.

Daiwa Securities Co. Ltd.
KPMG AZSA LLC
Grant Thornton Taiyo LLC
BDO Sanyu
Japan Securities Dealers Association
The Securities Analysts Association of Japan

Certification by Analysts

Analysts indicated in the reports certify that the content indicated in the report precisely reflects the personal opinions of the analysts on all securities and issuer companies discussed in the report. In addition, it is ensured that the opinions directly or indirectly indicated in the report will have no influence on the analyst's compensation in the past, present, and future upon writing the report.

Disclaimer

- The report is prepared by stock analysts affiliated with the Stock Research Center for the purpose of disclosure to a wide range of investors as reference information and not to recommend or solicit to buy or to sell any particular securities or financial instrument.
- The content and indication of the report is based on disclosed information available publicly and is prepared by adding necessary supplementary information gained through interviews by analysts. The writer of the report is, without exception, prohibited to use insider information, or to acquire such information. The information included in the report is believed to be precise and reliable, but its preciseness is not verified objectively. In addition, the report is not intended to comprehensively include all information required by investors.
- The information included in the report may become outdated due to changes in the financial market, economic environment, etc. There are risks that the prices of stocks featured directly or indirectly in the report will fall below the par value due to fluctuations in stock prices, changes in management/financial conditions of the issuers, fluctuations in exchange rates or interest rates, etc. Past performance does not imply or guarantee future performance.
- The opinions indicated in the report are subject to change without notice and the Stock Research Center has no obligation to update the information or opinions included in the report.
- The Stock Research Center does not bear any responsibility for any results, including direct losses, indirect losses, losses of profit and damages, suffered by investors due to using the report or relying on the report. Final investment decisions shall be made by investors themselves and the sole responsibility concerning the investment lies with the investors that viewed the report.
- The copyright of the report belongs to the Stock Research Center and it may not be copied, reproduced, quoted, etc. in any form without prior consent.