

# **M3, Inc.**

## **Presentation Material**

April 2021



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Furthermore, information and data other than those concerning the Company and its subsidiaries/affiliates are quoted from public information, and the Company has not verified and will not warrant its accuracy or dependency.

M3, Inc.

# FY2020 Consolidated Results

IFRS

(mn yen)	FY2019	FY2020	YoY
Sales	130,973	169,198	+29%
Operating Profit	34,337	57,972	+69%
Pre-tax Profit	34,610	58,264	+68%
Net Profit	24,153	41,198	+71%

**+74%**  
growth  
excluding  
impacts  
such as  
stock  
sales and  
valuation  
changes

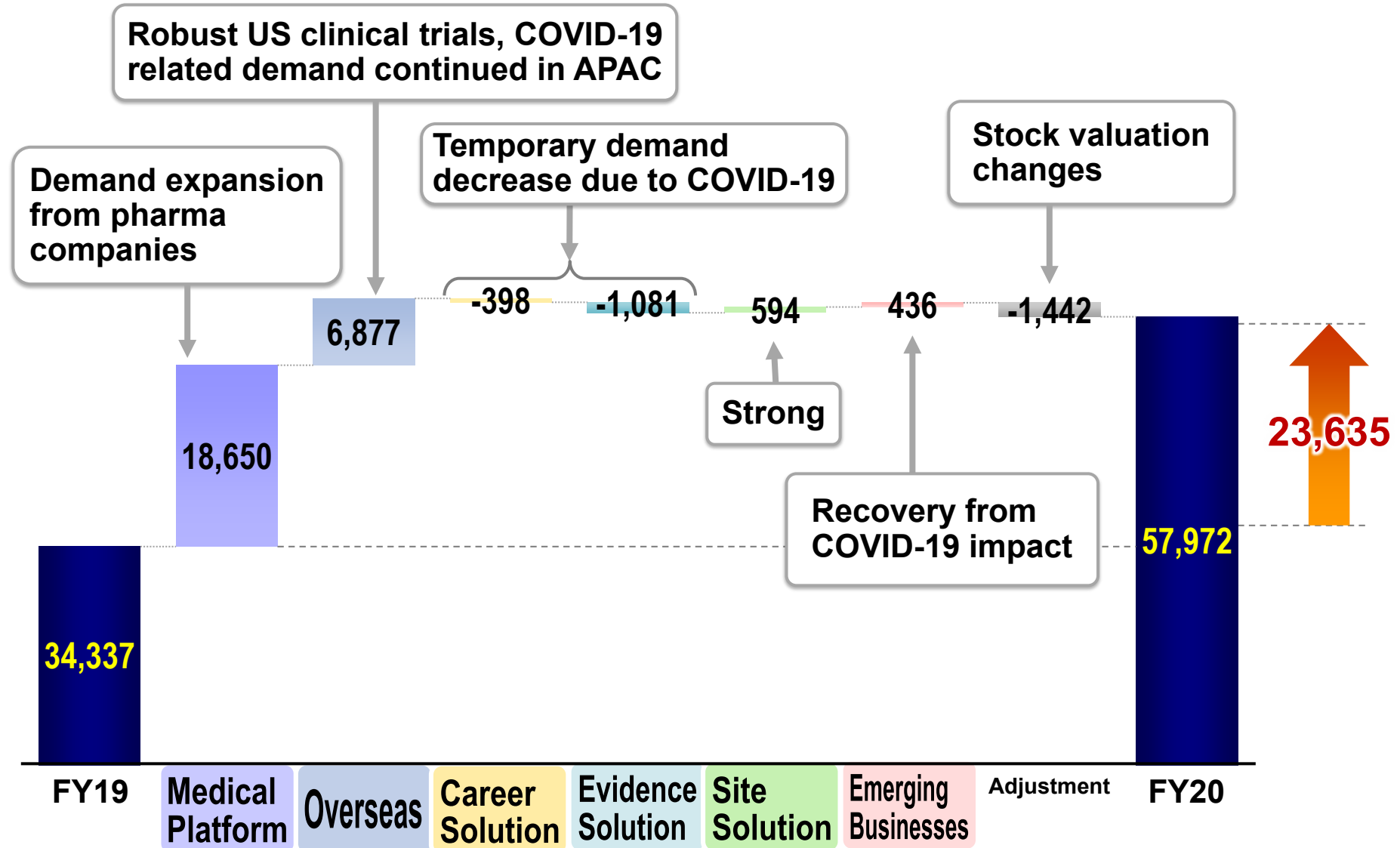
 Profit increase accelerated to +81% in the three months of Q4 versus previous year, excluding impacts such as asset sales and valuation changes

# FY2020 Consolidated Results by Segment

(mn yen)			FY2019	FY2020	YOY	
Domestic	Medical Platform	Sales	51,270	77,076	+50%	+107% YoY profit growth excluding impact such as stock sales
		Profit	19,253	37,903	+97%	
	Evidence Solution	Sales	21,365	19,473	-9%	Temporary demand decrease due to COVID-19
		Profit	4,699	3,618	-23%	
	Career Solution	Sales	15,393	13,537	-12%	
		Profit	4,151	3,753	-10%	
	Site Solution	Sales	12,223	16,555	+35%	Continued strength from Q3, reinforce upfront investment
		Profit	944	1,537	+63%	
	Emerging Businesses	Sales	3,286	3,328	+1%	
		Profit	513	950	+85%	
Overseas		Sales	29,961	42,147	+41%	Led by strength in US clinical trials and APAC
		Profit	5,722	12,599	+120%	

# FY2020 Consolidated Operating Profit Contribution

(mn yen)



# FY2020 Overview

## COVID-19 Impact

### Medical Platform

- Accelerated digital transformation in pharma marketing
- myMR-kun becoming established as a new platform

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### Evidence Solution

- Orders backlog remained steady at 24.5 bn yen despite partial halts in projects due to COVID-19

—

### Career Solution

- Dampened activity for pharmacists full-time and temp placements, minimal impact on physician base

—

### Site Solution

- Increase in affiliate sites; increase in COVID-19 related projects supporting continued strong results

+

### Emerging Businesses

- New business seeds being planted at an aggressive pace geared towards DX of the clinical scene, starting with online medicine

+

### Overseas

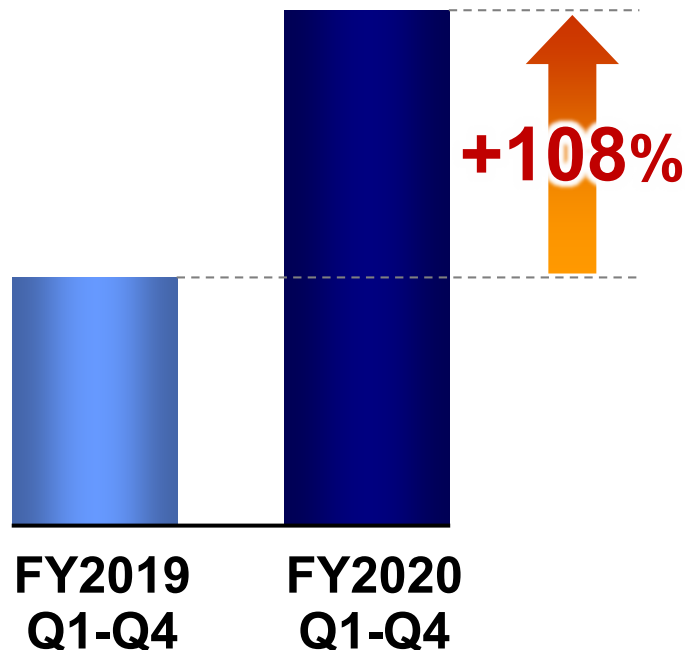
- Substantial profit contribution from robust US clinical trial business
- APAC continues growth trend

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# m3.com Platform Strength

# m3.com Tops 300,000 Members, Gross Profits Double

## Gross Profit per Physician

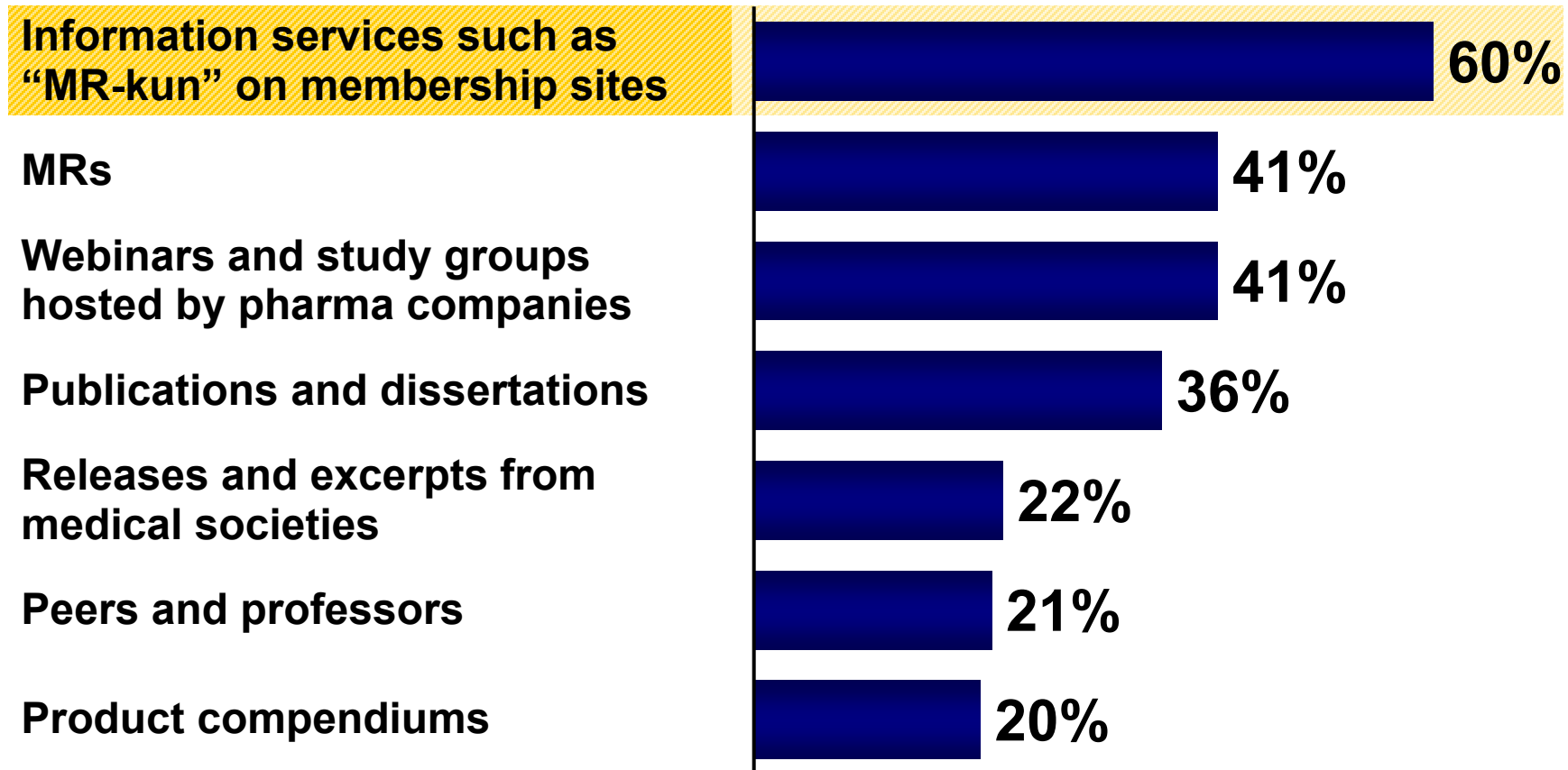


- m3.com members topped 300,000 (92% of all Japanese physicians)
- Dramatic increase in member activity and active member ARPU, doubling gross profit per member vs previous FY
- Positive impact on results from fortification of platform strength, in addition to increased demand from pharma companies

 m3.com strength expected to augment further in FY21



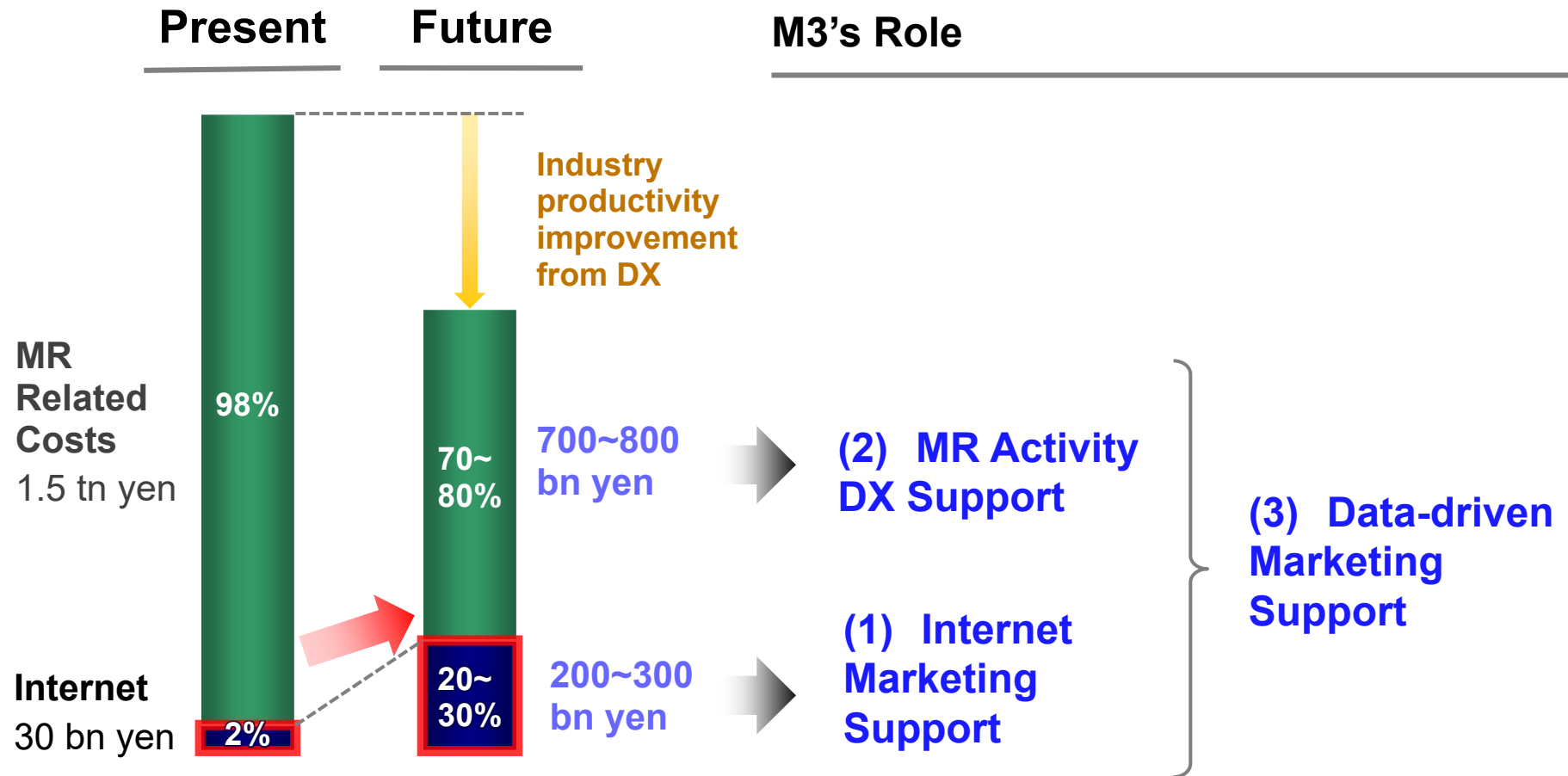
# M3 Ranks Top as “Most Useful Medical Information Source”



 **M3 ranks top for the first time since launch of this survey five years ago**

# Pharmaceutical Sales & Marketing DX

# Pharma Marketing Cost and TAM for M3



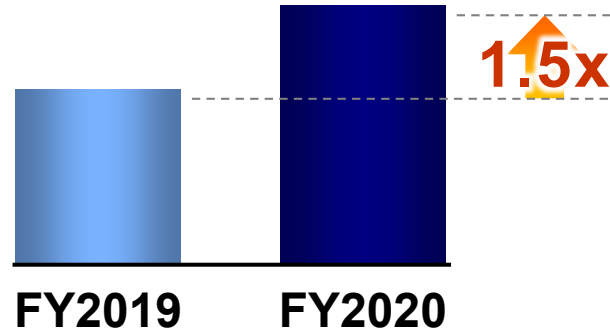
 **M3 involvement to go beyond the bounds on the internet to improve productivity across the entire industry**

Ref: M3 survey and estimate; numbers are approximate

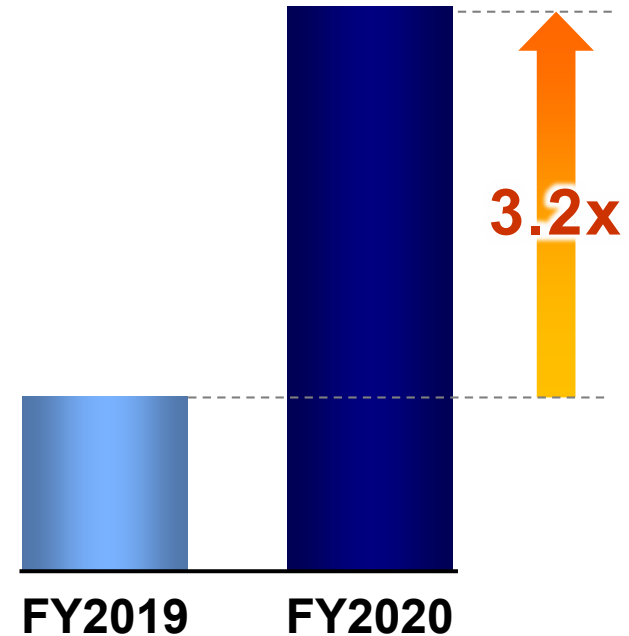
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# Internet Marketing Services

## MR-kun Sales



## Webinar Sales



**Messaging by pharma companies via m3.com expanded significantly**

# eCSO: Medical Marketers

## Typical CSO

### Localized Physical Visits



#### Coverage

80~150 physicians



#### # of Details

150~200 per month



#### Interaction

net 1~2 hrs/day



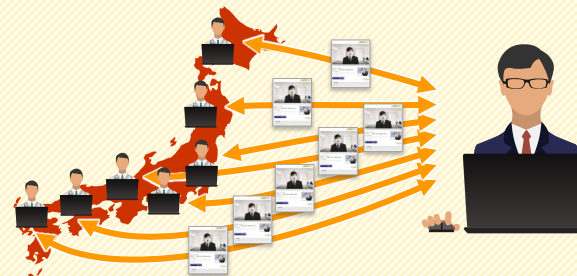
#### Method

mainly **physical visits**



## Medical Marketer

### Nationwide eDetails



500~1,000 physicians

2,000~4,000 per month







net 5~10 hrs/day

**eDetails** allow physician profiling **data accumulation** applicable for customization

 Medical Marketers relay information via full utilization of digital tools, curtailing time loss of travel and waiting, and visitation restrictions

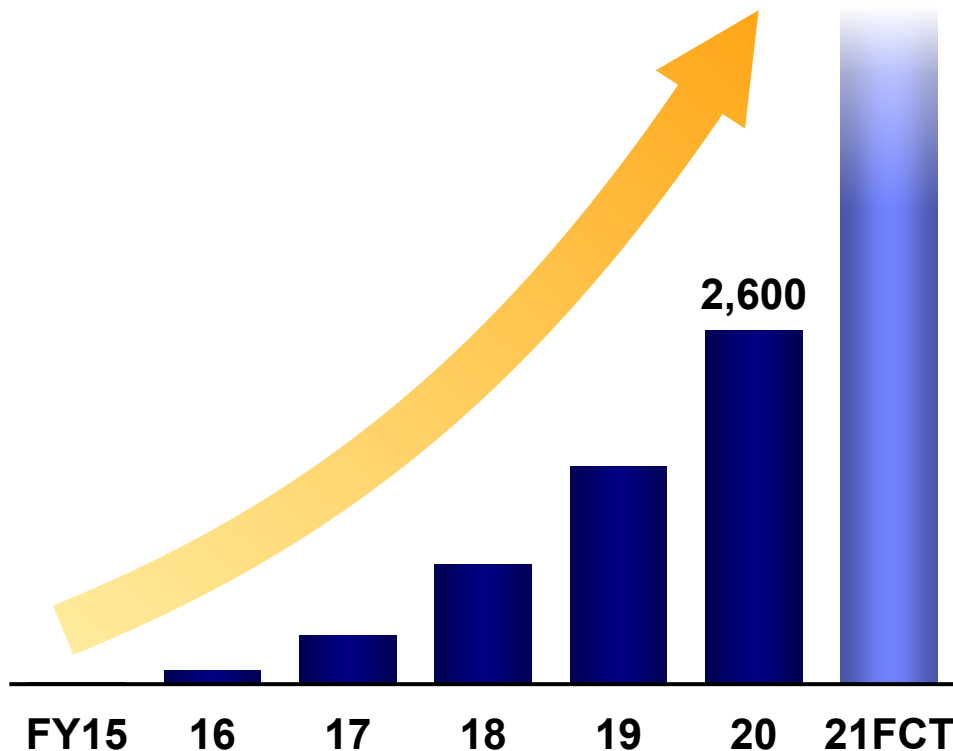
# **DX of the Clinical Scene**

# DX of Clinics

		<u>Current</u>		<u>Post DX</u>
Access		Long waiting time in lobbies	➔	Online reservations
Diagnosis		Offline	➔	Online/Offline Hybrid
Payment		Wait to pay at service desk	➔	Head straight home (digital payments)
Rx		Local pharmacy	➔	Delivered to home or office
Medical Records		Difficult access	➔	Review own health records online
Midnight Emergencies		Wait until next morning	➔	24/7 Online Service

 Proactive support for DX of the clinical scene; total business potential expected to be larger than pharma marketing support

# DX 1:M3 DigiKar EHR Growth



- 2,600 cumulative adoptions
- Record high adoptions during the month of March
- NO.1 in annual sales across both cloud and on-premise electronic health record systems

 **70% market share within cloud based digital health records (#1 by far), with over 50 million charts on record**



# DX 2: LINEDoctor



- Service launched in Tokyo metropolitan area, with upcoming sequential rollout across Japan
- PDCA based improvements to be made based on first wave
- LINE character “Brown” to adorn starter kits at clinics

**👉 Telemedicine service rollout utilizing the familiar LINE app. LINEDoctor NPS is at +42, highlighting high user satisfaction**

# Ref: M3 Service NPS (Net Promoter Score®)

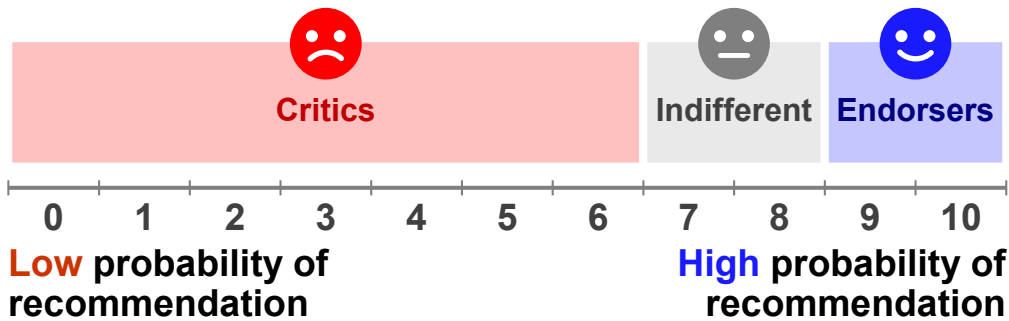
## Multi Opinion Service, Medical Consultants

Endorsers 63%  
Indifferent 16%  
Critics 21%

= 42

Q: Would you recommend this service to a friend?

### Net Promoter Score® Calculation Method



**NPS = Endorsers - Critics**

### Calculation Method

Endorsers	63%
Indifferent	16%
Critics	21%

**NPS = 63 - 21 = 42**

# LHC:Disease Awareness for the General Public

## Number of “Friends” on LINEHealthcare’s LINE Official Accounts

### Disease and Treatment Awareness



Hay Fever@  
2.39+ million



BeautyLabo@  
420+ thousand



Psoriasis@  
28+ thousand



PMS@  
280+ thousand



Dry Itchy Skin in Kids@  
18+ thousand



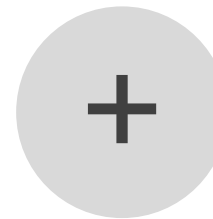
### Treatment Support



Mimamoria@  
43+ thousand



Dr. Hypertension@  
20+ thousand



 Disease awareness projects across multiple TA underway in addition to the above seven; further expansion expected going forward.

# DX 3: Cashless Payment (expected May launch)



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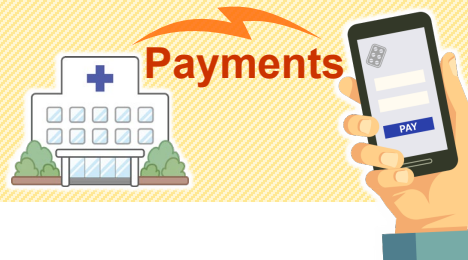


エムスリーデジタル

**M3 DigiKar**

- 300,000 physician panel base
- Expertise in cloud based service development for medical facilities
- Reception and payment connectivity with No.1 cloud based EHR system DigiKar

Improvement of  
safety and  
practicality in  
clinical  
environments via  
DX support and  
COVID-19  
solutions



**stripe**

- World-class functionality and API usability
- Advanced technology based safety and reliability
- Product strength that allows for innovative business models

Continued DX support for the clinical scene beyond payment systems; future expansion in appointment systems, medical questionnaires, patient registration tickets, and more.

# FY2021 Outlook

# FY2021 Outlook

## Outlook

### Medical Platform

- m3.com platform strength to continue increase
- myMR-kun to continue growth as pharma DX evolves

**++**

### Evidence Solution

- Restart and acceleration of trials halted during COVID-19

**+**

### Career Solution

- Improvement trend; vaccine related project may also contribute

**+**

### Site Solution

- Further fortification of upfront investments; profits may dip as a result from healthy growth activities

**- / +**

### Emerging Businesses

- Aggressive investment into DX of the clinical scene, such as telemedicine

**- / +**

### Overseas

- US clinical trial orders looks to remain positive with current backlog of USD 90 million
- APAC including India and China remains healthy

**+**

# M3's COVID-19 Efforts

## Vaccine & Treatment Development

- Involved in mostly all COVID-19 related vaccine and treatment trials in the US

**NOVAVAX**

**moderna**

**Pfizer**

**altimmune**

**AstraZeneca**

**REGENERON**

**medicago**

## Vaccine Dissemination Support

- Vaccine dissemination support across municipalities utilizing M3's physician network
- Collaboration with Change Inc., capitalizing on their strong network across municipalities



## Vaccine Information for Medical Sites

- Vaccine related information provision and support towards medical sites (sponsored by pharma companies)



 **Contribution to COVID-19 solutions via vaccine dissemination support following efforts in clinical trials**

# M3 Growth Strategy



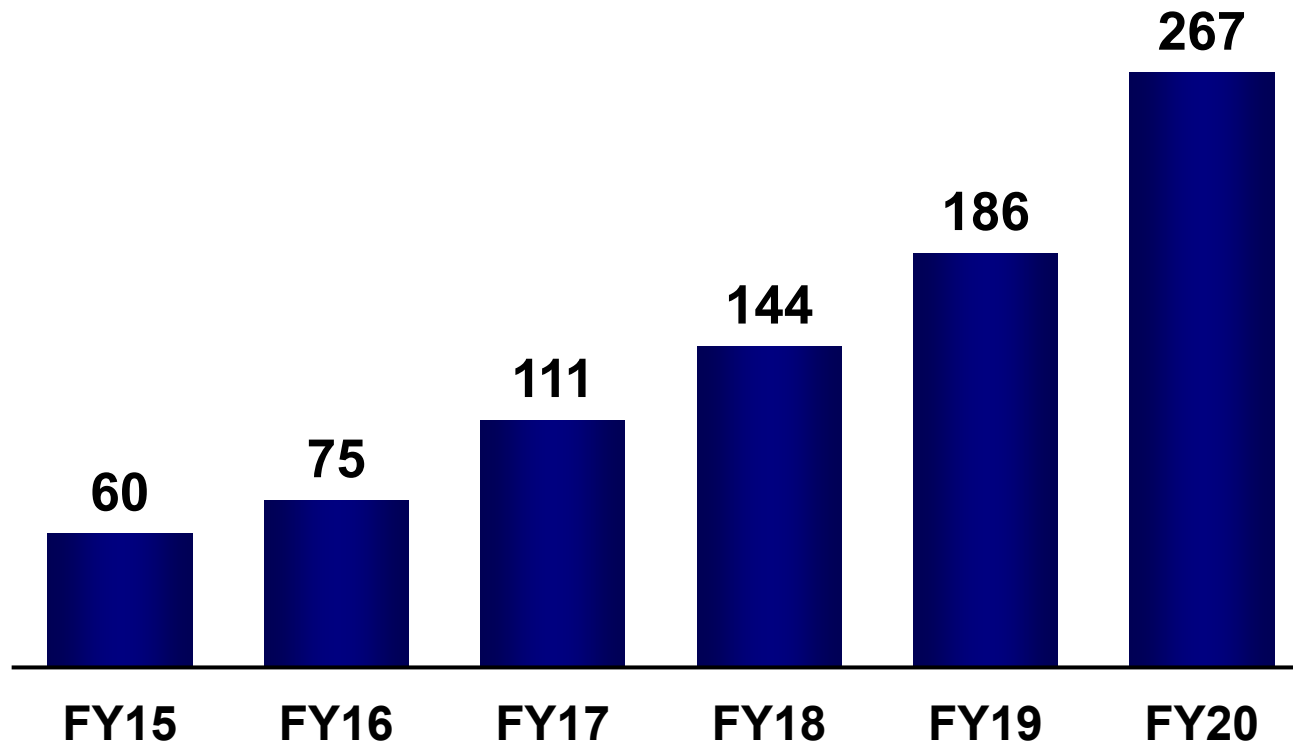
# Business Scope Expansion and Growth Potential

	2010	2014	2018	2022
Country	: 3 →	5 (1.5x) →	10 (3x) →	
Business Types	: 6 →	10 (1.5x) →	26 (4x) →	Similar pace of growth expected over the next 4 years
Business Units (Type x Country)	: 10 →	18 (2x) →	41 (4x) →	
Sales (bn)	: 14.0 →	37.0 (2.5x) →	94.5 (7x) →	

 **Aggressive M&A to ensue in reaching growth potentials exceeding 10~20x current levels...**

# Increase in M&A

## Number of Deals That Were Evaluated

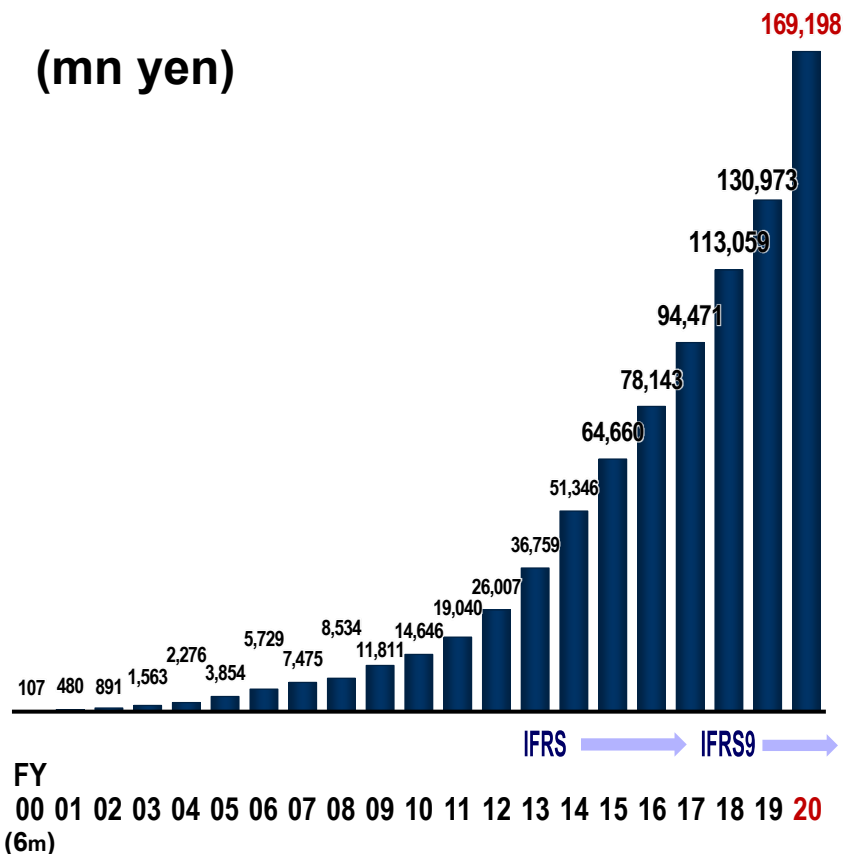


**M&A activity and pipeline continue acceleration in line with business expansion. Number of executions and size are also increasing.**

# Annual Results

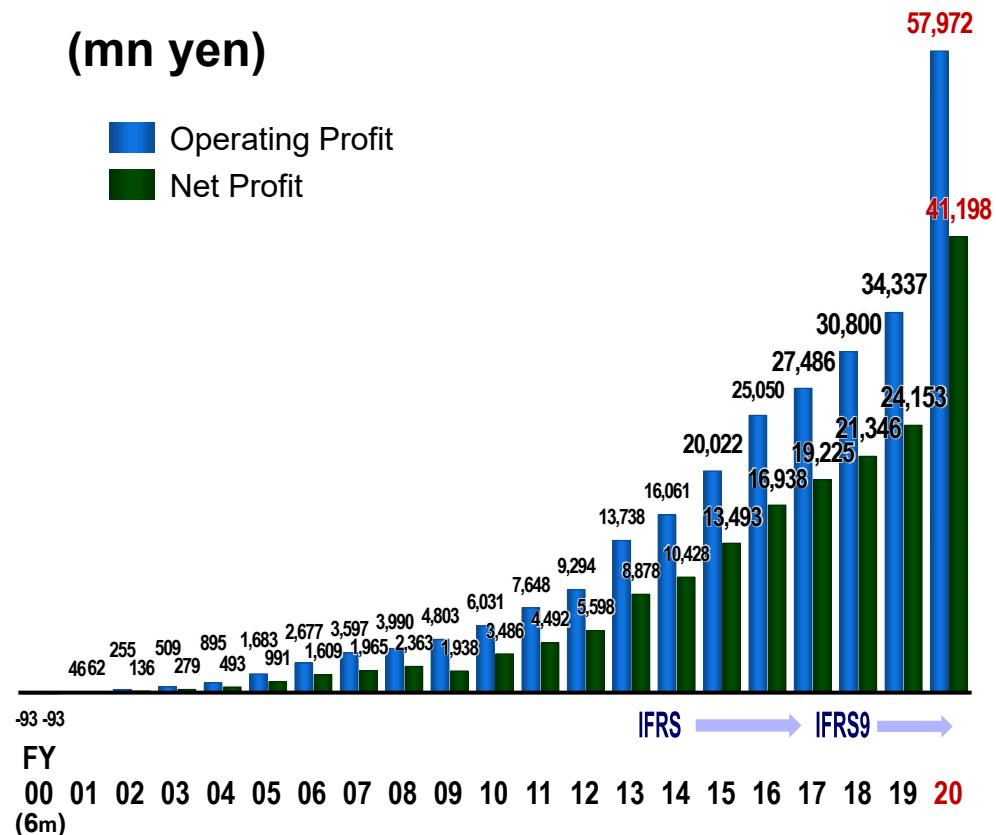
## Sales

(mn yen)



## Operating Profit & Net Profit

(mn yen)



Forecasts were not given due to unpredictable variables, basic outlook is for continued growth.

\* FY17 results retroactively restated according to IFRS9 (Financial Instruments)

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