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# **M3, Inc.**

## **Presentation Material**

January 2021





The following presentation contains forecasts, future plans, management targets and other forward-looking projections relating to M3, Inc. and/or its group. These statements are drawn from assumptions of future events based on data currently available to us, and there exist possibilities that such assumptions are objectively incorrect and/or may produce differing actual results from those mentioned in the statements.

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 Q3 Consolidated Results Summary**

# FY2020 Q3 Consolidated Results

IFRS

(mn yen)	FY2019 Q1-Q3	FY2020 Q1-Q3	YoY
Sales	96,319	123,750	+28%
Operating Profit	26,933	42,468	+58%
Pre-tax Profit	27,003	42,481	+57%
Net Profit	18,616	29,507	+59%

**+72%**  
growth  
excluding  
impacts  
such as  
stock  
sales and  
valuation  
changes

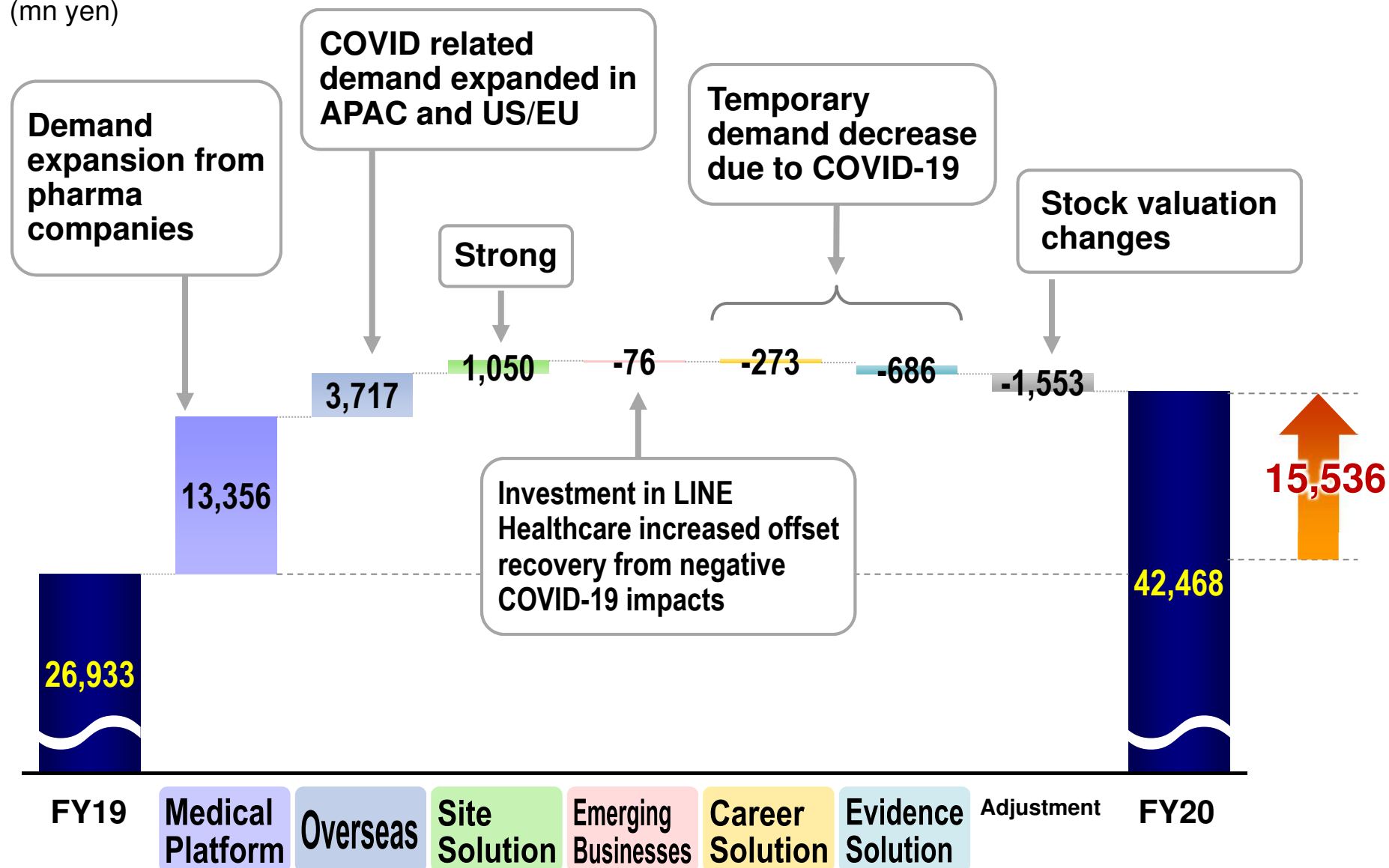
 Profit increase accelerated to +87% in the three months of Q3 versus previous year, excluding impacts such as asset sales and valuation changes

# FY2020 Q3 Consolidated Results by Segment

(mn yen)			FY2019 Q1-Q3	FY2020 Q1-Q3	YOY	
Domestic	Medical Platform	Sales	36,986	55,629	+50%	+108% YoY profit growth excluding impact such as stock sales
		Profit	14,114	27,469	+95%	
	Evidence Solution	Sales	15,942	14,427	-10%	Temporary demand decrease due to COVID-19
		Profit	3,335	2,648	-21%	
	Career Solution	Sales	12,018	10,965	-9%	
		Profit	3,626	3,353	-8%	
	Site Solution	Sales	8,678	12,530	+44%	Continued strength from Q2
		Profit	460	1,510	+228%	
	Emerging Businesses	Sales	2,440	2,395	-2%	Recovery mode
		Profit	794	718	-10%	
Overseas		Sales	22,160	29,814	+35%	Asia and US strong
		Profit	4,660	8,378	+80%	

# FY2020 Q3 Consolidated Operating Profit Contribution Breakdown

(mn yen)



# FY2020 Q3 Overview

## COVID-19 Impact

### Medical Platform

- Accelerated digital transformation in pharma marketing
- Continued recovery also of other businesses outside of marketing support services

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### Evidence Solution

- Orders backlog remained steady at 22.5 bn yen despite partial halts in projects due to COVID-19

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### Career Solution

- Dampened demand from both physician and pharmacists due to COVID-19

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### Site Solution

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

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### Emerging Businesses

- New business seeds being planted at a healthy pace
- Increase in LINE Healthcare investments offset recovery from negative COVID-19 impacts

Neutral

### Overseas

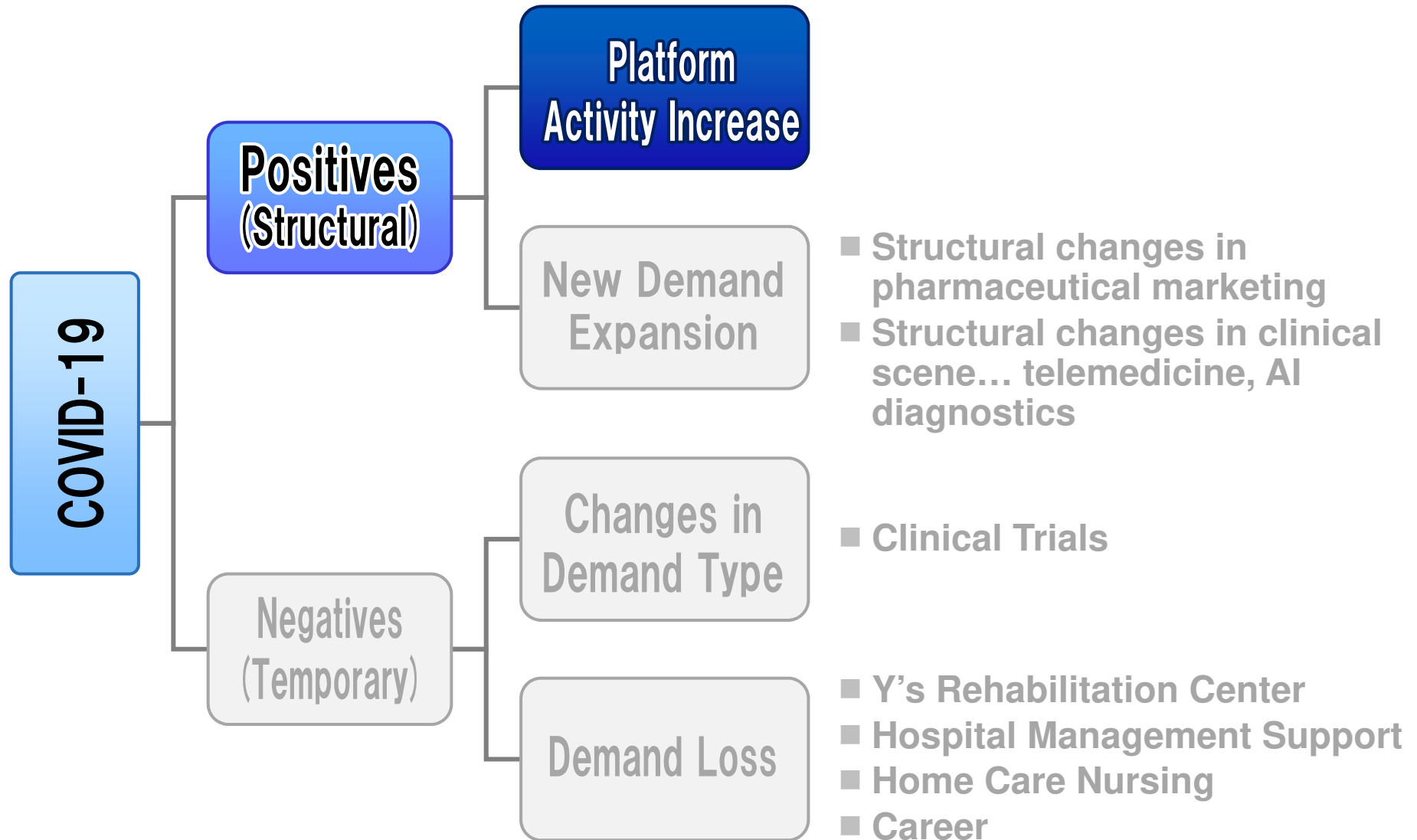
- Rapid APAC expansion (cumulative Q3 APAC sales more than doubled yoy) with acceleration especially in India
- US clinical trial business recovery, and overall business improvement

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# COVID-19 Impact on M3



# COVID-19 Impact on M3



# m3.com Site Access Increase

## COVID-19 Related Information Provision



**Focused delivery  
of related news**

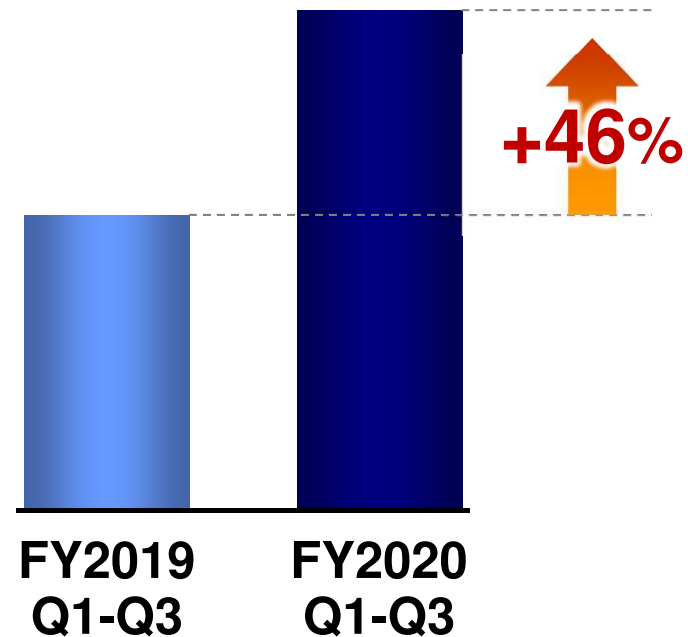


**Proactive  
information  
exchange across  
PtoP communities**



**Expert webinars  
regarding COVID-  
19 examination**

## m3.com Access Increase (% yoy)



**m3.com site access remains high after rapid rise since COVID-19;  
becoming an imperative infrastructure for the medical industry**

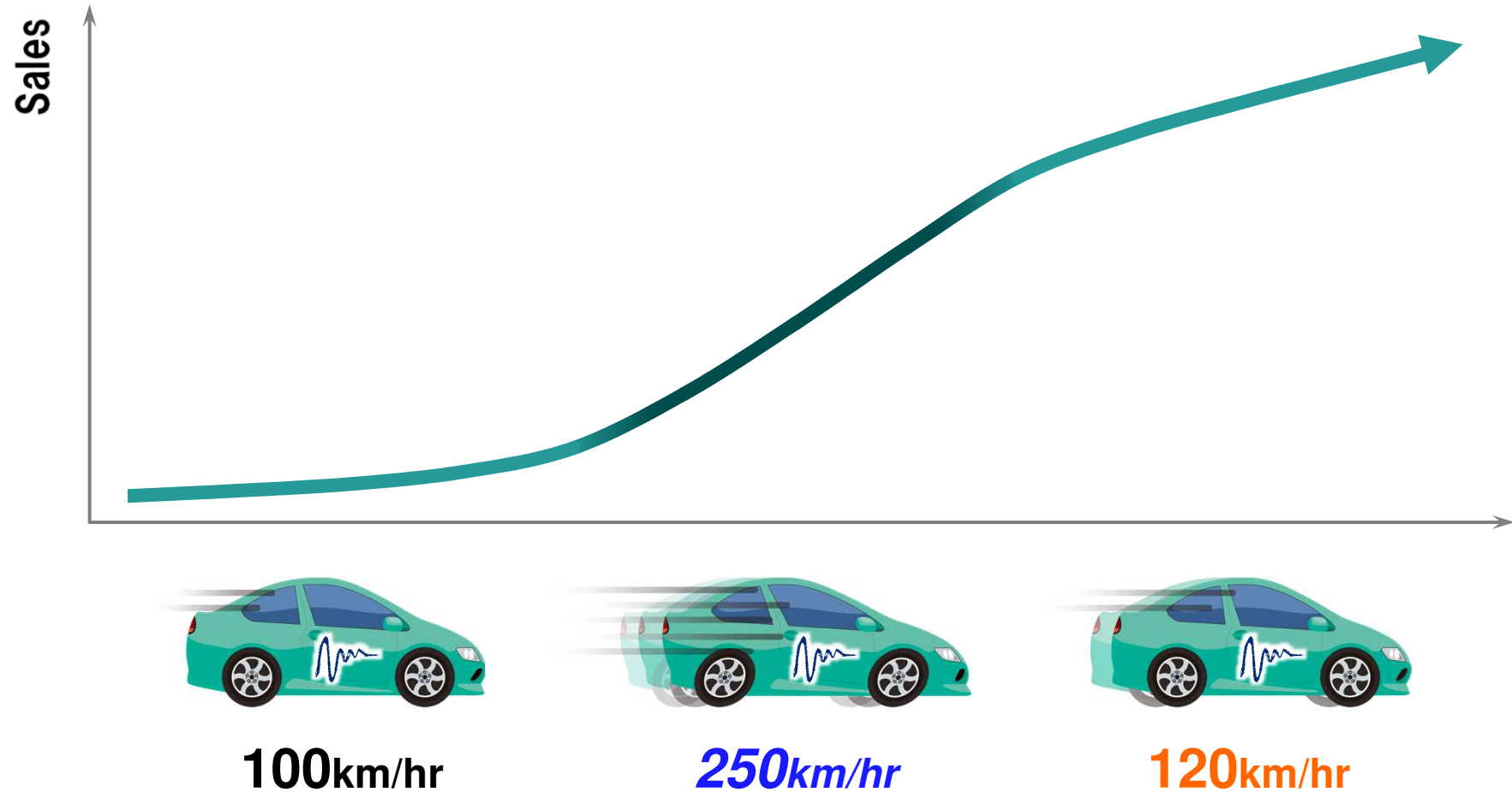
# Pharma Marketing Business Growth Pace

Marketing Support

Pre COVID-19

During COVID-19

Post COVID-19

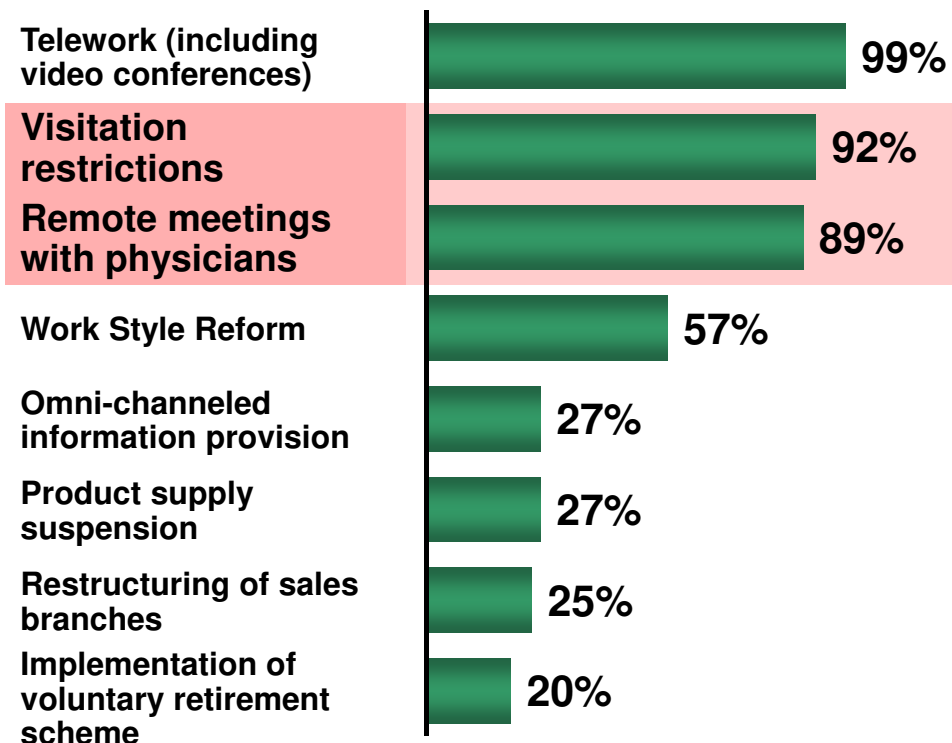


# Reality of MR activities

Marketing Support

## Changes Experienced by MRs During 2020

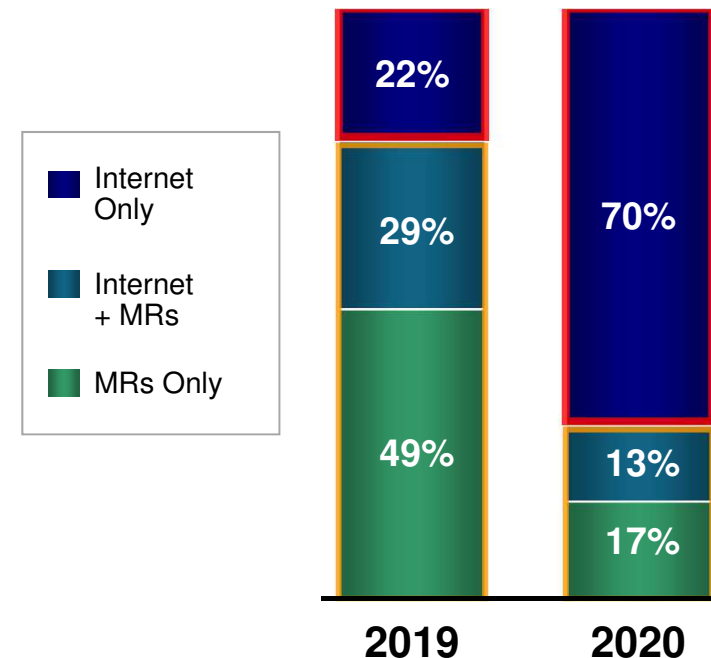
Answered by MRs belonging to pharmaceutical companies  
Conducted in November, 2020, n=100



## Channel Breakdown of Communication Between Pharma to Physicians

Results from top 10 pharma companies with the highest physician coverage

■ Surveys conducted during May ~ Aug period of 2019 and 2020

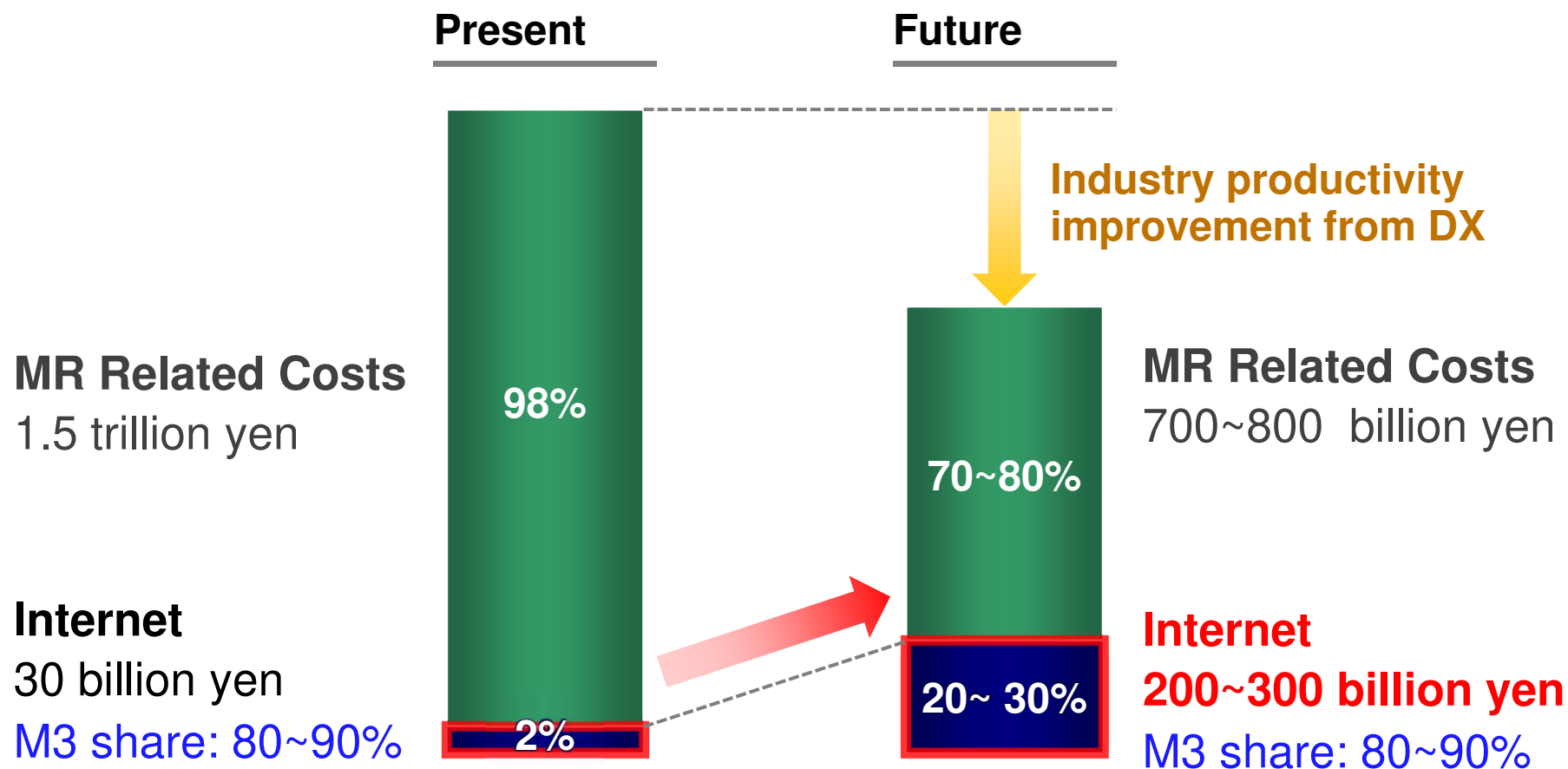


100% = total number of contacts between MR and physician

 **Rapid DX penetration into pharmaceutical industry**

# Pharma Marketing Cost and TAM for M3

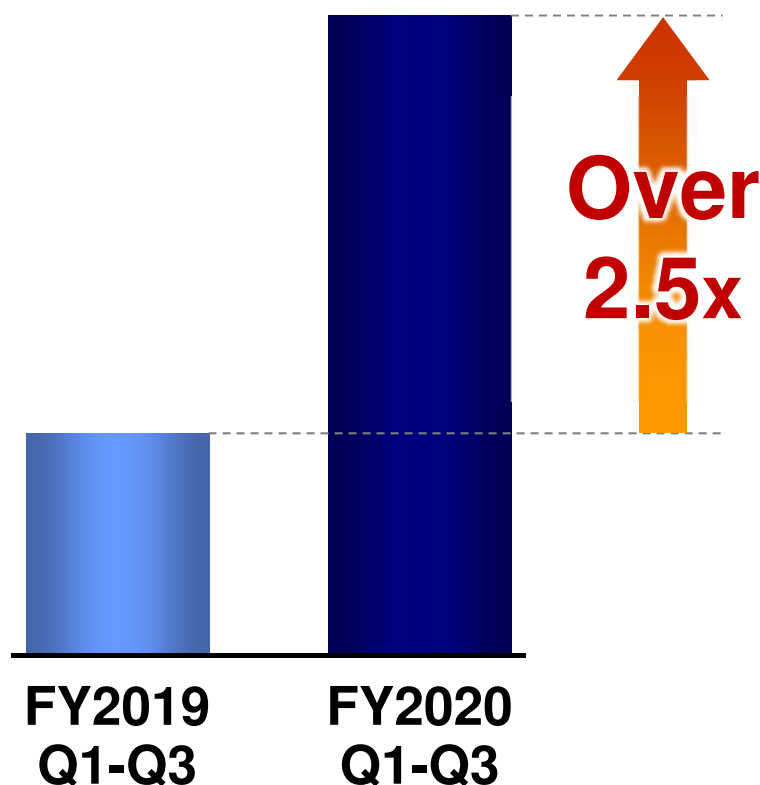
Marketing Support



 **MR related costs are expected to shrink, while allocation towards digital channels expand**

Ref: M3 survey and estimate; numbers are approximate

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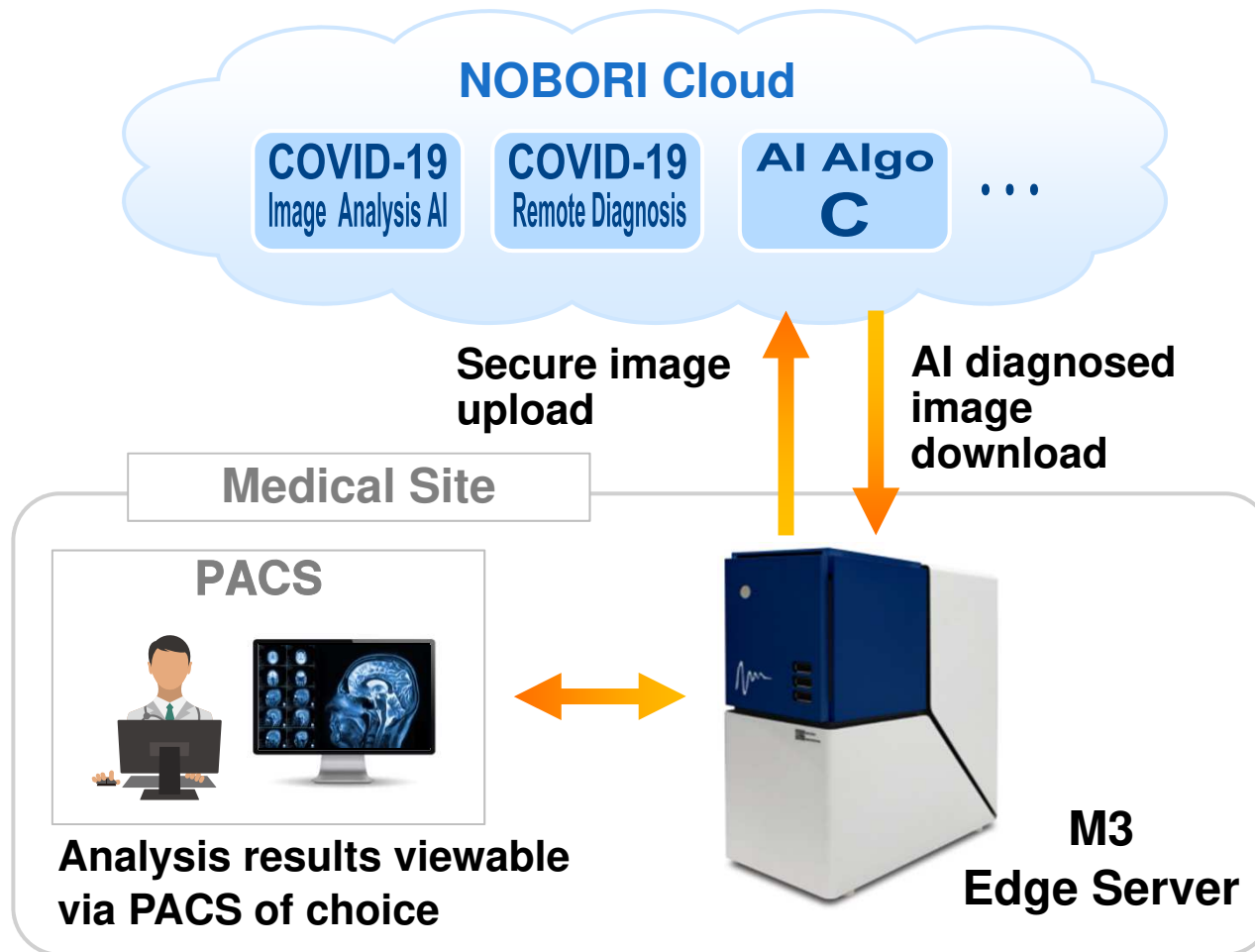


- Rapid demand increase from pharmaceutical companies due to COVID-19
- Sales team fortification & larger projects (+115% yoy sales and delivery staff including external resource utilization)

👉 Orders remain high with further momentum in pharma DX

# Launch of AI Platform Business

AI

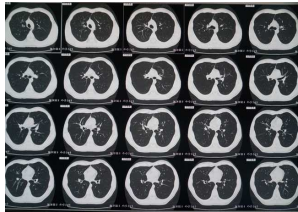


- Business alliance with NOBORI providing medical cloud services
- Connectivity with any PACS (medical image management system)
- Multiple AI image diagnostic algorithms will be on-boarded and categorized by physical regions (head, lungs, heart, etc.)

 **Expanded free provision of COVID-19 pneumonia AI and remote diagnosis services scheduled for 121 medical sites across Japan**

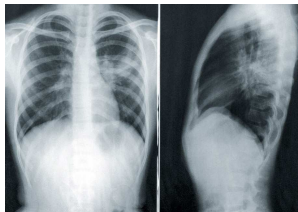
# AI Platform Algorithms

AI



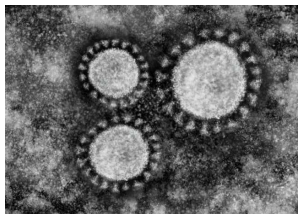
**Pulmonary  
nodule shadow**

**VUNO Med®-LungCT**  
by 



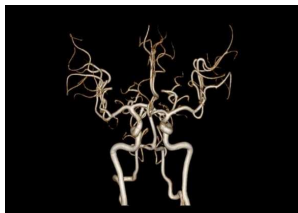
**Pulmonary  
nodules**

**EIRL Chest nodule**  
by  LPIXEL



**COVID-19  
pneumonia**

**Ali-M3**  
by  Alibaba &  M3, Inc.



**Cerebral  
aneurysm**

**EIRL aneurysm**  
by  LPIXEL

 **New algorithms continue to onboard M3's AI platform**



# Rapid Increase in AI Projects (1/2)

AI

			M3 Services					
			Medical Data Collection	Algorithm Development	Regulatory Consult	Clinical Study & Trial	Marketing Support	Funds
M3 Lead	M3	Respiratory	✓	✓	✓	✓	✓	✓
	M3	Diabetic Retinopathy	✓	✓	✓	✓	✓	✓
	M3	Osteoporosis	✓	✓	✓	✓	✓	✓
	M3	Medical institution (overseas)	✓	✓	✓	✓	✓	✓
	M3	COVID-19	✓	✓	✓	✓	✓	✓
	M3	Lung Cancer	✓	✓	✓			
M3 Support	Overseas	AI Venture					✓	
		AI Venture		✓				
		AI Venture		✓				
		AI Venture		✓				
		AI Venture			✓		✓	
		AI Venture	✓					
		AI Venture			✓	✓	✓	
		AI Venture			✓	✓	✓	
		AI Venture			✓	✓	✓	
		AI Venture			✓	✓	✓	
		AI Venture			✓	✓	✓	
		AI Venture			✓	✓	✓	
		AI Venture			✓	✓	✓	
		AI Venture			✓	✓	✓	
		Device Maker					✓	

# Rapid Increase in AI Projects (2/2)

AI

		M3 Services								
		Company	Therapy Area	Medical Data Collection	Algorithm Development	Regulatory Consult	Clinical Study & Trial	Marketing Support	Funds	
M3 Support	Domestic	AI Venture	Influenza	✓			✓			
		AI Venture	Unruptured Cerebral Aneurysm	✓						
		AI Venture	Insomnia	✓					✓	
		Academia	Respiratory		✓					
		AI Venture	Gastrointestinal			✓		✓		
		Device Maker	Fundoscopy			✓				
		Device Maker	Gastrointestinal Surgery	✓		✓	✓			
		AI Venture	Alzheimers					✓		
		AI Venture	Fluoroscopic moving image				✓			
		AI Venture	Pathology					✓		
		AI Venture	Cardiovascular	✓		✓				
		Device Maker	PACS Connectivity					✓		
		Device Maker	Chest X-Ray &CT			✓				
		Device Maker	Endoscopy	✓		✓	✓			
		AI Venture	Endoscopy			✓				
		AI Venture	Head MRI, Chest X-Ray & CT, Mammography					✓		
		AI Venture	Cardiovascular	✓		✓				
		Device Maker	Chest CT					✓		
		Academia	Interstitial Pneumonia		✓					
		Device Maker	Head CT					✓		
		AI Venture	Report					✓		
		Device Maker	Endoscopy		✓			✓	✓	
		Device Maker	Head MRI, Gastro CT				✓	✓	✓	

 45 cumulative AI projects to date. AI Platform launched.

# US Clinical Trial Business Update

Overseas

## COVID-19 Related Trials

moderna

Vaccine



Vaccine



Vaccine

REGENERON

Treatment

NOVAVAX

Vaccine



Treatment



Vaccine

medicago

Vaccine

⋮

- COVID-19 related trial orders: several billion yen
- Current high pace expected to remain high for the fiscal year

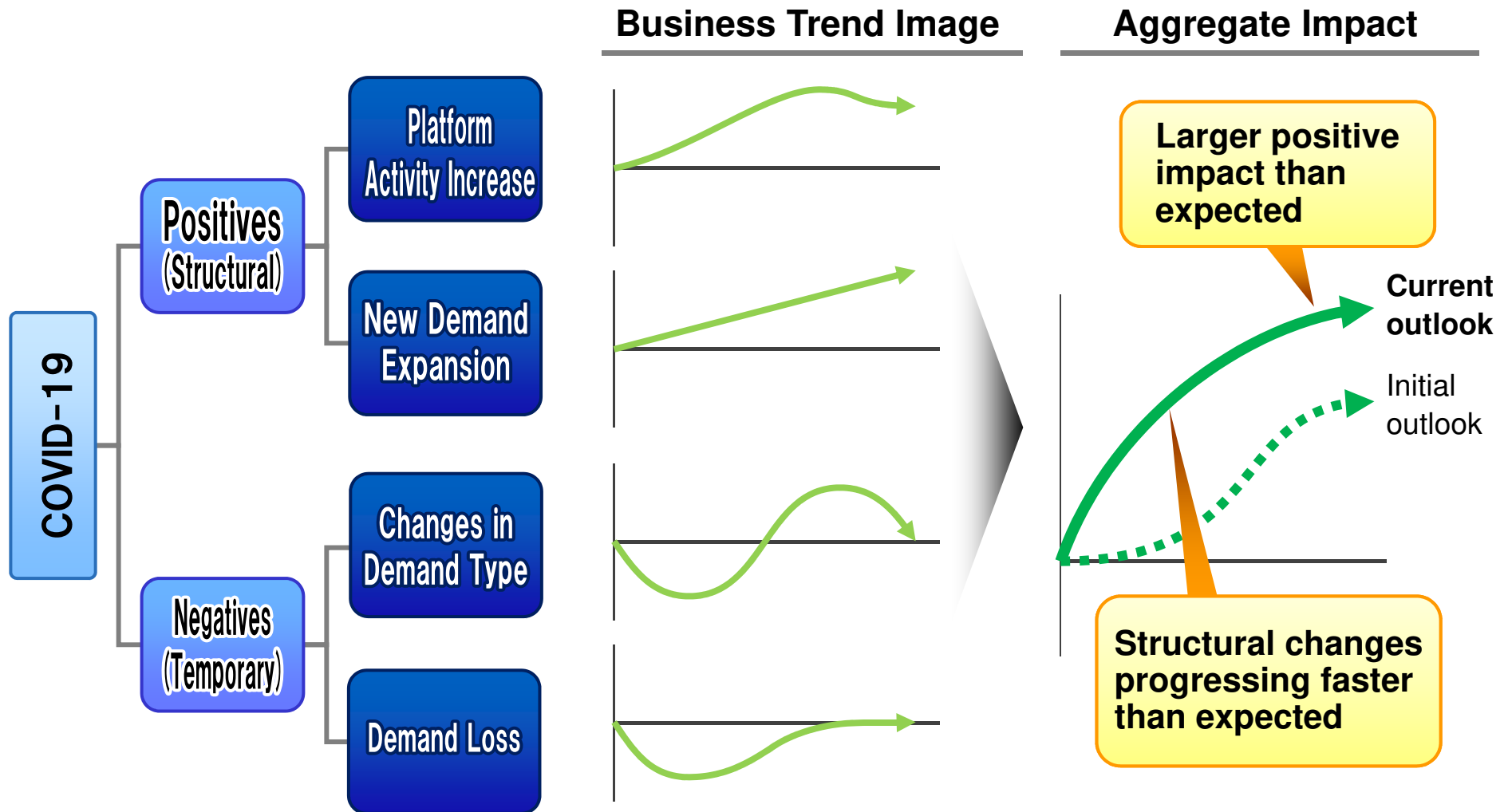
👉 **Post COVID-19 pipeline also healthy due to site and specialty area expansion**



- First wave telemedicine service launch in Tokyo metropolitan area
- PDCA based improvements to be made based on first wave
- LINE character “Brown” to adorn starter kits at clinics

 **Provision of familiar and reliable telemedicine services.  
Full scale roll-out in Spring**

# Change in Growth Pace (start point: pre-COVID)



Short term neutral overall, structural changes expected to be largely positive for the mid to long term. Currently trending better than expected.

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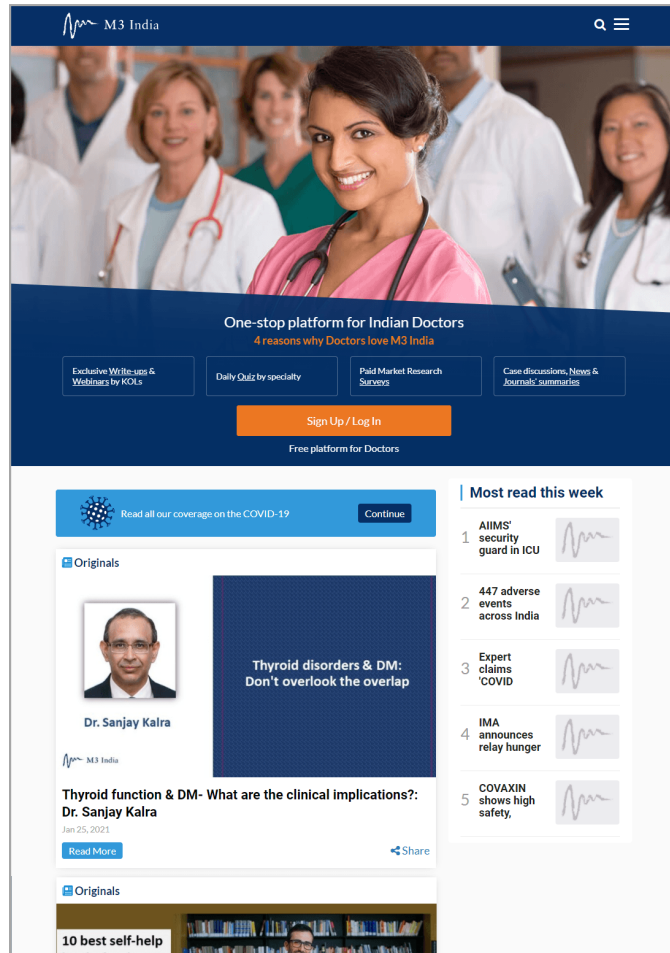
# M3 Growth Strategy

# 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 →	37 (2.5x) →	94.5 (7x) →	

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

# Business Growth in India



- Operating multi-layered businesses leveraging M3 India, with the access to the 450,000 physician members, covering almost half of doctors in India
- Strong momentum in marketing support, research and physician e-learning businesses, partly due to COVID-19
- Higher profit margin compared to US and Europe, given focus on high margin internet services

 **India profit growth starting to outpace that of China, becoming the top performer**



# Collaboration with Non-Pharma Corporates

Company	Related Assets	Synergistic M3 Services
<b>SONY</b>	■ Versatile technologies: PS5, AI, VR, sensing	New service development to inspire the medical scene
<b>NTT docomo</b> (empheal)	■ Extensive corporate network (client base)	Corporate health management business expansion
<b>LINE</b> (LHC)	■ 80 million monthly active users	Unique online consultation platform development

 **M3's ecosystem to expand externally**

# Joint Project with SONY



## COMPASS Project

Collaborative Medical Practice Advancement  
for Social Solutions

SONY

M3, Inc.

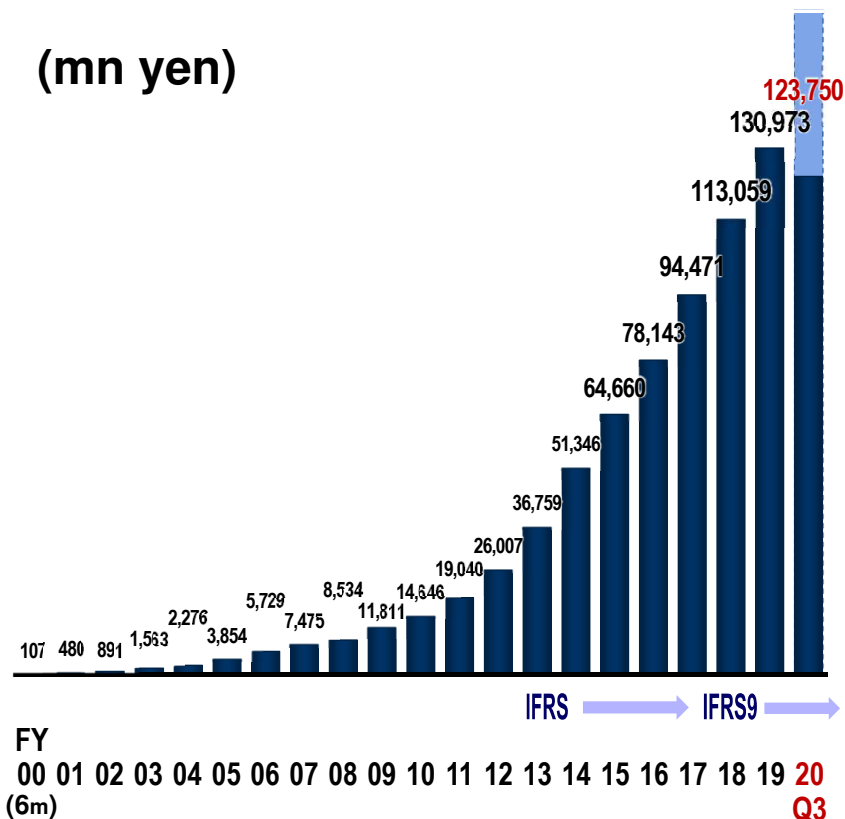
## COMPASS Project

- Joint project between SONY and M3 announced on Dec 14, 2020.
- Donation towards COVID-19 initiatives
- Healthcare business creation utilizing on SONY technologies
- Open innovation through idea recruitment from physicians and joint research initiatives with medical professional

# Annual Results

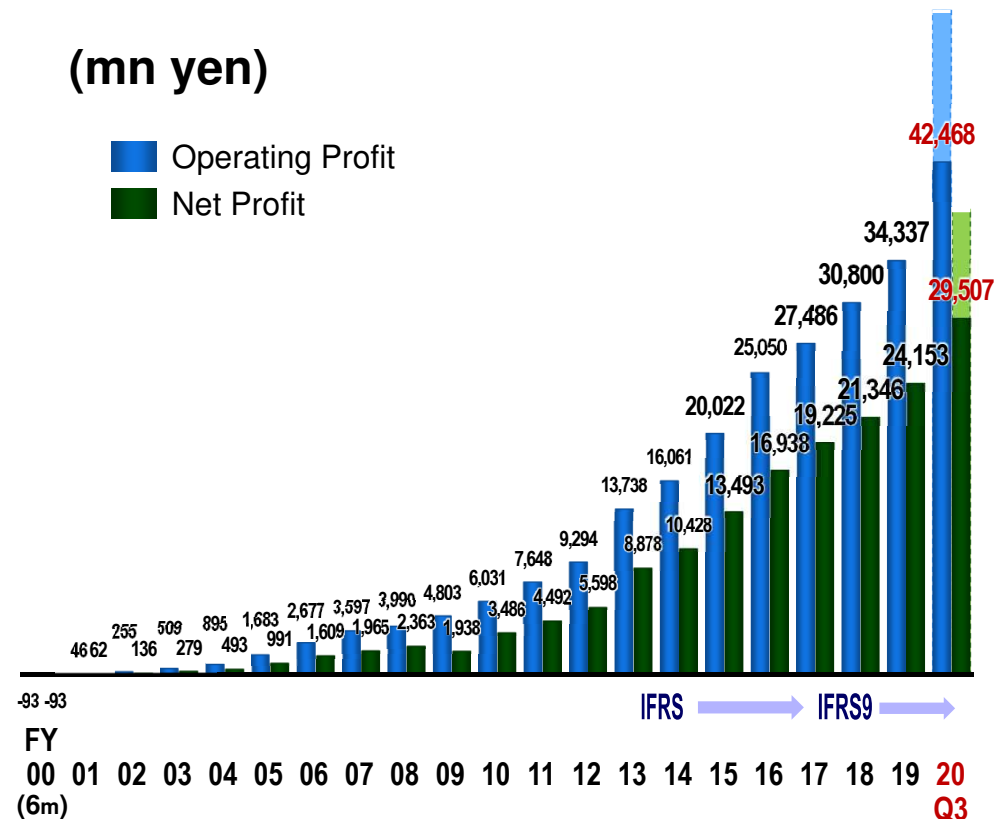
## Sales

(mn yen)



## Operating Profit & Net Profit

(mn yen)



**👉 Forecasts were not given due to unpredictable variables, however, Q3 sales have already reached, and Q3 operating profits have exceeded by 24%, full year results of the previous year.**

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

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