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# **M3, Inc.**

## **Presentation Material**

May 2020





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.

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# FY2019 Consolidated Results Summary

# FY2019 Consolidated Results

IFRS

(mn yen)	FY2018	FY2019	YoY
Sales	113,059	130,973	+16%
Operating Profit	30,800	34,337	+11%
Pre-tax Profit	30,942	34,610	+12%
Net Profit	21,346	24,153	+13%

1.2 bil  
yen  
negative  
impact  
from  
COVID-19

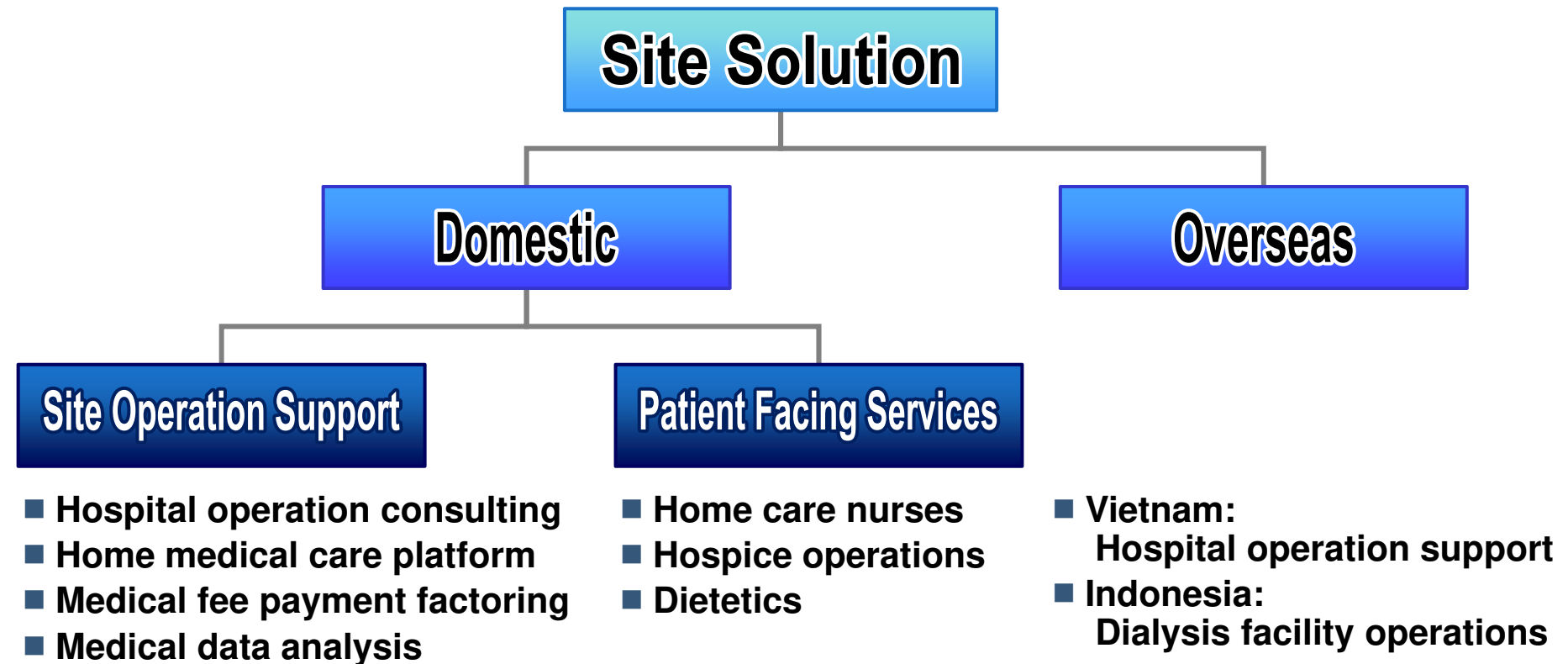
# FY2019 Consolidated Results by Segment

(mn yen)

(mn yen)			FY2018	FY2019	YoY
Domestic	Medical Platform	Sales	41,248	51,270	+24%
		Profit	15,391	19,253	+25%
	Evidence Solution	Sales	22,633	21,365	-6%
		Profit	5,985	4,699	-21%
	Career Solution	Sales	13,710	15,393	+12%
		Profit	3,847	4,151	+8%
	Site Solution	Sales	9,182	12,223	+33%
		Profit	881	944	+7%
	Emerging Market Businesses	Sales	3,510	3,286	-6%
		Profit	1,603	513	-68%
Overseas		Sales	25,124	29,961	+19%
		Profit	3,638	5,722	+57%

# New Segment: Site Solution

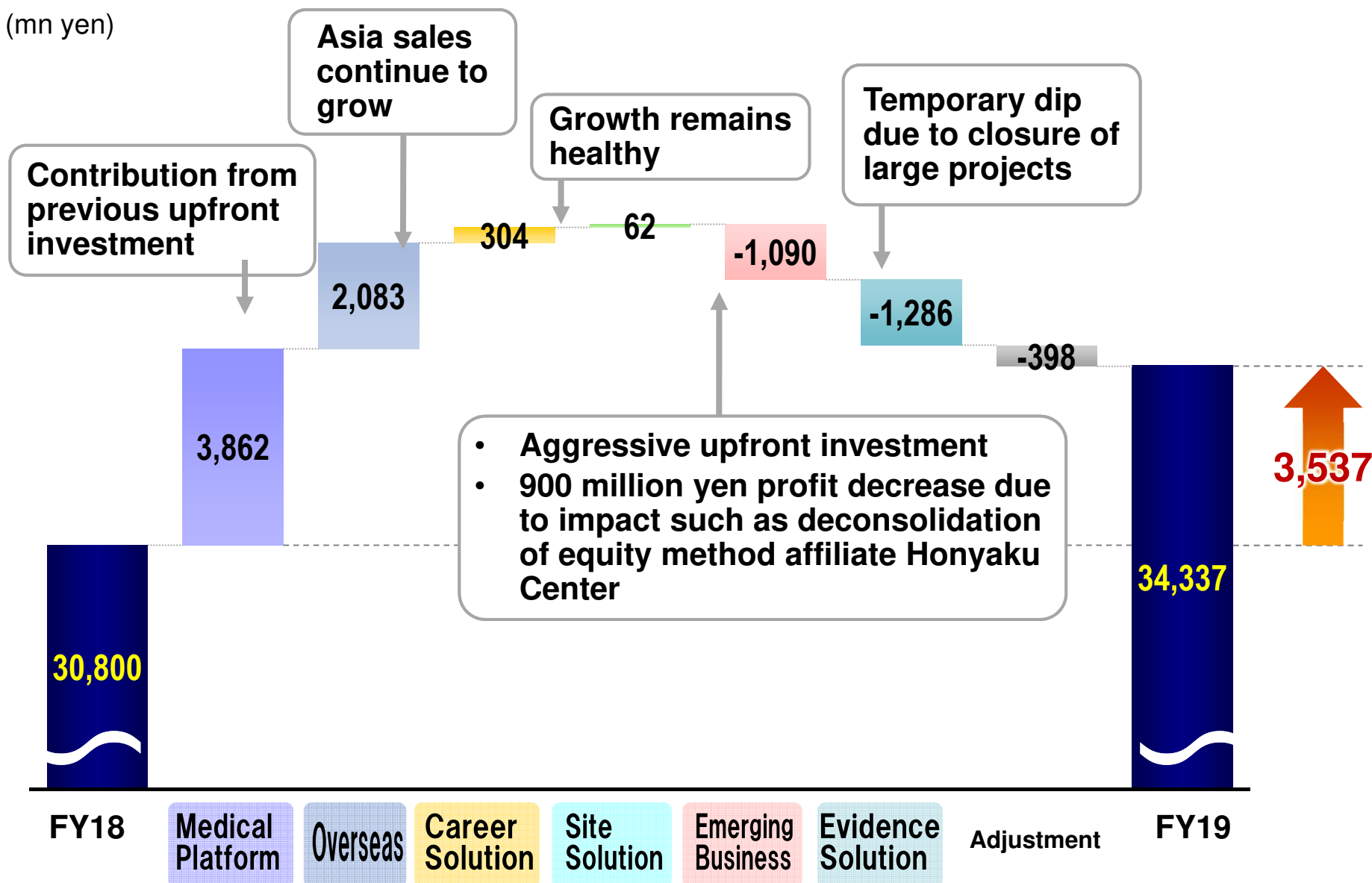
**Multilateral medical site management and operations support provided by a wide range of skilled professionals**



 **Segregated from Other Emerging Businesses as a its own segment as a result of business expansion**

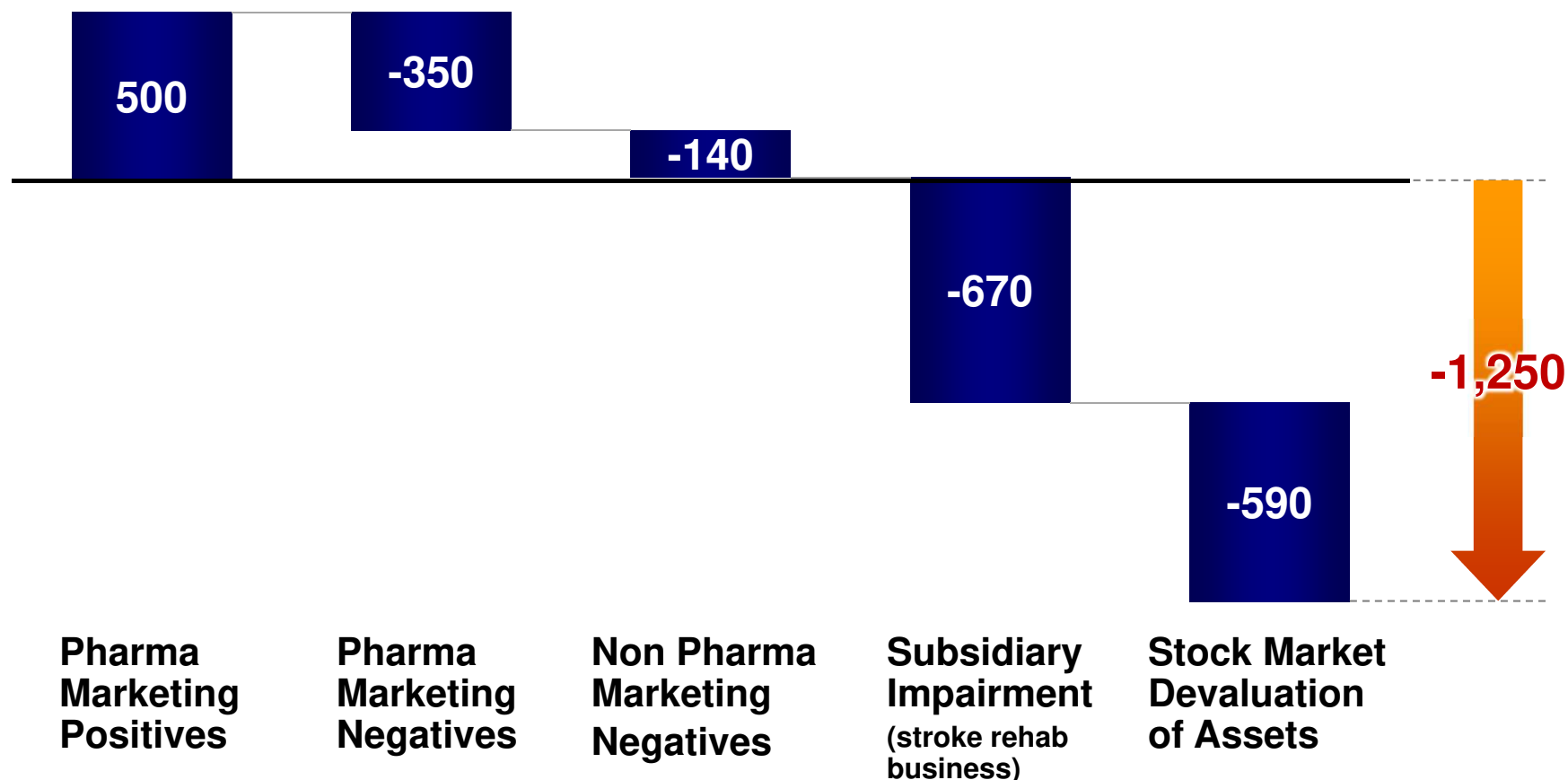
# FY19 Consolidated Operating Profit Contribution Breakdown

(mn yen)



# FY2019 COVID-19 Impact on Operating Profits

(mn yen)



 **1.25 billion yen negative impact on operating profits due to the COVID-19 pandemic. Majority from market devaluation of assets.**



# FY2019 Overview

## Medical Platform

- Marketing service annual orders grew 53%yoy
- Segment profit +25% yoy, (+30% excluding Y's impact)

## Evidence Solution

- Temporary dip due to ending of large scale PV projects
- Orders backlog healthy at 25 bn yen

## Career Solution

- Both physician and pharmacist inflow remains robust, with sales at 15.4 bn yen (+12% yoy) and operating profit at 4.2 bn yen (+8% yoy)

## Site Solution

- Increase in affiliate sites and expansion in the home care nursing business resulted in segment sales of 12.2 bn yen (+33% yoy), and operating profits of 900 million yen (+7% yoy)

## Emerging Businesses

- New business seeds being planted at a healthy pace
- Deconsolidation of affiliates such as Honyaku Center impacted profits negatively

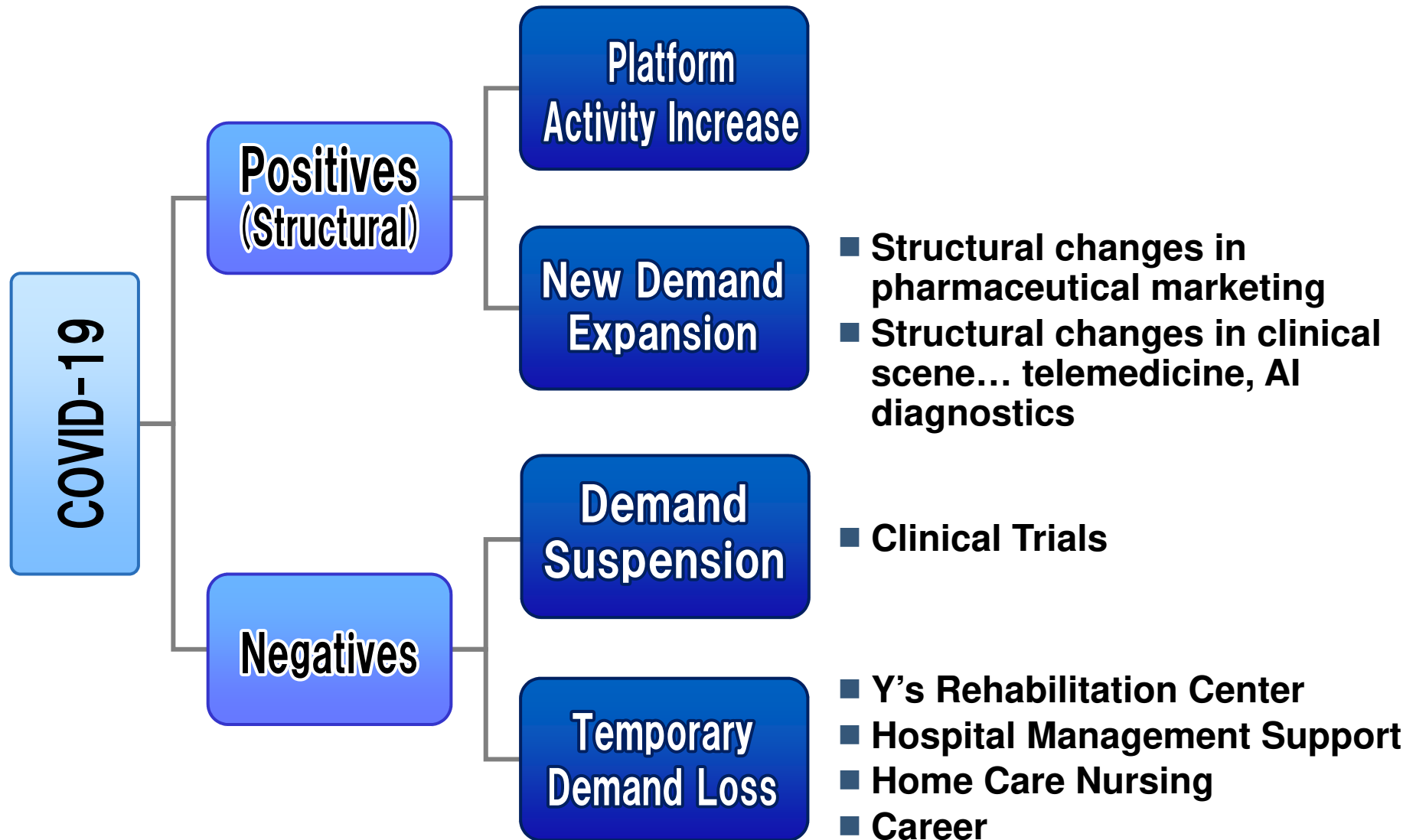
## Overseas

- Rapid APAC expansion brought sales to 30.0 bn yen (+19% yoy) and operating profit to 5.7 bn yen (+57%)

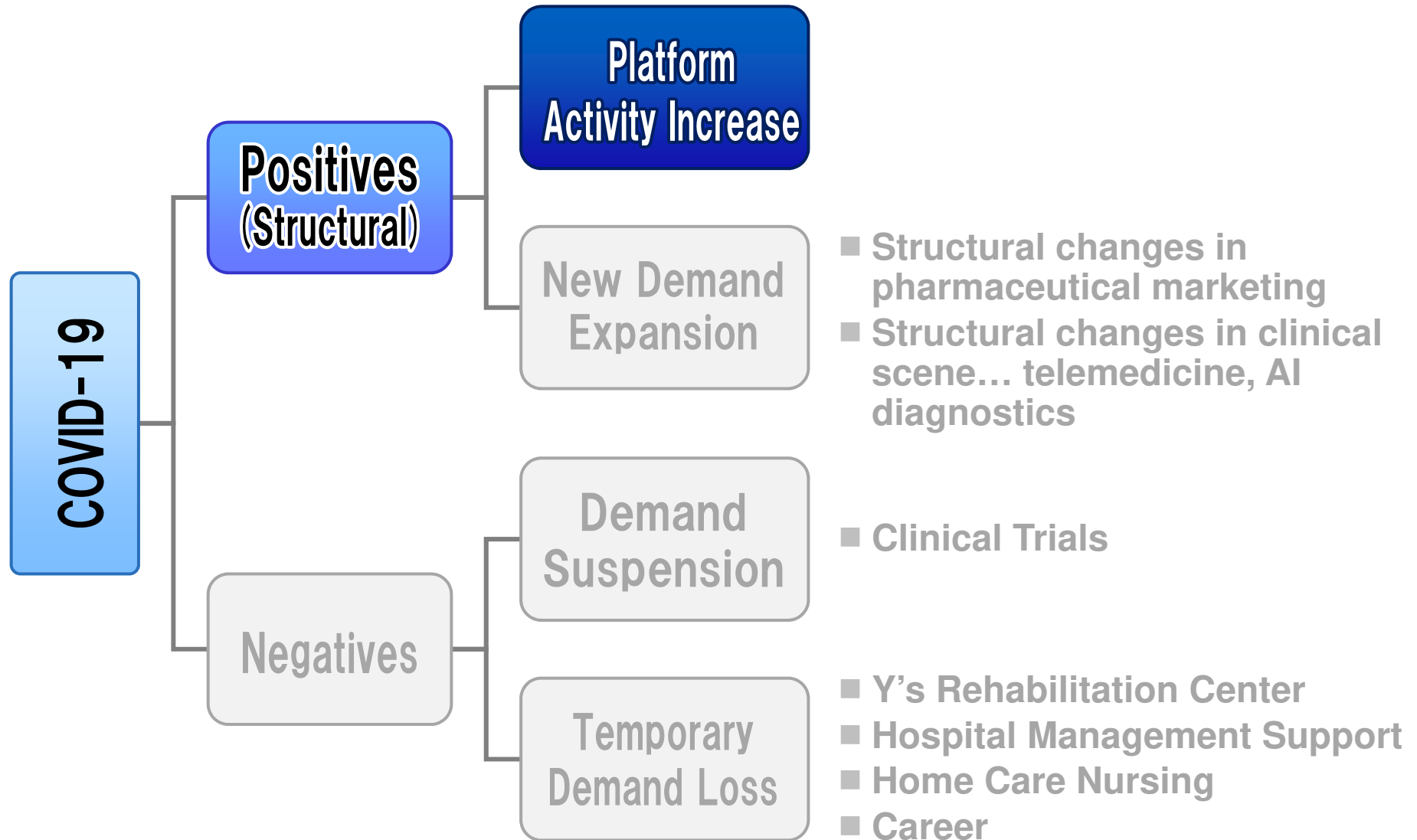
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# COVID-19 Impact on M3

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# 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**

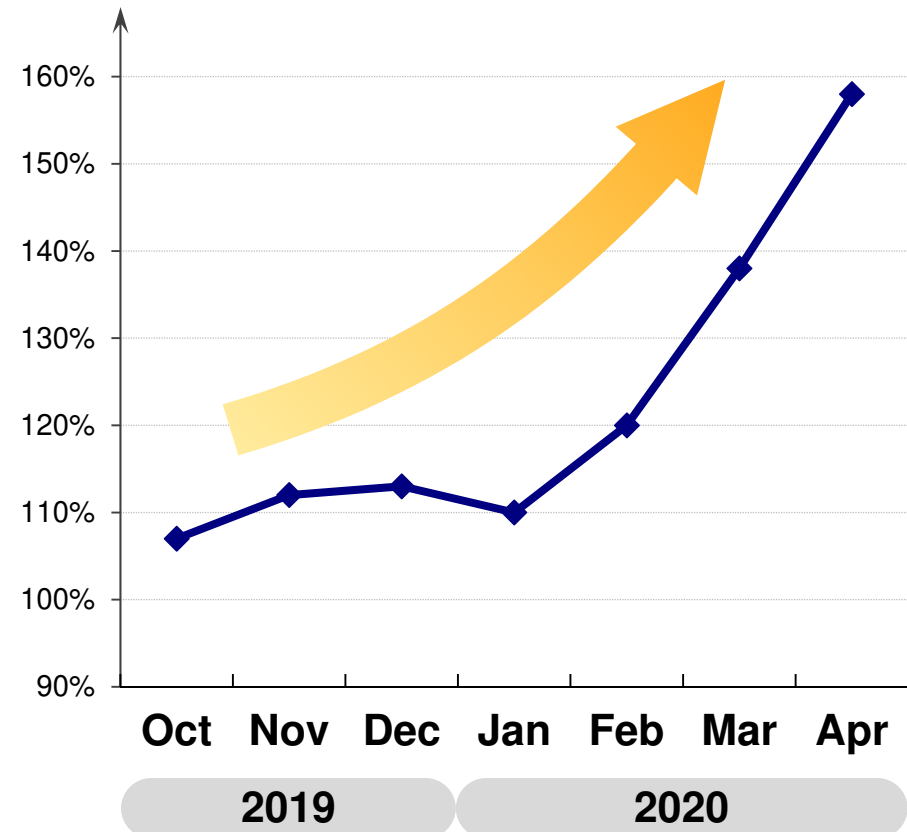


**Expert webinars  
regarding  
COVID-19  
examination**



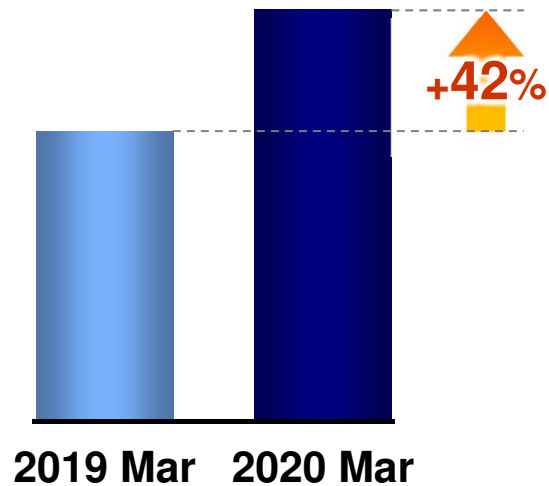
**Site access spiking as physicians proactively gather information on m3.com... acting as key infrastructure for the COVID-19 medical scene**

## m3.com Access Increase (% yoy)

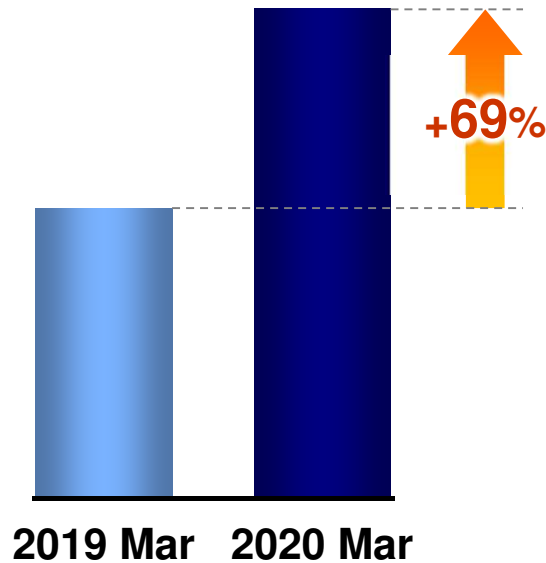


# Overseas Site Access Increase

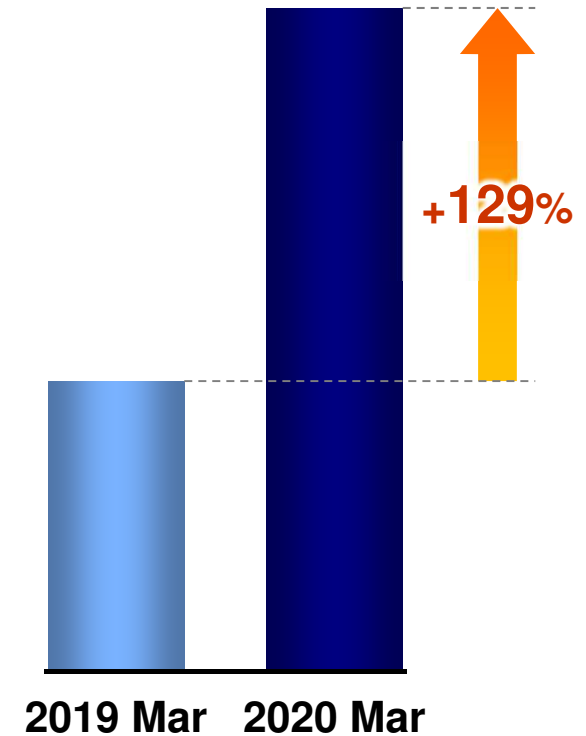
**China: medlive.cn**  
**# of eDetail Reads**



**UK: Doctors.net.uk**  
**# of Page Views**

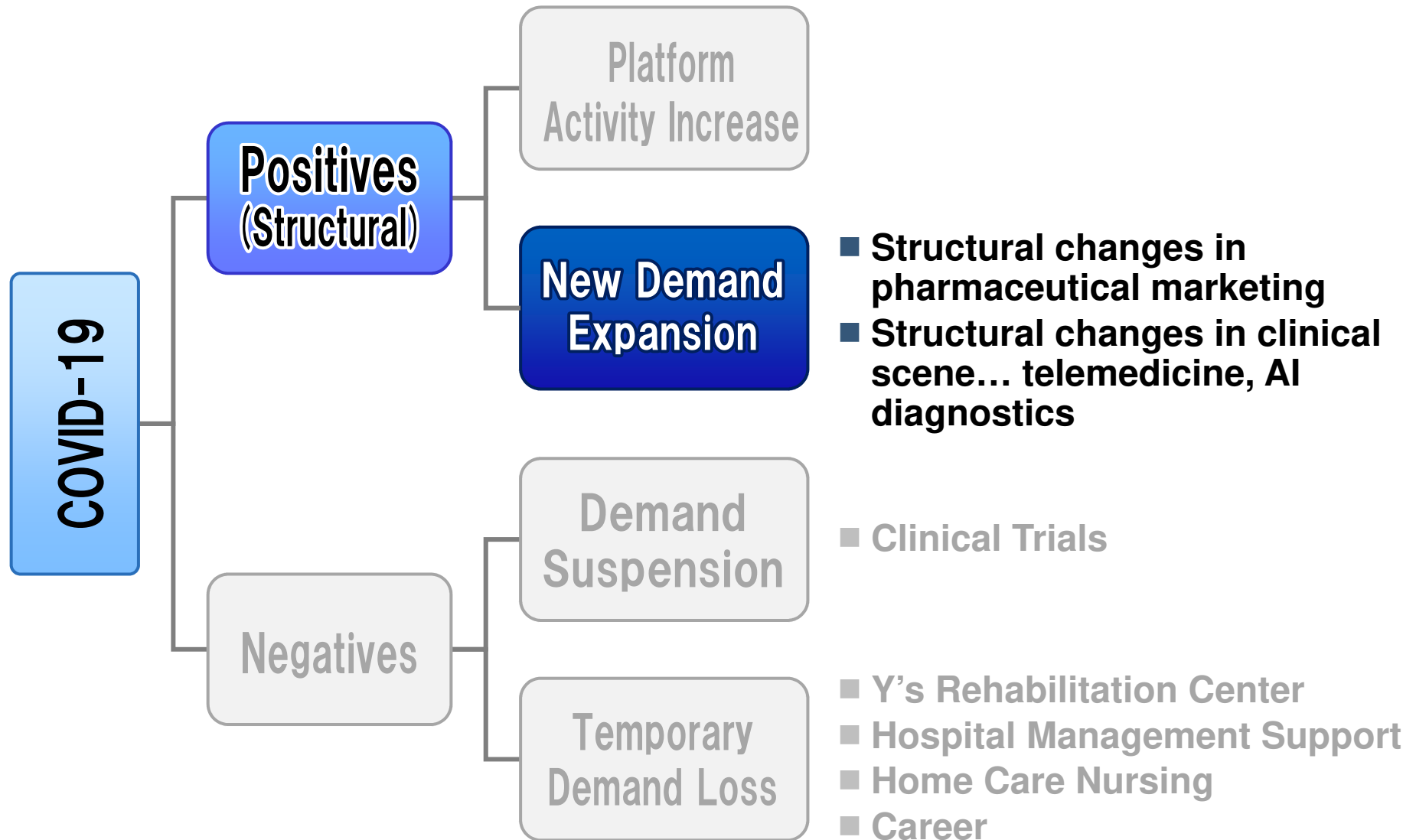


**US: MDLinx**  
**# of Page Views**



 **Site activity also seen rising across M3's global platforms**

# COVID-19 Impact on M3



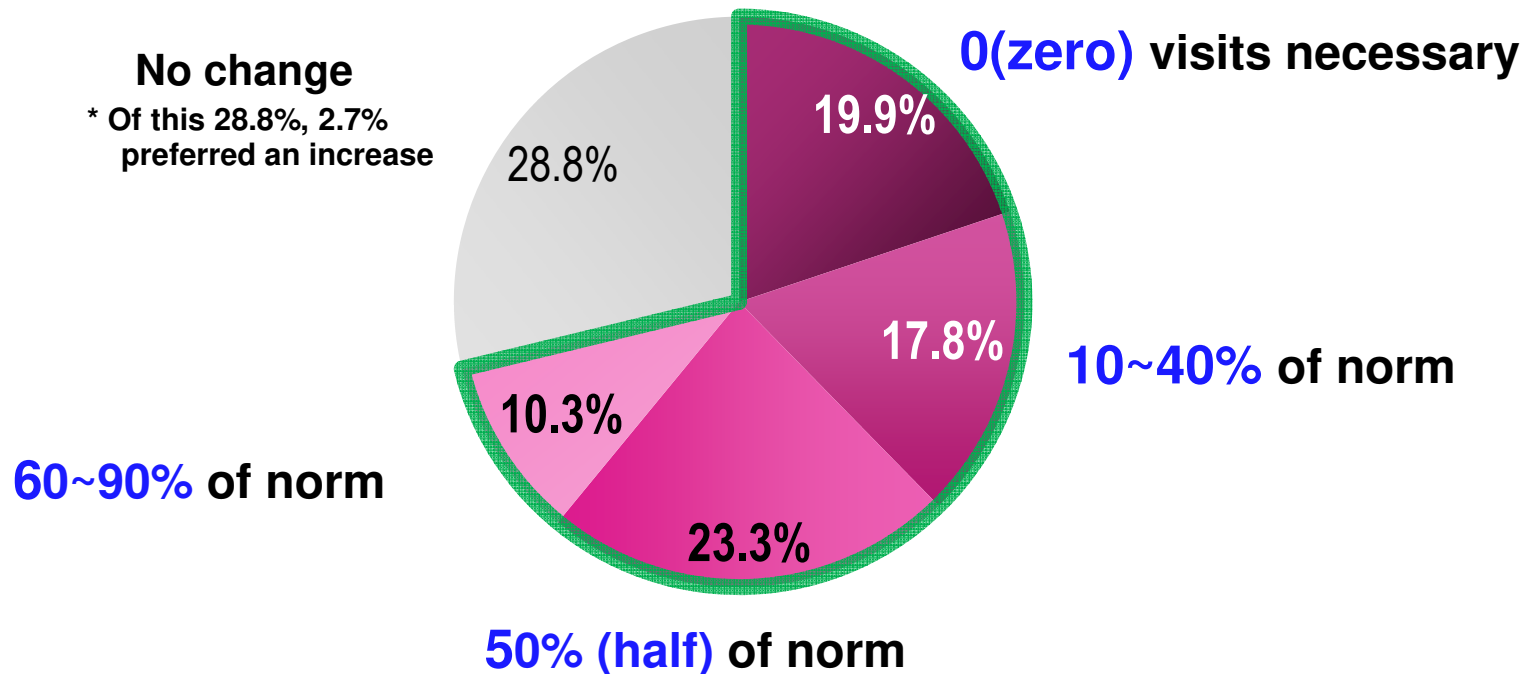
# Physician Preferences As Feb 28, 2020

Marketing Support



**Over 80% of physicians prefer digital supplementation and restrictions on MR visits**

< Physician preference on MR visitation frequency given availability of digital information provision >

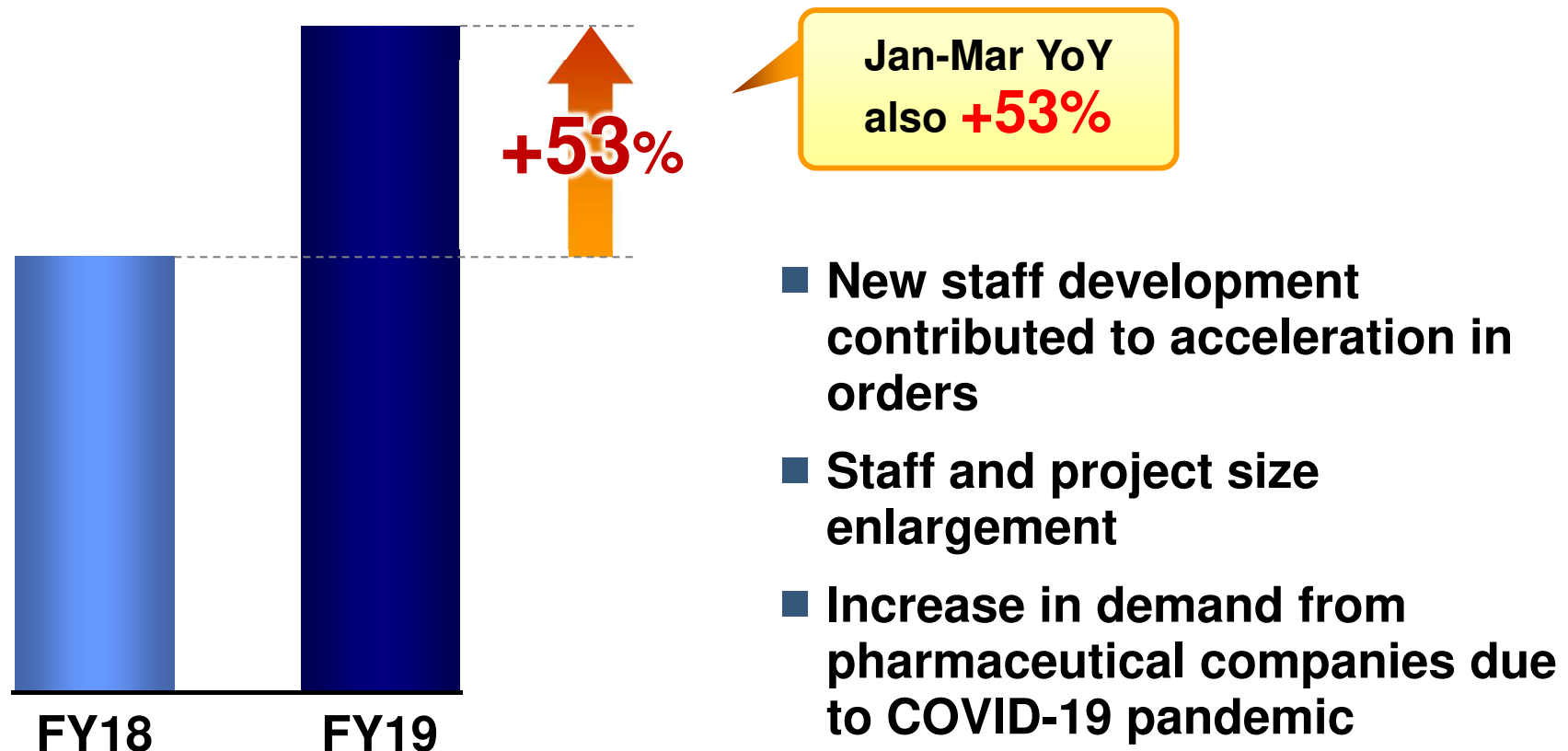




# Marketing Support Service Orders

Marketing Support

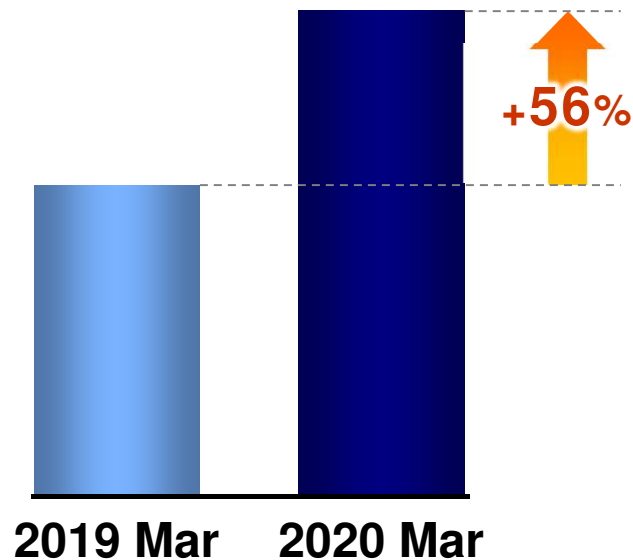
## Marketing Support Service Orders



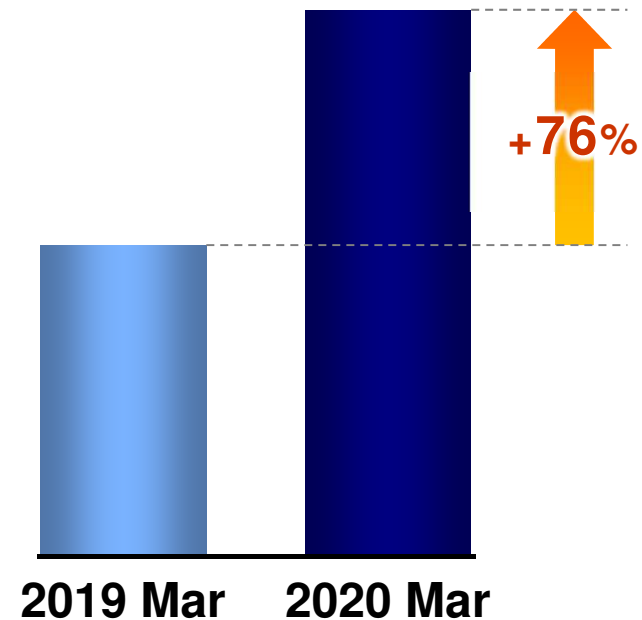
# Increase in Service Usage

Marketing Support

## # of eDetail Read



## # of Webinar Viewers



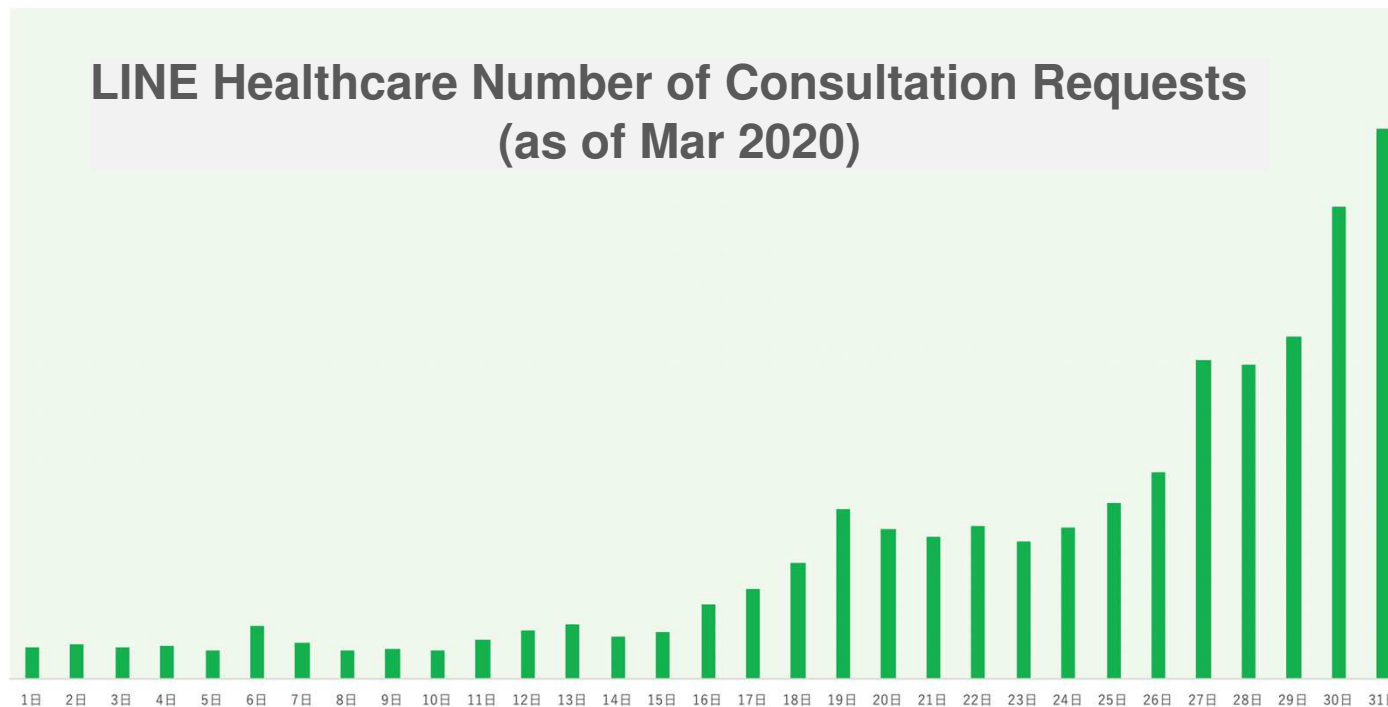
 **Large increase in content delivery by pharmaceutical companies**

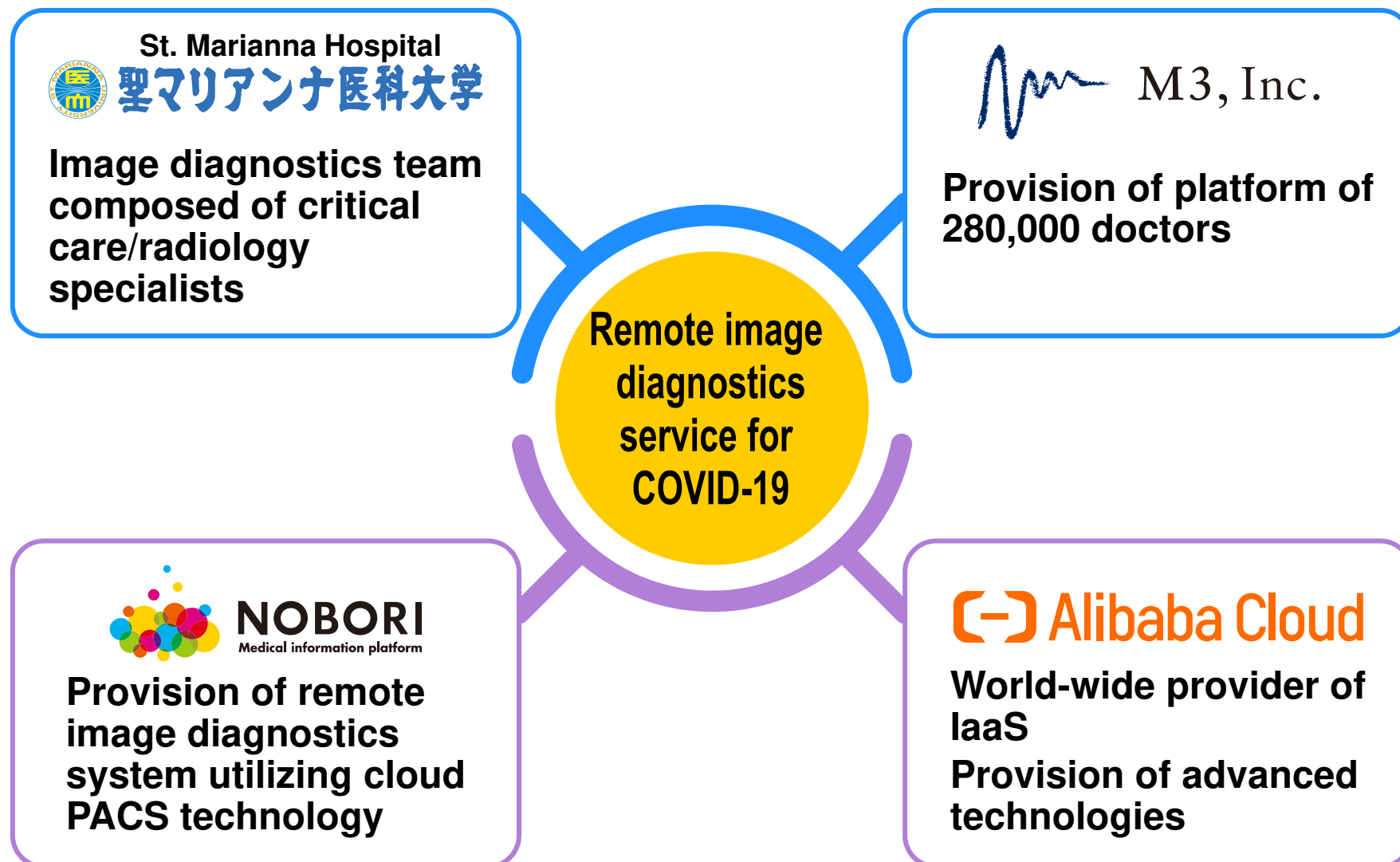
\* March 2019 vs March 2020 monthly average comparison

# LINE Healthcare Expansion

Telemedicine & AI

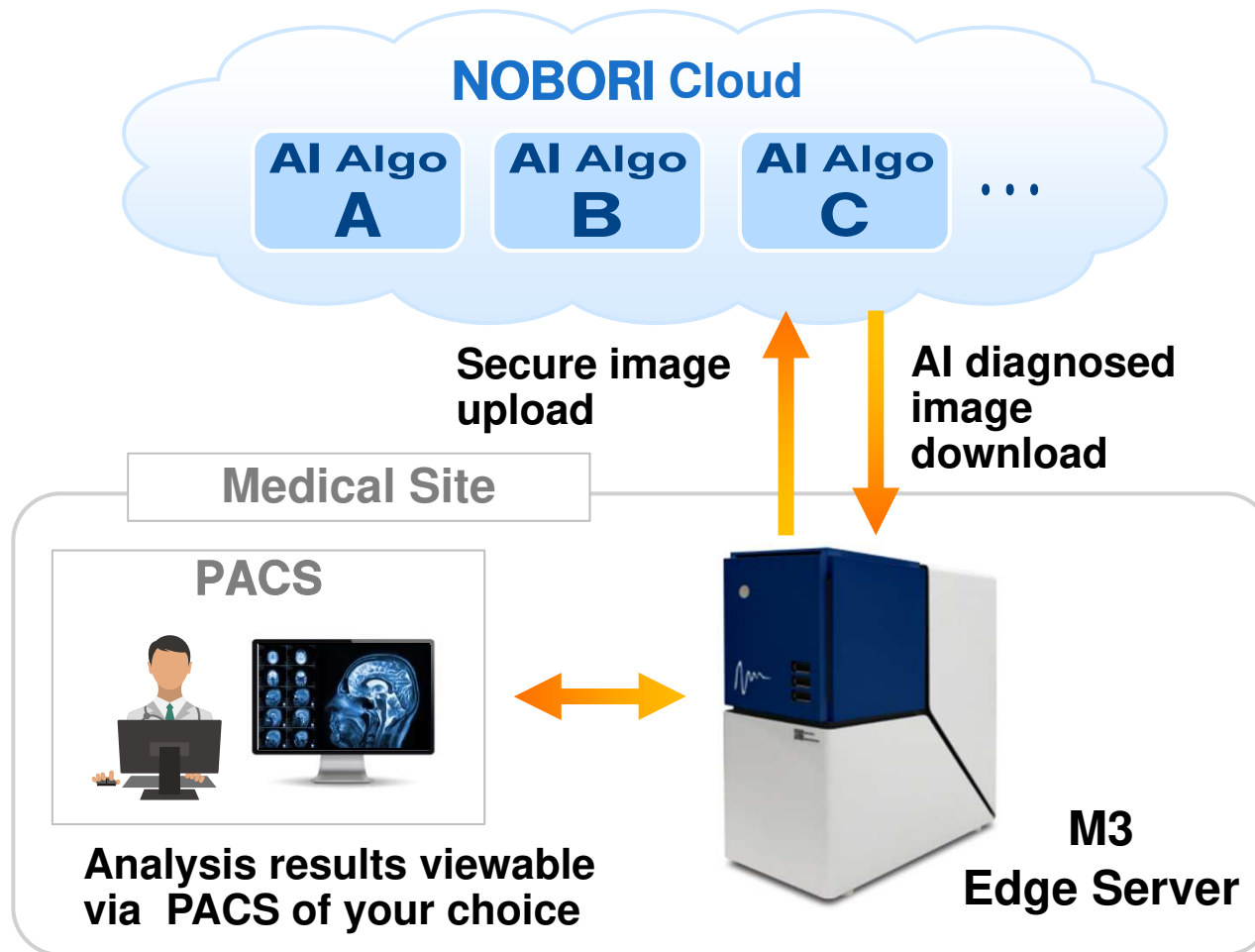
- Over 5.5 million “friends” (since launch in Dec 2019)
- Adopted to support METI’s remote health consultations hotline once again from May 1
- **LHC reimbursable online consultation services scheduled for launch reimbursed**





# Launch of AI Platform Business

Telemedicine & 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.)

 **AI medical image diagnostics platform business launched in alliance with NOBORI**

# Rapid Increase in AI Projects (1/2)

Telemedicine & AI

			M3 Services					
			Medical Data Collection	Algorithm Development	Regulatory Consult	Clinical Study & Trial	Marketing Support	Funding
M3 Lead	M3	Respiratory	✓	✓	✓	✓	✓	✓
	M3	Diabetic Retinopathy	✓	✓	✓	✓	✓	✓
	M3	Osteoporosis	✓	✓	✓	✓	✓	✓
	M3	Medical institution (overseas)	✓	✓	✓	✓	✓	✓
	M3	AI Platform	✓	✓	✓	✓	✓	✓
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			✓	✓	✓	

# Rapid Increase in AI Projects (2/2) Telemedicine & AI

		M3 Services					
		Medical Data Collection	Algorithm Development	Regulatory Consult	Clinical Study & Trial	Marketing Support	Funding
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	Endoscopy	✓			

 39 cumulative AI projects to date. AI Platform launched.

# COVID-19 Impact on M3 (Negative)















 **Positives arise from irreversible structural changes, while negatives mainly remain as delays or temporary suspensions in demand.**



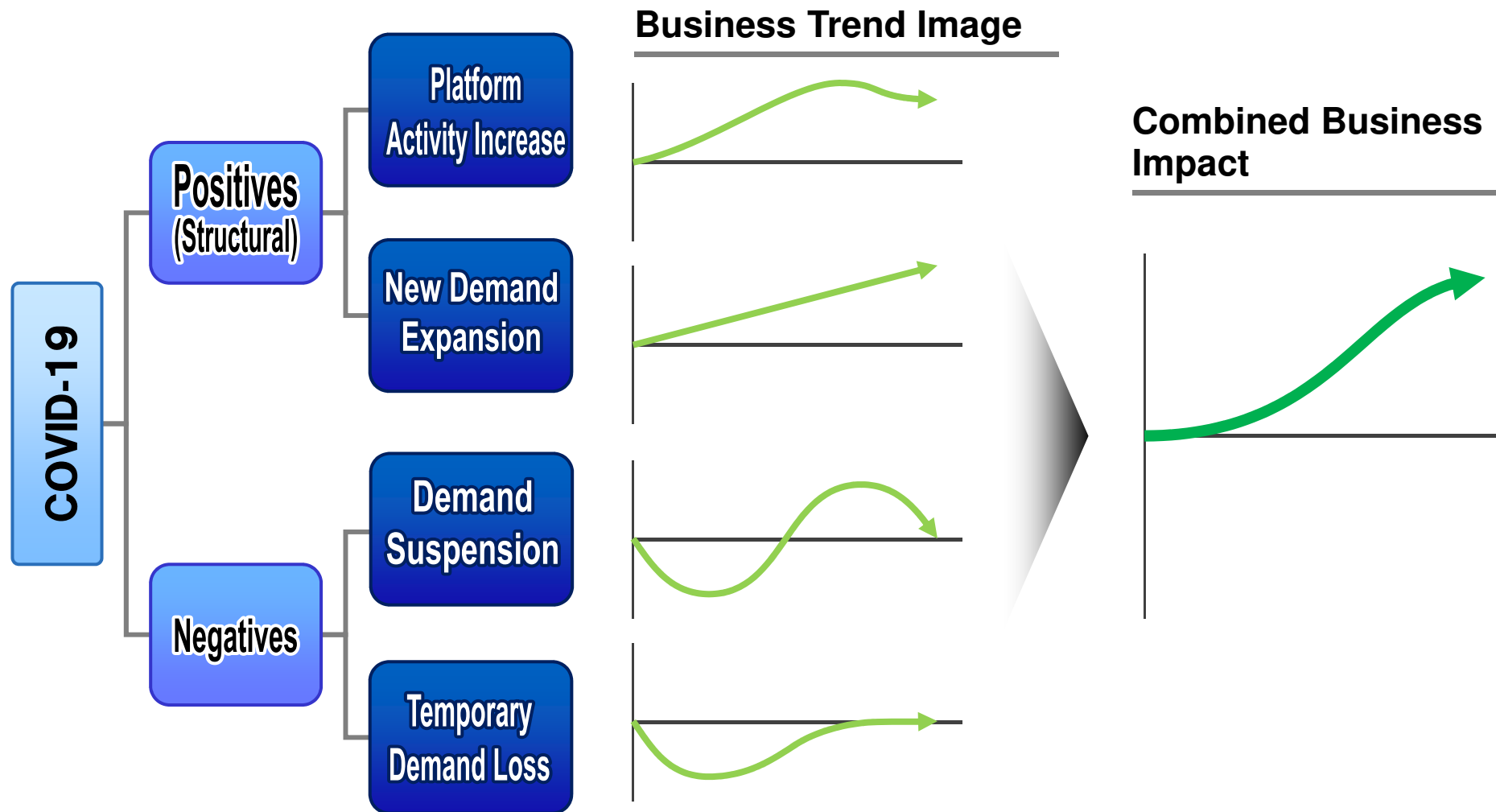
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# Forward Outlook

# COVID-19 Impact on Each Segment

	<u>During</u>	<u>After</u>	<u>Expected Impact</u>
<b>Medical Platform</b>			<ul style="list-style-type: none"> <li>■ m3.com activity increase</li> <li>■ Acceleration in digital shift at pharma cos</li> </ul>
<b>Evidence Solution</b>			<ul style="list-style-type: none"> <li>■ Many trials are currently suspended</li> <li>■ Demand acceleration expected post COVID-19 from trial resumptions and R&amp;D increase</li> </ul>
<b>Career Solution</b>			<ul style="list-style-type: none"> <li>■ Halt in physical events such as job fairs</li> </ul>
<b>Site Solution</b>			<ul style="list-style-type: none"> <li>■ Negative impact from changes in operational environment (less patients)</li> <li>■ Reduction in home care (rehab) patients</li> </ul>
<b>Emerging Businesses</b>			<ul style="list-style-type: none"> <li>■ Increase in to-C businesses such as online consultations amidst intensified health consciousness... profit impact minimal for the time being due to free service offerings</li> </ul>
<b>Overseas</b>			<ul style="list-style-type: none"> <li>■ Slowdown in clinical trial business (trials suspension)</li> <li>■ Acceleration in digital shift across pharma</li> </ul>

# Change in Growth Pace (current starting point)



 **Short term neutral overall, structural changes expected to be largely positive for the mid to long term**

# FY2020 April Consolidated Results

IFRS

(mn yen)	FY2019.4	FY2020.4	YoY
Sales	11,638	12,718	+9%
Operating Profit	3,714	4,481	+21%
Pre-tax Profit	3,743	4,363	+17%
Net Profit	2,559	2,928	+14%

※ Temporary impact such as profit/loss from stock price fluctuations and asset sales have been excluded to reflect core operational results

# FY2020 April Consolidated Results by Segment

(mn yen)			FY2019.4	FY2020.4	YoY
Domestic	Medical Platform	Sales	3,516	4,107	+17%
		Profit	884	1,615	+83%
	Evidence Solution	Sales	1,765	1,584	-10%
		Profit	341	295	-13%
	Career Solution	Sales	3,341	3,274	-2%
		Profit	2,244	2,134	-5%
	Site Solution	Sales	915	1,175	+29%
		Profit	92	33	-64%
	Emerging Market Businesses	Sales	232	215	-7%
		Profit	0	-29	-
Overseas		Sales	2,235	2,708	+21%
		Profit	325	546	+68%




※ Temporary impact such as profit/loss impact from stock price fluctuations and sales have been eliminated

# 1 Billion Yen “M3: Stop COVID-19 Fund”

- Appropriated 1 Billion Yen in funds to support COVID-19 related initiatives
- Utilize all M3 group resources to execute various initiatives serving medical professionals, medical institutions, and the general public

<b>Name</b>	<b>M3: Stop COVID-19 Fund</b>
<b>Total Funds (cost)</b>	<b>Maximum 1 Billion Yen</b> * Sponsorships may result in excess of this amount
<b>Fund Purpose</b>	<b>To support COVID-19 related initiatives that serve the public, medical scene (medical sites and professionals) , and public institutions</b>

# Initiatives Currently Under Consideration

Area	Initiatives
 <b>1. Clinical Support</b> (Proper Diagnosis and Treatment)	<ul style="list-style-type: none"><li>■ AI assisted CT image diagnosis support and sponsorship*</li><li>■ COVID-19 related clinical trial execution support and sponsorship</li></ul>
 <b>2. Medical Site Support</b>	<ul style="list-style-type: none"><li>■ Execution of expert lecture webinars regarding COVID-19 response for medical professionals*</li><li>■ PPE delivery to the medical scene</li></ul>
 <b>3. Patient Support</b>	<ul style="list-style-type: none"><li>■ Free provision of LINE Healthcare and AskDoctors services</li><li>■ Development of an activity suppression application for the general public</li><li>■ Sponsor and execute web meetings for hospitalized patients</li></ul>

\* Initiatives that have received funding from SONY

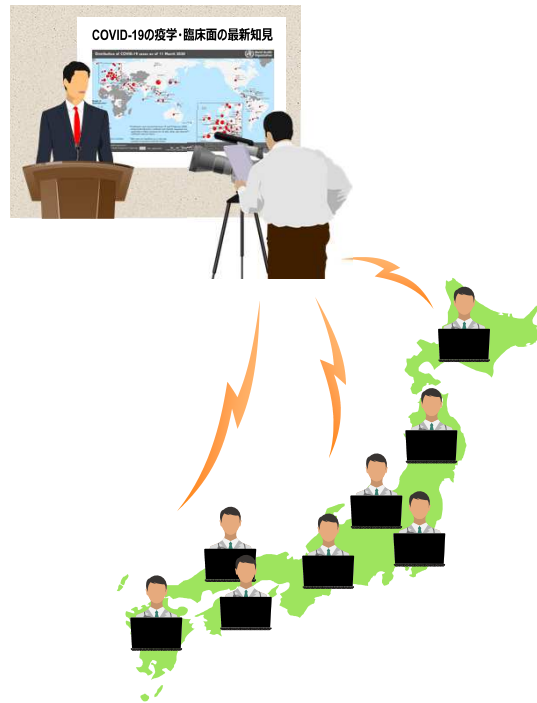
# M3's COVID-19 Initiatives (examples)

## Online Physician Consultations for the Public



- FREE online physician consultations for the general public via LINE Healtchare (JV between LINE and M3)
- Over 5.5 million “friends”

## Webinars for Physicians



- Expert opinion leaders lecture regarding COVID-19 via m3.com... enabled several ten thousand viewers to raise their expertise

## Mask Donations for Hospitals

**2 million masks**



- Recruited roughly 30 corporate sponsors to fund donation of roughly 2 million face masks for medical sites



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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)	→
Business Units (Type x Country)	: 10	→ 18 (2x)	→ 41 (4x)	→
Sales (bn)	: 140	→ 370 (2.5x)	→ 945 (7x)	→

**Similar pace of growth expected over the next 4 years**

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

# Acquisition of NAS (US)

Overseas/Career

M3, Inc.



- Over 374,000 interviewed, pre-screened physicians
- 400+ hospital client base
- Extensive experience in hosting career fairs nationwide



Vertical Integration  
Service differentiation  
Cross and upsell

NAS

RECRUITMENT INNOVATION

- ACTIVATE™ technology platform with SEO optimization
- Media services for job promotion productivity enhancement

ACTIVATE™  
VALUABLE ANALYTICS AND  
REPORTING



MONITOR MEDIA REACH



TRACK YOUR BUDGET



DISCOVER TRENDS

Top positioning for hospital and full-time physician placements

**Brand Name:** m360 Research  
(renamed post acquisition)

**Established:** 2003

**Headquarter:** Bengaluru, India

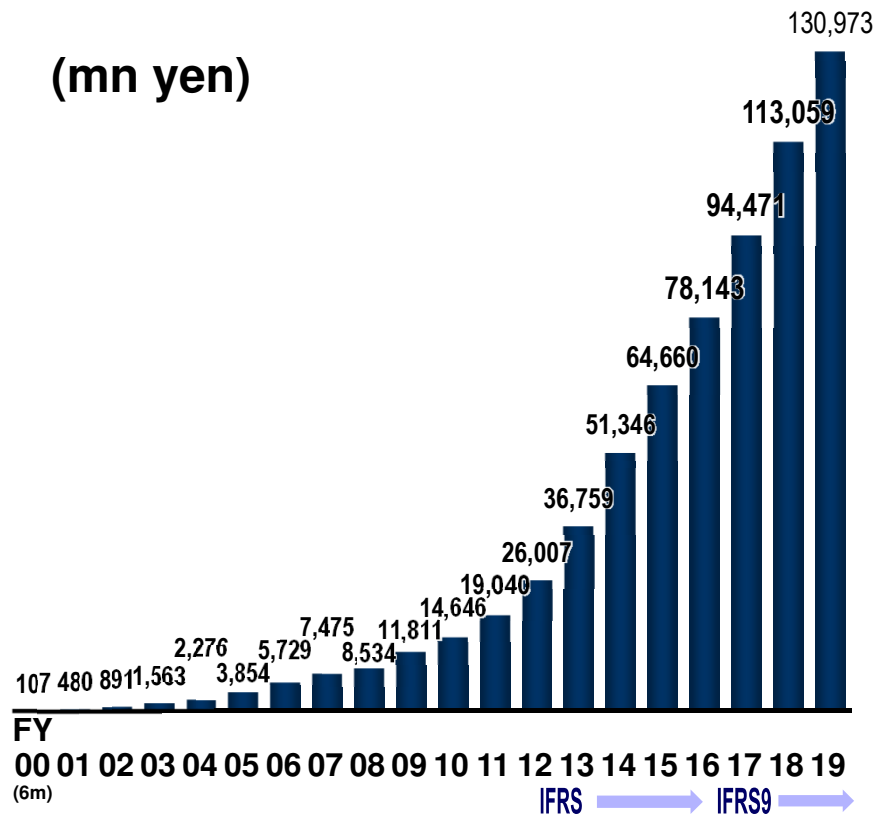
**Employees:** Approx. 110

- Provides market research services that leverage a global community of over one million physicians across more than 30 countries
- Utilizes sophisticated AI analytic applications and IT technologies
- Synergies
  - Market research business expansion through cross-sells between existing businesses
  - Productivity improvement with operations in India

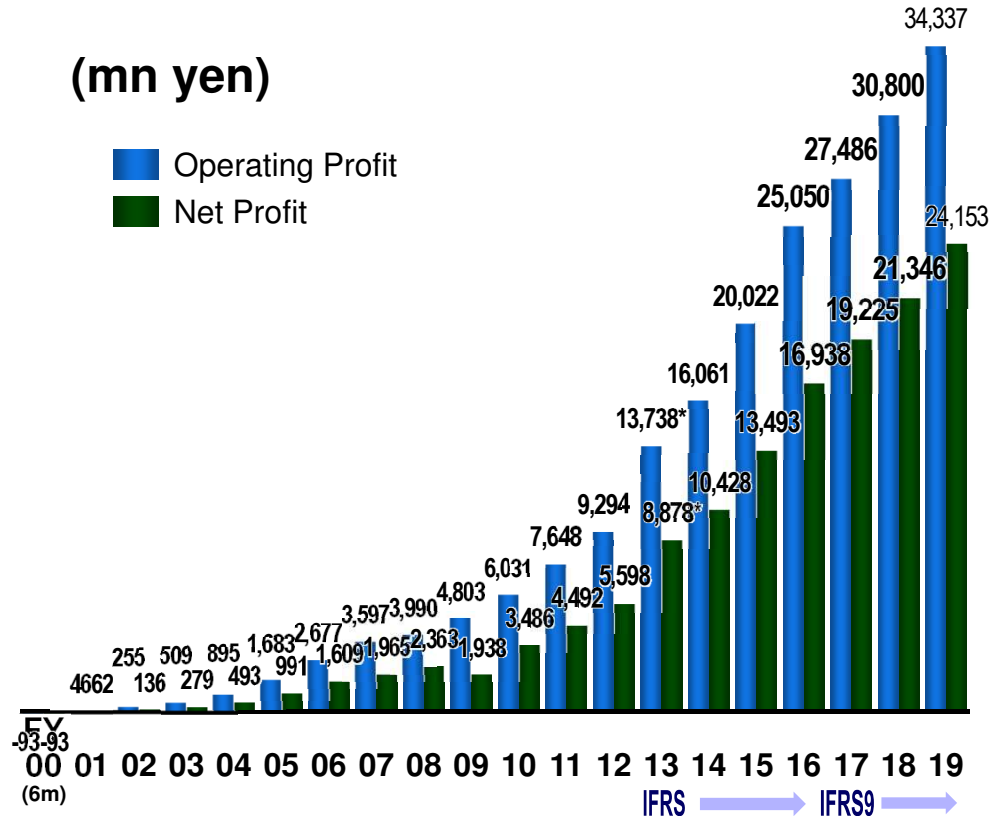


# Annual Results

## Sales



## Operating Profit & Net Profit



 **Forecasts were not given, however, growth is expected continue on a fundamental basis, just as it had through events such as the Lehman shock and 311 earthquake in Japan**

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

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