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# **M3, Inc.**

## **Presentation Material**

July 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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# FY2020 Consolidated Results Summary

# FY2020 Q1 Consolidated Results

IFRS

(mn yen)	FY2019 Q1	FY2020 Q1	YoY
Sales	30,766	35,478	+15%
Operating Profit	8,901	11,253	+26%
Pre-tax Profit	8,917	11,222	+26%
Net Profit	5,982	7,650	+28%

**+41%**  
growth  
ex-impact  
from  
stock  
sales and  
valuation  
changes

 **Further acceleration in growth since April**

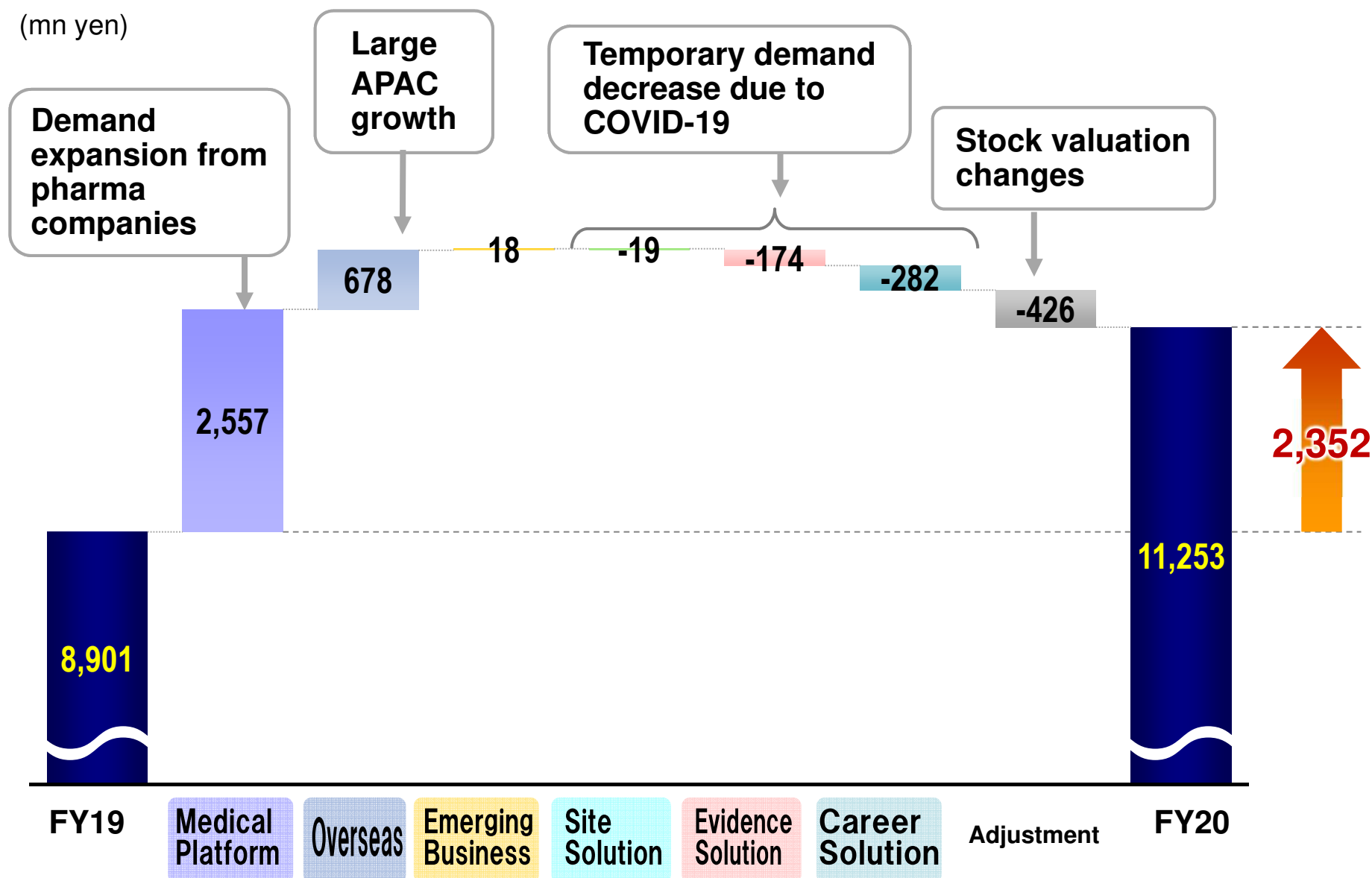
# FY2020 Q1 Consolidated Results by Segment

(mn yen)

			FY2019 Q1	FY2020 Q1	YoY	
Domestic	Medical Platform	Sales	10,333	13,612	+32%	+100% YoY profit growth excluding stock sales impact
		Profit	3,643	6,200	+70%	
	Evidence Solution	Sales	5,254	4,725	-10%	Temporary demand decrease due to COVID-19
		Profit	977	803	-18%	
	Career Solution	Sales	5,545	5,369	-3%	
		Profit	2,647	2,364	-11%	
	Site Solution	Sales	2,730	3,668	+34%	Fast growth in APAC
		Profit	159	140	-12%	
	Emerging Market Businesses	Sales	695	656	-6%	
		Profit	18	37	+100%	
Overseas		Sales	6,940	8,242	+19%	Fast growth in APAC
		Profit	1,282	1,960	+53%	

# FY2020 Q1 Consolidated Operating Profit Contribution Breakdown

(mn yen)



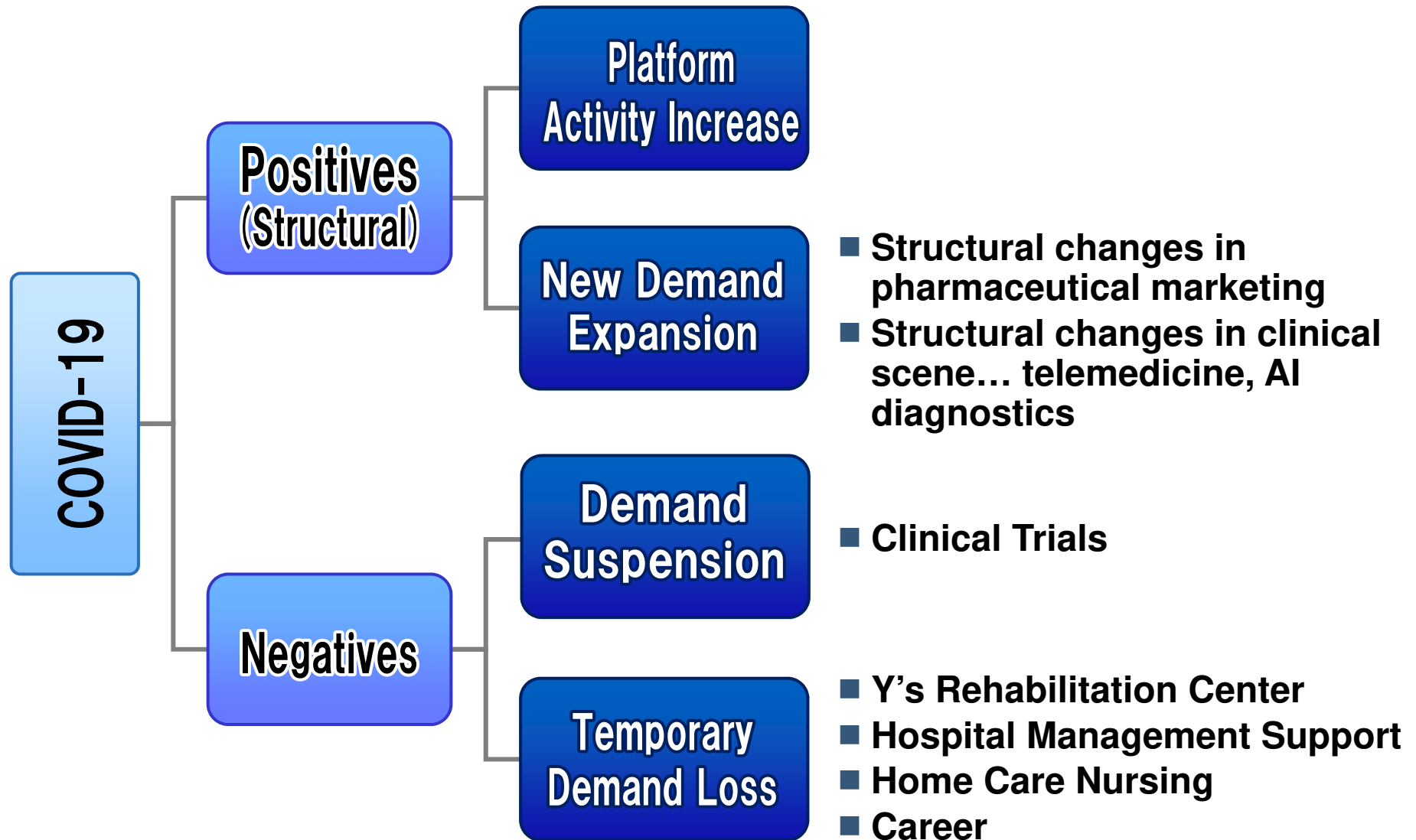
# FY2020 Q1 Overview

## COVID-19 Impact

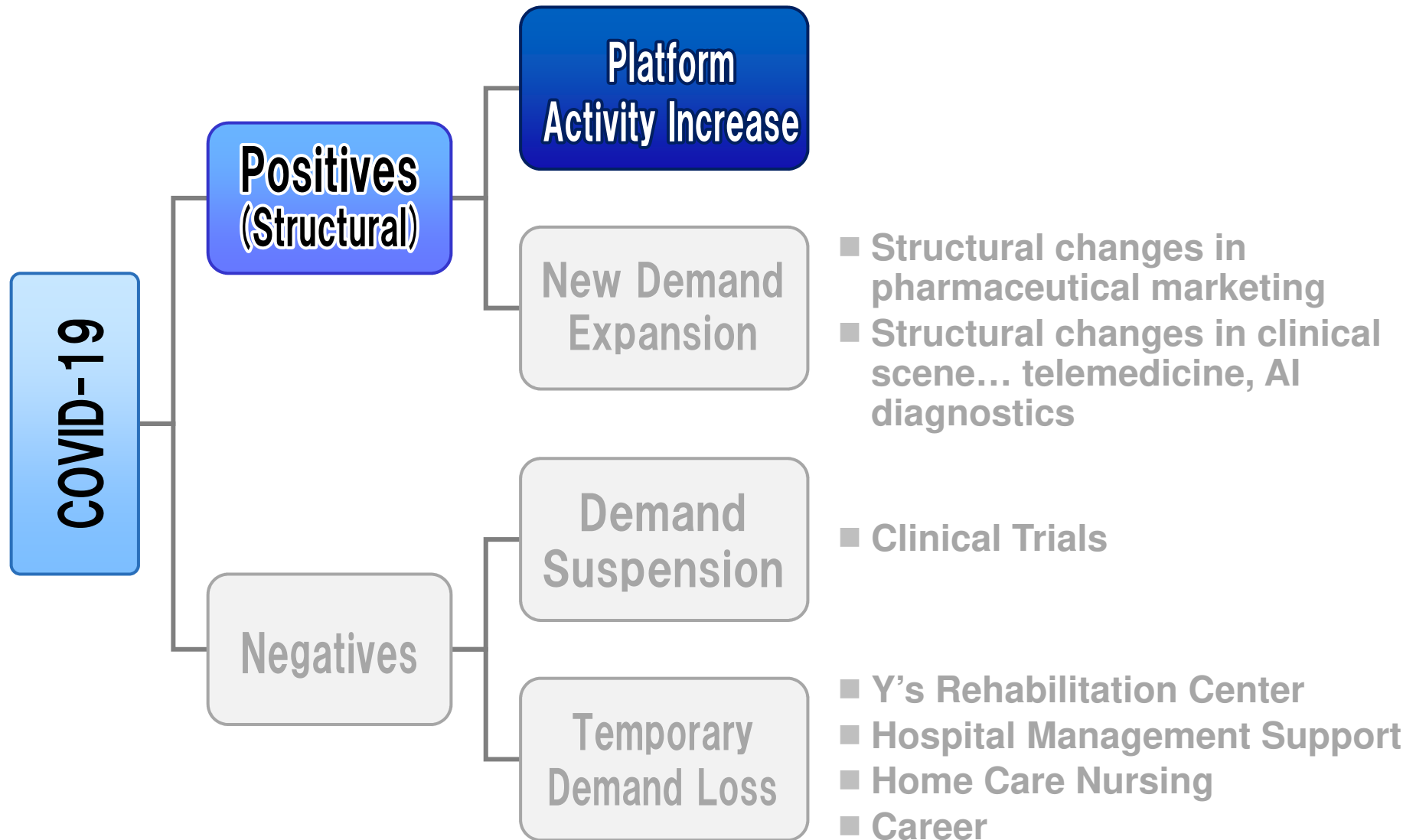
<b>Medical Platform</b>	<ul style="list-style-type: none"> <li>■ Accelerated digital transformation in pharma marketing</li> <li>■ Marketing service orders grew 2.5x yoy</li> </ul>	<b>++</b>
<b>Evidence Solution</b>	<ul style="list-style-type: none"> <li>■ Orders backlog remained healthy at 25 bn yen despite partial halts in projects</li> </ul>	<b>—</b>
<b>Career Solution</b>	<ul style="list-style-type: none"> <li>■ Dampened demand from both physician and pharmacists due to COVID-19</li> </ul>	<b>—</b>
<b>Site Solution</b>	<ul style="list-style-type: none"> <li>■ Increase in affiliate sites; profitability decreased slightly due to COVID-19 but expected to rebound</li> </ul>	<b>—</b>
<b>Emerging Businesses</b>	<ul style="list-style-type: none"> <li>■ New business seeds being planted at a healthy pace</li> </ul>	<b>0</b>
<b>Overseas</b>	<ul style="list-style-type: none"> <li>■ Rapid APAC expansion brought sales to 8.2 bn yen (+19% yoy) and operating profit to 2.0 bn yen (+53%)</li> </ul>	<b>+</b>

# COVID-19 Impact on M3

# 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**

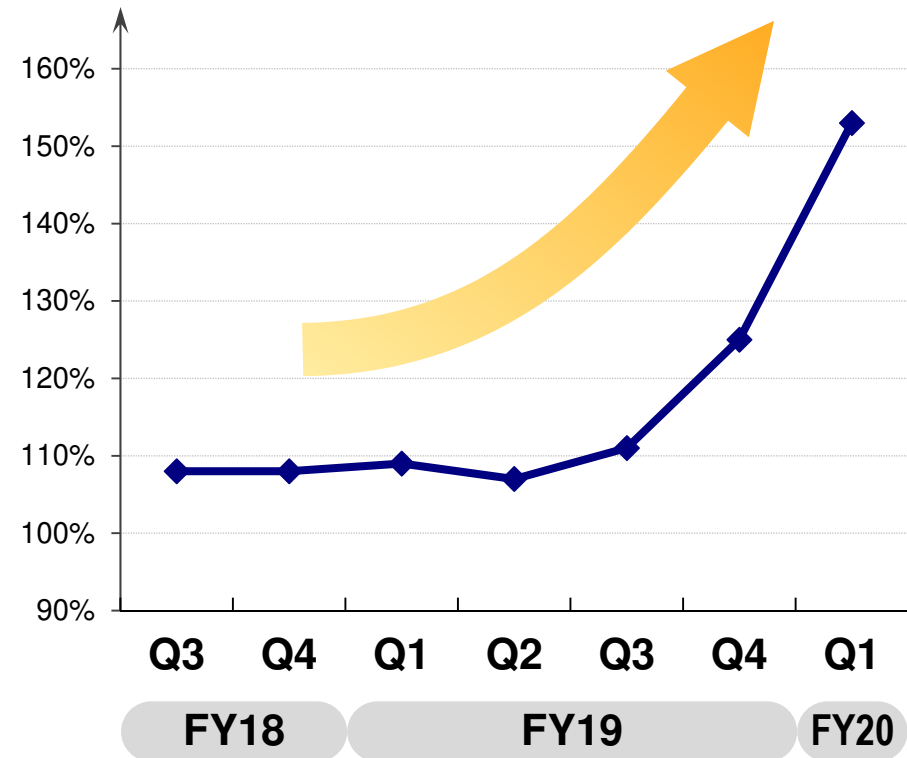


**Proactive information exchange across PtoP communities**



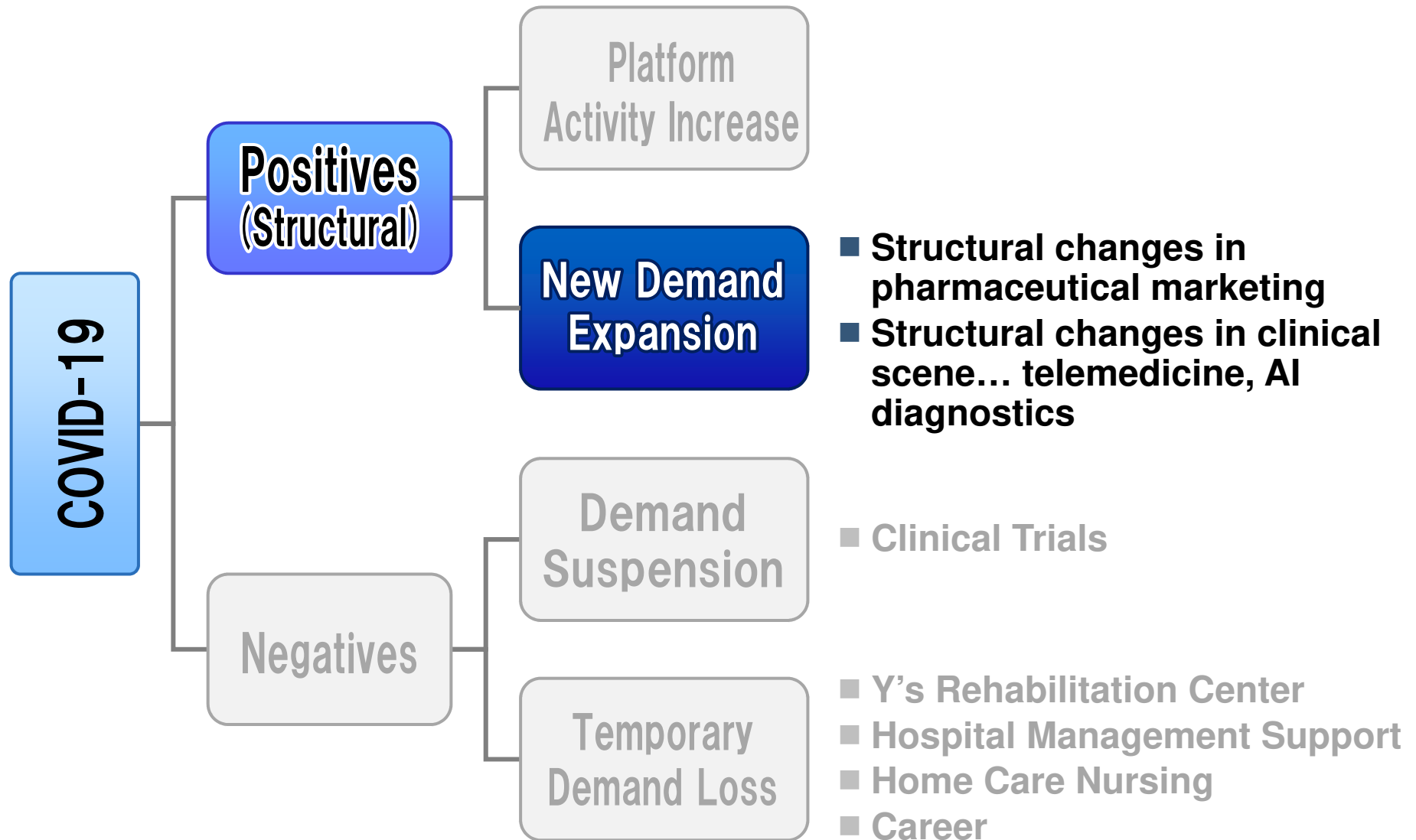
**Expert webinars regarding COVID-19 examination**

## 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**

# COVID-19 Impact on M3



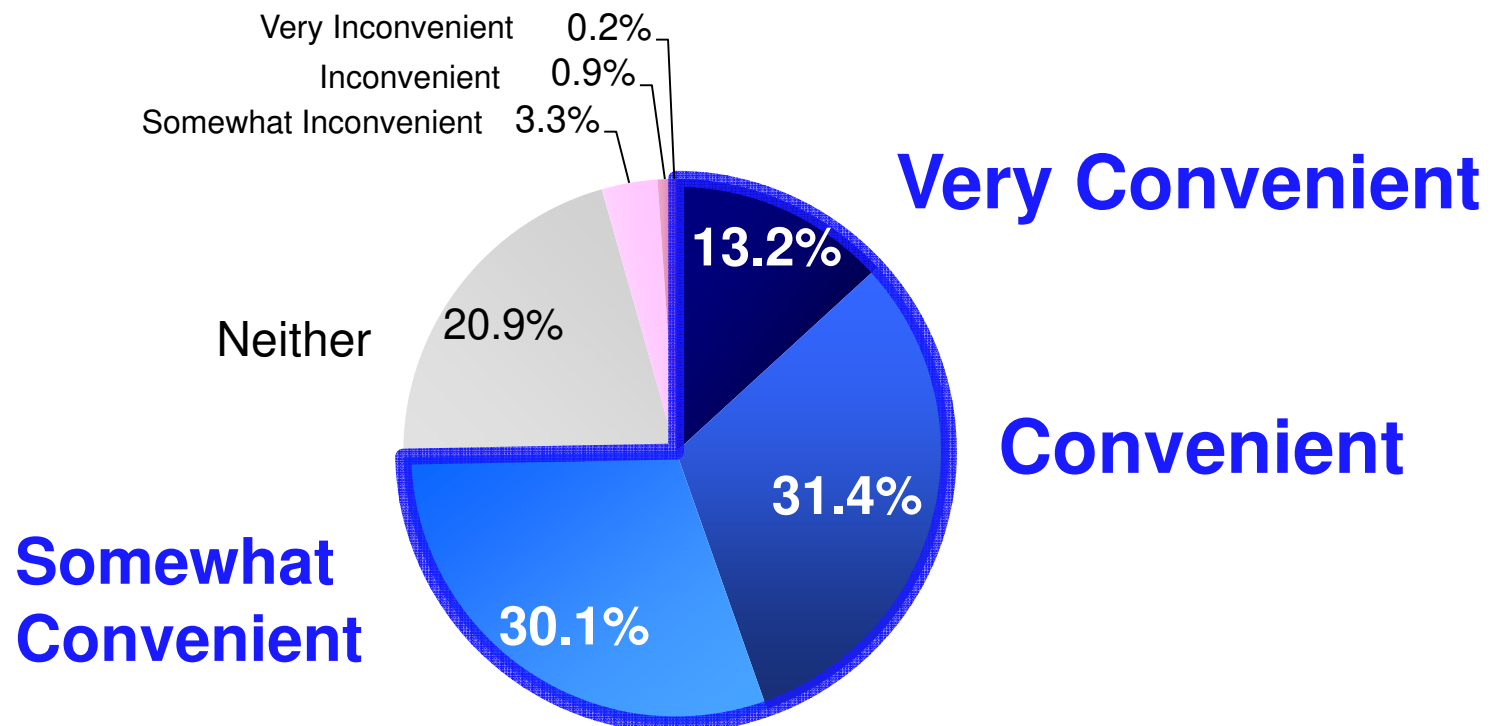
# Physician Preferences As of July, 2020

Marketing Support



**75% of physicians prefer current conditions of higher digital information procurement**  
*...this shift in behavior and sentiment is likely to remain*

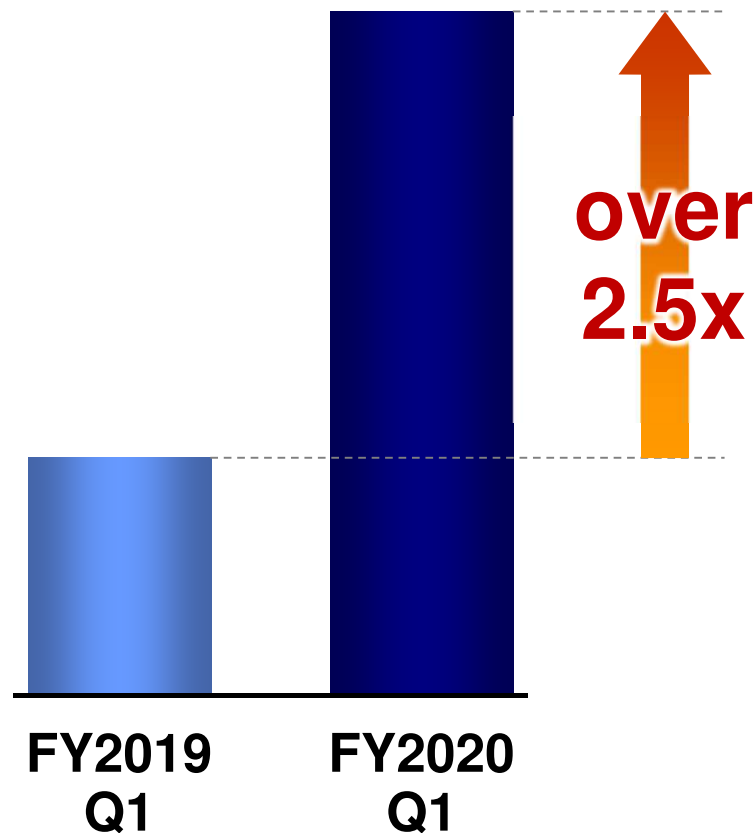
**Q. How do you feel regarding the current increase in internet based information procurement compared to pre-COVID-19?**



# Marketing Support Service Orders

Marketing Support

## Marketing Support Service Orders



- Rapid demand increase from pharmaceutical companies due to COVID-19
- Sales team fortification (+47% yoy including external resource utilization) contributing to larger projects
- Fortification of project execution staff yet to be procured

# LINE Healthcare Expansion

Telemedicine & AI

- Over 6.0 million “friends” (since launch in Dec 2019)
- Adopted to support METI’s remote health consultations hotline until the end of August
- LHC reimbursable online consultation services scheduled for launch reimbursed

**LINE、オンライン診療サービスを今夏リリース**  
LINE Pay連携や予約機能も検討 「医療格差を是正する」

2020年05月29日 12時00分 公開

【吉川大貴, ITmedia】

印刷 88 Share 4

LINEヘルスケアは5月28日、今夏をめどにオンライン診療サービスに参入すると発表した。LINE Pay連携や予約機能も検討し、「医療格差を是正する」という目的を掲げている。



## オンライン診療 LINEに続け

医療機関では対話アプリ「ライン」を使ったオンライン診療も一部で行われている（東京府内）

システム会社や医師派遣会社 新聞熱が参入

規制緩和

## 賛否両論のオンライン診療 LINEも参入、医療制度持続への突破口にも

2020年6月18日（木）14時00分

LINE 25 プルサーボ 1



## LINE、オンライン診療アプリ参入 8000万顧客生かす -【イブニングスクープ】

2020/05/21 05:20 日本経済新聞電子版 643文字

LINEは今夏にもオンライン診療事業に参入する。ビデオ通話機能を使い、医師が患者を遠隔で診断できる専用のアプリを立ち上げる。国内8千万人超の利用者を抱えるSNS（交流サイト）を生かし、2千人以上の医師の利用を見込む。病院や薬局への支払いを電子決済する仕組み作りも検討。オンライン診療は新型コロナウイルスの感染拡大で需要が高まっている。政府も規制を緩和する中、大きな顧客基盤を持つLINEの動きは普及を後押ししそうだ。

ビデオ通話のほか、同社の電子決済「ラインペイ」をオンライン診療アプリと連動させる。病院や薬局の多くはまだ電子決済に対応していないが、同社は各施設に導入を呼びかけていく。

LINEは診療アプリのサービス料を利用者から徴収する。医師や病院から月額料金をとるか、患者が払うかの形にする。オンライン診療は日本では新興企業が多く、利用料金は医師が支払う場合は数万円、患者負担の場合は1回数百円のケースが多い。資本力のあるLINEの参入によってこうした料金の引き下げが進む可能性がある。

オンライン診療は公的医療保険の対象だ。新型コロナを機に政府が規制緩和し、4月から初診を含めて特例で利用できるようになった。ただ、患者と医療機関の双方が同じサービスを使う必要があり、機器導入に費用や手間がかかることが普及の妨げになっていた。LINEは対話アプリで国内8千万人超の利用者がいる。なじみのあるサービスを入口にすることで、患者や医師の心理的なハードルを下げて利用を広げたい構えだ。



LINEは国内8000万人超の利用者基盤を生かしたオンライン診療アプリで、2000人以上の医師の利用を見込む

## オンライン診療急拡大、1万5000施設に LINEも参入

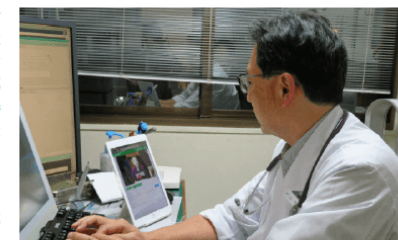
2020/06/10 02:00 日本経済新聞電子版 2650文字

病院へ足を運ばなくてもスマートフォンで医師の診察を受けられる「オンライン診療」が急速に広がってきた。これまでは規制が厳しかったため消極的な医師が多かったが、新型コロナウイルスの感染拡大が状況を一変させた。規制緩和もあり、導入する医療機関が急増。LINEなど大手も参入し、医療機器やサービスとの連携も始まった。一方で「医療の質が低下しないか」と懸念する声もある。

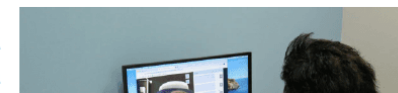
### ■「リラックスして受診できる」

「オンラインは本当に助かる」と患者さんたちに好評だ。都内で内科系クリニックを営む医師の山下巖氏は、4年前に導入したオンライン診療がコロナ禍で真価を発揮したと語る。利用した都内在住の50代男性は「待ち時間がなく便利。自宅でもリラックスして受診でき、質問もしやすい」と効果を話す。

コロナの被害が広がった3月以降、感染を恐れて医療機関に行くのを控えた人は多い。オンライン診療システムのインテグリティ・ヘルスケア（東京・中央）の武藤真祐会長は「外来患者が急減した。診療が止まるという不安が、医療者にも患者にも広がった」と話す。



医師の山下氏はタブレットで患者の様子を確認する



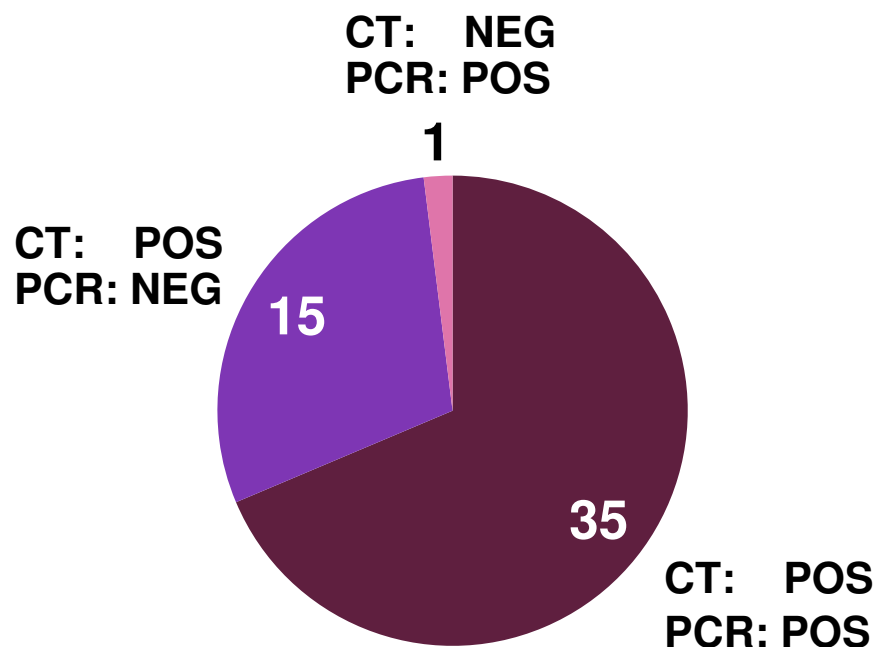
# Early COVID-19 Detection with CT + AI


Telemedicine & AI

Medical image analysis software, “COVID-19 Pneumonia Image Analysis Program Ali-M3” manufacturing and distribution **approval gained in 80 days! (1/9 of usual speed)**

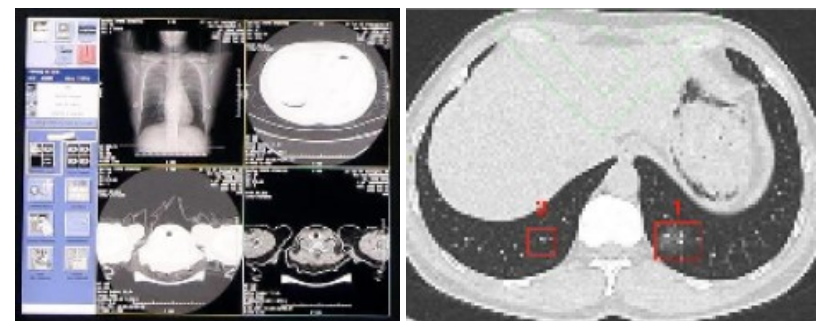
## Diagnosis Accuracy Using CTs

n=51 (patients examined using both PCR & CT)



 CT exams show high effectiveness, while PCRs have high false negatives

## AI Based CT Analysis Accuracy

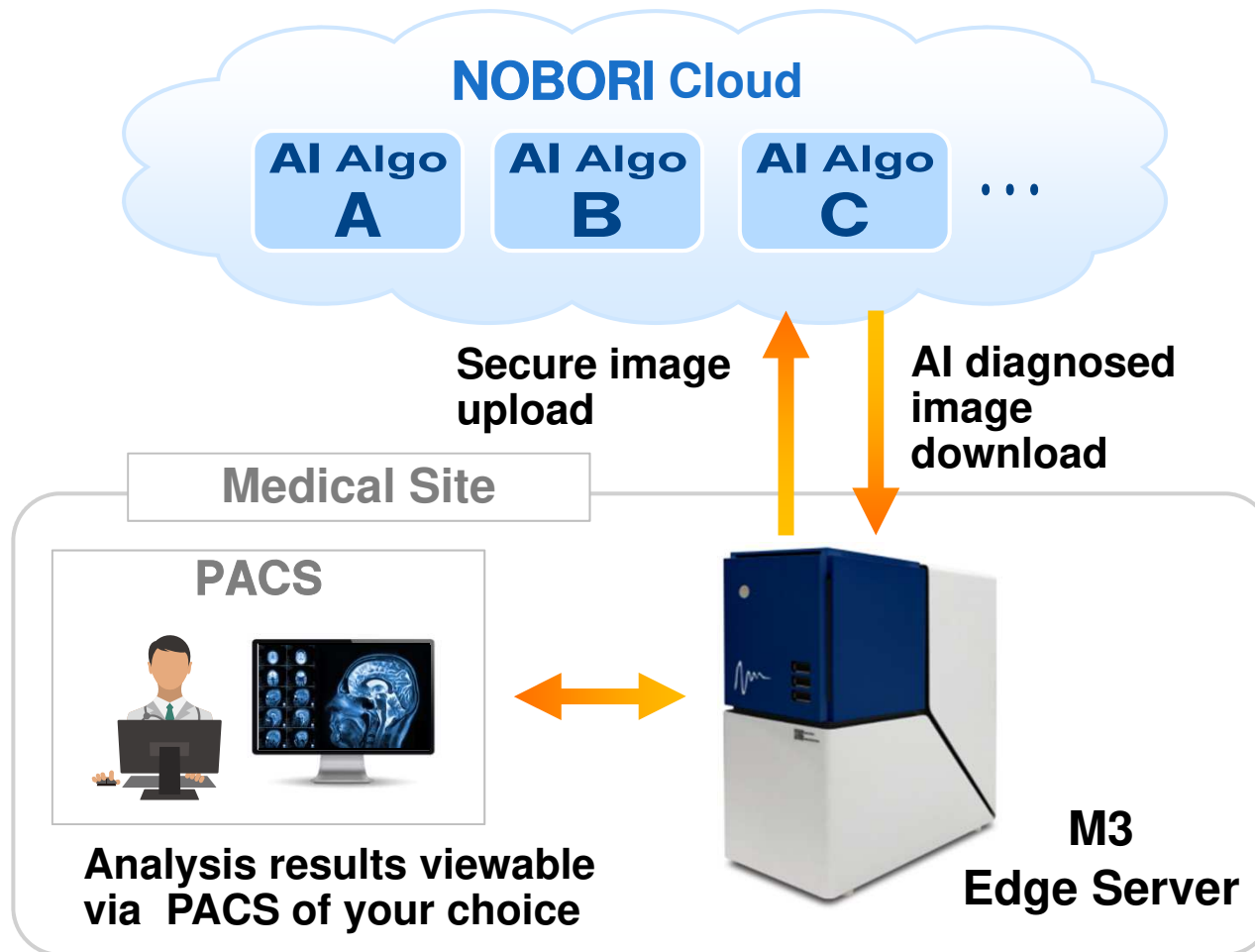


- Provides a confidence level and focal area highlights
- AI based results have higher utility in early detection compared to PCRs which have high false negative rates.

 Chest CT + AI analysis is effective in early detection

# 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.)**

**👉 Providing free COVID-19 CT remote image diagnostics support and system infrastructure to 100 medical sites across Japan, in collaboration with NOBORI**

# Rapid Increase in AI Projects (1/2)

Telemedicine & AI

			M3 Services						
		Company	Therapy Area	Medical Data Collection	Algorithm Development	Regulatory Consult	Clinical Study & Trial	Marketing Support	Funding
M3 Lead	M3	Respiratory		✓	✓	✓	✓	✓	✓
	M3	Diabetic Retinopathy		✓	✓	✓	✓	✓	✓
	M3	Osteoperosis		✓	✓	✓	✓	✓	✓
	M3	Medical institution (overseas)		✓	✓	✓	✓	✓	✓
	M3	COVID-19		✓	✓	✓	✓	✓	✓
	M3	Lung Cancer		✓	✓	✓			
M3 Support	Overseas	AI Venture	Thyroid Echo					✓	
		AI Venture	Radiation Diagnosis		✓				
		AI Venture	Coronary Artery		✓				
		AI Venture	Coronary Artery		✓				
		AI Venture	Chest X-Ray and CT, Fundoscopy			✓		✓	
		AI Venture	Alzheimers			✓			
		AI Venture	Mamography	✓					
		AI Venture	Mamography			✓	✓	✓	
		AI Venture	Fundoscopy			✓	✓	✓	
		AI Venture	Chest X-Ray and CT			✓	✓	✓	
		AI Venture	Chest X-Ray					✓	
		AI Venture	Chest X-Ray and CT			✓	✓	✓	
		AI Venture	Fundoscopy					✓	
		AI Venture	Chest X-Ray and CT			✓	✓	✓	

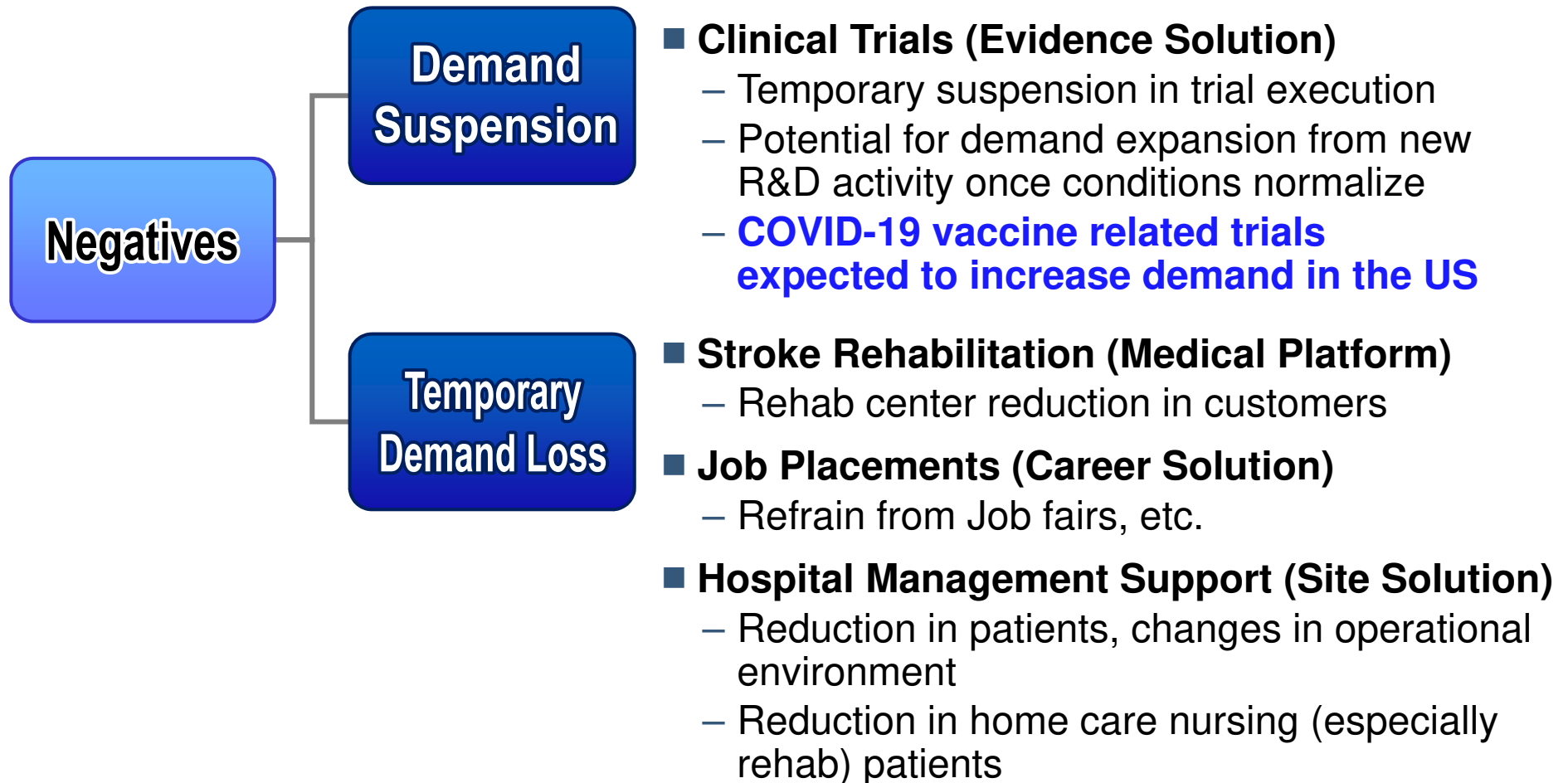
# Rapid Increase in AI Projects (2/2) Telemedicine & AI

		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	Head CT			✓	
		AI Venture	Report			✓	
		Device Maker	Endosconv	✓			



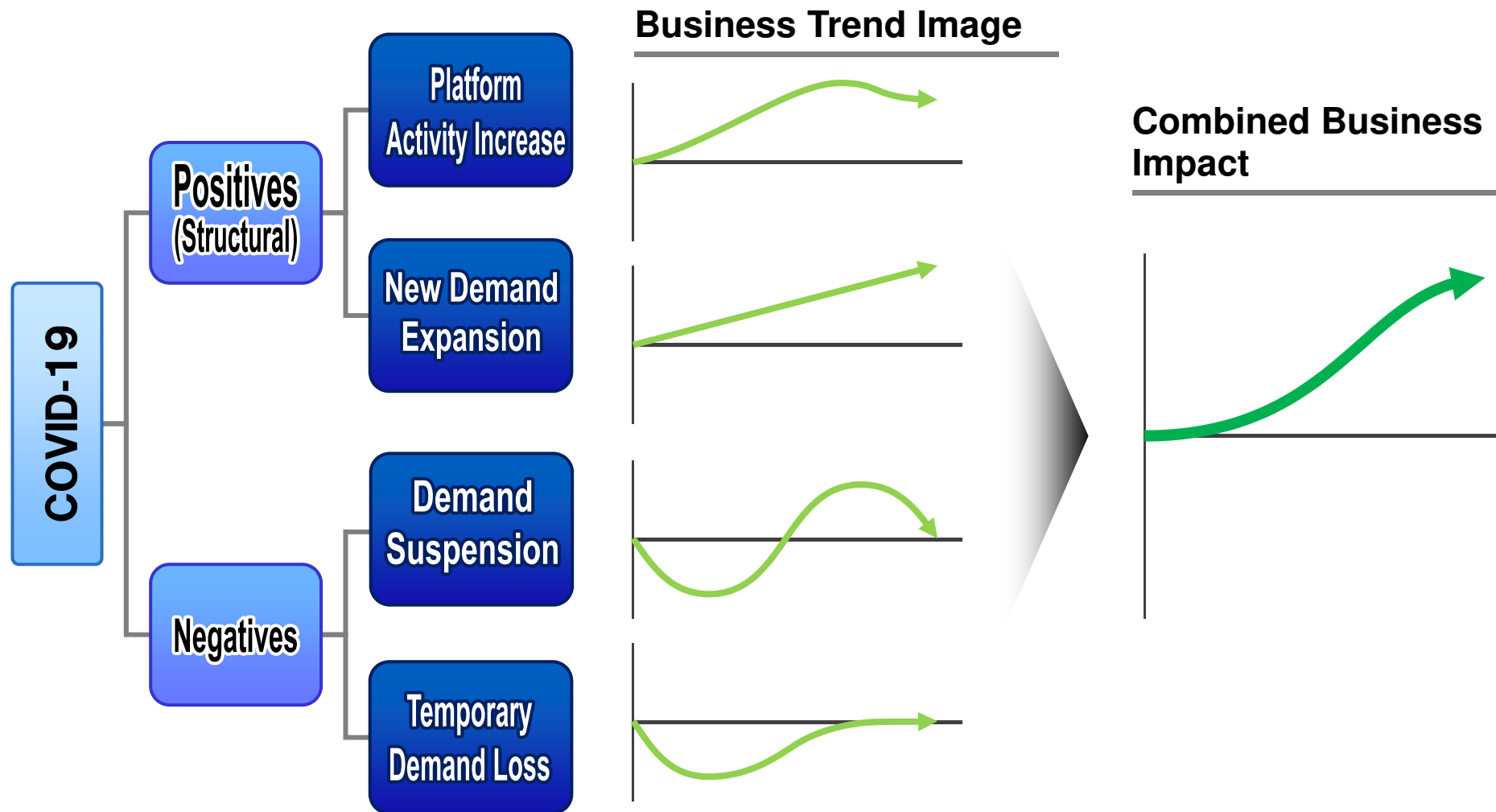
42 cumulative AI projects to date. AI Platform launched.

# COVID-19 Impact on M3 (Negative)



 **COVID-19 negative impact still ongoing**

# Change in Growth Pace (current starting point)



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

# 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>

# M3's COVID-19 Initiatives (examples)

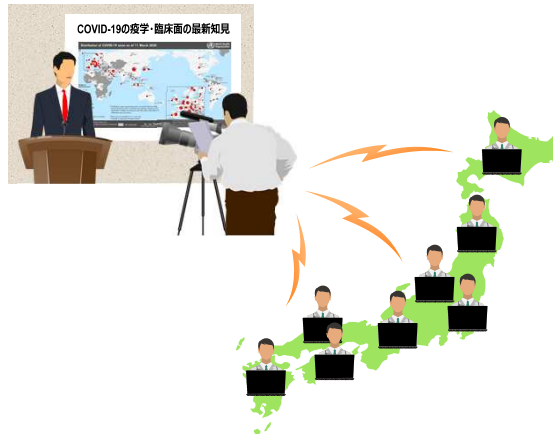
## Free LINE Healthcare



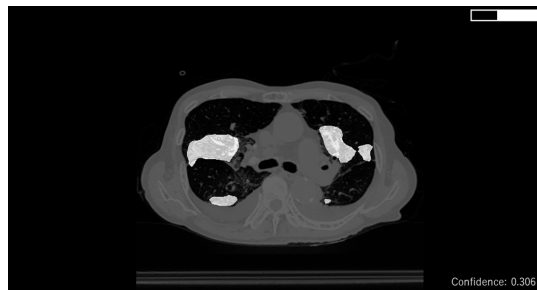
## Free Remote Meeting Service for Patients



## Webinars for Physicians



## Free COVID-19 Image Diagnostics “Ali-M3”



## Free PPE Distribution

**Masks: 2,000,000**  
**Face Shields: 80,000**



## Free COVID-19 “Stay Home” Support App

あなたのStay Homeを見える化

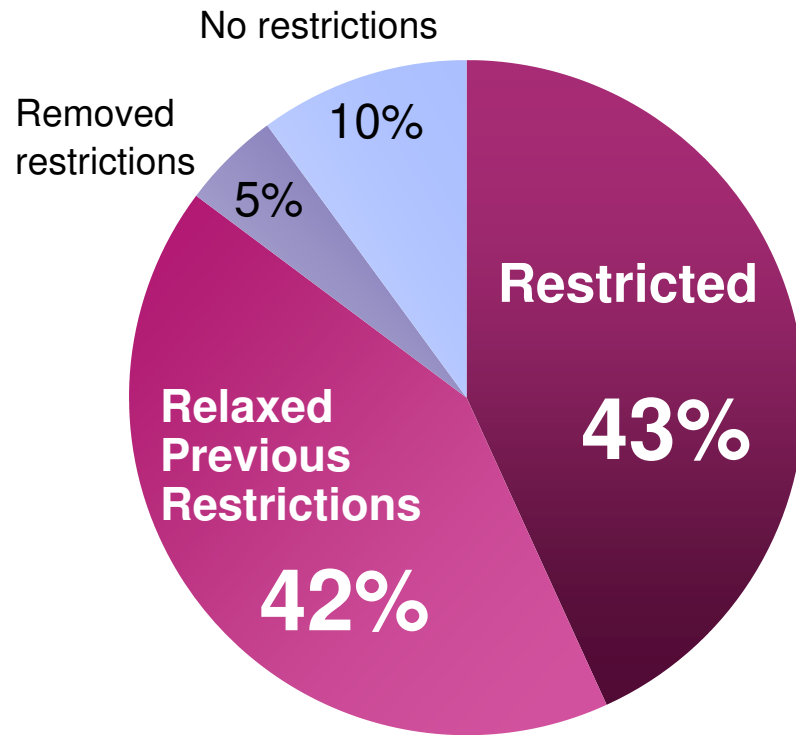
お不動さん



# Free Remote Meetings: 1 Button Video Chat Device Sets

## COVID-19 Related Visitation Restrictions

n=338 medical sites



Patient @  
Hospital



Patient's  
Family @  
Home



Video Chat

I was ecstatic that I could clearly see the details of my husband's facial expressions as if he was sitting right in front of me. I cannot thank you enough for providing a service that allowed me to see how well he seems to be doing!

**Today was the happiest day since his hospitalization!**

We plan to enjoy these meetings daily during our agreed "relax times." I now have one more thing to look forward to every night, and will be able to have wonderful rest as well.

 **Free 6 month provision of 1,000 devices (500 sets) starting August. (partially funded by Sony)**

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# M3 Growth Strategy

# Business Scope Expansion and Growth Potential

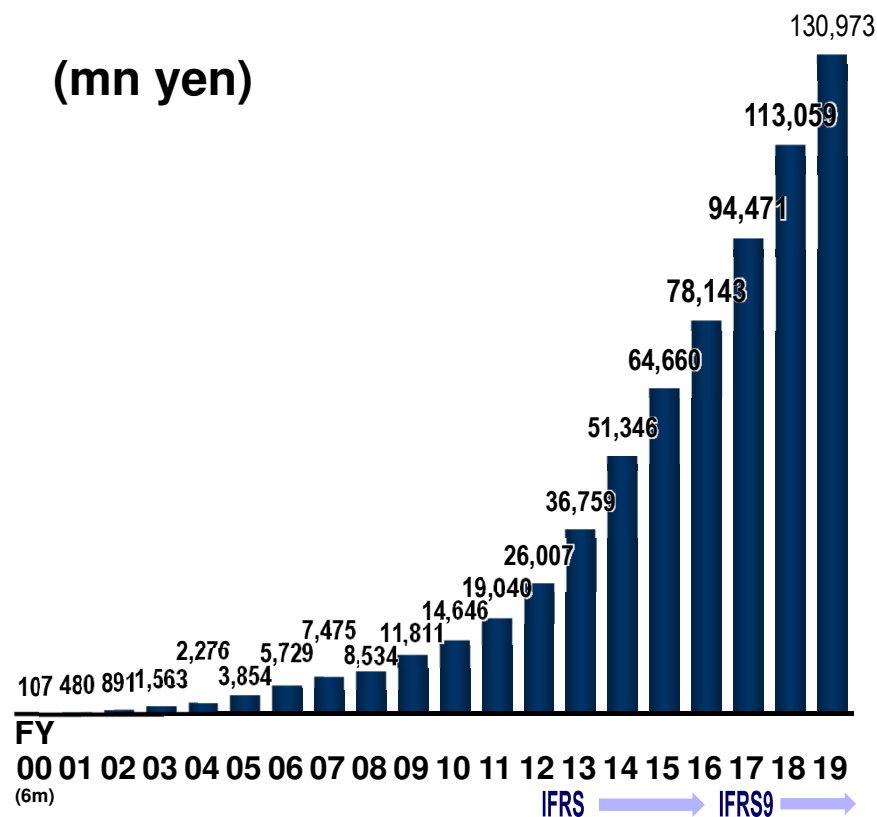
	2010	2014	2018	2022
Country	: 3	→ 5 (1.5x)	→ 10 (3x)	→
Business Types	: 6	→ 10 (1.5x)	→ 26 (4x)	→
Business Units (Type x Country)	: 10	→ 18 (2x)	→ 41 (4x)	→
Sales (bn)	: 140	→ 370 (2.5x)	→ 945 (7x)	→

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

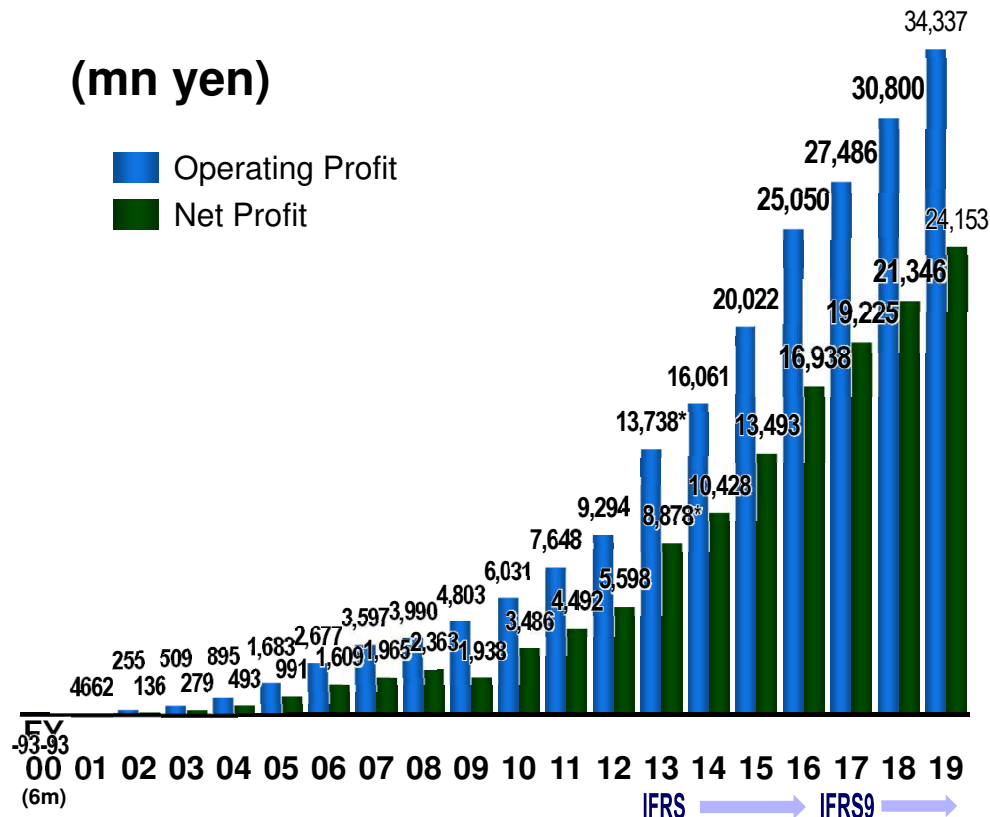
 **Aggressive M&A to ensue in reaching growth potentials exceeding 10~20x current levels...**

# 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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