M3, Inc.
Presentation Material

October 2020



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M3, Inc.

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FY2020 Q2 Consolidated Results Summary

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FY2020 Q2 Consolidated Results

IFRS

(mn yen)	FY2019 Q2	FY2020 Q2	YoY
Sales	61,545	75,022	+22%
Operating Profit	16,549	23,931	+45%
Pre-tax Profit	16,597	23,943	+44%
Net Profit	11,312	16,587	+47%

+61% growth excluding impacts such as stock sales and valuation changes

☞ **Profits increased 41% in Q1, and 83% in Q2 versus previous year, excluding impacts such as asset sales and valuation changes**

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FY2020 Q2 Consolidated Results by Segment

(mn yen)

			FY2019 Q2	FY2020 Q2	YoY
Domestic	Medical Platform	Sales	22,269	30,915	+39%
		Profit	7,404	13,748	+86%
	Evidence Solution	Sales	10,739	9,603	-11%
		Profit	2,209	1,631	-26%
	Career Solution	Sales	8,760	8,194	-6%
		Profit	3,150	2,824	-10%
	Site Solution	Sales	5,634	7,976	+42%
		Profit	357	829	+132%
	Emerging Market Businesses	Sales	1,506	1,430	-5%
		Profit	544	340	-38%
Overseas		Sales	13,977	18,314	+31%
		Profit	2,667	5,083	+91%

+106% YoY profit growth excluding impact such as stock sales

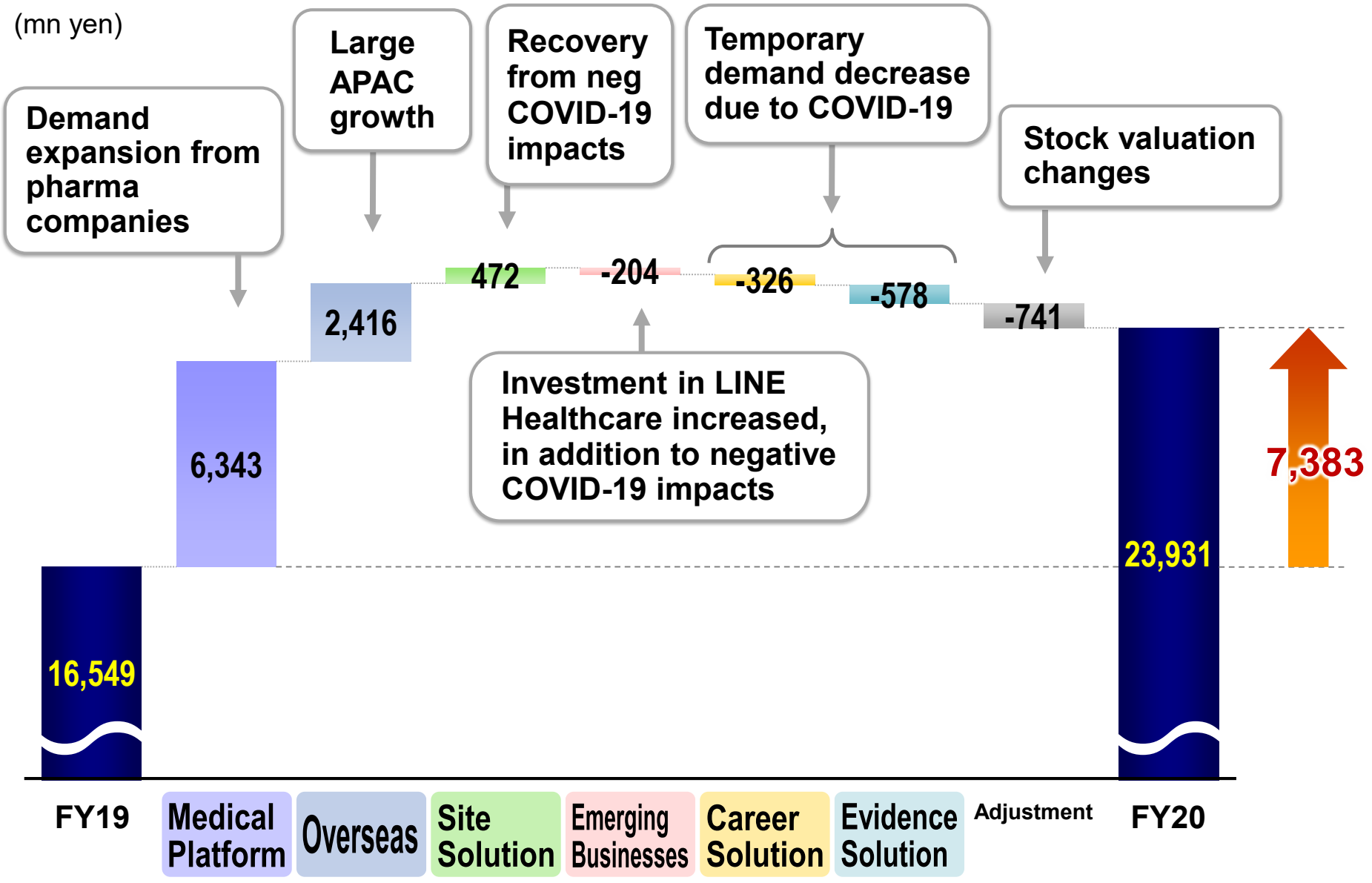
Temporary demand decrease due to COVID-19

Rapid recovery from COVID-19 negative impact

Acceleration in yoy profit growth:
Q1: +53%
Q2: +125%

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FY2020 Q2 Consolidated Operating Profit Contribution Breakdown



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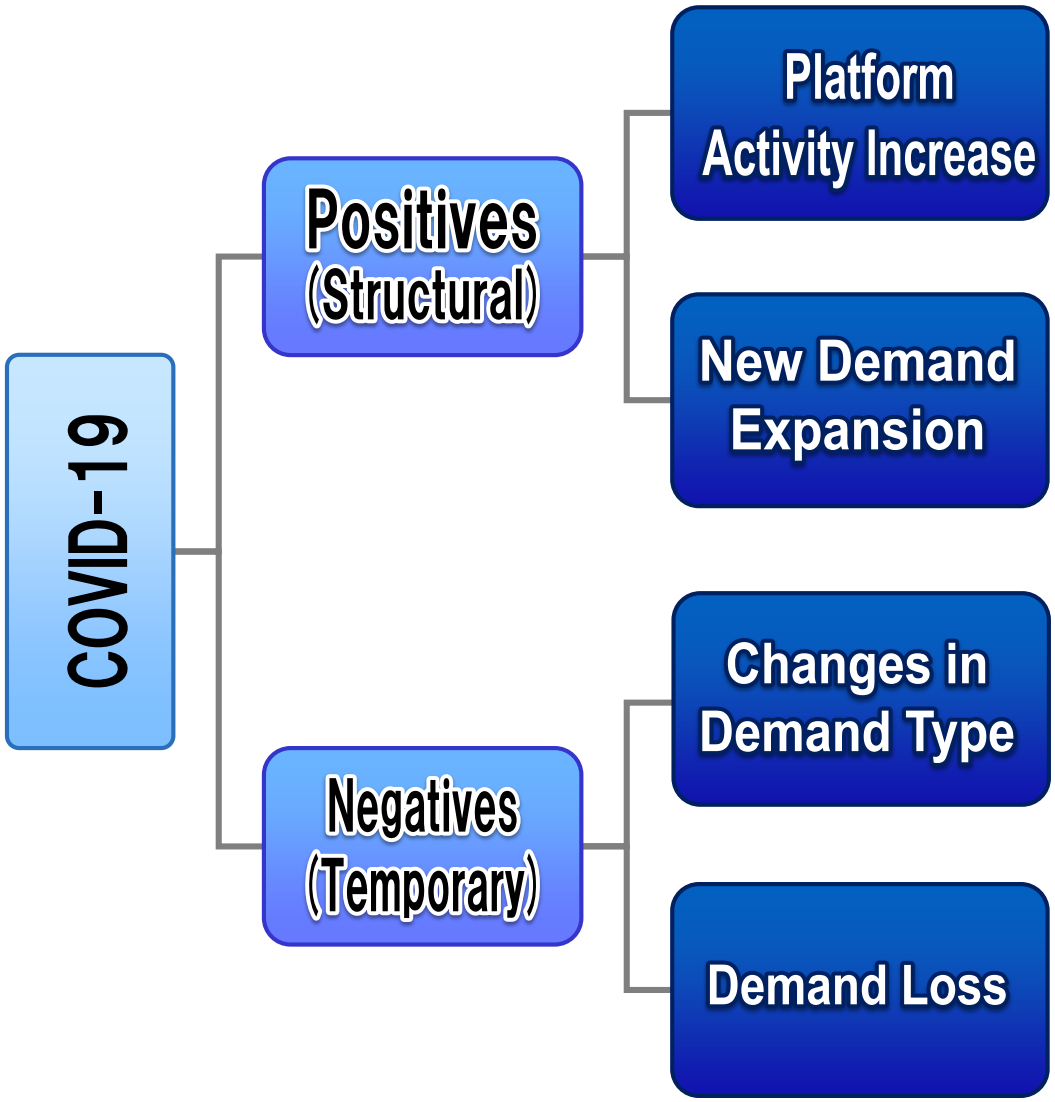
FY2020 Q2 Overview

		COVID-19 Impact
Medical Platform	■ Accelerated digital transformation in pharma marketing ■ Marketing service orders grew 2.5x yoy in H1	+ +
Evidence Solution	■ Orders backlog remained steady at 23.5 bn yen despite partial halts in projects	–
Career Solution	■ Dampened demand from both physician and pharmacists due to COVID-19	–
Site Solution	■ Increase in affiliate sites; COVID-19 related projects boosting rapid recovery	+
Emerging Businesses	■ New business seeds being planted at a healthy pace	Neutral
Overseas	■ Doubled segment profits due to rapid APAC expansion such as in China ■ US clinical trial business recovery, and overall business improvement	+ +

COVID-19 Impact on M3

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COVID-19 Impact on M3



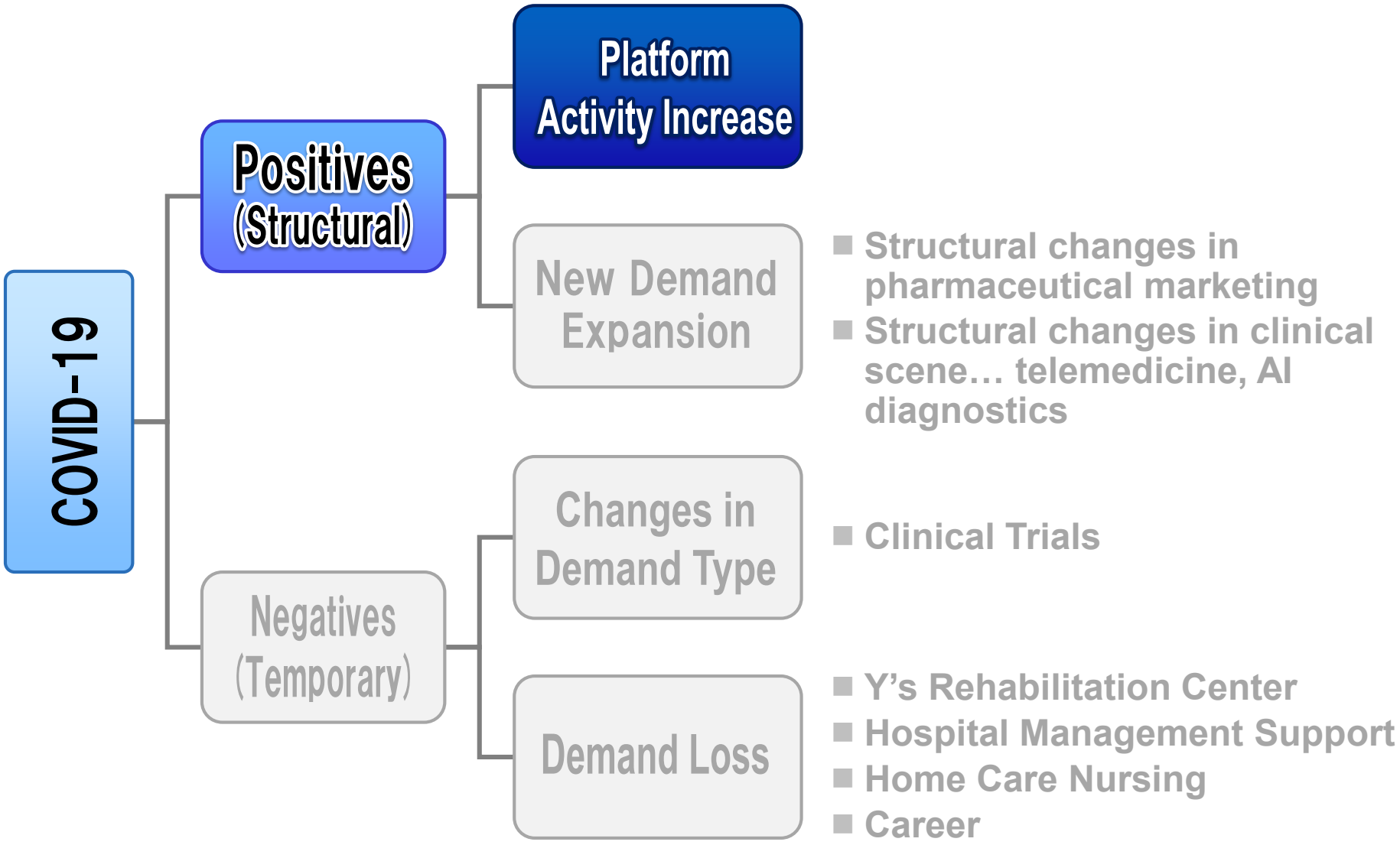
- Structural changes in pharmaceutical marketing
- Structural changes in clinical scene… telemedicine, AI diagnostics

- Clinical Trials

- Y's Rehabilitation Center
- Hospital Management Support
- Home Care Nursing
- Career

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COVID-19 Impact on M3



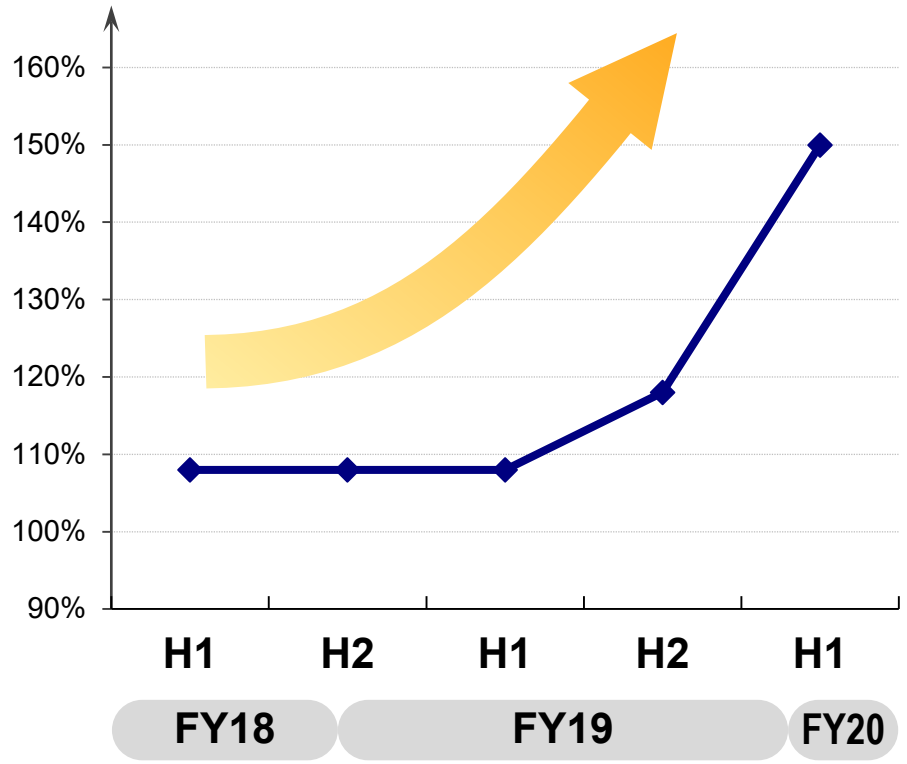
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m3.com Site Access Increase

COVID-19 Related Information Provision

- **Focused delivery of related news**
- **Proactive information exchange across PtoP communities**
- **Expert webinars regarding COVID-19 examination**

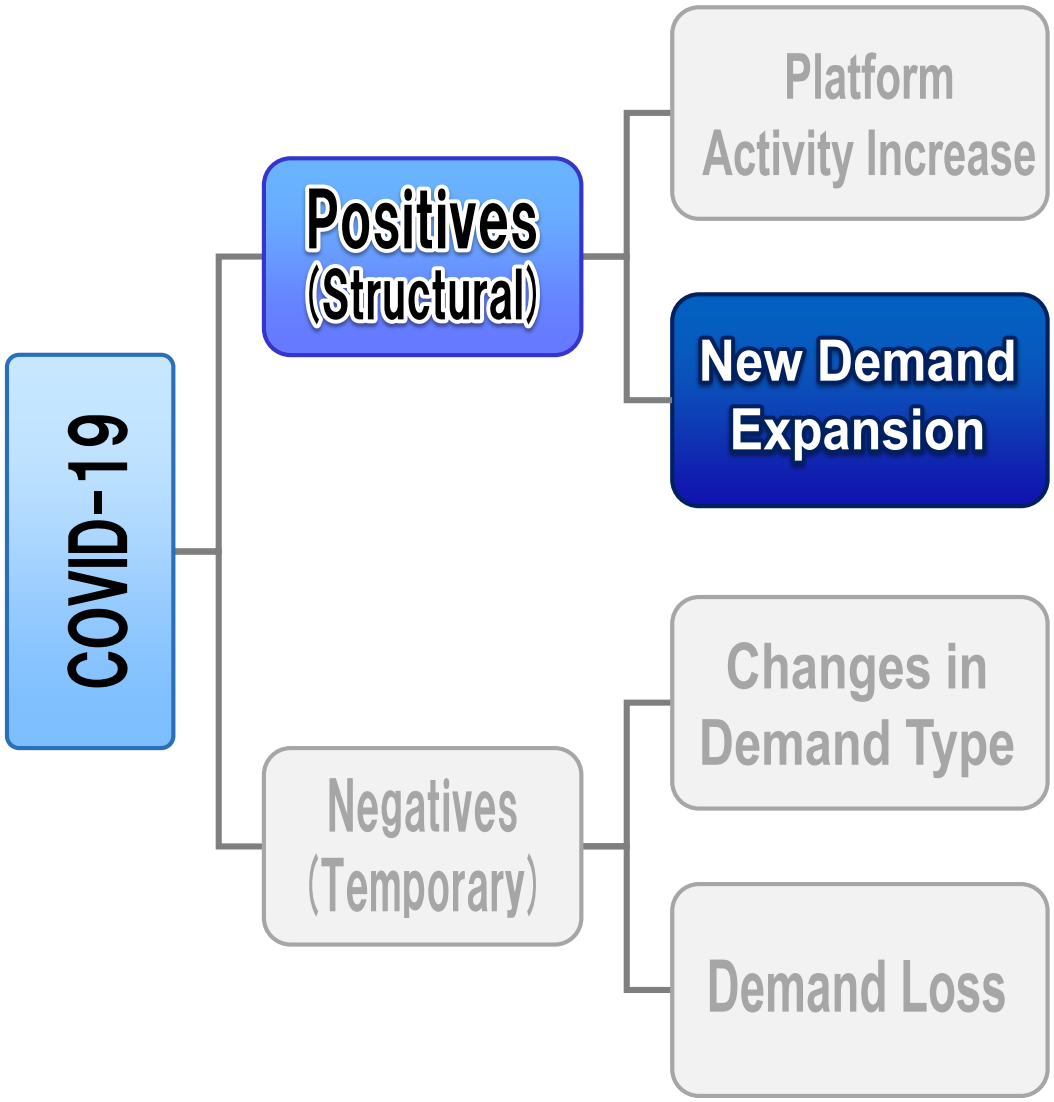
m3.com Access Increase (% yoy)



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

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COVID-19 Impact on M3



- **Structural changes in pharmaceutical marketing**
- **Structural changes in clinical scene… telemedicine, AI diagnostics**

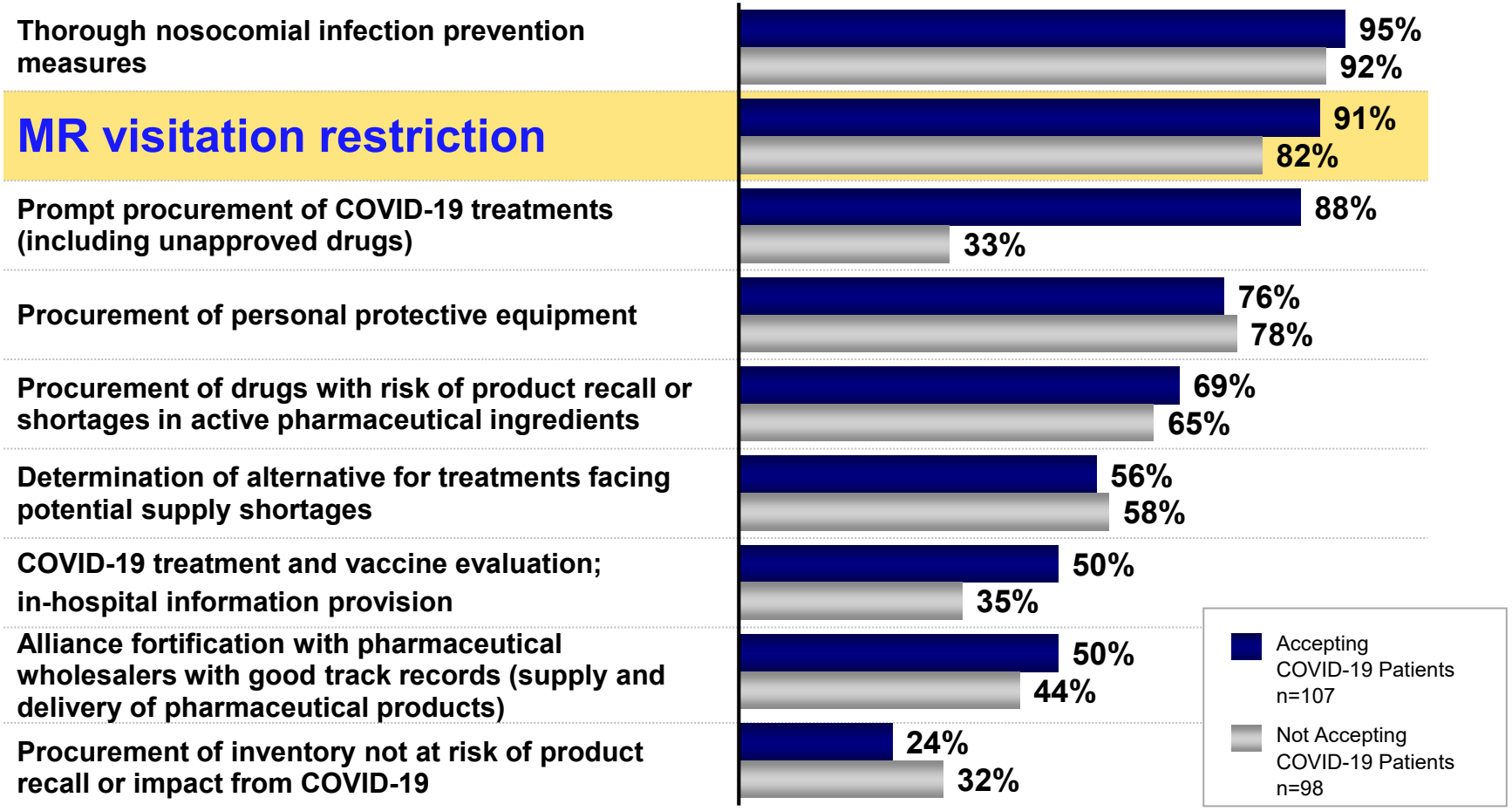
- Clinical Trials

- Y's Rehabilitation Center
- Hospital Management Support
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Hospital Measures Against COVID-19

Marketing Support



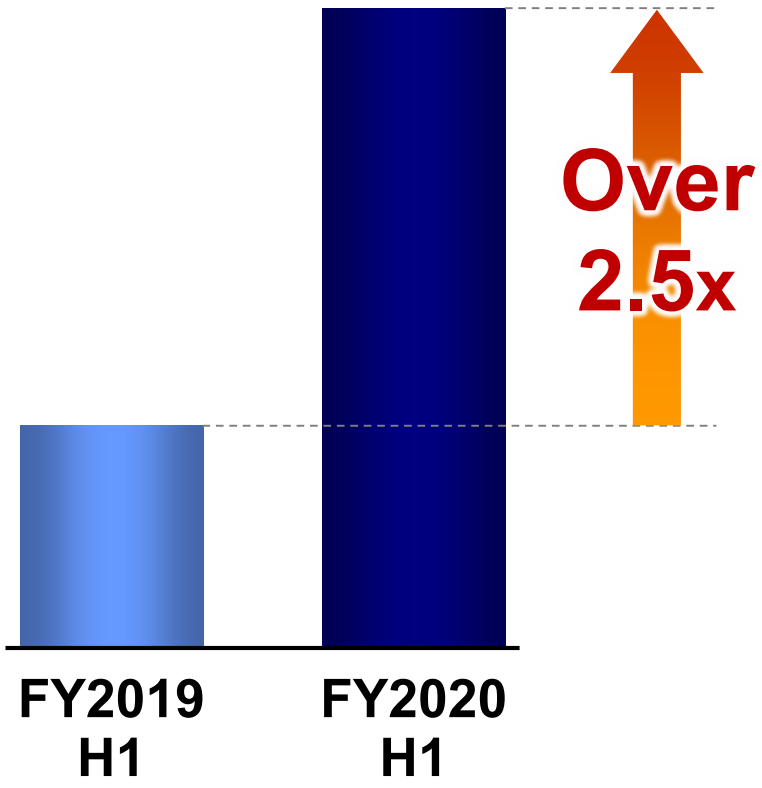
☞ **80～90% of hospitals continue self-restriction requests towards MR visitations**

Source: MIX October issue

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Marketing Support Service Orders

COVID-19 Related Trials



- Rapid demand increase from pharmaceutical companies due to COVID-19
- Sales team fortification (+78% yoy including external resource utilization) contributing to larger projects
- Fortification of project execution staff yet to be procured

☞ Pharma companies' shift into full scale DX accelerated demand to exceed that of Q1

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LINE Healthcare Expansion

Telemedicine

- Over 7.8 million “friends” (since launch in Dec 2019)
- Reimbursable online consultation service “LINE Doctor” scheduled for launch in November



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　B!　4

UiPath特価キャンペーン！　詳しくはSCSKまで

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。ビデオ通話を通じた医師が診療する環境を整えることで「医療格差を是正する」



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（東京都内）

オンライン診療
ＬＩＮＥに続け

規制緩和

新型コロナウイルスの感染拡大を受け、診療報酬の算定要件を緩和する動きが広がっている。ＬＩＮＥなどの大手、医療関連企業も手掛ける計画だ。月1回に限られる対面診療の間隔を広げ、オンライン診療を届け出た医療機関が初診でも利用できることなどが柱だ。多様な企業の参入で患者の選択肢が増え、医療現場に変革を促しそうだ。

「当初は数年後の参入を目指していたが、この数カ月で一気に風向きが変わった」（ＬＩＮＥヘルスケア（東京・新宿））

システム会社や医師派遣会社 新規参入



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

いいね！　シェア　ツイート 25　ブックマーク 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り口にすることで、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経営する医師の山下巌氏は、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

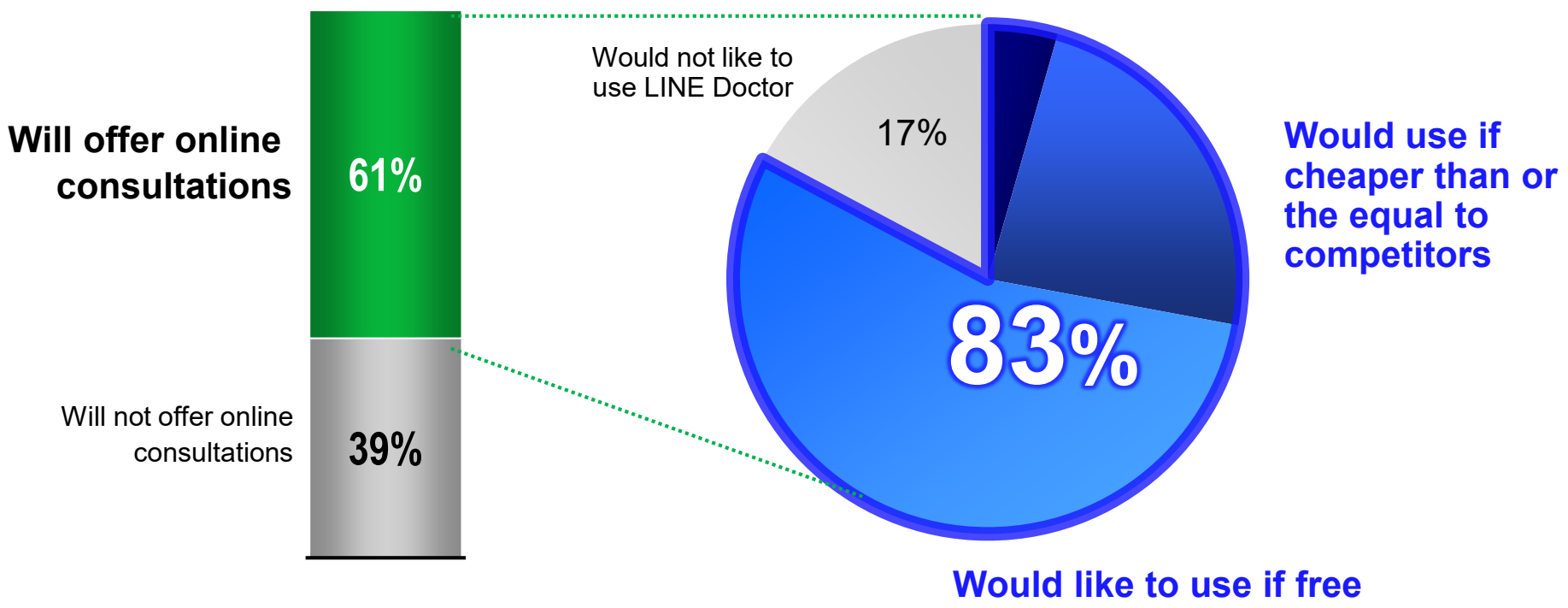
医師の山下氏はタブレットで患者の様子を確認する

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“LINE Doctor” Adoption Intent

Telemedicine

Of doctors that plan to offer online consultations, 83% wish to use “LINE Doctor”

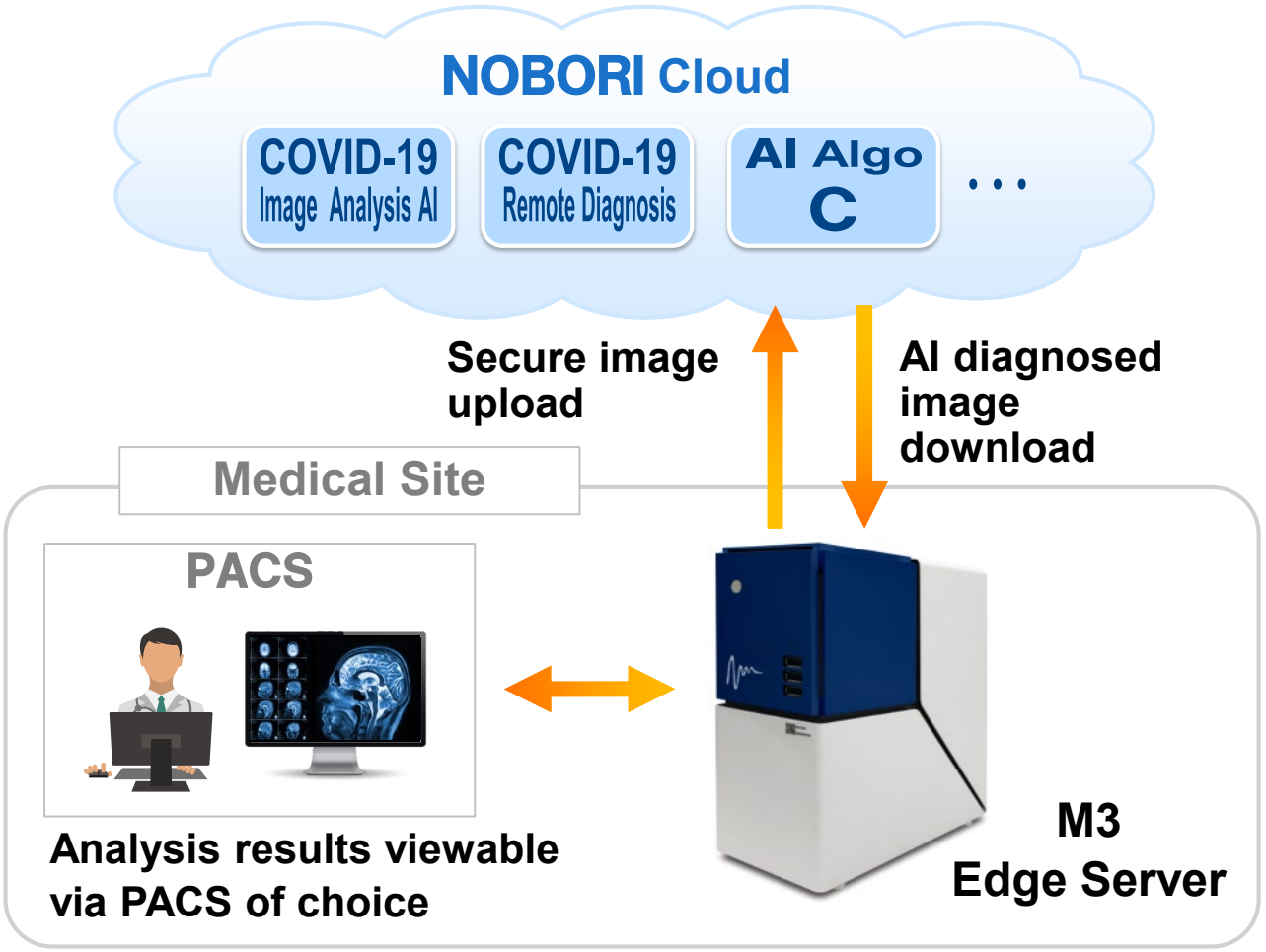


Ref: M3 survey; n=665 ; hospitals 61.5%, clinics & others 38.5%

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Launch of AI Platform Business

AI



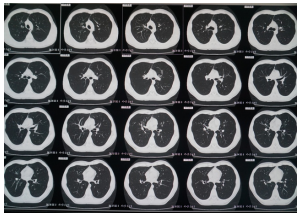
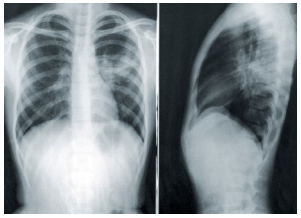
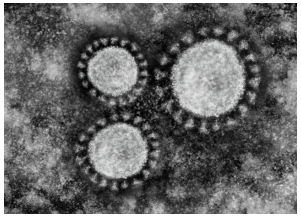
- Business alliance with NOBORI providing medical cloud services
- Connectivity with any PACS (medical image management system)
- Multiple AI image diagnostic algorithms will be on-boarded and categorized by physical regions (head, lungs, heart, etc.)

☞ Expanded free provision of COVID-19 pneumonia AI and remote diagnosis services to 121 medical sites across Japan

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AI Platform Algorithms

AI

	**Pulmonary nodule shadow**	**VUNO Med®-LungCT** *by* VUNO
	**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**

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Rapid Increase in AI Projects (1/2)

AI

	Company	Therapy Area	M3 Services: Medical Data Collection	Algorithm Development	Regulatory Consult	Clinical Study & Trial	Marketing Support	Funds
M3 Lead	M3	Respiratory	✔	✔	✔	✔	✔	✔
	M3	Diabetic Retinopathy	✔	✔	✔	✔	✔	✔
	M3	Ostheoperosis	✔	✔	✔	✔	✔	✔
	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	Mammography	✔					
	AI Venture	Mammography			✔	✔	✔	
	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			✔	✔	✔	
	AI Venture	Abdominal CT			✔	✔	✔	
	Device Maker	Chest CT					✔	

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Rapid Increase in AI Projects (2/2)

AI

M3 Support

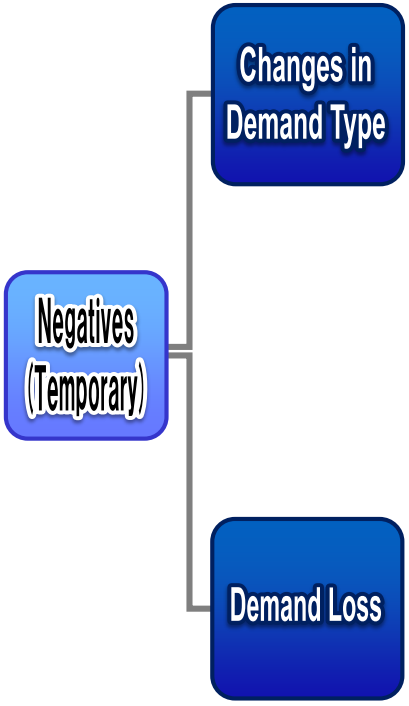
Domestic

Company	Therapy Area	M3 Services: Medical Data Collection	Algorithm Development	Regulatory Consult	Clinical Study & Trial	Marketing Support	Funds
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.

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COVID-19 Impact on M3 (Negative)



Q1 Assumptions

- **Clinical Trials (Evidence Solution)**
  - Temporary suspension in trial execution
  - Potential for demand expansion from new R&D activity once conditions normalize
  - **COVID-19 vaccine related trials expected to increase demand in the US**
- **Stroke Rehabilitation (Medical Platform)**
  - Rehab center reduction in customers
- **Job Placements (Career Solution)**
  - Refrain from Job fairs, etc.
- **Hospital Management Support (Site Solution)**
  - Reduction in patients, changes in operational environment
  - Reduction in home care nursing (especially rehab) patients

Q2 Assumptions

Initiation of COVID-19 related vaccine trials supporting V-shaped recovery in the US clinical trial business

Less than expected demand depression, with cost reduction supporting solid results

COVID-19 negative impact continues at a lesser pace than expected

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US Clinical Trial Business Update

COVID-19 Related Trials

moderna	Vaccine
Pfizer	Vaccine
janssen	Vaccine*
REGENERON	Treatment
NOVAVAX	Vaccine
altimmune	Treatment
⋮	

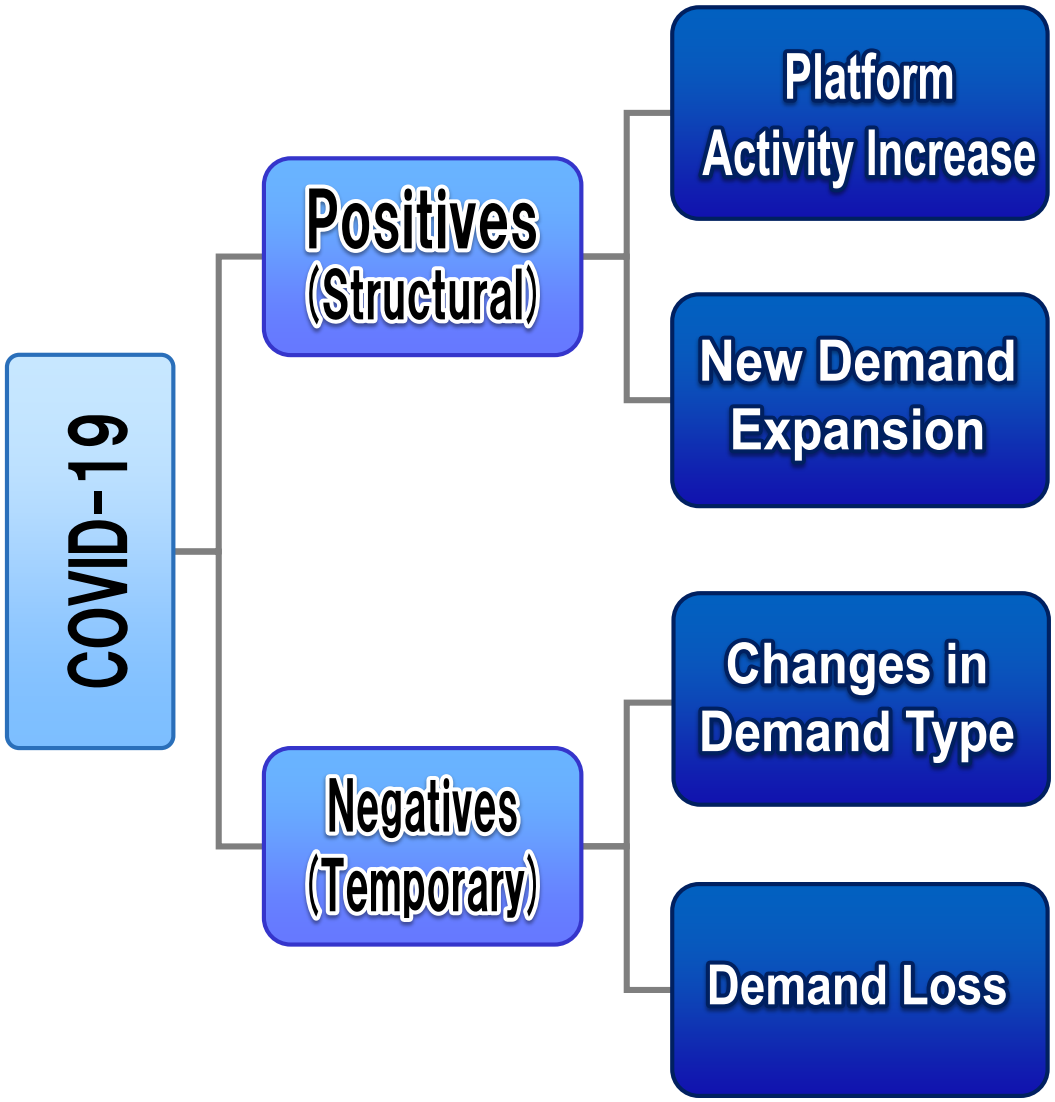
- **COVID-19 related trial orders: several billion yen**
- **Current high pace expected to remain high for the fiscal year**
- **Further upside potential still exists**

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

* (halted)

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COVID-19 Impact on M3



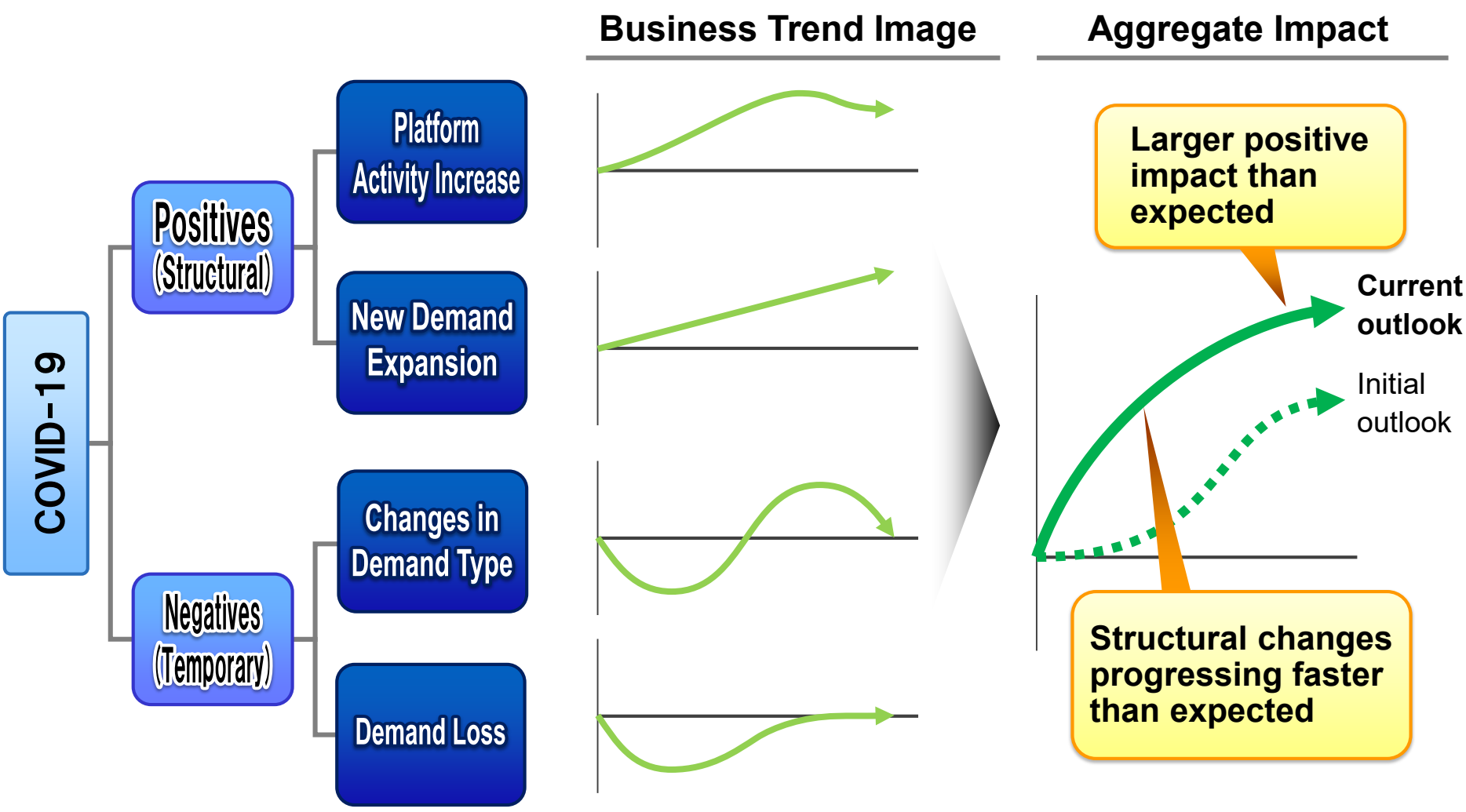
- Structural changes in pharmaceutical marketing
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Change in Growth Pace (start point: pre-COVID)



☞ **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

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Business Scope Expansion and Growth Potential

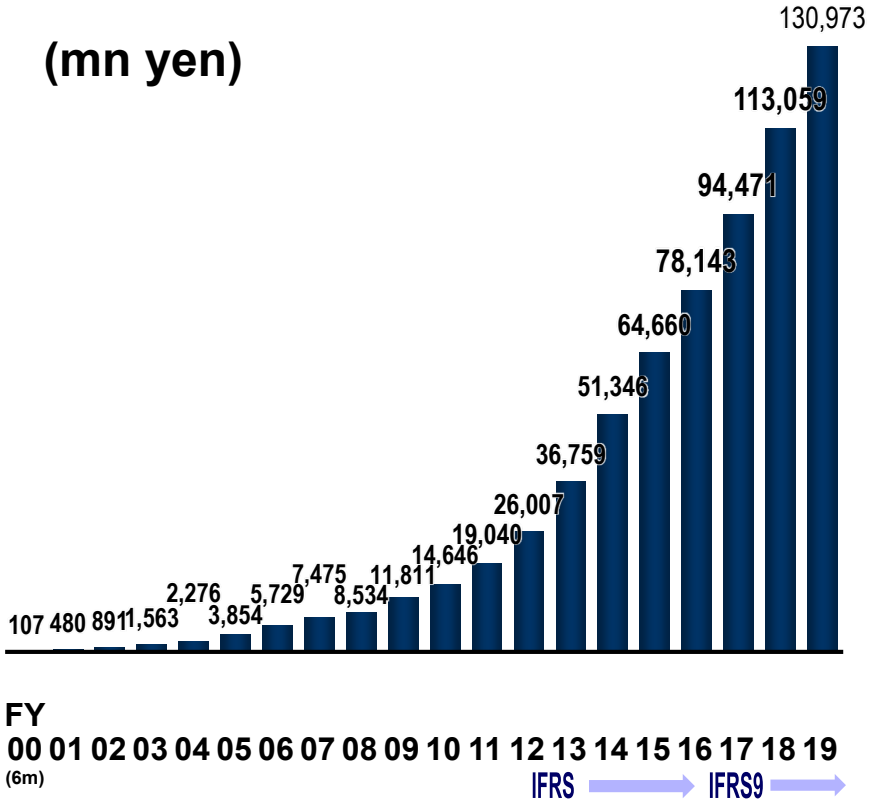
	2010	2014	2018	2022
Country	3	5 (1.5x)	10 (3x)	→
Business Types	6	10 (1.5x)	26 (4x)	→ Similar pace of growth expected over the next 4 years
Business Units (Type x Country)	10	18 (2x)	41 (4x)	→
Sales (bn)	140	370 (2.5x)	945 (7x)	→

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

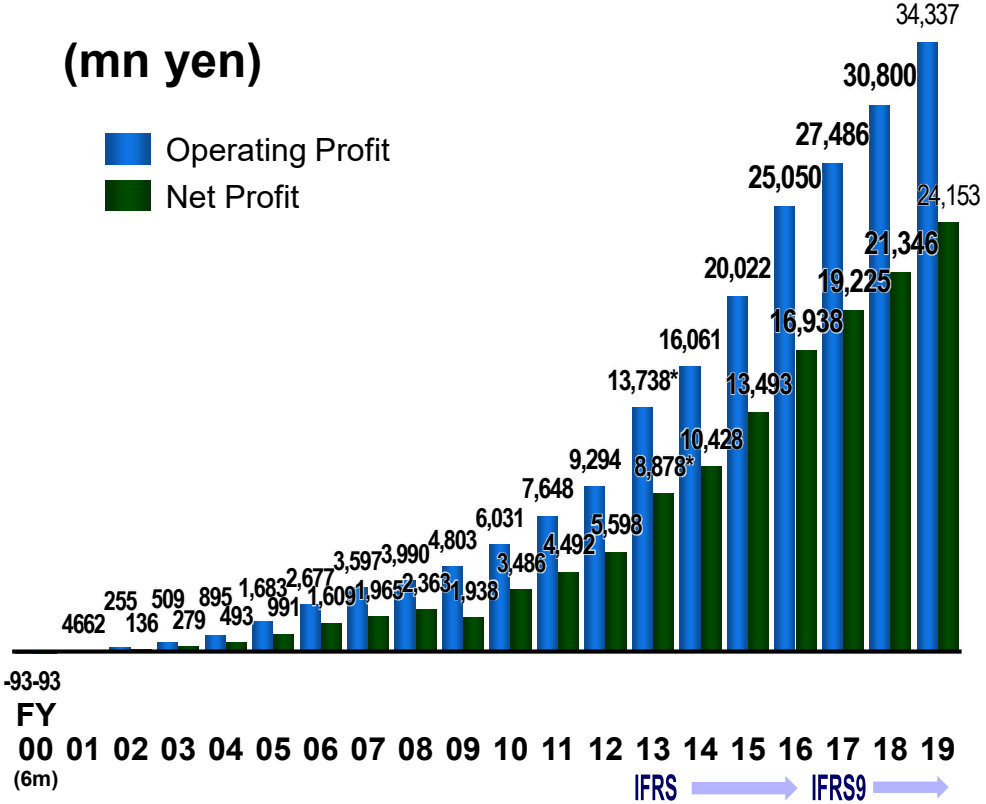
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Annual Results

Sales



Operating Profit & Net Profit



Forecasts were not given, however, growth is expected to 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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