
M3, Inc.

Presentation Material

January 2021





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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

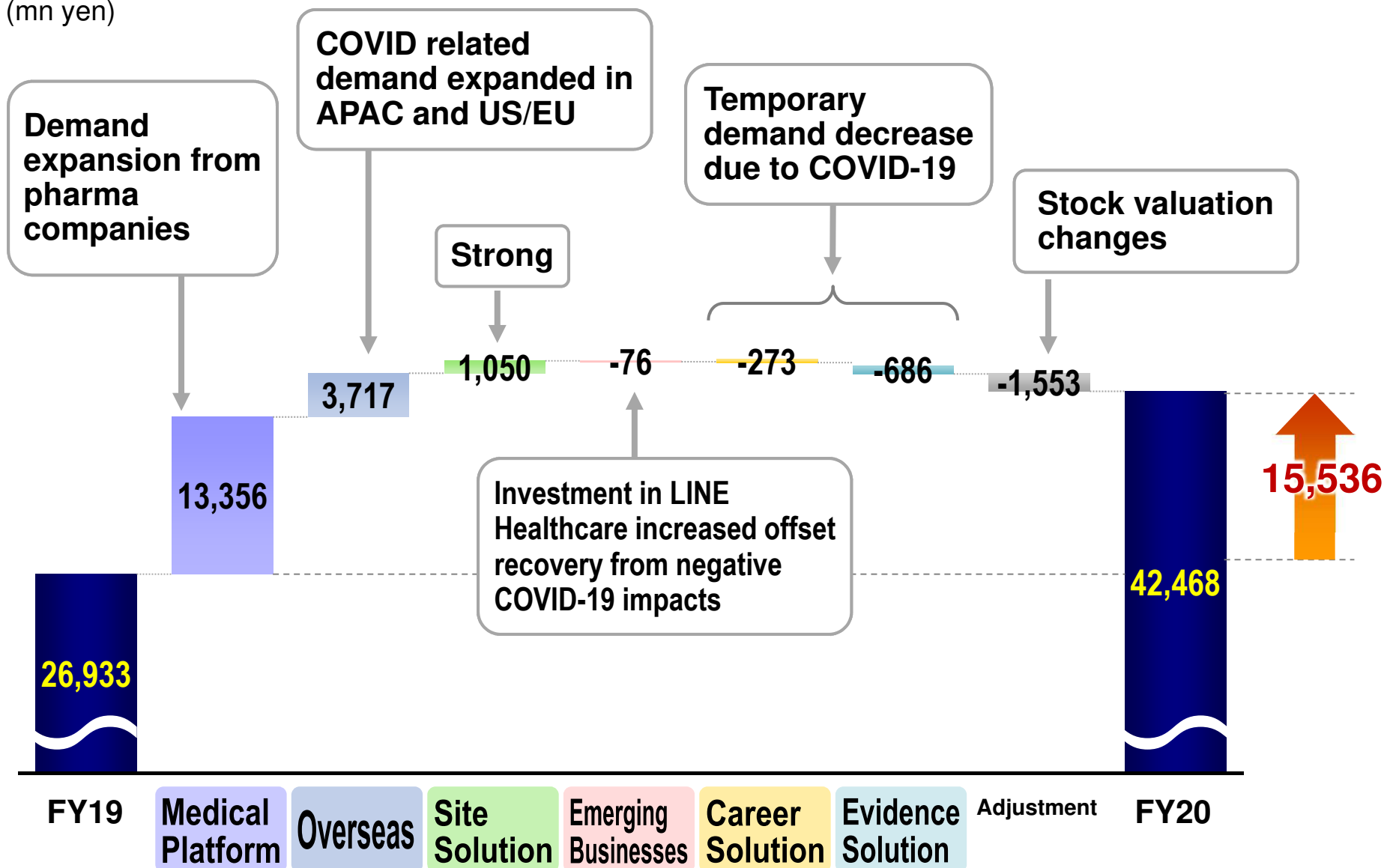
 Profit increase accelerated to +87% in the three months of Q3 versus previous year, excluding impacts such as asset sales and valuation changes

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%	Continued strength from Q2
		Profit	3,626	3,353	-8%	
	Site Solution	Sales	8,678	12,530	+44%	Recovery mode
		Profit	460	1,510	+228%	
	Emerging Businesses	Sales	2,440	2,395	-2%	Asia and US strong
		Profit	794	718	-10%	
Overseas		Sales	22,160	29,814	+35%	
		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

+ +

Evidence Solution

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

—

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

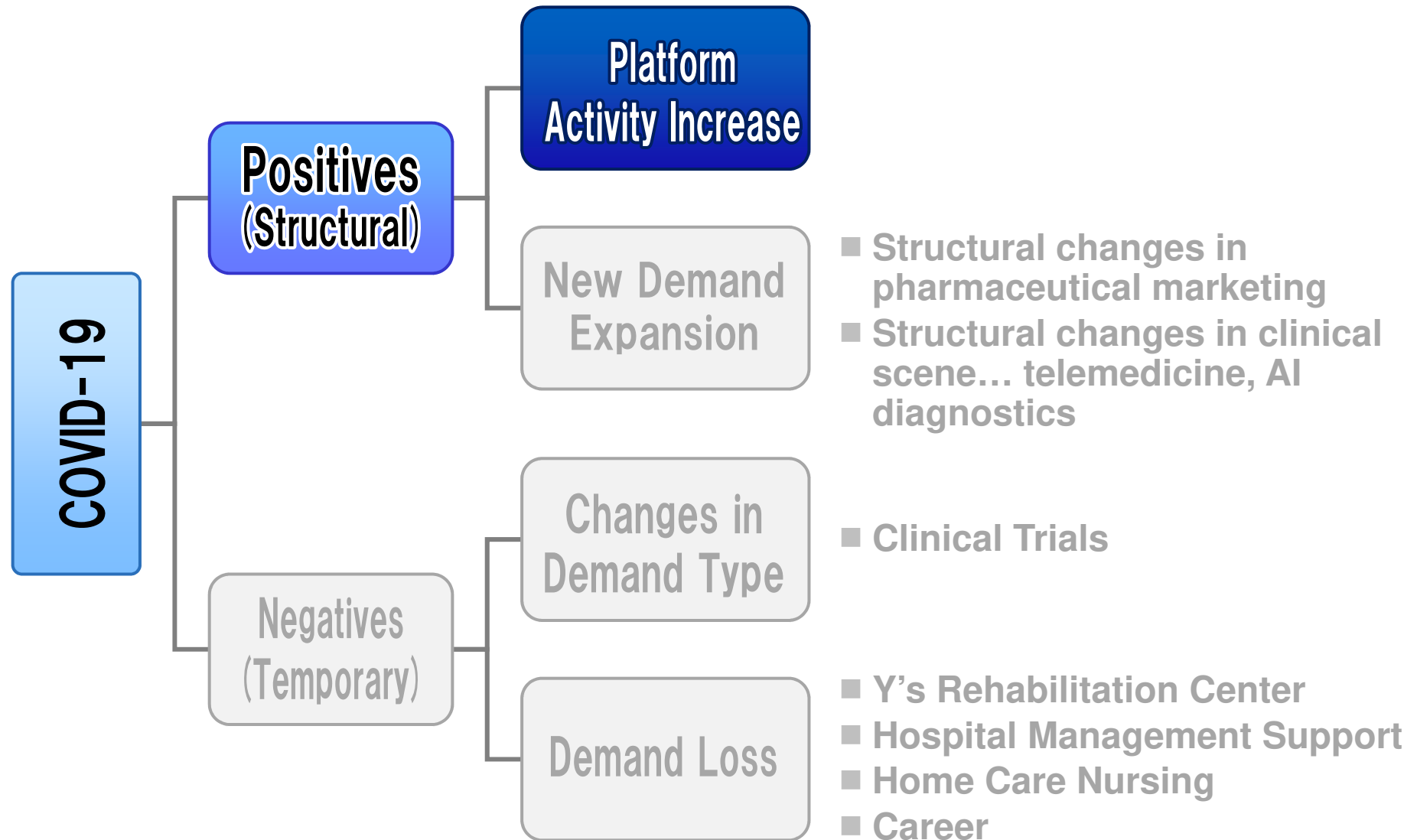
Overseas

- 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**

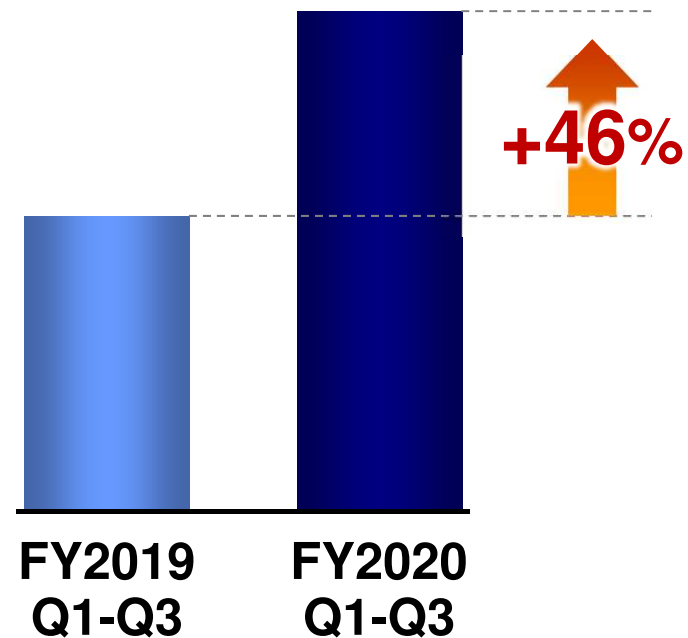


**Proactive
information
exchange across
PtoP communities**



**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**

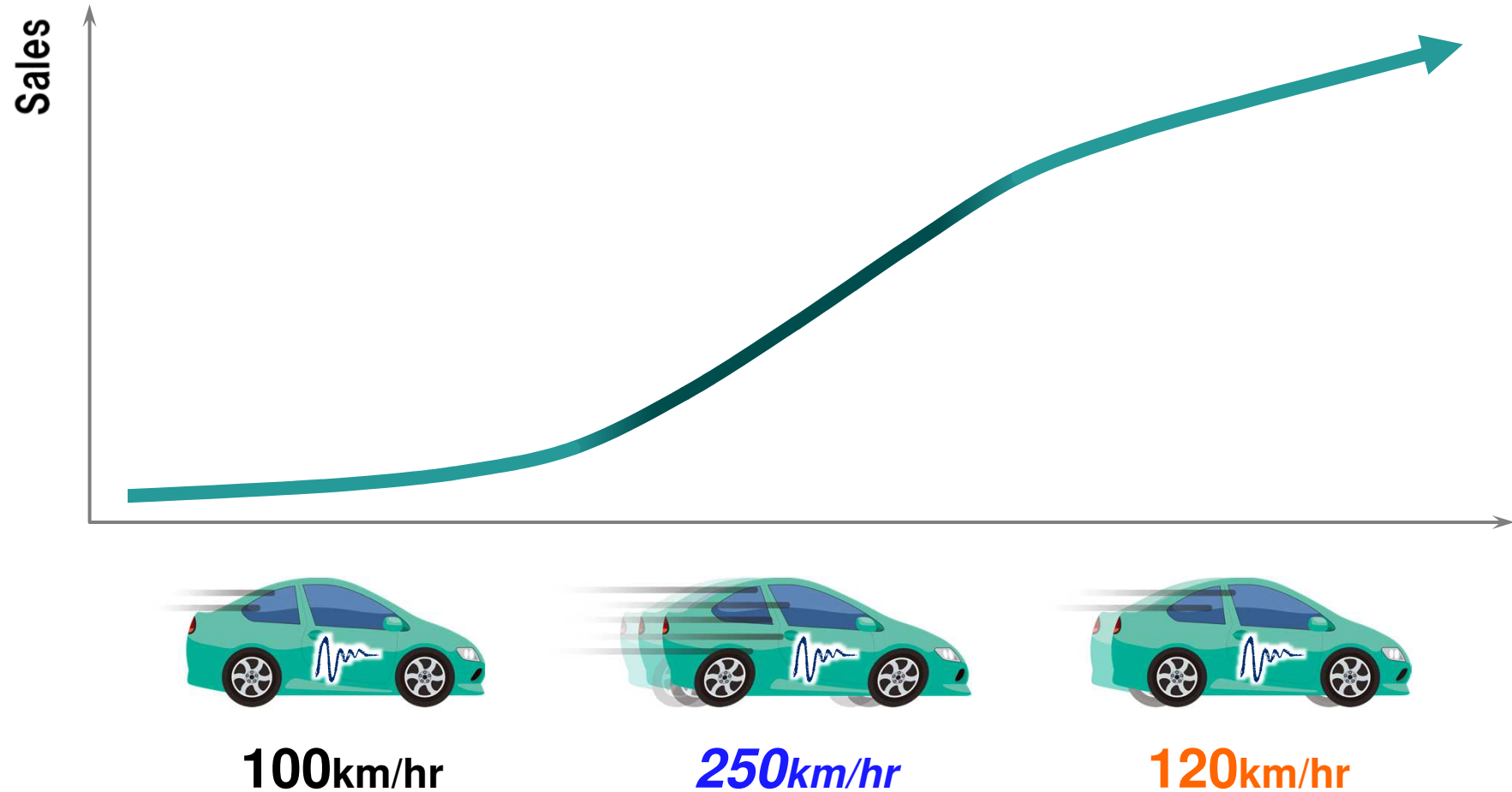
Pharma Marketing Business Growth Pace

Marketing Support

Pre COVID-19

During COVID-19

Post COVID-19

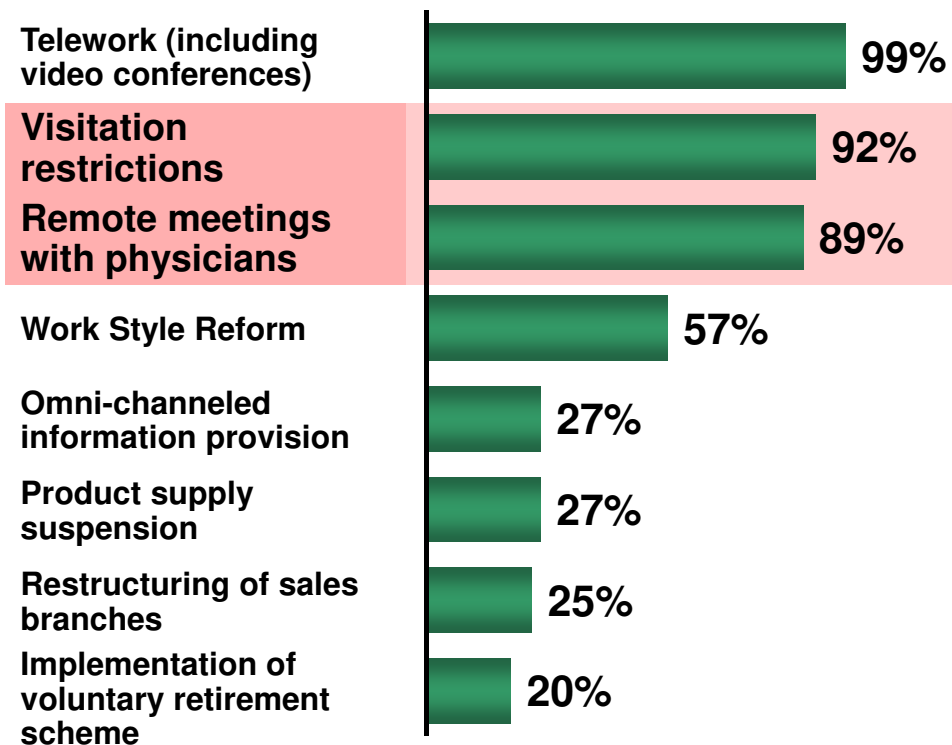


Reality of MR activities

Marketing Support

Changes Experienced by MRs During 2020

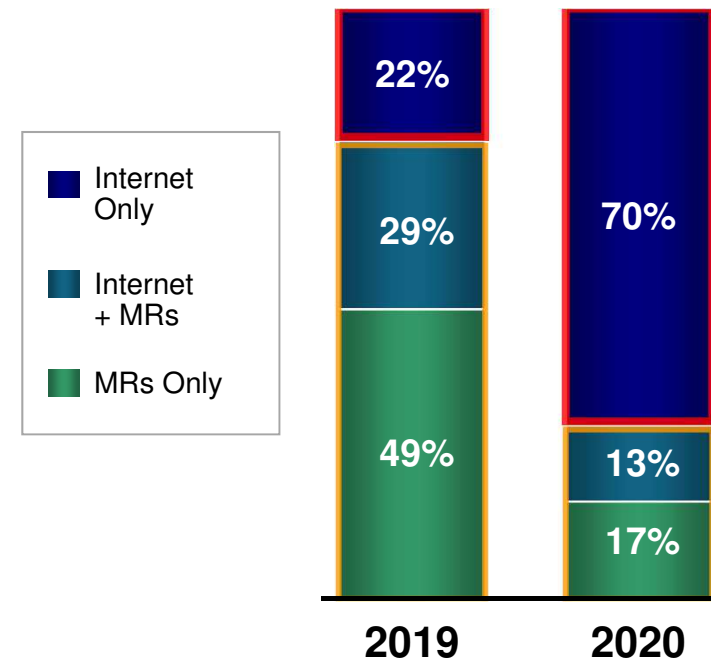
Answered by MRs belonging to pharmaceutical companies
Conducted in November, 2020, n=100



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

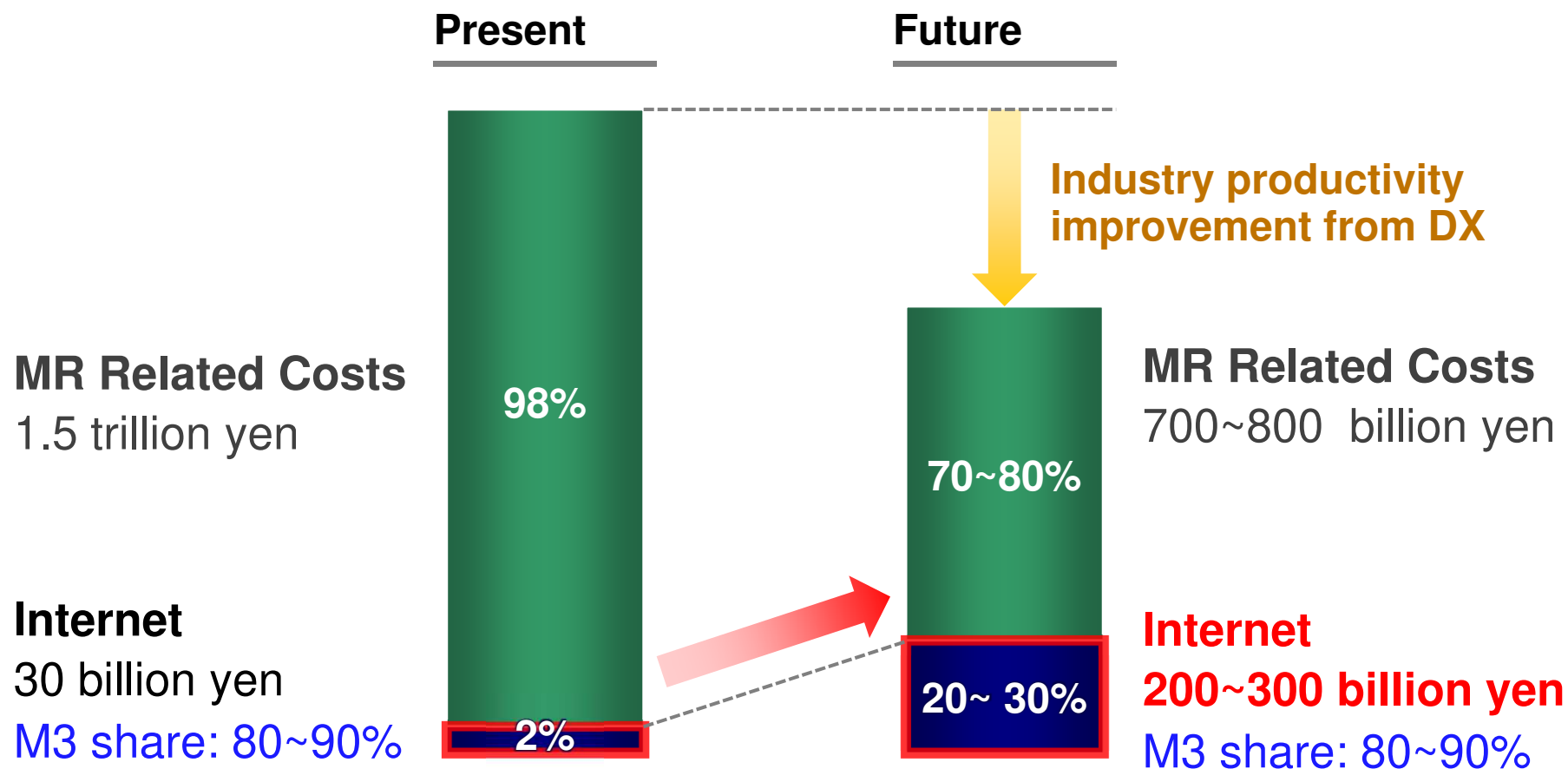


100% = total number of contacts between MR and physician

 **Rapid DX penetration into pharmaceutical industry**

Pharma Marketing Cost and TAM for M3

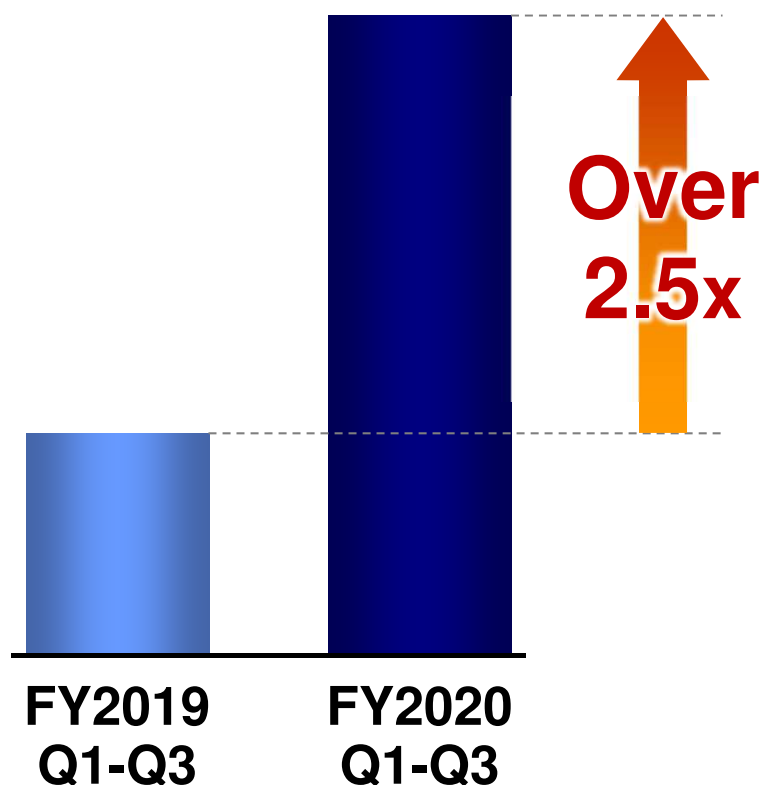
Marketing Support



 **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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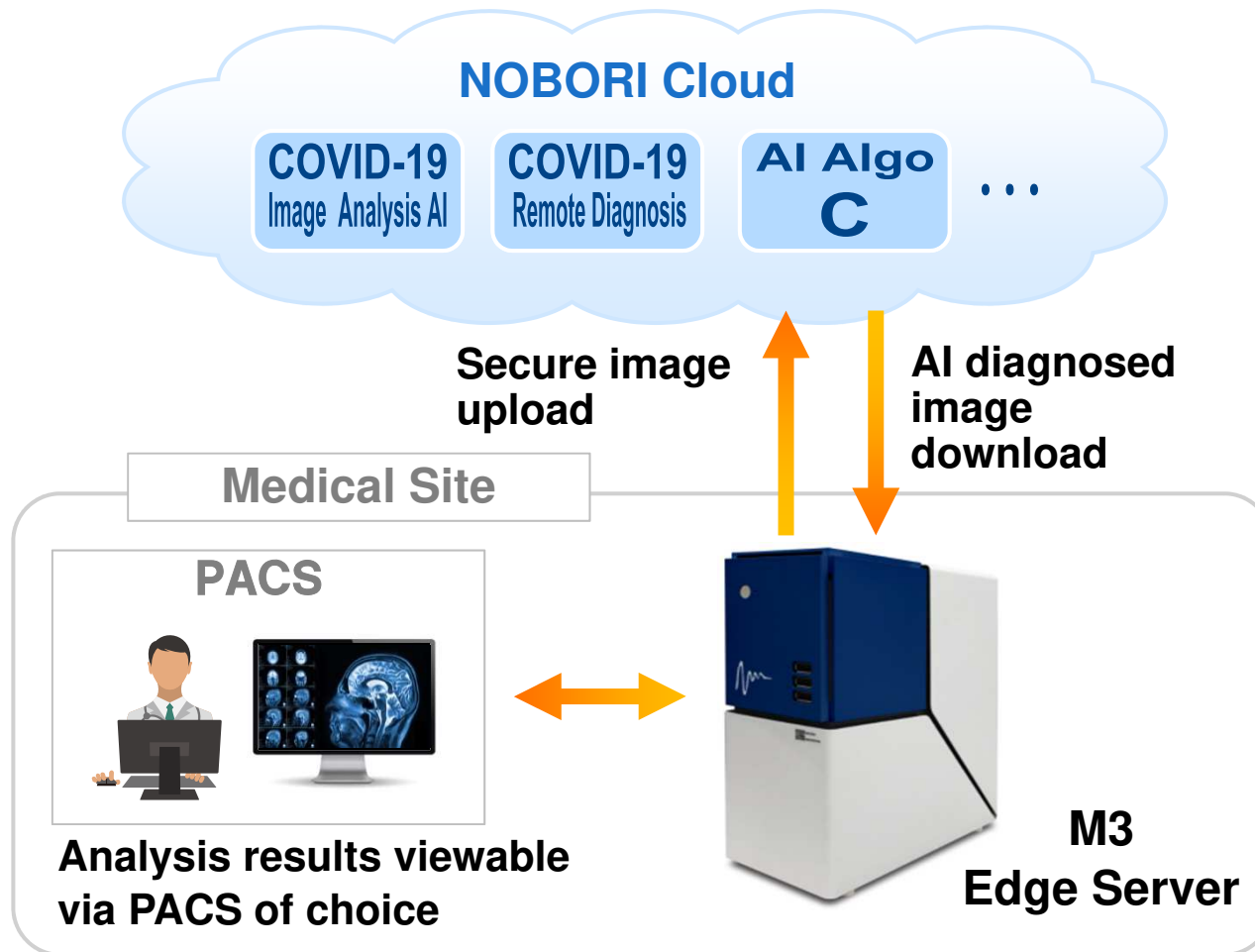


- Rapid demand increase from pharmaceutical companies due to COVID-19
- Sales team fortification & larger projects (+115% yoy sales and delivery staff including external resource utilization)

👉 Orders remain high with further momentum in pharma DX

Launch of AI Platform Business

AI

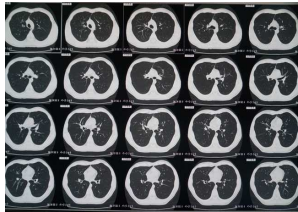


- Business alliance with NOBORI providing medical cloud services
- Connectivity with any PACS (medical image management system)
- Multiple AI image diagnostic algorithms will be on-boarded and categorized by physical regions (head, lungs, heart, etc.)

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

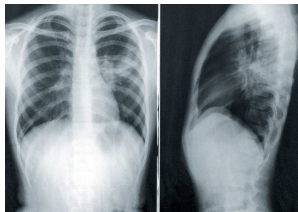
AI Platform Algorithms

AI



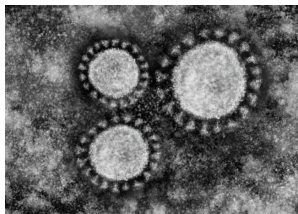
**Pulmonary
nodule shadow**

VUNO Med®-LungCT
by 



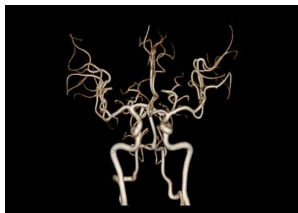
**Pulmonary
nodules**

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

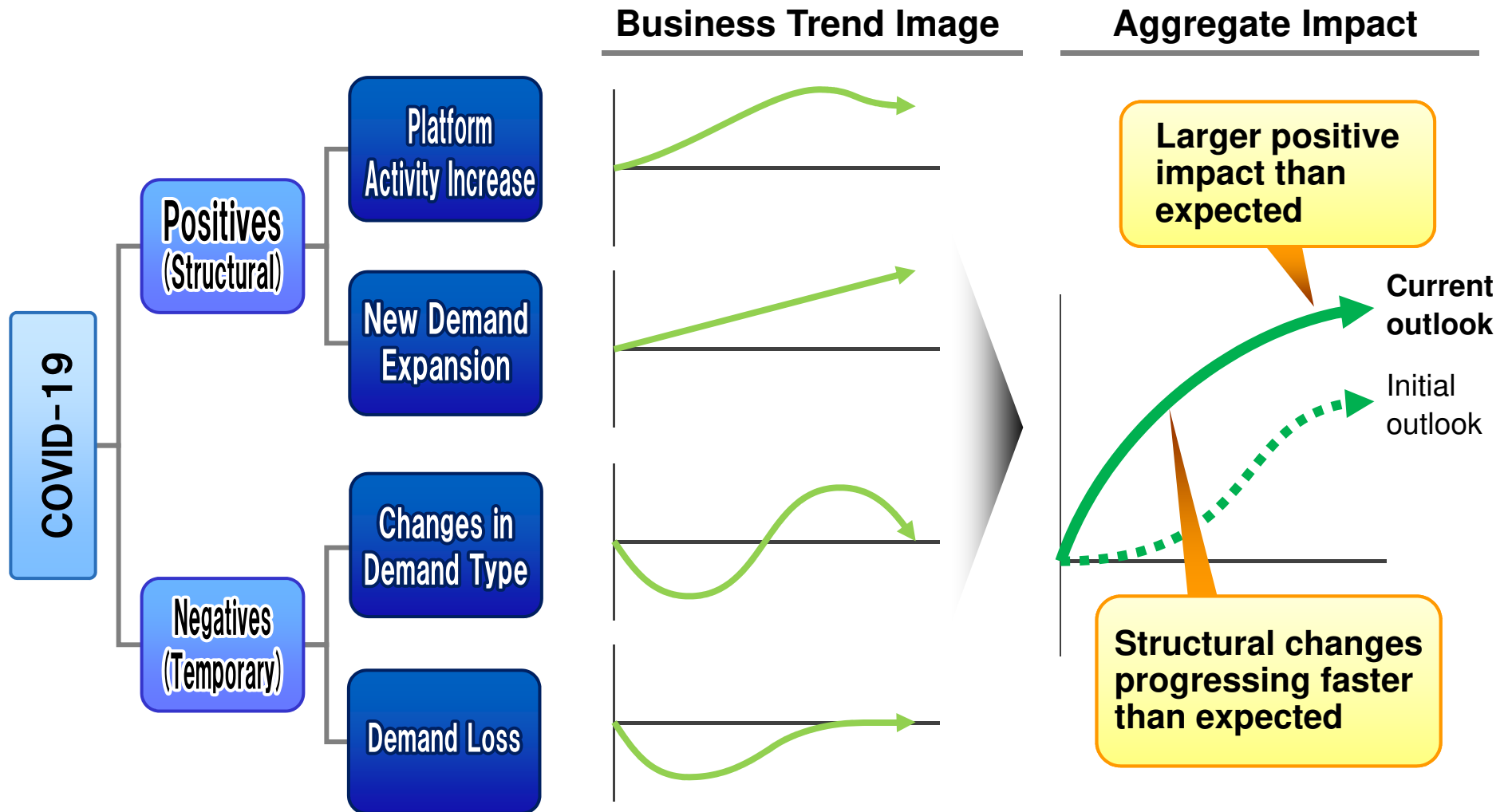
👉 **Post COVID-19 pipeline also healthy due to site and specialty area expansion**



- 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.

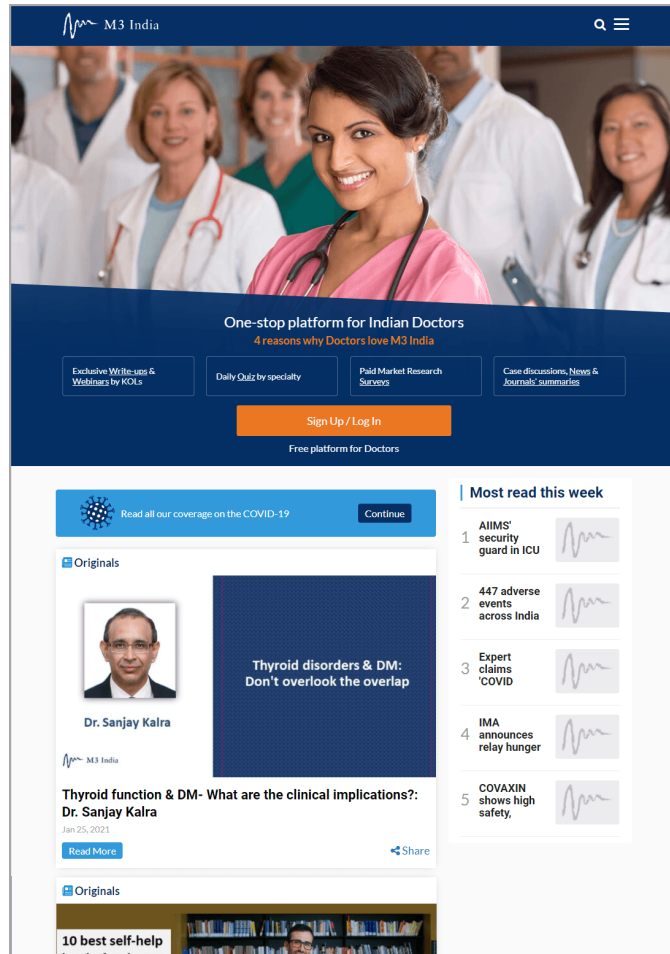
M3 Growth Strategy

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
SONY	■ Versatile technologies: PS5, AI, VR, sensing	New service development to inspire the medical scene
NTT docomo (empheal)	■ Extensive corporate network (client base)	Corporate health management business expansion
LINE (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.

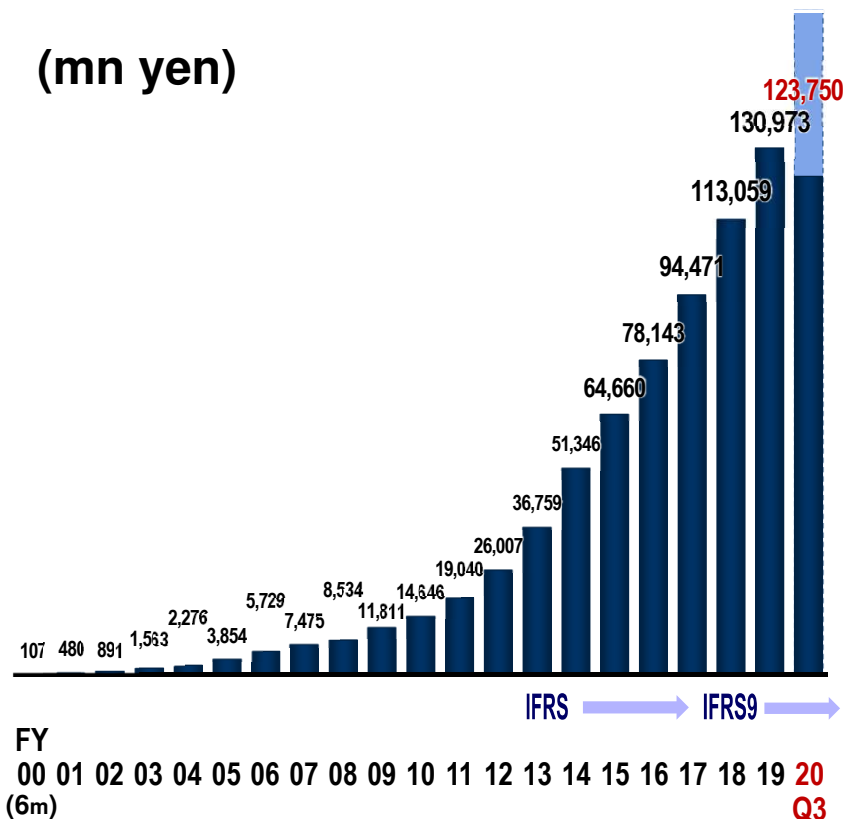
COMPASS Project

- 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

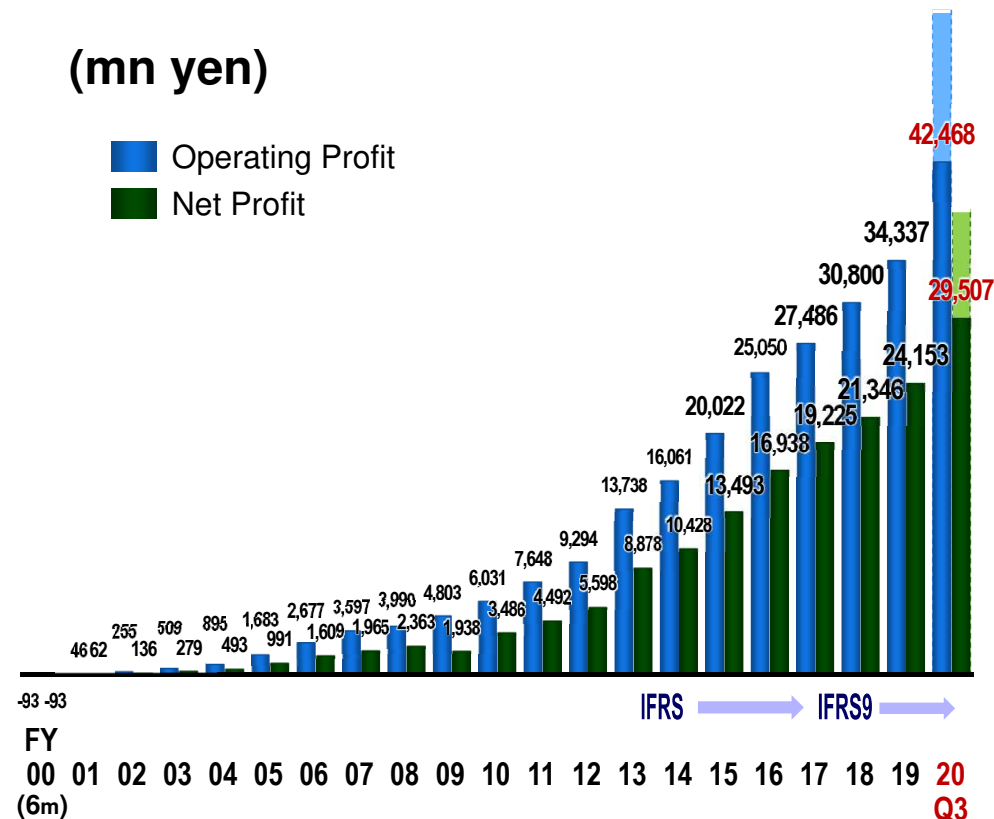
Sales

(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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