

M3, Inc.

Presentation Material

October 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.

FY2021 H1 Consolidated Results

(mn yen)	FY2020 H1	FY2021 H1	YoY
Sales	75,022	97,647	+30%
Operating Profit	23,931	61,941	+159%
Pre-tax Profit	23,943	62,232	+160%
Net Profit	16,587	42,747	+158%

+33%
excluding
stock
valuation
impact
such as
the
Medlive
IPO

 Steady progress to the year

FY2021 H1 Consolidated Results by Segment

(mn yen)

(mn yen)			FY2020 H1	FY2021 H1	YoY
Domestic	Medical Platform	Sales	30,915	38,401	+24%
		Profit	13,748	16,725	+22%
	Evidence Solution	Sales	9,603	10,132	+6%
		Profit	1,631	2,053	+26%
	Career Solution	Sales	8,194	8,180	-0%
		Profit	2,824	3,445	+22%
	Site Solution	Sales	7,976	17,480	+119%
		Profit	829	2,560	+209%
	Emerging Businesses	Sales	1,430	1,518	+6%
		Profit	340	-429	—
Overseas		Sales	18,314	24,398	+33%
		Profit	5,083	38,108	+650%

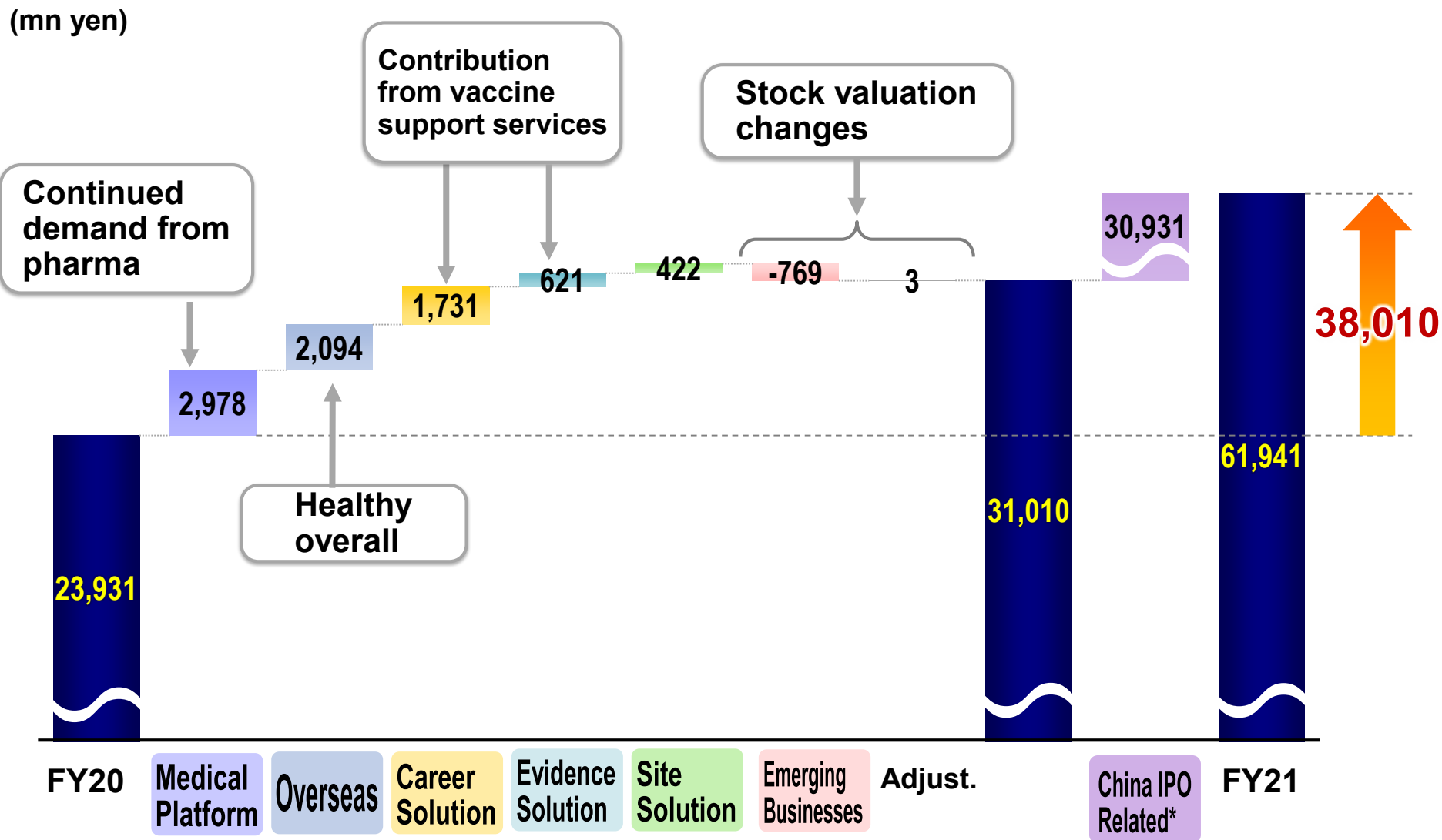
- Marketing support sales +28%
- Continued upfront investment in staff reinforcement

- Contribution partly from vaccine support services for corporates and municipalities

- Negative impact from stock valuation changes

- 30.9 bn yen profit from Medlive IPO

FY2021 H1 Consolidated Operating Profit Contribution



* China IPO Related: Gains from deconsolidation and change in equity minus IPO fees

FY2021 H1 Overview

Medical Platform

- Continued healthy demand due to accelerated digital transformation in pharma marketing
- Temporary margin compression from upfront investment on significant staff reinforcement, recovery expected from H2 and into next FY

Evidence Solution

- On recovery path as COVID related negative impact dissipates
- Orders backlog increased to 29.6 bn yen with increase in COVID related projects

Career Solution

- Business expanded with contribution partly from vaccine administration support services
- Overall strength with alleviation from negative COVID impact

Site Solution

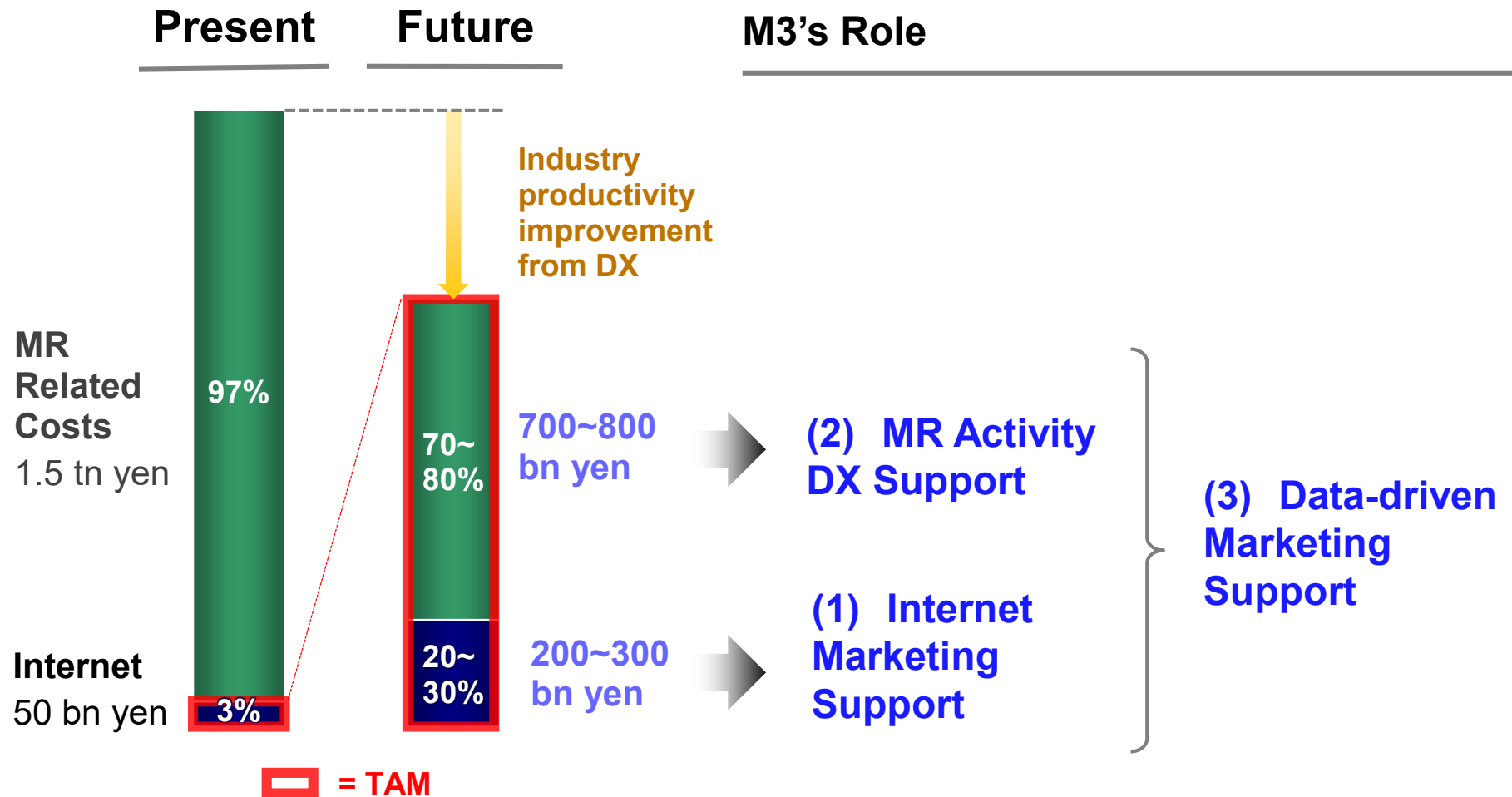
- Vaccine administration support services remain strong
- Growth seen in core businesses such as the home nursing care services

Overseas

- Healthy across all regions, despite deceleration in contribution from the US clinical trial business in Q2
- Significant profit contribution from Medlive IPO

Pharmaceutical Sales & Marketing DX

Pharma Marketing Cost and TAM for M3



M3 involvement to go beyond the bounds on the internet to improve productivity across the entire industry

eCSO: Medical Marketers

Typical CSO

Localized Physical Visits



Coverage

80~150 physicians



of Details

150~200 per month



Interaction

net 1~2 hrs/day



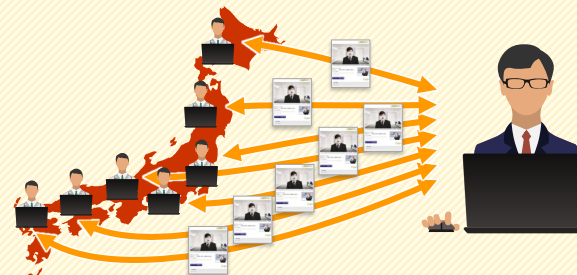
Method

mainly **physical visits**



Medical Marketer

Nationwide eDetails



500~1,000 physicians

2,000~4,000 per month

net 5~10 hrs/day

eDetails allow physician profiling **data accumulation** applicable for customization

 Medical Marketers relay information via full utilization of digital tools, curtailing time loss of travel and waiting, and visitation restrictions

Service Scope Expansion

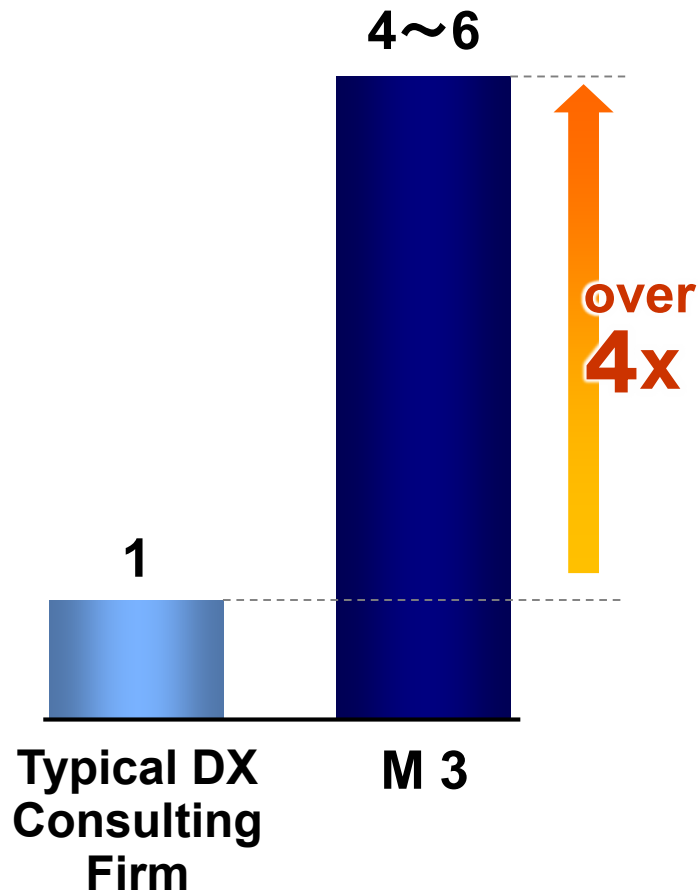
	Per Product Support		Firm-Wide DX Support
Theme	Efficient promotion	➡	Fundamental productivity improvement of the marketing and sales processes
Client	Product manager	➡	Top management
Service Coverage	Marketing per individual drug	➡	Optimization of marketing and sales of entire drug portfolio
Service Strategy	MR-kun, Web Conference, etc.	➡	Complete solution provision such as marketing strategy planning and resource allocation data
Contract Format	Contracts per product	➡	Comprehensive strategic alliances

 **Drastic structural reinforcement implemented to support pharmaceutical DX support... a new paradigm shift in collaboration with pharma companies.**

Productivity of Professional Staff

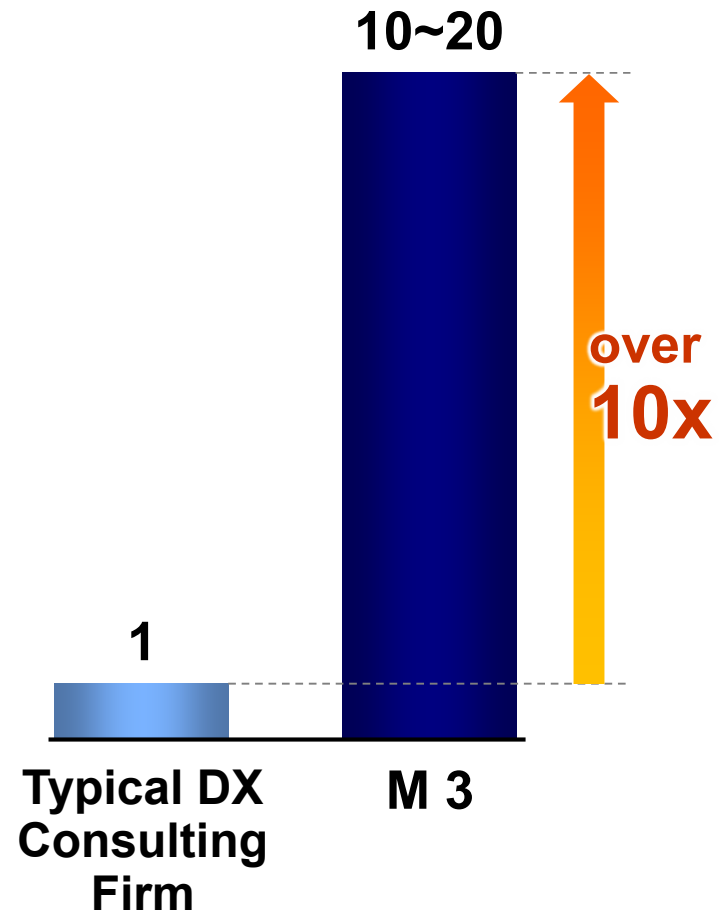
Sales per Staff

(indexed)



Value Add per Staff (gross profit)

(indexed)



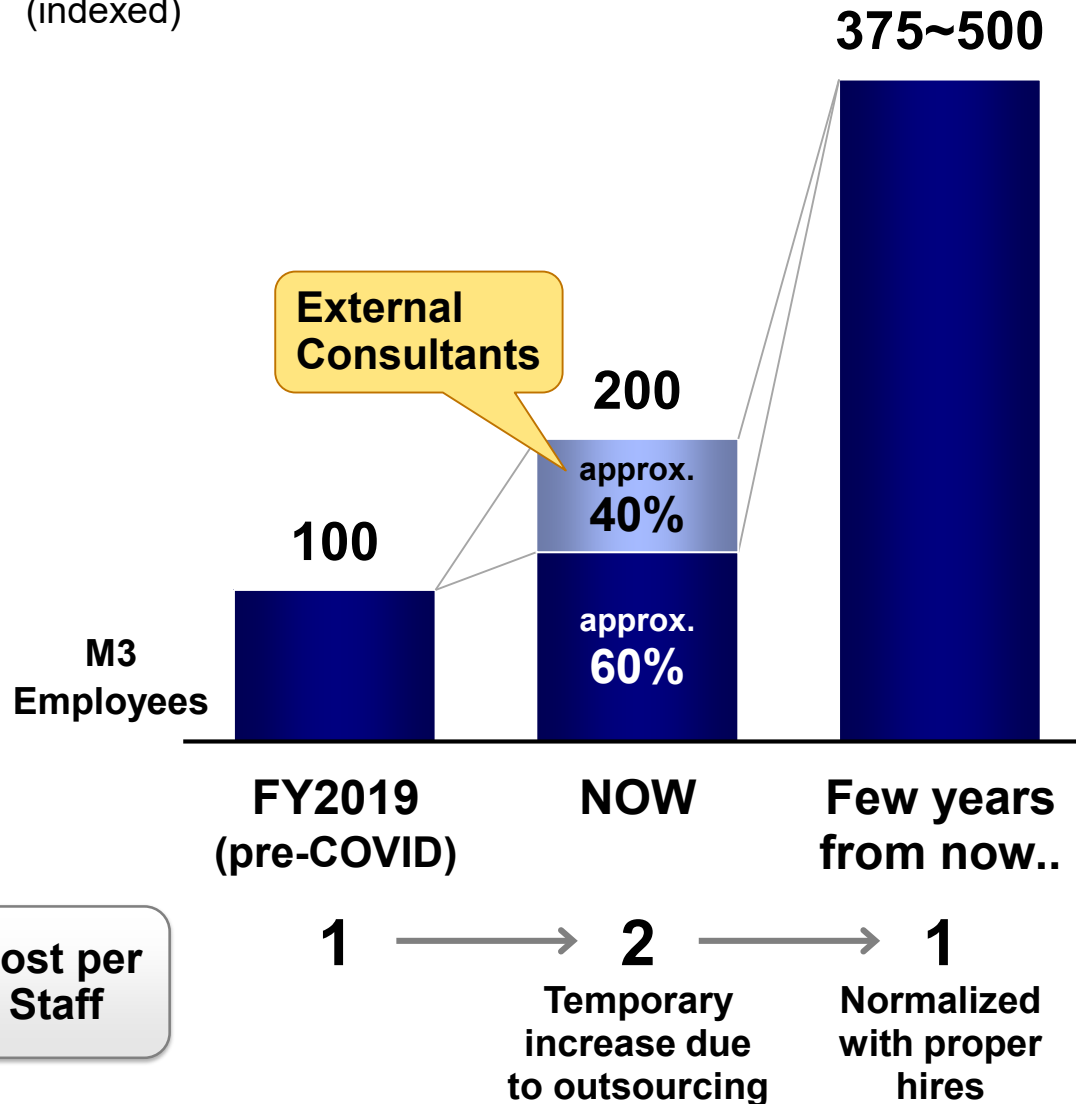
M3 vs. DX Consulting Firms

		Consulting Firms	M3
Value Add	Strategy Planning	✓✓	✓✓
	Platform/ Client Reach	—	✓✓ (MR-kun, myMR-kun, others)
	Date	—	✓✓ (Broad range of real world data)
	Execution Support	✓	✓✓ (Rapid PDCA based results)
Output		Plan	Concrete business impact
Fee		Consulting fee	Solution fees, Revenue share, others

 Solution provision by M3 professionals that span across multiple M3 assets (ex. DX support)

Professional Staff Fortification Plan

(indexed)

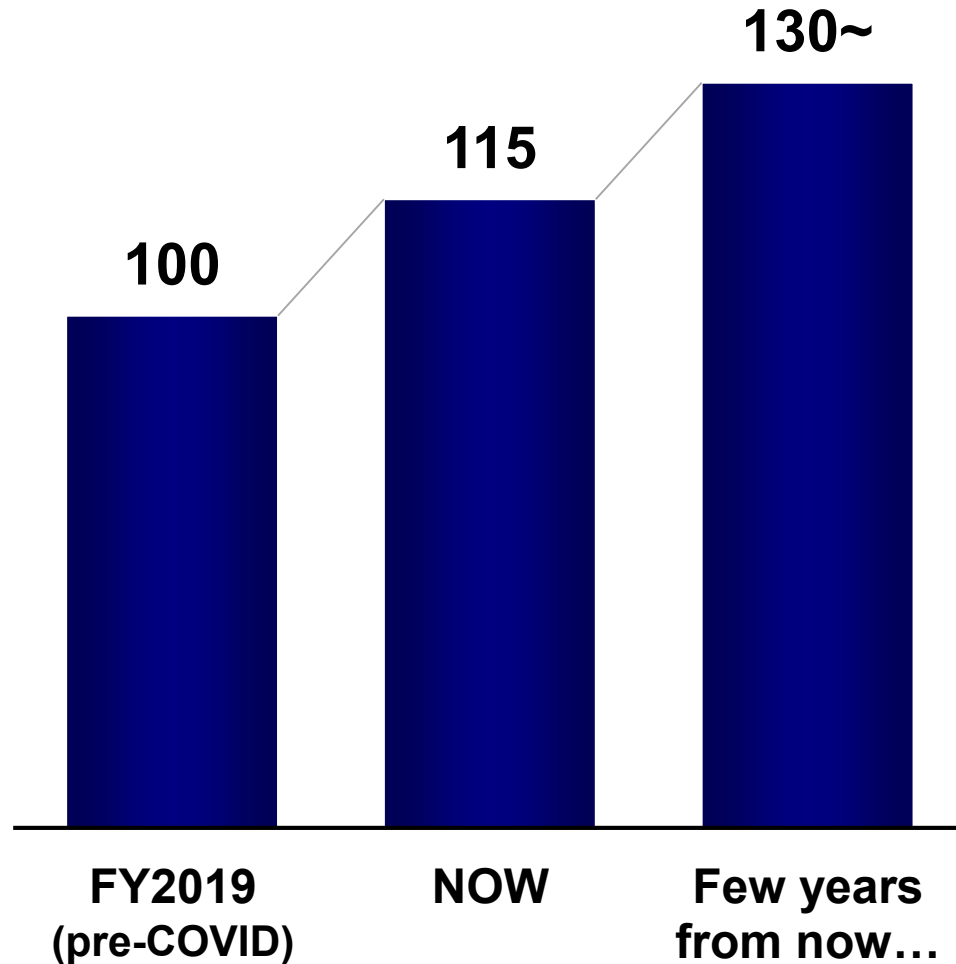


Staff Fortification Initiatives

- HR capacity increase
- Recruiter reinforcement (fee scale)
- New grad recruitment fortification
- Appeal potential M3 career paths and merit (skill acquirement, compensation, etc.)

Sales per M3 Professional Staff

(indexed)

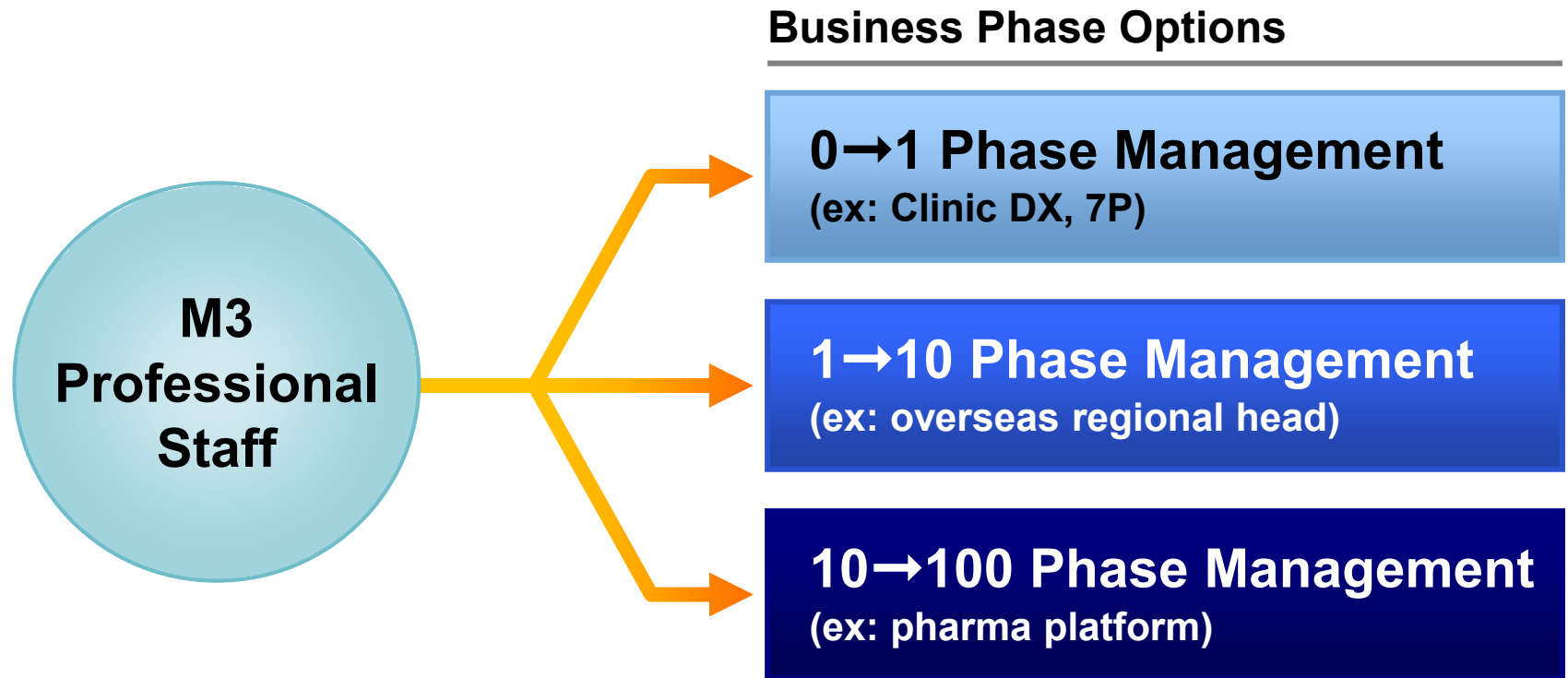


Key Productivity Improvement Factors

- Expansion of recurring services
- Deal enlargement
- New service utilization
- Enhanced staff training
- Staff productivity improvement (remote meetings, etc.)

M3 Career Path Options

Recruiting Material



 **Access to various staged businesses in building management skills and track records upon success within core business areas such as the Medical Platform. Increasing job applications from young consultants aspiring to become entrepreneurs.**

New Grad Recruitment Fortification

2021 Internship Program



- Over 6,500 university applicants

Top5 schools:

- Keio: 1,058
- Waseda: 981
- Kyoto U.: 654
- Osaka U.: 467
- Tokyo U.: 408

M3 offers:







- **Strategy Planning Skills** attainable in consulting firms
- **M&A Experience** attainable in investment banks
- **New Business Development Knowhow** attainable in IT mega ventures
- **A Global Perspective** attainable in trading companies

- Applications from 10~20% of graduating students from major universities

 Proactively hiring top graduate and early career candidates

DX of the Clinical Scene

Potential in DX of Clinics

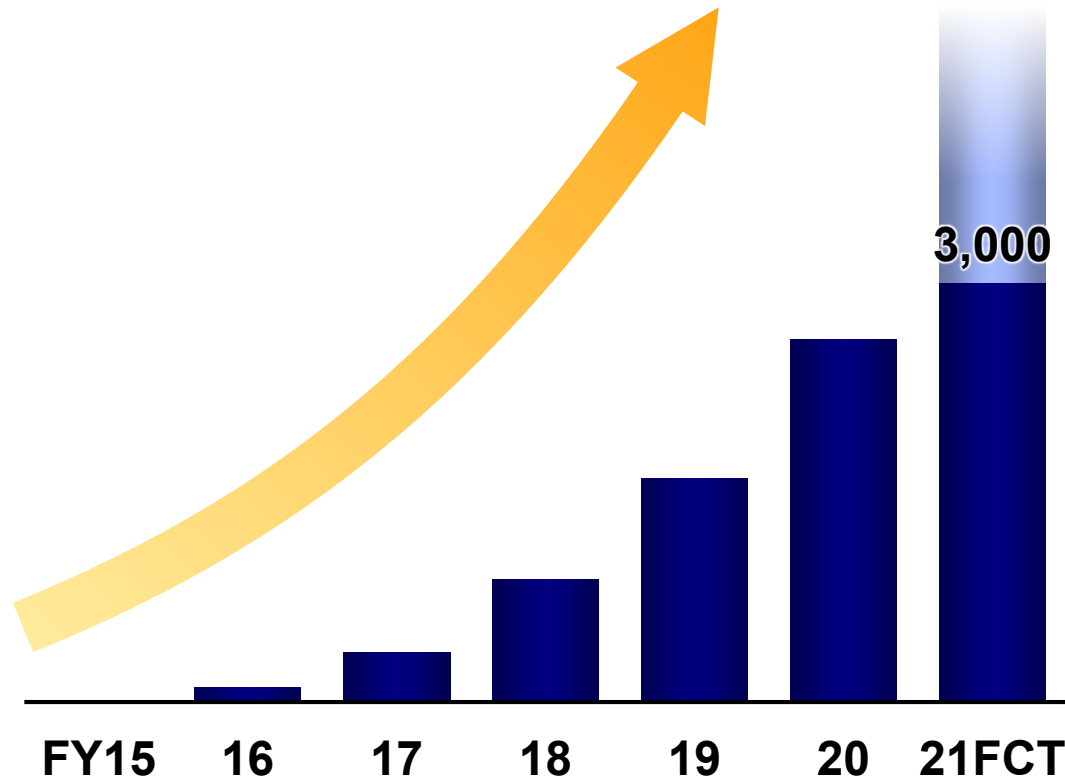
		<u>Current</u>		<u>Post DX</u>
Access		Long waiting time in lobbies	➔	Online reservations
Diagnosis		Offline	➔	Online/Offline Hybrid
Payment		Wait to pay at service desk	➔	Head straight home (digital payments)
Rx		Local pharmacy	➔	Delivered to home or office
Medical Records		Difficult access	➔	Review own health records online
Midnight Emergencies		Wait until next morning	➔	24/7 Online Service




Advancement in DX of the clinical scene offers a complete renewal of the patient experience (ex. M3 Clinic Network)

M3 DigiKar EHR Growth

Number of Sites Using M3 DigiKar

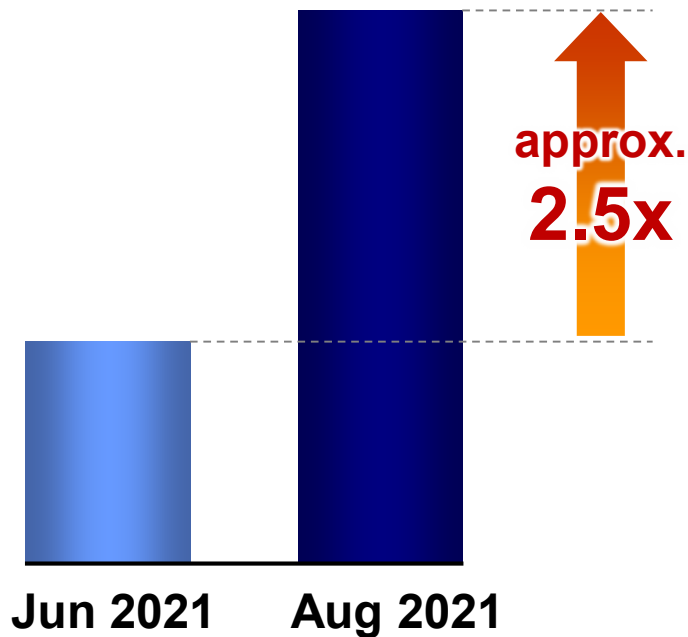


- Over 3,000 medical sites have adopted DigiKar
- No.1 in annual adoptions across both cloud and on-premise electronic health record systems

 **Incontestable #1 market share within cloud based digital health records, with almost 70 million charts on record**

LINE Doctor Development

LINE Doctor Usage (consultations)



- Trial phase launched in Dec 2020 across central Tokyo
- Usage increased by 2.5x compared to June, on back of spike in COVID cases

👉 Further penetration across medical sites given spike in COVID cases in August

DX of Medical Field: M3 DigiKar Smart

Medical Institutions: Managing System

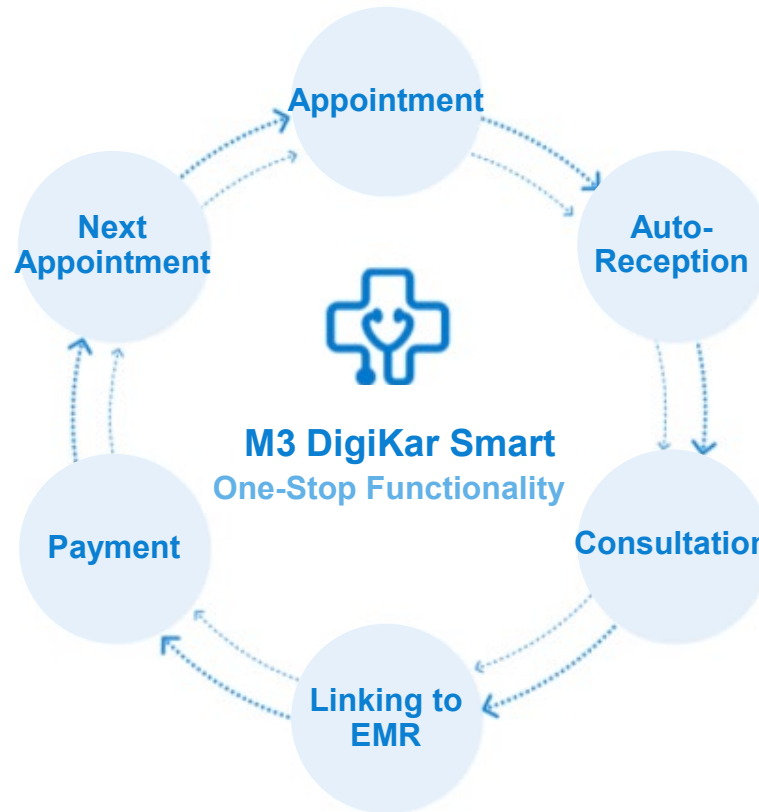


- Less reception work
- Less system costs
- Infectious disease control
- Facilitation of return visits and continuity of Care

Patients: Mobile App






- No bulky patient cards
- Cashless payments
- Less wait time
- Treatment continuation with appointment reminders




A more secure and convenient medical experience and follow-up system launched in October.

COVID-19 Related Projects

COVID Vaccine and Treatment Related Initiatives

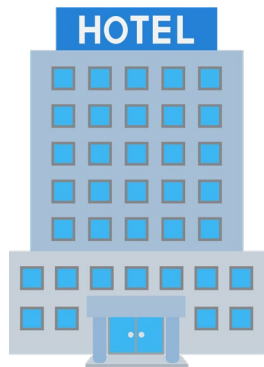
	Vaccine Administration		Clinical Trials
	Corporates 	Municipalities 	Medical Sites 
Japan	○ (129)	○ (139)	○ (vaccines, treatments)
Overseas	×	×	○ (vaccines, treatments, boosters)

 Vaccine services to support 7.25 million administrations.
Expected orders for booster administration in Japan and global clinical trials, with high potential for new demand emergence.

Japan's 1st Virtual Clinical Trial at Medical Hotel



COVID Patient



Medical
Treatment
Facility

① Entry into medical treatment hotel facility

Transport arranged by government

② Entry orientation

Trial introduced by attending physician



- Nurses stationed at facility
- Physicians communicate online

Treatment Hotel
in Yokohama



Dry run



 Implemented via collaboration between multiple stakeholders such as the government, medical facility, home care nurses, and SMOs

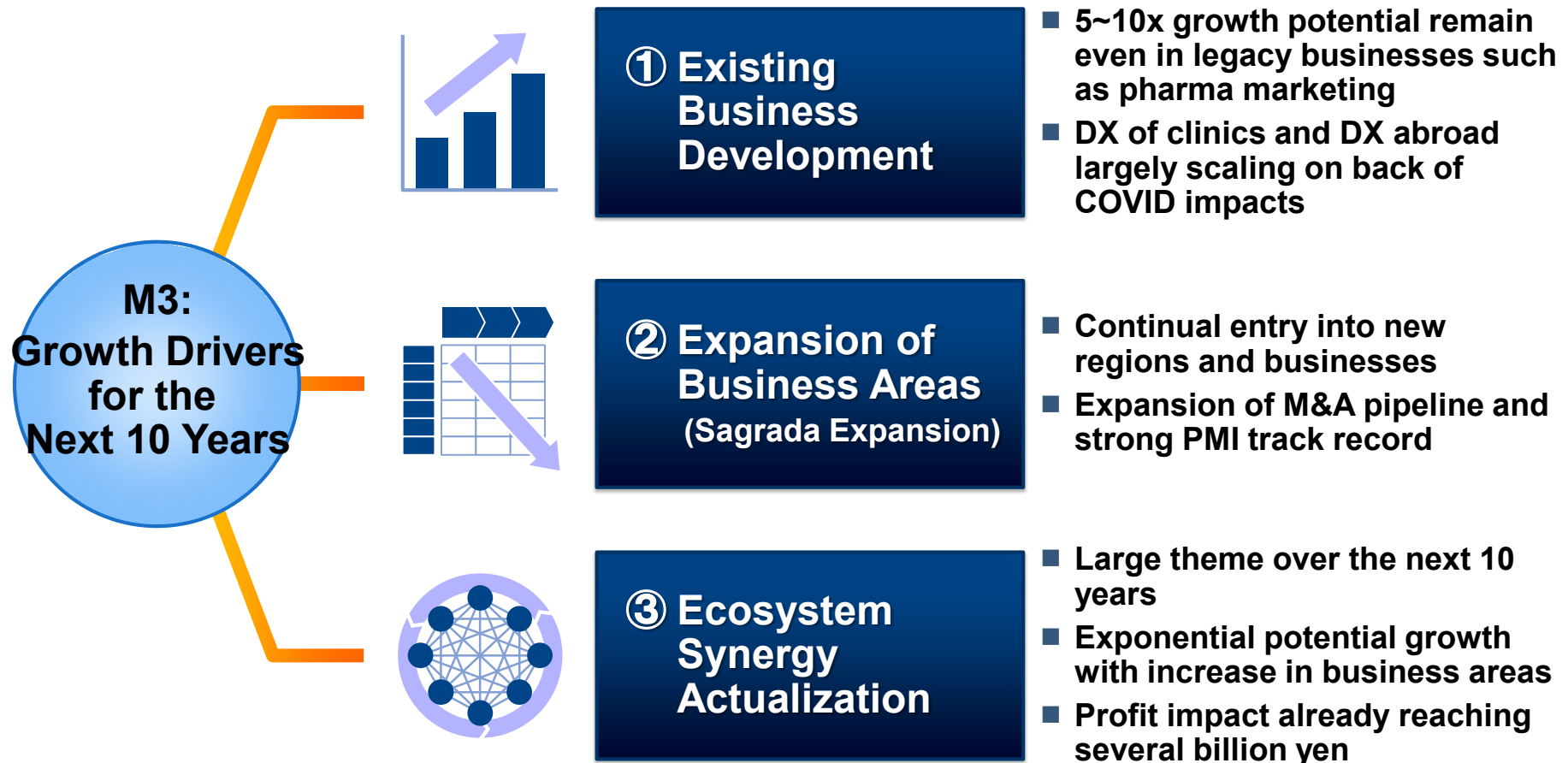
M3 Growth Strategy for 2020's

Business Scope Expansion and Growth Potential

	2010	2015	2020	
Country	: 3 →	8 (2.5x) →	11 (3.5x)	Similar pace of growth expected over the next 10 years
Business Types	: 6 →	15 (2.5x) →	35 (6.0x)	
Business Units (Type x Country)	: 10 →	24 (2.5x) →	56 (5.5x)	
Sales (bn)	: 14.0 →	64.7 (4.5x) →	169.1 (12x)	

 **Aggressive business development to ensue in reaching growth potentials exceeding 10~20x current levels...**

M3: 2020 Triple Growth Engine for the Next Decade

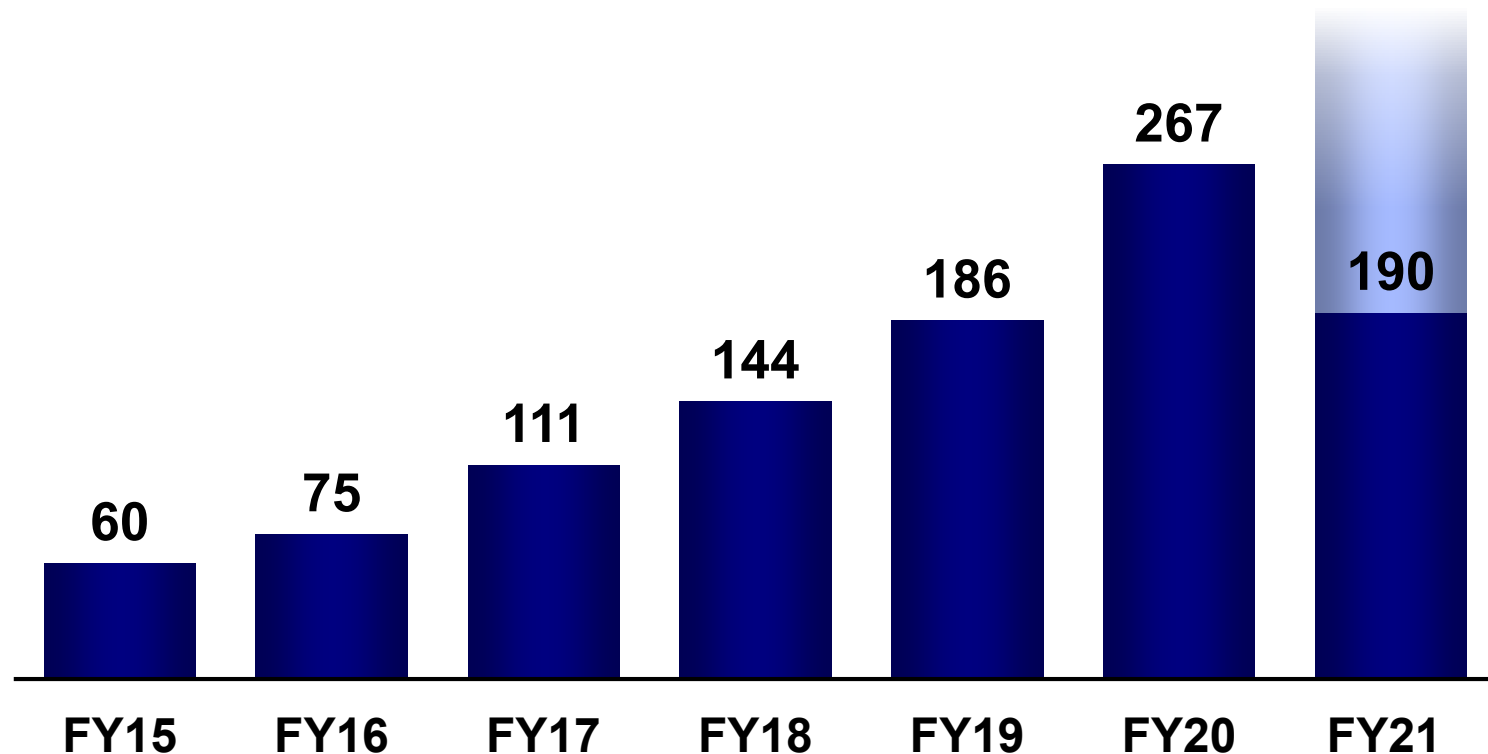


 **Aspiration in the next decade for acceleration and growth equivalent or even larger than seen over the past 20 years.**

Increase in M&A

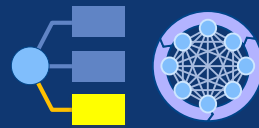


Number of Deals That Were Evaluated



M&A activity and pipeline continue rapid acceleration in line with business expansion. Number of executions and size are also increasing.

M3's Paradigm Shift



Internet Service

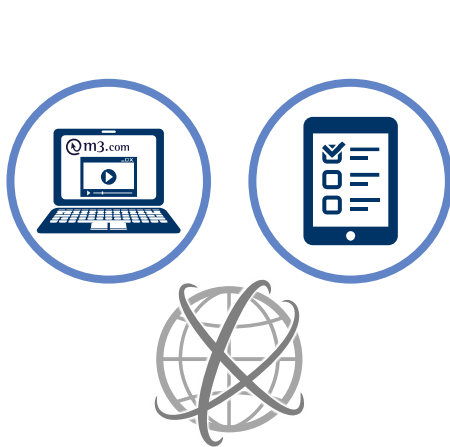
Movement 1: 2000-2009

e x Real Operations

Movement 2: 2010-2019

Ecosystem Synergies

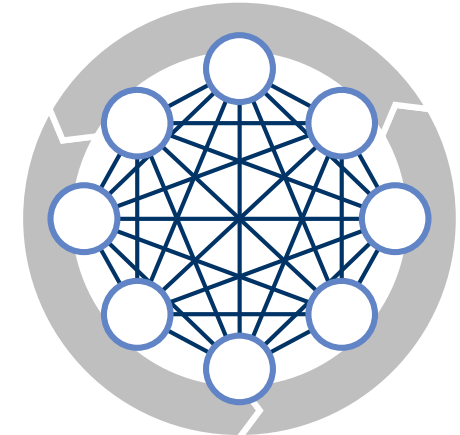
Movement 3: 2020-



- **MR-kun Family**
- **Market Research**

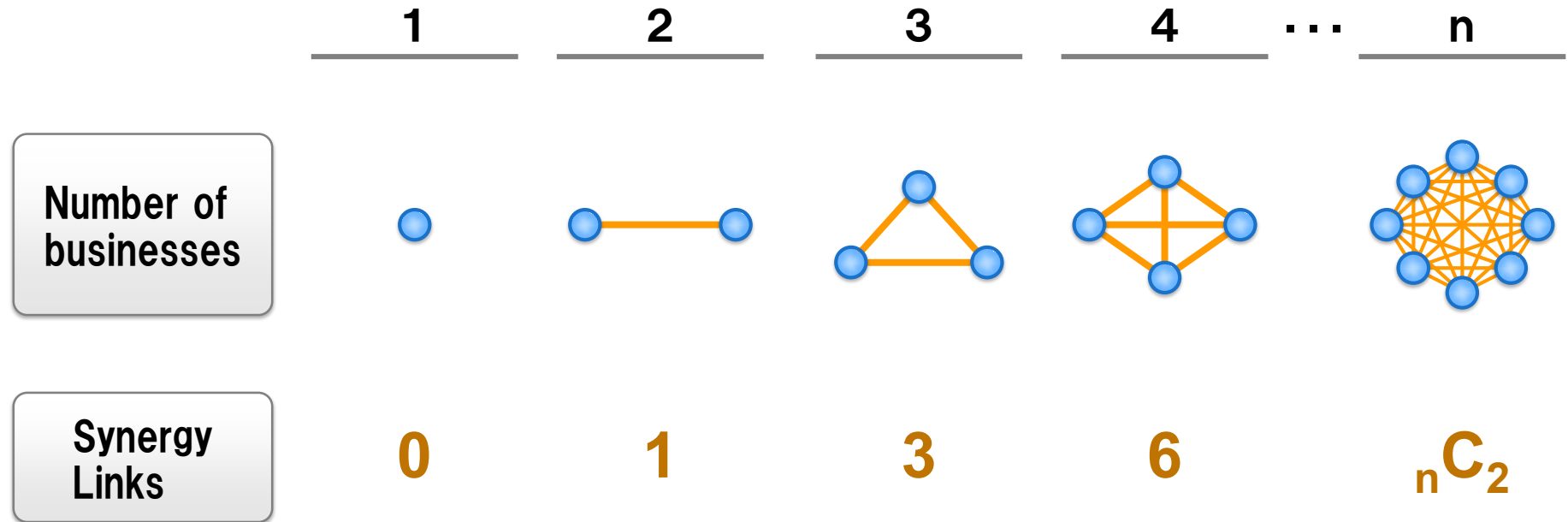
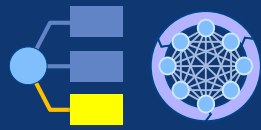


- **e-Clinical Trials**
- **M3 Career**
(Job placement for physicians)



- **7P Projects**
- **Monetization through projects with autogenic synergy-generation**

Cross-Business Synergy Creation Potential



Business Scope Expansion and Growth Potential



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 Synergy potential between businesses: ${}_{56}C_2 = 1,540$

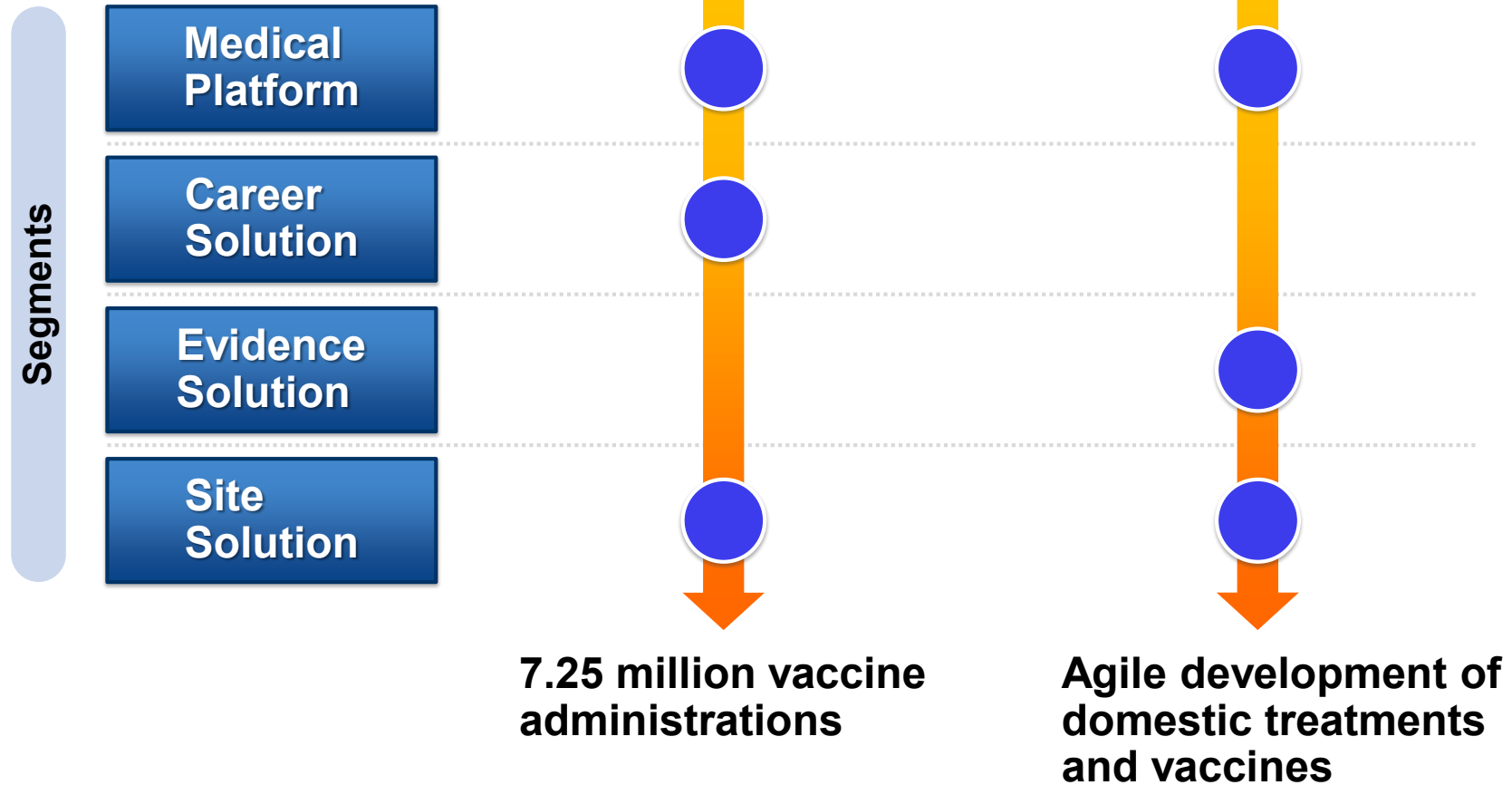
COVID-19 Ecosystem Synergies



● Involved Segments

**Vaccine
Administration**

**Vaccine/Treatment
Development**

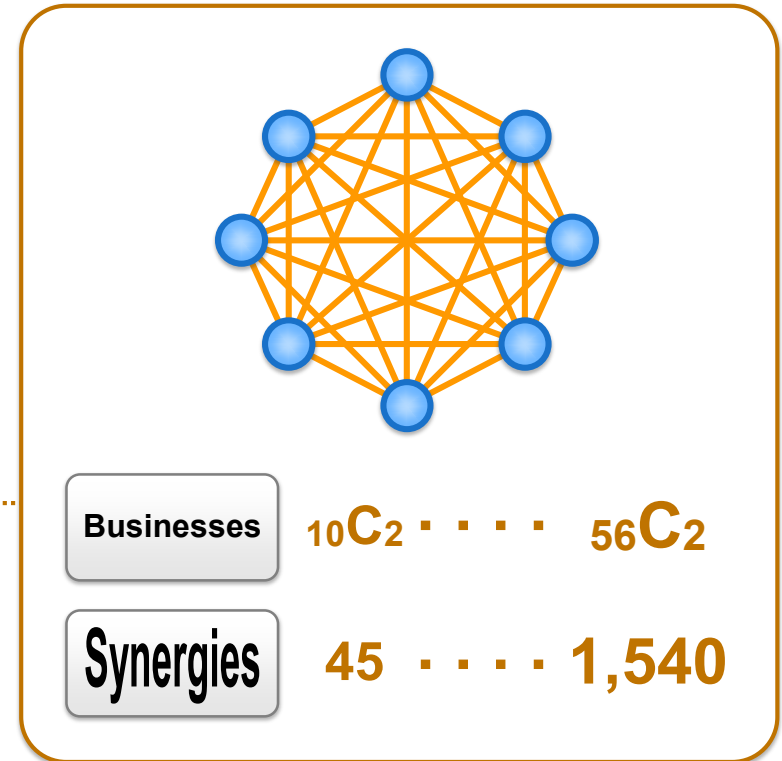
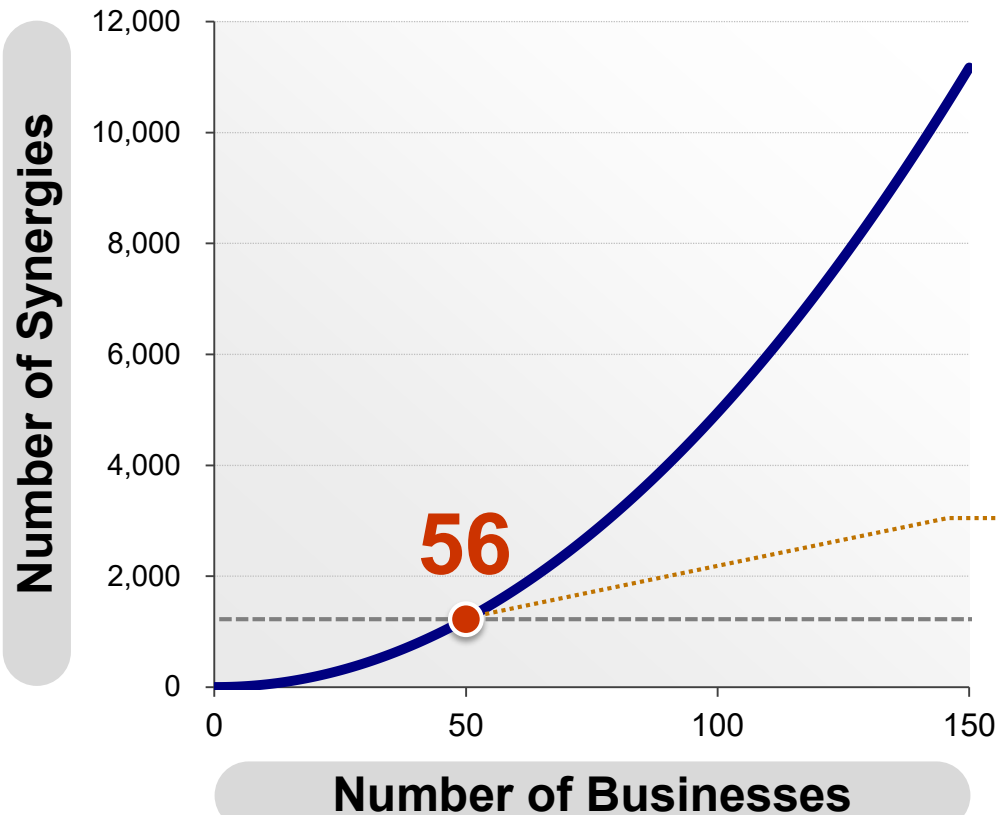


👉 Value creation feasible only through coordination across multiple M3 businesses

Synergy Potential Between Businesses

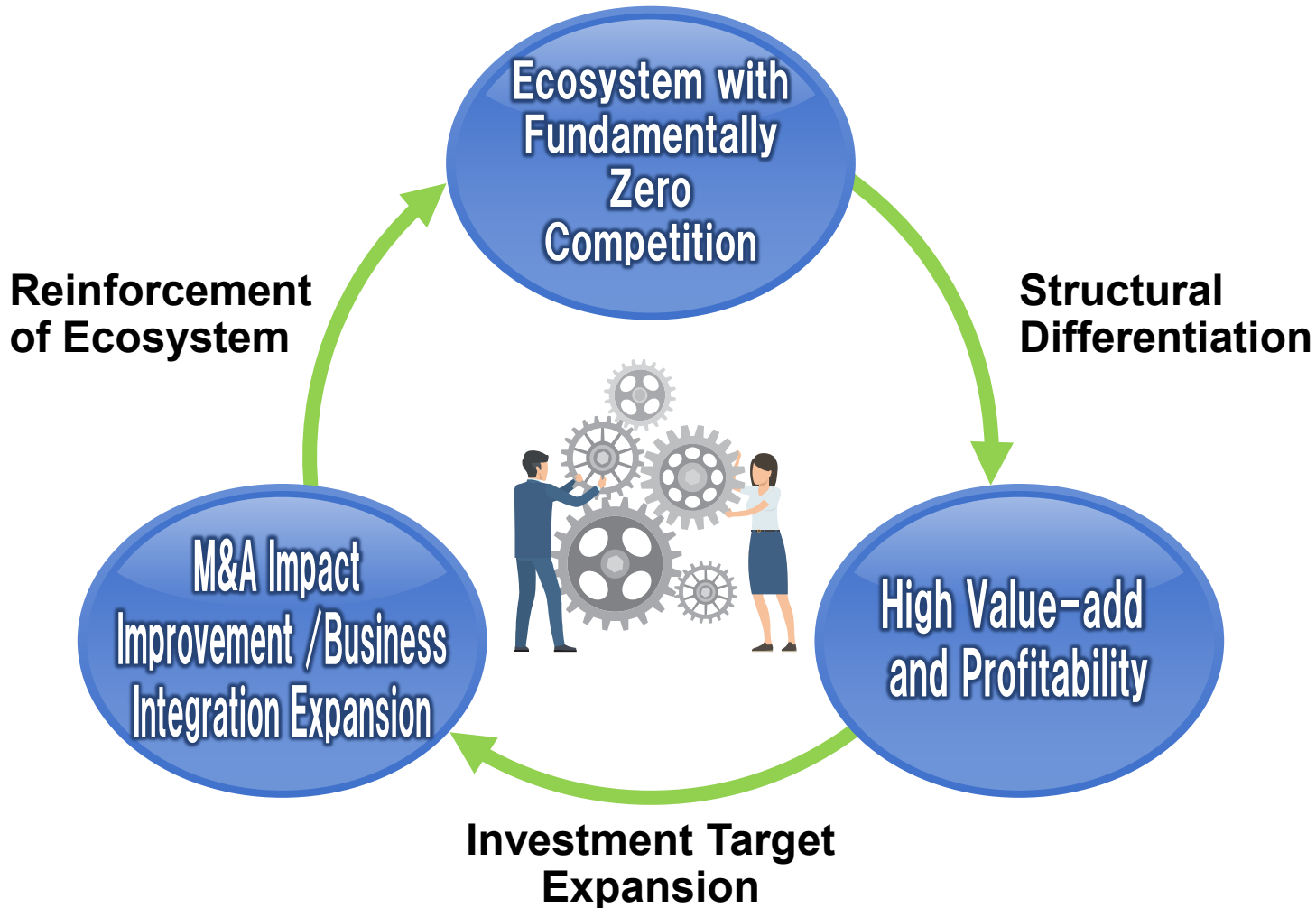


Business Synergy Potential Curve



Exponential synergy potential growth with increase in the number of businesses

Ecosystem Synergy Creation Flow



 **Self-reinforcing expansion cycle powered by superbly capable staff. Talent fortification structure development to further bolster cycle sustainability.**

M3's CSV Impact (1/2)

Information Provision for Physicians

5.4 million views via information delivery such as Webinars

FY2020



Productivity Improvement for Pharma Companies

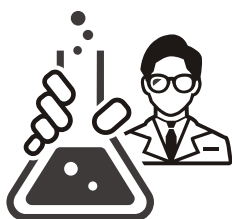
Distribution of 100 million e-details = workload of 50,000 MRs
(equivalent to total number of MRs in Japan)

FY2020

Medical Examination Support

Supporting medical examinations through management of information across 100 million electronic health records, domestically and abroad

As of FY2021



Pharmaceutical R&D Optimization

Involved in over half of all marketed new pharmaceuticals in Japan, supporting 80% of companies developing COVID related products overseas

Past 3 years

 **Actualizing M3's mission across various areas, to reduce unnecessary medical costs and to support healthier lives using digital technologies.**

M3's CSV Impact (2/2)

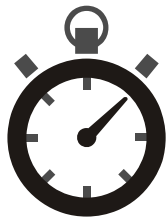


Vaccine Administration Support

Supporting 7.25 million administrations of the COVID vaccine
As of FY2021

Professional Advice Provision for Health Concerns

Offering physician answers to daily health concerns
via 240+ thousand posted questions, gathering over
40 million UU views annually
FY2020



In-Office Time Reduction

Reduced approx. 20 million hours of in-office lobby wait-time
for patients
FY2020; based on 23.3 million receptions

Career Support for Medical Professionals

Supported placements of approx. 7,100 physicians and
pharmacists globally
FY2020

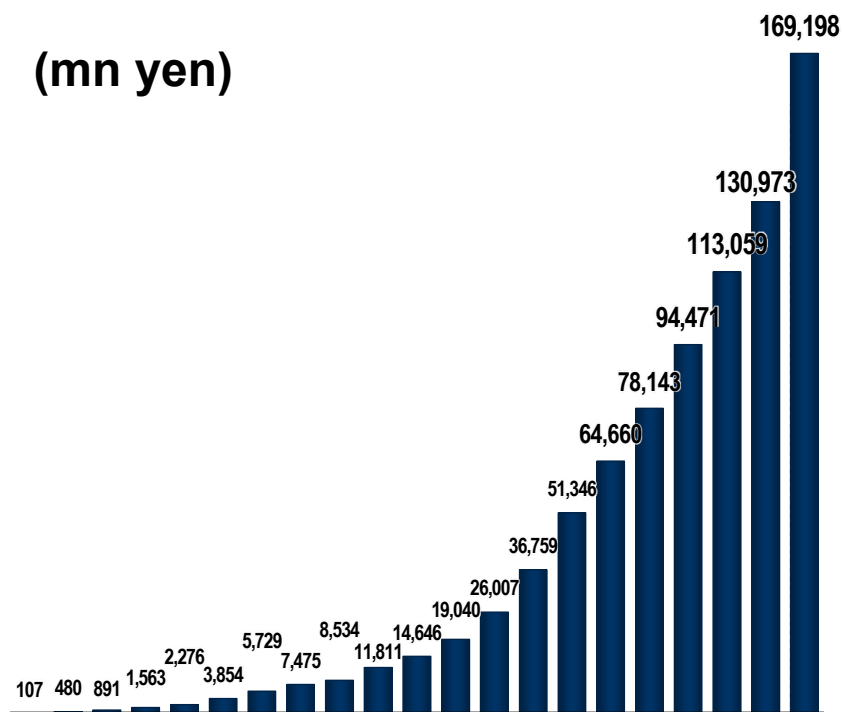


 **Actualizing M3's mission across various areas, to reduce unnecessary medical costs and to support healthier lives using digital technologies.**

Annual Results

Sales

(mn yen)

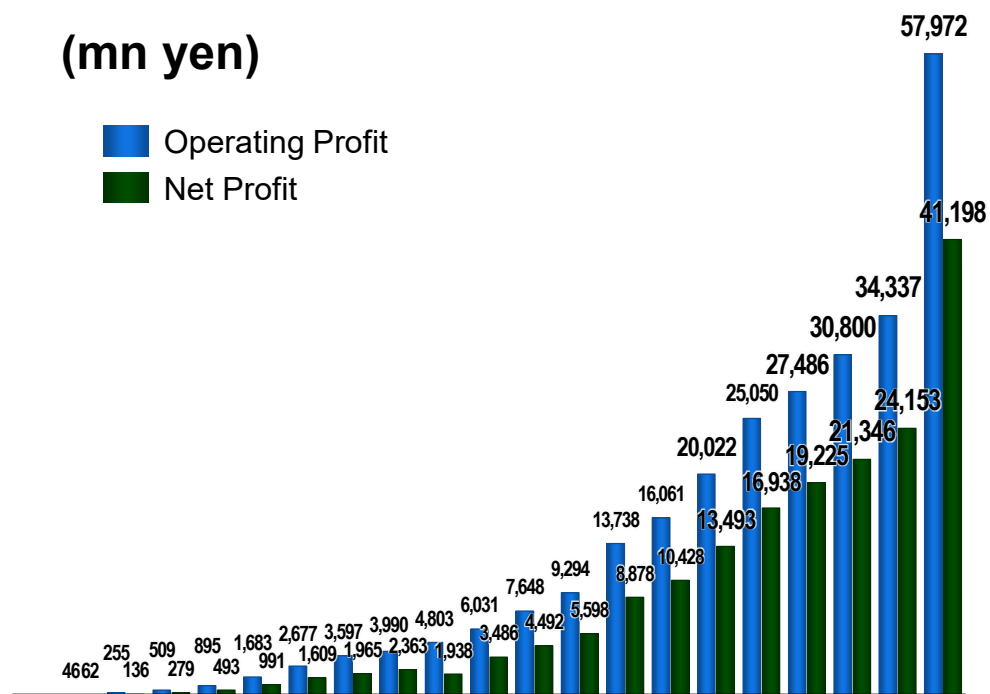


FY
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20
(6m)

Operating Profit & Net Profit

(mn yen)

Operating Profit
Net Profit



-93 -93
FY
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20
(6m)



Forecasts were not given due to unpredictable variables, basic outlook is for continued growth.