
M3, Inc.

Presentation Material

April 2024



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.


FY2023 Consolidated Results

Unit: JPY MM

	FY2022	FY2023	YoY
Sales	230,818	238,883	+3%
Operating Profit	71,983	64,381	-11%
Pre-tax Profit	74,318	68,840	-7%
Net Profit	51,983	48,549	-7%

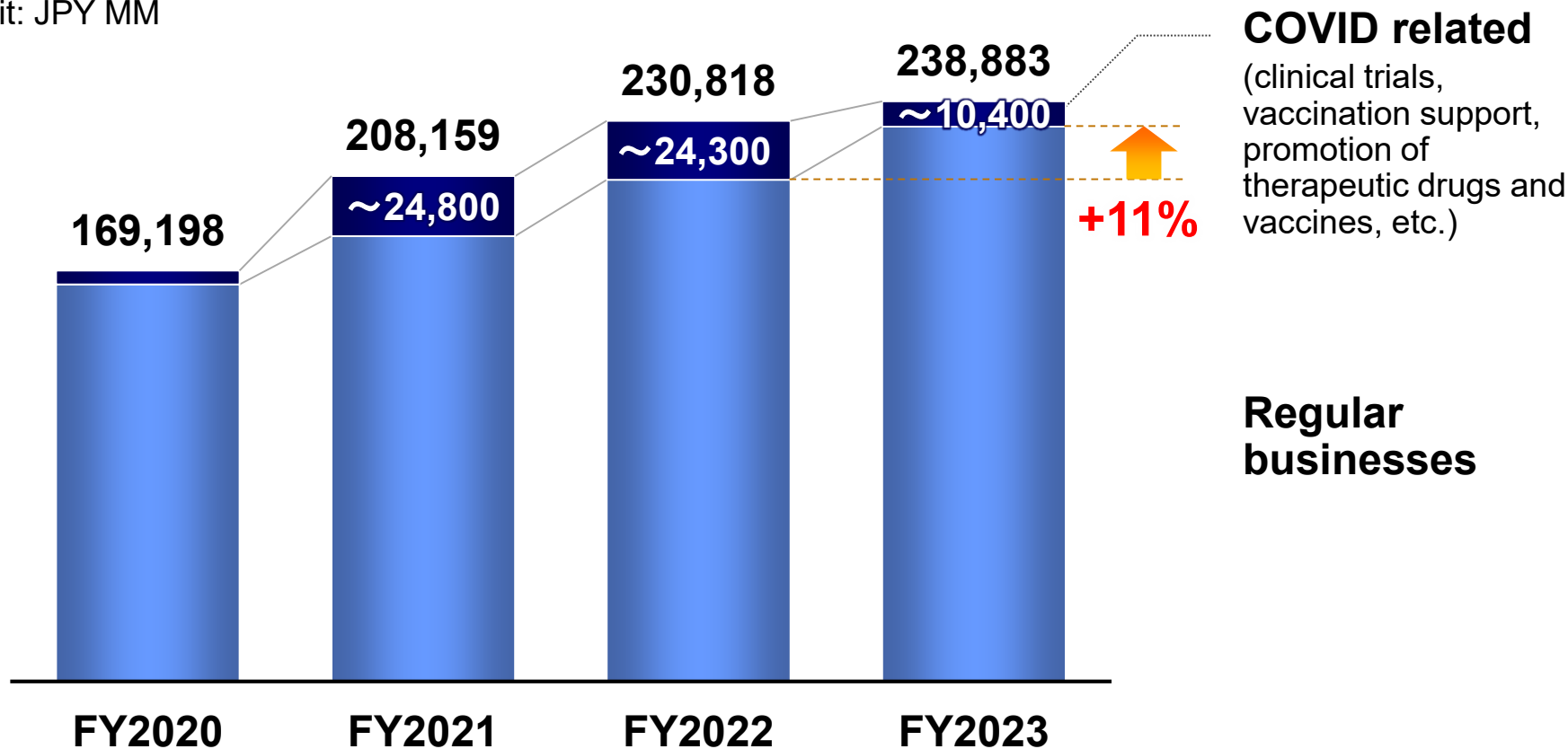
YoY growth in business excluding COVID related revenues, sales +11%

Excluding the impact of impairment losses, OP was -2% YOY

 Regular business has achieved double-digit growth in sales, while OP was down due to a slowdown in pharmaceutical marketing support, caused by a drop of temporarily surged demand in the COVID period and budget compression in some pharmaceutical companies, and a slowdown in US clinical trial business, in addition to the recognition of impairment losses

Consolidated Sales Trends and COVID Impact

Unit: JPY MM



COVID related
(clinical trials, vaccination support, promotion of therapeutic drugs and vaccines, etc.)

Regular businesses

👉 COVID-related revenues saw a decrease of approximately 14 billion yen for FY2023, significantly impacting profits. For FY2024, COVID-related revenues are expected to harm sales of around 7 billion yen

*FY22 Actuals: Q1 ~8.1 Bn, Q2 ~6.4 Bn, Q3 ~6.2 Bn, Q4 ~3.5 Bn

FY23 Actuals: Q1 ~3.0 Bn, Q2 ~2.7 Bn, Q3 ~2.7 Bn, Q4 ~2.0 Bn

FY2023 Consolidated Results by Segment

Unit: JPY MM

			FY2022	FY2023	YoY
Domestic	Medical Platform	Sales	93,098	93,414	+0%
		Profit	41,147	38,626	-6%
	Evidence Solution	Sales	27,157	26,700	-2%
		Profit	7,662	6,698	-13%
	Career Solution	Sales	14,538	16,642	+14%
		Profit	4,644	4,781	+3%
	Site Solution	Sales	35,295	33,025	-6%
		Profit	3,745	3,735	-0%
	Emerging Businesses	Sales	3,284	2,633	-20%
		Profit	945	-290	-
	Overseas	Sales	62,095	69,868	+13%
		Profit	16,990	11,695	-31%

- Pharma marketing: The year-end budget spending for Q4 was also limited, but the fundamental DX is still progressing

- Other businesses such as DX of the clinical scene showed steady growth

- Order backlog: 29.1 Bn
- Sales +3% excluding COVID
- Short-term negative impact due to completion of major projects

- Sales +22% excluding COVID

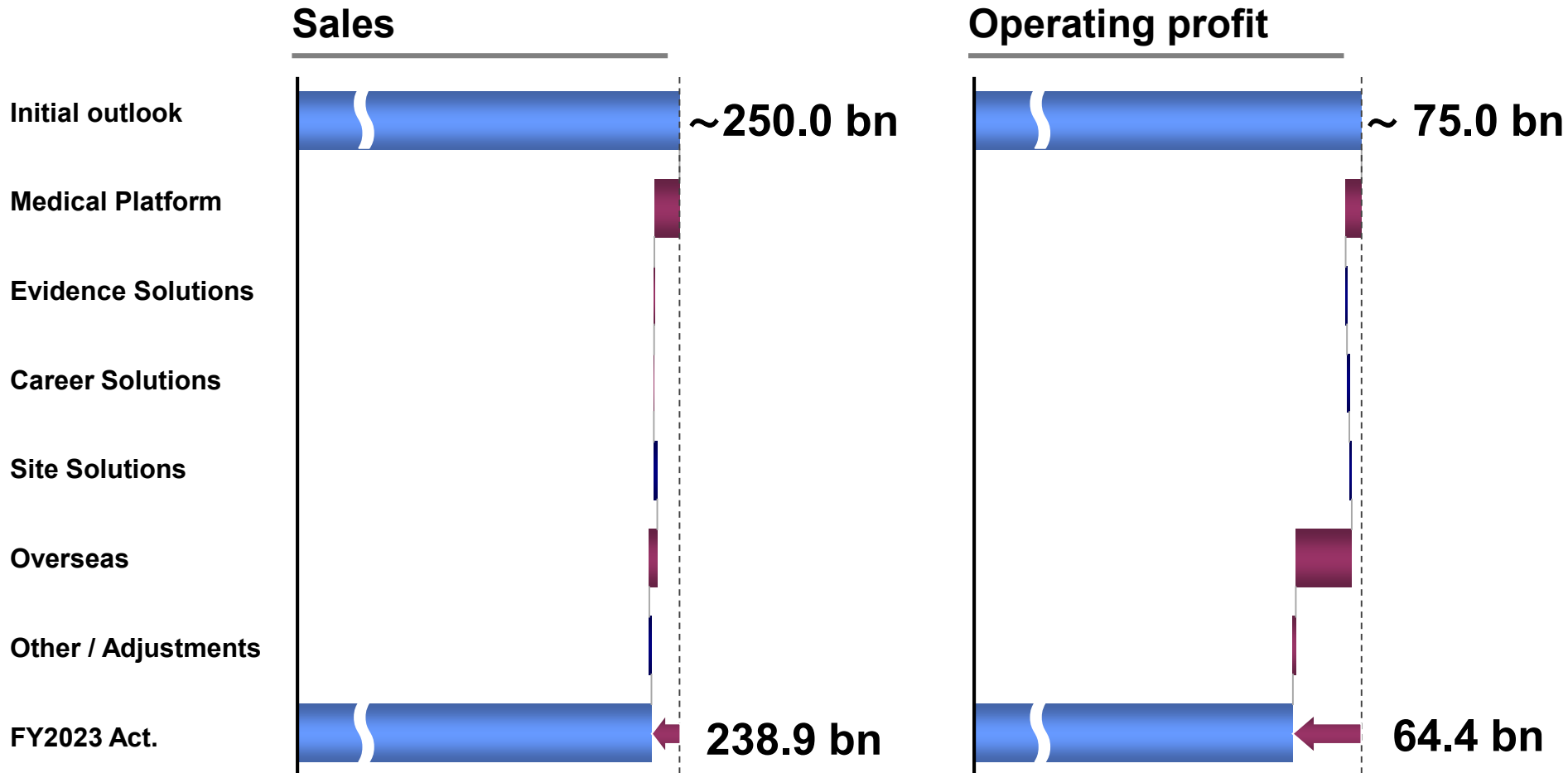
- Sales +33% excluding COVID

- Recorded an impairment loss for M3E*, due to shrinking market for graduated dental students

- Sales +20% excluding COVID
- Impairment loss in US clinical trial business
- Europe and APAC region steady

* M3E: M3 Education, Inc.

FY2023 Forecast vs. Actuals

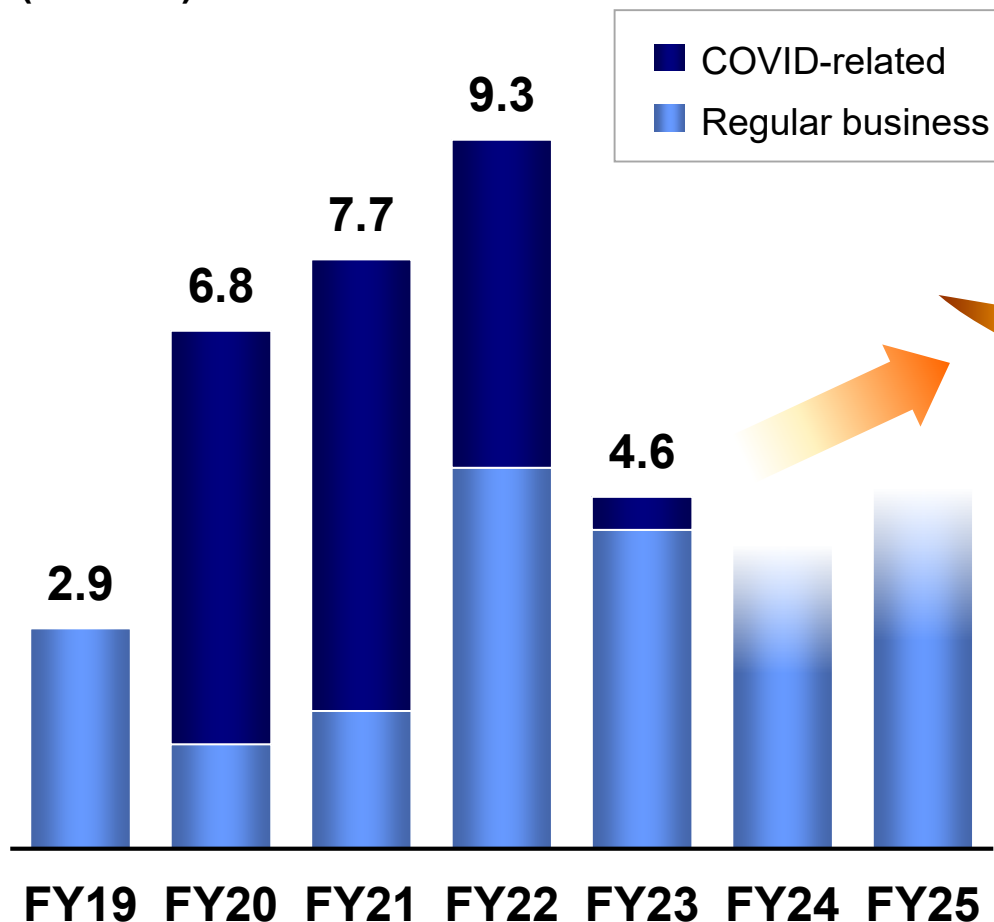


Missed targets mainly due to Overseas and Medical Platform segments, especially Overseas, where profit shortfalls increased due to impairment loss

Background of Impairment loss and Recovery Plan for US Clinical Trial Business

Sales trend in US clinical trial business

(JPY Bn)



- **Management base and structure renewal:**

Impairment loss due to the decline in COVID-related revenues, but cumulative returns since acquisition have been almost realized... Accelerate efforts for future recovery

- **Improvement of cost structure:**

Reviewed and downsized the organization that had expanded in response to the surge in demand during the COVID period, to make the organization more muscular (already implemented in April)

- **Strengthen sales and patient recruiting functions:**

Aggressively increase the number of sales personnel and strengthen initiatives for further growth

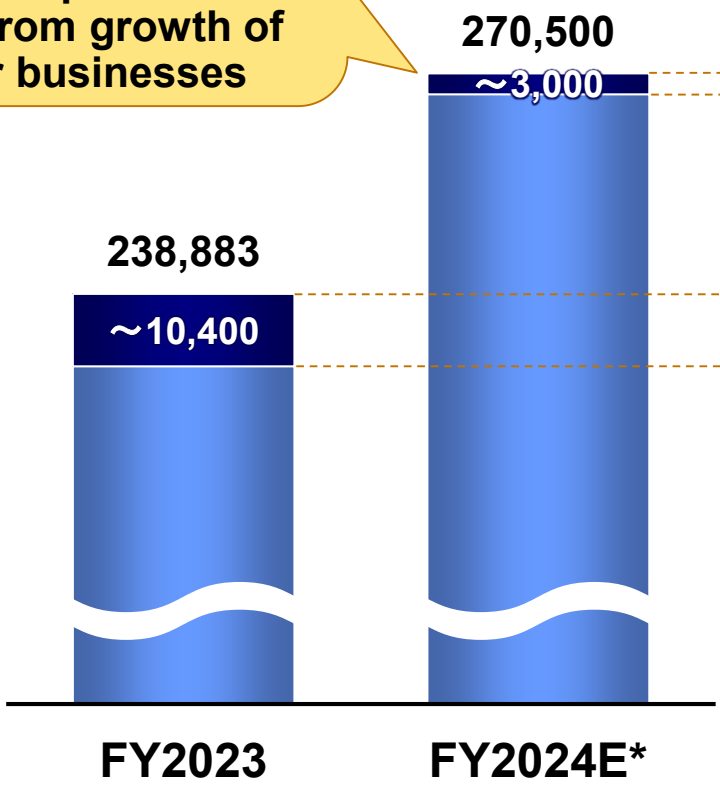
Sales Outlook for FY2024

Unit: JPY MM

Percentage of COVID-related revenues to be significantly reduced; growth expected to come from growth of regular businesses

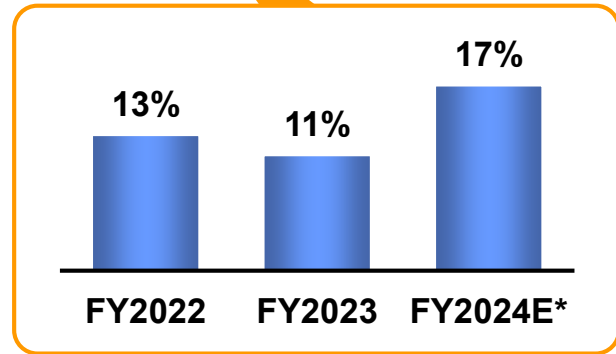
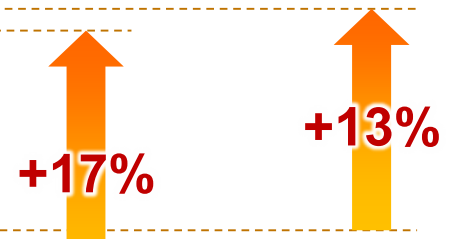
COVID related
(clinical trials, vaccination support, promotion of therapeutic drugs and vaccines, etc.)

Regular businesses



Growth rate

Regular businesses only Overall

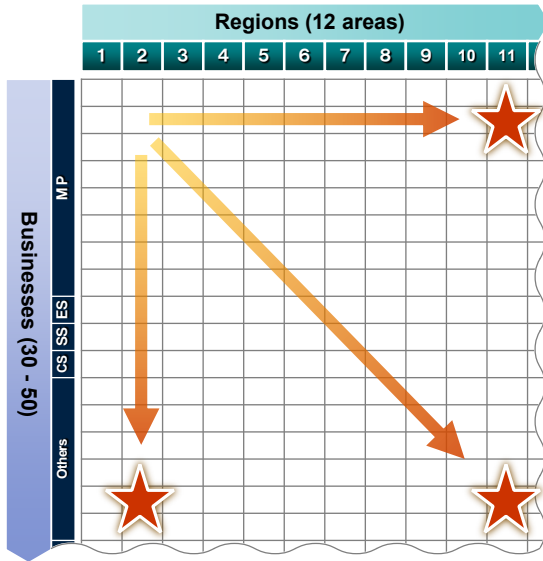


Driving sales growth, mainly in the Medical Platform and Overseas Segments

* The median of the range of FY2024 Forecasts (268,000~273,000 million yen)

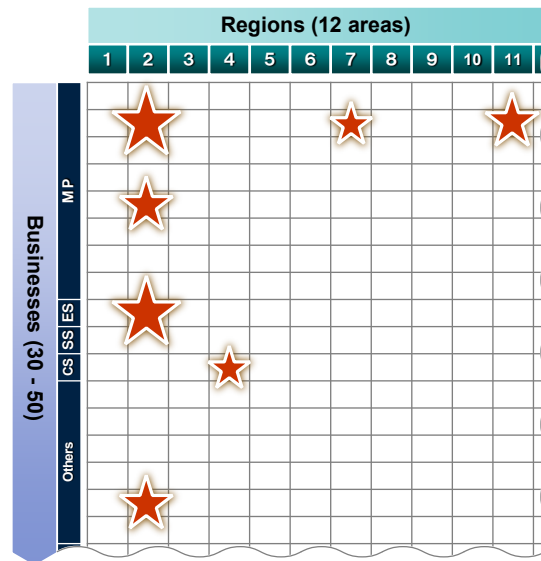
M3's Triple Growth Engine + CSV

1. Ecosystem Expansion (Sagrada Familia)



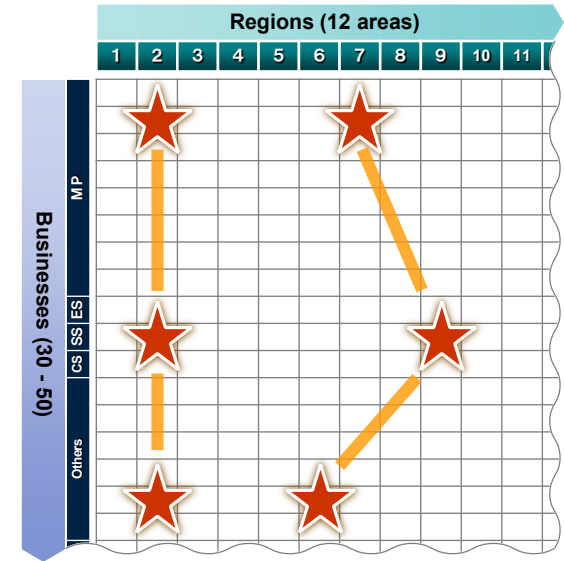
- Continuous new business entries

2. Individual Business Development



- Pharma marketing / Clinical Scene DX

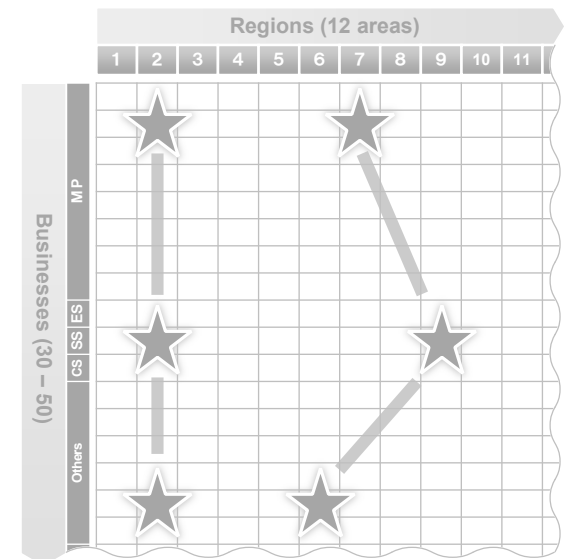
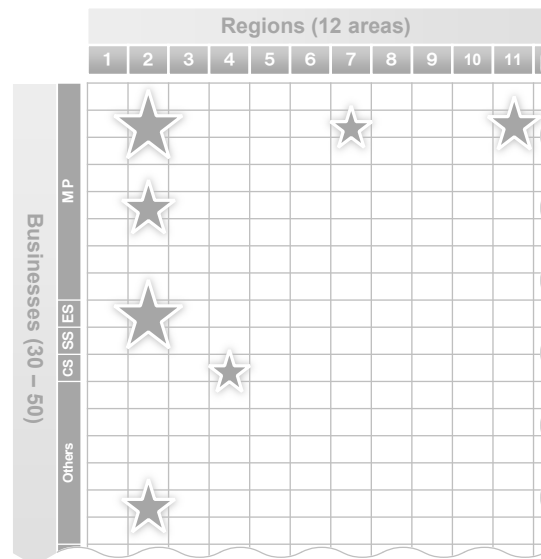
3. Ecosystem Synergy Creation



- Cross-cell synergy maximization

4. Social Impact Creation → CSV

Growth Engine 1: Ecosystem Expansion (Sagrada Familia)



4. Social Impact Creation → CSV

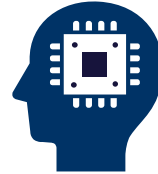
Leverage 3 Major Resources to Solve Healthcare Issues

Healthcare
Issues



6.5 mil. registered doctors worldwide

Overwhelming
Platform



Top-notch technical professionals
State-of-the-art Technology



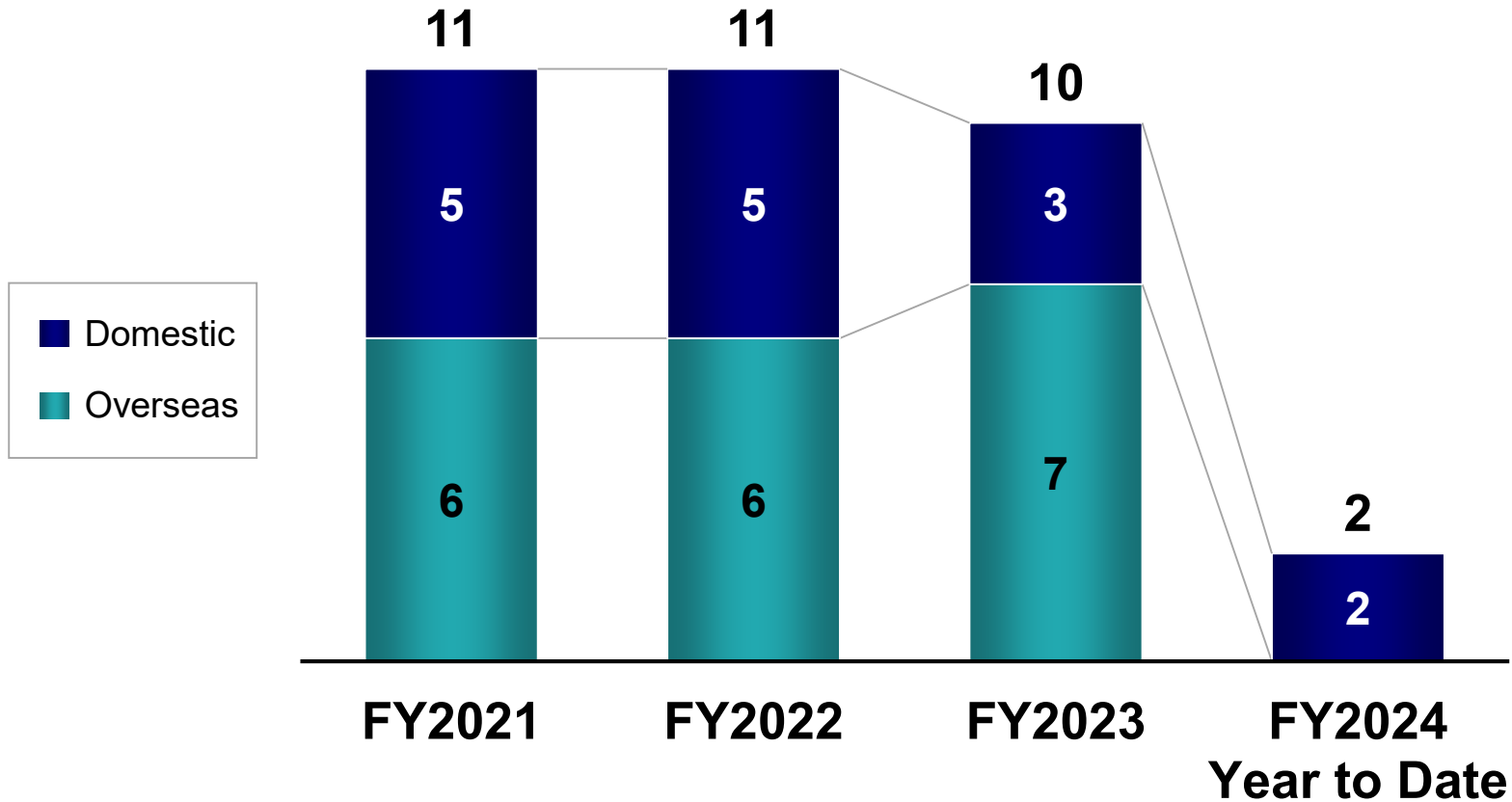
Experts from varied fields unite
Problem Solving Skills

Business Scope Expansion and Growth Potential

FY	: 2010	2015	2020	2023
Country	: 3 →	8 (2.5x) →	11 (3.5x) →	17 (5.5x)
Business Types	: 6 →	15 (2.5x) →	35 (6.0x) →	38 (6.0x)
Business Units (Type x Country)	: 10 →	24 (2.5x) →	56 (5.5x) →	73 (7.0x)
Sales (bn)	: 14.6 →	64.7 (4.5x) →	169.2 (12.0x) →	238.9 (16.5x)

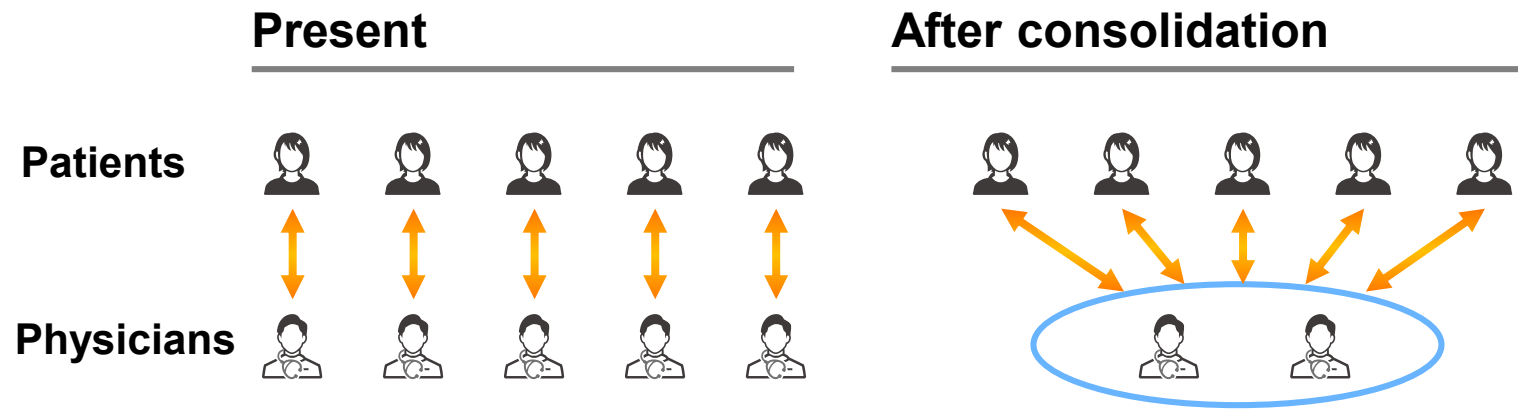
 **Aggressive M&A to ensue in reaching growth potentials exceeding 10~20x current levels...**

Trend in M&A Volume: Programmatic M&A Strategy



M&A is completed with approximately 10 companies annually. For FY2023, 10 projects were conducted in total, and for FY2024 *Infrastructure for On Call Cooperation* and Medicare consolidations were announced in April, we will continue to pursue M&A opportunities actively

Consolidation of *Infrastructure for On Call Cooperation*



Physicians' working hours



House call service required 24/7



Night and holiday house calls delegation through on-call coordination

Home visit



One physician makes house calls



Medical buddy accompanies the physician and he/she concentrates on his/her medical practice

Patient and family support



Challenging to provide emotional care to patients and families during house calls alone

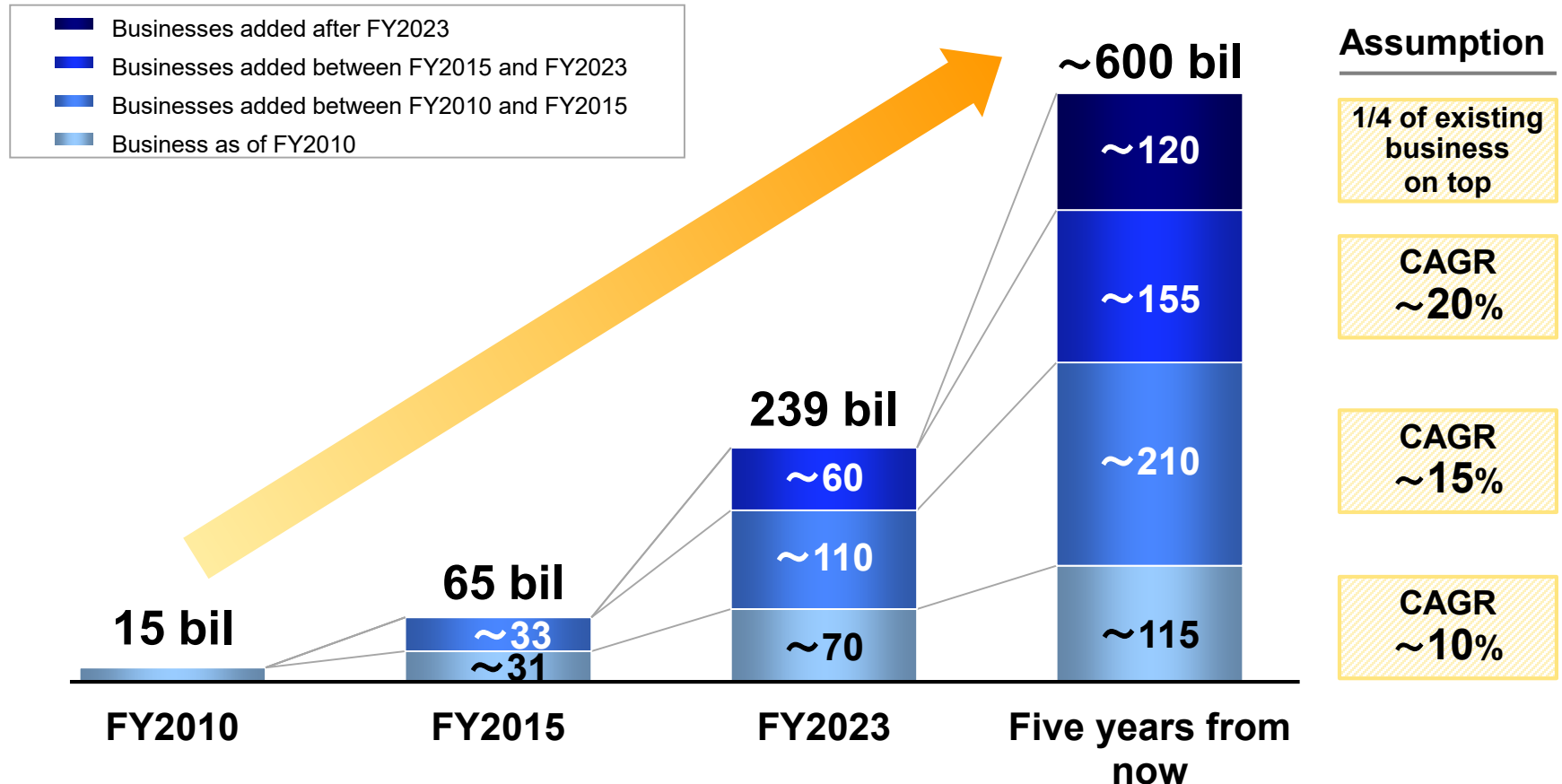


Medical buddy is available to talk to patients and their families

👉 Currently contracted with approximately 300 facilities, achieving high patient satisfaction through medical buddy accompaniment on house calls ... No impact from the revision of medical fees for providing on-call support as a primary care physician

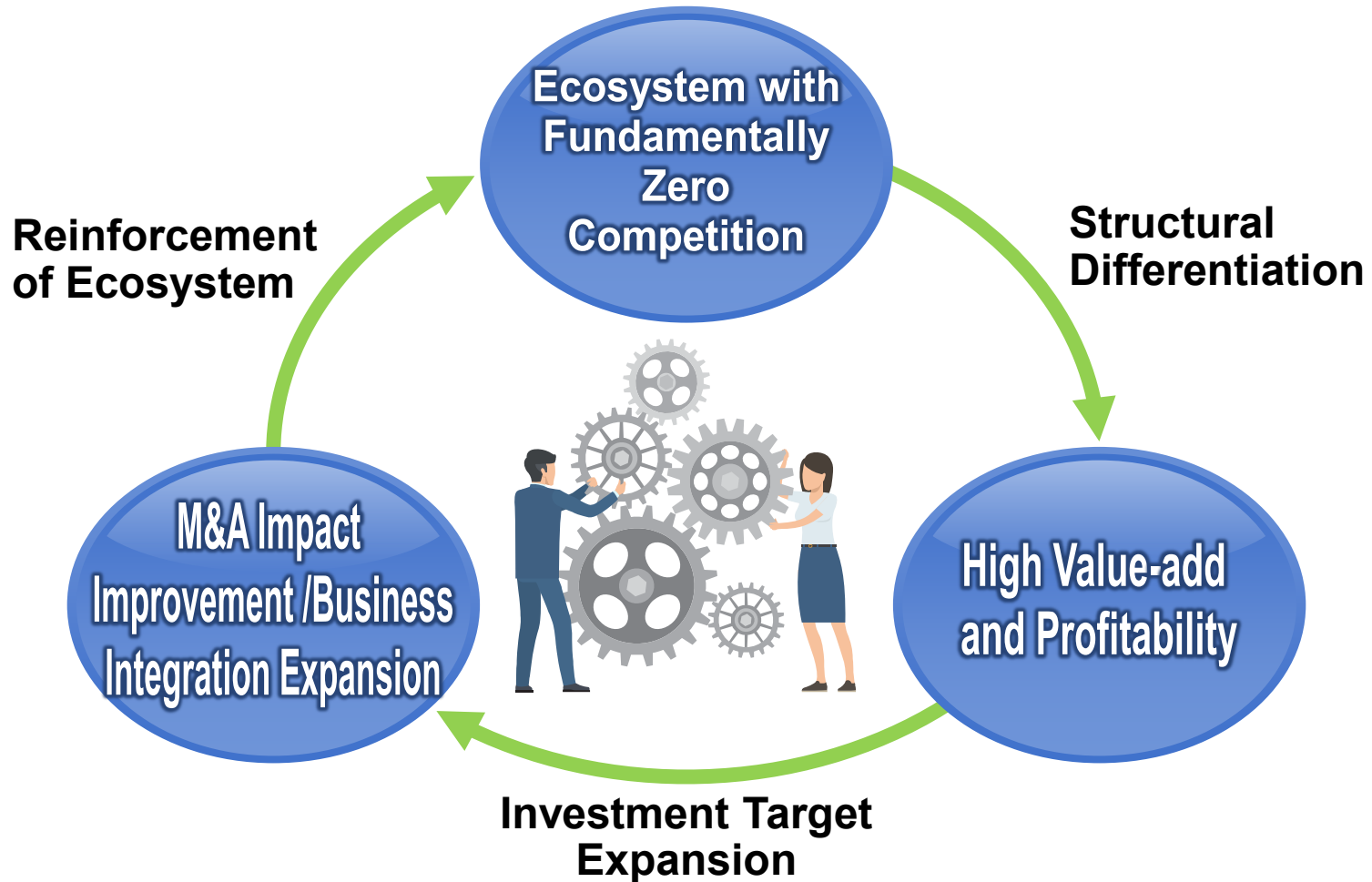
Growth Image per Business Expansion Phases

Sales Trend (JPY)



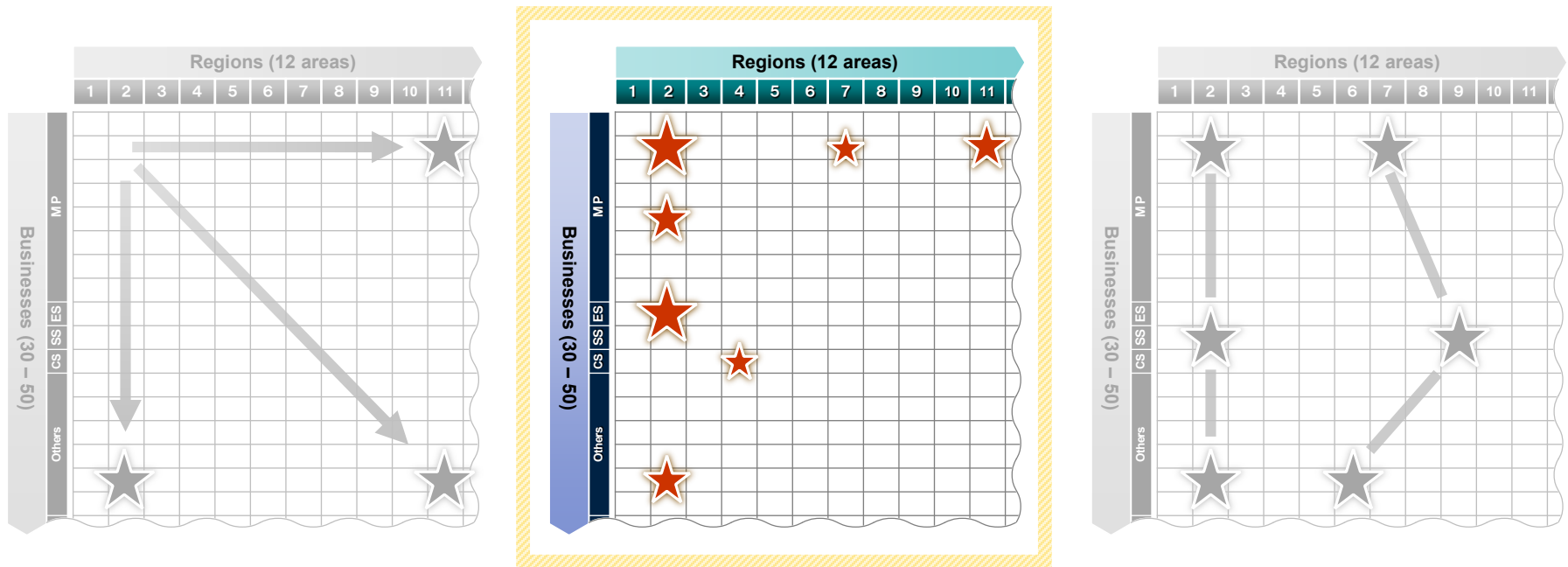
Simulations updated based on FY2023 results. No change in continuing to achieve similar business growth as before through new business development, new business growth, and existing business growth

Business Expansion Creation Flow



 Self-reinforcing expansion cycle = "superbly capable staff" base also expands, and continuity is further strengthened... "business snowball" to multiply rapidly

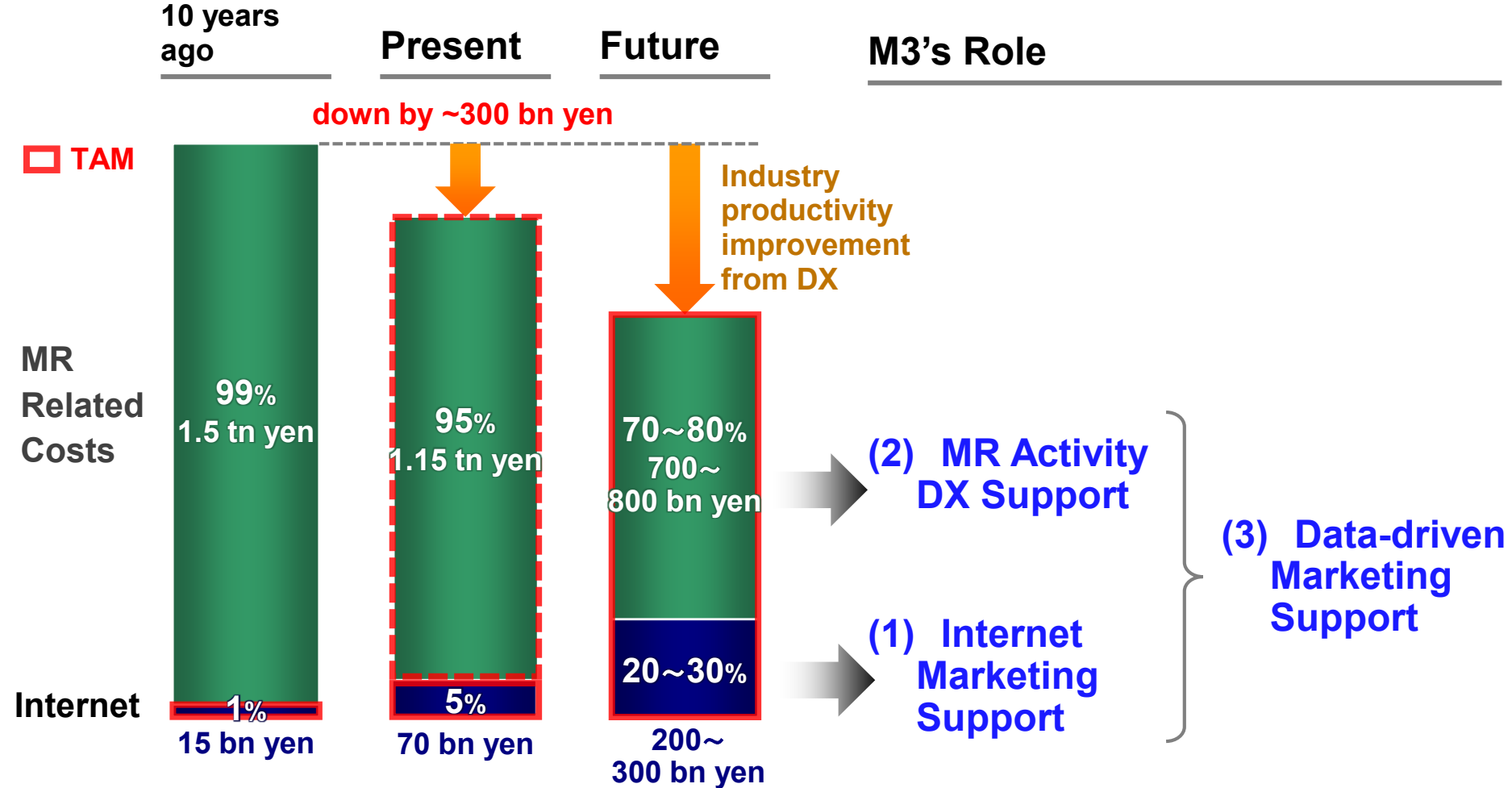
Growth Engine 2: Individual Business Development



4. Social Impact Creation → CSV

Pharmaceutical Sales & Marketing DX

Pharma Marketing Cost and TAM for M3

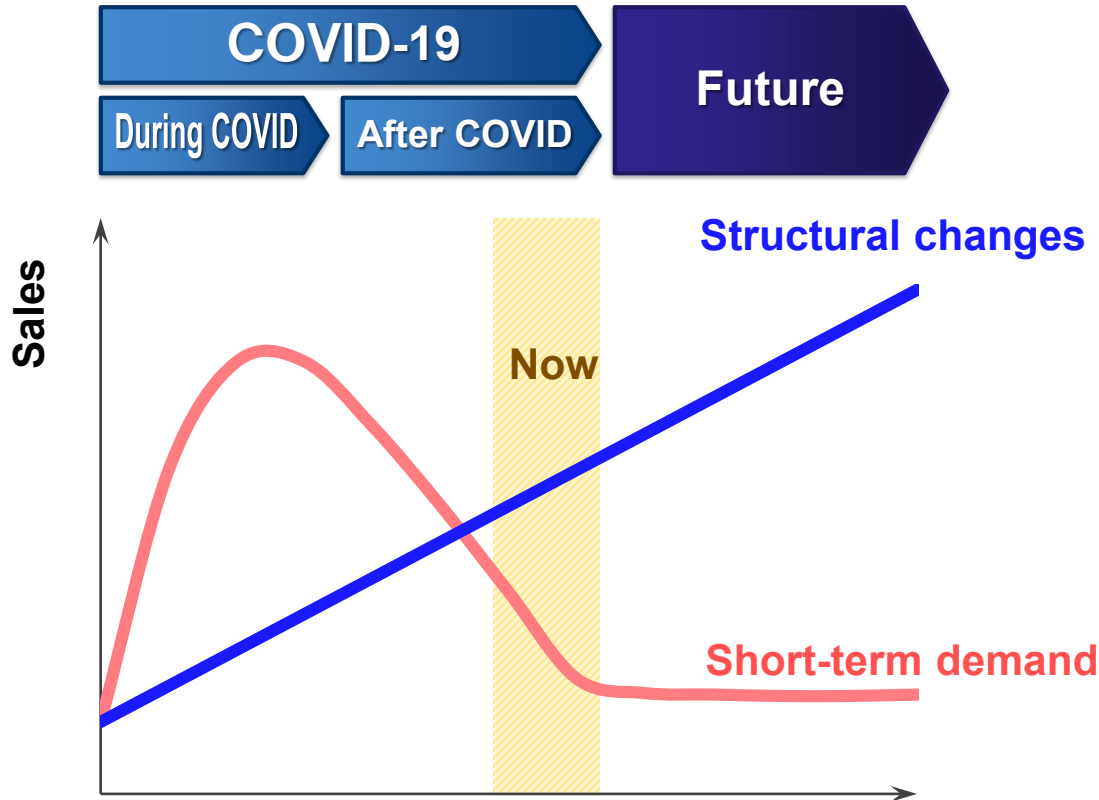


M3 involvement to go beyond the bounds on the internet to improve productivity across the entire industry

Ref: M3 survey and estimate; numbers are approximate

Current Status of Pharmaceutical Marketing

Demands and Trends



Positive Factors

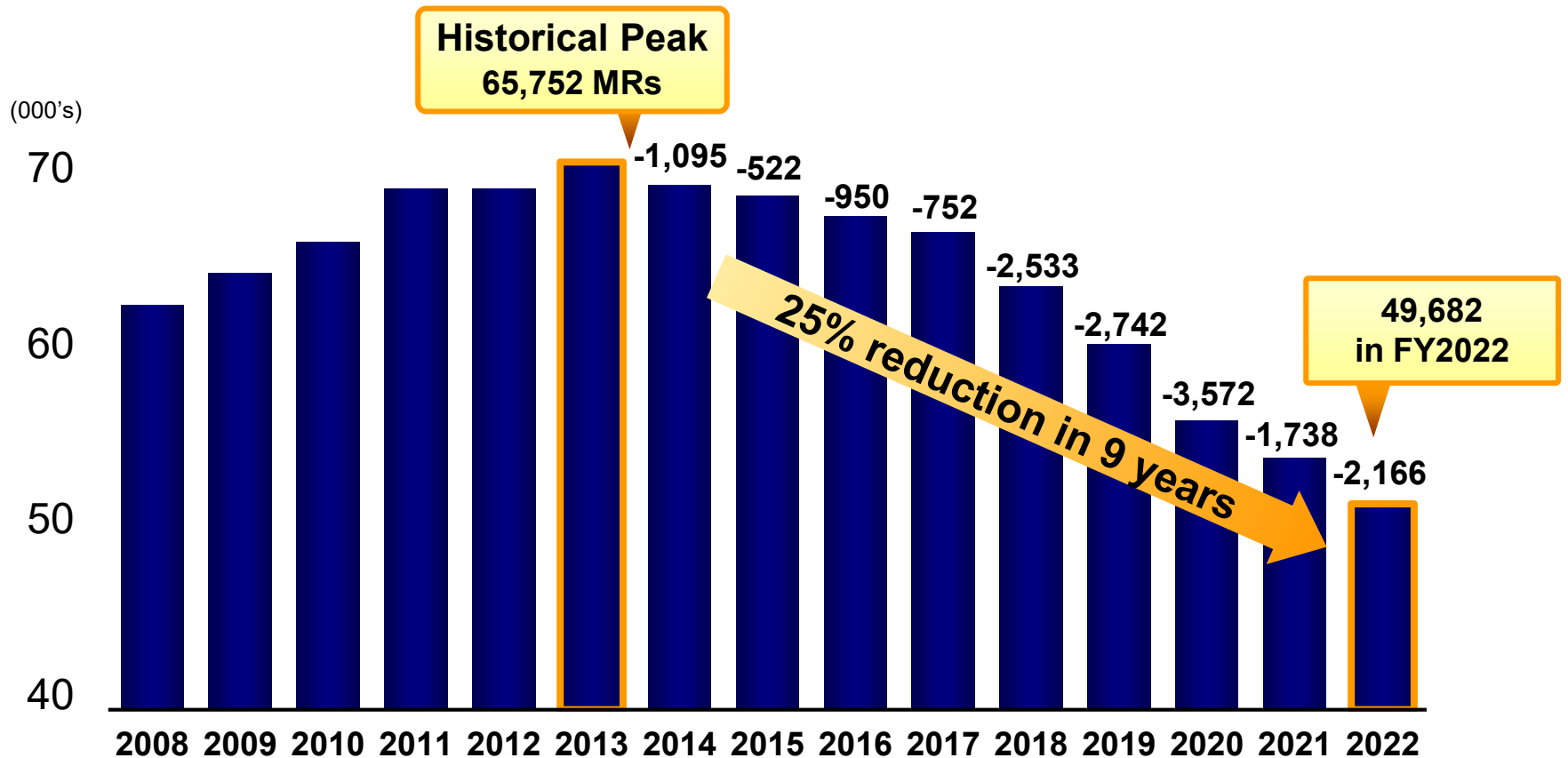
- Advancement of structural digital transformation (DX)
- Further penetration of data-driven marketing
- Projects on a larger scale

Negative Factors

- Temporary decline in demand during the COVID period
- Cost reduction at some global pharma companies

 **Positive and negative factors are in balance; currently, both are in equilibrium**

Trend of Domestic Pharmaceutical Sales Reps (MRs)

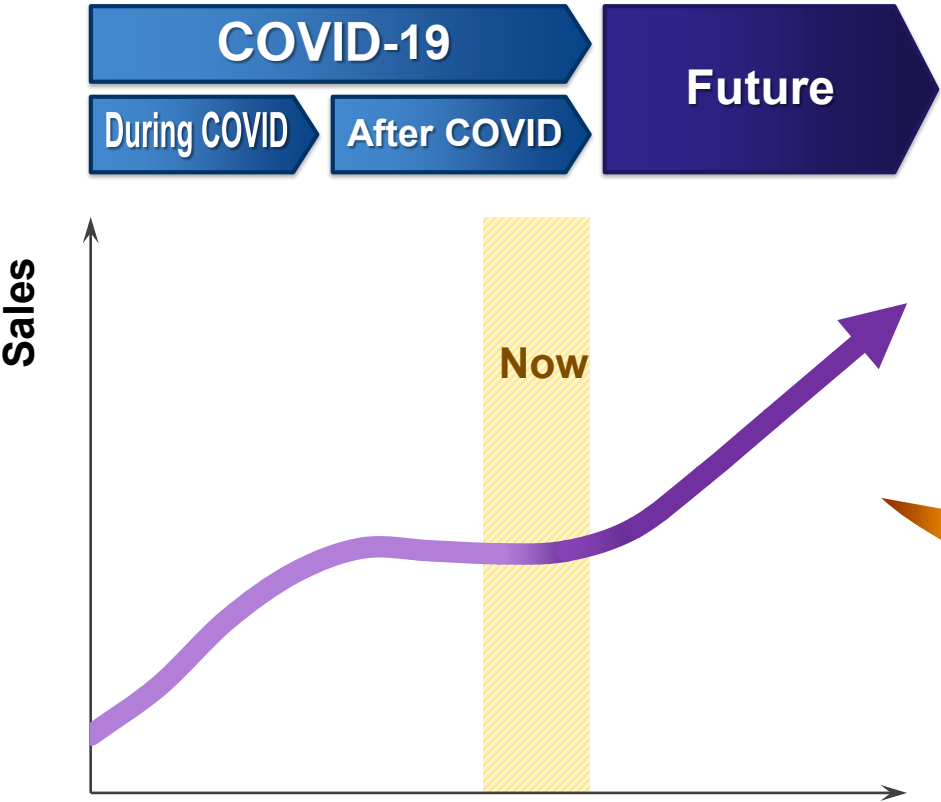


In addition to a decrease in the number of MRs, increasing number of contract reps and online reps who work exclusively online or by phone.... The trend toward sales efficiency is expected to continue

* Source: MR Certification Center "2023 MR White Paper"

As a Strategic Partner to Pharma Companies

Overall Trend



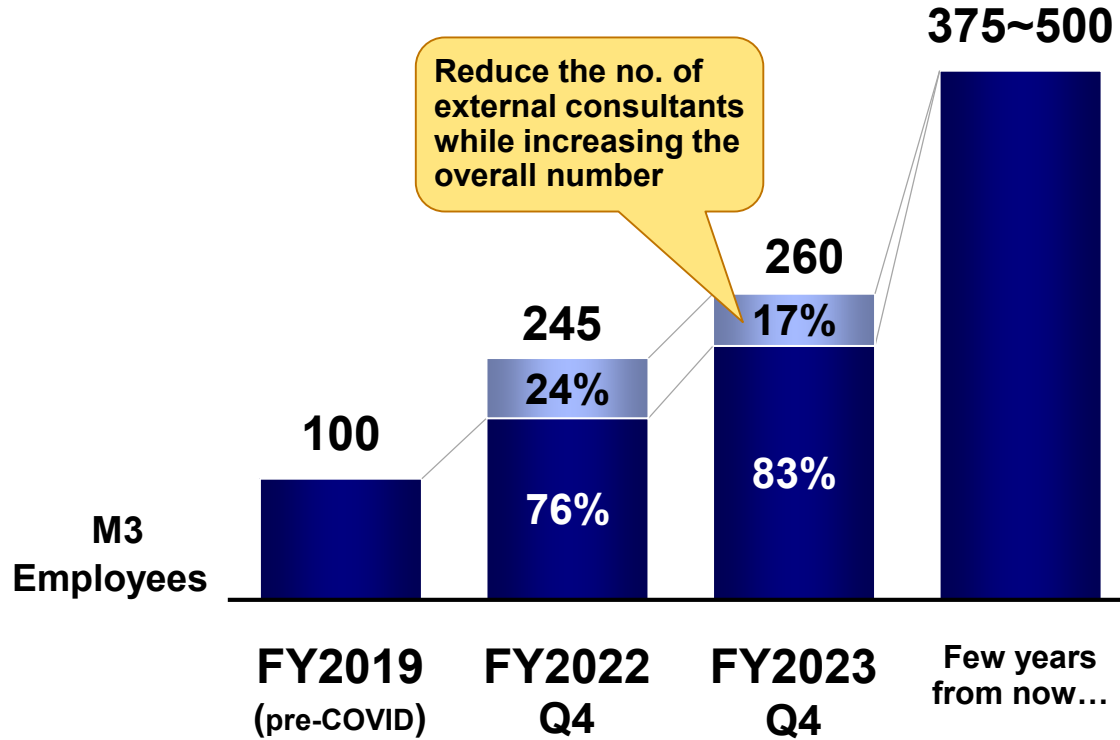
Efforts for Renewed Growth

- Rejuvenate and strengthen leadership
- Our Products
Continual development of services that dramatically improve the productivity of pharmaceutical company sales and marketing (currently at level 50%)
- Our Professional Staff
Continuously expanding the team by several tens of people each year (currently at level 50%)
- Productivity Per Staff
Standardization of service proposals, skills enhancement, improvement in per-person productivity through DX (currently at level 75%)

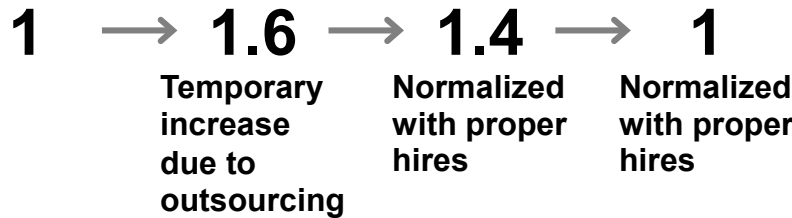
 Further accelerating essential DX initiatives as a strategic partner to pharmaceutical companies

Professional Staff Fortification Plan

Unit: Index with FY2019 as 100



Cost per Staff









Staff Fortification Initiatives

- HR capacity increase
- Recruiter reinforcement (fee scale)
- New grad recruitment fortification
- Improve costs while increasing headcount

Professional staffing, 5% growth in total (+15% for in-house, -25% for external) with the number of hiring decisions for FY2023 up by approximately 1.2x YoY

DX of the Clinical Scene

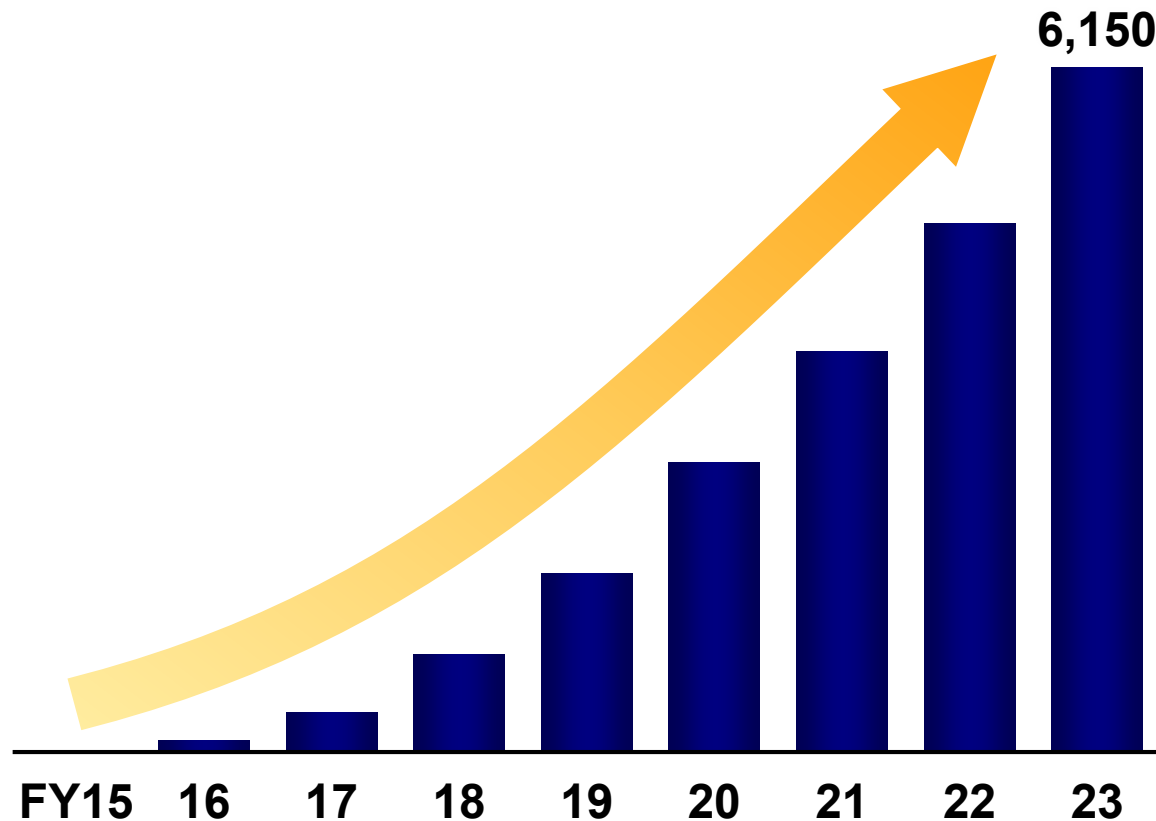
DX of Clinics: Creating a New Patient Experience

		Current		Post DX <small>(new patient experience)</small>
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

 **Creating a completely different patient experience through “DigiKar Smart”**

M3 DigiKar EHR Growth

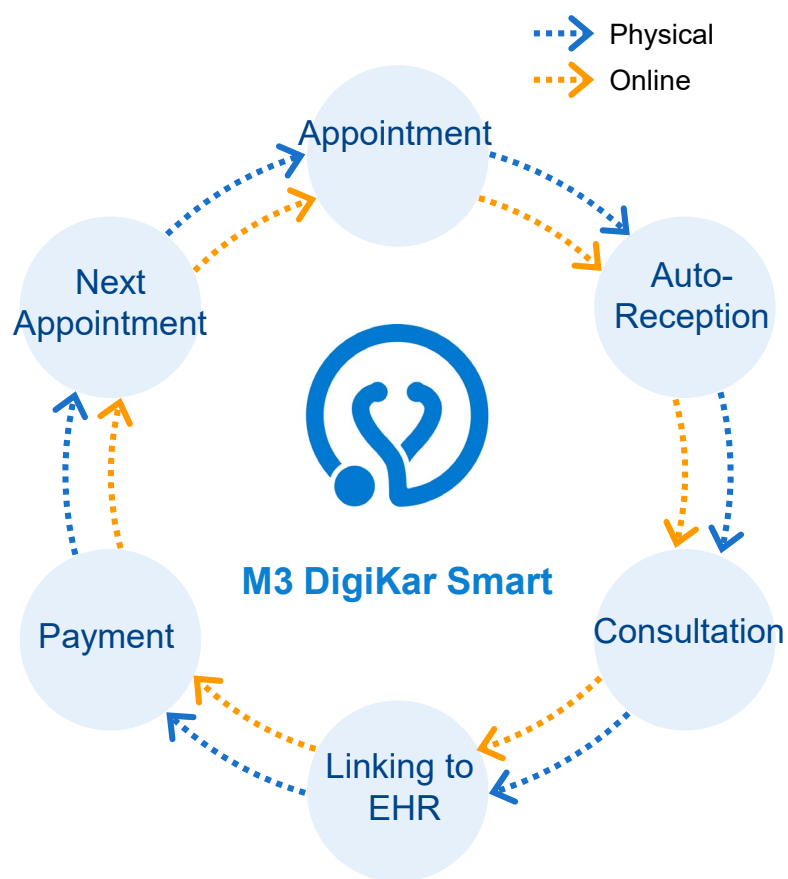
Number of Sites Using M3 DigiKar



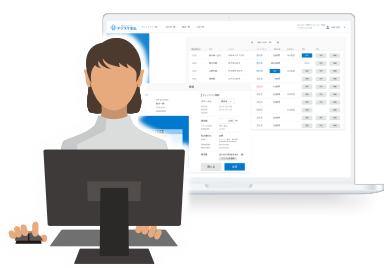
- Cumulative number of installations is approximately 6,150. Steady progress
- Co-selling with DigiKarSmart further increases the added value of DigiKar

 **Incontestable #1 market share within cloud based digital health records, approximately 230 million charts**

DX of Clinics: DigiKar Smart



Medical Institutions: Managing System



Patients: Mobile App





M3 デジタルスマート診察券
DigiKar, Inc

開く

2.5万件の評価	年齢	ランキング	デ
4.6	12+	#4	
★★★★★	歳	メディカル	Di

評価とレビュー すべて表示

4.6

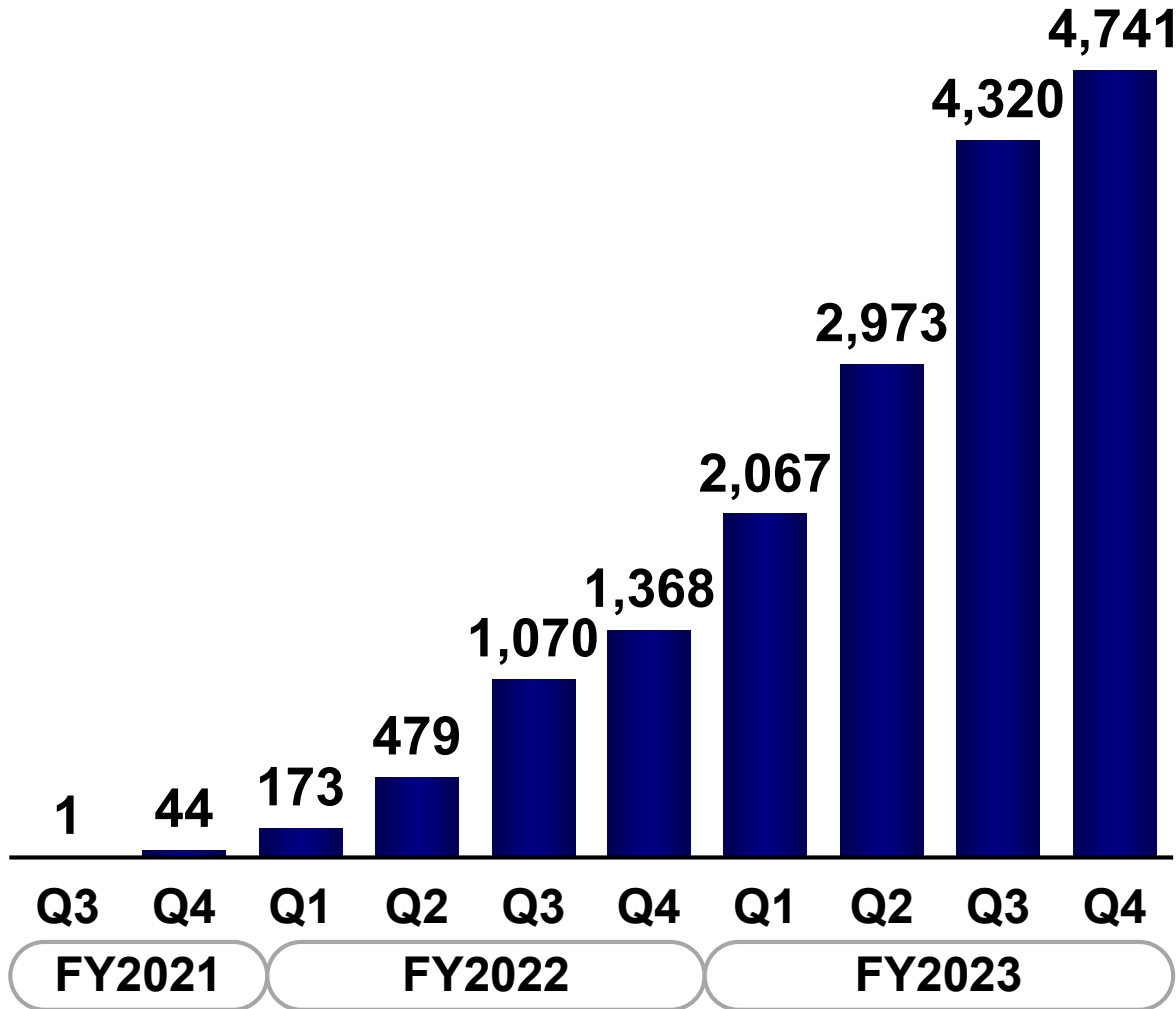
5段階評価中

2.5万件の評価

👉 25,000 reviews with a rating of 4.6 from users, new patient experience created and high rating in the category

No. of DigiKar Smart Users

Unit: Index with FY2021Q3 as 1



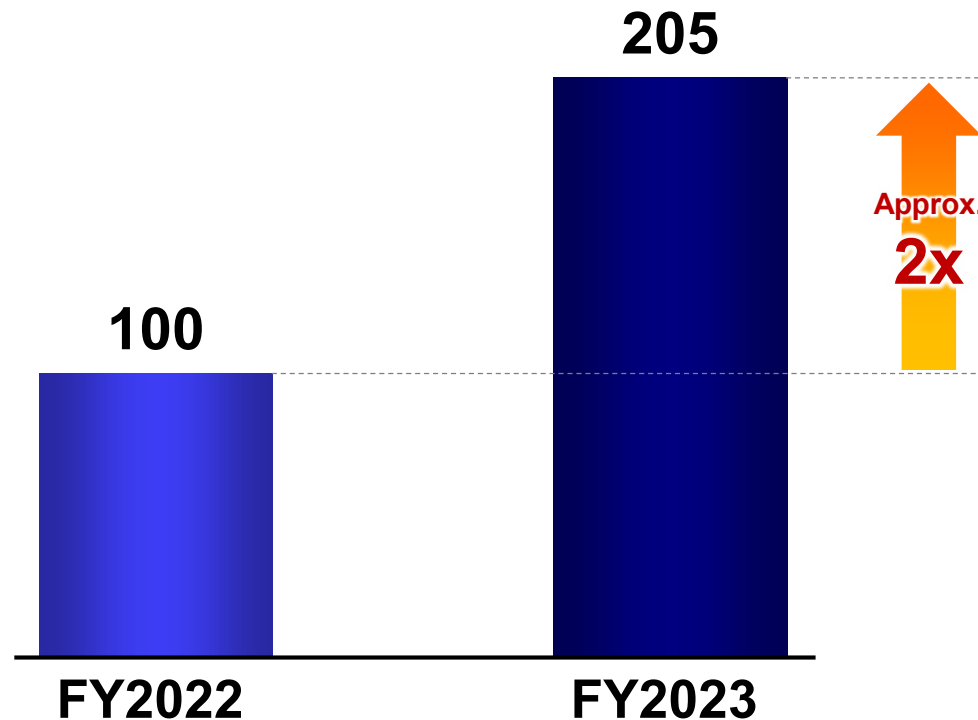
- Users are rapidly penetrating DigiKar Smart as the clinic's infrastructure. 3.5 times higher than in the previous year
- Video call has been added and is expanding as an infrastructure for telemedicine

* Quarterly sum of monthly UUs

Ecosystem Synergy: Medical Data Business

Unit: Index with FY2022 as 100

Sales of Medical Data Business*



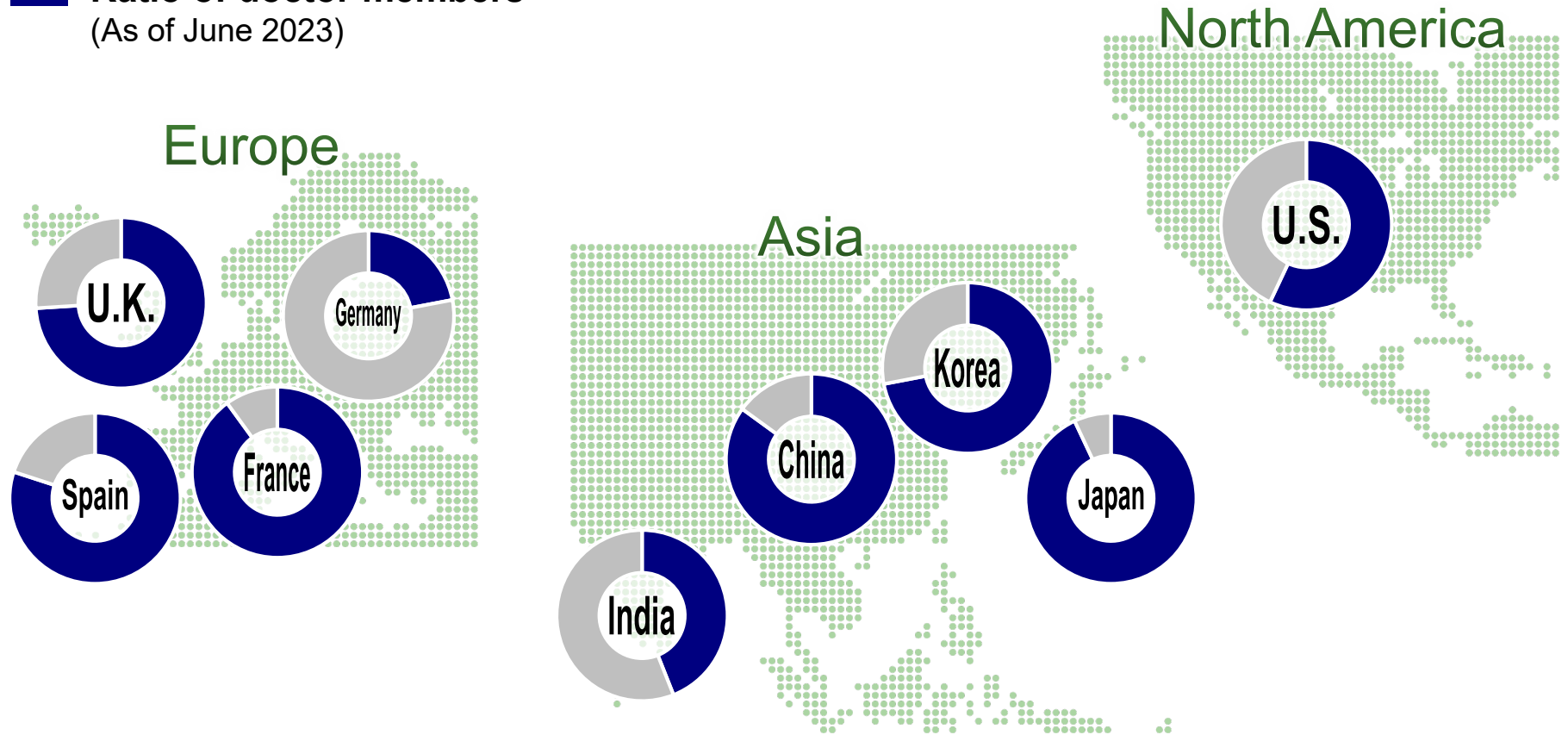
 **Medical data business (actual medical practice, physician practice standards, etc.) also grew significantly along with the increase in the volume of data accumulated. Steady creation of ecosystem synergies**

* Target: Real World Data, Estimation related services (part of Pharmaceutical Marketing business)

Overseas

Number of Doctor Members and Panelists (Global)

Ratio of doctor members
(As of June 2023)

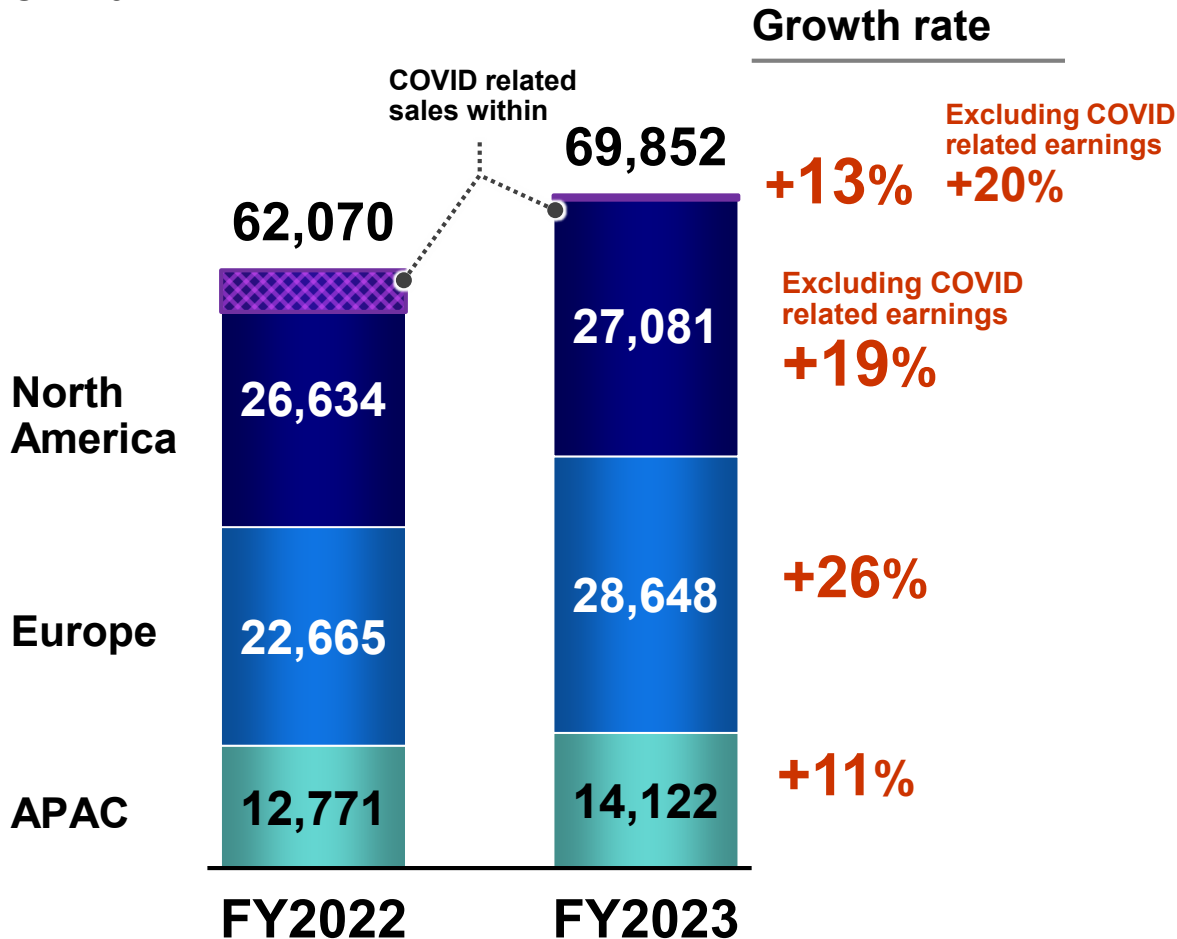


Including regions not mentioned above, more than 6.5 million doctor members and panelists, covering over 50% of doctors worldwide

*The no. of doctors in Japan is based on data from the Ministry of Health, Labour and Welfare (2022).
The no. of doctors by other countries is based on the latest data from WHO and other sources

Overseas Segment: Sales by Region

Unit: JPY MM



North America

- Career business remains solid
- Clinical trial business: Strengthening management base and muscularization in progress for recovery in growth

Europe

- Steady progress in France and UK
- Contribution from M&A effect

APAC

- Rapid growth after COVID pauses
- DBMCI contributions also begin to emerge

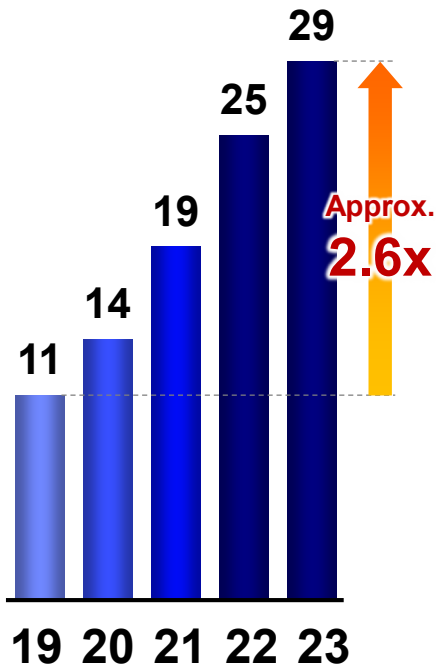
 **Accelerating new initiatives for the future such as M&A and structural reforms**

Overseas Growth Trends by Business (FY)

Unit: JPY Bn

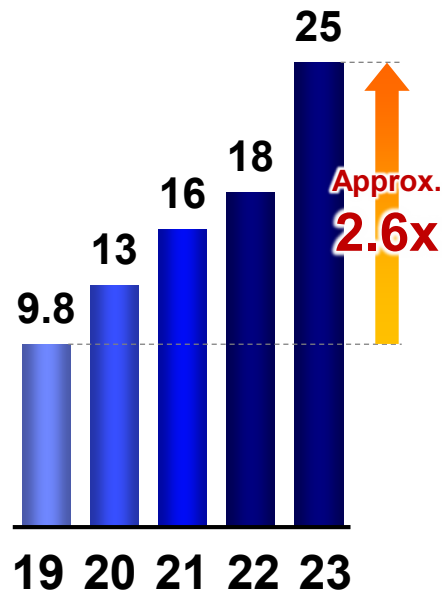
Service for Doctors

(Platform for doctors in North America, Europe, and APAC and EHR)



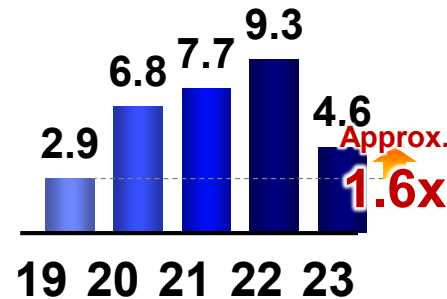
Business Intelligence

(M3 Global Research: Expanding in North America, Europe, and APAC)



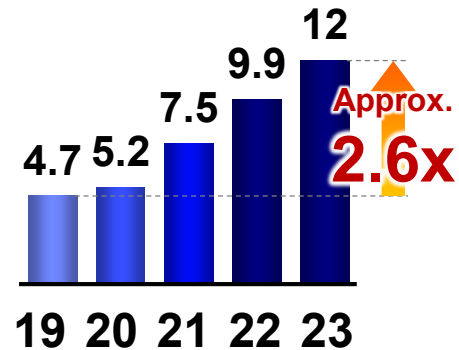
Clinical Trials

(Operation of clinical trials sites in North America)



Career for Doctors

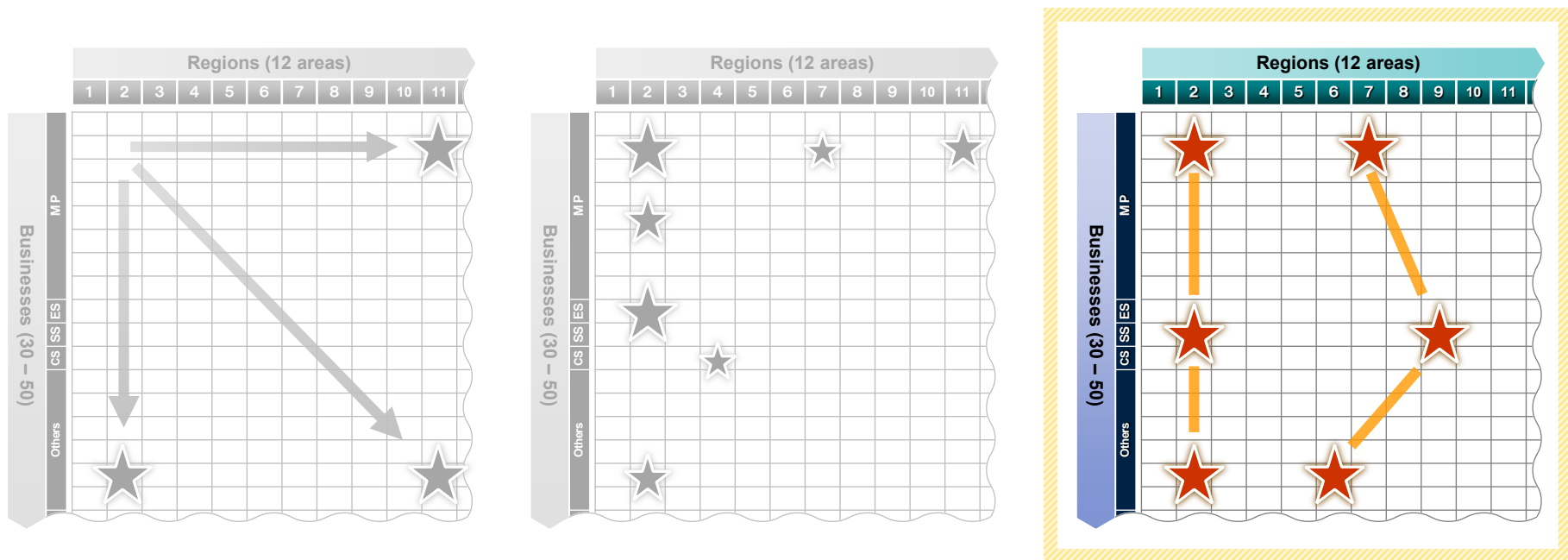
(Human resources business centered on doctors in North America and Europe)



Achieve growth trends in various business types

* Based on each subsidiary's principal business, aggregated by fiscal year

Growth Engine 3: Ecosystem Synergy Creation

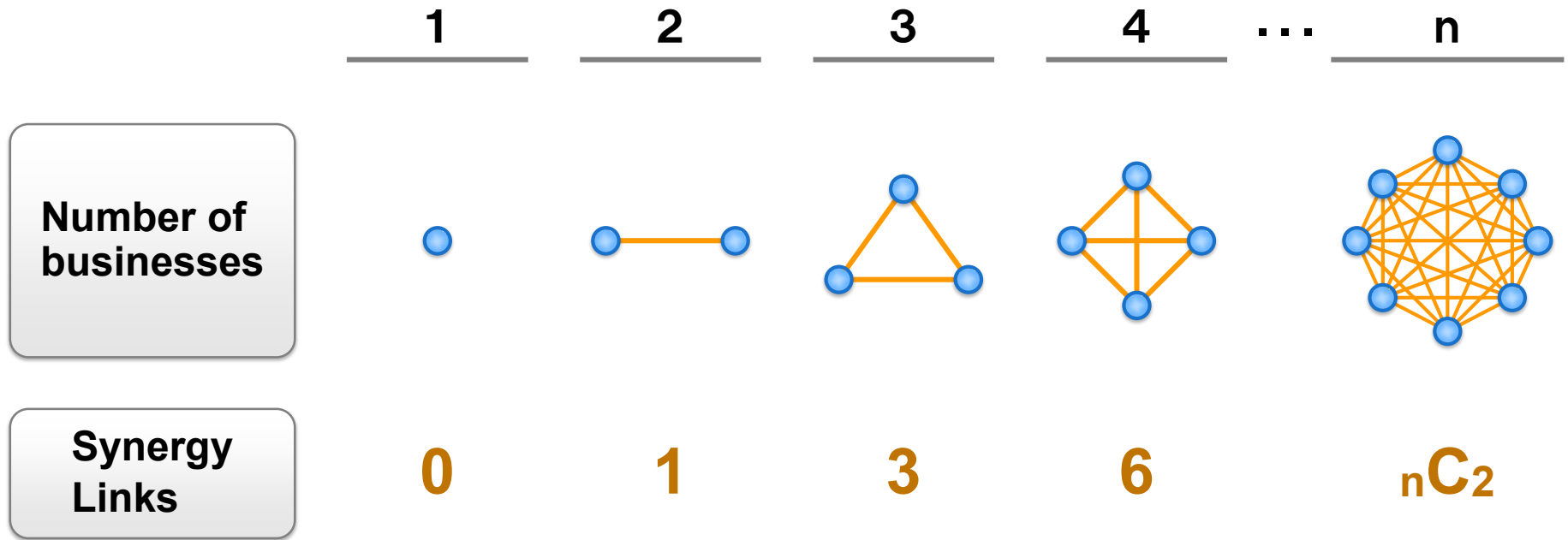


4. Social Impact Creation → CSV

Business Scope Expansion and Growth Potential

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Country	: 3 →	8 (2.5x) →	11 (3.5x) →	17 (5.5x)
Business Types	: 6 →	15 (2.5x) →	35 (6.0x) →	38 (6.0x)
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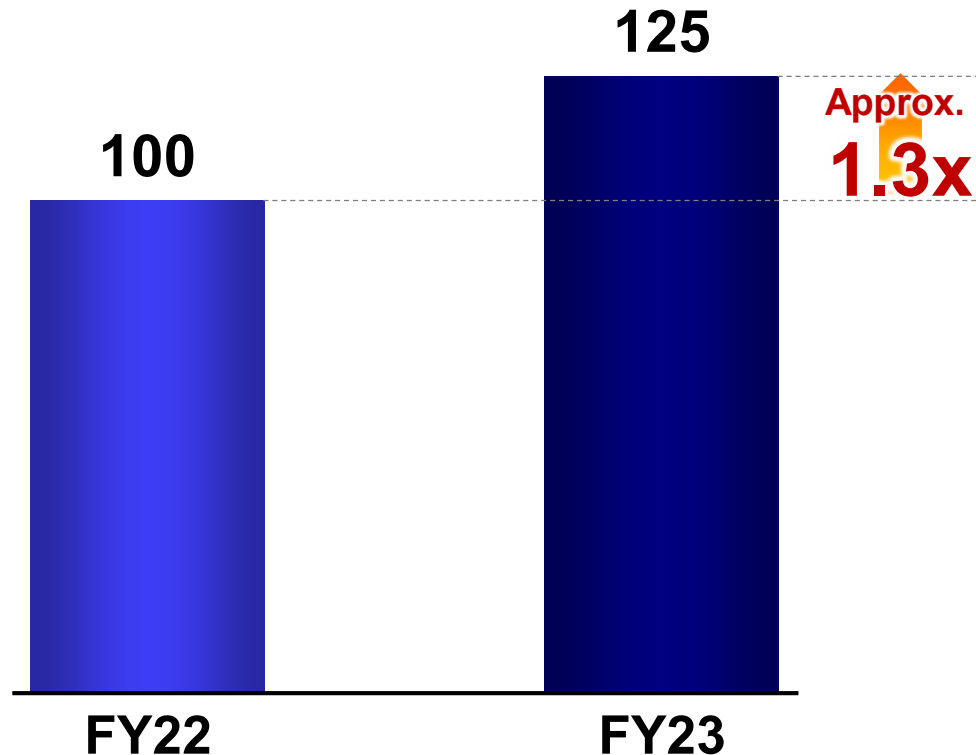
Cross-Business Synergy Creation Potential



 Synergy potential between businesses: ${}_{73}C_2 = 2,628$ possible linkages

Ecosystem Synergy Value Creation

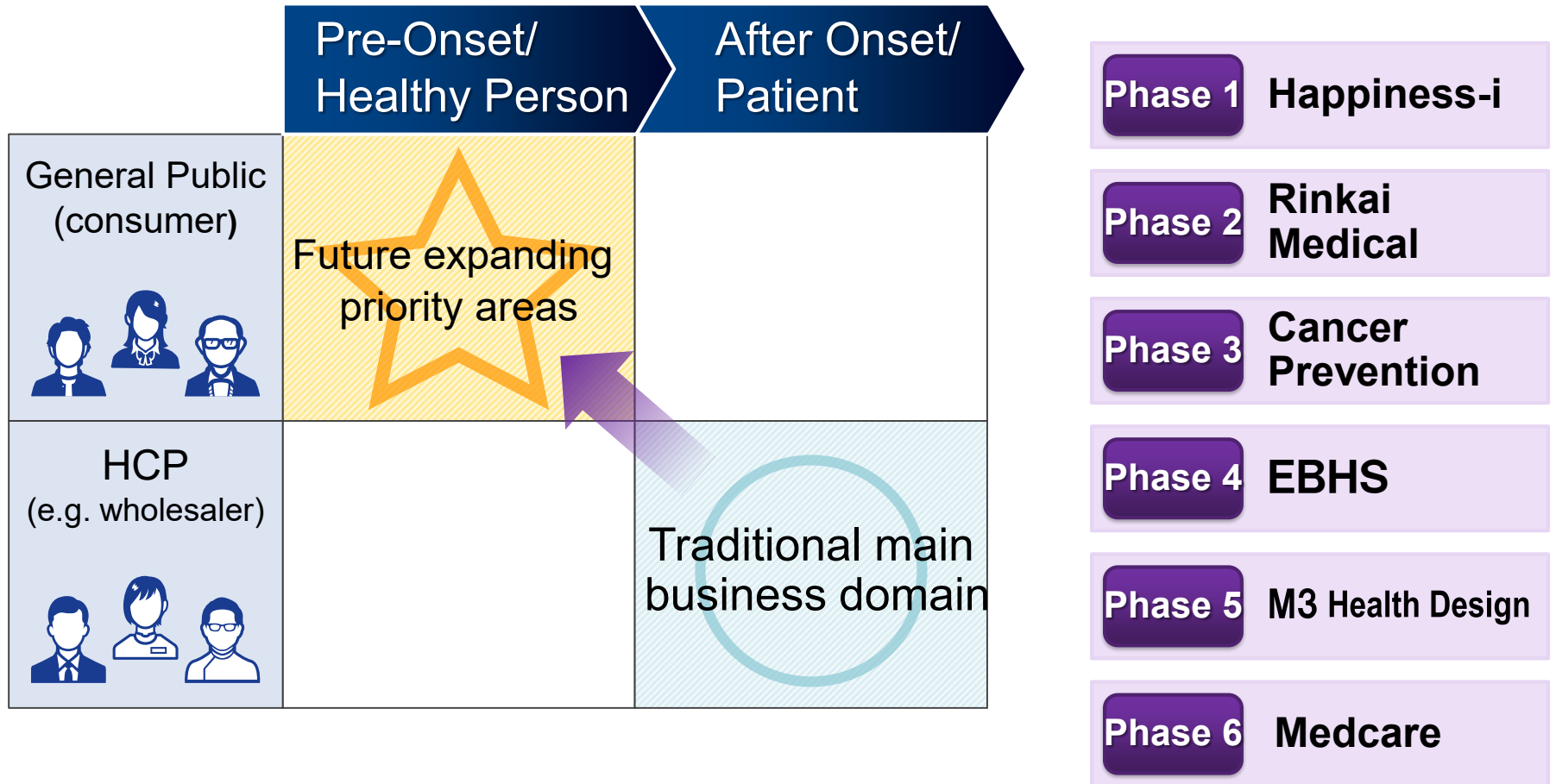
Unit: Index with FY2022 as 100



 **The next ten years will be based on ecosystem synergies, including internal and external collaborations, to further promote healthcare problem-solving/social impact creation and business expansion**

*Sum of value additive projects spanning across multiple business lines and data utilization. Definitions will be reviewed as necessary, including this time

“The White Jack Project”

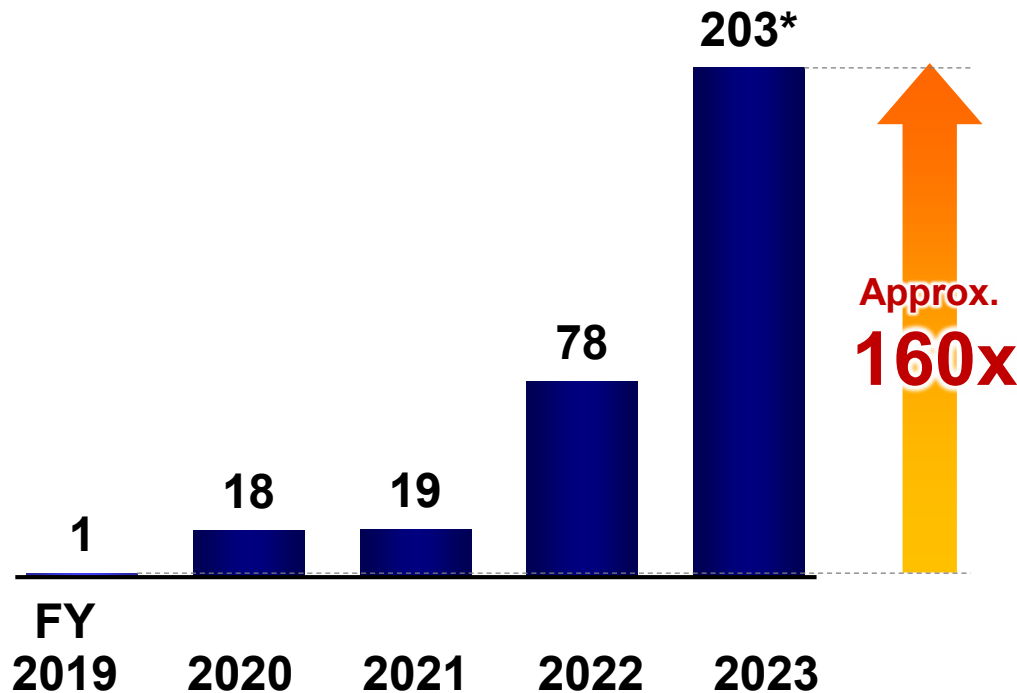


 **Steady progress is also being made on the White Jack project, which realizes M3's mission from a more upstream perspective**

Expand Coverage of Enterprise Services

Number of employees covered by corporate services

Unit: 10,000 persons



Covers approximately 2 million employees in FY23Q4, with the following services under development

- EBHS Life
- Cancer prevention, PSP
- Ask Doctors
- Booking & conducting medical check-ups
- Employee health data management

In addition to Happiness Partners, the introduction of EBHS Life is gradually expanding. Dispatch of industrial physicians and stress checks also supported

👉 Steadily expanding the business base to create ecosystem synergies as well... With the consolidation of Medcare, coverage will spread to health insurance associations from FY2024

*About 800,000 additional people are added from FY2023 for dispatching industrial physicians and providing stress check services

Consolidation of Medicare



The client health insurance associations:
more than **300**




The number of employees who are covered by its client health insurance associations:
more than **5 million**



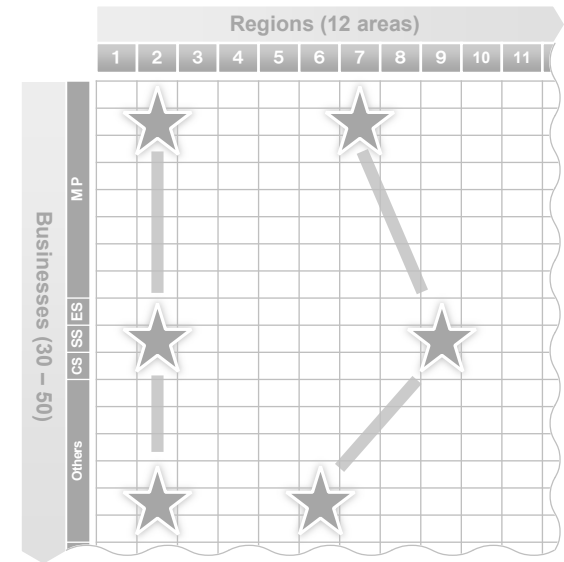
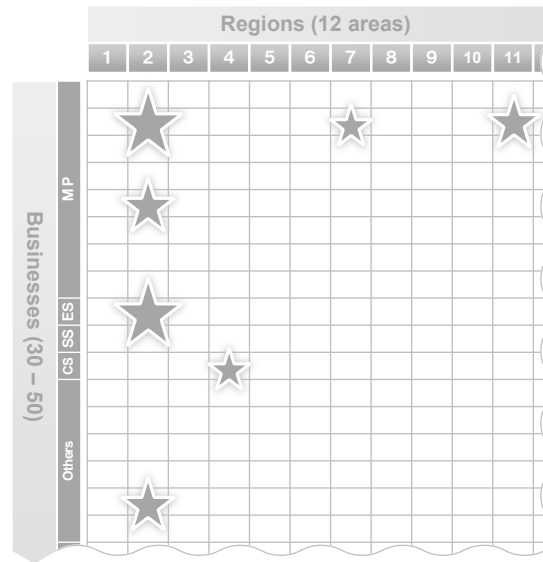
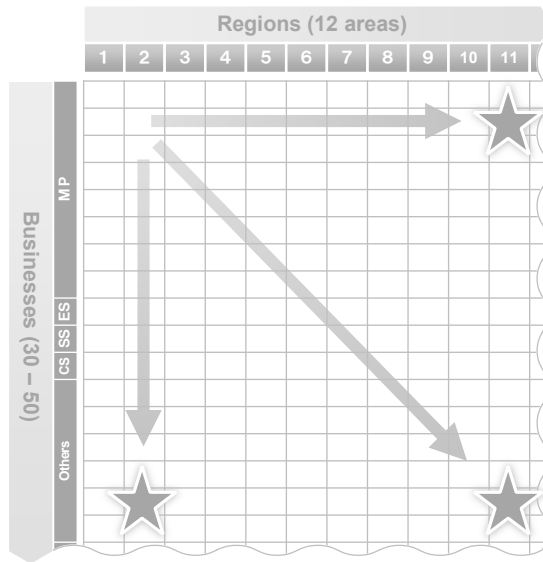
Completion rate of statutory-specific health guidance:
more than **90%**, which outperforms the 30% average in the survey conducted by the Health Insurance Association*

- Provides statutory-specific health guidance and outpatient smoking cessation services since its foundation in 2015
- After consolidation, will work with EBHS to visualize health issues and propose specific measures for improvement
- Expanding service offerings for corporates and health insurance associations, with cross-selling also expected

 Together with other services of the White Jack Project, M3 Group is now able to provide a one-stop solution for corporates and health insurance associations. Aiming to both improve employees' lifestyles and reduce medical expenses covered by the health insurance associations

* Quoted from https://www.kenporen.com/toukei_data/pdf/chosa_r04_01_03.pdf (visited on April 22, 2024)

Social Impact Creation



4. Social Impact Creation → CSV

SDGs and CSV: M3's CSV positioning

SDGs

Sustainable Development Goals

(Development goals which are possible to sustain)

Detail

International objectives that governments, businesses and individuals in all countries aim to achieve with regard to human rights, the environment and development

Positioning for companies

Each company fulfills its responsibilities towards international targets

Relevance to corporate mission

Not necessarily linked to the company's mission

CSV

Creating Shared Value

(Creation of shared values)

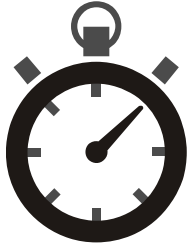
Initiatives by companies to solve social problems through their core business

Balancing corporate growth and solving social issues

Fully consistent with corporate mission/purpose

Under M3's mission of "Making use of the Internet to increase, as much as possible, the number of people who can live longer and healthier lives, and to reduce, as much as possible, the amount of unnecessary medical costs," we are also committed to SDGs through its CSV activities

M3's CSV* Impact (1/2): Patients/End Users



Providing a Seamless Healthcare Experience

Number of medical consultations using Digikar Smart: 5.6 million per annum, more than 5 times compared to the previous year

Reduction of 1.68 million hours spent in clinics

Including the above, 35.4 million hours of patient waiting time reduced by the M3 group... approximately 4,000 years or the life expectancy of 50 persons**

FY2023, from a group total of about 34 million receptions

Professional Advice Provision for Health Concerns

Offering physician answers online to daily health concerns; ~320,000 posted questions gathering over 79 million UU views annually

FY2023



Granting Wishes for Severely Ill Patients

44 wishes granted through the CaNoW program; over 1.5 million PVs of videos and articles documenting the grants

As of April 2024, since the service launch in 2019

Support for corporate health management and employee health promotion

Accelerate efforts in pre-symptomatic state and preventive medicine, with approximately 2 million employees covered

FY2023



* CSV = Creating Shared Value ** Calculated based on the average life expectancy of Japanese men and women as of 2023, quoted from the following URL <https://www.mhlw.go.jp/toukei/saikin/hw/life/life22/index.html>, as of April 18, 2024

M3's CSV* Impact (2/2): Medical Professionals

Information Provision for all HCPs

Approximately 11 million viewers in total for web conferences, etc.

FY2023



Medical Examination Support

Supporting medical examinations through the management of information across 300 million electronic health records, domestically and abroad

As of FY2023

Productivity Improvement for Pharma Companies

Distribution of 110 million e-details = workload of 55,000+ MRs (more than the total number of MRs in Japan)

FY2023



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

* CSV = Creating Shared Value

FY2024 Outlook

FY2024 Qualitative Outlook

Outlook

Driver 1: Ecosystem Expansion

- New acquisitions in FY2023 will contribute to the full-year
- New businesses and M&A in FY2024 are not factored in (in fact, the number of M&A deals under consideration and the scale of M&A deals are also on an expansionary trend)

+

Medical Platform

- Positive structural DX in pharmaceutical marketing support may be balanced by a temporary negative impact due to the drop in COVID-related revenues
- Steady growth expected in other businesses such as DX of the clinical scene

±

Evidence Solution

- Aiming to offset the short-term impact of the drop in COVID-related revenues and the completion of large projects by strengthening sales activities

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Career Solution

- Existing businesses are expected to continue to grow. In addition, new projects related to reforms in the way physicians work will also contribute

+

Site Solution

- High growth rate expected as COVID-related factors disappear

+

Overseas

- Steady growth expected in all regions
- The slowdown in US clinical trial business has run its course, with limited impact compared to FY2023

+ +

Driver 2: Individual Business Development

Driver 3: Ecosystem Synergy Creation

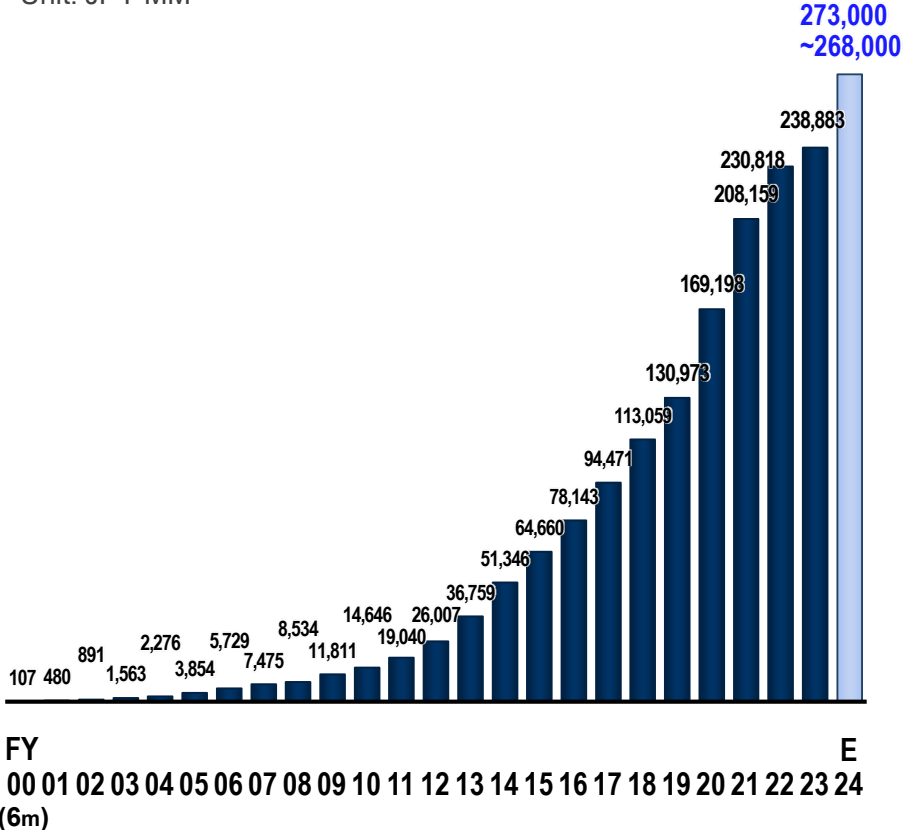
- Continuation of traditional expansion trend

+

Annual Results and Forecasts

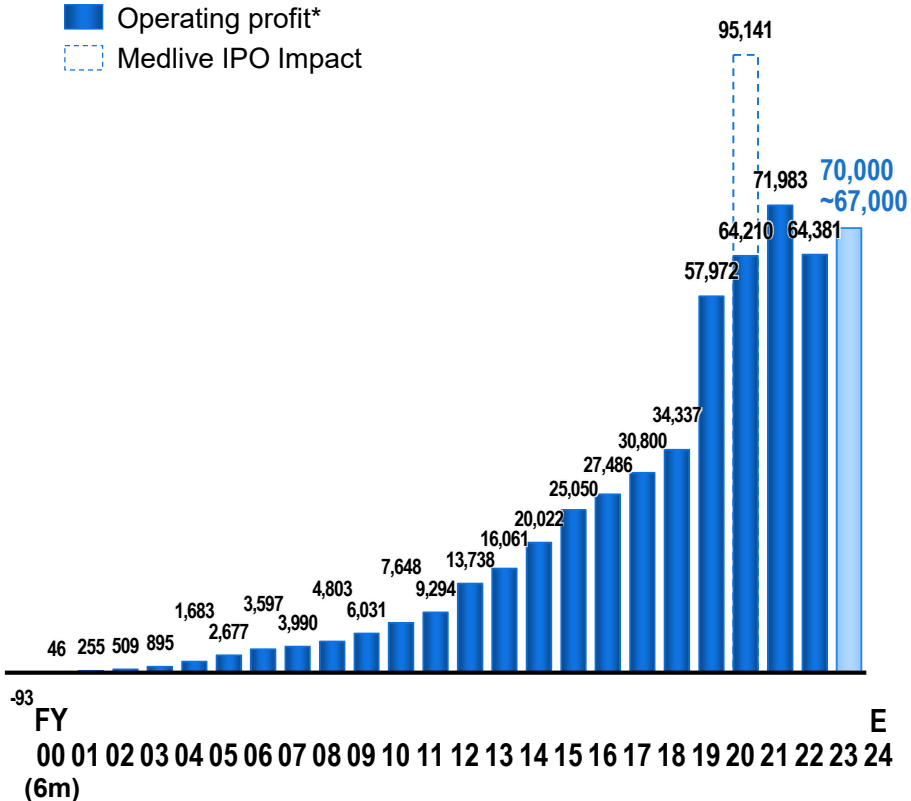
Sales

Unit: JPY MM



Operating Profit

Unit: JPY MM



👉 In line with tradition, aim to expand our business foundation and achieve growth from a medium to long-term perspective

*FY2021 excludes gains related to China IPO