

M3, Inc.

Capital and Business Alliance with ELAN Corporation

September 2024



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M3, Inc.

The Tender Offer will not be conducted, directly or indirectly, in or targeted at the United States, nor through the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication), nor through any stock exchange facilities in the United States. No tender of shares in the Tender Offer may be made through any of the aforementioned methods or means, through such stock exchange facilities, or from the United States. In addition, neither the press releases related to the Tender Offer nor other relevant documents will, or may, be sent or distributed in, to, or from the United States by the postal mail services or other means. No tender of shares in the Tender Offer that violates, directly or indirectly, any of the aforementioned restrictions will be accepted.

No solicitation to purchase securities or other equivalent instruments is being made to residents in the United States or within the United States. Even if such securities or other equivalent instruments are sent to the Company by residents in the United States or from the United States, they will not be accepted.

M3, Inc.

Overview of the Tender Offer

Key Terms and Conditions of the Tender Offer	<ul style="list-style-type: none">■ Tender offer price: 1,040 yen (Total amount: approx. 31.5 to 35 billion yen)■ Premium: 23.96% to 839 yen, the closing price of the target share on September 18, 2024** and 26.37% to 823 yen, the simple average of the closing prices of the last one month to the date■ Number of shares to be acquired: 30,360,200 (50.10%) to 33,329,453 (55.00%)■ Application obligation: All major shareholders who have signed the tender offer agreement are obligated to tender their shares and have agreed not to withdraw their tender in any case.■ Schedule:<ul style="list-style-type: none">– Period of the tender offer: Friday, September 20 to Monday, October 21, 2024– Commencement date of settlement of the tender offer: Monday, October 28, 2024
Capital and Business Alliance	<p>Overview of business alliance</p> <ul style="list-style-type: none">(a) Cross-selling to business partners of both parties(b) Enhancing the added value of CS Sets through collaboration with M3's existing services(c) Enhancing the value of the services for hospitalized patients and improving profitability of medical institutions(d) Support for overseas expansion of the Target's business(e) New business development by leveraging the Target's network for patients and hospitals as well as M3's engineering capabilities(f) Utilization of M3 Group's IT, AI technology, human resources and expertise by the Target<ul style="list-style-type: none">– The Target's management philosophy and management policies, and the independence and autonomy of management as a company listed on the TSE Prime Market will be maintained and respected.– M3 will work to maintain the listing of the target company's shares on the Prime Market.

 **Through this tender offer, M3 will acquire the shares of ELAN Corporation, 50.1% of which are held by current major shareholders Mr. Sakurai and Mr. Nakajima, and consolidate it as a subsidiary.**

* The tender offer period and other details are current plans and are subject to change.

** The business day immediately preceding the date of announcement of the tender offer

Financial and Earnings Impact

- **The amount required for this deal is approximately 31.5 to 35 billion yen**
 - **The full amount is to be covered by cash on hand.**
- **For FY Mar/25, earnings are expected to increase even after considering amortization of intangible assets, and the impact on EPS will be positive**
- **The premium of this Tender Offer Price to the market share price will be approximately 24%*, but it is within a reasonable range, and significant returns through synergy creation are expected to be realized**

* Calculated on the basis of the closing price on September 18, 2024

Overview of ELAN Corporation



Location

Matsumoto, Nagano, Japan

Established

February, 1995

Capital

JPY 573 million

Sales and Profits

Sales: JPY 41,426 million
Operating Profit: JPY 3,665 million
(Fiscal Year ended December 2023)

Client base of medical institutions

2,439 institutions
* As of the end of June 2024

Employees

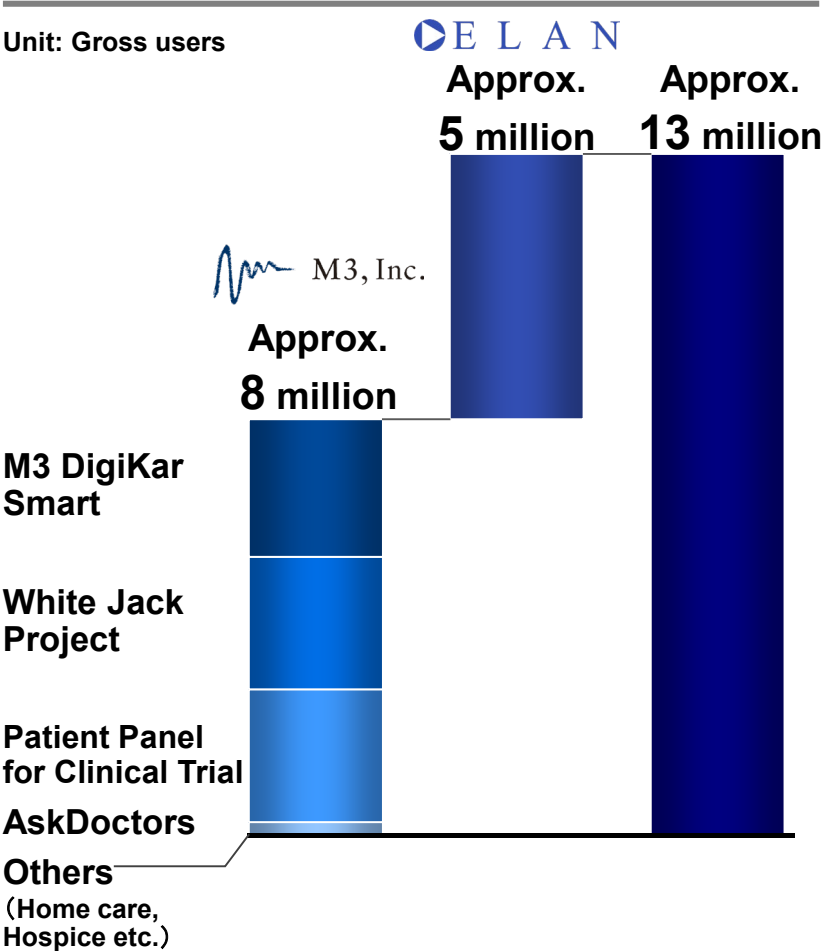
Consolidated: 692
* As of the end of December 2023

Main businesses

- **Medical and nursing care-related business (CS Set)**
 - Providing everyday items such as clothing and towels to hospitalized patients and users of medical institutions and nursing care facilities
- **Overseas business**
 - Having entered the Indian and Vietnamese markets and operating a laundry service business
- **Emerging business**
 - Providing discharge and home care packages to support patients and users after they leave hospital or care home

Aim of the offer: to-C Platform Fortification

End-user Coverage



Service Line-up



 The platform with a total of approximately 13 million users and services that cover a variety of needs, further strengthening the to-C platform

* Gross users

Collaborations and Synergies that are expected

1

Promoting new business development and enhancing the added value of CS Sets through collaboration with M3's existing services

- By acquiring patient contacts through ELAN, M3 will expand the to-C platform for which we provide services
- CS Set: ELAN will enhance its competitiveness and boost added value by collaborations with M3's services
- In addition to providing support for the development of discharge and home care packages, ELAN will also contribute to improving the quality of life of patients and improving the management of medical institutions through support that leads to early discharge

2

Cross-selling to business partners of both parties

- M3 Group owns a customer base centered on hospitals
- ELAN provides services to nursing care facilities, in addition to hospitals

3

Enhancing the competitiveness by leveraging M3's resources

- Aim to improve productivity and promote the development of new services and systems by utilizing M3's resources

4

Support for overseas expansion

- Assumes information gathering and sales cooperation for expanding ELAN's overseas development. Also possible to support entry into markets that have not yet been developed

Examples: Challenges and Solutions

- ① New Business
- ② Creation
- ③ Added Value
- ④ Enhancement

	Before hospitalization	During hospitalization	After Discharge
Challenges	Patients <ul style="list-style-type: none"> Selecting an appropriate hospital for admission Anxiety about treatment plans 	<ul style="list-style-type: none"> Burden of preparing for hospitalization, washing and replenishing hospital clothes 	<ul style="list-style-type: none"> Selecting a home healthcare provider after discharge Various lifestyle needs and issues
	Medical Institutions <ul style="list-style-type: none"> Acquiring patients to each hospital's specialty area 	<ul style="list-style-type: none"> Shortage of staff on hospital wards, increased burden outside of work Improving patient satisfaction 	<ul style="list-style-type: none"> Shortage of staff for discharge coordination Deterioration of business conditions due to an increase in the number of long-term inpatients
Solutions	ELAN	<ul style="list-style-type: none"> CS Sets 	<ul style="list-style-type: none"> Discharge and home care packages
	M3 Group <ul style="list-style-type: none"> M3PSP Forward coordination support 	<ul style="list-style-type: none"> M3 Career Prime DX of informed consents 	<ul style="list-style-type: none"> Early hospital discharge support (tentative)

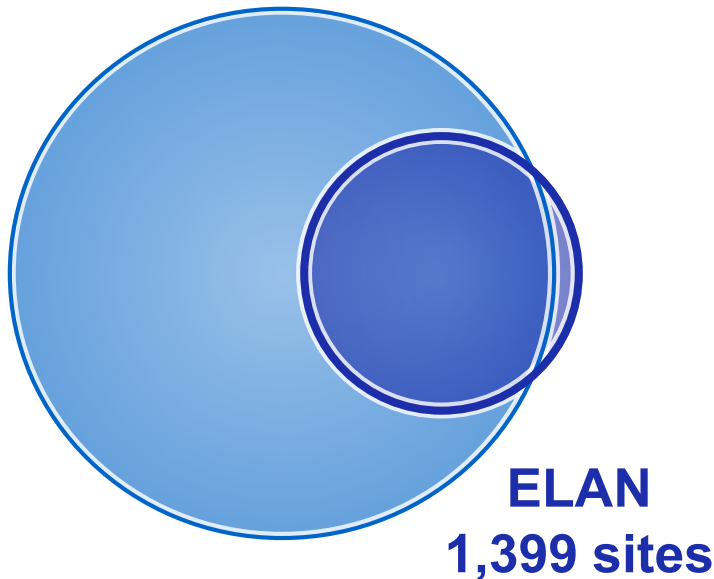
 **Aims to solve the issues faced by both patients and medical institutions at each stage from before hospitalization to after discharge**

Growth in No. of Client Hospitals

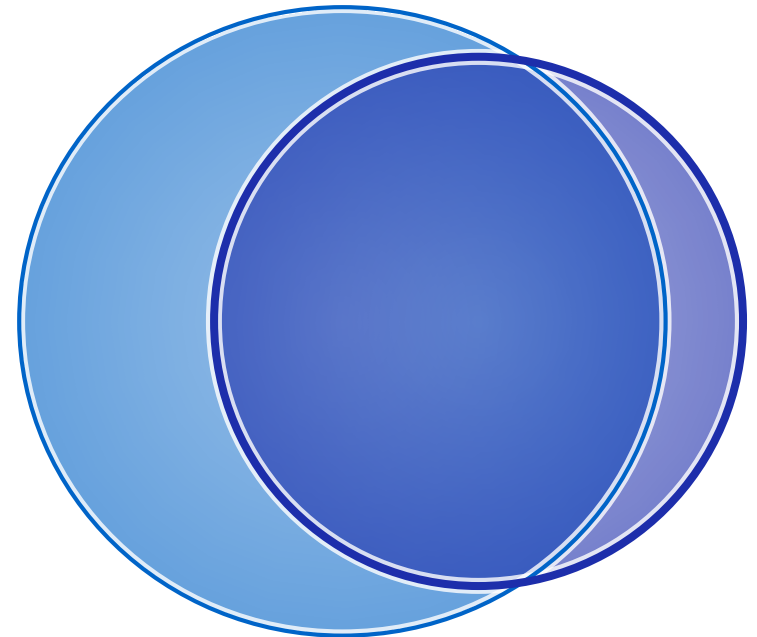
- ① Cross-selling
- ② to Both
- ③ Business
- ④ Partners

Present

M3 Group
Approx. 6,000 sites



Future



It is possible to significantly increase the number of client hospitals through mutual customer introductions. Accelerate the development of business partners by utilizing the sales resources of both companies

* The number of facilities covered by ELAN is limited to those with 50 or more beds.

Source: ELAN Corporation "Operating Results for the Second Quarter of Fiscal 2024 Ended June 30, 2024"

IT Support for subsidiaries

- ① Better
- ② Productivity
- ③ More Competitive
- ④ Advantages

- In-house resources provision for system-related support
- System development-related costs, including outsourcing, reduced by in-house development

Company A

(IT solution provider for medical institutions)

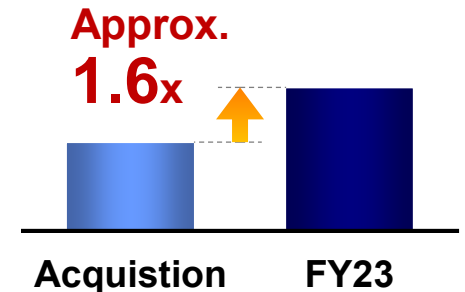
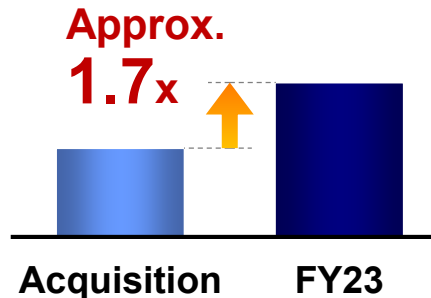
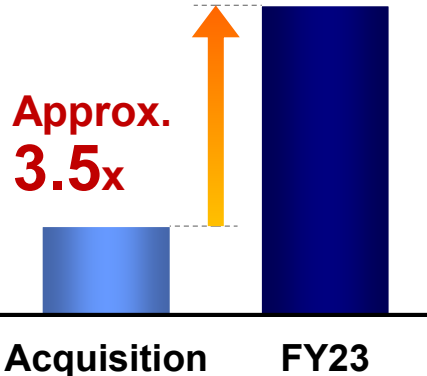
Company B

(Provider of services related to physician platform)

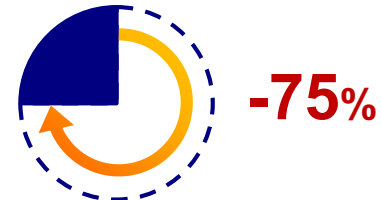
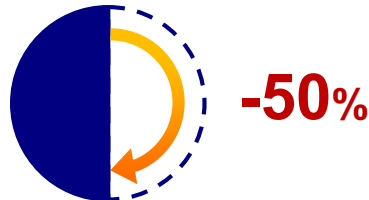
Company C

(Provider of services related to Pharma R&D)

Sales growth



IT cost reduction



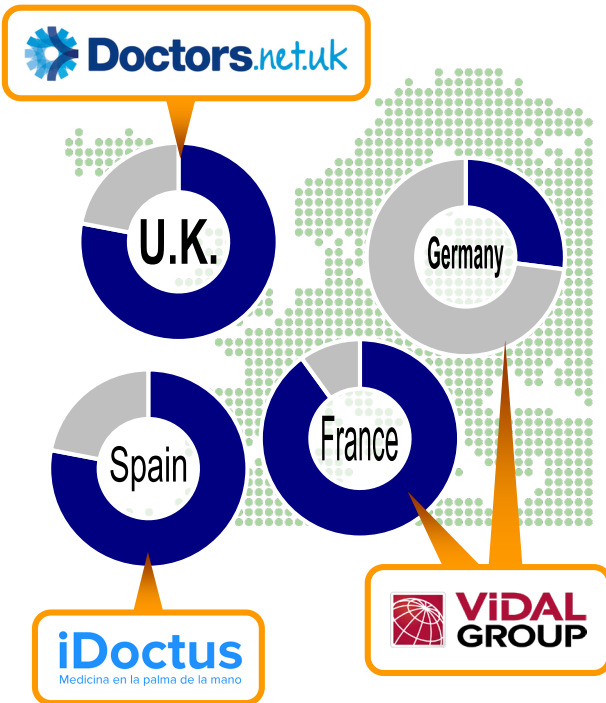
➡ Achieved both cost reduction and sales growth, with a track record of supporting many companies. With the establishment of M3 Technologies in April 2024, support function has been greatly expanded.

Our Global Physician Platform

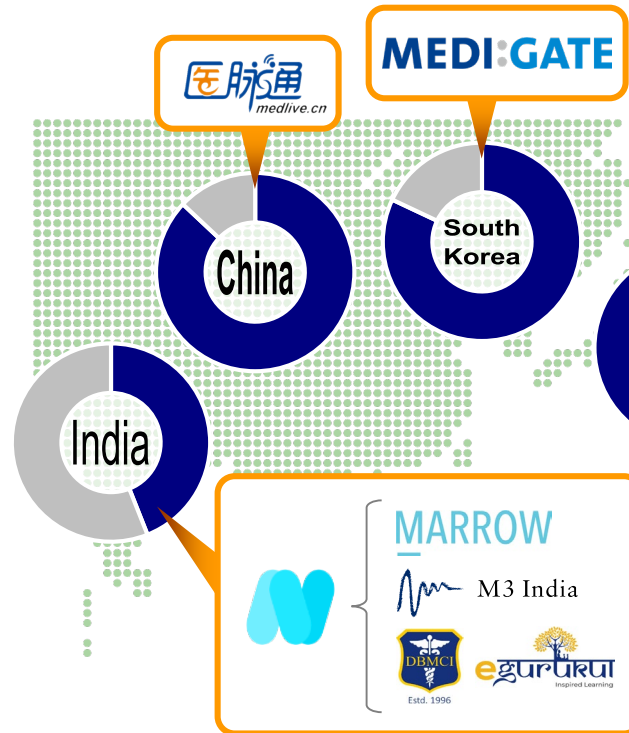
- 1 Support for
- 2 Overseas
- 3 Expansion
- 4

■ Ratio of physician members (As of June 2024)

Europe



Asia



North America



👉 M3 will support ELAN's overseas expansion by utilizing its global platform and know-how in overseas M&A

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

