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.
Current Business Situation and Outlook
# FY2017 Consolidated Results

<table>
<thead>
<tr>
<th>(million yen)</th>
<th>Forecast</th>
<th>Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>90,000</td>
<td>94,471</td>
<td>+21%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>29,000</td>
<td>29,713</td>
<td>+19%</td>
</tr>
<tr>
<td>Pre-tax Profit</td>
<td>29,000</td>
<td>29,700</td>
<td>+19%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>19,500</td>
<td>20,783</td>
<td>+23%</td>
</tr>
</tbody>
</table>

- **FY17-end dividend:** 11 yen
## FY2017 Consolidated Results by Segment

[unit: million yen]

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2016 Q4</th>
<th>FY2017 Q4</th>
<th>YoY (cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medical Platform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>28,223</td>
<td>34,306</td>
<td>+22% *</td>
</tr>
<tr>
<td>Profit</td>
<td>14,475</td>
<td>15,477</td>
<td>+7% *</td>
</tr>
<tr>
<td><strong>Evidence Solution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>22,313</td>
<td>22,084</td>
<td>-1% **</td>
</tr>
<tr>
<td>Profit</td>
<td>5,307</td>
<td>5,532</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>Career Solution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>8,631</td>
<td>10,880</td>
<td>+26%</td>
</tr>
<tr>
<td>Profit</td>
<td>2,503</td>
<td>2,871</td>
<td>+15%</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>16,338</td>
<td>22,425</td>
<td>+37%</td>
</tr>
<tr>
<td>Profit</td>
<td>1,582</td>
<td>2,980</td>
<td>+88%</td>
</tr>
<tr>
<td><strong>Other Emerging Businesses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>4,525</td>
<td>6,903</td>
<td>+53%</td>
</tr>
<tr>
<td>Profit</td>
<td>1,468</td>
<td>1,697</td>
<td>+16%</td>
</tr>
</tbody>
</table>

* Newly consolidated subsidiaries contributed more to sales, upfront investment in personnel
** Due to sale of IDA, and trough in sales at SMO Neues.

- Organic business op. margin improved (lower due to M&A impact)
- Revival of orders and profits at Neues
- Upfront hiring costs in Q1 absorbed by increasing returns after Q2
- US, EU, and China all healthy
- Continuing expansion of future growth drivers
Upfront Investment Costs for Future Growth

(million yen)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;A Fees</td>
<td>225</td>
</tr>
<tr>
<td>Application of dual corporate tax system</td>
<td>104</td>
</tr>
<tr>
<td>Retrospective Restatement of China Sales</td>
<td>262</td>
</tr>
<tr>
<td>Recruiting &amp; Training Fees</td>
<td>986</td>
</tr>
<tr>
<td>Productivity Time Lag of New Staff</td>
<td>834</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.6 ~ 2.4 bn yen</strong></td>
</tr>
</tbody>
</table>

Special costs incurred dampened profits by 1.6 ~ 2.4 bn yen. Aggressive upfront investment to continue.
Over \( \frac{3}{4} \) of OP growth from businesses aside from MR-kun Family.

MR-kun family will continue to grow, however, the larger contributions will arise from other businesses.
Current Business Situation and Outlook
### Overview

<table>
<thead>
<tr>
<th>Medical Platform</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Expansion of marketing support business for pharmaceutical and medical device companies, aggressive hiring since Q4.</td>
</tr>
<tr>
<td>- Sales: 34.3 bn yen (+22% yoy), Op. Profit: 15.5 bn yen (+7% yoy)</td>
</tr>
<tr>
<td>- Orders so far are higher by roughly +15% yoy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evidence Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Sale of IDA and a dip in projects at SMO Neues resulted in sales of 22.1 bn yen, in line with previous year levels.</td>
</tr>
<tr>
<td>- Q4 quarter 3 months op. profit grew +23% YoY</td>
</tr>
<tr>
<td>- Orders backlog remains at 27 bn yen, with op margins stable at 25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Career Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Business expanded as user demand increased with sales at 10.9 bn yen (+26% yoy) and op. profit at 2.9 bn yen.</td>
</tr>
<tr>
<td>- Significant recovery and absorption of upfront investment in personnel in Q1, with full year op. profit growth +15% yoy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Continued sales and profit growth led by the research business development and improvement in the US and UK. US clinical trial business entered via consolidation of WAKE</td>
</tr>
<tr>
<td>- Sales: 22.4 bn yen (+37% yoy), Op. Profit: 3.0 bn yen (+88% yoy)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Acceleration in initiatives within the field of advanced medicine. DuraBeam™ developments proceeding as scheduled</td>
</tr>
<tr>
<td>- Next growth drivers continue to expand</td>
</tr>
</tbody>
</table>
M3’s Growth

Domestic

Medical Platform

Platform Linked Business

Overseas
Doctors spend the most time collecting information via the Internet. However, pharmaceutical firms operating in Japan spend the majority of their marketing budget on off-line sales rep related costs.

**Time Allocation of doctors collecting info**
- Internet: 39%
- Sales Reps: 17%
- Other: 44%

**Marketing Budget Allocation of drug companies in Japan**
- Internet: 2%
- Sales Reps: 92%
- Other: 7%

- Other: ~100 bn yen
- Sales Reps: ~1.5 tril yen
- Internet: ~ 40 bn yen

Source: M3 research, percentages are approximate
Medical Platform Growth Potential in Japan

In addition to pharma companies, sales from device companies are growing. Sales from Device Companies grew over 2x YoY.

- **Main CLIENTS**
  - Currently: (approx.) 70 Companies
  - Full Potential: 100 Companies
  - Growth Potential of 4~5x current levels

- **SALES per CLIENT**
  - (approx.) ¥500 mn
  - ¥0.8 bn ~ ¥1 bn per client drivers:
    - # of products
    - # of opt-in MDs
    - Added value of contents

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Medical Platform Services

Marketing Process at Healthcare Related Companies

<table>
<thead>
<tr>
<th>Pharma Company Needs</th>
<th>Corresponding Department</th>
<th>M3 Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product strategy development</td>
<td>Corporate Planning</td>
<td>M3 Research</td>
</tr>
<tr>
<td>Key message identification and content production</td>
<td>Marketing</td>
<td>Web Content Creation</td>
</tr>
<tr>
<td>Efficient message delivery to the medical scene</td>
<td>Marketing Multi-channel Group</td>
<td>Agency Business</td>
</tr>
<tr>
<td>Product sales expansion</td>
<td>Sales</td>
<td>Web Conference</td>
</tr>
<tr>
<td></td>
<td>Corporate Planning</td>
<td>One Point eDetail</td>
</tr>
</tbody>
</table>

Expanded service line-up to accommodate a wider range of marketing needs, unlimited to just information delivery (original MR-kun), as a one stop shop

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“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.”

~ 2010
Evolution via MR-kun for pharmaceutical e-Marketing

2011 ~
Evolution via Mr. Finder for pharmaceutical e-R&D

Power of Mr. Finder in Drug Development
Case study

Patient Enrollment in Large-Scale Trials

Mr. Finder dramatically outpaced competitors both by number and speed in enrolling cases for a particular Endocrinology trial.

Expedited enrollment of motivated physicians and patients compared to other SMOs.
SMO Neues hit a dip, however, performance remained healthy at CROs, resulting in positive profit growth for the full year.
Orders backlog remained around 27bn yen, with corresponding increases in headcount as upfront investment.

Sales stayed flat due to a dip in projects at SMO Neues, however, margins remained high at 25%.

<table>
<thead>
<tr>
<th>FCT</th>
<th>Segment Profit</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td>-288</td>
<td>1,370</td>
</tr>
<tr>
<td>10</td>
<td>-58</td>
<td>1,860</td>
</tr>
<tr>
<td>11</td>
<td>423</td>
<td>2,321</td>
</tr>
<tr>
<td>12</td>
<td>517</td>
<td>4,283</td>
</tr>
<tr>
<td>13</td>
<td>1,126</td>
<td>6,554</td>
</tr>
<tr>
<td>14</td>
<td>1,799</td>
<td>13,195</td>
</tr>
<tr>
<td>15</td>
<td>3,908</td>
<td>19,992</td>
</tr>
<tr>
<td>16</td>
<td>5,328</td>
<td>22,313</td>
</tr>
<tr>
<td>17</td>
<td>5,532</td>
<td>22,084</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td>23,000</td>
</tr>
</tbody>
</table>

FY18 FCT 23 bn yen
Sales and Profit Trend of M3 Career

(million yen)

Sales and profit expansion from increase in staff and productivity

Absorbed upfront hiring impact from Q1, and returned to the usual growth rate
Number of Physician Members and Panelists (Global)

(thousand)

4+ million members worldwide

Other Nations (M3 Global Research, MDLinx, Russia)
Korea (Medigate)
India
China (Medlive)
France, Germany, Spain (VidalGroup)
U.K. (Doctors.net.uk)
U.S.A (MDLinx)
Japan (m3.com)

Over 4 million physicians utilize M3’s global platforms
China: Membership Expansion

Number of Physician Members in China

- Topped 2.1 million physician members, covering the majority of doctors in China
- Marketing services for drug companies starting with MR-kun, and research services showed steady growth
- MR-kun is now being utilized by 11 pharma companies across 35 drugs
- Newly approaching local clients, in addition to MNCs
- Launched career services for physicians

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>953</td>
<td>1,019</td>
<td>1,154</td>
<td>1,250</td>
</tr>
<tr>
<td>FY15</td>
<td>1,096</td>
<td>1,154</td>
<td>1,250</td>
<td>1,362</td>
</tr>
<tr>
<td>FY16</td>
<td>1,561</td>
<td>1,617</td>
<td>1,680</td>
<td>1,753</td>
</tr>
<tr>
<td>FY17</td>
<td>1,838</td>
<td>1,908</td>
<td>1,985</td>
<td>2,026</td>
</tr>
</tbody>
</table>

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Acquisition of Wake

- Clinical trial site management market size: $14B
- Number of managed sites: 12
  Sales: $20M
- Phase I~IV with strength in Neurology, Gastrointestinal, Dermatology, and Women’s Health
- Strong management with experience in growth through programmatic M&A
- Expected synergies:
  - Patient recruitment optimization
  - First step in provision of efficient large scale clinical trial service

Wake to potentially function an M&A engine for M3
Plan to roughly double the number of sites in 1 to 2 yrs
Sales and Profit Trend of Overseas

(million yen)

Profitability in the US and UK improved dramatically led by the research business.

Profit margin expansion from operational improvements. Dispatched personnel from Japan to share accumulated business expertise.
In addition to Vidal’s contribution, results from the US, UK, and China all remained healthy. Retroactively restated China sales upon reevaluation of recoverability.
M3 Group’s Business Strategy
Strategy Change in Business Development

New Service Development in the Medical Internet Sector
(2000~2010)

Internet

Web-based eTools

~10

High profitability (Mid absolute profit)

Small

M3 is uniquely positioned to transform the health care industry via its
1) Platform  2) Industry Expertise and
3) Human Resources (management and engineering)

Internet-Powered PE Style Business Expansion in Healthcare Industry
(2011~)

Internet + Real Operations

Entire Value-Chain

30 ~ 50
(~ 200 including overseas)

High absolute profit (Mid profitability)

Medium ~ Large

Approach
Service Coverage
Potential Business Domains
Profitability
M & A
Evolution of M3 Growth Drivers

Main Initiatives

- Seeds Rocket / M3i
- Various solutions within cancer specialties
- M3 AI Labo
- Genome Diagnosis / G-TAC
- e-Clinical Trials
- M3 Career (Job placement for physicians)
- MR-kun Family
- Web Surveys

Full-scale entry into the field of Advanced Medicine, as the third growth driver for M3
## DuraBeam Marketability

### Physician’s Intent to Utilize DuraBeam Upon Launch

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>After DuraBeam Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artificial Dura Mater</td>
<td>21.9%</td>
<td>11.8%</td>
</tr>
<tr>
<td>(Absorbable)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Artificial Dura Mater</td>
<td>78.0%</td>
<td>35.3%</td>
</tr>
<tr>
<td>(Non-absorbable)</td>
<td></td>
<td>52.9%</td>
</tr>
</tbody>
</table>

- **DuraBeam** has potential to become over 50% of the artificial dura mater market.
Value Creation via M&A

- We aim to create value across 3 successive terms after execution of M&A.
- Execution of 50+ M&As in the past 5 years have created more synergistic effects than expected and has provided accumulation of turn-around expertise.
- PE-style investment will be applied to create value overseas as well going forward.

**Short term**
- **Synergy Lever 1**
  - PE type Cost Restructuring
    - ex. Reviewing indirect cost

**Mid term**
- **Synergy Lever 2**
  - Topline improvement via m3.com integration
    - ex. Expanding product pipelines that utilize m3.com

**Long term**
- **Synergy Lever 3**
  - Cross-business synergy maximization, new business model creation
    - ex. Offering new clinical trial services utilizing e-Medical Charts
7P Projects: M3’s New Strategic Approach
Direction of Value Creation: Until Now

**<Service・Function Group>**

- MR-kun
- A.I.
- Genome
- Clinical Trial/Research
- e-Medical Charts

**Disease A**
**Disease B**
**Disease C**
**Disease D**

- Individual service and function development; launches all progressed healthily
M3 A.I. Diagnostic Engine Accuracy

- M3’s original A.I. diagnostic engine has already reached the highest global standards.
- A.I. diagnostic accuracy largely depends on the amount of data. M3’s ability for collection surpasses that of any competitor.

Accuracy of A.I. diagnostic engine on par with highest global standards. M3 has largest advantage over data volume accumulation, which dictates A.I. accuracy.
Value Creation Going Forward

Until Now

New Approach to be Strengthened

- Individual service and function development... the Dots
- Strengthen solutions for disease and medical issues... the Lines

Disease A
A.I.
Genome
Clinical Trial/Research
E-Medical Charts

Disease B
Disease C
Disease D

Disease A
Disease B
Disease C
Disease D

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Comparing Healthcare to Typical Businesses

Typical Business

- **Product Provider**
- **Client**

Simple “Make & Sell” world

Healthcare Business

- **Product Provider**
- **Client**

A world where “Win-win” solutions are required to satisfy multiple “clients”

- **User**
- **Decision-maker**
- **Payer**

- **Patient**
- **Doctor**
- **Insurance Plan / Companies**
- **Payer**
Enterprise Value Creation

Development of Product and Technology (Product Engineering)

Development and Construction of Systems and Business Scheme

Enterprise Value

Larger enterprise value is created through business scheme creation
Directionality of New Business Opportunity Cultivation

Component Approach

“We have excellent technology!”

“Who will be our clients?”

“Let’s remove any obstructive factors and start a business!”

- Ideation is limited to existing frameworks surrounding the product/technology
- Typically, individual products alone often cannot fully satisfy client needs

Problem Solving Approach

“This is how a new healthcare system should look like.”

“What is needed to make that a reality?”

“Contribution area for our products and technology is in this area!”

- Creates broader solution choices and higher impact
- Collaboration becomes possible with a diversity of players working with the same vision
4Ps of Marketing is not enough

There is a limit to the 4P theory when dealing with Medical issues…
7Ps of Healthcare Business

7 P’s | Description | Example
--- | --- | ---
Performance Target | Concrete directionality of solution | Patient reduction, Medical cost redux
Philosophy | Fundamental principle | Overall optimum over local optimum
Technology Platform | Products/technology and their utilization | Diagnostic and treatment technology, A.I., Genome
Place / Process | Place of medical care delivery | Hospital, Home care, hospital coordination
Payment System | Payment system, cash flow | Medical and long-term care insurance, patient expenses
People / Player | Healthcare service provider | Doctors, medical sites, Cloud workers
Public Policy | Legal and political frameworks | Insurance system, medical regulations

7P: a Problem Solving Framework for Healthcare
Creating solutions across the entire healthcare eco-system (7P Project), not limited to just marketing and R&D, expands our addressable market from 4 trillion yen to 40 trillion yen, and up to 500 trillion yen including overseas markets.
<table>
<thead>
<tr>
<th>Segment</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Platform</td>
<td>- Continued growth from increase in service utility from clients</td>
</tr>
<tr>
<td></td>
<td>- Aggressive hiring to support sales resource fortification and platform expansion</td>
</tr>
<tr>
<td>Career</td>
<td>- Healthy growth led by job placement for physicians.</td>
</tr>
<tr>
<td>Evidence Solution</td>
<td>- Continued growth from strong orders and projects progress</td>
</tr>
<tr>
<td>Overseas</td>
<td>- US: Continued growth of each business, with contribution from the newly launched clinical trial business</td>
</tr>
<tr>
<td></td>
<td>- EU: UK and France both developing healthily</td>
</tr>
<tr>
<td></td>
<td>- China: Healthy growth led by MR-kun</td>
</tr>
<tr>
<td>Other Emerging Businesses</td>
<td>- Various businesses in the other segments to expand in both scope and content</td>
</tr>
</tbody>
</table>
FY2018 Budget Guideline

Topline

- Opportunities are partially and conservatively incorporated
- Pending new businesses and M&As are excluded

Cost

- Continued aggressive hiring, planning increase of 450 headcounts over the fiscal year:
  - Medical Platform: 150
  - Evidence Solution: 100
  - Career: 100
  - Others: 100

- Allocation for M&A related costs such as advisory fees: 400 million jpy
## FY2018 Forecast

<table>
<thead>
<tr>
<th>(million yen)</th>
<th>FY2017 ACT (Pre-IFRS9)</th>
<th>FY2017 ACT (IFRS9)</th>
<th>FY2018 FCT (IFRS9)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>94,471</td>
<td>94,471</td>
<td>113,350</td>
<td>+20%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>29,713</td>
<td>27,587</td>
<td>31,720</td>
<td>+15%</td>
</tr>
<tr>
<td>Pre-tax Profit</td>
<td>29,700</td>
<td>27,574</td>
<td>31,700</td>
<td>+15%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>20,783</td>
<td>19,327</td>
<td>22,220</td>
<td>+15%</td>
</tr>
</tbody>
</table>

IFRS9 (Financial Instruments) will be applied starting FY18. IFRS9 based numbers for FY2017 have been retrospectively calculated for your reference.
IFRS9 Application on Investments

Stock holdings will be categorized into 2 groups

1. Booked under Comprehensive Income to reduce performance volatility

2. Booked under Operating Profit given venture capital investments are being conducted as a business

Equity Method Affiliates

<table>
<thead>
<tr>
<th>Listed</th>
<th>Unlisted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honyaku Center</td>
<td>P5</td>
</tr>
<tr>
<td>Medical Net</td>
<td>Hyuga Pharmacy</td>
</tr>
</tbody>
</table>

Minority Stake

<table>
<thead>
<tr>
<th>Listed</th>
<th>Unlisted</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMS</td>
<td>Raksul</td>
</tr>
<tr>
<td>HMT</td>
<td>Genomix</td>
</tr>
</tbody>
</table>

Exempt from IFRS9 Scope

same treatment as previous

Listed companies will be booked under Comprehensive Income to reduce volatility in reported results. Unlisted companies will be booked under Operating Profit.

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Annual Results & Forecast for FY2018

Sales

(mn yen)

Operating Profit & Net Profit

(mn yen)

Operating Profit
Net Profit

* FY17 results retroactively restated according to IFRS9 (Financial Instruments)
Creating New Value in Healthcare

M3

Medicine
Media
Metamorphosis

Healthcare sector is enormous...

- Japanese national spending on medical services is approximately ¥33tn (¥50tn including peripheral businesses)
- Equivalent to 10% of Japanese GDP
- Sector controlled by only 290,000 physicians (0.2% of the national population)

Aim to create new value

- Provide solutions within the healthcare sector
- Provide new and unique business models
- Specialize in niches areas that provide opportunity for high value creation and high profits in order to boost enterprise value