Disease Specific Solution Provision
— Consolidation of Y’s, Inc. —

August 2018
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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.
Value Creation Going Forward

Until Now

- Individual service and function development... the Dots
- Disease A
- Disease B
- Disease C
- Disease D

New Approach to be Strengthened

- Strengthen solutions for disease and medical issues... the Lines
- Disease A
- Disease B
- Disease C
- Disease D

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## 7Ps of Healthcare Business

### 7 P’s

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<tr>
<th>7 P’s</th>
<th>Description</th>
<th>Example</th>
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<tr>
<td>Performance Target</td>
<td>Concrete directionality of solution</td>
<td>Patient reduction</td>
</tr>
<tr>
<td>Philosophy</td>
<td>Fundamental principle</td>
<td>Overall optimum over local optimum</td>
</tr>
<tr>
<td>Technology Platform</td>
<td>Products/technology and their utilization</td>
<td>Diagnostic and treatment technology</td>
</tr>
<tr>
<td>Place / Process</td>
<td>Place of medical care delivery</td>
<td>Hospital</td>
</tr>
<tr>
<td>Payment System</td>
<td>Payment system, cash flow</td>
<td>Medical and long-term care insurance, patient expenses</td>
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<tr>
<td>People / Player</td>
<td>Healthcare service provider</td>
<td>Doctors, medical sites, Cloud workers</td>
</tr>
<tr>
<td>Public Policy</td>
<td>Legal and political frameworks</td>
<td>Insurance system, medical regulations</td>
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### 7P: a Problem Solving Framework for Healthcare

- **Performance Target**: Patient reduction, Medical cost redux
- **Philosophy**: Overall optimum over local optimum
- **Technology Platform**: Diagnostic and treatment technology, A.I., Genome
- **Place / Process**: Hospital, Home care, hospital coordination
- **Payment System**: Medical and long-term care insurance, patient expenses
- **People / Player**: Doctors, medical sites, Cloud workers
- **Public Policy**: Insurance system, medical regulations
Expansion of M3’s Addressable Market

**Former Target Market**
- Marketing and R&D: 4 trillion yen
- Medical Cost: 10.6 trillion yen
- Other: 31.8 trillion yen

**7P Project Market**
- National Healthcare Expenditure (Japan): 42.4 trillion yen

Creating solutions across the entire healthcare eco-system (7P Project), not limited to 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.
Acquisition Objective

Y’s, Inc.

- 10 facilities with physical therapists, acupuncture and moxibustion specialists, and various trainers
- Superior care program specializing in post-stroke rehabilitation focused on QOL improvement and results

M3, Inc.

- Physician membership panel exceeding 270,000 physicians in Japan
- Digital services such as MR-kun and Mr. Finder, and business expansion expertise
- Various advanced medicine initiatives such as Genome business, AI Labo

Strategic Objective

“e + real” integration for disease specific solution provision
### Overview of Y’s

**Y’s, Inc.**

<table>
<thead>
<tr>
<th>Founded</th>
<th>2014</th>
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<tbody>
<tr>
<td><strong>Main Business</strong></td>
<td>Operation of non insurance covered “Stroke Rehabilitation Centers” for post-stroke rehabilitation</td>
</tr>
<tr>
<td>Employees</td>
<td>approx. 110</td>
</tr>
<tr>
<td>Facilities</td>
<td>10 facilities centered around Kanto area</td>
</tr>
</tbody>
</table>
| Sales | FY2016: 428 million yen
FY2017: 639 million yen |

#### Thorough One-on-one Care
- 2 hour one-on-one sessions for definite results
- Go beyond a typical hospital’s recovery standard of “at the least you can live,” to visualizing and working towards manifesting a specific state of being
- Top package: 60-day twice a week program offered at 300,000 jpy

#### Highly Valued by Service User
- 70% sign-up after trial use
- 68% repeat rate (includes maintenance care)
Cerebrovascular Disease Rehabilitation Market and Potential

- An estimated 1.5 million patients currently have cerebrovascular disease, and this number is expected to increase.
- Rehabilitation market potential, estimated from the number of patients, amount to 800 billion yen.
- Y’s have provided rehabilitation services to over 2,000 patients suffering from the aftereffects of a cerebrovascular event.

Cerebrovascular Disease Patients (Est.)

Market Environment

- Limited number of players relative to market size.
- Y’s is the number one leader in the industry.
- Actual competition is against insurance covered rehabilitation services, and differentiation can be made through awareness of the dramatic difference in effectiveness.
# Ideas for Synergy Creation

<table>
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<tr>
<th>Synergy</th>
<th>Development Direction</th>
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<tr>
<td>(1) Client base expansion via m3.com</td>
<td>Leverage m3.com member physician panel to disseminate awareness of Y’s services to patients</td>
</tr>
<tr>
<td>(2) Home rehabilitation care business creation</td>
<td>Utilize M3 group company Sofiamedi’s expertise on home care to develop a non insurance covered home rehabilitation care business</td>
</tr>
<tr>
<td>(3) Combine with genome diagnostics to improve treatment</td>
<td>Offer G-TAC’s drug response genetic testing to patients with cerebrovascular disease to decipher the most effective drug in relapse prevention</td>
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Aggregate all M3 group resources to create an optimum solution, specific to cerebrovascular disease