

M3, Inc.

Presentation Material

April 2019





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.

FY2018 Consolidated Results

IFRS9

(million yen)	FY2017	FY2018	YoY
Sales	94,471	113,059	+20%
Operating Profit	27,486	30,800	+12%
Pre-tax Profit	27,472	30,942	+13%
Net Profit	19,225	21,346	+11%

FY2018 Consolidated Results by Segment

(million yen)

			FY2017	FY2018	YoY
Domestic	Medical Platform	Sales	34,306	41,248	+20%
		Profit	15,366	15,391	+0%*
	Evidence Solution	Sales	22,084	22,633	+3%
		Profit	5,532	5,985	+8%
	Career Solution	Sales	10,880	13,710	+26%
		Profit	2,871	3,847	+34%
	Other Emerging Businesses	Sales	6,903	12,692	+84%
		Profit	1,697	2,484	+46%
	Overseas	Sales	22,425	25,124	+12%
		Profit	2,980	3,638	+22%

Profit grew +22% YoY for Jan-Mar quarter

Both physician and pharmacist placements are healthy

Acceleration phase of future growth drivers

* Newly consolidated subsidiaries contributed more to sales, upfront investment in personnel

FY2018 Q4 Overview

Medical Platform

- Diversification of marketing support business for pharmaceutical and medical device companies drove sales higher by +20% yoy, with large scale projects contributing to positive profit growth in Q4
- Aggressive upfront investments to continue, forecasting positive profit growth next FY.

Evidence Solution

- Positive growth in both sales and profit, with margins at 26%
- Orders backlog remains at 26 bn yen

Career Solution

- Both physician and pharmacist inflow remain robust, with sales at 13.7 bn yen (+26% yoy) and operating profit at 3.8 bn yen (+34% yoy)

Emerging Businesses

- Multiple new businesses entering rapid growth phase
- Acceleration in initiatives within the field of advanced medicine

Overseas

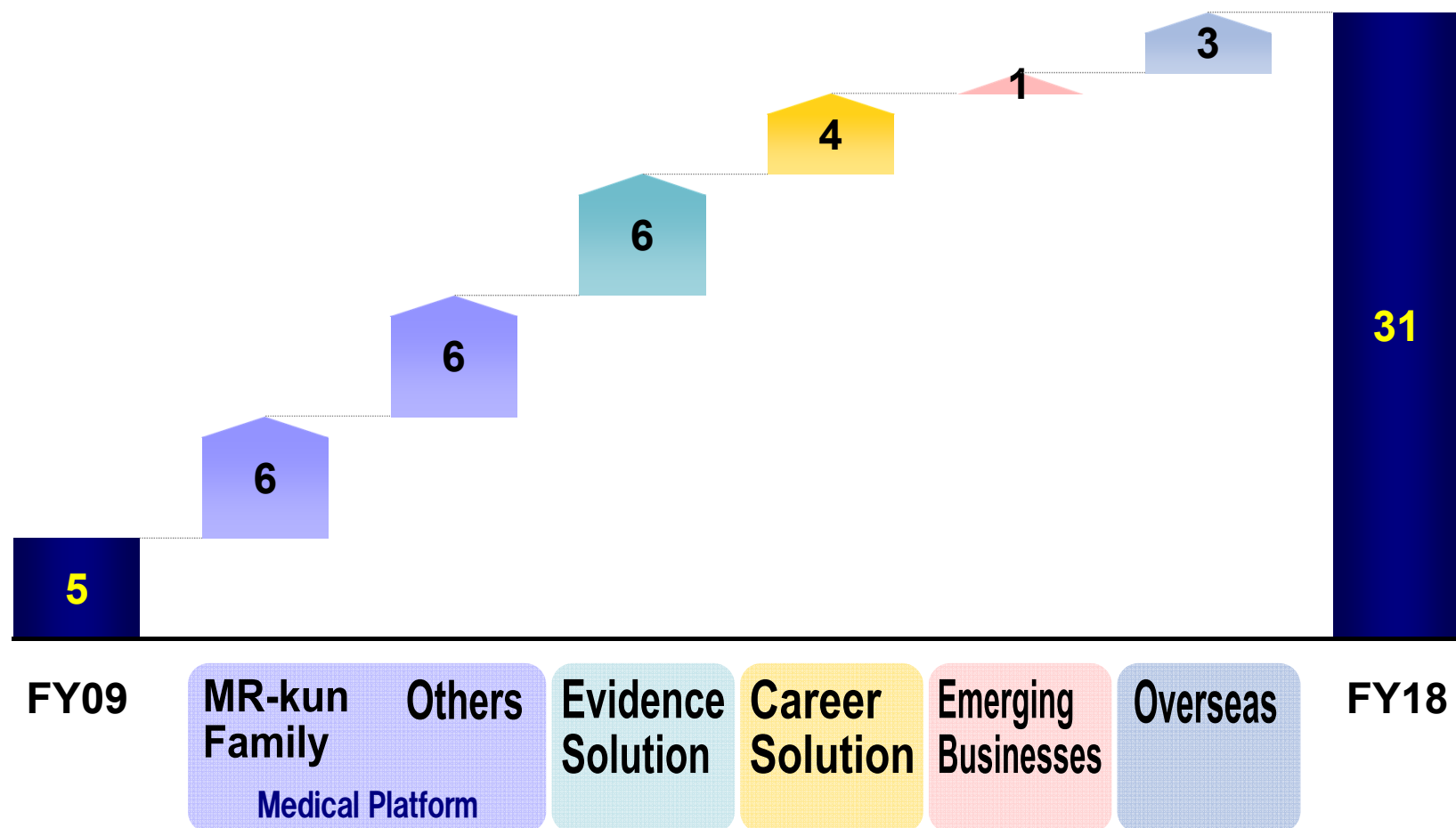
- Sales: 25.1 bn yen (+12% yoy), Operating Profit: 3.6 bn yen (+22% yoy), with continued growth for both

Upfront Investment

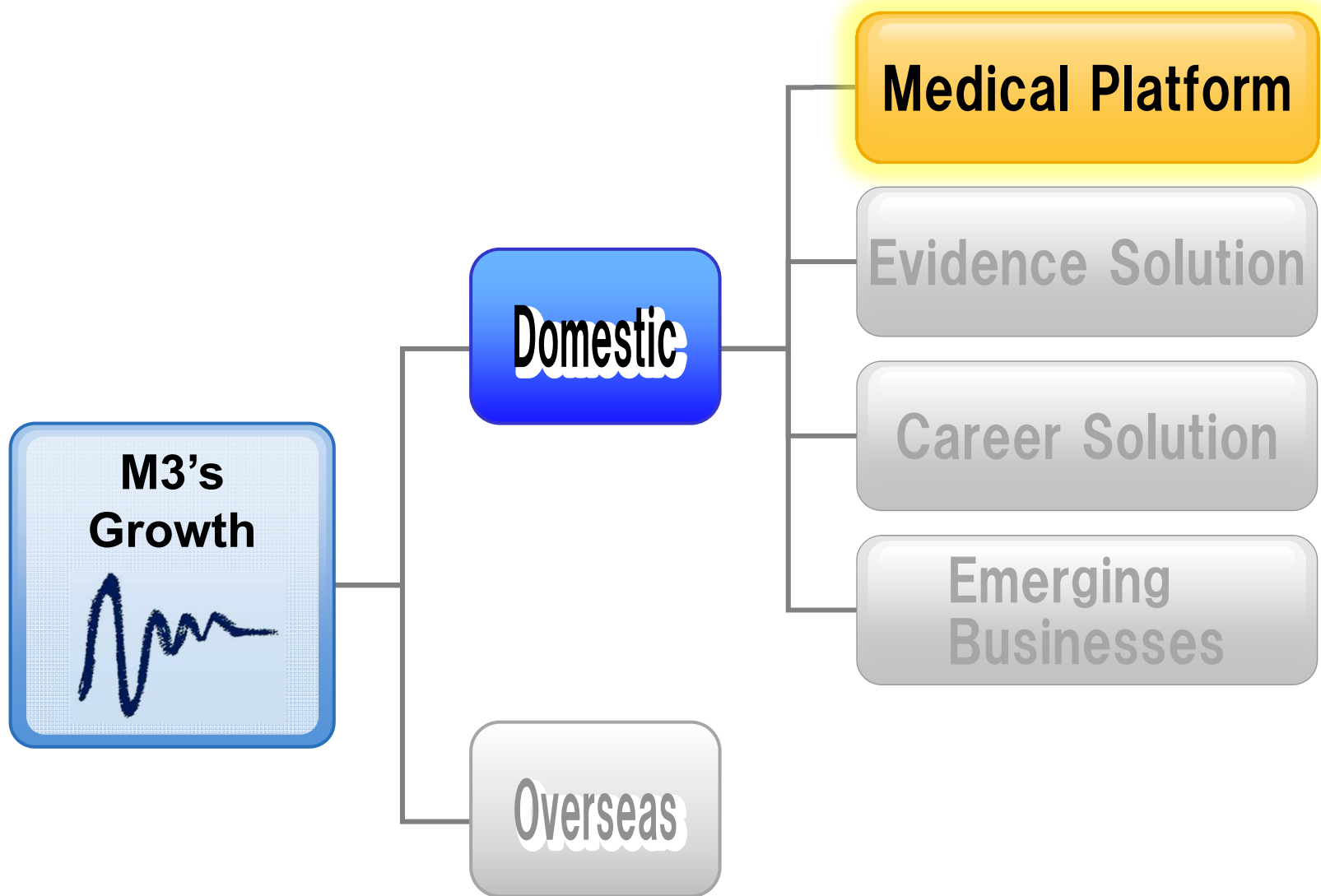
- Upfront investments progressing favorably. In addition to organic growth of existing businesses, next FY should see profit uplift (future potential of double digit billions of yen)

Segment Contribution to Profit Growth (FY09 → FY18)

(billion yen)

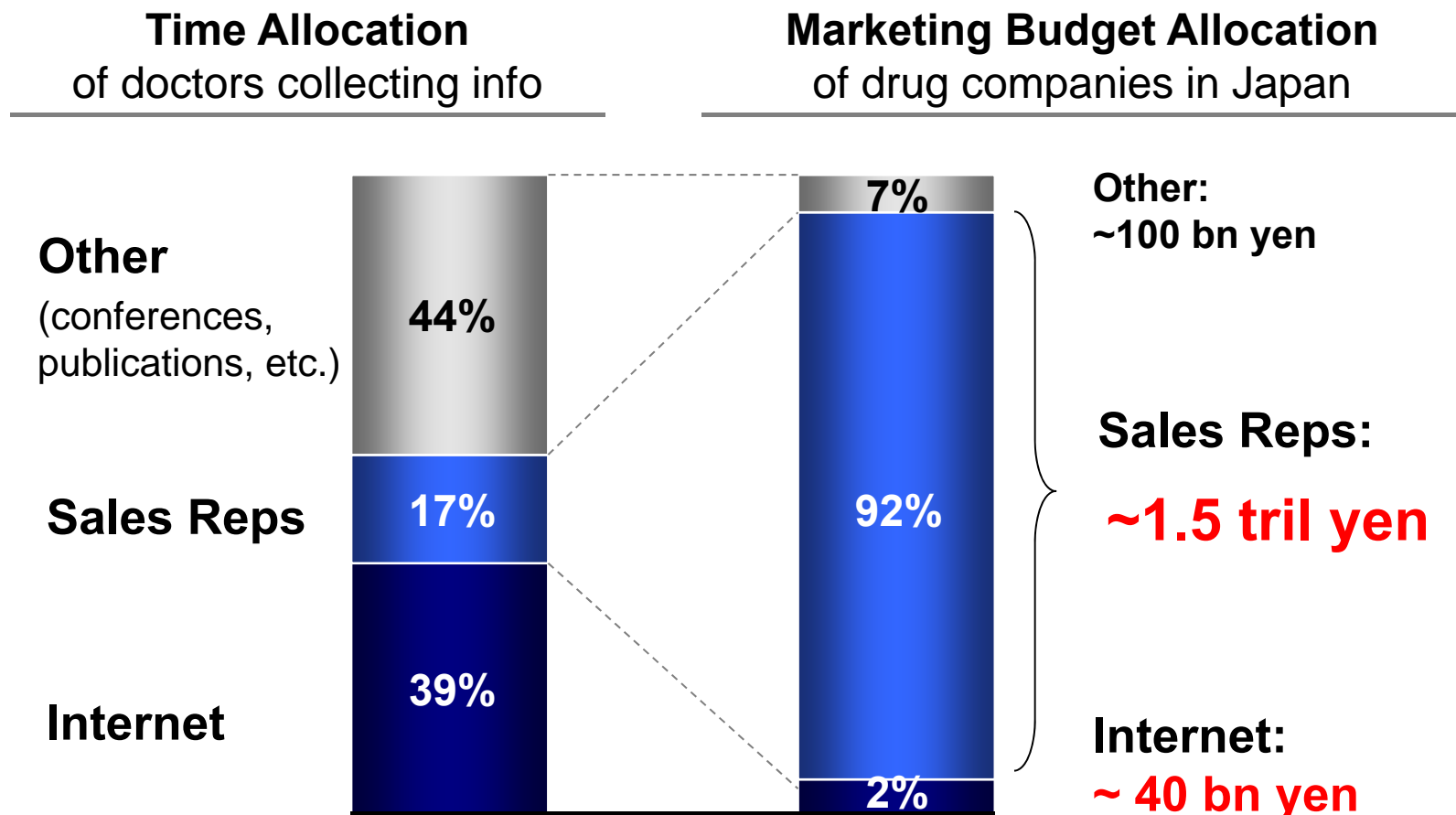


 All segments are driving growth. MR-kun family growth continues, however is now only 23% of group profit



Doctor's Time Allocation vs Pharma's Budget Allocation

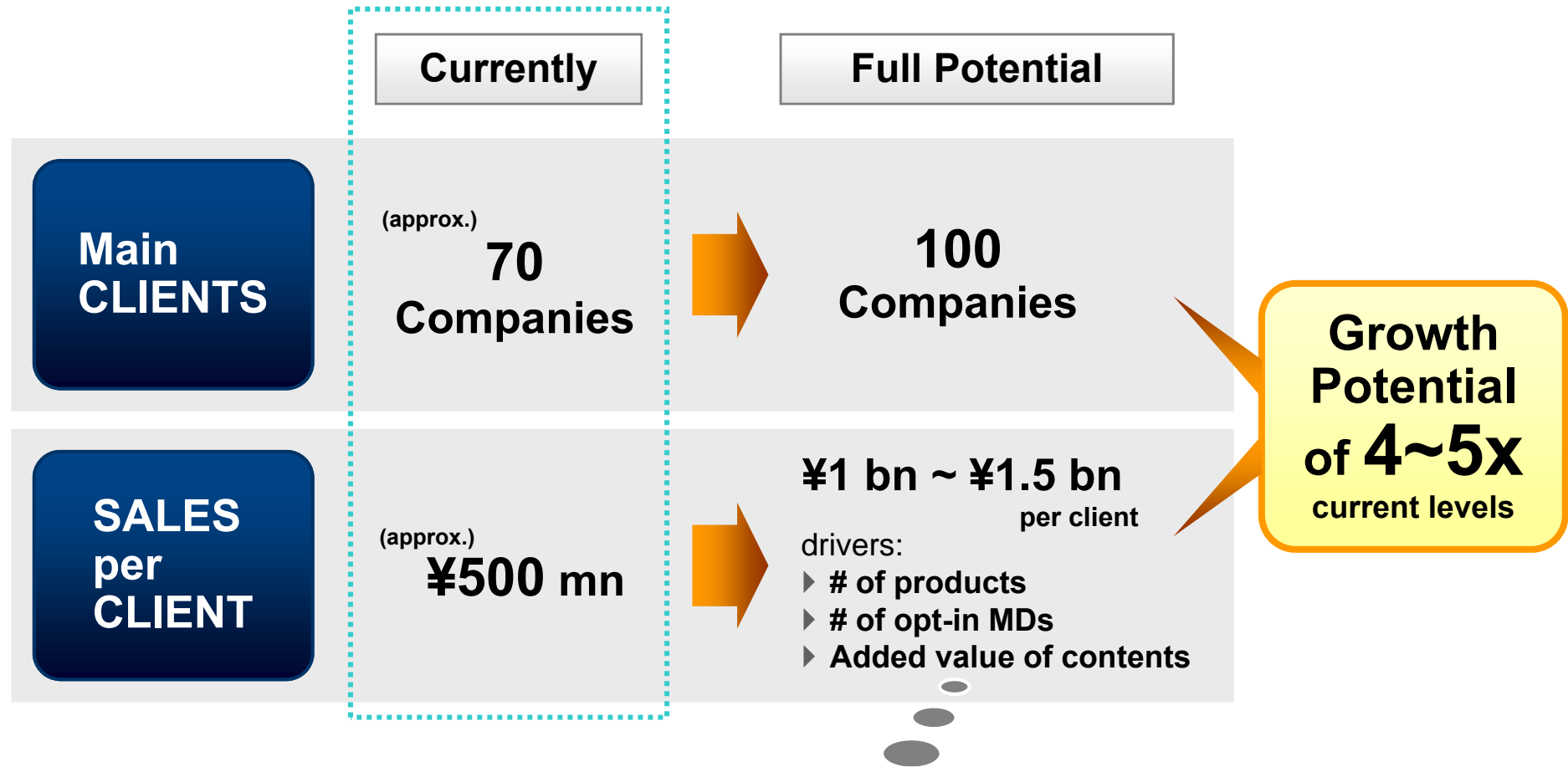
Doctors spend the most time collecting information via the Internet. However, pharmaceutical firms operating in Japan spend the majority of their marketing budget on off-line sales rep related costs.



Source: M3 research, percentages are approximate

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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

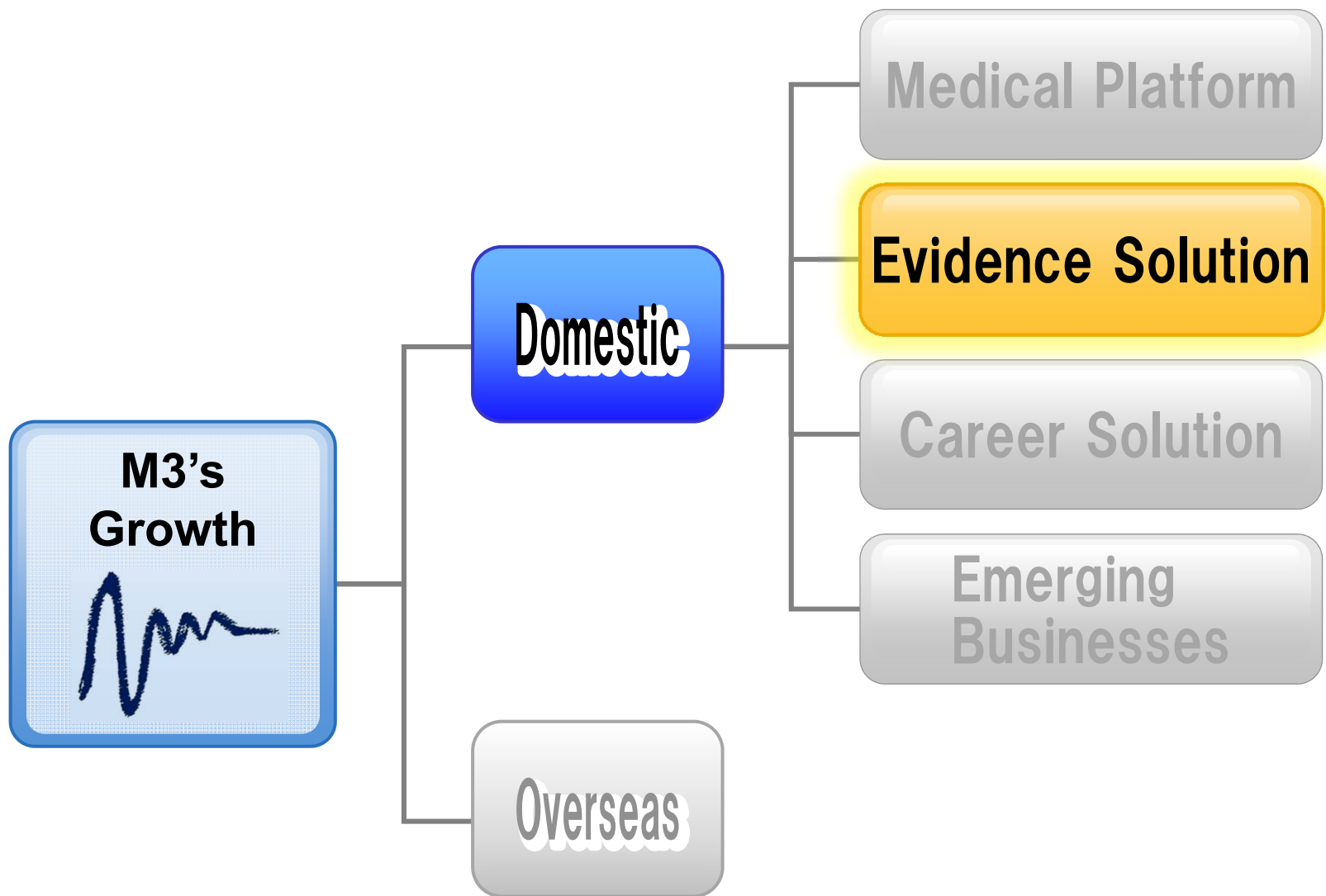
Medical Platform Services

-  MR-kun
-  MR-kun Family
-  Extended Services

Marketing Process at Healthcare Related Companies

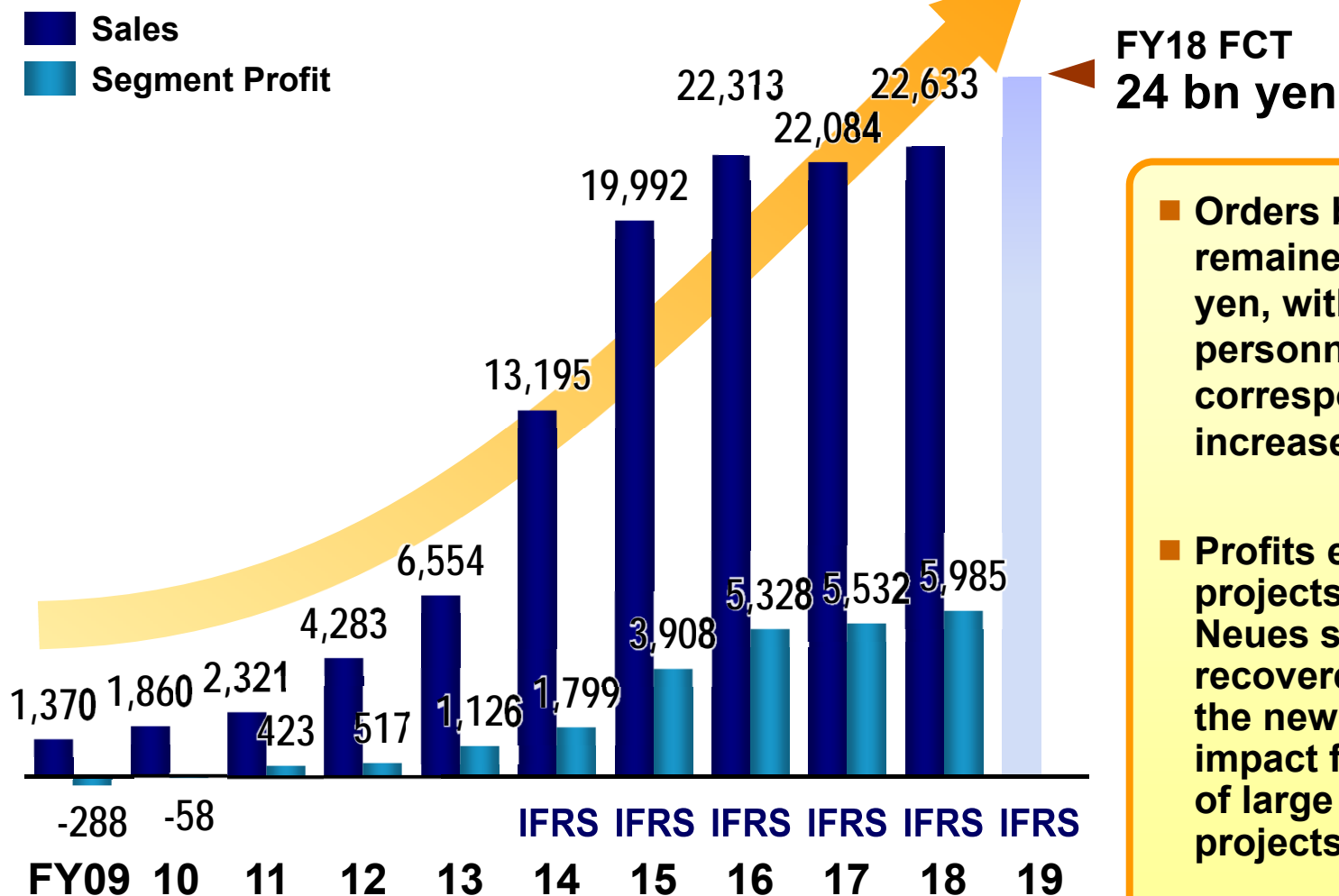
	Strategy Planning	Content Production	Message Delivery	Deal Closing
Pharma Company Needs	<ul style="list-style-type: none"> Product strategy development 	<ul style="list-style-type: none"> Key message identification and content production 	<ul style="list-style-type: none"> Efficient message delivery to the medical scene 	<ul style="list-style-type: none"> Product sales expansion
Corresponding Department	<ul style="list-style-type: none"> Corporate Planning Marketing 	<ul style="list-style-type: none"> Marketing 	<ul style="list-style-type: none"> Marketing Multi-channel Group 	<ul style="list-style-type: none"> Sales Corporate Planning
M3 Services	<ul style="list-style-type: none"> M3 Research Mx Data 	<ul style="list-style-type: none"> Web Content Creation Agency Business 	<ul style="list-style-type: none"> MR-kun Web Conference One Point eDetail 	<ul style="list-style-type: none"> CSO Medical Marketer M3 Database

 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



Sales and Profit Trend of Evidence Solution

(million yen)

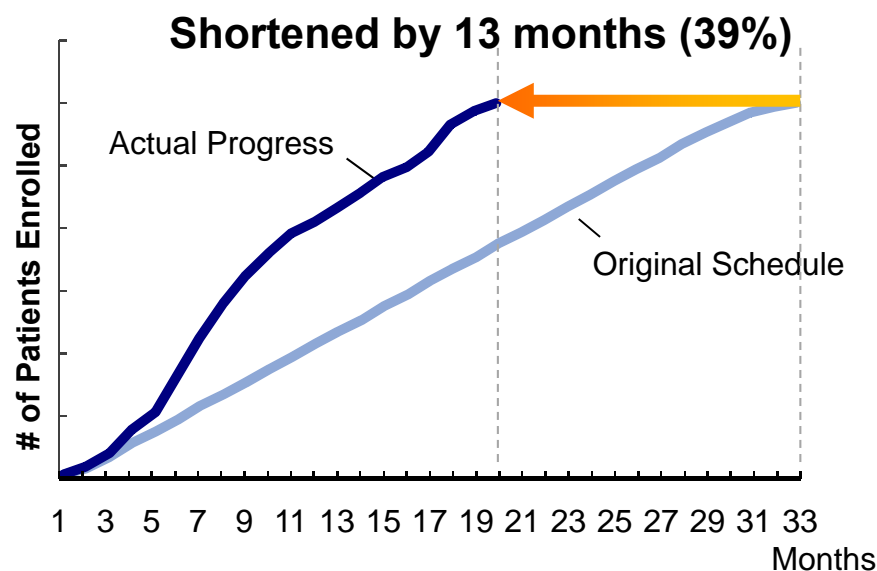


- Orders backlog remained around 26bn yen, with upfront personnel investing corresponding to increase in orders
- Profits expanded as projects progressed and Neues sales and profits recovered... conversely, the new year will see impact from the ending of large scale PV projects
- Margins steady at 26%

M3 Group: Accelerated Trial Completion

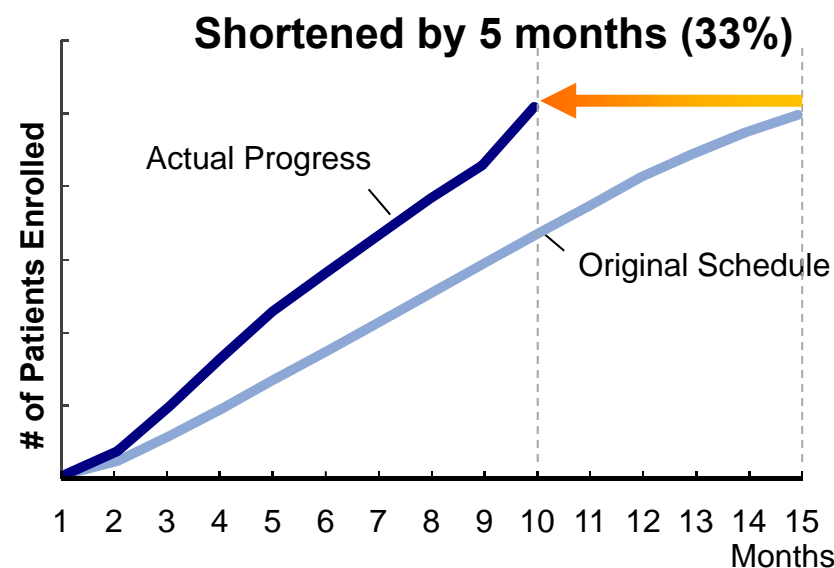
- Mr. Finder finds highly motivated doctors at sites with potential patients
- Trial process management executed in similar fashion to web based marketing (High speed PDCA, conversion management, IT tools utilization)

Global Trial: Endocrinology/ Metabolism

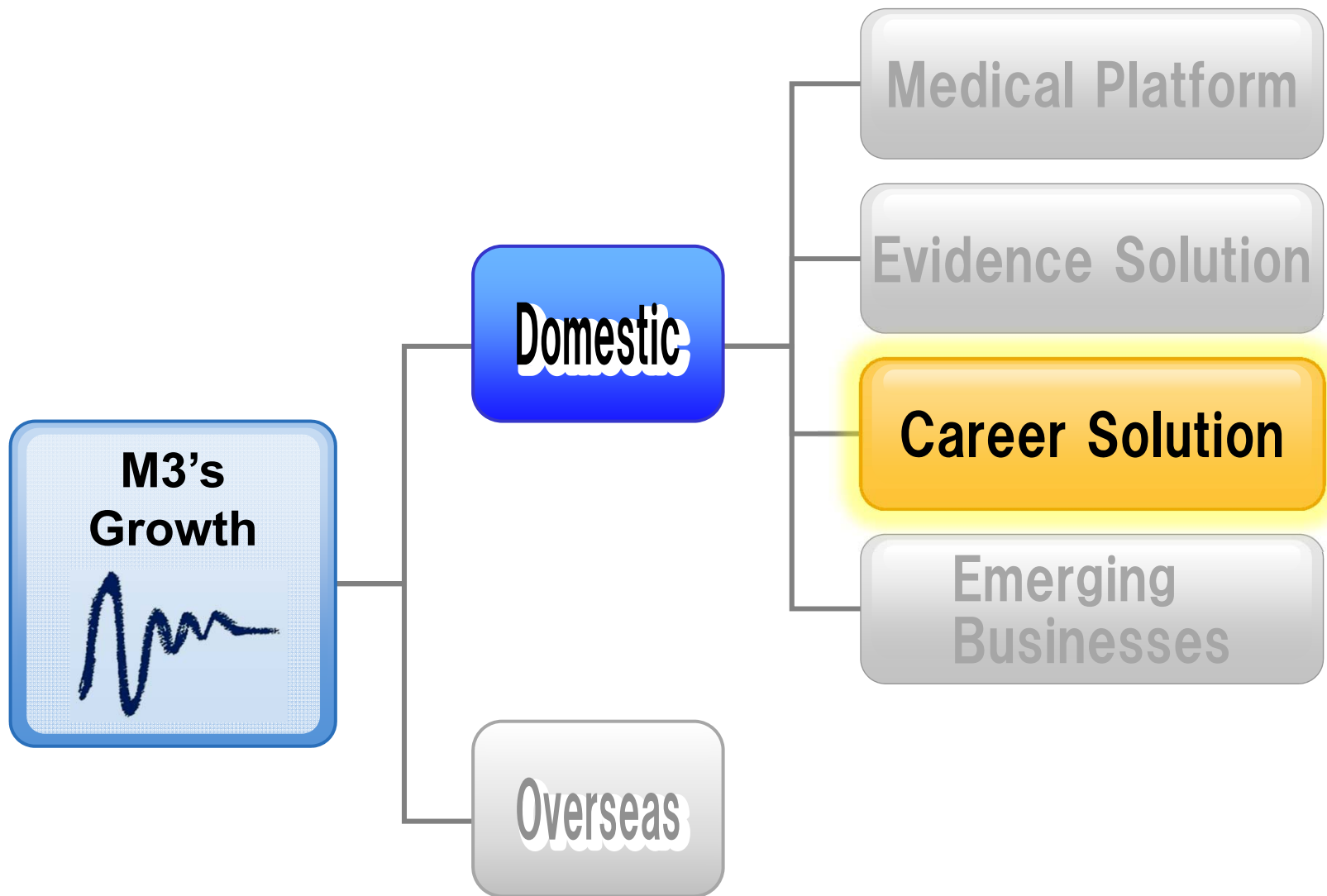


Completed patient enrollment in
20 months vs. allocated **33 months**

Domestic Trial: Endocrinology/Metabolism



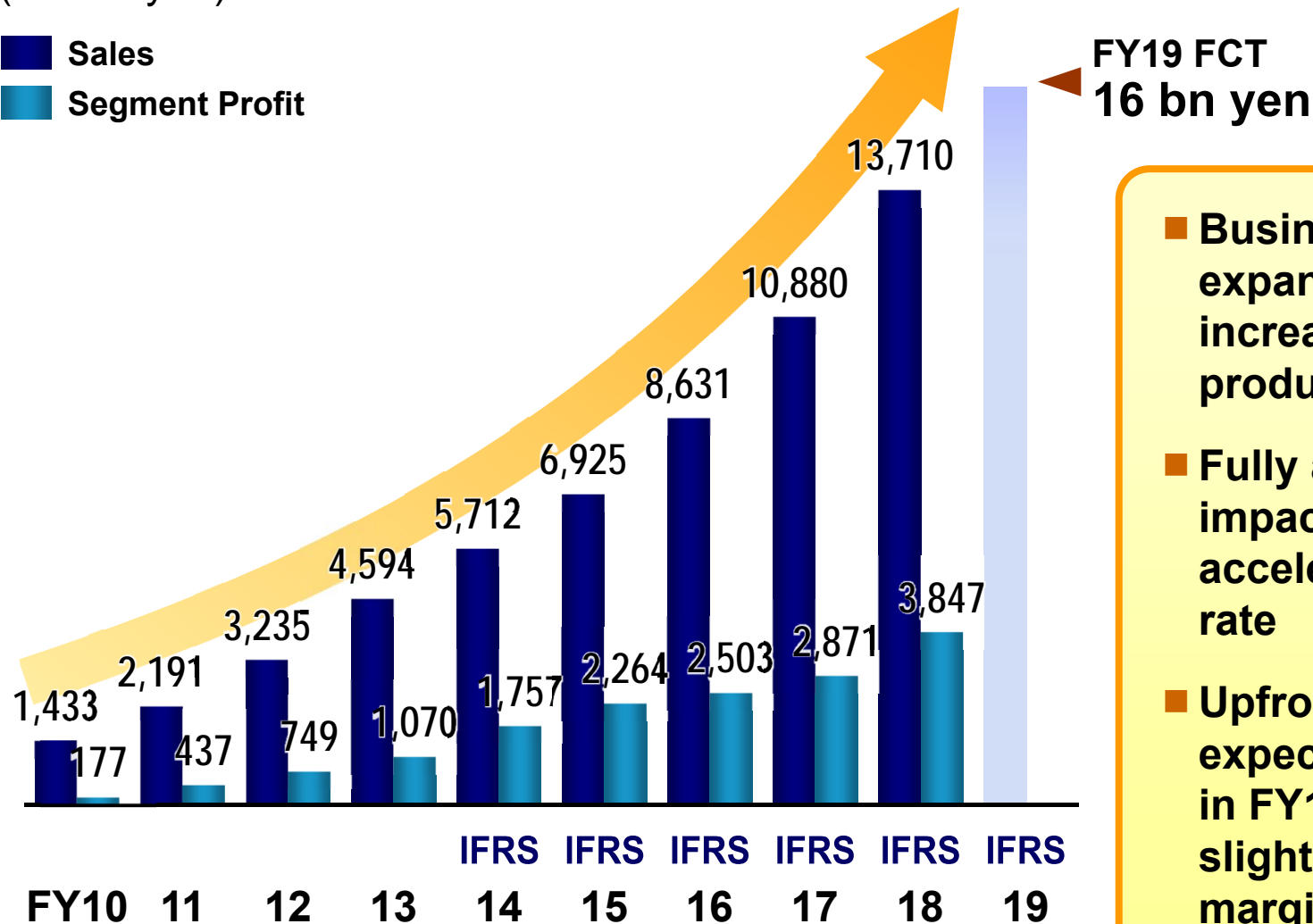
Completed patient enrollment in
10 months vs. allocated **15 months**



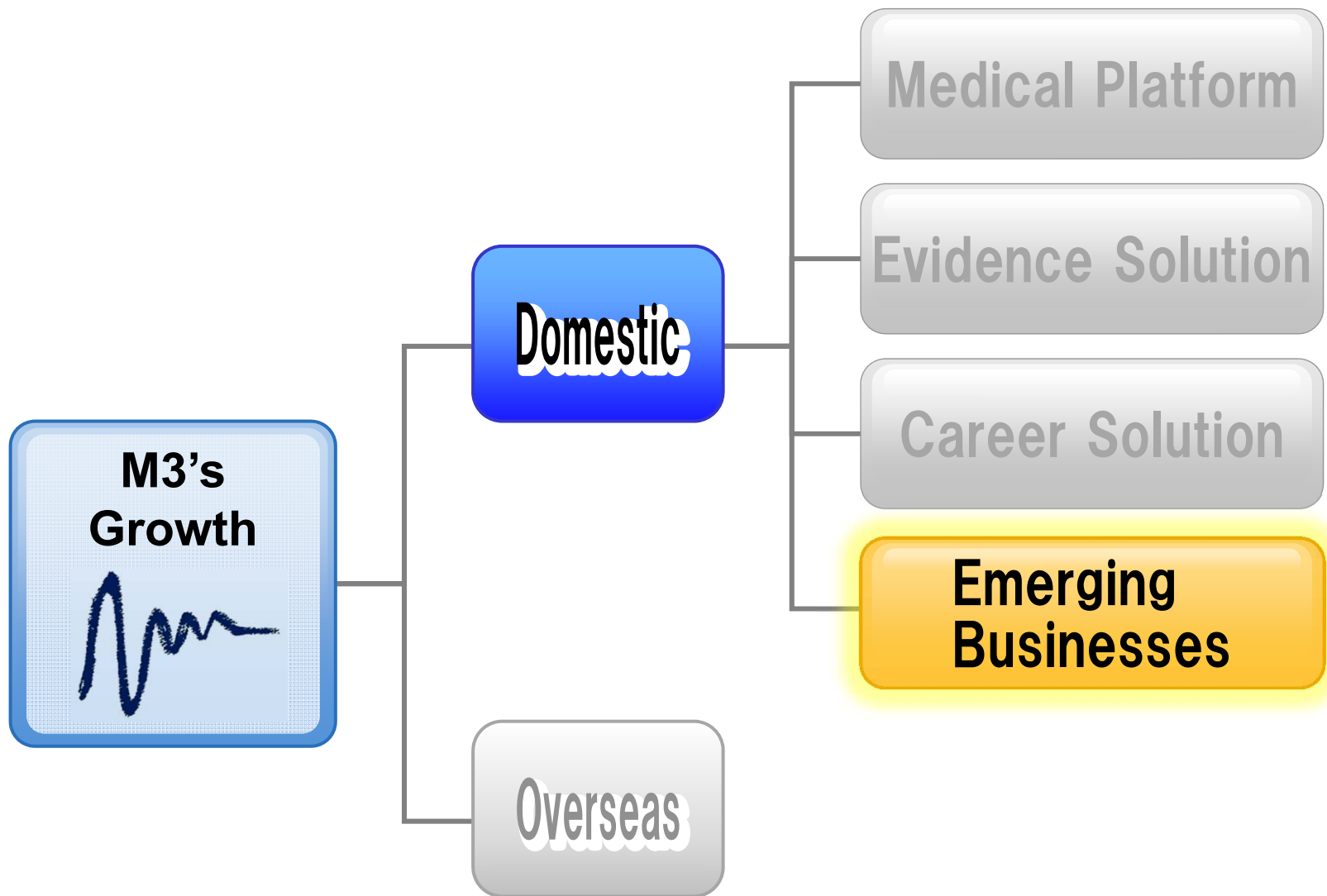
Sales and Profit Trend of Career Solutions

(million yen)

■ Sales
■ Segment Profit



- Business scope expansion from increase in staff and productivity
- Fully absorbed hiring impact, resulting in accelerated growth rate
- Upfront investment expected to continue in FY19, and may slightly dampen margins

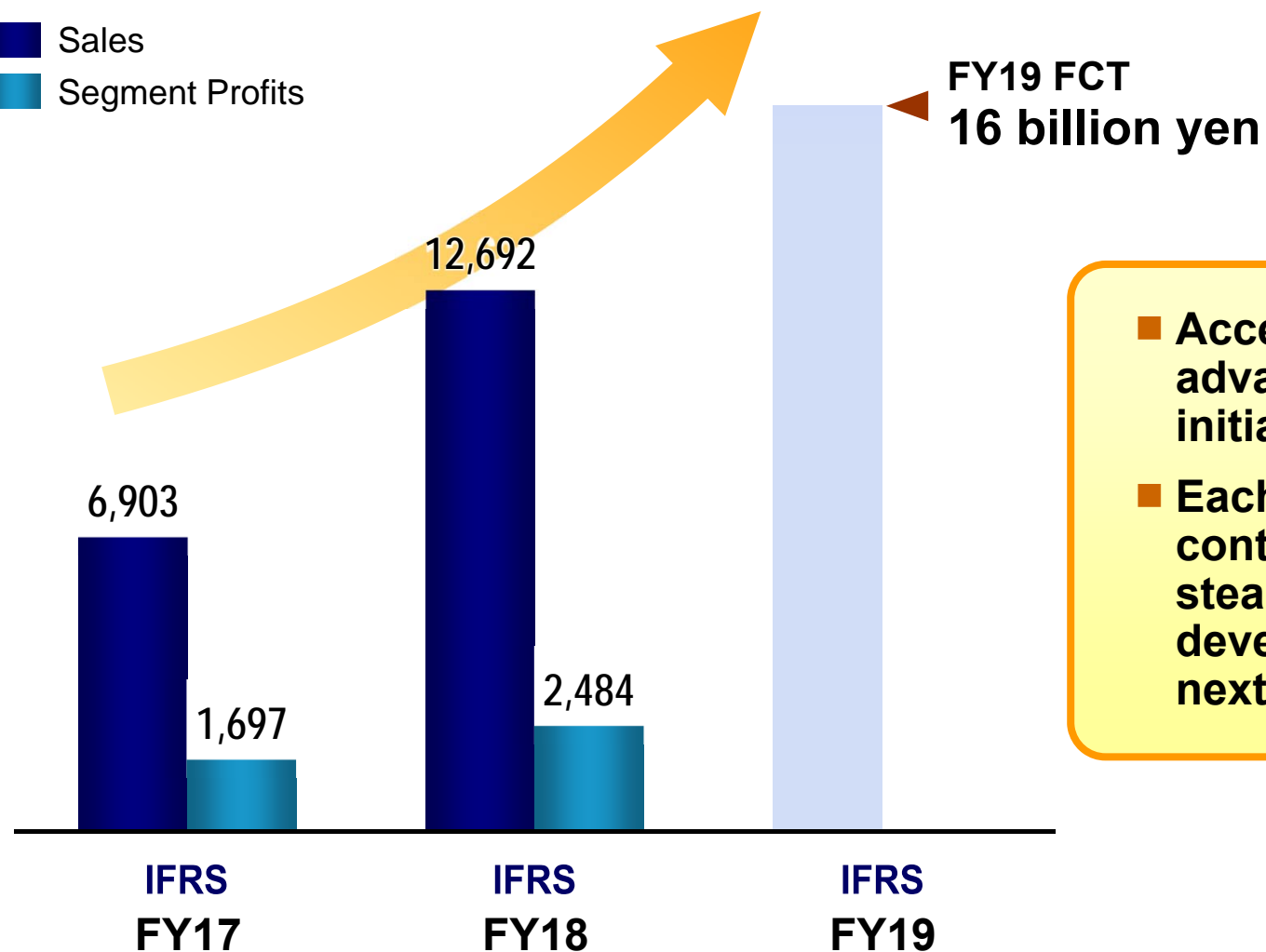


Sales and Profit Trend of Emerging Businesses

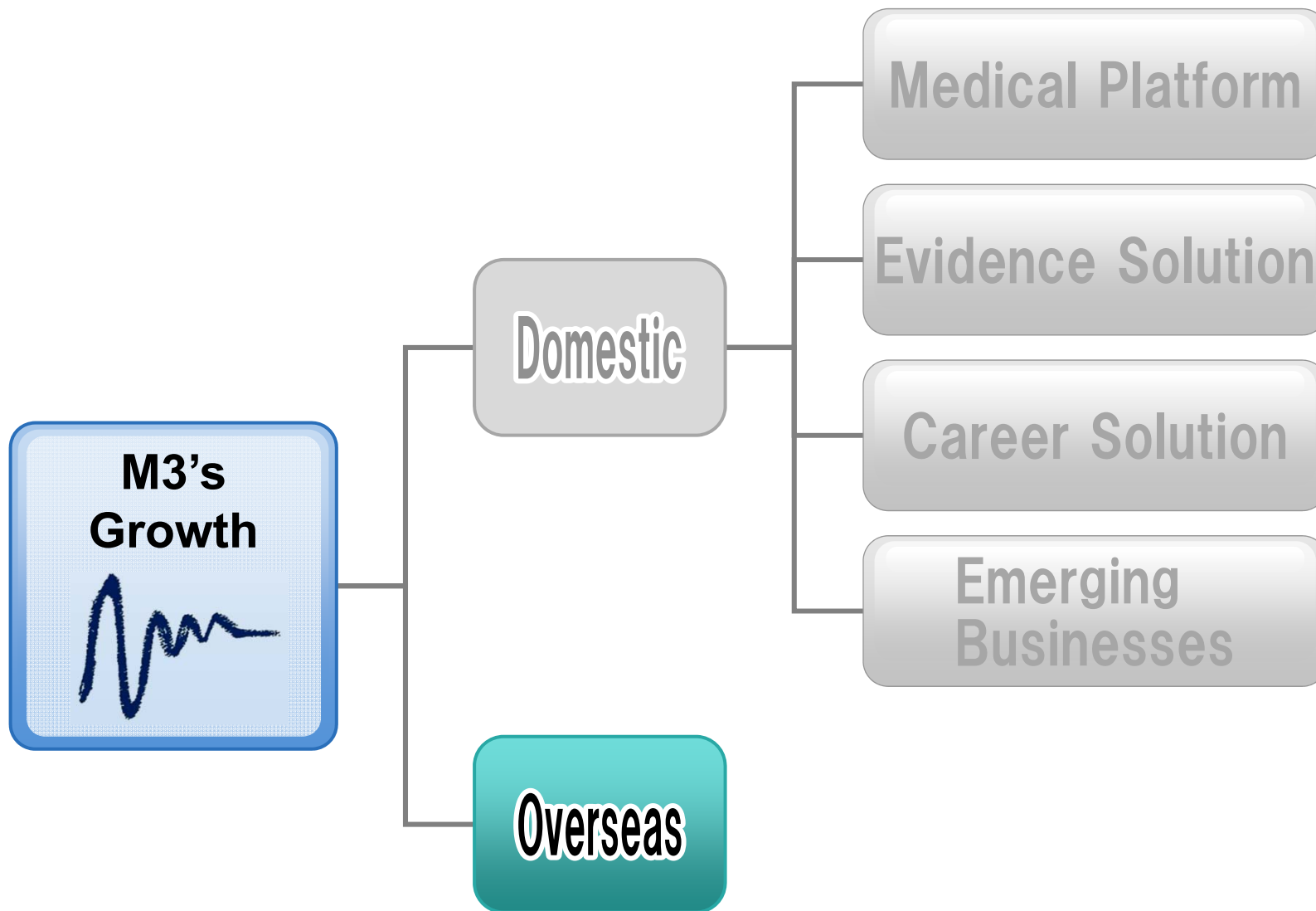
(million yen)

■ Sales

■ Segment Profits

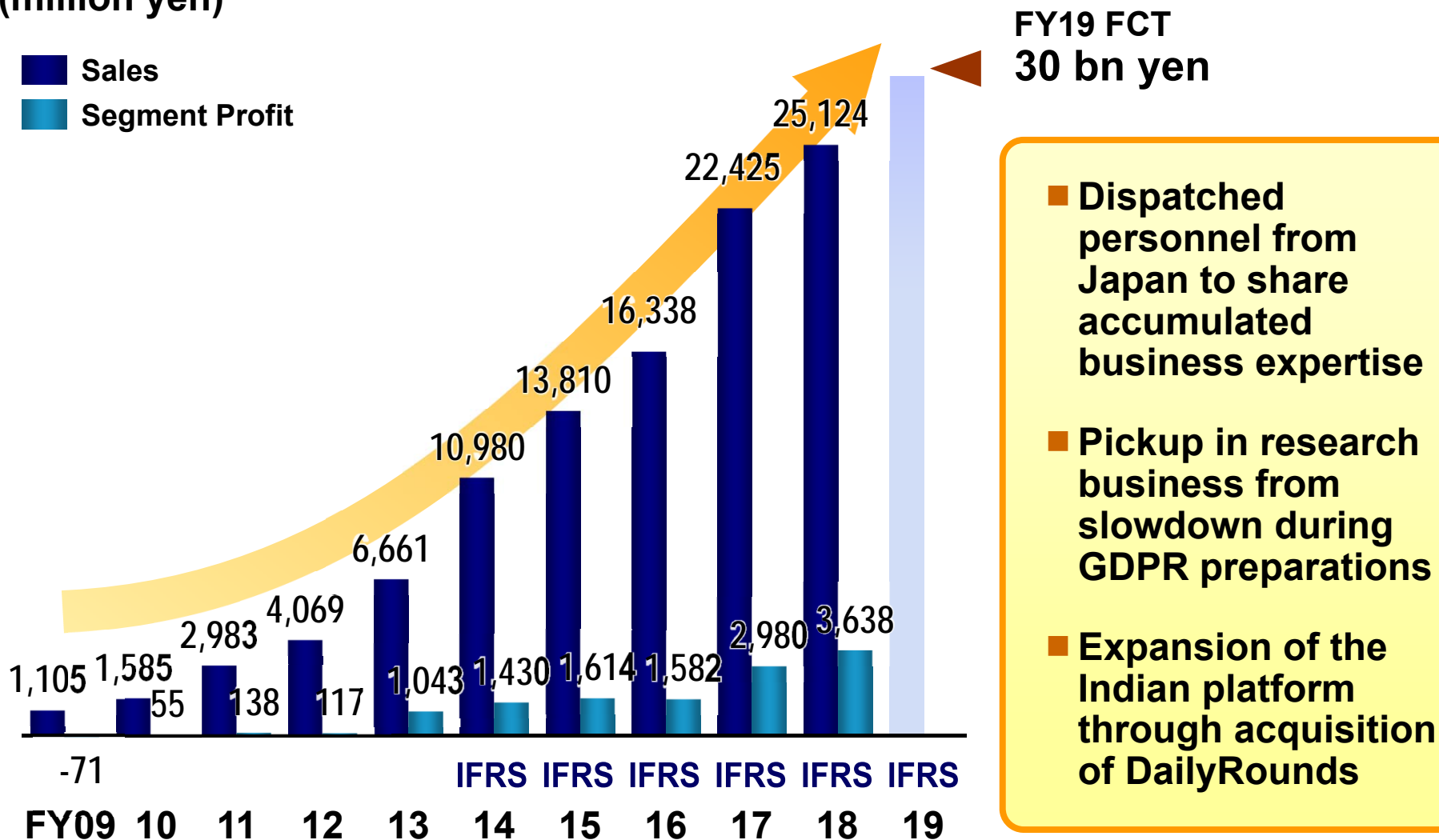


- Acceleration in advanced medicine initiatives
- Each business continues to expand steadily, with development seen in next growth drivers



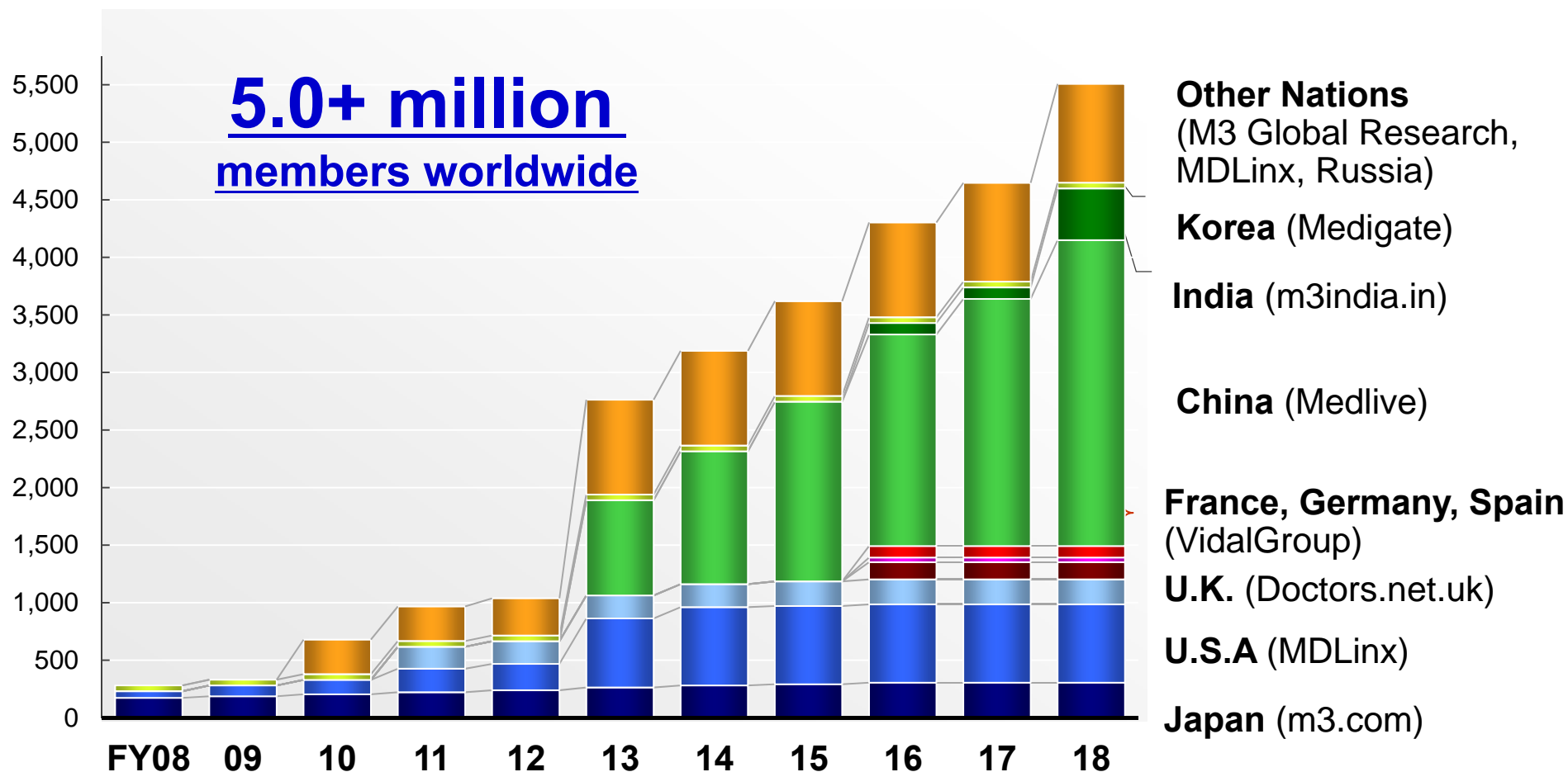
Sales and Profit Trend of Overseas

(million yen)



Number of Physician Members and Panelists (Global)

(thousand)

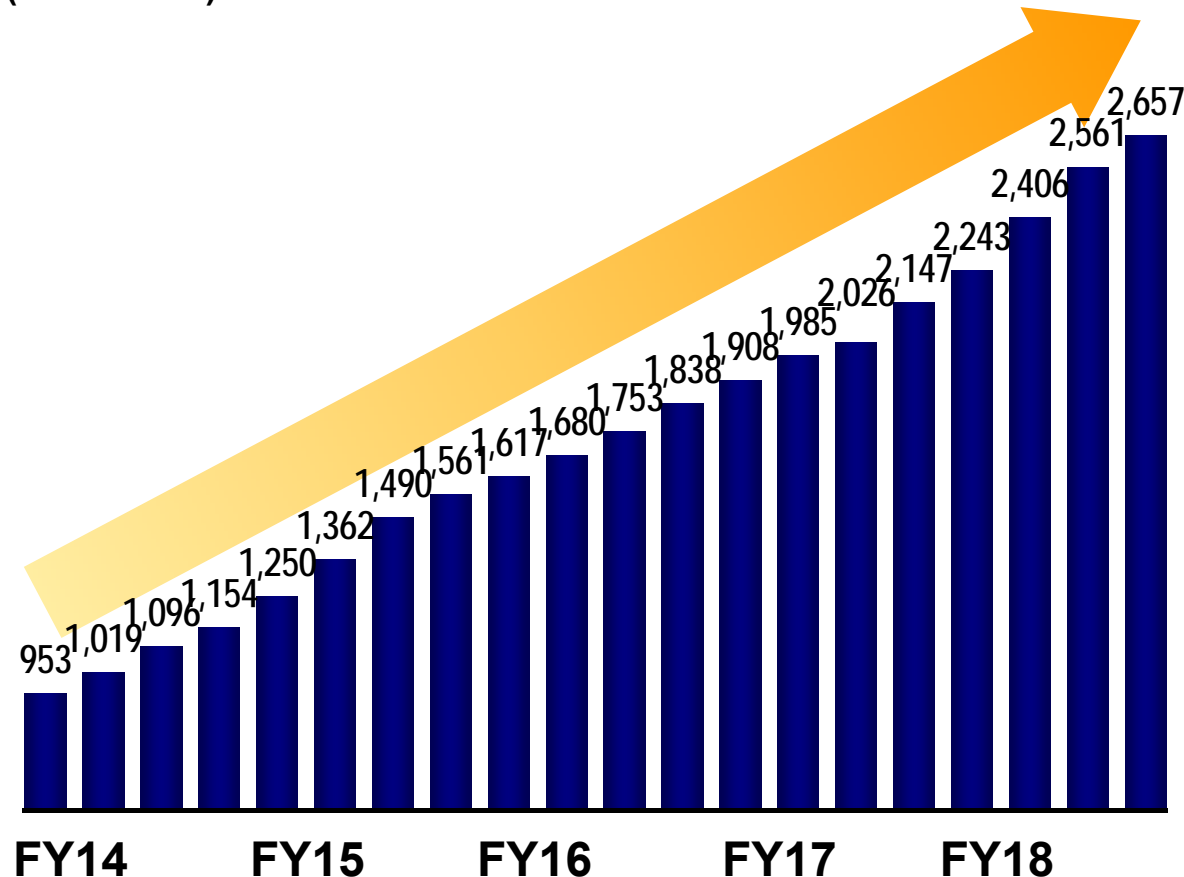


 **Over 5 million physicians utilize M3's global platforms**

China: Membership Expansion

Number of Physician Members in China

(thousands)



- Marketing services for drug companies starting with MR-kun, and research services showed steady growth
- MR-kun is now being utilized by 15 pharma companies across 36 drugs
- Newly approaching local clients, in addition to MNCs
- Launched career services for physicians



Topped 2.65 million physicians members, covering over 2/3 of doctors in China

M3 Group's Business Strategy

Progress of Main Upfront Investments

Monetization Timing



① New Service Development

- Acceleration of the e-medical record business
- Consolidation of Ultmarc, Establishment of JV empheal with DOCOMO
- Initial wave of M3PSP induction at Sony and DOCOMO

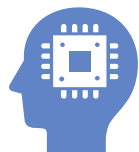
This FY



② Pharmaceutical Marketing Team Reinforcement (Personnel investment)

- Improvement of upstream KPIs in the sales process
- Q4 orders increase +23% yoy

This FY



③ Upfront Investment in AI Businesses

- AI projects increase to 19

This FY~
Next FY



④ JV with LINE / B-to-C Business

- Launch of beta version scheduled for Fall
- Initial service will be remote medical advice
- Considering cost structures involving pharmaco payers

Next FY

Progress of Main Upfront Investments

Monetization
Timing



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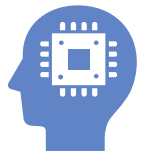
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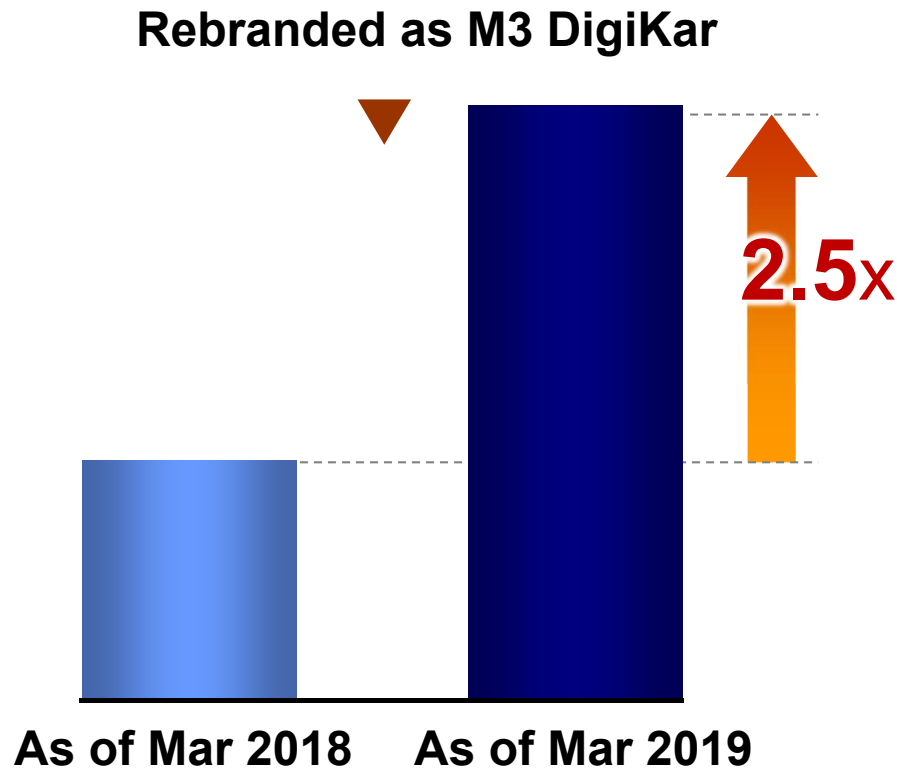
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M3 DigiKar Acceleration

Monthly M3 DigiKar Adoptions



- Rebranded as “M3 DigiKar” from “DigiKar” in November
- Monthly historical high in adoptions in March, now No.1 position in cloud EMR market
- Adoption rated expected to accelerate as medical device offering lineup expands

 Adoptions increased 2.5x after rebranding. Number of managed medical charts expected to top 12 million, largely ahead of original schedule

Consolidation of Ultmarc

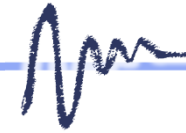


Established	March 1962
Representative	Tomohiko Umeda, President and Representative Director
Shareholder	NTT DOCOMO: 100% (purchased from founder in May 2013)
Financial Condition	Sales: 3,035 million yen, Operating Profit: 478 million yen
Employees	187 (as of November 2018)
Main Business	Pharmaceutical industry information platform business <ul style="list-style-type: none">■ Medical Database (MDB) business<ul style="list-style-type: none">– Various fundamental master files for management and tracking of pharmaceutical product user base (site file, doctor file, pharmacist file, pharmacy file, etc.)– MDB member corporates: 247

Expected Business Development



- Nationwide corporate sales centers
- User engagement through consumer facing services
- Research and development ability using cutting edge technology



M3, Inc.

- 270,000 doctor members (90% coverage)
- Rich data accumulated on the AskDoctors platform
- Business development knowhow to create unique solutions

empheal

**Expedite Health
Management Market
Development**

**Development led by M3
PSP to address employee
health issues**

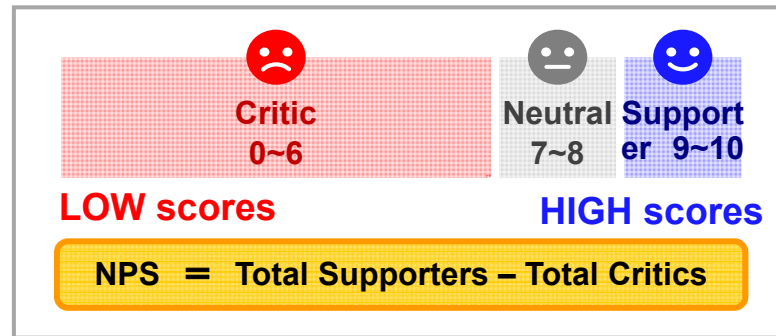
**Create Customer Success
for Health Management**

**Provide structural and
personal performance
management services for
individual corporate health
management issues**

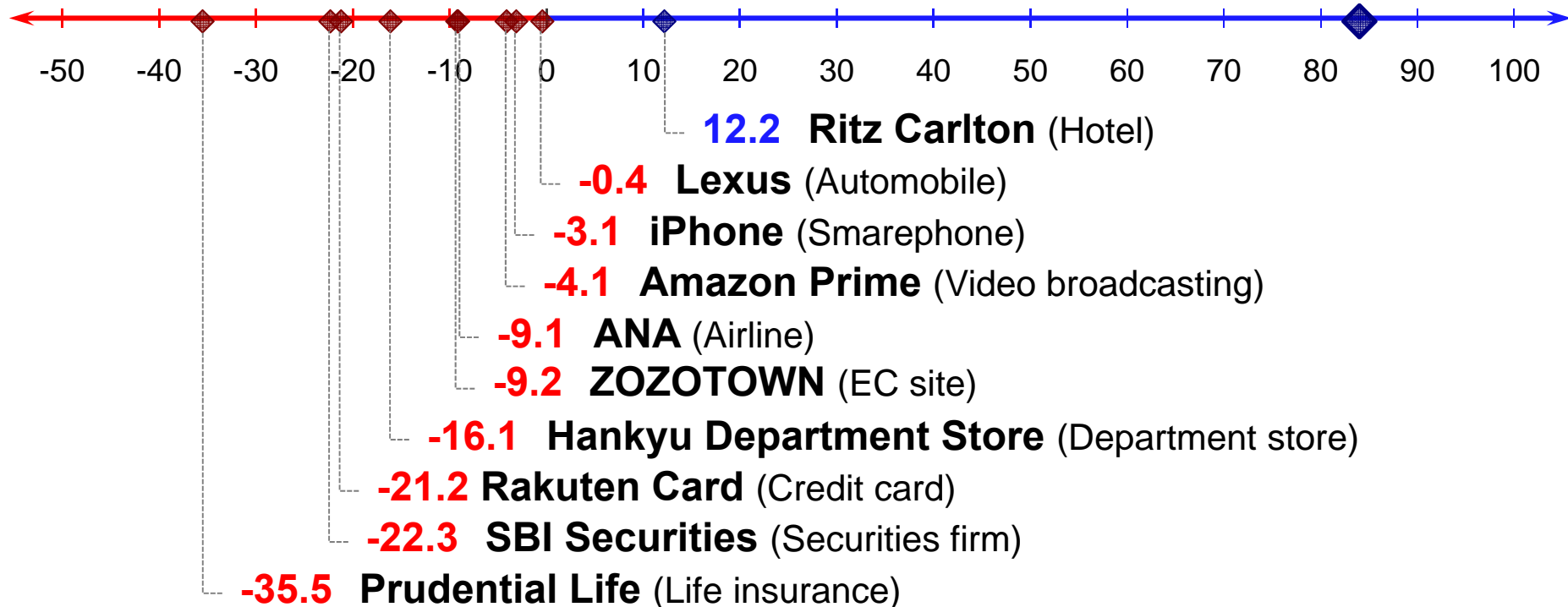
**Lead the Health
management Market**

**Aim to become a health
management market
platformer**

NPS of Industry Leaders



M3PSP +87
(96 over the last 6 months)



Consolidation of INDEE Medical

**INDEE
MEDICAL**



Name **INDEE Medical Inc.**

Established **2016**

Headquarter **Tokyo, Japan**

- Owns sole development and distribution rights for Japan for “RECELL®,” used for treatments such as burns, licensed from Avita Medical Limited (Listed on ASX, OTCQX)
- Approved as a self-regenerative medical technology in 33 countries such as the US, EU, and China, offered at affordable pricing



Field

- Entry into dermatology/plastic/emergency therapeutic areas

Regulatory Support

- Application filed with PMDA, with Cosmotec as the manufacturing distributor
- Approval expected in FY2019

Distribution

- Planned utilization of m3.com and Cosmotec to promote distribution

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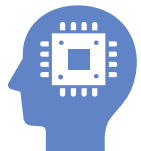
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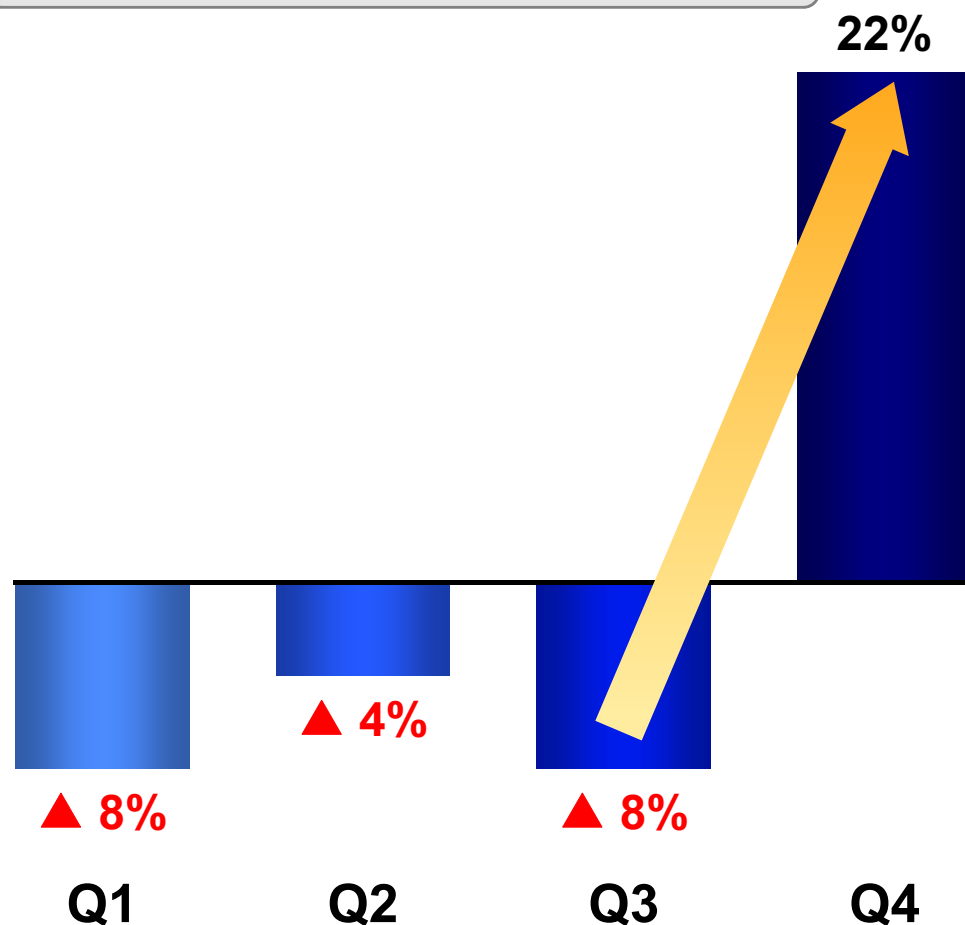
Service Scope Evolution

	Until now...		Recent Trends
Theme	<ul style="list-style-type: none"> ■ Efficient promotion 	➡	<ul style="list-style-type: none"> ■ Firm-wide fundamental productivity improvement
Client	<ul style="list-style-type: none"> ■ Product manager 	➡	<ul style="list-style-type: none"> ■ Top management ■ Business department heads
Service Coverage	<ul style="list-style-type: none"> ■ Marketing per individual drug 	➡	<ul style="list-style-type: none"> ■ Optimization of entire portfolio ■ New launch pipelines, etc.
Contract Format	<ul style="list-style-type: none"> ■ Contracts per product 	➡	<ul style="list-style-type: none"> ■ Comprehensive strategic partnerships, revenue share models
Contract Size	<ul style="list-style-type: none"> ■ Up to 100 million yen ■ Annual contracts 	➡	<ul style="list-style-type: none"> ■ 100 million ~ several billion yen ■ Multi-year contracts

 **Becoming a “corporate partner” as project scope, duration, and revenue share models increase. Upside continues to expand.**

Medical Platform Quarterly Profit Growth YoY

Profit Growth YoY

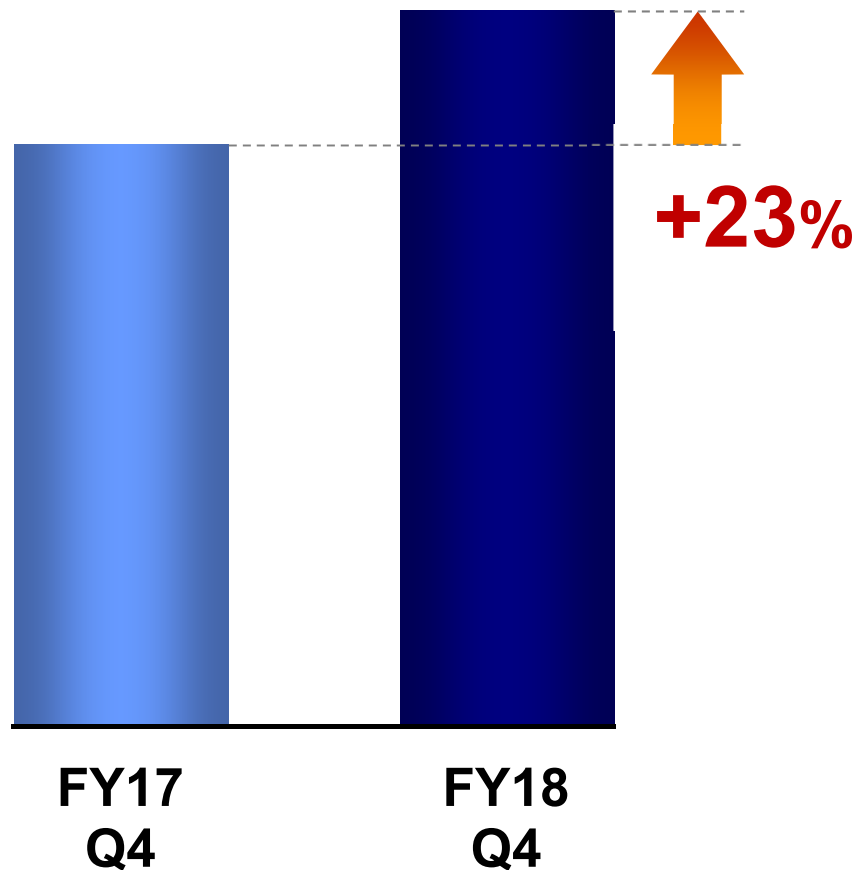


- Sales staff increase leading to resource reinforcement, with recovery seen in orders
- Profit contribution from value increase in Ayumi Pharma through utilization of MR-kun

FY18

Recovery in MR-kun Family Orders

MR-kun Family Orders (yen)



- Sales resource reinforcement on track. FTE increased by 1.7x compared to pre-reinforcement (Dec 2017)
- New staff development and orders both accelerating in tandem
- Double digit sales growth expected in FY19

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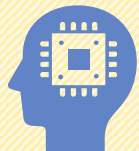
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Next FY

Rapid Increase in AI Project Pipeline

Project List

red = new

			M3 Services						Expected Launch	
			Medical Data Collection	Algorithm Development	Regulatory Consult	Clinical Study & Trial	Marketing Support	Funding	FY2019	FY2020~
M3 Lead	Corporate	Therapy Area								
	M3	Respiratory	✓	✓	✓	✓	✓	✓	✓	
	M3	Diabetic Retino.	✓	✓	✓	✓	✓	✓	✓	
	M3	ALL	✓	✓	✓	✓	✓	✓	←	✓ →
3rd Party Lead	Domestic	AI Venture	✓			✓				✓
		AI Venture	✓						✓	
		AI Venture	✓					✓		✓
		Academia		✓						✓
		AI Venture			✓		✓			✓
		Device Maker			✓					✓
		Device Maker	✓		✓	✓				✓
		AI Venture					✓		✓	
		AI Venture				✓				
		AI Venture					✓			
	Overseas	Device Maker					✓			✓
		AI Venture					✓		✓	
		AI Venture		✓					✓	
		AI Venture		✓					✓	
		AI Venture		✓					✓	
		AI Venture			✓		✓			



19 AI development support projects currently in play. Rapid increase expected to continue.

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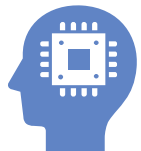
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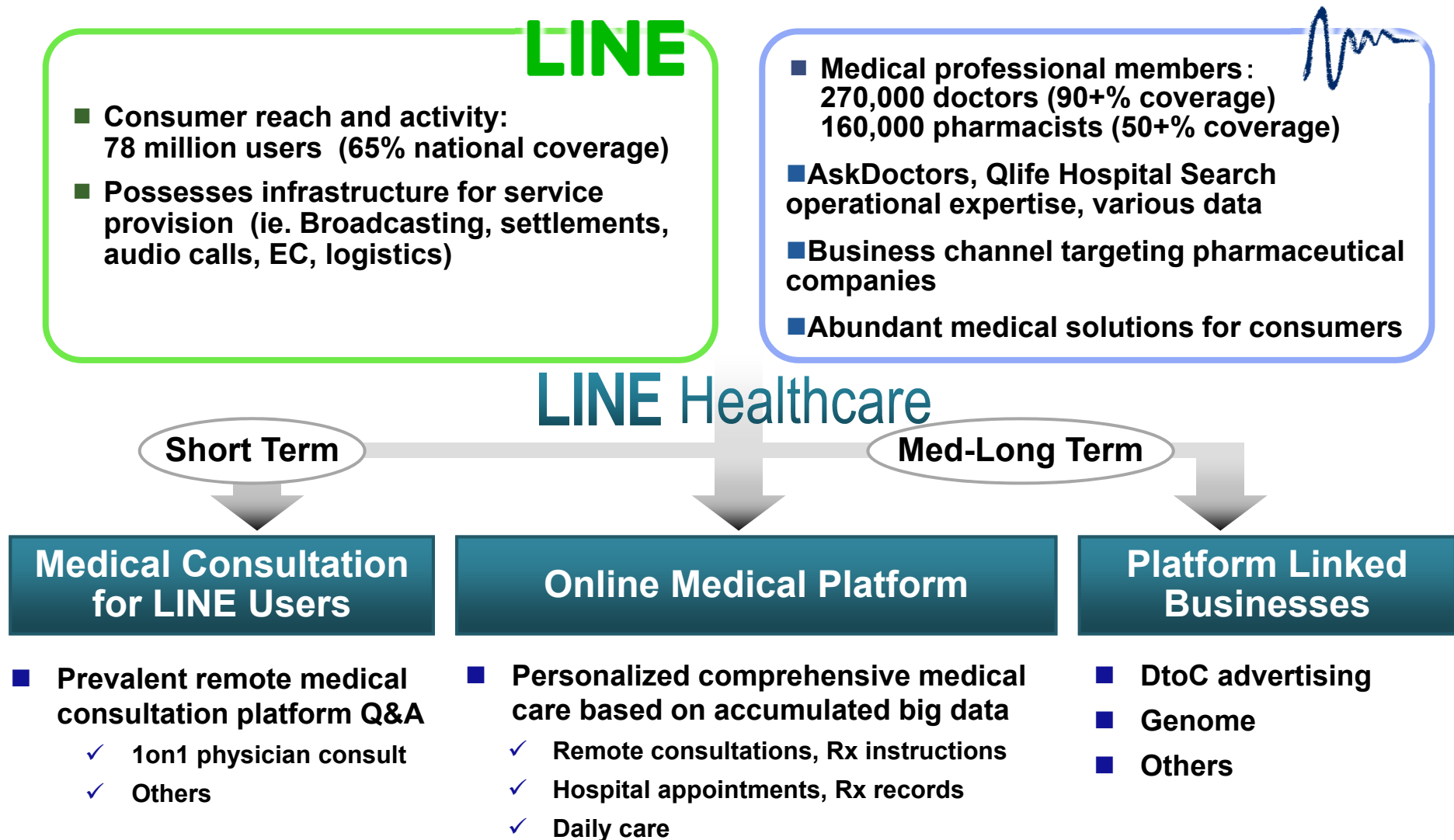


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Business Potential for LINE JV



 **B-to-C business expansion using platforms such as LINE Healthcare**

Initial Service: Remote Medical Advice



👉 In addition to disease awareness promotion, health management products will be co-developed with pharma companies

M3 Growth Strategy

edanz Overview and Expected Synergies



edanz

Name

Edanz Group Japan Inc.

Established

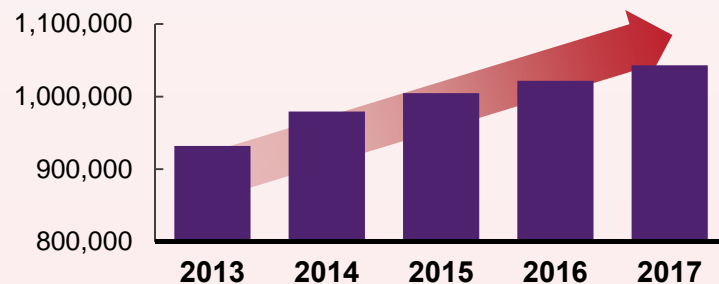
1995

Location

Fukuoka, Japan

- Research paper writing and editing support through cloud sourcing of medical professionals
- Large presence in Japan and China (supports 10~20% of all published medical papers)

Global Medical Papers (unit: # of papers)



Clinical Research

- Accelerate quality improvement and product expansion using group CROs
- Launch clinical research business using brand strength and planning ability in China

m3.com

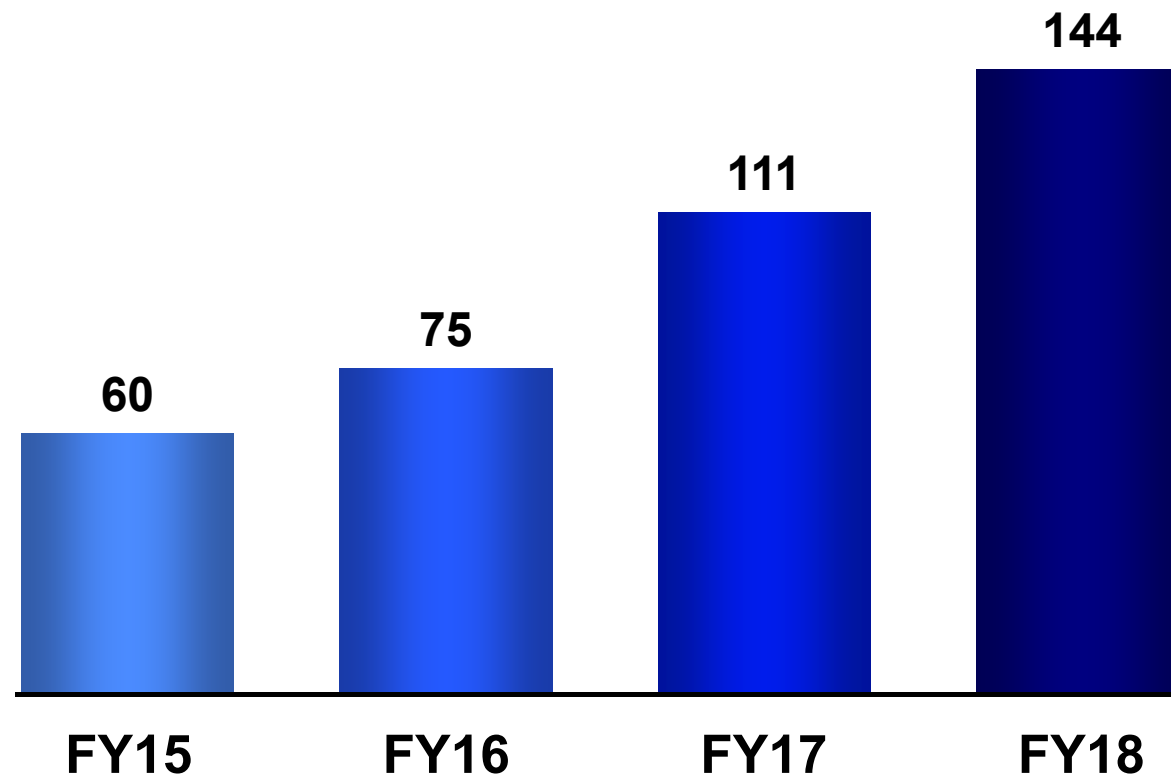
- Expand the medical professional freelance platform by linking with the 5 million+ doctor panel


New Business

- Establish a medical professional cloud sourcing business

Increase in MA

Number of Deals That Were Evaluated



 MA activity and pipeline continue rapid acceleration in line with business expansion. Number of deal closings and size also increase, utilizing the recent allotment of 50 bio yen.

Business Scope Expansion and Growth Potential

	2010	2014	2018	2022
Country	: 3 →	5 (1.5x) →	10 (3x)	
Business Types	: 6 →	10 (1.5x) →	26 (4x)	Similar pace of growth expected over the next 4 years
Business Units (Type x Country)	: 10 →	18 (2x) →	41 (4x)	
Sales (bln)	: 140 →	370 (2.5x) →	945 (7x)	



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

Earnings Forecast

FY 2019 Guidance Assumptions

Medical Platform

- Re-acceleration in sales from pharma companies, double digit sales growth
- Aggressive hiring to support sales resource fortification and platform expansion expected to continue

Evidence Solution

- Steady orders supporting CRO and SMO growth
- Large scale pharmacovigilance projects ended

Career Solutions

- Healthy growth led by job placement for physicians.

Overseas

- US: Healthy growth led by the clinical trial business
- EU: UK and France both expanding healthily
- Asia: Growth led by MR-kun in China, India business also on the rise

Other Emerging Businesses

- Various businesses in the other segments to expand in both scope and content

2019 Budget Guideline (Consolidated)

Topline

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

Cost

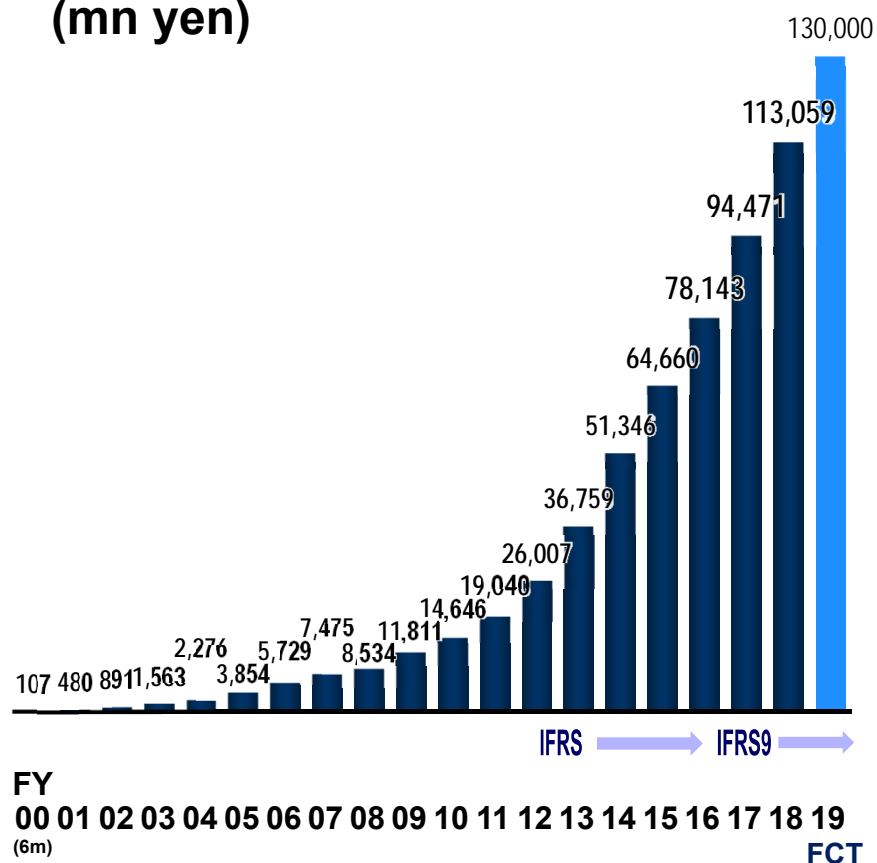
- Continued aggressive hiring, planning increase of 400 headcounts over the fiscal year:

– Medical Platform	100
– Evidence Solution:	100
– Career Solution:	100
– Others:	100
- Allocation for M&A related costs such as advisory fees: 200 million jpy

Annual Results & Forecast for FY2018

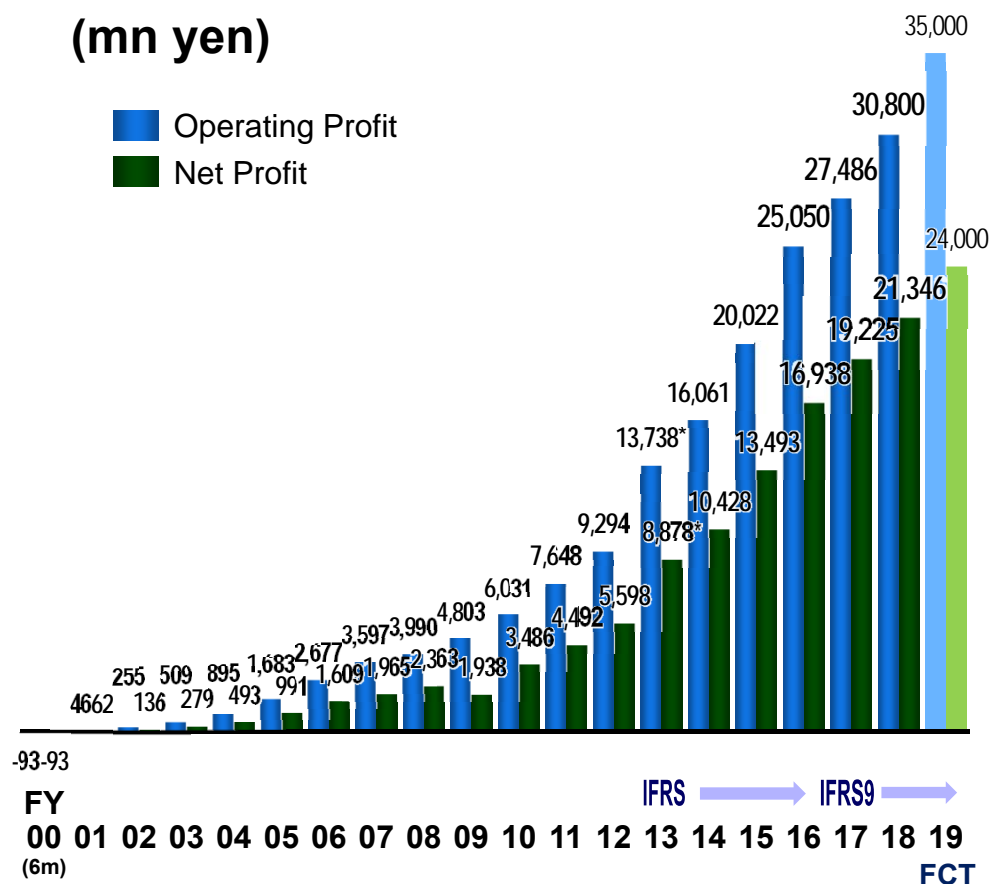
Sales

(mn yen)



Operating Profit & Net Profit

(mn yen)



* FY17 results retroactively restated according to IFRS9 (Financial Instruments)

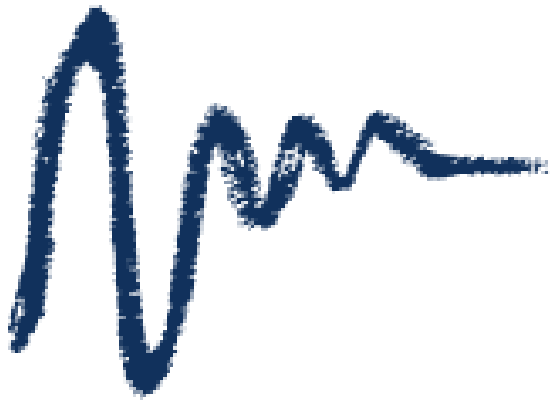
Creating New Value in Healthcare

M3

Medicine

Media

Metamorphosis



Healthcare sector is enormous...

- Japanese national spending on medical services is approximately **¥42tn** (¥70tn including peripheral businesses)
- **Equivalent to 10% of Japanese GDP**
- **Sector controlled by only 300,000 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**