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 Q1 Consolidated Results

<table>
<thead>
<tr>
<th>(million yen)</th>
<th>FY2017 Q1</th>
<th>FY2018 Q1</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>21,874</td>
<td>26,898</td>
<td>+23%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>6,643</td>
<td>7,840</td>
<td>+18%</td>
</tr>
<tr>
<td>Pre-tax Profit</td>
<td>6,706</td>
<td>7,879</td>
<td>+18%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>4,487</td>
<td>5,398</td>
<td>+20%</td>
</tr>
<tr>
<td>Segment</td>
<td>FY2017 Q1 (million yen)</td>
<td>FY2018 Q1 (million yen)</td>
<td>YoY (cumulative)</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------------------</td>
<td>-------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td><strong>Medical Platform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>6,968</td>
<td>8,788</td>
<td>+26%</td>
</tr>
<tr>
<td>Profit</td>
<td>3,354</td>
<td>3,097</td>
<td>-8%*</td>
</tr>
<tr>
<td><strong>Evidence Solution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>5,407</td>
<td>5,387</td>
<td>-0%</td>
</tr>
<tr>
<td>Profit</td>
<td>1,183</td>
<td>1,292</td>
<td>+9%</td>
</tr>
<tr>
<td><strong>Career Solution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>3,433</td>
<td>4,765</td>
<td>+39%</td>
</tr>
<tr>
<td>Profit</td>
<td>1,447</td>
<td>2,135</td>
<td>+48%</td>
</tr>
<tr>
<td><strong>Other Emerging Businesses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,355</td>
<td>2,655</td>
<td>+96%</td>
</tr>
<tr>
<td>Profit</td>
<td>208</td>
<td>283</td>
<td>+36%</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>5,386</td>
<td>5,996</td>
<td>+11%</td>
</tr>
<tr>
<td>Profit</td>
<td>767</td>
<td>844</td>
<td>+10%</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.

- Upfront investment in sales force and new businesses such as AI
- Revival of orders and profits at Neues vs. de-consolidation of IDA
- Both physician and pharmacist placements healthy
- Healthy expansion of future growth drivers
- Steady expansion of sales and profit
All segments are driving growth. MR-kun family growth continues, however is now only 24% of group profit.
Upfront Investment Costs for Future Growth

Unit: million yen

Special costs incurred dampened profits by 0.4 ~ 0.8 bn yen. Aggressive upfront investment to continue.
FY2018 Q1 Overview

Medical Platform
- Expansion of marketing support business for pharmaceutical and medical device companies drove sales higher by +26% yoy
- Precedent costs in FY18 from aggressive upfront investments (advanced medicine business such as AI, marketing team reinforcements)

Evidence Solution
- Deconsolidation of IDA kept sales at 5.4 bn yen, in line with previous year levels. Profits improved to +9% yoy
- Orders backlog remains at 27 bn yen, with op margins stable at 24%

Career Solution
- Both physician and pharmacist inflow robust, with sales at 4.8 bn yen (+39% yoy) and op. profit at 2.1 bn yen (+48% yoy)

Emerging Businesses
- Acceleration in initiatives within the field of advanced medicine. DuraBeam™ developments proceeding as scheduled
- Next growth drivers such as home care and M3PSP continue to expand

Overseas
- Continued sales and profit growth with contribution from consolidation of WAKE
- Sales: 6.0 bn yen (+11% yoy), Op. Profit: 0.8 bn yen (+10% yoy)
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.

<table>
<thead>
<tr>
<th>Time Allocation of doctors collecting info</th>
<th>Marketing Budget Allocation of drug companies in Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Reps</td>
<td>17%</td>
</tr>
<tr>
<td>Internet</td>
<td>39%</td>
</tr>
<tr>
<td>Other</td>
<td>44%</td>
</tr>
</tbody>
</table>

- **Sales Reps**: 92% of the budget, approximately 1.5 trillion yen
- **Internet**: 7% of the budget, approximately 400 billion yen
- **Other** (conferences, publications, etc.): 2% of the budget, approximately 100 billion yen

Source: M3 research, percentages are approximate
In addition to pharma companies, sales from device companies are growing.

Sales from **Device Companies** grew over **2x** YoY.
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
Medical Platform Upfront Investment

1) Reinforcement of m3.com
Increase in site management team staff by +33% yoy, investment in various new contents and strengthening of mobile capabilities

2) Pharmaceutical Marketing team Reinforcement (Personnel investment)
Team members increased +50% versus FY2017 Q1

3) Transition into Success Based Schemes
Increase proposal sizes, launch of two large scale revenue share projects. Sales and profit upside to follow with large upside potential

4) Upfront Investment in AI Businesses
Priority investment in areas such as in-house engine development and industry standardizing platform launch (DOC+AI)

5) Other New Service Development
Investment in roughly 10 new incubation businesses such as regional medical care, cancer patient sites, regional cooperation support for medical sites, and genome platform

Aggressive investments across the entire Medical Platform
The platform strength growth exceeds that of membership growth, as revenue sources diversify.
AI Platform “Doc+AI” Development

- In addition to M3/Optim developed algorithms, various lineup of algorithms from external developers will also be made available.

- NVIDIA and DeepCore cooperative efforts also will benefit.

- Doctors can freely utilize algorithms from the diagnostic support tool lineup.

- Ability to select multiple algorithms within a certain body region (head, lung, heart, etc.)

- Major modality (CT, MRI equipment) makers plan to participate on this platform.
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.
Implication of Upfront Investment in Medical PF Businesses

<table>
<thead>
<tr>
<th>Million jpy</th>
<th>FY2016 Q1</th>
<th>FY2017 Q1</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medical Platform</strong></td>
<td>Sales</td>
<td>6,057</td>
<td>6,968</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>3,033</td>
<td>3,364</td>
</tr>
<tr>
<td><strong>Evidence Solution</strong></td>
<td>Sales</td>
<td>5,156</td>
<td>5,407</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>974</td>
<td>1,183</td>
</tr>
<tr>
<td><strong>Career Solution</strong></td>
<td>Sales</td>
<td>3,111</td>
<td>3,433</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>1,553</td>
<td>1,447</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td>Sales</td>
<td>3,751</td>
<td>5,386</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>242</td>
<td>767</td>
</tr>
<tr>
<td><strong>Other Emerging Businesses</strong></td>
<td>Sales</td>
<td>621</td>
<td>1,355</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>165</td>
<td>208</td>
</tr>
</tbody>
</table>

Upfront investment in the career business last year contributed to strong growth this year (sales +39%, profits +48%)
Orders backlog remained around 27bn yen, with upfront personnel investing corresponding to increase in orders

Deconsolidation if IDA resulted in flat sales yoe

Profits expanded as projects progressed and Neues sales and profits recovered

Margins remain high at 24%
M3’s Growth

**Domestic**

- Medical Platform
- Evidence Solution
- Career Solution
- Emerging Businesses

**Overseas**
Sales and Profit Trend of Career Solutions

(million yen)

Sales and profit expansion from increase in staff and productivity

Fully absorbed hiring impact from FY18Q1, resulting in accelerated growth rate from norm
Sales and Profit Trend of Emerging Businesses

(million yen)

<table>
<thead>
<tr>
<th></th>
<th>IFRS FY17</th>
<th>IFRS FY18 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6,903</td>
<td>2,655</td>
</tr>
<tr>
<td>Segment Profits</td>
<td>1,697</td>
<td>283</td>
</tr>
<tr>
<td>FY18 FCT</td>
<td>12 billion yen</td>
<td></td>
</tr>
</tbody>
</table>

- Advanced medicine initiatives accelerate. Durabeam business proceeding as planned.
- Each business continues to expand steadily, with development in next growth drivers as well.
## Hot Topics within Emerging Businesses

<table>
<thead>
<tr>
<th>TamaBio</th>
<th>Durabeam® (Class IV) gained PMDA approval in Japan, with additional application currently in process in Japan, US, and UK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Newly acquired several patents (effective for 20 yr)</td>
</tr>
<tr>
<td></td>
<td>Gained complete adoption at an advanced medical site (university hospital)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sofiamedi</th>
<th>Acquire Sofiamedi, which operates visiting nursing care stations to provide services such as home care, and home medical care</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>46 offices, roughly 3 billion yen in sales, servicing approximately 6,300 at home patients, the largest coverage in the metropolitan area</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Patient Support Program</th>
<th>NPS: extremely high user satisfaction at 84</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Induction in progress at approximately 20 corporates</td>
</tr>
</tbody>
</table>
DuraBeam has potential to become over 50% of the artificial dura mater market, with one large advanced medical site (university hospital) deciding on full switch to DuraBeam.
Entry into the Home Care Industry - Sofiamedi

Sales and Staff Trend

- Operates visiting nursing care stations to provide services such as home care, and home medical care
- Offices: 46
- Staff: 480
  (150 nurses, 100 physical therapists, 75 occupational therapists, 25 speech therapists, and more)
- Serviced patients: 6,300
- Annual sales: 3 bio yen (approx.)
**Patient Support Program**

<table>
<thead>
<tr>
<th>AskDoctors</th>
<th><strong>Japan’s Largest Doctors Consultation Service</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Access from smartphone and PCs to consult with a physician, 24 hours a day, 365 days a week, plus access to over 2 million archived consultations</td>
</tr>
<tr>
<td>Best Doctor Selection</td>
<td><strong>Doctors and Hospitals Recommended by other Doctors</strong></td>
</tr>
<tr>
<td></td>
<td>Receive a detailed report listing the most recommended doctors and hospitals within your region</td>
</tr>
<tr>
<td>Medical Access Support</td>
<td><strong>Determine and Access the Best Medical Care</strong></td>
</tr>
<tr>
<td></td>
<td>Consult specialists regarding treatment options with the support of expert staff, to determine the best method, for important medical decisions cancer treatment and large operations.</td>
</tr>
<tr>
<td>P5 Cancer Genome Report</td>
<td><strong>Most Appropriate Care for Cancer Patients</strong></td>
</tr>
<tr>
<td></td>
<td>Full report of DNA analysis of the cancer to pinpoint the type of mutation in order to find the exact treatment</td>
</tr>
</tbody>
</table>

**M3PSP offers the above 4 services as a comprehensive package toward corporates to provide as employee benefits.**
NPS of Industry Leaders

LOW scores

HIGH scores

NPS = Total Supporters – Total Critics

12.2 Ritz Carlton (City Hotel)
-0.4 Lexus (Automobile)
-3.1 iPhone (Smarephone)
-4.1 Amazon Prime (Video Broadcasting Service)
-9.1 ANA (Airline)
-9.2 ZOZOTOWN (EC site)
-16.1 Hankyu Department Store (Department store)
-21.2 Rakuten Card (Credit card)
-22.3 SBI Securities (Securities firm)
-35.5 Prudential Life (Life insurance)

出所：https://www.nttcoms.com/service/nps/summary/

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Sales and Profit Trend of Overseas

(million yen)

Sales
Segment Profit

### Sales

FY09: 1,105
FY10: 1,585
FY11: 2,983
FY12: 4,069
FY13: 6,661
FY14: 10,980
FY15: 13,810
FY16: 16,338
FY17: 22,425
FY18 Q1: 5,996

### Profit

- **Newly consolidated Wake Research (US clinical trial business)**
- **Profit expansion from operational improvements. Dispatched personnel from Japan to share accumulated business expertise**
Number of Physician Members and Panelists (Global)

(thousand)

4.5+ million members worldwide

Over 4.4 million physicians utilize M3’s global platforms

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China: Membership Expansion

Number of Physician Members in China

- Topped 2.2 million physicians 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 12 pharma companies across 36 drugs

- Newly approaching local clients, in addition to MNCs

- Launched career services for physicians

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>(thousands)</td>
<td>953</td>
<td>1,019</td>
<td>1,154</td>
<td>1,250</td>
<td>1,490</td>
</tr>
<tr>
<td></td>
<td>1,490</td>
<td>1,561</td>
<td>1,617</td>
<td>1,680</td>
<td>1,753</td>
</tr>
<tr>
<td></td>
<td>1,838</td>
<td>1,908</td>
<td>1,985</td>
<td>2,026</td>
<td>2,147</td>
</tr>
<tr>
<td></td>
<td>2,243</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q1
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
- Expected synergies:
  - Patient recruitment optimization
  - First step in provision of efficient large scale clinical trial service
- Launched a JV with Cape Fear Healthcare Systems to further expand the network

Wake to potentially function an M&A engine for M3
Plan to roughly double the number of sites in 1 to 2 yrs
M3 Group’s Business Strategy
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
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
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
### 7Ps of Healthcare Business

<table>
<thead>
<tr>
<th>7 P’s</th>
<th>Description</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Target</td>
<td>Concrete directionality of solution</td>
<td>Patient reduction, Medical cost redux</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, A.I., Genome</td>
</tr>
<tr>
<td>Place / Process</td>
<td>Place of medical care delivery</td>
<td>Hospital, Home care, hospital coordination</td>
</tr>
<tr>
<td>Payment System</td>
<td>Payment system, cash flow</td>
<td>Medical and long-term care insurance, patient expenses</td>
</tr>
<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>
</tr>
</tbody>
</table>
Expansion of M3’s Addressable Market

**Former Market**
National Healthcare Expenditure (Japan)
42.4 trillion yen

**Medical Cost**
- 10.6 trillion yen

**Other**
- 31.8 trillion yen

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

**Target Market Going Forward**
- Ocular
- Diabetes
- Fracture
- Neurological
- Renal
- Gastrointestinal
- Cerebrovascular
- Hypertension
- Cardiac
- Cancer

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.
Annual Results & Forecast for FY2018

**Sales**

(mn yen)

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

**Operating Profit & Net Profit**

(mn yen)

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

- Split Ratio: Two-for-one
- Reference Date: September 30, 2018 (Sunday)
- Effective Date: October 1, 2018 (Monday)

Compared to the stock price of 1,702 after the previous split (April 1, 2014), the price has increased by 2.5 times. The split was determined with the objective to reduce investment unit size and to increase liquidity.
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