
M3, Inc.

Presentation Material

July 2023



FY2023 Q1 Consolidated Results

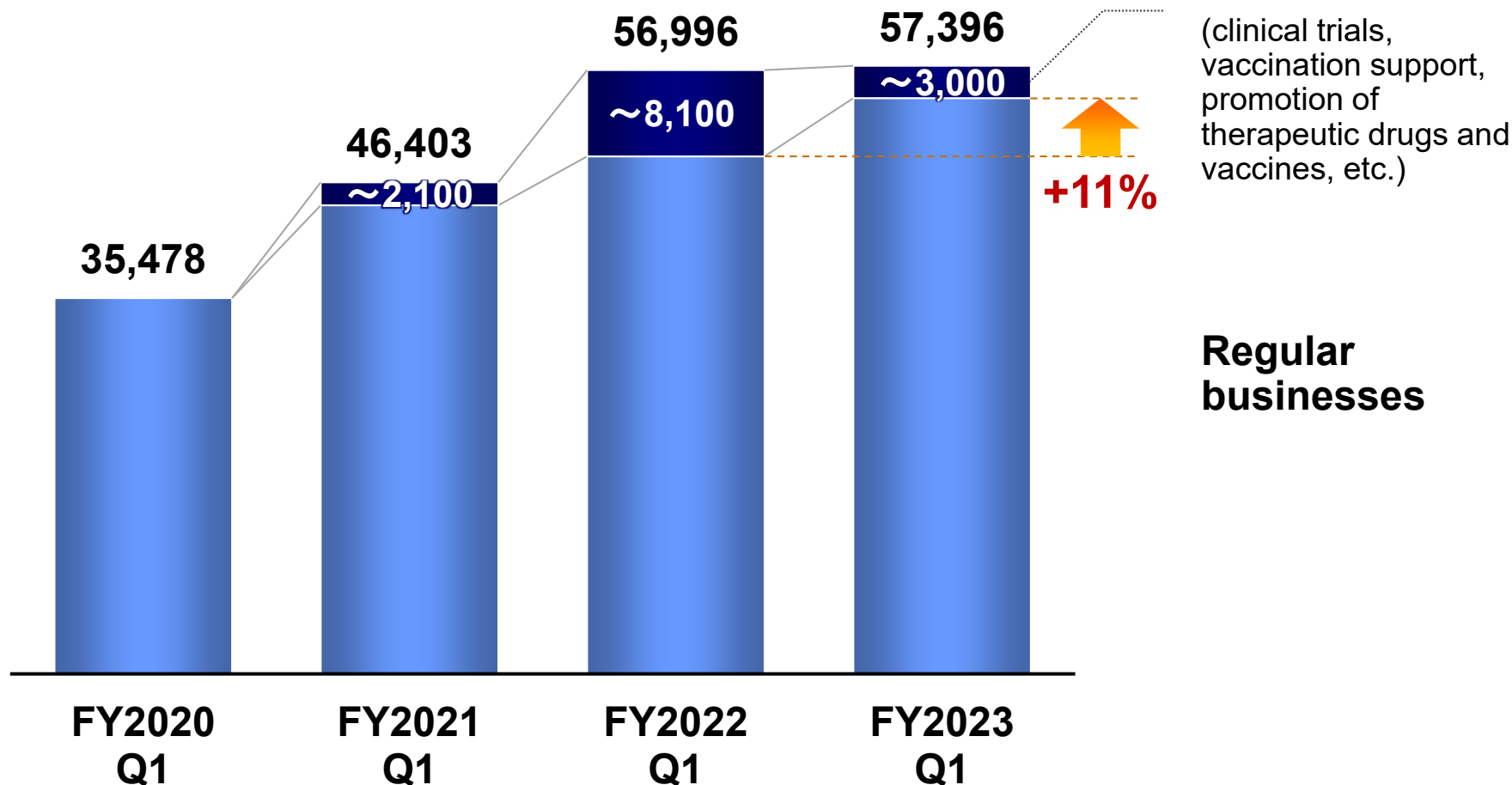
(mn yen)	FY2022 Q1	FY2023 Q1	YoY
Sales	56,996	57,396	+1%
Operating Profit	18,695	18,004	-4%
Pre-tax Profit	19,748	19,831	+0%
Net Profit	13,487	13,554	+0%

YoY growth in business excluding Covid related revenues sales +11%

 Normal business off to a good start as expected on a company-wide basis

Consolidated Sales Trends and COVID Impact

Unit: mn yen



COVID related
(clinical trials, vaccination support, promotion of therapeutic drugs and vaccines, etc.)

Regular businesses

 Covid contribution down by more than 5 billion in the quarter, offset by growth in regular business... Largest Covid contribution of 8.1 billion in FY22Q1*, resulted in largest quarterly decline

*FY22 Actuals: Q2 ~6.4 Bn, Q3 ~6.2 Bn, Q4 ~3.5 Bn

FY 2023 Q1 Consolidated Results by Segment

(mn yen)

			FY2022 Q1	FY2023 Q1	YoY
Domestic	Medical Platform	Sales	20,223	21,947	+9%
		Profit	8,786	8,904	+1%
	Evidence Solution	Sales	7,174	6,965	-3%
		Profit	2,235	1,885	-16%
	Career Solution	Sales	5,464	5,588	+2%
		Profit	2,830	2,663	-6%
	Site Solution	Sales	10,220	7,663	-25%
		Profit	1,448	831	-43%
	Emerging Businesses	Sales	702	552	-21%
		Profit	-173	-126	-
Overseas	Sales	14,921	15,715	+5%	
	Profit	4,040	3,679	-9%	

- Pharmaceutical marketing: improving trend compared to Q4, essential digital transformation is progressing
- DX of the Clinical Scene: Steady growth in both EHR and DigiKar Smart

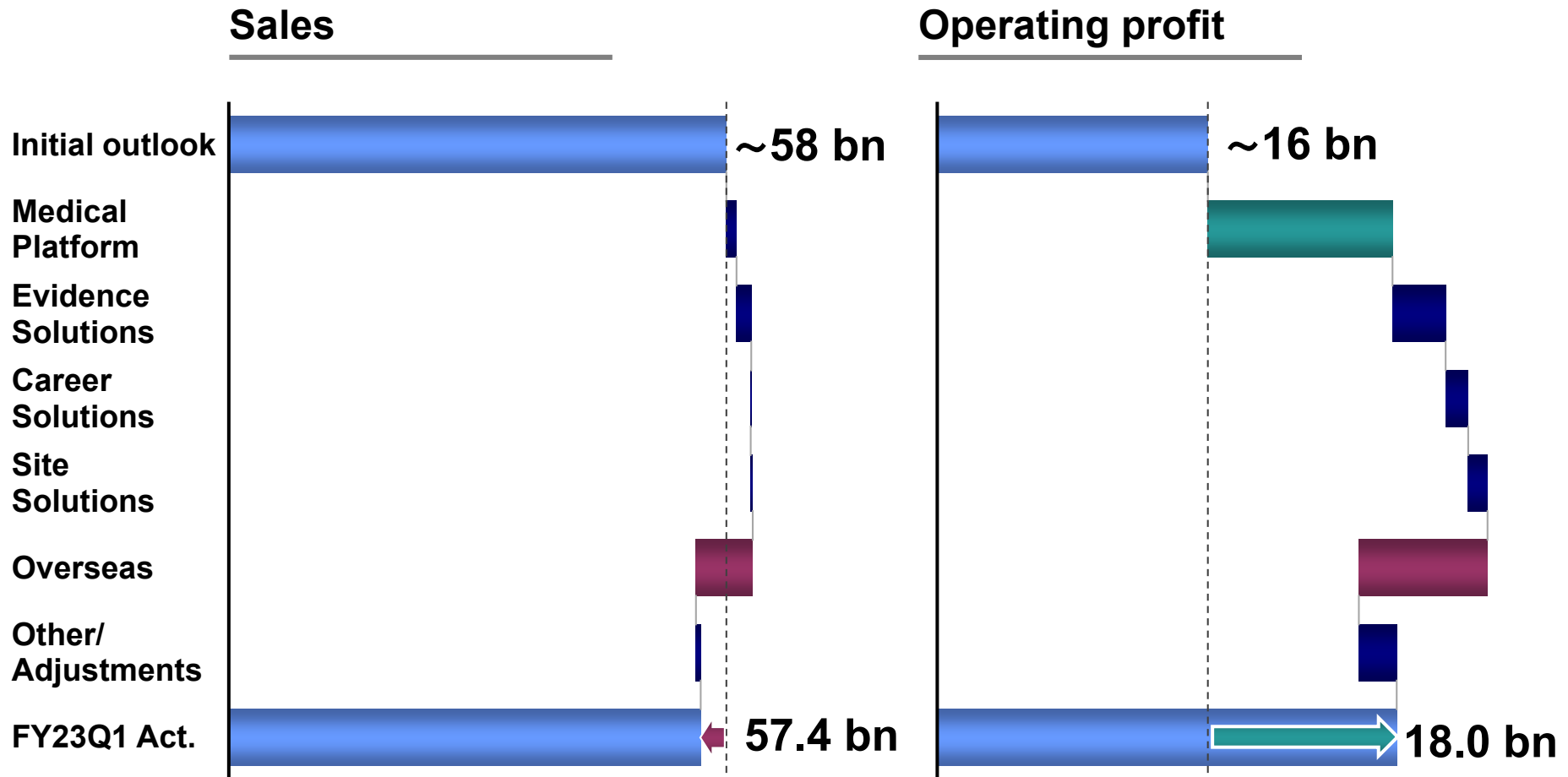
- Order backlog: 31 bil. yen
- Excluding Covid related clinical trials, sales +11%

- Business for pharmacists recovering
- Sales +9% excluding Covid related revenues

- Sales excluding Covid related revenues +28%

- Sales +14% excluding Covid
- US slowdown due to clinical trial business
- Europe and APAC region steady

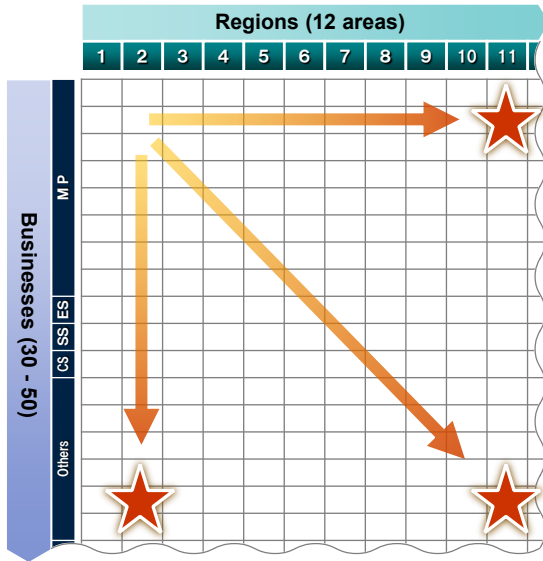
Budget Progress in FY2023 Q1



Overseas business is behind initial forecasts, but other segments are progressing well

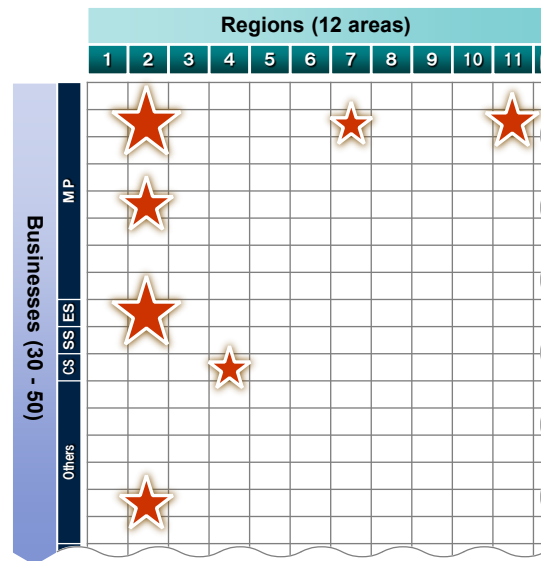
M3's Triple Growth Engine + CSV

1. Ecosystem Expansion (Sagrada Familia)



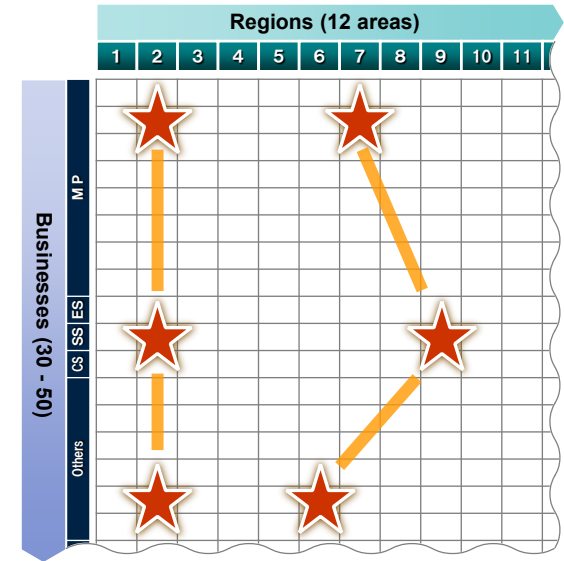
- Continuous new business entries

2. Individual Business Development



- Pharma marketing / Clinical Scene DX

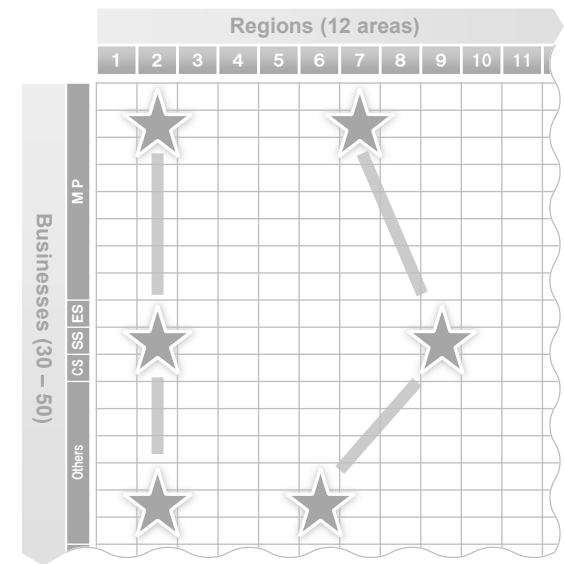
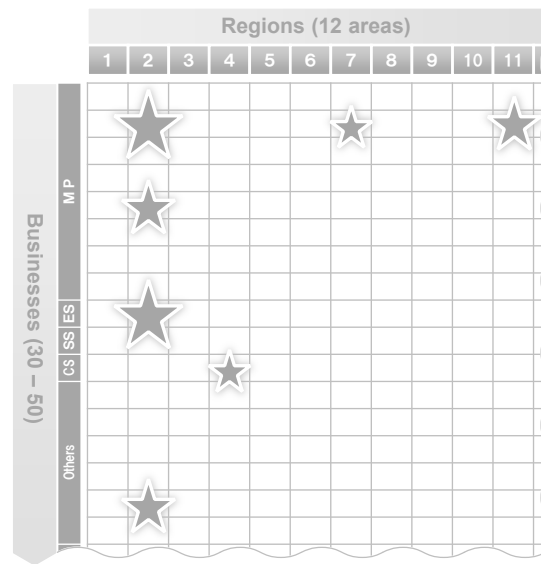
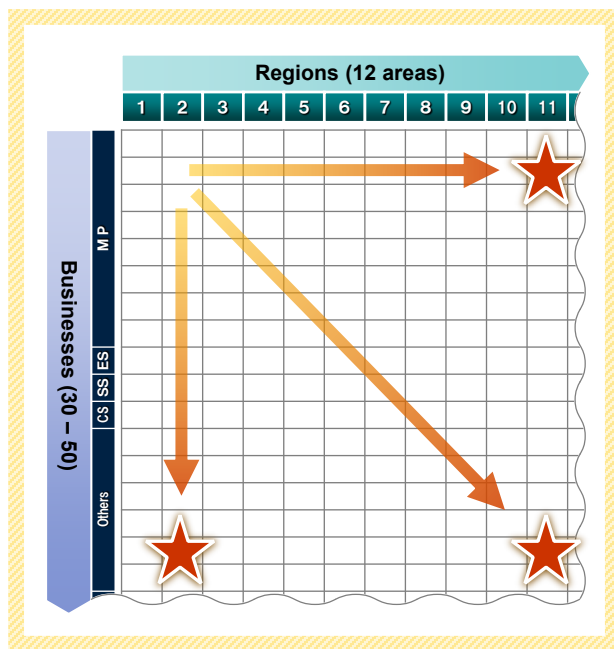
3. Ecosystem Synergy Creation



- Cross-cell synergy maximization

4. Social Impact Creation → CSV

Growth Engine 1: Ecosystem Expansion (Sagrada Familia)



4. Social Impact Creation → CSV

Leverage 3 Major Resources to Solve Healthcare Issues



6.5 mil. registered doctors worldwide
Overwhelming Platform



Top-notch technical professionals
State-of-the-art Technology



Experts from varied fields unite
Problem Solving Skills



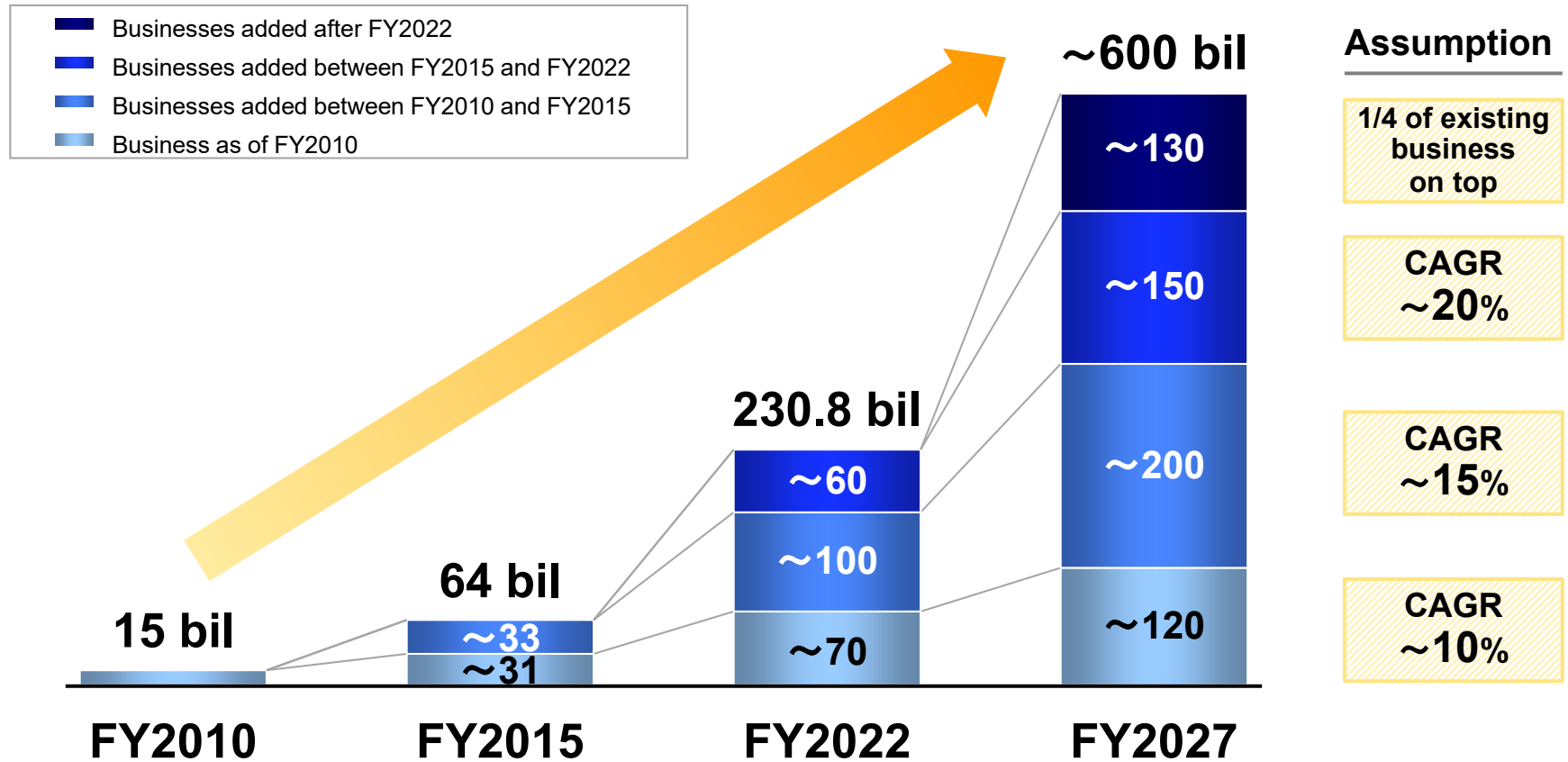
Business Scope Expansion and Growth Potential

	: 2010	2015	2020	2022
Country	: 3 →	8 (2.5x) →	11 (3.5x) →	17 (5.5x)
Business Types	: 6 →	15 (2.5x) →	35 (6.0x) →	38 (6.0x)
Business Units (Type x Country)	: 10 →	24 (2.5x) →	56 (5.5x) →	71 (7.0x)
Sales (bn)	: 14.6 →	64.7 (4.5x) →	169.1 (12.0x) →	230.8 (16.0x)

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

Growth Image per Business Expansion Phases

Sales Trend (JPY)



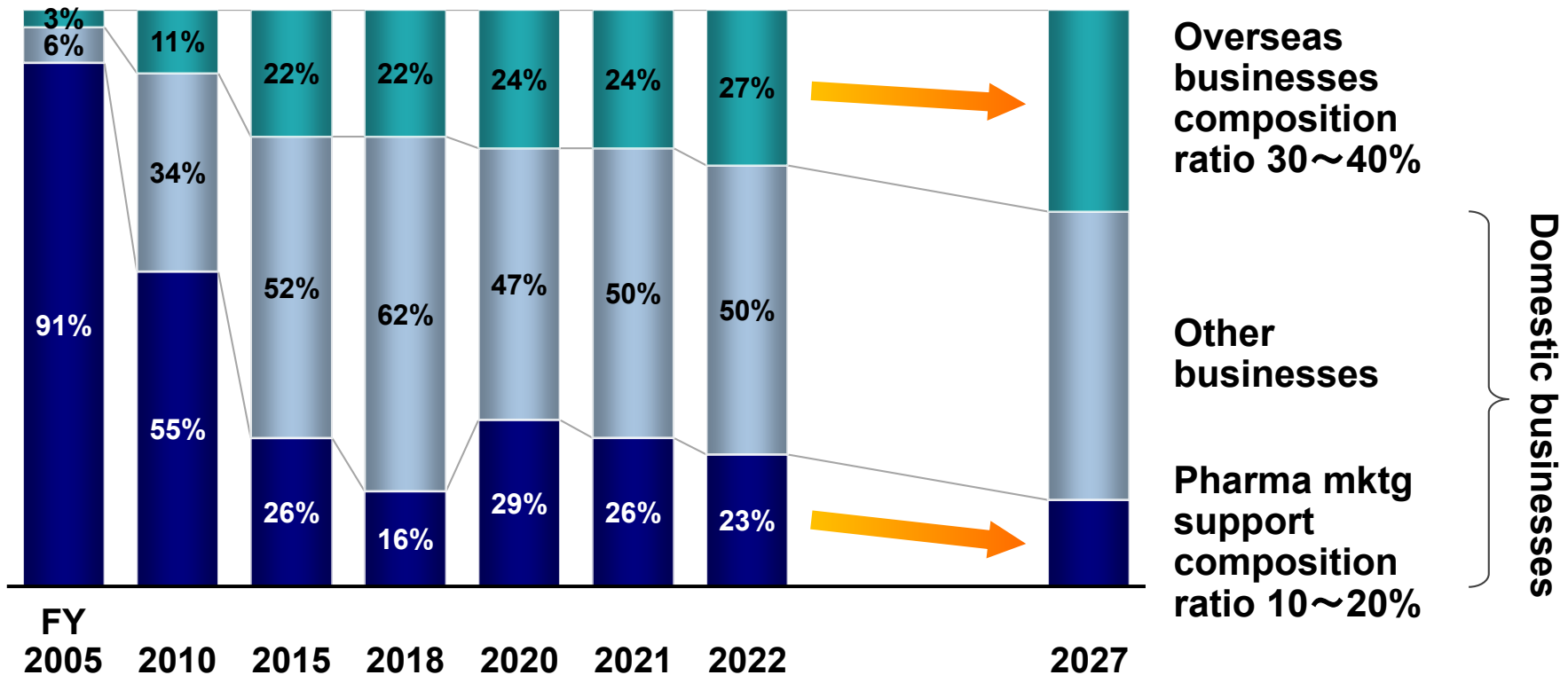
👉 Aim to continue to grow business as before through new business development, new business growth, and existing business growth

Sales Composition Ratio: Past and Future Image

Consolidated Sales Composition Ratio

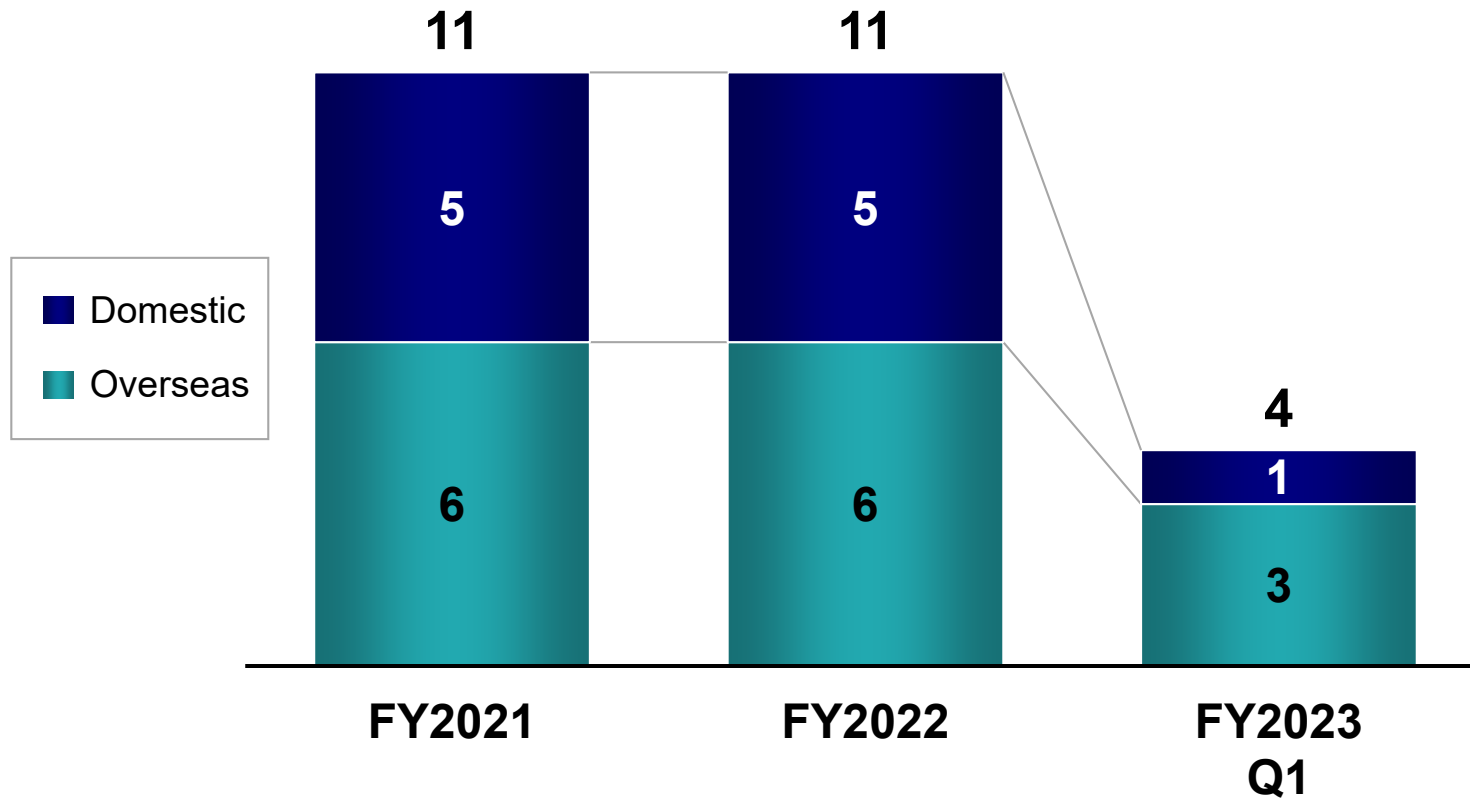
100%= JPY 230.8bil.


JPY 600bil.



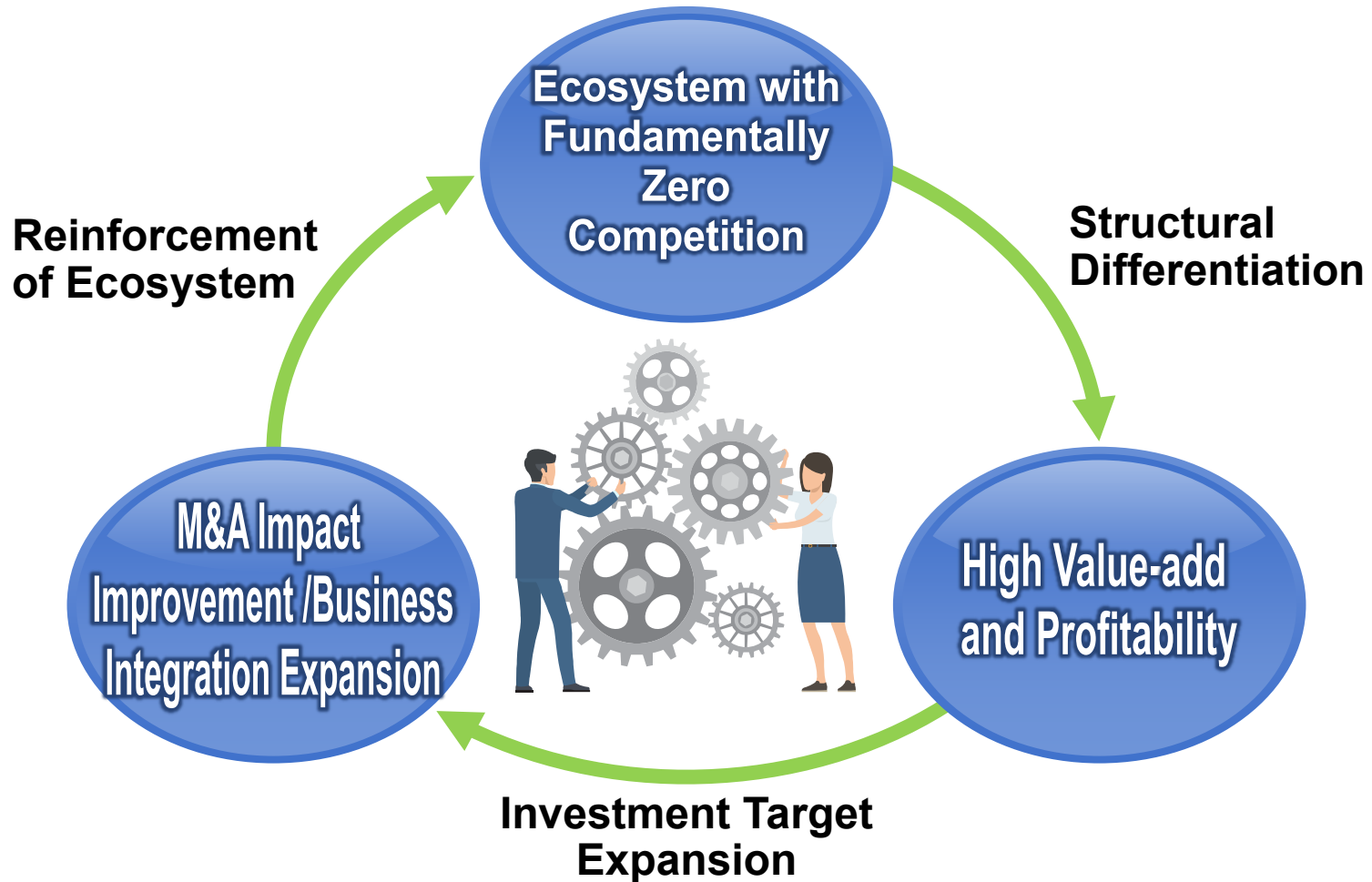
👉 The pharmaceutical marketing business itself will continue to grow, but overseas/other domestic businesses are expected to grow faster

Trend in M&A Volume: Programmatic M&A Strategy



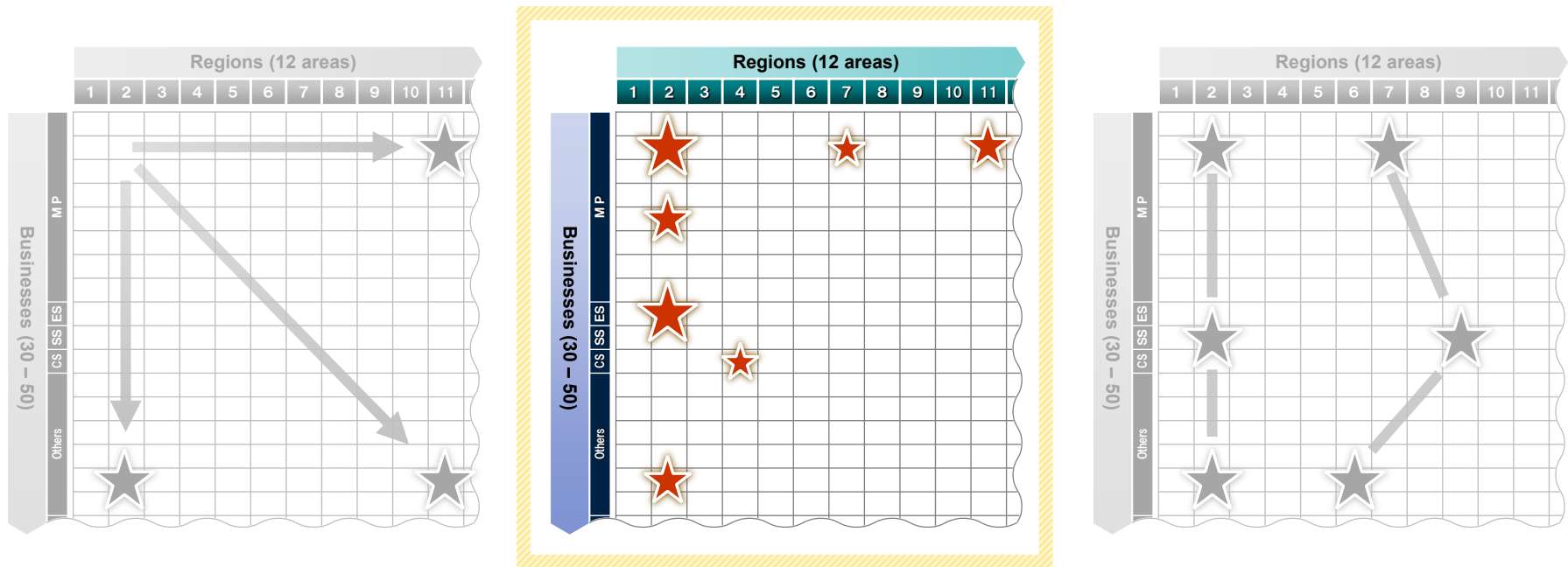
-  M&A completed with approximately 10 companies annually, will continue to actively pursue M&A opportunities.
FY23: 3 projects already conducted abroad, Scribendi, Med Planet, and businesses acquired from Kantar Group

Business Expansion Creation Flow



👉 Self-reinforcing expansion cycle = "superbly capable staff" base also expands, and continuity is further strengthened... "business snowball" to multiply rapidly

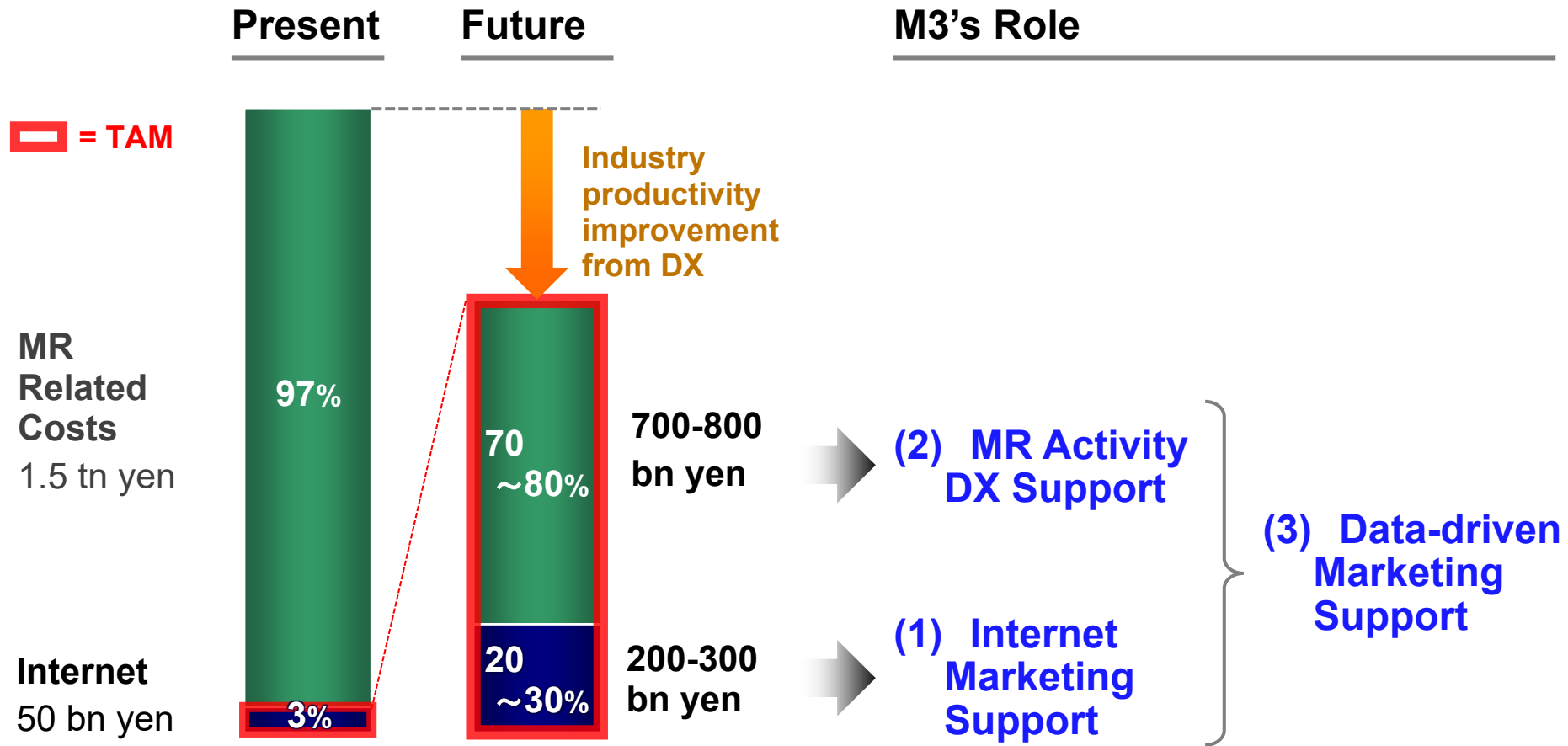
Growth Engine 2: Individual Business Development



4. Social Impact Creation → CSV

Pharmaceutical Sales & Marketing DX

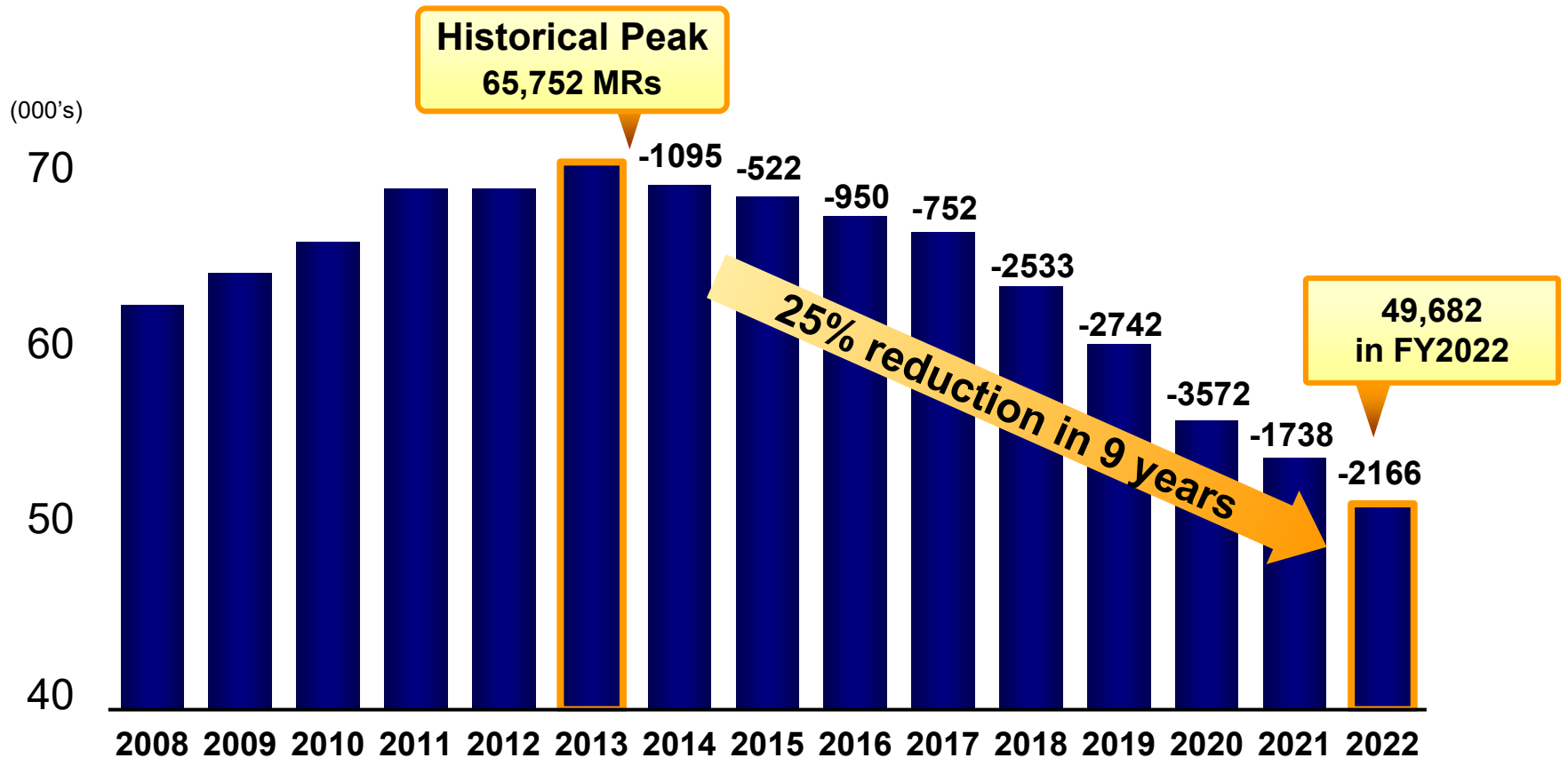
Pharma Marketing Cost and TAM for M3



M3 involvement to go beyond the bounds on the internet to improve productivity across the entire industry

Ref: M3 survey and estimate; numbers are approximate

Trend of Domestic Pharmaceutical Sales Reps (MRs)

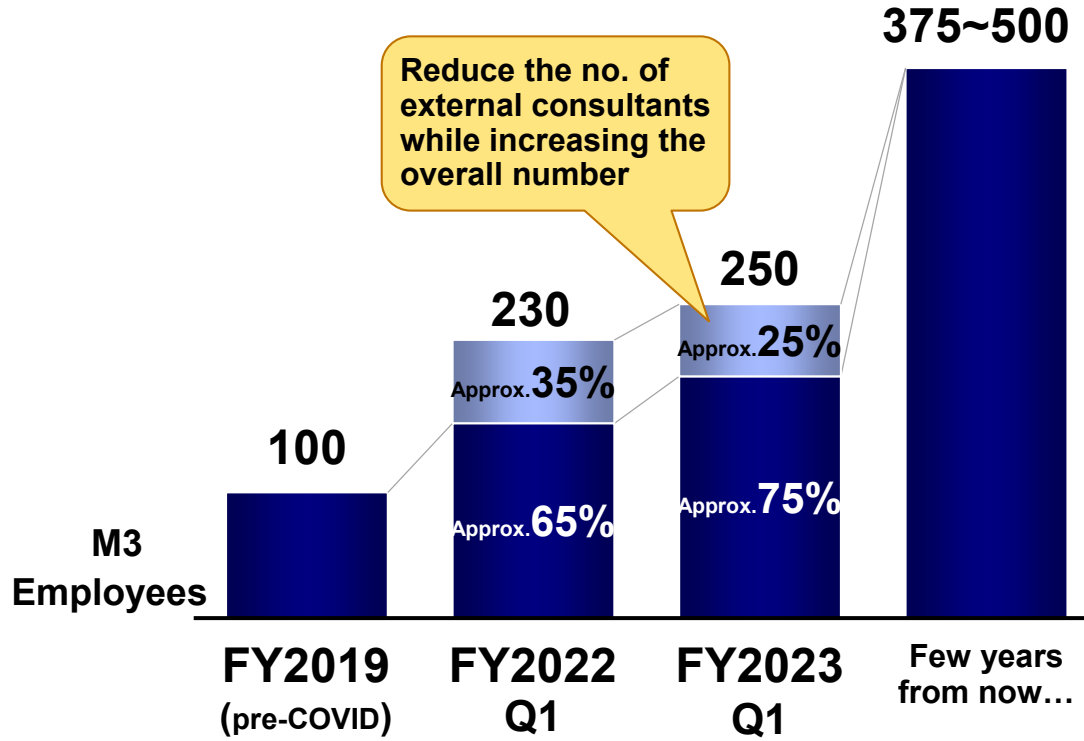


In addition to a decrease in the number of MRs, increasing number of contract reps and online reps who work exclusively online or by phone.... The trend toward sales efficiency is expected to continue

* Source: MR Certification Center "2023 MR White Paper"

Professional Staff Fortification Plan

Unit: Index with FY2019 as 100



Cost per Staff









Staff Fortification Initiatives

- HR capacity increase
- Recruiter reinforcement (fee scale)
- New grad recruitment fortification
- Improve costs while increasing headcount

Professional staffing, with the number of hiring decisions up by approximately 2x YoY

DX of the Clinical Scene

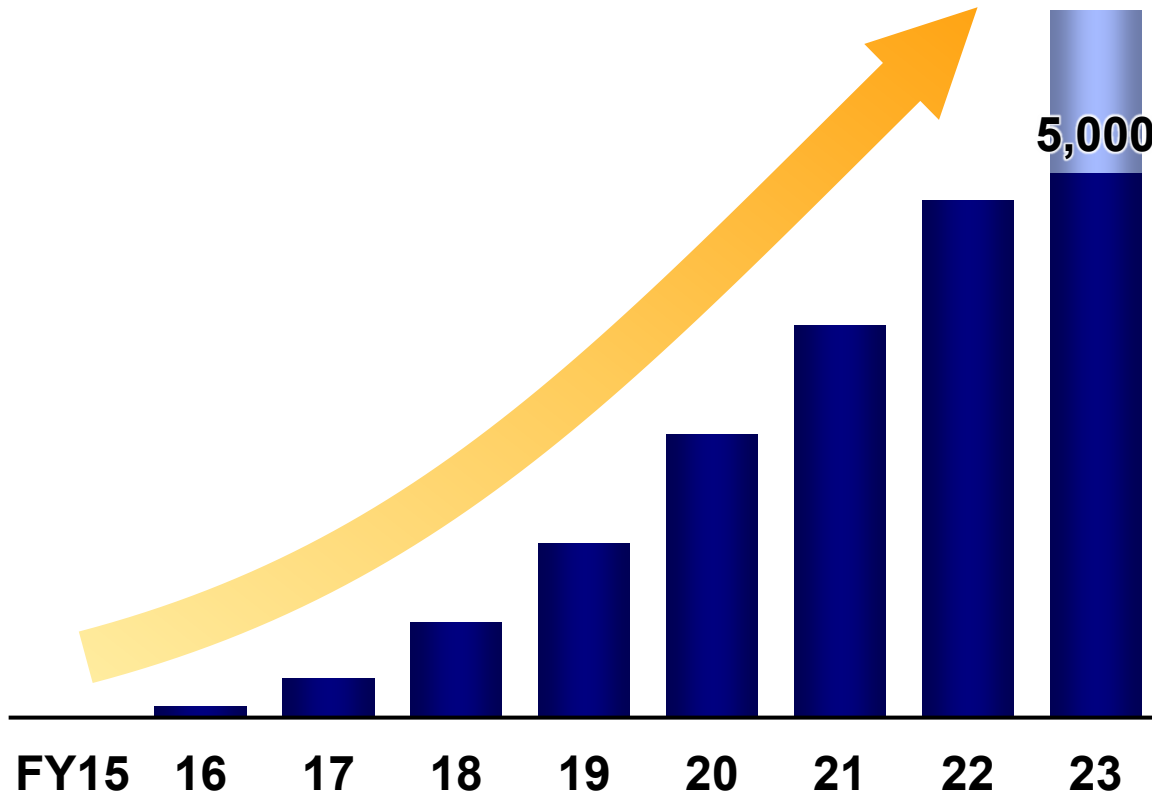
DX of Clinics: Creating a New Patient Experience

		Current		Post DX <small>(new patient experience)</small>
Access		Long waiting time in lobbies	➔	Online reservations
Diagnosis		Offline	➔	Online/Offline Hybrid
Payment		Wait to pay at service desk	➔	Head straight home (digital payments)
Rx		Local pharmacy	➔	Delivered to home or office
Medical Records		Difficult access	➔	Review own health records online
Midnight Emergencies		Wait until next morning	➔	24/7 Online Service

 **Creating a completely different patient experience through “DigiKar Smart”**

M3 DigiKar EHR Growth

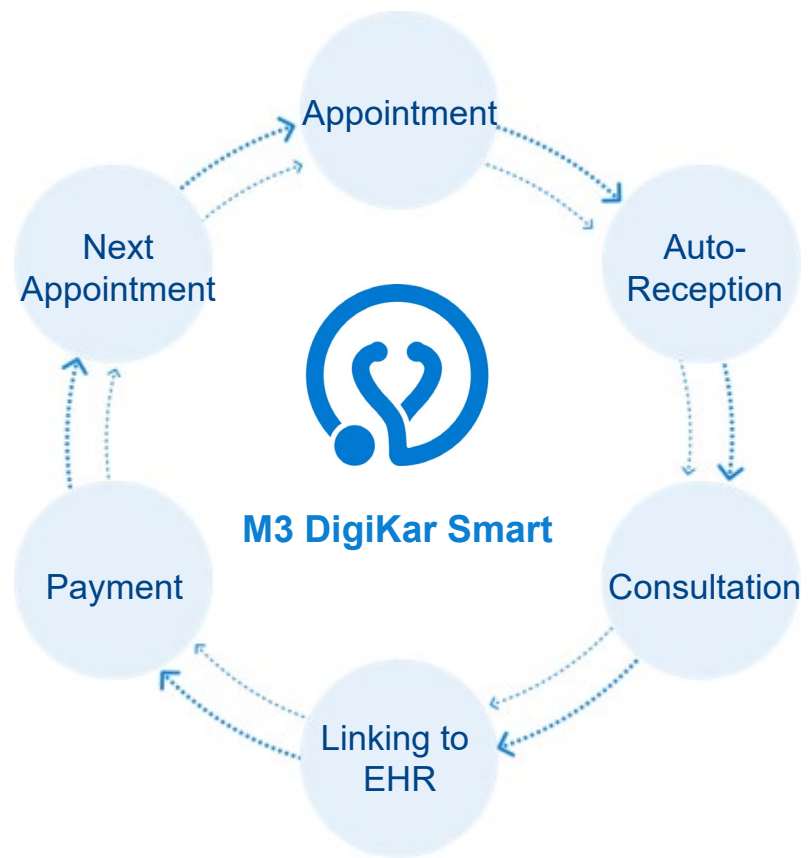
Number of Sites Using M3 DigiKar



- Cumulative number of installations is approximately 5,000. Steady progress
- Co-selling with DigiKarSmart further increases the added value of DigiKar

👉 Incontestable #1 market share within cloud based digital health records, reaching 170 million charts

DX of Clinics: DigiKar Smart



Medical Institutions: Managing System



Patients: Mobile App





M3 デジタルスマート診察券
メディカル

開く

1.2万件の評価	年齢	ランキング
4.6 ★★★★★	12+ 歳	#3 メディカル

評価とレビュー すべて表示

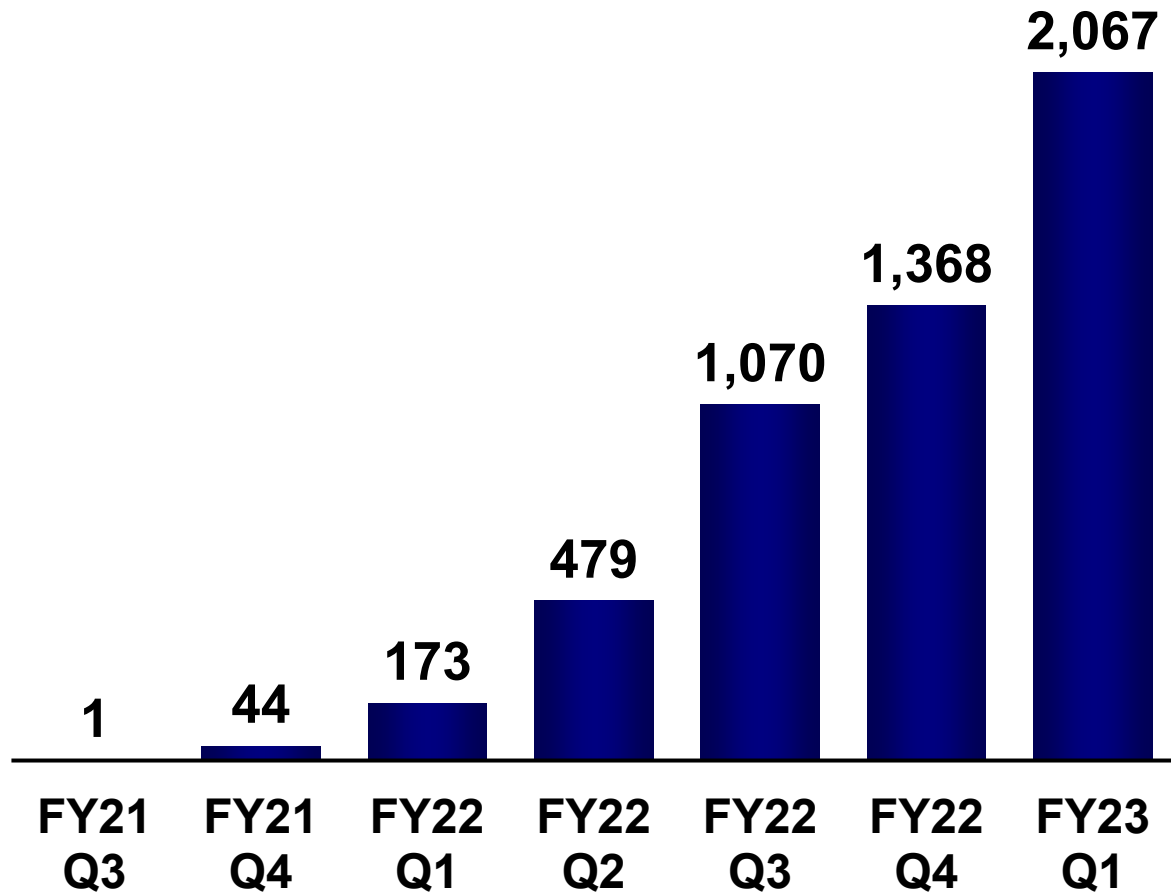
4.6

5段階評価中 11,552件の評価

👉 12,000 reviews with a rating of 4.6 from users, new patient experience created and highly evaluated

No. of DigiKar Smart Users

Unit: Index with FY21Q3 as 1



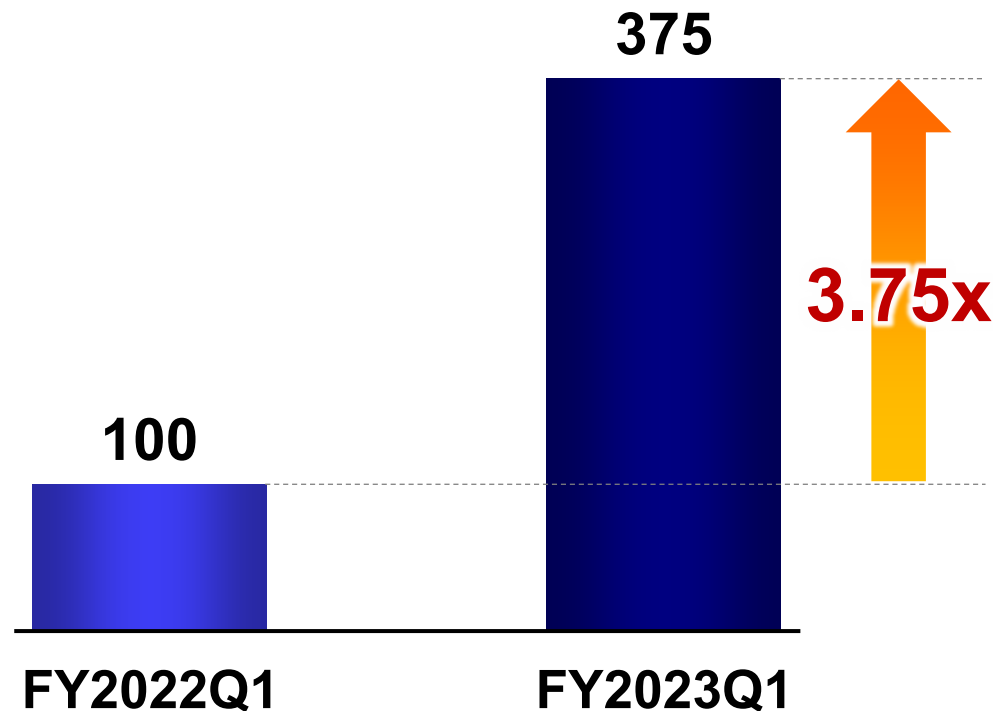
- Users are rapidly penetrating DigiKar Smart as the clinic's infrastructure. 12 times higher than in the previous year
- Video call has been added and is expanding as an infrastructure for telemedicine

* Quarterly sum of monthly UUs

Ecosystem Synergy: Medical Data Business

Unit: Index with FY2022 as 100

Sales of Medical Data Business*

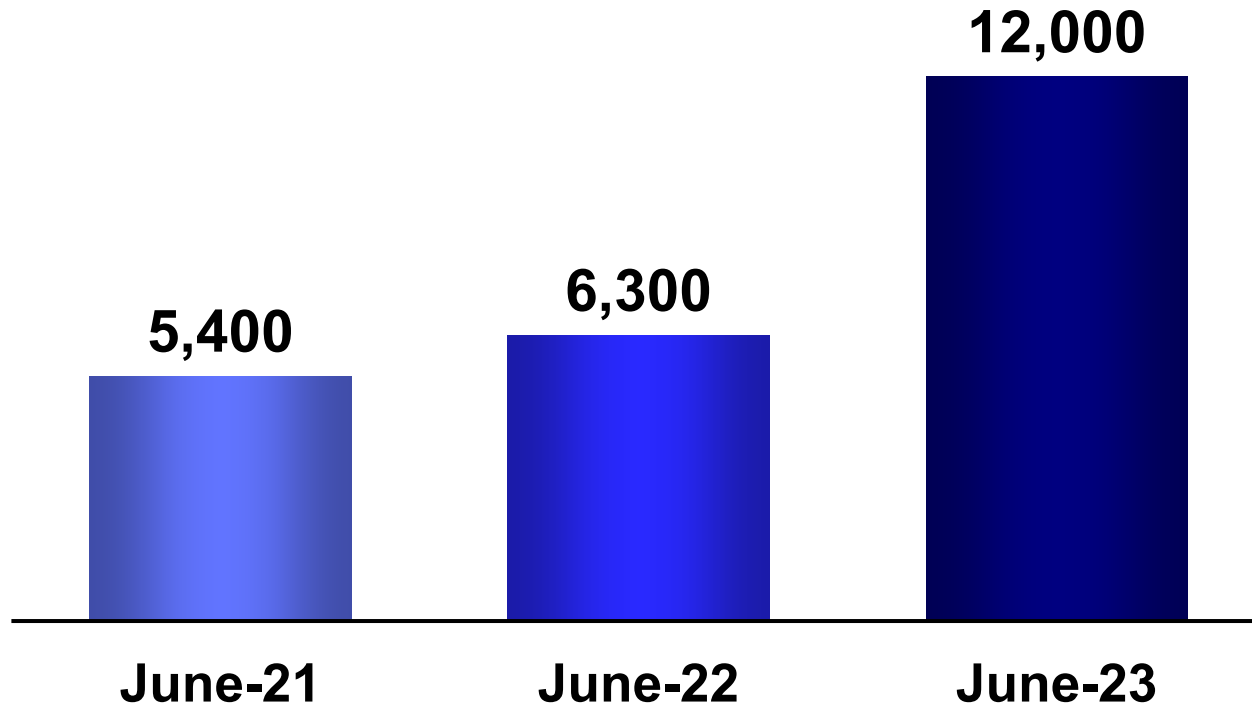


 **Medical data business (actual medical practice, physician practice standards, etc.) also grew significantly along with the increase in the volume of data accumulated. Steady creation of ecosystem synergies**

* Target: Real World Data, Estimation related services (part of Pharmaceutical Marketing business)

Number of Clinics Covered by M3 Group

Unit: Number of clinics using any of M3 services

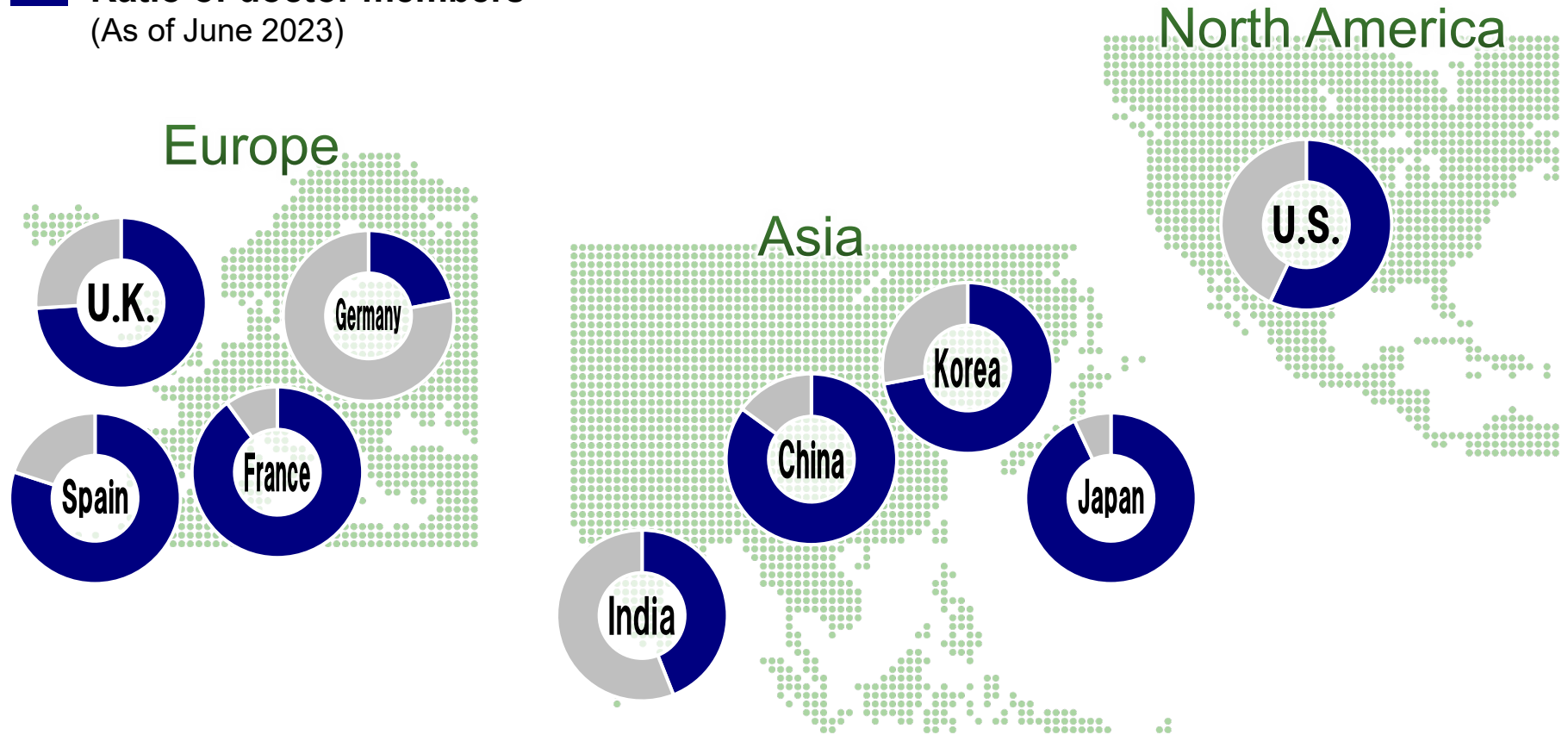


-  **Rapid expansion of clinic coverage (1.9x YoY) through organic growth as well as M&A. Plans to offer a wide range of DX promotion services, including EHR, in-hospital operational efficiency, and patient tools**

Overseas

Number of Doctor Members and Panelists (Global)

■ Ratio of doctor members
(As of June 2023)

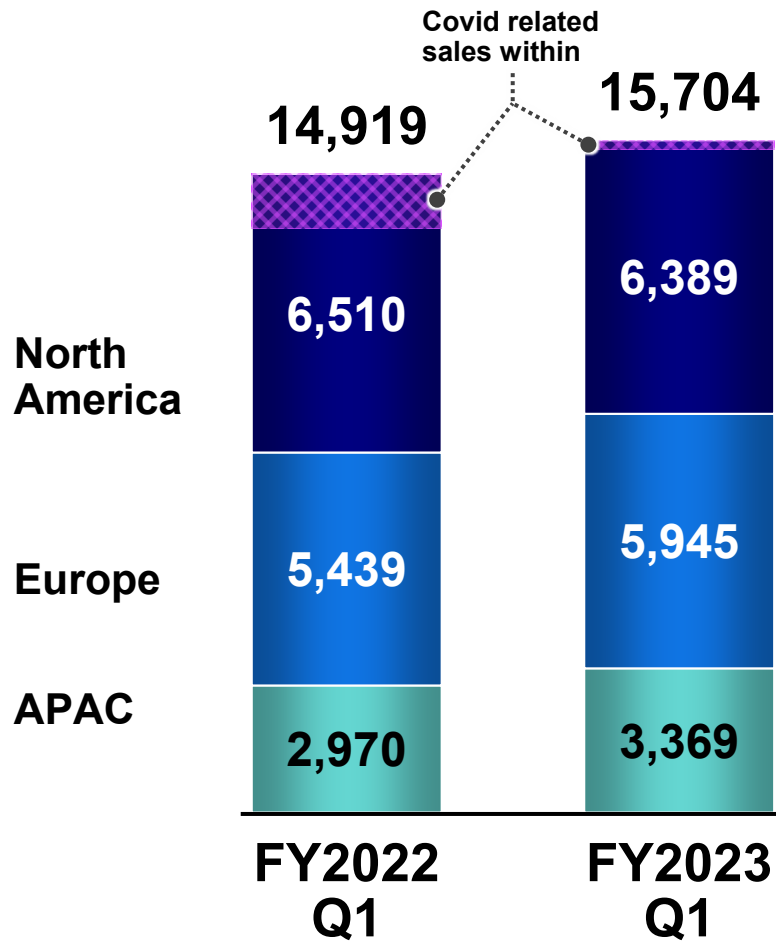


👉 Including regions not mentioned above, more than 6.5 million doctor members and panelists, covering over 50% of doctors worldwide

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

Overseas Segment: Sales by Region

Unit: JPY MM



Growth rate

+5% Excluding Covid related earnings
+14% Excluding Covid related earnings

+18% Excluding Covid related earnings

+9%

+13%

North America

Clinical trials business

- Renewal of management structure, staff fortification and training for future growth
- Implemented at a time when the impact of Covid has subsided

APAC

Rapid growth after Covid has slowed down. Growth levels are returning to normal

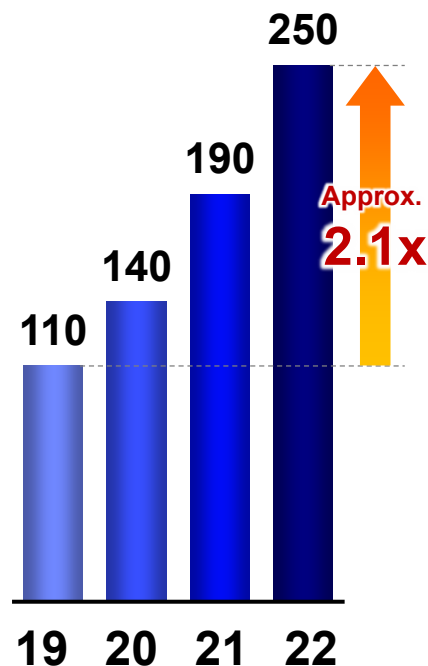
Accelerating new initiatives for the future

Overseas Growth Trends by Business (FY)

Unit: JPY 100MM

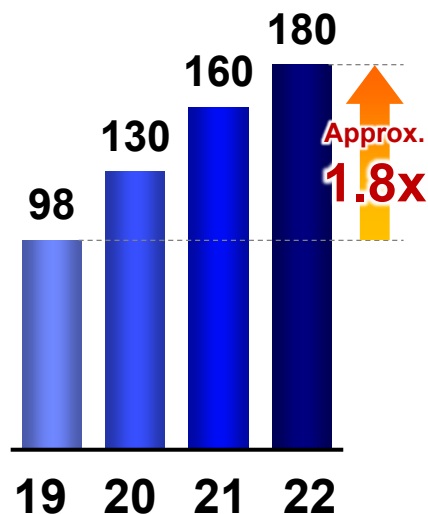
Service for Doctors

(Platform for doctors in North America, Europe, and Asia and EHR)



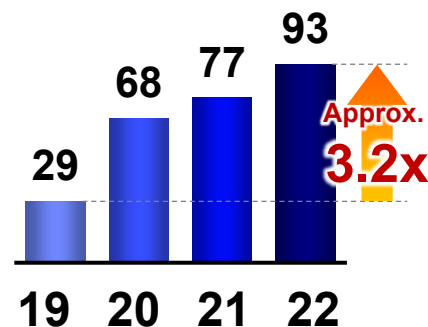
Business Intelligence

(M3 Global Research: Expanding in North America, Europe, and Asia)



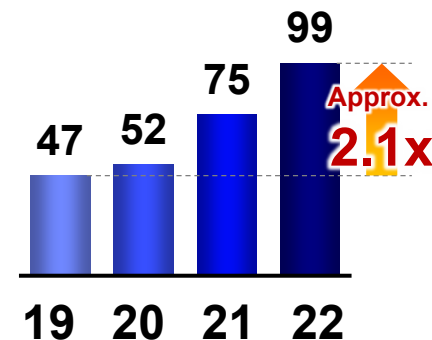
Clinical Trials

(Clinical Trials sites in North America, growing into one of the top 5 companies in the US)



Career for Doctors

(Human resources business centered on doctors in North America and Europe)



Achieve growth trends in various business types

* Based on each subsidiary's principal business, aggregated by fiscal year

Two Businesses Acquired from Kantar Group

KANTAR

Kantar Health Profiles

Location: New Jersey, London

Nature of business: global HCP survey panel business

- Global panel of more than 140,000 HCPs, mainly in the US and Europe
- Many global clients, including research companies, consulting firms and pharmaceuticals
- Expands existing businesses of M3GR

Kantar Media Healthcare Research

Location: New York

Nature of business: reporting services for the US healthcare industry

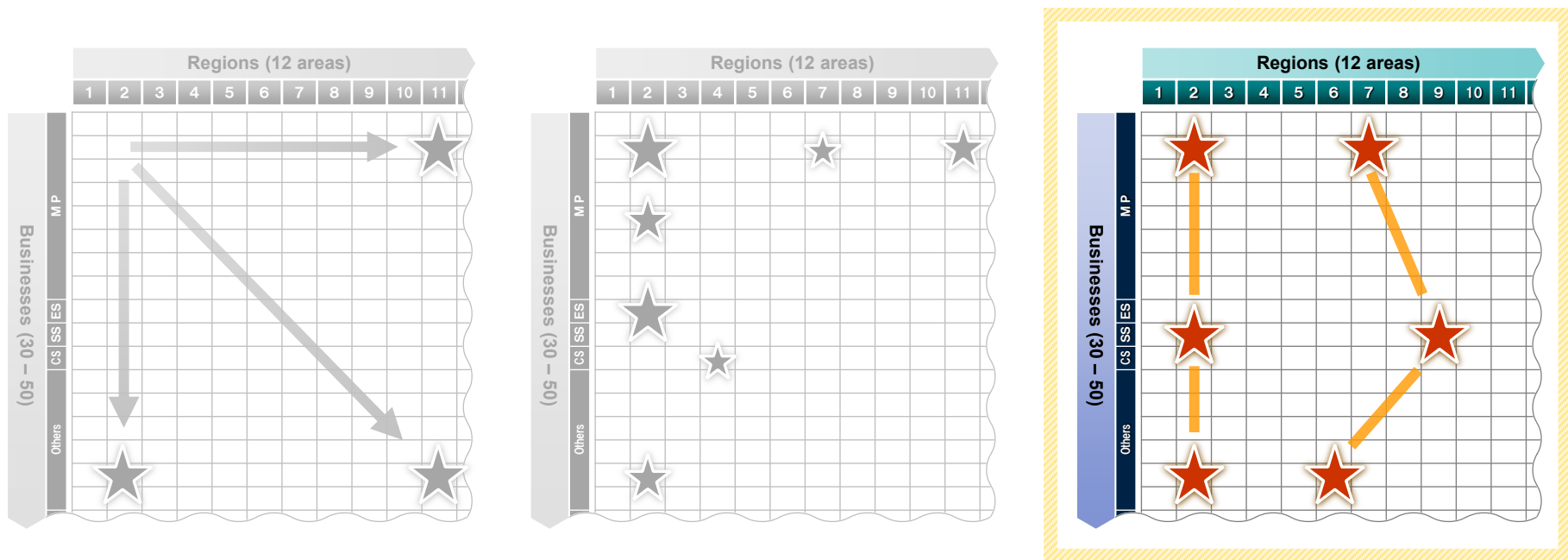
- Data and research reports on media usage trends of HCPs and patients as a subscription service
- De facto industry standard used by many US healthcare-related advertising agencies and medical media companies
- New service offering for M3 GR



M3 GLOBAL RESEARCH

- 👉 **Expect synergies with M3 Global Research, such as expanding the panel of HCPs, reducing costs by complementing the panel, and creating new businesses**

Growth Engine 3: Ecosystem Synergy Creation

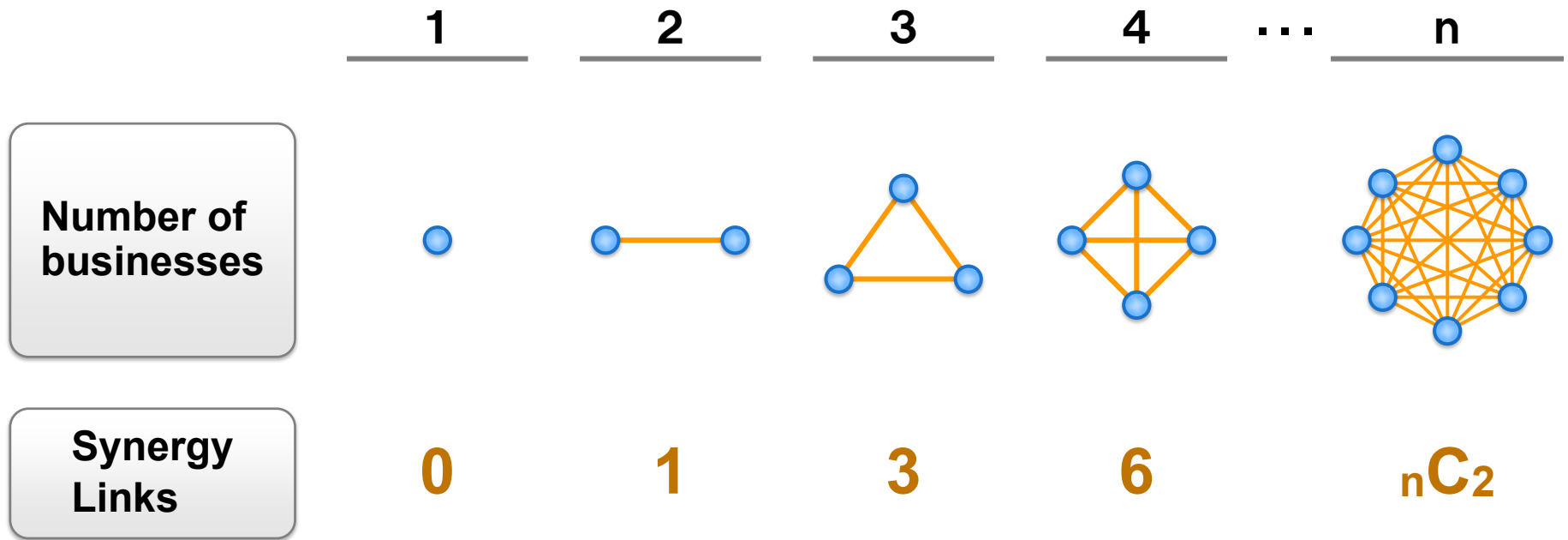


4. Social Impact Creation → CSV

Business Scope Expansion and Growth Potential

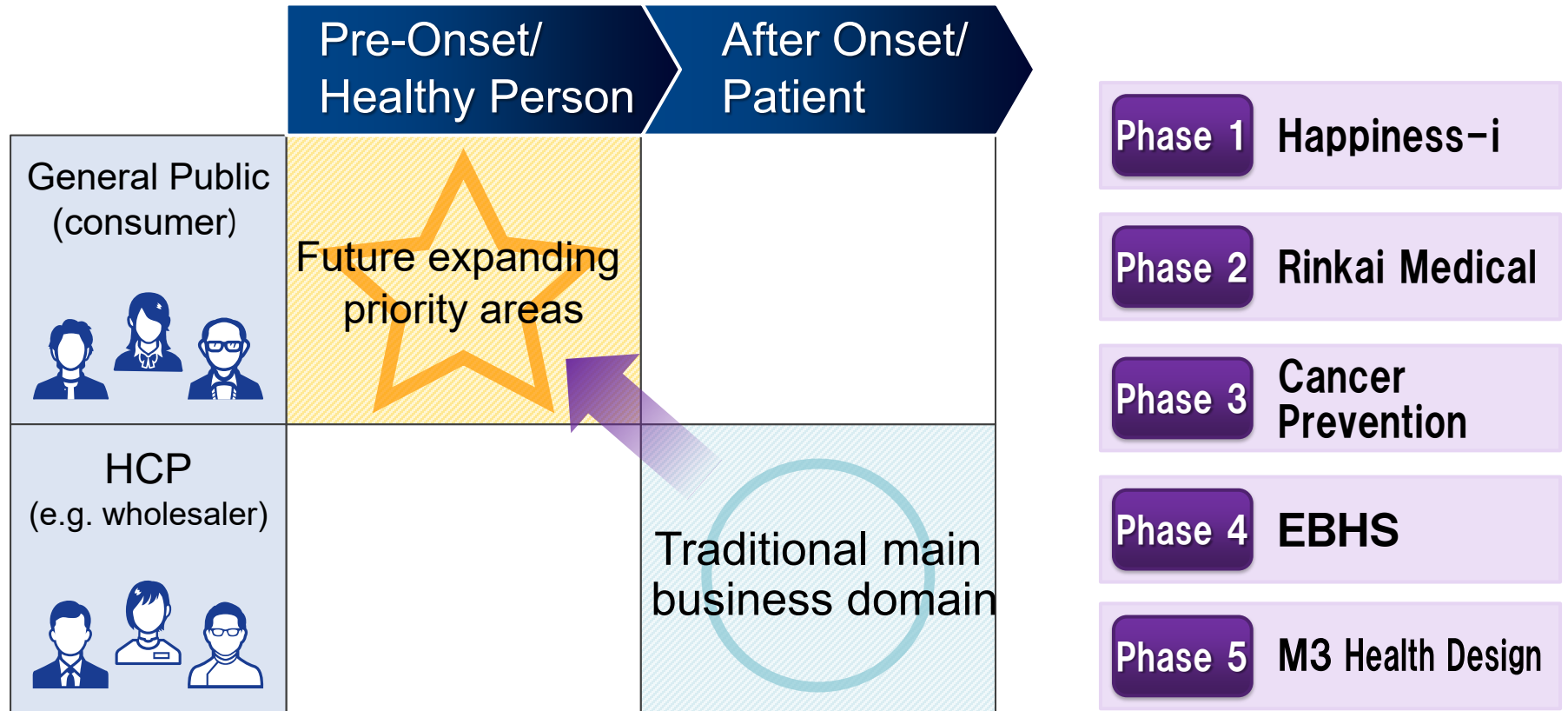
	2010	2015	2020	2022
Country	: 3	→ 8 (2.5x)	→ 11 (3.5x)	→ 17 (5.5x)
Business Types	: 6	→ 15 (2.5x)	→ 35 (6.0x)	→ 38 (6.0x)
Business Units (Type x Country)	: 10	→ 24 (2.5x)	→ 56 (5.5x)	→ 71 (7.0x)
Sales (bn)	: 14.6	→ 64.7 (4.5x)	→ 169.1 (12.0x)	→ 230.8 (16.0x)

Cross-Business Synergy Creation Potential



 Synergy potential between businesses: $71C_2 = 2,485$ possible linkages

“The White Jack Project”

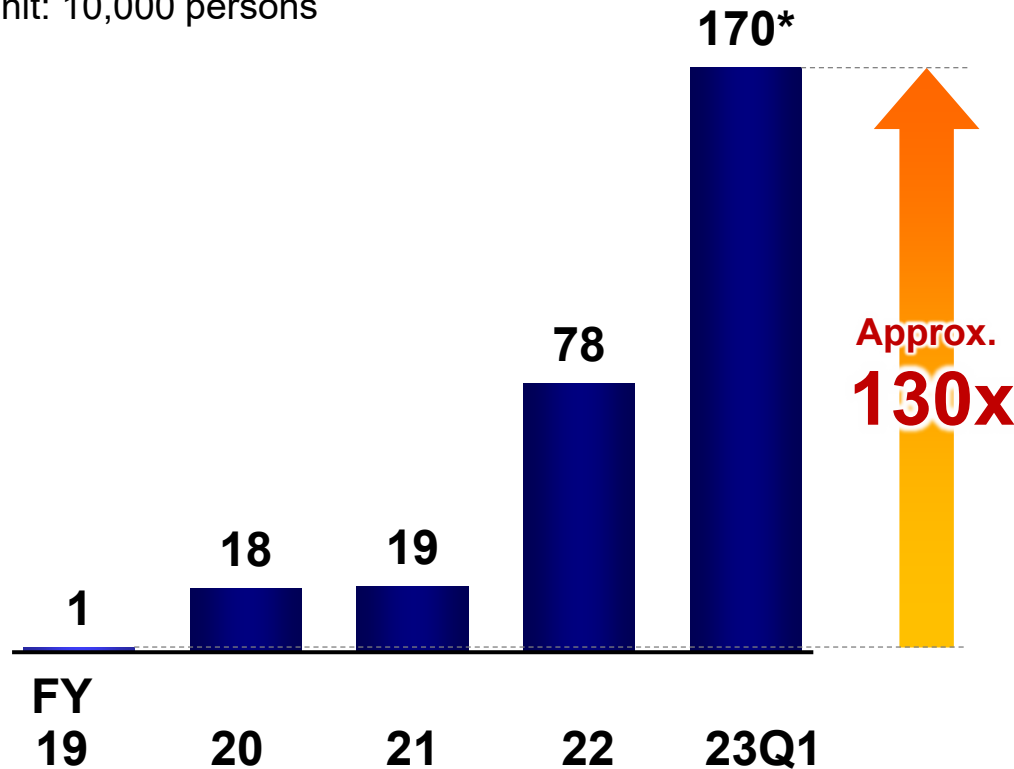


 **Steady progress is also being made on the White Jack project, which realizes M3's mission from a more upstream perspective**

Expand Coverage of Enterprise Services

Number of employees covered by corporate services

Unit: 10,000 persons



Covers approximately 1.7 million employees in FY23Q1, with the following services under development

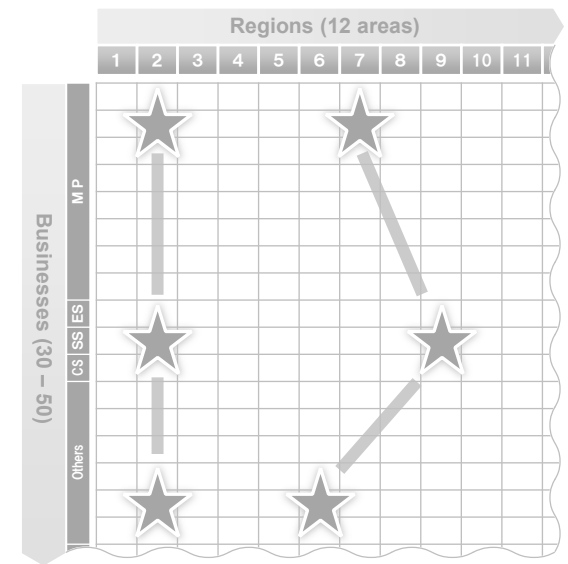
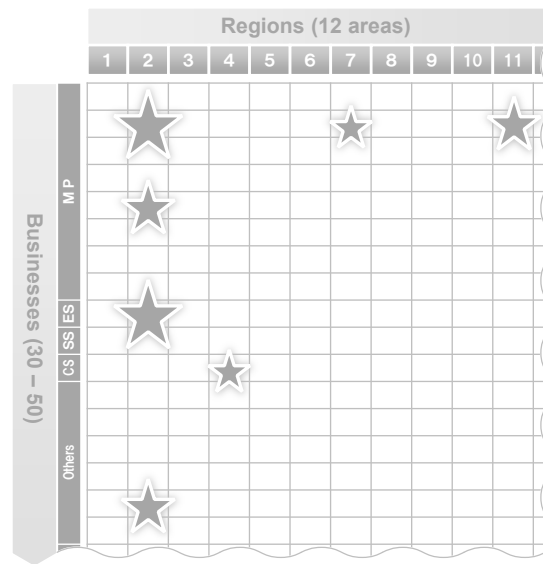
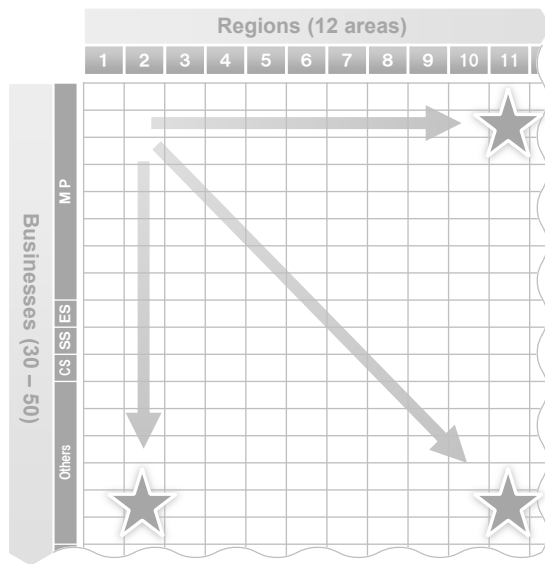
- EBHS Life
- Cancer prevention, PSP
- Ask Doctors
- Booking & conducting medical check-ups
- Employee health data management

In addition to Happiness Partners, the introduction of EBHS Life is gradually expanding. Dispatch of industrial physicians and stress checks also supported

 **Steadily expanding business base to create ecosystem synergies as well. Plans to expand both the number of people covered and services**

*About 800,000 additional people is added from FY2023 for dispatching industrial physicians and providing stress check services

Social Impact Creation



4. Social Impact Creation → CSV

SDGs and CSV: M3's CSV positioning

SDGs

Sustainable Development Goals

(Development goals which are possible to sustain)

Detail

International objectives that governments, businesses and individuals in all countries aim to achieve with regard to human rights, the environment and development

Positioning for companies

Each company fulfills its responsibilities towards international targets

Relevance to corporate mission

Not necessarily linked to the company's mission

CSV

Creating Shared Value

(Creation of shared values)

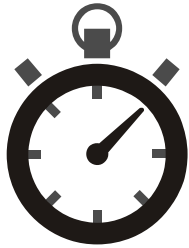
Initiatives by companies to solve social problems through their core business

Balancing corporate growth and solving social issues

Fully consistent with corporate mission/purpose

Under M3's mission of "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," we are also committed to SDGs through its CSV activities

M3's CSV Impact (1/2): Patients/End Users



Providing a Seamless Healthcare Experience

Number of medical consultations using Digikar Smart: 1MM
FY2022

29.3 million hours of patient waiting time reduced
FY2022, from a total of about 27 million receptions

Professional Advice Provision for Health Concerns

Offering physician answers on-line to daily health concerns; 300,000+ posted questions gathering over 67 million UU views annually
FY2022



Granting Wishes for Severely Ill Patients

37 wishes granted through the CaNoW program;
over 1.5 million PVs of videos and articles documenting the grants
As of April 2023, since service launch in 2019

Support for corporate health management and employee health promotion

Accelerate efforts in pre-symptomatic state and preventive medicine, with approximately 800,000 employees covered
FY2022



* CSV = Creating Shared Value

M3's CSV Impact (2/2): Medical Professionals

Information Provision for all HCPs

Over 12 million viewers in total for web conferences, etc.

FY2022



Medical Examination Support

Supporting medical examinations through management of information across 200 million electronic health records, domestically and abroad

As of FY2022

Productivity Improvement for Pharma Companies

Distribution of 120 million e-details = workload of 60,000+ MRs (more than total number of MRs in Japan)

FY2022



 **Actualizing M3's mission across various areas, to reduce unnecessary medical costs and to support healthier lives using digital technologies**

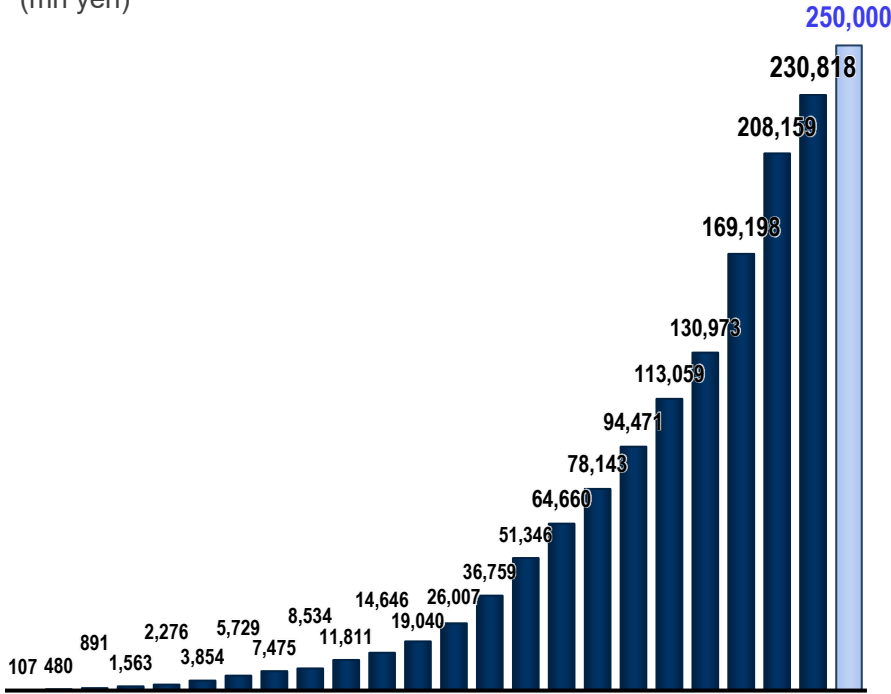
* CSV = Creating Shared Value

FY2023 Outlook

Annual Results

Sales

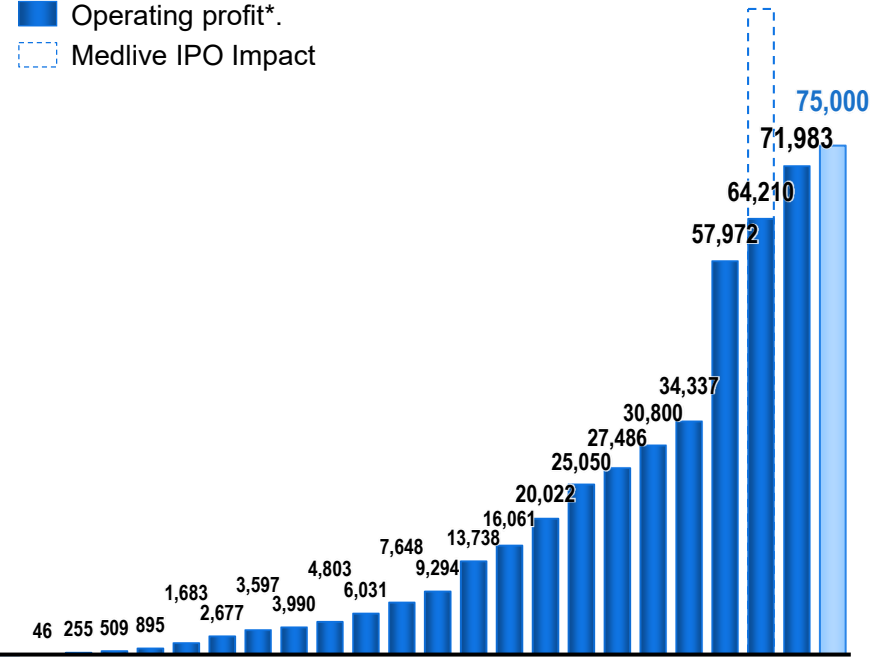
(mn yen)



FY 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23
(6m) E

Operating Profit

(mn yen)



-93
FY 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23
(6m) E

Steady growth expected in the current financial year

*FY2021 excludes gains related to China IPO