

# **M3, Inc.**

## **Presentation Material**

October 2023



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.

# FY2023 H1 Consolidated Results

Unit: JPY MM

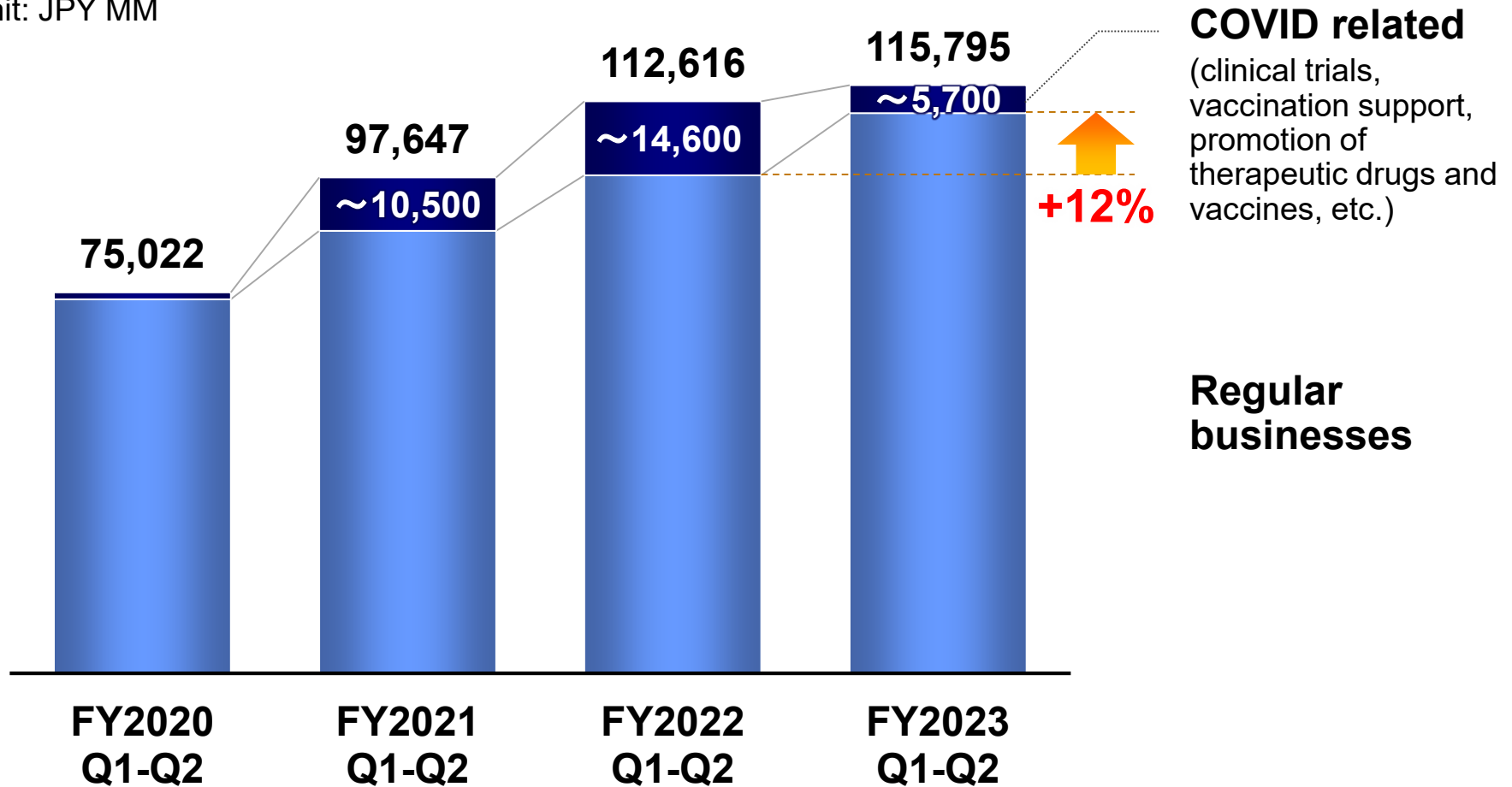
|                  | FY2022<br>Q1-Q2 | FY2023<br>Q1-Q2 | YoY |
|------------------|-----------------|-----------------|-----|
| Sales            | 112,616         | 115,795         | +3% |
| Operating Profit | 36,293          | 34,559          | -5% |
| Pre-tax Profit   | 38,067          | 37,322          | -2% |
| Net Profit       | 25,966          | 25,136          | -3% |

YoY growth in business excluding COVID related revenues sales +12%

 Steady progress on the regular businesses other than COVID

# Consolidated Sales Trends and COVID Impact

Unit: JPY MM



 **H1 COVID contribution down by 9 billion as expected, offset by growth in regular business**

\*FY22 Actuals: Q1 ~8.1 Bn, Q2 ~6.4 Bn, Q3 ~6.2 Bn, Q4 ~3.5 Bn

Copyright © 2023 M3, Inc. All rights reserved.

# FY 2023 H1 Consolidated Results by Segment

Unit: JPY MM

| Unit: JPY MM |                     |        | FY2022<br>Q1-Q2 | FY2023<br>Q1-Q2 | YoY  |
|--------------|---------------------|--------|-----------------|-----------------|------|
| Domestic     | Medical Platform    | Sales  | 42,537          | 45,503          | +7%  |
|              |                     | Profit | 18,762          | 18,426          | -2%  |
|              | Evidence Solution   | Sales  | 14,003          | 13,843          | -1%  |
|              |                     | Profit | 4,248           | 3,581           | -16% |
|              | Career Solution     | Sales  | 8,366           | 9,033           | +8%  |
|              |                     | Profit | 3,464           | 3,337           | -4%  |
|              | Site Solution       | Sales  | 18,779          | 15,346          | -18% |
|              |                     | Profit | 2,312           | 1,776           | -23% |
|              | Emerging Businesses | Sales  | 1,506           | 1,201           | -20% |
|              |                     | Profit | 90              | 16              | -82% |
| Overseas     |                     | Sales  | 30,189          | 32,655          | +8%  |
|              |                     | Profit | 8,118           | 7,299           | -10% |

- Pharmaceutical marketing: similar trend to Q1, essential digital transformation is progressing
- Negative impact from one-time gain of 0.8 bil. yen in last year

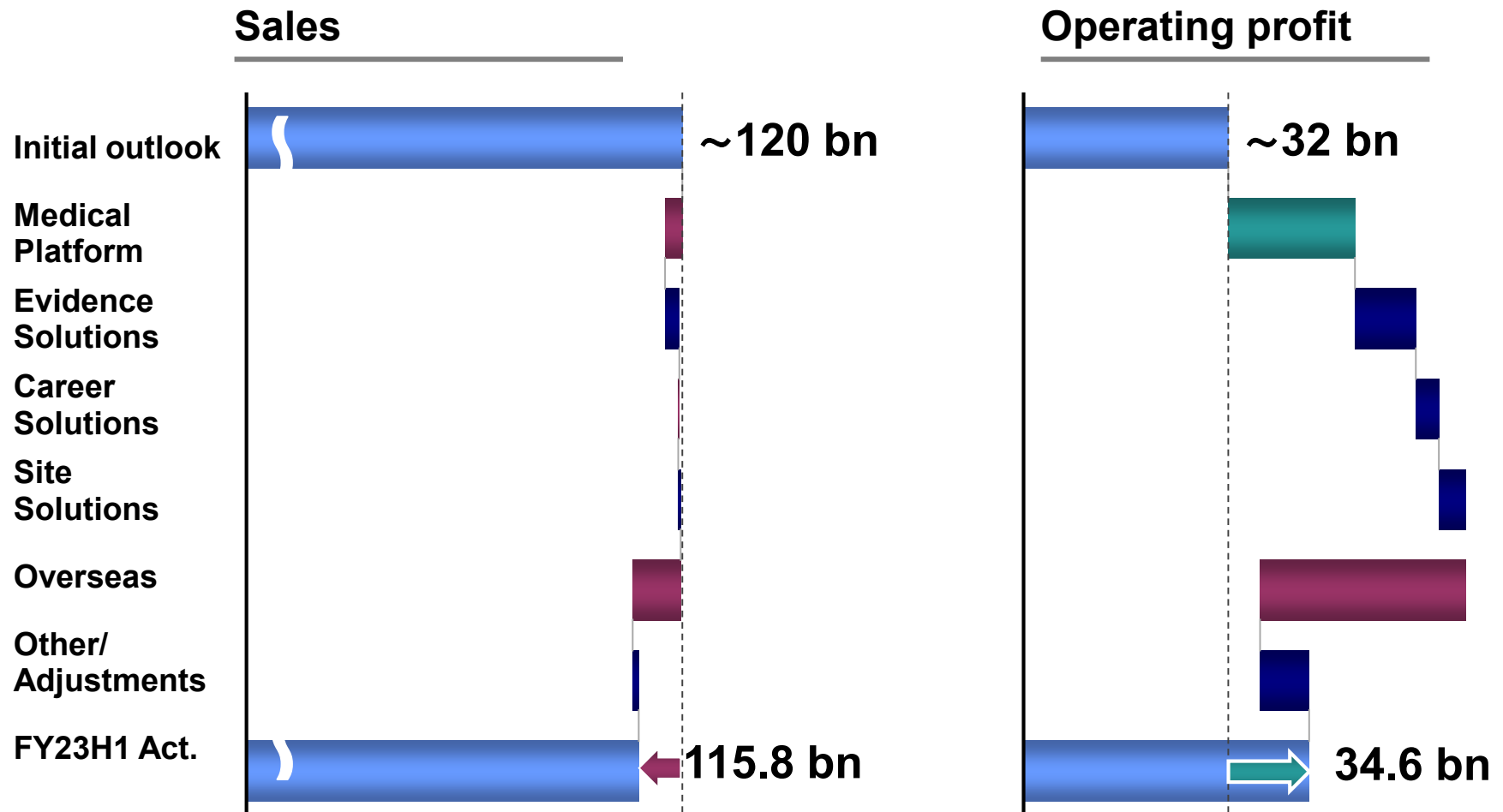
- Order backlog: 32.5 bil.
- Excluding COVID related clinical trials, sales +12%

- Business for pharmacists continued to recover
- Sales +16% excluding COVID related revenues

- Sales excluding COVID related revenues +29%

- Sales +17% and profit grew, excluding COVID
- US clinical trial business revamp in progress
- Europe and APAC region steady

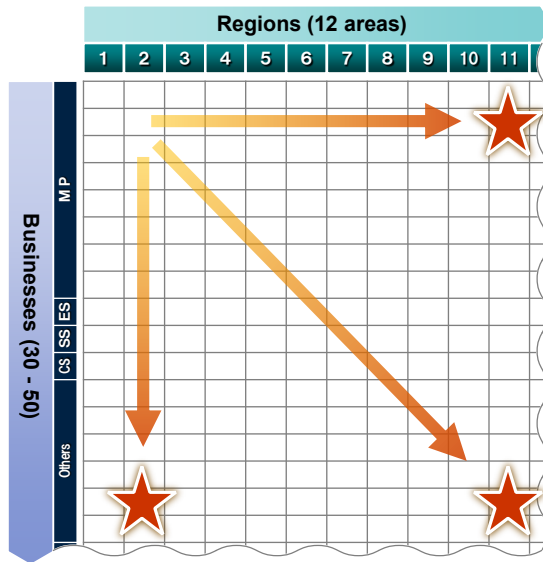
# Budget Progress in FY2023 H1



 **Overseas business is behind, while other businesses are making good progress, especially in terms of profit**

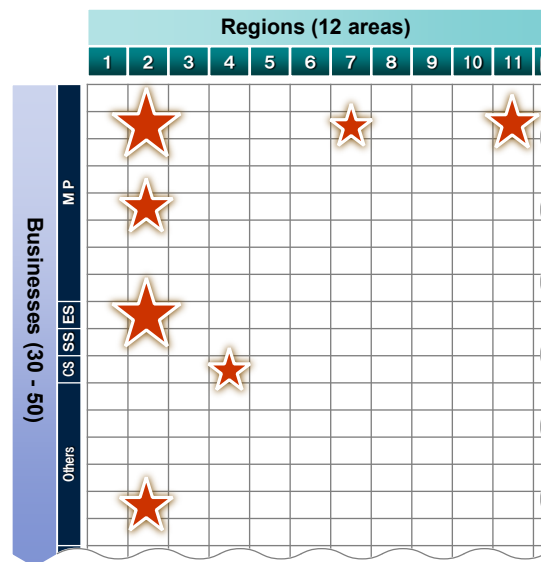
# M3's Triple Growth Engine + CSV

## 1. Ecosystem Expansion (Sagrada Familia)



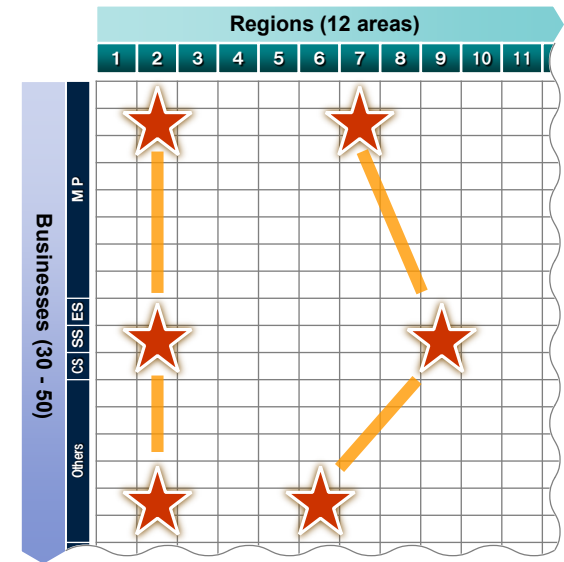
■ Continuous new business entries

## 2. Individual Business Development



■ Pharma marketing / Clinical Scene DX

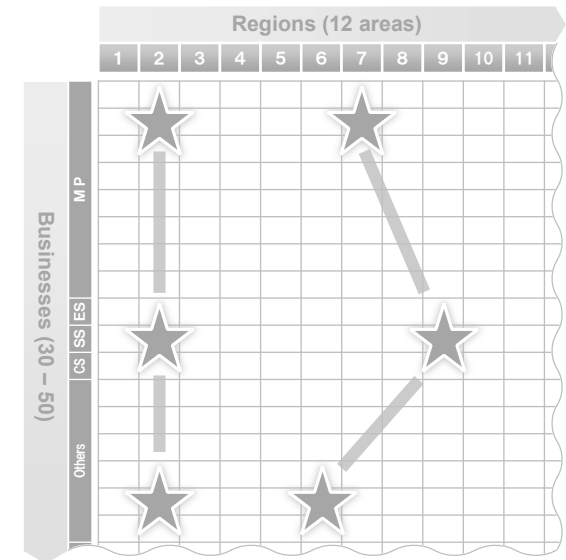
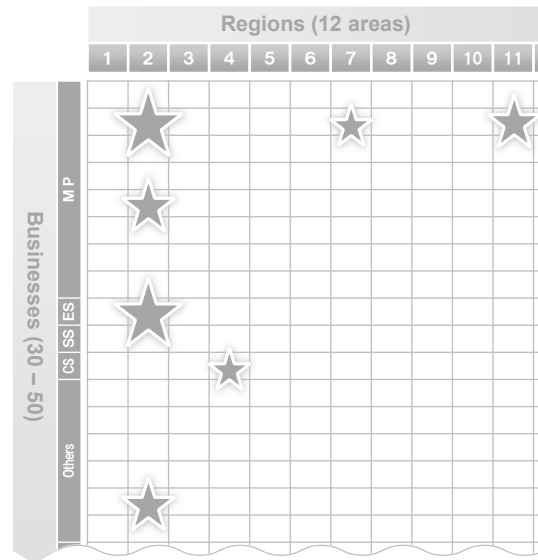
## 3. Ecosystem Synergy Creation



■ 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



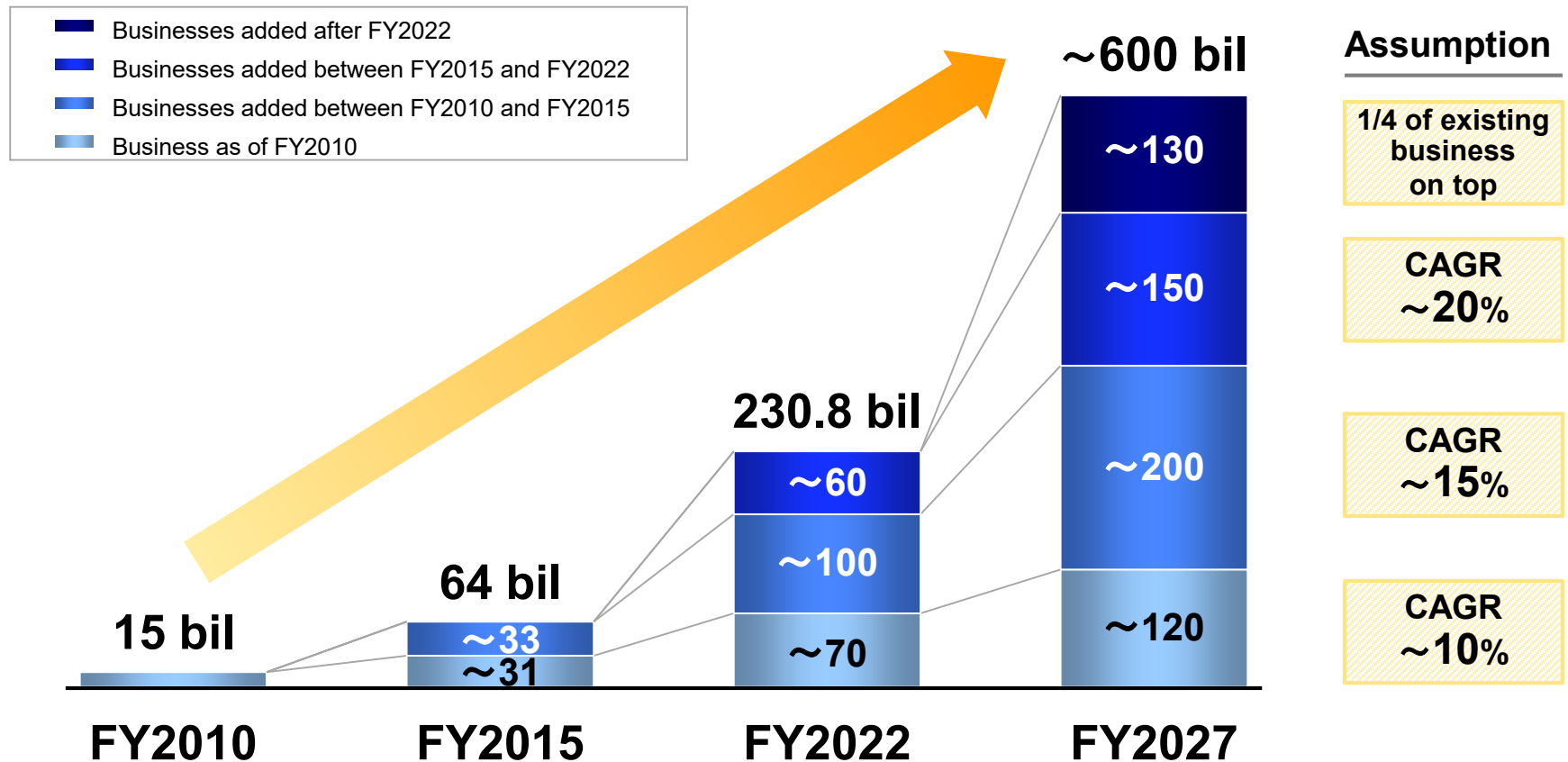
# Business Scope Expansion and Growth Potential

|                                    | : 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<br>(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)



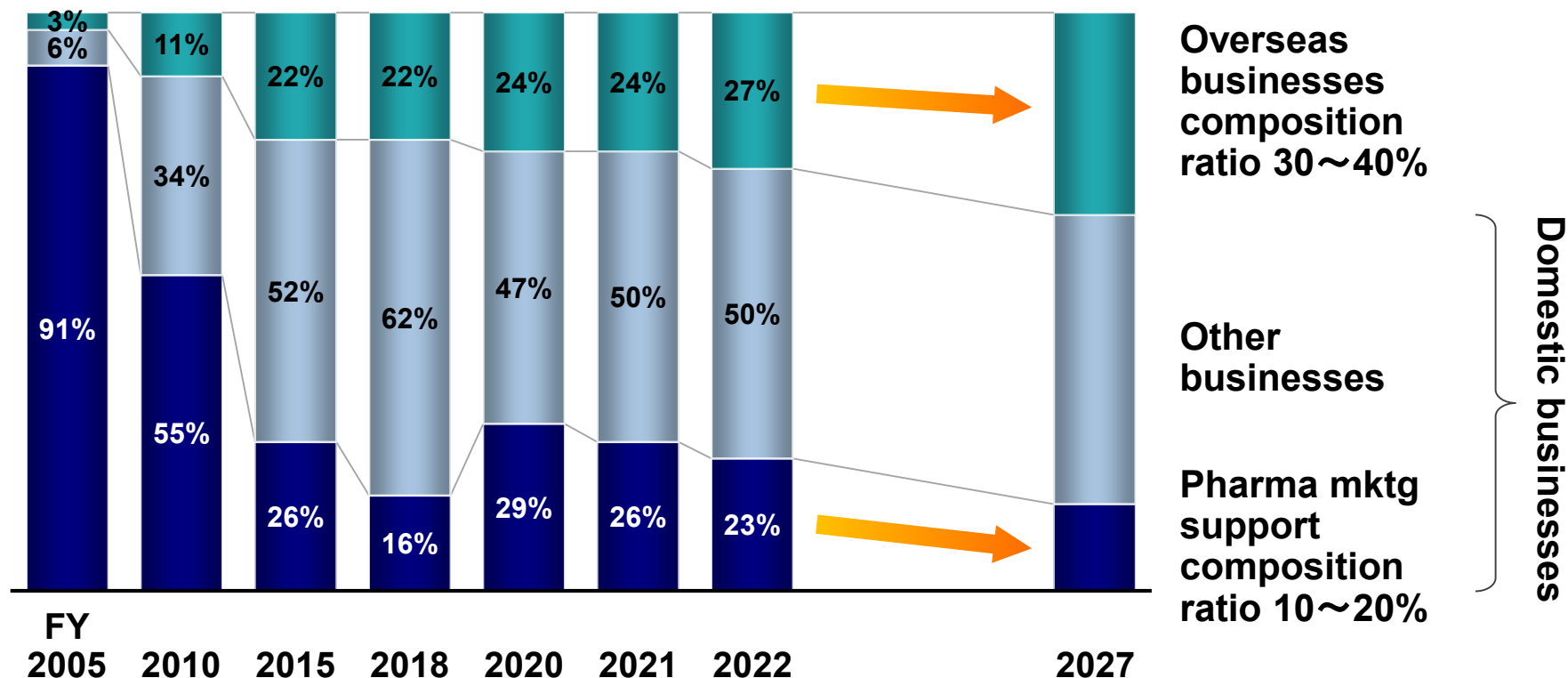
**👉 Aim to continue to grow business as before through new business development, new business growth, and existing business growth**

# Sales Composition Ratio: Past and Future Image

## Consolidated Sales Composition Ratio

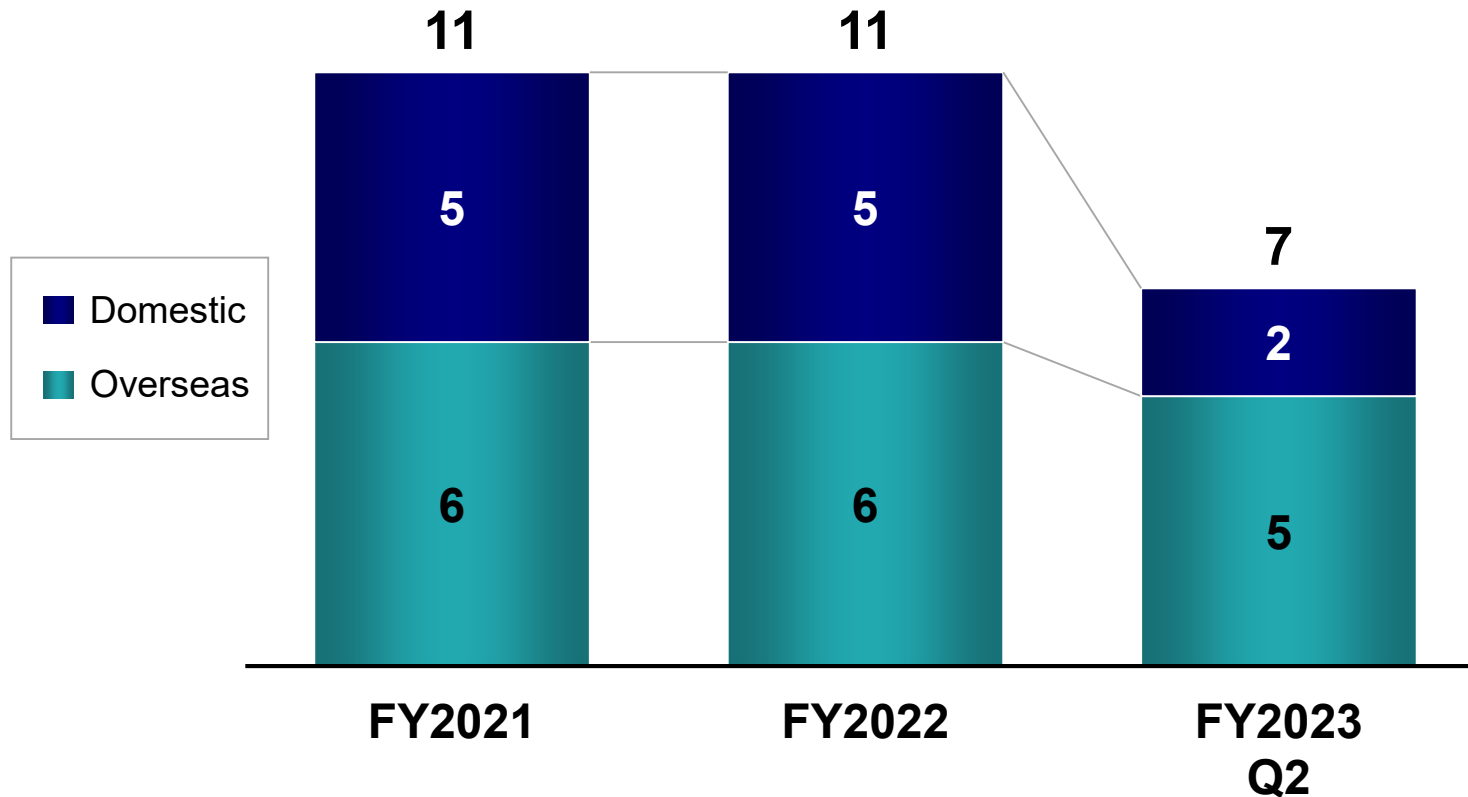
100%= JPY 230.8bil.

JPY 600bil.



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

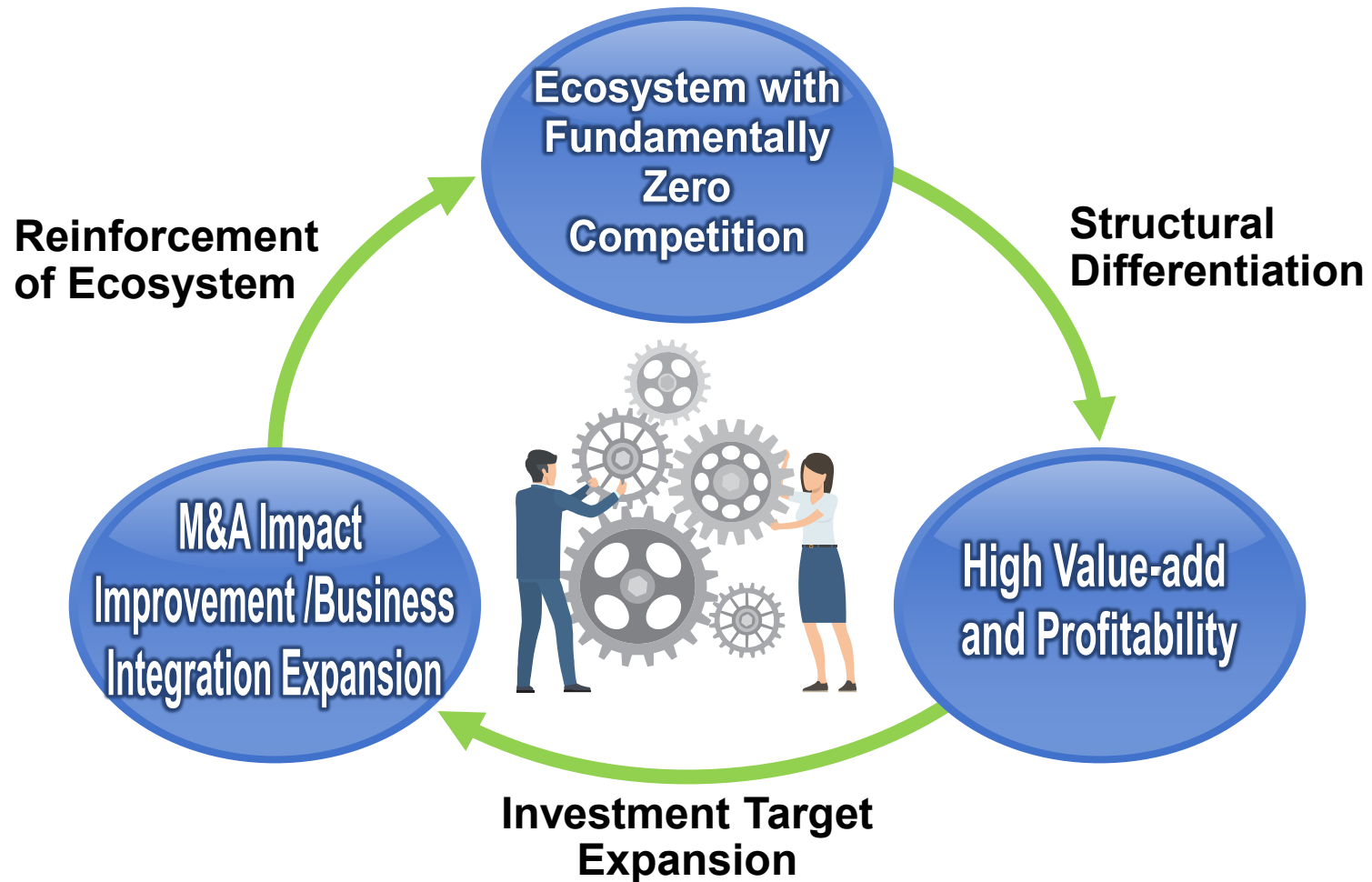
# Trend in M&A Volume: Programmatic M&A Strategy



**👉 M&A completed with approximately 10 companies annually, will continue to actively pursue M&A opportunities.**

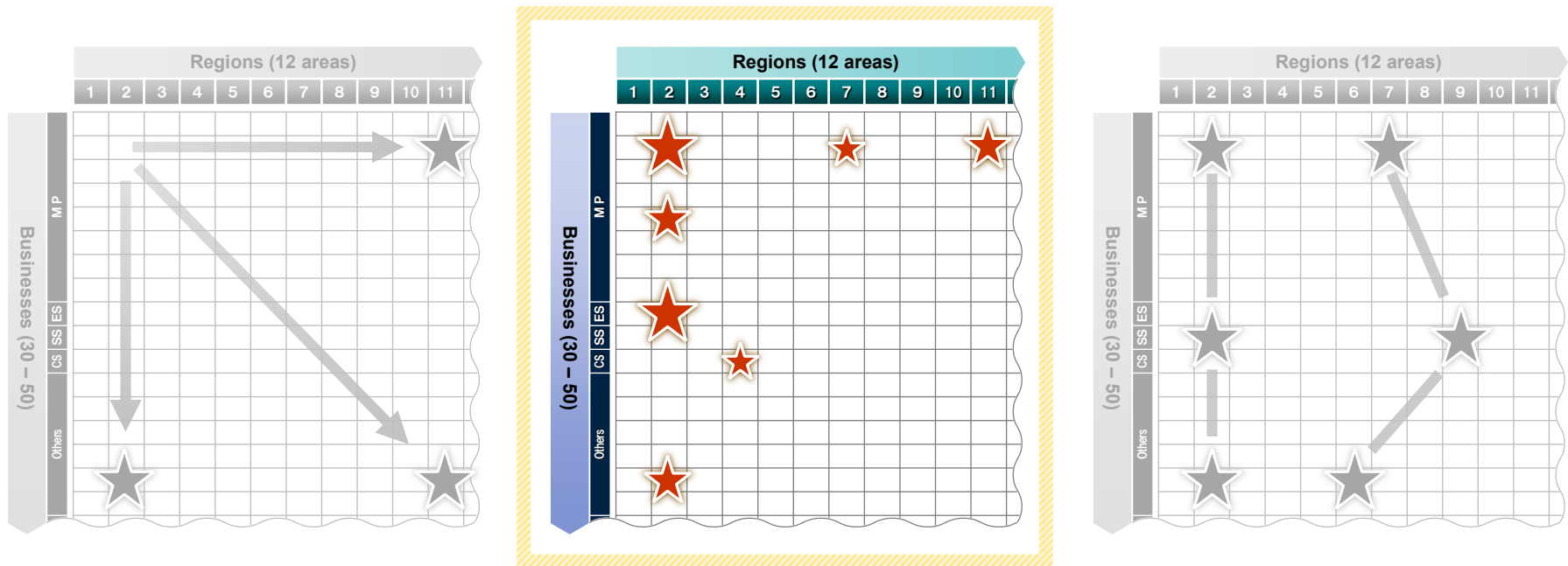
**FY23: 5 projects already conducted abroad, Messly and Calimaps were acquired in Q2**

# 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

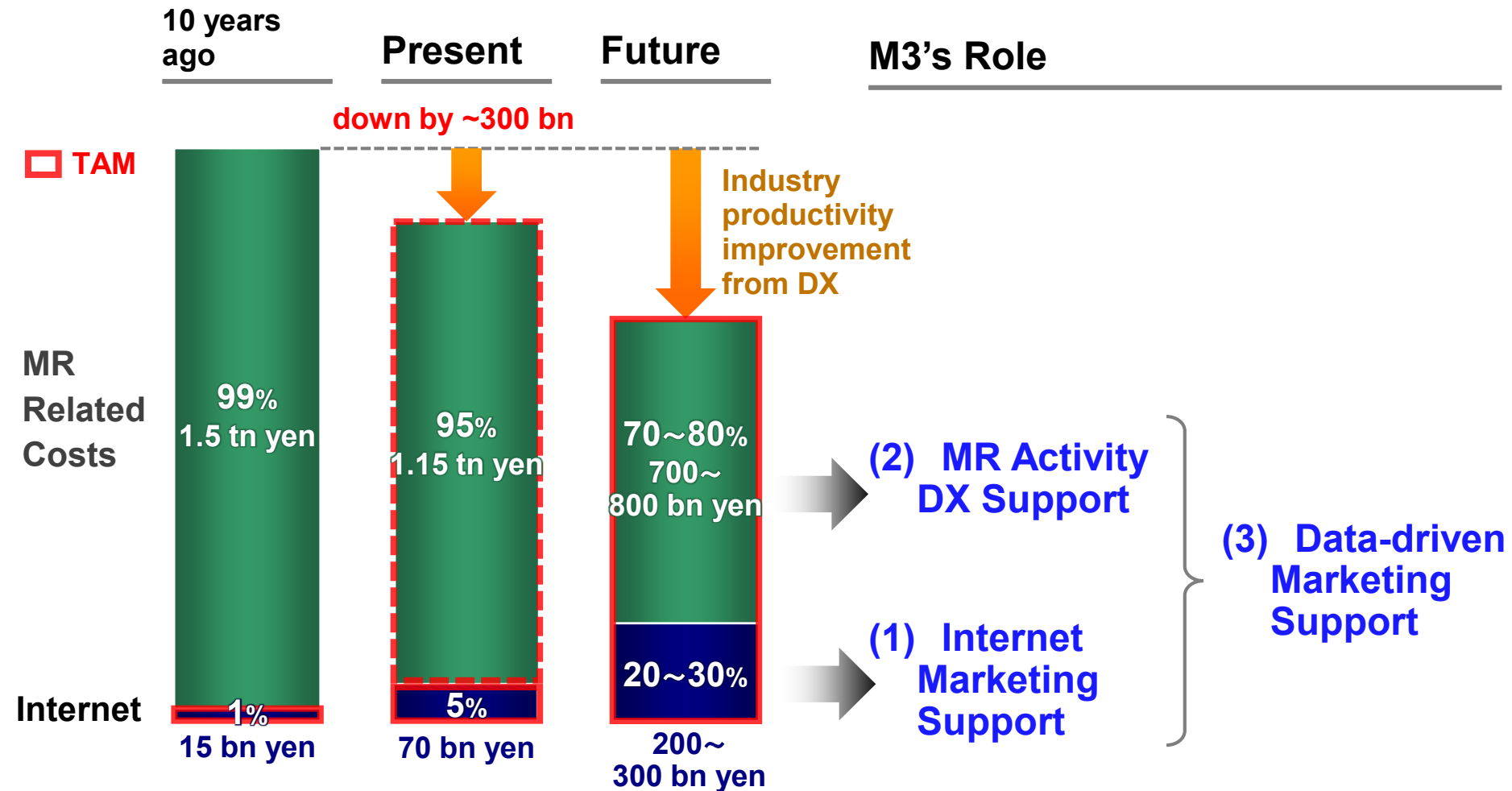


## 4. Social Impact Creation → CSV

# Pharmaceutical Sales & Marketing DX



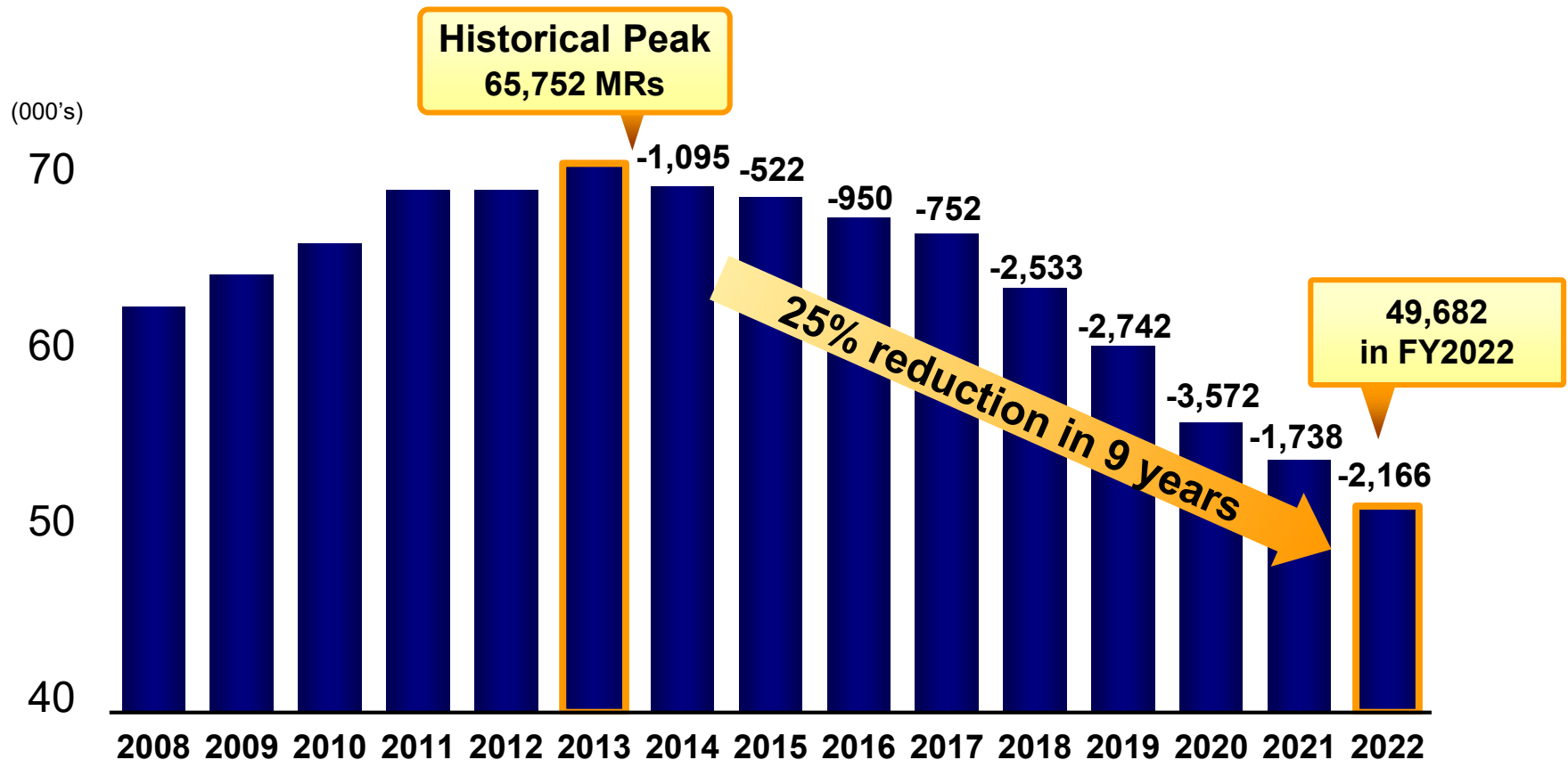
# Pharma Marketing Cost and TAM for M3



**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

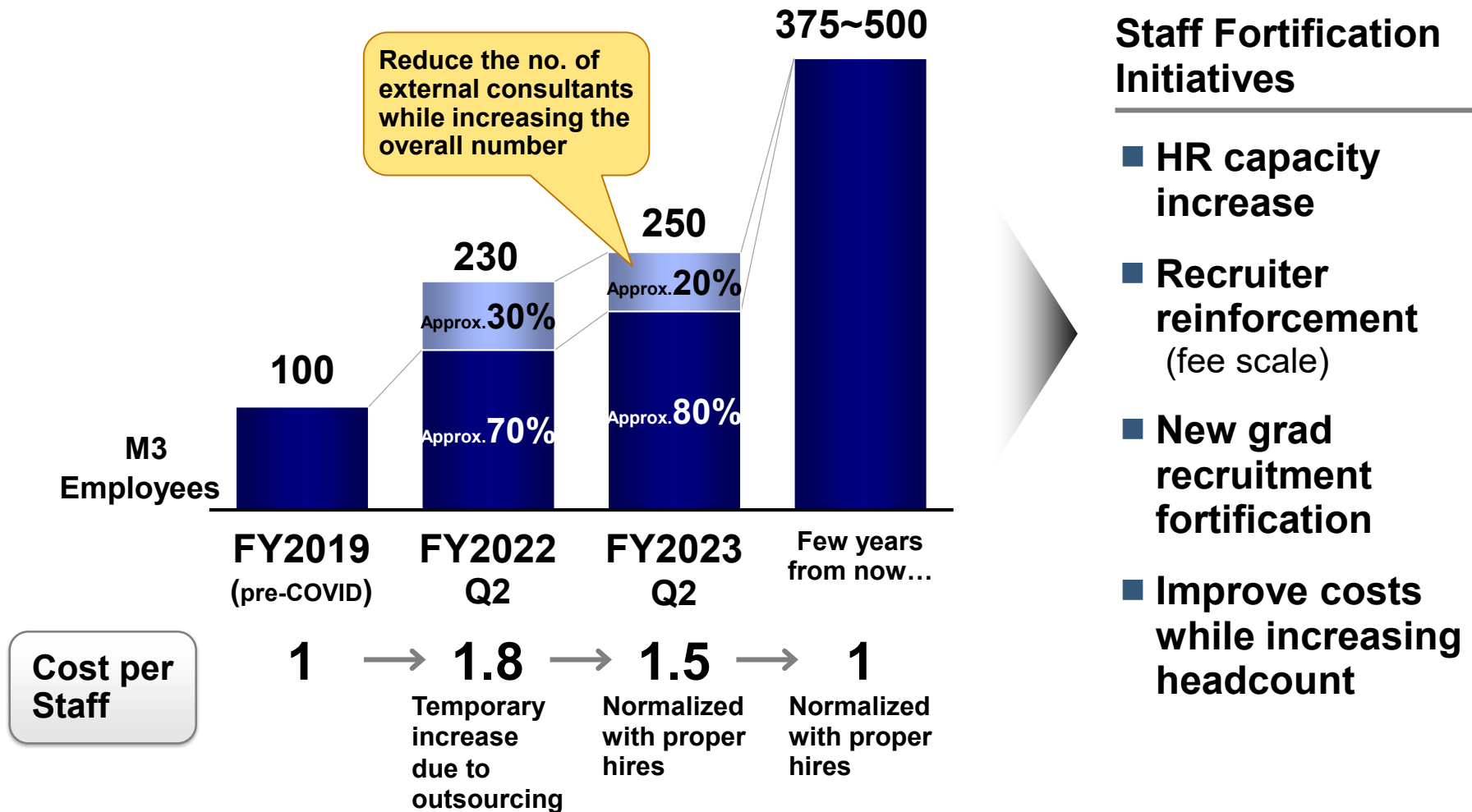
# Trend of Domestic Pharmaceutical Sales Reps (MRs)



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

# Professional Staff Fortification Plan

Unit: Index with FY2019 as 100



 Professional staffing, 10% growth in total (+30% for in-house, -20% for external) with the number of hiring decisions for H1 up by approximately 1.4x YoY

# **DX of the Clinical Scene**

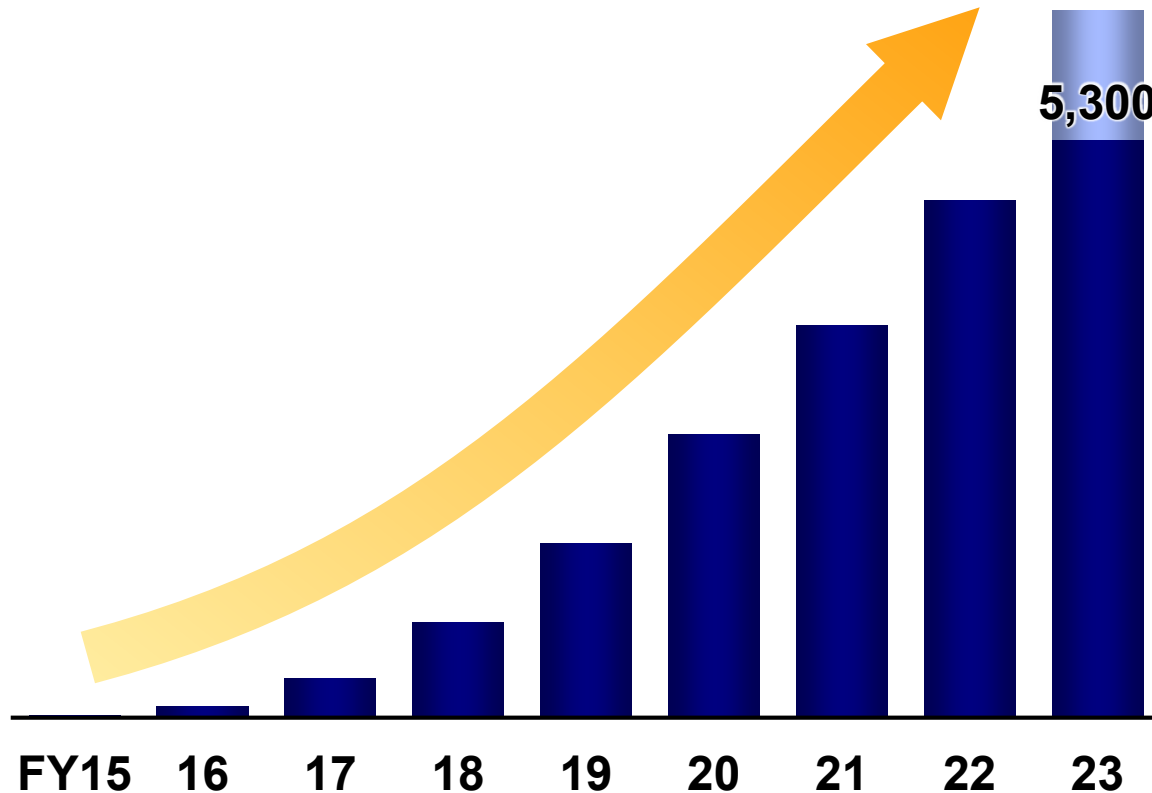
# DX of Clinics: Creating a New Patient Experience

|                      |                                                                                     | 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

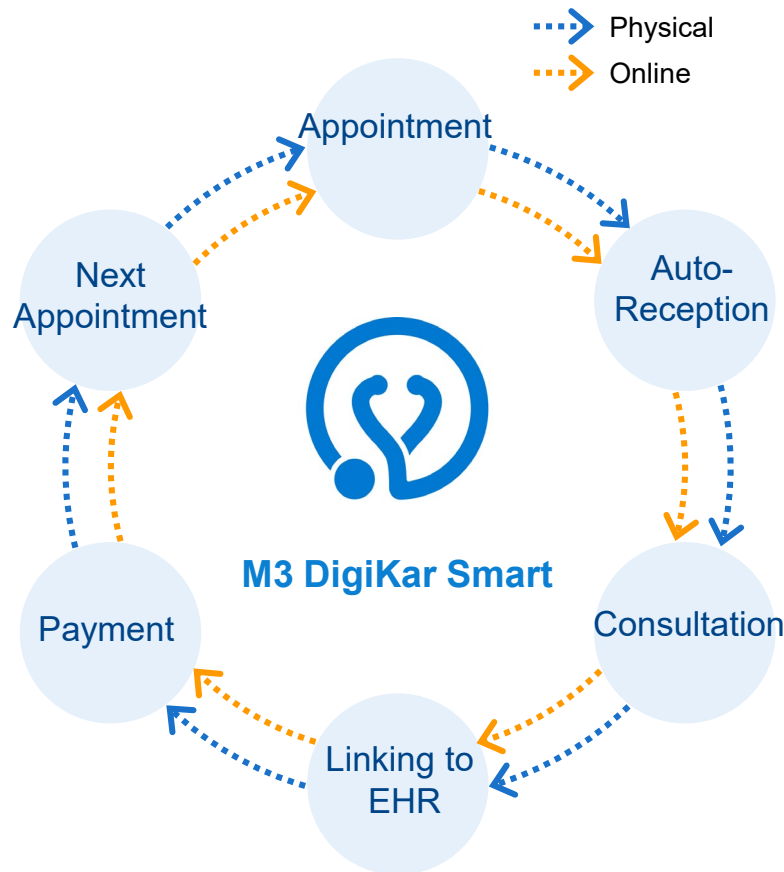
## Number of Sites Using M3 DigiKar



- Cumulative number of installations is approximately 5,300. Steady progress
- Co-selling with DigiKarSmart further increases the added value of DigiKar

 **Incontestable #1 market share within cloud based digital health records, approaching 190 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

1.5 万件の評価

4.6

★★★★★

年齢

12+

歳

ランキング

#1

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

★★★★★

★★★★★

★★★★★

★★★★★

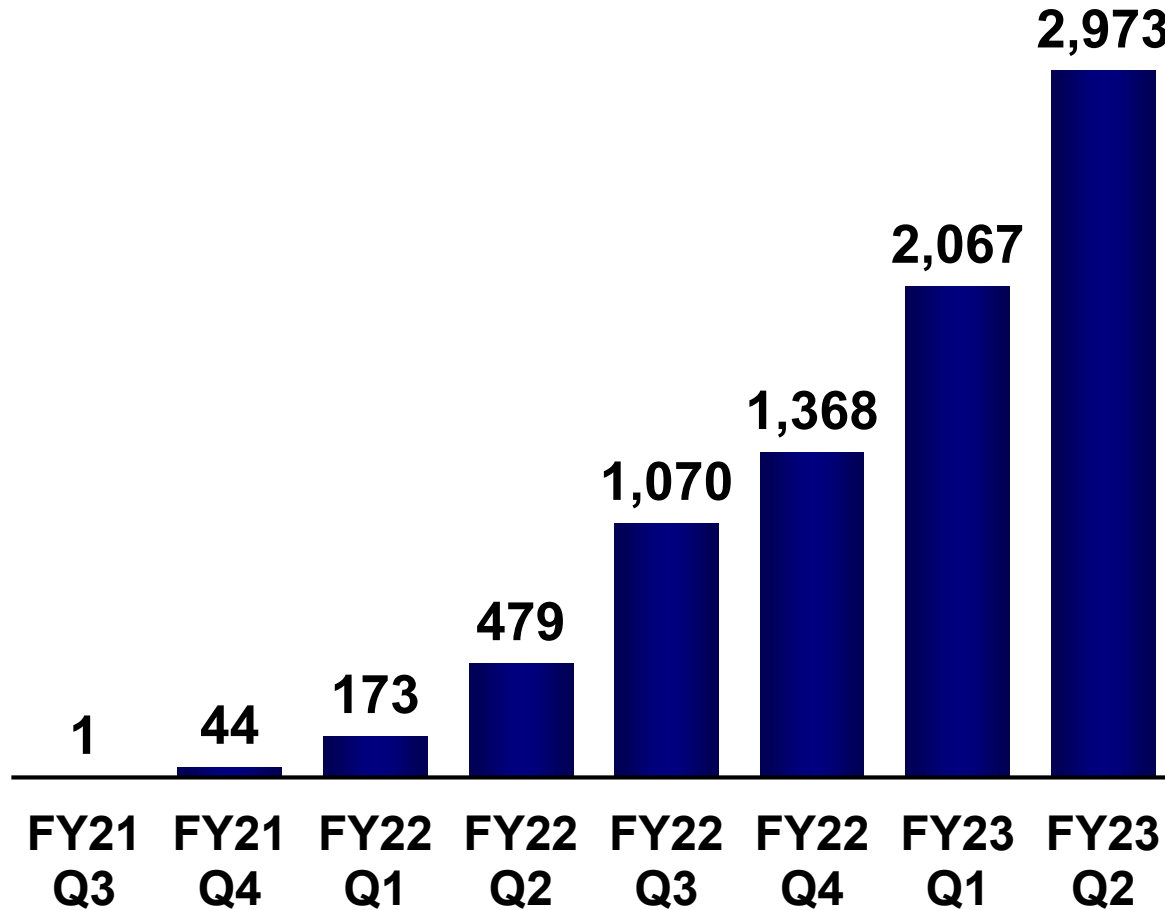
★★★★★

15,025 件の評価

 **15,000 reviews with a rating of 4.6 from users, new patient experience created and #1 rating in the category**

# No. of DigiKar Smart Users

Unit: Index with FY21Q3 as 1



- Users are rapidly penetrating DigiKar Smart as the clinic's infrastructure. 6 times higher than in the previous year
- Video call has been added and is expanding as an infrastructure for telemedicine

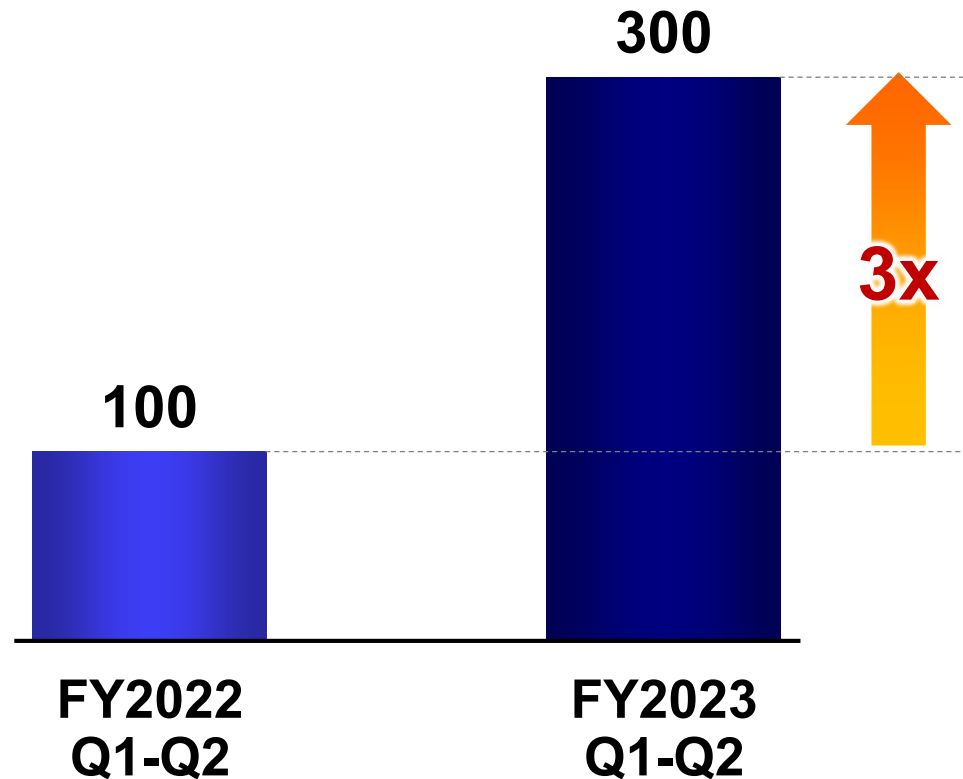
\* Quarterly sum of monthly UUs



# Ecosystem Synergy: Medical Data Business

Unit: Index with FY2022Q1-Q2 as 100

## Sales of Medical Data Business\*

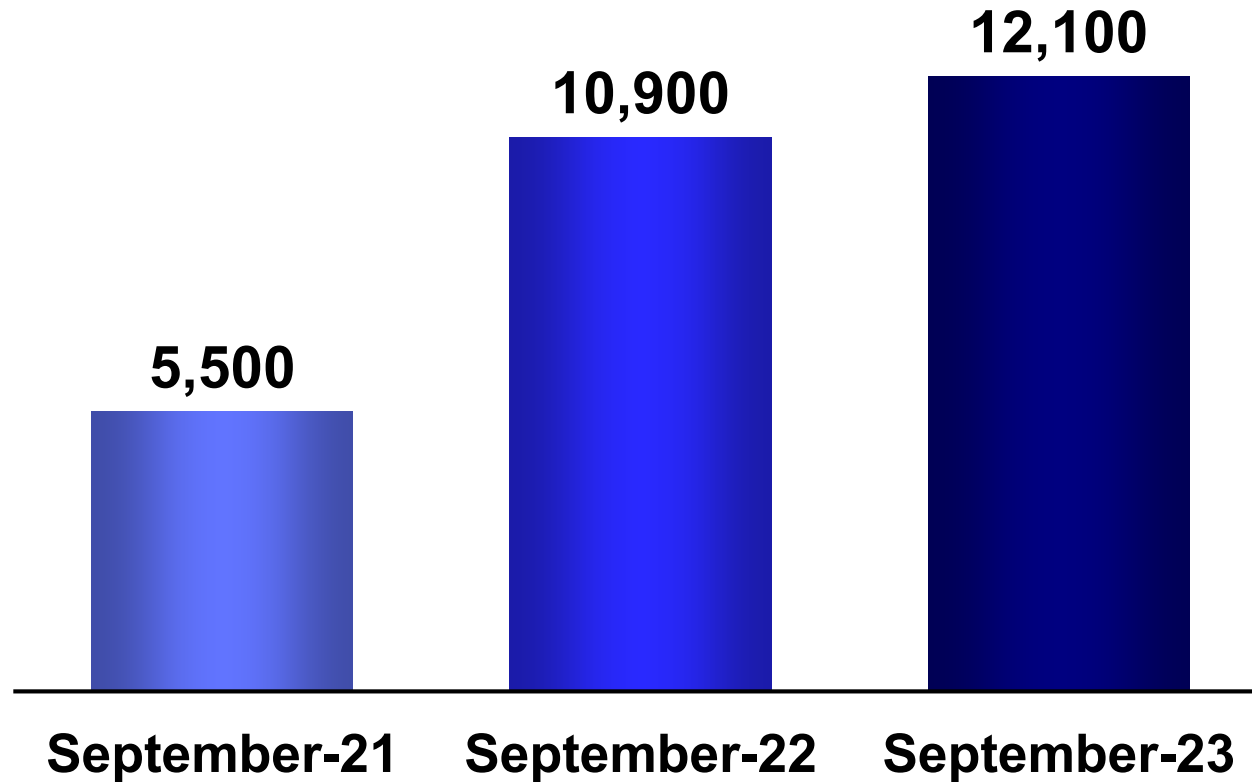


 **Medical data business (actual medical practice, physician practice standards, etc.) also grew significantly along with the increase in the volume of data accumulated. Steady creation of ecosystem synergies**

\* 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

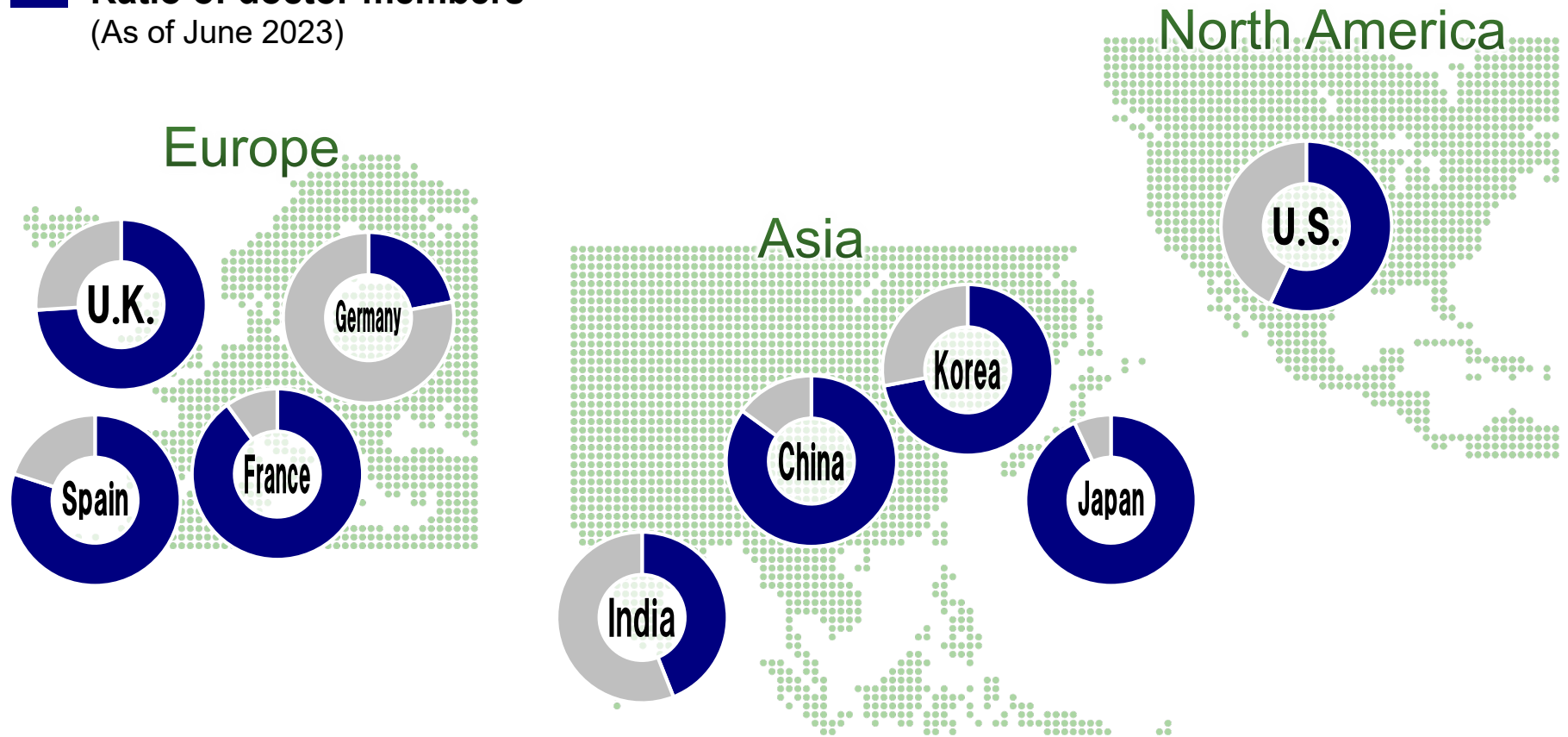


 **Organic coverage continues to expand even after M&A in July 2022... Plans to offer a wide range of DX promotion services, including EHR, in-hospital operational efficiency, and patient tools**

# Overseas

# Number of Doctor Members and Panelists (Global)

Ratio of doctor members  
(As of June 2023)

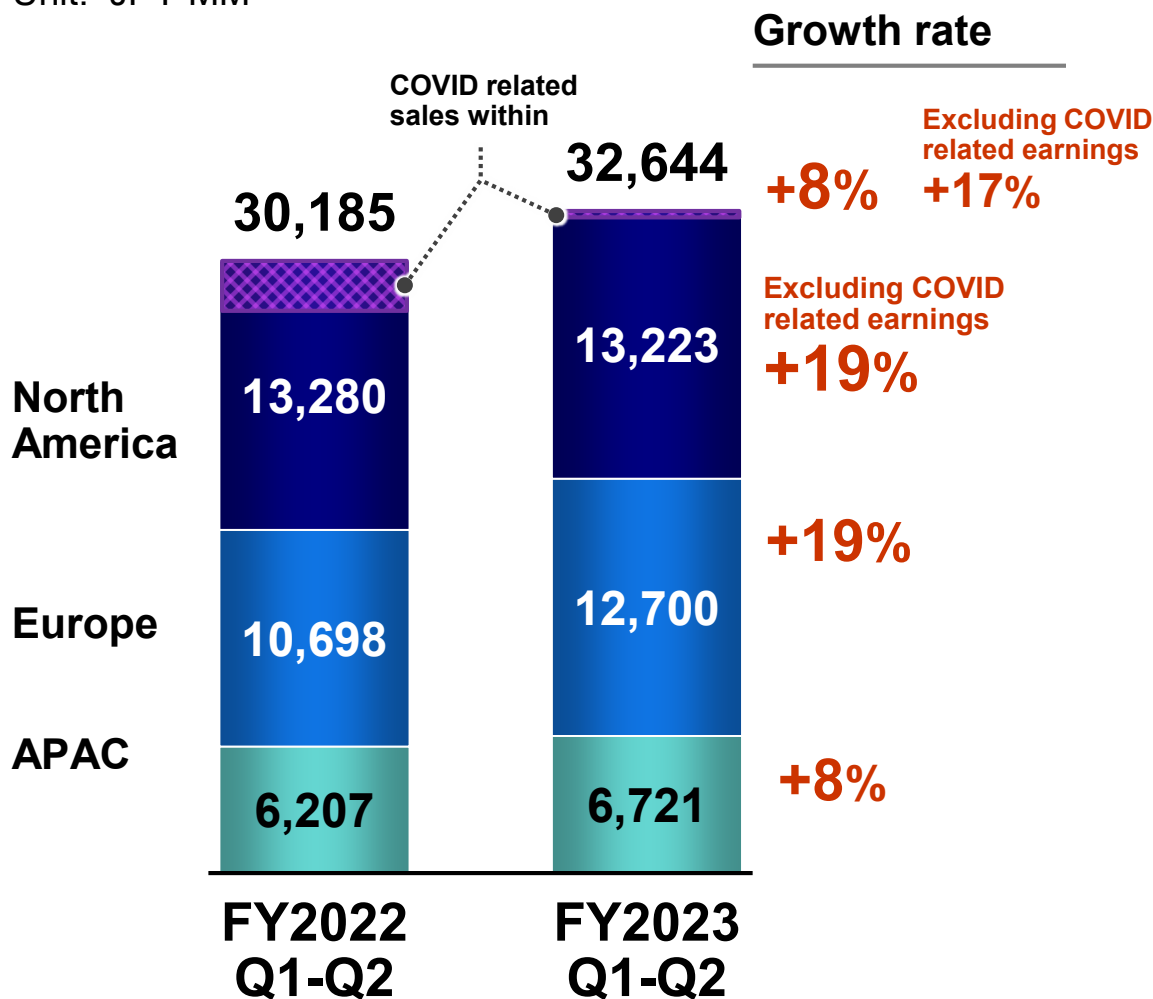


 Including regions not mentioned above, more than 6.5 million doctor members and panelists, covering over 50% of doctors worldwide

\*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



## North America

- Career business remains solid
- Clinical trial business: Management structure renewal and strengthening of patient recruitment and sales structure are progressing.

## Europe

- Steady progress in France
- Uplift due to M&A effect

## APAC

- Rapid growth after COVID pauses

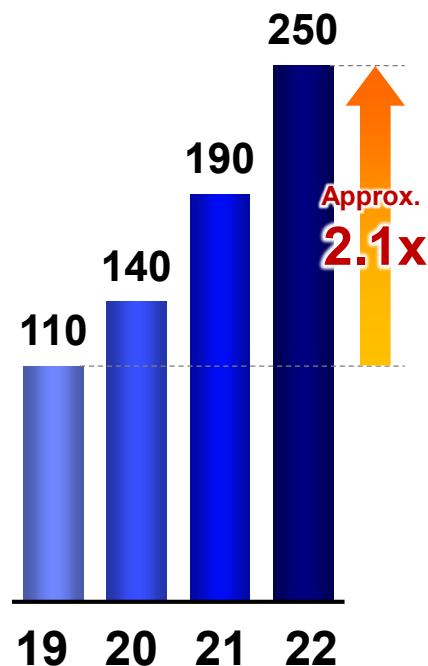
 **Accelerating new initiatives for the future such as M&A and structural reforms**

# Overseas Growth Trends by Business (FY)

Unit: JPY 100MM

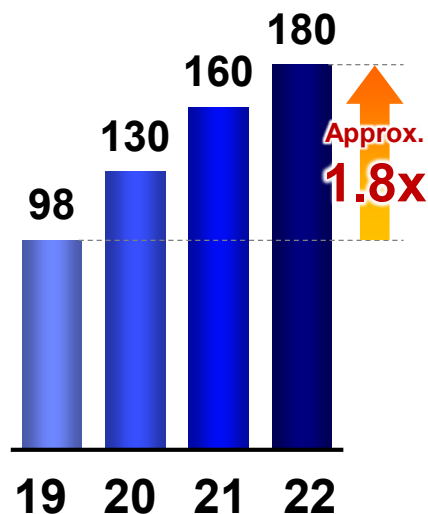
## Service for Doctors

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



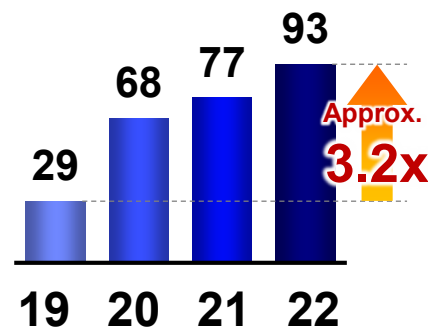
## Business Intelligence

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



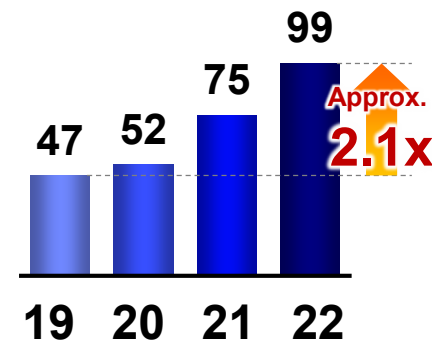
## Clinical Trials

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



## Career for Doctors

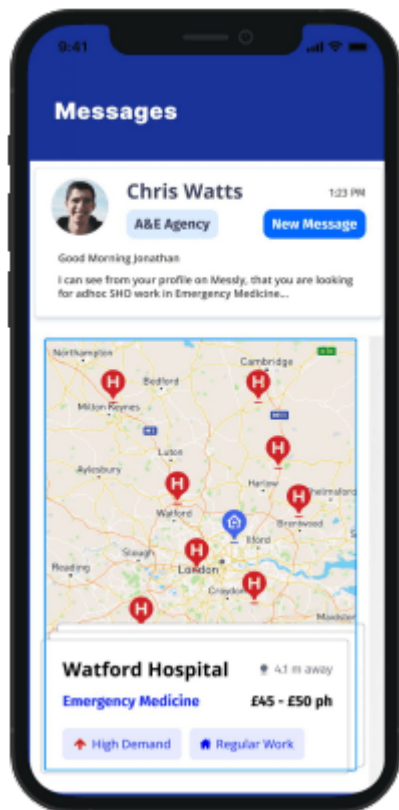
(Human resources business centered on doctors in North America and Europe)



**Achieve growth trends in various business types**

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

# Acquisition of Messly in the UK



**70%** coverage  
of training doctors

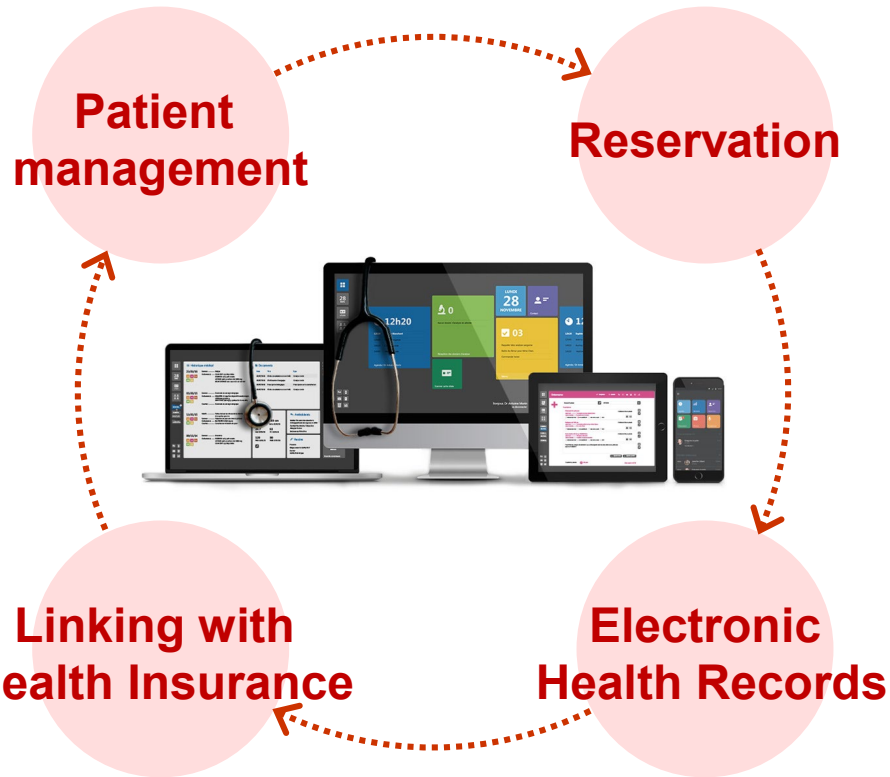
**90%+** of locum  
jobs in NHS covered

**200+** active  
recruiters are using  
Messly

- Messly helps recruitment of training doctors for part-time positions to address shorthanded situations in the UK
- Ratio of overseas physicians is increasing and synergies with Remedium are expected
- M3's global physician membership base will also be utilized

👉 Collaboration with Remedium and RotaMaster to address NHS staffing issues more broadly

# Acquisition of Calimaps providing DrSanté

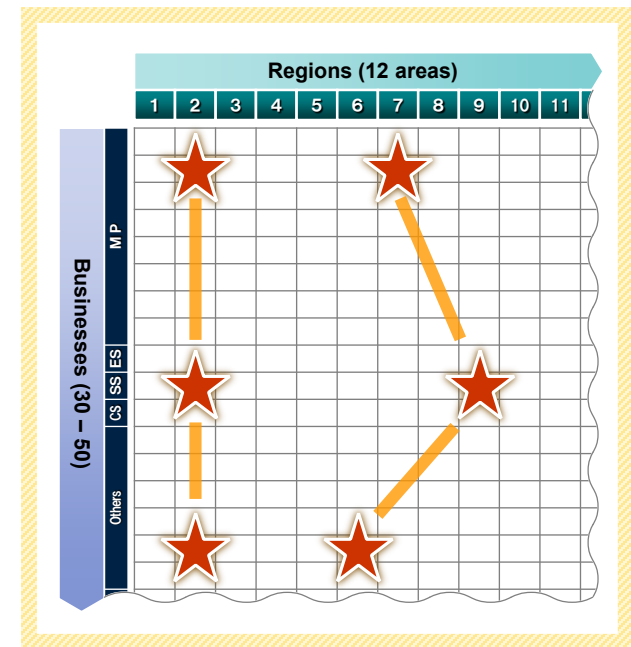
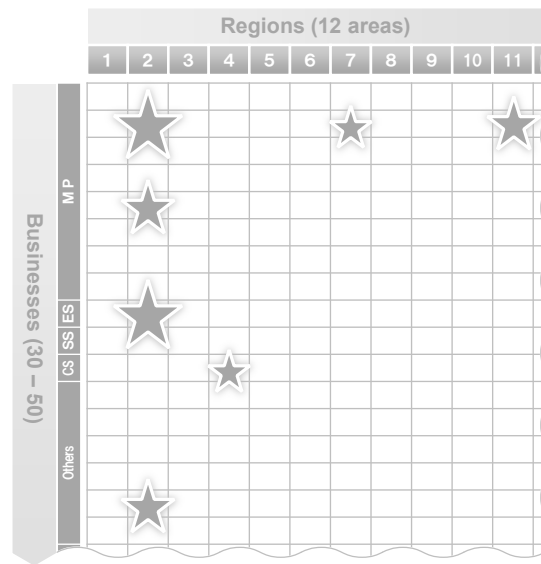
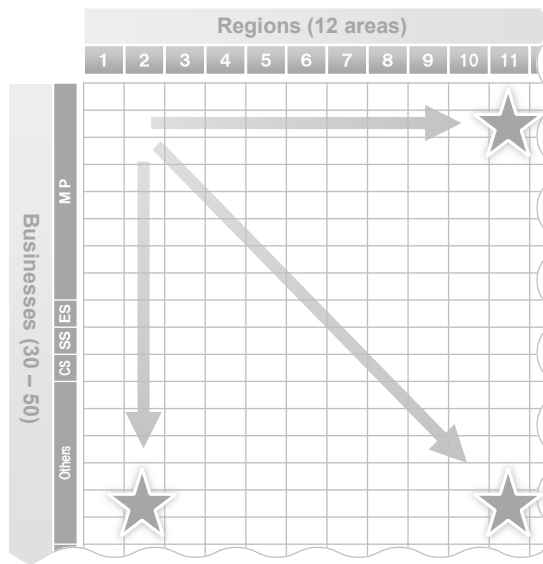


- The French practice management software market is rapidly shifting to cloud-based systems
- With this acquisition, two products that drive the fast-growing market are now part of the M3 Group's product lineup
- DrSanté is used daily by a total of more than 6,000 healthcare professionals, including 4,200 physicians

 **Expect synergies with Weda's electronic health records business, acquired in 2019, and the drug database business provided by Vidal**



# Growth Engine 3: Ecosystem Synergy Creation

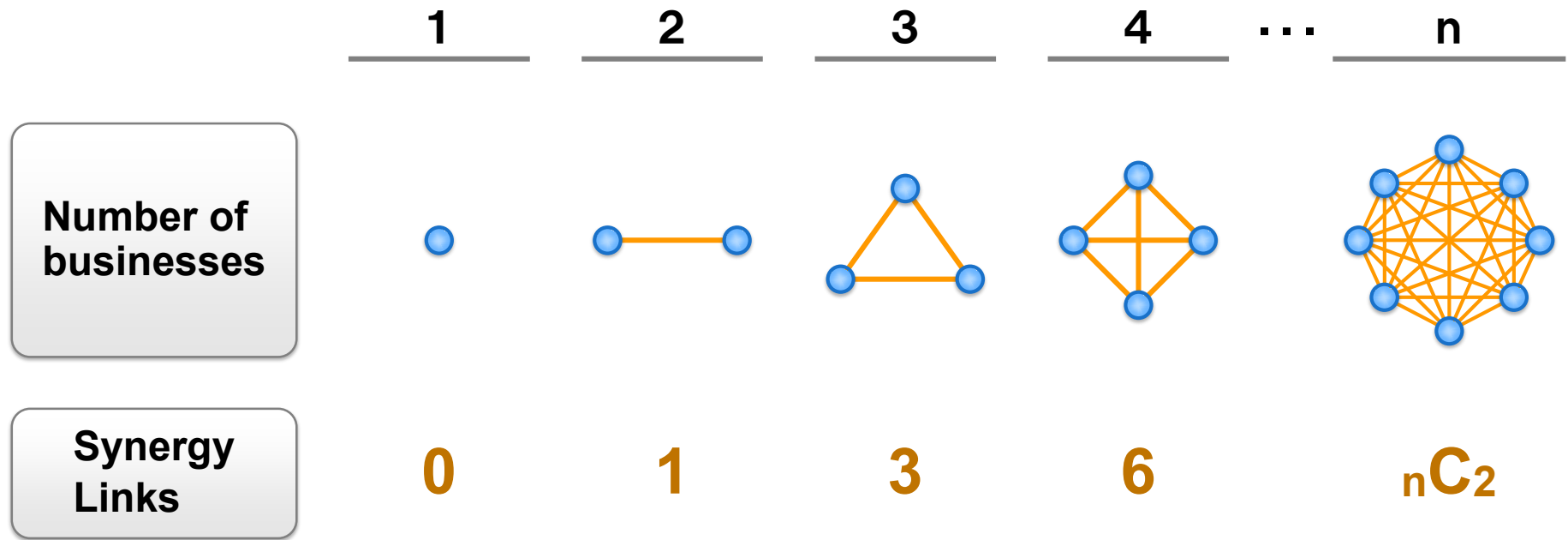


## 4. Social Impact Creation → CSV

# 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<br>(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) |

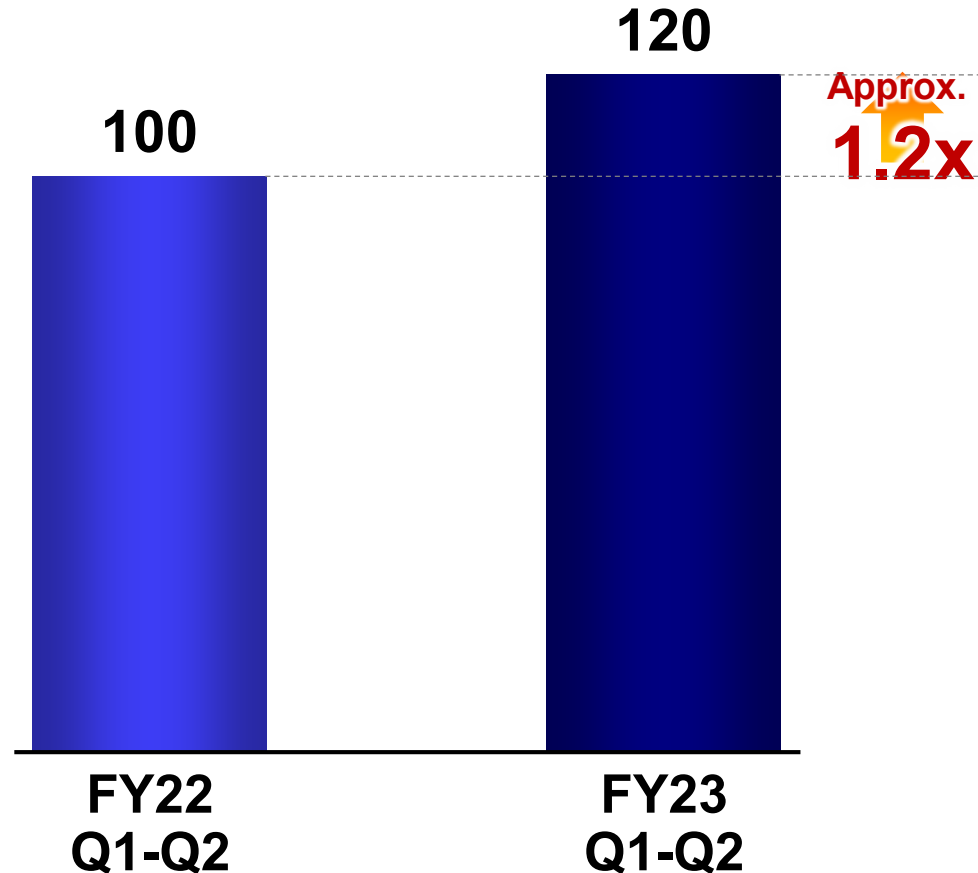
# Cross-Business Synergy Creation Potential



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

# Ecosystem Synergy Value Creation

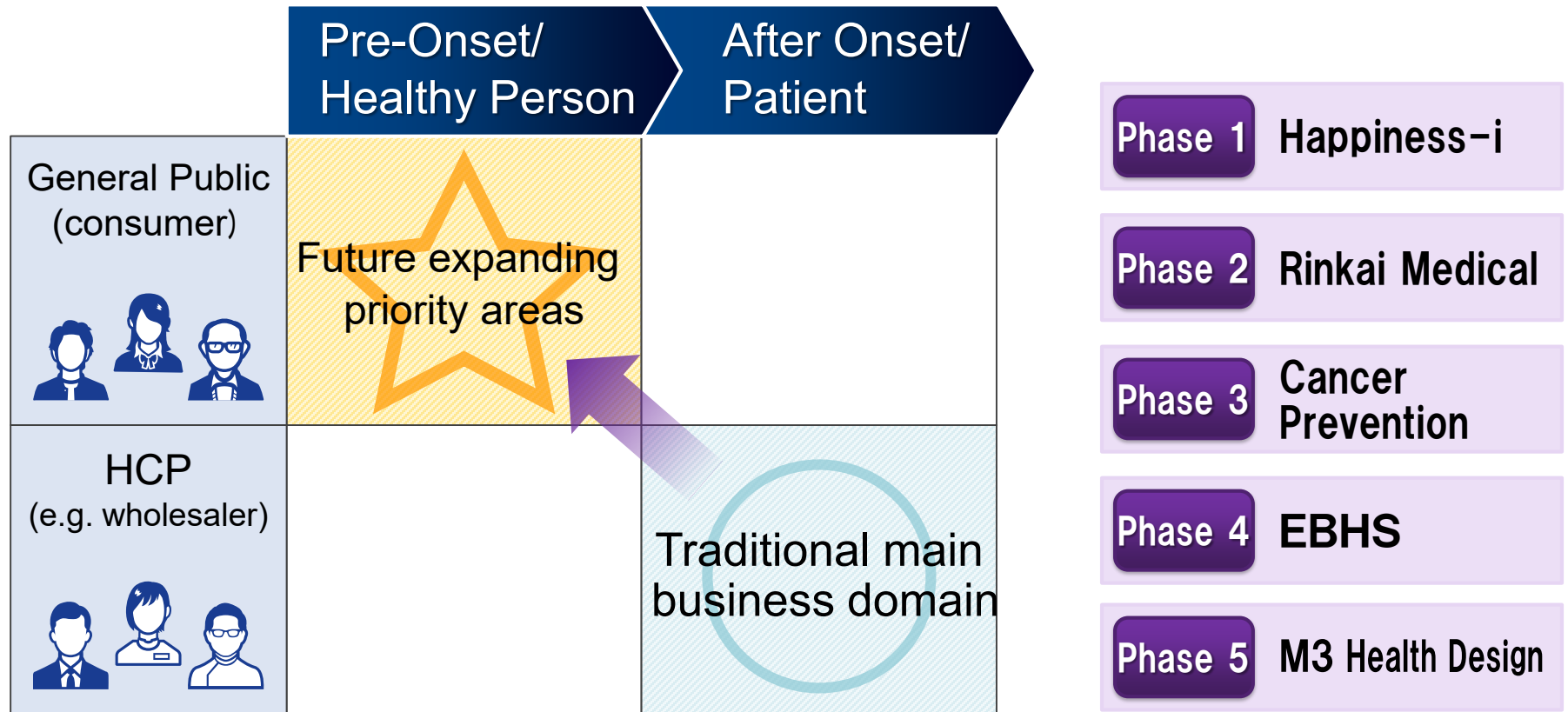
Unit: Index with FY2022Q1-Q2 as 100



 The next ten years will be based on ecosystem synergies, including internal and external collaborations, to further promote healthcare problem-solving/social impact creation and business expansion

\*Sum of value additive projects spanning across multiple business lines and data utilization. Definitions will be reviewed as necessary, including this time

# “The White Jack Project”

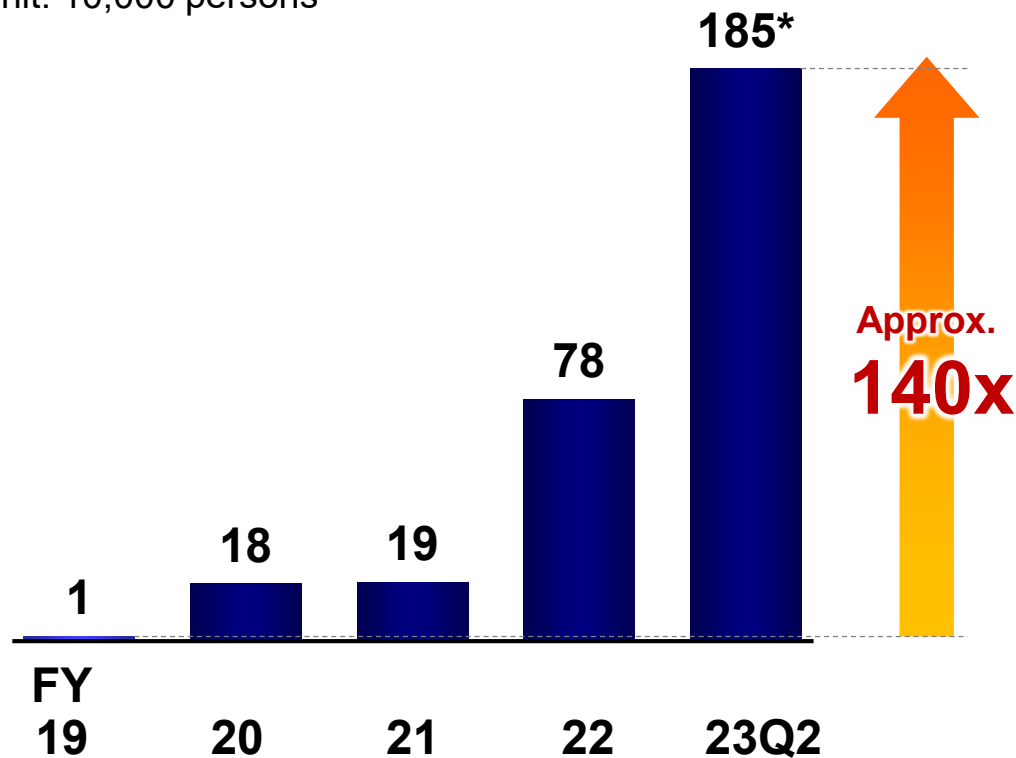


 **Steady progress is also being made on the White Jack project, which realizes M3's mission from a more upstream perspective**

# Expand Coverage of Enterprise Services

## Number of employees covered by corporate services

Unit: 10,000 persons



Covers approximately 1.85 million employees in FY23Q2, with the following services under development

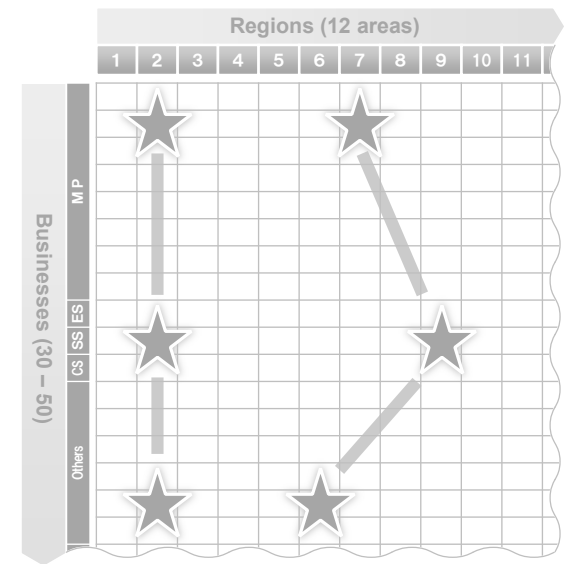
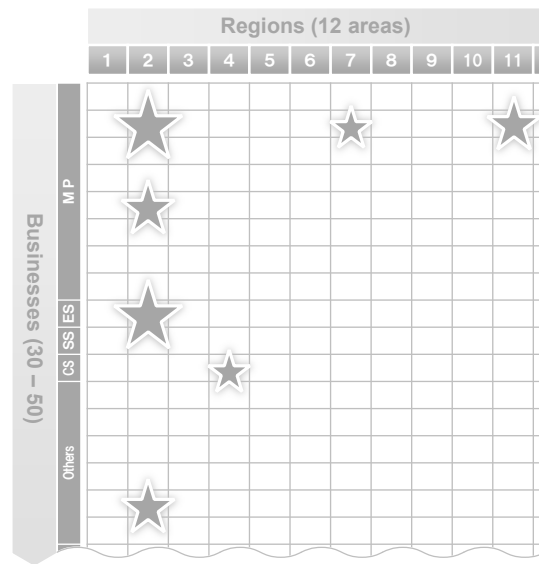
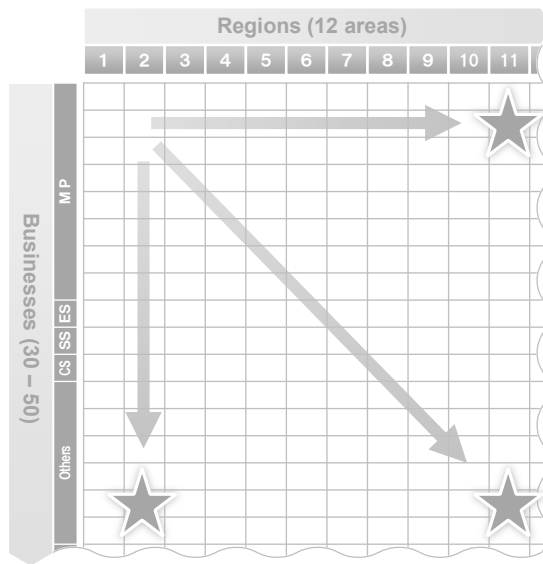
- EBHS Life
- Cancer prevention, PSP
- Ask Doctors
- Booking & conducting medical check-ups
- Employee health data management

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

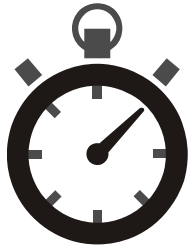
Balancing corporate growth and solving social issues

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**

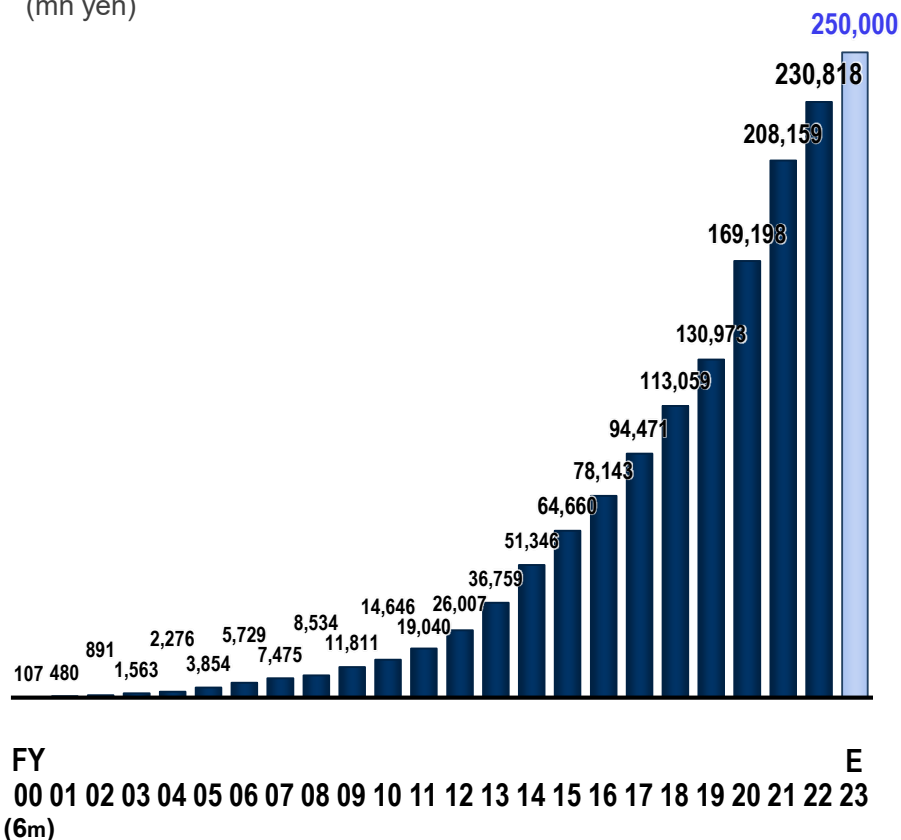
\* CSV = Creating Shared Value

# FY2023 Outlook

# Annual Results

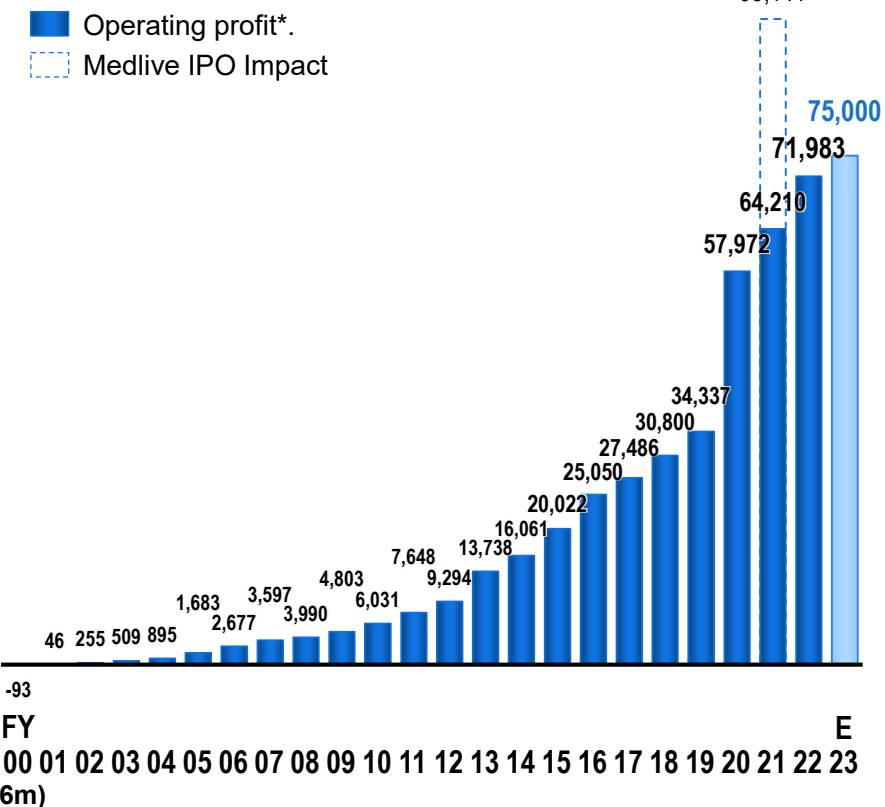
## Sales

(mn yen)



## Operating Profit

(mn yen)



**Steady growth expected in the current financial year**

\*FY2021 excludes gains related to China IPO