


M3

Presentation Material

4Q FY2009





The following contains statements that constitute forward-looking statements, plans for the future, management targets, etc. relating to M3, Inc. and/or its group. These are based on current assumptions of future events, and there exist possibilities that such assumptions are objectively incorrect and actual results may differ from those in the statements as a results of various factors.

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.

Company Background



Business domain

Internet-based
healthcare businesses

Name

→ M3

Medicine

Media

Metamorphosis

History

2000 Sep	Founded
Oct	Launched MR-kun service
2002 Mar	Acquired WebMD Japan
2004 Sep	Listed on TSE Mothers
2005 May	Alliance with Medi C&C and entry into Korean market
Sep	Launched QOL-kun service
Dec	Launched AskDoctors service
2006 Jun	Acquired MDLinx and entered into US market
2007 Mar	Listed on TSE 1
2008 Oct	Opened “MedQuarter.de” to enter into Europe market

m3.com: Japan's #1 Physician Website

Sponsor-free

Sponsored

Medical News

Search engine

Research Paper search

Web-based medical tools

The screenshot shows the m3.com homepage. At the top, there's a header with the m3.com logo and navigation links. Below the header, the main content area is divided into several sections. On the left, there's a sidebar with links to various services. The main content area features a 'Medical News & Journal' section with several articles. Below this, there's a 'Search engine' section with a search bar and filters. Further down, there's a 'Research Paper search' section with a search bar and filters. At the bottom, there's a 'Web-based medical tools' section with links to various tools. On the right side of the main content area, there's a 'Sponsored' section with various advertisements and sponsored messages.

m3.com
MR-kun

Sponsor
messages

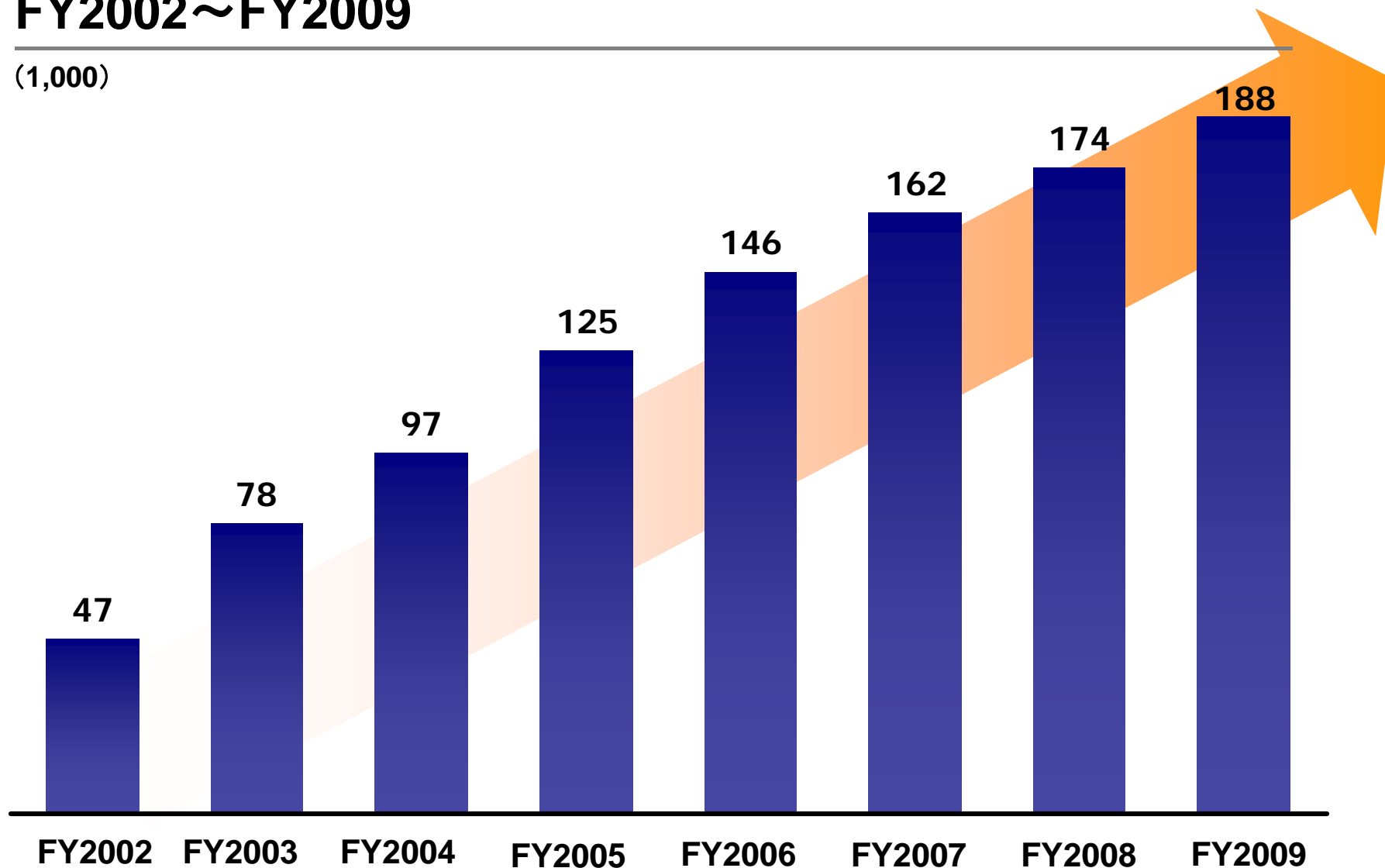
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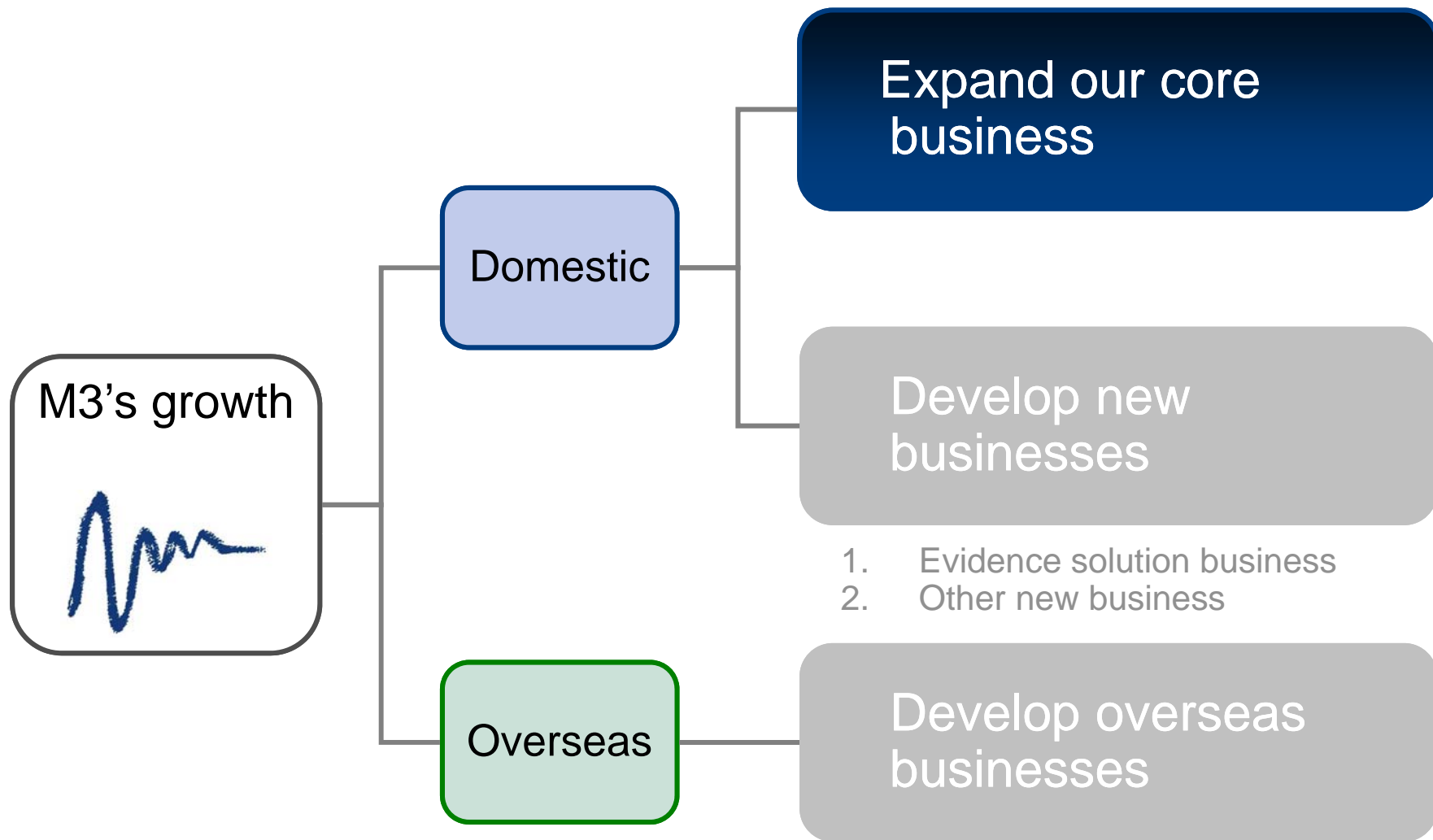
利用規約 | 個人情報保護の取扱いについて | お問い合わせ | m3.com

Physicians Registered in m3.com

FY2002~FY2009

(1,000)





Japanese Pharma's Huge Marketing Costs

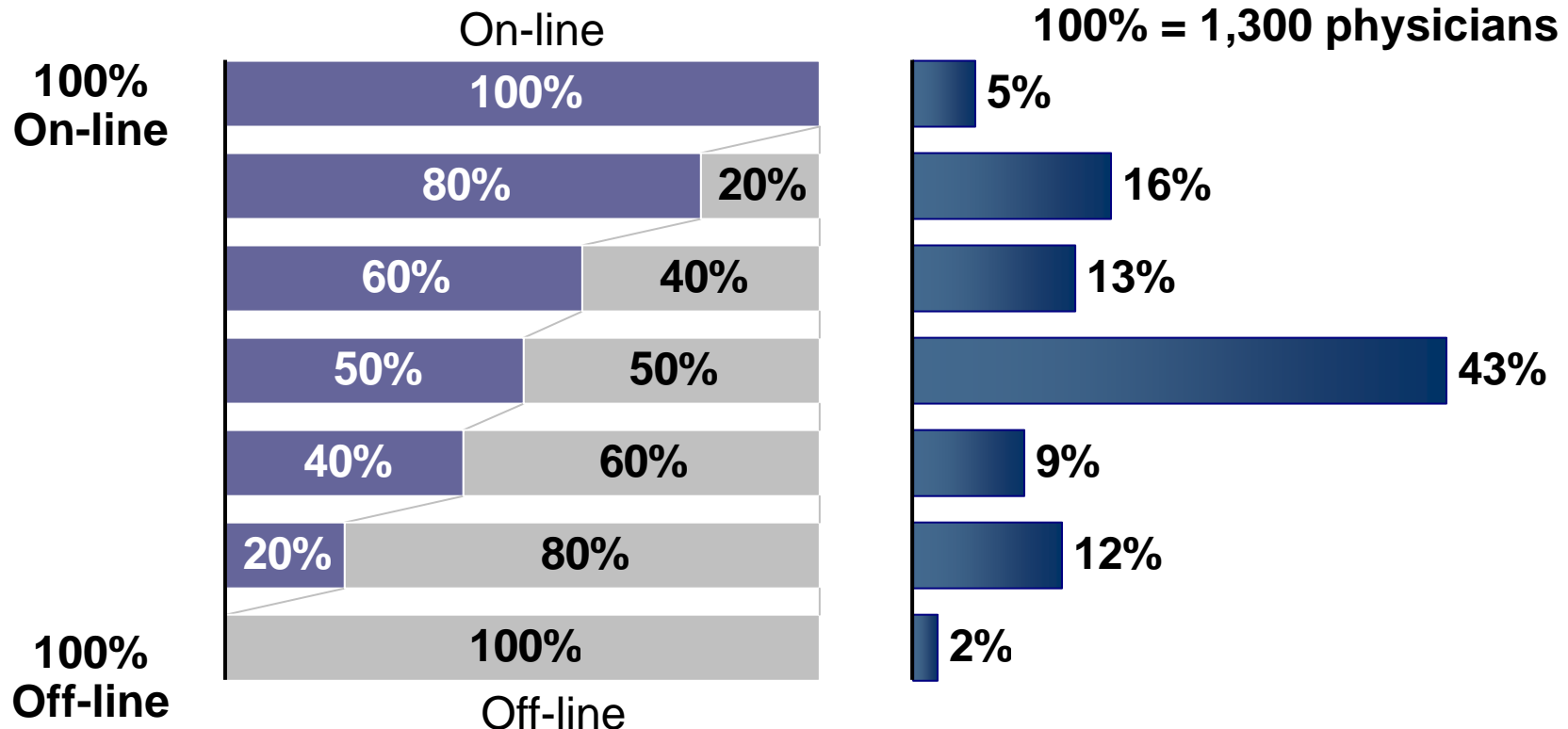
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	55,000	×	¥20mn	=	¥1.1tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.1-1.4 tn

Source: MIX, Research by M3

Physicians' Demand for On-Line Detailing

Q. What is the ideal ratio of on-line and off-line promotional information (“details”) from pharma companies?

A.



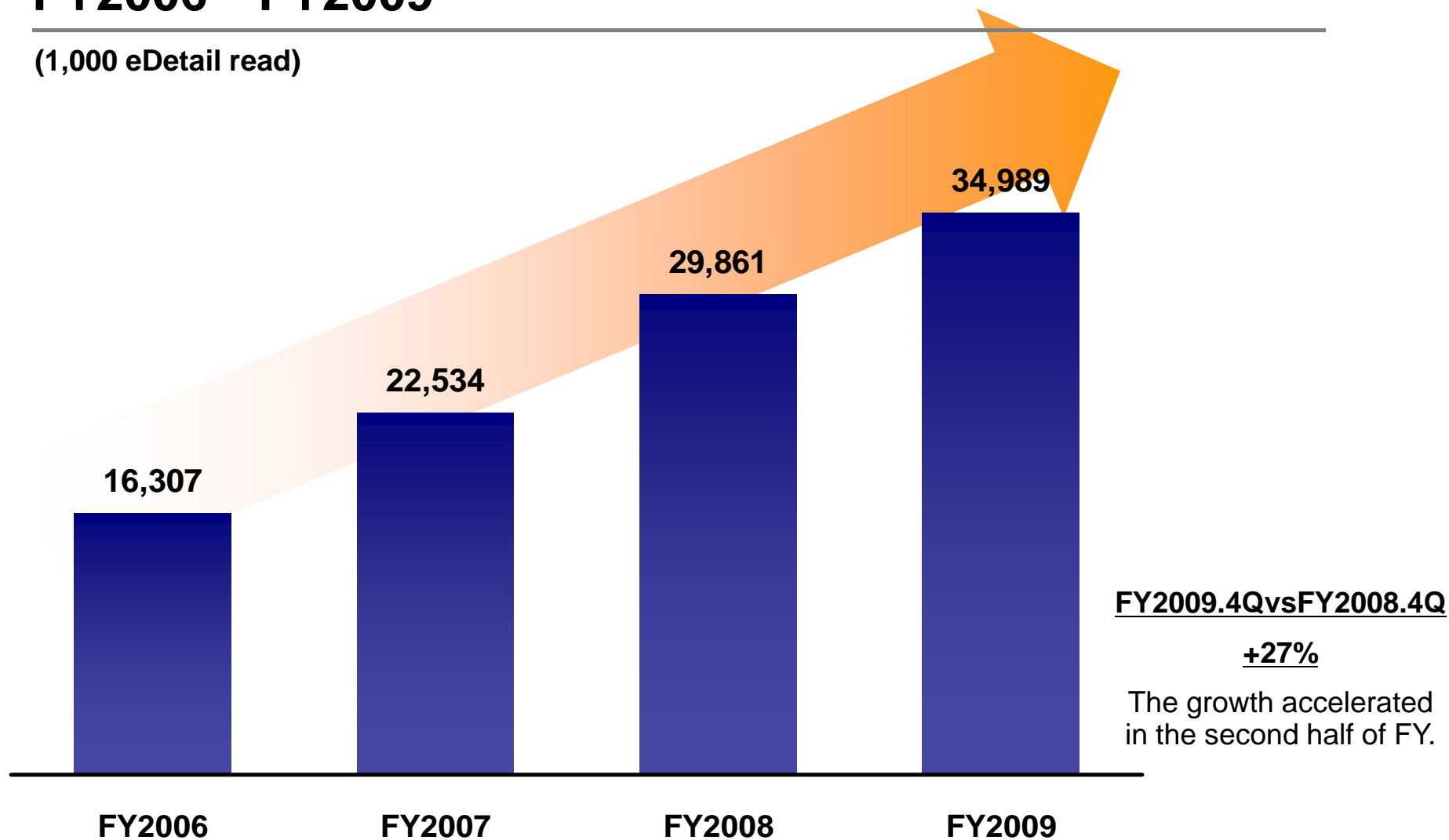
Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

Source: M3 questionnaire to 1,300 physicians

MR-kun eDetails Read by Physicians

FY2006~FY2009

(1,000 eDetail read)



MR-kun Annual Fee Structure

MR-kun base fee

Detail fee

■ ¥100 per detail

Contents production fee

■ M3 produces web contents shown on MR-kun

Operation fee

■ Basic operation, including sending messages to physicians and replying to physicians' questions

Initial Phase

¥70mn

- Revised as of Oct. 2005 for new client
- Previous fee: ¥60mn

¥20mn
§
¥40mn

¥30mn
§

¥10mn

¥130mn ~ ¥150mn

Top 5 clients

¥60mn
§
¥70mn

¥220mn

¥100mn

¥10mn

The average of top 5 clients: ¥400mn

MR-kun Increases Sales Like Reps

Case
study

		Off-line Reps	
		Non-covered	covered
MR-kun	Non-covered	1 (baseline)	+9% Sales increase compared with base
	covered	+8% Sales increase compared with base	+16% Sales increase compared with base

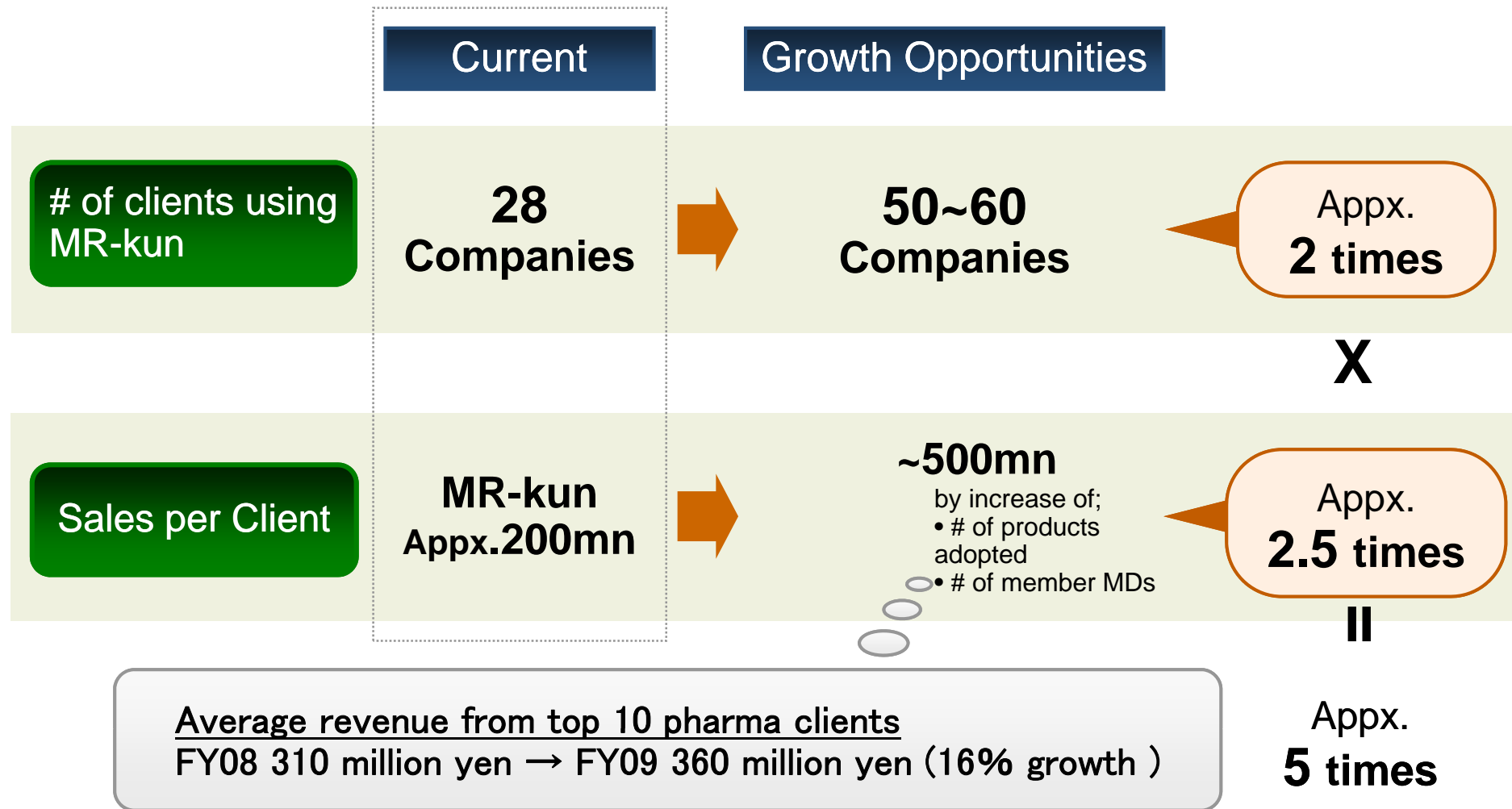
Combining real reps with MR-kun maximizes detailing impact

"MR-kun" alone has substantial power...

Source: M3
Notes: Questionnaire to 16,000 General Practitioners

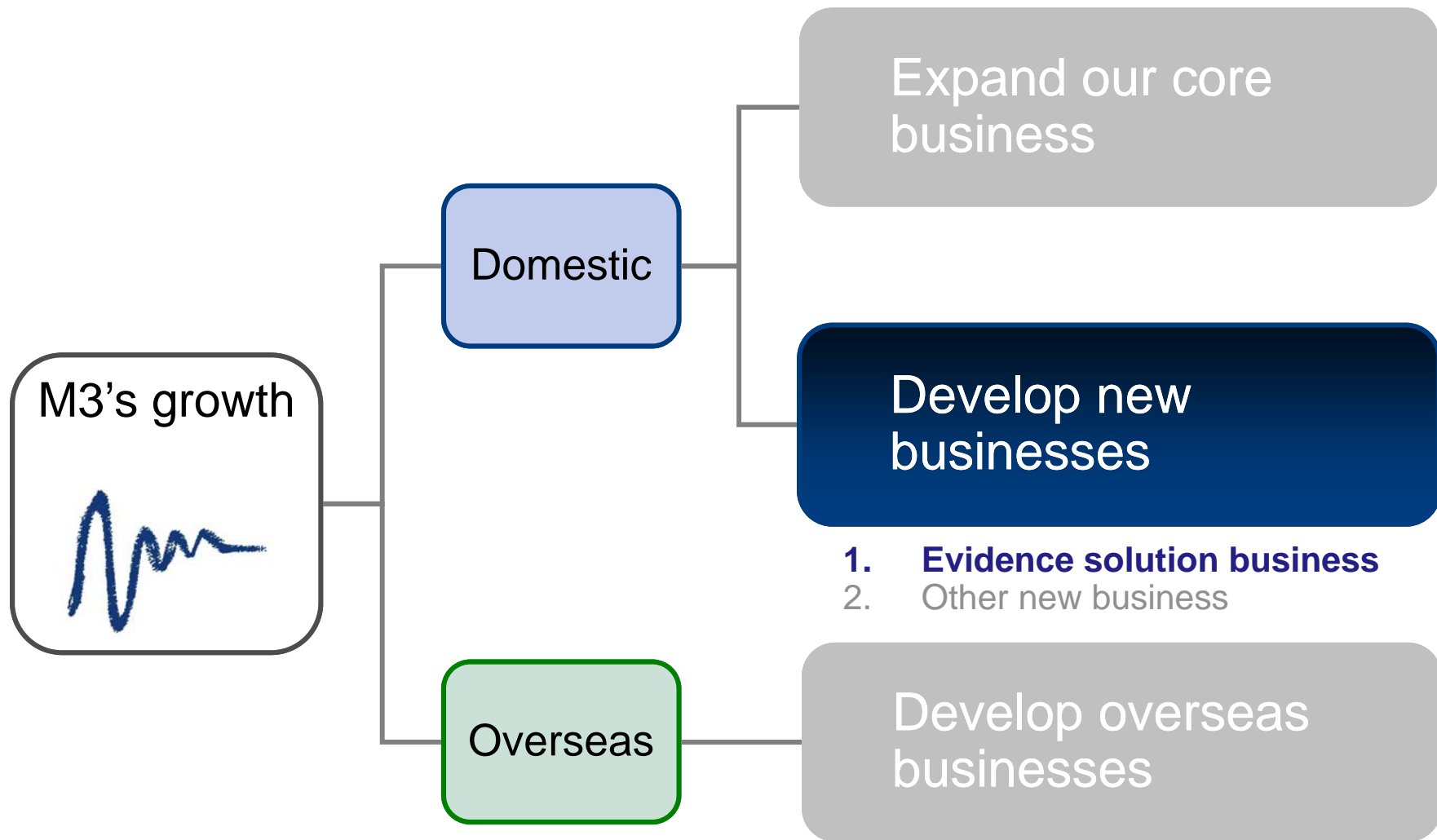
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MR-kun's Growth Potential in Japan



MR-kun service regained growth momentum by;

1. Staff increase
2. Adoption by more products
3. Increase number of read eDetails per doctor



Mebix – fixed the past



- **Correction of past financial reports.**
 - Detected excessively front-loaded sales postings in the past years, and corrected financial reports.
 - Strengthened reporting and governing structure.



- **Replacement of management.**
 - Former management involved in the inappropriate accounting practice left the Mebix/M3 group.



- **Shedding non-core businesses.**
 - Chealcomm, Inc. became a non-consolidated company.
 - Clinography Co., Ltd. will also become non-consolidated.



- **Transform to “lean but muscular” operation.**
 - Streamline the back-office.
 - Reduction of excess costs: expense accounts, etc.

Mebix – revamp to grow



- **Renovating management.**
 - Appointed new president on Feb. 2010, recruited a new board member from outside.
 - Brought-up young staff to form new management team.



- **Launching new version of “CapTool,” clinical trial support system.**
 - The new system, “CapTool-Prime,” became available from April, will improve the operational efficiency significantly.

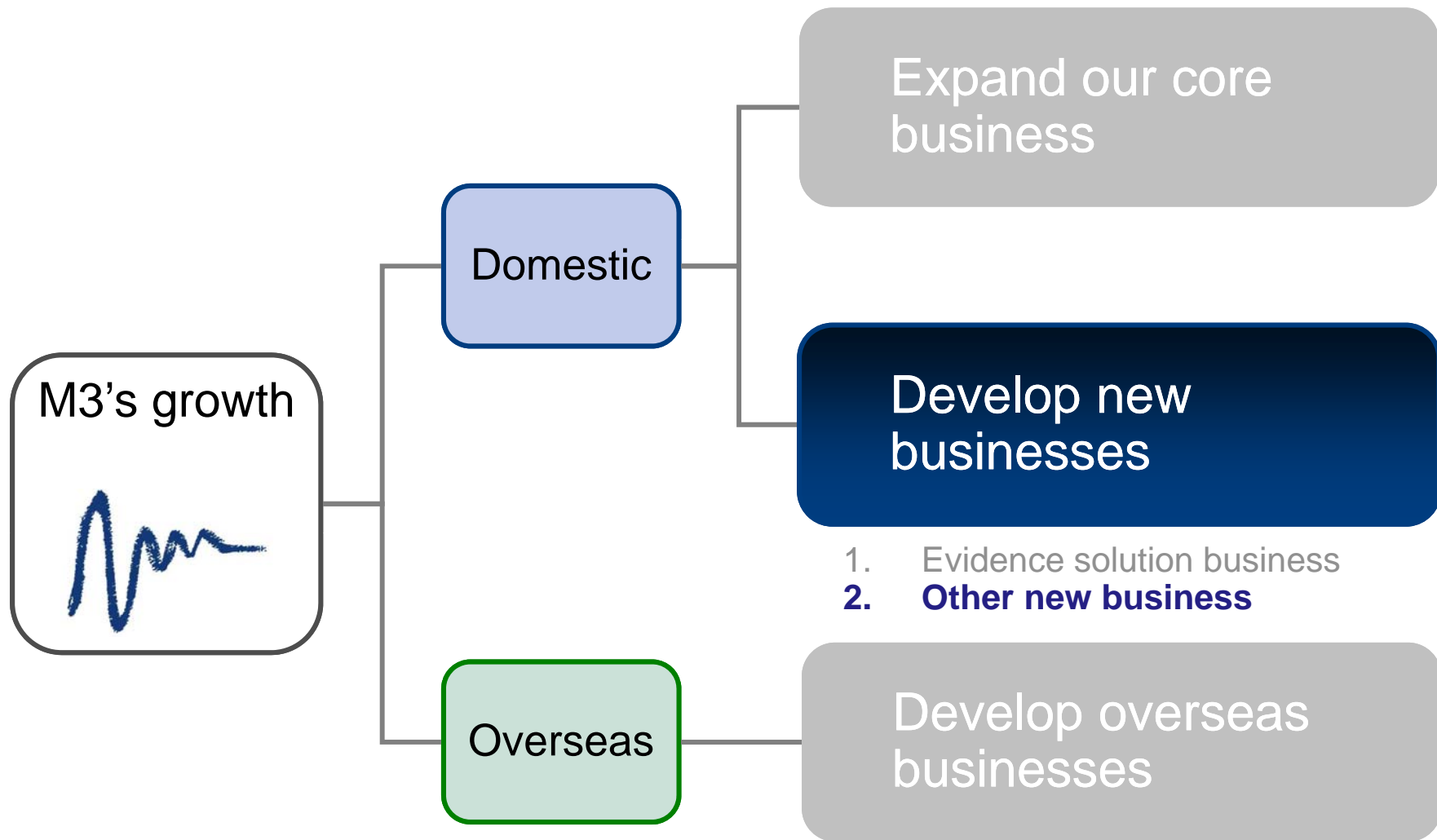


- **Got a new big project.**
 - A big clinical research project under negotiation for a long time finally signed and started.



- **Collaborating with M3.**
 - Recruiting participating physicians to research projects via m3.com at lower cost.
 - Integrating back-office functions.

 **Aim for turning into black in FY2010.**



New Business Development on the Platform

			FY2010 Sales forecast		
		Assigned staff	Above 1,000mn	¥750mn ~ ¥1,000mn	¥0mn ~ ¥750mn
Research (Japan)	Web-based Physician Surveys	4.5		✓	
m3MT	E-mail, banner promotion service for pharma companies	2			✓
QOL kun etc.	Promotion service for non-pharma companies	7		✓	
Consumer Business	Consumer service	3		✓	
<hr/>					
M3 Career	Job information for Physicians, Pharmacist	28	✓		Co s
iTICKET	Online clinical reservation system for patient	13			✓

Consolidated
subsidiary

- Revenue from the new businesses will exceed the revenue of MR-kun in FY2010.
- Many of the new businesses are run by few staff and quite profitable.
- Established joint venture for career business with SMS CO.,LTD.

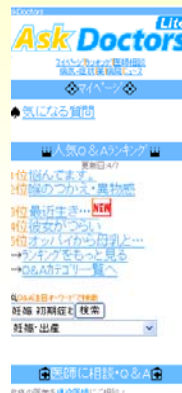
Expansion of Consumer Business

AskDoctors



- 90%+ questions get answers from physicians
- More than 2.4 million Q&A archives

AskDoctors Lite



- Specially offered for Softbank's contents package (Mar. 2009)
- Browse only service for AskDoctors' Q&A archives

AskMoon



- New mobile site targeting women (May 2009)
- Access to emmenia-related Q&A archives on AskDoctors

New Site

Coming Soon

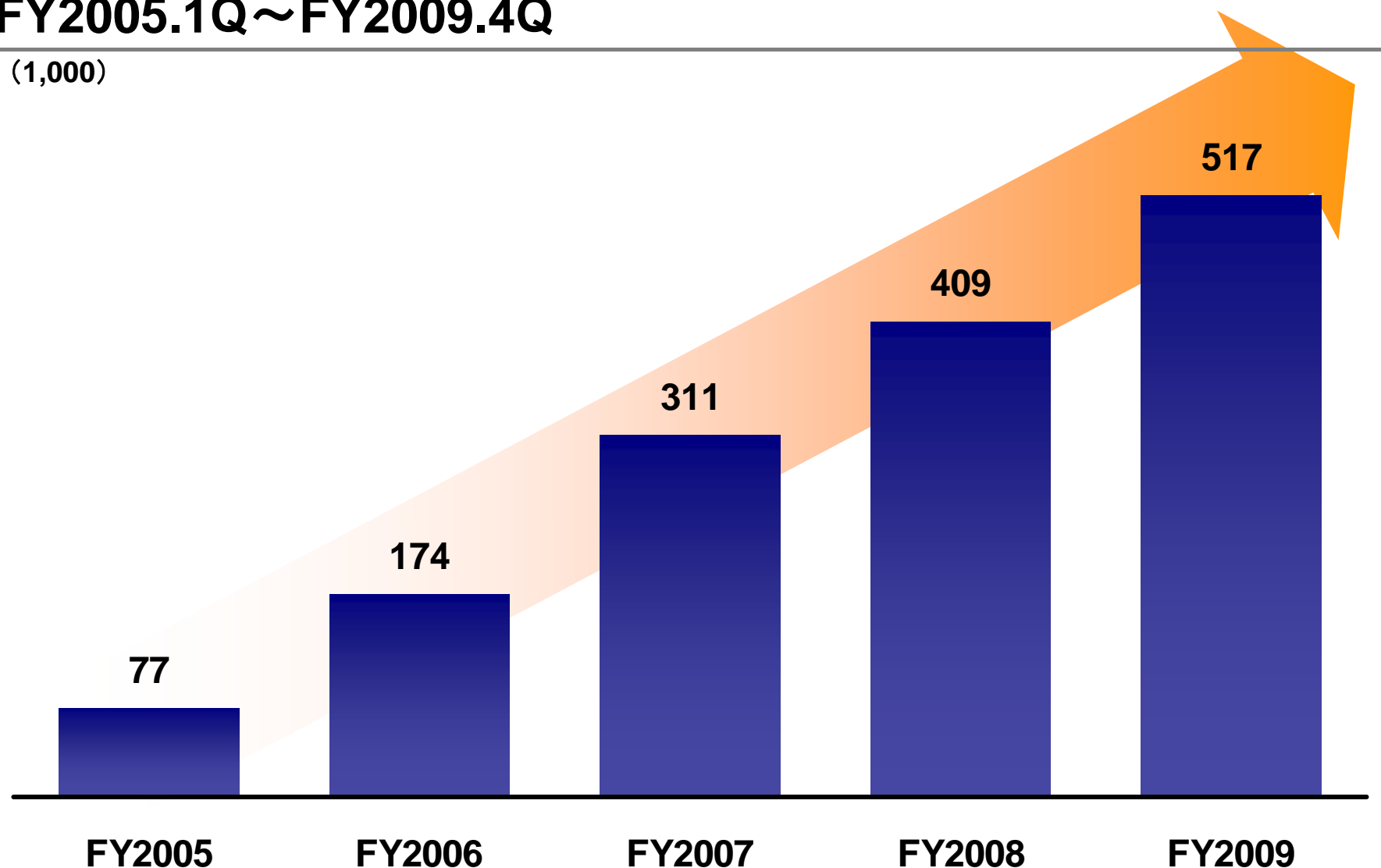
- New site about mental health will be launched in FY2010

 Consumer business grew to generate 50mil yen revenue per month (+61% vs FY2008), preparing new services in mental health care area.

Membership of AskDoctors

FY2005.1Q~FY2009.4Q

(1,000)



M3 Career, Inc



- Media power of m3.com
 - 188K Physicians
 - 70K Pharmacist
- Experience in the recruiting ad business for medical professionals



Full-line service and platform for best match between employers and job seekers



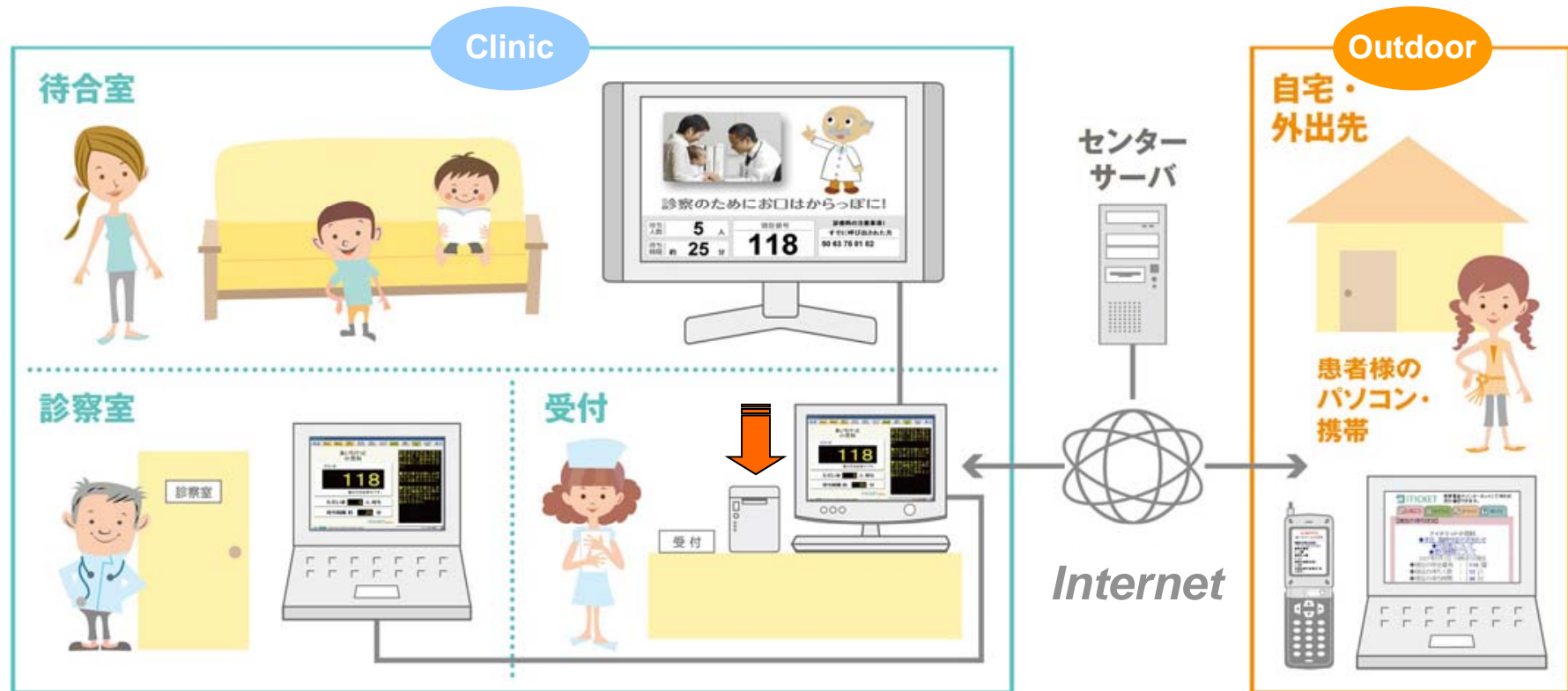
- Direct relationship both with employers (clinics etc) and job seekers (physicians, pharmacists)
- Experience in the employment agent business for nurses or care workers

Company Name	: M3 Career, Inc
Capital	: 50 mil yen
Business	: Recruiting service for medical professionals
Employees	: 28
Shareholders	: M3 51%、SMS 49%

 **Made a good start, posting ¥273M sales and ¥32M operating profit in FY09 4Q.**

Acquisition of iTICKET

Web-based reservation system for clinics

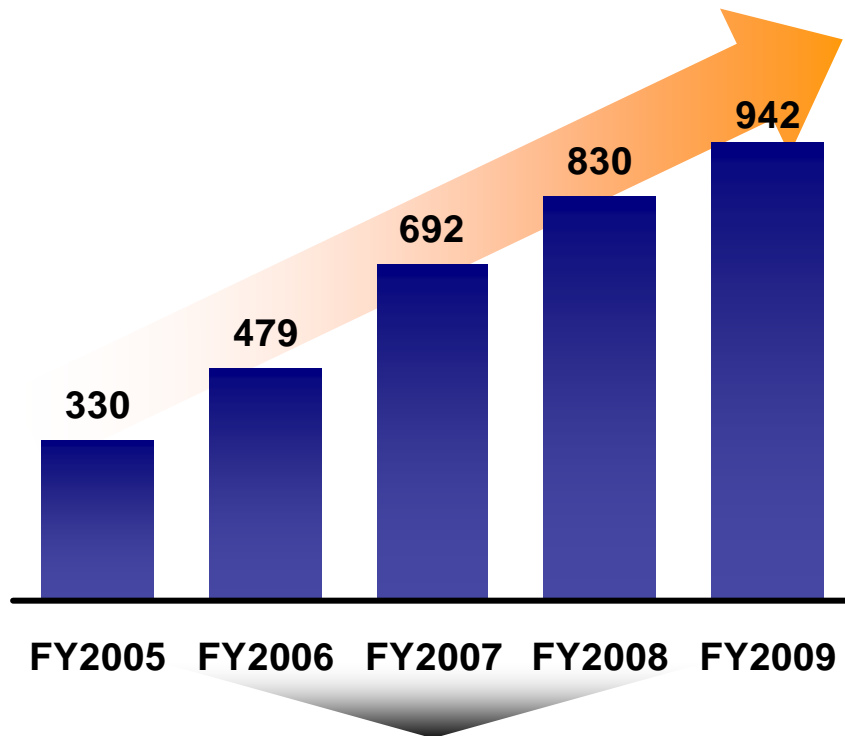


👉 Used in 900+ clinics , more than 1 million unique users per month, more than 220,000 members (mostly moms with little kids) registered to the pan-clinic site. ...became one of the largest “mom” platforms in Japan.

Media Business will Start on ASP Platform.

ASP : Reservation for medical care

Clinic Users



<Fee Structure>

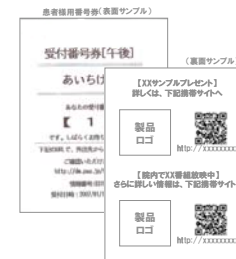
- Initial Fee : 498,000yen / Clinic ~
- ASP Service : 11,400yen / Month ~

Media business

Clinic Media

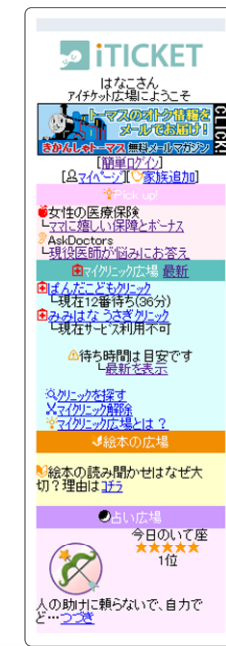


Ticket Media (Sep.~)



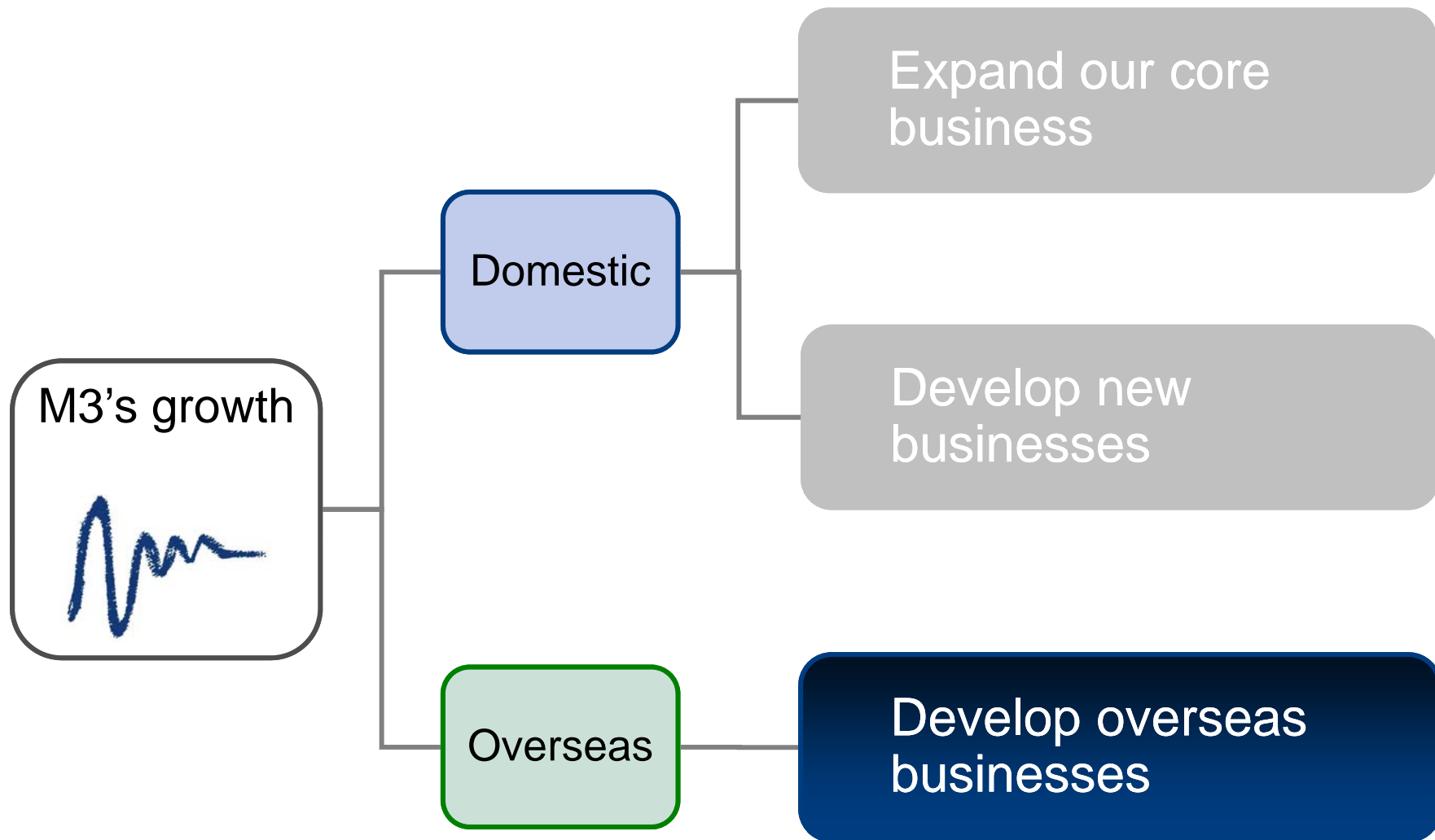
Consultation Ticket

Mobile Media (Nov.~)



<Fee Structure>

- Clinic Media : 1,500,000yen / Month ~
- Mobile Media : 130,000yen / 2Week ~
- Ticket Media : 750,000yen / Project ~



Development in the US

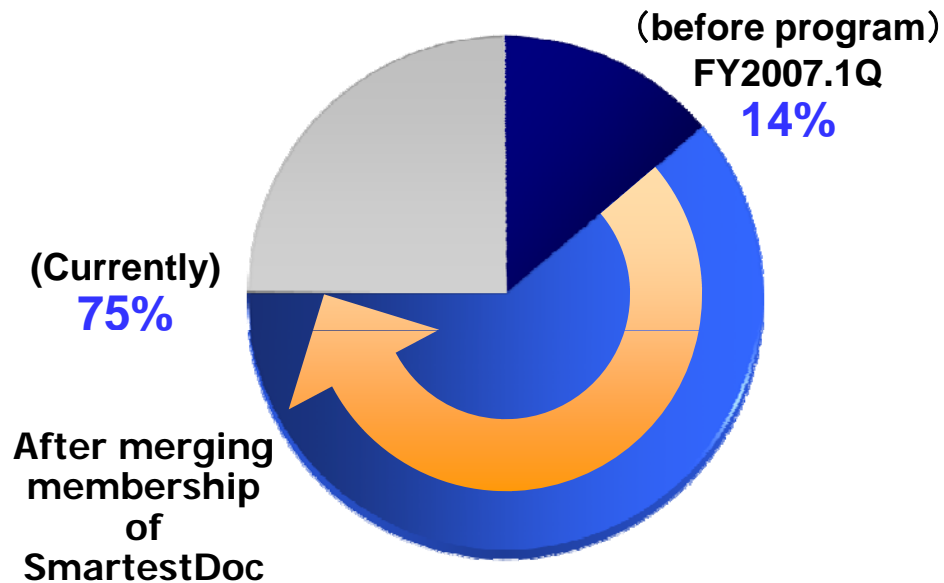
The screenshot displays the HemeOnc Linx website, which is part of the MDLinx network. The interface includes a top navigation bar with the HemeOnc Linx logo and a banner for Zolinza (vorinostat) capsules. Below the banner, there is a 'Messages' section with a list of articles, including 'Today's Hot Topic: Making Cigarettes More Addictive' and 'Top 50 Articles of 2006: What your colleagues were reading'. A sidebar on the left provides a comprehensive list of topics in hematology and oncology, such as 'Alternative Therapies', 'Anemia/Polycythemia', 'BMT/SCT', 'Basic Science/Genetics', 'Bone/Cartilage', 'Breast', 'Carcinogenesis', 'Coagulation/Bleeding Dz', 'Colorectal Cancer/Polyps', 'Dermatologic Oncology', 'Diagnostics/Radiology', 'Economics of Medicine', 'Endocrine Oncology', 'GI Oncology', 'Gynecologic Oncology', 'Head and Neck', 'Hepatobiliary/Pancreas', 'GI Oncology', 'Gynecologic Oncology', 'Head and Neck', 'Hepatobiliary/Pancreas', 'Leukemia / Lymphoma', 'Lung/Thoracic Oncology', 'Myeloproliferative Dz', 'Neurologic Oncology', 'Pain/Palliative Care', 'Pediatric Heme/Oncology', 'Pharmacology/Therapy', 'Popular Press', 'Renal/Urologic', 'Side Effects', 'Soft Tissue/ Sarcoma/Transfusion', and 'Medicine'. The main content area features a list of articles with titles like 'Anthracyclines, Mitoxantrone, Radiotherapy, and Granulocyte Colony-Stimulating Factor: Risk Factors for Leukemia and Myelodysplastic Syndrome After Breast Cancer' and 'Activation of Integrin-Linked Kinase Is a Critical Prosurvival Pathway Induced in Leukemic Cells by Bone Marrow-Derived Stromal Cells'. A sidebar on the right includes an 'Article Search' box, a 'Merck Services' section with a link to 'Your direct link to Merck Resources', and a 'View & Download Online Resources' section with links to 'Slide Kits', 'e-Details', 'Abstracts', and 'Patient Education'.

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
 - Washington D.C.
 - 310K medical professionals (incl. 94K physicians) as registered member
- The service has been adopted by products in Oncology, Rheumatology, Neurology, Cardiology and PCP area

MDLinx (US): Member Coverage by Specialty

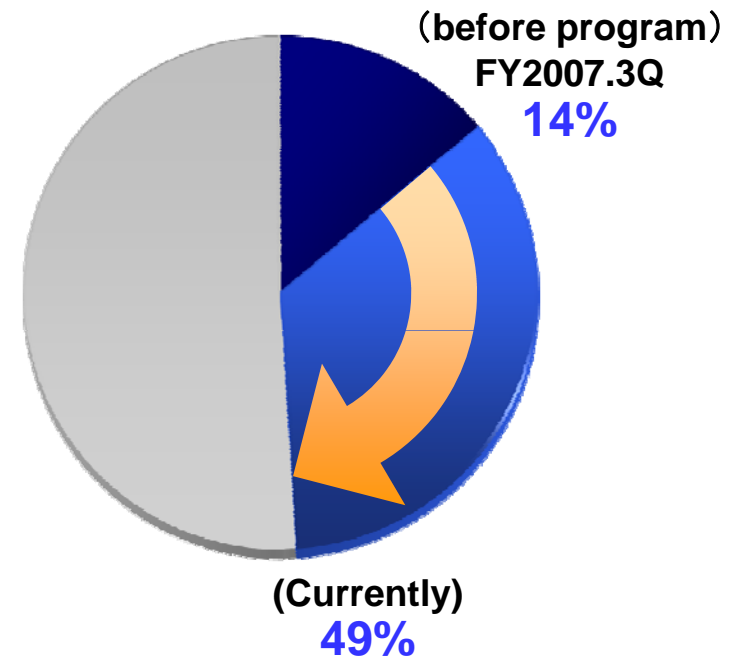
Oncology area

(100%=10,000 specialists)



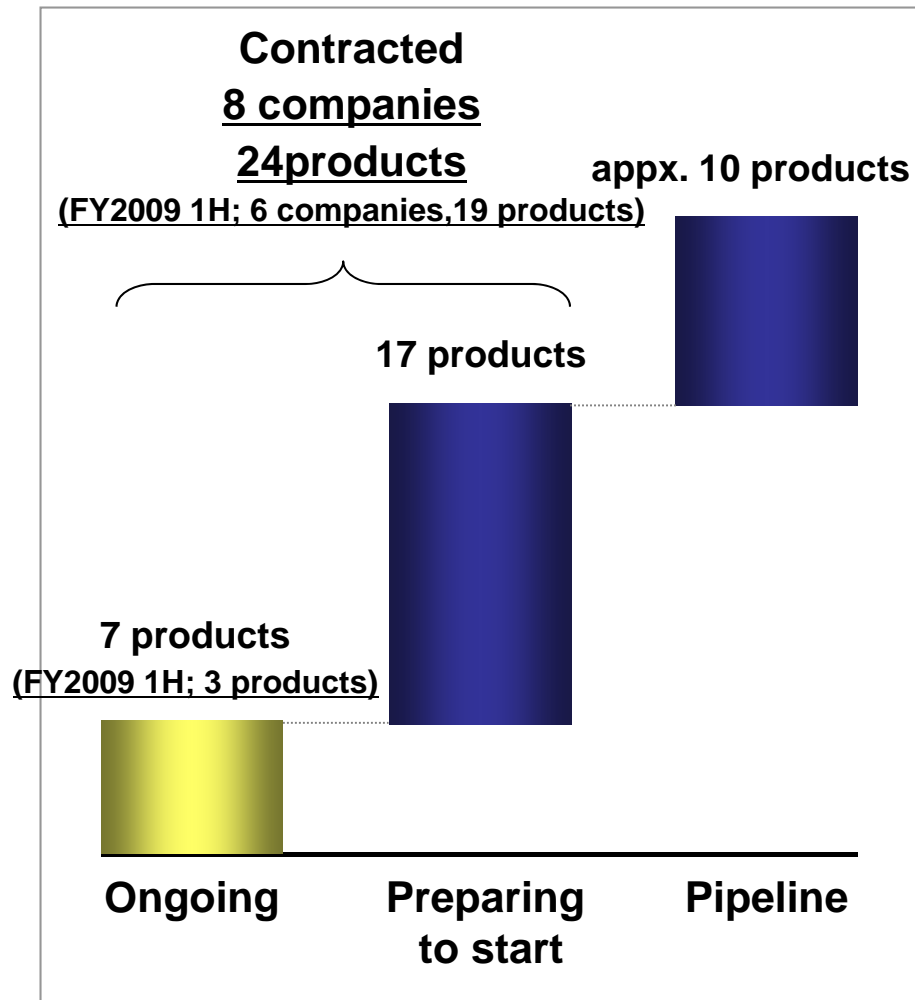
Rheumatology

(100%=4,200 specialists)



Developed leading platforms by acquiring half of oncologists and rheumatologists in the U.S.
Starting new acquisition programs in Psychiatry, Neurology, Cardiology, and PCP area.

M3 Messages Contracting Status



- 8 of the top 20 global pharmaceutical companies adopted “M3 Messages” already.
 - All in Oncology, Rheumatology, Neurology, Cardiology or PCP area
 - Close to sign in other areas
- Delivery of the messages started already in 7 products. The clients appreciate the performance and made further commitments (contract extension, addition of new products etc.). Others will start soon.
- Acquired a big project in PCP (Primary Care Physician) area. This client has a innovative and positive approach for internet marketing with tens of millions of dollars budget.
- Pipeline for project acquisition is well filled for FY2010.

Consolidated P/L Statement for FY2009

(yen million)

Consolidated	FY2009	FY2010	YoY Growth
Sales	8,534	11,811	+ 38%
Operating income	3,990	4,811	+ 21%
Ordinary profit	4,170	4,858	+ 16%
Net profit	2,363	2,956	+ 25%

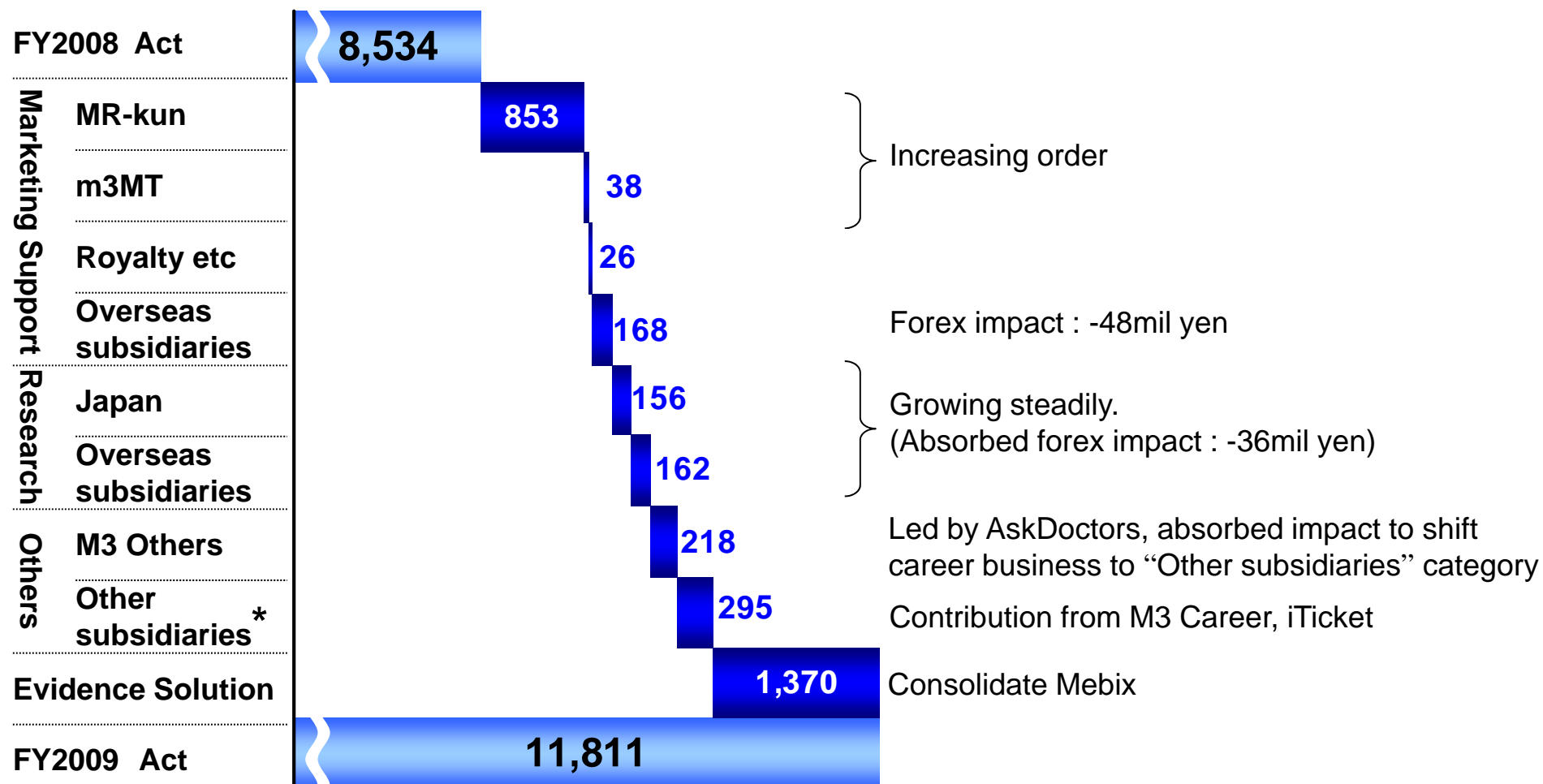
Breakdown by Business Segments

Medical Portal	Sales	Marketing Support	5,812	6,889	+ 18%
		Research	1,052	1,371	+ 30%
		Others	1,669	2,181	+ 31%
	Operating income		3,990 *	5,475	+ 37%
Evidence Solution	Sales		-	1,370	-%
	Operating income		-	△284	-%

* Include unclassifiable expense (384 mil yen) In FY2008

Consoli. Sales Analysis (vs P.Y.)

(yen million)



*"other subsidiaries" include consoli. adjustment

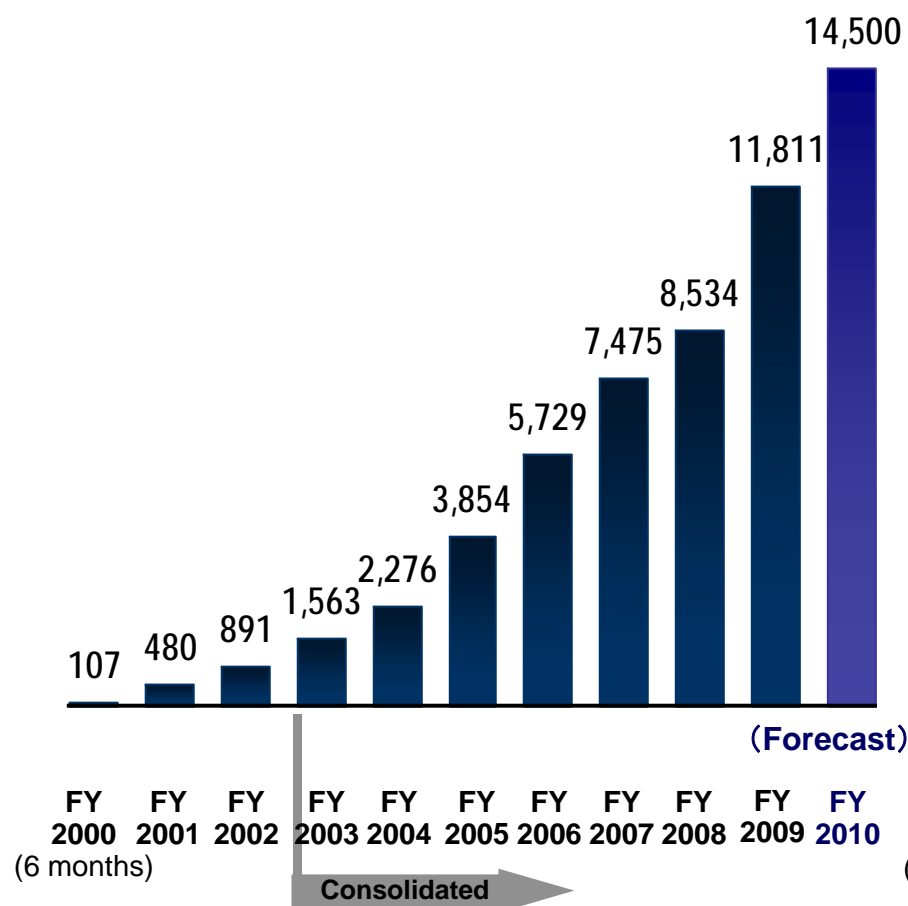


Steady growth momentum continues.

Annual Results & Forecast for FY2010

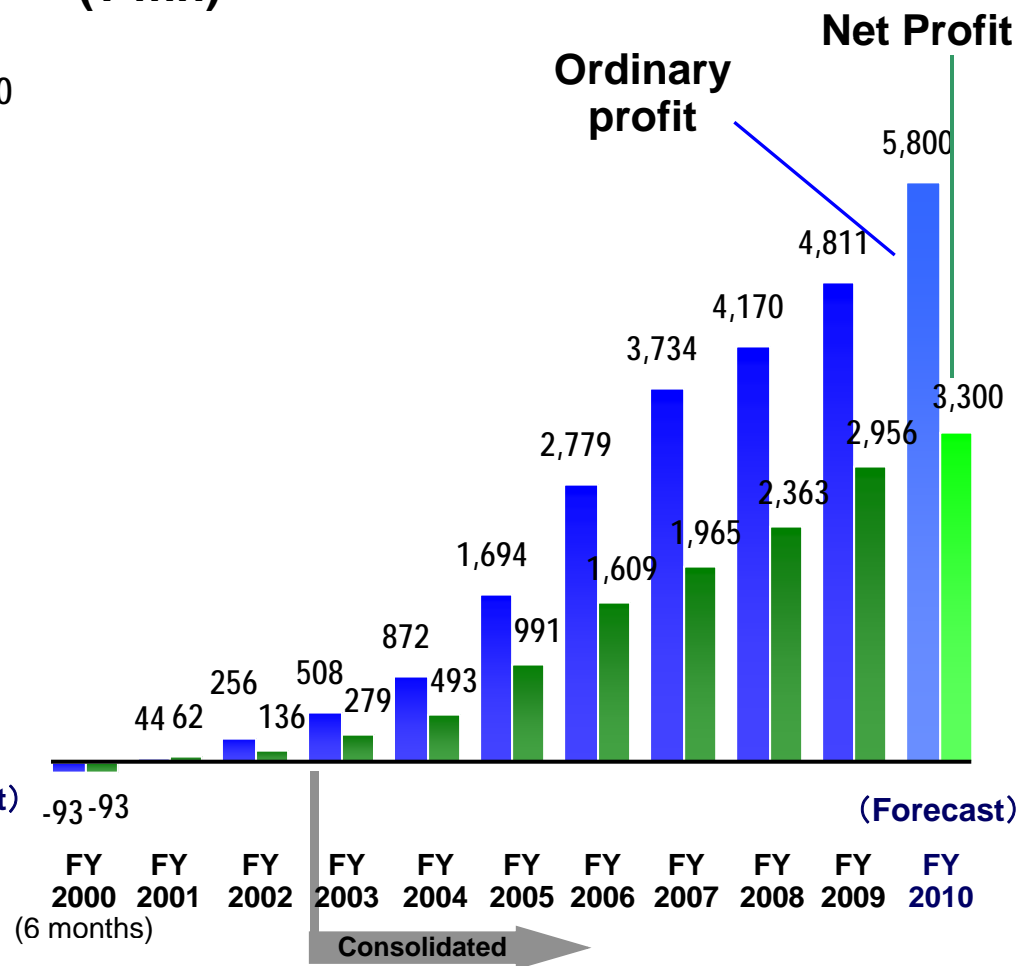
Sales

(¥ mn)

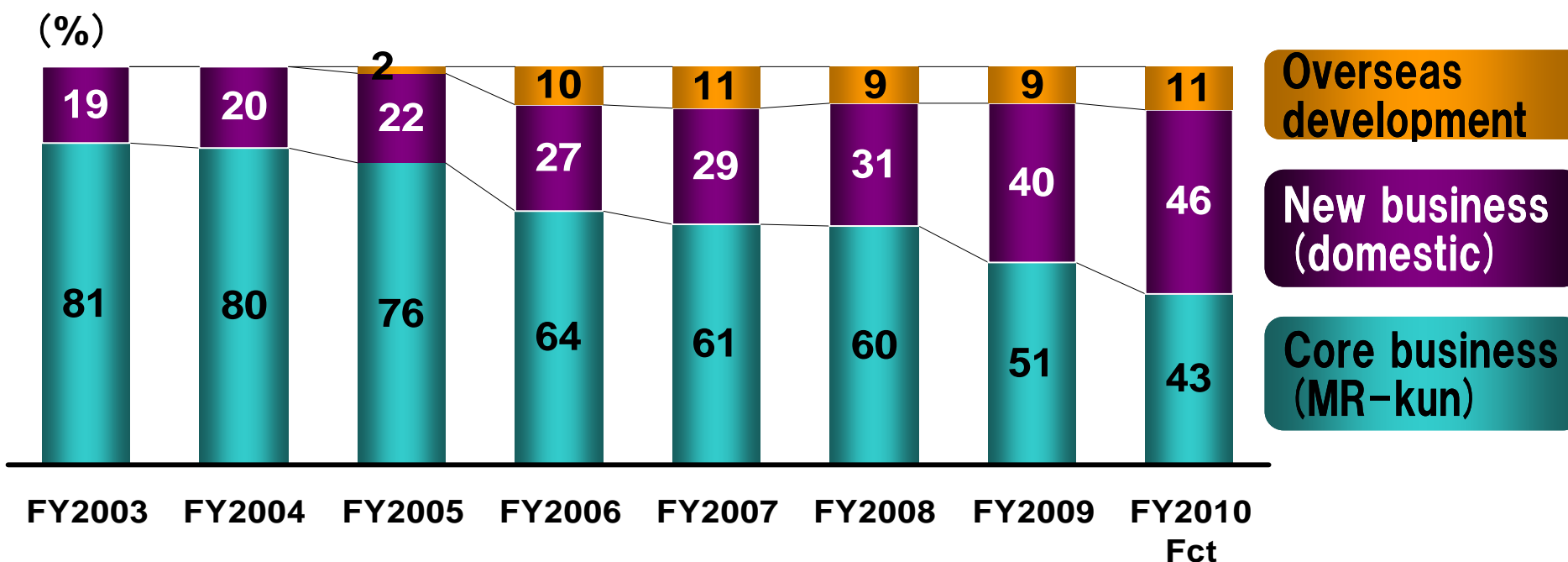
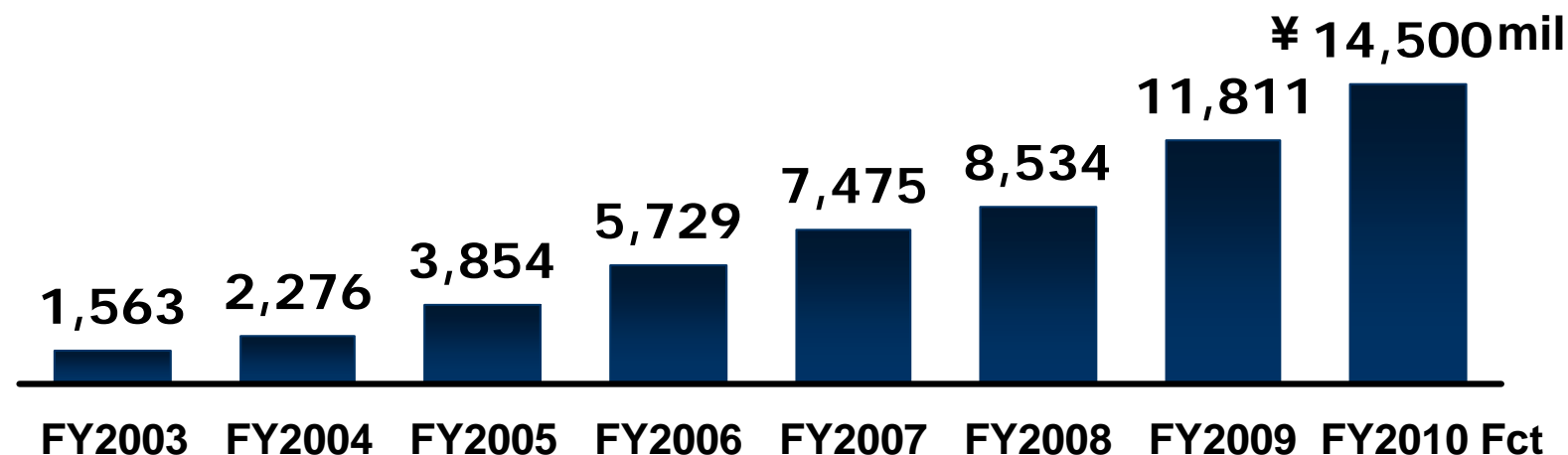


Ordinary Profit & Net Profit

(¥ mn)



Consolidated Sales Trend



Creating New Value in Healthcare

➔ M3

Medicine

Media

Metamorphosis



➔ Healthcare sector is huge...

- Japanese national spending on medical services is approximately ¥33tn (approximately ¥50tn if peripheral businesses are included)
- Equivalent to 10% of Japanese GDP
- Sector controlled by only 270,000 people, e.g., physicians, representing only 0.2% of the population

➔ M3 aims to create new value in this sector

- Solve the issues and problems of the medical sector
- With new and unique business models
- While focusing on areas where we can add high value (e.g., have high profit) to boost our enterprise value

Source: Ministry of Health, Labour and Welfare, the Japan Medical Association, M3