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 result 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

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

Business domain

- Internet-based healthcare businesses

Name

- M3
- Medicine
- Media
- Metamorphosis

Copyright © 2010 M3, Inc. All rights reserved.
m3.com: Japan’s #1 Physician Website

- Sponsor-free
- Medical News
- Search engine
- Research Paper search
- Web-based medical tools
- m3.com MR-kun
- Sponsor messages
Physicians Registered in m3.com

FY2002~FY2009

(1,000)
Expand our core business

M3’s growth

Domestic

Develop new businesses
1. Evidence solution business
2. Other new business

Overseas

Develop overseas businesses
## Japanese Pharma’s Huge Marketing Costs

<table>
<thead>
<tr>
<th></th>
<th>Head count</th>
<th>Annual costs per person</th>
<th>Total cost of whole industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRs (Pharmaceutical companies)</td>
<td>55,000</td>
<td>¥20mn</td>
<td>¥1.1tn</td>
</tr>
<tr>
<td>MSs (Pharmaceutical wholesalers)</td>
<td>30,000</td>
<td>¥10mn</td>
<td>¥300bn</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>On-line</th>
<th>Off-line</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>20%</td>
<td>80%</td>
</tr>
</tbody>
</table>

**100% = 1,300 physicians**

- On-line: 16% (16% of physicians prefer 100% on-line, 13% prefer 80% on-line, 40% prefer 60% on-line, 9% prefer 50% on-line, 1% prefer 20% on-line, and 2% prefer 100% on-line).
- Off-line: 43% (43% of physicians prefer 100% off-line, 12% prefer 80% off-line, 9% prefer 60% off-line, 2% prefer 50% off-line, and 2% prefer 20% off-line).

*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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Read Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2006</td>
<td>16,307</td>
</tr>
<tr>
<td>FY2007</td>
<td>22,534</td>
</tr>
<tr>
<td>FY2008</td>
<td>29,861</td>
</tr>
<tr>
<td>FY2009</td>
<td>34,989</td>
</tr>
</tbody>
</table>

FY2009.4QvsFY2008.4Q

+27%
The growth accelerated in the second half of FY.
## MR-kun Annual Fee Structure

<table>
<thead>
<tr>
<th>MR-kun base fee</th>
<th>Detail fee</th>
<th>Contents production fee</th>
<th>Operation fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥100 per detail</td>
<td>¥100 per detail</td>
<td>M3 produces web contents shown on MR-kun</td>
<td>Basic operation, including sending messages to physicians and replying to physicians’ questions</td>
</tr>
</tbody>
</table>

### Initial Phase
- **¥70mn**
  - Revised as of Oct. 2005 for new client
  - Previous fee: ¥60mn

### Top 5 clients
- **¥60mn**
- **¥70mn**

### Top 5 clients
- **¥220mn**
- **¥100mn**
- **¥10mn**

The average of top 5 clients: **¥400mn**
## Case Study: MR-kun Increases Sales Like Reps

<table>
<thead>
<tr>
<th>Off-line Reps</th>
<th>Non-covered</th>
<th>covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR-kun Non-covered</td>
<td>1 (baseline)</td>
<td>+9% Sales increase compared with base</td>
</tr>
<tr>
<td>MR-kun covered</td>
<td>+8% Sales increase compared with base</td>
<td>+16% Sales increase compared with base</td>
</tr>
</tbody>
</table>

Combining real reps with MR-kun maximizes detailing impact.

“MR-kun” alone has substantial power...

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

Copyright © 2010 M3, Inc. All rights reserved.
# MR-kun’s Growth Potential in Japan

## Current vs. Growth Opportunities

<table>
<thead>
<tr>
<th># of clients using MR-kun</th>
<th>28 Companies</th>
<th>50~60 Companies</th>
<th>Appx. 2 times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales per Client</td>
<td>MR-kun Appx.200mn</td>
<td>~500mn by increase of:</td>
<td>Appx. 2.5 times</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• # of products adopted</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• # of member MDs</td>
<td></td>
</tr>
</tbody>
</table>

Average revenue from top 10 pharma clients:

- FY08 310 million yen → FY09 360 million yen (16% growth)

- **MR-kun service regained growth momentum by:**
  1. Staff increase
  2. Adoption by more products
  3. Increase number of read eDetails per doctor
M3’s growth

Domestic

Expand our core business

Develop new businesses

1. Evidence solution business
2. Other new business

Overseas

Develop overseas businesses
**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.
M3’s growth

Expand our core business

Domestic

Develop new businesses

1. Evidence solution business
2. Other new business

Overseas

Develop overseas businesses

Copyright © 2010 M3, Inc. All rights reserved.
## New Business Development on the Platform

<table>
<thead>
<tr>
<th>Service</th>
<th>Assigned Staff</th>
<th>FY2010 Sales Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research (Japan)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Web-based Physician Surveys</td>
<td>4.5</td>
<td>✓</td>
</tr>
<tr>
<td><strong>m3MT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-mail, banner promotion service for pharma companies</td>
<td>2</td>
<td>✓</td>
</tr>
<tr>
<td><strong>QOL kun etc.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion service for non-pharma companies</td>
<td>7</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Consumer Business</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer service</td>
<td>3</td>
<td>✓</td>
</tr>
<tr>
<td><strong>M3 Career</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job information for Physicians, Pharmacist</td>
<td>28</td>
<td>✓</td>
</tr>
<tr>
<td><strong>iTICKET</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online clinical reservation system for patient</td>
<td>13</td>
<td>✓</td>
</tr>
</tbody>
</table>

- 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.

Consolidated subsidiary

*Copyright © 2010 M3, Inc. All rights reserved.*
### Expansion of Consumer Business

<table>
<thead>
<tr>
<th>AskDoctors</th>
<th>AskDoctors Lite</th>
<th>AskMoon</th>
<th>New Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 90%+ questions get answers from physicians</td>
<td>- Specially offered for Softbank’s contents package (Mar. 2009)</td>
<td>- New mobile site targeting women (May 2009)</td>
<td>- New site about mental health will be launched in FY2010</td>
</tr>
<tr>
<td>- More than 2.4 million Q&amp;A archives</td>
<td>- Browse only service for AskDoctors’ Q&amp;A archives</td>
<td>- Access to emmenia-related Q&amp;A archives on AskDoctors</td>
<td></td>
</tr>
</tbody>
</table>

**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)

FY2005 77
FY2006 174
FY2007 311
FY2008 409
FY2009 517

Copyright © 2010 M3, Inc. All rights reserved.
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**

<table>
<thead>
<tr>
<th>Clinic Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>330</td>
</tr>
</tbody>
</table>

**Media business**

**Clinic Media** (Nov.~)

**Ticket Media (Sep.~)**

**Mobile Media**

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

<Fee Structure>
- **Clinic Media**: 1,500,000 yen / Month ~
- **Mobile Media**: 130,000 yen / 2Week ~
- **Ticket Media**: 750,000 yen / Project ~
M3’s growth

Domestic

Expand our core business

Develop new businesses

Overseas

Develop overseas businesses
“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.
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.
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)

<table>
<thead>
<tr>
<th></th>
<th>FY2009</th>
<th>FY2010</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>8,534</td>
<td>11,811</td>
<td>+38%</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,990</td>
<td>4,811</td>
<td>+21%</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>4,170</td>
<td>4,858</td>
<td>+16%</td>
</tr>
<tr>
<td>Net profit</td>
<td>2,363</td>
<td>2,956</td>
<td>+25%</td>
</tr>
</tbody>
</table>

### Breakdown by Business Segments

<table>
<thead>
<tr>
<th>Medical Portal</th>
<th>Sales</th>
<th>Marketing Support</th>
<th>5,812</th>
<th>6,889</th>
<th>+18%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Research</td>
<td>1,052</td>
<td>1,371</td>
<td>+30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
<td>1,669</td>
<td>2,181</td>
<td>+31%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operating income</td>
<td>3,990</td>
<td>5,475</td>
<td>+37%</td>
</tr>
</tbody>
</table>

| Evidence Solution | Sales | - | 1,370 | -% |
|                   | Operating income | - | Δ284 | -% |

* Include unclassifiable expense (384 mil yen) In FY2008

Copyright © 2010 M3, Inc. All rights reserved.
Consoli. Sales Analysis (vs P.Y.)

(yen million)

FY2008 Act

- MR-kun: 853 yen million (Increasing order)
- m3MT: 38 yen million
- Royalty etc: 26 yen million
- Overseas subsidiaries: 168 yen million

- Japan: 156 yen million
- Overseas subsidiaries: 162 yen million
- M3 Others: 218 yen million
- Other subsidiaries*: 295 yen million
- Evidence Solution: 1,370 yen million

FY2009 Act

- Consolidate Mebix: 11,811 yen million

Increasing order

Forex impact: -48mil yen

Growing steadily.
(Absorbed forex impact: -36mil yen)

Led by AskDoctors, absorbed impact to shift career business to “Other subsidiaries” category

Contribution from M3 Career, iTicket

Consolidate Mebix

Steady growth momentum continues.

*"other subsidiaries” include consoli. adjustment
Annual Results & Forecast for FY2010

Sales

(¥ mn)

Ordinary Profit & Net Profit

(¥ mn)

Sales

Ordinary profit

Net Profit

Forecast

Consolidated

FY 2000  FY 2001  FY 2002  (6 months)

107

480

891


1,563

2,276

3,854

5,729

7,475

8,534

11,811

14,500

Forecast

Consolidated

FY 2000  FY 2001  FY 2002  (6 months)

4462

256

136


508

279

493

991

1,609

1,965

2,363

2,956

Copyright © 2010 M3, Inc. All rights reserved.
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