


M3

Presentation Material

3Q FY2010





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

m3.com
MR-kun

Sponsor
messages

The screenshot displays the m3.com homepage. At the top, there's a navigation bar with the m3.com logo and a search bar. Below this, the main content area is divided into several sections. On the left, there's a sidebar with links to various services like 'MR-kun', 'Doctors Blue', and 'Doctors SNS'. The main content area features a 'Medical News & Journal' section with headlines about medical news and research. Below this is a 'Search engine' section with a search bar and filters. Further down is 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.

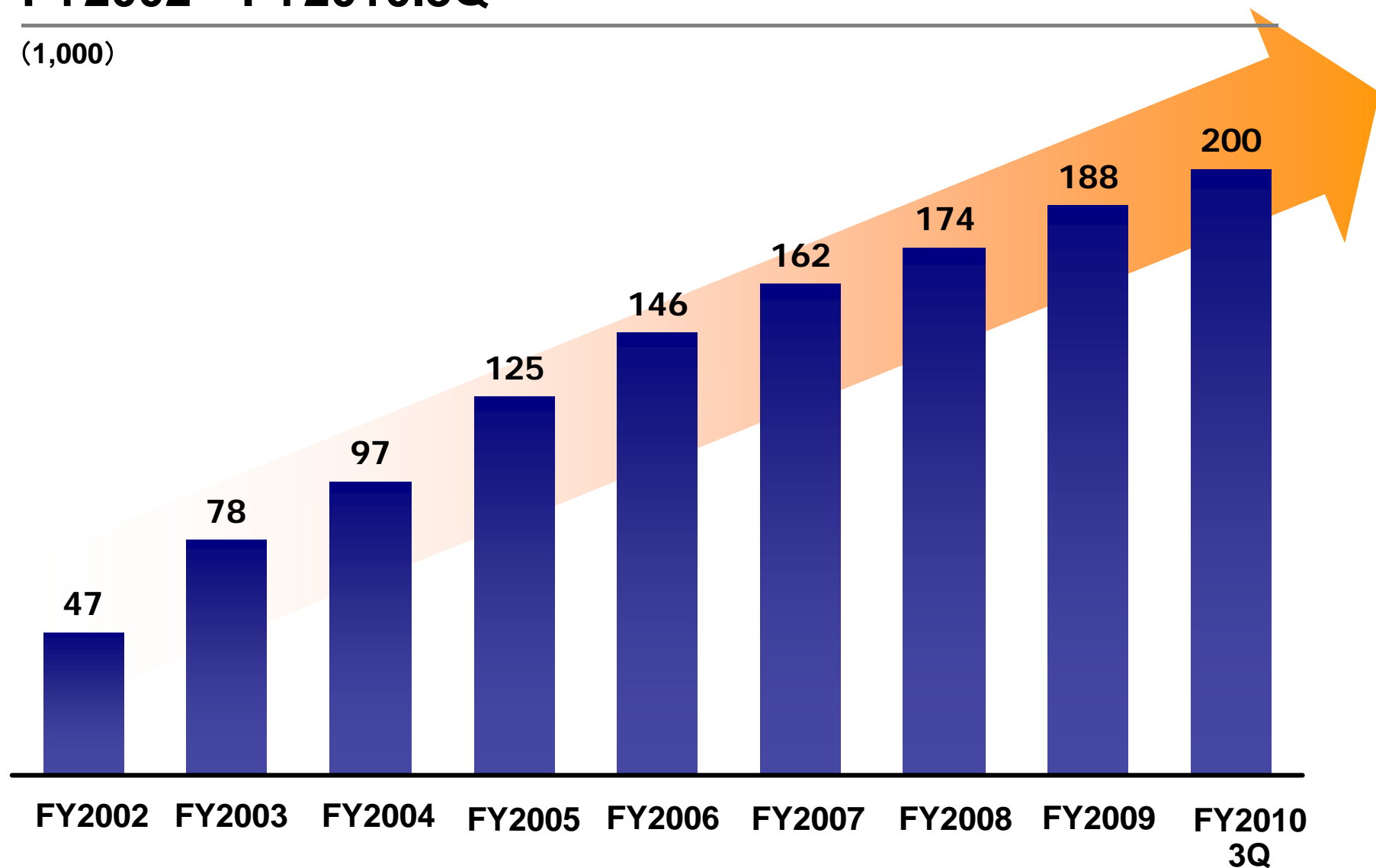
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利用規約 | 個人情報保護の取扱いについて | お問い合わせ | m3.com

Physicians Registered in m3.com

FY2002~FY2010.3Q

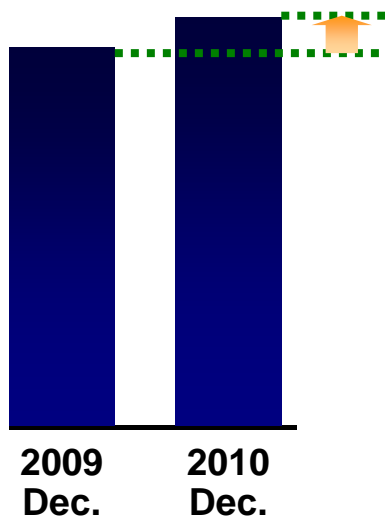
(1,000)



Platform Power of m3.com Improving Steadily

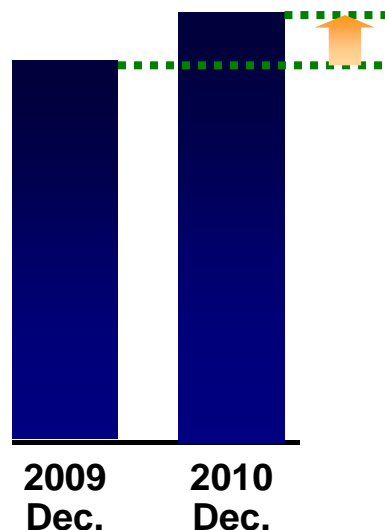
Physicians
registered in m3.com

+9.3%



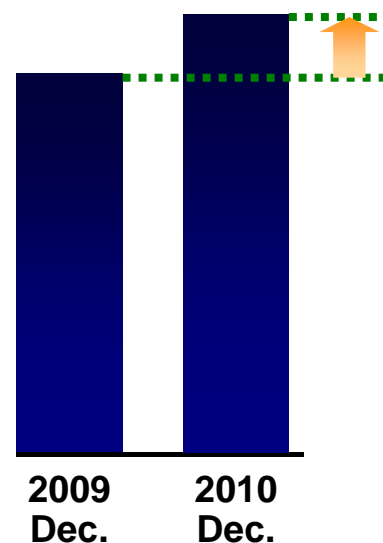
Physicians
login to m3.com

+20.7%



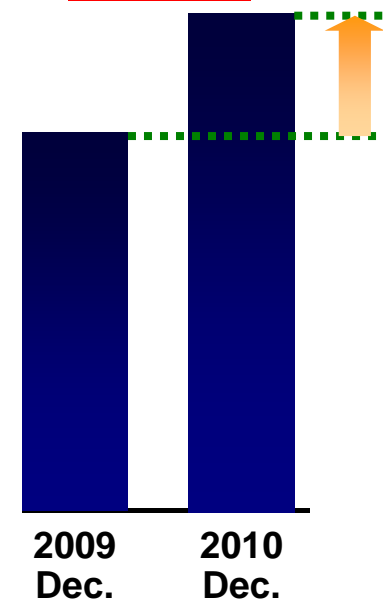
Physicians
in MR-kun active

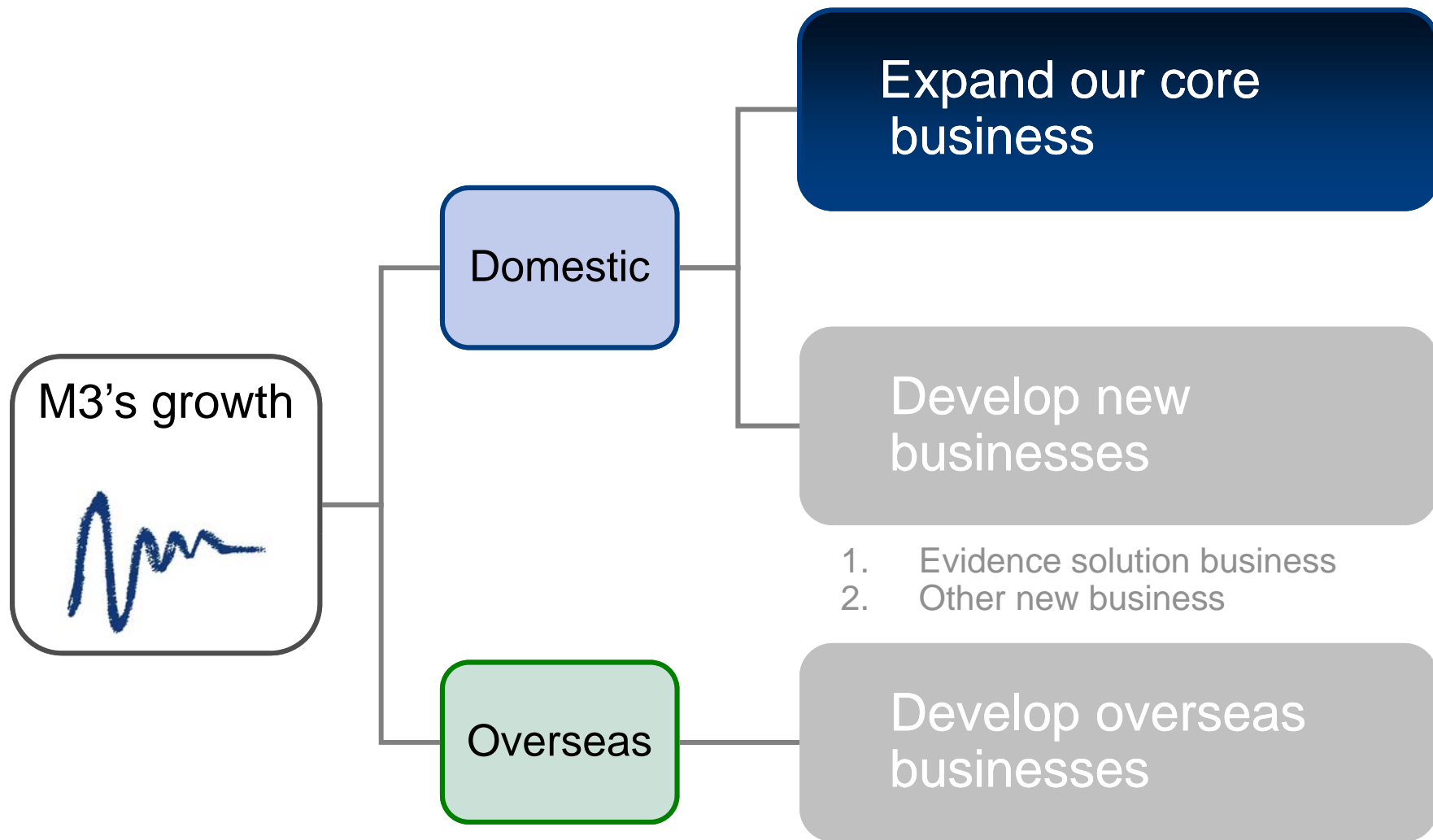
+22.4%



MR-kun eDetails
read by physicians

+30.6%





Japanese Pharma's Huge Marketing Costs

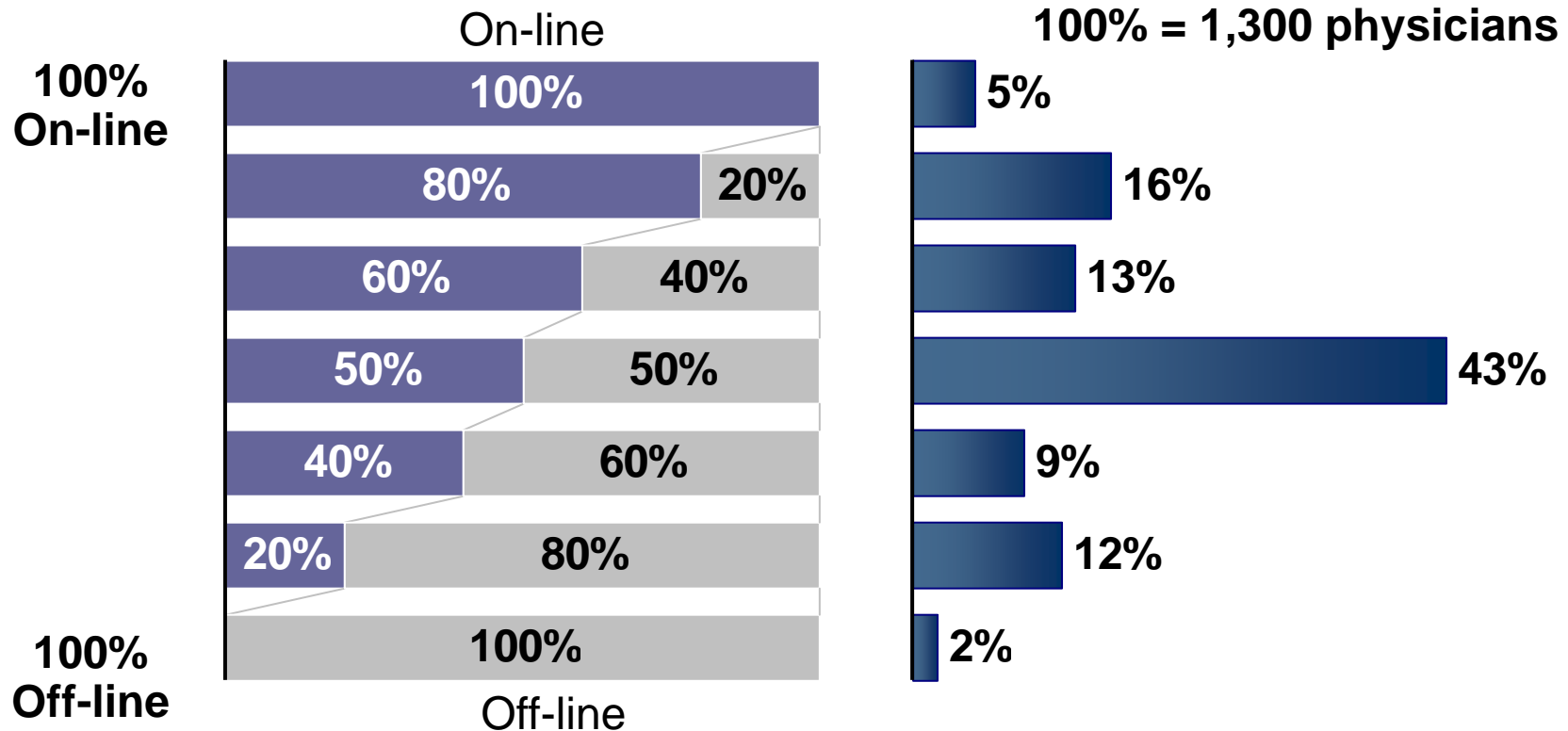
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	55,000	×	¥20mn	=	¥1.1tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.1-1.4 tn

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.



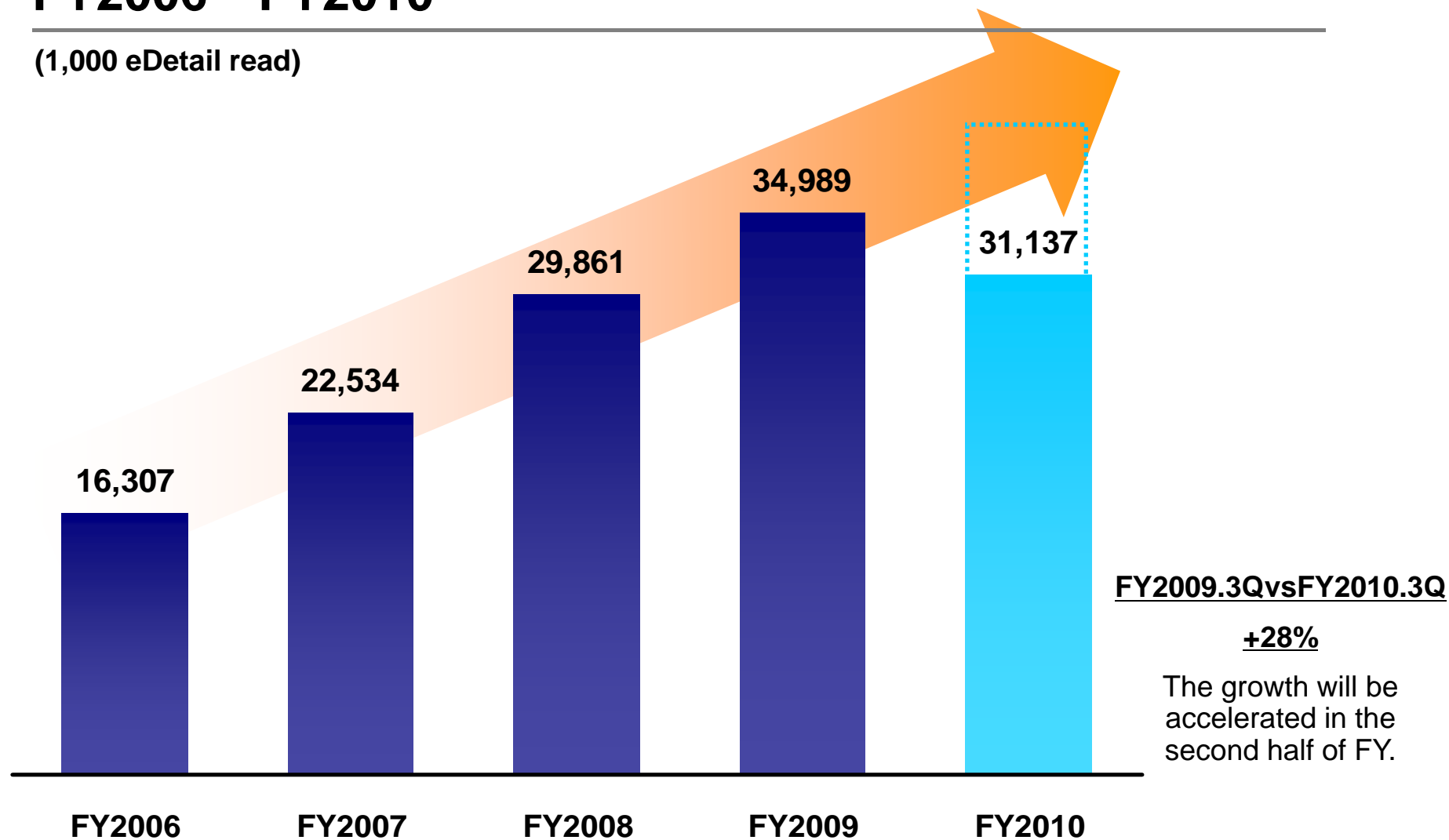
Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

Source: M3 questionnaire to 1,300 physicians

MR-kun eDetails Read by Physicians

FY2006~FY2010

(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

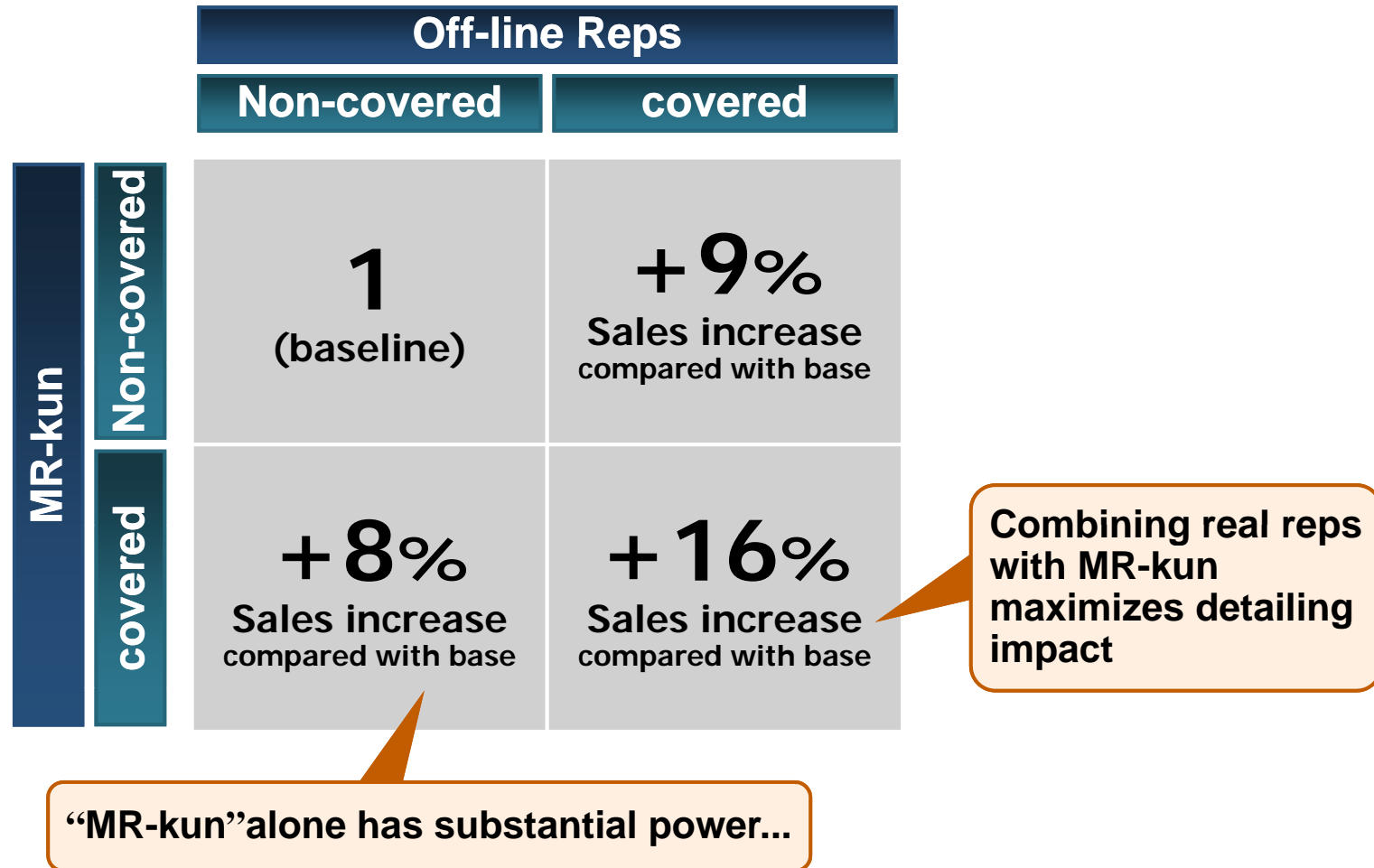
¥100mn

¥10mn

The average of top 5 clients: ¥400mn

MR-kun Increases Sales Like Reps

Case
study



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

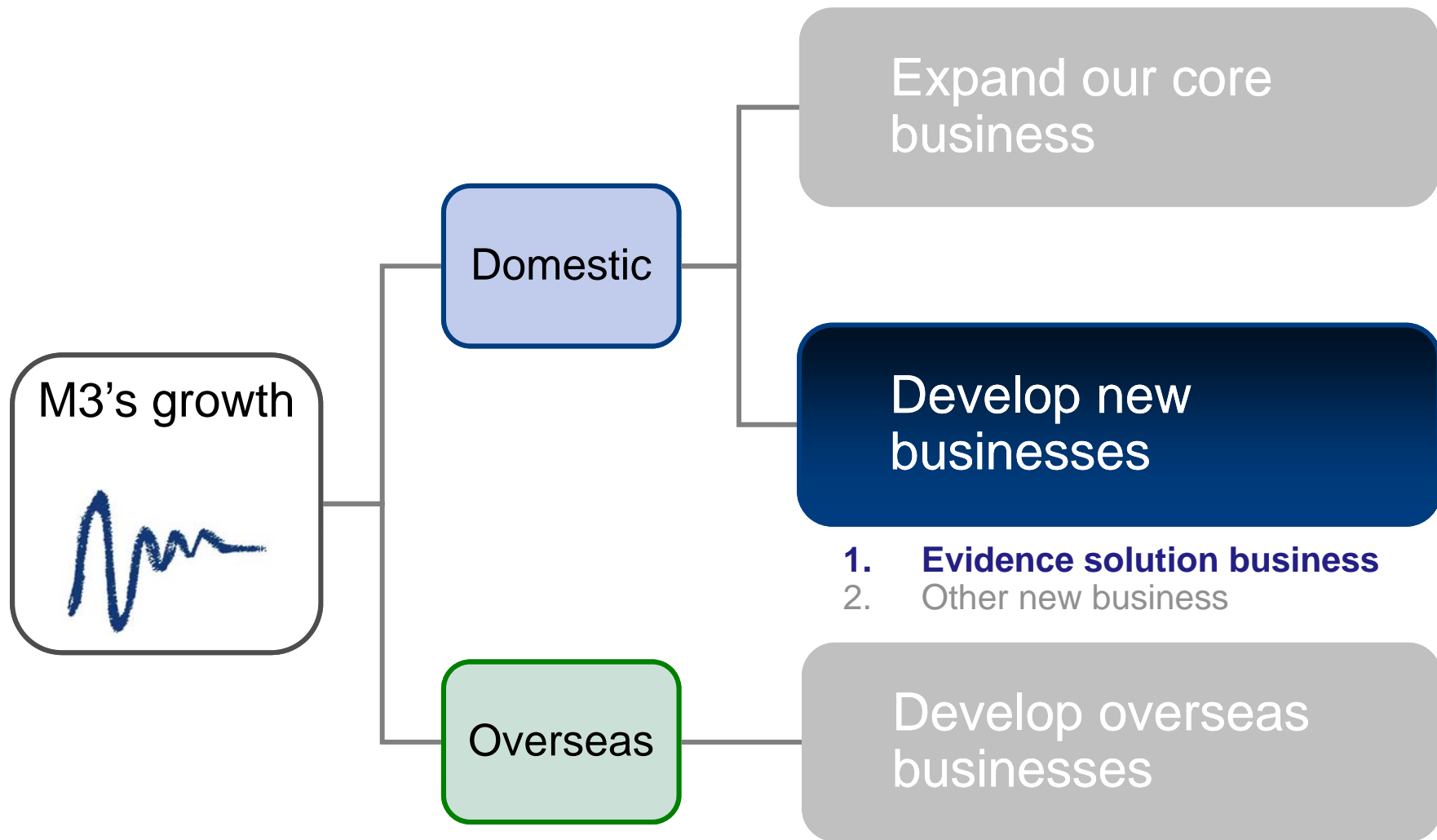
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MR-kun's Growth Potential in Japan



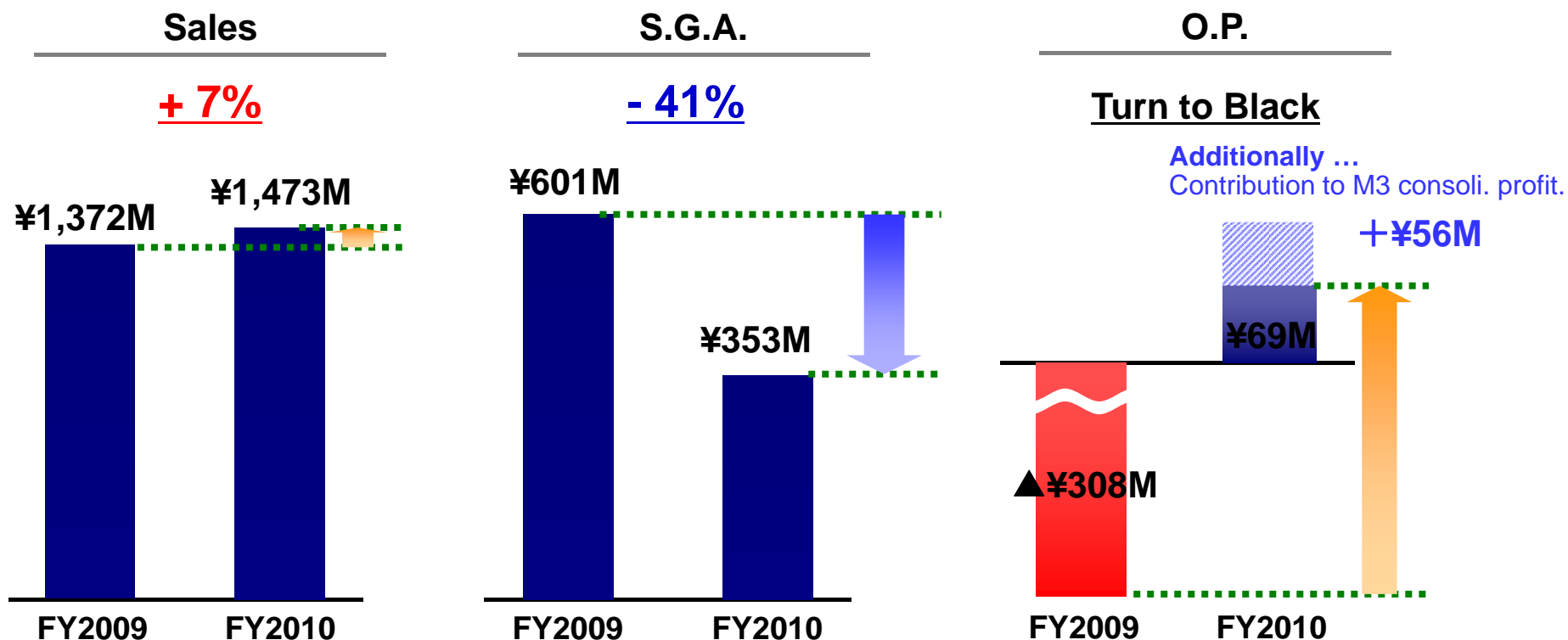
Average revenue from top 10 pharma clients
FY09.1-3Q 255 million yen → FY10.1-3Q 311 million yen (22% growth)

Appx.
5 times



Mebix –Restructuring Produced Positive Outcome

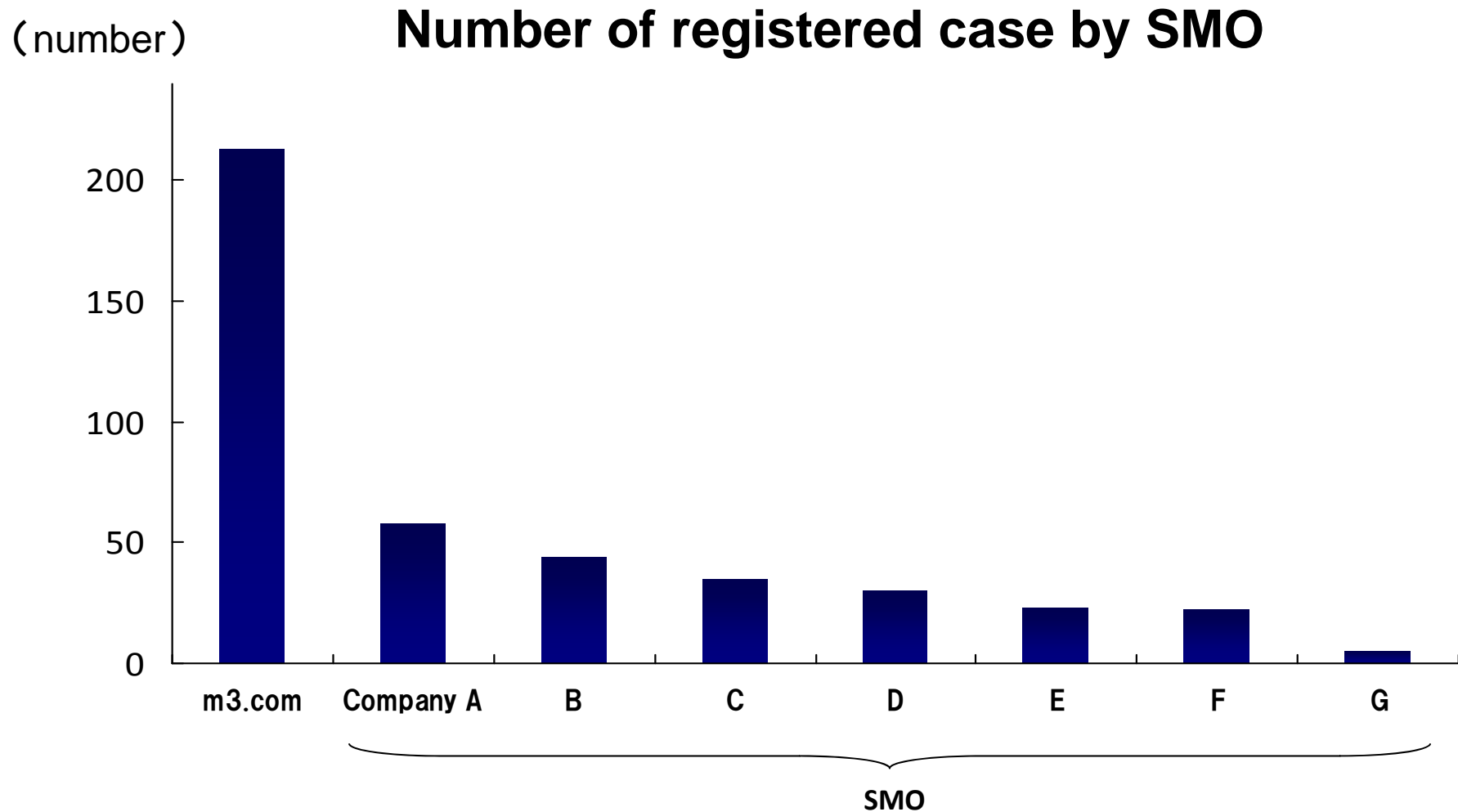
Financial performance in Mebix (Apr. – Dec.) *



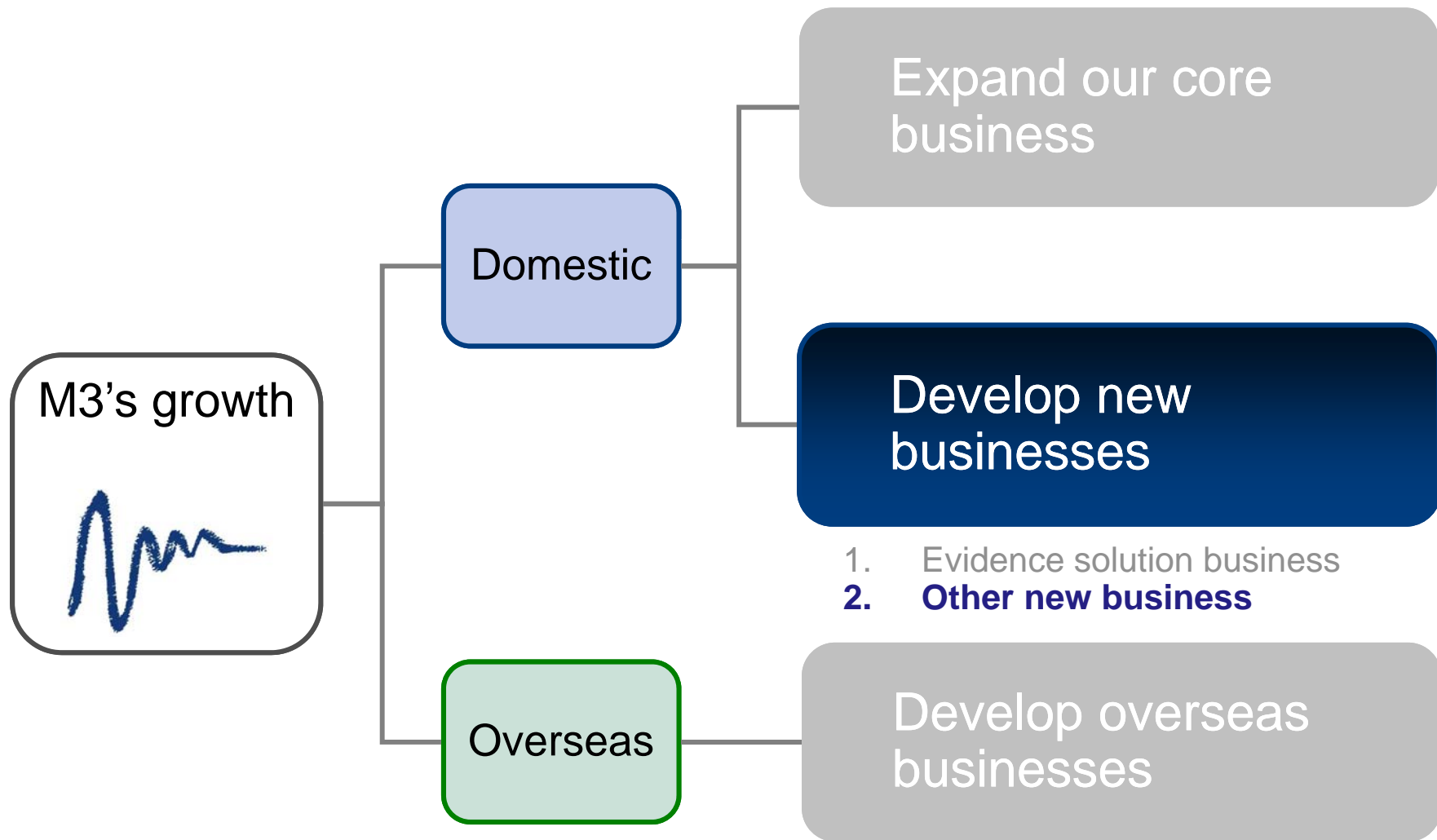
*FY2009 results are calculated by multiplying Jul.-Dec.(6month) results of FY2009 by 1.5 times.

👉 Increased sales while reducing S.G.A. The restructuring made Mebix more “leaner”

Mebix – Participating Physician Recruiting via m3.com



m3.com acquiring cases extremely faster than other SMO.



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	5.5		✓	
m3MT	E-mail, banner promotion service for pharma companies	3			✓
QOL kun etc.	Promotion service for non-pharma companies	9		✓	
Consumer Business	Consumer service	4		✓	
<hr/>					
M3 Career	Job information for Physicians, Pharmacist	53	✓		Co s
iTICKET	Online clinical reservation system for patient	15			✓

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.

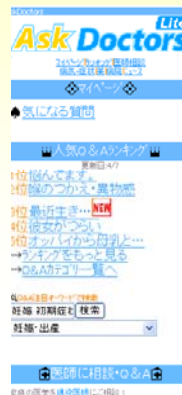
Expansion of Consumer Business

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



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

AskMind



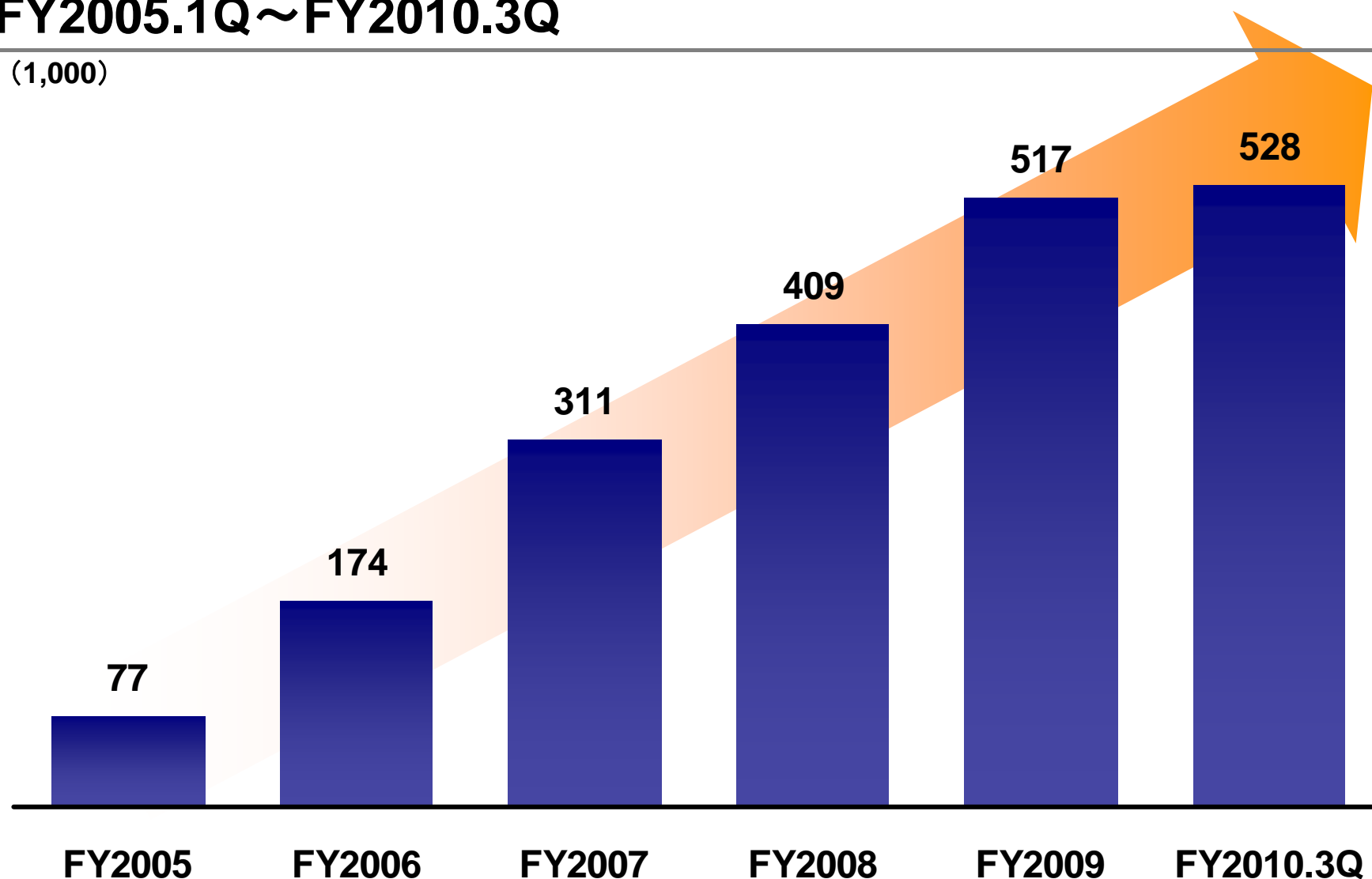
- Launched new site about mental health (Jun. 2010)

 Consumer business grew to generate 60mil yen revenue per month, preparing new services in mental health care area.

Membership of AskDoctors

FY2005.1Q~FY2010.3Q

(1,000)



M3 Career, Inc



- Media power of m3.com
 - 200K Physicians
 - 74K Pharmacist
- Experience in the recruiting ad business for medical professionals

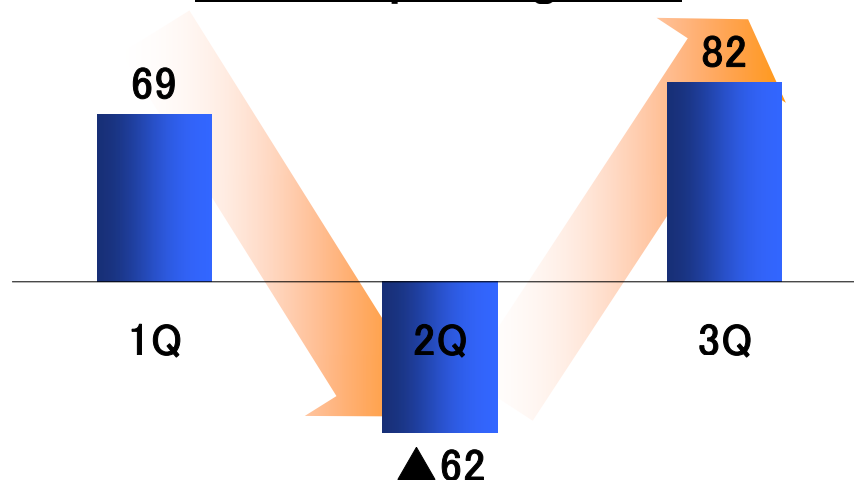


Full-line service and platform for best match between employers and job seekers



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

FY2010 Operating Profit

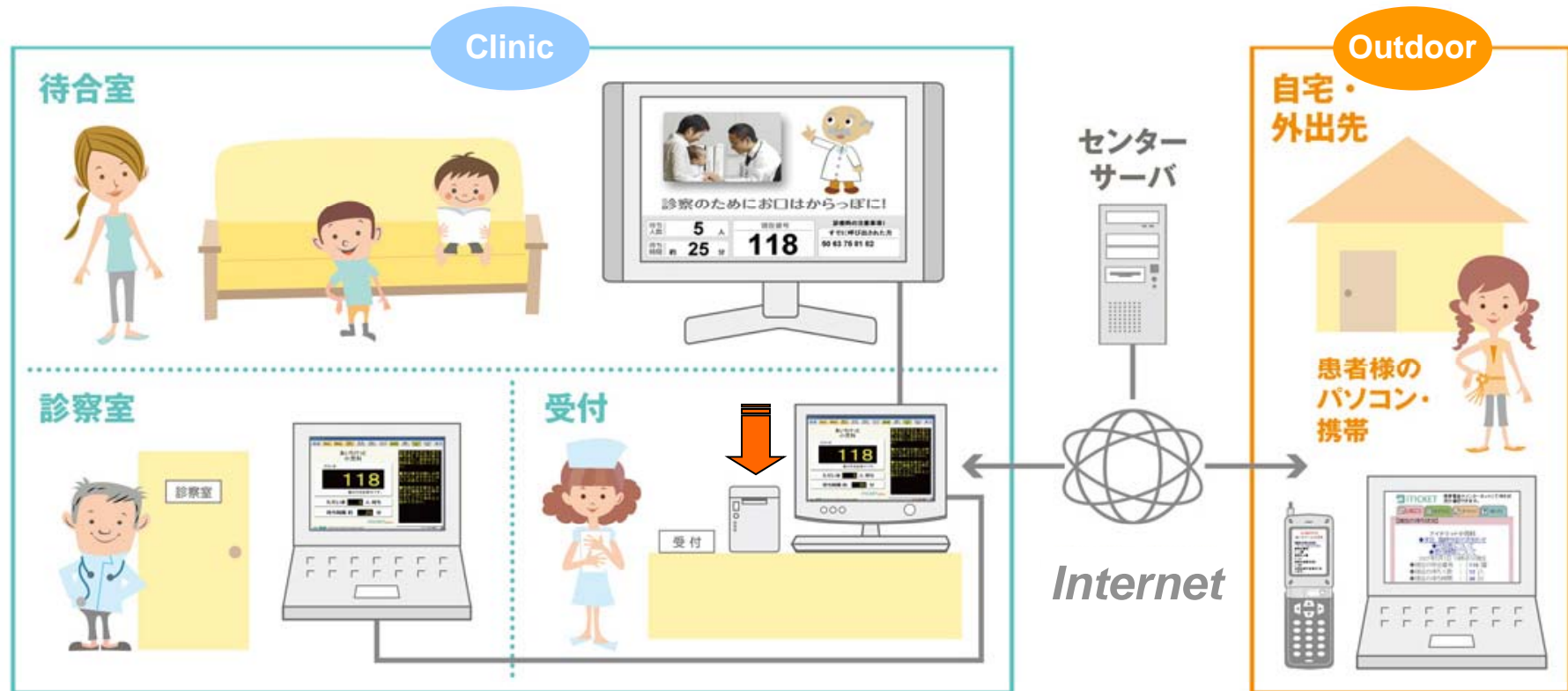


- Improvement in operation efficiency.
- Development of newly-hired staff in productivity.

Profitability is recovering in 3Q. Steadily adding orders for next fiscal year.

Acquisition of iTICKET

Web-based reservation system for clinics

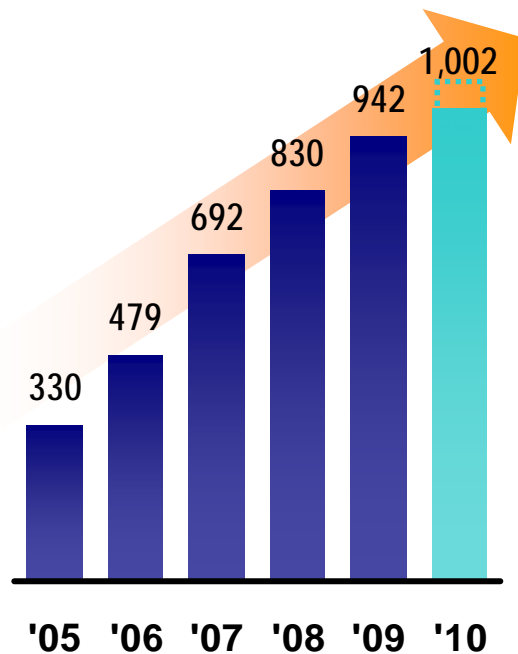


👉 Used in 1,000+ clinics , more than 1 million unique users per month, more than 360,000 members (mostly moms with little kids) registered to the pan-clinic site. ...became one of the largest “mom” platforms in Japan.

Consumer Business has Started

ASP : Reservation for medical care

Clinic Users



<Fee Structure>

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

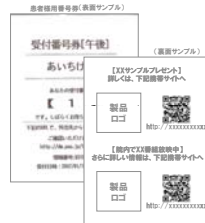
Over 1,000 Clinic

Media business

Clinic Media



Ticket Media

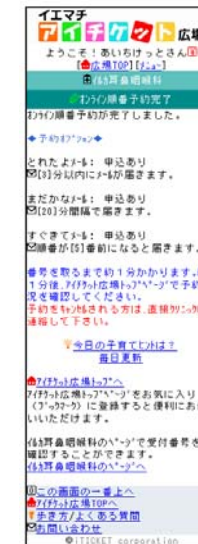


<Fee Structure>

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

Consumer business

Charged Option

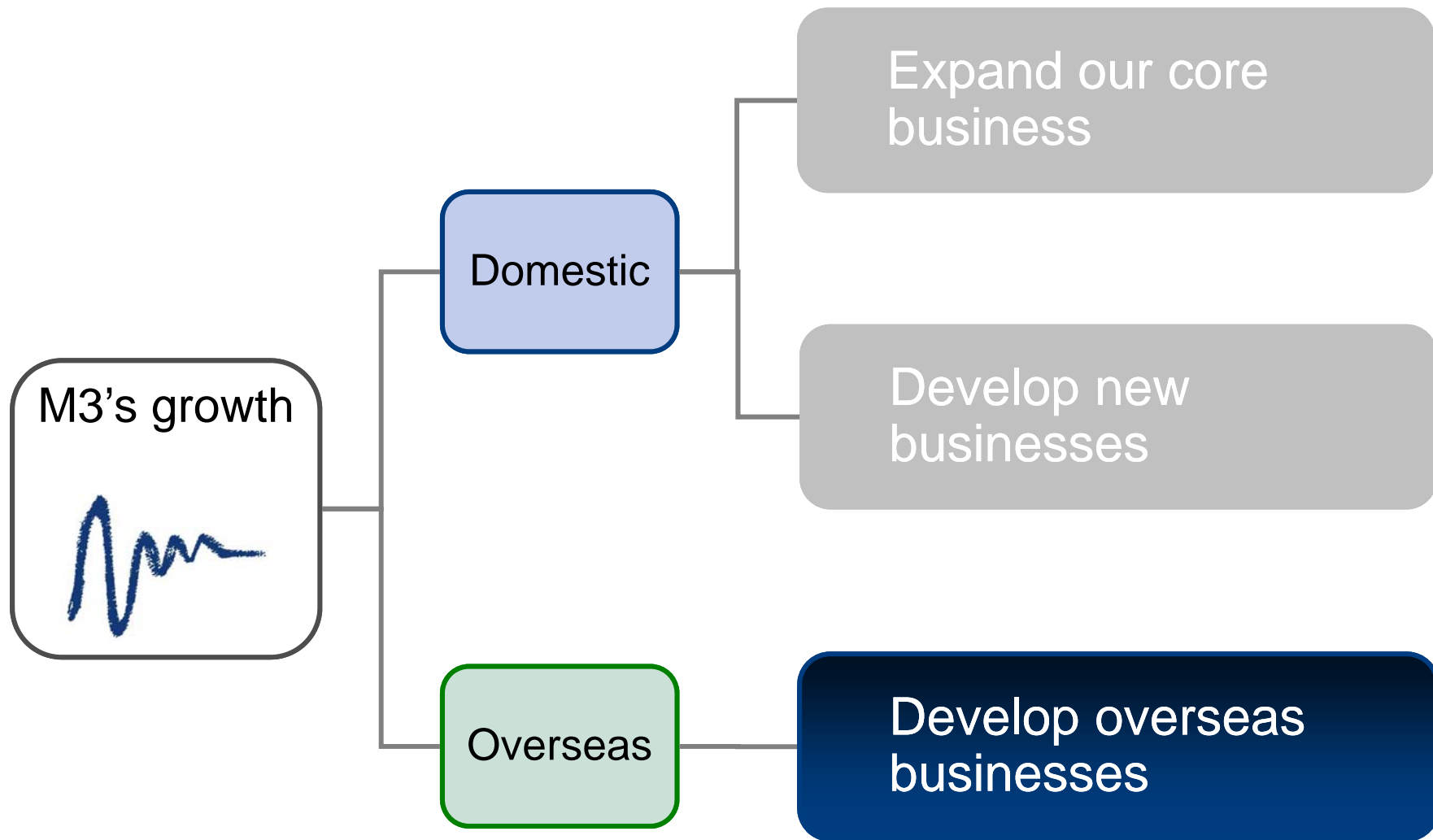


- とれたよメール
- まだかなメール
- すぐきてメール

<Fee Structure>

- 210yen / Month

Launched on Jan.13.2010



Development in the US

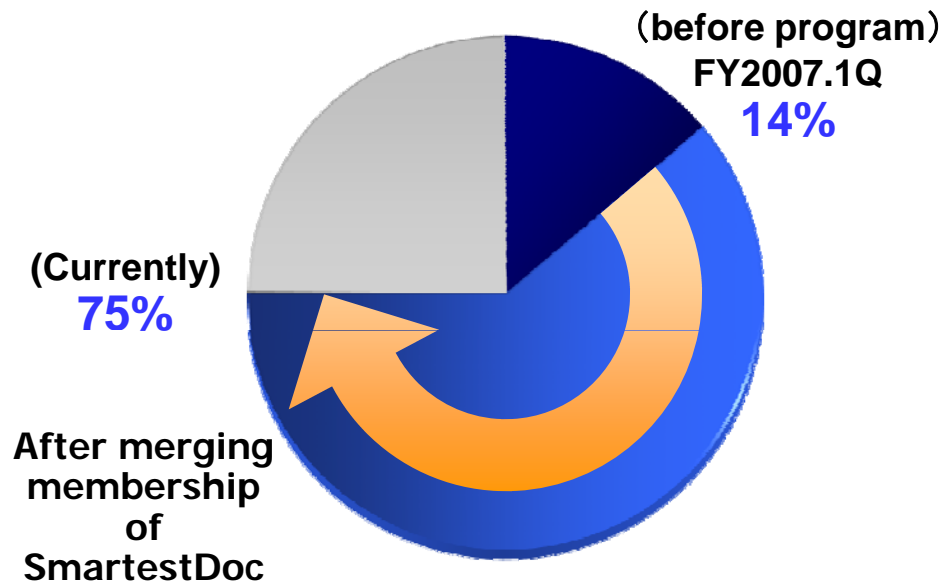
The screenshot displays the HemeOnc Linx website, which is part of the MDLinx network. The interface includes a top navigation bar with the HemeOnc Linx logo and a banner for Zolinza (vorinostat) capsules. Below the banner, there is a 'Messages' section with a list of articles, including 'Today's Hot 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 contains an 'Article Search' box, a 'Merck Services' section with links to 'Product Information', 'Medical Symposia', 'Product Samples', and 'View & Download Online Resources', and a 'Slide Kits' section with links to '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.
 - 338K medical professionals (incl. 103K 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

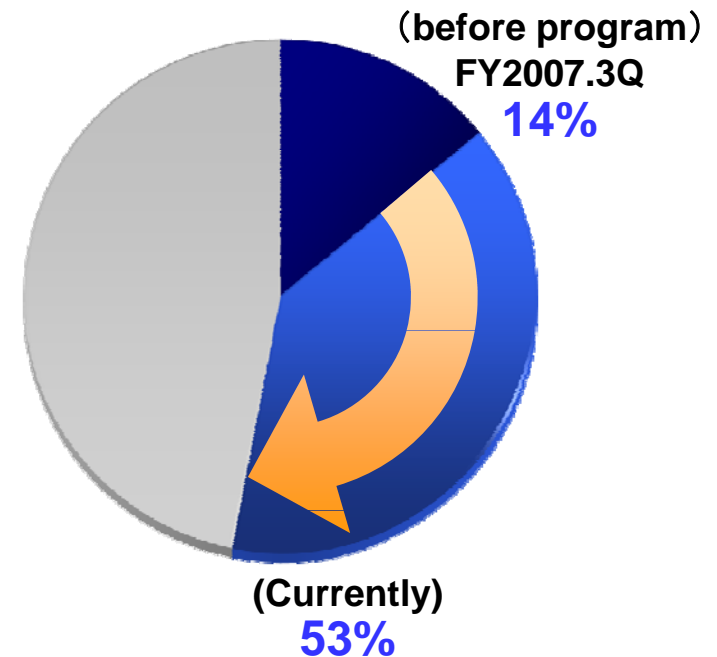
Oncology area

(100%=10,000 specialists)



Rheumatology

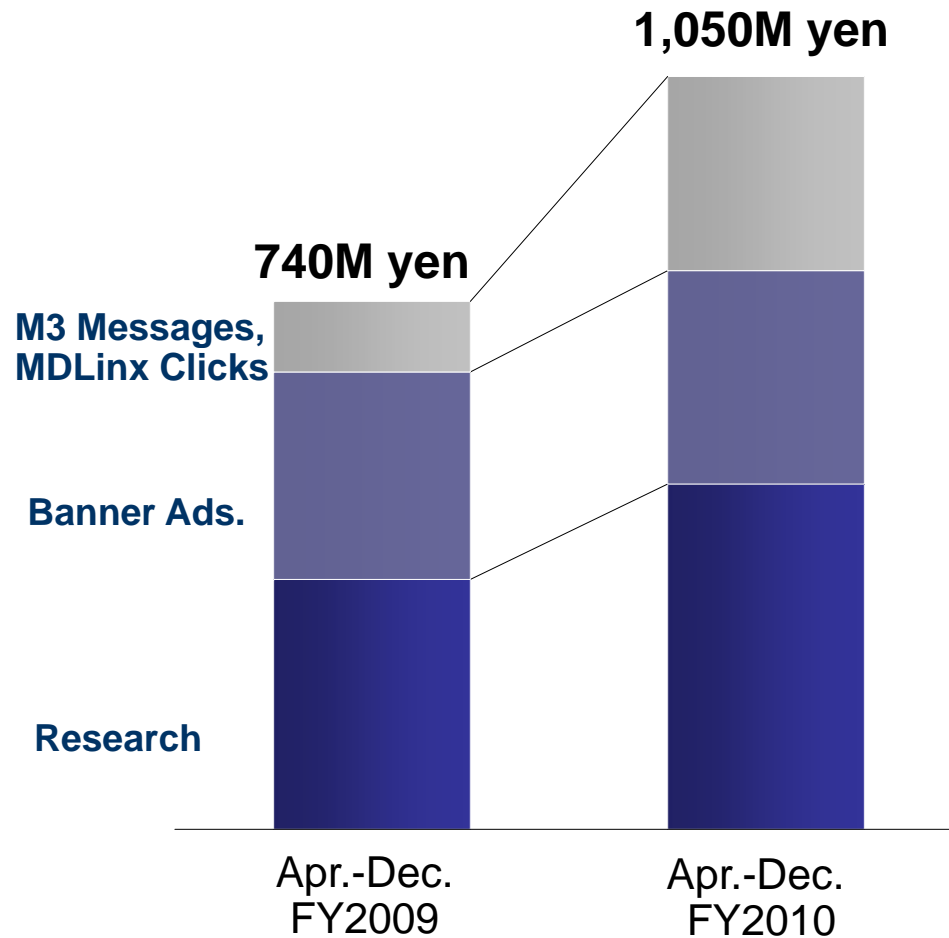
(100%=4,200 specialists)



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.

Sales Breakdown of M3 USA

Sales Breakdown of M3 USA



■ M3 Messages, MDLinx Clicks

- Adding more clients and projects.

■ Banner Ads.

- Growing steadily despite some internal competition against MDLinx Clicks.

■ Research

- Increase of registered physicians in MDLinx drives growth.
- Acquired EMS Research Ltd. in Nov. 2010. Realized 1M+ global research physician panel.

Acquisition of EMS Research

- ✓ Research panel of over 1M physicians.
- ✓ Research Area: Japan, U.S., Europe, China, South Korea.
- ✓ Offers multi-regional research capacity for global clients

Meets increasing demands of global survey from pharma clients.

Global Research Panel (Number of Physicians)	
Japan	200K
U.S.	100K
Europe	300K
China*	350K
South Korea	50K
Appx. 1M Physicians	

***Exclusive alliance in research with DXY**

Consolidated P/L Statement for FY2010 3Q

Consolidated

(yen million)

	FY2009.3Q	FY2010.3Q	YoY Growth
Sales	8,300	10,852	+ 31%
Operating income	3,356	4,475	+ 33%
Ordinary profit	3,413	4,567	+ 34%
Net profit	945	2,592	+ 174%

Consolidated P/L Statement for FY2010 3Q

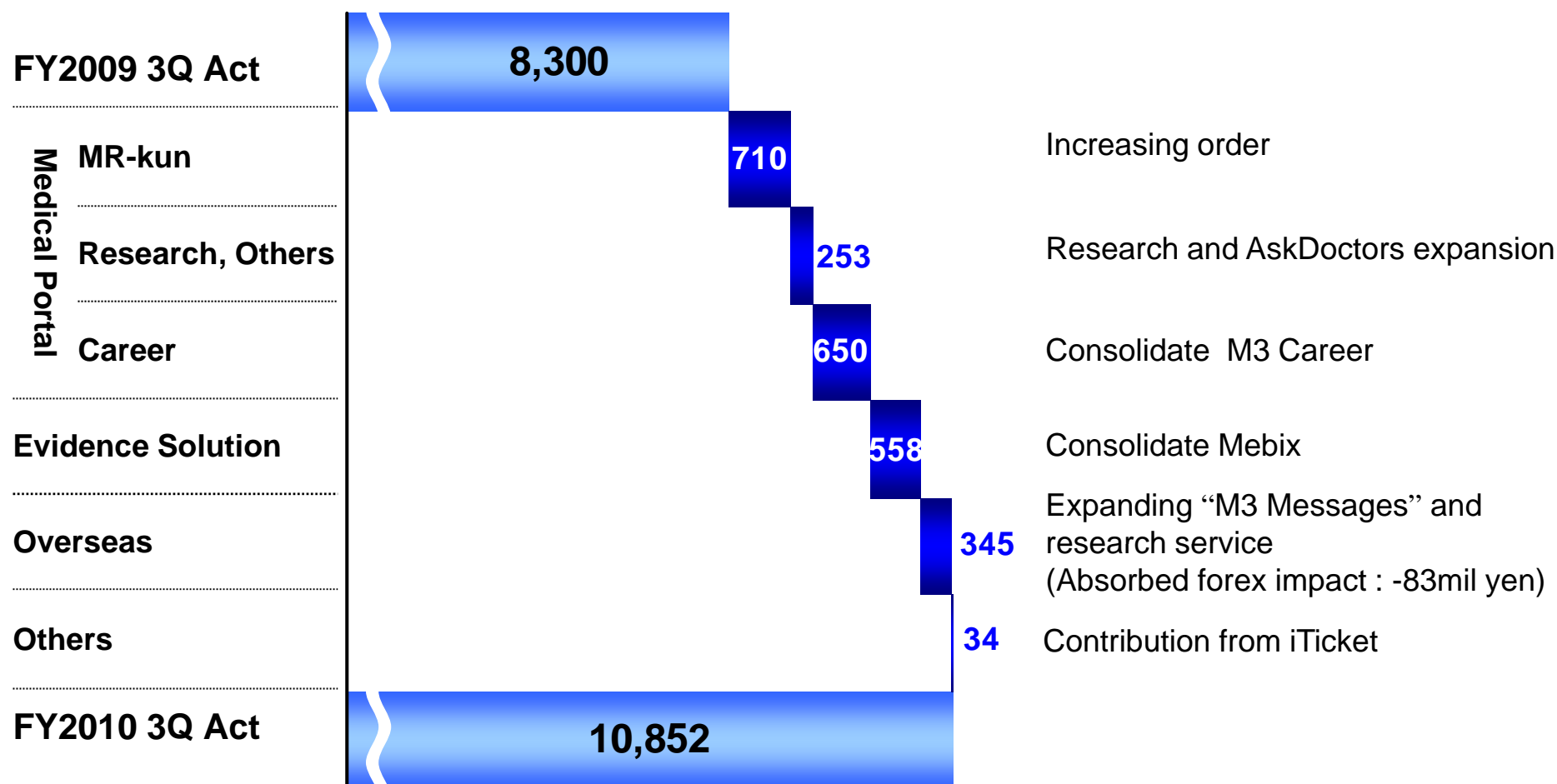
Breakdown by Business Segments

(yen milion)

		FY2009.3Q	FY2010.3Q	YoY Growth
Medical Portal	Sales	6,472	8,231	+27%
	Profit	3,999	4,757	+19%
Evidence Solution	Sales	915	1,473	+61%
	Profit	▲263	▲28	-%
Overseas	Sales	798	1,143	+43%
	Profit	▲48	68	-%
Others	Sales	188	222	+18%
	Profit	11	163	+1,309%

Consoli. Sales Analysis (vs P.Y.)*

(yen milion)



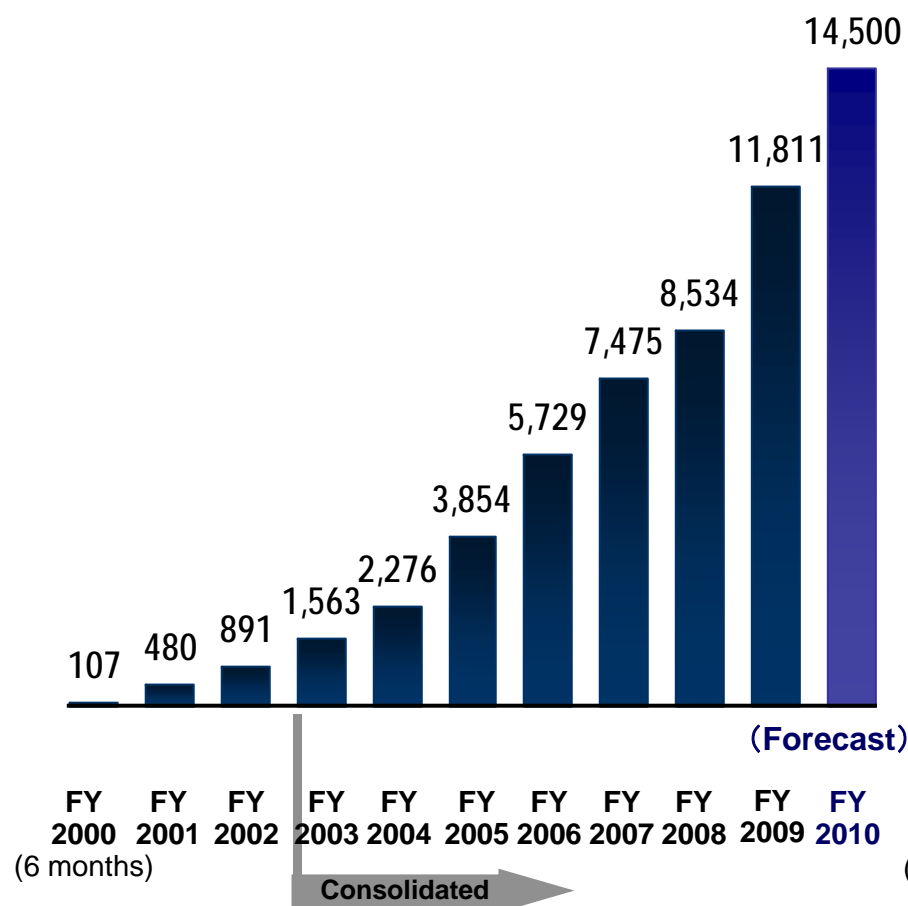
Steady growth momentum continues.

* Sales to outside customers

Annual Results & Forecast for FY2010

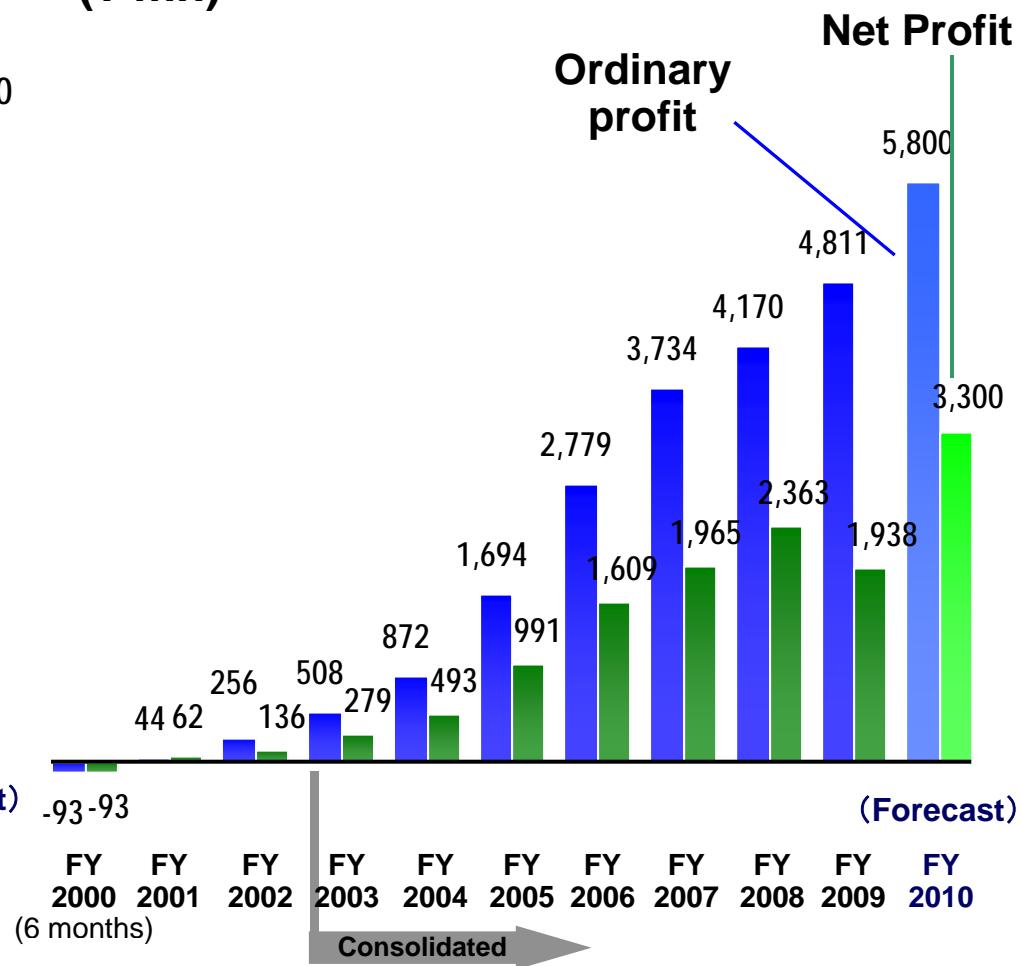
Sales

(¥ mn)

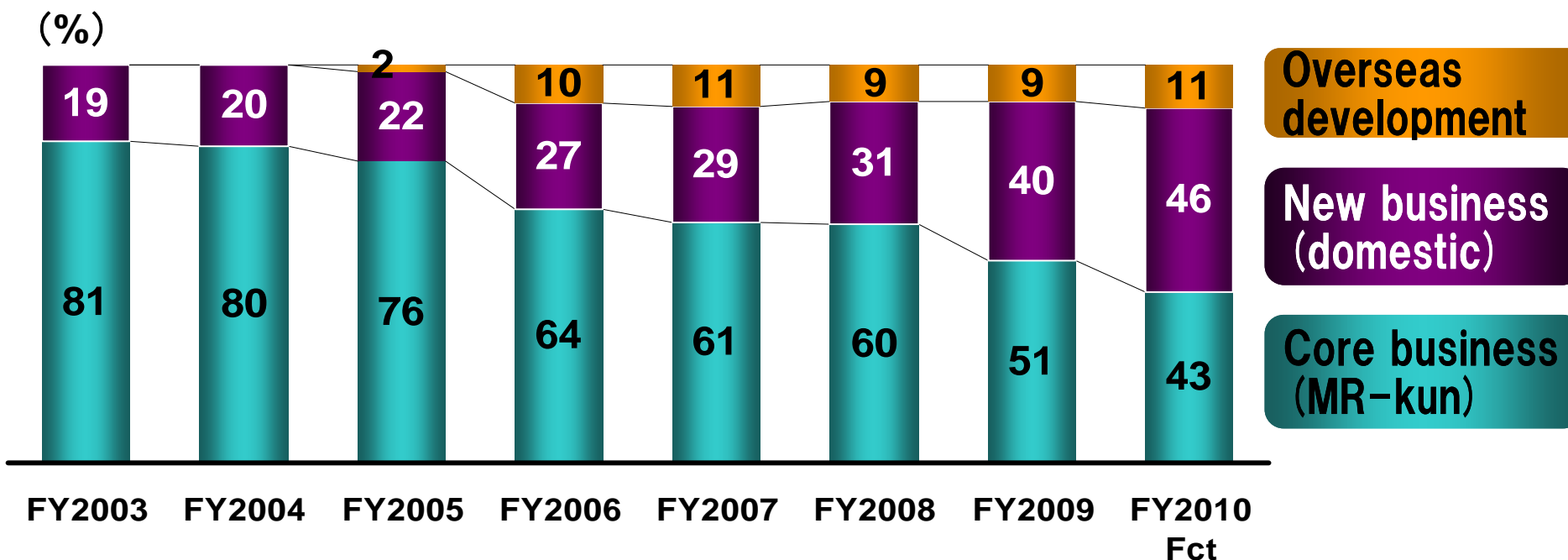
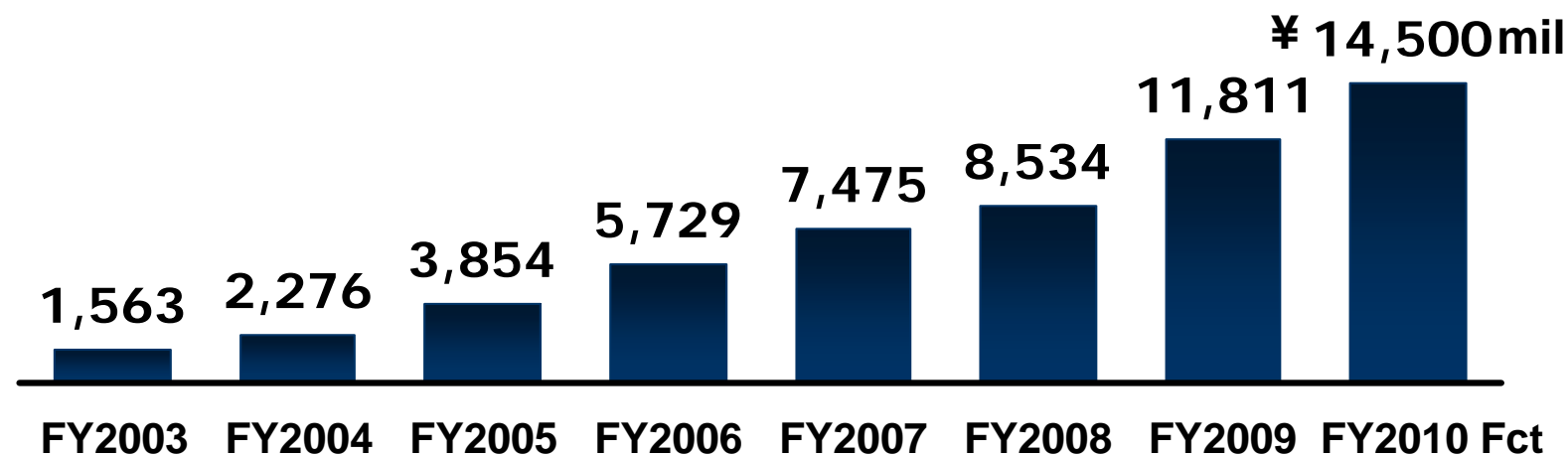


Ordinary Profit & Net Profit

(¥ 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