M3
Presentation Material

4Q FY2010
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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  Founded 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
2009 Apr  Acquired Mebix and entered into clinical trial market
2010 Nov  Acquired EMS Research and established global research physician panel

Business domain

Internet-based healthcare businesses

Name

⇒ M3
   Medicine
   Media
   Metamorphosis

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Impact of Earthquake Disaster

on Operation

MR-kun
- Most of clients stopped for sending eDetail temporarily.

Research
- Stopped survey for 2 weeks after disaster during seasonal high demand at fiscal year-ending.

m3MT, QOL-kun
- Clients withdrew advertisement temporarily.

Consumer business
- Decrease new membership

Impact for sales in FY2010 was approx. ¥200M~¥300M

on Support Activities

For consumer
- Provided AskDoctors for free to sufferers. (used by over 45,000 people)

For medical professionals
- Opened special section for information exchange in Doctors Community.
- Opened specialized site.
  - Customized BBS for each of hospitals and clinics in Tohoku district.
  - Matching site for medical support needs.
- Record highest access per day at m3.com

Monetary donation
- Monetary donation from M3 group and users reached to ¥100M. We will continue this action.

Operated about 10 projects to support

Impact for sales in FY2010 was approx. ¥200M~¥300M
Clients stopped all promotional activities, including sending MR-kun messages, for a while after the disaster. Activities at the most of the clients are back to track by now.
Sponsor-free

- Medical News
- Search engine
- Research Paper search
- Web-based medical tools

Sponsored

- m3.com MR-kun
- Sponsor messages
Physicians Registered in m3.com

FY2002～FY2010

(1,000)

<table>
<thead>
<tr>
<th>FY</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tbody>
<tr>
<td></td>
<td>47</td>
<td>78</td>
<td>97</td>
<td>125</td>
<td>146</td>
<td>162</td>
<td>174</td>
<td>188</td>
<td>205</td>
</tr>
</tbody>
</table>
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><strong>MRs (Pharmaceutical companies)</strong></td>
<td>55,000</td>
<td>¥20mn</td>
<td>¥1.1tn</td>
</tr>
<tr>
<td><strong>MSs (Pharmaceutical wholesalers)</strong></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. 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
FY2006～FY2010

(1,000 eDetail read)

FY2006 16,307
FY2007 22,534
FY2008 29,861
FY2009 34,989
FY2010 43,560

FY2009 vs FY2010
+24%
The growth will be 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></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

- ¥20mn
- ¥30mn
- ¥10mn

**Top 5 clients**

- ¥60mn
- ¥250mn
- ¥150mn
- ¥10mn

The average of top 5 clients: ¥480mn

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## MR-kun Increases Sales Like Reps

### Off-line Reps

<table>
<thead>
<tr>
<th></th>
<th>Non-covered</th>
<th>covered</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-covered</strong></td>
<td>1 (baseline)</td>
<td>+9% Sales increase compared with base</td>
</tr>
<tr>
<td><strong>Covered</strong></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

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MR-kun’s Growth Potential in Japan

**Current**

- # of clients using MR-kun: 27 Companies
- Sales per Client: MR-kun Approx. 240mn

**Growth Opportunities**

- # of clients using MR-kun: 50~60 Companies
- Sales per Client: ~500mn
- Average revenue from top 10 pharma clients: FY09 340 million yen → FY10 420 million yen (23% growth)

- By increase of:
  - # of products adopted
  - # of member MDs
M3’s growth

Domestic

Expand our core business

Develop new businesses

Overseas

Develop overseas businesses
### New Business Development on the Platform

<table>
<thead>
<tr>
<th>FY2011 Sales Forecast</th>
<th>Assigned staff</th>
<th>Above ¥1,000mn</th>
<th>¥750mn ~ ¥1,000mn</th>
<th>¥0mn ~ ¥750mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research (Japan)</td>
<td>Web-based Physician Surveys</td>
<td>5</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>m3MT</td>
<td>E-mail, banner promotion service for pharma companies</td>
<td>5</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>QOL kun etc.</td>
<td>Promotion service for non-pharma companies</td>
<td>8</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Consumer Business</td>
<td>Consumer service</td>
<td>3</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Mebix</td>
<td>Evidence solution service</td>
<td>100</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>M3 Career</td>
<td>Job information for Physicians, Pharmacist</td>
<td>60</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>iTICKET</td>
<td>Online clinical reservation system for patient</td>
<td>15</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

- Revenue from the new businesses will exceed the revenue of MR-kun in FY2011.
- Many of the new businesses are run by few staff and quite profitable.
Adopted by PMDA in a PMS project. (PMDA: Pharmaceuticals and Medical Devices Agency)

Expanding presence in clinical trial: a couple projects in negotiation (USD several million).
Mebix – Restructuring Produced Positive Outcome

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

- **Sales**
  - FY2009: ¥1,826M
  - FY2010: ¥1,860M
  - +2%

- **S.G.A.**
  - FY2009: ¥736M
  - FY2010: ¥453M
  - ▲38%

- **O.P.**
  - Turn to black
  - FY2009: ¥71M
  - FY2010: ▲¥266M

Additionally...
- Contribution to M3 consoli. profit.
- +¥73M

**Improved Appx. ¥400M**

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

*FY2009 results are calculated by multiplying Jul.-Mar. (9month) results of FY2009 by 4/3 times.

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Number of registered case by SMO

Proved case acquisition capability via m3.com. Plan to enter into clinical trial area (pre launch development for drug approval).
M3 Career, Inc

- Media power of m3.com
  - 205K 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

- ¥69M (1Q)
- ¥82M (2Q)
- ¥87M (3Q)
- ▲¥62M (2Q - 1Q)
- ¥87M (4Q)

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

Continue growth in FY2011.
Acquisition of iTICKET

Web-based reservation system for clinics

Used in 1,000+ clinics, more than 1 million unique users per month, more than 420,000 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

Media business

Consumer business

Clinic Users

Clinic Media

Mobile Media

Charged Option

Ticket 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

Over 1,000 Clinic

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Development in the US

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
  - Washington D.C.
  - 365K medical professionals (incl. 125K physicians) as registered member

- Adding members rapidly (over 20% increase in this quarter) using new promotion method. The trend will continue several quarters.

- Expanding both “M3 Messages” and “MDLinx Clicks”.

“Orders vs budget” in FY2011 is higher than that in FY2010.
Sales Breakdown of M3 USA (Including EMS Research)

Sales Breakdown of M3 USA

Marketing Support
- Both “M3 Messages” and ”MDLinx Clicks” are growing.
- Expanding the range of services to meet pharmaceutical clients’ needs

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

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Global Research Panel

- 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.

<table>
<thead>
<tr>
<th>Global Research Panel (Number of Physicians)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>U.S.</td>
</tr>
<tr>
<td>Europe</td>
</tr>
<tr>
<td>China*</td>
</tr>
<tr>
<td>South Korea</td>
</tr>
</tbody>
</table>

*Exclusive alliance in research with DXY

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## Consolidated P/L Statement for FY2010

### Breakdown by Business Segments

<table>
<thead>
<tr>
<th>(yen million)</th>
<th>FY2009</th>
<th>FY2010</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medical Portal</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>9,201</td>
<td>11,193</td>
<td>+22%</td>
</tr>
<tr>
<td>Profit</td>
<td>5,581</td>
<td>6,483</td>
<td>+16%</td>
</tr>
<tr>
<td><strong>Evidence Solution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,370</td>
<td>1,860</td>
<td>+36%</td>
</tr>
<tr>
<td>Profit</td>
<td>▲288</td>
<td>▲58</td>
<td>-%</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,105</td>
<td>1,585</td>
<td>+43%</td>
</tr>
<tr>
<td>Profit</td>
<td>▲71</td>
<td>55</td>
<td>-%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>254</td>
<td>310</td>
<td>+22%</td>
</tr>
<tr>
<td>Profit</td>
<td>21</td>
<td>190</td>
<td>+790%</td>
</tr>
</tbody>
</table>

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

### (yen million)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2009 Act</th>
<th>FY2010 Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR-kun</td>
<td>254</td>
<td>757</td>
</tr>
<tr>
<td>Medical Research</td>
<td>797</td>
<td>254</td>
</tr>
<tr>
<td>Career</td>
<td>490</td>
<td>56</td>
</tr>
<tr>
<td>Evidence Solution</td>
<td>479</td>
<td>56</td>
</tr>
<tr>
<td>Consolidate M3 Career</td>
<td>14,646</td>
<td>11,811</td>
</tr>
<tr>
<td>Overseas</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>56</td>
<td></td>
</tr>
</tbody>
</table>

### Increasing order
- Research and AskDoctors expansion
- Consolidate M3 Career
- Consolidate Mebix
- Expanding “M3 Messages” and research service (Absorbed forex impact: -127mil yen)
- Contribution from iTicket

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Steady growth momentum continues.

* Sales to outside customers
Consolidated Sales Trend

(yen million)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11Fct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,563</td>
<td>2,276</td>
<td>3,854</td>
<td>5,729</td>
<td>7,475</td>
<td>8,534</td>
<td>11,811</td>
<td>14,646</td>
<td>17,250</td>
</tr>
</tbody>
</table>

(%)

- Overseas development
- New business (domestic)
- Core business (MR-kun)
<table>
<thead>
<tr>
<th>Top Line</th>
<th>Presuppositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR-kun</td>
<td>Expand at the same pace as FY2010.</td>
</tr>
<tr>
<td>Research, Others</td>
<td>Plan conservatively in research and QOL-kun (close to same revenue level with FY2010)</td>
</tr>
<tr>
<td>Career</td>
<td>Grow sales +40% by increasing number of candidates, improving operation efficiency, and adding career consultants.</td>
</tr>
<tr>
<td>Evidence Solution</td>
<td>Grow contribution from an ongoing large project. Expect 50% realization of new projects under negotiation.</td>
</tr>
<tr>
<td>Overseas</td>
<td>Expand marketing support and research steadily, plus addition of EMS Research.</td>
</tr>
<tr>
<td>Disaster</td>
<td>Approx. ¥200M ~ ¥300M impact on sales: delay starting new project.</td>
</tr>
<tr>
<td>Cost</td>
<td>Plan to add approx. 50 staff (+35%), mainly engineer and sales staff for pharmaceutical companies.</td>
</tr>
<tr>
<td>M3 Career</td>
<td>Plan to add approx. 35 staff (+60%), mainly career consultants.</td>
</tr>
</tbody>
</table>
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 were 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