M3
Presentation Material

2Q FY2011
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
- **2009 Apr**: Acquired Mebix and entered into clinical trial market
- **2010 Nov**: Acquired EMS Research and established global research physician panel
- **2011 Aug**: Acquired Doctors.net.uk and entered into UK market

**Business domain**

Internet-based healthcare businesses

**Name**

- M3 Medicine Media Metamorphosis
m3.com

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

- Sponsored
  - m3.com MR-kun
  - Sponsor messages
Expand our core business

Develop new businesses

Develop overseas businesses

M3’s growth

Domestic

Overseas
### 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</strong> (Pharmaceutical companies)</td>
<td>55,000</td>
<td>¥20mn</td>
<td>¥1.1tn</td>
</tr>
<tr>
<td><strong>MSs</strong> (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>100% 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**: 100%
  - 5%
  - 16%
  - 13%
  - 43%
  - 9%
  - 12%
  - 2%

- **Off-line**: 100%

*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～FY2011

(1,000 eDetail read)

- FY2006: 16,307
- FY2007: 22,534
- FY2008: 29,861
- FY2009: 34,989
- FY2010: 43,560
- FY2011: 23,747

FY2010.2Q vs FY2011.2Q: +18%

The growth will be accelerated in the second half of FY.
MR-kun Annual Fee Structure

**Initial Phase**

- **MR-kun base fee**
  - ¥100 per detail

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

- **Contents production fee**
  - ¥20mn
  - ¥30mn

- **Operation fee**
  - Basic operation, including sending messages to physicians and replying to physicians’ questions
  - ¥10mn

*The average of top 5 clients: ¥480mn*

**Top 5 clients**

- **MR-kun base fee**
  - ¥60mn
  - ¥70mn

- **Detail fee**
  - ¥250mn

- **Contents production fee**
  - ¥150mn

- **Operation fee**
  - ¥10mn

*The average of top 5 clients: ¥480mn*
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>MR-kun</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Covered</td>
<td>+8%</td>
<td>+16%</td>
</tr>
<tr>
<td>Sales increase</td>
<td>compared with base</td>
<td>compared with base</td>
</tr>
<tr>
<td><strong>Non-covered</strong></td>
<td>1 (baseline)</td>
<td>+9%</td>
</tr>
<tr>
<td>Sales increase</td>
<td>compared with base</td>
<td>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 Growth Opportunities

- # of clients using MR-kun: 26 Companies
- Sales per Client: MR-kun Approx. 240mn

Growth Opportunities

- # of clients using MR-kun: 30~35 Companies
- Sales per Client: 800mn~1bn

by increase of:
• # of products adopted
• # of member MDs

Major clients use the MR-kun more and more:
Average revenue from top 5 clients grew +30% YoY

Growth Potential

4~5 times
Expand our core business

Develop new businesses

Develop overseas businesses

M3’s growth

Domestic

Overseas
## New Business Development on the Platform

<table>
<thead>
<tr>
<th>Service</th>
<th>Assigned staff</th>
<th>FY2011 Sales Forecast</th>
<th>FY2011 Sales Forecast</th>
<th>FY2011 Sales Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research (Japan)</strong></td>
<td>5</td>
<td>¥750mn</td>
<td>¥750mn</td>
<td>¥750mn</td>
</tr>
<tr>
<td>Web-based Physician Surveys</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>m3MT</strong></td>
<td>5</td>
<td>¥750mn</td>
<td>¥750mn</td>
<td>¥750mn</td>
</tr>
<tr>
<td>E-mail, banner promotion service for pharma companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>QOL kun etc.</strong></td>
<td>9</td>
<td>¥750mn</td>
<td>¥750mn</td>
<td>¥750mn</td>
</tr>
<tr>
<td>Promotion service for non-pharma companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consumer Business</strong></td>
<td>3</td>
<td>¥750mn</td>
<td>¥750mn</td>
<td>¥750mn</td>
</tr>
<tr>
<td>Consumer service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mebix</strong></td>
<td>100</td>
<td>¥750mn</td>
<td>¥750mn</td>
<td>¥750mn</td>
</tr>
<tr>
<td>Evidence solution service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>M3 Career</strong></td>
<td>70</td>
<td>¥750mn</td>
<td>¥750mn</td>
<td>¥750mn</td>
</tr>
<tr>
<td>Job information for Physicians, Pharmacist</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>iTICKET</strong></td>
<td>20</td>
<td>¥750mn</td>
<td>¥750mn</td>
<td>¥750mn</td>
</tr>
<tr>
<td>Online clinical reservation system for patient</td>
<td></td>
<td></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.
- 3 companies since the beginning of current FY.
Mebix – Restructuring Produced Positive Outcome

Financial performance in Mebix (Apr. – Sep.)

<table>
<thead>
<tr>
<th>Sales</th>
<th>M.F.C.</th>
<th>S.G.A.</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>▲8%</td>
<td>▲25%</td>
<td>▲35%</td>
<td>約12倍</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2010 2Q</th>
<th>FY2011 2Q</th>
<th>FY2010 2Q</th>
<th>FY2011 2Q</th>
<th>FY2010 2Q</th>
<th>FY2011 2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥982M</td>
<td>¥907M</td>
<td>¥717M</td>
<td>¥537M</td>
<td>¥248M</td>
<td>¥161M</td>
</tr>
<tr>
<td>¥982M</td>
<td>¥907M</td>
<td>¥717M</td>
<td>¥537M</td>
<td>¥248M</td>
<td>¥161M</td>
</tr>
</tbody>
</table>

“Leaner” operation and synergy with m3.com improved profitability.
Evidence Solution Business – Mebix

- Clinical trial
- PMS *
- Evidence building

Drug launch

People driven

CROs

IT driven

治験君

Expanded in 1Q

Expanded already

“Chiken-kun” service acquired 2 clinical trials and more inquiries from pharma.

No1 company in Japan for EBM data collection ... supporting clinical trial for launched drugs

* Post Marketing Surveillance

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Acquisition of Medical Pilot

M3, Inc.

- Media power of m3.com – Over 200K Physicians
- Experience in the Internet-Based service development.

Accelerate the growth of “Chiken-kun” service*

* Participating physician and patient recruiting via m3.com

Medical Pilot

- Experience in clinical trial as SMO.
- Good track records with major pharmaceutical companies in clinical trial.

Company Overview

<table>
<thead>
<tr>
<th>Name</th>
<th>Medical Pilot inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>June 2002</td>
</tr>
<tr>
<td>Capital</td>
<td>30 million yen</td>
</tr>
<tr>
<td>Business</td>
<td>Site Management Organization (SMO) Focused on psychiatry, psychosomatology, and neurology</td>
</tr>
<tr>
<td>Employees</td>
<td>30</td>
</tr>
<tr>
<td>Office</td>
<td>Tokyo</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medical facilities in affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Tokyo</td>
</tr>
<tr>
<td>Saitama</td>
</tr>
<tr>
<td>Chiba</td>
</tr>
<tr>
<td>Kanagawa</td>
</tr>
<tr>
<td>Ibaraki</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Number of accumulated total affiliate: 88

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M3 Career, Inc

Media power of m3.com
- Over 200K Physicians
- Over 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 and care workers

Sales and O.P. (vs. PY)

- Sales
- O.P.

Sales and O.P. have improved steadily since 1Q.

Sales and O.P. (FY2010 2Q vs. FY2011 2Q)

- Sales: ¥615M
- O.P.: ¥337M
  (+148%)
  (Approx. 47 times)

O.P. has improved steadily since 1Q.

O.P. of 2Q (FY2011)

- FY11: 88 mil yen
- FY10: ▲62 mil yen
  (+150 mil yen)
Acquisition of iTICKET

Web-based reservation system for clinics

Used in 1,000+ clinics, more than 1 million unique users per month, more than 500,000 members (mostly moms with little kids) registered to the pan-clinic site. ...became one of the largest “mom” platforms in Japan.
Consumer Business is growing

**ASP: Reservation for medical care**

**Media business**

**Consumer business**

---

**Clinic Users**
- '05
- '06
- '07
- '08
- '09
- '10
- '11

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**Clinic Media**

**Mobile Media**

**Ticket Media**

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

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

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**Charged Option**
- Over 1,000 Clinic

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Over 1,000 Clinic

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Acquired 8000+ registered users with no promotion cost.

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M3’s growth

Domestic

Expand our core business

Develop new businesses

Overseas

Develop overseas businesses
Development in the US

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
  - Washington D.C.
  - 469K medical professionals (incl. 177K physicians) as registered member

- Acquiring physician members rapidly
  - Added 20K+ in this quarter (added 70K+ in the 9 months)

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

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.

While us operation increased O.P. YoY, European operation posted losses due to restructuring expenditure.

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<table>
<thead>
<tr>
<th>Name</th>
<th>Doctors.net.uk Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>1998</td>
</tr>
<tr>
<td>Office</td>
<td>Oxfordshire, UK</td>
</tr>
<tr>
<td>Employees</td>
<td>77 (Sep. 2011)</td>
</tr>
<tr>
<td>Sales</td>
<td>Jan. 2010 – Dec.2010 :£ 8.7M (approx. 1.1 Billion yen)</td>
</tr>
</tbody>
</table>

**Business**

Operating the largest and most active online community of physicians in UK, and offering e-marketing service, marketing research service, and recruitment service to the healthcare sector.

- Over 180,000 physicians registered with Doctors.net.uk (total number of physicians in UK is 245,000).
- The Doctors.net.uk email domain is the primary email address for many UK physicians.
- Leading the sector of e-marketing service for pharmaceutical companies in UK.
### Consolidated P/L Statement for FY2011 2Q

**(yen million)**

<table>
<thead>
<tr>
<th></th>
<th>FY2010.2Q</th>
<th>FY2011.2Q</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Forecast</td>
<td>Actual</td>
<td>YoY Growth</td>
</tr>
<tr>
<td>Sales</td>
<td>6,858</td>
<td>8,000</td>
<td>8,524</td>
<td>+24%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2,662</td>
<td>3,200</td>
<td>3,487</td>
<td>+31%</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>2,605</td>
<td>3,200</td>
<td>3,484</td>
<td>+34%</td>
</tr>
<tr>
<td>Net profit</td>
<td>1,434</td>
<td>1,800</td>
<td>2,027</td>
<td>+41%</td>
</tr>
</tbody>
</table>

Despite approx. 130 mil yen one-time costs (due diligence, office relocation, etc), O.P. was +287 mil over forecast.
## Consolidated P/L Statement for FY2011 2Q

### Breakdown by Business Segments

<table>
<thead>
<tr>
<th>(yen million)</th>
<th>FY2010.2Q</th>
<th>FY2011.2Q</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>5,173</td>
<td>6,331</td>
<td>+22%</td>
</tr>
<tr>
<td>Profit</td>
<td>2,905</td>
<td>3,660</td>
<td>+26%</td>
</tr>
<tr>
<td><strong>Evidence Solution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>982</td>
<td>907</td>
<td>▲8%</td>
</tr>
<tr>
<td>Profit</td>
<td>▲48</td>
<td>144</td>
<td>—</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>704</td>
<td>1,104</td>
<td>+57%</td>
</tr>
<tr>
<td>Profit</td>
<td>36</td>
<td>34</td>
<td>▲7%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>141</td>
<td>305</td>
<td>+116%</td>
</tr>
<tr>
<td>Profit</td>
<td>0</td>
<td>▲3</td>
<td>—</td>
</tr>
</tbody>
</table>

*O.P. of US business increased +20 mil yen from P.Y.*
Consolidated O.P. Analysis (1Q vs 2Q)

(yen million)

<table>
<thead>
<tr>
<th>FY2011.1Q (Apr.–Jun.)</th>
<th>1,886</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR-kun, Research, QOL-kun, etc</td>
<td>77</td>
</tr>
<tr>
<td>U.S.</td>
<td>17</td>
</tr>
<tr>
<td>Europe</td>
<td>115</td>
</tr>
<tr>
<td>Career</td>
<td>160</td>
</tr>
<tr>
<td>Evidence Solution</td>
<td>79</td>
</tr>
<tr>
<td>Office Relocation</td>
<td>52</td>
</tr>
<tr>
<td>Others</td>
<td>28</td>
</tr>
<tr>
<td>FY2011.2Q (Jul.–Sep.)</td>
<td>1,601</td>
</tr>
</tbody>
</table>

Despite declined profit from 1Q due to various reasons, business made progress in 2Q.

Steady growth of MR-kun and Research Marketing support posted +45 mil yen (+26%) vs 1Q. In USD, +690K (+32%).

Expanding

Investments for future growth.
- Due diligence for DNUK acquisition: 67 mil yen
- Exit cost from Germany: 13 mil yen

One-time impact

1Q is the strongest period for career business. +150 mil yen from previous year in 2Q was not bad.

Seasonality

Posted large one-time profit in 1Q. Steady growth of Chiken-kun lead above-budget profit in 2Q.

Relocation Cost

Despite lower cost than planned, disposal of fixed assets etc, caused some impacts.

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## Consolidated Sales Analysis (vs P.Y.)

(yen million)

<table>
<thead>
<tr>
<th></th>
<th>FY2010.2Q</th>
<th>FY2011.2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Portal</td>
<td>6,858</td>
<td>8,524</td>
</tr>
<tr>
<td>MR-kun</td>
<td>570</td>
<td>75</td>
</tr>
<tr>
<td>Research, Others</td>
<td>526</td>
<td>400</td>
</tr>
<tr>
<td>Career</td>
<td>61</td>
<td>163</td>
</tr>
<tr>
<td>Evidence Solution</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>Overseas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elimination and etc</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidate EMS Research</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Absorbed forex impact : -119mil yen)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increasing order</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research expansion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand M3 Career</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution from iTicket</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Steady growth momentum continues.
Office Relocation

Objective

- Resolution of shortage of office space due to staff increase.
- Creation of further synergy among group companies.

Overview

- New address: Akasaka, Minato-ku, Tokyo
- Site open: 21st, Nov. 2011

Financial Impacts

- One-time cost for relocation: Approx, 200 mil yen
  - 2Q: 52 mil yen (actual)
  - 3Q: 100 – 150 mil yen (forecast)
- The rent per seat per month will be reduced.
Annual Results & Forecast for FY2011

Sales

Ordinary Profit & Net Profit

(¥ mn)

Sales

Ordinary profit

Net Profit

(6months)

Consolidated

FY 00 01 02 (6months) FY 03 04 05 06 07 08 09 10 11 Est

107 480 891 1,563 2,276 3,854 5,729 7,475 8,534 11,811 14,646 17,250

Ordinary Profit & Net Profit

(6months)

Consolidated

FY 00 01 02 (6months) FY 03 04 05 06 07 08 09 10 11 Est

-93-93

44 62 256 36 508 279 872 493 1,694 1,609 1,965 2,363 1,938 3,486 4,150 7,250

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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