


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 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

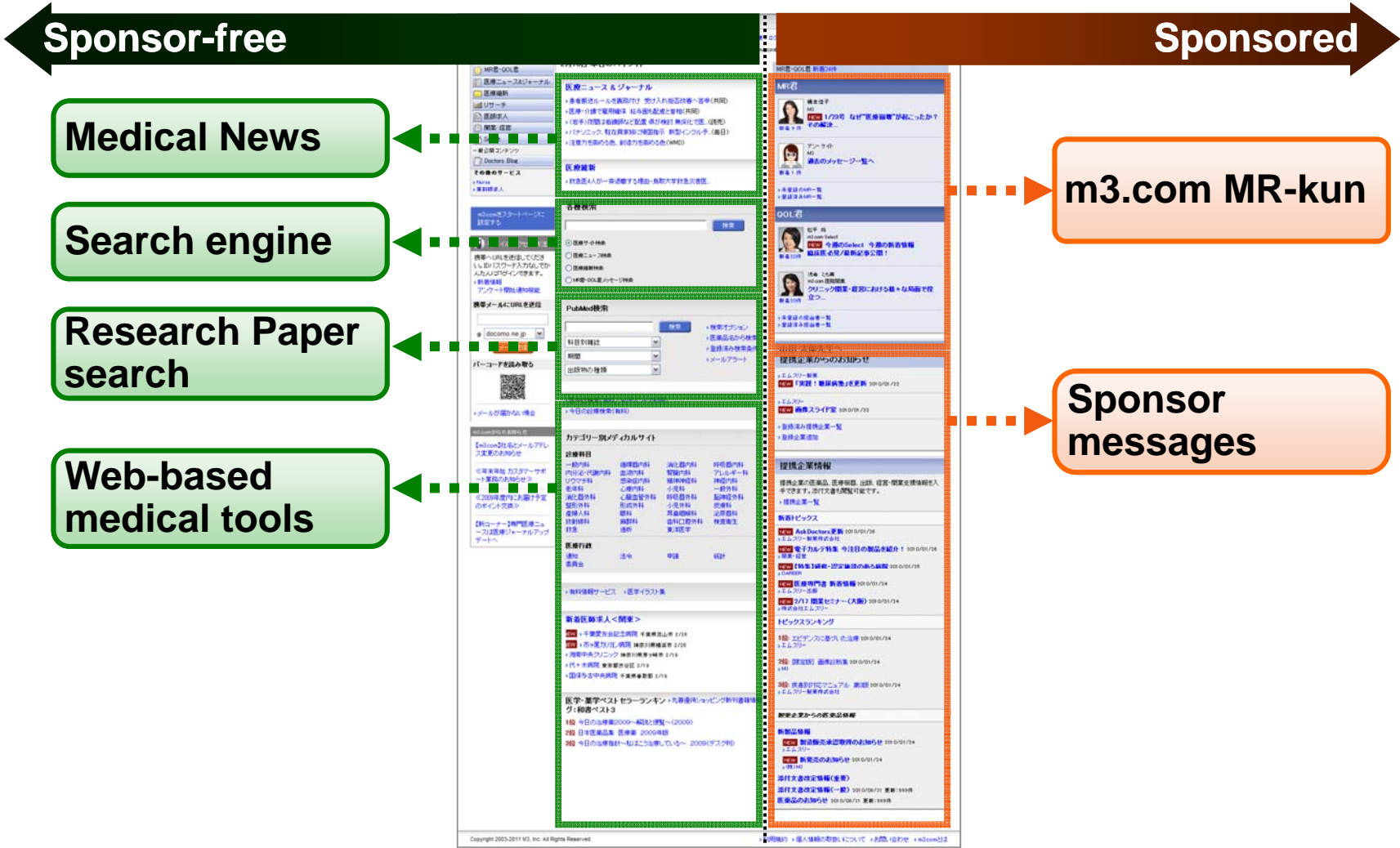
Internet-based
healthcare businesses

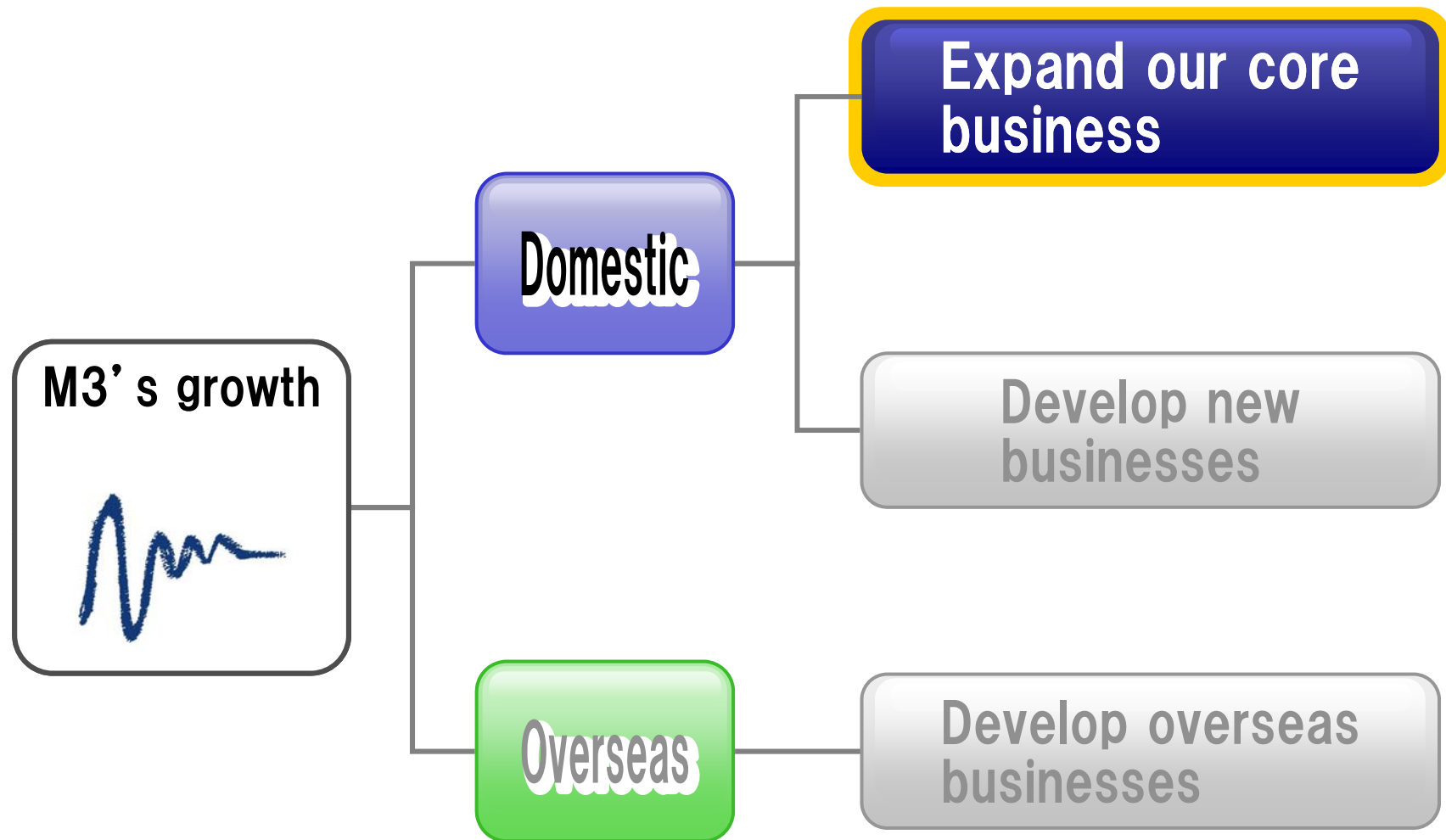
Name

→ 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
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





Japanese Pharma's Huge Marketing Costs

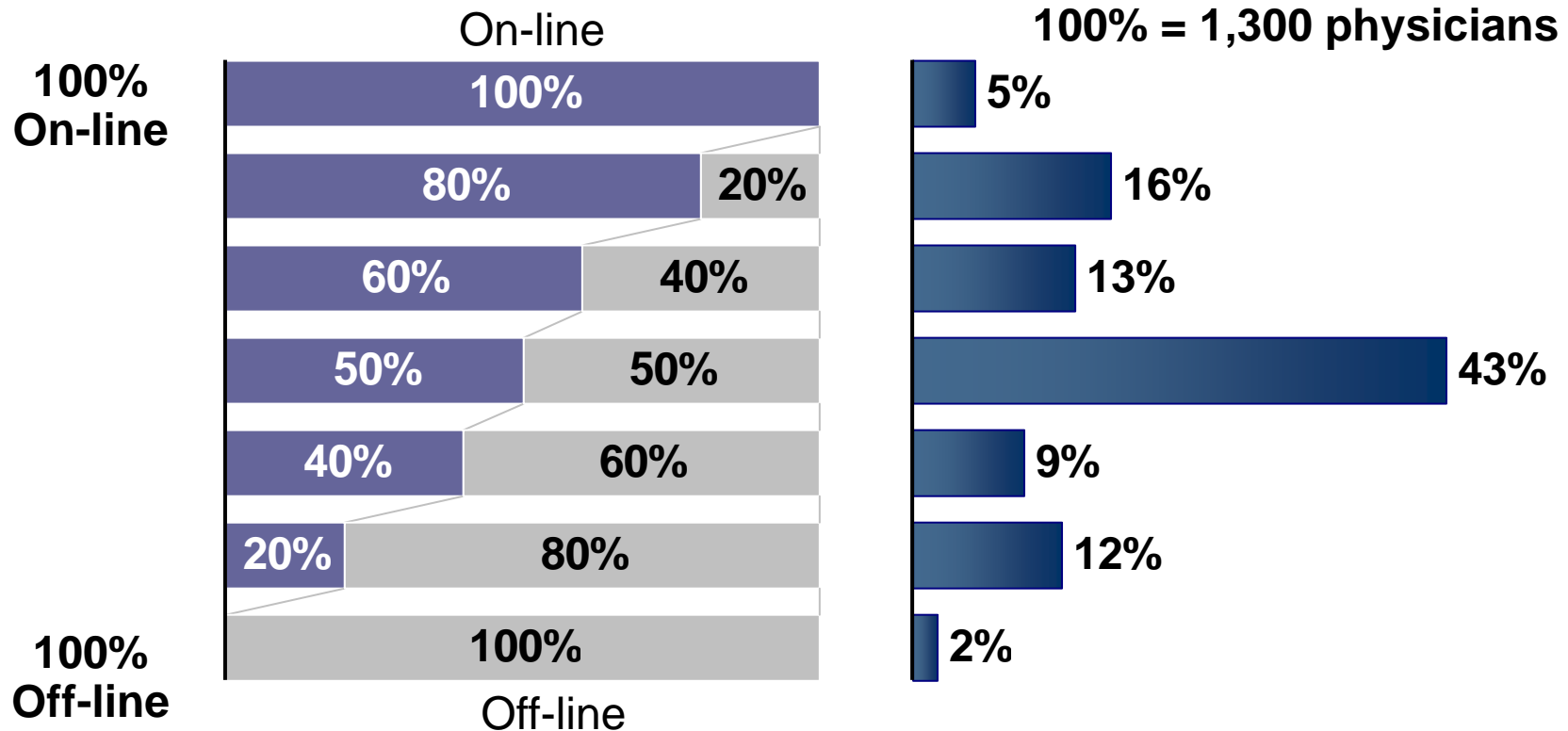
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	55,000	×	¥20mn	=	¥1.1tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.1-1.4 tn

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.



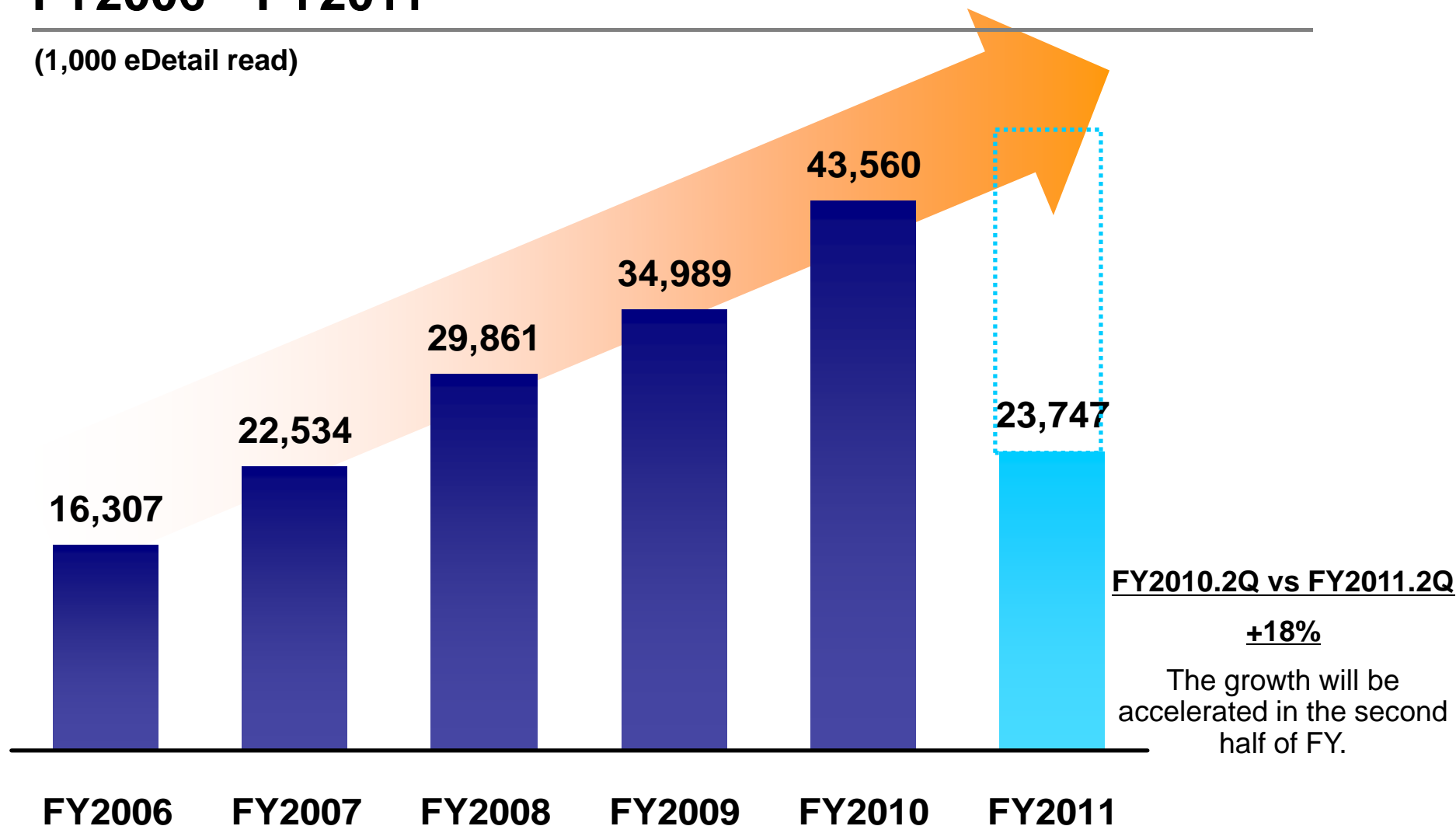
Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

Source: M3 questionnaire to 1,300 physicians

MR-kun eDetails Read by Physicians

FY2006~FY2011

(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

¥250mn

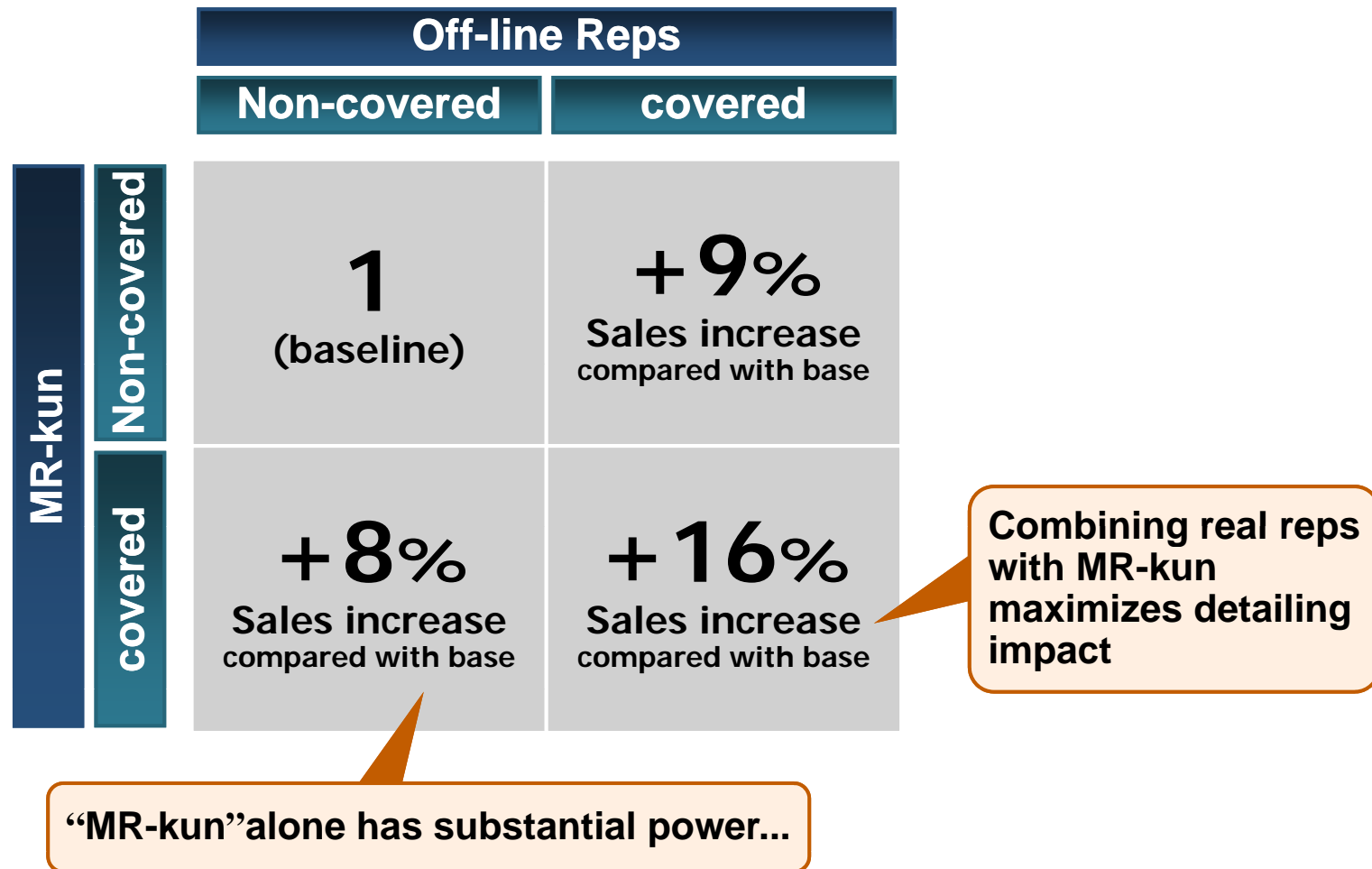
¥150mn

¥10mn

The average of top 5 clients: ¥480mn

MR-kun Increases Sales Like Reps

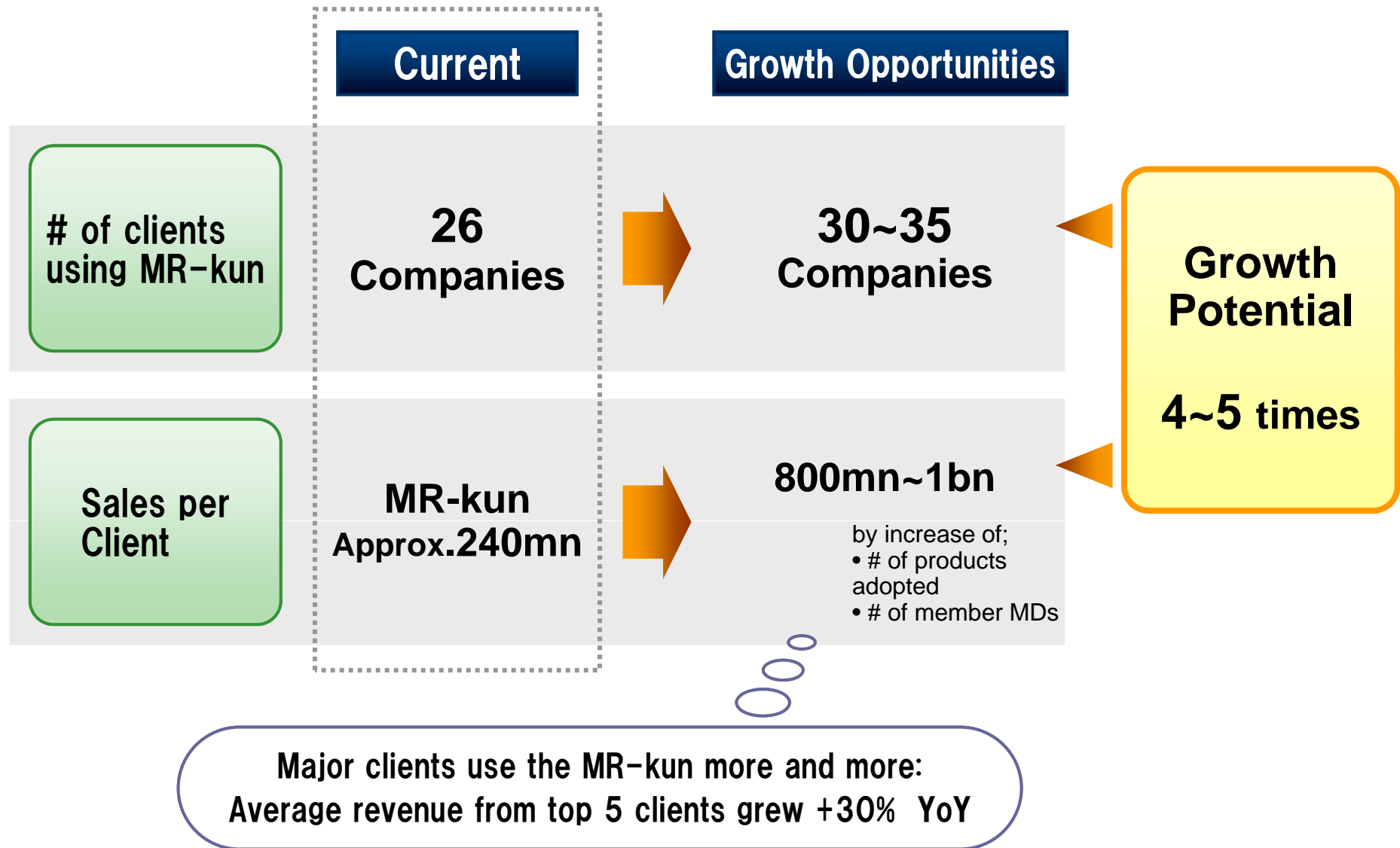
Case
study

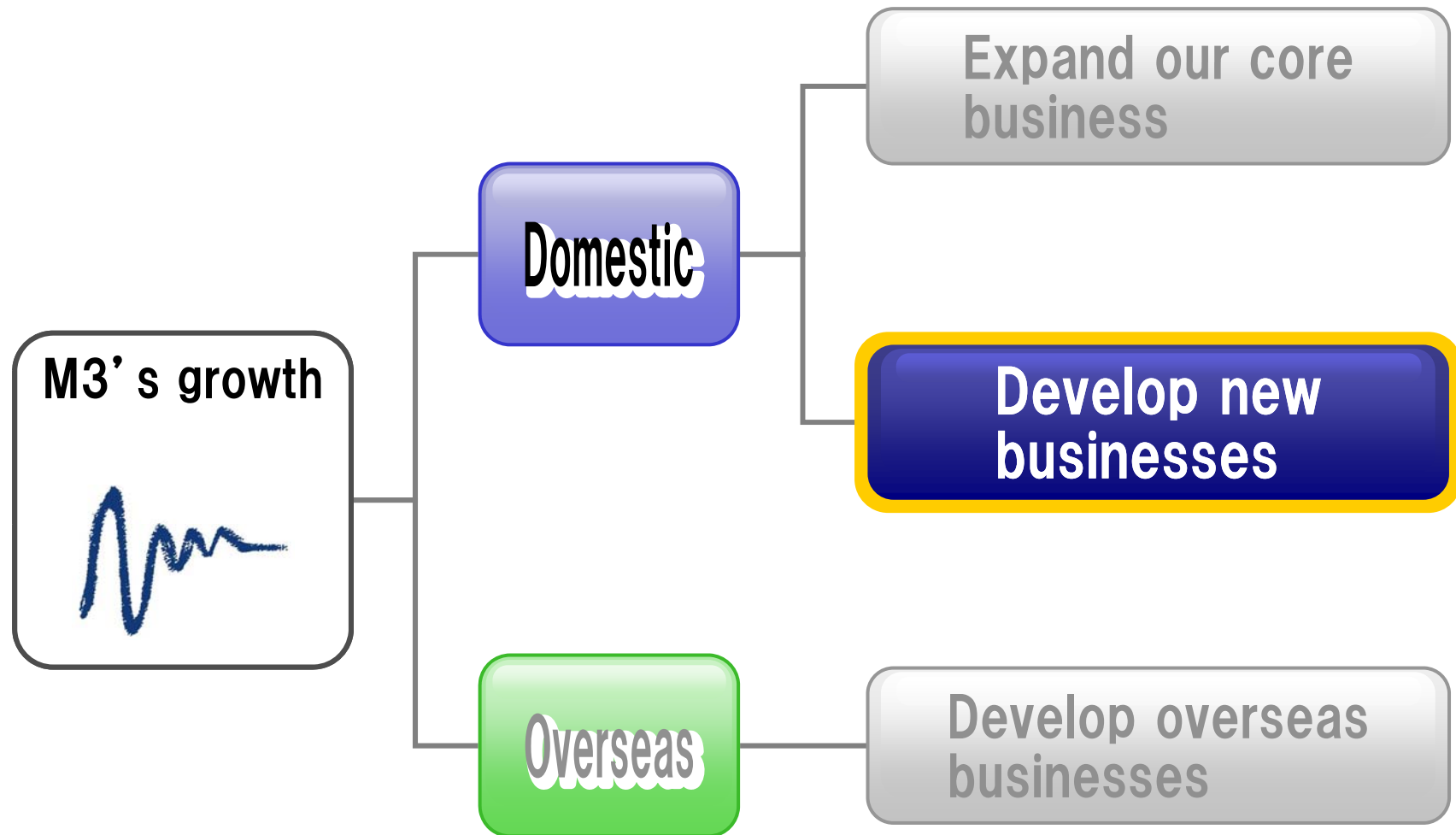


Source: M3
Notes: Questionnaire to 16,000 General Practitioners

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MR-kun's Growth Potential in Japan





New Business Development on the Platform

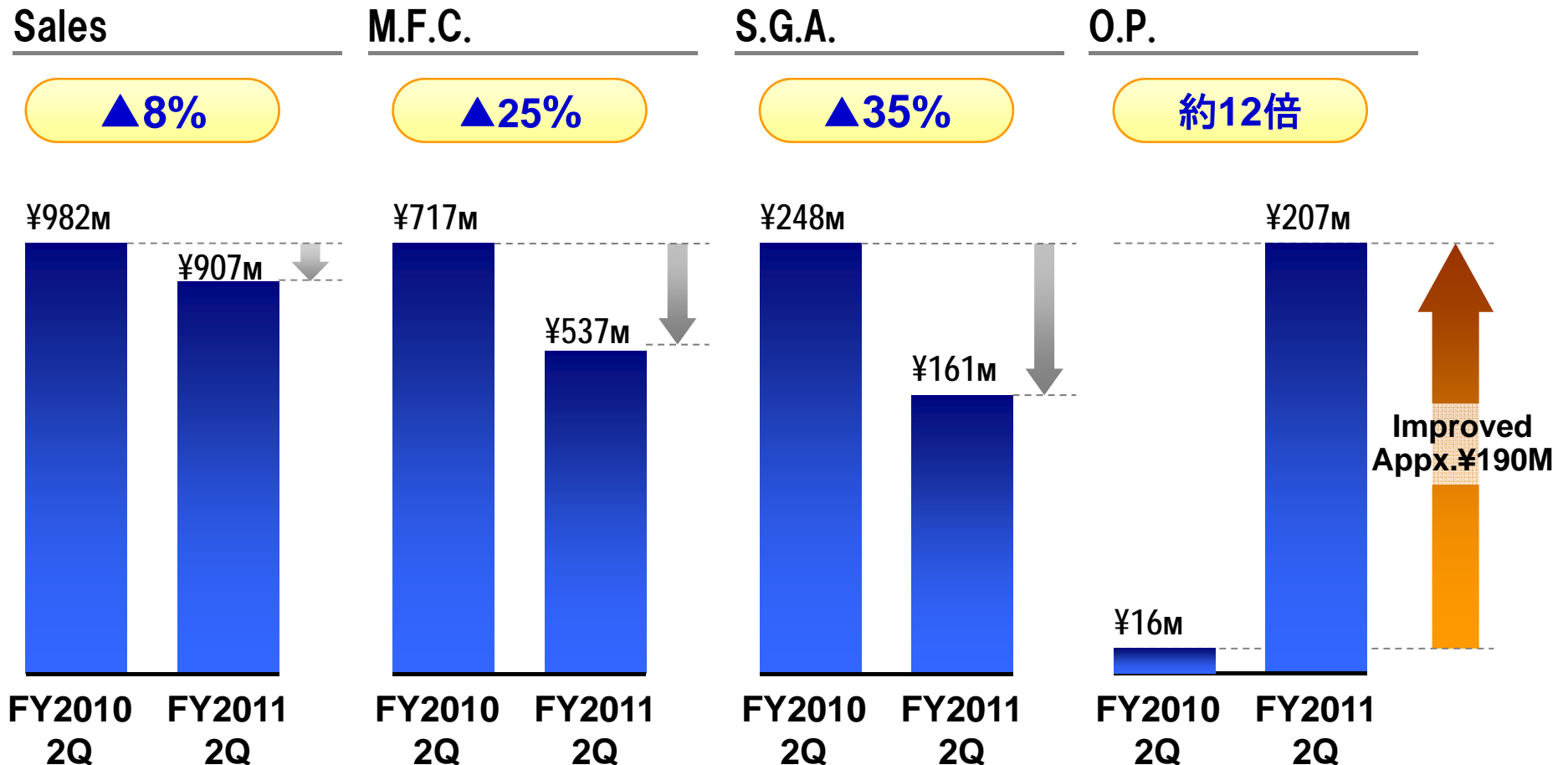
FY2011 Sales Forecast

		Assigned staff	Above 1,000mn	¥750mn ~ ¥1,000mn	¥0mn ~ ¥750mn
	Research (Japan)	Web-based Physician Surveys	5	✓	
	m3MT	E-mail, banner promotion service for pharma companies	5		✓
	QOL kun etc.	Promotion service for non-pharma companies	9	✓	
	Consumer Business	Consumer service	3	✓	
	Mebix	Evidence solution service	100	✓	
	M3 Career	Job information for Physicians, Pharmacist	70	✓	
	iTICKET	Online clinical reservation system for patient	20		✓

- 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.

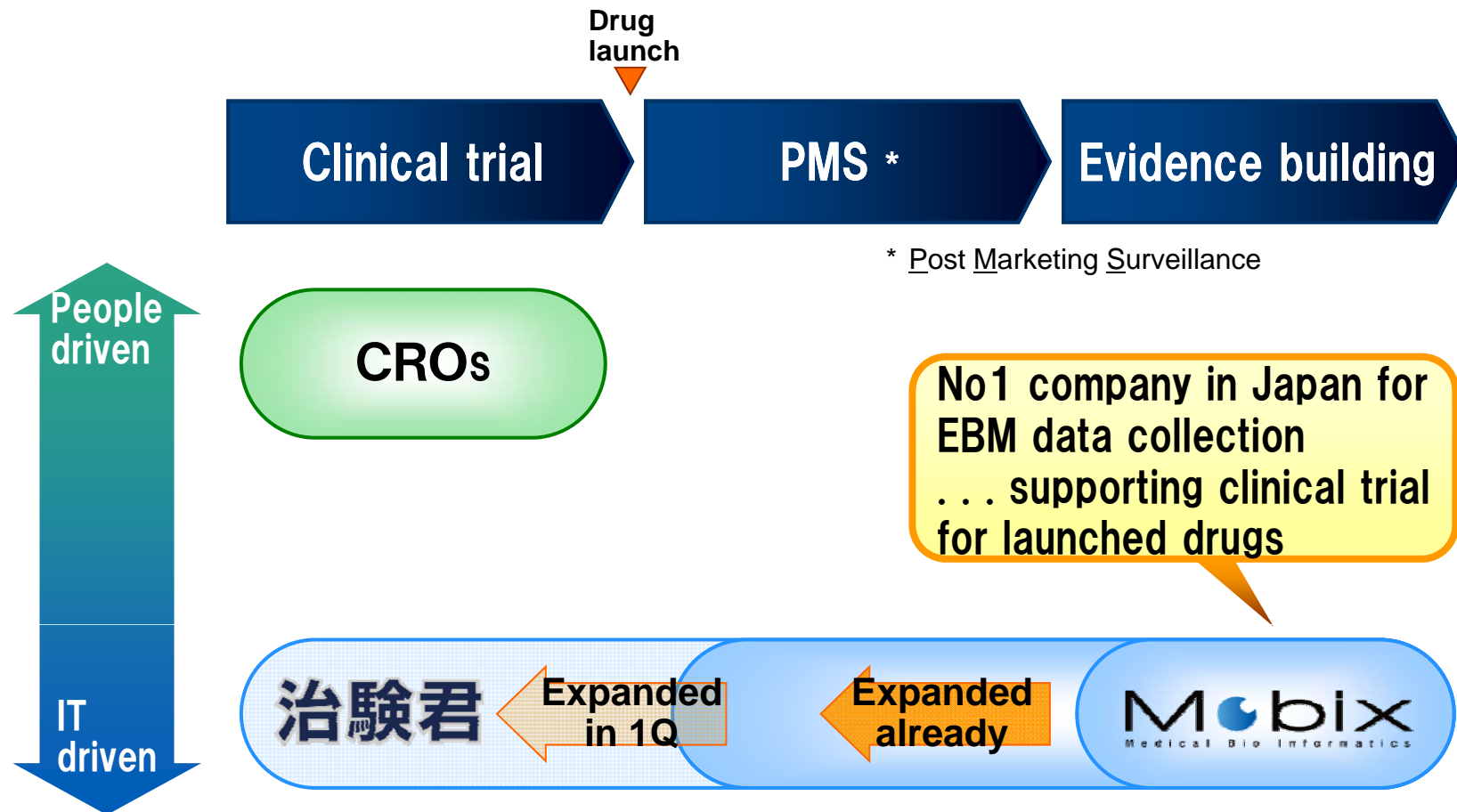
Mebix –Restructuring Produced Positive Outcome

Financial performance in Mebix(Apr. – Sep.)



“Leaner” operation and synergy with m3.com improved profitability.

Evidence Solution Business – Mebix



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

Acquisition of Medical Pilot



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



Accelerate the growth of “Chicken-kun” service*



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

* Participating physician and patient recruiting via m3.com

Company Overview

Name	Medical Pilot inc.
Established	June 2002
Capital	30 million yen
Business	Site Management Organization (SMO) Focused on psychiatry, psychosomaty, and neurology
Employees	30
Office	Tokyo

Medical facilities in affiliation

Area	Hospital	Clinic	Total
Tokyo	6	29	35
Saitama	1	12	13
Chiba	1	6	7
Kanagawa	8	2	10
Ibaraki	1		1
Total	17	49	66

May 2011

Number of accumulated total affiliate : 88

M3 Career, Inc



- Media power of m3.com
 - Over 200K Physicians
 - Over 70K Pharmacist
- Experience in the recruiting ad business for medical professionals

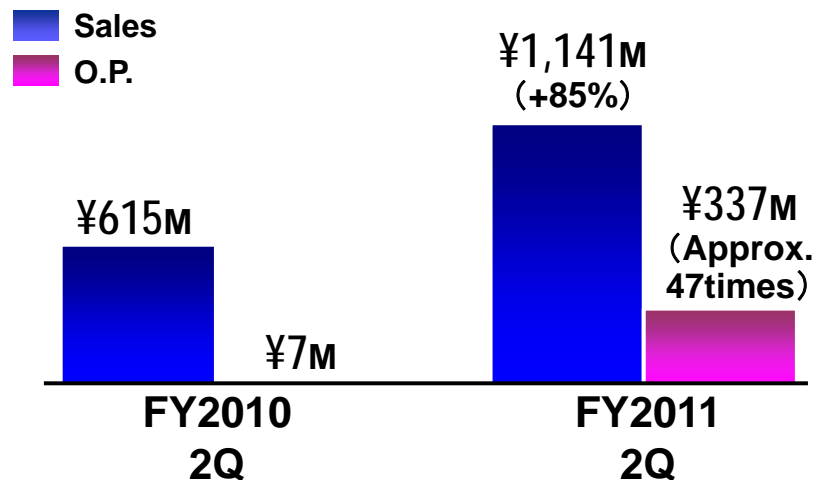


Full-line service and platform for best match between employers and job seekers



- 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)



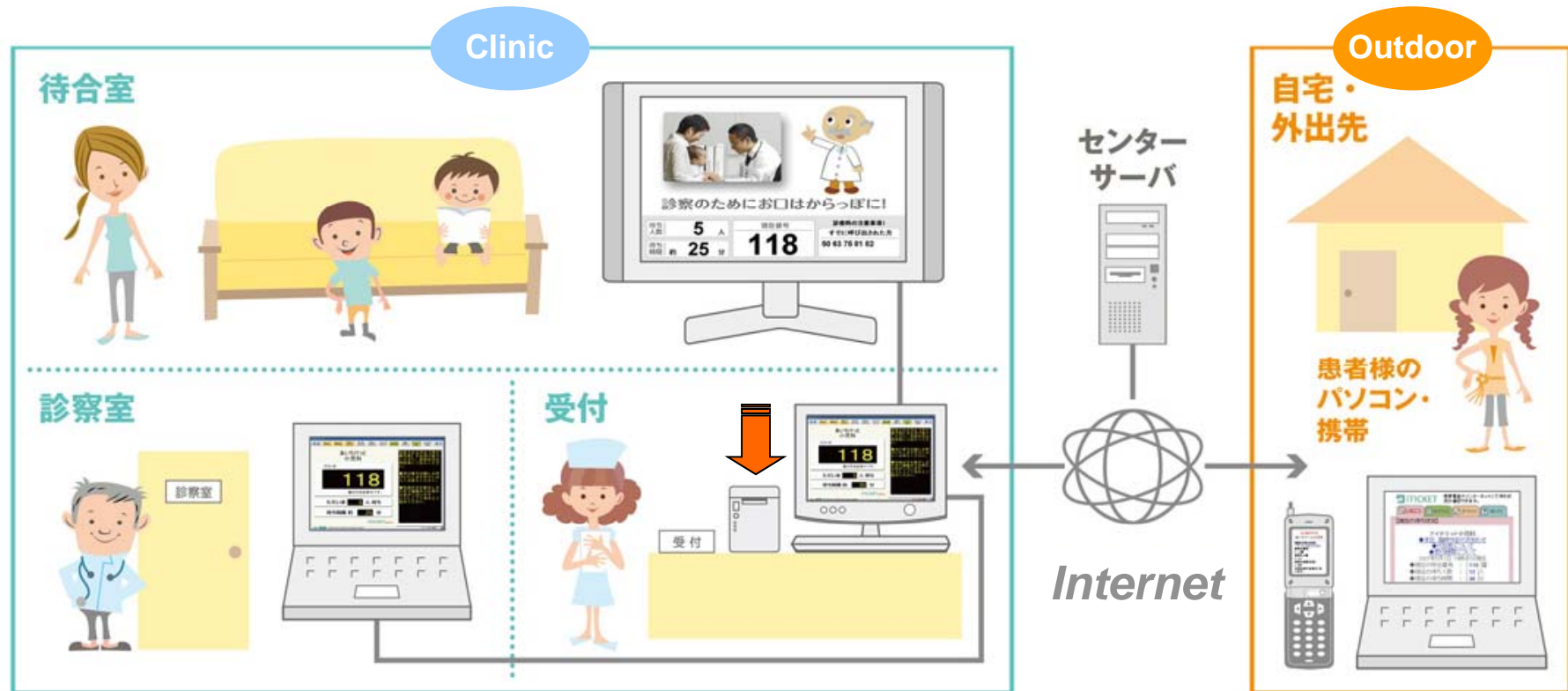
- Improvement in operation efficiency.
- Development of newly-hired staff in productivity.

O.P. has improved steadily since 1Q.

O.P. of 2Q(3 months)
 -FY11: 88 mil yen
 -FY10: ▲62 mil yen (+150 mil yen)

Acquisition of iTICKET

Web-based reservation system for clinics

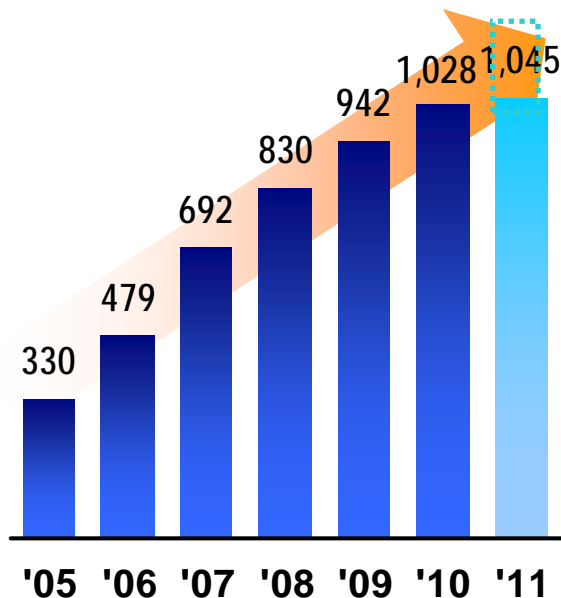


👉 Used in 1,000+ clinics , more than 1 million unique users per month, more than 500,000 members (mostly moms with little kids) registered to the pan-clinic site. ...became one of the largest “mom” platforms in Japan.

Consumer Business is growing

ASP : Reservation for medical care

Clinic Users



<Fee Structure>

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

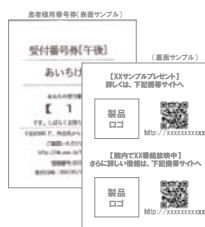
Over 1,000 Clinic

Media business

Clinic Media



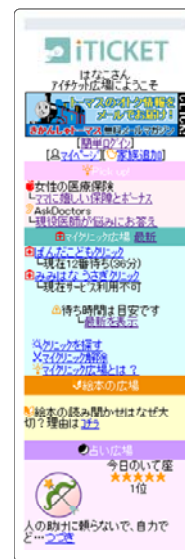
Ticket Media



<Fee Structure>

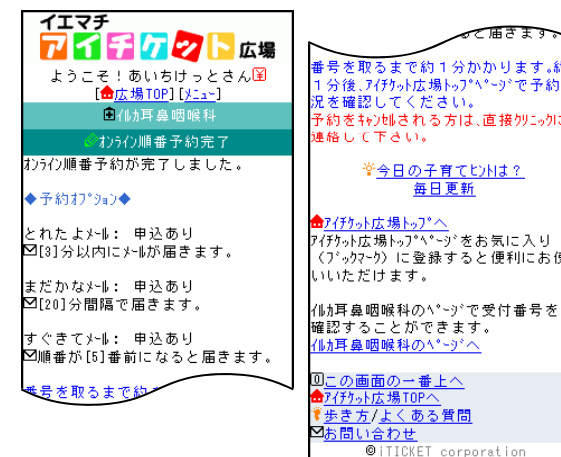
- Clinic Media: 1,500,000yen / Month ~
- Mobile Media: 130,000yen / 2Week ~
- Ticket Media: 750,000yen / Project ~

Mobile Media



Consumer business

Charged Option

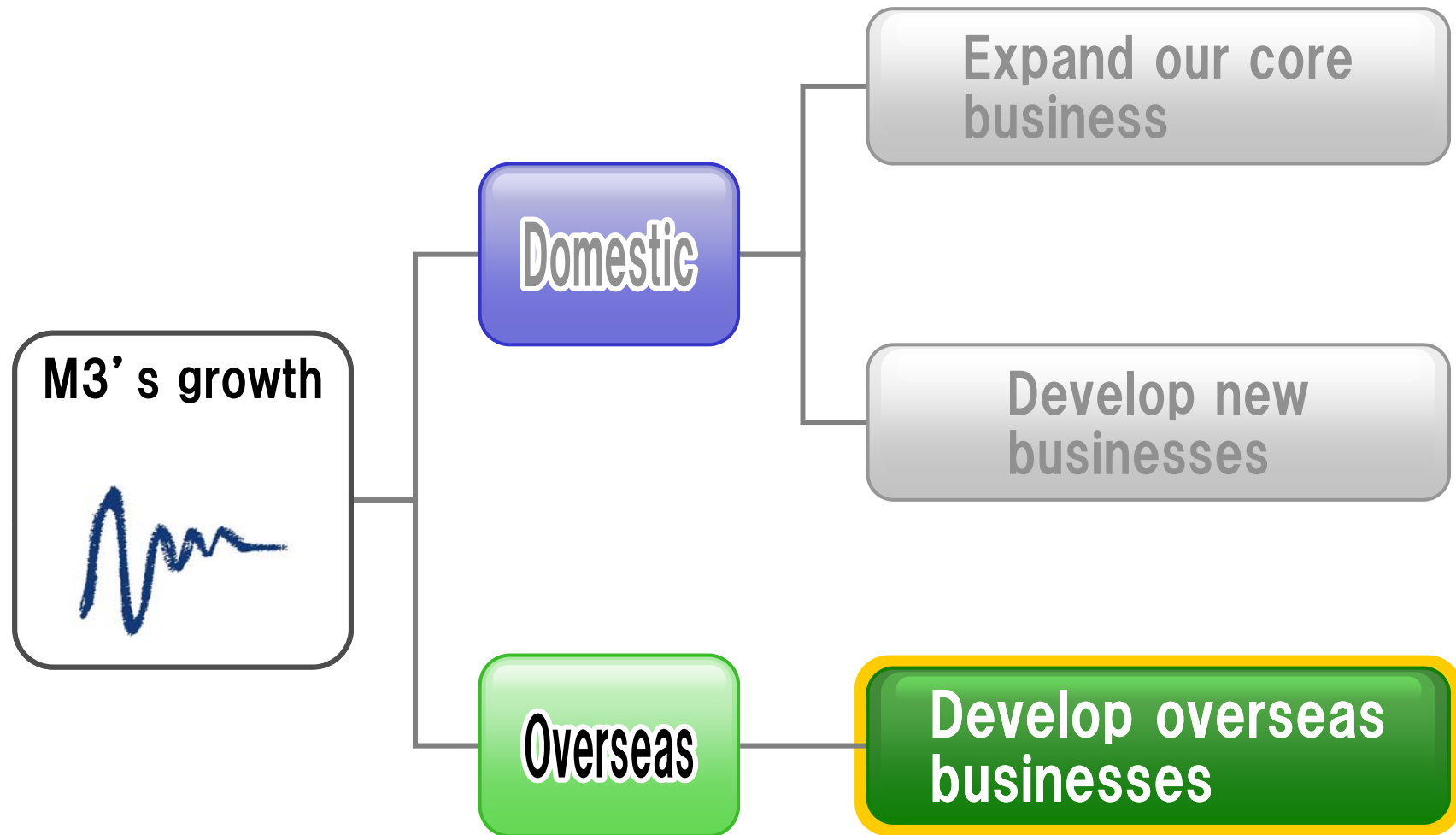


- とれたよメール
- まだかなメール
- すぐきてメール

<Fee Structure>

- 210yen / Month

Acquired 8000+ registered users with no promotion cost.



Development in the US

HemeOnc Linx
MDLinx
Today's Top Medical Abstracts.

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- 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
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- 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
- Medicine

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Messages

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by John Smith, PhD. MDLinx
- Top 50 Articles of 2006: [What your colleagues were reading](#)
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Articles: General HemeOnc

Latest (58) | **Week's Top Read** | Month's Top Read

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- [Anthracyclines, Mitoxantrone, Radiotherapy, and Granulocyte Colony-Stimulating Factor Risk Factors for Leukemia and Myelodysplastic Syndrome After Breast Cancer](#)
Journal of Clinical Oncology, 01/29/07
- [Activation of Integrin-Linked Kinase Is a Critical Prosurvival Pathway Induced in Leukemic Cells by Bone Marrow-Derived Stromal Cells](#)
Cancer Research, 01/31/07
- [Epstein-Barr Virus: Evasive Maneuvers in the Development of PTLD](#)
American Journal of Transplantation, 01/30/07
- [Artificial sweeteners and cancer risk in a network of case-control studies](#)
Journal of Clinical Oncology, 01/30/07
- [Final Results of a Prospective Clinical Trial With VAMP and Low-Dose Involved-Field Radiation for Children With Low-Risk Hodgkin's Disease](#)
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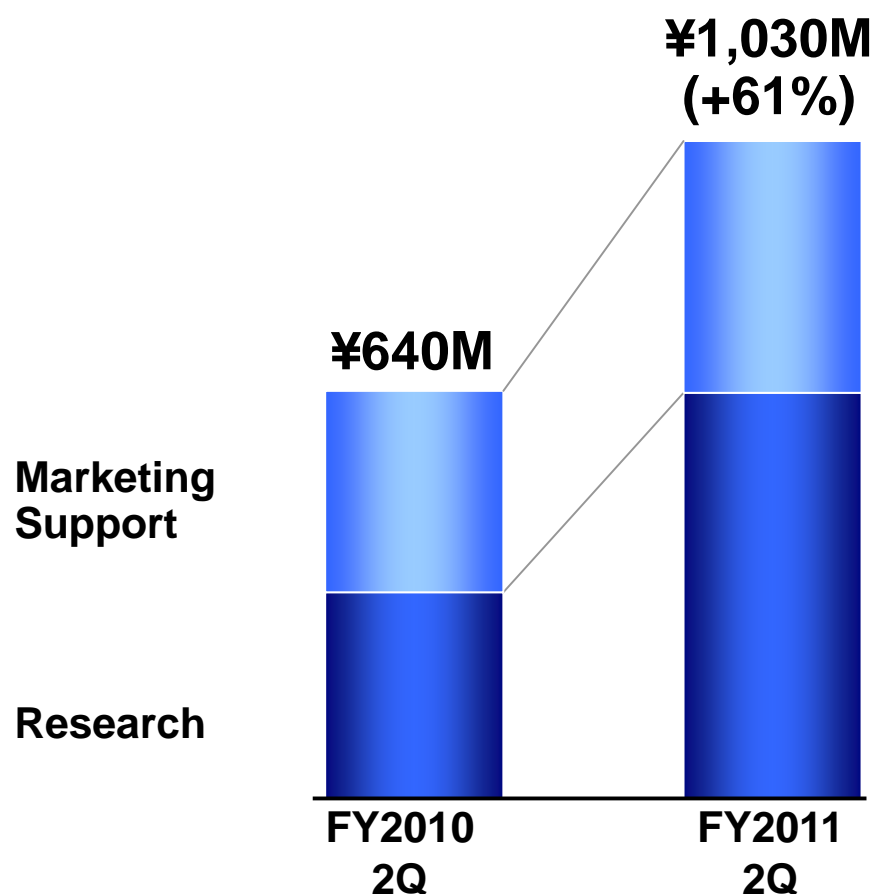
[Abstracts](#)

[Patient Education](#)

- “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.

Doctors.net.uk Ltd. - Company Outline

Name Doctors.net.uk Ltd.

Established 1998

Office Oxfordshire, UK

Employees 77 (Sep. 2011)

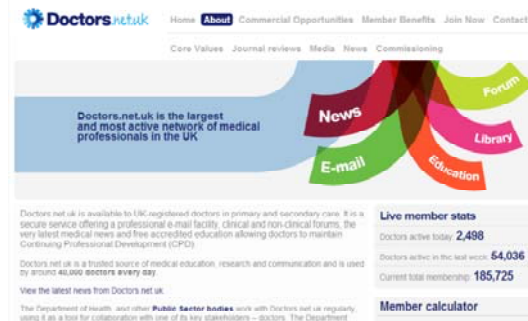
Sales Jan. 2010 – Dec.2010 :£ 8.7M
(approx. 1.1 Billion yen)

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.

Strong Point

- 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

Consolidated

(yen milion)

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

 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

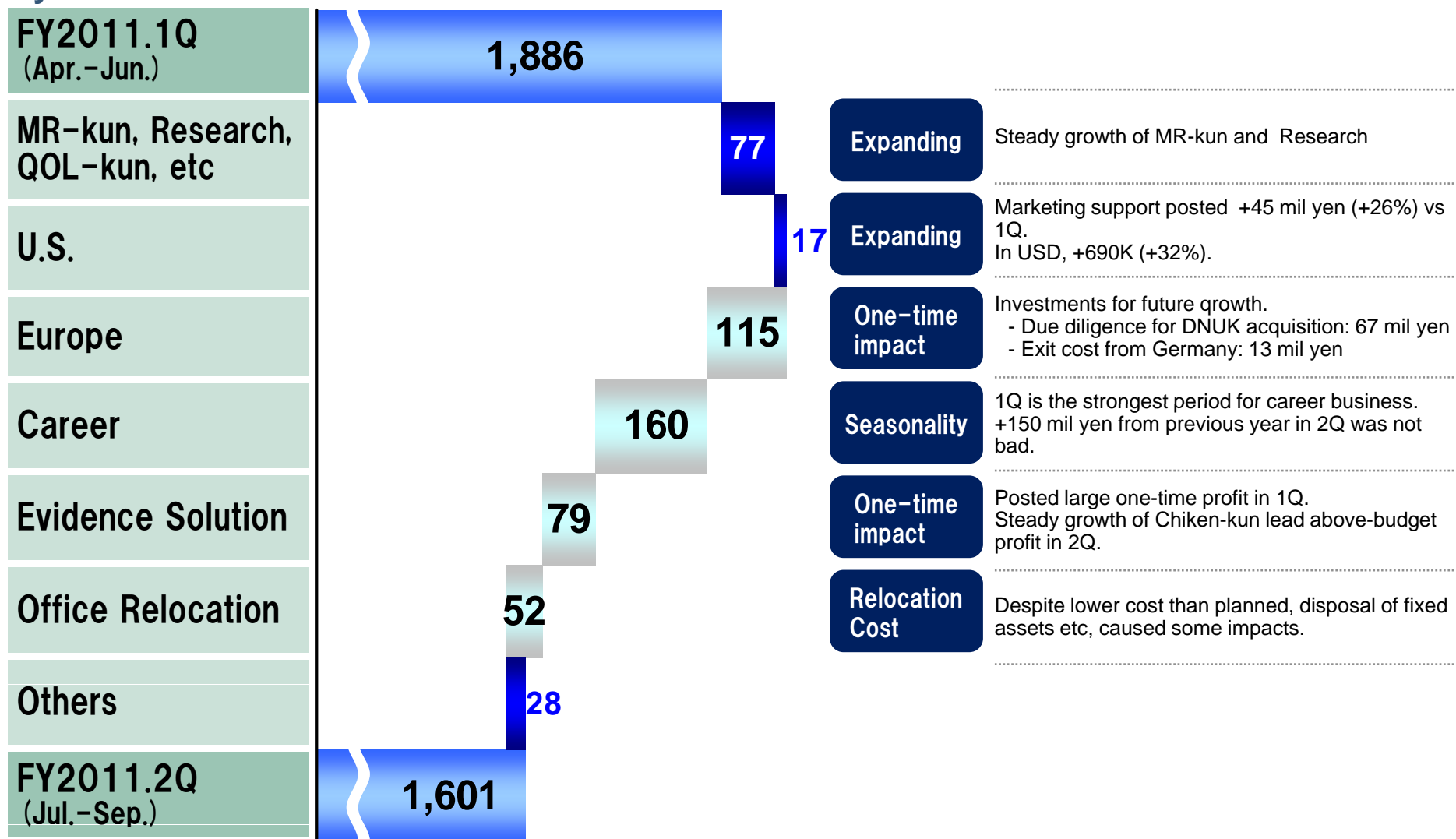
(yen million)


		FY2010.2Q	FY2011.2Q	YoY Growth
Medical Portal	Sales	5,173	6,331	+22%
	Profit	2,905	3,660	+26%
Evidence Solution	Sales	982	907	▲8%
	Profit	▲48	144	—
Overseas*	Sales	704	1,104	+57%
	Profit	36	34	▲7%
Others	Sales	141	305	+116%
	Profit	0	▲3	—

* O.P. of US business increased +20 mil yen from P.Y.

Consolidated O.P. Analysis (1Q vs 2Q)

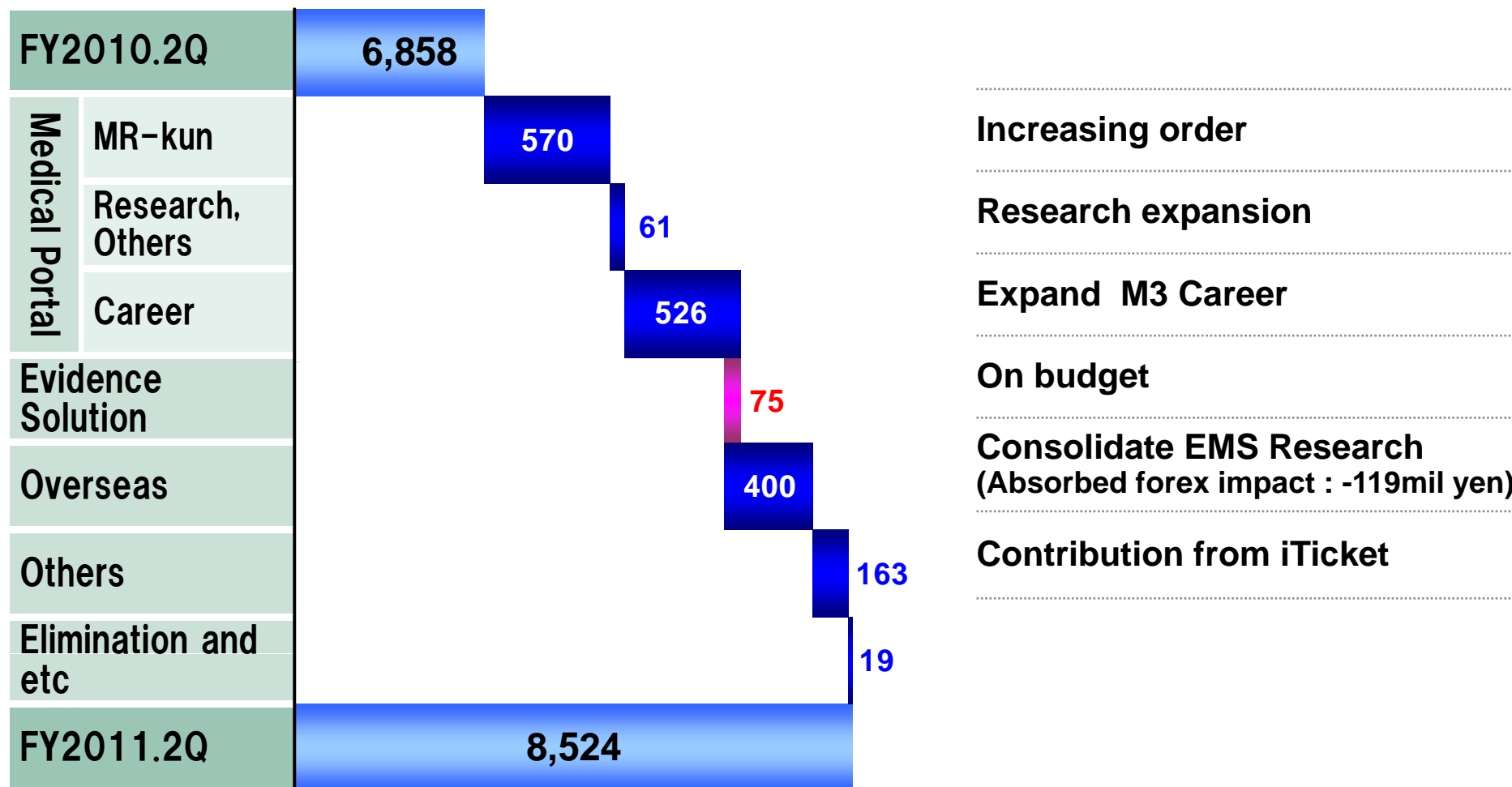
(yen million)



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

Consolidated Sales Analysis (vs P.Y.)

(yen million)



 **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

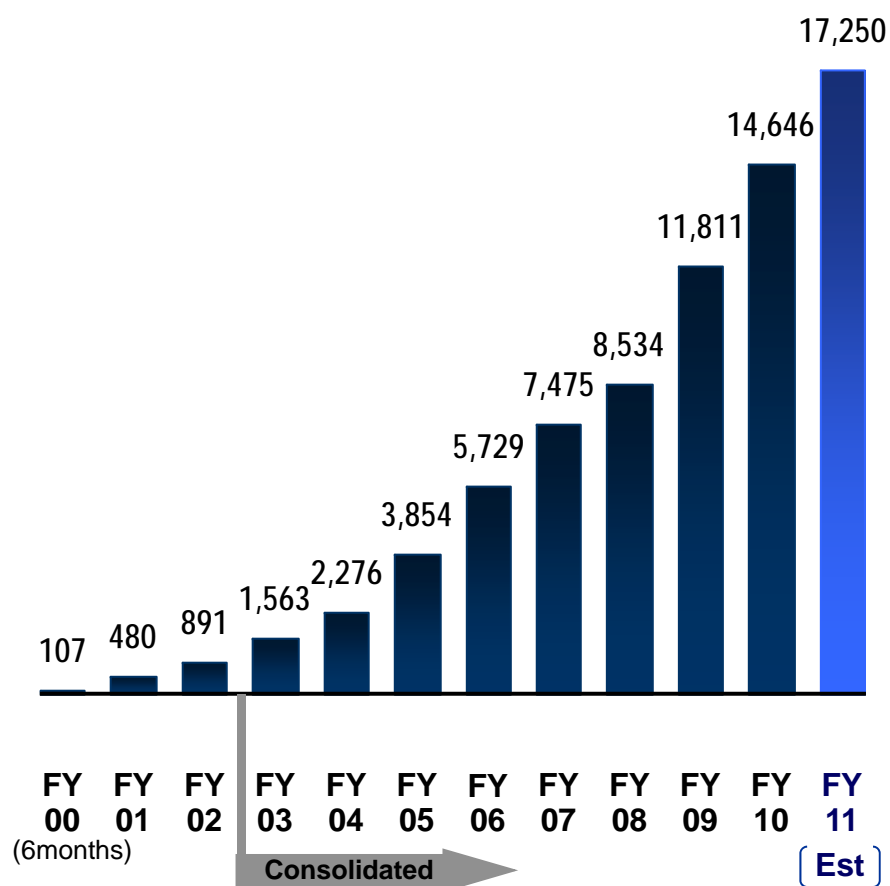
Financial Impacts

- 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

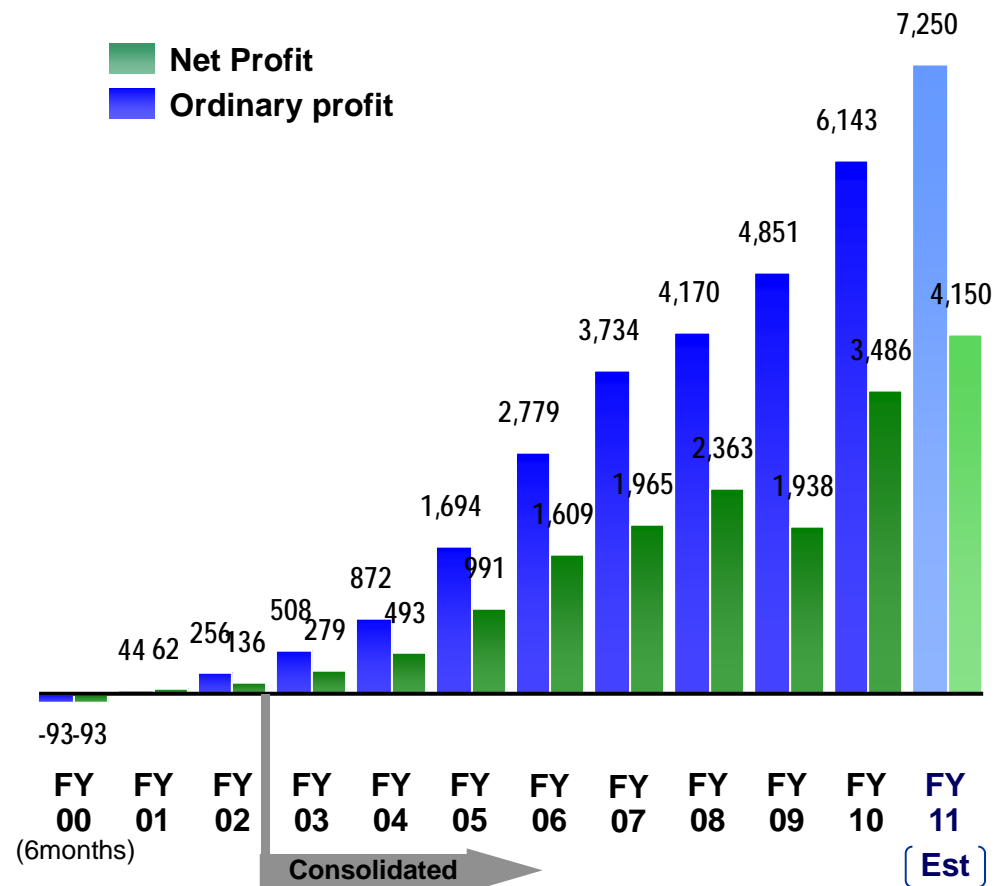
Sales

(¥ mn)

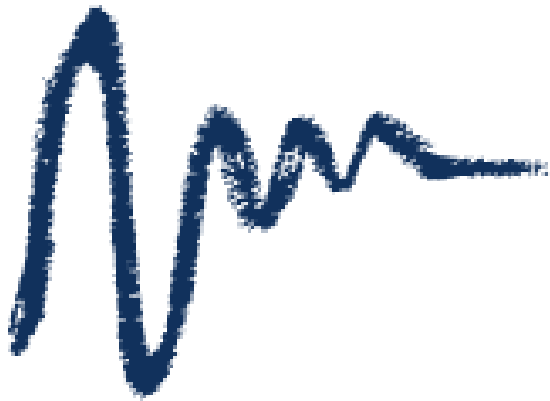


Ordinary Profit & Net Profit

(¥ mn)



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