M3
Presentation Material

3Q FY2011
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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

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
M3’s growth

Expand MR-kun and related business

Domestic

Develop new businesses

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><strong>MRs</strong></td>
<td>55,000</td>
<td>¥20mn</td>
<td>¥1.1tn</td>
</tr>
<tr>
<td>(Pharmaceutical companies)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MSs</strong></td>
<td>30,000</td>
<td>¥10mn</td>
<td>¥300bn</td>
</tr>
<tr>
<td>(Pharmaceutical wholesalers)</td>
<td></td>
<td></td>
<td></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
MR-kun eDetails Read by Physicians

FY2006~FY2011

(1,000 eDetail read)


16,307 22,534 29,861 34,989 43,560 36,495

FY2010.3Q vs FY2011.3Q

+9%
MR-kun Annual Fee Structure

MR-kun base fee

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

Detail fee

- ¥100 per detail

Contents production fee

- ¥20mn
- ¥40mn

Operation fee

- ¥30mn
- ¥10mn

Initial Phase

- ¥130mn ~ ¥150mn

Top 5 clients

- ¥60mn
- ¥70mn

- ¥250mn
- ¥150mn
- ¥10mn

The average of top 5 clients: ¥480mn
## Off-line Reps

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

"MR-kun" alone has substantial power...

Combining real reps with MR-kun maximizes detailing impact

Source: M3
Notes: Questionnaire to 16,000 General Practitioners
MR-kun’s Growth Potential in Japan

Current

# of clients using MR-kun
26 Companies

Growth Opportunities

# of clients using MR-kun
30~35 Companies

Sales per Client

MR-kun Approx. 240mn

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
M3’ s growth

Domestic

- Expand MR-kun and related business
- Develop new businesses

Overseas

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

<table>
<thead>
<tr>
<th><strong>Research (Japan)</strong></th>
<th><strong>Web-based Physician Surveys</strong></th>
<th><strong>Assigned staff</strong></th>
<th><strong>Above 1,000mn</strong></th>
<th><strong>¥750mn</strong></th>
<th><strong>¥0mn</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>m3MT</strong></td>
<td>E-mail, banner promotion service for pharma companies</td>
<td>6</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>QOL kun etc.</strong></td>
<td>Promotion service for non-pharma companies</td>
<td>8</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>Consumer Business</strong></td>
<td>Consumer service</td>
<td>5</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>Mebix</strong></td>
<td>Evidence solution service</td>
<td>100</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>M3 Career</strong></td>
<td>Job information for Physicians, Pharmacist</td>
<td>70</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td><strong>iTICKET</strong></td>
<td>Online clinical reservation system for patient</td>
<td>20</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.
- 4 companies since the beginning of current FY.
Evidence Solution Business – Mebix

- Clinical trial
- PMS *
- Evidence building

* Post Marketing Surveillance

People driven

IT driven

Drug launch

CROs

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

“Chiken-kun” service acquired 3 clinical trials and more inquiries from pharma.
Acquisition of Fuji CRS

M3, Inc.

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

Accelerate the growth of “Chiken-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

<table>
<thead>
<tr>
<th>Name</th>
<th>Fuji CRS, KK..</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>Feb. 2002</td>
</tr>
<tr>
<td>Capital</td>
<td>20 million yen</td>
</tr>
<tr>
<td>Business</td>
<td>Site Management Organization (SMO). Focus on Kinki and Chugoku area</td>
</tr>
<tr>
<td>Employees</td>
<td>40</td>
</tr>
<tr>
<td>Office</td>
<td>Hyogo, Okayama, Hiroshima</td>
</tr>
</tbody>
</table>

Medical facilities in affiliation

- Osaka etc., 14%
- Okayama, 10%
- Hyogo, 44%
- Hiroshima, 32%

Dec 2011
Number of total affiliate: 201
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.

Sales and profits has improved steadily since previous year, absorbing prior investment such as increasing staff.

Sales and O.P.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>O.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010 3Q</td>
<td>¥1,013M</td>
<td>¥89M</td>
</tr>
<tr>
<td>FY2011 3Q</td>
<td>¥1,623M (+60%)</td>
<td>¥363M (Approx. 4times)</td>
</tr>
</tbody>
</table>

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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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>'05</td>
<td>330</td>
</tr>
<tr>
<td>'06</td>
<td>479</td>
</tr>
<tr>
<td>'07</td>
<td>692</td>
</tr>
<tr>
<td>'08</td>
<td>830</td>
</tr>
<tr>
<td>'09</td>
<td>942</td>
</tr>
<tr>
<td>'10</td>
<td>1,028</td>
</tr>
<tr>
<td>'11</td>
<td>1,083</td>
</tr>
</tbody>
</table>

**Media business**

**Clinic Media**

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

**Mobile Media**

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

**Ticket Media**

- Charged Option
  - 210 yen / Month

**Consumer business**

- Acquired 9000+ registered users with no promotion cost.

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M3’s growth

Expand MR-kun and related 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.
  - 546K medical professionals (incl. 199K physicians) as registered member

- Acquiring physician members rapidly
  - Added 22K in this quarter (added 96K in the 12 months)

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

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Sales Breakdown of M3 USA (Including EMS Research, Doctors.net.uk)

Marketing Support

- Both “M3 Messages” and ”MDLinx Clicks” are growing.

Research

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

US operation increased O.P. YoY, (+77 mil yen, +80%).
Doctors.net.uk made good start, posting profits in 3Q.
Consolidated P/L Statement for FY2011 3Q

<table>
<thead>
<tr>
<th></th>
<th>FY2010 3Q</th>
<th>FY2011 3Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>¥10,852 M</td>
<td>¥13,906 M</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥4,475 M</td>
<td>¥5,644 M</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>¥4,567 M</td>
<td>¥5,634 M</td>
</tr>
<tr>
<td>Net profit</td>
<td>¥2,592 M</td>
<td>¥3,313 M</td>
</tr>
</tbody>
</table>

+28%  +26%  +23%  +28%
## Consolidated P/L Statement for FY2011 3Q

### Breakdown by Business Segments

<table>
<thead>
<tr>
<th>(yen million)</th>
<th>FY2010.3Q</th>
<th>FY2011.3Q</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>8,231</td>
<td>9,845</td>
<td>+20%</td>
</tr>
<tr>
<td>Profit</td>
<td>4,757</td>
<td>5,609</td>
<td>+18%</td>
</tr>
<tr>
<td><strong>Evidence Solution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,473</td>
<td>1,640</td>
<td>+11%</td>
</tr>
<tr>
<td>Profit</td>
<td>▲28</td>
<td>288</td>
<td>—</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,143</td>
<td>2,098</td>
<td>+84%</td>
</tr>
<tr>
<td>Profit</td>
<td>68</td>
<td>133</td>
<td>+95%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>222</td>
<td>511</td>
<td>+130%</td>
</tr>
<tr>
<td>Profit</td>
<td>163</td>
<td>53</td>
<td>-67%</td>
</tr>
</tbody>
</table>

*O.P. of US business increased +77 mil yen from P.Y.*

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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></td>
<td></td>
</tr>
<tr>
<td>MR-kun</td>
<td>10,852</td>
<td></td>
</tr>
<tr>
<td>Research, Others</td>
<td>813</td>
<td>13,906</td>
</tr>
<tr>
<td>Career</td>
<td>191</td>
<td>289</td>
</tr>
<tr>
<td>Evidence Solution</td>
<td>610</td>
<td>28</td>
</tr>
<tr>
<td>Overseas</td>
<td>167</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>955</td>
<td></td>
</tr>
<tr>
<td>Elimination and etc</td>
<td>289</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,852</strong></td>
<td><strong>13,906</strong></td>
</tr>
</tbody>
</table>

**Steady growth momentum continues.**

- Increasing order
- Research expansion
- Expand M3 Career
- Expand Mebix
- Consolidate Medical Pilot
- Consolidate EMS, DNUK (Absorbed forex impact: -187mil yen)
- Consolidate Reno Medical
- Contribution from iTicket
Annual Results & Forecast for FY2011

Sales

(¥ mn)

Ordinary Profit & Net Profit

(¥ mn)

Consolidated

Ordinary profit

Net Profit

Consolidated

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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 280,000 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