


M3

Presentation Material

4Q FY2012





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

Sponsor-free

Medical News

Search engine

Research Paper
search

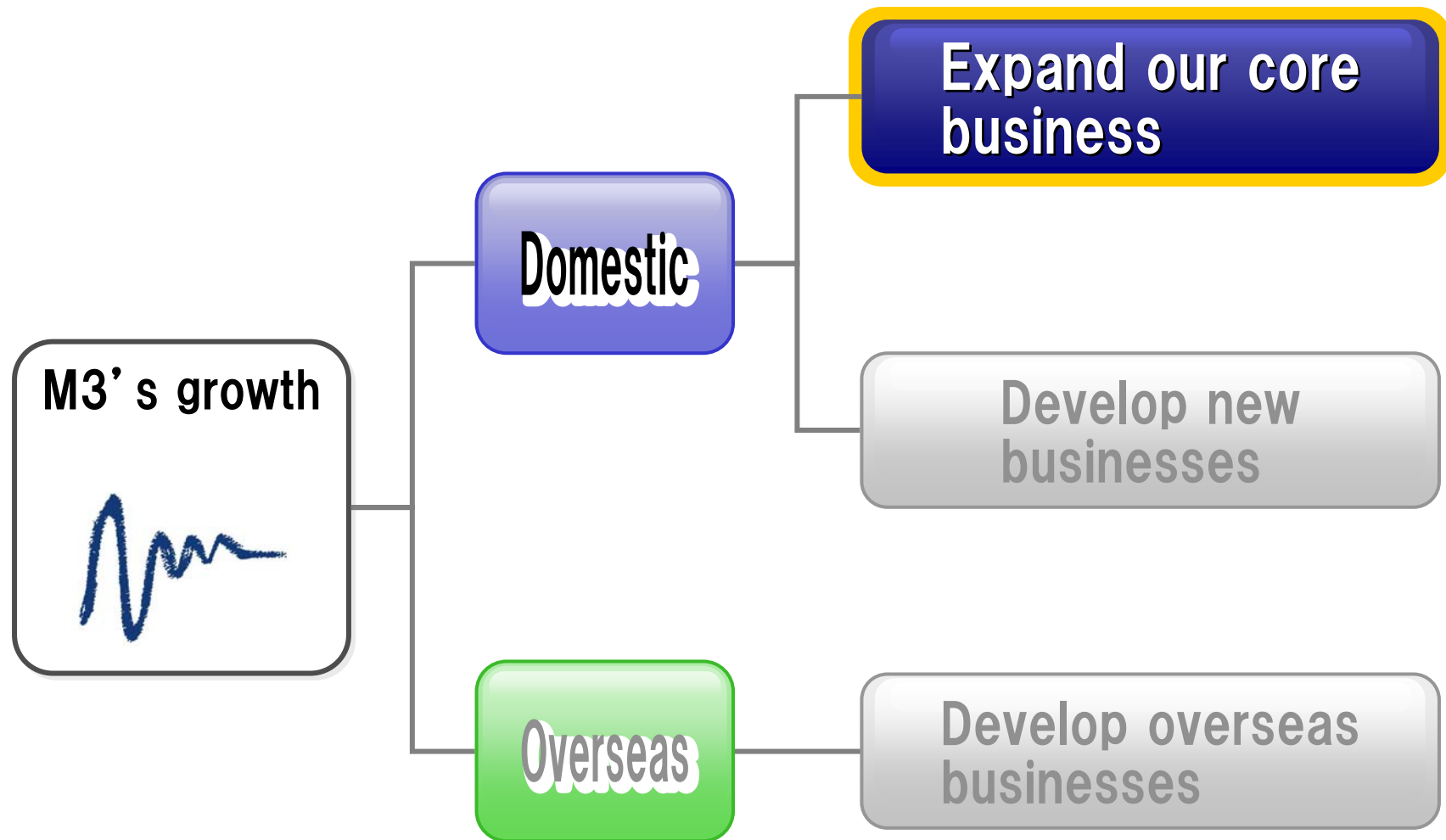
Web-based
medical tools



Sponsored

m3.com MR-kun

Sponsor
messages



Japanese Pharma's Huge Marketing Costs

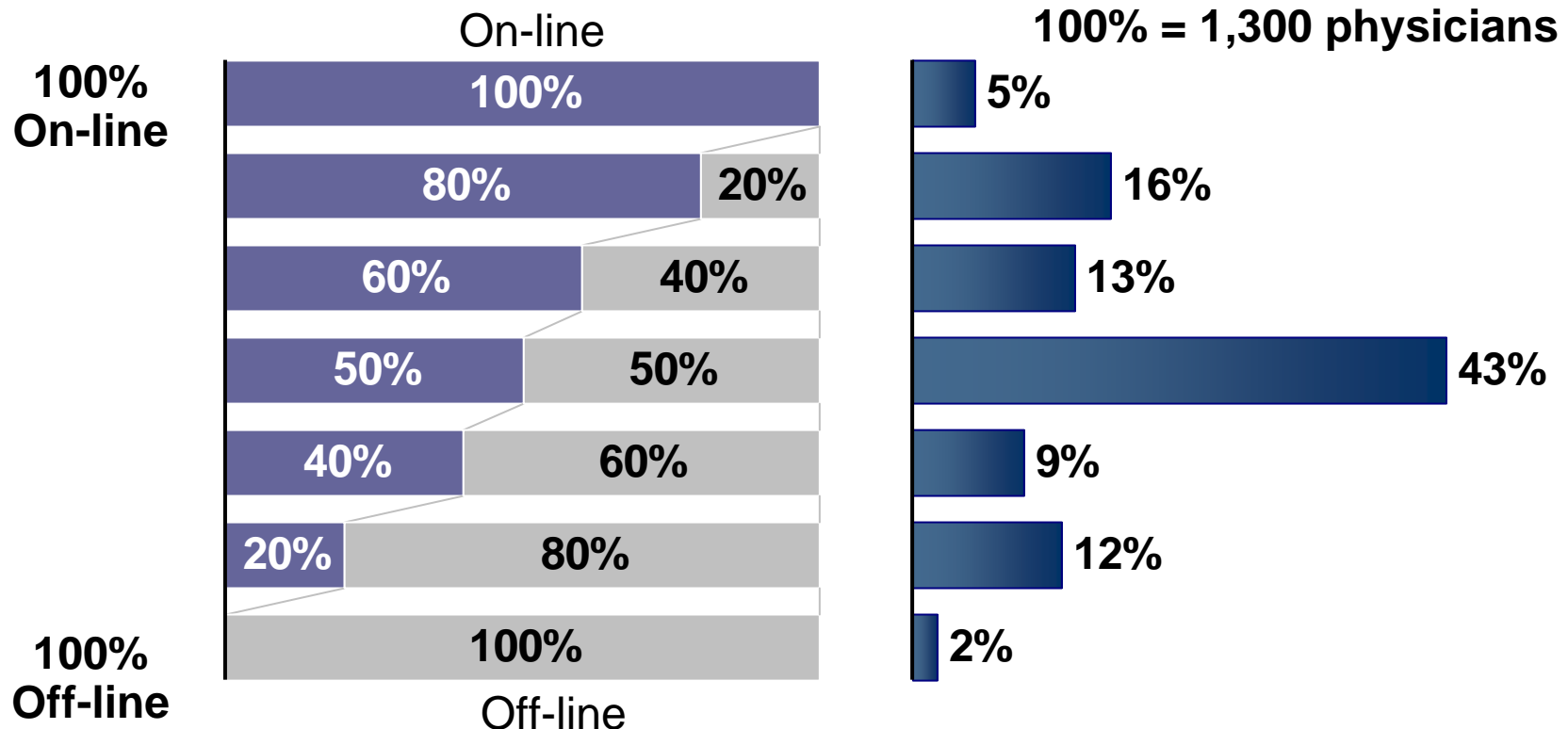
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	63,000	×	¥20mn	=	¥1.2tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.2-1.5 tn

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.

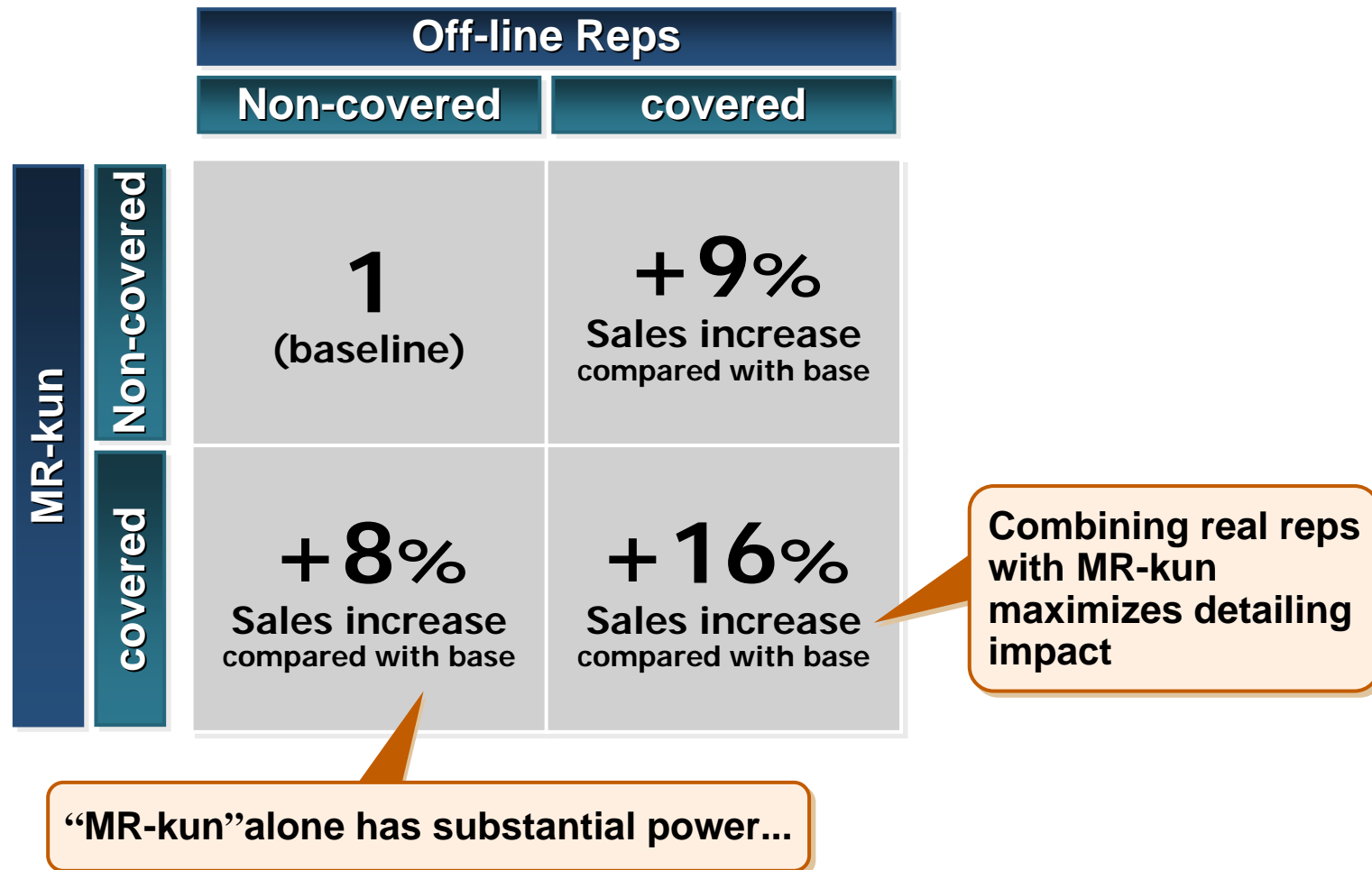


Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

Source: M3 questionnaire to 1,300 physicians

MR-kun Increases Sales Like Reps

Case
study



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

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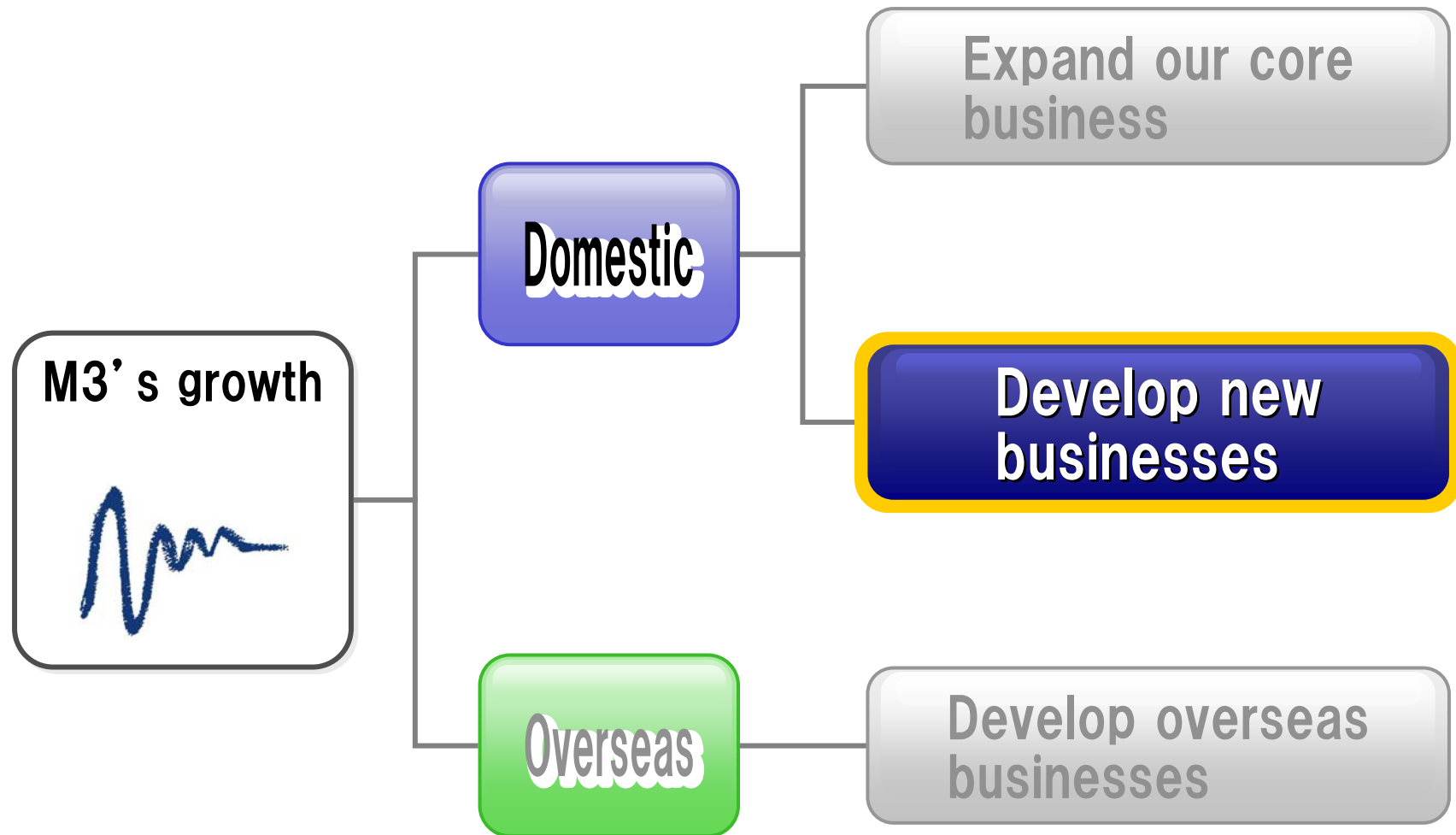
MR-kun Annual Fee Structure

	MR-kun base fee	Detail fee	Contents production fee	Operation fee
		¥100 per detail	M3 produces web contents shown on MR-kun	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	¥440mn	¥200mn	¥10mn
	The average of top 5 clients: ¥720mn			

MR-kun's Growth Potential in Japan

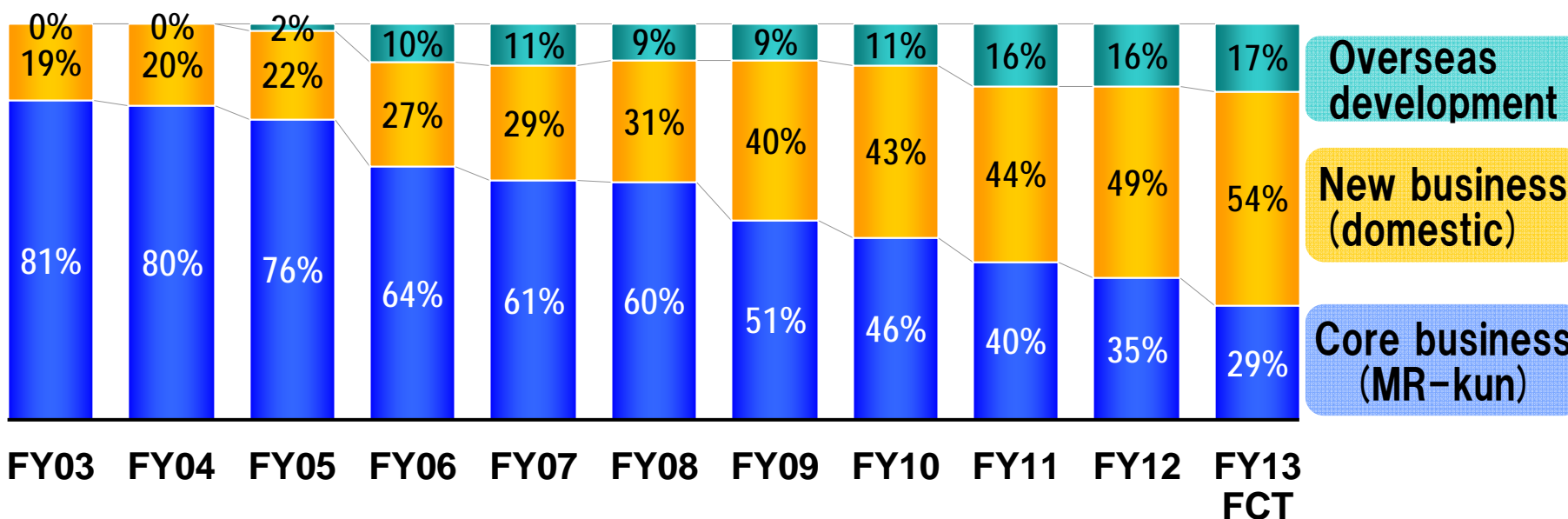
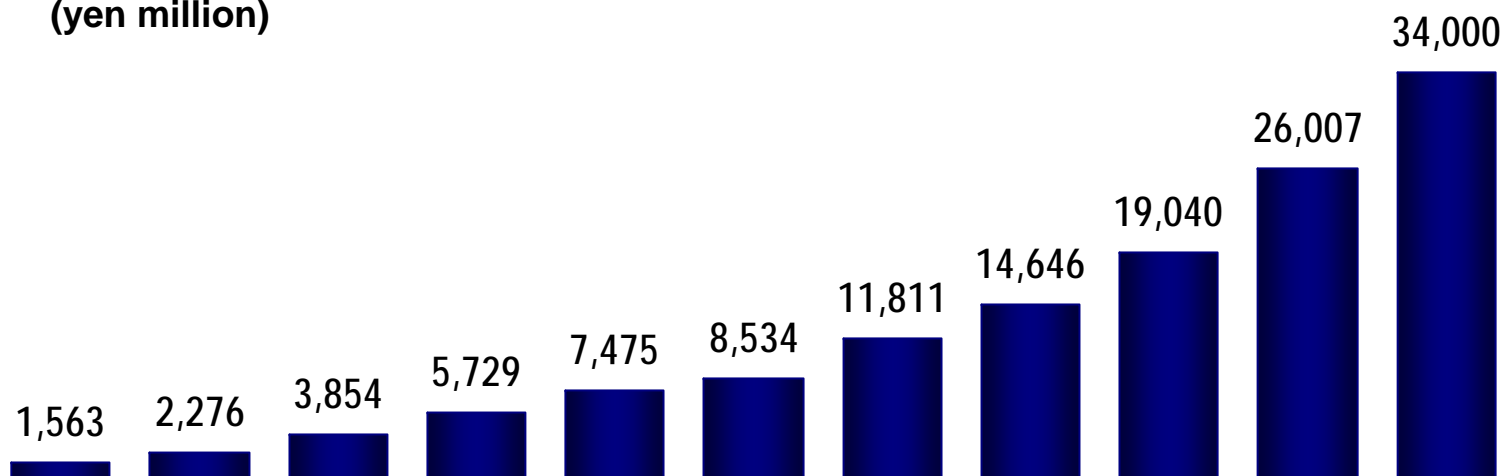


Major clients use the MR-kun more and more:
Average revenue from top 5 clients grew +30% YoY

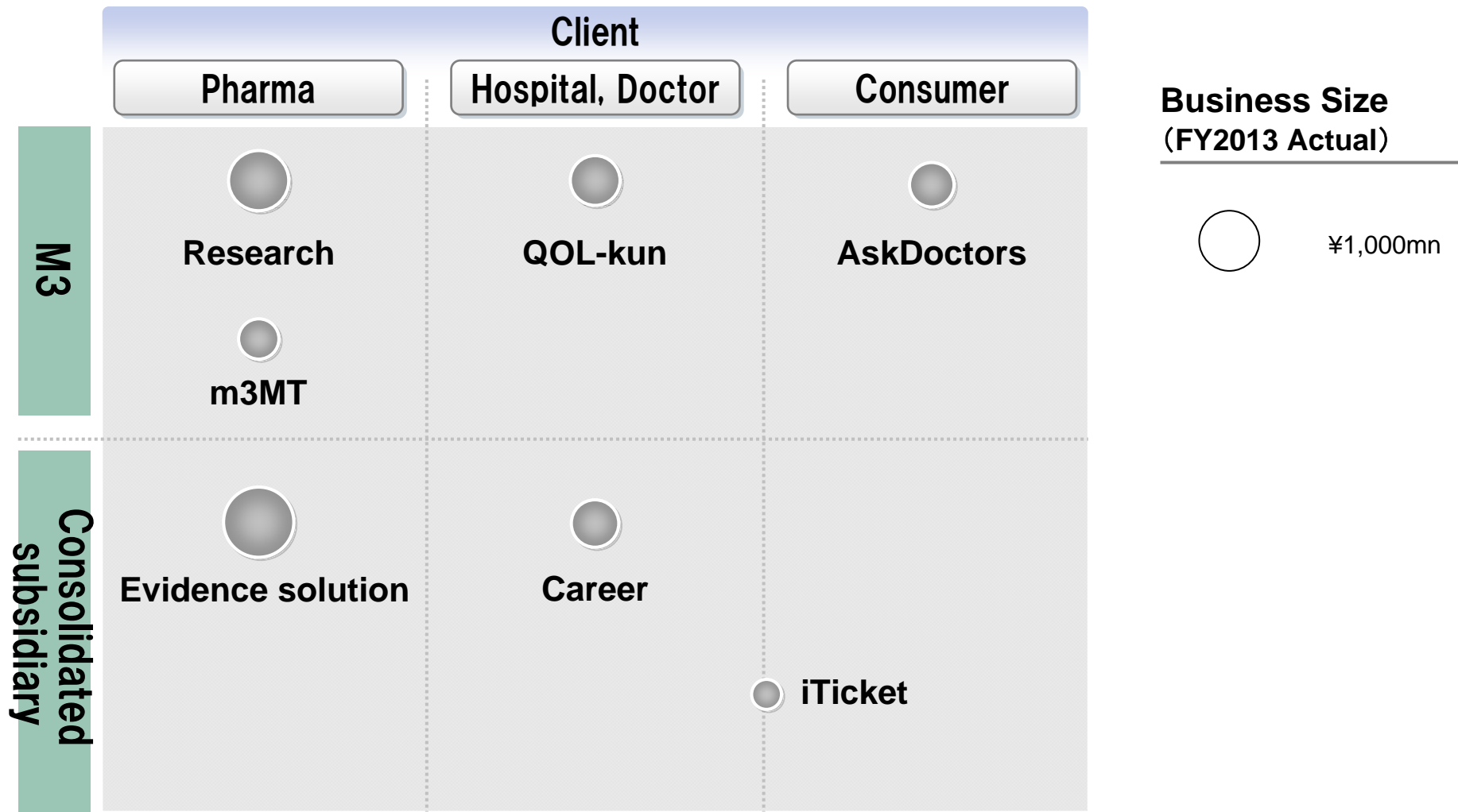


Consolidated Sales Trend

(yen million)

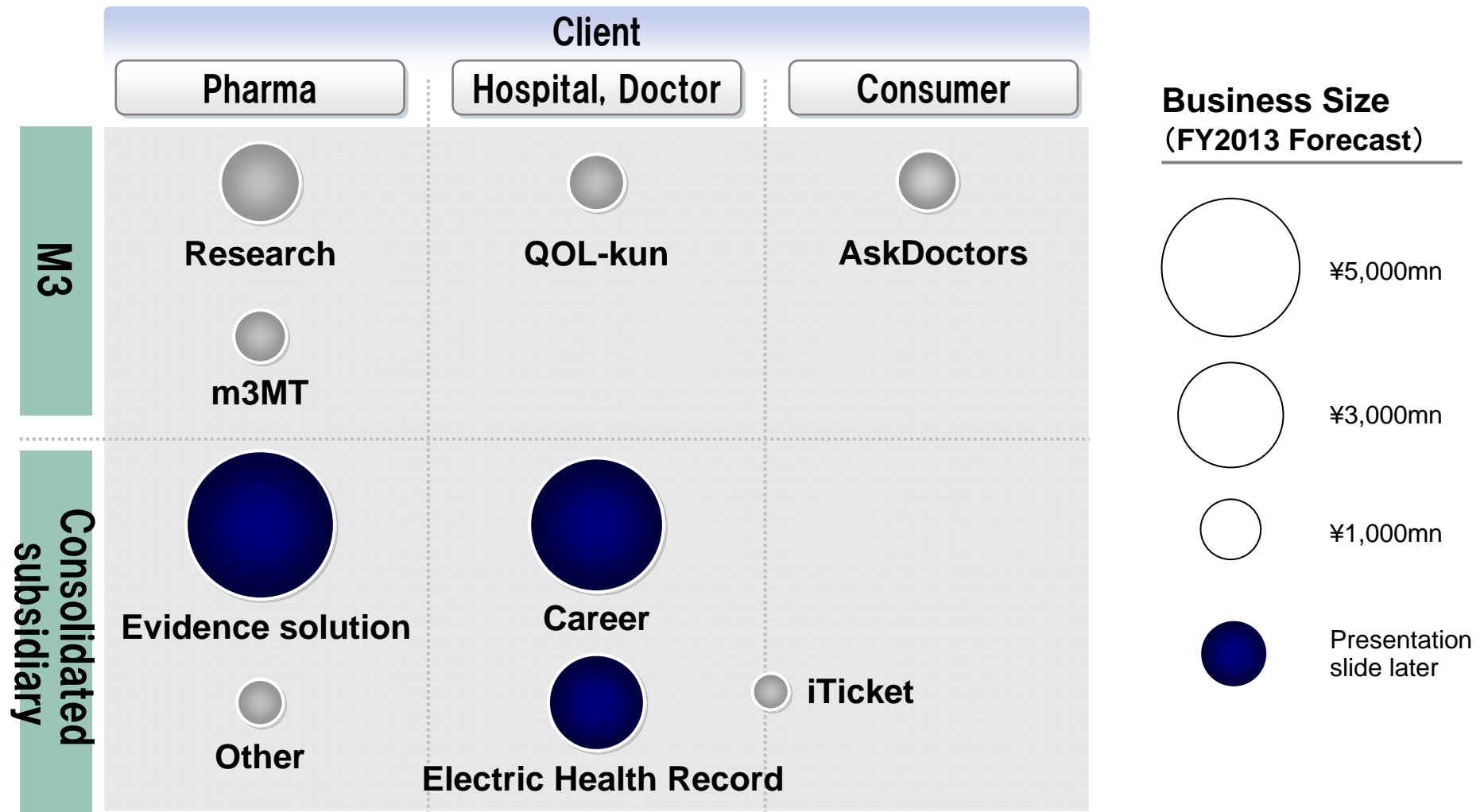


New Business Development on the Platform (as of Mar. 2010)



Total revenue of new business is less than 5 billion yen. Just after establishment M3 Career and only Mebix offering evidence solution service.

New Business Development on the Platform



Total revenue of new business in FY2013 will be more than 18 billion yen. Planning 10 to 20 new business idea and overseas development.

Placing Evidence Solution Business in Our Strategy

“Making use of the Internet to increase, as much as possible, the number of people who can live longer, healthier and happier lives, and to reduce, as much as possible, the amount of unnecessary medical costs”

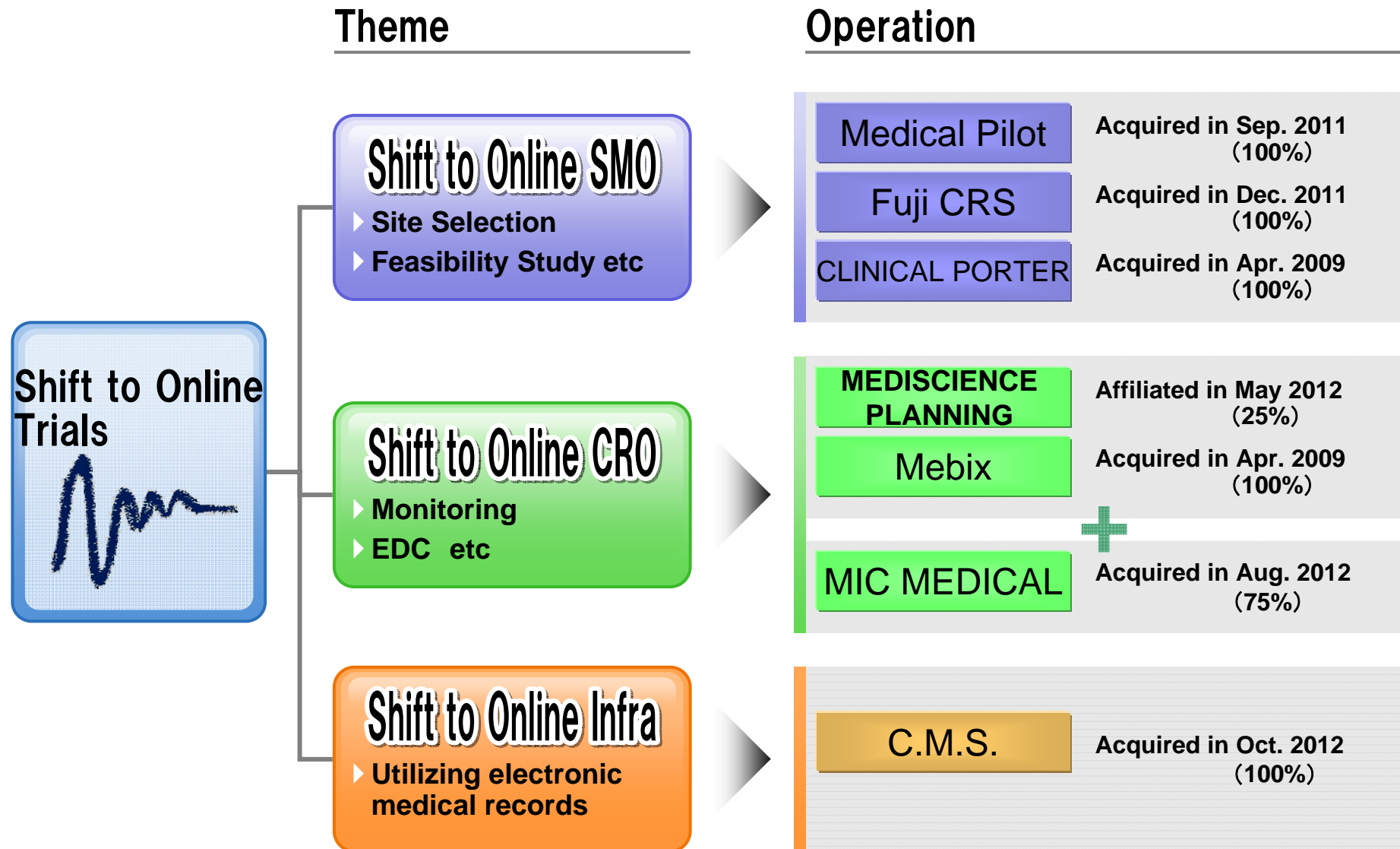
**Past
10 years**

Boosted medical promotion shifting to online with “MR-kun”

Next

Challenge clinical trials shifting to online with “Chicken-kun”

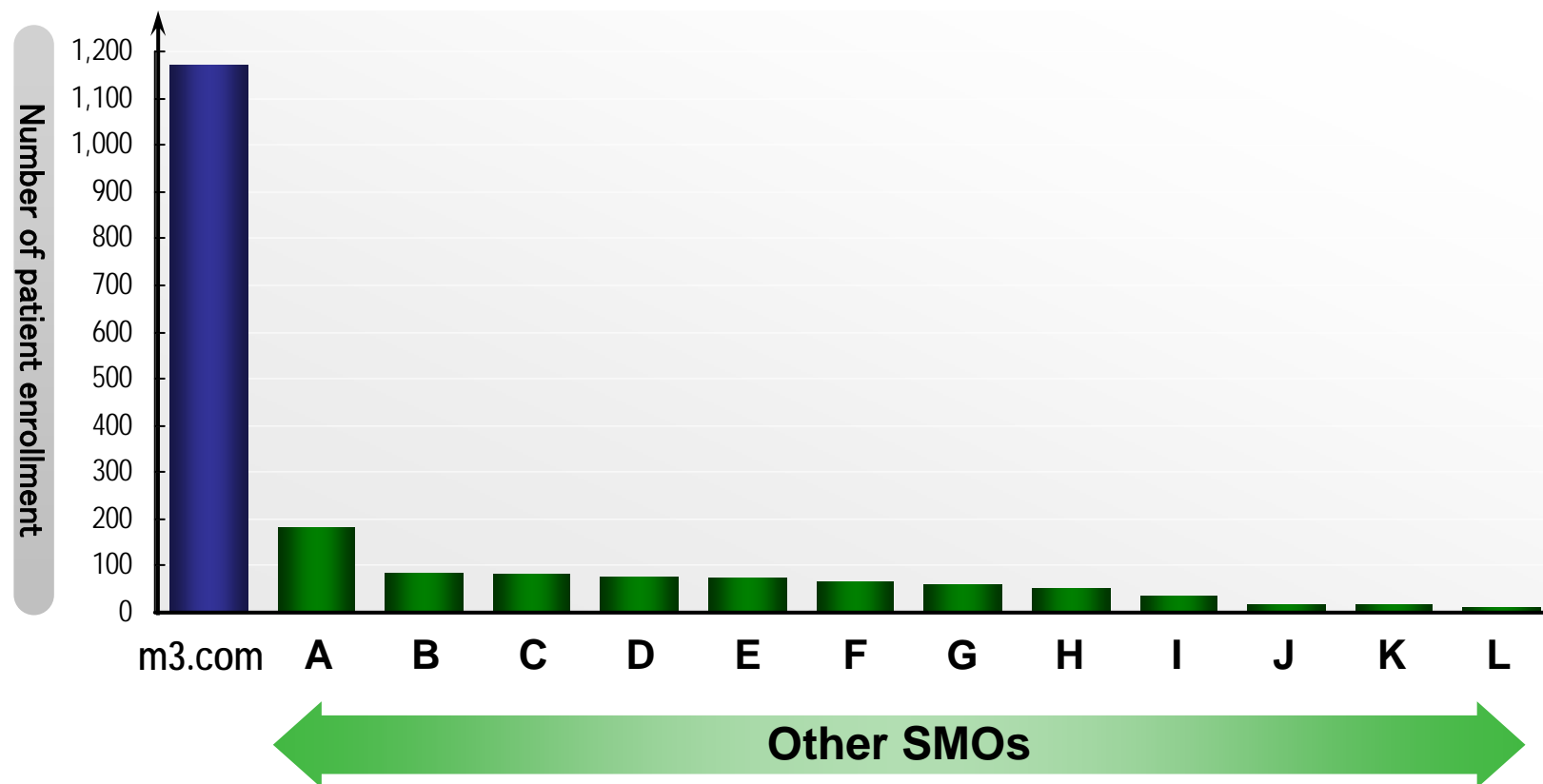
Shift to Online Trials



Patient Enrollment in a Large-scale Clinical Trial

Case study

In the case of study in the Endocrinology and Metabolism area, sites of m3.com doctors enrolled five times more patients than those of other SMOs:

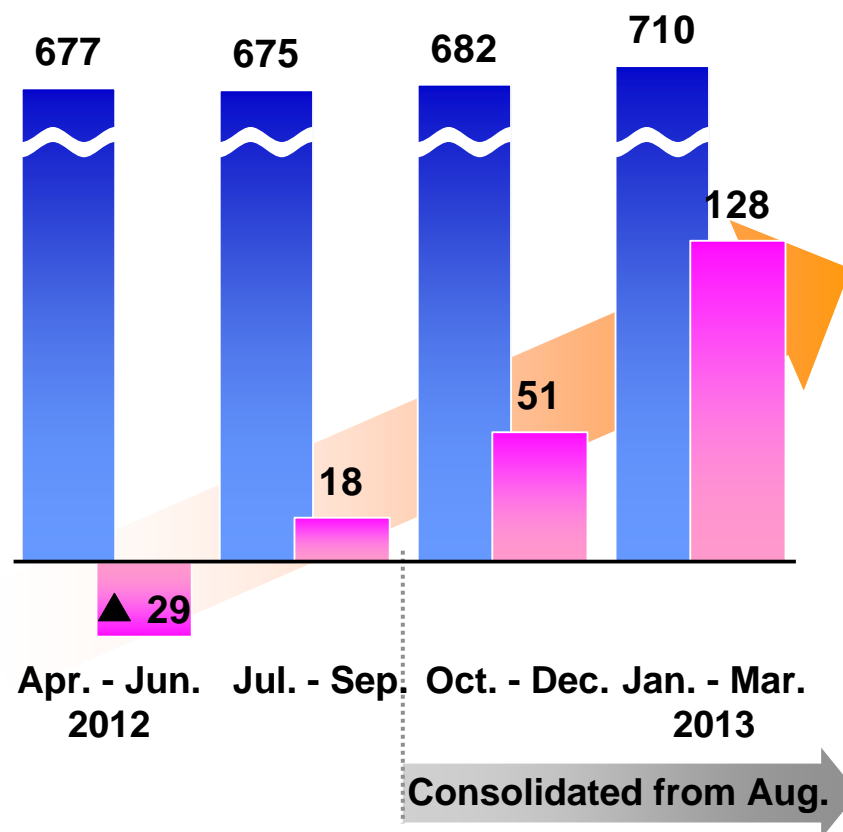


Turning around MIC Medical

Quarterly Performance of MIC

(yen million)

■ Sales ■ O.P.



Activity

- Increase availability ratio and unit price of CRA with optimizing assignment in M3 group including Mebx or MEDISCIENCE PLANNING.
- Acquired 2 big projects from top-class pharmaceutical companies. Balancing orders reach record level.
- Increasing number of CRA assigned to contract projects, and improving unit price.
 - <CRA Assignment: 1 years ago>
Contract Projects:36
Temporary CRA:64
 - <CRA Assignment: Latest>
Contract Projects:50
Temporary CRA:50
- Relocating office to Akasaka for increasing synergy.

 Restructuring proceeds steadily, making MIC leaner.

M3 Career, Inc



- Media power of m3.com
 - Over 200K Physicians
 - Over 80K Pharmacist
- Experience in the recruiting ad business for medical professionals

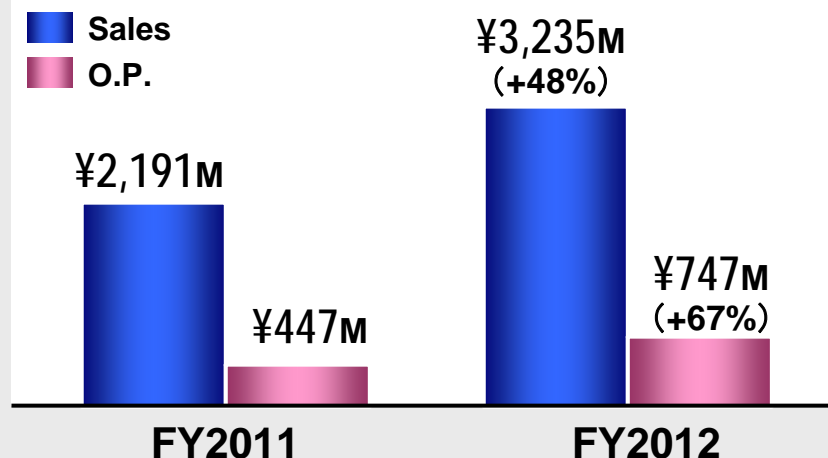


Full-line service and platform for best match between employers and job seekers



- 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)

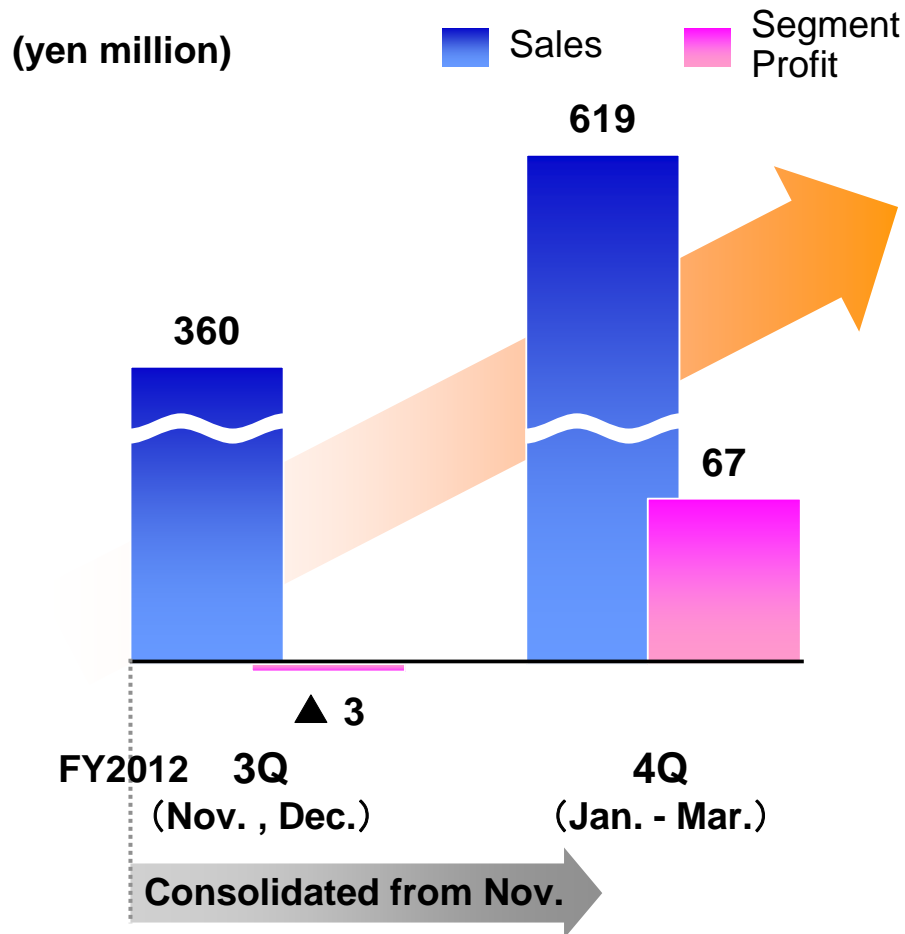


- Improvement in operation efficiency.
- Development of newly-hired staff in productivity.

Sales will grow close to 5B yen in FY2013.
Relocate office in May, because of increasing staff.

Clinical Platform Segment – Improving Profitability

Quarterly Performance of Clinical Platform

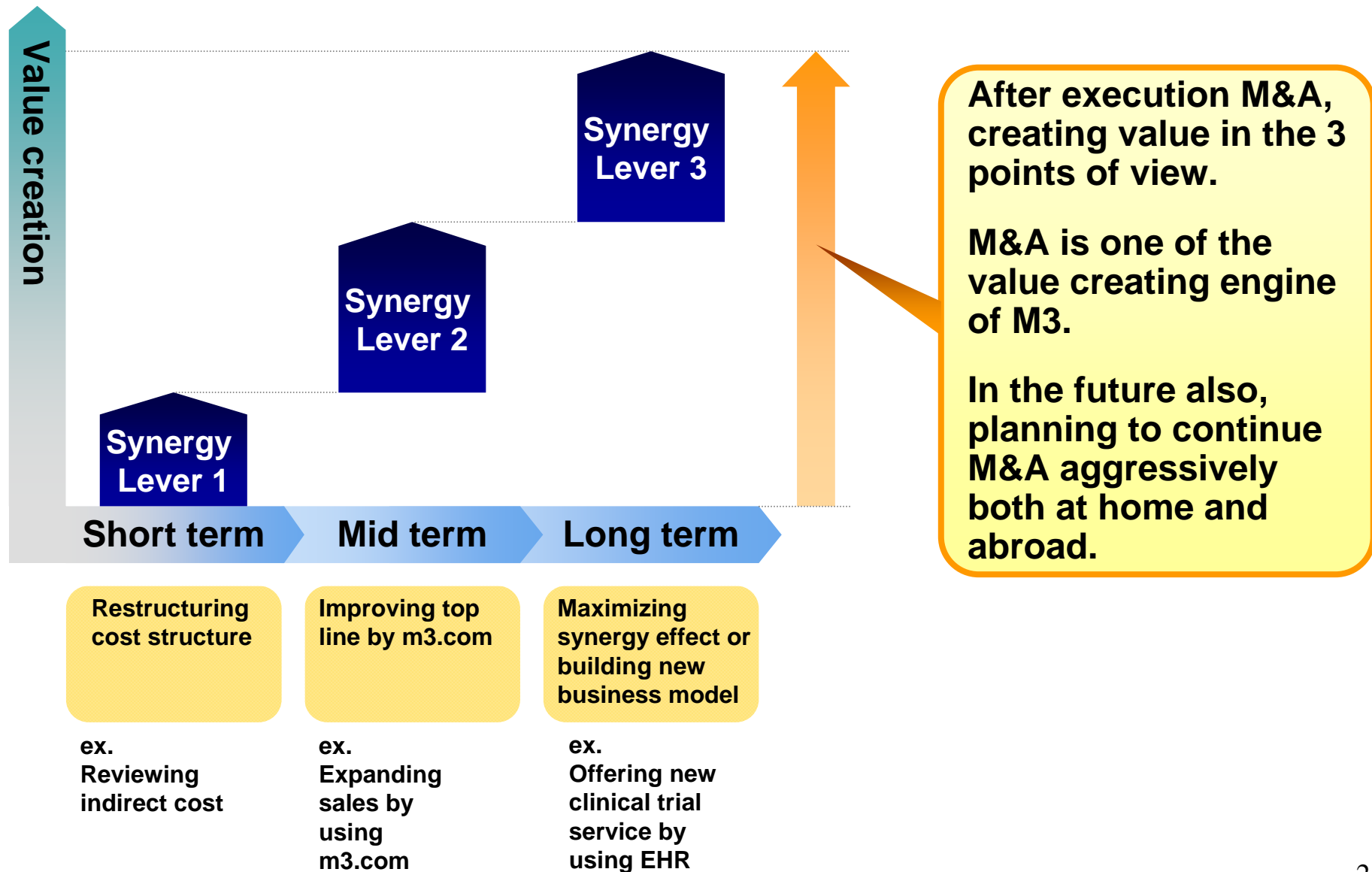


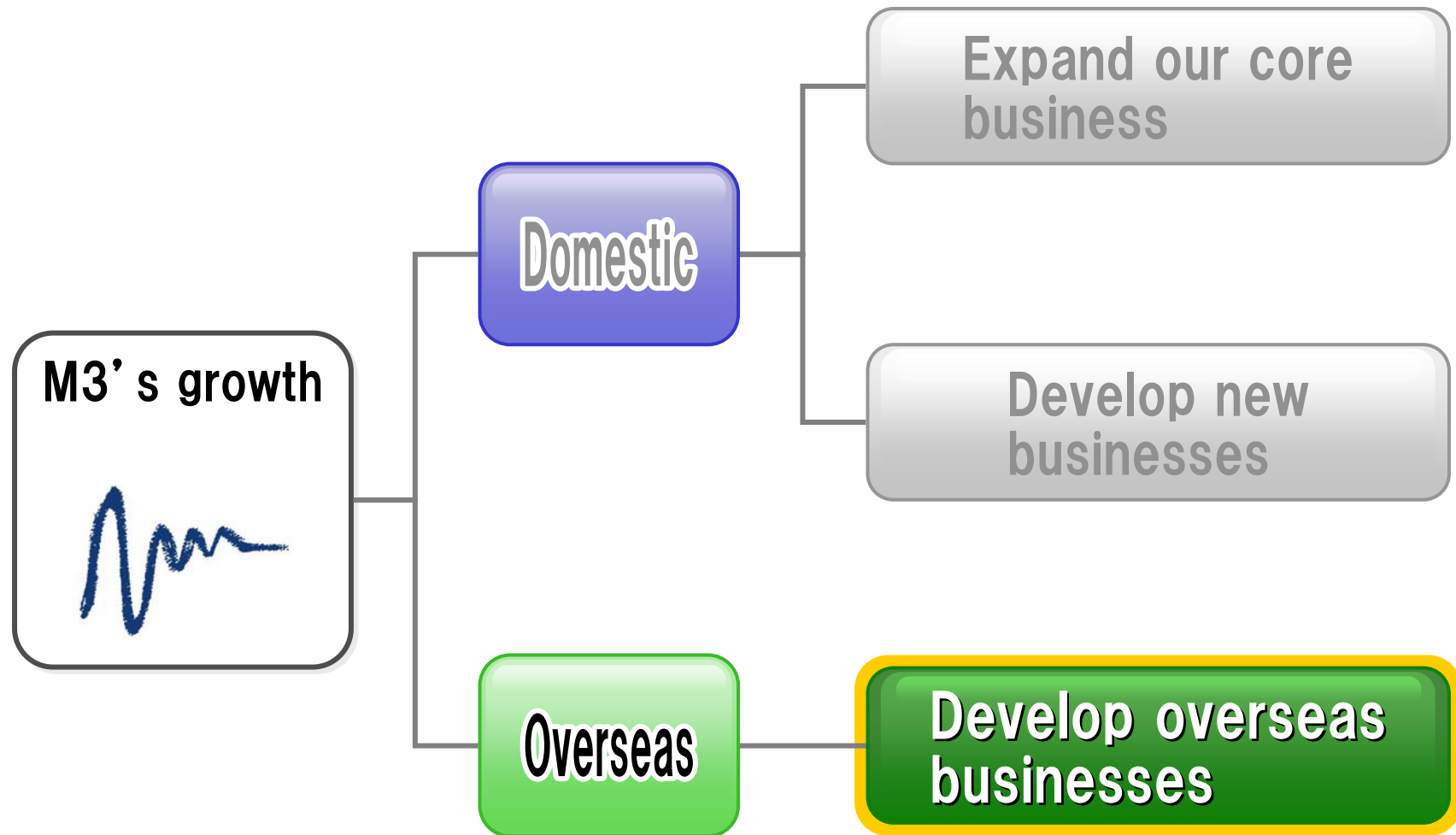
Activity

- Streamline sales operation.
- Review indirect cost such as S.G.A.
- Start to streamline system development environment for improving quality and profitability of electronic health record software.
- In the future, encouraging to use electronic health record by m3.com, or collaborating with iTicket and other group companies.

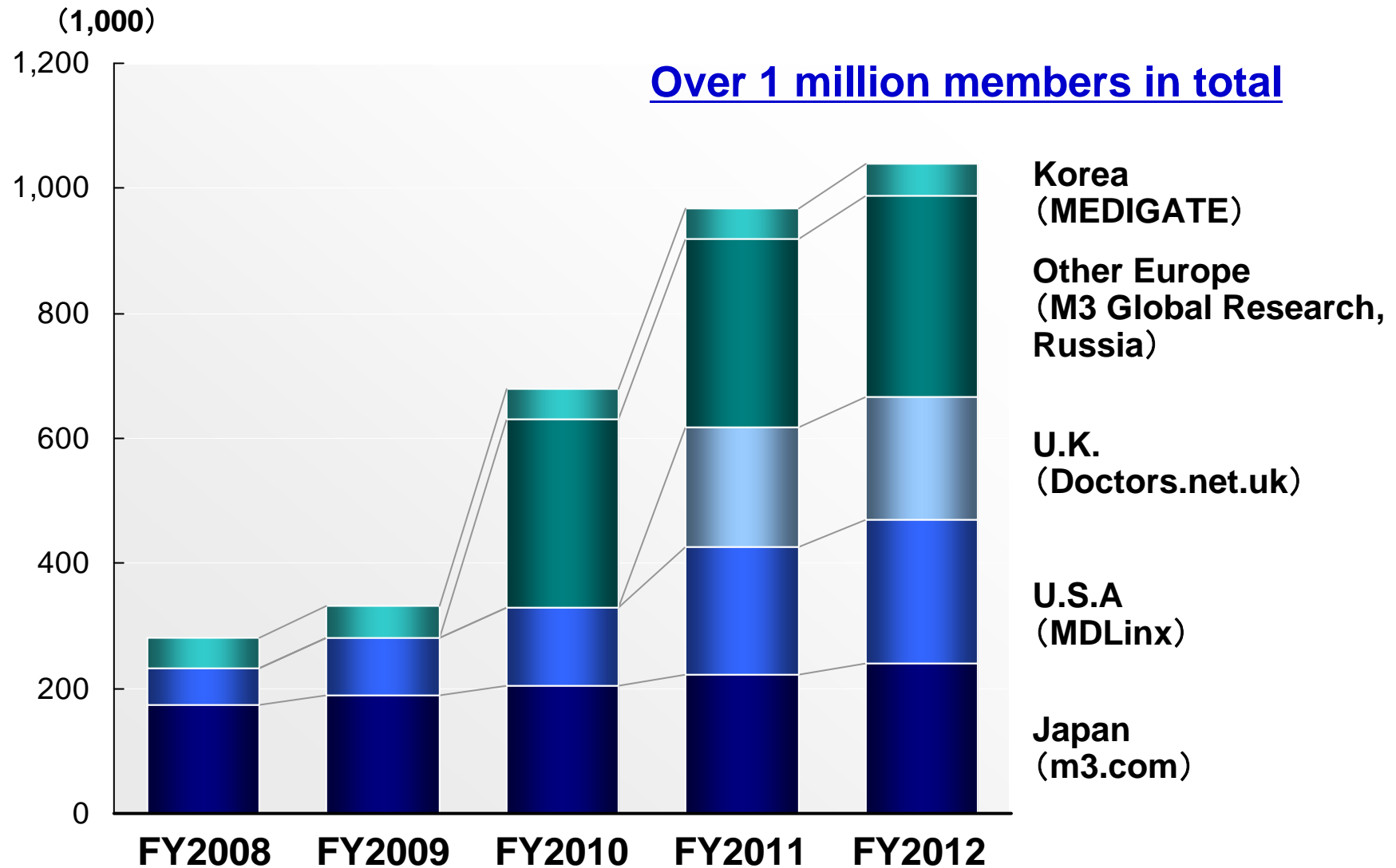
 Improving profitability and restructuring business structure.

Value Creation by M&A





Physicians Registered in Our Site or Research Panel (Global)



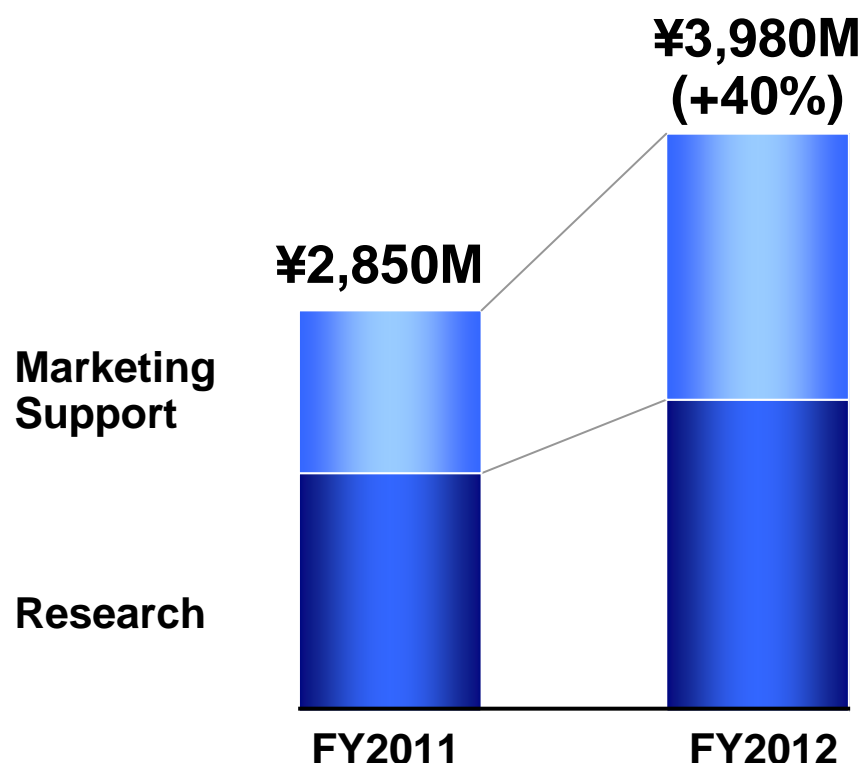
Development in the US

The screenshot displays the HemeOnc Linx website, which is part of MDLinx. The top banner features the HemeOnc Linx logo and a link to visit zolinza.com to learn more about Zolozin (vorinostat) capsules. Below the banner, there is a navigation menu on the left with links to Home, Conferences, Jobs, Messages, Newsletters, and My Library. The main content area is titled "Messages" and lists several 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 right contains an "Article Search" box, a "Merck Services" section with links to product information, medical symposia, and product samples, and a "View & Download Online Resources" section with links to slide kits, e-details, abstracts, and patient education. The bottom of the page features a "COLOR PRINTING THAT RIVALS LASER" banner.

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
 - Washington D.C.
 - Above 200K physicians as registered member
- Started career service as a trial.

Sales Breakdown of M3 USA (Including M3GlobalResearch, Doctors.net.uk)

Sales Breakdown of M3 USA



▶ Marketing Support

- Expanded with increasing e-promotion by pharmaceutical companies...acquiring orders steadily in FY2013.

▶ Research

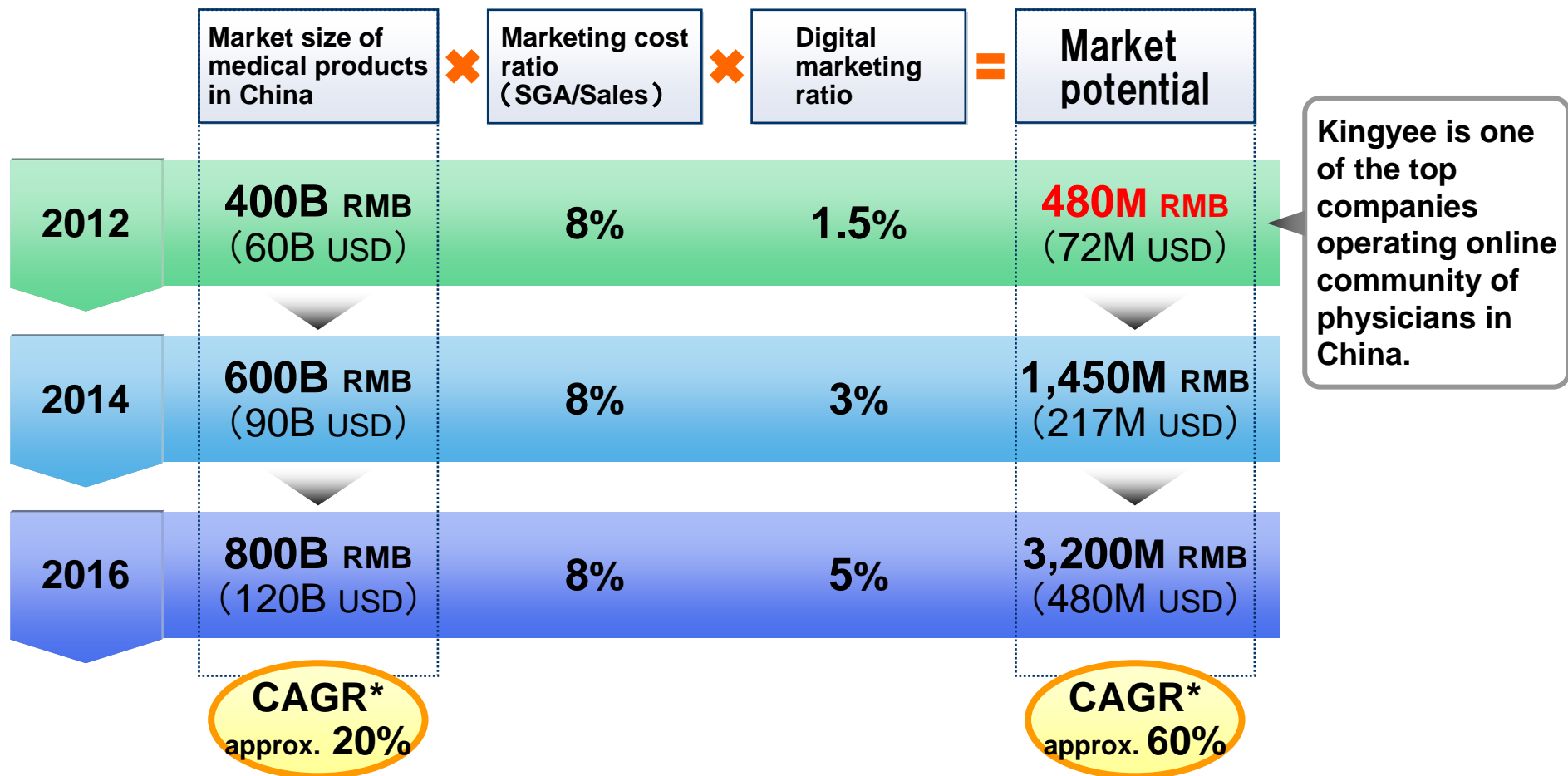
- Became a global top player acquiring clients and staff of Epocrates withdrawing from research panel business.



Revamped the system of UK operation and start to plan new business. Planning for doubling profit of US and UK in FY2013.

Market Potential in China (researched by M3)

Digital marketing for medical products in China



* Compound Annual Growth Rate

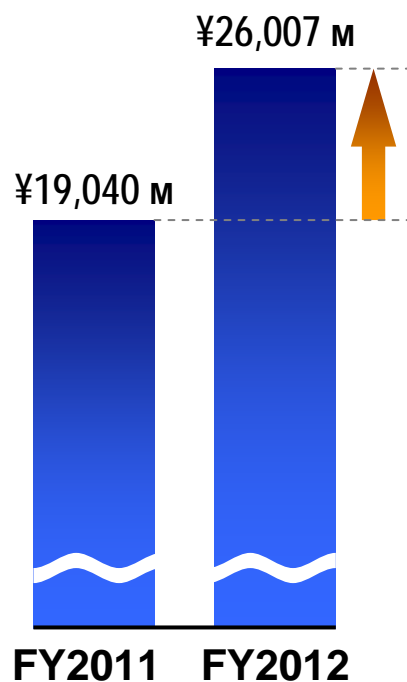


FY2012 Financial Result and FY2013 Guidance

Consolidated P/L Statement for FY2012

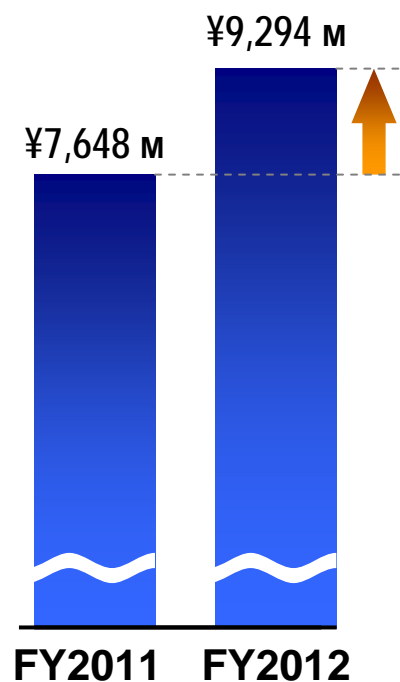
Sales

+37%



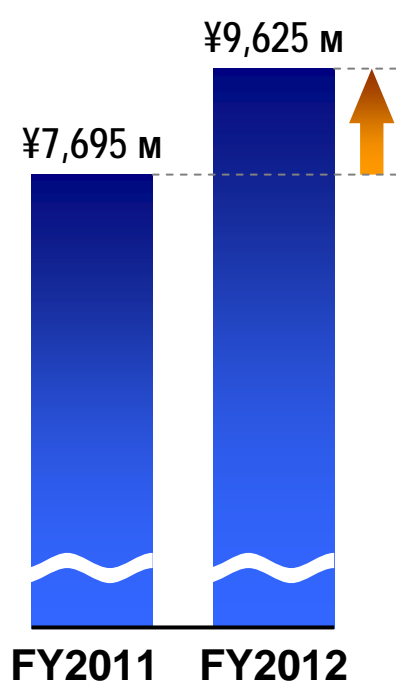
Operating income

+22%



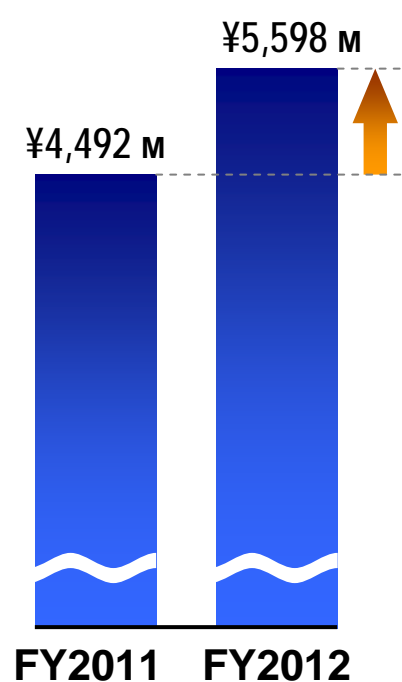
Ordinary profit

+25%



Net profit

+25%



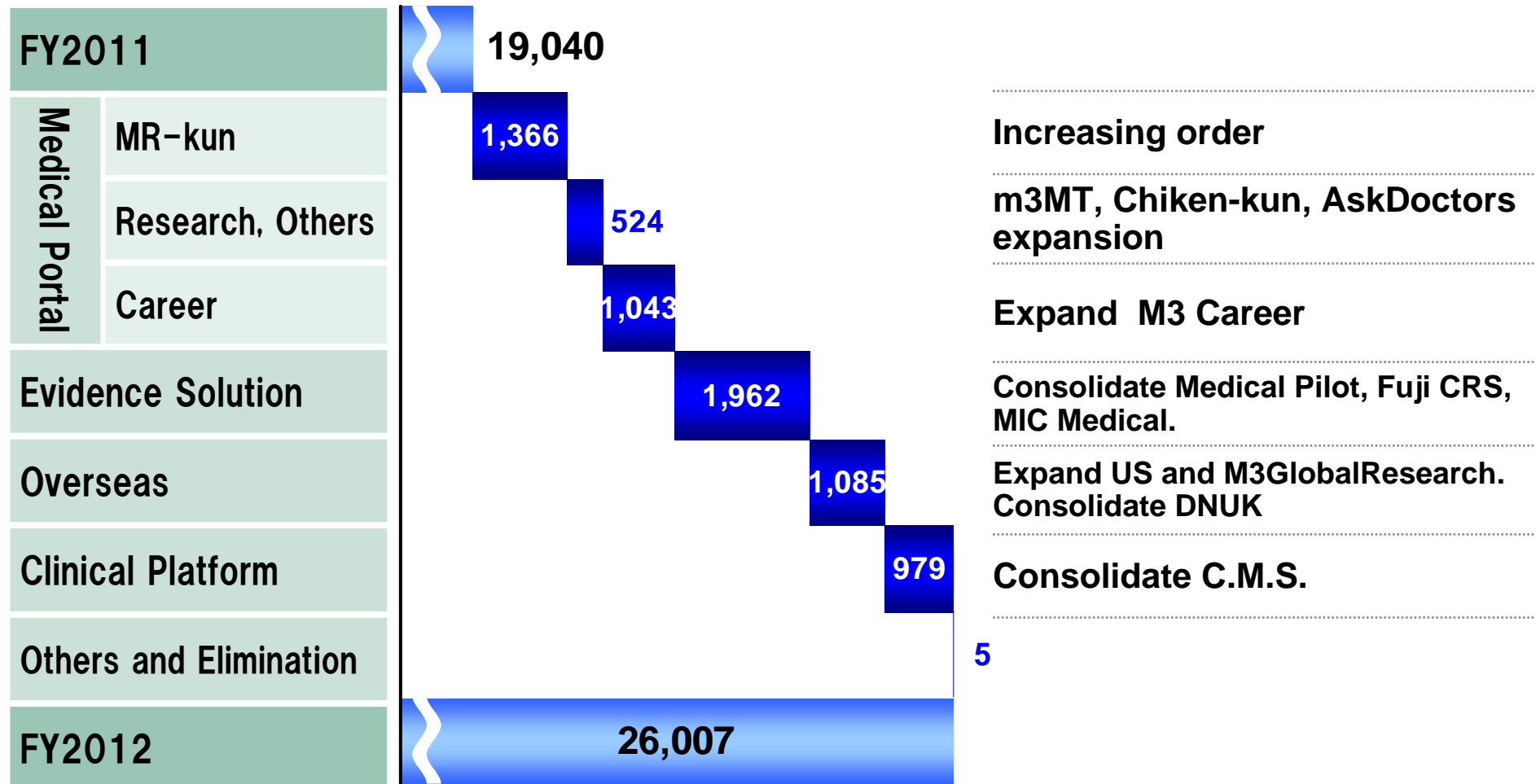
Consolidated P/L Statement for FY2012

Breakdown by Business Segments

(百万円)		FY2011	FY2012	YoY Growth
Medical Portal	Sales	13,281	16,215	+22%
	Profit	7,625	9,189	+21%
Evidence Solution	Sales	2,321	4,283	+85%
	Profit	423	517	+22%
Overseas	Sales	2,983	4,069	+36%
	Profit	138	117	▲15%
Clinical Platform	Sales	-	979	-
	Profit	-	63	-
Others	Sales	737	795	8%
	Profit	76	87	14%

Consoli. Sales Analysis (vs P.Y.)

(yen million)

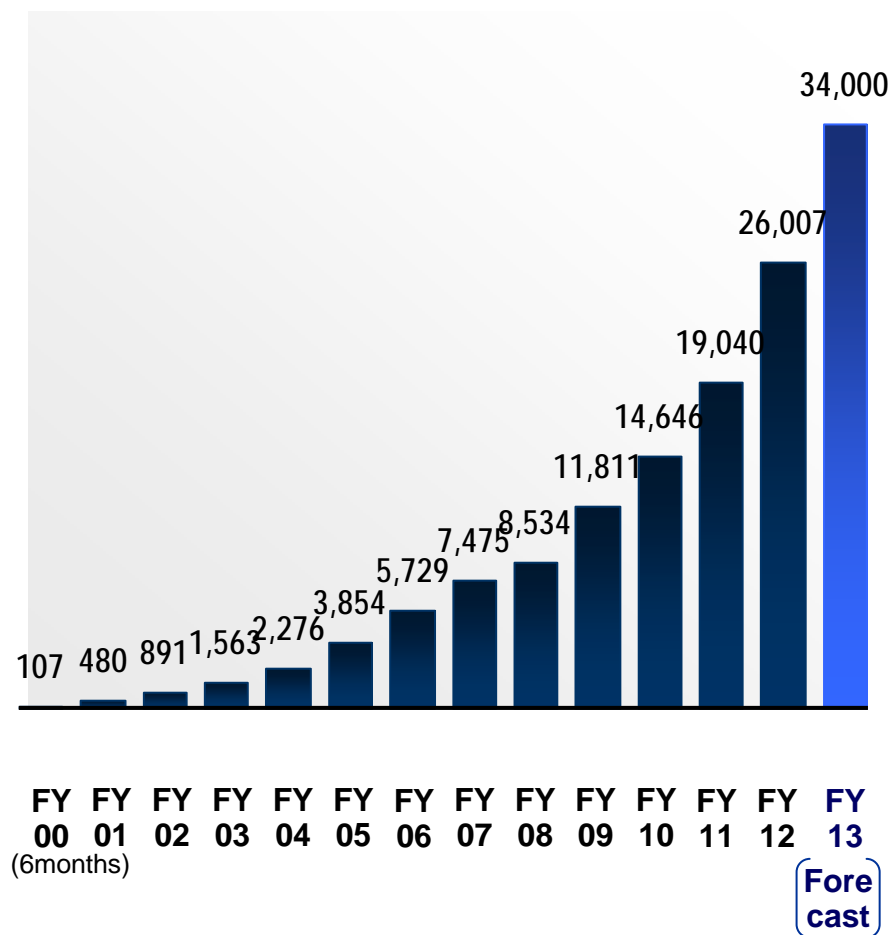


 **Steady growth momentum continues.**

Annual Results & Forecast for FY2013

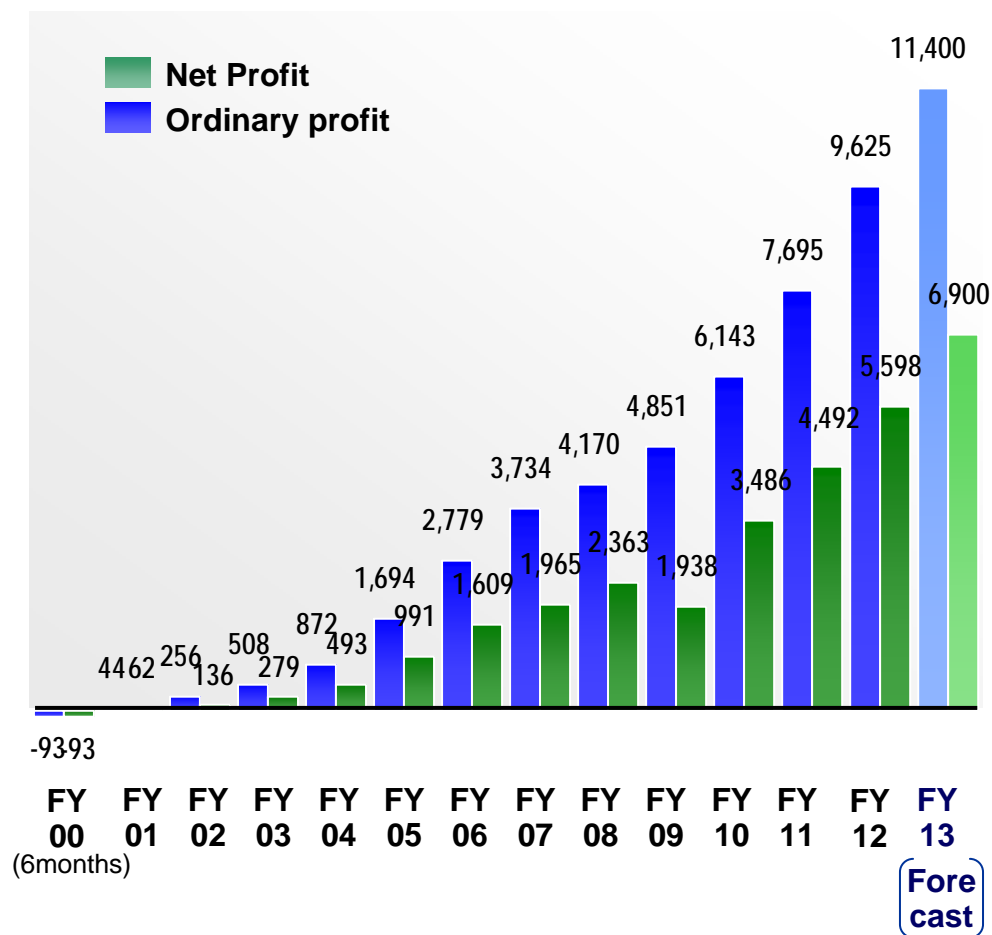
Sales

(¥ mn)



Ordinary Profit & Net Profit

(¥ mn)



Presuppositions for FY2013 Forecast

Top Line	MR-kun	↗	Expand at the same pace as FY2012.
	Research, Others	↗	Expand research and Chicken-kun, and plan conservatively in AskDoctors and QOL-kun.
	Career	↗	Grow sales +50% by increasing number of candidates from site tuning, improving operation efficiency, and adding career consultants .
	Evidence Solution	↗	Fully contribute MIC medical (only 7 months in FY2012). Grow Mebix +10%.
	US, UK	↗	Expand marketing support and research steadily. Accelerate growth pace.
	China	—	Start business in second half of FY2013. Not include for FY2013 forecast.
	Clinical Platform	↗	Fully contribute C.M.S (only 5 months in FY2012)

Presuppositions for FY2013 Forecast

Cost	M3	↗	Plan to add approx.80 staff (+40%), mainly engineer and sales staff for pharmaceutical companies.
	M3 Career	↗	Plan to add approx.100 staff (+60%), mainly career consultants.
	Other	↗	Relocate office such as M3 Career, MIC Medical and other group companies. One time cost for relocation will reach 100M – 200M yen.

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 290,000 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