


M3

Presentation Material

1Q FY2013





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

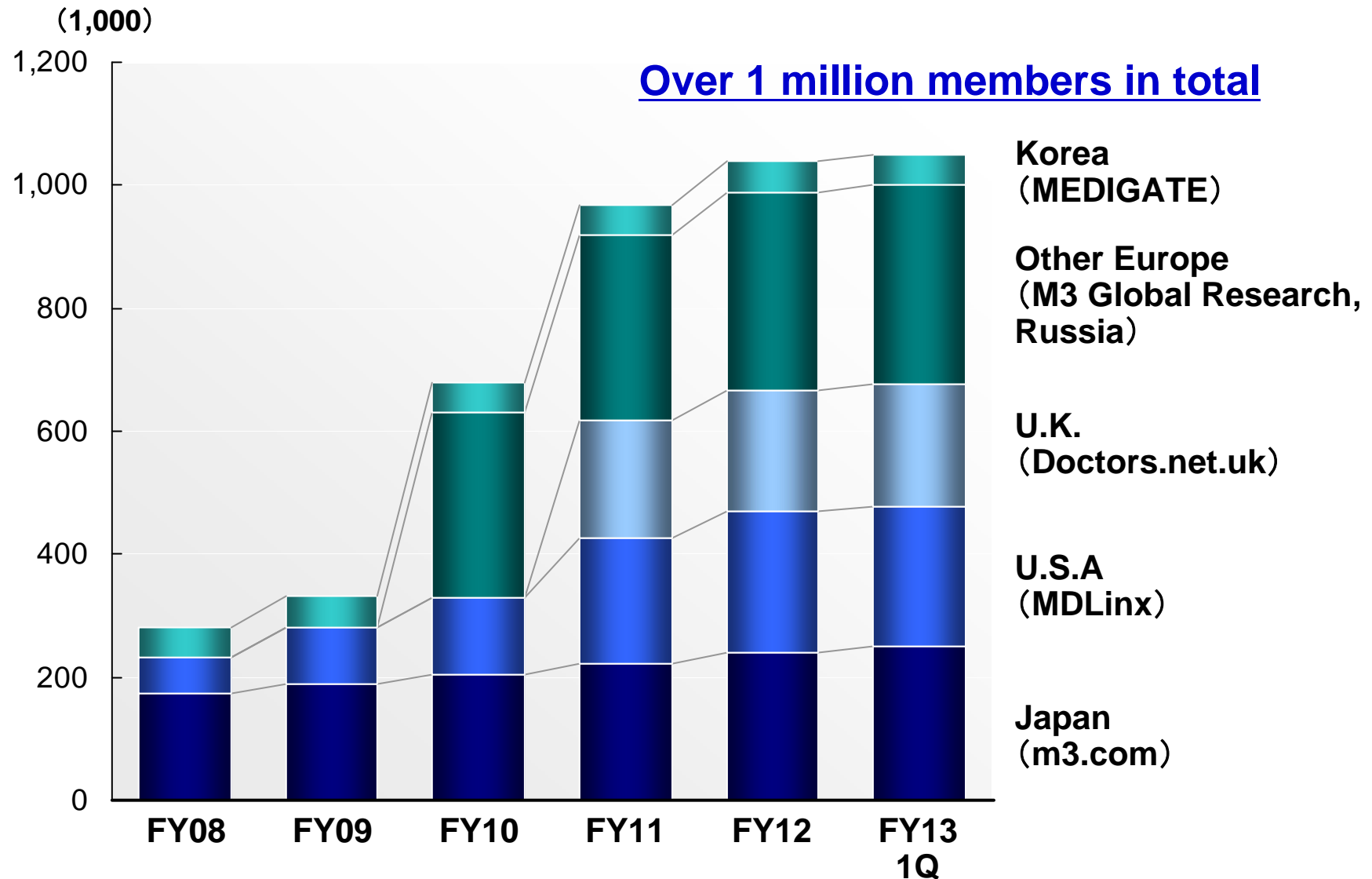
Name

□ 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

Physicians Registered in Our Site or Research Panel (Global)



Sponsor-free

Medical News

Search engine

Research Paper
search

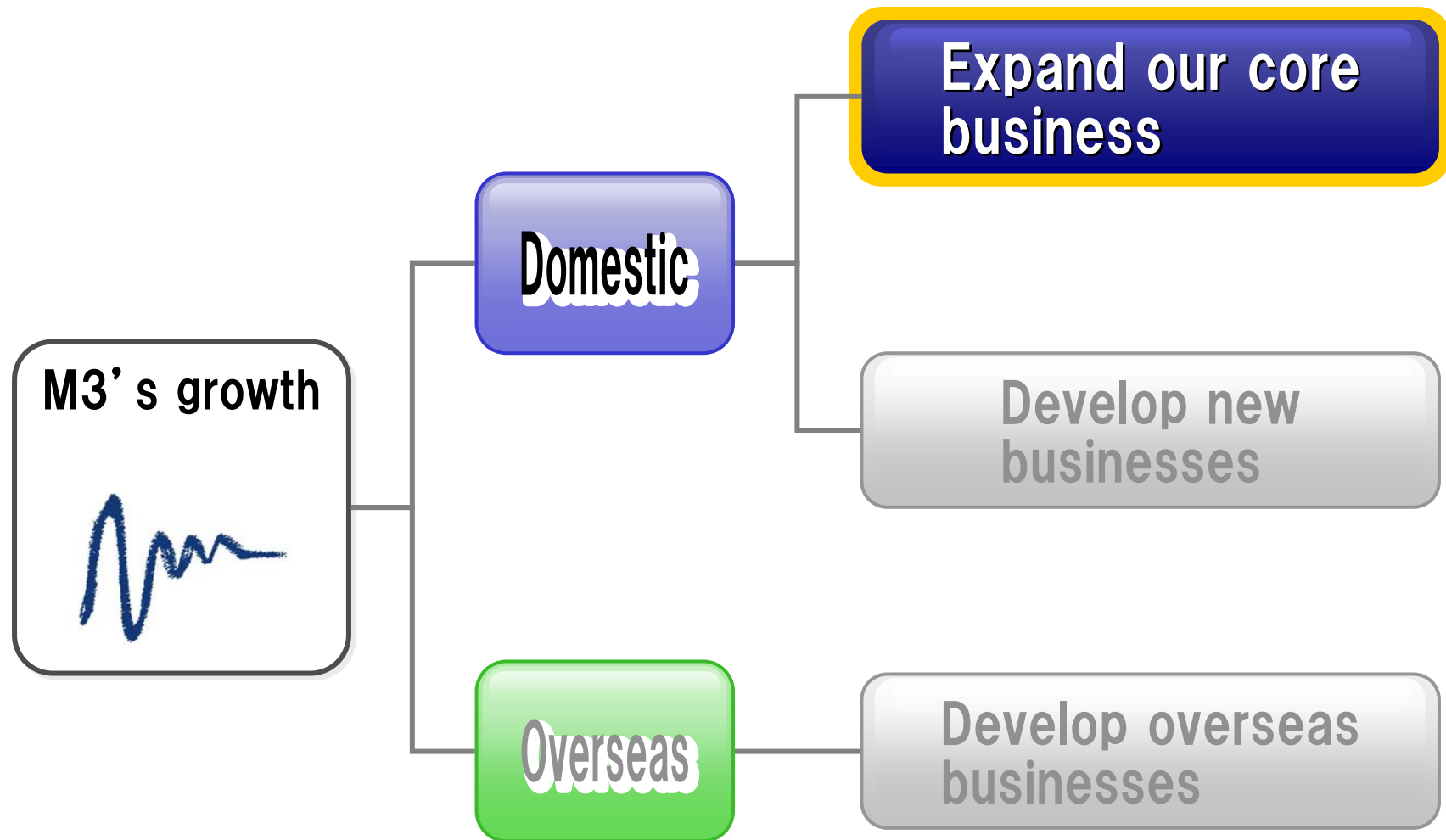
Web-based
medical tools



Sponsored

m3.com MR-kun

Sponsor
messages



Japanese Pharma's Huge Marketing Costs

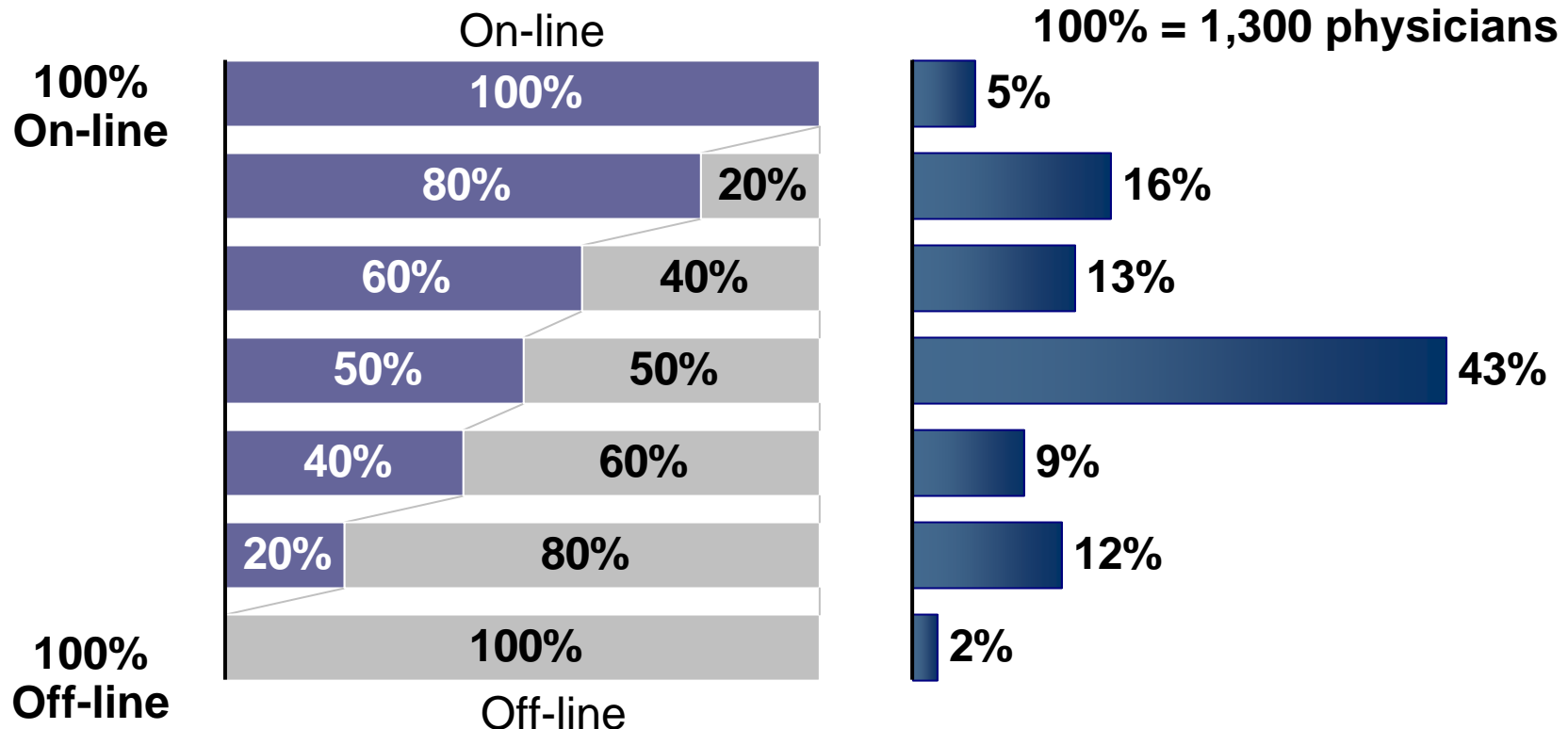
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	63,000	×	¥20mn	=	¥1.2tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.2-1.5 tn

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.



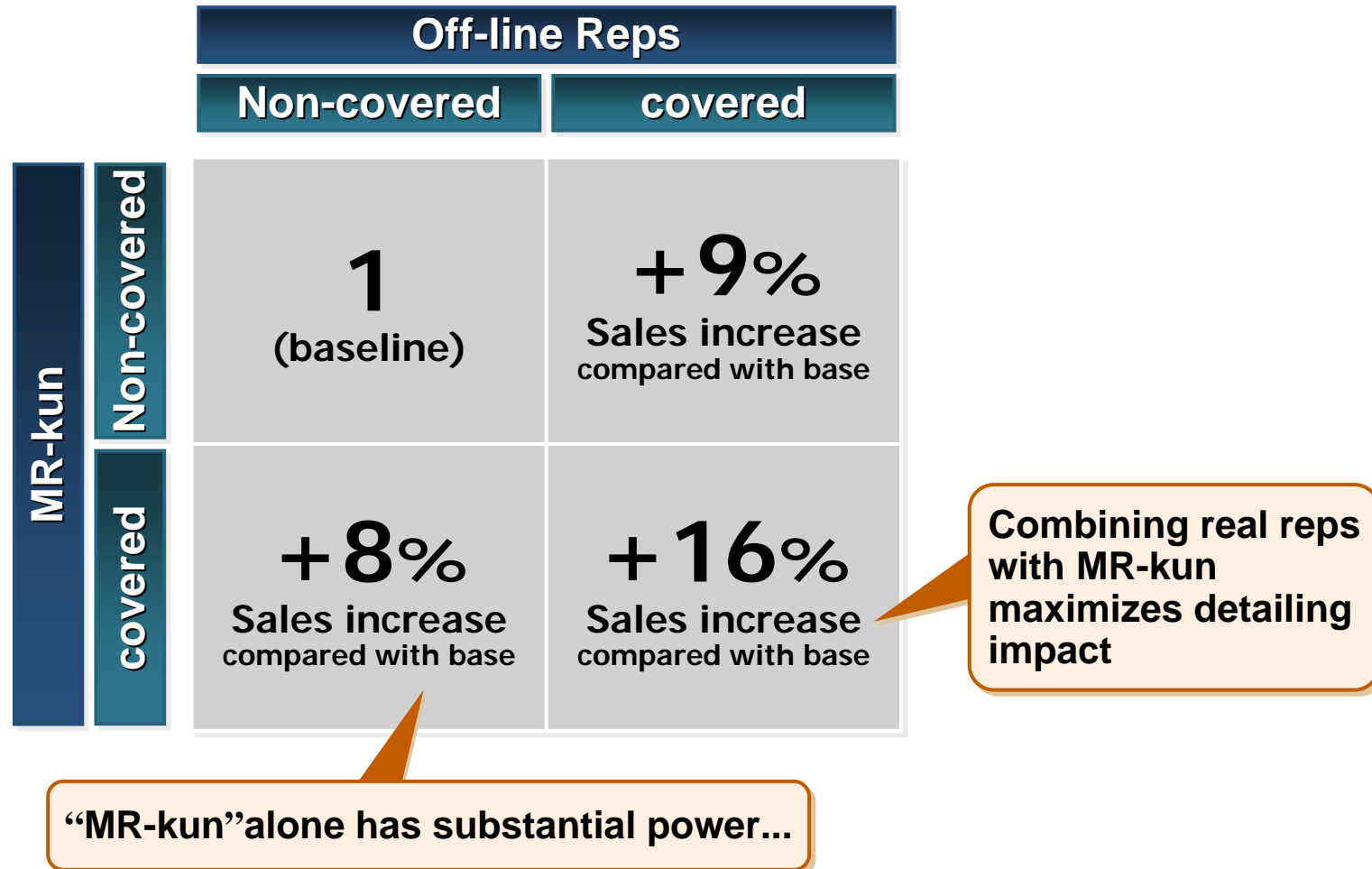
Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

Source: M3 questionnaire to 1,300 physicians

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MR-kun Increases Sales Like Reps

Case
study



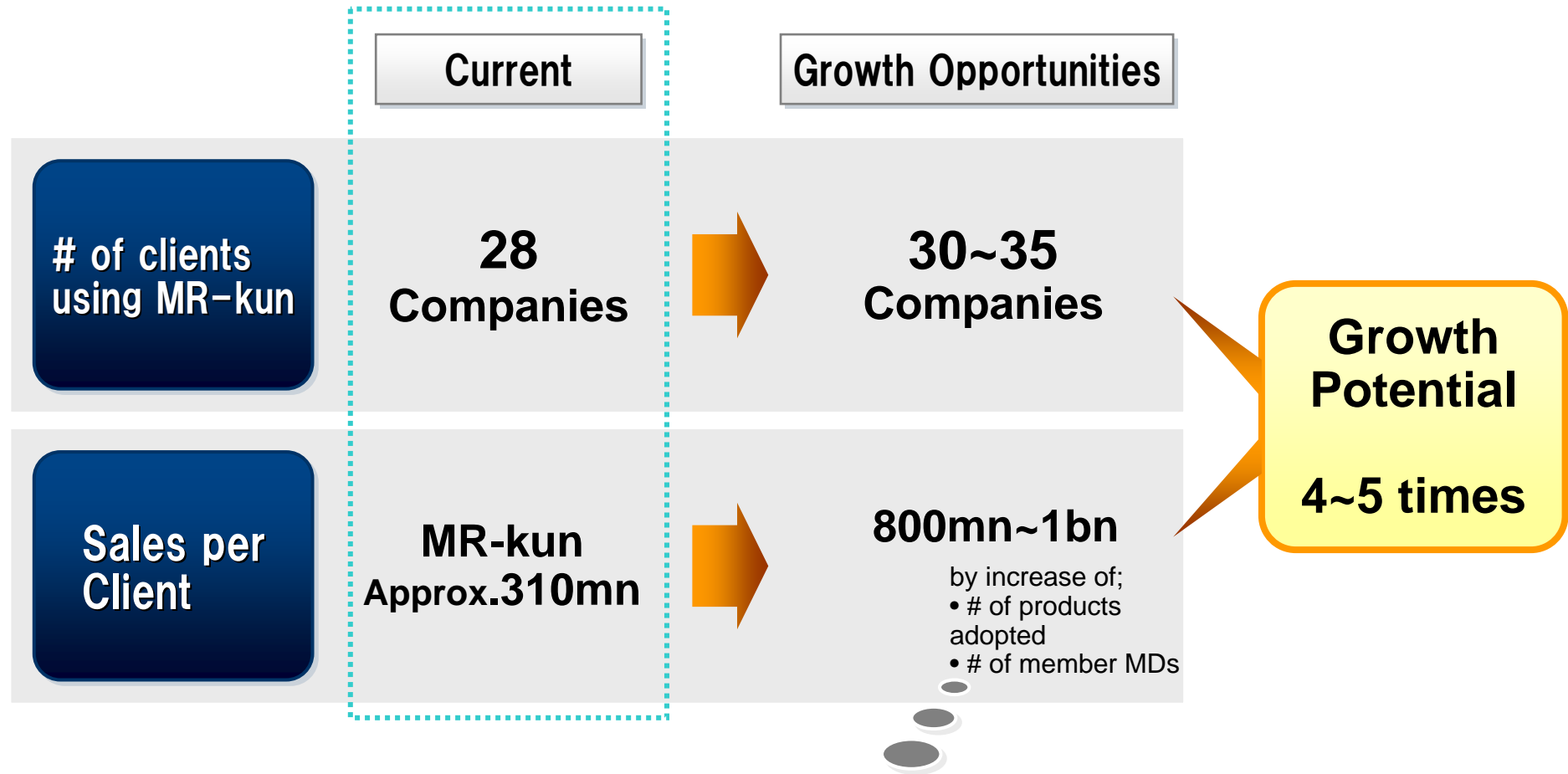
Source: M3
Notes: Questionnaire to 16,000 General Practitioners

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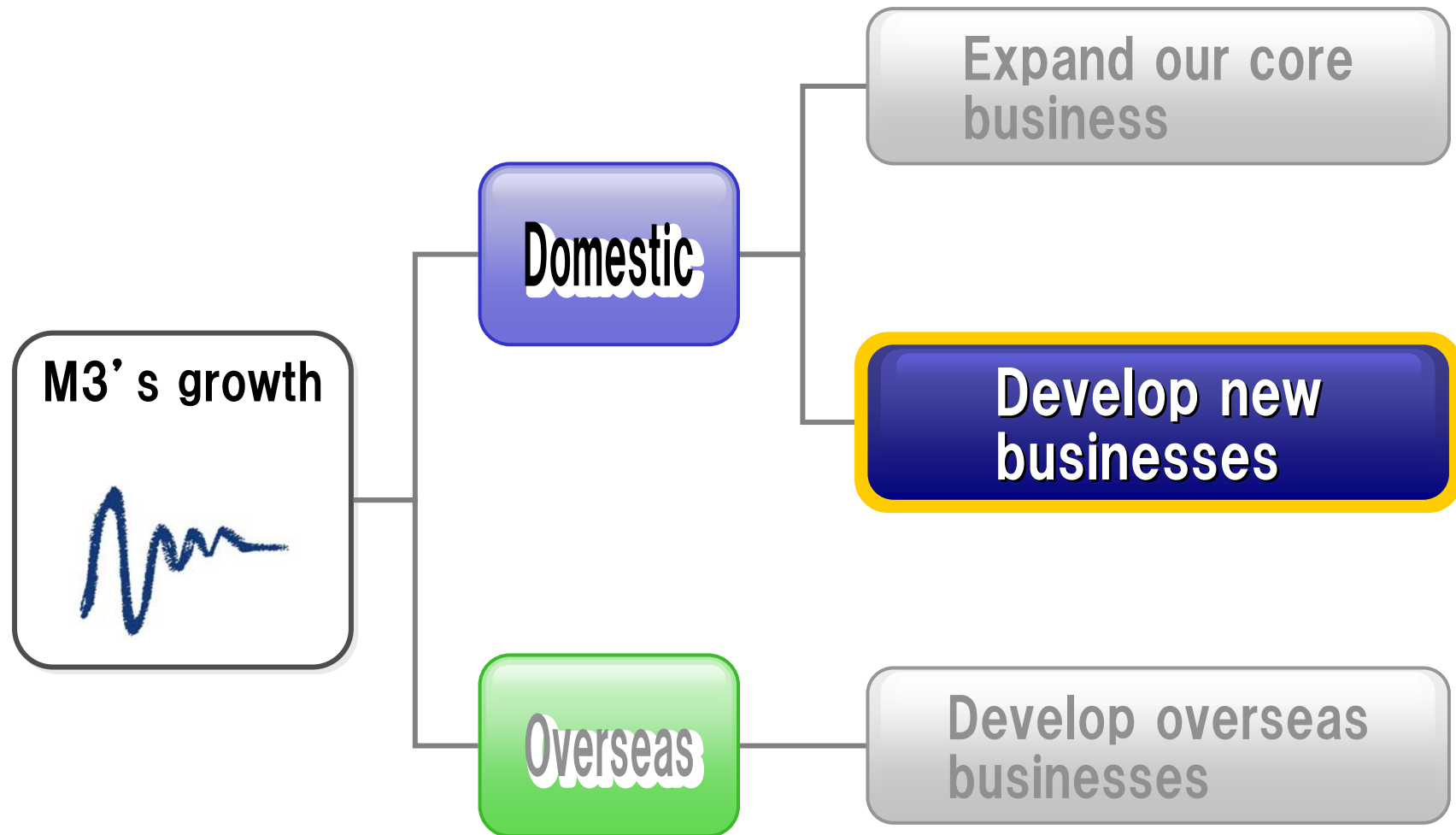
MR-kun Annual Fee Structure

	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

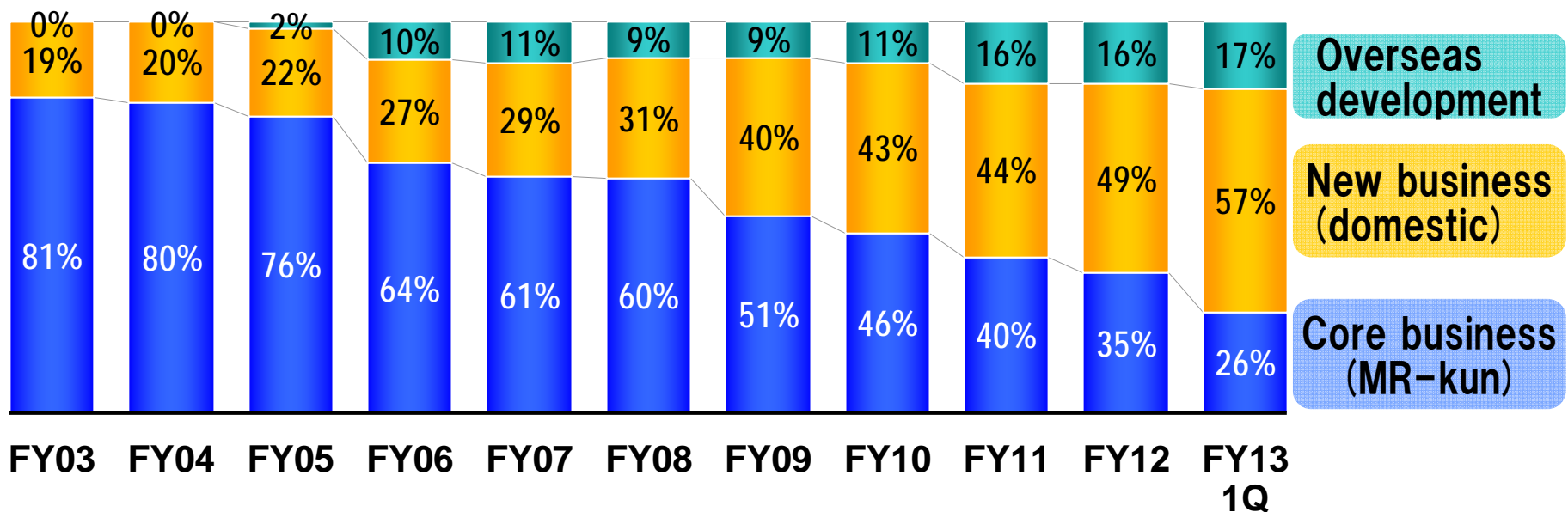
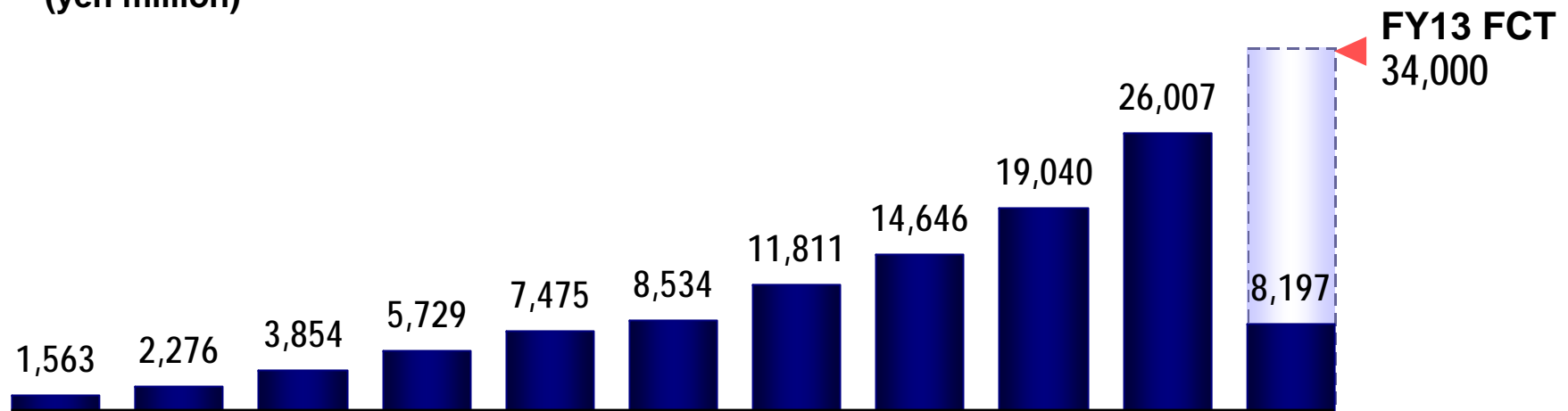


Major clients use the MR-kun more and more

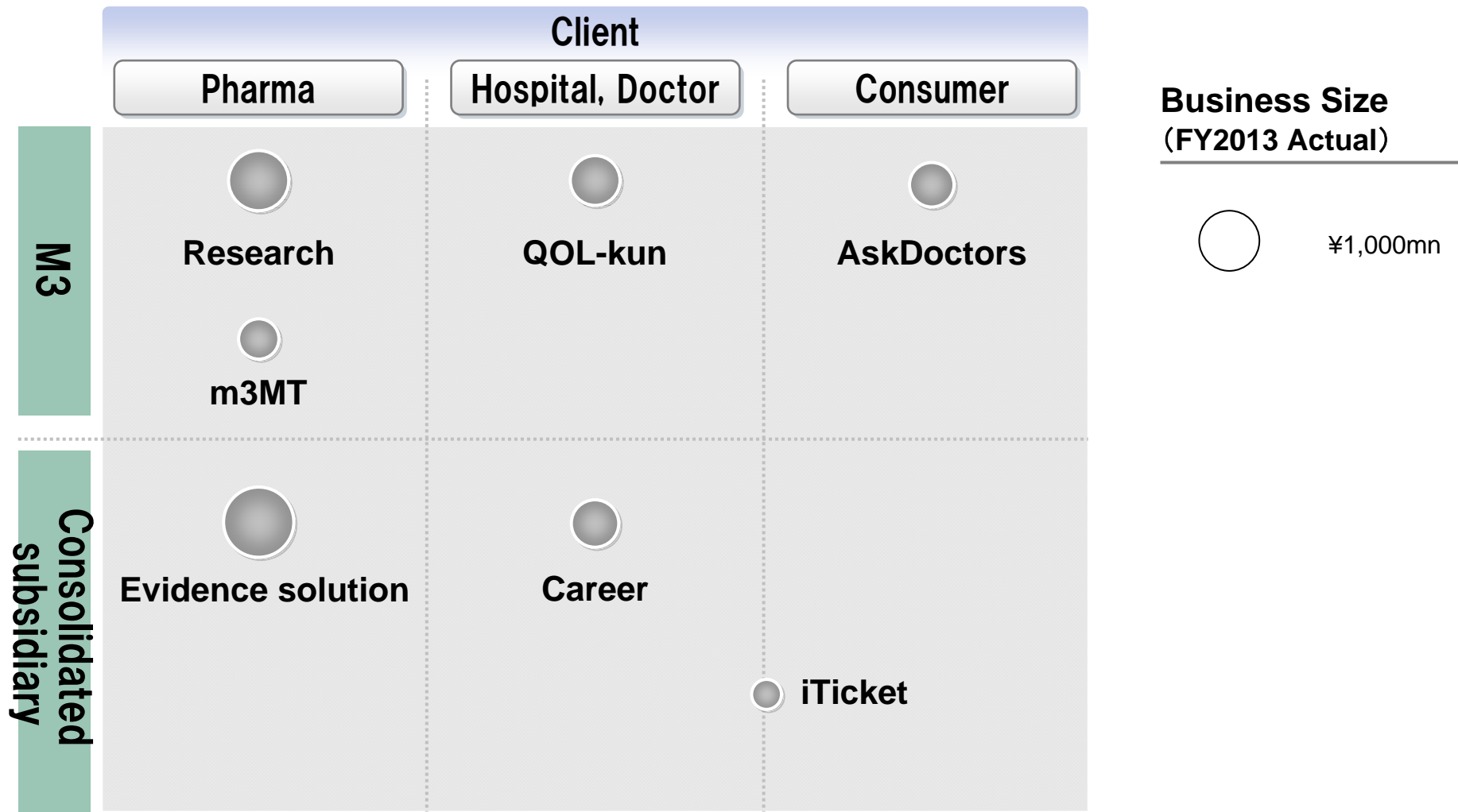


Consolidated Sales Trend

(yen million)

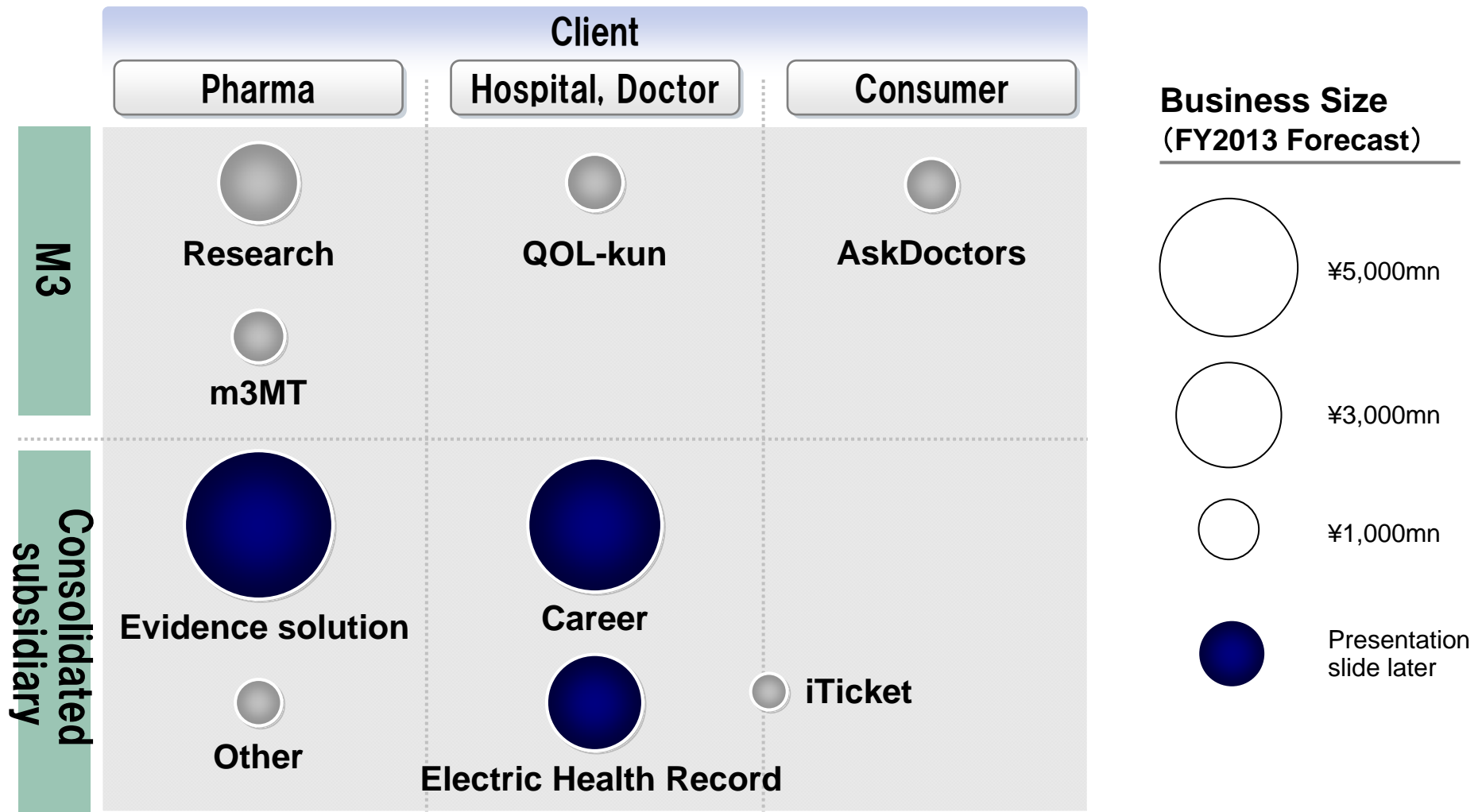


New Business Development on the Platform (as of Mar. 2010)



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”

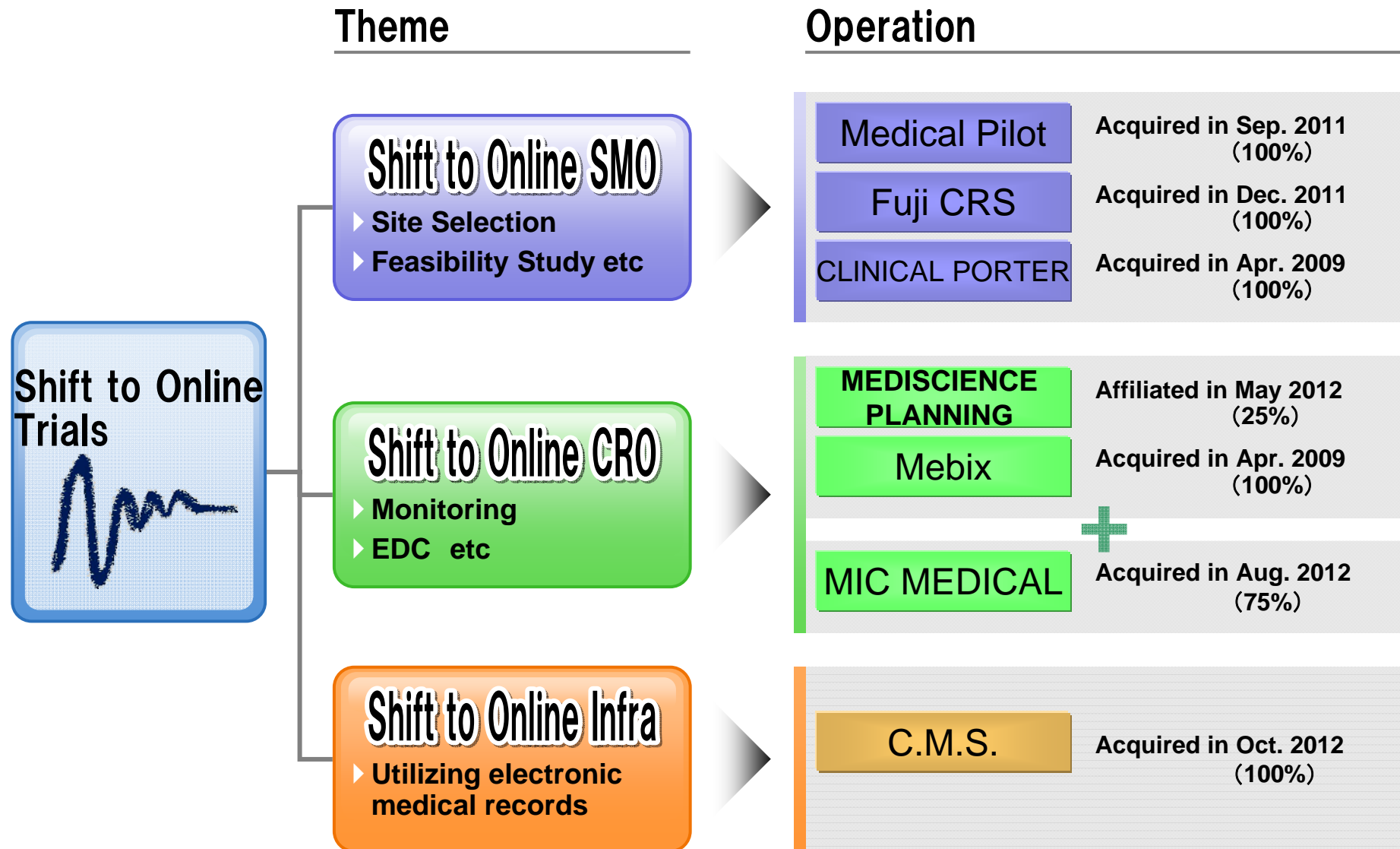
**Past
10 years**

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

Next

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

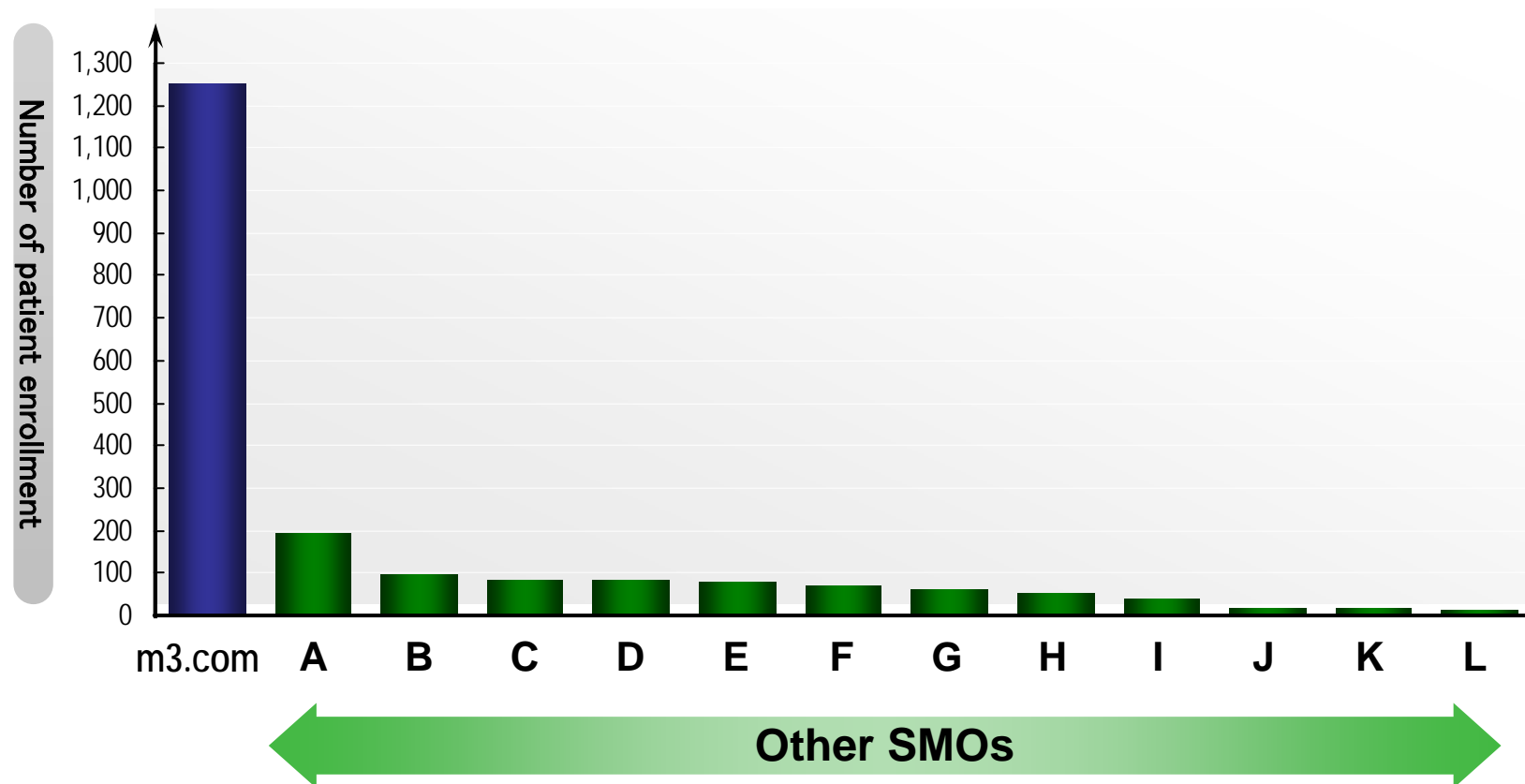
Shift to Online Trials



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:

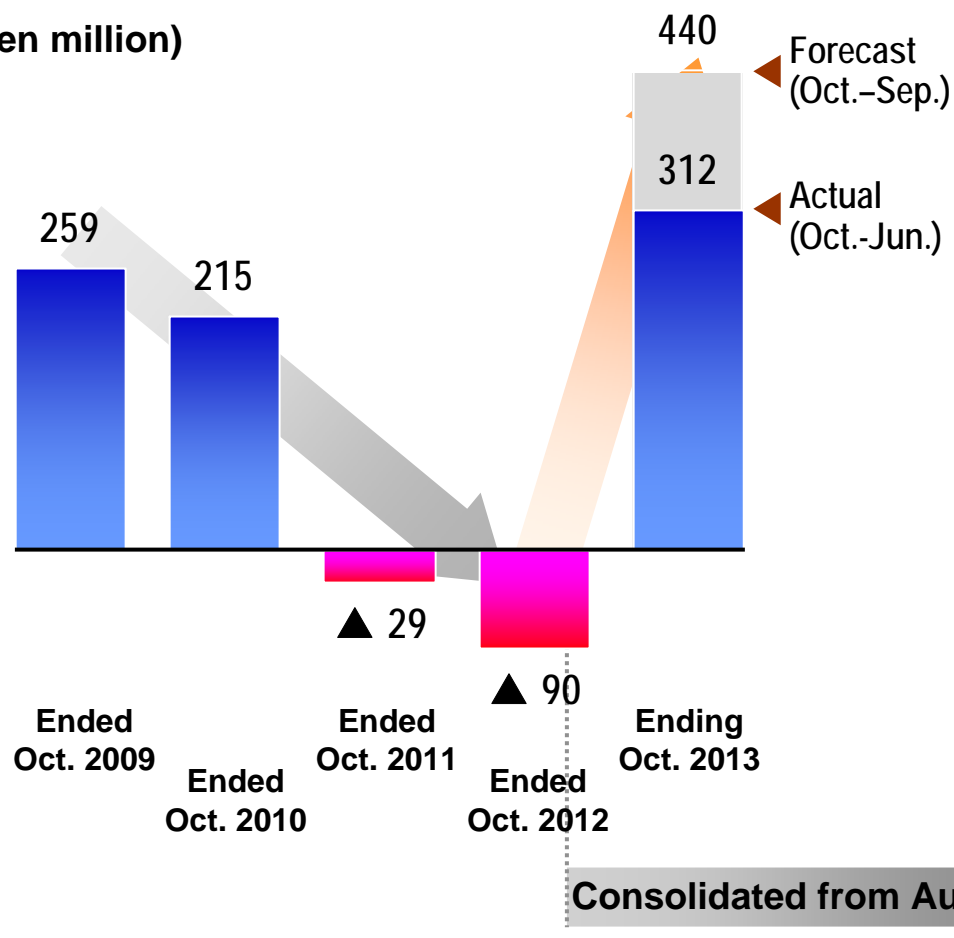


👉 Increasing orders received for CRO service including Chicken-kun. The amount of backorders reached 6B yen.

Turning around MIC Medical

Trend of O.P. in MIC

(yen million)



Activity

- Acquired 2 new big projects sized 1 bill yen in FY2013.
- Increasing number of CRA assigned to contract projects, and improving unit price.
 - <CRA Assignment: 1 years ago>
Contract Projects:29
Temporary CRA:71
 - <CRA Assignment: Latest>
Contract Projects:58
Temporary CRA:42
- Expanded both of sales and O.P. in this 3 months (Apr. – Jun.), though 55 mil yen cost for new graduates and relocating office.
- This Jun., achieved a record O.P. since the day of establishment.
- Relocating office to Akasaka for increasing synergy.



Succeed in turning around, improving performance rapidly.

M3 Career, Inc



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

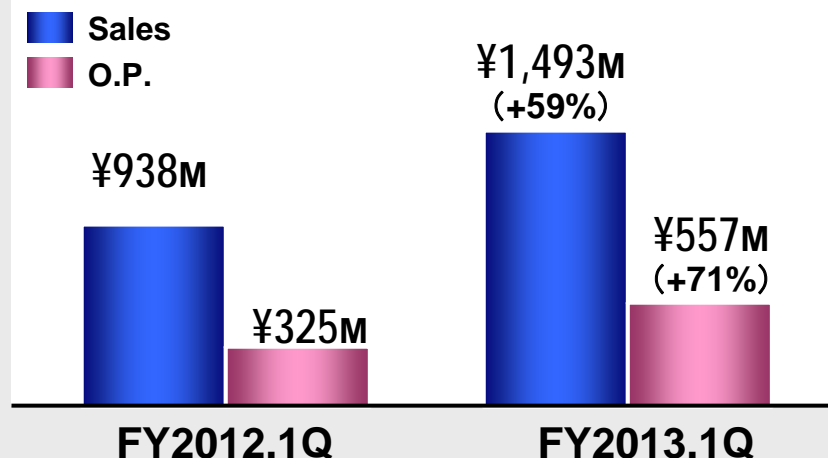


Full-line service and platform for best match between employers and job seekers



- Direct relationship both with employers (clinics etc) and job seekers (physicians, pharmacists)
- Experience in the employment agent business for nurses and care workers

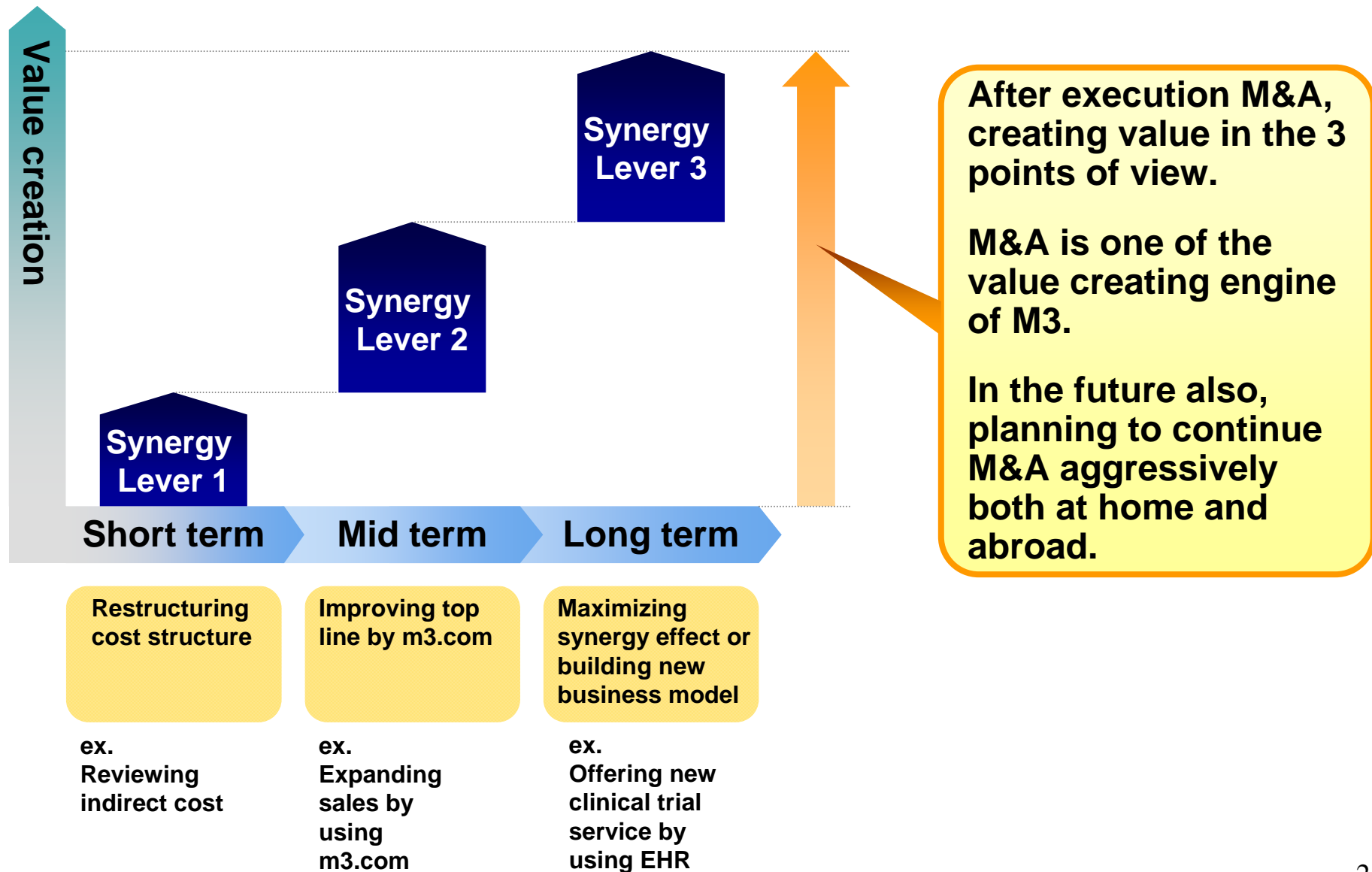
Sales and O.P. (vs. PY)

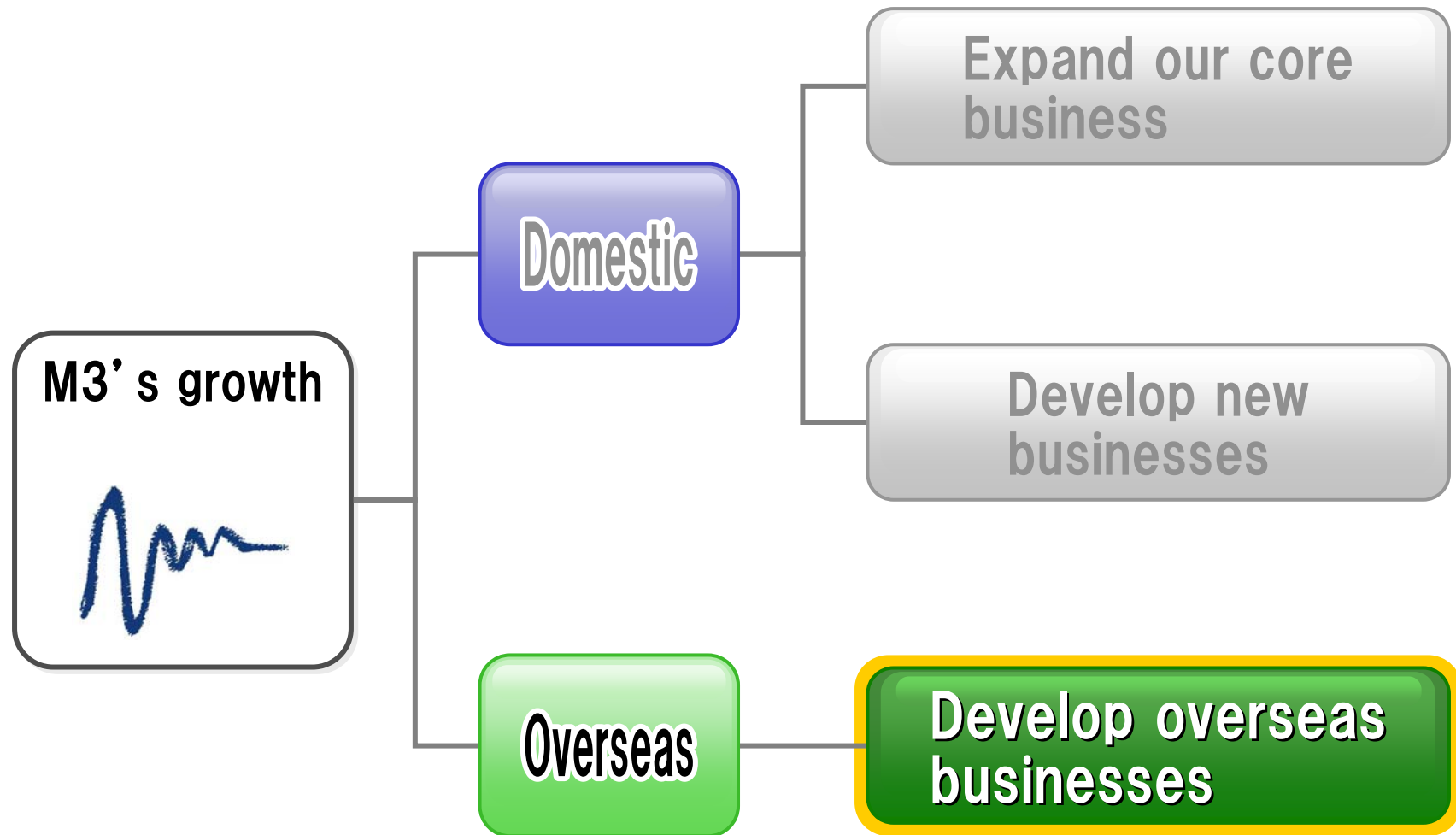


- Improvement in operation efficiency.
- Development of newly-hired staff in productivity.

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

Value Creation by M&A





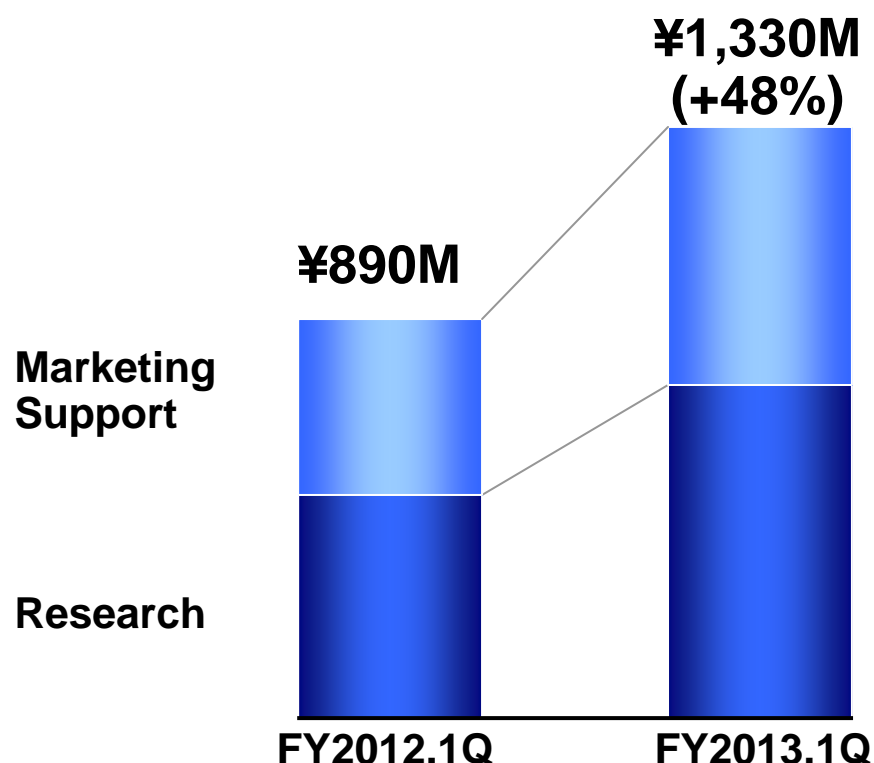
Development in the US

The screenshot displays the HemeOnc Linx website, which is part of MDLinx. The top navigation bar includes the HemeOnc Linx logo, a banner for Zolinza (vorinostat) capsules, and a search bar. The left sidebar contains a navigation menu with links to Home, Conferences, Jobs, Messages, Newsletters, My Library, Topics in HemeOnc (listing various cancer types and treatments), and Help. The main content area features a 'Messages' section with links to 'Today's Hot Topic', 'Top 50 Articles of 2006', and 'Updated prescribing research'. Below this is a list of articles under the heading 'Articles: General HemeOnc', including topics like 'Anthracyclines, Mitoxantrone, Radiotherapy, and Granulocyte Colony-Stimulating Factor Risk Factors for Leukemia and Myelodysplastic Syndrome After Breast Cancer' and 'Activation of Integrin-Linked Kinase Is a Critical Prosurvival Pathway Induced in Leukemic Cells by Bone Marrow-Derived Stromal Cells'. The right sidebar contains an 'Article Search' box, a 'Merck Services' section with links to 'Your direct link to Merck Resources', 'Product Information', 'Medical Symposia', 'Product Samples', and 'View & Download Online Resources'. At the bottom, there is a 'Buy now' button and a note about color printing.

- “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

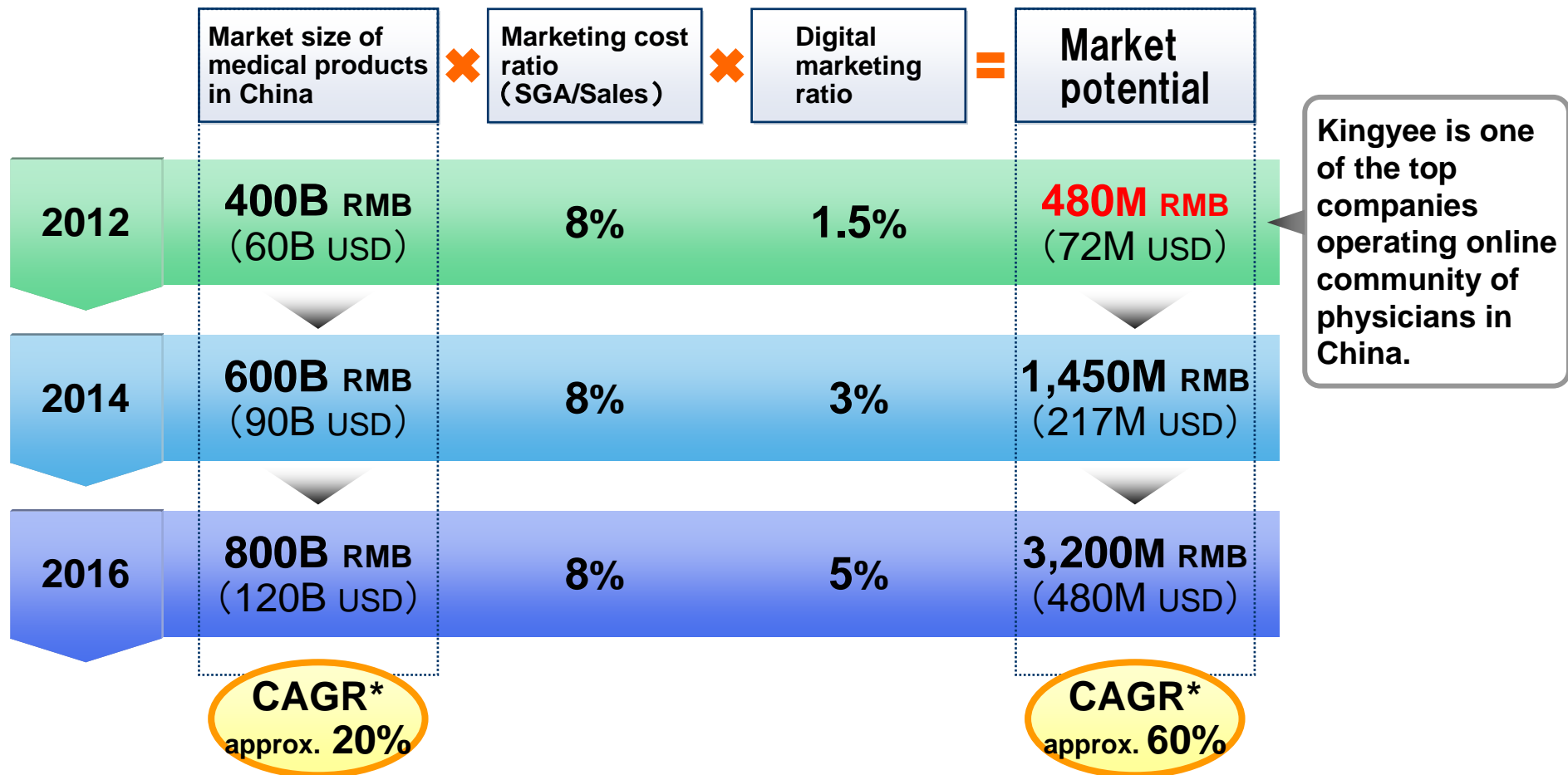
- Became a global top player acquiring clients and staff of Epocrates withdrawing from research panel business.



Grew sales strongly, partly because of weak yen (+251 mil yen). Growth of sales and restructuring improved profitability, and increased O.P. posted in this quarter 6 times on a year on year basis.

Market Potential in China (researched by M3)

Digital marketing for medical products in China

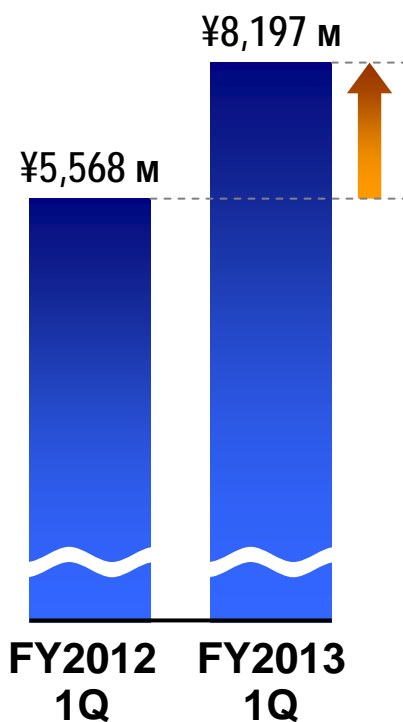


* Compound Annual Growth Rate

Consolidated P/L Statement for FY2013 1Q

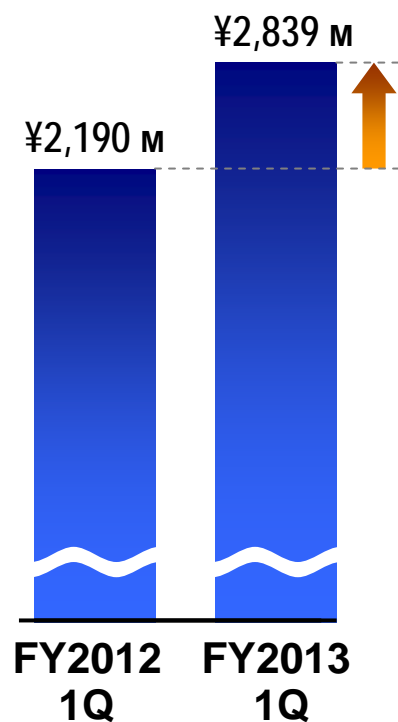
Sales

+47%



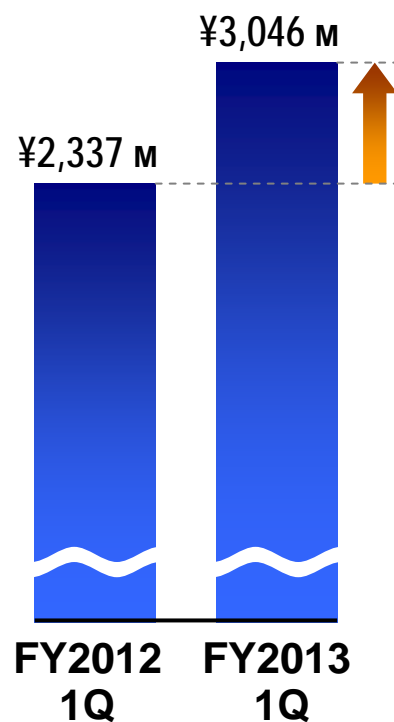
Operating income

+30%



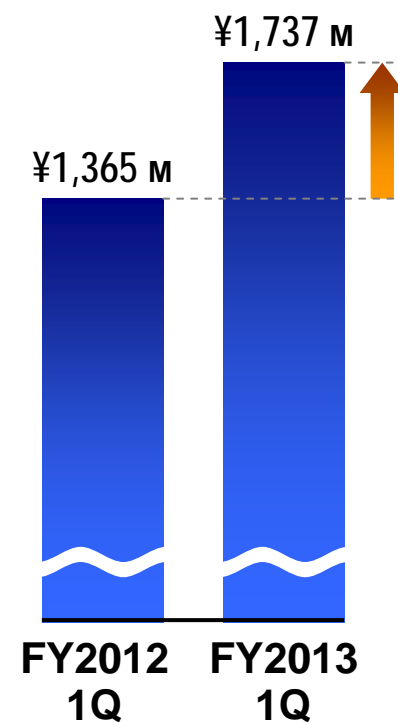
Ordinary profit

+30%



Net profit

+27%



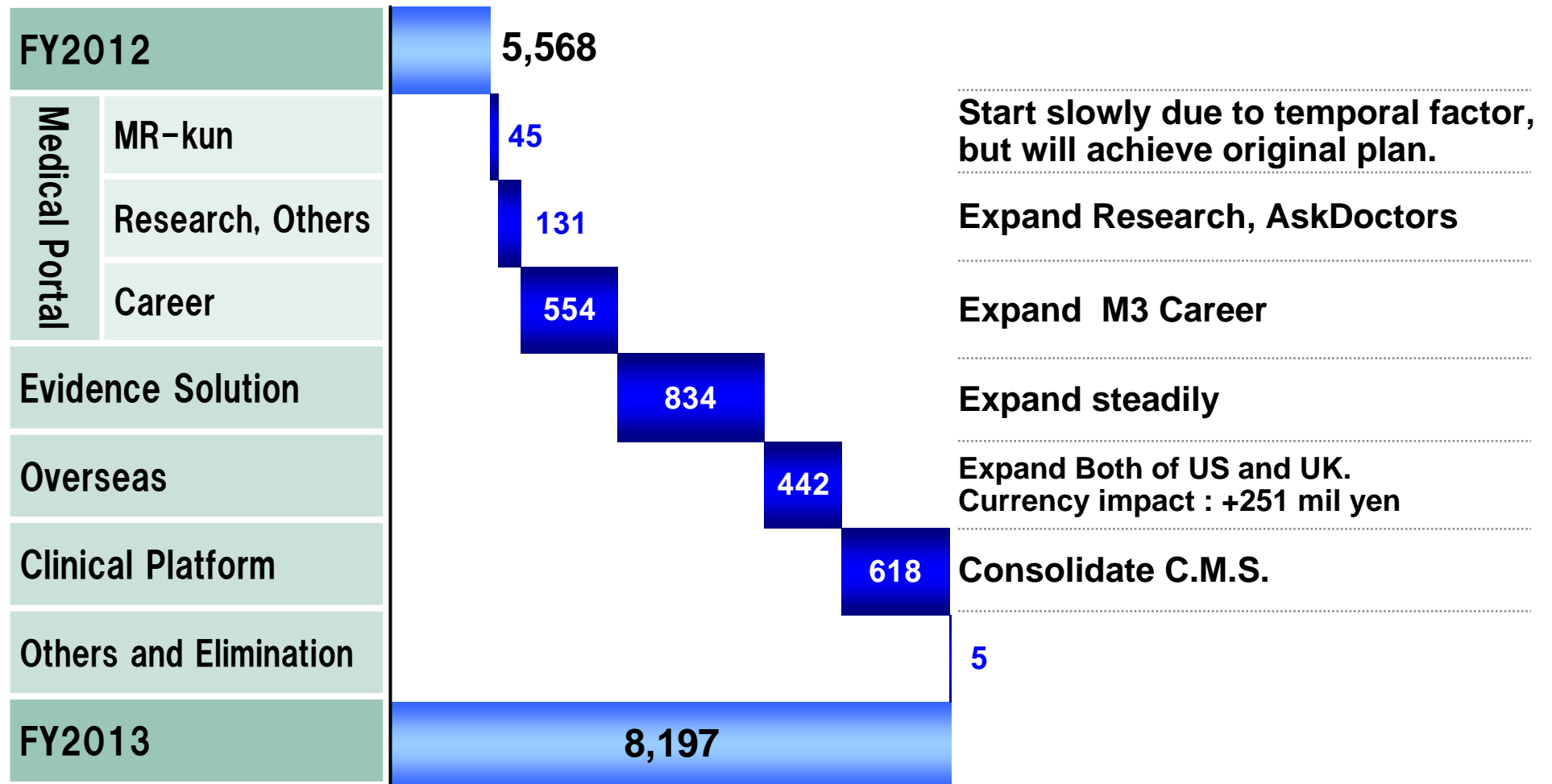
Consolidated P/L Statement for FY2013 1Q

Breakdown by Business Segments

(百万円)		FY2012	FY2013	YoY Growth
Medical Portal	Sales	3,870	4,600	+19%
	Profit	2,221	2,557	+15%
Evidence Solution	Sales	652	1,487	+128%
	Profit	68	284	+316%
Overseas	Sales	919	1,362	+48%
	Profit	34	214	+523%
Clinical Platform	Sales	-	618	-
	Profit	-	69	-
Others	Sales	191	237	+24%
	Profit	29	36	+26%

Consoli. Sales Analysis (vs P.Y.)

(yen million)

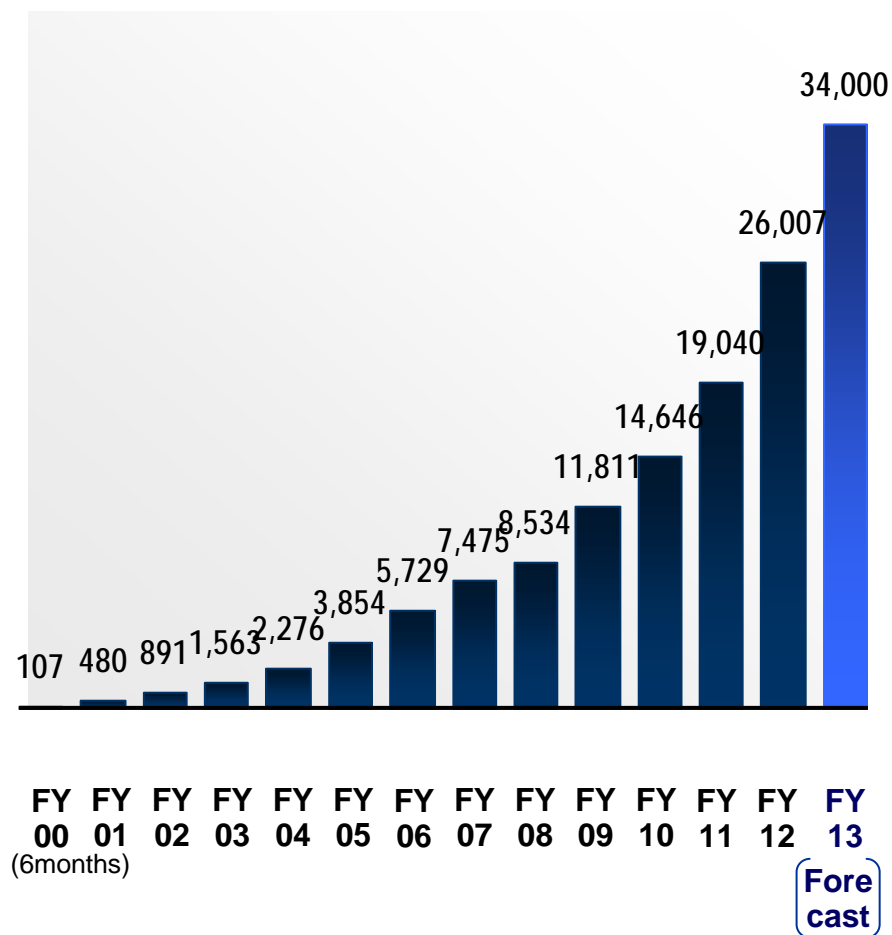


 Steady growth momentum continues.

Annual Results & Forecast for FY2013

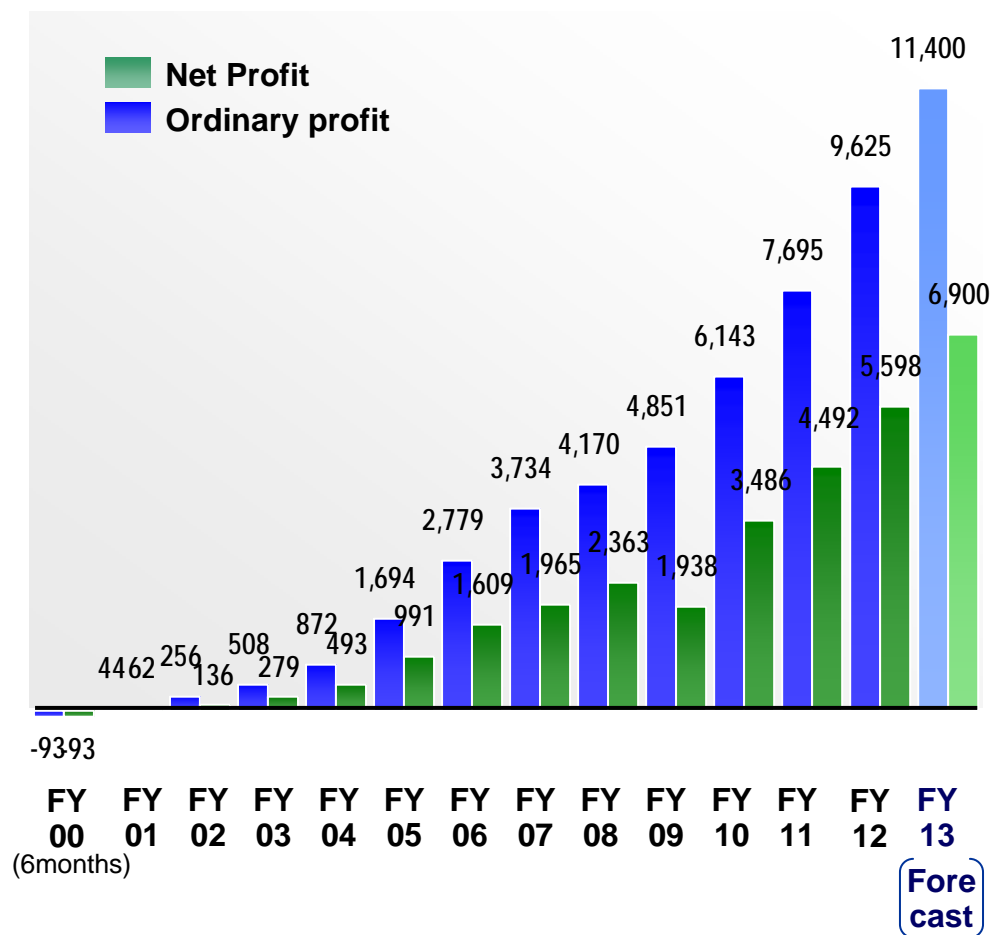
Sales

(¥ 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 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 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