M3
Presentation Material

2Q 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 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
Physicians Registered in Our Site or Research Panel (Global)

Over 1 million members in total

Korea (MEDIGATE)

Other Europe (M3 Global Research, Russia)

U.K. (Doctors.net.uk)

U.S.A (MDLinx)

Japan (m3.com)
M3’s growth

Expand our core 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> (Pharmaceutical companies)</td>
<td>63,000</td>
<td>¥20mn</td>
<td>¥1.2tn</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

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**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>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

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

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

`+9% Sales increase compared with base`
MR-kun Annual Fee Structure

<table>
<thead>
<tr>
<th>MR-kun base fee</th>
<th>Detail fee</th>
<th>Contents production fee</th>
<th>Operation fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥70mn</td>
<td>¥100 per detail</td>
<td>M3 produces web contents shown on MR-kun</td>
<td>¥10mn</td>
</tr>
<tr>
<td>¥60mn</td>
<td>¥20mn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>¥130mn~¥150mn</td>
<td>¥30mn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Initial Phase

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

Top 5 clients

- ¥60mn
  - ¥70mn
- ¥440mn
- ¥200mn
- ¥10mn

The average of top 5 clients: ¥720mn
MR-kun’s Growth Potential in Japan

### Current

- **# of clients using MR-kun**: 28 Companies
- **Sales per Client**: MR-kun Approx. 310mn

### Growth Opportunities

- **# of clients using MR-kun**: 30~35 Companies
- **Sales per Client**: 800mn~1bn
  - by increase of:
    - # of products adopted
    - # of member MDs

**Growth Potential**

- 4~5 times

**Major clients use the MR-kun more and more.**

**Accelerating growth speed with increasing 15 products in second half of FY2013**
Consolidated Sales Trend

(yen million)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13 1Q-2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,563</td>
<td>2,276</td>
<td>3,854</td>
<td>5,729</td>
<td>7,475</td>
<td>8,534</td>
<td>11,811</td>
<td>14,646</td>
<td>19,040</td>
<td>26,007</td>
<td>16,750</td>
</tr>
<tr>
<td>Overseas development</td>
<td>19%</td>
<td>20%</td>
<td>22%</td>
<td>10%</td>
<td>11%</td>
<td>9%</td>
<td>9%</td>
<td>11%</td>
<td>16%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>New business (domestic)</td>
<td>81%</td>
<td>80%</td>
<td>76%</td>
<td>64%</td>
<td>61%</td>
<td>60%</td>
<td>51%</td>
<td>46%</td>
<td>40%</td>
<td>49%</td>
<td>57%</td>
</tr>
<tr>
<td>Core business (MR-kun)</td>
<td>8%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

FY13 FCT 34,000

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Total revenue of new business is less than 5 billion yen. Just after establishment M3 Career and only Mebix offering evidence solution service.
Total revenue of new business in FY2013 will be more than 18 billion yen. Planning 10 to 20 new business idea and overseas development.
"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 "Chiken-kun"
Shift to Online Trials

Theme

- Shift to Online SMO
  - Site Selection
  - Feasibility Study etc

- Shift to Online CRO
  - Monitoring
  - EDC etc

- Shift to Online Infra
  - Utilizing electronic medical records

Operation

<table>
<thead>
<tr>
<th>Theme</th>
<th>Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Pilot</td>
<td>Acquired in Sep. 2011 (100%)</td>
</tr>
<tr>
<td>Fuji CRS</td>
<td>Acquired in Dec. 2011 (100%)</td>
</tr>
<tr>
<td>CLINICAL PORTER</td>
<td>Acquired in Apr. 2009 (100%)</td>
</tr>
<tr>
<td>MEDISCIENCE PLANNING</td>
<td>Affiliated in May 2012 (25%)</td>
</tr>
<tr>
<td>Mebix</td>
<td>Acquired in Apr. 2009 (100%)</td>
</tr>
<tr>
<td>MIC MEDICAL</td>
<td>Acquired in Aug. 2012 (75%)</td>
</tr>
<tr>
<td>C.M.S.</td>
<td>Acquired in Oct. 2012 (100%)</td>
</tr>
</tbody>
</table>
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

Trend of O.P. in MIC

Mil yen ; (Fiscal year Oct. – Sep.)

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:39
    Temporary CRA:61
  - <CRA Assignment: Latest>
    Contract Projects:60
    Temporary CRA:40
- Relocated office to Akasaka for increasing synergy in August.
- Achieved a record in profit while it had cost 47 mil yen for relocating office.

Succeed in turning around, improving performance rapidly.
Estimating more than 50% growth in profit in the next fiscal year
Increasing sales and improving profitability.

- Increasing orders received for CRO service including Chiken-kun.
- The amount of backorders reached 6B yen.
- Estimate above 10B yen in profit in this fiscal year.
M3 Career, Inc

M3, 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

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.

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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (M)</th>
<th>O.P. (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>¥1,695M</td>
<td>¥471M</td>
</tr>
<tr>
<td></td>
<td>¥2,502M (+48%)</td>
<td></td>
</tr>
<tr>
<td>FY2013</td>
<td></td>
<td>¥757M (+61%)</td>
</tr>
</tbody>
</table>

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Clinical Platform Segment – Improving Profitability

Sales and Segment Profit (vs. PY)

<Mil yen>

- **Sales**
- **Segment Profit**

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales</th>
<th>Segment Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012 1Q – 2Q</td>
<td>1,135</td>
<td>36</td>
</tr>
<tr>
<td>FY2013 1Q – 2Q</td>
<td>1,335 (+18%)</td>
<td>140 (4 times)</td>
</tr>
</tbody>
</table>

Progress

- Streamline sales operation.
- Improved quality of self-developed software.
- From now, encouraging to use electronic health record by m3.com, or creating synergies with other business in m3 group.

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Changing Strategy in New Business Development


Medical-specific investment fund armed with internet (2011～)

Approach
- Internet
- Internet + Real Operation

Service coverage
- Web based
- From end to end

Number of potential business domain
- ~10
- 20 - 30 (- 100 incl. oversea)

Profitability
- High margin (Middle scale)
- Large scale (Middle margin)

M&A
- Small size
- Large – middle size

Only one company who can transform healthcare industry with
1. Platform
2. Knowledge in domain
3. Human resources (management or engineer)
Creating value in the 3 points of view after execution M&A.

In these 3 years, executed more than 10 acquisition and created synergy effect more than expected… Know-how of turning around have been accumulated.

Planning to create value in this way in the foreign countries also.
Development in the US

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
  - Washington D.C.
  - 240K physicians as registered member
- Won the gold in best healthcare professional media brand at MM&M* awards.
- Gradually expanding career service in addition to marketing support service and research service.
- In the future, planning to monetize 500K physician members of MDLinx who are out of USA.

* Medical Marketing and Media
The most authoritative professional journal for medical marketing area in USA
Sales Trend of M3 USA (Including UK)

- Improving performance with increasing media power of our site.
- Pharmaceutical companies become aggressive about e-promotion.
- Estimate +50% growth in sales in this fiscal year

FY13 FCT close to 6B yen

<table>
<thead>
<tr>
<th></th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13 1Q – 2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>01Q</td>
<td>691</td>
<td>1,018</td>
<td>1,460</td>
<td>2,852</td>
<td>3,980</td>
<td>2,728</td>
</tr>
</tbody>
</table>

<Mil yen>
## Market Potential in China (researched by M3)

### Digital marketing for medical products in China

<table>
<thead>
<tr>
<th>Year</th>
<th>Market size of medical products in China</th>
<th>Marketing cost ratio (SGA/Sales)</th>
<th>Digital marketing ratio</th>
<th>Market potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>400B RMB (60B USD)</td>
<td>8%</td>
<td>1.5%</td>
<td>480M RMB (72M USD)</td>
</tr>
<tr>
<td>2014</td>
<td>600B RMB (90B USD)</td>
<td>8%</td>
<td>3%</td>
<td>1,450M RMB (217M USD)</td>
</tr>
<tr>
<td>2016</td>
<td>800B RMB (120B USD)</td>
<td>8%</td>
<td>5%</td>
<td>3,200M RMB (480M USD)</td>
</tr>
</tbody>
</table>

* CAGR* approx. 20%

Starting from November. Receiving positive response from pharmaceutical companies in premarketing.

Kingyee is one of the top companies operating online community of physicians in China.

* CAGR* approx. 60%

**Notes:**
- Market size of medical products in China
- Marketing cost ratio (SGA/Sales)
- Digital marketing ratio
- Market potential

**CAGR** Compound Annual Growth Rate
## Consolidated P/L Statement for FY2013 1Q-2Q

<table>
<thead>
<tr>
<th></th>
<th>FY2012. 1Q-2Q</th>
<th>FY2013. 1Q-2Q</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Forecast</td>
<td>Actual</td>
</tr>
<tr>
<td>Sales</td>
<td>11,378</td>
<td>16,500</td>
<td>16,750</td>
</tr>
<tr>
<td>Operating profit</td>
<td>4,312</td>
<td>5,300</td>
<td>5,624</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>4,448</td>
<td>5,300</td>
<td>6,031</td>
</tr>
<tr>
<td>Net profit</td>
<td>2,619</td>
<td>3,100</td>
<td>3,526</td>
</tr>
</tbody>
</table>

(百万円)
Higher growth ratio than FY2012 since growing each business steadily.
### Consolidated P/L Statement for FY2013 1Q-2Q

#### Breakdown by Business Segments

<table>
<thead>
<tr>
<th>(百万円)</th>
<th>FY2012 1Q-2Q</th>
<th>FY2013 1Q-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>7,730</td>
<td>9,179</td>
<td>+19%</td>
</tr>
<tr>
<td>Profit</td>
<td>4,342</td>
<td>5,003</td>
<td>+15%</td>
</tr>
<tr>
<td><strong>Evidence Solution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,626</td>
<td>3,239</td>
<td>+99%</td>
</tr>
<tr>
<td>Profit</td>
<td>226</td>
<td>581</td>
<td>+157%</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,788</td>
<td>2,785</td>
<td>+56%</td>
</tr>
<tr>
<td>Profit</td>
<td>12</td>
<td>438</td>
<td>34 times</td>
</tr>
<tr>
<td><strong>Clinical Platform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>-</td>
<td>1,335</td>
<td>-</td>
</tr>
<tr>
<td>Profit</td>
<td>-</td>
<td>140</td>
<td>-</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>374</td>
<td>470</td>
<td>+26%</td>
</tr>
<tr>
<td>Profit</td>
<td>23</td>
<td>52</td>
<td>+127%</td>
</tr>
</tbody>
</table>
**Consoli. Sales Analysis (vs P.Y.)**

(yen million)

<table>
<thead>
<tr>
<th></th>
<th>FY2012 1Q – 2Q</th>
<th>FY2013 1Q – 2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Portal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MR-kun</td>
<td>11,378</td>
<td>16,750</td>
</tr>
<tr>
<td>Research, Others</td>
<td>211</td>
<td></td>
</tr>
<tr>
<td>Career</td>
<td>431</td>
<td>806</td>
</tr>
<tr>
<td>Evidence Solution</td>
<td>1,613</td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Clinical Platform</td>
<td>997</td>
<td></td>
</tr>
<tr>
<td>Others and Elimination</td>
<td>1335</td>
<td></td>
</tr>
</tbody>
</table>

Grew as planned in 2Q, and will achieve the original annual plan.

Expanded Research, AskDoctors

Expanded M3 Career

Expanded steadily

Expanded Both of US and UK. Currency impact : +538 mil yen

Consolidated C.M.S.

Expanded synergy between group companies.

Steady growth momentum continues.
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