The following presentation contains forecasts, future plans, management targets and other forward-looking projections relating to M3, Inc. and/or its group. These statements are drawn from assumptions of future events based on data currently available to us, and there exist possibilities that such assumptions are objectively incorrect and/or may produce differing actual results from those mentioned in the statements.

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
- **2000 Oct**: Launched MR-kun service
- **2002 Mar**: Acquired WebMD Japan
- **2004 Sep**: Listed on TSE Mothers
- **2005 May**: Entry into Korean market via Alliance with Medi C&C
- **2005 Sep**: Launched QOL-kun service
- **2005 Dec**: Launched AskDoctors service
- **2006 Jun**: Entry into US market via Acquisition of MDLinx
- **2007 Mar**: Listed on TSE 1
- **2008 Oct**: Entry into European market via Launch of “MedQuarter.de”
- **2009 Apr**: Entry into clinical trial market via Acquisition of Mebix
- **2010 Nov**: Acquired EMS Research and Established global research physician panel
- **2011 Aug**: Entry into UK market via Acquisition Doctors.net.uk
- **2013 Nov**: Entered into China market

**Business domain**

Internet-based healthcare businesses

**Name**

- M3
- Medicine
- Media
- Metamorphosis

Copyright © 2014 M3, Inc. All rights reserved.
M3’s Growth
Expand our core business

Domestic

M3’s growth

Develop new businesses

Overseas

Develop overseas businesses
### Japanese Pharma’s Huge Marketing Costs

<table>
<thead>
<tr>
<th></th>
<th>Head Count</th>
<th>Annual Cost 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
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 that require timely information at their convenience, without the limitations imposed by their off-line MRs.

Source: M3 questionnaire to 1,300 physicians

100% = 1,300 physicians
## Case Study

### Off-line Reps

<table>
<thead>
<tr>
<th></th>
<th>Non-covered</th>
<th>Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MR-kun</strong></td>
<td><img src="image1.png" alt="Non-covered MR-kun" /></td>
<td><img src="image2.png" alt="Covered MR-kun" /></td>
</tr>
<tr>
<td><strong>Non-covered</strong></td>
<td><img src="image3.png" alt="Non-covered" /></td>
<td><img src="image4.png" alt="Covered" /></td>
</tr>
<tr>
<td><strong>Covered</strong></td>
<td><img src="image5.png" alt="Covered" /></td>
<td><img src="image6.png" alt="Covered" /></td>
</tr>
</tbody>
</table>

- **Baseline**: 
  - Off-line Reps: 1
  - Sales increase: 0%

- **Sales Increase**:
  - Off-line Reps: +9%
  - Sales increase compared with base

- **Combining real reps with MR-kun maximizes detailing impact**

**“MR-kun” alone has substantial power...**

---

**Source:** M3

**Notes:** Questionnaire to 16,000 General Practitioners

Copyright © 2014 M3, Inc. All rights reserved.
MR-kun Annual Fee Structure

MR-kun Base fee

- MR-kun Base fee
- Detail fee: ¥100 per detail
- Contents Production fee:
  - Contents Production fee for 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
- ¥30mn
- ¥10mn

Total: ¥130mn~¥150mn

Top 5 clients

- ¥60mn
  - ¥70mn
- ¥580mn
- ¥200mn
- ¥10mn

The average of top 5 clients: ¥860mn
MR-kun’s Growth Potential in Japan

**Current**

- **Number of corporate clients using MR-kun**
  - 29 Companies
- **Sales per corporate client**
  - MR-kun Approx. 350mn

**Growth Opportunities**

- **Number of corporate clients using MR-kun**
  - 30~35 Companies
- **Sales per corporate client**
  - 800mn~1bn

Growth Potential

- 3~4 times

Major clients are increasing usage of MR-kun:

- Average revenue from top 10 clients grew approx. +30% YoY
Expand our core business

Develop new businesses

Develop overseas businesses
Consolidated Sales Trend

(yen million)

FY14 FCT 50,000

Overseas development

New business (domestic)

Core business (MR-kun)

Copyright © 2014 M3, Inc. All rights reserved.
New Business Development On the Platform (as of Mar. 2010)

<table>
<thead>
<tr>
<th>Client</th>
<th>M3</th>
<th>Consolidated subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharma</td>
<td>Research</td>
<td>Evidence solution</td>
</tr>
<tr>
<td>Hospital, Doctor</td>
<td>QOL-kun</td>
<td>Career</td>
</tr>
<tr>
<td>Consumer</td>
<td>AskDoctors</td>
<td></td>
</tr>
</tbody>
</table>

**Business Size Scale**
(FY2009 Actual)

- ¥1,000mn

Total revenue of new businesses amounted to less than 5 billion yen. These numbers were taken immediately after establishing M3 Career, with only Mebix offering our evidence solution service at the time.
New Business Development on the Platform

Total revenue of new businesses in FY2014 is expected to exceed 30 billion yen. Current new project pipeline includes 10 to 20 new business ideas and plans for overseas development.
## New Business Development on the Platform

### Business Size Scale (FY2014 Forecast)

<table>
<thead>
<tr>
<th>Client</th>
<th>M3</th>
<th>Consolidated subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharma</td>
<td>Research</td>
<td>Evidence solution</td>
</tr>
<tr>
<td></td>
<td>m3MT</td>
<td>Other</td>
</tr>
<tr>
<td>Hospital, Doctor</td>
<td>QOL-kun</td>
<td>Electronic Medical Record</td>
</tr>
<tr>
<td>Consumer</td>
<td>AskDoctors</td>
<td>CSO</td>
</tr>
</tbody>
</table>

- **Research**: ¥10,000mn
- **QOL-kun**: ¥5,000mn
- **AskDoctors**: ¥3,000mn
- **iTicket**: ¥1,000mn

See later slide for details.
Placing Evidence Solution Business in Our Strategy

“Making use of the Internet to maximize the number of people that can live longer, healthier and happier lives, and to maximize efficiency by reducing unnecessary medical costs by the cent.”

Past

Paradigm shifted to online medical promotion via “MR-kun”

10 years

Next

Enable the shift to online clinical trials via “Chiken-kun”
In the case of study in the Endocrinology and Metabolism area, m3.com doctors enrolled five times more patients compared to other SMOs:
# 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

<table>
<thead>
<tr>
<th>Theme</th>
<th>Operation</th>
<th>M&amp;A Timing</th>
<th># of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accelerate e-drug Development</strong></td>
<td>e-SMO</td>
<td>2011</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>( Merged Medical Pilot and Fuji CRS )</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CLINICAL PORTER</td>
<td>2009</td>
<td>80</td>
</tr>
<tr>
<td><strong>Shift to Online SMO</strong></td>
<td>MEDISCIENCE PLANNING</td>
<td>2014/2</td>
<td>748</td>
</tr>
<tr>
<td></td>
<td>Mebix</td>
<td>2009</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>MIC MEDICAL</td>
<td>2012</td>
<td>316</td>
</tr>
<tr>
<td><strong>Shift to Online Infra</strong></td>
<td>C.M.S.</td>
<td>2012</td>
<td>142</td>
</tr>
</tbody>
</table>

---

Copyright © 2014 M3, Inc. All rights reserved.
## Number of CRAs by Company

<table>
<thead>
<tr>
<th>#</th>
<th>Company Name</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EPS</td>
<td>855</td>
</tr>
<tr>
<td>2</td>
<td>Cimic</td>
<td>780</td>
</tr>
<tr>
<td></td>
<td><strong>M3 Group</strong></td>
<td><strong>670</strong></td>
</tr>
<tr>
<td>3</td>
<td>Quintiles</td>
<td>600</td>
</tr>
<tr>
<td>4</td>
<td>Parexel</td>
<td>550</td>
</tr>
<tr>
<td>5</td>
<td>MEDISCIENCE PLANNING INC</td>
<td>401</td>
</tr>
<tr>
<td>6</td>
<td>MIC Medical</td>
<td>233</td>
</tr>
<tr>
<td>7</td>
<td>ACRONET</td>
<td>200</td>
</tr>
<tr>
<td>8</td>
<td>ASKLEP</td>
<td>180</td>
</tr>
<tr>
<td>9</td>
<td>Linical</td>
<td>170</td>
</tr>
<tr>
<td></td>
<td><strong>Mebix</strong></td>
<td><strong>36</strong></td>
</tr>
</tbody>
</table>

Number of CRAs within M3 is now at top levels of the industry, accelerating the “Shift to Online Trials”
Orders received reached 17.5 B yen. Increased staff by 115 during Apr. – Jun. period in order to meet delivery.

Increasing orders received for CRO service including Chiken-kun.

## New Business Development on the Platform

### Business Size Scale (FY2014 Forecast)

- ¥10,000mn
- ¥5,000mn
- ¥3,000mn
- ¥1,000mn

### Client

<table>
<thead>
<tr>
<th>Pharma</th>
<th>Hospital, Doctor</th>
<th>Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>QOL-kun</td>
<td>AskDoctors</td>
</tr>
<tr>
<td>m3MT</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Consolidated subsidiary

<table>
<thead>
<tr>
<th>Evidence solution</th>
<th>Career</th>
<th>CSO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iTicket</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic Medical Record</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Copyright © 2014 M3, Inc. All rights reserved.
Sales and Profit Trend of M3 Career

<Mil yen>

- Development of newly-hired staff in productivity.
- Q1 growth was lead by staff agency service for physicians (YoY:+55% growth).
- In FY2014, expecting growth in sales by +40% and an even larger increase in operating profit.
Expand our core business

Develop new businesses

Develop overseas businesses

M3’s growth

Domestic

Overseas
Physicians Registered in Our Site or Research Panel (Global)

Over 2.5 million members in total

- Other Nations (M3 Global Research, MDLinx, Russia)
- Korea (MEDIGATE)
- China
- U.K. (Doctors.net.uk)
- U.S.A (MDLinx + PDR)
- Japan (m3.com)

FY08 - FY14 1Q

Copyright © 2014 M3, Inc. All rights reserved.
“M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
- Extended reach to nearly 600,000 US physicians, covering 80% of US physician population.

- Acquired PracticeMatch corporation by transfer of business. Preparing to start career service on a full scale.

- In the future, planning to monetize 500K physician members of MDLinx who are outside of the US.
China Business

- Above 950,000 physicians registered on our site, covering nearly 50% of total physicians in China.

- Expanded marketing support service for pharmaceutical companies and posted steady profit. Currently preparing to launch MR-kun.

- Started marketing research service. Planning to start other services in succession.
Sales and Profit Trend of Overseas

<Mil yen>

- Improving performance in line with increasing media power of our sites.
- Pharmaceutical companies are becoming more aggressive regarding e-promotion.
- Making a good start in China.
- Continued acceleration of growth on a local currency basis.

<table>
<thead>
<tr>
<th></th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14 FCT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,105</td>
<td>1,585</td>
<td>2,983</td>
<td>4,069</td>
<td>6,661</td>
<td></td>
</tr>
<tr>
<td>Segment Profit</td>
<td>-71</td>
<td>55</td>
<td>138</td>
<td>117</td>
<td>1,043</td>
<td>238</td>
</tr>
</tbody>
</table>

- FY14 FCT: Approx. 8B yen

Copyright © 2014 M3, Inc. All rights reserved.
Strategic Direction of M3
Changing Strategy in New Business Development

Business Development in Medical Internet Area (2000~2010)

Approach: Internet
Service coverage: Web-based
Number of Potential Business Domains: ~10
Profitability: High margin (Middle scale)
M&A: Small size

Medical-Specific Investment Fund Armed with Internet (2011~)

Internet + Real-world Operation
From end-to-end
Number of Potential Business Domains: 20 - 30 (-100 incl. overseas)
Profitability: Large scale (Middle margin)
M&A: Large – middle size

M3 is uniquely positioned to transform the health care industry via its 1) Platform 2) Domain Knowledge and 3) Human Resources (management and engineering)
We aim to create value in short-, mid-, and long-term after execution of M&A.

In the past 3 years, we have executed more than 10 acquisitions which created more synergistic effects than expected.

In the process, we have accumulated know-how in turning-around acquired companies.

We plan to create value in this way outside of Japan as well.
Financial Result
### Consolidated P/L Statement for FY2014 (Apr. - Jun.)

<table>
<thead>
<tr>
<th></th>
<th>FY2013 1Q</th>
<th>FY2014 1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>¥ 8,374 M</td>
<td>¥ 12,276 M</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>¥ 3,085 M</td>
<td>¥ 3,948 M</td>
</tr>
<tr>
<td><strong>Ordinary Profit</strong></td>
<td>¥ 3,244 M</td>
<td>¥ 3,978 M</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>¥ 2,051 M</td>
<td>¥ 2,514 M</td>
</tr>
</tbody>
</table>

- **Sales** increased by +42%.
- **Operating Profit** increased by +33%.
- **Ordinary Profit** increased by +34%.
- **Net Profit** increased by +49%.

Copyright © 2014 M3, Inc. All rights reserved.
Consolidated Sales Analysis (vs P.Y.)

(Mil yen)

<table>
<thead>
<tr>
<th>FY2013.1Q</th>
<th>8,374</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR-kun</td>
<td></td>
</tr>
<tr>
<td>Research, Others</td>
<td></td>
</tr>
<tr>
<td>Career</td>
<td></td>
</tr>
<tr>
<td>Evidence Solution</td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td></td>
</tr>
<tr>
<td>Clinical Platform</td>
<td></td>
</tr>
<tr>
<td>Sales Platform</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
</tr>
<tr>
<td>FY2014.1Q</td>
<td>12,276</td>
</tr>
</tbody>
</table>

Steady growth momentum continues

- Expanded continuously
- Expanded Research and marketing support services aside from MR-kun
- Expanded M3 Career
- Consolidated Medscience Planning
- Expanded Both of US and UK.
- Expanded C.M.S.
- New segment

Copyright © 2014 M3, Inc. All rights reserved.
### Breakdown by Business Segments

<table>
<thead>
<tr>
<th>(Mil yen)</th>
<th>FY2013.1Q</th>
<th>FY2014.1Q</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medical Portal</strong></td>
<td>Sales</td>
<td>4,601</td>
<td>5,734</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>2,558</td>
<td>3,457</td>
</tr>
<tr>
<td><strong>Evidence Solution</strong></td>
<td>Sales</td>
<td>1,602</td>
<td>3,181</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>401</td>
<td>267</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td>Sales</td>
<td>1,402</td>
<td>2,237</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>188</td>
<td>238</td>
</tr>
<tr>
<td><strong>Clinical Platform</strong></td>
<td>Sales</td>
<td>618</td>
<td>680</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>65</td>
<td>53</td>
</tr>
<tr>
<td><strong>Sales Platform</strong></td>
<td>Sales</td>
<td>-</td>
<td>285</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>-</td>
<td>▲63</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>Sales</td>
<td>254</td>
<td>343</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>64</td>
<td>56</td>
</tr>
</tbody>
</table>
Annual Results & Forecast for FY2014

Sales

Ordinary Profit & Net Profit

(¥ mn)

(¥ mn)

* Exclude one time profit from net profit and operating profit (profit from acquisition of MPI: 1,034M yen).

Copyright © 2013 M3, Inc. All rights reserved.
Creating New Value in Healthcare

M3
Medicine
Media
Metamorphosis

Healthcare sector is enormous...
- 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