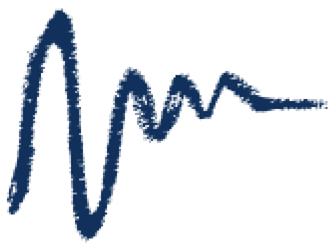
M3, Inc.
Presentation Material

October 2014

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.



Current Business Situation and Outlook

Summary

MR kun	■ FY H1 sales grew at +21% yoy. Continuing expansion pace marked during last FY H2.
M3 Career	■ FY H1 sales grew at +28% yoy totaling 3.2 bn yen, with operating profit of 1.1 bn yen at +48% yoy. The mainstay service for doctors provided traction, growing at 52% yoy.
Evidence Solution	■ New orders remained strong, totaling 16.7 bn yen. Boosted upfront investment in headcount to support growing demand. ■ Moving costs for MPI(and others) amounted to 180 mn yen （1Q：40 mn yen, 2Q：140 mn yen）
Overseas	■ Segment profit was 630 mn yen, continuing its expansion at +49% yoy ■ Membership on China site topped 1mio doctors, increasing coverage to nearly 50%. Marketing business for pharma companies steadily increased, producing surplus. MR-kun service launch in pipeline for 2 pharma companies.

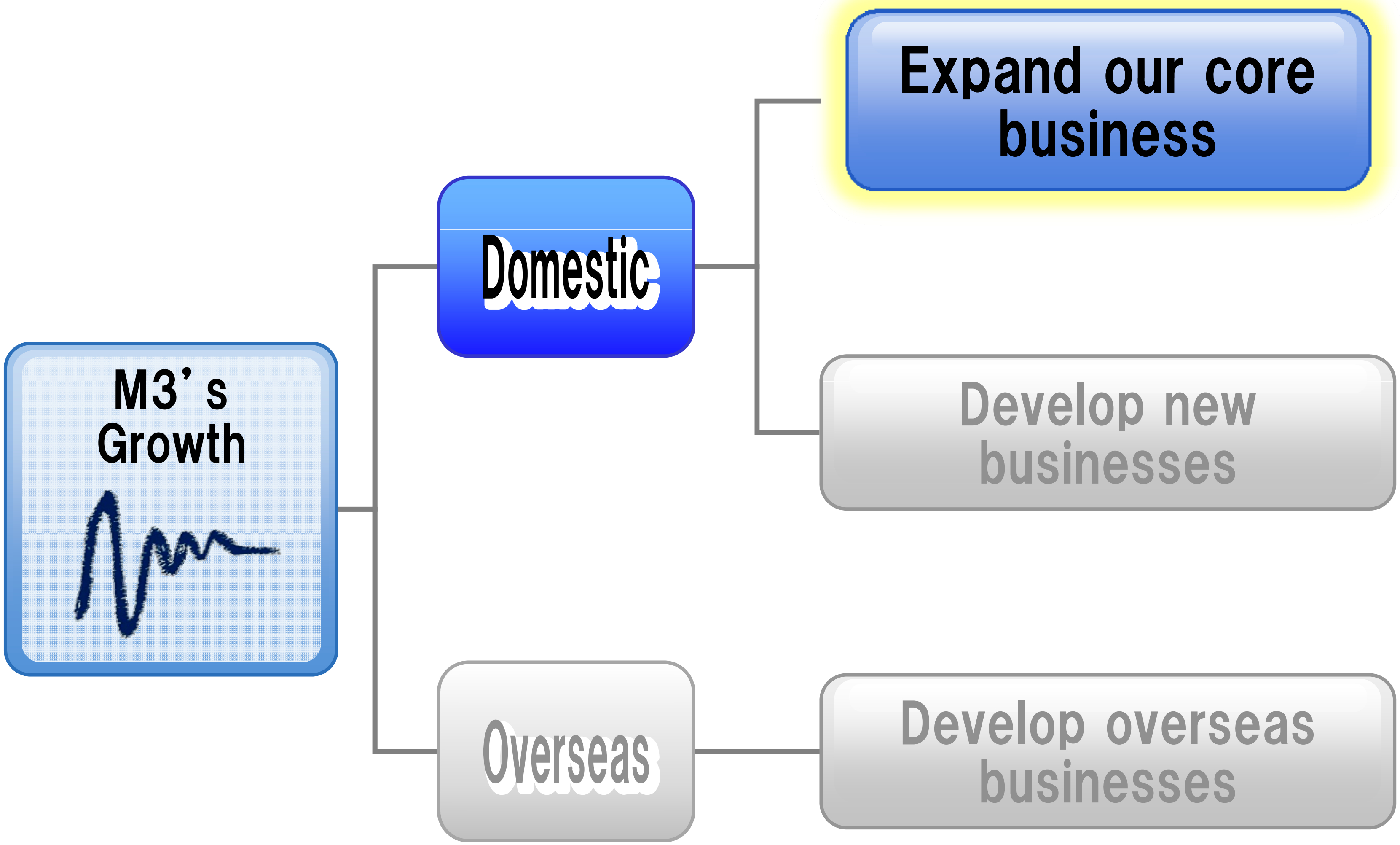
Summary continued

New Group Firms

- Established and initiated operations at M3 Marketing, Inc. as a spin-off of CSO segment from MPI . The new company outsources e-savvy and more productive “Medical Marketers” (compared to traditional MRs) to pharma co’s.

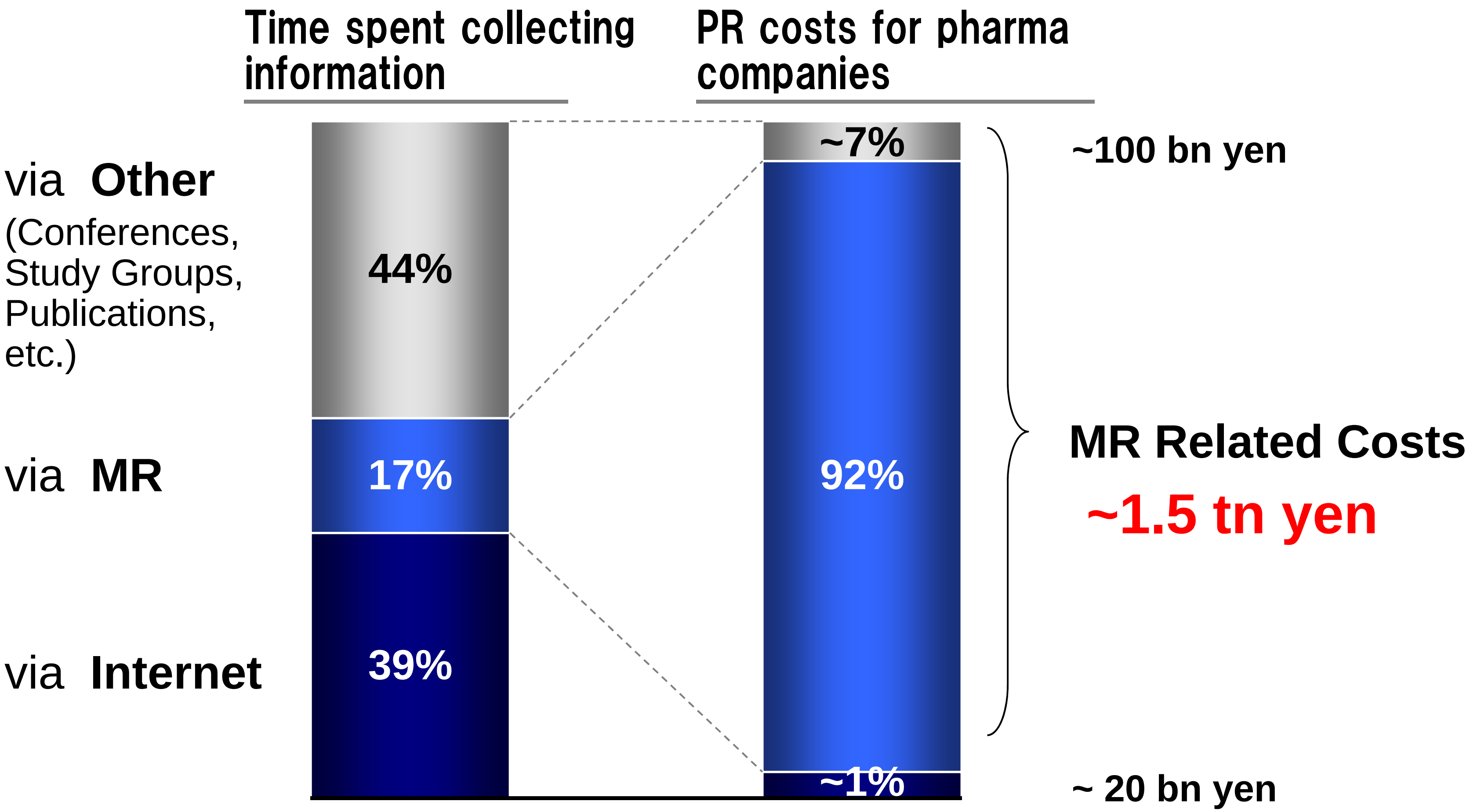
Provisional Costs

- Upfront investments in anticipation for future growth, such as office relocation and recruitment fees, amounted to 0.7 ~ 1.1 bn yen in FY14 1H.


M3's Growth
Domestic
Overseas
Expand our core business
Develop new businesses
Develop overseas businesses

Doctors' Information Collection Venue vs Pharma's Marketing Cost Allocation

Doctors spend the most time collecting information via the Internet. Conversely, pharmaceutical firms spend the majority of their budget on MR related costs.



Source: M3 research

Japanese Pharma's Huge Marketing Costs

	Head Count		Annual Cost per Head		
MRs (pharmaceutical companies)	63,000	×	¥20 mn	=	¥1.2 tn
					+
MSs (pharmaceutical wholesalers)	30,000	×	¥10 mn	=	¥300bn

Total Marketing Cost for the industry: ¥1.2 ~ 1.5 tn

Source: MIX, Research by M3

MR-kun's Growth Potential in Japan

	Currently	Potential Market
MR-kun USERS	29 Companies	30~35 Companies
MR-kun SALES	(approx.) ¥350 mn per client	¥800 mn ~ ¥1 bn per client via increase in: ▸ # of products ▸ # of member MDs ▸ Added value of contents

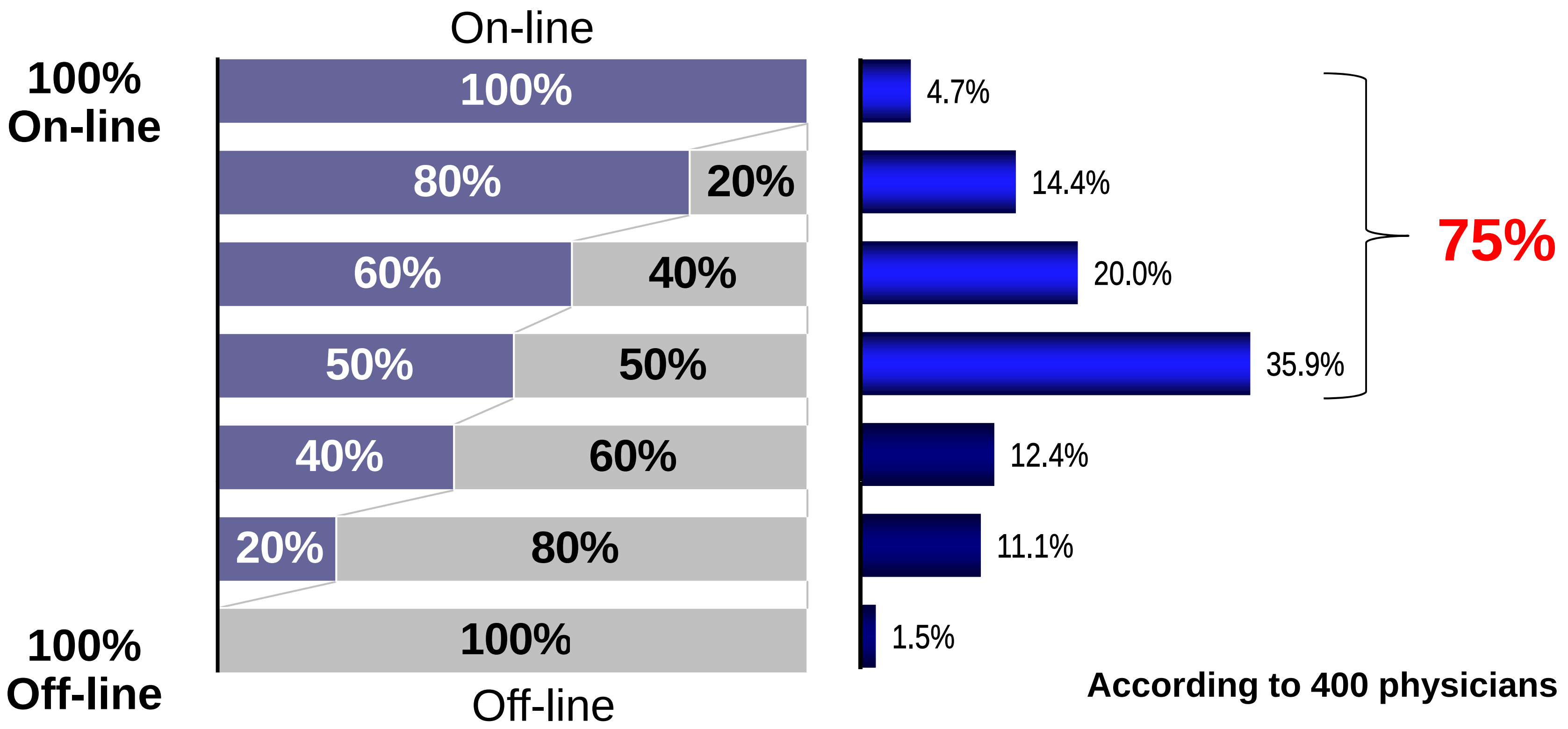
Growth Potential of 3~4 times current levels

Major clients are increasing usage of MR-kun:
Average revenue from **top 10** clients grew approx. **+30%** YoY

Physicians' Demand for On-Line Detailing

Q. What is the ideal ratio of on-line and off-line promotional information ("details") from pharma companies?

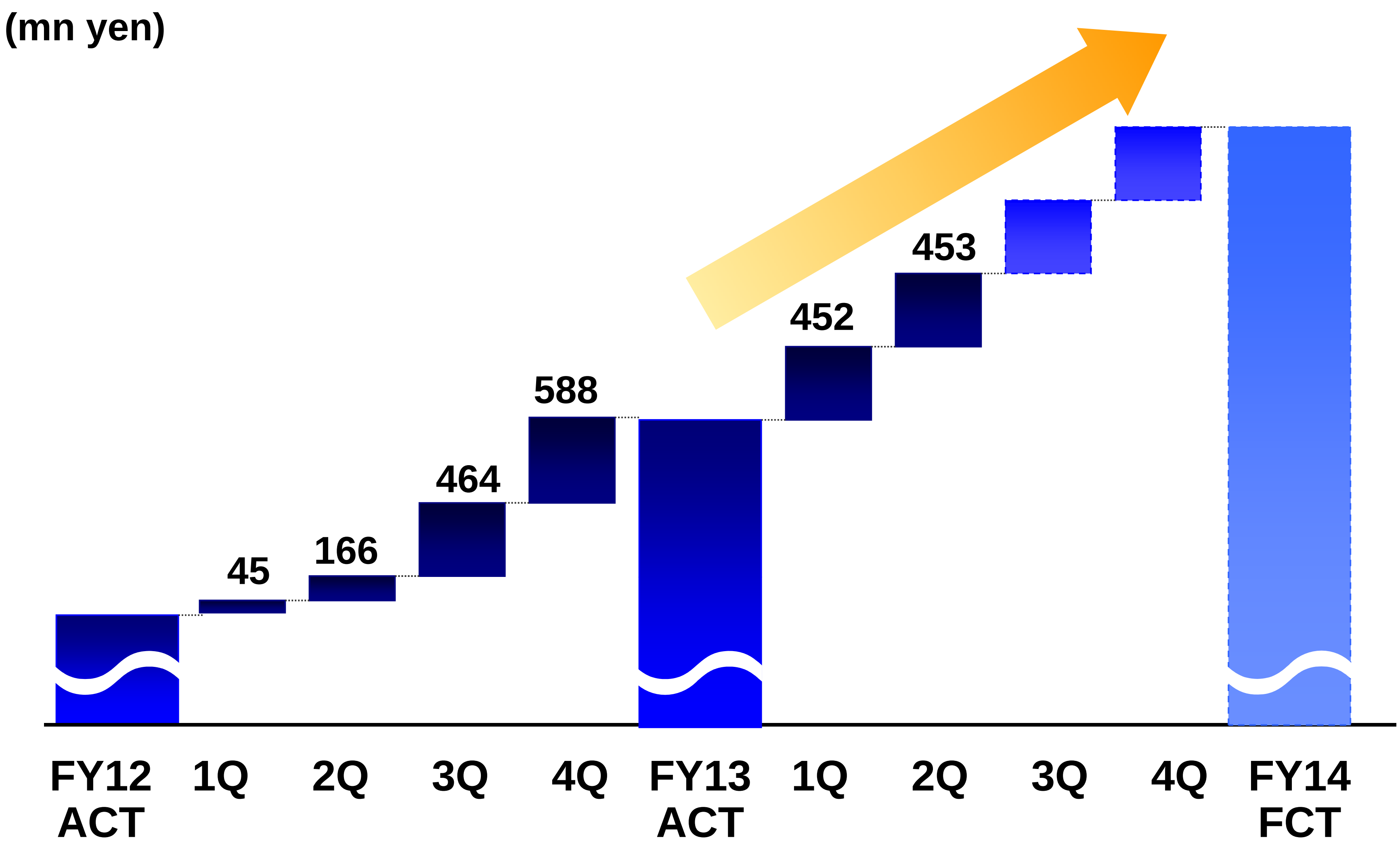
A.



Demand for eDetails is quite high for busy physicians that require timely information at their convenience, without the limitations imposed by their off-line MRs

Source: M3 questionnaire to 1,300 physicians

MR-kun: YoY Sales Increase



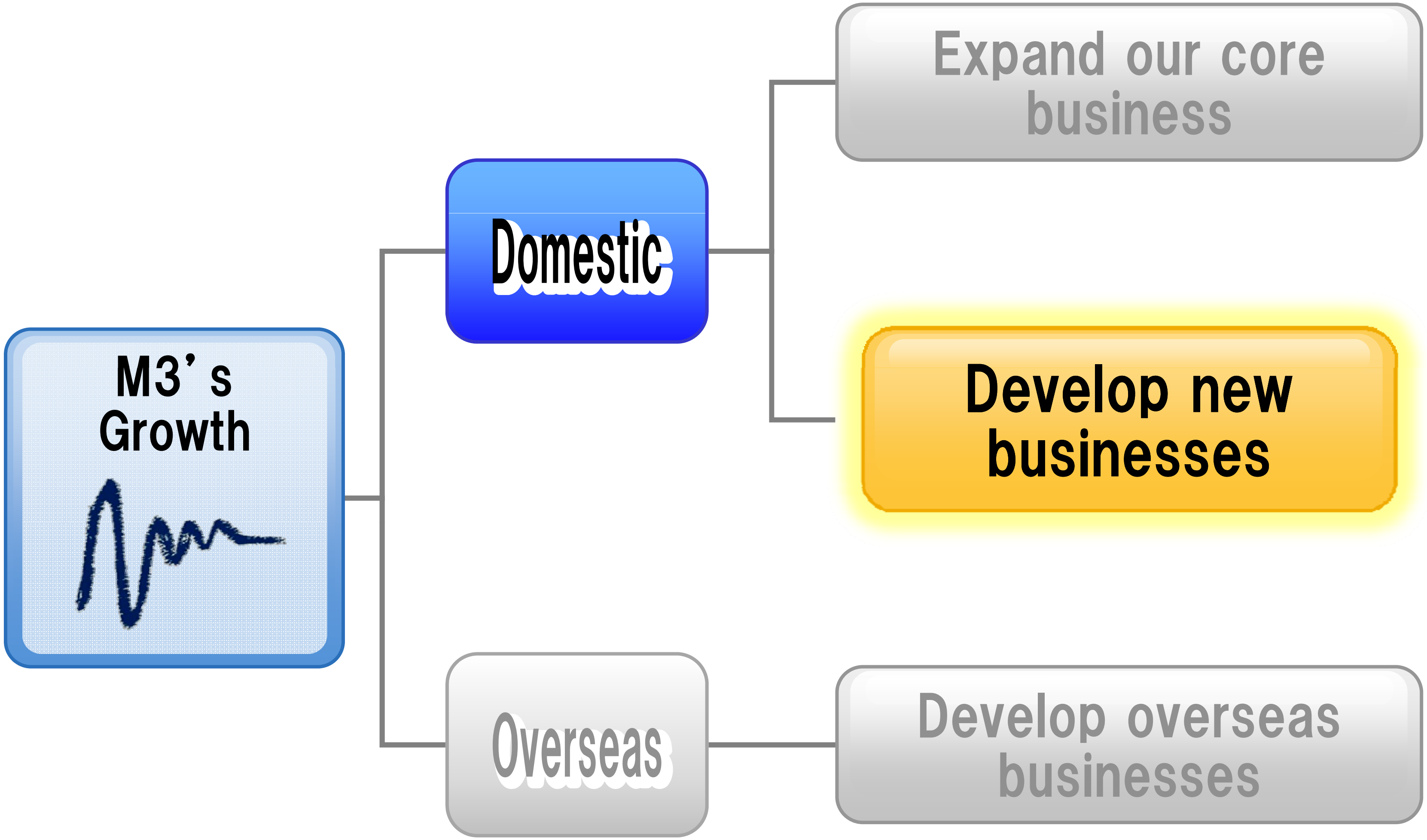
☞ The pace of growth marked during last FY 2H continues, and is expected to remain on track for the this FY 2H as well.

MR-kun Annual Fee Structure

	MR-kun Base fee	Detail fee	Contents Production fee	Operation fee
		¥100 per detail sent	Production of customized detail contents	Basic operations (sending details, replying to physicians' questions, etc.)
Entry Level (one product)	***¥70 mn*** • Revised as of Oct. 2005 for new client • Prev. fee: ￥60 mio	***¥20 ~ 40*** *mn*	***¥30 ~ xxx*** *mn*	***¥10*** *mn*
Top 5 Clients	***¥60 ~70*** *mn*	***¥580*** *mn*	***¥200*** *mn*	***¥10*** *mn*

Entry Level total: ***¥130～¥150 mn***

The average of ***top 5*** *clients:* ***¥860 mn***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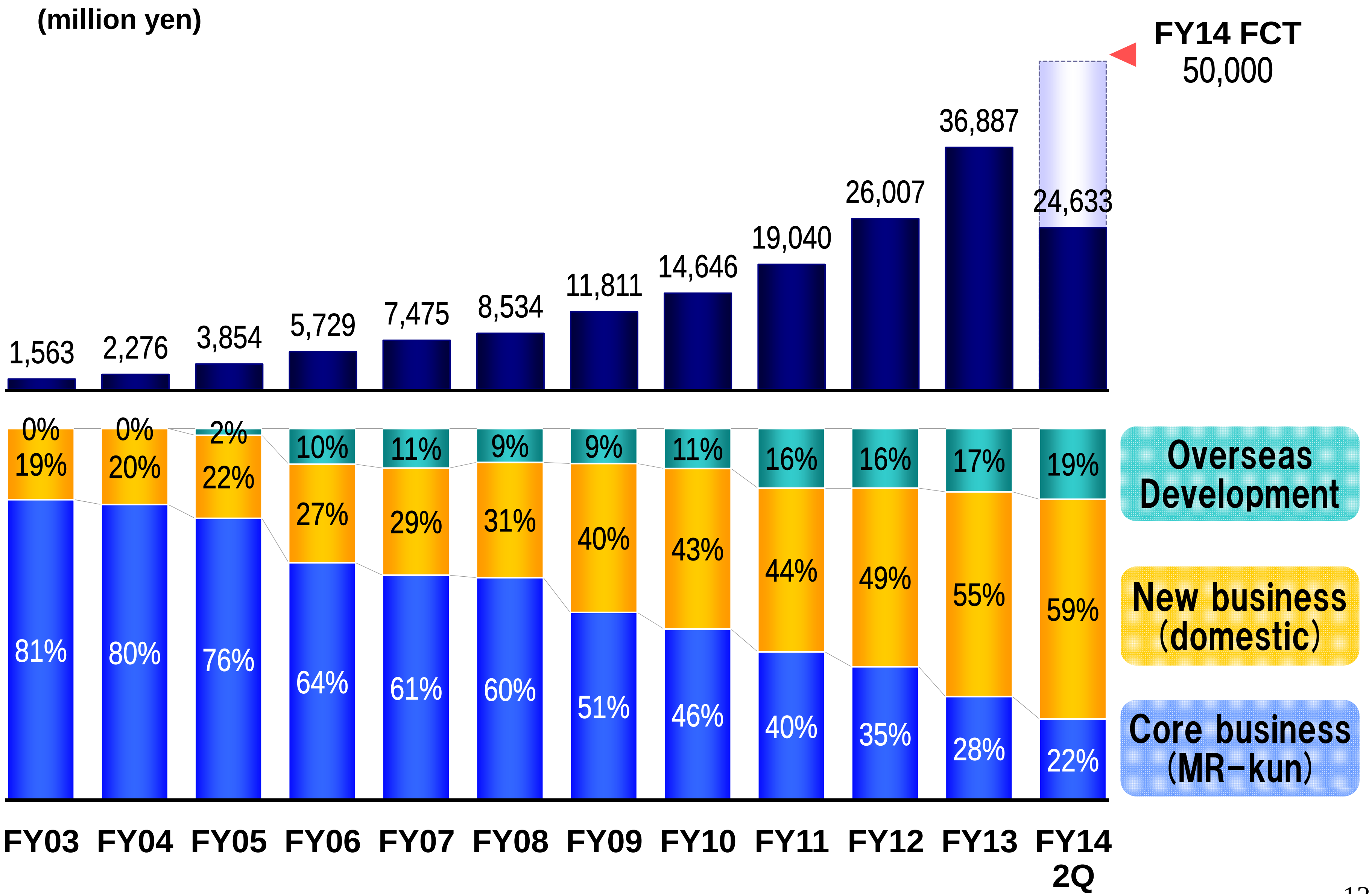
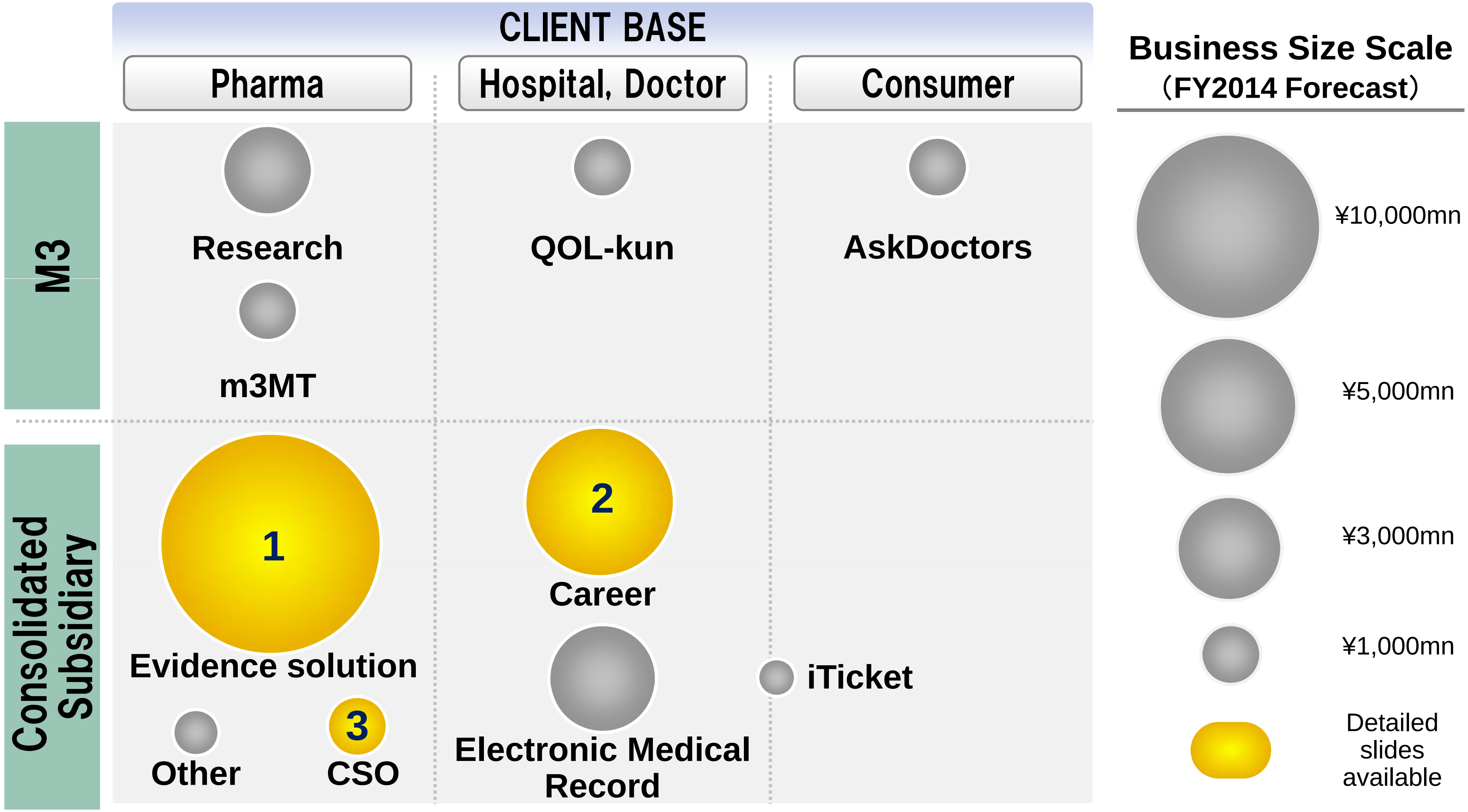
Consolidated Sales Trend



New Business Development on the Platform



Total revenue of new businesses in FY2014 is expected to exceed 30 billion yen. Current new project pipeline includes10 to 20 new business ideas and plans for overseas development.

Placing Evidence Solution Business in Our Strategy

1 Evid Sol

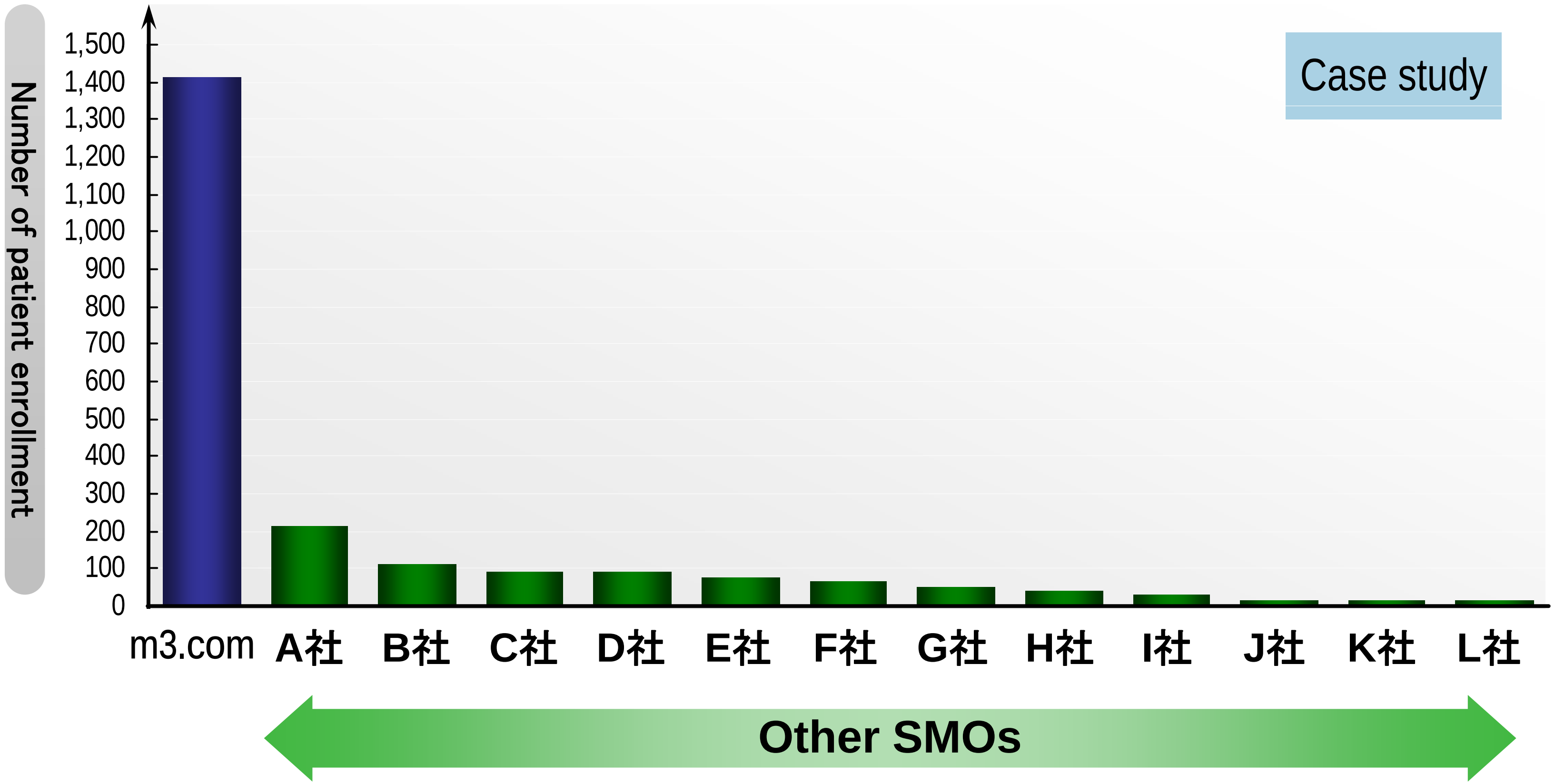
"Making use of the Internet to increase, as much as possible, the number of people who can live longer and healthier lives, and to reduce, as much as possible, the amount of unnecessary medical costs."

Past 10 years	Paradigm shifted to online medical promotion via "MR-kun"
Next	Enable the shift to online clinical trials via "Chiken-kun"

Patient Enrollment in a Large-Scale Clinical Trial

1 Evid Sol

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



Expedited enrollment of cases compared to other SMOs

Number of CRAs by Company

1 Evid Sol

#	Company Name	Number
1	EPS	855
2	Cimic	780
	M3 Group	**780**
3	Quintiles	600
4	Parexel	550
5	**MEDISCIENCE PLANNING INC**	**478**
6	**MIC Medical**	**260**
7	ACRONET	200
8	ASKLEP	180
9	Linical	170
	Mebix	**42**

<MIC research institute ltd>

M3 Group

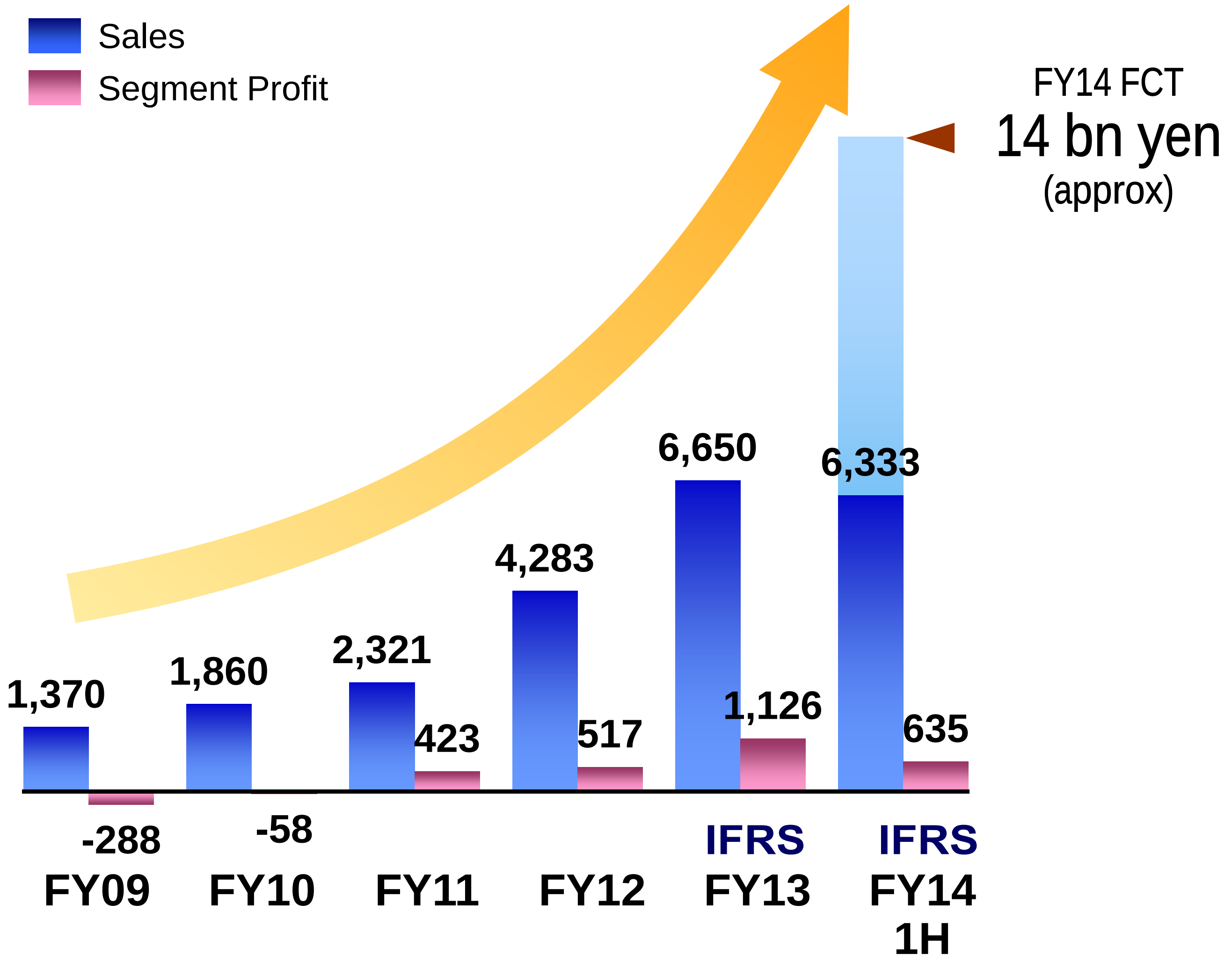
Number of CRAs within M3 is now at top levels of the industry, accelerating the "Shift to Online Trials"

Sales and Profit Trend of Evidence Solution

1 Evid Sol

IFRS basis

(mn yen)



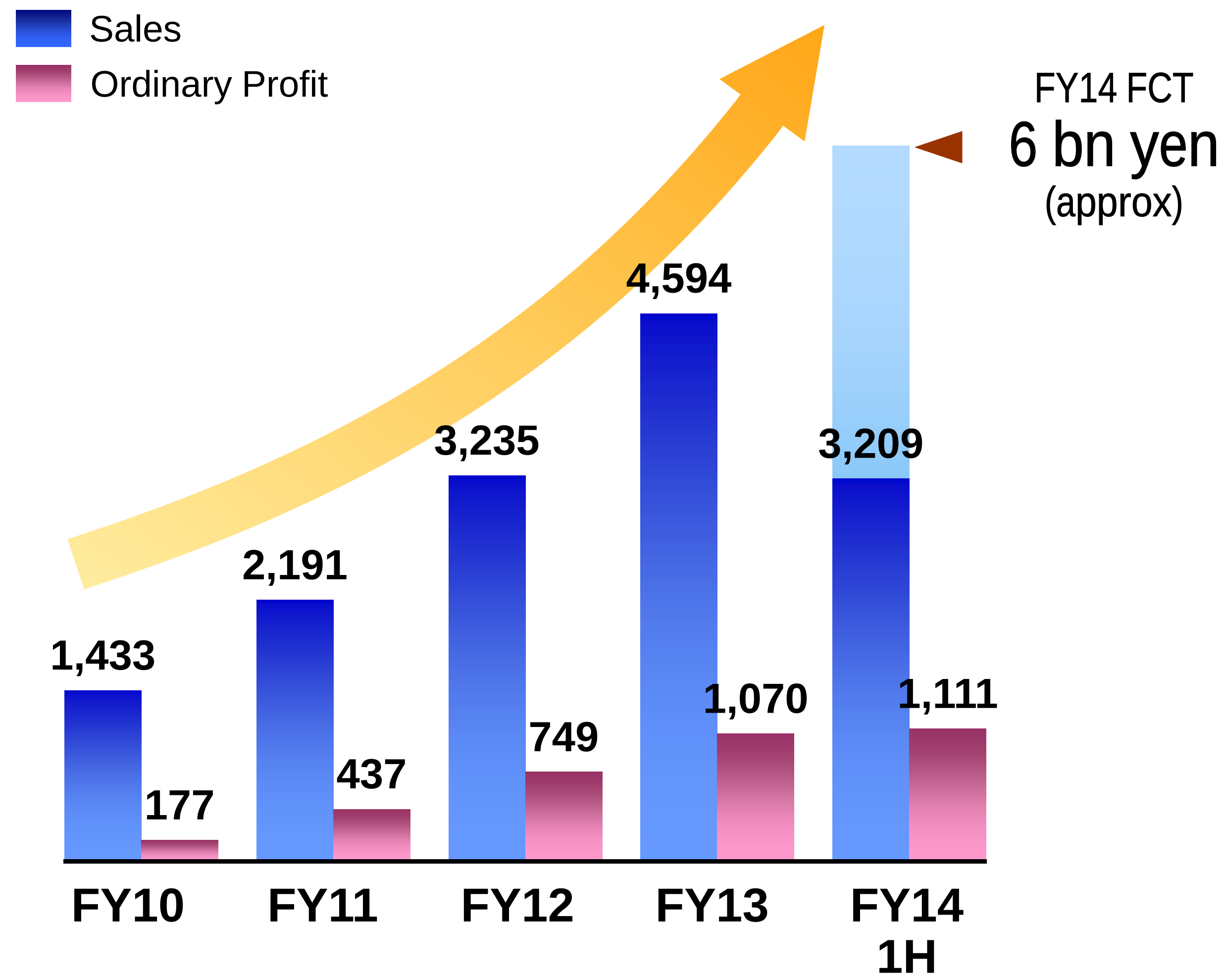
- Orders received reached **16.7 bn yen**, and have correspondingly increased headcount as upfront investment
- **180 mn yen** in office relocation costs for Mediscience Planning (and others)
  - 1Q : 40 mn
  - 2Q : 14 mn

Sales and Profit Trend of M3 Career

2 Career

(mn yen)

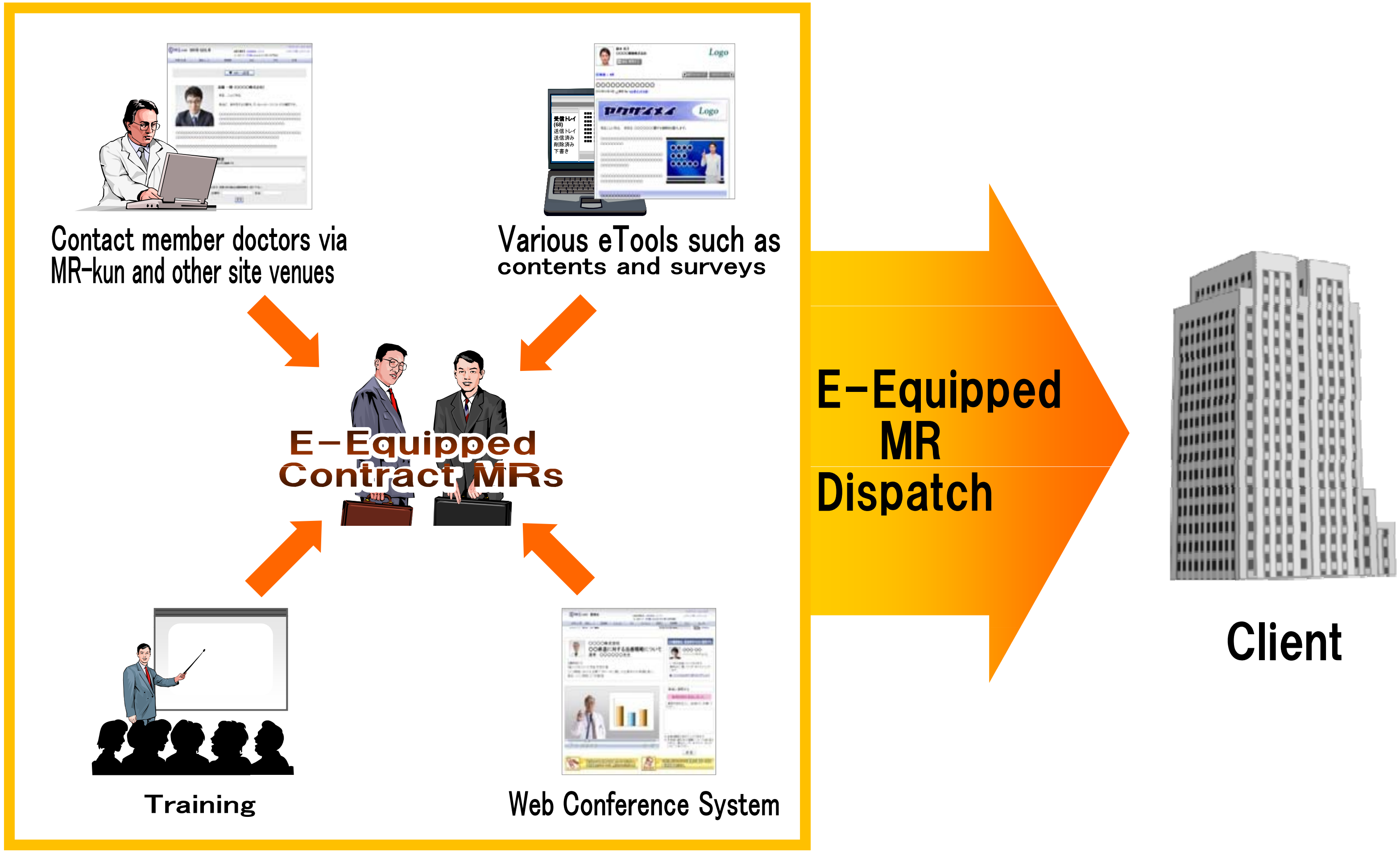
JGAAP basis



- Development of newly-hired staff has improved productivity
- Continued traction from job search services for doctors (YoY:**+52%** growth)
- Expecting growth in sales by **+40%** and an even larger increase in operating profit for FY2014

E-Equipped MR（Medical Marketer）Description

3 CSO



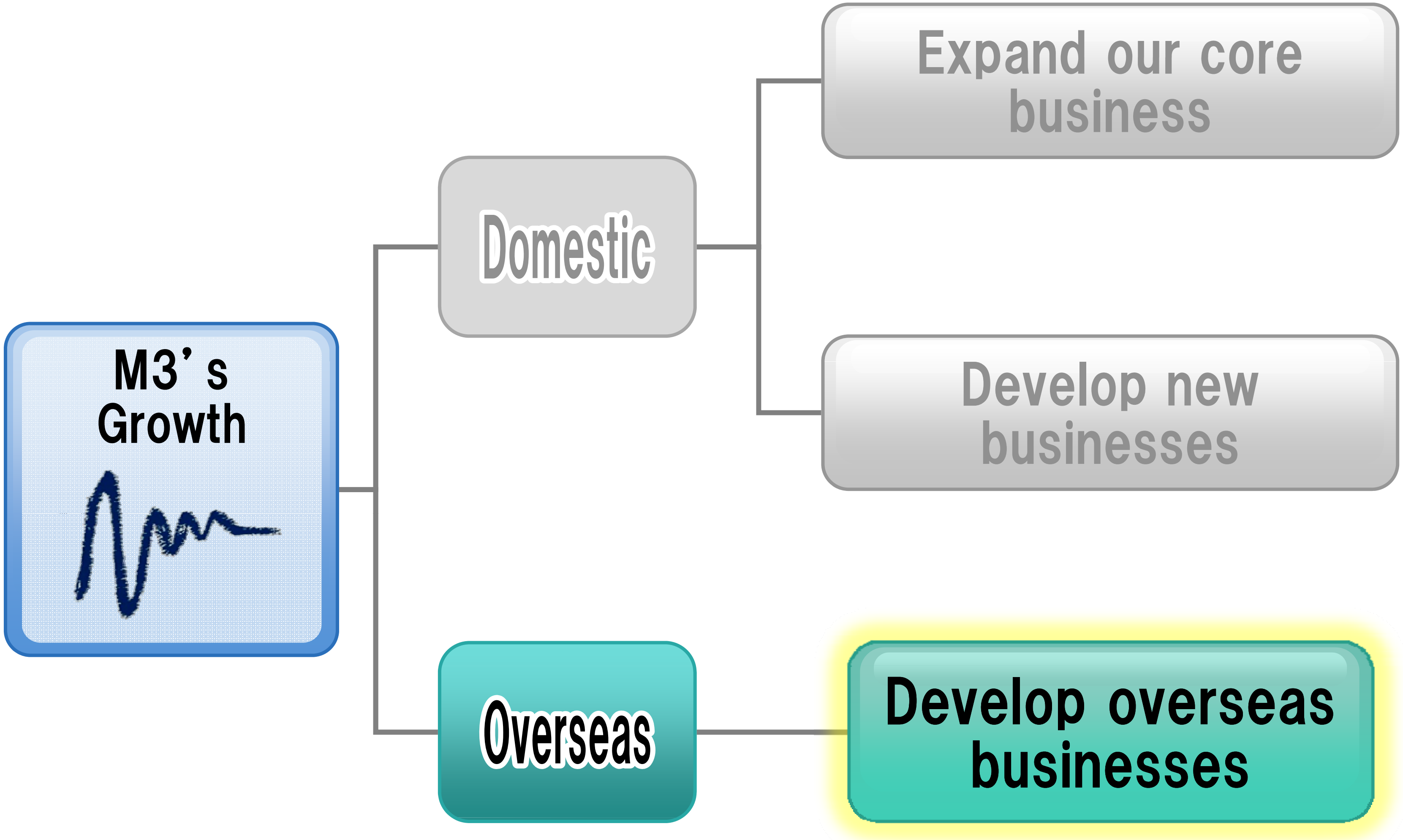
☛ **Higher productivity of MRs allows for increased value at less cost compared to traditional MRs. Future growth potential estimated to be several tens of billions of yen.**

Typicial MR vs Medical Marketer

3 CSO

	Typical Contract MR	Medical Marketer
Number of Details	200~300 times per month (avg.)	400~600 times per month (avg.) * includes internet meetings
Restrictions on Meetings	In-person visitations are difficult	Unrestricted meetings and exchange of information on m3.com
Number of Doctors Covered	80~150 doctors per MR (avg.)	150～500 doctors per MM (avg.)
Information Provision Duration (per day)	1~2 hour (net)	3~4 hours (net)
Transport / Wait Time	6~7 hours per day (avg.)	4~5 hours per day (avg.)
Information Exchanged at Initial in-Person Meeting	General information including basic product details	Need-based consultation and final sales pitches (General information relayed via m3.com prior to in-person meeting)

Aggressive hiring plan targeting 1000 MMs within 5 yrs.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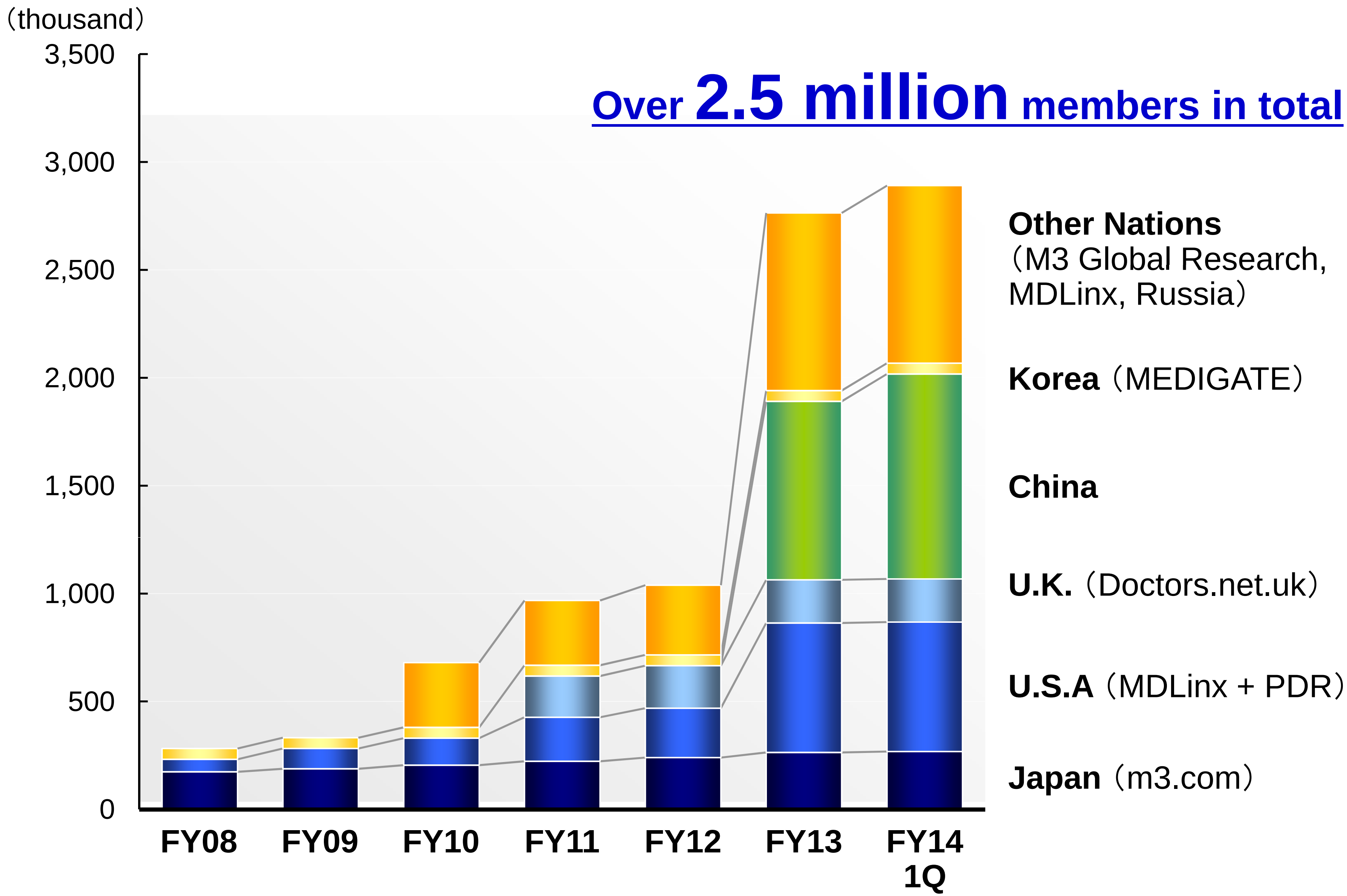
Physicians Registered in Our Site or Research Panel (Global)

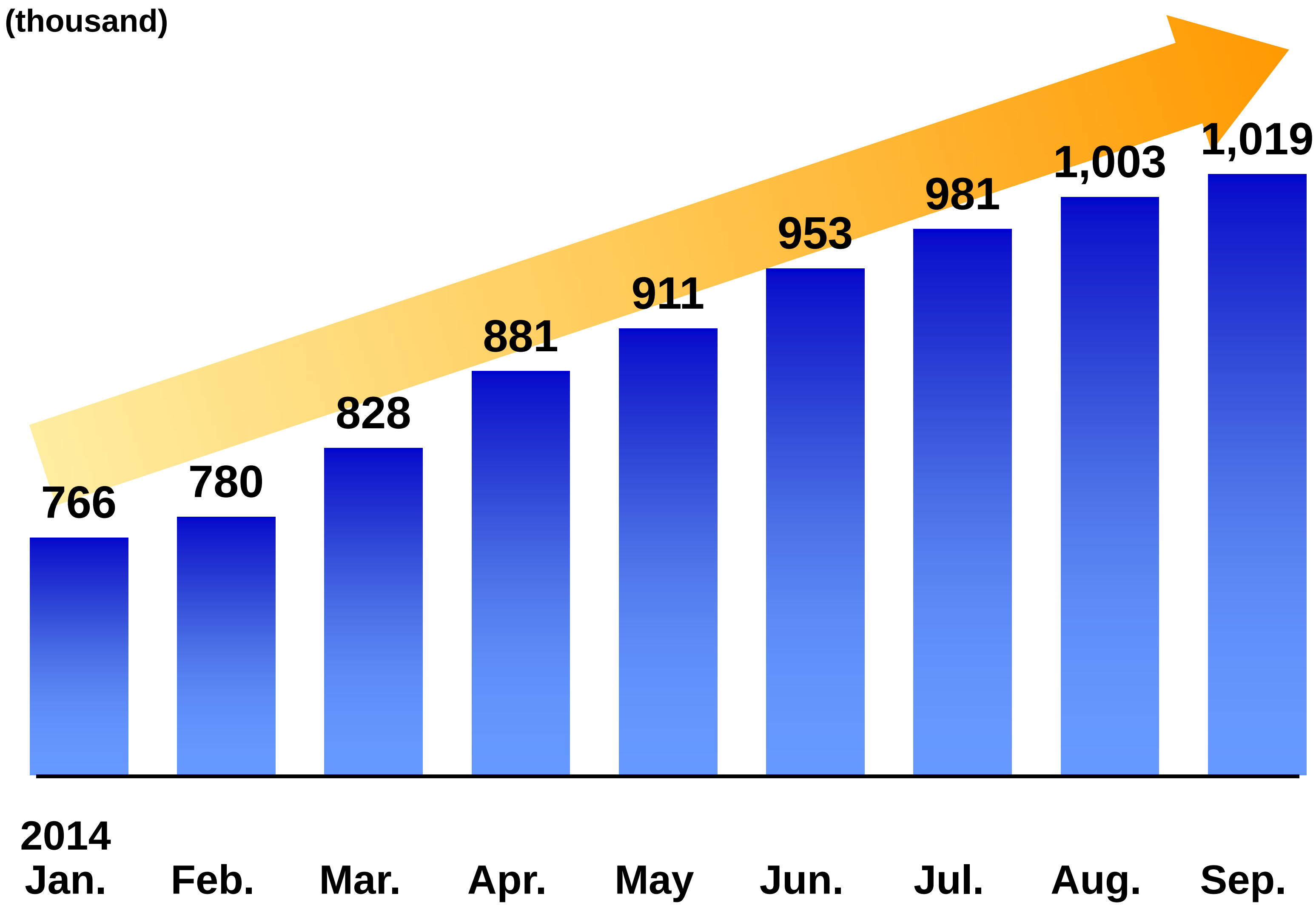


Development in the US

- **Expanding services in the U.S. via MDLinx, centered around M3 USA (100% subsidiary)**
  - Membership has reached over 600,000 US doctors after partnering with PDR, resulting in **coverage of 80%**+ of US physician population
  - Developed into the **#1 player in the U.S.** for marketing research targeting physicians, as a result of superior media power
- **Succeeded operations of PracticeMatch**
  - Initiating full scale career services.
  - Significant improvement in profit margins from post merger structural improvements.
- **Investigating opportunities to monetize MDLinx's growing database of 500,000 physician members residing outside of the U.S.**

Physicians Registered on Our Site in China

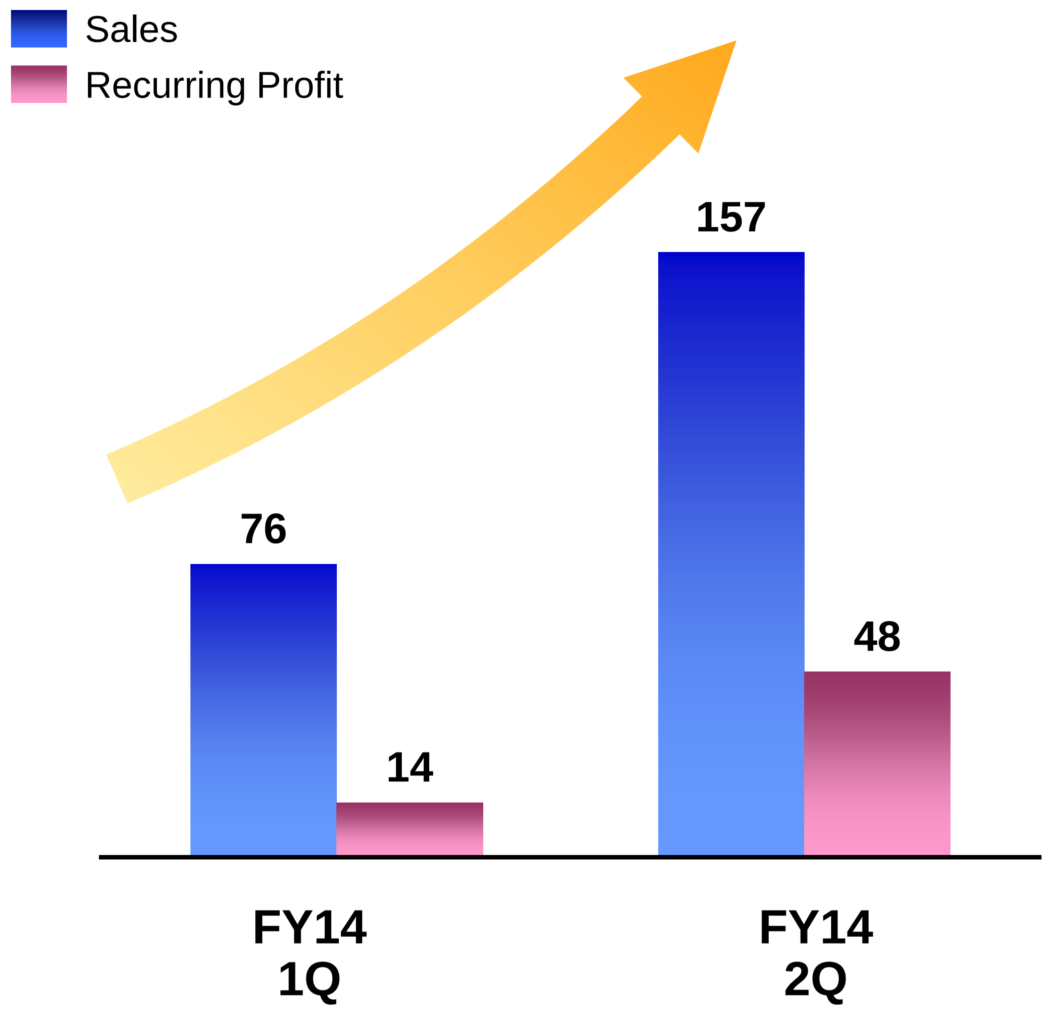
Jan. – Jul. in 2014



China Business Results

(mn yen)

JGAAP basis

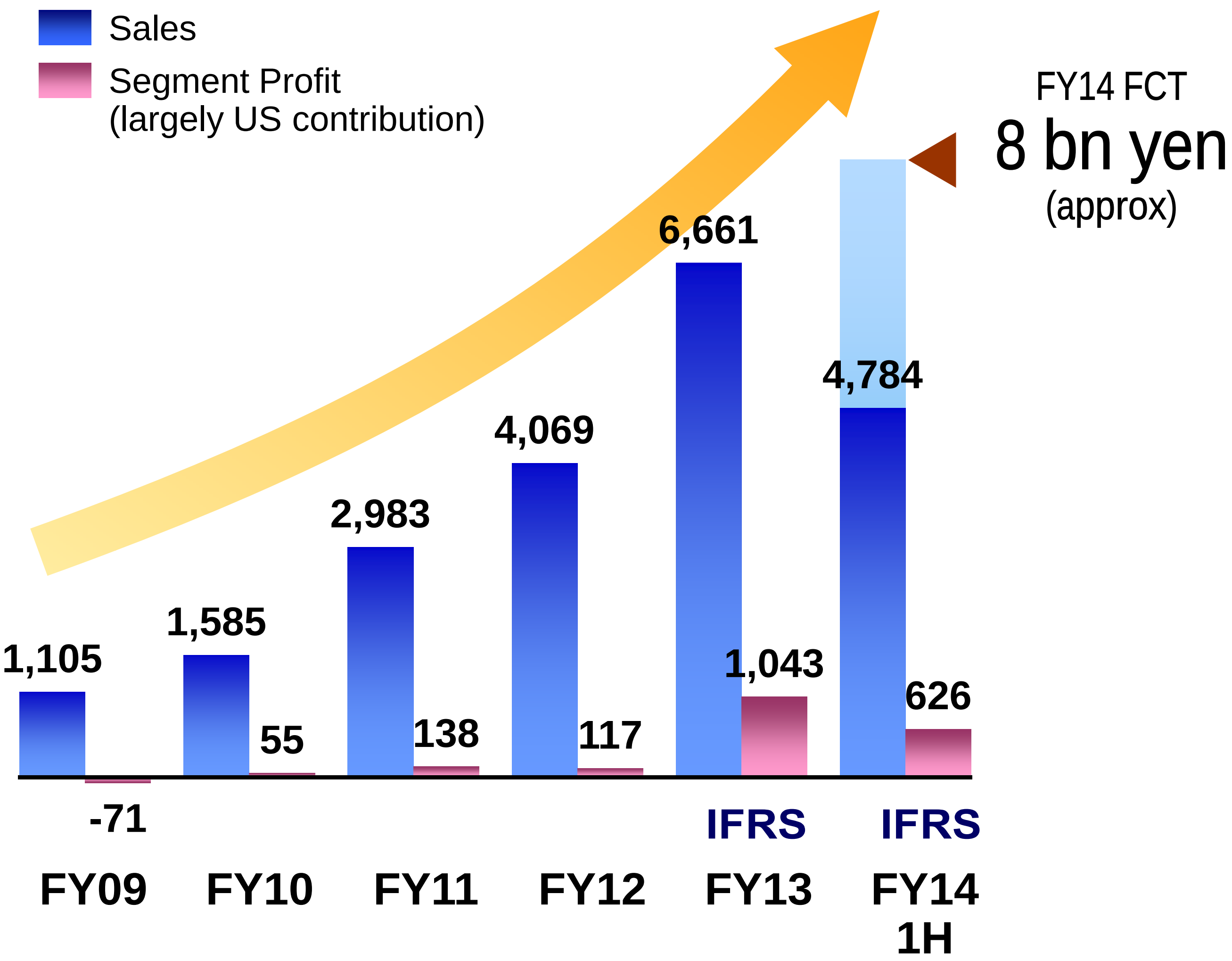


- China site membership has exceeded **1 million** doctors, covering nearly **50%** of physicians in China
- Marketing and research services for pharma co's are growing steadily, producing **surplus**.
- **MR-kun** service launch in pipeline for **2** pharma companies.

Sales and Profit Trend of Overseas

(mn yen)

IFRS basis



- Higher performance in line with increasing media power.
- More aggressive stance towards e-promotion on part of pharmaceutical companies
- Continued acceleration of growth on a local currency basis.
- M&A due diligence fees amounted to **72 mn yen** in 1H in costs. Exclusive of fees, 1H operating **profit** amounted to roughly **7 bn yen**.

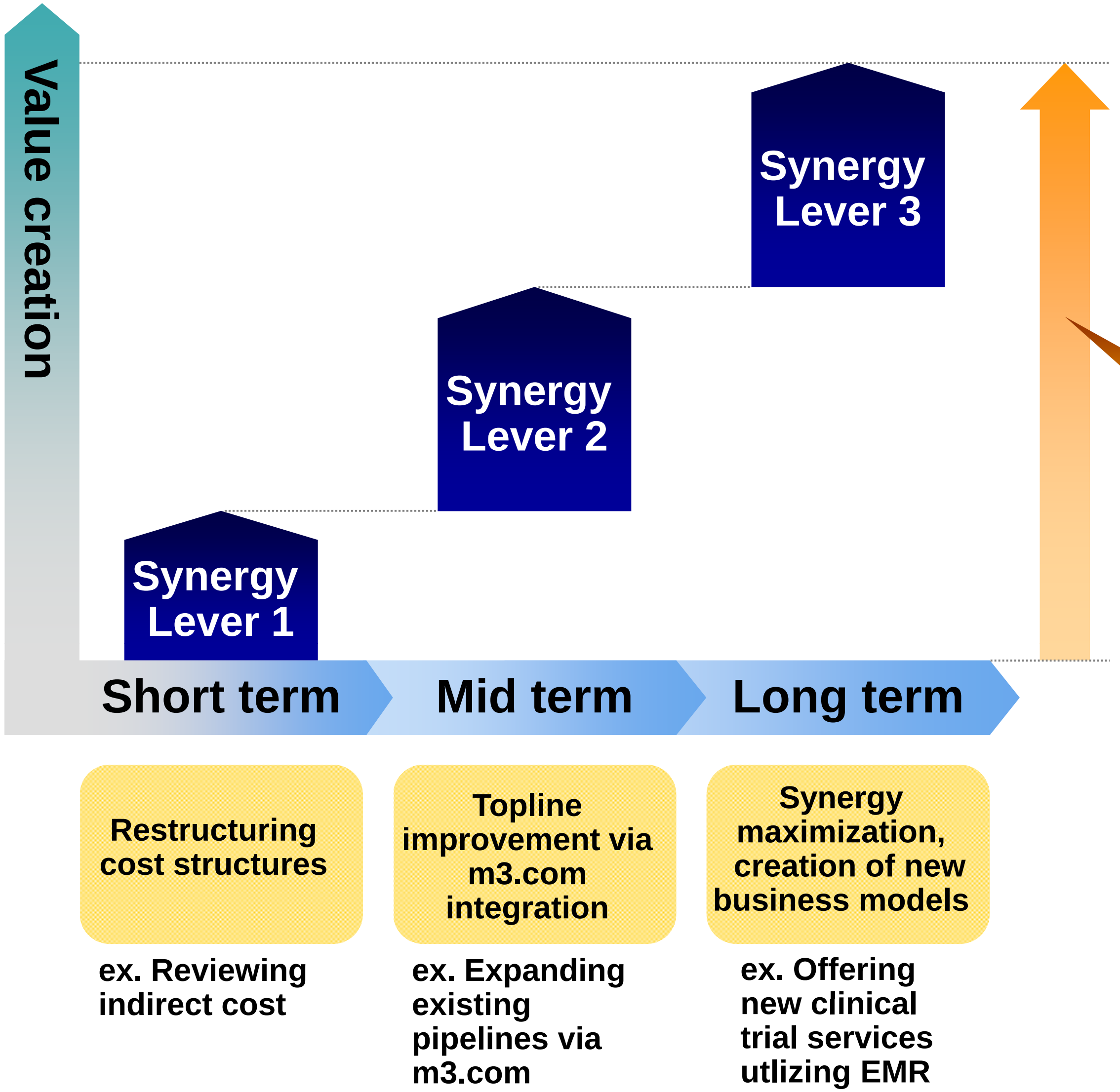
M3 Group’s Business Strategy

Changing Strategy in New Business Development

	Business Development in Healthcare-Internet Sector (2000～2010)	Internet-Powered Investment Strategy in Healthcare Sector (2011～)
		
Approach	Internet	Internet + Real-world Operation
Service Coverage	Web-based eTools	End-to-End Service Structure
Number of Potential Business Domains	~10	20 ~ 30 (~ 100 incl. overseas)
Profitability	High margin (Mid revenue)	High revenue (Mid margin)
M&A	Small size	Large ~ mid size

M3 is uniquely positioned to transform the health care industry via its 1) Platform 2) Industry Expertise and 3) Human Resources (management and engineering)

Value Creation via M&A



- We aim to create value across 3 successive terms after execution of M&A.
- Execution of 10+ M&As in the past 3 years have created more synergistic effects than initially expected, as well as provided accumulation of turn-around expertise
- We plan to use this PE-based strategy to create value overseas as well.

Financial Results

FY2014 1H（2014 Apr-Sep） Consolidated Earnings

(mn yen)	FY2013.1H	FY2014.1H		
	Actual	Forecast	Actual	YoY
Sales	16,692	23,000	24,630	+48%
Operating Profit	6,105	6,800	7,518	+23%
Pre-Tax Profit	6,304	6,800	7,559	+20%
Net Profit	3,979	4,000	4,817	+21%

Consolidated Sales Analysis (YoY)

IFRS basis

(mn yen)

Segment		Amount	Comment
FY2013.1H		16,692	
Medical Portal	MR-kun	905	Continuing growth
Medical Portal	Research, Others	306	Expanded Research and marketing support services aside from MR-kun
Medical Portal	Career	707	M3 Career expanded
Evidence Solution		3,223	Consolidated Medscience Planning
Overseas		1,971	US and UK both continued to expand
Clinical Platform		130	Expanded operations
Sales Platform		601	New segment following addition of MPI
Others		95	
FY2014.1H		24,630	

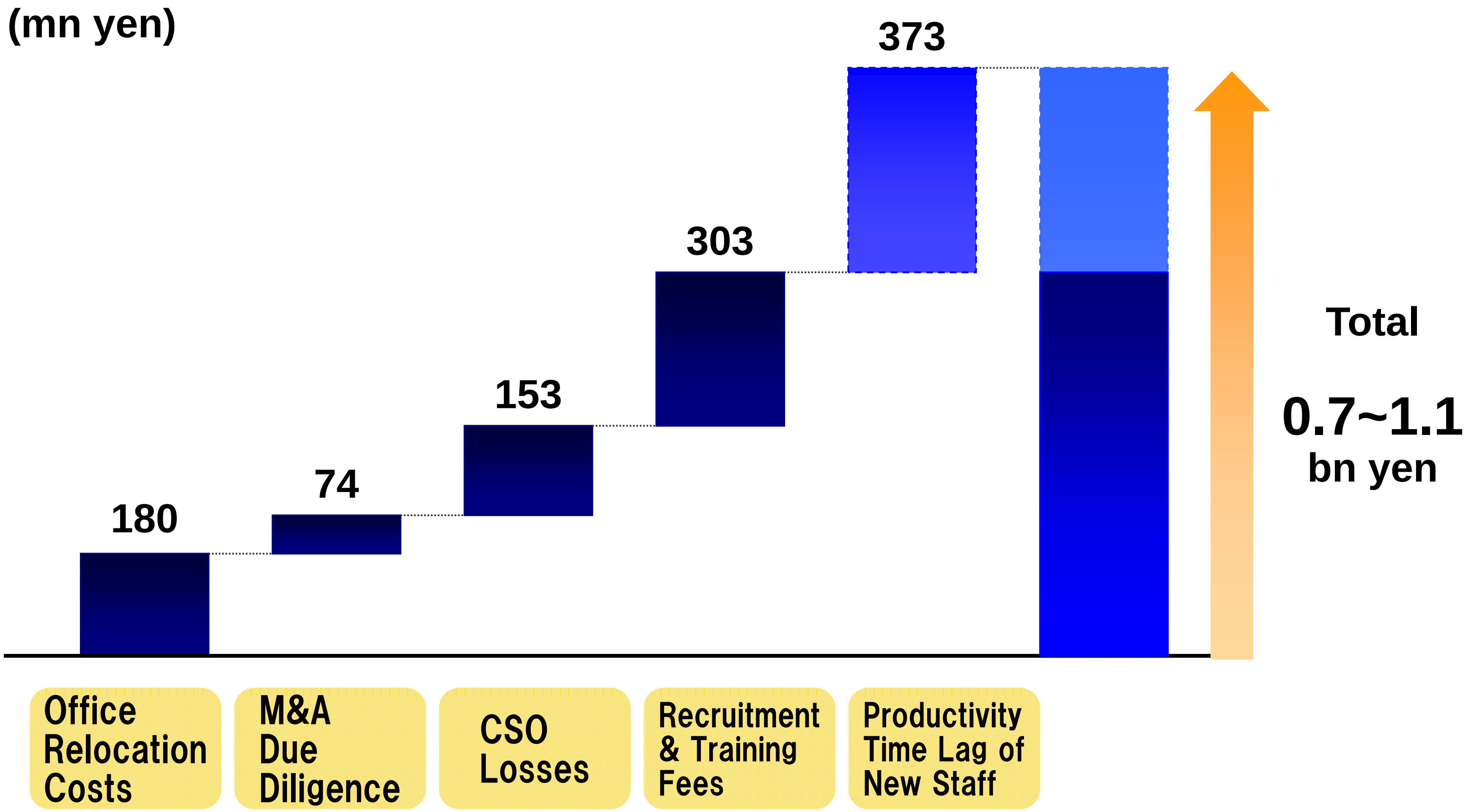
Steady growth momentum continues across all segments

Breakdown by Business Segments

IFRS basis

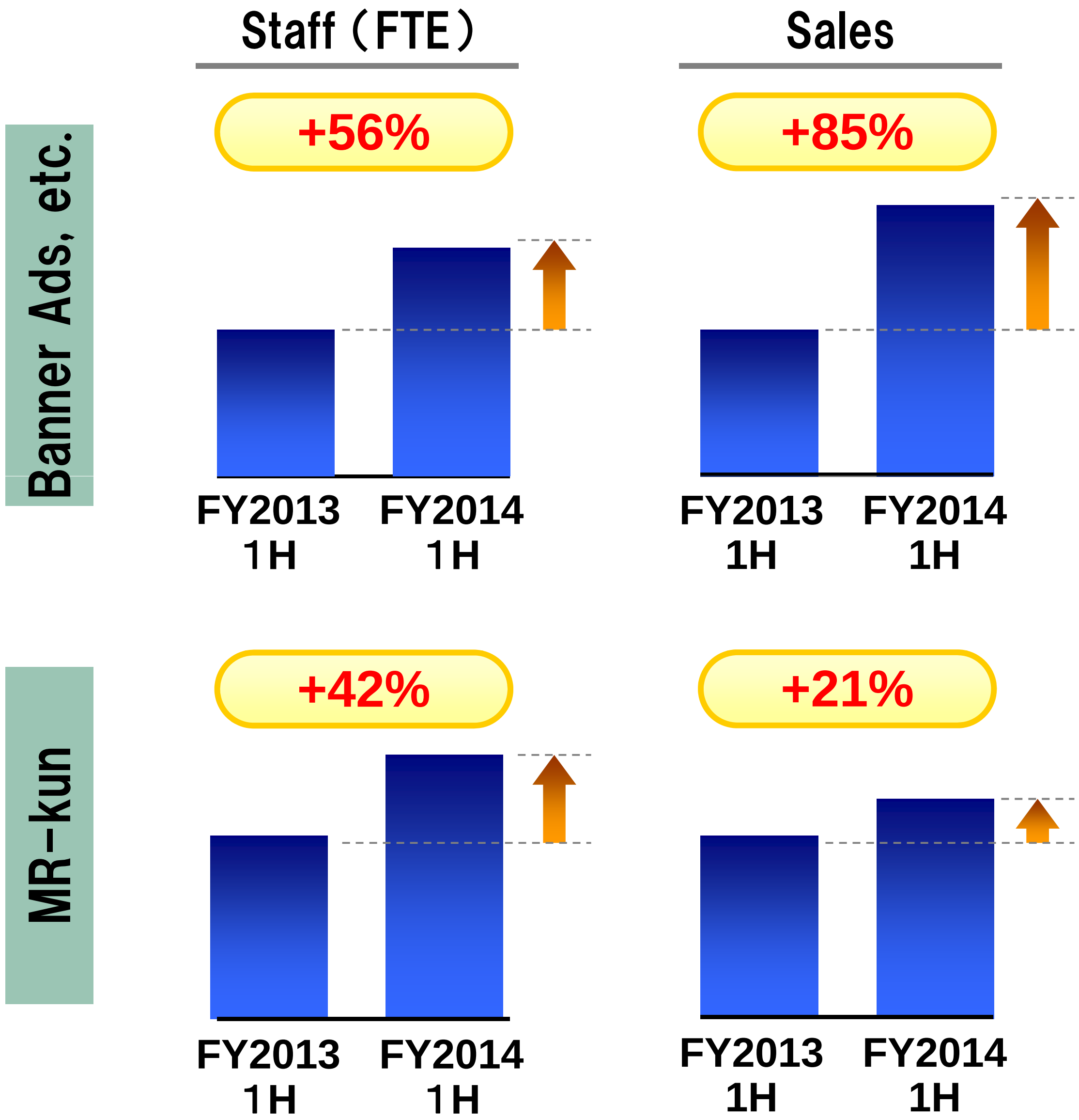
(mn yen)		FY2013.1H	FY2014.1H	YoY Growth
Medical Portal	Sales	9,179	11,098	+21%
	Profit	5,028	6,426	+28%
Evidence Solution	Sales	3,110	6,333	+104%
	Profit	695	635	▲9%
Overseas	Sales	2,813	4,784	+70%
	Profit	419	626	+49%
Clinical Platform	Sales	1,336	1,466	+10%
	Profit	138	175	+27%
Sales Platform	Sales	-	601	-
	Profit	-	▲153	-
Others	Sales	508	675	+33%
	Profit	92	17	▲81%

One-Time Upfront Investment Costs（1H）



Upfront investment costs is expected to dampen profits by 0.7 ~ 1.1 bn yen in FY 1H. Profit contribution from current investments expected sometime next fiscal year.

Sales Growth in Relation to Headcount Growth

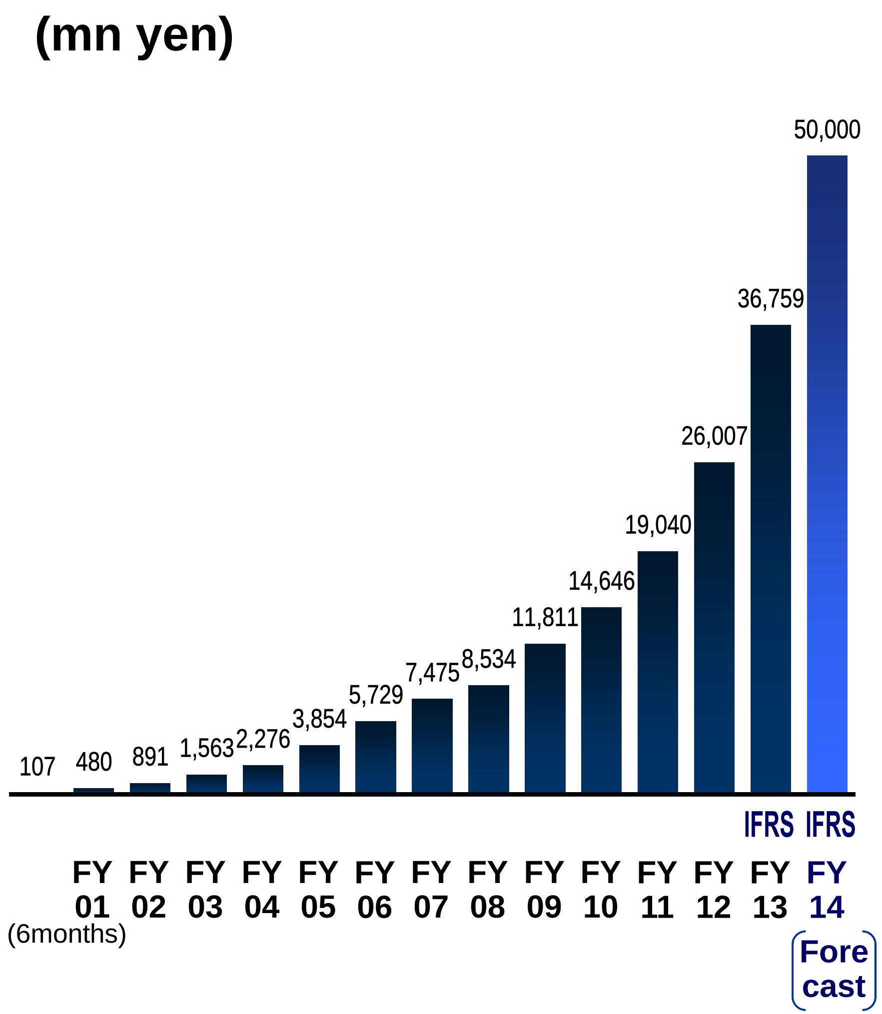


Flow type services show immediate effect of headcount increase on sales increase.

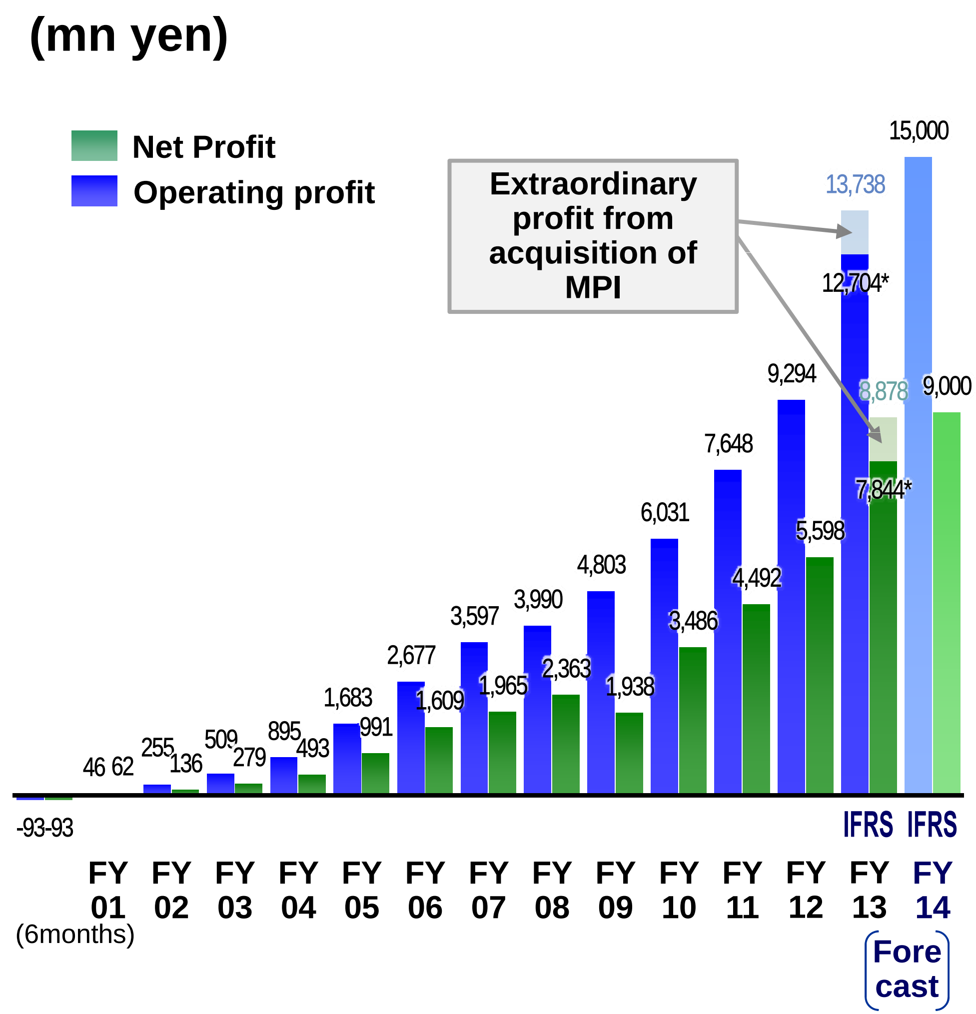
Sales for stock type services such as MR-kun, which account for a majority of revenues, is expected to pick-up further going forward

Annual Results & Forecast for FY2014

Sales



Ordinary Profit & Net Profit



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

Creating New Value in Healthcare

M3

Medicine
Media
Metamorphosis

Healthcare sector is enormous…

- Japanese national spending on medical services is approximately ¥33tn (approx. ¥50tn if peripheral businesses are included)
- Equivalent to 10% of Japanese GDP
- Sector controlled by only 290,000 physicians representing only 0.2% of the national population

Aim to create new value

- 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