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# About the Acquisition of **MEDISCIENCE PLANNING INC.**

- Supplementary Material -

December 2013





**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 about 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.**

# Overview-1 (Objective and Background)

- **M3 concluded in May 2012 a capital and business alliance agreement with MEDISCIENCE PLANNING INC. (hereafter referred to as “MPI”) and acquired 25% of MPI’s shares**
- **Since then, the two companies have collaborated successfully in various businesses – now, in order to maximize the use of both companies’ resources (including those of M3 Group) to accelerate the growth of the CRO and e-enabled CSO businesses, M3 and MPI have made a strategic decision to carry out a stock exchange whereby M3 will become the wholly owning parent company**
- **M3 and MPI, as a group, will pursue efficient clinical support through Online Trials and create a unique CSO service with e-equipped MRs**

# Overview-2 (Scheme and Schedule)

## ■ Scheme

- Stock exchange  
(M3 will carry out the stock exchange without approval provided by a resolution at its shareholders' meeting through a short-form stock exchange procedure)
- Stock exchange ratio  
3,500 yen / Average price of M3
  - ➔ Only the stock price of MPI is fixed at the date of announcement, and the stock price of M3 will be determined by the Volume Weighted Average Price during a period from and including Jan 27<sup>th</sup> to and including Jan 31<sup>st</sup>, 2014.

## ■ Schedule (Plan)

- Dec. 2, 2013 : Conclusion of Stock Exchange Agreement  
(Board meeting held at both companies)
- Jan. 23, 2014: Extraordinary shareholders' meeting (MPI)
- Feb. 18, 2014: Stock exchange will be conducted  
(Effective date)

# Strategic Objectives

## MEDISCIENCE PLANNING INC.



- Strong presence in CRO industry and large number of high quality CRAs
- Developing CSO business as a new growth area

## Strategic Objectives

1. Accelerate shift to online trials
2. Create new CSO service using e-equipped MRs

## M3, Inc.



- Media power of m3.com with approx. 250K registered physicians
- Experience developing successful online services such as MR-kun and Chiken-kun

# MEDISCIENCE PLANNING INC.

## MEDISCIENCE PLANNING INC (MPI)

### Office

Higashi Nihonbashi  
Chuo-ku Tokyo

### Established

September, 1982

### Capital

361 Million Yen

### Sales and Profit

**Sales** : 8,240 (mil yen)

**Operating Profit** : 732

**Ordinary Profit** : 749

**Net Profit** : 444

(FY2013 Consolidated basis)

### # of Employees

**Consolidated basis: 748**  
**(incl. 401 CRAs)**

(as of Aug. 31, 2013)

## Business

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### ■ CRO

Contracting clinical trial related operations from pharmaceutical companies

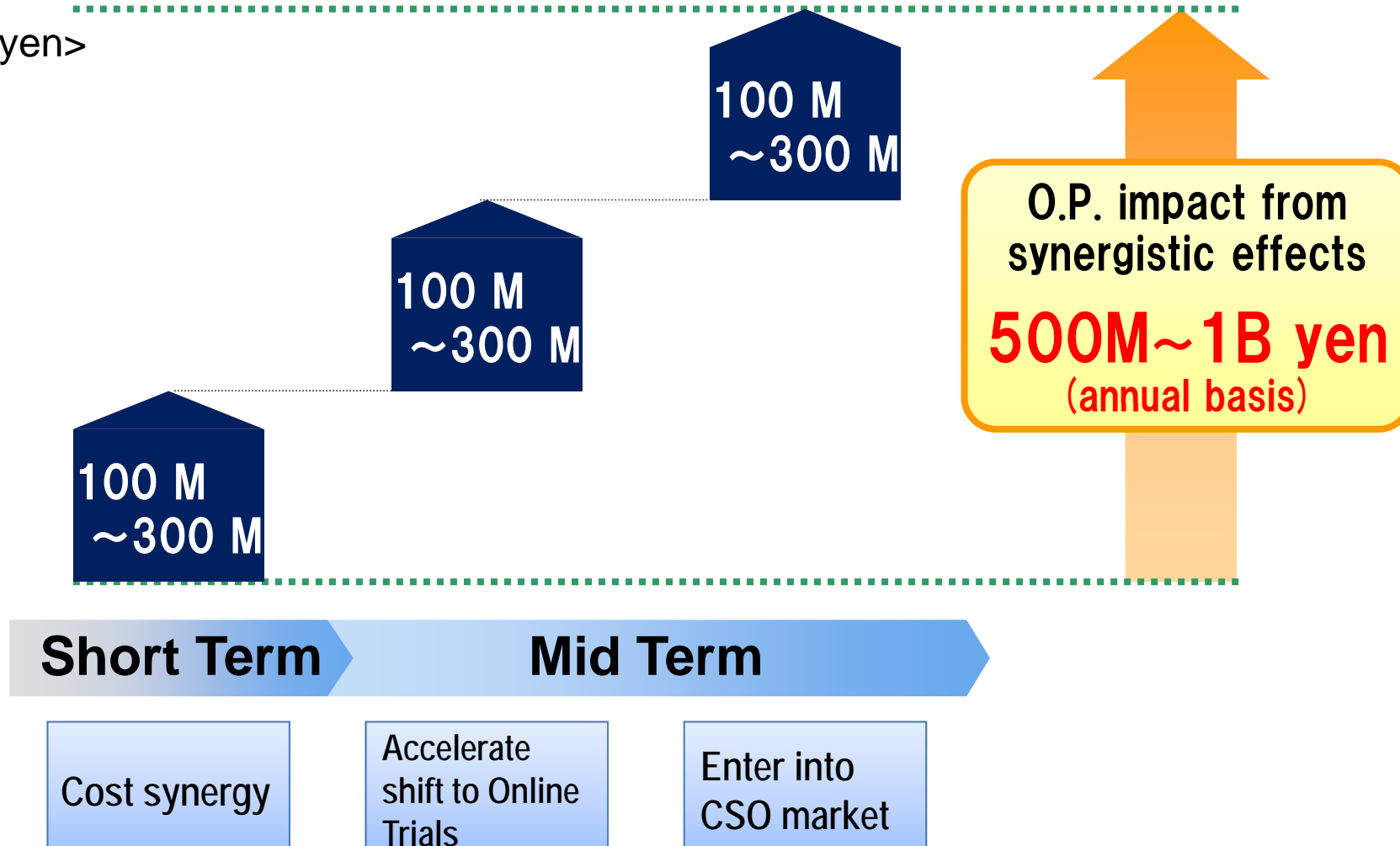
### ■ CSO

Contracting for sales or marketing operations of medical products from pharmaceutical companies

Other businesses including medical writing, consulting, etc...

# Synergy Estimation (annual profit)

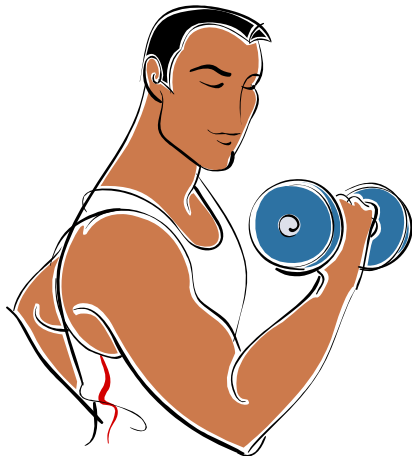
<yen>



※ The estimation built upon certain assumptions.

## Example Themes

- Reduce listing-related cost
- Merge back-office departments
- Streamline office space
- Consolidate hiring and HR
- Consolidate training for CRA staff
- etc.



Estimated cost synergy effect of 100 mil - 300 mil yen annually

 Reduced S.G.A. by ¥350 mil in the 2 years after acquiring Mebix, and by ¥180 mil in 1 year after acquiring MIC Medical



# Shift to Online Trials



# Number of CRAs by Company



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

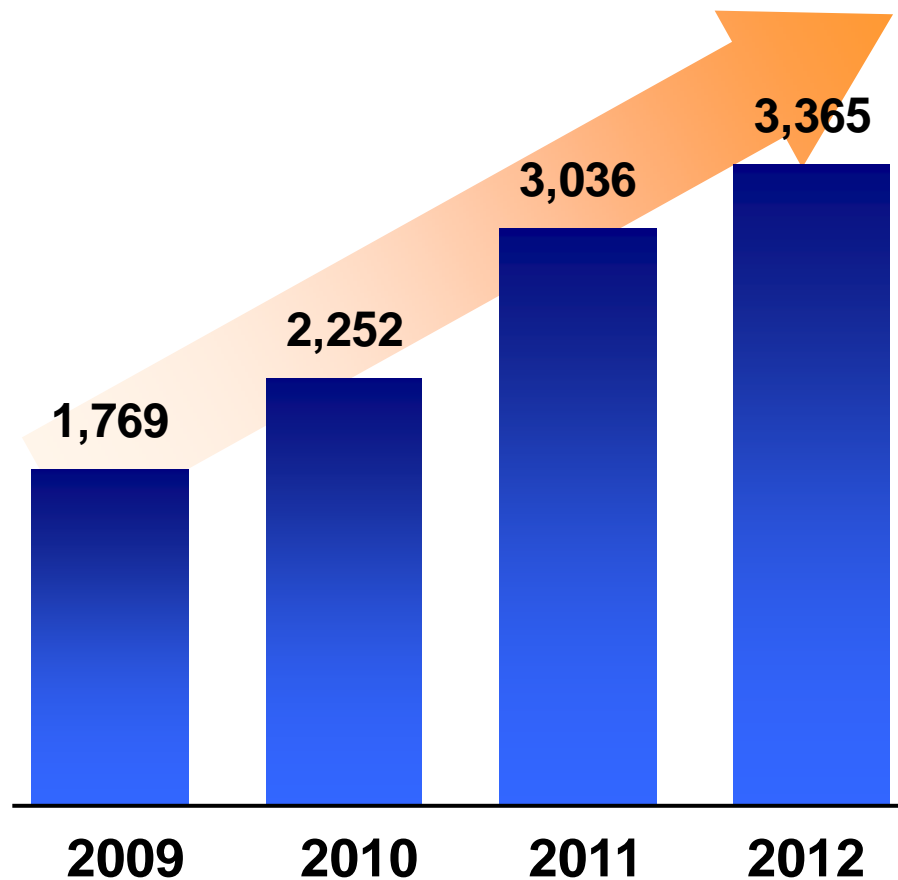
Legend:  M3 Group

<MIC research institute ltd>

Accelerate the “Shift to Online Trials” by reaching a top level in number of CRAs. Business size of evidence solution segment will grow to 13B yen

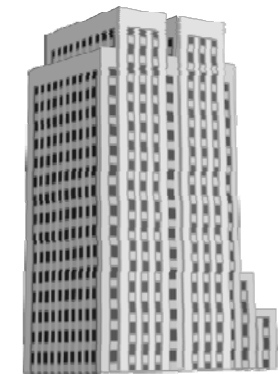
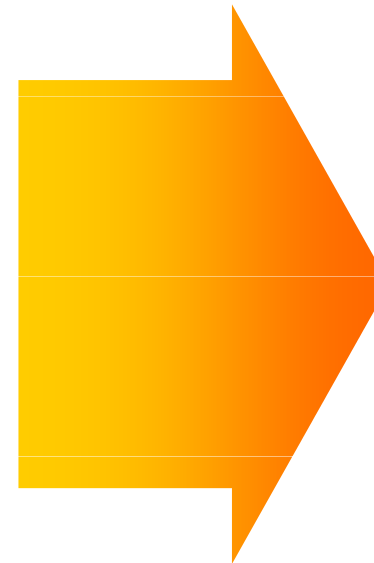
## Number of Contract MRs Trend

(Number)



- Size of Japanese CSO market is about ¥50B
- Number of contract MRs is increasing by 23.9% annually
- Not only mega pharma but generic companies, medical device companies and animal health companies are starting to use CSO

# CSO service armed with internet



Pharma companies

 Provide differentiated CSO service. Growth potential could be billions of yen business size in the future

# Accounting Treatment

- **Difference between the book value and acquisition value of already held MPI shares is expected to be recognized as extraordinary profit in connection with the stock exchange:**

**<Already held MPI shares>**

**Number of shares owned by M3: 649,400**

**Book value per stock: 1,899 yen**

**(1,233,724,000 yen in total)**

- **Positive impact on EPS is expected in the next fiscal year even after taking depreciation of goodwill and stock dilution into consideration  
(assuming the same accounting treatment for the depreciation of goodwill as applied for the MIC Medical acquisition)**
- **Expecting to create approx. 1B yen of profit annually as synergy in the mid-to-long-term**

# Schedule (Planning)

<b>Date</b>	<b>Event</b>
<b>2<sup>nd</sup> Dec.</b>	<b>Conclusion of Stock Exchange Agreement</b>
<b>23<sup>rd</sup> Jan. (Scheduled)</b>	<b>Extraordinary general shareholders' meeting (MPI)</b>
<b>12<sup>th</sup> Feb. (Scheduled)</b>	<b>Last trading day (MPI)</b>
<b>13<sup>th</sup> Feb. (Scheduled)</b>	<b>Delisting date (MPI)</b>
<b>18<sup>th</sup> Feb. (Scheduled)</b>	<b>Stock Exchange will be conducted (Effective date)</b>

\* The Schedule above may be changed if necessary