



Consolidated Financial Results
for the Nine Months Ended December 31, 2019 [IFRS]
(Abridged)

Jan 28, 2020

Listed Company:	M3, Inc.	Listed Stock Exchange: Tokyo
Securities Code:	2413	URL: http://corporate.m3.com/en/
Representative:	(Title) CEO (Name) Itaru Tanimura	TEL: 03-6229-8900
Contact:	(Title) Director (Name) Takahiro Tsuji	Dividend payment commencement date: —
Submission of quarterly report:	February 13, 2020	
Preparation of explanatory materials for quarterly financial result:	Yes	
Assembly for briefing of quarterly financial results:	No	

(amounts rounded to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2019

(April 1, 2019 to December 31, 2019)

(1) Consolidated Operating Results (Cumulative)

(% figures show year-on-year change)

	Net sales		Operating profit		Pre-tax profit		Net profit	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Nine months ended December 31, 2019	96,319	15.1	26,933	17.3	27,003	16.9	18,616	16.5
Nine months ended December 31, 2018	83,674	22.0	22,958	11.5	23,109	11.6	15,976	11.9

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million Yen	%	Million Yen	%	Yen	Yen
Nine months ended December 31, 2019	16,586	13.8	18,141	14.7	24.45	24.44
Nine months ended December 31, 2018	14,574	8.9	15,809	2.2	22.50	22.49

(Note) 1 A stock split in the ratio of two-for-one was implemented effective October 1, 2018. Basic earnings per share and diluted earnings per share have been calculated under the assumption that the stock split was implemented at the beginning of the prior consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	Million Yen	Million Yen	Million Yen	%	Yen
As of December 31, 2019	208,464	164,879	160,566	77.0	236.12
As of March 31, 2019	137,306	102,276	98,733	71.9	151.97

2. Dividends

	Annual per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	0.00	—	7.00	7.00
Fiscal year ending March 31, 2020	—	0.00	—		
Fiscal year ending March 31, 2020 (Forecast)				—	—

(Note) 1 Amendments to forecasts of dividends recently announced: None

2 Dividend forecast for the fiscal year ending March 31, 2020 is currently undetermined. It is to be determined after consideration of capital needs and condition of cash flow hereafter.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

	Net sales		Operating profit		Pre-tax profit		Net profit		Profit attributable to owners of the parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Annual	130,000	15.0	35,000	13.6	35,000	13.1	24,000	12.4	22,000	12.4	32.43

(Note) 1 Amendments to forecasts of financial results recently announced: None

2 Basic earnings per share has been calculated using 678,421,743 shares, which is the average number of issued shares during the nine months ended December 31, 2019.

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanying changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates:

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(3) Number of shares issued (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)		
As of December 31, 2019	678,564,200	shares
As of March 31, 2019	647,957,200	shares
(ii) Number of treasury stock at the end of the period		
As of December 31, 2019	65,002	shares
As of March 31, 2019	65,002	shares
(iii) Average number of shares during the period (cumulative)		
As of December 31, 2019	678,421,743	shares
As of December 31, 2018	647,788,600	shares

(Note) A stock split in the ratio of two-for-one was implemented effective October 1, 2018. The number of shares stated in above items (i) through (iii) have been calculated under the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

※ This quarterly financial report is outside the scope of the review procedures for quarterly financial statements.

※ Explanation of proper use of financial results forecasts, and other special matters

(Caution regarding statements concerning the future)

The forward-looking statements herein are based on information available to the Company and on certain assumptions deemed to be reasonable at the date of publication of this document. They are not intended as the Company's commitment to achieve such forecasts, and actual results may differ significantly due to various factors.

(Explanatory materials for quarterly financial result)

Explanatory materials for quarterly financial result will be posted on our website on Tuesday, January 28, 2020.

1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results

In Japan, various services are provided for the 280,000+ physician members via the “m3.com” website designed for medical professionals.

Medical Platform includes services which allow member physicians to proactively receive continuous and frequent information via the “m3.com” platform such as the “MR-kun family” services, marketing research capabilities paneling the physician members, and “QOL-kun” which provides marketing support for non-healthcare related corporates desiring to advertise daily life services to doctors, offering a wide menu range for catering to various agendas and purposes of clients. Additionally, provision of next generation sales reps, or “Medical Marketers,” and healthcare advertisement agency services are also being expanded via group companies. An equity-method affiliated company Stream-I, Inc. was established in October 2019, with aim to create therapeutic solutions within areas such as influenza.

Evidence Solution includes clinical trial related services centered around “Mr. Finder” which excavates institutions and patient participants for clinical studies, large-scale clinical study services, assistance with clinical trial operations provided by CROs, and administrative and operations support across the entire clinical trial process by SMOs, all provided through various group companies.

Career Solution provides job search and placement services for physicians and pharmacists through M3 Career, Inc.

Furthermore, consumer facing services such as the “AskDoctors” (<https://www.AskDoctors.jp/>) website which connects public users with “m3.com” member physicians for answers to daily health questions, healthcare professional education such as national examination preparatory services provided by TECOM Corporation, and LINE Healthcare Corporation established with LINE Corporation to provide online healthcare services, are all being expanded. Furthermore, a capital and business alliance has been agreed upon with Visionary Holdings, a company specializing in audiovisual healthcare services and operations of over 400 ground shops including MeganeSuper stores across Japan.

In Overseas, the U.S. portal website, “MDLinx,” designed for healthcare professionals, continues to expand its member network based services catering towards pharmaceutical companies, as well as its career support services for physicians and clinical trial support services. In Europe, the “Doctors.net.uk” U.K. portal website is expanding services for pharmaceutical companies, along with pharmaceutical database services offered by the Vidal Group in France, Germany, and Spain. Weda S.A.S., a French company providing “WEDA,” a cloud based electronic medical chart system, was consolidated in September 2019. In China, the portal website designed for healthcare professionals has topped 2.5 million physician registrations, and is expanding healthily. We have also launched a joint venture in India.

Additionally, membership and panel participation at websites operated by M3 group starting with Japan, U.S., Europe, China, and Korea, now totals over 5.5 million physicians, enabling provision of marketing research services that span across a global scale.

Consolidated cumulative results for the third quarter is as below.

(Unit: Million Yen)

	Nine months ended Dec 31, 2018 (April 1, 2018 to Dec 31, 2018, cumulative)	Nine months ended Dec 31, 2019 (April 1, 2019 to Dec 31, 2019, cumulative)	Quarter Comparison		(Reference) Previous consolidated fiscal year (April 1, 2018 to March 31, 2019)
Net sales	83,674	96,319	+12,645	+15.1%	113,059
Operating Profit	22,958	26,933	+3,974	+17.3%	30,800
Pre-Tax Profit	23,109	27,003	+3,894	+16.9%	30,942
Net Profit	15,976	18,616	+2,640	+16.5%	21,346

(Segment results)

(Unit: Million yen)

		Nine months ended Dec 31, 2018 (April 1, 2018 to Dec 31, 2018, cumulative)	Nine months ended Dec 31, 2019 (April 1, 2019 to Dec 31, 2019, cumulative)	Quarter Comparison	
Medical Platform	Segment Net Sales	29,968	36,986	+7,018	+23.4%
	Segment Profit	10,815	14,114	+3,299	+30.5%
Evidence Solution	Segment Net Sales	17,006	15,942	-1,065	-6.3%
	Segment Profit	4,555	3,335	-1,221	-26.8%
Career Solution	Segment Net Sales	10,650	12,018	+1,367	+12.8%
	Segment Profit	3,265	3,626	+362	+11.1%
Overseas	Segment Net Sales	18,696	22,160	+3,464	+18.5%
	Segment Profit	2,697	4,660	+1,963	+72.8%
Other Emerging Businsses	Segment Net Sales	9,120	11,118	+1,998	+21.9%
	Segment Profit	2,026	1,254	-772	-38.1%
Adjustment	Segment Net Sales	(1,766)	(1,904)	—	—
	Segment Profit	(417)	(56)	—	—
Profit associated with business combination		17	—	-17	—
Total	Net Sales	83,674	96,319	+12,645	+15.1%
	Operating Profit	22,958	26,933	+3,974	+17.3%

1) Medical Platform

In addition to the expansion of various existing services, contribution from newly consolidated group companies produced Medical Platform segment sales totaling 36,986 million yen, higher by 23.4% year on year. Upfront investments aimed for future growth such as new business initiatives and fortification of the marketing service teams have raised SG&A mainly around personnel costs, however, Medical Platform segment produced profits of 14,114 million yen, higher by 30.5% year on year. Investment in branch expansion for the new business Y's has impacted profits negatively by 337 million yen; profit growth for the segment would otherwise have been 33.6% year on year.

2) Evidence Solution

The CRO business maintained healthy progress, however, ending of large scale projects resulted in total sales of 15,942 million yen, lower by 6.3% year on year. Segment profit ended at 3,335 million yen, lower by 26.8% year on year.

3) Career Solution

Increase in physician and pharmacist user demand expanded business to produce segment sales of 12,018 million yen, an increase of 12.8% versus previous year. Profits amounted to 3,626 million yen, an increase of 11.1% versus previous year after absorbing upfront investment costs for future growth such as from personnel expansion.

4) Overseas

In addition to APAC growth, the U.S. clinical trial business remained robust, resulting in segment sales of 22,160 million yen, higher by 18.5% year on year. Segment profit amounted to 4,660 million yen, higher by 72.8% year on year.

5) Other Emerging Businesses

Segment sales totaled 11,118 million yen, higher by 21.9% year on year. Effects such as the deconsolidation of Honyaku Center Inc. reduced segment profit by 461 million yen, producing segment profits of 1,254 million yen, lower by 38.1% year on year.

Combining all of the above, results for the entire group for the nine months ended December 31, 2019, amounted to sales of 96,319 million yen, higher by 15.1% year on year, and operating profit of 26,933 million yen, higher by 17.3% year on year. Pre-tax profit was 27,003 million yen, higher by 16.9% year on year, and net profit was 18,616 million yen, higher by 16.5% year on year.

Disclaimer:

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