



Consolidated Financial Results
for the Fiscal Year Ended March 31, 2019 [IFRS]
(Abridged)

Apr 24, 2019

Listed Company: M3, Inc.
Securities Code: 2413
Representative: (Title) CEO (Name) Itaru Tanimura
Contact: (Title) Director (Name) Takahiro Tsuji
General Meeting of Shareholders: June 27, 2019
Dividend payment commencement date: June 11, 2019
Submission of quarterly report: June 28, 2019
Preparation of explanatory materials for quarterly financial result: Yes
Assembly for briefing of quarterly financial results: Yes (For Analysts)

Listed Stock Exchange: Tokyo
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(Amounts of less than one million yen are rounded)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

(From April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results (Cumulative)

(% figure show year-on-year change)

	Net sales		Operating profit		Pre-tax profit		Net profit		Profit attributable to owners of the parent company		Total comprehensive profit	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal Year ended March 31, 2019	113,059	19.7	30,800	12.1	30,942	12.6	21,346	11.0	19,577	8.0	21,414	9.4
Fiscal Year ended March 31, 2018	94,471	20.9	27,486	-	27,472	-	19,225	-	18,127	-	19,575	23.2

	Basic earnings per share	Diluted earnings per share	Pre-tax profit attributable to owners of the parent company	Total asset to pre-tax profit ratio	Cost of sales to operating profit ratio
	Yen	Yen	%	%	%
Fiscal Year ended March 31, 2019	30.22	30.20	21.6	24.4	27.2
Fiscal Year ended March 31, 2018	27.99	27.97	24.2	25.9	29.1

(Ref) Equity in earnings of affiliated companies for the fiscal year ended March 31, 2019: 85 million yen

Equity in earnings of affiliated companies for the fiscal year ended March 31, 2018: 30 million yen

(Note) 1 IFRS9 (Financial Instruments) treatment has been applied from the first quarter of the fiscal year ending March 2019. Results for the fiscal year ended March 2018 have been retroactively restated. As a result, previous year comparisons have been omitted.

2 A two-for-one stock split 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 previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company	Equity per share attributable to owners of the parent company
	Million Yen	Million Yen	Million Yen	%	Yen
As of March 31, 2019	137,306	102,276	98,733	71.9	151.97
As of March 31, 2018	116,441	85,167	82,484	70.8	126.97

(3) Consolidated Cash Flow Position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Million Yen	Million Yen	Million Yen	Million Yen
Fiscal year ended March 31, 2019	17,749	(8,783)	(5,008)	27,538
Fiscal year ended March 31, 2018	15,913	(7,281)	(4,761)	23,732

2. Dividends

	Annual per share					Dividend Payout (Total)	Dividend payout ratio (Consolidated)	Dividend payout ratio attributable to the owners of the parent company (Consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal year ended March 31, 2018	—	0.00	—	11.00	11.00	3,563	19.6	4.8
Fiscal year ended March 31, 2019	—	0.00	—	7.00	7.00	4,535	23.2	5.0
Fiscal year ending March 31, 2020 (Forecast)	—	0.00	—	—	—		—	

(Note)

- 1 A two-for-one stock split was implemented effective October 1, 2018. Dividends for fiscal year ended March 2018 have been stated in amounts calculated prior to the stock split implementation.
- 2 IFRS 9 (Financial Instruments) treatment have been applied as of the fiscal year ending March 2019, and retrospective restatements have been made to results of the fiscal year ending March 2018.
- 3 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. Forecast for the Consolidated Fiscal Year Ending March 31, 2020

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

	Net sales		Operating profit		Pre-tax profit		Net profit		Earnings attributable to the owners of the parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
First Half	60,000	12.6	15,000	8.1	15,000	7.2	10,300	7.0	9,100	6.9	14.05
Annual	130,000	15.0	35,000	13.6	35,000	13.1	24,000	12.4	22,000	12.4	33.96

(Note) “Basic earnings per share” forecast has been calculated using 647,810,235 shares, which is the average number of shares outstanding during the fiscal year ended March 31, 2019.

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanying changes in scope of consolidation): Yes

1 new subsidiary: Y's, Inc.

(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 stock)		
As of March 31, 2019	647,957,200	shares
As of March 31, 2018	647,795,800	shares
(ii) Number of treasury stock at the end of the period		
As of March 31, 2019	65,002	shares
As of March 31, 2018	64,800	shares
(iii) Average number of shares during the period (cumulative)		
As of March 31, 2019	647,810,235	shares
As of March 31, 2018	647,614,664	shares

(Note) A two-for-one stock split was implemented effective October 1, 2018. Items in (3) above have been calculated under the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

※ Indication regarding implementation status of the quarterly review procedures

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

(1) 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.

(2) Regarding voluntary reclassification based on IFRS

The Company has started voluntary reclassification based on IFRS as of the first quarter of the fiscal year ending March 31, 2015.

(3) Explanatory materials for quarterly financial result

Explanatory materials for quarterly financial result will be posted on our website on Wednesday, April 24, 2019.

Qualitative Information on Results

(1) Explanation of consolidated operating results

In Japan, various services are provided for the 270,000+ physician members via the “m3.com” website designed for medical professionals.

Medical Platform includes services which allows 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.

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” (<http://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 business, are all being expanded. empheal inc., an equity method affiliate, was established with DOCOMO in April 2019 to offer corporate health management support services.

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. In China, the portal website designed for healthcare professionals has now topped 2.5 million physician registrations, and 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 million physicians, enabling provision of marketing research services that span across a global scale.

Consolidated results for the fiscal year (cumulative)

(Unit: Million Yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to Mar 31, 2018, cumulative)	Fiscal year ended March 31, 2019 (April 1, 2018 to Mar 31, 2019, cumulative)	Fiscal year comparison	
Net sales	94,471	113,059	+18,588	+19.7%
Operating Profit	27,486	30,800	+3,314	+12.1%
Pre-Tax Profit	27,472	30,942	+3,469	+12.6%
Net Profit	19,225	21,346	+2,121	+11.0%

※ IFRS 9 (Financial Instruments) treatment have been applied as of the fiscal year ending March 2019, and retrospective restatements have been made to results of the fiscal year ending March 2018.

(Segment results)

(Unit: Million yen)

		Fiscal year ended March 31, 2018 (April 1, 2017 to Mar 31, 2018, cumulative)	Fiscal year ended Mar 31, 2019 (April 1, 2018 to Mar 31, 2019, cumulative)	Fiscal year comparison	
Medical Platform	Segment Net Sales	34,306	41,248	+6,942	+20.2%
	Segment Profit	15,366	15,391	+25	+0.2%
Evidence Solution	Segment Net Sales	22,084	22,633	+548	+2.5%
	Segment Profit	5,532	5,985	+452	+8.2%
Career Solution	Segment Net Sales	10,880	13,710	+2,830	+26.0%
	Segment Profit	2,871	3,847	+976	+34.0%
Overseas	Segment Net Sales	22,425	25,124	+2,699	+12.0%
	Segment Profit	2,980	3,638	+658	+22.1%
Other Emerging Businesses	Segment Net Sales	6,903	12,692	+5,789	+83.9%
	Segment Profit	1,697	2,484	+787	+46.4%
Adjustment	Segment Net Sales	(2,126)	(2,347)	—	—
	Segment Profit	(961)	(562)	—	—
Profit associated with business combination		—	17	+17	—
Total	Net Sales	94,471	113,059	+18,588	+19.7%
	Operating Profit	27,486	30,800	+3,314	+12.1%

(Note) IFRS9 (Financial Instruments) treatment has been applied from the first quarter of the fiscal year ending March 2019. Results dating back to the first quarter of the fiscal year ended March 2018 have been retroactively restated.

1) Medical Platform

In addition to the expansion of various existing services, contribution from newly consolidated group companies produced Medical Platform segment sales totaling 41,248 million yen, higher by 20.2% year on year.

Combining upfront personnel investments aimed for future growth in advanced medicine businesses such as AI as well as fortification of marketing service teams approaching pharmaceutical and medical device companies, offset by profit contribution from a large-scale project completion, the Medical Platform segment produced profits of 15,391 million yen, higher by 0.2% year on year.

2) Evidence Solution

The CRO business maintained healthy progress, despite the deconsolidation of Integrated Development Associates Co., Ltd., resulting in total sales of 22,633 million yen, higher by 2.5% year on year. Operations improvements boosted profits, and segment profit ended at 5,985 million yen, higher by 8.2% year on year. Clinical trial project demand remains steady, with steady project backlog (segment total of roughly 26,000 million yen).

3) Career Solution

Increase in physician and pharmacist user demand expanded business to produce segment sales of 13,710 million yen, an increase of 26.0% versus previous year. Profits amounted to 3,847 million yen, an increase of 34.0% versus previous year after absorbing upfront investment costs for future growth such as from personnel expansion.

4) Overseas

With the new consolidation of the clinical trial support company, M3 Wake Research, Inc., segment sales were 25,124 million yen, higher by 12.0% year on year. Segment profit amounted to 3,638 million yen, higher by 22.1% year on year.

5) Other Emerging Businesses

Segment sales totaled 12,692 million yen, higher by 83.9% year on year. In addition to absorbing upfront investment costs for newly launched businesses, one time profits resulting from reorganization of group companies produced segment profits of 2,484 million yen, higher by 46.4% year on year.

Combining all of the above, results for the entire group for the twelve months ended March 31, 2019, amounted to sales of 113,059 million yen, higher by 19.7% year on year, and operating profit of 30,800 million yen, higher by 12.1% year on year. Pre-tax profit was 30,942 million yen, higher by 12.6% year on year, and net profit was 21,346 million yen, higher by 11.0% year on year.

(2) Explanation of consolidated financial position

Total assets were 137,306 million yen, an increase of 20,865 million yen compared to the end of the previous fiscal year. Current assets totaled 63,986 million yen, a net increase of 10,390 million yen versus last fiscal year end mainly due to an increase in cash and cash equivalents of 3,806 million yen, and an increase in account receivable and other receivables in the amount of 3,412 million yen accompanying business expansion. Illiquid assets totaled 73,320 million yen, an increase of 10,475 million yen versus last fiscal year end, mainly due to an increase in goodwill of 6,124 million yen from an increase in newly consolidated subsidiaries as well as an increase in measurement of fair value of financial assets by 3,927 million yen.

Total liabilities increased by 3,756 million yen versus last fiscal year end to total 35,030 million yen. Current liabilities increased by 3,444 million yen versus previous fiscal year end to total 27,999 million yen due to items such as 1,885 million yen increase in operating payables and other payables accompanying an increase in newly consolidated subsidiaries. Illiquid liabilities increased by 313 million yen versus previous fiscal year end to total 7,031 million yen.

Total shareholder's equity increased by 17,108 million yen compared to the end of the previous fiscal year to total 102,276 million yen. Factors include the allocation of 19,577 million yen in profits attributable to the owners of the parent company, offset by the apportionment of surplus in the amount of 3,563 million yen, resulting in an increase of 16,016 million yen in retained earnings. Furthermore, over the cumulative consolidated fiscal year ending March 2019, inclusion of a transfer of 2,000 million yen from legal capital surplus to capital stock has increased capital stock by 2,055 million yen, and decreased legal capital surplus by 1,958 million yen.

(Condition of cashflows)

Cash and cash equivalents for the year ended March 31, 2019 increased by 3,806 million yen versus last fiscal year end to total 27,538 million yen.

Cash flows from operating activities produced an income of 17,749 million yen, an increase of inflow of 1,836 million yen year on year. The major component of inflow was pre-tax profit of 30,942 million yen, and the major component of outflow was the payment of corporate income tax amounting to 8,714 million yen.

Cash flows from investment activities produced an outflow of 8,783 million yen, an increase in outflow of 1,502 million yen year on year. Outflow of 4,614 million yen from the acquisition of stocks in subsidiaries accompanying changes in the scope of consolidation has occurred.

Cash flows from financing activities produced an outflow of 5,008 million yen, an increase in outflow of 246 million yen versus previous year, due to factors such as dividend payments of 3,353 million yen to the owners of the parent company.

(3) Forward-looking statements and consolidated results forecast

We anticipate increases in sales and profits for the group for the fiscal year ending March 31, 2020.

1) Medical Platform segment

Marketing support business targeting healthcare related companies is expected to be the central driver of growth.

Expenditures resulting from aggressive headcount increases geared for further growth expected.

As a combined result of the above, we expect the Medical Platform segment to see increased sales and profits.

2) Evidence Solution segment

For the Evidence Solution segment, profit is expected to remain in line with the previous year. CRO and SMO business will remain a healthy contributor to sales increase, offset by the completion of large scale pharmacovigilance projects

3) Career Solutions segment

M3 Career business expansion is expected to increase both sales and profits.

4) Overseas segment

Within the Overseas segment, we expect various services across the various countries to contribute to an increase in sales and profits.

Based on the above, we forecast the below for consolidated financial results for the fiscal year ending March 31, 2020.

(Unit: Million Yen)

	Net sales		Operating profit		Pre-tax profit		Net profit		Net profit attributable to the owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half	60,000	12.6	15,000	8.1	15,000	7.2	10,300	7.0	9,100	6.9
Annual	130,000	15.0	35,000	13.6	35,000	13.1	24,000	12.4	22,000	12.4

(Note) Above forecasts and forward-looking statements are based on assumptions and beliefs derived from information currently available, and is subject to change due to but not limited to fluctuations in global economic conditions.

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