



Consolidated Financial Results  
for the Nine Months Ended December 31, 2014 [IFRS]

Jan 27, 2015

Listed Company:	M3, Inc.	Listed Stock Exchange: Tokyo
Securities Code:	2413	URL: <a href="http://corporate.m3.com/en/">http://corporate.m3.com/en/</a>
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 10, 2015	
Preparation of explanatory materials for quarterly financial result:	Yes	
Assembly for briefing of quarterly financial results:	No	

(Amounts of less than one million yen are rounded.)

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2014**

(From April 1, 2014 to December 31, 2014)

(1) Consolidated Operating Results (Cumulative)

(% figure 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, 2014	38,449	43.5	12,271	19.9	12,439	18.8	8,074	21.0
Nine months ended December 31, 2013	26,793	-	10,238	-	10,473	-	6,670	-

	Profit attributable to owners of the parent		Total comprehensive profit		Basic earnings per share	Diluted earnings per share
	Million Yen	%	Million Yen	%	Yen	Yen
Nine months ended December 31, 2014	7,528	19.3	9,137	12.2	23.28	23.24
Nine months ended December 31, 2013	6,309	-	8,140	-	19.84	19.75

(Note) 1 Year-on-year results for period ended Dec 31, 2013 have been omitted given reclassification based on IFRS began on April 1, 2013.

2 A 1:200 Stock Split was effected on April 1, 2014. “Basic earnings per share” and “Diluted earnings per share” have been calculated under assumption the said split occurred 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 December 31, 2014	55,289	44,244	43,073	77.9	132.74
As of March 31, 2014	49,496	37,461	36,615	74.0	112.86

**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, 2014	-	0.00	-	1,300.00	1,300.00
Fiscal year ending March 31, 2015	-	0.00	-		
Fiscal year ending March 31, 2015 (Forecast)				-	-

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

- 2 Dividend forecast for the fiscal year ending March 31, 2015 is currently undetermined. It is to be determined after consideration of capital needs and condition of cash flow hereafter.
- 3 A 1:200 Stock Split was effected on April 1, 2014. Dividends stated above for the fiscal year ended March 31, 2014 is the actual amount of dividend paid before the stock split.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2015

(from April 1, 2014 to March 31, 2015)

	Net sales	Operating profit	Pre-tax profit	Net profit	Basic earnings per share
Annual	Million Yen 50,000	Million Yen 15,000	Million Yen 15,000	Million Yen 9,000	Yen 27.84

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

- 2 Basic earnings per share has been calculated using 323,304,341 shares, which is the average number of shares outstanding during the three months ended Dec 31, 2014.

#### ※ 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: None
- (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 December 31, 2014	323,393,800	shares
As of March 31, 2014	323,263,000	shares
(ii) Number of treasury stock at the end of the period		
As of December 31, 2014	32,400	shares
As of March 31, 2014	32,400	shares
(iii) Average number of shares during the period (cumulative)		
As of December 31, 2014	323,304,341	shares
As of December 31, 2013	317,964,000	shares

(Note) A 1:200 Stock Split was effected on April 1, 2014. The above number of shares has been calculated under assumption the split occurred on day one 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 under the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial report, review procedures for the Quarterly Consolidated Financial Statements are in progress.

#### ※ 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. Previous consolidated cumulative second quarter results and previous consolidated cumulative full year results have been reclassified based on IFRS.

(3) Explanatory materials for quarterly financial result

Explanatory materials for quarterly financial result will be posted on our website on Tuesday, January 17, 2015.

## 1. Qualitative Information on Quarterly Results

### (IFRS basis)

M3 Group initiated voluntary reclassification based on IFRS reporting (“IFRS” below) as of the first quarter of the fiscal year ending March 31, 2015.2014. Reclassification based on IFRS reporting took place starting April 1, 2013. IFRS based calculations of results from the second quarter of the fiscal year ending March 31, 2014 are also displayed.

### (1) Explanation of consolidated operating results

Various services are provided for the 250,000+ member doctors via the “m3.com” website designed for medical professionals.

Existing services remained stable with further penetration of existing client base across each service. Marketing support targeting pharmaceutical companies offers a selection of services catering to various agendas and purposes, and include the basic “Affiliates” (Teikei Kigyo) service which a majority of key pharmaceutical companies operating within Japan are utilizing, “MR-kun” service which provides continuous information via voluntary reception by member physicians, and “m3MT” service which provides a more direct approach to member physicians via e-mail.

In addition, services centered around “Mr. Finder” (Chicken-Kun) which excavates institutions and patient participants for clinical trials are carried out by Mebix Inc. which provides IT supported large-scale clinical study services, MIC Medical Corp and MEDISCIENCE Planning Inc. (“MPI” below) which assists in clinical trial operations, and by e-SMO Inc. which provides administrative and operations support across the entire clinical trial process as an SMO. Additionally, the decision has been made to acquire Neues Co, Ltd., a large-scale market leading SMO with affiliations across approximately 800 clinical trial sites, as a wholly owned subsidiary from April 2015.

Furthermore, new services such as market research services that panel member physicians, “QOL-kun” which provides marketing support for non-medical related corporations desiring to advertise daily life services to doctors, “AskDoctors” (<http://www.AskDoctors.jp/>) website which connects public users with member physicians for answers to general health questions, and “Practice Management” (m3.com Kaigyo/Keiei) services which support the establishment and management of clinics, are all being expanded.

Services at M3 Career, Inc. (“M3 Career” below) which provides job search and placement services for physicians and pharmacists, iTICKET Corporation which provides online reservation services for clinics, Reno Medical Inc. which is an advertisement agency, C.M.S Co.Ltd (“C.M.S” below) which supports development and sales of electronic medical record systems, and M3 Marketing, Inc (“M3 Marketing” below) which develops and provides next generation “Medical Marketers,” are also all being expanded.

As for business overseas, the U.S. portal website, “MDLinx,” designed for healthcare professionals, continues to expand its services towards pharmaceutical companies. It now has over 600,000 physician members, in part boosted by a partnership. The U.K. portal website, “Doctors.net.uk,” with roughly 200,000 physician members, is also expanding services for pharmaceutical companies. Furthermore, the China portal website has now topped one million physician members.

Additionally, membership and panel participation at websites operated by M3 group starting with Japan, U.S., U.K., China, and Korea, now totals over 2.5 million physicians, enabling provision of marketing research services that span across a global scale.

Consolidated quarterly results for the third quarter (cumulative) is as below.

(Unit: Million Yen)

	Nine month ended December 31, 2013 (April 1, 2013 to Dec 31, 2013, cumulative)	Nine month ended December 31, 2014 (April 1, 2014 to Dec 31, 2014, cumulative)	Third quarter comparison		(Reference) Previous consolidated fiscal year (April 1, 2013 to March 31, 2014)
Net sales	26,793	38,449	+11,655	+43.5%	36,759
Operating Profit	10,238	12,271	+2,033	+19.9%	13,738
Pre-Tax Profit	10,473	12,439	+1,966	+18.8%	13,927
Net Profit	6,670	8,074	+1,403	+21.0%	8,878

(Segment results)

(Unit: Million yen)

		Third quarter of fiscal year ended March 31, 2014 (April 1, 2013 to Dec 31, 2013, cumulative)	Third quarter of fiscal year ended Mar 31, 2015 (April 1, 2014 to Dec 31, 2014, cumulative)	Third quarter comparison	
Medical Portal	Segment Net Sales	14,733	17,190	+2,457	+16.7%
	Segment Profit	8,241	10,089	+1,848	+22.4%
Evidence Solution	Segment Net Sales	4,809	9,685	+4,875	+101.4%
	Segment Profit	1,156	1,216	+60	+5.2%
Overseas	Segment Net Sales	4,815	8,062	+3,247	+67.4%
	Segment Profit	857	1,321	+464	+54.2%
Clinical Platform	Segment Net Sales	2,031	2,030	(0)	(0.0%)
	Segment Profit	227	203	(24)	(10.5%)
Sales Platform	Segment Net Sales	-	921	+921	-
	Segment Profit	-	(190)	(190)	-
Others	Segment Net Sales	819	1,154	+335	+40.9%
	Segment Profit	158	80	(78)	(49.4%)
Adjustment	Segment Net Sales	(414)	(593)		
	Segment Profit	(401)	(449)		
Total	Net Sales	26,793	38,449	+11,655	+43.5%
	Operating Profit	10,238	12,271	+2,033	+19.9%

## 1) Medical Portal

Marketing support sector targeting healthcare related companies produced sales of 9,418 million yen, higher by 20.1% year on year. Increased usage of services by pharmaceutical companies elevated “MR-kun” sales by 16% year on year, underscoring strong growth.

Marketing research sector remained steady, however, the easing of heightened large-scale research demand from transitory surges in new drug launches have resulted in slower business compared to last year, with sales of 1,608 million yen, a decrease of 9.6% year on year. A return to the trend of increasing sales growth is expected from the next fiscal year due to efforts such as improvements in sales force process management.

Others sector produced sales of 6,164 million yen, higher by 20.7% year on year, led by M3 Career’s job placement services targeting physicians.

The above results totaled 17,190 million yen, higher by 16.7% year on year, in sales for the Medical Portal segment.

COGS and SGA amounted to 7,225 million yen, higher by 11.1% year on year, largely due to upfront investment in human resources across the entire M3 group to accommodate business growth.

Combining the above results, the Medical Portal segment produced profits of 10,089 million yen, higher by 22.4% year on year.

## 2) Evidence Solution

Along with the addition of MPI as a consolidated subsidiary last fiscal year, the steady accumulation of project backlogs amounted to approximately 18,800 million yen for the segment. Correspondingly, despite costs related to aggressive upfront investment in headcount, sales amounted to 9,685 million yen, higher by 101.4% year on year, and segment profit of 1,216 million yen, higher by 5.2% year on year. In addition, office relocation fees for MPI amounted to 175 million yen booked for the consolidated nine months ended December 31, 2014.

3) Overseas

In the U.S. and U.K., expansion of marketing research services for pharmaceutical firms as well as job placement services produced sales of 7,378 million yen, higher by 58.7% year on year. Despite one-time costs of 72 million yen associated with the transfer of business from PracticeMatch Corporation, expansion of operations produced an increase in profits. Segment sales including contribution from China and Korea amounted to 8,062 million yen, higher by 67.4% year on year, and profits of 1,321 million yen, higher by 54.2% year on year.

4) Clinical Platform

Operations at C.M.S grew steadily, however, the timing of revisions to the medical payment system and the increase in consumption tax caused a decline profits. Resulting sales were 2,030 million yen, lower by 0.0% year on year, and segment profits were 203 million yen, lower by 10.5% year on year.

5) Sales Platform

The CSO business resulting from the consolidation of MPI (operations initiated under new company M3 Marketing Inc. on October 1, 2014, as a spin-off from MPI), has been established as the new “Sales Platform” segment. The business is currently in the process of headcount expansion as an upfront investment, and resulting segment sales were 921 million yen with losses of 190 million yen.

6) Others

Segment sales were 1,154 million yen, higher by 40.9% year on year, and profits were 80 million yen, lower by 49.4% year on year due to upfront costs associated with increase in headcount.

Combining the above segments, results for the entire group for the consolidated third quarter (cumulative) amounted to sales of 38,449 million yen, higher by 43.5% year on year, operating profit of 12,271 million yen, higher by 19.9% year on year, pre-tax profit of 12,439 million yen, higher by 18.8% year on year, and net profit of 8,074 million yen, higher by 21.0% year on year.

## **(2) Explanation of consolidated financial position**

1) Condition of assets, liabilities, and net assets

Total assets were 55,289 million yen, an increase of 5,793 million yen compared to the end of the previous fiscal year. Under current assets, effects such as the increase in operating receivables and other receivables of 2,782 million yen due to expansion of operations, and the fall in cash and cash equivalents by 1,408 million yen, netted to an increase of 1,615 million yen versus last fiscal year end to total 29,475 million yen. Under illiquid assets, effects such as the increase in goodwill by 2,664 million yen as a result of the transfer of business from PracticeMatch, along with increase in available-for-sale financial assets by 1,673 million yen due to the purchase of available-for-sale financial assets, netted to an increase of 4,178 million yen to total 25,814 million yen versus last fiscal year end.

Total liabilities decreased by 991 million yen versus last fiscal year end to total 11,045 million yen. Under current liabilities, effects such as the decrease in accrued corporate tax payables of 1,038 million yen led to a total of 9,947 million yen, a decrease of 603 million yen versus last fiscal year end. Illiquid liabilities decreased by 387 million yen versus last fiscal year end to total 1,097 million yen.

Total shareholder's equity increased by 6,783 million yen compared to the end of the previous fiscal year to total 44,244 million yen. While dividend of surplus was paid in the amount of 2,101 million yen, quarterly profit attributed to owners of the parent company amounted to 7,528 million yen, resulting in an increase of 5,427 million yen in retained earnings.

2) Condition of Cashflow

Cash and cash equivalents for the consolidated third quarter (cumulative) decreased by 1,408 million yen versus last fiscal year end to total 16,924 million yen.

Cash flows from operating activities produced an income of 5,281 million yen, an increase of 340 million yen year on year. The major component of inflow was pre-tax profit of 12,439 million yen, and the major component of outflow was corporate income tax of 5,226 million yen.

Cash flows from investment activities resulted in an increase in outflow of 3,752 million yen year on year, to total an outflow of 4,458 million yen. The major components were the 1,611 million yen paid for the transfer of business from PracticeMatch, and the 1,754 million yen paid for the purchase of available-for-sale financial assets.

Cash flows from financing activities resulted in an increase in outflow of 386 million yen year on year, to total an outflow of 2,429 million yen due to dividend payments of 2,100 million yen to the owners of the parent company.

(3) Forward-looking statements and consolidated results forecasts

We anticipate increases in sales and profits for the group for the current fiscal year.

1) Medical Portal segment

The marketing support business targeting healthcare related companies is expected to continue to expand its services centered around “MR-kun.”

The marketing research business is expected to remain steady within the backdrop of sound demand mainly from pharmaceutical companies.

As for the others businesses, expansion is expected in various services with growth lead by M3 Career and “Mr. Finder” (Chicken-kun).

Expenditures resulting from aggressive headcount growth geared for further growth is planned, however, no structural changes in costs relating to existing services should occur.

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

2) Evidence Solution segment

For the Evidence Solution segment, we expect the operations of each subsidiary to remain healthy. We also expect contributions throughout the year from and structural improvements at MPI, newly consolidated as a subsidiary in February 2014, to increase sales and profits for the segment.

3) Overseas segment

Within the Overseas segment, we expect marketing support and marketing research businesses within in the U.S., U.K., and China to individually expand its services to result in increased sales and profits.

4) Clinical Platform segment

We expect further growth at C.M.S to increase sales and profits.

5) Sales Platform segment

Within the Sales Platform segment, consolidated results should benefit throughout the fiscal year from contributions from the CSO business (operations initiated under new company M3 Marketing Inc. on October 1, 2014, as a spin-off from MPI) of the subsidiary MPI (newly consolidated in February 2014). However, upfront investment costs looks to supersede due to continued increases in headcount.

Based on the above, we forecast the below for consolidated financial results for the fiscal year ending March 31, 2015.

(Unit: Million Yen)

	Net sales	Operating profit	Pre-tax profit	Net profit
Annual	50,000	15,000	15,000	9,000

※ 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.

## 2. Summary Information (notes)

(1) Changes in significant subsidiaries during the period

No items to report.

(2) Changes in accounting policies and accounting estimates

No items to report.

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