



Consolidated Financial Results
for the Fiscal Year Ended March 31, 2017 [IFRS]
(Abridged)

Apr 25, 2017

Listed Company: M3, Inc. Listed Stock Exchange: Tokyo
 Securities Code: 2413 URL: <http://corporate.m3.com/>
 Representative: (Title) CEO (Name) Itaru Tanimura TEL: 03-6229-8900
 Contact: (Title) Director (Name) Takahiro Tsuji
 General Meeting of Shareholders: June 29, 2017
 Dividend payment commencement date: June 12, 2017
 Submission of quarterly report: June 30, 2017
 Preparation of explanatory materials for quarterly financial result: Yes
 Assembly for briefing of quarterly financial results: Yes (For Analysts)

(Amounts of less than one million yen are rounded)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

(From April 1, 2016 to March 31, 2017)

(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, 2017	78,143	20.9	25,050	25.1	24,959	25.1	16,938	25.5	16,004	28.0	15,893	21.6
Fiscal Year ended March 31, 2016	64,660	25.9	20,022	24.7	19,950	23.3	13,493	29.4	12,508	28.2	13,067	15.2

	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, 2017	49.44	49.40	26.2	29.5	32.1
Fiscal Year ended March 31, 2016	38.66	38.61	27.3	29.8	31.0

(Reference) Equity in earnings of affiliated companies for the fiscal year ended March 31, 2017: 229 million yen
 Equity in earnings of affiliated companies for the fiscal year ended March 31, 2016: 71 million yen

(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, 2017	95,546	69,510	67,064	70.2	206.43
As of March 31, 2016	73,642	56,562	54,889	74.5	168.94

(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, 2017	16,555	(14,490)	(3,897)	20,095
Fiscal year ended March 31, 2016	12,136	(4,607)	(5,267)	21,975

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, 2016	—	0.00	—	9.00	9.00	2,913	23.3	5.8
Fiscal year ended March 31, 2017	—	0.00	—	10.00	10.00	3,238	20.2	5.3
Fiscal year ending March 31, 2018 (Forecast)	—	0.00	—	—	—		—	

(Note) 1 Dividend forecast for the fiscal year ending March 31, 2018 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, 2018

(from April 1, 2017 to March 31, 2018)

	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
Second Quarter End	40,000	14.7	12,500	12.6	12,500	15.5	8,400	17.5	7,700	17.1	23.79
Annual	90,000	15.2	29,000	15.8	29,000	16.2	19,500	15.1	18,500	15.6	57.15

(Note) “Basic earnings per share” forecast has been calculated using 323,701,536 shares, which is the average number of shares outstanding during the fiscal year ended March 31, 2017.

※ Notes

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

3 new subsidiaries: AXIO Medical Holdings Limits, VIDAL Holding France S.A.S., Vidal Holding Germany GmbH

(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 March 31, 2017	323,790,100	shares
As of March 31, 2016	323,646,000	shares
(ii) Number of treasury stock at the end of the period		
As of March 31, 2017	32,400	shares
As of March 31, 2016	32,400	shares
(iii) Average number of shares during the period (cumulative)		
As of March 31, 2017	323,701,536	shares
As of March 31, 2016	323,574,075	shares

Individual Financial Results for the Fiscal Year Ended March 31, 2017

(From April 1, 2016 to March 31, 2017)

(1) Unconsolidated Operating Results

(% shows year on year comparisons)

	Net sales		Operating profit		Ordinary profit		Net profit		Earnings per share	Diluted earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen	Yen
Fiscal year ended March 31, 2017	21,441	12.5	12,400	12.6	13,833	15.7	9,682	17.8	29.91	29.88
Fiscal year ended March 31, 2016	19,060	7.5	11,017	9.2	11,951	3.9	8,217	9.8	25.40	25.37

(2) Unconsolidated Financial Condition

	Total assets	Net equity	Capital-to-asset ratio	Net asset per share
	Million Yen	Million Yen	%	Yen
As of March 31, 2017	73,415	51,291	69.6	157.71
As of March 31, 2016	61,676	44,607	72.0	137.16

(Reference) Shareholder's equity for the fiscal year ended March 31, 2017: 51,061 million yen

Shareholder's equity for the fiscal year ended March 31, 2016: 44,388 million yen

※ 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, April 25, 2017.

Qualitative Information on Results

(1) Explanation of consolidated operating results

In Japan, various services are provided for the 250,000+ physician members via the “m3.com” website designed for medical professionals.

Marketing support for pharmaceutical companies (“MR-kun family”) includes a selection of services catering to various agendas and purposes, such as the basic “Affiliates” service, “MR-kun” service which allows member physicians to receive continuous and frequent information, “One Point eDetail” service which provides a more direct and targeted approach to member physicians, and “Web Conference” service which allows member physicians to participate in online conferences, all via the m3.com platform.

Clinical trial related services centered around “Mr. Finder” which excavates institutions and patient participants for clinical studies, are provided by Mebix Inc. which provides large-scale clinical study services, MIC Medical Corp and MEDISCIENCE Planning Inc. which assists in clinical trial operations, and by e-SMO Inc. and Neues, Co, Ltd. which provides administrative and operations support across the entire clinical trial process as SMOs.

Platform linked services such as market research services that panel member physicians, “QOL-kun” which provides marketing support for 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 “Private Practice Management” (m3.com Kaigyō/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, 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 MRs which we have named as “Medical Marketers,” TECOM, Inc. (“TECOM” below) which provides preparatory examination services for national certifications for medical welfare practitioners, and healthcare related advertising services by agency companies Reno Medical Inc., INFRONT Inc. and INSIGHT-I Inc, are all being developed.

As for business overseas, the U.S. portal website, “MDLinx” designed for healthcare professionals, continues to expand services that incorporate the physician membership base for pharmaceutical companies, as well as expand its career services for physicians. The portal now provides access to over 600,000 physician members, in part boosted by business partnerships. The U.K. portal website, “Doctors.net.uk,” with roughly 200,000 physician members, is also expanding services for pharmaceutical companies. The China portal website is now approaching two million physician members, and continue to expand at a healthy pace. We launched a joint venture in India in August 2016, and have completed the consolidation of Vidal Group in November 2016, which operates pharmaceutical information database businesses in France, Germany, and Spain.

Additionally, membership and panel participation at websites operated by M3 group starting with Japan, U.S., U.K., China, and Korea, now totals over 4 million physicians, enabling provision of marketing research services that span across a global panel.

Consolidated results for the fiscal year (cumulative)

(Unit: Million Yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to Mar 31, 2016, cumulative)	Fiscal year ended March 31, 2017 (April 1, 2016 to Mar 31, 2017, cumulative)	Fiscal year comparison	
Net sales	64,660	78,143	+13,483	+20.9%
Operating Profit	20,022	25,050	+5,028	+25.1%
Pre-Tax Profit	19,950	24,959	+5,009	+25.1%
Net Profit	13,493	16,938	+3,446	+25.5%

(Segment results)

(Unit: Million yen)

		Fiscal year ended March 31, 2016 (April 1, 2015 to Mar 31, 2016, cumulative)	Fiscal year ended Mar 31, 2017 (April 1, 2016 to Mar 31, 2017, cumulative)	Annual comparison	
Medical Portal	Segment Net Sales	25,234	30,790	+5,556	+22.0%
	Segment Profit	14,844	16,709	+1,865	+12.6%
Evidence Solution	Segment Net Sales	19,992	22,313	+2,321	+11.6%
	Segment Profit	3,908	5,307	+1,399	+35.8%
Overseas	Segment Net Sales	13,810	16,338	+2,528	+18.3%
	Segment Profit	1,614	1,582	-32	-2.0%
Clinical Platform	Segment Net Sales	2,902	2,823	-79	-2.7%
	Segment Profit	239	216	-23	-9.5%
Sales Platform	Segment Net Sales	1,283	1,466	+183	+14.2%
	Segment Profit	(5)	105	+110	—
Others	Segment Net Sales	2,574	5,845	+3,271	+127.1%
	Segment Profit	532	1,416	+884	+166.3%
Adjustment	Segment Net Sales	(1,134)	(1,431)	—	—
	Segment Profit	(1,113)	(285)	—	—
Profit from re-evaluation in accordance with mergers and acquisitions		3	—	-3	—
Total	Net Sales	64,660	78,143	+13,483	+20.9%
	Operating Profit	20,022	25,050	+5,028	+25.1%

1) Medical Portal

Marketing support sector targeting healthcare related companies produced sales of 15,207 million yen, higher by 19.0% year on year. Strong sales for “MR-kun family” services centered on “MR-kun” were driven by broader demand from pharmaceutical companies, posting an increase of 19% year on year.

Marketing research sector sales were 2,914 million yen, higher by 13.5% year on year. Improvements in sales structure expanded direct sales to pharmaceutical companies.

Others sector produced sales of 12,668 million yen, higher by 28.2% year on year, led by M3 Career’s job placement services for physicians.

The above results totaled 30,790 million yen, higher by 22.0% year on year, in sales for the Medical Portal segment.

COGS and SG&A amounted to 14,199 million yen, higher by 32.0% year on year, largely due to increases in personnel expenses across the entire M3 group to accommodate business growth. One time fees totaling 42 million yen related to the consolidation of Anestation Co., Ltd. were incurred.

Furthermore, a temporary increase in profits had occurred during the previous corresponding period due to

items such as the one-time amortization of 77 million yen in negative good will from the consolidation of Nouvelle Place Inc.

Combining the above results, the Medical Portal segment produced profits of 16,709 million yen, higher by 12.6% year on year.

2) Evidence Solution

Healthy progress in clinical trial projects and expansion of group subsidiaries resulted in sales amounting to 22,313 million yen, higher by 11.6% year on year. Clinical trial projects progressed healthily, with absorption of costs related to aggressive upfront investment in headcount corresponding to the accumulation of project backlog (segment total reaching roughly 29 billion yen) producing segment profits of 5,307 million yen, higher by 35.8% year on year.

3) Overseas

In the U.S. and U.K., expansions in both marketing research services for pharmaceutical firms and career services for physicians absorbed negative foreign exchange impact (2,113 million yen) to produce total sales of 13,267 million yen, higher by 6.7% year on year. Adding contribution from countries such as France and China, the entire Overseas segment sales amounted to 16,338 million yen, higher by 18.3% year on year. Although segment profit excluding M&A fees had positive growth on a local currency basis, impact from M&A fees and upfront investment in staff for China, and negative foreign exchange impact (199 million yen) resulted in total segment profit of 1,582 million yen, lower by 2.0 % year on year. One time fees related to the joint venture launch in India and the consolidation process of Vidal Group totaling 266 million yen were incurred.

4) Clinical Platform

Sales at C.M.S remained in line with previous year at 2,823 million yen, lower by 2.7% year on year. Absorbing costs from increased hiring in anticipation of future demand along with development investments, segment profit totaled 216 million yen, lower by 9.5% year on year.

5) Sales Platform

M3 Marketing operations expanded at a healthy pace. Improvement in the operating ratio of Medical Marketers and higher unit prices resulted in segment sales of 1,466 million yen, higher by 14.2 % year on year, and segment profit of 105 million yen, an improvement of 110 million yen year on year.

6) Others

Healthy progress of all businesses and the consolidation of Tecom in August 2016 increased sales to total 5,845 million yen, higher by 127.1% year on year. Absorbing upfront investments in new businesses, profits totaled 1,416 million yen for the segment, higher by 166.3% year on year.

Combining the above segments, results for the entire group for the fiscal year ended March 31, 2017, amounted to sales of 78,143 million yen, higher by 20.9% year on year, and operating profit of 25,050 million yen, higher by 25.1% year on year. Pre-tax profit was 24,959 million yen, higher by 25.1% year on year, and net profit was 16,938 million yen, higher by 25.5% year on year.

(2) Explanation of consolidated financial position

(Condition of assets, liabilities, and net assets)

Total assets were 95,546 million yen, an increase of 21,904 million yen compared to the end of the previous fiscal year. Current assets totaled 41,812 million yen, a net increase of 2,943 million yen versus last fiscal year end due to an increase of 4,291 million yen in operating receivables and other receivables from factors such as operations expansion and addition of new subsidiaries, offset by a decrease in cash and cash equivalents of 1,879 million yen. Illiquid assets totaled 53,734 million yen, an increase of 18,961 million yen versus last fiscal year end, due to effects such as the increase in goodwill by 10,463 million yen and intangible assets by 8,964 million yen from the addition of new subsidiaries starting with Vidal Group.

Total liabilities increased by 8,957 million yen versus last fiscal year end to total 26,036 million yen. Current liabilities increased by 5,552 million yen versus previous fiscal year end to total 20,545 million yen due to effects such as the increase in operation payables and other payables of 4,976 million yen from an increase in newly consolidated subsidiaries such as the Vidal Group. Illiquid liabilities increased by 3,404 million yen versus previous fiscal year end to total 5,491 million yen due to effects such as the recognition of deferred tax liabilities of intangible assets arising from the consolidation of Vidal Group.

Total shareholder's equity increased by 12,947 million yen compared to the end of the previous fiscal year to total 69,510 million yen. Factors include items such as the appropriation of 16,004 million yen in profits attributable to the owners of the parent company, versus an increase of 13,042 million yen in retained earnings due to appropriation of 2,913 million yen in dividends.

(Condition of cashflows)

Cash and cash equivalents for the fiscal year ended March 31, 2017 decreased by 1,879 million yen versus last fiscal year end to total 20,095 million yen.

Cash flows from operating activities produced an inflow of 16,555 million yen, an increase of 4,418 million yen year on year. The major component of inflow was pre-tax profit of 24,959 million yen, and the major component of outflow was payment of corporate income tax of 6,906 million yen.

Cash flows from investment activities resulted in an increase in outflow of 9,883 million yen year on year, to total an outflow of 14,490 million yen. The major component of inflow was the 1,773 million yen from the sale of available-for-sales financial assets, while the major component of outflow was the 14,447 million yen from the acquisition of shares of subsidiaries such as the Vidal Group which accompanies changes in scope of consolidation.

Cash flows from financing activities resulted in a decrease in outflow of 1,371 million yen year on year, to total an outflow of 3,897 million yen. The major component was dividend payments of 2,911 million yen paid 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, 2018.

1) Medical Portal segment

The marketing support business targeting healthcare related companies is expected to continuously expand its services surrounding "MR-kun family."

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

In other businesses, growth is expected in various services, led by M3 Career and "Mr. Finder," along with contribution from subsidiaries that were newly consolidated the over the 2016 fiscal year.

Expenditures resulting from aggressive headcount increases geared for further growth is expected, 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 healthy operations at each subsidiary to increase sales and profits for the segment.

3) Overseas segment

Within the Overseas segment, we expect services such as marketing support, marketing research, and physician career placement services within in the U.S., U.K., and China to individually expand, along with contribution to consolidated results from Vidal Group which was consolidated in November 2016, resulting in increased sales and profits.

4) Clinical Platform segment

We expect performance at C.M.S to remain steady.

5) Sales Platform segment

We expect expansion of the M3 Marketing business to increase sales and profits.

Based on the above, we forecast the below for consolidated financial results for the fiscal year ending March 31, 2018.

(Unit: Million Yen)

	Net sales	Operating profit	Pre-tax profit	Net profit	Net profit attributable to the owners of the parent company
Annual	90,000	29,000	29,000	19,500	18,500

※ 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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