

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
First Half	60,000	12.6	15,000	8.1	15,000	7.2	10,300	7.0	9,100	6.9	13.41
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 678,396,682 shares, which is the average number of issued shares during the three months ended June 30, 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 June 30, 2019	678,463,200	shares
As of March 31, 2019	647,957,200	shares
(ii) Number of treasury stock at the end of the period		
As of June 30, 2019	65,002	shares
As of March 31, 2019	65,002	shares
(iii) Average number of shares during the period (cumulative)		
As of June 30, 2019	678,396,682	shares
As of June 30, 2019	647,742,244	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) Explanatory materials for quarterly financial result

Explanatory materials for quarterly financial result will be posted on our website on Thursday, July 25, 2019.

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 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” (<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 business, are all being expanded. In addition, 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 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 5.5 million physicians, enabling provision of marketing research services that span across a global scale.

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

(Unit: Million Yen)

	Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018, cumulative)	Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019, cumulative)	First quarter comparison		(Reference) Previous consolidated fiscal year (April 1, 2018 to March 31, 2019)
Net sales	26,898	30,766	+3,868	+14.4%	113,059
Operating Profit	7,840	8,901	+1,061	+13.5%	30,800
Pre-Tax Profit	7,879	8,917	+1,038	+13.2%	30,942
Net Profit	5,398	5,982	+583	+10.8%	21,346

(Segment results)

(Unit: Million yen)

		Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018, cumulative)	Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019, cumulative)	First quarter comparison	
Medical Platform	Segment Net Sales	8,788	10,333	+1,545	+17.6%
	Segment Profit	3,097	3,643	+546	+17.6%
Evidence Solution	Segment Net Sales	5,387	5,254	-134	-2.5%
	Segment Profit	1,292	977	-315	-24.4%
Career Solution	Segment Net Sales	4,765	5,545	+780	+16.4%
	Segment Profit	2,135	2,647	+512	+24.0%
Overseas	Segment Net Sales	5,996	6,940	+944	+15.7%
	Segment Profit	844	1,282	+438	+51.9%
Other Emerging Businesses	Segment Net Sales	2,655	3,425	+770	+29.0%
	Segment Profit	283	177	-106	-37.4%
Adjustment	Segment Net Sales	(693)	(732)	—	—
	Segment Profit	189	176	—	—
Total	Net Sales	26,898	30,766	+3,868	+14.4%
	Operating Profit	7,840	8,901	+1,061	+13.5%

1) Medical Platform

In addition to the expansion of various existing services, contribution from newly consolidated group companies produced Medical Platform segment sales totaling 10,333 million yen, higher by 17.6% year on year.

Upfront investments aimed for future growth such as new businesses initiatives and fortification of the marketing service teams have raised SG&A mainly around personnel costs, however, Medical Platform segment produced profits of 3,643 million yen, higher by 17.6% year on year. Investment in branch expansion for the new business Y's has impacted profits negatively by 90 million yen; profit growth for the segment would otherwise have been 20.5% year on year.

2) Evidence Solution

The CRO business maintained healthy progress, however, ending of large scale projects resulted in to total sales of 5,254 million yen, lower by 2.5% year on year. Segment profit ended at 977 million yen, lower by 24.4% year on year.

3) Career Solution

Increase in physician and pharmacist user demand expanded business to produce segment sales of 5,545 million yen, an increase of 16.4% versus previous year. Profits amounted to 2,647 million yen, an increase of 24.0% versus previous year after absorbing upfront investment costs for future growth such as from personnel expansion.

4) Overseas

In addition to APAC growth, the US clinical trial business remained robust, resulting in segment sales of 6,940 million yen, higher by 15.7% year on year. Segment profit amounted to 1,282 million yen, higher by 51.9% year on year.

5) Other Emerging Businesses

Segment sales totaled 3,425 million yen, higher by 29.0% year on year. In addition to the deconsolidation effects of Honyaku Center Inc., upfront investment costs for newly launched businesses produced segment profits of 177 million yen, lower by 37.4% year on year.

Combining all of the above, results for the entire group for the three months ended June 30, 2019, amounted to sales of 30,766 million yen, higher by 14.4% year on year, and operating profit of 8,901 million yen, higher by 13.5% year on year. Pre-tax profit was 8,917 million yen, higher by 13.2% year on year, and net profit was 5,982 million yen, higher by 10.8% year on year.

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