



Consolidated Financial Results  
for the Fiscal Year Ended March 31, 2016 [IFRS]  
(Abridged)

Apr 26, 2016

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, 2016  
 Dividend payment commencement date: June 13, 2016  
 Submission of quarterly report: June 30, 2016  
 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, 2016**

(From April 1, 2015 to March 31, 2016)

(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, 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
Fiscal Year ended March 31, 2015	51,346	39.7	16,061	16.9	16,174	16.1	10,428	17.5	9,759	16.0	11,339	13.5

	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, 2016	38.66	38.61	27.3	29.8	31.0
Fiscal Year ended March 31, 2015	30.18	30.13	23.9	29.5	31.3

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

Equity in earnings of affiliated companies for the fiscal year ended March 31, 2015: 38 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, 2016	73,642	56,562	54,889	74.5	168.94
As of March 31, 2015	60,126	46,510	45,223	75.2	139.30

(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, 2016	12,136	(4,607)	(5,267)	21,975
Fiscal year ended March 31, 2015	9,316	(5,474)	(2,383)	19,907

## 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, 2015	—	0.00	—	8.00	8.00	2,588	26.5	6.3
Fiscal year ended March 31, 2016	—	0.00	—	9.00	9.00	2,913	23.3	5.8
Fiscal year ending March 31, 2017 (Forecast)	—	0.00	—	—	—		—	

(Note) 1 Dividend forecast for the fiscal year ending March 31, 2017 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, 2017

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

	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	35,000	14.7	10,500	14.7	10,500	14.4	7,000	13.9	6,300	13.3	19.47
Annual	75,000	16.0	23,000	14.9	23,000	15.3	15,300	13.4	14,300	14.3	44.19

(Note) "Basic earnings per share" forecast has been calculated using 323,574,075 shares, which is the average number of shares outstanding during the fiscal year ended March 31, 2016.

## ※ 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 March 31, 2016	323,646,000	shares
As of March 31, 2015	323,499,400	shares
(ii) Number of treasury stock at the end of the period		
As of March 31, 2016	32,400	shares
As of March 31, 2015	32,400	shares
(iii) Average number of shares during the period (cumulative)		
As of March 31, 2016	323,574,075	shares
As of March 31, 2015	323,328,834	shares

**(Reference) Unconsolidated Results****Unconsolidated Financial Results for the Fiscal Year Ended March 31, 2016**

(From April 1, 2015 to March 31, 2016)

**(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, 2016	19,060	7.5	11,017	9.2	11,951	3.9	8,217	9.8	25.40	25.37
Fiscal year ended March 31, 2015	17,727	9.1	10,085	10.5	11,497	17.3	7,481	25.1	23.14	23.10

**(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, 2016	61,676	44,607	72.0	137.16
As of March 31, 2015	51,395	38,406	74.4	118.22

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

Shareholder's equity for the fiscal year ended March 31, 2015: 38,241 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 26, 2016.

## Qualitative Information on Quarterly Results

### (1) Explanation of consolidated operating results

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 conferences via the internet. We have expanded into the DTC (Direct To Consumer) market through the consolidation of QLife, Inc. in January 2016, an operator of websites offering medical information and hospital and drug search engines.

Clinical trial related services centered around “Mr. Finder” which excavates institutions and patient participants for clinical studies, are provided 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, by e-SMO Inc. and Neues, Co, Ltd. (“Neues” below) which provides administrative and operations support across the entire clinical trial process as SMOs, by Integrated Development Associates Co., Ltd. (“IDA” below) which provides support services mainly for overseas bio-pharmaceutical companies looking to include Japan and Asia in global drug development, and by POC Clinical Research Inc. (“POC” below), which provides comprehensive support in research and development aimed for early practical application of bio-technology centered on advanced medical technology.

Platform linked 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 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, iTICKET Corporation which provides online reservation services for clinics, Reno Medical Inc. which provides prescription drug related media services, 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, or “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 member-centric services towards pharmaceutical companies, as well as expand its career services for physicians through M&As. The platform now allows 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 with the launch of the U.K. version of MR-kun. Furthermore, the China portal website has now topped 1.5 million physician members, and the Chinese version of MR-kun continues to expand at a healthy pace.

Additionally, membership and panel participation at websites operated by M3 group starting with Japan, U.S., U.K., China, and Korea, now totals over 3 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, 2015 (April 1, 2014 to Mar 31, 2015, cumulative)	Fiscal year ended March 31, 2016 (April 1, 2015 to Mar 31, 2016, cumulative)	Fiscal year comparison	
Net sales	51,346	64,660	+13,315	+25.9%
Operating Profit	16,061	20,022	+3,961	+24.7%
Pre-Tax Profit	16,174	19,950	+3,776	+23.3%
Net Profit	10,428	13,493	+3,065	+29.4%

(Segment results)

(Unit: Million yen)

		Fiscal year ended March 31, 2015 (April 1, 2014 to Mar 31, 2015, cumulative)	Fiscal year ended Mar 31, 2016 (April 1, 2015 to Mar 31, 2016, cumulative)	Annual comparison	
Medical Portal	Segment Net Sales	22,436	25,234	+2,799	+12.5%
	Segment Profit	12,890	14,844	+1,953	+15.2%
Evidence Solution	Segment Net Sales	13,195	19,992	+6,797	+51.5%
	Segment Profit	1,799	3,908	+2,109	+117.2%
Overseas	Segment Net Sales	10,980	13,810	+2,830	+25.8%
	Segment Profit	1,430	1,614	+184	+12.9%
Clinical Platform	Segment Net Sales	2,818	2,902	+84	+3.0%
	Segment Profit	290	239	(51)	-17.6%
Sales Platform	Segment Net Sales	1,255	1,283	+29	+2.3%
	Segment Profit	(192)	(5)	+186	—
Others	Segment Net Sales	1,484	2,574	+1,090	+73.5%
	Segment Profit	49	532	+482	+974.3%
Adjustment	Segment Net Sales	(822)	(1,134)	—	—
	Segment Profit	(206)	(1,113)	—	—
Profit from re-evaluation in accordance with mergers and acquisitions		—	3	+3	—
Total	Net Sales	51,346	64,660	+13,315	+25.9%
	Operating Profit	16,061	20,022	+3,961	+24.7%

## 1) Medical Portal

Marketing support sector targeting healthcare related companies produced sales of 12,784 million yen, higher by 4.2% year on year. “MR-kun family” services centered around “MR-kun” remained in line with the previous year for the first nine months of the fiscal year due to some clients temporarily suppressing activity in the face of special factors, as well as due to resources appropriated towards preparing of the transition into new co success-based business schemes for “MR-kun.” The January to March quarter saw a recovery in growth rate, posting a +22% year on year increase in sales as a result of deeper penetration of existing clients as well as new contracts.

Marketing research sector sales were 2,567 million yen, higher by 22.5% year on year. Improvements in sales structure expanded direct sales to pharmaceutical companies.

Others sector produced sales of 9,884 million yen, higher by 22.4% year on year, led by M3 Career’s job placement services targeting physicians.

The above results totaled 25,234 million yen, higher by 12.5% year on year, in sales for the Medical Portal segment.

COGS and SGA amounted to 10,756 million yen, higher by 11.4% year on year, largely due to increases in personnel expenses across the entire M3 group to accommodate business growth.

Combining the above results, the Medical Portal segment produced profits of 14,844 million yen, higher by 15.2% year on year.

## 2) Evidence Solution

Healthy progress in clinical trial projects in addition to the consolidation of IDA consolidated in March 2015, Neues in April 2015, and POC Clinical Research in July 2015, sales amounted to 19,992 million yen, higher by 51.5% year on year. Increase in sales from the steady progress in clinical trial projects, versus absorption of costs related to aggressive upfront investment in headcount corresponding to the accumulation of project backlog (segment total of roughly 23,000 million yen) as well as losses from Neues, produced segment profits of 3,908 million yen, higher by 117.2% year on year.

3) Overseas

In the U.S. and U.K., expansions in both marketing research services for pharmaceutical firms and career services produced sales of 12,438 million yen, higher by 23.4% year on year. In the U.S., accidental recognition of our email server as a spam source impacted sales negatively for advertising services, however, the issue has been resolved. China saw progress such as the increase in MR-kun service users now totaling 10 firms and 20 drugs, which increased sales. A cost of 156 million yen was incurred in association with the transfer of business from Profiles, Inc. and consolidation of The Medicus Firm (“Medicus” below). Combining the above, segment sales amounted to 13,810 million yen, higher by 25.8% year on year, and segment profits of 1,614 million yen, higher by 12.9 % year on year.

4) Clinical Platform

Sales at C.M.S were in line with the previous year at 2,902 million yen, higher by 3.0% year on year. Increased hiring in anticipation of future demand resulted in segment profits of 239 million yen, lower by 17.6% year on year.

5) Sales Platform

M3 Marketing operations expanded at a healthy pace. Improvement in the availability ratio of Medical Marketers absorbed an increase in personnel costs due to aggressive headcount expansion as an upfront investment, resulting in segment sales of 1,283 million yen, higher by 2.3% year on year, and segment profit of -5 million yen, an improvement of 186 million yen year on year.

6) Others

Overall business progressed at a healthy pace, with segment sales of 2,574 million yen, higher by 73.5% year on year, and segment profits of 532 million yen, higher by 974.3% year on year.

Combining the above segments, results for the entire group for the consolidated fiscal year (cumulative) amounted to sales of 64,660 million yen, higher by 25.9% year on year, operating profit of 20,022 million yen, higher by 24.7% year on year, pre-tax profit of 19,950 million yen, higher by 23.3% year on year, and net profit of 13,493 million yen, higher by 29.4% year on year.

**(Forward-looking statements and consolidated results forecast)**

We anticipate increases in sales and profits for the group for the fiscal year ending March 31, 2017.

1) Medical Portal segment

The marketing support business targeting healthcare related companies is expected to continue to its upward trend from the fourth quarter of the fiscal year ended March 31, 2016, and expand its services centered around “MR-kun family.”

The marketing research business is expected to remain steady within the backdrop of 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.”

Expenditure 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 the healthy operations at each subsidiary to increase sales and profits for the segment. Neues is expected to turn profitable from the progress in structural reform and expansion of business scope.

3) Overseas segment

Within the Overseas segment, we expect marketing support, marketing research, and physician career placement services 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 performance at C.M.S to remain steady.

5) Sales Platform segment

We expect expansion of the M3 Marketing business to increase sales, however, costs from aggressive investment in personnel looks to keep profits in line with the previous year.

Based on the above, we forecast the below for consolidated financial results for the fiscal year ending March 31, 2017.

(Unit: Million Yen)

	Net sales	Operating profit	Pre-tax profit	Net profit	Net profit attributable to the owners of the parent company
Annual	75,000	23,000	23,000	15,300	14,300

※ 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) Explanation of consolidated financial position

### (Condition of assets, liabilities, and net assets)

Total assets were 73,642 million yen, an increase of 13,516 million yen compared to the end of the previous fiscal year. Under current assets, cash and cash equivalents increased by 2,068 million yen, along with an increase in operating receivables and other receivables of 3,864 million yen associated with the consolidation of Neues as well as business expansion, resulted in a net increase of 6,518 million yen versus last fiscal year end to total 38,868 million yen. Under illiquid assets, effects such as the increase in goodwill by 4,351 million yen from consolidation on Neues and Medicus, along with an increase in available-for-sale financial assets by 1,243 million yen due to the change in fair value, netted to an increase of 6,998 million yen versus last fiscal year end to total 34,773 million yen.

Total liabilities increased by 3,464 million yen versus last fiscal year end to total 17,079 million yen. Under current liabilities, items such as increase in other short term financial liabilities of 869 million yen for the contingency consideration accompanying the consolidation of The Medicus Firm, and an increase of 844 million yen in accrued tax payables due to expansion in business scope, resulted in a net increase of 2,700 million yen versus previous fiscal year end to total 14,993 million yen. Illiquid liabilities increased by 763 million yen versus previous fiscal year end to total 2,087 million yen.

Total shareholder's equity increased by 10,053 million yen compared to the end of the previous fiscal year to total 56,562 million yen. While dividend of surplus was paid in the amount of 2,588 million yen, quarterly profit attributed to owners of the parent company amounted to 12,508 million yen, and an increase of 9,914 million yen in retained earnings contributed to the overall result.

### (Condition of cashflows)

Cash and cash equivalents for the consolidated fiscal year (cumulative) increased by 2,068 million yen versus last fiscal year end to total 21,975 million yen.

Cash flows from operating activities produced an income of 12,136 million yen, an increase of 2,820 million yen year on year. The major component of inflow was pre-tax profit of 19,950 million yen, and the major component of outflow was payment of corporate income tax of 5,473 million yen.

Cash flows from investment activities resulted in a decrease in outflow of 867 million yen year on year, to total an outflow of 4,607 million yen. Outflows such as the 2,672 million yen paid for the purchase of investments in the subsidiary Medicus resulting in change in scope of consolidation, and the 643 million yen paid for the transfer of business from Profiles has occurred.

Cash flows from financing activities resulted in an increase in outflow of 2,885 million yen year on year, to total an outflow of 5,267 million yen. The major component was dividend payments of 2,586 million yen paid to the owners of the parent company, and repayment of short-term borrowings of 1,865 million yen for newly consolidated subsidiaries such as Neues.

**(Indexes related to cash flows)**

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Shareholder's equity ratio (%)	74.0	75.2	74.5
Market based equity ratio (%)	1,106.3	1,372.4	1,244.4
Interest-bearing debt-to-cash-flow ratio (annual)	0.0	0.0	0.0
Interest Coverage Ratio (multiple)	3,644.2	2,375.3	2,864.5

Shareholder's equity ratio : Shareholder's equity / Net assets

Market based equity ratio : Market capitalization / Net assets

Interest-bearing debt-to-cash-flow ratio : Interest-bearing debt / Cash flow

Interest Coverage Ratio : Cash flow / Interest payment

- (Note) 1 Each indicator is calculated using consolidated financial figures  
2 Market capitalization is calculated using the number of outstanding shares excluding treasury stocks  
3 Operating cash flow is used for the purpose of these ratios  
4 Interest-bearing debt represents all interest-bearing debt recorded on the balance sheet.  
5 Reclassification based on IFRS reporting started at the beginning of the fiscal year ended March 31, 2015, and results starting April 1, 2013 have been recalculated based on IFRS reporting. Results previous to April 1, 2013 are not reported.

**(3) Basic Policy Regarding Distribution of Earnings and Dividends**

The Company's basic policy is to retain profits for internal reinvestment, and to determine dividend payout upon comprehensive consideration of funding and cash flow conditions, while strengthening the management foundation and promoting the development of new businesses. For the fiscal year ended March 31, 2016, the Company will pay 9 yen per share given it was determined that current circumstances allow for distribution of profits.

For the next fiscal year, we plan to determine dividend payout in accordance with the above policy.