



Consolidated Financial Results
for the Six Months Ended September 30, 2019 [IFRS]
(Abridged)



October 25, 2019

Listed Company: M3, Inc. Listed Stock Exchange: Tokyo
 Securities Code: 2413 URL: <https://corporate.m3.com/en/>
 Representative: (Title) CEO (Name) Itaru Tanimura TEL: 03-6229-8900
 Contact: (Title) Director (Name) Takahiro Tsuji Dividend payment commencement date: —
 Submission of quarterly report: November 8, 2019
 Preparation of explanatory materials for quarterly financial result: Yes
 Assembly for briefing of quarterly financial results: Yes (for analysts)

(amounts rounded to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019

(From April 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results (Cumulative)

(% figures show year-on-year change)

	Net sales		Operating profit		Pre-tax profit		Net profit	
	Million Yen	%	Million yen	%	Million Yen	%	Million Yen	%
Six months ended Sep 30, 2019	61,545	15.5	16,549	19.3	16,597	18.6	11,312	17.5
Six months ended Sep 30, 2018	53,275	24.3	13,875	14.1	13,993	14.1	9,626	19.9

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million Yen	%	Million Yen	%	Yen	Yen
Six months ended Sep 30, 2019	9,825	15.4	9,793	-5.6	14.48	14.47
Six months ended Sep 30, 2018	8,515	15.1	10,371	17.2	13.15	13.14

(Note) A stock split in the ratio of two-for-one 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	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	Million Yen	Million Yen	Million Yen	%	Yen
As of Sep 30, 2019	197,921	156,413	152,748	77.2	224.65
As of March 31, 2019	137,306	102,276	98,733	71.9	151.97

2. Dividends

	Annual per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2019	—	0.00	—	7.00	7.00
Fiscal year ending March 31, 2020	—	0.00	—	—	—
Fiscal year ending March 31, 2020 (Forecast)	—	0.00	—	—	—

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

2 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. 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
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 678,406,283 shares, which is the average number of issued shares during the six months ended September 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 September 30, 2019	678,490,400	shares
As of March 31, 2019	647,957,200	shares
(ii) Number of treasury stock at the end of the period		
As of September 30, 2019	65,002	shares
As of March 31, 2019	65,002	shares
(iii) Average number of shares during the period (cumulative)		
As of September 30, 2019	678,406,283	shares
As of September 30, 2018	647,762,366	shares

(Note) A stock split in the ratio of two-for-one was implemented effective October 1, 2018. The number of shares stated in above items (i) through (iii) have been calculated under the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

※ 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

(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.

(Explanatory materials for quarterly financial results)

Explanatory materials for quarterly financial results will be posted on our website on Friday, October 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 allow 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. An equity-method affiliated company Stream-I, Inc. was established in October 2019, with aim to create therapeutic solutions with areas starting with influenza.

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 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. Weda S.A.S., a French company providing “WEDA,” a cloud based electronic medical chart system, was consolidated in September 2019. In China, the portal website designed for healthcare professionals has topped 2.5 million physician registrations, and is 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 second quarter (cumulative) is as below.

(Unit: Million Yen)

	Six months ended Sep 30, 2018 (April 1, 2018 to Sep 30, 2018, cumulative)	Six months ended Sep 30, 2019 (April 1, 2019 to Sep 30, 2019, cumulative)	Second quarter comparison		(Reference) Previous consolidated fiscal year (April 1, 2018 to March 31, 2019)
Net sales	53,275	61,545	+8,270	+15.5%	113,059
Operating Profit	13,875	16,549	+2,674	+19.3%	30,800
Pre-Tax Profit	13,993	16,597	+2,604	+18.6%	30,942
Net Profit	9,626	11,312	+1,686	+17.5%	21,346

(Segment results)

(Unit: Million Yen)

		Six months ended Sep 30, 2018 (April 1, 2018 to Sep 30, 2018, cumulative)	Six months ended Sep 30, 2019 (April 1, 2019 to Sep 30, 2019, cumulative)	Second quarter comparison	
Medical Platform	Segment Net Sales	18,403	22,269	+3,866	+21.0%
	Segment Profit	6,134	7,404	+1,270	+20.7%
Evidence Solution	Segment Net Sales	10,975	10,739	-236	-2.2%
	Segment Profit	2,764	2,209	-555	-20.1%
Career Solution	Segment Net Sales	7,711	8,760	+1,048	+13.6%
	Segment Profit	2,750	3,150	+400	+14.5%
Overseas	Segment Net Sales	11,778	13,977	+2,199	+18.7%
	Segment Profit	1,553	2,667	+1,114	+71.7%
Other Emerging Businesses	Segment Net Sales	5,640	7,140	+1,501	+26.6%
	Segment Profit	665	902	+237	+35.6%
Adjustment	Segment Net Sales	(1,232)	(1,340)	—	—
	Segment Profit	(8)	217	—	—
Profit associated with business combination		17	—	-17	—
Total	Net Sales	53,275	61,545	+8,270	+15.5%
	Operating Profit	13,875	16,549	+2,674	+19.3%

1) Medical Platform

In addition to the expansion of various existing services, contribution from newly consolidated group companies produced Medical Platform segment sales totaling 22,269 million yen, higher by 21.0% year on year. Upfront investments aimed for future growth such as new business initiatives and fortification of the marketing service teams have raised SG&A mainly around personnel costs, however, Medical Platform segment produced profits of 7,404 million yen, higher by 20.7% year on year. Investment in branch expansion for the new business Y's has impacted profits negatively by 215 million yen; profit growth for the segment would otherwise have been 24.2% year on year.

2) Evidence Solution

The CRO business maintained healthy progress, however, ending of large scale projects resulted in total sales of 10,739 million yen, lower by 2.2% year on year. Segment profit ended at 2,209 million yen, lower by 20.1% year on year.

3) Career Solution

Increase in physician and pharmacist user demand expanded business to produce segment sales of 8,760 million yen, an increase of 13.6% versus previous year. Profits amounted to 3,150 million yen, an increase of

14.5% versus previous year after absorbing upfront investment costs for future growth such as from personnel expansion.

4) Overseas

In addition to APAC growth, the U.S. clinical trial business remained robust, resulting in segment sales of 13,977 million yen, higher by 18.7% year on year. Segment profit amounted to 2,667 million yen, higher by 71.7% year on year.

5) Other Emerging Businesses

Segment sales totaled 7,140 million yen, higher by 26.6% year on year. In addition to the deconsolidation effects of Honyaku Center Inc., gain on evaluation upon IP of StemRim Inc. shares (a Seeds Rocket investment) has been booked, producing segment profits of 902 million yen, higher by 35.6% year on year.

Combining all of the above, results for the entire group for the six months ended September 30, 2019, amounted to sales of 61,545 million yen, higher by 15.5% year on year, and operating profit of 16,549 million yen, higher by 19.3% year on year. Pre-tax profit was 16,597 million yen, higher by 18.6% year on year, and net profit was 11,312 million yen, higher by 17.5% year on year.

Disclaimer:

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