Summary of Consolidated Financial Results
for the Fiscal Year Ended March 31, 2020 [IFRS]

May 15, 2020

Listed Company: M3, Inc. Listed Stock Exchange: Tokyo
Securities Code: 2413 URL: https://corporate.m3.com/
Representative: (Title) CEO (Name) Itaru Tanimura TEL: 03-6229-8900
Contact: (Title) Director (Name) Eiji Tsuchiya
General Meeting of Shareholders: June 30 ,2020
Dividend payment commencement date: June 16, 2020
Submission of securities report: June 30, 2020
Preparation of explanatory materials for quarterly financial result: Yes
Assembly for briefing of 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, 2020

(From April 1, 2019 to March 31, 2020)

(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, 2020	130,973	15.8	34,337	11.5	34,610	11.9	24,153	13.1	21,635	10.5	22,331	4.3
Fiscal Year ended March 31, 2019	113,059	19.7	30,800	12.1	30,942	12.6	21,346	11.0	19,577	8.0	21,414	9.4

	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, 2020	31.89	31.88	16.3	19.3	26.2
Fiscal Year ended March 31, 2019	30.22	30.20	21.6	24.4	27.2

(Ref) Equity in earnings of affiliated companies for the fiscal year ended March 31, 2020: -110 million yen
Equity in earnings of affiliated companies for the fiscal year ended March 31, 2019: 85 million yen

(Note) A two-for-one stock split 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	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, 2020	221,839	171,601	166,111	74.9	244.24
As of March 31, 2019	137,306	102,276	98,733	71.9	151.97

(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, 2020	26,789	-49,883	43,400	47,948
Fiscal year ended March 31, 2019	17,749	-8,783	-5,008	27,538

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, 2019	—	0.00	—	7.00	7.00	4,535	23.2	5.0
Fiscal year ended March 31, 2020	—	0.00	—	8.50	8.50	5,768	26.7	4.3
Fiscal year ending March 31, 2021 (Forecast)	—	0.00	—	—	—		—	

(Note)
1 A two-for-one stock split was implemented effective October 1, 2018. Payout ratio (Consolidated) and Dividend payout ratio attributable to the owners of the parent company (Consolidated) have been calculated under the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.
2 Dividend forecast for the fiscal year ending March 31, 2021 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, 2021 (from April 1, 2020 to March 31, 2021)

Forecasts for the fiscal year ending March 31, 2021 are undisclosed due to inability to reasonably estimate domestic and overseas business impact from the global COVID-19 pandemic. Forecasts will be promptly released as soon as conditions allow for reasonable estimates.

※ 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 stock)		
As of March 31, 2020	678,645,600	shares
As of March 31, 2019	647,957,200	shares
(ii) Number of treasury stock at the end of the period		
As of March 31, 2020	65,002	shares
As of March 31, 2019	65,002	shares
(iii) Average number of shares during the period (cumulative)		
As of March 31, 2020	678,454,248	shares
As of March 31, 2019	647,810,235	shares

(Note) A two-for-one stock split was implemented effective October 1, 2018. Item (iii) above has been calculated under the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

※ This summary of financial reports 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.

(Regarding 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.

(Explanatory materials for financial results)

Explanatory materials for financial results will be posted on our website on Friday, May 15, 2020.

4. Qualitative Information on Results

(Change in Reported Segments)

The medical site operations support business formally included under "Other Emerging Businesses" segment has been reorganized to be included in the "Site Solution" segment as of this consolidated fiscal year, as a result of expansion in business size. Previous fiscal year's reported segments have been restated to reflect this new change in reported segments.

(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.

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.

Site Solutions provides a variety of services supporting the operations of medical institutions.

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 services, 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. In China, the portal website designed for healthcare professionals has topped 3.0 million physician registrations, and is expanding healthily. We have also launched a joint venture in India. Furthermore, NAS Recruitment Innovation which provides recruitment marketing services in the US was consolidated in March 2020, along with the purchase of the market research business of India's Manthan Software Services Pvt. Ltd.

Additionally, membership and panel participation at websites operated by M3 group starting with Japan, U.S., Europe, China, and Korea, now totals over 6.0 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, 2019 (April 1, 2018 to Mar 31, 2019, cumulative)	Fiscal year ended March 31, 2020 (April 1, 2019 to Mar 31, 2020, cumulative)	Fiscal year comparison	
Net sales	113,059	130,973	+17,913	+15.8%
Operating Profit	30,800	34,337	+3,537	+11.5%
Pre-Tax Profit	30,942	34,610	+3,668	+11.9%
Net Profit	21,346	24,153	+2,806	+13.1%

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(Segment results) (Unit: Million yen)

		Fiscal year ended March 31, 2019 (April 1, 2018 to Mar 31, 2019, cumulative)	Fiscal year ended Mar 31, 2020 (April 1, 2019 to Mar 31, 2020, cumulative)	Fiscal year comparison	
Medical Platform	Segment Net Sales	41,248	51,270	+10,022	+24.3%
	Segment Profit	15,391	19,253	+3,862	+25.1%
Evidence Solution	Segment Net Sales	22,633	21,365	-1,268	-5.6%
	Segment Profit	5,985	4,699	-1,286	-21.5%
Career Solution	Segment Net Sales	13,710	15,393	+1,683	+12.3%
	Segment Profit	3,847	4,151	+304	+7.9%
Site Solution	Segment Net Sales	9,182	12,223	+3,041	+33.1%
	Segment Profit	881	944	+62	+7.1%
Overseas	Segment Net Sales	25,124	29,961	+4,837	+19.3%
	Segment Profit	3,638	5,722	+2,083	+57.3%
Other Emerging Businsses	Segment Net Sales	3,510	3,286	-224	-6.4%
	Segment Profit	1,603	513	-1,090	-68.0%
Adjustment	Segment Net Sales	(2,347)	(2,526)	—	—
	Segment Profit	(562)	(945)	—	—
Profit associated with business combination		17	—	-17	—
Total	Net Sales	113,059	130,973	+17,913	+15.8%
	Operating Profit	30,800	34,337	+3,537	+11.5%

1) Medical Platform

In addition to the expansion of various existing services, contribution from newly consolidated group companies produced Medical Platform segment sales totaling 51,270 million yen, higher by 24.3% 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 19,253 million yen, higher by 25.1% year on year. Investment in Y's, the new stroke rehabilitation center operations business, has impacted profits negatively by 830 million yen (operating loss 410 million yen, goodwill impairment 420 million yen); profit growth for the segment would otherwise have been an increase of 29.8% year on year.

2) Evidence Solution

The CRO business projects remained steady, however, the ending of large scale PV projects resulted in total sales of 21,365 million yen, lower by 5.6% year on year. Segment profit ended at 4,699 million yen, lower by 21.5% year on year.

3) Career Solution

Increase in physician and pharmacist user demand expanded business to produce segment sales of 15,393 million yen, an increase of 12.3% versus previous year. Profits amounted to 4,151 million yen, an increase of 7.9% versus previous year after absorbing upfront investment costs for future growth such as from personnel expansion.

4) Site Solution

In addition to the increase in affiliate medical sites, the expansion of various services such as the home care nursing service, has resulted in segment sales of 12,223 million yen, an increase of 33.1% versus previous year. Segment profit was 944 million yen, an increase of 7.1% versus previous year.

5) Overseas

In addition to APAC growth, the U.S. clinical trial business remained robust, resulting in segment sales of 29,961 million yen, higher by 19.3% year on year. Segment profit amounted to 5,722 million yen, higher by 57.3% year on year.

6) Other Emerging Businesses

Segment sales totaled 3,286 million yen, lower by 6.4% year on year. Effects such as the deconsolidation of Honyaku Center Inc. reduced segment profit, producing segment profits of 513 million yen, lower by 68.0% year on year.

Combining all of the above, results for the entire group for the nine months ended March 31, 2020 amounted to sales of 130,973 million yen, higher by 15.8% year on year, and operating profit of 34,337 million yen, higher by 11.5% year on year. Pre-tax profit was 34,610 million yen, higher by 11.9% year on year, and net profit was 24,153 million yen, higher by 13.1% year on year. A goodwill impairment of 670 million yen has been recorded due to impact from the global COVID-19 pandemic on market conditions.

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