Consolidated Financial Results
for the Three Months Ended June 30, 2020 [IFRS]
(Abridged)

July 29, 2020

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) Eiji Tsuchiya Dividend payment commencement date: —
Submission of quarterly report: August 7, 2020
Preparation of explanatory materials for quarterly financial result: Yes
Assembly for briefing of quarterly financial results: No

(amounts rounded to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2020

(From April 1, 2020 to June 30, 2020)

(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	%
Three months ended June 30, 2020	35,478	15.3	11,253	26.4	11,222	25.8	7,650	27.9
Three months ended June 30, 2019	30,766	14.4	8,901	13.5	8,917	13.2	5,982	10.8

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million Yen	%	Million Yen	%	Yen	Yen
Three months ended June 30, 2020	6,467	31.7	7,494	52.7	9.53	9.52
Three months ended June 30, 2019	4,912	6.2	4,908	-11.8	7.24	7.24

(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 June 30, 2020	220,344	171,864	166,738	75.7	245.13
As of March 31, 2020	221,839	171,601	166,111	74.9	244.24

2. Dividends

	Annual per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	—	0.00	—	8.50	8.50
Fiscal year ending March 31, 2021	—				
Fiscal year ending March 31, 2021 (Forecast)		0.00	—	—	—

(Note) 1 Amendments to forecasts of dividends recently announced: None
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. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021

(From April 1, 2020 to March 31, 2021)

Consolidated financial results forecast for the fiscal year ending March 31, 2021 is undisclosed due to the inability to reasonably gauge the COVID-19 global pandemic impact on M3 group's business environment. Forecasts will be provided promptly once the environment allows for proper 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: 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 shares)		
As of June 30, 2020	678,686,400	shares
As of March 31, 2020	678,645,600	shares
(ii) Number of treasury stock at the end of the period		
As of June 30, 2020	65,068	shares
As of March 31, 2020	65,002	shares
(iii) Average number of shares during the period (cumulative)		
As of June 30, 2020	678,599,342	shares
As of June 30, 2019	678,396,682	shares

※ 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 results will be posted on our website on Wednesday, July 29, 2020.

4. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results

In Japan, various services are provided for the 290,000+ 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.

Site Solutions provides services supporting 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 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. In China, the portal website designed for healthcare professionals has topped 3 million physician registrations, expanding at a healthy pace. 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 6 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, 2019 (April 1, 2019 to June 30, 2019, cumulative)	Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020, cumulative)	First quarter comparison		(Reference) Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)
Net sales	30,766	35,478	+4,712	+15.3%	130,973
Operating Profit	8,901	11,253	+2,352	+26.4%	34,337
Pre-Tax Profit	8,917	11,222	+2,305	+25.8%	34,610
Net Profit	5,982	7,650	+1,669	+27.9%	24,153

(Segment results) (Unit: Million yen)

		Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019, cumulative)	Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020, cumulative)	First quarter comparison	
Medical Platform	Segment Net Sales	10,333	13,612	+3,279	+31.7%
	Segment Profit	3,643	6,200	+2,557	+70.2%
Evidence Solution	Segment Net Sales	5,254	4,725	-529	-10.1%
	Segment Profit	977	803	-174	-17.8%
Career Solution	Segment Net Sales	5,545	5,369	-176	-3.2%
	Segment Profit	2,647	2,364	-282	-10.7%
Site Solution	Segment Net Sales	2,730	3,668	+938	+34.4%
	Segment Profit	159	140	-19	-11.7%
Overseas	Segment Net Sales	6,940	8,242	+1,302	+18.8%
	Segment Profit	1,282	1,960	+678	+52.9%
Other Emerging Businesses	Segment Net Sales	695	656	-39	-5.6%
	Segment Profit	18	37	+18	+100.1%
Adjustment	Segment Net Sales	(732)	(795)	—	—
	Segment Profit	176	(251)	—	—
Total	Net Sales	30,766	35,478	+4,712	+15.3%
	Operating Profit	8,901	11,253	+2,352	+26.4%

1) Medical Platform

In addition to the expansion of various existing services, contribution from newly consolidated group companies produced Medical Platform segment sales totaling 13,612 million yen, higher by 31.7% 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 6,200 million yen, higher by 70.2% year on year.

2) Evidence Solution

Temporary halt in projects due to the COVID-19 pandemic produced total sales of 4,725 million yen, lower by 10.1% year on year. Segment profit ended at 803 million yen, lower by 17.8% year on year.

3) Career Solution

Lower activity from physicians and pharmacists due to COVID-19 impact resulted in sales of 5,369 million yen, lower by 3.2% versus previous year, and profit of 2,364 million yen, lower by 10.7% versus previous year.

4) Site Solution

An increase in affiliate medical institution brought segment sales to 3,668 million yen, higher by 34.4% versus previous year. However, segment profits were 140 million yen, lower by 11.7% versus previous year, due to factors such as a deceleration in home care nurse utilization rate due to the COVID-19 pandemic.

5) Overseas

Tailwinds from the COVID-19 pandemic saw an increase in demand in online services from pharmaceutical companies, resulting in rapid growth in APAC regions. Segment sales were 8,242 million yen, higher by 18.8% year on year, and profit amounted to 1,960 million yen, higher by 52.9% year on year.

6) Other Emerging Businesses

Segment sales totaled 656 million yen, lower by 5.6% year on year. , and profits of 37 million yen, higher by 100.1% year on year.

Combining all of the above, results for the entire group for the three months ended June 30, 2020, amounted to sales of 35,478 million yen, higher by 15.3% year on year, and operating profit of 11,253 million yen, higher by 26.4% year on year. Pre-tax profit was 11,222 million yen, higher by 25.8% year on year, and net profit was 7,650 million yen, higher by 27.9% year on year.

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