

BtoB Platform

Info Mart Corporation
FY2015 Third Quarter Financial Results

(January 1, 2015 – September 30, 2015)

FY2015/3Q

TSE First (1st) Section (2492)

 **Info Mart Corporation**

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I . About Infomart

<Corporate Profile>

- Established: February 13, 1998
- Listing: August 8, 2006 (TSE First(1st)Section / Stock code: 2492)
- Head office: Minato-ku, Tokyo
- Nishinihon sales office: Yodogawa-ku, Osaka-shi
- Customer center: Hakata-ku, Fukuoka-shi
- Capital: 3,212.51 million yen (as of end-October 2015)
- Consolidated subsidiaries: InfoRise
Infomart International
- No. of employees(connection): 372 (full-time 302 / temporary 70) (as of end-September 2015)



BtoB platform,
connecting business people directly, between
companies, within companies, and
providing systems that bring major change to company
management and business style.

Build systems and businesses that go beyond
industry borders, beyond national borders, to
become a global BtoB infrastructure company.



Specialize in BtoB (Business-to-Business EC) for 17 years since the company's founding

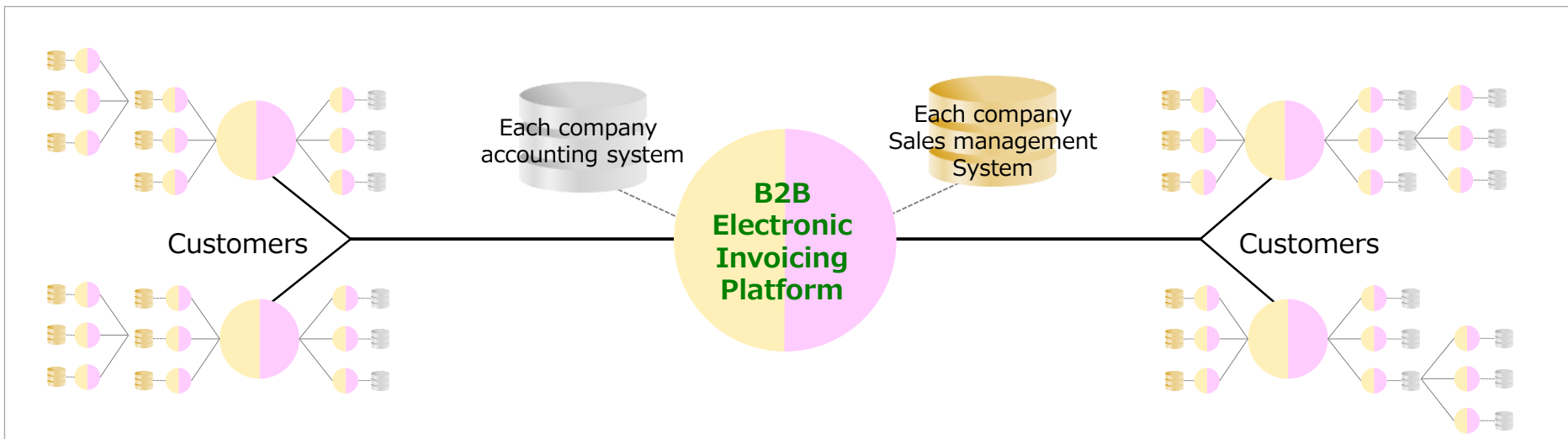
Provide a “ BtoB platform **FOODS Info Mart** ” in the food industry linking a business relationship between companies since the company's founding in 1998.

ASP (cloud) system

Provide a **wide range** of companies with a system to use on **the same screen**. Customers can use up-to-date services at **low cost every month** by the Internet with **no system investment**.

Stable revenue model

Build a stable revenue model through monthly system usage fees.



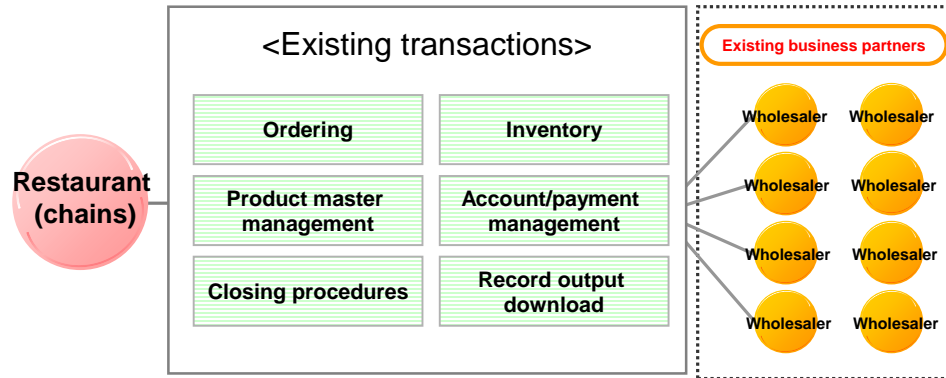
All companies **4.13 million** companies and **5.77 million** penetration purpose of the business office of Japan.

Business Segments will change from FY2015.

Before Change	After Change
ASP Ordering System Business	ASP Ordering System Business (ASP Ordering System)
ASP Food Standards Database Business	ASP Food Standards Database Business (ASP Food Standards Database)
ASP Matching & Transaction System Business	ES Business (ASP Matching & Transaction System) (BtoB Electronic Invoicing Platform)
ASP Sales Promotion & Ordering System Business	
Cloud Service Business	Other (Businesses that will grow in the medium- to long-term)
Overseas Business	

ASP Ordering System

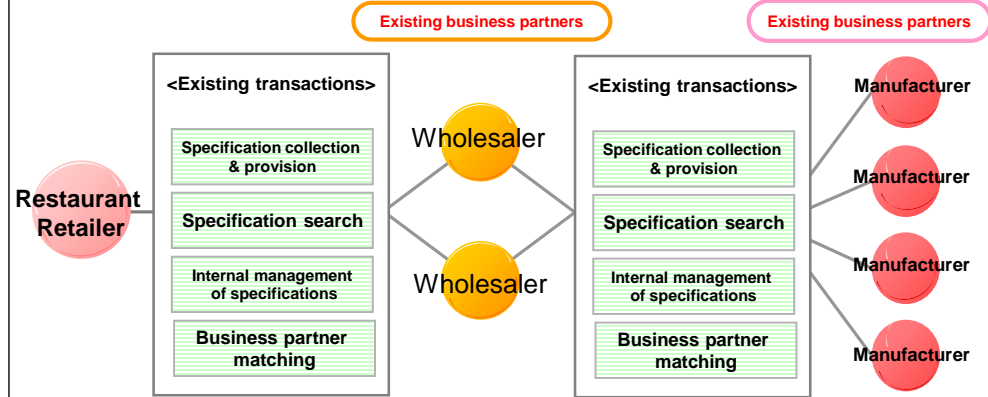
(Ordering between restaurant chains and wholesalers)



Quotation, Purchase order, Delivery slip, The invoice to electronic

ASP Food Standards Database

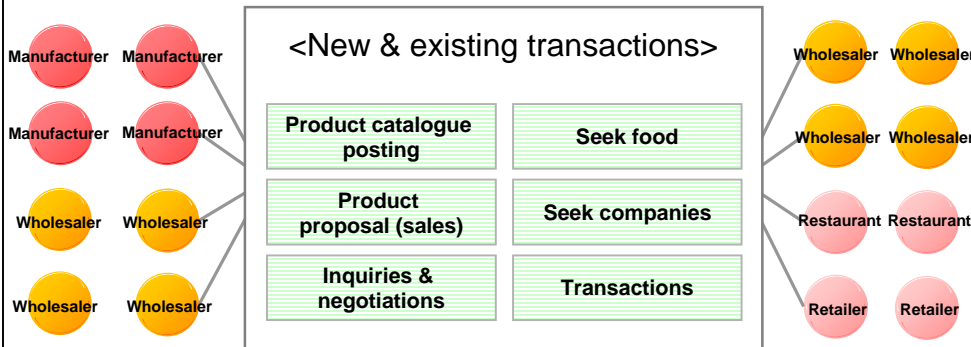
(Product specification DB of food hygiene & safety)



Food standard sheets, The menu management to electronic

ASP Matching & Transaction System

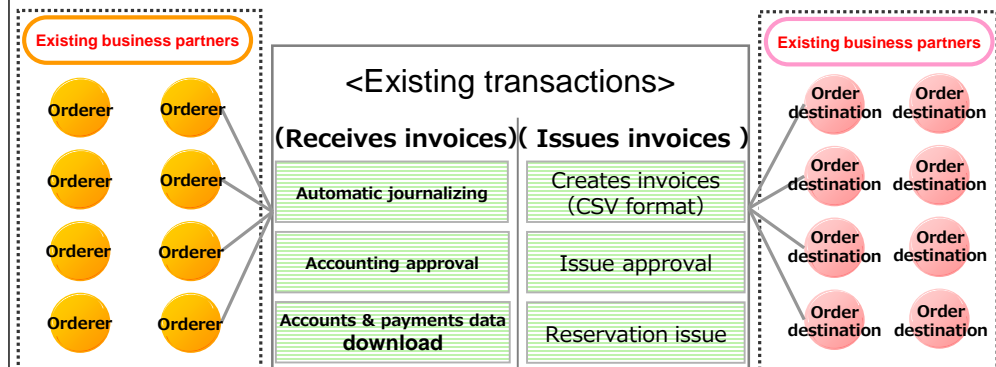
(Expand the ASP Matching & Transaction System as a business-to-business)



Quotation, Purchase order, Delivery slip to electronic

BtoB Electronic Invoicing Platform

(Receives & Issues invoices of all industries and companies)

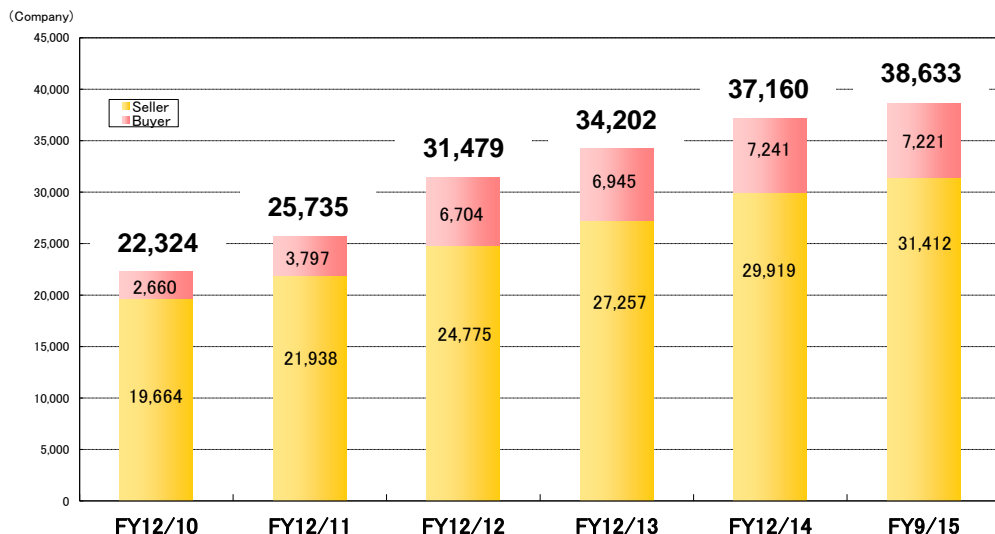


The invoice to electronic

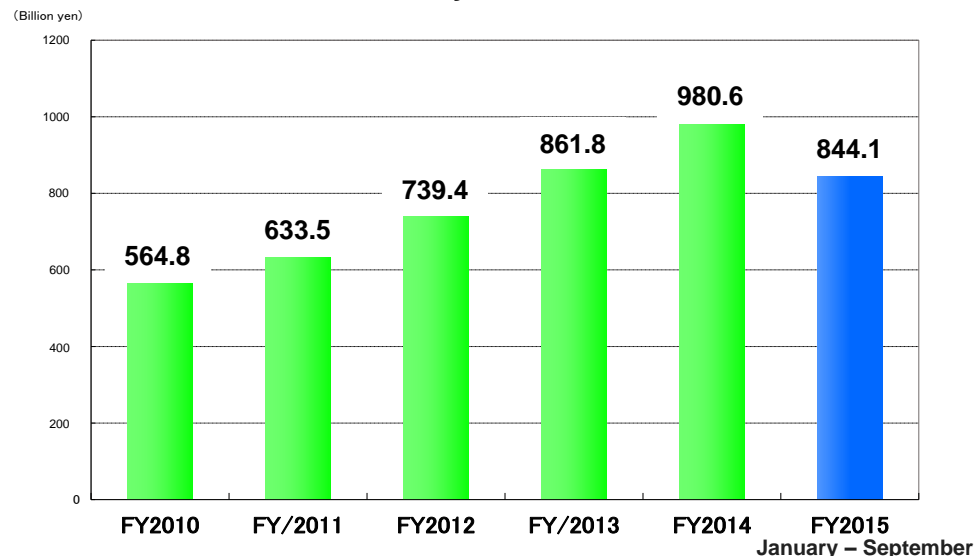
Grew to **No.1 BtoB Platform** in the food industry

“FOODS Info Mart” No. of users **38,633** companies, **205,073** offices (as of end-September 2015), annual transaction value **980.6** billion yen, penetration rate **13.6%** (in 2014).

<FOODS Info Mart User Companies>



<FOODS Info Mart System Transaction Value>



No. of food industry customers

Classification	No. of customers
Food manufacturers & Producers, etc.	57,842 customers
Food wholesalers	73,006 customers
Restaurants, Stores & Hotels, etc.	729,188 customers
Supermarkets & Retailers, etc.	326,276 customers
Total	1,186,312 customers

FOODS Infomart system users
(as of end-September 2015)
205,073 customers
(17.2% of the entire customers)

*2012 Economic Census for Business Activity (announced on February 26, 2014), Ministry of Internal Affairs and Communications

Restaurant industry market size

Restaurant industry market size (2013)	23,904.6 billion yen
Purchase amount (calculated based on 30% of market size)	7,171.3 billion yen

FOODS Infomart system transaction value
(2014 result)
980.6 billion yen
(13.6% of the entire purchase amount)

II . FY2015 Third Quarter Financial Results

FY2015 Third Quarter Business Results (YoY / Details)

(Million Yen / %:YoY)

	FY2014/12 (Actual)					FY2015/12 (Actual)							
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	3QTotal	YoY %	YoY %	YoY %	YoY %
ASP Ordering System	685	715	746	797	2,944	757	10.6%	833	16.5%	863	15.6%	2,454	14.3%
ASP Food Standards Database	168	180	191	201	741	214	27.1%	240	33.4%	248	29.4%	703	30.0%
ES	276	287	307	328	1,200	314	13.6%	310	7.8%	298	-3.0%	922	5.8%
Other	37	29	29	37	134	33	-9.6%	30	3.2%	32	9.1%	96	0.1%
[Sales]	1,157	1,206	1,266	1,348	4,979	1,310	13.2%	1,403	16.3%	1,432	13.1%	4,146	14.2%
ASP Ordering System	160	167	170	176	675	180	12.3%	217	29.6%	194	14.2%	592	18.8%
ASP Food Standards Database	32	33	35	36	137	38	20.4%	58	72.1%	47	34.7%	144	42.6%
ES	57	60	65	72	255	93	63.1%	130	116.2%	127	93.3%	351	91.4%
Other	28	23	23	27	104	16	-44.1%	13	-44.0%	14	-36.5%	44	-41.7%
[CoGS]	271	282	288	302	1,144	321	18.7%	412	46.2%	375	30.6%	1,110	32.0%
ASP Ordering System	524	547	576	621	2,269	577	10.1%	615	12.4%	668	16.1%	1,861	13.0%
ASP Food Standards Database	136	146	156	164	604	175	28.6%	182	24.5%	201	28.2%	558	27.1%
ES	219	226	241	256	944	220	0.6%	179	-21.0%	171	-29.2%	571	-17.0%
Other	8	5	6	9	30	17	103.2%	16	216.9%	17	180.9%	52	156.7%
[Gross Profit]	886	924	978	1,046	3,835	988	11.5%	990	7.2%	1,056	8.0%	3,036	8.9%
ASP Ordering System	196	218	179	200	794	195	-0.9%	211	-3.1%	203	13.4%	609	2.6%
ASP Food Standards Database	91	104	88	98	382	99	9.3%	109	4.8%	114	30.1%	323	14.1%
ES	148	160	142	166	618	160	8.0%	170	6.7%	173	22.2%	505	12.0%
Other	26	24	23	23	98	22	-16.4%	23	-5.5%	21	-7.8%	67	-10.1%
[SG&A]	462	506	432	488	1,889	476	3.1%	514	1.5%	512	18.6%	1,503	7.3%
ASP Ordering System	327	329	396	420	1,474	382	16.7%	404	22.7%	465	17.3%	1,252	18.8%
ASP Food Standards Database	45	41	68	66	222	75	67.4%	72	73.8%	86	25.9%	234	50.9%
ES	70	66	99	89	326	60	-15.0%	8	-87.7%	-2	-	65	-72.3%
Other	-18	-19	-17	-13	-68	-4	-	-6	-	-4	-	-15	-
[Operating Profit]	423	417	546	557	1,945	511	20.8%	476	14.1%	544	-0.4%	1,532	10.4%
[Recurring Profit]	419	414	556	571	1,962	511	21.9%	479	15.7%	539	-3.1%	1,530	10.1%
[Net Income]	243	259	344	330	1,177	307	26.3%	305	17.6%	341	-0.8%	954	12.6%
RPM	36.2%	34.4%	43.9%	42.4%	39.4%	39.0%	2.8%	34.2%	-0.2%	37.6%	-6.3%	36.9%	-1.4%

- Sales:** Higher system usage fees due to increase in the number of companies using, and increased use of, the ASP Ordering System and the ASP Food Standards Database.
New sales booked in the ES business from setup and system usage fees for the B2B Electronic Invoicing Platform.
- CoGS:** Software depreciation costs up due to systems development of the B2B Electronic Invoicing Platform, etc.
Higher expenses related to data centers due to server enhancements to handle future growth in usage.
- SG&A expenses:** Personnel expenses increased, mainly due to the hiring of more staff in the sales department (especially new graduates) for future growth.
- Recurring profit:** Higher profits as sales increased, absorbing higher software depreciation costs and data center costs.

FY2015 Third Quarter Business Results (vs. Plan / Details)

(Million yen / %:YoY)

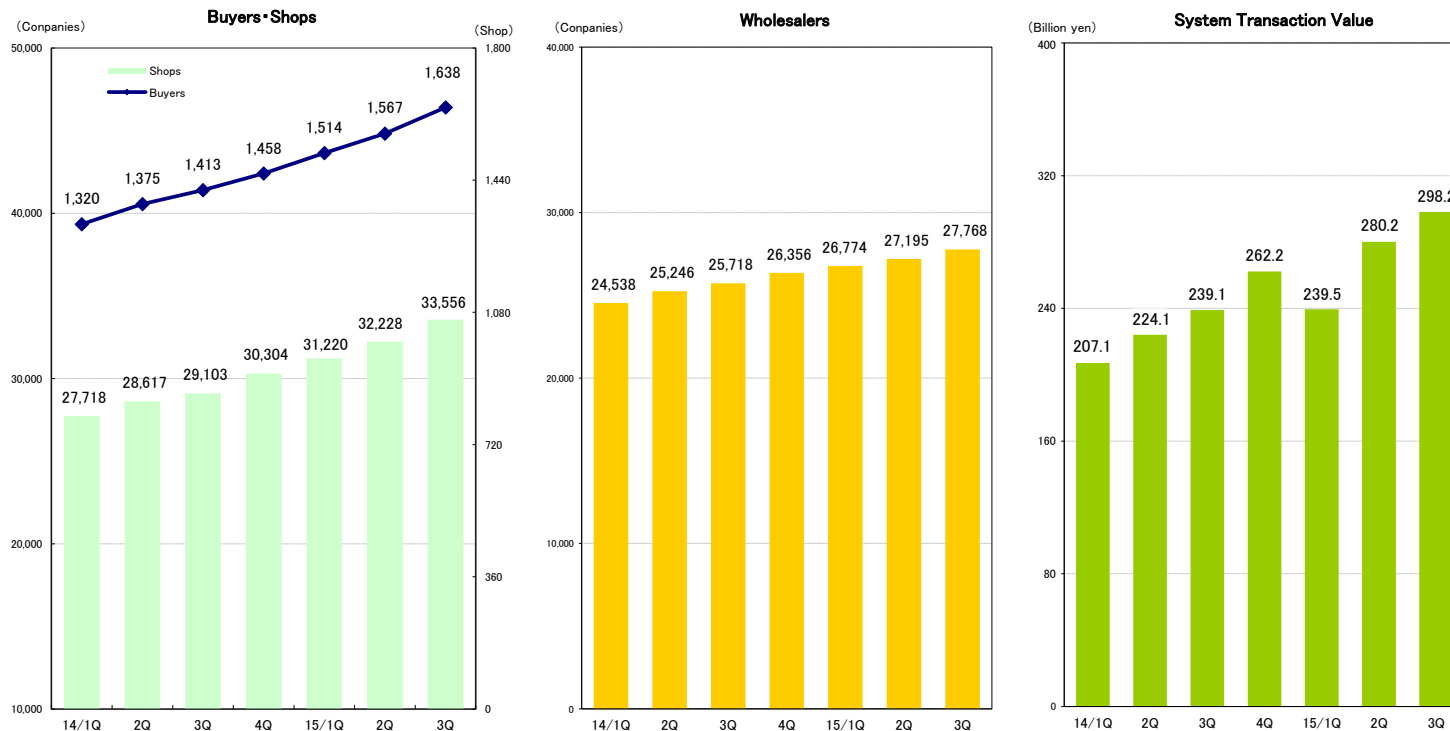
	2015/12											
	1Q			2Q			3Q			3QTotal		
	Plan	Actual	Diff	Plan	Actual	Diff	Plan	Actual	Diff	Plan	Actual	Diff
ASP Ordering System	754	757	3	816	833	17	851	863	12	2,421	2,454	33
ASP Food Standards Database	209	214	5	243	240	-3	256	248	-8	708	703	-5
ES	325	314	-11	383	310	-73	403	298	-105	1,111	922	-189
Other	35	33	-2	36	30	-6	39	32	-7	110	96	-14
【Sales】	1,314	1,310	-4	1,469	1,403	-66	1,540	1,432	-108	4,323	4,146	-177
ASP Ordering System	178	180	2	231	217	-14	205	194	-11	614	592	-22
ASP Food Standards Database	38	38	0	43	58	15	42	47	5	123	144	21
ES	93	93	0	115	130	15	112	127	15	320	351	31
Other	17	16	-1	17	13	-4	18	14	-4	52	44	-8
【CoGs】	318	321	3	397	412	15	369	375	6	1,084	1,110	26
ASP Ordering System	576	577	1	585	615	30	646	668	22	1,807	1,861	54
ASP Food Standards Database	170	175	5	200	182	-18	215	201	-14	585	558	-27
ES	232	220	-12	267	179	-88	291	171	-120	790	571	-219
Other	17	17	0	20	16	-4	21	17	-4	58	52	-6
【Gross Profit】	995	988	-7	1,071	990	-81	1,172	1,056	-116	3,238	3,036	-202
ASP Ordering System	204	195	-9	216	211	-5	231	203	-28	651	609	-42
ASP Food Standards Database	118	99	-19	129	109	-20	134	114	-20	381	323	-58
ES	173	160	-13	179	170	-9	187	173	-14	539	505	-34
Other	22	22	0	22	23	1	22	21	-1	66	67	1
【SG&A】	517	476	-41	546	514	-32	574	512	-62	1,637	1,503	-134
ASP Ordering System	372	382	10	369	404	35	415	465	50	1,156	1,252	96
ASP Food Standards Database	52	75	23	71	72	1	80	86	6	203	234	31
ES	59	60	1	88	8	-80	105	-2	-107	252	65	-187
Other	-5	-4	1	-3	-6	-3	-1	-4	-3	-9	-15	-6
【Operating Profit】	478	511	33	525	476	-49	599	544	-55	1,602	1,532	-70
【Recurring Profit】	477	511	34	524	479	-45	597	539	-58	1,598	1,530	-68
【Net Income】	294	307	13	322	305	-17	368	341	-27	984	954	-30
RPM	36.3%	39.0%	2.7%	35.7%	34.2%	-1.5%	38.8%	37.6%	-1.2%	37.0%	36.9%	-0.1%

- Sales:** In the ASP Ordering System segment, the number of companies using the ASP ordering system as well as system transactions increased steadily. In the ES segment, sales from setup fees from new clients will be booked from Q4 on due to the focus on launching operations of the new B2B invoicing platform.
- CoGS:** One-time expenses related to content production were incurred.
- SG&A expenses:** Some conservatively forecast personnel expenses and sales promotion costs, etc., were not incurred.
- Recurring profit:** Missed sales targets were offset after certain SG&A expenses were not incurred, but recurring profit was still below target.

[The highlights of 2015/3Q]

Growth in installations of the ASP Ordering System at buyer companies such as restaurant chains, hotels, commercial facilities, and catering companies is strong, and the number of buyer stores and seller companies has grown. There has also been a steady flow of sales introductions from alliance partners (existing sellers and cooperating systems providers, etc.).

Compared to the end of previous year, the number of buyer companies grew by **180 companies** to **1,638 companies**, participating stores grew by **3,252 stores** to **33,556 stores**, seller companies grew by **1,412 companies** to **27,768 companies**, and system sales grew **22%** to **JPY818bn.**



(Number of companies and the number of stores of the graph is the number at the end of each quarter .)

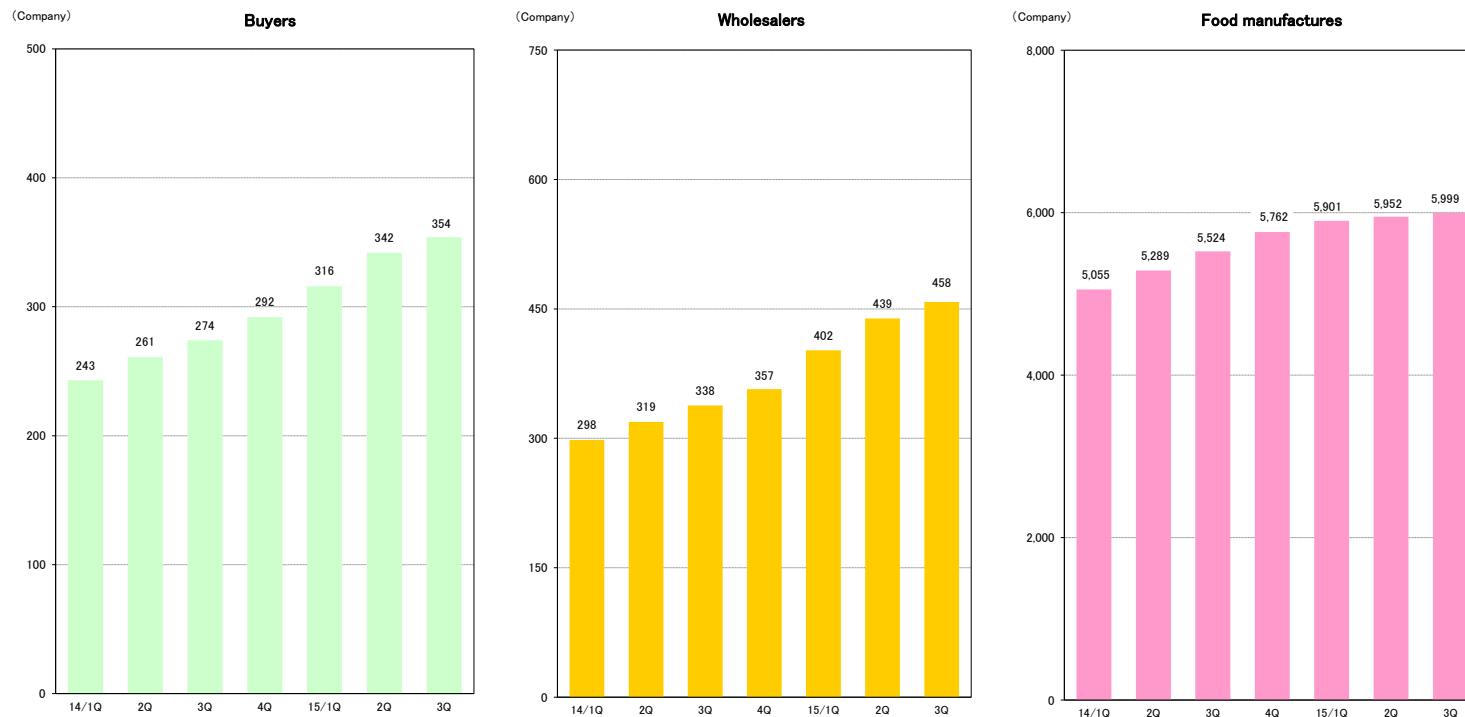
Monthly payment plans Buyers – Chain restaurant HQs: JPY18,000
 Restaurants/stores: JPY1,300
 *Initial fee: JPY300,000 – JPY1,000,000
 (depending on the no. of restaurants/stores)

Sellers – (Price revised April 1, 2015)
 Monthly system usage fee (either fixed price or pay-for-use)
 Fixed price: JPY28,000 → **JPY30,000**
 Pay-for-use: 1.1% of monthly transaction amount → **1.2%** <Free up to JPY100,000>
 Per new ID: JPY800

[The highlights of 2015/3Q]

The ASP Food Standards Database was promoted for expanded use by clients with buyer, wholesaler, and manufacturer functions, as well as the company's system, as a product standards database system supporting food safety. It has also increasingly been used by large restaurant and hotel chains in particular to improve legal compliance, procurement standards and allergens management, etc.

Compared to the end of previous year, the number of buyer companies grew by **62 companies to 354 companies**, wholesalers grew by **101 companies to 458 companies**, and manufacturers grew by **237 companies to 5,999 companies**.



(Number of companies and the number of stores of the graph is the number at the end of each quarter .)

Monthly payment plans

Buyers: JPY30,000 *Initial fee: JPY300,000

Wholesalers: JPY25,000 *Initial fee: JPY50,000

Manufacturer function (Price revised April 1, 2015)

Monthly system usage fee (either fixed price or pay-for-use)

Fixed price: JPY25,000 → **JPY35,000**

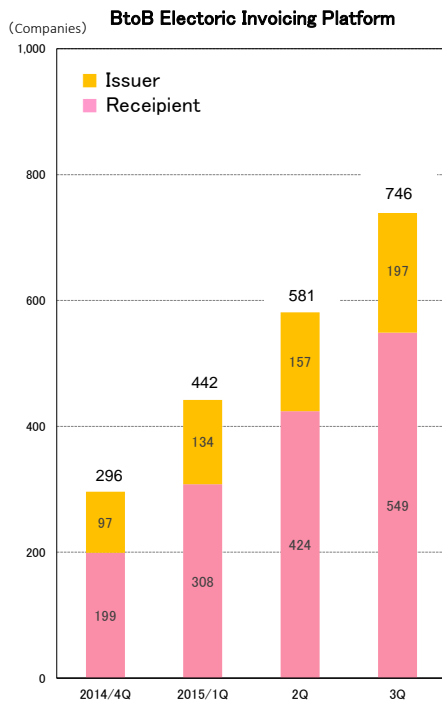
Pay-for-use: JPY1,000 – JPY15,000 → **JPY1,000 – JPY25,000**

[The highlights of 2015/3Q]

New contracts were won for the paperless B2B Electronic Invoicing Platform, which allows companies to issue and receive electronic invoicing, reducing costs and time, and improving productivity on both the issuing and receiving side. Progress was made in winning contracts in the food industry and in other industries.

For the B2B Electronic Invoicing Platform there were **549 companies** acting as model receiving companies, **197 companies** acting as model issuing companies, for a total **746 companies** participating.

Compared to end of the previous year, for the ASP Matching & Transaction System, the number of buyer companies fell by **72 companies** to **6,939 companies**, seller companies fell by **157 companies** to **2,050 companies**, wholesalers receiving orders grew by **15 companies** to **201 companies**, and ordering stores fell by **1,752 stores** to **22,508 stores**.



BtoB Electronic Invoicing Platform
Contract number of companies

Recipient model **592 companies**

Issuer model **212 companies**

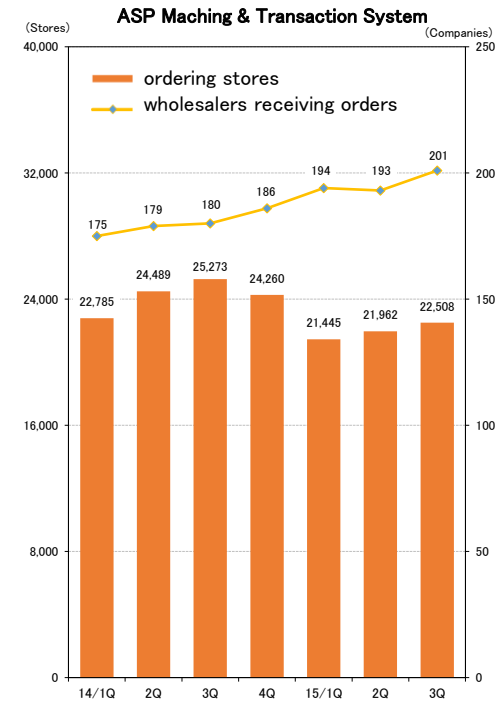
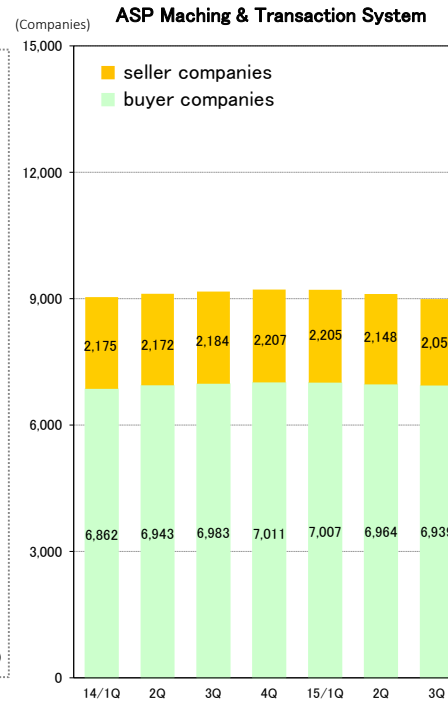
Total **804 companies**

Registered in the number of firms
325,848 companies

Among free ID issued
Number of companies
Currently, about 50,000 companies
(37,000 companies logged in)

Plan to issue IDs to 200,000 companies by end of December

(as of October 16, 2015)



(The above is the number of companies that issued the ID and password in the contract 's each model)

(Number of companies and the number of stores of the graph is the number at the end of each quarter .)

Monthly payment plans

Plan				Price			
Plan		IT-based purchasing type	Purchasing billing type	New customer discovery type	Plan		Price
Monthly system usage fee		JPY23,000 per ID	JPY10,000 per ID	JPY5,000 per ID	Monthly system usage fee		JPY50,000 per ID
Metered billing	1	<Depending on number of order IDs> JPY1,300 per operation base ID	-	-	Metered billing	1	<Depending on order volume> Up to JPY3ms included in basic fees 1% to 0.1%
	2	<Depending on number of receiving companies> Up to 50 companies included in basic fees JPY5,000 to JPY100,000	-	-		2	<Depending on number of bills> Up to 100 bills included in basic fees JPY40 to JPY30
Setup costs		From JPY280,000 (Depending on number of stores and clients)	From JPY50,000 (Depending on number of clients)	-	Setup costs		From JPY300,000 (Depending upon number of clients)

III. About December, 2015 period Plan

Division	Focus
General	<ul style="list-style-type: none"> • Accelerating growth in the company's business-to-business market share of the food industry (target: 40,000 users of FOODS Info Mart). • Making Infomart's BtoB Electronic Invoicing Platform a de-facto industry standard.
ASP Ordering System	<ul style="list-style-type: none"> • Expanding the format and service area of the ASP Ordering System. • Targeting annual transaction volume of JPY1tn.
ASP Food Standards Database	<ul style="list-style-type: none"> • Increasing usage of the ASP Food Standards Database among major restaurant chains and hotels. • Releasing new functions and services designed to meet clients' needs.
ES	<ul style="list-style-type: none"> • Increasing usage of the BtoB Electronic Invoicing Platform in the food industry and elsewhere. • Increasing sales of the ASP Matching & Transaction System as a business-to-business sales and purchasing system.
Other	<ul style="list-style-type: none"> • Developing the overseas and media businesses over the medium to long term.

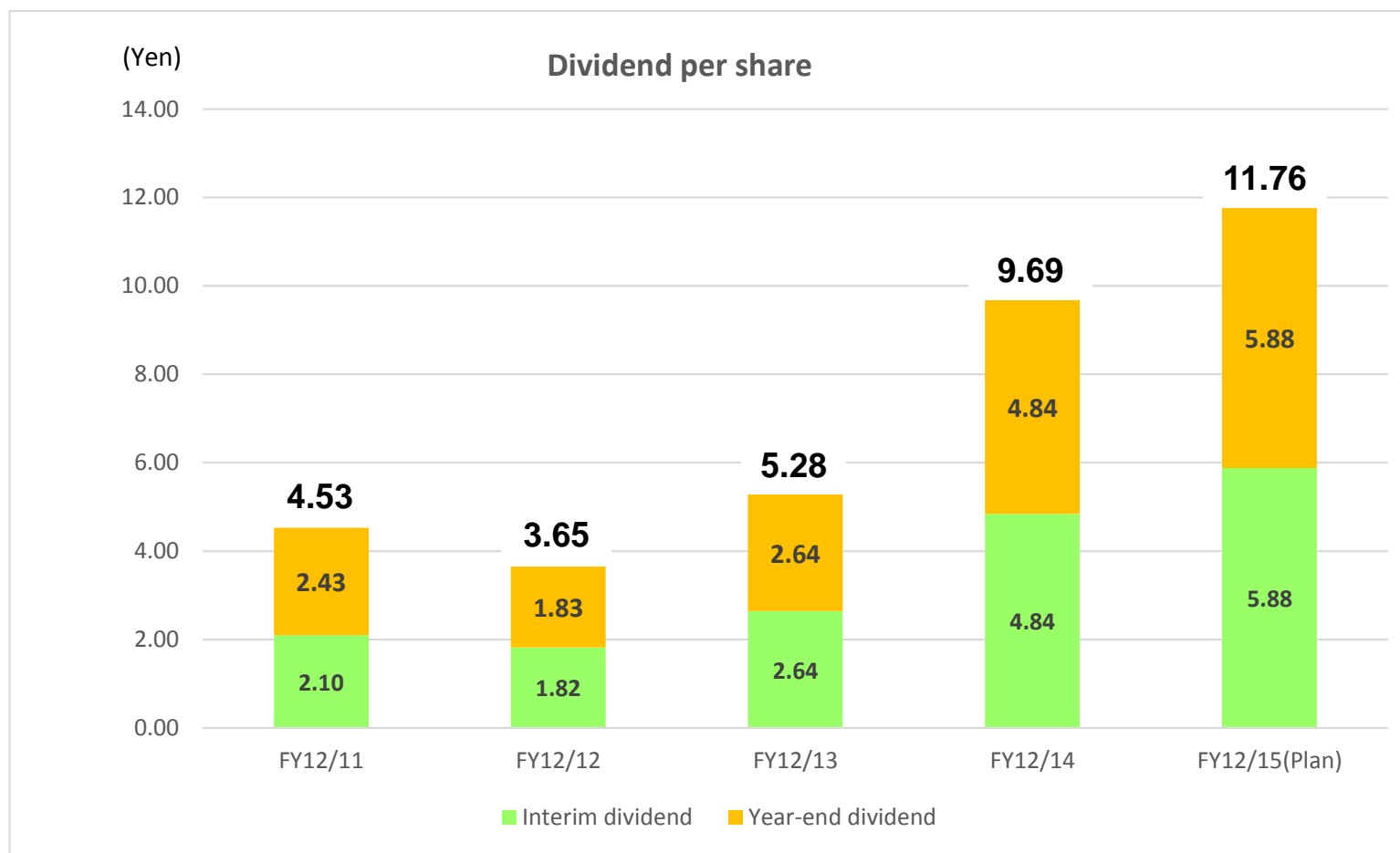
	2014/12 Actual	2015/12 Plan	YoY
Sales	4,979	5,948	19.5%
CoGs	1,144	1,475	28.9%
Gross Profit	3,835	4,473	16.6%
SG&A	1,889	2,190	15.9%
Operating Profit	1,945	2,283	17.4%
Recurring Profit	1,962	2,279	16.2%
Net Income	1,177	1,404	19.3%
RPM	39.4%	38.3%	-1.1%

- Sales: Higher system usage fees due to increased use of the ASP Ordering System, the ASP Food Standards Database, and the BtoB Electronic Invoicing System .
- CoGS: Higher expenses related to data centers, due to enhancements to servers; software depreciation costs also up due to new system releases.
- SG&A expenses: Higher personnel expenses due to increased hiring (mainly new graduates) for future business growth.
- Recurring profit: Higher profits as sales from the three segments increased, absorbing higher costs.

The above profit plan , there is no change from the previous publication (announced February 13, 2015) .

IV. Return Profits to Shareholders

Infomart considers most important to pay dividends to shareholders and the company aims for a **“basic dividend payout ratio of 50% based on Infomart’s non-consolidated business results”** while improving operating results and strengthening financial position.



(Note) The company conducted a 200-for-1 stock split on January 1, 2013, a 2-for-1 stock split on July 1, 2013, a 2-for-1 stock split on January 1, 2014 and a 2-for-1 stock split on January 1, 2015. Dividends on the bar chart are calculated assuming that the stock splits were conducted.

This material is prepared based on economic, social and other situations, and certain assumptions that the company deems to be reasonable as of October 30, 2015. However, the material is subject to change without prior notice due to the changing management environment and other reasons.

Readers are asked to make investment decisions at their own discretion.

This material was prepared by Infomart Corporation.