



We connect companies and people
all over the world using a global platform

Info Mart Corporation

FY2016 Third Financial Results

(January 1, 2016 – September 30, 2016)

FY2016/3Q

TSE First (1st) Section (2492)



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I . About Infomart

Company Overview

- Company Name: Infomart Corporation
(TSE First (1st) Section / Stock code: 2492)
- Representative: President and CEO Katsuteru Murakami
- Head office: 13st Floor, Shiodome Shibarikyu Building, 1-2-3 Kaigan,
Minato-ku,Tokyo, 105-0022, Japan
- Nishinohon sales office: Yodogawa-ku, Osaka-shi
- Customer center: Hakata-ku, Fukuoka-shi
- Established: February 13, 1998
- Capital: 3.2 billion 12.51 million yen (as of end-September 2016)
- Consolidated subsidiaries: InfoRise
Infomart International
- No. of employees(connection): 423 (full-time 338 / temporary 85)
(as of end-September 2016)
- URL: <http://www.infomart.co.jp/>

Features

Specialize in BtoB (Business-to-Business EC) for 19 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.

Performance

Provides **leading B2B Platform in Japan**

No. of user companies (as of end-September 2016)

113,858 companies

No. of offices (as of end-September 2016)

386,388 offices

Total distribution value (2015 result)

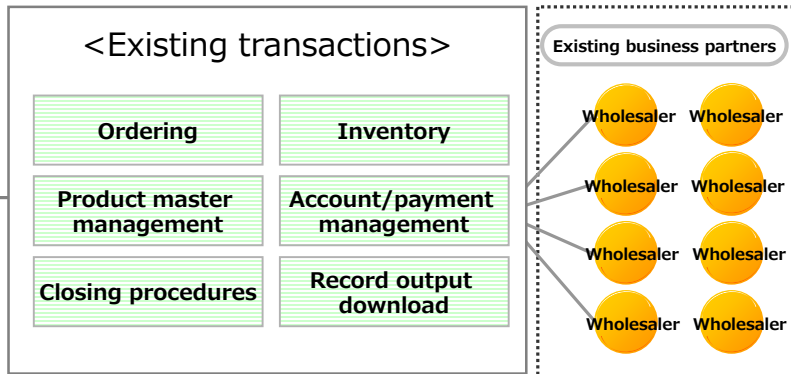
1,367.8 billion yen

Info Mart's BtoB Platform

B to B Platform Ordering

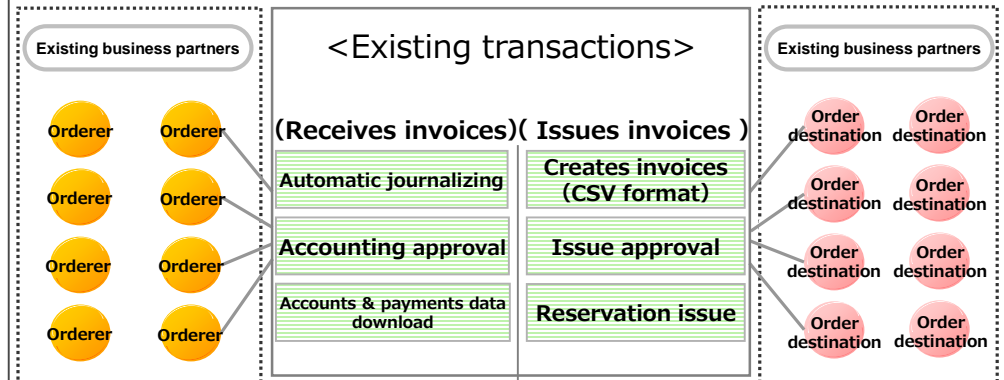
Comprehensively manage the entire ordering process electronically, from ordering to settling payment amounts

Restaurant (chains)



B to B Platform Invoicing

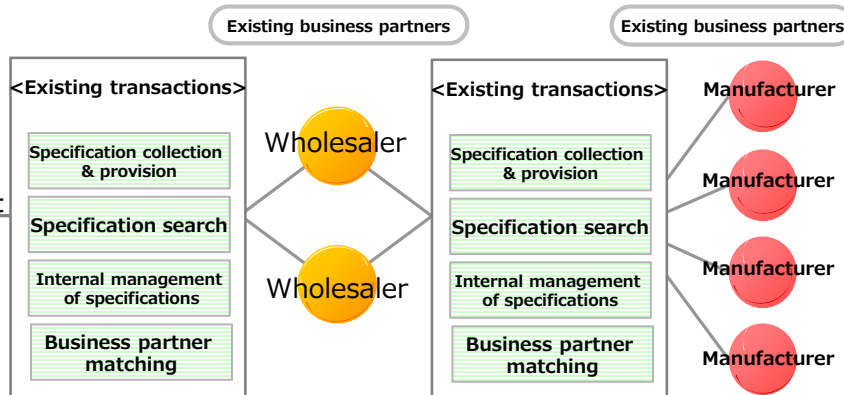
Electronically receive and issue invoices



B to B Platform Standards Database

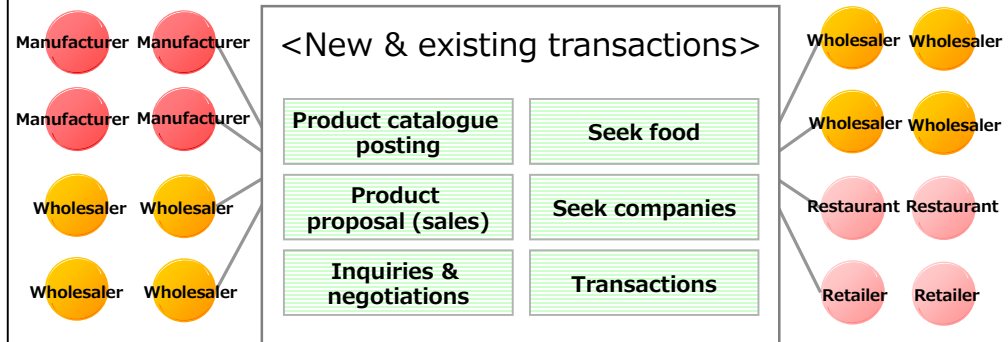
Electronic product standards database, vital for food safety and security

Restaurant Retailer



B to B Platform Matching

We offer a one-stop electronic platform, covering customer development, negotiations, price quotations, ordering, and payments



II. FY2016 Third Financial Results

Key Performance Indicator

Increase of 'BtoB Invoicing Platform' user companies accelerated in Q3 FY12/16

		Dec. 31, 2015	Mar. 31, 2016		Jun. 30, 2016		Sep. 30, 2016	
				1Qchange		2Qchange		3Qchange
Ordering	Buyer Companies	1,706	1,836	+ 130	1,914	+ 78	1,979	+ 65
	Seller Companies	28,240	28,613	+ 373	29,024	+ 411	29,527	+ 503
Food Standards Database	Companies with Buyer Function	369	390	+ 21	407	+ 17	431	+ 24
	Companies with Wholesaler	474	490	+ 16	514	+ 24	520	+ 6
	Companies with Manufacturer	6,054	6,120	+ 66	6,165	+ 45	6,193	+ 28
Invoicing	Companies	40,723	55,086	+ 14,363	74,198	+ 19,112	112,884	+ 38,686
	Contracting Companies (receiving)	657	863	+ 206	1,038	+ 175	1,199	+ 161
	Contracting Companies (issuing)	227	313	+ 86	370	+ 57	452	+ 82
	Contracting Companies (total)	884	1,176	+ 292	1,408	+ 232	1,651	+ 243
Matching	Buyer Companies	6,915	6,837	-78	6,879	42	6,872	-7
	Seller Companies	1,952	1,838	-114	1,821	-17	1,752	-69
BtoB Platform	Companies (※1)	62,039	67,148	+ 5,109	79,507	+ 12,359	113,858	+ 34,351
	Offices (※2)	280,167	329,609	+ 49,442	351,019	+ 21,410	386,388	+ 35,369

(Note 1) Includes non-paying users

(Note 2) Offices: head office, branches, sales offices, stores

FY12/16 Third Quarter (YoY)

(Million yen / %: YoY)

	FY12/16 (Actual)							
	1Q		2Q		3Q		3Q累計	
ASP Ordering System	881	16.3%	918	10.2%	948	9.9%	2,748	12.0%
ASP Food Standards Database	269	25.6%	290	20.9%	295	19.1%	855	21.7%
ES	291	-7.2%	296	-4.5%	308	3.2%	896	-2.9%
Other	34	2.2%	18	-37.9%	18	-43.4%	71	-25.7%
[Sales]	1,467	12.0%	1,514	7.9%	1,561	9.0%	4,542	9.5%
ASP Ordering System	210	16.6%	214	-1.3%	223	15.0%	648	9.5%
ASP Food Standards Database	55	43.4%	61	4.9%	64	36.7%	181	25.7%
ES	156	67.4%	167	28.3%	166	30.6%	490	39.5%
Other	16	4.6%	12	-8.8%	12	-18.0%	41	-7.1%
[CoGS]	431	34.0%	445	8.0%	458	21.8%	1,335	20.2%
ASP Ordering System	670	16.2%	703	14.3%	724	8.4%	2,099	12.8%
ASP Food Standards Database	213	21.7%	229	26.0%	231	15.0%	674	20.7%
ES	134	-38.8%	128	-28.4%	142	-17.1%	405	-29.0%
Other	17	0.0%	6	-61.2%	6	-65.0%	30	-41.6%
[Gross Profit]	1,035	4.8%	1,068	7.8%	1,103	4.4%	3,207	5.7%
ASP Ordering System	225	15.6%	223	5.9%	235	15.8%	684	12.3%
ASP Food Standards Database	136	36.7%	141	29.3%	169	47.3%	446	37.9%
ES	181	12.9%	188	10.2%	227	30.8%	597	18.2%
Other	21	-6.2%	17	-25.5%	19	-12.1%	57	-14.8%
[SG&A]	563	18.1%	571	11.1%	650	27.0%	1,785	18.7%
ASP Ordering System	445	16.5%	480	18.7%	489	5.2%	1,415	13.0%
ASP Food Standards Database	77	2.1%	87	21.1%	62	-28.0%	227	-3.1%
ES	-46	-	-60	-	-85	-	-191	-
Other	-3	-	-10	-	-13	-	-27	-
[Operating Profit]	472	-7.5%	496	4.3%	452	-16.8%	1,422	-7.2%
[Recurring Profit]	456	-10.7%	476	-0.7%	449	-16.6%	1,382	-9.7%
<small>Net income denotes net income attributable to owners of the parent.</small>	294	-4.1%	305	0.0%	289	-15.1%	890	-6.7%

OPM	32.2%	32.8%	29.0%	31.3%
RPM	31.1%	31.5%	28.8%	30.4%

□ Sales

[Ordering business]

System usage fees from buyer and seller companies rose with increased buyer company usage among restaurant chains, hotels, commercial facilities, catering companies, etc.

[Standards Database business]

There was an increase in the number of companies using the buyer, wholesaler, and manufacturer functions. Subsequently, system usage fees rose.

[ES business]

The number of contracting companies using the Invoicing platform increased in food and other industries, resulting in higher system usage fees and setup fees. However, due to a decline in the number of seller companies using the Matching platform, system usage fees fell for this service.

□ CoGS

Higher upfront expenditures in systems development for the Invoicing service resulted in higher software amortization costs in the ES business.

□ SG&A

SG&A increased mainly on personnel costs for hiring more staff, sales promotion expenses for TV commercials, and relocation of the company's main office toward future business growth.

□ Recurring Profit

The Ordering business produced a double-digit increase in operating profit. However, in the ES business, lower sales and higher software amortization costs led to an operating loss, causing overall profit to fall.

FY12/16 Third Quarter (vs. Plan)

(Million yen / %: YoY)

	FY12/16											
	1Q			2Q			3Q			3QTotal		
	Plan	Actual	Diff	Plan	Actual	Diff	Plan	Actual	Diff	Plan	Actual	Diff
Ordering	892	881	-11	939	918	-21	985	948	-37	2,815	2,748	-67
Food Standards Database	272	269	-3	299	290	-9	319	295	-24	889	855	-34
ES	297	291	-6	337	296	-41	386	308	-78	1,020	896	-124
Other	36	34	-2	29	18	-11	37	18	-19	102	71	-31
[Sales]	1,488	1,467	-21	1,595	1,514	-81	1,718	1,561	-157	4,800	4,542	-258
Ordering	214	210	-4	221	214	-7	230	223	-7	665	648	-17
Food Standards Database	55	55	0	60	61	1	62	64	2	176	181	5
ES	154	156	2	165	167	2	178	166	-12	497	490	-7
Other	16	16	0	14	12	-2	15	12	-3	45	41	-4
[CoGS]	434	431	-3	454	445	-9	480	458	-22	1,368	1,335	-33
Ordering	677	670	-7	717	703	-14	755	724	-31	2,150	2,099	-51
Food Standards Database	217	213	-4	239	229	-10	257	231	-26	713	674	-39
ES	143	134	-9	172	128	-44	207	142	-65	522	405	-117
Other	20	17	-3	15	6	-9	22	6	-16	58	30	-28
[Gross Profit]	1,055	1,035	-20	1,140	1,068	-72	1,239	1,103	-136	3,433	3,207	-226
Ordering	247	225	-22	248	223	-25	291	235	-56	786	684	-102
Food Standards Database	156	136	-20	158	141	-17	164	169	5	478	446	-32
ES	183	181	-2	167	188	21	176	227	51	526	597	71
Other	22	21	-1	23	17	-6	23	19	-4	68	57	-11
[SG&A]	607	563	-44	593	571	-22	652	650	-2	1,852	1,785	-67
Ordering	431	445	14	469	480	11	464	489	25	1,364	1,415	51
Food Standards Database	60	77	17	82	87	5	93	62	-31	235	227	-8
ES	-40	-46	-6	5	-60	-65	32	-85	-117	-3	-191	-188
Other	-2	-3	-1	-8	-10	-2	-1	-13	-12	-10	-27	-17
[Operating Profit]	447	472	25	547	496	-51	586	452	-134	1,579	1,422	-157
[Recurring Profit]	446	456	10	546	476	-70	585	449	-136	1,577	1,382	-195
<small>Net income denotes net income attributable to owners of the parent.</small>	288	294	6	352	305	-47	379	289	-90	1,019	890	-129

OPM	30.0%	32.2%	2.1%	34.3%	32.8%	-1.5%	34.1%	29.0%	-5.1%	32.9%	31.3%	-1.6%
RPM	30.0%	31.1%	1.1%	34.2%	31.4%	-2.8%	34.1%	28.8%	-5.3%	32.9%	30.4%	-2.5%

□ Sales

[Ordering business]

System usages fees from seller companies (pay-for-use) were below target. The company aims to increase system usage fees by promoting the matching function.

[Standards Database business]

System usage fees were below target. The company aims to increase system usage fees by promoting the matching function.

[ES business]

System usage fees from seller companies using the Matching platform were below target. The company aims to increase system usage fees by winning new clients and promoting use of the Invoicing platform.

□ CoGS

Overall results were on target.

□ SG&A

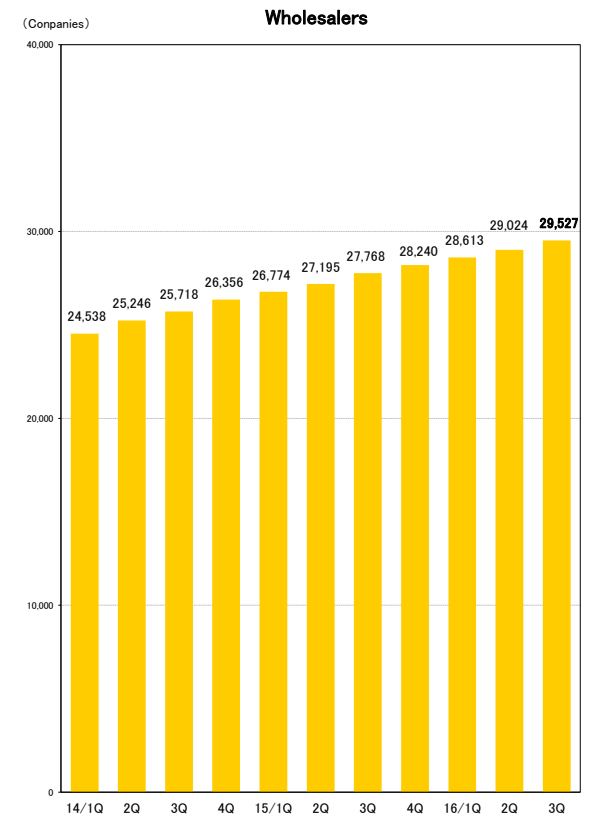
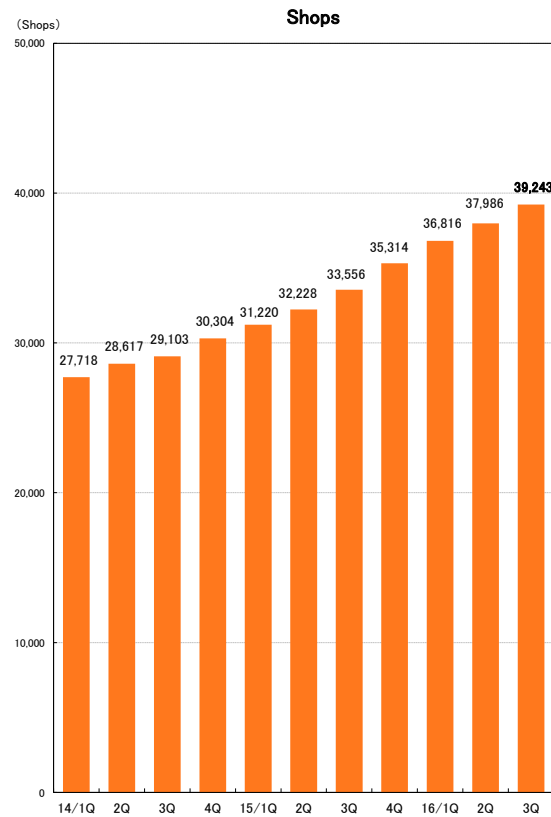
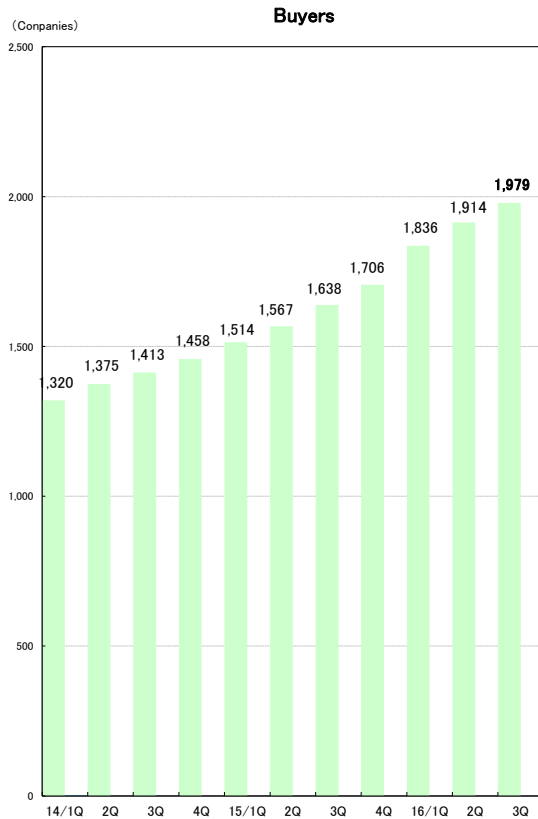
Some conservatively planned costs were not incurred such as personnel and sales promotion costs.

□ Recurring Profit

Operating profit for the Ordering business was above target. However, due to a wider operating loss in the ES business, recurring profit fell short of target overall.

Ordering (BtoB Platform Ordering)

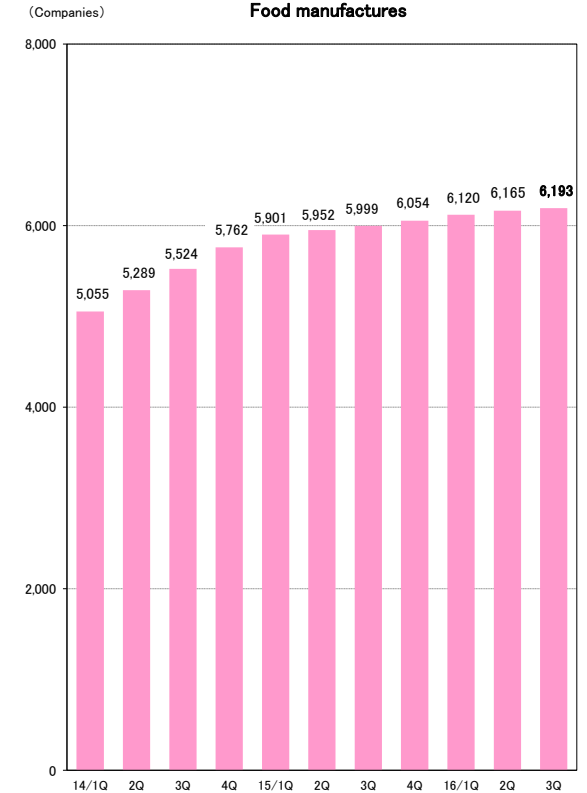
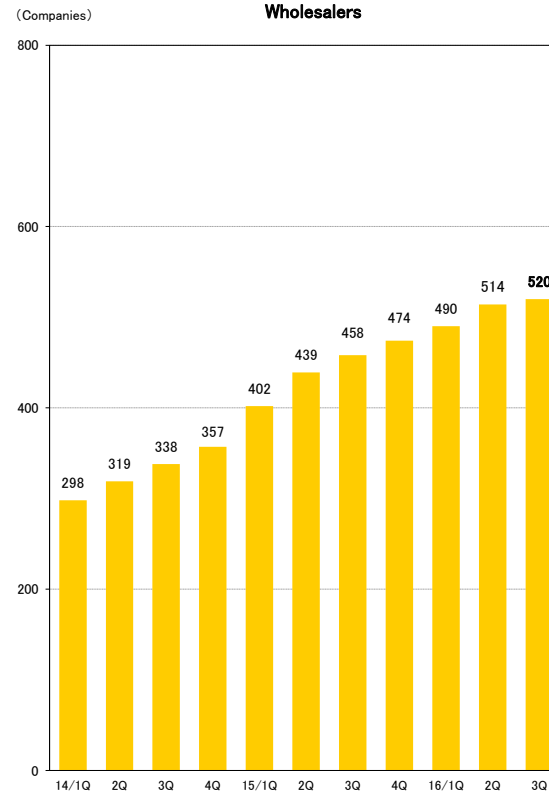
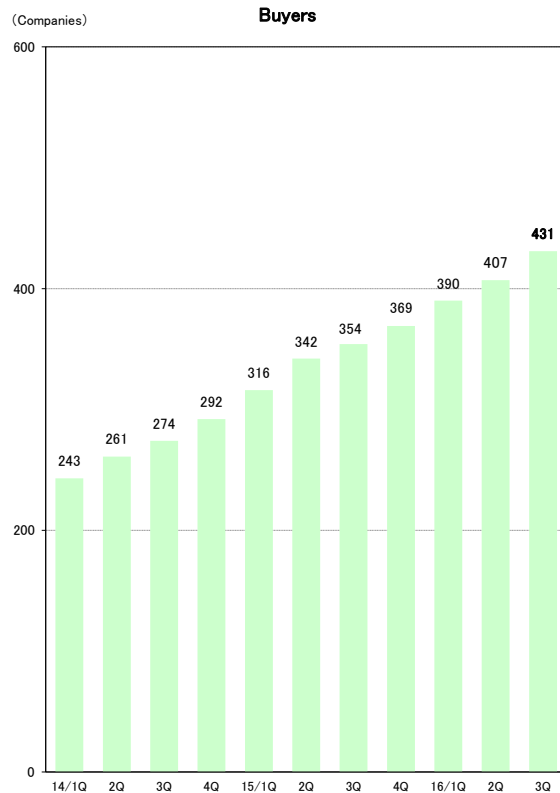
- High usage by new buyer companies such as restaurant chains, hotels, commercial facilities, catering companies, etc.
- Continued introductions through alliance partners (existing seller companies, affiliated systems companies, etc.)
- Improved customer convenience through better system connectivity (currently connected to 99 systems from 81 companies)



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

Food Standards Database (BtoB Platform Food Standards Database)

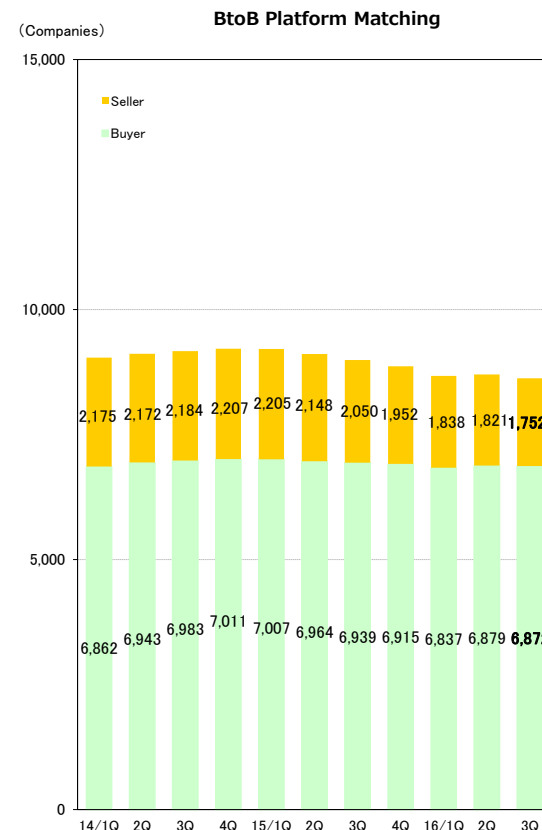
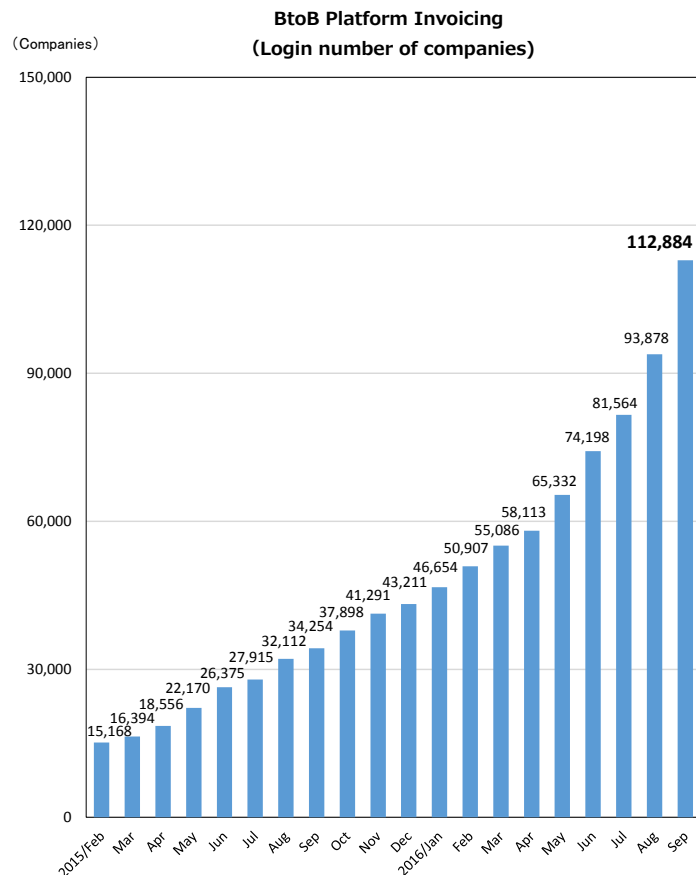
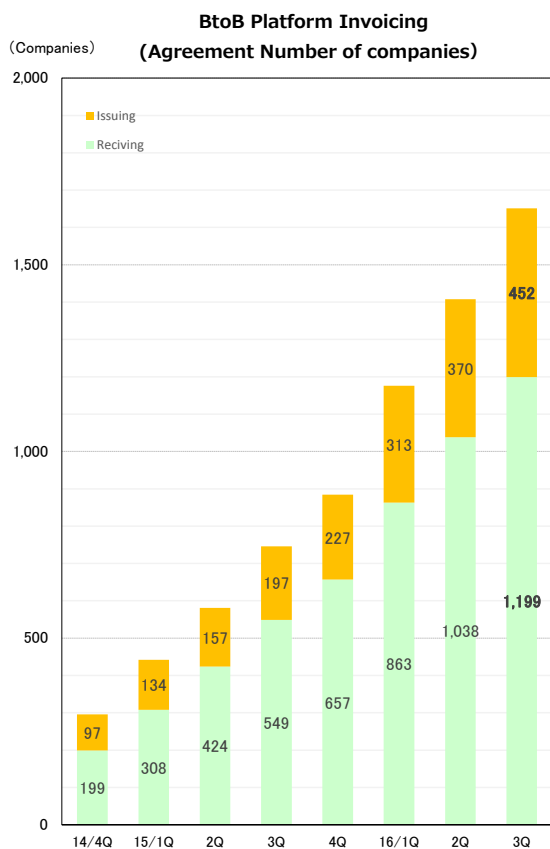
- Company numbers grew across all functions as a result of stronger awareness of food security and safety as well as dealing with allergens.
- Buyer function usage increased among large restaurant and hotel chains.
- Commenced sales promotion support function for food manufacturers, enabling centralized management of product and recipe information and improved sales promotion.



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

ES (BtoB Platform Invoicing・Matching)

- Number of companies logging in accelerated due to a strong need for electronic invoicing, surpassing 110,000.
- Steady increase in the number of new companies signing up for Invoicing services in the food and other industries.
- Improved systems development for Invoicing services. Released automatic payment reconciliation and reminder functions, corporate “My Number” support function, etc.



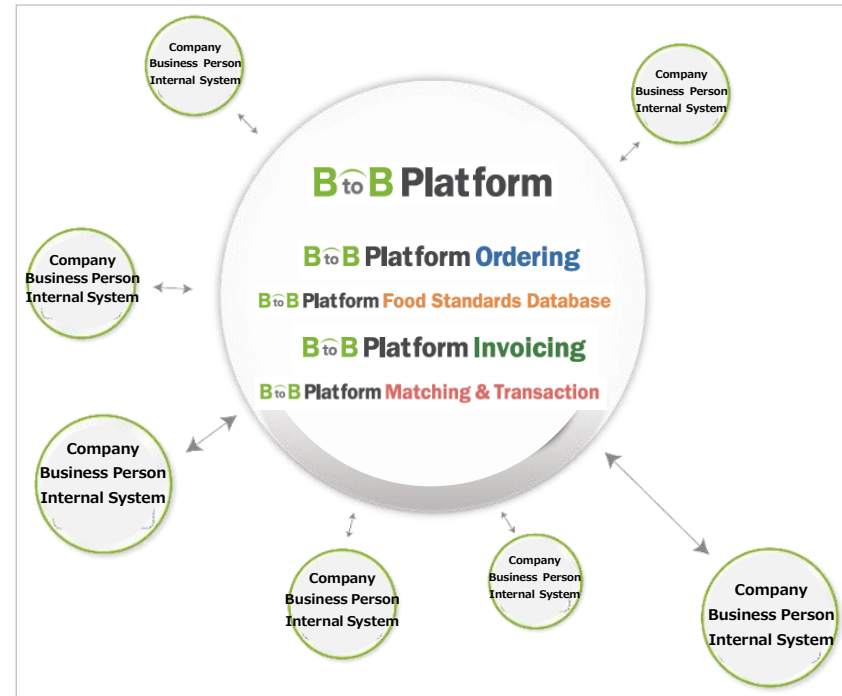
※The above is the number of companies that issued the ID and password in the contract 's each model

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

III. 2016- 2018 fiscal year Medium-term management plan

(Announced on February 15, 2016)

B to B Platform



Our B2B Platform is a system that provides connections between businesspeople, between companies, and within companies, and significantly transforms company management and business style.

We build systems and businesses that naturally go beyond industry borders and beyond national borders, focusing on companies and people, with the aim of becoming a global B2B platform company.

▼ Please enjoy the video showing the world we envision with our B2B Platforms.

<http://www.infomart.co.jp/movie/>



FY12/16-FY12/18 (Medium-term Management Plan)

Theme		FY12/15	FY12/18 target
<p>Steadily expand market share in the food industry</p> <p>– Expand utilization of the B2B Ordering System Platform</p>	<p>Number of user companies</p> <p>System transaction value (share of restaurants)</p>	<p>39,000 companies</p> <p>JPY1.2tn (16%)</p>	<p>50,000 companies</p> <p>JPY2tn (30%)</p>
<p>Make B2B Electronic Invoicing Platform a de facto industry standard</p> <p>– Expand the B2B Invoicing Platform to all industries</p>	<p>Number of user companies</p> <p>System transaction value</p>	<p>48,000 companies</p> <p>JPY126.1bn</p>	<p>1mn companies</p> <p>JPY3tn</p>
<p>Build a B2B E-Commerce Transaction Platform</p> <p>– Heavily invest in system development using funds procured in the previous year</p>	<p>System concept</p>	<p>Food Industry ASP System</p>	<p>B2B Platform for all industries</p>

FY12/16-FY12/18 (Medium-term Plan : Highlights)

(JPYmn / %: YoY)

	FY12/15		FY12/16		FY12/17		FY12/18	
	Actual	YoY	Forecast	YoY	Forecast	YoY	Forecast	YoY
Sales	5,632	13.1%	6,649	18.1%	7,900	18.8%	9,500	20.3%
Operating profit	2,094	7.7%	2,292	9.4%	2,603	13.6%	3,603	38.4%
Recurring profit	2,040	4.0%	2,289	12.2%	2,600	13.6%	3,600	38.4%
Net income *	1,308	11.1%	1,481	13.2%	1,722	16.3%	2,423	40.7%

*Net income denotes net income attributable to owners of the parent.

Recurring profit to sales ratio	36.2%	34.4%	32.9%	37.9%
Net income per share (JPY)	21.38	23.34	26.56	37.36

- Sales: Overall sales growth will accelerate due to solid growth in usage of B2B Ordering System, Food Standards Database, and Matching & Transaction platforms; full-fledged usage expansion of B2B Invoicing Platform; and higher sales in the Overseas and Media businesses.
- CoGS: Software amortization expenses will increase due to software development such as for B2B Platforms and Portal Sites for all industries, and upgrading to new versions of each existing system.
- SG&A Expenses: Personnel expenses will increase due to increased hiring (mainly of new graduates); sales promotion expenses will grow due to TV advertising for B2B Platforms, etc.
- Recurring profit: Profits will grow as cost increases are absorbed by increased sales across all businesses.

FY2016-2018/12 (Medium-term Plan:Details)

(Million yen / %:YoY)

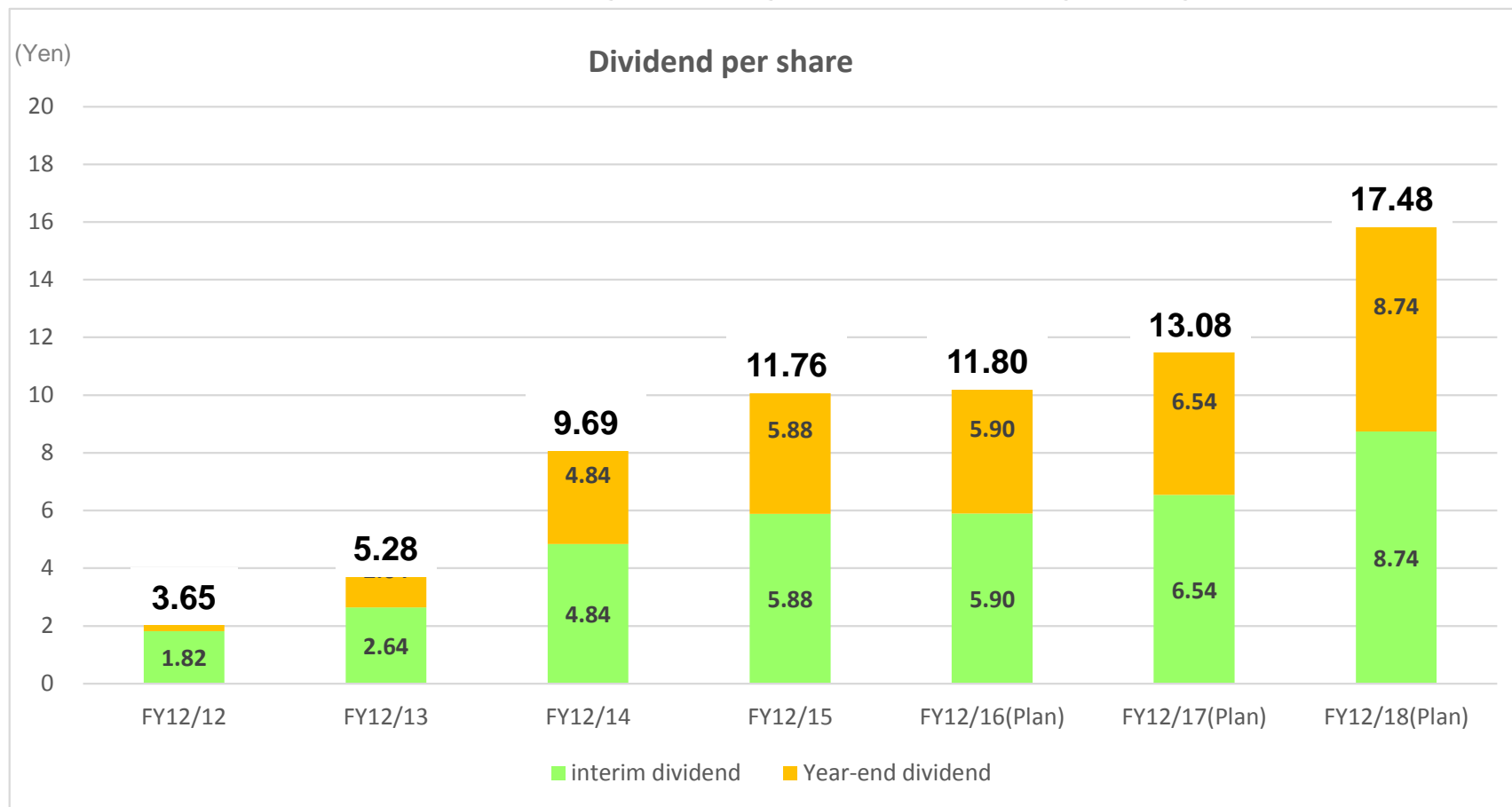
	FY2015/12		FY2016/12		FY2017/12		FY2018/12	
	Actual	YoY	Plan	YoY	Plan	YoY	Plan	YoY
Ordering	3,357	14.0%	3,838	14.3%	4,280	11.5%	4,728	10.5%
Food Standards Database	959	29.3%	1,228	28.0%	1,376	12.1%	1,544	12.2%
ES	1,221	1.7%	1,473	20.7%	2,041	38.5%	2,839	39.1%
Other	135	0.3%	145	7.8%	241	66.0%	429	77.6%
【Sales】	5,632	13.1%	6,649	18.1%	7,900	18.8%	9,500	20.3%
Ordering	804	19.1%	917	14.1%	1,079	17.6%	1,191	10.4%
Food Standards Database	194	41.9%	241	24.2%	288	19.5%	339	17.8%
ES	497	94.6%	690	38.8%	919	33.2%	1,054	14.7%
Other	62	-40.1%	60	-2.7%	103	71.3%	158	52.8%
【CoGs】	1,529	33.6%	1,886	23.4%	2,364	25.3%	2,715	14.8%
Ordering	2,553	12.5%	2,921	14.4%	3,201	9.6%	3,537	10.5%
Food Standards Database	764	26.4%	987	29.2%	1,088	10.2%	1,204	10.7%
ES	723	-23.4%	784	8.4%	1,122	43.2%	1,785	59.1%
Other	72	139.2%	85	18.3%	138	62.3%	271	96.1%
【Gross Profit】	4,103	7.0%	4,763	16.1%	5,536	16.2%	6,785	22.6%
Ordering	818	3.0%	1,060	29.5%	1,167	10.1%	1,213	4.0%
Food Standards Database	435	14.0%	632	45.3%	729	15.3%	772	6.0%
ES	669	8.3%	693	3.6%	941	35.7%	1,100	17.0%
Other	89	-9.1%	94	5.4%	105	12.3%	105	0.0%
【SG&A】	2,009	6.3%	2,471	23.0%	2,932	18.6%	3,182	8.5%
Ordering	1,734	17.6%	1,862	7.4%	2,034	9.3%	2,323	14.2%
Food Standards Database	328	47.9%	355	8.3%	359	1.2%	432	20.2%
ES	53	-83.5%	90	70.5%	181	100.8%	685	277.9%
Other	-17	-	-9	-	33	-	166	404.8%
【Operating Profit】	2,094	7.7%	2,292	9.4%	2,603	13.6%	3,603	38.4%
【Recurring Profit】	2,040	4.0%	2,289	12.2%	2,600	13.6%	3,600	38.4%
【Net Income】*	1,308	11.1%	1,481	13.2%	1,722	16.3%	2,423	40.7%

* Net income denotes net income attributable to owners of the parent.

IV. Return Profits to Shareholders

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)

An interim dividend for FY12/16 was decided at a July 29, 2016 Board of Directors’ Meeting (effective September 12, 2016).

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.

The company decided at meeting of the Board of Directors held on October 31, 2016 that it would conduct a 2-for-1 stock split effective January 1, 2017 to improve share liquidity. The dividends in the following graph are figures prior to this stock split.

Supplementary Information (Fee Structure by Service)(as of September 31, 2016)

Business	Service	Fees (excluding taxes)		
Ordering	BtoB Platform	<u><Buyer Company></u>		<u><Seller Company></u>
	Ordering	«Monthly usage fee» •Head office: JPY18,000 •Store: JPY1,300 «Initial fee» from JPY300,000 (depending on store count)		«Monthly usage fee» (choice: fixed fee or pay-for-use) •Fixed fee: JPY30,000 •Pay-for-use: 1.2% of monthly transaction amount (up to 100,000 transactions for free) •Adding IDs: JPY800 per ID
Food Standards Database	BtoB Platform	<u><Buyer Function></u>	<u><Wholesaler Function></u>	<u><Manufacturer Function></u>
	Food Standards Database	(Partially revised in January 2016) «Monthly system usage fee» JPY50,000 «Initial fee» from JPY300,000	(Partially revised in May 2016) «Monthly system usage fee» JPY35,000 «Initial fee» from JPY50,000	(Partially revised in May 2016) «Monthly system usage fee» •Fixed fee: JPY35,000 or JPY50,000 •Pay-for-use: JPY3,000 to JPY20,000
ES	BtoB Platform	<u><Receiving Company></u>		<u><Issuing Company></u>
	Invoicing	«Monthly system usage fee» Number of companies receiving invoices per month •Up to 50 companies : JPY5,000 •51-2,000 companies: JPY10,000 to JPY100,000 «Initial fee» from JPY50,000		«Monthly system usage fee» [Fixed fee] JPY5,000 + [Pay-for-use fee] Number of invoices issued per month • Up to 100 invoices included in the fixed fee • 101 to 1,000 invoices: JPY40 per invoice • 1,001 invoices or more: JPY30 per invoice «Initial fee» from JPY150,000
	BtoB Platform	<u><Buyer Company></u>		<u><Seller Company></u>
	Matching	«Monthly system usage fee» [Fixed fee] JPY5,000		«Monthly system usage fee» [Fixed fee] JPY25,000 [Pay-for-use]Monthly value of the order • JPY1 to 10,000,000: 1.2% • Over JPY10 million to JPY100 million: 0.5% • Over JPY100 million: 0.1% «Payment services system» 5% of transaction amount «Outlet Mart» 10% of transaction amount

This material is prepared based on economic, social and other situations, and certain assumptions that the company deems to be reasonable as of October 31, 2016. 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.