

B to B Platform

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

Info Mart Corporation

FY2018 First Quarter Financial Results

FY2018/1Q

TSE First (1st) Section (2492)

 **Info Mart Corporation**

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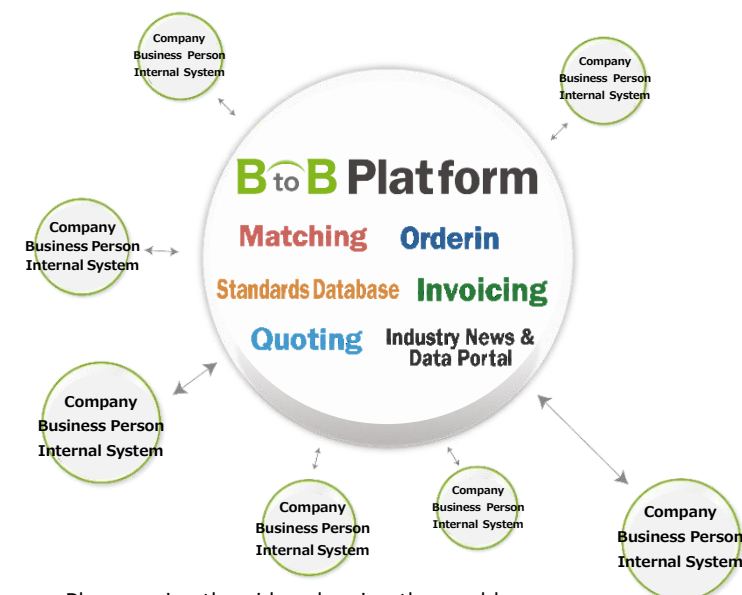
I . About Infomart

- Company Name: Infomart Corporation
(TSE First (1st) Section / Stock code: 2492)
- Representative: President and CEO Osamu Nagao
Vice President Naotake Fujita
- 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 Consolidated
- subsidiaries: InfoRise
Infomart International
- No. of employees (connection): 450 (full-time 391 / temporary 59)
- URL: <http://www.infomart.co.jp/>

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/>



Features

Specialize in BtoB (Business-to-Business EC) for 21 years since the company's founding

A cloud-based system which enables numerous companies to use the same screen for day-to-day business with customers

A recurring-revenue model with 95% of sales coming from monthly system usage fees

Performance

Provides leading B2B Platform in Japan

No. of user companies (as of end-March 2018)

191,254 companies

No. of offices (as of end-March 2018)

515,776 offices

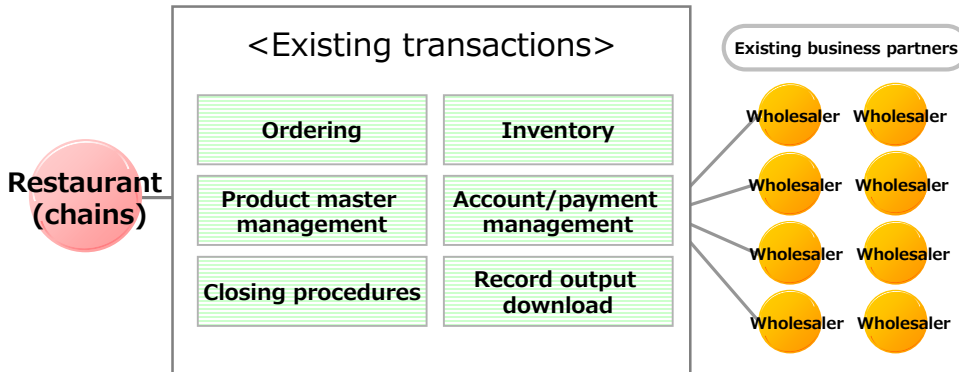
Total distribution value (2017 result)

4,720.3 billion yen

Info Mart's BtoB Platform

BtoB Platform Ordering

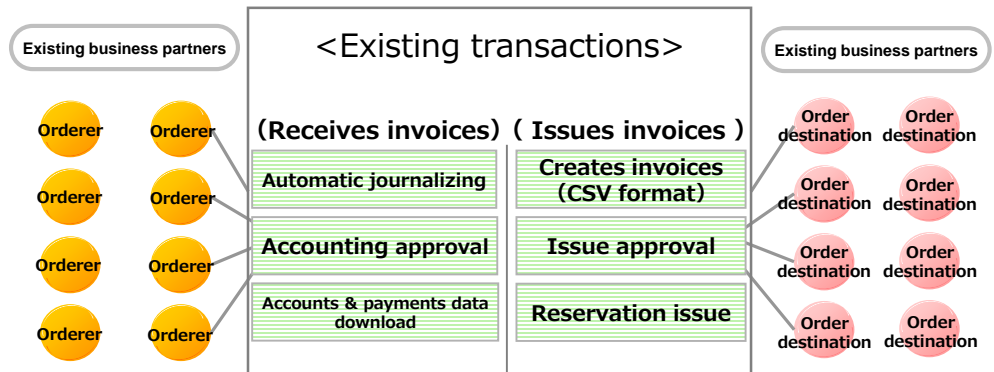
An ordering platform which dramatically improves a variety of ordering and invoicing operations



Optimizes ordering and invoicing operations

BtoB Platform Invoicing

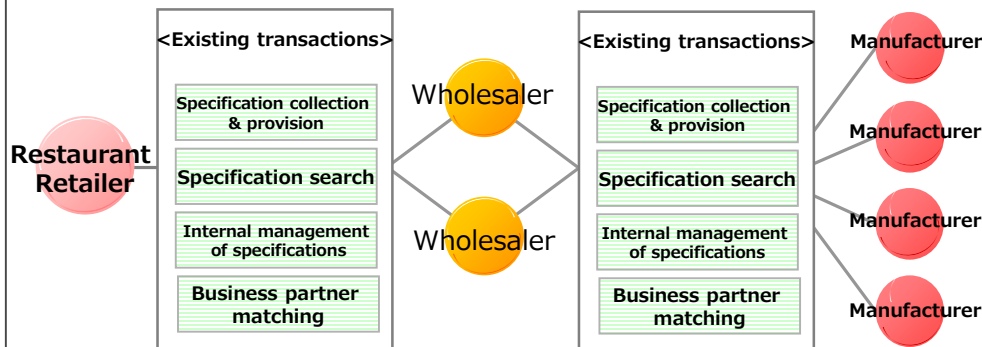
An electronic invoicing platform that helps cut costs, save time, and improve productivity of invoicing operations



Electronically receive and issue invoices

BtoB Platform Standards Database

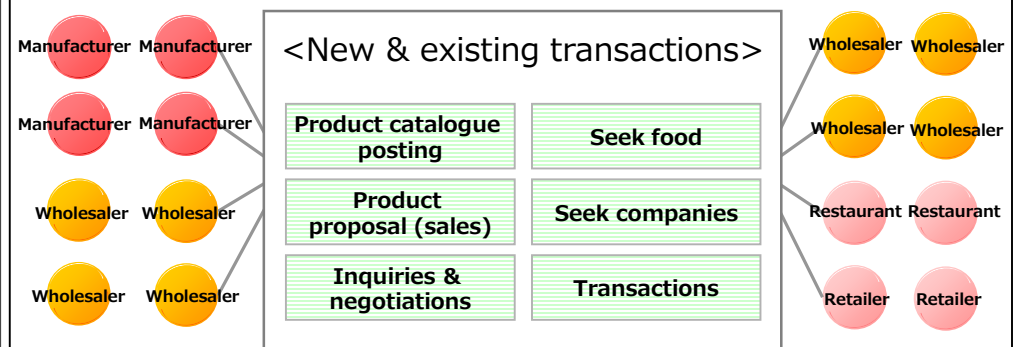
Covers all the latest regulations and quality control standards! The most-used standards database platform in the food industry



Contributes to food safety and security in the food industry

BtoB Platform Matching

A business negotiations platform which strengthens sales capabilities, purchasing power, and internal organizational effectiveness



Completely reforms sales and purchase schemes

II. FY2018 First Quarter Financial Results

FY12/18 First Quarter (YoY)

Higher sales due to an increase in the number of B2B Platform user companies; profits temporarily fell but expected to rise from 2Q onward

(Million yen / %:YoY)

	2017/1Q	2018/1Q	
	Actual	Actual	YoY
Ordering	964	1,082	12.2%
Standards Database	310	336	8.5%
ES	304	356	17.1%
Other	18	23	27.7%
[Sales]	1,587	1,788	12.7%
Ordering	260	299	14.6%
Standards Database	87	104	19.3%
ES	164	218	32.6%
Other	10	12	16.3%
[CoGS]	514	626	21.8%
Ordering	703	783	11.3%
Standards Database	222	231	4.2%
ES	139	137	-1.2%
Other	7	11	43.3%
[Gross Profit]	1,073	1,162	8.3%
Ordering	239	325	35.8%
Standards Database	79	99	26.1%
ES	217	233	7.5%
Other	20	21	4.7%
[SG&A]	556	680	22.2%
Ordering	463	457	-1.4%
Standards Database	143	132	-7.9%
ES	-77	-95	-
Other	-12	-10	-
[Operating Profit]	516	481	-6.7%
[Recurring Profit]	507	465	-8.3%
[Net Income]※	341	311	-8.7%

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

High gross profit margin	67.6%	65.0%
Ordering	48.1%	42.3%
Standards Database	46.2%	39.3%
OPM	32.5%	26.9%
RPM	32.0%	26.0%

□ Sales

[Ordering business]

System usage fees increased on steady growth in the number of buyer companies such as restaurant chains and hotels, and seller companies such as food wholesalers, which supply the buyer companies.

[Standards Database business]

As a result of offering the service with B2B Platform Ordering as a package, the number of companies using the buyer function of B2B Platform Standards Database business increased, leading to higher system usage fees.

[ES business]

Increase in the number of companies with paid contracts for B2B Platform Invoicing (invoice receiver model and issuer model users) led to higher system usage fees in line with operation.

□ SG&A expenses

An increase in system development costs until FY12/17 resulted in higher software depreciation costs. Software depreciation costs are expected to fall from 3Q onward due to a gradual decline in past large-scale system development costs (next generation platform development) reaching the end of its depreciation period, and completion of the two-year system development program in FY12/17, followed by plans to reduce spending on system development in FY12/18.

□ Recurring profit

Personnel expenses rose due to an increase in sales force and sales support staff necessary for business expansion.

□ Net income

Higher sales mainly owing to an increase in system usage fees could not cover the rise in costs, and as a result, profit fell temporarily. Infomart expects profit to rise from 2Q onward.

FY12/18 First Quarter (vs. Plan)

1Q started along the plan toward achieving the full-year targets

(Million yen)

□ Sales

[Ordering business]

↑ B2B Platform Ordering New buyers' usage of B2B Platform Ordering service (restaurant-wholesalers) was solid, and system usage fees and initial fees exceeded the targets.

[Standards Database business]

B2B Platform Standards Database met the targets for the most part.

[ES business]

Increases in initial fees arising from new contracts for B2B Platform Invoicing and system usage fees from companies with paid contracts exceeded the targets.

□ CoGS

Content creation costs in ES business increased.

□ SG&A expenses

Differences arose from sales promotion and recruitment expenses (recording postponed to 2Q).

□ Recurring profit

Exceeded targets due to higher sales and postponed recording of SG&A expenses.

2018/2Q Total	
Plan	YoY
2,219	12.3%
687	10.6%
702	15.9%
77	114.3%
3,667	13.9%
601	12.0%
192	5.0%
394	9.8%
34	61.4%
1,207	11.6%
1,619	12.3%
495	13.2%
308	24.7%
43	208.9%
2,459	15.0%
730	42.6%
231	40.1%
503	7.9%
45	12.8%
1,505	27.1%
889	-4.2%
264	-3.0%
-195	-
-2	-
954	0.1%
948	0.6%
634	-

67.1%
40.1%
38.4%
26.0%
25.9%

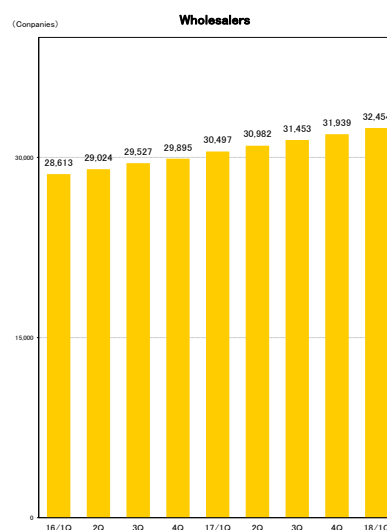
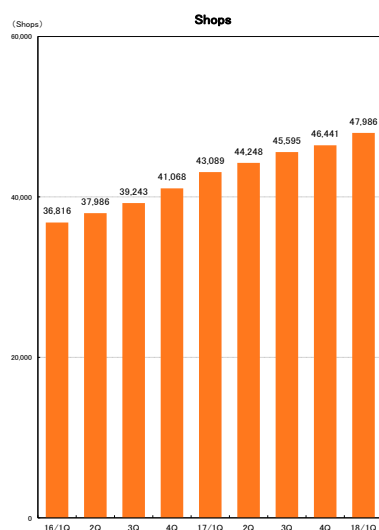
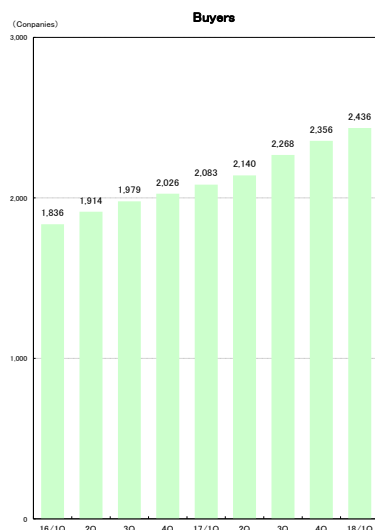
	2018/1Q			2018/2Q	2018/3Q	2018/4Q	2018/Total	
	Plan	Actual	Diff	Plan	Plan	Plan	Plan	YoY
Ordering	1,062	1,082	20	1,158	1,269	1,398	4,887	18.4%
Standards Database	338	336	-2	349	363	373	1,423	12.2%
ES	343	356	13	360	391	435	1,528	19.6%
Other	29	23	-6	48	40	48	165	117.1%
[Sales]	1,762	1,788	26	1,905	2,055	2,244	7,965	18.7%
Ordering	298	299	1	303	286	240	1,126	2.2%
Standards Database	103	104	1	89	93	96	381	-1.3%
ES	194	218	24	200	207	198	799	-11.1%
Other	16	12	-4	18	18	19	71	44.9%
[CoGS]	604	626	22	603	597	546	2,351	-2.0%
Ordering	764	783	19	855	984	1,158	3,760	24.3%
Standards Database	235	231	-4	260	270	277	1,041	18.0%
ES	148	137	-11	160	184	237	729	92.3%
Other	12	11	-1	31	22	29	94	261.5%
[Gross Profit]	1,157	1,162	5	1,303	1,457	1,698	5,614	30.3%
Ordering	367	325	-42	363	385	391	1,506	35.6%
Standards Database	118	99	-19	113	116	110	458	33.1%
ES	250	233	-17	253	279	272	1,053	5.3%
Other	22	21	-1	23	23	25	93	4.5%
[SG&A]	754	680	-74	751	801	796	3,102	21.9%
Ordering	397	457	60	491	599	767	2,255	17.9%
Standards Database	117	132	15	147	153	167	584	8.8%
ES	-101	-95	6	-93	-95	-35	-324	-
Other	-10	-10	0	8	-1	4	1	-
[Operating Profit]	402	481	79	552	656	902	2,512	42.3%
[Recurring Profit]	399	465	66	549	653	899	2,500	42.8%
[Net Income]※	264	311	47	370	437	602	1,674	335.9%

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

High gross profit margin	65.7%	65.0%	-0.7%	68.4%	70.9%	75.7%	70.5%
Ordering	37.4%	42.3%	4.9%	42.4%	47.2%	54.9%	46.1%
Standards Database	34.5%	39.3%	4.8%	42.1%	42.2%	44.8%	41.0%
OPM	22.8%	26.9%	4.1%	29.0%	31.9%	40.2%	31.5%
RPM	22.7%	26.0%	3.3%	28.8%	31.8%	40.1%	31.4%

- New usage by buyers in the Ordering business (restaurants-wholesalers) advanced steadily driven mainly by restaurant chains and hotels.
- Steady flow of referrals from alliance partners such as existing seller companies and partner system engineering firms.
- User count up to 525 companies in B2B Platform Ordering service (wholesalers-manufacturers) on progress made with service launch (as of end-March 2018) .

		(Companies)						
		2016/12	2017/12				2018/12	
		4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	YoY
Ordering (Restaurants-Wholesaler)	Buyer Companies (Restaurants)	2,026	2,083	2,140	2,268	2,356	2,436	+ 80
	Seller Companies (Wholesaler)	29,895	30,497	30,982	31,453	31,939	32,454	+ 515
Ordering (Wholesaler-Manufacturer)	Buyer Companies (Wholesaler)	-	-	6	15	36	44	+ 8
	Seller Companies (Wholesaler-Manufacturer)	-	-	69	187	387	481	+ 94



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

■ Fees

Ordering (restaurants-wholesalers)

<Buyer Company>

- Monthly usage fee)
 - Head office: JPY18,000
 - Store: JPY1,300
- Initial fee)
 - from JPY300,000 (depending on store count)

<Seller Company>

- 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

Ordering (wholesalers-food manufacturers)

<Buyer Company >

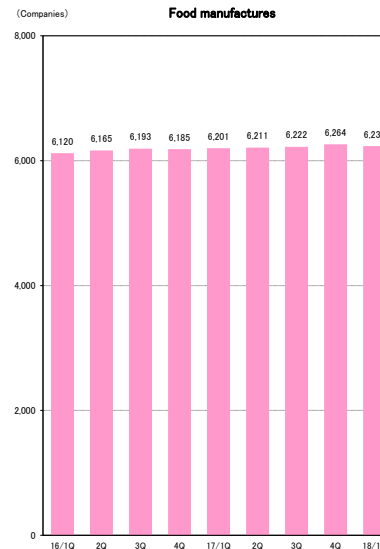
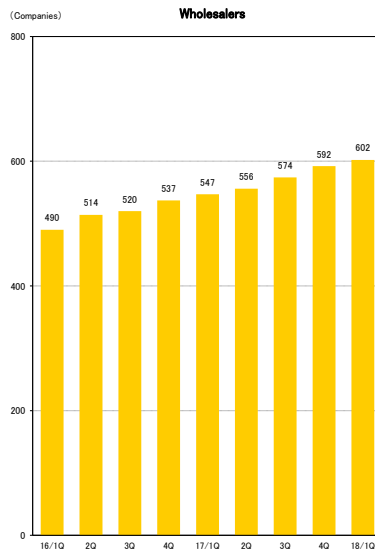
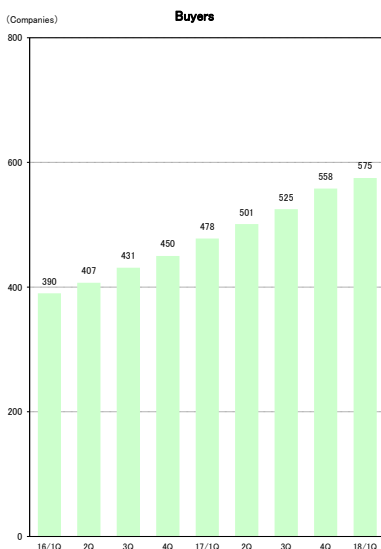
- Monthly usage fee)
 - Head office: JPY18,000
 - Adding IDs: JPY2,000 per ID
- Initial fee)
 - from JPY500,000 (depending on store count)

<Seller Company >

- Monthly usage fee) (choice: fixed fee or pay-for-use)
 - Fixed fee : JPY100,000
 - Pay-for-use: 1.2% of monthly transaction amount (up to 100,000 transactions for free)
 - Adding IDs: JPY2,000 per ID

- Against a backdrop of stronger response to food safety, security, and allergens, the number of the buyer companies and others increased.
- Promoted sales of Ordering and Standards Database services packaged as “Safe and Secure Food Ordering.”
- Progress in usage of in-house standards database management function among major manufacturers and of menu management function in the food industry.

		2016/12		2017/12			2018/12	
		4Q	1Q	2Q	3Q	4Q	1Q	YOY
Food Standards Database	Companies with Buyer Function	450	478	501	525	558	575	+ 17
	Companies with Wholesaler Function	537	547	556	574	592	602	+ 10
	Companies with Manufacturer Function	6,185	6,201	6,211	6,222	6,264	6,234	-30



■ Fees

<Buyer Company>

《Monthly system usage fee》
JPY50,000
《Initial fee》
from JPY300,000

<Wholesaler Ordering Function>

《Monthly system usage fee》
JPY35,000
《Initial fee》
from JPY50,000

<Wholesaler Ordering Seller Function>

《Monthly system usage fee》
·Fixed fee: JPY35,000 or JPY50,000
·Pay-for-use: JPY3,000 to JPY20,000

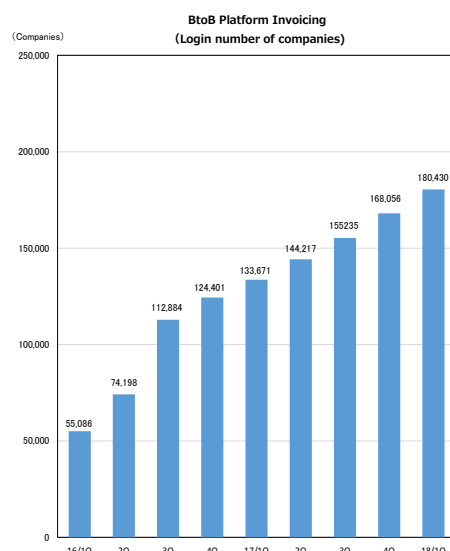
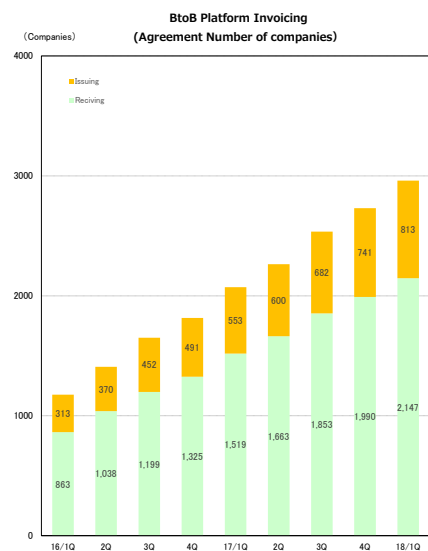
<Menu management function>

《Monthly system usage fee》
JPY7,000
《Initial fee》
From JPY50,000

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

- Number of companies logging in exceeded 18,000 due to advances in electronic invoicing at existing paid-service contracting companies. (as of March 2018)
- Number of new companies signing up for paid services steadily increased not only in the foodservice industry, but also in the pharmaceutical wholesale, amusement, and other industries.
- Enhanced operation by strengthening data links with established sales management and accounting systems.

		2016/12		2017/12				2018/12	
		4Q	1Q	2Q	3Q	4Q	1Q	YOY	
Invoicing	Contracting Companies (receiving)	1,325	1,519	1,663	1,853	1,990	2,147	+ 157	
	Contracting Companies (issuing)	491	553	600	682	741	813	+ 72	
	Contracting Companies (total)	1,816	2,072	2,263	2,535	2,731	2,960	+ 229	
	Companies	124,401	133,671	144,217	155,235	168,056	180,430	+ 12,374	
Matching	Buyer Companies	6,855	6,857	6,838	6,902	6,962	6,989	+ 27	
	Seller Companies	1,712	1,676	1,584	1,556	1,554	1,571	+ 17	



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

■ Fees

BtoB Platform Invoicing

<Receiving Company>

- 《Monthly system usage fee》
- 〔Fixed fee〕 JPY5,000 + 〔Pay-for-use fee〕
- Number of invoices receiving invoices per month
- Up to 50 invoices included in the fixed fee
- 51-2,000 invoices : JPY5,000 to JPY95,000
- 《Initial fee》 from JPY100,000

<Issuing Company>

- 《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 JPY300,000

BtoB Platform Matching

- 《Monthly system usage fee》

<Buyer Company>

- 〔Fixed fee〕 JPY5,000

<Seller Company>

- 〔Fixed fee〕 JPY25,000

III. 2016- 2018 Fiscal Year Medium-Term Management Plan

(FY2018 is the Final year of the plan.)

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

Theme		FY12/17	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>43,000 companies</p> <p>JPY1.5tn (20%)</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>170,000 companies</p> <p>JPY3,191.2bn</p>	<p>300,000 companies</p> <p>JPY5tn</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>Shifting from the ASP System to the B2B Platform</p>	<p>B2B Platform for all industries</p>

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

(Million yen / %:YoY)

	FY12/17 (Actual)		FY12/18 (Plan)			
	Full year	YoY	2QTotal	YoY	Full year	YoY
Ordering	4,127	10.6%	2,219	12.3%	4,887	18.4%
Standards Database	1,268	9.6%	687	10.6%	1,423	12.2%
ES	1,278	5.6%	702	15.9%	1,528	19.6%
Other	76	-20.2%	77	114.3%	165	117.1%
【Sales】	6,709	9.0%	3,667	13.9%	7,965	18.7%
Ordering	1,102	25.9%	601	12.0%	1,126	2.2%
Standards Database	386	54.9%	192	5.0%	381	-1.3%
ES	899	34.3%	394	9.8%	799	-11.1%
Other	49	-12.3%	34	61.4%	71	44.9%
【CoGS】	2,398	32.2%	1,207	11.6%	2,351	-2.0%
Ordering	3,024	6.0%	1,619	12.3%	3,760	24.3%
Standards Database	882	-2.9%	495	13.2%	1,041	18.0%
ES	379	-30.0%	308	24.7%	729	92.3%
Other	26	-31.3%	43	208.9%	94	261.5%
【Gross Profit】	4,310	-0.7%	2,459	15.0%	5,614	30.3%
Ordering	1,111	27.6%	730	42.6%	1,506	35.6%
Standards Database	344	-42.8%	231	40.1%	458	33.1%
ES	1,000	20.0%	503	7.9%	1,053	5.3%
Other	89	13.3%	45	12.8%	93	4.5%
【SG&A】	2,544	6.8%	1,505	27.1%	3,102	21.9%
Ordering	1,913	-3.5%	889	-4.2%	2,255	17.9%
Standards Database	537	75.1%	264	-3.0%	584	8.8%
ES	-621	-	-195	-11.2%	-324	-
Other	-62	-	-2	-	1	-
【Operating Profit】	1,765	-9.8%	954	0.1%	2,512	42.3%
【Recurring Profit】	1,751	-10.0%	948	0.6%	2,500	42.8%
【Net Income】※	384	-68.1%	634	-	1,674	335.9%

Sales Gross profit margin	64.2%		67.1%		70.5%	
Ordering	46.4%		40.1%		46.1%	
Standards Database	42.4%		38.4%		41.0%	
OPM	26.3%		26.0%		31.5%	
RPM	26.1%		25.9%		31.4%	

□ Sales

〔 Ordering 〕

Expect continued increase in the number of users of B2B Platform Ordering (restaurants-wholesalers) mainly among restaurant chains and hotels, and progress with operation of B2B Platform Ordering (wholesalers-manufacturers).

〔 Standards Database Businesses 〕

Forecast solid growth in the number of users of B2B Platform Standards amid heightened awareness of food safety, security, and allergy prevention in the food industry.

〔 ES Business 〕

Look for progress with transition to electronic invoicing among companies with paid contracts for B2B Platform Invoicing and signing up new companies for paid contracts.

□ CoGS

Software depreciation to fall because of gradual decrease in software depreciation for large IT capex to develop next generation platform in previous years due to end of depreciation period, and two-year system development program ending in FY12/17, followed by plans to reduce spending on system development in FY12/18.

□ SG&A

Forecast rise in personnel expenses to increase sales force/sales support staff for business expansion and sales promotion and other expenses to attract more user companies.

□ Recurring profit

Forecast higher recurring profit on sales growth (mainly system usage fees) and lower CoGS.

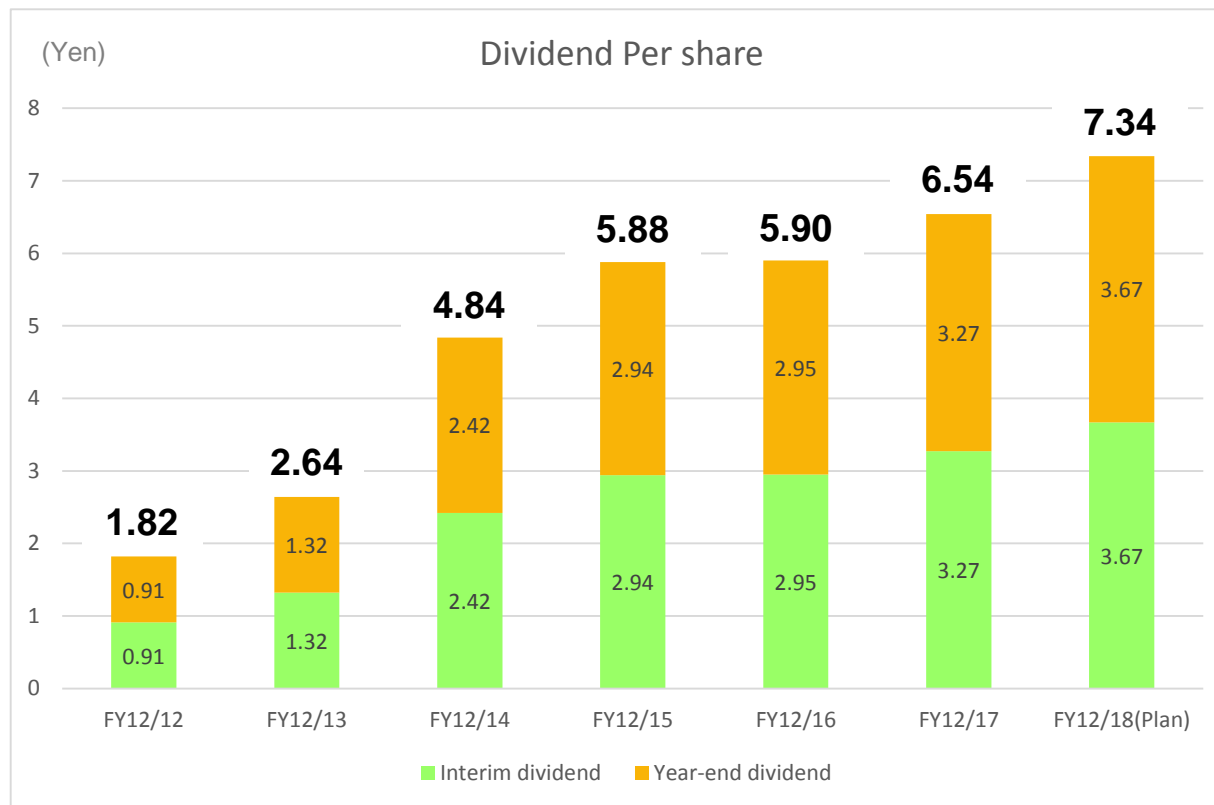
□ Net income

Look for sharp net profit growth on absence of extraordinary loss (impairment loss) booked in FY12/17.

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)

The amount of the year-end dividend for FY12/17 was resolved in the 20th Ordinary Meeting of General Shareholders held on March 23, 2018. (Effective date: March 26, 2018)

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, a 2-for-1 stock split on January 1, 2015 and a 2-for-1 stock split on January 1, 2017. 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 April 27, 2018. 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.