



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

Info Mart Corporation

FY2018 Third Quarter Financial Results

FY2018/3Q

TSE First (1st) Section (2492)



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I . About Infomart

Company Overview

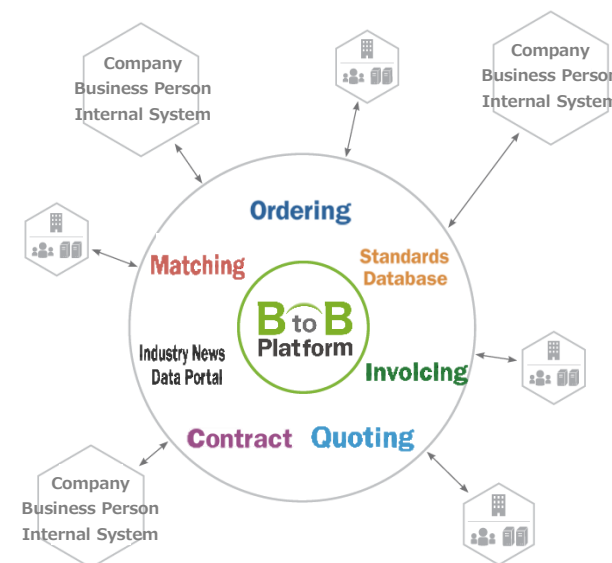
(as of end-September 2018)

- 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
- Nishinihon 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): 456 (full-time 403 / temporary 53)
- 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 B2B (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-September 2018)

245,056 companies

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

598,367 offices

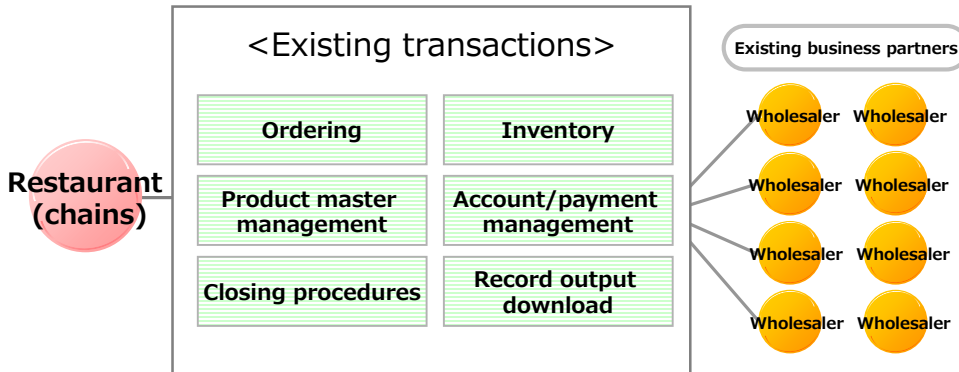
Total distribution value (2018 Jan–Sep)

5,660.8 billion yen

Info Mart's B2B Platform

B to B Platform Ordering

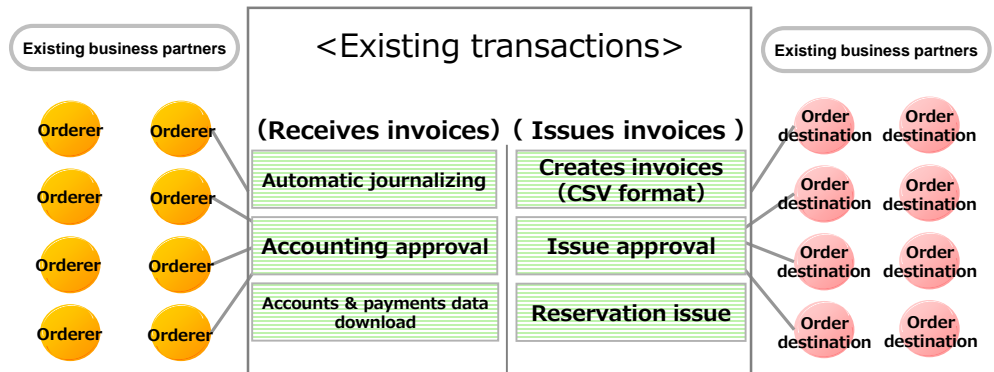
An ordering platform which dramatically improves a variety of ordering and invoicing operations



Optimizes ordering and invoicing operations

B to B Platform Invoicing

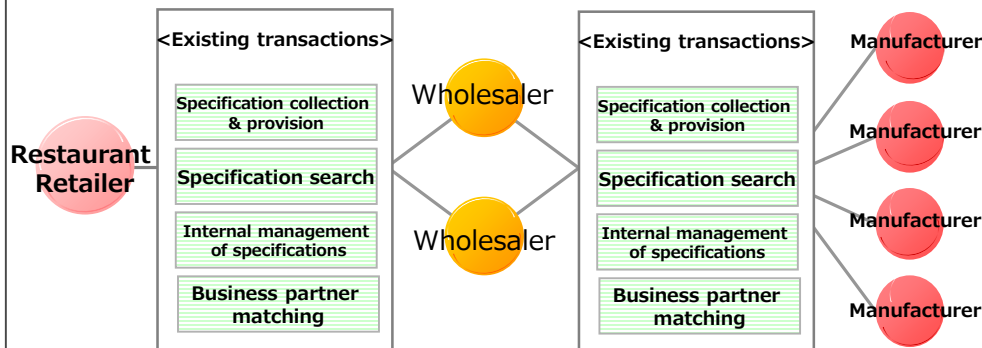
An electronic invoicing platform that helps cut costs, save time, and improve productivity of invoicing operations



Electronically receive and issue invoices

B to B Platform Standards Database

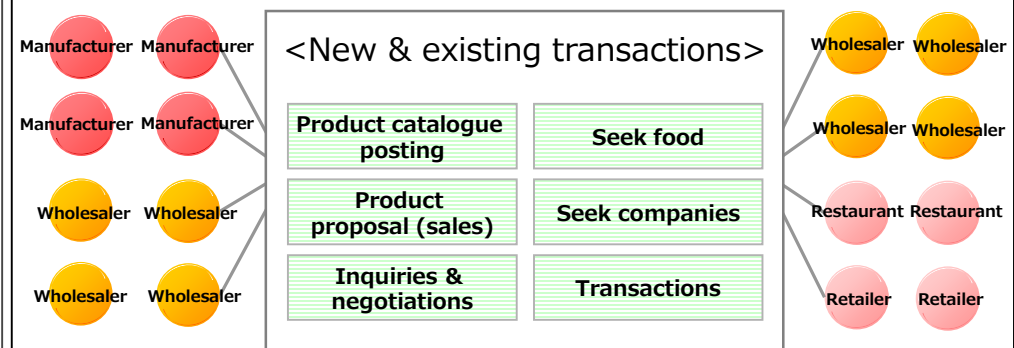
Covers all the latest regulations and quality control standards! The most-used standards database platform in the food industry



Contributes to food safety and security in the food industry

B to B Platform Matching

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



Completely reforms sales and purchase schemes

II. FY2018 Third Quarter Financial Results

- Aug. 1 Announced ECO results for 2Q FY12/18 (January–June 2018)
-
- Aug. 6 B2B Platform Contract collaborated with AI-CON
-
- Sep. 7 Number of buyer companies using B2B Platform Ordering exceeded 2,500 (over 50,000 stores)
-
- Sep. 27 Began accepting business ideas that utilize cutting-edge IT for the Open Innovation Program
-
- Oct. 11 Number of companies using B2B Platform Invoicing exceeded 240,000
-
- Oct. 15 Launched Document Scan Service in collaboration with JIM Corp.
-
- Oct. 25 Selected as recipient of subsidy to offset costs involved in handling different tax rates (under the scheduled consumption tax hike effective October 2019)

FY12/18 Third Quarter (YoY)

(Million yen / %:YoY)

	2018/1Q		2018/2Q		2018/3Q		2018/3QTotal	
	Actual	YoY	Actual	YoY	Actual	YoY	Actual	YoY
Ordering	1,082	12.2%	1,132	11.9%	1,149	8.5%	3,364	10.8%
Standards Database	336	8.5%	348	11.9%	354	10.4%	1,038	10.3%
ES	356	17.1%	385	27.4%	430	34.0%	1,171	26.3%
Other	23	27.7%	16	-6.6%	17	6.4%	57	9.7%
[Sales]	1,788	12.7%	1,871	14.6%	1,942	13.7%	5,602	13.7%
Ordering	299	14.6%	308	12.1%	274	-2.2%	881	8.0%
Standards Database	104	19.3%	89	-7.0%	88	-11.2%	282	-0.3%
ES	218	32.6%	217	11.6%	232	-26.0%	667	-0.8%
Other	12	16.3%	11	2.0%	12	4.3%	36	7.4%
[CoGS]	626	21.8%	616	8.5%	598	-14.0%	1,841	3.6%
Ordering	783	11.3%	824	11.8%	875	12.4%	2,482	11.8%
Standards Database	231	4.2%	258	20.3%	265	20.1%	756	14.8%
ES	137	-1.2%	168	56.1%	197	2654.4%	503	98.1%
Other	11	43.3%	4	-21.6%	5	12.2%	21	13.9%
[Gross Profit]	1,162	8.3%	1,255	17.9%	1,343	32.8%	3,761	19.4%
Ordering	325	35.8%	342	25.7%	325	7.4%	994	21.9%
Standards Database	99	26.1%	104	21.5%	98	8.9%	303	18.4%
ES	233	7.5%	265	6.3%	270	-0.5%	769	4.1%
Other	21	4.7%	20	7.4%	22	0.1%	64	3.9%
[SG&A]	680	22.2%	733	16.8%	716	4.2%	2,131	13.8%
Ordering	457	-1.4%	481	3.6%	550	15.5%	1,488	6.0%
Standards Database	132	-7.9%	154	19.6%	166	28.0%	453	12.5%
ES	-95	-	-97	-	-72	-	-265	-
Other	-10	-	-15	-	-17	-	-43	-
[Operating Profit]	481	-6.7%	521	19.3%	626	93.3%	1,630	27.6%
[Recurring Profit]	465	-8.3%	526	20.9%	630	95.2%	1,622	28.1%
[Net Income] ※	311	-8.7%	358	-	414	89.0%	1,084	9283.0%

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

Sales Gross profit margin	65.0%		67.1%		69.2%		67.1%	
Ordering	42.3%		42.5%		47.9%		44.3%	
Standards Database	39.3%		44.3%		47.0%		43.6%	
OPM	26.9%		27.9%		32.3%		29.1%	
RPM	26.0%		28.1%		32.4%		29.0%	

□Sales

[Ordering business]

System usage fees increased on steady growth in the number of buyer companies using B2B Platform Ordering (between restaurants and wholesalers) such as restaurant chains and hotels, and seller companies such as food wholesalers that supply the buyer companies.

[Standards Database business]

The number of companies using B2B Standards Database increased as a result of packaging it together with B2B Platform Ordering, leading to a rise in system usage fees.

[ES business]

System usage fees increased along with operation owing to an increase in the number of new paid contracts for B2B Platform Invoicing (invoice receiver model and issuer model).

□CoGS

Software depreciation costs declined due to reduced system development spending in FY12/18. The decrease was also attributable to a gradual decline in software depreciation costs from 3Q owing to past large-scale system development costs reaching the end of depreciation periods.

□SG&A expenses

Personnel expenses rose mainly due to an increase in the number of sales staff required for business expansion.

□Recurring profit

Higher sales mainly owing to an increase in system usage fees offset higher SG&A expenses and led to profit growth.

FY12/18 Third Quarter (vs. Plan)

(Million yen / %:YoY)

□ Sales

[Ordering business]

System usage fees surpassed plan owing to steady growth in the number of new buyer companies using B2B Platform Ordering (between restaurants and wholesalers), but the number of companies using B2B Platform Ordering (between wholesalers and food manufactures) fell short of plan.

[Standards Database business]

B2B Platform Standards Database finished in line with plan for the most part.

[ES business]

System usage fees exceeded plan due to an increase in the number of companies with paid contracts for B2B Platform Invoicing and operation at existing companies with paid contracts.

[Other businesses]

Number of new contracts for the Database business targeting local municipalities at subsidiaries fell short of plan.

□ CoGS

Content creation expenses for the ES business increased.

□ SG&A expenses

The difference between actual results and forecasts was mainly attributable to the absence of personnel and promotional expenses.

□ Recurring profit

Recurring profit surpassed plan due to the difference between the actual and forecast SG&A expenses.

	2018/1Q			2018/2Q			2018/3Q			2018/3QTotal		
	Plan	Actual	Diff	Plan	Actual	Diff	Plan	Actual	Diff	Plan	Actual	Diff
Ordering	1,062	1,082	20	1,158	1,132	-26	1,269	1,149	-120	3,489	3,364	-125
Standards Database	338	336	-2	349	348	-1	363	354	-9	1,050	1,038	-12
ES	343	356	13	360	385	25	391	430	39	1,093	1,171	78
Other	29	23	-6	48	16	-32	40	17	-23	117	57	-60
[Sales]	1,762	1,788	26	1,905	1,871	-34	2,055	1,942	-113	5,721	5,602	-119
Ordering	298	299	1	303	308	5	286	274	-12	886	881	-5
Standards Database	103	104	1	89	89	0	93	88	-5	286	282	-4
ES	194	218	24	200	217	17	207	232	25	601	667	66
Other	16	12	-4	18	11	-7	18	12	-6	52	36	-16
[CoGS]	604	626	22	603	616	13	597	598	1	1,804	1,841	37
Ordering	764	783	19	855	824	-31	984	875	-109	2,602	2,482	-120
Standards Database	235	231	-4	260	258	-2	270	265	-5	764	756	-8
ES	148	137	-11	160	168	8	184	197	13	492	503	11
Other	12	11	-1	31	4	-27	22	5	-17	66	21	-45
[Gross Profit]	1,157	1,162	5	1,303	1,255	-48	1,457	1,343	-114	3,916	3,761	-155
Ordering	367	325	-42	363	342	-21	385	325	-60	1,115	994	-121
Standards Database	118	99	-19	113	104	-9	116	98	-18	348	303	-45
ES	250	233	-17	253	265	12	279	270	-9	781	769	-12
Other	22	21	-1	23	20	-3	23	22	-1	68	64	-4
[SG&A]	754	680	-74	751	733	-18	801	716	-85	2,306	2,131	-175
Ordering	397	457	60	491	481	-10	599	550	-49	1,488	1,488	0
Standards Database	117	132	15	147	154	7	153	166	13	417	453	36
ES	-101	-95	6	-93	-97	-4	-95	-72	23	-289	-265	24
Other	-10	-10	0	8	-15	-23	-1	-17	-16	-2	-43	-41
[Operating Profit]	402	481	79	552	521	-31	656	626	-30	1,610	1,630	20
[Recurring Profit]	399	465	66	549	526	-23	653	630	-23	1,601	1,622	21
[Net Income] ※	264	311	47	370	358	-12	437	414	-23	1,071	1,084	13

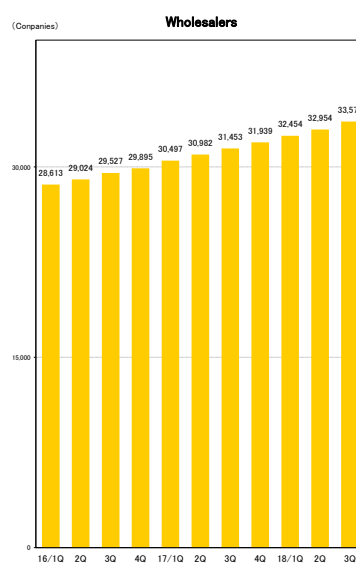
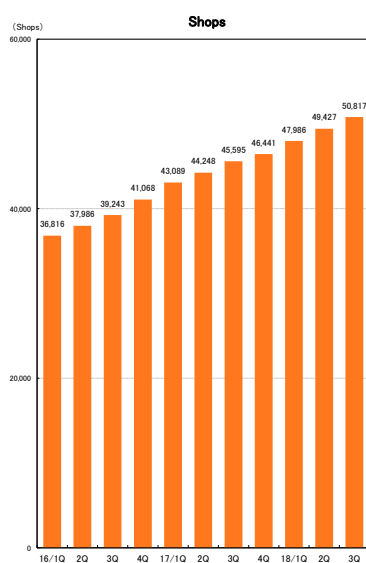
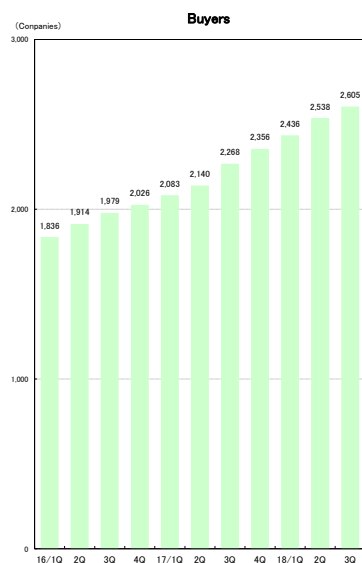
※Net income denotes net income attributable to owners of the parent.

Sales Gross profit margin	65.7%	65.0%	-0.7%	68.4%	67.1%	-1.3%	70.9%	69.2%	-1.7%	68.4%	67.1%	-1.3%
Ordering	37.4%	42.3%	4.9%	42.4%	42.5%	0.1%	47.2%	47.9%	0.7%	42.6%	44.3%	1.7%
Standards Database	34.5%	39.3%	4.8%	42.1%	44.3%	2.2%	42.2%	47.0%	4.8%	39.7%	43.6%	3.9%
OPM	22.8%	26.9%	4.1%	29.0%	27.9%	-1.1%	31.9%	32.3%	0.4%	28.1%	29.1%	1.0%
RPM	22.7%	26.0%	3.3%	28.8%	28.1%	-0.7%	31.8%	32.4%	0.6%	28.0%	29.0%	1.0%

Ordering **B to B Platform** Ordering

- 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 649 companies in B2B Platform Ordering service (wholesalers-manufacturers) on progress made with service launch (as of end-September 2018) .

		2016/12					2017/12					2018/12																																		
		4 Q					1 Q					2 Q					3 Q					YoY																								
Ordering (Restaurants-Wholesaler)	Buyer Companies (Restaurants)	2,026					2,083					2,140					2,268					2,356					2,436					2,538					2,605					+ 249				
	Seller Companies (Wholesaler)	29,895					30,497					30,982					31,453					31,939					32,454					32,954					33,579					+ 1,640				
Ordering (Wholesaler-Manufacturer)	Buyer Companies (Wholesaler)	-					-					6					15					36					44					48					44					+ 8				
	Seller Companies (Wholesaler·Manufacturer)	-					-					69					187					387					481					556					605					+ 218				



※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 >

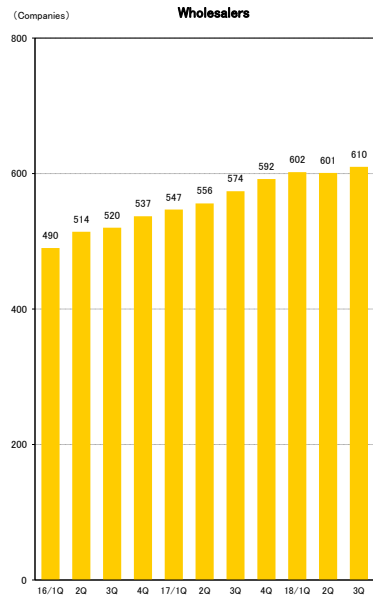
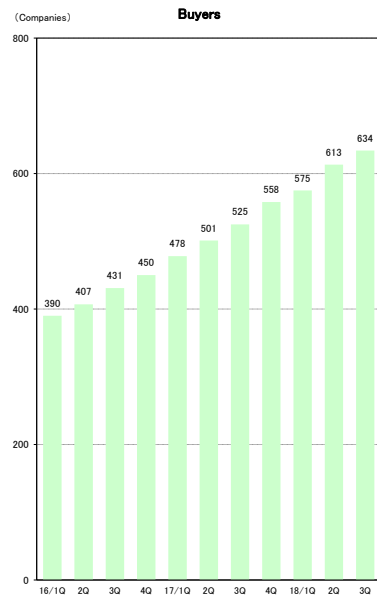
- ◻ Monthly usage fee)
 - Head office: JPY18,000
 - Adding IDs: JPY2,000 per ID
- ◻ Initial fee)
 - from JPY500,000 (depending on store count)

<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 was seen in the utilization of menu management function in restaurant chains.

						(Companies)				
		2016/12	2017/12			2018/12				
		4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YOY
Food Standards Database	Companies with Buyer Function	450	478	501	525	558	575	613	634	+ 76
	Companies with Wholesaler Function	537	547	556	574	592	602	601	610	+ 18
	Companies with Manufacturer Function	6,185	6,201	6,211	6,222	6,264	6,234	6,300	6,320	+ 56



■ 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

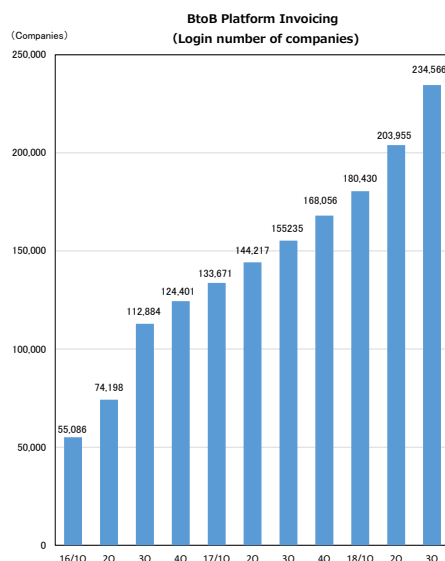
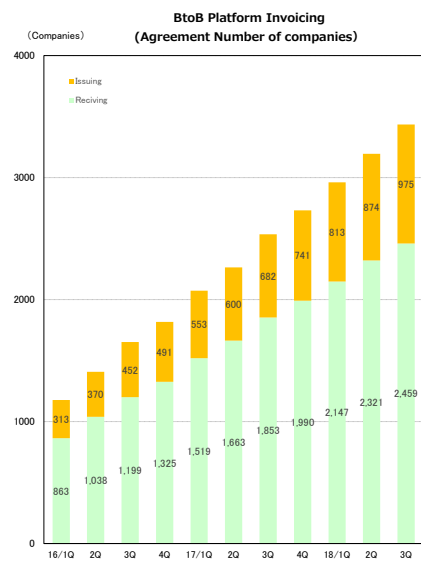
<Menu management function>

- 《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 240,000 due to advances in electronic invoicing at existing paid-service contracting companies. (as of October 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, financial, IT, 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	2Q	3Q	YOY	
Invoicing	Contracting Companies (receiving)	1,325	1,519	1,663	1,853	1,990	2,147	2,321	2,459	+ 469	
	Contracting Companies (issuing)	491	553	600	682	741	813	874	975	+ 234	
	Contracting Companies (total)	1,816	2,072	2,263	2,535	2,731	2,960	3,195	3,434	+ 703	
	Companies	124,401	133,671	144,217	155,235	168,056	180,430	203,955	234,566	+ 66,510	
Matching	Buyer Companies	6,855	6,857	6,838	6,902	6,962	6,989	7,057	7,110	+ 148	
	Seller Companies	1,712	1,676	1,584	1,556	1,554	1,571	1,614	1,617	+ 63	



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

■ Fees

B2B 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

B2B 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	Full year	YoY
Ordering	4,127	10.6%	4,887	18.4%
Standards Database	1,268	9.6%	1,423	12.2%
ES	1,278	5.6%	1,528	19.6%
Other	76	-20.2%	165	117.1%
[Sales]	6,709	9.0%	7,965	18.7%
Ordering	1,102	25.9%	1,126	2.2%
Standards Database	386	54.9%	381	-1.3%
ES	899	34.3%	799	-11.1%
Other	49	-12.3%	71	44.9%
[CoGS]	2,398	32.2%	2,351	-2.0%
Ordering	3,024	6.0%	3,760	24.3%
Standards Database	882	-2.9%	1,041	18.0%
ES	379	-30.0%	729	92.3%
Other	26	-31.3%	94	261.5%
[Gross Profit]	4,310	-0.7%	5,614	30.3%
Ordering	1,111	27.6%	1,506	35.6%
Standards Database	344	-42.8%	458	33.1%
ES	1,000	20.0%	1,053	5.3%
Other	89	13.3%	93	4.5%
[SG&A]	2,544	6.8%	3,102	21.9%
Ordering	1,913	-3.5%	2,255	17.9%
Standards Database	537	75.1%	584	8.8%
ES	-621	-	-324	-
Other	-62	-	1	-
[Operating Profit]	1,765	-9.8%	2,512	42.3%
[Recurring Profit]	1,751	-10.0%	2,500	42.8%
[Net Income] ※	384	-68.1%	1,674	335.9%

Sales Gross profit margin	64.2%		70.5%	
Ordering	46.4%		46.1%	
Standards Database	42.4%		41.0%	
OPM	26.3%		31.5%	
RPM	26.1%		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.

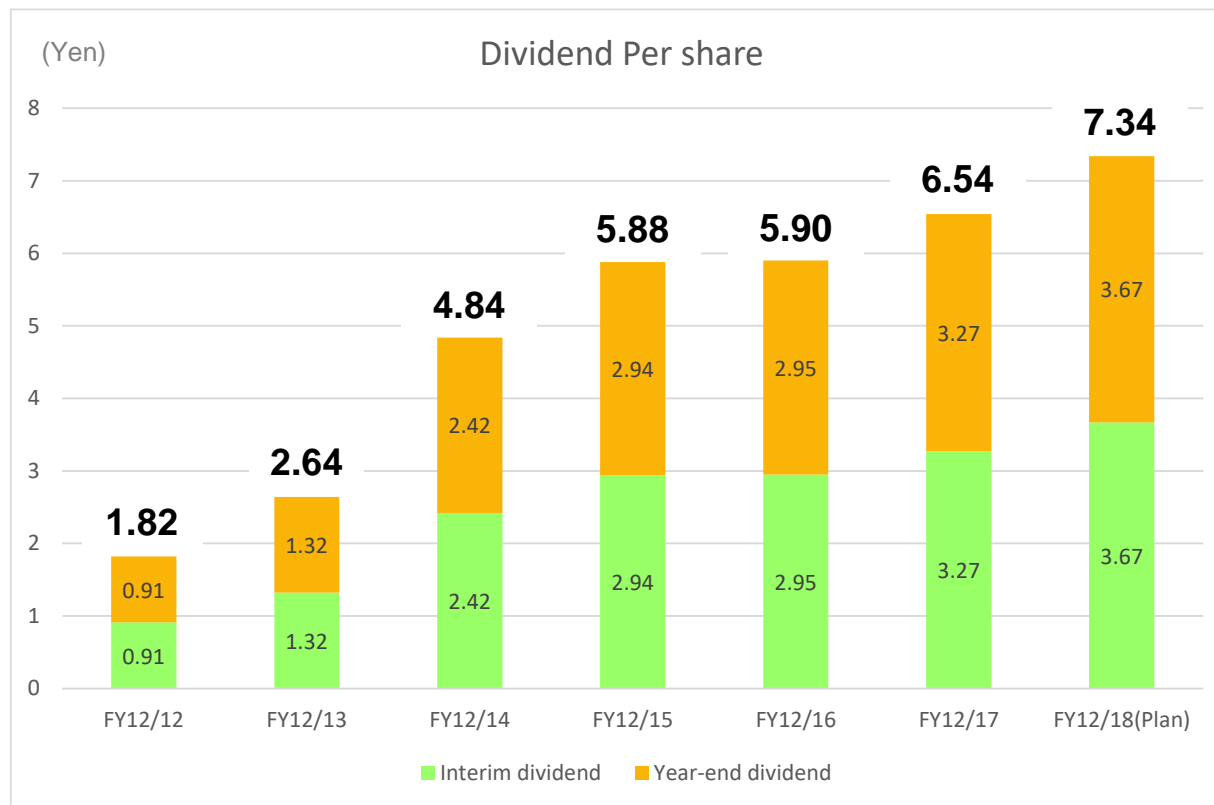
□ Net income

Look for sharp net profit growth on absence of many extraordinary losses (impairment losses) 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 interim dividend for FY12/18 was approved at the Board Meeting held on July 31, 2018 (effective as of September 10, 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 October 31, 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.