



Info Mart Corporation

FY2017 Third Quarter Financial Results

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

FY2017/3Q

TSE First (1st) Section (2492)



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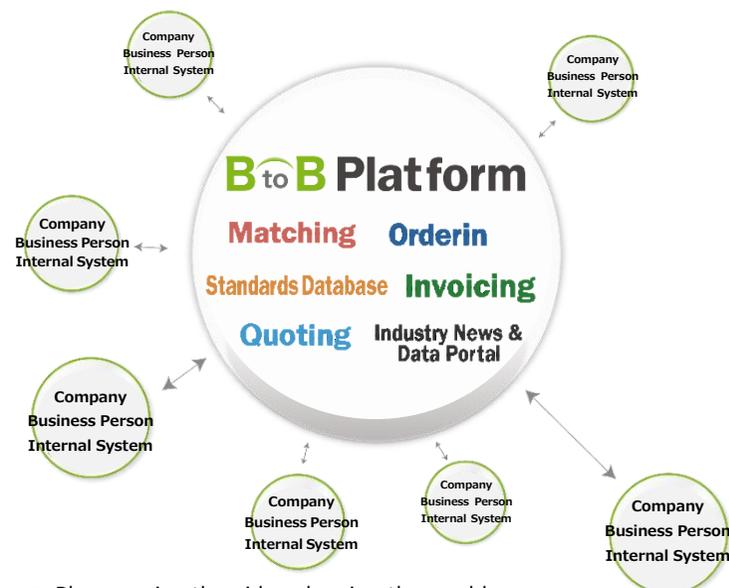
I . About Infomart

- Company Name: Infomart Corporation
(TSE First (1st) Section / Stock code: 2492)
- Representative: President and CEO Shoji Metabi
- 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): 465 (full-time 390 / temporary 75)
- 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 20 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 2017)

156,115 companies

No. of offices (as of end-September 2017)

463,097 offices

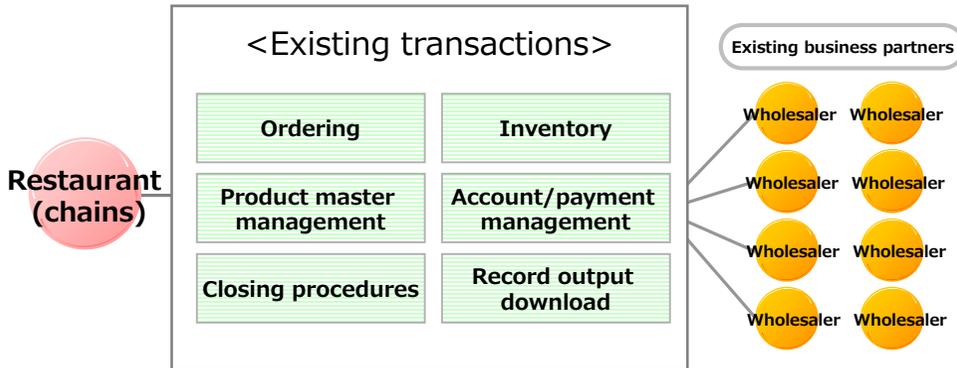
Total distribution value (2016 result)

2,294.2 billion yen

Info Mart's BtoB Platform

BtoB Platform Ordering

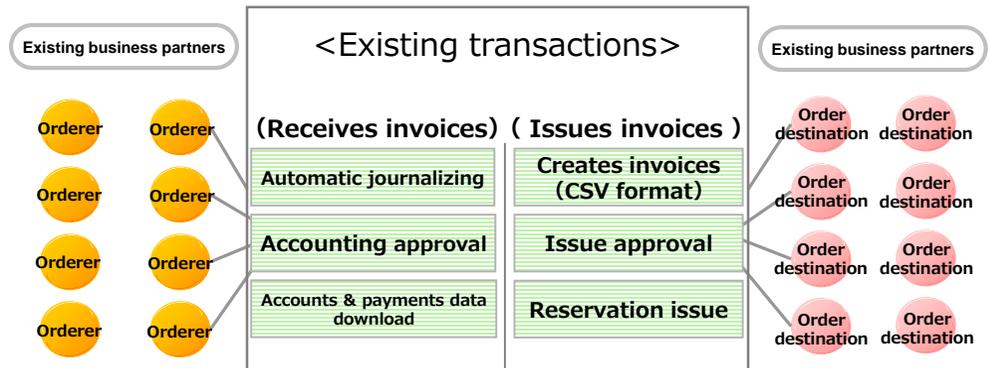
An ordering platform which dramatically improves a variety of ordering and invoicing operations



Optimizes ordering and invoicing operations

BtoB Platform Invoicing

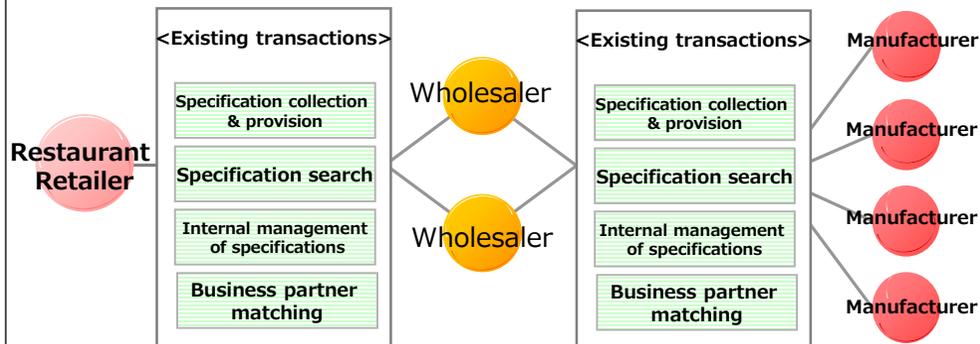
An electronic invoicing platform that helps cut costs, save time, and improve productivity of invoicing operations



Electronically receive and issue invoices

BtoB Platform Standards Database

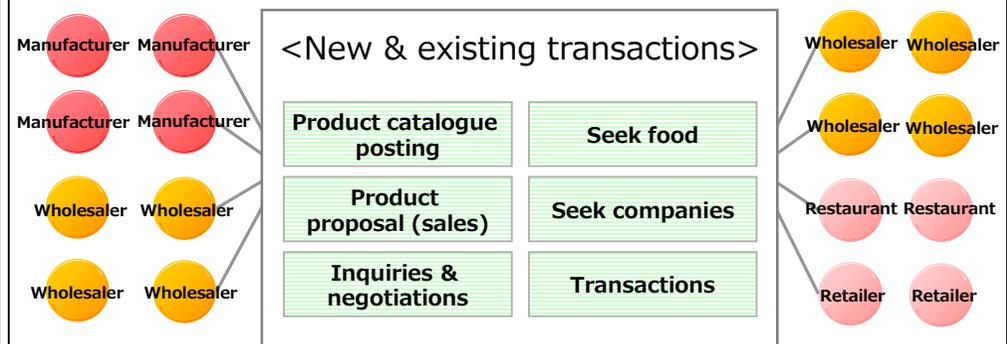
Covers all the latest regulations and quality control standards! The most-used standards database platform in the food industry



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. FY2017 Third Quarter Financial Results

FY12/17 Third Quarter (YoY)

(Million yen / %:YoY)

	2017/12 (Actual)							
	1Q		2Q		3Q		3QTotal	
Ordering	964	9.5%	1,012	10.3%	1,059	11.7%	3,036	10.5%
Standards Database	310	15.1%	310	7.0%	321	8.6%	942	10.1%
ES	304	4.4%	302	2.0%	321	4.2%	927	3.5%
Other	18	-45.9%	17	-7.5%	16	-9.6%	52	-26.6%
[Sales]	1,587	8.2%	1,633	7.9%	1,707	9.4%	4,928	8.5%
Ordering	260	24.0%	275	28.2%	280	25.2%	816	25.8%
Standards Database	87	57.2%	95	56.9%	100	55.1%	283	56.4%
ES	164	5.2%	194	15.8%	314	89.1%	673	37.3%
Other	10	-35.6%	11	-10.1%	12	-0.6%	34	-17.6%
[CoGS]	514	19.2%	567	27.4%	695	51.9%	1,777	33.2%
Ordering	703	4.9%	737	4.8%	779	7.5%	2,220	5.8%
Standards Database	222	4.1%	215	-6.3%	220	-4.4%	658	-2.3%
ES	139	3.3%	107	-16.1%	7	-94.9%	254	-37.3%
Other	7	-55.7%	6	-2.6%	4	-27.4%	18	-38.7%
[Gross Profit]	1,073	3.6%	1,065	-0.3%	1,011	-8.3%	3,150	-1.8%
Ordering	239	6.4%	272	21.9%	303	28.9%	815	19.2%
Standards Database	79	-42.0%	86	-39.2%	90	-46.3%	255	-42.7%
ES	217	19.7%	249	32.5%	271	19.5%	738	23.7%
Other	20	-1.6%	19	11.1%	22	15.1%	62	7.8%
[SG&A]	556	-1.1%	627	9.9%	687	5.7%	1,872	4.9%
Ordering	463	4.1%	464	-3.2%	476	-2.8%	1,404	-0.7%
Standards Database	143	85.2%	129	47.0%	130	109.4%	402	77.0%
ES	-77	-	-141	-	-264	-	-484	-
Other	-12	-	-13	-	-17	-	-43	-
[Operating Profit]	516	9.2%	437	-12.0%	324	-28.3%	1,278	-10.1%
[Recurring Profit]	507	11.2%	435	-8.5%	322	-28.2%	1,266	-8.4%
[Net Income]※	341	15.6%	-548	-	219	-24.4%	11	-98.7%

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

Ordering	48.1%	45.9%	44.9%	46.3%
Standards Database	46.2%	41.5%	40.5%	42.7%
OPM	32.5%	26.8%	19.0%	25.9%
RPM	32.0%	26.7%	18.9%	25.7%

□ 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]

System usage fees increased on growth in the number of companies using the buyer, wholesale, and manufacturer functions.

[ES business]

The number of paid-service contracting companies (invoice receiver model and issuer model users) expanded in the food and other industries, and corresponding usage drove up system usage fees.

□ CoGS

Increased system development for each platform resulted in higher software amortization costs.

□ SG&A expenses

Expenses such as hiring costs for college graduates and mid-career employees and commission fees related to Industry News & Data Portal increased.

□ Recurring profit

Profit declined owing to factors such as software depreciation costs accompanying stronger systems development.

□ Net income

Profit declined due to the booking of an extraordinary loss (impairment loss on fixed assets) in 2Q.

FY12/17 Third Quarter (vs. Plan)

(Million yen)

	2017/12											
	1Q			2Q			3Q			3QTotal		
	Plan	Actual	Diff									
Ordering	947	964	17	1,066	1,012	-54	1,294	1,059	-235	3,307	3,036	-271
Standards Database	316	310	-6	339	310	-29	353	321	-32	1,009	942	-67
ES	300	304	4	360	302	-58	404	321	-83	1,063	927	-136
Other	23	18	-5	69	17	-52	50	16	-34	142	52	-90
【Sales】	1,577	1,587	10	1,825	1,633	-192	2,092	1,707	-385	5,495	4,928	-567
Ordering	301	260	-41	323	275	-48	327	280	-47	951	816	-135
Standards Database	81	87	6	89	95	6	95	100	5	264	283	19
ES	151	164	13	168	194	26	175	314	139	493	673	180
Other	17	10	-7	19	11	-8	22	12	-10	58	34	-24
【CoGS】	543	514	-29	592	567	-25	613	695	82	1,748	1,777	29
Ordering	646	703	57	743	737	-6	967	779	-188	2,356	2,220	-136
Standards Database	236	222	-14	250	215	-35	259	220	-39	745	658	-87
ES	149	139	-10	192	107	-85	228	7	-221	570	254	-316
Other	6	7	1	50	6	-44	28	4	-24	84	18	-66
【Gross Profit】	1,034	1,073	39	1,233	1,065	-168	1,479	1,011	-468	3,746	3,150	-596
Ordering	305	239	-66	322	272	-50	344	303	-41	971	815	-156
Standards Database	107	79	-28	106	86	-20	99	90	-9	312	255	-57
ES	269	217	-52	263	249	-14	251	271	20	784	738	-46
Other	22	20	-2	24	19	-5	23	22	-1	70	62	-8
【SG&A】	702	556	-146	713	627	-86	715	687	-28	2,130	1,872	-258
Ordering	341	463	122	422	464	42	623	476	-147	1,385	1,404	19
Standards Database	129	143	14	144	129	-15	160	130	-30	433	402	-31
ES	-120	-77	43	-71	-141	-70	-23	-264	-241	-214	-484	-270
Other	-16	-12	4	26	-13	-39	5	-17	-22	15	-43	-58
【Operating Profit】	333	516	183	520	437	-83	764	324	-440	1,616	1,278	-338
【Recurring Profit】	332	507	175	519	435	-84	763	322	-441	1,614	1,266	-348
【Net Income】※	213	341	128	349	-548	-897	505	219	-286	1,067	11	-1,056

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

Ordering	36.0%	48.1%	12.1%	39.6%	45.9%	6.3%	48.1%	44.9%	-3.2%	41.9%	46.3%	4.4%
Standards Database	40.7%	46.2%	5.5%	42.5%	41.5%	-1.0%	45.2%	40.5%	-4.7%	42.9%	42.7%	-0.2%
OPM	21.1%	32.5%	11.4%	28.5%	26.8%	-1.7%	36.5%	19.0%	-17.5%	29.4%	25.9%	-3.5%
RPM	21.0%	32.0%	11.0%	28.4%	26.7%	-1.7%	36.5%	18.9%	-17.6%	29.4%	25.7%	-3.7%

□ Sales

[Ordering business]

In conventional Ordering (restaurants-wholesalers), new usage by buyer companies progressed steadily, and system usage fees exceeded the target. However, a delay in the launch of new system Ordering (wholesalers-manufacturers) kept system usage fees and setup expenses for the new system below the target.

[Standards Database business]

New contract acquisitions lagged targets for all functions, and system usage fees finished below plan.

[ES business]

Usage by existing contracting companies for the Invoicing platform lagged the target, and system usage fees came in below plan.

□ CoGS

Software development costs for Invoicing increased.

□ SG&A expenses

Differences arose due unaccrued personnel expenses (conservative target), sales promotion expenses, and commission fees.

□ Recurring profit

Profit finished below plan as unaccrued SG&A expenses were unable to offset below-target sales.

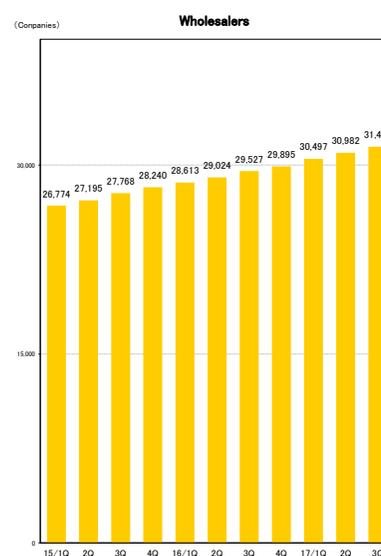
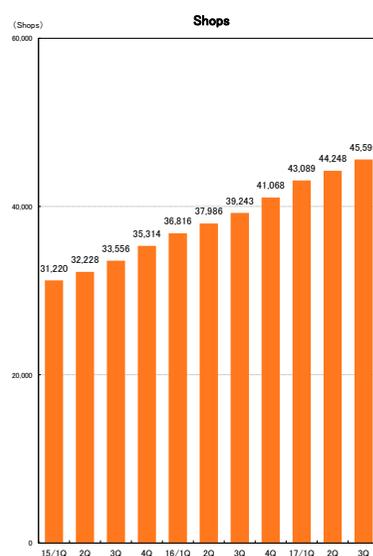
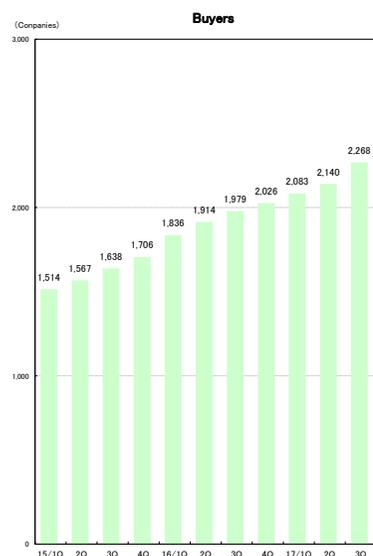
□ Net income

Profit finished below plan due to the booking of an impairment loss on fixed assets as an extraordinary loss.

- New usage by buyers in the Ordering business (restaurants–wholesalers) advanced steadily driven mainly by restaurant chains and hotels. Business area expanded across Japan.
- Continued introductions through alliance partners (existing seller companies, affiliated systems companies, etc.).
- Improved customer convenience through better system connectivity (currently connected to 111 systems from 92 companies).
- The new system (wholesalers–food manufacturers) in the Ordering business was launched from June; moved forward with service startup.

(Companies)

		2016/12				2017/12			
		1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	YoY
Ordering (Restaurants-Wholesaler)	Buyer Companies (Restaurants)	1,836	1,914	1,979	2,026	2,083	2,140	2,268	+ 242
	Seller Companies (Wholesaler)	28,613	29,024	29,527	29,895	30,497	30,982	31,453	+ 1,558
Ordering (Wholesaler-Manufacturer)	Buyer Companies (Wholesaler)	-	-	-	-	-	6	15	+ 15
	Seller Companies (Wholesaler·Manufacturer)	-	-	-	-	-	69	187	+ 187



※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 >

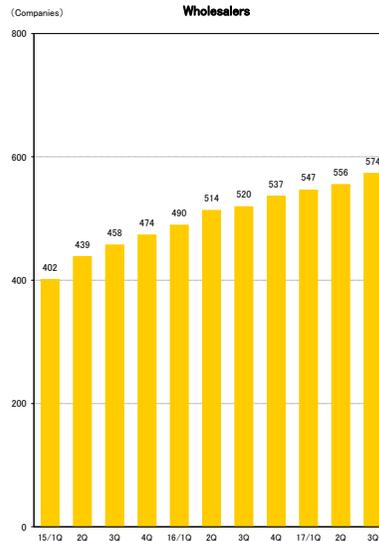
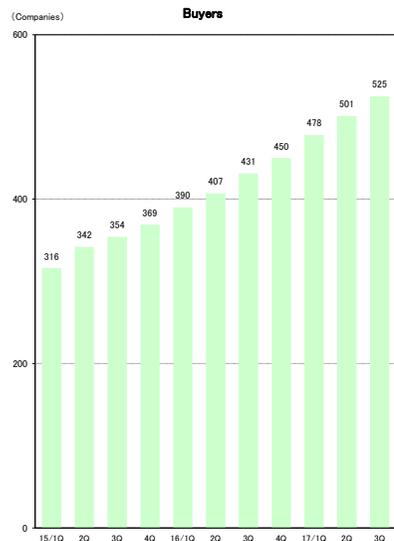
- 《Monthly usage fee》
- Head office: JPY18,000
- Adding IDs: JPY2,000 per ID

<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 companies increased across all functions.
- 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			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	YOY
Food Standards Database	Companies with Buyer Function	390	407	431	450	478	501	525	+ 75
	Companies with Wholesaler Function	490	514	520	537	547	556	574	+ 37
	Companies with Manufacturer Function	6,120	6,165	6,193	6,185	6,201	6,211	6,222	+ 37



■ 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

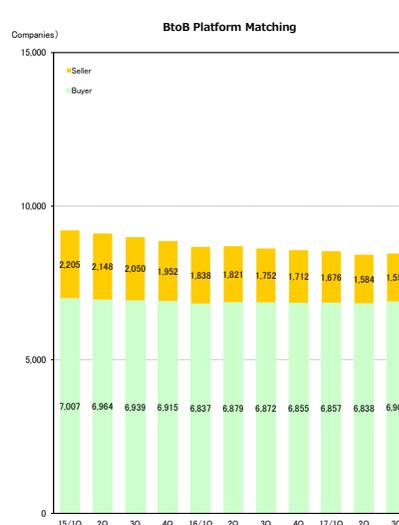
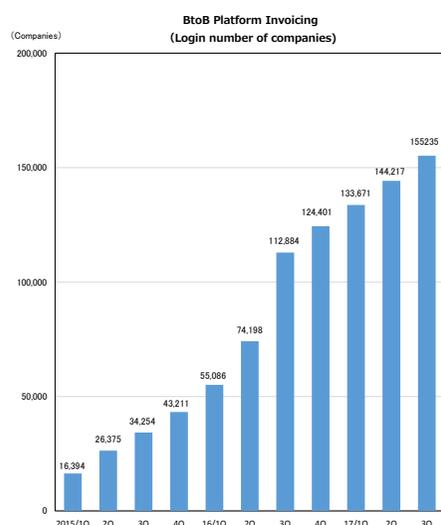
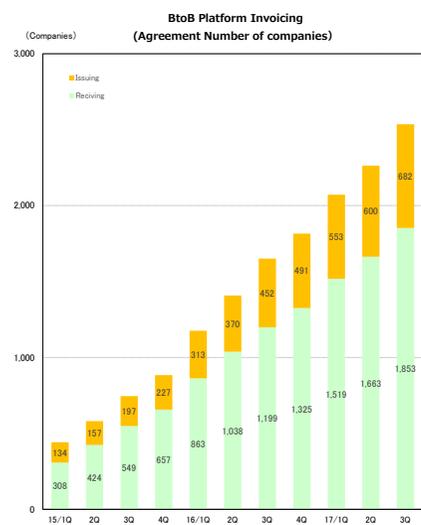
<Wholesaler Ordering Seller Function>

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

※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 160,000 due to advances in electronic invoicing at existing paid-service contracting companies. (as of October 2017)
- 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, Service Industry, and other industries.

		2016/12				2017/12			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	YOY
Invoicing	Contracting Companies (receiving)	863	1,038	1,199	1,325	1,519	1,663	1,853	+ 528
	Contracting Companies (issuing)	313	370	452	491	553	600	682	+ 191
	Contracting Companies (total)	1,176	1,408	1,651	1,816	2,072	2,263	2,535	+ 719
	Companies	55,086	74,198	112,884	124,401	133,671	144,217	155,235	+ 30,834
Matching	Buyer Companies	6,837	6,879	6,872	6,855	6,857	6,838	6,902	+ 47
	Seller Companies	1,838	1,821	1,752	1,712	1,676	1,584	1,556	-156



※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 JPY50,000

<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 JPY150,000

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

(FY2017 is the second year of the plan.)

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

Theme		FY12/16	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>40,000 companies</p> <p>JPY1.3tn (18%)</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>124,000 companies</p> <p>JPY909.5bn</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>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)

	FY12/16		FY12/17		FY12/18	
	Actual	YoY	Forecast	YoY	Forecast	YoY
Ordering	3,730	11.1%	4,829	29.5%	5,637	16.7%
Standards Database	1,157	20.7%	1,376	18.9%	1,544	12.2%
ES	1,211	-0.8%	1,535	26.7%	2,085	35.9%
Other	95	-29.5%	197	107.4%	273	38.6%
【Sales】	6,154	9.3%	7,900	28.4%	9,500	20.3%
Ordering	876	8.9%	1,279	46.0%	1,423	11.3%
Standards Database	249	28.0%	362	45.2%	406	12.2%
ES	669	34.5%	678	1.4%	755	11.3%
Other	55	-10.5%	83	50.9%	71	-14.5%
【CoGS】	1,814	18.7%	2,377	31.0%	2,628	10.6%
Ordering	2,853	11.8%	3,550	24.4%	4,213	18.7%
Standards Database	908	18.8%	1,015	11.8%	1,138	12.1%
ES	541	-25.1%	857	58.4%	1,330	55.3%
Other	39	-45.9%	114	192.3%	202	77.2%
【Gross Profit】	4,340	5.8%	5,524	27.3%	6,872	24.4%
Ordering	870	6.4%	1,358	56.1%	1,578	16.2%
Standards Database	601	37.9%	409	-31.9%	452	10.3%
ES	833	24.5%	1,065	27.9%	1,142	7.2%
Other	78	-12.1%	96	23.1%	106	10.4%
【SG&A】	2,383	18.6%	2,920	22.5%	3,269	12.0%
Ordering	1,983	14.3%	2,192	10.6%	2,636	20.2%
Standards Database	307	-6.5%	606	97.3%	686	13.3%
ES	-292	-	-209	-	188	-
Other	-39	-	18	-	96	433.3%
【Operating Profit】	1,956	-6.6%	2,603	33.1%	3,603	38.4%
【Recurring Profit】	1,947	-4.6%	2,600	33.5%	3,600	38.5%
【Net Income】※	1,205	-7.9%	887	-26.4%	2,423	173.2%

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

OPM	31.8%		33.0%		37.9%	
RPM	31.6%		32.9%		37.9%	

□ Sales

[Ordering and Standards Database Businesses]
Accelerate market share expansion in the food industry by providing Ordering and Standards Database packaged as food safety and security ordering to existing and new companies.

[ES Business]

The business will see growth once again by accelerating invitations to companies receiving and issuing Invoices in various industries and expanding the scope of the electronic platform.

□ CoGS

Through new versions of each platform and strengthening system development for all industries, software amortization expenses will increase.

□ SG&A

Personnel expenses will increase due to increased hiring necessary for business growth; sales promotion expenses will grow to acquire new customers.

□ Recurring profit

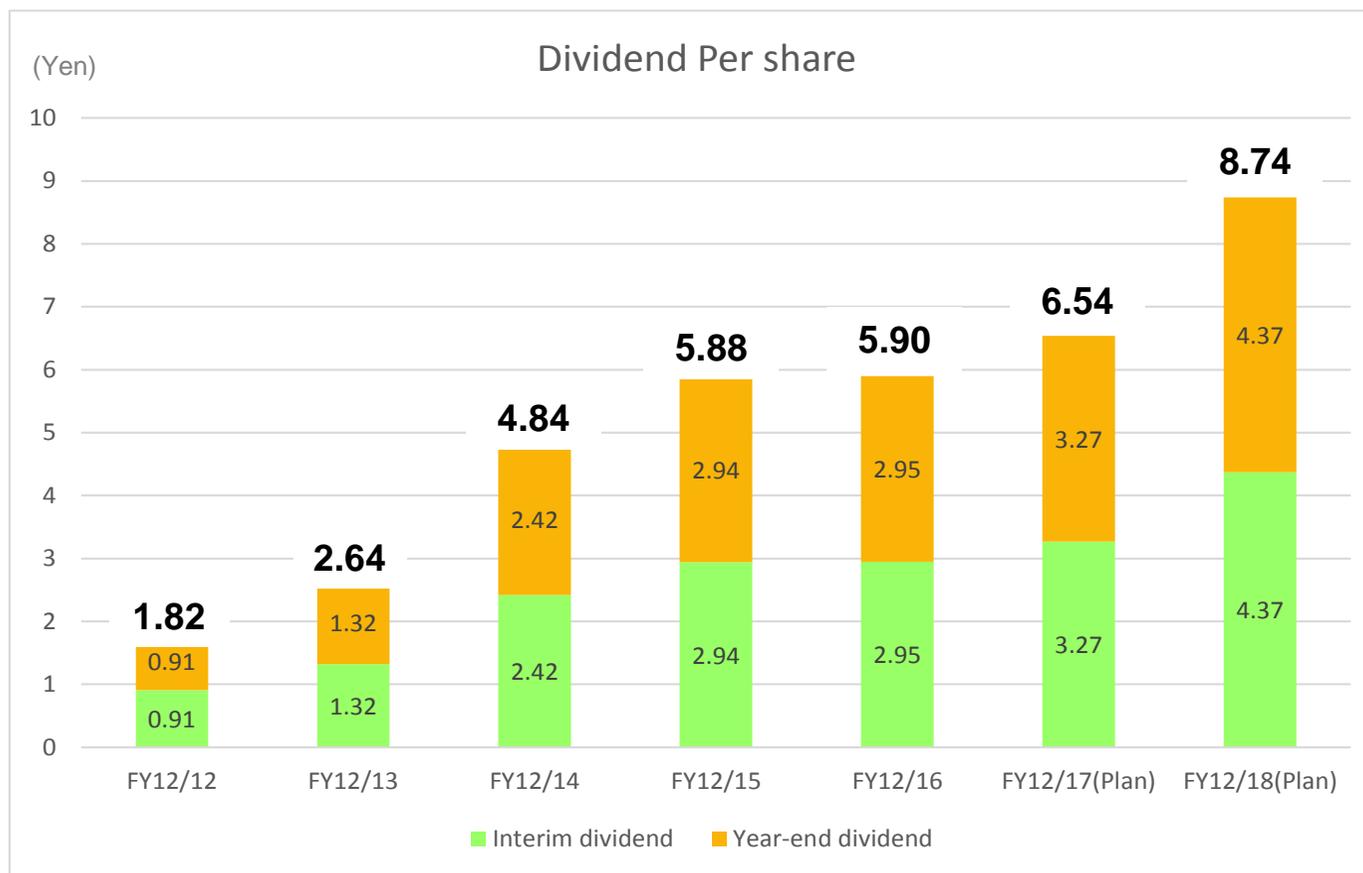
Profits will steadily grow as increased sales will absorb development investments and higher personnel costs.

*Total sales, operating profit, recurring profit, for FY2017 and FY2018 have not been changed from the medium-term plan announced last year. Net income figure for FY2017/12 has been changed to reflect the booking of impairment losses on fixed assets and revision to the earnings forecasts announced on July 25, 2017.

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 FY12/17 was approved at the Board Meeting held on July 31, 2017 (effective as of September 11, 2017).

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, 2017. 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.