



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

Info Mart Corporation

FY2016 First Quarter Financial Results

(January 1, 2016 – March 31, 2016)

FY2016/1Q

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 Katsuteru Murakami
- Head office: Shibadaimon 116 Building, Shibadaimon 1-16-3,
Minato-ku, Tokyo 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 (as of end-March 2016)
- Consolidated subsidiaries: InfoRise
Infomart International
- No. of employees(connection): 397 (full-time 318 / temporary 79) (as of end-March 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-March 2016)

67,148 companies

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

329,609 offices

Total distribution value (2015 result)

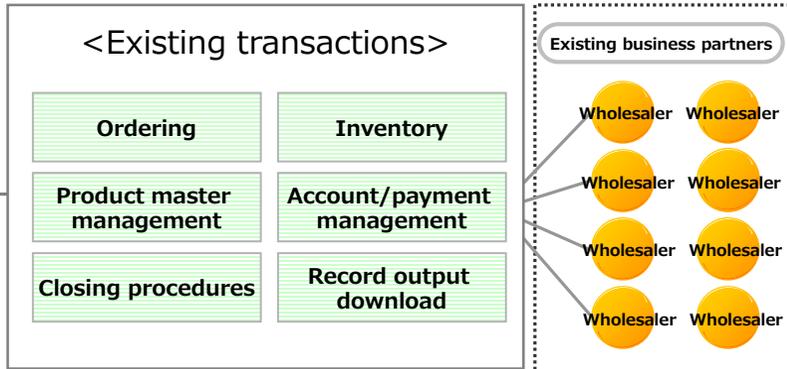
1,367.8 billion yen

Info Mart's BtoB Platform

B to B Platform Ordering

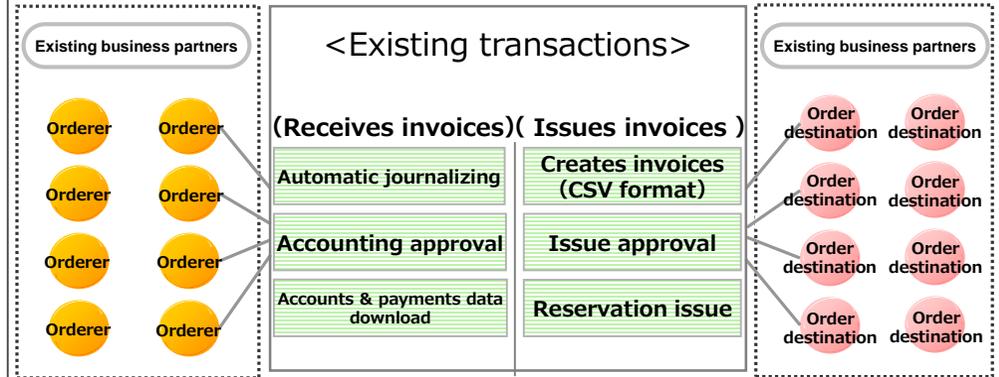
Comprehensively manage the entire ordering process electronically, from ordering to settling payment amounts

Restaurant (chains)



B to B Platform Invoicing

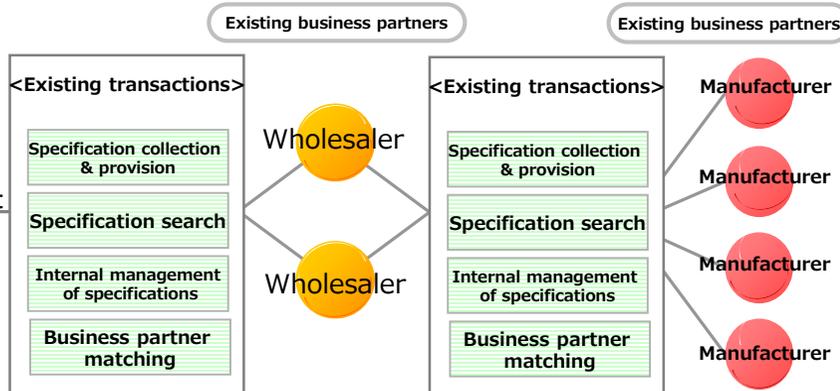
Electronically receive and issue invoices



B to B Platform Standards Database

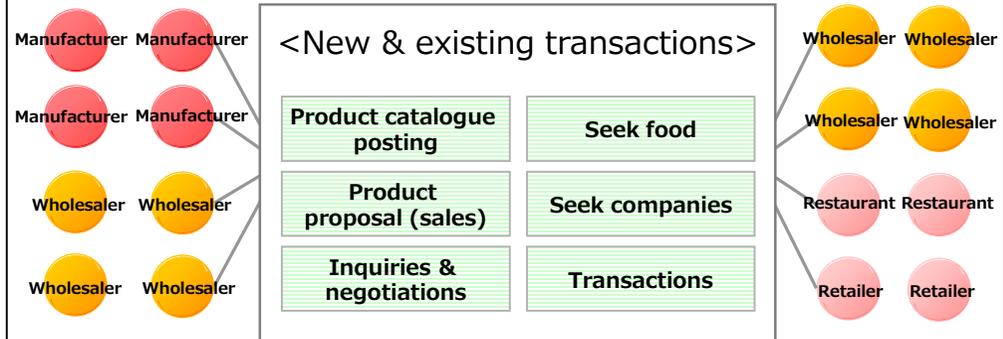
Electronic product standards database, vital for food safety and security

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 First Quarter Financial Results

FY12/16 First Quarter (YoY)

Steady growth in B2B platform usage leads to systems investment, temporarily weighing on profits, but rise in profits from Q2 onward

(Million yen / % : YoY)

	FY12/15 (Actual)					FY12/16 (Actual)		
	1 Q	2 Q	3 Q	4 Q	Total	1 Q		
Ordering	757	833	863	903	3,357	14.0%	881	16.3%
Food Standards Database	214	240	248	256	959	29.3%	269	25.6%
ES	314	310	298	298	1,221	1.7%	291	-7.2%
Other	33	30	32	38	135	0.3%	34	2.2%
[Sales]	1,310	1,403	1,432	1,485	5,632	13.1%	1,467	12.0%
Ordering	180	217	194	211	804	19.1%	210	16.6%
Food Standards Database	38	58	47	50	194	41.9%	55	43.4%
ES	93	130	127	146	497	94.6%	156	67.4%
Other	16	13	14	18	62	-40.1%	16	4.6%
[CoGS]	321	412	375	418	1,529	33.6%	431	34.0%
Ordering	577	615	668	691	2,553	12.5%	670	16.2%
Food Standards Database	175	182	201	205	764	26.4%	213	21.7%
ES	220	179	171	152	723	-23.4%	134	-38.8%
Other	17	16	17	20	72	139.2%	17	0.0%
[Gross Profit]	988	990	1,056	1,067	4,103	7.0%	1,035	4.8%
Ordering	195	211	203	208	818	3.0%	225	15.6%
Food Standards Database	99	109	114	112	435	14.0%	136	36.7%
ES	160	170	173	163	669	8.3%	181	12.9%
Other	22	23	21	21	89	-9.1%	21	-6.2%
[SG&A]	476	514	512	505	2,009	6.3%	563	18.1%
Ordering	382	404	465	482	1,734	17.6%	445	16.5%
Food Standards Database	75	72	86	93	328	47.9%	77	2.1%
ES	60	8	-2	-11	53	-83.5%	-46	-
Other	-4	-6	-4	-1	-17	-	-3	-
[Operating Profit]	511	476	544	562	2,094	7.7%	472	-7.5%
[Recurring Profit]	511	479	539	510	2,040	4.0%	456	-10.7%
[Net Income] *	307	305	341	354	1,308	11.1%	294	-4.1%

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

OPM	39.0%	33.9%	38.0%	37.8%	37.2%		32.2%	
RPM	39.0%	34.2%	37.6%	34.4%	36.2%		31.1%	

□ Sales:

{Ordering}

Solid growth in new buyer company usage. Usage increased among restaurant chains, hotels, commercial facilities, and catering companies, and system usage fees increased.

{Food Standards Database}

System usage fees increased, as more companies used buyer, wholesaler, and manufacturer functions.

{ES}

An increasing number of companies in the food and other industries are using the Invoicing platform, and both system usage fees and initial fees increased. However, the number of companies using the Matching platform has fallen, with a corresponding drop in system usage fees.

□ CoGS:

Software amortization expenses increased due to systems development for each of the B2B platforms.

□ SG&A expenses:

Rise in costs for personnel (more hiring) and sales promotion (mostly TV commercials), mainly for future growth.

□ Recurring profit:

Temporary drop in profit due to higher software amortization costs, etc. due to systems investment.

FY12/16 First Quarter (vs. Plan)

Overall, the year started mostly according to plan; slight shortfall in sales seems recoverable from the second quarter, profits beating forecasts

(Million yen / % : YoY)

	FY12/16							
	1 Q			2 Q	3 Q	4 Q	Total	
	Plan	Actual	Diff	Plan	Plan	Plan	Plan	YoY
Ordering	892	881	-11	939	985	1,023	3,838	14.3%
Food Standards Database	272	269	-3	299	319	339	1,228	28.0%
ES	297	291	-6	337	386	454	1,473	20.7%
Other	36	34	-2	29	37	43	145	7.8%
[Sales]	1,488	1,467	-21	1,595	1,718	1,849	6,649	18.1%
Ordering	214	210	-4	221	230	252	917	14.1%
Food Standards Database	55	55	0	60	62	65	241	24.2%
ES	154	156	2	165	178	192	690	38.8%
Other	16	16	0	14	15	16	60	-2.7%
[CoGS]	434	431	-3	454	480	519	1,886	23.4%
Ordering	677	670	-7	717	755	771	2,921	14.4%
Food Standards Database	217	213	-4	239	257	274	987	29.2%
ES	143	134	-9	172	207	261	784	8.4%
Other	20	17	-3	15	22	27	85	18.3%
[Gross Profit]	1,055	1,035	-20	1,140	1,239	1,330	4,763	16.1%
Ordering	247	225	-22	248	291	274	1,060	29.5%
Food Standards Database	156	136	-20	158	164	154	632	45.3%
ES	183	181	-2	167	176	167	693	3.6%
Other	22	21	-1	23	23	26	94	5.4%
[SG&A]	607	563	-44	593	652	620	2,471	23.0%
Ordering	431	445	14	469	464	498	1,862	7.4%
Food Standards Database	60	77	17	82	93	120	355	8.3%
ES	-40	-46	-6	5	32	94	90	70.5%
Other	-2	-3	-1	-8	-1	1	-9	-
[Operating Profit]	447	472	25	547	586	712	2,292	9.4%
[Recurring Profit]	446	456	10	546	585	712	2,289	12.2%
[Net Income] *	288	294	6	352	379	462	1,481	13.2%

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

OPM	30.0%	32.2%	2.2%	34.3%	34.1%	38.5%	34.5%
RPM	30.0%	31.1%	1.1%	34.2%	34.1%	38.5%	34.4%

□ Sales:

[Ordering System]

Sales fell short of plan due to lower-than-expected system usage fees from pay-for-use seller companies, but the number of fixed-fee seller companies (with higher unit prices) increased more than planned, so the shortfall should not impact reaching the full-year plan.

[Food standards Database]

System usage fees were slightly lower than planned, but the number of new users of each function grew.

[ES]

Initial fees and system usage fees for the Invoicing platform were higher than planned, but system usage fees for the Matching platform were below plan. We will work to win new clients and increase the use of Invoicing platform to catch up to the full-year plan.

□ CoGS

On target overall.

□ SG&A

Lower than expected, as personnel expenses (postponed hiring, etc.) and sales promotion costs (pushed back to the second quarter) were delayed.

□ Recurring Profit

Recurring profit was higher than planned, as lower-than-expected SG&A expenses offset sales missing targets.

B2B Platform (KPI – Number of Companies, etc.)

		Dec. 31, 2015	Mar. 31, 2016	Change
Ordering	Buyer Companies	1,706	1,836	+ 130
	Seller Companies	28,240	28,613	+ 373
Food Standards Database	Companies with Buyer Function	369	390	+ 21
	Companies with Wholesaler Function	474	490	+ 16
	Companies with Manufacturer Function	6,054	6,120	+ 66
Invoicing	Companies	40,723	55,086	+ 14,363
	Contracting Companies (receiving)	657	863	+ 206
	Contracting Companies (issuing)	227	313	+ 86
	Contracting Companies (total)	884	1,176	+ 292
Matching	Buyer Companies	6,915	6,837	-78
	Seller Companies	1,952	1,838	-114
BtoB Platform	Companies (※1)	62,039	67,148	+ 5,109
	Offices (※2)	280,167	329,609	+ 49,442

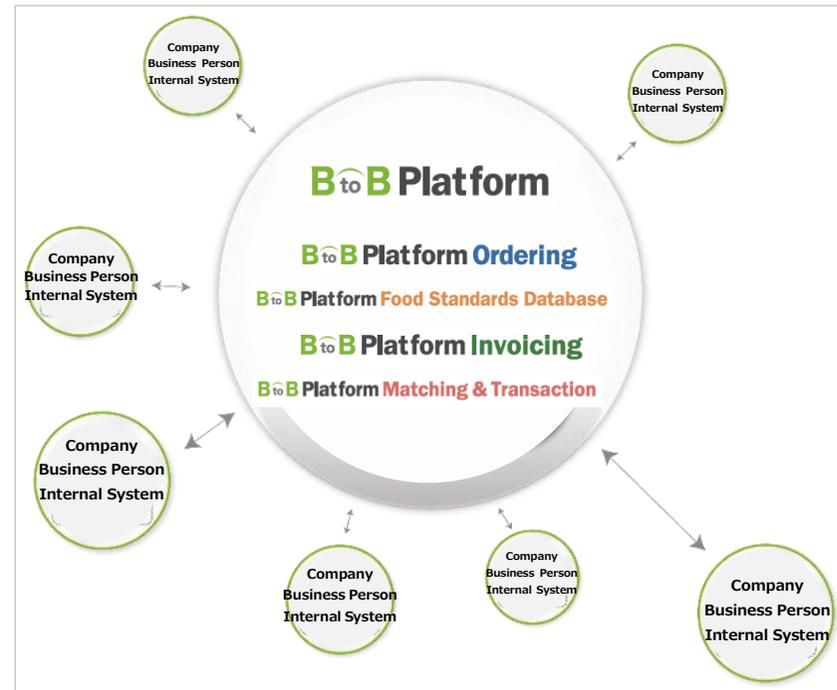
(※1) Includes non-paying users

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

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)

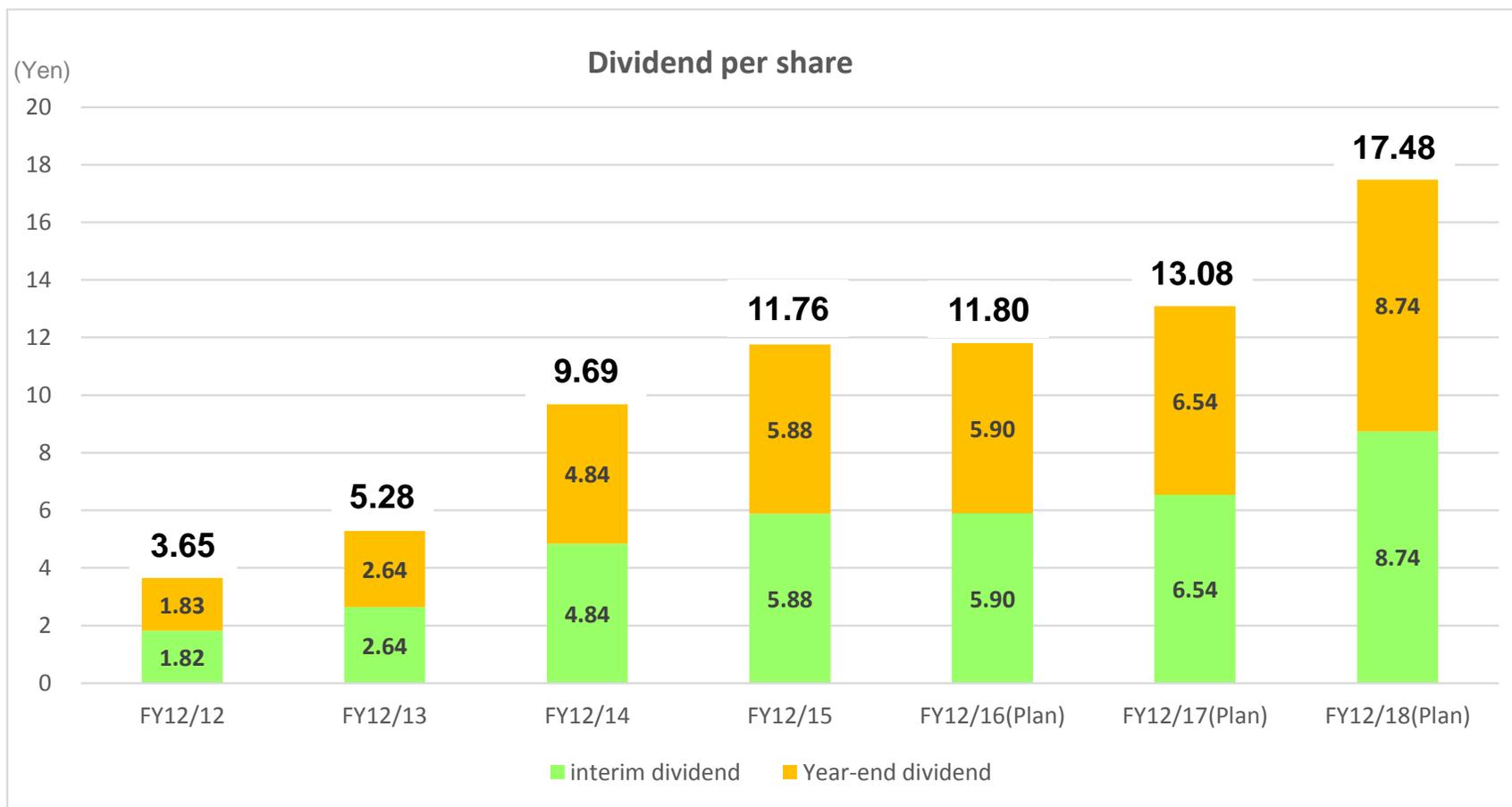
	FY2015/12		FY2016/12		FY2017/12		FY2018/12	
	Actual	YoY	Plan	YoY	Plan	YoY	Plan	YoY
Ordering	3,357	14.0%	3,838	14.3%	4,280	11.5%	4,728	10.5%
Food Standards Database	959	29.3%	1,228	28.0%	1,376	12.1%	1,544	12.2%
ES	1,221	1.7%	1,473	20.7%	2,041	38.5%	2,839	39.1%
Other	135	0.3%	145	7.8%	241	66.0%	429	77.6%
[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) 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.

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

Business	Service	Fees (excluding taxes)		
Ordering	BtoB Platform Ordering	<u><Buyer Company></u> «Monthly usage fee» •Head office: JPY18,000 •Store: JPY1,300 «Initial fee» from JPY300,000 (depending on store count)	<u><Seller Company></u> «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	
		<u><Buyer Function></u> «Monthly system usage fee» JPY30,000 → JPY50,000 (from Jan.2016) «Initial fee»from JPY300,000	<u><Wholesaler Function></u> «Monthly system usage fee» JPY25,000 «Initial fee» from JPY50,000	<u><Manufacturer Function></u> «Monthly system usage fee» •Fixed fee: JPY35,000 •Pay-for-use: JPY1,000 to JPY25,000
ES	BtoB Platform Invoicing	<u><Receiving Company></u> «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	<u><Issuing Company></u> «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	
		<u><Buyer Company></u> «Monthly system usage fee» 〔Fixed fee〕 JPY5,000	<u><Seller Company></u> «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 April 28, 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.