



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

Info Mart Corporation

FY2016 Second Financial Results

(January 1, 2016 – June 30, 2016)

FY2016/2Q

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-June 2016)
- Consolidated subsidiaries: InfoRise
Infomart International
- No. of employees(connection): 420 (full-time 341 / temporary 79) (as of end-June 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-June 2016)

79,507 companies

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

351,019 offices

Total distribution value (2015 result)

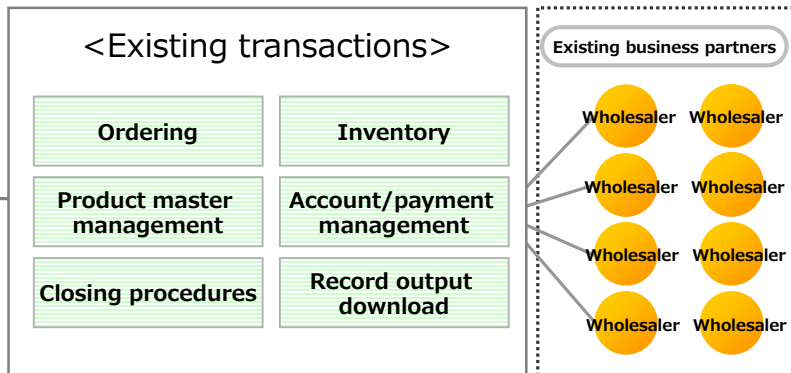
1,367.8 billion yen

Info Mart's BtoB Platform

BtoB Platform Ordering

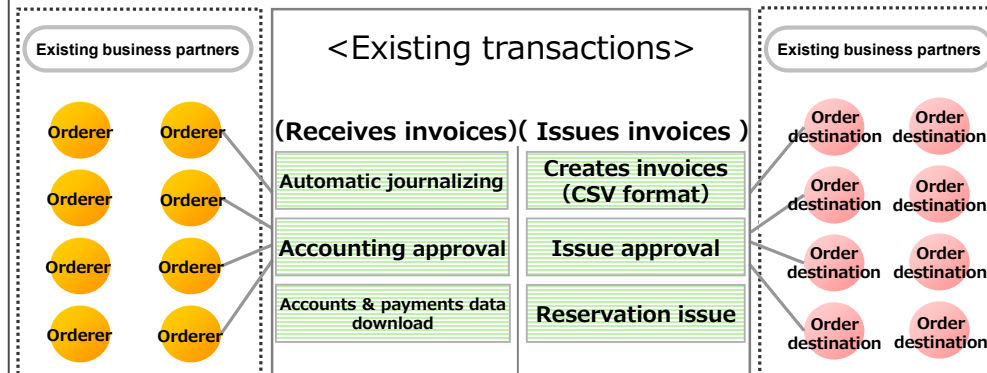
Comprehensively manage the entire ordering process electronically, from ordering to settling payment amounts

Restaurant (chains)



BtoB Platform Invoicing

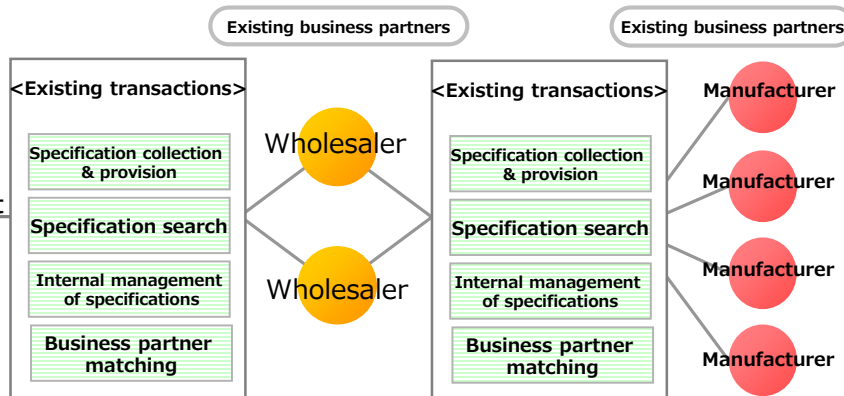
Electronically receive and issue invoices



BtoB Platform Standards Database

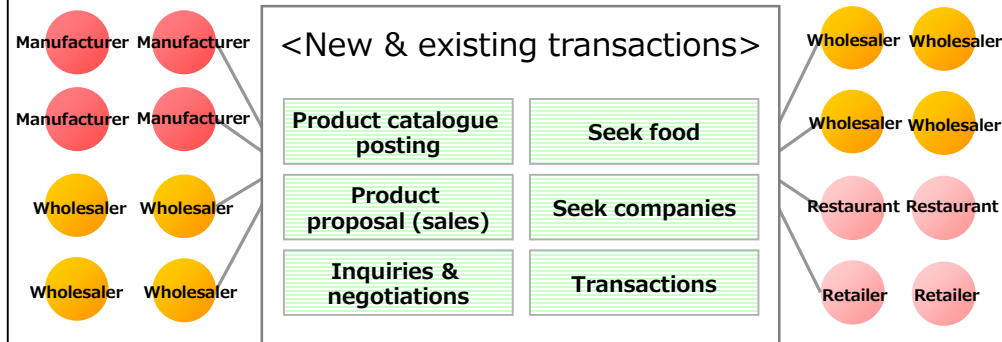
Electronic product standards database, vital for food safety and security

Restaurant Retailer



BtoB Platform Matching

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



II. FY2016 Second Quarter Financial Results

FY12/16 Second Quarter (YoY)

(Million yen / %: YoY)

	FY12/16 (Actual)					
	1Q		2Q		2QTotal	
Ordering	881	16.3%	918	10.2%	1,799	13.1%
Food Standards Database	269	25.6%	290	20.9%	560	23.1%
ES	291	-7.2%	296	-4.5%	587	-5.8%
Other	34	2.2%	18	-37.9%	53	-16.7%
[Sales]	1,467	12.0%	1,514	7.9%	2,981	9.8%
Ordering	210	16.6%	214	-1.3%	425	6.8%
Food Standards Database	55	43.4%	61	4.9%	116	20.3%
ES	156	67.4%	167	28.3%	324	44.6%
Other	16	4.6%	12	-8.8%	29	-1.5%
[CoGS]	431	34.0%	445	8.0%	876	19.3%
Ordering	670	16.2%	703	14.3%	1,374	15.2%
Food Standards Database	213	21.7%	229	26.0%	443	23.9%
ES	134	-38.8%	128	-28.4%	263	-34.1%
Other	17	0.0%	6	-61.2%	24	-29.6%
[Gross Profit]	1,035	4.8%	1,068	7.8%	2,104	6.3%
Ordering	225	15.6%	223	5.9%	449	10.5%
Food Standards Database	136	36.7%	141	29.3%	277	32.8%
ES	181	12.9%	188	10.2%	369	11.5%
Other	21	-6.2%	17	-25.5%	38	-16.0%
[SG&A]	563	18.1%	571	11.1%	1,134	14.5%
Ordering	445	16.5%	480	18.7%	925	17.6%
Food Standards Database	77	2.1%	87	21.1%	165	11.4%
ES	-46	-	-60	-	-106	-
Other	-3	-	-10	-	-14	-
[Operating Profit]	472	-7.5%	496	4.3%	969	-1.9%
[Recurring Profit]	456	-10.7%	476	-0.7%	932	-5.9%
[Net Income]*	294	-4.1%	305	0.0%	600	-2.1%
* Net income denotes net income attributable to owners of the parent.						
OPM	32.2%		32.8%		32.5%	
RPM	31.1%		31.5%		31.3%	

□ Sales

[Ordering business]

System 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 companies using the buyer, wholesaler, and manufacturer functions, and system usage fees rose.

[ES business]

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

□ 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 and sales promotion expenses for TV commercials toward future business growth.

□ Recurring Profit

The Ordering business and Standards Database business saw double-digit profit growth, but the ES Business was in the red on lower sales and higher software amortization costs, so overall profit fell.

FY12/16 Second Quarter (vs. Plan)

(Million yen / %: YoY)

	FY12/16								
	1Q			2Q			2QTotal		
	Plan	Actual	Diff	Plan	Actual	Diff	Plan	Actual	Diff
Ordering	892	881	-11	939	918	-21	1,830	1,799	-31
Food Standards Database	272	269	-3	299	290	-9	571	560	-11
ES	297	291	-6	337	296	-41	634	587	-47
Other	36	34	-2	29	18	-11	65	53	-12
[Sales]	1,488	1,467	-21	1,595	1,514	-81	3,082	2,981	-101
Ordering	214	210	-4	221	214	-7	436	425	-11
Food Standards Database	55	55	0	60	61	1	115	116	1
ES	154	156	2	165	167	2	319	324	5
Other	16	16	0	14	12	-2	30	29	-1
[CoGS]	434	431	-3	454	445	-9	888	876	-12
Ordering	677	670	-7	717	703	-14	1,395	1,374	-21
Food Standards Database	217	213	-4	239	229	-10	456	443	-13
ES	143	134	-9	172	128	-44	315	263	-52
Other	20	17	-3	15	6	-9	35	24	-11
[Gross Profit]	1,055	1,035	-20	1,140	1,068	-72	2,194	2,104	-90
Ordering	247	225	-22	248	223	-25	495	449	-46
Food Standards Database	156	136	-20	158	141	-17	314	277	-37
ES	183	181	-2	167	188	21	350	369	19
Other	22	21	-1	23	17	-6	45	38	-7
[SG&A]	607	563	-44	593	571	-22	1,200	1,134	-66
Ordering	431	445	14	469	480	11	900	925	25
Food Standards Database	60	77	17	82	87	5	142	165	23
ES	-40	-46	-6	5	-60	-65	-35	-106	-71
Other	-2	-3	-1	-8	-10	-2	-9	-14	-5
[Operating Profit]	447	472	25	547	496	-51	994	969	-25
[Recurring Profit]	446	456	10	546	476	-70	992	932	-60
[Net Income]*	288	294	6	352	305	-47	640	600	-40

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

OPM	30.0%	32.2%	2.2%	34.3%	32.8%	-1.5%	32.2%	32.5%	0.3%
RPM	30.0%	31.1%	1.1%	34.2%	31.5%	-2.7%	32.2%	31.3%	-0.9%

□ Sales

[Ordering business]

System usage fees from seller companies (pay-for-use) were below target. In 2H, we aim to grow system usage fees by increasing installations at large buyer companies and promoting the matching function.

[Standards Database business]

System usage fees were below target for each function. In 2H, we expect system usage fees to increase as we promote the matching function and win new clients.

[ES business]

System usage fees from sellers using the Matching platform were below target. We plan to continue working 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 costs were not incurred such as personnel (due to a lag in hiring timing, etc.) and sales promotion costs.

□ Recurring Profit

Operating profit for the Ordering business and the Standards Database business were above target, but a wider operating loss in the ES business meant that recurring profit overall fell short of target.

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

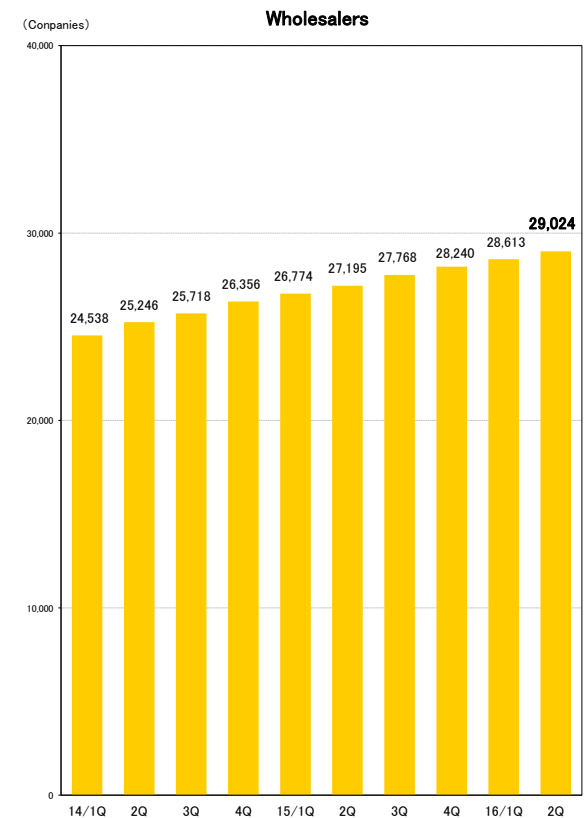
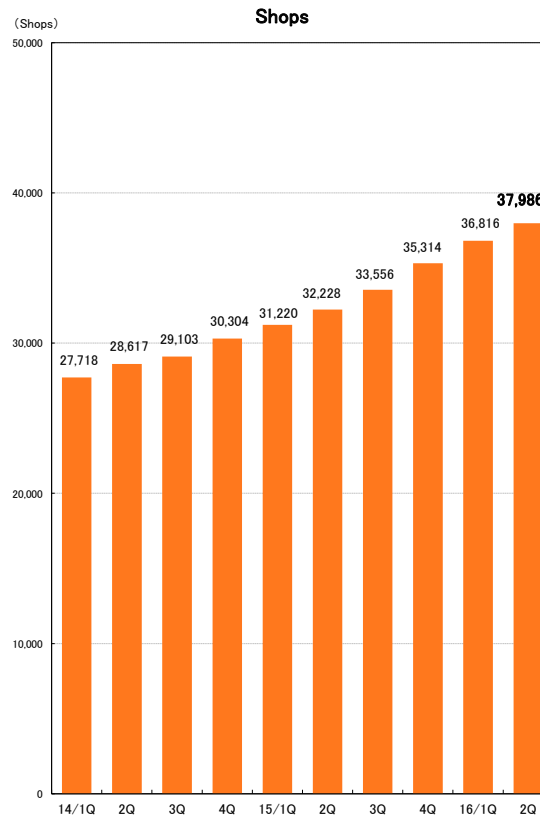
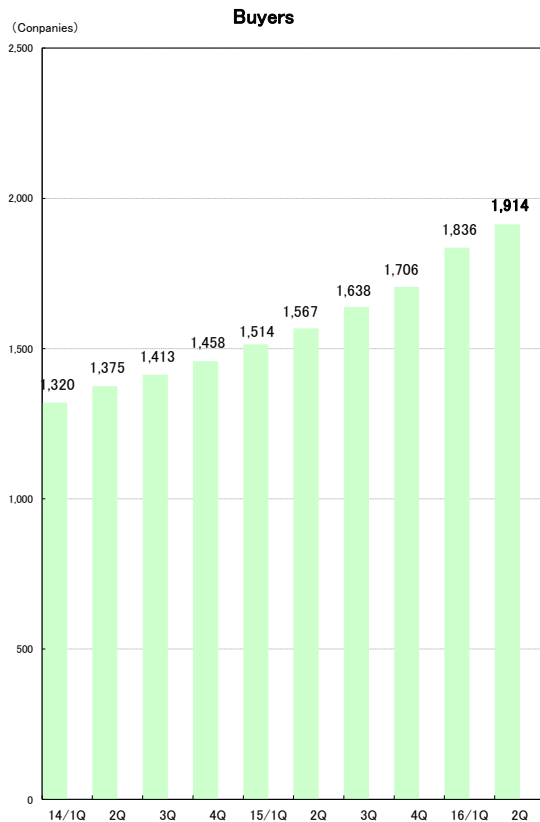
		Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Change
Ordering	Buyer Companies	1,706	1,836	1,914	+ 208
	Seller Companies	28,240	28,613	29,024	+ 784
Food Standards Database	Companies with Buyer Function	369	390	407	+ 38
	Companies with Wholesaler Function	474	490	514	+ 40
	Companies with Manufacturer Function	6,054	6,120	6,165	+ 111
Invoicing	Companies	40,723	55,086	74,198	+ 33,475
	Contracting Companies (receiving)	657	863	1,038	+ 381
	Contracting Companies (issuing)	227	313	370	+ 143
	Contracting Companies (total)	884	1,176	1,408	+ 524
Matching	Buyer Companies	6,915	6,837	6,879	-36
	Seller Companies	1,952	1,838	1,821	-131
BtoB Platform	Companies (※1)	62,039	67,148	79,507	+ 17,468
	Offices (※2)	280,167	329,609	351,019	+ 70,852

(※1) Includes non-paying users

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

Ordering (BtoB Platform Ordering)

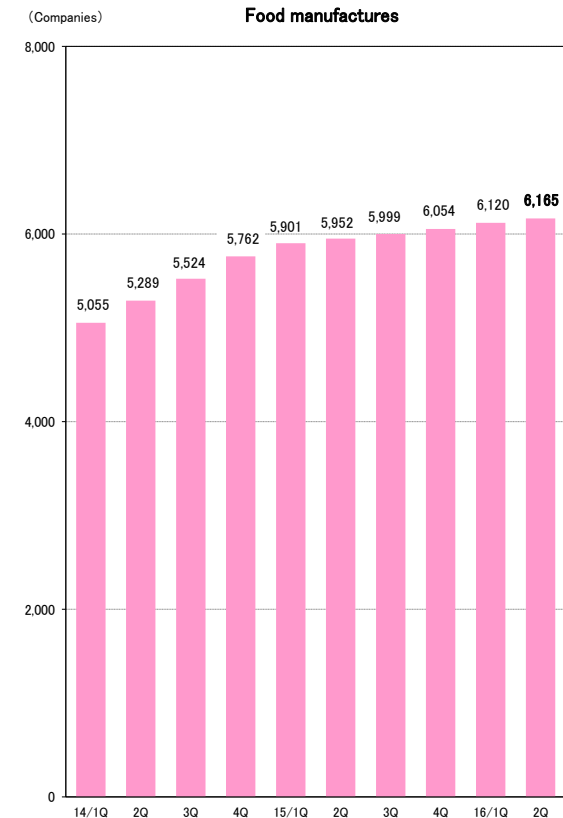
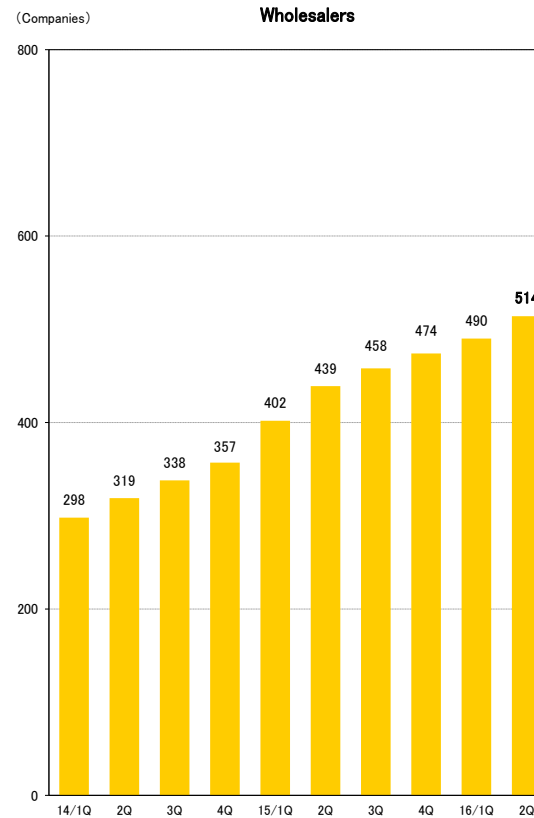
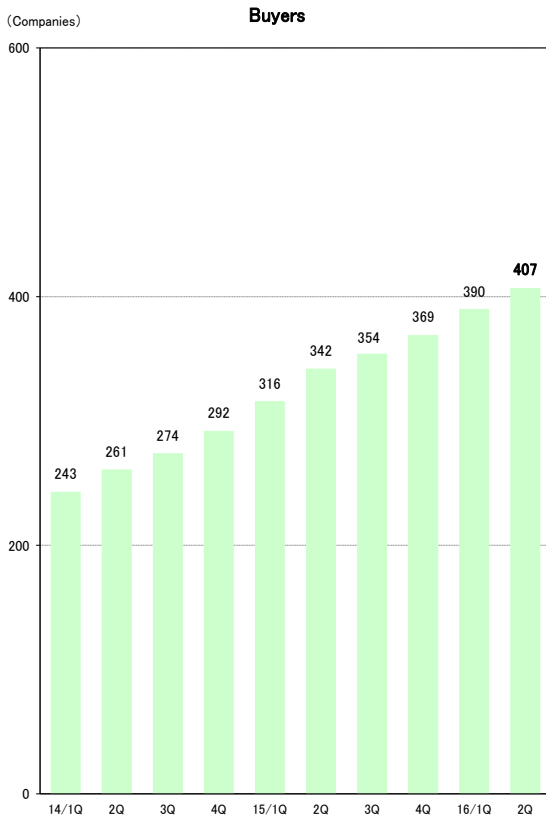
- High usage by new buyer companies such as restaurant chains, hotels, commercial facilities, catering companies, etc.
- Continued introductions through alliance partners (existing seller companies, affiliated systems companies, etc.)
- Improved customer convenience through better system connectivity (currently connected to 95 systems from 77 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)

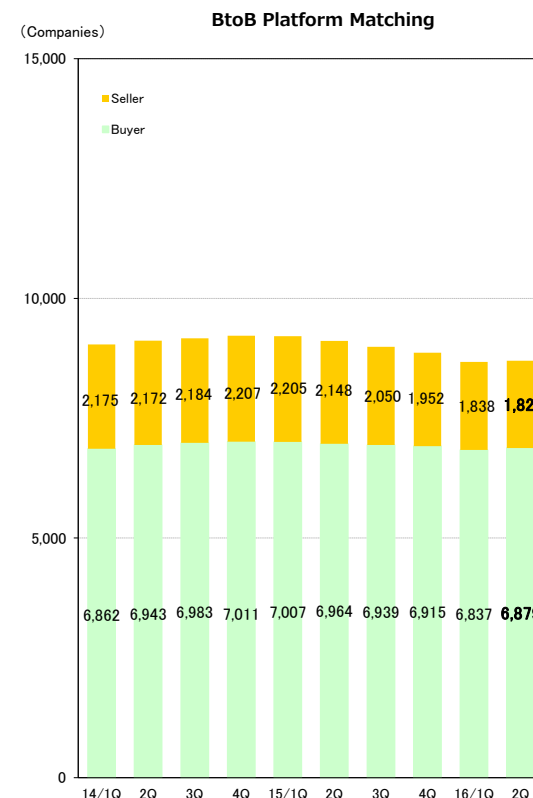
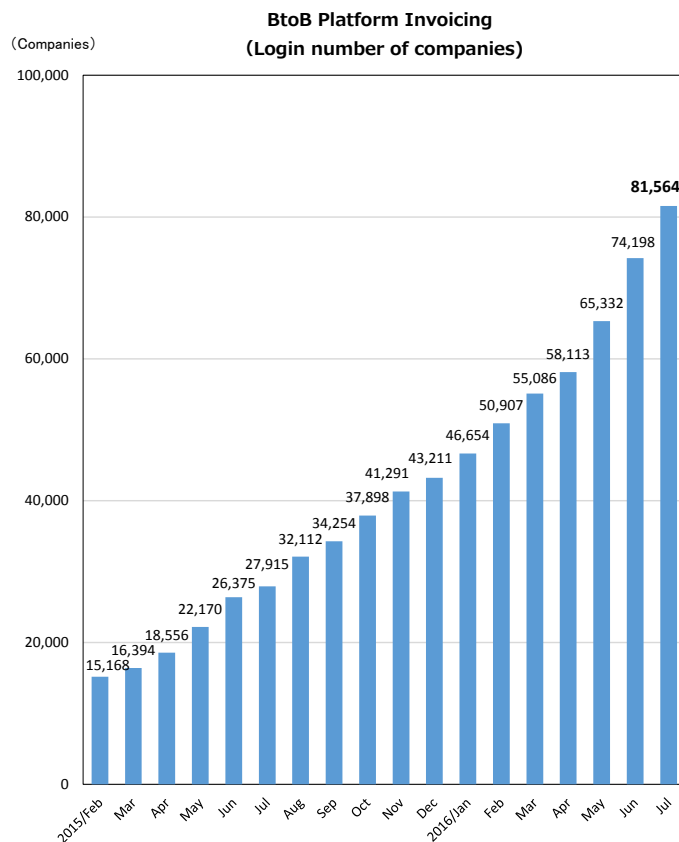
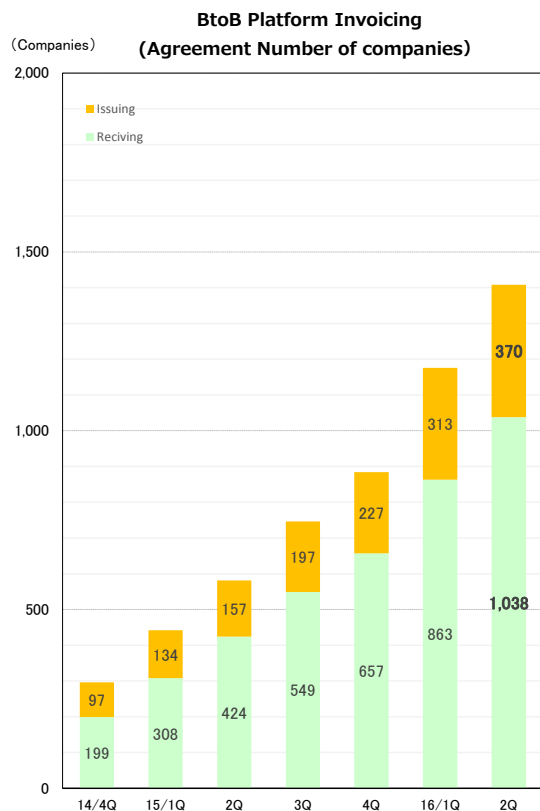
- Company numbers grew across all functions as a result of stronger awareness of food security and safety as well as dealing with allergens.
- Buyer function usage increased among large restaurant and hotel chains.
- Commenced sales promotion support function for food manufacturers, enabling centralized 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 80,000. 100,000 companies within sight.
- 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.



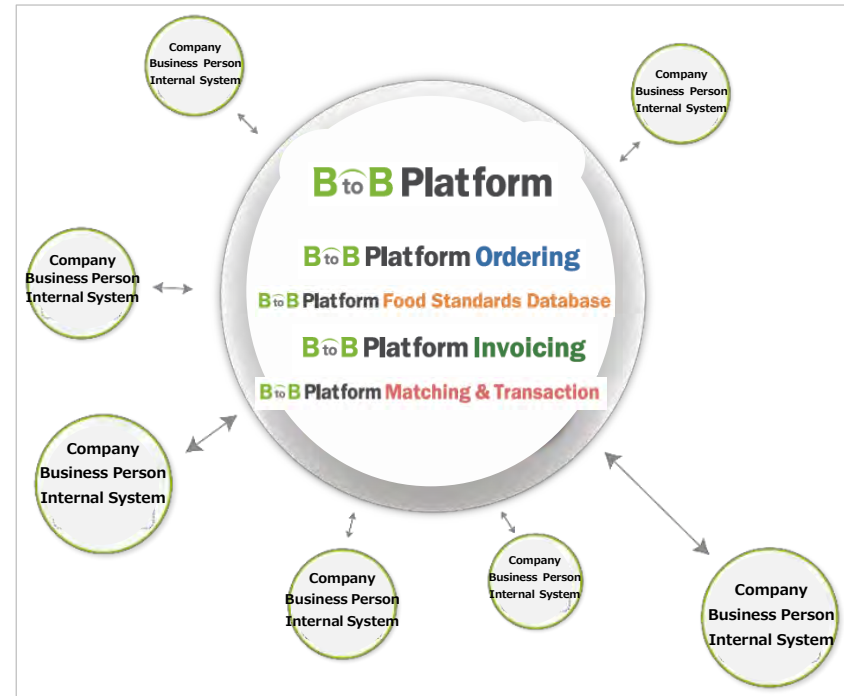
※The above is the number of companies that issued the ID and password in the contract 's each model

※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.

FY12/16 (Net Income Plan)

(Million Yen / %:YoY)

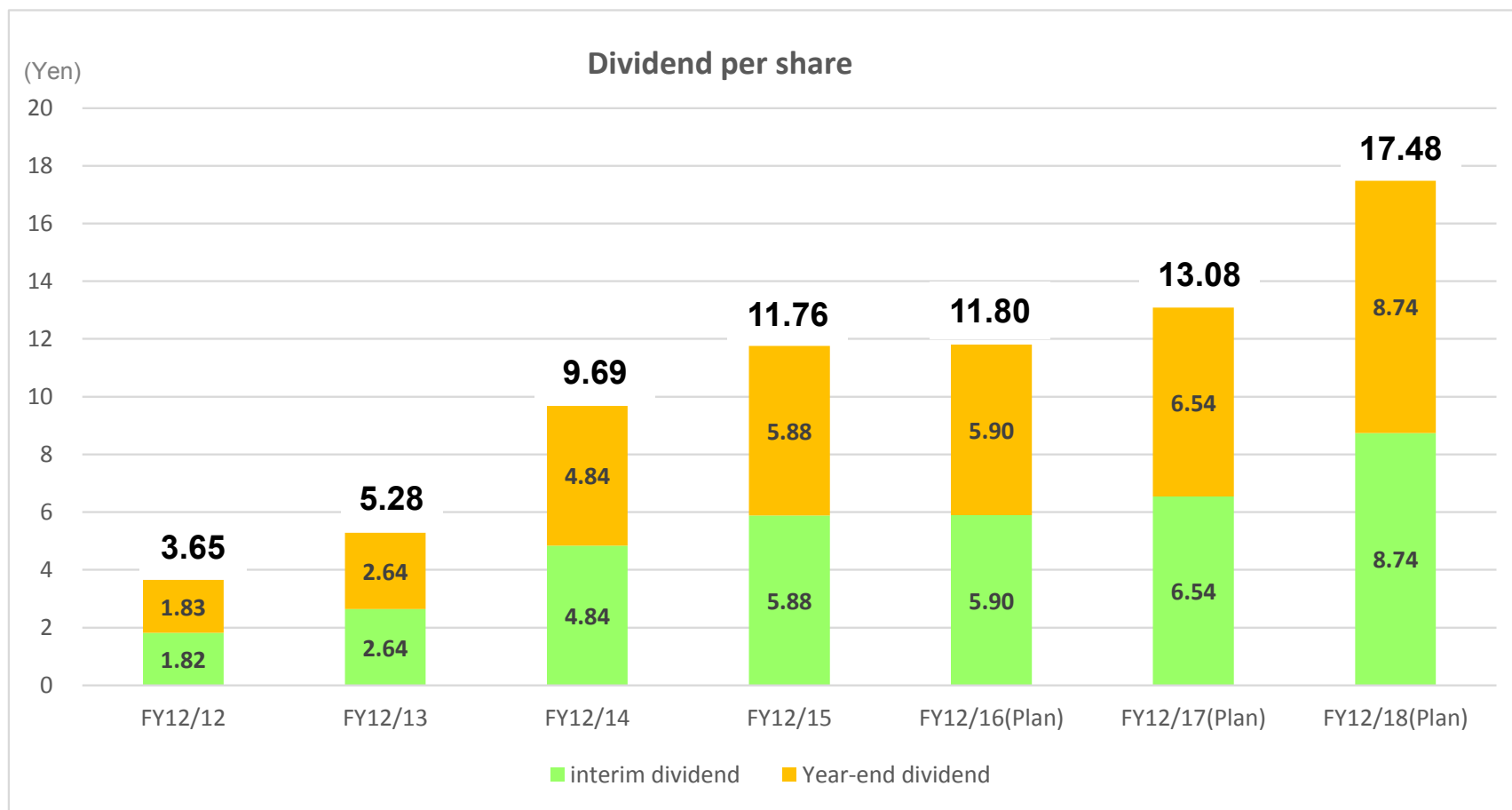
	FY2016/12									
	1Q		2Q		3Q		4Q		Total	
	Plan	YOY	Plan	YOY	Plan	YOY	Plan	YOY	Plan	YOY
ASP Ordering System	892	17.8%	939	12.7%	985	14.1%	1,023	13.3%	3,838	14.3%
ASP Food Standards Database	272	26.9%	299	24.6%	319	28.6%	339	32.3%	1,228	28.0%
ES	297	-5.3%	337	8.6%	386	29.4%	454	52.2%	1,473	20.7%
Other	36	9.0%	29	-2.8%	37	16.1%	43	13.7%	145	7.8%
【Sales】	1,488	13.6%	1,595	13.7%	1,718	19.9%	1,849	24.5%	6,649	18.1%
ASP Ordering System	214	19.1%	221	1.9%	230	18.5%	252	19.3%	917	14.1%
ASP Food Standards Database	55	44.6%	60	2.9%	62	31.5%	65	29.1%	241	24.2%
ES	154	65.7%	165	26.9%	178	40.4%	192	31.8%	690	38.8%
Other	16	-2.3%	14	8.6%	15	5.4%	16	-12.1%	60	-2.7%
【CoGs】	434	35.2%	454	10.2%	480	27.9%	519	24.0%	1,886	23.4%
ASP Ordering System	677	17.4%	717	16.7%	755	13.0%	771	11.6%	2,921	14.4%
ASP Food Standards Database	217	23.8%	239	31.5%	257	27.9%	274	33.7%	987	29.2%
ES	143	-34.9%	172	-4.0%	207	21.3%	261	71.7%	784	8.4%
Other	20	19.6%	15	-6.0%	22	31.8%	27	36.9%	85	18.3%
【Gross Profit】	1,055	6.7%	1,140	15.1%	1,239	17.3%	1,330	24.6%	4,763	16.1%
ASP Ordering System	247	26.6%	248	17.6%	291	43.3%	274	31.5%	1,060	29.5%
ASP Food Standards Database	156	58.0%	158	44.5%	164	44.1%	154	37.3%	632	45.3%
ES	183	14.6%	167	-2.0%	176	1.6%	167	2.7%	693	3.6%
Other	22	0.0%	23	-1.5%	23	10.6%	26	23.3%	94	5.4%
【SG&A】	607	27.4%	593	15.4%	652	27.4%	620	22.7%	2,471	23.0%
ASP Ordering System	431	12.7%	469	16.2%	464	-0.2%	498	3.3%	1,862	7.4%
ASP Food Standards Database	60	-19.7%	82	13.5%	93	7.9%	120	29.4%	355	8.3%
ES	-40	-	5	-35.6%	32	-	94	-	90	70.5%
Other	-2	-	-8	-	-1	-	1	-	-9	-
【Operating Profit】	447	-12.5%	547	14.8%	586	7.7%	712	26.7%	2,292	9.4%
【Recurring Profit】	446	-12.7%	546	14.0%	585	8.5%	712	39.5%	2,289	12.2%
【Net Income】	288	-6.0%	352	15.3%	379	11.2%	462	30.5%	1,481	13.2%

FY2016/12		
2Q Cumulative Total		
Plan	YOY	
1,830	15.0%	
571	25.7%	
634	1.6%	
65	1.8%	
3,082	13.6%	
436	9.7%	
115	18.2%	
319	42.5%	
30	2.6%	
888	21.0%	
1,395	16.9%	
456	27.7%	
315	-21.0%	
35	4.0%	
2,194	10.9%	
495	21.9%	
314	50.2%	
350	5.7%	
45	-0.7%	
1,200	21.0%	
900	14.5%	
142	-4.1%	
-35	-	
-9	-	
994	0.6%	
992	0.1%	
640	4.6%	

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.

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

Business	Service	Fees (excluding taxes)		
Ordering	BtoB Platform Ordering	<u><Buyer Company></u>		<u><Seller Company></u>
		«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 Food Standards Database	<u><Buyer Function></u>	<u><Wholesaler Function></u>	<u><Manufacturer Function></u>
		(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 Invoicing	<u><Receiving Company></u>		<u><Issuing 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		«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	<u><Buyer Company></u>		<u><Seller Company></u>
		«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 July 29, 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.