



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

Info Mart Corporation

FY2018 Second Quarter Financial Results

FY2018/2Q

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 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):** 466 (full-time 411 / temporary 55)
- **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-June 2018)

214,563 companies

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

555,487 offices

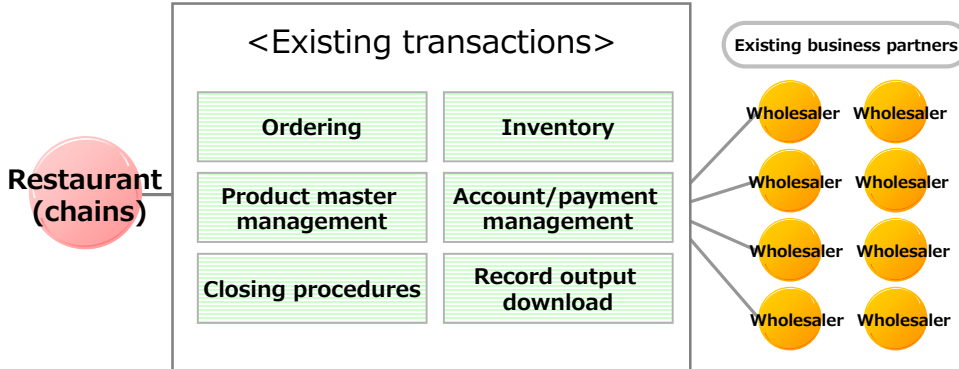
Total distribution value (2017 result)

4,720.3 billion yen

Info Mart's B2B Platform

B to B Platform Ordering

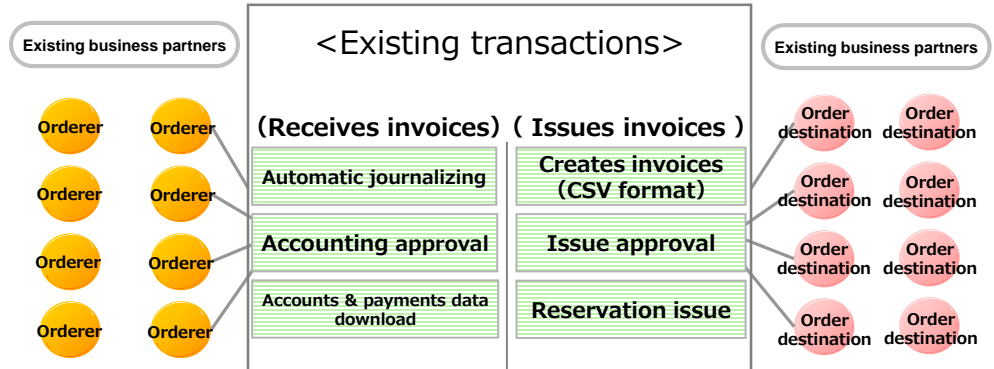
An ordering platform which dramatically improves a variety of ordering and invoicing operations



Optimizes ordering and invoicing operations

B to B Platform Invoicing

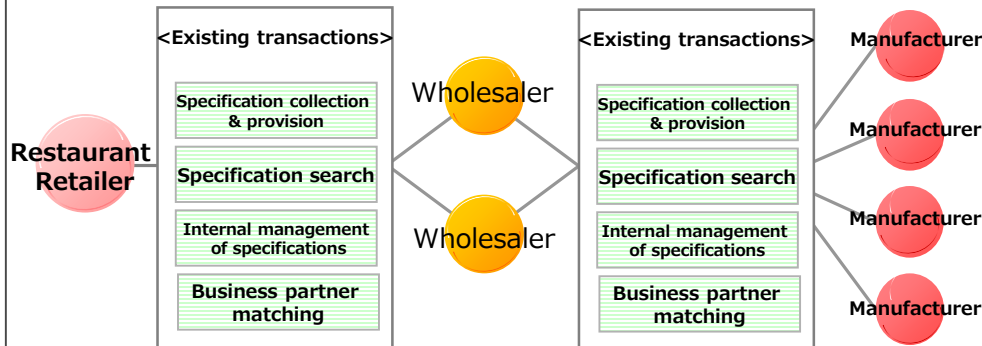
An electronic invoicing platform that helps cut costs, save time, and improve productivity of invoicing operations



Electronically receive and issue invoices

B to B Platform Standards Database

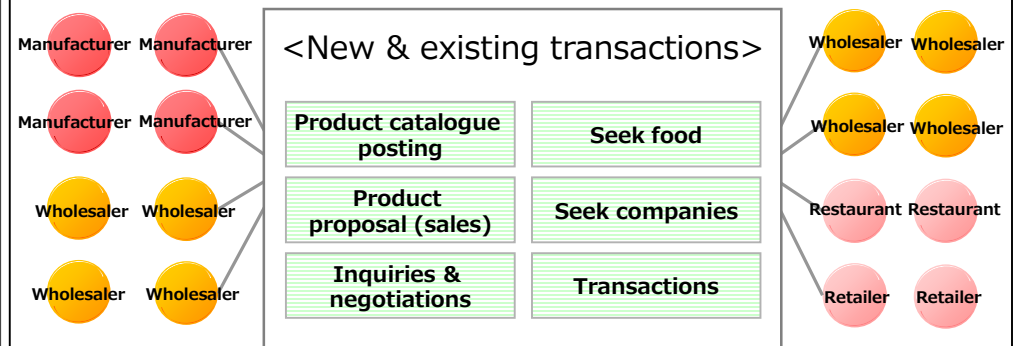
Covers all the latest regulations and quality control standards! The most-used standards database platform in the food industry



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 Second Quarter Financial Results

- Feb. 13 Launched a special website and created an anniversary logo to celebrate the 20th anniversary of founding
-
- Feb. 15 Total distribution value of B2B Platform surpassed JPY4.7tn in FY12/17, twice the previous year's figure
-
- Mar. 23 Osamu Nagao was appointed as the company's third president, marking the start of a new management structure
-
- May. 7 Number of companies using B2B Platform exceeded 200,000
-
- May. 7 Announced ECO results for 1Q FY12/18 (January–March)
-
- Jun. 1 Received the Great Company Award at the 2018 Great Company Awards hosted by the Funai Foundation
-
- Jul. 2 Launched a new service, B2B Platform Contract

FY12/18 Second Quarter (YoY)

Higher sales and profits on growth in the number of companies using B2B Platform

(Million yen / % : YoY)

	2018/1Q		2018/2Q		2018/2QTotal	
	Actual	YoY	Actual	YoY	Actual	YoY
Ordering	1,082	12.2%	1,132	11.9%	2,214	12.0%
Standards Database	336	8.5%	348	11.9%	684	10.2%
ES	356	17.1%	385	27.4%	741	22.2%
Other	23	27.7%	16	-6.6%	40	11.2%
[Sales]	1,788	12.7%	1,871	14.6%	3,660	13.7%
Ordering	299	14.6%	308	12.1%	607	13.3%
Standards Database	104	19.3%	89	-7.0%	193	5.6%
ES	218	32.6%	217	11.6%	435	21.2%
Other	12	16.3%	11	2.0%	23	9.1%
[CoGS]	626	21.8%	616	8.5%	1,242	14.8%
Ordering	783	11.3%	824	11.8%	1,607	11.5%
Standards Database	231	4.2%	258	20.3%	490	12.1%
ES	137	-1.2%	168	56.1%	305	23.8%
Other	11	43.3%	4	-21.6%	16	14.5%
[Gross Profit]	1,162	8.3%	1,255	17.9%	2,418	13.1%
Ordering	325	35.8%	342	25.7%	668	30.4%
Standards Database	99	26.1%	104	21.5%	204	23.7%
ES	233	7.5%	265	6.3%	498	6.8%
Other	21	4.7%	20	7.4%	42	6.0%
[SG&A]	680	22.2%	733	16.8%	1,414	19.4%
Ordering	457	-1.4%	481	3.6%	938	1.1%
Standards Database	132	-7.9%	154	19.6%	286	5.1%
ES	-95	-	-97	-	-192	-
Other	-10	-	-15	-	-26	-
[Operating Profit]	481	-6.7%	521	19.3%	1,003	5.2%
[Recurring Profit]	465	-8.3%	526	20.9%	992	5.2%
[Net Income] ※	311	-8.7%	358	-	670	-

※Net income denotes net income attributable to owners of the parent. (% : YoY)

Sales Gross profit margin	65.0%	-2.6%	67.1%	1.8%	66.1%	-0.3%
Ordering	42.3%	-5.8%	42.5%	-3.4%	42.4%	-4.6%
Standards Database	39.3%	-7.0%	44.3%	2.8%	41.9%	-2.0%
OPM	26.9%	-5.6%	27.9%	1.1%	27.4%	-2.2%
RPM	26.0%	-6.0%	28.1%	1.5%	27.1%	-2.2%

□ 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 increased due to a rise in system development spending until FY12/17. Software depreciation costs are expected to fall from 3Q onward owing to a gradual decline in past large-scale system development costs reaching the end of its depreciation period, and reduced system development spending in FY12/18.

□ 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 centered on system usage fees offset the increase in costs, pushing up profit.

□ Net income

Profit grew significantly due to the absence of the extraordinary loss recorded in FY12/17 (impairment loss).

FY12/18 Second Quarter (vs. Plan)

Overall 1H results finished in line with the full-year forecast

	2018/1Q			2018/2Q			2018/2QTotal		
	Plan	Actual	Diff	Plan	Actual	Diff	Plan	Actual	Diff
Ordering	1,062	1,082	20	1,158	1,132	-26	2,219	2,214	-5
Standards Database	338	336	-2	349	348	-1	687	684	-3
ES	343	356	13	360	385	25	702	741	39
Other	29	23	-6	48	16	-32	77	40	-37
[Sales]	1,762	1,788	26	1,905	1,871	-34	3,667	3,660	-7
Ordering	298	299	1	303	308	5	601	607	6
Standards Database	103	104	1	89	89	0	192	193	1
ES	194	218	24	200	217	17	394	435	41
Other	16	12	-4	18	11	-7	34	23	-11
[CoGS]	604	626	22	603	616	13	1,207	1,242	35
Ordering	764	783	19	855	824	-31	1,619	1,607	-12
Standards Database	235	231	-4	260	258	-2	495	490	-5
ES	148	137	-11	160	168	8	308	305	-3
Other	12	11	-1	31	4	-27	43	16	-27
[Gross Profit]	1,157	1,162	5	1,303	1,255	-48	2,459	2,418	-41
Ordering	367	325	-42	363	342	-21	730	668	-62
Standards Database	118	99	-19	113	104	-9	231	204	-27
ES	250	233	-17	253	265	12	503	498	-5
Other	22	21	-1	23	20	-3	45	42	-3
[SG&A]	754	680	-74	751	733	-18	1,505	1,414	-91
Ordering	397	457	60	491	481	-10	889	938	49
Standards Database	117	132	15	147	154	7	264	286	22
ES	-101	-95	6	-93	-97	-4	-195	-192	3
Other	-10	-10	0	8	-15	-23	-2	-26	-24
[Operating Profit]	402	481	79	552	521	-31	954	1,003	49
[Recurring Profit]	399	465	66	549	526	-23	948	992	44
[Net Income] ※	264	311	47	370	358	-12	634	670	36

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

	65.7%	65.0%	-0.7%	68.4%	67.1%	-1.3%	67.1%	66.1%	-1.0%
Sales Gross profit margin	37.4%	42.3%	4.9%	42.4%	42.5%	0.1%	40.1%	42.4%	2.3%
Ordering	34.5%	39.3%	4.8%	42.1%	44.3%	2.2%	38.4%	41.9%	3.5%
Standards Database	22.8%	26.9%	4.1%	29.0%	27.9%	-1.1%	26.0%	27.4%	1.4%
OPM	22.7%	26.0%	3.3%	28.8%	28.1%	-0.7%	25.9%	27.1%	1.2%
RPM									

(Million yen / % : YoY)

	2018/3Q	2018/4Q	2018/Full Year	
	Plan	Plan	Plan	YoY
Ordering	1,269	1,398	4,887	18.4%
Standards Database	363	373	1,423	12.2%
ES	391	435	1,528	19.6%
Other	40	48	165	117.1%
[Sales]	2,055	2,244	7,965	18.7%
Ordering	286	240	1,126	2.2%
Standards Database	93	96	381	-1.3%
ES	207	198	799	-11.1%
Other	18	19	71	44.9%
[CoGS]	597	546	2,351	-2.0%
Ordering	984	1,158	3,760	24.3%
Standards Database	270	277	1,041	18.0%
ES	184	237	729	92.3%
Other	22	29	94	261.5%
[Gross Profit]	1,457	1,698	5,614	30.3%
Ordering	385	391	1,506	35.6%
Standards Database	116	110	458	33.1%
ES	279	272	1,053	5.3%
Other	23	25	93	4.5%
[SG&A]	801	796	3,102	21.9%
Ordering	599	767	2,255	17.9%
Standards Database	153	167	584	8.8%
ES	-95	-35	-324	-
Other	-1	4	1	-
[Operating Profit]	656	902	2,512	42.3%
[Recurring Profit]	653	899	2,500	42.8%
[Net Income]	437	602	1,674	335.9%

□ 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.

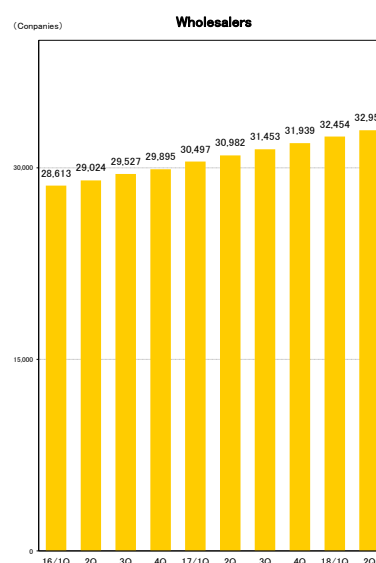
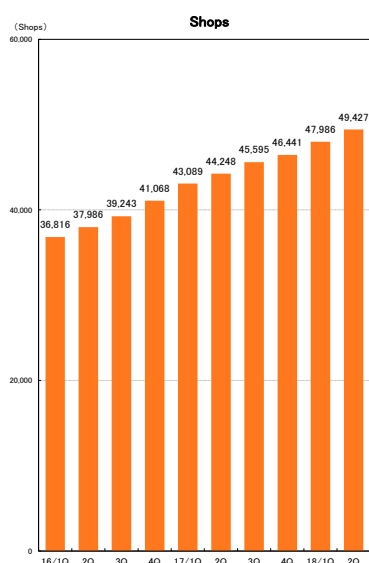
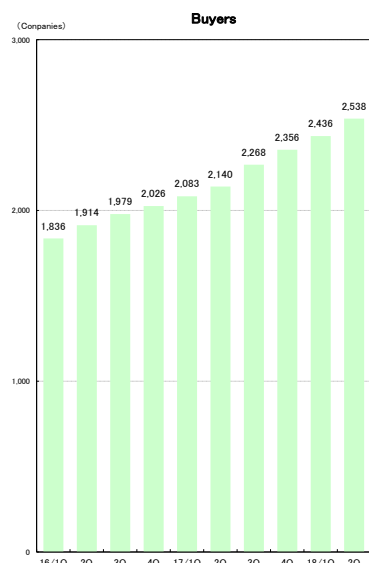
□ Recurring profit

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

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

(Companies)

		2016/12		2017/12				2018/12		
		4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	
Ordering (Restaurants-Wholesaler)	Buyer Companies (Restaurants)	2,026	2,083	2,140	2,268	2,356	2,436	2,538	+ 182	
	Seller Companies (Wholesaler)	29,895	30,497	30,982	31,453	31,939	32,454	32,954	+ 1,015	
Ordering (Wholesaler-Manufacturer)	Buyer Companies (Wholesaler)	-	-	6	15	36	44	48	+ 12	
	Seller Companies (Wholesaler-Manufacturer)	-	-	69	187	387	481	556	+ 169	



※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)

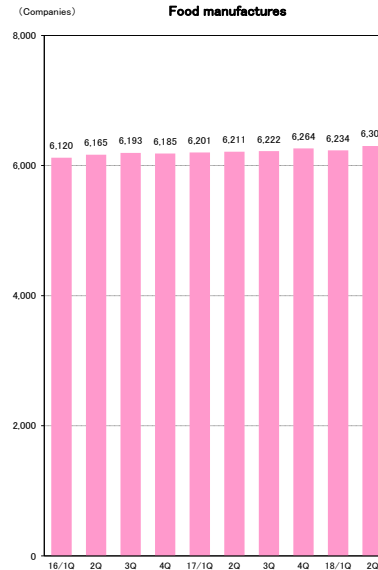
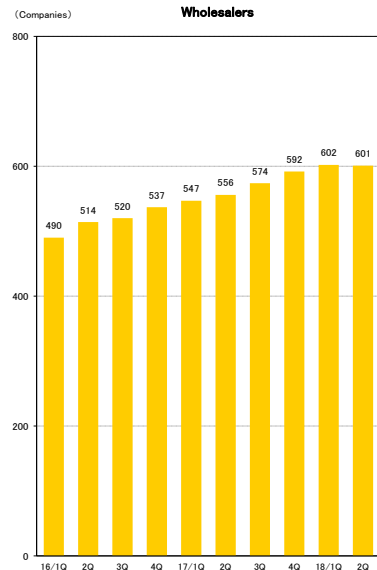
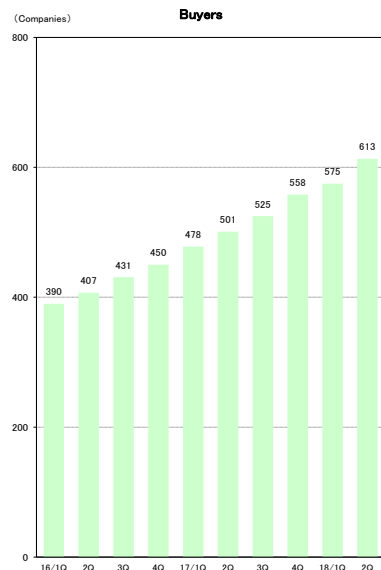
<Seller Company >

- 《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	YOY
Food Standards Database	Companies with Buyer Function	450	478	501	525	558	575	613	+ 55
	Companies with Wholesaler Function	537	547	556	574	592	602	601	+ 9
	Companies with Manufacturer Function	6,185	6,201	6,211	6,222	6,264	6,234	6,300	+ 36



■ 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

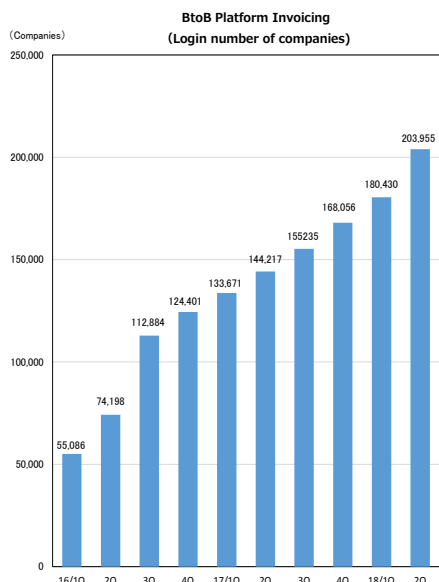
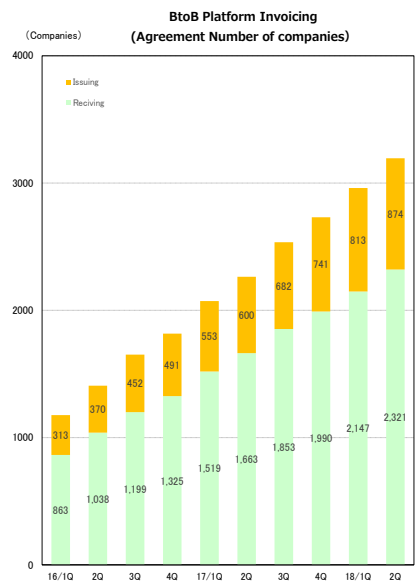
<Menu management function>

《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 210,000 due to advances in electronic invoicing at existing paid-service contracting companies. (as of July 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	YOY	(Companies)		
Invoicing	Contracting Companies (receiving)	1,325	1,519	1,663	1,853	1,990	2,147	2,321	+ 331			
	Contracting Companies (issuing)	491	553	600	682	741	813	874	+ 133			
	Contracting Companies (total)	1,816	2,072	2,263	2,535	2,731	2,960	3,195	+ 464			
	Companies	124,401	133,671	144,217	155,235	168,056	180,430	203,955	+ 35,899			
Matching	Buyer Companies	6,855	6,857	6,838	6,902	6,962	6,989	7,057	+ 95			
	Seller Companies	1,712	1,676	1,584	1,556	1,554	1,571	1,614	+ 60			



※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	2 QTotal	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.

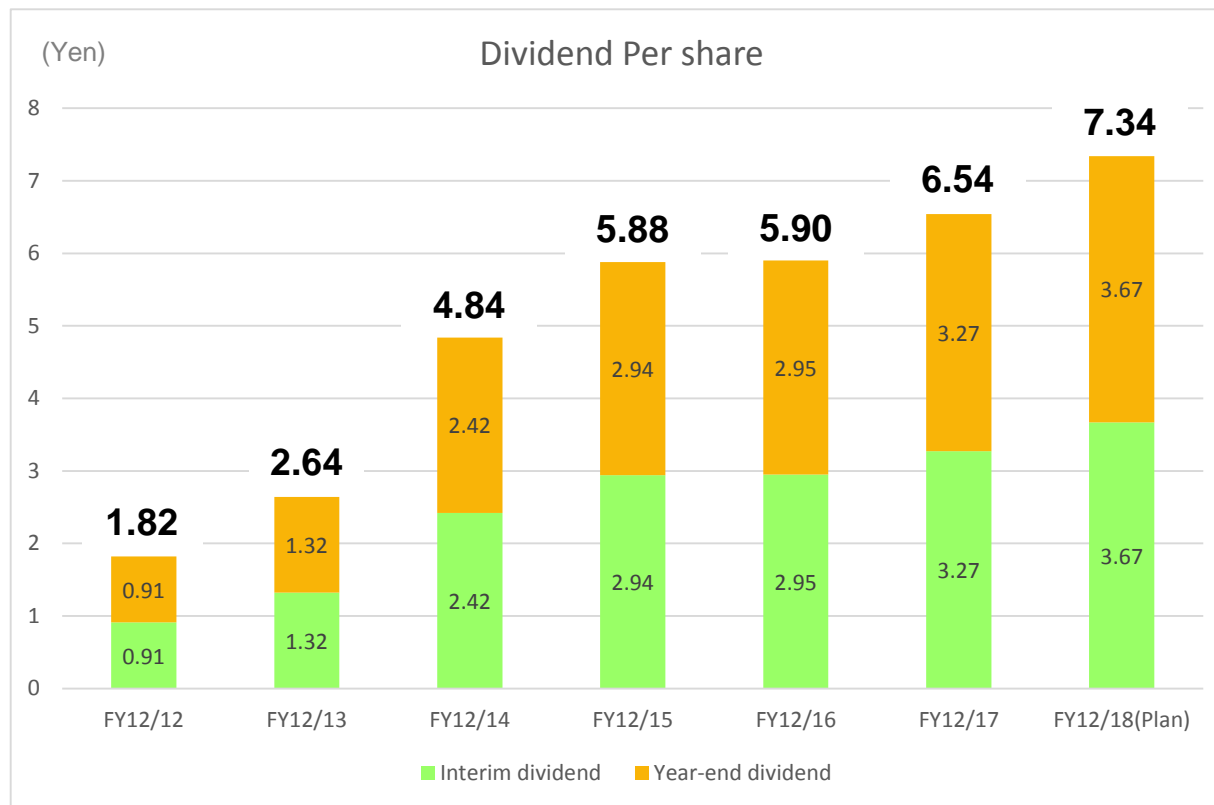
□ Net income

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 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 July 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.