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Notice of Announcement of Consolidated Forecast
Due to Change to Consolidated Financial Statements

MarketEnterprise Co., Ltd. will change its financial statements from a non-consolidated to consolidated basis starting in the second quarter of the fiscal year ending June 30, 2017. Accordingly, the consolidated forecast for the fiscal year ending June 30, 2017 are as follows.

1. Reason for change to consolidated financial statements

In the current fiscal year, MarketEnterprise established subsidiary MEmobile Co., Ltd. to conduct a mobile virtual network operator (MVNO) business specializing in used phones and tablets. Due to the increasing significance of this company, the decision was made to start preparing consolidated financial statements in the second quarter of the current fiscal year in order to provide investors with more useful information.

2. Consolidated forecast for the fiscal year ending June 30, 2017 (July 1, 2016 – June 30, 2017)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	(Million yen)	(Million yen)	(Million yen)	(Million yen)	(Yen)
Full year	5,970	5	17	6	1.18

Notes: 1. Year-on-year comparisons are not presented because there is no consolidated financial information for the fiscal year ended June 30, 2016.

2. For reference only, comparisons between the consolidated forecast for the fiscal year ending June 30, 2017 and non-consolidated results of operations for the fiscal year ended June 30, 2016 are as follows: net sales up 22.7%, operating profit down 94.8%, ordinary profit down 81.8%, and profit attributable to owners of parent down 87.9%.

3. The full-year non-consolidated forecast announced on August 12, 2016 remains unchanged.

3. Explanation of consolidated forecast

MEmobile became a consolidated subsidiary in the second quarter of the current fiscal year. When MarketEnterprise started the MVNO business, there were start-up investments for the purposes of increasing awareness of this business and attracting customers. This included substantial expenditures to purchase high-performance smartphones and tablets. However, due to the sale of these items at low prices, MarketEnterprise expects that consolidated sales of merchandise with a low gross profit margin will be a higher percentage of total sales than was initially anticipated. As a result, in the current fiscal year, the consolidated cost of sales ratio is expected to be 2.4 percentage points higher than the non-consolidated forecast for this ratio. Consequently, the consolidated gross profit is expected to be less than the non-consolidated gross profit forecast.

For these reasons, all consolidated earnings forecasts are less than the non-consolidated forecasts.

At this time, the full-year non-consolidated forecast announced on August 12, 2016 remains unchanged.

Note: Forecasts are based on information currently available to MarketEnterprise. Actual performance may differ from these forecasts for a number of reasons.