

Disclaimer:

This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.

May 12, 2016

Company name: MarketEnterprise Co., Ltd.
Representative: Yasushi Kobayashi, President, CEO
Securities code: 3135, Tokyo Stock Exchange Mothers
Contact: Kenichi Imamura, Director, CFO
Tel: +81-3-5159-4060

Notice of Revisions to Forecast for the Fiscal Year Ending June 30, 2016

MarketEnterprise Co., Ltd. has decided to revise its forecast for the fiscal year ending June 30, 2016 (July 1, 2015 to June 30, 2016) that was disclosed at the earnings announcement on August 7, 2015 as follows to reflect the current trends in its performance.

1. Revisions to forecasts for the fiscal year ending June 30, 2016 (July 1, 2015 – June 30, 2016)

	Net sales	Operating profit	Ordinary profit	Profit	Net income per share
	(Million yen)	(Million yen)	(Million yen)	(Million yen)	(Yen)
Previous forecast (A)	5,250	320	321	200	39.46
Revised forecast (B)	4,940	151	150	80	15.78
Change (B - A)	(310)	(169)	(171)	(120)	-
Percentage change (%)	(5.9)	(52.8)	(53.3)	(60.0)	-
(Reference) Previous fiscal year (ended June 30, 2015)	3,988	237	227	136	30.68 (Note)

Note: MarketEnterprise conducted a 2-for-1 stock split on January 1, 2016. Net income per share has been calculated as if this stock split had taken place at the beginning of the fiscal year ended June 30, 2015.

2. Reasons for revisions

(1) Net sales, purchases and gross profit

In the first nine months of the fiscal year (July 1, 2015 to March 31, 2016), net sales, purchases and gross profit were generally consistent with the initial forecast. However, in the fourth quarter, a brief decrease in the sales volume is expected because of a temporary postponement in the sale of merchandise that has already been purchased, maintenance, the sale of merchandise on e-commerce websites and other activities. These activities were pushed back because, as is explained in (2) below, people have been reassigned for the purposes of building a stronger business foundation and internal organization in order to generate higher sales and earnings in the coming years. As a result, net sales are expected to be less than the previous forecast.

(2) Operating profit, ordinary profit and profit

MarketEnterprise has made substantial up-front investments to build an infrastructure that can maximize sales and earnings growth in the coming years as the reuse merchandise and e-commerce markets continue to expand. Expenditures were made to recruit people for developing new services and strengthening internal administrative and management operations. There have also been investments in equipment at existing business sites in order to handle a larger volume of merchandise and improve productivity.

In the fourth quarter of the fiscal year, operations started in April at the new Sendai Reuse Center, a

fulfillment center which purchases and stores merchandise, submits merchandise to e-commerce sites, and processes orders from customers. In June, with the Tokushima Contact Center, a specialized call center that also performs pre-shipment inspections of merchandise for purchase on the Internet, about to open, the start of operations at all new locations was moved up. In addition, to prepare for the establishment of alliances with large companies, MarketEnterprise increased the pace of expenditures for recruiting activities and capital investments.

Due to these initiatives, expenses were higher than the initial forecast, particularly in the fourth quarter for personnel, real estate leasing and capital expenditures. Consequently, the ratio of selling, general and administrative expenses to sales is expected to be 3 percentage points higher than was initially anticipated. As a result, the operating profit, ordinary profit and profit forecasts are expected to be less than the previous forecasts.

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