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Notice of Differences between Forecast and Results of Operations

MarketEnterprise Co., Ltd. is announcing the following information concerning the differences between the results of operations announced today and the forecast for the fiscal year ended June 30, 2016 (July 1, 2015 – June 30, 2016) that was announced on May 12, 2016.

1. Differences between the forecast and results of operations for the fiscal year ended June 30, 2016

	Net sales	Operating income	Ordinary income	Net Profit	Net profit per share
	(Million yen)	(Million yen)	(Million yen)	(Million yen)	(Yen)
Previous forecast (A)	4,940	151	150	80	15.78
Results (B)	4,863	96	93	49	9.79
Change (B - A)	(76)	(54)	(171)	(120)	-
Percentage change (%)	(1.6)	(36.0)	(37.7)	(38.0)	-
(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 differences

(1) Net sales, purchases and gross profit

In the fourth quarter of the fiscal year (April 1 to June 30, 2016), net sales were generally consistent with the previous forecast. However, the cost of sales ratio for merchandise sales was 1.5 percentage points higher than the ratio used for the previous forecast. This ratio was 2.0 percentage points higher than in the fourth quarter of the fiscal year ended June 30, 2015. The reason is that purchases of higher-priced merchandise, which has a low gross profit margin, were a higher than expected share of total merchandise purchases. As a result, the fiscal year gross profit was below the forecast.

(2) Operating income, ordinary income and net profit

Selling, general and administrative expenses were generally consistent with the previous forecast. However, as was explained (1) above, the gross profit was less than in the previous forecast. This caused the ratio of selling, general and administrative expenses to sales to be 2.0 percentage points higher than in the fiscal year ended June 30, 2015. As a result, operating income, ordinary income and net profit were all less than the previous forecasts.