



October 28, 2016

To whom it may concern

Company name: SHOFU INC.
Representative: Noriyuki Negoro, President
(Code number: 7979; Tokyo Stock Exchange (First section))
Contact: Takahiro Umeda, General Manager of
Finance Department

Notice on booking of forex loss at the non-operating level and revision for prospective earnings

We are to book forex loss at the non-operating level in Q1 to Q2 FY03/2017 and disclose the contents as follows:

Meanwhile, we also disclose that we have revised our Company forecasts, released on May 13, 2016.

1. In regards to booking of forex loss at the non-operating level

We are to book forex loss of ¥263m at the non-operating level in Q1 to Q2 FY03/2017 (April 1, 2016 to September 30, 2016) in line with changes of forex rates. This is due mainly to reevaluation of foreign-currencies-denominated debts and credits held by us, regularly carried out as of the end of every quarter with actual forex rates then. Thus, we are exposed to risk in this respect going forward, depending on prospective forex rates.

2. In regards to revision for prospective earnings

Revision for our consolidated forecasts in Q1 to Q2 FY03/2017 (April 1, 2016 to September 30, 2016)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous CoE (A)	Millions of yen 12,111	Millions of yen 786	Millions of yen 719	Millions of yen 506	Yen 31.67
Current CoE (B)	11,052	800	509	301	18.91
Net changes (B-A)	Δ1,058	13	Δ210	Δ205	—
Rate of changes (%)	Δ8.7	1.8	Δ29.2	Δ40.5	—
(Reference) Q1 to Q2 FY03/2016 results	11,600	842	825	495	31.05

Revision for our consolidated forecasts in FY03/2017 (April 1, 2016 to March 31, 2017)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous CoE (A)	24,649	1,669	1,520	1,084	67.86
Current CoE (B)	22,304	1,514	1,164	788	49.54
Net changes (B-A)	Δ2,345	Δ154	Δ355	Δ295	—
Rate of changes (%)	Δ9.5	Δ9.3	Δ23.4	Δ27.2	—
(Reference) FY03/2016 results	22,975	1,568	1,393	789	49.43

Reasons of revision

In regards to said period of Q1 to Q2, net sales are to fall short of previous forecasts, negatively affected by intensifying competition in Japan and by yen's appreciation to reduce sales overseas.

On the earnings side, operating income is roughly in line, helped by decreases of SG&A expenses, driven by changes of forex rates and by revision on sales promotion expenses. Nevertheless, our previous Company forecasts are not to be met in regards to ordinary income and net income due mainly to forex loss at the non-operating level.

On a full-year basis, it appears that difficulties of management environment may persist and thus net sales are to fall short of previous Company forecasts.

Meanwhile, although sales promotion expenses are to continue coming down, negative impacts associated with decreasing sales and yen's appreciation are likely to remain in H2. As a result, earnings across the board are to fall short.

Still, we have not changed out previous and/or initial plan to pay ¥20 per share on a full-year basis as dividend for our shareholders.

(Note) Above-mentioned forecasts are based on most recent information available to us and assumptions reasonable for us, while it should be taken for granted that results in reality are exposed to diverse factors to unexpectedly take place in the future.

End of message