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For Immediate Release

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Notice Regarding Revision of Earnings Forecast and Reporting of Extraordinary Profit

In light of recent performance trends, we have decided to revise our forecast for the full fiscal year (February 1st, 2016 – January 31st, 2017), but will not be announcing actual figures for the time being.

As for the actual revised figures, we are currently scrutinizing the numbers taking into consideration the additional sales and profit generated up to Q2. We intend to announce the revised figures for the full fiscal year (February 1st, 2016 – January 31st, 2017) forecast when it becomes possible to make a reasonable assessment of the projections.

1. Revision of Earnings Forecast

Revision of forecast figures for FYE January 2017 (February 1st 2016~January 31st 2017)

	Sales	Operating Profit (Losses)	Ordinary Profit (Losses)	Net Profit (Losses)	Net Profit (Losses) Per share
Previous Forecast (A)	Million yen 3,263	Million yen 1,001	Million yen 1,001	Million yen 606	Yen 29.14
Revised Forecast (B)	—	—	—	—	—
Change (B – A)	—	—	—	—	—
Change (%)	—	—	—	—	—
(Reference) FYE Jan.2016	2,858	219	216	(180)	(33.64)

2. Reason for the revision

The social shopping site “BUYMA”, our main business, now has over 3.4 million (3,486,313) registered members. This is a 35.8% increase yoy which was made possible by leveraging the increased recognition that was made possible through mass campaigns in the previous year, and through various measures to acquire new members. In addition, measures to activate the existing members as well as to maintain ARPU brought the total transaction value (trade amount) for cumulative Q2 for FYE January 2017 to 14,828 million yen (60.7% progress against initial plan). With this, sales was 1,909 million yen (58.5% progress), operating profit 821 million yen (82.0% progress), ordinary profit 824 million yen (82.3% progress), and net profit 549 million yen (90.6% progress), all progressing at a faster pace and exceeding the initial plan. Under these circumstances, we

foresee that transaction value for the second half of the fiscal year will also exceed that of the first half. But in order to announce the upward revision in the full year forecast figures, we are still currently scrutinizing the accurate figures of the group as a whole. We will therefore not disclose actual figures for the time being, and will make an announcement when it becomes possible to make a reasonable assessment of the projections.

(2) Reporting of extraordinary profit

During Q2 of FYE Jan 2017, HowTwo K.K., a company to which Enigmo owns shares, implemented a third-party allotment, and Enigmo's shareholding ratio has changed as a result. Therefore, Enigmo will report 28 million yen as extraordinary profit derived from change in interest share in the company to which the equity method applies. This is in accordance with the method of accounting for consolidated financial statements stipulated in the "Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, released December 26, 2008)" and the "Practical Guidelines on Equity Method Accounting in the Accounting Systems (Committee Report No. 9 November 28, 2008)".

(Note) The forecasts described above is based on the information made available to management at the time of this announcement, and actual results may vary due to a variety of factors.