

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Six Months Ended July 31, 2017
(Based on Japanese GAAP)**

September 13, 2017

Company name: Enigmo Inc.
 Stock exchange listing: Tokyo
 Stock code: 3665 URL: <http://www.enigmo.co.jp/>
 Representative: Representative Director, CEO Shokei SUDA
 Executive Officer,
 Inquiries: Chief Director of Corporate Operation Yoichi KANEDA TEL: +81-3-6894-3665
 Scheduled date to file Quarterly Securities Report: September 13, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended July 31, 2017 (from February 1, 2017 to July 31, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended July 31, 2017	2,058	7.8	682	(16.9)	671	(18.5)	454	(17.3)
Six months ended July 31, 2016	1,909	59.4	821	–	824	–	549	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended July 31, 2017	21.82	–
Six months ended July 31, 2016	26.39	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2017	4,789	3,639	76.0
As of January 31, 2017	5,080	3,194	62.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended January 31, 2017	–	0.00	–	0.00	0.00
Year ending January 31, 2018	–	0.00			
Year ending January 31, 2018 (Forecast)			–	0.00	0.00

3. Forecast of consolidated financial results for the year ending January 31, 2018 (from February 1, 2017 to January 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,418	6.5	1,423	(19.5)	1,426	(19.1)	539	(52.8)	25.90

* Notes

- (1) Changes in significant subsidiaries during the six months ended July 31, 2017
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of July 31, 2017	21,321,000 shares	As of January 31, 2017	21,321,000 shares
---------------------	-------------------	------------------------	-------------------

Number of treasury shares at the end of the period

As of July 31, 2017	500,000 shares	As of January 31, 2017	500,000 shares
---------------------	----------------	------------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended July 31, 2017	21,321,000 shares	Six months ended July 31, 2016	21,321,000 shares
--------------------------------	-------------------	--------------------------------	-------------------

Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Thousands of yen)

	As of January 31, 2017	As of July 31, 2017
Assets		
Current assets		
Cash and deposits	3,823,547	3,252,362
Accounts receivable - trade	154,089	182,879
Advance payments - trade	350,375	589,025
Deferred tax assets	55,861	23,582
Other	66,299	70,200
Allowance for doubtful accounts	(756)	(1,512)
Total current assets	4,449,417	4,116,539
Non-current assets		
Property, plant and equipment		
Buildings, net	8,065	58,079
Tools, furniture and fixtures, net	17,249	23,548
Total property, plant and equipment	25,314	81,627
Intangible assets		
Goodwill	452,487	435,412
Other	27,671	24,692
Total intangible assets	480,159	460,105
Investments and other assets		
Shares of subsidiaries and associates	17,820	25,372
Deferred tax assets	13,934	10,208
Other	93,713	95,451
Total investments and other assets	125,468	131,031
Total non-current assets	630,942	672,764
Total assets	5,080,360	4,789,304
Liabilities		
Current liabilities		
Accounts payable - other	145,975	128,182
Income taxes payable	622,632	211,071
Accrued consumption taxes	121,015	18,586
Deposits received	940,135	688,986
Provision for point card certificates	36,025	39,362
Other	19,654	48,237
Total current liabilities	1,885,439	1,134,425
Non-current liabilities		
Asset retirement obligations	—	15,341
Total non-current liabilities	—	15,341
Total liabilities	1,885,439	1,149,767

(Thousands of yen)

As of January 31, 2017

As of July 31, 2017

	As of January 31, 2017	As of July 31, 2017
Net assets		
Shareholders' equity		
Capital stock	381,903	381,903
Capital surplus	391,474	391,473
Retained earnings	2,830,286	3,281,680
Treasury shares	(415,380)	(415,380)
Total shareholders' equity	3,188,283	3,639,677
Accumulated other comprehensive income		
Deferred gains or losses on hedges	5,356	(609)
Foreign currency translation adjustment	978	167
Total accumulated other comprehensive income	6,335	(441)
Subscription rights to shares	301	301
Total net assets	3,194,920	3,639,537
Total liabilities and net assets	5,080,360	4,789,304

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

(Thousands of yen)

	Six months ended July 31, 2016	Six months ended July 31, 2017
Net sales	1,909,899	2,058,546
Cost of sales	300,537	355,456
Gross profit	1,609,361	1,703,089
Selling, general and administrative expenses	787,376	1,020,165
Operating income	821,985	682,924
Non-operating income		
Interest income	474	135
Foreign exchange gains	753	1,670
Interest on refund	3,151	–
Other	24	202
Total non-operating income	4,404	2,008
Non-operating expenses		
Share of loss of entities accounted for using equity method	575	12,910
Other	852	22
Total non-operating expenses	1,427	12,933
Ordinary income	824,961	671,999
Extraordinary income		
Gain on reversal of subscription rights to shares	8	–
Gain on change in equity	28,294	20,462
Other	–	13
Total extraordinary income	28,302	20,476
Extraordinary losses		
Impairment loss	–	112
Provision of allowance for doubtful accounts	32,404	–
Head office transfer cost	–	1,685
Other	–	13
Total extraordinary losses	32,404	1,810
Profit before income taxes	820,860	690,664
Income taxes - current	240,890	197,550
Income taxes - deferred	30,458	38,862
Total income taxes	271,349	236,412
Profit	549,510	454,252
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	549,510	454,252

Quarterly consolidated statements of comprehensive income

	(Thousands of yen)	
	Six months ended July 31, 2016	Six months ended July 31, 2017
Profit	549,510	454,252
Other comprehensive income		
Deferred gains or losses on hedges	(47,864)	(5,965)
Foreign currency translation adjustment	(6,996)	(811)
Total other comprehensive income	(54,861)	(6,777)
Comprehensive income	494,649	447,475
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	494,649	447,475
Comprehensive income attributable to non-controlling interests	-	-

Quarterly consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2016	Six months ended July 31, 2017
Cash flows from operating activities		
Profit before income taxes	820,860	690,664
Depreciation	9,208	9,594
Amortization of goodwill	17,075	17,075
Impairment loss	–	112
Increase (decrease) in allowance for doubtful accounts	32,404	756
Increase (decrease) in provision for point card certificates	4,569	3,337
Interest and dividend income	(474)	(135)
Foreign exchange losses (gains)	820	218
Gain on reversal of subscription rights to shares	(8)	–
Share of (profit) loss of entities accounted for using equity method	575	12,910
Loss (gain) on change in equity	(28,294)	(20,462)
Decrease (increase) in notes and accounts receivable - trade	(18,402)	(28,790)
Increase (decrease) in accounts payable - other	(96,767)	(17,553)
Increase (decrease) in deposits received	(82,935)	(256,969)
Other, net	308,219	(330,421)
Subtotal	966,850	80,336
Interest and dividend income received	474	135
Income taxes (paid) refund	167,859	(603,158)
Net cash provided by (used in) operating activities	1,135,184	(522,685)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	300,000	–
Purchase of property, plant and equipment	(498)	(46,481)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	27,351	–
Purchase of shares of subsidiaries and associates	(575)	–
Other, net	–	(3,194)
Net cash provided by (used in) investing activities	326,278	(49,676)
Effect of exchange rate change on cash and cash equivalents	(9,042)	1,176
Net increase (decrease) in cash and cash equivalents	1,452,420	(571,185)
Cash and cash equivalents at beginning of period	1,684,469	3,823,547
Cash and cash equivalents at end of period	3,136,889	3,252,362