



September 13, 2017

For the attention of all interested parties

Company name: Enigmo Inc.

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(TSE Mothers: 3665)

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Notification concerning the revision of our consolidated performance
forecast and calculation of extraordinary losses

This is to notify that, at a meeting of the board of directors held today, the decision was made to revise our consolidated performance forecast for the whole financial year (February 1, 2017 – January 1, 2018) published on March 15, 2017. This decision was made based on recent trends in our business results.

Details

1. Regarding revisions to our consolidated performance forecast

Revisions to the figures in our consolidated performance forecast for the whole financial year ending January 2018 (February 1, 2017 – January 1, 2018)

	Turnover	Operating profit	Ordinary profit	Current net earnings belonging to shareholders	Current net earnings per share
Previous forecast (A)	Mil. JPY 4,977	Mil. JPY 1,966	Mil. JPY 1,966	Mil. JPY 1,342	Yen Sen 64.49
Revised forecast (B)	4,418	1,423	1,426	539	25.90
Increase or decrease (B-A)	Δ558	Δ542	Δ539	Δ803	-
Rate of increase or decrease (%)	Δ11.2	Δ27.6	Δ27.4	Δ59.8	-
Performance for the previous period (reference) (January period, 2017)	4,147	1,768	1,763	1,143	54.92

2. Regarding forecasts for extraordinary losses and reasons for the revisions

(1) Regarding forecasts for extraordinary losses

- i. Regarding shares in ROCKET VENTURE INC., one of our consolidated subsidiaries, the ongoing drop in revenue resulting from market confusion which broke out in the media market at the end of 2016 has led to increased uncertainty with the achievement forecasts set out in our mid-term profit forecasts, which were calculated at the time of acquisition of shares in this company. As a result, we judged that it would be necessary to make strategic revisions to these and forecast an impairment loss from shares in this company in the region of 435,000,000 JPY in the 3rd quarter.
- ii. Enigmo Korea Inc., our consolidated subsidiary in South Korea, operates BUYMA KOREA, a social shopping website in South Korea. Following its establishment, this subsidiary worked earnestly to develop its business operations. We have been considering ways to optimize our group's business investments in view of the future as part of our efforts to select and bring together our management resources as we seek to develop and expand our overseas businesses. As a result, the decision was made to consolidate BUYMA KOREA with BUYMA. US, another of our consolidated subsidiaries, and to dissolve and liquidate BUYMA KOREA. Because of this, we predict an amount of loss resulting from the dissolution of Enigmo Korea Inc. in the region of 18 million JPY in the settlement of accounts for January, 2018.

(2) Regarding reasons for the revisions

i. Regarding the revisions to our turnover, operating profit and ordinary profit

The drop in revenue resulting from market confusion which broke out in the media market at the end of 2016 means that the media business operated by ROCKET VENTURE INC., one of our consolidated subsidiaries, is not expected to achieve the forecast turnover set out in our consolidated performance forecast for the whole financial year ending January 2018.

In addition, the social shopping website BUYMA, our core business, had 4,452,434 registered members as of the end of the 2nd quarter, 127.7% on the same period in the previous year, as well as 933,472 active users, 121.3% on the same period in the previous year, showing a steady rise on both fronts. Meanwhile, the number of new registered members in the total period for the 2nd quarter stood at 454,393 people, 94.4% on the same period in the previous year, meaning that we are moving to an estimated trading level 8% lower than the estimates set out in our consolidated performance forecast for the whole financial year ending January 2018.

In light of these circumstances, we decided to revise our performance forecast (consolidated) for turnover, operating profit and ordinary profit for the whole financial year.

ii. Regarding the revisions to our current net earnings belonging to shareholders in our parent company

As mentioned above, we are predicted to make an impairment loss from shares in ROCKET VENTURE INC. and losses relating to the dissolution of Enigmo KOREA Inc.. Therefore, we decided to revise our performance forecast (consolidated) for current net earnings.

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