

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended October 31, 2017 (Based on Japanese GAAP)

December 14, 2017

Company name: Enigmo Inc.
 Stock exchange listing: Tokyo
 Stock code: 3665 URL <http://http://www.enigmo.co.jp/>
 Representative: Representative Director, CEO Shokei SUDA
 Executive Officer,
 Inquiries: Chief Director of Corporate Operation Yoichi KANEDA TEL 03-6894-3665
 Scheduled date to file Quarterly Securities Report: December 14, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended October 31, 2017 (from February 1, 2017 to October 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	%
Nine months ended October 31, 2017	3,062	6.1	997	(17.8)	981	(18.8)	221	(72.1)
Nine months ended October 31, 2016	2,885	52.8	1,213	798.2	1,209	816.9	792	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended October 31, 2017	10.61		–	
Nine months ended October 31, 2016	38.07		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2017	4,194	3,403	81.1
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				
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)	–	–	25.90

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended October 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 October 31, 2017	2,132,100 shares	As of January 31, 2017	21,321,000 shares
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Number of treasury shares at the end of the period

As of October 31, 2017	500,000 shares	As of January 31, 2017	500,000 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended October 31, 2017	21,321,000 shares	Nine months ended October 31, 2016	20,821,000 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of January 31, 2017	As of October 31, 2017
Assets		
Current assets		
Cash and deposits	3,823,547	3,147,973
Accounts receivable - trade	154,089	195,755
Advance payments - trade	350,375	562,193
Deferred tax assets	55,861	31,458
Other	66,299	58,942
Allowance for doubtful accounts	(756)	(1,512)
Total current assets	4,449,417	3,994,811
Non-current assets		
Property, plant and equipment		
Buildings, net	8,065	57,532
Tools, furniture and fixtures, net	17,249	22,418
Total property, plant and equipment	25,314	79,950
Intangible assets		
Goodwill	452,487	–
Other	27,671	22,378
Total intangible assets	480,159	22,378
Investments and other assets		
Shares of subsidiaries and associates	17,820	17,327
Deferred tax assets	13,934	9,531
Other	93,713	70,623
Total investments and other assets	125,468	97,483
Total non-current assets	630,942	199,812
Total assets	5,080,360	4,194,623
Liabilities		
Current liabilities		
Accounts payable - other	145,975	120,776
Income taxes payable	622,632	29,863
Accrued consumption taxes	121,015	18,515
Deposits received	940,135	527,653
Provision for point card certificates	36,025	43,223
Other	19,654	35,568
Total current liabilities	1,885,439	775,599
Non-current liabilities		
Asset retirement obligations	–	15,382
Total non-current liabilities	–	15,382
Total liabilities	1,885,439	790,982

(Thousands of yen)

	As of January 31, 2017	As of October 31, 2017
Net assets		
Shareholders' equity		
Capital stock	381,903	381,903
Capital surplus	391,474	391,473
Retained earnings	2,830,286	3,051,242
Treasury shares	(415,380)	(415,380)
Total shareholders' equity	3,188,283	3,409,239
Accumulated other comprehensive income		
Deferred gains or losses on hedges	5,356	(422)
Foreign currency translation adjustment	978	(5,477)
Total accumulated other comprehensive income	6,335	(5,899)
Subscription rights to shares	301	301
Total net assets	3,194,920	3,403,641
Total liabilities and net assets	5,080,360	4,194,623

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended October 31, 2016	Nine months ended October 31, 2017
Net sales	2,885,493	3,062,551
Cost of sales	456,895	550,512
Gross profit	2,428,597	2,512,039
Selling, general and administrative expenses	1,215,212	1,514,262
Operating income	1,213,385	997,776
Non-operating income		
Interest income	561	222
Foreign exchange gains	–	4,741
Interest on refund	3,151	–
Other	87	258
Total non-operating income	3,801	5,222
Non-operating expenses		
Foreign exchange losses	695	–
Share of loss of entities accounted for using equity method	6,218	20,955
Miscellaneous loss	926	80
Total non-operating expenses	7,841	21,036
Ordinary income	1,209,344	981,961
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		
Provision of allowance for doubtful accounts	32,404	–
Impairment loss	–	426,987
Head office transfer cost	–	1,685
Other	–	13
Total extraordinary losses	32,404	428,685
Profit before income taxes	1,205,242	573,752
Income taxes - current	393,350	321,167
Income taxes - deferred	19,145	31,580
Total income taxes	412,495	352,748
Profit	792,747	221,004
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	792,747	221,004

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended October 31, 2016	Nine months ended October 31, 2017
Profit	792,747	221,004
Other comprehensive income		
Deferred gains or losses on hedges	(27,313)	(5,778)
Foreign currency translation adjustment	(3,426)	(6,455)
Total other comprehensive income	(30,739)	(12,234)
Comprehensive income	762,008	208,769
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	762,008	208,769
Comprehensive income attributable to non-controlling interests	—	—