



January 17, 2018

For the attention of all interested parties

Company name: Enigmo Inc.
Name of representative: Shokei Suda, representative director and chief executive officer
(TSE Mothers: 3665)
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Notification concerning the Transfer of our Consolidated Subsidiary
(Transfer of Stocks) and the Transition to Non-consolidated Accounts

This is to notify that, at a meeting of the board of directors held on January 17, 2018, we made the decision to transfer all of our stocks in Rocket Venture Inc. (Hereafter, “Rocket Venture”), our consolidated subsidiary, to Interspace Co., Ltd. (hereafter, “Interspace”), the details of which are as follows. Note that as a result of this transfer of stocks, Rocket Venture will no longer be our consolidated subsidiary.

Details

1. Reasons for the transfer of stocks

Under our mission of “creating currents that will change the world”, we have used the Internet as a platform to expand our business operations with the aims of creating networks which bring together the individual talents of general consumers, creating new values that have not existed before, and changing the world for the better. In particular, our core operations focus on the “social commerce industry”, centering on BUYMA, a social shopping website that goes beyond national borders to provide products to a range of countries worldwide, from overseas to Japanese and between different overseas countries. Rocket Venture, a media business provider, runs the media services “4meee!” which targets women in their 20s, and “4yuuu!” which targets highly receptive housewives and mothers, and has expanded its revenue mainly through advertorials.

Our group turned the above company into a consolidated subsidiary from February 2015. As a result, we were able to provide a platform for a new kind of shopping experience in which users can not only obtain real time information on the latest trends and personal favorites, but also find the things they really want according to their own preferences. However, as owned media of BUYMA, STYLE HAUS continues to improve its functions.

As the situation stands, the business operations of the company have recently become a non-core element of our group’s portfolio. In light of this, while searching for a new stockholder for the company – one with a prospect to bring in a sense of business synergy as an independent media service – we determined that the company could achieve further business growth by integrating the know-how on media services aimed at women possessed by Rocket Venture with the media business of Interspace, and thus made the decision to transfer all of our stockholdings to Interspace.

2. Overview of the subsidiary to be transferred

(1) Name	Rocket Venture Inc.	
(2) Address	Shindaiso Building No. 2 4F 2-10-7 Dogenzaka, Shibuya-ku, Tokyo, Japan	
(3) Name and position of representative	Makoto Tatsukawa, Representative Director	
(4) Content of business	Administration of media services aimed at women	
(5) Capital funds	157,747,000 JPY	
(6) Date of establishment	December 13, 2013	
(7) Major shareholders and ratio of share holding	Enigmo Inc.: 100%	
(8) Relationship between Rocket Venture Inc. (the listed company) and	Capital relationship	Rocket Venture Inc. is funded 100% by Enigmo Inc.
	Personnel relationship	3 executives from Enigmo Inc. serve on the board of directors of Rocket Venture Inc.

Enigmo Inc.	Business relationship	There are no other business relations between Enigmo Inc. and Rocket Venture Inc. worthy of note.		
(9) Recent performance and financial conditions of Rocket Venture Inc.				
Fiscal term	FYE November 2015	FYE November 2016	FYE January 2017	FYE January 2018 (up until the 3 rd quarter)
Net worth (thousand JPY)	122,137	152,686	146,996	88,202
Gross worth (thousand JPY)	155,799	200,267	179,384	120,889
Net worth per share (thousand JPY)	177	221	213	127
Turnover (thousand JPY)	125,217	291,996	34,849	169,982
Operating profit (thousand JPY)	△155,332	34,676	△5,688	△58,758
Ordinary profit (thousand JPY)	△154,794	34,787	△5,641	△58,576
Current net earnings (thousand JPY)	△157,440	30,548	△5,690	△58,794
Current net earnings per share (thousand JPY)	△228	44	△8	△85
Dividend per share (JPY)	-	-	-	-

* Fractions smaller than one thousand JPY omitted. Net worth per share and current net earnings per share are calculated using the number of shares at the end of the term.

* For FYE January 2017, an anomalous calculation of 2 months' duration was used due to a change in fiscal term.

3. Overview of the company to which shares are being transferred

(1) Name	Interspace Co., Ltd.	
(2) Address	Shinjuku NS Building 8F 2-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan	
(3) Name and position of representative	Shinichiro Kawabata, President and Representative Director	
(4) Content of business	Administration of online advertising business, media business	
(5) Capital funds	984,653,000 JPY	
(6) Date of establishment	November 8, 1999	
(7) Relationship between Interspace Co., Ltd. (the listed company) and Enigmo Inc.	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	There are no other business relations between Enigmo Inc. and Interspace Co., Ltd. worthy of note.
	Other pertinent circumstances pertaining to the related parties	Not applicable.

4. Number of shares to be transferred, value of transfer and number of shares held following the transfer

(1) Number of shares owned before the transfer	690 shares (Proportion of voting rights held: 100%)
(2) Number of shares to be transferred	690 shares (Proportion of voting rights held: 100%)
(3) Value of transfer	60,030,000 JPY
(4) Number of shares held following the transfer	0 shares (Proportion of voting rights held: 0%)

5. Timeframe

(1) Decision made at meeting of the board of directors	January 17, 2018
(2) Contract concluded to transfer shares	January 17, 2018
(3) Date of transfer of shares	January 29, 2018 (scheduled)
(4) Date of settlement for shares	January 29, 2018 (scheduled)

6. Outlook for the future

In regard to the impact of this transfer on our consolidated performance for the current term, we forecast a loss on sale from these shares in the region of 28 million JPY. In addition, we expect that the amount of corporate tax we pay for the current term will decrease as a result of this sale of shares. We are currently conducting a careful investigation of the situation and will provide prompt notification of our findings in the event we predict this transfer will have a major impact on our operations.

Note that as a result of this transfer of stocks and the dissolution of Enigmo Korea Inc. announced on September 13, 2017, from FYE January 2019, we will switch from consolidated financial statements to unconsolidated financial statements.