

Translation

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**Summary of Consolidated Financial Results
for the Year Ended January 31, 2018
(Based on Japanese GAAP)**

March 15, 2018

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 03-6894-3665
 Scheduled date of ordinary general meeting of shareholders: April 26, 2018
 Scheduled date to file Securities Report: April 26, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended January 31, 2018 (from February 1, 2017 to January 31, 2018)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended January 31, 2018	4,492	8.3	1,574	(11.0)	1,556	(11.7)	816	(28.6)
Year ended January 31, 2017	4,147	45.1	1,768	705.2	1,763	712.7	1,143	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended January 31, 2018	39.23	–	22.7	31.7	35.1
Year ended January 31, 2017	54.92	–	43.6	42.0	42.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of January 31, 2018	4,732	4,010	84.7	192.59
As of January 31, 2017	5,080	3,194	62.9	153.43

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended January 31, 2018	68	(9)	–	3,885
Year ended January 31, 2017	1,873	263	–	3,823

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended January 31, 2017	–	0.00	–	0.00	0.00	–	–	–
Year ended January 31, 2018	–	0.00	–	0.00	0.00	–	–	–
Year ending January 31, 2019 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Notes

(1) Changes in significant subsidiaries during the year ended January 31, 2018
 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) 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

(3) Number of issued shares (common shares)

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

As of January 31, 2018	21,321,000 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 January 31, 2018	500,000 shares	As of January 31, 2017	500,000 shares
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Average number of shares during the period

Year ended January 31, 2018	20,821,000 shares	Year ended January 31, 2017	20,821,000 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of January 31, 2017	As of January 31, 2018
Assets		
Current assets		
Cash and deposits	3,823,547	3,885,842
Accounts receivable - trade	154,089	201,788
Advance payments - trade	350,375	410,908
Deferred tax assets	55,861	13,104
Income taxes receivable	–	41,262
Other	66,299	22,323
Allowance for doubtful accounts	(756)	–
Total current assets	4,449,417	4,575,229
Non-current assets		
Property, plant and equipment		
Buildings, net	8,065	49,292
Tools, furniture and fixtures, net	17,249	18,961
Total property, plant and equipment	25,314	68,254
Intangible assets		
Goodwill	452,487	–
Software	27,652	20,754
Other	18	18
Total intangible assets	480,159	20,772
Investments and other assets		
Investment securities	–	575
Shares of subsidiaries and associates	17,820	104
Deferred tax assets	13,934	8,816
Other	93,713	59,175
Total investments and other assets	125,468	68,671
Total non-current assets	630,942	157,699
Total assets	5,080,360	4,732,928
Liabilities		
Current liabilities		
Accounts payable - other	145,975	170,701
Income taxes payable	622,632	–
Accrued consumption taxes	121,015	33,973
Deposits received	940,135	427,515
Provision for point card certificates	36,025	52,646
Other	19,654	22,404
Total current liabilities	1,885,439	707,241
Non-current liabilities		
Asset retirement obligations	–	15,423
Total non-current liabilities	–	15,423
Total liabilities	1,885,439	722,664

(Thousands of yen)

	As of January 31, 2017	As of January 31, 2018
Net assets		
Shareholders' equity		
Capital stock	381,903	381,903
Capital surplus	391,474	391,473
Retained earnings	2,830,286	3,633,511
Treasury shares	(415,380)	(415,380)
Total shareholders' equity	3,188,283	3,991,508
Accumulated other comprehensive income		
Deferred gains or losses on hedges	5,356	(1,181)
Foreign currency translation adjustment	978	19,639
Total accumulated other comprehensive income	6,335	18,457
Subscription rights to shares	301	297
Total net assets	3,194,920	4,010,263
Total liabilities and net assets	5,080,360	4,732,928

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended January 31, 2017	Fiscal year ended January 31, 2018
Net sales	4,147,824	4,492,829
Cost of sales	663,988	804,873
Gross profit	3,483,835	3,687,956
Selling, general and administrative expenses	1,715,157	2,112,978
Operating profit	1,768,678	1,574,978
Non-operating income		
Interest income	575	233
Foreign exchange gains	2,115	5,052
Interest on refund	3,126	–
Other	172	324
Total non-operating income	5,989	5,610
Non-operating expenses		
Share of loss of entities accounted for using equity method	11,152	24,017
Other	101	118
Total non-operating expenses	11,254	24,135
Ordinary profit	1,763,414	1,556,452
Extraordinary income		
Gain on change in equity	28,294	20,462
Gain on sales of non-current assets	–	13
Gain on reversal of subscription rights to shares	24	4
Other	1,063	–
Total extraordinary income	29,383	20,480
Extraordinary losses		
Loss on retirement of non-current assets	–	13
Impairment loss	15,232	426,987
Head office transfer cost	–	1,685
Loss on sales of shares of subsidiaries and associates	–	30,210
Provision of allowance for doubtful accounts	32,404	–
Total extraordinary losses	47,637	458,896
Profit before income taxes	1,745,160	1,118,037
Income taxes - current	608,978	250,239
Income taxes - deferred	(7,258)	50,984
Total income taxes	601,719	301,224
Profit	1,143,440	816,812
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,143,440	816,812

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended January 31, 2017	Fiscal year ended January 31, 2018
Profit	1,143,440	816,812
Other comprehensive income		
Valuation difference on available-for-sale securities	–	–
Deferred gains or losses on hedges	2,225	(6,538)
Foreign currency translation adjustment	978	18,660
Total other comprehensive income	3,204	12,122
Comprehensive income	1,146,644	828,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,146,644	828,934
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended January 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	381,903	391,474	1,686,846	(415,380)	2,044,843
Changes of items during period					
Profit attributable to owners of parent			1,143,440		1,143,440
Change of scope of equity method			–		–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,143,440	–	1,143,440
Balance at end of current period	381,903	391,474	2,830,286	(415,380)	3,188,283

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	3,131	–	3,131	326	2,048,301
Changes of items during period					
Profit attributable to owners of parent					1,143,440
Change of scope of equity method					–
Net changes of items other than shareholders' equity	2,225	978	3,204	(24)	3,179
Total changes of items during period	2,225	978	3,204	(24)	1,146,619
Balance at end of current period	5,356	978	6,335	301	3,194,920

Fiscal year ended January 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	381,903	391,474	2,830,286	(415,380)	3,188,283
Changes of items during period					
Profit attributable to owners of parent			816,812		816,812
Purchase of shares of consolidated subsidiaries		(1)			(1)
Change of scope of equity method			(13,587)		(13,587)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(1)	803,225	-	803,224
Balance at end of current period	381,903	391,473	3,633,511	(415,380)	3,991,508

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	5,356	978	6,335	301	3,194,920
Changes of items during period					
Profit attributable to owners of parent					816,812
Purchase of shares of consolidated subsidiaries					(1)
Change of scope of equity method					(13,587)
Net changes of items other than shareholders' equity	(6,538)	18,660	12,122	(4)	12,118
Total changes of items during period	(6,538)	18,660	12,122	(4)	815,342
Balance at end of current period	(1,181)	19,639	18,457	297	4,010,263

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2017	Fiscal year ended January 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,745,160	1,118,037
Depreciation	19,821	21,148
Impairment loss	15,232	426,987
Amortization of goodwill	34,150	25,612
Increase (decrease) in allowance for doubtful accounts	33,160	(756)
Increase (decrease) in provision for point card certificates	12,769	16,621
Interest and dividend income	(575)	(233)
Loss (gain) on sales of shares of subsidiaries and associates	–	30,210
Foreign exchange losses (gains)	284	313
Share of (profit) loss of entities accounted for using equity method	11,152	24,017
Loss (gain) on change in equity	(28,294)	(20,462)
Gain on reversal of subscription rights to shares	(24)	(4)
Decrease (increase) in notes and accounts receivable - trade	(29,702)	(77,769)
Decrease (increase) in inventories	998	(7,078)
Increase (decrease) in accounts payable - other	(99,023)	21,781
Increase (decrease) in deposits received	(166,848)	(494,161)
Other, net	151,991	(111,739)
Subtotal	1,700,253	972,524
Interest and dividend income received	575	233
Income taxes paid	172,814	(904,444)
Net cash provided by (used in) operating activities	1,873,642	68,313
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	300,000	–
Purchase of property, plant and equipment	(4,285)	(48,772)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	–	17,046
Purchase of shares of subsidiaries and associates	(679)	–
Payments for lease and guarantee deposits	(58,751)	–
Other, net	–	22,635
Net cash provided by (used in) investing activities	236,284	(9,090)
Cash flows from financing activities		
Net cash provided by (used in) financing activities	–	–
Effect of exchange rate change on cash and cash equivalents	1,798	3,071
Net increase (decrease) in cash and cash equivalents	2,111,725	62,294
Cash and cash equivalents at beginning of period	1,684,469	3,823,547
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	27,351	–
Cash and cash equivalents at end of period	3,823,547	3,885,842