

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 Non-Consolidated Financial Results for the Six Months Ended July 31, 2018 (Based on Japanese GAAP)

September 14, 2018

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: September 14, 2018
 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. Non-consolidated financial results for the six months ended July 31, 2018 (from February 1, 2018 to July 31, 2018)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended July 31, 2018	2,290	–	938	–	938	–	651	–
Six months ended July 31, 2017	–	–	–	–	–	–	–	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended July 31, 2018	31.28		–	
Six months ended July 31, 2017	–		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of July 31, 2018	5,768		4,628		80.2	
As of January 31, 2018	4,688		3,974		84.8	

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, 2018	–	0.00	–	0.00	0.00
Year ending January 31, 2019	–	0.00			
Year ending January 31, 2019 (Forecast)			–	0.00	0.00

3. Forecast of non-consolidated financial results for the year ending January 31, 2019 (from February 1, 2018 to January 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,784	12.2	1,745	2.1	1,745	1.7	1,205	83.8	57.92

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(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 July 31, 2018	‡	21,321,000 shares	As of January 31, 2018	‡	21,321,000 shares
---------------------	---	-------------------	------------------------	---	-------------------

Number of treasury shares at the end of the period

As of July 31, 2018	‡	500,000 shares	As of January 31, 2018	‡	500,000 shares
---------------------	---	----------------	------------------------	---	----------------

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

Six months ended July 31, 2018	‡	20,821,000 shares	Six months ended July 31, 2017	‡	20,821,000 shares
--------------------------------	---	-------------------	--------------------------------	---	-------------------

Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2018	As of July 31, 2018
Assets		
Current assets		
Cash and deposits	3,856,224	5,081,178
Accounts receivable - trade	201,788	179,261
Advance payments - trade	410,908	301,012
Prepaid expenses	17,392	16,754
Accounts receivable - other	187,291	186,895
Deferred tax assets	13,104	30,819
Income taxes receivable	41,255	–
Other	230	2,863
Allowance for doubtful accounts	(185,582)	(175,843)
Total current assets	4,542,612	5,622,941
Non-current assets		
Property, plant and equipment		
Buildings	49,292	48,385
Tools, furniture and fixtures	18,854	19,359
Total property, plant and equipment	68,146	67,745
Intangible assets		
Software	9,581	9,065
Other	18	18
Total intangible assets	9,599	9,084
Investments and other assets		
Investment securities	575	575
Shares of subsidiaries and associates	105	105
Deferred tax assets	8,816	8,829
Lease and guarantee deposits	58,751	58,751
Total investments and other assets	68,248	68,261
Total non-current assets	145,994	145,090
Total assets	4,688,607	5,768,031
Liabilities		
Current liabilities		
Accounts payable - other	162,564	147,619
Accrued expenses	16,546	12,323
Income taxes payable	–	324,203
Accrued consumption taxes	33,977	35,778
Deposits received	427,370	549,396
Provision for point card certificates	52,646	47,721
Other	5,279	7,035
Total current liabilities	698,385	1,124,078
Non-current liabilities		
Asset retirement obligations	15,423	15,505
Total non-current liabilities	15,423	15,505
Total liabilities	713,808	1,139,584

(Thousands of yen)

	As of January 31, 2018	As of July 31, 2018
Net assets		
Shareholders' equity		
Capital stock	381,903	381,903
Capital surplus		
Legal capital surplus	321,103	321,103
Other capital surplus	70,371	70,371
Total capital surpluses	391,474	391,474
Retained earnings		
Other retained earnings		
Retained earnings brought forward	3,617,685	4,268,971
Total retained earnings	3,617,685	4,268,971
Treasury shares	(415,380)	(415,380)
Total shareholders' equity	3,975,682	4,626,969
Valuation and translation adjustments		
Deferred gains or losses on hedges	(1,181)	1,180
Total valuation and translation adjustments	(1,181)	1,180
Subscription rights to shares	297	297
Total net assets	3,974,798	4,628,447
Total liabilities and net assets	4,688,607	5,768,031

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2018
Net sales	2,290,687
Cost of sales	395,329
Gross profit	1,895,357
Selling, general and administrative expenses	956,519
Operating profit	938,838
Non-operating income	
Interest income	73
Interest on refund	404
Miscellaneous income	9
Total non-operating income	488
Non-operating expenses	
Foreign exchange losses	380
Total non-operating expenses	380
Ordinary profit	938,945
Profit before income taxes	938,945
Income taxes - current	306,435
Income taxes - deferred	(18,776)
Total income taxes	287,658
Profit	651,286

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended
	July 31, 2018
Cash flows from operating activities	
Profit before income taxes	938,945
Depreciation	7,214
Increase (decrease) in allowance for doubtful accounts	(9,738)
Increase (decrease) in provision for point card certificates	(4,925)
Interest and dividend income	(73)
Foreign exchange losses (gains)	(140)
Decrease (increase) in notes and accounts receivable - trade	22,527
Decrease (increase) in inventories	230
Increase (decrease) in accounts payable - other	(14,945)
Increase (decrease) in deposits received	122,025
Other, net	127,861
Subtotal	1,188,981
Interest and dividend income received	73
Income taxes paid	41,508
Net cash provided by (used in) operating activities	1,230,563
Cash flows from investing activities	
Purchase of property, plant and equipment	(5,111)
Other, net	(1,185)
Net cash provided by (used in) investing activities	(6,297)
Effect of exchange rate change on cash and cash equivalents	687
Net increase (decrease) in cash and cash equivalents	1,224,953
Cash and cash equivalents at beginning of period	3,856,224
Cash and cash equivalents at end of period	5,081,178