

Translation

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**Summary of Non-Consolidated Financial Results
for the Year Ended January 31, 2019
(Based on Japanese GAAP)**

March 15, 2019

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 25, 2019
 Scheduled date to file Securities Report: April 25, 2019
 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. Non-consolidated financial results for the year ended January 31, 2019 (from February 1, 2018 to January 31, 2019)

(1) Non-consolidated operating results

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	%
Year ended January 31, 2019	5,283	23.9	2,143	25.4	2,143	24.9	1,536	134.1
Year ended January 31, 2018	4,263	10.8	1,709	(5.8)	1,715	(5.8)	656	(41.7)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended January 31, 2019	73.77	–	32.4	36.2	40.6
Year ended January 31, 2018	31.52	–	18.0	34.8	40.1

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of January 31, 2019	7,151	5,511	77.1	264.69
As of January 31, 2018	4,688	3,974	84.8	190.89

(3) Non-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, 2019	2,611	(11)	–	6,456

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-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, 2018	–	0.00	–	0.00	0.00	–	–	–
Year ended January 31, 2019	–	0.00	–	0.00	0.00	–	–	–
Year ending January 31, 2020 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of non-consolidated financial results for the year ending January 31, 2020 (from February 1, 2019 to January 31, 2020)

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	6,156	16.5	2,467	15.1	2,451	14.4	1,700	11.4	81.65

4. Notes

(1) 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:	Yes
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(2) Number of issued shares (common shares)

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

As of January 31, 2019	21,300,000 shares	As of January 31, 2018	21,300,000 shares
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Number of treasury shares at the end of the period

As of January 31, 2019	500,000 shares	As of January 31, 2018	500,000 shares
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Average number of shares during the period

Year ended January 31, 2019	20,821,000 shares	Year ended January 31, 2018	20,821,000 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2018	As of January 31, 2019
Assets		
Current assets		
Cash and deposits	3,856,224	6,456,014
Accounts receivable - trade	201,788	245,978
Advance payments - trade	410,908	106,326
Prepaid expenses	17,392	27,139
Accounts receivable - other	187,291	66,687
Deferred tax assets	13,104	111,534
Income taxes receivable	41,255	–
Other	230	918
Allowance for doubtful accounts	(185,582)	(4,407)
Total current assets	4,542,612	7,010,192
Non-current assets		
Property, plant and equipment		
Buildings, net	49,292	47,478
Tools, furniture and fixtures, net	18,854	18,117
Total property, plant and equipment	68,146	65,595
Intangible assets		
Software	9,581	8,386
Other	18	18
Total intangible assets	9,599	8,405
Investments and other assets		
Investment securities	575	575
Shares of subsidiaries and associates	105	104
Deferred tax assets	8,816	7,728
Lease and guarantee deposits	58,751	58,751
Total investments and other assets	68,248	67,158
Total non-current assets	145,994	141,159
Total assets	4,688,607	7,151,352
Liabilities		
Current liabilities		
Accounts payable - other	162,564	182,826
Accrued expenses	16,546	43,931
Income taxes payable	–	608,251
Accrued consumption taxes	33,977	63,095
Deposits received	427,370	676,584
Provision for point card certificates	52,646	42,500
Other	5,279	7,099
Total current liabilities	698,385	1,624,290
Non-current liabilities		
Asset retirement obligations	15,423	15,587
Total non-current liabilities	15,423	15,587
Total liabilities	713,808	1,639,877

(Thousands of yen)

	As of January 31, 2018	As of January 31, 2019
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	5,153,702
Total retained earnings	3,617,685	5,153,702
Treasury shares	(415,380)	(415,380)
Total shareholders' equity	3,975,682	5,511,699
Valuation and translation adjustments		
Deferred gains or losses on hedges	(1,181)	(523)
Total valuation and translation adjustments	(1,181)	(523)
Share acquisition rights	297	297
Total net assets	3,974,798	5,511,474
Total liabilities and net assets	4,688,607	7,151,352

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended January 31, 2018	Fiscal year ended January 31, 2019
Net sales	4,263,528	5,283,572
Cost of sales	726,921	915,323
Gross profit	3,536,606	4,368,248
Selling, general and administrative expenses	1,826,699	2,224,428
Operating profit	1,709,907	2,143,820
Non-operating income		
Interest income	179	156
Foreign exchange gains	5,178	–
Operations cosignment fee	600	–
Interest on refund	–	423
Other	27	26
Total non-operating income	5,986	606
Non-operating expenses		
Foreign exchange losses	–	636
Miscellaneous loss	20	–
Total non-operating expenses	20	636
Ordinary profit	1,715,873	2,143,789
Extraordinary income		
Gain on sales of non-current assets	13	–
Gain on reversal of share acquisition rights	4	–
Total extraordinary income	17	–
Extraordinary losses		
Impairment loss	112	–
Loss on retirement of non-current assets	13	–
Head office transfer cost	1,685	–
Loss on valuation of investment securities	44,898	–
Loss on valuation of shares of subsidiaries and associates	643,860	1
Provision of allowance for doubtful accounts	68,197	1,234
Total extraordinary losses	758,766	1,235
Profit before income taxes	957,124	2,142,554
Income taxes - current	249,949	704,169
Income taxes - deferred	50,984	(97,631)
Total income taxes	300,934	606,537
Profit	656,189	1,536,017

Non-consolidated statements of changes in equity

Fiscal year ended January 31, 2018

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at beginning of current period	381,903	321,103	70,371	391,474	2,961,495	2,961,495	(415,380)	3,319,492
Changes of items during period								
Profit					656,189	656,189		656,189
Net changes of items other than shareholders' equity								–
Total changes of items during period	–	–	–	–	656,189	656,189	–	656,189
Balance at end of current period	381,903	321,103	70,371	391,474	3,617,685	3,617,685	(415,380)	3,975,682

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	5,356	5,356	301	3,325,150
Changes of items during period				
Profit				656,189
Net changes of items other than shareholders' equity	(6,538)	(6,538)	(4)	(6,542)
Total changes of items during period	(6,538)	(6,538)	(4)	649,647
Balance at end of current period	(1,181)	(1,181)	297	3,974,798

Fiscal year ended January 31, 2019

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at beginning of current period	381,903	321,103	70,371	391,474	3,617,685	3,617,685	(415,380)	3,975,682
Changes of items during period								
Profit					1,536,017	1,536,017		1,536,017
Net changes of items other than shareholders' equity								-
Total changes of items during period	-	-	-	-	1,536,017	1,536,017	-	1,536,017
Balance at end of current period	381,903	321,103	70,371	391,474	5,153,702	5,153,702	(415,380)	5,511,699

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	(1,181)	(1,181)	297	3,974,798
Changes of items during period				
Profit				1,536,017
Net changes of items other than shareholders' equity	658	658		658
Total changes of items during period	658	658	-	1,536,675
Balance at end of current period	(523)	(523)	297	5,511,474

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2019
Cash flows from operating activities	
Profit before income taxes	2,142,554
Depreciation	15,331
Increase (decrease) in allowance for doubtful accounts	(181,174)
Increase (decrease) in provision for point card certificates	(10,145)
Interest and dividend income	(156)
Foreign exchange losses (gains)	(9)
Decrease (increase) in notes and accounts receivable - trade	(44,190)
Decrease (increase) in inventories	230
Increase (decrease) in accounts payable - other	20,262
Increase (decrease) in deposits received	249,214
Other, net	502,738
Subtotal	2,694,655
Interest and dividend income received	156
Income taxes paid	(83,475)
Net cash provided by (used in) operating activities	2,611,335
Cash flows from investing activities	
Purchase of property, plant and equipment	(9,215)
Other, net	(2,370)
Net cash provided by (used in) investing activities	(11,586)
Effect of exchange rate change on cash and cash equivalents	39
Net increase (decrease) in cash and cash equivalents	2,599,789
Cash and cash equivalents at beginning of period	3,856,224
Cash and cash equivalents at end of period	6,456,014