

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended July 31, 2023 (Based on Japanese GAAP)

September 14, 2023

Company name: Enigmo Inc.
 Stock exchange listing: Tokyo
 Stock code: 3665 URL <https://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, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended July 31, 2023 (from February 1, 2023 to July 31, 2023)

(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, 2023	3,014	(6.3)	389	(35.8)	397	(35.7)	275	(36.2)
Six months ended July 31, 2022	3,215	–	607	–	618	–	431	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended July 31, 2023	6.93		–	
Six months ended July 31, 2022	10.43		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2023	12,722	9,953	77.9
As of January 31, 2023	12,684	10,145	79.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended January 31, 2023	–	0.00	–	10.00	10.00
Year ending January 31, 2024	–	0.00			
Year ending January 31, 2024 (Forecast)			–	–	–

3. 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, 2023	42,642,000 shares	As of January 31, 2023	42,642,000 shares
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Number of treasury shares at the end of the period

As of July 31, 2023	2,969,340 shares	As of January 31, 2023	2,828,940 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended July 31, 2023	39,684,579 shares	Six months ended July 31, 2022	41,332,564 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2023	As of July 31, 2023
Assets		
Current assets		
Cash and deposits	10,315,637	10,188,218
Accounts receivable - trade	293,229	216,927
Merchandise	39,362	176
Supplies	42,020	116,047
Advance payments to suppliers	42,715	36,728
Prepaid expenses	101,581	77,763
Accounts receivable - other	107,224	99,914
Deposits paid	491,831	–
Income taxes refund receivable	142,145	–
Consumption taxes refund receivable	89,279	–
Other	370	619
Total current assets	11,665,398	10,736,396
Non-current assets		
Property, plant and equipment		
Buildings	41,835	40,825
Tools, furniture and fixtures	20,237	30,528
Total property, plant and equipment	62,073	71,353
Intangible assets		
Software	6,288	5,942
Other	18	18
Total intangible assets	6,306	5,961
Investments and other assets		
Investment securities	547,865	1,447,958
Shares of subsidiaries and associates	285,896	327,053
Leasehold and guarantee deposits	38,627	38,645
Long-term prepaid expenses	23,501	17,064
Deferred tax assets	55,086	78,079
Total investments and other assets	950,976	1,908,800
Total non-current assets	1,019,356	1,986,115
Total assets	12,684,755	12,722,512
Liabilities		
Current liabilities		
Accounts payable - other	391,931	302,612
Accrued expenses	4,360	7,939
Income taxes payable	–	166,527
Accrued consumption taxes	–	22,805
Deposits received	2,080,522	2,173,353
Provision for point card certificates	10,294	11,608
Provision for bonuses	–	38,993
Other	43,822	36,911
Total current liabilities	2,530,929	2,760,752
Non-current liabilities		
Asset retirement obligations	8,349	8,396
Total non-current liabilities	8,349	8,396
Total liabilities	2,539,279	2,769,148

(Thousands of yen)

	As of January 31, 2023	As of July 31, 2023
Net assets		
Shareholders' equity		
Share capital	381,903	381,903
Capital surplus		
Legal capital surplus	321,103	321,103
Other capital surplus	70,371	70,371
Total capital surplus	391,474	391,474
Retained earnings		
Other retained earnings		
Retained earnings brought forward	10,746,507	10,623,624
Total retained earnings	10,746,507	10,623,624
Treasury shares	(1,424,689)	(1,506,959)
Total shareholders' equity	10,095,195	9,890,043
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,319	21,359
Total valuation and translation adjustments	8,319	21,359
Share acquisition rights	41,961	41,961
Total net assets	10,145,475	9,953,364
Total liabilities and net assets	12,684,755	12,722,512

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2022	Six months ended July 31, 2023
Net sales	3,215,669	3,014,201
Cost of sales	645,842	657,944
Gross profit	2,569,826	2,356,256
Selling, general and administrative expenses	1,962,163	1,966,318
Operating profit	607,662	389,937
Non-operating income		
Interest income	58	444
Foreign exchange gains	9,257	2,421
Gain on investments in investment partnerships	2,679	–
Subsidy income	3,118	–
Interest on tax refund	–	994
Other	95	4,181
Total non-operating income	15,209	8,042
Non-operating expenses		
Commission expenses	749	174
Miscellaneous losses	4,053	171
Total non-operating expenses	4,802	346
Ordinary profit	618,070	397,633
Extraordinary income		
Gain on sale of non-current assets	24	0
Total extraordinary income	24	0
Profit before income taxes	618,094	397,634
Income taxes - current	170,814	151,136
Income taxes - deferred	16,017	(28,750)
Total income taxes	186,831	122,386
Profit	431,262	275,248

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2022	Six months ended July 31, 2023
Cash flows from operating activities		
Profit before income taxes	618,094	397,634
Depreciation	6,929	10,738
Increase (decrease) in provision for point card certificates	(10,883)	1,314
Increase (decrease) in provision for bonuses	30,070	38,993
Interest and dividend income	(58)	(444)
Loss (gain) on investments in investment partnerships	(2,679)	–
Foreign exchange losses (gains)	(1,264)	(693)
Decrease (increase) in trade receivables	88,359	76,302
Decrease (increase) in inventories	2,189	(34,841)
Increase (decrease) in accounts payable - other	316,908	(89,318)
Increase (decrease) in deposits received	417,315	92,831
Decrease (increase) in deposits paid	(376,271)	491,831
Increase (decrease) in Contract liabilities	(8,667)	(4,198)
Other, net	(242,066)	166,853
Subtotal	837,974	1,147,003
Interest and dividends received	58	444
Income taxes refund (paid)	(404,341)	147,157
Net cash provided by (used in) operating activities	433,692	1,294,605
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,692)	(16,878)
Purchase of intangible assets	(3,425)	(2,794)
Purchase of investment securities	(662,113)	(894,265)
Refund of investment partnerships	–	12,969
Purchase of shares of subsidiaries and associates	–	(41,157)
Payments of leasehold and guarantee deposits	(6,351)	(17)
Proceeds from refund of leasehold and guarantee deposits	60	–
Other, net	24	0
Net cash provided by (used in) investing activities	(675,496)	(942,142)
Cash flows from financing activities		
Purchase of treasury shares	(374,554)	(82,444)
Proceeds from issuance of share acquisition rights	5,502	–
Dividends paid	(416,419)	(398,130)
Net cash provided by (used in) financing activities	(785,471)	(480,575)
Effect of exchange rate change on cash and cash equivalents	1,264	693
Net increase (decrease) in cash and cash equivalents	(1,026,011)	(127,418)
Cash and cash equivalents at beginning of period	12,844,859	10,315,637
Cash and cash equivalents at end of period	11,818,847	10,188,218