

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended July 31, 2019 (Based on Japanese GAAP)

September 13, 2019

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 13, 2019
 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, 2019 (from February 1, 2019 to July 31, 2019)

(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, 2019	2,695	17.7	1,133	20.7	1,114	18.7	774	19.0
Six months ended July 31, 2018	2,290	–	938	–	938	–	651	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended July 31, 2019	18.60		–	
Six months ended July 31, 2018	31.28		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of July 31, 2019	7,276		6,285		86.4	
As of January 31, 2019	7,151		5,511		77.1	

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, 2019	–	0.00	–	0.00	0.00
Year ending January 31, 2020	–	0.00			
Year ending January 31, 2020 (Forecast)			–	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	40.82

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, 2019	42,642,000 shares	As of January 31, 2019	42,642,000 shares
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Number of treasury shares at the end of the period

As of July 31, 2019	1,000,040 shares	As of January 31, 2019	1,000,000 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, 2019	41,641,960 shares	Six months ended July 31, 2018	41,642,000 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Assets		
Current assets		
Cash and deposits	6,456,014	6,699,104
Accounts receivable - trade	245,978	207,468
Advance payments - trade	106,326	159,672
Prepaid expenses	27,139	27,184
Accounts receivable - other	66,687	22,050
Other	918	113
Allowance for doubtful accounts	(4,407)	—
Total current assets	6,898,658	7,115,593
Non-current assets		
Property, plant and equipment		
Buildings	47,478	46,570
Tools, furniture and fixtures	18,117	15,999
Total property, plant and equipment	65,595	62,570
Intangible assets		
Software	8,386	6,468
Other	18	18
Total intangible assets	8,405	6,487
Investments and other assets		
Investment securities	575	575
Shares of subsidiaries and associates	104	104
Deferred tax assets	119,262	27,274
Lease and guarantee deposits	58,751	63,760
Total investments and other assets	178,692	91,713
Total non-current assets	252,693	160,771
Total assets	7,151,352	7,276,364
Liabilities		
Current liabilities		
Accounts payable - other	182,826	173,347
Accrued expenses	43,931	3,482
Income taxes payable	608,251	268,430
Accrued consumption taxes	63,095	34,433
Deposits received	676,584	466,543
Provision for point card certificates	42,500	19,740
Other	7,099	9,339
Total current liabilities	1,624,290	975,315
Non-current liabilities		
Asset retirement obligations	15,587	15,670
Total non-current liabilities	15,587	15,670
Total liabilities	1,639,877	990,986

(Thousands of yen)

	As of January 31, 2019	As of July 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	5,153,702	5,928,642
Total retained earnings	5,153,702	5,928,642
Treasury shares	(415,380)	(415,429)
Total shareholders' equity	5,511,699	6,286,590
Valuation and translation adjustments		
Deferred gains or losses on hedges	(523)	(1,212)
Total valuation and translation adjustments	(523)	(1,212)
Share acquisition rights	297	–
Total net assets	5,511,474	6,285,378
Total liabilities and net assets	7,151,352	7,276,364

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
Net sales	2,290,687	2,695,218
Cost of sales	395,329	480,240
Gross profit	1,895,357	2,214,977
Selling, general and administrative expenses	956,519	1,081,887
Operating profit	938,838	1,133,090
Non-operating income		
Interest income	73	87
Interest on refund	404	–
Other	9	1
Total non-operating income	488	89
Non-operating expenses		
Foreign exchange losses	380	2,275
Going public expenses	–	16,497
Miscellaneous loss	–	208
Total non-operating expenses	380	18,981
Ordinary profit	938,945	1,114,198
Extraordinary income		
Reversal of allowance for doubtful accounts	–	4,046
Gain on sales of non-current assets	–	36
Gain on reversal of share acquisition rights	–	297
Total extraordinary income	–	4,381
Profit before income taxes	938,945	1,118,579
Income taxes - current	306,435	251,346
Income taxes - deferred	(18,776)	92,292
Total income taxes	287,658	343,638
Profit	651,286	774,940

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
Cash flows from operating activities		
Profit before income taxes	938,945	1,118,579
Depreciation	7,214	7,242
Increase (decrease) in allowance for doubtful accounts	(9,738)	(4,407)
Increase (decrease) in provision for point card certificates	(4,925)	(22,760)
Interest and dividend income	(73)	(87)
Foreign exchange losses (gains)	(140)	(1)
Decrease (increase) in notes and accounts receivable - trade	22,527	38,510
Decrease (increase) in inventories	230	-
Increase (decrease) in accounts payable - other	(14,945)	(9,479)
Increase (decrease) in deposits received	122,025	(210,041)
Other, net	127,861	(87,564)
Subtotal	1,188,981	829,988
Interest and dividend income received	73	87
Income taxes paid	41,508	(579,452)
Net cash provided by (used in) operating activities	1,230,563	250,623
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,111)	(2,299)
Payments for lease and guarantee deposits	-	(5,008)
Other, net	(1,185)	10
Net cash provided by (used in) investing activities	(6,297)	(7,297)
Cash flows from financing activities		
Purchase of treasury shares	-	(49)
Net cash provided by (used in) financing activities	-	(49)
Effect of exchange rate change on cash and cash equivalents	687	(186)
Net increase (decrease) in cash and cash equivalents	1,224,953	243,090
Cash and cash equivalents at beginning of period	3,856,224	6,456,014
Cash and cash equivalents at end of period	5,081,178	6,699,104