

Translation

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**Non-consolidated Financial Results
for the Fiscal Year Ended July 31, 2017
[Japanese GAAP]**



September 11, 2017

Company name: PLANET, INC.

Stock exchange listing: Tokyo Stock Exchange (JASDAQ Standard)

Code number: 2391

URL: <https://www.planet-van.co.jp/english/>

Representative: Masakatsu Tagami, President and Chief Executive Officer

Contact: Shigeharu Takiyama, Director, Corporate Planning Department

Phone: +81-3-6432- 0482

Scheduled date of Annual General Meeting of Shareholders: October 25, 2017

Scheduled date of filing annual securities report: October 25, 2017

Scheduled date of commencing dividend payments: October 26, 2017

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Financial Results for the Fiscal Year Ended July 31, 2017 (August 1, 2016 to July 31, 2017)

(1) Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2017	2,974	2.5	686	(0.8)	705	0.7	478	6.9
July 31, 2016	2,902	3.1	692	1.4	700	(5.5)	447	0.9

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
July 31, 2017	72.21	—	12.8	15.5	23.1
July 31, 2016	67.54	—	13.0	16.5	23.9

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended July 31, 2017: ¥(32) million

Fiscal year ended July 31, 2016: ¥(19) million

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
July 31, 2017	4,634	3,817	82.4	575.65
July 31, 2016	4,476	3,653	81.6	550.92

(Reference) Equity: As of July 31, 2017: ¥3,817 million

As of July 31, 2016: ¥3,653 million

(3) 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
As of	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2017	713	(627)	(251)	1,791
July 31, 2016	603	(629)	(252)	1,957

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended July 31, 2016	—	19.00	—	19.00	38.00	251	56.3	7.3
Fiscal year ended July 31, 2017	—	19.00	—	20.00	39.00	258	54.0	6.8
Fiscal year ending July 31, 2018 (Forecast)	—	20.00	—	20.00	40.00		54.7	

3. Financial Results Forecast for the Fiscal Year Ending July 31, 2018 (August 1, 2017 to July 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	1,490	0.7	360	(3.3)	370	(4.0)	250	(2.9)	—
Full year	3,020	1.5	705	2.6	720	2.1	485	1.3	—

* Notes:

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(2) Total number of issued shares (common shares)

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

July 31, 2017: 6,632,800 shares

July 31, 2016: 6,632,800 shares

2) Total number of treasury shares at the end of the period:

July 31, 2017: 1,911 shares

July 31, 2016: 1,911 shares

3) Average number of shares during the period:

Fiscal year ended July 31, 2017: 6,630,889 shares

Fiscal year ended July 31, 2016: 6,330,924 shares

* These financial results are outside the scope of audit.

5. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	Fiscal year ended July 31, 2016 (as of July 31, 2016)	Fiscal year ended July 31, 2017 (as of July 31, 2017)
Assets		
Current assets		
Cash and deposits	1,987,094	1,821,375
Accounts receivable - trade	428,114	435,609
Prepaid expenses	12,227	14,229
Deferred tax assets	16,574	14,834
Other	7,083	7,447
Allowance for doubtful accounts	(2,400)	(100)
Total current assets	2,448,695	2,293,396
Non-current assets		
Property, plant and equipment		
Buildings	52,345	52,345
Accumulated depreciation	(31,237)	(34,491)
Buildings, net	21,107	17,853
Tools, furniture and fixtures	32,794	32,519
Accumulated depreciation	(18,492)	(20,566)
Tools, furniture and fixtures, net	14,302	11,953
Total property, plant and equipment	35,409	29,806
Intangible assets		
Software	372,139	514,297
Software in progress	95,929	42,772
Telephone subscription right	1,383	1,383
Total intangible assets	469,452	558,452
Investments and other assets		
Investment securities	991,178	1,028,462
Shares of subsidiaries and associates	356,418	534,785
Claims provable in bankruptcy, claims provable in rehabilitation and other	121	121
Lease and guarantee deposits	51,783	51,783
Insurance funds	90,620	103,046
Other	33,188	35,038
Allowance for doubtful accounts	(121)	(121)
Total investments and other assets	1,523,189	1,753,116
Total non-current assets	2,028,051	2,341,375
Total assets	4,476,746	4,634,771

(Thousands of yen)

	Fiscal year ended July 31, 2016 (as of July 31, 2016)	Fiscal year ended July 31, 2017 (as of July 31, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	157,213	160,964
Accounts payable - other	81,703	80,665
Accrued expenses	19,846	20,723
Income taxes payable	119,438	122,632
Accrued consumption taxes	14,275	15,183
Provision for bonuses	21,750	23,017
Provision for directors' bonuses	30,000	32,000
Other	20,607	10,802
Total current liabilities	464,835	465,988
Non-current liabilities		
Deferred tax liabilities	107,848	70,585
Provision for retirement benefits	120,361	137,147
Provision for directors' retirement benefits	119,200	132,400
Asset retirement obligations	11,418	11,594
Total non-current liabilities	358,827	351,728
Total liabilities	823,662	817,716
Net assets		
Shareholders' equity		
Capital stock	436,100	436,100
Capital surplus		
Legal capital surplus	127,240	127,240
Total capital surpluses	127,240	127,240
Retained earnings		
Legal retained earnings	18,700	18,700
Other retained earnings		
General reserve	750,000	790,000
Retained earnings brought forward	1,874,917	2,061,786
Total retained earnings	2,643,617	2,870,486
Treasury shares	(1,786)	(1,786)
Total shareholders' equity	3,205,171	3,432,040
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	447,912	385,014
Total valuation and translation adjustments	447,912	385,014
Total net assets	3,653,084	3,817,055
Total liabilities and net assets	4,476,746	4,634,771

(2) Statement of Income

(Thousands of yen)

	Fiscal year ended July 31, 2016 (August 1, 2015 to July 31, 2016)	Fiscal year ended July 31, 2017 (August 1, 2016 to July 31, 2017)
Net sales		
Sales on EDI business	2,504,578	2,612,923
Sales on database business	376,262	339,823
Sales on other business	21,422	21,576
Total net sales	2,902,262	2,974,322
Cost of sales		
Cost of sales on EDI business	821,857	874,748
Cost of sales on database business	172,402	175,347
Cost of sales on other business	27,701	23,197
Total cost of sales	1,021,961	1,073,293
Gross profit	1,880,301	1,901,029
Selling, general and administrative expenses		
Salaries, allowances and bonuses	353,271	367,074
Provision for bonuses	21,750	23,017
Retirement benefit expenses	19,482	20,254
Directors' compensations	146,718	151,938
Provision for directors' bonuses	30,000	32,000
Provision for directors' retirement benefits	22,850	22,575
Legal welfare expenses	62,993	62,149
Operations consignment expenses	54,824	51,629
Rent expenses on real estates	67,027	66,873
Rent expenses	3,900	4,627
Communication expenses	4,692	6,427
Traveling and transportation expenses	31,577	32,596
Advertising expenses	63,803	60,797
Depreciation	44,781	30,699
Business consignment expenses	52,057	83,566
Other	207,964	197,999
Total selling, general and administrative expenses	1,187,697	1,214,226
Operating income	692,603	686,802
Non-operating income		
Interest income	445	23
Dividend income	2,319	4,523
Interest on securities	3,677	6,422
Reversal of allowance for doubtful accounts	1,236	2,297
Miscellaneous income	2,198	5,411
Total non-operating income	9,877	18,677
Non-operating expenses		
Loss on valuation of investment securities	1,855	—
Total non-operating expenses	1,855	—

(Thousands of yen)

	Fiscal year ended July 31, 2016 (August 1, 2015 to July 31, 2016)	Fiscal year ended July 31, 2017 (August 1, 2016 to July 31, 2017)
Ordinary income	700,626	705,480
Extraordinary losses		
Loss on valuation of membership	—	700
Total extraordinary losses	—	700
Income before income taxes	700,626	704,780
Income taxes - current	248,236	233,725
Income taxes - deferred	4,544	(7,788)
Total income taxes	252,780	225,937
Net income	447,845	478,843

(3) Statement of Changes in Equity

Fiscal year ended July 31, 2016 (August 1, 2015 to July 31, 2016)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		
		Legal capital surplus	Total capital surplus		Legal reserve	Other retained earnings	Total retained earnings
					Retained earnings brought forward		
Balance at beginning of current period	436,100	127,240	127,240	18,700	710,000	1,719,047	2,447,747
Changes of items during period							
Dividends of surplus						(251,975)	(251,975)
Provision of general reserve					40,000	(40,000)	—
Net income						447,845	447,845
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	—	—	40,000	155,869	195,869
Balance at end of current period	436,100	127,240	127,240	18,700	750,000	1,874,917	2,643,617

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(1,725)	3,009,362	239,055	239,055	3,248,418
Changes of items during period					
Dividends of surplus		(251,975)			(251,975)
Provision of general reserve					
Net income		447,845			447,845
Purchase of treasury shares	(61)	(61)			(61)
Net changes of items other than shareholders' equity			208,857	208,857	208,857
Total changes of items during period	(61)	195,808	208,857	208,857	404,665
Balance at end of current period	(1,786)	3,205,171	447,912	447,912	3,653,084

Fiscal year ended July 31, 2017 (August 1, 2016 to July 31, 2017)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	436,100	127,240	127,240	18,700	750,000	1,874,917	2,643,617
Changes of items during period							
Dividends of surplus						(251,973)	(251,973)
Provision of general reserve					40,000	(40,000)	—
Net income						478,843	478,843
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	—	—	40,000	186,869	226,869
Balance at end of current period	436,100	127,240	127,240	18,700	790,000	2,061,786	2,870,486

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(1,786)	3,205,171	447,912	447,912	3,653,084
Changes of items during period					
Dividends of surplus		(251,973)			(251,973)
Provision of general reserve					
Net income		478,843			478,843
Purchase of treasury shares					
Net changes of items other than shareholders' equity			(62,898)	(62,898)	(62,898)
Total changes of items during period	—	226,869	(62,898)	(62,898)	163,971
Balance at end of current period	(1,786)	3,432,040	385,014	385,014	3,817,055

(4) Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended July 31, 2016 (August 1, 2015 to July 31, 2016)	Fiscal year ended July 31, 2017 (August 1, 2016 to July 31, 2017)
Cash flows from operating activities		
Income before income taxes	700,626	704,780
Depreciation	190,622	197,419
Increase (decrease) in allowance for doubtful accounts	(5,779)	(2,300)
Loss (gain) on valuation of investment securities	1,855	—
Interest and dividend income	(2,764)	(4,546)
Decrease (increase) in notes and accounts receivable - trade	(22,281)	(7,495)
Decrease (increase) in inventories	712	—
Increase (decrease) in notes and accounts payable - trade	1,792	3,750
Increase (decrease) in provision for bonuses	443	1,267
Increase (decrease) in provision for retirement benefits	14,837	16,786
Increase (decrease) in provision for directors' bonuses	—	2,000
Increase (decrease) in provision for directors' retirement benefits	6,325	13,200
Increase (decrease) in accounts payable - other	11,897	22,974
Increase (decrease) in accrued consumption taxes	(34,709)	908
Other, net	15,407	(8,028)
Subtotal	878,984	940,715
Interest and dividend income received	8,519	11,079
Income taxes paid	(284,372)	(237,862)
Net cash provided by (used in) operating activities	603,131	713,932
Cash flows from investing activities		
Proceeds from redemption of investment securities	50,000	20,000
Purchase of investment securities	(402,086)	(199,400)
Purchase of software	(208,489)	(305,687)
Purchase of shares of subsidiaries and associates	(49,000)	(137,510)
Purchase of property, plant and equipment	(2,328)	—
Other, net	(17,741)	(5,126)
Net cash provided by (used in) investing activities	(629,645)	(627,724)
Cash flows from financing activities		
Cash dividends paid	(251,989)	(251,926)
Purchase of treasury shares	(61)	—
Net cash provided by (used in) financing activities	(252,050)	(251,926)
Net increase (decrease) in cash and cash equivalents	(278,564)	(165,719)
Cash and cash equivalents at beginning of period	2,235,658	1,957,094
Cash and cash equivalents at end of period	1,957,094	1,791,375