

Translation

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**Summary of Consolidated Financial Results
for the Three Months Ended February 28, 2017
(Based on Japanese GAAP)**

April 4, 2017

Company name: S-Pool, Inc.
 Stock exchange listing: Tokyo
 Stock code: 2471 URL <http://www.spool.co.jp>
 Representative: Chairman of the Board, President, and Sohei Urakami
 Representative Director
 Inquiries: Director Hideaki Sato TEL 03-6859-5599
 Scheduled date to file Quarterly Securities Report: April 12, 2017
 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. Consolidated financial results for the three months ended February 28, 2017 (from December 1, 2016 to February 28, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended February 28, 2017	2,457	20.5	46	–	45	–	33	–
Three months ended February 29, 2016	2,038	22.7	1	–	(0)	–	(8)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended February 28, 2017	11.23		10.74	
Three months ended February 29, 2016	(2.71)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2017	3,513	1,045	29.6	345.76
As of November 30, 2016	3,717	1,041	27.8	344.52

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 November 30, 2016	–	0.00	–	10.00	10.00
Year ending November 30, 2017	–				
Year ending November 30, 2017 (Forecast)		0.00	–	18.00	18.00

3. Forecast of consolidated financial results for the year ending November 30, 2017 (from December 1, 2016 to November 30, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending May 31, 2017	5,206	21.1	203	(17.9)	197	(18.2)	108	(45.7)	36.29
Full year	10,824	17.2	583	14.8	571	15.0	334	(18.0)	111.35

4. Notes

- (1) Changes in significant subsidiaries during the three months ended February 28, 2017
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of February 28, 2017	3,003,400 shares	As of November 30, 2016	3,003,400 shares
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Number of treasury shares at the end of the period

As of February 28, 2017	62 shares	As of November 30, 2016	62 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended February 28, 2017	3,003,338 shares	Three months ended February 29, 2016	3,003,338 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and deposits	1,074,764	846,561
Notes and accounts receivable - trade	1,265,106	1,218,814
Merchandise	23,653	30,640
Other	180,373	160,425
Allowance for doubtful accounts	(1,460)	(1,522)
Total current assets	2,542,437	2,254,920
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	754,843	810,877
Other, net	203,682	213,619
Total property, plant and equipment	958,526	1,024,497
Intangible assets	56,777	59,480
Investments and other assets		
Other	186,686	200,631
Allowance for doubtful accounts	(27,151)	(26,463)
Total investments and other assets	159,534	174,167
Total non-current assets	1,174,838	1,258,145
Total assets	3,717,275	3,513,065
Liabilities		
Current liabilities		
Accounts payable - trade	132,632	107,205
Short-term loans payable	800,000	900,000
Current portion of long-term loans payable	159,836	154,676
Income taxes payable	80,946	14,863
Accrued expenses	552,822	563,311
Provision for bonuses	27,643	19,329
Provision for directors' bonuses	30,000	—
Other	493,592	327,646
Total current liabilities	2,277,474	2,087,032
Non-current liabilities		
Long-term loans payable	245,722	210,338
Asset retirement obligations	132,467	147,844
Other	20,009	22,504
Total non-current liabilities	398,199	380,687
Total liabilities	2,675,673	2,467,720
Net assets		
Shareholders' equity		
Capital stock	351,138	351,138
Capital surplus	201,138	201,138
Retained earnings	482,075	485,754
Treasury shares	(53)	(53)
Total shareholders' equity	1,034,297	1,037,977
Accumulated other comprehensive income		
Foreign currency translation adjustment	402	466
Total accumulated other comprehensive income	402	466
Subscription rights to shares	6,901	6,901
Total net assets	1,041,602	1,045,345
Total liabilities and net assets	3,717,275	3,513,065

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended February 29, 2016	Three months ended February 28, 2017
Net sales	2,038,454	2,457,224
Cost of sales	1,531,061	1,842,251
Gross profit	507,393	614,973
Selling, general and administrative expenses	506,027	568,062
Operating income	1,365	46,911
Non-operating income		
Interest income	118	4
Commission fee	401	392
Other	51	55
Total non-operating income	572	452
Non-operating expenses		
Interest expenses	2,550	1,745
Share of loss of entities accounted for using equity method	317	40
Total non-operating expenses	2,868	1,786
Ordinary income (loss)	(930)	45,577
Extraordinary income		
Penalty income	–	27,300
Total extraordinary income	–	27,300
Extraordinary losses		
Loss on retirement of non-current assets	1,300	–
Compensation for damage	–	14,649
Total extraordinary losses	1,300	14,649
Profit (loss) before income taxes	(2,230)	58,228
Income taxes - current	5,922	9,109
Income taxes - deferred	–	15,405
Total income taxes	5,922	24,514
Profit (loss)	(8,153)	33,713
Profit (loss) attributable to owners of parent	(8,153)	33,713

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended February 29, 2016	Three months ended February 28, 2017
Profit (loss)	(8,153)	33,713
Other comprehensive income		
Share of other comprehensive income of entities accounted for using equity method	(217)	63
Total other comprehensive income	(217)	63
Comprehensive income	(8,370)	33,776
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(8,370)	33,776
Comprehensive income attributable to non-controlling interests	–	–