

Translation

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**Summary of Consolidated Financial Results  
for the Six Months Ended May 31, 2017  
(Based on Japanese GAAP)**

July 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: July 12, 2017  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended May 31, 2017 (from December 1, 2016 to May 31, 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	%
Six months ended May 31, 2017	5,329	24.0	262	6.0	265	10.3	173	(13.5)
Six months ended May 31, 2016	4,298	25.0	247	682.0	240	776.8	200	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended May 31, 2017	57.08		55.23	
Six months ended May 31, 2016	66.89		66.72	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of May 31, 2017	3,759		1,224		32.2		383.78	
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
Year ended November 30, 2016	–	0.00	–	10.00	10.00
Year ending November 30, 2017	–	0.00	–	–	–
Year ending November 30, 2017 (Forecast)	–	–	–	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	
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 six months ended May 31, 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 May 31, 2017	3,153,400 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 May 31, 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)

Six months ended May 31, 2017	3,045,371 shares	Six months ended May 31, 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 May 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	1,074,764	962,409
Notes and accounts receivable - trade	1,265,106	1,324,454
Merchandise	23,653	28,524
Other	180,373	141,544
Allowance for doubtful accounts	(1,460)	(1,872)
Total current assets	2,542,437	2,455,059
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	754,843	838,701
Other, net	203,682	218,304
Total property, plant and equipment	958,526	1,057,005
Intangible assets	56,777	68,624
Investments and other assets		
Other	186,686	202,191
Allowance for doubtful accounts	(27,151)	(23,867)
Total investments and other assets	159,534	178,323
Total non-current assets	1,174,838	1,303,953
Total assets	3,717,275	3,759,013
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	132,632	98,414
Short-term loans payable	800,000	900,000
Current portion of long-term loans payable	159,836	149,516
Income taxes payable	80,946	81,265
Accrued expenses	552,822	570,994
Provision for bonuses	27,643	39,094
Provision for directors' bonuses	30,000	–
Other	493,592	338,374
Total current liabilities	2,277,474	2,177,659
Non-current liabilities		
Long-term loans payable	245,722	174,954
Asset retirement obligations	132,467	157,579
Other	20,009	23,940
Total non-current liabilities	398,199	356,473
Total liabilities	2,675,673	2,534,133

(Thousands of yen)

	As of November 30, 2016	As of May 31, 2017
Net assets		
Shareholders' equity		
Capital stock	351,138	366,951
Capital surplus	201,138	216,951
Retained earnings	482,075	625,864
Treasury shares	(53)	(53)
Total shareholders' equity	1,034,297	1,209,713
Accumulated other comprehensive income		
Foreign currency translation adjustment	402	484
Total accumulated other comprehensive income	402	484
Subscription rights to shares	6,901	14,682
Total net assets	1,041,602	1,224,880
Total liabilities and net assets	3,717,275	3,759,013

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended May 31, 2016	Six months ended May 31, 2017
Net sales	4,298,501	5,329,430
Cost of sales	3,042,413	3,871,990
Gross profit	1,256,088	1,457,439
Selling, general and administrative expenses	1,008,656	1,195,200
Operating income	247,431	262,239
Non-operating income		
Interest income	114	4
Share of profit of entities accounted for using equity method	859	–
Subsidy income	–	6,889
Other	1,115	921
Total non-operating income	2,090	7,815
Non-operating expenses		
Interest expenses	5,052	3,623
Provision of allowance for doubtful accounts	3,533	–
Share of loss of entities accounted for using equity method	–	51
Other	6	601
Total non-operating expenses	8,592	4,276
Ordinary income	240,929	265,777
Extraordinary income		
Penalty income	–	27,300
Total extraordinary income	–	27,300
Extraordinary losses		
Loss on retirement of non-current assets	6,660	4,837
Compensation for damage	–	14,649
Total extraordinary losses	6,660	19,486
Profit before income taxes	234,269	273,591
Income taxes - current	49,074	69,073
Income taxes - deferred	(15,700)	30,695
Total income taxes	33,373	99,768
Profit	200,896	173,823
Profit attributable to owners of parent	200,896	173,823

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended May 31, 2016	Six months ended May 31, 2017
Profit	200,896	173,823
Other comprehensive income		
Share of other comprehensive income of entities accounted for using equity method	(289)	81
Total other comprehensive income	(289)	81
Comprehensive income	200,606	173,904
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	200,606	173,904
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2016	Six months ended May 31, 2017
Cash flows from operating activities		
Profit before income taxes	234,269	273,591
Depreciation	73,965	99,513
Increase (decrease) in allowance for doubtful accounts	(352)	(2,872)
Increase (decrease) in provision for bonuses	30,395	11,451
Increase (decrease) in provision for directors' bonuses	–	(30,000)
Interest and dividend income	(114)	(4)
Interest expenses	5,052	3,623
Share of (profit) loss of entities accounted for using equity method	(859)	51
Loss on retirement of non-current assets	6,660	4,837
Penalty income	–	(27,300)
Compensation for damage	–	14,649
Decrease (increase) in notes and accounts receivable - trade	22,292	(59,347)
Decrease (increase) in inventories	(7,279)	(4,871)
Increase (decrease) in notes and accounts payable - trade	(10,989)	(34,218)
Increase (decrease) in accrued expenses	17,074	18,171
Other, net	6,401	(58,145)
Subtotal	376,515	209,130
Interest and dividend income received	114	4
Interest expenses paid	(4,949)	(3,579)
Proceeds from penalty income	–	27,300
Compensation for damage paid	–	(14,649)
Income taxes (paid) refund	7,182	(71,368)
Net cash provided by (used in) operating activities	378,863	146,837
Cash flows from investing activities		
Purchase of property, plant and equipment	(231,748)	(237,502)
Purchase of intangible assets	(24,800)	(26,950)
Payments for lease and guarantee deposits	(7,150)	(24,786)
Proceeds from collection of lease and guarantee deposits	23,617	9,665
Collection of loans receivable	187	–
Net cash provided by (used in) investing activities	(239,894)	(279,573)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	180,000	100,000
Repayments of long-term loans payable	(81,088)	(81,088)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	–	31,200
Cash dividends paid	(29,637)	(29,730)
Net cash provided by (used in) financing activities	69,274	20,381
Net increase (decrease) in cash and cash equivalents	208,243	(112,354)
Cash and cash equivalents at beginning of period	691,045	1,074,764
Cash and cash equivalents at end of period	899,288	962,409