

Translation

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**Summary of Consolidated Financial Results
for the Year Ended November 30, 2017
(Based on Japanese GAAP)**

January 11, 2018

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 of ordinary general meeting of shareholders: February 27, 2018
 Scheduled date to file Securities Report: February 28, 2018
 Scheduled date to commence dividend payments: February 28, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and financial institutions)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended November 30, 2017 (from December 1, 2016 to November 30, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended November 30, 2017	11,696	26.6	674	32.8	687	38.4	423	3.8
Year ended November 30, 2016	9,236	27.1	507	753.2	496	902.2	408	-

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended November 30, 2017	136.60	134.14	34.0	16.7	5.8
Year ended November 30, 2016	135.85	130.24	48.2	15.6	5.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2017	4,493	1,473	32.5	462.71
As of November 30, 2016	3,717	1,041	27.8	344.52

(3) Consolidated 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended November 30, 2017	801	(577)	(58)	1,240
Year ended November 30, 2016	725	(480)	138	1,074

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended November 30, 2016	-	0.00	-	10.00	10.00	30	7.4	3.6
Year ended November 30, 2017	-	0.00	-	18.00	18.00	56	13.2	4.5
Year ending November 30, 2018 (Forecast)	-	0.00	-	5.00	5.00		16.8	

3. Forecast of consolidated financial results for the year ending November 30, 2018 (from December 1, 2017 to November 30, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2018	6,431	20.7	302	15.5	296	11.7	162	(6.7)	10.29
Full year	13,587	16.2	814	20.7	802	16.7	468	10.7	29.72

4. Notes

(1) Changes in significant subsidiaries during the year ended November 30, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): 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 November 30, 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 November 30, 2017	129 shares	As of November 30, 2016	62 shares
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Average number of shares during the period

Year ended November 30, 2017	3,099,494 shares	Year ended November 30, 2016	3,003,338 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2016	As of November 30, 2017
Assets		
Current assets		
Cash and deposits	1,074,764	1,240,337
Notes and accounts receivable - trade	1,265,106	1,565,669
Merchandise	23,653	18,807
Deferred tax assets	112,132	61,961
Other	68,241	82,687
Allowance for doubtful accounts	(1,460)	(436)
Total current assets	2,542,437	2,969,027
Non-current assets		
Property, plant and equipment		
Buildings and structures	916,672	1,295,293
Accumulated depreciation	(161,829)	(268,728)
Buildings and structures, net	754,843	1,026,564
Vehicles	104,967	174,985
Accumulated depreciation	(41,566)	(101,851)
Vehicles, net	63,400	73,133
Land	55,422	55,422
Construction in progress	28,694	23,599
Other	155,892	143,105
Accumulated depreciation	(99,728)	(86,166)
Other, net	56,164	56,938
Total property, plant and equipment	958,526	1,235,658
Intangible assets		
Software	56,520	59,829
Other	257	257
Total intangible assets	56,777	60,086
Investments and other assets		
Investment securities	16,910	15,799
Lease and guarantee deposits	140,748	199,669
Other	29,027	28,473
Allowance for doubtful accounts	(27,151)	(15,037)
Total investments and other assets	159,534	228,906
Total non-current assets	1,174,838	1,524,651
Total assets	3,717,275	4,493,679

(Thousands of yen)

	As of November 30, 2016	As of November 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	132,632	106,781
Short-term loans payable	800,000	900,000
Current portion of long-term loans payable	159,836	141,936
Accounts payable - other	234,354	198,838
Income taxes payable	80,946	131,265
Accrued consumption taxes	213,373	276,419
Accrued expenses	552,822	764,897
Provision for bonuses	27,643	72,739
Provision for directors' bonuses	30,000	18,000
Other	45,864	84,947
Total current liabilities	<u>2,277,474</u>	<u>2,695,826</u>
Non-current liabilities		
Long-term loans payable	245,722	103,786
Deferred tax liabilities	20,009	23,995
Asset retirement obligations	132,467	196,324
Total non-current liabilities	<u>398,199</u>	<u>324,106</u>
Total liabilities	<u>2,675,673</u>	<u>3,019,933</u>
Net assets		
Shareholders' equity		
Capital stock	351,138	366,951
Capital surplus	201,138	216,951
Retained earnings	482,075	875,425
Treasury shares	(53)	(264)
Total shareholders' equity	<u>1,034,297</u>	<u>1,459,063</u>
Accumulated other comprehensive income		
Foreign currency translation adjustment	402	—
Total accumulated other comprehensive income	<u>402</u>	<u>—</u>
Subscription rights to shares	6,901	14,682
Total net assets	<u>1,041,602</u>	<u>1,473,745</u>
Total liabilities and net assets	<u>3,717,275</u>	<u>4,493,679</u>

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended November 30, 2016	Fiscal year ended November 30, 2017
Net sales	9,236,016	11,696,248
Cost of sales	6,550,520	8,353,434
Gross profit	2,685,495	3,342,814
Selling, general and administrative expenses	2,177,670	2,668,284
Operating profit	507,825	674,529
Non-operating income		
Interest income	121	9
Share of profit of entities accounted for using equity method	810	498
Subsidy income	–	19,817
Other	1,998	1,603
Total non-operating income	2,930	21,927
Non-operating expenses		
Interest expenses	9,119	6,905
Provision of allowance for doubtful accounts	3,533	–
Commission fee	1,400	2,002
Other	79	–
Total non-operating expenses	14,132	8,907
Ordinary profit	496,623	687,548
Extraordinary income		
Penalty income	–	27,300
Other	–	52
Total extraordinary income	–	27,352
Extraordinary losses		
Loss on retirement of non-current assets	12,083	11,201
Compensation for damage	–	41,755
Total extraordinary losses	12,083	52,957
Profit before income taxes	484,540	661,943
Income taxes - current	113,534	196,585
Income taxes - deferred	(37,001)	41,974
Total income taxes	76,533	238,559
Profit	408,007	423,383
Profit attributable to owners of parent	408,007	423,383

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended November 30, 2016	Fiscal year ended November 30, 2017
Profit	408,007	423,383
Other comprehensive income		
Share of other comprehensive income of entities accounted for using equity method	(235)	(402)
Total other comprehensive income	(235)	(402)
Comprehensive income	407,771	422,981
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	407,771	422,981
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended November 30, 2016

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at beginning of current period	351,138	201,138	104,101	(53)	656,324	638	638
Changes of items during period							
Dividends of surplus			(30,033)		(30,033)		
Issuance of new shares - exercise of subscription rights to shares					-		
Profit attributable to owners of parent			408,007		408,007		
Purchase of treasury shares					-		
Net changes of items other than shareholders' equity						(235)	(235)
Total changes of items during period	-	-	377,973	-	377,973	(235)	(235)
Balance at end of current period	351,138	201,138	482,075	(53)	1,034,297	402	402

	Subscription rights to shares	Total net assets
Balance at beginning of current period	6,930	663,892
Changes of items during period		
Dividends of surplus		(30,033)
Issuance of new shares - exercise of subscription rights to shares		-
Profit attributable to owners of parent		408,007
Purchase of treasury shares		-
Net changes of items other than shareholders' equity	(28)	(263)
Total changes of items during period	(28)	377,710
Balance at end of current period	6,901	1,041,602

Fiscal year ended November 30, 2017

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at beginning of current period	351,138	201,138	482,075	(53)	1,034,297	402	402
Changes of items during period							
Dividends of surplus			(30,033)		(30,033)		
Issuance of new shares - exercise of subscription rights to shares	15,813	15,813			31,626		
Profit attributable to owners of parent			423,383		423,383		
Purchase of treasury shares				(211)	(211)		
Net changes of items other than shareholders' equity						(402)	(402)
Total changes of items during period	15,813	15,813	393,350	(211)	424,765	(402)	(402)
Balance at end of current period	366,951	216,951	875,425	(264)	1,459,063	-	-

	Subscription rights to shares	Total net assets
Balance at beginning of current period	6,901	1,041,602
Changes of items during period		
Dividends of surplus		(30,033)
Issuance of new shares - exercise of subscription rights to shares		31,626
Profit attributable to owners of parent		423,383
Purchase of treasury shares		(211)
Net changes of items other than shareholders' equity	7,780	7,378
Total changes of items during period	7,780	432,143
Balance at end of current period	14,682	1,473,745

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended November 30, 2016	Fiscal year ended November 30, 2017
Cash flows from operating activities		
Profit before income taxes	484,540	661,943
Depreciation	168,065	220,547
Increase (decrease) in allowance for doubtful accounts	(1,823)	(13,139)
Increase (decrease) in provision for bonuses	19,468	45,096
Increase (decrease) in provision for directors' bonuses	30,000	(12,000)
Interest income	(121)	(9)
Interest expenses	9,119	6,905
Share of (profit) loss of entities accounted for using equity method	(810)	(498)
Loss on retirement of non-current assets	12,083	11,201
Penalty income	–	(27,300)
Compensation for damage	–	41,755
Decrease (increase) in notes and accounts receivable - trade	(233,111)	(300,562)
Decrease (increase) in inventories	(14,358)	4,845
Increase (decrease) in notes and accounts payable - trade	22,043	(25,850)
Increase (decrease) in accrued expenses	116,417	212,074
Other, net	157,480	127,544
Subtotal	768,991	952,554
Interest and dividend income received	121	9
Interest expenses paid	(8,885)	(6,771)
Proceeds from penalty income	–	27,300
Compensation for damage paid	–	(14,649)
Income taxes (paid) refund	(34,434)	(156,974)
Net cash provided by (used in) operating activities	725,792	801,467
Cash flows from investing activities		
Purchase of property, plant and equipment	(441,686)	(489,596)
Purchase of intangible assets	(25,220)	(28,830)
Purchase of investment securities	(15,799)	–
Payments for lease and guarantee deposits	(27,703)	(70,483)
Proceeds from collection of lease and guarantee deposits	28,069	11,570
Collection of loans receivable	187	–
Other, net	2,000	52
Net cash provided by (used in) investing activities	(480,153)	(577,287)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	330,000	100,000
Repayments of long-term loans payable	(162,176)	(159,836)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	–	31,200
Cash dividends paid	(29,744)	(29,971)
Net cash provided by (used in) financing activities	138,079	(58,607)
Net increase (decrease) in cash and cash equivalents	383,718	165,573
Cash and cash equivalents at beginning of period	691,045	1,074,764
Cash and cash equivalents at end of period	1,074,764	1,240,337