

**For the Fiscal Year Ended November 30, 2015**

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**Annual Select<sup>®</sup> 2015**

**S-Pool, Inc.**

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**Akihabara Daibiru Bldg., 1-18-13 Sotokanda, Chiyoda-ku, Tokyo, Japan**

**(Securities Code: 2471)**

**+81-3-6859-5599**

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### **[Corporate Philosophy]**

By sharing the visions of our corporate customers and acting as a true business partner, we support corporate transformation through the development of human resources and human resource organizations, as well as strategic outsourcing, thereby contributing to the vigor of Japan.

### **[Corporate Profile]**

“Supporting Corporate Transformation and Contributing to the Vigor of Japan”

S-POOL was established in December 1999 to fulfill this mission. Many companies exist that have good products, services, brands and technologies, but that are nevertheless unable to gain a competitive edge for reasons such as a lack of leadership skills, insufficient marketing capabilities, delays in systematization and high cost structures. Our mission at S-POOL is to help such companies facing management issues to maximize their strengths and overcome their weaknesses in a timely manner through the development of human resources and organizations, as well as strategic outsourcing. We grow in tandem with our partner companies by helping them clearly elicit their competitive advantages.

Since the time of its establishment, S-POOL has held these convictions steadfastly, as we aim to be a company that helps its customers win out over the competition. Going forward, S-POOL will continue taking on the challenge of creating new value with a view to achieving its goal of “supporting corporate transformation and contributing to the vigor of Japan.”

## I. Summary of Selected Financial Data (Consolidated)

	12 <sup>th</sup> term Fiscal year ended November 30, 2011	13 <sup>th</sup> term Fiscal year ended November 30, 2012	14 <sup>th</sup> term Fiscal year ended November 30, 2013	15 <sup>th</sup> term Fiscal year ended November 30, 2014	16 <sup>th</sup> term Fiscal year ended November 30, 2015
Net sales (Thousand yen)	5,532,729	4,941,644	5,365,787	6,604,945	7,267,934
Ordinary income (Thousand yen)	17,836	29,667	49,008	191,868	49,551
Net income (loss) (Thousand yen)	207,468	(30,793)	44,819	165,434	(68,663)
Comprehensive income (loss) (Thousand yen)	207,251	(30,793)	45,258	165,805	(68,835)
Net assets (Thousand yen)	173,337	143,027	188,285	756,284	663,892
Total assets (Thousand yen)	1,100,061	1,291,411	1,508,514	2,155,525	2,664,460
Net assets per share (Yen)	67.10	55.18	72.70	251.66	218.74
Net income (loss) per share (Yen)	80.31	(11.92)	17.35	58.89	(22.86)
Diluted net income per share (Yen)	–	–	–	–	–
Equity ratio (%)	15.8	11.0	12.4	35.1	24.7
Return on equity (ROE) (%)	298.1	–	27.1	35.1	–
Price earnings ratio (PER) (Times)	1.8	–	51.6	18.6	–
Net cash provided by (used in) operating activities (Thousand yen)	99,901	(45,794)	64,223	291,978	(253,546)
Net cash provided by (used in) investing activities (Thousand yen)	297,190	12,089	(130,795)	(188,814)	(388,130)
Net cash provided by (used in) financing activities (Thousand yen)	(453,776)	184,436	(6,730)	229,698	513,433
Cash and cash equivalents at end of period (Thousand yen)	408,997	559,728	486,426	819,288	691,045
Number of employees	89	85	105	116	151
[Separately, number of contract employees]	[31]	[56]	[77]	[127]	[190]
{ Separately, average number of temporary employees } (Persons)	{27}	{32}	{50}	{85}	{118}

- Notes:
1. Net sales do not include consumption taxes.
  2. Diluted net income per share for the 12th term is not presented because the Company had no potential shares. Diluted net income per share for the 13th term is not presented because the Company reported net loss per share and had no potential shares. Diluted net income per share for the 14th and 15th terms is not presented because the Company had no potential shares with dilutive effects. Diluted net income per share for the 16th term is not presented because the Company reported net loss per share although potential shares with dilutive effects existed.
  3. Concerning employees, the square brackets [ ] present the number of contract employees and curly brackets { } present the annual average number of temporary employees.
  4. Return on equity and price earnings ratio for the 13th and 16th terms are not presented because the Company reported net loss.
  5. The Company implemented a 1:100 common share split on December 1, 2012. Net income (loss) per share and net assets per share for the 12th and 13th terms were calculated on the assumption that the share split was implemented at the beginning of the 12th term.

## II. Message from the President



Sohei Urakami  
Chairman of the board, President, and  
Representative Director

### **Fiscal Year Ended November 30, 2015**

During the fiscal year ended November 30, 2015, we posted a new net sales record high for the first time in seven fiscal years. Driven by our core temporary staffing service and special needs employment service, net sales grew 10.0% year on year, to ¥7,267 million. Performing particularly favorably were our temporary staffing services at call centers, which saw 50% year-on-year growth, and special needs employment service, for which revenue expanded 50%. We steadily revised our composition of sales toward a leaner, more balanced structure led by special needs employment service. This structure is strong in the face of economic change and includes an increased ratio of highly profitable businesses.

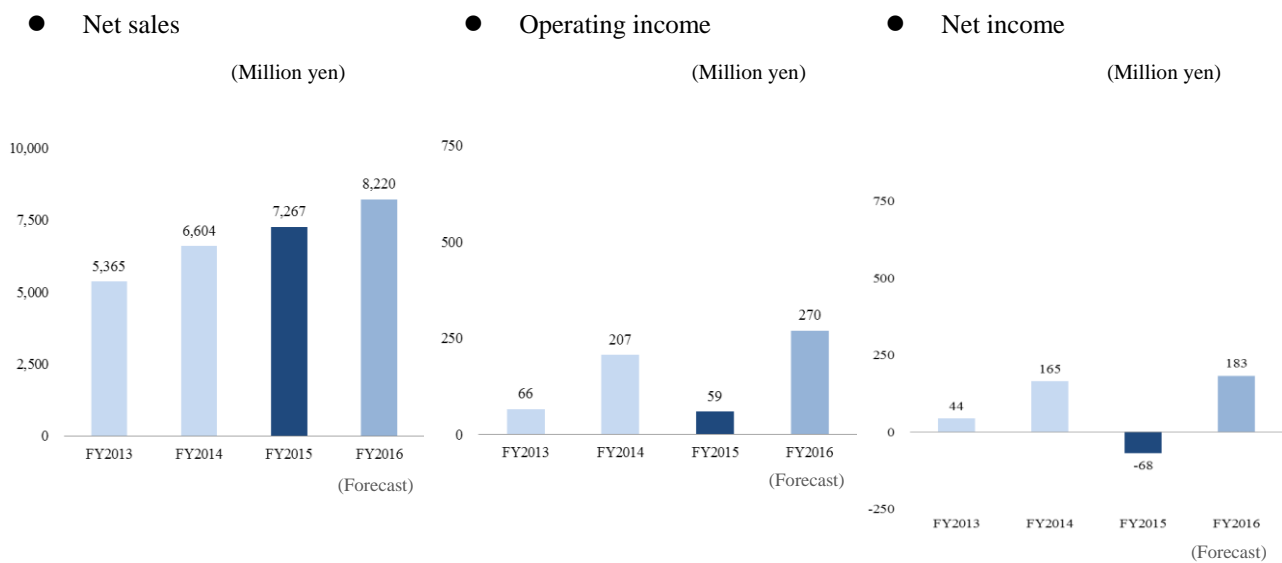
Despite solid results from existing services, performance fell sharply on the income front due to unexpected delays in boosting productivity in relation to a new order for installing smart meters. As a result, operating income fell 71.3% year on year, to ¥59 million; ordinary income dropped 74.2%, to ¥ 49 million; and we recorded a net loss of ¥68 million, compared with net income of ¥165 million in the previous fiscal year.

### **Outlook for the Fiscal Year Ending November 30, 2016**

In the fiscal year ending November 30, 2016, we aim to achieve record levels of sales and income. Specifically, we forecast net sales of ¥8,220 million, up 13.1% from the previous fiscal year; operating income of ¥270 million, up 354.1%; ordinary income of ¥258 million, up 421.2%; and net income of ¥183 million, up from a net loss of ¥68 million. We have a number of reasons for expecting these favorable results. We are relatively certain that sales will increase, and we will place foremost priority on reinforcing our earnings base.

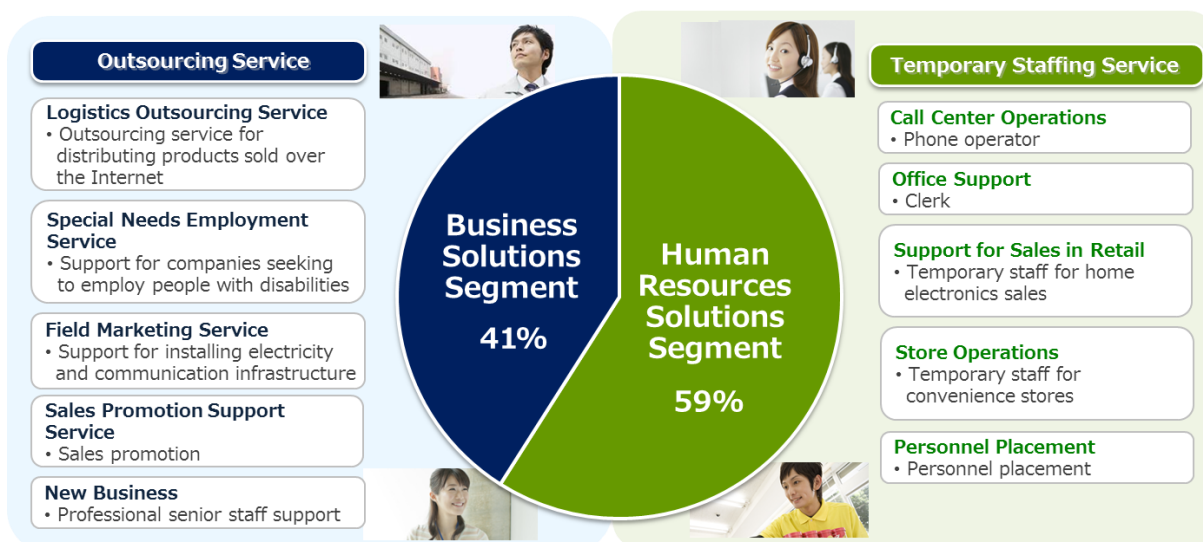
To ensure stable earnings, we are augmenting our percentage of stock-type services, which can be expected to deliver continuous business. At the same time, we will undertake measures to dramatically improve businesses delivering low levels of profit. Furthermore, we will create new pillars of earnings, diversify our sources of earnings and aim to create a lean business structure that is robust in the face of fluctuations in the business environment.

The S-POOL Group considers the fiscal year ending November 30, 2016, as an important year for taking a step forward to a new phase of growth. To achieve sustainable growth, we will further hone our unique service offerings and enhance our competitiveness, thereby fortifying our earnings base. We will also promote business development in areas that make strong contributions to society as we work to develop our company in a way that is even more positive for society.



### III. Business Segment Overview

The Company has two business segments: the business solutions segment, which provides outsourcing service; and the human resources solutions segment, offering temporary staffing service. We generate 89% of consolidated net sales from three core services—temporary staffing service (human resources solutions segment), logistics outsourcing service and special needs employment service (business solutions segment).



\*The circle graph represents percentage of sales.

#### Business Solutions Segment

This segment provides outsourcing services that handle entrusted parts of corporate operations. Our services characteristically are linked directly with client successes, helping them to boost sales, curtail costs and resolve operational issues.

In the fiscal year ended November 30, 2015, we enjoyed steady growth in our special needs employment service. We made progress on opening three new farms and doubled farm sales from the previous fiscal year. Our sales promotion support service also expanded steadily. However, our smart meter installation operations posted substantial losses due to upfront costs for human resources, recruiting and training expenses, and the cost of opening a new location, prior to the start of operations. In addition, learning this business after commencing operations took more time than we had initially anticipated. Consequently, this segment generated sales of ¥3,000 million, up 10.9% year on year, and operating income of ¥163 million, down 41.7%.

For the fiscal year ending November 30, 2016, we expect segment sales to rise 20.0%, to ¥3,599 million, and operating income to surge 368.3%, to ¥439 million.

### **Human Resources Solutions Segment**

This segment provides temporary staffing and personnel placement centering on operations that require communication skills. Here, we focus on dispatching personnel for call center operations and sales personnel to handle the sale of mobile phones and home electronics and work at convenience stores.

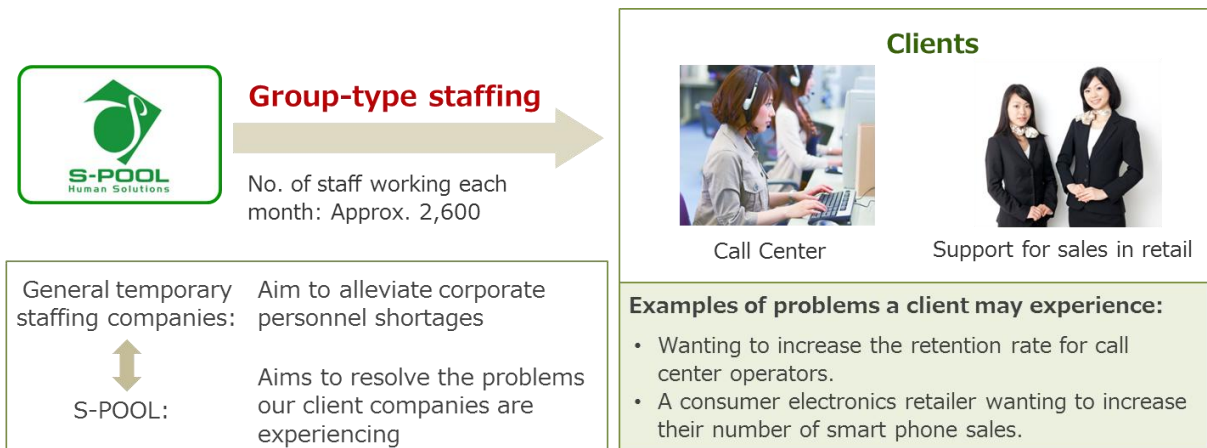
During the fiscal year ended November 30, 2015, amid ongoing corporate personnel shortages demand was particularly favorable for call center operations, notably at regional hubs. On the profit front, despite a rise in our burden of social insurance premiums we outpaced the previous fiscal year's operating income margin by proactively engaging in personnel placement, which has high profit margins. Segment sales accordingly grew 8.1% year on year, to ¥4,302 million, and operating income rose 16.3%, to ¥360 million.

In the fiscal year ending November 30, 2016, we forecast segment sales of ¥4,740 million, up 10.2%, and operating income of ¥370 million, up 2.8%.

## IV. Three Core Businesses

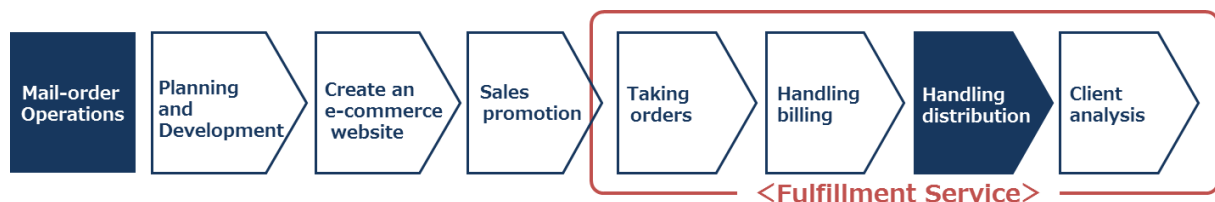
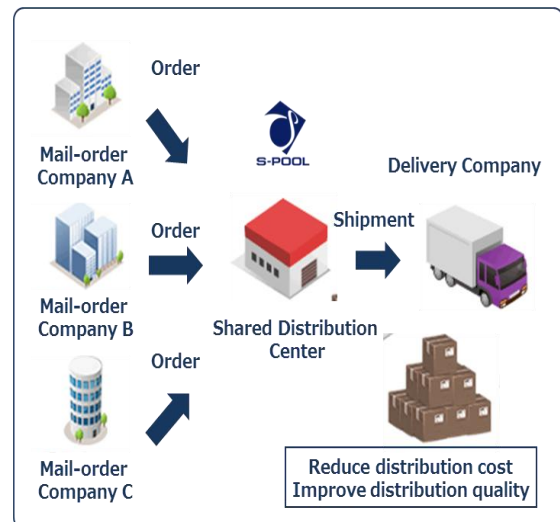
### (1) Temporary Staffing Service (Human Resources Solutions Segment)

Our services are different from general temporary staffing services that seek to alleviate corporate personnel shortages in that we work to resolve the problems our client companies are experiencing. When selecting organizations to which personnel will be dispatched, we conduct a character analysis and employ a proprietary matching system to prevent quick turnover. We also typically employ a group-type staffing approach and assign certain employees at organizations to which personnel will be dispatched as leaders, who handle staff follow-up, education and training. This method has proven effective at boosting retention rates and increasing skills. By providing a temporary staffing service targeting their successes, we create solid partnerships with our corporate customers and endeavor to obtain long-term agreements.

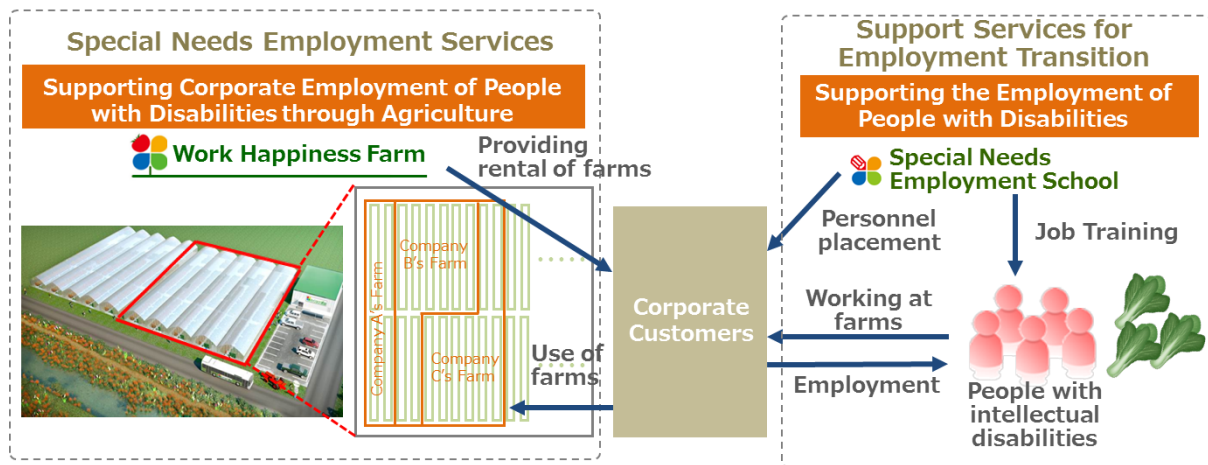


### (2) Logistics Outsourcing Service (Business Solutions Segment)

Logistics outsourcing service handles the distribution of products sold over the Internet. We currently operate two joint warehouses serving approximately 60 customers. Our strengths lie in curtailing transport costs through operational improvements and volume discounts, as well as providing high-quality transport that enhances purchasers' level of satisfaction. The products we handle include cosmetics, sundries, health foods, apparel and other small items. The Internet-based mail-order companies we serve center on relatively small-scale start-up companies, a niche in which leading logistics companies find it difficult to compete. Recently, we have been focusing on offering support in response to the rapidly expanding market for border-crossing e-commerce (mail-order services to overseas destinations).



### (3) Special Needs Employment Service (Business Solutions Segment)

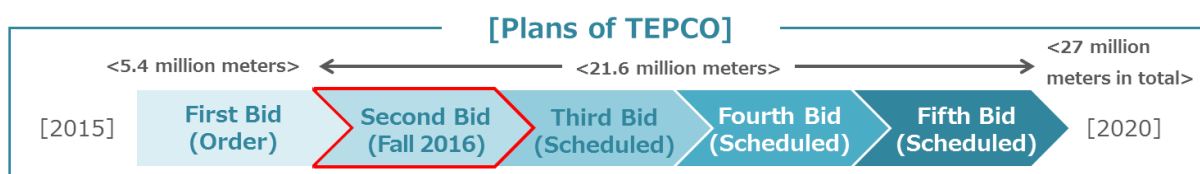


For companies seeking to employ people with disabilities, we operate the Work Happiness Farm, which rents out farms to companies to employ people with disabilities. We also operate the Special Needs Employment School. This facility provides job training to facilitate the transition of people with disabilities who are seeking employment to jobs at private-sector companies. Our farms provide an environment where people with severe intellectual disabilities can enjoy stable, long-term employment. The companies can use these services even if they have no agricultural experience or knowhow regarding the employment of people with intellectual disabilities. In the five years since we began offering this service, no companies have discontinued their use of it, and the turnover rate in people with disabilities has been astoundingly low, at less than 3%. We are confident that this business model, which is unique in Japan, is a distinctive business that offers a high level of social contribution.

## V. Businesses Slated for Future Growth

### Field Marketing Service (Business Solutions Segment)

The introduction of electronic electric power meters is being seen as an essential means of preparing society as a whole for a shift to energy conservation. Plans are in place to convert some 82 million electric power meters across Japan to smart meters by the end of fiscal 2024. Of this figure, around 27 million meters are scheduled for installation in the area served by Tokyo Electric Power Company, and we have the top share of the market for providing these installations. As the regular changing of electric power meters is mandated by law, we expect this business to remain constant even after the installation of smart meters is complete. A shift to smart meters on infrastructure other than electricity, such as gas and water, is also being planned, and we see this as a potential market. By joining the public infrastructure business, we aim to create a new pillar of earnings.





## VI. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousand yen)

	As of November 30, 2014	As of November 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	819,288	691,045
Notes and accounts receivable - trade	778,561	1,031,995
Merchandise	6,937	9,294
Work in process	508	–
Deferred tax assets	87,603	71,846
Other	58,115	111,622
Allowance for doubtful accounts	(11,246)	(4,204)
Total current assets	1,739,767	1,911,599
Non-current assets		
Property, plant and equipment		
Buildings and structures	269,597	464,582
Accumulated depreciation	(54,507)	(79,730)
Buildings and structures, net	215,090	384,852
Construction in progress	–	45,545
Other	136,084	213,074
Accumulated depreciation	(74,521)	(87,892)
Other, net	61,562	125,181
Total property, plant and equipment	276,652	555,579
Intangible assets		
Software	45,293	50,164
Other	257	257
Total intangible assets	45,550	50,421
Investments and other assets		
Investment securities	950	535
Deferred tax assets	1,356	–
Lease and guarantee deposits	90,043	145,471
Other	31,733	27,085
Allowance for doubtful accounts	(30,528)	(26,232)
Total investments and other assets	93,555	146,860
Total non-current assets	415,758	752,861
<b>Total assets</b>	<b>2,155,525</b>	<b>2,664,460</b>

(Thousand yen)

	As of November 30, 2014	As of November 30, 2015
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	105,620	110,589
Short-term loans payable	310,000	470,000
Current portion of long-term loans payable	75,270	162,176
Accounts payable - other	137,153	129,077
Income taxes payable	47,694	33,359
Accrued consumption taxes	176,539	131,480
Accrued expenses	338,793	436,405
Provision for bonuses	8,148	8,175
Provision for directors' bonuses	14,600	-
Other	43,005	34,729
Total current liabilities	1,256,825	1,515,993
Non-current liabilities		
Long-term loans payable	109,430	405,558
Deferred tax liabilities	6,632	16,325
Asset retirement obligations	26,353	62,692
Total non-current liabilities	142,415	484,575
Total liabilities	1,399,241	2,000,568
Net assets		
Shareholders' equity		
Capital stock	351,138	351,138
Capital surplus	201,138	201,138
Retained earnings	202,797	104,101
Treasury shares	(53)	(53)
Total shareholders' equity	755,020	656,324
Accumulated other comprehensive income		
Foreign currency translation adjustment	809	638
Total accumulated other comprehensive income	809	638
Subscription rights to shares	454	6,930
Total net assets	756,284	663,892
Total liabilities and net assets	2,155,525	2,664,460

**(2) Consolidated Statements of Income and  
Consolidated Statements of Comprehensive Income**

**(Consolidated Statements of Income)**

(Thousand yen)

	Fiscal year ended November 30, 2014	Fiscal year ended November 30, 2015
Net sales	6,604,945	7,267,934
Cost of sales	4,966,304	5,431,197
Gross profit	1,638,641	1,836,736
Selling, general and administrative expenses	1,431,585	1,777,213
Operating income	207,055	59,523
Non-operating income		
Interest income	304	325
Refunded consumption taxes	1,358	–
Insurance income	4,011	–
Commission fee	668	1,125
Other	57	112
Total non-operating income	6,400	1,562
Non-operating expenses		
Interest expenses	12,976	9,888
Interest on bonds	135	–
Share of loss of entities accounted for using equity method	2,833	243
Commission fee	5,641	1,402
Other	0	–
Total non-operating expenses	21,587	11,533
Ordinary income	191,868	49,551
Extraordinary losses		
Loss on retirement of non-current assets	288	2,655
Head office transfer cost	–	40,071
Total extraordinary losses	288	42,726
Income before income taxes and minority interests	191,579	6,825
Income taxes - current	50,586	48,990
Income taxes - deferred	(24,441)	26,498
Total income taxes	26,145	75,488
Income (loss) before minority interests	165,434	(68,663)
Net income (loss)	165,434	(68,663)

**(Consolidated Statements of Comprehensive Income)**

(Thousand yen)

	Fiscal year ended November 30, 2014	Fiscal year ended November 30, 2015
Income (loss) before minority interests	165,434	(68,663)
Other comprehensive income		
Share of other comprehensive income of entities accounted for using equity method	371	(171)
Total other comprehensive income	371	(171)
Comprehensive income	165,805	(68,835)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	165,805	(68,835)
Comprehensive income attributable to minority interests	—	—

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended November 30, 2014

(Thousand 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	150,000	–	37,363	–	187,363	438	438
Changes of items during period							
Issuance of new shares - exercise of subscription rights to shares	201,138	201,138			402,276		
Net income (loss)			165,434		165,434		
Purchase of treasury shares				(53)	(53)		
Net changes of items other than shareholders' equity						371	371
Total changes of items during period	201,138	201,138	165,434	(53)	567,657	371	371
Balance at end of current period	351,138	201,138	202,797	(53)	755,020	809	809

	Subscription rights to shares	Total net assets
Balance at beginning of current period	482	188,285
Changes of items during period		
Issuance of new shares - exercise of subscription rights to shares		402,276
Net income (loss)		165,434
Purchase of treasury shares		(53)
Net changes of items other than shareholders' equity	(28)	342
Total changes of items during period	(28)	567,999
Balance at end of current period	454	756,284

Fiscal year ended November 30, 2015

(Thousand 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	202,797	(53)	755,020	809	809
Changes of items during period							
Dividends of surplus			(30,033)		(30,033)		
Net income (loss)			(68,663)		(68,663)		
Net changes of items other than shareholders' equity						(171)	(171)
Total changes of items during period	-	-	(98,696)	-	(98,696)	(171)	(171)
Balance at end of current period	351,138	201,138	104,101	(53)	656,324	638	638

	Subscription rights to shares	Total net assets
Balance at beginning of current period	454	756,284
Changes of items during period		
Dividends of surplus		(30,033)
Net income (loss)		(68,663)
Net changes of items other than shareholders' equity	6,475	6,303
Total changes of items during period	6,475	(92,392)
Balance at end of current period	6,930	663,892

#### (4) Consolidated Statements of Cash Flows

(Thousand yen)

	Fiscal year ended November 30, 2014	Fiscal year ended November 30, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	191,579	6,825
Depreciation	49,456	86,850
Increase (decrease) in allowance for doubtful accounts	5,538	(11,338)
Increase (decrease) in provision for bonuses	(5,631)	26
Increase (decrease) in provision for directors' bonuses	14,600	(14,600)
Interest income	(304)	(325)
Interest expenses	13,112	9,888
Share of (profit) loss of entities accounted for using equity method	2,833	243
Loss on retirement of non-current assets	288	2,655
Impairment loss	–	22,413
Decrease (increase) in notes and accounts receivable - trade	(133,245)	(253,433)
Decrease (increase) in inventories	(945)	(1,849)
Increase (decrease) in notes and accounts payable - trade	(9,507)	4,969
Increase (decrease) in accrued expenses	52,711	97,612
Other, net	140,718	(93,477)
Subtotal	321,204	(143,540)
Interest and dividend income received	304	325
Interest expenses paid	(12,881)	(10,297)
Income taxes (paid) refund	(16,648)	(100,034)
Net cash provided by (used in) operating activities	291,978	(253,546)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(143,572)	(304,764)
Purchase of intangible assets	(41,674)	(24,193)
Payments for lease and guarantee deposits	(9,619)	(69,824)
Proceeds from collection of lease and guarantee deposits	5,513	18,849
Collection of loans receivable	539	610
Other, net	–	(8,808)
Net cash provided by (used in) investing activities	(188,814)	(388,130)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	(166,400)	160,000
Proceeds from long-term loans payable	100,000	500,000
Repayments of long-term loans payable	(86,124)	(116,966)
Redemption of bonds	(20,000)	–
Proceeds from issuance of subscription rights to shares	3,276	–
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	399,000	–
Cash dividends paid	–	(29,600)
Other, net	(53)	–
Net cash provided by (used in) financing activities	229,698	513,433
Net increase (decrease) in cash and cash equivalents	332,862	(128,243)
Cash and cash equivalents at beginning of period	486,426	819,288
Cash and cash equivalents at end of period	819,288	691,045

## VII. Corporate Data (as of February 26, 2016)

### Basic Information

Trade name:	S-Pool, Inc.
Established:	December 1999
Listed market:	Tokyo Stock Exchange, JASDAQ (Standard) (Securities Code: 2471)
Listed:	February 2006
Business year:	From December 1 to November 30
Capital stock:	351,138 thousand yen
Number of employees:	151 persons (separately, 190 persons of contract employees and 118 persons of annual average temporary employees; on a consolidated basis)
Head office:	1-18-13, Sotokanda, Chiyoda-ku, Tokyo
Telephone:	+81-3-6859-5599
Consolidated subsidiaries:	S-Pool Human Solutions, Inc. S-Pool Logistics, Inc. S-Pool Plus, Inc. S-Pool Ecology, Inc. S-Pool Sales Support Inc. S-Pool Engineering, Inc. GENIXY, INC. S-POOL BANGKOK CO., LTD.

### Directors and Corporate Auditors (as of February 26, 2016)

Chairman of the board, President, and Representative Director	Sohei Urakami
Director	Hideaki Sato
Director	Shingo Yoshimura
Director*	Toru Akaura
Director*	Somitsu Takehara
Standing Statutory Auditor**	Xu Jin
Statutory Auditor**	Hiroshi Hatanaka
Statutory Auditor**	Isamu Yoshioka

\* External Director    \*\* External Statutory Auditor



## Stock Status

Total number of shares authorized:	10,032,000 shares
Total number of shares issued:	3,003,400 shares
Number of shareholders:	1,652

### Major shareholders (Top 10)

Shareholder name	Number of shares held	Share-holding ratio (%)
Sohei Urakami	545,200	18.15
Shingo Yoshimura	415,100	13.82
GOLDMAN SACHS INTERNATIONAL	135,351	4.51
S-POOL Employee Stock Ownership Association	131,900	4.39
Toru Akaura	111,100	3.70
Hideaki Sato	110,900	3.69
Japan Securities Finance Co., Ltd.	95,600	3.18
NORTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT	80,000	2.66
Somitsu Takehara	70,500	2.35
kabu.com Securities Co., Ltd.	68,100	2.27

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