

**Consolidated Financial Results**  
**for the Fiscal Year Ended December 31, 2016**  
**[Japanese GAAP]**



February 14, 2017

Company name: RS Technologies Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 3445  
 URL: <http://www.rs-tec.jp/>  
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 Scheduled date of annual general shareholders' meeting: March 29, 2017  
 Scheduled date of commencing dividend payments: —  
 Scheduled date of filing annual securities report: March 29, 2017  
 Availability of supplementary briefing material on annual financial results: Available  
 Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

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

**1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2016 (January 1, 2016 to December 31, 2016)**

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2016	8,849	59.6	1,557	44.1	1,450	54.7	869	185.8
December 31, 2015	5,545	21.4	1,081	(7.3)	937	(24.8)	304	(54.2)

(Note) Comprehensive income: Fiscal year ended December 31, 2016: ¥862 million [202.8%]  
 Fiscal year ended December 31, 2015: ¥284 million [(59.0)%]

	Earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2016	159.97	155.14	28.2	14.1	17.6
December 31, 2015	56.72	55.04	14.6	11.3	19.5

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended December 31, 2016: ¥— million  
 Fiscal year ended December 31, 2015: ¥— million

(Note) The Company was listed on the Tokyo Stock Exchange Mothers market on March 24, 2015. Accordingly, the diluted earnings per share for the fiscal year ended December 31, 2015 was calculated on the assumption that the average share price from the listing date to December 31, 2015 was the average share price during the twelve-month period.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2016	10,859	3,541	32.6	642.59
As of December 31, 2015	9,737	2,644	27.1	485.54

(Reference) Equity: As of December 31, 2016: ¥3,535 million  
 As of December 31, 2015: ¥2,638 million

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2016	964	(776)	(91)	1,714
December 31, 2015	470	(2,127)	2,327	1,603

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2015	—	—	—	—	—	—	—	—
Fiscal year ended December 31, 2016	—	—	—	10.00	10.00	55	6.3	1.8
Fiscal year ending December 31, 2017 (Forecast)	—	—	—	—	—		—	

1. Breakdown of yearend dividend for the fiscal year ended December 31, 2016: Ordinary dividend ¥5.00; Commemorative dividend ¥5.00

2. Dividends for the fiscal year ending December 31, 2017 are yet to be decided.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2017 (January 1, 2017 to December 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	4,232	9.1	977	93.0	908	481.7	586	792.2	107.76
Full year	8,556	(3.3)	1,939	24.5	1,825	25.8	1,177	35.4	216.49

### \* Notes:

(1) Changes in significant subsidiaries during the fiscal year ended December 31, 2016 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

December 31, 2016: 5,505,000 shares

December 31, 2015: 5,440,000 shares

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

December 31, 2016: 3,407 shares

December 31, 2015: 6,700 shares

3) Average number of shares during the period:

Fiscal year ended December 31, 2016: 5,436,393 shares

Fiscal year ended December 31, 2015: 5,364,251 shares

(Note) The total number of treasury shares at the end of the period includes the Company's shares (As of December 31, 2016: 3,300 shares, As of December 31, 2015: 6,700 shares) held in the "Employee Stock Ownership Plan (ESOP) Trust Account." In calculating the average number of shares during the period, the number of treasury shares deducted includes the Company's shares (Fiscal year ended December 31, 2016: 4,902 shares, Fiscal year ended December 31, 2015: 2,516 shares) held in the "Employee Stock Ownership Plan (ESOP) Trust Account."

(Reference) Summary of non-consolidated financial results

## 1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2016 (January 1, 2016 to December 31, 2016)

(1) Non-Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2016	7,817	35.9	1,597	12.1	1,564	14.7	920	14.9
December 31, 2015	5,752	26.0	1,425	19.8	1,364	5.4	801	12.8

	Earnings per share		Diluted earnings per share	
Fiscal year ended	Yen		Yen	
December 31, 2016	169.37		164.26	
December 31, 2015	149.35		144.92	

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2016	9,652	4,138	42.8	751.07
As of December 31, 2015	7,896	3,182	40.2	584.68

(Reference) Equity: As of December 31, 2016: ¥4,132 million  
As of December 31, 2015: ¥3,176 million

### \* Presentation regarding the implementation status of the audit procedures

These financial results are outside the scope of audit procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these financial results, audit procedures for the financial statements under the Financial Instruments and Exchange Act have not been completed.

### \* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information that is available and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2015	As of December 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,842,523	1,952,928
Notes and accounts receivable - trade	970,873	2,727,931
Merchandise and finished goods	346,599	361,110
Work in process	123,123	132,598
Raw materials and supplies	146,355	134,801
Deferred tax assets	379,022	127,075
Other	84,129	92,401
Allowance for doubtful accounts	—	(3,261)
<b>Total current assets</b>	<b>3,892,627</b>	<b>5,525,586</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	1,524,855	1,525,555
Accumulated depreciation	(19,101)	(100,888)
Buildings and structures, net	1,505,754	1,424,667
Machinery, equipment and vehicles	4,196,335	4,795,490
Accumulated depreciation	(588,815)	(1,182,784)
Machinery, equipment and vehicles, net	3,607,520	3,612,706
Tools, furniture and fixtures	82,437	86,231
Accumulated depreciation	(8,482)	(30,490)
Tools, furniture and fixtures, net	73,954	55,741
Leased assets	—	60,613
Accumulated depreciation	—	(2,020)
Leased assets, net	—	58,593
Construction in progress	480,434	506
<b>Total property, plant and equipment</b>	<b>5,667,664</b>	<b>5,152,215</b>
<b>Intangible assets</b>		
Software	29,136	23,050
<b>Total intangible assets</b>	<b>29,136</b>	<b>23,050</b>
<b>Investments and other assets</b>		
Claims provable in bankruptcy, claims provable in rehabilitation and other	—	6,831
Other	148,308	158,348
Allowance for doubtful accounts	—	(6,831)
<b>Total investments and other assets</b>	<b>148,308</b>	<b>158,348</b>
<b>Total non-current assets</b>	<b>5,845,109</b>	<b>5,333,614</b>
<b>Total assets</b>	<b>9,737,737</b>	<b>10,859,200</b>

	As of December 31, 2015	As of December 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	186,167	283,389
Short-term loans payable	353,000	580,500
Current portion of long-term loans payable	863,295	947,166
Lease obligations	—	10,659
Accounts payable - other	732,078	310,223
Income taxes payable	8,949	426,823
Provision for bonuses	22,311	20,659
Provision for shareholder benefit program	—	13,797
Other	129,810	407,119
Total current liabilities	<u>2,295,613</u>	<u>3,000,339</u>
Non-current liabilities		
Long-term loans payable	4,079,442	3,620,126
Lease obligations	—	42,332
Deferred tax liabilities	717,086	643,648
Other	1,472	11,463
Total non-current liabilities	<u>4,798,001</u>	<u>4,317,570</u>
Total liabilities	<u>7,093,615</u>	<u>7,317,910</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	616,450	629,450
Capital surplus	616,440	629,440
Retained earnings	1,418,257	2,287,910
Treasury shares	(17,094)	(8,550)
Total shareholders' equity	<u>2,634,052</u>	<u>3,538,249</u>
Accumulated other comprehensive income		
Foreign currency translation adjustment	4,055	(2,972)
Total accumulated other comprehensive income	<u>4,055</u>	<u>(2,972)</u>
Subscription rights to shares	<u>6,013</u>	<u>6,013</u>
Total net assets	<u>2,644,121</u>	<u>3,541,290</u>
Total liabilities and net assets	<u>9,737,737</u>	<u>10,859,200</u>

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

(Thousand yen)

	For the fiscal year ended December 31, 2015	For the fiscal year ended December 31, 2016
Net sales	5,545,500	8,849,546
Cost of sales	3,673,492	6,332,983
Gross profit	1,872,007	2,516,562
Selling, general and administrative expenses	790,698	958,931
Operating income	1,081,308	1,557,630
Non-operating income		
Interest income	1,012	901
Subsidy income	19,563	117,213
Other	11,742	14,115
Total non-operating income	32,317	132,230
Non-operating expenses		
Interest expenses	85,956	74,745
Foreign exchange losses	53,135	127,054
Going public expenses	14,292	24,688
Other	22,375	12,676
Total non-operating expenses	175,760	239,164
Ordinary income	937,865	1,450,696
Extraordinary income		
State subsidy income	2,443,047	14,776
Total extraordinary income	2,443,047	14,776
Extraordinary losses		
Facilities transfer cost	249,040	—
Loss on retirement of non-current assets	—	1,256
Loss on reduction of non-current assets	2,443,047	9,715
Total extraordinary losses	2,692,087	10,971
Profit before income taxes	688,825	1,454,501
Income taxes - current	4,404	399,518
Income taxes - deferred	380,171	185,329
Total income taxes	384,576	584,848
Profit	304,248	869,652
Profit attributable to owners of parent	304,248	869,652

## Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended December 31, 2015	For the fiscal year ended December 31, 2016
Profit	304,248	869,652
Other comprehensive income		
Foreign currency translation adjustment	(19,400)	(7,028)
Total other comprehensive income	(19,400)	(7,028)
Comprehensive income	284,848	862,624
Comprehensive income attributable to:		
Owners of parent	284,848	862,624
Non-controlling interests	—	—

(3) Consolidated Statements of Changes in Shareholders' Equity  
For the fiscal year ended December 31, 2015

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	199,000	198,990	1,114,008	—	1,511,998
Changes of items during period					
Issuance of new shares	417,450	417,450			834,900
Purchase of treasury shares				(19,901)	(19,901)
Disposal of treasury shares				2,806	2,806
Profit attributable to owners of parent			304,248		304,248
Net changes of items other than shareholders' equity					
Total changes of items during period	417,450	417,450	304,248	(17,094)	1,122,054
Balance at end of period	616,450	616,440	1,418,257	(17,094)	2,634,052

	Accumulated other comprehensive income		Subscription rights to shares	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	23,776	23,776	—	60,320	1,596,094
Changes of items during period					
Issuance of new shares					834,900
Purchase of treasury shares					(19,901)
Disposal of treasury shares					2,806
Profit attributable to owners of parent					304,248
Net changes of items other than shareholders' equity	(19,720)	(19,720)	6,013	(60,320)	(74,027)
Total changes of items during period	(19,720)	(19,720)	6,013	(60,320)	1,048,026
Balance at end of period	4,055	4,055	6,013	—	2,644,121



For the fiscal year ended December 31, 2016

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	616,450	616,440	1,418,257	(17,094)	2,634,052
Changes of items during period					
Issuance of new shares	13,000	13,000			26,000
Purchase of treasury shares				—	—
Disposal of treasury shares				8,544	8,544
Profit attributable to owners of parent			869,652		869,652
Net changes of items other than shareholders' equity					
Total changes of items during period	13,000	13,000	869,652	8,544	904,196
Balance at end of period	629,450	629,440	2,287,910	(8,550)	3,538,249

	Accumulated other comprehensive income		Subscription rights to shares	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	4,055	4,055	6,013	—	2,644,121
Changes of items during period					
Issuance of new shares					26,000
Purchase of treasury shares					—
Disposal of treasury shares					8,544
Profit attributable to owners of parent					869,652
Net changes of items other than shareholders' equity	(7,028)	(7,028)	—	—	(7,028)
Total changes of items during period	(7,028)	(7,028)	—	—	897,168
Balance at end of period	(2,972)	(2,972)	6,013	—	3,541,290

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended December 31, 2015	For the fiscal year ended December 31, 2016
Cash flows from operating activities		
Profit before income taxes	688,825	1,454,501
Depreciation and amortization	326,319	682,158
Increase (decrease) in allowance for doubtful accounts	—	10,092
Increase (decrease) in provision for bonuses	11,146	(1,318)
Increase (decrease) in provision for shareholder benefit program	—	13,797
Interest and dividend income	(1,012)	(901)
Subsidy income	(19,563)	(117,213)
State subsidy income	(2,443,047)	(14,776)
Foreign exchange losses (gains)	56,746	19,442
Interest expenses	85,956	74,745
Going public expenses	14,292	24,688
Loss on reduction of non-current assets	2,443,047	9,715
Decrease (increase) in notes and accounts receivable - trade	(279,691)	(1,737,000)
Decrease (increase) in inventories	(217,857)	(11,175)
Increase (decrease) in notes and accounts payable - trade	35,395	92,733
Increase (decrease) in accounts payable - other	15,058	112,211
Other	(41,544)	312,210
Subtotal	674,072	923,911
Interest and dividend income received	1,087	792
Proceeds from subsidy income	19,563	116,017
Interest expenses paid	(80,503)	(73,849)
Income taxes paid	(143,946)	(2,690)
Net cash provided by (used in) operating activities	470,273	964,180
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,537,635)	(759,716)
Purchase of intangible assets	(15,025)	(5,430)
Collection of loans receivable	1,917	—
Payments for lease and guarantee deposits	(8,441)	(18,463)
Proceeds from collection of lease and guarantee deposits	—	1,192
Purchase of insurance funds	(7,219)	(7,219)
Proceeds from state subsidy income	2,443,047	14,776
Other	(4,383)	(1,404)
Net cash provided by (used in) investing activities	(2,127,740)	(776,264)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(124,680)	223,176
Proceeds from long-term loans payable	4,924,027	500,000
Repayments of long-term loans payable	(3,271,637)	(871,410)
Proceeds from issuance of common shares	814,852	25,946
Purchase of treasury shares	(19,901)	(130)
Proceeds from sales of treasury shares	2,589	8,674
Proceeds from sales and leasebacks	—	60,085
Repayments of lease obligations	—	(2,864)
Other	2,116	(34,688)
Net cash provided by (used in) financing activities	2,327,368	(91,211)
Effect of exchange rate change on cash and cash equivalents	(17,224)	13,844
Net increase (decrease) in cash and cash equivalents	652,676	110,548
Cash and cash equivalents at beginning of period	951,027	1,603,704
Cash and cash equivalents at end of period	1,603,704	1,714,252