Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Year Ended February 28, 2021 <under Japanese GAAP>

April 14, 2021

Company name: **RPA Holdings, Inc.**
Listing: Tokyo Stock Exchange
Stock code: 6572
URL: http://rpa-holdings.com/
Representative: Tomomichi Takahashi, Representative Director
Inquiries: Satoshi Matsui, Director
TEL: +81-3-5157-6388

Scheduled date of the ordinary general meeting of shareholders: May 26, 2021
Scheduled date of the commencement of dividend payment: –
Scheduled date of the submission of annual securities report: May 27, 2021
Preparation of supplementary materials on financial results: Yes
Holding of financial results meeting: Yes (financial results meeting available via video streaming)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(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	%
Fiscal year ended								
February 28, 2021	11,206	11.3	532	13.0	521	36.6	21	21.1
February 29, 2020	10,070	23.0	471	(50.7)	382	(57.9)	17	(96.9)

Note: Comprehensive income: Fiscal year ended February 28, 2021 ¥21 million [21.1%]
Fiscal year ended February 29, 2020 ¥17 million [(96.9)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended					
February 28, 2021	0.36	0.33	0.2	2.9	4.8
February 29, 2020	0.31	0.27	0.2	2.8	4.7

(Reference) Share of profit (loss) of entities accounted for using equity method:
Fiscal year ended February 28, 2021 ¥– million
Fiscal year ended February 29, 2020 ¥– million

Note: The Company conducted a 2-for-1 share split of its common shares on July 1, 2019. Basic earnings per share and diluted earnings per share have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(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, 2021	18,538	13,142	70.9	224.19
February 29, 2020	18,028	13,106	72.7	224.50

(Reference) Equity capital: As of February 28, 2021 ¥13,136 million
As of February 29, 2020 ¥13,101 million

Note: The Company conducted a 2-for-1 share split of its common shares on July 1, 2019. Net assets per share has been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(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
Fiscal year ended				
February 28, 2021	1,579	(553)	(15)	13,405
February 29, 2020	126	(2,266)	8,658	12,394

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2020	–	0.00	–	0.00	0.00
Fiscal year ended February 28, 2021	–	0.00	–	0.00	0.00
Fiscal year ending February 28, 2022 (Forecast)	–	–	–	–	–

	Total annual dividends	Payout ratio (consolidated)	Dividends on net assets (consolidated)
	Millions of yen	%	%
Fiscal year ended February 29, 2020	–	–	–
Fiscal year ended February 28, 2021	–	–	–
Fiscal year ending February 28, 2022 (Forecast)		–	

Note: In its Articles of Incorporation, the Company has designated the last day of its second quarter and the last day of its fiscal year as dividend record dates, but it has not yet formulated a forecast of the dividends to which said record dates will apply.

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2021	6,030	4.5	660	12.7	280	29.3	265	36.2	70	(1.6)	1.19
Fiscal year ending February 28, 2022	12,500	11.5	1,500	11.4	730	37.1	710	36.0	270	–	4.61

Note: EBITDA (Ordinary profit + Depreciation + Amortization of goodwill + Interest expenses)

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

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

(i) Changes due to revision to accounting standards, etc.: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Number of issued shares as of the end of the period (including treasury shares)

As of February 28, 2021	58,596,500 shares
As of February 29, 2020	58,358,500 shares

(ii) Number of treasury shares as of the end of the period

As of February 28, 2021	– shares
As of February 29, 2020	– shares

(iii) Average number of shares outstanding during the period

For the fiscal year ended February 28, 2021	58,500,319 shares
For the fiscal year ended February 29, 2020	56,154,847 shares

Note: The Company conducted a 2-for-1 share split of its common shares on July 1, 2019. Number of issued shares as of the end of the period, number of treasury shares as of the end of the period, and average number of shares outstanding during the period have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
February 28, 2021	1,642	(14.4)	689	(30.0)	738	(21.1)	304	(51.6)
February 29, 2020	1,920	66.1	985	164.8	935	182.0	629	101.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
February 28, 2021	5.21	4.74
February 29, 2020	11.21	9.96

Note: The Company conducted a 2-for-1 share split of its common shares on July 1, 2019. Basic earnings per share and diluted earnings per share have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
February 28, 2021	16,708	13,395	80.1	228.52
February 29, 2020	16,480	13,076	79.3	223.99

(Reference) Equity capital: As of February 28, 2021 ¥13,390 million
As of February 29, 2020 ¥13,071 million

Note: The Company conducted a 2-for-1 share split of its common shares on July 1, 2019. Net assets per share has been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

*** Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecasts and other special items**

The forward-looking statements contained in these materials, including the earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual financial results may differ significantly from the forecasts for various reasons.

Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of February 29, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	12,394,441	13,405,199
Notes and accounts receivable - trade	1,313,198	1,492,547
Work in process	634	9,652
Prepaid expenses	292,640	129,217
Other	324,110	141,996
Allowance for doubtful accounts	(1,094)	–
Total current assets	14,323,930	15,178,613
Non-current assets		
Property, plant and equipment		
Buildings	51,175	56,624
Accumulated depreciation	(51,175)	(4,496)
Buildings, net	–	52,128
Tools, furniture and fixtures	46,682	116,199
Accumulated depreciation	(22,685)	(33,572)
Tools, furniture and fixtures, net	23,996	82,627
Total property, plant and equipment	23,996	134,755
Intangible assets		
Goodwill	1,348,571	1,177,588
Software	743,938	653,453
Software in progress	250,985	53,140
Other	72	72
Total intangible assets	2,343,568	1,884,255
Investments and other assets		
Investment securities	798,637	821,751
Leasehold deposits	331,321	234,721
Deferred tax assets	206,748	284,883
Total investments and other assets	1,336,707	1,341,356
Total non-current assets	3,704,271	3,360,366
Total assets	18,028,202	18,538,980

(Thousands of yen)

	As of February 29, 2020	As of February 28, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	848,016	1,000,655
Short-term borrowings	1,000,000	1,000,000
Current portion of bonds payable	200,000	244,000
Current portion of long-term borrowings	237,250	289,029
Accounts payable - other	227,192	154,829
Income taxes payable	29,700	288,564
Provision for bonuses	67,279	83,268
Provision for variable compensation	133,122	72,585
Other	356,838	560,596
Total current liabilities	3,099,399	3,693,527
Non-current liabilities		
Bonds payable	700,000	676,000
Long-term borrowings	1,122,000	1,027,339
Total non-current liabilities	1,822,000	1,703,339
Total liabilities	4,921,399	5,396,866
Net assets		
Shareholders' equity		
Share capital	5,881,796	5,888,936
Capital surplus	6,017,915	6,025,055
Retained earnings	1,201,828	1,222,858
Total shareholders' equity	13,101,540	13,136,851
Share acquisition rights	5,263	5,263
Total net assets	13,106,803	13,142,114
Total liabilities and net assets	18,028,202	18,538,980

(2) Consolidated statement of income and comprehensive income

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net sales	10,070,530	11,206,457
Cost of sales	6,700,808	7,591,163
Gross profit	3,369,721	3,615,293
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	170,610	144,420
Salaries and allowances	743,852	799,719
Outsourcing expenses	357,847	393,636
Provision for bonuses	60,805	81,531
Provision of allowance for doubtful accounts	434	(1,094)
Amortization of goodwill	335,266	381,554
Other	1,229,810	1,283,122
Total selling, general and administrative expenses	2,898,626	3,082,889
Operating profit	471,095	532,403
Non-operating income		
Interest income	132	129
Insurance claim income	–	7,152
Gain on investments in investment partnerships	–	3,114
Consumption taxes refund	–	5,537
Other	904	8,041
Total non-operating income	1,036	23,975
Non-operating expenses		
Interest expenses	23,892	20,440
Foreign exchange losses	580	527
Commission expenses	23,888	257
Loss on investments in investment partnerships	4,188	–
Share issuance costs	26,139	–
Bond issuance costs	8,568	4,198
Other	2,790	9,022
Total non-operating expenses	90,048	34,446
Ordinary profit	382,083	521,932
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	491	–
Impairment loss	78,042	167,542
Total extraordinary losses	78,533	167,542
Profit before income taxes	303,549	354,389
Income taxes - current	334,613	411,494
Income taxes - deferred	(48,427)	(78,134)
Total income taxes	286,185	333,359
Profit	17,363	21,030
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	17,363	21,030

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Profit	17,363	21,030
Comprehensive income	17,363	21,030
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,363	21,030
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statement of changes in equity
Fiscal year ended February 29, 2020

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	2,148,640	2,284,759	1,184,464	5,617,864
Changes during period				
Issuance of new shares - exercise of share acquisition rights	3,733,156	3,733,156		7,466,312
Profit attributable to owners of parent			17,363	17,363
Net changes in items other than shareholders' equity				
Total changes during period	3,733,156	3,733,156	17,363	7,483,675
Balance at end of period	5,881,796	6,017,915	1,201,828	13,101,540

	Share acquisition rights	Total net assets
Balance at beginning of period	29,473	5,647,338
Changes during period		
Issuance of new shares - exercise of share acquisition rights		7,466,312
Profit attributable to owners of parent		17,363
Net changes in items other than shareholders' equity	(24,210)	(24,210)
Total changes during period	(24,210)	7,459,465
Balance at end of period	5,263	13,106,803

Fiscal year ended February 28, 2021

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	5,881,796	6,017,915	1,201,828	13,101,540
Changes during period				
Issuance of new shares - exercise of share acquisition rights	7,140	7,140		14,280
Profit attributable to owners of parent			21,030	21,030
Net changes in items other than shareholders' equity				
Total changes during period	7,140	7,140	21,030	35,310
Balance at end of period	5,888,936	6,025,055	1,222,858	13,136,851

	Share acquisition rights	Total net assets
Balance at beginning of period	5,263	13,106,803
Changes during period		
Issuance of new shares - exercise of share acquisition rights		14,280
Profit attributable to owners of parent		21,030
Net changes in items other than shareholders' equity	–	–
Total changes during period	–	35,310
Balance at end of period	5,263	13,142,114

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from operating activities		
Profit before income taxes	303,549	354,389
Depreciation	273,347	422,245
Amortization of goodwill	335,266	381,554
Impairment loss	78,042	167,542
Increase (decrease) in allowance for doubtful accounts	434	(1,094)
Increase (decrease) in provision for bonuses	(11,255)	15,989
Increase (decrease) in variable remuneration	8,236	(60,537)
Interest income	(132)	(129)
Interest expenses	23,892	20,440
Bond issuance costs	8,568	4,198
Share issuance costs	26,139	–
Foreign exchange losses (gains)	264	272
Loss (gain) on investments in investment partnerships	4,188	(3,114)
Loss (gain) on liquidation of subsidiaries and associates	491	–
Decrease (increase) in trade receivables	103,405	(156,490)
Decrease (increase) in inventories	5,754	(9,018)
Increase (decrease) in trade payables	178,229	158,271
Increase (decrease) in accounts payable - other	(6,896)	(76,346)
Other, net	(326,434)	495,618
Subtotal	1,005,093	1,713,790
Interest received	132	129
Interest paid	(20,846)	(20,525)
Income taxes paid	(923,366)	(371,073)
Income taxes refund	65,843	257,484
Net cash provided by (used in) operating activities	126,856	1,579,805
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,243)	(139,542)
Purchase of intangible assets	(802,072)	(280,593)
Purchase of investment securities	(726,608)	(30,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(203,090)
Proceeds from sales of shares of subsidiaries and associates	–	10,000
Proceeds from liquidation of subsidiaries and associates	4,508	–
Payments of leasehold deposits	(239,068)	(1,280)
Proceeds from refund of leasehold deposits	1,162	90,805
Payments for acquisition of businesses	(500,000)	–
Net cash provided by (used in) investing activities	(2,266,324)	(553,701)

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	800,000	–
Proceeds from issuance of bonds	991,431	215,801
Redemption of bonds	(100,000)	(200,000)
Proceeds from long-term borrowings	–	210,000
Repayments of long-term borrowings	(449,106)	(252,882)
Proceeds from issuance of shares	7,415,962	14,280
Other, net	–	(2,272)
Net cash provided by (used in) financing activities	8,658,288	(15,073)
Effect of exchange rate change on cash and cash equivalents	(264)	(272)
Net increase (decrease) in cash and cash equivalents	6,518,554	1,010,758
Cash and cash equivalents at beginning of period	5,875,886	12,394,441
Cash and cash equivalents at end of period	12,394,441	13,405,199