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Consolidated Financial Results for the First Six Months of the Fiscal Year Ending February 28, 2021 <under Japanese GAAP>

October 15, 2020

Company name: **RPA Holdings, Inc.**
 Listing: Tokyo Stock Exchange
 Stock code: 6572
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Scheduled date to file quarterly securities report: October 15, 2020
 Scheduled date of the commencement of dividend payment: –
 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 first six months of the fiscal year ending February 28, 2021 (from March 1, 2020 to August 31, 2020)

(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	%
Six months ended August 31, 2020	5,769	20.8	216	(37.5)	194	(28.5)	71	(21.4)
August 31, 2019	4,776	31.0	346	1.1	272	(19.0)	90	(56.9)

Note: Comprehensive income: Six months ended August 31, 2020 ¥71 million [(21.4)%]
 Six months ended August 31, 2019 ¥90 million [(56.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2020	1.22	1.10
August 31, 2019	1.63	1.44

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
	Millions of yen	Millions of yen	%
As of August 31, 2020	18,279	13,189	72.1
February 29, 2020	18,028	13,106	72.7

(Reference) Equity capital: As of August 31, 2020 ¥13,184 million
 As of February 29, 2020 ¥13,101 million

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	–
Fiscal year ending February 28, 2021	–	0.00			
Fiscal year ending February 28, 2021 (Forecast)			–	–	–

Notes: 1. Revisions to the cash dividends forecasts most recently announced: None

2. In its Articles of Incorporation, the Company has designated the last day of its fiscal year as a dividend record date, but it has not yet formulated a forecast of the dividends to which the said record date will apply.

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		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	%	Yen
Fiscal year ending February 28, 2021	11,000	9.2	420	(10.8)	370	(3.2)	33	90.1	0.57
	to 12,500	to 24.1	to 700	to 48.6	to 650	to 70.1	to 220	to –	to 3.77

Note: Revisions to the earnings forecasts most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements: Yes
- (3) 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

(4) Number of issued shares (common shares)

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

As of August 31, 2020	58,553,500 shares
As of February 29, 2020	58,358,500 shares

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

As of August 31, 2020	– shares
As of February 29, 2020	– shares

(iii) Average number of shares outstanding during the period

For the six months ended August 31, 2020	58,415,728 shares
For the six months ended August 31, 2019	55,626,087 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.

*** Quarterly financial results reports are exempt from quarterly review 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.

Quarterly Consolidated Financial Statements**(1) Quarterly consolidated balance sheet**

(Thousands of yen)

	As of February 29, 2020	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	12,394,441	13,169,161
Notes and accounts receivable - trade	1,313,198	1,070,375
Work in process	634	11,542
Other	616,751	405,304
Allowance for doubtful accounts	(1,094)	(197)
Total current assets	14,323,930	14,656,187
Non-current assets		
Property, plant and equipment	23,996	145,339
Intangible assets		
Goodwill	1,348,571	1,239,870
Software	743,938	872,847
Software in progress	250,985	139,723
Other	72	72
Total intangible assets	2,343,568	2,252,513
Investments and other assets	1,336,707	1,225,883
Total non-current assets	3,704,271	3,623,736
Total assets	18,028,202	18,279,923
Liabilities		
Current liabilities		
Accounts payable - trade	848,016	1,035,682
Short-term borrowings	1,000,000	1,000,000
Current portion of bonds	200,000	200,000
Current portion of long-term borrowings	237,250	232,000
Income taxes payable	29,700	195,078
Provision for bonuses	67,279	66,166
Provision for variable compensation	133,122	52,628
Other	584,030	702,725
Total current liabilities	3,099,399	3,484,281
Non-current liabilities		
Long-term borrowings	1,122,000	1,006,000
Bonds payable	700,000	600,000
Total non-current liabilities	1,822,000	1,606,000
Total liabilities	4,921,399	5,090,281
Net assets		
Shareholders' equity		
Share capital	5,881,796	5,887,646
Capital surplus	6,017,915	6,023,765
Retained earnings	1,201,828	1,272,967
Total shareholders' equity	13,101,540	13,184,379
Share acquisition rights	5,263	5,263
Total net assets	13,106,803	13,189,642
Total liabilities and net assets	18,028,202	18,279,923

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statement of income

(Thousands of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Net sales	4,776,253	5,769,076
Cost of sales	3,015,127	4,000,079
Gross profit	1,761,125	1,768,997
Selling, general and administrative expenses	1,414,934	1,552,503
Operating profit	346,191	216,493
Non-operating income		
Interest income	50	54
Other	477	5,375
Total non-operating income	527	5,429
Non-operating expenses		
Interest expenses	13,552	11,156
Commission expenses	23,099	154
Share issuance cost	24,045	–
Bond issuance cost	8,568	–
Loss on investments in investment partnerships	3,362	7,524
Foreign exchange losses	690	656
Other	1,315	7,926
Total non-operating expenses	74,633	27,419
Ordinary profit	272,084	194,503
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	491	–
Total extraordinary losses	491	–
Profit before income taxes	271,592	194,503
Income taxes	181,029	123,364
Profit	90,563	71,138
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	90,563	71,138

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Profit	90,563	71,138
Comprehensive income	90,563	71,138
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	90,563	71,138
Comprehensive income attributable to non- controlling interests	—	—

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Cash flows from operating activities		
Profit before income taxes	271,592	194,503
Depreciation	120,770	196,280
Amortization of goodwill	155,179	183,843
Increase (decrease) in allowance for doubtful accounts	(243)	(897)
Increase (decrease) in provision for bonuses	(7,848)	(1,112)
Increase (decrease) in provision for variable compensation	(95,807)	(80,494)
Interest income	(50)	(54)
Interest expenses	13,552	11,156
Bond issuance cost	8,568	–
Share issuance cost	24,045	–
Foreign exchange losses (gains)	589	109
Loss (gain) on investments in investment partnerships	3,362	7,524
Loss (gain) on liquidation of subsidiaries and associates	491	–
Decrease (increase) in trade receivables	256,888	258,242
Decrease (increase) in inventories	(1,559)	(10,908)
Increase (decrease) in trade payables	303,275	187,823
Increase (decrease) in accounts payable - other	22,318	(99,149)
Other, net	(191,319)	409,292
Subtotal	883,808	1,256,161
Interest received	50	54
Interest paid	(13,552)	(7,794)
Income taxes paid	(553,827)	(205,540)
Income taxes refund	65,843	257,484
Net cash provided by (used in) operating activities	382,321	1,300,365
Cash flows from investing activities		
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(78,120)
Proceeds from sales of shares of subsidiaries and associates	–	10,000
Purchase of property, plant and equipment	(2,768)	(137,438)
Purchase of intangible assets	(202,684)	(200,275)
Purchase of investment securities	(680,918)	–
Proceeds from liquidation of subsidiaries and associates	4,508	–
Payments of leasehold deposits	(216,361)	(544)
Proceeds from refund of leasehold deposits	1,162	90,393
Payments for acquisition of businesses	(500,000)	–
Other, net	–	–
Net cash provided by (used in) investing activities	(1,597,062)	(315,985)

(Thousands of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	800,000	–
Repayments of long-term borrowings	(326,806)	(121,250)
Proceeds from issuance of bonds	991,431	–
Redemption of bonds	–	(100,000)
Proceeds from issuance of shares	7,399,817	11,700
Net cash provided by (used in) financing activities	8,864,442	(209,550)
Effect of exchange rate change on cash and cash equivalents	(589)	(109)
Net increase (decrease) in cash and cash equivalents	7,649,112	774,720
Cash and cash equivalents at beginning of period	5,875,886	12,394,441
Cash and cash equivalents at end of period	13,524,998	13,169,161