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Consolidated Financial Results for the Year Ended February 28, 2022 <under Japanese GAAP>

April 14, 2022

Company name: **RPA Holdings, Inc.**
 Listing: Tokyo Stock Exchange
 Stock code: 6572
 URL: <https://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 27, 2022
 Scheduled date of the commencement of dividend payment: –
 Scheduled date of the submission of annual securities report: May 27, 2022
 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, 2022 (from March 1, 2021 to February 28, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| Fiscal year ended | Net sales | | EBITDA* | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-----------------|------|-----------------|--------|------------------|--------|-----------------|--------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| February 28, 2022 | 16,796 | 49.9 | 1,076 | (20.1) | 331 | (37.8) | 276 | (47.0) | (1,210) | – |
| February 28, 2021 | 11,206 | 11.3 | 1,346 | 32.7 | 532 | 13.0 | 521 | 36.6 | 21 | 21.1 |

Note: Comprehensive income: Fiscal year ended February 28, 2022 ¥(1,215) million [–%]
 Fiscal year ended February 28, 2021 ¥21 million [21.1%]

| Fiscal year ended | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Operating margin |
|-------------------|--------------------------|----------------------------|------------------|--|------------------|
| | Yen | Yen | % | % | % |
| February 28, 2022 | (19.74) | – | (9.8) | 1.5 | 2.0 |
| February 28, 2021 | 0.36 | 0.33 | 0.2 | 2.9 | 4.8 |

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended February 28, 2022 ¥(5) million
 Fiscal year ended February 28, 2021 ¥– million

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

(2) Consolidated financial position

| As of | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| February 28, 2022 | 17,720 | 11,645 | 65.6 | 190.66 |
| February 28, 2021 | 18,538 | 13,142 | 70.9 | 224.19 |

(Reference) Equity capital: As of February 28, 2022 ¥11,628 million
 As of February 28, 2021 ¥13,136 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 |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| February 28, 2022 | 607 | (973) | 60 | 13,101 |
| February 28, 2021 | 1,579 | (553) | (15) | 13,405 |

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 28, 2021 | – | 0.00 | – | 0.00 | 0.00 |
| Fiscal year ended February 28, 2022 | – | 0.00 | – | 0.00 | 0.00 |
| Fiscal year ending February 28, 2023 (Forecast) | – | – | – | – | – |

| | Total annual dividends | Payout ratio (consolidated) | Dividends on net assets (consolidated) |
|---|------------------------|-----------------------------|--|
| | Millions of yen | % | % |
| Fiscal year ended February 28, 2021 | – | – | – |
| Fiscal year ended February 28, 2022 | – | – | – |
| Fiscal year ending February 28, 2023 (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, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2022 | 9,000 | 3.0 | 550 | (15.9) | 100 | (61.8) | 65 | (74.1) | (50) | – | (8.20) |
| Fiscal year ending February 28, 2023 | 19,350 | 15.2 | 1,090 | 1.2 | 500 | 50.9 | 420 | 51.7 | 160 | – | 26.23 |

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, 2022 | 61,930,000 shares |
| As of February 28, 2021 | 58,596,500 shares |

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

| | |
|-------------------------|----------------|
| As of February 28, 2022 | 940,300 shares |
| As of February 28, 2021 | – shares |

(iii) Average number of shares outstanding during the period

| | |
|---|-------------------|
| For the fiscal year ended February 28, 2022 | 61,299,416 shares |
| For the fiscal year ended February 28, 2021 | 58,500,319 shares |

Reference: Summary of non-consolidated financial results

**1. Non-consolidated financial results for the fiscal year ended February 28, 2022
(from March 1, 2021 to February 28, 2022)**

(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, 2022 | 1,587 | (3.4) | 655 | (5.0) | 679 | (7.9) | (1,464) | – |
| February 28, 2021 | 1,642 | (14.4) | 689 | (30.0) | 738 | (21.1) | 304 | (51.6) |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Fiscal year ended | | |
| February 28, 2022 | (23.88) | – |
| February 28, 2021 | 5.21 | 4.74 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------|-----------------|-----------------|--------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| February 28, 2022 | 15,336 | 11,633 | 75.8 | 190.66 |
| February 28, 2021 | 16,708 | 13,395 | 80.1 | 228.52 |

(Reference) Equity capital: As of February 28, 2022 ¥11,628 million
As of February 28, 2021 ¥13,390 million

*** 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 28, 2021 | As of February 28, 2022 |
|---------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 13,405,199 | 12,623,491 |
| Notes and accounts receivable - trade | 1,492,547 | 1,771,357 |
| Work in process | 9,652 | 12,016 |
| Prepaid expenses | 129,217 | 201,412 |
| Other | 141,996 | 788,375 |
| Total current assets | 15,178,613 | 15,396,652 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 56,624 | 56,624 |
| Accumulated depreciation | (4,496) | (9,401) |
| Buildings, net | 52,128 | 47,222 |
| Tools, furniture and fixtures | 116,199 | 126,937 |
| Accumulated depreciation | (33,572) | (55,181) |
| Tools, furniture and fixtures, net | 82,627 | 71,756 |
| Total property, plant and equipment | 134,755 | 118,978 |
| Intangible assets | | |
| Goodwill | 1,177,588 | 570,397 |
| Software | 653,453 | 659,772 |
| Software in progress | 53,140 | 68,951 |
| Other | 72 | 72 |
| Total intangible assets | 1,884,255 | 1,299,193 |
| Investments and other assets | | |
| Investment securities | 821,751 | 392,241 |
| Leasehold deposits | 234,721 | 227,645 |
| Deferred tax assets | 284,883 | 286,220 |
| Total investments and other assets | 1,341,356 | 906,107 |
| Total non-current assets | 3,360,366 | 2,324,280 |
| Total assets | 18,538,980 | 17,720,933 |

(Thousands of yen)

| | As of February 28, 2021 | As of February 28, 2022 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,000,655 | 1,342,354 |
| Short-term borrowings | 1,000,000 | 1,500,000 |
| Current portion of bonds payable | 244,000 | 324,000 |
| Current portion of long-term borrowings | 289,029 | 287,196 |
| Accounts payable - other | 154,829 | 193,701 |
| Income taxes payable | 288,564 | 185,388 |
| Provision for bonuses | 83,268 | 68,218 |
| Provision for variable compensation | 72,585 | – |
| Other | 560,596 | 681,957 |
| Total current liabilities | 3,693,527 | 4,582,815 |
| Non-current liabilities | | |
| Bonds payable | 676,000 | 752,000 |
| Long-term borrowings | 1,027,339 | 740,143 |
| Total non-current liabilities | 1,703,339 | 1,492,143 |
| Total liabilities | 5,396,866 | 6,074,958 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,888,936 | 5,900,441 |
| Capital surplus | 6,025,055 | 6,036,560 |
| Retained earnings | 1,222,858 | 12,840 |
| Treasury shares | – | (321,260) |
| Total shareholders' equity | 13,136,851 | 11,628,582 |
| Share acquisition rights | 5,263 | 5,263 |
| Non-controlling interests | – | 12,129 |
| Total net assets | 13,142,114 | 11,645,974 |
| Total liabilities and net assets | 18,538,980 | 17,720,933 |

(2) Consolidated statement of income and comprehensive income
Consolidated statement of income

(Thousands of yen)

| | Fiscal year ended February 28, 2021 | Fiscal year ended February 28, 2022 |
|---|--|--|
| Net sales | 11,206,457 | 16,796,392 |
| Cost of sales | 7,591,163 | 13,099,801 |
| Gross profit | 3,615,293 | 3,696,590 |
| Selling, general and administrative expenses | | |
| Remuneration for directors (and other officers) | 144,420 | 130,600 |
| Salaries and allowances | 799,719 | 813,124 |
| Outsourcing expenses | 393,636 | 577,708 |
| Provision for bonuses | 81,531 | 67,120 |
| Provision of allowance for doubtful accounts | (1,094) | – |
| Amortization of goodwill | 381,554 | 405,383 |
| Other | 1,283,122 | 1,371,416 |
| Total selling, general and administrative expenses | 3,082,889 | 3,365,353 |
| Operating profit | 532,403 | 331,236 |
| Non-operating income | | |
| Interest and dividend income | 129 | 2,332 |
| Insurance claim income | 7,152 | – |
| Foreign exchange gains | – | 840 |
| Gain on investments in investment partnerships | 3,114 | – |
| Consumption taxes refund | 5,537 | – |
| Other | 8,041 | 647 |
| Total non-operating income | 23,975 | 3,821 |
| Non-operating expenses | | |
| Interest expenses | 20,440 | 21,378 |
| Foreign exchange losses | 527 | – |
| Commission expenses | 257 | 993 |
| Loss on investments in investment partnerships | – | 19,648 |
| Share of loss of entities accounted for using equity method | – | 5,255 |
| Bond issuance costs | 4,198 | 7,632 |
| Other | 9,022 | 3,376 |
| Total non-operating expenses | 34,446 | 58,284 |
| Ordinary profit | 521,932 | 276,773 |
| Extraordinary income | | |
| Gain on sale of businesses | – | 40,000 |
| Total extraordinary income | – | 40,000 |
| Extraordinary losses | | |
| Impairment losses | 167,542 | 649,847 |
| Loss on valuation of investment securities | – | 601,105 |
| Total extraordinary losses | 167,542 | 1,250,953 |
| Profit (loss) before income taxes | 354,389 | (934,179) |
| Income taxes - current | 411,494 | 282,436 |
| Income taxes - deferred | (78,134) | (1,337) |
| Total income taxes | 333,359 | 281,099 |
| Profit (loss) | 21,030 | (1,215,279) |
| Loss attributable to non-controlling interests | – | (5,261) |
| Profit (loss) attributable to owners of parent | 21,030 | (1,210,018) |

Consolidated statement of comprehensive income

(Thousands of yen)

| | Fiscal year ended February 28, 2021 | Fiscal year ended February 28, 2022 |
|--|--|--|
| Profit (loss) | 21,030 | (1,215,279) |
| Comprehensive income | 21,030 | (1,215,279) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 21,030 | (1,210,018) |
| Comprehensive income attributable to non-controlling interests | – | (5,261) |

(3) Consolidated statement of changes in equity
Fiscal year ended February 28, 2021

(Thousands of yen)

| | Shareholders' equity | | | |
|---|----------------------|-----------------|-------------------|-----------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares |
| Balance at beginning of period | 5,881,796 | 6,017,915 | 1,201,828 | – |
| Changes during period | | | | |
| Issuance of new shares - exercise of share acquisition rights | 7,140 | 7,140 | | |
| Profit (loss) attributable to owners of parent | | | 21,030 | |
| Purchase of treasury shares | | | | |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | 7,140 | 7,140 | 21,030 | – |
| Balance at end of period | 5,888,936 | 6,025,055 | 1,222,858 | – |

| | Shareholders' equity | Share acquisition rights | Non-controlling interests | Total net assets |
|---|----------------------------|--------------------------|---------------------------|------------------|
| | Total shareholders' equity | | | |
| Balance at beginning of period | 13,101,540 | 5,263 | – | 13,106,803 |
| Changes during period | | | | |
| Issuance of new shares - exercise of share acquisition rights | 14,280 | | | 14,280 |
| Profit (loss) attributable to owners of parent | 21,030 | | | 21,030 |
| Purchase of treasury shares | – | | | – |
| Net changes in items other than shareholders' equity | | – | – | – |
| Total changes during period | 35,310 | – | – | 35,310 |
| Balance at end of period | 13,136,851 | 5,263 | – | 13,142,114 |

Fiscal year ended February 28, 2022

(Thousands of yen)

| | Shareholders' equity | | | |
|---|----------------------|-----------------|-------------------|-----------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares |
| Balance at beginning of period | 5,888,936 | 6,025,055 | 1,222,858 | – |
| Changes during period | | | | |
| Issuance of new shares - exercise of share acquisition rights | 11,505 | 11,505 | | |
| Profit (loss) attributable to owners of parent | | | (1,210,018) | |
| Purchase of treasury shares | | | | (321,260) |
| Net changes in items other than shareholders' equity | | | | |
| Total changes during period | 11,505 | 11,505 | (1,210,018) | (321,260) |
| Balance at end of period | 5,900,441 | 6,036,560 | 12,840 | (321,260) |

| | Shareholders' equity | Share acquisition rights | Non-controlling interests | Total net assets |
|---|----------------------------|--------------------------|---------------------------|------------------|
| | Total shareholders' equity | | | |
| Balance at beginning of period | 13,136,851 | 5,263 | – | 13,142,114 |
| Changes during period | | | | |
| Issuance of new shares - exercise of share acquisition rights | 23,010 | | | 23,010 |
| Profit (loss) attributable to owners of parent | (1,210,018) | | | (1,210,018) |
| Purchase of treasury shares | (321,260) | | | (321,260) |
| Net changes in items other than shareholders' equity | | – | 12,129 | 12,129 |
| Total changes during period | (1,508,268) | – | 12,129 | (1,496,139) |
| Balance at end of period | 11,628,582 | 5,263 | 12,129 | 11,645,974 |

(4) Consolidated statement of cash flows

(Thousands of yen)

| | Fiscal year ended February 28, 2021 | Fiscal year ended February 28, 2022 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | 354,389 | (934,179) |
| Depreciation | 422,245 | 372,503 |
| Amortization of goodwill | 381,554 | 405,383 |
| Impairment losses | 167,542 | 649,847 |
| Loss (gain) on valuation of investment securities | – | 601,105 |
| Increase (decrease) in allowance for doubtful accounts | (1,094) | – |
| Increase (decrease) in provision for bonuses | 15,989 | (15,050) |
| Increase (decrease) in variable compensation | (60,537) | (72,585) |
| Interest and dividend income | (129) | (2,332) |
| Interest expenses | 20,440 | 21,378 |
| Bond issuance costs | 4,198 | 7,632 |
| Foreign exchange losses (gains) | 272 | (840) |
| Share of loss (profit) of entities accounted for using equity method | – | 5,255 |
| Loss (gain) on investments in investment partnerships | (3,114) | 19,648 |
| Decrease (increase) in trade receivables | (156,490) | (278,809) |
| Decrease (increase) in inventories | (9,018) | (2,363) |
| Increase (decrease) in trade payables | 158,271 | 319,799 |
| Increase (decrease) in accounts payable - other | (76,346) | 35,366 |
| Other, net | 495,618 | 18,957 |
| Subtotal | 1,713,790 | 1,150,717 |
| Interest received | 129 | 2,332 |
| Interest paid | (20,525) | (20,667) |
| Income taxes paid | (371,073) | (620,303) |
| Income taxes refund | 257,484 | 95,789 |
| Net cash provided by (used in) operating activities | 1,579,805 | 607,868 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (139,542) | (10,738) |
| Purchase of intangible assets | (280,593) | (417,421) |
| Purchase of investment securities | (30,000) | (924,399) |
| Proceeds from sale of investment securities | – | 801,904 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (203,090) | (348,039) |
| Purchase of shares of subsidiaries and associates | – | (74,500) |
| Proceeds from sale of shares of subsidiaries and associates | 10,000 | – |
| Payments of leasehold deposits | (1,280) | (1,688) |
| Proceeds from refund of leasehold deposits | 90,805 | 1,514 |
| Net cash provided by (used in) investing activities | (553,701) | (973,370) |

(Thousands of yen)

| | Fiscal year ended February 28, 2021 | Fiscal year ended February 28, 2022 |
|--|--|--|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | – | 500,000 |
| Proceeds from issuance of bonds | 215,801 | 392,367 |
| Redemption of bonds | (200,000) | (244,000) |
| Proceeds from long-term borrowings | 210,000 | – |
| Repayments of long-term borrowings | (252,882) | (289,029) |
| Proceeds from share issuance to non-controlling shareholders | – | 490 |
| Proceeds from issuance of shares | 14,280 | 23,010 |
| Purchase of treasury shares | – | (321,967) |
| Other, net | (2,272) | – |
| Net cash provided by (used in) financing activities | (15,073) | 60,871 |
| Effect of exchange rate change on cash and cash equivalents | (272) | 954 |
| Net increase (decrease) in cash and cash equivalents | 1,010,758 | (303,675) |
| Cash and cash equivalents at beginning of period | 12,394,441 | 13,405,199 |
| Cash and cash equivalents at end of period | 13,405,199 | 13,101,523 |