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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
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 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)	–	(0.82)
Fiscal year ending February 28, 2023	19,350	15.2	1,090	1.3	500	50.9	420	51.7	160	–	2.62

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