

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 First Six Months of the Fiscal Year Ending February 28, 2023 <under Japanese GAAP>

October 14, 2022

Company name: **RPA Holdings, Inc.**
 Listing: Tokyo Stock Exchange
 Stock code: 6572
 URL: <https://rpa-holdings.com/en/>
 Representative: Tomomichi Takahashi, Representative Director
 Inquiries: Satoshi Matsui, Director
 TEL: +81-3-5157-6388
 Scheduled date to file quarterly securities report: October 14, 2022
 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, 2023 (from March 1, 2022 to August 31, 2022)

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

	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	%
Six months ended										
August 31, 2022	2,899	0.3	297	(55.8)	43	(84.5)	(8)	–	(93)	–
August 31, 2021	2,890	–	671	–	278	–	268	–	(752)	–

Note: Comprehensive income: Six months ended August 31, 2022 ¥(76) million [–%]
 Six months ended August 31, 2021 ¥(752) million [–%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
August 31, 2022	(1.54)		–	
August 31, 2021	(12.37)		–	

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

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending February 28, 2023, and each figure for the six months ended August 31, 2021, is the figure after retrospectively applying the accounting standard and relevant ASBJ regulations. Accordingly, the percentages indicating the year-on-year changes for the six months ended August 31, 2021 are not shown.

(2) Consolidated financial position

As of	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
August 31, 2022	17,213		11,344		65.8	
February 28, 2022	17,720		11,600		65.4	

(Reference) Equity capital: As of August 31, 2022 ¥11,327 million
 As of February 28, 2022 ¥11,583 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending February 28, 2023, and each figure as of February 28, 2022, is the figure after retrospectively applying the accounting standard and relevant ASBJ regulations.

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, 2022	–	0.00	–	0.00	0.00
Fiscal year ending February 28, 2023	–	0.00			
Fiscal year ending February 28, 2023 (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, 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	%	
Fiscal year ending February 28, 2023	6,200	5.0	1,000	(9.0)	410	15.6	330	9.9	100	–	Yen 1.64

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

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

3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending February 28, 2023, and because the year-on-year changes were adjusted retrospectively according to the changes in accounting policies, the figures shown are for the comparison with the figures for the fiscal year ended February 28, 2022 after the retrospective adjustment.

*** 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.: Yes
 - (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, 2022	61,930,000 shares
As of February 28, 2022	61,930,000 shares

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

As of August 31, 2022	1,428,405 shares
As of February 28, 2022	940,300 shares

(iii) Average number of shares outstanding during the period

For the six months ended August 31, 2022	60,708,976 shares
For the six months ended August 31, 2021	60,814,005 shares

*** 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 28, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	12,623,491	12,374,029
Accounts receivable - trade	1,771,357	1,845,781
Work in process	12,016	19,047
Other	989,788	415,886
Total current assets	15,396,652	14,654,745
Non-current assets		
Property, plant and equipment	118,978	117,325
Intangible assets		
Goodwill	570,397	472,865
Software	659,772	521,964
Software in progress	68,951	164,592
Other	72	72
Total intangible assets	1,299,193	1,159,495
Investments and other assets	906,107	1,281,611
Total non-current assets	2,324,280	2,558,432
Total assets	17,720,933	17,213,177
Liabilities		
Current liabilities		
Accounts payable - trade	1,342,354	1,351,874
Short-term borrowings	1,500,000	1,500,000
Current portion of bonds payable	324,000	324,000
Current portion of long-term borrowings	287,196	287,196
Income taxes payable	185,388	137,328
Provision for bonuses	68,218	61,261
Other	921,147	1,020,158
Total current liabilities	4,628,304	4,681,819
Non-current liabilities		
Bonds payable	752,000	590,000
Long-term borrowings	740,143	596,545
Total non-current liabilities	1,492,143	1,186,545
Total liabilities	6,120,447	5,868,364
Net assets		
Shareholders' equity		
Share capital	5,900,441	5,900,441
Capital surplus	6,036,560	6,036,051
Retained earnings	(32,648)	(126,226)
Treasury shares	(321,260)	(499,650)
Total shareholders' equity	11,583,093	11,310,617
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	16,536
Total accumulated other comprehensive income	-	16,536
Share acquisition rights	5,263	5,263
Non-controlling interests	12,129	12,396
Total net assets	11,600,485	11,344,813
Total liabilities and net assets	17,720,933	17,213,177

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

(Thousands of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Net sales	2,890,146	2,899,705
Cost of sales	1,043,115	1,119,425
Gross profit	1,847,030	1,780,279
Selling, general and administrative expenses	1,568,148	1,737,155
Operating profit	278,882	43,124
Non-operating income		
Interest income	56	52
Foreign exchange gains	383	1,440
Gain on investments in investment partnerships	975	–
Other	183	909
Total non-operating income	1,598	2,401
Non-operating expenses		
Interest expenses	10,908	11,617
Commission expenses	218	1,010
Loss on investments in investment partnerships	–	8,620
Share of loss of entities accounted for using equity method	–	26,674
Other	1,262	5,702
Total non-operating expenses	12,388	53,626
Ordinary profit (loss)	268,092	(8,100)
Extraordinary losses		
Impairment losses	203,046	–
Loss on valuation of investment securities	591,117	–
Total extraordinary losses	794,163	–
Loss before income taxes	(526,071)	(8,100)
Income taxes	226,103	85,210
Loss	(752,174)	(93,310)
Profit attributable to non-controlling interests	–	267
Loss attributable to owners of parent	(752,174)	(93,578)

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Loss	(752,174)	(93,310)
Other comprehensive income		
Valuation difference on available-for-sale securities	–	16,536
Total other comprehensive income	–	16,536
Comprehensive income	(752,174)	(76,774)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(752,174)	(77,042)
Comprehensive income attributable to non-controlling interests	–	267

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities		
Loss before income taxes	(526,071)	(8,100)
Depreciation	192,667	196,031
Amortization of goodwill	199,732	97,531
Impairment losses	203,046	–
Loss on valuation of investment securities	591,117	–
Increase (decrease) in provision for bonuses	(24,203)	(6,956)
Increase (decrease) in variable compensation	(40,829)	–
Interest income	(56)	(52)
Interest expenses	10,908	11,617
Foreign exchange losses (gains)	(383)	(1,440)
Share of loss (profit) of entities accounted for using equity method	–	26,674
Loss (gain) on investments in investment partnerships	(975)	8,620
Decrease (increase) in trade receivables	(625,860)	(74,424)
Decrease (increase) in inventories	(7,902)	(7,031)
Increase (decrease) in trade payables	425,374	25,929
Increase (decrease) in accounts payable - other	(14,153)	727
Other, net	(29,176)	98,369
Subtotal	353,233	367,497
Interest received	56	52
Interest paid	(11,180)	(10,746)
Income taxes paid	(409,531)	(185,388)
Income taxes refund	95,789	135,285
Net cash provided by (used in) operating activities	28,367	306,700
Cash flows from investing activities		
Purchase of shares of subsidiaries and associates	(2,500)	–
Purchase of property, plant and equipment	(1,174)	(10,734)
Purchase of intangible assets	(319,940)	(157,887)
Purchase of investment securities	(9,999)	(383,133)
Proceeds from distributions from investment partnerships	–	3,890
Payments of leasehold deposits	(1,339)	(263)
Proceeds from refund of leasehold deposits	1,514	776
Net cash provided by (used in) investing activities	(333,440)	(547,351)
Cash flows from financing activities		
Repayments of long-term borrowings	(145,431)	(143,598)
Redemption of bonds	(122,000)	(162,000)
Proceeds from issuance of shares	22,910	–
Purchase of treasury shares	–	(183,936)
Net cash provided by (used in) financing activities	(244,521)	(489,534)
Effect of exchange rate change on cash and cash equivalents	383	2,691
Net increase (decrease) in cash and cash equivalents	(549,210)	(727,494)
Cash and cash equivalents at beginning of period	13,405,199	13,101,523
Cash and cash equivalents at end of period	12,855,988	12,374,029