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Consolidated Financial Results for the First Six Months of the Fiscal Year Ending February 28, 2025 <under Japanese GAAP>

October 15, 2024

Company name: **OPEN Group, Inc.**
(Former company name: RPA Holdings, Inc.)
Listing: Tokyo Stock Exchange
Stock code: 6572
URL: https://open-group.co.jp/en/
Representative: Tomomichi Takahashi, Representative Director
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Scheduled date to file semi-annual securities report: October 15, 2024
Scheduled date of the commencement of dividend payment: –
Preparation of supplementary materials on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(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, 2025 (from March 1, 2024 to August 31, 2024)

(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, 2024	3,466	19.0	279	46.8	(0)	–	251	(17.5)
August 31, 2023	2,913	0.5	190	341.3	49	–	304	–

Note: Comprehensive income: Six months ended August 31, 2024 ¥248 million [(16.1)%]
Six months ended August 31, 2023 ¥296 million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
August 31, 2024	4.13	4.06
August 31, 2023	5.02	4.89

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
August 31, 2024	19,317	11,985	62.0
February 29, 2024	19,243	11,667	60.6

(Reference) Equity capital: As of August 31, 2024 ¥11,985 million
As of February 29, 2024 ¥11,662 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, 2024	–	0.00	–	0.00	0.00
Fiscal year ending February 28, 2025	–	0.00			
Fiscal year ending February 28, 2025 (Forecast)			–	3.00	3.00

Notes: Revisions to the cash dividends forecasts most recently announced: Yes

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

(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, 2025	7,200	16.8	650	25.0	260	(1.2)	360	116.8	5.92

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 company (AUTORO Inc.)

(2) Application of specific accounting for preparing the semi-annual 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, 2024	62,254,000 shares
As of February 29, 2024	62,235,000 shares

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

As of August 31, 2024	1,331,804 shares
As of February 29, 2024	1,414,788 shares

(iii) Average number of shares outstanding during the period

For the six months ended August 31, 2024	60,844,587 shares
For the six months ended August 31, 2023	60,610,172 shares

*** Semi-annual financial results reports are exempt from 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.

Semi-annul Consolidated Financial Statements

(1) Semi-annul consolidated balance sheet

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	11,516,731	10,573,895
Accounts receivable - trade	2,420,159	2,283,224
Work in process	15,826	15,889
Other	420,107	550,250
Total current assets	14,372,824	13,423,260
Non-current assets		
Property, plant and equipment	86,108	79,023
Intangible assets		
Goodwill	266,739	908,334
Software	641,415	524,332
Software in progress	52,041	136,951
Other	72	72
Total intangible assets	960,268	1,569,691
Investments and other assets		
Investment securities	3,228,547	3,070,152
Other	595,794	1,175,700
Total investments and other assets	3,824,341	4,245,852
Total non-current assets	4,870,718	5,894,567
Total assets	19,243,542	19,317,827
Liabilities		
Current liabilities		
Accounts payable - trade	1,796,076	1,654,217
Short-term borrowings	1,500,000	1,500,000
Current portion of bonds payable	394,000	294,000
Current portion of long-term borrowings	358,344	360,177
Income taxes payable	248,353	57,766
Provision for bonuses	107,819	118,058
Provision for loss on trust-type share options	17,424	17,424
Other	1,404,377	1,836,212
Total current liabilities	5,826,394	5,837,856
Non-current liabilities		
Bonds payable	1,084,000	937,000
Long-term borrowings	630,503	539,216
Provision for loss on trust-type share options	34,848	17,824
Total non-current liabilities	1,749,351	1,494,040
Total liabilities	7,575,745	7,331,896

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Net assets		
Shareholders' equity		
Share capital	5,914,618	5,917,310
Capital surplus	6,022,725	6,063,107
Retained earnings	211,894	463,017
Treasury shares	(494,897)	(465,936)
Total shareholders' equity	11,654,340	11,977,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,345	8,109
Total accumulated other comprehensive income	8,345	8,109
Share acquisition rights	5,110	4,460
Non-controlling interests	–	(4,138)
Total net assets	11,667,796	11,985,931
Total liabilities and net assets	19,243,542	19,317,827

(2) Semi-annul consolidated statements of income and comprehensive income

Semi-annul consolidated statement of income

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Net sales	2,913,214	3,466,058
Cost of sales	1,026,514	1,264,940
Gross profit	1,886,700	2,201,117
Selling, general and administrative expenses	1,696,398	1,921,798
Operating profit	190,301	279,318
Non-operating income		
Interest income	47	4,936
Insurance claim income	–	11,521
Foreign exchange gains	949	–
Commission income	–	3,989
Other	1,806	4,244
Total non-operating income	2,803	24,693
Non-operating expenses		
Interest expenses	8,408	11,371
Commission expenses	3,412	11,405
Foreign exchange losses	–	3,382
Loss on investments in investment partnerships	38,976	35,208
Share of loss of entities accounted for using equity method	90,248	239,675
Other	2,645	3,872
Total non-operating expenses	143,692	304,915
Ordinary profit (loss)	49,411	(903)
Extraordinary income		
Gain on sale of businesses	76,000	–
Gain on sale of investment securities	200,252	–
Gain on sale of shares of subsidiaries and associates	34,000	–
Total extraordinary income	310,252	–
Extraordinary losses		
Loss on valuation of investment securities	9,980	13,999
Total extraordinary losses	9,980	13,999
Profit (loss) before income taxes	349,684	(14,903)
Income taxes	41,379	(263,493)
Profit	308,305	248,589
Profit (loss) attributable to non-controlling interests	3,964	(2,533)
Profit attributable to owners of parent	304,340	251,122

Semi-annul consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Profit	308,305	248,589
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,299)	(236)
Total other comprehensive income	(12,299)	(236)
Comprehensive income	296,006	248,353
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	292,041	250,886
Comprehensive income attributable to non-controlling interests	3,964	(2,533)

(3) Semi-annul consolidated statement of cash flows

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	349,684	(14,903)
Depreciation	137,324	168,731
Amortization of goodwill	95,841	18,647
Loss (gain) on sale of businesses	(76,000)	–
Loss (gain) on sale of shares of subsidiaries and associates	(34,000)	–
Loss (gain) on sale of investment securities	(200,252)	–
Loss (gain) on valuation of investment securities	9,980	13,999
Increase (decrease) in provision for bonuses	8,725	10,238
Interest income	(47)	(4,936)
Interest expenses	8,408	11,371
Foreign exchange losses (gains)	(949)	3,382
Share of loss (profit) of entities accounted for using equity method	90,248	239,675
Loss (gain) on investments in investment partnerships	38,976	35,208
Decrease (increase) in trade receivables	539,493	131,651
Decrease (increase) in inventories	3,689	(63)
Increase (decrease) in trade payables	(404,225)	(158,307)
Increase (decrease) in accounts payable - other	(48,260)	96,402
Other, net	234,994	(95,843)
Subtotal	753,632	455,255
Interest received	47	4,936
Interest paid	(6,589)	(8,196)
Income taxes paid	(211,055)	(286,072)
Income taxes refund	101,181	58,443
Net cash provided by (used in) operating activities	637,216	224,366
Cash flows from investing activities		
Purchase of property, plant and equipment	–	(1,317)
Purchase of intangible assets	(211,668)	(125,987)
Purchase of investment securities	(298,400)	(143,466)
Proceeds from sale of investment securities	216,468	–
Proceeds from sale of shares of subsidiaries and associates	34,000	–
Proceeds from sale of businesses	76,000	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(482,653)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	17,574
Proceeds from distributions from investment partnerships	7,000	12,637
Payments of leasehold deposits	(3,164)	(70,484)
Proceeds from refund of leasehold deposits	13,404	702
Net cash provided by (used in) investing activities	(166,359)	(792,996)

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from financing activities		
Repayments of long-term borrowings	(143,598)	(177,339)
Redemption of bonds	(212,000)	(247,000)
Proceeds from issuance of shares	12,600	5,320
Proceeds from share issuance to non-controlling shareholders	–	44,300
Net cash provided by (used in) financing activities	(342,998)	(374,719)
Effect of exchange rate change on cash and cash equivalents	1,108	513
Net increase (decrease) in cash and cash equivalents	128,967	(942,835)
Cash and cash equivalents at beginning of period	11,213,927	11,516,731
Cash and cash equivalents at end of period	11,342,895	10,573,895