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January 11, 2022

## Consolidated Financial Results for FY2022 Q1 (Under Japanese GAAP)

Company name: TeamSpirit Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4397  
 URL: <https://corp.teamspirit.com/ja-jp/>  
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 Scheduled date to file quarterly securities report: January 12, 2022  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended November 30, 2021 (from September 1, 2021 to November 30, 2021)

#### (1) Consolidated operating results (cumulative)

(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	%
Three months ended								
November 30, 2021	772	15.0	3	-94.8	2	-96.2	-15	-142.9
November 30, 2020	671	21.4	71	60.8	74	70.9	36	151.3

Note: Comprehensive income For the three months ended November 30, 2021: ¥-14 million [-139.5%]  
 For the three months ended November 30, 2020: ¥37 million [146.4%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
November 30, 2021	-0.97	-
November 30, 2020	2.27	2.26

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
November 30, 2021	3,330	1,584	47.6
August 31, 2021	3,171	1,577	49.7

Reference: Equity  
 As of November 30, 2021: ¥1,584 million  
 As of August 31, 2021: ¥1,577 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 August 31, 2021	-	0.00	-	0.00	0.00
Fiscal year ending August 31, 2022	-				
Fiscal year ending August 31, 2022 (Forecast)		0.00	-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending August 31, 2022 (from September 1, 2021 to August 31, 2022)

(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 August 31, 2022	3,300	13.9	-200	-218.3	-200	-214.5	-140	-214.0	-8.63
	to 3,350	to 15.6	to -150	to -188.7	to -150	to -185.9	to -105	to -185.5	to -6.47

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

2. Consolidated earnings forecasts for the fiscal year ending August 31, 2022 are stated in range format considering impacts of changes in business environment.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: 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) Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2021	16,255,200 shares
As of August 31, 2021	16,227,600 shares

- (ii) Number of treasury shares at the end of the period

As of November 30, 2021	315 shares
As of August 31, 2021	315 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended November 30, 2021	16,254,885 shares
Three months ended November 30, 2020	16,215,857 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Statement regarding appropriate use of forward-looking statements and other notes

Forward-looking statements, including the consolidated earnings forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Thus, the Company does not intend to commit future accomplishment. Accordingly, actual business results may differ substantially from the Company's current assessment.

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1. Quarterly consolidated financial statements and primary notes

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of August 31, 2021	As of November 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,447,990	2,600,159
Accounts receivable - trade	22,804	-
Accounts receivable - trade and contract assets	-	26,029
Advance payments to suppliers	225,444	231,199
Other	57,720	53,409
Allowance for doubtful accounts	-17	-264
<b>Total current assets</b>	<b>2,753,943</b>	<b>2,910,534</b>
Non-current assets		
Property, plant and equipment	59,051	57,308
Intangible assets	145	130
Investments and other assets	358,833	362,343
<b>Total non-current assets</b>	<b>418,029</b>	<b>419,781</b>
<b>Total assets</b>	<b>3,171,972</b>	<b>3,330,315</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	14,622	18,145
Income taxes payable	103,570	29,152
Deferred revenue	1,193,715	1,422,282
Provision for bonuses	9,180	-
Other	273,515	276,527
<b>Total current liabilities</b>	<b>1,594,603</b>	<b>1,746,107</b>
<b>Total liabilities</b>	<b>1,594,603</b>	<b>1,746,107</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	802,288	805,393
Capital surplus	792,288	795,393
Retained earnings	-17,365	-17,845
Treasury shares	-509	-509
<b>Total shareholders' equity</b>	<b>1,576,701</b>	<b>1,582,431</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	667	1,776
<b>Total accumulated other comprehensive income</b>	<b>667</b>	<b>1,776</b>
<b>Total net assets</b>	<b>1,577,369</b>	<b>1,584,207</b>
<b>Total liabilities and net assets</b>	<b>3,171,972</b>	<b>3,330,315</b>

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

(Thousands of yen)

	Three months ended November 30, 2020	Three months ended November 30, 2021
Net sales	671,161	772,122
Cost of sales	280,126	505,280
Gross profit	391,034	266,841
Selling, general and administrative expenses	319,769	263,144
Operating profit	71,265	3,696
Non-operating income		
Subsidy income	3,500	-
Other	14	27
Total non-operating income	3,515	27
Non-operating expenses		
Foreign exchange losses	432	871
Other	-	56
Total non-operating expenses	432	928
Ordinary profit	74,348	2,796
Profit before income taxes	74,348	2,796
Income taxes - current	41,550	22,161
Income taxes - deferred	-4,000	-3,573
Total income taxes	37,550	18,587
Profit (loss)	36,798	-15,791
Profit (loss) attributable to owners of parent	36,798	-15,791

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Three months ended November 30, 2020	Three months ended November 30, 2021
Profit (loss)	36,798	-15,791
Other comprehensive income		
Foreign currency translation adjustment	370	1,108
Total other comprehensive income	370	1,108
Comprehensive income	37,168	-14,682
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	37,168	-14,682

(3) Notes to the quarterly consolidated financial statements

(Notes regarding going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Changes in accounting policies)

1. Application of "Accounting Standard for Revenue Recognition", etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As a result of this application, for revenue of spot support etc. where the Company previously recognized revenue at the time the provision of the service based on the contracts is completed, it has recognized revenue at over a certain period of time with satisfying of performance obligation.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the first quarter of the current fiscal year, was added to or subtracted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result, Net sales, Operating profit, Ordinary profit and Profit before income taxes for the first three months of the current fiscal year increased by ¥9,367 thousand respectively. Also, the opening balance of retained earnings for the first quarter of the current fiscal year increased by ¥15,789 thousand.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, "Accounts receivable - trade" which was previously stated in "Current assets" at the consolidated balance sheet of previous consolidated fiscal year has been stated in "Accounts receivable - trade and contract assets" since the first quarter of the current fiscal year. Furthermore, the Company has not reclassified previous consolidated fiscal year by new representation, subject to the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition. Additionally, the information on disaggregation of revenue from contracts with customers during the first three months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020).

2. Application of "Accounting Standard for Fair Value Measurement", etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

The application of the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations has no effect on the quarterly consolidated financial statements for the first three months of the current fiscal year.



(Significant events after reporting period)

(Issuance of new stocks as restricted stock compensation)

The Company resolved the issuance of new stocks as restricted stock compensation at the meeting of the Board of Directors held on January 11, 2022.

1. Objective of the issuance

The Company resolved the introduction of the incentive system which the Company allocate stocks with restriction on transfer to employees at the meeting of the Board of Directors held on October 13, 2021. The objective of the incentive system is for employees to share the merit and risk of stock price movements with stockholders, and to encourage a willingness to contribute improvement of share value and corporate value more than ever. The issuance of new stocks is based on this incentive system.

2. Overview of the issuance

(1) Due date of payment	February 1, 2022
(2) Type and quantity of stock	Common stock : 27,400 shares
(3) Issuance price of stock	558 yen per share
(4) Total issuance price of stock	15,289,200 yen
(5) Price of capitalization	279 yen per share
(6) Total price of capitalization	7,644,600 yen
(7) Method of offering or allocation	Allocation method of stocks with specific restriction on transfer
(8) Execution method of capital contribution	Contribution in kind of monetary compensation claim
(9) Person eligible for allocation of stocks, number of the persons, and shares to be allocated	Employees of the Company 110 employees / 27,400 shares