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October 13, 2022

## Consolidated Financial Results for the Fiscal Year Ended August 31, 2022 (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 of annual general meeting of shareholders: November 25, 2022  
 Scheduled date to commence dividend payments: -  
 Scheduled date to file annual securities report: November 25, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

### 1. Consolidated financial results for the fiscal year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)

#### (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	%
Fiscal year ended August 31, 2022	3,261	12.6	-118	-169.9	-126	-172.3	-90	-173.5
August 31, 2021	2,896	18.5	169	-40.9	174	-40.4	122	-51.9

Note: Comprehensive income For the fiscal year ended August 31, 2022: ¥-80 million [-164.8%]  
 For the fiscal year ended August 31, 2021: ¥124 million [-51.3%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
August 31, 2022	-5.55	-	-5.8	-3.9	-3.6
August 31, 2021	7.57	7.56	8.1	5.8	5.8

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended August 31, 2022: ¥- million  
 For the fiscal year ended August 31, 2021: ¥- million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2022	3,364	1,534	45.6	94.25
August 31, 2021	3,171	1,577	49.7	97.20

Reference: Equity  
 As of August 31, 2022: ¥1,534 million  
 As of August 31, 2021: ¥1,577 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
August 31, 2022	-4	-55	6	2,409
August 31, 2021	265	-0	7	2,447

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended August 31, 2021	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Millions of yen -	% -	% -
Fiscal year ended August 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending August 31, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

### 3. Consolidated earnings forecasts for the fiscal year ending August 31, 2023 (from September 1, 2022 to August 31, 2023)

(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, 2023	3,750	15.0	-250	-	-250	-	-170	-	-10.44
	to 3,800	to 16.5	to -200	-	to -200	-	to -115	-	to -7.06

Note: Consolidated earnings forecasts for the fiscal year ending August 31, 2023 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) 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

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2022	16,284,600 shares
As of August 31, 2021	16,227,600 shares

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

As of August 31, 2022	1,915 shares
As of August 31, 2021	315 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended August 31, 2022	16,271,968 shares
Fiscal year ended August 31, 2021	16,224,431 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2022	3,261	12.6	-149	-197.9	-143	-189.4	-106	-197.6
August 31, 2021	2,896	18.5	152	-44.0	160	-42.4	109	-54.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
August 31, 2022	-6.58	-
August 31, 2021	6.75	6.74

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
August 31, 2022	3,283	1,481	45.1	90.96
August 31, 2021	3,125	1,550	49.6	95.53

Reference: Equity

As of August 31, 2022: ¥1,481 million  
As of August 31, 2021: ¥1,550 million

\* Financial results reports are exempt from audit 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. Consolidated financial statements and primary notes

(1) Consolidated balance sheet

(Thousands of yen)

	As of August 31, 2021	As of August 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,447,990	2,409,211
Accounts receivable - trade	22,804	-
Accounts receivable - trade and contract assets	-	17,872
Advance payments to suppliers	225,444	285,507
Other	57,720	107,932
Allowance for doubtful accounts	-17	-192
<b>Total current assets</b>	<b>2,753,943</b>	<b>2,820,332</b>
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	67,835	67,835
Accumulated depreciation	-22,398	-28,511
Facilities attached to buildings, net	45,437	39,324
Other	29,760	31,928
Accumulated depreciation	-16,146	-20,392
Other, net	13,614	11,536
<b>Total property, plant and equipment</b>	<b>59,051</b>	<b>50,860</b>
Intangible assets		
Other	145	85
<b>Total intangible assets</b>	<b>145</b>	<b>85</b>
Investments and other assets		
Deferred tax assets	236,745	318,266
Investment securities	-	50,000
Other	122,088	125,154
<b>Total investments and other assets</b>	<b>358,833</b>	<b>493,421</b>
<b>Total non-current assets</b>	<b>418,029</b>	<b>544,366</b>
<b>Total assets</b>	<b>3,171,972</b>	<b>3,364,699</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	14,622	6,498
Income taxes payable	103,570	15,545
Deferred revenue	1,193,715	1,418,332
Provision for bonuses	9,180	22,247
Other	273,515	367,368
<b>Total current liabilities</b>	<b>1,594,603</b>	<b>1,829,992</b>
<b>Total liabilities</b>	<b>1,594,603</b>	<b>1,829,992</b>
Net assets		
Shareholders' equity		
Share capital	802,288	813,375
Capital surplus	792,288	803,375
Retained earnings	-17,365	-91,922
Treasury shares	-509	-509
<b>Total shareholders' equity</b>	<b>1,576,701</b>	<b>1,524,319</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	667	10,387
<b>Total accumulated other comprehensive income</b>	<b>667</b>	<b>10,387</b>
<b>Total net assets</b>	<b>1,577,369</b>	<b>1,534,706</b>
<b>Total liabilities and net assets</b>	<b>3,171,972</b>	<b>3,364,699</b>

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

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Net sales	2,896,926	3,261,515
Cost of sales	1,388,054	2,464,721
Gross profit	1,508,871	796,793
Selling, general and administrative expenses	1,339,846	914,953
Operating profit (loss)	169,025	-118,159
Non-operating income		
Subsidy income	8,422	550
Other	744	106
Total non-operating income	9,167	656
Non-operating expenses		
Foreign exchange losses	3,468	7,666
Share issuance costs	92	853
Other	4	253
Total non-operating expenses	3,564	8,772
Ordinary profit (loss)	174,627	-126,275
Profit (loss) before income taxes	174,627	-126,275
Income taxes - current	127,075	45,591
Income taxes - deferred	-75,290	-81,521
Total income taxes	51,785	-35,929
Profit (loss)	122,842	-90,346
Profit (loss) attributable to owners of parent	122,842	-90,346

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Profit (loss)	122,842	-90,346
Other comprehensive income		
Foreign currency translation adjustment	1,584	9,719
Total other comprehensive income	1,584	9,719
Comprehensive income	124,427	-80,626
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	124,427	-80,626

(3) Consolidated statement of changes in equity

Fiscal year ended August 31, 2021

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	798,530	788,530	-140,208	-425	1,446,425	-916	-916	1,445,509
Cumulative effects of changes in accounting policies								-
Restated balance	798,530	788,530	-140,208	-425	1,446,425	-916	-916	1,445,509
Changes during period								
Issuance of new shares - exercise of share acquisition rights	3,758	3,758			7,516			7,516
Profit (loss) attributable to owners of parent			122,842		122,842			122,842
Purchase of treasury shares				-83	-83			-83
Net changes in items other than shareholders' equity						1,584	1,584	1,584
Total changes during period	3,758	3,758	122,842	-83	130,275	1,584	1,584	131,859
Balance at end of period	802,288	792,288	-17,365	-509	1,576,701	667	667	1,577,369

Fiscal year ended August 31, 2022

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	802,288	792,288	-17,365	-509	1,576,701	667	667	1,577,369
Cumulative effects of changes in accounting policies			15,789		15,789			15,789
Restated balance	802,288	792,288	-1,576	-509	1,592,490	667	667	1,593,158
Changes during period								
Issuance of new shares - exercise of share acquisition rights	3,443	3,443			6,886			6,886
Issuance of new shares - restricted stock compensation	7,644	7,644			15,289			15,289
Profit (loss) attributable to owners of parent			-90,346		-90,346			-90,346
Net changes in items other than shareholders' equity						9,719	9,719	9,719
Total changes during period	11,087	11,087	-90,346	-	-68,170	9,719	9,719	-58,451
Balance at end of period	813,375	803,375	-91,922	-509	1,524,319	10,387	10,387	1,534,706

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	174,627	-126,275
Depreciation and amortization	22,833	11,266
Increase (decrease) in allowance for doubtful accounts	-560	174
Increase (decrease) in provision for bonuses	3,574	13,067
Interest income	-22	-24
Subsidy income	-8,422	-550
Share issuance costs	92	853
Decrease (increase) in trade receivables	-1,502	-
Decrease (increase) in trade receivables and contract assets	-	5,440
Decrease (increase) in advance payments to suppliers	-22,772	-60,063
Increase (decrease) in trade payables	3,954	-8,124
Increase (decrease) in deferred revenue	136,683	240,406
Other, net	31,344	73,488
<b>Subtotal</b>	<b>339,829</b>	<b>149,658</b>
Interest received	22	24
Subsidies received	7,122	238
Income taxes paid	-81,961	-154,374
<b>Net cash provided by (used in) operating activities</b>	<b>265,013</b>	<b>-4,453</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-805	-3,260
Payments of leasehold and guarantee deposits	-	-2,678
Purchase of investment securities	-	-50,000
Other, net	255	-
<b>Net cash provided by (used in) investing activities</b>	<b>-549</b>	<b>-55,938</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	7,423	6,032
Other, net	-83	-
<b>Net cash provided by (used in) financing activities</b>	<b>7,339</b>	<b>6,032</b>
Effect of exchange rate change on cash and cash equivalents	2,262	15,578
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>274,066</b>	<b>-38,779</b>
Cash and cash equivalents at beginning of period	2,173,924	2,447,990
<b>Cash and cash equivalents at end of period</b>	<b>2,447,990</b>	<b>2,409,211</b>

(5) Notes to the consolidated financial statements

(Notes regarding going concern assumption)

Not applicable.

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

For the current consolidated fiscal year, share capital and capital surplus increased by ¥11,087 thousand respectively due to the issuance of new stocks as restricted stock compensation, and the issuance of new stocks by exercising of stock acquisition rights. As a result, share capital and capital surplus amounted to ¥813,375 thousand and ¥803,375 thousand, respectively as of the end of the current consolidated fiscal year.

(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 current consolidated 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 current consolidated fiscal year, was added to or subtracted from the opening balance of retained earnings of the current consolidated fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result, Net sales for the current consolidated fiscal year increased by ¥1,616 thousand, and Operating loss, Ordinary loss, and Loss before income taxes for the current consolidated fiscal year decreased by ¥1,616 thousand, respectively. Also, the opening balance of retained earnings for 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 current consolidated fiscal year, and "Decrease (increase) in trade receivables" which was previously stated in "Cash flows from operating activities" at the consolidated statement of cash flows of the previous fiscal year has been stated in "Decrease (increase) in trade receivables and contract assets" since the current consolidated 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.

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 current consolidated 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 above has no effect on the consolidated financial statements of the current consolidated fiscal year.

(Changes in accounting estimates)

Not applicable.

(Segment information)

Segment information is omitted as the Company group has single segment of SaaS business.

(Per share information)

(Yen)

	Fiscal year ended August31, 2021	Fiscal year ended August31, 2022
Net assets per share	97.20	94.25
Basic earnings (loss) per share	7.57	-5.55
Diluted earnings per share	7.56	—

Note: Basis for calculation of basic earnings (loss) per share and diluted earnings per share is as follows:

	Fiscal year ended August31, 2021	Fiscal year ended August31, 2022
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	122,842	-90,346
Amounts not attributable to common shareholders (Thousands of yen)	—	—
Profit (loss) attributable to owners of parent related to common shares (Thousands of yen)	122,842	-90,346
Average number of common shares outstanding during the period (Shares)	16,224,431	16,271,968
Diluted earnings per share		
Adjusted profit attributable to owners of parent (Thousands of yen)	—	—
Increase in number of common shares (Shares)	32,391	—
(By exercising of stock acquisition rights (Shares))	(32,391)	—
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	—	—

(Significant events after reporting period)

Not applicable.