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January 13, 2023

Consolidated Financial Results for FY2023 Q1 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4397
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 Scheduled date to file quarterly securities report: January 13, 2023
 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, 2022 (from September 1, 2022 to November 30, 2022)

(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, 2022	891	15.5	-23	-743.9	-24	-989.2	-12	-20.0
November 30, 2021	772	15.0	3	-94.8	2	-96.2	-15	-142.9

Note: Comprehensive income For the three months ended November 30, 2022: ¥-11 million [-21.6%]
 For the three months ended November 30, 2021: ¥-14 million [-139.5%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
November 30, 2022	-0.78	-
November 30, 2021	-0.97	-

Note: Diluted earnings per share is not stated because, although potential shares exist, basic loss per share was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
November 30, 2022	3,537	1,523	43.1
August 31, 2022	3,364	1,534	45.6

Reference: Equity
 As of November 30, 2022: ¥1,523 million
 As of August 31, 2022: ¥1,534 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, 2022	-	0.00	-	0.00	0.00
Fiscal year ending August 31, 2023	-				
Fiscal year ending August 31, 2023 (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, 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: 1. Revisions to the earnings forecasts most recently announced: None

2. 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) 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: 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) Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2022	16,284,600 shares
As of August 31, 2022	16,284,600 shares

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

As of November 30, 2022	4,015 shares
As of August 31, 2022	1,915 shares

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

Three months ended November 30, 2022	16,280,952 shares
Three months ended November 30, 2021	16,254,885 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, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	2,409,211	2,541,208
Accounts receivable - trade and contract assets	17,872	22,273
Advance payments to suppliers	285,507	303,641
Other	107,932	107,528
Allowance for doubtful accounts	-192	-232
Total current assets	2,820,332	2,974,419
Non-current assets		
Property, plant and equipment	50,860	49,136
Intangible assets	85	70
Investments and other assets	493,421	514,284
Total non-current assets	544,366	563,491
Total assets	3,364,699	3,537,911
Liabilities		
Current liabilities		
Accounts payable - trade	6,498	5,756
Income taxes payable	15,545	15,958
Deferred revenue	1,418,332	1,656,334
Provision for bonuses	22,247	3,025
Other	367,368	333,627
Total current liabilities	1,829,992	2,014,702
Total liabilities	1,829,992	2,014,702
Net assets		
Shareholders' equity		
Share capital	813,375	813,375
Capital surplus	803,375	803,375
Retained earnings	-91,922	-104,544
Treasury shares	-509	-509
Total shareholders' equity	1,524,319	1,511,697
Accumulated other comprehensive income		
Foreign currency translation adjustment	10,387	11,511
Total accumulated other comprehensive income	10,387	11,511
Total net assets	1,534,706	1,523,209
Total liabilities and net assets	3,364,699	3,537,911

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

(Thousands of yen)

	Three months ended November 30, 2021	Three months ended November 30, 2022
Net sales	772,122	891,437
Cost of sales	505,280	581,546
Gross profit	266,841	309,890
Selling, general and administrative expenses	263,144	333,693
Operating profit (loss)	3,696	-23,803
Non-operating income		
Subsidy income	-	121
Other	27	6
Total non-operating income	27	127
Non-operating expenses		
Foreign exchange losses	871	1,185
Other	56	1
Total non-operating expenses	928	1,186
Ordinary profit (loss)	2,796	-24,862
Profit (loss) before income taxes	2,796	-24,862
Income taxes - current	22,161	8,674
Income taxes - deferred	-3,573	-20,905
Total income taxes	18,587	-12,231
Loss	-15,791	-12,631
Loss attributable to owners of parent	-15,791	-12,631

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Three months ended November 30, 2021	Three months ended November 30, 2022
Loss	-15,791	-12,631
Other comprehensive income		
Foreign currency translation adjustment	1,108	1,124
Total other comprehensive income	1,108	1,124
Comprehensive income	-14,682	-11,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-14,682	-11,507

(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.

(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 13, 2023.

1. Objective of the issuance

The Company has introduced the incentive system which the Company allocate stocks with restriction on transfer to executive officers and employees. The objective of the incentive system is for executive officers and 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 system.

2. Overview of the issuance

(1) Due date of payment	February 1, 2023
(2) Type and quantity of stock	Common stock : 123,500 shares
(3) Issuance price of stock	323 yen per share
(4) Total issuance price of stock	39,890,500 yen
(5) Price of capitalization	161.5 yen per share
(6) Total price of capitalization	19,945,250 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