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April 12, 2023

Consolidated Financial Results for FY2023 Q2 (Under Japanese GAAP)

Company name: TeamSpirit Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4397
 URL: <https://corp.teamspirit.com/ja-jp/>
 Representative: Koji Ogishima, CEO
 Inquiries: Hidetoshi Torami, COO
 Telephone: +81-3-4577-7510
 Scheduled date to file quarterly securities report: April 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 six months ended February 28, 2023 (from September 1, 2022 to February 28, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Six months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2023	1,831	16.6	-22	-	-25	-	-10	-
February 28, 2022	1,571	10.5	1	-99.4	-1	-101.0	-24	-124.2

Note: Comprehensive income For the six months ended February 28, 2023: ¥-8 million [-60.1%]
 For the six months ended February 28, 2022: ¥-22 million [-121.6%]

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
February 28, 2023	-0.63	-
February 28, 2022	-1.53	-

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

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
February 28, 2023	3,568	1,565	43.9
August 31, 2022	3,364	1,534	45.6

Reference: Equity
 As of February 28, 2023: ¥1,565 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	-	0.00			
Fiscal year ending August 31, 2023 (Forecast)			-	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	-	-10.36
	to 3,800	to 16.5	to -200	-	to -200	-	to -115	-	to -7.01

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 February 28, 2023	16,408,100 shares
As of August 31, 2022	16,284,600 shares

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

As of February 28, 2023	4,615 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)

Six months ended February 28, 2023	16,301,102 shares
Six months ended February 28, 2022	16,260,452 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 February 28, 2023
Assets		
Current assets		
Cash and deposits	2,409,211	2,458,451
Accounts receivable - trade and contact assets	17,872	36,093
Advance payments to suppliers	285,507	299,633
Other	107,932	184,900
Allowance for doubtful accounts	-192	-346
Total current assets	2,820,332	2,978,733
Non-current assets		
Property, plant and equipment	50,860	46,653
Intangible assets	85	55
Investments and other assets		
Deferred tax assets	318,266	368,111
Other	175,154	175,182
Total investments and other assets	493,421	543,293
Total non-current assets	544,366	590,001
Total assets	3,364,699	3,568,735
Liabilities		
Current liabilities		
Accounts payable - trade	6,498	5,769
Income taxes payable	15,545	46,086
Deferred revenue	1,418,332	1,578,764
Provision for bonuses	22,247	21,812
Other	367,368	350,645
Total current liabilities	1,829,992	2,003,078
Total liabilities	1,829,992	2,003,078
Net assets		
Shareholders' equity		
Share capital	813,375	833,320
Capital surplus	803,375	823,320
Retained earnings	-91,922	-102,128
Treasury shares	-509	-509
Total shareholders' equity	1,524,319	1,554,004
Accumulated other comprehensive income		
Foreign currency translation adjustment	10,387	11,652
Total accumulated other comprehensive income	10,387	11,652
Total net assets	1,534,706	1,565,656
Total liabilities and net assets	3,364,699	3,568,735

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

(Thousands of yen)

	Six months ended February 28, 2022	Six months ended February 28, 2023
Net sales	1,571,157	1,831,927
Cost of sales	1,035,393	1,155,500
Gross profit	535,763	676,427
Selling, general and administrative expenses	534,560	699,038
Operating profit (loss)	1,203	-22,611
Non-operating income		
Subsidy income	-	301
Other	39	51
Total non-operating income	39	352
Non-operating expenses		
Foreign exchange losses	2,137	2,475
Share issuance costs	853	790
Other	193	1
Total non-operating expenses	3,183	3,266
Ordinary loss	-1,939	-25,525
Loss before income taxes	-1,939	-25,525
Income taxes - current	56,614	34,534
Income taxes - deferred	-33,666	-49,844
Total income taxes	22,948	-15,310
Loss	-24,888	-10,215
Loss attributable to owners of parent	-24,888	-10,215

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended February 28, 2022	Six months ended February 28, 2023
Loss	-24,888	-10,215
Other comprehensive income		
Foreign currency translation adjustment	2,459	1,264
Total other comprehensive income	2,459	1,264
Comprehensive income	-22,429	-8,950
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-22,429	-8,950

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended February 28, 2022	Six months ended February 28, 2023
Cash flows from operating activities		
Loss before income taxes	-1,939	-25,525
Depreciation and amortization	5,592	5,271
Increase (decrease) in allowance for doubtful accounts	195	154
Increase (decrease) in provision for bonuses	4,248	-435
Interest and dividend income	-12	-11
Subsidy income	—	-301
Share issuance costs	853	790
Decrease (increase) in trade receivables and contract assets	2,374	-18,792
Decrease (increase) in advance payments to suppliers	-9,049	-14,125
Decrease (increase) in prepaid expenses	-46,342	-60,625
Increase (decrease) in trade payables	-3,348	-729
Increase (decrease) in deferred revenue	191,696	160,432
Other, net	18,950	-15,827
Subtotal	163,219	30,273
Interest and dividends received	12	11
Subsidies received	—	302
Income taxes refund (paid)	-103,452	15,944
Net cash provided by (used in) operating activities	59,779	46,532
Cash flows from investing activities		
Purchase of property, plant and equipment	-2,056	-701
Other, net	—	-204
Net cash provided by (used in) investing activities	-2,056	-905
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	5,356	—
Other, net	—	-790
Net cash provided by (used in) financing activities	5,356	-790
Effect of exchange rate change on cash and cash equivalents	2,203	4,403
Net increase (decrease) in cash and cash equivalents	65,283	49,240
Cash and cash equivalents at beginning of period	2,447,990	2,409,211
Cash and cash equivalents at end of period	2,513,274	2,458,451

(4) Notes to the quarterly consolidated financial statements

(Notes regarding going concern assumption)

Not applicable.

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

For the first six months of the current fiscal year, share capital and capital surplus increased by ¥19,945 thousand respectively due to the issuance of new stocks as restricted stock compensation. As a result, share capital and capital surplus amounted to ¥833,320 thousand and ¥823,320 thousand, respectively as of the end of the consolidated six months.