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October 12, 2023

Consolidated Financial Results for the Fiscal Year Ended August 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4397
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 Scheduled date of annual general meeting of shareholders: November 27, 2023
 Scheduled date to commence dividend payments: -
 Scheduled date to file annual securities report: November 28, 2023
 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, 2023 (from September 1, 2022 to August 31, 2023)

(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, 2023	3,809	16.8	-219	-	-226	-	-189	-
August 31, 2022	3,261	12.6	-118	-	-126	-	-90	-

Note: Comprehensive income For the fiscal year ended August 31, 2023: ¥-182 million [-%]
 For the fiscal year ended August 31, 2022: ¥-80 million [-%]

	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, 2023	-11.57	-	-12.9	-6.6	-5.8
August 31, 2022	-5.55	-	-5.8	-3.9	-3.6

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended August 31, 2023: ¥- million
 For the fiscal year ended August 31, 2022: ¥- 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, 2023	3,516	1,392	39.6	84.86
August 31, 2022	3,364	1,534	45.6	94.25

Reference: Equity
 As of August 31, 2023: ¥1,392 million
 As of August 31, 2022: ¥1,534 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, 2023	-6	-49	-0	2,364
August 31, 2022	-4	-55	6	2,409

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended August 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended August 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending August 31, 2024 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated earnings forecasts for the fiscal year ending August 31, 2024 (from September 1, 2023 to August 31, 2024)

In the fiscal year ending August 31, 2024, the Company will execute investments more flexibly, while considering changes in business environment. As such, consolidated earnings forecasts only for Net sales for the fiscal year ending August 31, 2024 are stated as it is difficult to calculate reasonable earnings forecasts for profit and loss.

(Percentages indicate year-on-year changes for full year and changes from the same period of the previous fiscal year for Six months ending February 29, 2024.)

	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
Six months ending February 29, 2024	2,120	15.7	-200	-	-200	-	-128	-	-7.83
Full year	4,400 to 4,500	15.5 to 18.1	-	-	-	-	-	-	-

* **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: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: Yes
- (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, 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 August 31, 2023	4,615 shares
As of August 31, 2022	1,915 shares

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

Fiscal year ended August 31, 2023	16,352,293 shares
Fiscal year ended August 31, 2022	16,271,968 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended August 31, 2023 (from September 1, 2022 to August 31, 2023)

(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, 2023	3,809	16.8	-250	-	-245	-	-203	-
August 31, 2022	3,261	12.6	-149	-	-143	-	-106	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
August 31, 2023	-12.45	-
August 31, 2022	-6.58	-

(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, 2023	3,400	1,317	38.7	80.31
August 31, 2022	3,283	1,481	45.1	90.96

Reference: Equity

As of August 31, 2023: ¥1,317 million
As of August 31, 2022: ¥1,481 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.

Attached Material

1. Consolidated financial statements and primary notes	2
(1) Consolidated balance sheet.....	2
(2) Consolidated statements of income and comprehensive income	3
Consolidated statement of income	3
Consolidated statement of comprehensive income	4
(3) Consolidated statement of changes in equity	5
(4) Consolidated statement of cash flows	6
(5) Notes to the consolidated financial statements	7
(Notes regarding going concern assumption)	7
(Notes on significant changes in the amount of shareholders' equity).....	7
(Changes in accounting estimates)	7
(Segment information)	7
(Per share information)	8
(Significant events after reporting period).....	8

1. Consolidated financial statements and primary notes

(1) Consolidated balance sheet

(Thousands of yen)

	As of August 31, 2022	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	2,409,211	2,364,904
Accounts receivable - trade and contract assets	17,872	42,656
Advance payments to suppliers	285,507	325,985
Other	107,932	142,526
Allowance for doubtful accounts	-192	-801
Total current assets	2,820,332	2,875,270
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	67,835	67,835
Accumulated depreciation	-28,511	-67,835
Facilities attached to buildings, net	39,324	-
Other	31,928	33,232
Accumulated depreciation	-20,392	-29,937
Other, net	11,536	3,295
Construction in progress	-	9,344
Total property, plant and equipment	50,860	12,639
Intangible assets		
Other	85	-
Total intangible assets	85	-
Investments and other assets		
Deferred tax assets	318,266	462,092
Investment securities	50,000	-
Other	125,154	166,735
Total investments and other assets	493,421	628,827
Total non-current assets	544,366	641,467
Total assets	3,364,699	3,516,737
Liabilities		
Current liabilities		
Accounts payable - trade	6,498	5,890
Income taxes payable	15,545	25,949
Deferred revenue	1,418,332	1,568,939
Provision for bonuses	22,247	57,066
Other	367,368	466,849
Total current liabilities	1,829,992	2,124,695
Total liabilities	1,829,992	2,124,695
Net assets		
Shareholders' equity		
Share capital	813,375	833,320
Capital surplus	803,375	823,320
Retained earnings	-91,922	-281,113
Treasury shares	-509	-509
Total shareholders' equity	1,524,319	1,375,018
Accumulated other comprehensive income		
Foreign currency translation adjustment	10,387	17,022
Total accumulated other comprehensive income	10,387	17,022
Total net assets	1,534,706	1,392,041
Total liabilities and net assets	3,364,699	3,516,737

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

(Thousands of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Net sales	3,261,515	3,809,551
Cost of sales	2,148,131	2,417,366
Gross profit	1,113,384	1,392,185
Selling, general and administrative expenses	1,231,543	1,611,998
Operating loss	-118,159	-219,813
Non-operating income		
Subsidy income	550	547
Other	106	133
Total non-operating income	656	680
Non-operating expenses		
Foreign exchange losses	7,666	6,714
Share issuance costs	853	790
Other	253	61
Total non-operating expenses	8,772	7,566
Ordinary loss	-126,275	-226,699
Extraordinary losses		
Loss on valuation of investment securities	-	49,999
Head office relocation expenses	-	19,252
Total extraordinary losses	-	69,252
Loss before income taxes	-126,275	-295,951
Income taxes - current	45,591	37,064
Income taxes - deferred	-81,521	-143,825
Total income taxes	-35,929	-106,760
Loss	-90,346	-189,190
Loss attributable to owners of parent	-90,346	-189,190

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Loss	-90,346	-189,190
Other comprehensive income		
Foreign currency translation adjustment	9,719	6,635
Total other comprehensive income	9,719	6,635
Comprehensive income	-80,626	-182,555
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-80,626	-182,555

(3) Consolidated statement of changes in equity
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	11,087	11,087			22,175			22,175
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

Fiscal year ended August 31, 2023

(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	813,375	803,375	-91,922	-509	1,524,319	10,387	10,387	1,534,706
Changes during period								
Issuance of new shares	19,945	19,945			39,890			39,890
Profit (loss) attributable to owners of parent			-189,190		-189,190			-189,190
Net changes in items other than shareholders' equity						6,635	6,635	6,635
Total changes during period	19,945	19,945	-189,190	-	-149,300	6,635	6,635	-142,664
Balance at end of period	833,320	823,320	-281,113	-509	1,375,018	17,022	17,022	1,392,041

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Cash flows from operating activities		
Loss before income taxes	-126,275	-295,951
Depreciation and amortization	11,266	56,463
Increase (decrease) in allowance for doubtful accounts	174	609
Increase (decrease) in provision for bonuses	13,067	34,818
Interest income	-24	-22
Subsidy income	-550	-305
Share issuance costs	853	790
Loss (gain) on valuation of investment securities	-	49,999
Head office relocation expenses	-	19,252
Decrease (increase) in trade receivables and contract assets	5,440	-25,495
Decrease (increase) in advance payments to suppliers	-60,063	-40,477
Increase (decrease) in trade payables	-8,124	-607
Increase (decrease) in deferred revenue	240,406	150,607
Other, net	73,488	49,716
Subtotal	149,658	-601
Interest received	24	22
Subsidies received	238	306
Income taxes paid	-154,374	-6,418
Net cash provided by (used in) operating activities	-4,453	-6,691
Cash flows from investing activities		
Purchase of property, plant and equipment	-3,260	-710
Payments of leasehold and guarantee deposits	-2,678	-49,006
Purchase of investment securities	-50,000	-
Net cash provided by (used in) investing activities	-55,938	-49,716
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	6,032	-
Other, net	-	-790
Net cash provided by (used in) financing activities	6,032	-790
Effect of exchange rate change on cash and cash equivalents	15,578	12,890
Net increase (decrease) in cash and cash equivalents	-38,779	-44,306
Cash and cash equivalents at beginning of period	2,447,990	2,409,211
Cash and cash equivalents at end of period	2,409,211	2,364,904

(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 ¥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 current consolidated fiscal year.

(Changes in accounting estimates)

Accompanied by the decision of moving head office in the current fiscal year, depreciable life for fixed assets which are not expected to be utilized after moving was abbreviated by the previous day of the new office go-live of September 1, 2023 and applied for the future. Furthermore, asset retirement obligations for restoration costs based on real-estate rental contract were revised to complete expensing asset retirement obligations by the previous day of the new office go-live.

Operating loss, Ordinary loss, and Loss before income taxes increased by ¥45,944 thousand respectively for the current fiscal year compared to previous method because of this change in accounting estimates.

(Segment information)

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

(Per share information)

(Yen)

	Fiscal year ended August31, 2022	Fiscal year ended August31, 2023
Net assets per share	94.25	84.86
Basic loss per share	-5.55	-11.57
Diluted earnings per share	-	-

Note: Basis for calculation of basic loss per share is as follows:

	Fiscal year ended August31, 2022	Fiscal year ended August31, 2023
Basic loss per share		
Loss attributable to owners of parent (Thousands of yen)	-90,346	-189,190
Amounts not attributable to common shareholders (Thousands of yen)	-	-
Loss attributable to owners of parent related to common shares (Thousands of yen)	-90,346	-189,190
Average number of common shares outstanding during the period (Shares)	16,271,968	16,352,293
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	-	-

Note: Diluted earnings per share are not stated due to basic loss per share.

(Significant events after reporting period)

Not applicable.