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January 11, 2024

Consolidated Financial Results for FY2024 Q1 (Under Japanese GAAP)

Company name: TeamSpirit Inc.
Listing: Tokyo Stock Exchange
Securities code: 4397
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Scheduled date to file quarterly securities report: January 12, 2024
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, 2023 (from September 1, 2023 to November 30, 2023)

(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, 2023	1,043	17.0	-48	-	-49	-	-35	-
November 30, 2022	891	15.5	-23	-	-24	-	-12	-

Note: Comprehensive income For the three months ended November 30, 2023: ¥-33 million [-%]
For the three months ended November 30, 2022: ¥-11 million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
November 30, 2023	-2.14	-
November 30, 2022	-0.78	-

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, 2023	3,643	1,358	37.3
August 31, 2023	3,516	1,392	39.6

Reference: Equity
As of November 30, 2023: ¥1,358 million
As of August 31, 2023: ¥1,392 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, 2023	-	0.00	-	0.00	0.00
Fiscal year ending August 31, 2024	-				
Fiscal year ending August 31, 2024 (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, 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	-100	-	-100	-	-69	-	-4.22
			to -80	-	to -80	-	to -55	-	to -3.38
Full year	4,400 to 4,500	15.5 to 18.1	-	-	-	-	-	-	-

Note: 1. Revisions to the earnings forecasts most recently announced: Yes

2. Consolidated earnings forecasts for the fiscal year ending August 31, 2024 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, 2023	16,408,100 shares
As of August 31, 2023	16,408,100 shares

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

As of November 30, 2023	5,615 shares
As of August 31, 2023	4,615 shares

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

Three months ended November 30, 2023	16,402,818 shares
Three months ended November 30, 2022	16,280,952 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, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	2,364,904	2,517,536
Accounts receivable - trade and contract assets	42,656	39,417
Advance payments to suppliers	325,985	349,611
Other	142,526	113,434
Allowance for doubtful accounts	-801	-414
Total current assets	2,875,270	3,019,585
Non-current assets		
Property, plant and equipment	12,639	14,883
Investments and other assets	628,827	609,094
Total non-current assets	641,467	623,978
Total assets	3,516,737	3,643,564
Liabilities		
Current liabilities		
Accounts payable - trade	5,890	8,046
Income taxes payable	25,949	6,151
Deferred revenue	1,568,939	1,860,471
Provision for bonuses	57,066	2,008
Other	466,849	408,388
Total current liabilities	2,124,695	2,285,067
Total liabilities	2,124,695	2,285,067
Net assets		
Shareholders' equity		
Share capital	833,320	833,320
Capital surplus	823,320	823,320
Retained earnings	-281,113	-316,241
Treasury shares	-509	-509
Total shareholders' equity	1,375,018	1,339,891
Accumulated other comprehensive income		
Foreign currency translation adjustment	17,022	18,604
Total accumulated other comprehensive income	17,022	18,604
Total net assets	1,392,041	1,358,496
Total liabilities and net assets	3,516,737	3,643,564

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

(Thousands of yen)

	Three months ended November 30, 2022	Three months ended November 30, 2023
Net sales	891,437	1,043,117
Cost of sales	581,546	653,782
Gross profit	309,890	389,334
Selling, general and administrative expenses	333,693	437,648
Operating loss	-23,803	-48,313
Non-operating income		
Subsidy income	121	112
Other	6	42
Total non-operating income	127	154
Non-operating expenses		
Foreign exchange losses	1,185	1,070
Other	1	2
Total non-operating expenses	1,186	1,072
Ordinary loss	-24,862	-49,231
Loss before income taxes	-24,862	-49,231
Income taxes - current	8,674	1,334
Income taxes - deferred	-20,905	-15,439
Total income taxes	-12,231	-14,104
Loss	-12,631	-35,127
Loss attributable to owners of parent	-12,631	-35,127

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Three months ended November 30, 2022	Three months ended November 30, 2023
Loss	-12,631	-35,127
Other comprehensive income		
Foreign currency translation adjustment	1,124	1,581
Total other comprehensive income	1,124	1,581
Comprehensive income	-11,507	-33,545
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-11,507	-33,545

(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 11, 2024.

1. Objective of the issuance

The Company has introduced the incentive system which the Company allocate stocks with restriction on transfer to employees. 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 system.

2. Overview of the issuance

(1) Due date of payment	February 1, 2024
(2) Type and quantity of stock	Common stock : 43,500 shares
(3) Issuance price of stock	345 yen per share
(4) Total issuance price of stock	15,007,500 yen
(5) Price of capitalization	172.5 yen per share
(6) Total price of capitalization	7,503,750 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