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April 12, 2024

## Consolidated Financial Results for FY2024 Q2 (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: April 15, 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 six months ended February 29, 2024 (from September 1, 2023 to February 29, 2024)

#### (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	%
Six months ended								
February 29, 2024	2,126	16.1	-80	-	-83	-	-63	-
February 28, 2023	1,831	16.6	-22	-	-25	-	-10	-

Note: Comprehensive income For the six months ended February 29, 2024: ¥-60 million [-%]  
 For the six months ended February 28, 2023: ¥-8 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
February 29, 2024	-3.85	-
February 28, 2023	-0.63	-

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	%
February 29, 2024	3,640	1,346	37.0
August 31, 2023	3,516	1,392	39.6

Reference: Equity  
 As of February 29, 2024: ¥1,346 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	-	0.00			
Fiscal year ending August 31, 2024 (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, 2024 (from September 1, 2023 to August 31, 2024)

(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, 2024	4,400	15.5	-150	-	-155	-	-120	-	-7.30
	to	to							
	4,500	18.1							

Note: 1. Revisions to the earnings forecasts most recently announced: None

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 February 29, 2024	16,451,600 shares
As of August 31, 2023	16,408,100 shares

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

As of February 29, 2024	7,915 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)

Six months ended February 29, 2024	16,408,752 shares
Six months ended February 28, 2023	16,301,102 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 February 29, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	2,364,904	2,488,882
Accounts receivable - trade and contact assets	42,656	53,095
Advance payments to suppliers	325,985	347,870
Other	142,526	197,217
Allowance for doubtful accounts	-801	-420
Total current assets	2,875,270	3,086,645
Non-current assets		
Property, plant and equipment	12,639	14,707
Investments and other assets		
Deferred tax assets	462,092	482,803
Other	166,735	56,194
Total investments and other assets	628,827	538,997
Total non-current assets	641,467	553,704
Total assets	3,516,737	3,640,350
<b>負債の部</b>		
Current liabilities		
Accounts payable - trade	5,890	6,963
Income taxes payable	25,949	14,701
Deferred revenue	1,568,939	1,841,876
Provision for bonuses	57,066	33,201
Other	466,849	396,756
Total current liabilities	2,124,695	2,293,499
Total liabilities	2,124,695	2,293,499
Net assets		
Shareholders' equity		
Share capital	833,320	840,824
Capital surplus	823,320	830,824
Retained earnings	-281,113	-344,268
Treasury shares	-509	-509
Total shareholders' equity	1,375,018	1,326,871
Accumulated other comprehensive income		
Foreign currency translation adjustment	17,022	19,979
Total accumulated other comprehensive income	17,022	19,979
Total net assets	1,392,041	1,346,851
Total liabilities and net assets	3,516,737	3,640,350

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

(Thousands of yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
Net sales	1,831,927	2,126,381
Cost of sales	1,155,500	1,340,756
Gross profit	676,427	785,625
Selling, general and administrative expenses	699,038	866,417
Operating loss	-22,611	-80,791
Non-operating income		
Subsidy income	301	143
Other	51	83
Total non-operating income	352	227
Non-operating expenses		
Foreign exchange losses	2,475	1,906
Share issuance costs	790	628
Other	1	2
Total non-operating expenses	3,266	2,537
Ordinary loss	-25,525	-83,101
Loss before income taxes	-25,525	-83,101
Income taxes - current	34,534	764
Income taxes - deferred	-49,844	-20,711
Total income taxes	-15,310	-19,946
Loss	-10,215	-63,155
Loss attributable to owners of parent	-10,215	-63,155

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
Loss	-10,215	-63,155
Other comprehensive income		
Foreign currency translation adjustment	1,264	2,956
Total other comprehensive income	1,264	2,956
Comprehensive income	-8,950	-60,198
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-8,950	-60,198

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
<b>Cash flows from operating activities</b>		
Loss before income taxes	-25,525	-83,101
Depreciation and amortization	5,271	1,274
Increase (decrease) in allowance for doubtful accounts	154	-380
Increase (decrease) in provision for bonuses	-435	-23,865
Interest and dividend income	-11	-11
Subsidy income	-301	-143
Share issuance costs	790	628
Decrease (increase) in trade receivables and contract assets	-18,792	-10,439
Decrease (increase) in advance payments to suppliers	-14,125	-21,885
Decrease (increase) in prepaid expenses	-60,625	-40,576
Increase (decrease) in trade payables	-729	1,072
Increase (decrease) in deferred revenue	160,432	272,936
Other, net	-15,827	-70,925
<b>Subtotal</b>	<b>30,273</b>	<b>24,582</b>
Interest and dividends received	11	11
Subsidies received	302	143
Income taxes refund (paid)	15,944	-11,805
<b>Net cash provided by (used in) operating activities</b>	<b>46,532</b>	<b>12,932</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-701	-4,302
Payments for restoration	—	-25,123
Proceeds from refund of leasehold and guarantee deposits	—	138,559
Payments of leasehold and guarantee deposits	-204	-1,680
<b>Net cash provided by (used in) investing activities</b>	<b>-905</b>	<b>107,453</b>
<b>Cash flows from financing activities</b>		
Other, net	-790	-628
<b>Net cash provided by (used in) financing activities</b>	<b>-790</b>	<b>-628</b>
Effect of exchange rate change on cash and cash equivalents	4,403	4,220
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>49,240</b>	<b>123,977</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,409,211</b>	<b>2,364,904</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,458,451</b>	<b>2,488,882</b>



(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 ¥7,503 thousand respectively due to the issuance of new stocks as restricted stock compensation. As a result, share capital and capital surplus amounted to ¥840,824 thousand and ¥830,824 thousand, respectively as of the end of the consolidated six months.