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January 10, 2025

Consolidated Financial Results for FY2025 Q1 (Under Japanese GAAP)

Company name: TeamSpirit Inc.
Listing: Tokyo Stock Exchange
Securities code: 4397
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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, 2024 (from September 1, 2024 to November 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2024	1,147	10.0	51	-	51	-	37	-
November 30, 2023	1,043	17.0	-48	-	-49	-	-35	-

Note: Comprehensive income For the three months ended November 30, 2024: ¥ 38 million [-%]
For the three months ended November 30, 2023: ¥-33 million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
November 30, 2024	2.30	2.30
November 30, 2023	-2.14	-

Note: Diluted earnings per share for the three months ended November 30, 2023 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, 2024	3,873	1,267	32.7
August 31, 2024	3,692	1,229	33.3

Reference: Equity
As of November 30, 2024: ¥1,267 million
As of August 31, 2024: ¥1,229 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, 2024	-	0.00	-	0.00	0.00
Fiscal year ending August 31, 2025	-				
Fiscal year ending August 31, 2025 (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, 2025 (from September 1, 2024 to August 31, 2025)

(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, 2025	5,000	13.1	150	-	150	-	105	-	6.39

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: 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: Yes

(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, 2024	16,451,600 shares
As of August 31, 2024	16,451,600 shares

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

As of November 30, 2024	14,915 shares
As of August 31, 2024	8,915 shares

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

Three months ended November 30, 2024	16,437,352 shares
Three months ended November 30, 2023	16,402,818 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	2,543,387	2,730,127
Accounts receivable - trade, and contract assets	46,698	53,337
Advance payments to suppliers	359,734	376,952
Other	174,666	147,162
Allowance for doubtful accounts	-972	-494
Total current assets	3,123,514	3,307,086
Non-current assets		
Property, plant and equipment	11,364	10,706
Investments and other assets		
Deferred tax assets	502,627	500,422
Other	55,465	55,191
Total investments and other assets	558,093	555,613
Total non-current assets	569,458	566,320
Total assets	3,692,973	3,873,406
Liabilities		
Current liabilities		
Accounts payable - trade	9,075	9,062
Accrued expenses	210,321	276,850
Income taxes payable	18,803	19,259
Deferred revenue	1,764,085	2,036,966
Provision for bonuses	64,170	—
Provision for business restructuring	111,525	14,558
Other	285,952	249,635
Total current liabilities	2,463,933	2,606,332
Total liabilities	2,463,933	2,606,332
Net assets		
Shareholders' equity		
Share capital	840,824	840,824
Capital surplus	830,824	830,824
Retained earnings	-461,214	-423,410
Treasury shares	-509	-509
Total shareholders' equity	1,209,925	1,247,729
Accumulated other comprehensive income		
Foreign currency translation adjustment	19,113	19,345
Total accumulated other comprehensive income	19,113	19,345
Total net assets	1,229,039	1,267,074
Total liabilities and net assets	3,692,973	3,873,406

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

(Thousands of yen)

	Three months ended November 30, 2023	Three months ended November 30, 2024
Net sales	1,043,117	1,147,514
Cost of sales	653,782	711,271
Gross profit	389,334	436,242
Selling, general and administrative expenses	437,648	384,291
Operating profit (loss)	-48,313	51,950
Non-operating income		
Subsidy income	112	—
Other	42	661
Total non-operating income	154	661
Non-operating expenses		
Foreign exchange losses	1,070	812
Other	2	78
Total non-operating expenses	1,072	890
Ordinary profit (loss)	-49,231	51,720
Profit (loss) before income taxes	-49,231	51,720
Income taxes - current	1,334	11,711
Income taxes - deferred	-15,439	2,205
Total income taxes	-14,104	13,917
Profit (loss)	-35,127	37,803
Profit (loss) attributable to owners of parent	-35,127	37,803

Quarterly consolidated statement of comprehensive income

	(Thousands of yen)	
	Three months ended November 30, 2023	Three months ended November 30, 2024
Profit (loss)	-35,127	37,803
Other comprehensive income		
Foreign currency translation adjustment	1,581	231
Total other comprehensive income	1,581	231
Comprehensive income	-33,545	38,035
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-33,545	38,035

(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.

(Notes on changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes" and other relevant ASBJ regulations)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year. Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Application Guidance of 2022"). This change of accounting policy has no impact on the quarterly consolidated financial statements.

In addition, regarding revisions related to the treatment of gains and losses on sales of shares of subsidiaries arising from the sales of shares of subsidiaries between consolidated companies for tax purposes, the 2022 revision application guideline have been applied since the beginning of the first quarter of this fiscal year. This change in accounting policies has no impact on the quarterly consolidated financial statements and the consolidated financial statements for the previous consolidated fiscal year.

(Segment information)

I For the three months ended November 30, 2023

Segment information is not presented as the Company engages in a single segment of SaaS business.

II For the three months ended November 30, 2024

Segment information is not presented as the Company engages in a single segment of SaaS business.

(Notes to quarterly consolidated statement of cash flows)

We have not prepared the quarterly consolidated statement of cash flows for the three months ended November 30, 2024. Depreciation for the three months ended November 30, 2024 is as presented below.

(Thousands of yen)		
	For the three months ended November 30, 2023	For the three months ended November 30, 2024
Depreciation	1,086	657

(Significant events after reporting period)

Not applicable.