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DELTA REPORT

10-Q

TSRI - TSR INC

10-Q - FEBRUARY 29, 2024 COMPARED TO 10-Q - NOVEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	509
CHANGES	220
DELETIONS	142
ADDITIONS	147

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended November 30, 2023 February 29, 2024

☐ Transition report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __ ________ to __ ________

Commission File Number: 001-38838

TSR, Inc.

(Exact name of registrant as specified in its charter)

Delaware	13-2635899
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

400 Oser Avenue, Suite 150, Hauppauge, NY 11788

(Address of principal executive offices)

631-231-0333

(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	TSRI	NASDAQ Capital Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	☒	Smaller Reporting Company	☒
Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of January 11, 2024 April 15, 2024, there were 2,143,712 2,169,546 shares of the registrant's common stock, par value $0.01 per share, issued and outstanding.

TSR, INC. AND SUBSIDIARIES
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Part I. Financial Information

Item 1. Financial Statements

TSR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
November 30, 2023 February 29, 2024 and May 31, 2023

	November 30, 2023	May 31, 2023	February 29, 2024	May 31, 2023
	(Unaudited)	(see Note 1)	(Unaudited)	(see Note 1)
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 9,079,280	$ 7,382,320	$ 10,627,178	$ 7,382,320
Certificates of deposit and marketable securities	535,760	515,152	34,440	515,152
Accounts receivable, net of allowance for doubtful accounts of $181,000	11,028,278	12,081,335	10,535,128	12,081,335
Other receivables	69,309	79,618	53,435	79,618
Prepaid expenses	496,630	248,534	435,245	248,534
Total Current Assets	21,209,257	20,306,959	21,685,426	20,306,959
Equipment and leasehold improvements, net of accumulated depreciation and amortization of $307,099 and $270,606	33,106	69,599		
Equipment and leasehold improvements, net of accumulated depreciation and amortization of $314,849 and $270,606, respectively			25,356	69,599
Other assets	31,761	48,772	31,761	48,772
Right-of-use assets	665,407	459,171	620,391	459,171
Intangible assets, net	1,255,500	1,333,500	1,219,000	1,333,500
Goodwill	785,883	785,883	785,883	785,883
Deferred income taxes	283,000	344,000	279,000	344,000
Total Assets	$ 24,263,914	$ 23,347,884	$ 24,646,817	$ 23,347,884
LIABILITIES AND EQUITY				
Current Liabilities:				
Accounts payable and other payables	$ 1,637,141	$ 1,663,990	$ 1,624,144	$ 1,663,990
Accrued expenses and other current liabilities	3,294,535	3,663,326	3,941,990	3,663,326
Advances from customers	1,224,138	1,266,993	588,496	1,266,993
Income taxes payable	53,286	11,260	93,867	11,260
Operating lease liabilities - current	184,833	150,167	188,592	150,167
Total Current Liabilities	6,393,933	6,755,736	6,437,089	6,755,736
Operating lease liabilities, net of current portion	510,747	342,260	461,478	342,260
Total Liabilities	6,904,680	7,097,996	6,898,567	7,097,996
Commitments and contingencies				
Equity:				
TSR, Inc.:				
Preferred stock, $1 par value, authorized 500,000 shares; none issued	-	-	-	-
Common stock, $.01 par value, authorized 12,500,000 shares; issued 3,322,527 shares, 2,143,712 outstanding	33,226	33,226		
Common stock, $.01 par value, authorized 12,500,000 shares; issued 3,348,361 and 3,322,527 shares, 2,169,546 and 2,143,712 shares outstanding, respectively			33,484	33,226
Additional paid-in capital	7,727,796	7,676,742	7,755,331	7,676,742
Retained earnings	23,218,880	22,212,107	23,629,972	22,212,107
	30,979,902	29,922,075	31,418,787	29,922,075
Less: Treasury stock, 1,178,815 shares, at cost	13,726,895	13,726,895	13,726,895	13,726,895
Total TSR, Inc. Equity	17,253,007	16,195,180	17,691,892	16,195,180
Noncontrolling interest	106,227	54,708	56,358	54,708
Total Equity	17,359,234	16,249,888	17,748,250	16,249,888
Total Liabilities and Equity	$ 24,263,914	$ 23,347,884	$ 24,646,817	$ 23,347,884

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TSR, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months and Six Nine Months Ended November 30, 2023 February 29, 2024 and November 30, 2022 February 28, 2023

(UNAUDITED)

	Three Months Ended November 30,		Six Months Ended November 30,		Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Revenue, net	$ 21,657,477	$ 26,030,816	$ 44,170,767	$ 52,230,244	$ 19,702,992	$ 24,257,167	$ 63,873,759	$ 76,487,411
Cost of sales	17,839,415	21,399,606	36,325,994	43,166,518	16,372,675	20,267,337	52,698,669	63,433,855
Selling, general and administrative expenses	3,185,104	3,625,172	6,436,865	7,302,777	3,367,759	3,768,902	9,804,624	11,071,679
	21,024,519	25,024,778	42,762,859	50,469,295	19,740,434	24,036,239	62,503,293	74,505,534
Income from operations	632,958	1,006,038	1,407,908	1,760,949				
Income (loss) from operations					(37,442)	220,928	1,370,466	1,981,877
Other income (expense):								
Interest income (expense), net	27,022	(16,670)	23,776	(35,838)	28,412	(9,069)	52,188	(44,907)
Reversal of advances from customers					547,318	-	547,318	-
Unrealized gain (loss) on marketable securities, net	7,648	(1,480)	10,608	(11,480)	(1,320)	(4,112)	9,288	(15,592)
Income before income taxes	667,628	987,888	1,442,292	1,713,631	536,968	207,747	1,979,260	1,921,378
Provision for income taxes	181,000	301,000	384,000	519,000	110,000	110,000	494,000	629,000
Consolidated net income	486,628	686,888	1,058,292	1,194,631	426,968	97,747	1,485,260	1,292,378
Less: Net income attributable to noncontrolling interest	26,643	13,055	51,519	26,052	15,876	18,107	67,395	44,159
Net income attributable to TSR, Inc.	$ 459,985	$ 673,833	$ 1,006,773	$ 1,168,579	$ 411,092	$ 79,640	$ 1,417,865	$ 1,248,219
Basic net income per TSR, Inc. common share	$ 0.21	$ 0.31	$ 0.47	$ 0.55	$ 0.19	$ 0.04	$ 0.66	$ 0.58
Diluted net income per TSR, Inc. common share	$ 0.20	$ 0.30	$ 0.45	$ 0.52	$ 0.19	$ 0.04	$ 0.66	$ 0.56
Basic weighted average number of common shares outstanding	2,143,712	2,139,861	2,143,712	2,143,155	2,152,323	2,134,660	2,146,551	2,140,344
Diluted weighted average number of common shares outstanding	2,250,118	2,232,332	2,248,851	2,234,473	2,152,323	2,234,600	2,146,551	2,235,173

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TSR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Three Months and Six Nine Months Ended November 30, 2022 February 28, 2023
(UNAUDITED)

	Shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	TSR, Inc. equity	Non-controlling interest	Total equity	Shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock
Balance at May 31, 2022	3,298,549	$ 32,986	$ 7,473,866	$ 20,470,042	$ (13,514,003)	$ 14,462,891	$ 69,674	$ 14,532,565	3,298,549	$ 32,986	$ 7,473,866	$ 20,470,042	$ (13,514,0
Net income attributable to noncontrolling interest	-	-	-	-	-	-	12,997	12,997	-	-	-	-	
Non-cash stock compensation	-	-	69,216	-	-	69,216	-	69,216	-	-	69,216	-	
Net income attributable to TSR, Inc.	-	-	-	494,746	-	494,746	-	494,746	-	-	-	494,746	
Balance at August 31, 2022	3,298,549	32,986	7,543,082	20,964,788	(13,514,003)	15,026,853	82,671	15,109,524	3,298,549	32,986	7,543,082	20,964,788	(13,514,0
Net income attributable to noncontrolling interest	-	-	-	-	-	-	13,055	13,055	-	-	-	-	
Purchases of treasury stock	-	-	-	-	(116,426)	(116,426)	-	(116,426)	-	-	-	-	(116,426
Non-cash stock compensation	-	-	69,216	-	-	69,216	-	69,216	-	-	69,216	-	
Net income attributable to TSR, Inc.	-	-	-	673,833	-	673,833	-	673,833	-	-	-	673,833	
Balance at November 30, 2022	3,298,549	$ 32,986	$ 7,612,298	$ 21,638,621	$ (13,630,429)	$ 15,653,476	$ 95,726	$ 15,749,202	3,298,549	32,986	7,612,298	21,638,621	(13,630,4
Net income attributable to noncontrolling interest									-	-	-	-	
Distribution to noncontrolling interest									-	-	-	-	
Non-cash stock compensation									-	-	54,653	-	
Purchases of treasury stock									-	-	-	-	(64,0
Vested stock awards									23,978	240	(240)	-	
Net income attributable to TSR, Inc.									-	-	-	79,640	
Balance at February 28, 2023									3,322,527	$ 33,226	$ 7,666,711	$ 21,718,261	$ (13,694,4

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TSR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Three Months and Six Nine Months Ended November 30, 2023 February 29, 2024
(UNAUDITED)

	Shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	TSR, Inc. equity	Non-controlling interest	Total equity	Shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock
Balance at May 31, 2023	3,322,527	$ 33,226	$ 7,676,742	$ 22,212,107	$ (13,726,895)	$ 16,195,180	$ 54,708	$ 16,249,888	3,322,527	$ 33,226	$ 7,676,742	$ 22,212,107	$ (13,726,89
Net income attributable to noncontrolling interest	-	-	-	-	-	-	24,876	24,876	-	-	-	-	
Non-cash stock compensation	-	-	25,527	-	-	25,527	-	25,527	-	-	25,527	-	
Net income attributable to TSR, Inc.	-	-	-	546,788	-	546,788	-	546,788	-	-	-	546,788	
Balance at August 31, 2023	3,322,527	33,226	7,702,269	22,758,895	(13,726,895)	16,767,495	79,584	16,847,079	3,322,527	33,226	7,702,269	22,758,895	(13,726,89
Net income attributable to noncontrolling interest	-	-	-	-	-	-	26,643	26,643	-	-	-	-	
Non-cash stock compensation	-	-	25,527	-	-	25,527	-	25,527	-	-	25,527	-	
Net income attributable to TSR, Inc.	-	-	-	459,985	-	459,985	-	459,985	-	-	-	459,985	
Balance at November 30, 2023	3,322,527	$ 33,226	$ 7,727,796	$ 23,218,880	$ (13,726,895)	$ 17,253,007	$ 106,227	$ 17,359,234	3,322,527	33,226	7,727,796	23,218,880	(13,726,89
Net income attributable to noncontrolling interest									-	-	-	-	
Distribution to noncontrolling interest									-	-	-	-	
Non-cash stock compensation									-	-	27,793	-	
Vested stock awards									25,834	258	(258)	-	
Net income attributable to TSR, Inc.									-	-	-	411,092	
Balance at February 29, 2024									3,348,361	$ 33,484	$ 7,755,331	$ 23,629,972	$ (13,726,89

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TSR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Six Nine Months Ended November 30, 2023 February 29, 2024 and November 30, 2022 February 28, 2023
(UNAUDITED)

	Six Months Ended November 30, 2023	Six Months Ended November 30, 2022
Cash flows from operating activities:		
Consolidated net income	$ 1,058,292	$ 1,194,631
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	114,493	123,269
Unrealized (gain) loss on marketable securities, net	(10,608)	11,480
Deferred income taxes	61,000	437,000
Non-cash lease recovery	(3,083)	(20,724)
Non-cash stock-based compensation expense	51,054	138,432
Changes in operating assets and liabilities:		
Accounts receivable	1,053,057	868,689
Other receivables	10,309	(38,240)
Prepaid expenses	(248,096)	(129,599)
Prepaid and recoverable income taxes	-	31,795
Other assets	17,011	14,498
Accounts payable, other payables, accrued expenses and other current liabilities	(395,640)	(193,375)
Income taxes payable	42,026	5,730
Advances from customers	(42,855)	37,501
Legal settlement payable	-	(597,566)
Net cash provided by operating activities	1,706,960	1,883,521
Cash flows from investing activities:		
Purchases of certificates of deposit	(500,000)	(500,000)
Maturities of certificates of deposit	490,000	-
Purchases of equipment and leasehold improvements	-	(3,584)
Net cash used in investing activities	(10,000)	(503,584)
Cash flows from financing activities:		
Net repayments on credit facility	-	(61,882)
Purchases of treasury stock	-	(116,426)
Net cash used in financing activities	-	(178,308)
Net increase in cash and cash equivalents	1,696,960	1,201,629
Cash and cash equivalents at beginning of period	7,382,320	6,490,158
Cash and cash equivalents at end of period	$ 9,079,280	$ 7,691,787
Supplemental disclosures of cash flow data:		
Income taxes paid	$ 306,000	$ 44,000
Interest paid	$ 52,000	$ 37,000
Supplemental disclosures of non-cash information:		
Right-of-use asset obtained in exchange for lease liabilities	$ 298,000	$ —

	Nine Months Ended February 29, 2024	Nine Months Ended February 28, 2023
Cash flows from operating activities:		
Consolidated net income	$ 1,485,260	$ 1,292,378
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	158,743	182,975
Unrealized (gain) loss on marketable securities, net	(9,288)	15,592
Deferred income taxes	65,000	493,000
Reversal of advances from customers	(547,318)	-
Non-cash lease recovery	(3,577)	(21,288)
Non-cash stock-based compensation expense	78,847	193,085
Changes in operating assets and liabilities:		
Accounts receivable	1,546,207	1,848,999
Other receivables	26,183	841
Prepaid expenses	(186,711)	(103,859)

Prepaid and recoverable income taxes	-	14,737
Other assets	17,011	14,498
Accounts payable, other payables, accrued expenses and other current liabilities	238,818	(926,355)
Advances from customers	(131,179)	-
Income taxes payable	82,607	(13,622)
Legal settlement payable	-	(597,566)
Net cash provided by operating activities	2,820,603	2,393,415
Cash flows from investing activities:		
Purchases of certificates of deposit	(500,000)	(990,000)
Maturities of certificates of deposit	990,000	-
Purchases of equipment and leasehold improvements	-	(6,317)
Net cash provided by (used in) investing activities	490,000	(996,317)
Cash flows from financing activities:		
Net repayments on credit facility	-	(61,882)
Purchases of treasury stock	-	(180,469)
Distribution to noncontrolling interest	(65,745)	(75,348)
Net cash used in financing activities	(65,745)	(317,699)
Net increase in cash and cash equivalents	3,244,858	1,079,399
Cash and cash equivalents at beginning of period	7,382,320	6,490,158
Cash and cash equivalents at end of period	$ 10,627,178	$ 7,569,557
Supplemental disclosures of cash flow data:		
Income taxes paid	$ 344,000	$ 121,000
Interest paid	$ 77,625	$ 61,000

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. Basis of Presentation

The accompanying condensed consolidated interim financial statements include the accounts of TSR, Inc. and its subsidiaries. Unless otherwise stated or the context otherwise requires, the terms “we,” “us,” “our,” “TSR,” and the “Company” refer to TSR, Inc. and its subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation. The condensed consolidated balance sheet as of May 31, 2023, which has been derived from audited financial statements, and the unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applying to interim financial information and with the instructions to Form 10-Q of Regulation S-X of the Securities and Exchange Commission (the “SEC”). Accordingly, certain information and footnote disclosures required by accounting principles generally accepted in the United States of America and normally included in the Company’s annual financial statements have been condensed or omitted. These condensed consolidated interim financial statements as of and for the three months and six nine months ended November 30, 2023 February 29, 2024 are unaudited; however, in the opinion of management, such statements include all adjustments (consisting of normal recurring adjustments) necessary to present fairly the consolidated financial position, results of operations, and cash flows of the Company for the periods presented. The results of operations for the interim periods presented are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending May 31, 2024. These condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended May 31, 2023.

Recent Accounting Pronouncements

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses* (Topic (Topic 326) (“ASU 2016-13”), which requires financial assets to be presented at the net amount to be collected, with an allowance for credit losses to be deducted from the amortized cost basis of the financial asset such that the net carrying value of the asset is presented as the amount expected to be collected. Under ASU 2016-13, the entity’s statement of operations is required to reflect the measurement of credit losses for newly recognized financial assets, as well as expected increases or decreases in expected credit losses that have taken place during the period. For public business entities, ASU 2016-013 2016-13 is effective for fiscal years beginning after December 15, 2022. The Company adopted ASU No. 2016-13 on June 1, 2023 and the adoption of this update did not have a significant impact on the Company’s condensed consolidated financial statements.

2. Net Income Per Common Share

Basic net income per common share is computed by dividing net income available to common stockholders of TSR Inc. by the weighted average number of common shares outstanding during the reporting period, excluding the effects of any potentially dilutive securities. During the quarter quarters ended February 29, 2024 and February 28, 2021, the Company granted time and performance vesting restricted stock awards under its the TSR, Inc. 2020 Equity Incentive Plan (the “Plan”) (see Note 13 12 for further information). Diluted earnings per share gives effect to all potentially dilutive common shares outstanding during the reporting period. The common stock equivalents associated with these restricted stock awards of 106,406, 92,471, 105,139, 99,940 and 70,816 94,829 have been included for dilutive shares outstanding for the three and six nine months ended November 30, 2023 February 28, 2023. There were no dilutive shares in the three and 2022, respectively. nine months ended February 29, 2024.

3. Cash and Cash Equivalents

The Company considers short-term highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents were comprised composed of the following as of November 30, 2023 February 29, 2024 and May 31, 2023:

	November 30, 2023	May 31, 2023	February 29, 2024	May 31, 2023
Cash in banks	$ 4,143,248	$ 7,010,568	$ 4,631,170	$ 7,010,568
Certificates of deposit	1,517,745	-	2,548,161	-
Money market funds	3,418,287	371,752	3,447,847	371,752
	$ 9,079,280	$ 7,382,320	$ 10,627,178	$ 7,382,320

4. Fair Value of Financial Instruments

Accounting Standards Codification ("ASC") Topic 825, *Financial Instruments*, requires disclosure of the fair value of certain financial instruments. For cash and cash equivalents, accounts receivable, accounts and other payables, accrued liabilities and advances from customers, the amounts presented in the condensed consolidated financial statements approximate fair value because of the short-term maturities of these instruments.

5. Certificates of Deposit and Marketable Securities

The Company has characterized its investments in marketable securities, based on the priority of the inputs used to value the investments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the accompanying condensed consolidated balance sheets are categorized based on the inputs to valuation techniques as follows:

- Level 1 - These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Company has the ability to access.
- Level 2 - These are investments where values are based on quoted market prices that are not active or model derived valuations in which all significant inputs are observable in active markets.
- Level 3 - These are investments where values are derived from techniques in which one or more significant inputs are unobservable.

The following are the major categories of assets measured at fair value on a recurring basis as of November 30, 2023 February 29, 2024 and May 31, 2023 using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3):

November 30, 2023	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ 500,000	$ -	$ -	$ 500,000
Equity Securities	35,760	-	-	35,760
	$ 535,760	$ -	$ -	$ 535,760

February 29, 2024	Level 1	Level 2	Level 3	Total
Equity Securities	$ 34,440	$ -	$ -	$ 34,440

May 31, 2023	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ 490,000	$ -	$ -	$ 490,000
Equity Securities	25,152	-	-	25,152
	$ 515,152	$ -	$ -	$ 515,152

Based upon the Company's intent and ability to hold its certificates of deposit to maturity (which range up to twelve (12) months at purchase), such securities have been classified as held-to-maturity and are carried at amortized cost, which approximates market value. The Company's equity securities are classified as trading securities, which are carried at fair value, as determined by quoted market prices, which is a Level 1 input, as established by the fair value hierarchy. The related unrealized gains and losses are included in earnings. The Company's marketable securities at November 30, 2023 February 29, 2024 and May 31, 2023 are summarized as follows:

November 30, 2023	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Recorded Value
Certificates of Deposit	$ 500,000	$ -	$ -	$ 500,000
Equity Securities	16,866	18,894	-	35,760
	$ 516,866	$ 18,894	$ -	$ 535,760

February 29, 2024	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Recorded Value
Equity Securities	$ 16,866	$ 17,574	$ -	$ 34,440

May 31, 2023	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Recorded Value
Certificates of Deposit	$ 490,000	$ -	$ -	$ 490,000
Equity Securities	16,866	8,286	-	25,152
	$ 506,866	$ 8,286	$ -	$ 515,152

The Company's investments in marketable securities consist primarily of investments in equity securities. Market values were determined for each individual security in the investment portfolio. When evaluating the investments for other-than-temporary impairment, the Company reviews factors such as length of time and extent to which fair value has been below cost basis, the financial condition of the issuer, and the Company's ability and intent to hold the investment for a period of time, which may be sufficient for anticipated recovery in market values.

6. Other Matters

From time to time, the Company is party to various lawsuits, some involving material amounts. Management is not aware of any lawsuits that would have a material adverse impact on the consolidated financial position of the Company except for the litigation disclosed elsewhere in this report, including included in Notes 9 and 11 Note 10 to the condensed consolidated financial statements.

7. Leases

The Company leases the space for its offices in Hauppauge, New York and Edison, New Jersey. Under ASC 842, at contract inception we determine whether the contract is or contains a lease and whether the lease should be classified as an operating or finance lease. Operating leases are in right-of-use assets and operating lease liabilities are in our condensed consolidated balance sheets.

The Company's leases for its offices are classified as operating leases.

The lease agreements for Hauppauge, New York and Edison, New Jersey expire on December 31, 2026 and May 31, 2027, respectively, and do not include any renewal options.

In addition to the monthly base amounts in the lease agreements, the Company is required to pay real estate taxes and operating expenses during the lease terms.

For the three months ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, the Company's operating lease expense for these leases was $69,686 $67,776 and $63,905, $64,963, respectively. For the six nine months ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, the Company's operating lease expense for these leases was $136,908 $204,684 and $148,882, $213,845, respectively. These expenses were all included in selling, general and administrative expenses.

As there are no explicit rates provided in our leases, the Company's incremental borrowing rate was used based on the information available as of the commencement date in determining the present value of the future lease payments. Future minimum lease payments under non-cancellable operating leases as of November 30, 2023 February 29, 2024 are as follows:

Twelve Months Ending February 29,		
2025	$	236,122
2026		242,590
2027		228,753
2028		32,527
Total undiscounted operating lease payments		739,992
Less imputed interest		89,922
Present value of operating lease payments	$	650,070
Twelve Months Ending November 30,		
2024	$	233,748
2025		240,956
2026		247,558
2027		74,998
Total undiscounted operating lease payments		797,260
Less imputed interest		101,680
Present value of operating lease payments	$	695,580

The following table sets forth the right-of-use assets and operating lease liabilities as of November 30, 2023 February 29, 2024:

Assets		
Right-of-use assets, net	$	620,391
Liabilities		
Current operating lease liabilities	$	188,592
Long-term operating lease liabilities		461,478
Total operating lease liabilities	$	650,070
Assets		
Right-of-use assets, net	$	665,407
Liabilities		
Current operating lease liabilities	$	184,833
Long-term operating lease liabilities		510,747
Total operating lease liabilities	$	695,580

The weighted average remaining lease term for the Company's operating leases is 3.3 3.1 years. The weighted average incremental borrowing rate was 8.43%. 8.42%

8. Credit Facility

On November 27, 2019, TSR closed on a revolving credit facility (the "Credit Facility") pursuant to a Loan and Security Agreement with Access Capital, Inc. (the "Lender") which provides funding to TSR, Inc. and its direct and indirect subsidiaries, TSR Consulting Services, Inc., Logixtech Solutions, LLC and Eurologix, S.A.R.L., each of which, together with TSR, Inc., is a borrower under the Credit Facility. Each of the borrowers has provided a security interest to the Lender in all of their respective assets to secure amounts borrowed under the Credit Facility.

TSR, Inc. expects to utilize the Credit Facility for working capital and general corporate purposes. The maximum amount that may be advanced under the Credit Facility at any time shall not exceed $2,000,000.

Advances under the Credit Facility accrue interest at a rate per annum equal to (x) (a) the "base rate" or "prime rate" announced by Citibank, N.A. from time to time, which shall be increased or decreased, as the case may be, in an amount equal to each increase or decrease in such "base rate" or "prime rate," plus (y) (b) 1.75%. The prime rate as of November 30, 2023 February 29, 2024 was 8.50%, indicating an interest rate of 10.25% on the Credit Facility. line of credit. The initial term of the Credit Facility is five years, which shall automatically renew for successive five-year periods unless either TSR or the Lender gives written notice to the other of termination at least 60 days prior to the expiration date of the then-current term.

TSR, Inc. is obliged to satisfy certain financial covenants and minimum borrowing requirements under the Credit Facility, and to pay certain fees, including prepayment fees, and provide certain financial information to the Lender. The Company was in compliance with all covenants at November 30, 2023 February 29, 2024.

As of November 30, 2023 February 29, 2024, the net payments exceeded borrowings outstanding against the this Credit Facility resulting in a receivable from the Lender of $55,811 $43,484 which is included in "Other receivables" on the condensed consolidated balance sheet. sheets. The amount the Company has borrowed fluctuates and, at times, it has utilized the maximum amount of $2,000,000 available under the facility to fund its payroll and other obligations.

9. Legal Settlement with Investor

On April 1, 2020, the Company entered into a binding term sheet ("Term Sheet") with Zeff Capital, L.P. ("Zeff") pursuant to which it agreed, among other things, to pay Zeff an amount of $900,000 over a period of three years in cash or cash and stock in settlement of expenses incurred by Zeff during its solicitations in 2018 and 2019 in connection with the annual meetings of the Company, the costs incurred in connection with the litigation initiated by and against the Company as well as negotiation, execution and enforcement of the Settlement and Release Agreement, dated as of August 30, 2019, by and between the Company, Zeff and certain other parties. In exchange for certain releases, the Term Sheet called for a cash payment of $300,000 on June 30, 2021, a second cash payment of $300,000 on June 30, 2022 and a third payment of $300,000 also on June 30, 2022, which could be paid in cash or common stock at the Company's option. There was no interest due on these payments. The Company accrued $818,000, the estimated present value of these payments using an effective interest rate of 5%, in the quarter ended February 29, 2020, as the events relating to the expense occurred prior to such date. The $300,000 payment due on June 30, 2021, was paid when due. The two cash payments of $300,000 each were made by June 30, 2022 in full satisfaction of the settlement.

10. Intangible Assets

The Company amortizes its intangible assets over their estimated useful lives and will review these assets for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparing the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If intangible assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value.

Intangible assets are as follows:

	May 31, 2023	Amortization	February 29, 2024
Database (estimated life 5 years)	$ 103,500	$ 34,500	$ 69,000
Trademark (estimated life 3 years)	5,000	5,000	-
Customer relationships (estimated life 15 years)	1,225,000	75,000	1,150,000
Total	$ 1,333,500	$ 114,500	$ 1,219,000

No instances of triggering events or impairment indicators were identified as of February 29, 2024.

Intangible assets are as follows:

	May 31, 2023	Amortization	November 30, 2023
Database (estimated life 5 years)	$ 103,500	$ 23,000	$ 80,500
Trademark (estimated life 3 years)	5,000	5,000	-
Customer relationships (estimated life 15 years)	1,225,000	50,000	1,175,000
Total	$ 1,333,500	$ 78,000	$ 1,255,500

No instances of triggering events or impairment indicators were identified at November 30, 2023.

11. 10. Related Party Transactions

On January 5, 2021, the members of the Board of Directors of TSR, Inc. other than Robert Fitzgerald approved providing a waiver to QAR Industries, Inc. for its contemplated acquisition of shares owned by Fintech Consulting LLC under the Company's prior Amended and Restated Rights Agreement so that a distribution date would not occur as a result of the acquisition. QAR Industries, Inc. and Fintech Consulting LLC were both principal stockholders of the Company, each owning more than 5% of the Company's outstanding common stock prior to the consummation of the acquisition. Robert Fitzgerald is the President and majority stockholder of QAR Industries, Inc. The other directors of the Company are not affiliated with QAR Industries, Inc.

On February 3, 2021, the acquisition was completed and QAR Industries, Inc. purchased 348,414 shares of TSR, Inc. common stock from Fintech Consulting LLC at a price of $7.25 per share. At the same time, Bradley M. Tirpak, Chairman of TSR, Inc., purchased 27,586 shares of the Company's common stock from Fintech Consulting LLC at a price of $7.25 per share.

On December 1, 2021, Fintech Consulting LLC (the "Plaintiff") filed a complaint against the Company in the United States District Court for the District of New Jersey, related to the foregoing transaction. The named defendants in the complaint were the Company, QAR Industries, Inc., Robert E. Fitzgerald, a director and a stockholder of QAR Industries, Inc., and Bradley Tirpak (the "defendants" "Defendants"). The complaint purported to assert claims against the Defendants under state law and Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") in connection with a Share Purchase Agreement, dated January 31, 2021, by and between the Plaintiff, as the seller of shares of the Company's common stock, and QAR Industries, Inc. and Mr. Tirpak, as the purchasers of such shares (the "SPA"). The Plaintiff sought (i) judgment declaring the transactions represented by the SPA null and void and for the return of the shares; (ii) judgment cancelling the SPA and returning the shares in exchange for return of the purchase price; (iii) judgment unwinding the transaction; (iv) compensatory damages; (v) punitive damages; (vi) pre-judgment interest; (vii) costs of the lawsuit including attorneys' fees; and (viii) such other relief as the Court may find appropriate. The Plaintiff filed its first amended complaint on March 2, 2022 which the Defendants moved to dismiss on April 19, 2022. On December 7, 2022, the court granted the Defendants' motion and dismissed the New Jersey Action on jurisdictional grounds.

Following the dismissal of the original lawsuit, the Plaintiff filed another complaint relating to the SPA against the Defendants on January 12, 2023, in the Court of Chancery of the State of Delaware (the "Delaware Chancery Action"), asserting claims and seeking relief substantially similar to that which was asserted and sought in the preceding lawsuit. The Delaware Chancery Action was dismissed without prejudice by the court on January 23, 2023.

On January 22, 2023, The the Plaintiff filed a complaint against the Company in the United States District Court for the District of Delaware (the "Delaware Federal Action"). The Delaware Federal Action, in sum and substance, asserted claims and sought relief substantially similar to that contained in both the New Jersey Action and the Delaware Chancery Action.

Although the Company believed the Delaware Federal Action described above to be without merit, to avoid the time and expense of litigation, the Company negotiated with the Plaintiff to settle this matter pursuant to a settlement agreement and release dated April 24, 2023. An amount of $75,000 was paid in the fourth quarter of fiscal year 2023 to settle this matter. Upon the payment of the settlement amount (i) the Plaintiff forever released and discharged the Defendants from any and all claims or liability of any nature whatsoever; (ii) the Defendants forever released and discharged the Plaintiff from any and all claims or liability of any nature whatsoever that relate to the Delaware Federal Action or the SPA; and (iii) the Plaintiff filed a Stipulation of Dismissal with Prejudice on April 27, 2023.

The Company has provided placement services for an entity in which a Board of Director of the Company is the former CEO. There were no revenues Revenues for such services were $8,600 in the three months ended November 30, 2023 February 29, 2024, and 2022. $35,000 in the three months ended February 28, 2023. Revenues for such services in the six nine months ended November 30, 2023 February 29, 2024, and 2022 February 28, 2023 were approximately $17,000 $25,400 and $36,000, $70,800, respectively. There were no amounts outstanding as accounts receivable from this entity as of November 30, 2023, February 29, 2024 or November 30, 2022 February 28, 2023.

12. 11. Common Stock

Our certificate of incorporation, as amended, authorizes the issuance of up to 12,500,000 shares of common stock, $0.01 par value per share.

On October 8, 2021, the Company filed an automatic shelf registration statement on Form S-3 (File No. 333-260152) (the “2021 TSRI Shelf”) which contains (i) a base prospectus, which covers the offering, issuance and sale by the Company of up to $5,000,000 in the aggregate of shares of common stock from time to time in one or more offerings; and (ii) a sales agreement prospectus, which covers the offering, issuance and sale by the Company of up to $4,167,000 in the aggregate of shares of common stock that may be issued and sold from time to time under an at-the-market sales agreement (the “2021 ATM”) by and between the Company and A.G.P./Alliance Global Partners, as sales agent (the “2021 Agent”). The $4,167,000 of common stock that may be offered, issued and sold under the sales agreement prospectus is included in the $5,000,000 of shares of common stock that may be offered, issued and sold by the Company under the base prospectus. Upon termination of the sales agreement, any portion of the $4,167,000 included in the sales agreement prospectus that is not sold pursuant to the sales agreement will be available for sale in other offerings pursuant to the base prospectus and if no shares are sold under the agreement, the full $4,167,000 of securities may be sold in other offerings pursuant to the base prospectus. Under the 2021 ATM, we pay the 2021 Agent a commission rate equal to 3.0% of the gross sales price per share of all shares sold through the 2021 Agent under the sales agreement.

During the fiscal year ended May 31, 2022, we sold an aggregate of 142,500 shares of common stock pursuant to the 2021 ATM for total gross proceeds of $1,965,623 at an average selling price of $13.79 per share, resulting in net proceeds of $1,783,798 after deducting $181,825 in commissions and other transactions costs. There were no shares sold during the quarters or six nine months ended November 30, 2023 February 29, 2024 and 2022. February 28, 2023.

The 2021 TSRI Shelf is currently our only active shelf-registration statement. We may offer TSR, Inc. common stock registered under the 2021 TSRI Shelf from time to time in response to market conditions or other circumstances if we believe such a plan of financing is in the best interests of our stockholders. We believe that the 2021 TSRI Shelf provides us with the flexibility to raise additional capital to finance our operations as needed, however, .however, there is no assurance we will be successful in doing so.

13. 12. Stock-based Compensation Expense

On January 28, 2021, the Company granted 108,333 shares in time vesting restricted stock awards and 69,167 shares in time and performance vesting restricted stock awards to officers, directors and key employees under the TSR, Inc. 2020 Equity Incentive Plan (the “Plan”). Plan. The time vesting shares vest in tranches at the one-, two- and three-year anniversaries of the grants (“service condition”). These shares had a grant date fair value of $826,000 based on the closing price of the Company’s common stock on the day prior to the grants. The associated compensation expense is recognized on a straight-line basis over the time between grant date and the date the shares vest (the “service period”). On January 29, 2024, the Company granted 69,167 shares in time and performance vesting restricted stock awards under the Plan.

The time and performance vesting shares also vest in tranches at or after the two- and three-year anniversaries of the grants. The performance condition is defined in the grant agreements and relates to the market price of the Company's common stock over a stated period of time ("market condition"). These 2021 and 2024 shares had a grant date value values of $262,000 and $300,000, respectively, based on the closing price of the Company's common stock on the day prior to the grants discounted by an estimated forfeiture rate of 40-60%. The Company took into account the historical volatility of its common stock to assess the probability of satisfying the market condition. The associated compensation expense is recognized on a straight-line basis between the time the achievement of the performance criteria is deemed probable and the time the shares may vest. The market condition for the shares that vest on the two-year anniversary was met in October 2021. During the quarters three months ended November 30, 2023 February 29, 2024 and 2022, $25,527 February 28, 2023, $28,000 and $69,216, $55,000, respectively, have been recorded as stock-based compensation expense and included in selling, general and administrative expenses. During the six nine months ended November 30, 2023 February 29, 2024 and 2022, $51,054 February 28, 2023, $79,000 and $138,432, $193,000, respectively, have been recorded as stock-based compensation expense and included in selling, general and administrative expenses. As of November 30, 2023 February 29, 2024, there is approximately $17,018 $290,000 of unearned compensation expense that will be expensed through January 2024; 142,666 2027; 34,333 stock awards expected to vest; 82,499 108,333 awards vested to date, of which 16,635 were forfeited to pay taxes applicable to the stock awards.

14. 13. Stock Repurchase Program

On September 12, 2022, the Board of Directors authorized a stock repurchase program of up to $500,000 of the Company's outstanding common stock, par value $0.01 per share. The stock repurchase program commenced two business days after the filing of the related Form 8-K and is authorized for the twelve (12) months following the commencement date.

The shares may be repurchased from time to time in open market transactions at prevailing market prices, in privately negotiated transactions, or by other means in accordance with federal securities laws. The actual timing, number and value of shares repurchased under the program will be determined by the Board of Directors at its discretion and will depend on a number of factors, including the market price of the Company's stock, general market and economic conditions, and applicable legal and contractual requirements. The Company has no obligation or commitment to repurchase all or any portion of the shares covered by this authorization.

During the quarter three months and six nine months ended November 30, 2022 February 28, 2023, 14,817 8,017 and 22,834 shares of the Company's common stock were repurchased at an aggregate cost of $116,426. $64,043 and $180,469, respectively. No shares were repurchased in the quarter three months and six nine months ended November 30, 2023 February 29, 2024.

14. Advances from Customers

In January 2024, the New York State Office of Unclaimed Funds approved a Voluntary Disclosure Agreement ("VDA") with the Company to resolve aged remittances received from customers that were not able to be reconciled and applied to invoices. These amounts have historically been carried as liabilities under the heading "Advances from Customers." The process of identifying and remediating these payments where possible resulted in a payment to New York State of approximately $69,000. The approved VDA released the Company from liability for items aged beyond the scope of the ten year lookback period for items identified as New York based or unknown addresses. This resulted in the reversal of approximately $547,000 of these items from advances from customers. This amount is recorded as "Other Income" in the third quarter of fiscal 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and the notes to such financial statements.

Forward-Looking Statements

Certain statements contained in Management's Discussion and Analysis of Financial Condition and Results of Operations, including statements concerning the Company's plans, future prospects, and the Company's future cash flow requirements are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those projections in the forward-looking statements due to known and unknown risks and uncertainties, including but not limited to the following: the statements concerning the success of the Company's plan for growth, both internally and through the previously announced pursuit of suitable acquisition candidates; the successful integration of announced and completed acquisitions and any anticipated benefits therefrom; the impact of adverse economic conditions on client spending which has a negative impact on the Company's business; risks relating to the competitive nature of the markets for contract computer programming services; the extent to which market conditions for the Company's contract computer programming services will continue to adversely affect the Company's business; the concentration of the Company's business with certain customers; uncertainty as to the Company's ability to maintain its relations with existing customers and expand its business; the impact of changes in the industry, such as the use of vendor management companies in connection with the consultant procurement process; the increase in customers moving IT operations offshore; the Company's ability to adapt to changing market conditions; the risks, uncertainties, and expense of the legal proceedings to which the Company is a party; and other risks and uncertainties set forth in the Company's filings with the SEC. The Company is under no obligation to publicly update or revise forward-looking statements.

Results of Operations

The following table sets forth, for the periods indicated, certain financial information derived from the Company's condensed consolidated statements of operations. There can be no assurance that trends in operating results will continue in the future.

Three months ended November 30, 2023 February 29, 2024 compared with three months ended November 30, 2022 February 28, 2023:

	(Dollar amounts in thousands) Three Months Ended				(Dollar amounts in thousands) Three Months Ended			
	November 30, 2023		November 30, 2022		February 29, 2024		February 28, 2023	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenue, net	$ 21,657	100.0 %	$ 26,031	100.0 %	$ 19,703	100.0 %	$ 24,257	100.0 %
Cost of sales	17,839	82.4 %	21,400	82.2 %	16,372	83.1 %	20,267	83.6 %
Gross profit	3,818	17.6 %	4,631	17.8 %	3,331	16.9 %	3,990	16.4 %
Selling, general and administrative expenses	3,185	14.7 %	3,625	13.9 %	3,368	17.1 %	3,769	15.5 %
Income from operations	633	2.9 %	1,006	3.9 %				
Income (loss) from operations					(37)	(0.2)%	221	0.9 %
Other income (expense), net	35	0.2 %	(18)	(0.1)%	574	2.9 %	(13)	(0.0)%
Income before income taxes	668	3.1 %	988	3.8 %	537	2.7 %	208	0.9 %
Provision for income taxes	181	0.9 %	301	1.2 %	110	0.5 %	110	0.5 %
Consolidated net income	487	2.2 %	687	2.6 %	427	2.2 %	98	0.4 %
Less: Net income attributable to noncontrolling interest	27	0.1 %	13	0.0 %	16	0.1 %	18	0.1 %
Net income attributable to TSR, Inc.	$ 460	2.1 %	$ 674	2.6 %	$ 411	2.1 %	$ 80	0.3 %

Revenue

Revenue consists primarily of revenue from computer programming consulting services. Revenue for the quarter ended November 30, 2023 February 29, 2024, decreased approximately $4,374,000 $4,554,000 or 16.8% 18.8% from the quarter ended November 30, 2022 February 28, 2023, primarily due to a decrease in clerical and administrative contractors placed with customers. The average number of consultants on billing with customers decreased from 693 640 for the quarter ended November 30, 2022 February 28, 2023 to 519 468 for the quarter ended November 30, 2023 February 29, 2024. There were was an average of 471 467 and 435 410 IT contractors for the quarters ended November 30, 2022 February 28, 2023 and 2023, February 29, 2024, respectively, while there were was an average of 222 173 and 84 58 clerical and administrative contractors for the quarters ended November 30, 2022 February 28, 2023 and 2023, February 29, 2024, respectively. Customers using our clerical and administrative contractors have decreased their spending by reducing hiring, terminating assignments early, and hiring our contractors directly at a greater rate than usual.

Cost of Sales

Cost of sales for the quarter ended November 30, 2023 February 29, 2024, decreased approximately $3,561,000 $3,895,000 or 16.6% 19.2% to $17,839,000 $16,372,000 from $21,400,000 $20,267,000 in the prior year period. The decrease in cost of sales resulted primarily from a decrease in consultants placed with customers. Cost of sales as a percentage of revenue was 82.2% 83.6% in the quarter ended November 30, 2022 February 28, 2023 and 82.4% 83.1% in the quarter ended November 30, 2023. The increase in cost of sales as a percentage of revenue was due, in part, from a reduction of full time placement fee revenue to $56,000 in the quarter ended November 30, 2023 from $159,000 in the quarter ended November 30, 2022 February 29, 2024.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of expenses relating to account executives, technical recruiters, facilities costs, management, and corporate overhead. These expenses decreased approximately $440,000 $401,000 or 12.1% 10.6% from $3,625,000 $3,769,000 in the quarter ended November 30, 2022 February 28, 2023, to $3,185,000 $3,368,000 in the quarter ended November 30, 2023 February 29, 2024. The decrease in these expenses primarily resulted from a decrease of $190,000 $246,000 in sales incentive compensation and $242,000 from a reduction of both onshore and offshore recruiting in line with the decrease in new placement opportunities with customers, reduced legal offset by an increase in professional fees of $47,000 and reduced costs associated $136,000 in connection with the upgrading of internal systems of $22,000. Additionally, the Company incurred non-cash compensation expenses of $26,000 in the quarter ended November 30, 2023, and $69,000 in the quarter ended November 30, 2022, related to the Plan. exploring strategic alternatives. Selling, general and administrative expenses, as a percentage of revenue increased from 13.9% 15.5% in the quarter ended November 30, 2022 February 28, 2023, to 14.7% 17.1% in the quarter ended November 30, 2023 February 29, 2024.

Other Income (Expense)

Other income for the quarter ended November 30, 2023 February 29, 2024 resulted primarily from the reversal of approximately $547,000 from advances from customers due to a settlement with the New York State Office of Unclaimed Property, net interest income of $27,000 $28,000, and a mark to market gain mark-to-market loss of approximately $8,000 $1,000 on the Company's marketable equity securities. Other expense for the quarter ended November 30, 2022 February 28, 2023 resulted primarily from net interest expense of $17,000 $9,000 and a mark to market mark-to-market loss of approximately $1,000 $4,000 on the Company's marketable equity securities.

Income Tax Provision

The income tax provision included in the Company's results of operations for the quarters ended November 30, 2023 February 29, 2024 and 2022 February 28, 2023 reflect the Company's estimated effective tax rate for the fiscal years ending May 31, 2024 and 2023, respectively. These rates resulted in a provision of 27.1% 20.5% for the quarter ended November 30, 2023 February 29, 2024 and a provision of 30.5% 52.9% for the quarter ended November 30, 2022 February 28, 2023. The difference in the rates is primarily explained by the quarter ended February 29, 2024 having a decrease in the tax provision due to the true-up of the fiscal year ended May 31, 2023 state taxes, while the quarter ended February 28, 2023 having an increase in the tax provision due to the true-up of the fiscal year ended May 31, 2022 state taxes. The quarter ended February 28, 2023 was also impacted by an increase in the deferred state tax provision due to the use of net operating loss carry forwards.

Net Income Attributable to TSR, Inc.

Net income attributable to TSR, Inc. was approximately $460,000 $411,000 in the quarter ended November 30, 2023 February 29, 2024 compared to $674,000 $80,000 in the quarter ended November 30, 2022 February 28, 2023. The decrease increase in net income from the prior year quarter was primarily attributable to the decrease in clerical and administrative contractors placed reversal of advances from customers due to a settlement with customers. the New York State Office of Unclaimed Property.

Impact of Inflation and Changing Prices

For the quarters ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, inflation and changing prices did not have a material effect on the Company's revenue or income from continuing operations.

Six Nine months ended November 30, 2023 February 29, 2024 compared with six nine months ended November 30, 2022 February 28, 2023::

	(Dollar amounts in thousands) Six Months Ended				(Dollar amounts in thousands) Nine Months Ended			
	November 30, 2023		November 30, 2022		February 29, 2024		February 28, 2023	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenue, net	$ 44,171	100.0 %	$ 52,230	100.0 %	$ 63,874	100.0 %	$ 76,487	100.0 %
Cost of sales	36,326	82.2 %	43,166	82.6 %	52,699	82.5 %	63,434	82.9 %
Gross profit	7,845	17.8 %	9,064	17.4 %	11,175	17.5 %	13,053	17.1 %
Selling, general and administrative expenses	6,437	14.6 %	7,303	14.0 %	9,805	15.4 %	11,072	14.5 %
Income from operations	1,408	3.2 %	1,761	3.4 %	1,370	2.1 %	1,981	2.6 %
Other income (expense), net	34	0.1 %	(47)	(0.1)%	609	1.0 %	(60)	(0.1)%
Income before income taxes	1,442	3.3 %	1,714	3.3 %	1,979	3.1 %	1,921	2.5 %
Provision for income taxes	384	0.9 %	519	1.0 %	494	0.8 %	629	0.8 %
Consolidated net income	1,058	2.4 %	1,195	2.3 %	1,485	2.3 %	1,292	1.7 %
Less: Net income attributable to noncontrolling interest	51	0.1 %	26	0.1 %	67	0.1 %	44	0.1 %
Net income attributable to TSR, Inc.	$ 1,007	2.3 %	$ 1,169	2.2 %	$ 1,418	2.2 %	$ 1,248	1.6 %

Revenue

Revenue consists primarily of revenue from computer programming consulting services. Revenue for the six nine months ended November 30, 2023 February 29, 2024, decreased approximately $8,059,000 $12,613,000 or 15.4% 16.5% from the six nine months ended November 30, 2022 February 28, 2023, primarily due to a decrease in clerical and administrative contractors placed with customers. The average number of consultants on billing with customers decreased from 686 671 for the six nine months ended November 30, 2022 February 28, 2023 to 519 502 for the six nine months ended November 30, 2023 February 29, 2024. There were was an average of 467 and 436 428 IT contractors for the quarters nine months ended November 30, 2022 February 28, 2023 and 2023, February 29, 2024, respectively, while there were was an average of 219 203 and 83 74 clerical and administrative contractors for the quarters nine months ended November 30, 2022 February 28, 2023 and 2023, February 29, 2024, respectively. Customers using our clerical and administrative contractors have decreased their spending by reducing hiring, terminating assignments early, and hiring our contractors directly at a greater rate than usual.

Cost of Sales

Cost of sales for the six nine months ended November 30, 2023 February 29, 2024, decreased approximately $6,840,000 $10,735,000 or 15.8% 16.9% to $36,326,000 $52,699,000 from $43,166,000 $63,434,000 in the prior year period. The decrease in cost of sales resulted primarily from a decrease in consultants placed with customers. Cost of sales as a percentage of revenue decreased from 82.6% 82.9% in the six nine months ended November 30, 2022 February 28, 2023, to 82.2% 82.5% in the six nine months ended November 30, 2023 February 29, 2024. Cost of sales decreased at a higher rate than revenue when comparing the six nine months ended November 30, 2023 February 29, 2024, to the prior year period, causing an increase in gross margins. The change in the business mix towards having a higher percentage of IT contractors yielded the increase in gross margin percentage.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of expenses relating to account executives, technical recruiters, facilities costs, management, and corporate overhead. These expenses decreased approximately $866,000 $1,267,000 or 11.9% 11.5% from $7,303,000 $11,072,000 in the six nine months ended November 30, 2022 February 28, 2023, to $6,437,000 $9,805,000 in the six nine months ended November 30, 2023 February 29, 2024. The decrease in these expenses primarily resulted from a decrease of $355,000 $674,000 from a reduction of both onshore and offshore recruiting in line with the decrease in new placement opportunities with customers reduced legal fees of $102,000 and reduced costs associated with the upgrading of internal systems of $58,000. a $270,000 decrease in sales incentive compensation. Additionally, the Company incurred non-cash compensation expenses of $52,000 $79,000 in the six nine months ended November 30, 2023 February 29, 2024, and $138,000 $193,000 in the six nine months ended November 30, 2022 February 28, 2023, related to the Plan. Selling, general and administrative expenses, as a percentage of revenue increased from 14.0% 14.5% in the six nine months ended November 30, 2022 February 28, 2023, to 14.6% 15.4% in the six nine months ended November 30, 2023 February 29, 2024.

Other Income (Expense)

Other income for the six nine months ended November 30, 2023 February 29, 2024 resulted primarily from the reversal of approximately $547,000 of advances from customers due to a settlement with the New York State Office of Unclaimed Property, net interest income of $24,000 $52,000, and a mark to market mark-to-market gain of approximately $11,000 $9,000 on the Company's marketable equity securities. Other expense for the six nine months ended November 30, 2022 February 28, 2023 resulted primarily from net interest expense of $36,000 $45,000 and a mark to market mark-to-market loss of approximately $11,000 $15,000 on the Company's marketable equity securities.

Income Tax Provision

The income tax provision included in the Company's results of operations for the six nine months ended November 30, 2023 February 29, 2024 and 2022 February 28, 2023 reflect the Company's estimated effective tax rate for the fiscal years ending May 31, 2024 and 2023, respectively. These rates resulted in a provision of 26.6% 25.0% for the six nine months ended November 30, 2023 February 29, 2024 and a provision of 30.3% 32.7% for the six nine months ended November 30, 2022 February 28, 2023. The difference in the rates is primarily explained by the nine months ended February 29, 2024 having a decrease in the tax provision due to the true-up of the fiscal year ended May 31, 2023 state taxes, while the nine months ended February 28, 2023 having an increase in the tax provision due to the true-up of the fiscal year ended May 31, 2022 state taxes. The nine months ended February 28, 2023 was also impacted by an increase in the deferred state tax provision due to the use of net operating loss carry forwards.

Net Income Attributable to TSR, Inc.

Net income attributable to TSR, Inc. was approximately $1,007,000 $1,418,000 in the six nine months ended November 30, 2023 February 29, 2024 compared to $1,169,000 $1,248,000 in the six nine months ended November 30, 2022 February 28, 2023. The decrease increase in net income from the prior year period was primarily attributable to the decrease in clerical and administrative contractors placed reversal of advances from customers due to a settlement with customers. the New York State Office of Unclaimed Property.

Impact of Inflation and Changing Prices

For the six nine months ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, inflation and changing prices did not have a material effect on the Company's revenue or income from continuing operations.

Liquidity and Capital Resources

The Company's cash was sufficient to enable it to meet its liquidity requirements during the quarter period ended November 30, 2023 February 29, 2024. The Company expects that its cash and cash equivalents and the Company's Credit Facility pursuant to a Loan and Security Agreement with Access Capital, Inc. (the "Lender") will be sufficient to provide the Company with adequate resources to meet its liquidity requirements for the 12-month period following the issuance of these condensed consolidated financial statements. Utilizing its accounts receivable as collateral, the Company has secured this Credit Facility to increase its liquidity as necessary. As of November 30, 2023 February 29, 2024, the Company had no net borrowings outstanding against this Credit Facility. The amount the Company has borrowed fluctuates and, at times, it has utilized the maximum amount of $2,000,000 available under this facility to fund its payroll and other obligations. The Company was in compliance with all covenants under the Credit Facility as of November 30, 2023 February 29, 2024, and through the date of this filing.

At November 30, 2023 February 29, 2024, the Company had working capital (total current assets in excess of total current liabilities) of approximately $14,815,000, $15,248,000, including cash and cash equivalents and marketable securities of $9,615,000 $10,662,000 as compared to working capital of $13,551,000, including cash and cash equivalents and marketable securities of $7,897,000 at May 31, 2023.

Net cash flow of approximately $1,707,000 $2,821,000 was provided by operations during the six nine months ended November 30, 2023, February 29, 2024 as compared to $1,884,000 $2,393,000 of net cash provided by operations in the prior year period. The cash provided by operations for the six nine months ended November 30, 2023, February 29, 2024 primarily resulted from consolidated net income of $1,058,000, and $1,485,000, a decrease in accounts receivable of $1,053,000, $1,546,000 and an increase in accounts payable and accrued expenses of $239,000, offset by an increase in prepaid expenses of $187,000 and a decrease in advances from customers of $678,000. The cash provided by operations for the nine months ended February 28, 2023 primarily resulted from consolidated net income of $1,292,000, a decrease in accounts receivable of $1,848,000 offset by a decrease in accounts payable and accrued expenses of $396,000 and an increase in prepaid expenses of $248,000. The cash provided by operations for the six months ended November 30, 2022, primarily resulted from consolidated net income of $1,195,000 and a decrease in accounts receivable of $869,000 offset by a decrease in accounts payable and accrued expenses of $193,000, $926,000, a decrease in legal settlement payable of $598,000 and an increase a decrease in prepaid expenses deferred income taxes of $130,000. $493,000.

Net cash used in provided by investing activities of approximately $10,000 $490,000 for the six nine months ended November 30, 2023 February 29, 2024 primarily resulted from purchases of certificates of deposit in an excess of maturing certificates of deposit. deposit over purchases. Net cash used in investing activities of approximately $504,000 $996,000 for the six nine months ended November 30, 2022 February 28, 2023 primarily resulted from purchases of certificates of deposit of $500,000 $990,000 and purchases of fixed assets of $4,000.
There was no cash provided by or used in financing activities during the six months ended November 30, 2023. Net cash used in financing activities during the six months ended November 30, 2022 of $178,000 primarily resulted from purchases of treasury stock of $116,000 and from net repayments under the Company's Credit Facility of $62,000.
The Company's capital resource commitments at November 30, 2023 consisted of lease obligations on its branch and corporate facilities. The net present value of its future lease payments were approximately $398,000 as of November 30, 2023. The Company intends to finance these commitments primarily from the Company's available cash and Credit Facility. $6,000.

Net cash used in financing activities during the nine months ended February 29, 2024 resulted primarily from distributions to the minority interest of $66,000. Net cash used in financing activities during the nine months ended February 28, 2023 of $318,000 primarily resulted from purchases of treasury stock of $180,000, distributions to the minority interest of $75,000 and from net repayments under the Company's Credit Facility of $62,000.

The Company's capital resource commitments at February 29, 2024 consisted of lease obligations on its branch and corporate facilities. The net present value of its future lease payments was approximately $650,000 as of February 29, 2024. The Company intends to finance these commitments primarily from the Company's available cash and Credit Facility.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Estimates

The Exchange Act regulations define "critical accounting estimates" as those estimates made in accordance with generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations of the registrant. These estimates require the application of management's most difficult subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. These critical accounting estimates were discussed in the Company's May 31, 2023 Annual Report on Form 10-K in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption "Critical Accounting Estimates".

The Company's significant accounting policies are described in Note 1 to the Company's consolidated financial statements, contained in its May 31, 2023, Annual Report on Form 10-K for the fiscal year ended May 31, 2023, as filed with the SEC. Securities and Exchange Commission. The Company believes that those accounting policies require the application of management's most difficult, subjective or complex judgments and are thus considered critical accounting estimates under the Exchange Act.

There have been no changes in the Company's significant accounting policies or critical accounting estimates as of November 30, 2023 February 29, 2024.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide the information called for by this Item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. The Company conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal accounting officer, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, the principal executive officer and principal accounting officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

Internal Control Over Financial Reporting. There was no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings
None.

Item 1A. Risk Factors
We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition, or future results, some of which are beyond our control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2023, as filed with the SEC. We are not aware of any material updates to the risk factors described in our previously filed Annual Report on Form 10-K. 10-K for the fiscal year ended May 31, 2023.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities
None.

Item 3. Defaults upon Senior Securities
None.

Item 4. Mine Safety Disclosures
Not applicable.

Item 5. Other Information
None.

Item 6. Exhibits

Exhibit	Document
Exhibit 31.1	Rule 13a-14(a)/15d-14(a) Certification by Thomas Salerno as principal executive officer. officer
Exhibit 31.2	Rule 13a-14(a)/15d-14(a) Certification by John G. Sharkey as principal financial officer. officer
Exhibit 32.1	Section 1350 Certification by Thomas Salerno as principal executive officer. officer
Exhibit 32.2	Section 1350 Certification by John G. Sharkey as principal financial officer. officer
Exhibit 101	Interactive Data File containing the following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 2023 February 29, 2024, formatted in Inline Extensible Business Reporting Language (Inline XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) the Notes to the Condensed Consolidated Financial Statements.
Exhibit 104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

	TSR, Inc.
	(Registrant)
Date: January 11, 2024 April 15, 2024	/s/ Thomas Salerno
	Thomas Salerno, Chief Executive Officer, President, Treasurer and Principal Executive Officer
Date: January 11, 2024 April 15, 2024	/s/ John G. Sharkey
	John G. Sharkey, Sr. Vice President, Chief Financial Officer, Secretary, Principal Financial Officer and Principal Accounting Officer

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Exhibit 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas Salerno, Chief Executive Officer, President, Treasurer and Principal Executive Officer certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TSR, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 11, 2024 April 15, 2024

/s/ Thomas Salerno

Chief Executive Officer, President, Treasurer and
Principal Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John G. Sharkey, Sr. Vice President, Chief Financial Officer and Principal Accounting Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TSR, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 11, 2024 April 15, 2024

/s/ John G. Sharkey

Sr. Vice President, Chief Financial Officer,
Secretary, Principal Financial Officer and
Principal Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of TSR, Inc. (the "Company") on Form 10-Q for the quarter ended November 30, 2023 February 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas Salerno, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

The foregoing certification is incorporated solely for the purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act and is not intended to be used for any other purpose.

/s/ Thomas Salerno

Chief Executive Officer, President, Treasurer
and Principal Executive Officer

January 11, April 15, 2024

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of TSR, Inc. (the "Company") on Form 10-Q for the quarter ended November 30, 2023 February 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John G. Sharkey, Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

The foregoing certification is incorporated solely for the purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act and is not intended to be used for any other purpose.

/s/ John G. Sharkey

Sr. Vice President, Chief Financial Officer,
Secretary, Principal Financial Officer and
Principal Accounting Officer

January 11, April 15, 2024

DISCLAIMER