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February 14, 2022

## Consolidated Financial Results for the Three Months Ended December 31, 2021 [Under Japanese GAAP]

Company name:	SPRIX, Ltd.
Stock exchange listings:	Tokyo Stock Exchange
Securities code number:	7030
URL:	<a href="https://sprix.jp/">https://sprix.jp/</a>
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Scheduled date for submission of securities report:	February 14, 2022
Scheduled date for dividend payment:	-
Availability of supplementary information for the quarterly financial results:	Yes
Organization of briefing on the quarterly financial results:	None

(All amounts are rounded down to the nearest million yen.)

### 1. Consolidated financial results for the three months ended December 31, 2021 (from October 1, 2021 to December 31, 2021)

#### (1) Consolidated operating results (cumulative)

(Percentage figures represent changes from the same period of the previous fiscal year.)

Three months ended	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	7,537	133.1	1,269	70.8	1,272	71.3	811	61.4
December 31, 2020	3,233	-	743	-	742	-	503	-
(Reference) Comprehensive income	For the three months ended December 31, 2021: 807 million yen (62.4%) For the three months ended December 31, 2020: 497 million yen (-%)							

Three months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	47.38	45.88
December 31, 2020	29.21	28.33

(Note) Quarterly consolidated financial statements are prepared from the second quarter ended March 31, 2020. Accordingly, year-on-year comparison in ratio for the three months ended December 31, 2020 is not available.

## (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
December 31, 2021	19,448	9,285	47.6
September 30, 2021	19,277	8,864	45.9
(Reference) Equity	As of December 31, 2021:	9,264 million yen	
	As of September 30, 2021:	8,846 million yen	

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	—	15.00	—	21.00	36.00
Fiscal year ending September 30, 2022	—				
Fiscal year ending September 30, 2022 (forecast)		19.00	—	19.00	38.00

(Note) Changes from the latest announced dividend forecast: None

## 3. Consolidated forecasts for the fiscal year ending September 30, 2022 (From October 1, 2021 to September 30, 2022)

(Percentage figures represent changes from the previous fiscal year.)

Fiscal year ending	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
September 30, 2022	29,546	14.1	2,699	10.8	2,706	11.2	1,755	19.6	102.45

(Note) Changes from the latest announced consolidated forecasts: None

■ Notes

(1) Changes in significant subsidiaries during the three months ended December 31, 2021 (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included : None

Excluded : 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

a. Changes in accounting policies due to revision in accounting standards: Yes

b. Changes in accounting policies other than the above a.: None

c. Changes in accounting estimates: None

d. Restatements: None

(4) Number of issued and outstanding shares (common shares)

a. Number of issued and outstanding shares (including treasury shares)

As of December 31, 2021: 17,482,050 shares

As of September 30, 2021: 17,473,950 shares

b. Number of treasury shares

As of December 31, 2021: 345,285 shares

As of September 30, 2021: 345,245 shares

c. Average number of issued and outstanding shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2021: 17,134,359 shares

Three months ended December 31, 2020: 17,221,972 shares

■ Quarterly financial results are exempt from quarterly reviews conducted by certified public accountants or an audit firm.

■ Explanation for the appropriate use of the forecasts and other matters to be noted

The forecasts for results of operations and other forward-looking information in this report are based on information currently available to SPRIX, Ltd. (the “Company”) and assumptions determined to be reasonable. They are not intended as the Company’s commitment to achieve such forecasts.

Amounts stated in the Company’s quarterly consolidated financial statements and related notes were originally presented in thousand-yen units. However, effective from the first quarter ended December 31, 2021, such amounts are replaced with million-yen units. Note that amounts for the previous fiscal year and the previous quarter ended December 31, 2020, are also restated in million-yen units.

## Supplementary Information

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# 1. QUALITATIVE INFORMATION ON QUARTERLY FINANCIAL RESULTS

Forecast-related matters described in this report are based on the understandings as of December 31, 2021.

## (1) Overview of Consolidated Operating Results

The economy in Japan during the three months ended December 31, 2021 (the “current period”) gradually recovered from severe hardship due to the spread of COVID-19, seeing signs of improvement in certain areas. However, the situation still needs to be carefully monitored, including the impact of various political measures undertaken, the global economic landscape, and the progress of vaccinations.

The Japanese education service industry, in which the Company and its subsidiaries (the “Group”) are engaged, is required to take swift actions to address various impending issues, including declining birthrate, hiring difficulties and regional disparities. Further, as many industries are forced to transform their businesses from analog to digital and reassess their service lines amid the pandemic, the education service industry is also exploring different ways of delivering academic services to meet an increasing demand for utilizing information technology (IT) in education and teaching.

The Group has expanded its service lines amid such business environment by consolidating Shonan Seminar CO., LTD. (or “Shonan”) as a wholly-owned subsidiary of the Company at the end of the previous quarter ended December 31, 2020. Thanks to the acquisition, the Group currently offers a variety of JUKU (\*) brands as its JUKU services, formally referred to as “School Operation Services.” On top of the Company-operating JUKU, namely “Mori JUKU” dedicated to offering individual tutoring cram schools, “Self-Study RED,” and “Sora JUKU,” the Group incorporates three other JUKU brands: “Mori JUKU” operated by Shonan; “Shonan Seminar” offering group teaching-style JUKU; and “Kawaijuku Manavis” specialized in teaching senior high school students to prepare for college entrance exams. Information by segment is as follows:

(\*) JUKU are private, fee-paying schools in Japan that offer supplementary classes after school to support children’s school work or prepare for various entrance exams, including college entrance exams.

“Mori JUKU,” the Group’s core business specialized in offering individual tutoring cram schools, ran 175 schools as of December 31, 2021, up 18 schools year-on-year, comprising 130 schools run by the Company, up 15 schools year-on-year, and 45 schools run by Shonan, up 3 schools year-on-year. The number of enrolled students for “Mori JUKU,” including those run by Shonan, totaled 42,279, up 2,441 year-on-year as of December 31, 2021. Of the 42,279 enrolled students, 32,999 students belonged to Mori JUKU run by the Company, an increase of 1,826 students from a year earlier, and 9,280 students to Mori JUKU run by Shonan, an increase of 615 students from a year earlier. The number of students saw an uptick, a continuous trend from summer sessions, where more students continued or started their enrollment and less students dropped out during the quarter. The accomplishment is largely due to the Group’s continuous effort in providing high quality tutoring service and R&D activities, while placing the highest priority on the safety of students, their parents and employees of the Group during the difficult time of the pandemic.

“Shonan Seminar” offers group teaching-style classes mainly to elementary and junior high school students. As of December 31, 2021, 179 Shonan Seminar schools were run by Shonan, up two schools year-on-year.

“Kawaijuku Manavis” specializes in teaching senior high school students to prepare for college entrance exams using both video sessions and face-to-face tutoring. As of December 31, 2021, 47 schools were run by Shonan under a franchise, no change in numbers from a year earlier.

“Self-Study RED” is included in “Other” section under the reportable segment disclosure. RED offers virtual cram schools utilizing online academic contents. As of December 31, 2021, there were five directly-operated schools with no change in numbers year-on-year, and 168 franchised schools, up 26 schools from a year earlier.

The Group has changed the classification of reportable segment from the current period. The following table shows segment information by major JUKU brands, including net sales and segment profit for the three months to December 31, 2021, as well as the number of schools and enrolled students as of December 31, 2021. For further detail, see “2. Change in reportable segment” per the [Segment Information] section in the attached Supplementary Information.

	Mori JUKU			Shonan Seminar	Kawaijuku Manavis
	Mori JUKU	Mori JUKU (SPRIX)	Mori JUKU (Shonan)		
Net sales (Million yen) (Note 1)	3,785	2,986	799	2,466	823
Segment profit (Million yen) (Note 1&2)	1,233	982	250	564	128
EBITDA (Note 3)	1,283	1,002	281	647	170
Number of schools as of December 31, 2021	175	130	45	179	47
Number of enrolled students as of December 31, 2021	42,279	32,999	9,280	21,912	5,672

Note 1) Net sales represent sales to external customers, and segment profit are in amounts after offsetting inter-segment transactions.

Note 2) Segment profit is stated in amounts after deducting amortization expenses for intangible assets, excluding goodwill.

Note 3) EBITDA represents operating profit before interest expenses, depreciation, and amortization of goodwill.

Other educational services, formally referred to as "Education and Learning Services," are also put into "Other" section under the reportable segment disclosure, including the following existing that continued to perform well in the current period: "Foresta Series," which offer teaching material for individual tutoring; "Fun-learning Series," which provide online video teaching material using information and computer technology (ICT); and "JUKU Teachers JAPAN," the job-search website for JUKU teachers. In addition, several other new businesses are starting to grow, including "QUREO programming school," which is jointly operated with one of the group companies of CyberAgent, Inc., and "Programming Proficiency Test." Also, other businesses are strategically reinforced to effectively realize synergy with the JUKU service, including "Foresta Learning DOJO," which offers AI-powered tablets to enhance fundamental academic skills, and "TOFAS (Test of Fundamental Academic Skills)," which is run by SPRIX Fundamental Academic Skills Lab to provide international proficiency tests for fundamental academic skills.

Based on the above, the Group recorded net sales of 7,537 million yen, up 133.1% year-on-year, operating profit of 1,269 million yen, up 70.8% year-on-year, ordinary profit of 1,272 million yen, up 71.3% year-on-year, profit attributable to owners of parent of 811 million yen, up 61.4% year-on-year, and EBITDA (i.e., operating profit before interest expenses, depreciation, and amortization of goodwill) of 1,547 million yen, up 99.8% year-on-year, for the first quarter ended December 31, 2021.

## **(2) Overview of Consolidated Financial Position**

Total assets as of December 31, 2021, were 19,448 million yen, an increase of 171 million yen from September 30, 2021. This is primarily attributed to an increase of 378 million yen in accounts receivable—other, offset by a decrease of 203 million yen in cash and deposits.

Total liabilities as of December 31, 2021, were 10,163 million yen, a decrease of 248 million yen from September 30, 2021, mainly due to a decrease of 293 million yen in advances received.

Total net assets as of December 31, 2021, were 9,285 million yen, up 420 million yen from September 30, 2021. This is primarily attributed to the recording of profit attributable to owners of parent of 811 million yen, offset by dividend payments of 359 million yen.

## **(3) Explanation Regarding the Forecasts for the Consolidated Financial Results**

No change has been made to the financial results forecasts for the fiscal year ending September 30, 2022, which was disclosed in the Consolidated Financial Results for the Fiscal Year Ended September 30, 2021, issued on November 12, 2021.

## 2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of September 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	6,163	5,960
Accounts receivable–trade	231	247
Merchandise and finished goods	322	502
Work in process	24	42
Supplies	14	12
Accounts receivable–other	2,002	2,380
Other current assets	877	622
Allowance for doubtful accounts	(36)	(46)
Total current assets	9,599	9,722
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	2,650	2,904
Land	262	262
Other (net)	151	139
Total property, plant and equipment	3,064	3,306
Intangible assets		
Goodwill	2,877	2,801
Software	216	200
Other	1,588	1,504
Total intangible assets	4,682	4,506
Investments and other assets		
Investment securities	75	75
Deferred tax assets	332	252
Leasehold and guarantee deposits	1,451	1,507
Other	70	77
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,930	1,913
Total non-current assets	9,677	9,726
Total assets	19,277	19,448



(Millions of yen)

	As of September 30, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable—trade	151	248
Accounts payable—other	1,534	1,725
Current portion of long-term borrowings	363	363
Income tax payables	606	358
Accrued consumption taxes	361	426
Advances received	3,897	3,604
Provision for bonuses	581	357
Provision for score guarantee payments	10	—
Provision for sales returns	17	—
Other current liabilities	409	654
Total current liabilities	7,936	7,739
Non-current liabilities		
Long-term borrowings	1,454	1,363
Provision for retirement benefits for directors	69	70
Retirement benefit liabilities	107	113
Asset retirement obligations	843	848
Deferred tax liabilities	—	28
Total non-current liabilities	2,476	2,424
Total liabilities	10,412	10,163
Net assets		
Shareholders' equity		
Share capital	1,430	1,431
Capital surplus	1,420	1,421
Retained earnings	6,377	6,795
Treasury shares	(385)	(385)
Total shareholders' equity	8,843	9,262
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	2	1
Total accumulated other comprehensive income	2	1
Stock acquisition rights	11	17
Non-controlling interests	7	3
Total net assets	8,864	9,285
Total liabilities and net assets	19,277	19,448

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**[Quarterly Consolidated Statement of Income]**

(Millions of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Net sales	3,233	7,537
Cost of sales	1,831	4,744
Gross profit	1,402	2,793
Selling, general and administrative expenses	658	1,523
Operating profit	743	1,269
Non-operating income		
Interest income	0	0
Outsourcing service income	0	0
Subsidy income	–	2
Other	0	2
Total non-operating income	1	6
Non-operating expenses		
Interest expenses	0	1
Commission expenses	1	1
Other	0	0
Total non-operating expenses	1	2
Ordinary profit	742	1,272
Profit before income taxes	742	1,272
Income taxes—current	255	344
Income taxes—deferred	(10)	120
Income taxes	245	464
Profit for the period	497	807
Profit attributable to:		
Non-controlling interests	(5)	(3)
Owners of parent	503	811

**[Quarterly Consolidated Statement of Comprehensive Income]**

(Millions of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit for the period	497	807
Other comprehensive income		
Remeasurements of defined benefit plans	(0)	(0)
Total other comprehensive income	(0)	(0)
Total comprehensive income	497	807
Total comprehensive income attributable to:		
Owners of parent	503	811
Non-controlling interests	(5)	(3)

### (3) Notes to the Quarterly Consolidated Financial Statements

#### [Notes Regarding Uncertainties of Entity's Ability to Continue as Going Concern]

Not applicable.

#### [Notes When There are Significant Changes in Amounts of Equity]

Not applicable.

#### [Changes in Accounting Policies]

(Accounting standard for revenue recognition)

The Group has applied accounting standards for revenue recognition, including the ASBJ Statement No. 29 (revised 2019) *Accounting Standard for Revenue Recognition* issued on March 31, 2020, starting from October 1, 2021, the beginning date of the current period. Under the new accounting standards, revenue is recognized when control of promised goods or services is transferred to customers in an amount of consideration to which an entity expects to be entitled in exchange for the transfer.

Accounting policies are affected under the new accounting standards mainly in the following areas: The Group has changed the accounting for student grant refunds in accordance with the requirement for variable consideration, where revenue is recognized for tuition fees excluding expected refunds at the time of offering classes. The Group has also changed the accounting for score guarantee payments and identified them as separate performance obligations. Accordingly, revenue is recognized when the performance obligation for score guarantee payments is satisfied.

The accounting standards for revenue recognition are applied retrospectively in accordance with the transition requirement set forth in the notes to paragraph 84 of the ASBJ Statement No. 29. As a result, the Group recognizes the net cumulative effect of retrospectively applying the new accounting standard prior to October 1, 2021, the beginning date of the current period, in the opening balance of retained earnings in the current period, thereby applying the new accounting standards effective October 1, 2021. The application has minimal effect on profit or loss in the current period as well as the opening balance of retained earnings as of October 1, 2021.

The Group has not provided disaggregate disclosures for revenue from contracts with customers for the previous quarter ended December 31, 2020, in accordance with the transition requirement set forth in paragraph 28-15 of the ASBJ Statement No. 12 *Accounting Standard for Quarterly Financial Reporting* issued on March 31, 2020.

(Accounting standard for fair value measurement)

The Group has applied accounting standards for fair value measurement, including the ASBJ Statement No. 30 *Accounting Standard for Fair Value Measurement* issued on July 4, 2019, starting from October 1, 2021, the beginning date of the current period. New accounting policies set forth in the accounting standards will be applied prospectively in accordance with the transition requirements stipulated in paragraph 19 of the ASBJ Statement No. 30 and paragraph 44-2 of the ASBJ Statement No. 10 (revised 2019) *Accounting Standard for Financial Instruments* issued on July 4, 2019. The application has no effect on the consolidated quarterly financial statements.

**[Segment Information]**

For the three months ended December 31, 2020 (from October 1, 2020 to December 31, 2020)

i. Disclosure of net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated financial statements (Note 3)
	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Total				
Net Sales								
Sales to external customers	2,855	—	—	2,855	377	3,233	—	3,233
Transactions with other segments	—	—	—	—	—	—	—	—
Total	2,855	—	—	2,855	377	3,233	—	3,233
Segment profit (loss)								
Segment profit (loss)	975	—	—	975	(12)	962	(219)	743

Note 1) “Other” represents businesses not included in reportable segments, mainly consisting of the following: new businesses, including associated R&D expenses; Self-Study RED; Sora JUKU; and educational services, including sales of Foresta Series, operation of Tokyo Dance Village, and TOFAS.

Note 2) Adjustment for segment profit (loss) of 219 million yen is mainly comprised of amortization of goodwill of 4 million yen and corporate expenses that cannot be allocated to reportable segments of 214 million yen. Corporate expenses primarily represent selling, general and administrative expenses not attributable to reportable segments or “Other.”

Note 3) Segment profit is adjusted to align with the amount of operating profit in the quarterly consolidated financial statements.

For the three months ended December 31, 2021 (from October 1, 2021 to December 31, 2021)

i. Disclosure of net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated financial statements (Note 3)
	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Total				
Net Sales								
Revenue from contracts with customers	3,785	2,466	823	7,075	462	7,537	—	7,537
Other revenue	—	—	—	—	—	—	—	—
Sales to external customers	3,785	2,466	823	7,075	462	7,537	—	7,537
Transactions with other segments	—	—	—	—	13	13	(13)	—
Total	3,785	2,466	823	7,075	476	7,551	(13)	7,537
Segment profit (loss)	1,233	564	128	1,925	(137)	1,788	(518)	1,269

Note 1) “Other” represents businesses not included in reportable segments, mainly consisting of the following: new businesses, including associated R&D expenses; Self-Study RED; Sora JUKU; and educational services, including sales of Foresta Series, operation of Tokyo Dance Village, and TOFAS.

Note 2) Adjustment for segment profit (loss) of 518 million yen is mainly comprised of amortization of goodwill of 76 million yen and corporate expenses that cannot be allocated to reportable segments of 442 million yen. Corporate expenses primarily represent selling, general and administrative expenses not attributable to reportable segments or “Other.”

Note 3) Segment profit is adjusted to align with the amount of operating profit in the quarterly consolidated financial statements.

ii. Changes in reportable segments

Segment information was not provided in previous fiscal years because the Group had been operating its educational service business under a single segment. However, as the Group strengthened and streamlined the operation management of the educational service business by each business model, the Group has determined to classify the educational service business into three reportable segments from the current period, namely “Mori JUKU,” “Shonan Seminar,” and “Kawaijuku Manavis.” Segment information is provided accordingly starting from the first quarter ended December 31, 2021.

Segment information for the previous quarter ended December 31, 2020, is prepared to align with the reportable segment newly classified in the first quarter ended December 31, 2021.

Further, as stated in the notes for [Changes in Accounting Policies], the Group has applied the new accounting standards for revenue recognition effective October 1, 2021, the beginning date of the current period and changed the accounting treatment for revenue recognition. Accordingly, the Group has changed the calculation method for profit or loss for certain businesses. The change has minimal effect on profit or loss in the current period.