

FY2022 1Q Consolidated Financial Results

(October 1 to December 31, 2021)

February 14, 2022

SPRIX 株式会社 スプリックス

(TSE Code: 7030)

MISSION

Bring new life stage (SPRING) through education to people around the world

VISION

Be the No.1 in education

1

Operating Results
FY2022 1Q(Oct-Dec 2021)



First step toward expansion

Consolidation of Shonan and robust SPRIX performance led to

**Strong growth in net sales
and profit**

* In this material, SPRIX, Ltd., the parent company on a non-consolidated basis, is referred to as “SPRIX,” and Shonan Seminar Co., Ltd., the subsidiary, as “Shonan,” whereas “SPRIX Group” is referring to a company on a consolidated basis, including both SPRIX and Shonan.

Impact of consolidation—FY2022 vs FY2021

Impact of consolidation of Shonan

- Reporting 1Q on a consolidated basis including Shonan for the first time in FY2022

Fiscal year	Consolidation period	1Q	2Q	3Q	4Q
Previous year (FY2021)	10 months	SPRIX (non-consolidated basis)			
		Shonan (10 months)			
Current year (FY2022)	12 months	SPRIX Group (consolidated basis)			

We are here!

FY2022 1Q (Oct-Dec 2021)—Operating results

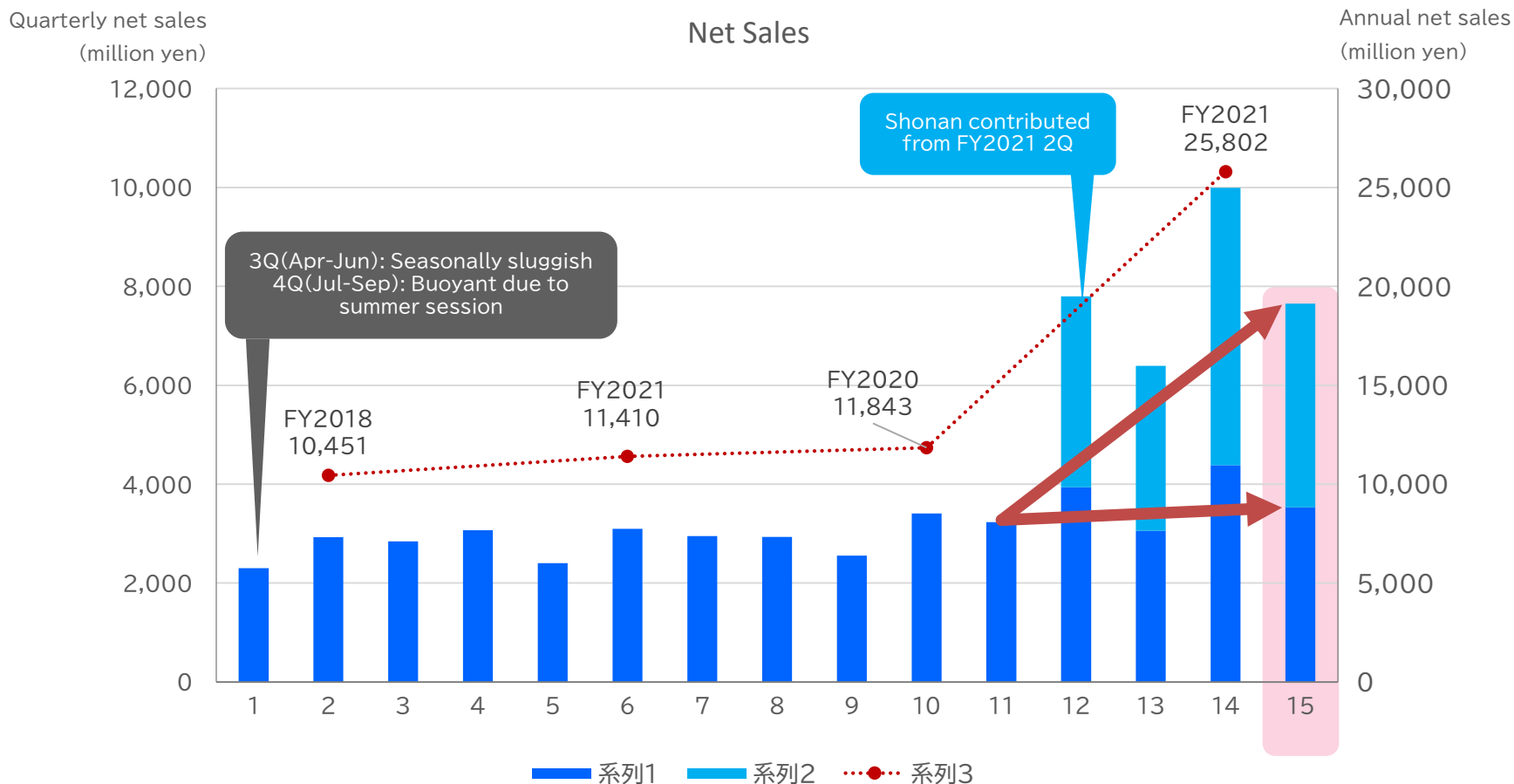
- Stable performance achieved especially in JUKU* service as many students continued enrollment from summer sessions
- Net sales: In addition to consolidation of Shonan, an increased number of students and Foresta sales at SPRIX contributed to healthy growth
- Operating profit: Favorable impact of consolidation offset higher costs associated with up-front investments at SPRIX

(million yen)	FY2021 1Q (actual)	FY2022 1Q (actual)	Change (%)	Reasons
Net Sales	3,233	7,537	+4,304 (+133.1%)	<ul style="list-style-type: none"> • Shonan reported stable net sales, but less expenses • SPRIX saw an increase in # of Mori JUKU students and robust sales of Foresta (teaching materials), resulting in an increased net sales • CoS and SG&A at SPRIX rose due to aggressive R&D expenses and up-front purchase of tablet computers amid the global chip shortage
Operating Profit (margin, %)	743 (22.9%)	1,269 (16.8%)	+526 (+70.8%)	
EBITDA (margin, %)	775 (23.9%)	1,547 (20.5%)	+772 (+99.8%)	
Profit attributable to owners of parent (margin, %)	503 (15.6%)	811 (10.8%)	+308 (+61.4%)	

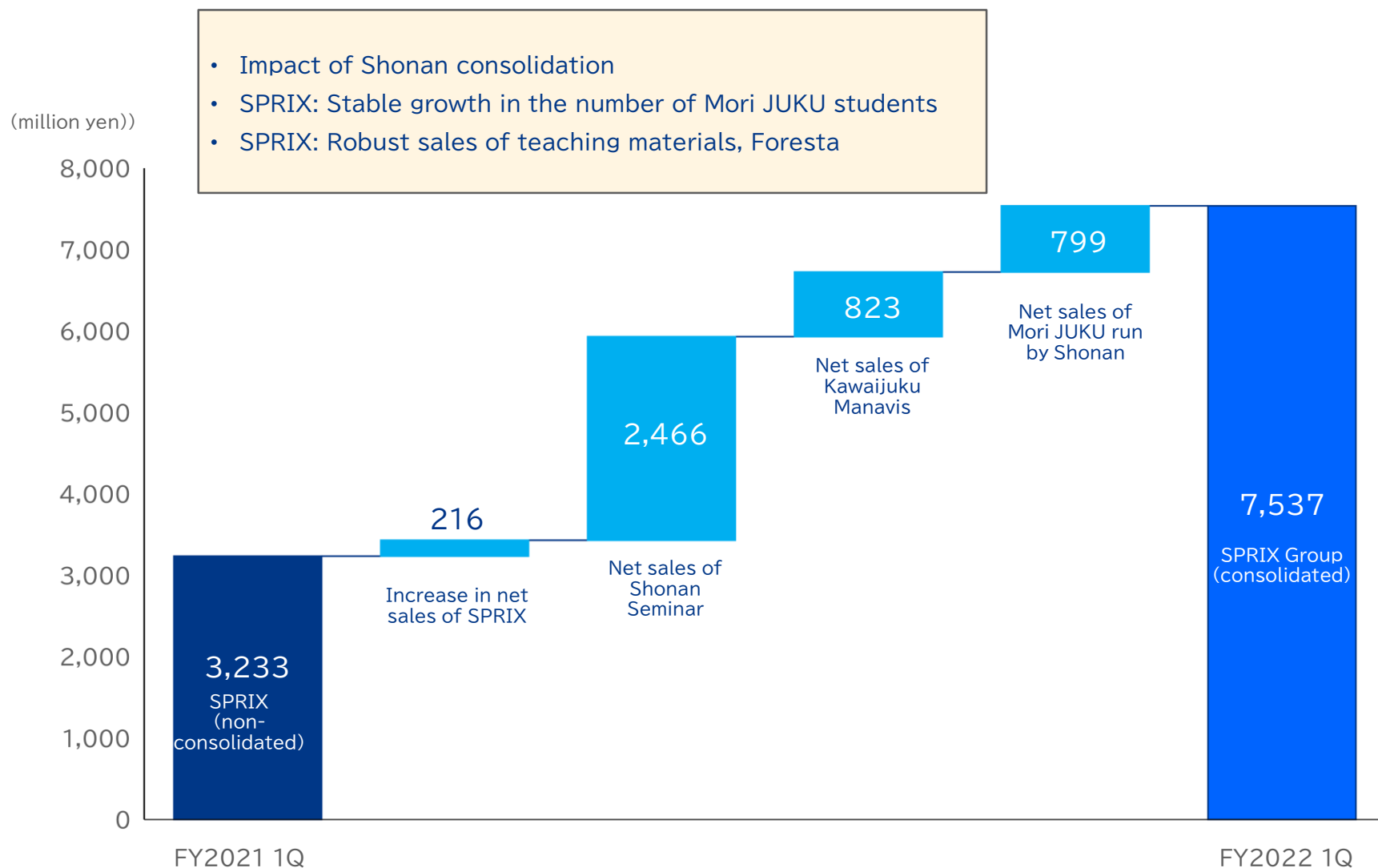
* JUKU service (formerly referred to as school operation service) includes the following JUKU brands: Mori JUKU, Shonan Seminar, Kawaijuku Manavis, Self-Study RED, and Sora JUKU. JUKU are private, fee-paying schools in Japan that offer supplementary classes after school to support children's school work or prepare for various entrance exams, including college entrance exams.

FY2022 1Q Quarterly net sales

- Acquisition of Shonan boosted consolidated net sales significantly
- Net sales of SPRIX also rose from the previous year, driven by an increased number of Mori JUKU students and healthy sales growth in teaching materials, Foresta

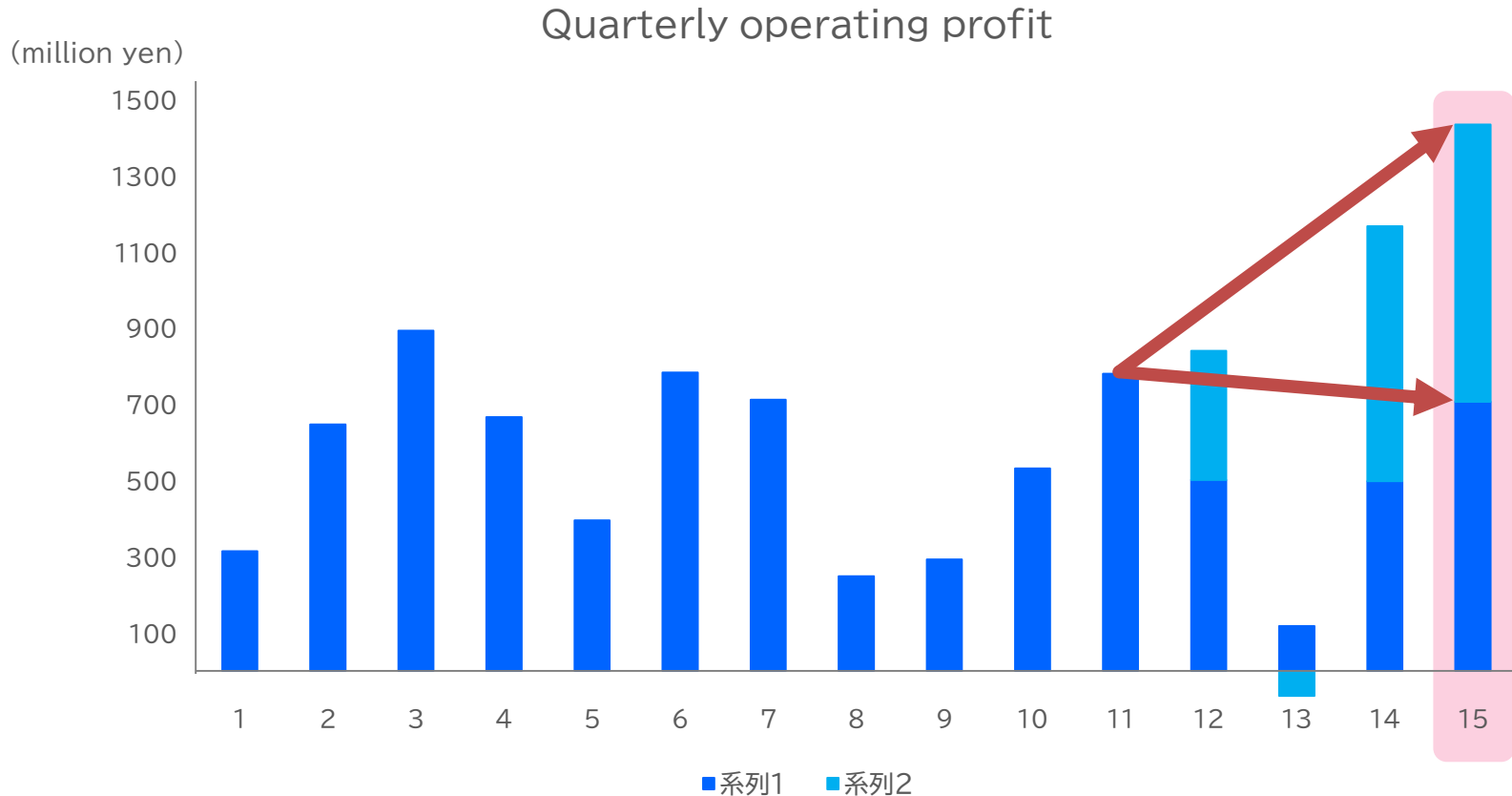


FY2022 1Q Quarterly net sales—Attribution analysis (Year on Year)



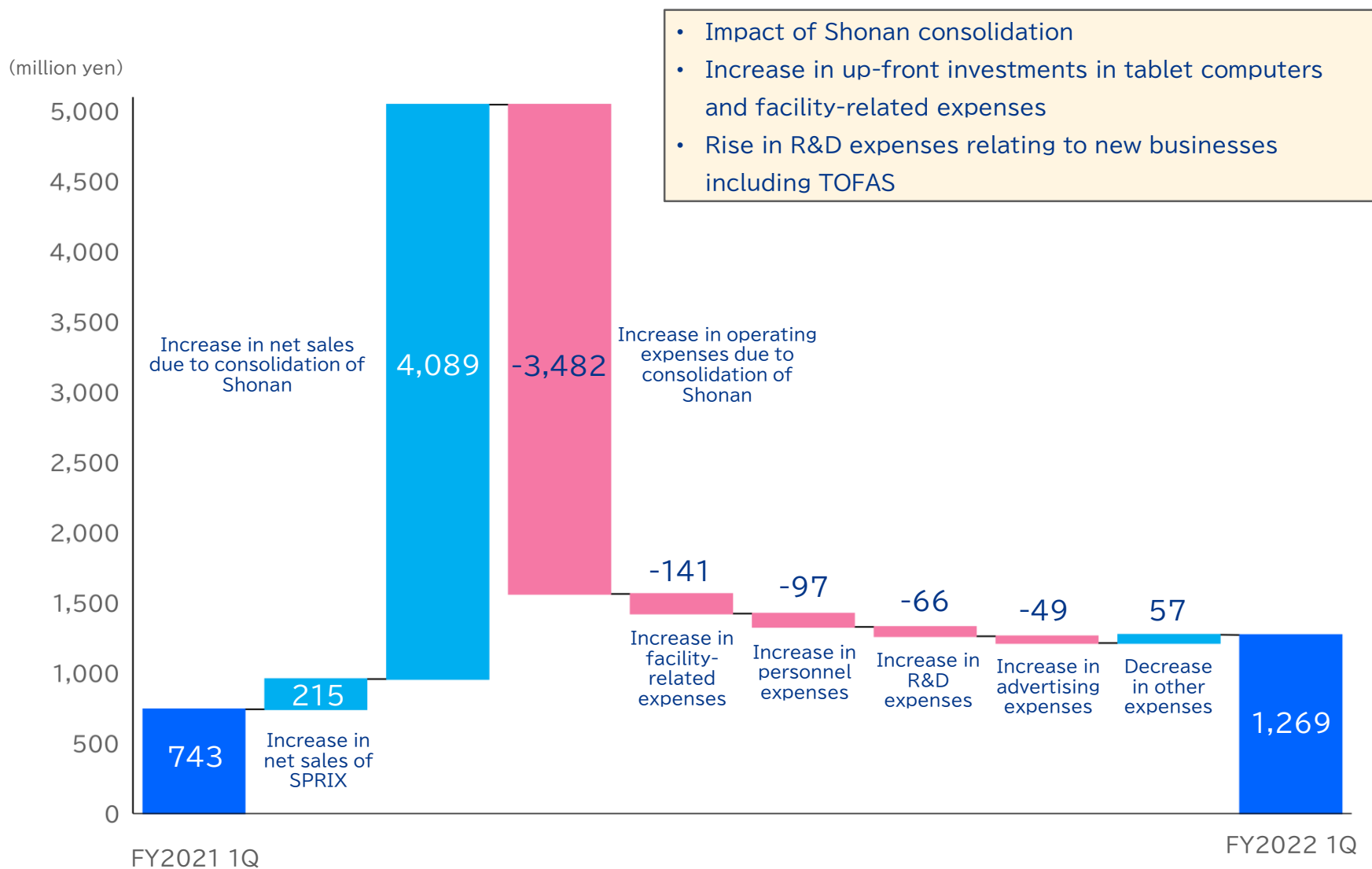
FY2022 1Q Quarterly operating profit

- Consolidation of Shonan boosted profit
- Shonan gradually saw positive synergy effects including reduction in expenses, while sales stood stable
- Operating profit of SPRIX decreased slightly due to up-front purchase of tablet computers, aggressive R&D investment in new businesses such as TOFAS, and expenses associated with opening a new Tokyo Dance Village school



* Operating profit in the chart represents operating profit before offsetting intercompany transactions. As a result, the aggregate amounts differ from the consolidated operating profit.

FY2022 1Q Quarterly operating profit—Attribution analysis (Year on Year)



FY2022 1Q Progress to latest consolidated forecasts

- Both net sales and operating profit tend to exhibit seasonality
- Operating profit: Particularly Shonan and JUKU-related advertising expenses impact progress (see slide 11)
 - Shonan earns majority of its profit in 1Q and 4Q (Jul-Dec) owing to its business structure
 - Shonan also obtained positive synergy effects in FY2022 1Q arising from consolidation
 - JUKU service generally spends advertising expenses intensively from 2Q

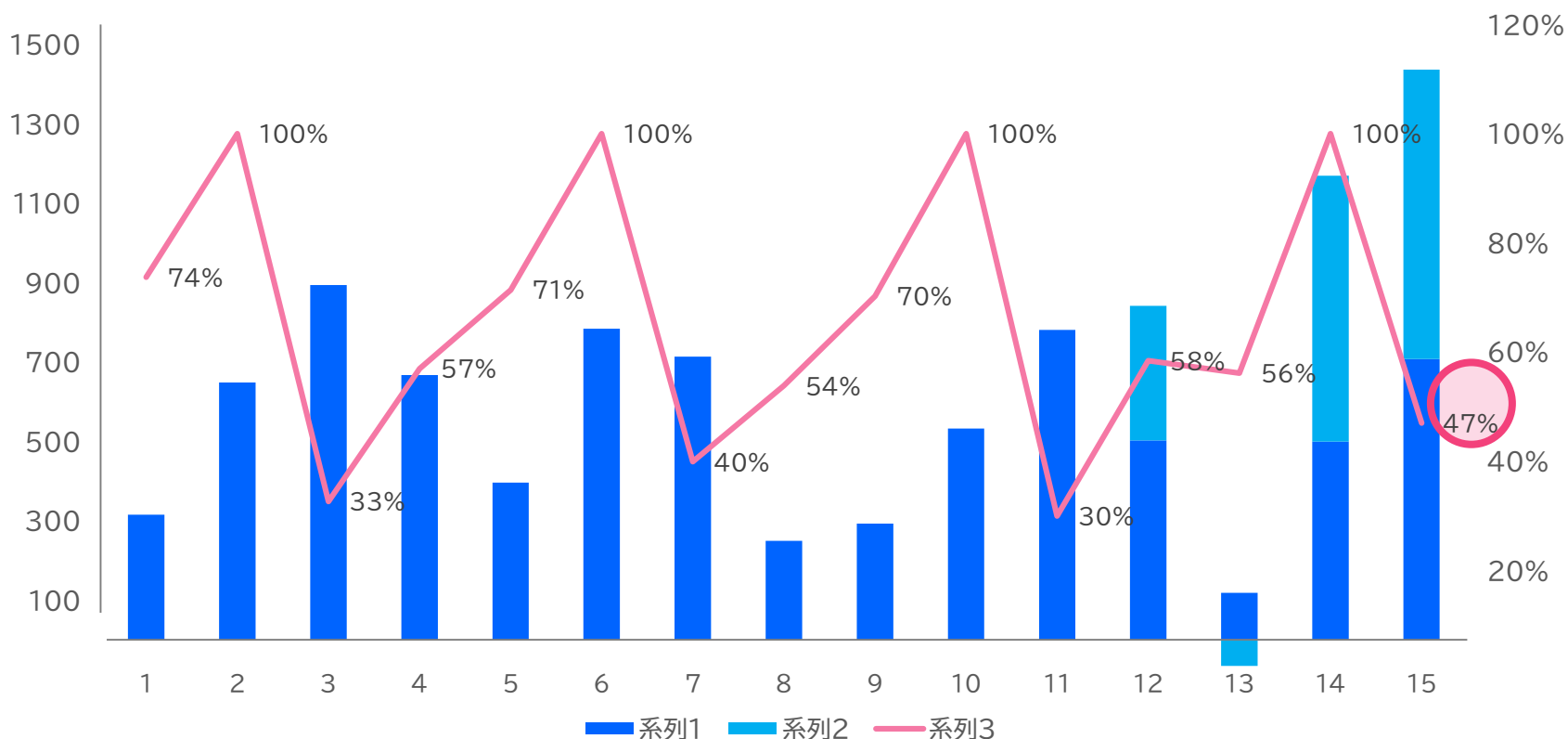
(million yen)	FY2022 (forecast)	FY2022 1Q (actual)	Progress to forecast (%)	Reasons
Net sales	29,546	7,537	25.5%	<ul style="list-style-type: none"> • Progress in net sales is largely in line with the expectation • Progress in operating profit is upward compared to previous years: <ol style="list-style-type: none"> 1) Shonan's business structure: High fixed costs associated with group teaching negatively affect profit in 2Q and 3Q (from January to June) when net sales tend to decline due to seasonality 2) Impact of consolidation: Accelerated PMI (post merger integration) produced a more favorable impact on operating profit than initially expected through streamlining operations and sharing resources 3) Advertising expenses Advertising expenses for JUKU service, such as web ads, are usually disbursed in 2Q and 3Q (Jan-Jun) at Shonan, and 3Q and 4Q (Apr-Sep) at SPRIX
Operating profit (margin, %)	2,699 (9.1%)	1,269 (16.8%)	47.0%	
EBITDA (margin, %)	3,917 (13.3%)	1,547 (20.5%)	39.5%	
Profit attributable to owners of parent (margin, %)	1,755 (5.9%)	811 (10.8%)	46.2%	

- Latest consolidated forecasts were released on November 12, 2021

FY2022 1Q Operating profit—Seasonality trend

- SPRIX has historically achieved 30-40% progress to forecast in 1Q
- As Shonan earns majority of its profit during 1Q and 4Q (Jul-Dec), progress rate in 1Q generally exceeds 50%
- FY2022 1Q also benefited from synergy effects due to consolidation of Shonan
- Generally, 3Q (Apr-Jun) is the hardest hit period for the JUKU industry in which SPRIX engages







(million yen) Quarterly operating profit and progress to actual full year result



* Operating profit in the chart represents the amount before offsetting intercompany transaction. As a result, the aggregate amounts differ from the consolidated operating profit.

FY2022 1Q Segment information







- Deriving more than 90% of net sales from the strong JUKU service
- Expanding business domains and targeted customers through diversified JUKU portfolios

(Million yen)	Net sales	Segment profit	Major topics
	3,785	1,233	<ul style="list-style-type: none"> • Students continued enrollment from summer sessions for SPRIX-run Mori JUKU • Net sales and profit rose for Shonan-run Mori JUKU partly due to synergy effects
	2,466	564	<ul style="list-style-type: none"> • Number of students remained flat in 1Q • Lower SG&A thanks to operation improvement under SPRIX Group
	823	128	<ul style="list-style-type: none"> • Net sales and profit rose mainly due to increase in the number of students
Other   	462	(137)	<ul style="list-style-type: none"> • Consists of educational service (e.g. Foresta and Tokyo Dance Village), JUKU services not classified in reportable segments (e.g. RED, Sora), and new businesses including R&D expenses • Foresta Series continued growing • R&D for new businesses and the new opening of Tokyo Dance Village negatively affected profit

* Segment information is provided starting from FY2022.

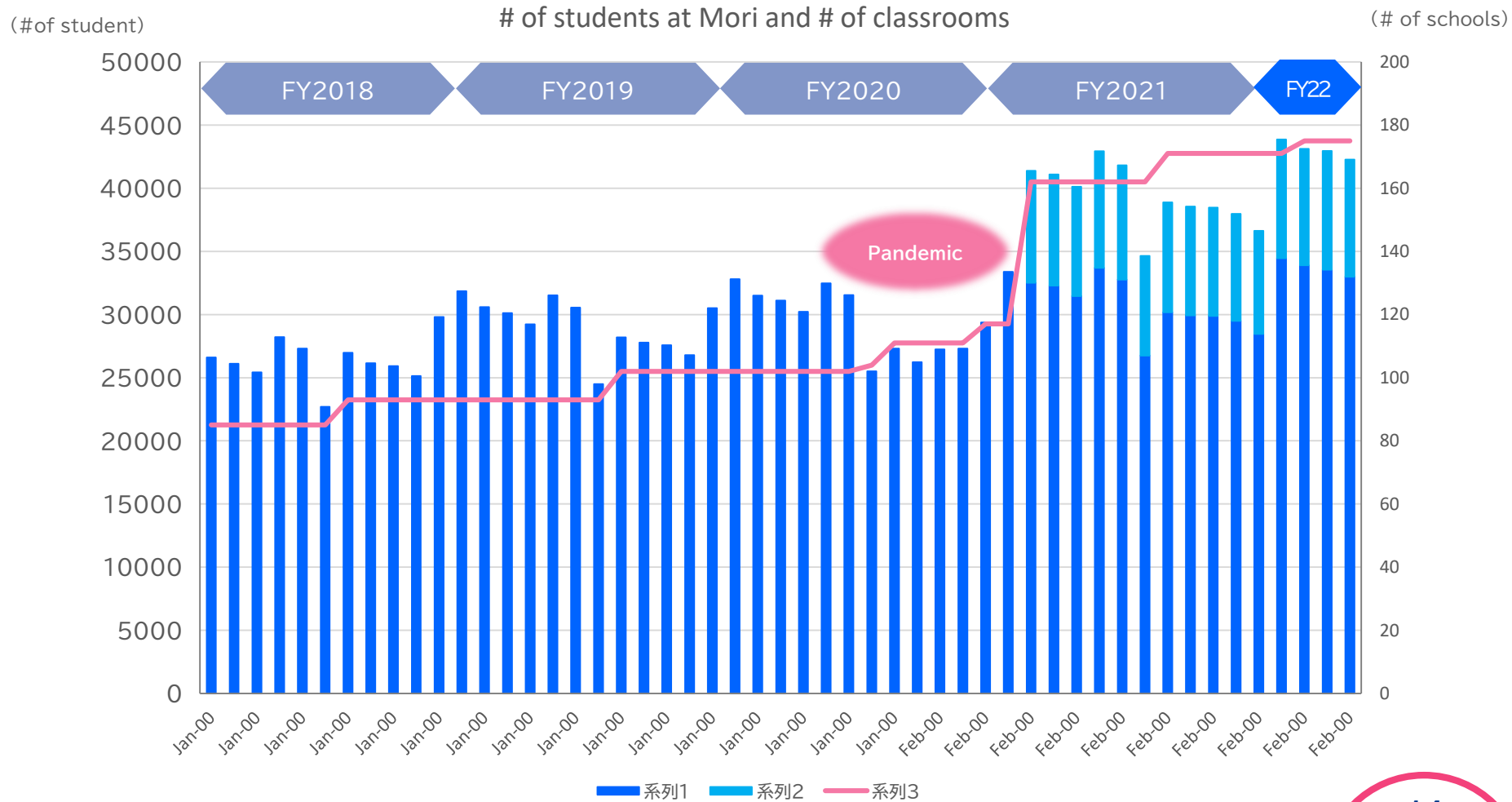
FY2022 Planned initiatives by segment

FY2022 (forecast)

	<ul style="list-style-type: none"> • Will open 16 Mori schools in the Tokyo metropolitan area • Schools opened during the pandemic are expected to take off, while existing schools will also show a recovery 	
	<ul style="list-style-type: none"> • Will open three new Shonan Seminar schools • Plans to focus on a newly launched course tailored to a popular public high school in Kanagawa prefecture, while reinforcing existing classes for elementary and junior high school students 	
	<ul style="list-style-type: none"> • Will open a school in Okayama New! 	
Other		<ul style="list-style-type: none"> • Expects an increase in the number of students
		<ul style="list-style-type: none"> • Plans to open 44 schools, resulting in 208 schools in total as of Sep 30, 2022
		<ul style="list-style-type: none"> • Will launch Foresta Plus, teaching material for tablet computers New!
	Other	<ul style="list-style-type: none"> • Will release CBT (computer based testing) for schools New!

(Reference) # of students in Mori JUKU and # of schools

- The number of students increased in 1Q year on year as more students continued their enrollment from summer sessions in 4Q (Jul-Sep) compared to the number of dropouts
- Amid the business expansion phase of SPRIX Group, # of students per school is slightly on a downward trend






Shonan Seminar CO., LTD.

Acquisition of Shonan and
the Group's strategy for further growth

- 2-1. Overview of Shonan
- 2-2. Significance of Shonan for SPRIX Group
- 2-3. Strategy for Shonan's further growth
- 2-4. Management as one SPRIX Group

2-1. Overview of Shonan

Leading JUKU operating company in Kanagawa with three JUKU brands

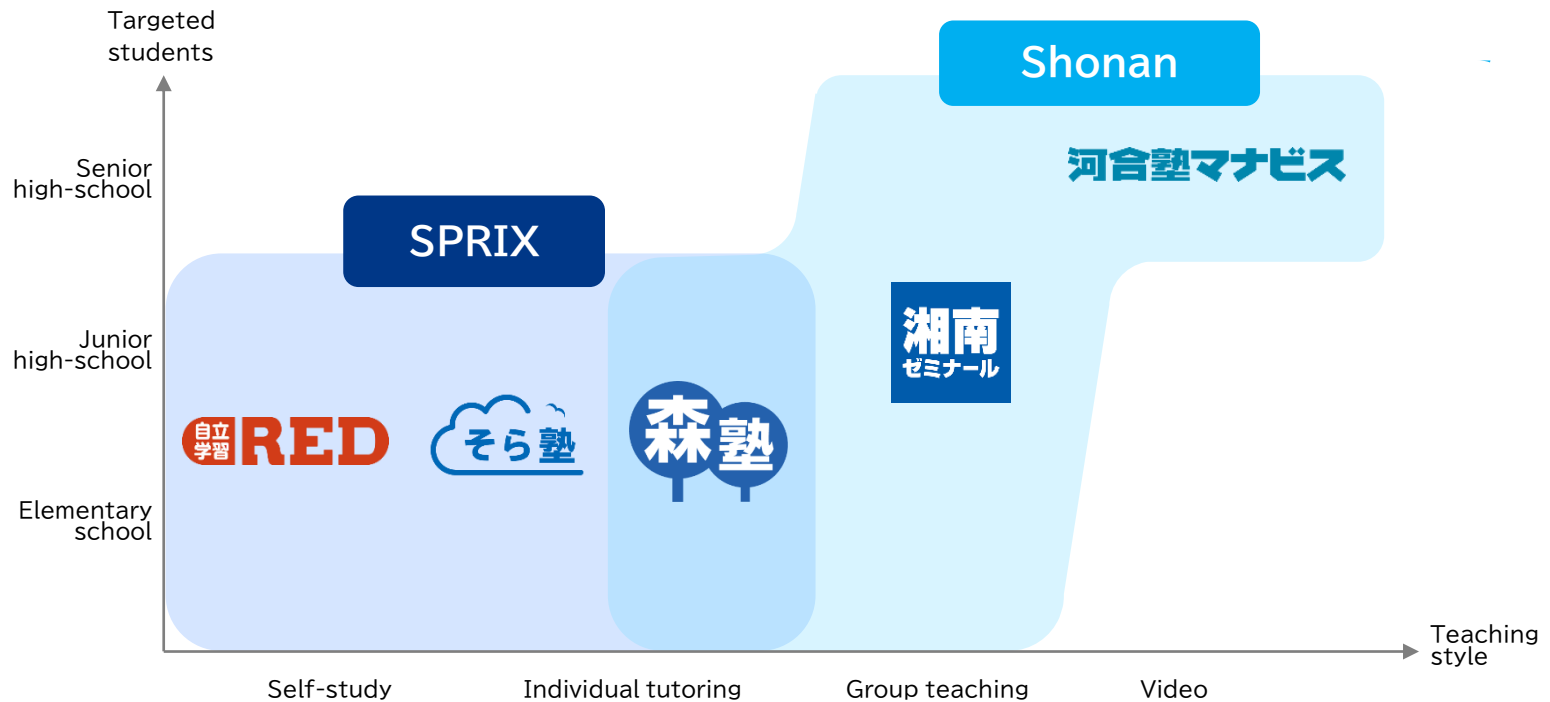
JUKU brand	Year start	Target	Teaching style	Purpose	Service channel	Area of business	Operating style	# of students	# of schools	Main feature
	1979	Elementary/junior high school students	Group teaching	To pass entrance exams	Classroom	Kanagawa Saitama Chiba Tokyo	Directly-operated	21,912	179	<ul style="list-style-type: none"> • Top-branding group teaching style JUKU in Kanagawa • Popular among students aiming for top-ranked schools in Kanagawa • Opened new courses (e.g. prestige school course, public school course, individual tutoring course)
	2007	Senior high school students	Individual tutoring	To pass entrance exams	Classroom + Monitor	Kanagawa Tokyo Chiba Aichi	Franchisee	5,672	47	<ul style="list-style-type: none"> • The largest franchisee of Kawaijuku Manavis • Specializes in collage entrance exams • Offers video classes using monitors with face-to-face support
	2007	Elementary/junior high school students	Individual tutoring	To support school study	Classroom	Kanagawa Tokyo Shizuoka	Franchisee	9,280	45	<ul style="list-style-type: none"> • The sole franchisee of Mori JUKU • Mainly operates in Kanagawa area • Enjoys the benefits of utilizing Foresta teaching materials and SPRIX tutoring method

* Based on data available as of December 31, 2021.

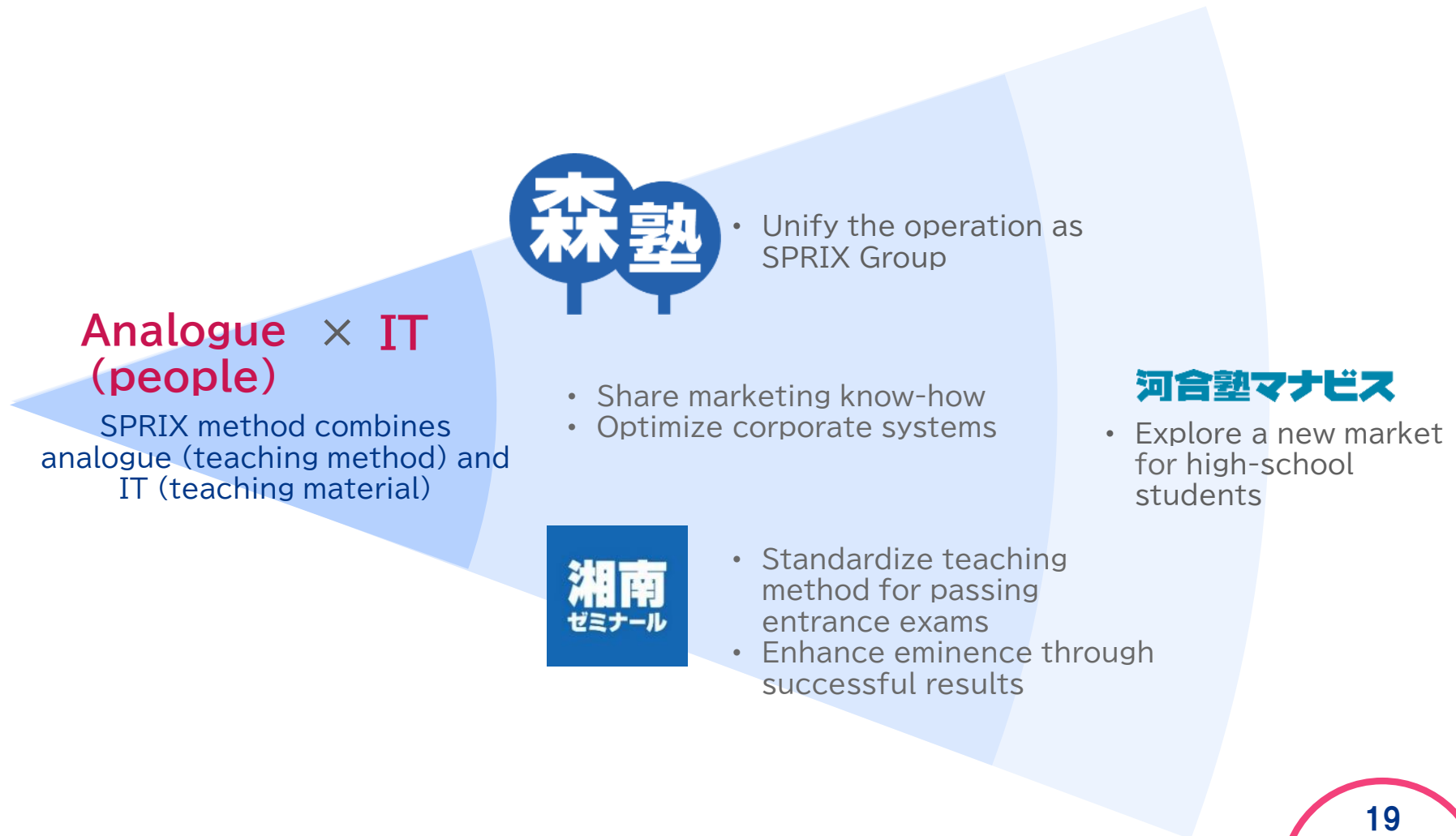
2-2. Significance of Shonan for SPRIX Group

Created a win-win relationship to successfully expand JUKU services as one Group

- Sharing a similar mission and vision
 - Collaborating since 2007 as trusted partners
 - Expanding accessible markets (i.e., from elementary to senior high-school students)
 - Offering various teaching styles (i.e., self-study, individual tutoring, group teaching, video)
- Efficient PMI and synergy
- Diversified JUKU portfolio



Unique SPRIX method is the key to further accelerate Shonan's JUKU services



2-3. Strategy for Shonan's further growth (2/2)

“SPRIX method” Profitable organic growth model combining analogue (people) and information technology (IT)

Students

System to organically increase students

Analogue

- ▶ Teacher's main role is to motivate students with fun
- ▶ Number of students increases by word of mouth

Analogue (people) × IT
SPRIX method

IT

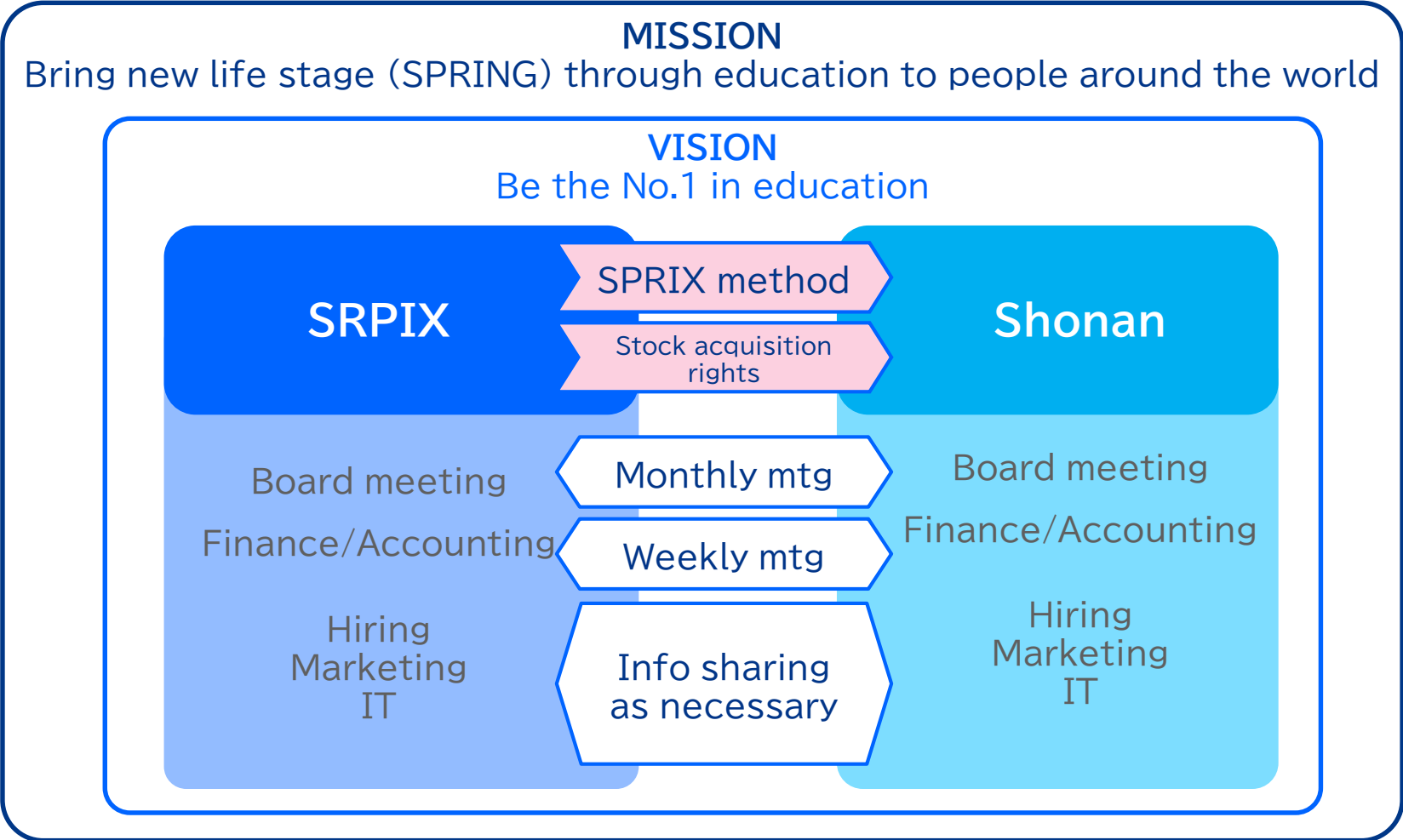
- ▶ Performance analysis of teachers
- ▶ Gathering big data for students' weak points
→ Timely development of teaching material, progress management, and behavioral analysis

Unit price

Low-cost operation to enable affordable tuition

2-4. Management as one SPRIX Group

As one SPRIX Group to pursue growth



Reference

(Reference) At a glance—SRPIX fact sheet

(million yen)	FY2018 (non-consolidated)	FY2019 (non-consolidated)	FY2020 (consolidated)	FY2021 (consolidated)	FY2022 1Q (3 months) (consolidated)
Net sales	10,451	11,410	11,843	25,901	7,537
Operating profit	2,467	2,741	1,787	2,437	1,269
EBITDA	2,569	2,851	1,937	3,385	1,547
Total assets	9,967	10,861	11,485	19,277	19,448
Net assets	6,469	7,642	8,091	8,864	9,285
Cash and cash equivalent at the end or the period	6,825	6,819	7,308	6,163	5,960
Equity ratio (%)	64.9	70.4	70.2	45.9	47.6
Operating profit margin (%)	23.6	24.0	15.0	9.4	16.8
EBITDA margin (%)	24.5	24.9	16.3	13.0	20.5

* Monetary amount is rounded down to the nearest 100 million yen, while percentage is rounded down to one decimal.

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