



FY2022 2Q Consolidated Financial Results

May 11, 2022

SPRIX **SPRIX Corp.**

(Prime market of TSE/Securities 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 2Q



First step toward expansion

Stable operating results

were achieved amid the pandemic,
even in the seasonally sluggish quarter of 2Q

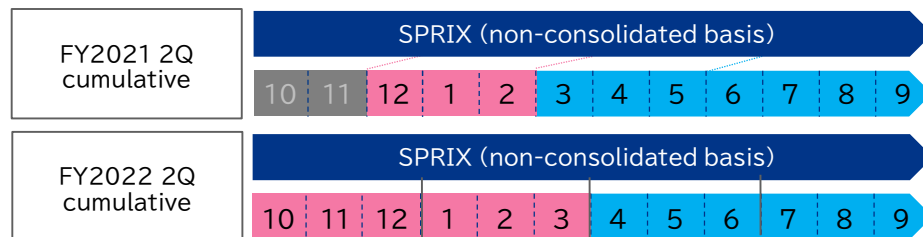
(Note) In this material, SPRIX, Ltd., the parent company on a non-consolidated basis, is referred to as “SPRIX,” and Shonan Seminar Co., Ltd., the subsidiary as “Shonan,” whereas “SPRIX Group” is referring to a company on a consolidated basis, including both SPRIX and Shonan.

Impact of consolidation—FY2021 2Q vs FY2022 2Q

Impact of consolidation of Shonan

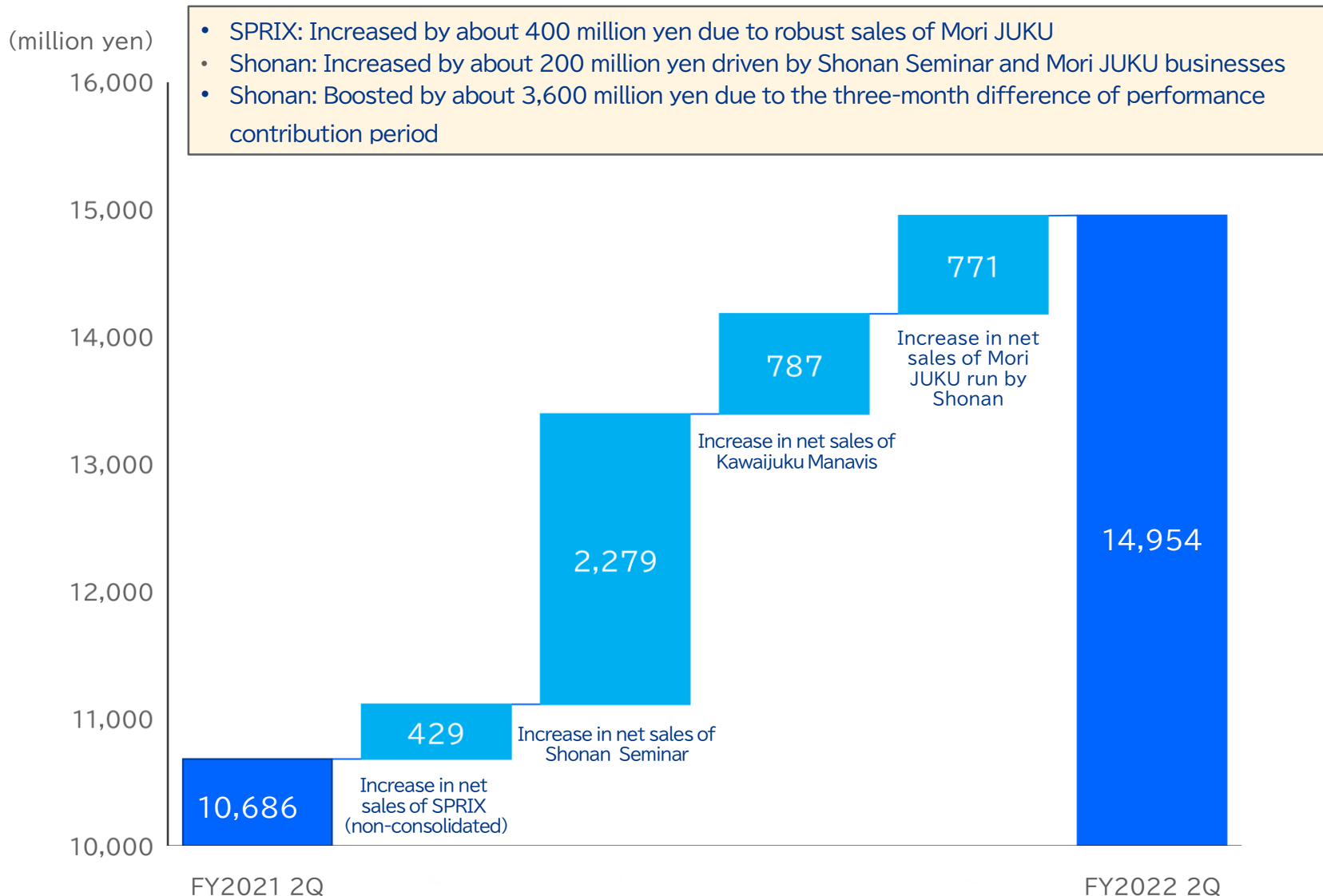
Fiscal year	Consolidation period	1Q	2Q	3Q	4Q								
FY2021	10 months	SPRIX (non-consolidated basis)											
		10	11	12	1	2	3	4	5	6	7	8	9
		Shonan (10 months)											
FY2022	12 months	SPRIX (non-consolidated basis)											
		10	11	12	1	2	3	4	5	6	7	8	9
		Shonan (12 months)											

FY2022 2Q cumulative (Oct 2021–Mar 2022)—Operating results

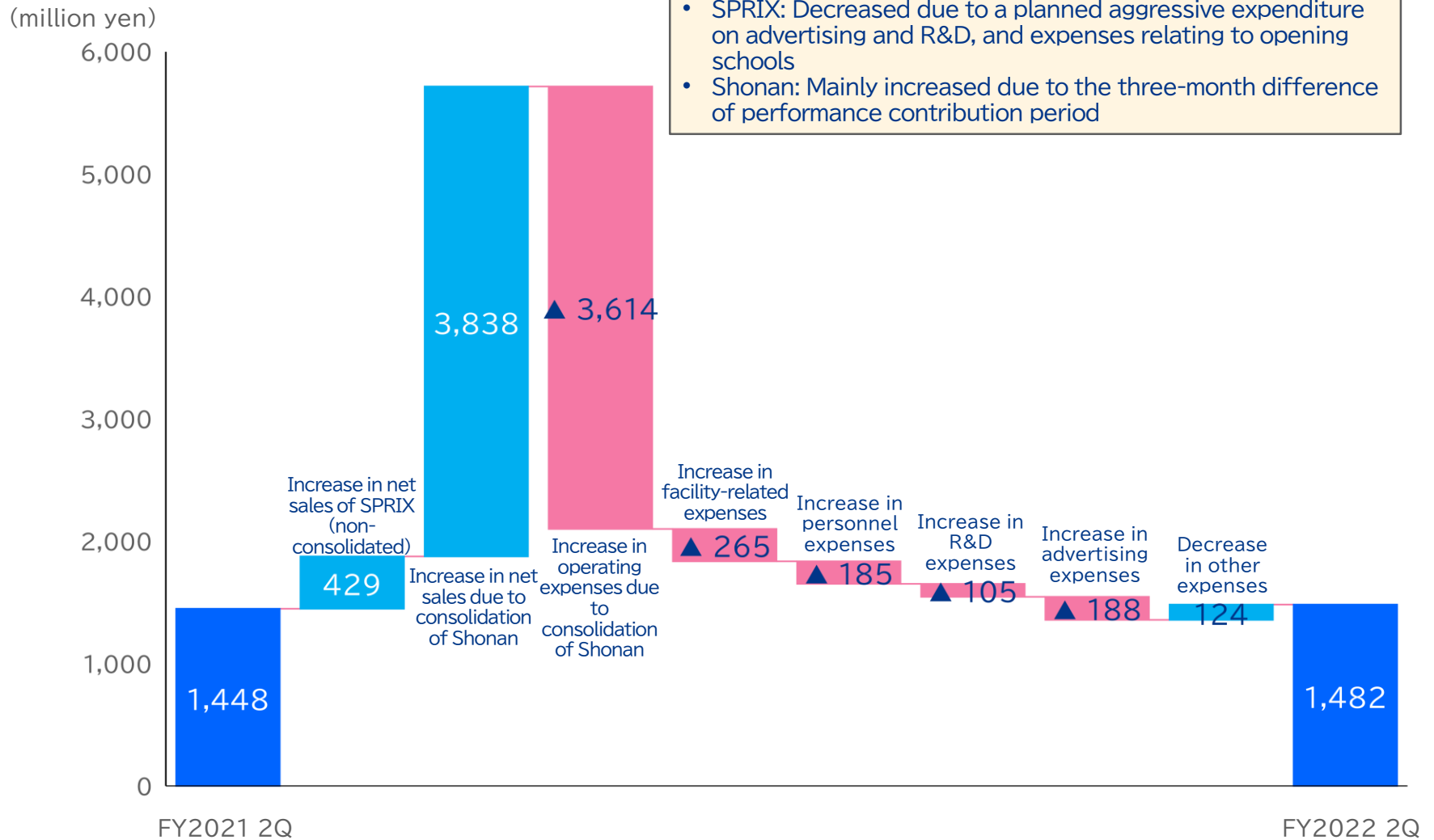


(million yen)	FY2021 2Q cumulative (actual)	FY2022 2Q cumulative (actual)	Change (%)	Reasons
Net sales	10,686	14,954	4,268 (+39.9%)	<p>Net sales</p> <ul style="list-style-type: none"> • SPRIX: Increased by about 400 million yen due to robust sales of Mori JUKU • Shonan: Increased by about 200 million yen driven by Shonan Seminar and Mori JUKU • Difference of performance contribution period: For FY2021 2Q, the scope of Shonan consolidation was limited to three months (Dec, Jan, Feb), while FY2022 2Q included six months (Oct–Mar). The three-month difference of performance contribution period boosted net sales in FY2022 2Q by some 3,600 million yen <p>Operating profit</p> <ul style="list-style-type: none"> • SPRIX: Declined by about 200 million yen due to a planned aggressive expenditure on advertising and R&D, and expenses relating to opening schools • Shonan: Mainly increased by about 200 million yen due to the three-month difference of performance contribution period
Operating profit (margin, %)	1,448 (13.6%)	1,482 (9.9%)	34 (+2.3%)	
EBITDA (margin, %)	1,752 (16.4%)	2,042 (13.7%)	+290 (+16.5%)	
Profit attributable to owners of parent (margin, %)	927 (8.7%)	922 (6.2%)	Δ5 (Δ0.6%)	

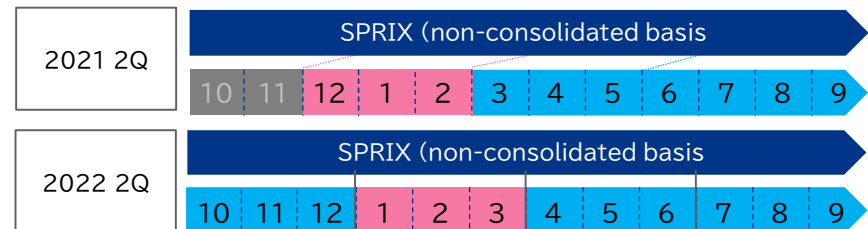
FY2022 2Q (cumulative) Net sales—Attribution analysis (Year on Year)



FY2022 2Q (cumulative) Operating profit—Attribution analysis (Year on Year)



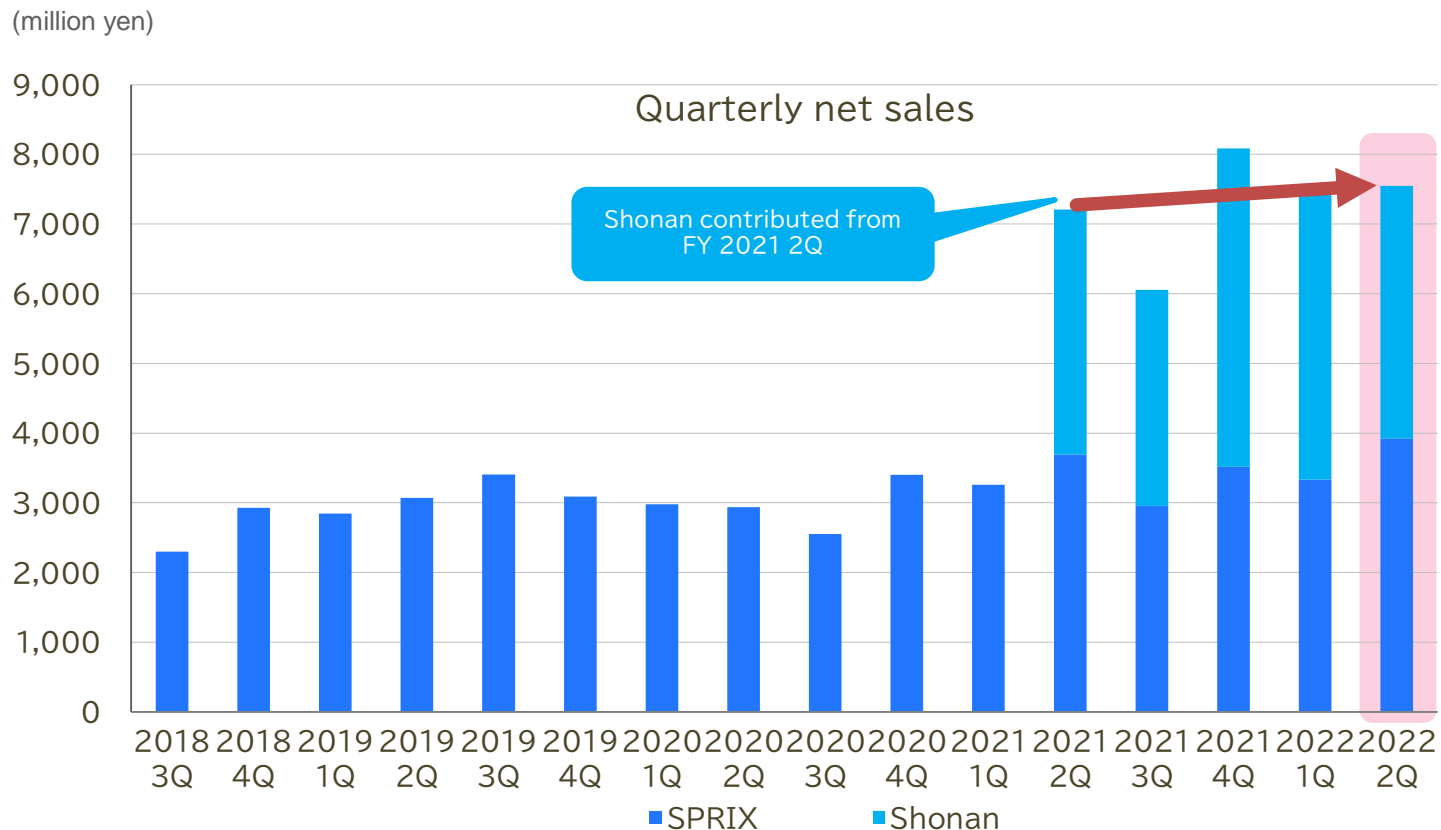
FY2022 2Q (Jan–Mar 2022)—Operating results



(million yen)	FY2021 2Q (actual)	FY2022 2Q (actual)	Change (%)	Reasons
Net sales	7,453	7,417	△36 (△0.5%)	<ul style="list-style-type: none"> JUKU industry is generally sluggish in 2Q (Jan–Mar), compared to the busy season in 1Q (Oct–Dec) During FY2022 2Q, the quasi-state of emergency was declared in most of the areas SPRIX Group operates in
Operating profit (margin, %)	705 (9.5%)	213 (2.9%)	△492 (△69.8%)	<p>Net sales</p> <ul style="list-style-type: none"> SPRIX: Increased by about 200 million yen due to robust sales of Mori JUKU, offset by declining sales growth of teaching materials, which had enjoyed special demand last year Shonan: Sales dropped by some 200 million yen mainly due to the difference of performance contribution month in FY2021 2Q, in which March, a slow month, was scoped out and December, a busy month, was scoped in
EBITDA (margin, %)	978 (13.1%)	495 (6.7%)	△483 (△49.4%)	<p>Operating profit</p> <ul style="list-style-type: none"> SPRIX: Declined by about 150 million yen due to a planned aggressive expenditure on advertising and R&D Shonan: Declined by about 100 million yen partly due to an upfront purchase made for Mori JUKU run by Shonan Shonan: Decreased by another 250 million yen due to the difference of performance contribution month
Profit attributable to owners of parent (margin, %)	424 (5.7%)	111 (1.5%)	△313 (△73.8%)	

FY2022 2Q Quarterly net sales

- Consolidated sales in FY2022 2Q increased slightly year-on-year due to the robust JUKU business
- SPRIX's healthy sales were driven by Mori JUKU, offset by the slower sales of teaching materials, which enjoyed special demand last year
- Shonan's sales increased slightly driven by Shonan Seminar and Mori JUKU



(Note) Above figures represent the operating performance of SPRIX and Shonan before offsetting intercompany transactions. As a result, the aggregate amounts differ from the consolidated net sales.

FY2022 2Q Quarterly operating profit

- Consolidated operating profit remained in surplus, even under circumstances where the quasi-state of emergency was declared in most of the areas that SPRIX Group operates in
- Operating profit of SPRIX decreased due to a planned aggressive expenditure on advertising and R&D, and an increase in facility-related expenses for the opening of new schools
- Shonan registered a small red as planned, as 2Q is generally a sluggish period



(Note) Above figures represent the operating performance of SPRIX and Shonan before offsetting intercompany transactions. As a result, the aggregate amounts differ from the consolidated operating profit.

FY2022 2Q Progress to latest consolidated forecasts

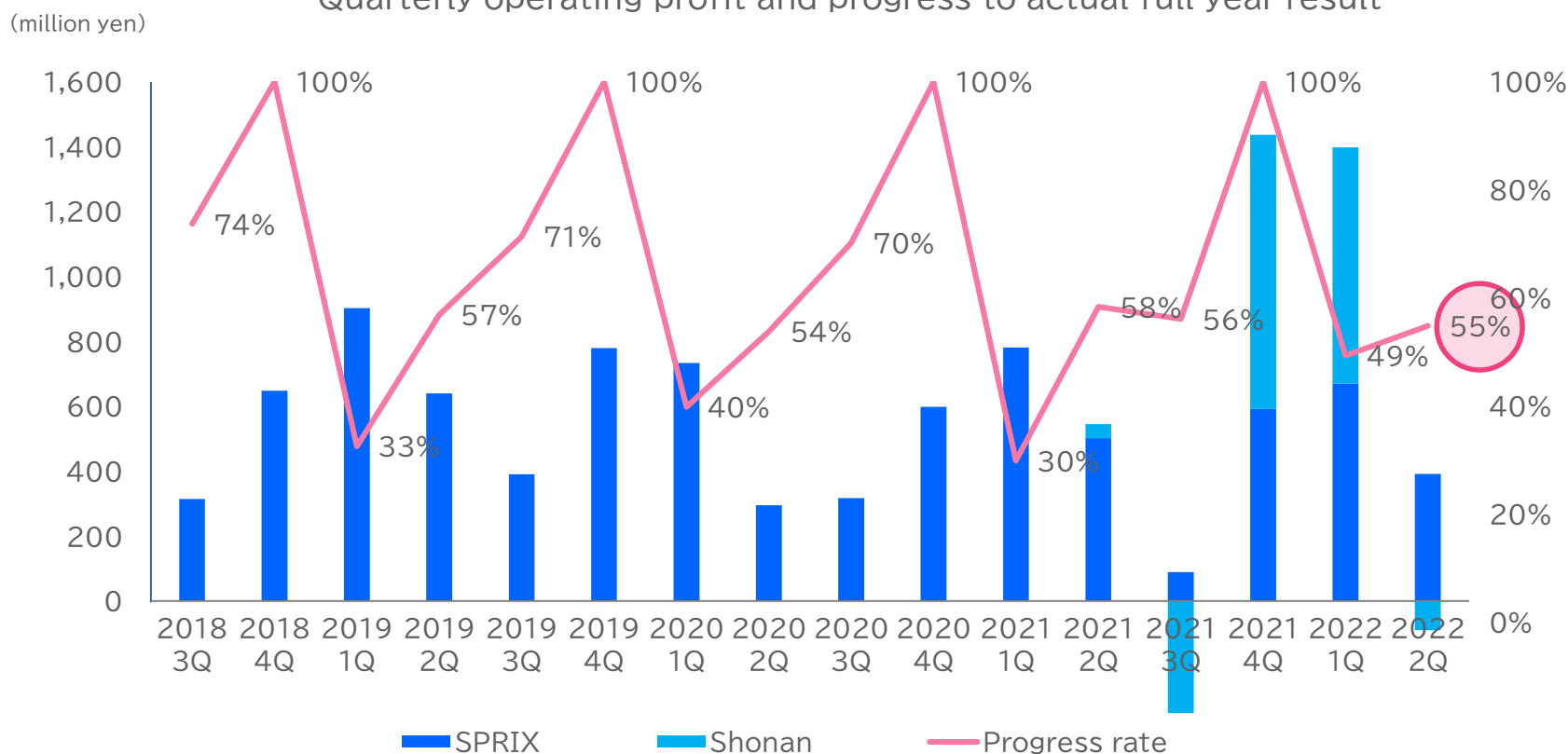
- Both net sales and operating profit showed stable progress
- SPRIX proactively invested in advertising and R&D as planned
- Initial forecasts for FY2022 remain unchanged

(million yen)	FY2022 (forecast)	FY2022 2Q (actual)	Progress to forecast (%)
Net sales	29,546	14,954	50.6%
Operating profit (margin, %)	2,699 (9.1%)	1,482 (9.9%)	54.9%
EBITDA (margin, %)	3,917 (13.3%)	2,042 (13.7%)	52.1%
Profit attributable to owners of parent (margin, %)	1,755 (5.9%)	922 (6.2%)	52.5%

FY2022 2Q Operating profit—Seasonality trend

- Consolidated operating profit trends in line as planned (FY2022 1Q 49%→FY2022 2Q 55%)
- Progress rate of SPRIX' s operating profit is historically in the range of 50–60%
- Shonan earns the majority of its profit in 1Q and 4Q (July–Dec), while showing a trend of significant decline in 2Q and 3Q (Jan–June)
- JUKU businesses usually become dull in 2Q and 3Q (Jan–June)







Quarterly operating profit and progress to actual full year result



(Note) Above figures represent the operating performance of SPRIX and Shonan before offsetting intercompany transactions. As a result, the aggregate amounts differ from the consolidated operating profit.







FY2022 2Q Segment information (Oct 2021–Mar 2022)

- JUKU services of SPRIX Group remained healthy
- SPRIX Group continued to expand business domains (i.e., individual and group tutoring as well as video sessions) as well as targeted customers (i.e., elementary/junior high/high school students)

(Million yen)	Net sales	Segment profit	Major topics
	7,436	1,809	<ul style="list-style-type: none"> • Business remained robust even amid the pandemic • Net sales and operating profit at Mori JUKU run by Shonan also showed stable growth
	4,734	764	<ul style="list-style-type: none"> • Business remained robust even amid the pandemic • Lower SG&A thanks to operation improvement under SPRIX Group
	1,384	35	<ul style="list-style-type: none"> • Number of classes taken per student was sluggish, despite a strong growth in the number of students • Promotion activities for a newly opened school in Okayama are underway to attract more students
Other   	1,480	△52	<ul style="list-style-type: none"> • Consists of educational service (e.g., Foresta, Tokyo Dance Village), JUKU services not classified in the reportable segments (e.g., Sora, RED), and R&D expenses for new businesses • Invested aggressively in R&D for new businesses and conducted advertising activities

(Note) Segment information is provided from FY2022.

FY2022 Planned initiatives by segment

		FY2022 (forecast)
		<ul style="list-style-type: none"> Opened nine schools in the Tokyo metropolitan area as of the end of FY2022 2Q New! Will open six more schools by the end of FY2022
		<ul style="list-style-type: none"> Opened three schools in February 2022 New! Plan 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"> Opened a school in Okayama in February 2022 New!
Other		<ul style="list-style-type: none"> Sora JUKU won the NO.1 in the number of students enrolled in online individual tutoring cram schools *1 New!
		<ul style="list-style-type: none"> Opened 16 schools as of the end of FY 2022 2Q New! Will open 28 more schools by the end of FY2022 (total # of schools at the end of FY2022 will be 208)
		<ul style="list-style-type: none"> Launched Foresta Plus, a teaching material for tablet computers
	その他	<ul style="list-style-type: none"> Released CBT (computer based testing) for schools Hiroyuki Tsuneishi, the Representative Director and President of the Company, released a book titled "The Way to Accomplish (<i>Nashitogeru Chikara</i>)" which won the NO.2 best seller in business book category *2 New!

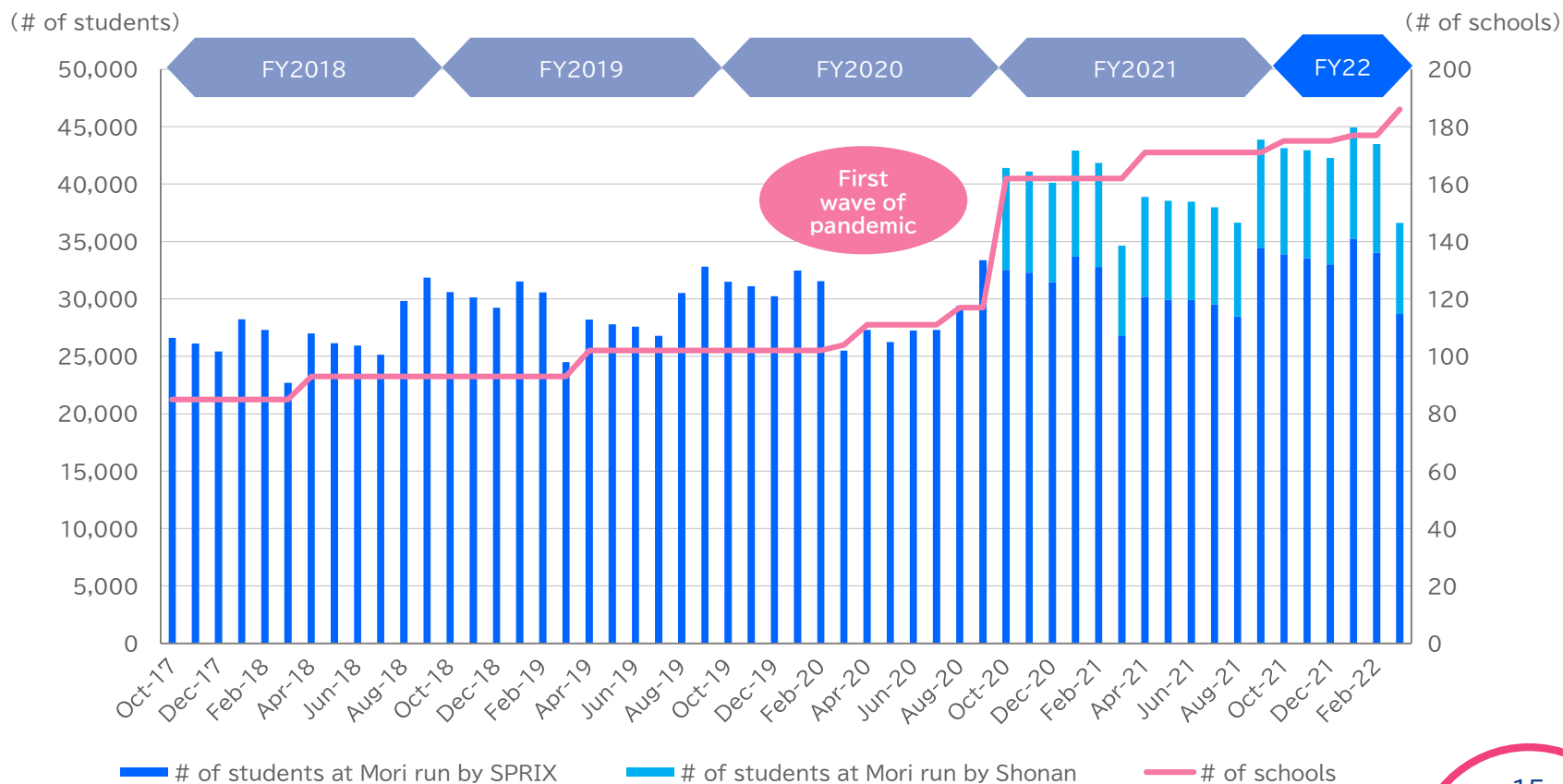
*1 Based on the survey conducted by Japan Marketing Research Organization, Inc.

*2 Sales ranking of several bookstores in Tokyo for specific weeks during February and March

(Reference) Number of students/schools—Mori JUKU

- Despite the quasi-state of emergency declared in most of the areas SPRIX Group operates in, the number of students remained resilient, as the number of drop-out students did not grow as much as the decline seen in the growth of number of enrollments
- Amid the business expansion phase of SPRIX Group, number of students per school is trending down slightly

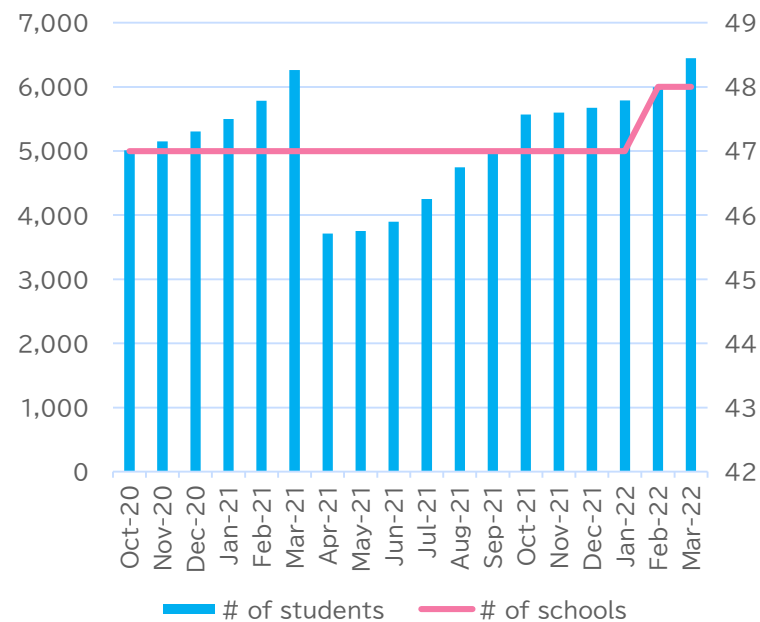
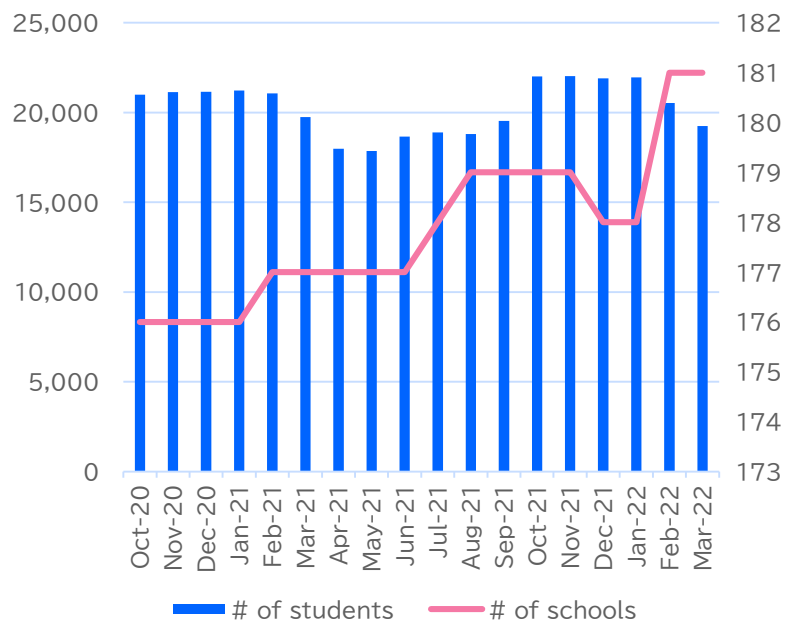
of students/schools at Mori JUKU



(Reference) Number of students/schools—Shonan Seminar and Kawaijuku Manavis

(# of students) # of students and schools (# of schools) (# of students) # of students and schools (# of schools)

(Shonan Seminar) (Kawaijuku Manavis)



FAQs from investors

- Q1. How can 60,000 Mori JUKU students be achieved by FY2025?
- Q2. How do R&D and advertising contribute to SPRIX' s growth?
- Q3. What' s the plan for increasing market share for senior high-school students?

Q1. How can 60,000 Mori JUKU students be achieved by FY2025?

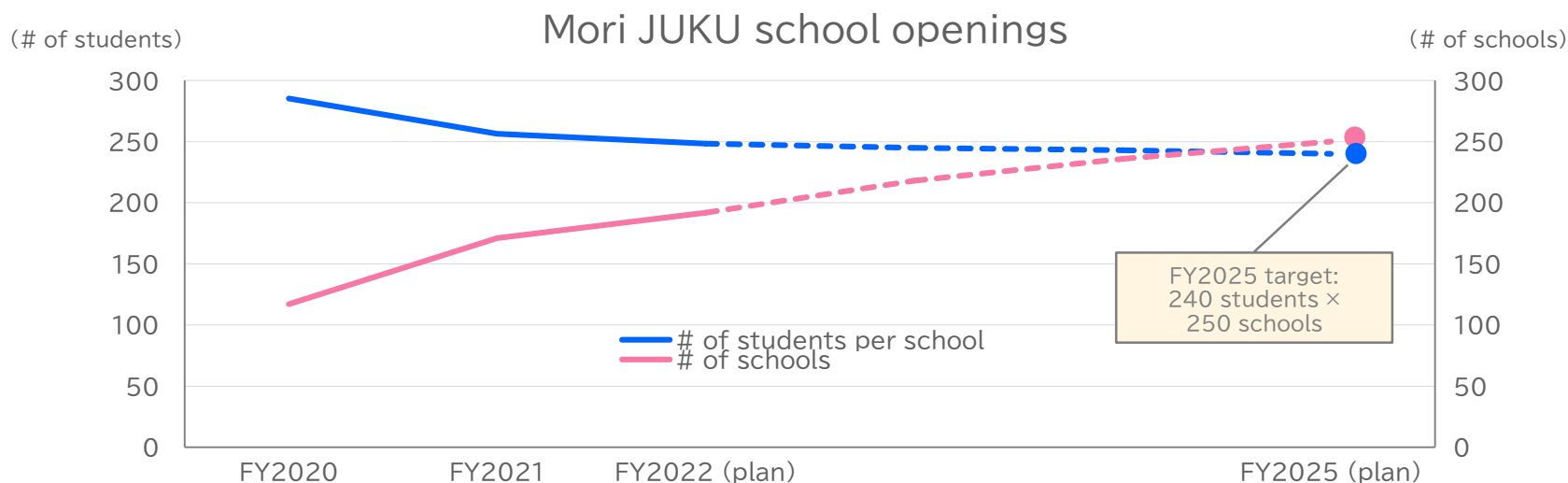
A1. 60,000 students will be achieved by constant opening of new schools

Number of schools

- Will maintain the school opening pace at some 20 schools per year, thereby reaching 250 by the end of FY2025
- Will explore new areas, including Osaka, thanks to SPRIX method adaptable throughout Japan
- Hiring and retaining full-time employees as school principals are essential for the success

Number of students per school

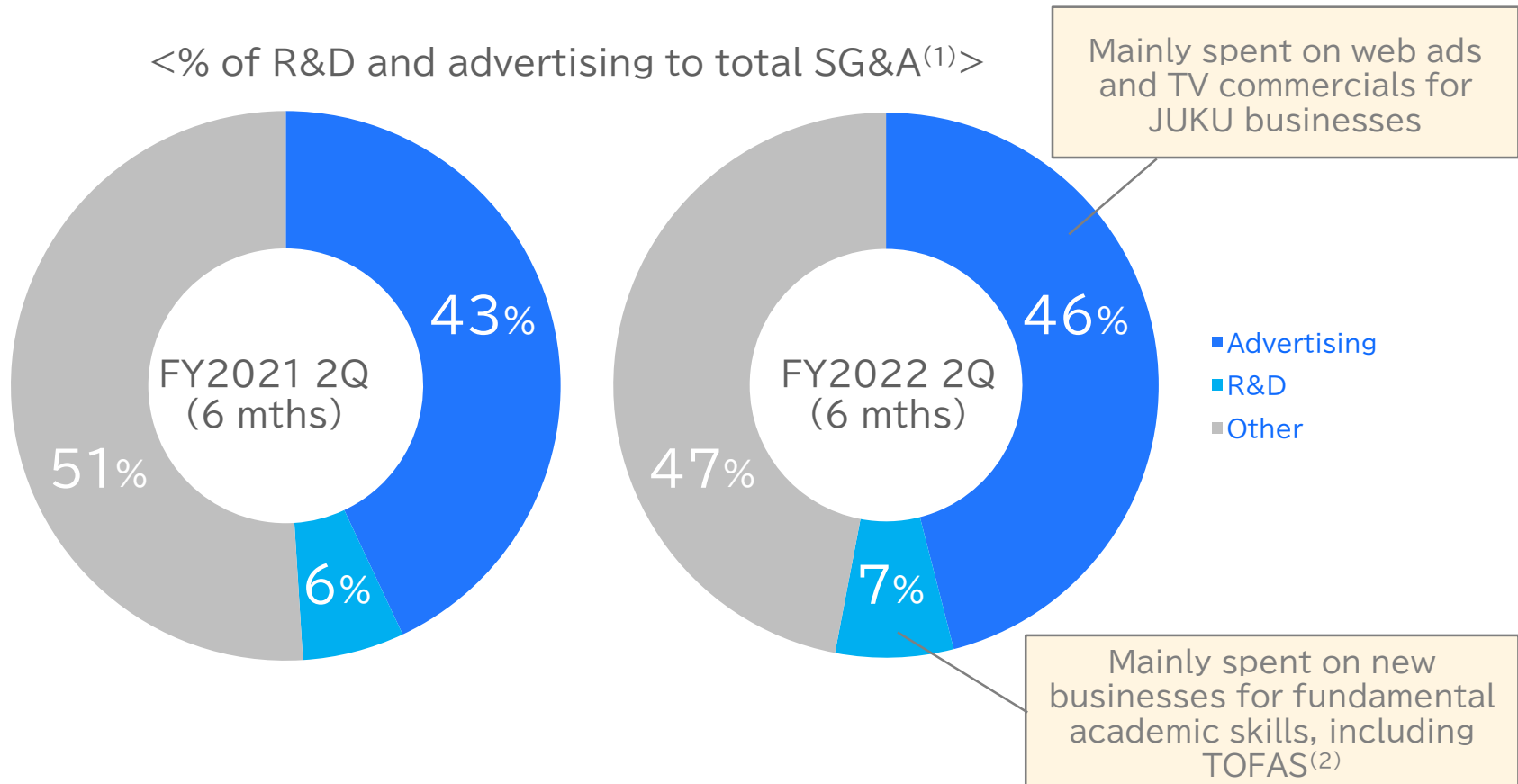
- Although seeing a slight downward trend as more schools are opened in the metropolitan area, Mori JUKU has maintained the level of some 240 students per school even during the COVID pandemic
- Expecting a reversing trend when the pandemic slows down and Mori JUKU succeeds in full-scale operation of senior high-school classes



(Note) # of schools are on a consolidated basis for FY2021 and after.

Q2. How do R&D and advertising contribute to SPRIX's growth?

A2. R&D and advertising are two wheels of a cart for SPRIX's growth: advertising is mainly for Mori JUKU and other JUKU businesses; and R&D for new businesses developing fundamental academic skills



(Note 1) Percentage to SG&A is calculated based on a consolidated basis for both FY2021 2Q and FY2022 2Q.

(Note 2) TOFAS stands for Test of Fundamental Academic Skills, providing proficiency tests for fundamental academic skills.

Q2. How do R&D and advertising contribute to SPRIX's growth?

A2. Advertising is spent not only on flow content but also on stock content to continuously attract customers. This strategy is containing the number of students per school to slide even during the hard time of COVID-19

Flow content

Web ads can gain short spike of traffic

- Listing/display ads

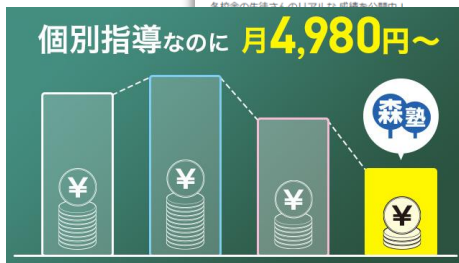
[Web ads]

広告・https://www.morijuku.com/

【公式】個別指導なら森塾・森塾は、個別指導で安心の授業料

1科目20点UPの成績保証が大評判。各校舎の生徒さんのリアルな成績を公開中。1ヶ月無料体験受付中。1科目から受講可能。満席に近い校舎多数。お急ぎください！ 価格の全国184校舎・対象：小学生～高校生・森塾：公式サイト・Web限定キャンペーンも。 9 付近に20か所

» お近くの校舎を探す



[Banner ads]

Stock content

Contents are built up, expected to attract customers over a longer period

- SEO/MEO measures
- Media exposure
- Brand site renewals

[Brand site renewals]

[YouTube channel]

Attract prospect customers

Q3. What's the plan for increasing market share for senior high-school students?

A3. Will build up know-how through various new business channels to accelerate the development of senior high-school student market

Expanding senior high-school classes



- RED newly opened senior high-school classes in **March 2022**
- Will also leverage Shonan's know-how to teach high school students

New measures

河合塾マナビス

- Kawaijuku Manavis, a group company of Kawaijuku, is one of JUKU brands offered by SPRIX Group from **December 2020**
- Specializes in collage entrance exams for senior high-school students
- Offers on-demand video classes hosted by most popular tutors at Kawaijuku with face-to-face support of advisors

河合塾

- Kawaijuku, a school corporation and also the parent of Kawaijuku Manavis, is one of the leading Japanese prep schools for college entrance exams
- SPRIX entered into a business partnership with Kawaijuku in **April 2022**
- Will jointly develop teaching material for JUKU targeting senior high-school students, with an aim to launch in 2023

(Reference) At a glance–SRPIX fact sheet

(million yen)	FY2018 (non-consolidated)	FY2019 (non-consolidated)	FY2020 (consolidated)	FY2021 (consolidated)	FY2022 2Q (6 months) (consolidated)
Net sales	10,451	11,410	11,843	25,901	14,954
Operating profit	2,467	2,741	1,787	2,437	1,482
EBITDA	2,569	2,851	1,937	3,385	2,042
Total assets	9,967	10,861	11,485	19,277	19,374
Net assets	6,469	7,642	8,091	8,864	9,399
Cash and cash equivalent at the end or the period	6,825	6,819	7,308	6,163	6,079
Equity ratio (%)	64.9	70.4	70.2	45.9	48.4
Operating profit margin (%)	23.6	24.0	15.0	9.4	9.91
EBITDA margin (%)	24.5	24.9	16.3	13.0	13.7

Reference

SPRIX