

The background of the slide features a close-up, shallow depth-of-field photograph of a white spiral-bound notebook. The notebook is open, showing lined pages. Scattered across the pages are several light pink, petal-like shapes, possibly dried flower petals. A green pencil lies horizontally across the bottom right portion of the notebook. The overall lighting is soft and warm, with a yellowish-orange glow in the upper left corner.

FY2022 3Q Consolidated Financial Results

August 9, 2022

SPRIX

SPRIX, Ltd.

(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 3Q



Amid the seasonally sluggish third quarter

**Operating results centered
around Mori JUKU business
are on track**

Impact of consolidation—FY2021 3Q vs FY2022 3Q

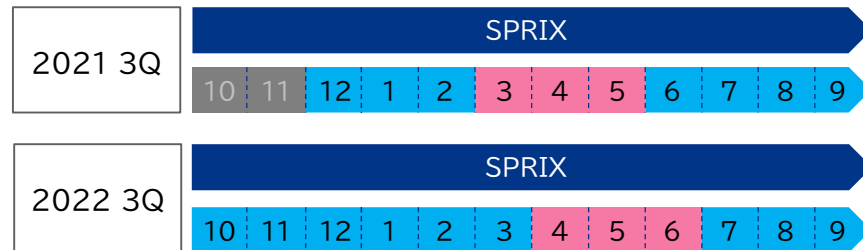
[Impact of the consolidation of Shonan]

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

(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.

FY2022 3Q (Apr–Jun 2022)—Operating results

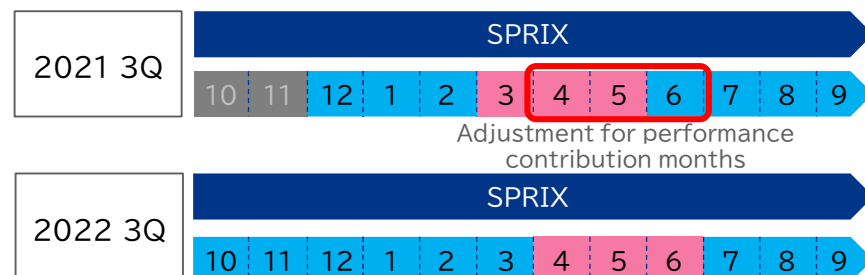
- JUKU industry is generally sluggish in 3Q (Apr–Jun) right before summer sessions start in July
- Operating results are on track, centered around Mori JUKU business
- Shonan's 3Q results are still affected by the difference of performance contribution months, impacting the year-on-year comparison on a consolidated basis



(million yen)	FY2021 3Q (actual)	FY2022 3Q (actual)	Change (%)	Reasons
Net sales	6,160	6,154	-6 (-0.1%)	<p>Net sales</p> <ul style="list-style-type: none"> • SPRIX: Increased about 200 million yen due to robust sales of Mori JUKU • Shonan: Dropped by some 200 million yen mainly for the difference of performance contribution month in FY2021 3Q, in which March, a relatively strong month, was included and June, one of the slowest months, was excluded for consolidation purposes <p>Operating profit</p> <ul style="list-style-type: none"> • SPRIX: Increased 100 million yen, as advertising expenses on TV commercials in FY2021 3Q no longer occurred in FY2022 3Q • Shonan: Dropped by some 300 million yen mainly due to the difference of performance contribution months in FY2021 3Q as stated above
Operating profit (margin, %)	-56 (-0.9%)	-270 (-4.4%)	-214 (-%)	
EBITDA (margin, %)	219 (3.6%)	14 (0.2%)	-205 (-93.6%)	
Profit attributable to owners of parent (margin, %)	-139 (-2.3%)	-180 (-2.9%)	-41 (-%)	

(Reference) FY2022 3Q (Apr–Jun 2022)—Operating results after adjusting performance contribution months

- After adjusting performance contribution months for Shonan, April–June period saw a gain in both net sales and profit for FY2022 3Q

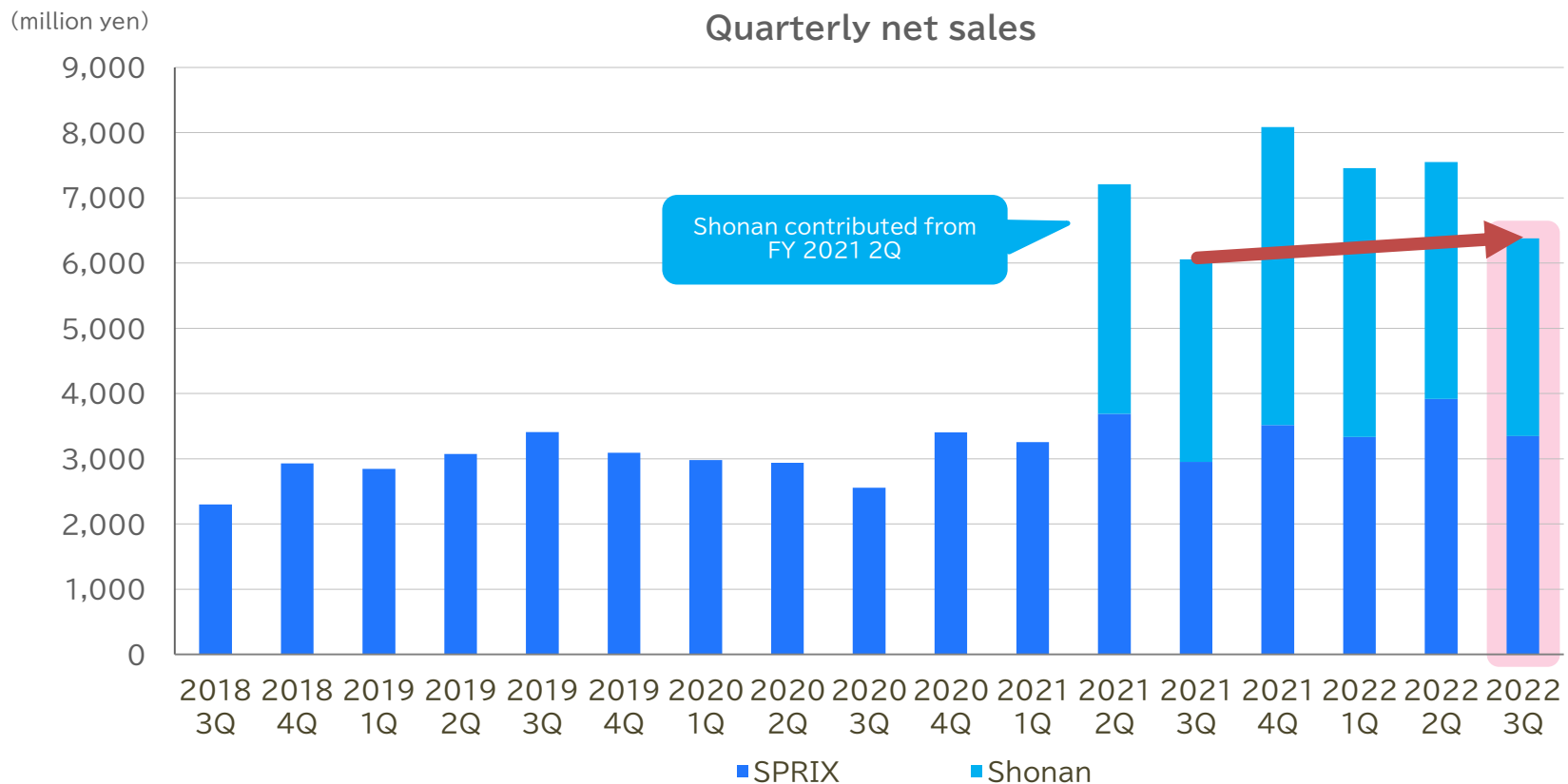


(million yen)	FY2021 3Q (actual after adjustment*)	FY2022 3Q (actual)	Change (%)	Reasons
Net sales	5,927	6,154	+227 (+3.8%)	<ul style="list-style-type: none"> +200 million yen from Mori JUKU (of which 170 million gain is from SPRIX-run Mori JUKU)
Operating profit (margin, %)	-335 (-5.6%)	-270 (-4.4%)	+65 (-%)	<ul style="list-style-type: none"> +100 million yen as advertising expense decreased in FY2022 3Q -50 million yen due to an increase in R&D investment
EBITDA (margin, %)	-60 (-1.0%)	14 (0.2%)	+74 (+123.3%)	

(Note*) Actual results after adjusting performance contribution months:
Amount represents FY2021 3Q operating results, adjusted by Shonan's monthly operating results by subtracting March and adding June of 2021 to make April–June results comparable between FY2021 3Q and FY2022 3Q.

FY2022 3Q Quarterly net sales

- Robust Mori JUKU business contributed to a year-on-year increase in net sales on both consolidated and non-consolidated basis
- **SPRIX:** Gain was mostly attributable to Mori JUKU
- **Shonan:** Healthy growth was also seen in Mori JUKU run by Shonan, but Shonan Seminar and Kawaijuku Manavis businesses remained flat



(Note) Above figures represent the operating performance of SPRIX and Shonan before offsetting intercompany transactions for the same quarter period. Note that the aggregate amounts differ from the consolidated net sales.

FY2022 3Q Quarterly operating profit

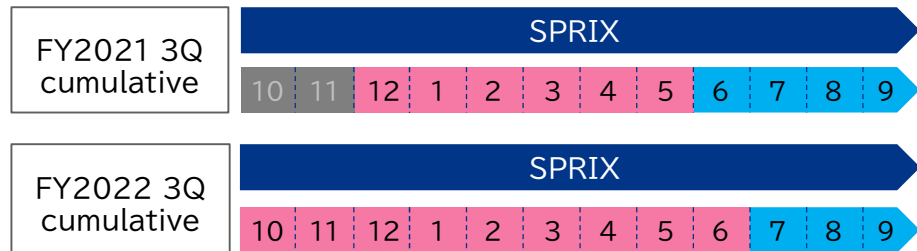
- **SPRIX:** Aggressive R&D investment continued as planned in FY2022 3Q, but was offset by a one-time big advertising expense on TV commercials in FY2021 3Q that was no longer recorded in FY2022 3Q
- **Shonan:** Operating loss improved in FY2022 3Q thanks to PMI measures introduced by SPRIX to reduce costs and optimize human resource



(Note) Above figures represent the operating performance of SPRIX and Shonan before offsetting intercompany transactions for the same quarter period. Note that the aggregate amounts differ from the consolidated net sales.

FY2022 3Q cumulative (Oct 2021–Jun 2022)—Operating results

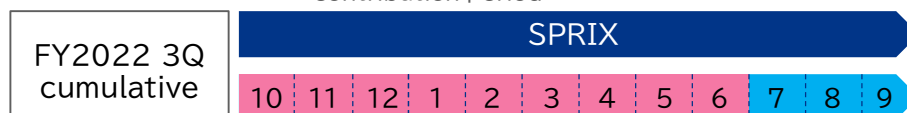
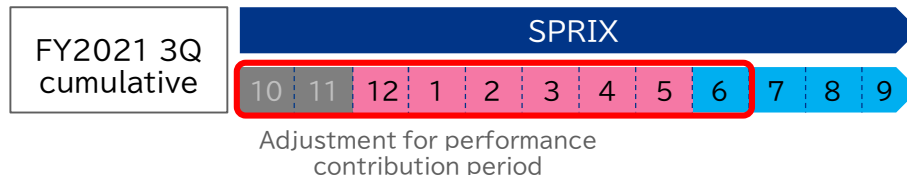
- Operating results are on track, centered around Mori JUKU business
- Shonan's 3Q cumulative results are still affected by the three-month difference of performance contribution period, impacting the year-on-year comparison on a consolidated basis



(million yen)	FY2021 3Q cumulative (actual)	FY2022 3Q cumulative (actual)	Change (%)	Reasons
Net sales	16,846	21,109	+4,263 (+25.3%)	<p>Net sales</p> <ul style="list-style-type: none"> SPRIX: Increased by some 700 million yen, comprising 600 million yen from Mori JUKU and another 100 million yen from other businesses Shonan: Mori JUKU run by Shonan mainly contributed to 200 million yen of sales increase Shonan: In FY2021 3Q, the scope of Shonan consolidation was limited to six months (Dec–May), while FY2022 3Q was for nine months (Oct–Jun). The three-month difference of performance contribution period boosted net sales in FY2022 3Q by some 3,400 million yen <p>Operating profit</p> <ul style="list-style-type: none"> SPRIX: Aggressive R&D investment for new businesses as planned contributed to 200 million yen decrease in operating profit Shonan: Operating profit increased by 30 million yen due to Shonan's three-month difference of performance contribution period
Operating profit (margin, %)	1,392 (8.3%)	1,211 (5.7%)	-181 (-13.0%)	
EBITDA (margin, %)	1,972 (11.7%)	2,057 (9.7%)	+85 (+4.3%)	
Profit attributable to owners of parent (margin, %)	788 (4.7%)	741 (3.5%)	-46 (-6.0%)	

(Reference) FY2022 3Q cumulative (Oct 2021–Jun 2022)— Operating results after adjusting performance contribution period

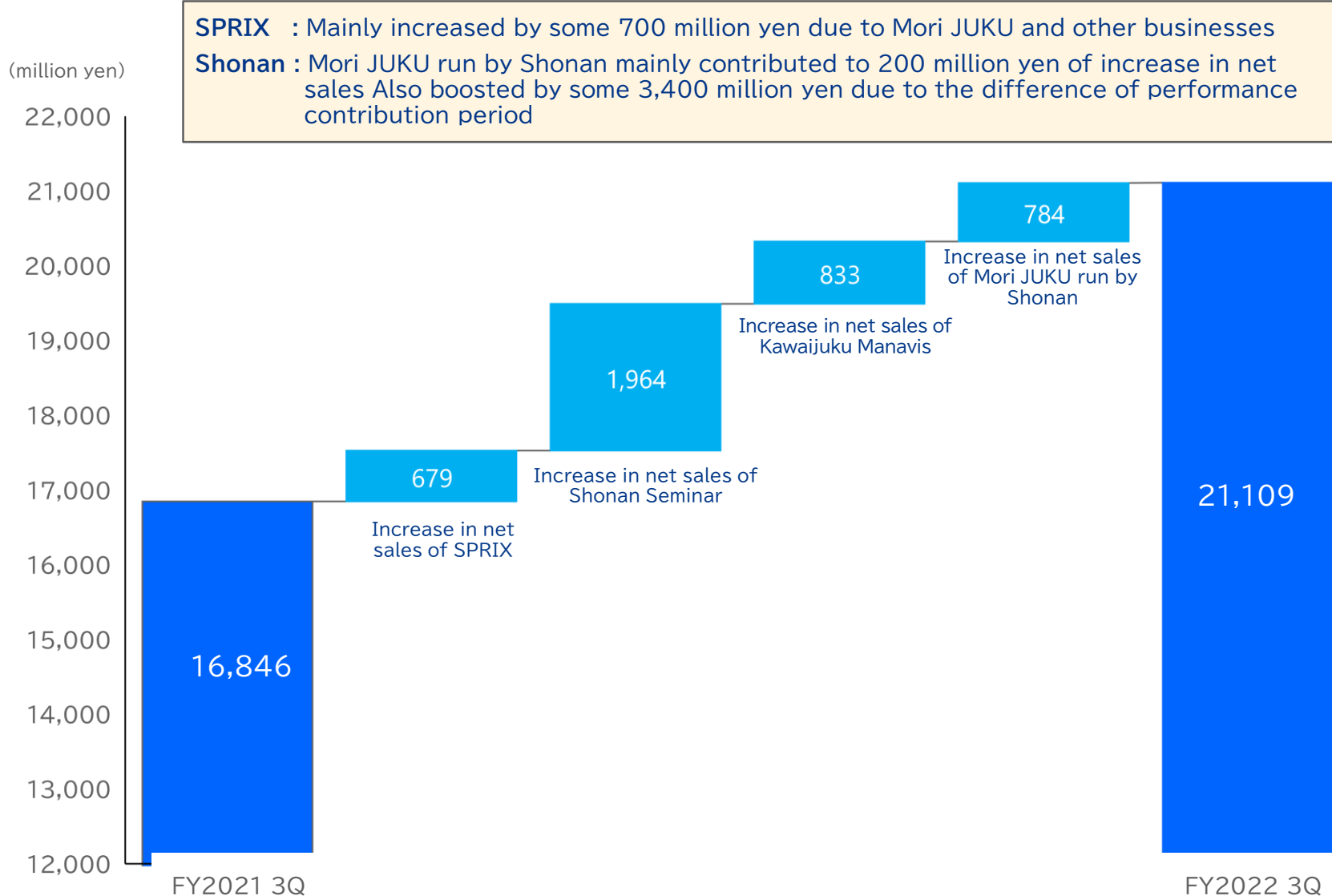
- After adjusting performance contribution period for Shonan, net sales over the October–June period increased year-on-year
- Operating profit leveled off after recording amortization of goodwill and aggressively investing in R&D
- EBITDA gained year-on-year



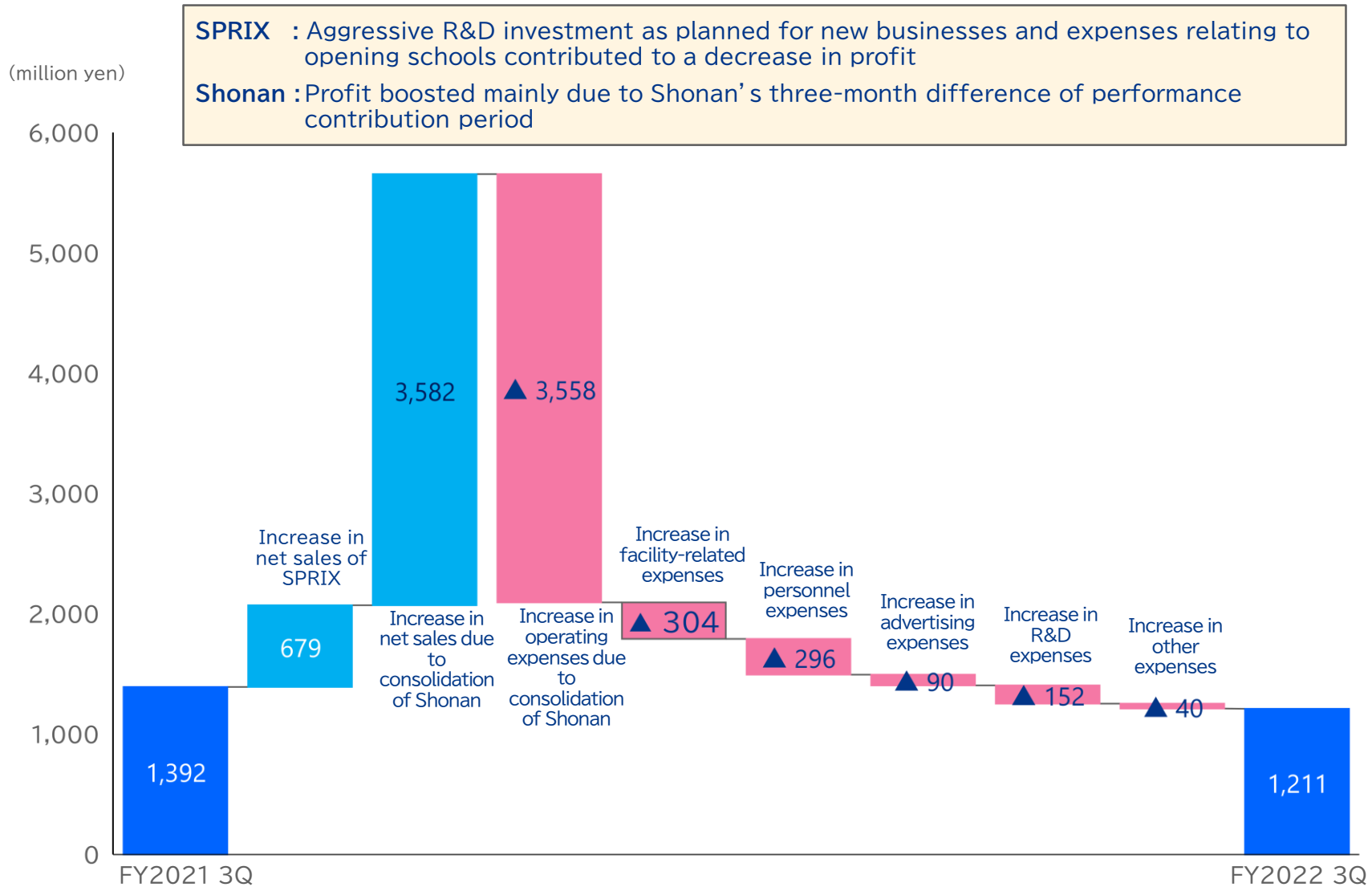
(million yen)	FY2021 3Q cumulative (actual after adjustment*)	FY2022 3Q cumulative (actual)	Change (%)	Reasons
Net sales	20,226	21,109	+883 (+4.4%)	<ul style="list-style-type: none"> • +700 million yen from Mori JUKU (of which 600 million gain is from SPRIX-run Mori JUKU) • +150 million yen from other businesses
Operating profit (margin, %)	1,213 (6.0%)	1,211 (5.7%)	-2 (-0.2%)	<ul style="list-style-type: none"> • -140 million of goodwill amortization is offset by Mori JUKU profit
EBITDA (margin, %)	1,921 (9.5%)	2,057 (9.7%)	+136 (+7.1%)	<ul style="list-style-type: none"> • Profitable after adding back amortization of goodwill

(Note*) Actual results after adjusting performance contribution period:
Amount represents FY2021 3Q cumulative operating results, adjusted by Shonan's monthly operating results by adding Shonan's October and November 2020 results as well as June 2021 results to make the nine months from October to June comparable between FY2021 3Q and FY2022 3Q.

FY2022 3Q (cumulative) Net sales—Attribution analysis (Year-on-Year)









FY2022 3Q (cumulative) Operating profit—Attribution analysis (Year-on-Year)









FY2022 3Q Segment information (Oct 2021–Jun 2022)

- JUKU services, especially Mori JUKU, remained robust even amid the pandemic
- Generally, other services were also in line with the plan

(Million yen)	Net sales	Segment profit	Major topics
	10,642	2,341	<ul style="list-style-type: none"> • Business remained robust even amid the pandemic • Mori JUKU run by Shonan also showed stable growth, contributing to an increase in net sales and profit
	6,397	607	<ul style="list-style-type: none"> • Opening new schools was held back, while making the business more effective with SPRIX • SG&A expenses were decreased by streamlining operation thanks to successful PMI
	2,129	124	<ul style="list-style-type: none"> • Opening new schools was held back, while making the business more effective with SPRIX • Even though the number of students increased, average number of lessons taken by students decreased, putting pressure on profit
Other   	2,035	-155	<ul style="list-style-type: none"> • Foresta sales were down due to the reversal of special demand relating to the textbook revision seen last year • Sora JUKU started to record meaningful sales number • Invested aggressively in R&D for new businesses and conducted advertising activities as planned • Implemented cost reduction measures through PMI

(Note) Segment information is provided from FY2022.

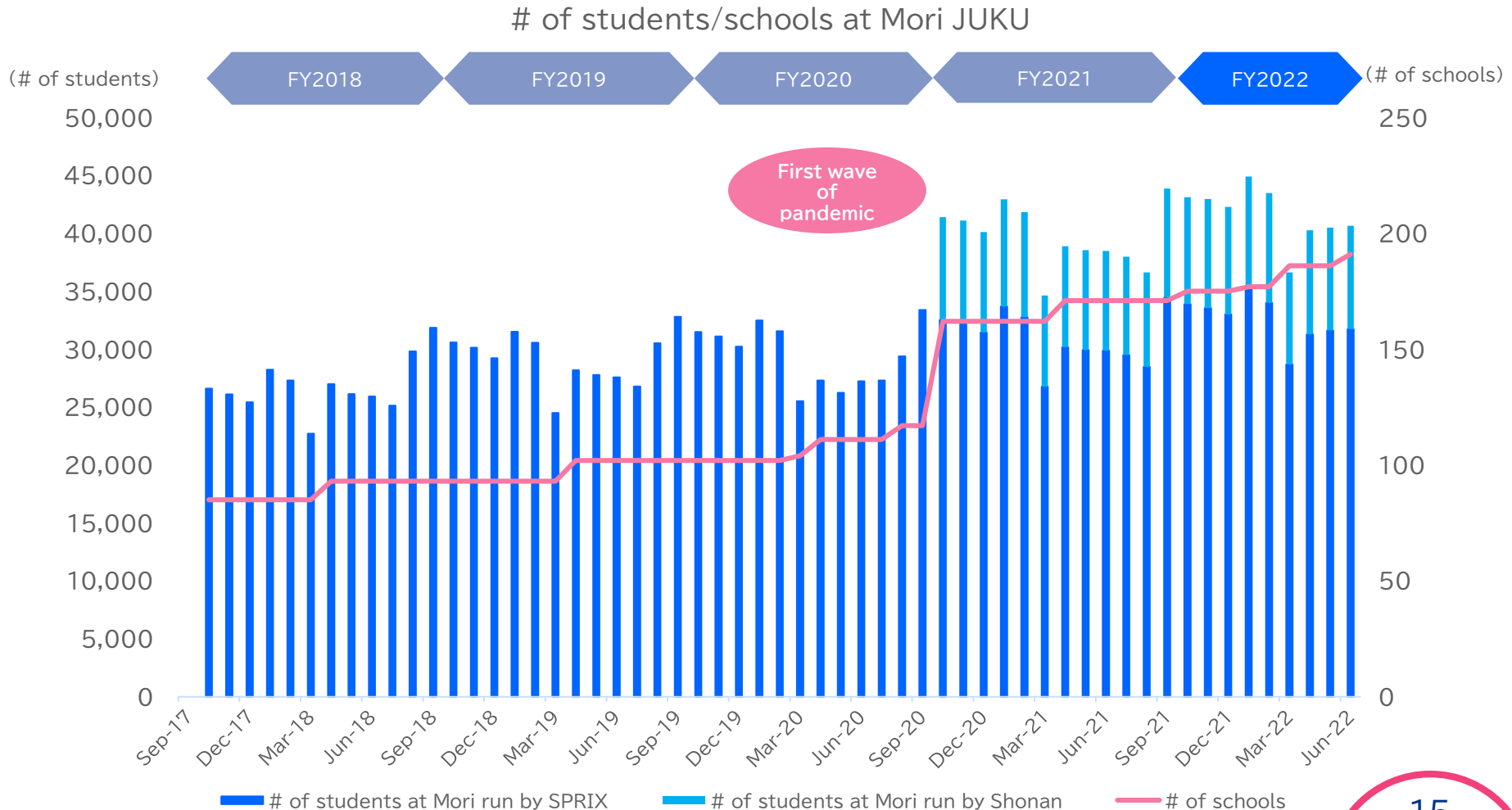
FY2022 Planned initiatives by segment

		FY2022
		<ul style="list-style-type: none"> Opened nine schools in the Tokyo metropolitan area in FY 2022 2Q Opened another seven schools in the Tokyo metropolitan area in FY2022 3Q New!
		<ul style="list-style-type: none"> Opened three schools in February 2022 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
Other		<ul style="list-style-type: none"> Organized a collaborative online event with a popular middle-school-kid YouTuber A famous TV program featured Sora JUKU New!
		<ul style="list-style-type: none"> Self-study RED won the largest number of students among cram schools using AI-based tablets * Will open 20 more schools by the end of FY2022 (total # of schools at the end of FY2022 will be 200 or more) New!
		<ul style="list-style-type: none"> Entered into an outsourcing agreement with Kawaijuku, one of the leading Japanese prep schools for college entrance exams, to develop learning materials for high school students New!
	Others	<ul style="list-style-type: none"> Number of the venues for Programming Proficiency Test topped 2,000 as of the end of June 2022 New!

* Based on the survey conducted by JMRO, Inc.

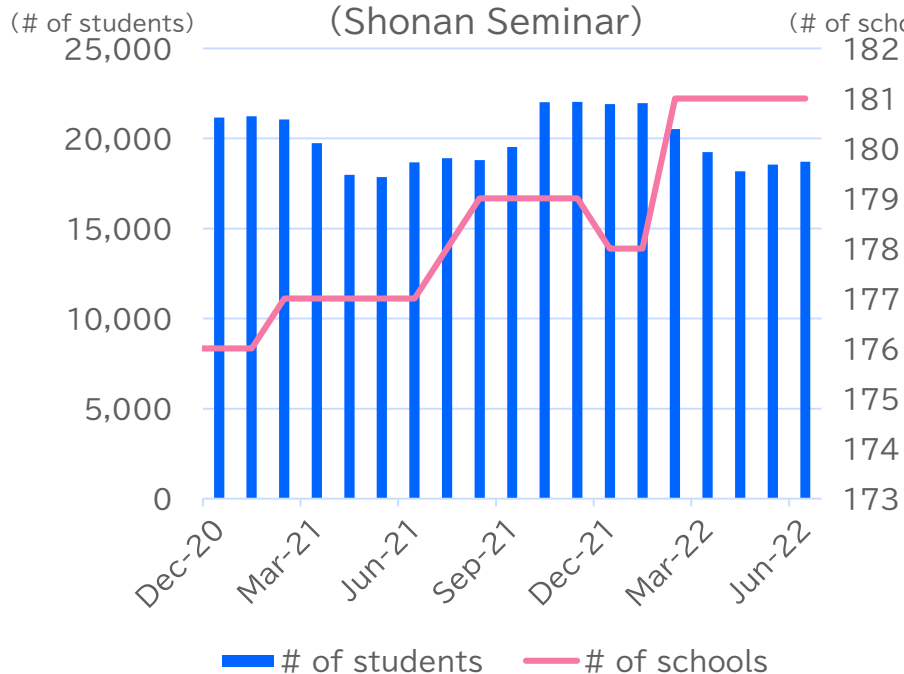
(Reference) Number of students/schools—Mori JUKU

- Opened seven new schools in June 2022 (1 in Tokyo, 2 in Saitama, 1 in Ibaraki, 2 in Tochigi)
- Accomplished the target of opening new schools for FY2022 (191 schools as of the end of June 2022)
- Number of students rose steadily after the new semester started in April 2022

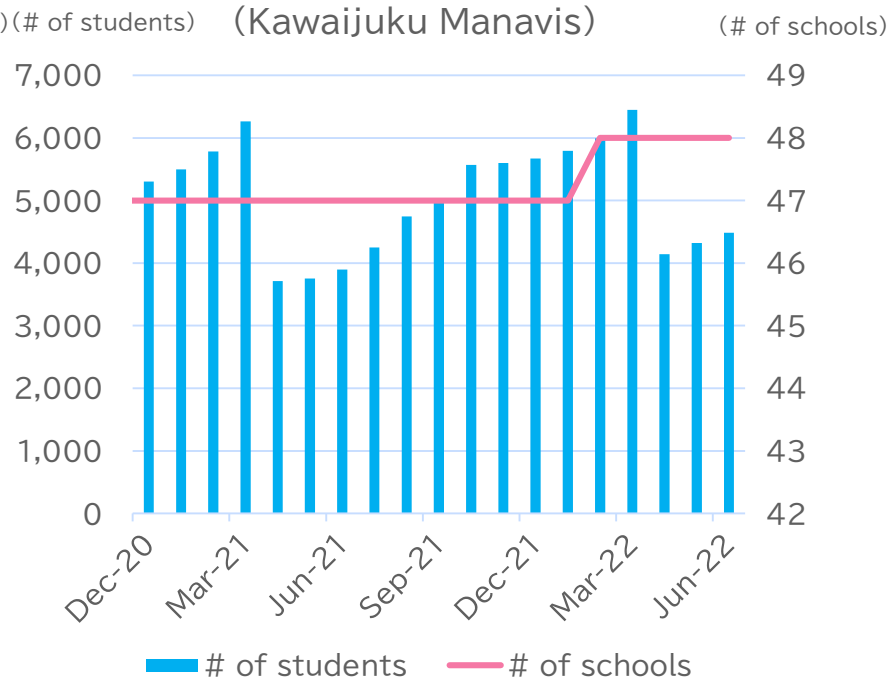


(Reference) Number of students/schools—Shonan Seminar and Kawaijuku Manavis

of students and schools (Shonan Seminar)



of students and schools (Kawaijuku Manavis)



2

Full-year forecasts and 3Q progress

1. FY2022 3Q: Progress to initial full-year forecasts
2. Full-year forecasts to be achieved
3. Fluctuation in operating profit

1. FY2022 3Q: Progress to initial full-year forecasts

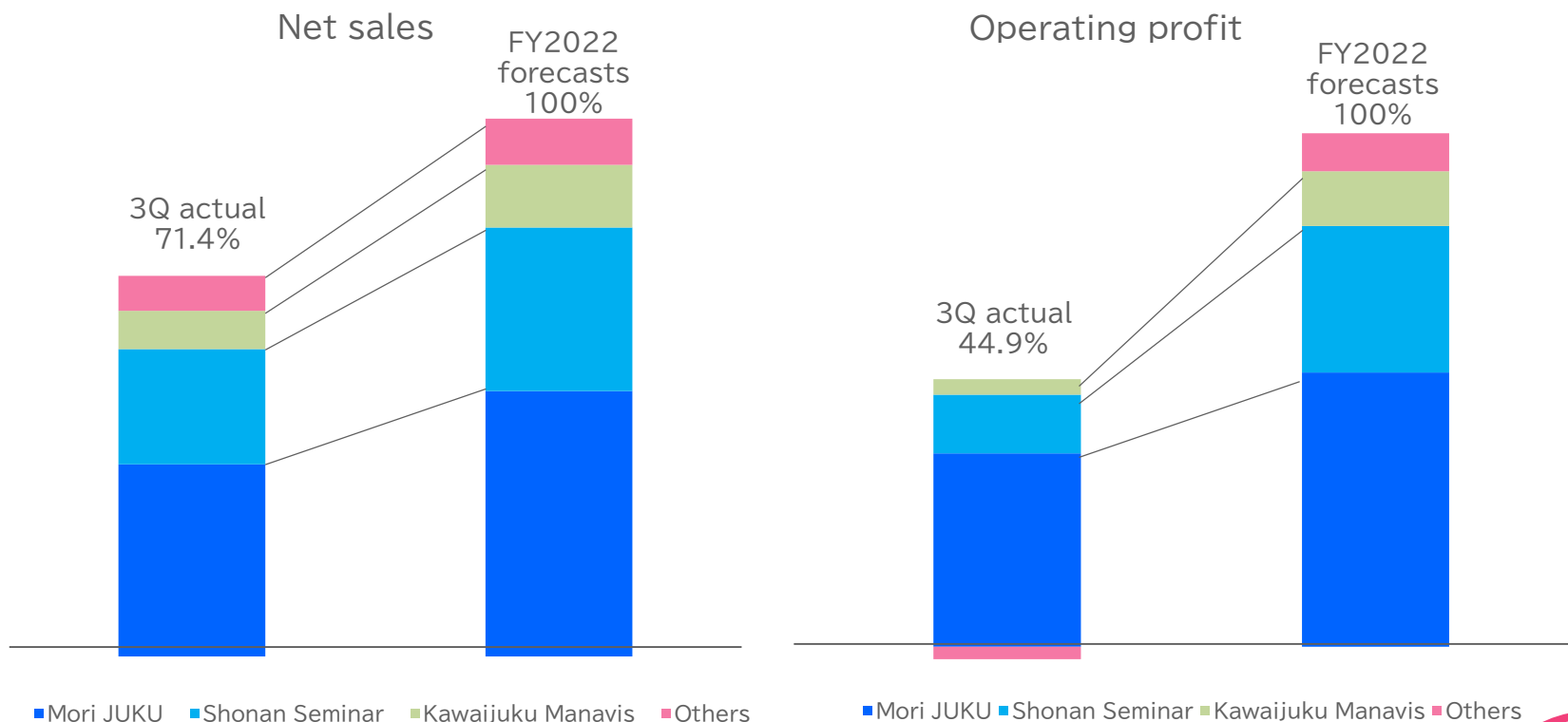
- Both net sales and operating profit are running in line with the plan
- Initial full-year forecasts remain unchanged

(million yen)	FY2022 (Forecast)	FY2022 3Q (Actual)	Progress to forecast (%)
Net sales	29,546	21,109	71.4%
Operating profit (margin, %)	2,699 (9.1%)	1,211 (5.7%)	44.9%
EBITDA (margin, %)	3,917 (13.3%)	2,057 (9.7%)	52.5%
Profit attributable to owner of parent (margin, %)	1,755 (5.9%)	741 (3.5%)	42.2%

2. Full-year forecasts to be achieved

- Net sales are largely in line with the plan
- Operating profit is expected to reach the initial forecast by the end of FY2022 4Q due to the following: Shonan Seminar and Kawaijuku Manavis generally see a boost in profit in the final quarter; and the aggressive R&D expenditure up to 3Q will slow down in 4Q

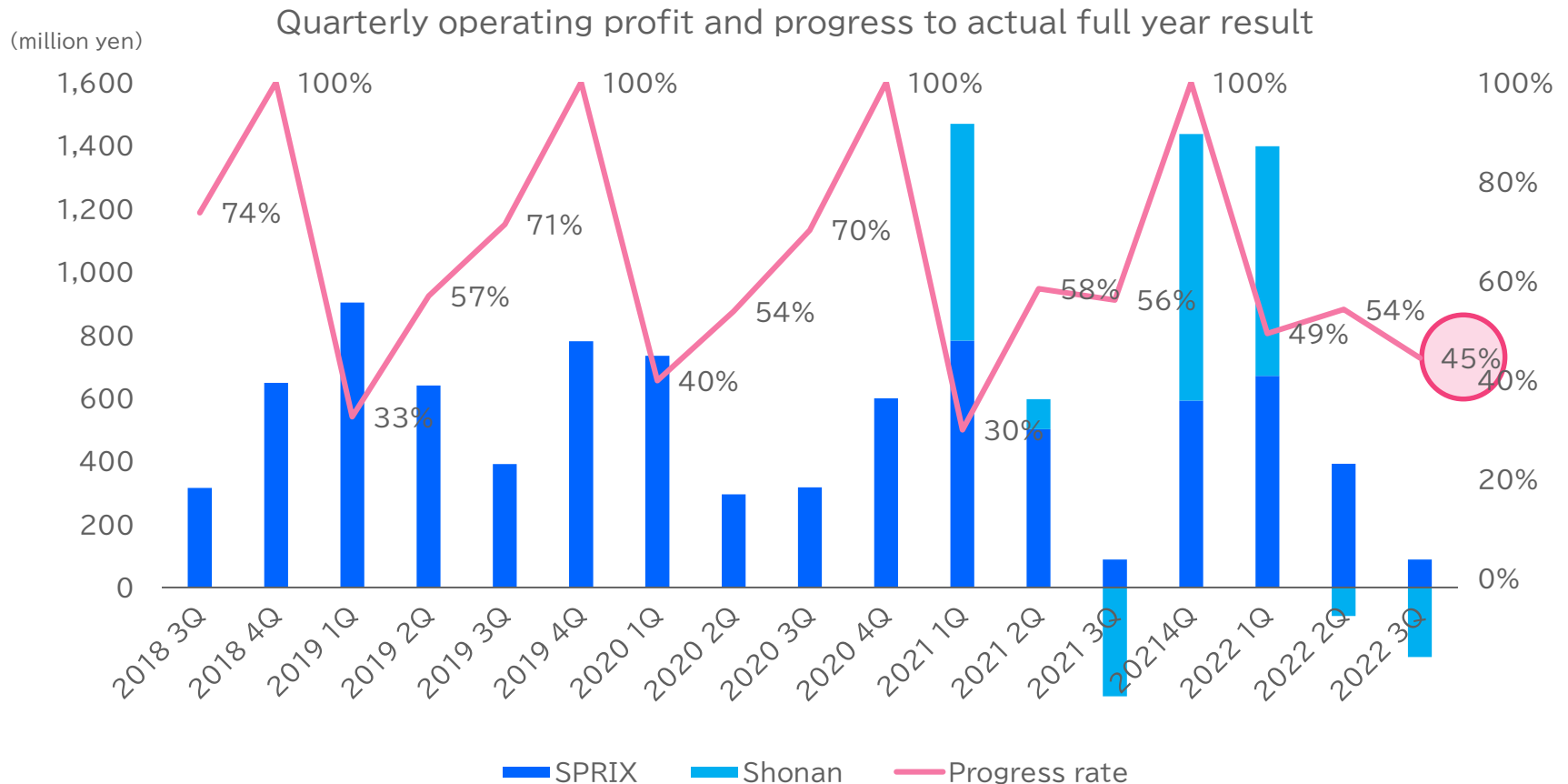
3Q actual results and progress to initial forecasts



(Note) "Other" includes businesses related to Foresta, RED, Sora JUKU, and Tokyo Dance Village.

3. Fluctuation in operating profit

- Majority of operating profit is recorded in 1Q and 4Q due to seasonality in JUKU business
- Seasonality trend became more intense after Shonan joined in SPRIX Group

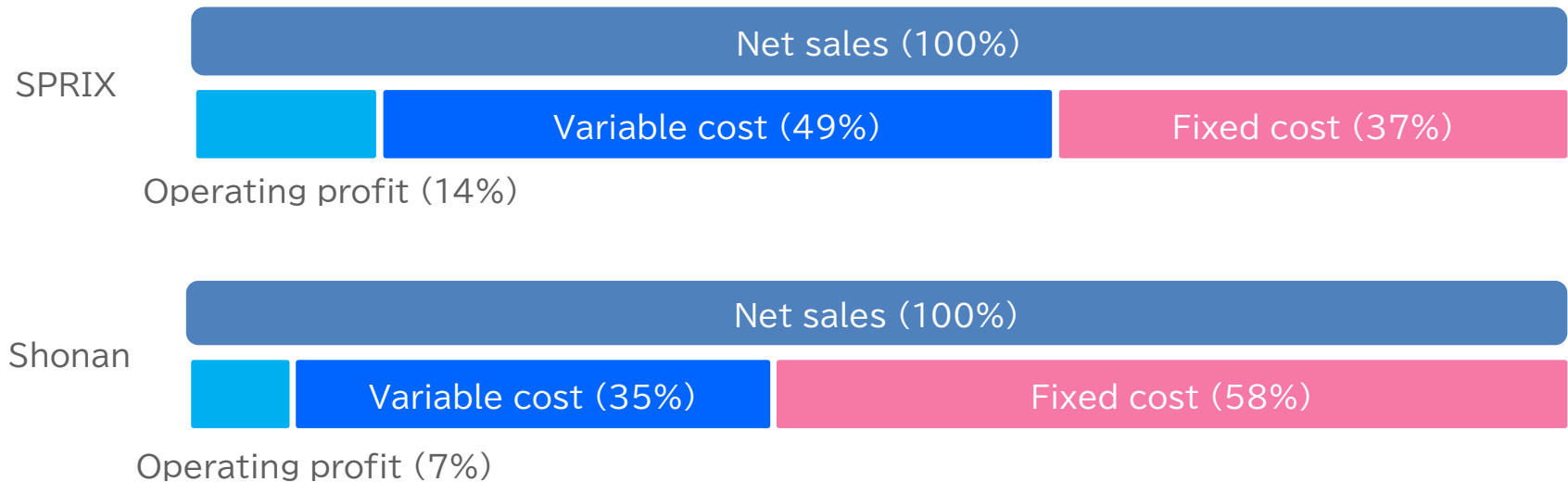


(Note) Above figures represent the operating performance of SPRIX and Shonan before offsetting intercompany transactions for the same quarter period. Note that the aggregate amounts differ from the consolidated net sales.

3. Fluctuation in operating profit

- SPRIX and Shonan have a different cost structure: variable cost ratio is higher at SPRIX; and fixed cost ratio is higher at Shonan
- Shonan, with higher fixed cost ratio, generally experiences higher volatility in profit compared to SPRIX, as sales fluctuate over the year due to seasonality in JUKU business (i.e., strong in 1Q and 4Q, while sluggish in 2Q and 3Q)

[Difference of cost structure between SPRIX and Shonan]



(Note) The figures for both SPRIX and Shonan presented above are calculated based on operating results from October 2020 to September 2021.

(Reference) At a glance—SPRIX fact sheet

(million yen))	FY2018 (non-consolidated)	FY2019 (non-consolidated)	FY2020 (Consolidated)	FY2021 (consolidated)	FY2022 3Q (9 months) (consolidated)
Net sales	10,451	11,410	11,843	25,901	21,109
Operating profit	2,467	2,741	1,787	2,437	1,211
EBITDA	2,569	2,851	1,937	3,385	2,057
Total assets	9,967	10,861	11,485	19,277	17,445
Net assets	6,469	7,642	8,091	8,864	8,899
Cash and cash equivalent at the end of the period	6,825	6,819	7,308	6,163	4,976
Equity ratio (%)	64.9	70.4	70.2	45.9	50.8
Operating profit margin (%)	23.6	24.0	15.0	9.4	5.74
EBITDA margin (%)	24.5	24.9	16.3	13.0	9.7

SPRIX