

The background features a spiral-bound notebook with lined pages. Scattered across the pages are several light pink rose petals. A green pencil lies horizontally across the bottom right of the notebook. The overall scene is set against a warm, orange-toned background.

# FY2022

## Consolidated Financial Results

(October 1, 2021 to September 30, 2022)

November 11, 2022

**SPRIX** **SPRIX, Ltd.**

(Prime market of TSE/Securities code: 7030)

## MISSION

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

## VISION

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Be the No.1 in education

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# Operating Results

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## Record-high net sales and profits as planned

thanks to SRPIX' s healthy organic growth and the PMI effect on Shonan Seminar Co., Ltd.

# Impact of consolidation—FY2021 vs. FY2022

## [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
		Shonan (10 months)									
FY2022	12 months	SPRIX									
		10	11	12	1	2	3	4	5	6	7
		Shonan (12 months)									

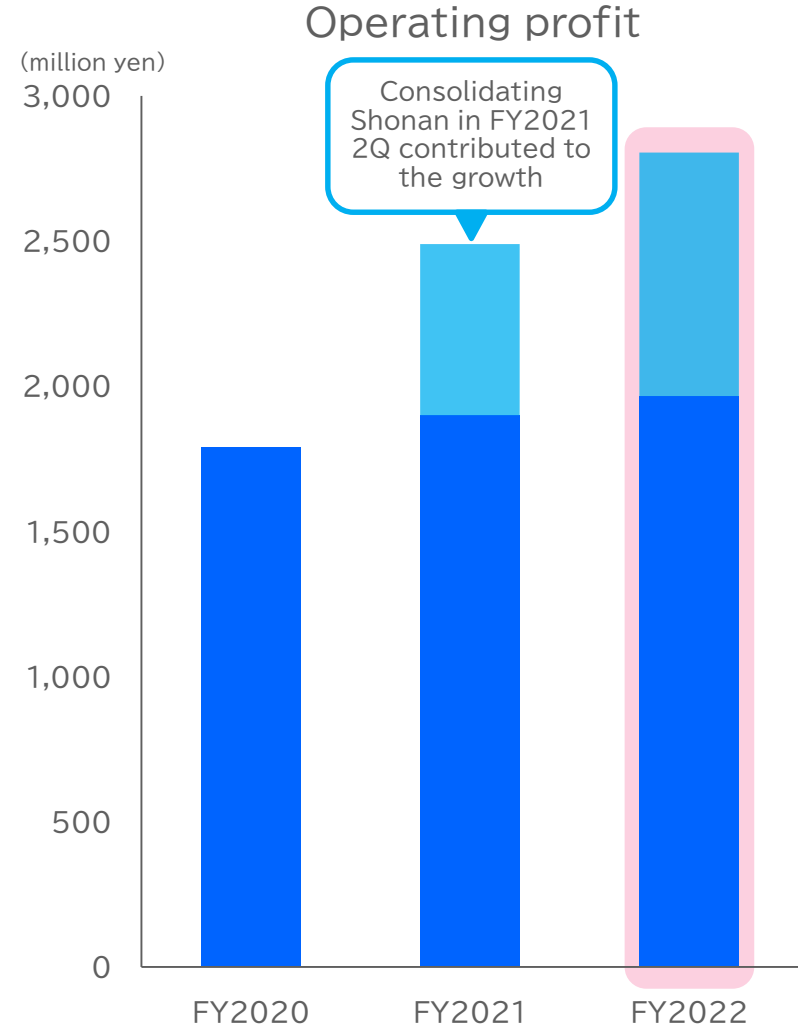
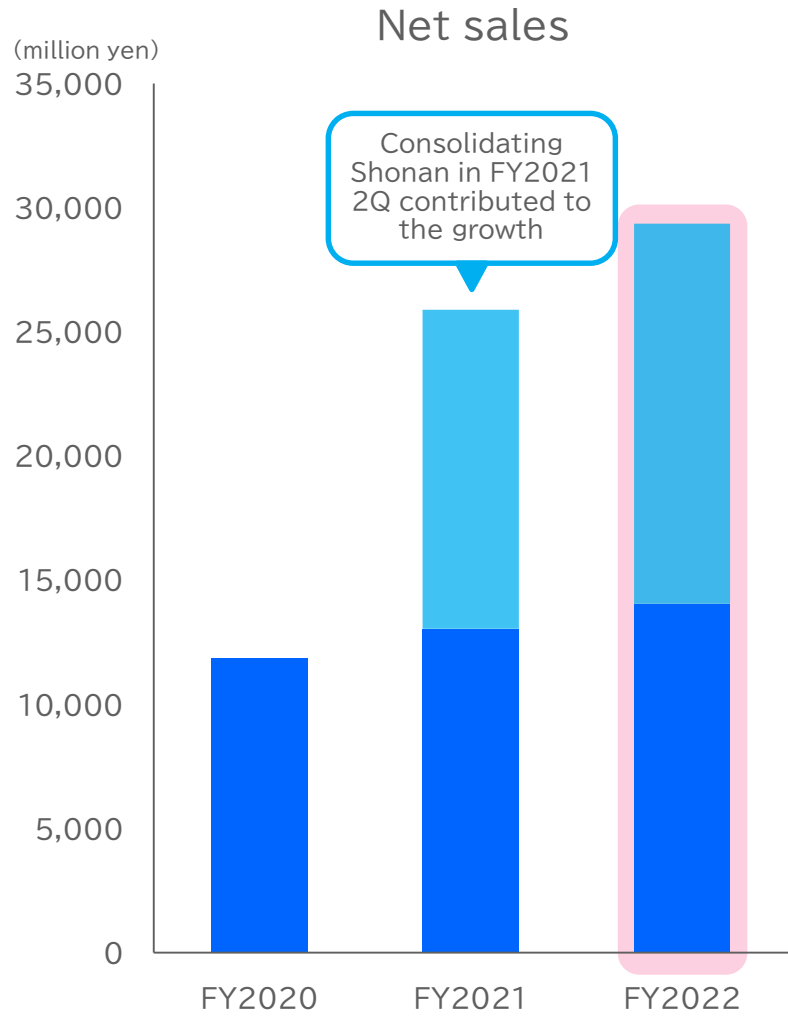
(Note) In this material, SPRIX, Ltd., the parent company on a non-consolidated basis, is referred to as “SPRIX,” and Shonan Seminar Co., Ltd., the subsidiary as “Shonan,” whereas “SPRIX Group” is referring to a company on a consolidated basis, including both SPRIX and Shonan.

## FY2022(Oct 2021–Sep 2022)—Operating results

- Net sales increased as planned, although slightly behind the forecast amid the seventh wave of COVID-19
- Successful PMI effect on Shonan, healthy Mori JUKU operation, and robust sales of Foresta series contributed to record-high operating profit and EBITDA

(million yen)	FY2021 (actual)	FY2022 (actual)	Change (%)
Net sales	25,901	29,352	+3,450 (+13.3%)
Operating profit (margin, %)	2,437 (9.4%)	2,778 (9.5%)	+341 (+14.0%)
EBITDA (margin, %)	3,385 (13.0%)	3,938 (13.4%)	+552 (+16.3%)
Profit attributable to owners of parent (margin, %)	1,467 (5.6%)	1,607 (5.4%)	+139 (+9.5%)

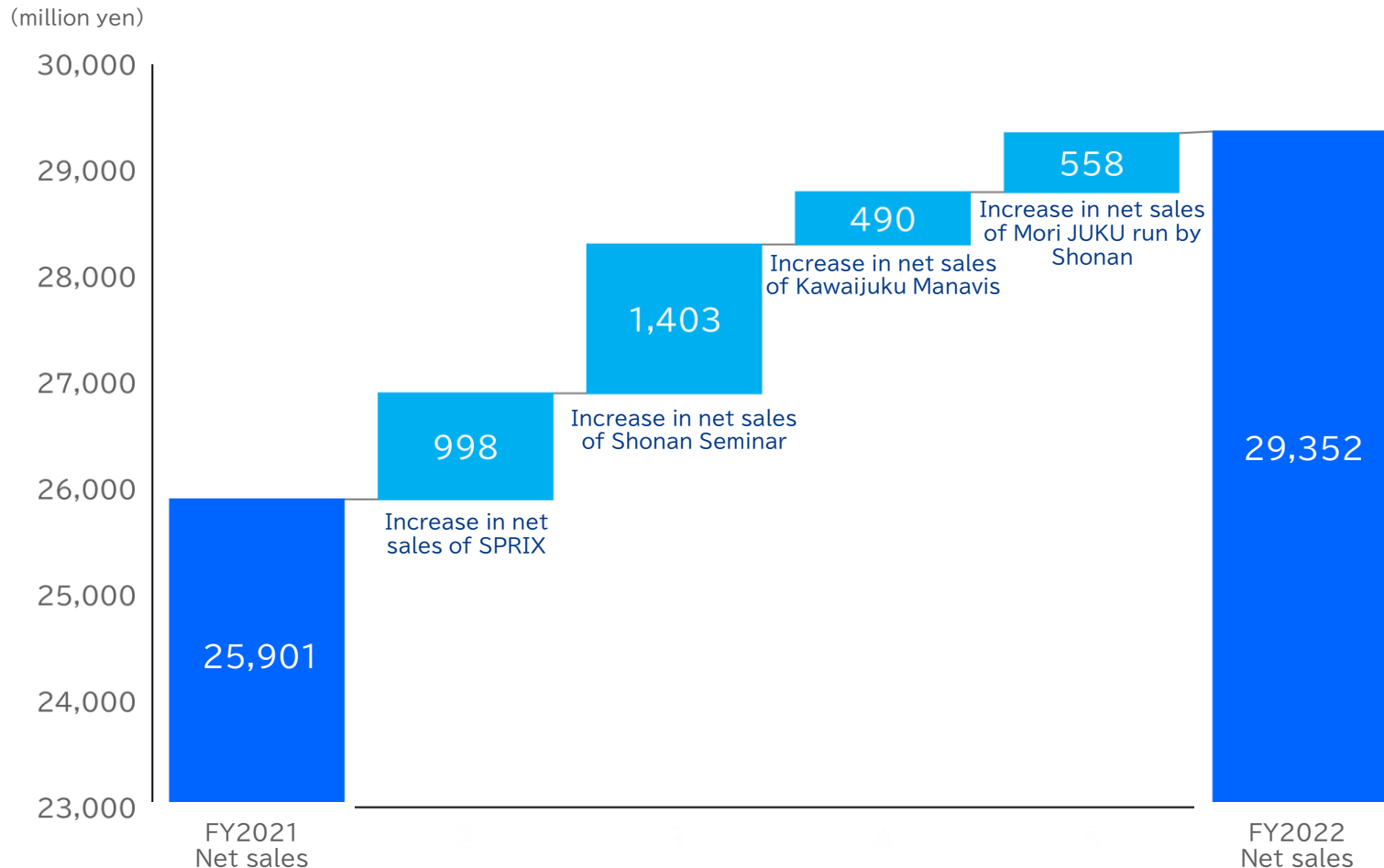
- Business is growing further since Shonan joined SPRIX Group in FY2021 2Q



■ SPRIX   ■ Shonan

# FY2022 Net sales—Attribution analysis (Year-on-Year)

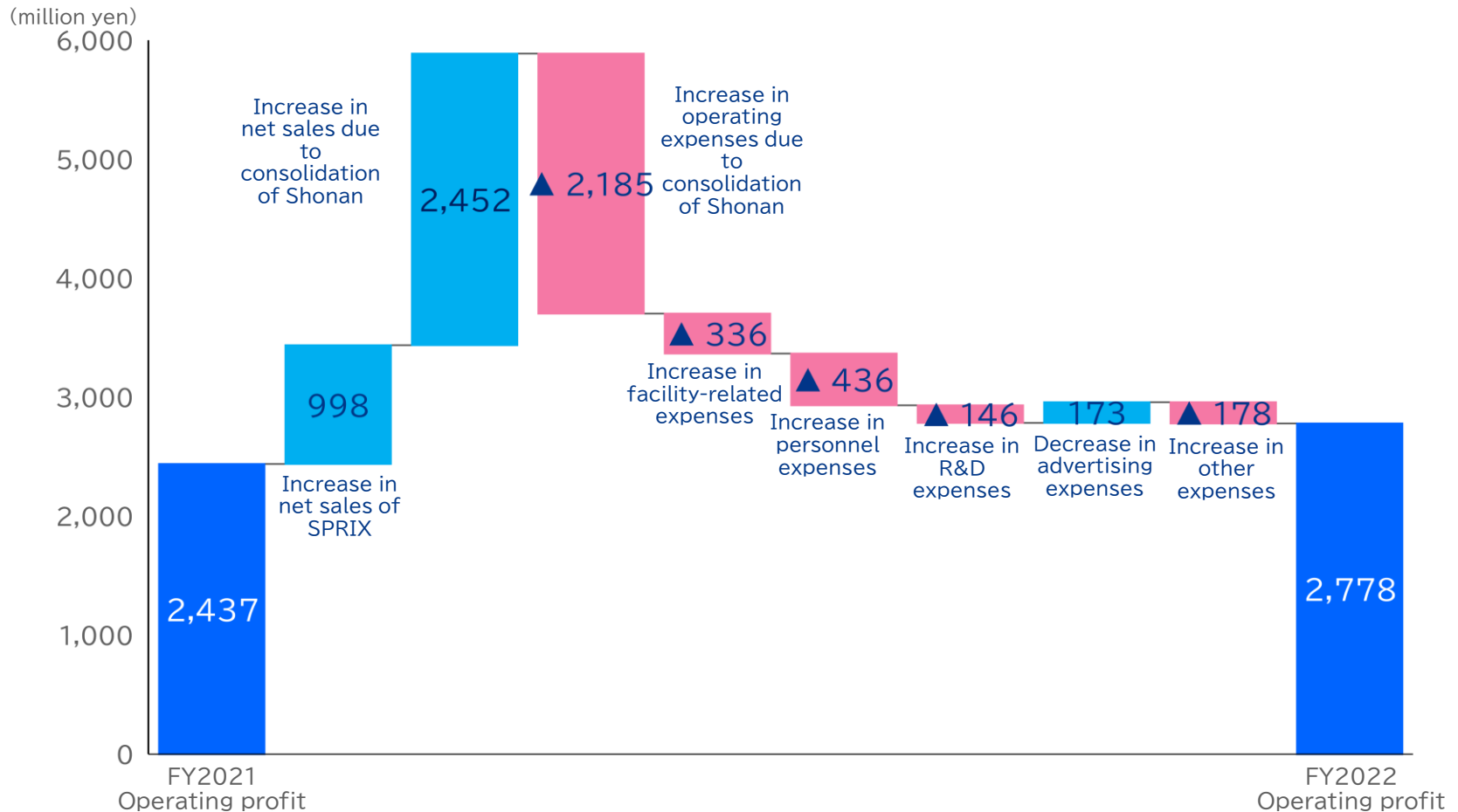
- Marked record-high net sales thanks to healthy JUKU operation, robust sales of Foresta series, and difference of performance contribution periods between fiscal years





# FY2022 Operating profit—Attribution analysis (Year-on-Year)

- Marked record-high operating profit thanks to the difference of performance contribution periods and streamlined business operation
- Controlled advertising expenses in response to Sora JUKU's success in attracting new students



# FY2022 4Q (Jul-Sep 2022)—Operating results

- Net sales decreased due to the difference of performance contribution months
- Profit increased thanks to Shonan's operating loss in June 2021 and successful PMI



(million yen)	FY2021 4Q (actual)	FY2022 4Q (actual)	Change (%)
Net sales	9,055	8,242	-812 (-9.0%)
Operating profit (margin, %)	1,045 (11.5%)	1,566 (19.0%)	+522 (+50.0%)
EBITDA (margin, %)	1,413 (15.6%)	1,880 (22.8%)	+467 (+33.1%)
Profit attributable to owners of parent (margin, %)	679 (7.5%)	865 (10.5%)	+186 (+27.5%)

- Robust JUKU business and Foresta sales contributed to an increase in net sales
- Operating profit and EBITDA saw a significant increase due to Shonan's PMI effect



(million yen)	FY2021 4Q (actual after adjustment*)	FY2022 4Q (actual)	Change (%)
Net sales	8,019	8,242	+223 (+2.8%)
Operating profit (margin, %)	1,241 (15.5%)	1,566 (19.0%)	+325 (+26.2%)
EBITDA (margin, %)	1,559 (19.5%)	1,880 (22.8%)	+320 (+20.6%)

(Note\*) Actual results after adjusting performance contribution months:

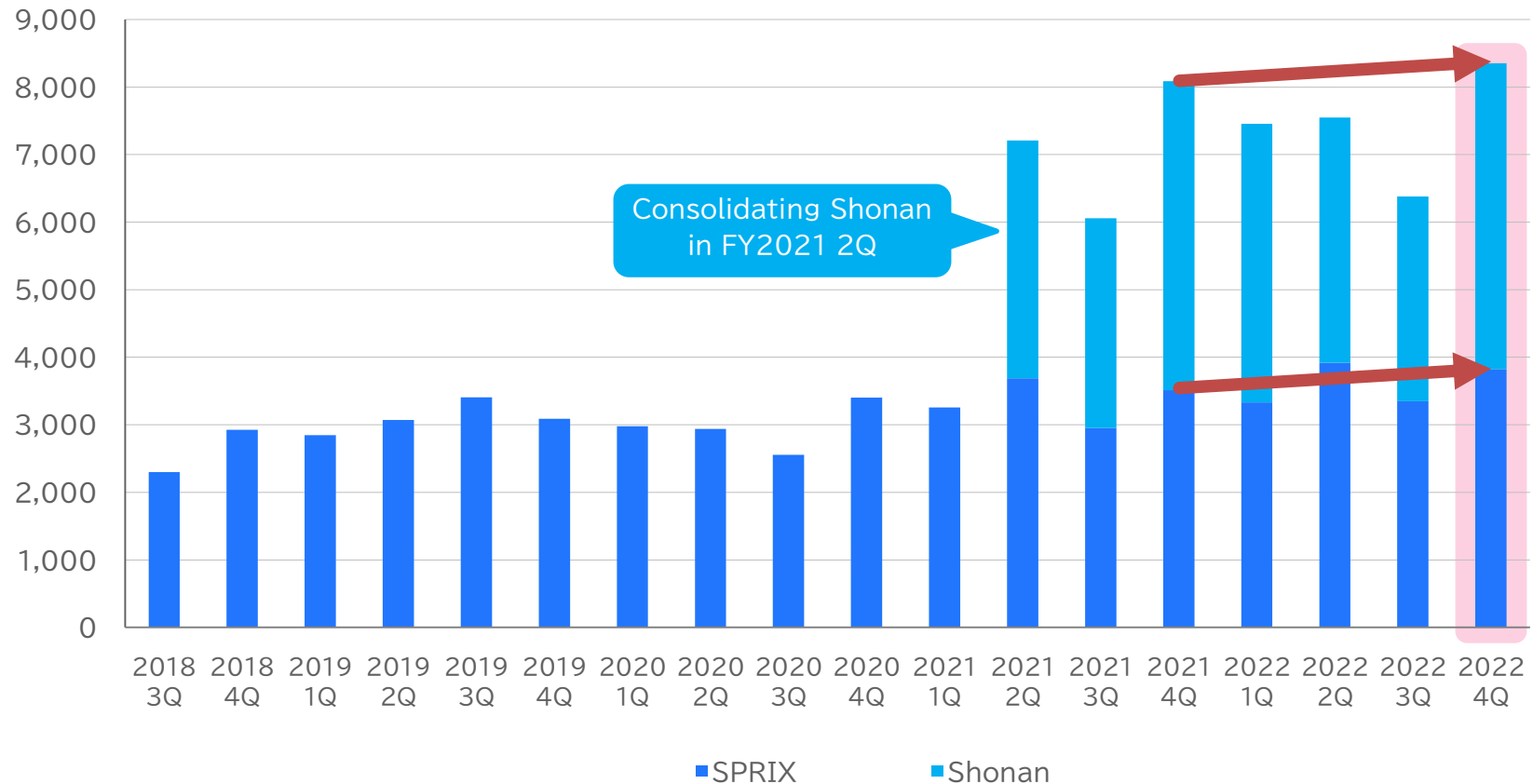
For comparison purposes, Shonan's operating results in June 2021 are subtracted from FY2021 4Q operating results.

# FY2022—Quarterly net sales

- Achieved record-high net sales in FY2022 4Q as healthy JUKU operation and robust sales of Foresta series continued

## Quarterly net sales

(million yen)



(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—Quarterly operating profit

- Record-high operating profit in FY2022 4Q was mainly driven by Mori JUKU operation, Foresta sales, and streamlined Shonan's operation as a result of PMI



(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 operating profit

# FY2022—Segment information

(Million yen)	Net sales	Segment profit	Major topics
	14,512	3,564	<ul style="list-style-type: none"> <li>• Business remained robust even amid the pandemic</li> <li>• Mori JUKU run by Shonan saw synergy effects, resulting in an increase in net sales and profit</li> <li>• Newly opened 16 schools in FY2022</li> </ul>
	8,945	1,113	<ul style="list-style-type: none"> <li>• Opening new schools was held back, while making the business stronger</li> <li>• SG&amp;A expenses decreased by streamlining operation thanks to successful PMI</li> <li>• Newly opened four schools in FY2022</li> </ul>
	3,330	545	<ul style="list-style-type: none"> <li>• Opening new schools was held back, while making the business stronger</li> <li>• Average number of lessons taken by students decreased</li> <li>• Newly opened one school in FY2022</li> </ul>
<p>Other</p>     	2,563	-204	<p><u>Fundamental academic skills business</u></p> <ul style="list-style-type: none"> <li>• TOFAS offered to 25 countries and more than 150 thousand people in aggregate</li> <li>• Programming proficiency tests offered to some 50 thousand people</li> </ul> <p><u>Other</u></p> <ul style="list-style-type: none"> <li>• Invested aggressively in R&amp;D for new businesses and conducted advertising activities as planned</li> <li>• Implemented cost reduction measures through PMI</li> </ul>

(Note) Segment information is provided from FY2022.

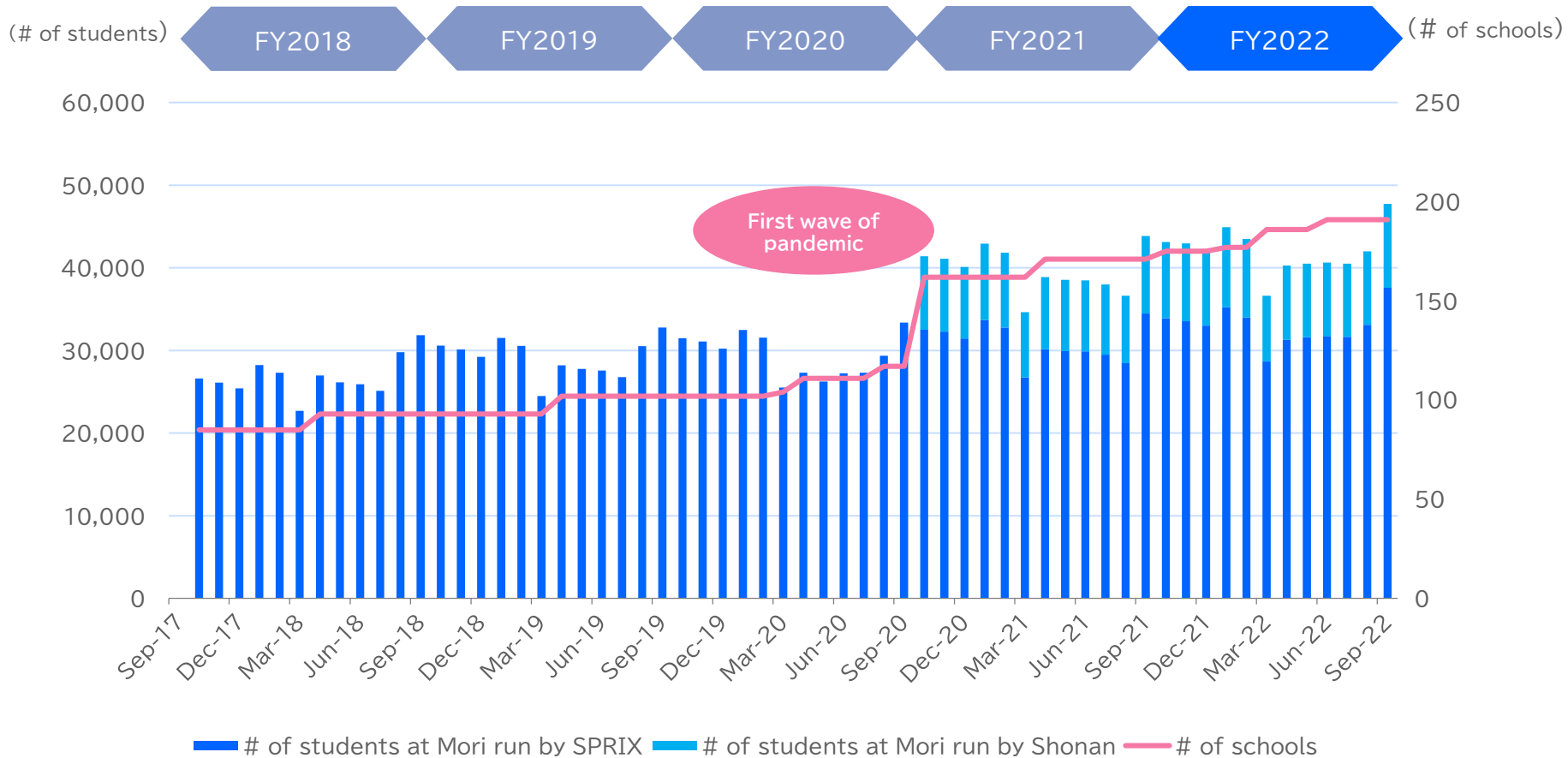
- Expected strong net sales centered around JUKU business
- Aggressive investment to be made in fundamental academic skills business  
(See further details at Section 2: Progress of Medium-term Plan)

(million yen)	FY2022 (actual)	FY2023 (forecast)	Change (%)
Net sales	29,352	30,777	+1,425 (+4.9%)
Operating profit (margin, %)	2,778 (9.5%)	1,226 (4.0%)	-1,551 (-55.9%)
EBITDA (margin, %)	3,938 (13.4%)	2,354 (8.0%)	-1,583 (-40.2%)
Profit attributable to owners of parent (margin, %)	1,607 (5.5%)	674 (2.2%)	-933 (-58.0%)

# (Reference) Number of students/schools — Mori JUKU

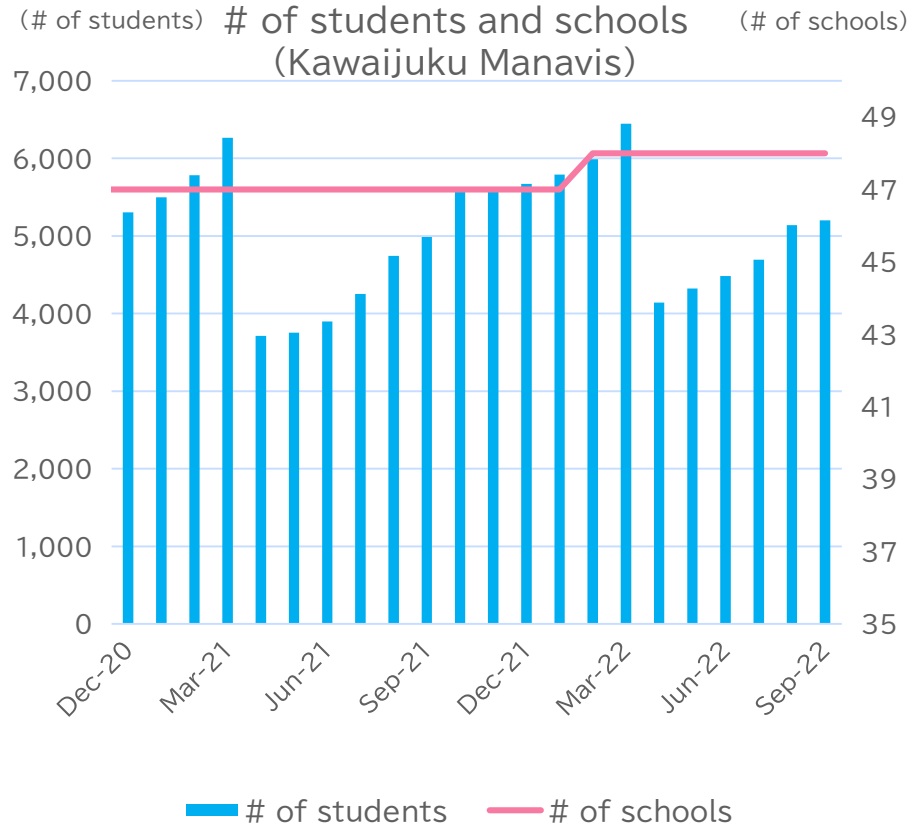
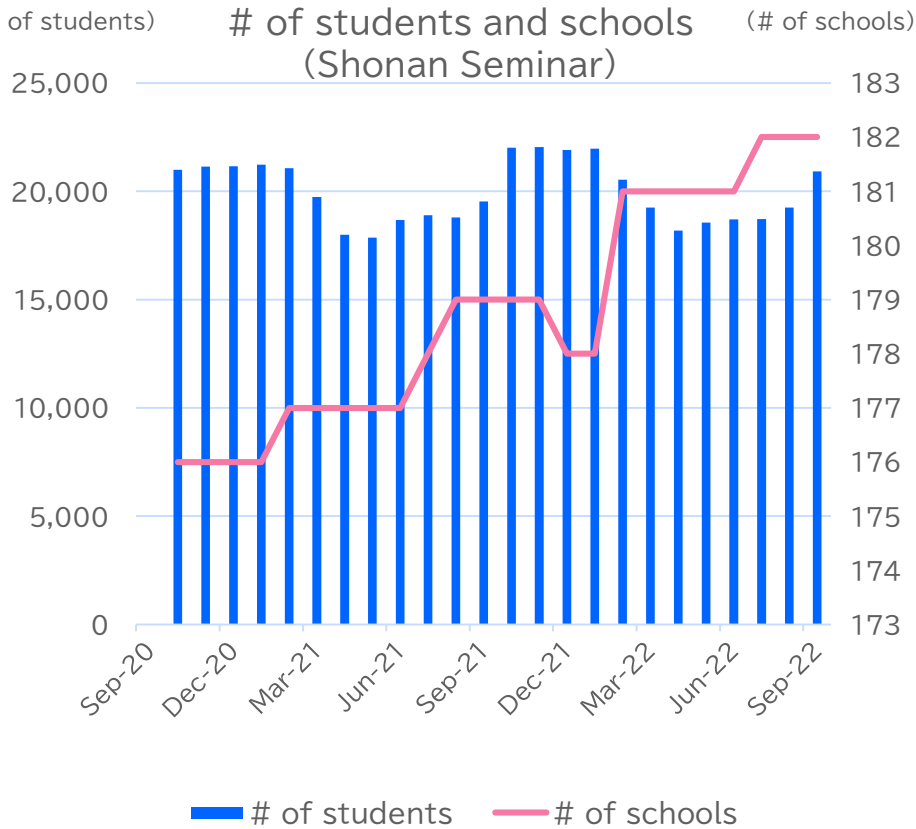
- Total number of students stood at 47,728, while the total number of schools was 191 (as of September 30, 2022)

# of students/schools at Mori JUKU





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

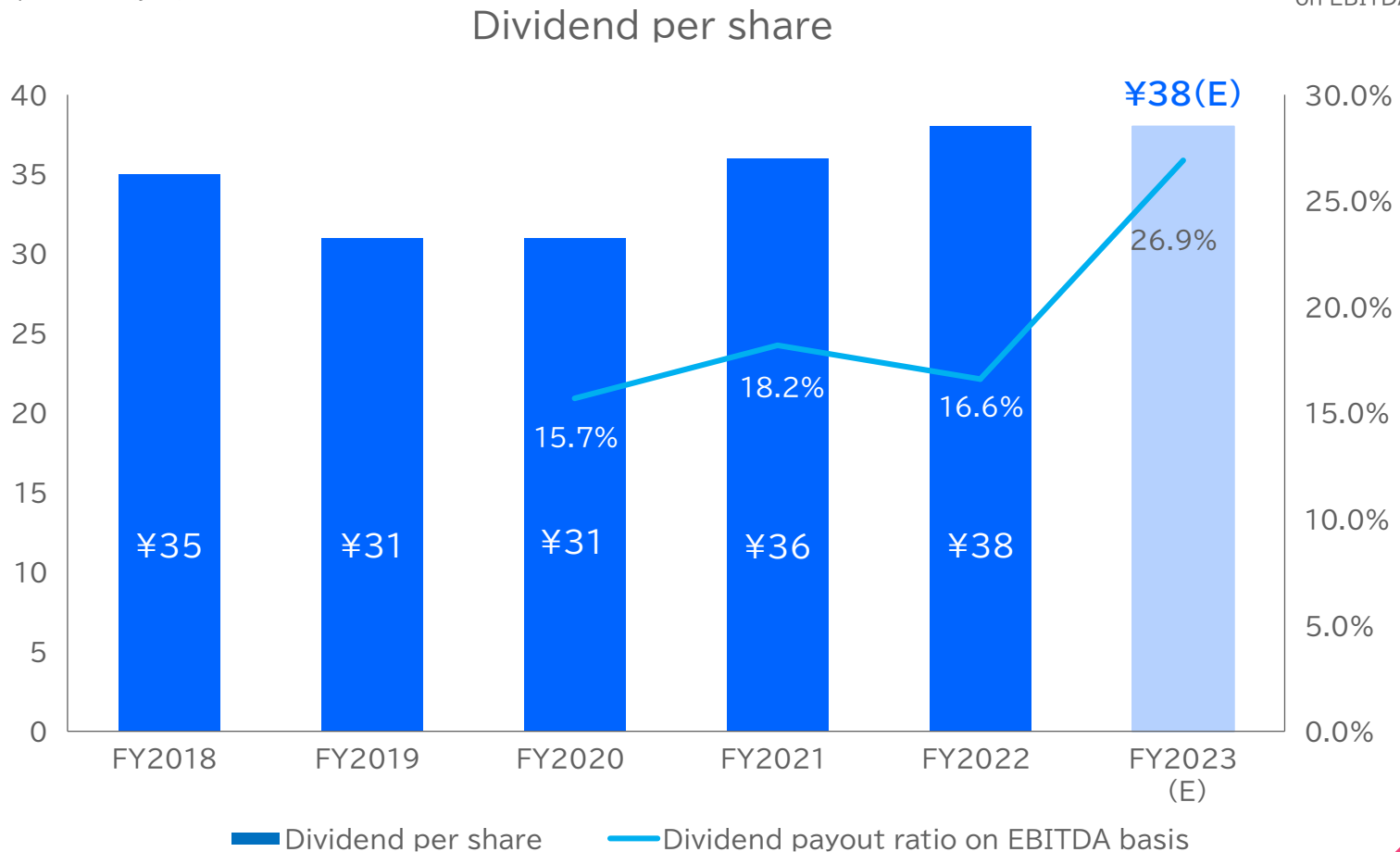


# Return to shareholders

- Maintain a stable dividend payout ratio, targeting about 15-20% of consolidated EBITDA
- Despite an expected decline in EBITDA due to aggressive investments, dividend per share shall stay at 38 yen in FY2023

Dividend per share (yen)

Dividend payout ratio on EBITDA basis



# Progress of Medium-term Plan

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1. **Unchanged MISSION and VISION**
2. **Business environment and its impact on Medium-term plan**
3. **Business strategies towards FY2025**
4. **Cash allocation**

# 1. Unchanged MISSION and VISION

## MISSION

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

## VISION

Be the No.1 in Education

### Short-term goal

Pursue JUKU business  
Improve school  
performance

+

### Long-term goal

Develop fundamental  
academic skills  
Expand options in life

Realizing a world where every child can move  
one step up in their life stage

## 2. Business environment and its impact on Medium-term plan

Moderate growth is expected for JUKU business, while fundamental academic skill market emerges rapidly

### JUKU business

- Moderate growth in the number of students and unit price for the targeted volume zone

Relatively stable market growth over the mid- to long-term

### Fundamental academic skills business

- Cross-border movement of talent
- Accelerating global demand for online learning

Greater need for a globally standardized assessment of academic skills

Front-loading investment in fundamental academic skills business

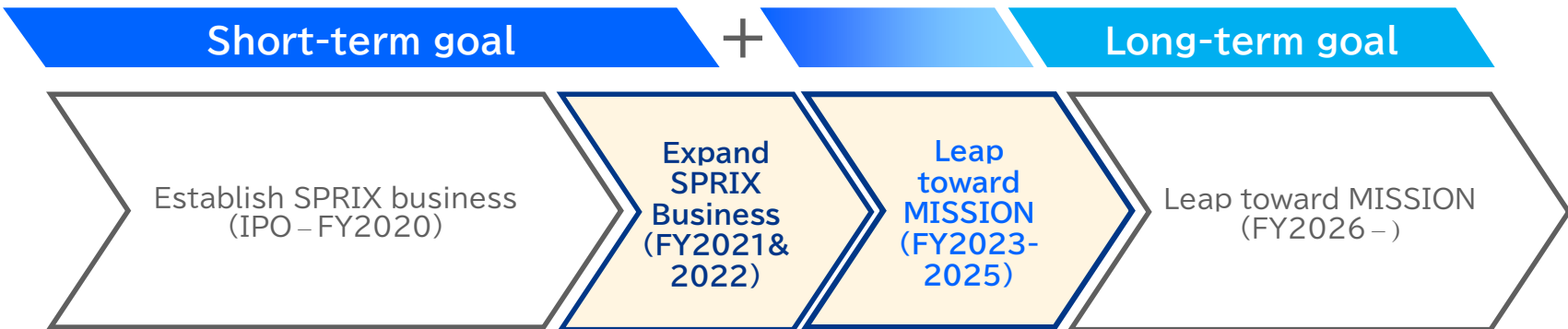
## 2. Business environment and its impact on Medium-term plan

### Front-loading Medium-term plan for FY2023–2025

Previous Plan as of Sep 30, 2021

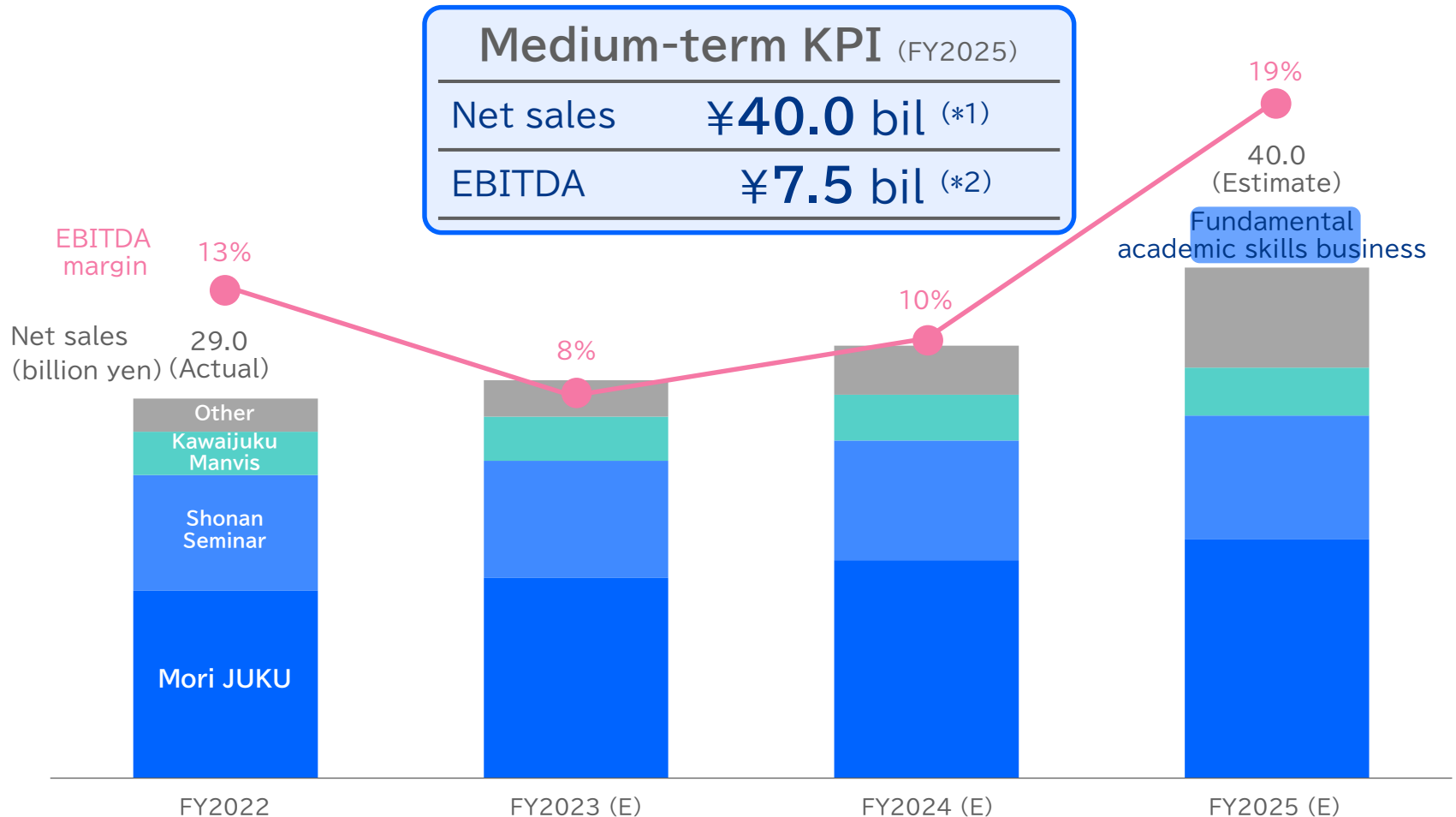


New Plan as of Sep 30, 2022



## 2. Business environment and its impact on Medium-term plan

### EBITDA dent in FY2023–2024 due to up-front investment with a recovery expected in FY2025



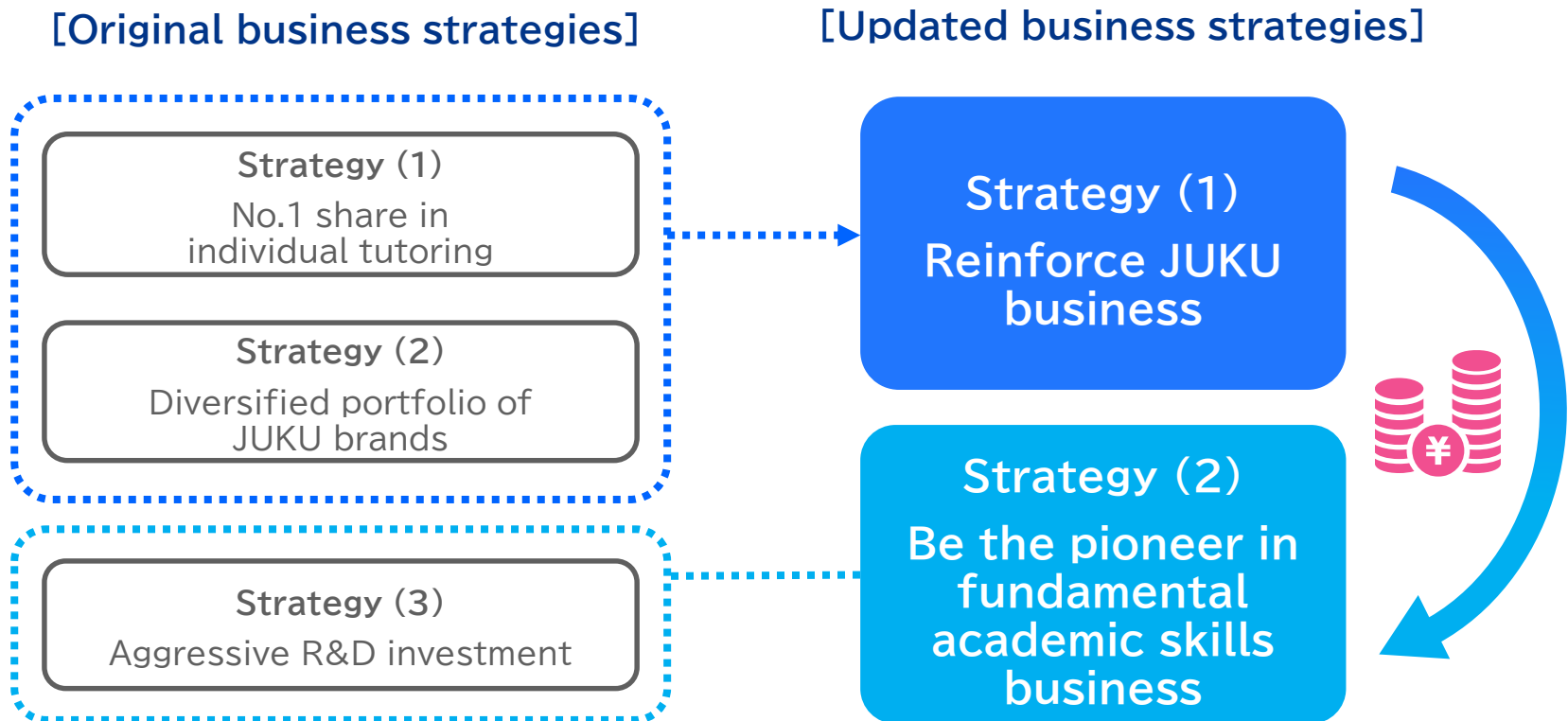
\*1: Unchanged from the original medium-term KPI announced in November 2021

\*2: Increased 1.5 billion yen compared to the original medium-term KPI announced in November 2021



### 3. Business strategies towards FY2025

**Invest cash** earned from JUKU business into the growing fundamental academic skills business



### 3. Business strategies towards FY2025

**Aggregate of 4.5 billion yen** into the growing fundamental academic skills business

EBITDA  
FY2023–2025 (aggregate)

	(billion yen)
Mori JUKU	12.0
Shonan Seminar	7.0
Kawaijuku Manavis	2.0
Other	(7.0)
RED	
Sora JUKU	
Fundamental academic skills	
Other	
Total	14.0

**Strategy (1)**  
Reinforce JUKU business

**Strategy (2)**  
Be the pioneer in fundamental academic skills business





## More school openings leveraging SPRIX method

FY2022

- Opened 16 schools in Tokyo and surrounding areas as planned
- Newly opened schools struggled to attract new students due to COVID restrictions
- Number of students per school bottomed out at 240

FY2023-2025

- Business model adaptable throughout Japan
  - FY2023: 18 schools (Tokyo and surrounding areas)
  - FY2024/2025: 20 schools  
(Also expanding to Osaka metropolitan area)
- Partnering up with Kawaijuku to roll out senior high school classes

KPI for FY2025

Achieve **60,000** Mori JUKU students  
= 250 schools × 240 students per school

## Focus on improving exam pass results

FY2022

- Sales remained sluggish
  - Pass rate for the best Kanagwa public schools tumbled down to the 3<sup>rd</sup> among competitors
- Profit improved thanks to PMI measures following acquisition by SPRIX
  - Streamlined IT systems and optimized human resource

FY2023-2025

- Prioritize improving exam pass results
  - Standardized tutoring leveraging SPRIX method
- Boost marketing activities
- Open one or two schools per year, despite at a reduced pace

KPI for FY2025

Improve exam pass rates for the best Kanagwa schools

### 3. Strategy (1) Reinforce JUKU business—Kawaijuku Manavis

#### 河合塾マナビス Maintain stable growth as a top franchisee

FY2022

- Top franchisee of Kawaijuku Manavis
- 48 schools (one newly opened in Okayama in FY2022)
- Strong know-how in teaching high school students

FY2023-2025

- Align with the change in university entrance exam system
  - Conventional exams ⇒ Increase in AO exams (self-recommended admissions)
  - Changing or fewer exam subjects
- Open at least one school per year

KPI for FY2025

More than 50 Kawaijuku Manavis schools  
(at least one new opening each year)

## Why fundamental academic skills?

Unified yardsticks for fundamental academic skills

ABC

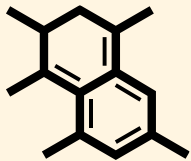
English

TOEFL  
CEFR



Academic achievement

PISA



Math  
Science

TIMSS



Fundamental  
academic  
skills

?

Synergy with JUKU business

- Gain access to potential clients (students) through fundamental academic skills business
- Capture needs of JUKU students to improve fundamental academic skills

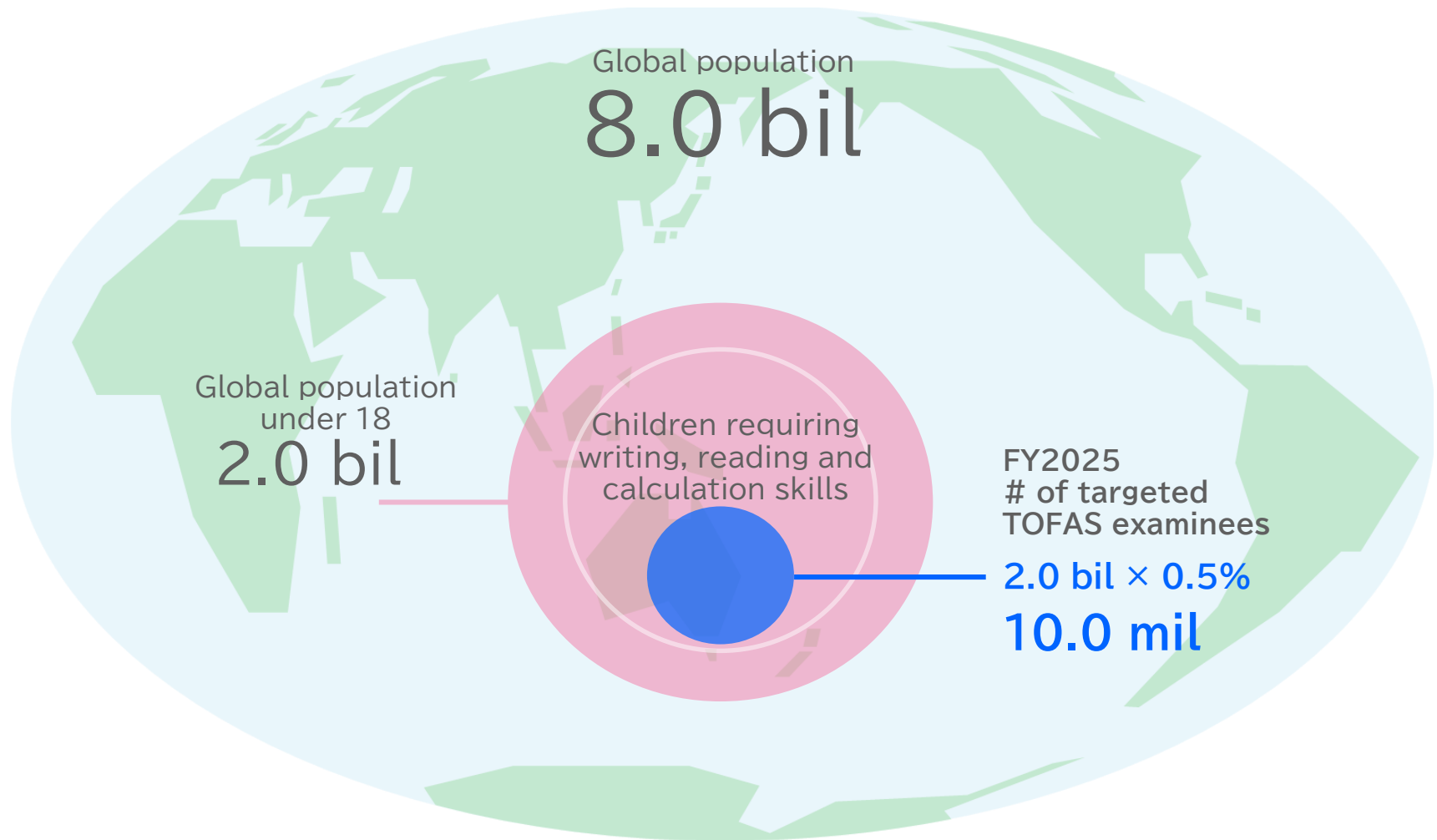


Fundamental  
academic skills



### 3. Strategy (2) Be the pioneer—TAM for the business

**Total addressable market (TAM):**  
**About 2.0 billion children globally**

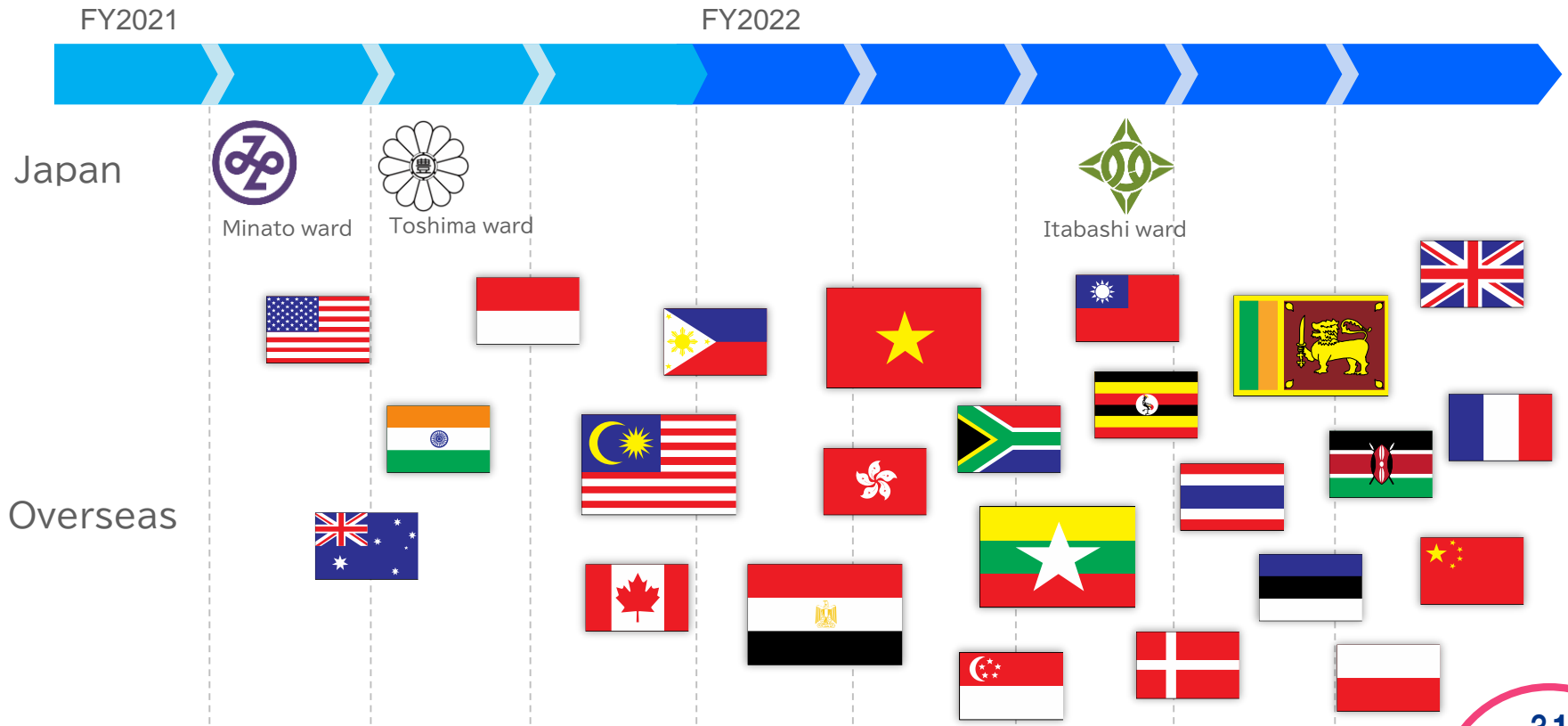


Reference: Data released by UNICEF: population under 18  
<https://data.unicef.org/how-many/how-many-children-are-in-the-world/>

### 3. Strategy (2) Be the pioneer—How the business has evolved

## Rapid growing needs from overseas

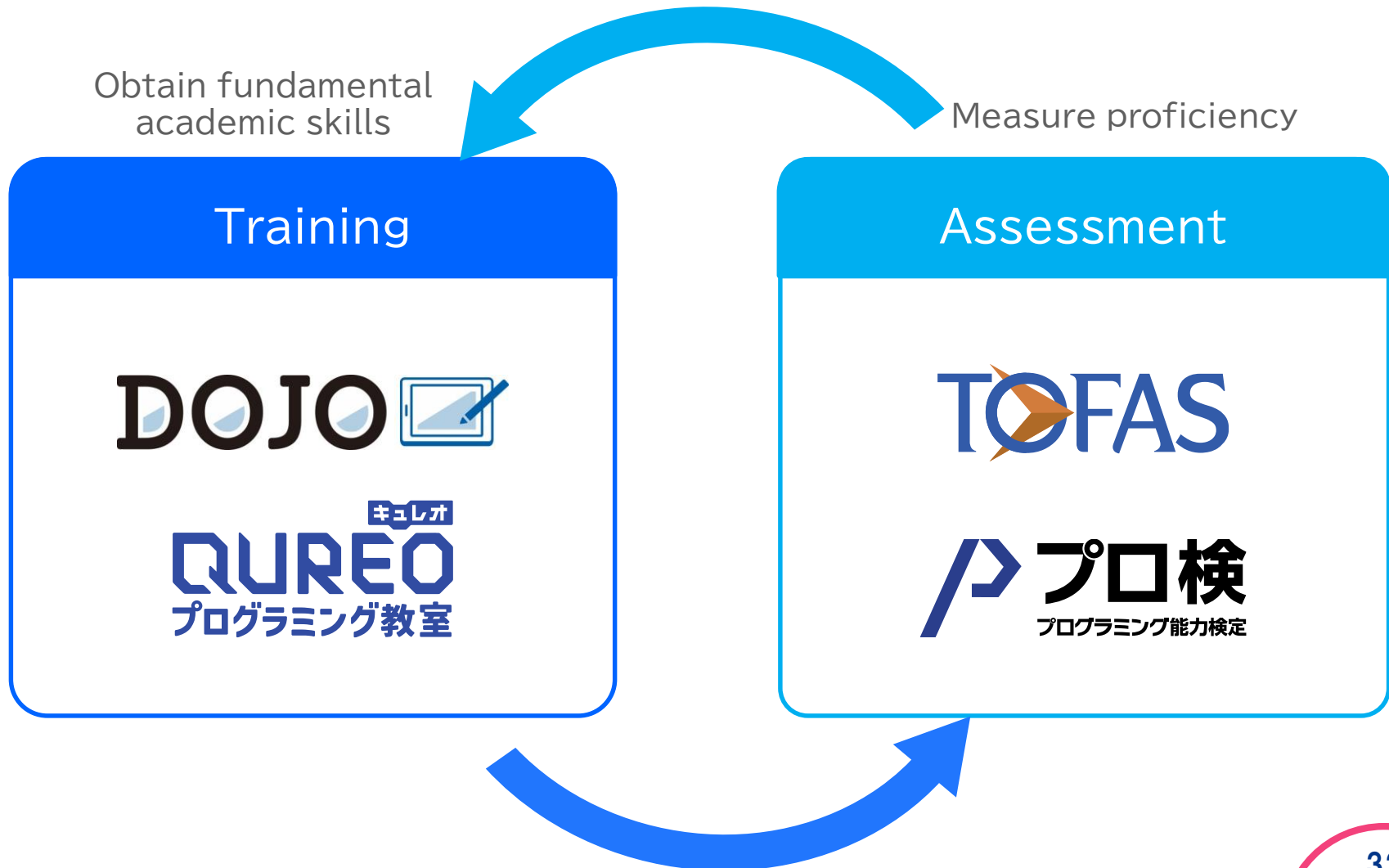
Cumulative # of examinees topped **150,000** globally  
(As of September 30, 2022)





### 3. Strategy (2) Be the pioneer—Business model (1)

Create an **ecosystem** across  
the fundamental academic skills business



### 3. Strategy (2) Be the pioneer—Business model (2)

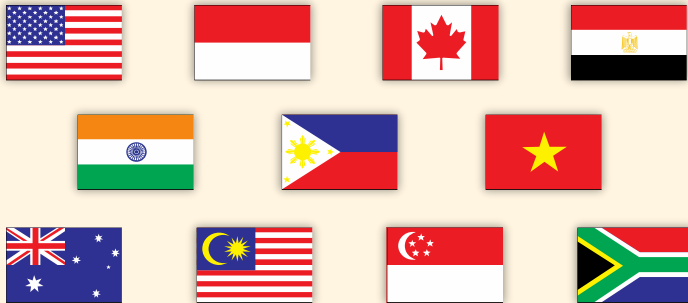
Enhancing brand awareness  
is the key to success



Increasing the  
# of examinees



Proficiency testing fee



25 countries, three Japanese municipalities  
(as of Sep 30, 2022)

¥0

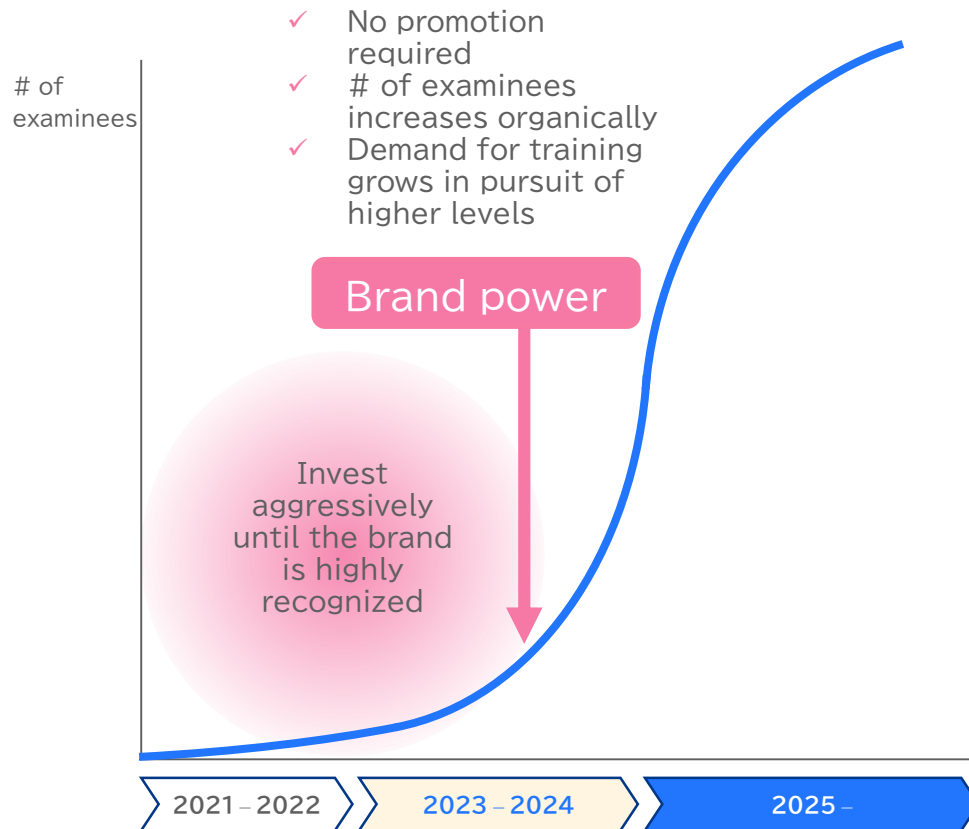
- Top-down approach from governments and municipalities to schools/educational organizations
- Bottom-up approach using word-of-mouth of teachers to enhance awareness

- Initially offering proficiency testing service for free is essential to expand the # of examinees

### 3. Strategy (2) Be the pioneer—Business model (3)

## Exponential brand power once the number of examinees exceeds a certain point

Image of acquiring brand power



Underpinned by past success in two other proficiency testing businesses



#### Programming



- Launched in 2020
- Cumulative # of examinees 50,000 (as of Sep 30, 2022)
- Japan No1 in total # of examinees per year\*

#### Chinese language



- Launched in 2010
- Cumulative # of examinees 310,000 (as of Sep 30, 2022)
- Japan No1 in total # of examinees per year\*

\*Source: SPRIX data study

### 3. Strategy (2) Be the pioneer—Risk

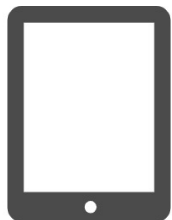
#### Risk factors



Country risk



Monetization



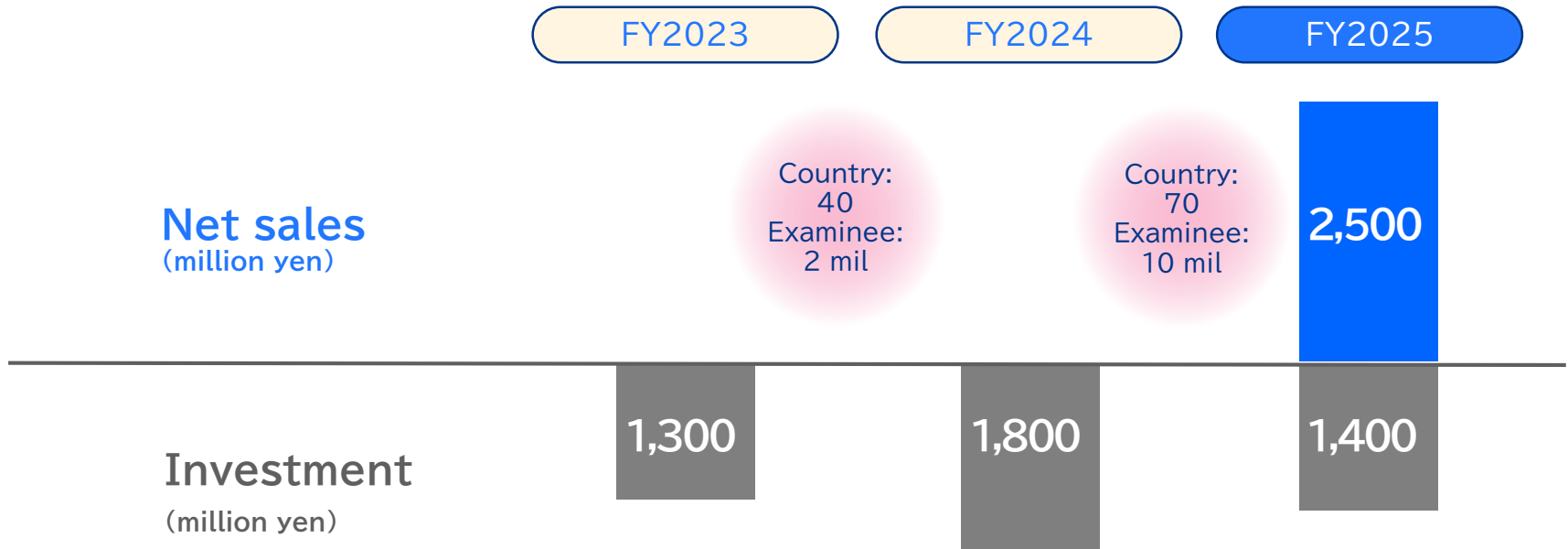
Continuity

#### Risk mitigations

- Multi-country roll-out strategy (currently 25)
- Computer-based tests (CBT) instead of on-site exams
- Advance fee
  
- Analyze historical data of conversion rates and testing fees, seeking the sweet spot for monetization
  
- Clarify the benefit of repeatedly taking proficient tests (e.g. better resume, more bonus, easier admission)

### 3. Strategy (2) Be the pioneer—Business plan

## Business plan for fundamental academic skills

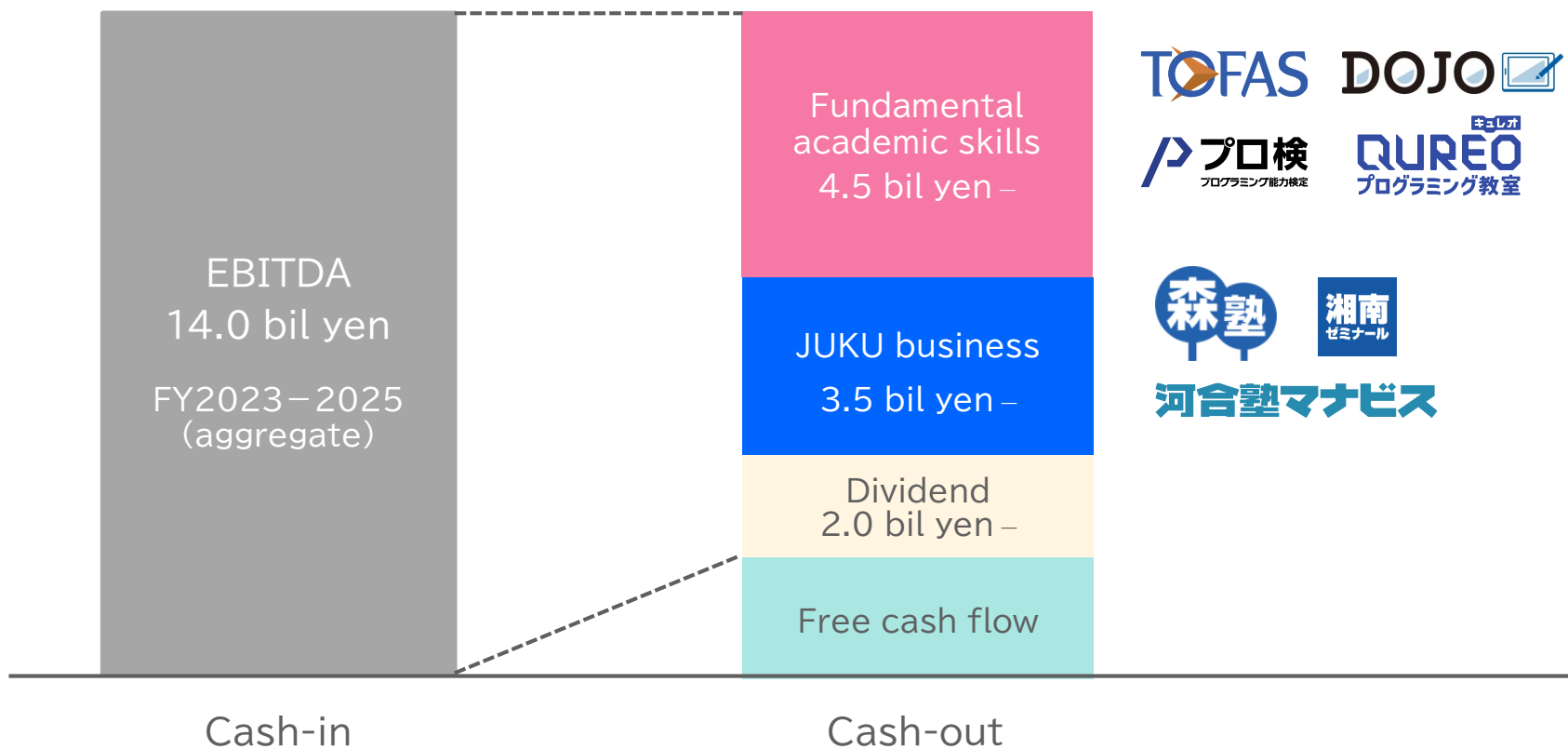


Investment (million yen)	Human resource	300	400	500
	School opening	500	800	400
IT system, R&D	500	600	500	

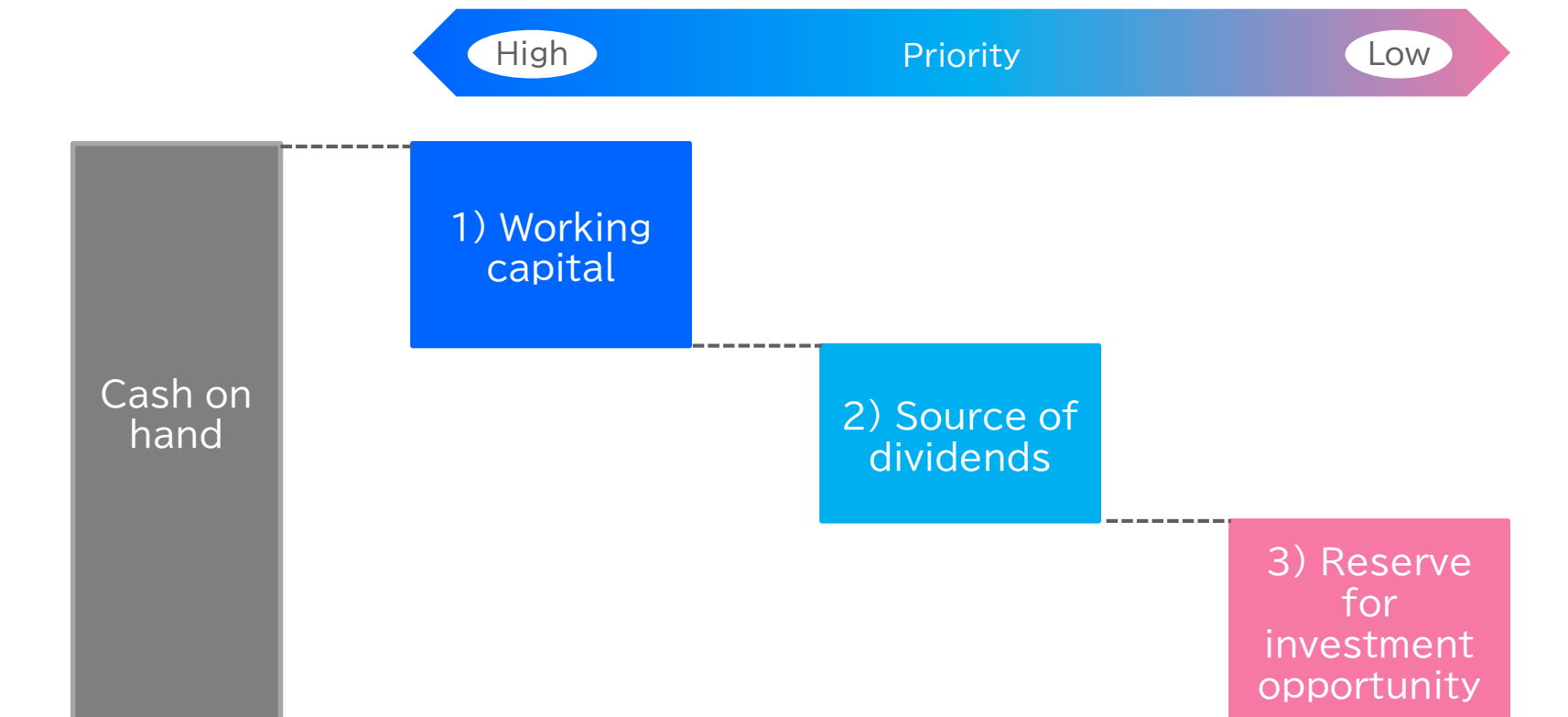
(Note) Net sales and investment amounts represent those for fundamental academic skill businesses, namely TOFAS, DOJO, QUREO and PROKEN.

## 4. Cash allocation—Plan for FY2023–2025 (aggregate)

- Investment in fundamental academic skills business and current JUKU business to be made within EBITDA
- Will maintain 38 yen of annual dividend per share, as EBITDA tentatively shrinks in FY2023 and FY2024



## 4. Cash allocation—Policy for cash on hand



[Priority on the use of cash on hand\*]

- 1) Retain one- to two-month worth of working capital (i.e. approx. 3.5 billion yen)
  - 2) Set aside as a source of dividend in case it cannot be paid out from EBITDA
  - 3) Be financially capable of seeking investment opportunities whenever needed
- (\* Cash on hand as of September 30, 2022: 6.0 billion yen)

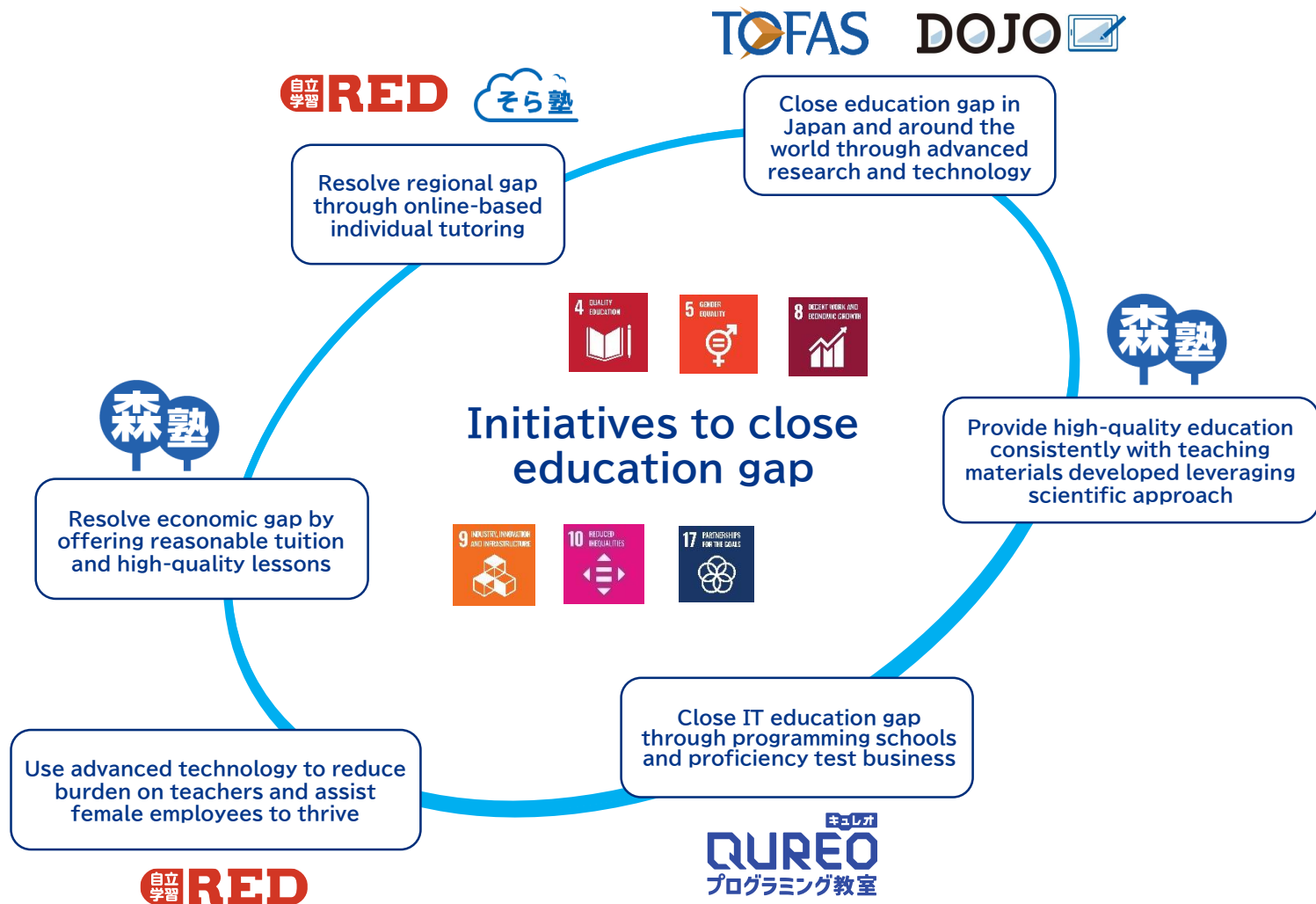
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# Reference

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# SPRIX pursues SDG Goals by tackling social issues



## Investment in our people (human capital) is the key pillar of the SPRIX business model

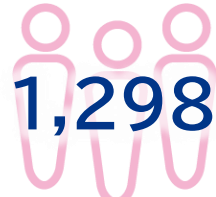
- ▶ Manualizing teachers' work alleviates the burden of hiring, training, and retention
- ▶ Appealing to candidates' passion, while focusing on communication skills help broaden the applicant base
- ▶ Making it even further attractive for prospective candidates by becoming No.1 in individual tutoring and turning JUKU industry to one of the most popular jobs in Japan



# (Reference) At a glance—September 30, 2022



Years since foundation



1,298

Employees



No.1 brands\*



250

Mori JUKU  
# of students per school



No closure of Mori JUKU  
since foundation



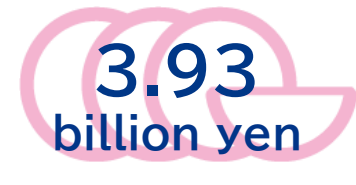
42,000  
Suggestions for  
improvement submitted  
per year\*



510  
million yen  
Invested for R&D  
in FY2022



29.4  
billion yen  
FY2022 Net sales



3.93  
billion yen  
FY2022 EBITDA

\*Source: SPRIX data study

## (Reference) At a glance—Fact sheet

(million yen)	FY2017 (non-consolidated)	FY2018 (non-consolidated)	FY2019 (non-consolidated)	FY2020 (consolidated)	FY2021 (consolidated)	FY2022 (consolidated)
Net sales	8,504	10,451	11,410	11,843	25,901	29,352
Operating profit	1,164	2,467	2,741	1,787	2,437	2,778
EBITDA	1,277	2,569	2,851	1,937	3,385	3,938
Total assets	5,053	9,967	10,861	11,485	19,277	19,574
Net assets	2,594	6,469	7,642	8,091	8,864	9,774
Cash flows from operating activities	1,340	2,499	1,288	1,459	2,647	2,203
Cash flows from investing activities	(320)	(145)	(696)	(373)	(1,859)	(1,384)
Cash flows from financing activities	(47)	2,263	(598)	(687)	(1,932)	(1,047)
Cash and cash equivalent at the end or the period	2,207	6,825	6,819	7,308	6,163	5,935
Equity ratio (%)	51.3	64.9	70.4	70.2	45.9	49.8
Operating profit margin (%)	13.6	23.6	24.0	15.0	9.4	9.5
EBITDA margin (%)	15.0	24.5	24.9	16.3	13.0	13.4
Return on equity (ROE) (%)	39.0	34.6	25.1	14.6	17.4	17.3