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February 10, 2023

## Consolidated Financial Results for the Three Months Ended December 31, 2022 [Under Japanese GAAP]

Company name:	SPRIX Inc.
Stock exchange listings:	Tokyo Stock Exchange
Securities code number:	7030
URL:	<a href="https://sprix.jp/">https://sprix.jp/</a>
Representative:	Hiroyuki Tsuneishi, Representative Director and President
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Scheduled date for submission of securities report:	February 10, 2023
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, 2022 (from October 1, 2022 to December 31, 2022)

#### (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, 2022	7,718	2.4	750	(40.9)	752	(40.8)	454	(44.1)
December 31, 2021	7,537	133.1	1,269	70.8	1,272	71.3	811	61.4
(Reference) Comprehensive income	For the three months ended December 31, 2022: 451 million yen (-44.0%) For the three months ended December 31, 2021: 807 million yen (62.4%)							

Three months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	26.31	25.80
December 31, 2021	47.38	45.88

## (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
December 31, 2022	20,147	9,933	49.1
September 30, 2022	19,574	9,774	49.8
(Reference) Equity	As of December 31, 2022:	9,894 million yen	
	As of September 30, 2022:	9,739 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, 2022	—	19.00	—	19.00	38.00
Fiscal year ending September 30, 2023	—				
Fiscal year ending September 30, 2023 (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, 2023 (From October 1, 2022 to September 30, 2023)

(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, 2023	30,777	4.9	1,226	(55.9)	1,240	(55.4)	674	(58.0)	39.32

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

■ Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2022 (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, 2022: 17,630,250 shares  
As of September 30, 2022: 17,487,150 shares
- b. Number of treasury shares  
As of December 31, 2022: 340,785 shares  
As of September 30, 2022: 345,285 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, 2022: 17,257,166 shares  
Three months ended December 31, 2021: 17,134,359 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 the Company and assumptions determined to be reasonable. They are not intended as the Company's commitment to achieve such forecasts.

Further, actual results may differ significantly from the forecasts due to various reasons. For assumptions that form the basis of the forecasts and other related matters when referring to the forecasts, see "1. QUALITATIVE INFORMATION ON QUARTERLY FINANCIAL RESULTS, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results" in the attached Supplementary Information on page 4.

## Supplementary Information

### Table of Contents

<b>1. QUALITATIVE INFORMATION ON QUARTERLY FINANCIAL RESULTS</b>	<b>2</b>
(1) Overview of Consolidated Operating Results	2
(2) Overview of Consolidated Financial Position	4
(3) Explanation Regarding the Forecasts for the Consolidated Financial Results	4
<b>2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES</b>	<b>5</b>
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
[Quarterly Consolidated Statement of Income]	7
[Quarterly Consolidated Statement of Comprehensive Income]	8
(3) Notes to the Quarterly Consolidated Financial Statements	9
[Notes Regarding Uncertainties of Entity's Ability to Continue as Going Concern]	9
[Notes When There are Significant Changes in Amounts of Equity]	9
[Changes in Accounting Policies]	9
[Segment Information]	10

# 1. QUALITATIVE INFORMATION ON QUARTERLY FINANCIAL RESULTS

Forecast-related matters described in this report are based on the understandings as of December 31, 2022.

## (1) Overview of Consolidated Operating Results

The economy in Japan during the three months ended December 31, 2022 (the “current period”) has been positively affected by the progressing resumption of socio-economic activities under the new norm of living side by side with the risk of COVID-19 infection. On the other hand, the present situation requires great caution against risks arising from a possible downturn in overseas economies in the face of inflation and the global trend toward monetary tightening, and resulting deterioration in the Japanese economy.

The Japanese education service industry, in which the Company and its subsidiaries (the “Group”) are engaged, is experiencing changes arising from the reform of Japanese public education systems on the back of the issue of declining birthrates.

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.

Against this backdrop, “Mori JUKU”, the Group’s core business specialized in offering individual tutoring schools, ran 191 schools as of December 31, 2022, up 16 schools year on year. These schools comprised 146 schools run by the Company, up 16 schools year on year, and 45 schools run by Shonan Seminar Co., Ltd., no change year on year. The Mori JUKU business thus remained strong, with student enrollment numbers now returning to pre-pandemic levels on the back of the lower withdrawal rate.

As a result, the number of enrolled students for “Mori JUKU” schools, including those run by Shonan Seminar Co., Ltd., totaled 44,721, up 2,442 year on year as of December 31, 2022. Of the 44,721 enrolled students, 35,186 students belonged to Mori JUKU schools run by the Company, an increase of 2,187 students from a year earlier, and 9,535 students to Mori JUKU schools run by Shonan Seminar Co., Ltd., an increase of 255 students from the previous year.

“Shonan Seminar” offers group teaching-style classes. As of December 31, 2022, a total of 182 Shonan Seminar schools were operational, up three schools year on year. The number of enrolled students for Shonan Seminar schools as of the same date totaled 20,595, down 1,317, due in part to resurgences of the COVID-19 pandemic in the winter of 2022, in addition to lower exam pass rates achieved by this brand in the spring of 2022.

“Kawaijuku Manavis” specializes in teaching senior high school students to prepare for college entrance exams using video sessions with support from dedicated tutors. As of December 31, 2022, a total of 49 schools were run by Shonan Seminar as franchises, up two schools from a year earlier. The number of enrolled students for Kawaijuku Manavis schools as of the same date totaled 5,200, down 472 year on year, due to the influence of the pandemic’s resurgences, the growing trend toward choosing college entrance exams under recommendations from high schools, and other factors.

The following table shows segment information by major JUKU brand, including net sales and segment profit for the three months ended December 31, 2022, as well as the number of schools and enrolled students as of the same date.

	Mori JUKU			Shonan Seminar	Kawaijuku Manavis
	Mori JUKU	Mori JUKU (SPRIX)	Mori JUKU (Shonan)		
Net sales (Million yen) (Note 1)	4,025	3,184	840	2,362	774
Segment profit (Million yen) (Notes 1 & 2)	1,025	824	201	469	78
EBITDA (Note 3)	1,080	851	228	554	120
Number of schools as of December 31, 2022	191	146	45	182	49
Number of enrolled students as of December 31, 2022	44,721	35,186	9,535	20,595	5,200

Note 1) Net sales represent sales to external customers, while segment profit includes 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.

For segment reporting purposes, the “Other” section represents businesses that cannot be classified into reportable segments. “Other” includes “Self-Study RED” “Sora JUKU”, and other educational services, such as the sale of Foresta Series textbooks and the operation of Tokyo Dance Village, “WAYO Japanese-language School” and the “Programming Proficiency Test”, as well as new businesses, and also including R&D expenses.

“Self-Study RED” offers virtual tutoring schools utilizing online academic media. As of December 31, 2022, there were five directly operated schools with no change in numbers year on year, and 196 franchised schools, up 28 schools from a year earlier.

Included in educational services is the Foresta Series offering teaching material for individual tutoring, the Fun-learning Series providing online video teaching material using information and computer technology (ICT), and “JUKU Teachers JAPAN”, a job-search website for JUKU teachers, which all performed well in the current period. Similarly, several other new businesses saw stable growth. These included “DOJO”, which offers AI-powered tablets to enhance fundamental academic skills, and “QUREO programing school”, which is jointly operated with one of the group companies of CyberAgent, Inc., and the “Programming Proficiency Test”. Furthermore, “TOFAS (Test of Fundamental Academic Skills)”, which is run by the SPRIX Fundamental Academic Skills Lab to provide international proficiency tests for fundamental academic skills, has seen stable growth in both the number of countries in which it is conducted and the number of examinees.

In the current period, the Company has executed proactive investment in new businesses and R&D, thereby achieving steady progress with its plans. Going forward, the Company will remain active in investment and R&D so that these undertakings realize synergy with the JUKU service to the full extent of its potential.

Based on the above, the Group recorded net sales of 7,718 million yen, up 2.4% year on year, operating profit of 750 million yen, down 40.9% year on year, ordinary profit of 752 million yen, down 40.8% year on year, profit attributable to owners of parent of 454 million yen, down 44.1% year on year, and EBITDA (i.e., operating profit before interest expenses, depreciation, and amortization of goodwill) of 1,043 million yen, down 32.5% year on year, for the current period.

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

Total assets as of December 31, 2022, were 20,147 million yen, an increase of 573 million yen from September 30, 2022. This is primarily attributed to an increase of 642 million yen in accounts receivable—other, offset by a decrease of 185 million yen in cash and deposits .

Total liabilities as of December 31, 2022, were 10,214 million yen, an increase of 414 million yen from September 30, 2022, mainly due to an increase of 513 million yen in accounts payable—other.

Total net assets as of December 31, 2022, were 9,933 million yen, up 158 million yen from September 30, 2022. This is primarily attributed to the recording of profit attributable to owners of parent of 454 million yen, offset by dividend payments of 325 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, 2023, which was disclosed in the Consolidated Financial Results for the Fiscal Year Ended September 30, 2022, issued on November 11, 2022.

## 2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of September 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	5,935	5,749
Accounts receivable–trade	241	263
Merchandise and finished goods	363	514
Work in process	43	69
Supplies	29	30
Accounts receivable–other	2,198	2,841
Other current assets	814	732
Allowance for doubtful accounts	(40)	(49)
Total current assets	9,586	10,151
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	3,004	3,015
Land	450	450
Other (net)	125	154
Total property, plant and equipment	3,581	3,620
Intangible assets		
Goodwill	2,827	2,744
Software	196	194
Other	1,251	1,168
Total intangible assets	4,275	4,106
Investments and other assets		
Investment securities	25	25
Deferred tax assets	446	423
Leasehold and guarantee deposits	1,593	1,741
Other	66	78
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,131	2,268
Total non-current assets	9,987	9,995
Total assets	19,574	20,147

(Millions of yen)

	As of September 30, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable–trade	136	181
Accounts payable–other	1,272	1,785
Current portion of long-term borrowings	363	363
Income tax payables	591	305
Accrued consumption taxes	176	418
Advances received	4,142	3,610
Provision for bonuses	451	366
Other current liabilities	480	1,070
Total current liabilities	7,614	8,102
Non-current liabilities		
Long-term borrowings	1,090	999
Provision for retirement benefits for directors	71	72
Retirement benefit liabilities	115	120
Asset retirement obligations	907	919
Deferred tax liabilities	0	0
Total non-current liabilities	2,184	2,112
Total liabilities	9,799	10,214
Net assets		
Shareholders' equity		
Share capital	1,431	1,438
Capital surplus	1,421	1,428
Retained earnings	7,266	7,404
Treasury shares	(385)	(380)
Total shareholders' equity	9,734	9,889
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	5	4
Total accumulated other comprehensive income	5	4
Stock acquisition rights	33	39
Non-controlling interests	0	–
Total net assets	9,774	9,933
Total liabilities and net assets	19,574	20,147

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

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Net sales	7,537	7,718
Cost of sales	4,744	4,948
Gross profit	2,793	2,769
Selling, general and administrative expenses	1,523	2,019
Operating profit	1,269	750
Non-operating income		
Interest income	0	0
Outsourcing service income	0	0
Subsidy income	2	1
Commission fees	–	2
Other	2	1
Total non-operating income	6	5
Non-operating expenses		
Interest expenses	1	1
Commission expenses	1	–
Other	0	1
Total non-operating expenses	2	2
Ordinary profit	1,272	752
Profit before income taxes	1,272	752
Income taxes—current	344	275
Income taxes—deferred	120	23
Income taxes	464	299
Profit for the period	807	453
Profit attributable to:		
Non-controlling interests	(3)	(0)
Owners of parent	811	454

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

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit for the period	807	453
Other comprehensive income		
Remeasurements of defined benefit plans	(0)	(1)
Total other comprehensive income	(0)	(1)
Total comprehensive income	807	451
Total comprehensive income attributable to:		
Owners of parent	811	452
Non-controlling interests	(3)	(0)

### **(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]**

*(Implementation Guidance on Accounting Standard for Fair Value Measurement)*

The Group has applied the *Implementation Guidance on Accounting Standards for Fair Value Measurement* (ASBJ Statement No. 31 issued on June 17, 2021), starting from October 1, 2022, the beginning date of the first quarter of the fiscal year ending September 30, 2023. New accounting policies set forth in this implementation guidance will be applied prospectively in accordance with the transition requirements stipulated in paragraph 27-2 of said guidance. The application has no effect on the consolidated quarterly financial statements.

**[Segment Information]**

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 and the analysis of revenue components

(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 such educational services as the sale of the Foresta Series and the operation of Tokyo Dance Village and the Programming Proficiency Test.

Note 2) Adjustment for segment profit (loss) of negative 518 million yen is mainly comprised of amortization of goodwill of 76 million yen the elimination of inter-segment transactions of 2 million yen, and corporate expenses that cannot be allocated to reportable segments of 440 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. Impairment losses on non-current assets and goodwill, etc. recorded for each reportable segment  
Not applicable.

For the three months ended December 31, 2022 (from October 1, 2022 to December 31, 2022)

i. Disclosure of net sales and profit (loss) for each reportable segment and the analysis of revenue components

(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	4,025	2,362	774	7,162	555	7,718	—	7,718
Other revenue	—	—	—	—	—	—	—	—
Sales to external customers	4,025	2,362	774	7,162	555	7,718	—	7,718
Transactions with other segments	—	—	—	—	18	18	(18)	—
Total	4,025	2,362	774	7,162	574	7,736	(18)	7,718
Segment profit (loss)	1,025	469	78	1,573	(275)	1,298	(548)	750

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 such educational services as the sale of the Foresta Series and the operation of Tokyo Dance Village, WAYO Japanese-language School and the Programming Proficiency Test.

Note 2) Adjustment for segment profit (loss) of negative 548 million yen is mainly comprised of amortization of goodwill of 76 million yen and corporate expenses that cannot be allocated to reportable segments of 471 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.

iii. Impairment losses on non-current assets and goodwill, etc. recorded for each reportable segment

Not applicable.