



FY2023 1Q
Consolidated Financial Results
(October 1, 2022 to December 31, 2022)

February 10, 2023

SPRIX **SPRIX Inc.**

(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

FY2023 1Q (Oct–Dec 2022)



Strong performance of Mori JUKU and investment in fundamental academic skills business as planned

FY2023 1Q (Oct–Dec 2022)—Operating results

- Stable performance thanks to steady enrollment at Mori JUKU, including special winter vacation sessions
- Net sales : Strong performance of Mori JUKU, with increased student numbers and reduced withdrawal rates, offset the weak results of Shonan Seminar and Kawaijuku Manavis.
Net sales increased on a consolidated basis.
- Operating profit : Decreased due to increased advertisements (TV commercials) for Mori JUKU as planned, as well as aggressive investment in new businesses as planned at SPRIX
(non-consolidated)

(million yen)	FY2022 1Q (actual)	FY2023 1Q (actual)	Change (%)	Reasons
Net sales	7,537	7,718	+180 (+2.4%)	• SPRIX (non-consolidated) net sales increased as a result of strong enrollment at Mori JUKU
Operating profit (margin, %)	1,269 (16.8%)	750 (9.7%)	△519 (△40.8%)	• Shonan Seminar net sales decreased due to decreased student numbers at Shonan Seminar and Kawaijuku Manavis schools
EBITDA (margin, %)	1,547 (20.5%)	1,043 (13.5%)	△504 (△32.5%)	• Decrease in profit due to planned higher advertising expenses and aggressive R&D expenses for the fundamental academic skills business
Profit attributable to owners of parent (margin, %)	811 (10.8%)	454 (5.8%)	△357 (△44.0%)	

FY2023 1Q Quarterly net sales

- Consolidated net sales increased due to stable student enrollment at Mori JUKU
- Shonan Seminar Co., Ltd. (non-consolidated) saw a decrease in net sales due to declining student numbers

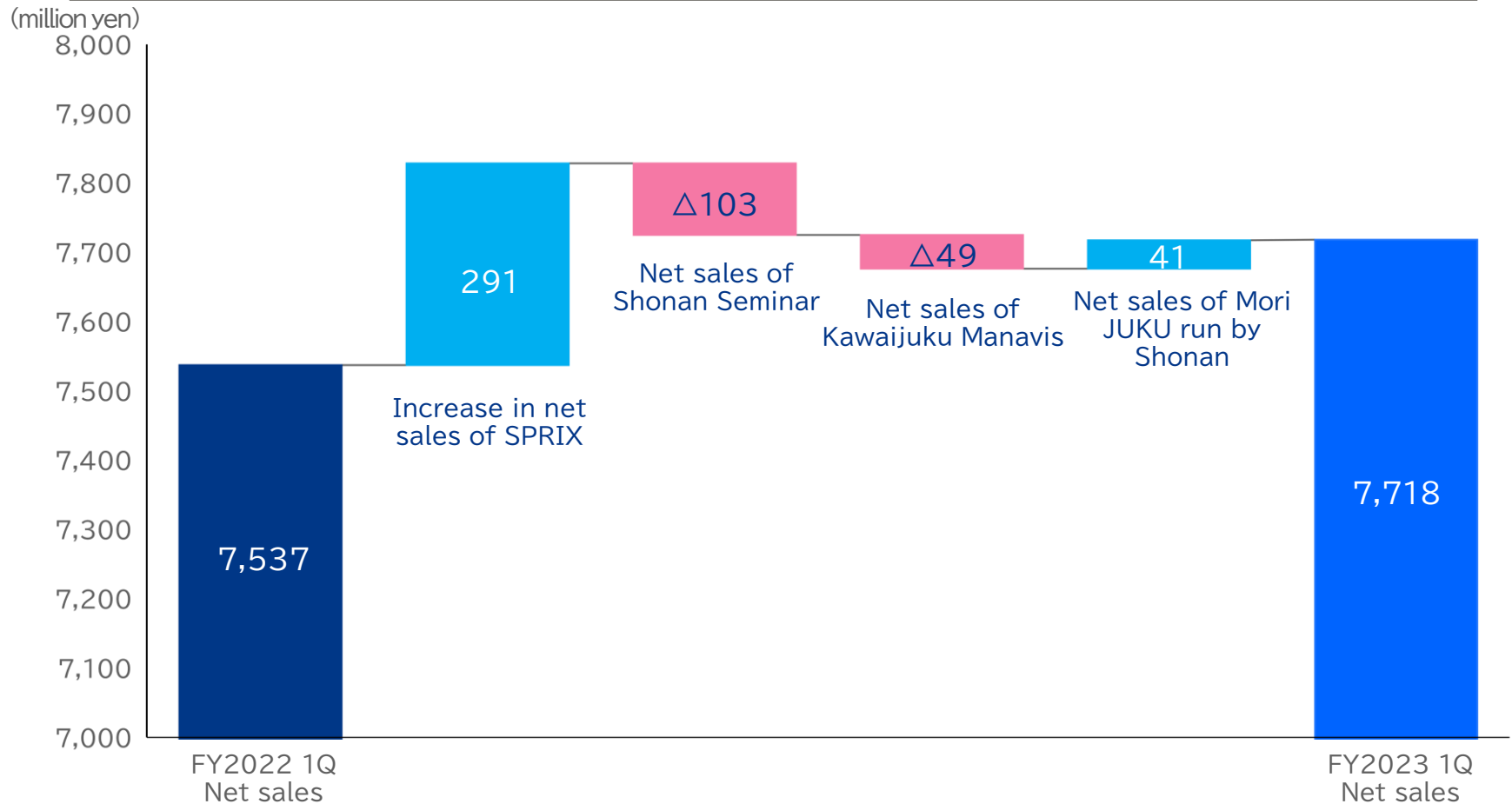
Quarterly net sales



(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 sales.

FY2023 1Q Quarterly net sales—Attribution analysis (Year-on-Year)

- SPRIX (non-consolidated): In addition to the increase in school buildings, saw increased revenue due to the stable increase in student numbers at Mori JUKU
- Shonan Seminar Co., Ltd.: Shonan Seminar and Kawaijuku Manavis student enrollment declined and revenues decreased

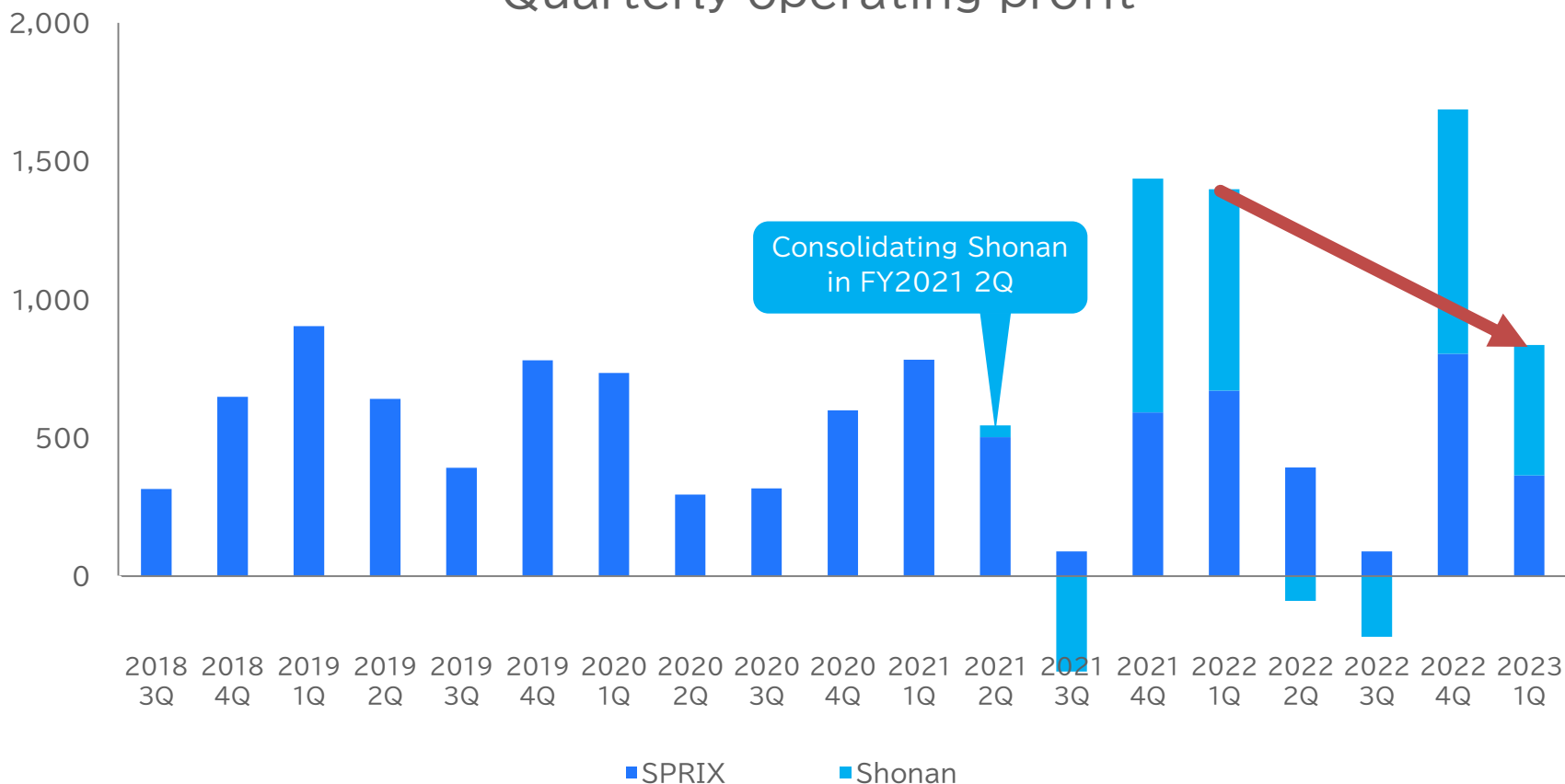


FY2023 1Q Quarterly operating profit

- Decrease due to higher advertising expenses (TV commercials) at Mori JUKU for both SPRIX and Shonan Seminar Co., Ltd.
- R&D expenses increased at SPRIX due to new business investment in the fundamental academic skills business according to plan at the beginning of the period

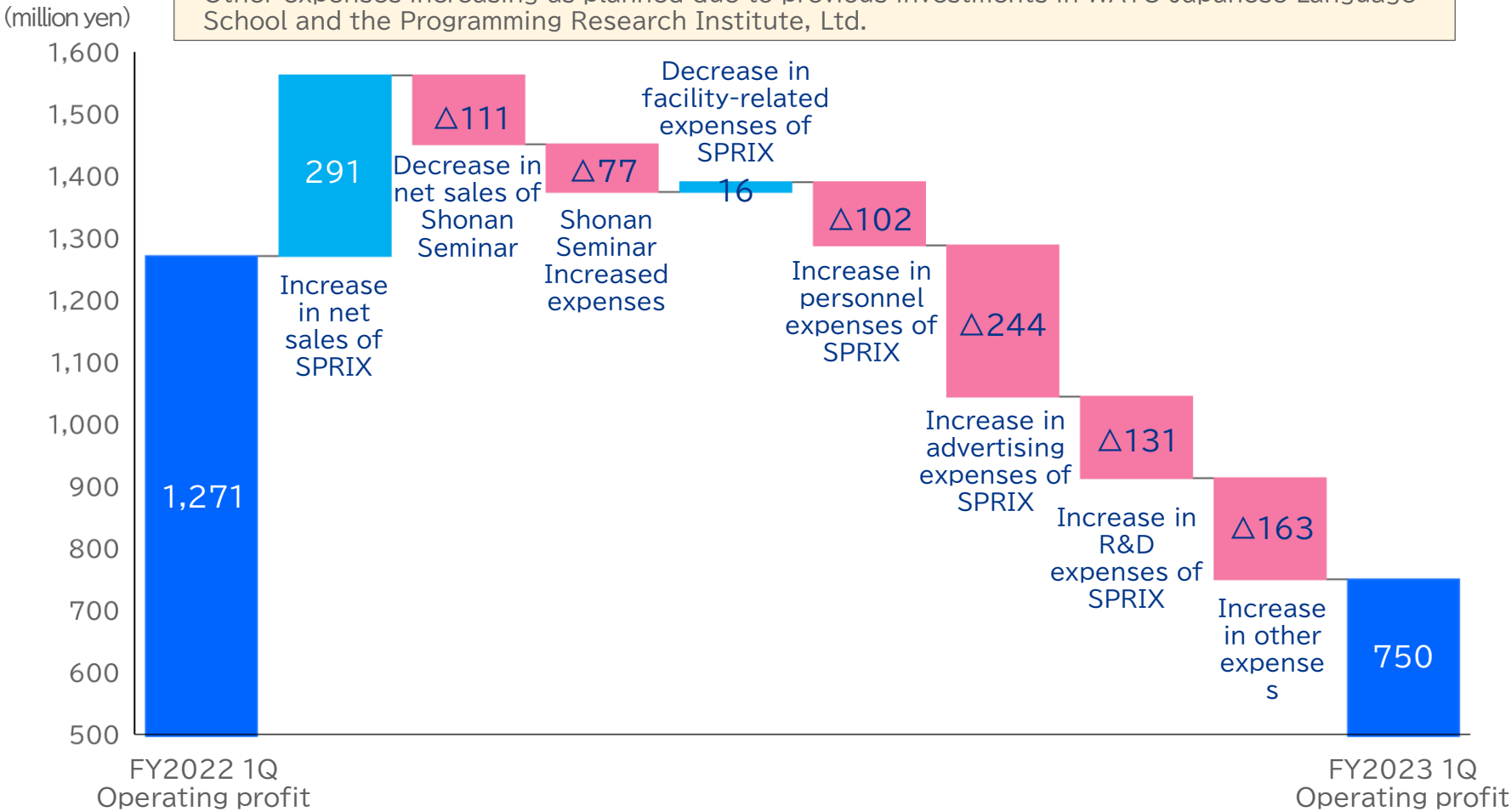
(million yen)

Quarterly operating profit



FY2023 1Q Quarterly operating profit—Attribution analysis (Year-on-Year)

- Increased advertising expenses at Mori JUKU leading to increased advertising expenses for SPRIX and Shonan Seminar Co., Ltd.
- Due to new investment in the fundamental academic skills business, including TOFAS and DOJO, R&D expenses are increasing as planned
- Other expenses increasing as planned due to previous investments in WAYO Japanese Language School and the Programming Research Institute, Ltd.



FY2023 1Q Progress to latest consolidated forecasts

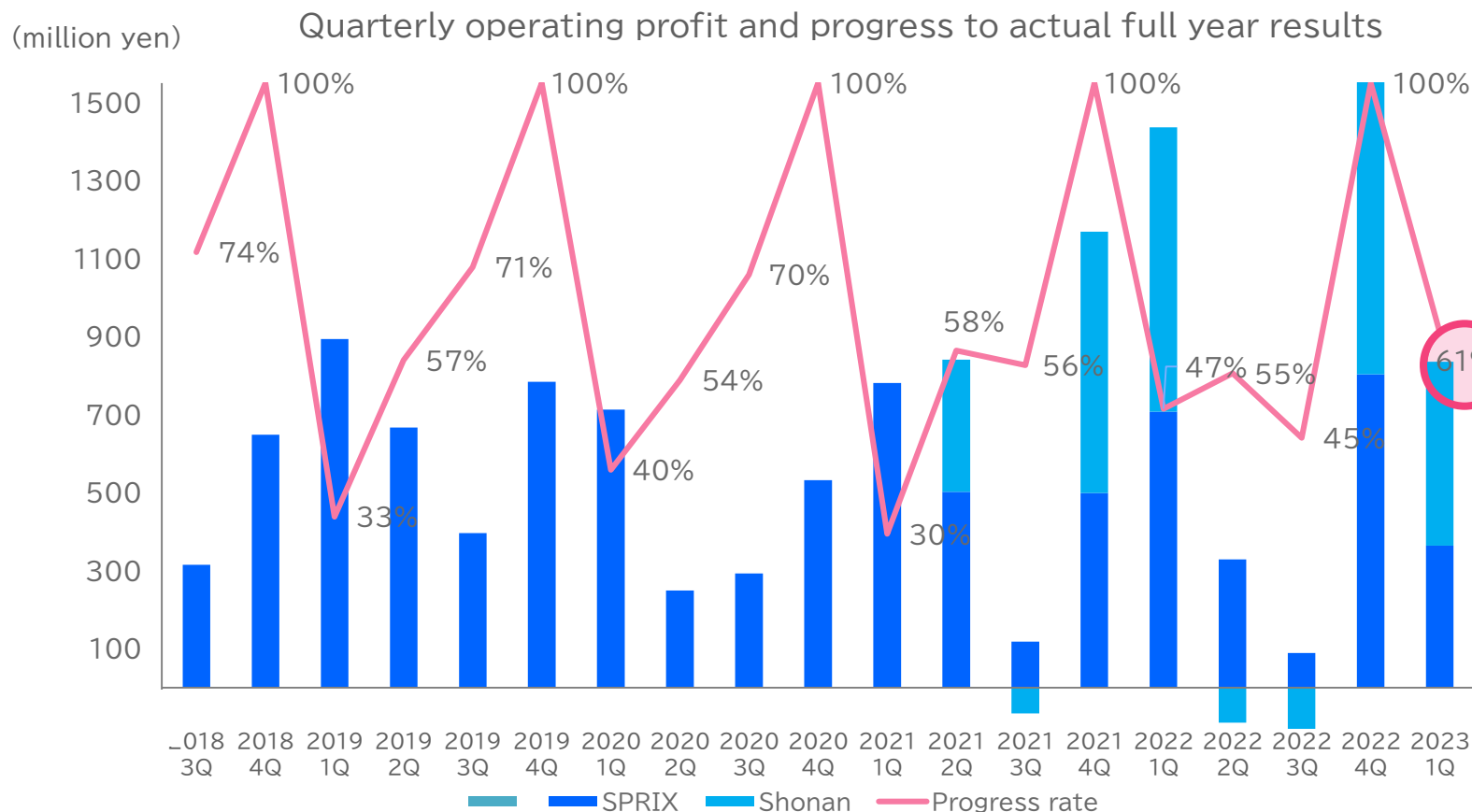
- Both net sales and operating profit tend to be affected by seasonality
- Due to Shonan Seminar's business structure, performance tends to be driven by 1Q and 4Q (July–December)

(million yen)	FY2023 (forecast)	FY2023 1Q (actual)	Progress to forecast (%)
Net sales	30,777	7,718	25.0%
Operating profit (margin, %)	1,226 (4.0%)	750 (9.7%)	61.1%
EBITDA (margin, %)	2,354 (7.6%)	1,043 (13.5%)	44.3%
Profit attributable to owners of parent (margin, %)	674 (2.2%)	454 (5.8%)	67.3%

* Consolidated forecasts were disclosed on November 11, 2022.









FY2023 1Q Operating profit—Seasonality trends

- Shonan Seminar earns the majority of its operating profit in 1Q (October–December) and 4Q (July–September)
- The progress rate is favorable at 61%, and investment in the fundamental academic skills business is expected to begin in full in 2Q, and R&D expenses are expected to be higher than usual, so full-year operating profit is expected to be in line with the forecast









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

FY2023 1Q Segment information

(million yen)	Net sales	Compared to the same period of the previous fiscal year	Segment profit	Compared to the same period of the previous fiscal year	Major topics
	4,025	+239 (+6.3%)	1,025	△207 (△16.8%)	<ul style="list-style-type: none"> Strong performance even throughout the COVID-19 pandemic Increased net sales and operating profit thanks to synergy with Mori JUKU, operated by Shonan Seminar Co., Ltd. 18 schools scheduled to open this fiscal year
	2,362	△103 (△4.2%)	469	△95 (△16.9%)	<ul style="list-style-type: none"> Reducing new branch openings while the foundation for growth is being prepared Taking on the challenge of improving the number of students 4 schools scheduled to open this fiscal year
	774	△49 (△5.9%)	78	△49 (△38.9%)	<ul style="list-style-type: none"> Reducing new branch openings while the foundation for growth is being prepared Challenges in the average number of students and time blocks 3 schools scheduled to open this fiscal year
Other     	555	+93 (+20.1%)	△275	△137 (- %)	<u>Fundamental academic skills business</u> <ul style="list-style-type: none"> Adoption of “CBT for school,” including TOFAS, spreads in public education in Japan “Programming Proficiency Test” is the No. 1 test in terms of the number of examinees* <u>Other</u> <ul style="list-style-type: none"> Accelerate plans for new businesses and aggressively invest in R&D, advertising, etc. Implemented cost reductions through PMI

* According to Japan Marketing Research Organization (November 2022)

FY2023 Planned initiatives by segment

		FY2023 (forecast)
		<ul style="list-style-type: none"> Will open 18 Mori schools in the Tokyo metropolitan area Enrollment is expected to remain at pre-pandemic levels, and grow steadily with the opening of new schools
		<ul style="list-style-type: none"> Will open four new Shonan Seminar schools Focus on the “Yokohama-Suiran Course” to increase the number of students accepted into Yokohama-Suiran Senior High School
		<ul style="list-style-type: none"> 3 schools scheduled to open this fiscal year
その他		<ul style="list-style-type: none"> Expect further increase in student enrollment by taking advantage of its recognition as No. 1 online individualized tutoring school in terms of number of students*¹
		<ul style="list-style-type: none"> 40 franchised schools and 2 directly managed schools scheduled to open over the year (230 schools at the end of the fiscal year)
		<ul style="list-style-type: none"> Develop educational materials for high school students in collaboration with Kawaijuku
	Other	<ul style="list-style-type: none"> “CBT for school” officially adopted in Nagaoka City; joint research started in Toshima Ward New! “Programming Proficiency Test” (PROKEN) takes number one spot in number of examinees*² New!

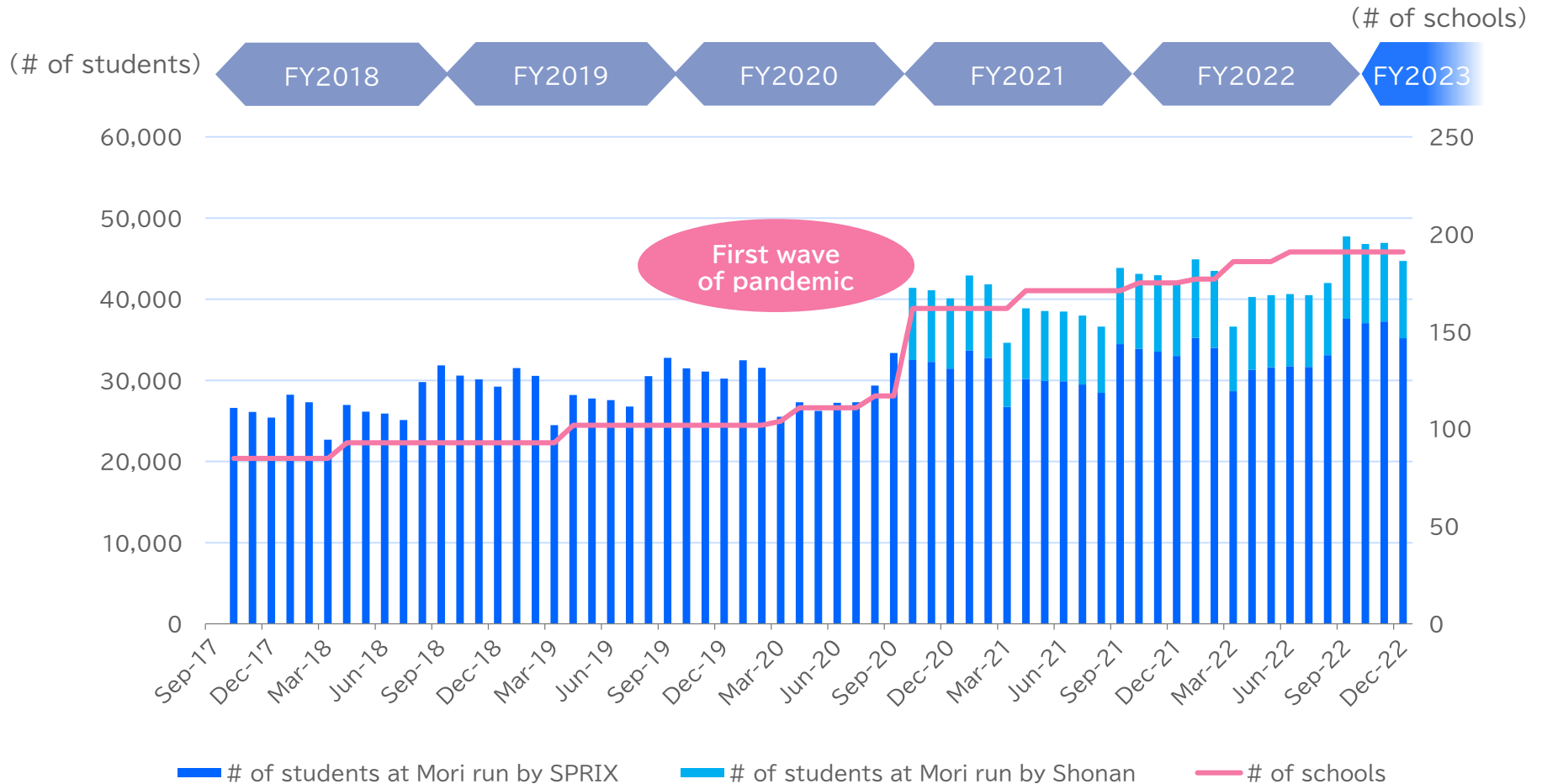
*1 According to Japan Marketing Research Organization (January 2022)

*2 According to Japan Marketing Research Organization (November 2022)

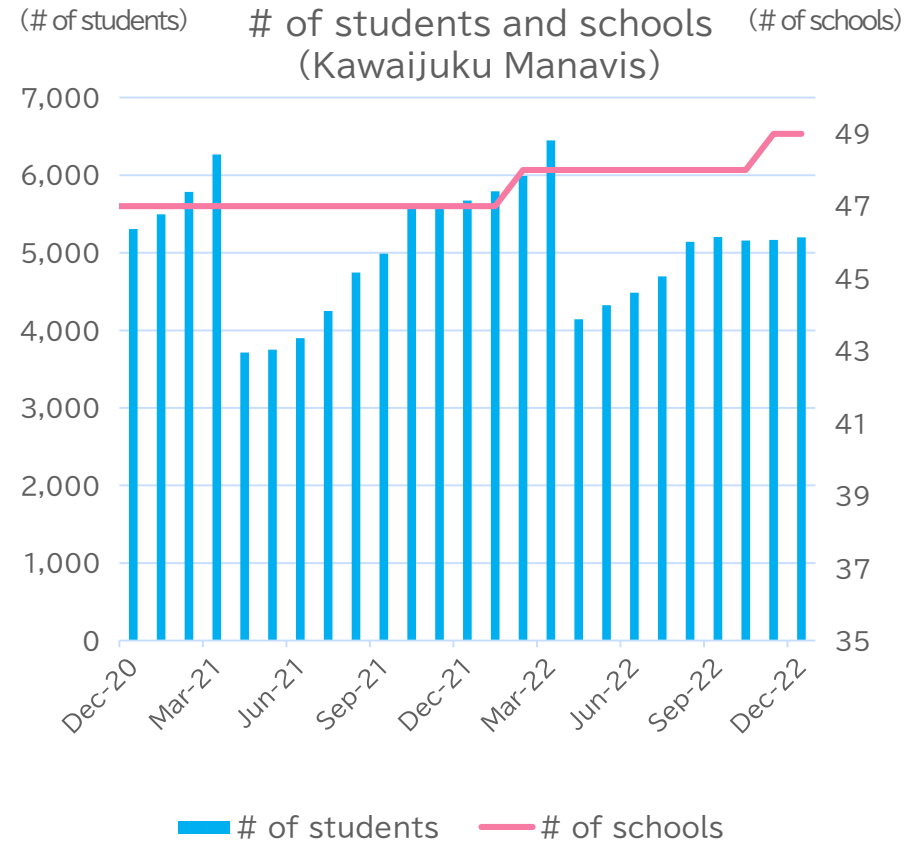
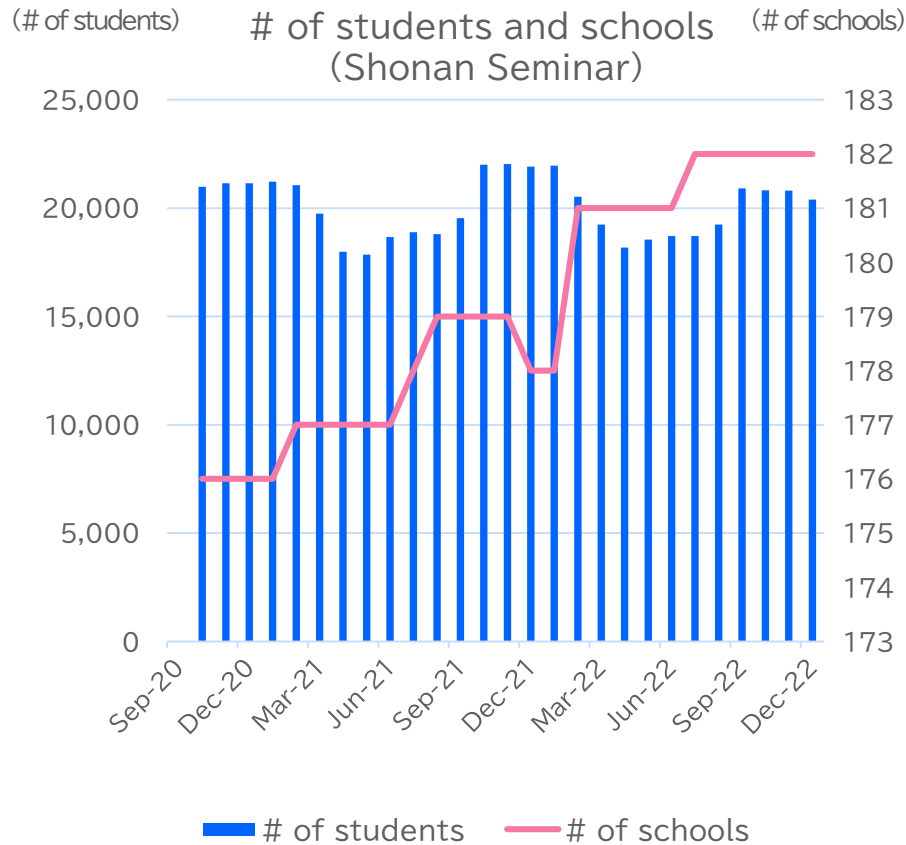
(Reference) Number of students/schools – Mori JUKU

- Total number of students stood at 44,721, while the total number of schools was 191 (as of December 31, 2022)

of students/schools at Mori JUKU



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



Business Strategy for FY2025

1. **Unchanged MISSION and VISION**
2. **Business strategies towards FY2025**
3. **Strategy 1: Reinforce JUKU business**
4. **Expand the fundamental academic skills business internationally: TOFAS**
5. **Strategy 2: Be the pioneer in fundamental academic skills business**
6. **(Reference) 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

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Long-term goal

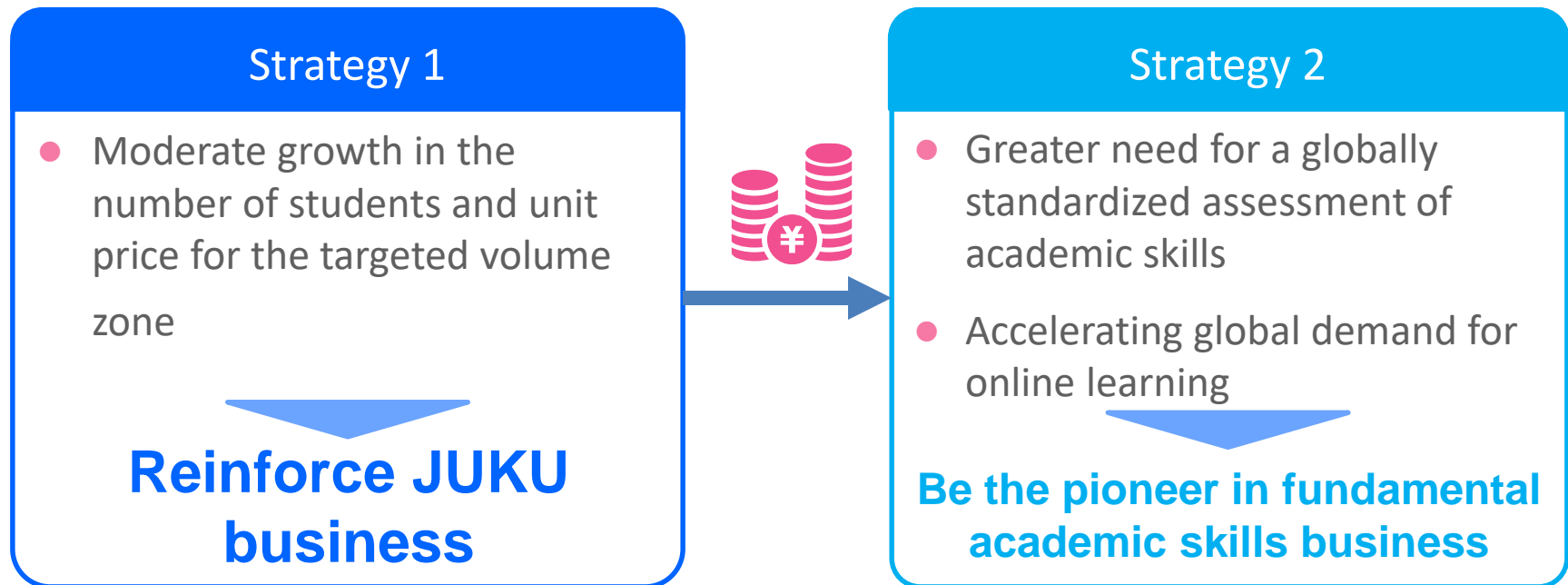
Develop fundamental academic skills

Expand options in life

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

2. Business strategies toward FY2025

Stable growth in JUKU business to rapidly expand academic foundation investment



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

3. Strategy 1 Reinforce JUKU business



- Business model adaptable throughout Japan
- 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



- Prioritize improving exam pass rates
- Boost marketing activities
- Open one or two schools per year, although at a reduced pace

KPI for FY2025
Improve exam pass rates
for the best Kanagawa
schools



- 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



- First global online exam to measure fundamental academic skills
- Available in 7 languages
- CBT (Computer Based Testing)
 - High scalability
 - Low cost and low risks associated with testing venue
- High interest from foreign education ministries



The Philippines Signed an agreement with the Manila Department of Education to start implementing TOFAS



Signed a cooperative agreement with the Egypt Ministry of Education and Technical Education

5. Strategy 2 Be the pioneer



Domestic

TOFAS

- Math, kanji, Japanese vocabulary, English vocabulary

Aプロ検

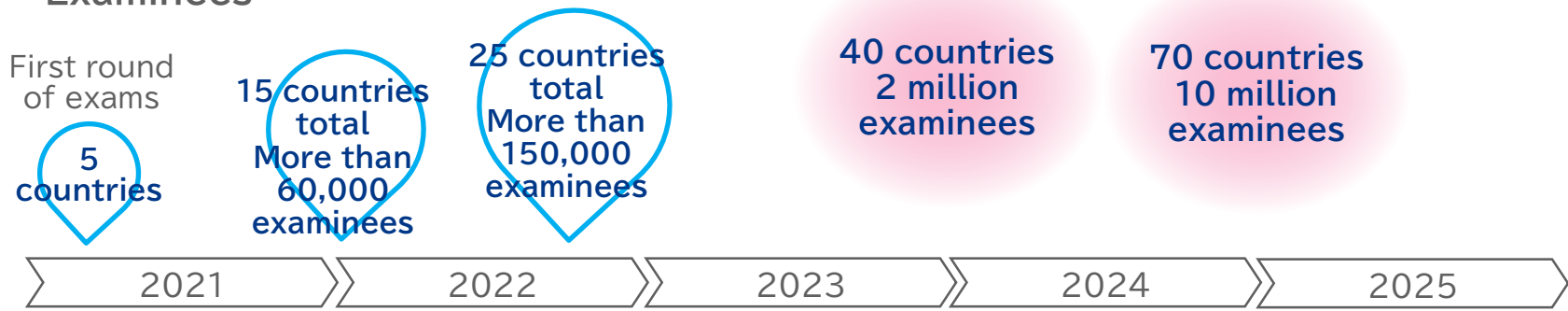
- Programming

Overseas

TOFAS

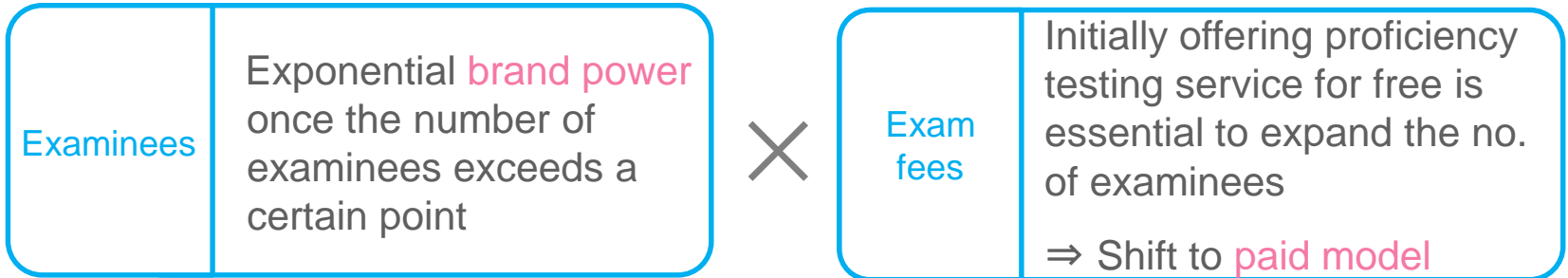
- Math, programming

Examinees

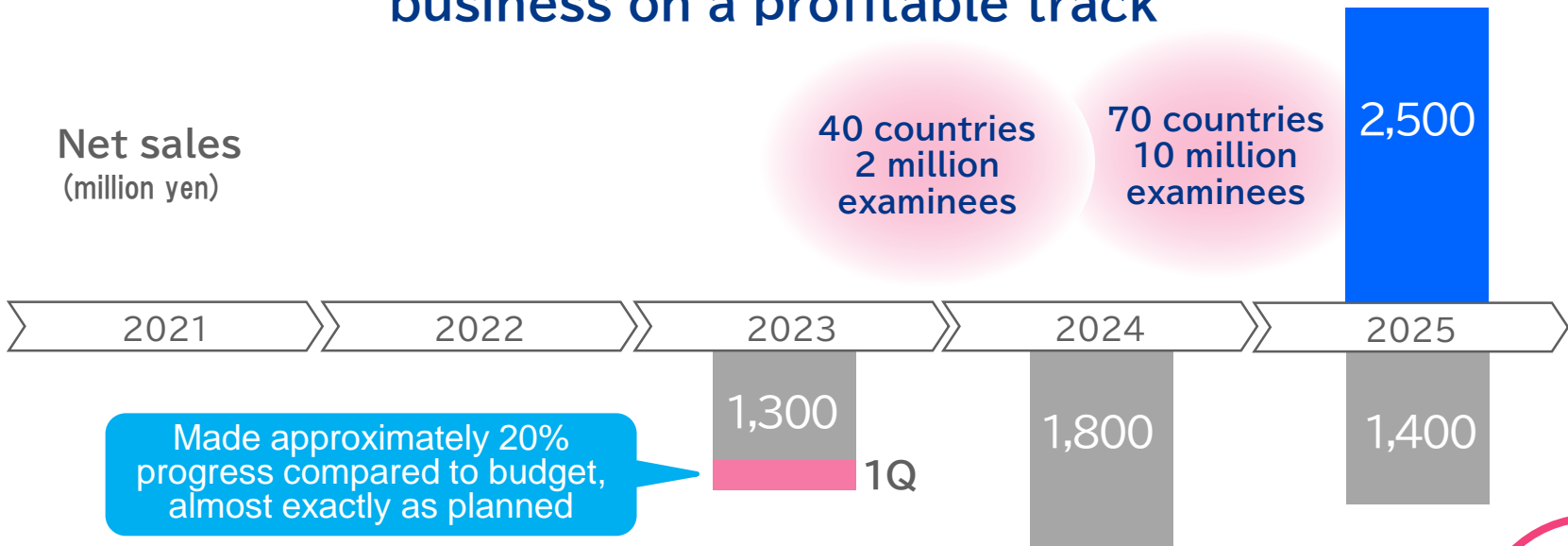


Overseas needs remain abundant

5. Strategy 2 Be the pioneer

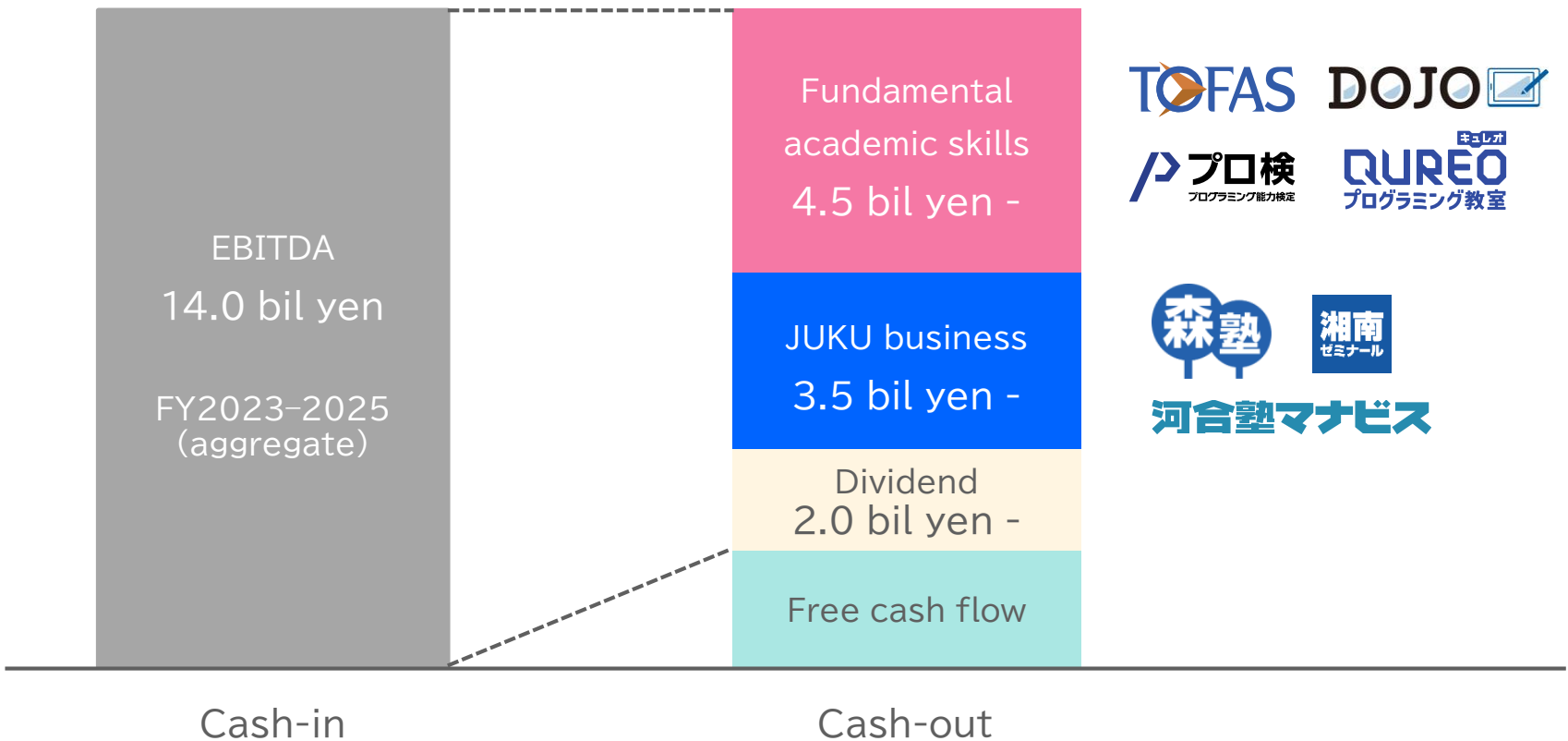


Getting the fundamental academic skills business on a profitable track



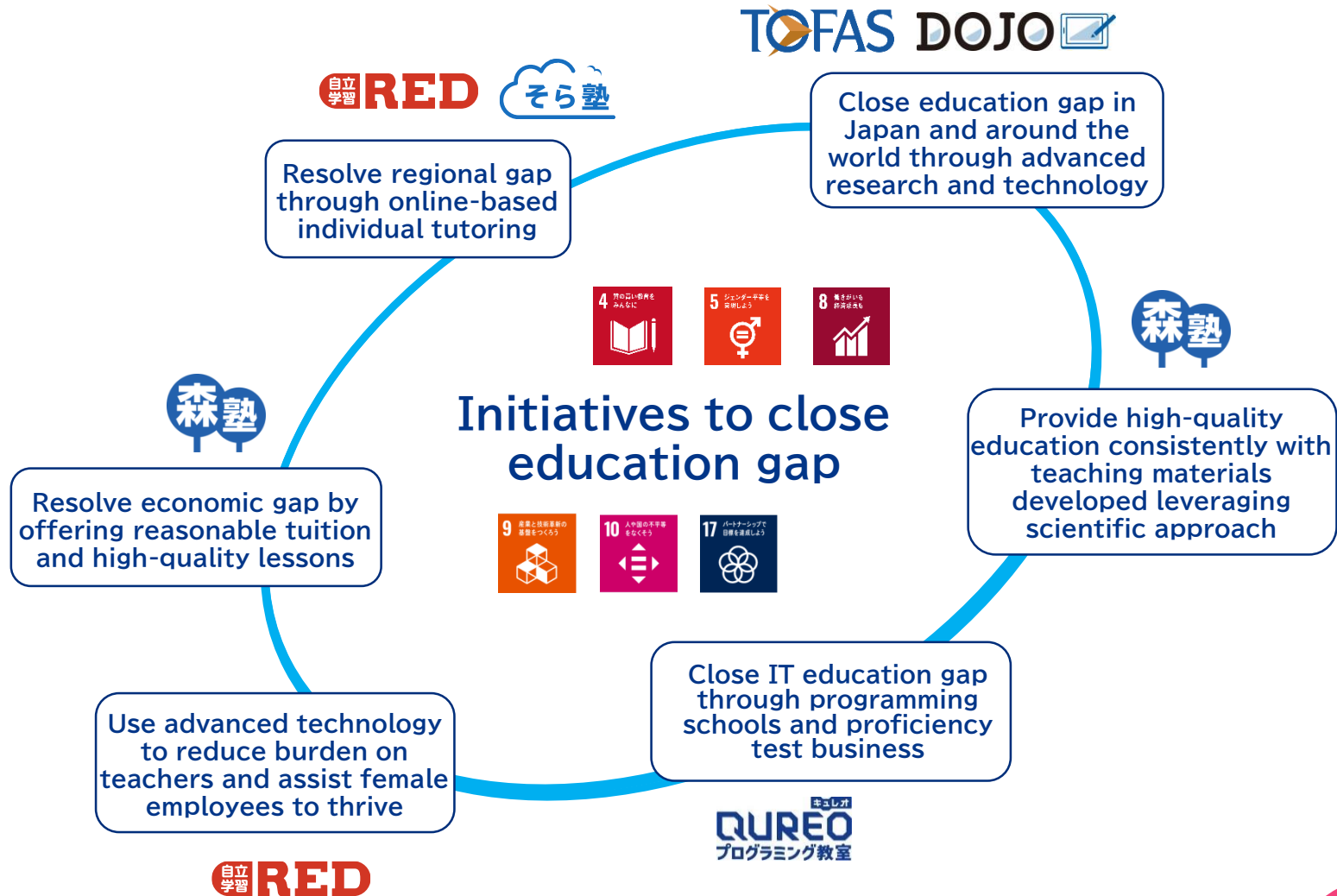
(Reference) Cash allocation—Plan for FY2023–2025 (aggregate)

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



Reference

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 more 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 fact sheet

(million yen)	FY2018 (non-consolidated)	FY2019 (non-consolidated)	FY2020 (consolidated)	FY2021 (consolidated)	FY2022 (consolidated)	FY2023-1Q (consolidated)
Net sales	10,451	11,410	11,843	25,901	29,352	7,718
Operating profit	2,467	2,741	1,787	2,437	2,778	750
EBITDA	2,569	2,851	1,937	3,385	3,938	1,043
Total assets	9,967	10,861	11,485	19,277	19,574	20,147
Net assets	6,469	7,642	8,091	8,864	9,774	9,933
Cash and cash equivalent at the end or the period	6,825	6,819	7,308	6,163	2,203	5,749
Equity ratio (%)	64.9	70.4	70.2	45.9	49.8	49.1
Operating profit margin (%)	23.6	24.0	15.0	9.4	9.5	9.7
EBITDA margin (%)	24.5	24.9	16.3	13.0	13.4	13.5