



FY2023
Consolidated Financial Results
(October 1, 2022 to September 30, 2023)

November 10, 2023

SPRIX **SPRIX Inc.**

(Standard market of TSE/Securities code: 7030)

1

Operating Results

MISSION

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

VISION

Be the No.1 in education



TOFAS in the fundamental academic skills business is performing extremely well with 3.5 million cumulative examinees

In the JUKU business, Mori JUKU's strong performance drove operating profit to exceed plans

FY2023 (Oct 2022–Sep 2023)—Operating results

- Net sales: The strong performance of Mori JUKU and solid performances of other businesses offset the weak results of Shonan Seminar and Kawaijuku Manavis, resulting in an increase in net sales on a consolidated basis; consolidated sales increased compared to the previous year
- Operating profit decreased due to higher advertising expenses (TV commercials) along with proactive investment in new businesses and an increase in R&D expenses related to the fundamental academic skills business carried out in line with plans
- Extraordinary loss: Conservatively recorded losses for the headquarters integration scheduled for FY2024

(million yen)	FY2022	FY2023	Change (%)
Net sales	29,352	30,363	+1,011 (+3.4%)
Operating profit (margin, %)	2,778 (9.5%)	1,318 (4.3%)	-1,460 (-52.6%)
EBITDA (margin, %)	3,938 (13.4%)	2,521 (8.3%)	-1,416 (-36.0%)
Profit attributable to owners of parent (margin, %)	1,607 (5.4%)	561 (1.8%)	-1,045 (-65.1%)

FY2023—Status Compared to Initial Forecast

- Net sales: Mori JUKU's strong performance drove sales and other businesses performed well, but, impacted by the weak performances of Shonan Seminar and Kawaijuku Manavis, we achieved only 98.7% of the initial forecast
- Operating profit: In line with plans laid out at the beginning of the period, we carried out proactive new business investment and increased R&D expenses related to the fundamental academic skills business, leading to results that were 107.5% of the initial forecast

(million yen)	FY2023 Forecast	FY2023 Results	Achievement rate
Net sales	30,777	30,363	98.7%
Operating profit (margin, %)	1,226 (4.0%)	1,318 (4.3%)	107.5%
EBITDA (margin, %)	2,354 (7.6%)	2,521 (8.3%)	107.1%
Profit attributable to owners of parent (margin, %)	674 (2.2%)	561 (1.8%)	83.3%

* The consolidated forecast is the one disclosed on November 11, 2022.

FY2023 4Q Quarterly net sales

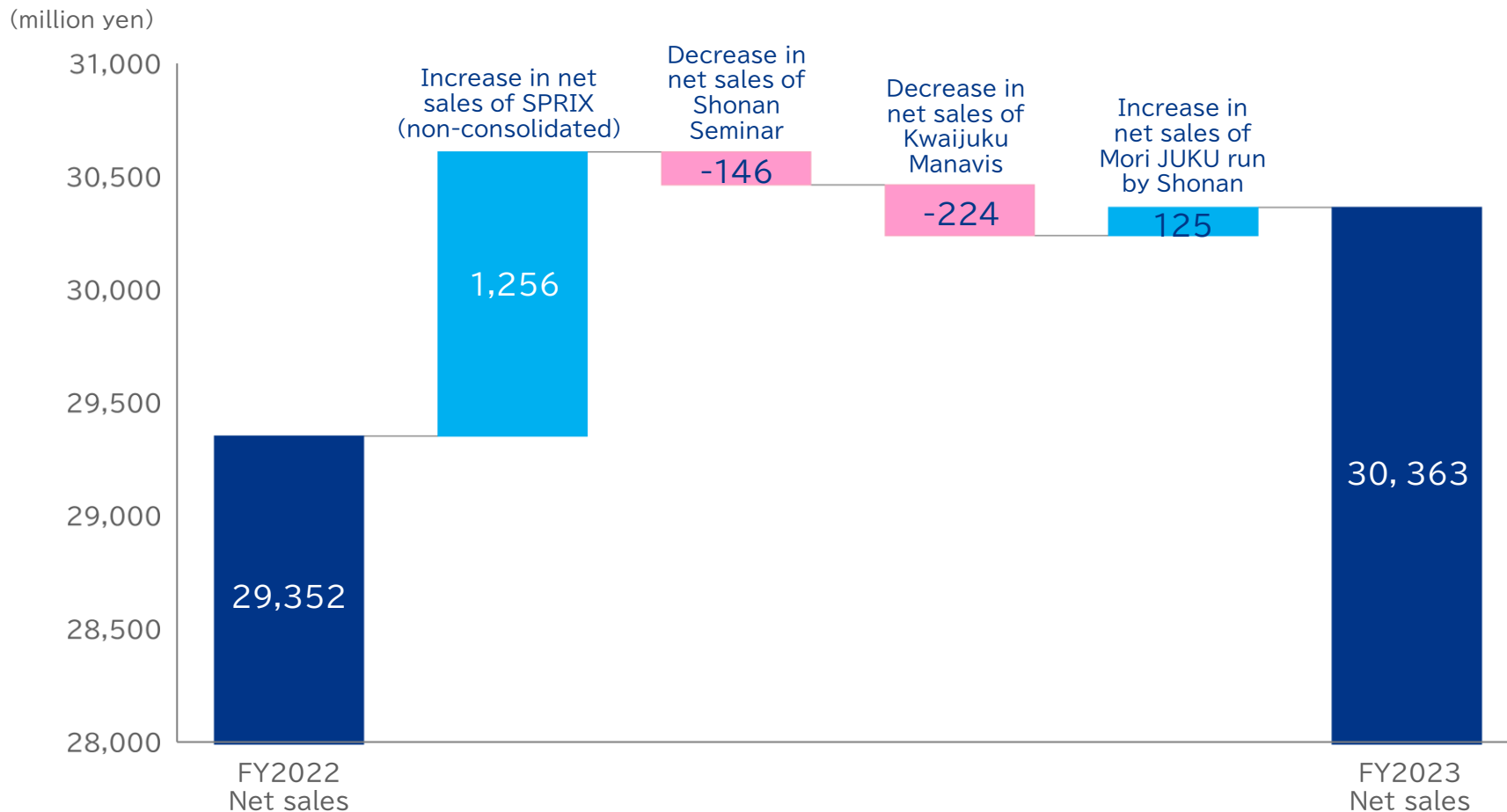
- Net sales increased on a consolidated basis in 4Q thanks to the opening of Mori JUKU, steady growth in the number of students enrolling in the school, and higher tuition fees
- 4Q net sales increased slightly as declines in the number of students at both Shonan Seminar and Kawaijuku Manavis were offset by an increase in tuition fees at Shonan Seminar and steady growth at Mori JUKU, which is operated by Shonan Seminar Co., Ltd.



(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—Net sales comparison analysis (year on year)

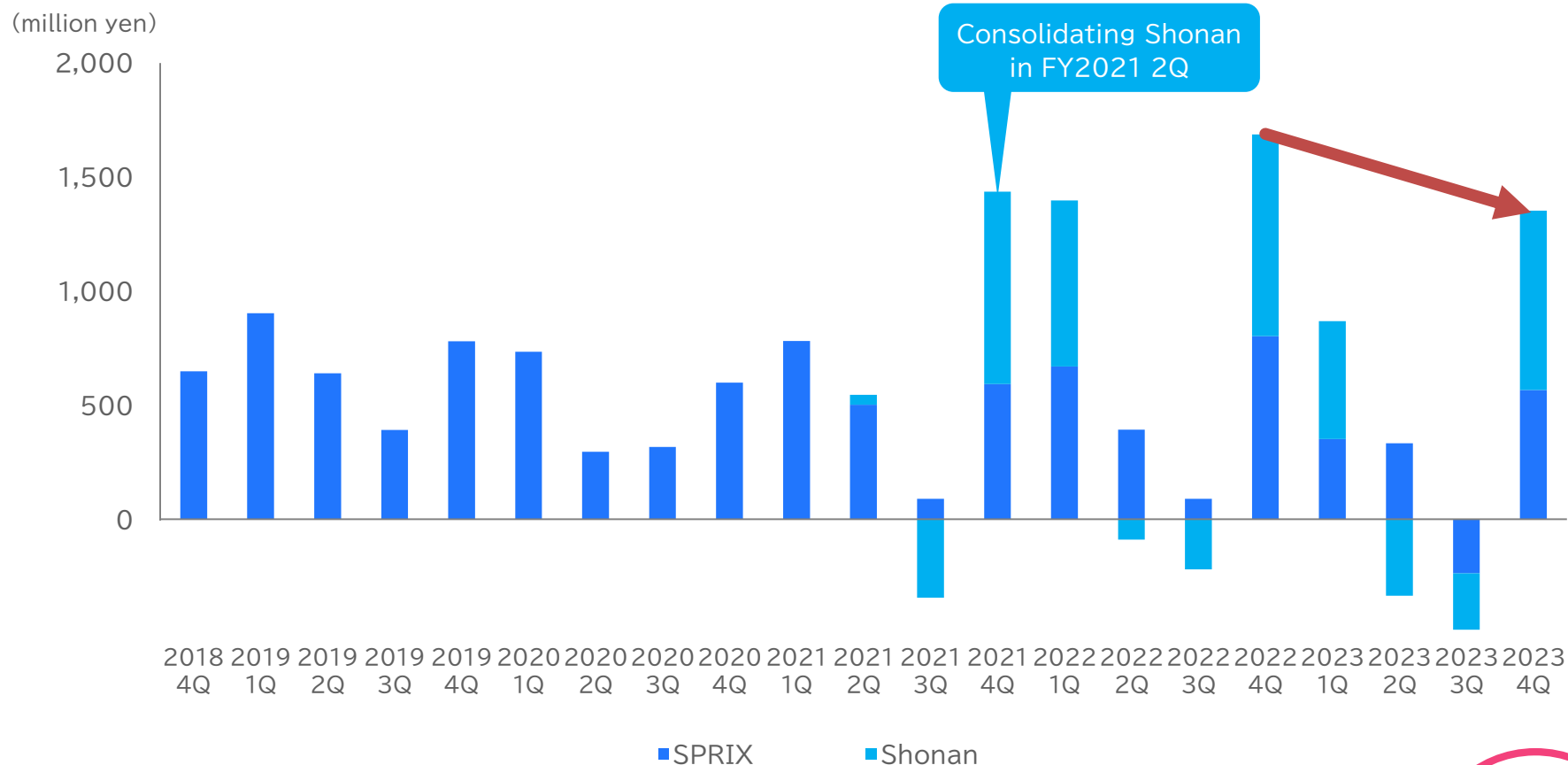
- In addition to the increase in new school openings, net sales grew due to the stable expansion in student numbers at Mori JUKU and increased tuition fees starting in spring 2023
- At Shonan Seminar and Kwaijuku Manavis, student enrollment declined and revenues decreased



FY2023 4Q Quarterly operating profit

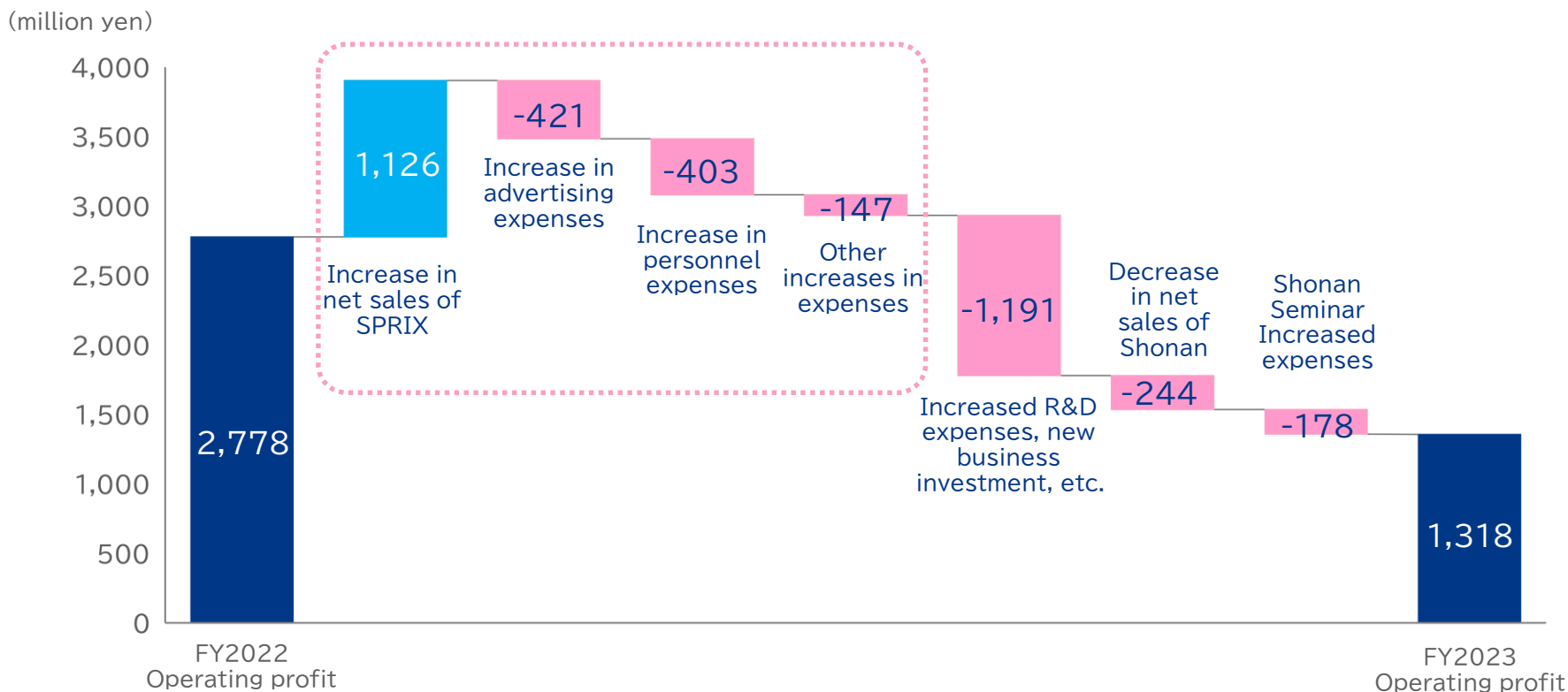
- Profits for SPRIX (non-consolidated) decreased due to proactive new business investment as planned at the beginning of the period, including increased R&D expenses related to the fundamental academic skills business
- Profits for Shonan Seminar Co., Ltd. decreased due to sluggish student enrollment

Quarterly operating profit











FY2023—Yearly operating profit analysis

- SPRIX (non-consolidated) performed well.
- Advertising expenses (TV commercials), expenses associated with the steady pace of new school openings at Mori JUKU, along with planned proactive new business investment as planned in the beginning of the period and increased R&D expenses in the fundamental academic skills business (profits increased overall)
- Profits decreased due to lower sales from decreased student numbers at Shonan Seminar and Kawaijuku Manavis schools











FY2023 Segment information

(million yen)	Net sales	Y-o-Y	Segment profit	Y-o-Y	Major topics
	15,530	+1,017 (+7.0%)	3,725	+160 (+4.5%)	<ul style="list-style-type: none"> Strong performance due to new school openings, increased enrollment, and raised tuition fees from this spring Increased advertising expenses due to TV commercials 18 schools opened (as planned)
	8,798	-146 (-1.6%)	745	-367 (-33.0%)	<ul style="list-style-type: none"> Despite declining student enrollment resulting in lower revenues, we are utilizing improved spring exam pass results and are aiming for medium-term recovery through marketing activities Opened 4 Shonan Seminar schools and 12 Yokohama Suiran V Course schools
	3,106	-224 (-6.7%)	312	-232 (-42.7%)	<ul style="list-style-type: none"> Reducing new branch openings while the foundation for growth is being prepared The number of third-year high school students remains an issue due to the decreasing proportion of students taking conventional general university entrance exams Opened 2 schools
Other     	2,927	+364 (+14.2%)	-1,011	-807 (-%)	Fundamental academic skills business <ul style="list-style-type: none"> TOFAS has been taken by more than 3.5 million examinees in more than 44 countries worldwide “Programming Proficiency Test” (PROKEN) has the most examinees in Japan* with 2,257 testing sites nationwide Other <ul style="list-style-type: none"> Proactive R&D and investment

* According to Japan Marketing Research Organization (November 2022)

FY2023 Planned initiatives by segment

FY2023

	<ul style="list-style-type: none"> • Opened 7 schools in July 2023; in total 18 schools were opened in the Kanto region during 2023 as planned • Enrollment is expected to remain steady with the opening of new schools 	
	<ul style="list-style-type: none"> • Opened 3 Shonan Seminar schools and 12 Yokohama Suiran V Course schools in FY2023 • By focusing on the Yokohama Suiran V Course, the Yokohama Suiran High School acceptance rate increased (77 last spring, 84 this spring) 	
	<ul style="list-style-type: none"> • Opened 2 schools in FY2023 	
<p>Other</p>		<ul style="list-style-type: none"> • Further increased 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"> • 8 schools opened in spring 2023, bringing the total to 203 (as of September 30, 2023) New!
		<ul style="list-style-type: none"> • Develop educational materials for high school students in collaboration with Kawaijuku
	 	<ul style="list-style-type: none"> • Cumulative number of examinees exceeded 3.5 million New! • Collaborated with the Shibuya Ward Board of Education to introduce the “Programming Proficiency Test” to all schools in the ward New! • Added Java to the languages on the “Programming Proficiency Test” New! • “Programming Proficiency Test” (PROKEN) takes number one spot in number of examinees*2
	<p>Other</p>	<ul style="list-style-type: none"> • Opened the Shibuya School of Tokyo Dance Village

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

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







FY2024—Earnings forecast

- Sales mainly increased at Mori JUKU
- We will continue to proactively invest in the fundamental academic skills business, but because the number of TOFAS examinees is solid, we will strive for the original target (10 million test takers) but reduce the amount of investment compared with the original plan
- Operating income is expected to decrease to ¥1,050 M (down ¥268 M YoY) and EBITDA to ¥2,350 M (down ¥171 M YoY) due to one-time costs of ¥170 M for headquarters integration and increased R&D expenses of ¥250 M, among other factors

(million yen)	FY2023 (Results)	FY2024 (Earnings forecast)	Change amount (Rate of change, %)
Net sales	30,363	32,050	1,686 (+5.6%)
Operating profit (margin, %)	1,318 (4.3%)	1,050 (3.3%)	-268 (-20.4%)
EBITDA (margin, %)	2,521 (8.3%)	2,350 (7.3%)	-171 (-6.8%)
Profit attributable to owners of parent (margin, %)	561 (1.8%)	450 (1.4%)	-111 (-19.9%)

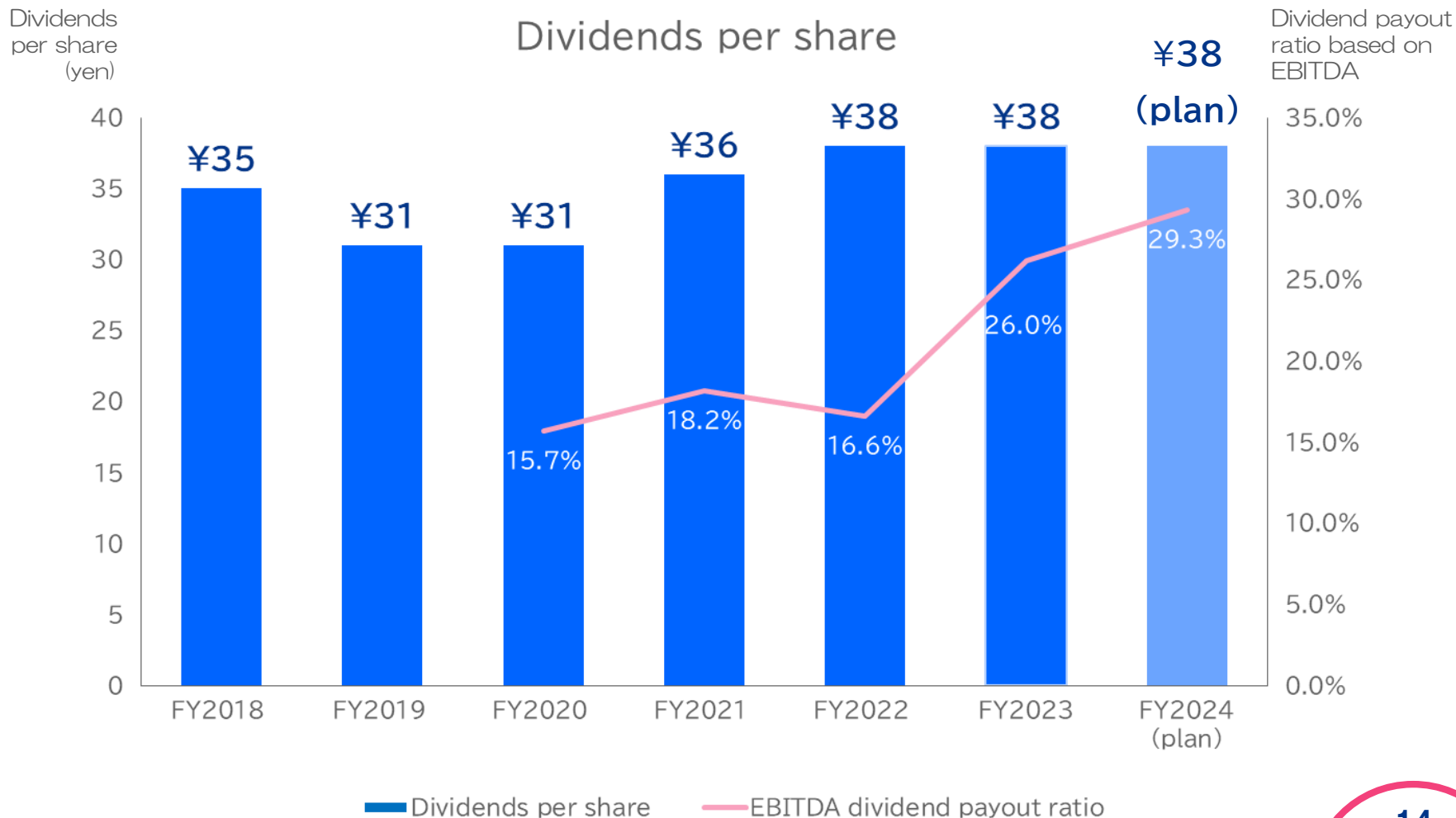
FY2024—Plans for each main brand

FY2024 (Forecast)

	<ul style="list-style-type: none"> Plan to open 20 Mori JUKU schools, including further expansion into the Kansai region Further improve operational efficiency and acquire expertise by integrating Mori JUKU (operated by Shonan Seminar) into SPRIX in October 2023
	<ul style="list-style-type: none"> Focus on Yokohama Suiran V Course and strengthen elementary and middle school levels at Shonan Seminar
	<ul style="list-style-type: none"> Continue promoting Foresta series materials for individualized tutoring and the tutor recruitment website, “Jukukoushi Japan”, etc.
	<ul style="list-style-type: none"> Number of online students is expected to increase due to advertising conducted in the previous fiscal year
	<ul style="list-style-type: none"> Plan to open 30 schools in FY2024
	<ul style="list-style-type: none"> Expand domestically and internationally to reach a cumulative total of 10 million examinees

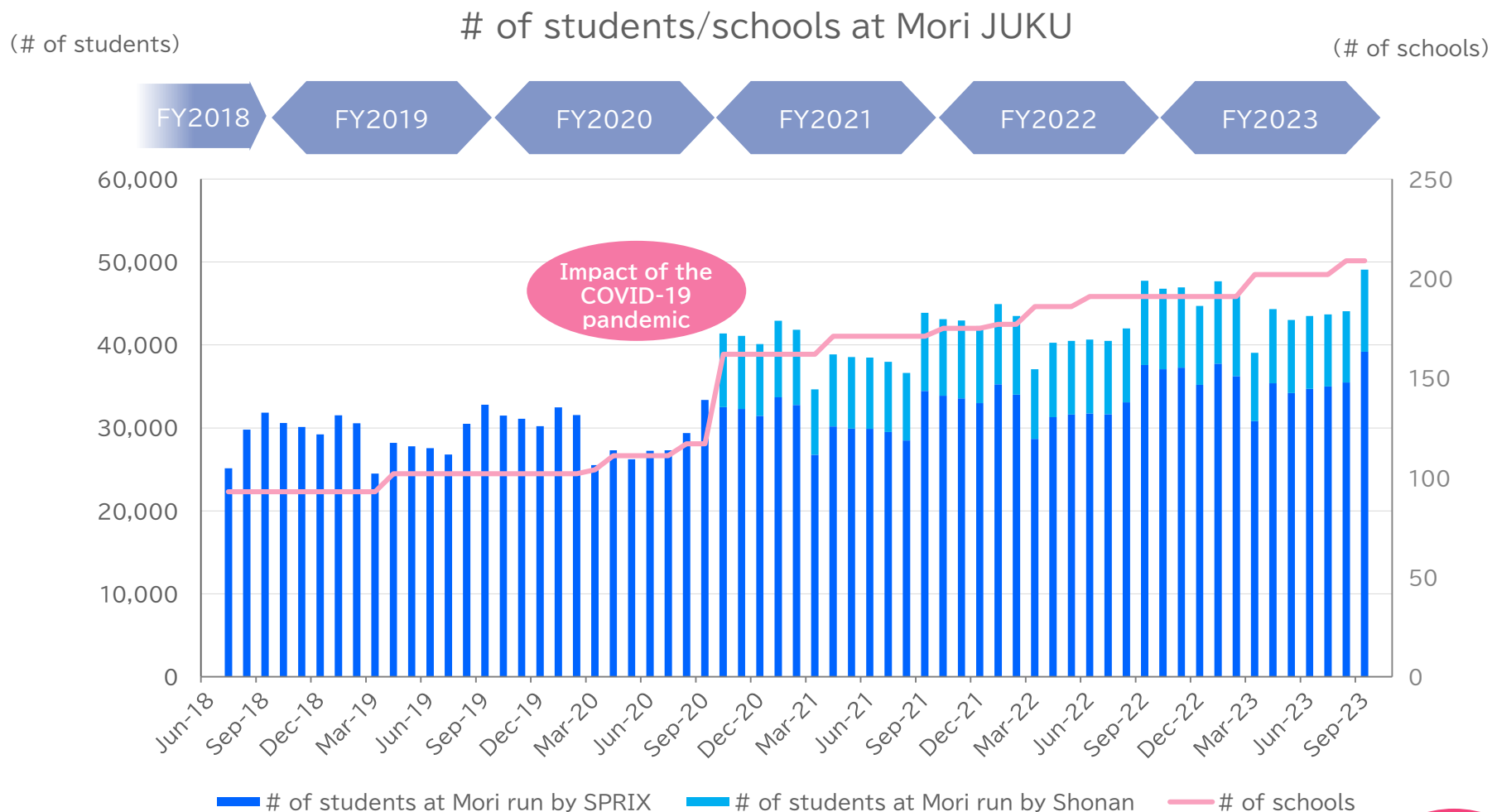
Shareholder returns

- Implement stable dividends with a target of 15% to 20% of consolidated EBITDA
- Plan to maintain a dividend of ¥38 despite a decrease in EBITDA due to aggressive investment, as in FY2023



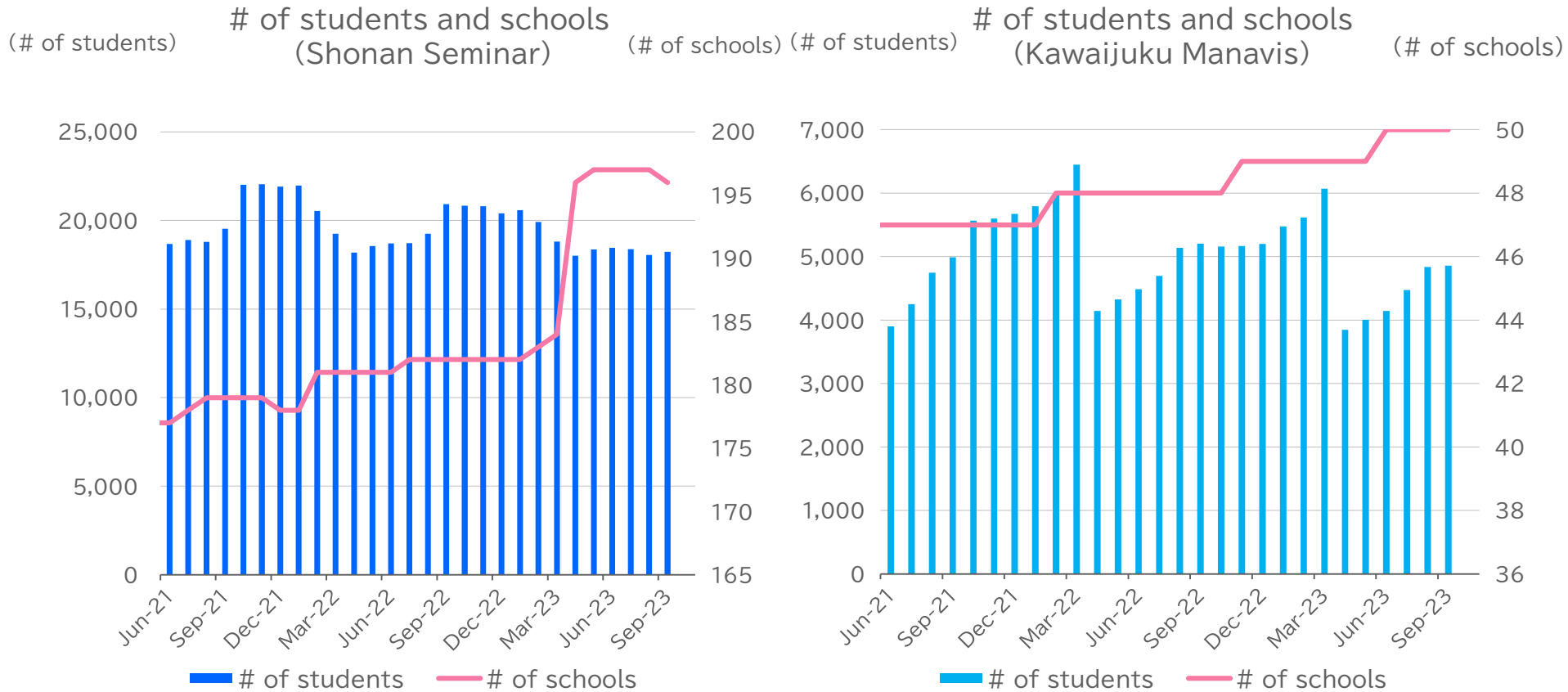
(Reference) Number of students/schools – Mori JUKU

- Total number of students stood at 49,089, while the total number of schools was 209 (as of September 30, 2023)



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

- Shonan Seminar will focus on opening new schools for the Yokohama Suiran V Course
- Last fiscal year, we conducted a marketing campaign that focused on summer enrollment, but in 2023 we plan to focus on marketing targeting fall enrollment.



2

Future Initiatives

1. Overview of medium-term goals
2. JUKU business initiatives
3. Fundamental academic skills
business initiatives

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 grades

+

Long-term goal

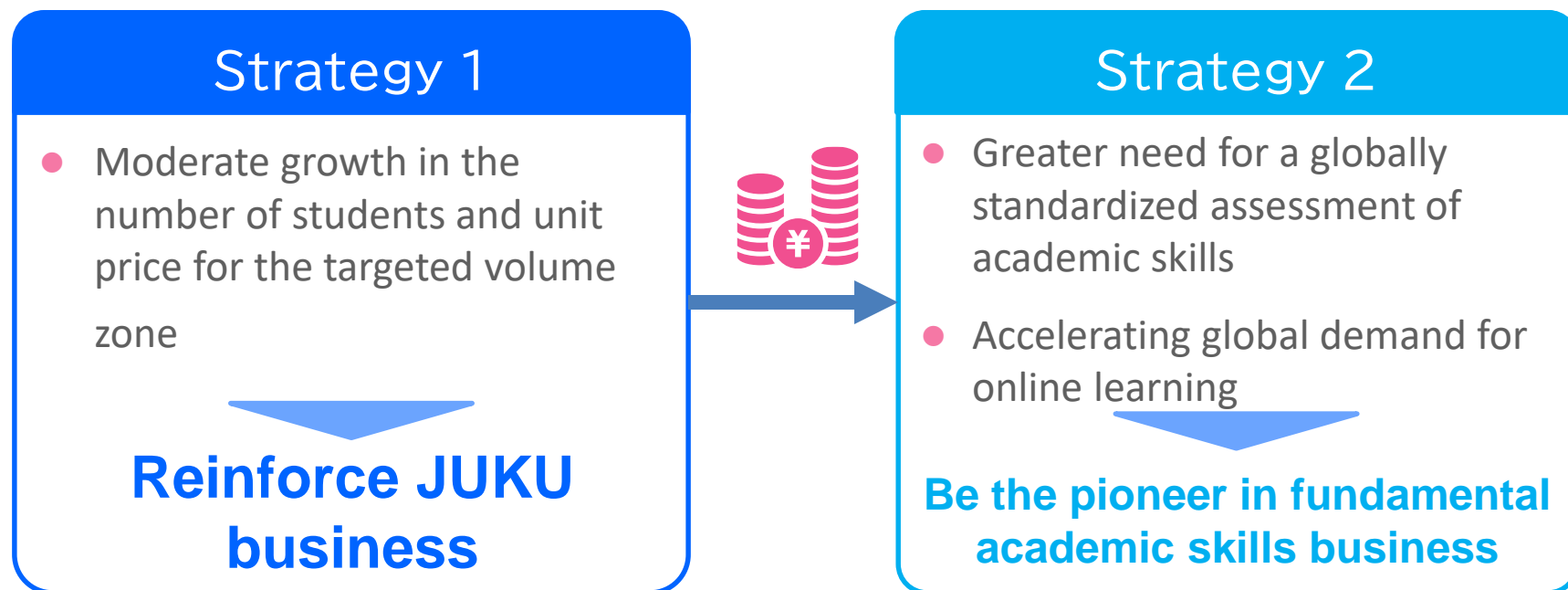
Develop fundamental academic skills

Expand options in life

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

1. Overview of medium-term goals

Stable growth in JUKU business to rapidly expand academic foundation investment



Intensive investment in the fundamental academic skills business in FY2023–2025

2. JUKU business initiatives—Expand Mori JUKU

- As of October 1, 2023, the Mori JUKU business operated by Shonan Seminar Co., Ltd. has been succeeded through a company split (absorption-type split); the Mori JUKU business will be consolidated into SPRIX to improve Group-wide asset efficiency
- Strengthen the senior high school business to respond to diversifying university entrance examination methods, including comprehensive selection and recommendation-based selection

FY2023

- Opened 18 schools in the Kanto region as planned
- Increased tuition fees did not impact enrollment
- 49,089 students as of September 30, 2023

FY2024-FY2025

- Mori JUKU business consolidated into SPRIX as of October 1, 2023
- Continuing to open schools using the SPRIX method, independent of the region
 - 2024: 20 schools (Kanto and Kansai regions)
 - 2025: 20 schools (Kanto and Kansai regions)
- Strengthening the senior high school business by taking advantage of partnership with Kawaijuku Manavis

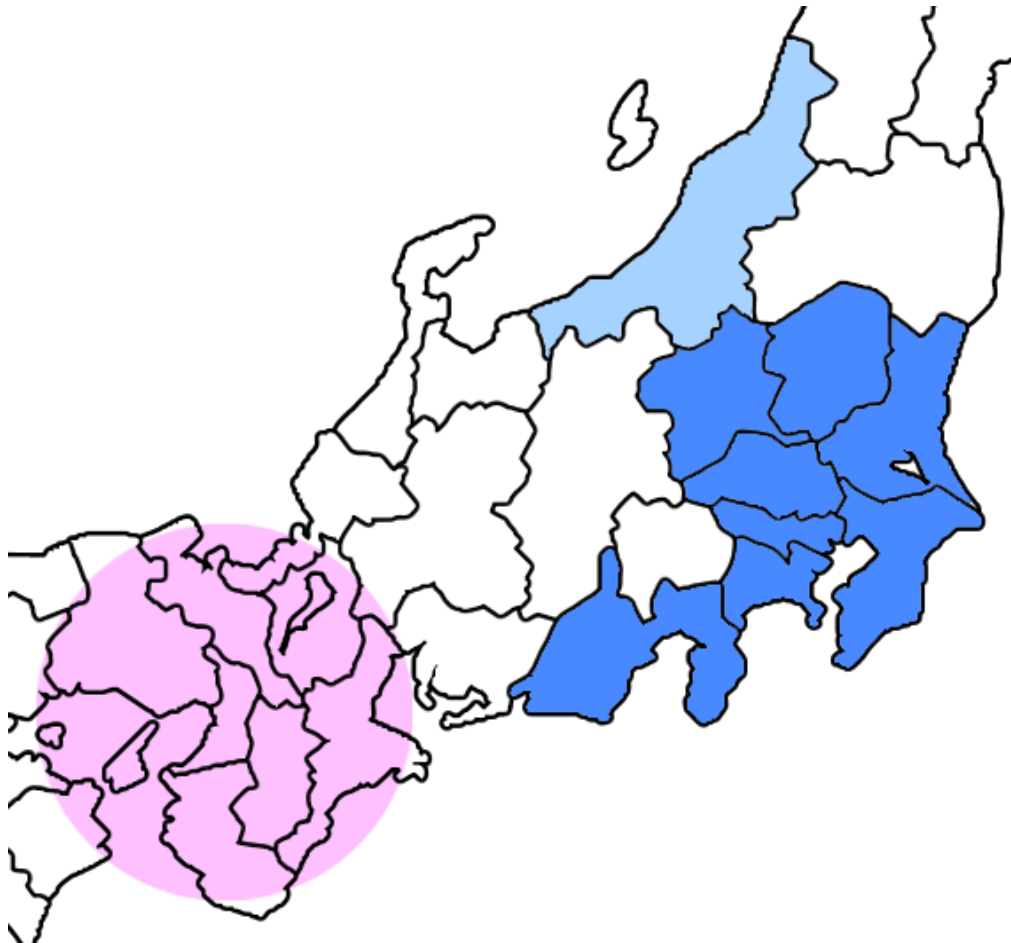
2025 KPI

60,000 students = 250 schools with 240 students per school

2. JUKU business initiatives—Regional expansion of Mori JUKU

Expand in the Kansai region in 2024

SPRIX develops and puts into practice original teaching materials based on textbook content, so we can expand across Japan regardless of region (or students' desired schools)



1997 Established in Nagaoka

2004 Saitama Prefecture

2007 Kanagawa Prefecture

2007 Chiba Prefecture

2009 Tokyo

2014 Ibaraki Prefecture

2019 Shizuoka Prefecture

2021 Gunma Prefecture

2022 Tochigi Prefecture

2024 Kansai region

2. JUKU business initiatives—Expand Shonan Seminar ①

湘南
ゼミナール

Focus on improving exam pass rates and marketing

FY2023

- Sluggish student numbers
- More students passing the Yokohama Suiran High School entrance exam (77 students last spring, 84 students this spring)

FY2024-FY2025

- Continue to improve the exam pass rate
- Strengthen marketing
 - In line with improved market awareness of exam pass results
- Continue to open 1-2 schools per year

2025 KPI

Increase the exam pass results at top schools in Kanagawa Prefecture

2. JUKU business initiatives—Regional expansion of Mori JUKU ②

- ENGLISH SQUARE Co., Ltd. has been providing high-quality English instruction for over 30 years and is centered in Kita-Urawa, Saitama Prefecture. It became a wholly owned subsidiary of Shonan Seminar Co., Ltd. as of October 1, 2023
- Aim to provide even higher quality content and instruction by combining ENGLISH SQUARE's high-quality English teaching technology and content accumulated over 30 years with Shonan Seminar's expertise

Company name	ENGLISH SQUARE Co., Ltd.
Locations	Urawa School Village AIWA 2F, 3-12-3 Kitaurawa, Urawa-ku, Saitama, Japan 330-0074 Tel: 048-834-6302 Soka School 2-1-18 Takasago, Soka, Saitama, Japan 340-0015 Tel: 048-951-5054
Representative	Ayumu Nakajima
Established	January 1990
Business	English instruction



3. Fundamental academic skills business initiatives—Overview of TOFAS



Measure your potential

TOFAS

Test Of Fundamental Academic Skills

- 3 subjects: Math, English vocabulary, kanji and Japanese vocabulary
- Exam can be taken online using any computer, tablet, or smartphone
- Six levels, from lower elementary school to junior high school, are available

1 Evaluates fundamental academic skills

2 Understand what growth is necessary to develop fundamental academic skills

3 Fundamental academic skills can be compared on a global scale

3. Fundamental academic skills business initiatives—Synergy with the JUKU business

Established as a pioneer in fundamental academic skills and create synergy with the JUKU business

International measure of fundamental academic skills

ABC

English



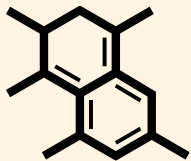
TOEFL
CEFR



Learning
achievement



PISA



Math and
science



TIMSS



Fundamental
academic
skills



Synergy with the JUKU
business

- Access to potential tutoring school customers through the provision of fundamental academic skills training
- Demand for students to improve their fundamental academic skills



Fundamental academic
skills business



森塾

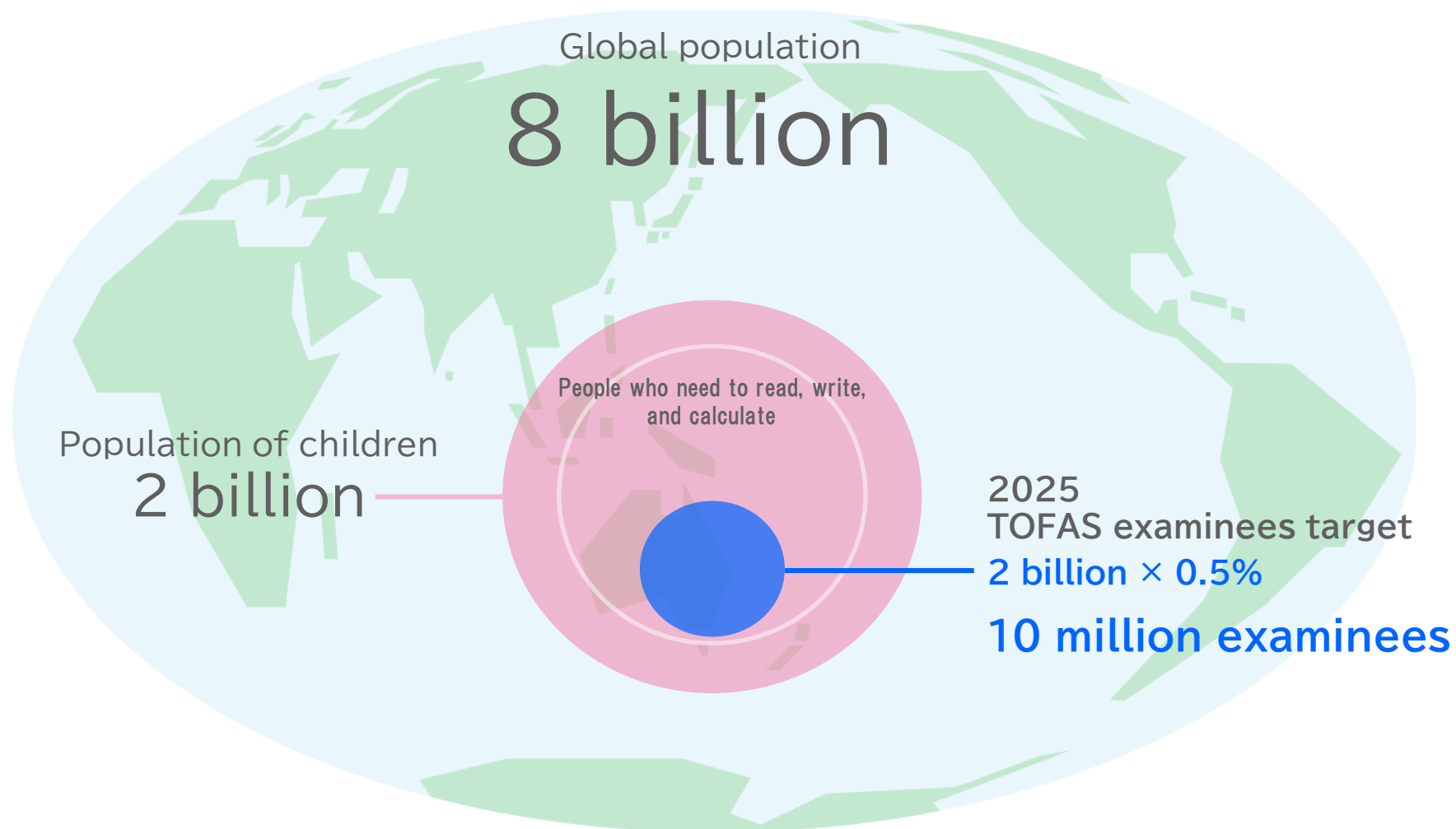
湘南
ゼミナール

自立
学習 RED

そら塾

3. Fundamental academic skills business initiatives—Market scale

Potential market is **approximately 2 billion children** across the world



Reference: “How many children are there in the world?” by Unicef, 2022 <https://data.unicef.org/how-many/how-many-children-under-18-are-in-the-world/>

Expand TOFAS implementation in Japan and overseas

Officially adopted by **the Nagaoka City Board of Education**



Entered into a partnership agreement with **the Sakata City Board of Education**



Entered into a comprehensive partnership agreement with **the Sakai City Board of Education**



Signed MOU with **Egyptian Ministry of Education**



Signed MOA with **the Department of Education Metro Manila**



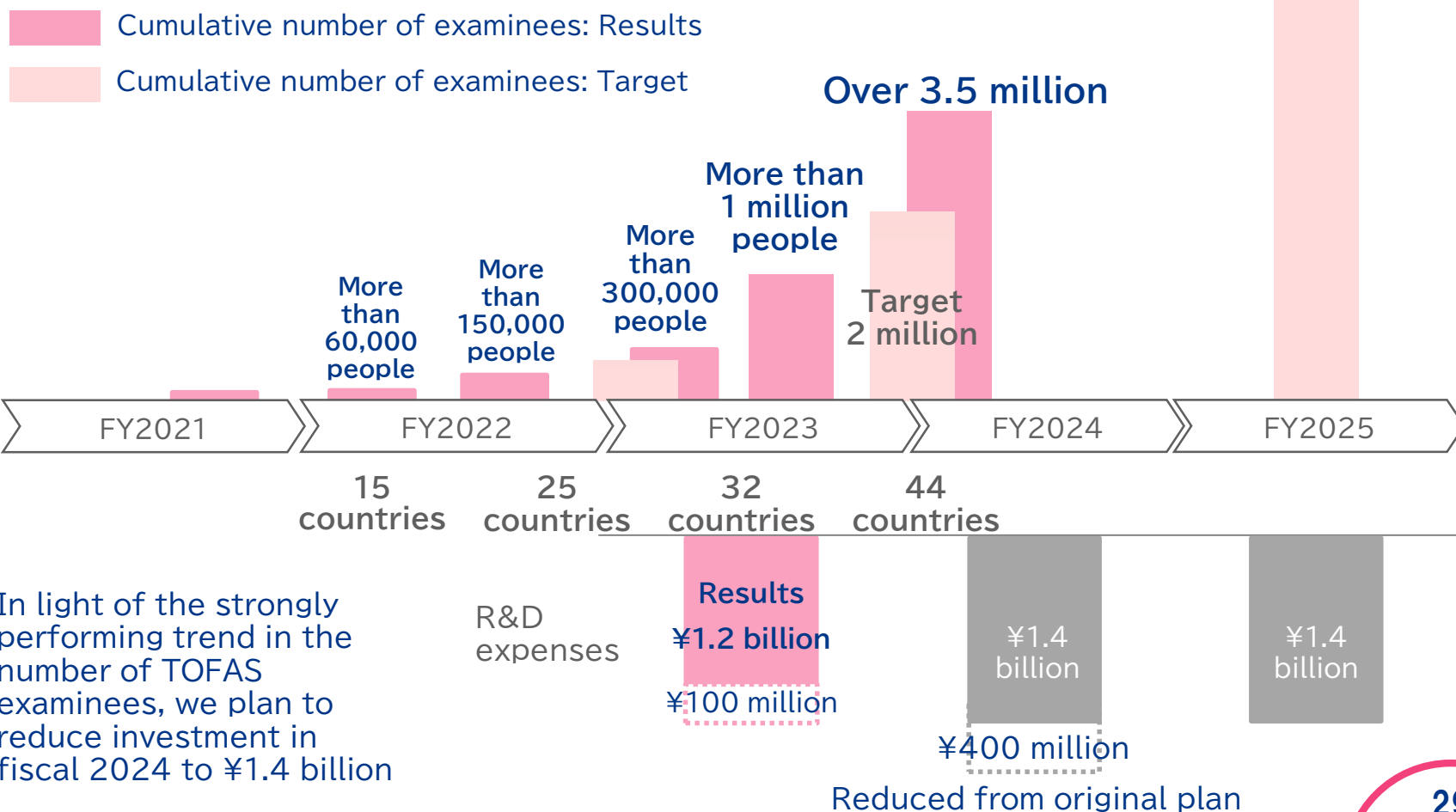
Signed MOU with **the Bolivian Ministry of Education**



* From the SPRIX website

3. Fundamental academic skills business initiatives—Growth of TOFAS examinees

TOFAS examinees have exceeded 3.5 million, compared to the target of 2 million by the end of FY2023



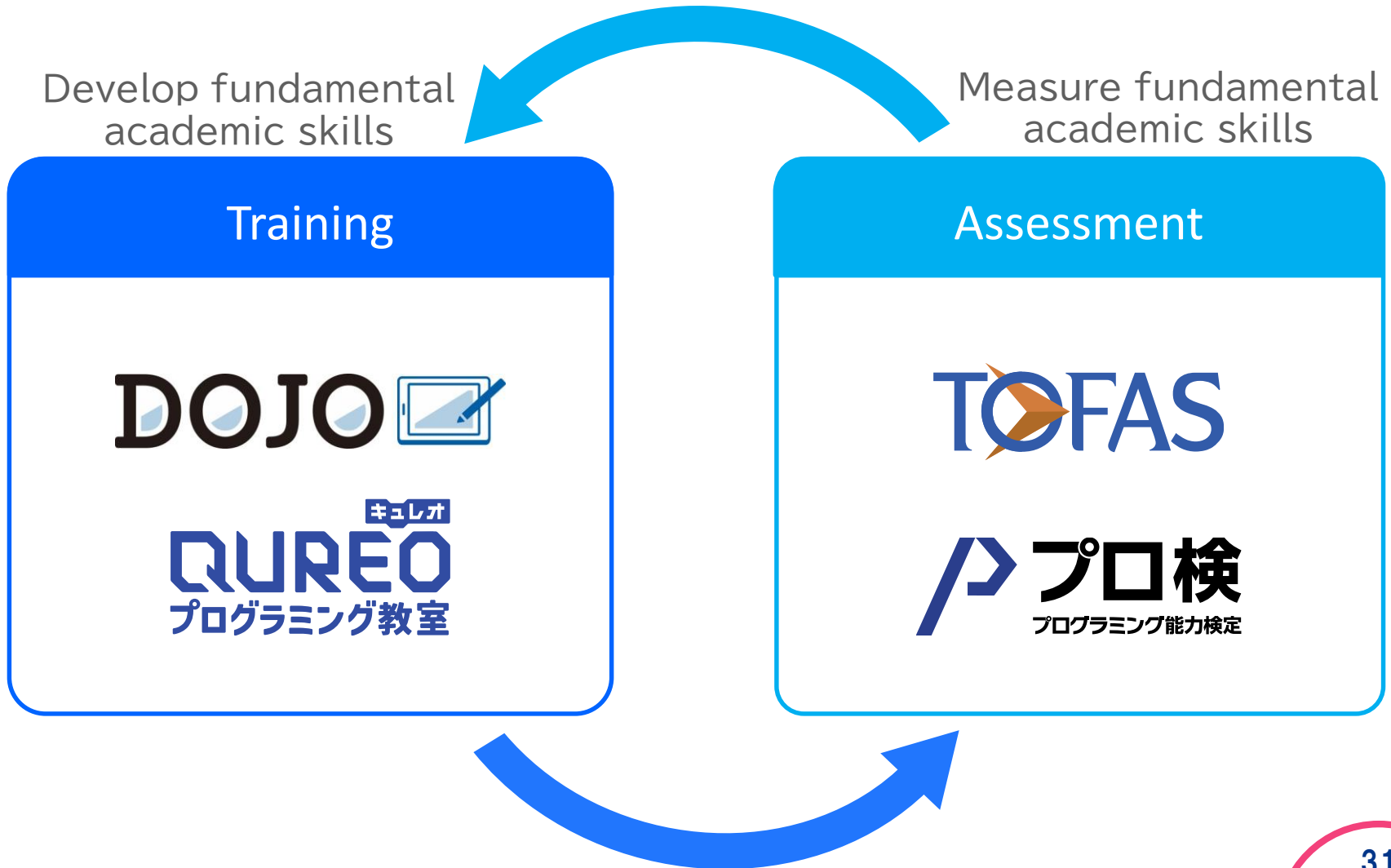
3. Fundamental academic skills business initiatives—TOFAS international expansion

Conducted TOFAS exams in 44 countries around the world



3. Fundamental academic skills business initiatives

Build **an ecosystem** for the fundamental academic skills business



Where we are now

- Medium-term goal is to achieve net sales of ¥40 billion
- EBITDA will decrease temporarily due to aggressive investment (R&D expenses) in new businesses, but will increase in the long term thanks to the monetization of previous investments

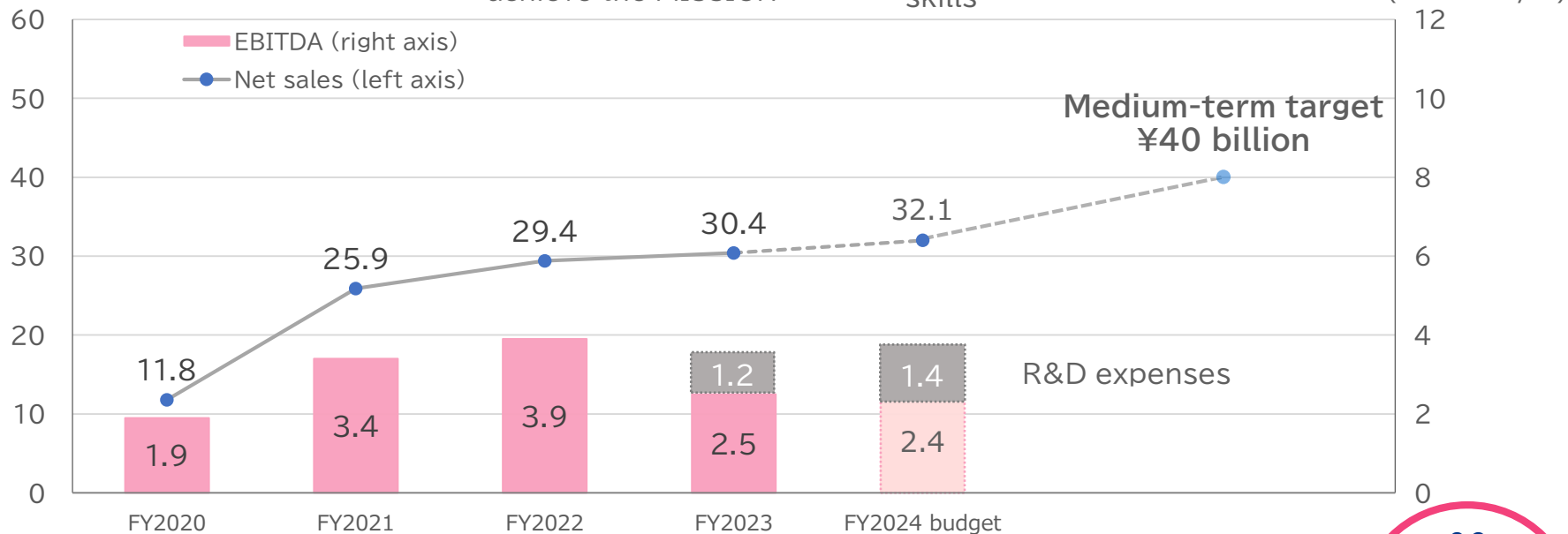


- Establish JUKU brands
- Build up the brand portfolio

- Expansion strategy with Mori JUKU at its core
- Lay the groundwork to achieve the MISSION

- Business development aimed at improving fundamental academic skills

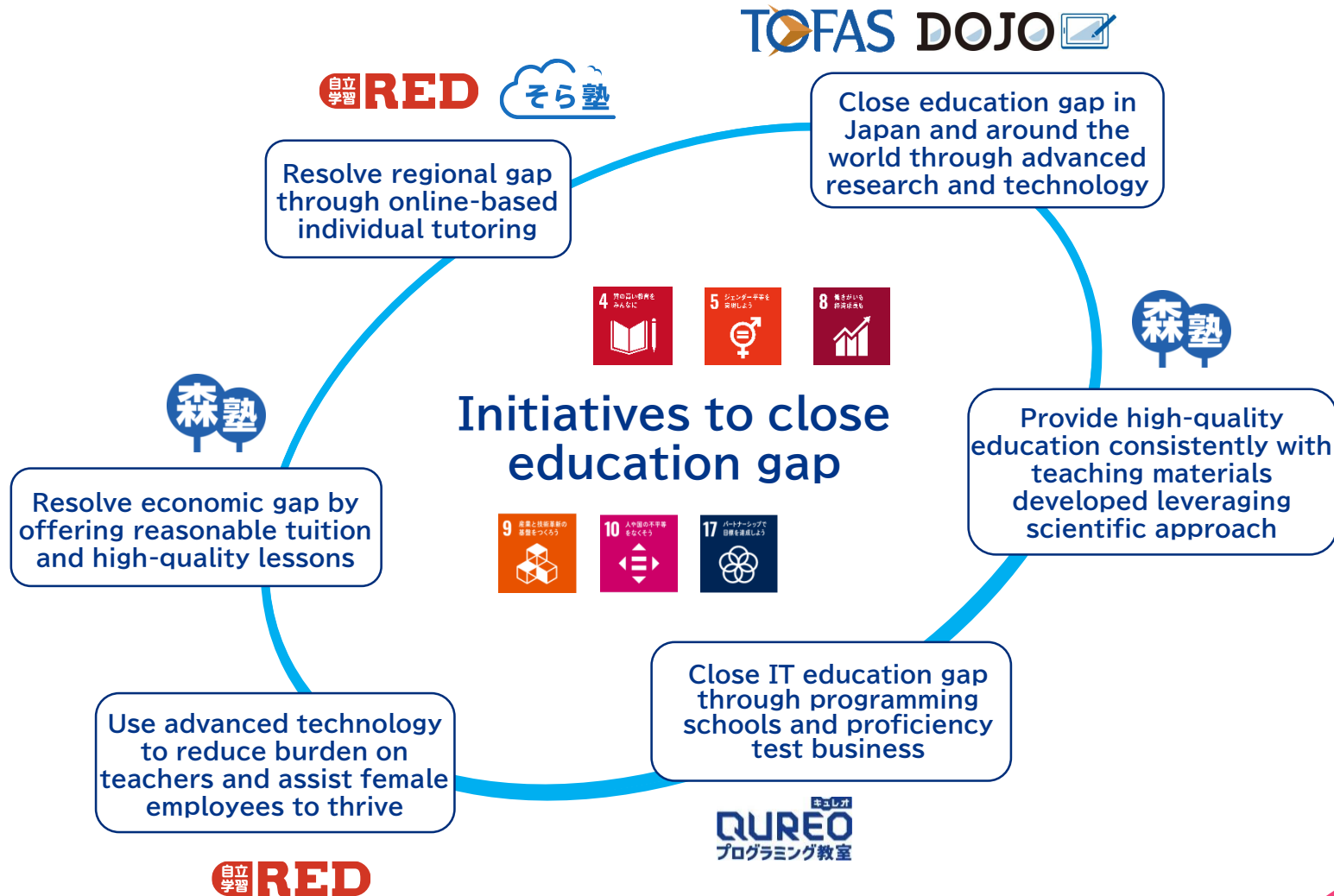
(Billions of yen)



(Billions of yen)

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





26 years since
establishment



Employees
1,394



The No. 1 brand
among the top 10
brands*



Students per Mori
JUKU school
235



Mori JUKU
No schools
closed



Improvement
proposals per year
60,000



R&D expenses
¥1.2 billion



Net sales
¥30.36 billion



EBITDA
¥2.52 billion

*当社グループ調べによる

(Reference) At-a-glance fact sheet

(million yen)	FY2018 (non-consolidated)	FY2019 (non-consolidated)	FY2020 (consolidated)	FY2021 (consolidated)	FY2022 (consolidated)	FY2023 (consolidated)
Net sales	10,451	11,410	11,843	25,901	29,352	30,363
Operating profit	2,467	2,741	1,787	2,437	2,778	1,318
EBITDA	2,569	2,851	1,937	3,385	3,938	2,521
Total assets	9,967	10,861	11,485	19,277	19,574	20,143
Net assets	6,469	7,642	8,091	8,864	9,774	9,706
Cash and cash equivalent at the end or the period	6,825	6,819	7,308	6,163	5,935	6,007
Equity ratio (%)	64.9	70.4	70.2	45.9	49.8	48.0
Operating profit margin (%)	23.6	24.0	15.0	9.4	9.5	4.3
EBITDA margin (%)	24.5	24.9	16.3	13.0	13.4	8.3

教育でNo.1へ

SPRIX