

Financial Results of Operations

for the 1st Quarter of the Year Ending April 30, 2023

ZAPPALLAS, INC.

<https://www.zappallas.com/>

TSE STD Section:3770



I . Overview of Results



01 Our business

The first quarter (May to July 2022) Sales 1,112 Operating loss 135 (Millions of yen)

Mobile Service



- The sales of this segment in 1Q: 932 million yen
- Business operation based on mainly cocoloni, Inc. and concourse, Inc.
- The mainstay is digital fortunetelling content offered via smartphones and PCs.
- According to sales, there emerge commissions for fee collection for cellphone carriers, etc. and royalties to editorial supervisors (fortune-tellers).
- In addition to the conventional fortune-telling websites, we offer telephone-based and chat-based fortune-telling services, etc., diversifying our business.

Services



Others

Joint venture
with Yoshimoto Kogyo
Holdings Co., Ltd.



- The sales of this segment in 1Q: 62 million yen
- Zappallas, Inc. is in charge of the business administration of our corporate group, the EC site handling baby goods, the creation of new businesses related to fortune-telling, etc.
- Luck Out, Inc. is a talent agency specializing in fortune-tellers.



Overseas



- The sales of this segment in 1Q: 118 million yen
- U.S. corporation operates a fortune-telling site targeted at English-speaking countries.



Part of sales from cocoloni, Inc. is included in Other Business, while part of sales of Zappallas, Inc. is included in Mobile Service Business.

02 Consolidated P/L Summary (Comparison with Year on Year Comparison)

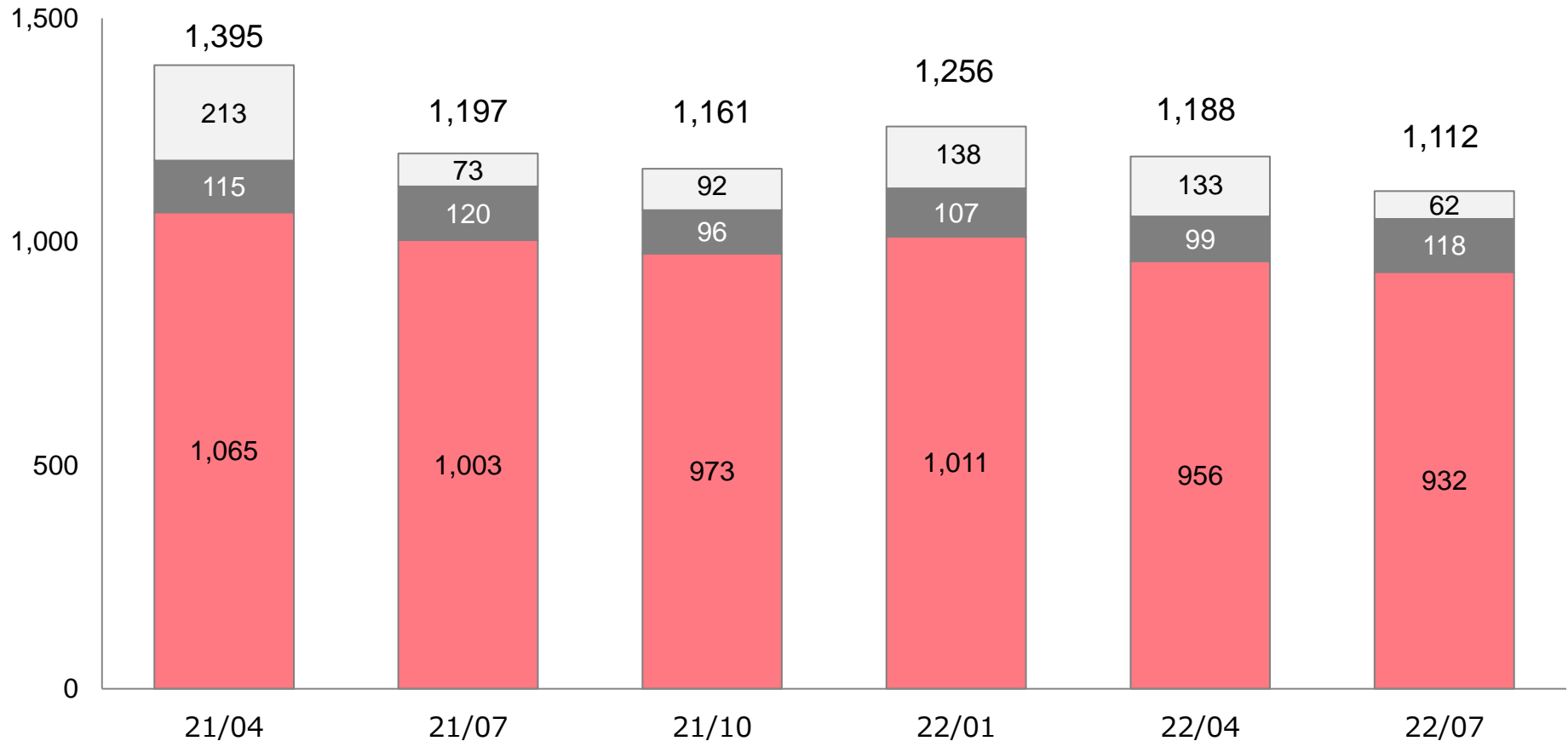
(Millions of yen)	Q1 of year ended April 30, 2022 (May - July)		Q1 of year ending April 30, 2023 (May - July)		% change
	Amount	% of sales	Amount	% of sales	
Sales	1,197	100.0%	1,112	100.0%	-7.0%
Gross profit	854	71.3%	749	67.4%	-12.3%
SG&A	737	61.6%	884	79.5%	20.0%
Operating income	117	9.8%	-135	-12.1%	-
Ordinary income	121	10.1%	-113	-10.2%	-
Net income	87	7.3%	-128	-11.5%	-

- Sales declined slightly, due to the changes in the business environment surrounding fortune-telling services.
- Fortune-tellers belonging to Luck Out, a group company (a talent agency for fortune-tellers established as a joint venture with Yoshimoto Kogyo), appeared in terrestrial TV programs, and became popular. Like this, the investment in advertisement is paying off.
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- We plan to promote investment this term, with the aim of getting back on the growth track in the medium or long term.

03 Consolidated Sales by Quarter

(Millions of yen)

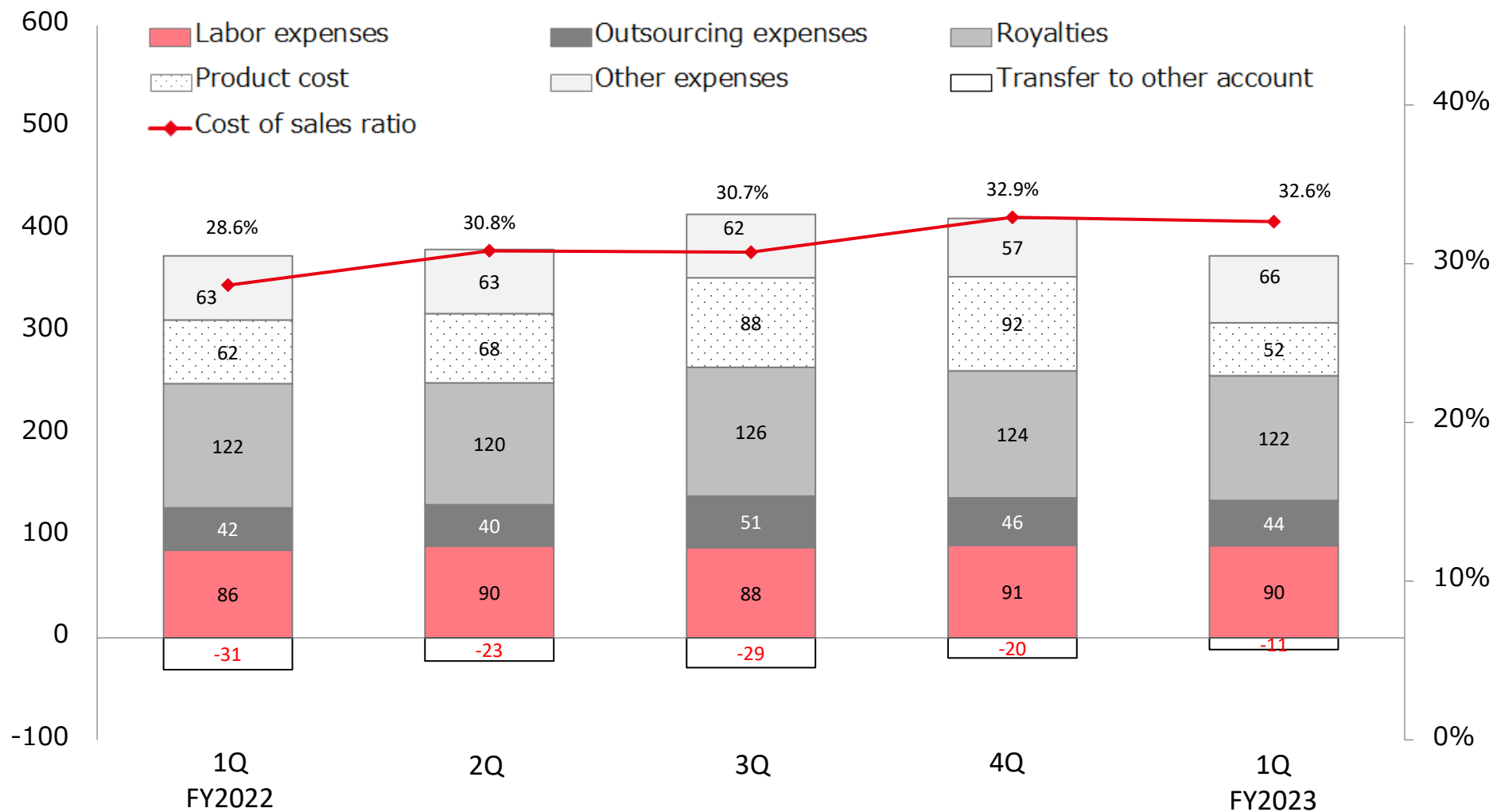
Other Overseas Mobile services



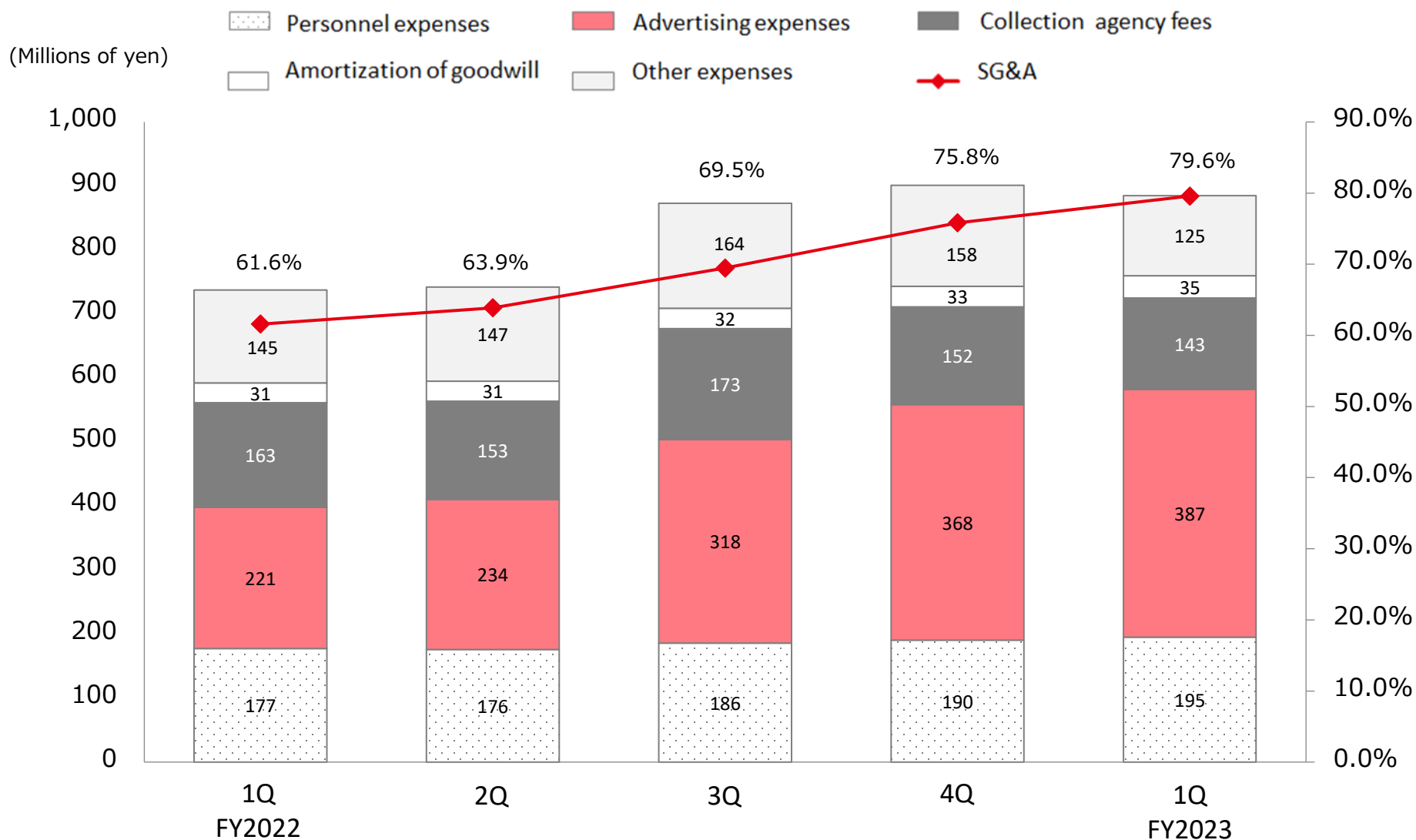
(*): Although inter-segment transfers do occur, because the amounts are small, the graph above does not include adjustments for inter-segment transfers.

04 Consolidated Cost of Sales by Quarter

(Millions of yen)

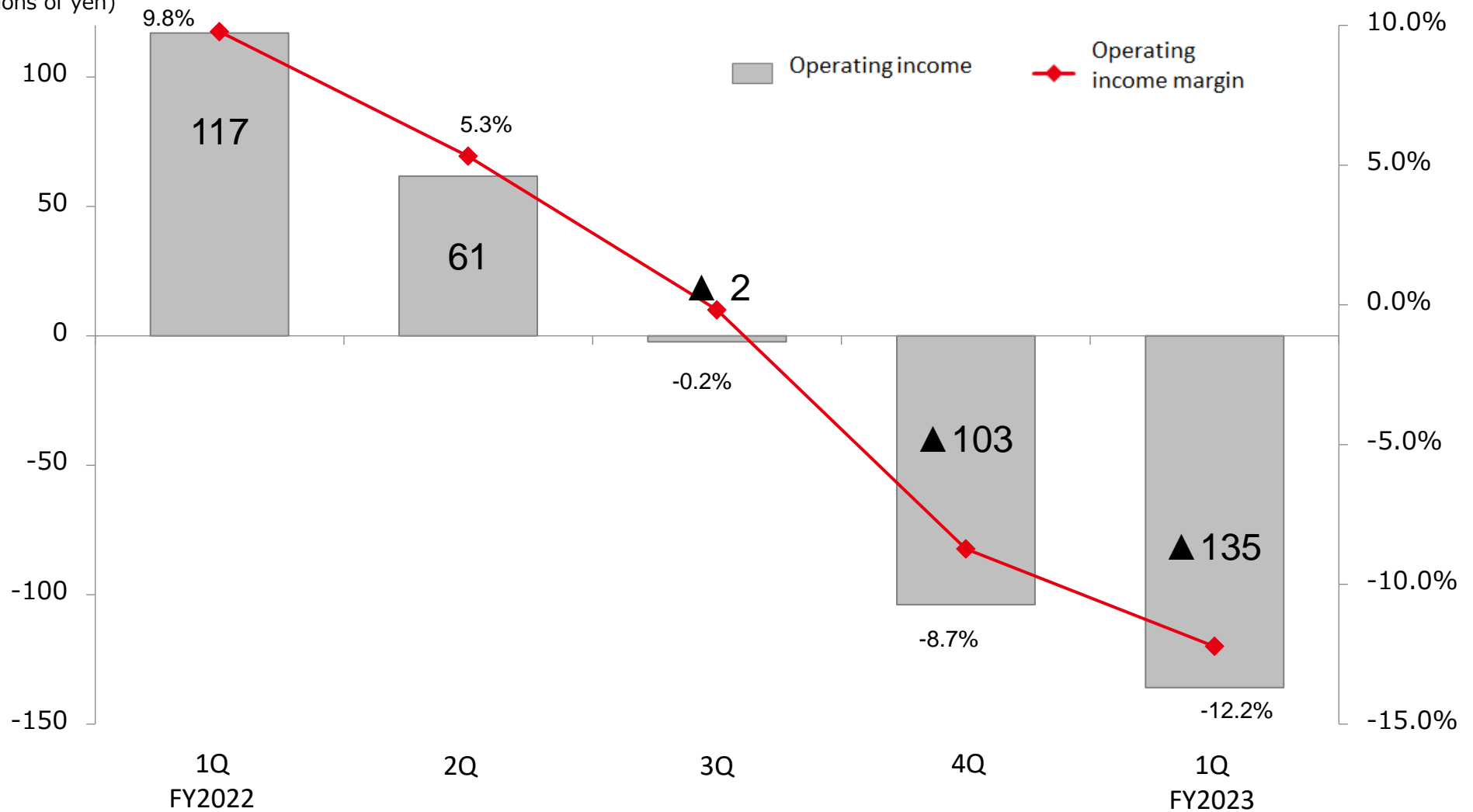


05 Consolidated SG&A by Quarter

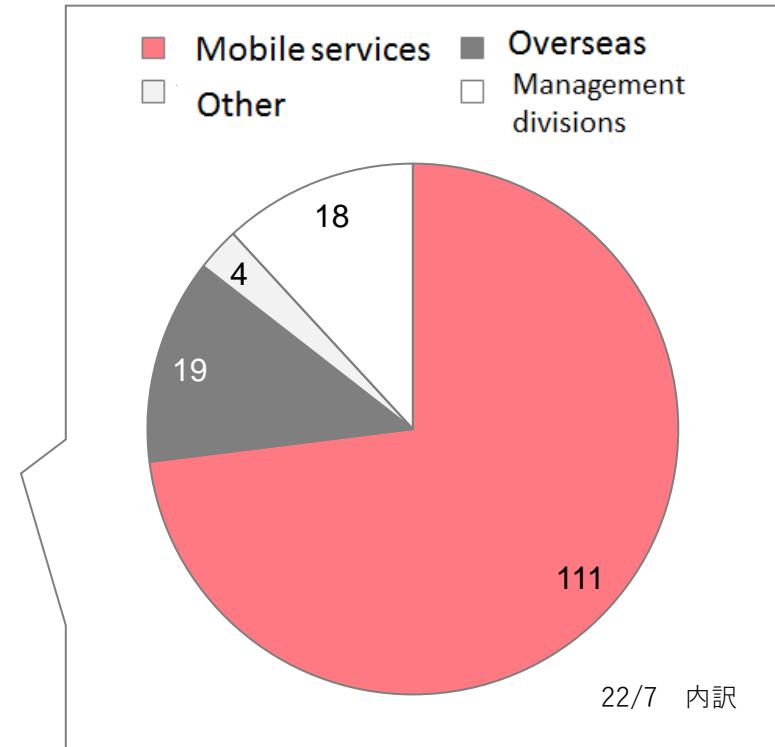
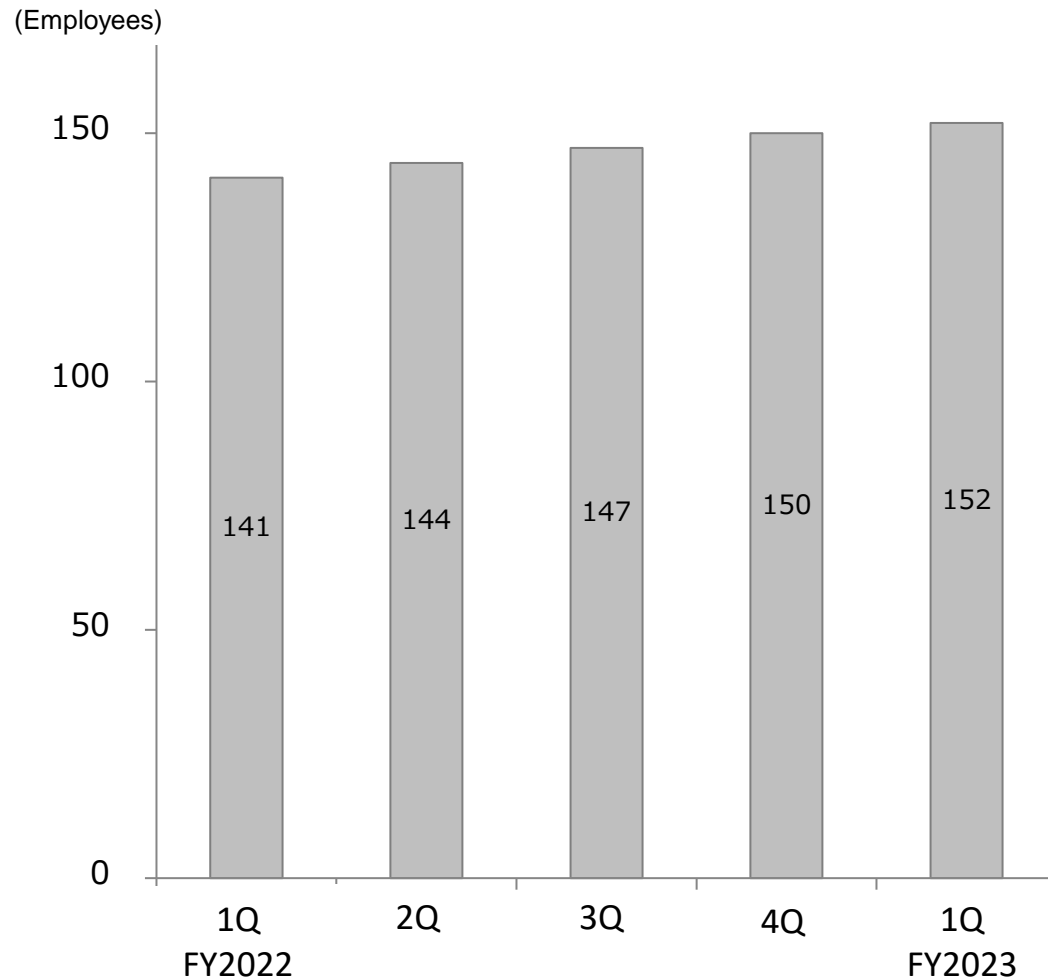


06 Consolidated Operating Income by Quarter

(Millions of yen)



07 Consolidated Number of Employees by Quarter



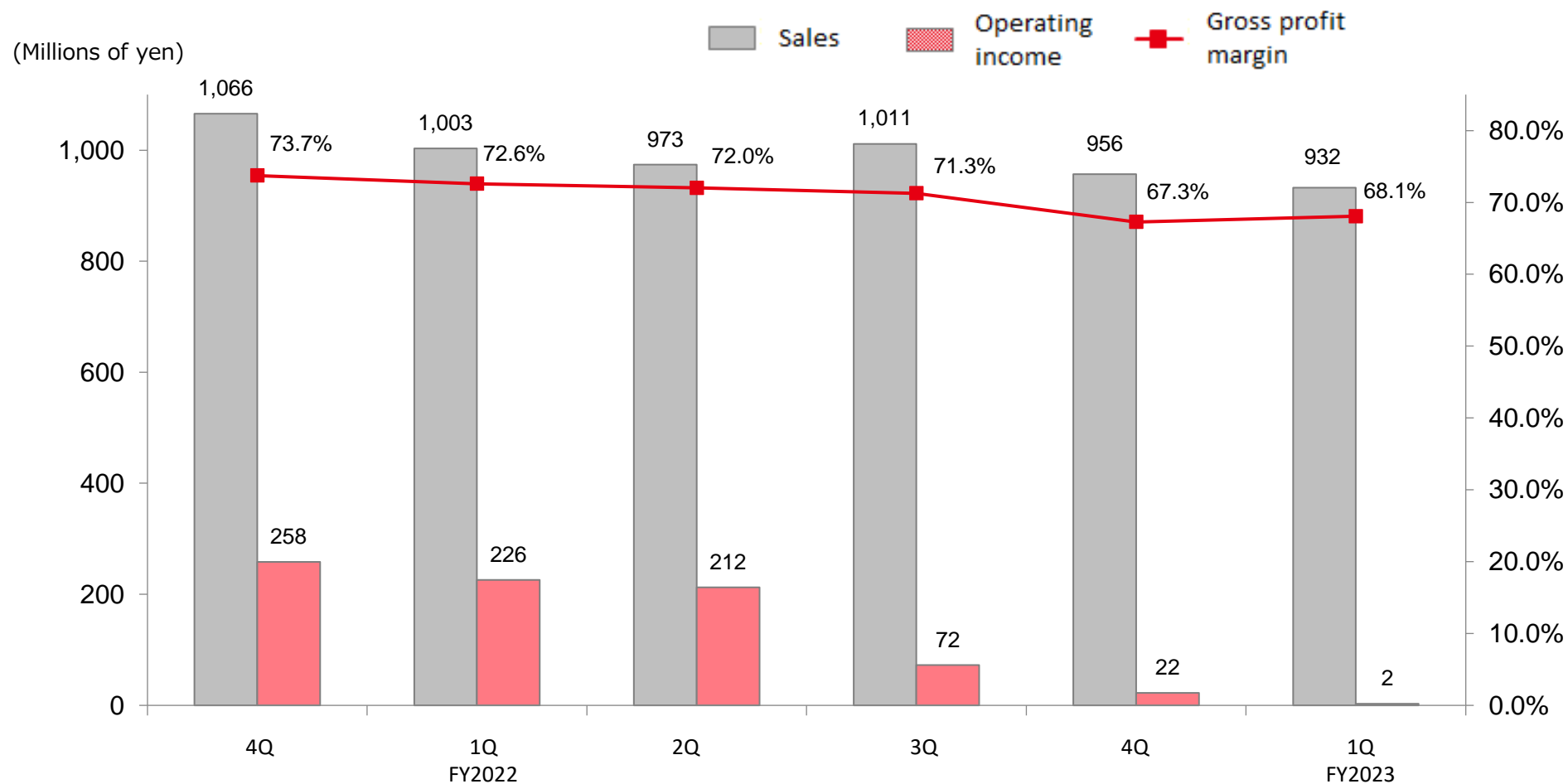
(*1) : The above numbers of employees indicate full-time employees and contract employees only. They do not include junior employees. Employees on leave are also excluded.

II . Status of Mobile Services



08 Mobile Services Business: Results by Quarter

We continue investing in promotion, including the cooperation in producing TV programs. The outcomes of investment are being confirmed little by little, and will contribute to revenues.



09 Mobile Services Business : Comparison with Year on Year Comparison

(Units: Millions yen)		1Q of year ended April 30, 2022	% of sales	1Q of year ending April 30, 2023	% of sales
Sales		1,003	100.0%	932	100.0%
Costs	Labor expenses	62	6.2%	65	7.0%
	Royalties	117	11.7%	117	12.6%
	Outsourcing expenses	31	3.1%	28	3.0%
	Other	64	6.4%	86	9.2%
SG&A	Personnel expenses	70	7.0%	72	7.7%
	Advertising expenses	201	20.0%	367	39.4%
	Collection agency fees	169	16.8%	148	15.9%
	Other	60	6.0%	43	4.6%
Operating income		226	22.5%	2	0.2%

III. Reference Materials



10 Consolidated B/S Summary

<Assets>

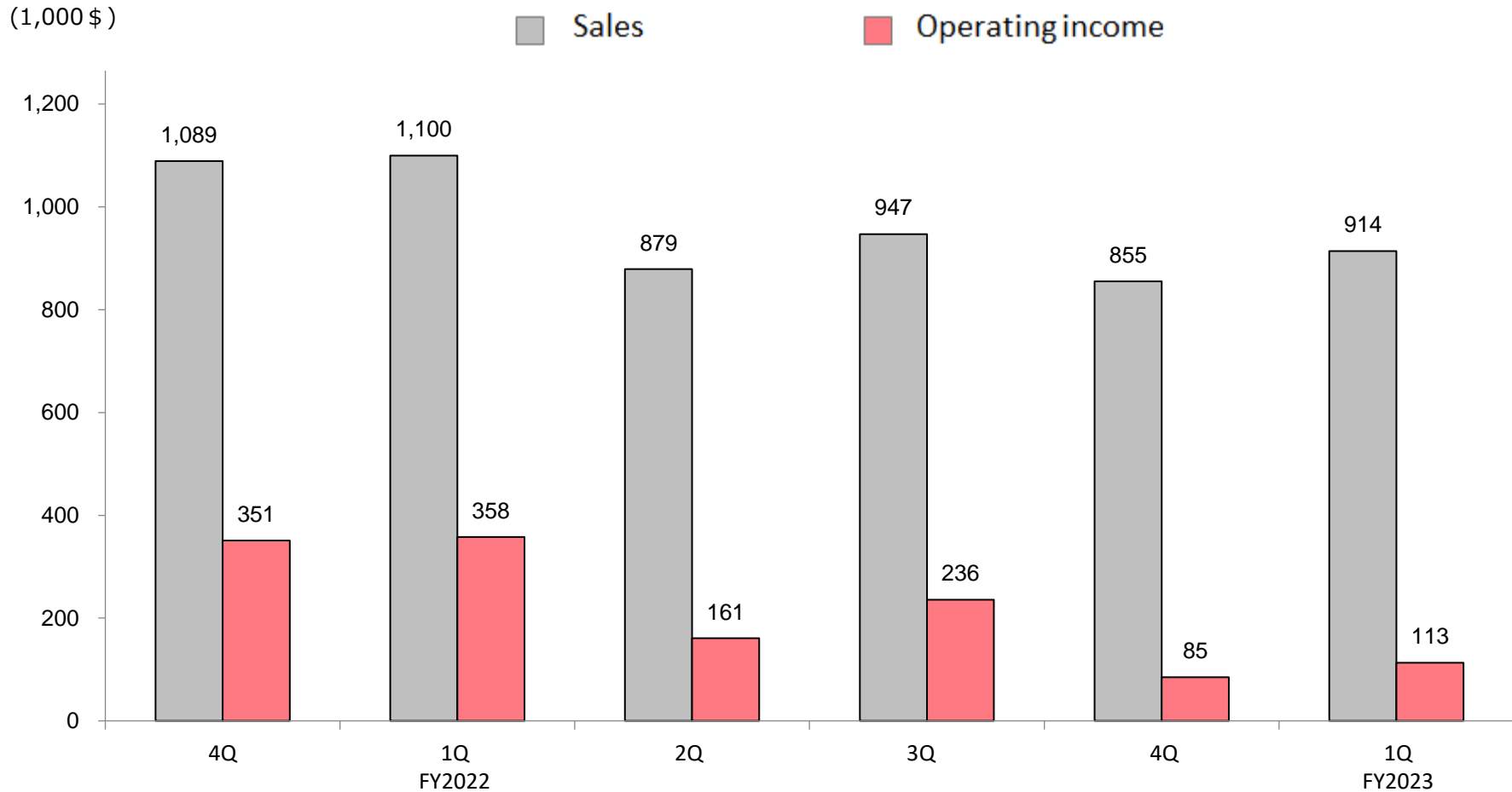
(Units: Millions yen)	Q1 of year ended April 30, 2022 ①	Q1 of year ending April 30, 2023②	Amount of change (② - ①)
	(July. 31, 2021)	(July. 31, 2022)	
Cash and cash equivalents	5,424	5,339	-84
Accounts receivable	566	526	-39
Merchandise and products	39	48	8
Other	261	224	-37
Total current assets	6,292	6,138	-153
Total tangible fixed assets	85	81	-3
Software	54	26	-28
Goodwill	181	153	-28
Other	11	10	0
Total intangible fixed assets	248	190	-57
Investment securities	424	424	0
Other	92	100	8
Total investments and other	516	524	8
Total fixed assets	850	797	-53
Total assets	7,143	6,936	-207

<Liabilities and net assets>

(Units: Millions yen)	Q1 of year ended April 30, 2022 ①	Q1 of year ending April 30, 2023②	Amount of change (② - ①)
	(July. 31, 2021)	(July. 31, 2022)	
Accounts payable - trade	161	157	-4
Accounts payable - other	282	191	-90
Corporate tax payable	50	15	-34
Others	108	196	87
Total current liabilities	602	559	-42
Total fixed liabilities	20	23	3
Total liabilities	622	583	-39
Total shareholders' assets	6,412	6,244	-167
Total accumulated other comprehensive income	103	102	0
Total net assets	6,520	6,352	-167
Total liabilities and net assets	7,143	6,936	-207

- Current assets decreased, due to the drop in sales and the investment in advertisement.
- In the first quarter of the current term, retained earnings of shareholders' equity declined, due to the posting of loss.

11 Overseas Business: Results by Quarter



12 Company Profile

- Company name ZAPPALLAS, INC.
- Head office PORTAL POINT HARAJUKU ANNEX 3F ,3-51-7 ,Sendagaya , Shibuya-ku , Tokyo
- Established March 2000
- Capital 1,476,340,000 yen (as of July. 31, 2022)
- No. of employees 150 (as of July. 31, 2022)
- Officials
 - CEO Mari Tamaki (Kawashima)
 - Director Masato Kobayashi
 - Director Masatoshi Mizogami
 - Outside Director Shinichi Misawa
 - Outside Director (Audit and supervisory committee member) Kazuhiko Ueda
 - Outside Director (Audit and supervisory committee member) Masaharu Inoue (attorney)
 - Outside Director (Audit and supervisory committee member) Makoto Tanima (Accountant)

13 Shareholders (as of Apr. 30, 2022)

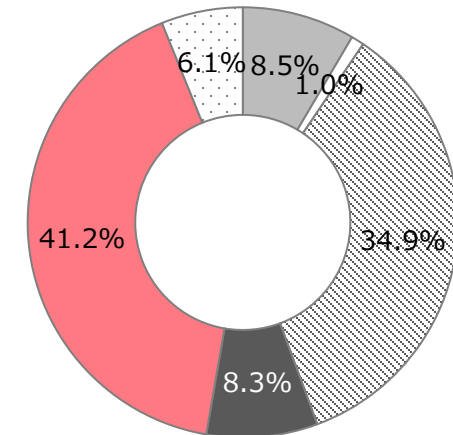
- Shares issued : 13,651,000 / Shareholders : 3,762

■ Major shareholders

	Number of stocks	Ratio of stocks %
Mari Kawashima	2,941,835	21.55
UH Partners 2	1,262,900	9.25
HIKARI TSUSHIN	1,083,000	7.93
UH Partners 3	1,001,100	7.33
The Master Trust Bank of Japan, Ltd.	950,500	6.96
BBH FOR FIDELITY PURITAN TR: FIDELITY SR INTRINSIC OPPORTUNITIES FUND	700,000	5.12
Crimsongroup LLC	668,200	4.89
SIL	600,000	4.39
Individual Shareholder	177,100	1.29
Custody Bank of Japan, Ltd.	166,200	1.21

※Treasury stock 836,468 (6.12%)

■ Shareholder distribution (percentage ownership)



- Financial institutions
- Financial instruments businesses
- ▨ Other Corporate bodies
- Foreign corporate bodies
- Individuals, other
- ▨ Treasury stock

IR Contact

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