

English Translation

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## Consolidated Financial Results for the year ended December 31, 2023 [IFRS]

February 14, 2024

Company name: Appier Group, Inc.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 4180

URL: <https://www.appier.com/>

Representative: Chih-Han Yu, Representative Director and CEO

Contact: Koji Tachibana, Senior Vice President of Finance

Phone: +81 3 6435 6617

Scheduled date of Ordinary General Meeting of Shareholders: March 27, 2024

Scheduled date of filing annual securities report: March 29, 2024

Scheduled date of dividend payment commencement: Not decided

Supplementary briefing material on financial results: Yes

Financial results briefing: Yes (for institutional investors and analysts)

(Amounts are recorded to nearest million yen)

### 1. Consolidated Financial Results for the year ended December 31, 2023

#### (1) Consolidated Operating Results

(% changes from the previous fiscal year)

(Millions of yen)

	Revenue		EBITDA *		Operating Income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Total comprehensive income	
FY2023	26,418	36.0	2,834	108.0	801	-	1,063	857.4	1,002	-	1,002	-	2,703	(17.8)
FY2022	19,427	53.4	1,363	-	50	-	111	-	21	-	21	-	3,289	-

\* EBITDA = Operating income + Depreciation and amortization + Tax expenses included in operating expenses

	Basic earnings per share	Diluted earnings per share	Ratio of net income to equity attributable to owners of the parent company	Ratio of income before income taxes to total assets	Ratio of operating income to revenue
	Yen	Yen	%	%	%
FY2023	9.85	9.75	3.6	2.9	3.0
FY2022	0.21	0.21	0.1	0.3	0.3

#### (2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company	Equity attributable to owners of the parent company per share
				%	Yen
As of December 31, 2023	37,852	29,091	29,091	76.9	285.53
As of December 31, 2022	35,939	26,201	26,201	72.9	258.11

#### (3) Consolidated Cash Flows

(Millions of yen)

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of year
FY2023	2,224	1,971	(2,250)	6,134
FY2022	996	(3,772)	(520)	3,804

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**2. Dividends**

	Annual Dividends					Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of total amount of dividends to equity attributable to owners of the parent company (consolidated)
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2023	-	0.00	-	0.00	0.00	-	-	-
FY2022	-	0.00	-	0.00	0.00	-	-	-
FY2024 (Forecast)	-	0.00	-	Not decided	Not decided		Not decided	

(Note) 1. The year-end dividend forecast for FY2024 has not yet been decided, and the dividend payment would be determined based on the conditions of core free cash flow (Note 2) for FY2024.

2. Core free cash flow = Cash flows from operating activities + Payments for intangible assets

**3. Consolidated Financial Results Forecast for the year ending December 31, 2024**

(% changes year-over-year)

(Millions of yen)

	Revenue		EBITDA *		Operating Income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
	Yen	%	Yen	%	Yen	%	Yen	%	Yen	%	Yen	%	Yen
FY2024	34,495	30.6	4,898	72.8	2,090	161.0	2,003	88.5	1,899	89.6	1,899	89.6	18.64

\* EBITDA = Operating income + Depreciation and amortization + Tax expenses included in operating expenses

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### (Notes)

- (1) Changes in Significant Subsidiaries during the current year: No  
(Changes in specified subsidiaries accompanying changes in scope of consolidation)
  
- (2) Changes in Accounting Policies and Changes in Accounting Estimates
  - 1) Changes in accounting policies required by IFRS: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  
- (3) Number of Shares Issued (common shares)
  - 1) Total number of shares issued at the end of the period (including treasury stock):  
As of December 31, 2023: 101,882,216 shares  
As of December 31, 2022: 101,511,035 shares
  - 2) Total number of treasury stock at the end of the period:  
As of December 31, 2023: 257 shares  
As of December 31, 2022: 195 shares
  - 3) Average number of shares during the period:  
For the year ended December 31, 2023: 101,675,032 shares  
For the year ended December 31, 2022: 101,317,630 shares

\* This financial report is outside the scope of audit procedures.

### \* Explanation of the Proper Use of Financial Results Forecasts and Other Notes (Caution Concerning Forward-Looking Statements)

The forward-looking statements including the financial results forecast herein are based on information currently available to the Company and certain assumptions that can be deemed reasonable and are not intended as the Company's commitment to achieving such forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast and the points to be noted in the use thereof, please refer to "1. Overview of Operating Results and Financial Position (4) Qualitative Information on Consolidated Financial Results Forecast" in the Appendix.

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### 1. Overview of Operating Results and Financial Position

#### (1) Overview of Operating Results

The Company's mission is "Turning AI into ROI by Making Software Intelligent".

Revenue for the year ended December 31, 2023, was ¥26,418 million (up 36.0 % year-over-year) due to increased revenue from an increase in usage volume from ROI-driven existing customers, and from new customers through verticals and regions expansion. In addition, ARR (\*1) as of December 2023 was ¥28,641 million, a 35.8 % growth from ¥21,095 million as of December 2022.

Gross profit for the year ended December 31, 2023, was ¥13,708 million (up 37.1 % year-over-year) and gross margin was 51.9% (51.5% in the previous fiscal year). The improvement in gross margin was due to continuous technological advancements.

Although the amount of operating expenses (Sales and marketing expenses, Research and development expenses, and General and administrative expenses) has increased with the expansion of the business scale, the ratio to revenue has decreased and the cost structure has improved. As a result, EBITDA (\*3) was ¥2,834 million (¥1,363 million in the previous fiscal year), operating income was ¥801million (¥50 million in the previous fiscal year), profit before tax was ¥1,063 million (¥111 million in the previous fiscal year) and profit attributable to owners of the parent company was ¥1,002 million (¥21 million in the previous fiscal year).

(\*1) Annual recurring revenue. For solutions provided under a consumption-based pricing structure, the ARR is calculated by annualizing the average monthly recurring revenue (\*2) for the relevant period multiplied by 12. For solutions provided under a subscription-based pricing structure, the ARR is calculated by annualizing the recurring revenue for the last month of the relevant period multiplied by 12. The ARR for December 2023 is calculated by multiplying the one-month average of recurring revenue from July 2023 to December 2023 by 12 for solutions provided under the consumption-based pricing structure, and by multiplying the recurring revenue for December 2023 by 12 for solutions provided under the subscription-based pricing structure.

(\*2) Revenue from recurring customers. For solutions provided under the consumption-based pricing structure, this refers to (1) customers that have used the Company's solutions for four or more quarters in a row and (2) new customers within the latest twelve months that have used the Company's solutions for three or more months in a row. For solutions provided under the subscription-based pricing structure, this refers to customers who have a contract with the Company for more than one year.

(\*3) EBITDA = Operating income + Depreciation and amortization + Tax expenses included in operating expenses

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### (2) Overview of Financial Position

#### (Assets)

Total assets as of December 31, 2023, amounted to ¥37,852 million, an increase of ¥1,914 million from December 31, 2022. Current assets decreased by ¥434 million from December 31, 2022, mainly due to a decrease of ¥5,929 million in time deposits due to withdrawal, an increase of ¥2,330 million in cash and cash equivalents due to net cash provided by operating activities, etc., an increase of ¥1,364 million in other financial assets due to the acquisition of financial assets at fair value through profit or loss, and an increase of ¥1,592 million in trade receivables and contract assets due to increasing in revenue. Non-current assets increased by ¥2,347 million from December 31, 2022, mainly due to an increase of ¥2,410 million in goodwill and intangible assets due to capitalization of development costs that meet the requirements for capitalization and a decrease of ¥196 million in right-of-use assets due to amortization.

#### (Liabilities)

Total liabilities as of December 31, 2023, amounted to ¥8,761 million, a decrease of ¥976 million from December 31, 2022. Current liabilities decreased by ¥740 million from December 31, 2022, mainly due to a decrease of ¥1,549 million in borrowings due to repayment, an increase of ¥602 million in trade payables due to an increase of cost of sales, an increase of ¥133 million in other liabilities due to an increase of unpaid salaries and taxes, etc. Non-current liabilities decreased by ¥236 million from December 31, 2022, mainly due to a decrease of ¥237 million in lease liabilities due to payment.

#### (Equity)

Equity as of December 31, 2023, amounted to ¥29,091 million, an increase of ¥2,890 million from December 31, 2022, mainly due to an increase of ¥1,701 million in other components of equity due to changes in exchange rates and an increase of ¥1,002 million in retained earnings due to net income.

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### (3) Overview of Cash Flows

Cash and cash equivalents as of December 31, 2023, was ¥6,134 million, an increase of ¥2,330 million from December 31, 2022.

Cash flows from each activity for the year ended December 31, 2023, and their significant components are as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities was ¥2,224 million, increased by ¥1,228 million compared to the previous fiscal year. This is mainly attributable to an increase of ¥1,273 million in profit before tax adjusted for non-cash items compared to the previous fiscal year, an increase of ¥436 million in interest received compared to the previous fiscal year, and an increase of ¥418 million in working capital compared to the previous fiscal year.

#### (Cash flows from investing activities)

Net cash provided by investing activities was ¥1,971 million, an increase of income by ¥5,744 million compared to the ¥3,772 million of disbursement for the year ended December 31, 2022. This is mainly attributable to an increase in income from net decrease of ¥3,268 million in time deposits compared to the previous fiscal year, a decrease of ¥2,522 million in acquisition of financial assets measured at fair value through profit or loss compared to the previous fiscal year, a decrease of ¥856 million in payments for acquisition of subsidiaries compared to the previous fiscal year, and an increase in payments for intangible assets by ¥899 million compared to the previous fiscal year.

#### (Cash flows from financing activities)

Net cash used in financing activities was ¥2,250 million, increased by ¥1,730 million compared to the previous fiscal year. This is mainly attributable to a decrease of ¥1,622 million in proceeds from short-term borrowing compared to the previous fiscal year.

### (4) Qualitative Information on Consolidated Financial Results Forecast

For the year ending December 31, 2024, Revenue is expected to be ¥34,495 million (up 30.6 % year-over-year) due to increased revenue from existing customers through up-selling and cross-selling, and increased revenue from new customers through the expansion of verticals and regions. Regarding profit, due to continued improvement in gross margin and cost structure, we foresee EBITDA \* of ¥4,898 million (an increase of ¥2,064 million from the previous fiscal year), operating income of ¥2,090 million (an increase of ¥1,289 million from the previous fiscal year), profit before income taxes of ¥2,003 million (an increase of ¥941 million from the previous fiscal year), and net profit of ¥1,899 million (an increase of ¥898 million from the previous fiscal year).

As this financial result forecast reflects the forward-looking figures estimated based on the currently available information and may include largely uncertain factors, the actual results may be different from the forecast due to changes in the business conditions.

\* EBITDA = Operating income + Depreciation and amortization + Tax expenses included in operating expenses

## 2. Basic Concept for Selection of the Accounting Standards

The Group has applied International Accounting Standards since the fiscal year ended December 31, 2018, with the aim to enhance the global comparability and convenience of financial information in the capital market.

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**2 Consolidated Financial Statements and Major Notes****(1) Consolidated Statements of Financial Position**

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	3,803,630	6,134,126
Time deposits	13,932,568	8,003,738
Trade receivables	2,843,653	3,726,452
Contract assets	920,117	1,629,018
Other receivables	164,292	330,808
Other current assets	121,969	164,488
Other financial assets	3,576,577	4,940,380
Total current assets	<u>25,362,806</u>	<u>24,929,010</u>
Non-current assets		
Property, plant and equipment	192,491	228,294
Right-of-use assets	2,881,598	2,685,984
Goodwill and intangible assets	6,937,098	9,346,640
Deferred tax assets	174,669	190,450
Other financial assets	389,959	471,937
Total non-current assets	<u>10,575,815</u>	<u>12,923,305</u>
Total assets	<u>35,938,621</u>	<u>37,852,315</u>



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(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	2,149,053	600,000
Contract liabilities	158,189	173,856
Trade payables	1,833,823	2,435,803
Other liabilities	2,413,623	2,546,198
Current tax payables	51,367	45,421
Lease liabilities	582,535	655,077
Other current liabilities	98,293	90,782
Total current liabilities	7,286,883	6,547,137
Non-current liabilities		
Provisions	62,387	68,411
Deferred tax liabilities	58,989	53,823
Lease liabilities	2,329,027	2,092,046
Total non-current liabilities	2,450,403	2,214,280
Total liabilities	9,737,286	8,761,417
Equity		
Share capital	7,535,199	7,554,524
Capital surplus	23,712,343	23,880,042
Treasury shares	(246)	(355)
Retained earnings	(9,472,977)	(8,471,245)
Other components of equity	4,427,016	6,127,932
Equity attributable to owners of the parent company	26,201,335	29,090,898
Total equity	26,201,335	29,090,898
Total liabilities and equity	35,938,621	37,852,315

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**(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income****Consolidated Statements of Profit or Loss****(Thousands of yen)**

	Year ended December 31, 2022	Year ended December 31, 2023
Revenue	19,426,604	26,418,004
Cost of sales	(9,428,141)	(12,710,337)
Gross profit	9,998,463	13,707,667
Sales and marketing expenses	(6,393,578)	(8,262,762)
Research and development expenses	(2,283,617)	(3,140,984)
General and administrative expenses	(1,602,426)	(1,828,504)
Other income	333,873	334,165
Other expenses	(2,442)	(8,942)
Operating income	50,273	800,640
Finance income	213,444	546,529
Finance costs	(152,740)	(284,664)
Profit before tax	110,977	1,062,505
Income taxes	(89,655)	(60,773)
Profit for the year	21,322	1,001,732
Profit attributable to:		
Owners of the parent company	21,322	1,001,732
Basic earnings per share (yen)	0.21	9.85
Diluted earnings per share (yen)	0.21	9.75

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**Consolidated Statements of Comprehensive Income**

(Thousands of yen)

	Year ended December 31, 2022	Year ended December 31, 2023
Profit for the year	21,322	1,001,732
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of an equity investment measured at fair value through other comprehensive income	(39,998)	(8,205)
Total items that will not be reclassified subsequently to profit or loss	(39,998)	(8,205)
Items that may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	3,307,935	1,709,121
Total items that may be reclassified subsequently to profit or loss	3,307,935	1,709,121
Total other comprehensive income for the year	3,267,937	1,700,916
Total comprehensive income for the year	3,289,259	2,702,648
Total comprehensive income attributable to:		
Owners of the parent company	3,289,259	2,702,648

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(3) Consolidated Statements of Changes in Equity

Year ended December 31, 2022

(Thousands of yen)

	Equity attributable to owners of the parent company							
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity			Total equity
					Financial statements translation differences of foreign operations	Unrealized (loss) gains from financial assets measured at fair value through other comprehensive income	Total	
Balance at January 1, 2022	7,526,244	23,644,664	-	(9,494,299)	1,134,939	24,140	1,159,079	22,835,688
Profit for the year	-	-	-	21,322	-	-	-	21,322
Other comprehensive income	-	-	-	-	3,307,935	(39,998)	3,267,937	3,267,937
Total comprehensive income	-	-	-	21,322	3,307,935	(39,998)	3,267,937	3,289,259
Share options of the Company	-	58,724	-	-	-	-	-	58,724
Exercise of share options	8,955	8,955	-	-	-	-	-	17,910
Purchase of treasury shares	-	-	(246)	-	-	-	-	(246)
Total transactions with owners	8,955	67,679	(246)	-	-	-	-	76,388
Balance at December 31, 2022	7,535,199	23,712,343	(246)	(9,472,977)	4,442,874	(15,858)	4,427,016	26,201,335

Year ended December 31, 2023

(Thousands of yen)

	Equity attributable to owners of the parent company							
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity			Total equity
					Financial statements translation differences of foreign operations	Unrealized loss from financial assets measured at fair value through other comprehensive income	Total	
Balance at January 1, 2023	7,535,199	23,712,343	(246)	(9,472,977)	4,442,874	(15,858)	4,427,016	26,201,335
Profit for the year	-	-	-	1,001,732	-	-	-	1,001,732
Other comprehensive income	-	-	-	-	1,709,121	(8,205)	1,700,916	1,700,916
Total comprehensive income	-	-	-	1,001,732	1,709,121	(8,205)	1,700,916	2,702,648
Share options of the Company	-	148,374	-	-	-	-	-	148,374
Exercise of share options	19,325	19,325	-	-	-	-	-	38,650
Purchase of treasury shares	-	-	(109)	-	-	-	-	(109)
Total transactions with owners	19,325	167,699	(109)	-	-	-	-	186,915
Balance at December 31, 2023	7,554,524	23,880,042	(355)	(8,471,245)	6,151,995	(24,063)	6,127,932	29,090,898

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## (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended December 31, 2022	Year ended December 31, 2023
Cash flows from operating activities		
Profit before tax	110,977	1,062,505
Depreciation and amortization expenses	1,306,626	2,028,193
Interest income	(213,444)	(546,529)
Interest expense	73,534	96,056
Expected credit losses	113,064	78,503
Gain on financial assets measured at fair value through profit or loss	(68,265)	(252,958)
Gains on forfeited contingent consideration	(92,484)	(73,860)
Share-based compensation expense	76,288	186,652
Others	(350)	57
Change in working capital		
Trade receivables	(882,389)	(797,063)
Contract assets	62,069	(648,541)
Other receivables	129,980	(166,616)
Other current assets	(14,426)	(36,517)
Contract liabilities	18,367	6,928
Trade payables	210,035	493,488
Other liabilities	147,687	436,280
Other current liabilities	20,200	(14,340)
Subtotal	997,469	1,852,238
Interest received	112,285	547,825
Interest paid	(73,302)	(88,815)
Income taxes paid	(40,564)	(86,971)
Net cash provided by operating activities	995,888	2,224,277
Cash flows from investing activities		
Payments for property, plant and equipment	(97,648)	(117,849)
Payments for intangible assets	(2,330,320)	(3,229,414)
Payments for acquisition of subsidiaries	(1,236,964)	(381,327)
Withdrawal of time deposits	23,063,130	40,353,705
Placement of time deposits	(19,746,219)	(33,768,521)
Acquisition of financial assets measured at fair value through profit or loss	(3,410,568)	(888,627)
Proceeds from disposal of financial assets at fair value through profit or loss	-	71,977
Increase in guarantee deposits	(13,850)	(68,539)
Net cash provided by (used in) investing activities	(3,772,439)	1,971,405
Cash flows from financing activities		
Proceeds from short-term borrowing	1,621,622	-
Repayments of short-term borrowing	(1,621,622)	(1,644,942)
Payments of lease liabilities	(520,146)	(605,614)
Proceeds from issuance of shares	346	372
Payments to acquire treasury shares	(246)	(109)
Net cash used in financing activities	(520,046)	(2,250,293)
Effects of exchange rate changes on cash and cash equivalents	539,321	385,107
Net increase (decrease) in cash and cash equivalents	(2,757,276)	2,330,496
Cash and cash equivalents at the beginning of the year	6,560,906	3,803,630
Cash and cash equivalents at the end of the year	3,803,630	6,134,126

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**(5) Major Notes to Consolidated Financial Statements**

(Notes on going concern assumption)

Not Applicable.

(Segment information)

The presentation of segments information is omitted as Apear Group consists of a single segment by AISaaS business.

(Earnings per share)

Earnings per share is based on the following:

	(Thousands of yen)	
	Year ended December 31, 2022	Year ended December 31, 2023
Profit attributable to owners of the parent company (Thousands of yen)	21,322	1,001,732
Profit adjustment (Thousands of yen)	-	-
Profit for the year used to calculate diluted loss per share (Thousands of yen)	21,322	1,001,732
Weighted average number of common shares (Shares)	101,317,630	101,675,032
Effect of dilution		
Outstanding share options (Shares)	1,379,277	1,066,052
Adjusted for dilutive effect (Shares)	102,696,907	102,741,084
Basic earnings per share (Yen)	0.21	9.85
Diluted earnings per share (Yen)	0.21	9.75

(Events after the reporting period)

Not Applicable.