

MAKING AI EASY

BY MAKING
SOFTWARE INTELLIGENT

Q4 FY2023 Earnings February 2024

Our Mission

Turning AI into ROI by Making Software Intelligent





**FY23 Review
& Achievements**



FY24 Guidance



FY23 Q4 Results



Product Updates

2023 Recap & 2024 Outlook



FY2023 marked a year of continuous profitable growth.

Our revenue growth surpassed our revised plan and achieved a **36% YoY** increase to an all-time high of **JPY 26.4B**. We also significantly improved our profitability with a **16X YoY** increase and reached **JPY 801M** in operating income, improving from 0.3% to **3.0%** for operating margin, 3.8% for net income margin and EBITDA margin reaching 10.7%. In addition, we also achieved a **37% YoY** growth in gross profit.



Continued business metric enhancements led to an increase in operating leverage.

We demonstrated **stronger operating leverage** with a 15% increase in ARPC, sustaining the LTM NRR at a high level of 136.2% and reducing the customer churn rate to a historical low of 0.604%. We expect both gross margin and operating margin to improve further in FY24.



Successful business execution resulted in strong geographical and vertical expansion.

Geographically, Our key markets contributed significantly to the revenue increase, with **US & EMEA** reaching **84% YoY** revenue growth and continuous expansion in **NEA** with a **40% YoY** increase in revenue.

Vertically, we expanded not only in **E-commerce**, our traditional growth driver, but also strategically enhanced **Digital Content⁽¹⁾** to have a well-balanced vertical split.



Profitable growth and improved free cash flow are expected in FY2024.

With the continuous industry tailwinds, our strong execution and potential AI investment for future growth, we project a **31% YoY** revenue increase, doubling the operating margin to **6.1%** and achieving an operating income of **JPY 2.1B**. Additionally, we expect a **close-to-breakeven core free cash flow⁽²⁾** in FY24.

(1) "Digital Content" includes digital contents gaming, entertainment, e-book and online streaming

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

2023 Highlights

Revenue

JPY **26.4B**

Revenue YoY Growth⁽¹⁾

+36%

Profitability

Operating Income JPY **801M**

EBITDA JPY **2.8B**

Gross Profit YoY Growth⁽²⁾

+37%

ARR⁽³⁾

JPY **28.6B**

LTM NRR

FX Neutral⁽⁴⁾ 136.2%

USD-based⁽⁵⁾ 120.3%

(1) Revenue Growth from FY22 to FY23.

(2) Gross Profit Growth from FY22 to FY23.

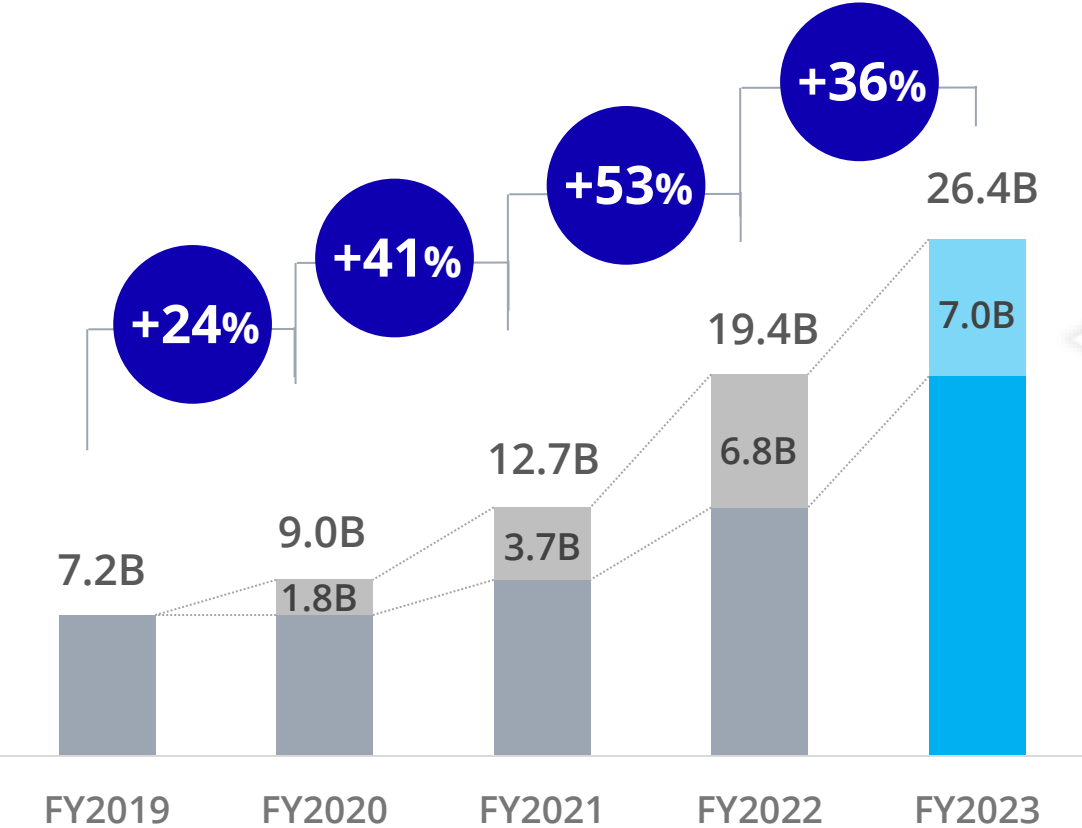
(3) ARR is conducted as the sum of the per-solution ARR. (i) For AIQUA, AiDeal, AIXON, BotBonnie and AIRIS, which are offered on a subscription basis, we calculate ARR as of a certain date as the monthly recurring revenue converted in JPY during the one-month period ending on such date, multiplied by 12. (ii) For CrossX, we calculate ARR as of a certain date as the average of monthly recurring revenue converted in JPY during the six-month period ending on such date, multiplied by 12.

(4) We calculate FX neutral NRR by dividing (i) total revenue calculated in U.S. dollars from the last 12 months from customers that used one of our solutions during the same period in the prior year and converted to JP Yen based on the FX neutral quarterly average exchange rate of FY23 Q1 to FY23 Q4, by (ii) total revenue calculated in U.S. dollars from such customers during the same period of the prior year and converted to JP Yen based on applicable exchange rate of FY22 Q1 to FY22 Q4.

(5) We calculate NRR by dividing (i) total revenue calculated in U.S. dollars from the last 12 months from customers that used one of our solutions during the same period in the prior year, by (ii) total revenue calculated in U.S. dollars from such customers during the same period of the prior year.

Robust revenue growth with balanced contributions from existing & new customers

Revenue (JPY)



Incremental Revenue

46% from Existing Customers⁽¹⁾

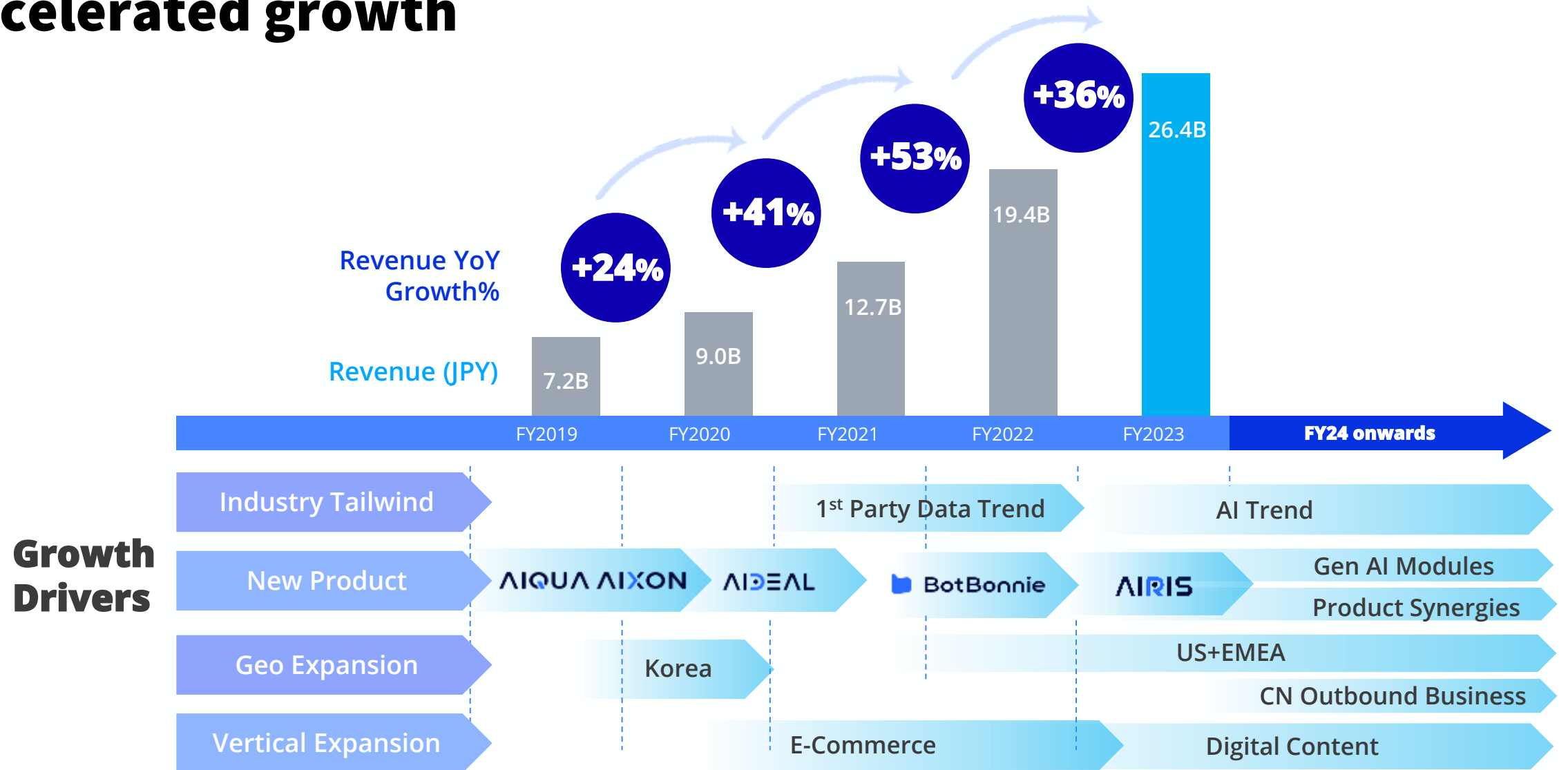
- ▶ ROI-driven solutions resulted in strong upsells
- ▶ Continuous expansion of E-Commerce and Digital Content verticals

54% from New Customers⁽²⁾

- ▶ Strong expansion in the US & EMEA
- ▶ Vertical expansion in Digital Content
- ▶ Strategic focus on larger enterprise customers

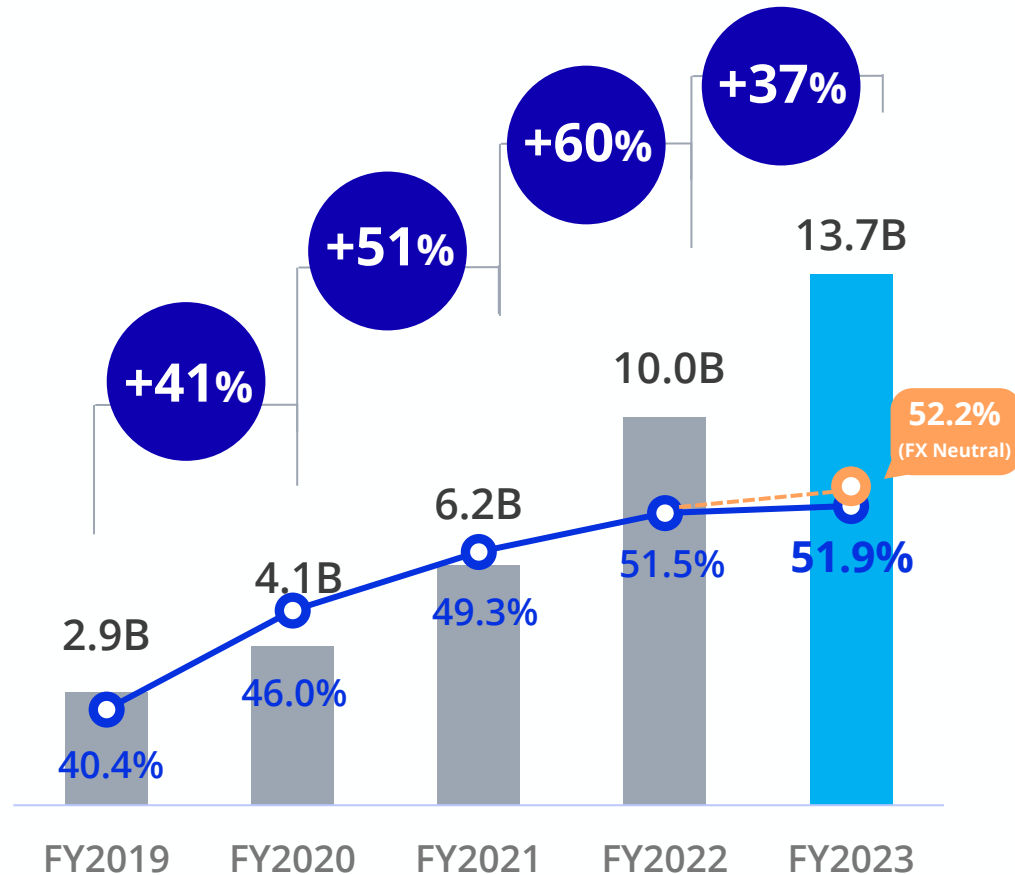
(1) "Existing Customers" refers to customers acquired before FY23.
 (2) "New Customers" refers to customers acquired in FY23.

Adding additional growth drivers each year is the key for our accelerated growth



Gross profit expanded at a faster pace than our revenue growth

Gross Profit & Margin (JPY)



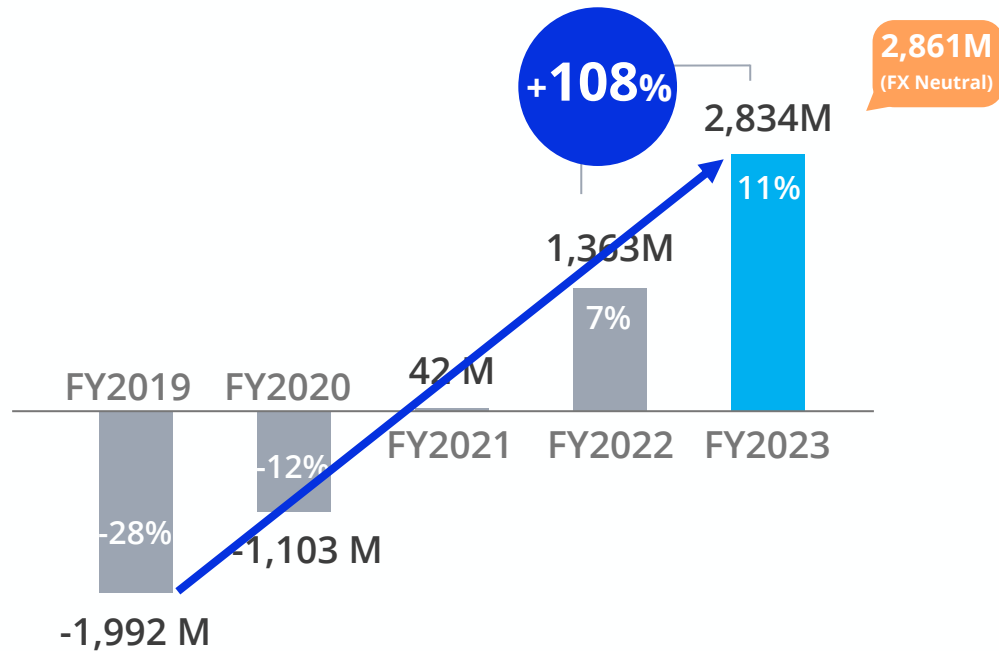
Expedited gross profit from expanded margin

- ▶ Gross profit increased even faster than revenue due to continuous gross margin improvements despite FX headwinds
- ▶ Technological advancements improve the overall gross margin of our products

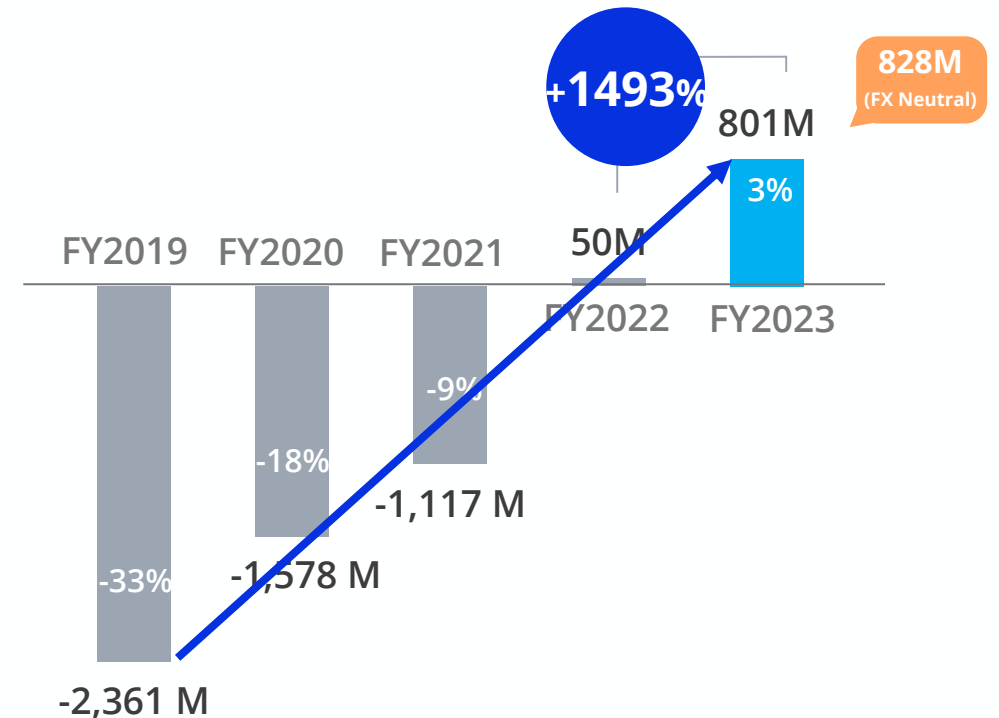
Execution consistency leads to continuous profit improvement

- We achieved a substantial improvement in profitability, with operating income expanding around 16X YoY in FY23, driven by increased gross margin and strong operating leverage. We expect further profitability improvement going forward.

EBITDA⁽¹⁾ & Margin (JPY)



Operating Income & Margin (JPY)

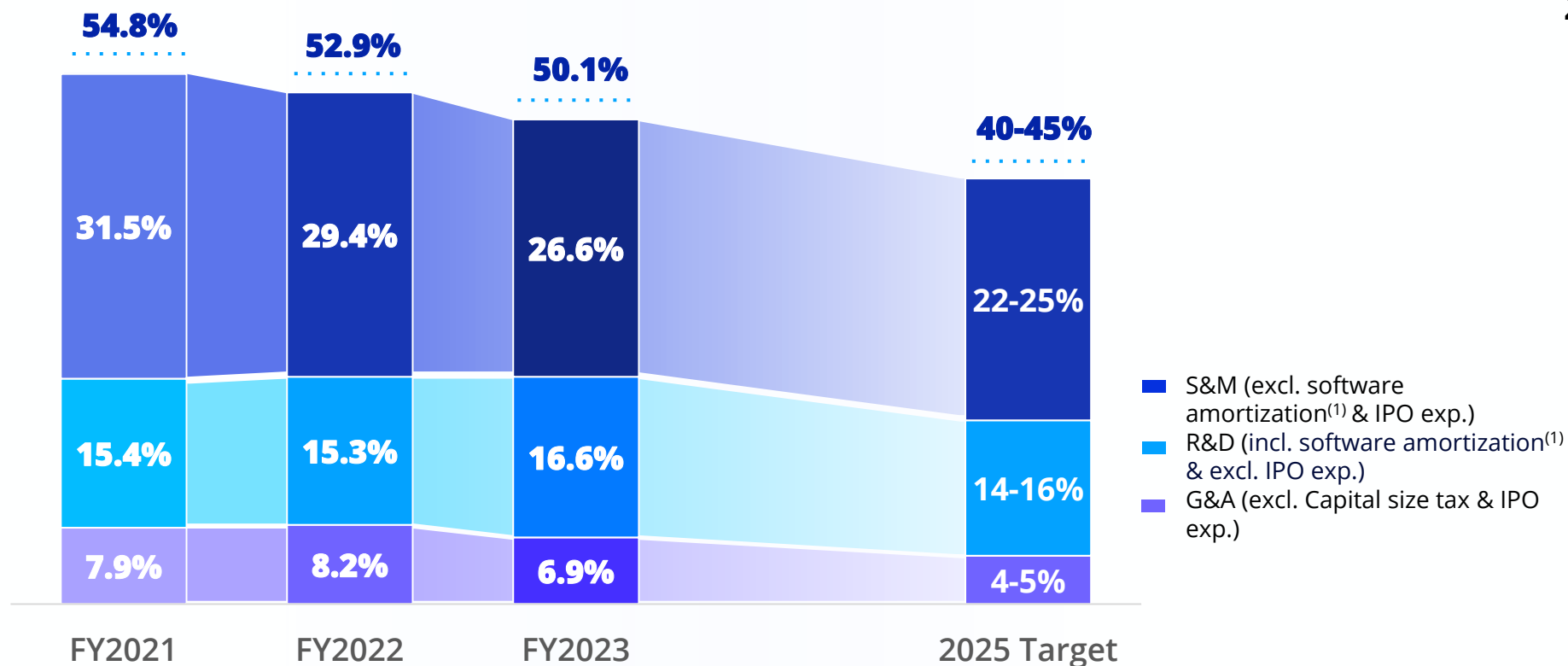


(1) EBITDA = operating income + depreciation and amortization + tax expenses included in operating expenses + IPO-related expenses

OPEX Structure

- OPEX-to-revenue ratio improvement from FY22 to FY23 is more significant than that from FY21 to FY22 due to higher productivity in S&M and operation efficiency in G&A functions, enabling us to progress towards our FY25 target.
- R&D expenses increased due to the investment in AI developments and product enhancements, which will contribute to our corporate core value, maintaining a healthy expense-to-revenue ratio of our FY25 target.

Historical OPEX Structure & 2025 Margin Target (% Revenue)



2025 Financial Target

Revenue Growth⁽²⁾

30%+

Gross Margin⁽³⁾

55-60%

Operating Margin⁽⁴⁾

15-20%

(1) Our Sales and Marketing Expenses included amortization of software. We started software capitalization in FY2020.

(2) Average Revenue Growth Rate target from 2022 to 2025

(3) Gross Margin Target in 2025

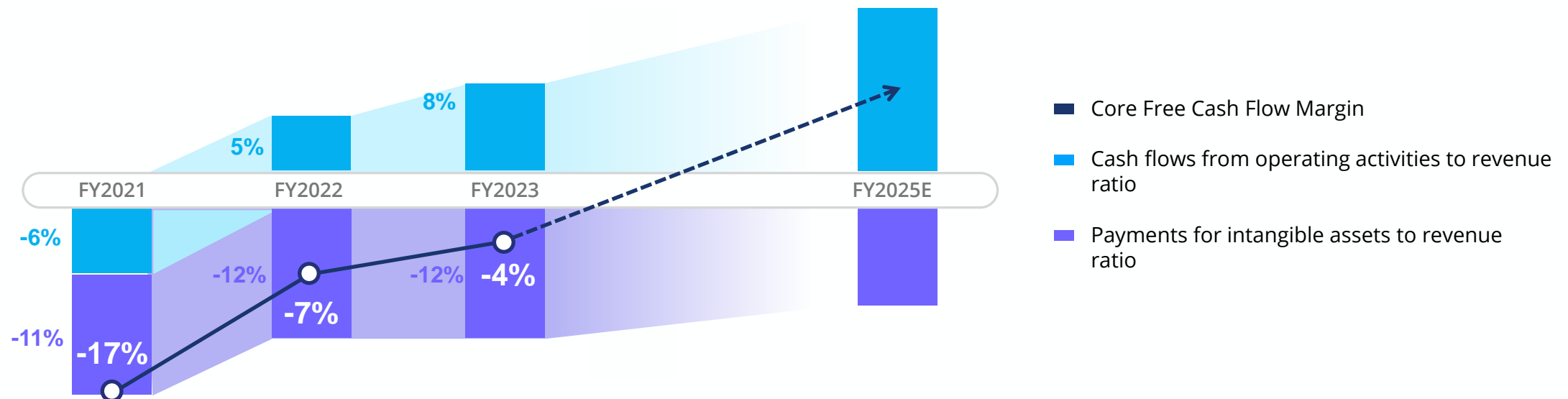
(4) Operating Margin Target in 2025

(5) Percentages may not equal to the sum due to rounding

Free Cash Flow Structure

- Core Free Cash Flow has improved steadily over time due to continuous profitability enhancements, scalable operations, and efficient R&D investment aligned with business growth.
- We expect to achieve a close-to-breakeven level core free cash flow margin in FY24 and improve further in FY25.

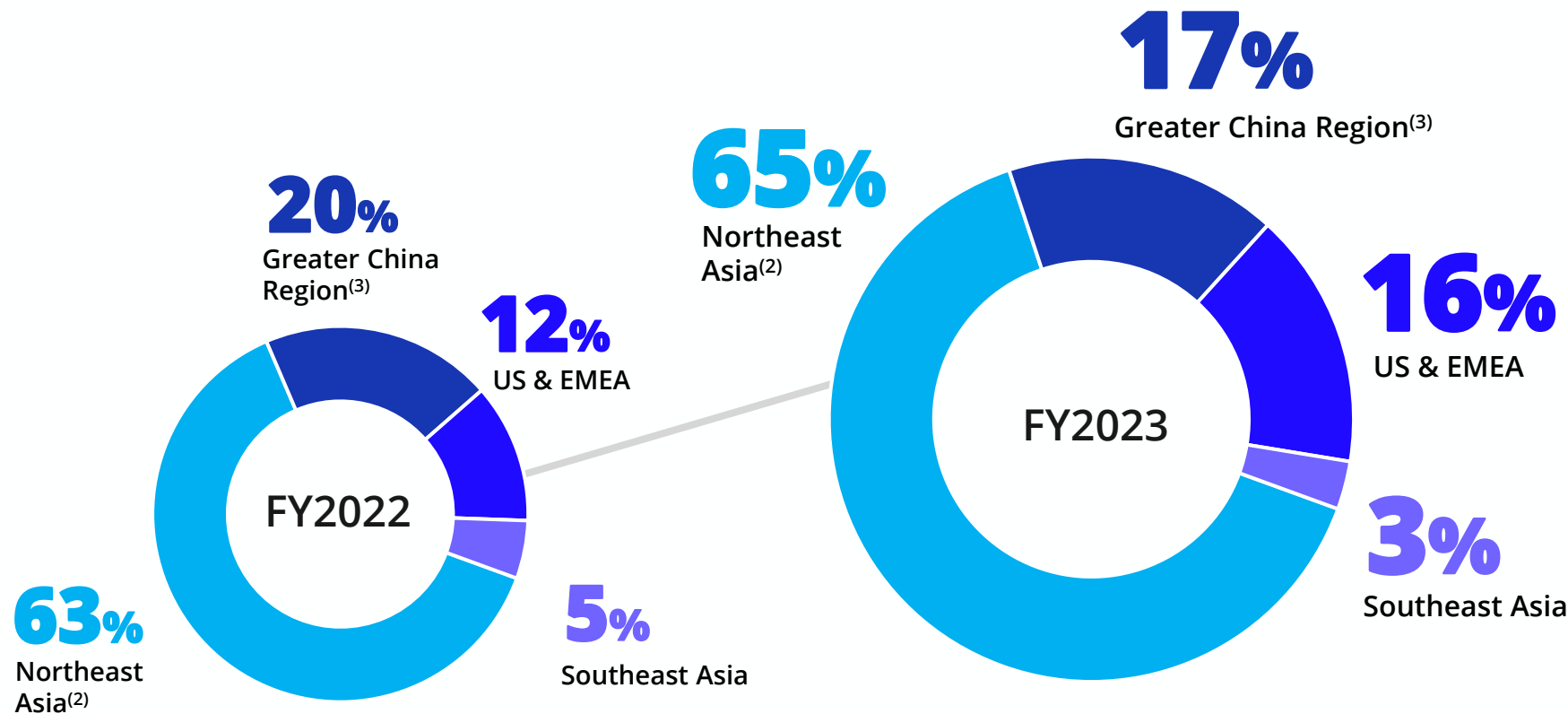
Core Free Cash Flow Margin⁽¹⁾ (% Revenue)



(1) Core Free Cash Flow Margin = Cash flows from operating activities to revenue ratio + Payments for intangible assets to revenue ratio

Diverse revenue base from diverse growth drivers of multiple regions

FY22 & FY23 Revenue % by Region⁽¹⁾



(1) Percentages may not total 100 due to rounding
 (2) Northeast Asia includes Japan & South Korea
 (3) Greater China Region includes Taiwan, Hong Kong & China

NEA

Around **40%** YoY revenue growth with vertical penetration and strong existing customer expansion

GCR

Further solidification of business foundation and emerging expansion of CN outbound business

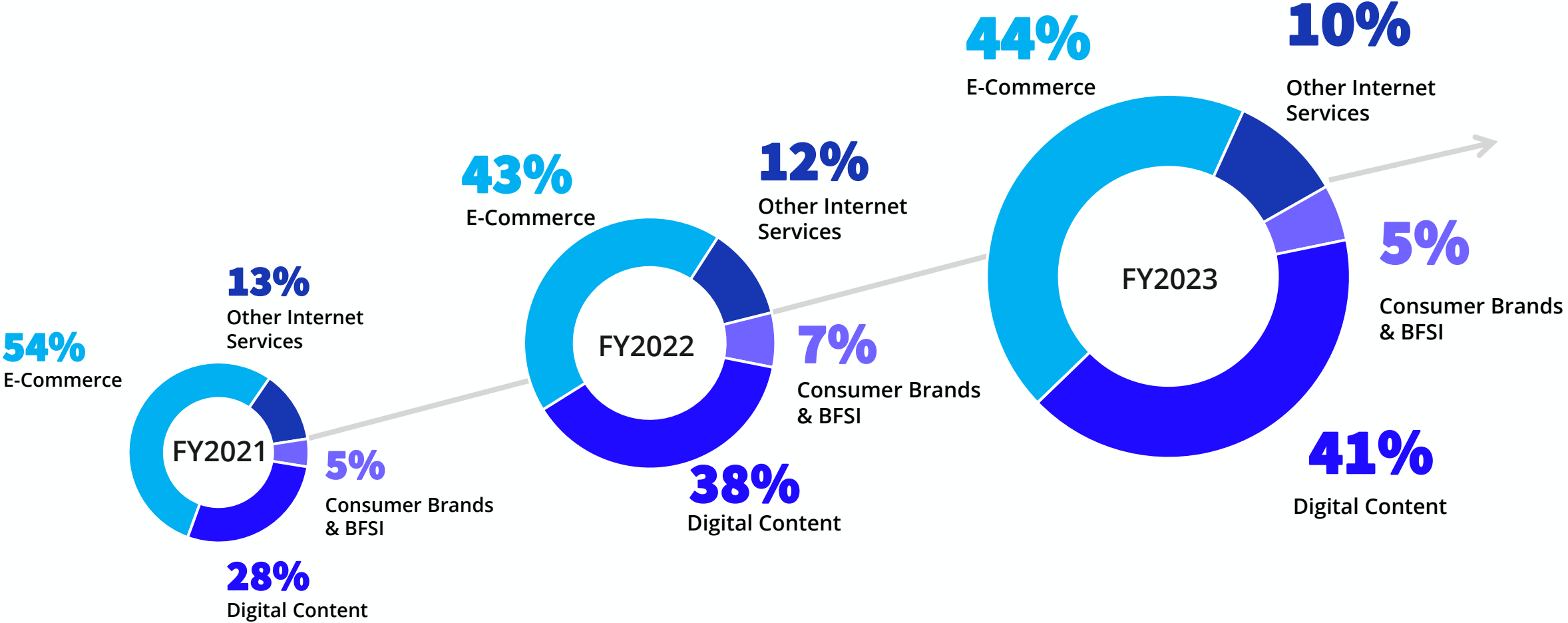
US & EMEA

Revenue YoY growth reached **84%** YoY and our new market entrance enlarged our TAM significantly

SEA

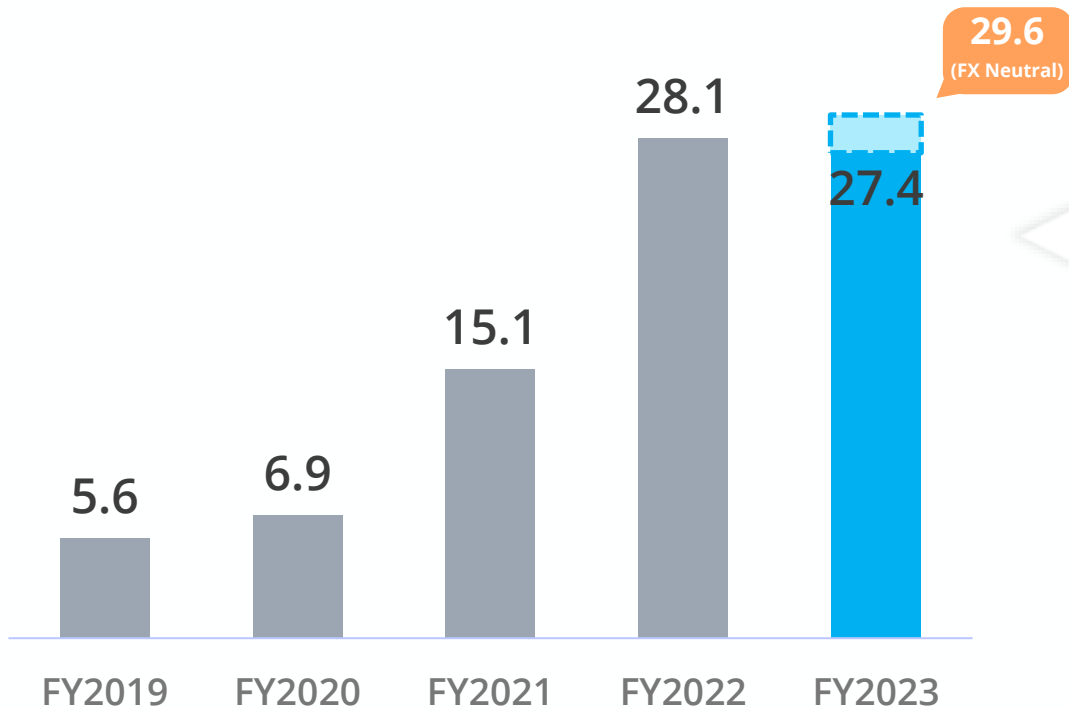
Continue to focus on key accounts until the market is more mature

Continuous growth momentum through vertical expansion along with diverse verticals & geo to moderate business seasonality



LTV/CAC: Consistently maintaining high levels of business efficiency

LTV/CAC⁽¹⁾



LTV +10% due to higher ARPC

Churn rate of customer revenue decreased by **1% YoY** and gross profit per customer increased by **9% YoY**

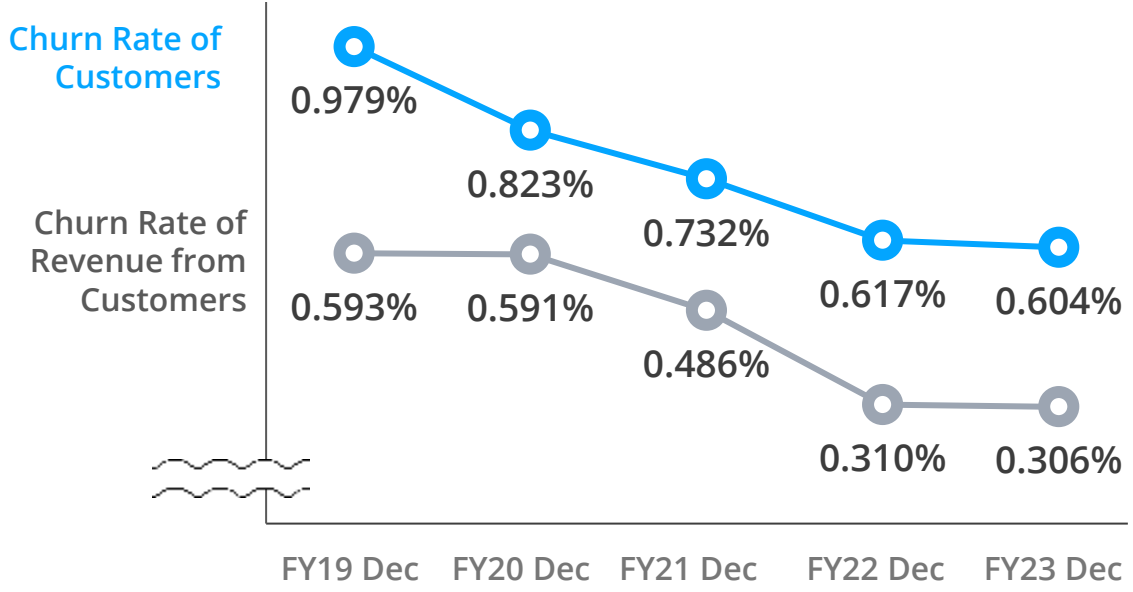
CAC +13% as we focused on larger enterprises

Expenses on new customer acquisition increased by **8% YoY** and the number of new customers decreased by **5% YoY**

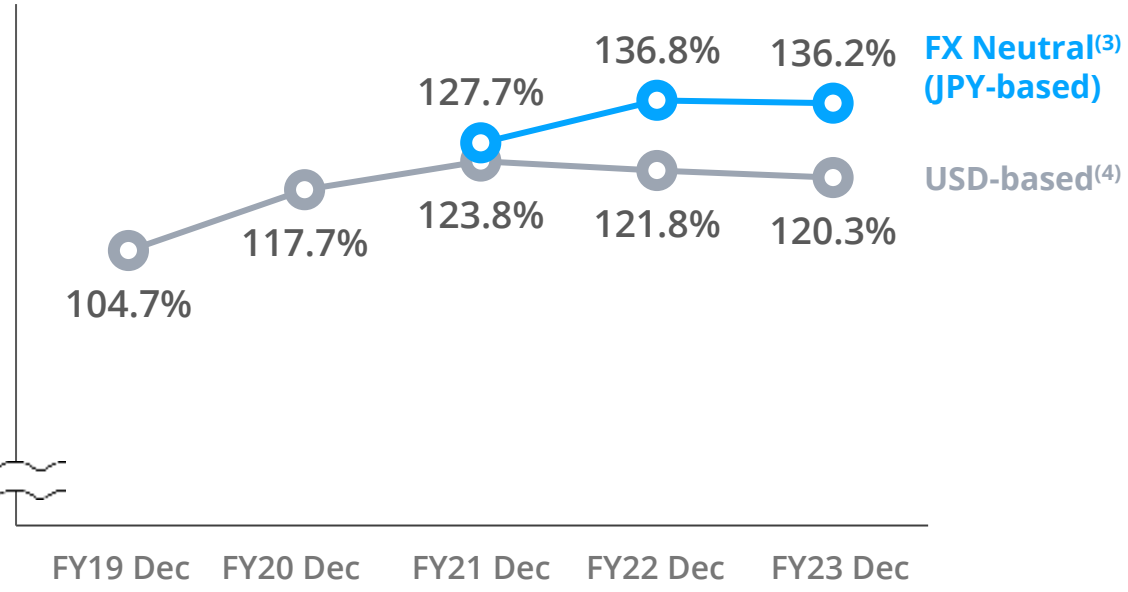
(1) LTV (lifetime value) (i) ARPC of newly acquired customer in a given fiscal year in U.S. dollars multiplied by gross margin for such fiscal year, divided by (ii) churn rate of revenue from customers for such fiscal year. CAC (customer acquisition cost) (i) fully loaded sales and marketing expenses, including employee salaries and benefits, related to all kinds of customers activities and functions in a given fiscal year calculated at the operating level in U.S. dollars, divided by (ii) the number of new customers acquired in such fiscal year (excluding those acquired through business acquisitions).

Churn Rate & LTM NRR: Focusing on larger enterprise customers

LTM Churn Rate of Customers⁽¹⁾ and Churn Rate of Revenue from Customers⁽²⁾



LTM Net Revenue Retention

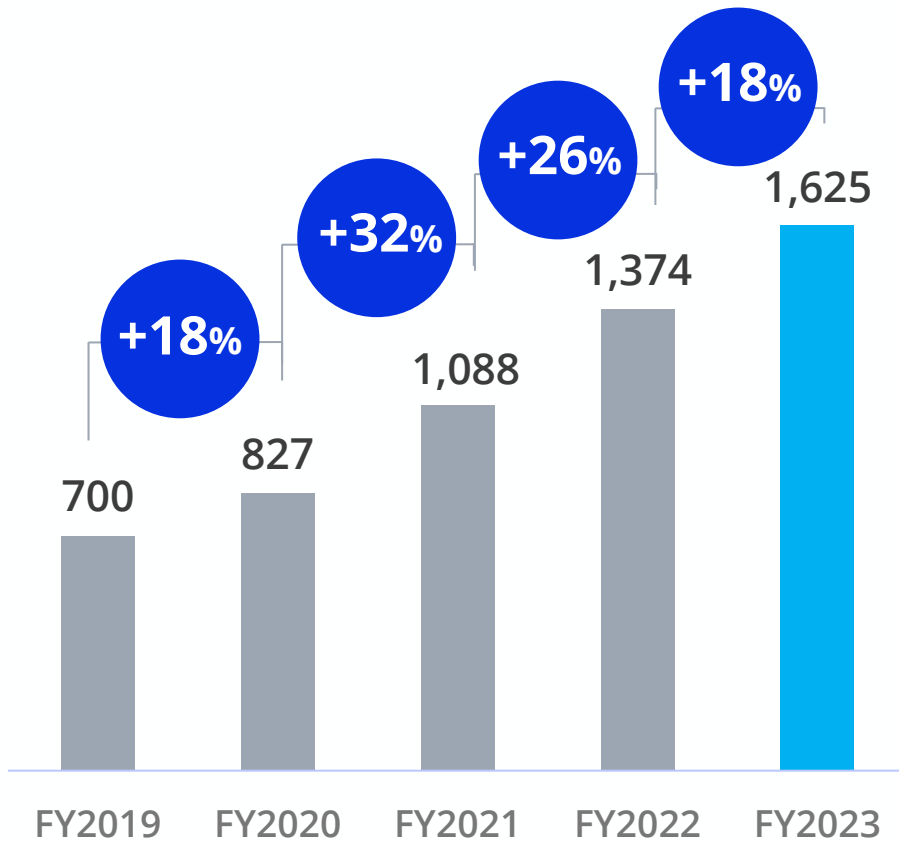


(1) Churn Rate of customers = The number of customers that terminated their relationship with us during the month divided by the number of all customers as of the end of the month.
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 (5) Above calculation does not include BotBonnie's and Woopra's customers.

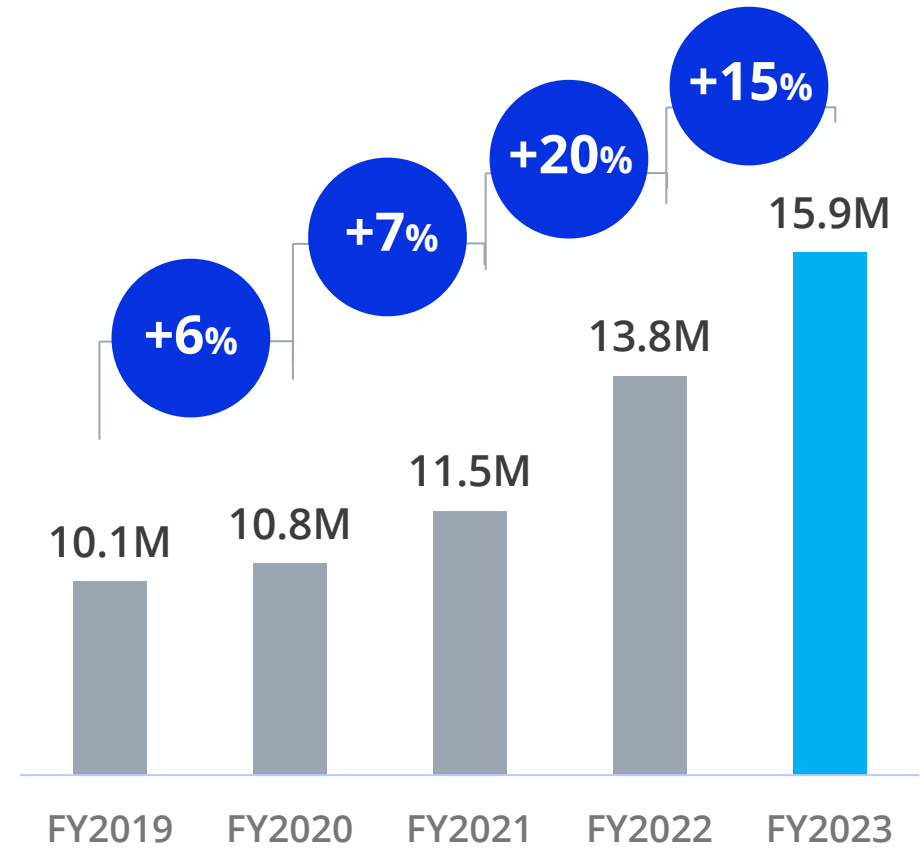


Strategically focus on large enterprise that drives ARPC expansion

of Customers⁽¹⁾



Average Revenue Per Customer⁽¹⁾ (JPY)



(1) "Customer" refers to a corporate group that has one or more active contracts for our solutions, excluding paid or unpaid trial, demo use and customers acquired through business acquisitions. Such corporate group is counted as a separate "customer" with respect to each solution it uses.



**FY23 Review
& Achievements**



FY24 Guidance



FY23 Q4 Results



Product Updates

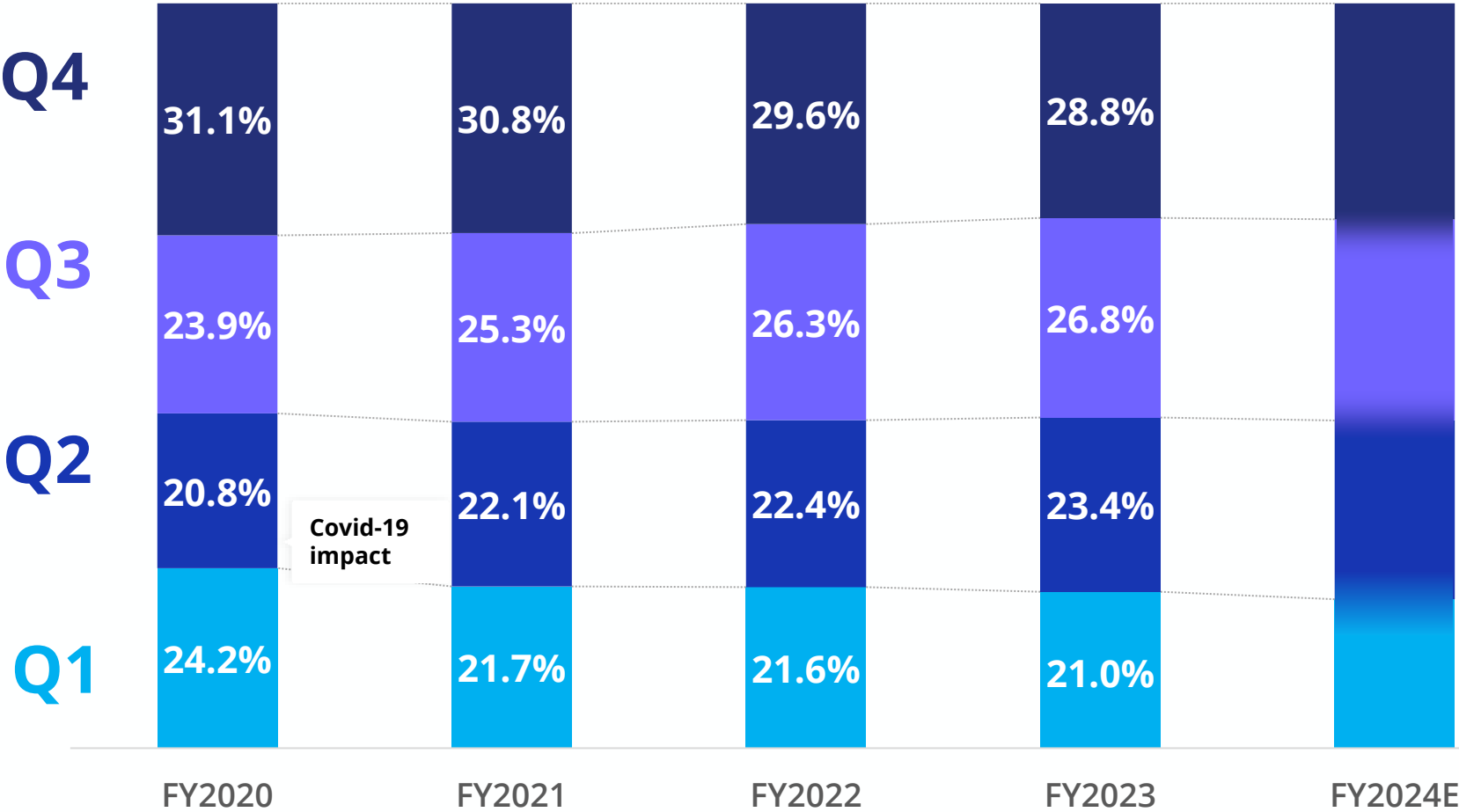
2024 Guidance

- In FY24, we expect continued execution to achieve sustainable and profitable growth, demonstrating our core value of innovative technology enhancement, and further business efficiency at scale.

	2023		2024		YoY	Highlights
Revenue	26.4 Bn		34.5 Bn		+31%	<ul style="list-style-type: none"> Continued robust expansion in the US & EMEA with a growth rate far above the overall company growth rate Drive the revenue growth through expansions in both verticals and existing customers in the NEA New growth drivers from vertical expansion in the GCR, especially CN outbound business AI trend to enhance customer acceptance of our key differentiators
Gross Profit	13.7 Bn	51.9%	18.5 Bn	53.5%	+35%	<ul style="list-style-type: none"> Margin improvement with continuous technological advancements Revenue increase from higher-margin products Positively impacted gross margin with anticipated JPY appreciation to USD
Operating Income	0.8 Bn	3.0%	2.1 Bn	6.1%	+161%	<ul style="list-style-type: none"> Strong operating leverage with better productivity to accelerate margin improvement for S&M and G&A Increasing R&D investment for product development to address the rapidly evolving industry and emerging GenAI opportunities while maintaining disciplined expense management
EBITDA	2.8 Bn	10.7%	4.9 Bn	14.2%	+73%	<ul style="list-style-type: none"> Positively impacted operating margin with anticipated JPY appreciation to TWD and USD as well as anticipated JPY depreciation to KRW
Dividend	JPY 0 per share		Not decided			<ul style="list-style-type: none"> The decision to distribute dividends will be subject to whether our core free cash flow becomes positive in FY24.

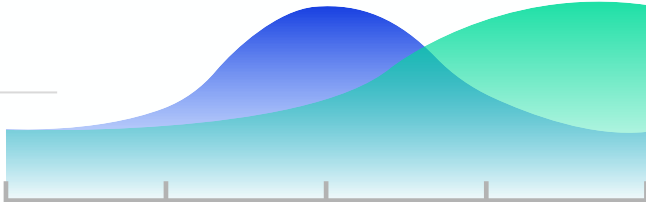
Quarterly Seasonality

Quarterly Revenue Breakdown



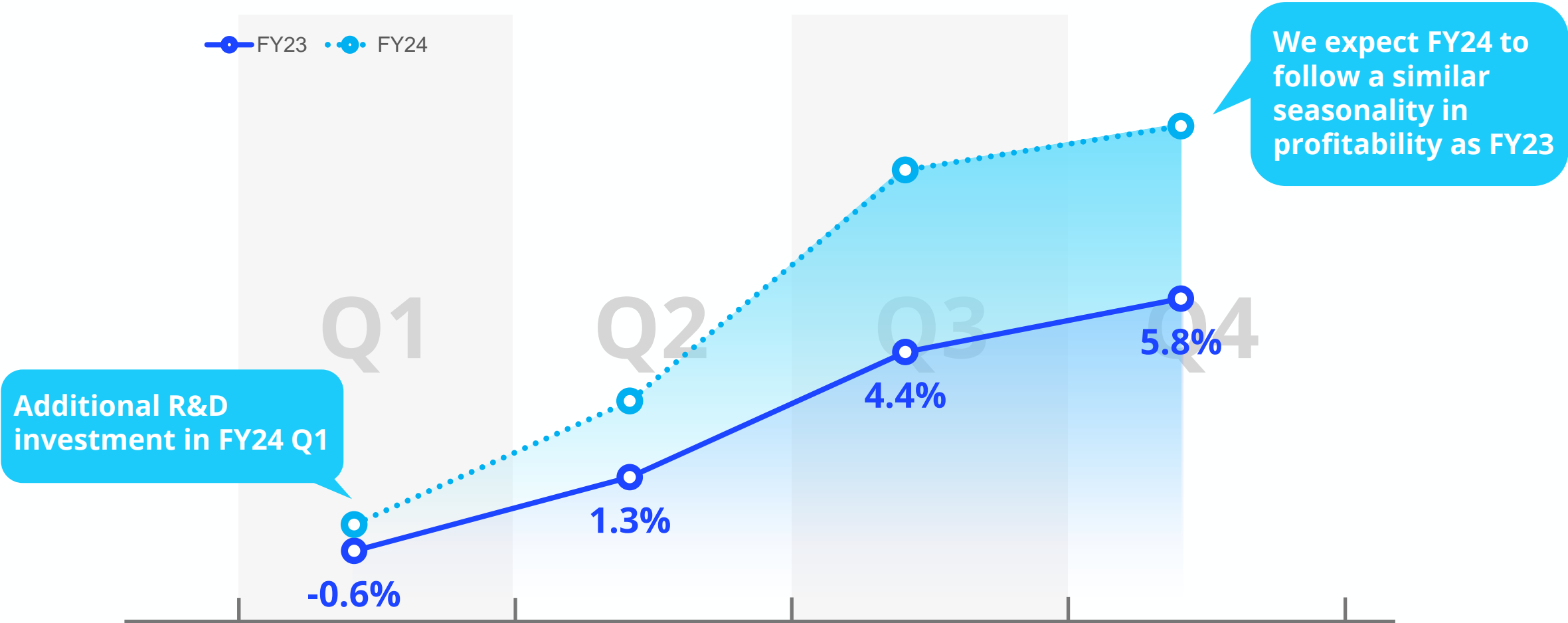
We expect FY24 to have a similar seasonal pattern

FY24 2H USD/JPY 138
FY24 1H USD/JPY 144



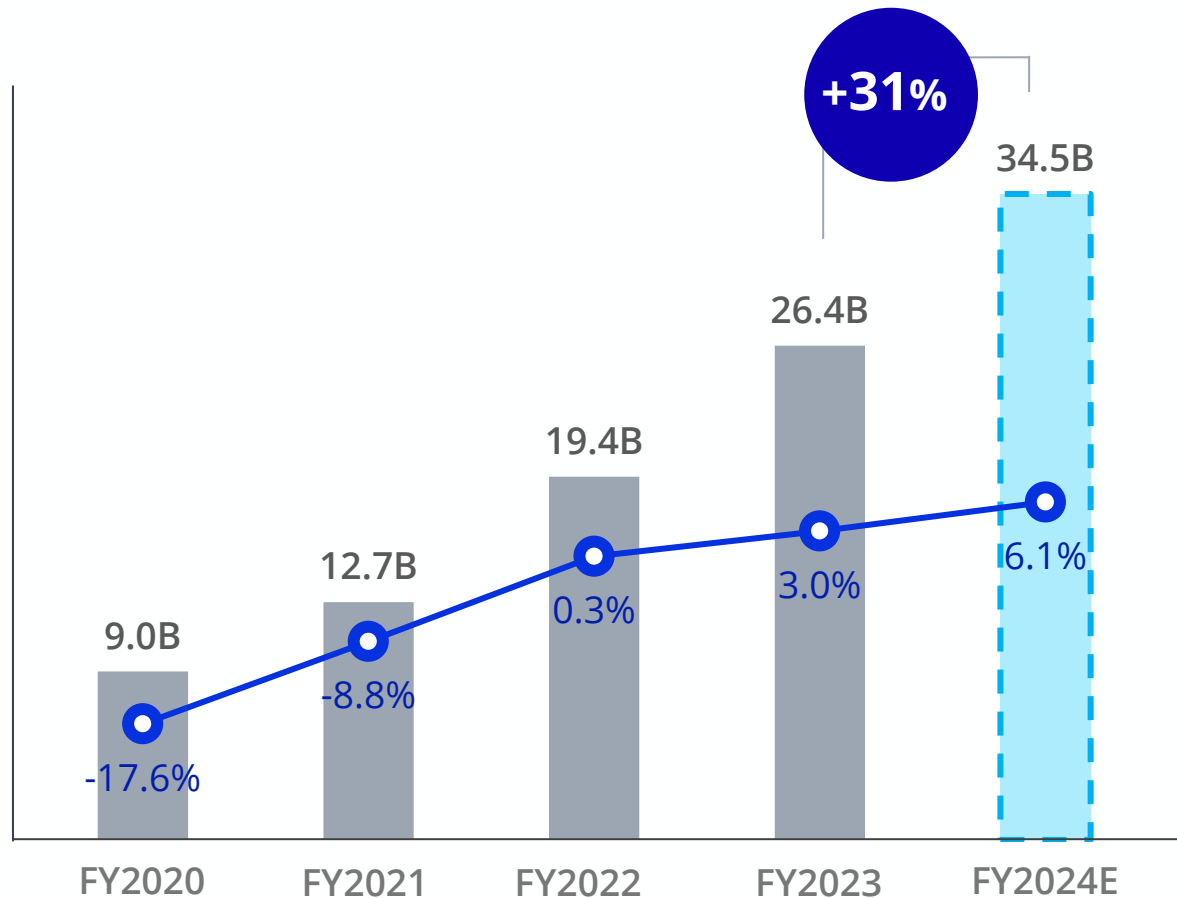
Quarterly Seasonality in Profitability

Quarterly Operating Margin



Continuously pursuing both **Growth & Profitability** in FY24

Revenue (JPY) & Operating Margin%



Growth

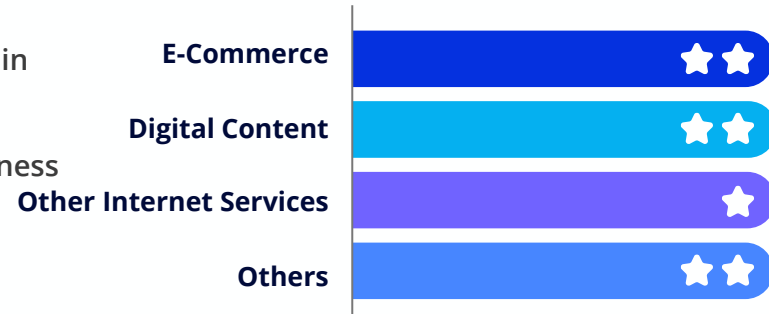
- Focused on bigger enterprises in the regions with higher growth potential
- Well-balanced vertical expansion
- Upsell through increasing usage from existing customers & cross-sell via product synergy

Profitability

- **Gross Margin:** continuous improvement via technological advancements regardless of FX fluctuation
- **S&M expenses:** better sales productivity
- **R&D expenses:** continuous investment to address the rapidly evolving industry and emerging Gen AI opportunities
- **G&A expenses:** in a gradually declining trend of the expense-to-revenue ratio

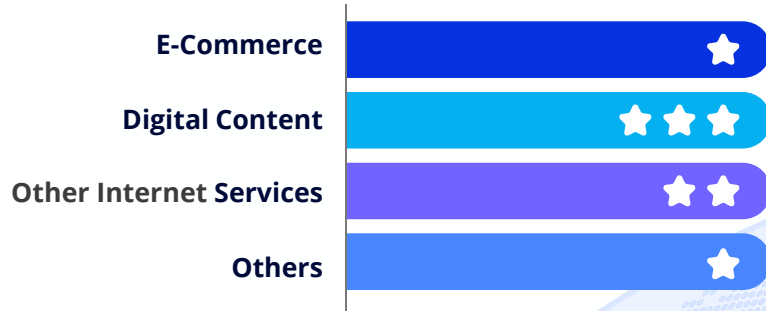
Business Growth Outlook: Key Focus Regions & Verticals

- ▶ TW & HK - Deepen our penetration in each vertical
- ▶ CN - Further penetration in Digital Content vertical for outbound business



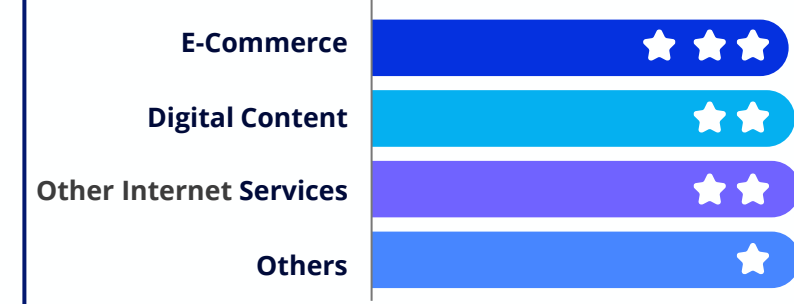
GCR

US & EMEA



- ▶ Expand into non-Digital Content verticals
- ▶ Deepen penetration in Digital Content vertical

NEA



- ▶ JP - Deepen our penetration in each vertical
- ▶ KR - Expand into the Digital Content vertical & deepen penetration in E-Commerce vertical

Current Revenue Contributor Classification:

★★★ High revenue contribution ★★ Mid revenue contribution ★ Low revenue contribution



**FY23 Review
& Achievements**



FY24 Guidance



FY23 Q4 Results



Product Updates

2023 Q4 Highlights

Revenue

JPY **7.6B**

Revenue YoY Growth⁽¹⁾

+32%

Profitability

Operating Income JPY **439M**

EBITDA JPY **1.0B**

Gross Profit YoY Growth⁽²⁾

+34%

ARR⁽³⁾

JPY **28.6B**

LTM NRR

FX Neutral⁽⁴⁾ 136.2%

USD-based⁽⁵⁾ 120.3%

(1) Revenue Growth from FY22 Q4 to FY23 Q4.

(2) Gross Profit Growth from FY22 Q4 to FY23 Q4.

(3) ARR is conducted as the sum of the per-solution ARR. (i) For AIQUA, AiDeal, AIXON, BotBonnie and AIRIS, which are offered on a subscription basis, we calculate ARR as of a certain date as the monthly recurring revenue converted in JPY during the one-month period ending on such date, multiplied by 12. (ii) For CrossX, we calculate ARR as of a certain date as the average of monthly recurring revenue converted in JPY during the six-month period ending on such date, multiplied by 12.

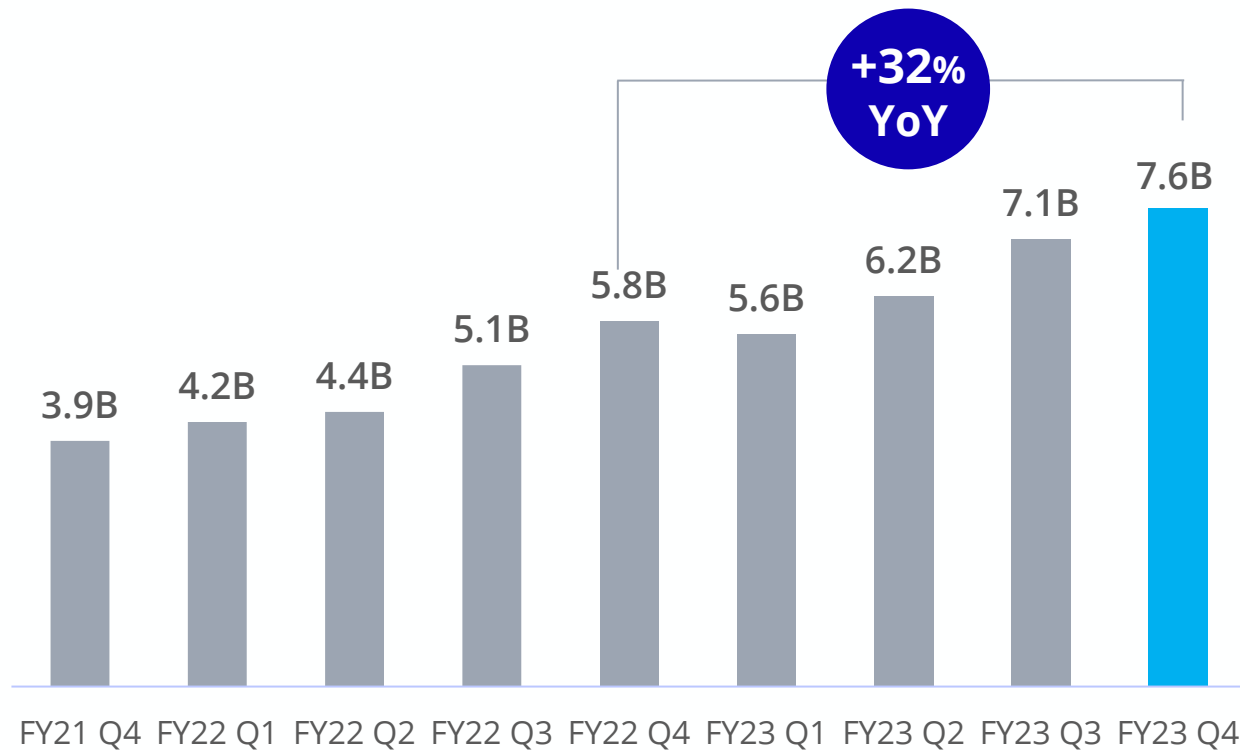
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Revenue Trends

- FY23 Q4 revenue YoY growth was driven by continuous expansion in the NEA, especially in E-Commerce due to its high season, and robust penetration of Digital Content in the US & EMEA despite its low season, along with strong customer traction in the GCR.

Revenue (JPY)



Incremental Revenue

46% from Existing Customers⁽¹⁾

- ▶ Increasing product usage of US/EMEA and NEA customers
- ▶ Robust YoY growth from E-Commerce and Digital Content verticals

54% from New Customers⁽²⁾

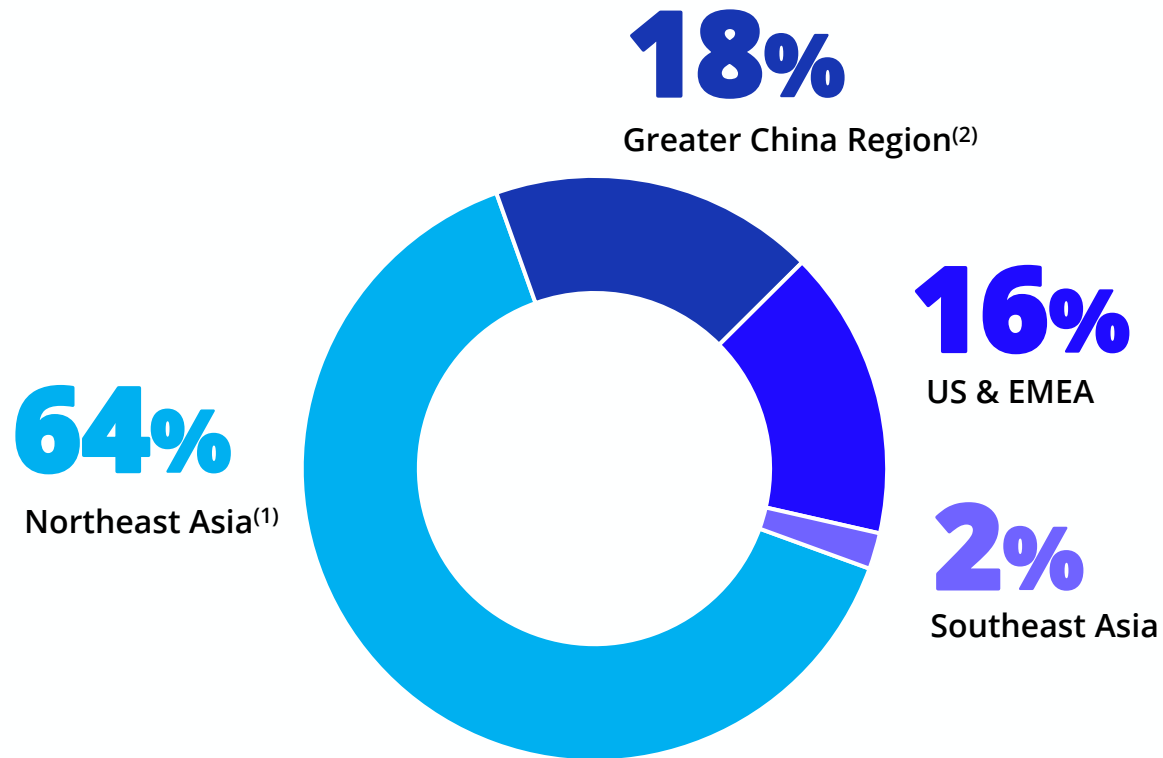
- ▶ Scaling up new customer acquisition in the NEA
- ▶ Strong customer traction in the GCR region, especially in Digital Content

(1)“Existing Customers” refers to customers acquired before FY23 Q1.

(2)“New Customers” refers to customers acquired from FY23 Q1 to FY23 Q4.

Diverse Revenue Base: Multiple regions demonstrate continuous growth momentum

FY23 Q4 Revenue % by Region



(1) Northeast Asia includes Japan & South Korea

(2) Greater China Region includes Taiwan, Hong Kong & China

NEA

33% YoY revenue growth rate with strong existing customer expansion and accelerated customer acquisition

GCR

28% YoY revenue growth, driven by positive business momentum enabled by the trend of continuous CN outbound business expansion

US & EMEA

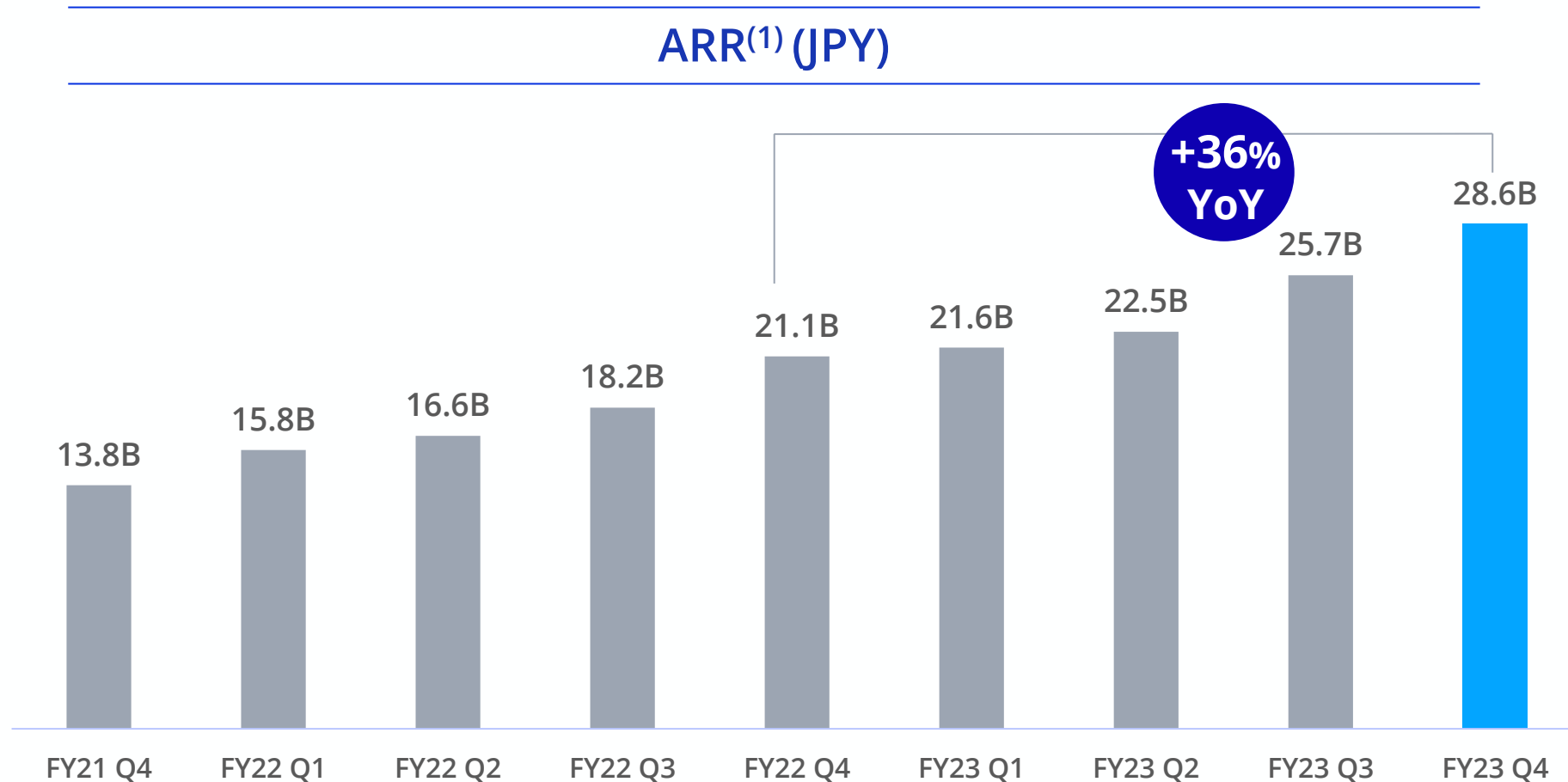
Revenue growth rate reached **64%** YoY with expansion of ROI-focused existing customers despite lower season of Digital Content

SEA

Continue to focus on key accounts until the market is more mature

Annual Recurring Revenue Quarterly Trends

- Our recurring revenue currently constitutes over 95% of our total revenue.

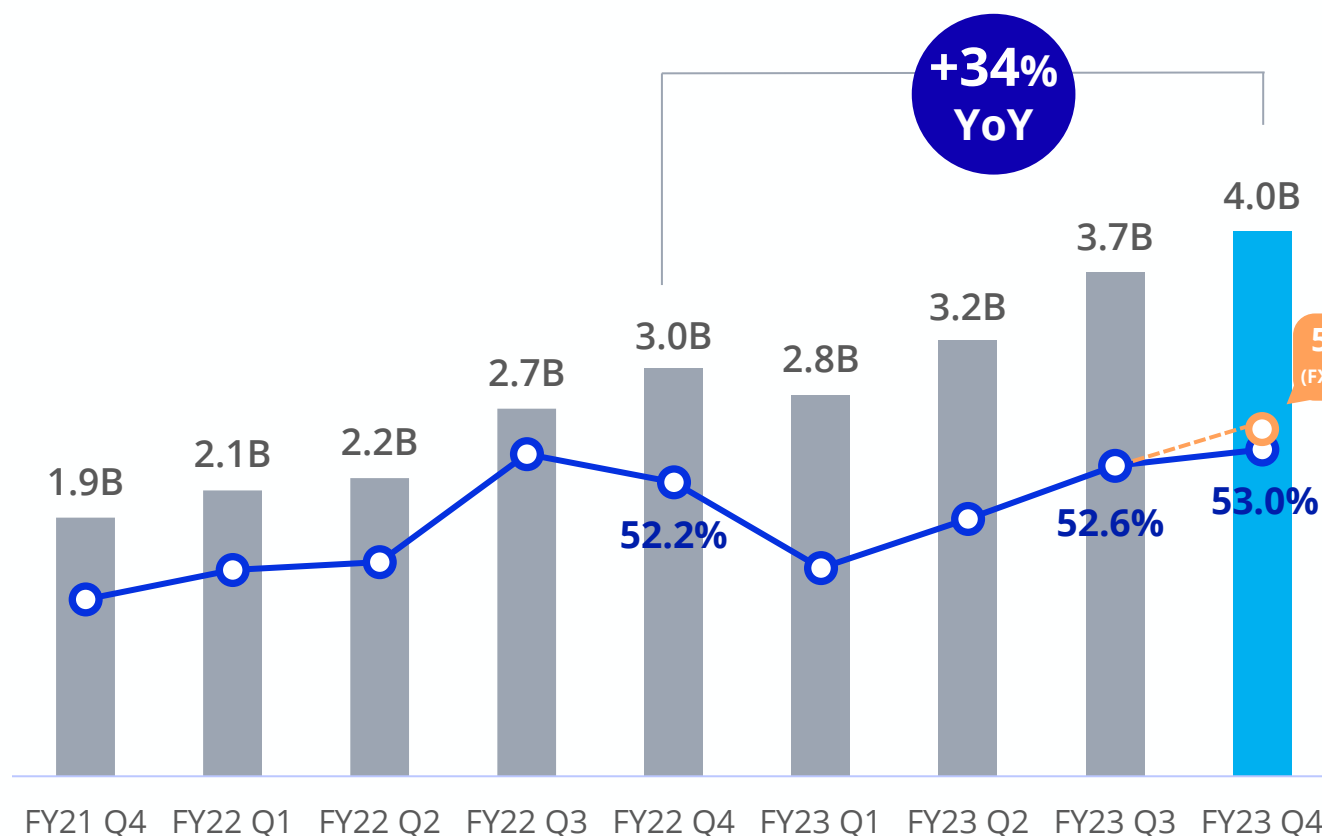


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Gross Profit

- Gross margin improved to a historical high of 53.0% (FX-neutral 53.2%) in FY23 Q4, reversing the QoQ declining trend in past years with a 0.4 p.p. increase due to the positive effects of technological advancements and new products in FY23.
- The gross margin has improved for the past three consecutive quarters in FY23 due to our ongoing efforts in technological advancement, and we expect further improvement will be achieved in FY24.

Gross Profit (JPY) & Margin



Factors of Gross Margin Changes

YoY basis

- ▶ Continuous technological advancements improve overall product margin
- ▶ FX headwinds due to JPY depreciation

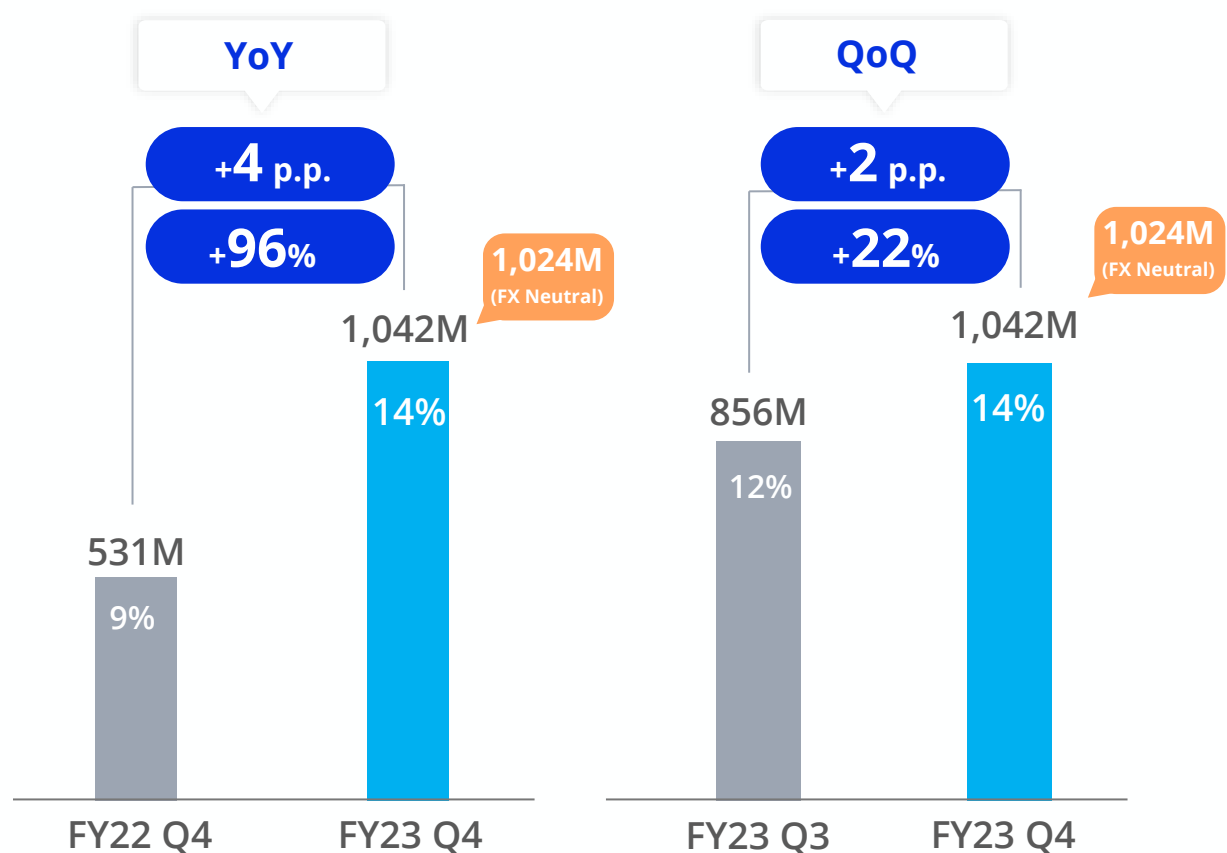
QoQ basis

- ▶ Positive effects of technological development throughout FY23

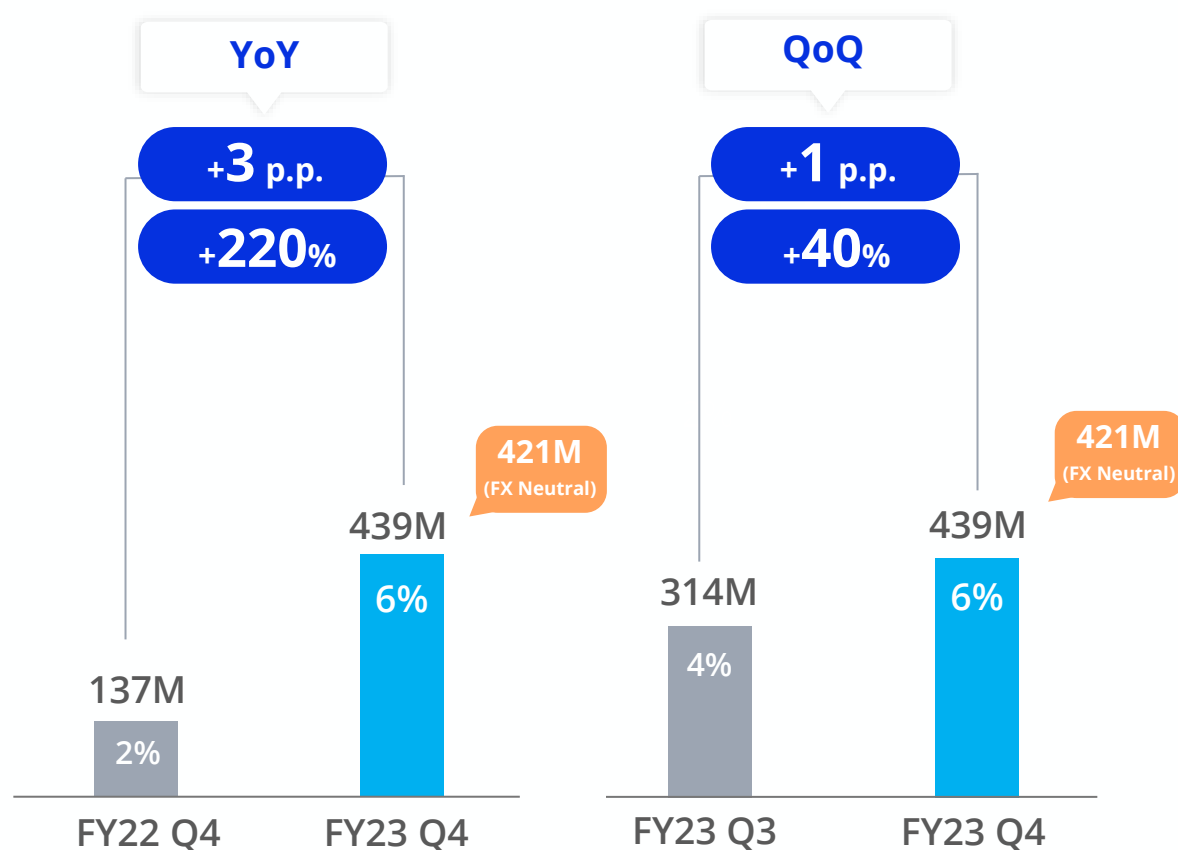
EBITDA & Operating Income

- We improved the profitability significantly with operating income expanding 3.2X YoY and 40% QoQ, due to gross margin expansion and strong operating leverage, and we expect further profitability improvement going forward.

EBITDA⁽¹⁾ & Margin (JPY)

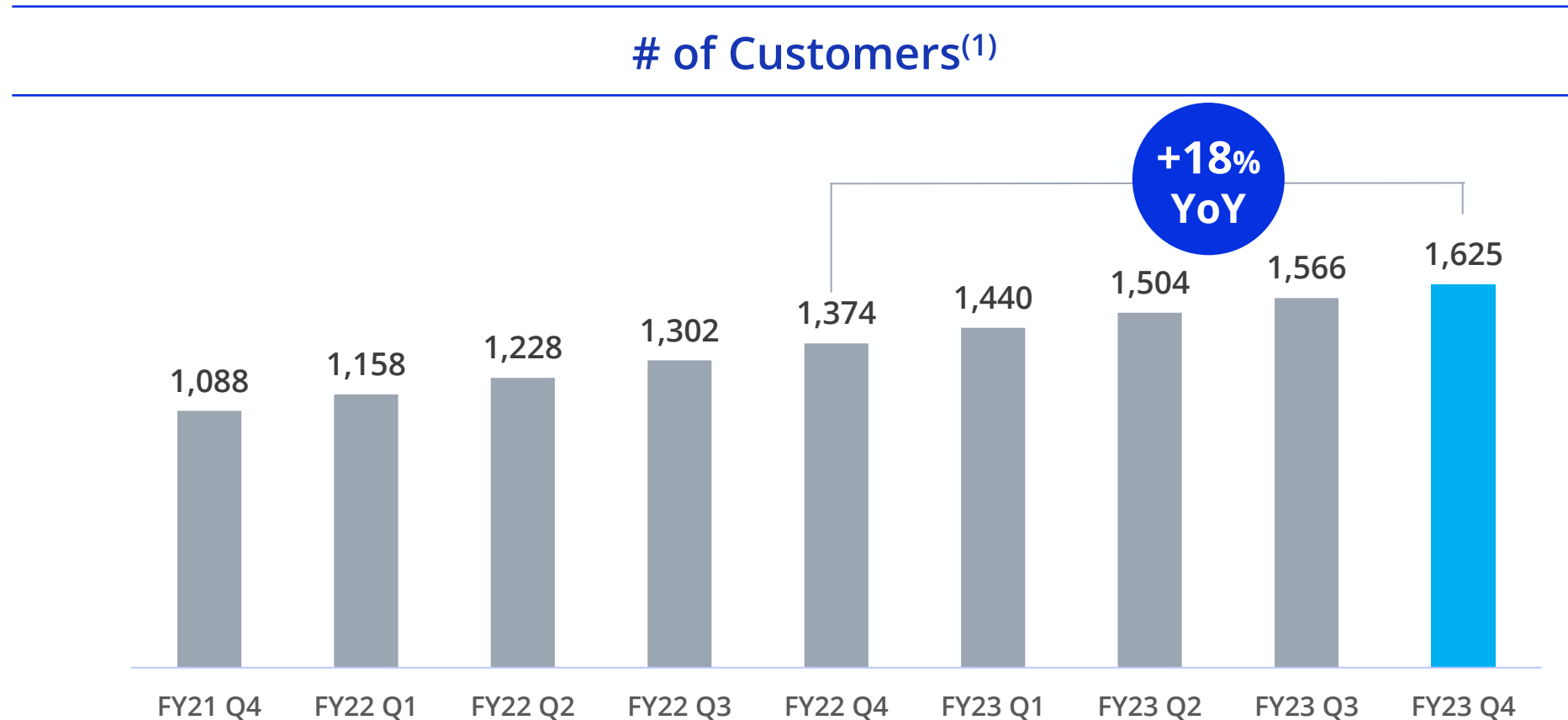


Operating Income & Margin (JPY)



Quarterly Customer # Trend

- New customers in FY23 Q4 were mainly from Digital Content, E-Commerce and Consumer Brands & BFSI verticals (38%, 27% and 27% of total new customers respectively).

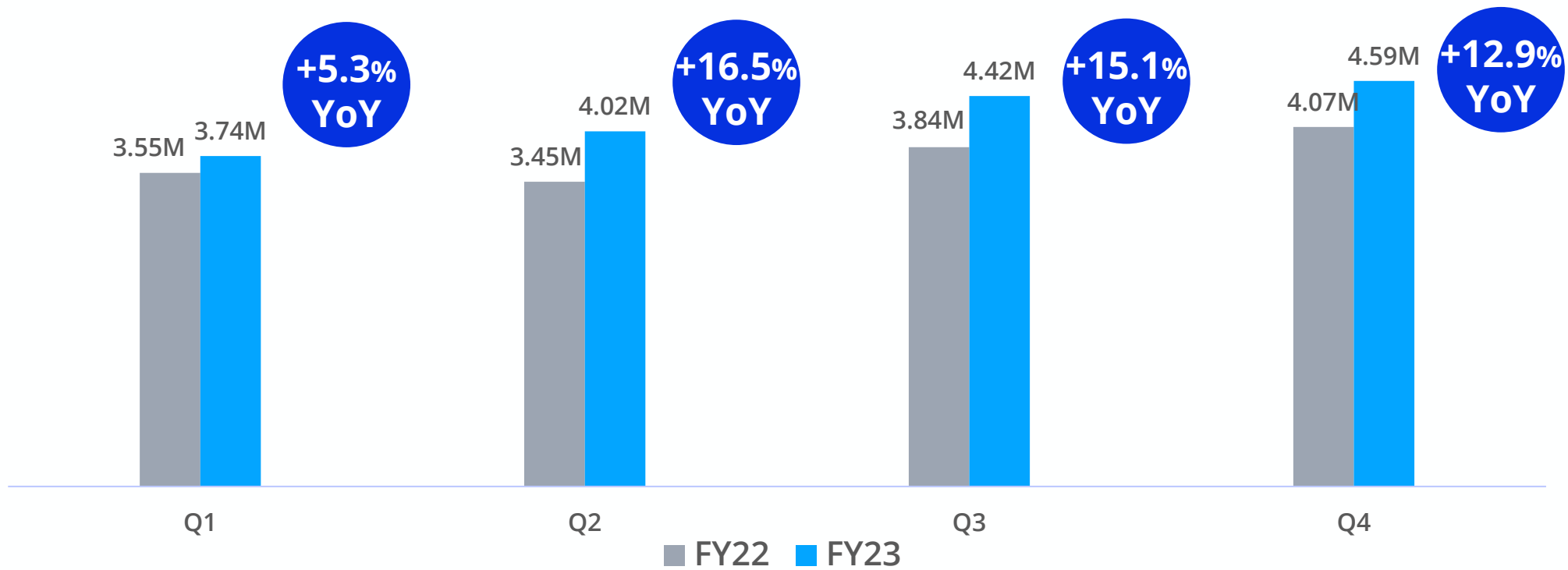


(1) "Customer" refers to a corporate group that has one or more active contracts for our solutions, excluding paid or unpaid trial, demo use and customers acquired through business acquisitions. Such corporate group is counted as a separate "customer" with respect to each solution it uses.

Quarterly Average Revenue per Customer

- The ARPC reached a historical high with the YoY growth rate sustained at a high level in FY23 Q4, mainly driven by healthy expansion of existing customers in E-Commerce and Digital Content and continuous strategic focus on large enterprise customer acquisition.

Quarterly Average Revenue per Customer⁽¹⁾ (JPY)

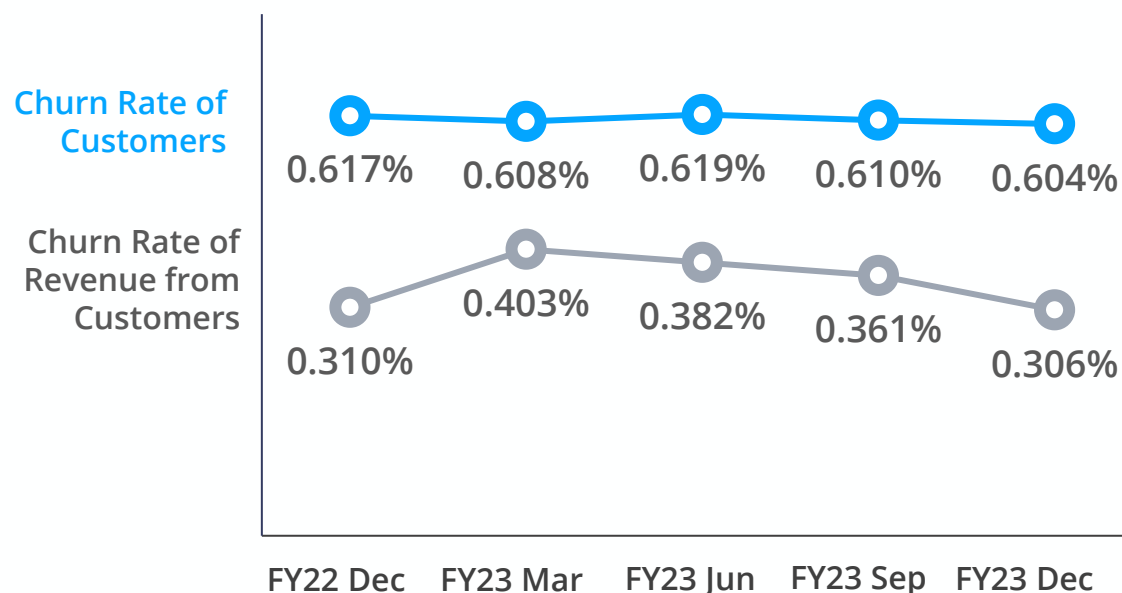


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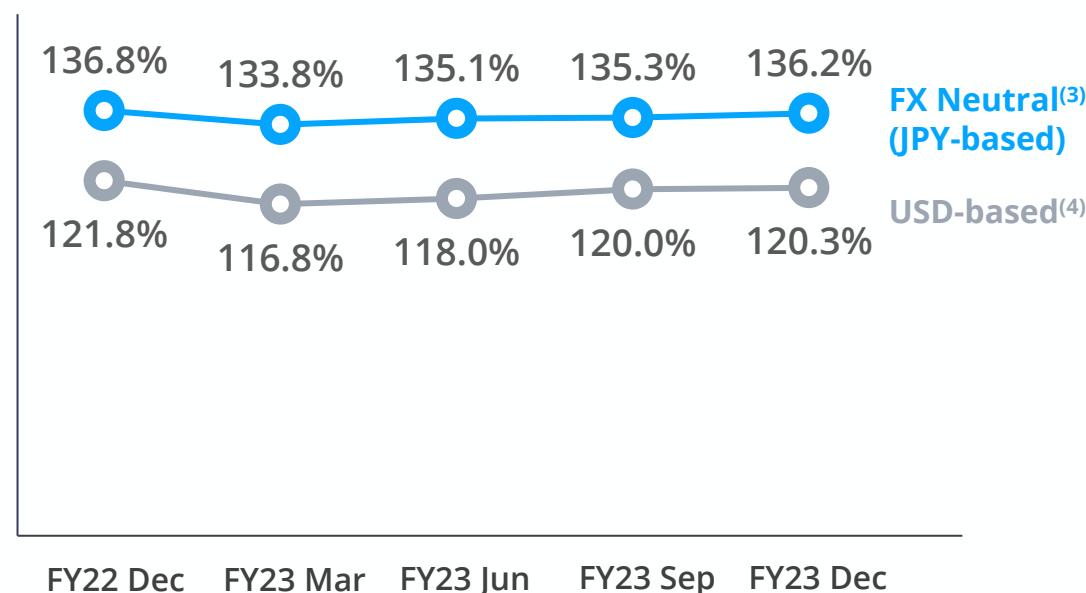
Improving churn rate & solid LTM NRR prove the stickiness of our customers to our solutions

- The strong USD appreciation in the last 5 quarters resulted in a gap of USD-based and JPY-based NRR while the pace of expansion for existing customers remained within a healthy range.

LTM Churn Rate of Customers⁽¹⁾ and Churn Rate of Revenue from Customers⁽²⁾



LTM Net Revenue Retention



(1) Churn Rate of customers = The number of customers that terminated their relationship with us during the month divided by the number of all customers as of the end of the month.

(2) Churn Rate of Revenue from customers = Revenue calculated in U.S. dollars from customers that terminated their relationship with us during the month, divided by revenue calculated in U.S. dollars from all customers

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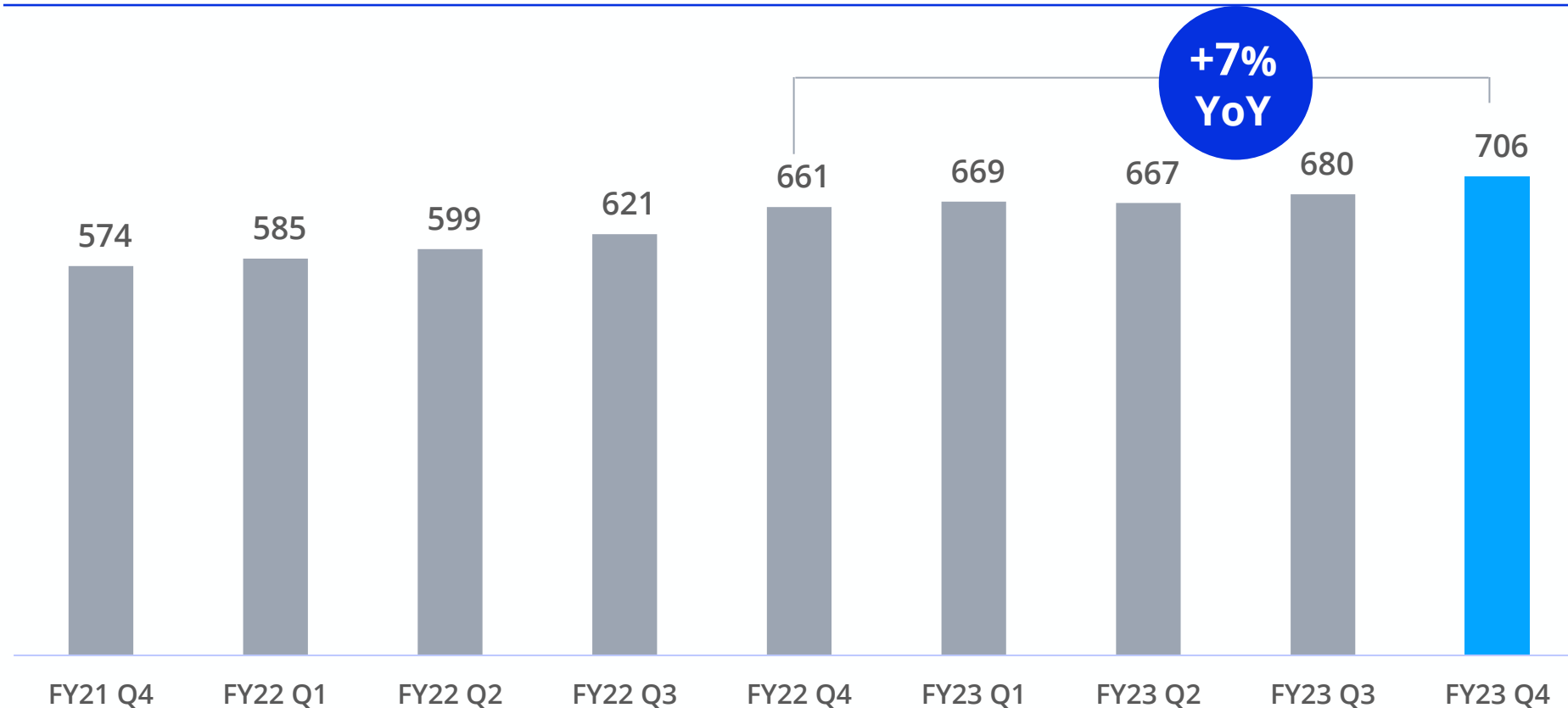
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(5) Above calculation does not include BotBonnie's and Woopra's customers.

Hiring to scale our opportunities & continuous investment in new talents

- We have adopted a quality-over-quantity hiring strategy, contributing to our profitable growth and improving productivity.
- We onboarded key commercial and engineering roles early in Q4'23 to prepare manpower for the growth in FY24, expecting their contribution to begin in 2H'24.

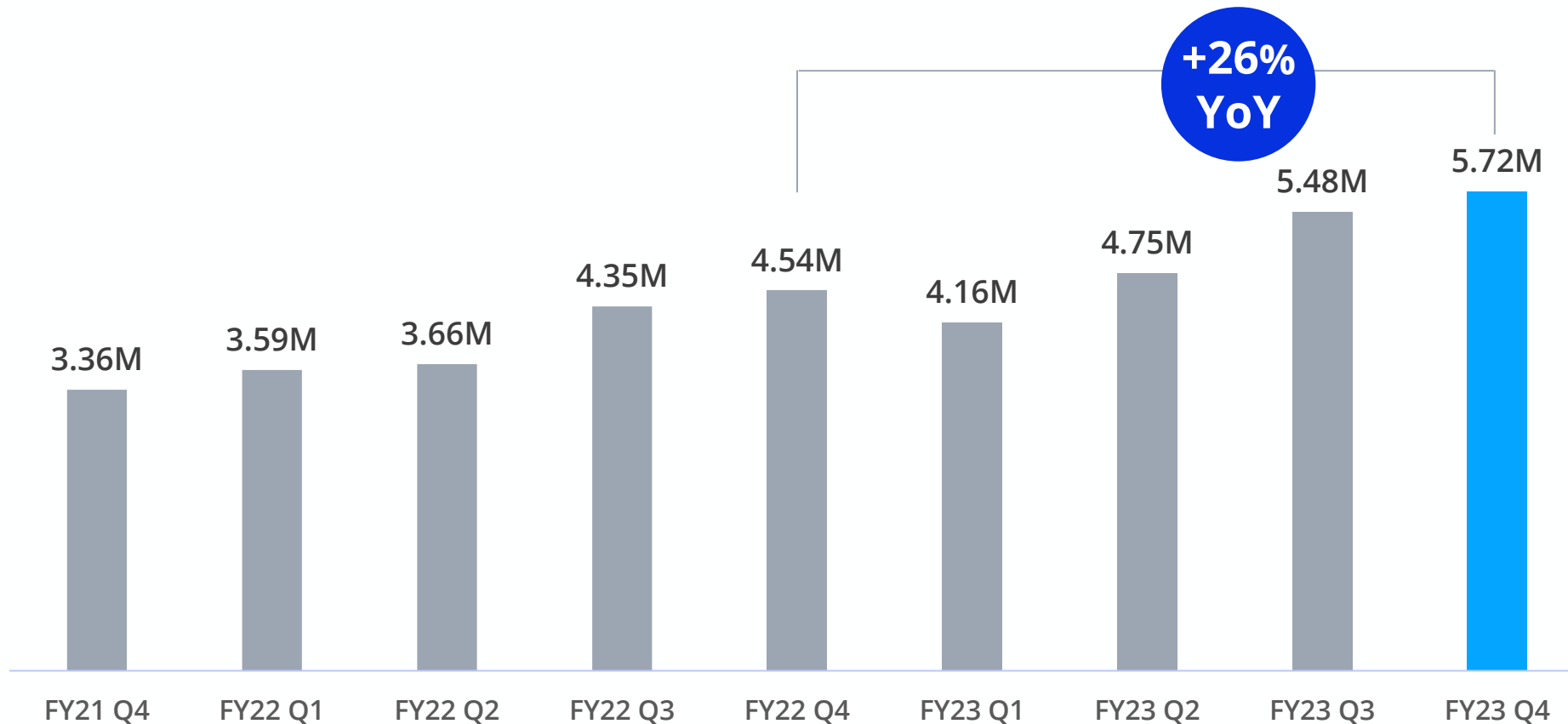
Total Headcount



Productivity Improvement

- Our productivity per headcount has almost doubled in 3 years, reaching a historical high and driving our profitable growth.

Quarterly Gross Profit / Headcount (JPY)





**FY23 Review
& Achievements**



FY24 Guidance

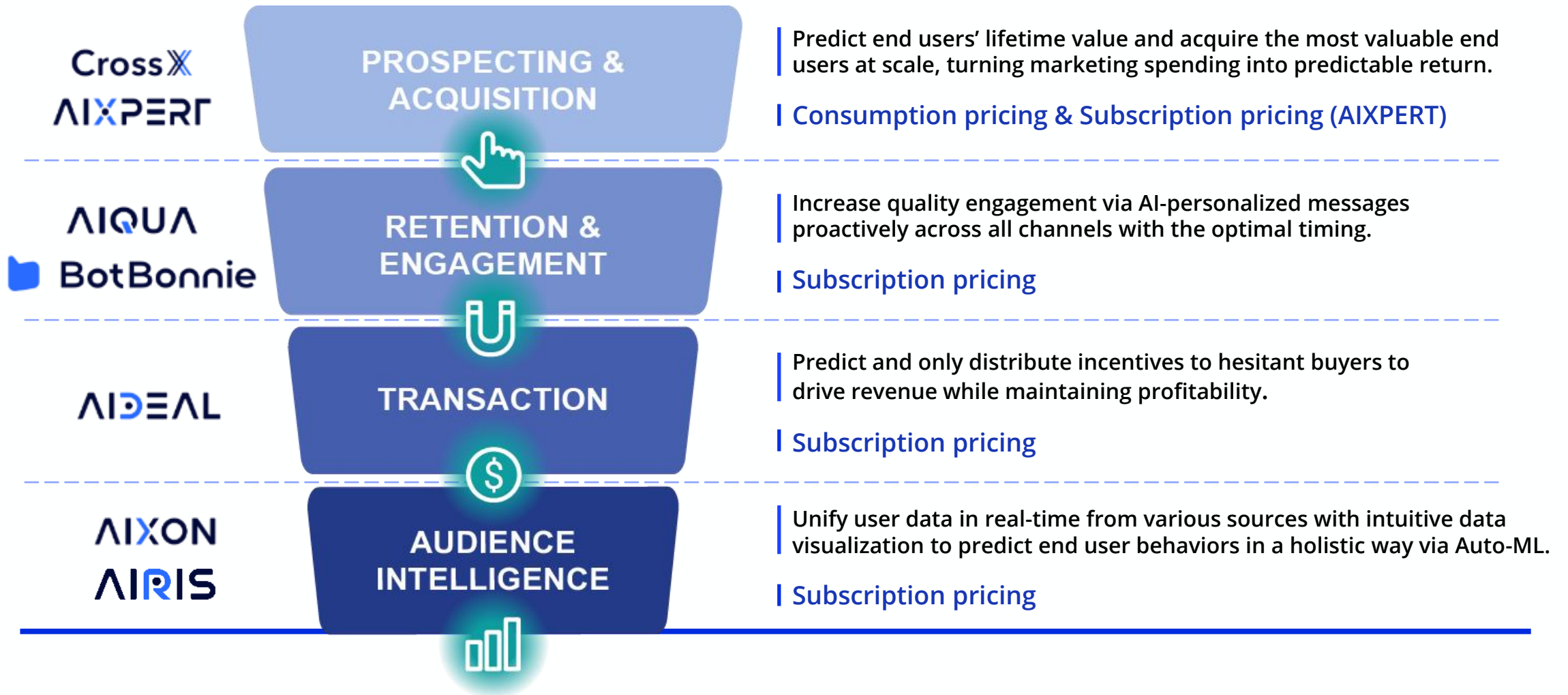


FY23 Q4 Results

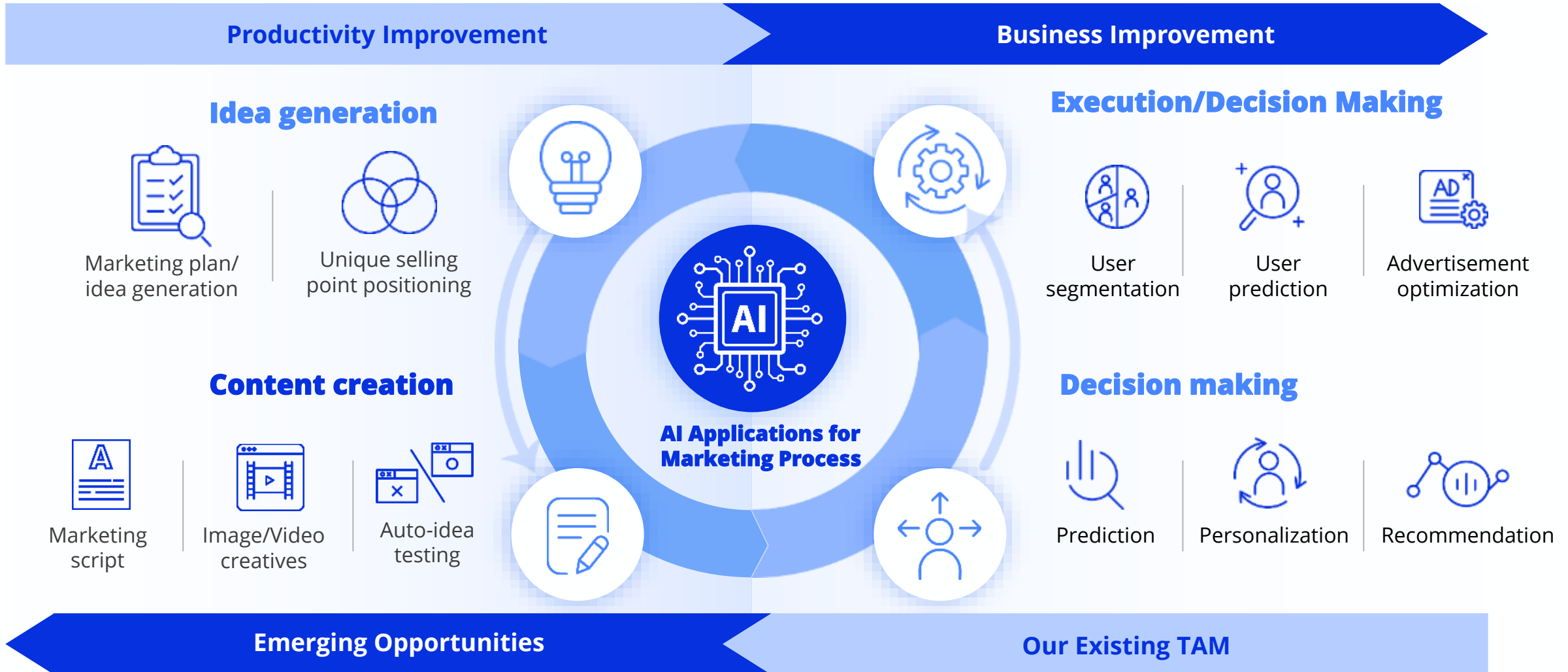


Product Updates

Comprehensive AI-Powered Solutions Across the Funnel



We drive business improvement beyond productivity enhancement through our proprietary AI technology



Product Development Strategy

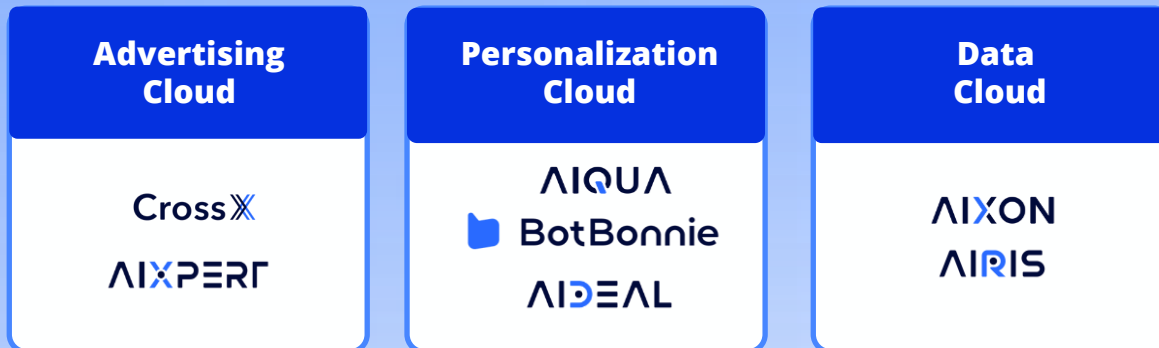
Disruptive AI solution
in customers' domains

Enlarged customer networks allow us to tap into customers' domains with disruptive AI solutions

Adjacent Areas

Widened synergies enables our expansion to adjacent areas.

Intelligence layer of GenAI



Unleashing power of Generative AI: Personalization at scale for every business

CrossX

Revolutionizing Ad Content Creation

Before, ad content creation took hours of brainstorming. Now, with generative AI leveraging historical data, our customers can generate higher click-through rate content in seconds. This approach has been deployed at scale in CrossX and proven to boost click-through rates by 7-10%.

Fixed Native Ads Title

Appier eShop

Snowboard Ski Goggles, Anti Fog OTG Winter Snow Goggles Spherical Detachable Lens



Generative AI Product Title

Appier eShop

ProVision Snow Optics: Anti-Fog, Detachable Lens for Elite Performance

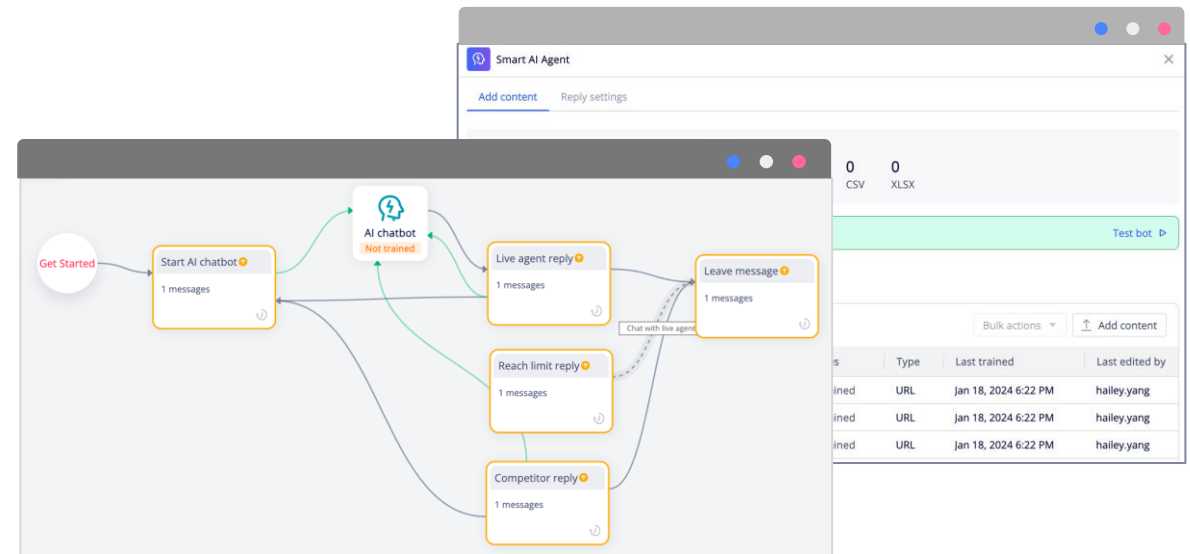


Result
+7-10%⁽¹⁾
Click-through rate

BotBonnie

Optimizing Customer Service

Integrate customer domain knowledge and business logic with large language models, then retrain the model to better serve the domain. This ensures that customer service agents can provide accurate responses to end users' requests, leading to enhanced customer service experiences.



(1) Performance improvement of E-Commerce customers: the click-through rate of contents generated Appier's AI vs. the click-through rate of contents generated without Appier's AI

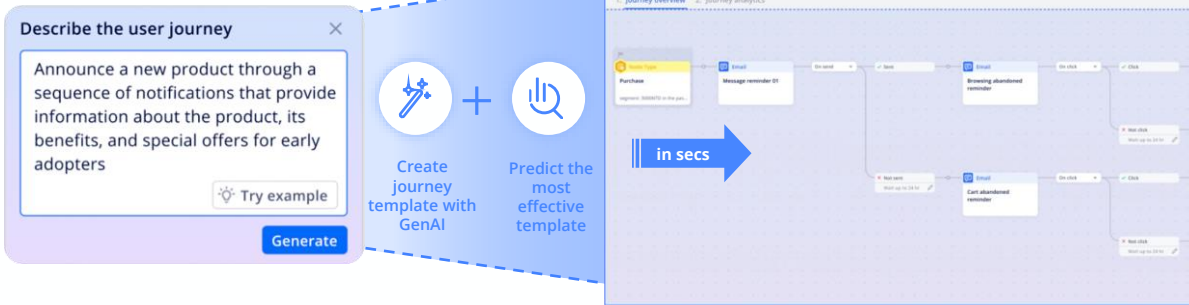
Generative AI is the new UI for Enterprise Software

AIQUA

Streamline omnichannel journey creation with Journey Copilot

By harnessing customers' historical data with the powerful language model of GenAI, customers can generate marketing plans with a higher chance of success and swiftly design effective customer journeys using natural language commands, optimizing engagement with minimal effort.

Describe your needs



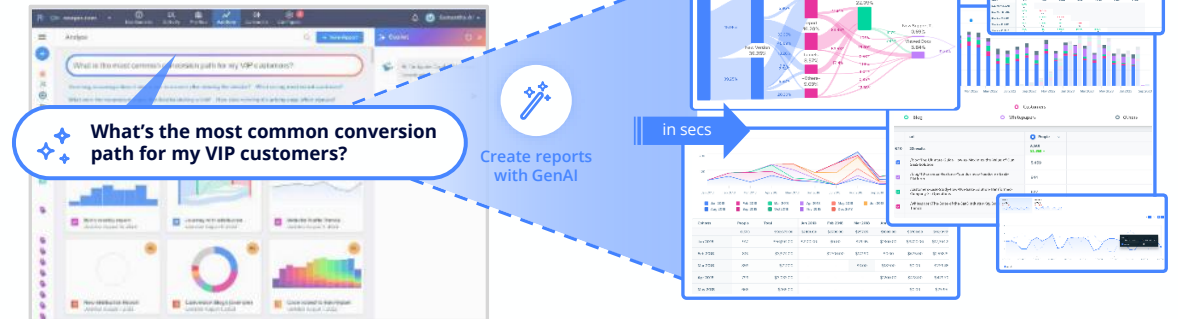
AI-generates the most effective journey templates customized for marketing requirements

AIRIS

Turn data into decisions with Analytics Copilot

Before, customers spent hours analyzing their data to uncover business insights. Generative AI can automatically interpret the current state of the business and provide accurate analytics, allowing customers to focus on decision-making and execution.

Using NLP to generate reports that answer marketers' questions



AI generates the report that answers the question

Appier AI-powered Retail Media Network: A new business model in our E-Commerce vertical

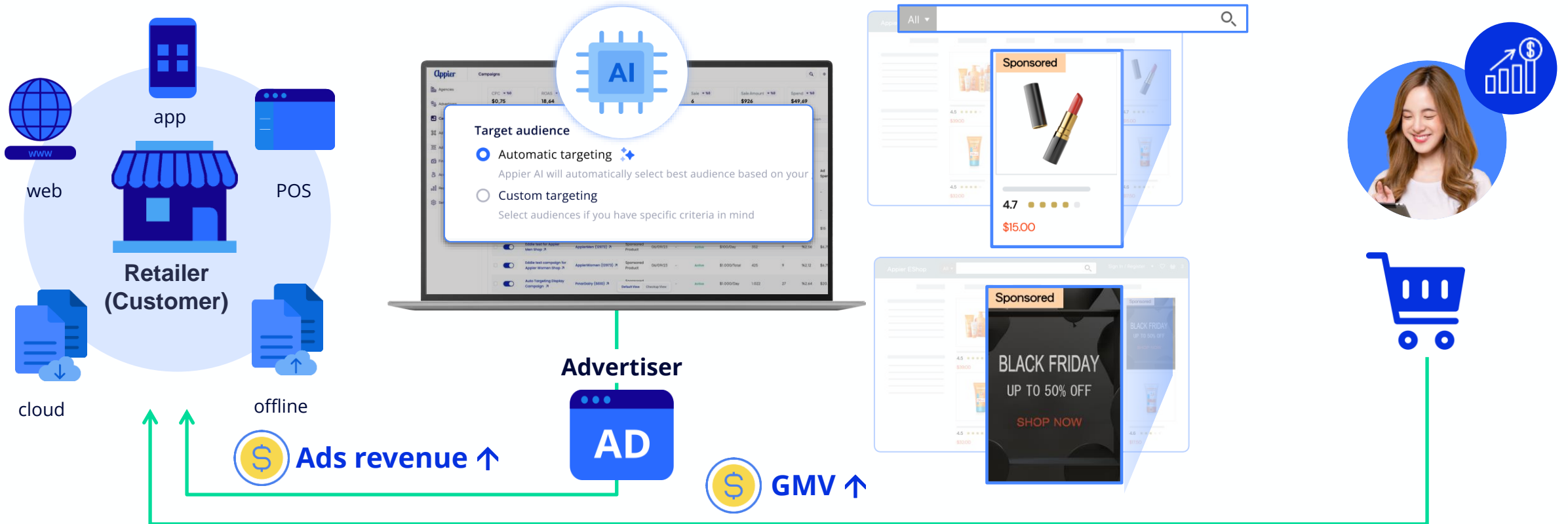
Our retail media networks platform allow our E-Commerce customers to **leverage first party data** and **sell ad space on their digital channels**, including retailer sites, apps, social media, etc. to brand advertisers

1st party data & digital inventories

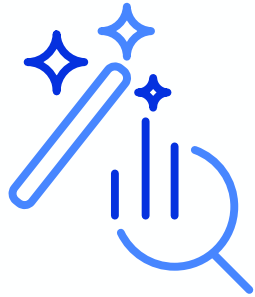
Appier retail media network platform

Personalized

Higher conversion and basket value



Key Strengths of Appier AI-powered Retail Media Network



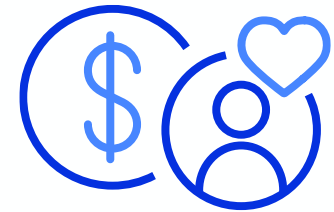
Monetize high-intent audiences with retailers' 1st party data

Leverage valuable 1st party data for precise targeting during the purchase decision process to lift the ROI of advertisers



Boost retailers' ad revenue with AI prediction

Predict the right match of retailers' ad inventory and end users' intent to dynamically adjust prices for advertisers and maximize the ad revenue for retailers



Optimize ROAS with AI Recommendation Models

Provide highly personalized user experience to boost conversions and maximize users' LTV

Engaging users with generative & decision-making AI for a personalized end-to-end journey

Prospecting & Acquisition

Utilize AI-generated creatives and performance optimization to acquire new users efficiently and effectively.

Engagement

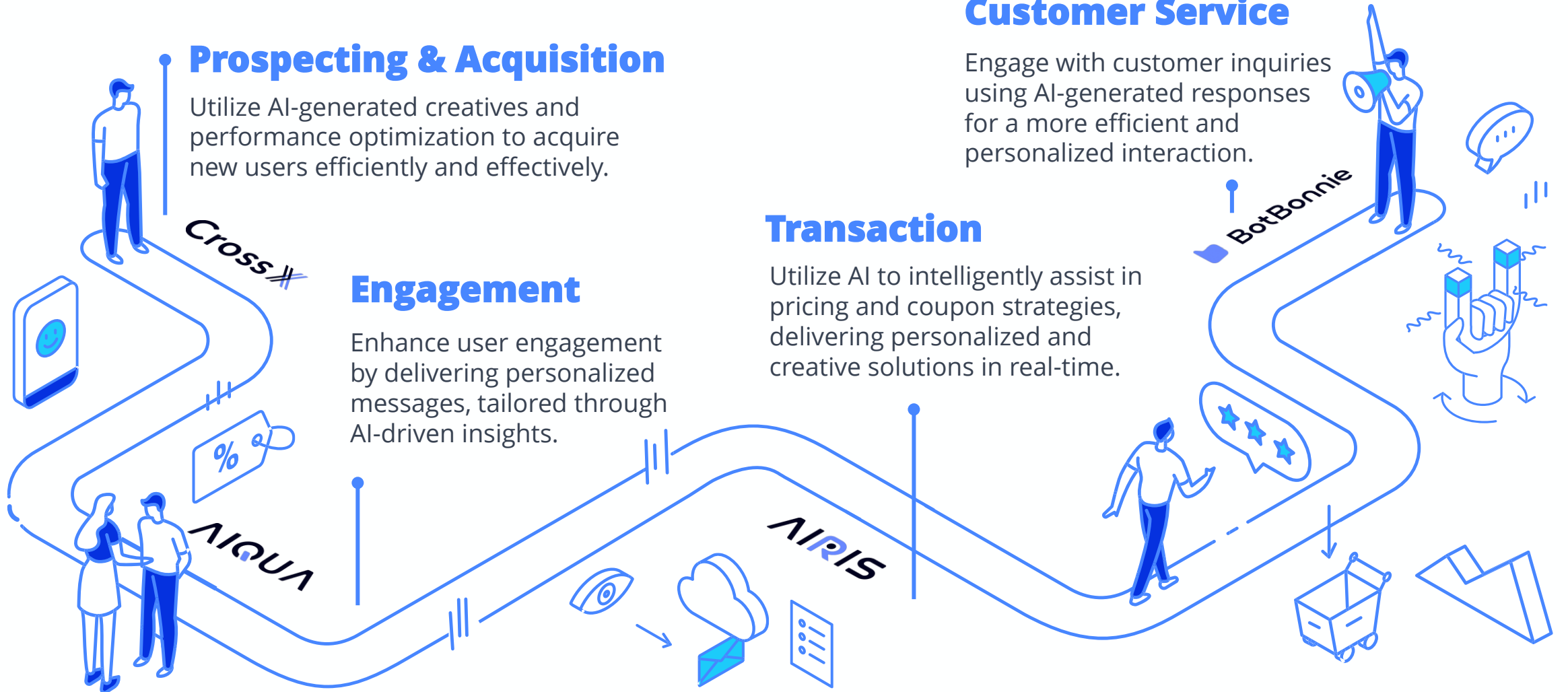
Enhance user engagement by delivering personalized messages, tailored through AI-driven insights.

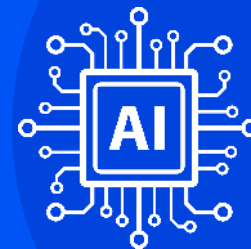
Transaction

Utilize AI to intelligently assist in pricing and coupon strategies, delivering personalized and creative solutions in real-time.

Customer Service

Engage with customer inquiries using AI-generated responses for a more efficient and personalized interaction.





Turning AI into ROI

Our enhanced product synergies mean data synergies for our customers. Our improved AI brings extra ROI to our customers. With these principles, we continue delivering value to our customers in all kinds of environments.



Thank you!

Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management

**Technology
Innovation
SYSTEM**



Technology
Innovation
SYSTEM

Appendix

Founder-led Management of AI & Business Leaders

Founders



Dr. Chih-Han Yu
Chief Executive Officer
Stanford University
Harvard University



Joe Su
Chief Information Officer
Harvard University



Dr. Winnie Lee
Chief Operating Officer
Stanford University
Washington University

Business leadership



Dr. Ming-Yu Chen
Chief Technology Officer
Microsoft, Zillow, Compass



Dr. Joe Chang
Chief Strategy Officer
McKinsey & Company,
IQVIA



Koji Tachibana
Senior Vice President of Finance
Head of Japan
DeNA, NOMURA,
METI



Magic Tu
Senior Vice President,
Sales for APAC
HTC, Synopsys

Awards and Recognitions



7 world champions
in data mining contests ⁽¹⁾
(2008 - 2020)



AI100
CB Insights (2017, 2018)



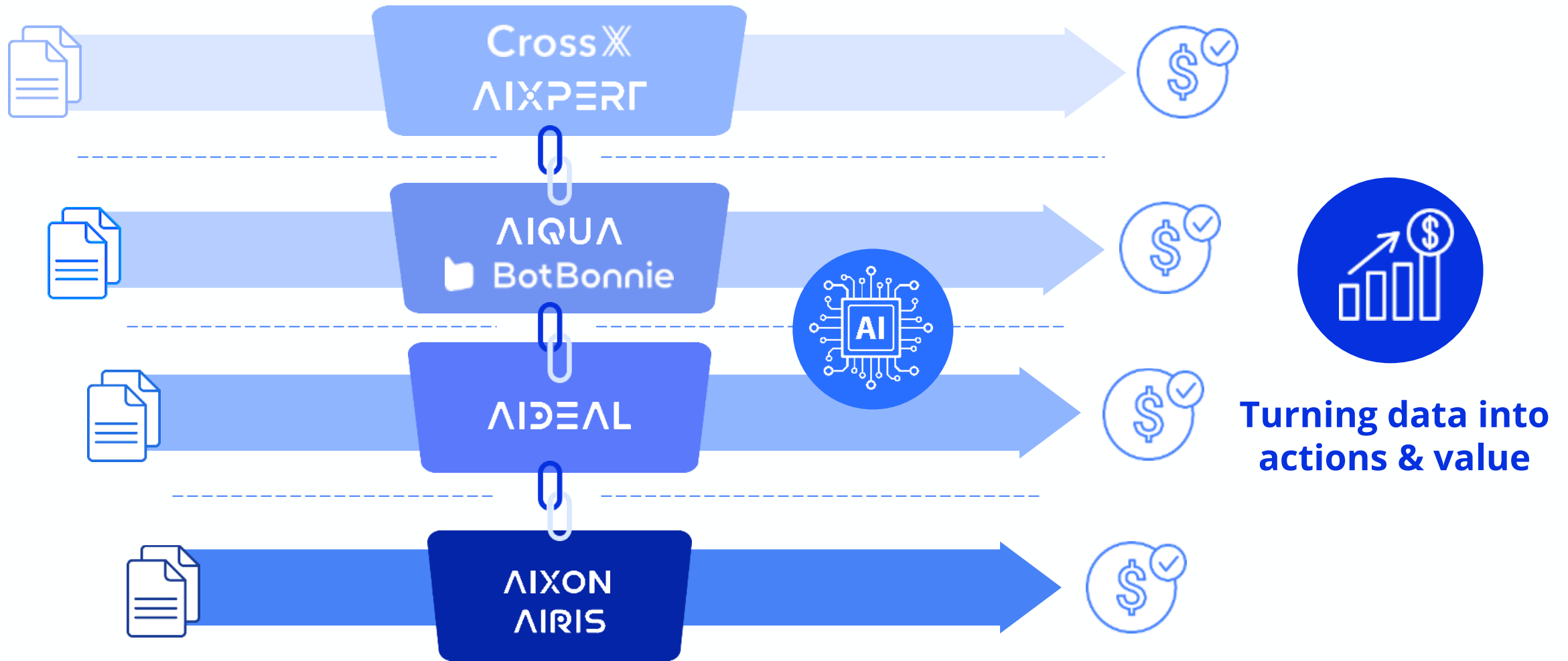
Top 50
AI startups worldwide
(2017)



Cool Vendor in AI
Gartner
(2017)

(1) Championships on which Appier employees were part of the winning team

Turning AI into ROI



Solving data fragmentation via solution synergies

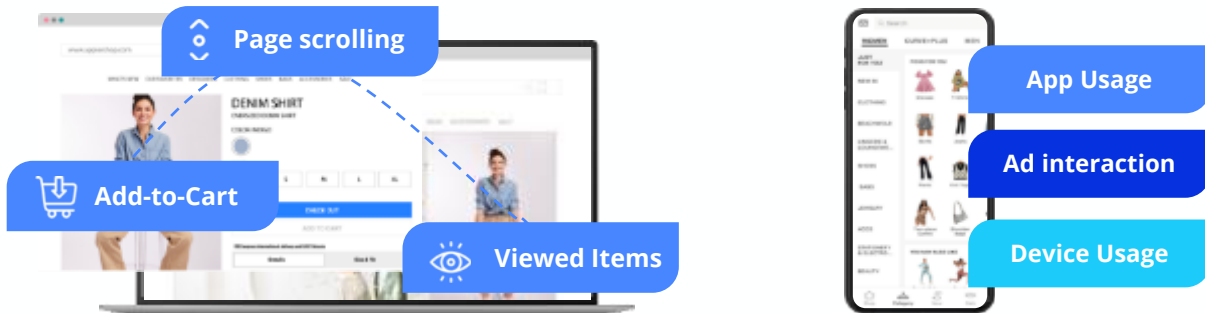
AI is the key component in the 1st party data world

With Only 1st Party Data

Key Differentiators

- Real-time prediction
- Precise prediction from sparse data

User generated 1st party data



Real-time user preference prediction



Real-time AI recommendation

Real-time learning of behavioral patterns



Discover valuable users

With 3rd Party Data



Deliver content based on 3rd party cookie mapping



3rd party ID synchronization



3rd party database

Tracking and identifying users in each session between websites to know their Interests



CrossX



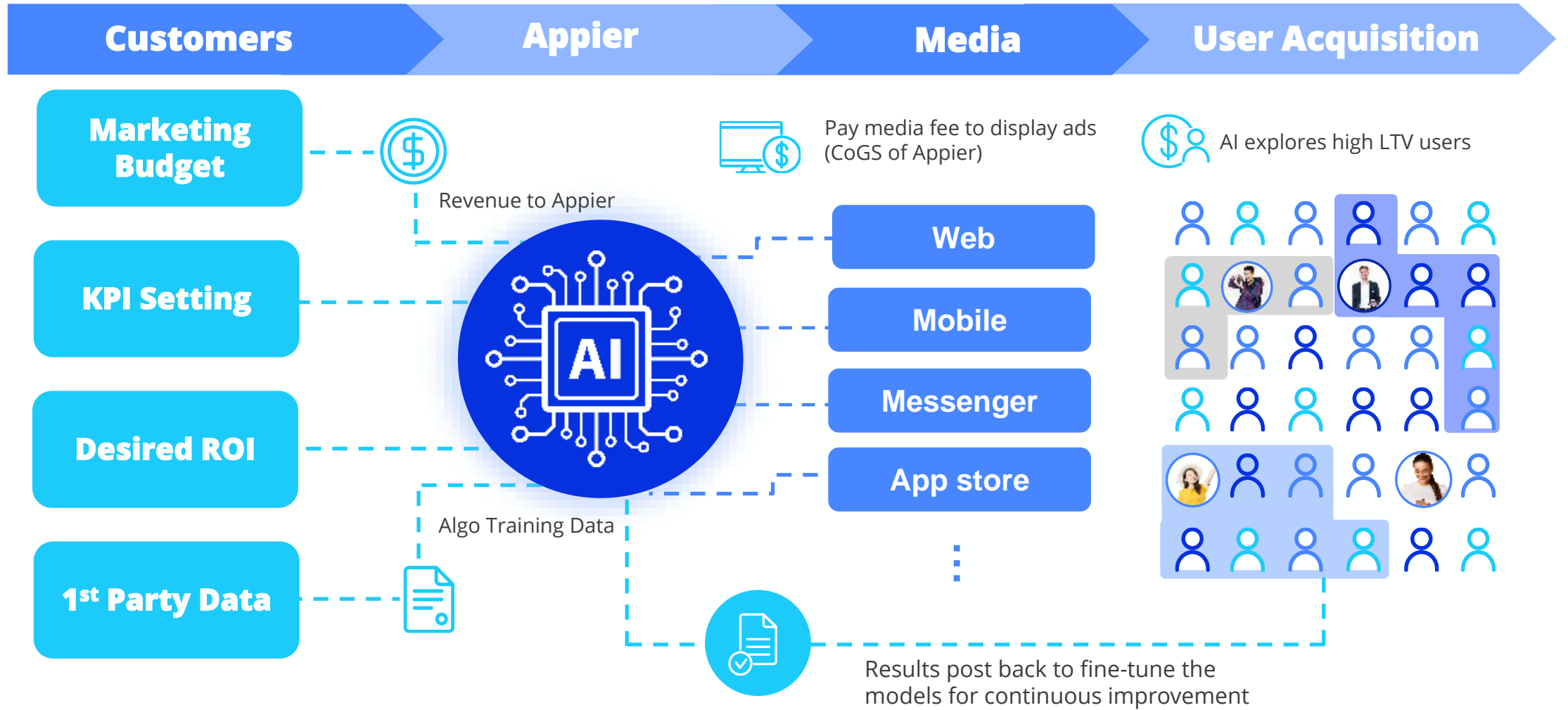
CrossX enables businesses to use Machine Learning and Deep Learning to predict users' lifetime value and acquire the most valuable end users at scale, allowing businesses to turn marketing spending into predictable returns.

Machine Learning and Deep Learning to Predict High Lifetime Value End Users

Acquire The Most Valuable End Users at Scale

Provide Predictable Returns

How CrossX Works- Full AI Automation for Better ROI



AI Strength: Bring Predictivity & Accuracy to Digital Ads



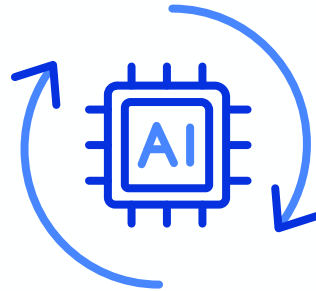
Better Visibility & Return

Let customers know their return before spending and simultaneously increase overall return



Upsell Opportunity

Predicable ROI brings more usage of CrossX



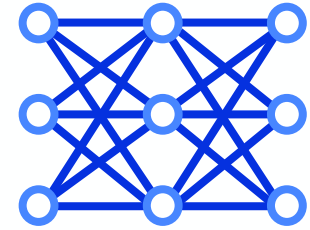
Technology Moat

Our AI has been trained for more than 10 years with [marketing data](#) across regions and industries



Barriers to Entry

Higher AI accuracy with accumulated data learning



Auto Algo Exploration

Continuous experiments to improve prediction accuracy and maintain our leading edge



Win-Win with Customer

Better ROI for customers and revenue growth for Appier



CrossX

Boost growth with a consistent stream of high-quality users with high ROAS

Successful case - a leading global game publisher

Goals

- Boost installs in the acquire high value users who are interested in the game title during the initial game launch to boost installs
- Ensure the ROAS and retention rate

Solution

- Leverage Appier's proprietary AI audience model that analyzes users' in-app behavior as well as the game's app contextual data and marketing graphics to identify high-quality users
- Analyzes gamer's behavior, including in-app purchases, completion level of the game and the pattern of opening the game app, for re-targeting

Appier's AI audience model for new users

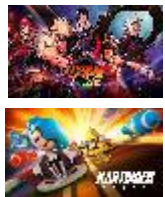
Re-target TOP future CVR & ROAS users

In-app user behavior

Acquire users with high interests to the app & ROAS

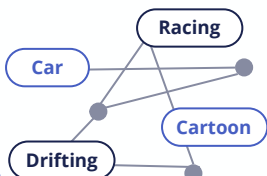
Uplift user's LTV⁽¹⁾

Graphics Style



- Cartoonish
- 3D visual
- Fantasy

App contextual data



Day 1



Secure the day 1 retention

Day 2



Level 20 completion

+6.9%

Day 7



In-app purchase

+1.4x

Day 30

Day 45



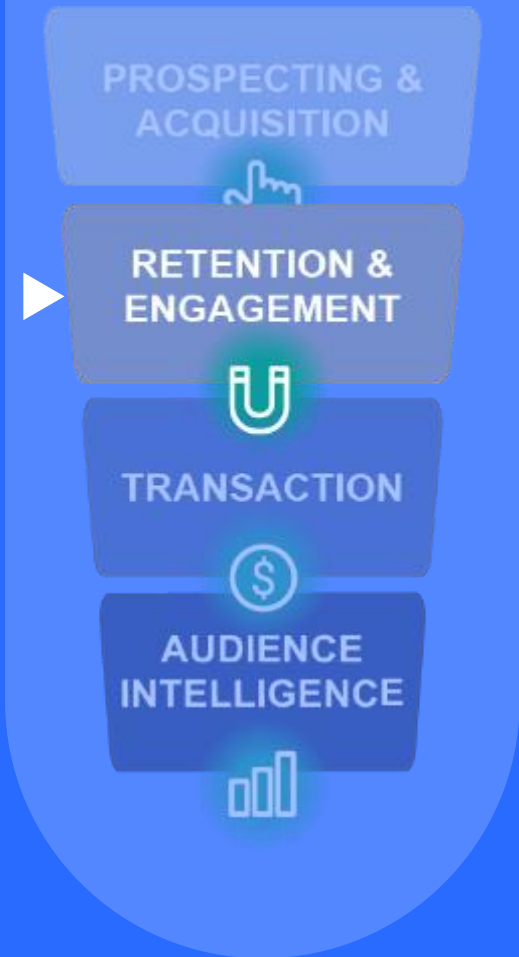
CVR⁽²⁾

+55%

Purchase event

+16%

Day X



AIQUA



AIQUA enables businesses to increase quality engagement with end users through AI-personalized messages proactively and effectively across all their own communication channels with the optimal timing.

**Multichannel
Messaging**

**AI-Generated
Messages**

**Send Time
Optimization**

**Proactive Actions with
Predictive Segments**

PROSPECTING &
ACQUISITION



RETENTION &
ENGAGEMENT



TRANSACTION



AUDIENCE
INTELLIGENCE



Bot Bonnie

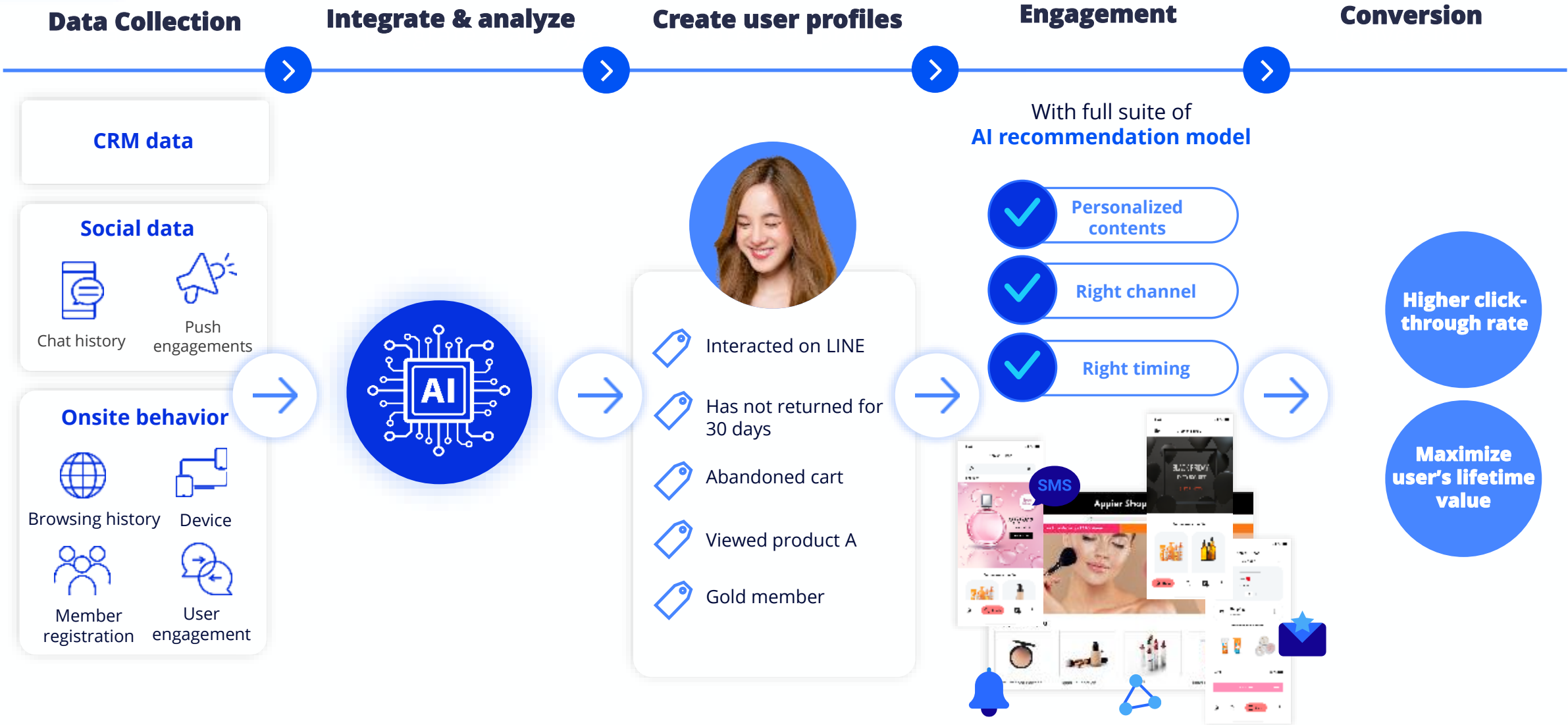
A conversational marketing solution built upon the most popular messenger platforms. Harness the full potential of your followers on LINE, FB Messenger, Instagram, WhatsApp, Website and Google Business Messages, etc.



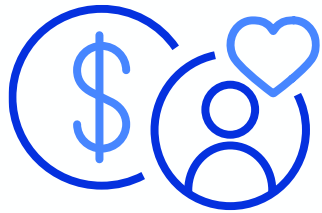
**Codeless instant messaging
solution for marketers**

**Gamified prebuilt marketing kits to boost
conversion with engaging customer experiences**

Drive High Conversion with Personalized Engagement



Key Strengths



Optimize ROI with AI Recommendation Models

Provide highly personalized user experience to boost conversions and maximize users' LTV



Maximize customer engagement with AI-driven precision

Predict the optimal timing and deliver personalized content through the right channel for streamlined effectiveness and efficiency



Boost GenAI effectiveness with decision-making AI

Create compelling marketing content with the robust GenAI, evaluated by decision-making AI for superior results

PROSPECTING & ACQUISITION



RETENTION & ENGAGEMENT



▶ TRANSACTION



AUDIENCE INTELLIGENCE



AIDEAL



AiDeal enables businesses to use Machine Learning and Deep Learning to predict hesitant buyers through user patterns and only distribute incentives to hesitant users to drive revenue while maintaining profitability.

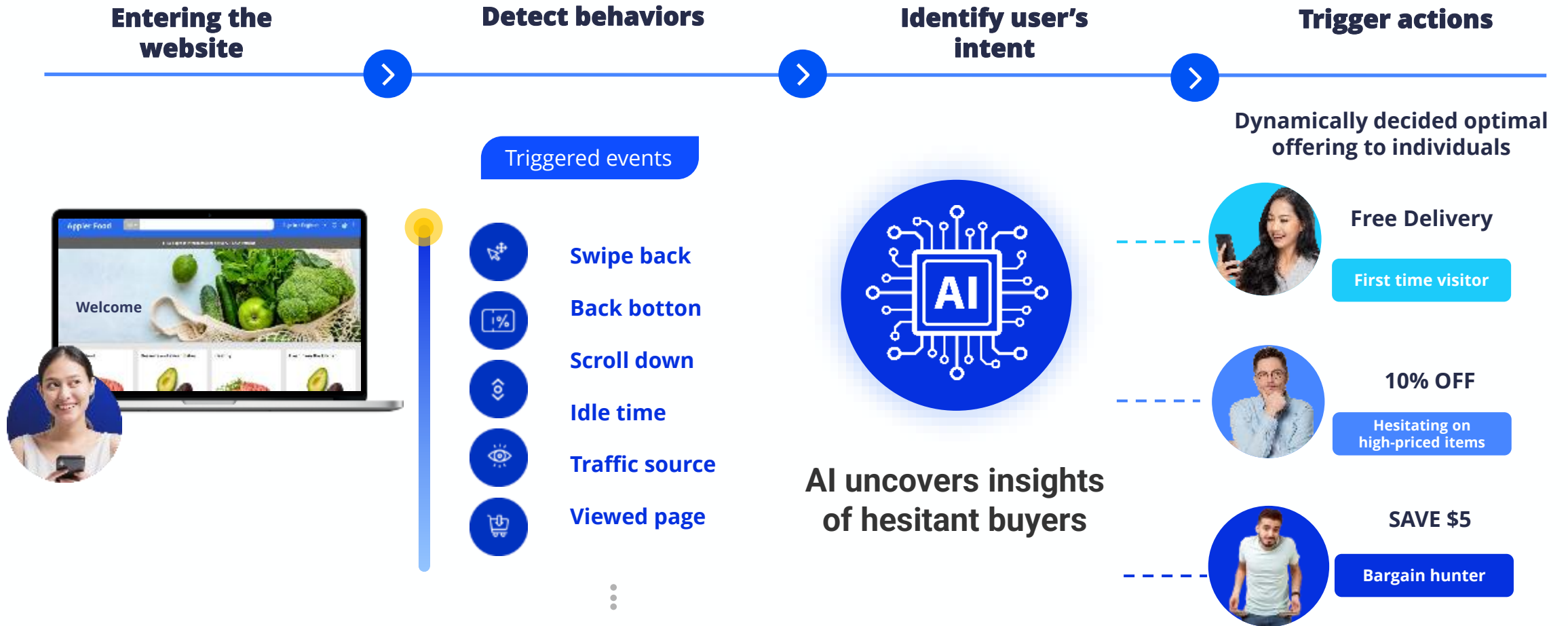
Predict Purchase Intent with Machine Learning and Deep Learning

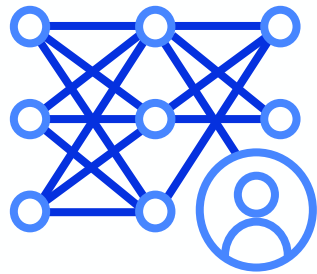
Optimized Incentives with a Sense of Urgency

Real-Time Analytics

Trigger Purchase Decisions with Optimal Incentive Offering

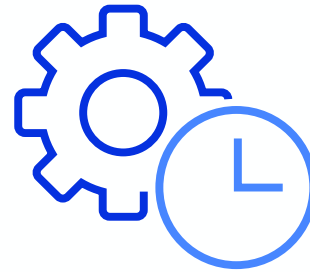
Predict and only distribute the most effective incentive to hesitant buyers while maintaining profitability





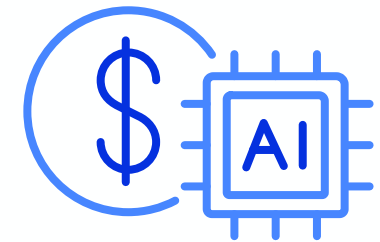
Analysis of Users' Behavior with Advanced Algorithm

Generate accurate and reliable outputs with extensive training data



Improve ROI with Real-time AI Predictions

Predict hesitant buyers in real-time to deliver incentives and drive higher ROI with the same budget amount



Uplift GMV with Tailored Incentives

Push indecisive users to check-out through optimal incentive offering predicted by AI

PROSPECTING &
ACQUISITION



RETENTION &
ENGAGEMENT



TRANSACTION



AUDIENCE
INTELLIGENCE



AIXON



AIXON enables businesses to utilize their own end user data from various sources to predict end user behaviors in a holistic view with Automated ML model building and without the hassle of building an entire AI technology stack in-house.

**Data Unification and
Auto-processing**

**Scenario-based Prediction
with Automated ML models**

Explainable AI

PROSPECTING &
ACQUISITION



RETENTION &
ENGAGEMENT



TRANSACTION



AUDIENCE
INTELLIGENCE



AIRIS

A fast time-to-insight AI CDP with superior analytics and intuitive data visualization. By building a robust 360° view of customers with 1st party data, businesses can easily visualize and measure the impact at every touchpoint, and predict the return before businesses make their investments.

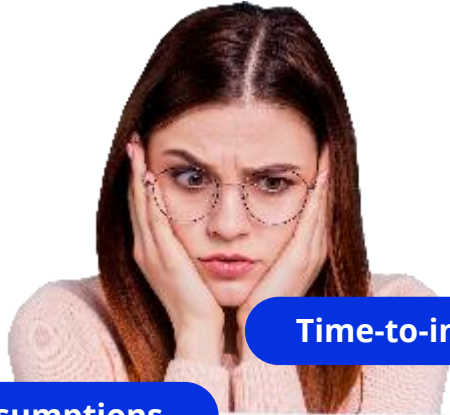


Unify your data seamlessly
with Customer 360°

Fast Data-to-
Visualization

Fast Data-to-
Prediction

Empower Business Growth with AI CDP



Time-to-insight

Assumptions

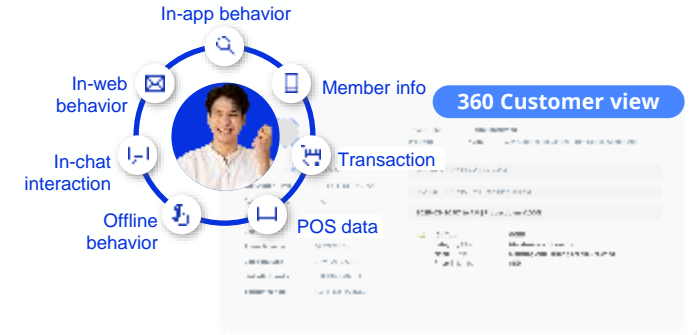
Data Silos

Time-to-market

Marketers' pain points

Real-time data ingestion

- Ingest, clean, and align data from multiple sources
- **AI-powered Unified Customer profile and Customer 360**



Fastest code-free visualization analytics

- Quickly build an insight dashboard from templates with **customized visualization to democratize data across organizations**



AI-powered customer prediction

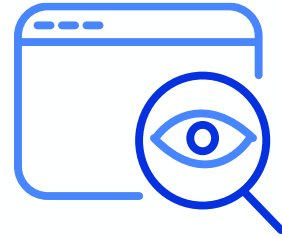
- Allowing marketers to prioritize and target users based on predictions of customer behavior
- Deliver **hyper-personalized engagement** with precise segmentation





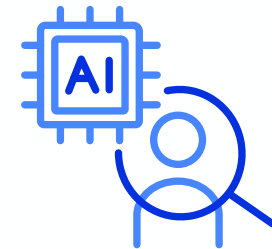
Fastest Time-to-Insight with Seamless Data Ingestion

Real-time data unification to provide 360 view of each user even with anonymous actions



Fastest Time-to-Action with code-free visualization

Visualize insights and measure the impact at every touchpoint to take necessary actions



AI-Powered Insights for Proactive User Engagement

Precise real-time AI prediction of end-user behaviors and tailor effective acquisition/ engagement strategy

Why Appier Wins

Existing Solutions

Manual A/B testing

- Leading to waste of budget and unlikely to outperform machines

Marketing Cloud solutions

- Mostly based on a reactive approach based on past behaviors

Broadcasting or Segmenting users into groups and providing different incentives

- Waste of coupon subsidies, which damages profitability, and is unable to fully drive the top-line growth

AI vendors or building an inhouse data scientist team

- Potentially hard to scale and more costly

Prospecting & Acquisition



Retention & Engagement



Transaction



Audience Intelligence



Why Customers Choose Appier

Cross
AIXPERT

- ML modules predict high life-time value end users
- Acquire the most valuable users at scale with predictable return on investment

AQUA
BotBonnie

- Predict end users' potential behaviors and proactively engage them effectively
- Fully automated solutions with tightly integrated AI on all messaging channels
- BotBonnie: Interactive conversational marketing chatbot solution

AIDEAL

- AI detects hesitant buyers by identifying end user patterns and distributing incentives only to those hesitant buyers
- Increase sales while reducing coupon subsidies and costs

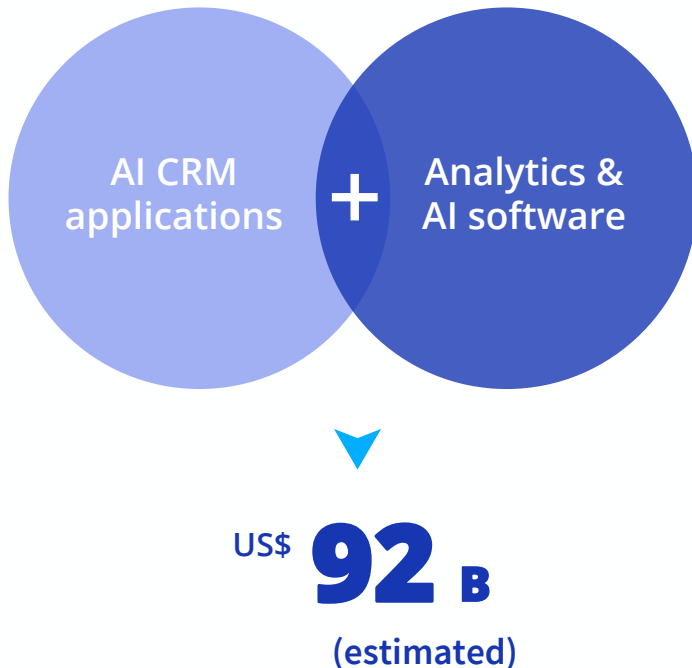
AIXON
AIRIS

- Automated ML to build differentiated best-in-class AI prediction models through SaaS
- Business users able to leverage AI capabilities without scientists / engineers
- Fast time-to-insight with superior analytics and intuitive data visualization

Massive Market Opportunity

Top-Down View 2024

IDC (1)



Bottom-Up View 2024

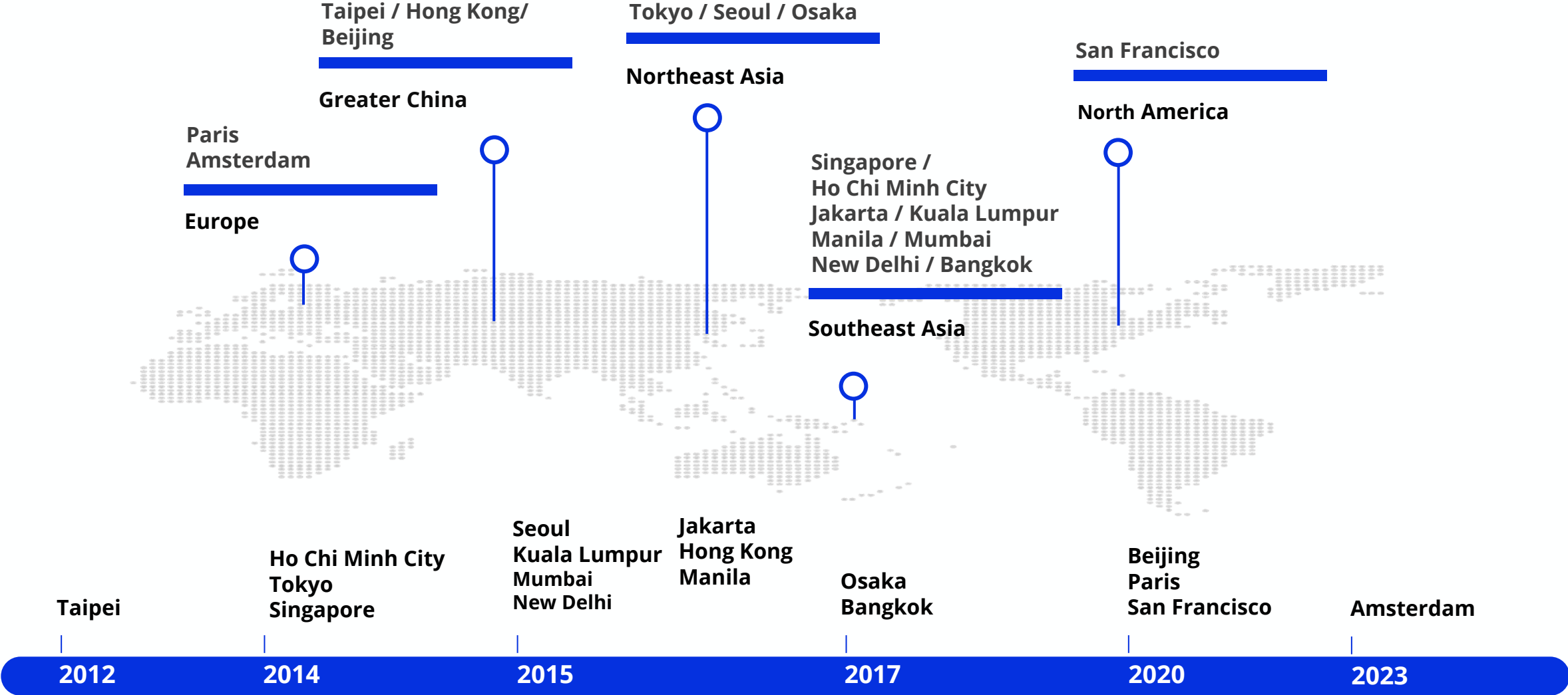


(1) Source: IDC Semiannual Artificial Intelligence Tracker, 2H 2020 (July 2021)

(2) Annualized revenue= FY23 revenue in JPY / exchange rate 140.95

(3) Calculation is based on internal estimation. In terms of APAC marketing investment, we have around 3% market share in EC, 2.7% in digital content and 1% in others. EC accounts for 30% of marketing investment and digital content providers accounts for 20%. Thus, we roughly have 1.9% market share of APAC marketing investment. APAC marketing investment accounts for around one third of global marketing investment.

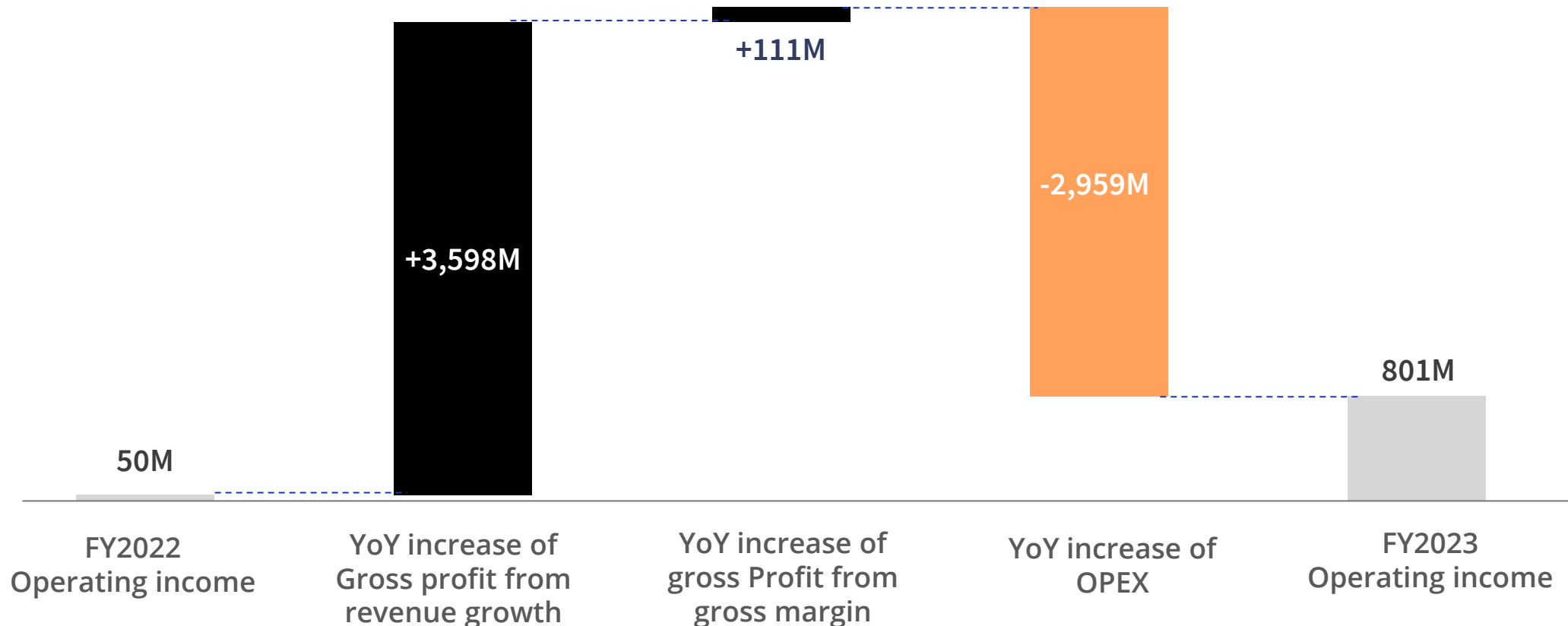
Appier's global presence: 17 offices worldwide



2023 Operating Income YoY Change

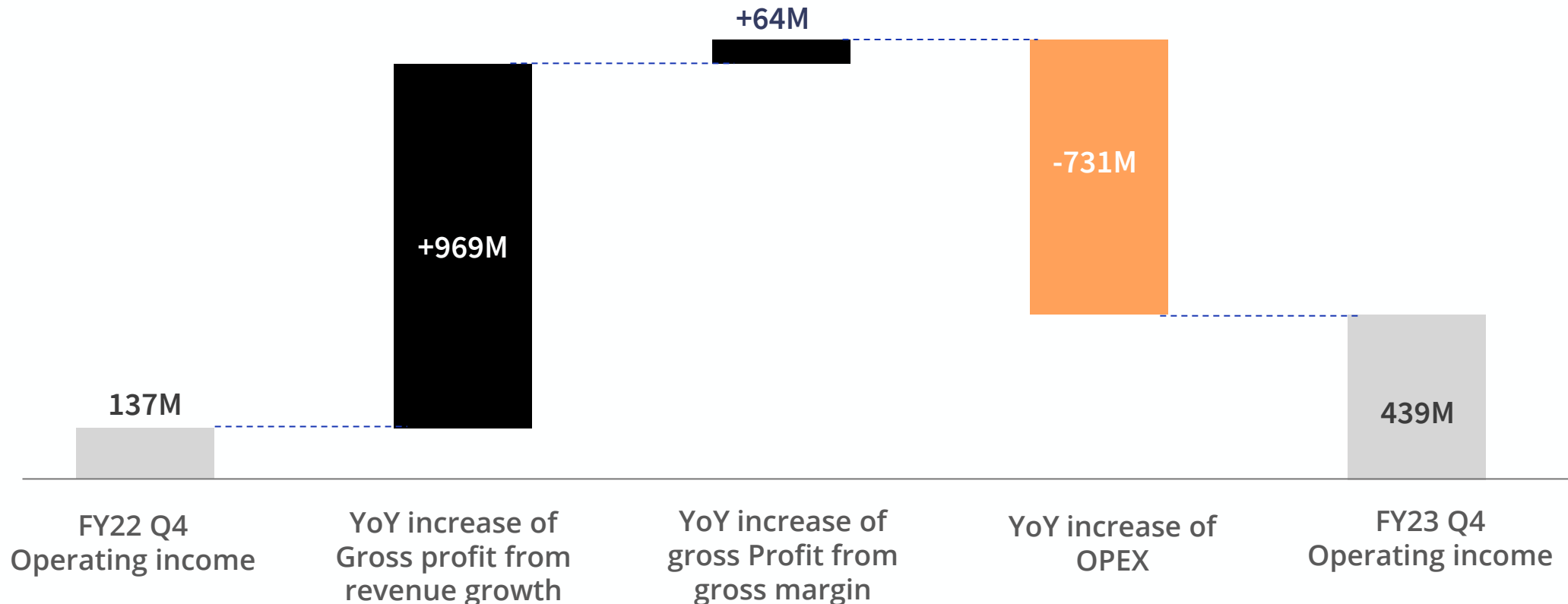
We drive our bottom-line improvements steadily with higher sales productivity, higher NRR, higher gross margin, R&D excellence and better operation efficiency.

Operating Income Waterfall (JPY)



2023 Q4 Operating Income YoY Change

Operating Income Waterfall (JPY)



Capital Efficiency Management



Product Synergies with Efficient Go-to-Market Shorten S&M Payback Cycles

Systematic go-to-market strategy, better cross-sell synergies and bundle sale from product synergies lead to productive sales activities which further shorten the payback cycle of our S&M investment.



High ROI Sales & Marketing Investment Driven by Large TAM

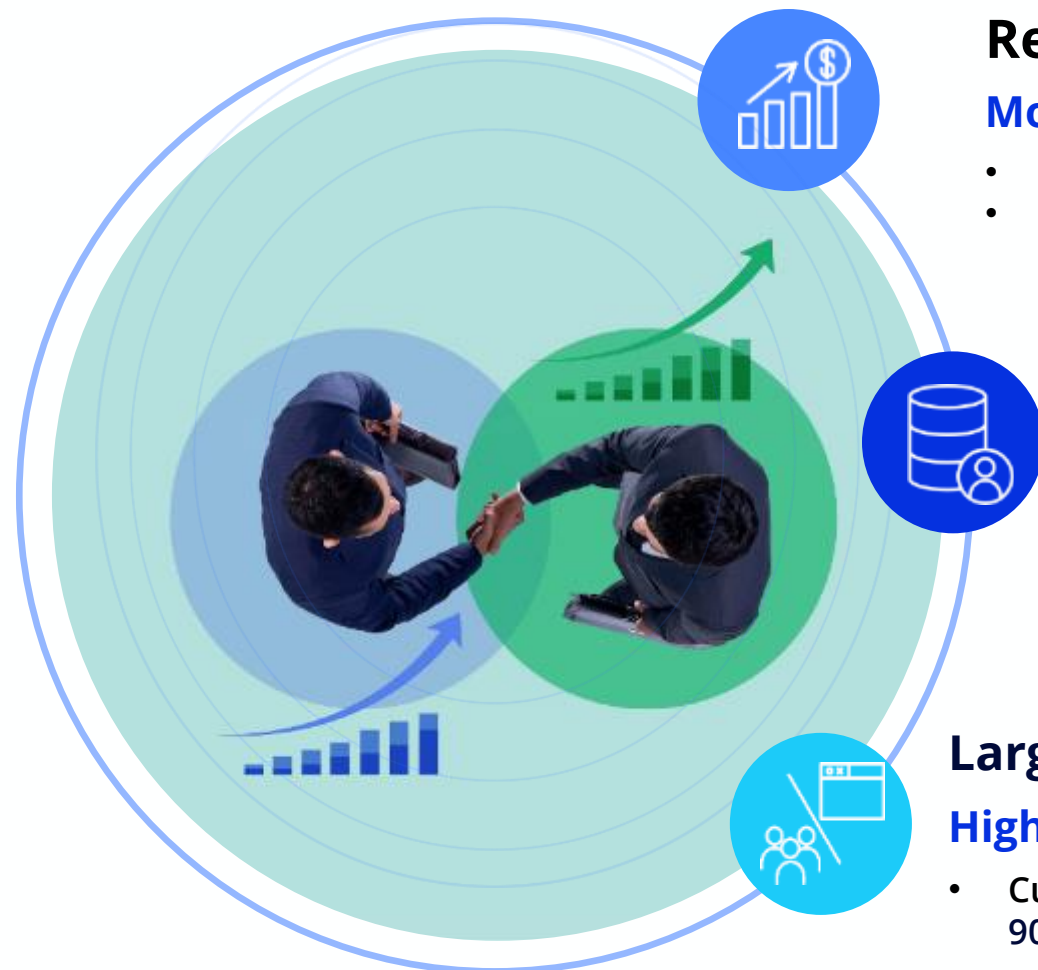
As our AI-driven solutions mainly target digitally-oriented larger enterprises and we have widened our TAM through geo and vertical expansion, we can leverage targeted account-based marketing (instead of mass marketing) to promote our solutions to customers efficiently, enabling us to manage S&M expenses with a high ROI.



Efficient AI Technology Scaling through Cloud-based Platform

We deploy our AI technology across customers effectively via our cloud-based platform. This allows us to achieve a high operating leverage from R&D investment.

Business Growth Outlook: Robust Customer Base



Return-Driven Solution

More recession-proof

- We provide predictable returns on customers' marketing spending.
- Our solutions provide direct revenue or profit impact in over 80% of our customers.

1st Party Data Trend & Higher AI Awareness

Continuous business expansion

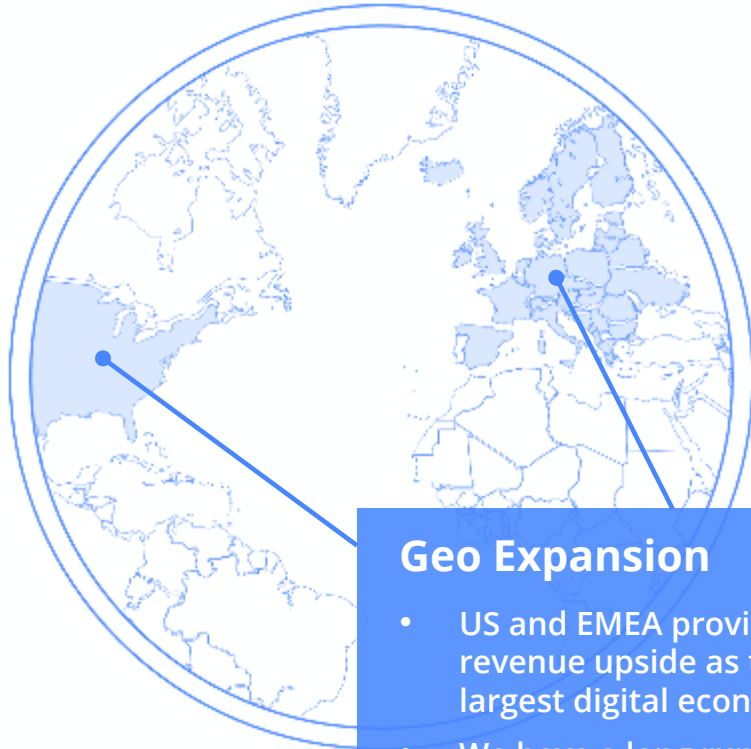
- 1st party data is the key to cope with increased privacy restrictions that accelerates our business expansion, especially in US & EMEA
- Increased awareness of AI underscores our product value and drives our business growth

Large Enterprise Customers & Diversified Verticals

Higher business resilience

- Customers with more than ¥10B annual revenue have contributed to over 90% of our revenue.
- Having two strong vertical growth engines in E-commerce and Digital Content, with a large TAM for each, allows us to cope with dynamic and uncertain macro environments

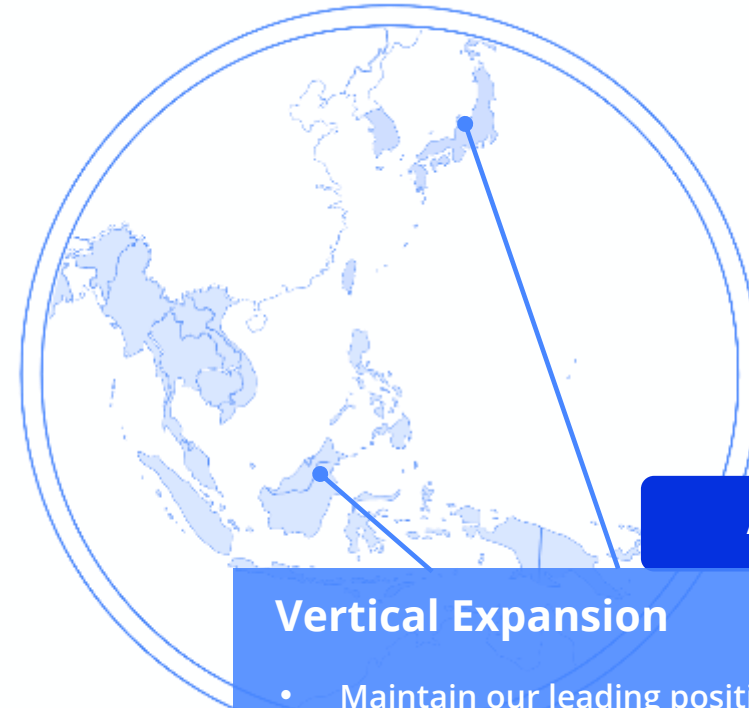
Business Growth Outlook: Enlarged TAM



US & EMEA

Geo Expansion

- US and EMEA provide an additional revenue upside as the world's largest digital economies.
- We have a long runway to grow before being impacted by macro economy.
- Focus on increasing product offerings and expanding to other verticals in the region.

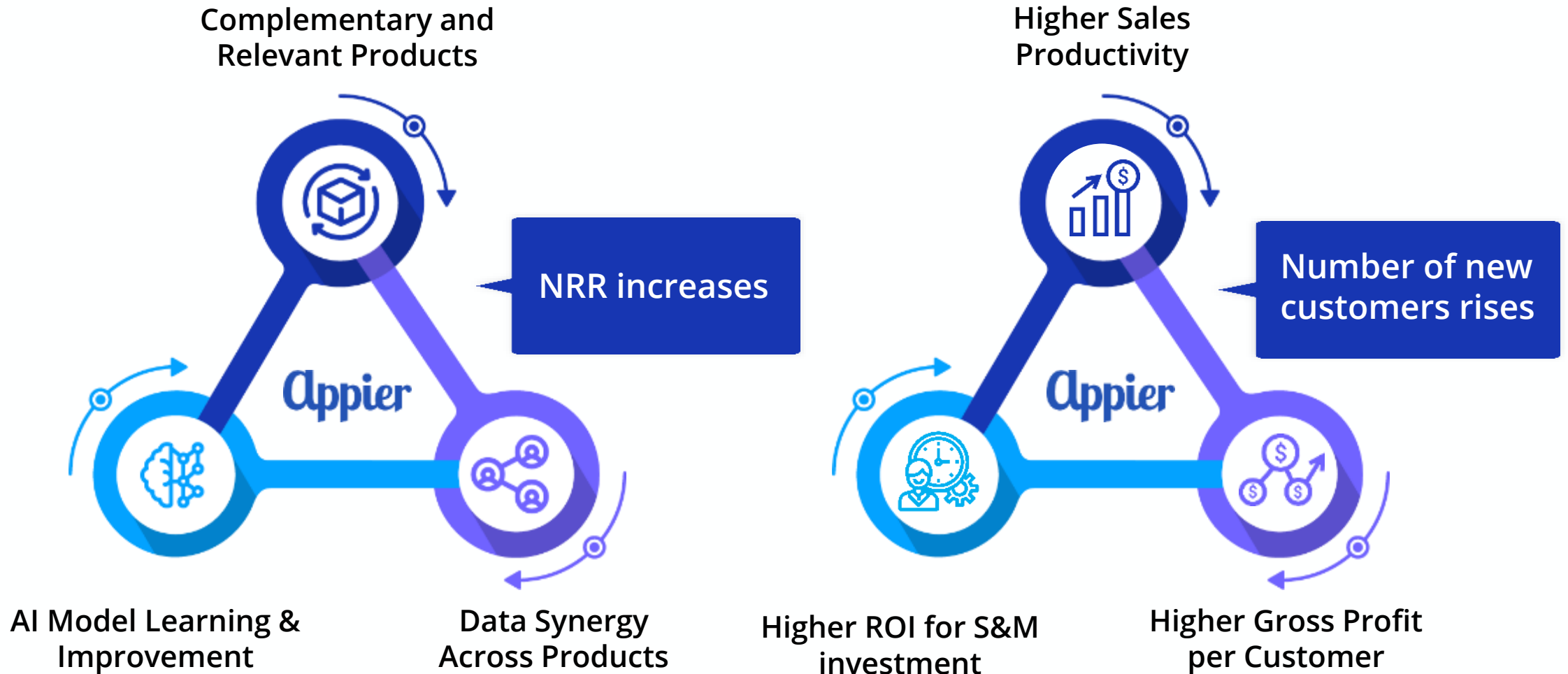


Asia

Vertical Expansion

- Maintain our leading position in e-commerce and other existing verticals with result-driven solutions.
- Further expand to Digital Contents within Asia, onboarding top tier brands.

Appier's Strong Network Effects Drive Platform Value



ESG Initiatives

Our Commitment

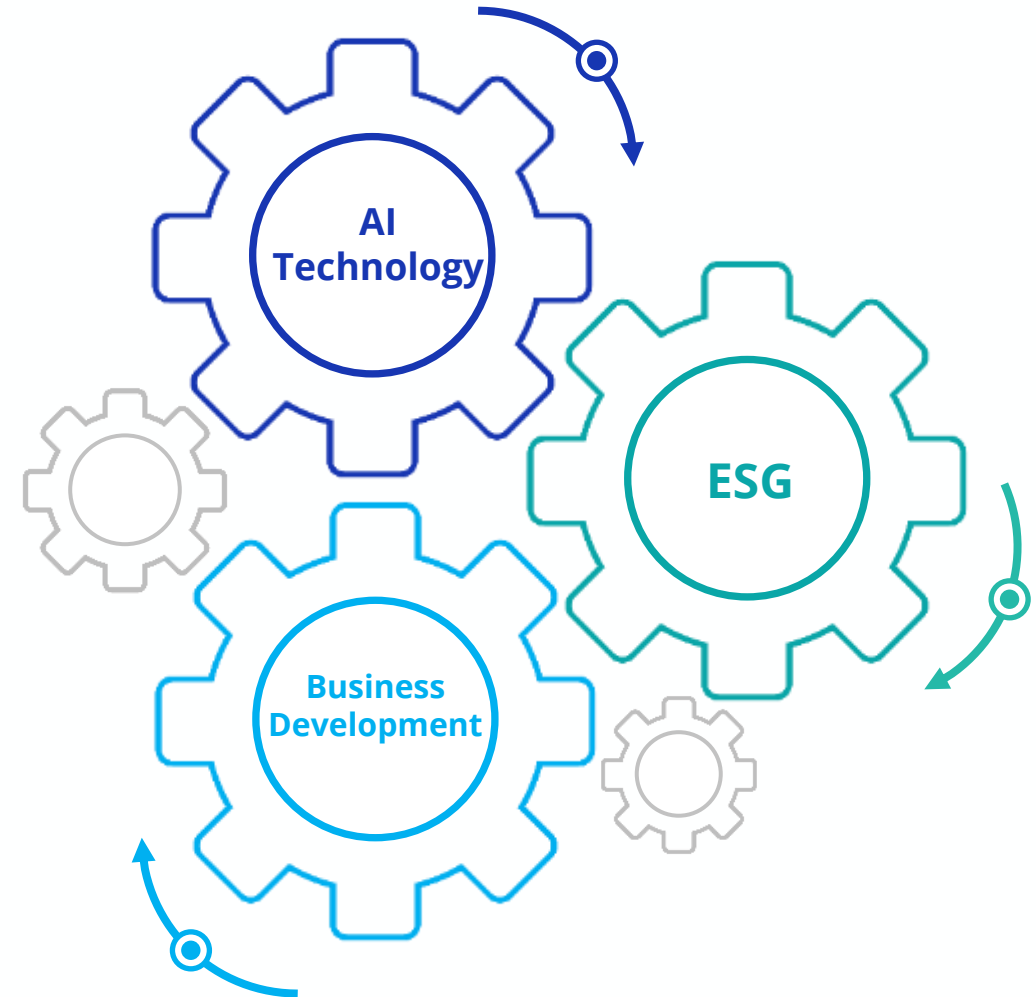


Embed ESG into Our Business

Appier envisions a future where precise, automated, and proactive decision-making is made possible through enterprise software powered by AI.

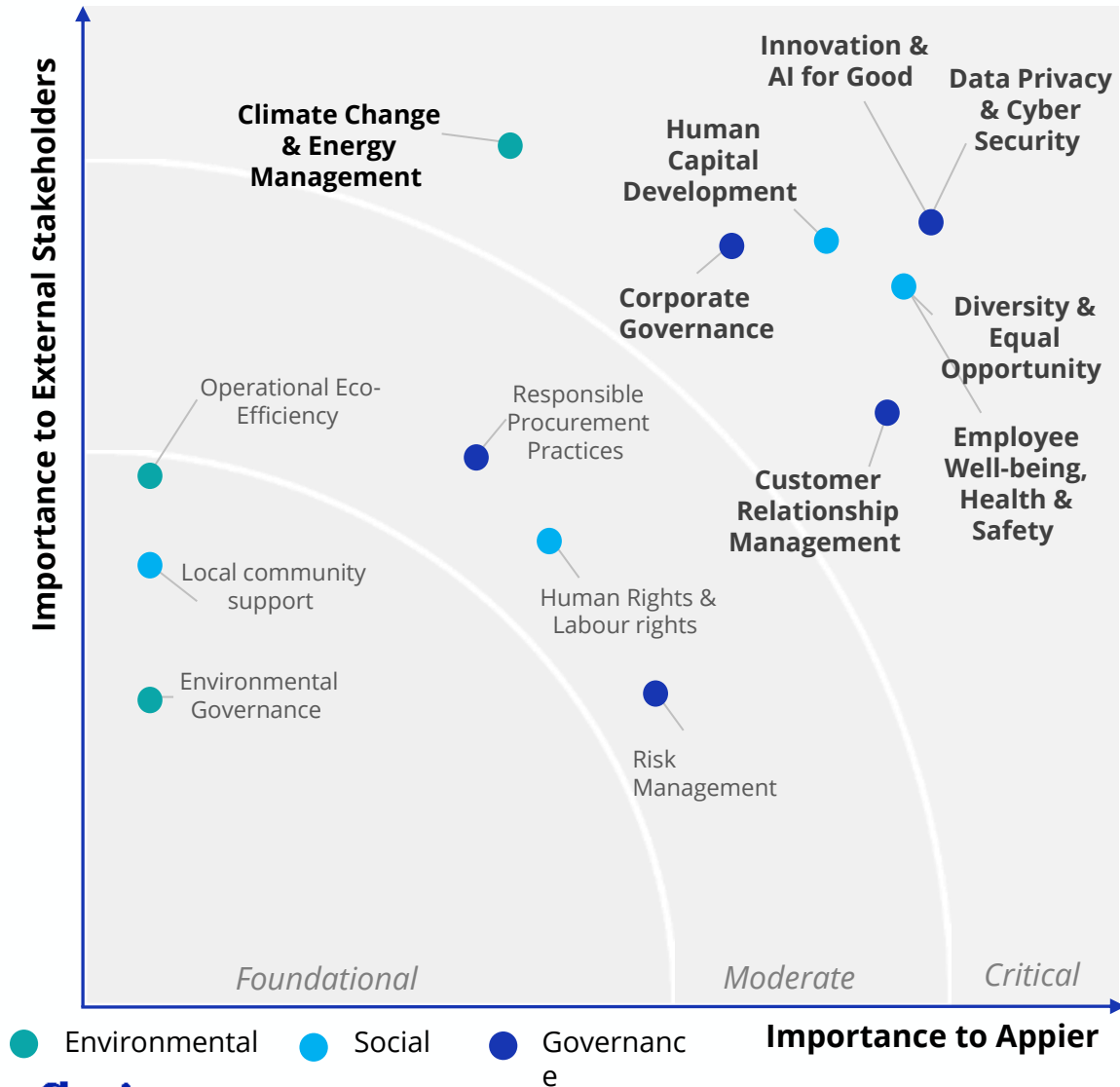
We believe ESG should be placed at the center of our focus on building a sustainable business and are determined to make commitments and to proactively engage our stakeholders in Appier's journey towards ESG excellence, as this is part of our vision for the future of our business.

We were awarded an "A" rating by MSCI ESG Research⁽¹⁾ and we will continue to improve towards ESG excellence.



(1) MSCI ESG Research provides MSCI ESG Ratings on more than 8,500 global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers. MSCI ESG research is today known as one of the leading ESG rating agencies.

Defining ESG Priorities: Materiality Assessment



Our Methodology

We worked with a third party to identify priority sustainability issues based on external trends and stakeholder engagements including interviews with internal and external stakeholders.

Our Environmental, Social & Governance Framework



Environment Greener Operation

- > Minimizing the impact of our operations: Green & sustainable office
- > Our AI solutions support smart working and contribute to our customers GHG reduction.



Social Happier Crew

- > Building a culture within our community that values long-term growth and sustainability
- > Diversity, Equity and Inclusion (DE&I) as a core value
- > Building a skilled labor force to add value to the tech / AI industry



Governance Security & Privacy Protection

- > Policies in place to ensure good governance with involvement from top management.
- > Certified under the ISO/IEC 27001:2013 standard to ensure digital security

TCFD Report Initiation

Embracing Environmental Responsibility

Introducing our TCFD report⁽¹⁾, a testament to our unwavering commitment to environmental responsibility. Aligned with global climate efforts, this comprehensive disclosure transparently addresses both risks and opportunities.

As we move forward, sustainability remains a driving force, propelling innovation towards a greener future.

(1) Report link: <https://www.appier.com/en/greener-operation-appier>



Selected Financial Data

Consolidated Statements of Profit or Loss

(Millions of JPY)

	2021	2022	2023	YoY	2022 Q4 3 months	2023 Q4 3 months	YoY
Revenue	12,661	19,427	26,418	36%	5,757	7,616	32%
Cost of sales	(6,422)	(9,428)	(12,710)		(2,754)	(3,579)	
Gross profit	6,239	9,998	13,708	37%	3,003	4,037	34%
Gross margin	49.3%	51.5%	51.9%		52.2%	53.0%	
Sales and marketing expenses	(4,322)	(6,394)	(8,263)		(1,843)	(2,369)	
<i>% of Revenue</i>	34%	33%	31%		32%	31%	
Research and development expenses	(1,711)	(2,284)	(3,141)		(642)	(912)	
<i>% of Revenue</i>	14%	12%	12%		11%	12%	
General and administrative expenses	(1,349)	(1,602)	(1,829)		(458)	(464)	
<i>% of Revenue</i>	11%	8%	7%		8%	6%	
Other income	28	334	334		77	151	
Other expenses	(2)	(2)	(9)		(0)	(2)	
Operating income	(1,117)	50	801		137	439	
Operating margin	(8.8%)	0.3%	3.0%		2.4%	5.8%	
Finance income	43	213	547		117	141	
Finance costs	(96)	(153)	(285)		81	54	
Profit before tax	(1,170)	111	1,063		335	634	
Income taxes	(8)	(90)	(61)		(25)	(15)	
Profit for the year	(1,179)	21	1,002		310	619	
EBITDA (excl. IPO related)	42	1,363	2,834		531	1,042	
EBITDA margin	0.3%	7.0%	10.7%		9.2%	13.7%	

Selected Financial Data

Consolidated Statements of Financial Position

(Millions of JPY)	2020	2021	2022	2023
Cash and cash equivalents	1,635	6,561	3,804	6,134
Time Deposit	6,577	14,939	13,933	8,004
Other financial assets – current assets ⁽¹⁾	-	-	3,577	4,940
Substantial cash	8,212	21,500	21,313	19,078
Other current assets	1,834	2,984	4,050	5,851
Total current assets	10,046	24,484	25,363	24,929
Total non-current assets	2,348	6,722	10,576	12,923
Total assets	12,394	31,206	35,939	37,852
Total liabilities	4,726	8,370	9,737	8,761
Total equity	7,668	22,836	26,201	29,091

(1) Holding short-term low-risk securities for fund management purposes.

Selected Financial Data

Consolidated Statements of Cash Flows

(Millions of JPY)		2021	2022	2023
Cash flows from operating activities	(A)	-747	996	2,224
Excluding change in working capital		-376	1,304	2,950
Change in working capital		-371	-308	-726
Cash flows from investing activities		-9,075	-3,772	1,971
Payments for intangible assets	(B)	-1,418	-2,330	-3,229
Payments for acquisition of subsidiaries		-116	-1,237	-381
Withdrawal and placement of time deposits		-7,324	3,317	6,585
Acquisition and disposal of other financial assets – current (2)		-	-3,411	-817
Others		-218	-111	-186
Cash flows from financing activities		14,396	-520	-2,250
FX impact on cash and cash equivalents		352	539	385
Change in cash and cash equivalents		4,926	-2,757	2,330
Ending balance of cash and cash equivalents		6,561	3,804	6,134
Core free cash flow (1)	(A)+(B)	-2,164	-1,334	-1,005

(1) Core free cash flow = Cash flows from operating activities + Payments for intangible assets

(2) Holding short-term low-risk securities for fund management purposes.

(3) Payments for property, plant and equipment, Payments for acquisition of subsidiaries, and Increase in guarantee deposits

(4) Repayment of short-term borrowing of JPY 1.6B in FY23

Change in substantial cash

(Millions of JPY)	2021	2022	2023
Balance of substantial cash	21,500	21,313	19,078
Cash and cash equivalents	6,561	3,804	6,134
Time deposits	14,939	13,933	8,004
Other financial assets – current (2)	-	3,577	4,940
Change in substantial cash	13,288	-187	-2,235
Core Free cash flow (1)	-2,164	-1,334	-1,005
Cash flows from other investing activities (3)	-334	-1,348	-568
Cash flows from Financing activities (4)	14,396	-520	-2,250
Fair value assessment on other financial assets – current (2)	-	68	253
FX impact	1,390	2,947	1,336
FX impact on cash and cash equivalents	352	539	385
FX impact on time deposits	1,038	2,310	656
FX impact on other financial assets – current (2)	-	98	294

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