



## Consolidated Financial Results for the three months ended March 31, 2021 [IFRS]

May 12, 2021

Company name: Appier Group, Inc.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 4180

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

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Scheduled date for filing of quarterly securities report: May 12, 2021

Scheduled date of commencing dividend payments: -

Supplementary briefing material on quarterly financial results: Yes

Quarterly financial results briefing: Yes (for institutional investors and analysts)

(Amounts are recorded to nearest million yen)

## 1. Consolidated Financial Results for the three months ended March 31, 2021

## (1) Consolidated Operating Results (cumulative)

(% changes year-over-year)

(Millions of yen)

	Revenue		Operating Income (loss)		Income (loss) before income taxes		Net income (loss)		Net income (loss) attributable to owners of the parent company		Total comprehensive income	
Three months ended March 31, 2021	2,749	26.8	(536)	-	(548)	-	(581)	-	(581)	-	(55)	-
Three months ended March 31, 2020	2,168	27.9	(374)	-	(397)	-	(405)	-	(405)	-	(375)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2021	(6.38)	(6.38)
Three months ended March 31, 2020	(4.46)	(4.46)

\*1 On January 29, 2021, the Company allotted common shares by 90,761,489 shares to the sole shareholder of the Company. Accordingly, basic earnings per share and diluted earnings per share are calculated as if the allotment of shares was executed at the beginning of the year ended December 31, 2020.

\*2 Stock options equivalent to 2,172,490 shares of common stock granted on February 1, 2021 are not included in the calculation of diluted loss per share for the three months ended March 31, 2021, as they are antidilutive to earnings per share. Such stock options may potentially dilute basic earnings per share in the future.

## (2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company
As of March 31, 2021	25,962	21,006	21,006	80.9
As of December 31, 2020	12,394	7,668	7,668	61.9

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

2. Dividends

(Yen)

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Total
FY2020	-	0.0	-	0.0	0.0
FY2021	-				
FY2021 (Forecast)		0.0	-	0.0	0.0

(Note) Revision of most recently announced dividend forecasts: No

3. Consolidated Financial Results Forecast for the year ending December 31, 2021

(% changes year-over-year)

(Millions of yen)

	Revenue		Operating income (loss)		Income (loss) before income taxes		Net income (loss)		Net income (loss) attributable to Owners of the parent company		Basic earnings per share
FY2021	10,943	22.0	(1,551)	-	(1,589)	-	(1,674)	-	(1,674)	-	(17.15)

(Note) Revision of most recently announced consolidated financial results forecasts: No

English Translation

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(Notes)

- (1) Changes in Significant Subsidiaries during the Period: No
  - (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 stock)
    - 1) Total number of shares issued at the end of the period (including treasury stock):
      - As of March 31, 2021: 99,872,490 shares
      - As of December 31, 2020: 90,761,490 shares
    - 2) Total number of treasury stock at the end of the period:
      - As of March 31, 2021: None
      - As of December 31, 2020: None
    - 3) Average number of shares during the period (cumulative):
      - Three months ended March 31, 2021: 91,071,746 shares
      - Three months ended March 31, 2020: 90,761,490 shares
- \* On January 29, 2021, the Company allotted common shares by 90,761,489 shares to the sole shareholder of the Company. Accordingly, total number of shares issued at the end of the period and average number of shares during the period are calculated as if the allotment of shares was executed at the beginning of the year ended December 31, 2020.

(Reference)

Consolidated Operating Results (cumulative) (converted in U.S. dollars)

(% changes year-over-year)  
(Millions of dollars)

	Revenue		Operating Income (loss)		Income (loss) before income taxes		Net income (loss)		Net income (loss) attributable to owners of the parent company		Total comprehensive income	
Three months ended March 31, 2021	26.0	30.5	(5.1)	-	(5.2)	-	(5.5)	-	(5.5)	-	(0.5)	-
Three months ended March 31, 2020	19.9	29.0	(3.4)	-	(3.6)	-	(3.7)	-	(3.7)	-	(3.4)	-

\* The Group use financial data denominated in U.S. dollars for internal management purposes because Appier Pte. Ltd., which is the Group's operational headquarter, uses the U.S. dollar as its functional currency. Accordingly, the financial data denominated in U.S. dollars is also presented for reference purposes. The exchange rates used for the conversion of the operating results for the three months ended March 31, 2020 and 2021, are JPY 108.99 and JPY 105.89 per U.S. dollars, respectively. Those figures in U.S. dollars are converted from the figures in Japanese yen using the above exchange rate.

Consolidated Financial Results Forecast for the year ending December 31, 2021 (converted in U.S. dollars)

(% changes year-over-year)  
(Millions of dollars)

	Revenue		Operating income (loss)	
FY2021	105.2	25.0	(14.9)	-

\*1 Since the Group operates in 15 countries and regions around the world, we use financial data denominated in U.S. dollars for internal management purposes because Appier Pte. Ltd., which is the Group's operational headquarter, uses the U.S. dollar as its functional currency. Accordingly, we first prepare earnings forecasts in U.S. dollars and then convert them into Japanese yen.

\*2 We assume the exchange rate as JPY 104 U.S. dollars in our forecast for the fiscal year ending December 31, 2021.

English Translation

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\* This quarterly financial report is outside the scope of quarterly review procedures by a certified public accountant or an audit firm.

\* 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 achieve 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. Qualitative Information on Consolidated Financial Results for the Period (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast" on page 2 of the Appendix.

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## I. Qualitative Information on Consolidated Financial Results for the Period

### (1) Explanation on Operating results

The Company's mission is "to empower businesses with predictive artificial intelligence to grow and succeed based on data-driven decisions". We envision a day when all enterprise software will be powered by AI, with decision making becoming more precise, automated, and proactive.

During the three months ended March 31, 2021, demands for our services have been expanded because of the enhancement of our sales team and the efforts of continuous improvements of our solutions. ARR (\*1) as of March 2021 was ¥10,572 million, a 34% growth from ¥7,918 million as of March 2020. Revenue for the three months ended March 31, 2021 was ¥2,749,281 thousand (up 26.8% year-over-year).

Gross profit for the three months ended March 31, 2021 was ¥1,310,681 thousand (up 39.7% year-over-year). This was due to an improvement in gross profit margin by enhancement of our CrossX algorithm and increase in the proportion of revenue derived from our other solutions, primarily AIQUA, AiDeal and AIXON, which have higher gross profit margin.

Operating loss was ¥535,631 thousand (¥373,605 thousand loss in the same period of the previous fiscal year), loss before tax was ¥548,421 thousand (¥396,778 thousand loss in the same period of the previous fiscal year), and loss attributable to owners of the parent company was ¥581,114 thousand (¥404,529 thousand loss in the same period of the previous fiscal year) due to upfront investments in sales personnel and engineers for future business expansion and one-time IPO-related expenses.

(\*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 March 2021 is calculated by multiplying the one-month average of recurring revenue from October 2020 to March 2021 by 12 for solutions provided under the consumption-based pricing structure, and by multiplying the recurring revenue for March 2021 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.

### (2) Financial Position

#### (a) Assets, liabilities and equity

##### (Assets)

Total assets as of March 31, 2021 amounted to ¥25,962,461 thousand, an increase of ¥13,568,713 thousand from December 31, 2020. Current assets increased by ¥13,325,021 thousand from December 31, 2020 mainly due to an increase of ¥13,132,303 thousand in Cash and cash equivalents due to issuance of shares, an increase of ¥415,382 thousand in Contract assets due to increase in revenue. Non-current assets increased by ¥243,692 thousand from December 31, 2020 mainly due to an increase of ¥342,342 thousand in Goodwill and intangible assets due to capitalization of development costs that meet the requirements for capitalization.

##### (Liabilities)

Total liabilities as of March 31, 2021 amounted to ¥4,956,265 thousand, an increase of ¥230,685 thousand from December 31, 2020. Current liabilities increased by ¥265,014 thousand from December 31, 2020 mainly due to an increase of ¥132,055 thousand in Other liabilities due to increase in IPO-related expenses. Non-current liabilities decreased by ¥34,329 thousand from December 31, 2020.

##### (Equity)

Equity as of March 31, 2021 amounted to ¥21,006,196 thousand, an increase of ¥13,338,028 thousand from December 31, 2020 mainly due to an increase of ¥6,784,074 thousand in Share capital and an increase of ¥6,609,086 thousand in Capital surplus due to issuance of shares, an increase of ¥525,982 thousand in Other components of equity due to changes in exchange rates, a decrease of ¥581,114 thousand in (loss of) Retained earnings due to Net loss.

(b) Cash flows

Cash and cash equivalents as of March 31, 2021 was ¥14,767,010 thousand, an increase of ¥13,132,303 thousand from December 31, 2020.

Cash flows from each activity for the three months ended March 31, 2021 and their significant components are as follows:

(Cash flows from operating activities)

Net cash used in operating activities was ¥622,285 thousand, increased by ¥307,250 thousand compared to ¥315,035 thousand for the three months ended March 31, 2020. This is mainly attributable to an increase of ¥360,675 thousand in Contract assets (a decrease of ¥21,569 thousand in the same period of the previous fiscal year) and an increase in Loss before tax of ¥548,421 thousand (a ¥151,643 thousand increase in loss compared to the same period of the previous fiscal year).

(Cash flows from investing activities)

Net cash provided by investing activities was ¥246,731 thousand, increased by ¥2,825,623 thousand compared to the ¥2,578,892 thousand of disbursement for the three months ended March 31, 2020. This is mainly attributable to a decrease of disbursement of Placement of time deposits by ¥2,397,626 thousand compared to the same period of the previous fiscal year, Withdrawal of time deposits by ¥529,460 thousand (zero for the same period of the previous fiscal year) and an increase of Payments for intangible assets of ¥275,694 thousand (an increase of disbursement by ¥100,960 thousand compared to the same period of the previous fiscal year).

(Cash flows from financing activities)

Net cash provided by financing activities was ¥13,448,679 thousand, increased by ¥13,539,984 thousand compared to the ¥91,305 thousand of disbursement for the three months ended March 31, 2020. This is mainly attributable to Proceeds from Listing by ¥13,568,148 thousand (zero for the same period of the previous fiscal year).

(3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast

The forecast announced previously is to be kept unchanged.

## 2 Condensed Quarterly Consolidated Financial Statements

## (1) Condensed Quarterly Consolidated Statement of Financial Position

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	1,634,707	14,767,010
Time deposits	6,577,367	6,511,894
Contract assets	528,015	943,397
Trade receivables	1,172,413	982,334
Other receivables	31,188	45,788
Other current assets	102,009	120,297
Total current assets	10,045,699	23,370,720
Non-current assets		
Property, plant and equipment	59,650	59,063
Right-of-use assets	606,587	522,309
Goodwill and intangible assets	1,304,992	1,647,334
Deferred tax assets	153,473	133,484
Other financial assets	223,347	229,551
Total non-current assets	2,348,049	2,591,741
Total assets	12,393,748	25,962,461
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Borrowings	1,903,052	1,996,943
Contract liabilities	47,687	80,024
Trade payables	1,012,510	1,106,094
Other liabilities	1,027,452	1,159,507
Other liabilities to related party	5	-
Current tax payables	21,875	6,246
Lease liabilities	338,585	270,921
Other current liabilities	44,719	41,164
Total current liabilities	4,395,885	4,660,899
Non-current liabilities		
Provisions	25,520	27,322
Lease liabilities	304,175	268,044
Total non-current liabilities	329,695	295,366
Total liabilities	4,725,580	4,956,265
Equity		
Share capital	0*	6,784,074
Capital surplus	16,248,390	22,857,476
Retained earnings	(8,315,781)	(8,896,895)
Other components of equity	(264,441)	261,541
Equity attributable to owners of the parent company	7,668,168	21,006,196
Total equity	7,668,168	21,006,196
Total liabilities and equity	12,393,748	25,962,461

\*Less than ¥ 1 thousand.

## (2) Condensed Quarterly Consolidated Income Statement and Condensed Quarterly Consolidated Statement of Comprehensive Income

## Condensed Quarterly Consolidated Income Statement

For the three months ended March 31, 2021

	(Thousands of yen)	
	2020	2021
	(From January 1, 2020 to March 31, 2020)	(From January 1, 2021 to March 31, 2021)
Revenue	2,167,622	2,749,281
Cost of sales	(1,229,712)	(1,438,600)
Gross profit	937,910	1,310,681
Sales and marketing expenses	(788,932)	(1,020,575)
Research and development expenses	(345,060)	(422,288)
General administrative expenses	(179,775)	(405,001)
Other income	2,252	3,524
Other expenses	-	(1,972)
Operating loss	(373,605)	(535,631)
Finance income	34,196	10,617
Finance costs	(57,369)	(23,407)
Loss before tax	(396,778)	(548,421)
Income taxes	(7,751)	(32,693)
Loss for the period	(404,529)	(581,114)
Loss attributable to:		
Owners of the parent company	(404,529)	(581,114)
Basic loss per share (yen)	(4.46)	(6.38)
Diluted loss per share (yen)	(4.46)	(6.38)

## 【Condensed Quarterly Consolidated Statement of Comprehensive Income】

【For the three months ended March 31, 2021】

	(Thousands of yen)	
	2020	2021
	(From January 1, 2020 to March 31, 2020)	(From January 1, 2021 to March 31, 2021)
Loss for the period	(404,529)	(581,114)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	29,294	525,982
Total items that may be reclassified subsequently to profit or loss	29,294	525,982
Total other comprehensive income for the period	29,294	525,982
Total comprehensive loss for the period	(375,235)	(55,132)
Total comprehensive loss attributable to:		
Owners of the parent company	(375,235)	(55,132)

## (3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the three months ended March 31, 2020 (From January 1, 2020 to March 31, 2020)

(Thousands of yen)

	Equity attributable to owners of the parent company				Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	
Balance at January 1, 2020	0	341,086	(6,862,144)	7,460	(6,513,598)
Loss for the period	-	-	(404,529)	-	(404,529)
Other comprehensive income	-	-	-	29,294	29,294
Total comprehensive loss	-	-	(404,529)	29,294	(375,235)
Share options of the parent company	-	16,458	-	-	16,458
Total transactions with owners	-	16,458	-	-	16,458
Balance at March 31, 2020	0	357,544	(7,266,673)	36,754	(6,872,375)

For the three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)

(Thousands of yen)

	Equity attributable to owners of the parent company				Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	
Balance at January 1, 2021	0	16,248,390	(8,315,781)	(264,441)	7,668,168
Loss for the period	-	-	(581,114)	-	(581,114)
Other comprehensive income	-	-	-	525,982	525,982
Total comprehensive loss	-	-	(581,114)	525,982	(55,132)
Share issued pursuant to the Listing	6,784,074	6,581,684	-	-	13,365,758
Share options of the company	-	27,402	-	-	27,402
Total transactions with owners	6,784,074	6,609,086	-	-	13,393,160
Balance at March 31, 2021	6,784,074	22,857,476	(8,896,895)	261,541	21,006,196

## (4) Condensed Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	2020 (From January 1, 2020 to March 31, 2020)	2021 (From January 1, 2021 to March 31, 2021)
Cash flows from operating activities		
Loss before tax	(396,778)	(548,421)
Depreciation and amortization	98,593	145,953
Interest income	(34,196)	(10,617)
Interest expense	4,365	6,419
(Reversal of) Expected credit losses	(1,745)	602
Share-based compensation expense	16,458	27,402
Others		
Change in working capital		
Contract assets	21,569	(360,675)
Trade receivables	169,206	231,966
Other receivables	(583)	(4,420)
Other current assets	2,536	(24,061)
Contract liabilities	(4,259)	27,948
Trade payables	(68,418)	28,028
Other liabilities	(98,305)	(103,219)
Other liabilities - related party	-	(5)
Other current liabilities	(8,272)	(6,485)
Subtotal	(299,829)	(589,585)
Interest received	7,455	1,148
Interest paid	(4,365)	(6,419)
Income taxes paid	(18,296)	(27,429)
Net cash used in operating activities	(315,035)	(622,285)
Cash flows from investing activities		
Payments for property, plant and equipment	(7,349)	(6,343)
Payments for intangible assets	(174,734)	(275,694)
Payment for acquisition of a subsidiary	-	(495)
Withdrawal of time deposits	-	529,460
Placement of time deposits	(2,397,831)	(205)
Others	1,022	8
Net cash provided by (used in) in investing activities	(2,578,892)	246,731
Cash flows from financing activities		
Payment of lease liabilities	(91,305)	(115,916)
Proceeds from Listing	-	13,568,148
Payment of Listing expenses	-	(3,553)
Net cash provided by (used in) financing activities	(91,305)	13,448,679
Effects of exchange rate changes on cash and cash equivalents	21,002	59,178
Net increase in cash and cash equivalents	(2,964,230)	13,132,303
Cash and cash equivalents at the beginning of the period	4,117,859	1,634,707
Cash and cash equivalents at end of period	1,153,629	14,767,010

## (5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not Applicable

(Notes on Significant Changes in the Amount of Equity Attributable to Owners of the Parent Company)

## 1. Number of shares authorized and issued

The movements of shares authorized and issued for the three months period ended March 31, 2021 are as follows:

	Share issued	
	(Share capital with no-par value)	
	Common shares	Share capital (Thousands of yen)
Number of authorized shares		
Ordinary shares (Note c)	300,000,000	
Number of shares issued		
Balance at January 1, 2021	1	0*
Issuance of new shares (Note d)	10,001	6,064
Cancellation of treasury shares	(1)	-
Share issued pursuant to the inversion (Note e)	90,761,489	-
Share issued pursuant to the Listing (Note f)	9,101,000	6,778,010
Balance at March 31, 2021	99,872,490	6,784,074

\*Less than ¥ 1 thousand.

- (a) The share issued by the Company is a no-par value ordinary share with no restrictions on rights, and the issued share is fully paid.
- (b) There is no movement of shares issued for the three months period ended March 31, 2020.
- (c) As a result of a partial amendment to the Articles of Incorporation at the General Meeting of Shareholders held on January 29, 2021, the total number of shares authorized to be issued increased by 200,000,000 shares to 300,000,000 shares.
- (d) Due to a shareholder's allotment to Appier Holdings, Inc. on January 29, 2021, the number of shares issued increased by 10,001 shares, common stock and additional paid-in capital increased by ¥6,064 thousand.
- (e) On January 29, 2021, the Company distributed 90,761,489 shares as an allotment of shares without contribution to the sole shareholder of the Company, Appier Holdings, Inc. pursuant to the board resolution.
- (f) On March 30, 2021, the Company newly issued 9,101,000 shares through an initial public offering of shares, and the Company recognized approximately ¥6,778,010 thousand in the share capital and share premium, respectively. The Company's shares were listed on the Tokyo Stock Exchange's Mothers (market of the high-growth and emerging stocks) Board since March 30, 2021.

## 2. Capital surplus

The movements in share premium for the three months period ended March 31, 2020 and 2021 are as follow:

Period ended March 31, 2020

	Capital surplus	Share-based compensation	Total
	Thousands of yen	Thousands of yen	Thousands of yen
Balance at January 1, 2020	38,996	302,090	341,086
Share options of the parent company	-	16,458	16,458
Balance at March 31, 2020	38,996	318,548	357,544

Period ended March 31, 2021

	Capital surplus	Share-based compensation	Total
	Thousands of yen	Thousands of yen	Thousands of yen
Balance at January 1, 2021	15,863,532	384,858	16,248,390
Share issued pursuant to the Listing	6,784,074	-	6,784,074
Listing expenses charged to share premium*	(202,390)	-	(202,390)
Share options of the company	-	27,402	27,402
Balance at March 31, 2021	22,445,216	412,260	22,857,476

\* The incremental cost directly attributable to the issuance of common stock, after deduction of tax effect, is accounted for as a reduction in equity.

## (Segment Information)

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

## (Events after the reporting period)

## Third-party allotment

Pursuant to the board resolution on February 24, 2021 and March 12, 2021, the Company issued new shares by way of third-party allotment to SMBC Nikko Securities Inc. in order for SMBC Nikko Securities Inc. to acquire the shares necessary to return the shares of common share of the Company borrowed from the Company's shareholder, Plaxie Inc., in connection with the secondary offering by way of over-allotment. The payment was completed on April 28, 2021. The overview is as follows.

Type and number of shares to be offered	984,700 common shares
Underwriting price	¥1,496 per share
Amount of share capital to be Increased	¥736,555 thousand
Amount of legal share premium to be Increased	¥736,555 thousand
Total amount of underwriting price	¥1,473,111 thousand
Payment date	April 28, 2021
Use of funds	Personnel expenses related to development engineers, sales personnel, and other back-office personnel (including development-related expenditures which are qualified for capitalization), cloud service usage fees for the SaaS service, advertising expenses to acquire new customers, and funds for repayment of borrowings