



August 6, 2021

Company name: Appier Group, Inc.
Representative: Chih-Han Yu, Representative Director and CEO
(TSE Mothers Code: 4180)
Contact: Koji Tachibana, Senior Vice President of Finance
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**[Replacement] Replacement of the Consolidated Financial Results for the six months ended
June 30, 2021 [IFRS]**

Appier Group, Inc. (the “**Company**”) hereby replaces the Consolidated Financial Results for the six months ended June 30, 2021 [IFRS] dated on August 5, 2021 to accept remained track changes.



Consolidated Financial Results for the six months ended June 30, 2021 [IFRS]

August 5, 2021

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 for filing of quarterly securities report: August 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 six months ended June 30, 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	
Six months ended June 30, 2021	5,550	37.7	(783)	-	(815)	-	(858)	-	(858)	-	(382)	-
Six months ended June 30, 2020	4,032	20.0	(945)	-	(938)	-	(957)	-	(957)	-	(831)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2021	(8.95)	(8.95)
Six months ended June 30, 2020	(10.54)	(10.54)

*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 2,097,580 shares of common stock as of June 30, 2021 are not included in the calculation of diluted loss per share for the six months ended June 30, 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 June 30, 2021	26,979	22,157	22,157	82.1
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	-	0.00	-	0.00	0.00
FY2021	-	0.00			
FY2021 (Forecast)			-	0.00	0.00

(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	11,661	30.0	(1,302)	-	(1,340)	-	(1,425)	-	(1,425)	-	(14.48)

(Note) Revision of most recently announced consolidated financial results forecasts: Yes

(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 June 30, 2021: 100,932,100 shares
 - As of December 31, 2020: 90,761,490 shares
 - 2) Total number of treasury stock at the end of the period:
 - As of June 30, 2021: None
 - As of December 31, 2020: None
 - 3) Average number of shares during the period (cumulative):
 - Six months ended June 30, 2021: 95,854,892 shares
 - Six months ended June 30, 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.

English Translation

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(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	
Six months ended June 30, 2021	51.6	38.4	(7.3)	-	(7.6)	-	(8.0)	-	(8.0)	-	(3.5)	-
Six months ended June 30, 2020	37.2	21.8	(8.7)	-	(8.7)	-	(8.9)	-	(8.9)	-	(7.7)	-

* 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. Figures in U.S. dollars are calculated by converting quarterly accounting period figures in Japanese yen using the simple average of the exchange rates for each quarter published by the Bank of Taiwan as shown below.

	FY2020		FY2021	
	Q1	Q2	Q1	Q2
Exchange rate (JPY / USD)	108.99	107.45	105.89	109.44

* We will disclose the Consolidated Financial Results Forecast for the year ending December 31, 2021 only in Japanese yen and stop disclosing the forecast converted in U.S. dollars, because Japanese yen disclosure is more useful and important for investors.

* 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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1. 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 six months ended June 30, 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 June 2021 was ¥10,834 million, a 37.5% growth from ¥7,880 million as of June 2020. Revenue for the six months ended June 30, 2021 was ¥5,549,867 thousand (up 37.7% year-over-year).

Gross profit for the six months ended June 30, 2021 was ¥2,708,775 thousand (up 56.6% 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 margins.

Operating loss was ¥782,664 thousand (¥945,361 thousand loss in the same period of the previous fiscal year), loss before tax was ¥815,045 thousand (¥938,253 thousand loss in the same period of the previous fiscal year), and loss attributable to owners of the parent company was ¥858,351 thousand (¥957,043 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 by ¥277,784 thousand.

(*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 as of June 2021 is calculated by multiplying the one-month average of recurring revenue from January 2021 to June 2021 by 12 for solutions provided under the consumption-based pricing structure, and by multiplying the recurring revenue on June 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 June 30, 2021 amounted to ¥26,979,249 thousand, an increase of ¥14,585,501 thousand from December 31, 2020. Current assets increased by ¥13,715,393 thousand from December 31, 2020 mainly due to an increase of ¥14,380,834 thousand in Cash and cash equivalents due to issuance of shares, an increase of ¥235,633 thousand in Contract assets due to increase in revenue, and a decrease of ¥963,085 thousand in Time deposits due to withdrawal. Non-current assets increased by ¥870,108 thousand from December 31, 2020 mainly due to an increase of ¥933,278 thousand in Goodwill and intangible assets due to capitalization of development costs that meet the requirements for capitalization and acquisition of subsidiary.

(Liabilities)

Total liabilities as of June 30, 2021 amounted to ¥4,822,541 thousand, an increase of ¥96,961 thousand from December 31, 2020. Current liabilities decreased by ¥12,575 thousand from December 31, 2020 mainly due to an increase of ¥124,803 thousand in Borrowings due to the foreign currency translation, and a decrease of ¥103,824 thousand in Lease liabilities due to payment of the liabilities. Non-current liabilities increased by ¥109,536 thousand from

December 31, 2020 mainly due to an increase of ¥81,774 thousand in Other liabilities due to the recognition of liabilities for contingent consideration related to the acquisition of a subsidiary.

(Equity)

Equity as of June 30, 2021 amounted to ¥22,156,708 thousand, an increase of ¥14,488,540 thousand from December 31, 2020 mainly due to an increase of ¥7,520,667 thousand in Share capital and an increase of ¥7,349,540 thousand in Capital surplus due to issuance of shares, an increase of ¥476,684 thousand in Other components of equity due to changes in exchange rates, a decrease of ¥858,351 thousand in (loss of) Retained earnings due to Net loss.

(b) Cash flows

Cash and cash equivalents as of June 30, 2021 was ¥16,015,541 thousand, an increase of ¥14,380,834 thousand from December 31, 2020.

Cash flows from each activity for the six months ended June 30, 2021 and their significant components are as follows:

(Cash flows from operating activities)

Net cash used in operating activities was ¥1,023,288 thousand, increased by ¥324,675 thousand compared to ¥698,613 thousand for the six months ended June 30, 2020. This is mainly attributable to an increase of ¥190,539 thousand in Contract assets (a decrease of ¥42,532 thousand in the same period of the previous fiscal year), a decrease of ¥245,590 thousand in Other liabilities (an increase of ¥70,423 thousand in the same period of the previous fiscal year), a decrease of ¥123,208 in Loss before tax compared to the same period of the previous fiscal year, and an increase of ¥99,306 in Depreciation and amortization compared to the same period of the previous fiscal year.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥732,033 thousand, increased by ¥2,396,232 thousand compared to the ¥1,664,199 thousand of disbursement for the six months ended June 30, 2020. This is mainly attributable to Withdrawal of time deposits by ¥2,422,212 thousand (zero for the same period of the previous fiscal year), a decrease of Placement of time deposits by ¥167,640 thousand compared to the same period of the previous fiscal year, and an increase of Payments for intangible assets of ¥261,426 thousand compared to the same period of the previous fiscal year.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥14,595,469 thousand, increased by ¥13,830,946 thousand compared to the ¥764,523 thousand for the six months ended June 30, 2020. This is mainly attributable to Proceeds from Listing by ¥15,041,334 thousand (zero for the same period of the previous fiscal year), a decrease of Proceeds from borrowings from the parent company by ¥588,656 thousand compared to the same period of the previous fiscal year, a decrease of Proceeds from short-term borrowings by ¥360,706 thousand compared to the same period of the previous fiscal year, and Payment of Listing expenses by ¥210,697 (zero for the same period of the previous fiscal year).

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

For the six months ended June 30, 2021, we have done better than expected for new customer acquisition, expansion on existing customers, and outperformed our original guidance. Accordingly, we made the first upward revision on our consolidated full-year guidance.

For further details, please refer to the "Announcement on Revision of the Consolidated Full-year Guidance " disclosed on August 5, 2021.

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 Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	1,634,707	16,015,541
Time deposits	6,577,367	5,614,282
Contract assets	528,015	763,648
Trade receivables	1,172,413	1,200,713
Other receivables	31,188	24,910
Other current assets	102,009	141,998
Total current assets	10,045,699	23,761,092
Non-current assets		
Property, plant and equipment	59,650	56,658
Right-of-use assets	606,587	561,719
Goodwill and intangible assets	1,304,992	2,238,270
Deferred tax assets	153,473	130,880
Other financial assets	223,347	230,630
Total non-current assets	2,348,049	3,218,157
Total assets	12,393,748	26,979,249
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	1,903,052	2,027,855
Contract liabilities	47,687	64,207
Trade payables	1,012,510	980,905
Other liabilities	1,027,452	1,017,812
Other liabilities to related party	5	-
Current tax payables	21,875	8,953
Lease liabilities	338,585	234,761
Other current liabilities	44,719	48,817
Total current liabilities	4,395,885	4,383,310
Non-current liabilities		
Provisions	25,520	28,019
Deferred tax liabilities	-	9,577
Lease liabilities	304,175	319,861
Other liabilities	-	81,774
Total non-current liabilities	329,695	439,231
Total liabilities	4,725,580	4,822,541
Equity		
Share capital	0*	7,520,667
Capital surplus	16,248,390	23,597,930
Retained earnings	(8,315,781)	(9,174,132)
Other components of equity	(264,441)	212,243
Equity attributable to owners of the parent company	7,668,168	22,156,708
Total equity	7,668,168	22,156,708
Total liabilities and equity	12,393,748	26,979,249

*Less than ¥ 1 thousand.

English Translation

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

Condensed Quarterly Consolidated Income Statement

For the six months ended June 30, 2021

	(Thousands of yen)	
	2020	2021
	(From January 1, 2020 to June 30, 2020)	(From January 1, 2021 to June 30, 2021)
Revenue	4,031,820	5,549,867
Cost of sales	(2,302,094)	(2,841,092)
Gross profit	1,729,726	2,708,775
Sales and marketing expenses	(1,613,019)	(2,002,197)
Research and development expenses	(715,715)	(824,872)
General administrative expenses	(359,269)	(673,075)
Other income	12,916	10,859
Other expenses	-	(2,154)
Operating loss	(945,361)	(782,664)
Finance income	64,703	18,829
Finance costs	(57,595)	(51,210)
Loss before tax	(938,253)	(815,045)
Income taxes	(18,790)	(43,306)
Loss for the period	(957,043)	(858,351)
Loss attributable to:		
Owners of the parent company	(957,043)	(858,351)
Basic loss per share (yen)	(10.54)	(8.95)
Diluted loss per share (yen)	(10.54)	(8.95)

English Translation

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For the three months ended June 30, 2021

(Thousands of yen)

	2020 (From April 1, 2020 to June 30, 2020)	2021 (From April 1, 2021 to June 30, 2021)
Revenue	1,864,198	2,800,586
Cost of sales	(1,072,382)	(1,402,492)
Gross profit	791,816	1,398,094
Sales and marketing expenses	(824,087)	(981,622)
Research and development expenses	(370,655)	(402,584)
General administrative expenses	(179,494)	(268,074)
Other income	10,664	7,335
Other expenses	-	(182)
Operating loss	(571,756)	(247,033)
Finance income	35,081	8,212
Finance costs	(4,800)	(27,803)
Loss before tax	(541,475)	(266,624)
Income taxes	(11,039)	(10,613)
Loss for the period	(552,514)	(277,237)
Loss attributable to:		
Owners of the parent company	(552,514)	(277,237)
Basic loss per share (yen)	(6.09)	(2.76)
Diluted loss per share (yen)	(6.09)	(2.76)

English Translation

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Condensed Quarterly Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2021

(Thousands of yen)

	2020 (From January 1, 2020 to June 30, 2020)	2021 (From January 1, 2021 to June 30, 2021)
Loss for the period	(957,043)	(858,351)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	125,627	476,684
Total items that may be reclassified subsequently to profit or loss	125,627	476,684
Total other comprehensive income for the period	125,627	476,684
Total comprehensive loss for the period	(831,416)	(381,667)
Total comprehensive loss attributable to:		
Owners of the parent company	(831,416)	(381,667)

For the three months ended June 30, 2021

(Thousands of yen)

	2020 (From April 1, 2020 to June 30, 2020)	2021 (From April 1, 2021 to June 30, 2021)
Loss for the period	(552,514)	(277,237)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	96,333	(49,298)
Total items that may be reclassified subsequently to profit or loss	96,333	(49,298)
Total other comprehensive income for the period	96,333	(49,298)
Total comprehensive loss for the period	(456,181)	(326,535)
Total comprehensive loss attributable to:		
Owners of the parent company	(456,181)	(326,535)

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the six months ended June 30, 2020 (From January 1, 2020 to June 30, 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	-	-	(957,043)	-	(957,043)
Other comprehensive income	-	-	-	125,627	125,627
Total comprehensive loss	-	-	(957,043)	125,627	(831,416)
Contribution from shareholder	-	15,824,536	-	-	15,824,536
Share options of the parent company	-	32,683	-	-	32,683
Total transactions with owners	-	15,857,219	-	-	15,857,219
Balance at June 30, 2020	0	16,198,305	(7,819,187)	133,087	8,512,205

For the six months ended June 30, 2021 (From January 1, 2021 to June 30, 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	-	-	(858,351)	-	(858,351)
Other comprehensive income	-	-	-	476,684	476,684
Total comprehensive loss	-	-	(858,351)	476,684	(381,667)
Share issued pursuant to the listing	7,520,629	7,309,932	-	-	14,830,561
Share options of the Company	-	39,570	-	-	39,570
Exercise of stock acquisition rights	38	38	-	-	76
Total transactions with owners	7,520,667	7,349,540	-	-	14,870,207
Balance at June 30, 2021	7,520,667	23,597,930	(9,174,132)	212,243	22,156,708

English Translation

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(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	2020 (From January 1, 2020 to June 30, 2020)	2021 (From January 1, 2021 to June 30, 2021)
Cash flows from operating activities		
Loss before tax	(938,253)	(815,045)
Depreciation and amortization	208,392	307,698
Interest income	(64,703)	(18,829)
Interest expense	9,165	14,888
(Reversal of) Expected credit losses	(8,601)	1,603
Share-based compensation expense	32,683	39,570
Others	(4,555)	-
Change in working capital		
Contract assets	42,532	(190,539)
Trade receivables	93,680	40,170
Other receivables	(11,952)	(3,208)
Other current assets	(32,678)	(42,990)
Contract liabilities	(18,021)	1,671
Trade payables	(62,697)	(95,663)
Other liabilities	70,423	(245,590)
Other liabilities - related party	-	(5)
Other current liabilities	(13,192)	(98)
Subtotal	(697,777)	(1,006,367)
Interest received	28,269	30,342
Interest paid	(9,009)	(14,679)
Income taxes paid	(20,096)	(32,584)
Net cash used in operating activities	(698,613)	(1,023,288)
Cash flows from investing activities		
Payments for property, plant and equipment	(12,124)	(13,398)
Payments for intangible assets	(370,556)	(631,982)
Payment for acquisition of a subsidiary, net of cash paid	(12,932)	(22,946)
Withdrawal of time deposits	-	2,422,212
Placement of time deposits	(1,190,449)	(1,022,809)
Others	(78,138)	956
Net cash provided by (used in) investing activities	(1,664,199)	732,033
Cash flows from financing activities		
Proceeds from short-term borrowings	360,706	-
Proceeds from borrowings from the parent company	588,656	-
Payment of lease liabilities	(184,839)	(235,168)
Proceeds from listing	-	15,041,334
Payment of listing expenses	-	(210,697)
Net cash provided by (used in) financing activities	764,523	14,595,469
Effects of exchange rate changes on cash and cash equivalents	(28,026)	76,620
Net increase (decrease) in cash and cash equivalents	(1,626,315)	14,380,834
Cash and cash equivalents at the beginning of the period	4,117,859	1,634,707
Cash and cash equivalents at end of period	2,491,544	16,015,541

(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 six months period ended June 30, 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
Third-party allotment (Note g)	984,700	736,555
Exercise of stock acquisition rights	74,910	38
Balance at June 30, 2021	100,932,100	7,520,667

*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 six months period ended June 30, 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 29, 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.
- (g) As a result of the paid-in third-party allotment (capital increase by way of third-party allotment in connection with the secondary offering by way of over-allotment) with a payment date of April 28, 2021, the total number of issued shares increased by 984,700 shares, and capital stock and capital reserve increased by JPY 736,555 thousand, respectively.

2. Capital surplus

The movements in share premium for the six months period ended June 30, 2020 and 2021 are as follow:

Period ended June 30, 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
Conversion of debt to equity *1	15,824,536	-	15,824,536
Share options of the parent company	-	32,683	32,683
Balance at June 30, 2020	15,863,532	334,773	16,198,305

*1 On May 29, 2020, Appier Group LLC, a subsidiary of the Group, received an in-kind contribution from the Company's parent company, Appier Holdings, Inc., of ¥12,861,120 thousand in loans to Appier Pte. Ltd. and ¥2,963,416 thousand in loans to Appier, Inc. Accordingly, the debt was converted to equity. Subsequently on May 31, 2020, the Company merged with Appier Group LLC as the acquirer. After these transactions, the Group's borrowings to the parent company decreased by ¥15,824,536 thousand, and the Group's capital surplus increased by the same amount, which resulted in elimination of excess liabilities. As of February 1, 2021, Appier Holdings, Inc. distributed the Company's shares to its shareholders in kind, and Appier Holdings is no longer the parent company of the Company.

Period ended June 30, 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*1	7,520,629	-	7,520,629
Listing expenses charged to share premium*2	(210,697)	-	(210,697)
Exercise of stock acquisition rights	38	-	38
Share options of the Company	-	39,570	39,570
Balance at June 30, 2021	23,173,502	424,428	23,597,930

*1 Refer to Note (d), (f), and (g) above.

*2 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 Appier Group consists of a single segment by AISaaS business.

(Events after the reporting period)

Not Applicable.