

MAKING AI EASY

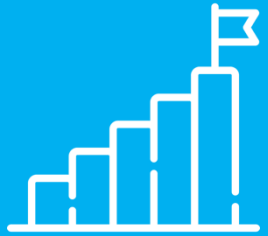
BY MAKING
SOFTWARE INTELLIGENT

Q1 FY2022 Earnings May 2022

Our Mission

Empower businesses with artificial intelligence to grow and succeed
based on data-driven decisions





**FY22 Q1 Review
& Achievements**



FY22 Revised Guidance



**FY22 Q1
Business Metrics**



**Product Updates
Case Studies**

2022 Q1 Accomplishments



Continuous Accelerated Business Growth

- Revenue increased to **4.2B** JPY with a highest YoY growth rate of **53%** in last 3 years.
- Gross profit significantly grew by **60%** YoY with an improved gross margin of **50%**.
- Revenue from US market increased over **180%** QoQ and reached **9%** of total revenue



Achieved First Operating Profit Quarter

- EBITDA increased to **262M** JPY with a record high EBITDA margin of **6.2%**.
- **2022 Q1 marks our first quarter of operating profit in our company's history.**
- Operating margin improved by **20** p.p. YoY and EBITDA margin improved by **10** p.p. YoY.



Solid & Continuously Improving Business Metrics

- LTM NRR further expanded to **126.5%**, a historic high in our history.
- Net new customers increased by **281** to 1,158 with **32%** YoY growth - also a historic high organic YoY incremental increase of customers.
- Customer churn rate decreased to **0.67%**, the lowest level in our history.

2022 Q1 Highlights

Revenue

JPY **4.2B**

EBITDA⁽²⁾

JPY **0.3B**

ARR⁽⁴⁾

JPY **15.8B**

Revenue YoY Growth⁽¹⁾

+53%

Gross Profit YoY Growth⁽³⁾

+60%

ARR YoY Growth⁽⁵⁾

+49%

(1) Revenue Growth from FY21 Q1 to FY22 Q1.

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

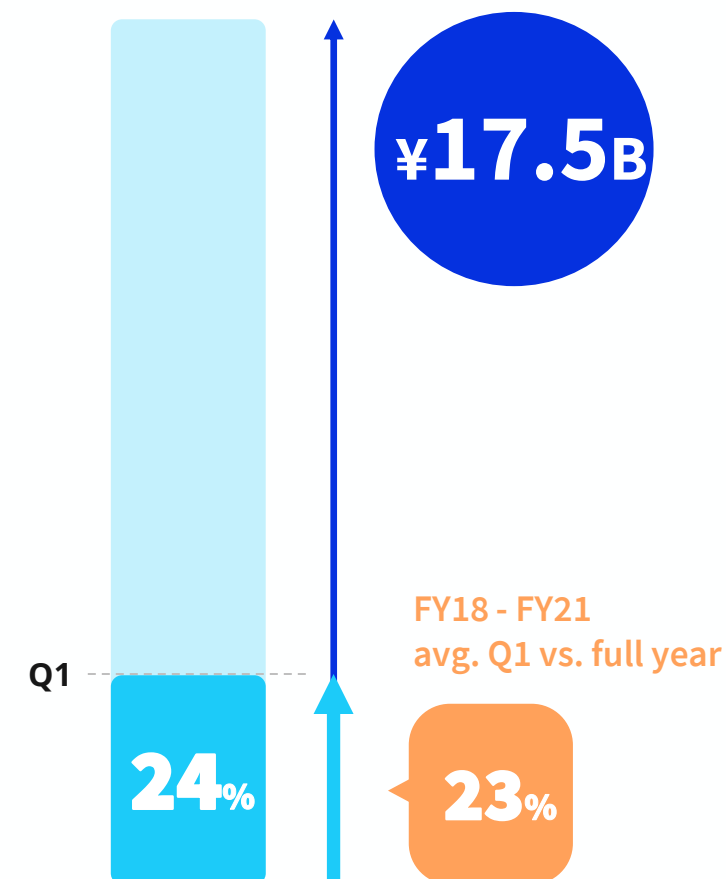
(3) Gross Profit Growth from FY21 Q1 to FY22 Q1.

(4) ARR is conducted as the sum of the per-solution ARR. (i) For AIQUA, AiDeal, AIXON and BotBonnie, 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.

(5) ARR Growth from March 2021 to March 2022.

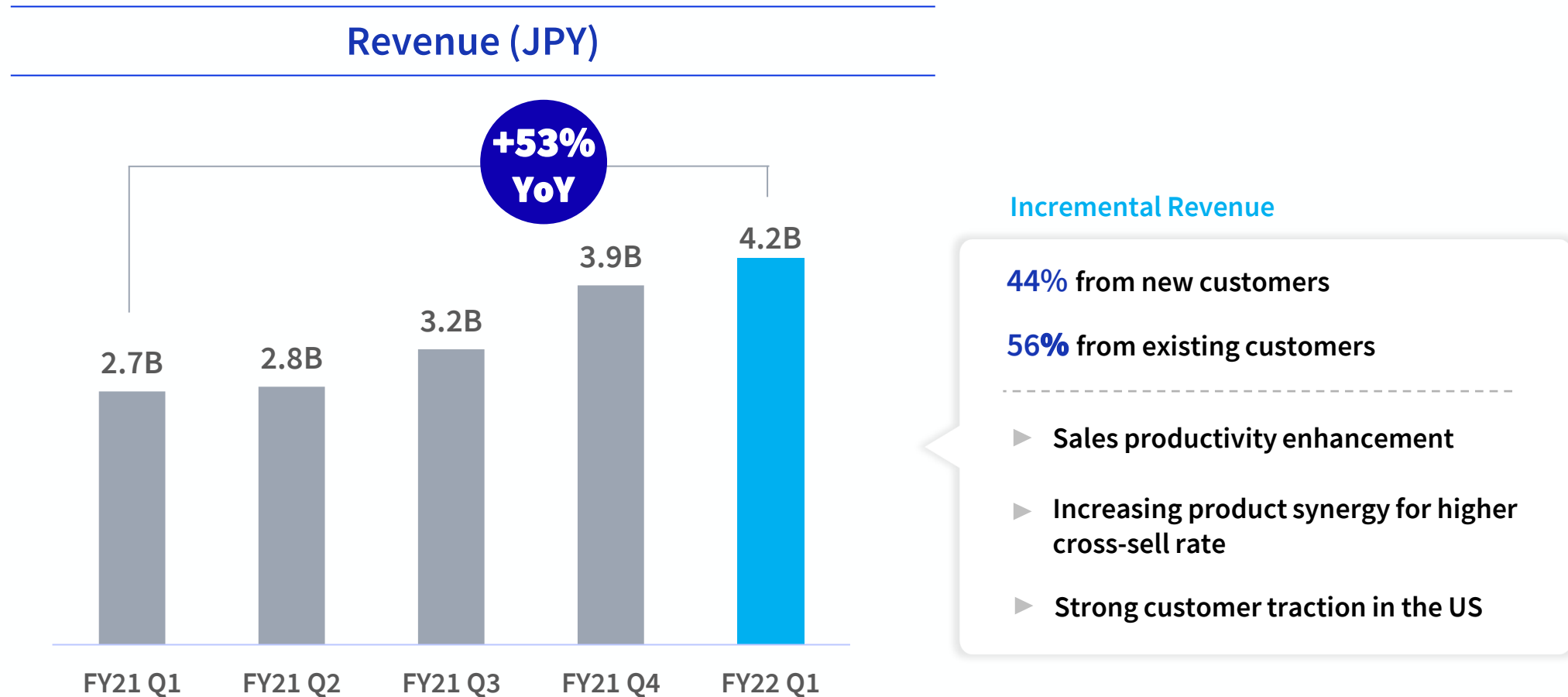
2022 Q1 Highlights

FY2022 Forecast Progress (in Revenue)



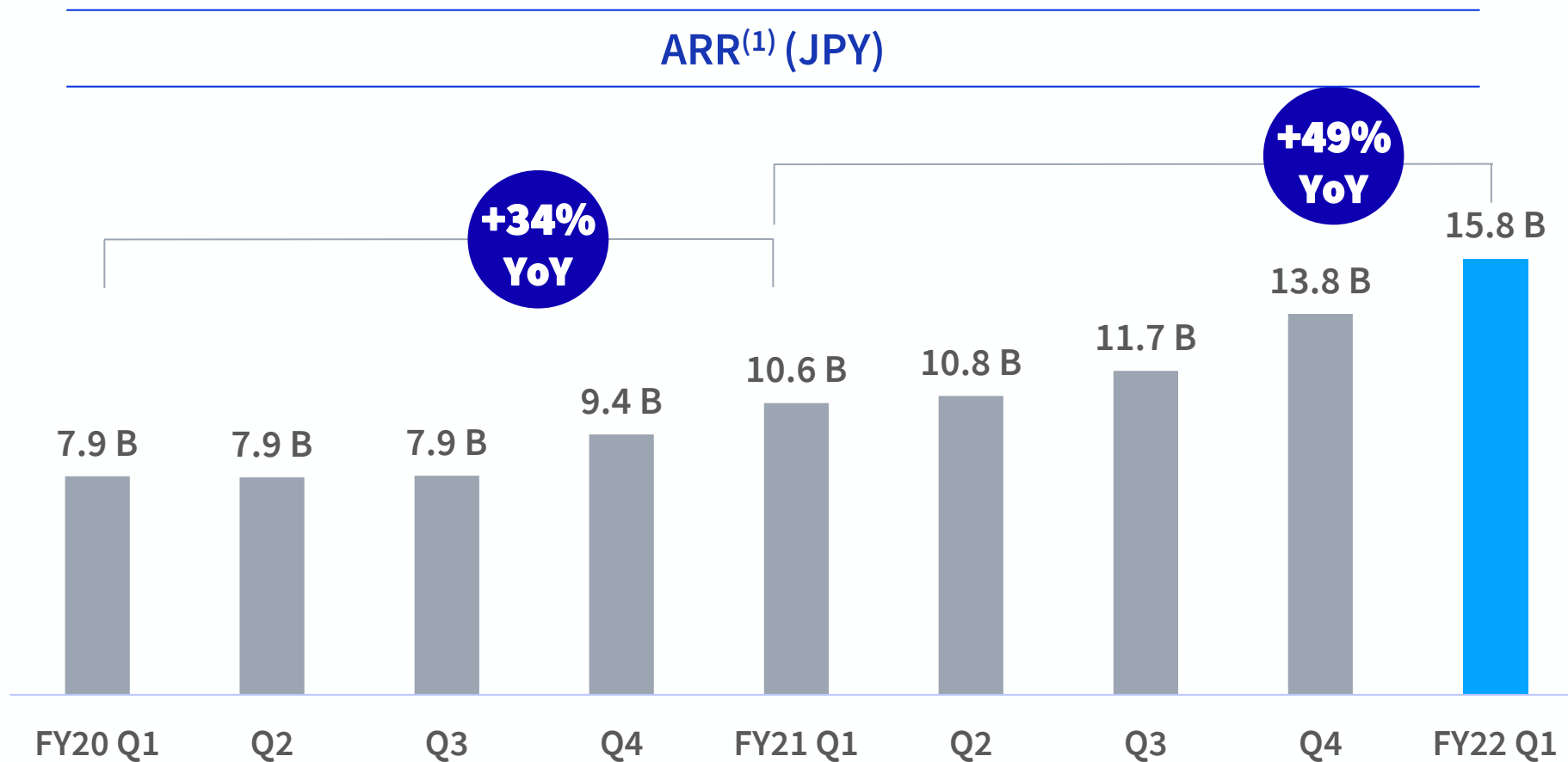
Revenue Trends

Our revenue has grown by 53% YoY in FY22 Q1, driven by continuously improved sales productivity and increasing usage from existing customers. We continue seeing that our AI technology plays an increasingly important role in the current privacy-focused market trend, especially in digitally advanced countries. Our successful international expansion also plays a key role in our growth.



Annual Recurring Revenue Quarterly Trends

Our recurring revenue constitutes over 95% of our total revenue. The YoY growth rate of annual recurring revenue further accelerated due to our strong business expansion. Compared to last year, the YoY growth rate increased by 15 p.p. from 34% to 49%.

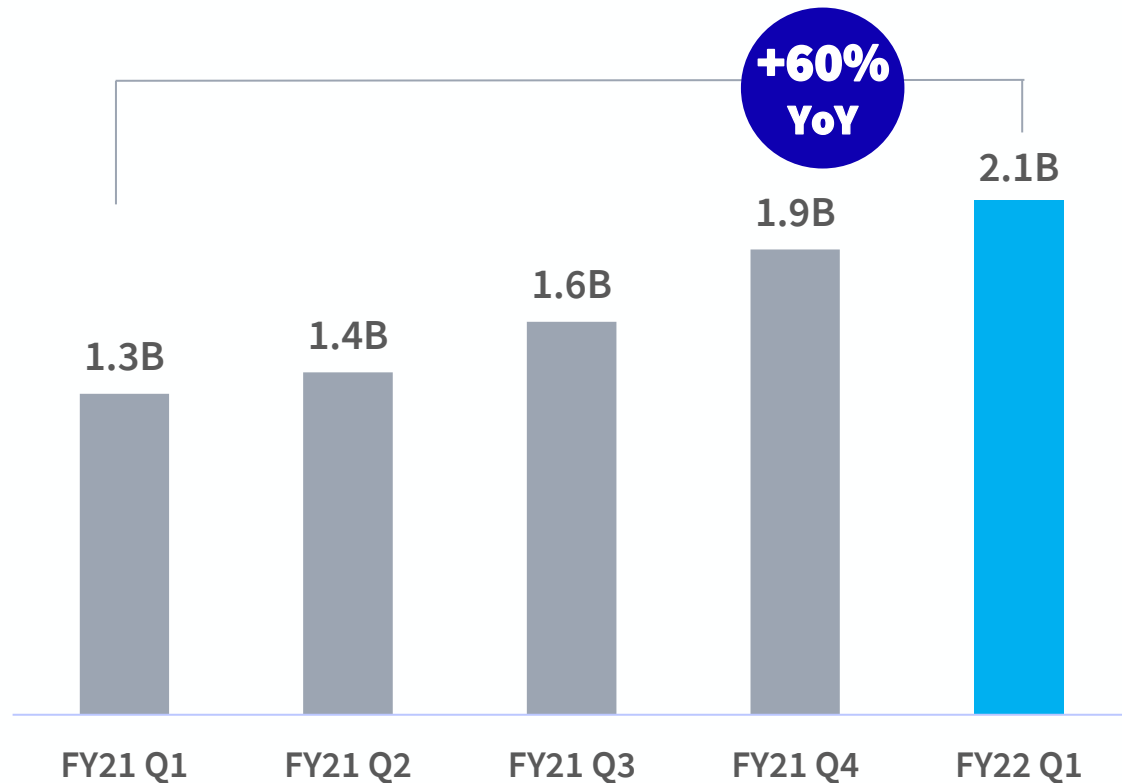


(1) ARR is conducted as the sum of the per-solution ARR. (i) For AIQUA, AiDeal, AIXON and BotBonnie, which are offered on a subscription basis, we calculate ARR as of a certain date as the monthly recurring revenue converted in JPY during the one-month period ending on such date, multiplied by 12. (ii)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

Gross Profit

Our gross profit growth rate has outpaced our revenue growth rate and reached 60% YoY. This is mainly due to both gross margin improvement and revenue growth acceleration.

Gross Profit (JPY) & Margin



Gross Margin increased From **48%** to **50%**

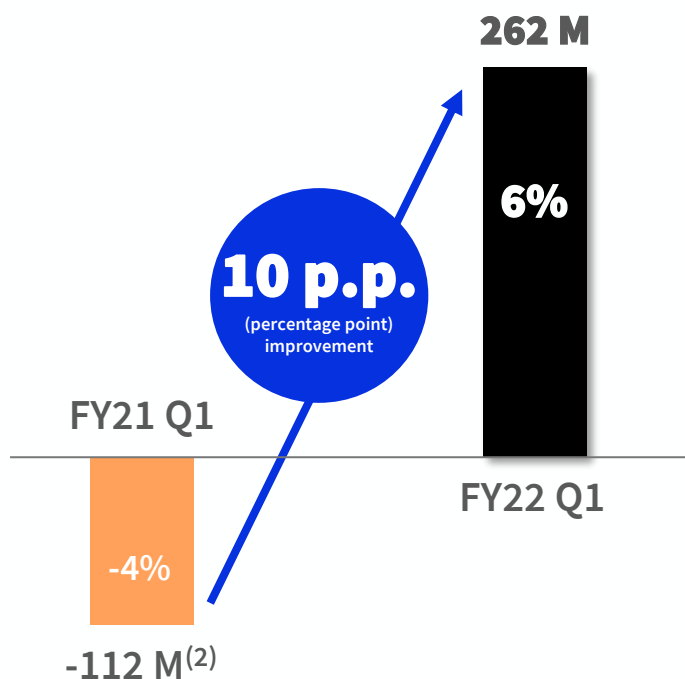
Main Factors for Margin Improvement

- ▶ CrossX margin improvement due to higher algorithm accuracy
- ▶ Higher contribution from higher margin products

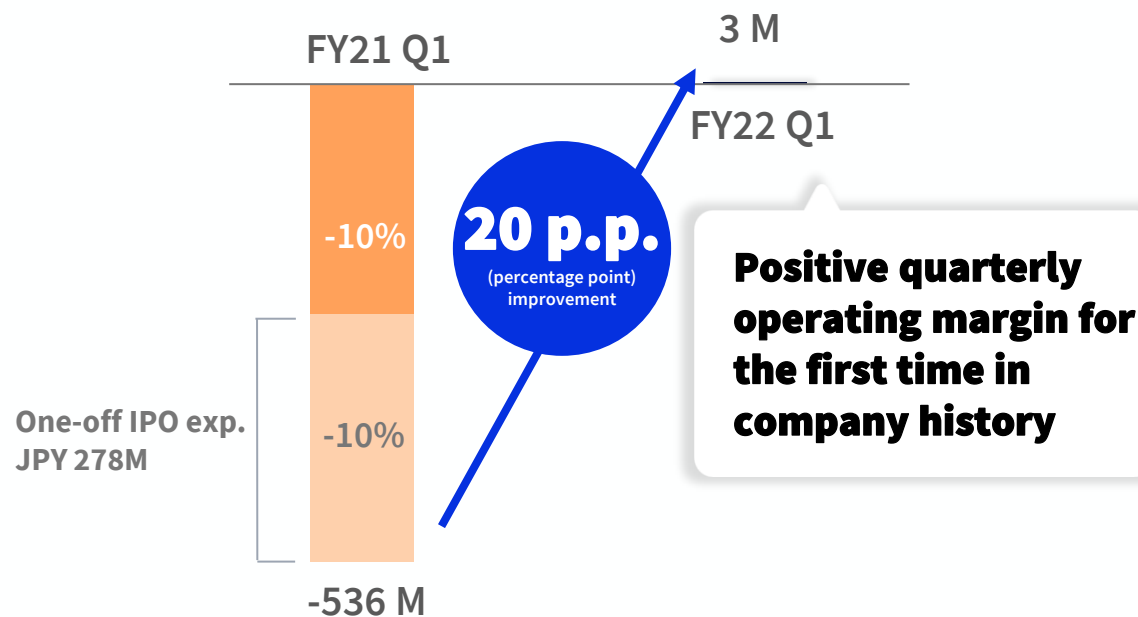
EBITDA & Operating Income

Our quarterly operating income turned positive for the first time in company history and reached JPY 3 million. In addition, our EBITDA margin improved 10 p.p. on a YoY basis. Our operating margin improved by 20 p.p. on a YoY basis. This was mainly driven by accelerated revenue growth and strong operating leverage.

EBITDA⁽¹⁾ & Margin(JPY)



Operating Income & Margin (JPY)

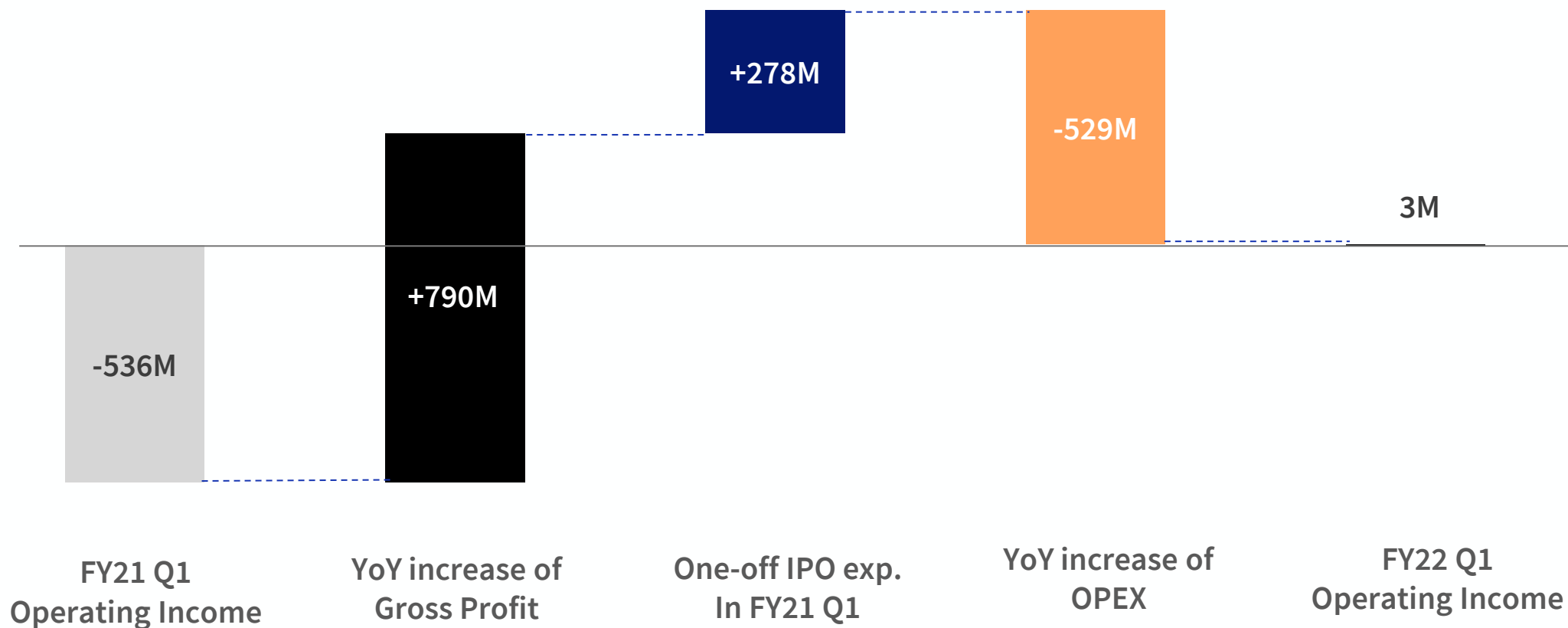


(1) EBITDA = operating income + depreciation and amortization + tax expenses included in operating expenses

(2) Excluding one-off IPO expense, JPY 278M

Strong Growth Momentum Led to Operating Profit

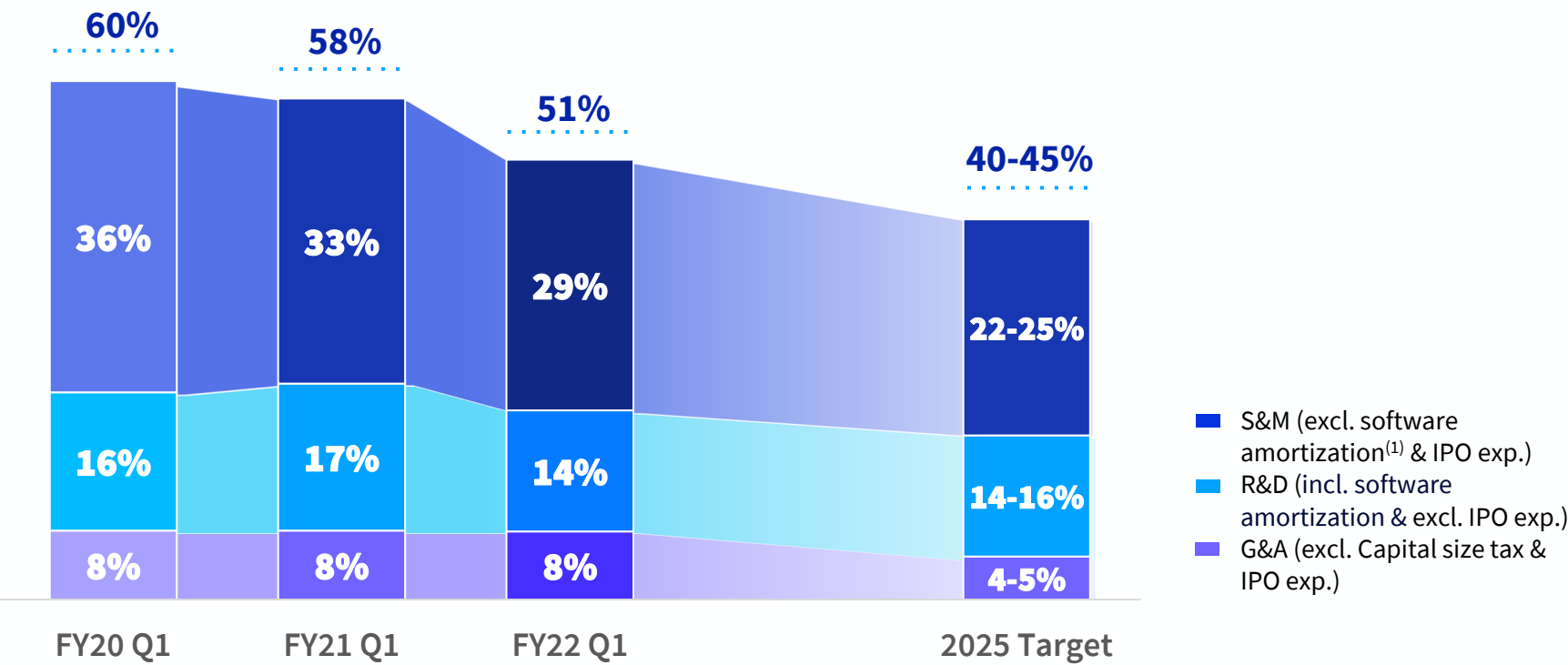
While we continue investing in growth, a strong gross profit momentum is the main contributor to our operating profit.



OPEX Structure

Our operation has demonstrated strong leverage and improvement through productivity gains and better scale.

Historical OPEX Structure & 2025 Margin Target
(% Revenue)



2025 Financial Target

Revenue Growth⁽²⁾

30%+

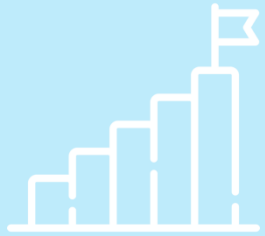
Gross Margin⁽³⁾

55-60%

Operating Margin⁽⁴⁾

15-20%

(1) Our Sales and Marketing Expenses includes 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



**FY22 Q1 Review
& Achievements**



FY22 Revised Guidance



**FY22 Q1
Business Metrics**



**Product Updates
Case Studies**

2022 Guidance Revision

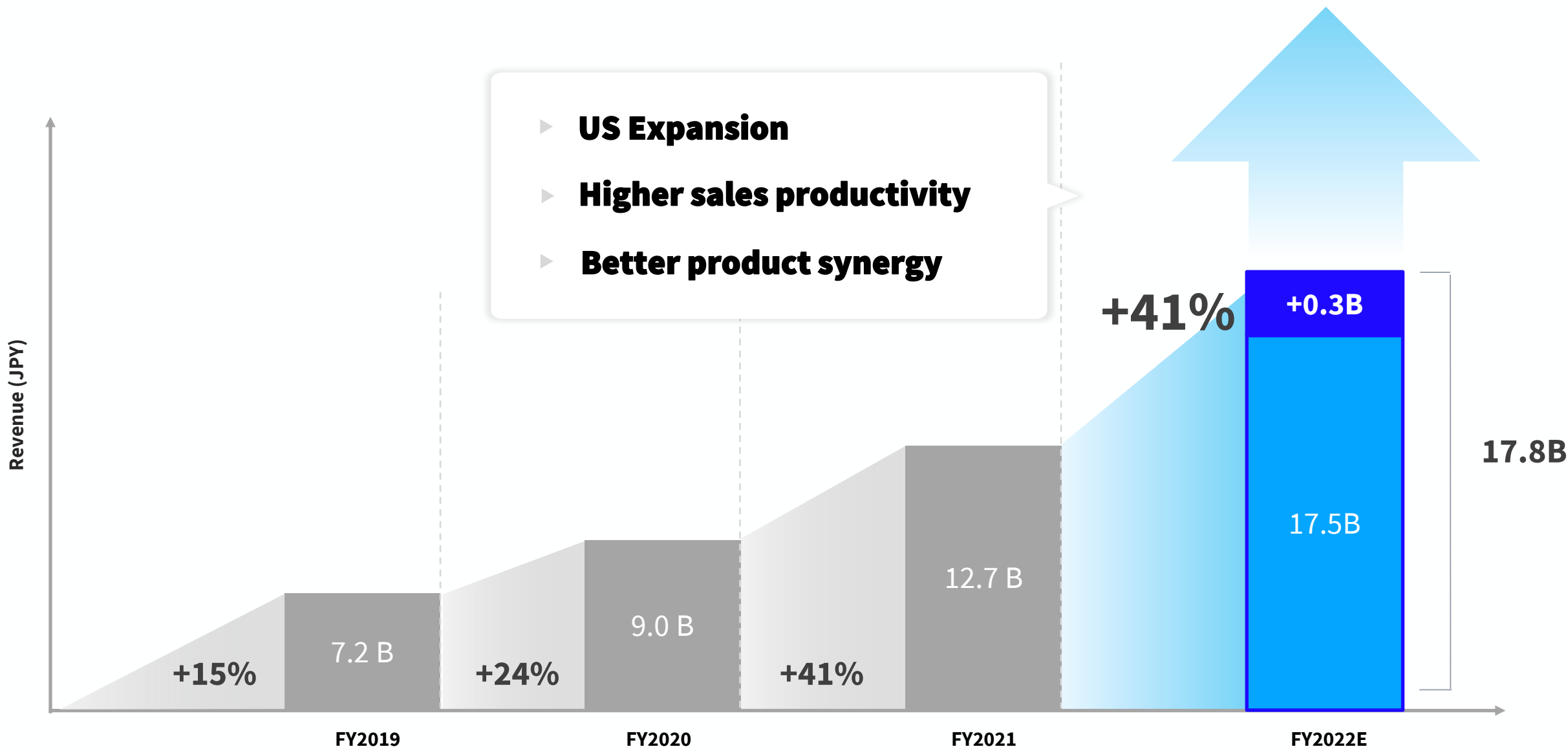
In FY22 Q1, we have done better than expected in (1) international expansion (2) new customer acquisition and (3) existing customer expansion, thus outperforming our original target. Our new forecast mainly reflects our outperformance in FY22 Q1.

	2022 Original		2022 New		YoY
Revenue	17.5 Bn		17.8 Bn		+41%
Gross Profit	9.1 Bn	51.9%	9.2 Bn	51.9%	+48%
Operating Income	-0.52 Bn	-3.0%	-0.29 Bn	-1.6%	Improve 74%
EBITDA	0.58 Bn	3.3%	0.80 Bn	4.5%	+1799%

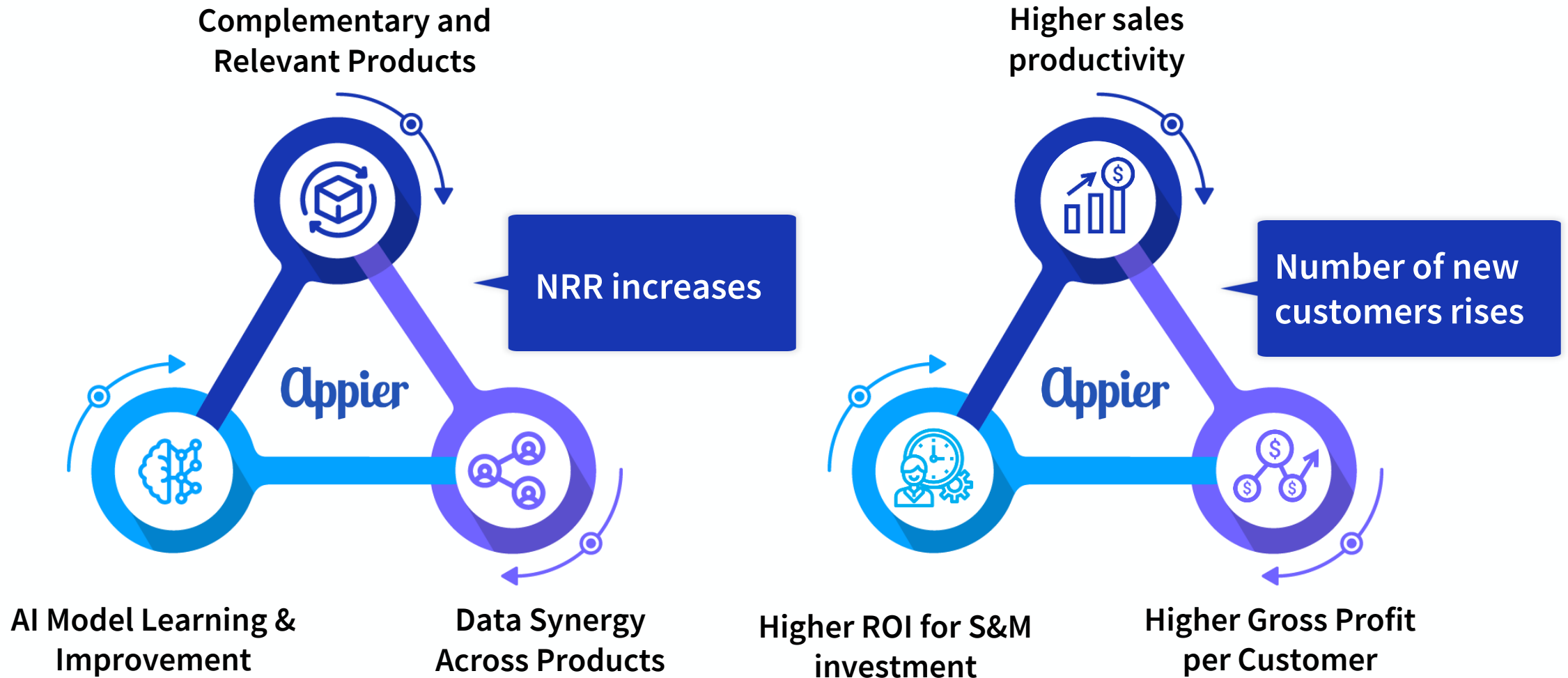
Results of FY22 Q1 outperformance:

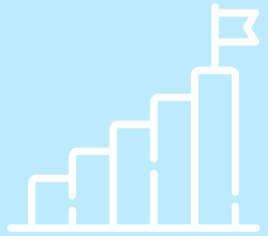
- ▶ Revenue growth further accelerated to 41%
- ▶ Operating income further improved closer to breakeven

2022: A **Growth** & Investment Year



Appier's Strong Network Effects Drive Platform Value





**FY22 Q1 Review
& Achievements**



FY22 Revised Guidance



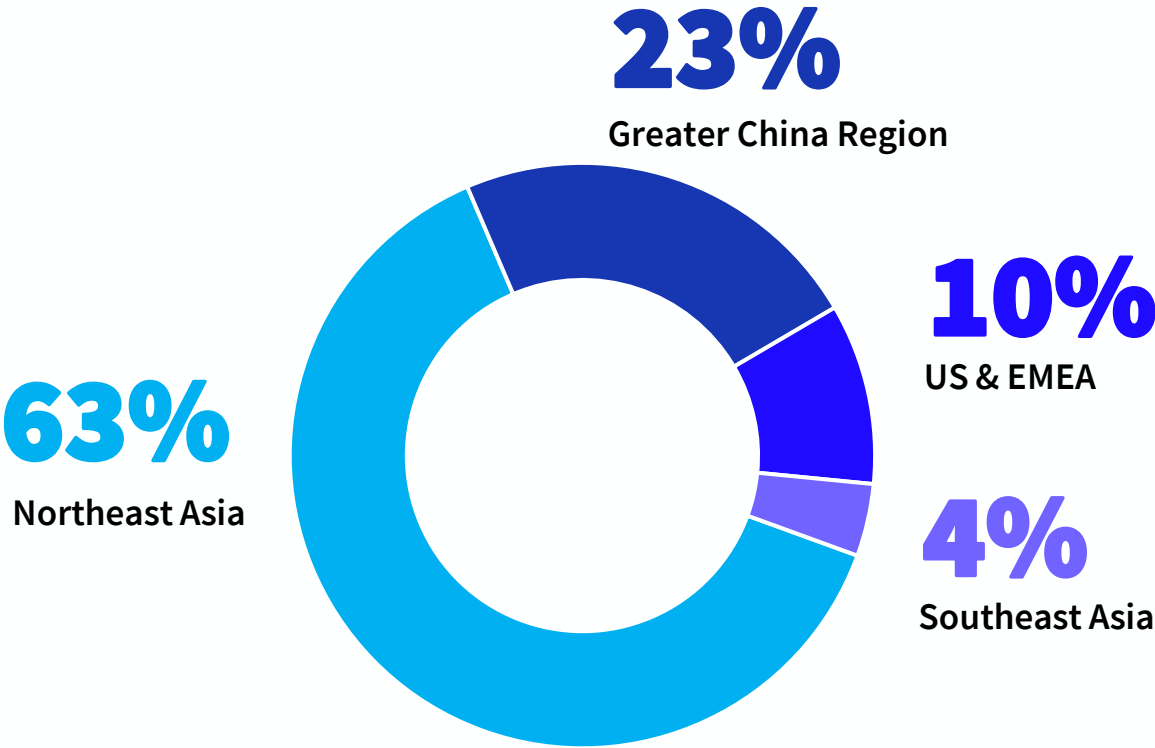
**FY22 Q1
Business Metrics**



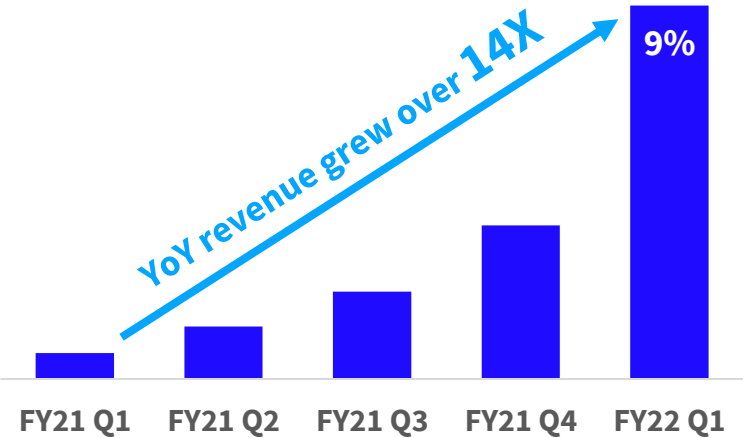
**Product Updates
Case Studies**

Diverse Revenue Base: US provides a new growth driver with continuous substantial growth

FY22 Q1 Revenue % by Region



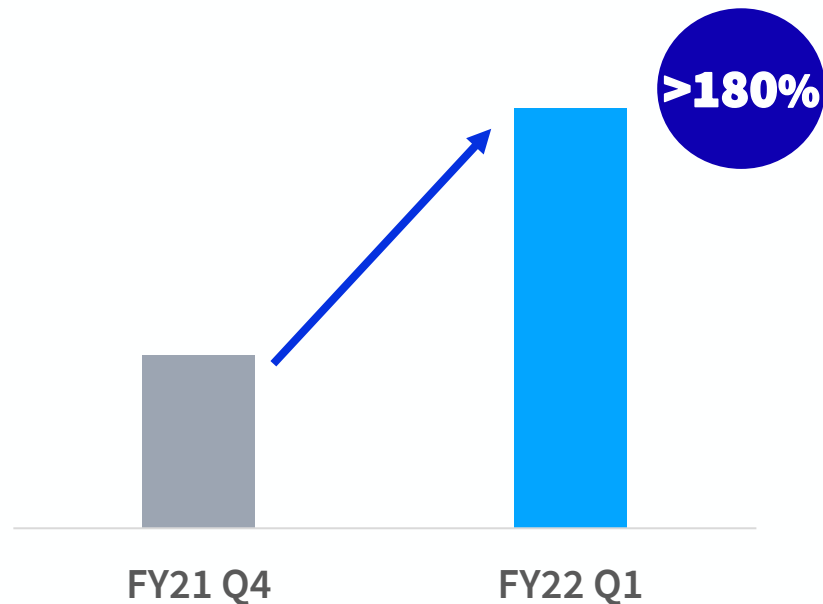
US revenue grew over 180% QoQ and more than 14X YoY



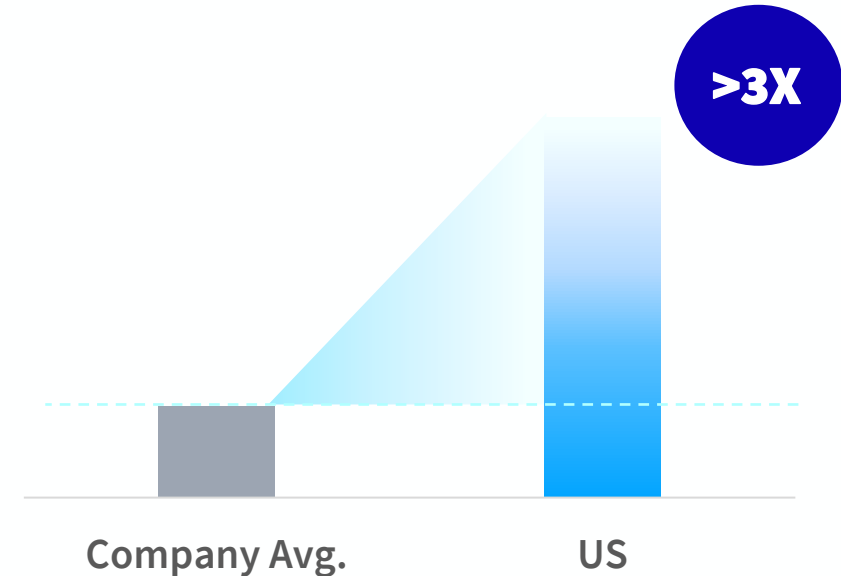
US Market Expansion

US market growth further accelerated from more than 50% QoQ growth each quarter in FY2021 to over 180% QoQ growth in FY22 Q1. We continue to see strong customer traction from the prioritization of 1st party data and a better understanding on our core competence in AI technology. In addition, we see higher ARPC in the US compared to other regions with greater potential in upsell and our proven performance.

US Revenue (JPY)

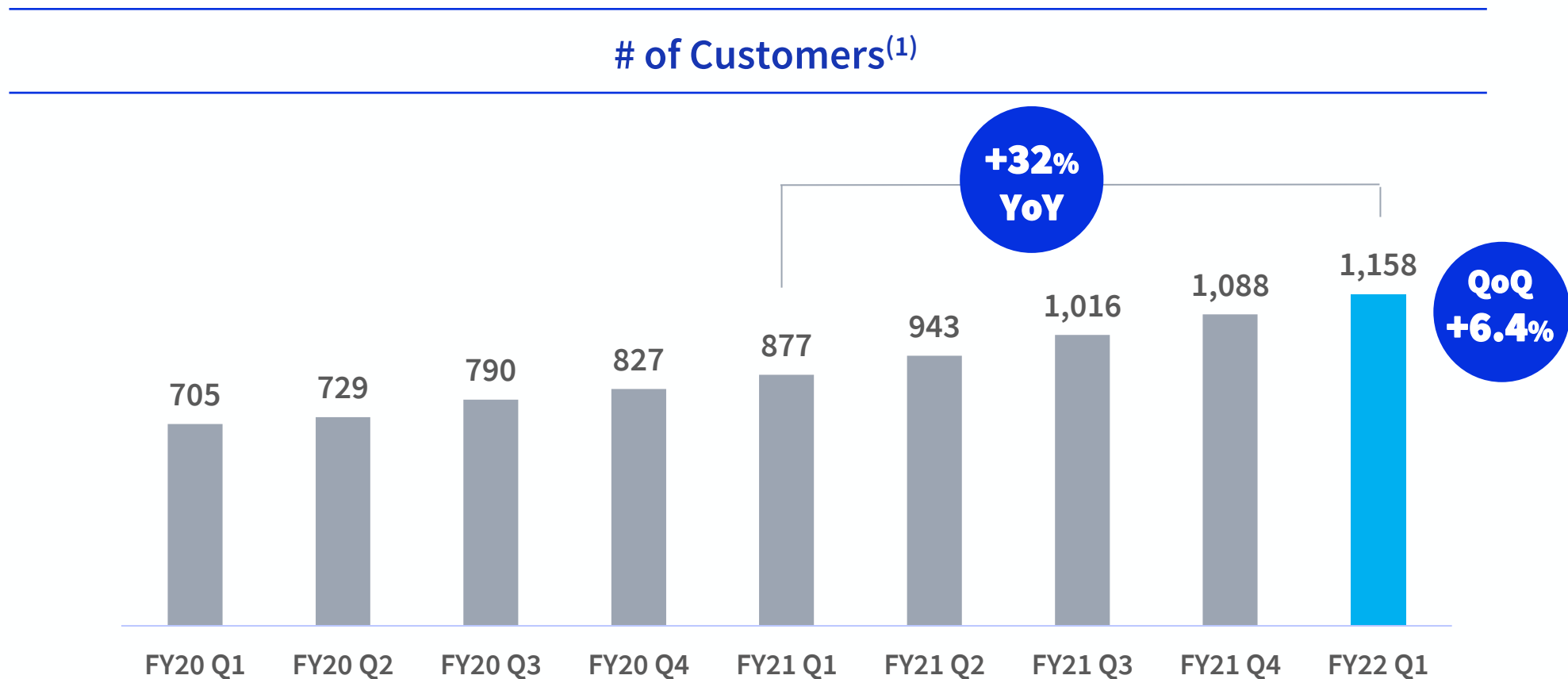


FY22 Q1 US vs. Company ARPC (JPY)



Quarterly Customer # Trend

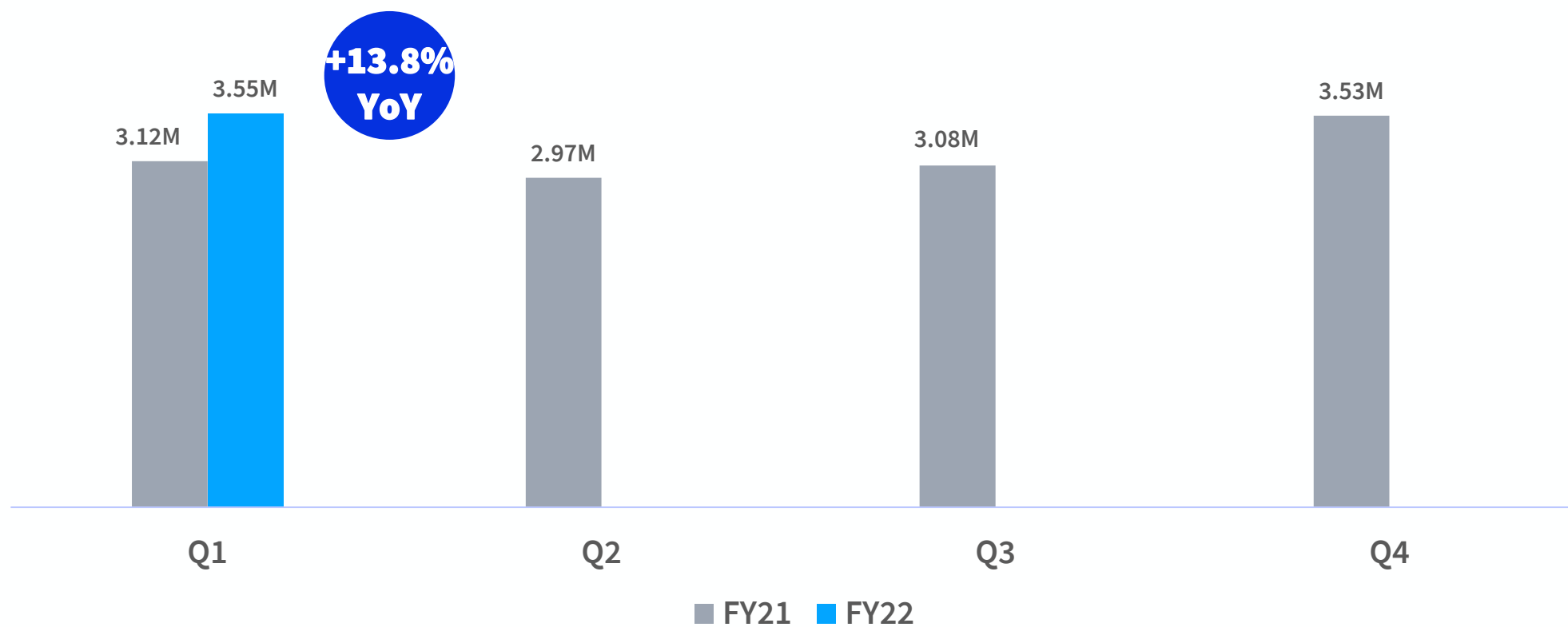
Net new customer number hit a historic high with 6.4% QoQ growth and 32% YoY growth. New customers added in FY22 Q1 were mainly from the e-commerce and consumer brands & BFSI industries (31% and 23% of total new customers respectively).



(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

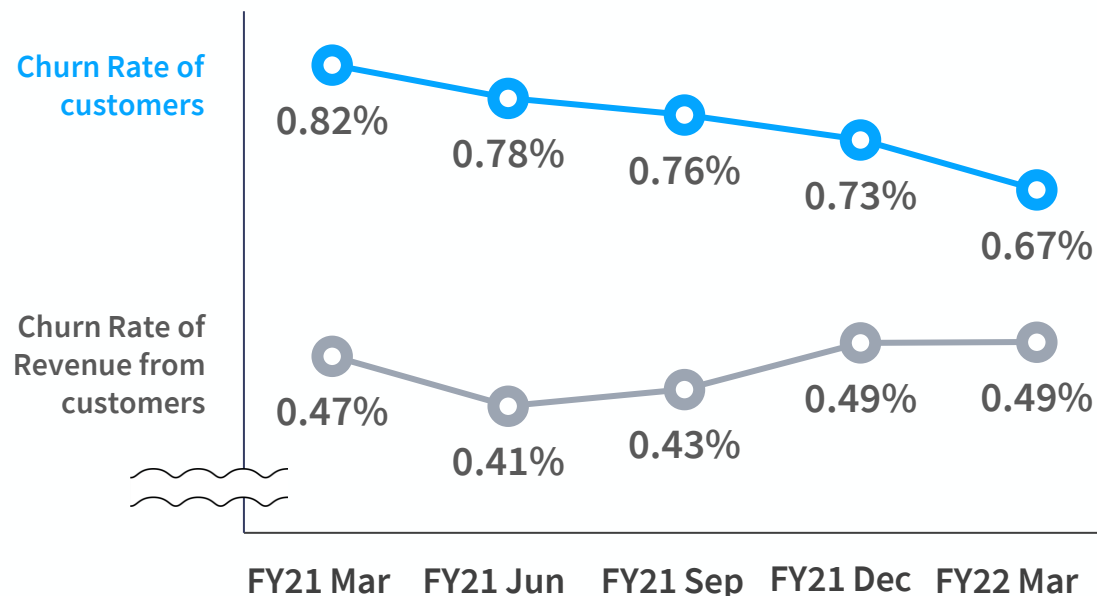
Quarterly Average Revenue per Customer⁽¹⁾ (JPY)



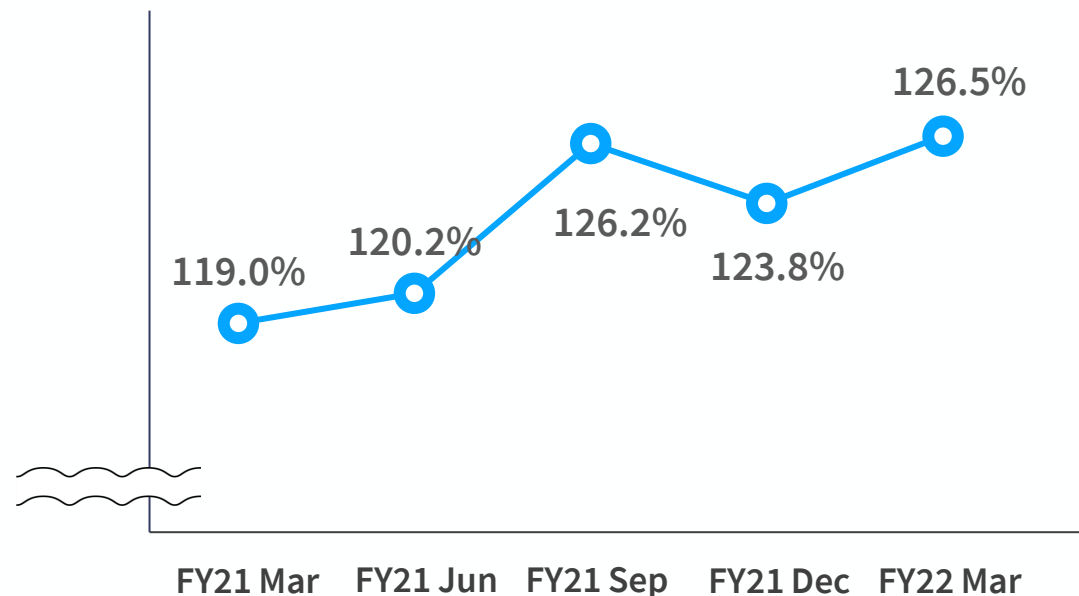
(1) "Customer" refers to a corporate group that has one or more active contracts for our solutions, excluding paid or unpaid trial, demo use and customers acquired through business acquisitions. Such corporate group is counted as a separate "customer" with respect to each solution it uses.

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

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



LTM Net Revenue Retention ⁽³⁾



(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

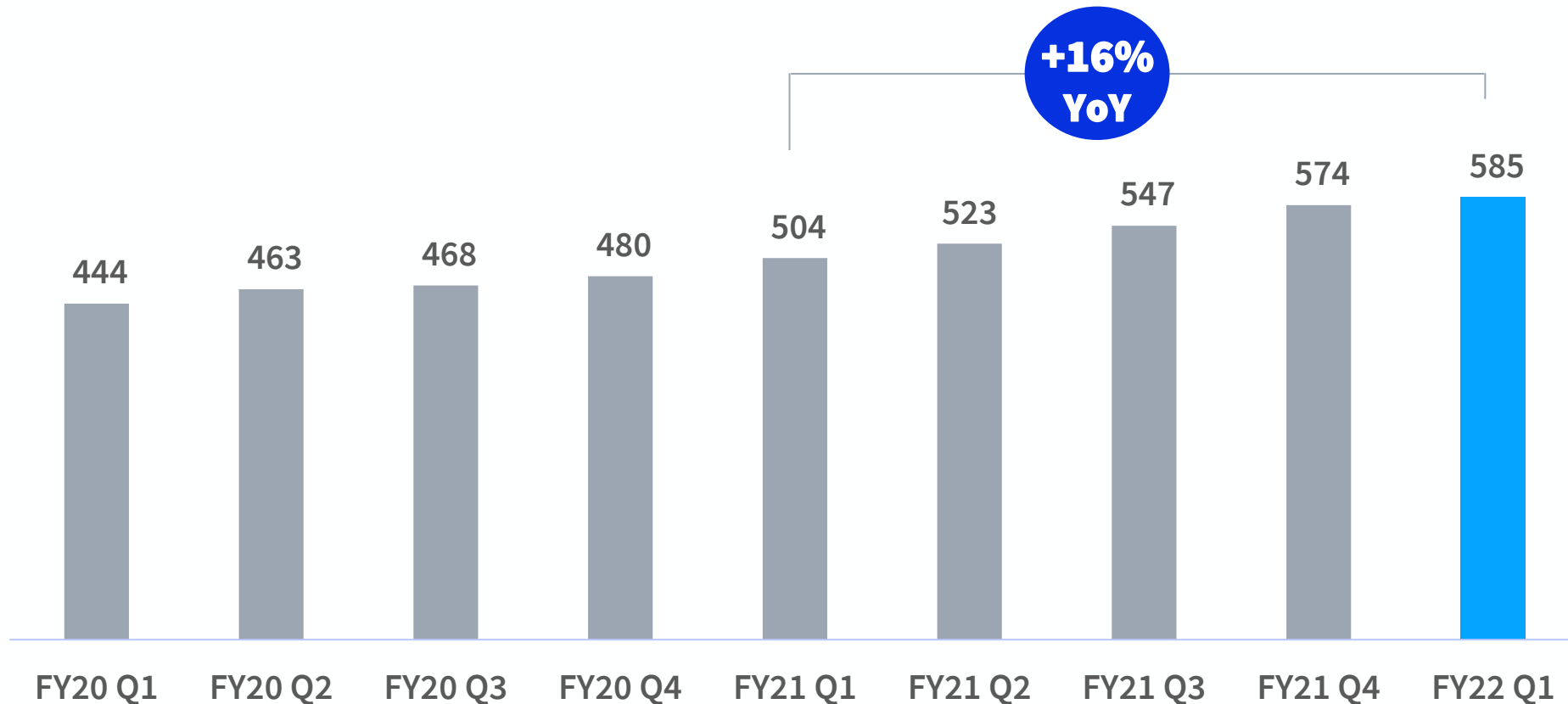
(3) We calculate NRR by dividing (i) total revenue calculated in U.S. dollars from the last 12 months from customers that used one of our solutions during the same period in the prior year, by (ii) total revenue calculated in U.S. dollars from such customers during the same period of the prior year.

(4) Above calculation does not include BotBonnie's customers.

(5) LTM NRR performance of FY22 Q1 is above our expectation. Although every quarter may vary, we target to keep our LTM NRR above 120%.

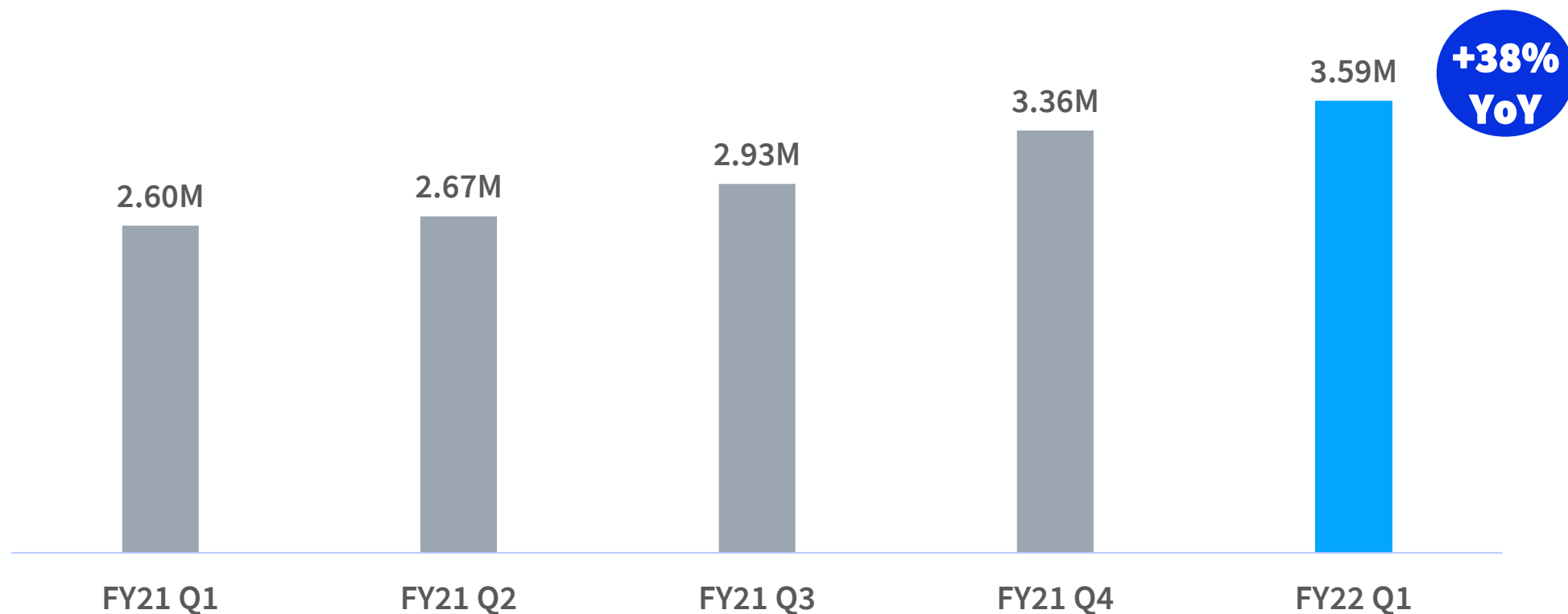
Hiring to scale our opportunities & continuous investment in new talents

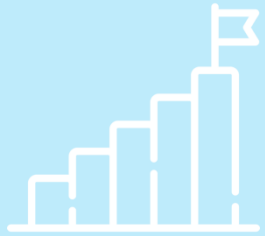
Total Headcount



Productivity Improvement

Quarterly Gross Profit/ Headcount (JPY)





**FY22 Q1 Review
& Achievements**



FY22 Revised Guidance

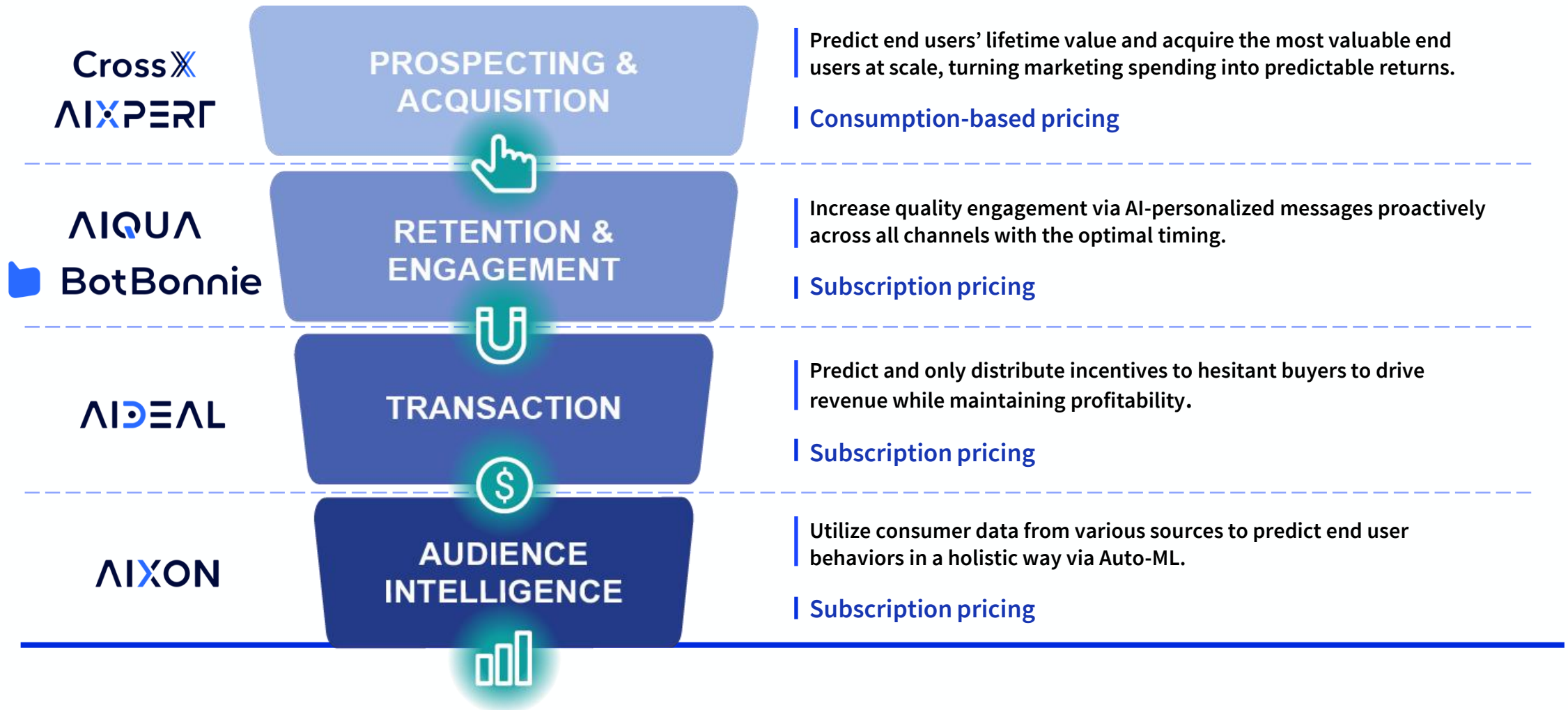


**FY22 Q1
Business Metrics**



**Product Updates
Case Studies**

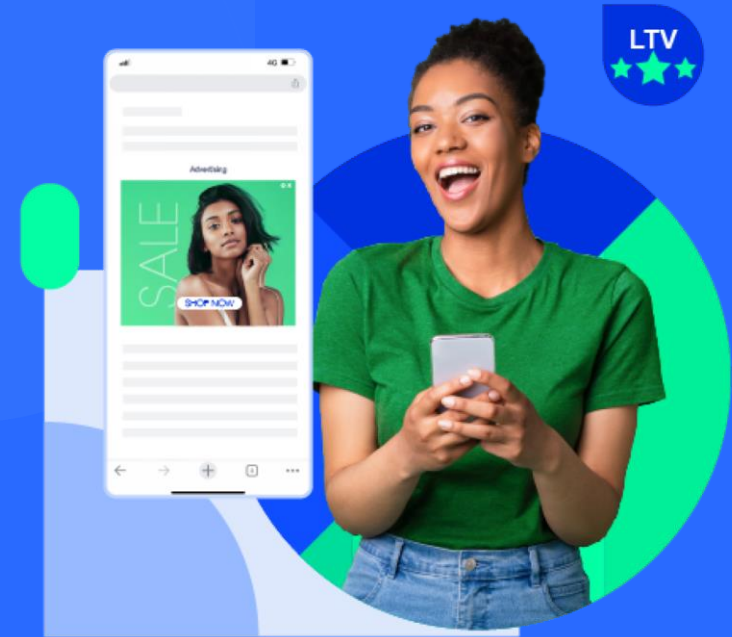
Comprehensive AI-Powered Solutions Across the Funnel





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.



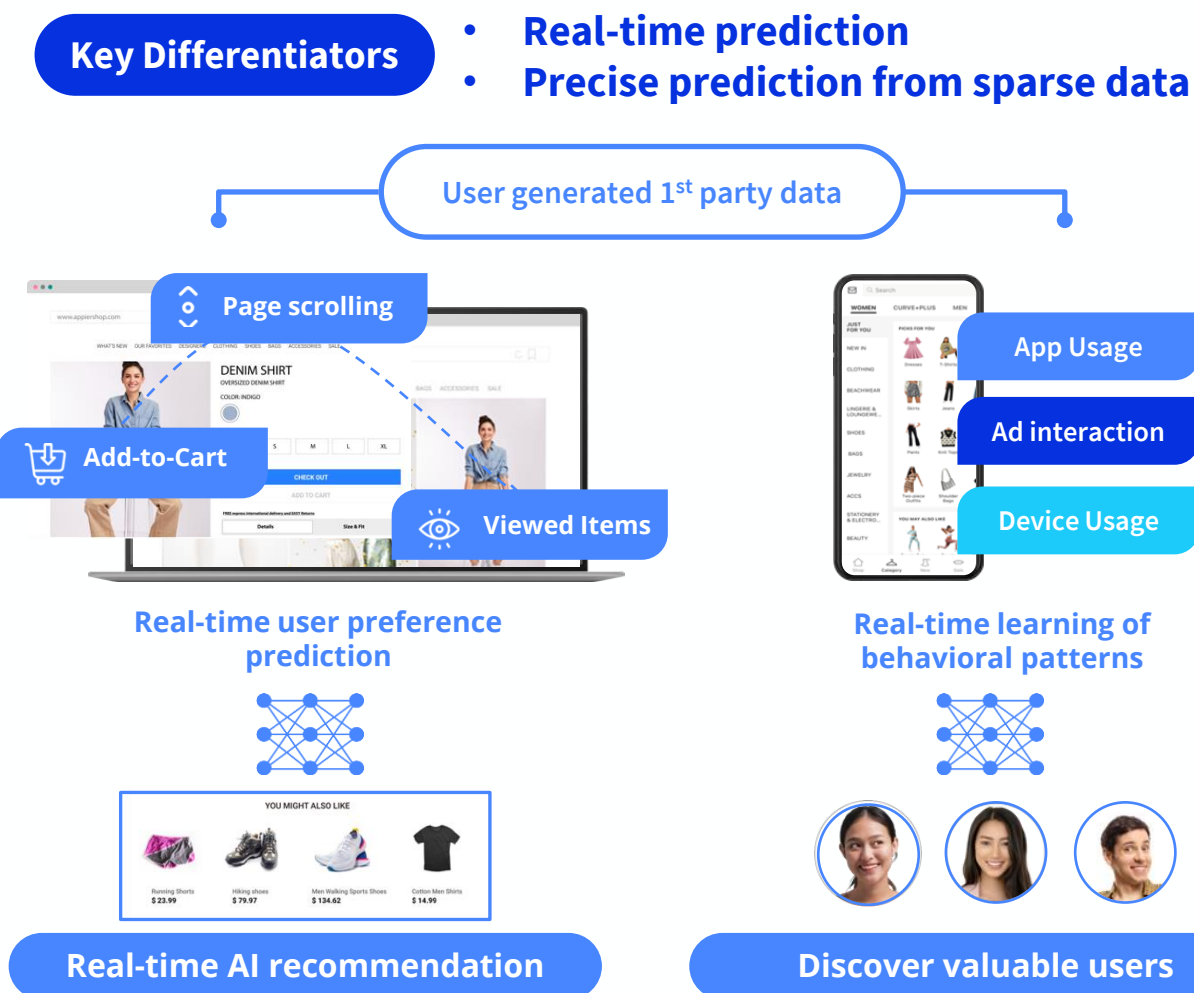
Machine Learning and Deep Learning
to Predict High Lifetime Value End
Users

Acquire The Most Valuable
End Users at Scale

Provide Predictable Return

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

With Only 1st Party Data



With 3rd Party Data



PROSPECTING &
ACQUISITION



RETENTION &
ENGAGEMENT



TRANSACTION



AUDIENCE
INTELLIGENCE



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**

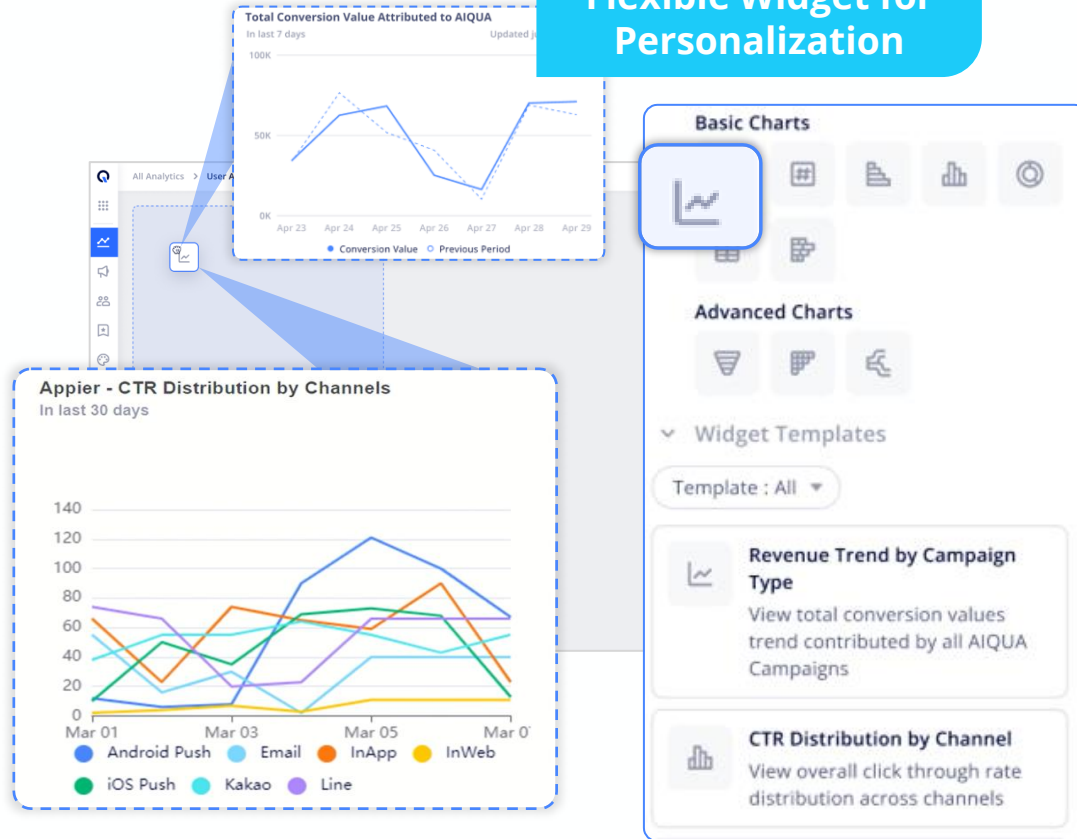
**AI-Generated
Messages**

**Send Time
Optimization**

**Proactive Actions with
Predictive Segments**

AIQUA Universal Analytics Studio for marketers to easily measure campaign performances & user insights

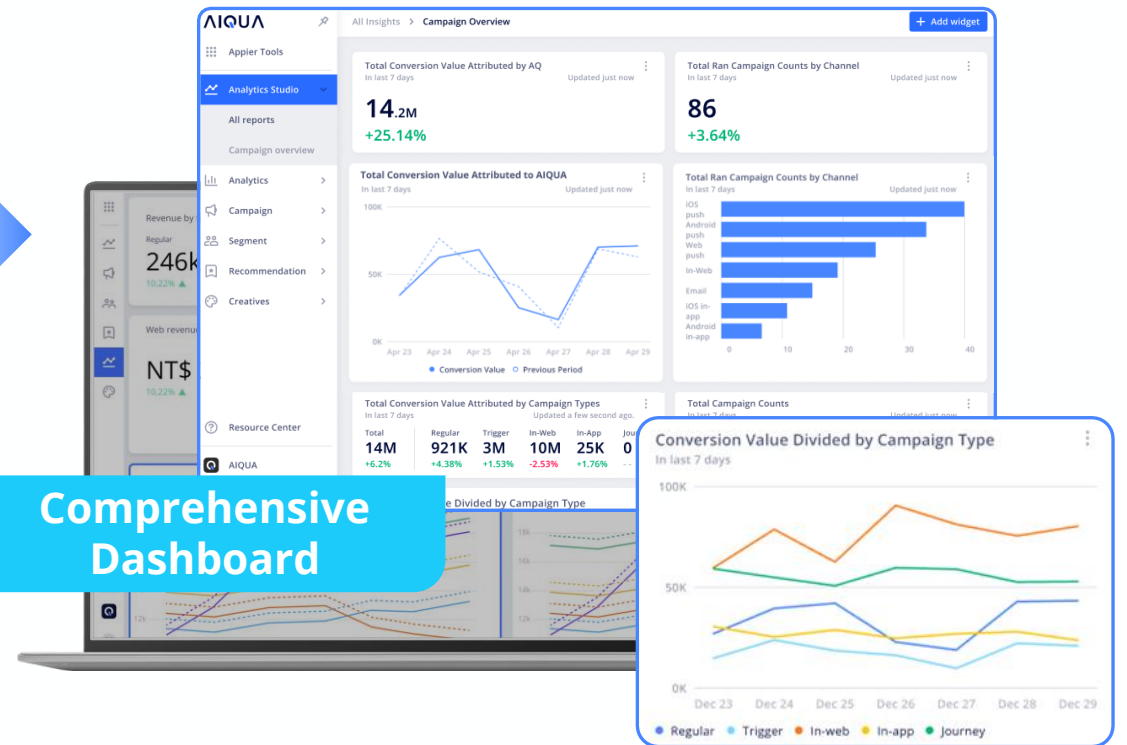
Flexible Widget for Personalization



Personalize the dashboard with user-friendly and flexible widget configuration

Universal Analytics Studio

Comprehensive dashboard for performance tracking & data comparison



Comprehensive Dashboard

PROSPECTING &
ACQUISITION



RETENTION &
ENGAGEMENT



TRANSACTION



AUDIENCE
INTELLIGENCE



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.



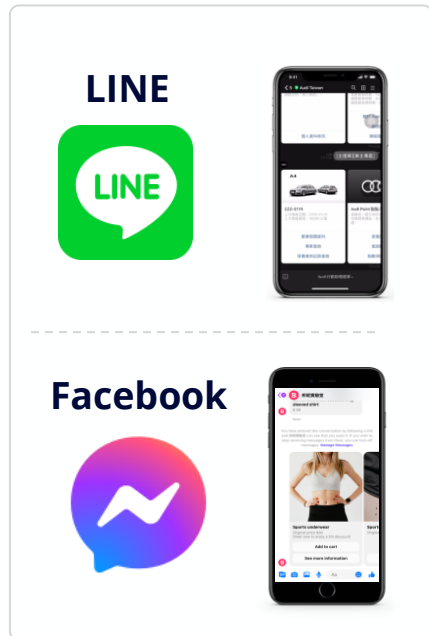
**Codeless instant messaging
solution for marketers**

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

BotBonnie One Platform for All

Single platform to manage messaging interactions with customers: Messenger/LINE/Instagram/WebChat/WhatsApp

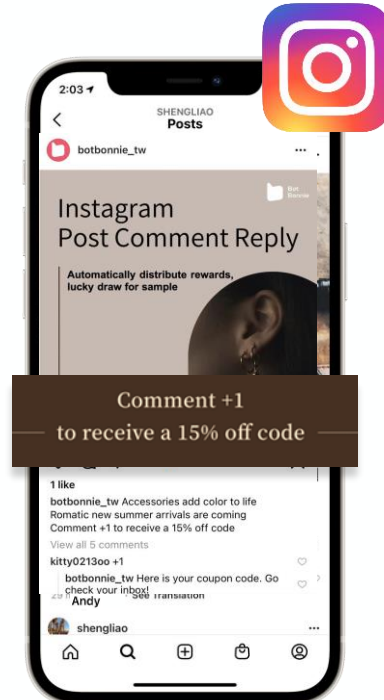
Previous channels



Instagram

Acquisition

Taps into the Millennial & Gen Z market

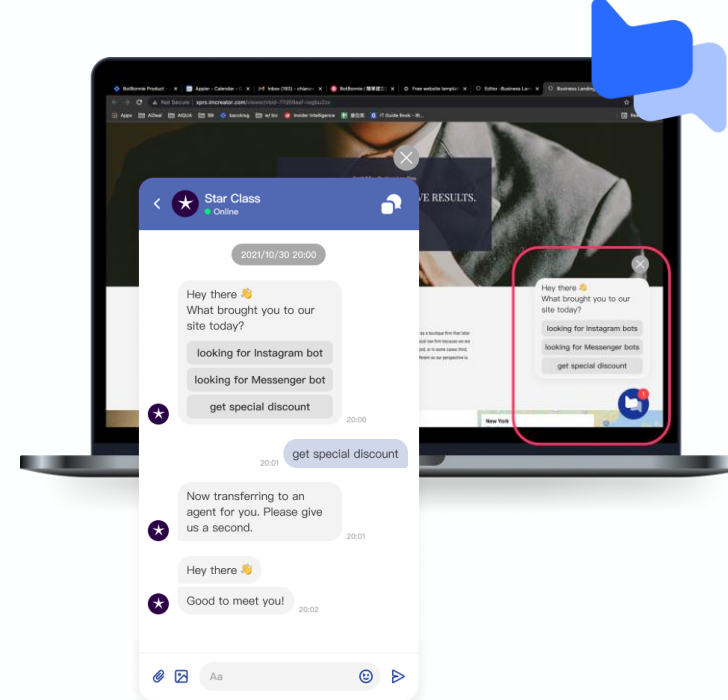


Newly added channels

WebChat

Conversion

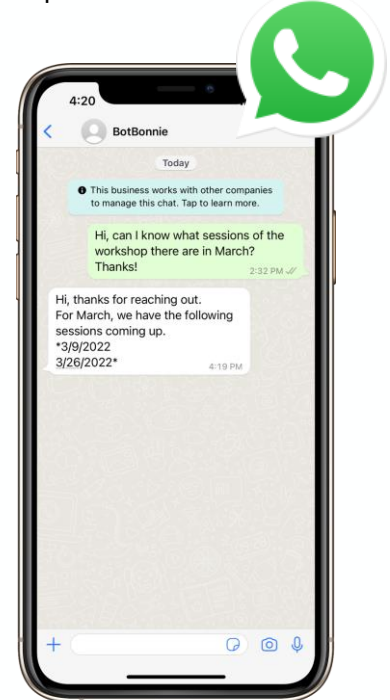
Engages with users in real time to boost sales



WhatsApp

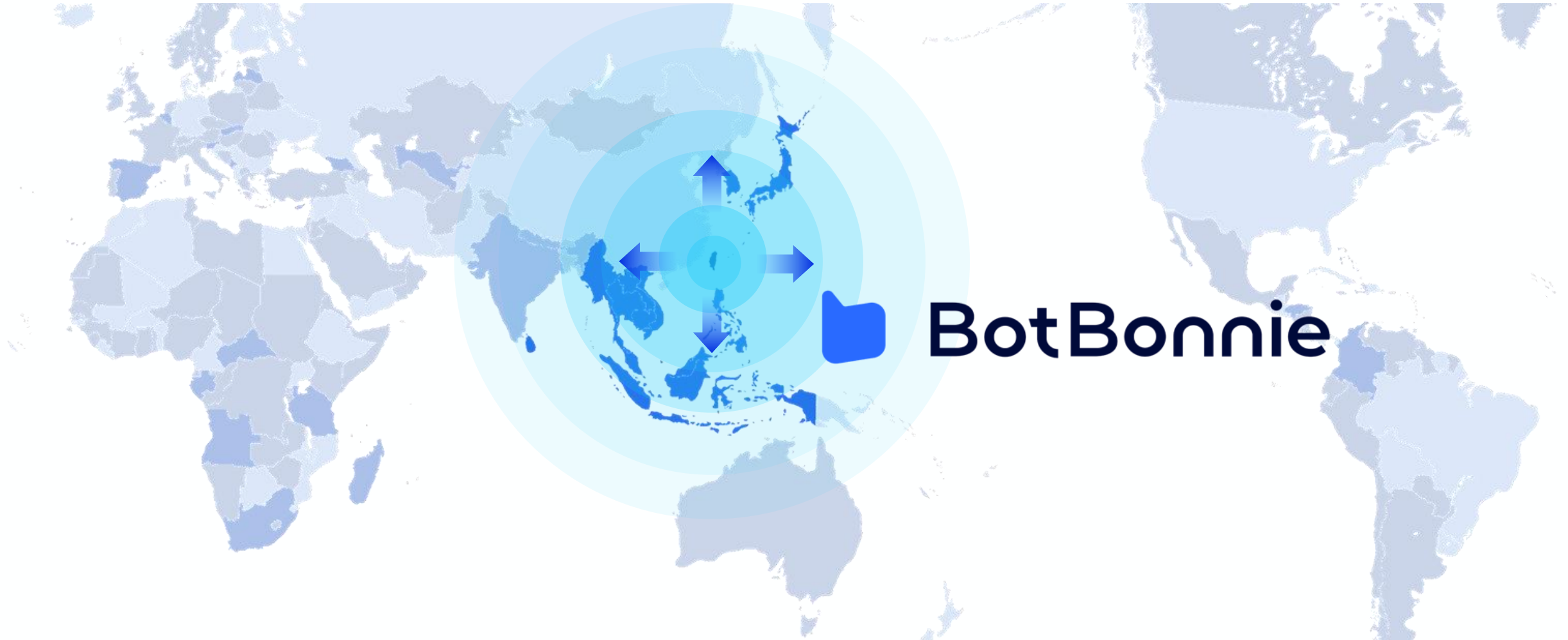
Retention

Fosters loyalty with automated post-sales services



BotBonnie Regional Expansion

BotBonnie continues to expand key channels to meet customers' demand and tap into more regions on a single platform.



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

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.



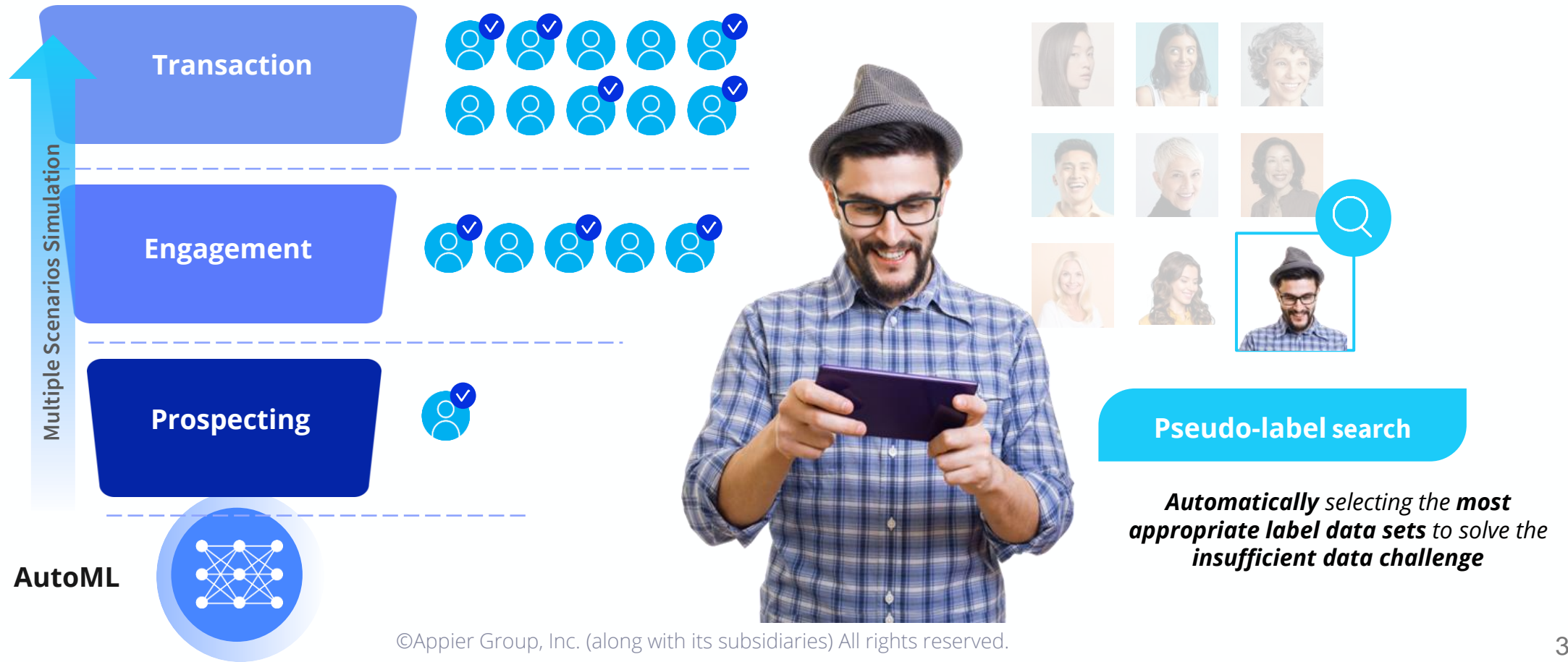
**Data Unification and
Auto-Processing**

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

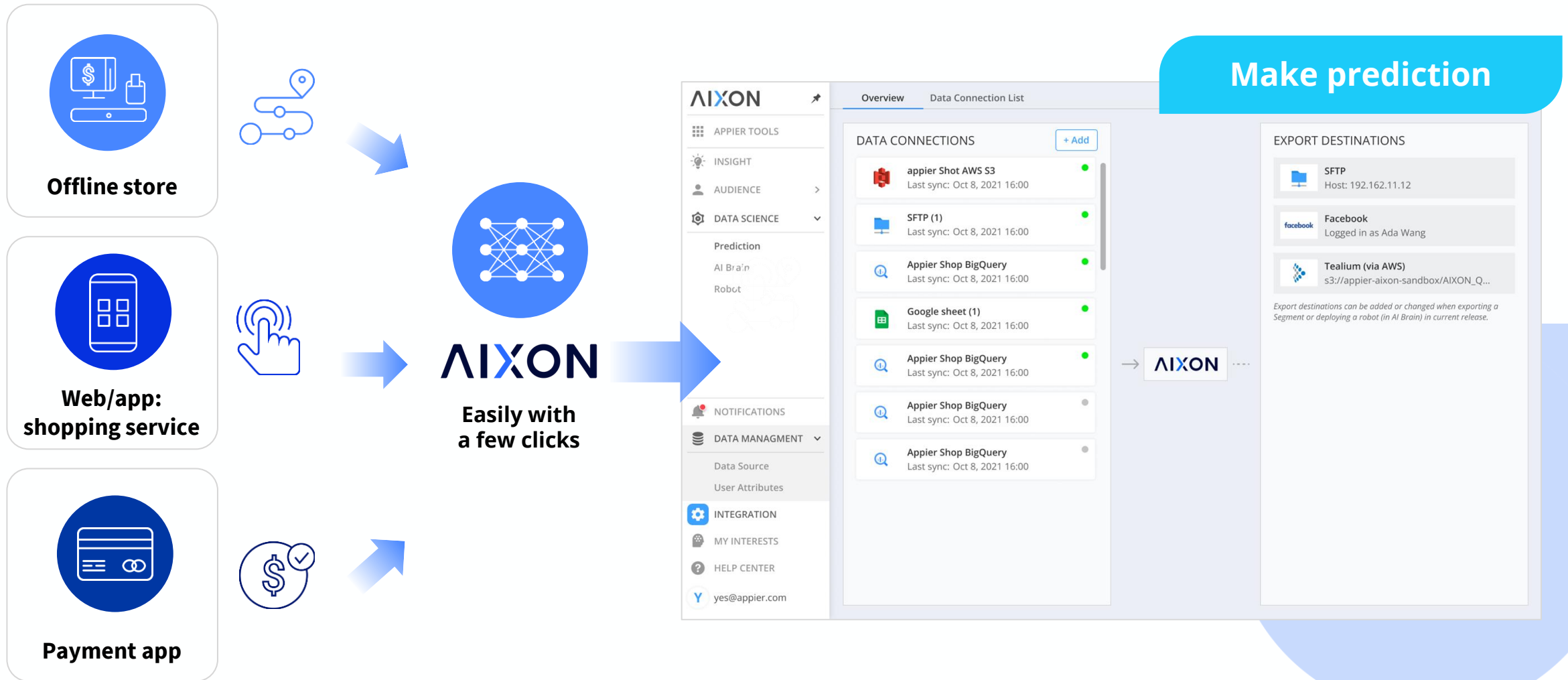
Explainable AI

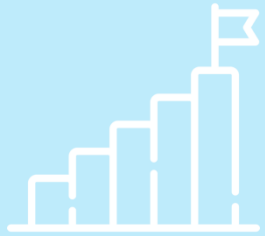
AIXON AutoML automates complicated ML process with limited data and provides prediction with high accuracy

AIXON's ability to address situations where labeled data is insufficient by **analyzing and simulating multiple scenarios** to deliver the best prediction result for our customers and enable effective marketing campaigns.



AIXON Data Connector enables customers to merge & analyze all their data in few clicks





**FY22 Q1 Review
& Achievements**



FY22 Revised Guidance



**FY22 Q1
Business Metrics**



**Product Updates
Case Studies**

AIXON Senheng's case of successful OMO & customer predictions increased order value by 12x

Senheng: Malaysia's leading consumer electronics chain store

Challenge: It was challenging to unify offline and online user's identity/profiles to promote new products to high purchase propensity customers

What we have achieved:

AIXON enables Senheng to merge their offline and online data, and prediction model generates a **high-quality list of purchasing customers, leading to an extremely effective series of promotion activities**



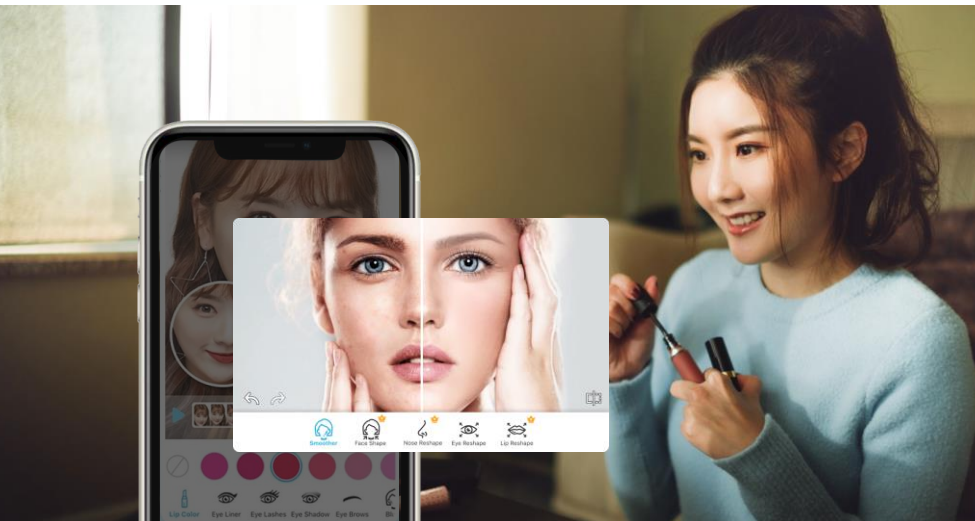
AIXPERT Efficient user acquisition across different geos saved **66% operation time**

PERFECT: Global leading AI & AR beauty and fashion tech App solutions provider

Challenge: Lower productivity in manually operating their user acquisition activities, and hard to customize different campaign strategy to scale up with manual efforts

What we have achieved:

AIXPERT leverages **AI automation** to automate optimal budget allocation **that lowers 32% of user acquisition cost**, discover new targeting segments automatically without marketers having to figure out all potential audiences.



PX Mart adopts Appier's enterprise solutions, strengthen OMO digital strategy deployment

AIXON AIQUA BotBonnie

PX Mart: The largest supermarket chain in Taiwan with 1,000+ offline stores across the island

Challenge: Ineffective to unify and enrich data across multiple platforms, including PX Mart (company website), PX Pay (mobile payment), PXGo! (e-commerce platform) and POS (offline data) to deliver personalized customer experience

Goal:

Strengthen overall digital strategy for PX Mart and optimize its operational efficiency. Enabling PX Mart more flexibilities to respond to market uncertainties, scale its data assets and create a win-win situation for brands, customers and suppliers



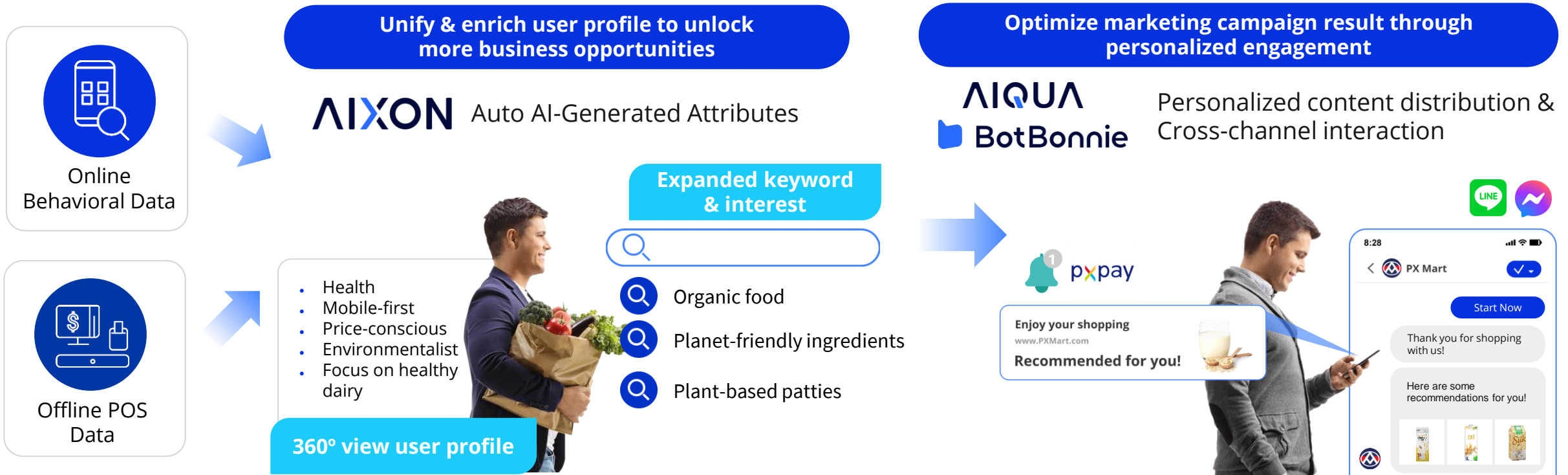
Appier Enterprise Solution: Deliver a frictionless customer experience online, on mobile & in-store



Strategy:

- Enhance personalized shopping experience by using automated marketing tools and conversational marketing solution
- Unify multi-channel data to timely create customer insights to accurately fulfill or uncover customer needs

Our Solution



Thank you!

Appendix

Founder-led Management of AI & Business Leaders

Founders



Dr. Chih-Han Yu

Chief Executive Officer

Stanford University
Harvard University



Joe Su

Chief Technology Officer

Harvard University



Dr. Winnie Lee

Chief Operating Officer

Stanford University
Washington University

Business leadership



Koji Tachibana

Senior Vice President of Finance
Head of Japan

DeNA, NOMURA, METI



Magic Tu

Senior Vice President,
Sales for APAC

HTC, Synopsys



Dr. Joe Chang

Chief Strategy Officer

McKinsey & Company, IQVIA

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

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



Cross

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

AIQUA
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

AIIDEAL

- 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

- Automated ML to build differentiated best-in-class AI prediction models through SaaS
- Business users able to leverage AI capabilities without scientists / engineers

Why Customers Choose Appier

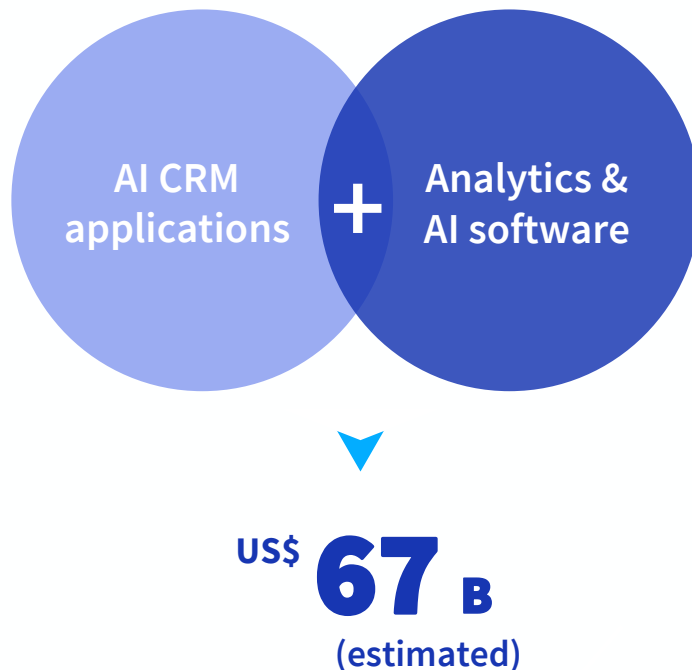
Best Practices Established Across Industries



Massive Market Opportunity

Top-Down View 2022

IDC (1)



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

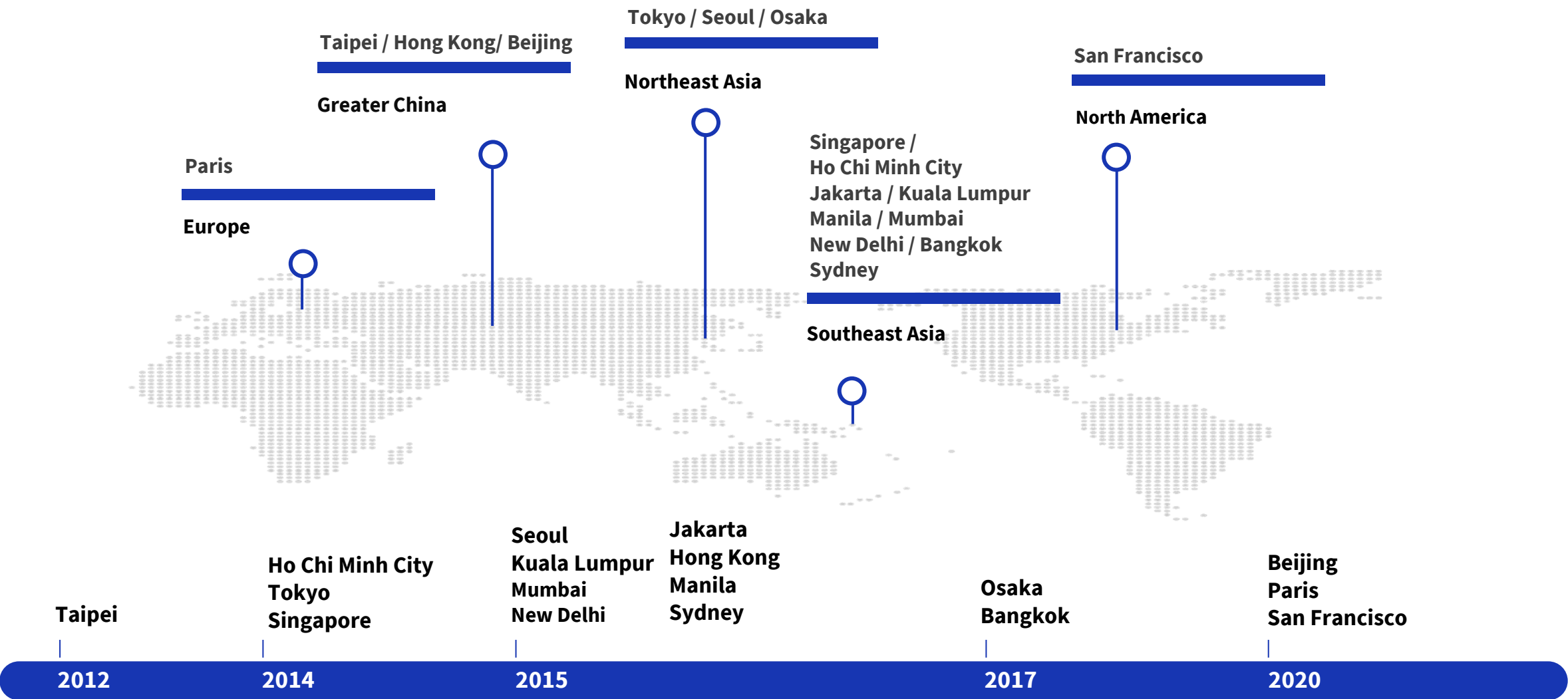
(2) Annualized revenue= FY22 Q1 revenue in JPY * 4/ exchange rate 116.21

(3) Calculation is based on internal estimation. In terms of APAC marketing investment, we have around 3% market share in EC, 2% 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 1.8% market share of APAC marketing investment. According to eMarketer estimation, APAC accounts for 34.8% of global marketing investment and we have 0.2% market share of Global marketing investment.

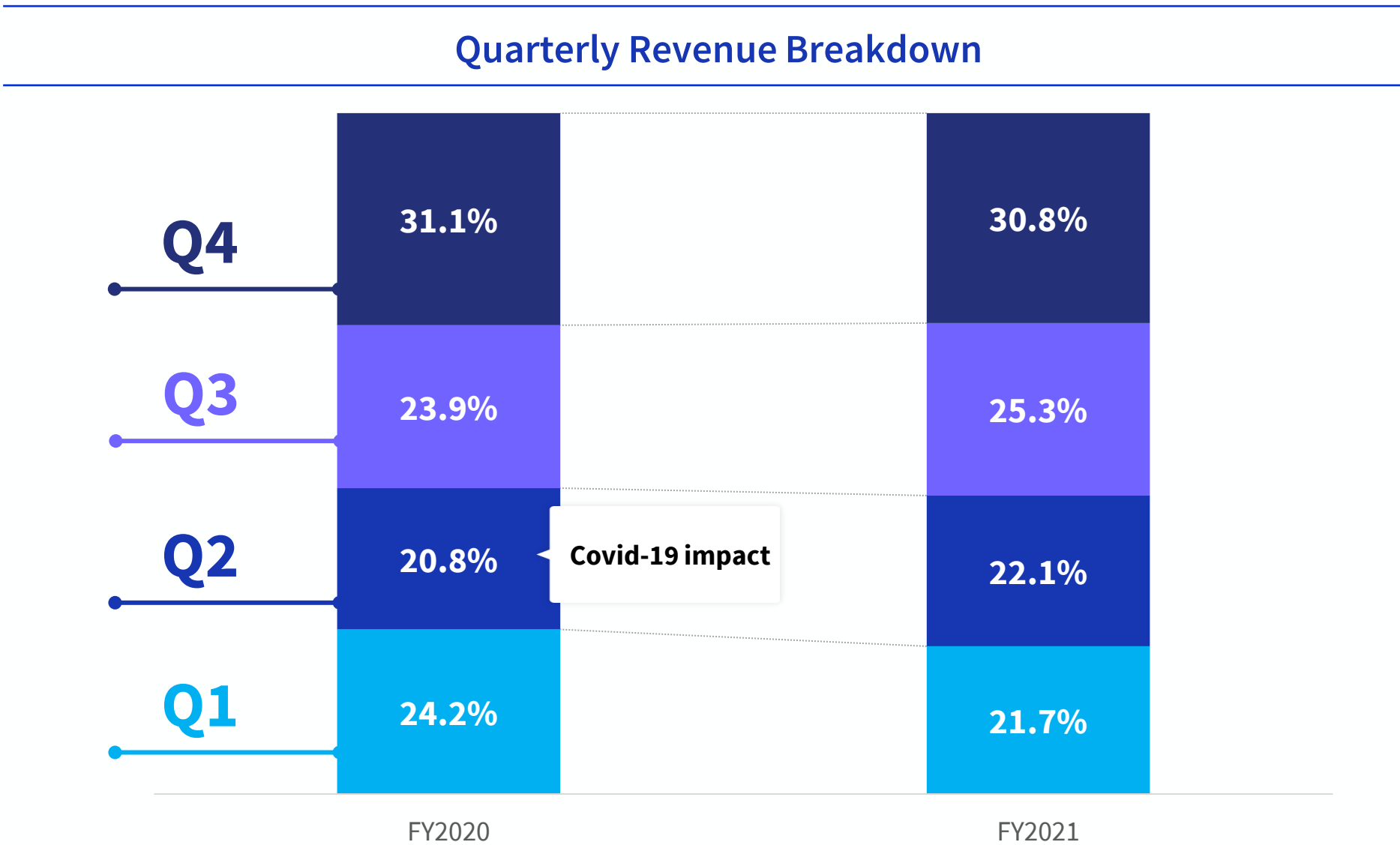
Bottom-Up View 2022



Appier's global presence: 17 offices worldwide



Quarterly Seasonality



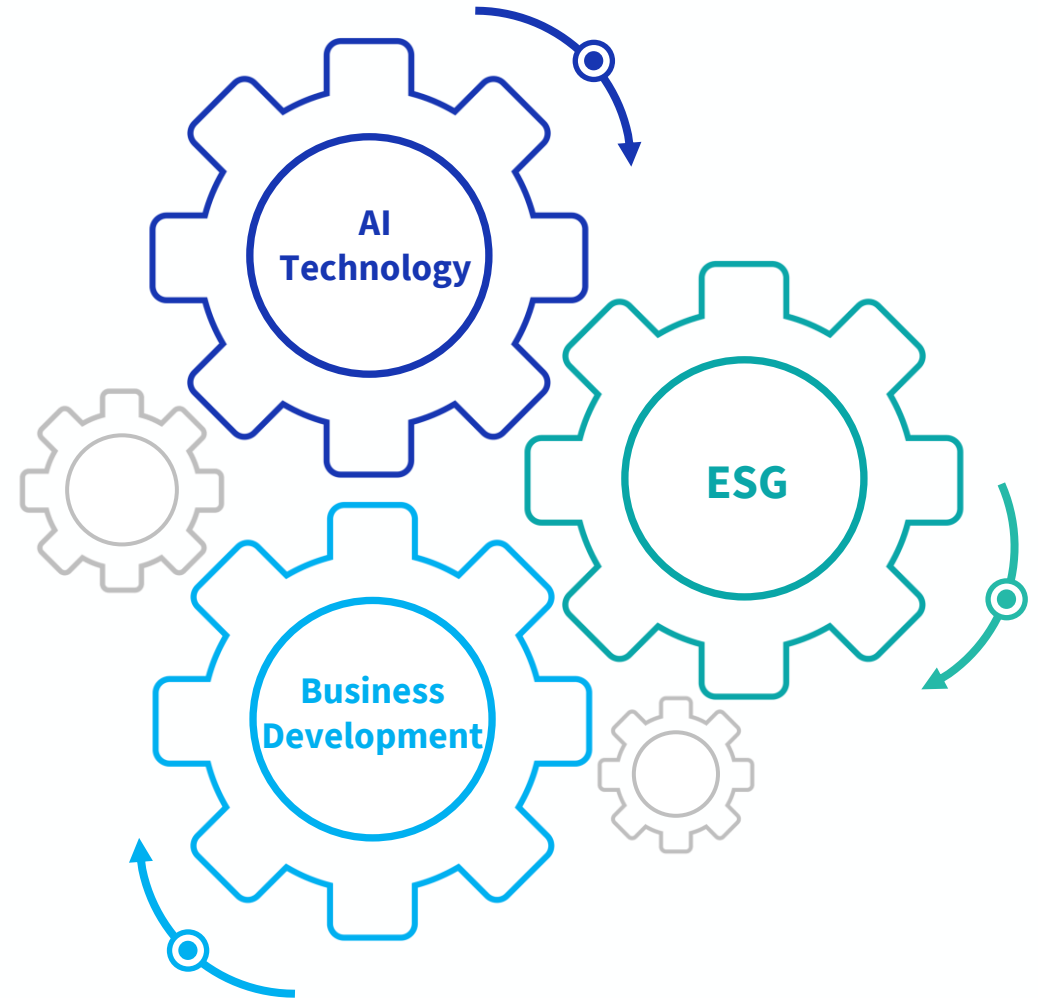
ESG Initiatives

Our Commitment

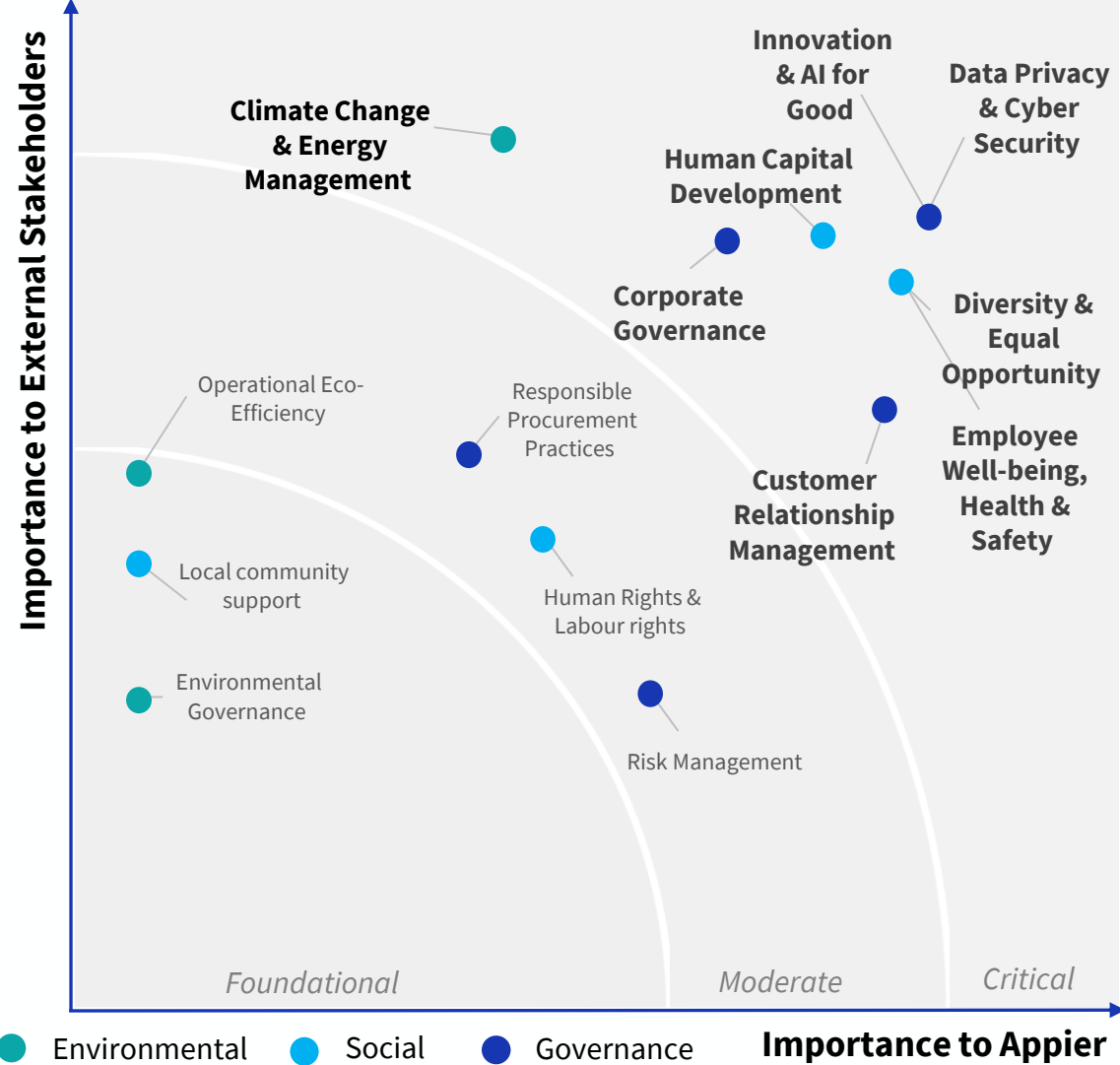
Embed ESG into Our Business

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.



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

Selected Financial Data

(in millions of Yen)

	2020	2021	2021Q1	2022Q1	YoY
Selected statement of income data:			3 months	3 months	
Revenue	8,970	12,661	2,749	4,197	53%
Cost of sales	(4,844)	(6,422)	(1,439)	(2,097)	
Gross profit	4,126	6,239	1,311	2,101	60%
Gross margin	46%	49%	48%	50%	
Sales and marketing expenses	(3,460)	(4,322)	(1,021)	(1,346)	
<i>% of Revenue</i>	<i>39%</i>	<i>34%</i>	<i>37%</i>	<i>32%</i>	
Research and development expenses	(1,491)	(1,711)	(422)	(461)	
<i>% of Revenue</i>	<i>17%</i>	<i>14%</i>	<i>15%</i>	<i>11%</i>	
General and administrative expenses	(808)	(1,349)	(405)	(349)	
<i>% of Revenue</i>	<i>9%</i>	<i>11%</i>	<i>15%</i>	<i>8%</i>	
Other income	76	28	4	59	
Other expenses	(20)	(2)	(2)	(1)	
Operating loss	(1,578)	(1,117)	(536)	3	
One-time IPO related expenses ⁽¹⁾	-	(278)	(278)	-	
Operating loss (excl. IPO related)	(1,578)	(839)	(258)	3	
EBITDA (excl. IPO related)	(1,103)	42	(112)	262	
EBITDA margin	-12%	0%	-4%	6%	

(1) One-time IPO related expenses by JPY 278 million was recorded in FY2021Q1

Selected Financial Data

(in millions of yen)

	2020	2021	2022Q1
Selected balance sheet data:			
Cash and cash equivalents	1,635	6,561	3,677
Time Deposit	6,577	14,939	17,008
Other financial assets	-	-	974
Total current assets	10,046	24,484	24,758
Total assets	12,394	31,206	31,969
Total liabilities	4,726	8,370	7,855
Total equity	7,668	22,836	24,114

(in millions of yen)

	2020	2021	2022Q1
Selected Cash flow data:			
Net cash provided by (used in) operating activities	(840)	(747)	(341)
Net cash provided by (used in) investing activities	(2,706)	(9,075)	(2,569)
Net cash provided by (used in) financing activities	1,161	14,396	(122)
Cash and cash equivalents at the end of year / period	1,635	6,561	3,677

Disclaimer

This document has been prepared solely for the purpose of disclosing relevant information regarding Appier Group, Inc. (referred to herein as the "Company", "we" or "us") and, depending on the context, its consolidated subsidiary. This document does not constitute an offer to sell or the solicitation of an offer to buy any security in the United States, Japan or any other jurisdiction.

This presentation material includes forward-looking statements that express expectations of future results. These forward-looking statements include, but are not limited to, expressions such as “believe”, “anticipate”, “plan”, “develop a strategy”, “expect”, “project”, “forecast” or “have the potential” and other similar expressions that explain our future business activities, results, events and circumstances. Forward-looking statements are based on the intentions of our management based on the information that is available to them at the time of such statements. Therefore, these forward-looking statements are dependent on various risks and uncertainties, and actual results may significantly differ from the results expressed or implied in the forward-looking statements. Accordingly, you should not place undue reliance on the forward-looking statements. We are not under any obligation to change or correct the forward-looking statements according to new information, future events or other discoveries.

Any information pertaining to companies other than us or that was derived from any third-party source identified in this presentation material is cited from publicly-available information. We have not independently verified the accuracy or appropriateness of such information and are not able to guarantee the accuracy of such information.
