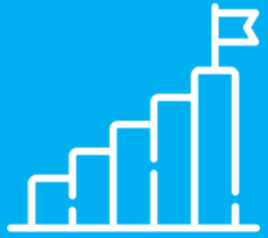# MAKING AI EASY

BY MAKING
SOFTWARE INTELLIGENT

Q2 FY2023 Earnings   August 2023

Appier

Our Mission

Turning AI into ROI by Making Software Intelligent

Appier

2

FY23 Q2 Review & Achievements

FY23 Q2 Business Metrics

Business Outlook

Product Updates

Key Remarks for 2023 Q2

Our momentum has further accelerated from last quarter. FY23 Q2 revenue YoY growth rate accelerated to 42% from 32% in Q1. This was boosted by (1) continuous expansion of E-commerce, (2) strong growth in the US & EMEA markets, (3) improved seasonality in Digital Content[1] and (4) deeper reach into the Korean Digital Content[1] market.

The margin has also improved. Gross margin expanded to 51.3% with a 45% YoY gross profit growth rate, driven by positive effects from algorithm experiments starting from FY23 Q1. We expect **further improvements of gross margin to continue in the following quarters.**

Both operating income and net income turned positive, ahead of our schedule. Our operating margin reached 1.3%, net profit achieved 1.9%, and EBITDA margin hit 8.9%, demonstrating strong operating leverage despite continuous investments in S&M for growth acceleration and R&D to drive product innovation.

All of our business metrics have maintained a healthy trend, reaching 1,504 customers with a 22% increase YoY. We have also achieved 16.5% YoY increase in quarterly ARPC. This growth was mainly fueled by the healthy expansion of existing customers with LTM NRR of 135.1%[2] due to our continuous ROI-driven approach.

We believe that our **data moat, combined with the synergy between the creative power of generative AI and the effective decision-making provided by predictive AI,** will further strengthen our competitive advantage. This enables us to generate more opportunities for upselling and cross-selling and establish a solid foundation for future growth.

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

2023 Q2 Highlights

Revenue

JPY **6.2B**

- -

Revenue YoY Growth[1]

+42%

Profitability

Operating Income JPY **79M**

EBITDA JPY **550M**

- -

Gross Profit YoY Growth[2]

+45%

ARR[3]

JPY **22.5B**

- -

LTM NRR

FX Neutral[4] **135.1**%

USD-based[5] **118.0**%

(1) Revenue Growth from FY22 Q2 to FY23 Q2.
(2) Gross Profit Growth from FY22 Q2 to FY23 Q2.
(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.
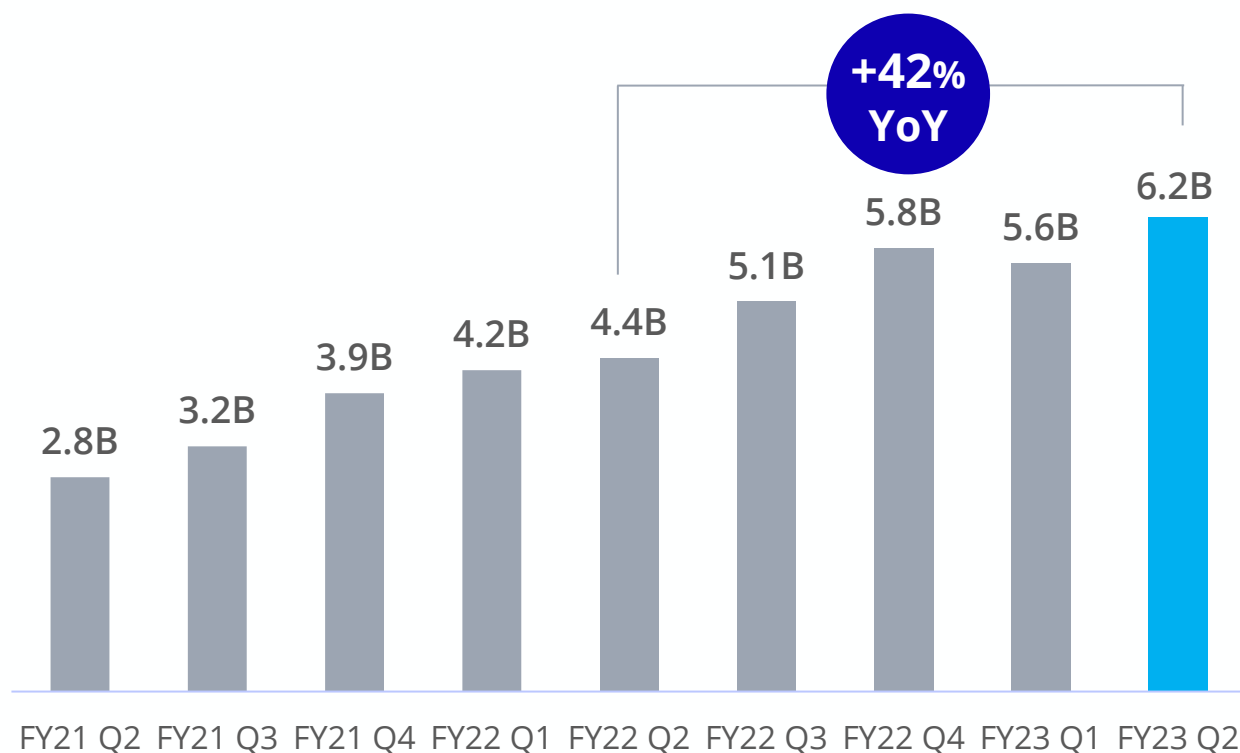(4) We calculate FX neutral NRR by dividing (i) total revenue calculated in U.S. dollars from the last 12 months from customers that used one of our solutions during the same period in the prior year and converted to JP Yen based on the FX neutral quarterly average exchange rate of FY22 Q3 to FY23 Q2, 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 FY21 Q3 to FY22 Q2.
(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.

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Revenue Trends

- FY23 Q2 revenue YoY growth was driven by existing customer expansion, especially in E-commerce and Digital Contents, and new customers from regions and verticals with high growth potential, such as Digital Content in Korea and in US & EMEA.

Revenue (JPY)

+42% YoY

Period	Revenue
FY21 Q2	2.8B
FY21 Q3	3.2B
FY21 Q4	3.9B
FY22 Q1	4.2B
FY22 Q2	4.4B
FY22 Q3	5.1B
FY22 Q4	5.8B
FY23 Q1	5.6B
FY23 Q2	6.2B

Incremental Revenue

46% from Existing Customers[1]

► **Strong expansion continues from ROI-driven customers in E-commerce sectors**

► **Improved seasonality in Digital Content**

54% from New Customers[2]

► **Growing customer traction in Korea and US & EMEA, especially Digital Content vertical**

► **Continuous strategic focus on larger enterprise customer acquisition**

(1)"Existing Customers" refers to customers acquired before FY22 Q3.
(2)"New Customers" refers to customers acquired from FY22 Q3 to FY23 Q2.

6

Diverse Revenue Base: Multiple regions demonstrate continuous growth momentum

FY23 Q2 Revenue % by Region

15%
Greater China Region[2]

15%
US & EMEA

66%
Northeast Asia[1]

4%
Southeast Asia
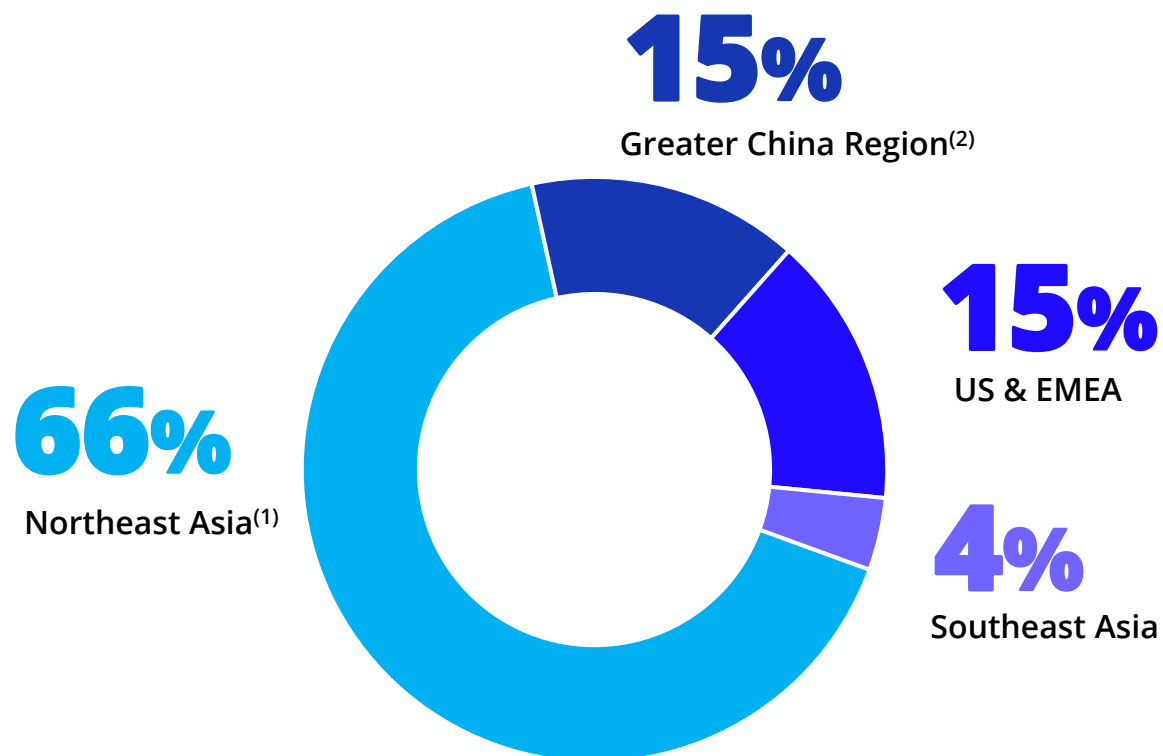
(1) Northeast Asia includes Japan & South Korea
(2) Greater China Region includes Taiwan, Hong Kong & China

NEA

Over 50% YoY revenue growth with vertical penetration in Digital Content and existing customer expansion in E-Commerce

GCR

Recovery of business momentum particularly in TW and CN outbound business
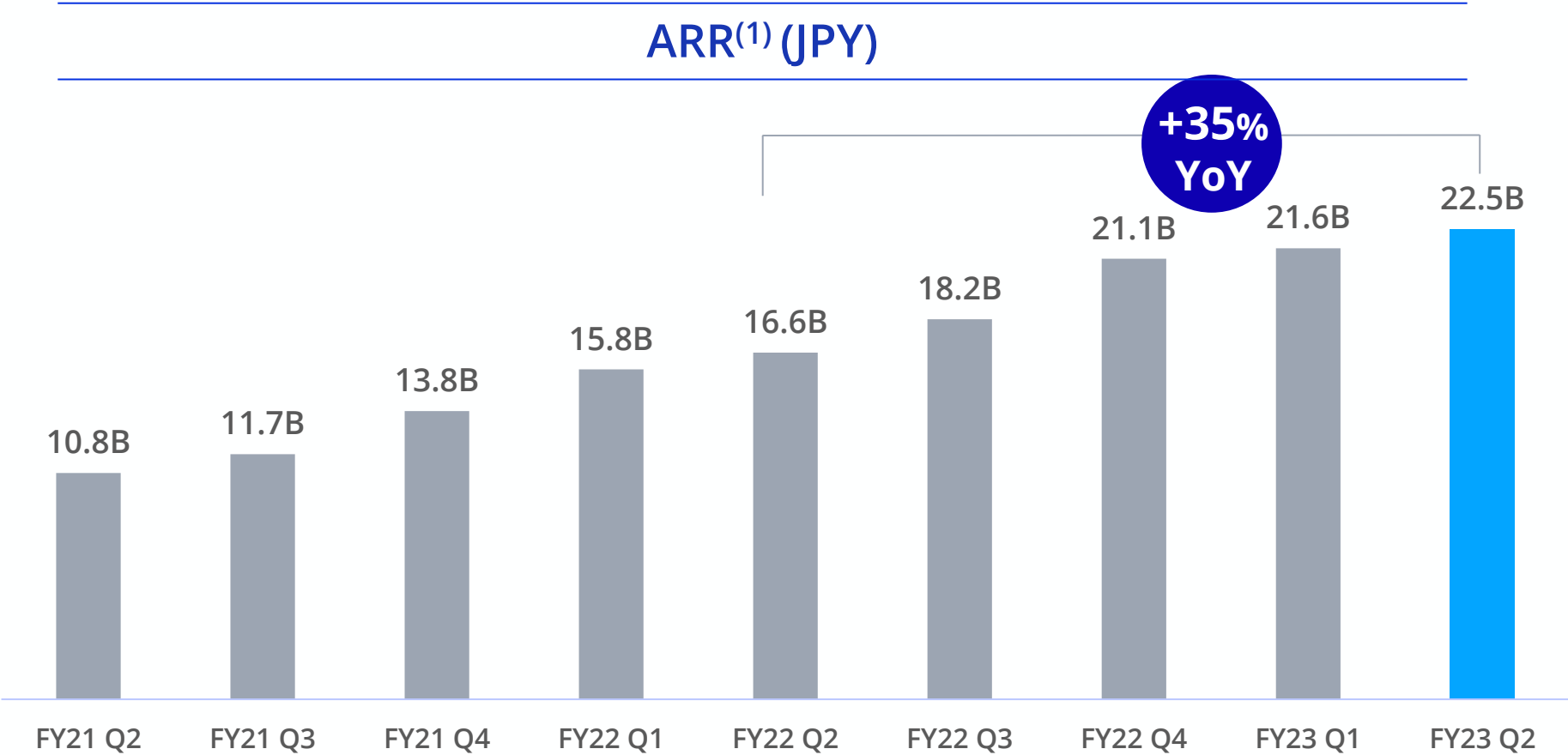
US & EMEA

Continuous growth momentum with a 78% YoY revenue growth. Revenue contribution has increased to 15% from 12% a year ago

SEA

Continue to focus on key account strategy until the markets get more mature

Annual Recurring Revenue Quarterly Trends

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

ARR[1] (JPY)

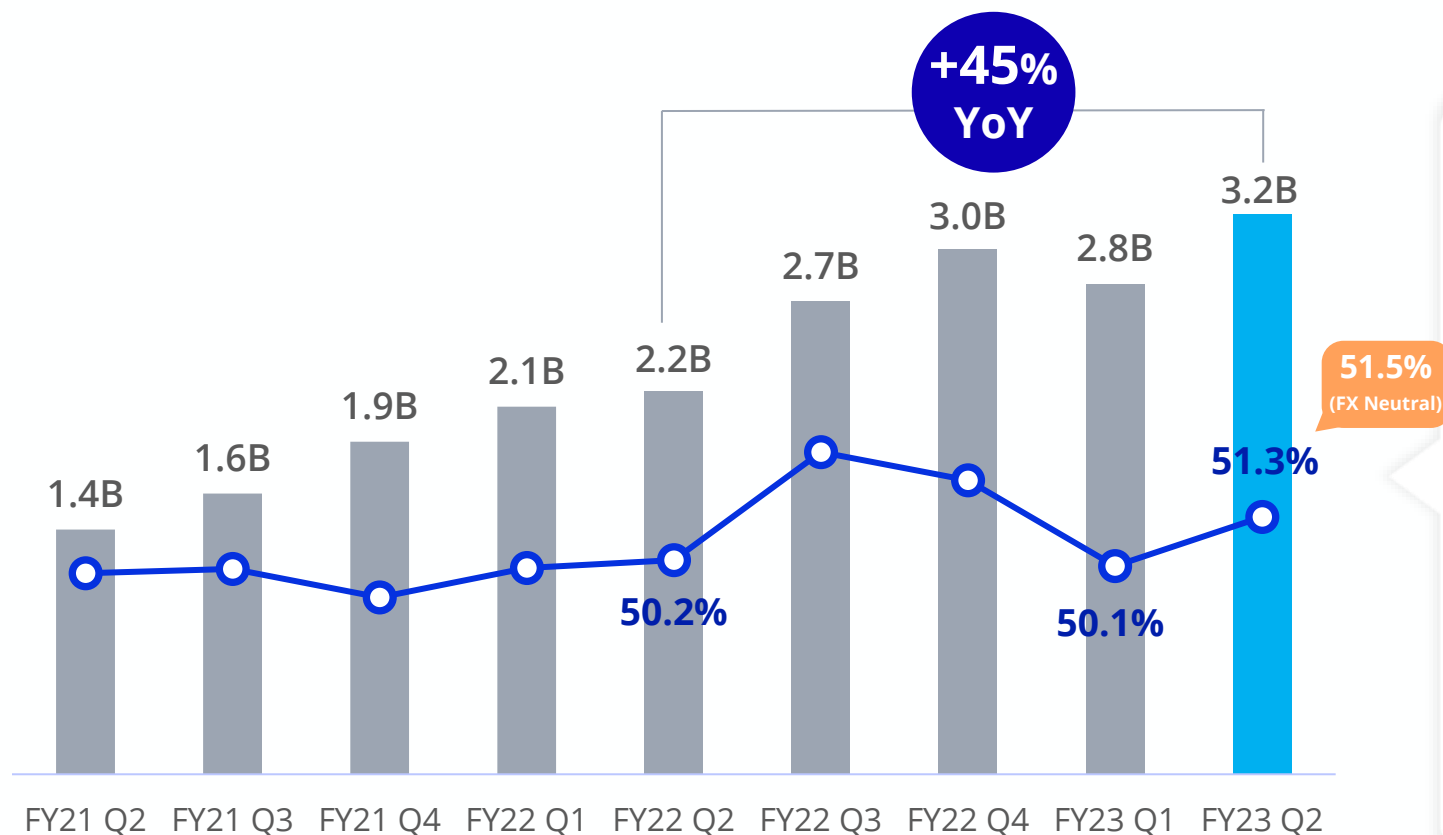|	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2
ARR	10.8B	11.7B	13.8B	15.8B	16.6B	18.2B	21.1B	21.6B	22.5B

+35% YoY

(1) 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.

Gross Profit

- Gross margin improved to 51.3% (FX-neutral 51.5%), increasing by 1.1 p.p. on a YoY basis and 1.2 p.p. on a QoQ basis.
- The gross margin improvement, largely propelled by ongoing algorithm refinement, has brought us closer to our FY23 target, with our gross margin reaching 53% in June.

Gross Profit (JPY) & Margin

+45% YoY

	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2
	1.4B	1.6B	1.9B	2.1B	2.2B	2.7B	3.0B	2.8B	3.2B

50.2%   50.1%   51.3%

51.5% (FX Neutral)

Factors of Gross Margin Changes

YoY basis

- ► **Continuous algorithm improvement increased CrossX's gross margin**
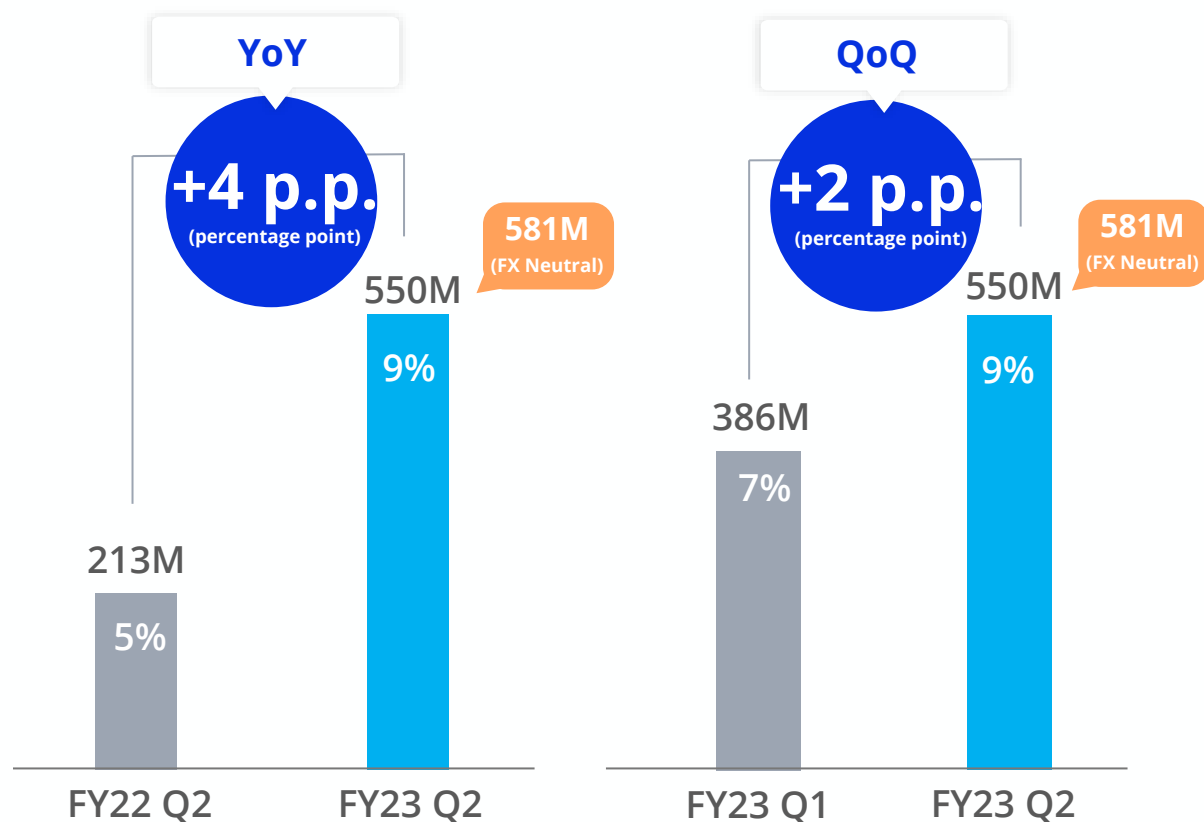- ► **Continuous margin expansion despite FX headwinds**

QoQ basis

- ► **Positive effects of algorithm experiments in FY23 Q1**
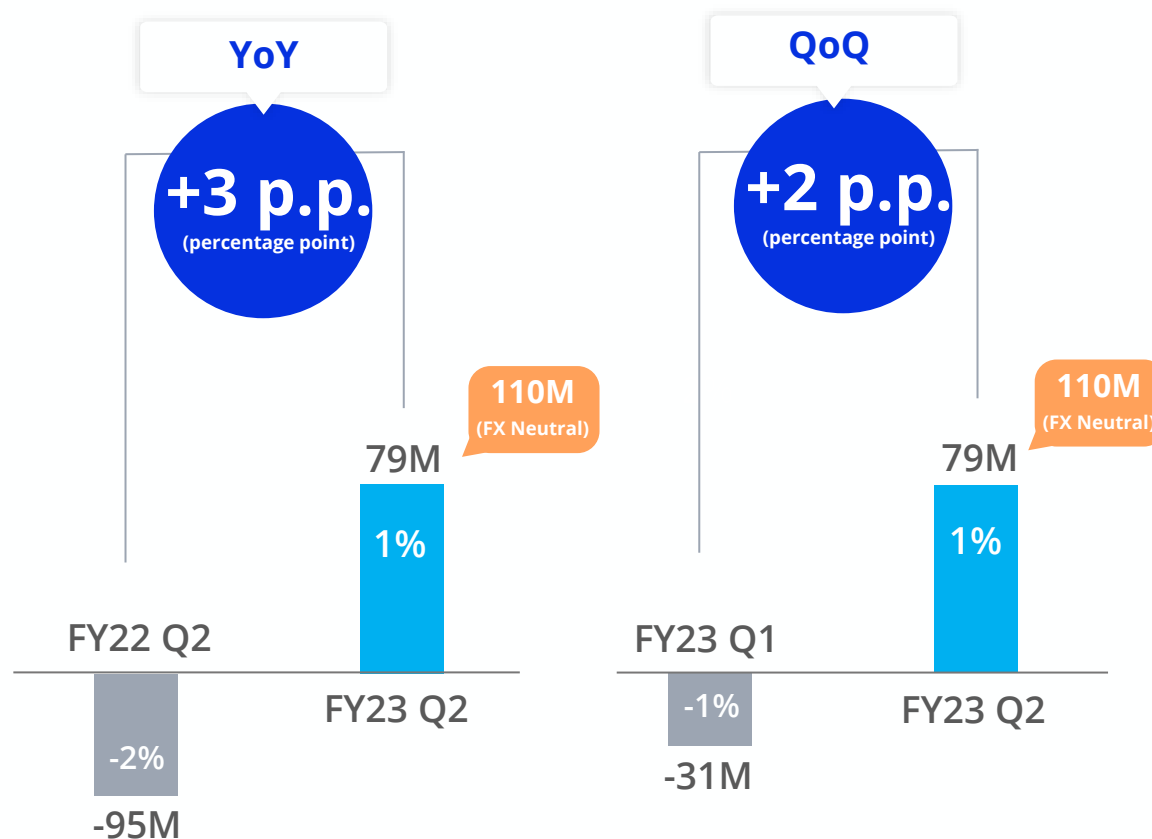- ► **Significant margin improvement since the later half of FY23 Q2**

EBITDA & Operating Income

- Despite a lower profitability seasonality in Q2 and FX headwinds, we improved the profitability significantly on both YoY and QoQ bases, due to gross margin expansion and strong operating leverage. We expect the positive trend to continue going forward.

EBITDA[1] & Margin (JPY)

YoY

+4 p.p.
(percentage point)

581M
(FX Neutral)

550M
9%

213M
5%

FY22 Q2   FY23 Q2

QoQ

+2 p.p.
(percentage point)

581M
(FX Neutral)

550M
9%

386M
7%

FY23 Q1   FY23 Q2

Operating Income & Margin (JPY)

YoY

+3 p.p.
(percentage point)

110M
(FX Neutral)

79M
1%

FY22 Q2

-2%
-95M

FY23 Q2

QoQ

+2 p.p.
(percentage point)

110M
(FX Neutral)

79M
1%

FY23 Q1
-1%
-31M

FY23 Q2

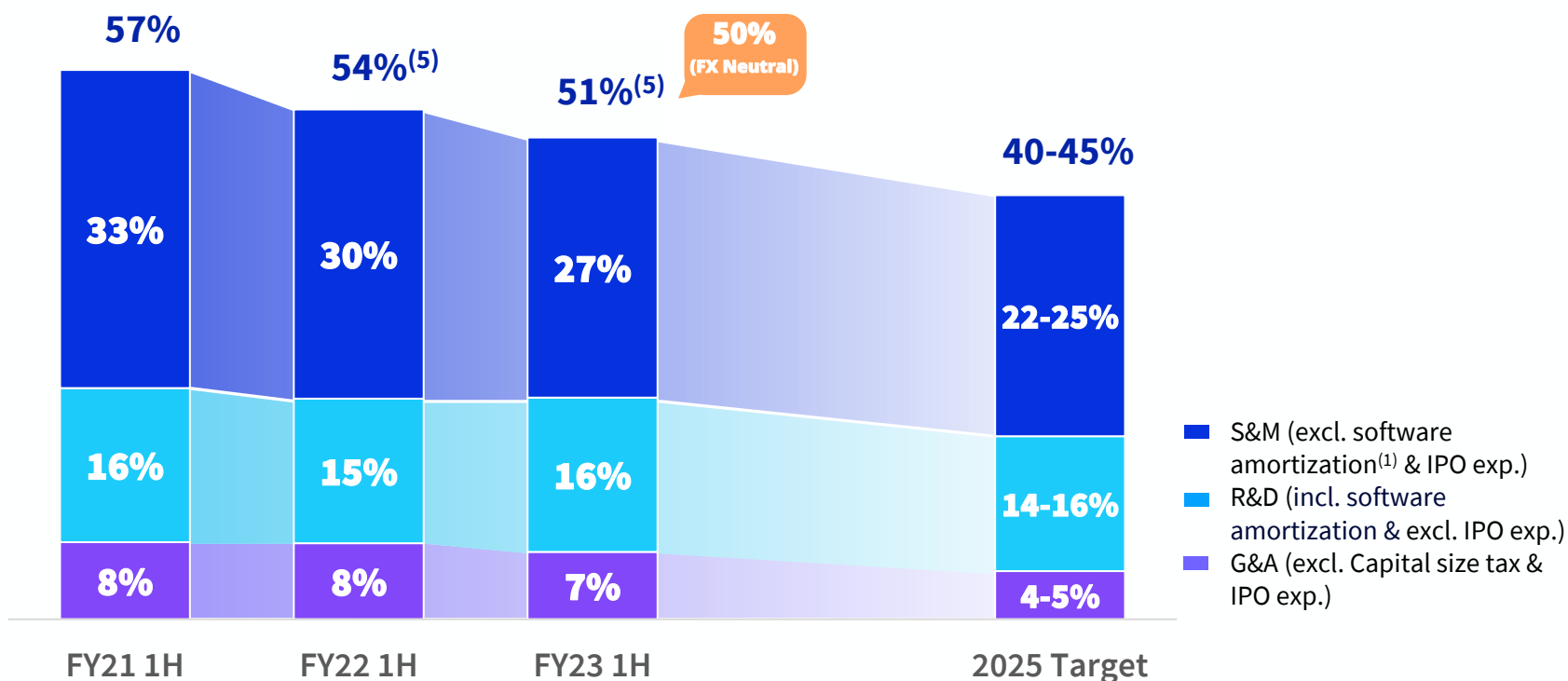(1) EBITDA = operating income + depreciation and amortization + tax expenses included in operating expenses

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OPEX Structure

- S&M expense has consistently shown robust leverage, driven by productivity improvement and increased scale, and this trend is expected to continue into FY23 2H.
- R&D expenses increased due to the investment in algorithm development and product enhancements, which will contribute to our corporate core value, maintaining a healthy level to the ratio to revenue.
- G&A expense-to-revenue ratio declined as investment in corporate function enhancement gradually normalized.

Historical OPEX Structure & 2025 Margin Target (% Revenue)

57%

54%[5]

51%[5]

50% (FX Neutral)

40-45%

	FY21 1H	FY22 1H	FY23 1H	2025 Target
S&M	33%	30%	27%	22-25%
R&D	16%	15%	16%	14-16%
G&A	8%	8%	7%	4-5%

- ■ S&M (excl. software amortization[1] & IPO exp.)
- ■ R&D (incl. software amortization & excl. IPO exp.)
- ■ G&A (excl. Capital size tax & IPO exp.)

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) The whole is not equal to the sum of its parts due to rounding.

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FY23 Q2 Review & Achievements
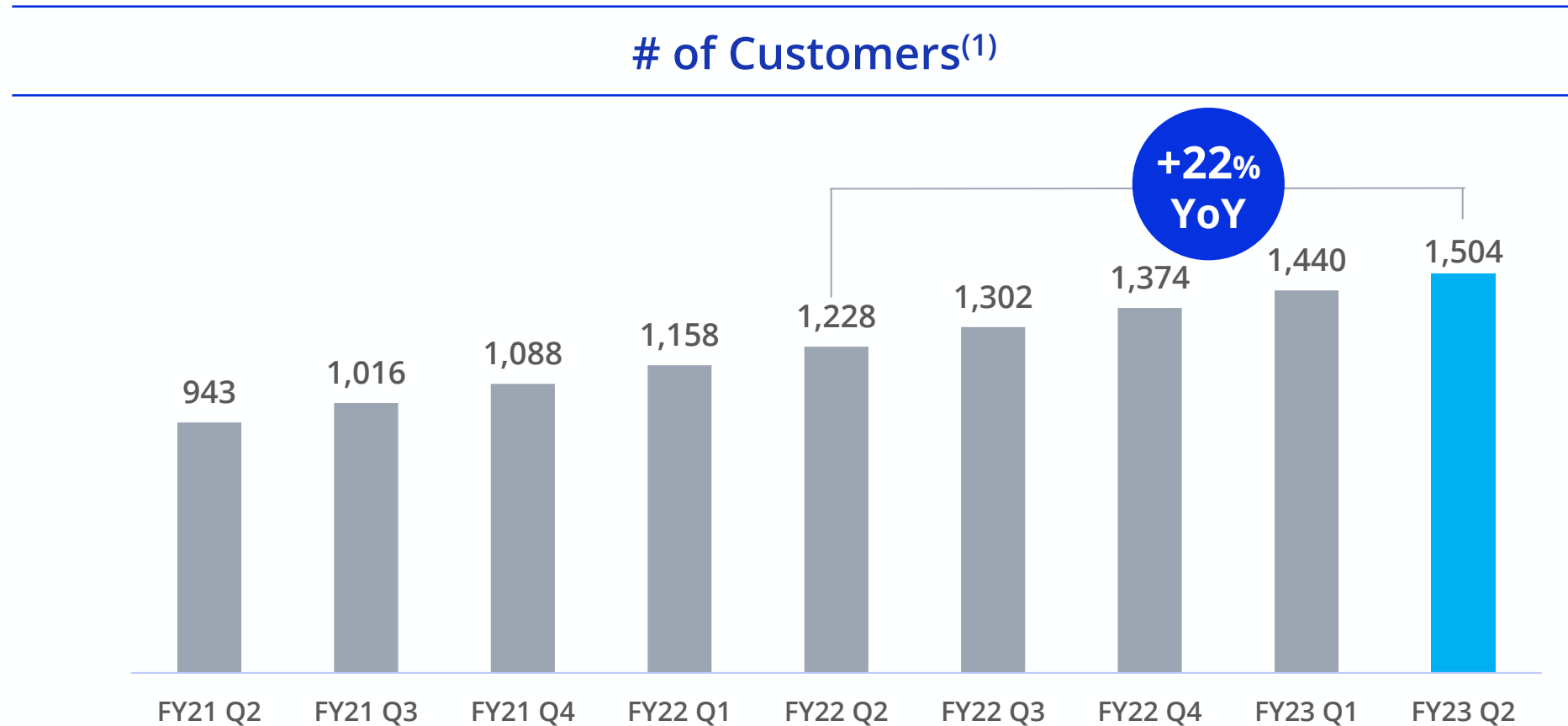
FY23 Q2 Business Metrics

Business Outlook

Product Updates

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Quarterly Customer # Trend

- New customers in FY23 Q2 were mainly from the Digital Content, E-Commerce and Consumer Brands & BFSI verticals (39%, 22% and 22% of total new customers respectively).

of Customers[1]

Chart showing quarterly customer numbers:
- FY21 Q2: 943
- FY21 Q3: 1,016
- FY21 Q4: 1,088
- FY22 Q1: 1,158
- FY22 Q2: 1,228
- FY22 Q3: 1,302
- FY22 Q4: 1,374
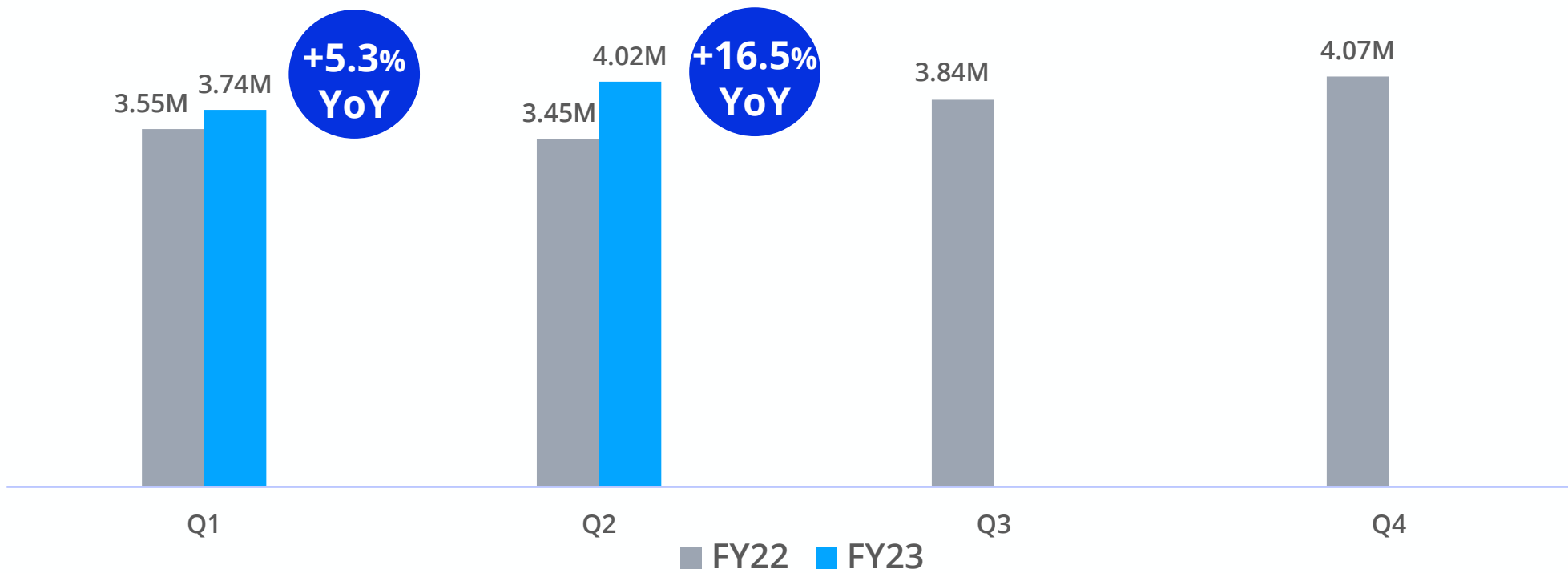- FY23 Q1: 1,440
- FY23 Q2: 1,504

+22% YoY

(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 YoY growth rate of ARPC expanded in FY23 Q2, mainly driven by healthy expansion of existing customers with better seasonality of Digital Content and continuous strategic focus on large enterprise customer acquisition.

Quarterly Average Revenue per Customer[1] (JPY)

	Q1	Q2	Q3	Q4
FY22	3.55M	3.45M	3.84M	4.07M
FY23	3.74M	4.02M		

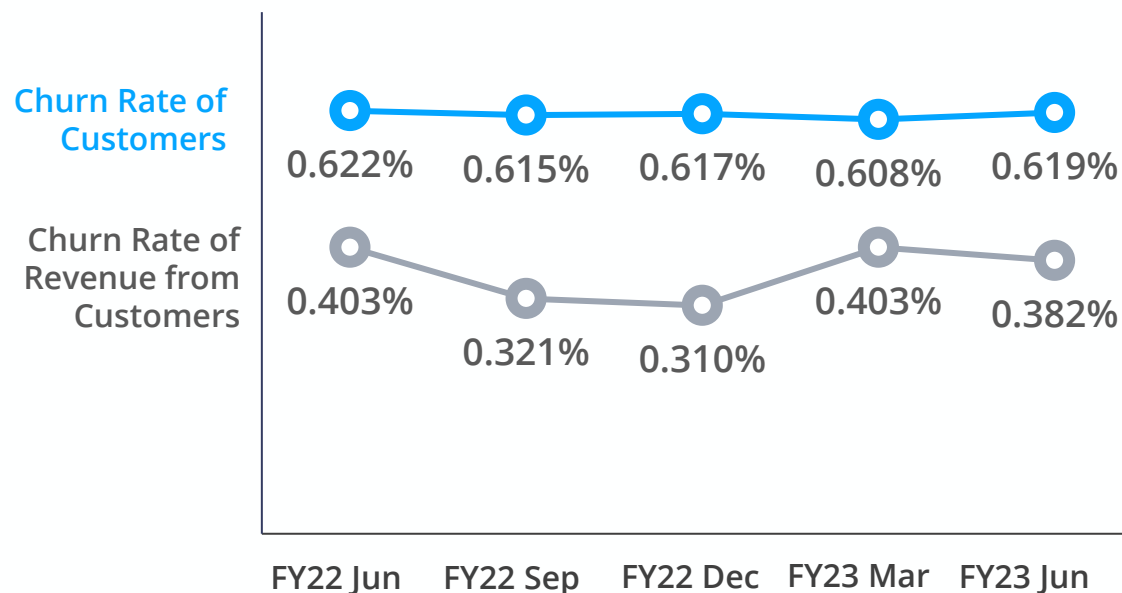**+5.3% YoY** (Q1)

+16.5% YoY (Q2)

■ FY22　■ FY23

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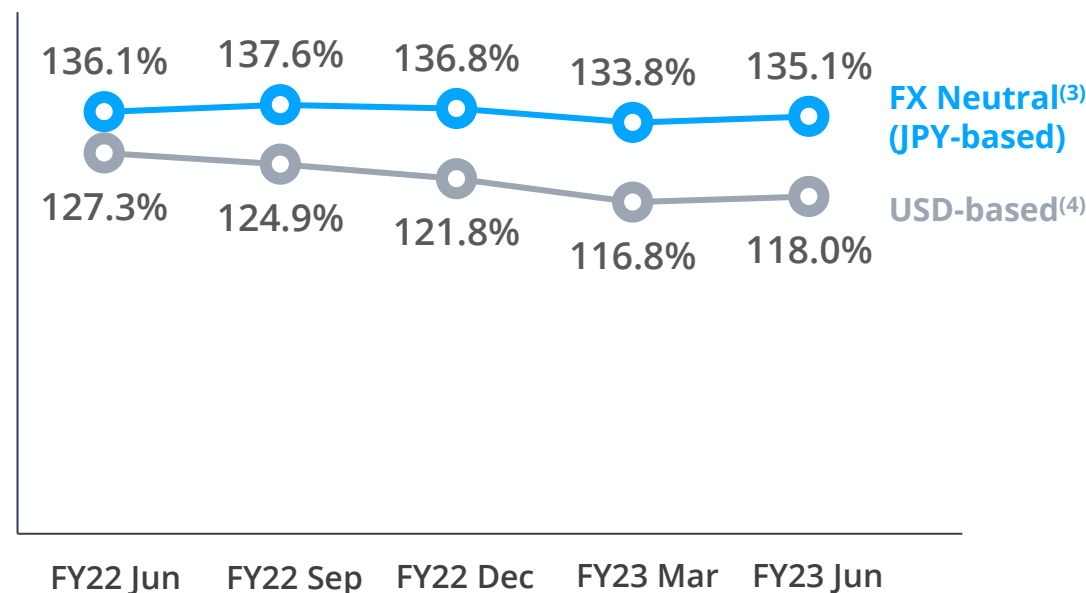
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Improving churn rate & solid LTM NRR prove the stickiness of our customers to our solutions

- The strong USD appreciation in the last 5 quarters enlarged the 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]

Churn Rate of Customers
0.622%   0.615%   0.617%   0.608%   0.619%

Churn Rate of Revenue from Customers
0.403%   0.321%   0.310%   0.403%   0.382%

FY22 Jun   FY22 Sep   FY22 Dec   FY23 Mar   FY23 Jun

LTM Net Revenue Retention

136.1%   137.6%   136.8%   133.8%   135.1%   **FX Neutral[3] (JPY-based)**

127.3%   124.9%   121.8%   116.8%   118.0%   **USD-based[4]**

FY22 Jun   FY22 Sep   FY22 Dec   FY23 Mar   FY23 Jun

(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
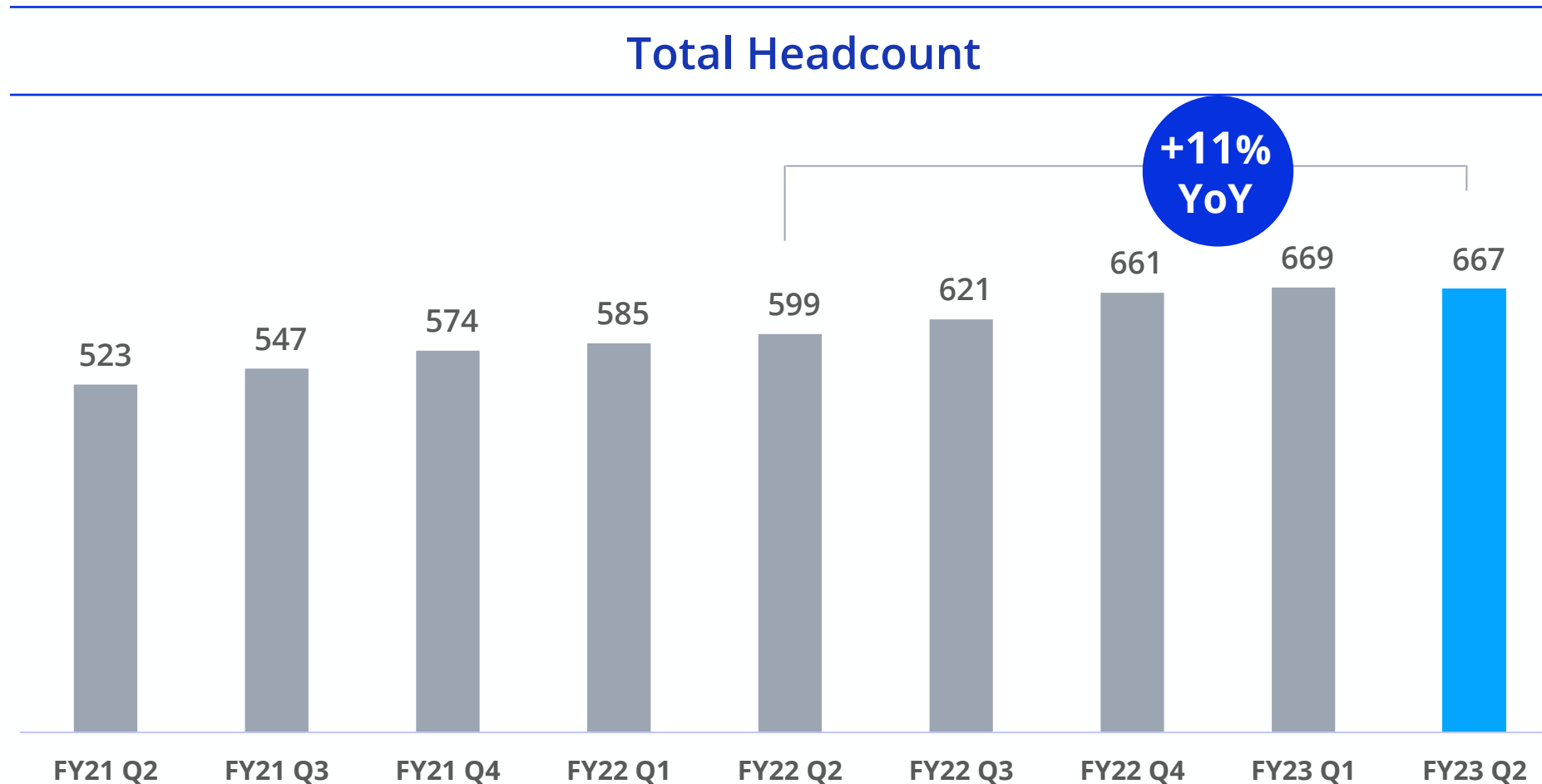(3) We calculate FX neutral NRR by dividing (i) total revenue calculated in U.S. dollars from the last 12 months from customers that used one of our solutions during the same period in the prior year and converted to JP Yen based on the FX neutral quarterly average exchange rate of FY22 Q3 to FY23 Q2, 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 FY21 Q3 to FY22 Q2
(4) 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.
(5) Above calculation does not include BotBonnie's and Woopra's customers.

Hiring to scale our opportunities & continuous investment in new talents
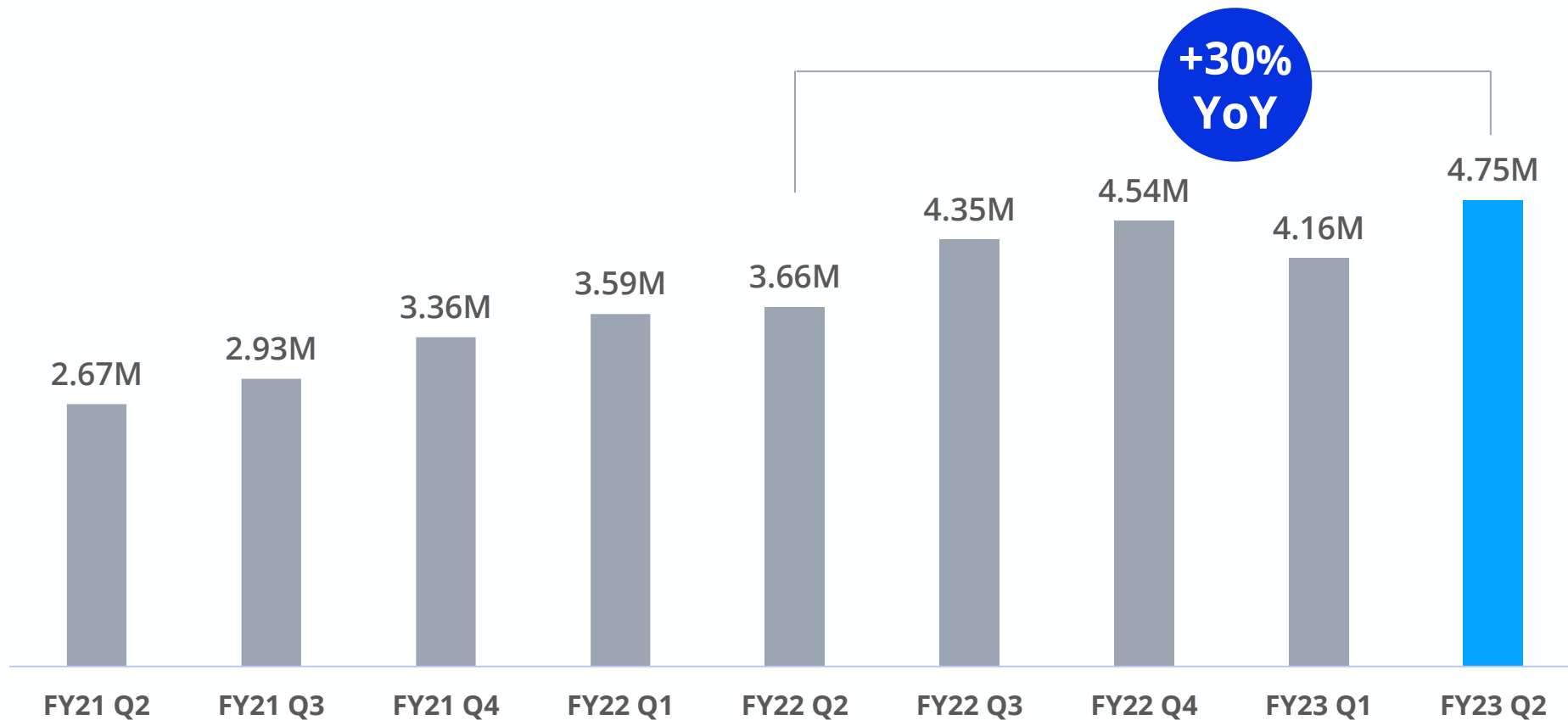
- The hiring pace of key commercial and engineering roles is on track, with the hiring momentum for other teams set to increase in FY23 2H.

Total Headcount

	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2
	523	547	574	585	599	621	661	669	667

+11% YoY

Productivity Improvement

- Our productivity per headcount has reached a historical high.

Quarterly Gross Profit / Headcount (JPY)

+30% YoY

FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2
2.67M	2.93M	3.36M	3.59M	3.66M	4.35M	4.54M	4.16M	4.75M

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Appier's Strong Network Effects Drive Platform Value

Complementary and Relevant Products

NRR increases

AI Model Learning & Improvement

Data Synergy Across Products

Higher Sales Productivity

Number of new customers rises

Higher ROI for S&M investment

Higher Gross Profit per Customer
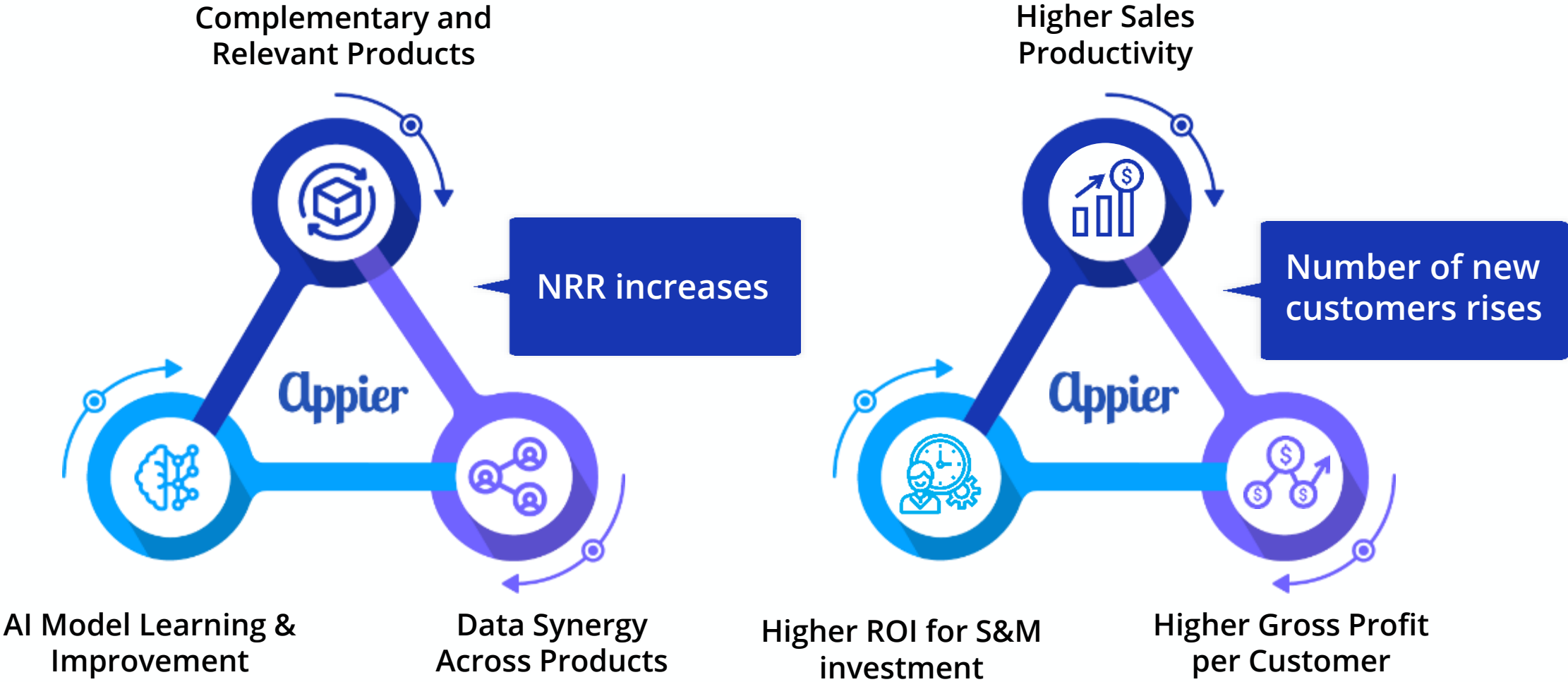
FY23 Q2 Review & Achievements

FY23 Q2 Business Metrics

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Quarterly Seasonality

Quarterly Revenue Breakdown

Fueled by robust business momentum, FY23 Q2 experienced accelerated growth and outperformance compared to Q2 of prior years.

Q4 — FY2020: 31.1%, FY2021: 30.8%, FY2022: 29.6%
Q3 — FY2020: 23.9%, FY2021: 25.3%, FY2022: 26.3%
Q2 — FY2020: 20.8%, FY2021: 22.1%, FY2022: 22.4%, FY2023: 24.2%
Q1 — FY2020: 24.2%, FY2021: 21.7%, FY2022: 21.6%, FY2023: 21.8%

Covid-19 impact

FY2020   FY2021   FY2022   FY2023
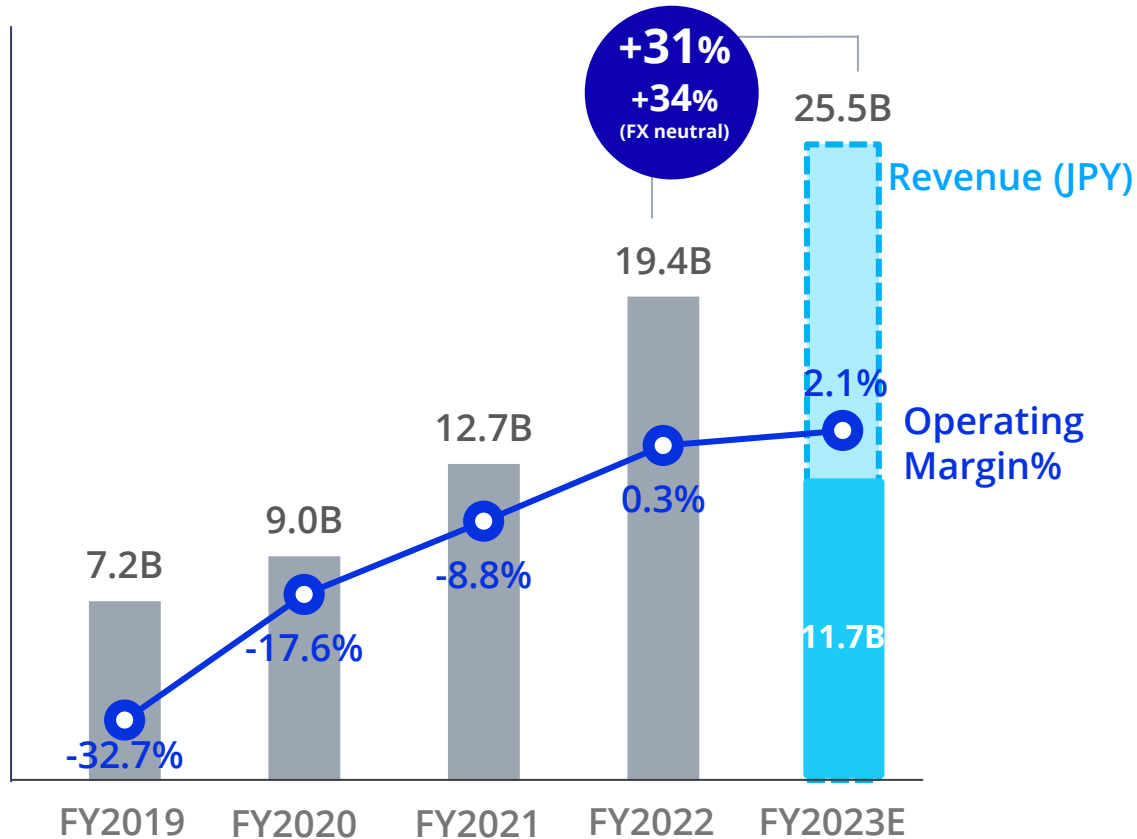
2023 1H Overview & 2023 Guidance

- Our FY23 1H results exceeded FY2023 with our ongoing commitment to achieve sustainable and profitable growth through our core values of turning AI into ROI and seize business opportunities with agility.
- We expect the growth momentum of revenue to persist throughout FY23 2H as our ongoing business development in key verticals, E-commerce and Digital Content, as well as key geos, Korea and US & EMEA, continue to fuel our growth.

	2023 1H		YoY	2023 Guidance		YoY	Highlights
Revenue	11.7 Bn		+37%	25.5 Bn		+31% +34% (on an FX neutral basis)	▶ Continuous geo and vertical expansion such as Digital Content in Korea and the expansion in US & EMEA ▶ Continuously strong NRR due to the demand of ROI-driven solutions from customers ▶ AI trends enhance customer acceptance of our key differentiators
Gross Profit	5.9 Bn	50.7%	+39%	13.5 Bn	53.0%	+35%	▶ Algorithm accuracy improvement compared to the previous year ▶ Significant improvement in later half of Q2, driven by positive effects from algorithm experiments in Q1
Operating Income	0.05 Bn	0.4%	+1.5 p.p.	0.54 Bn	2.1%	+1.8 p.p.	▶ Increasing business efficiency & sales productivity ▶ Strategic R&D spending on new products and features for enhancing corporate core values
EBITDA	0.94 Bn	8.0%	+2.4 p.p.	2.34 Bn	9.2%	+2.2 p.p.	▶ Utilized most budget of JPY 60M forward-looking investment for corporate function enhancement in1H

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2023: A year of balancing Growth & Profitability for the financial target in 2025

Revenue (JPY) & Operating Margin%

+31%
+34%
(FX neutral)

25.5B

Revenue (JPY)

19.4B

2.1%

Operating Margin%

12.7B

9.0B

0.3%

7.2B

-8.8%

-17.6%

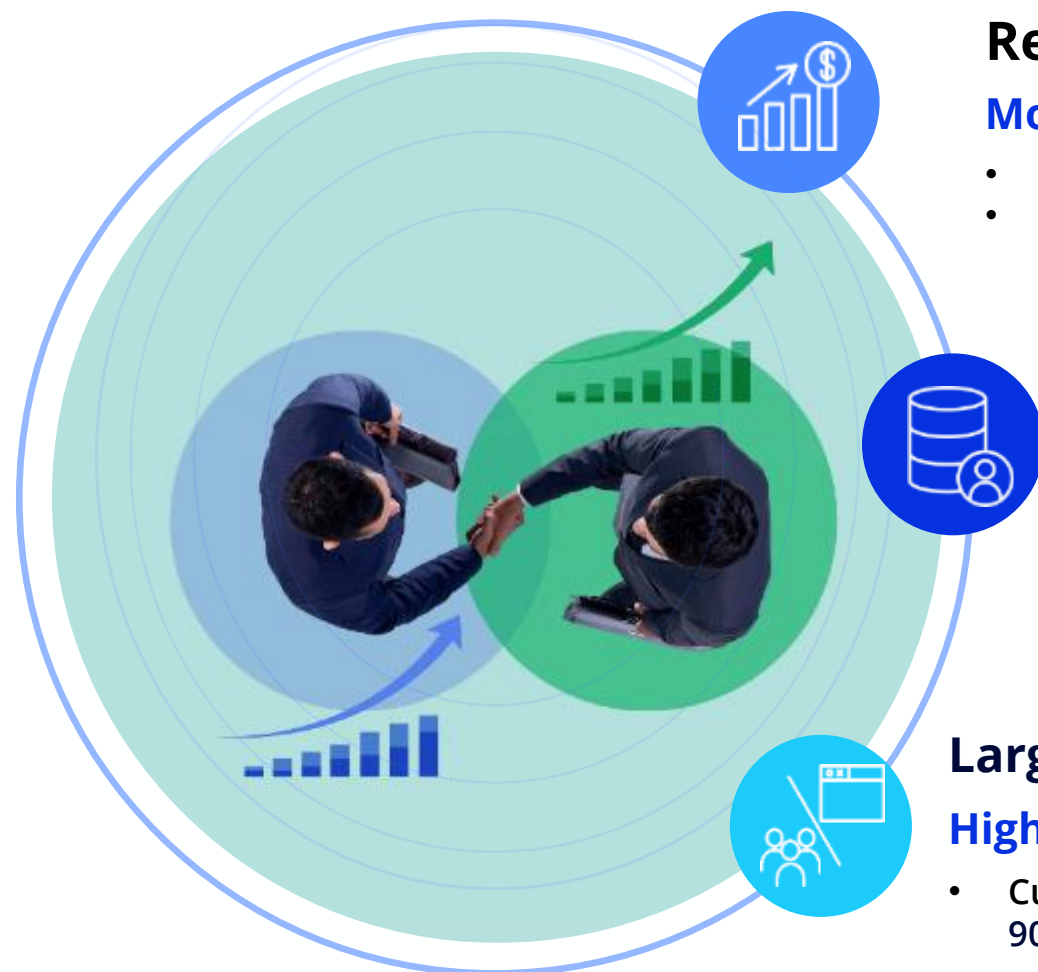11.7B

-32.7%

FY2019 FY2020 FY2021 FY2022 FY2023E

Growth

► Further Penetration into each region

► Well Balanced Vertical Expansion

► Up-sell & cross-sell via product synergy

Profitability

► High productivity for both Sales and R&D

► Algorithm enhancement

► Strong operating leverage with efficiency

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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

FY23 Q2 Review & Achievements
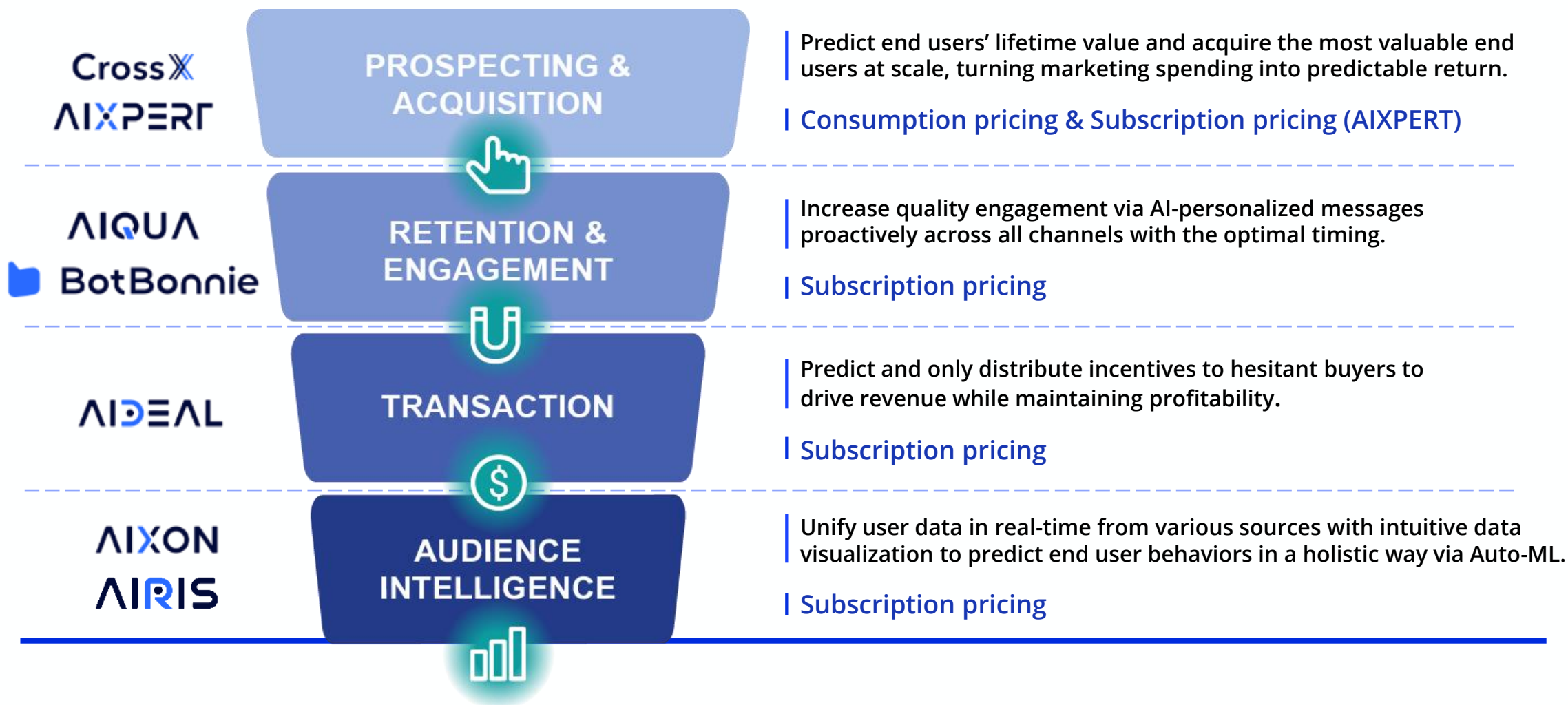
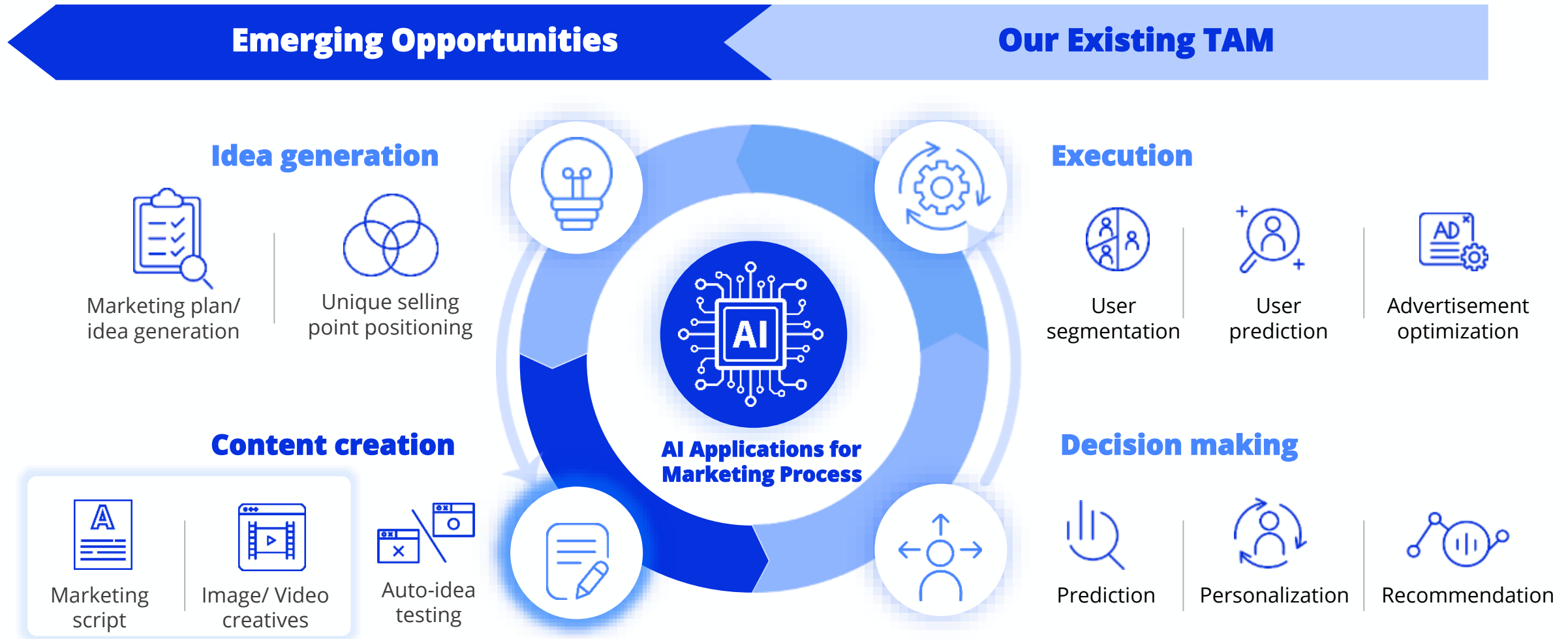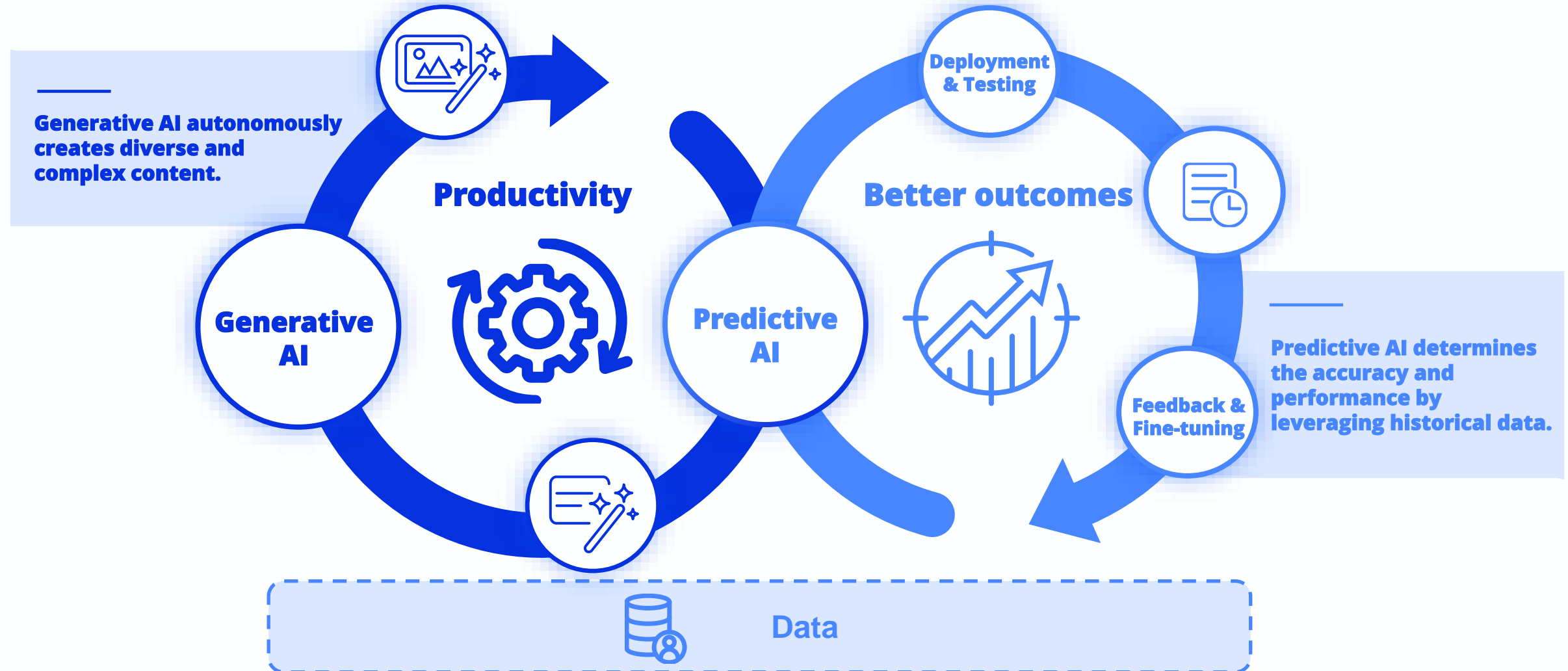**FY23 Q2 Business Metrics**

Business Outlook

Product Updates

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Comprehensive AI-Powered Solutions Across the Funnel

CrossX
AIXPERT

PROSPECTING & ACQUISITION

Predict end users' lifetime value and acquire the most valuable end users at scale, turning marketing spending into predictable return.

Consumption pricing & Subscription pricing (AIXPERT)

AIQUA
BotBonnie

RETENTION & ENGAGEMENT

Increase quality engagement via AI-personalized messages proactively across all channels with the optimal timing.

Subscription pricing

AIDEAL

TRANSACTION

Predict and only distribute incentives to hesitant buyers to drive revenue while maintaining profitability.

Subscription pricing

AIXON
AIRIS

AUDIENCE INTELLIGENCE

Unify user data in real-time from various sources with intuitive data visualization to predict end user behaviors in a holistic way via Auto-ML.

Subscription pricing

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Generative AI: Enlarge our TAM from decision making to content creation

Emerging Opportunities

Our Existing TAM

Idea generation
- Marketing plan/ idea generation
- Unique selling point positioning

Execution
- User segmentation
- User prediction
- Advertisement optimization

AI Applications for Marketing Process

Content creation
- Marketing script
- Image/ Video creatives
- Auto-idea testing

Decision making
- Prediction
- Personalization
- Recommendation

Combine the strength of generative and predictive AI to create the best outcome in marketing scenarios

Generative AI autonomously creates diverse and complex content.

Productivity

Generative AI

Predictive AI

Better outcomes

Deployment & Testing

Feedback & Fine-tuning

Predictive AI determines the accuracy and performance by leveraging historical data.

Data

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Content refinement for in-campaign optimization

Leverage both Predictive AI and Generative AI to maximize productivity and performance.
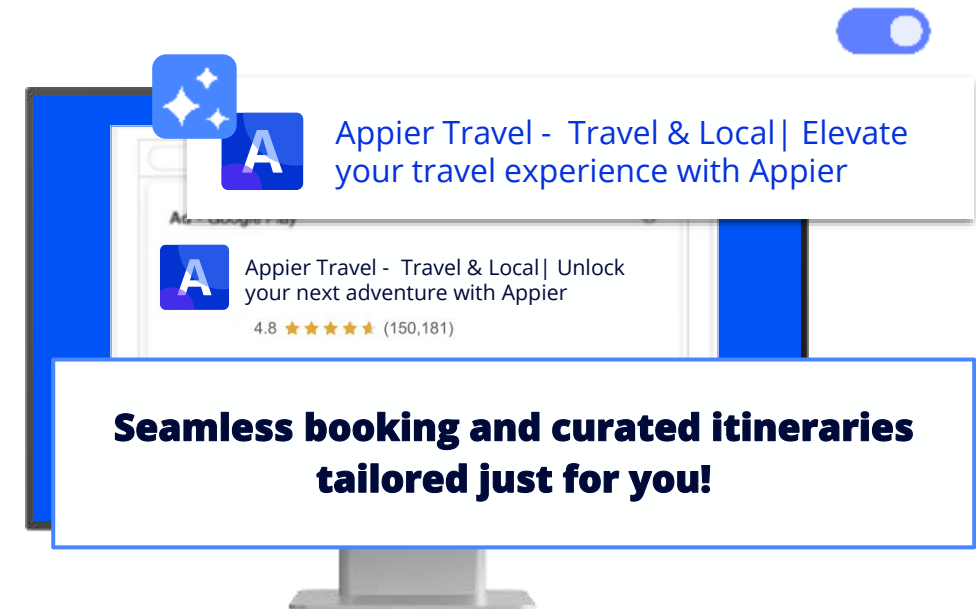
Initial content

AIXPERT
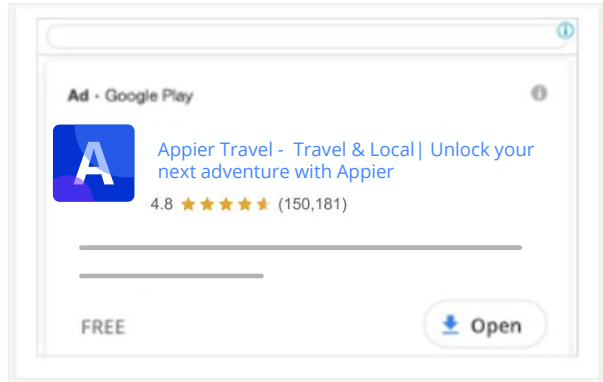
Goal KPI Performance → **Gen-AI Content Refining**
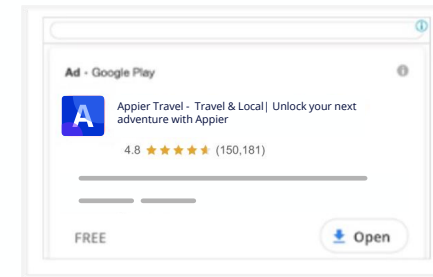
Auto-turn off underperforming ads

Appier Travel - Travel & Local| Elevate your travel experience with Appier

Appier Travel - Travel & Local| Unlock your next adventure with Appier

4.8 ★★★★☆ (150,181)

Seamless booking and curated itineraries tailored just for you!

- KPI-driven content refinement
- In-campaign test and find the best engaging content
- Detect ad fatigue and prolong ad effectiveness

AI-adjust based on in-flight performance
while keeping the core message of the initial content

Appier's Generative AI creative services

Use GenAI to generate multiple creative variants that work best to improve the performance.
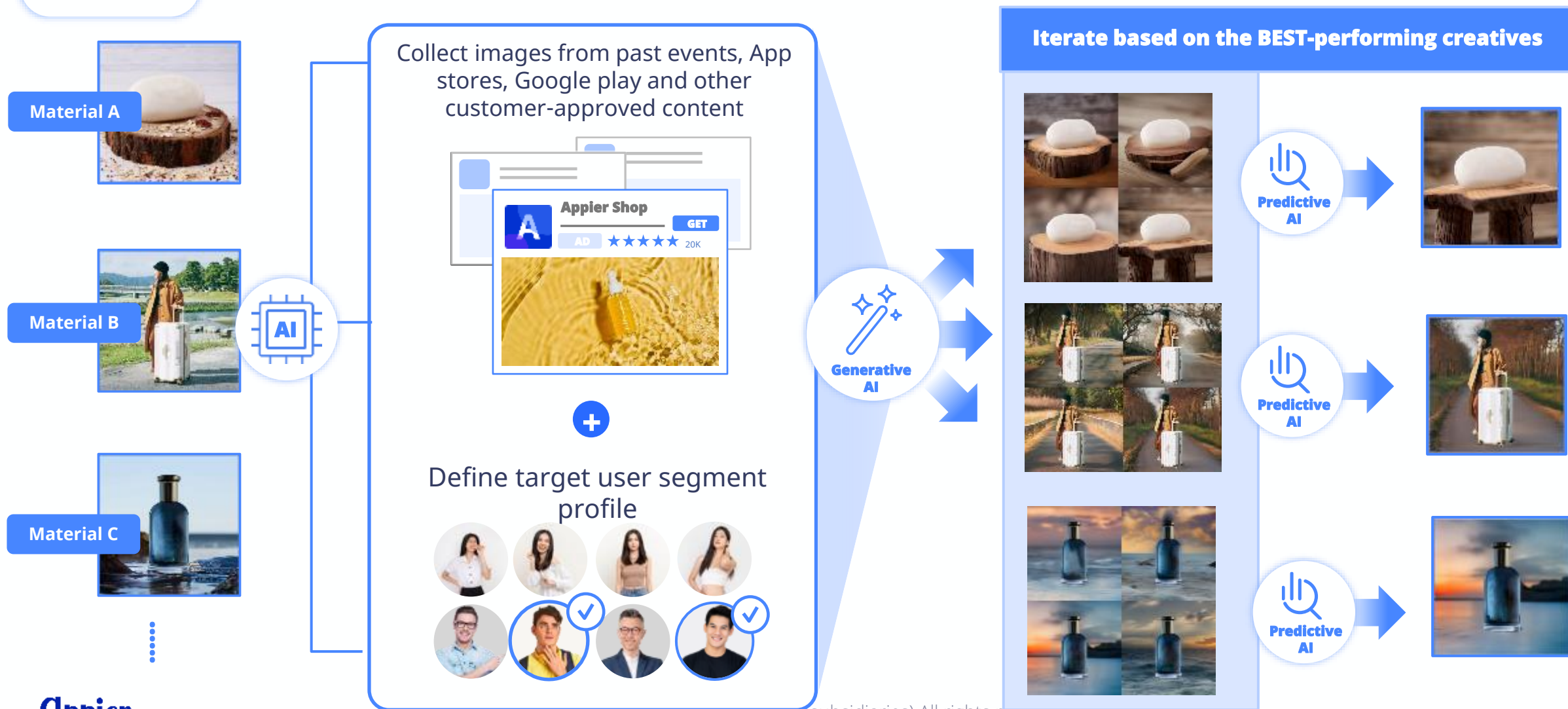
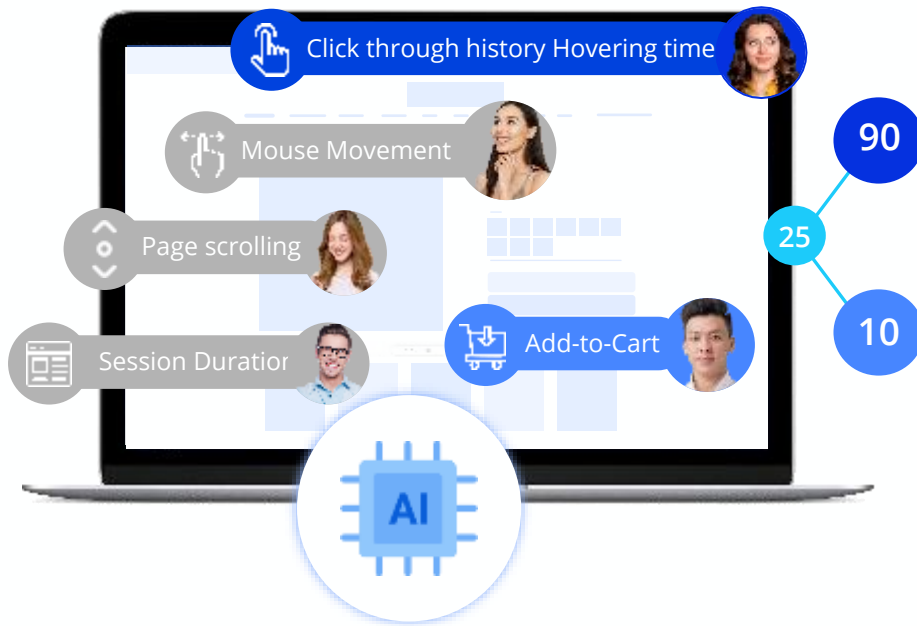Generative AI + Predictive AI

Cross X

Material A

Material B

Material C

Collect images from past events, App stores, Google play and other customer-approved content

Appier Shop
AD ★★★★★ 20K
GET

Define target user segment profile

Generative AI

Iterate based on the BEST-performing creatives

Predictive AI

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Engaging users with Generative & Predictive 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.

CrossX

AIQUA

AIRIS

BotBonnie

Appier

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!

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)

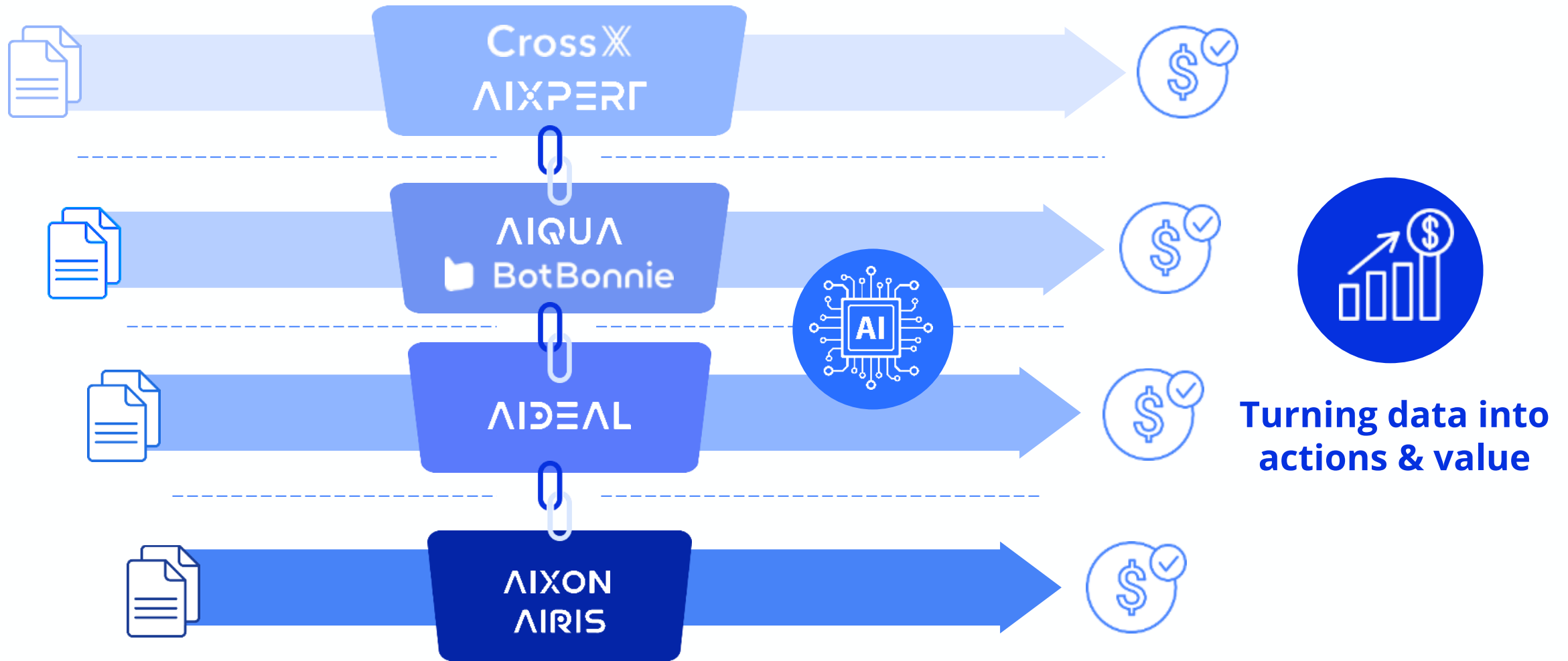**AI100**
CB Insights (2017, 2018)

Top 50
AI startups worldwide
(2017)

Cool Vendor in AI
Gartner
(2017)

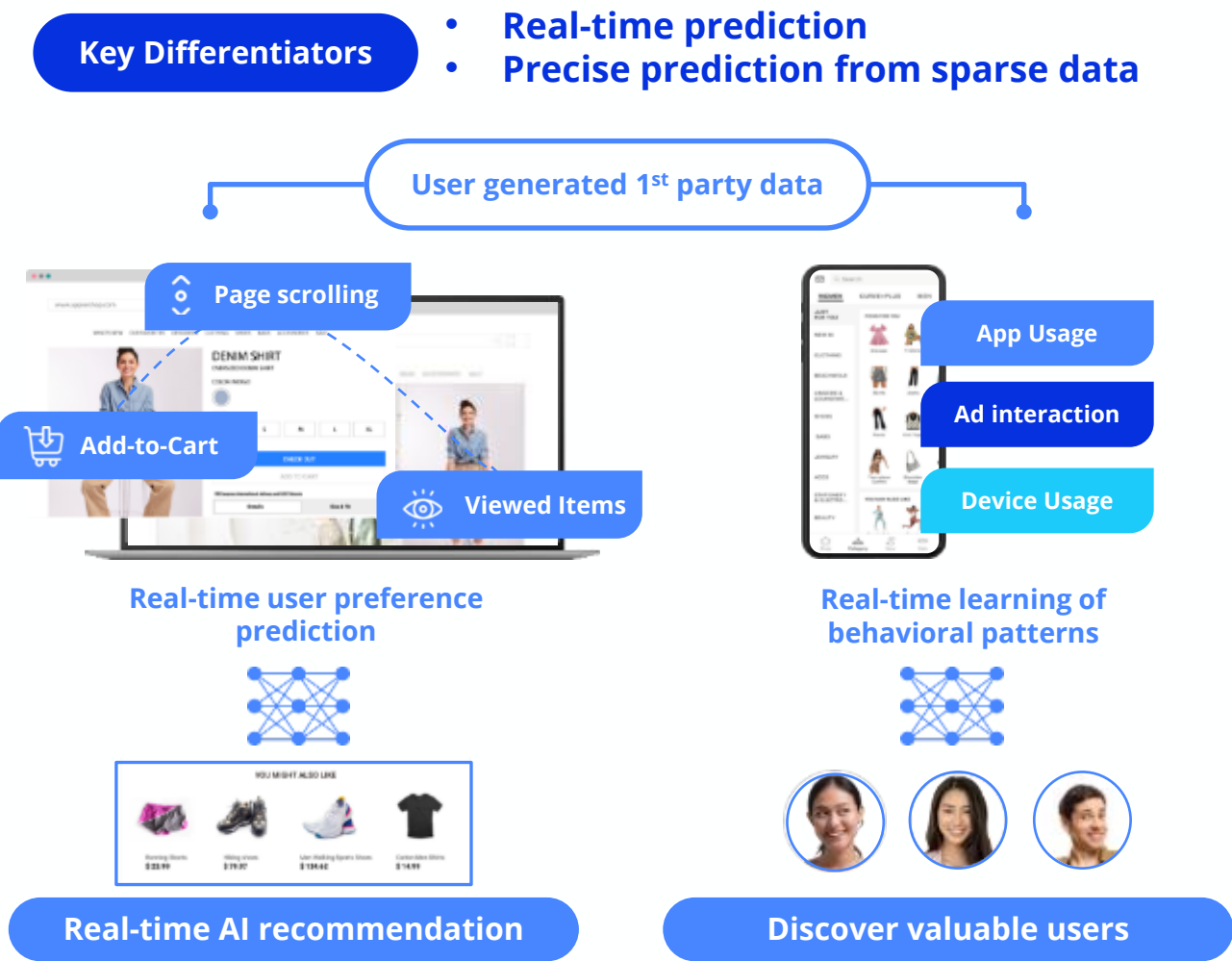(1) Championships on which Appier
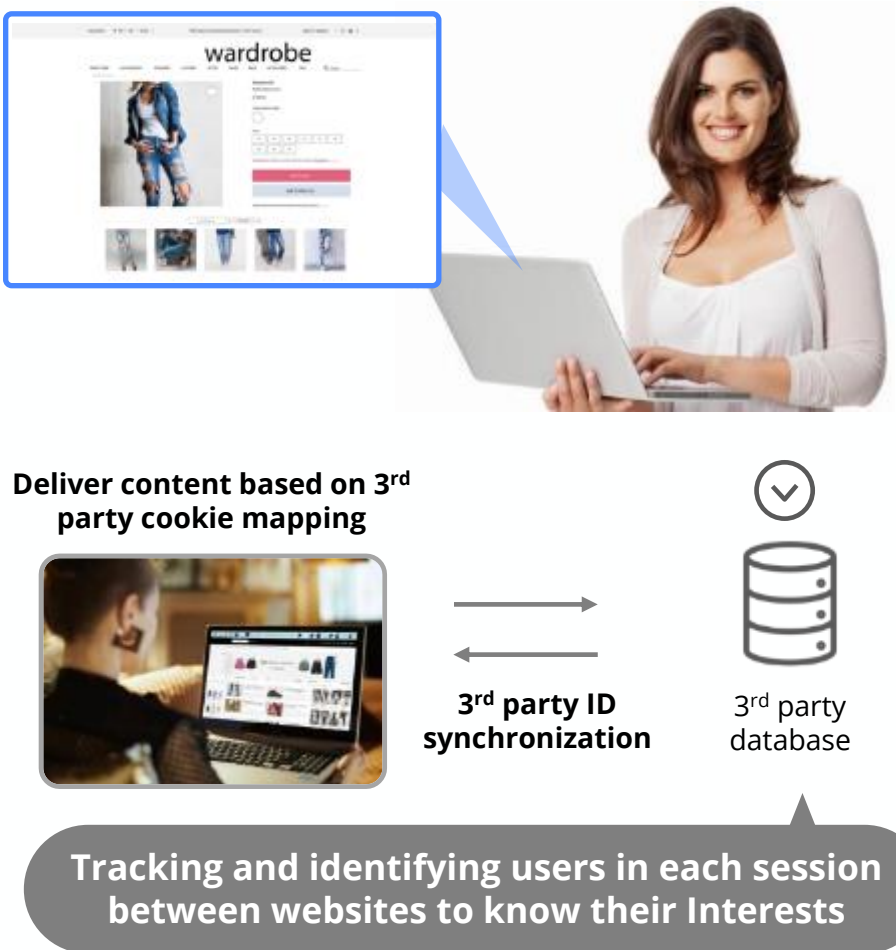employees were part of the winning team

Turning AI into ROI

Turning data into actions & value

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

- Page scrolling
- Add-to-Cart
- Viewed Items
- App Usage
- Ad interaction
- Device Usage

Real-time user preference prediction

Real-time learning of behavioral patterns

Real-time AI recommendation

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

PROSPECTING & ACQUISITION

RETENTION & ENGAGEMENT

TRANSACTION

AUDIENCE INTELLIGENCE

LTV

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

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** |

BotBonnie

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
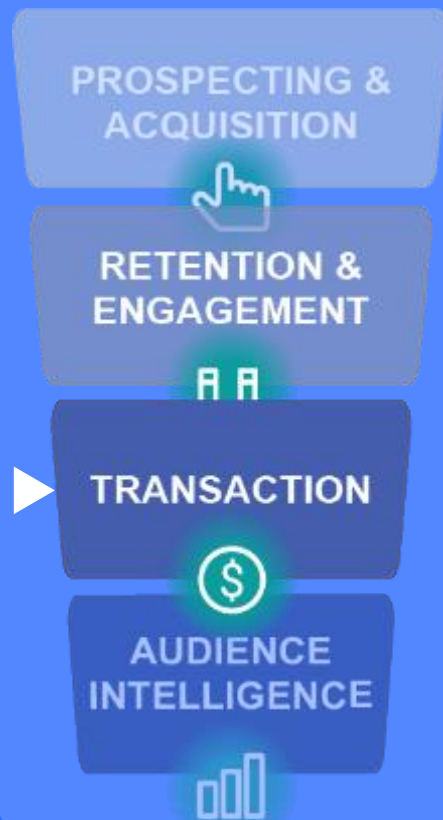
AIDEAL

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**

AIXON

PROSPECTING & ACQUISITION

RETENTION & ENGAGEMENT

TRANSACTION

AUDIENCE INTELLIGENCE

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**

Why Appier Wins

Existing Solutions

Why Customers Choose Appier

Prospecting & Acquisition

Manual A/B testing
- Leading to waste of budget and unlikely to outperform machines

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

Retention & Engagement

Marketing Cloud solutions
- Mostly based on a reactive approach based on past behaviors

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

Transaction

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

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

Audience Intelligence

AI vendors or building an inhouse data scientist team
- Potentially hard to scale and more costly
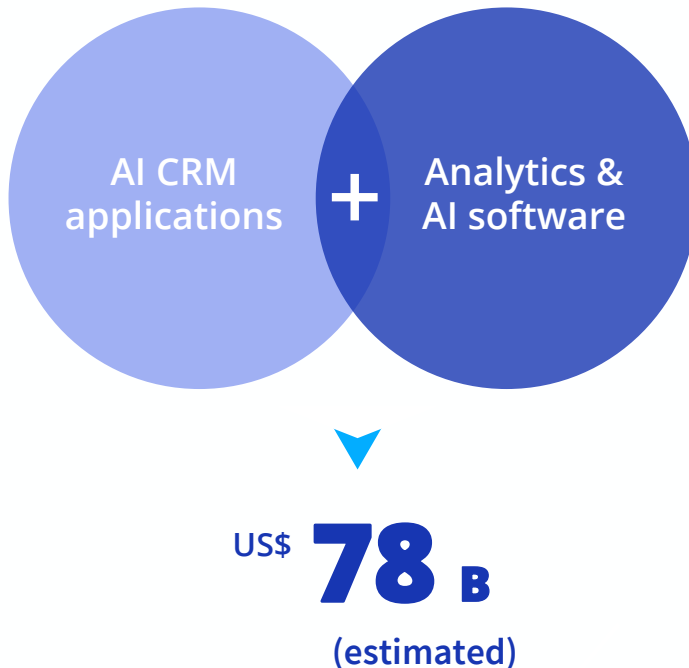
AIXON
AIRIS
- Automated ML to build differentiated best-in-class AI prediction models through SaaS
- Business users able to leverage AI capabilities without scientists / engineers
- Fast time-to-insight with superior analytics and intuitive data visualization

Massive Market Opportunity

Top-Down View 2023

IDC [1]

AI CRM applications **+** Analytics & AI software

US$ **78** B
(estimated)

Bottom-Up View 2023

Global Marketing Investment US$ **72** B [3]
(estimated)

APAC Marketing Investment US$ **24** B
(estimated)

Appier annualized revenue US$ **147** M [2]

(1) Source: IDC Semiannual Artificial Intelligence Tracker, 2H 2020 (July 2021)
(2) Annualized revenue= FY22 revenue in JPY / exchange rate 131.64
(3) Calculation is based on internal estimation. In terms of APAC marketing investment, we have around 3% market share in EC, 2.5% 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

Paris
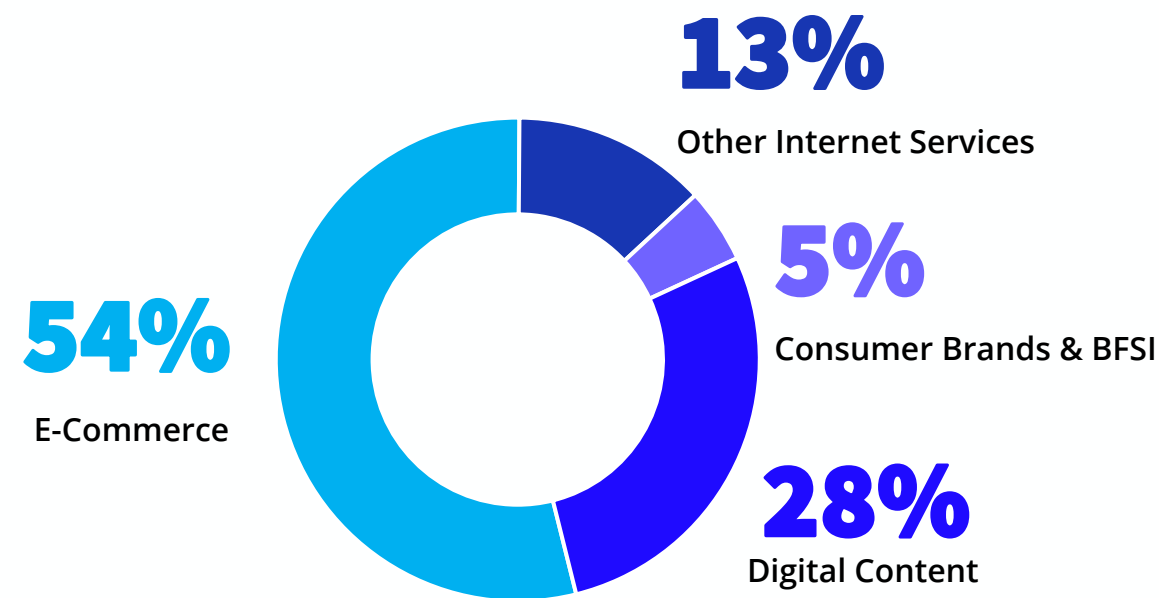
Europe

Taipei / Hong Kong/ Beijing

Greater China

Tokyo / Seoul / Osaka

Northeast Asia

San Francisco

North America

**Singapore /
Ho Chi Minh City
Jakarta / Kuala Lumpur
Manila / Mumbai
New Delhi / Bangkok
Sydney**

Southeast Asia

Taipei

2012

**Ho Chi Minh City
Tokyo
Singapore**

2014

**Seoul
Kuala Lumpur
Mumbai
New Delhi**

**Jakarta
Hong Kong
Manila
Sydney**

2015

**Osaka
Bangkok**

2017

**Beijing
Paris
San Francisco**

2020

Appier

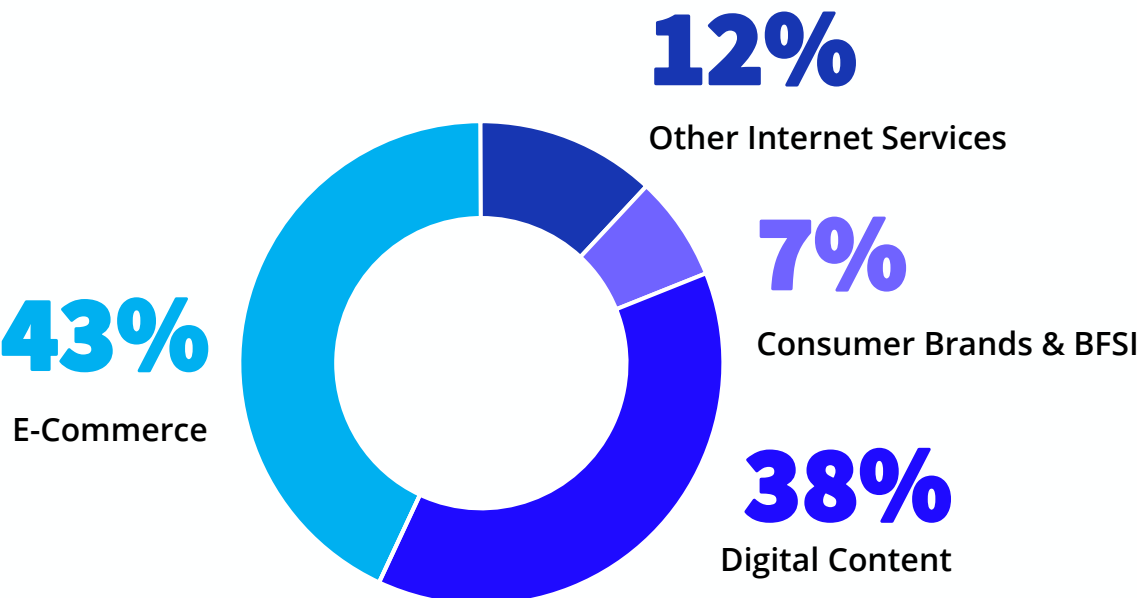# Continuous growth momentum through vertical expansion along with diversified verticals & geo moderate business seasonality

FY2021 Revenue % by Vertical

13%
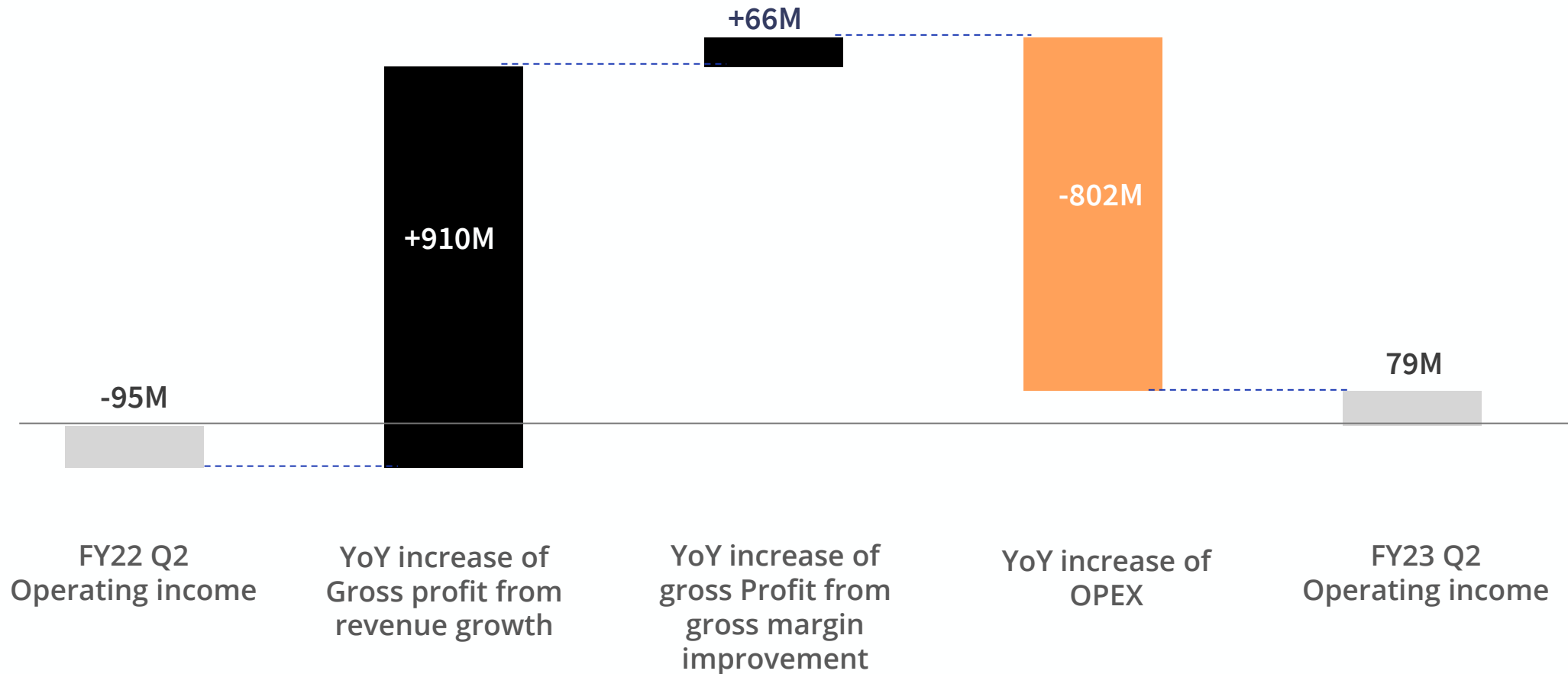Other Internet Services

5%
Consumer Brands & BFSI

54%
E-Commerce

28%
Digital Content

FY2022 Revenue % by Vertical

12%
Other Internet Services

7%
Consumer Brands & BFSI

43%
E-Commerce

38%
Digital Content

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2023 Q2 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)

-95M	**+910M**	**+66M**	**-802M**	**79M**
FY22 Q2 Operating income	YoY increase of Gross profit from revenue growth	YoY increase of gross Profit from gross margin improvement	YoY increase of OPEX	FY23 Q2 Operating income

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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.

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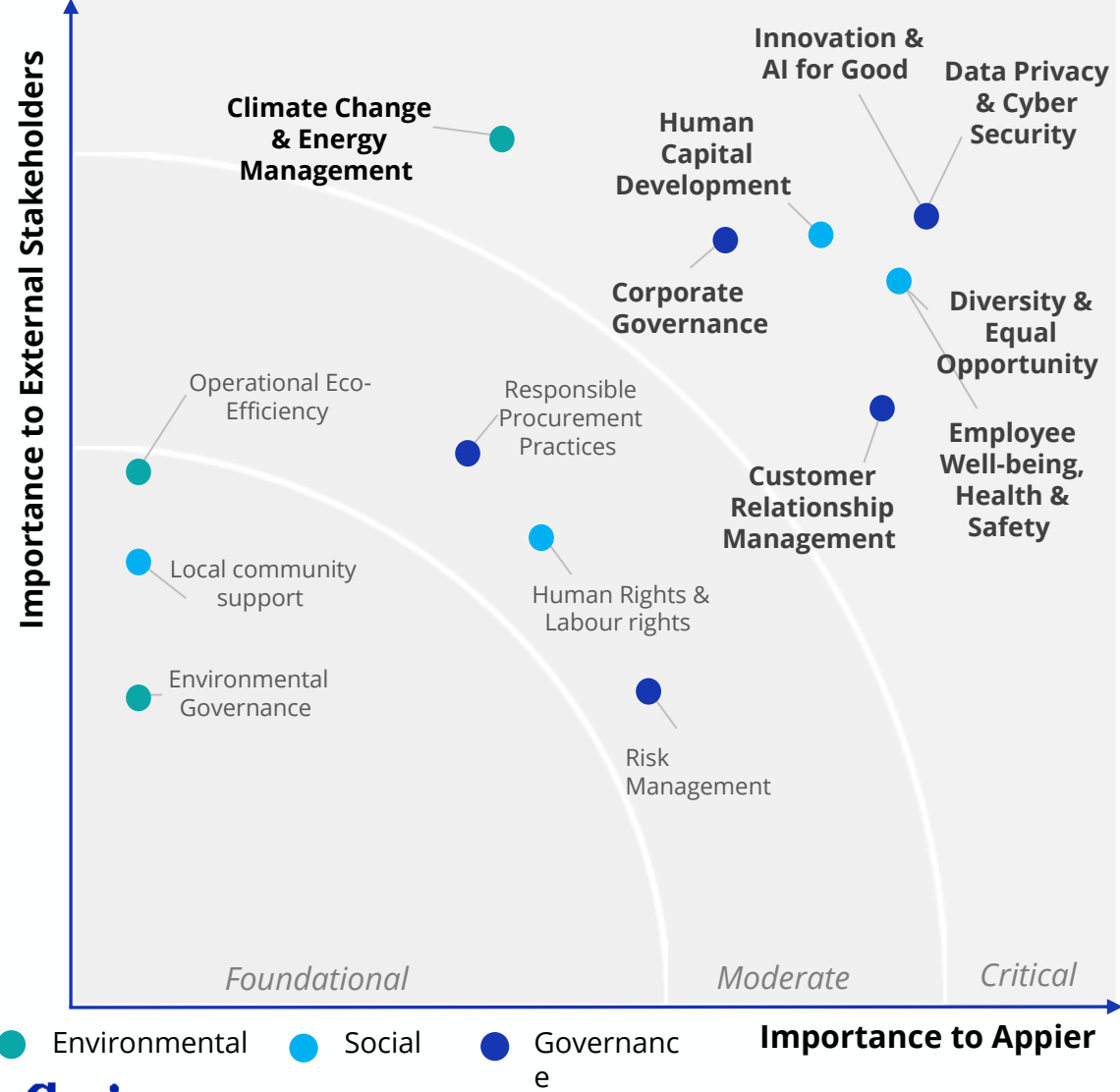
We believe ESG should be placed at the center of our focus on building a sustainable business and are determined to make commitments and to proactively engage our stakeholders in Appier's journey towards ESG excellence, as this is part of our vision for the future of our business.

We were awarded an "A" rating by MSCI ESG Research[1] and we will continue to improve towards ESG excellence.
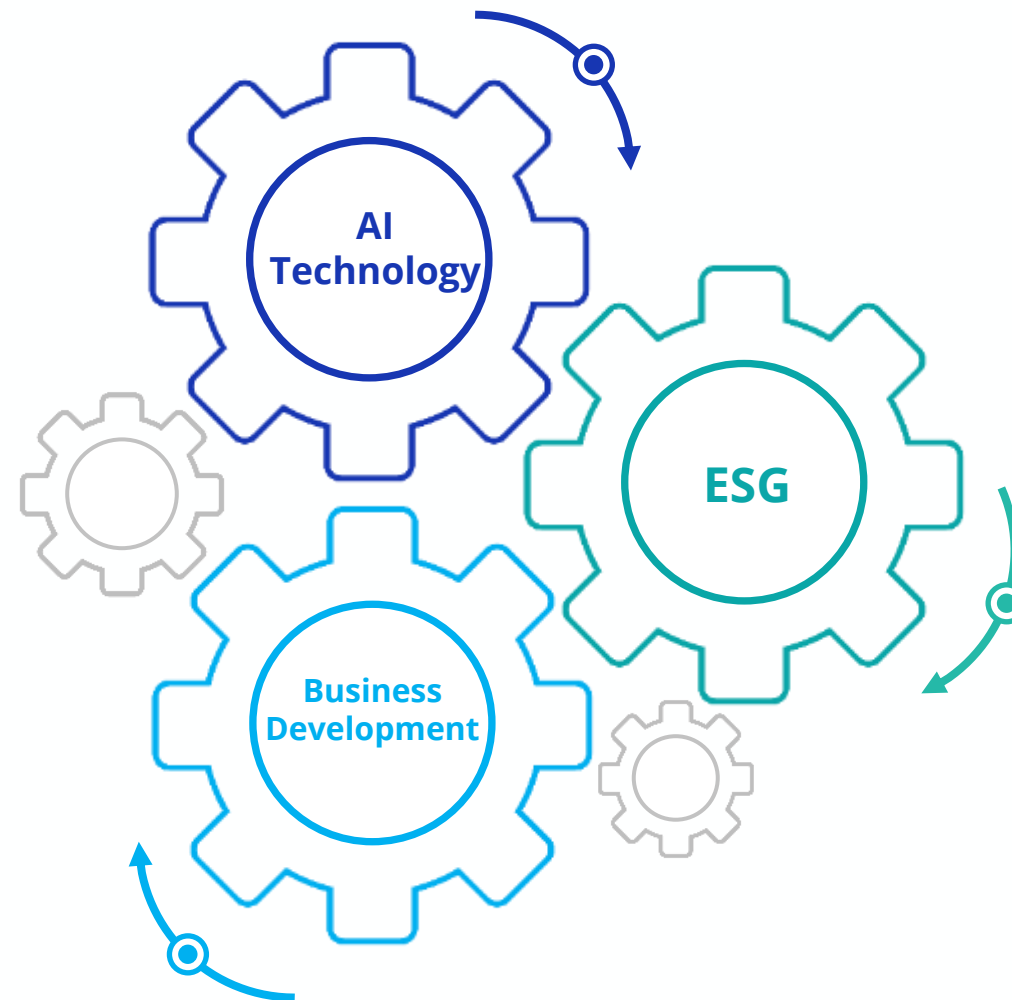
(1) MSCI ESG Research provides MSCI ESG Ratings on more than 8,500 global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers. MSCI ESG research is today known as one of the leading ESG rating agencies.

Defining ESG Priorities: Materiality Assessment

Importance to External Stakeholders

- Climate Change & Energy Management
- Innovation & AI for Good
- Data Privacy & Cyber Security
- Human Capital Development
- Corporate Governance
- Diversity & Equal Opportunity
- Operational Eco-Efficiency
- Responsible Procurement Practices
- Customer Relationship Management
- Employee Well-being, Health & Safety
- Local community support
- Human Rights & Labour rights
- Environmental Governance
- Risk Management

Foundational   *Moderate*   *Critical*

Importance to Appier

● Environmental   ● Social   ● Governance

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)	2022 Q2 6 months	2023 Q2 6 months	YoY	2022 Q2 3 months	2023 Q2 3 months	YoY	2021	2022
Revenue	**8,557**	**11,722**	**37%**	**4,360**	**6,170**	**42%**	**12,661**	**19,427**
Cost of sales	(4,266)	(5,774)		(2,169)	(3,004)		(6,422)	(9,428)
Gross profit	**4,291**	**5,948**	**39%**	**2,190**	**3,167**	**45%**	**6,239**	**9,998**
Gross margin	**50%**	**51%**		**50%**	**51%**		**49%**	**51%**
Sales and marketing expenses	(2,838)	(3,731)		(1,491)	(1,954)		(4,322)	(6,394)
% of Revenue	*33%*	*32%*		*34%*	*32%*		*34%*	*33%*
Research and development expenses	(1,043)	(1,398)		(582)	(747)		(1,711)	(2,284)
% of Revenue	*12%*	*12%*		*13%*	*12%*		*14%*	*12%*
General and administrative expenses	(728)	(880)		(379)	(447)		(1,349)	(1,602)
% of Revenue	*9%*	*8%*		*9%*	*7%*		*11%*	*8%*
Other income	227	110		168	61		28	334
Other expenses	(2)	(1)		(1)	(1)		(2)	(2)
Operating Income	**(92)**	**48**		**(95)**	**79**		**(1,117)**	**50**
Finance income	41	257		25	135		43	213
Finance costs	(145)	(195)		(98)	(92)		(96)	(153)
Profit before tax	**(195)**	**110**		**(168)**	**122**		**(1,170)**	**111**
Income taxes	(38)	(29)		(19)	(7)		(8)	(90)
Profit for the year	**(233)**	**82**		**(187)**	**115**		**(1,179)**	**21**
EBITDA (excl. IPO related)	**475**	**936**		**213**	**550**		**42**	**1,363**
EBITDA margin	**6%**	**8%**		**5%**	**9%**		**0%**	**7%**

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Selected Financial Data

Consolidated Statements of Financial Position

(Millions of JPY)	2020	2021	2022	2023 Q2
Cash and cash equivalents	1,635	6,561	3,804	5,150
Time Deposit	6,577	14,939	13,933	11,792
Other financial assets – current assets[1]	-	-	3,577	4,919
Substantial cash	**8,212**	**21,500**	**21,313**	**21,860**
Other current assets	1,834	2,984	4,050	4,768
Total current assets	10,046	24,484	25,363	26,629
Total non-current assets	2,348	6,722	10,576	12,195
Total assets	**12,394**	**31,206**	**35,939**	**38,823**
Total liabilities	**4,726**	**8,370**	**9,737**	**10,027**
Total equity	**7,668**	**22,836**	**26,201**	**28,796**

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

Consolidated Statements of Cash Flows

(Millions of JPY)	2021	2022	2023 Q2
Cash flows from operating activities	-747	996	555
Cash flows from investing activities	-9,075	-3,772	552
Cash flows from financing activities	14,396	-520	-286
Ending balance of cash and cash equivalents	6,561	3,804	5,150

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