

MAKING AI EASY

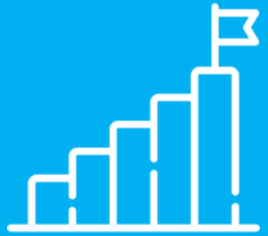
BY MAKING
SOFTWARE INTELLIGENT

Q3 FY2023 Earnings November 2023

Our Mission

Turning AI into ROI by Making Software Intelligent





**FY23 Q3 Review
& Achievements**



**FY23 Q3
Business Metrics**



Business Outlook



Product Updates

Key Remarks for 2023 Q3



We have achieved profitable growth and strong performance in both topline and bottom line in FY23 Q3 with a 39% YoY increase in revenue, reaching an all-time high of JPY7.1B. The outperformance in Q3 was boosted by (1) accelerated YoY growth of 117% in the US & EMEA markets with the revenue contribution up to 20%, (2) continuous expansion of existing customers in NEA, and (3) persistent growth of Digital Content⁽¹⁾ in the high season.



Gross margin has expanded further to 52.6% from 51.3% in Q2 with a 38% YoY gross profit growth rate, primarily driven by our continuous efforts in technological advancement in the past quarters. We expect a continued high level of gross margin in the next quarter.



The profitability enhancement continued to outpace our plan with operating income expanding 62.8 times YoY. Our operating margin reached the historical high of 4.4%, net income margin achieved 4.3%, and EBITDA margin hit 12.1%, demonstrating stronger operating leverage despite ongoing investments in S&M for growth acceleration and R&D to drive product innovation. We expect this trend to continue in the coming quarters.



To reflect our outperformance and better-than-expected profitability in FY23 9M, FY23 revenue target was revised up to JPY 26.2B with a YoY growth rate increased to 35%; operating income was raised to JPY 0.70B with operating margin of 2.7%. We expect our profitable growth and robust business momentum will continue from Q4 onwards, supported by ROI-focused customers.

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

2023 Q3 Highlights

Revenue

JPY **7.1B**

Revenue YoY Growth⁽¹⁾

+39%

Profitability

Operating
Income JPY **314M**

EBITDA JPY **856M**

Gross Profit YoY Growth⁽²⁾

+38%

ARR⁽³⁾

JPY **25.7B**

LTM NRR

FX Neutral⁽⁴⁾ **135.3%**

USD-based⁽⁵⁾ **120.0%**

(1) Revenue Growth from FY22 Q3 to FY23 Q3.

(2) Gross Profit Growth from FY22 Q3 to FY23 Q3.

(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.

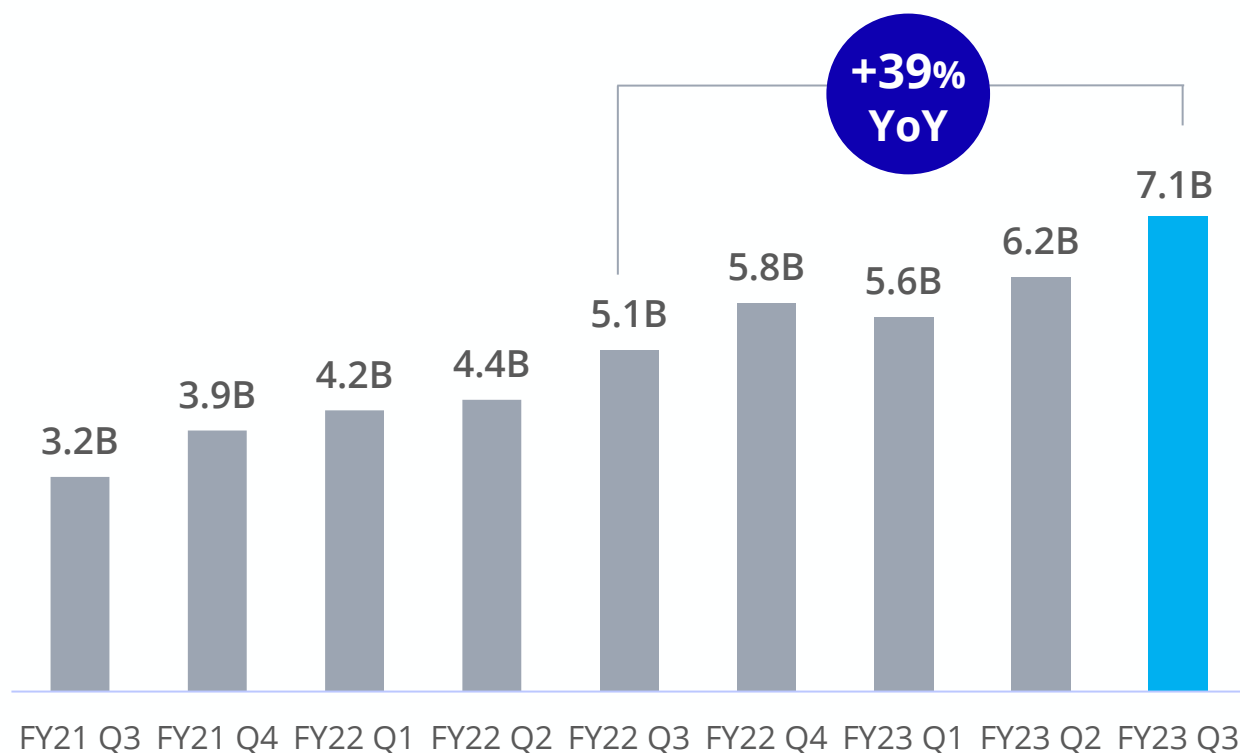
(4) We calculate FX neutral NRR by dividing (i) total revenue calculated in U.S. dollars from the last 12 months from customers that used one of our solutions during the same period in the prior year and converted to JP Yen based on the FX neutral quarterly average exchange rate of FY22 Q4 to FY23 Q3, 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 Q4 to FY22 Q3.

(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.

Revenue Trends

- FY23 Q3 revenue YoY growth was driven by existing customer expansion, especially ROI-focused customers, and new customers from regions and verticals with high growth potential, such as Digital Content in the US & EMEA.

Revenue (JPY)



Incremental Revenue

47% from Existing Customers⁽¹⁾

- ▶ Strong expansion continues from ROI-driven customers
- ▶ High season of Digital Content vertical

53% from New Customers⁽²⁾

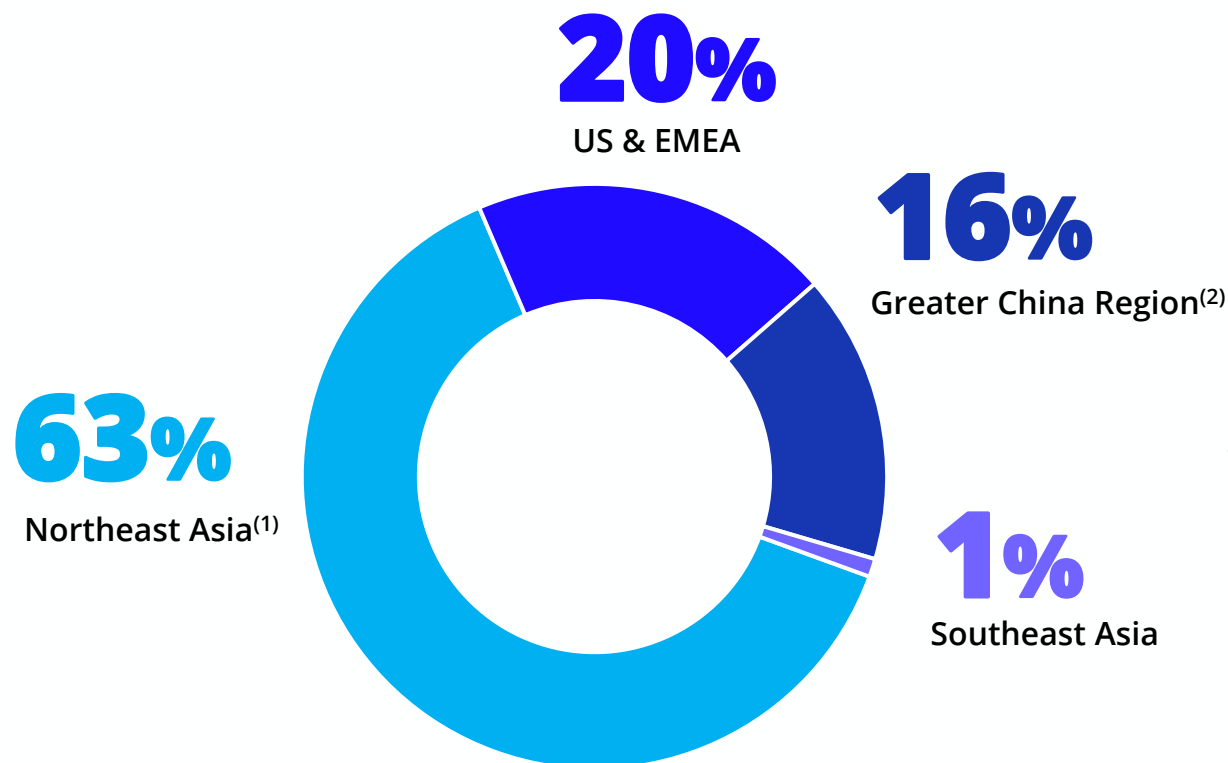
- ▶ Growing demand from key accounts in the US & EMEA
- ▶ Continuous strategic focus on larger enterprise customer acquisition

(1)"Existing Customers" refers to customers acquired before FY22 Q4.

(2)"New Customers" refers to customers acquired from FY22 Q4 to FY23 Q3.

Diverse Revenue Base: Multiple regions demonstrate continuous growth momentum

FY23 Q3 Revenue % by Region



(1) Northeast Asia includes Japan & South Korea

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

NEA

Around **40%** YoY revenue growth with vertical penetration in Digital Content on track and strong existing customer expansion

US & EMEA

Revenue YoY growth accelerated to **117%** YoY and contribution increased to 20% from 13% a year ago

GCR

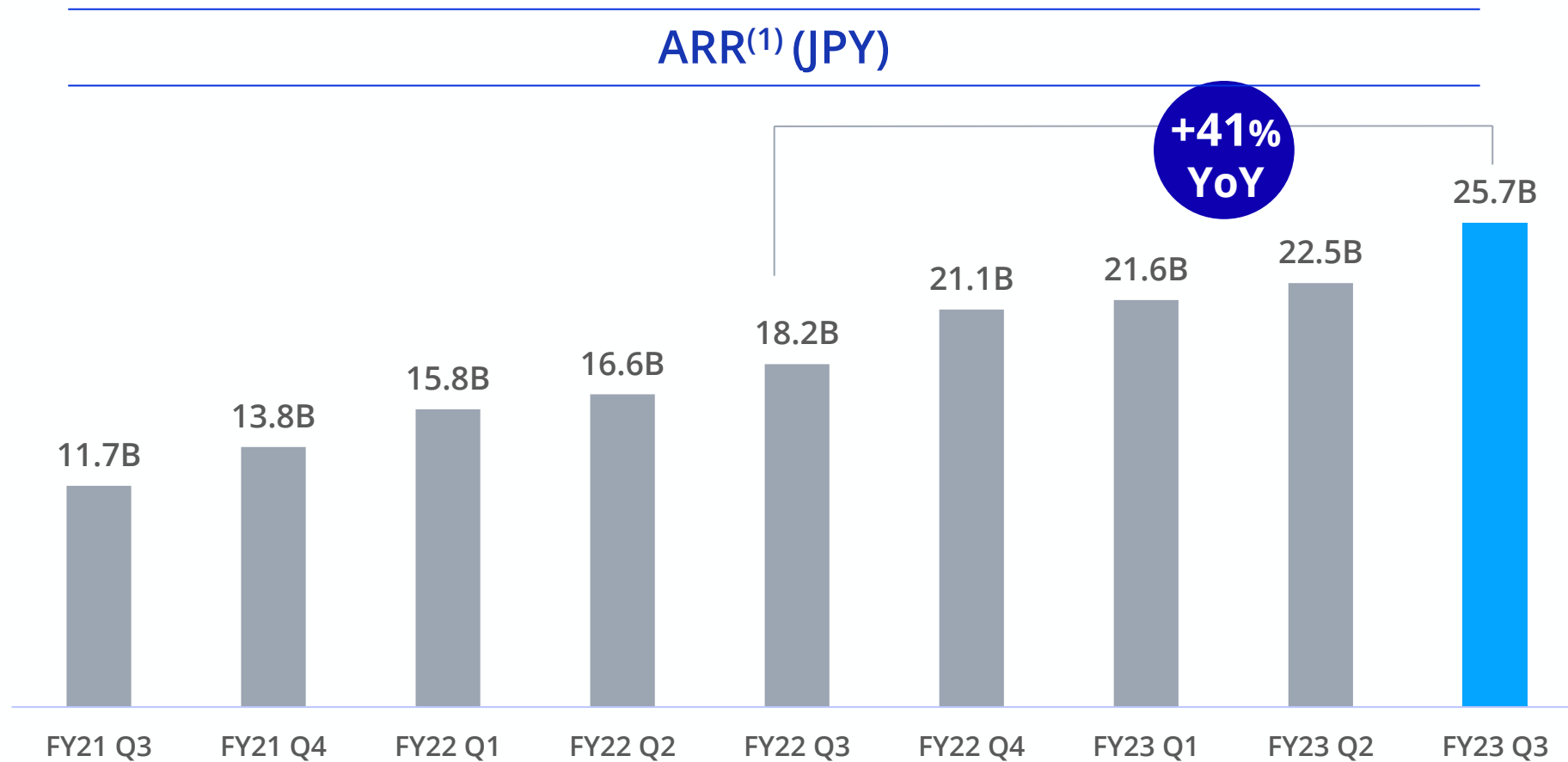
Recovery of business momentum and continuous business expansion trend of CN outbound business

SEA

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

Annual Recurring Revenue Quarterly Trends

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

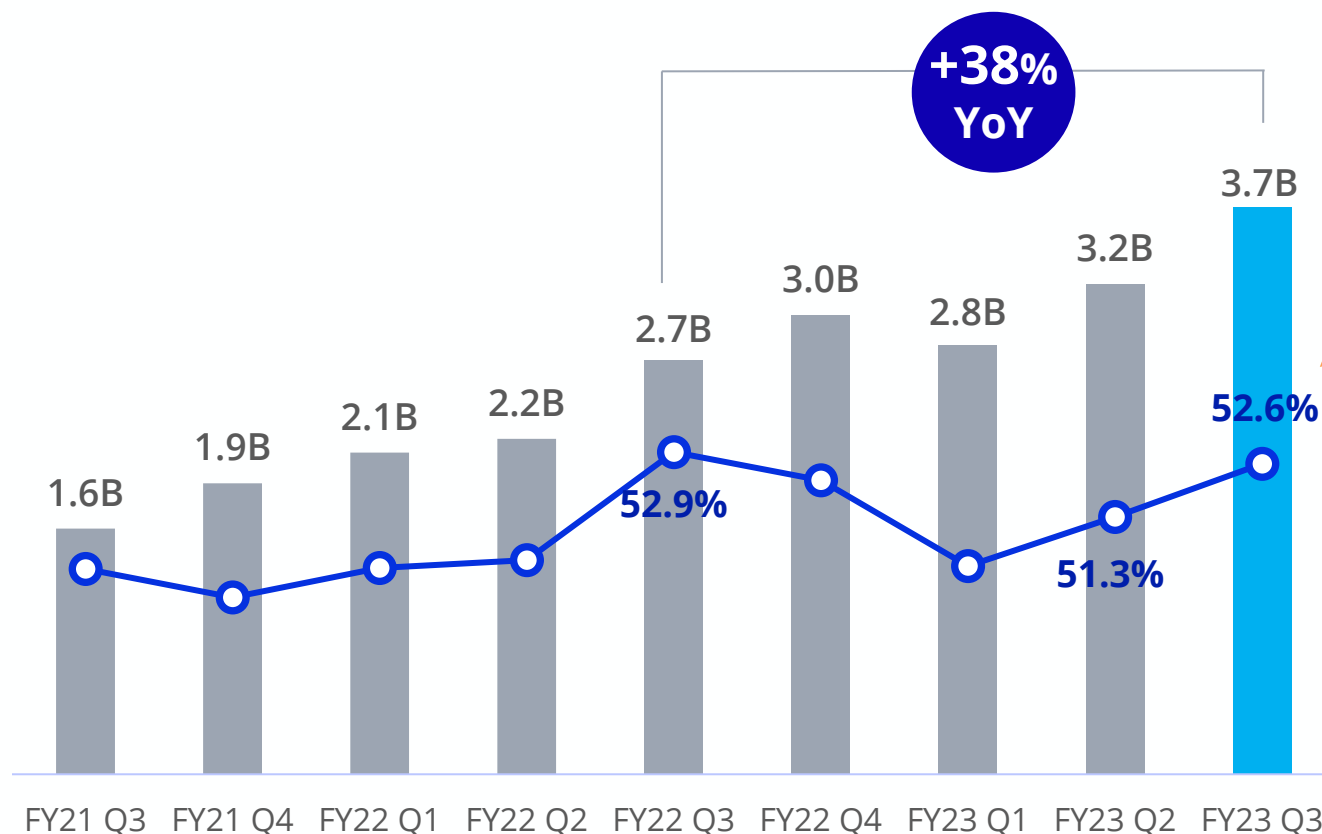


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Gross Profit

- Gross margin improved to 52.6% (FX-neutral 52.8%) in FY23 Q3, increased by 1.3 p.p. on a QoQ basis.
- The gross margin has improved for the past consecutive quarters in FY23 due to our ongoing efforts in technological advancement, and we expect a high level of gross margin towards Q4.

Gross Profit (JPY) & Margin



Factors of Gross Margin Changes

YoY basis

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

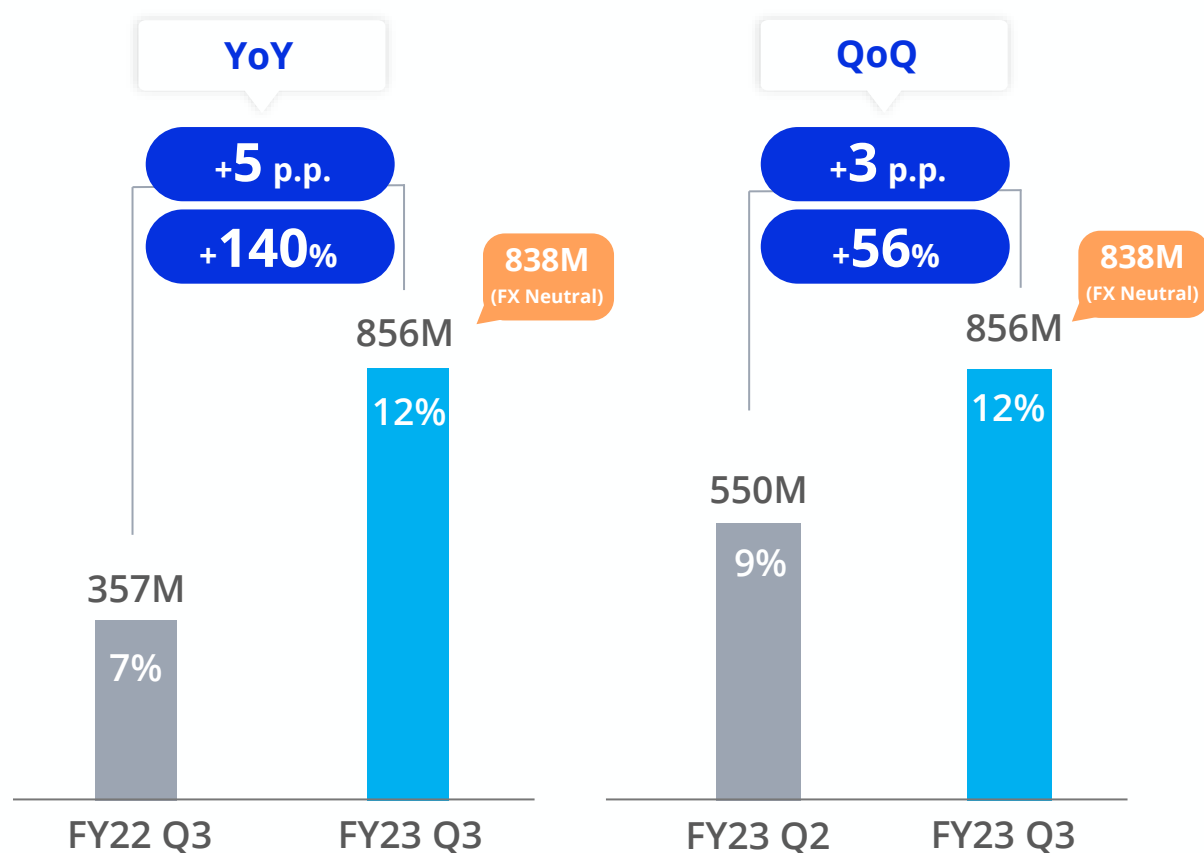
QoQ basis

- ▶ Positive effects of technological development in FY23 1H

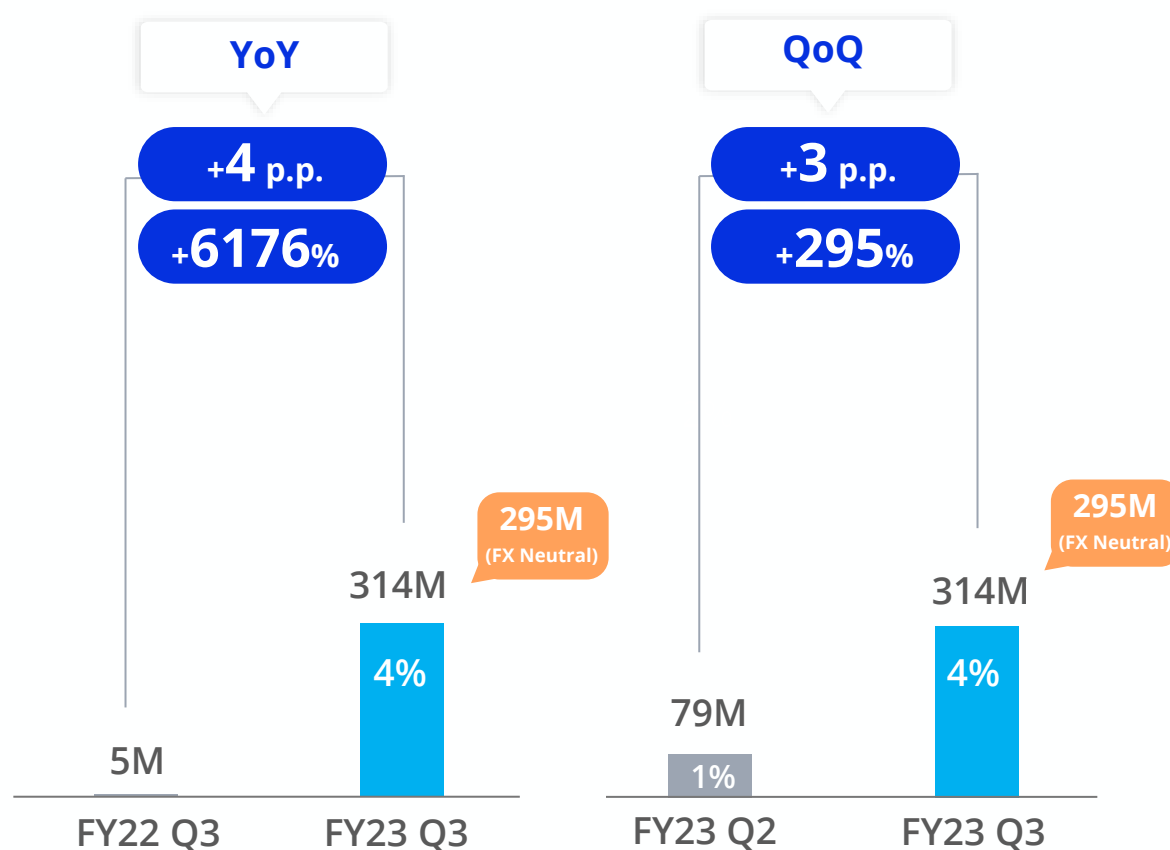
EBITDA & Operating Income

- We improved the profitability significantly with operating income expanding 62.8 times YoY and 4 times QoQ, due to gross margin expansion and strong operating leverage, and we expect further profitability improvement going forward.

EBITDA⁽¹⁾ & Margin (JPY)

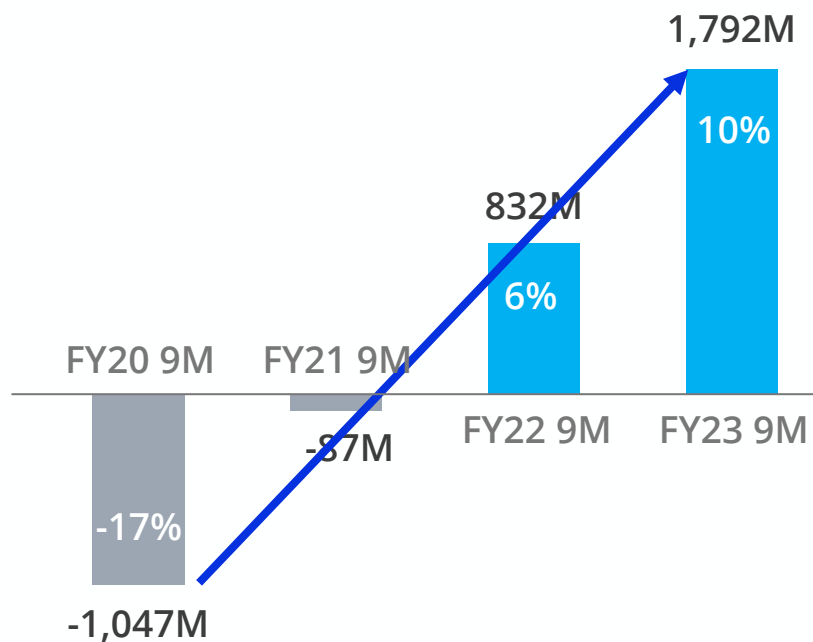


Operating Income & Margin (JPY)

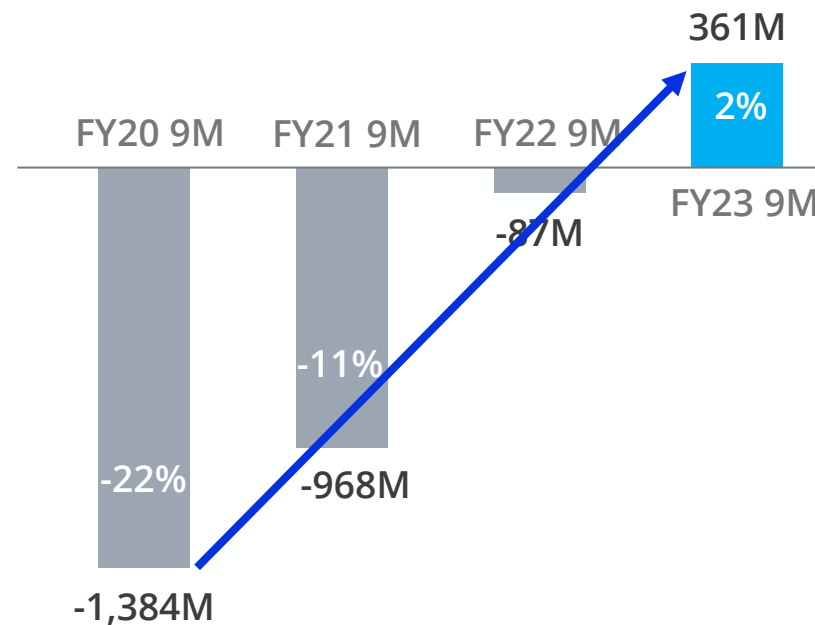


Execution consistency leads to continuous profitable growth & puts us ahead of schedule

EBITDA⁽¹⁾ & Margin (JPY)



Operating Income & Margin (JPY)

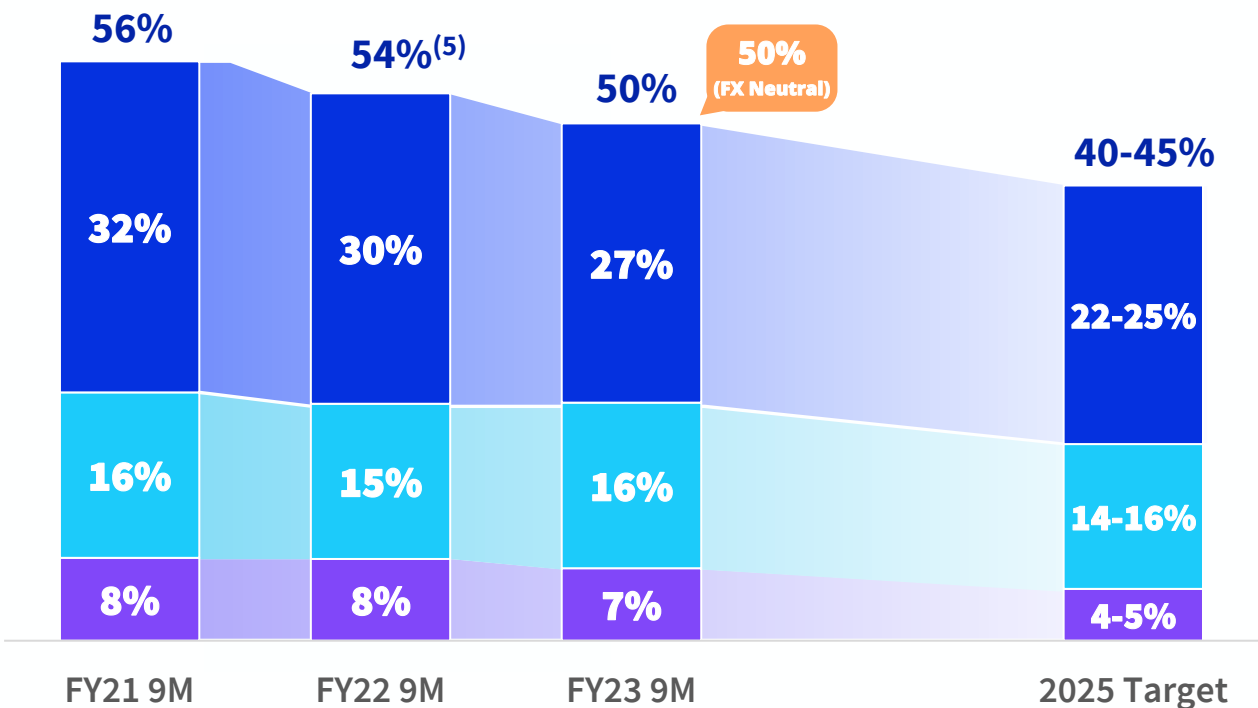


(1) EBITDA = operating income + depreciation and amortization + tax expenses included in operating expenses + IPO-related expenses

OPEX Structure

- All our revenue growth, gross margin improvement and expense optimization are on track towards achieving our 2025 target. The improvement of S&M and G&A in FY23 from FY22 is greater than that from FY21 to FY22.
- S&M expense has consistently shown robust leverage, driven by productivity improvement and increased scale, and this trend is expected to accelerate into FY23 Q4 due to the highest seasonality in a year.
- 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 expense-to-revenue ratio of our FY25 target.
- G&A expense-to-revenue ratio declined as investment in corporate function enhancement gradually normalized.

Historical OPEX Structure & 2025 Margin Target (% Revenue)



■ 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.



**FY23 Q3 Review
& Achievements**



**FY23 Q3
Business Metrics**



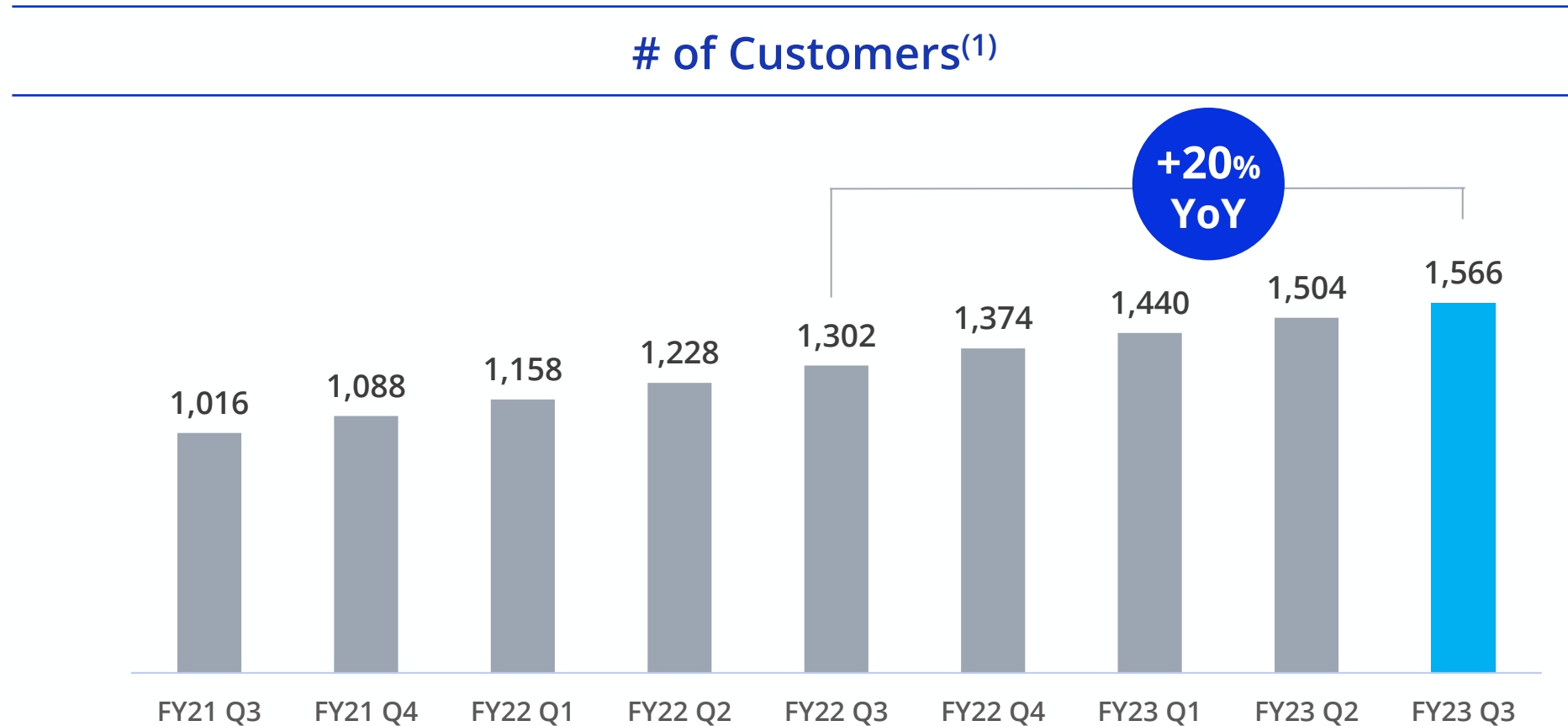
Business Outlook



Product Updates

Quarterly Customer # Trend

- New customers in FY23 Q3 were mainly from Digital Content and E-Commerce verticals (40% and 22% of total new customers respectively).

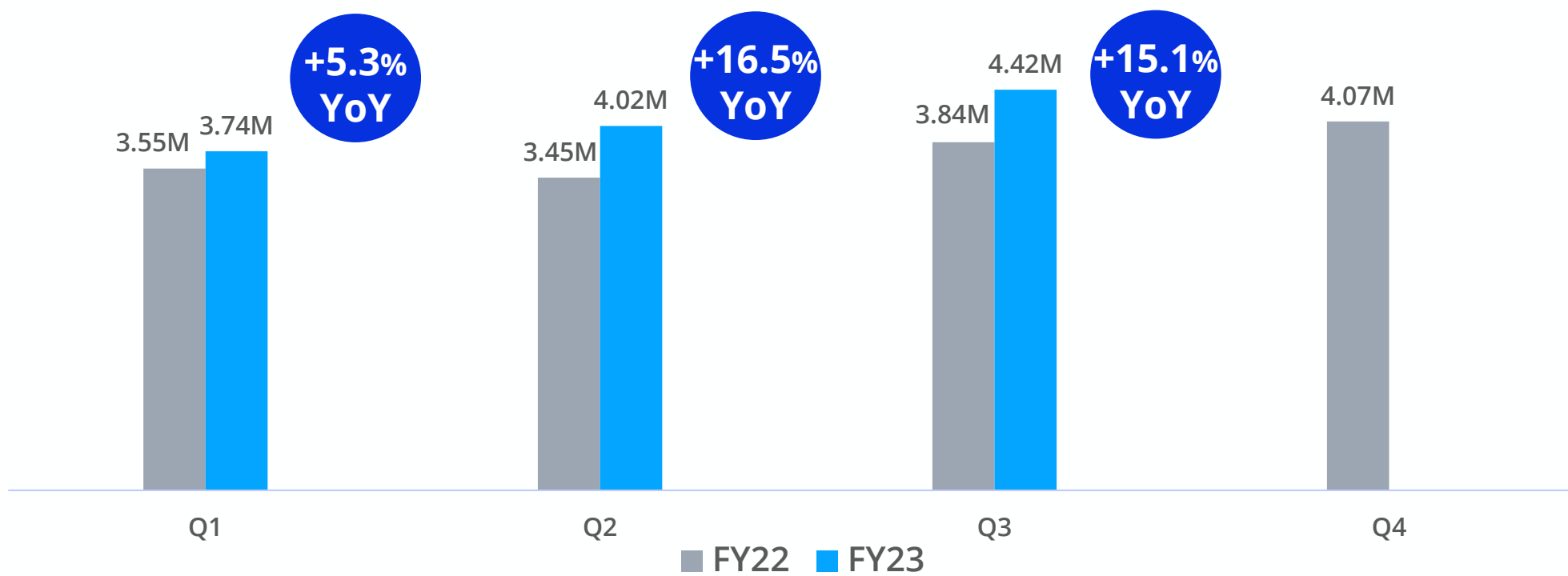


(1) "Customer" refers to a corporate group that has one or more active contracts for our solutions, excluding paid or unpaid trial, demo use and customers acquired through business acquisitions. Such corporate group is counted as a separate "customer" with respect to each solution it uses.

Quarterly Average Revenue per Customer

- The ARPC reached the historical high with YoY growth rate sustained at a high level in FY23 Q3, mainly driven by healthy expansion of existing customers in E-commerce and Digital Content and continuous strategic focus on large enterprise customer acquisition.

Quarterly Average Revenue per Customer⁽¹⁾ (JPY)

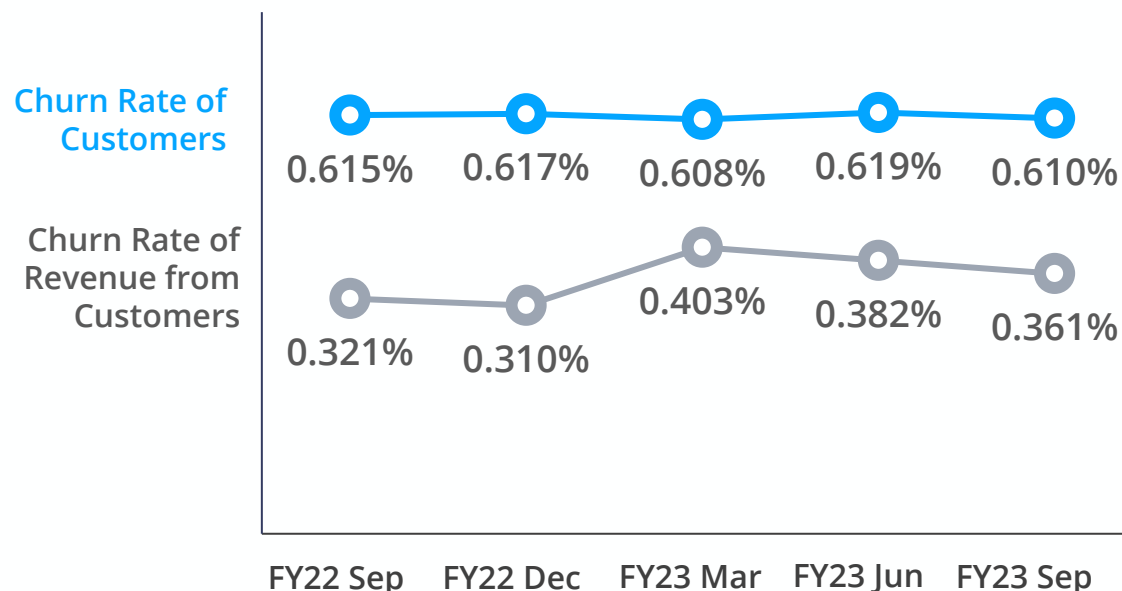


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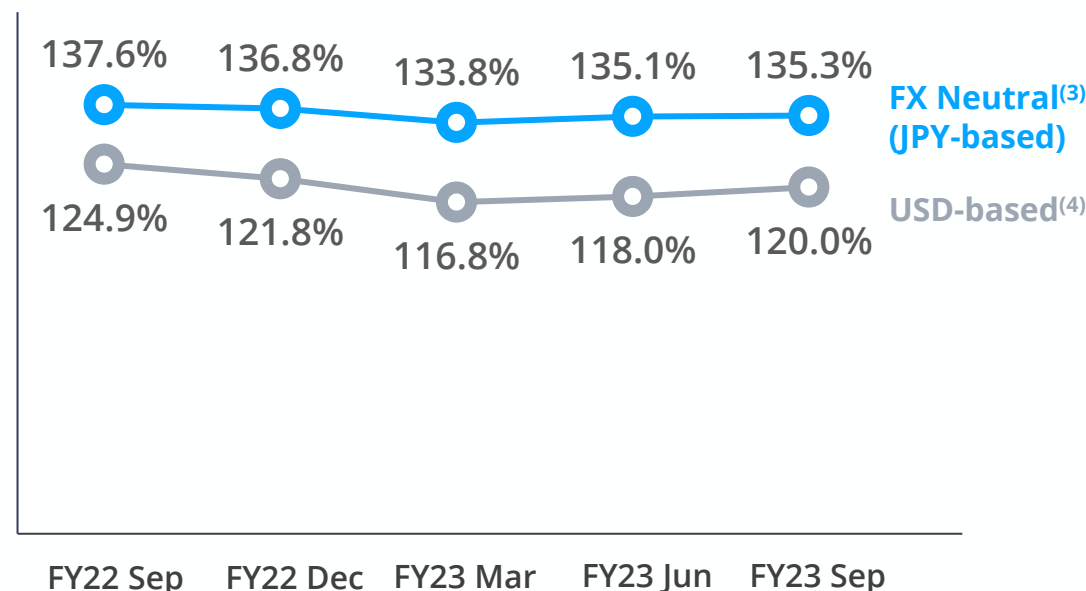
Improving churn rate & solid LTM NRR prove the stickiness of our customers to our solutions

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

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



LTM Net Revenue Retention



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

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

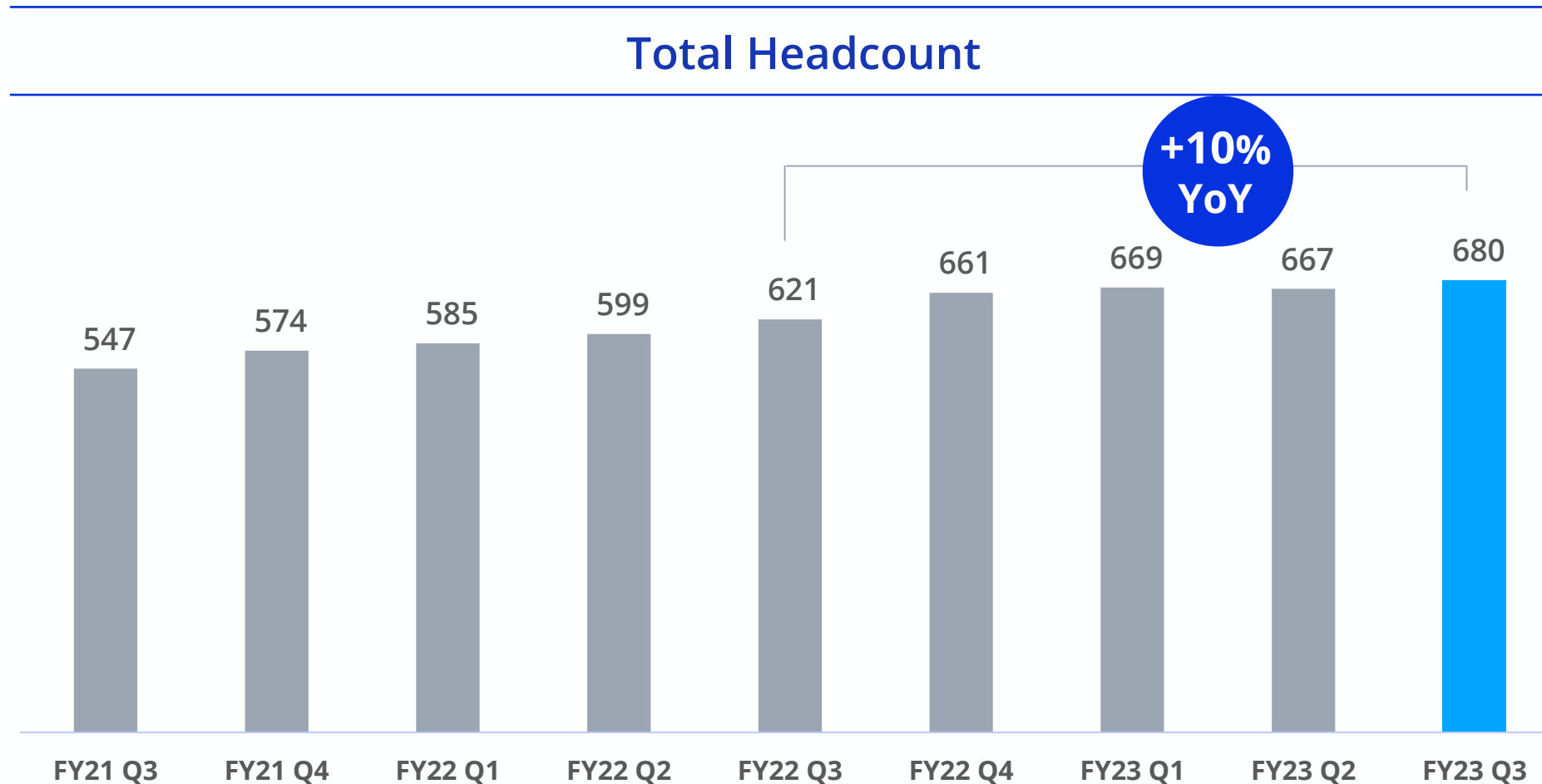
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(5) Above calculation does not include BotBonnie's and Woopra's customers.

Hiring to scale our opportunities & continuous investment in new talents

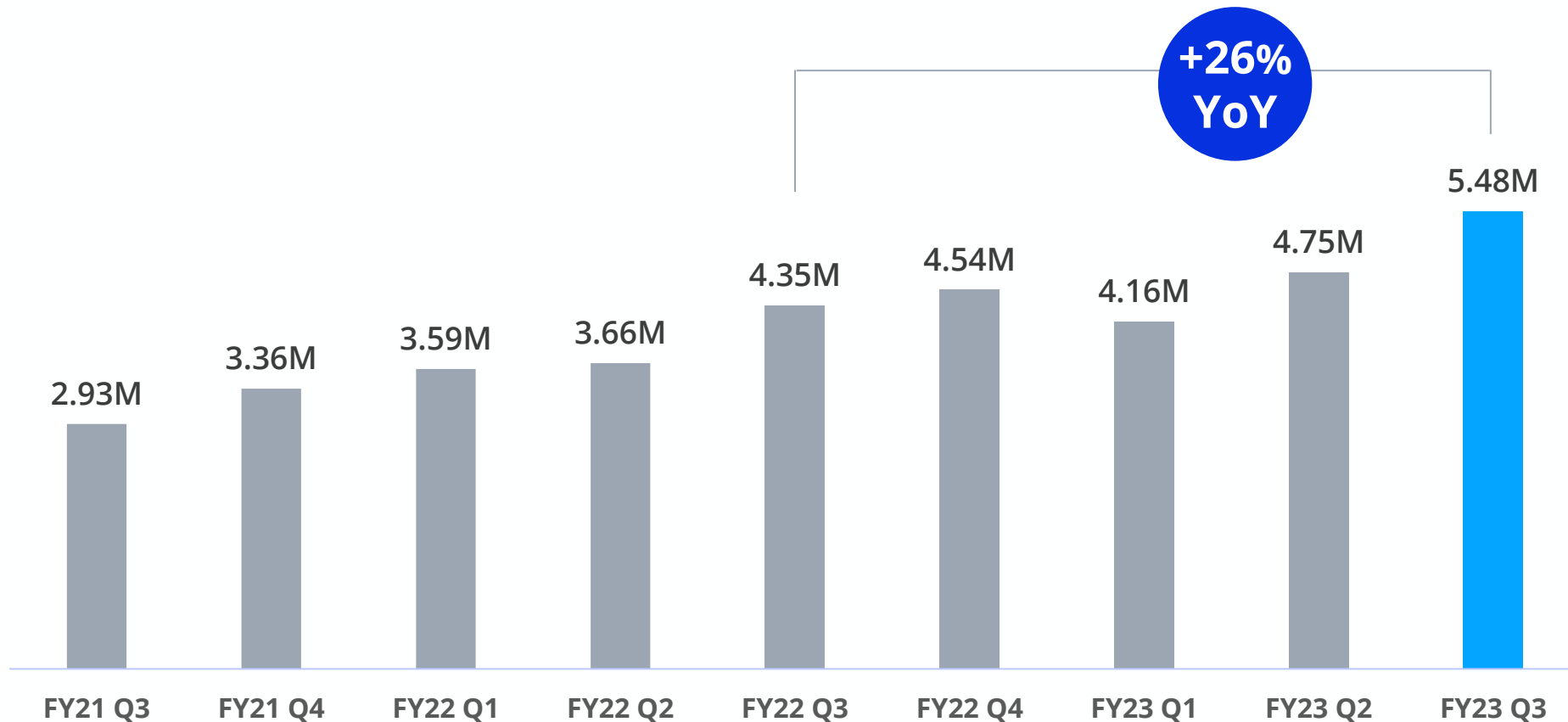
- The hiring pace of key commercial and engineering roles is on track, with the hiring momentum for other teams set to increase in the coming quarters.



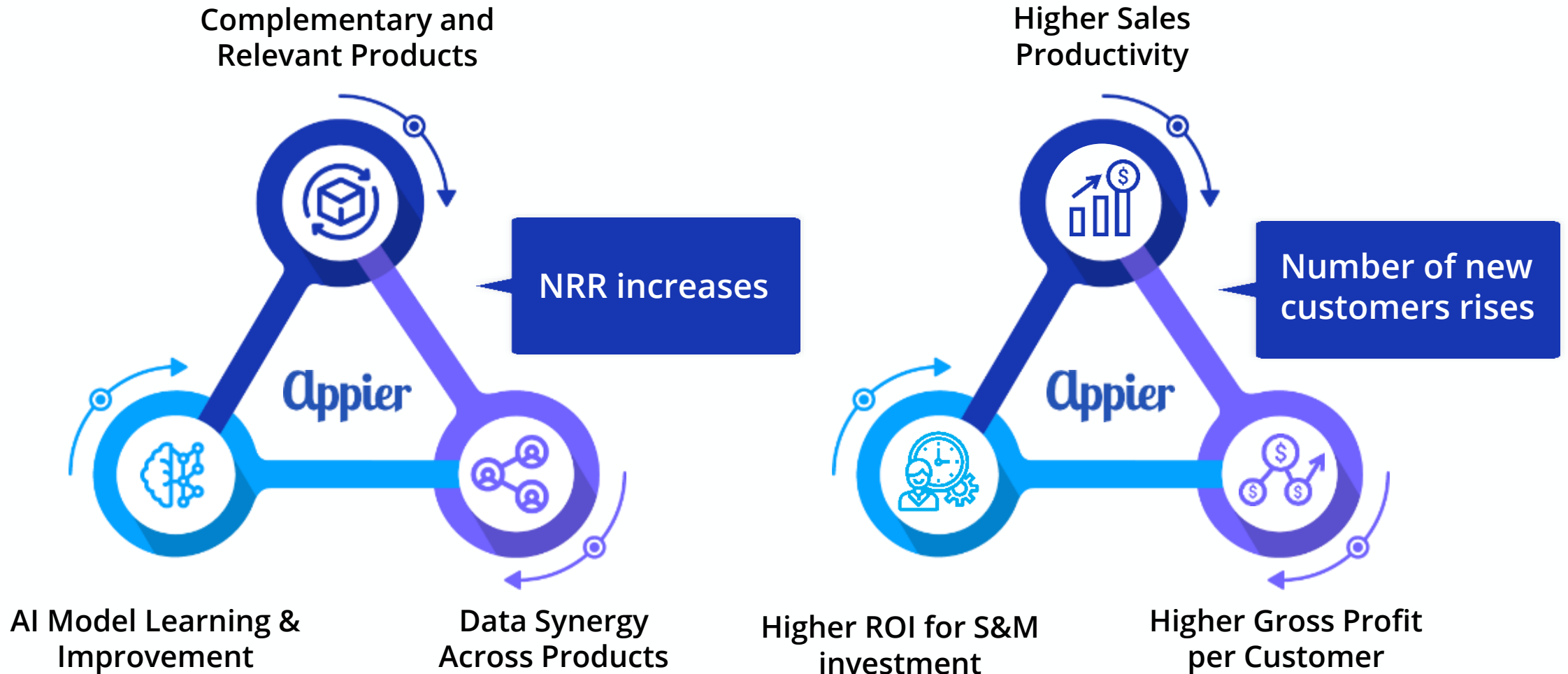
Productivity Improvement

- Our productivity per headcount has reached a historical high, driving our profitable growth.

Quarterly Gross Profit / Headcount (JPY)



Appier's Strong Network Effects Drive Platform Value





**FY23 Q3 Review
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**FY23 Q3
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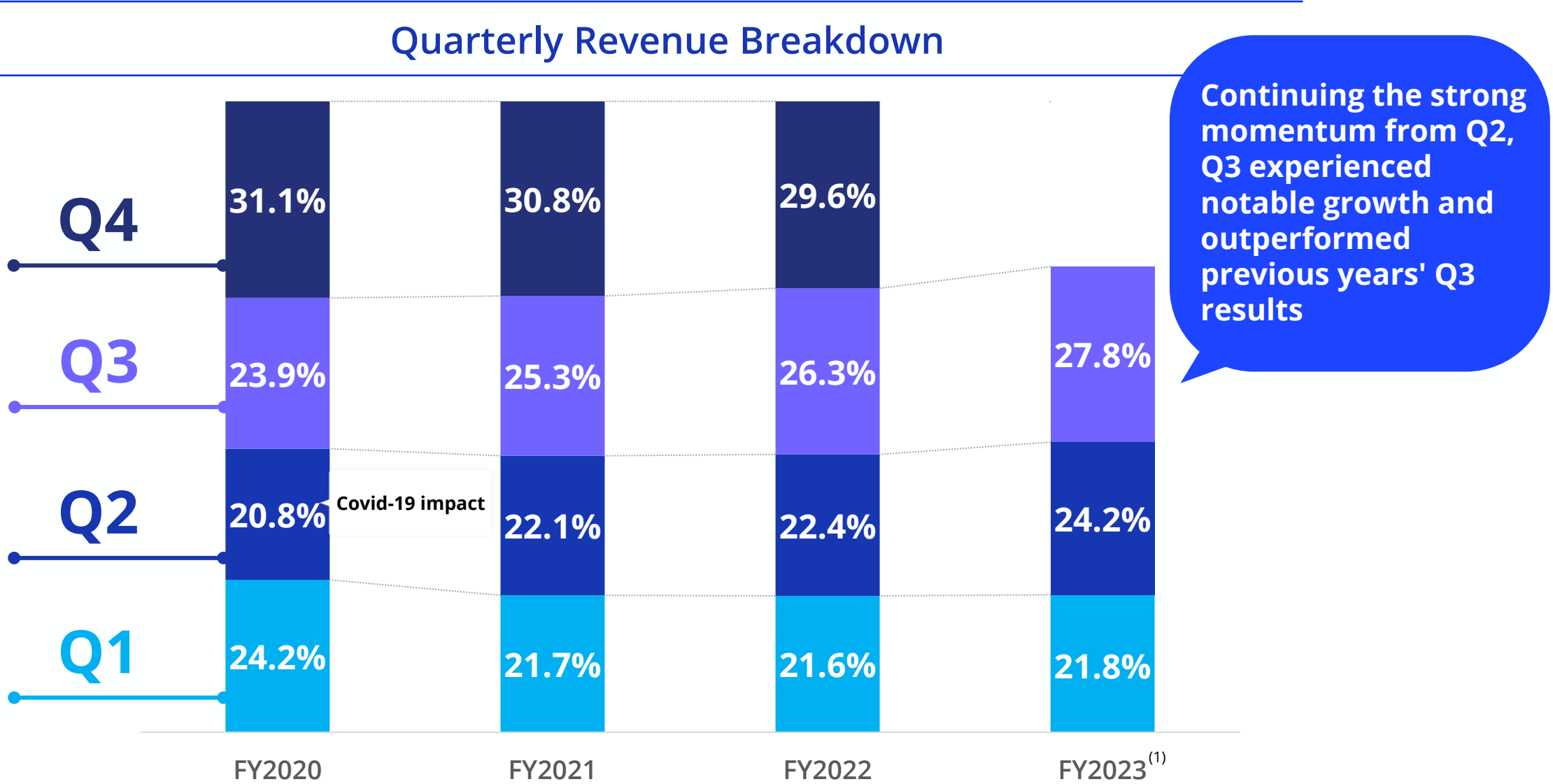


Business Outlook



Product Updates

Quarterly Seasonality



2023 9M Overview & 2023 Guidance

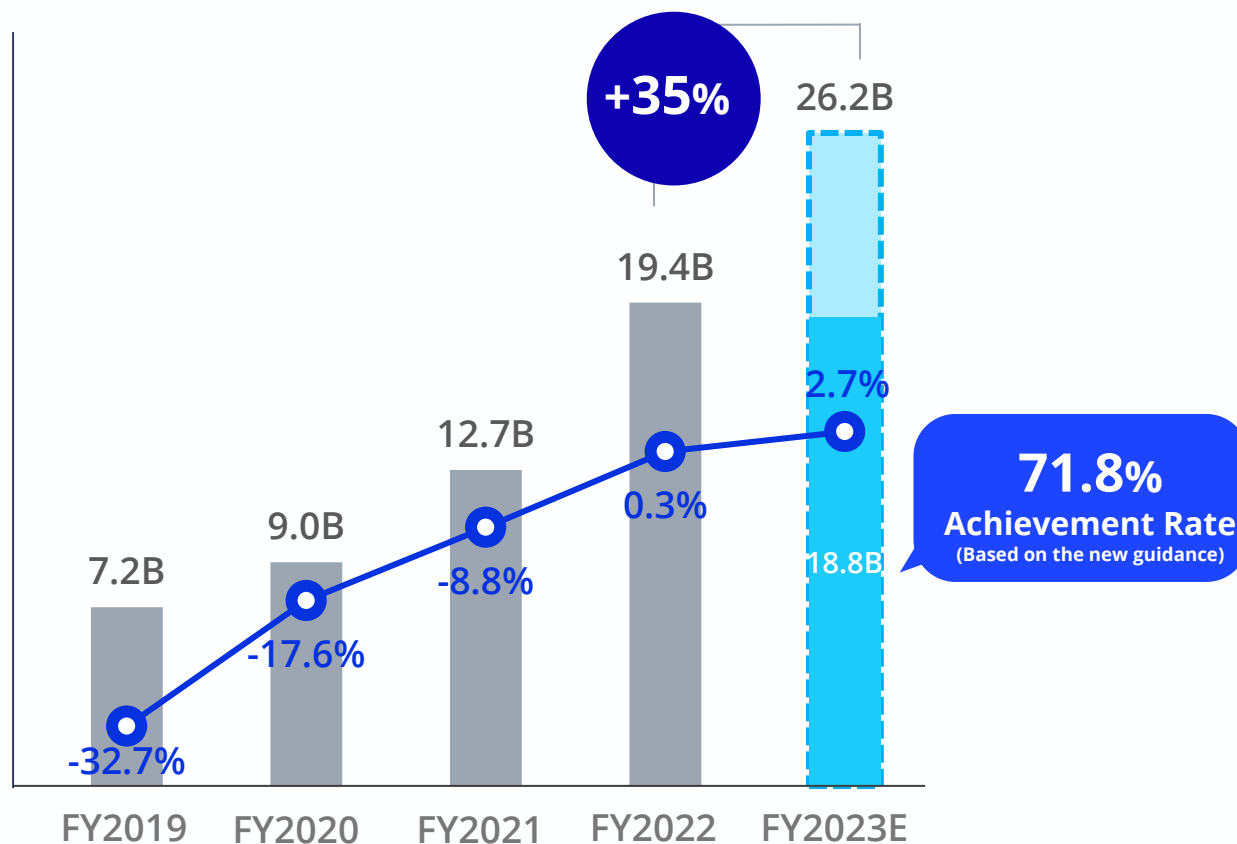
- Our FY23 9M results exceeded the FY23 budget with our ongoing commitment to achieve sustainable and profitable growth through our core values of turning AI into ROI and seize business opportunities with agility.
- We hence revised our forecast upwards for both revenue and operating profit mainly based on our outperformance of financial results in the first three quarters of FY23.
- We are confident with continuous strong growth momentum in Q4, considering our business surroundings and better seasonality in E-Commerce.

	2023 9M	YoY	2023 Initial Guidance	YoY	2023 New Guidance	YoY
Revenue	18.8 Bn	+37%	25.5 Bn	+31% +34% (on FX neutral basis)	26.2 Bn	+35%
Gross Profit	9.7 Bn 51.4%	+38%	13.5 Bn 53.0%	+35%	13.8 Bn 52.5%	+38%
Operating Income	0.36 Bn 1.9%	+2.6 p.p.	0.54 Bn 2.1%	+1.8 p.p.	0.70 Bn 2.7%	+2.4 p.p.
EBITDA	1.79 Bn 9.5%	+3.4 p.p.	2.34 Bn 9.2%	+2.2 p.p.	2.62 Bn 10.0%	+3.0 p.p.

Our new forecast mainly reflects our outperformance in the first three quarters of FY23

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

Revenue (JPY) & Operating Margin%



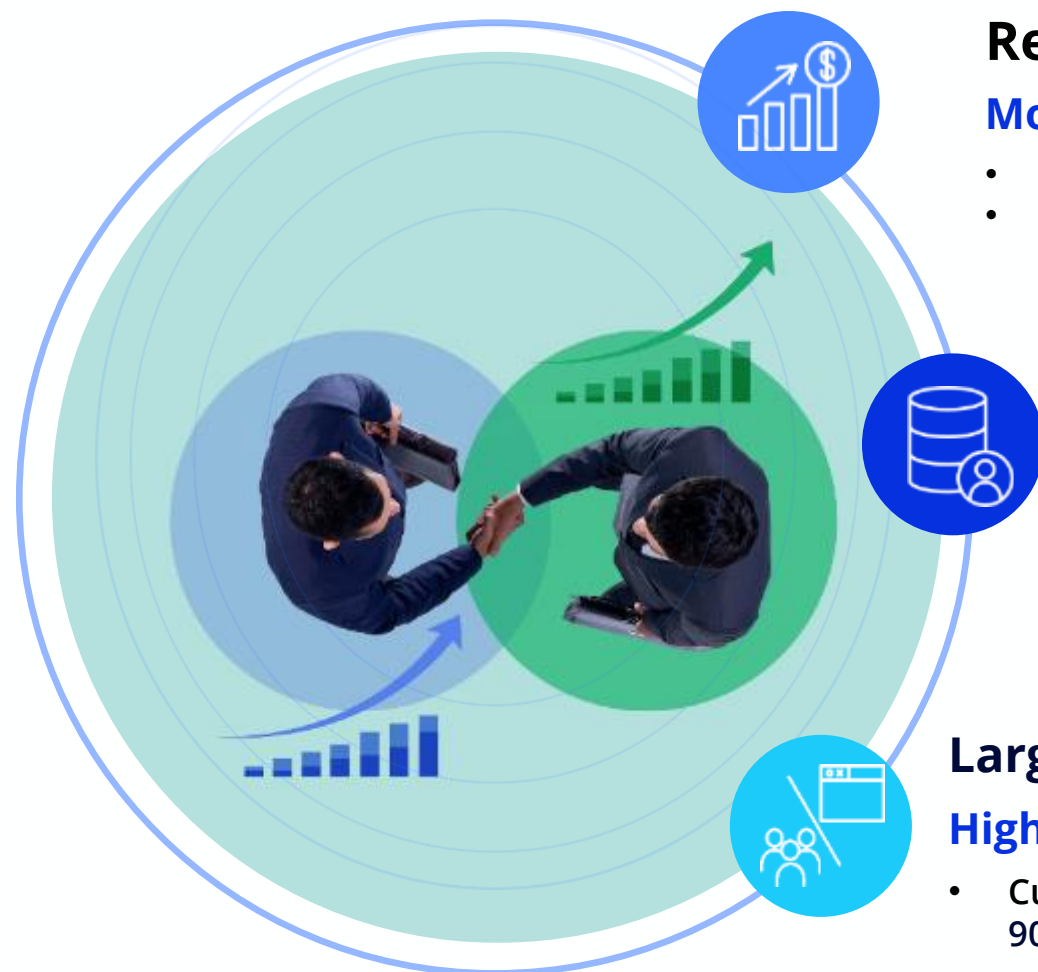
Growth

- ▶ 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

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

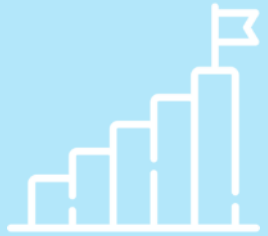
Continuous business expansion

- 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 Q3 Review
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**FY23 Q3
Business Metrics**

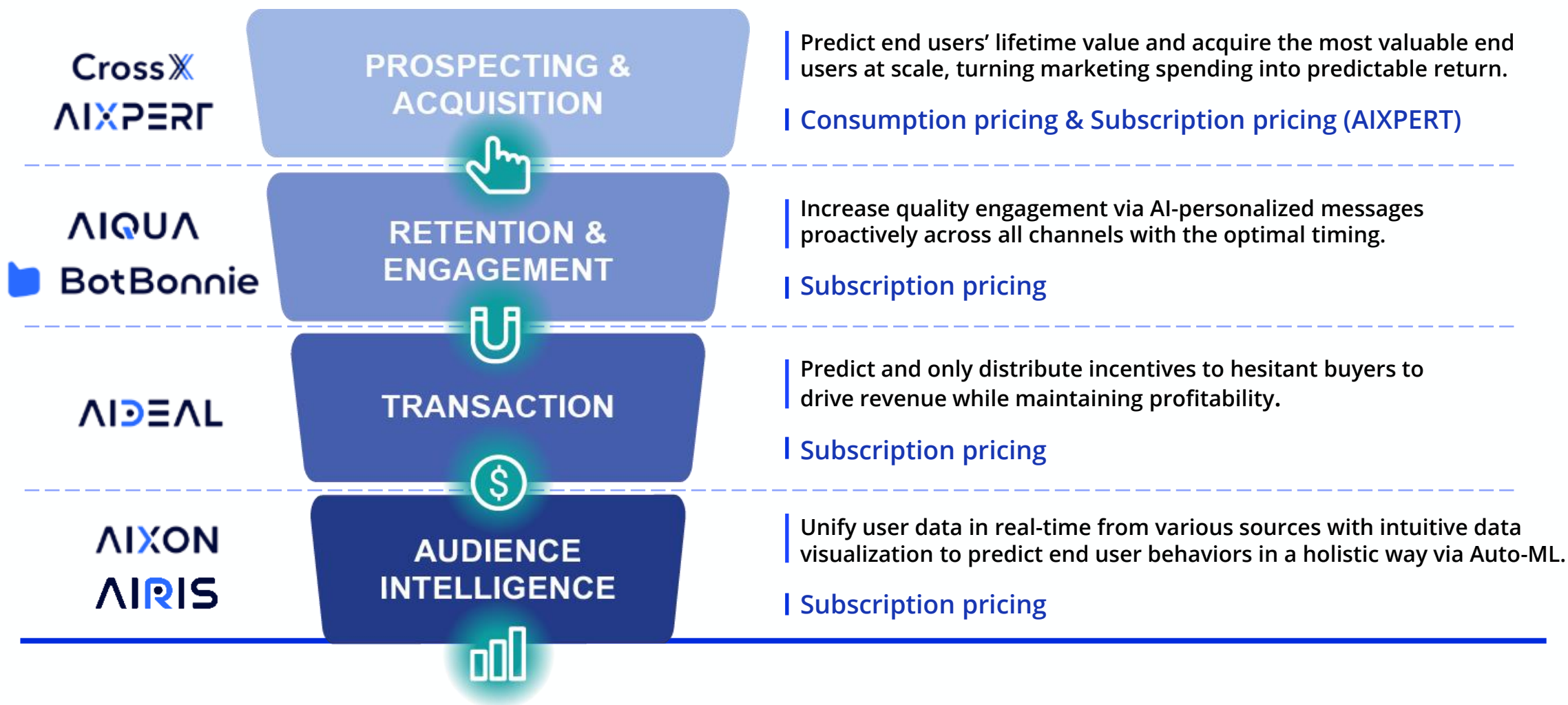


Business Outlook

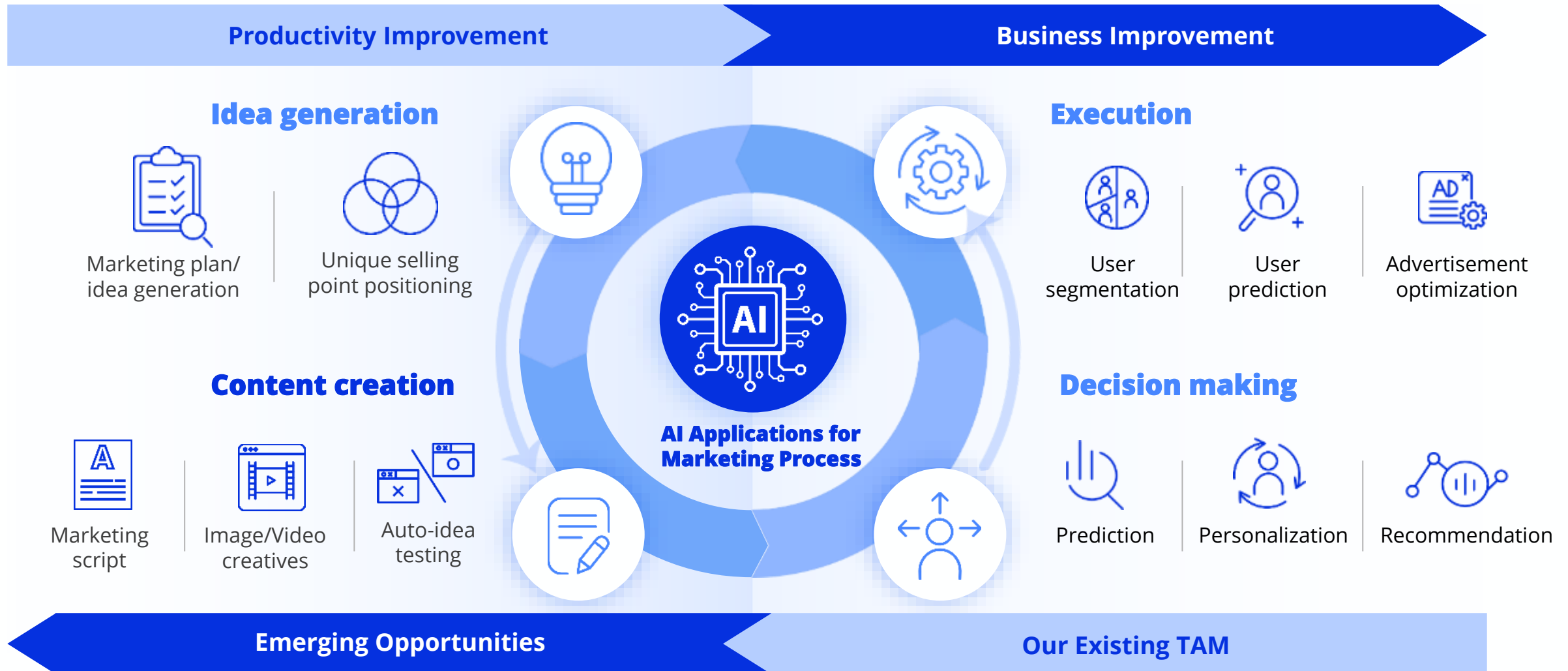


Product Updates

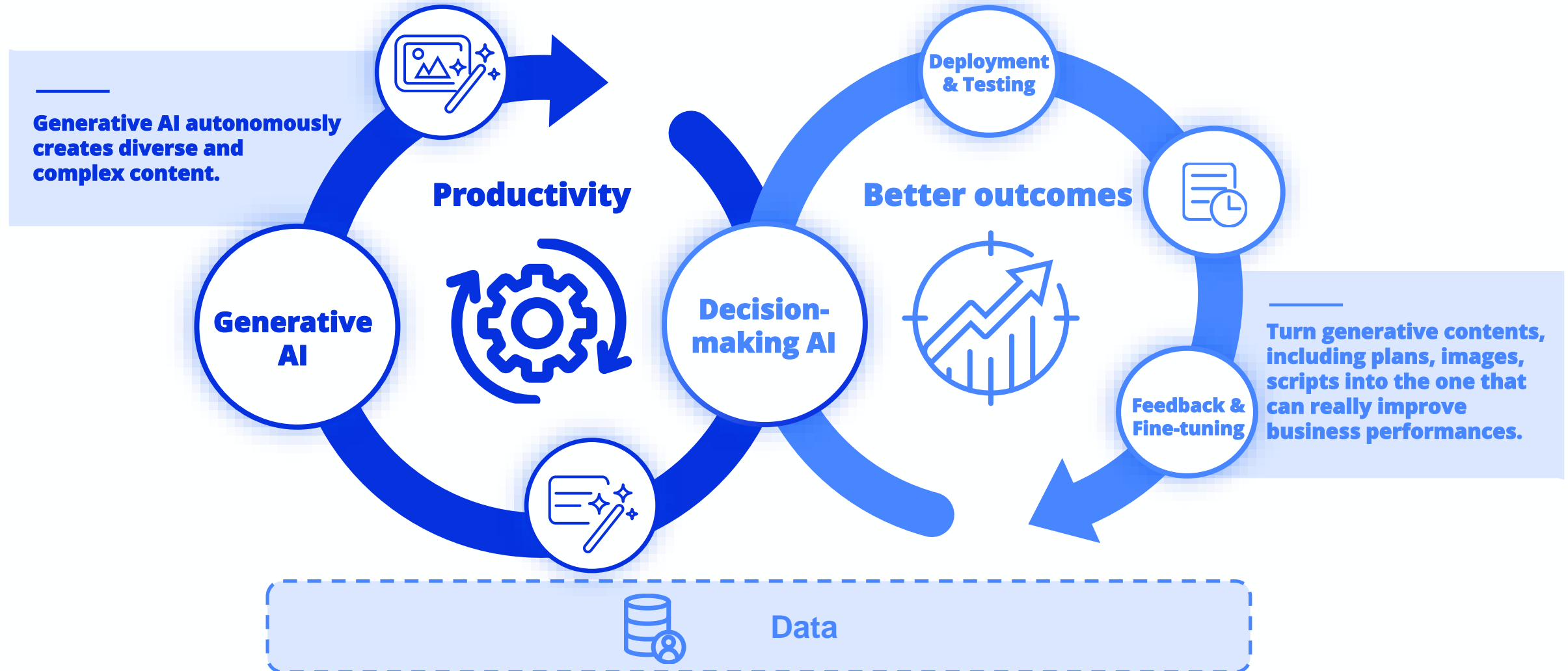
Comprehensive AI-Powered Solutions Across the Funnel



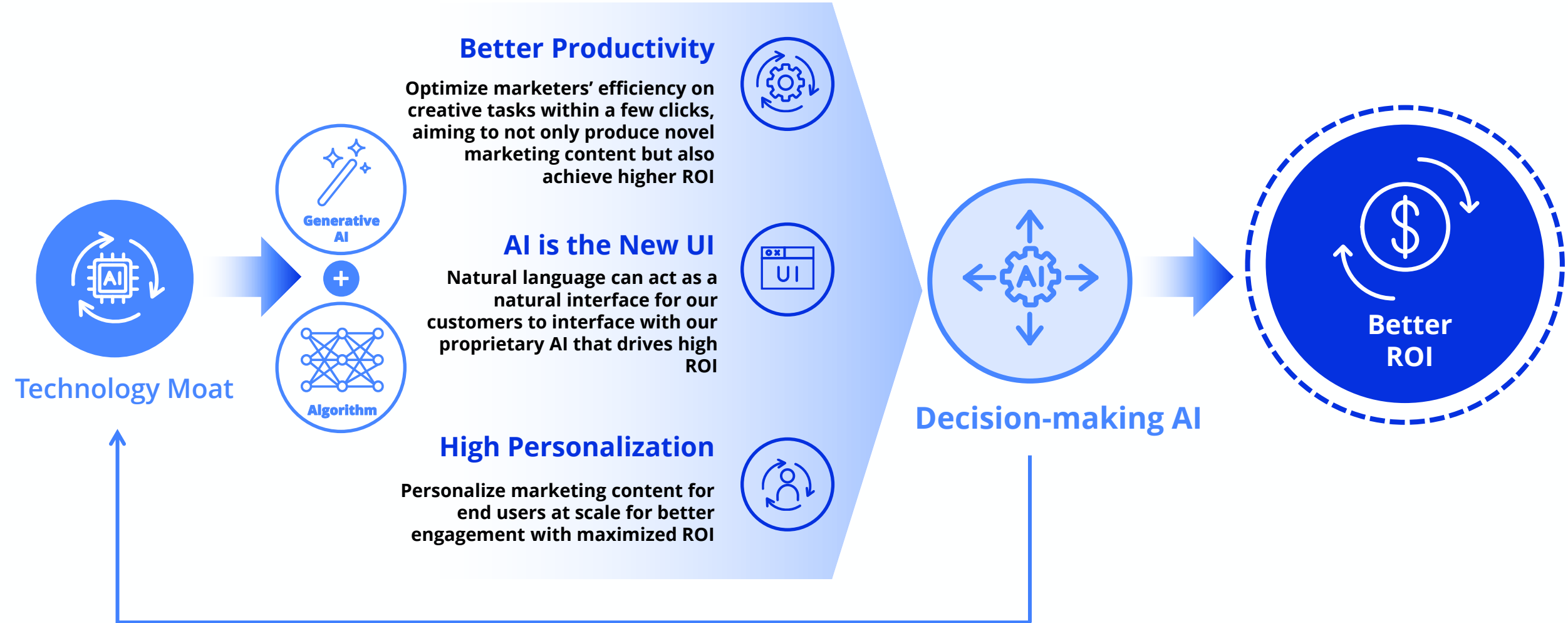
We drive business improvement beyond productivity enhancement through our proprietary AI technology



Combine the strength of generative & decision-making AI to create the best outcome in marketing scenarios



Our technology moat differentiates us in the marketing domain & drive better ROI for our customers



Auto-generate high ROI-driven creatives based on our proprietary AI technology

Cross

Auto-generate creative backgrounds

Customer

Logo:



Text:

- up to 30% off

Image:



Promotion code:

- FoodiesOct

Appier



Prompt



GenAI background

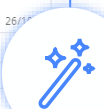
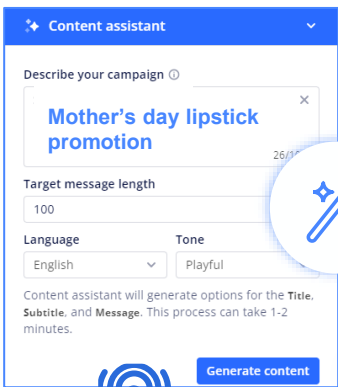


Predict the most effective images

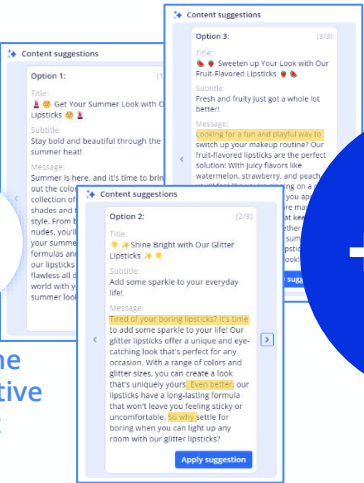


AIQUA

Generate effective marketing messages



Predict the most effective content



Result
+20%⁽¹⁾
Click-through rate

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

Create a high-performance user journey with our proprietary technology through intuitive AI interaction

AIQUA

User Journey Co-Pilot

Describe your needs

Describe the user journey

Announce a new product through a sequence of notifications that provide information about the product, its benefits, and special offers for early adopters

Try example

Generate

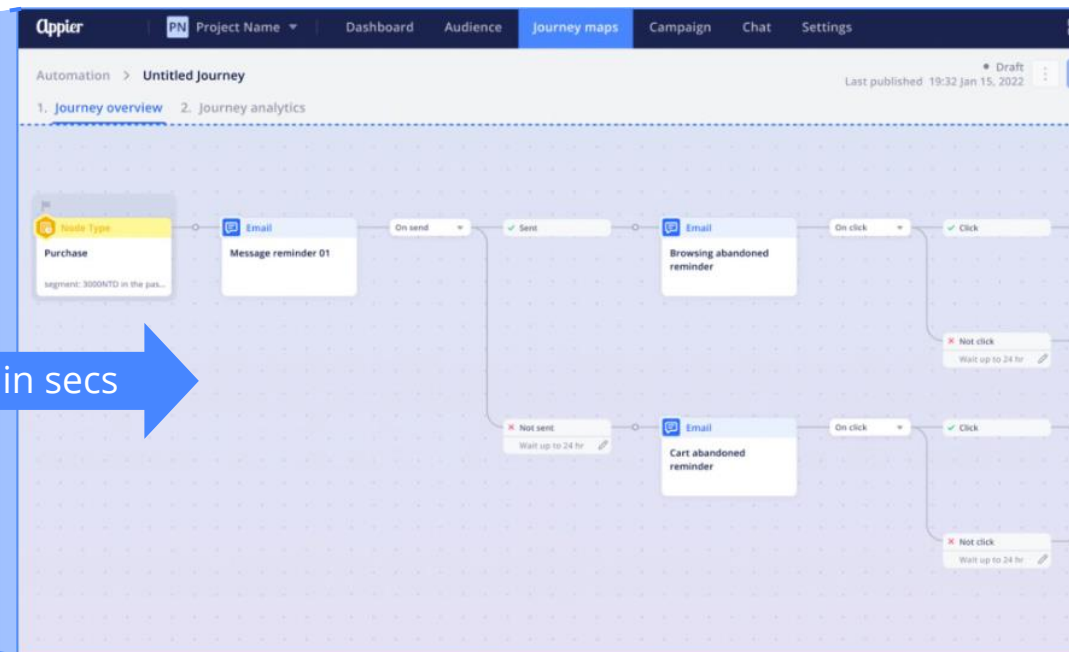


Create journey template with GenAI



Predict the most effective template

in secs



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

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

Prospecting & Acquisition

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

Engagement

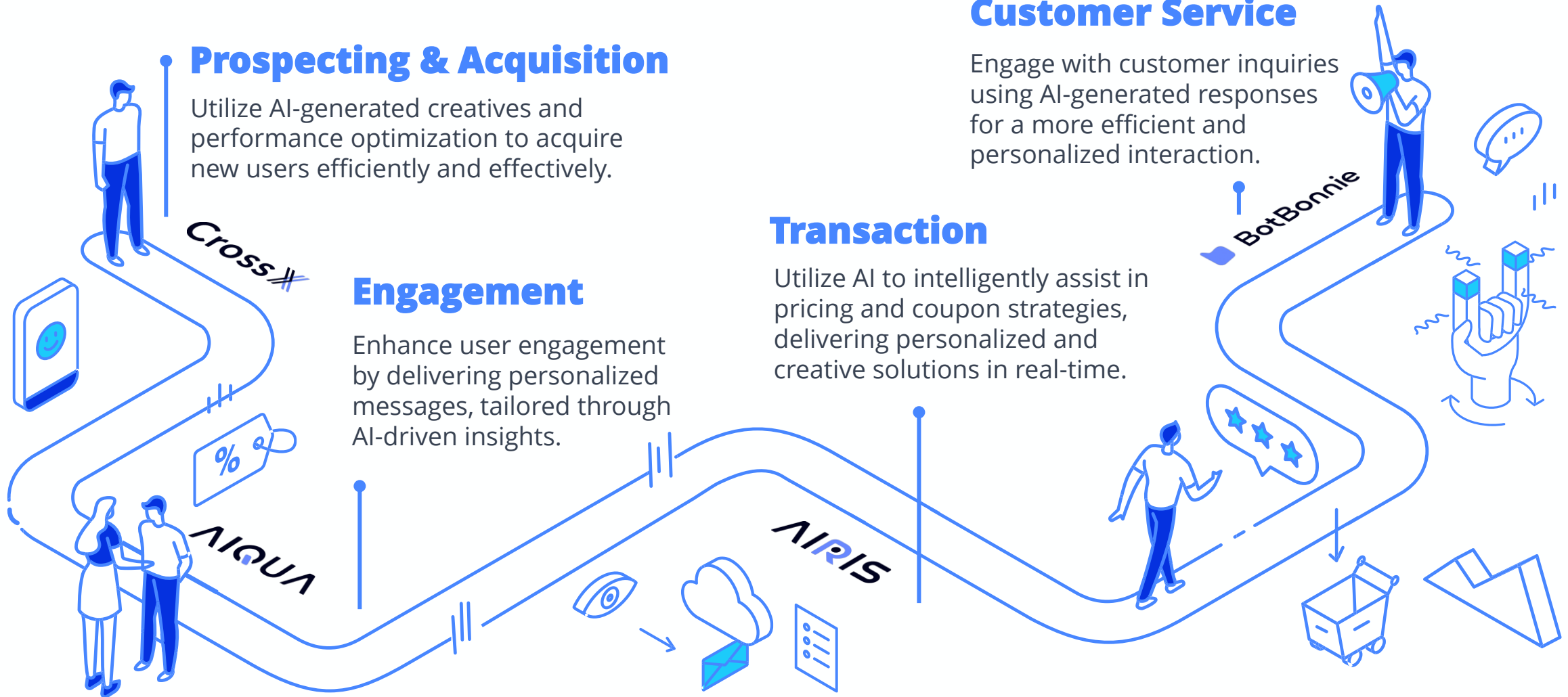
Enhance user engagement
by delivering personalized
messages, tailored through
AI-driven insights.

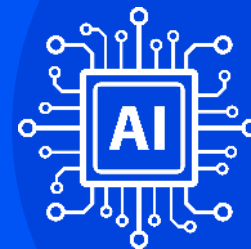
Transaction

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

Customer Service

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





Turning AI into ROI

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





Thank you!

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)



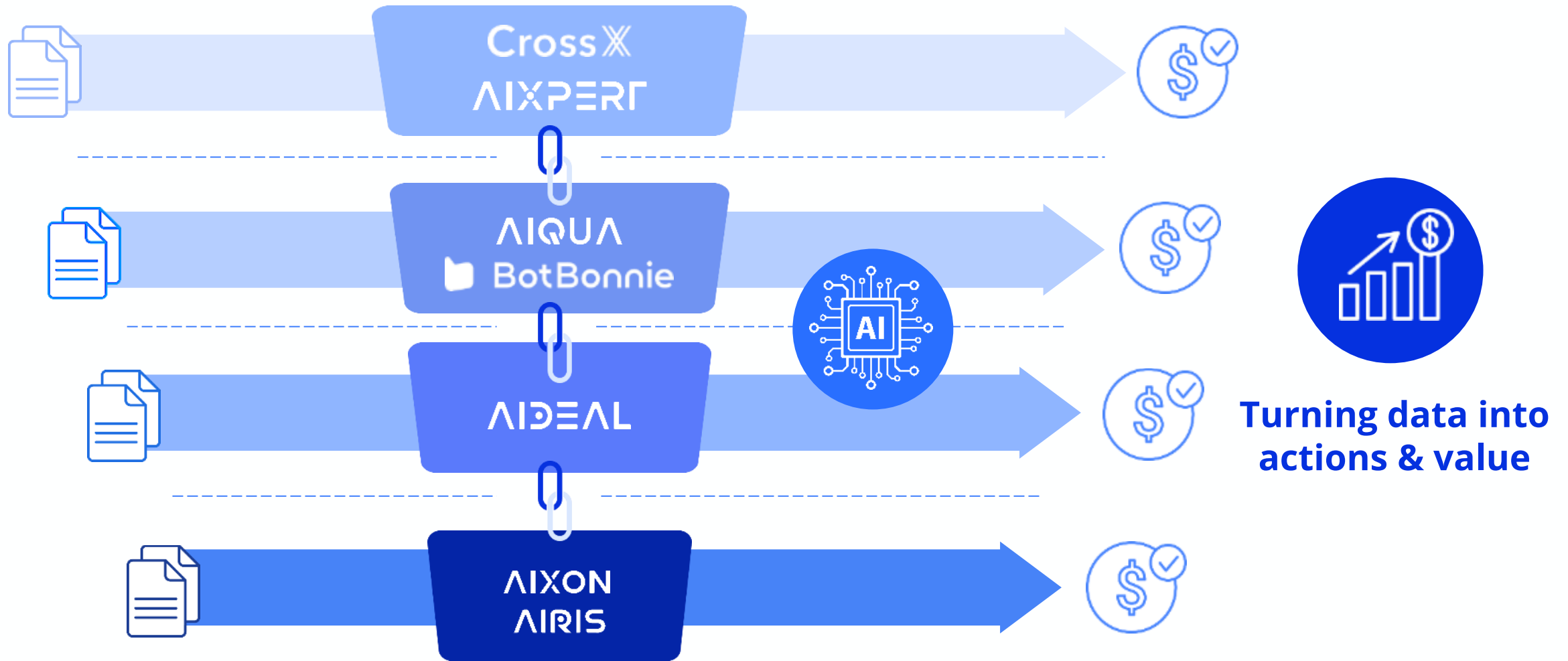
Top 50
AI startups worldwide
(2017)



Cool Vendor in AI
Gartner
(2017)

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

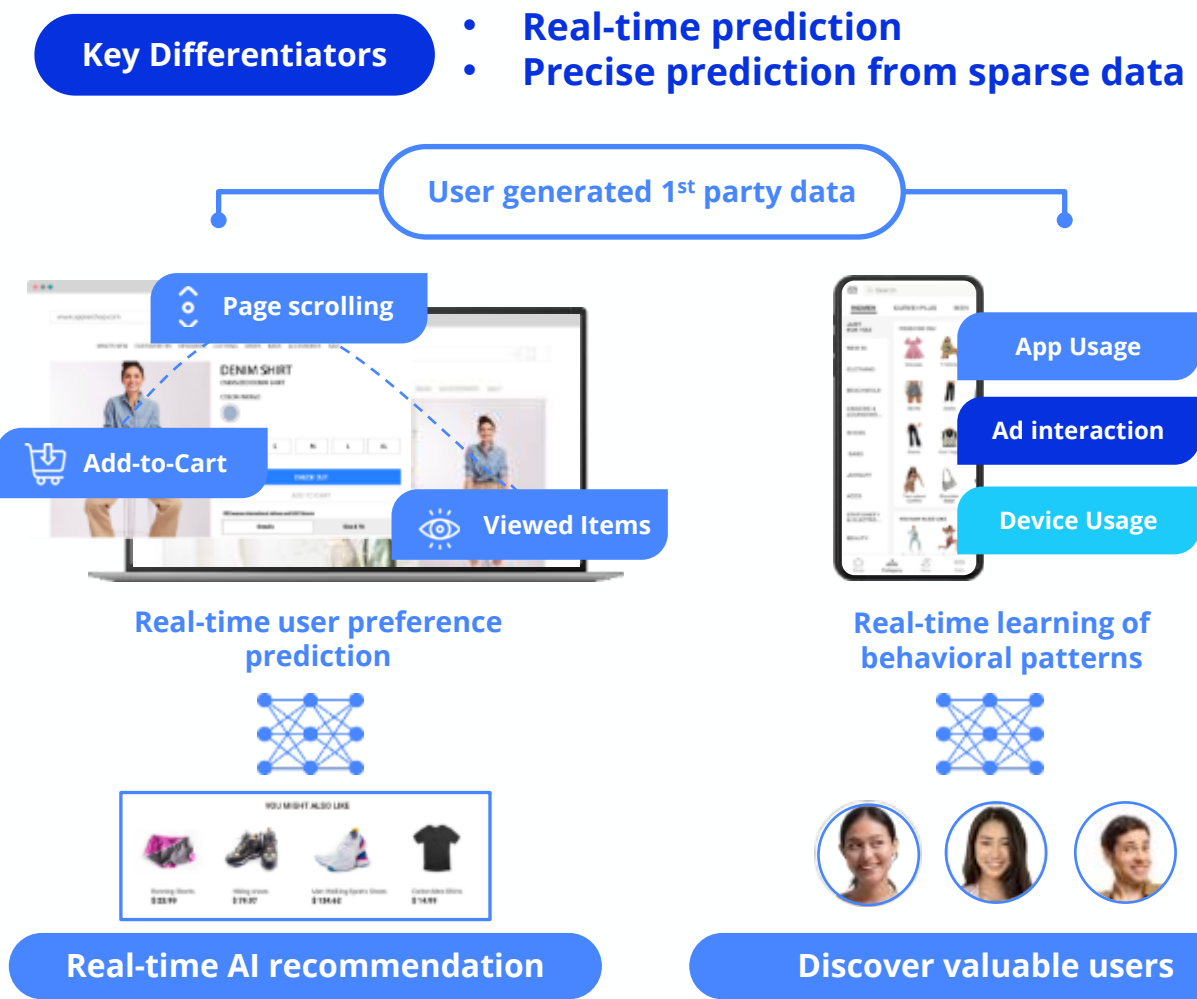
Turning AI into ROI



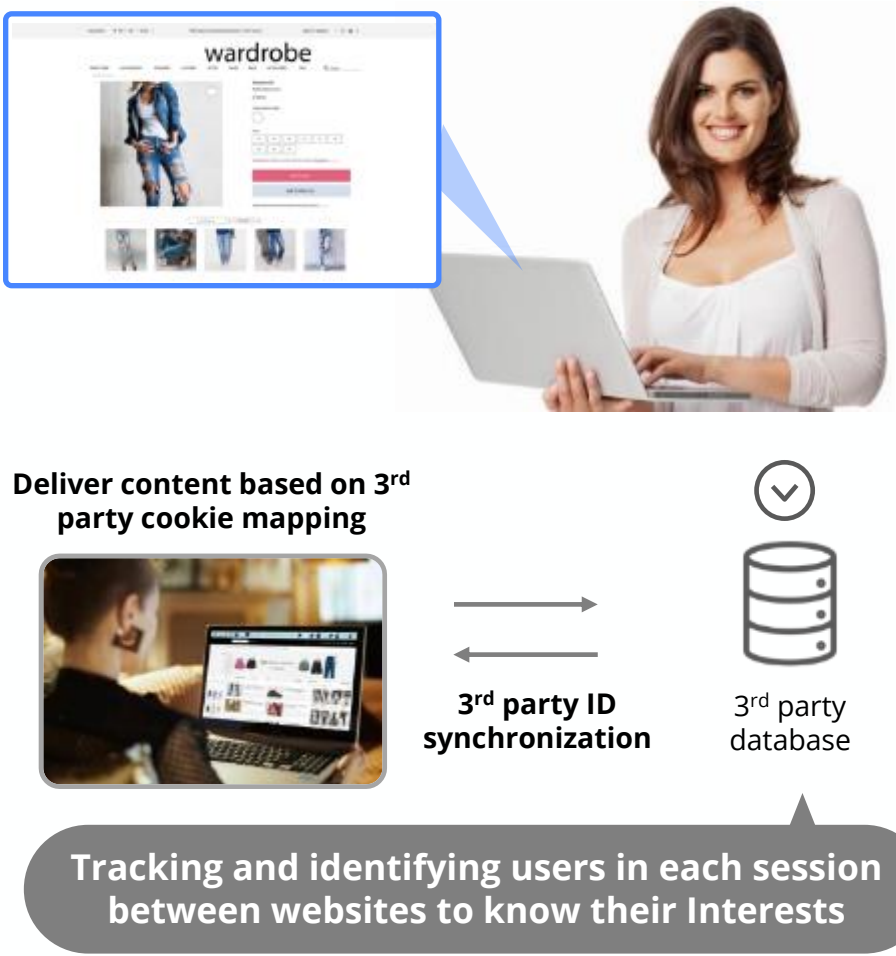
Solving data fragmentation via solution synergies

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

With Only 1st Party Data



With 3rd Party Data





CrossX

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

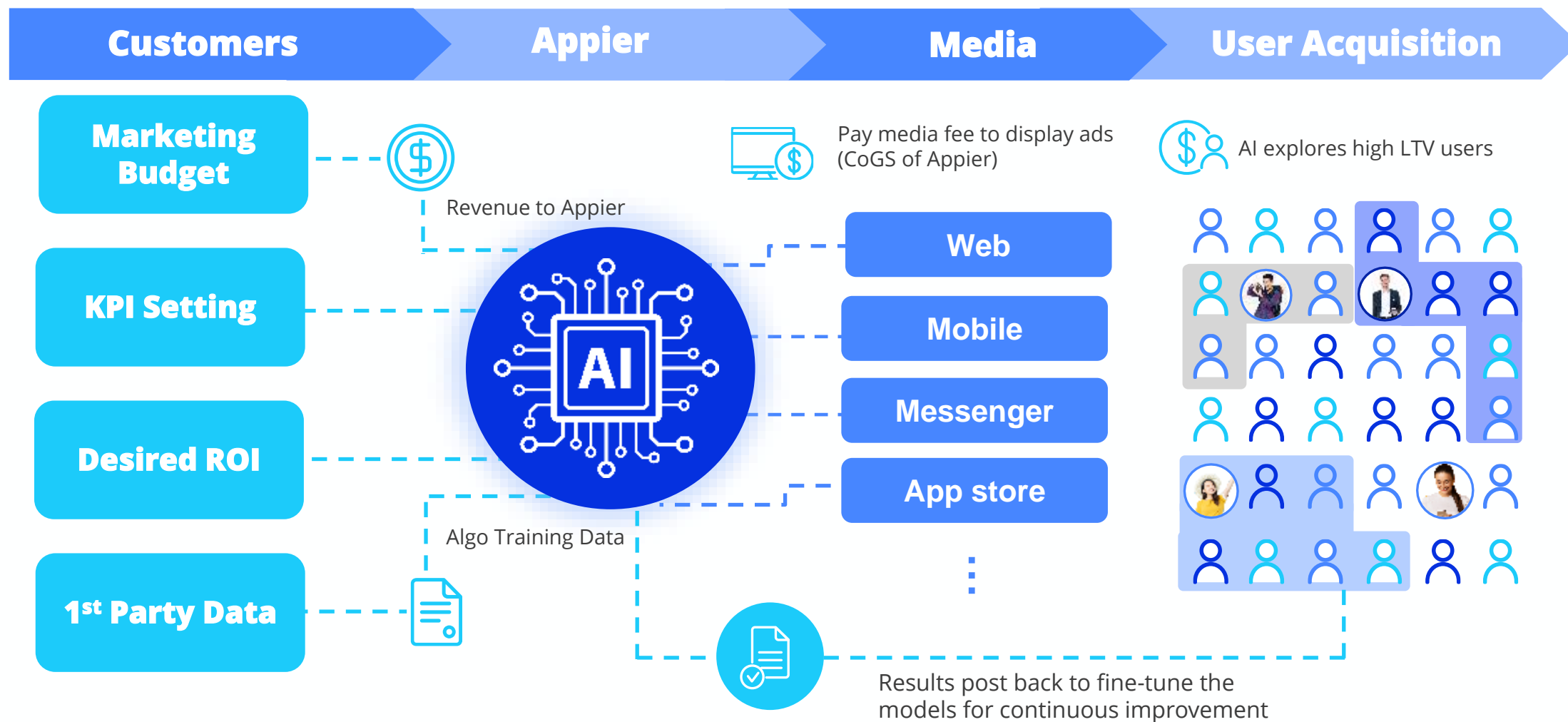


Machine Learning and Deep Learning
to Predict High Lifetime Value End
Users

Acquire The Most Valuable
End Users at Scale

Provide Predictable Returns

How CrossX Works- Full AI Automation for Better ROI



AI Strength: Bring Predictivity & Accuracy to Digital Ads



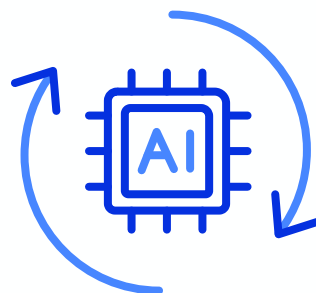
Better Visibility & Return

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



Upsell Opportunity

Predicable ROI brings more usage of CrossX



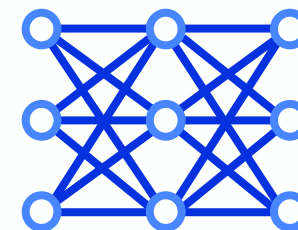
Technology Moat

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



Barriers to Entry

Higher AI accuracy with accumulated data learning



Auto Algo Exploration

Continuous experiments to improve prediction accuracy and maintain our leading edge



Win-Win with Customer

Better ROI for customers and revenue growth for Appier



CrossX

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

Successful case – a leading global game publisher

Goals

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

Solution

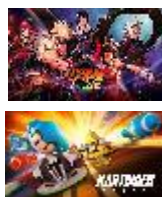
- Leverage Appier's proprietary AI audience model that analyzes users' in-app behavior as well as the game's app contextual data and marketing graphics to identify high-quality users
- Analyzes gamer's behavior, including in-app purchases, completion level of the game and the pattern of opening the game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

Appier's AI audience model for new users

Re-target TOP future CVR & ROAS users

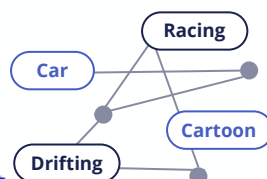
In-app user behavior

Graphics Style

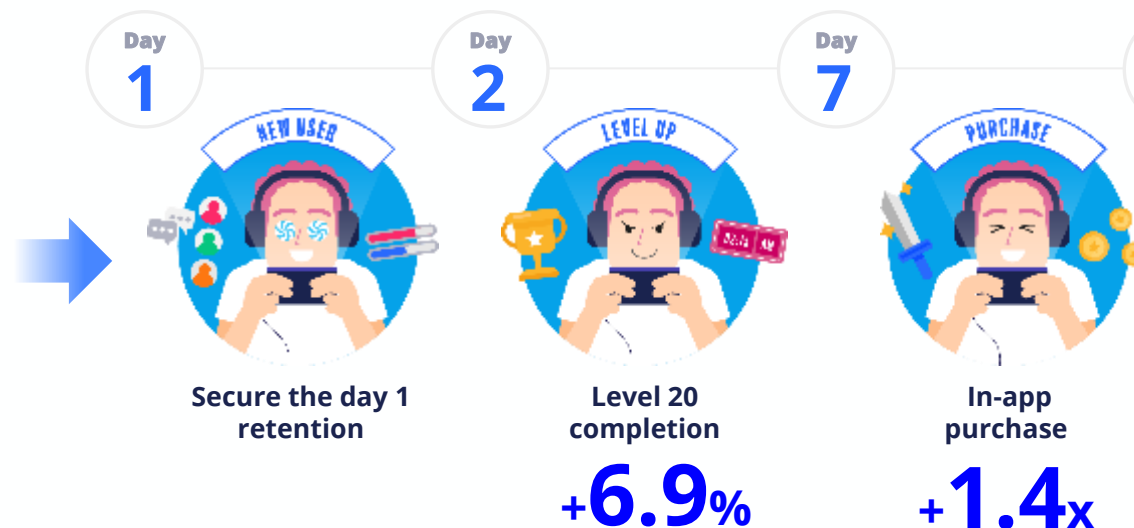


- Cartoonish
- 3D visual
- Fantasy

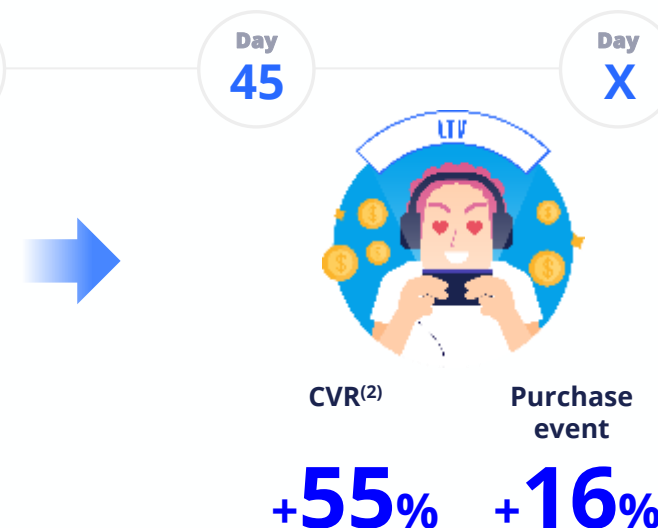
App contextual data



Acquire users with high interests to the app & ROAS



Uplift user's LTV⁽¹⁾



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(1) LTV= Lifetime value
(2) CVR= Conversion Rate



AIQUA



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

**Multichannel
Messaging**

**AI-Generated
Messages**

**Send Time
Optimization**

**Proactive Actions with
Predictive Segments**

PROSPECTING &
ACQUISITION



RETENTION &
ENGAGEMENT



TRANSACTION



AUDIENCE
INTELLIGENCE

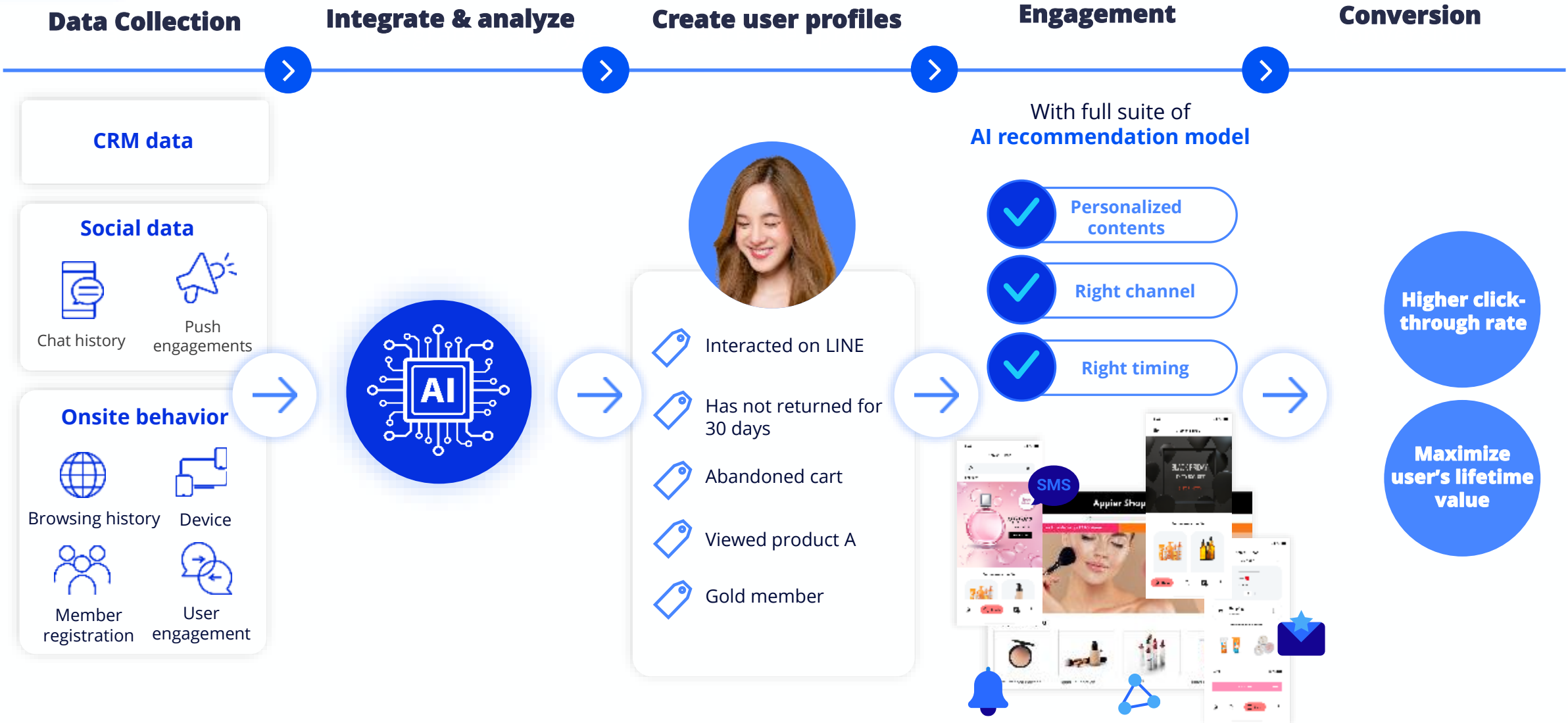


A conversational marketing solution built upon the most popular messenger platforms. Harness the full potential of your followers on LINE, FB Messenger, Instagram, WhatsApp, Website and Google Business Messages, etc.

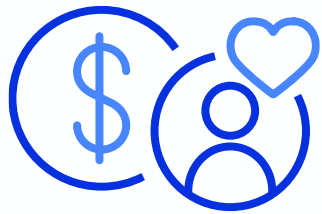
**Codeless instant messaging
solution for marketers**

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

Drive High Conversion with Personalized Engagement



Key Strengths



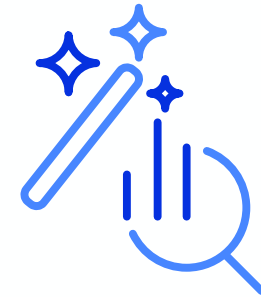
Optimize ROI with AI Recommendation Models

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



Maximize customer engagement with AI-driven precision

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



Boost GenAI effectiveness with decision-making AI

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



AIDEAL

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



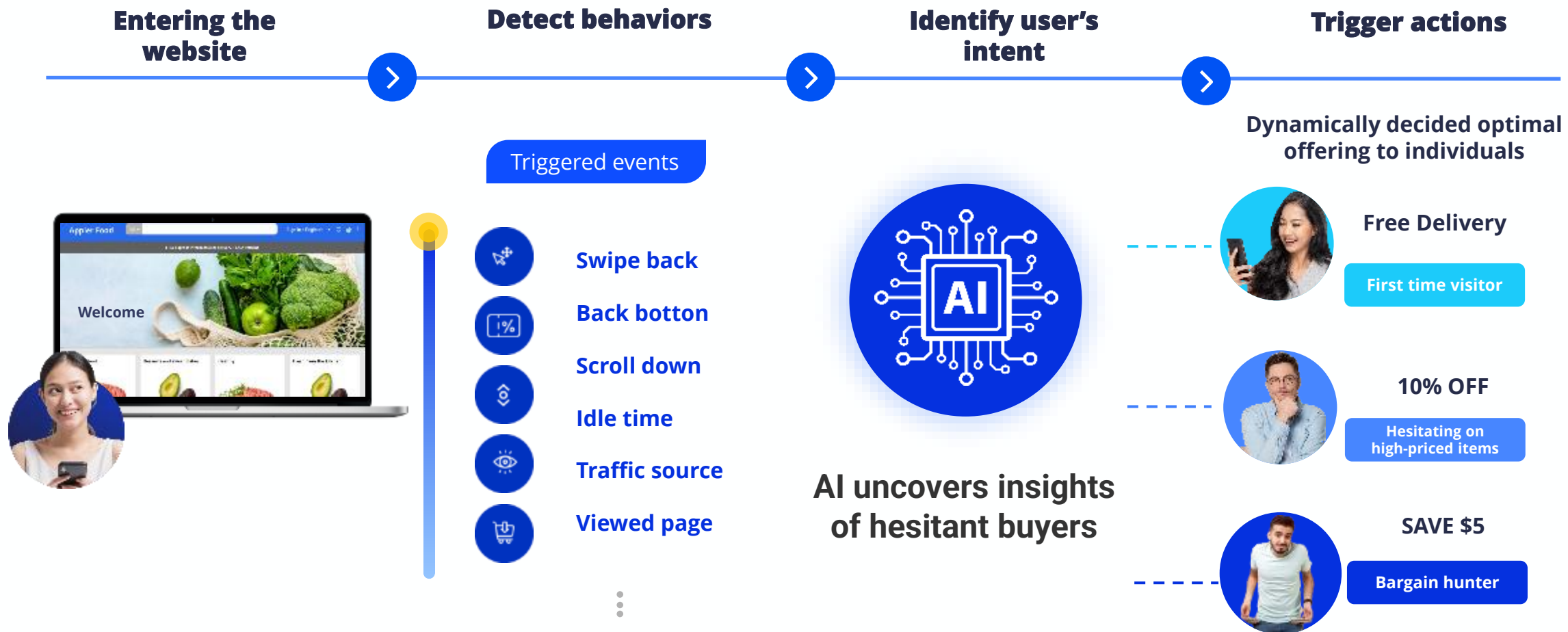
**Predict Purchase Intent with
Machine Learning and Deep Learning**

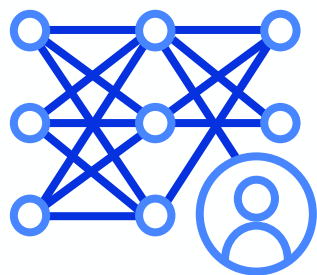
**Optimized Incentives with a
Sense of Urgency**

Real-Time Analytics

Trigger Purchase Decisions with Optimal Incentive Offering

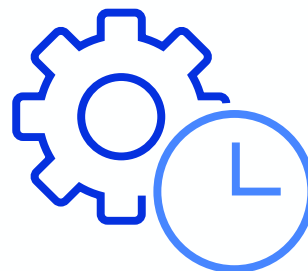
Predict and only distribute the most effective incentive to hesitant buyers while maintaining profitability





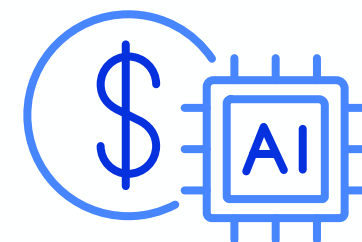
Analysis of Users' Behavior with Advanced Algorithm

Generate accurate and reliable outputs with extensive training data



Improve ROI with Real-time AI Predictions

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



Uplift GMV with Tailored Incentives

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

PROSPECTING &
ACQUISITION



RETENTION &
ENGAGEMENT



TRANSACTION



▶ AUDIENCE
INTELLIGENCE



AIXON



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

**Data Unification and
Auto-processing**

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

Explainable AI

PROSPECTING &
ACQUISITION



RETENTION &
ENGAGEMENT



TRANSACTION



AUDIENCE
INTELLIGENCE



AIRIS

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



Unify your data seamlessly
with Customer 360°

Fast Data-to-
Visualization

Fast Data-to-
Prediction

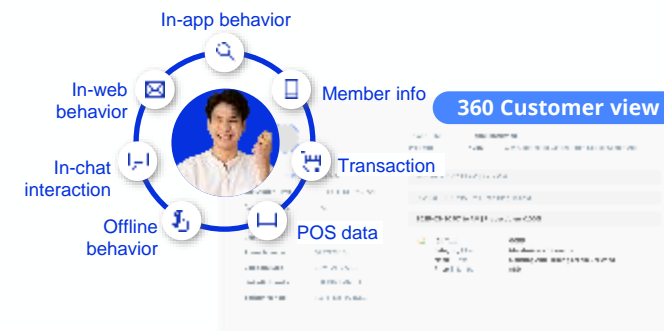
Empower Business Growth with AI CDP



Marketers' pain points

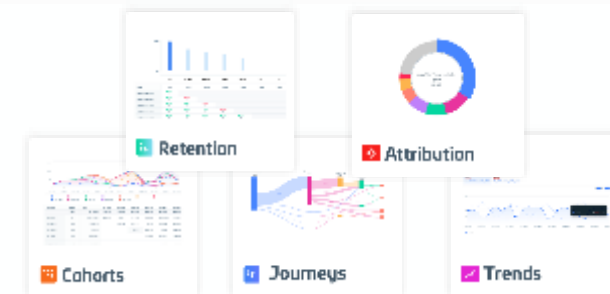
Real-time data ingestion

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



Fastest code-free visualization analytics

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



AI-powered customer prediction

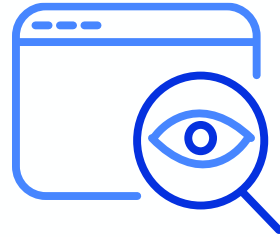
- Allowing marketers to prioritize and target users based on predictions of customer behavior
- Deliver **hyper-personalized engagement** with precise segmentation





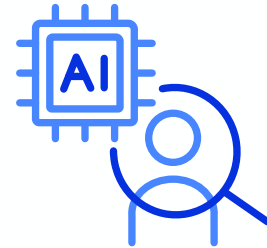
Fastest Time-to-Insight with Seamless Data Ingestion

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



Fastest Time-to-Action with code-free visualization

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



AI-Powered Insights for Proactive User Engagement

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

Why Appier Wins

Existing Solutions

Manual A/B testing

- Leading to waste of budget and unlikely to outperform machines

Marketing Cloud solutions

- Mostly based on a reactive approach based on past behaviors

Broadcasting or Segmenting users into groups and providing different incentives

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

AI vendors or building an inhouse data scientist team

- Potentially hard to scale and more costly

Prospecting & Acquisition



Retention & Engagement



Transaction



Audience Intelligence



Cross
AIXPERT

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

AQUA
BotBonnie

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

AIDEAL

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

AIXON
AIRIS

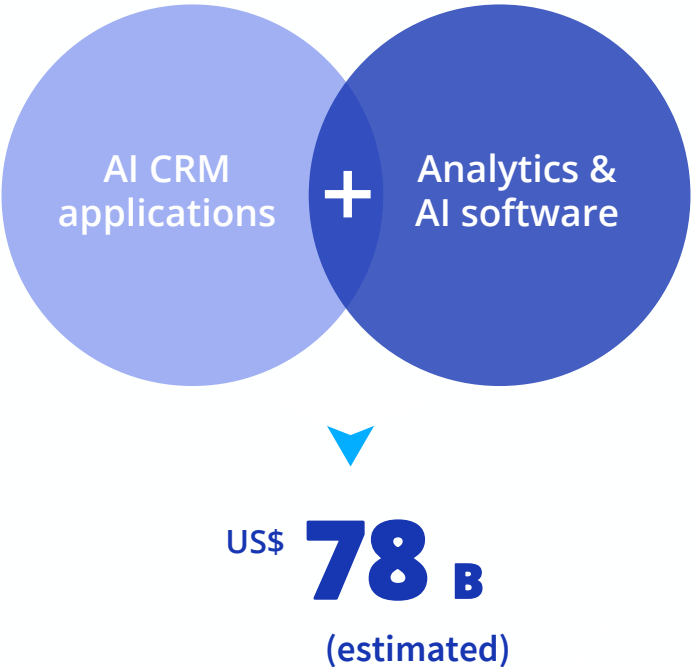
- Automated ML to build differentiated best-in-class AI prediction models through SaaS
- Business users able to leverage AI capabilities without scientists / engineers
- Fast time-to-insight with superior analytics and intuitive data visualization

Why Customers Choose Appier

Massive Market Opportunity

Top-Down View 2023

IDC (1)



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

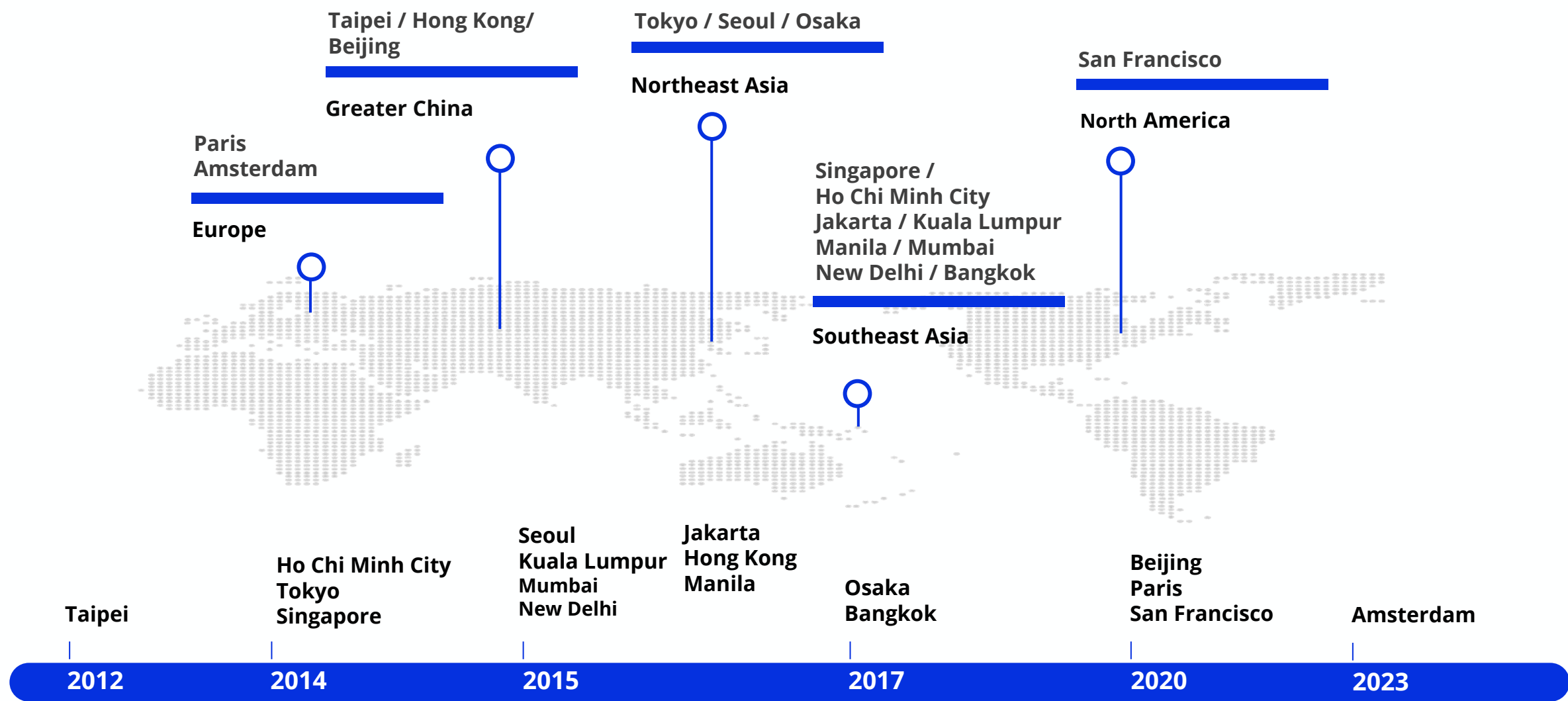
(2) Annualized revenue= FY22 revenue in JPY / exchange rate 131.64

(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.

Bottom-Up View 2023

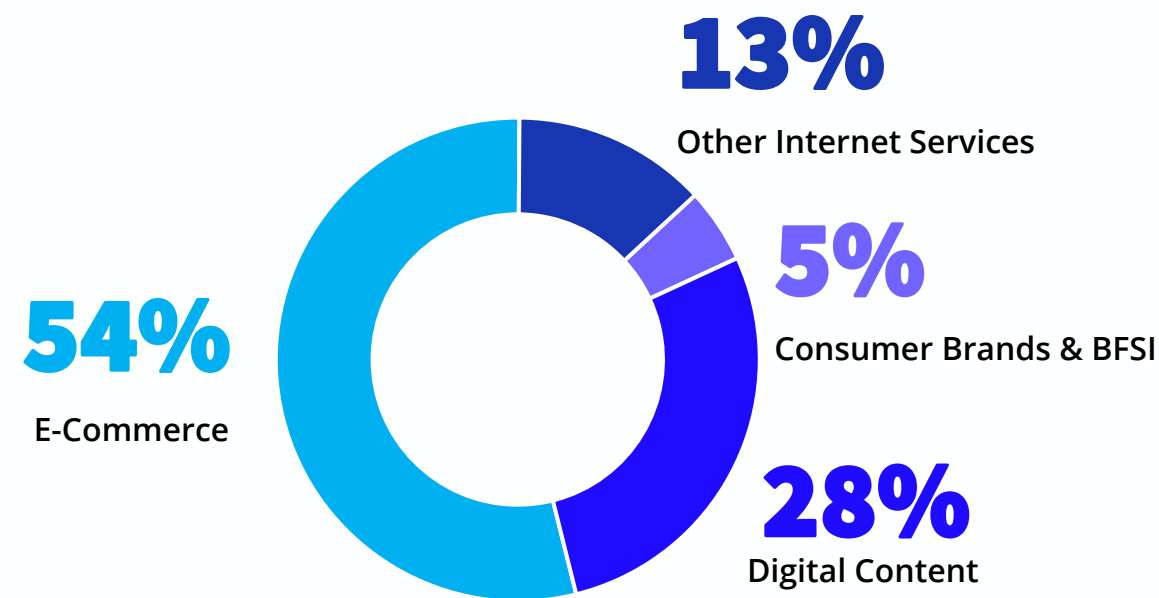


Appier's global presence: 17 offices worldwide

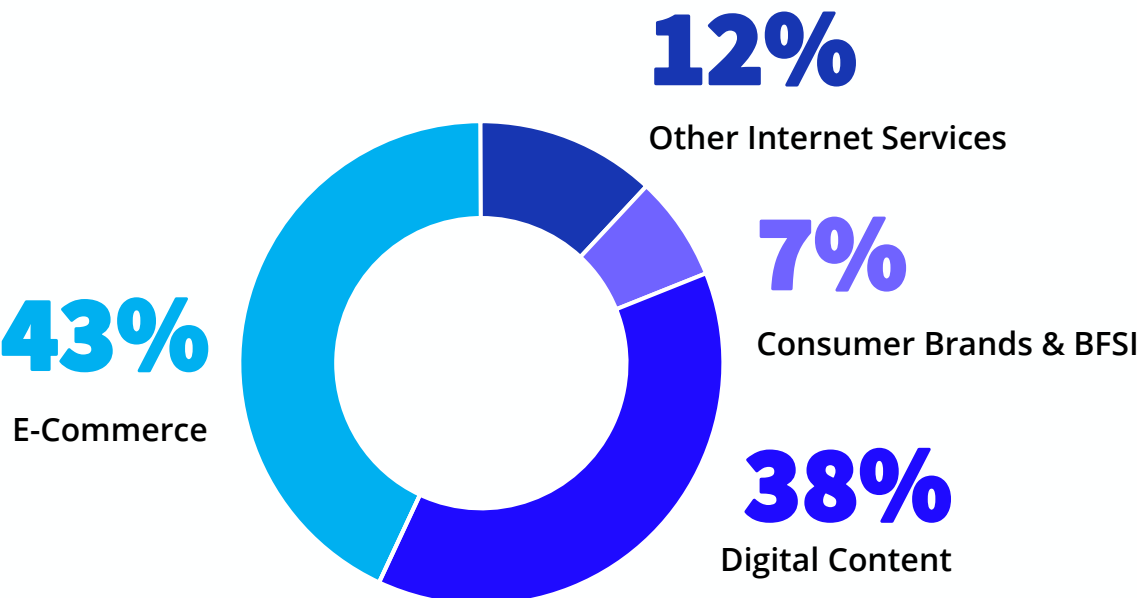


Continuous growth momentum through vertical expansion along with diversified verticals & geo moderate business seasonality

FY2021 Revenue % by Vertical



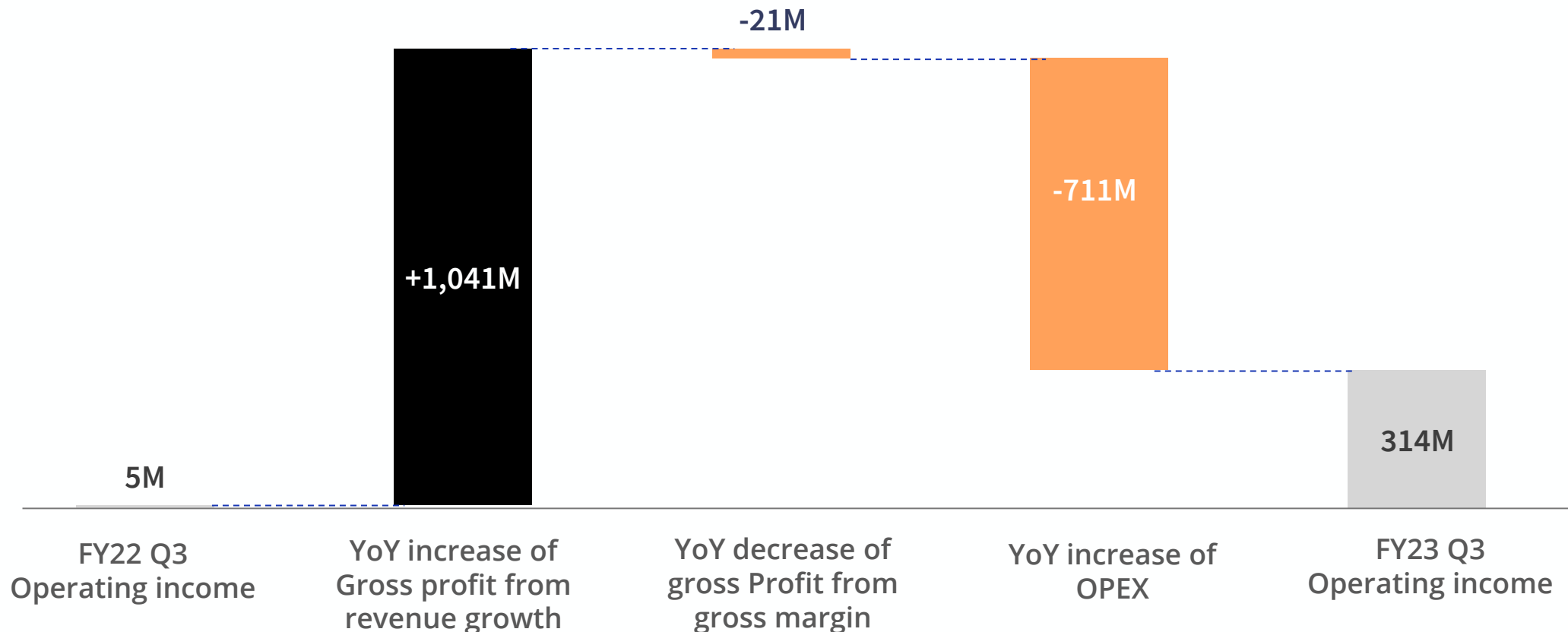
FY2022 Revenue % by Vertical



2023 Q3 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)



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

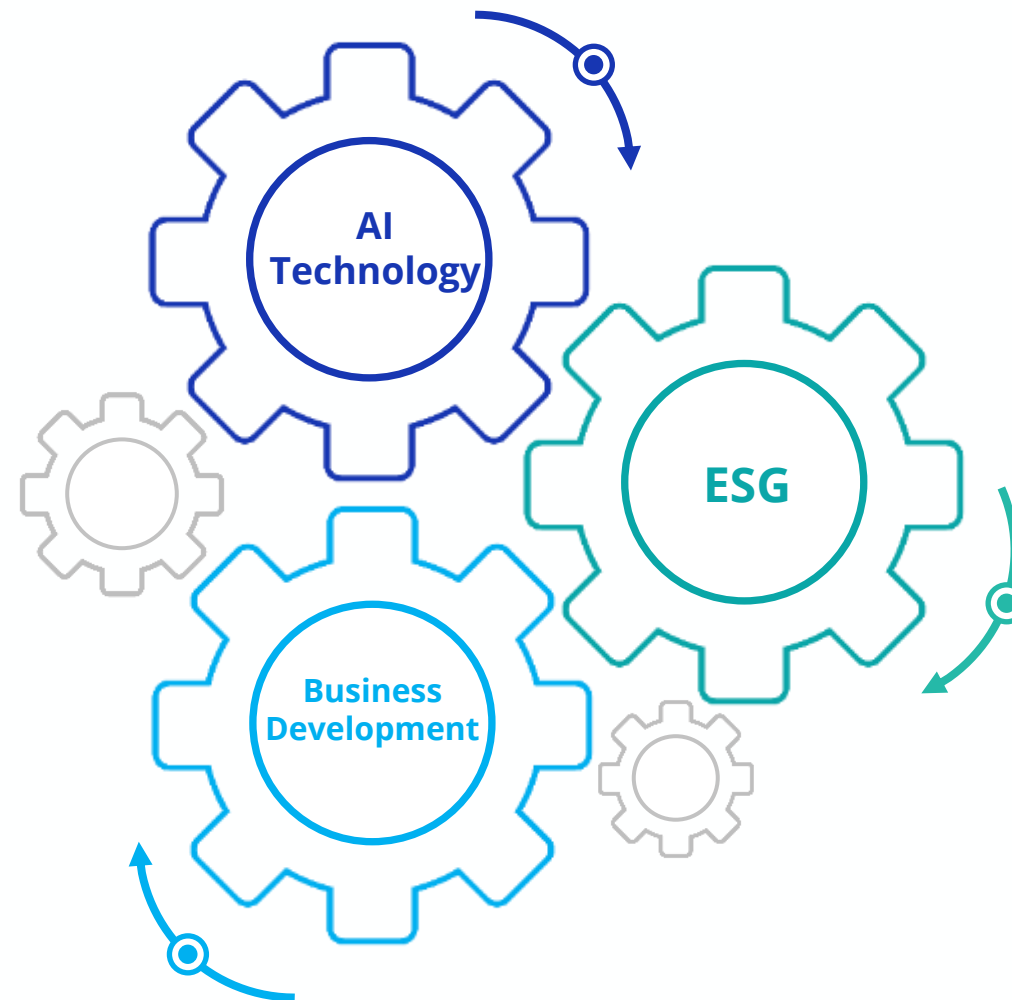
Our Commitment

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.

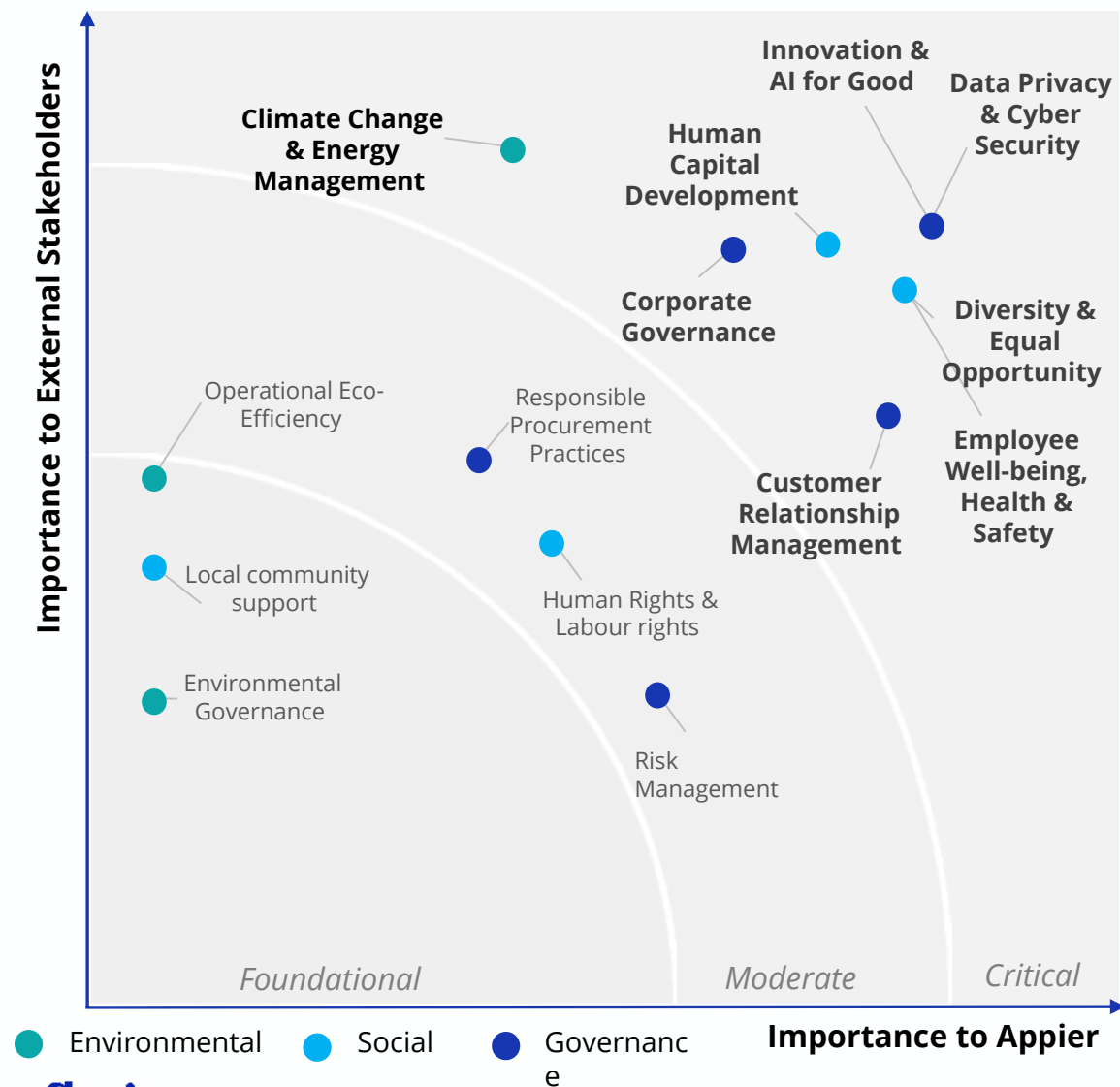
We believe ESG should be placed at the center of our focus on building a sustainable business and are determined to make commitments and to proactively engage our stakeholders in Appier's journey towards ESG excellence, as this is part of our vision for the future of our business.

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



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 Q3 9 months	2023 Q3 9 months	YoY	2022 Q3 3 months	2023 Q3 3 months	YoY	2021	2022
Revenue	13,669	18,802	38%	5,112	7,080	39%	12,661	19,427
Cost of sales	(6,674)	(9,131)		(2,408)	(3,357)		(6,422)	(9,428)
Gross profit	6,995	9,671	38%	2,704	3,723	38%	6,239	9,998
Gross margin	51%	51%		53%	53%		49%	51%
Sales and marketing expenses	(4,550)	(5,893)		(1,713)	(2,162)		(4,322)	(6,394)
<i>% of Revenue</i>	<i>33%</i>	<i>31%</i>		<i>34%</i>	<i>31%</i>		<i>34%</i>	<i>33%</i>
Research and development expenses	(1,642)	(2,229)		(599)	(831)		(1,711)	(2,284)
<i>% of Revenue</i>	<i>12%</i>	<i>12%</i>		<i>12%</i>	<i>12%</i>		<i>14%</i>	<i>12%</i>
General and administrative expenses	(1,144)	(1,364)		(416)	(484)		(1,349)	(1,602)
<i>% of Revenue</i>	<i>8%</i>	<i>7%</i>		<i>8%</i>	<i>7%</i>		<i>11%</i>	<i>8%</i>
Other income	257	183		29	73		28	334
Other expenses	(2)	(7)		(0)	(5)		(2)	(2)
Operating Income	(87)	362		5	314		(1,117)	50
Finance income	96	406		55	149		43	213
Finance costs	(233)	(338)		(89)	(144)		(96)	(153)
Profit before tax	(224)	429		(29)	318		(1,170)	111
Income taxes	(65)	(46)		(27)	(17)		(8)	(90)
Profit for the year	(289)	383		(55)	302		(1,179)	21
EBITDA (excl. IPO related)	832	1,792		357	856		42	1,363
EBITDA margin	6%	10%		7%	12%		0%	7%

Selected Financial Data

Consolidated Statements of Financial Position

(Millions of JPY)	2020	2021	2022	2023 Q3
Cash and cash equivalents	1,635	6,561	3,804	4,641
Time Deposit	6,577	14,939	13,933	10,418
Other financial assets – current assets ⁽¹⁾	-	-	3,577	5,156
Substantial cash	8,212	21,500	21,313	20,215
Other current assets	1,834	2,984	4,050	6,133
Total current assets	10,046	24,484	25,363	26,348
Total non-current assets	2,348	6,722	10,576	12,794
Total assets	12,394	31,206	35,939	39,142
Total liabilities	4,726	8,370	9,737	9,028
Total equity	7,668	22,836	26,201	30,114

Consolidated Statements of Cash Flows

(Millions of JPY)	2021	2022	2023 Q3
Cash flows from operating activities ⁽²⁾	-747	996	764
Cash flows from investing activities ⁽³⁾	-9,075	-3,772	1,379
Cash flows from financing activities ⁽⁴⁾	14,396	-520	-1,943
Ending balance of cash and cash equivalents	6,561	3,804	4,641

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

(2) Trade receivables increased JPY 746M mainly due to long holidays at the last week of Sep in Korea and China, which reduced cash flows from operating activities in FY23 Q3.

(3) Net Cash Inflow from Time Deposits Withdrawal and Placement in FY23 9M was JPY 4.7B vs JPY 7.2B in FY22 9M

(4) Repayment of short-term borrowing of JPY 1.5B in FY23 Q3

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