English Translation
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Consolidated Financial Results for the nine months ended September 30, 2021 [IFRS]

November 11, 2021

Company name: Appier Group, Inc.
Stock exchange listing: Tokyo Stock Exchange
Stock code: 4180
URL: https://www.appier.com/
Representative: Chih-Han Yu, Representative Director and CEO
Contact: Koji Tachibana, Senior Vice President of Finance
Phone: +81 3 6435 6617
Scheduled date for filing of quarterly securities report: November 11, 2021
Scheduled date of commencing dividend payments: -
Supplementary briefing material on quarterly financial results: Yes
Quarterly financial results briefing: Yes (for institutional investors and analysts)

(Amounts are recorded to nearest million yen)

1. Consolidated Financial Results for the nine months ended September 30, 2021

(1) Consolidated Operating Results (cumulative)

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

	Revenue		EBITDA *		Operating Income (loss)		Income (loss) before income taxes		Net income (loss)		Net income (loss) attributable to owners of the parent company		Total comprehensive income	
Nine months ended September 30, 2021	8,756	41.8	(364)	-	(968)	-	(1,016)	-	(1,068)	-	(1,068)	-	(272)	-
Nine months ended September 30, 2020	6,176	23.3	(1,047)	-	(1,384)	-	(1,367)	-	(1,393)	-	(1,393)	-	(1,455)	-

* EBITDA = Operating income + Depreciation and amortization + Tax expenses included in operating expenses

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2021	(10.94)	(10.94)
Nine months ended September 30, 2020	(15.35)	(15.35)

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

*2 Stock options equivalent to 2,038,870 shares of common stock as of September 30, 2021 are not included in the calculation of diluted loss per share for the nine months ended September 30, 2021, as they are antidilutive to earnings per share. Such stock options may potentially dilute basic earnings per share in the future.

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company
As of September 30, 2021	28,426	22,285	22,285	78.4
As of December 31, 2020	12,394	7,668	7,668	61.9

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2. Dividends

(Yen)

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Total
FY2020	-	0.00	-	0.00	0.00
FY2021	-	0.00	-		
FY2021 (Forecast)				0.00	0.00

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

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

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

	Revenue		Operating income (loss)		Income (loss) before income taxes		Net income (loss)		Net income (loss) attributable to Owners of the parent company		Basic earnings per share
FY2021	12,306	37.2	(1,154)	-	(1,192)	-	(1,277)	-	(1,277)	-	(12.97)

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

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(Notes)

(1) Changes in Significant Subsidiaries during the Period: No

(2) Changes in Accounting Policies and Changes in Accounting Estimates
1) Changes in accounting policies required by IFRS: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No

(3) Number of Shares Issued (common stock)
1) Total number of shares issued at the end of the period (including treasury stock):
As of September 30, 2021: 101,027,580 shares
As of December 31, 2020: 90,761,490 shares
2) Total number of treasury stock at the end of the period:
As of September 30, 2021: None
As of December 31, 2020: None
3) Average number of shares during the period (cumulative):
Nine months ended September 30, 2021: 97,577,724 shares
Nine months ended September 30, 2020: 90,761,490 shares

* On January 29, 2021, the Company allotted common shares by 90,761,489 shares to the sole shareholder of the Company. Accordingly, total number of shares issued at the end of the period and average number of shares during the period are calculated as if the allotment of shares was executed at the beginning of the year ended December 31, 2020.

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

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

	Revenue		EBITDA *		Operating Income (loss)		Income (loss) before income taxes		Net income (loss)		Net income (loss) attributable to owners of the parent company		Total comprehensive income	
Nine months ended September 30, 2021	80.7	40.4	(3.5)	-	(9.0)	-	(9.4)	-	(9.9)	-	(9.9)	-	(2.5)	-
Nine months ended September 30, 2020	57.5	25.0	(9.7)	-	(12.9)	-	(12.7)	-	(13.0)	-	(13.0)	-	(13.6)	-

* EBITDA = Operating income + Depreciation and amortization + Tax expenses included in operating expenses

* The Group use financial data denominated in U.S. dollars for internal management purposes because Appier Pte. Ltd., which is the Group's operational headquarter, uses the U.S. dollar as its functional currency. Accordingly, the financial data denominated in U.S. dollars is also presented for reference purposes. Figures in U.S. dollars are calculated by converting quarterly accounting period figures in Japanese yen using the simple average of the exchange rates for each quarter published by the Bank of Taiwan as shown below.

	FY2020			FY2021		
	Q1	Q2	Q3	Q1	Q2	Q3
Exchange rate (JPY / USD)	108.99	107.45	106.09	105.89	109.44	110.09

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

* Explanation of the Proper Use of Financial Results Forecasts and Other Notes
(Caution Concerning Forward-Looking Statements)
The forward-looking statements including the financial results forecast herein are based on information currently available to the Company and certain assumptions that can be deemed reasonable and are not intended as the Company's commitment to achieve such forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast and the points to be noted in the use thereof, please refer to "1. Qualitative Information on Consolidated Financial Results for the Period (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast" on page 2 of the Appendix.

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1. Qualitative Information on Consolidated Financial Results for the Period

(1) Explanation on Operating results

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

During the nine months ended September 30, 2021, demands for our services have been expanded because of the enhancement of our sales team and the efforts of continuous improvements of our solutions. ARR (*1) as of September 2021 was ¥11,739 million, a 47.9% growth from ¥7,938 million as of September 2020. Revenue for the nine months ended September 30, 2021 was ¥8,756,175 thousand (up 41.8 % year-over-year).

Gross profit for the nine months ended September 30, 2021 was ¥4,312,784 thousand (up 58.5 % year-over-year). This was due to an improvement in gross profit margin by enhancement of our CrossX algorithm and increase in the proportion of revenue derived from our other solutions, primarily AIQUA, AiDeal and AIXON, which have higher gross profit margins.

EBITDA (*3) was ¥364,370 thousand loss (¥1,047,301 thousand loss in the same period of the previous fiscal year), operating loss was ¥968,484 thousand (¥1,384,368 thousand loss in the same period of the previous fiscal year), loss before tax was ¥1,016,435 thousand (¥1,367,315 thousand loss in the same period of the previous fiscal year), and loss attributable to owners of the parent company was ¥1,067,931 thousand (¥1,393,295 thousand loss in the same period of the previous fiscal year) due to upfront investments in sales personnel and engineers for future business expansion and one-time IPO-related expenses by ¥277,784 thousand.

(*1) Annual recurring revenue. For solutions provided under a consumption-based pricing structure, the ARR is calculated by annualizing the average monthly recurring revenue (*2) for the relevant period multiplied by 12. For solutions provided under a subscription-based pricing structure, the ARR is calculated by annualizing the recurring revenue for the last month of the relevant period multiplied by 12. The ARR for September 2021 is calculated by multiplying the one-month average of recurring revenue from April 2021 to September 2021 by 12 for solutions provided under the consumption-based pricing structure, and by multiplying the recurring revenue for September 2021 by 12 for solutions provided under the subscription-based pricing structure.

(*2) Revenue from recurring customers. For solutions provided under the consumption-based pricing structure, this refers to (1) customers that have used the Company's solutions for four or more quarters in a row and (2) new customers within the latest twelve months that have used the Company's solutions for three or more months in a row. For solutions provided under the subscription-based pricing structure, this refers to customers who have a contract with the Company for more than one year.

(*3) EBITDA = Operating income + Depreciation and amortization + Tax expenses included in operating expenses

(2) Financial Position

(a) Assets, liabilities and equity

(Assets)

Total assets as of September 30, 2021 amounted to ¥28,425,728 thousand, an increase of ¥16,031,980 thousand from December 31, 2020. Current assets increased by ¥13,844,506 thousand from December 31, 2020 mainly due to an increase of ¥6,939,226 thousand in Time deposits due to placement, an increase of ¥5,983,334 thousand in Cash and cash equivalents due to issuance of shares, and an increase of ¥542,032 thousand in Contract assets and ¥333,843 thousand in Trade receivables, respectively, due to increase in revenue. Non-current assets increased by ¥2,187,474 thousand from December 31, 2020 mainly due to an increase of ¥1,269,859 thousand in Goodwill and intangible assets due to capitalization of development costs that meet the requirements for capitalization and acquisition of subsidiary, and an increase of ¥849,901 thousand in Right-of-use assets due to the change in the estimate of the lease term.

(Liabilities)

Total liabilities as of September 30, 2021 amounted to ¥6,140,727 thousand, an increase of ¥1,415,147 thousand from December 31, 2020. Current liabilities increased by ¥329,246 thousand from December 31, 2020 mainly due to an increase of ¥198,579 thousand in Other liabilities due to the recognition of liabilities for contingent consideration related to the acquisition of a subsidiary, an increase of ¥142,866 thousand in Borrowings due to the foreign currency translation, an increase of ¥123,418 thousand in Trade payables due to increase in cost of sales, and a decrease of ¥157,973 thousand in Lease liabilities due to payment of the liabilities. Non-current liabilities increased by ¥1,085,901 thousand from December 31, 2020 mainly due to an increase of ¥969,161 thousand in Lease liabilities due to the change in the estimate of the lease term, and an increase of ¥82,762 thousand in Other liabilities due to the recognition of liabilities for contingent consideration related to the acquisition of a subsidiary.

(Equity)

Equity as of September 30, 2021 amounted to ¥22,285,001 thousand, an increase of ¥14,616,833 thousand from December 31, 2020 mainly due to an increase of ¥7,520,714 thousand in Share capital and an increase of ¥7,367,936 thousand in Capital surplus due to issuance of shares, an increase of ¥796,114 thousand in Other components of equity due to changes in exchange rates, and a decrease of ¥1,067,931 thousand in (loss of) Retained earnings due to Net loss.

(b) Cash flows

Cash and cash equivalents as of September 30, 2021 was ¥7,618,041 thousand, an increase of ¥5,983,334 thousand from December 31, 2020.

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

(Cash flows from operating activities)

Net cash used in operating activities was ¥1,269,058 thousand, an increase of disbursement by ¥358,043 thousand compared to ¥911,015 thousand for the nine months ended September 30, 2020. This is mainly attributable to an increase of ¥479,251 thousand in Contract assets (an increase of ¥10,099 thousand in the same period of the previous fiscal year), an increase of ¥247,842 thousand in Trade receivables (a decrease of ¥28,405 thousand in the same period of the previous fiscal year), a decrease of ¥54,851 thousand in Other liabilities (an increase of ¥146,140 thousand in the same period of the previous fiscal year), a decrease of Loss before tax by ¥350,880 thousand compared to the same period of the previous fiscal year, and an increase of Depreciation and amortization by ¥159,743 thousand compared to the same period of the previous fiscal year.

(Cash flows from investing activities)

Net cash used in investing activities was ¥7,308,478 thousand, an increase of disbursement by ¥4,353,463 thousand compared to the ¥2,955,015 thousand for the nine months ended September 30, 2020. This is mainly attributable to an increase of Placement of time deposits by ¥6,930,302 thousand compared to the same period of the previous fiscal year, an increase of Payments for intangible assets by ¥416,868 thousand compared to the same period of the previous fiscal year, and an increase of Withdrawal of time deposits by ¥2,999,973 thousand compared to the same period of the previous fiscal year.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥14,503,315 thousand, an increase of receipt by ¥13,223,389 thousand compared to the ¥1,279,926 thousand for the nine months ended September 30, 2020. This is mainly attributable to Proceeds from Listing by ¥15,041,428 thousand (zero for the same period of the previous fiscal year), a decrease of Repayment of short-term borrowings by ¥226,669 thousand compared to the same period of the previous fiscal year, a decrease of Proceeds from borrowings by ¥1,249,072 thousand compared to the same period of the previous fiscal year, a decrease of Proceeds from short-term borrowings from the parent company by ¥535,172 thousand compared to the same period of the previous fiscal year, and Payment of Listing expenses by ¥210,697 thousand (zero for the same period of the previous fiscal year).

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

For the nine months ended September 30, 2021, we have done better than expected in new customer acquisition and expansion on existing customers, and thus outperforming our guidance. Accordingly, we made another upward revision on our consolidated full-year guidance.

For further details, please refer to the "Announcement on Revision of the Consolidated Full-year Guidance " disclosed on November 11, 2021.

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2 Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	1,634,707	7,618,041
Time deposits	6,577,367	13,516,593
Contract assets	528,015	1,070,047
Trade receivables	1,172,413	1,506,256
Other receivables	31,188	22,947
Other current assets	102,009	156,321
Total current assets	10,045,699	23,890,205
Non-current assets		
Property, plant and equipment	59,650	143,079
Right-of-use assets	606,587	1,456,488
Goodwill and intangible assets	1,304,992	2,574,851
Deferred tax assets	153,473	130,462
Other financial assets	223,347	230,643
Total non-current assets	2,348,049	4,535,523
Total assets	12,393,748	28,425,728
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	1,903,052	2,045,918
Contract liabilities	47,687	72,708
Trade payables	1,012,510	1,135,928
Other liabilities	1,027,452	1,226,031
Other liabilities to related parties	5	-
Current tax payables	21,875	13,553
Lease liabilities	338,585	180,612
Other current liabilities	44,719	50,381
Total current liabilities	4,395,885	4,725,131
Non-current liabilities		
Provisions	25,520	49,800
Deferred tax liabilities	-	9,698
Lease liabilities	304,175	1,273,336
Other liabilities	-	82,762
Total non-current liabilities	329,695	1,415,596
Total liabilities	4,725,580	6,140,727
Equity		
Share capital	0*	7,520,714
Capital surplus	16,248,390	23,616,326
Retained earnings	(8,315,781)	(9,383,712)
Other components of equity	(264,441)	531,673
Equity attributable to owners of the parent company	7,668,168	22,285,001
Total equity	7,668,168	22,285,001
Total liabilities and equity	12,393,748	28,425,728

*Less than ¥ 1 thousand.

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income

Condensed Quarterly Consolidated Statements of Profit or Loss

For the nine months ended September 30, 2021

(Thousands of yen)

	2020 (From January 1, 2020 to September 30, 2020)	2021 (From January 1, 2021 to September 30, 2021)
Revenue	6,176,274	8,756,175
Cost of sales	(3,455,844)	(4,443,391)
Gross profit	2,720,430	4,312,784
Sales and marketing expenses	(2,490,035)	(3,061,109)
Research and development expenses	(1,075,369)	(1,243,607)
General and administrative expenses	(559,189)	(985,528)
Other income	31,711	12,125
Other expenses	(11,916)	(3,149)
Operating loss	(1,384,368)	(968,484)
Finance income	90,872	29,774
Finance costs	(73,819)	(77,725)
Loss before tax	(1,367,315)	(1,016,435)
Income taxes	(25,981)	(51,496)
Loss for the period	(1,393,295)	(1,067,931)
Loss attributable to:		
Owners of the parent company	(1,393,295)	(1,067,931)
Basic loss per share (yen)	(15.35)	(10.94)
Diluted loss per share (yen)	(15.35)	(10.94)

For the three months ended September 30, 2021

(Thousands of yen)

	2020 (From July 1, 2020 to September 30, 2020)	2021 (From July 1, 2021 to September 30, 2021)
Revenue	2,144,454	3,206,308
Cost of sales	(1,153,750)	(1,602,299)
Gross profit	990,704	1,604,009
Sales and marketing expenses	(877,016)	(1,058,912)
Research and development expenses	(359,654)	(418,735)
General and administrative expenses	(199,920)	(312,453)
Other income	18,795	1,266
Other expenses	(11,916)	(995)
Operating loss	(439,007)	(185,820)
Finance income	26,169	10,945
Finance costs	(16,224)	(26,515)
Loss before tax	(429,062)	(201,390)
Income taxes	(7,191)	(8,190)
Loss for the period	(436,252)	(209,580)
Loss attributable to:		
Owners of the parent company	(436,252)	(209,580)
Basic loss per share (yen)	(4.81)	(2.08)
Diluted loss per share (yen)	(4.81)	(2.08)

Condensed Quarterly Consolidated Statements of Comprehensive Income

For the nine months ended September 30, 2021

(Thousands of yen)

	2020 (From January 1, 2020 to September 30, 2020)	2021 (From January 1, 2021 to September 30, 2021)
Loss for the period	(1,393,295)	(1,067,931)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(61,575)	796,114
Total items that may be reclassified subsequently to profit or loss	(61,575)	796,114
Total other comprehensive income for the period	(61,575)	796,114
Total comprehensive loss for the period	(1,454,871)	(271,817)
Total comprehensive loss attributable to:		
Owners of the parent company	(1,454,871)	(271,817)

For the three months ended September 30, 2021

(Thousands of yen)

	2020 (From July 1, 2020 to September 30, 2020)	2021 (From July 1, 2021 to September 30, 2021)
Loss for the period	(436,252)	(209,580)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(187,203)	319,430
Total items that may be reclassified subsequently to profit or loss	(187,203)	319,430
Total other comprehensive income for the period	(187,203)	319,430
Total comprehensive loss for the period	(623,456)	109,850
Total comprehensive loss attributable to:		
Owners of the parent company	(623,456)	109,850

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2020 (From January 1, 2020 to September 30, 2020)

(Thousands of yen)

	Equity attributable to owners of the parent company				
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total equity
Balance at January 1, 2020	0*	341,086	(6,862,144)	7,460	(6,513,598)
Loss for the period	-	-	(1,393,295)	-	(1,393,295)
Other comprehensive income	-	-	-	(61,575)	(61,575)
Total comprehensive loss	-	-	(1,393,295)	(61,575)	(1,454,871)
Contribution from shareholder	-	15,824,536	-	-	15,824,536
Share options of the parent company	-	48,703	-	-	48,703
Total transactions with owners	-	15,873,239	-	-	15,873,239
Balance at September 30, 2020	0*	16,214,325	(8,255,440)	(54,115)	7,904,770

*Less than ¥1 thousand.

For the nine months ended September 30, 2021 (From January 1, 2021 to September 30, 2021)

(Thousands of yen)

	Equity attributable to owners of the parent company				
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total equity
Balance at January 1, 2021	0*	16,248,390	(8,315,781)	(264,441)	7,668,168
Loss for the period	-	-	(1,067,931)	-	(1,067,931)
Other comprehensive income	-	-	-	796,114	796,114
Total comprehensive loss	-	-	(1,067,931)	796,114	(271,817)
Share issued pursuant to the listing	7,520,629	7,309,932	-	-	14,830,561
Share options	-	57,919	-	-	57,919
Exercise of share options	85	85	-	-	170
Total transactions with owners	7,520,714	7,367,936	-	-	14,888,650
Balance at September 30, 2021	7,520,714	23,616,326	(9,383,712)	531,673	22,285,001

*Less than ¥1 thousand.

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	2020 (From January 1, 2020 to September 30, 2020)	2021 (From January 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Loss before tax	(1,367,315)	(1,016,435)
Depreciation and amortization	337,067	496,810
Interest income	(90,872)	(29,774)
Interest expense	15,783	23,185
(Reversal of) Expected credit losses	(5,403)	1,653
Share-based compensation expense	48,703	57,919
Others	(5,965)	-
Change in working capital		
Contract assets	(10,099)	(479,251)
Trade receivables	28,405	(247,842)
Other receivables	(10,903)	4,665
Other current assets	28,611	(46,029)
Contract liabilities	(21,618)	9,898
Trade payables	12,827	42,316
Other liabilities	146,140	(54,851)
Other liabilities to related parties	-	(5)
Other current liabilities	(6,310)	1,031
Subtotal	(900,949)	(1,236,710)
Interest received	32,968	35,584
Interest paid	(15,783)	(23,185)
Income taxes paid	(27,251)	(44,747)
Net cash used in operating activities	(911,015)	(1,269,058)
Cash flows from investing activities		
Payments for property, plant and equipment	(14,563)	(95,539)
Payments for intangible assets	(593,540)	(1,010,408)
Payment for acquisition of a subsidiary, net of cash paid	(12,932)	(22,946)
Withdrawal of time deposits	1,900,815	4,900,788
Placement of time deposits	(4,158,570)	(11,088,872)
Others	(76,225)	8,499
Net cash used in investing activities	(2,955,015)	(7,308,478)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,249,072	-
Repayment of short-term borrowings	(226,669)	-
Proceeds from borrowings from the parent company	535,172	-
Payment of lease liabilities	(277,649)	(327,416)
Proceeds from listing	-	15,041,428
Payment of listing expenses	-	(210,697)
Net cash provided by financing activities	1,279,926	14,503,315
Effects of exchange rate changes on cash and cash equivalents	(5,912)	57,555
Net increase (decrease) in cash and cash equivalents	(2,592,016)	5,983,334
Cash and cash equivalents at the beginning of the period	4,117,859	1,634,707
Cash and cash equivalents at end of period	1,525,843	7,618,041

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not Applicable.

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

1. Number of shares authorized and issued

The movements of shares authorized and issued for the nine months period ended September 30, 2021 are as follows:

	Share issued (Share capital with no-par value)	
	Common shares	Share capital (Thousands of yen)
Number of authorized shares		
Ordinary shares (Note c)	300,000,000	
Number of shares issued		
Balance at January 1, 2021	1	0*
Issue of new shares (Note d)	10,001	6,064
Cancellation of treasury shares	(1)	-
Share issued pursuant to the inversion (Note e)	90,761,489	-
Share issued pursuant to the listing (Note f)	9,101,000	6,778,010
Third-party allotment (Note g)	984,700	736,555
Exercise of share options	170,390	85
Balance at September 30, 2021	101,027,580	7,520,714

*Less than ¥ 1 thousand.

(a) The share issued by the Company is a no-par value ordinary share with no restrictions on rights, and the issued share is fully paid.
(b) There is no movement of shares issued for the nine months ended September 30, 2020.
(c) As a result of a partial amendment to the Articles of Incorporation at the General Meeting of Shareholders held on January 29, 2021, the total number of shares authorized to be issued increased by 200,000,000 shares to 300,000,000 shares.
(d) Due to a shareholder's allotment to Appier Holdings, Inc. on January 29, 2021, the number of shares issued increased by 10,001 shares, common stock and additional paid-in capital increased by ¥6,064 thousand.
(e) On January 29, 2021, the Company distributed 90,761,489 shares as an allotment of shares without contribution to the sole shareholder of the Company, Appier Holdings, Inc. pursuant to the board resolution.
(f) On March 29, 2021, the Company issued 9,101,000 shares through an initial public offering of shares, and the Company recognized approximately ¥6,778,010 thousand in the share capital and capital surplus, respectively. The Company's shares were listed on the Mothers Sections of the Tokyo Stock Exchange ("market of the high-growth and emerging stocks") Board since March 30, 2021.
(g) As a result of the paid-in third-party allotment (capital increase by way of third-party allotment in connection with the secondary offering by way of over-allotment) with a payment date of April 28, 2021, the total number of issued shares increased by 984,700 shares, and capital stock and capital reserve increased by ¥736,555 thousand.

2. Capital surplus

The movements in share premium for the nine months ended September 30, 2020 and 2021 are as follow:

Period ended September 30, 2020

	Capital surplus	Share-based compensation	Total
	Thousands of yen	Thousands of yen	Thousands of yen
Balance at January 1, 2020	38,996	302,090	341,086
Conversion of debt to equity *1	15,824,536	-	15,824,536
Share options of the parent company	-	48,703	48,703
Balance at September 30, 2020	15,863,532	350,793	16,214,325

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

Period ended September 30, 2021

	Capital surplus	Share-based compensation	Total
	Thousands of yen	Thousands of yen	Thousands of yen
Balance at January 1, 2021	15,863,532	384,858	16,248,390
Share issued pursuant to the listing*1	7,520,629	-	7,520,629
Listing expenses charged to share premium*2	(210,697)	-	(210,697)
Exercise of share options	85	-	85
Share options	-	57,919	57,919
Balance at September 30, 2021	23,173,549	442,777	23,616,326

*1 Refer to Notes (d), (f), and (g) within Notes on Significant Changes in the Amount of Equity Attributable to Owners of the Parent Company 1. Number of shares authorized and issued.

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

(Segment Information)

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

(Events after the reporting period)

Not Applicable.