English Translation
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Consolidated Financial Results for the six months ended June 30, 2024 [IFRS]

August 14, 2024

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 semiannual securities report: August 14, 2024
Scheduled date of commencing dividend payments: −
Supplementary briefing material on Semiannual financial results: Yes
Semiannual financial results briefing: Yes (for institutional investors and analysts)

(Amounts are recorded to nearest million yen)

1. Consolidated Financial Results for the six months ended June 30, 2024

(1) Consolidated Operating Results (cumulative)

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

	Revenue		EBITDA *		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Total comprehensive income	
Six months ended June 30, 2024	15,524	32.4	1,811	93.5	416	766.7	464	321.8	426	419.5	426	419.5	4,289	68.8
Six months ended June 30, 2023	11,722	37.0	936	97.1	48	-	110	-	82	-	82	-	2,541	(33.9)

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	4.18	4.14
Six months ended June 30, 2023	0.80	0.79

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company
As of June 30, 2024	43,096	33,527	33,527	77.8
As of December 31, 2023	37,852	29,091	29,091	76.9

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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
FY2023	-	0.00	-	0.00	0.00
FY2024	-	0.00			
FY2024 (Forecast)			-	Not decided	Not decided

(Note)1. Revision of most recently announced dividend forecasts: No
2. The year-end dividend forecast for FY2024 has not yet been decided, and the dividend payment would be determined based on the conditions of core free cash flow (Note 2) for FY2024.
3. Core free cash flow = Cash flows from operating activities + Payments for intangible assets

3. Consolidated Financial Results Forecast for the year ending December 31, 2024

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

	Revenue		EBITDA *		Operating Income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
		%		%		%		%		%		%	Yen
FY2024	34,495	30.6	4,898	72.8	2,090	161.0	2,003	88.5	1,899	89.6	1,899	89.6	18.64

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

(Note) Revision of most recently announced consolidated financial results forecasts: No

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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 June 30, 2024: 102,086,486 shares
As of December 31, 2023: 101,882,216 shares
2) Total number of treasury stock at the end of the period:
As of June 30, 2024: 257 shares
As of December 31, 2023: 257 shares
3) Average number of shares during the period (cumulative):
Six months ended June 30, 2024: 101,965,911 shares
Six months ended June 30, 2023: 101,581,604 shares

* This semiannual financial report is outside the scope of Semiannual 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" 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 "Turning AI into ROI by Making Software Intelligent".

Revenue for the six months ended June 30, 2024, was ¥15,524 million (up 32.4 % year-over-year) due to increased revenue from existing customers through up-selling and cross-selling, and from new customers through verticals and regions expansion. In addition, ARR (*1) as of June 2024 was ¥30,294 million, a 34.9 % growth from ¥22,465 million as of June 2023.

Gross profit for the six months ended June 30, 2024, was ¥7,992 million (up 34.4 % year-over-year) and gross margin was 51.5% (50.7% in the same period of the previous fiscal year).

Although the amount of operating expenses (Sales and marketing expenses, Research and development expenses, and General and administrative expenses) has increased with the expansion of the business scale and the impact of foreign exchange rates, the ratio to revenue of operating expenses has decreased 1.1% points from 51.3% to 50.1% compared to the same period of the previous fiscal year. As a result, EBITDA (*3) was ¥1,811 million (¥936 million in the same period of the previous fiscal year), operating income was ¥416 million (¥48 million in the same period of the previous fiscal year), profit before tax was ¥464 million (¥110 million in the same period of the previous fiscal year), and profit attributable to owners of the parent company was ¥426 million (¥82 million in the same period of the previous fiscal year).

(*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 June 2024 is calculated by multiplying the one-month average of recurring revenue from January 2024 to June 2024 by 12 for solutions provided under the consumption-based pricing structure, and by multiplying the recurring revenue for June 2024 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 June 30, 2024, amounted to ¥43,096 million, an increase of ¥5,244 million from December 31, 2023. Current assets increased by ¥2,733 million from December 31, 2024, mainly due to an increase of ¥2,123 million in trade receivables and contract assets, an increase of ¥851 million in other financial assets due to exchange rate fluctuations, an increase of ¥722 in time deposits due to exchange rate fluctuations, and a decrease of ¥1,338 million in cash and cash equivalents due to payments for intangible assets, etc. Non-current assets increased by ¥2,511 million from December 31, 2023, mainly due to an increase of ¥2,374 million in goodwill and intangible assets due to capitalization of development costs that meet the requirements for capitalization.

(Liabilities)

Total liabilities as of June 30, 2024, amounted to ¥9,569 million, an increase of ¥808 million from December 31, 2023. Current liabilities increased by ¥941 million from December 31, 2023, mainly due to an increase of ¥630 million in trade payables due to an increase of cost of sales and an increase of ¥400 million in borrowings due to additional borrowings. Non-current liabilities decreased by ¥133 million from December 31, 2023, mainly due to a decrease of ¥134 million in lease liabilities due to payment.

(Equity)

Equity as of June 30, 2024, amounted to ¥33,527 million, an increase of ¥4,436 million from December 31, 2023, mainly due to an increase of ¥3,864 million in other components of equity due to changes in exchange rates and an increase of ¥426 million in retained earnings due to net income.

(b) Cash flows

Cash and cash equivalents as of June 30, 2024, was ¥4,796 million, a decrease of ¥1,338 million from December 31, 2023.

Cash flows from each activity for the six months ended June 30, 2024, and their significant components are as follows:

(Cash flows from operating activities)

Net cash used in operating activities was ¥165 million, a decrease of ¥720 million in income compared to income of ¥555 million in the same period of the previous fiscal year. This is mainly attributable to an increase of ¥1,349 million in working capital compared to the previous fiscal year, a decrease of ¥169 million in interest received compared to the same period of the previous fiscal year, and an increase of ¥822 in profit before tax adjusted for non-cash items compared to the same period of the previous fiscal year.

(Cash flows from investing activities)

Net cash used in investing activities was ¥1,741 million, an increase of ¥2,293 million in expenditures compared to income of ¥552 million in the same period of the previous fiscal year. This is mainly attributable to an increase of ¥2,588 million in expenditures for net increase in time deposits compared to the same period of the previous fiscal year, an increase in payments for intangible assets by ¥557 million compared to the same period of the previous fiscal year, and a decrease of ¥822 million in acquisition of financial assets measured at fair value through profit or loss compared to the same period of the previous fiscal year.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥60 million, an increase of ¥346 million in income compared to expenditures of ¥286 million in the same period of the previous fiscal year. This is mainly attributable to an increase of ¥400 million in proceeds from short-term borrowing compared to the same period of the previous fiscal year.

(3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast
The forecast announced previously is to be kept unchanged.

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2 Condensed Semiannual Consolidated Financial Statements

(1) Condensed Semiannual Consolidated Statements of Financial Position

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	6,134	4,796
Time deposits	8,004	8,726
Trade receivables	3,726	5,455
Contract assets	1,629	2,023
Other receivables	331	456
Other current assets	165	415
Other financial assets	4,940	5,791
Total current assets	24,929	27,662
Non-current assets		
Property, plant and equipment	228	249
Right-of-use assets	2,686	2,630
Goodwill and intangible assets	9,347	11,721
Deferred tax assets	190	185
Other financial assets	472	524
Other non-current assets	-	125
Total non-current assets	12,923	15,434
Total assets	37,852	43,096
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	600	1,000
Contract liabilities	174	193
Trade payables	2,436	3,066
Other liabilities	2,546	2,343
Current tax payables	45	46
Lease liabilities	655	752
Other current liabilities	91	88
Total current liabilities	6,547	7,488
Non-current liabilities		
Provisions	68	68
Deferred tax liabilities	54	55
Lease liabilities	2,092	1,958
Total non-current liabilities	2,214	2,081
Total liabilities	8,761	9,569
Equity		
Share capital	7,555	7,586
Capital surplus	23,880	23,996
Treasury shares	(0)	(0)
Retained earnings	(8,471)	(8,045)
Other components of equity	6,127	9,990
Equity attributable to owners of the parent company	29,091	33,527
Total equity	29,091	33,527
Total liabilities and equity	37,852	43,096

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

Condensed Semiannual Consolidated Statements of Profit or Loss

For the six months ended June 30, 2024

(Millions of yen)

	2023 (From January 1, 2023 to June 30, 2023)	2024 (From January 1, 2024 to June 30, 2024)
Revenue	11,722	15,524
Cost of sales	(5,774)	(7,532)
Gross profit	5,948	7,992
Sales and marketing expenses	(3,731)	(4,638)
Research and development expenses	(1,398)	(2,242)
General and administrative expenses	(880)	(905)
Other income	110	215
Other expenses	(1)	(6)
Operating income	48	416
Finance income	257	247
Finance costs	(195)	(199)
Profit before tax	110	464
Income taxes	(28)	(38)
Profit for the period	82	426
Profit attributable to:		
Owners of the parent company	82	426
Basic earnings per share (yen)	0.80	4.18
Diluted earnings per share (yen)	0.79	4.14

For the three months ended June 30, 2024

(Millions of yen)

	2023 (From April 1, 2023 to June 30, 2023)	2024 (From April 1, 2024 to June 30, 2024)
Revenue	6,170	8,150
Cost of sales	(3,003)	(3,970)
Gross profit	3,167	4,180
Sales and marketing expenses	(1,954)	(2,310)
Research and development expenses	(747)	(1,247)
General and administrative expenses	(447)	(408)
Other income	61	139
Other expenses	(1)	(3)
Operating income	79	351
Finance income	135	127
Finance costs	(92)	(94)
Profit before tax	122	384
Income taxes	(7)	(15)
Profit for the period	115	369
Profit attributable to:		
Owners of the parent company	115	369
Basic earnings per share (yen)	1.13	3.61
Diluted earnings per share (yen)	1.12	3.58

Condensed Semiannual Consolidated Statements of Comprehensive Income

For the six months ended June 30, 2024

(Millions of yen)

	2023 (From January 1, 2023 to June 30, 2023)	2024 (From January 1, 2024 to June 30, 2024)
Profit for the period	82	426
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of an equity investment at fair value through other comprehensive income	77	(35)
Total items that will not be reclassified subsequently to profit or loss	77	(35)
Items that may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	2,382	3,898
Total items that may be reclassified subsequently to profit or loss	2,382	3,898
Total other comprehensive income for the period	2,459	3,863
Total comprehensive income for the period	2,541	4,289
Total comprehensive income attributable to:		
Owners of the parent company	2,541	4,289

For the three months ended June 30, 2024

(Millions of yen)

	2023 (From April 1, 2023 to June 30, 2023)	2024 (From April 1, 2024 to June 30, 2024)
Profit for the period	115	369
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of an equity investment at fair value through other comprehensive income	54	(9)
Total items that will not be reclassified subsequently to profit or loss	54	(9)
Items that may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	2,229	1,883
Total items that may be reclassified subsequently to profit or loss	2,229	1,883
Total other comprehensive income for the period	2,283	1,874
Total comprehensive income for the period	2,398	2,243
Total comprehensive income attributable to:		
Owners of the parent company	2,398	2,243

(3) Condensed Semiannual Consolidated Statements of Changes in Equity

For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)

(Millions of yen)

	Equity attributable to owners of the parent company							
					Other components of equity			
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial statements translation differences of foreign operations	Unrealized gains from financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2023	7,535	23,712	(0)	(9,473)	4,443	(16)	4,427	26,201
Profit for the period	-	-	-	82	-	-	-	82
Other comprehensive income	-	-	-	-	2,382	77	2,459	2,459
Total comprehensive income	-	-	-	82	2,382	77	2,459	2,541
Share options of the Company	-	40	-	-	-	-	-	40
Exercise of share options	7	7	-	-	-	-	-	14
Purchase of treasury shares	-	-	(0)	-	-	-	-	(0)
Total transactions with owners	7	47	(0)	-	-	-	-	54
Balance at June 30, 2023	7,542	23,759	(0)	(9,391)	6,825	61	6,886	28,796

For the six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

(Millions of yen)

	Equity attributable to owners of the parent company							
					Other components of equity			
	Share capital	Capital surplus	Treasury shares	Retained earnings	Financial statements translation differences of foreign operations	Unrealized (loss) gains from financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2024	7,555	23,880	(0)	(8,471)	6,151	(24)	6,127	29,091
Profit for the period	-	-	-	426	-	-	-	426
Other comprehensive income	-	-	-	-	3,898	(35)	3,863	3,863
Total comprehensive income	-	-	-	426	3,898	(35)	3,863	4,289
Share options of the Company	-	85	-	-	-	-	-	85
Exercise of share options	31	31	-	-	-	-	-	62
Purchase of treasury shares	-	-	-	-	-	-	-	-
Total transactions with owners	31	116	-	-	-	-	-	147
Balance at June 30, 2024	7,586	23,996	(0)	(8,045)	10,049	(59)	9,990	33,527

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(4) Condensed Semiannual Consolidated Statements of Cash Flows

(Millions of yen)

	2023 (From January 1, 2023 to June 30, 2023)	2024 (From January 1, 2024 to June 30, 2024)
Cash flows from operating activities		
Profit before tax	110	464
Depreciation and amortization	885	1,392
Interest income	(257)	(247)
Interest expense	53	37
Expected credit losses	42	6
Gains on financial assets measured at fair value through profit or loss	(106)	(148)
Gains on forfeited contingent consideration	-	(58)
Share-based compensation expense	54	147
Others	0	(1)
Change in working capital		
Trade receivables	(91)	(1,280)
Contract assets	(249)	(165)
Other receivables	31	75
Other current assets	(129)	(212)
Other non-current assets	-	(125)
Contract liabilities	(34)	3
Trade payables	160	310
Other liabilities	(119)	(360)
Other current liabilities	12	(14)
Subtotal	362	(176)
Interest received	282	96
Interest paid	(53)	(40)
Income taxes paid	(36)	(45)
Net cash (used in) provided by operating activities	555	(165)
Cash flows from investing activities		
Payments for property, plant and equipment	(104)	(62)
Payments for intangible assets	(1,439)	(1,996)
Payment for acquisition of a subsidiary	(42)	-
Withdrawal of time deposits	21,433	3,003
Placement of time deposits	(18,476)	(2,634)
Acquisition of financial assets measured at fair value through profit or loss	(888)	(66)
Proceeds from disposal of financial assets at fair value through profit or loss	72	-
Increase in guarantee deposits	(6)	(4)
Decrease in guarantee deposits	2	18
Net cash (used in) provided by investing activities	552	(1,741)
Cash flows from financing activities		
Proceeds from short-term borrowing	-	1,400
Repayments of short-term borrowing	-	(1,000)
Payment of lease liabilities	(286)	(340)
Proceeds from issuance of shares	0	0
Payments to acquire treasury shares	(0)	-
Net cash provided by (used in) financing activities	(286)	60
Effects of exchange rate changes on cash and cash equivalents	526	508
Net (decrease) increase in cash and cash equivalents	1,346	(1,338)
Cash and cash equivalents at the beginning of the period	3,804	6,134
Cash and cash equivalents at end of period	5,150	4,796

(5) Notes to Condensed Semiannual 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)
Not Applicable.

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

(Revenue)
Disaggregation of revenue recognized from contracts with customers
The Group monitors sales performance by region to develop the business and allocates revenues to the region-based management units.

For the six months ended June 30

	2023 (From January 1, 2023 to June 30, 2023)	2024 (From January 1, 2024 to June 30, 2024)
	Millions of yen	Millions of yen
Northeast Asia region	7,738	10,291
United States and Europe region	1,672	2,747
Greater China region	1,864	2,233
Southeast Asia region	448	253
	11,722	15,524

For the three months ended June 30

	2023 (From April 1, 2023 to June 30, 2023)	2024 (From April 1, 2024 to June 30, 2024)
	Millions of yen	Millions of yen
Northeast Asia region	4,086	5,490
United States and Europe region	912	1,518
Greater China region	915	1,080
Southeast Asia region	257	62
	6,170	8,150

Information by region
Northeast Asia—consisting of Japan and South Korea;
United States and Europe - consisting of United States and countries in Europe including United Kingdom and France;
Greater China Region—consisting of mainland China, Taiwan and the Hong Kong Special Administrative Region; and
Southeast Asia—consisting of all other countries in the Asia-Pacific region, including Singapore, Malaysia, Philippines, Thailand, Vietnam, India, Indonesia and Australia.

(Events after the reporting period)

Acquisition of treasury shares

The Company resolved the following matters regarding the acquisition of treasury shares, in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act at the meeting of the Board of Directors dated August 14, 2024, as follows:

1.Reason for the acquisition of treasury shares

The Company has focused on sustainable profitable growth to enhance our corporate value, and executed R&D including AI technology development, and strategic M&A transactions, as investments in growth for this purpose.

As a result of comprehensive consideration of our share price, financial position, and capacity for future investments, the Company decided to acquire treasury shares for improving capital efficiency and expanding shareholder returns to further enhance our corporate value in addition to continuous investments in growth.

2.Details of the acquisition

(1)	Type of shares to be acquired	Common share
(2)	Total number of shares to be acquired	1,000,000 shares (maximum) (0.98% of total outstanding shares (excluding treasury shares))
(3)	Total amount of shares to be acquired	JPY 1.0 billion (maximum)
(4)	Term of acquisition	From September 1, 2024 to December 31, 2024
(5)	Method of acquisition	Market purchase on the Tokyo Stock Exchange