



Consolidated Financial Results for the Three Months Ended March 31, 2025 [IFRS]

May 15, 2025

Company name: Appier Group, Inc.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 4180

URL: <https://www.appier.com/>

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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 Three Months Ended March 31, 2025

(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	
FY2025 Q1	9,352	26.8	948	28.8	73	12.3	62	(22.5)	35	(38.6)	35	(38.6)	(1,561)	-
FY2024 Q1	7,374	32.8	736	90.7	65	-	80	-	57	-	57	-	2,046	-

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2025 Q1	0.34	0.34
FY2024 Q1	0.56	0.56

(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 March 31, 2025	47,353	32,618	32,618	68.9
As of December 31, 2024	44,637	34,315	34,315	76.9

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

2. Dividends

(Yen)

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Total
FY2024	-	0.00	-	2.00	2.00
FY2025	-				
FY2025 (Forecast)		0.00	-	2.25	2.25

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

3. Consolidated Financial Results Forecast for the Year Ending December 31, 2025

(% 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
FY2025	45,467	33.5	7,786	58.4	4,051	104.5	3,801	84.3	3,576	22.2	3,576	22.2	35.00

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

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

(Notes)

- (1) Significant changes in the scope of consolidation during the consolidated cumulative period of the quarter: Yes

Newly consolidated: 3 companies

Company names: ADYOUNEED SAS, ADCREATIVE AI YAZILIM ANONIM ŞİRKETİ, ADYOUNEED MOROCCO

Note: ADCREATIVE AI YAZILIM ANONIM ŞİRKETİ and ADYOUNEED MOROCCO are subsidiaries of ADYOUNEED SAS (AdCreative.ai).

- (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 March 31, 2025: 102,362,741 shares

As of December 31, 2024: 102,289,998 shares

- 2) Total number of treasury stock at the end of the period:

As of March 31, 2025: 653,563 shares

As of December 31, 2024: 653,563 shares

- 3) Average number of shares during the period (cumulative):

Three months ended March 31, 2025: 101,658,141 shares

Three months ended March 31, 2024: 101,917,883 shares

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: No

* 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 presented herein, are based on information currently available to the Company and on certain assumptions deemed reasonable at the time of disclosure. However, these statements are not guarantees of future performance. Actual results may differ significantly from these forecasts due to various risks and uncertainties.

For the assumptions underlying the financial results forecast and related cautionary notes, please refer to “1. Qualitative Information on Consolidated Financial Results for the Period (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast” in 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 three months ended March 31, 2025, was ¥9,352 million, up 26.8% year-on-year, driven by increased revenue from existing customers through up-selling and cross-selling, as well as from new customers through expansion into new regions and customer verticals. In addition, ARR (*1) as of March 2025 was ¥36,823 million, a 26.8% increase from ¥29,033 million as of March 2024.

Gross profit for the period was ¥4,805 million, up 26.0% year-on-year, and the gross margin was 51.4% (51.7% in the same period of the previous fiscal year).

Due to business expansion, the absolute amount of operating expenses (S&M expenses, R&D expenses, and G&A expenses) increased. However, the ratio of operating expenses to revenue declined by 0.5 percentage points, from 51.8% to 51.3% year-on-year. The ratios of S&M expenses and R&D expenses to revenue decreased by 1.0 and 0.3 percentage points, respectively, due to improvements in productivity and efficiency. On the other hand, the ratio of G&A expenses to revenue increased by 0.8 percentage points year-on-year, mainly due to M&A-related one-time transaction costs.

As a result, EBITDA (*3) was ¥948 million, an increase of ¥212 million year-on-year, and operating profit was ¥73 million, up ¥8 million year-on-year. Profit before tax was ¥62 million, a decrease of ¥18 million year-on-year, and profit attributable to owners of the parent company was ¥35 million, a decrease of ¥22 million year-on-year.

(*1) Annual recurring revenue. For solutions provided under a consumption-based pricing structure, ARR is calculated by multiplying the average monthly recurring revenue (*2) during the relevant period by 12. For solutions provided under a subscription-based pricing structure, ARR is calculated by multiplying the recurring revenue for the final month of the period by 12. The ARR as of March 2025 was calculated by annualizing the average monthly recurring revenue from October 2024 to March 2025 for consumption-based solutions, and by annualizing the recurring revenue for March 2025 for subscription-based solutions.

(*2) Revenue from recurring customers. For solutions provided under a consumption-based pricing structure, this includes (1) customers who have continuously used the Company's solutions for four or more consecutive quarters, and (2) new customers acquired within the most recent twelve months who have used the Company's solutions for three or more consecutive months. For solutions provided under a subscription-based pricing structure, this includes customers who have entered into contracts with the Company for a duration of one year or longer.

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

(2) Financial Position

(a) Assets, liabilities, and equity

(Assets)

As of March 31, 2025, total assets amounted to ¥47,353 million, an increase of ¥2,716 million compared to December 31, 2024.

Current assets decreased by ¥2,485 million compared to December 31, 2024, mainly due to a ¥3,902 million decrease in time deposits as a result of withdrawals. This was partially offset by a ¥1,231 million increase in accounts receivable driven by business growth.

Non-current assets increased by ¥5,201 million, primarily due to a ¥5,489 million increase in goodwill and intangible assets resulting from the recognition of goodwill associated with the M&A transaction.

(Liabilities)

As of March 31, 2025, total liabilities amounted to ¥14,735 million, an increase of ¥4,413 million compared to December 31, 2024. Current liabilities and non-current liabilities increased by ¥2,215 million and ¥2,198 million, respectively.

The main factors contributing to the increase were a rise in other liabilities due to the recognition of a contingent consideration liability associated with the M&A transaction (up ¥1,622 million in current liabilities and ¥864 million in non-current liabilities), and an increase in borrowings from financial institutions (up ¥614 million in current liabilities and ¥1,437 million in non-current liabilities).

(Equity)

As of March 31, 2025, total equity amounted to ¥32,618 million, a decrease of ¥1,697 million compared to December 31, 2024.

The decrease was primarily attributable to a ¥1,596 million decline in other components of equity due to foreign exchange fluctuations.

(b) Cash flows

As of March 31, 2025, cash and cash equivalents totaled ¥4,990 million, a decrease of ¥506 million compared to December 31, 2024.

The cash flow activities and their respective factors for the three-month period ended March 31, 2025, are as follows:

(Cash flows from operating activities)

Net cash used in operating activities was ¥1,164 million, an increase of ¥964 million in outflows year-on-year. The primary factor behind the increase in outflows was a ¥1,346 million increase in working capital, while the main offsetting factor was a ¥284 million increase in profit before tax adjusted for non-cash items, both year-on-year.

(Cash flows from investing activities)

Net cash used in investing activities was ¥801 million, an increase of ¥243 million in outflows year-on-year. The main factors contributing to the increase in outflows were M&A-related payments, including a ¥2,520 million increase in payments for the acquisition of a subsidiary and a ¥779 million increase in payments for the acquisition of other financial assets. The main factor contributing to the increase in inflows was a ¥3,217 million increase in proceeds from the withdrawal of time deposits.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥1,617 million, an increase of ¥1,787 million in inflows year-on-year. The primary factor for this increase was a ¥1,800 million increase in proceeds from long-term borrowings, year-on-year.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

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

The previously announced forecast remains unchanged.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of Yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	5,496	4,990
Time deposits	6,727	2,825
Trade receivables	6,388	7,619
Contract assets	2,973	2,966
Other receivables	232	173
Other current assets	389	591
Other financial assets	5,794	6,350
Total current assets	27,999	25,514
Non-current assets		
Property, plant and equipment	201	183
Right-of-use assets	2,197	1,953
Goodwill and intangible assets	12,528	18,017
Deferred tax assets	1,117	1,058
Other financial assets	430	445
Other non-current assets	165	183
Total non-current assets	16,638	21,839
Total assets	44,637	47,353
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	1,500	2,114
Contract liabilities	164	490
Trade payables	3,360	3,052
Other liabilities	2,736	4,358
Current tax payables	35	44
Lease liabilities	742	718
Other current liabilities	132	108
Total current liabilities	8,669	10,884
Non-current liabilities		
Borrowings	-	1,437
Provisions	67	65
Deferred tax liabilities	49	171
Lease liabilities	1,537	1,314
Other non-current liabilities	-	864
Total non-current liabilities	1,653	3,851
Total liabilities	10,322	14,735
Equity		
Share capital	7,628	7,641
Capital surplus	24,069	23,920
Treasury shares	(1,000)	(1,000)
Retained earnings	(5,544)	(5,509)
Other components of equity	9,162	7,566
Equity attributable to owners of the parent company	34,315	32,618
Total equity	34,315	32,618
Total liabilities and equity	44,637	47,353

Note: Any amount less than one million Japanese yen is expressed as 0.

(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 three months ended March 31, 2025

	(Millions of Yen)	
	2024 (From January 1, 2024 to March 31, 2024)	2025 (From January 1, 2025 to March 31, 2025)
Revenue	7,374	9,352
Cost of sales	(3,562)	(4,547)
Gross profit	3,812	4,805
Sales and marketing expenses	(2,328)	(2,855)
Research and development expenses	(995)	(1,233)
General and administrative expenses	(497)	(705)
Other income	76	66
Other expenses	(3)	(5)
Operating income	65	73
Finance income	120	45
Finance costs	(105)	(56)
Profit before tax	80	62
Income taxes	(23)	(27)
Profit for the period	57	35
Profit attributable to:		
Owners of the parent company	57	35
Basic earnings per share (yen)	0.56	0.34
Diluted earnings per share (yen)	0.56	0.34

Condensed Quarterly Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2025

	(Millions of Yen)	
	2024 (From January 1, 2024 to March 31, 2024)	2025 (From January 1, 2025 to March 31, 2025)
Profit for the period	57	35
Other comprehensive (loss) 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	(26)	(10)
Total items that will not be reclassified subsequently to profit or loss	(26)	(10)
Items that may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	2,015	(1,586)
Total items that may be reclassified subsequently to profit or loss	2,015	(1,586)
Total other comprehensive (loss) income for the period	1,989	(1,596)
Total comprehensive (loss) income for the period	2,046	(1,561)
Total comprehensive (loss) income attributable to:		
Owners of the parent company	2,046	(1,561)

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(3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the three months ended March 31, 2024 (From January 1, 2024 to March 31, 2024)

(Millions of Yen)

	Equity attributable to owners of the parent company							Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity		Total	
					Financial statements translation differences of foreign operations	Unrealized (loss) gains from financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2024	7,555	23,880	(0)	(8,471)	6,151	(24)	6,127	29,091
Profit for the period	-	-	-	57	-	-	-	57
Other comprehensive income	-	-	-	-	2,015	(26)	1,989	1,989
Total comprehensive income	-	-	-	57	2,015	(26)	1,989	2,046
Share options of the Company	-	49	-	-	-	-	-	49
Exercise of share options	14	14	-	-	-	-	-	28
Total transactions with owners	14	63	-	-	-	-	-	77
Balance at March 31, 2024	7,569	23,943	(0)	(8,414)	8,166	(50)	8,116	31,214

For the three months ended March 31, 2025 (From January 1, 2025 to March 31, 2025)

(Millions of Yen)

	Equity attributable to owners of the parent company							Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity		Total	
					Financial statements translation differences of foreign operations	Unrealized loss from financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2025	7,628	24,069	(1,000)	(5,544)	9,306	(144)	9,162	34,315
Profit for the period	-	-	-	35	-	-	-	35
Other comprehensive loss	-	-	-	-	(1,586)	(10)	(1,596)	(1,596)
Total comprehensive loss	-	-	-	35	(1,586)	(10)	(1,596)	(1,561)
Cash dividend for common shares	-	(203)	-	-	-	-	-	(203)
Share options of the Company	-	41	-	-	-	-	-	41
Exercise of share options	13	13	-	-	-	-	-	26
Total transactions with owners	13	(149)	-	-	-	-	-	(136)
Balance at March 31, 2025	7,641	23,920	(1,000)	(5,509)	7,720	(154)	7,566	32,618

English Translation

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(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of Yen)

	2024 (From January 1, 2024 to March 31, 2024)	2025 (From January 1, 2025 to March 31, 2025)
Cash flows from operating activities		
Profit before tax	80	62
Depreciation and amortization	670	876
Interest income	(120)	(45)
Interest expense	19	35
Expected credit losses	10	14
Gain on financial assets measured at fair value through profit or loss	(70)	(64)
Share-based compensation expense	77	67
Others	(5)	-
Change in working capital		
Trade receivables	104	(1,518)
Contract assets	(350)	(130)
Other receivables	63	10
Other current assets	(121)	(56)
Other non-current assets	-	(19)
Contract liabilities	18	(22)
Trade payables	(157)	(165)
Other liabilities	(386)	(271)
Other current liabilities	(12)	(35)
Subtotal	(180)	(1,261)
Interest received	14	130
Interest paid	(14)	(21)
Income taxes paid	(20)	(12)
Net cash used in operating activities	(200)	(1,164)
Cash flows from investing activities		
Payments for property, plant and equipment	(61)	(4)
Payments for intangible assets	(958)	(1,130)
Payment for acquisition of a subsidiary	-	(2,520)
Increase in other financial assets	-	(779)
Withdrawal of time deposits	445	3,662
Increase in guarantee deposits	(2)	(30)
Decrease in guarantee deposits	18	-
Net cash used in investing activities	(558)	(801)
Cash flows from financing activities		
Proceeds from short-term borrowing	600	700
Repayments of short-term borrowing	(600)	(500)
Proceeds from long-term borrowing	-	1,800
Repayment of long-term borrowing	-	(4)
Payment of lease liabilities	(170)	(178)
Proceeds from issuance of shares	0	0
Cash dividend paid	-	(201)
Net cash provided by (used in) financing activities	(170)	1,617
Effects of exchange rate changes on cash and cash equivalents	301	(158)
Net decrease in cash and cash equivalents	(627)	(506)
Cash and cash equivalents at the beginning of the period	6,134	5,496
Cash and cash equivalents at end of period	5,507	4,990

(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)

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 three months ended March 31

Management-unit	2024 (From January 1, 2024 to March 31, 2024)	2025 (From January 1, 2025 to March 31, 2025)
	Millions of Yen	Millions of Yen
Northeast Asia region	4,801	6,587
United States, EMEA and others	1,229	1,618
Greater China region	1,153	1,077
Southeast Asia region	191	70
	<u>7,374</u>	<u>9,352</u>

Information by region

Northeast Asia—consisting of Japan and South Korea;

United States, EMEA and others—consisting of United States, countries in EMEA including United Kingdom, France, Germany, Israel, and others;

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)

Not Applicable.