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.

# Items Disclosed on the Internet in relation to the Convocation Notice of the 4th Annual General Meeting of Shareholders

From January 1, 2021 to December 31, 2021



Pursuant to the provisions of relevant laws and regulations, as well as Article 15 of the Company's Articles of Incorporation, the items listed above are provided to shareholders by disclosing them on the Company's website (https://ir.appier.com/en/).

Appier Group, Inc.

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.

# Business Report

From January 1, 2021 to December 31, 2021

## 1. Business Overview

### (1) Consolidated Financial Results for the Period Ended December 31, 2021

(Thousands of yen)

| | Year ended December 31 | | | |
|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 |
| Revenue | 6,290,557 | 7,219,735 | 8,970,097 | 12,660,811 |
| Income (Loss) before income taxes | (1,963,946) | (2,253,407) | (1,557,319) | (1,170,072) |
| Net income (loss) | (1,949,589) | (2,349,727) | (1,453,637) | (1,178,518) |
| Basic earnings (loss) per share | (21.48) yen | (25.89) yen | (16.02) yen | (11.97) yen |
| Total assets | 3,310,928 | 12,136,656 | 12,393,748 | 31,205,573 |
| Total equity attributable to owners of the parent company | (4,246,189) | (6,513,598) | 7,668,168 | 22,835,688 |
| Ratio of equity attributable to owners of the parent company | (46.78) yen | (71.77) yen | 84.49 yen | 225.73 yen |

(Note) On January 29, 2021, the Company allotted common shares by 90,761,489 shares to the sole shareholders of the Company, Appier Holdings, Inc. Accordingly, basic earnings (loss) per share and ratio of equity attributable to owners of the parent company per share are calculated as if the allotment of shares was executed on the beginning of the fiscal year ended December 31, 2018.

**(2) Challenges to be addressed**

Major challenges to be addressed by the Group are as follows;

i) Strengthen R&D Systems

In anticipation of their future growth opportunities, active investments in Research and Development ("R&D") on artificial intelligence ("AI") technologies, which are the Group's main domain, are increasing worldwide. Surrounded by this competitive business environment, we understand that it is important for the Group to respond to a wide variety of cutting-edge technologies, in a timely manner, in order to unlock our successful growth.

To achieve the Group's purposes above, we understand that it is inevitable to attract and nurture highly skilled human capital, invest in R&D, share our best practices and other internally generated expertise, and conduct continuous educational training. For our R&D system augmentation, we will acquire and nurture top-tier human capital and continuously invest in R&D activities.

ii) Reinforce Sales Teams

Due to our services' peculiarities, i.e., enterprise-spectrum software solutions, it is critical to obtain proper understating and evaluation of the business context and challenges with which each of our customer faces. Thereby, sales team can pertinently match our AI-powered services to customers' individual needs to achieve their goals. Also, it is important to have the pipeline (prospective customer pool), facilitate the ongoing adoption of our services after signing the contract (implementation, transition and onboarding training), and deliver our high-quality customer success programs for the existing customers.

Based on these understandings, we are fully committed to acquire and nurture human capital in the field of marketing, sales, and customer success, and provide appropriate educational training programs towards higher profitability and productivity.

Furthermore, although currently, our CrossX is has the largest revenue portion amongst our services, we will achieve well-balanced sales mix by simultaneously strengthening other services and their sales.

iii) Enhance Internal Controls

As the geographical strategies, the Group aims to further expand its business in Asia, EMEA and the US in addition to the current areas. Consequently, we believe it is important to build robust management system to accommodate geographically dispersed business locations in multiple foreign jurisdictions, as well as to expedite the quality and accountability of financial reporting, and to reinforce the risk management mechanisms.

Accordingly, we will accelerate the administrational operation enhancement, including expertise hirings, with the aim of coordinated Group's management where we will proactively collaborate to build more robust internal controls.

iv) Advance the Information Security System

As we may handle the confidential information of our customers, multidimensionally, in connection with our business, it is imperative to be equipped with fit-for-purpose Information security systems to win our customers' trust. Currently, we already have various rules to protect sensitive data, and that, we are reputed for our robust data security controls. Still, we are keen to develop technologies, controls, and our human capital through our internal educational training programs.

v) Reinforce the Financial Capacities

Ever since the establishment of the Company, i.e., four consecutive fiscal years, we have been recorded operating loss and net loss. Nonetheless, we are keen to continue our active investment, as we believe we should periodize product and service development, customer base expansion, and geographical diversification. In harmony with the evolution of our business, we will reinforce our financial capacities, by optimizing the direct finance and indirect financial leverages through in-depth communication with the capital market.

### (3) Major Business Domain (as of December 31, 2021)

We provide AI platform which enables enterprises to unlock value from data across the entire marketing and sales funnel by leveraging our advanced AI and ML technologies.

### (4) Major Business Locations (as of December 31, 2021)

| Name | Location |
|---|---|
| Appier Japan, Inc. | Minato-ku, Tokyo |
| Appier Pte. Ltd. | Singapore |
| Appier, Inc. | Taipei, Taiwan |

### (5) The Status of the Employees of the Group (as of December 31, 2021)

| Number of employees | Change from the previous fiscal year end |
|---|---|
| 574 | +95 |

### (6) Status of the Debt Obligation and the Lenders (as of December 31, 2021)

| Lenders | Amount |
|---|---|
| Citibank Taiwan Limited | ¥1,496,881 thousand |
| Sumitomo Mitsui Banking Corporation | ¥300,000 thousand |
| Mizuho Bank, Ltd | ¥300,000 thousand |

### (7) Other Important Matters to be Disclosed

Not applicable.

**2. Key Statistics of the Company's Shares (as of December 31, 2021)**

**(1) Shares Authorized:** 300,000,000 shares

**(2) Shares of Outstanding:** 101,164,657 shares

**(3) Number of Shareholders at Fiscal Year End:** 8,657

**(4) Top Shareholders**

| Name of the Shareholder | Number of Shares Held | Holding Ratio (%) |
|---|---|---|
| PLAXIE INC | 17,139,610 | 16.94 |
| SEQUOIA CAPITAL INDIA INVESTMENTS IV | 9,975,370 | 9.86 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 5,366,711 | 5.30 |
| MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB | 4,860,300 | 4.80 |
| CHIA-YUNG SU | 3,960,720 | 3.91 |
| GLOBAL PREMIER GROUP LIMITED | 3,338,970 | 3.30 |
| TA STRATEGIC PTE.LTD. | 2,981,120 | 2.94 |
| HIPPO TECHNOLOGY INVESTMENT COMPANY LIMITED | 2,938,810 | 2.90 |
| HIPPO II TECHNOLOGY INVESTMENT COMPANY LIMITED | 2,693,970 | 2.66 |
| GSEN APPIER CLIENT ASSET ACCOUNT | 2,594,274 | 2.56 |

(Note) 1. The Company does not own Treasury Shares.

2. In the Report of Possession of Large Volume made available for public inspection on April 6, 2021, it is stated that GLOBAL PREMIER GROUP LIMITED holds the shares of the Company by 5,564,950 shares (5.57% of holding ratio) as of March 30, 2021.

## 3. Share Subscription Rights (as of December 31, 2021)

### (1) Subscription Rights to Shares (Stock Option) Held by the Directors at the Current Fiscal Year End as Remuneration for their Services Rendered

| Name | 1st Share Subscription Rights |
|---|---|
| Number of subscription rights issued | 231,670 units |
| Number of Directors who owns subscription rights | 1 |
| Class and number of underlying shares | Common stock, 231,670 shares |
| Cash paid for subscription rights | No payouts are required |
| Strike price (exercise price) | ¥1 |
| Exercisable period (expiration date) | From February 1, 2021 to January 31, 2031 |
| Conditions of exercise | (Refer to the Note below) |

(Note) In the event of the holder's termination of employment, engagement as the Officer, Auditor, or consultant with the Group for the following reasons, the holder shall comply with the provisions as follows;

(a) Resignation: All vested subscription rights then-outstanding shall expire on the last date of employment or engagement. Any subscription rights that are unvested shall be deemed forfeited for no consideration on the last date of employment or retainment.

(b) Retirement: All vested subscription rights then-outstanding may be exercisable by the holder within thirty (30) days following the date of retirement, following which all subscription rights shall expire for no consideration.

(c) Death: Upon the death of the holder, all vested subscription rights then-outstanding may be exercisable by the successor of such holder within ninety (90) days following the date of death of the holder, following which all such subscription rights then-outstanding shall expire for no consideration. Any subscription rights that are unvested shall expire for no consideration on the date of death of the holder.

(d) Work related disability or death: In the event the holder become physically disabled and cannot continue his/her employment or engagement due to work injury or death, all subscription rights (whether vested or unvested) then-outstanding may be exercisable by the holder or the successor of such holder within ninety (90) days following the date of the holder's separation from the Group or death, following which all subscription rights then-outstanding shall expire for no consideration.

(e) Dismissal: All vested subscription rights then-outstanding may be exercisable within thirty (30) days following the earlier of the date of dismissal notice or dismissal, following which all such subscription rights then-outstanding shall expire for no consideration. Any subscription rights that are unvested shall expire on such date for no consideration.

### (2) Subscription Rights to Shares Granted to Employees of the Subsidiaries as Consideration for Services Rendered during the Current Fiscal Year

| Name | 1st Share Subscription Rights |
|---|---|
| Date of issuance | January 29, 2021 and January 30, 2021 |
| Number of subscription rights issued | 1,940,820 units |
| Number of employees of the subsidiaries and consultants granted<br>Employee of the subsidiaries of the Company<br>Consultants | <br>445<br>3 |
| Class and number of underlying shares | Common stock, 1,940,820 shares |
| Cash paid for subscription rights | No payouts are required |
| Strike price (exercise price) | ¥1 |
| Exercisable period (expiration date) | From February 1, 2021 to January 31, 2031 |
| Conditions for exercise | (Refer to the Note below) |

| Name | 2nd Share Subscription Rights |
|---|---|
| Date of issuance | August 5, 2021 |
| Number of subscription rights issued | 36,770 units |
| Number of employees of the subsidiaries granted | 34 |
| Class and number of underlying shares | Common stock, 36,770 shares |
| Cash paid for subscription rights | No payouts are required |
| Strike price (exercise price) | ¥1 |
| Exercisable period (expiration date) | From August 20, 2021 to August 19, 2031 |
| Conditions for exercise of share subscription rights | (Refer to the Note below) |

(Note) In the event of the holder's termination of employment, engagement as the Officer, Auditor, or consultant with the Group for the following reasons, the holder shall comply with the provisions as follows;

(a) Resignation: All vested subscription rights then-outstanding shall expire on the last date of employment or engagement. Any subscription rights that are unvested shall be deemed forfeited for no consideration on the last date of employment or retainment.

(b) Retirement: All vested subscription rights then-outstanding may be exercisable by the holder within thirty (30) days following the date of retirement, following which all subscription rights shall expire for no consideration.

(c) Death: Upon the death of the holder, all vested subscription rights then-outstanding may be exercisable by the successor of such holder within ninety (90) days following the date of death of the holder, following which all such subscription rights then-outstanding shall expire for no consideration. Any subscription rights that are unvested shall expire for no consideration on the date of death of the holder.

(d) Work related disability or death: In the event the holder become physically disabled and cannot continue his/her employment or engagement due to work injury or death, all subscription rights (whether vested or unvested) then-outstanding may be exercisable by the holder or the successor of such holder within ninety (90) days following the date of the holder's separation from the Group or death, following which all subscription rights then-outstanding shall expire for no consideration.

(e) Dismissal: All vested subscription rights then-outstanding may be exercisable within thirty (30) days following the earlier of the date of dismissal notice or dismissal, following which all such subscription rights then-outstanding shall expire for no consideration. Any subscription rights that are unvested shall expire on such date for no consideration.

## 4. Corporate Officers

### (1) Limited Liability Contract

Each external Director have entered into agreements with the Company to limit their liability for damages in accordance with Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this contract is the minimum liability limit set forth in Article 425, Clause 1 of the Companies Act.

### (2) Matters concerning the Outside Directors

i) Material dual positions of other companies and the relationship between such companies and the Company

| Position | Name | Important dual positions | Relationship with the Company |
|---|---|---|---|
| Director and Audit and Supervisory Committee member | Abheek Anand | Managing Director at Sequoia Capital (India) Singapore Pte. Ltd.<br>Director at Cue Learn Private Limited.<br>Director at My Cash Fintech Pte. Ltd.<br>Director at Hmlet Pte Ltd.<br>Director at Grofers International Pte. Ltd.<br>Director at Beam Mobility Holdings Pte. Ltd.<br>Director at GudangAda Investment Pte. Ltd.<br>Director at Incomlend Pte Ltd.<br>Director at Tulp Street Pte. Ltd.<br>Director at PPLingo Holdings Limited.<br>Director at Appier Pte. Ltd.<br>Director at Incomlend Holdings Pte Ltd.<br>Director at Clare.ai Limited (WATI).<br>Director at Aisa Wealth Platform Pte. Ltd. (Stashaway) | No significant transactions with the Company |
| Director and Audit and Supervisory Committee member | Jean Thoh Jing Herng | Executive Director at UOB Venture Management Private Limited<br>Director at UOB Bioventures Management Pte Ltd.<br>Director at SZVC UOB Venture Management Co., Ltd.<br>Director at Respera Inc.<br>Director at AI Education Inc.<br>Director at SEA HC EBI Pte Ltd.<br>Director at ID EBI Pte Ltd.<br>Director at PT Etana Biotechnologies Indonesia.<br>Director at SEA HC Co-GP Limited.<br>Director at SEA HC GP Pte Ltd.<br>Director at SEA Healthcare Fund VCC. | No significant transactions with the Company |
| Director and Audit and Supervisory Committee member | Takashi Motomura | Managing Director at TGVest Capital<br>Representative Director at TGVest Capital K.K.<br>CVC Investment Manager at New Frontier Capital Management Co., Ltd. | No significant transactions with the Company |
| Director and Audit and Supervisory Committee member | Lee-Feng Chien | Director at iKala Interactive Media Inc. | No significant transactions with the Company |
| Director and Audit and Supervisory | Daisuke Oshita | Representative Attorney at Law at CrossOver Law Firm<br>Audit and Supervisory Board Member at okan, Inc. | No significant transactions with |

| | | | |
|---|---|---|---|
| Committee member | | Audit and Supervisory Board Member at REAPRA Co., Ltd.<br>Audit and Supervisory Board Member at ISSEY MIYAKE INC. | the Company |

ii) Major activities for the current fiscal year

| Position | Name | Attendance and Comments |
|---|---|---|
| Director and Audit and Supervisory Committee member | Abheek Anand | Abheek Anand participated in all the 16 Board of Directors meetings and 10 out of the 12 Audit and Supervisory Committee meetings held in the current fiscal year.<br>At the Board of Directors meeting, he made comments on general management based on his valuable professional experience and knowledge as Managing Director at venture capital.<br>He also made necessary comments in Audit and Supervisory Committee meetings based on his technical expertise illustrated above. |
| Director and Audit and Supervisory Committee member | Jean Thoh Jing Herng | Jean Thoh Jing Herng participated in 15 out of the 16 Board of Directors meetings and 11 out of the 12 Audit and Supervisory Committee meetings held in the current fiscal year.<br>At the Board of Directors meeting, she made comments on general management based on her valuable professional experience and knowledge as Executive Director at venture capital.<br>She also made necessary comments in Audit and Supervisory Committee meetings based on her technical expertise illustrated above. |
| Director and Audit and Supervisory Committee member | Takashi Motomura | Takashi Motomura participated in 14 out of all the 16 Board of Directors meetings and all the 12 Audit and Supervisory Committee meetings held in the current fiscal year.<br>At the Board of Directors meeting, he made comments on general management based on his valuable professional experience and knowledge as Managing Director at venture capital.<br>He also made necessary comments in Audit and Supervisory Committee meetings based on his technical expertise illustrated above. |
| Director and Audit and Supervisory Committee member | Lee-Feng Chien | Lee-Feng Chien participated in 15 out of the 16 Board of Directors meetings and all the 12 Audit and Supervisory Committee meetings held in the current fiscal year.<br>At the Board of Directors meeting, he made comments to ensure the appropriateness, legality of decision-making based on his abundant technical expertise and knowledge of computer science and management experience at Google LLC Taiwan office.<br>He also made necessary comments in Audit and Supervisory Committee meetings on internal controls, internal audits, IT audits. |
| Director and Audit and Supervisory Committee member | Daisuke Oshita | Daisuke Oshita participated in all the 16 Board of Directors meetings and all the 12 Audit and Supervisory Committee meetings held in the current fiscal year.<br>At the Board of Directors meeting, he made comments on general management and corporate governance based on his valuable professional experience and knowledge as CPA and attorney-at-law.<br>He also made necessary comments in Audit and Supervisory Committee meetings based on his technical expertise illustrated above. |

## 5. Independent Accounting Auditors

### (1) Name of Independent Accounting Auditor: PricewaterhouseCoopers Aarata LLC

### (2) Amount of Remuneration

| | Amount of Remuneration |
|---|---|
| Amount of remuneration of the Accounting Auditor in the current fiscal year | ¥21,100 thousand |

(Note) 1. The total amount of remuneration for the audit required by the Companies Act and Financial Instruments and Exchange Act are aggregated as those amounts are not clearly separated and substantially impossible to separate under the audit contract between the Company and the Independent Accounting Auditor.

2. The Audit and Supervisory Committee has consented to the amount of remuneration. Prior to this consent, The Audit and Supervisory Committee performed necessary procedures, such as investigation and question on the audit plan and audit execution, and recalculation of the estimated remuneration.

### (3) Non-Assurance Work

Other than the services under Article 2, paragraph 1 of the Certified Public Accountants Act, the Company contemporaneously paid fees to PricewaterhouseCoopers Aarata LLC for the preparation of the comfort letter for domestic and international offering.

### (4) Policy of the Dismissal or Non-reappointment of an Independent Accounting Auditor

The Company select the Independent Accounting Auditor based on their technical expertise and knowledge, understanding the business and industry, integrity and ethics, Objectivity and independence, organizational structure, communication and availability, and audit performance. If the Independent Accounting Auditor is disciplined for violation of laws and regulations such as the Companies Act and the Certified Public Accountants Act, or if they are deemed to be inadequate in terms of audit quality, quality control, independence, and overall competence, the Audit and Supervisory Committee decides to dismiss or not to reappoint the Independent Accounting Auditor at a General Meeting of Shareholders.

In addition, if any of the items in Article 340, paragraph 1 of the Companies Act, is applicable and deemed to be appropriate, the Independent Accounting Auditor shall be dismissed by the unanimous consent of the Audit and Supervisory Committee members. In this case, a member of the Audit and Supervisory Committee selected by the Audit and Supervisory Committee shall report the fact of dismissal and the reasons for the dismissal at the first General Meeting of Shareholders after such dismissal.

## 6. Governance Structure and Policies

### (1) Governance Structure to Ensure the Duties and Behaviors of Directors and Employees Comply with the Relevant Laws, Regulations, and the Company's Articles of Incorporation

At the Board of Directors meeting, the Company made a resolution to establish a Basic Policy on Internal Control System to ensure the appropriateness of business operations and to further facilitate the management structure, as follows.

i) Structure to ensure the duties and behaviors of Directors and employees comply with legal requirements and the Company's Articles of Incorporation

a) Aligning with the Group's purposes and goals, "Regulations of Board of Directors" and other internal regulations have been established and posted on the Company's intranet to ensure thorough awareness of these regulations and to harness strong ethical culture and behavior.

b) Internal audits are regularly conducted by the Internal Auditor, an independent body under the direct supervision of the Representative Director and CEO, to ensure that business operations are being carried out in accordance with laws and regulations, the Company's Articles of Incorporation, internal regulations, and other relevant regulations. For any issues or weakness identified, the Group also strive to develop the appropriate governance and remedial mechanisms to reduce or eliminate the exposure to such risks.

c) Legal Department is in charge of compliance implementation, and as a part of onboarding processes, it is mandatory for new employees to undergo ethics and compliance training when they join the Group. Existing employees also undergo annual continuous educational training. Further, the Group utilizes training provided by external organizations to nurture ethical culture and to foster awareness of compliance by all members of the Group.

ii) Structure and mechanism to maintain and manage organizational data relating to duty execution of Directors

a) Based on "Regulations for Handling of Documents", instead of a one-size-fits-all approach to controls, the Group classify organizational data (documents, forms, electronic records, and other form of information) according to the level of confidentiality, and stores and manages such data appropriately.

b) Directors may view such data at any time.

iii) Regulations and mechanism for managing risks of loss

To achieve the Group's goals and objectives in fair and efficient manners, each of Directors and Department Lead takes proactive actions as follows;

a) Take preventive measures to minimize risks that could tremendously impede our business; any accidents or event that could potentially have a serious and long-term impact on our business.

b) In compliance with the Internal Control Reporting System under the Financial Instruments and Exchange Act, take proactive actions to further enhance the reliability of our financial reporting, by documenting, evaluating and improving the Group-wide internal controls and business processes.

c) Maintain and strengthen procedures and controls needed to improve the quality of our business processes, such as the construction of effective and efficient business process, the appropriate acquisition and disposal of assets.

iv) Structure and mechanism to ensure efficiency in duty execution of Directors

a) Not only periodical, once-a-month Board of Directors meeting, the members of the Board of Directors gather, as needed, under the name of extraordinary Board of Directors meeting to deliberate and decide important matters in accordance with laws, the Company's articles of incorporation, and Regulations of Board of Directors. The Board of Directors also receives reports from Executive Directors and monitors the status of business execution.

b) By establishing several internal regulations, including "Regulations of Board of Directors", which clarifies the authorities and responsibilities, the Group build appropriate and efficient decision-making mechanisms.

c) In compliance with the "Regulation of Executive Meeting", the Group has established an "Executive Meeting" which is composed of the Executive Directors, Officers and the Chairman of Audit and Supervisory Committee with Internal Auditor as observers, where they discuss matters to be resolved and other important subjects.

d) In order to execute daily duties efficiently, based on the decisions made by the Board of Directors, and in the context of to the "Regulations for Segregation of Duties" and "Regulations for Roles, Responsibilities, and Authorities", the assignment of duties and the delegation of authority are implemented, and at each level of division or units, the line executives and mid-level managers share accountabilities and duties in accordance with thereof.

v) Mechanisms to assure to the appropriateness of operations throughout the Group

Internal Auditor regularly conducts internal audits to verify that the operations comply with laws and regulations, the Articles of Incorporation, and internal regulations. Along with the points to be improved and amended, the observations and results of internal audits are reported to the Representative Director and Audit and Supervisory Committee members for their considerations.

vi) The secretariat to assist the duties of the Audit and Supervisory Committee members, the independence of the secretariat members, and the effectiveness of instructions

The Internal Auditor is defined as the secretariat of the Audit and Supervisory Committee, and the authority to command the secretariat is exclusively assigned to the Audit and Supervisory Committee. The Group ensures that the secretariat is never interfered by any other Officers or employees other than the Audit and Supervisory Committee.

vii) Reporting systems by Directors and employees and other reporting systems to the Audit and Supervisory Committee

a) In addition to the legal requirements, the Directors and employees shall promptly report matters that have or may cause a significant impact on the Group to the Audit and Supervisory Committee and provide necessary reports and observation upon request from the Audit and Supervisory Committee.

b) By formulating "Policy and Procedures for Whistle-blowing System", the Group maintains appropriate reporting systems and will never retaliate nor vilify Directors and employees who filed any claims.

viii) Other systems for effective audits by Audit and Supervisory Committee

In addition to periodical communications with External Accounting Auditors, the Audit and Supervisory Committee continually communicate with the Representative Director and Internal Auditor.

The reasonable amounts of expenditures incurred in the process of duty execution shall be reimbursed to the Audit and Supervisory Committee upon its request.

ix) Mechanisms to ensure the reliable financial reporting

The Group establishes and operates internal control system over financial reporting and has established timely and appropriate reporting mechanisms if any problems or deficiencies in internal control are identified.

x) Basic approach and its implementation of the effort to eliminate transactions with anti-social forces

The Group has established the "Regulations for Compliance" to exemplify compliance, and any kind of transactions nor relationships with antisocial forces are stringently prohibited for whatever reasons. As an embodied policy, the Group has also established the "Regulations for Measures Against Anti-Social Forces". The Group regularly disseminate those rules through the annual compliance training, and onboarding training for new employees.

The Group has also established the "Anti-social Forces Elimination Procedures", which is controlled by Legal Department.

**(2) Operating System to Ensure the Appropriateness of Business Operations**

Based on the basic policy described above, we are implementing the specific initiatives to establish appropriate operating system to ensure the appropriateness of operations.

1. The Board of Directors consists of nine Directors, and the Audit and Supervisory Committee members (all external directors) also attend each meeting. In the current fiscal year, the Board of Directors meeting was held sixteen times. Based on "Regulations of Board of Directors", the Board of Directors deliberate and decide on each item of the agenda, supervise the business execution, and proactively exchanges opinions. This mechanism ensures both the agile decision-making and the effective supervision.
2. Annual compliance training is mandatory which ensures that employees are thoroughly penetrated with "Regulations for Compliance" and compliance with this regulation is properly enforced.
3. The Internal Auditor regularly conduct internal audits to verify that the operations comply with laws and regulations, the

Articles of Incorporation, and internal regulations. The observations and results of internal audits are reported to the Representative Director and Audit and Supervisory Committee members, along with points to be improved. In addition, members of the Audit and Supervisory Committee meet External Accounting Auditor and Internal Auditor, as necessary, to exchange opinions on the risks and the progress of internal control improvement.

4. To eliminate antisocial forces, Legal Department control “Regulations for Measures Against Anti-Social Forces” and “Anti-social Forces Elimination Procedures”, and the Group operate impeccably in compliance with them. In addition, the Group cooperates with external organizations to gather information and obtain relevant guidance.

## 7. Dividend Payout Policies

The Company recognizes that returning cash to shareholders is one of a significant management objective and will contemplate on such payouts, taking into account its business performances and financial positions.

However, the Company has never paid dividends since our establishment, and we will not pay dividends for the time being, because we are high-growth companies and place a particular emphasis and priority on our organic and inorganic growth; will continue to invest in the business development and growth opportunities.

In the future, when we can generate stable earnings from our business and secure sufficient cash to finance business operation and sustainable growth, we will consider the dividend payout with holistic views on all key aspects of internal and external environments at that time.

The decision authority of dividend belongs to the Board of Directors.

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Note : The amount stated in this business report is rounded down by the amount less than the unit shown.
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# Consolidated statements of financial position

(As of December 31, 2021)

(Thousands of yen)

| Account | Amount | Account | Amount |
|---|---|---|---|
| (Assets) | | (Liabilities) | |
| Current assets | 24,483,964 | Current liabilities | 5,750,173 |
| Cash and cash equivalents | 6,560,906 | Borrowings | 2,096,881 |
| Time deposits | 14,939,084 | Contract liabilities | 97,685 |
| Contract assets | 889,153 | Trade payables | 1,477,760 |
| Trade receivables | 1,921,124 | Other liabilities | 1,489,481 |
| Other receivables | 69,733 | Current tax payables | 18,270 |
| Other current assets | 103,964 | Lease liabilities | 492,672 |
| Non-current assets | 6,721,609 | Other current liabilities | 77,424 |
| Property, plant and equipment | 138,885 | Non-current liabilities | 2,619,712 |
| Right-of-use assets | 3,045,855 | Provisions | 50,940 |
| Goodwill and intangible assets | 2,977,175 | Deferred tax liabilities | 10,040 |
| Deferred tax assets | 180,548 | Lease liabilities | 2,558,732 |
| Other financial assets | 379,146 | Total liabilities | 8,369,885 |
| | | (Equity) | |
| | | Equity attributable to owners of the parent company | 22,835,688 |
| | | Share capital | 7,526,244 |
| | | Capital surplus | 23,644,664 |
| | | Retained earnings | (9,494,299) |
| | | Other components of equity | 1,159,079 |
| | | Total equity | 22,835,688 |
| Total assets | 31,205,573 | Total liabilities and equity | 31,205,573 |

(The amount to be stated is rounded down to less than thousands of yen. Same rule shall apply hereinafter.)

# Consolidated statements of profit or loss

(From January 1, 2021 to December 31, 2021)

(Thousands of yen)

| Account | Amount |
|---|---|
| Revenue | 12,660,811 |
| Cost of sales | (6,421,903) |
| Gross profit | 6,238,908 |
| Sales and marketing expenses | (4,321,576) |
| Research and development expenses | (1,710,537) |
| General administrative expenses | (1,349,082) |
| Other income | 27,881 |
| Other expenses | (2,463) |
| Operating loss | (1,116,869) |
| Finance income | 43,189 |
| Finance costs | (96,392) |
| Loss before tax | (1,170,072) |
| Income taxes | (8,446) |
| Loss for the year | (1,178,518) |
| Loss attributable to: | |
| Owners of the parent company | (1,178,518) |

# Consolidated statements of changes in equity

(From January 1, 2021 to December 31, 2021)

(Thousands of yen)

| | Equity attributable to owners of the parent company | | | | | |
|---|---|---|---|---|---|---|
| | | | | Other components of equity | | |
| | Share capital | Capital surplus | Retained earnings | Financial statements translation differences of foreign operations | Unrealized gains from financial assets measured at fair value through other comprehensive income | Total equity |
| Balance at January 1, 2021 | 0* | 16,248,390 | (8,315,781) | (264,441) | — | 7,668,168 |
| Loss for the year | — | — | (1,178,518) | — | — | (1,178,518) |
| Other comprehensive loss | — | — | — | 1,399,380 | 24,140 | 1,423,520 |
| Total comprehensive loss | — | — | (1,178,518) | 1,399,380 | 24,140 | 245,002 |
| Share issued pursuant to the listing | 7,520,629 | 7,309,932 | — | — | — | 14,830,561 |
| Share options | — | 80,727 | — | — | — | 80,727 |
| Exercise of share options | 5,615 | 5,615 | — | — | — | 11,230 |
| Total transactions with owners | 7,526,244 | 7,396,274 | — | — | — | 14,922,518 |
| Balance at December 31, 2021 | 7,526,244 | 23,644,664 | (9,494,299) | 1,134,939 | 24,140 | 22,835,688 |

*Less than ¥1 thousand.

# Notes to the consolidated financial statements

Significant basis for preparation of the consolidated financial statements

1. Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared in accordance with the designated international accounting standards (IFRS) pursuant to provisions of Article 120, Paragraph 1 of the Regulation on Corporate Accounting. Certain disclosure items required by IFRS are omitted in the consolidated financial statements as permitted by the second sentence of the above-mentioned paragraph.

2. Scope of consolidation

Status of consolidated subsidiaries

Number of consolidated subsidiaries 15

Name of major consolidated subsidiaries

Appier Pte. Ltd.

Appier, Inc.

Appier Japan, Inc.

3. Accounting policies

(1) Valuation standards and measurement methods of financial instruments

i) Financial Assets

a. Classification

The Group classifies its financial assets as those to be measured subsequently at fair value through other comprehensive income and those to be measured at amortized cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is classified as a financial asset measured at amortized cost if both of the following requirements are met.

- The assets are held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of a financial asset give rise to cash flows on a particular date that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

c. Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at amortized cost. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains or losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

d. Impairment

Loss allowance is recorded for expected credit losses on financial assets measured at amortized cost. A loss allowance is recognized based on expected credit losses at each fiscal year end by considering whether there has been a significant increase in the credit risk of a financial asset, or a group of financial assets measured at amortized cost since initial recognition. If, at the fiscal year end, the credit risk associated with a financial instrument has not increased significantly since initial recognition, the Group recognizes expected credit losses arising from default events that are possible within 12 months after the fiscal year end (12-month expected credit loss).

On the other hand, if, at the fiscal year end, the credit risk associated with a financial instrument has increased significantly since initial recognition, the Group recognizes expected credit losses arising from all possible default events over the expected life of the financial instrument (lifetime expected credit losses for the entire period).

For trade receivables and contract assets, the Group applies the simplified approach, permitted by IFRS 9 "Financial instruments", which uses an amount equal to lifetime expected credit losses since initial recognition.

ii) Financial liabilities

a. Initial recognition and measurement

The Group classifies financial liabilities as measured at fair value through profit or loss or measured at amortized cost at initial recognition.

The Group recognizes the financial instrument when it becomes a party to the contract relating to the financial liability. Financial liabilities measured at amortized cost are measured net of directly attributable transaction costs.

b. Subsequent measurement

After initial recognition, financial liabilities are measured as follows, depending on their classification:

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured using the effective interest method after initial recognition. When a financial liability ceases to be amortized using the effective interest method or is derecognized, any gains and losses are recognized as part of finance costs in profit or loss for the year.

Financial liabilities measured at fair value through profit or loss

Changes in fair values of a financial liabilities measured at fair value through profit or loss are recognized in profit or loss after initial recognition. Contingent consideration is classified as a financial liability measured at fair value through profit or loss.

c. Derecognition

The Group derecognizes a financial liability when it is extinguished, i.e., when the obligation identified in the contract is discharged or cancelled or expired.

iii) Offset of financial assets and liabilities

Financial assets and liabilities are offset and presented on a net basis in the consolidated statements of financial position only if the Group has a legally enforceable right to offset those balances and settle them on a net basis or has the intention to realize the assets and settle the liabilities simultaneously.

(2) Valuation standard and its methods and the method of depreciation or amortization of Property, plant and equipment and Goodwill and intangible assets

i) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, using the cost model.

The cost includes costs directly relating to the acquisition of the assets, dismantlement, removal, and land restoration costs, and borrowing costs to be capitalized. All other repairs, including replacement parts, are recorded in profit or loss during the fiscal year in which they are incurred.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of each component of property, plant and equipment. Land is not depreciated.

The depreciation methods, useful lives and residual values are reviewed at the fiscal year end and revised as necessary. If expectations for the useful life and residual value of an asset differ from previous estimates, or if the pattern of consumption of the future economic benefits included in the asset changes significantly, the change is accounted for as a change in estimate under IAS 8 “Accounting policies, changes in accounting estimates and errors” (hereinafter, “IAS 8”).

The estimated useful lives of property, plant and equipment are as follows:

Building equipment: 2 to 10 years

Others: 2 to 18 years

ii) Goodwill and intangible assets

Other intangible assets

Separately acquired intangible assets are carried at cost less accumulated amortization and impairment losses, using the cost model.

All internally generated intangible assets are development costs which are qualified for capitalization.

Intangible assets are amortized on a straight-line basis over the estimated useful life of each component of the intangible assets.

Amortization methods and useful lives are reviewed at each fiscal year end and revised as necessary. If expectations for the useful life of an intangible asset differ from previous estimates or if the pattern of consumption of the future economic benefits included in the intangible asset changes significantly, the change is accounted for as a change in estimate under IAS 8.

The estimated useful lives of the major intangible assets are as follows

Software development: 5 years

Other intangible assets: 3 to 5 years

Research and development costs

Research expenditure is recognized as an expense when it is incurred. Development-related expenditure is capitalized only when it is reliably measured, it is probable that future economic benefits will be obtained, the Group intends to complete the development to use or sell the asset, and the Group has sufficient resources to do so, in accordance with the asset recognition criteria of IAS 38 “Intangible assets”. When research expenditures and development expenditures cannot be clearly distinguished, they are recognized as research expenditures when they are incurred.

(3) Impairment of non-financial assets

At each fiscal year end, the Group reviews the carrying amount of its non-financial assets, excluding deferred tax assets, to determine whether there is any indication of impairment. If indication of impairment exists, then the recoverable amount of the asset is estimated. For goodwill and intangible assets with indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each fiscal year end or when any indication of impairment is identified.

The recoverable amount of an asset or a cash-generating unit is the higher of value in use or fair value less disposal costs. In calculating value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the time value of money and the inherent risk of the asset in question. A cash-generating unit is defined as the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets when used on an ongoing basis.

Goodwill is allocated to cash-generating units, at which goodwill is monitored for internal reporting purposes, and those are not larger than the operating segments prior to aggregation.

Impairment losses are recognized in profit or loss if the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. Impairment losses recognized in relation to a cash-generating unit are allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets within the cash-generating unit on a pro-rata basis.

Previously recognized impairment losses on assets are reviewed quarterly to determine if there is any indication that an impairment loss may be reversed. Impairment losses are reversed when there is an indication of impairment reversal and the estimate used to determine the recoverable amount of the asset has changed. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount, net of necessary depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

(4) Leases

The Group considers a transaction to be a lease if the contract transfers the right to control the use of the identified asset in exchange for consideration over a period. A lease is recognized as a right-of-use asset and a corresponding lease liability at the date the right-of-use asset becomes available for use to the Group. For short-term leases, lease payments are recognized as an expense on a straight-line basis over the lease term.

The lease liability is calculated using the net present value of the remaining lease payments at the commencement date of the lease term, using the interest rate implicit in the lease, or the Group's incremental borrowing rate, if the implicit interest rate is not readily determinable.

The lease payments consist of the following:

i) Fixed payments less any lease incentives receivable
ii) Variable lease payments that depend on economic indices or interest rates
iii) Amounts expected to be payable by the lessee under the residual value guarantees
iv) The exercise price of a purchase option if the exercise of the option is determined to be certain
v) Penalties payable at the end of the lease if the lessee does not exercise the purchase option during the lease term

The Group allocates the lease payments to debt repayments and finance costs. Finance costs are expensed in profit or loss over the lease term so that they bear a constant periodic interest rate on the balance of the liability in each period. If there is a change in the lease term or lease payments that is not attributable to a change in the lease contract, the lease liability is remeasured, and the remeasured amount is recognized as an adjustment to the right-of-use asset.

At the commencement date, the right-of-use assets are presented at cost, which include the following:

i) The amount of lease liabilities on initial recognition
ii) Lease payments made at or before the lease term begins
iii) Initial direct costs incurred by the lessee
iv) Restoration costs

The Group has elected the simplified method to account for each lease component and its associated non-lease components as a single lease component, instead of separating the non-lease component from the lease component by class of underlying asset, as permitted by IFRS 16 “Leases”.

The right-of-use asset is measured on a cost basis every year and is depreciated over the shorter of the periods from the commencement of the lease term to the end of the asset's useful life or to the end of the lease term. When a lease liability is remeasured, the remeasured amount is recognized as an adjustment to the right-of-use asset.

(5) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event that is reasonably estimable, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted to the present value of the estimated future cash flows using a pre-tax rate that reflects the time value of money and the inherent risk of the liability. The unwinding of discounted amount due to the passage of time is recognized in finance costs. Provisions are not recognized for future operating losses.

The Group's provisions include asset retirement obligations. Provisions are based on the individual circumstances of each property and asset retirement obligations are determined based on the past restoration experiences and the useful life of the leasehold improvements primarily in the leased offices.

(6) Employee benefits

Short-term employee benefits

Short-term employee benefits are not discounted and are recognized as an expense when the related services are rendered.

Paid leave costs are recognized as a liability and an expense when employees provide service that increases their future paid leave entitlement.

Pensions - Defined contribution pension plans

A defined contribution pension plan is a post-employment benefit plan in which an entity pays fixed contributions to a separate entity (a fund) and will not have legal or constructive obligation to make further contributions, even if the fund does not hold sufficient assets to pay all employee benefits related to the employee's service in the current and prior periods. Contributions to defined contribution plans are recognized as an expense in the period in which the employee has rendered services. Prepaid contributions in excess of contributions for service prior to the fiscal year end are recognized as an asset to the extent that such advance payments result in a return of cash or a reduction in future payments.

(7) Revenue recognition

The Group recognizes revenue from customer contracts based on the following five-step approach:

Step 1: Identify contracts with customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when or as performance obligations are satisfied

The Group mainly provides solutions with its AI platform. Specifically, digital marketing services are to provide solutions that leverage AI technology helping our customers to acquire high lifetime value users, and online services are to provide access to our platforms for customer engagement, customer targeting or data science. For digital marketing services, the Group recognizes revenue over the contract period based on the internet users' responses because the performance obligations are satisfied as the users respond to the campaigns we provide in a particular way. Cost of sales consists of only expenses which directly relate to generating revenue, and the main components are expenses to be paid to external parties for rendering our services. For the provision of the online services with our platform, revenue is recognized over the service providing period as the performance obligations continue to be satisfied during the period. As for digital marketing services, contract assets are recognized until billing to the customer, and then trade receivables are recognized on the billing to the customer.

As all the services provided by the Group are generally based on the contracts within one year, the performance obligations do not contain significant financing components. When advance payments are received from customers in accordance with the terms of the contract, they are recognized as contract liabilities.

(8) Foreign currency translation

The financial statements of each consolidated entity that make up the Group's consolidated financial statements are prepared in the currency of the primary economic environment in which it operates (hereinafter, the "functional currency"). The consolidated financial statements are presented in Japanese yen, which is the Group's presentation currency.

Foreign currency transactions and balances

i) Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or the exchange rates at the time of fair value measurements. Foreign exchange gains and losses resulting from the translation or settlement are recognized in profit or loss in the period in which they occur.
ii) Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rate. Exchange differences arising at the fiscal year end are recognized in profit or loss.
iii) Gains and losses from foreign currency translation are recorded in "Finance income" and "Finance costs" in the consolidated statements of profit or loss.

Translation of foreign operations

The financial position and results of foreign operations in the Group that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities in the statement of financial position are translated at the closing rates.
ii) Income and expenses in the statement of profit or loss are translated using the average exchange rate for the period.
iii) All resulting exchange differences shall be recognized in other comprehensive income and accumulated in other components of equity.

Upon the events such as a disposal or a partial disposal of a foreign operation that results in a loss of control, significant influence or joint control, the accumulated exchange differences are reclassified to profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising from acquisitions of foreign operations are translated at the closing rates.

(9) Other significant basis for preparation of the consolidated financial statements

Method of accounting for consumption tax

Transactions subject to consumption taxes are stated at the amount, net of consumption taxes.

Notes to accounting estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and their underlying assumptions are continually reviewed. The effect of changes in accounting estimates is recognized in the period of the change and in future periods.

Judgments made in applying accounting policies that have a significant impact on the amounts recognized in the consolidated financial statements are as follows:

(1) Collectability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against the temporary differences. An assessment of the recoverability of deferred tax assets includes significant accounting judgments and management's estimates, including projections of expected future revenue growth rates and profit margins, available tax credits, tax planning and other projections. In addition, new or revised laws and regulations may result in significant adjustments to deferred tax assets. The carrying amount of deferred tax assets is reviewed every year and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will not be available to allow all or a part of the deferred tax asset to be utilized Unrecognized deferred tax assets are reassessed every year and recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered. The amount of deferred tax assets as of December 31, 2021 is ¥180,548 thousand.

(2) Valuation of goodwill and intangible assets (Significant basis for preparation of the consolidated financial statements Note 3 "Accounting policies" (2) Valuation standard and its methods and the method of depreciation or amortization of Property, plant and equipment and Goodwill and intangible assets)

The amount of goodwill and intangible assets as of December 31, 2021 is ¥2,977,175 thousand.

(3) Impairment of non-financial assets (Significant basis for preparation of the consolidated financial statements Note 3 "Accounting policies" (3) Impairment of non-financial assets)

The amount of non-financial assets as of December 31, 2021 is ¥6,265,879 thousand.

Note to changes in accounting estimates

The Group leases buildings and other assets under lease contracts, usually from 2 to 12 years period. The terms and conditions of those leases are individually negotiated and contain various arrangements.

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

Due to the completion of certain office expansion project in current fiscal year, we reassessed the exertion of extension option, and an increase in the right-of-use assets and lease liabilities of ¥997,103 thousand and ¥997,103 thousand, respectively, were recognized for the year ended December 31, 2021.

Notes to consolidated statements of financial position

1. Asses pledged as collateral and liabilities corresponding to pledged assets

(1) Asses pledged as collateral

Time deposits ¥1,669,197 thousand

(2) Liabilities corresponding to pledged assets

Borrowings ¥1,496,881 thousand

2. Allowance for doubtful accounts directly deducted from assets

Trade receivables ¥67,605 thousand

3. Accumulated depreciation of property, plant and equipment ¥359,830 thousand

4. Guarantee liabilities

Not applicable

Notes to consolidated statements of changes in equity

1. Class and number of shares issued and outstanding

| Class of shares | Total number of shares as of January 1, 2021 | Increase | Decrease | Total number of shares as of December 31, 2021 |
|---|---|---|---|---|
| Common stock | 1 | 101,164,657 | (1) | 101,164,657 |

2. Share subscription rights at the end of the fiscal year

| | Class of shares to be issued | Number of shares to be issued |
|---|---|---|
| First series of share subscription rights | Common stock | 1,865,983 shares |
| Second series of share subscription rights | Common stock | 35,810 shares |

Notes to financial instruments

1. Status of financial instruments

(1) Capital management

The Group manages its capital to maintain an optimal capital structure to maximize returns to shareholders and reduce the cost of capital through sustainable growth.

The Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt to maintain and respond to an optimal capital structure.

(2) Risk management

The Group is exposed to a variety of financial risks in the course of its business activities, including market risks (foreign currency risk, interest rate risk and price risk), credit risks and liquidity risks. The Group's overall risk management program focuses on the unpredictability of financial markets and strives to minimize any potential adverse effects on the Group's financial position and financial performance.

Financial risk management is carried out in accordance with policies approved by the Board of Directors.

i) Market risks

a. Foreign currency fluctuation risk

The Group operates internationally, and therefore is exposed to foreign currency risk arising from transactions in various currencies. Foreign currency risk arises from forecast transactions and assets and liabilities subject to valuation.

The Group's business is conducted in the functional currency of each Group company (the Company's functional currency is Japanese yen, and the functional currencies of subsidiaries are mainly Japanese yen, U.S. dollar, and Taiwanese dollar). Accordingly, financial assets and liabilities held in currencies other than the functional currency of each Group company are affected by fluctuations in exchange rates.

b. Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

c. Cash flow and interest rate risks

The Group's profit and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant assets that are affected by interest, except for bank deposits. Borrowings could be exposed to interest rate risk, but the Group holds only fixed interest rate borrowings and therefore is not exposed to cash flow risk associated with interest rates.

ii) Credit risk

Credit risk is a risk that may cause financial losses to the Group for a default by a counterparty or customer on a financial instrument held by the Group. The main factor is the counterparty's failure to repay the trade receivables in full in accordance with the agreed-upon terms and conditions.

Most of the receivables held by the Group are issued by world-renowned companies with excellent credit records. The Group has not recently suffered from significant bad debts and the Group evaluates the adequacy of the loss allowances for bad debts in a consistent manner. Our credit assessment has not revealed any significant credit risk.

If all or part of the loans are deemed to be uncollectible or extremely difficult to collect, the Group considers the receivables to be in default. In addition, if the delay in payment is not due to a temporary need for funds but is due to significant financial hardship of the debtor or other factors, then the Group considers the receivable requires special concern for the collectability and judges as credit impaired.

To diversify credit risk, the Group conducts its entire transactions in the form of various creditworthy financial instruments, in which the Group believes default by the counterparties of these transactions is unlikely to occur.

iii) Liquidity risk

Liquidity risk management refers to maintaining sufficient cash and cash equivalents and securing funds through sufficient amounts of credit and market positions. The Group's objective is to maintain sufficient credit facilities that allow for adequate and flexible funding.

2. Fair value of financial instruments

Amounts on the consolidated statement of financial position and fair values as of December 31, 2021 are as follows.

| | Amounts recorded in consolidated statements of financial position (thousands of yen) | Fair value (thousands of yen) |
|---|---|---|
| Cash and cash equivalents | 6,560,906 | 6,560,906 |
| Time deposits | 14,939,084 | 14,939,084 |
| Trade receivables | 1,921,124 | 1,921,124 |
| Other receivables | 69,733 | 69,733 |
| Other financial assets | 379,146 | 379,146 |
| Borrowings | 2,096,881 | 2,096,881 |
| Trade payables | 1,477,760 | 1,477,760 |
| Other liabilities | 1,489,481 | 1,489,481 |

(1) Fair value measurement

Fair value of financial assets and liabilities are determined as below. Among the financial assets and liabilities measured at amortized cost, the carrying amount of the financial instruments reasonably approximates their fair values.

(2) Financial assets and liabilities measured at amortized cost

Financial assets (cash and cash equivalents, trade receivables, time deposits, other receivables, and part of other financial assets) and financial liabilities (trade payables, borrowings, other liabilities to related parties, some part of other liabilities and borrowings from the former parent company) are settled with short maturities, so their carrying amounts approximate their fair values. Guarantee deposits included in other financial assets are measured at the present value of future cash flows discounted at a rate that takes into account the period up to the maturity date and credit risk, and their carrying amounts match or approximate their fair values.

(3) Financial assets measured at fair value

Financial assets at fair value through other comprehensive income relating to investments in shares issued by the foreign company (other financial assets) is measured by using valuation techniques by reference to market comparable companies. Unobservable inputs such as price to revenue ratio multiple and discount for lack of marketability are used for the measurement of fair value.

(4) Financial liabilities measured at fair value

Contingent consideration relating to business combinations (Other liabilities) is measured at fair value mainly using the discounted cash flow method. Unobservable inputs such as future cash outflows accompanying performance improvements by employees, the completion of integration process, and financial performance are used for the measurement of fair value.

Notes to per share information

1. Equity attributable to owners of the parent per share ¥225.73
2. Basic earnings per share ¥(11.97)
3. Diluted earnings per share ¥(11.97)

(Note) On January 29, 2021, the Company allotted common shares by 90,761,489 shares to the sole shareholders of the Company, Appier Holdings, Inc. Accordingly, Equity attributable to owners of the parent per share, Basic earnings per share and Diluted earnings per share are calculated as if the allotment of shares was executed on the beginning of the fiscal year ended December 31, 2021.

Notes on significant subsequent event

Not applicable.

# Non-consolidated balance sheet

(As of December 31, 2021)

(Thousands of yen)

| Account | Amount | Account | Amount |
|---|---|---|---|
| (Assets) | | (Liabilities) | |
| Current assets | 1,375,189 | Current liabilities | 798,870 |
| Cash and cash equivalents | 867,469 | Short-term borrowings | 600,000 |
| Short term loan | 400,000 | Other payables | 12,936 |
| Accrued receivable | 50,958 | Accrued expenses | 22,676 |
| Accrued revenue | 1,182 | Income taxes payable | 163,257 |
| Prepaid expenses | 9,223 | Others | 1 |
| Others | 46,357 | Total liabilities | 798,870 |
| Fixed assets | 29,593,668 | (Net assets) | |
| Investment and other assets | 29,593,668 | Shareholder's equity | 30,247,514 |
| Stocks of subsidiaries | 29,593,668 | Share capital | 7,526,244 |
| Reserved assets | 158,253 | Capital surplus | 23,350,781 |
| Stock issuance fee | 158,253 | Capital reserve | 7,526,244 |
| | | Other capital surplus | 15,824,536 |
| | | Retained earnings | (629,511) |
| | | Other retained earnings | (629,511) |
| | | Retained earnings carried forward | (629,511) |
| | | Share subscription rights | 80,727 |
| | | Total net assets | 30,328,241 |
| Total Assets | 31,127,111 | Total liabilities and net assets | 31,127,111 |

(The amount to be stated is rounded down to less than thousands of yen. Same rule shall apply hereinafter.)

# Non-consolidated income statement

(From January 1, 2021 to December 31, 2021)

(Thousands of yen)

| Account | Amount |
|---|---|
| Revenue | 50,958 |
| Cost of sales | 48,532 |
| Gross profit | 2,427 |
| Selling, general and administrative expenses | 483,335 |
| Operating income (loss) | (480,908) |
| Non-operating income | 4,286 |
| Non-operating expenses | 59,374 |
| Ordinary income (loss) | (535,996) |
| Net income (loss) before income taxes | (535,996) |
| Income taxes expense | 1,210 |
| Net income (loss) | (537,206) |

# Non-consolidated statement of changes in shareholders' equity

(From January 1, 2021 to December 31, 2021)

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | | | Retained earnings |
| | | Capital reserve | Other capital surplus | Total capital surplus | Other retained earnings<br>Retained earnings carried forward |
| Balance as of January 1, 2021 | 0* | — | 15,824,536 | 15,824,536 | (92,305) |
| Changes during the fiscal year | | | | | |
| Share issued pursuant to the listing | 7,520,630 | 7,520,630 | — | 7,520,630 | — |
| Share issued (exercise of share subscription rights) | 5,615 | 5,615 | — | 5,615 | — |
| Net loss | — | — | — | — | (537,206) |
| Changes in other than shareholder's equity (net) | — | — | — | — | — |
| Total changes during the fiscal year | 7,526,244 | 7,526,244 | — | 7,526,244 | (537,206) |
| Balance as of December 31, 2021 | 7,526,244 | 7,526,244 | 15,824,536 | 23,350,781 | (629,511) |

(Thousands of yen)

| | Shareholders' equity | Share subscription rights | Total net assets |
|---|---|---|---|
| | Total shareholders' equity | | |
| Balance as of January 1, 2021 | 15,732,232 | — | 15,732,232 |
| Changes during the fiscal year | | | |
| Share issued pursuant to the listing | 15,041,259 | — | 15,041,259 |
| Share issued (exercise of share subscription rights) | 11,229 | — | 11,229 |
| Net loss | (537,206) | — | (537,206) |
| Changes in other than shareholder's equity (net) | — | 80,727 | 80,727 |
| Total changes during the fiscal year | 14,515,283 | 80,727 | 14,596,009 |
| Balance as of December 31, 2021 | 30,247,514 | 80,727 | 30,328,241 |

*Less than ¥1 thousand.

# Notes to the non-consolidated financial statements

Notes on matters related to important accounting policies

1. Valuation standards and methods for securities
   Stocks of subsidiaries: Moving average cost method
2. Method of accounting for reserved assets
   Stock issuance fee is amortized in three years in a straight-line basis.
3. Method of accounting for consumption tax
   Transactions subject to consumption taxes are stated at the amount, net of consumption taxes.

Notes on the accounting estimates

There are no items which have been recorded in the current fiscal year under accounting estimates, and which have a possibility to have a material effect to the non-consolidated financial statements in the next fiscal year.

Notes on the balance sheet

1. Receivables and Payables to the affiliated companies

| | |
|---|---|
| Short term loan | ¥400,000 thousand |
| Accrued receivable | ¥50,958 thousand |
| Accrued payable | ¥11,675 thousand |

Notes on the income statements

1. Transactions with affiliated companies

| | |
|---|---|
| Commercial transactions | |
| Revenue | ¥50,958 thousand |
| Cost of sales | ¥28,514 thousand |
| Non-commercial transactions | ¥4,245 thousand |

Notes on transactions with related parties

1. Parent Company and major shareholders
   Not applicable
2. Subsidiaries

| Type | Name of the Company | Ownership ratio of voting rights (%) | Relationship with the relevant parties | Details of the transaction (Note 1) | Transaction Amount (Thousands of yen) (Note 2) | Account | Balance at the end of the period (Thousands of yen) |
|---|---|---|---|---|---|---|---|
| Subsidiary | Appier Pte. Ltd. | Direct 100% | Concurrent appointment of officers<br>Guarantee of loan payable | Guarantee for bank loan (Note 3)<br>Receivable of management fee (Note 4) | 600,000<br>50,958 | -<br>Accrued payable | -<br>50,958 |
| Subsidiary | Appier Japan, Inc. | Indirect 100% | Concurrent appointment of officers<br>Acceptance of secondee<br>Guarantee of loan payable | Payment of payroll for secondee (Note 5)<br>Settlement of loan<br>Receivable of interests<br>Guarantee for bank loan (Note 3) | 18,186<br>145,000<br>4,245<br>600,000 | Accrued Payable<br>Short-term loan<br>Accrued revenue<br>- | 7,282<br>400,000<br>1,182<br>- |
| Subsidiary | Appier, Inc. | Indirect 100% | Concurrent appointment of officers<br>Acceptance of secondee<br>Guarantee of loan payable | Payment of payroll for secondee (Note 5)<br>Guarantee for bank loan (Note 3) | 10,328<br>300,000 | Accrued Payable<br>- | 4,393<br>- |

Terns of transaction and policy to determine terms of transaction

(Note 1) Transaction price and other terms of transaction are determined based on market value.

(Note 2) Transaction amount does not include consumption tax.

(Note 3) The Company receives a guarantee for loans from banks. The Company does not pay the fee for the guarantee.

(Note 4) Management fee is determined based on the ratio stipulated in the contract.

(Note 5) The Company pays the costs equivalent to the payroll expenses for the secondee based on the memorandum for the secondment.

Notes on per share information

| | |
|---|---|
| 1. Net asset per share | ¥299.79 |
| 2. Net loss per share | (¥5.46) |

(Note) On January 29, 2021, the Company allotted common shares by 90,761,489 shares to the sole shareholders of the Company, Appier Holdings, Inc. Accordingly, Net asset per share and Net loss per share are calculated as if the allotment of shares was executed on the beginning of the fiscal year ended December 31, 2021.

Notes on significant subsequent event

Not applicable.

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.

## Audit Report on the Consolidated Financial Statements

### Independent Auditor's Report

February 24, 2022

To the Board of Directors of Appier Group, Inc.

PricewaterhouseCoopers Aarata LLC
Tokyo office

Yoshihisa Chiyoda, CPA
Designated limited liability Partner
Engagement Partner

Kenichi Shishido, CPA
Designated limited liability Partner
Engagement Partner

*Opinion*

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statements of changes in equity, and the notes to the consolidated financial statements, of Appier Group, Inc. and its subsidiaries (hereinafter referred to as the "Company") for the fiscal year from January 1, 2021 to December 31, 2021.

In our opinion, the consolidated financial statements referred to above prepared by partially omitting the disclosure items required by International Financial Reporting Standards in accordance with the latter part of Article 120 (1) of the Ordinance on Accounting of Companies present fairly, in all material respects, the financial position and the results of operations of the Company for the period covered by the consolidated financial statements.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.* We are independent of the Company in accordance with the ethical requirements in Japan that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Audit and Supervisory Committee for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements prepared by partially omitting the disclosure items required by International Financial Reporting Standards in accordance with the latter part of Article 120 (1) of the Ordinance on Accounting of Companies, and for design and operating effectiveness of such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the appropriateness of use of the going concern basis of accounting in preparing the consolidated financial statements, and disclosing, as applicable, matters related to going concern in accordance with the latter part of Article 120 (1) of the Ordinance on Accounting of Companies that allow the partial omission of the disclosure items required by International Financial Reporting Standards.

Audit and Supervisory Committee are responsible for overseeing the performance of duties of management in design and operating effectiveness of the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an opinion in an independent auditor's report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements and related notes are prepared by partially omitting the disclosure items required by International Financial Reporting Standards in accordance with the latter part of Article 120 (1) of the Ordinance on Accounting of Companies, as well as whether the presentation composition and content of the consolidated financial statements and related notes properly present the transactions and accounting events on which the consolidated financial statements are based.
- Obtain sufficient and appropriate audit evidence about the financial information of the Company to express an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision, and implementation of the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

We communicate with Audit and Supervisory Committee regarding, among other matters, required by the auditing standards generally accepted in Japan, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Interest required to be disclosed by the Certified Public Accountants Act of Japan*

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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.

## Audit Report on the Non-consolidated Financial Statements

### Independent Auditor's Report

February 24, 2022

To the Board of Directors of Appier Group, Inc.

PricewaterhouseCoopers Aarata LLC
Tokyo office

Yoshihisa Chiyoda, CPA
Designated limited liability Partner
Engagement Partner

Kenichi Shishido, CPA
Designated limited liability Partner
Engagement Partner

*Opinion*

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in shareholders' equity and notes to the financial statements, and the supplementary schedules of Appier Group, Inc. (hereinafter referred to as the "Company") for the 4th fiscal year from January 1, 2021 to December 31, 2021.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Audit and Supervisory Committee for the Financial Statements and the Supplementary Schedules*

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit and Supervisory Committee are responsible for overseeing the performance of duties of management in design and operating effectiveness of the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules*

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Interest required to be disclosed by the Certified Public Accountants Act of Japan*

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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.

## Audit Report by the Audit and Supervisory Committee

# Audit Report

The Audit and Supervisory Committee (hereafter, "the Committee") of the Company has performed audit on the Directors' execution of their duties during the 2021 fiscal year, from January 1, 2021, to December 31, 2021. The Committee hereby reports the approaches and results of such audit as follows:

1. Audit Approaches and Details Thereof

The Committee is provided with sufficient regular reports from such as Directors and employees, on the resolutions of the Board of Directors in relation to the matters listed in Article 399- 13, paragraph (1), items (i)(b) and (i)(c) of the Companies Act, as well as the status of development and operation of the systems that have been put in place based on said resolutions (internal control systems), requested explanation, as necessary, and expressed its opinion. The followings are audit approaches applied by the Committee.

(1) In accordance with the audit policy established by the Committee, the allocation of duties on the basis of our respective areas of expertise, among others, the Committee, in conjunction with the internal auditors, attended important meetings, received reports from such as Directors and employees on their duty execution status, requested detailed explanation as necessary, reviewed important documents, etc., and conducted investigations into the status of operations status and properties of Head Office and other major locations. With regard to the Company's subsidiaries, the Committee proactively communicated and exchanged information with Directors etc. of the Company's subsidiaries and, was provided with reports, as necessary, on the status of their businesses.

(2) The Committee monitored and verified the independent accounting auditor's independence and their execution's appropriateness. The Committee was also provided with reports on the status of audit execution, and requested detailed explanation, as necessary. Furthermore, the Committee received a notification from the independent accounting auditor that it has established the "System for Ensuring Appropriate Execution of Duties" (matters specified in the items under Article 131 of the Regulation on Corporate Accounting) in accordance with the "Quality Control Standards Relating to Auditing" (Business Accounting Council, promulgated on December 28th, 2005) and other standards, and requested detailed explanations as necessary.

Based on the approaches above, the Committee examined the Business Report and the related supplementary schedules, non-consolidated Financial Statements (Non-consolidated balance sheet, Non-consolidated income statement, Non-consolidated statement of changes in shareholders equity , and Notes to the non-consolidated financial statements) and the related supplementary schedules as well as consolidated Financial Statements for the same fiscal year (Consolidated statements of financial position, Consolidated statements of profit or loss, Consolidated statement of changes in equity, and Notes to the consolidated financial statements), respectively, for the current fiscal year.

2. Results of Audit

(1) Result of audit on the Business Report, etc.

In our opinion, the Committee was satisfied that

a. the Business Report and the related supplementary schedules were prepared in accordance with applicable laws and regulations as well as with the Company's Articles of Incorporation, and fairly present the Company's financial position and results for the year ended December 31, 2021.

b. with respect to the Directors' execution of their duties, there are no wrongful acts or material facts in relation to the violation of applicable laws and regulations or of the Company's Articles of Incorporation.

c. the resolutions of the Board of Directors on internal control systems are appropriate. Also, there are significant indicated area, in relation to the Business Report and Directors' execution of their duties, relating to such controls.

(2) Result of audit of the non-consolidated financial statements and the related supplementary schedules.

The Committee was satisfied with approaches and results of the audit by independent accounting auditor, PricewaterhouseCoopers Aarata LLC.

(3) Result of audit of the consolidated financial statements

The Committee was satisfied with approaches and results of the audit by independent accounting auditor, PricewaterhouseCoopers Aarata LLC.

February 25, 2022

The Audit and Supervisory Committee
Appier Group,Inc.

__________________________
Lee-Feng Chien
Chairperson, Audit and Supervisory Committee Member

__________________________
Abheek Anand
Audit and Supervisory Committee Member

__________________________
Jean Thoh Jing Herng
Audit and Supervisory Committee Member

__________________________
Takashi Motomura
Audit and Supervisory Committee Member

__________________________
Daisuke Oshita
Audit and Supervisory Committee Member

(Note) Lee-Feng Chien, Abheek Anand, Jean Thoh Jing Herng, Takashi Motomura and Daisuke Oshita are external Directors as defined in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.