APPLOVIN (SINGAPORE) PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION, 21 April 2023 TO 31 December 2023

	Note	21 April 2023 to 31 December 2023
		US$'000
Revenue	2.1	834,981
Cost of sales		(389,769)
Gross profit		445,212
Interest income		652
Sales and marketing expenses		(9,430)
Administrative expenses		(15,346)
Other operating expenses		(221)
Impairment losses on trade receivables and contract assets		(1)
Finance costs		(44)
Profit before tax		420,822
Income tax expense	2.2	(42,137)
Profit for the period, representing total comprehensive income for the period		378,685

The accompanying notes form an integral part of the financial statements

APPLOVIN (SINGAPORE) PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2023

	Note	2023 US$'000
ASSETS		
Current assets		
Cash and cash equivalents	3.1	109,051
Trade and other receivables	3.2	628,684
Total current assets		737,735
Total assets		737,735
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	3.3	306,880
GST payable		9,882
Income tax payables	2.2	42,137
Total current liabilities		358,899
Equity		
Share capital		151
Accumulated profits		378,685
Total equity		378,836
Total liability and equity		737,735

The accompanying notes form an integral part of the financial statements

APPLOVIN (SINGAPORE) PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION, 21 April 2023 TO 31 December 2023

		Share capital	Accumulated profits	Total
		US$ '000	US$ '000	US$ '000
Issue of shares at date of incorporation	5.1	151	-	151
Profit for the period, representing total comprehensive income for the period		-	378,685	378,685
Balance at 31 December 2023		151	378,685	378,836

The accompanying notes form an integral part of the financial statements

APPLOVIN (SINGAPORE) PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION,
21 April 2023 TO 31 December 2023

	21 April 2023 to 31 December 2023
	US$ '000
Operating activities	
Profit before income tax	420,822
Adjustments for:	
Interest income	(652)
Finance costs	44
Operating cash flows before movements in working capital	420,214
Trade and other receivables	(628,684)
Trade and other payables	316,762
Cash generated from operations	108,292
Interest received	652
Finance cost	(44)
Net cash from operating activities	108,900
Financing activities	
Proceeds from issuance of ordinary shares, representing net cash from financing activities	151
Net increase in cash and cash equivalents	109,051
Cash and cash equivalents at end of period	109,051

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
As at 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company (Registration No. 202315459Z) is incorporated in Singapore with its registered office at 600 North Bridge Road #12 - 02/03, Parkview Square, Singapore 188778.

The Company is principally engaged in mobile advertising using the Company's own software platform to facilitate advertisers' acquisition of users, and publishers' sale of their ad inventory.

The Company is a wholly owned subsidiary of Applovin Corporation, a company incorporated in United States of America, which is also its ultimate holding company.

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except as disclosed in the material accounting policy information, and are drawn up in accordance with the provisions of the Companies ACT 1967 and Financial Reporting Standards in Singapore ("FRS"). The financial statements are expressed in United States Dollar ("US$").

1.2 Adoption of new and revised standards

In the current year, the company has applied all the new and revised FRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

At the date of authorisation of these financial statements, the company has not applied any FRS pronouncements that have been issued but are not yet effective. Management anticipates that the adoption of the new or revised FRSs in future periods will not have a material impact on the financial statements in the period of their initial adoption.

1.3 Material accounting policy information

Foreign currency transactions and translation

The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United States Dollar ("US$"), which is the Company's functional and presentation currency.

All material transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rate of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit of loss in the period in which they arise.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3 inputs are unobservable inputs for the asset or liability.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instruments.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets are initially measured at fair value (except for trade receivables that do not have a significant financing component which are measured at transaction price), net of transaction costs that are directly attributable to the acquisition or issue of financial assets.

<u>Classification of financial assets</u>

The company classifies its financial assets based on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets (comprising cash and cash equivalents, trade and other receivables) are subsequently measured at amortised cost as they are held within a business model whose objective is to collect the contractual cash flows which are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ('ECL') on trade receivables, other receivables, and contract assets.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Details about the Company's credit risk management and impairment policies are disclosed in Note 4.3.3.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables and bank borrowing. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Financial performance

2.1 Revenue

A disaggregation of the company's revenue for the year is as follows:

	21 April 2023 to 31 December 2023
	US$ '000
Software Platform Revenue	834,981
Timing of transfer of service	
At point in time	834,981

Revenue from services performed in the ordinary course of business is recognised when the Company satisfies a performance obligation ("PO") by transferring control of promised good or service to the customer. The amount of revenue recognised from the Company's software platform is the amount of the transaction price allocated to the satisfied PO less fees shared with publishers.

The Company's performance obligation is to provide customers with access to the software platform, which facilitates the advertiser's purchase of ad inventory from publishers. The Company does not control the ad inventory prior to its transfer to the advertiser, because the Company does not have the substantive ability to direct the use of nor obtain substantially all of the remaining benefits from the ad inventory. The Company is not primarily responsible for fulfillment and does not have any inventory risk. The Company is an agent as it relates to the sale of third-party advertising inventory and presents revenue on a net basis. The transaction price is the product of either the number of completions of agreed upon actions or advertisements displayed and the contractually agreed upon price per advertising unit with the advertiser less consideration paid or payable to publishers. The Company recognises software platform revenue at a point in time when the agreed upon action is completed or when the ad is displayed to users. The number of advertisements delivered and completions of agreed upon actions is determined at the end of each month, which resolves any uncertainty in the transaction price during the reporting period.

2.2 Income tax

2.2.1 Income tax expense

	2023
	US$ '000
Current tax expense	42,137

The Company was awarded the Development and Expansion Incentive ("DEI") of 10% with Effect from 1 July 2023. The income tax is calculated at 10% of the estimated assemble profit excluding interest income for the year. The income tax related to interest income is calculated at 17%. The total charge for the year can be reconciled to the profit before tax as follows:

	2023
	US$ '000
Profit before tax	420,822
Income tax expense calculated at statutory tax rate	71,540
Tax effects of:	
Expenses not deductible for tax purposes	15
Income not subject to tax	-
Effects of concenssionalry tax rate (17% - 10% = 7%)	(29,418)
	42,137

Income tax expense represents the sum of the current tax and deferred tax liabilities.

Tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the financial period. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is measured at the amount expected to be paid to the tax authorities, using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subjected to interpretation and establishes provisions where appropriate.

2.3 Profit for the year

Profit for the year has been arrived at after charging:

	2023
	US$ '000
Staff costs (Note 6.1)	1,313
Rent Expense	74
Management fees (Note 6.1)	29,104
Foreign currency exchange adjustment loss	120

3. Operating assets and liabilities

3.1 Cash and cash Equivalents

	2023
	US$ '000
Cash at bank	109,051

Cash and cash equivalents include cash on hand, deposits with financial institutions (with an average interest rate of 4.33% per annum) and bank overdrafts.

3.2 Trade and other receivables

	2023
	US$ '000
Trade receivables :	
Third parties	622,056
Related companies (Note 6.1)	6,428
Other receivables	200
	628,684

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore classified as current. Trade receivables are initially measured at their transaction price and are subsequently measured at amortised cost, less loss allowance.

As at 31 December 2023, substantially all trade receivables are not past due or within 30 days past due and 1% are more than 61 days past due. Details about the company's credit risk management and impairment policies are disclosed in Note 4.3.3.

3.3 Trade and other payable

	2023
	US$ '000
Trade payables:	
Ultimate holding company (Note 6.1)	267,344
Other related companies (Note 6.1)	12,021
Third parties	18,588
	297,953
Other payables	8,927
	306,880

The average credit period taken for trade purchases is 30 days. No interest is charged on the outstanding balance.

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[redacted]

4. Financial instruments and financial risks

4.1 Categories of financial instruments

The following table sets out the categories of financial instruments as at the end of the reporting period:

	2023
	US$ '000
<u>Financial assets</u>	
Financial assets at amortised costs	741,540
<u>Financial liabilities</u>	
Financial liabilities at amortised costs	316,762

4.2 Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables and payables, bank borrowing and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

4.3 Financial risk management policies and objectives

The company's activities expose it to a variety of financial risks from its operations. The key financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. There has been no change to the company's exposure to these financial risks or the manner in which these risks are managed and measured.

4.3.1 Foreign currency risk management

The company's foreign currency exposures arise mainly from the exchange rate movements of the Singapore dollar against the United States dollar.

The Company did not engage in any hedging derivatives to mitigate its exposure to foreign currency risk.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the company's functional currency are as follows:

	Assets 2023	Liabilities 2023
	US$ '000	US$ '000
Singapore dollar	152	57,270

No sensitivity analysis is prepared as the company does not expect any material effect on the company's profit or loss arising from the effects of reasonably possible fluctuations in foreign currencies at the end of the reporting period.

Authentication no.: [redacted]

4.3.2 Interest rate risk management

The company's interest rate exposures arise mainly from cash and cash equivalents.

The interest rate of the company is disclosed in Notes 3.1.

No sensitivity analysis is prepared as the company does not expect any material effect on the company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

4.3.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company's maximum exposures to credit risk, which will cause a financial loss to the company due to failure to discharge an obligation by the counterparties is represented by the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

To minimise credit risk, the company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

Trade receivables consist of a large number of international customers outside of Singapore. Of the trade receivables at the end of the reporting period, the company does not have significant credit exposure to any single customer, however customers are concentrated in the mobile gaming industry sector.

The company regularly monitors outstanding receivables and contract assets. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the company reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

The credit risk of liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The company's other receivables are considered to have low risk of default.

4.3.4 Liquidity risk management

Liquidity risk is managed by matching the payment and receipt cycle. The company finances its working capital requirements primarily through funds generated from operations.

All financial liabilities in 2023 are repayable on demand or due within 1 year from the end of the reporting period.

5 Capital Structure

The company manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the company consists of net debt and equity of the company. Net debt is defined as debt after deducting cash and cash equivalents. Equity includes share capital and accumulated profits.

The company is not subject to any externally imposed capital requirements.

5.1 Share capital

All issued ordinary shares have been fully paid. There is no par value for these ordinary shares.

	2023	
	Number of ordinary shares	Value US$ '000
Issued and paid ordinary shares:		
Issuance of 150,730 shares at US$1.00 each upon Incorporation, representing balance as at 31 December 2023	150,730	151

5.2 Dividend

On 20 June 2024, a dividend of $2,512.34 per share (total dividend $378,685,000) was declared to shareholders for the financial year ended 31 December 2023.

6 Others

6.1 Holding company and related company transactions.

The company is a subsidiary of Applovin Corporation, incorporated in United States of America, which is also the company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand.

Significant transactions with ultimate holding company and related companies:

	2023
	US$ '000
Platform revenue from related companies	(49,345)
Services rendered by ultimate holding company	1,472,474
Staff cost	1,313
Management fees	29,104

There are no key management personnel apart from the company's directors. There were no remunerations paid to the directors by the company during the year.