Mobvista Inc.

匯量科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1860)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

LETTER TO SHAREHOLDERS

To our shareholders,

2020 was full of unexpected challenges.

The outbreak of the coronavirus pandemic (Covid-19) has exacerbated the instability of the global economic and political environment, prompted the vigorous development of the online business ecosystem, and further accelerated the digital transformation of enterprises. The increase in advertising transaction volume of our programmatic advertising platform Mintegral in 2020 ushered in a growth of 105.4% year-on-year in 2019, reaching a record high since the platform was launched in 2015. However, in the context of intensified friction between the international economies and tightened regulatory policies on data privacy and protection, we also encountered reputational attack from the Western competitors for the first time, all together resulted in the suspension of partnership by some European and American traffic publishers with Mintegral platform to suspend their partnerships with Mintegral which caused a short term impact on our business.

In addition, Apple released iOS 14 on June 23, 2020, and announced a privacy-centric update that shook the global mobile advertising industry. "The IDFA" (Identifier for Advertisers), which is widely used to track users and deliver targeted advertisements, would in the near future, would become active opt-in on a per-application basis, instead of the previous method of an OS level opt-out buried deep in the settings menu where few users could find. This is not the first time Apple has adopted a privacy-by-default approach. As early as 2017, Apple was the first to restrict the use of third party cookies in Safari, and Google Chrome eventually followed this strategy. In the end, less than 10% of users have opted-in to web pages using third party cookies to track user behavior. Hence, we have reason to believe that it will recur in IDFA, which means it will be very difficult for mobile advertising to track and target users based on IDFA.

We are very fortunate that, starting from mid-2019, Mintegral gradually focused on the modeling and projection of users' instant interests and invested an extensive amount of effort in Dynamic Creative Optimization. Although it requires our additional investment in computing power towards the prediction of every ad request, this differentiates Mintegral's personalization by adding a new unique creatives portfolio dimension when compared to other advertising platforms, ultimately creating positive optimization effects. As a bonus it reduces the impact of Apple's IDFA deprecation on us relative to other global advertising platforms. Meanwhile, we have also made significant progress since this unprecedented public opinion attack on the Company last year. Mintegral became the industry's first advertising platform based on an open-source SDK (software development kit), and has passed an open-source security audit conducted by WhiteSource, which is a leading third-party open-source security platform based in the United States, in a relatively short period of time. At present, around 80% of traffic publishers that have suspended cooperation due to the negative influence of the reputational attack have restarted cooperation, and Mintegral's platform transaction scale has also returned to the relative peak levels. In addition, we expect to proactively disclose the key operating metrics of Mintegral for the first quarter of 2021 in April for the market's reference.

We have operated using a "All-in-Cloud" system architecture from the beginning of our Company in 2013, and quickly built a global affiliate advertising platform which allows the Chinese developers to grow overseas with the help of our cloud computing partners' global server network. From our roots building Mintegral from square one in 2015 to 2020 when we updated our deep learning models and dynamic creative optimization algorithms, the data volume we process exceeds 10PB per day, the parameter size of our model features exceed 10 billion, the number of daily ad requests processed exceeds 100 billion, and the amount of corresponding online predictions exceeds 10 trillion per day. As we continue to break new ground in Cloud Computing, two challenges we currently are focusing on tackling are how can we continue to reduce the latency of our real-time estimation and personalization computations, as well as are there innovative new ways to further improve the cost-effectiveness when dealing with ultra-large scale data analysis processes like ours.

Given these focuses, we have dived into Cloud Native[1] since 2017. With 3 years' continuous investment, we have built up a full set of big data Online Inference Engine started from management of its underlying infrastructure, jointly constituting the core technology of Mobvista in Cloud Native and reducing our unit processing cost by more than 65% compared to the end of 2017 while coping with the increasingly complex algorithm.

1 According to CNCF's definition, Cloud Native is about the technologies which empower organizations to build and run scalable applications in modern, dynamic environments such as public, private, and hybrid clouds.

In order to allow more developers to benefit from our technical practices, Mobvista officially released SpotMax which is the first paid-product that originated from our core technology to global developers through AWS's application market (AWS Marketplace) in 2020, a comprehensive solution for cloud cost optimization and efficiency improvement. The main module, MaxGroup, allows developers to make full use of the cheap idle computing power within the global cloud computing infrastructure without worrying about reliability issues and avoiding additional purchases of expensive new dedicated cloud computing power. In the long run, we believe that this is a greener and more sustainable growth method utilizing technology so that limited cloud computing facilities can serve more developers.

As stated in the Letter to Shareholders in 2019, we are building a SaaS tooling ecosystem that serves the online growth of global developers, and SpotMax will become an important pillar of it. Furthermore, our statistical analytics platform GameAnalytics has made great progress in 2020. The platform tracks over 1.94 billion unique gamers per month, with a YoY increase of more than 60%, becoming an important entry point for us to serve game developers globally.

We first put forward the slogan "Be the Bridge" in 2018, which represents Mobvista's differentiated positioning based on being a ferryman for Chinese Apps sailing across the sea when it was founded in 2013 and eventually evolved into bridging the East and West markets bidirectionally. In 2020, Mobvista's customer base covered 85 countries and regions. The connotation of "Be the Bridge" extends to a longer-term mission: We hope to use a series of products and technologies to help customers located in various countries bridge the digital resources of the global market in a more efficient way in order to achieve rapid growth; these resources include increasingly fragmented traffic sources, budgets, ideas, data sources, and cloud computing resources in dynamic environments (public cloud, private cloud, and hybrid cloud). These products and technologies are elemental organizations, and customers can build their own growth tools selectively. This is also the concept of decentralization that we advocate, rather than the trending centralized super platform.

March 7, 2021 is the 8th anniversary of Mobvista, but if you look at the process of global enterprise digitization, this is just the beginning. Therefore, we will not pursue a short-term EPS growth, but will pay more attention to healthy cash flow and forward-looking returns based on long-term investment. Keep starting up and focusing on compound interest are our long-term core cultures and that will remain unchanged. I would like to express my gratitude to our customers, shareholders, and every employee for their tolerance, understanding, and support of Mobvista's long-term mission!

Cao Xiaohuan
Co-founder and Chief Executive Officer

The Board (the "**Board**") of Directors (the "**Directors**") of Mobvista Inc. (the "**Company**") hereby announces the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**"). The annual results have been reviewed by the audit committee of the Company.

BUSINESS REVIEW

I. Company and Industry Overview

Company Overview

We are a technology service company based on global mobile Internet ecosystem.

Currently, our SaaS tooling matrix primarily includes our advertising technology platform, data analysis platform, and cloud computing platform. Mobile application ("**App**") developers can realize works such as marketing, monetization, data analytics, big data computing, cloud computing resources cost optimization and etc., through our SaaS tooling matrix, and thus improving their work efficiency and commercial promotion efficiency. Revolving around mobile application developers' full-life cycle needs, we dedicated to further build integrated SaaS tooling matrix ecosystem, to power the growth of mobile application developers, and increase their stickiness and economic value to the Company's products.

Based on the consistent release cycle of new forms of mobile hardware and the growing number of mobile Internet users, the mobile Internet business has been rapidly growing and iterating, and the trend of decentralization and fragmentation have becoming increasingly evident. According to Statista, the mobile application market has become a highly fragmented market; currently, there are more than 2.87 million applications in the Google Play Store and 1.96 million applications in the Apple App Store, of which are more than 1.3 million games available for mobile Internet users to choose.

For mobile application developers, they need to stand out in a highly fragmented and highly competitive market to successfully promote their application products and generate revenue; meanwhile, they need to focus on efficient product development and iteration, and continuously improve product functions to satisfy the rapidly changing needs of the market. This is especially difficult for the large number of small and medium-sized mobile developers. Therefore, they need an integrated, one-stop marketing and monetization platform to help them promote and generate revenue, and professional, high-quality, and economical development and monitoring tools to help them improve the efficiency of development and iteration.

Our SaaS tooling matrix is dedicated to helping these mobile application developers in solving the stated dilemma, enabling them to improve their market competitiveness and optimize their return on investment more efficiently. Mobile application developers can optimize their products through real time, proprietary industry data integrated industrial-benchmarked monitoring information and best practice recommendation, increase their user scale through reaching global best-matched audience on a large scale, monetize their in-app advertising inventory at largest extent to obtain more revenue: and execute cloud management and purchase cloud computing resources more efficiently to lower time and economic cost.

In the long run, the strategic flywheel created by SaaS tooling matrix building will drive our business growth and enhance our competitive advantage. With an increasing number of Internet application developers using our SaaS software to analyze, promote, and monetize their mobile applications, we reach more mobile Internet users, further expanding the scale of our platform. In addition, as we understand more profoundly about the needs of mobile application developers, we continue to iterate and develop new products and further improve the tooling matrix. The continuous improvement of the flywheel effect strengthens our platform effect, and extend our business boundaries.

1. Advertising technology business

Through the cloud-based advertising platform, we provide our clients with performance advertising services across omni-channel, global mobile devices and traffic, and in various ad formats, to help them acquire high-quality users and realize monetization; meanwhile, we enable the global mobile traffic to achieve higher fill rates and bid price for their ad inventories, and thus increases their overall advertising revenue.

Our clients are primarily from the mobile Internet commence, especially mobile App developers. Based on the effect of promotion, we charge clients performance-based advertising fee which is calculated by the number of users (i.e., the number of mobile user downloads or installations) acquired by us.

Currently, our advertising technology business is mainly segmented into Mintegral platform business and Nativex platform business. Among them, Mintegral is our core business platform.

1.1. Mintegral

The Mintegral platform is a programmatic marketing platform that aggregates the fragmented medium-to-small size mobile application publishers globally. It provides clients with user growth services through an integrated and scaled programmatic advertising platform. Mintegral uses a Cloud Native architecture that process more than 100 billion advertising requests per day and more than 1 trillion predictions.

By expanding the aggregated traffic scale of medium-to-small size mobile application publishers and leveraging self-iterating machine learning algorithms, the Mintegral platform continues to improve distribution and monetization efficiency, help clients achieve user growth, optimize the economic effects of advertising for customers, thus further improving customer stickiness and campaign budget in the platform and attracting new customers.

From the perspective of business model, Mintegral's ability to expand aggregated traffic scale, attract advertisers, and increase budget growth are mutually reinforcing, and the efficiency and effectiveness of the platform's algorithms rapidly iterate autonomously with the accumulation of traffic and client-side data. In the long run, the three aspects of the platform, traffic, advertisers and their budget, as well as the algorithm capabilities, will continue to grow together. In the meantime, with the increase of total revenue and average revenue per client, the life time value ("**LTV**") will further increase, while the R&D expense and sales expense decrease marginally, forming a strong operating leverage. In the long run, when the scale of the platform reaches a certain size, the rapid growth of platform revenue and operating leverage will continuously improve the profitability of the platform.

1.2. Nativex

Nativex is a comprehensive marketing platform. It has a programmatic marketing platform which links global dominating mobile publishers, and a traditional non-programmatic marketing platform.

Among them, the programmatic marketing platform integrates global dominating traffic to provide clients with programmatic performance advertising services that are data-driven, across mobile devices and various dominating media channels. By providing clients with real-time advertising monitoring and management services, and clear and real-time campaign data reports to help clients optimize advertising strategies. we help customers to increase the investment return on their marketing budgets, thereby increasing customers' stickiness and budget allocation to the platform, forming brand equity and further attracting users.

At present, the traffic integrated by the platform primarily consists of Google, Facebook, Apple Search Ads, Snapchat, Tencent social advertising, Mega Engine, etc.

Traditional non-programmatic platform business provides clients with non-programmatic marketing platforms across all non-programmatic mobile media channels, and meets the different needs of different customers through flexible solutions.

2. Compute cloud SaaS business

In the Reporting Period, we have established the Cloud Computing and Infrastructure Business Center ("**Cloud Business Unit**") and commercialized SpotMax, a cloud computing SaaS product.

SpotMax is a SaaS solution for cost optimization of cloud computing resource. Through this SaaS system, we are able to help our clients, namely cloud computing resource purchasers, on the premise of ensuring the stability of the business system, greatly optimize the purchase cost of cloud computing resources. Generally, we are able to help our client to save 60–70% of their cost of cloud computing resources.

The platform generates revenue by charging customers a subscription fee for the platform or commission on transaction scale, which is calculated as a percentage of the cost of using cloud computing resources.

In addition, the launch of SpotMax lowers the threshold for the use of idle public cloud computing resources, thereby promoting the improvement of the use efficiency of idle public cloud computing resources of cloud vendors, reducing the energy consumption cost of unit computing resources, and achieving the environmental protection aim of saving energy consumption.

3. Data analytic business

GameAnalytics ("**GA**") is our analytics SaaS tool. Currently, the platform is one of the largest in the world for statistical data analysis of light/ultra-light game data. GA provides game developers with in-depth analysis and insights that enable them to track, measure, and optimize their game operations in real time and improve user engagement.

Based on proprietary data and industry insights in gaming related field, we have launched industry data analysis solution–Benchmark+, with the aim of providing developers with data analysis and industry comparison information so as to enable them to gain real time insights into the competitiveness of their games, as well as the potential market status and opportunities in their gaming segments. The product charges a monthly subscription fee, ranging from US$350 to US$3,000 per month, depending on the functions and data analysis dimensions.

Industry Overview

At present, the mobile Internet ecosystem is developing rapidly. At the same time, the introduction and growth of high-quality and easy-to-use development and marketing software tools have reduced the development time and cost of the products in the mobile Internet ecosystem, and strengthen the marketing capability and profitability.

1. Mobile Internet Marketing and Data Analysis Industry

According to IDC, worldwide total in-app advertising revenue is US$101 billion; in addition, based on the industry growth forecast of Statista and management forecast for the game data analysis industry, we believe, by 2024, we estimate that our total market opportunity to be more than US$200 billion.

1.1 The growth of mobile Internet businesses drives the increase of digital advertising budgets. With the advances in the process of mobile Internet digitalization, business and media continue to transition to the mobile Internet. At the same time, since the outbreak of COVID-19, users are using the mobile Internet more frequently and forming long-term habits. These led to advertising budgets further shift alongside with users to mobile Internet at an accelerated pace. We believe, as mobile Internet businesses and users scale continue to grow, advertisers will increasingly allocate more of their spending to mobile digital media.

1.2 **The personalization needs of online users and the trend of decentralization in the mobile Internet industry strengthen the trend of traffic fragmentation.** With the booming of mobile Internet business and the strengthening of users' personalization needs, the diversification and decentralization of mobile Internet ecosystem will become a norm. In addition, the trend of differentiation between mobile Internet ecosystem in different countries and regions will continue, which further strengthens the trend of ecosystem fragmentation. Therefore, the ability of advertising platforms to aggregate and analyze traffic across regions and scenarios is a key factor in providing value to advertisers.

1.3 **Performance advertisements continue to be favored by advertisers, market scale growth is being accelerated.** The decentralization of categories and regions in App ecosystem increases the complexity of advertisers' advertising strategies and performance evaluation, and hence performance advertising continues to be favored for its characteristics of traceability, accountability, and quantifiable return on investment. At the same time, with the continuous expansion of online business, as well as the continuous integration of online and offline business, the feasibility of performance advertising is constantly strengthened, and the market size experiences accelerated growth.

1.4 **Data-driven programmatic buying continues to dominate industry trends.** The complexity of online advertising has increased advertisers' demand for programmatic advertising. The fragmentation of ecosystem and data and analysis dimensions involved in delivery decision-making continue to increase, however, programmatic advertising can quickly achieve cost-effective and effective decision and reach best-matched users. Through the programmatic platform, customers can optimize their campaign strategy based on the feedback of each impression, so as to achieve more effective matching.

1.5 **Mobile games have become one of the largest and fastest growing sectors, and their data analysis needs continue to grow.** According to Sensor Tower, mobile games account for 39% of global app downloads and 72% of total spending on the App Store. With the rapid development and iteration of the mobile game market, mobile game buying budgets have become one of the largest and fastest growing areas in the mobile Internet advertising industry.

In addition, due to the highly iterative nature of casual/hyper-casual games in the mobile game field, such game studio need to focus more on development and iteration of games, as well as improvement on game experience. Based on this, game developers' demands for statistical analysis products that are clear, multi-dimensional and comprehensive industrial data combined have also grown rapidly, so that they can focus on game development and increase the engagement of gamers.

2. *Cloud computing industry*

The trend of enterprise digital transformation continues to advance, and the development of public cloud resources provides the feasibility and flexibility for this trend. The "on-demand acquisition" feature of the cloud computing platform enables users to obtain the required computing resources at any time, and achieves the dynamic matching between computing resources and business scale. However, at present, the extensive use and purchase of cloud resources leads to the high cost of the cloud system, creating burden on the overall business transformation.

According to Flexera's "State of the Cloud Report 2020", Garner's latest report in November 2020 predicts that global public cloud users will spend $82.23 billion on infrastructure services (IaaS) in 2022, and 73% of the companies surveyed claim that reducing cloud costs is a priority.

In the long run, the progress of cloud computing resource optimization technology will become a key factor to drive a faster growth of the public cloud computing market.

II. Financial Performance

— For the year ended 31 December 2020, the Group's operating revenue has increased by 3.2% on a YoY basis to US$516.1 million (2019: US$500.3 million);

— During the Reporting Period, the Group persisted in the transformation to the programmatic advertising business centered around Mintegral, reducing and gradually withdrawing from media agencies and some non-programmatic advertising business, leading to a decrease in non-programmatic advertising business revenue by 40.3% on a YoY basis to US$209.6 million (2019: US$351.4 million), and an increase in Mintegral business revenue by 105.4% on a YoY basis to US$305.8 million (2019: US$148.9 million);

— For the year ended 31 December 2020, the Group's accounts impairment loss on trade receivable has decreased significantly, and operating cash flow turned positive. Due to the Group's persistence on withdrawing from non-programmatic advertising agency business that occupies operating capital and has slower profit growth, the group's impairment loss on trade receivable fell by 54.5% on a YoY basis to US$5.6 million (2019:US$12.3 million); cash flow turned from negative to positive to US$14.7 million (2019: US$ -1.1 million);

— During the second half year of the Reporting Period, the Group actively carried forward marketing and promotion of cloud computing products, leading to an increase in selling and marketing expenses by 69.8% to US$17.0 million;

— For the year ended 31 December 2020, the current loss attributable to equity holders of the Group was US$5.2 million (2019: profit US$22.1 million); according to the Non-International Financial Reporting Standards, the current profit attributable to equity holders of the Group decreased by 78.1% to US$9.0 million.

III. Business Review

1. The advertising technology business has accelerated the transformation to programmatic advertising business with Mintegral as the core, and has continuously reduced media agencies and some non-programmatic advertising businesses of Nativex, which occupy operating capital and have limited profit growth potential

At present, the mobile marketing industry continues to transform from non-programmatic to programmatic, and the trend of decentralization and fragmentation of the mobile Internet ecosystem is becoming increasingly prominent. In terms of business, the media agency business and some non-programmatic advertising businesses have limited room for development, occupy a large amount of operating capital liquidity of the platform, and have high requirements for the scale of operation and sales personnel. Therefore, the Company persists on accelerating the transformation to programmatic business, intentionally reducing and gradually withdrawing from media agency and some non-programmed businesses of Nativex, which occupy operating capital and have limited profit growth potential.

During the Reporting Period, revenue from Mintegral business increased by 105.4% on a YoY basis to US$305.8 million; revenue from Nativex business has decreased by 40.3% to US$209.6 million and its percentage of total revenue decreased from 70.2% in 2019 to 40.7% in 2020.

2. Mintegral Business sustained short-term impact, customers and traffic continued growing.

2.1. Affected by special circumstances in the second half of the year, Mintegral business fluctuated in the short term.

In the late third quarter to fourth quarter of 2020, affected by factors such as increased friction between economies, tightened regulatory policies on data privacy and protection by global regulators, and malicious competition from overseas competitors, some of the cooperating traffic providers of Mintegral platform suspended their cooperation with the platform, resulting in a short-term impact on the platform business.

Based on the review and certification of third-party institutions and the mutual trust foundation between the Company and its partners, Mintegral's business began to recover rapidly in the late fourth quarter.

As of the release date of this financial report, around 80% of traffic publishers that have suspended cooperation due to the negative influence of the reputational attack have restarted cooperation, and the scale of advertising transactions has returned to a relative historical high level. After careful evaluation by the management team, we believe that the impact of this Incident on the business is a one-time short-term impact, which has basically recovered and will not have a continuous negative impact on the Company's future development.

2.2. Mintegral's traffic and customer retention maintained a high level, the platform developed steadily.

Although affected by multiple adverse factors, in comparison of the second half to the first half of 2020, the advertiser retention rate of Mintegral platform has reached 82.3% (2020H1: 91.3%), and the number of advertisers has increased by 43.7%. The advertising budget placed on the platform has decreased by 10.8% on a half-year on half-year basis. The reason for the chain decrease in the advertising budget of retained advertisers is that some traffic providers on the platform have suspended cooperation due to the Incident, which has an impact on the size of the audience reached by the platform, thereby affecting the efficiency of platform distribution. However, the higher level of retention reflects the high stickiness of advertisers based on the platform's ability to deliver higher ROI.

In terms of traffic, at the end of the Reporting Period, the number of traffic developers in Mintegral platform has reached 5,071, representing an increase of 21.5% over the first half of 2020, and the retention rate was 78.0% (2020H1: 91.6%), the decline of which is a short-term impact caused by the Incident; at the same time, the platform achieved more than 39,000 mobile traffic, with an increase of 18.2% over the first half of 2020.

3. The Cloud Business Unit drives the Company's long-term second growth curve; the commercialization of related products accelerated.

3.1. The Cloud Business Unit will drive the Company's long-term growth in parallel with the Advertising Technology Unit

Based on the understanding of the ecological pain points of the cloud computing industry and mobile Internet application ecosystem, the company officially commercialized the internal Cloud computing resource optimization software system during the Reporting Period, which is expected to drive the company's long-term growth together with the Advertising technology business.

In terms of organization structure, during the Reporting Period, the Company has announced the establishment of a Cloud computing business division. The head of this department is the Company's technical vice president and chief engineering architect Mr. Cai Chao, who directly reports to the co-founder and the Company's CEO, Mr. Cao Xiaohuan.

3.2. The Cloud resource cost optimization software solution SpotMax was launched on the mainstream Cloud application market; the commercialization of Cloud computing products accelerated.

Currently, the core product of the Cloud business division is SpotMax, a Cloud computing cost optimization SaaS system. During the Reporting Period, SpotMax has achieved revenue of US$131,000.

By the release date of this performance report, the product has officially launched on Amazon Website Services (AWS) Marketplace. AWS users in 24 regions around the world can find, purchase, and deploy SpotMax services through AWS Marketplace.

4. **Data analytics business achieves revenue; the company tooling matrix model has been strengthened.**

During the Reporting Period, GA as a whole has realized revenue of US$131,000. Furthermore, with an average of more than 40% market share of the top 100 games on iOS in the United States by the end of 2020, GA and its expanding product line of SaaS tools and services have reached a new peak high.

In terms of platform coverage, the number of partner game studio reached 6,500, with an increase of 36% on YoY basis, the number of partner developers reached 95,000, with an increase of 18.75% compared to 2020H1, the number of covered active games reached 97,500, the number of covered monthly active users (MAU) reached 1.94 billion, and the number of gamers covered has increased by 30%. The wide coverage and high granularity of GA data makes its data analysis service deeply trusted and relied on by game developers.

In addition, the synergy between GA and the Mintegral platform has become more evident, and the company's tooling matrix model has been strengthened. GameAnalytics is used by 22% of Mintegral's customer who spend more than US$100,000 on the Mintegral platform. At the same time, 8% of GA's customers with MAU greater than 100,000 use Mintegral's services, which accounts for 73% of Mintegral's revenue.

5. **The Company's data privacy and security practices obtained multiple certifications; the business compliance governance and risk management systems has been operating effectively.**

Currently, global regulatory agencies have increasingly stricter requirements for data protections and privacy security governance[1]. For advertising technology companies, data and privacy protection are related to business development and the maintenance of partnerships within the industry, and play an important role in the long-term sustainable development of the Company.

1. GDPR (General Data Protection Regulation) followed by the EU and the UK, CCPA (California Consumer Privacy Act of 2018) which came into force in the US at the beginning of 2020 and was further strengthened in August of that year, COPPA for child users, and CPRA for users to have the option to share and track information through the Reporting Period scheduled to come into force in 2023; Apple stopped IDFA and gave users the option to share their data; Google announced after the Reporting Period, in March 2021, that it would disable third-party cookies in its Chrome browser by 2022 to enhance user privacy protection. It can be expected that data and privacy protection will continue to receive increasing attention in the global scope, and will also become an important factor affecting the operation, mutual cooperation and competition of Internet enterprises.

Based on the Company's long-term strategy with regard to data and privacy protections, during the Reporting Period, Mintegral has passed a number of evaluations and certifications related to company data privacy and security practices by third-party organizations. Related assessments and certifications include:

a) In September 2020, Mintegral passed AICPA's SOC2 Type 1 audit and became one of the few mobile advertising platforms in China that obtained this authoritative data security audit report. The audit report showed that the platform has a complete system to ensure the security of sensitive information such as user data;

b) In October 2020, Mintegral passed the annual audit of the COPPA certification of the KidSAFE Seal Program and renewed its membership in 2019;

c) In December 2020, Mintegral's source code passed user data privacy security assessment which was conducted by BDO, and the report showed that the platform had a complete system to ensure the security of user data and other sensitive information;

d) In December 2020, Mintegral passed the OM SDK certification of IabTech Lab, and the transparency of the platform's programmatic advertising traffic to partners (the accuracy and effectiveness of the advertising results evaluation process) has been further improved;

e) In December 2020, Mintegral's SDK passed an open-source security audit conducted by WhiteSource, the leading third-party open-source security platform based in the United States, indicating that the platform's open source SDKs are highly secure.

In addition, Mintegral has supported Apple's official attribution solution SKAdNetwork.

After the Reporting Period, in January 2021, Mintegral passed the authoritative certification of ISO/IEC 27001, the most authoritative, rigorous, and widely used information security management system certification standard that is currently internationally recognized.

IV. Company Strategy and Outlook

Our Company's strategies include:

1. The advertising technology business is transforming to programmatic advertising business centered around Mintegral

The Company persisted in transforming to programmatic advertising business centered around Mintegral, reducing and gradually withdrawing from media agencies and some non-programmatic advertising business of Nativex Platform that occupy more operating capital and have limited profit growth potential.

2. Focusing on R&D investment and product innovation, creating a SaaS tooling ecosystem

With profound insight and understanding of App developers' business and technological needs at different stages of their life-cycle, the Group has launched data analysis tool, marketing cloud, creative design tool, cloud technology and such products or services, in order to continuously build the SaaS tooling ecosystem and strengthen and extend our long-term relationship with our clients through the integrated tooling service.

2.1 Cloud technology

Dedicated in the research and development of cloud computing and big data: We will persist on improving our independent research and development capabilities and fully leverage the cooperative relationship with leading companies in the field to promote product innovation and application in practice, as well as to develop service networks, so as to accelerate the commercialization process of tooling products and technologies and business layout as a whole.

2.2 Advertising technology

Continue to develop our cloud-based self-serve performance advertising platform Nativex: With our open, cloud-based, self-service platform, advertisers have real-time access to global traffic, multi-channel campaign reports with intelligent optimization recommendations, and an comprehensive toolset to effectively facilitate advertising creation, distribution, tracking, and optimization in order to accelerate their own growth.

The platform is committed to serving clients with data and algorithms, to help them to execute intelligent mobile advertising campaigns across mobile devices and omni-channels, so as to achieve stable long-term partnerships.

3. Globalization: We have been and will continue to adhere to the globalization strategy. The Group has been strengthening our brand image in the Asia-Pacific region, and our cooperation with the existing and potential clients. In addition, we have been implementing localization strategies in EMEA and the Americas to actively explore those markets.

4. Acquisition of quality traffic globally: We believe that in the context of increasingly fragmented global mobile internet ecosystem, advertisers are shifting more of their budgets to advertising platforms with integrated access to quality traffic resources, and the expansion of global high-quality traffic resources will accelerate the development of the advertising technology business of our company.

5. Strategic acquisition to accelerate SaaS tooling ecosystem building: As part of our growth strategy, we are accelerating our SaaS tooling ecosystem building by acquiring companies and integrating businesses, teams, and technologies to strengthen our client resources and tooling capabilities.

6. Data and privacy protection: Our platform collects and analyzes behavioral data of mobile Internet users, but we do not identify or associate data with specific individuals through collecting data. We always persist on actively implementing data and privacy protection practices, which we believe is of great benefit to the Group in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue by Type of Services

For the year ended 31 December 2020, we recorded revenue of US$516.1 million (2019: US$500.3 million), 3.2% higher on a YoY basis. Our revenue comes from mobile advertising business, data analytic business and cloud computing business. Among them, revenue from cloud computing business and data analytic business were newly added businesses revenue during the Reporting Period.

We generate revenue from customer spending on the SaaS tool platform.

— Our mobile advertising revenue typically comes from mobile Internet customers, especially mobile App developers. They use our software platform to promote their business. Typically, we charge based on the effect of the promotion, which is the number of deliverable effects and the charge per delivery (the charges per download or installation).

— Our data analytics revenue and cloud computing revenue come from customer purchases of Benchmark+ and SpotMax, a data analytics product and cloud resource cost optimization product. Typically, we charge a software subscription fee or a percentage of the software usage fee based on the transaction size of the software platform.

The following table sets forth a breakdown of our revenue by types of services for the year indicated:

	For the Year Ended 31 December				
	2020		2019		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	**YoY Change**
Mobile advertising revenue	**515,457**	**99.9%**	500,257	100.0%	**3.0%**
Data analytic revenue	**560**	**0.1%**	—	—	**—**
Cloud related product and service revenue	**131**	**0.0%**	—	—	**—**
Total	**516,148**	**100.0%**	500,257	100.0%	**3.2%**

Revenue from Mobile Advertising by Business Department

For the year ended 31 December 2020, the Group recorded mobile advertising revenue of US$515.5 million (2019: US$500.3 million), 3.0% higher on a YoY basis. Our mobile advertising revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from Mintegral platform was US$305.8 million, accounting for 59.3% of the mobile advertising business. Revenue from the Nativex platform was US$209.6 million, accounting for 40.7% of mobile advertising revenue.

The following table sets forth a breakdown of revenue from mobile advertising by software platform business department for the year indicated:

	For the Year Ended 31 December				
	2020		2019		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	**YoY Change**
Mintegral platform revenue	**305,817**	**59.3%**	148,875	29.8%	**105.4%**
Nativex platform revenue	**209,640**	**40.7%**	351,382	70.2%	**-40.3%**
Mobile advertising revenue	**515,457**	**100.0%**	500,257	100.0%	**3.0%**

In terms of the nature of the business, the Mintegral platform is a programmatic platform, which connects a large number of fragmented and medium and long tail mobile traffic, and provides clients with user growth services through integrated and scaled programmatic advertising platforms. Nativex is a comprehensive platform, which includes a programmatic advertising platform that connects global dominating mobile media, and a traditional non-programmatic advertising platform.

During the Reporting Period, the Group has accelerated the transformation of the advertising technology business to the programmatic business with Mintegral as the core business, and has actively reduced and withdrawn from Nativex's media agency and some non-programmatic advertising business. This factor along with the recession impact of non-programmatic advertising industry, which led to a decrease in the Nativex platform revenue of 40.3% on a YoY basis to US$209.6million (2019: US$351.4million).

At the same time, benefiting from the Group's transformation strategy, and various factors such as the strengthened Mintegral platform scale effect and the platform effect, the Platform's client retention rate remained at a relatively high level and the average revenue from the retained clients has increased rapidly, coupled with an increased number of new clients, which resulted in an increase of the revenue of Mintegral platform revenue of 105.4% on a YoY basis to US$305.8 million (2019: US$148.9 million).

In addition, in the second half of 2020, the intensified frictions between economies, tightened regulatory policies on data privacy and protection by global regulatory authorities, and malicious competition from overseas competitors, all together resulted in the suspension of partnership by some European and American traffic publishers with Mintegral platform, which led to certain adverse impact on the scale of the audience reached by the Platform. It also slowed down the revenue growth of the platform in the second half of the year, and impacted the growth of annual revenue adversely to some extent.

The Company believes that media agency and some non-programmatic advertising business occupy operating funds and have limited business growth potential, whereases the industry of programmatic advertising business, with which Mintegral Platform is the core, has grown rapidly with relatively large addressable market, also the Company's technology and business foundation in the related business is solid, business model is able to drive rapid growth of business and maintain healthy cash flow, thus, the Company will further persist in accelerating strategic transformation.

Main operation and financial data of Mintegral

	Mintegral Platform Revenue *(US$ million)*	**Chain Growth Rate** *(%)*	**YoY Change** *(%)*
2020H2	146,028	-8.6%	57.5%
2020Q4	53,457	-42.3%	0.1%
2020Q3	92,571	11.0%	135.4%
2020H1	159,789	72.3%	184.6%
2020Q2	83,396	9.2%	192.1%
2020Q1	76,393	43.1%	176.9%

	2020H2 Chain Growth Rate	2020H1 Chain Growth Rate
Advertiser retention rate (%)	82.3%	91.3%
Changes in the average advertising budget of retained advertisers (%)	-10.8%	85.0%
Changes in the number of new advertisers (%)	43.7%	43.0%
Traffic publisher retention rate (%)	78.0%	91.6%
Changes in the number of new traffic publishers(%)	21.5%	36.3%
Changes in the number of new traffic Apps (%)	18.2%	26.9%

* The changes in advertiser retention rate, the number of new advertisers, traffic publisher retention rate, and the number of new traffic publishers in 2020H1 are compared to 2019Q4.

The Mintegral platform recorded revenue US$146.0 million in the second half of 2020, with a decrease of 8.6% from the first half of 2020 (2020H1: US$159.8 million). Among them, the third quarter and the fourth quarter recorded revenue of US$92.6 million and US$53.5 million, with an increase of 11.0% and a decrease of 42.3% from the previous quarter, respectively. In the late third quarter and during the fourth quarter, affected by the intensified frictions between economies, tightened regulatory policies on data privacy and protection by global regulatory authorities, and malicious competition from overseas competitors, the Mintegral platform business suffered a short-term adverse impact in the respective quarters, thus leading to a decrease in quarterly revenue on a Quarter-on-Quarter basis.

At the end of the Reporting Period, the suspension of partnership caused by the Incident has gradually resumed. The advertiser retention rate has increased from the lowest point 40% to 82.3%, and the number of new advertisers has increased 43.7% compared with last period; the traffic publisher's retention rate has increased from the lowest 40.2% to 78.0%, the number of new traffic publishers has increased by 21.5% compared with last period, and the number of traffic Apps has increased by 18.2% compared with last period.

Revenue from Mobile Advertising by Geographic Region

The following table sets forth a breakdown of revenue from mobile advertising by geographic regions for the year indicated:

	For the Year Ended 31 December				
	2020		2019		
	US$'000	**% of Mobile Advertising Revenue**	*US$'000*	% of Mobile Advertising	**YoY Change**
China[2]	**171,460**	**33.3%**	291,137	58.3%	**-41.1%**
EMEA[3]	**135,707**	**26.3%**	72,737	14.5%	**86.6%**
America[4]	**126,216**	**24.5%**	67,755	13.5%	**86.3%**
Asia-Pacific[5]	**77,361**	**15.0%**	63,138	12.6%	**22.5%**
Rest of the world	**4,713**	**0.9%**	5,490	1.1%	**-14.2%**
Total mobile advertising revenue	**515,457**	**100.0%**	500,257	100.0%	**3.0%**

Notes:

(1) The advertising destination classified in the table refers to the location of our advertisers' main business departments.

(2) Greater China: Includes the PRC, Hong Kong, Macau and Taiwan.

(3) EMEA: Primarily includes the United Kingdom, Switzerland, Germany, Russia, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Iraq and Turkey.

(4) America: Include the United States, Canada, Mexico, Brazil, Argentina, Chile, and Colombia.

(5) Asia-Pacific: Mainly include Australia, New Zealand and other Asian countries excluding China.

During the Reporting Period, the regional structure of advertising revenue was more balanced.

Among them, China has the largest revenue source, with a total revenue of US$171.5 million (2019: US$291.1 million), accounting for 33.3% of total revenue. In the first half of the year, due to the uncertainty in China's economy brought by COVID-19, some advertisers adjusted the timing of their advertising budget's advertising plan. In the second half of the year, Chinese advertisers' overseas business expansion and advertising budget were limited by the influence of the increasingly unstable oversea political and economic environment. In addition, the Group has made certain adjustments to the regional focus of business development in the process of accelerating strategic transformation, business development and strengthening of client and risk management. These factors led to a decline in revenue from Chinese customers.

The Americas and the EMEA region's contribution to the overall revenue grew significantly. During the Reporting Period, revenue from Americas was US$126.2 million (2019: US$67.8 million), with a YoY growth of 86.3%, accounting for 24.5% of total revenue; EMEA's revenue in the region was US$135.7 million (2019: US$72.7 million), with a YoY growth of 86.6%, accounting for 26.3% of total revenue. Since 2019, the Group has continued to explore the markets in Americas and EMEA, thus driving the rapid growth of advertisers and advertising revenue from those markets.

Asia-Pacific region showed robust growth in revenue, with a YoY growth of 22.5% to US$77.4 million (2019: US$63.1 million). The encouraging revenue growth in the Asia-Pacific region can be attributed to the Group's forward-looking regional business layout. With the popularization of the Internet and the increasing penetration of smart mobile devices in the Asia-Pacific region, the regional revenue has achieved steady growth. Sustainable growth is expected in the long term in this region.

With the advancement of the technologies and algorithms of the Group's platforms, and the expansion of the global premium traffic scale, the Group's ability to serve global clients and the brand effect continue to strengthen, thus forming a balanced and equilibrium regional structure.

Revenue from Mobile Advertising by Mobile App Category

The following table sets forth a breakdown of revenue from mobile advertising by mobile App categories for the periods indicated:

	For the year ended 31 December				
	2020		2019		
	US$'000	**% of Mobile Advertising Revenue**	*US$'000*	% of Mobile Advertising Revenue	**YoY Change**
Games	**306,159**	**59.4%**	205,896	41.2%	**48.7%**
E-commerce	**102,619**	**19.9%**	106,170	21.2%	**-3.3%**
Content and social	**33,552**	**6.5%**	97,994	19.6%	**-65.8%**
Lifestyle	**15,360**	**3.0%**	32,934	6.6%	**-53.4%**
Utility	**17,840**	**3.5%**	28,682	5.7%	**-37.8%**
Other	**39,927**	**7.7%**	28,581	5.7%	**39.7%**
Total mobile advertising revenue	**515,457**	**100.0%**	500,257	100.0%	**3.0%**

Notes:

(1) The advertising destination classified in the table refers the usage type of our Apps (advertisers).

During the Reporting Period, the gaming category recorded revenue of US$306.2 million (2019: US$205.9 million), with a YoY growth of 48.7%, accounting for 59.4% of total revenue. The Group continued to strengthen the synergy between GameAnalytics and advertising business, solidifying long-term advantages in the field of the light/ultra-light gaming category, and laying the foundation for the further growth in the gaming category. Furthermore, the Company has made progress in the mid-/hardcore gaming vertical.

Revenue from e-commerce category was US$102.6 million (2019: US$106.2million), with a slight YoY decrease of 3.3%, accounting for 19.9% of total revenue. The decrease was because the Company's strategically withdrawn from media agency and some nonprogrammatic business, and thus reduced cooperation with some of Nativex platform's e-commerce clients.

Revenue from the social and content category declined by 65.8% to US$33.6 million (2019: US$98.0million). The decline was mainly due to the fact that some customers passively adjusted their advertising strategies because of the influence of the macro-political environment, and the Company strategically reduced media agency and some non-programmed businesses, and strategically reduced cooperation with some customer in the social and content segments on the Nativex platform.

Lifestyle category advertising revenue has also declined during the Reporting Period. It recorded a revenue of US$15.4 million (2019: US$32.9 million), which has decreased by 53.4% on a YoY basis. The decline was mainly due to the domestic and oversea advertisers' advertising budget adjustment as a result of uncertaty in macro-environment.

During the Reporting Period, the Group continued to increase the scene coverage, actively expanding business into sub-categories, refining operation of services for mature application categories, and deepening competition advantages while gaining market share, which lays a foundation for the long-term development.

Costs of Sales

For the year ended 31 December 2020, our costs of sales has increased by 13.8% on a YoY basis to US$434.0 million (2019: US$381.5 million). The increased cost of sales and its growth were mainly attributed to the mobile advertising business.

The following table sets forth a breakdown of our cost of sales by type of costs for periods indicated:

	For the year ended 31 December				
	2020		2019		
	US$'000	**% of Business Revenue**	*US$'000*	% of Business Revenue	**YoY Change**
Mobile advertising business cost	**433,978**	**84.2%**	381,494	76.3%	**13.8%**
Traffic acquisition cost	**414,207**	**80.4%**	365,830	73.2%	**13.2%**
— Traffic cost	**400,247**	**77.7%**	350,330	70.1%	**14.2%**
— Incentive plan cost	**13,960**	**2.7%**	15,500	3.1%	**-9.9%**
Server cost	**19,771**	**3.8%**	15,664	3.1%	**26.2%**
Data analytic business cost	**13**	**2.3%**	—		**—**
Server cost	**13**	**2.3%**	—		**—**
Cloud computing business cost	**17**	**13.0%**	—		**—**
Server cost	**17**	**13.0%**	—		**—**
Total	**434,008**	**84.2%**	381,494	76.3%	**13.8%**

The cost of mobile advertising business mainly includes traffic acquisition cost and server cost. The increase in traffic acquisition costs was mainly caused by the changes in the revenue structure and the recovery strategy of the Mintegral platform which has been affected on a temporary basis. The increase in server costs was mainly attributed to the increase in server demand caused by the expansion of the platform, and the adjustment of the procurement structure of cloud server vendors to ensure the stability of the cloud system.

The data analysis business is a new business during the Reporting Period, and its cost mainly comprises server costs.

The cloud computing business is a new business during the Reporting Period, and its cost is mainly server costs.

Gross Profit and Gross Profit Margin

The following table sets forth the gross profit and gross profit margin of the Company's entire business activities for the periods indicated:

	For the year ended 31 December				
	2020		2019		
Business	**Gross profit** *US'000*	**Gross profit margin** *%*	Gross profit *US'000*	Gross profit margin *%*	**YoY Change** *%*
Mobile advertising	**81,479**	**15.8%**	118,763	23.7%	**-31.4%**
Data analytic	**547**	**97.7%**	—	—	**—**
Cloud related product and service	**114**	**87.0%**	—	—	**—**
Total	**82,140**	**15.9%**	118,763	23.7%	**–30.8%**

During the Reporting Period, our gross profit was recorded at US$82.1 million (2019: US$118.8 million), which has decreased by 30.8% on a YoY basis. Our gross profit margin has decreased to 15.9%(2019: 23.7%). Specifically, the gross profit of mobile advertising business has decreased by 31.4% on a YoY to US$81.5 million, with gross profit margin of 15.8%; the gross profit of data analytics business is US$0.5 million, with gross profit margin of 97.7%; the gross profit of cloud related product and service business is US$0.1 million, with gross profit margin of 87.0%.

Selling and Marketing Expenses

For the year ended 31 December 2020, we recorded selling and marketing expenses of US$17.0 million (2019: US$10.0 million), 69.8% higher on a YoY basis. The increase was mainly due to a combined effect of an increase from a significant decrease in relating expenses attributed to the Company's reduced travel and promotional activities throughout the year given COVID-19, and an increase in promotion activities and spending as the Company vigorously promoted the market expansion of SaaS products of the Cloud Business Unit in the second half of the year.

In addition, during the Reporting Period, we recorded share-based compensation attributable to selling and marketing expenses amounts to US$0.7 million.

Research and Development Expenses

For the year ended 31 December 2020, our R&D expenses has slightly decreased by 9.4% to US$31.9 million (2019: US$35.2 million). This slight decrease was mainly because part of our previous R&D investment has reached its phase achievement, and the data analytic product, Benchmark+, and Cloud Business Unit's SaaS product has entered capitalization phase and relating spending has been capitalized. If we take into account both capitalized R&D spending and expensed R&D spending, the total R&D spending is US$53.1 million, with a YOY increase of 13.3%.

In addition, the Group believes that R&D and technological advancement are the core driving forces for business growth. To this end, we have implemented share-based compensation plans for employees in the R&D department. During the Reporting Period, our share-based compensation attributable to R&D expenses amounts to US$7.2 million.

General and Administrative Expenses

For the year ended 31 December 2020, our general and administrative expenses has decreased by 13.4% on a YoY basis to US$44.3 million (2019: US$51.2 million), which was due to increase in management efficiency and decrease in share-based compensation. During the Reporting Period, our shared-based compensation which was included in the general and administrative expenses amounts to US$5.2 million.

Trade Receivable Impairment loss

For the year ended 31 December 2020, our trade Receivable Impairment loss has decreased by 54.5% on a YoY basis to US$5.6 million (2019: US$12.3 million). The decrease was due to the Company's strengthening of customer and account management. In the second half of 2020, the Company reversed some of the impairment losses on trade receivables that had been provisioned in the first half of 2020 (2020H1: US$7.7 million).

(Loss)/profit from Operations

For the year ended 31 December 2020, our operating loss was US$5.2 million (2019: profit of US$25.2 million). If we exclude the impact from the share-based compensation expenses, the profit from operations will decrease by 82.3% on a YoY basis to US$8.0 million (2019: US$45.1 million).

Trade Receivable/Trade Payable

For the year ended 31 December 2020, our Trade Receivable/Trade Payable recorded at US$199.1 million and US$123.0 million respectively. Since we have reduced media agencies and some non-programmatic advertising business which have long credit period, and further strengthened our management of trade receivables, the turnover days of our trade receivables have decreased by 28.9% during the Reporting Period.

The following table sets forth a breakdown of our trade account receivable and trade account payable by type of platform for periods indicated:

	For the year ended 31 December 2020			
	Trade Receivable *($'000)*	**% of Total Trade Receivable**	**Trade Payable *($'000)***	**% of Total Trade Payable**
Nativex Platform	160,532	80.6%	83,086	67.6%
Mintegral Platform	38,553	19.4%	39,889	32.4%
Total	199,085	100%	122,975	100%

Note: trade account receivable is net of allowance for doubtful debt.

During the Reporting Period, Nativex platform has contributed 80.6% and 67.6% respectively to the Group's trade receivable/trade payable, and was the influential factor to the Group's overall account management performance and capital efficiency.

The Mintegral platform recorded trade receivables and trade payables US$38.6 million and US$39.9 million, contributing 19.4% and 32.4% respectively to the Group's trade receivable/trade payable. The relative balance between trade receivable/trade payable of Mintegral platform demonstrates the consistency in Mintegral's credit policies for upstream vendors and downstream clients, and the healthy operating cash flow cycle from Mintegral's business model.

Finance Costs

For the year ended 31 December 2020, our finance costs has increased by 10.4% to US$1.9 million (2019: US$1.7 million).

Income Tax

For the year ended 31 December 2020, we recorded income tax credit of US$1.9 million (2019: expense US$1.4 million), which was mainly due to the loss recorded during the Reporting Period.

(Loss)/profit Attributable to Equity Holder of the Company

For the year ended 31 December 2019, our loss attributable to equity holders of the Company was US$5.2 million (2019: profit US$22.1 million).

Other Financial Information (Non-IFRS measures)

To supplement our consolidated financial statements presented in accordance with IFRS, we also use non-FRS measures, namely EBITDA and adjusted EBITDA, as additional financial measures, which are not required by or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from time to time by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of our results of operations or financial conditions as reported under IFRS.

	For the Year Ended 31 December				
	2020		2019		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	**YoY Change**
(Loss)/profit from operations	**(5,213)**	**-1.0%**	25,176	5.0%	**-120.7%**
Depreciation and amortization	**12,572**	**2.4%**	7,562	1.5%	**66.3%**
EBITDA	**7,359**	**1.4%**	32,738	6.5%	**-77.5%**
Add back:					
Share-based compensation expenses	**13,194**	**2.6%**	19,891	4.0%	**-33.7%**
One-off expenses related to acquisitions	**—**	**—**	—	—	**—**
Listing expenses	**—**	**—**	—	—	**—**
Investment gain/(loss) from financial assets at fair value through profit or loss	**991**	**0.2%**	(1,009)	-0.2%	**-198.2%**
Non-IFRS measures Adjusted EBITDA[(1)]	**21,544**	**4.2%**	51,620	10.3%	**-58.3%**

	For the Year Ended 31 December				
	2020		2019		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	**YoY Change**
(Loss)/profit for the year	**(5,206)**	**-1.0%**	22,069	4.4%	**-123.6%**
Add back:					
Share-based compensation expenses	**13,194**	**2.6%**	19,891	4.0%	**-33.7%**
One-off expenses related to acquisitions	**—**	**—**	—	—	**—**
Listing expenses	**—**	**—**	—	—	**—**
Investment gain/(loss) from financial assets at fair value through profit or loss	**991**	**0.2**	(1,009)	-0.2%	**-198.2%**
Non-IFRS measures					
Adjusted net profit[(1)]	**8,979**	**1.7%**	40,951	8.2%	**-78.1%**

Note:

(1) We define adjusted EBITDA as EBITDA (which is (loss)/profit from operations plus depreciation and amortization expenses) for the years adjusted by adding back or deducting share-based compensation expenses, one-off acquisition-related expenses (if any), listing expenses (if any) and investment gain from financial assets at fair value through profit or loss (if any).

The adjusted EBITDA for the Reporting Period has decreased by 58.3% on a YoY basis to US$21.5 million (2019: US$51.6 million) and adjusted net profit will decrease by 78.1% on a YoY basis to US$9.0 million (2019: US$41.0 million).

Capital Structure and Gearing Ratio

The Company was incorporated in the Cayman Islands, and on as at 31 December 2019 the company's authorized share capital US$100,000,000 divided into 10,000,000,000 shares of US$0.01 each. As at 31 December 2020, the number of issued ordinary shares of the Company was 1,534,204,000, which has been fully paid up.

The Group's primary objectives in capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group's gearing ratio is defined as the Group's total liabilities over its total assets. As at 31 December 2020, our total asset were US$497.6 million (31 December 2019: US$511.5 million), while our total liabilities were US$229.8 million (31 December 2019: US$245.4 million). The gearing ratio (total liabilities divided by total assets) has decreased to 46.2% (31 December 2019: 48.0%).

We operate our business internationally and the major currencies of the receipt of our payments and the payments we make are denominated in US dollars. The Group's interest rate risk arises primarily from variable rates bank loans, the effective interest rate of variable rate borrowings in 2020 is 4.00% – 4.79% (31 December 2019: 3.14% – 4.79%).

Financial Resources

Our Company's cash flow is principally sourced from capital contribution from shareholders, cash generated from our operations and bank loans. As at 31 December 2020, our cash and cash equivalents amounted to US$39.3 million (31 December 2019: US$67.3 million).

Capital Expenditure

The following table sets forth our capital expenditure for the periods indicated:

	For the Year Ended 31 December	
	2020	2019
	US$'000	*US$'000*
Property, plant and equipment	**240**	462
Intangible assets and development costs	**35,436**	11,677
Total	**35,676**	12,139

Our capital expenditure primarily consisted of expenditures on (i) property, plant and equipment, and (ii) intangible assets, including developed technologies (capitalized research and development expenditures), royalties, software and trademark. As at 31 December 2020, capital expenditure has increased by 193.9% on a YoY basis to US$35.7 million (2019: US$12.1 million). The increase in capital expenditure mainly reflected the increase in the capitalized research and development expenses.

Significant Investments Held, Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

There were no significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Charges on Group's Assets

As at 31 December 2020, none of the Group's assets were charged with any parties or financial institutions.

Material Investments or Future Plan for Major Investment

As at 31 December 2020, the Group did not hold any material investment and there was no specific plan for material investments or capital assets.

Contingent Liabilities and Financial Guarantees

As at 31 December 2020, there is no contingent liability or financial guarantee granted to third parties of the Group.

Employee and Remuneration Policies

As at 31 December 2020, the Group had 18 offices around the world and had 670 full-time employees (31 December 2019: 777 employees), primarily based in our headquarters in Guangzhou the PRC. Among all employees, 312 of them are in R&D department. R&D employees comprise 46.6% of full-time employees. The number of employees employed by the Group varies from time to time depending on the needs of the Group. Further, employees are remunerated with reference to the market conditions and the performance, qualification and experience of individual employees.

In order to nurture and retain talents, the Group has formulated systematic recruitment procedures and offers competitive benefits and training opportunities. The remuneration policy and package of the Group's employees are reviewed on a regular basis. Employees will be evaluated according to their appraisals, which would determine their performance bonus and share awards.

Foreign Exchange Risk Management

We operate our business internationally and the major currencies of the receipts of our payments and the payments we make are denominated in US dollars. We are exposed to non-US dollar currencies risk primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a foreign currency. We manage foreign exchange risk by performing regular reviews of our foreign exchange exposures.

OTHER INFORMATION

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, the Group's five largest customers in aggregate accounted for approximately 18.9% of the Group's total revenue. The Group's largest customer accounted for 6.0% of the Group's total revenue.

During the year ended 31 December 2020, the Group's five largest suppliers in aggregate accounted for approximately 26.4% of the Group's total purchase. The Group's largest supplier accounted for 6.7% of the Group's total purchase.

To the best of the knowledge of the Directors, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the Group's five largest customers and suppliers.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 December 2018 (the "**Listing Date**") by way of global offering, raising total net proceeds of approximately US$146.6 million after deducting professional fees, underwriting commissions and other related listing expenses. Over-allotment option was partially exercised on 4 January 2019 and raised total gross proceeds of approximately US$7.6 million. The total net proceeds received by the Company were approximately US$154.2 million.

As at 31 December 2020, the following table sets out the breakdown of the use of proceeds from the global offering:

	Purpose of Net Proceeds	Amount Allocated *(US$'000,000)*	Amount Utilized *(US$'000,000)*	Balance *(US$'000,000)*
1	Big data and AI technologies and IT infrastructure	46.3	21.0	25.3
2	Improvement of services on our mobile advertising and mobile analytics platform	46.3	36.4	9.9
3	Implement our "Glocal" strategy by enhancing our local service capabilities and expanding our global footprint	15.4	5.9	9.5
4	Strategic investments and acquisitions	30.8	1.3	29.5
5	General working Capital	15.4	2.3	13.1
	Total (Net Proceeds)	**154.2**	**66.9**	**87.3**

During the Reporting Period, the Group has followed the plan for the use of proceeds as set out in the prospectus of the Company dated 30 November 2018 and expects to utilise the balance of the net proceeds of approximately US$87.3 million in the following year.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of the Group's subsidiaries has purchased, sold or redeemed any of the Company's shares during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standard of corporate governance to safeguard the interest of the shareholders and to enhance corporate value and accountability. The Company has adopted the corporate governance code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Pursuant to A.2.1 of the CG Code, the roles of the chairman and chief executive should be separated and performed by the different individual.

Mr. DUAN Wei was the chairman of the Board and the chief executive officer of our Company during the Reporting Period. With extensive experience in the mobile advertising and mobile analytics industry, during the Reporting Period, Mr. DUAN was responsible for the overall strategic planning and general management of our Group and has been an instrumental part of our growth and business expansion since the establishment of our Group. During the Reporting Period, the balance of power was ensured by the following reasons:

— the audit committee of the Company was comprised of all independent non-executive Directors; and

— the independent non-executive Directors had free and direct access to the Company's external auditor and independent professional advisers when considered necessary.

The Board believes that such structure was considered to be appropriate under the size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. DUAN, and believes that his appointment to the posts of chairman and chief executive officer was beneficial to the business prospects of the Company during the Reporting Period.

Save for the above, the Company has applied the principles and code provisions as set out in the CG Code during the Reporting Period.

On 14 January 2021, Mr. DUAN resigned as the chief executive officer of the Company, and Mr. CAO Xiaohuan was appointed as the chief executive officer of the Company. After such a change, the Company has applied all the principles and code provisions as set out in the CG Code.

MODEL CODE

The Group has adopted the Model Code for Securities Transactions by Directors of Listing Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules for securities transactions by Directors as its own code of conduct. Having made specific enquiry of all Directors, each of the Directors has complied with the required standards as set out in the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the year ended 31 December 2020.

FINAL DIVIDEND

No final dividend was recommended by the Board for the year ended 31 December 2020.

SUBSEQUENT EVENTS

On 3 January 2021, the Company entered into an Investment Agreement with an investor, pursuant to which the investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the bonds with the convertible rights in the principal amount of US$30,000,000. The final maturity date is the date falling 60 months from the bonds issue date and the interest rate is 3.5% per annum calculated on a compounded basis. The investor has the right, exercisable during the period from bonds issue date to one business day before the redemption notice date to convert the whole or part of the outstanding principal amount of the bonds into certain number of conversion shares. The conversion price is HK$5.54 (subject to adjustment). For details, please refer to the announcement of the Company dated 3 January 2021.

On 19 March 2021, Mintegral mobile advertising platform and Nativex advertising platform passed through the ePrivacy protection certificate procedure and were awarded the ePrivacyseal certification within the European Union. Obtaining the certification reflects that the Company complies with the ePrivacyseal certification standards, which are pursuant to requirements under the General Data Protection Regulation (GDPR) in the European Union.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020. The figures in this preliminary announcement of the results of the Group for 2020 have been agreed to the amounts set out in the Group's audited consolidated financial statements for the year by the auditor of the Company, KPMG. The work of KPMG in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a public float of not less than 25% of the issued shares as at the date of this announcement, which was in line with the requirement under the Listing Rules.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting ("**AGM**") will be held on Tuesday, 8 June 2021. A notice convening the AGM and all other relevant documents will be published and despatched to shareholders in April 2021.

CLOSURE OF REGISTER OF MEMBERS

The registers of members of the Company will be closed from Thursday, 3 June 2021 to Tuesday, 8 June 2021, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at AGM to be held on 8 June 2021, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 2 June 2021.

PUBLICATION OF 2020 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement of the Group for 2020 is published on the websites of the Stock Exchanges (www.hkexnews.hk) and the Company (www.mobvista.com). The 2020 Annual Report containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in April 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020
(Expressed in United States dollar)

	Note	**2020** **US$'000**	2019 US$'000
Revenue	2	**516,148**	500,257
Cost of sales		**(434,008)**	(381,494)
Gross profit		**82,140**	118,763
Selling and marketing expenses		**(16,957)**	(9,988)
Research and development expenses		**(31,874)**	(35,241)
General and administrative expenses		**(44,342)**	(51,230)
Other net income		**5,820**	2,872
(Loss)/profit from operations		**(5,213)**	25,176
Finance costs		**(1,897)**	(1,718)
(Loss)/profit before taxation		**(7,110)**	23,458
Income tax	3	**1,904**	(1,389)
(Loss)/profit for the year attributable to equity shareholders of the Company		**(5,206)**	22,069
(Loss)/earnings per share	4		
Basic (United States dollar cents)		**(0.35)**	1.50
Diluted (United States dollar cents)		**(0.34)**	1.47

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020
(Expressed in United States dollar)

	2020	2019
	US$'000	*US$'000*
(Loss)/profit for the year	**(5,206)**	22,069
Other comprehensive (loss)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(1,842)**	503
Total comprehensive (loss)/income for the year attributable to equity shareholders of the Company	**(7,048)**	22,572

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020
(Expressed in United States dollar)

	Note	**31 December 2020** *US$'000*	31 December 2019 *US$'000*
Non-current assets			
Property, plant and equipment		**10,888**	8,836
Intangible assets		**43,324**	14,682
Goodwill		**28,998**	28,998
Deferred tax assets		**15,111**	10,102
Other financial assets		**3,065**	1,433
Deposits and prepayments		**676**	3,302
		102,062	67,353
Current assets			
Trade and other receivables	5	**296,523**	317,651
Restricted cash		**4,887**	5,021
Cash and cash equivalents		**39,311**	67,348
Other financial assets		**54,274**	53,796
Current tax recoverable		**549**	316
		395,544	444,132
Current liabilities			
Trade and other payables	6	**149,863**	172,871
Current tax payable		**9,670**	6,380
Bank loans		**56,441**	55,471
Lease liabilities		**4,600**	4,276
		220,574	238,998
Net current assets		**174,970**	205,134
Total assets less current liabilities		**277,032**	272,487

	Note	**31 December 2020** **US$'000**	31 December 2019 US$'000
Non-current liabilities			
Deferred tax liabilities		**2,101**	1,167
Lease liabilities		**6,972**	5,137
Other non-current liabilities		**157**	143
		9,230	6,447
NET ASSETS		**267,802**	266,040
CAPITAL AND RESERVES			
Share capital	7	**15,341**	15,341
Reserves		**252,461**	250,699
TOTAL EQUITY		**267,802**	266,040

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods has reflected in these financial statements.

(b) Basis of preparation of the financial statements

The financial statements are presented in United States dollar ("**US$**"), rounded to the nearest thousand. The functional currency of the Company is Hong Kong dollars. The measurement basis used in the preparation of the financial statements is the historical cost basis except the investments in debt and equity securities are stated at fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 3, Definition of a Business

- Amendment to IFRS 16, Covid-19-Related Rent Concessions

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Revenue and Segment Reporting

(a) Revenue

The principal services of the Group are the provisions of mobile advertising related services, data analytics related services and cloud related products and services. Further details regarding the Group's principal activities are disclosed in note 2(b).

(i) ***Disaggregation of revenue***

The disaggregation of revenue from contracts with customers by service lines is as follows:

	2020	2019
	US$'000	*US$'000*
Revenue from mobile advertising related services	**515,457**	500,257
Revenue from data analytics services	**560**	—
Revenue from cloud related products and services	**131**	—
	516,148	500,257

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 2(b)(i) and 2(c) respectively.

The Group's customer base is diversified. During the year ended 31 December 2020, no single customer contributed to 10% or more of the Group's revenue (2019: Nil).

(ii) ***Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date***

As at 31 December 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is US$190,000 (2019: Nil).This amount represents revenue expected to be recognised in the future from expiring of the subscription periods to the Group's data analytics platform. The Group will recognise the expected revenue in future as the expiring of subscription periods, which is expected to occur over the next 1 to 12 months (2019: Nil).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both by service lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation a performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Mobile marketing business: this segment provides its customers globally with mobile advertising services through a similar Software-as-a-Service ("**SaaS**") programmatic advertising platform, top media and affiliate ad-serving platform.

- Data analytics business: this segment provides its customers globally with mobile application data analytics service through a SaaS platform of the Group.

- Cloud business: this segment provides its customers with Cloud-native technology services, which include deployment and optimizing services of cloud infrastructures and implementation service of cloud computing engine and big data computing framework.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker ("**CODM**") monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The CODM assesses the performance of the operating segments mainly based on segment revenue and segment gross profit. The revenues from external customers reported to CODM are measured as segment revenue, which are the revenue derived from the customers in each segment. The segment gross profit is calculated as segment revenue minus segment cost of sales. This is the measure reported to the Group's most senior executive management.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below:

	Mobile marketing business		Data analytics business		Cloud business		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Disaggregated by timing of revenue recognition								
Point in time	**515,457**	500,257	**424**	–	**131**	–	**516,012**	500,257
Over time	**–**	–	**136**	–	**–**	–	**136**	–
Reportable segment revenue	**515,457**	500,257	**560**	–	**131**	–	**516,148**	500,257
Reportable segment costs	**(433,978)**	(381,494)	**(13)**	–	**(17)**	–	**(434,008)**	(381,494)
Gross profit	**81,479**	118,763	**547**	–	**114**	–	**82,140**	118,763

The Group's CODM makes decision according to gross profit of each segment. Therefore, only above segment results are presented.

(ii) ***Segment assets and liabilities***

No segment assets and liabilities information are provided as no such information is regularly provided to CODM of the Group on making decision for resources allocation and performance assessment.

(c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location of the customers' headquarters.

	Revenue from external customers	
	2020	2019
	US$'000	*US$'000*
China *(note (i))*	**171,591**	291,137
Americas *(note (ii))*	**126,216**	67,755
Asia Pacific	**68,963**	52,535
Rest of Asia *(note (iii))*	**8,398**	10,603
EMEA *(note (iv))*	**136,267**	72,737
Others	**4,713**	5,490
	516,148	500,257

Notes:

(i) Includes Mainland China, the Hong Kong Special Administrative Region of PRC, the Macau Special Administrative Region of the PRC, and Chinese Taiwan.

(ii) Primarily includes United States, Canada, Mexico, Brazil, Argentina and Chile.

(iii) Primarily includes Central and South Asia.

(iv) Primarily includes United Kingdom, Switzerland, Germany, Saudi Arabia, Jordan, Egypt and Nigeria.

3 Income tax in the consolidated statements of profit or loss

(a) Income tax in the consolidated statements of profit or loss represents:

	2020	2019
	US$'000	*US$'000*
Current tax	**2,150**	3,498
Deferred tax	**(4,054)**	(2,109)
	(1,904)	1,389

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the BVI and Seychelles, the Group is not subject to any income tax in the Cayman Islands, the BVI and Seychelles.

(ii) The provision for Hong Kong Profit Tax for 2020 is taken into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2019-20 subject to a maximum reduction of HK$ nil for each business (2019: a maximum reduction of HK$20,000 was granted for the year of assessment 2018-19 and was taken into account in calculating the provision for 2019).

(iii) Adlogic Technology Pte. Ltd., a subsidiary in Singapore, is subject to the prevailing corporate income tax rate of 17% in Singapore.

(iv) USCore, Inc. and GT Inc, subsidiaries in the United States, are subject to federal income tax rate of 21% in the United States for the year ended 31 December 2020 and 31 December 2019, according to the U.S. Tax Cuts and Jobs Acts effective on 1 January 2018. In addition, USCore, Inc. is subject to taxation in various states of the United States. nativeX, LLC, a wholly-owned subsidiary of USCore, Inc., is treated as a disregarded entity for income tax purpose and its income or loss are included in the income tax calculation of USCore, Inc..

(v) The Enterprise Income Tax ("**EIT**") rate applicable to the subsidiaries registered in the PRC is 25% for the year.

(vi) Guangzhou Huiliang Information Technology Company Limited, a subsidiary in the PRC, is accredited as a "high and new technology enterprise" and applicable for a preferential enterprise income tax rate of 15% commencing from 2017 to 2020.

(vii) According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2017 onwards, PRC subsidiaries of the Group engaging in research and development activities are entitled to claim 175% for the three years ended 31 December 2020 of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for each year ("**Super Deduction**"). The Group has made its best estimate for Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

(viii) The PRC EIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non-PRC-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a Hong Kong subsidiary of the Group is entitled to a reduced withholding tax rate of 5% if it is the "beneficial owner" and holds more than 25% of the equity interest of its PRC enterprise directly.

(b) Reconciliation between income tax (credit)/expense and accounting (loss)/profit at applicable tax rates:

	2020	2019
	US$'000	*US$'000*
(Loss)/profit before taxation	**(7,110)**	23,458
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**(1,966)**	3,069
Tax effect of non-deductible expenses	**278**	57
Tax effect of non-taxable income	**(299)**	(88)
Super Deduction of research and development expenses	**(634)**	(1,044)
Under/(over)-provision in prior years	**360**	(298)
Tax concession	**(162)**	(608)
Tax effect of un-recognised tax loss in current year	**525**	301
Others	**(6)**	—
Actual tax (credit)/expense	**(1,904)**	1,389

4 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of US$5,206,000 (2019: profit of US$22,069,000) and the weighted average of 1,505,258,184 shares (2019: 1,471,466,607 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2020	2019
At 1 January *(note)*	**1,474,115,242**	1,446,866,842
Effect of vested RSUs *(note 8(f))*	**31,306,084**	9,598,918
Effect of share purchase for RSUs *(note 8(f))*	**(163,142)**	—
Effect of issuance of over-allotment shares *(note 8(b)(v))*	**—**	15,000,847
Weighted average number of ordinary shares at 31 December	**1,505,258,184**	1,471,466,607

Note:

The number of ordinary shares as at 1 January 2020 represents 1,534,204,000 (2019: 1,518,867,000) outstanding ordinary shares as of the date netting of 60,088,758 (2019: 72,000,158) treasure shares held by RSU trustees as at 1 January 2020.

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of US$5,206,000 (2019: profit of US$22,069,000) and the weighted average number of shares of 1,536,857,074 shares (2019: 1,496,241,136 shares) in issue adjusted for the potential dilutive effect caused by the shares granted under the share award scheme.

Weighted average number of ordinary shares (diluted)

	2020	2019
Weighted average number of ordinary shares at 31 December	**1,505,258,184**	1,471,466,607
Effect of unvested shares under the Company's share award scheme	**31,598,890**	24,774,529
Weighted average number of ordinary shares (diluted) at 31 December	**1,536,857,074**	1,496,241,136

5 Trade and other receivables

	2020	2019
	US$'000	*US$'000*
Trade receivables	**216,829**	245,743
Less: Allowance for doubtful debts	**(17,744)**	(26,330)
	199,085	219,413
Deposits and prepayments	**10,368**	12,308
Other receivables *(note (i))*	**87,746**	89,232
	297,199	320,953
Less: Non-current deposits and prepayments *(note (ii))*	**(676)**	(3,302)
	296,523	317,651

All of the trade and other receivables included in current assets are expected to be recovered or recognised as expense within one year.

Notes:

(i) As at 31 December 2020, other receivables of the Group included investments in wealth management products of US$74,640,000 (2019: US$78,640,000) issued by financial institutions in the PRC and Hong Kong, which were maturing within one year, with guaranteed principals and fixed returns per annum.

(ii) As at 31 December 2019, the Group held a loan receivable from a third party, which has a principal amount of US$1,700,000 maturing within two year and bears an interest at 3% per annum, which was repaid by the third party during the year ended 31 December 2020.

(a) Ageing analysis

As at 31 December 2020, the ageing analysis of trade receivables, based on the revenue recognition date and net of allowance for doubtful debts, is as follows:

	2020	2019
	US$'000	*US$'000*
Within 3 months	**97,833**	128,800
3 to 6 months	**47,801**	59,700
6 to 12 months	**47,702**	29,019
Over 12 months	**5,749**	1,894
	199,085	219,413

Trade receivables are due within 60–90 days from the date of revenue recognition.

6 Trade and other payables

	2020	2019
	US$'000	*US$'000*
Trade payables *(note (a))*	**122,975**	144,722
Amounts due to related parties	**193**	193
Other payables	**7,627**	10,687
Receipt in advance	**11,198**	8,601
Staff costs payables	**6,285**	6,358
Value added tax ("**VAT**") and other tax payables	**1,585**	2,310
	149,863	172,871

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As at 31 December 2020 and 2019, the amounts due to related parties were non-trade related, unsecured and interest-free.

(a) An ageing analysis of the trade payables based on the invoice date is as follows:

	2020	2019
	US$'000	*US$'000*
Within 1 month	**26,745**	38,081
1 to 2 months	**24,753**	36,420
2 to 3 months	**9,657**	29,473
Over 3 months	**61,820**	40,748
	122,975	144,722

7 Share capital

(a) Authorised

	2020		2019	
	Number of shares	**Nominal value of shares**	Number of shares	Nominal value of shares
		US$'000		*US$'000*
At 1 January	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Additions	**—**	**—**	—	—
At 31 December	**10,000,000,000**	**100,000**	10,000,000,000	100,000

The Company was incorporated in the Cayman Islands with an authorised share capital of US$50,000 divided into 5,000,000 shares of US$0.01 each and issued one share, credited as fully paid.

Pursuant to written resolutions consented by the board of directors of the Company on 30 October 2018, the Company's authorised share capital was increased to US$100,000,000 by the creation of an additional 9,995,000,000 ordinary shares of US$0.01 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

(b) Issued and fully paid

	Note	Ordinary shares **Number of ordinary shares**	 Nominal value of fully paid ordinary shares *US$'000*
As at 1 January 2019		**1,518,867,000**	15,188
Issuance of ordinary share in IPO over-allotment	v	**15,337,000**	153
As at 31 December 2019, 1 January 2020 and 31 December 2020		**1,534,204,000**	15,341

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) In connection with the Reorganisation, on 13 April 2018, Seamless established Worldwide BVI as its wholly-owned subsidiary in the BVI, and then transferred to Worldwide BVI the entire share capital of each of Mintegral Limited, Flash Banner Technology Company Limited, Advertter Technology Company Limited, Mintegral International Limited, Westcore Technology Limited, Adlogic Technology Pte. Ltd. and Mobvista International Technology Limited (together the "**Transferred Entities**"), in consideration for 60,217,492 shares of the Worldwide BVI.

On 8 August 2018, the Company issued 1,000,000 shares with par value of US$0.01 to Seamless in exchange for the entire share capital of Worldwide BVI. Upon the completion of the Reorganisation, the Company becomes the holding company of the Group.

Consequently, the combined share capital of US$39,000 of the Transferred Entities is deducted from the share capital, and the difference of US$29,000 between the consideration and the share capital of the transferred entities was recorded as a capital reserve.

(ii) On 12 October 2018, the Company issued 63,830 ordinary shares with a par value of US$0.01 each to the RSU trustees.

(iii) Upon completion of the IPO, the Company issues 318,867,000 new shares at a price of HK$4.00 per share. The total gross proceeds received by the Company in connection with IPO were approximately US$163,056,000 (equivalent to HK$1,275,468,000), of which US$3,188,000 were credited to the Company's share capital account. The remaining proceeds of US$159,867,000, less the listing costs directly attributable to the issue of the shares of US$9,520,000, amounted to US$150,347,000 were credited to the Company's share premium account.

(iv) On 12 December 2018, 1,198,936,169 ordinary shares of US$0.01 each were issued at par value to the shareholders of the Company by way of capitalisation of US$11,989,000 from the Company's share premium account.

(v) On 4 January 2019, over-allotment option in relation to initial public offering in Hong Kong Stock Exchange of the Group was partially exercised and an aggregate of 15,337,000 shares were issued at a price of HK$4.00 (equivalent to approximately US$0.5) per share accordingly. The total gross proceeds received by the Company in connection with over-allotment were approximately US$7,599,000 (equivalent to HK$59,503,000), of which US$153,000 were credited to the Company's share capital account. The remaining proceeds of US$7,446,000 were credited to the Company's share premium account.

8 Reserves and dividends

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Capital redemption reserve	Share premium	Reserve for treasury shares	Share-based payments reserve	(Accumulated loss)/retained profits	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Note 7)	*(Note 8(a))*	*(Note 8(b))*	*(Note 8(f))*	*(Note 8(e))*		
At 1 January 2019	15,188	60,207	139,078	(720)	5,596	(12,852)	206,497
Profit for the year	—	—	—	—	—	17,969	17,969
Total comprehensive income	—	—	—	—	—	17,969	17,969
Vested RSUs	—	—	5,862	119	(5,981)	—	—
Share-based payments	—	—	—	—	19,891	—	19,891
Issuance of ordinary share in IPO over-allotment	153	—	7,446	—	—	—	7,599
Dividends declared	—	—	(15,686)	—	—	—	(15,686)
At 31 December 2019 and 1 January 2020	15,341	60,207	136,700	(601)	19,506	5,117	236,270
Profit for the year	**—**	**—**	**—**	**—**	**—**	**382**	**382**
Total comprehensive income	**—**	**—**	**—**	**—**	**—**	**382**	**382**
Vested RSUs	**—**	**—**	**18,122**	**372**	**(18,494)**	**—**	**—**
Share-based payments	**—**	**—**	**—**	**—**	**13,194**	**—**	**13,194**
Share purchased for RSUs	**—**	**—**	**—**	**(4,384)**	**—**	**—**	**(4,384)**
At 31 December 2020	**15,341**	**60,207**	**154,822**	**(4,613)**	**14,206**	**5,499**	**245,462**

(a) Capital reserve

The capital reserve represents the difference between the increase of registered capital and total capital injection and other reserve arising from Reorganisation.

(b) Share premium

Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(c) Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the Mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(d) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations.

(e) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of RSUs granted to the directors, employees of the Group that has been recognised.

(f) Treasury shares

The Company's treasury shares comprise the cost of the Company's shares held by the RSU trustees. On 12 October 2018, the Company issued 63,830 ordinary shares with a par value of US$0.01 each to the RSU trustees.

Movements in the number of shares held by the RSU trustees for the year ended 31 December 2020 and 2019 are as follows:

	2020	2019
Outstanding as of 1 January	**60,088,758**	72,000,158
Purchased from the market during the year	**7,993,000**	—
Vested during the year	**(37,315,508)**	(11,911,400)
Outstanding as of 31 December	**30,766,250**	60,088,758

(g) Distributability of reserves

As at 31 December 2020, the aggregate amount of reserves available for distribution to equity shareholders of the Company was US$174,527,000 (2019: US$161,323,000).

(h) Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Dividends payable to equity shareholders of the company attributed to the year are as follows:

	2020 ***US$'000***	2019 *US$'000*
Final dividend declared and paid of HK$nil per ordinary share (2019: HK$nil per ordinary share)	**—**	—
Special dividend declared and paid of HK$nil per ordinary share (2019: HK$0.08 per ordinary share)	**—**	15,686
	—	15,686

There is no final dividend proposed after the end of the reporting period.

(i) Capital management

The Group's primary objectives when capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2020 and 2019 was 46% and 48%, respectively.

The Group's debt to asset ratio at 31 December 2020 and 2019 was as follows:

	31 December 2020	31 December 2019
	US\$'000	*US\$'000*
Current liabilities:		
Trade and other payables	**149,863**	172,871
Current tax payable	**9,670**	6,380
Bank loans	**56,441**	55,471
Lease Liabilities	**4,600**	4,276
Non-current liabilities:		
Deferred tax liabilities	**2,101**	1,167
Lease liabilities	**6,972**	5,137
Other non-current liabilities	**157**	143
Total debt	**229,804**	245,445
Total Asset	**497,606**	511,485
Debt to asset ratio	**46%**	48%

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to the management and staff of the Group for their commitment and contribution during the year. I would also like to express my appreciation to the guidance from the regulators and continued support from our shareholders and customers.

By order of the Board
Mobvista Inc.
DUAN Wei
Chairman

Guangzhou, PRC, 31 March 2021

As at the date of this announcement, the Board comprises Mr. DUAN Wei (Chairman), Mr. CAO Xiaohuan (Chief Executive Officer), Mr. FANG Zikai and Mr. SONG Xiaofei as executive Directors; Mr. WONG Tak-Wai as a non-executive Director; and Mr.YING Lei, Mr. HU Jie and Mr. SUN Hongbin as independent non-executive Directors.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Shareholders and potential investors should therefore not place undue reliance on such statements.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.