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 2022

FINANCIAL HIGHLIGHTS

	FY2022	**2022H2**	**2022H1**	FY2021	2021H2	2021H1
	US$'000	***US$'000***	***US$'000***	*US$'000*	*US$'000*	*US$'000*
Revenue	**894,405**	**438,609**	**455,796**	755,412	447,656	307,756
Net Revenue[(1)]	**224,717**	**113,619**	**111,098**	148,692	92,995	55,697
Gross Profit	**177,029**	**87,049**	**89,980**	121,922	79,497	42,425
Profit/(Loss) for the Period	**10,190**	**(11,460)**	**21,650**	(24,764)	14,009	(38,773)
Adjusted Net Profit/ (Loss)[(2)]	**9,699**	**(11,370)**	**21,069**	(3,945)	2,827	(6,772)
Adjusted EBITDA[(3)]	**36,135**	**30,311**	**5,824**	23,533	21,308	2,225

Notes:

(1) Net revenue is not an IFRS measure. We define net revenue as revenue adjusted by deducting cost distributed to the traffic publishers.

(2) Adjusted net profit/(loss) is not an IFRS measure. We define adjusted net profit/(loss) as profit/(loss) for the Reporting Period adjusted by adding back share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and (gain)/loss from change in fair value of derivative financial liabilities.

(3) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and top media agency business.

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 2022 (the "**Reporting Period**"). Such annual results have been reviewed by the audit committee of the Company.

LETTER TO SHAREHOLDERS

To our shareholders:

Over the past year, we have faced significant changes in the macro environment, and the global mobile internet market has encountered unexpected headwinds. However, at the end of the year, we also saw a new technology revolution from Silicon Valley, with groundbreaking advancements in generative AI that have invigorated the industry, refreshing market perceptions on a weekly basis.

2022 was first and foremost the largest infrastructure-building year for Mintegral since its launch. We invested heavily in R&D, spended nearly a year to reconstruct and integrate the platform's core system. Despite a weaker-than-expected industry environment in the fourth quarter, we pushed the platform's revenue to a historical high. At the same time, with a more concise architecture, the new system enhanced the iteration speed of algorithm models, creating a more efficient engine for future growth.

The algorithm engine for programmatic advertising, one of the earliest fields to apply AI on a large scale, has experienced more than 20 years of continuous iteration. Mintegral first introduced a deep learning model in 2019, effectively achieving the optimal matching of "User-Ads." In the reconstruction in 2022, Mintegral made progress again, deploying multiple real-time models with tens of billions of parameters in the "Ad requests — Matching — Bidding" complete lifecycle of the advertising system. These models complement each other, completing nearly a hundred daily updates, capturing the latest dynamics of the user, ads, and ad exchange from the ads event, and quickly optimizing. This is one of our core competitive advantages in the market.

Currently, the Mintegral system processes over 200 billion ad requests daily, with the number of inferences for ad recommendation models and bidding models exceeding one trillion. The annual cost of training and inference in the cloud is tens of millions of US dollars. A question is raised: Should Mintegral stop training the models in the future and opt to use readily available large language models instead? We believe that for a long time, large language models will continue focusing on the development of general intelligence and not directly replace specialized, data-intensive industry models like programmatic advertising. Instead, they will serve as a digital representation of general human knowledge, integrating with industry-specific models and offering new opportunities for innovation that previously relied solely on industry data-driven iteration. We expect this to bring about breakthrough opportunities for advertising models. Going further, we predict that the architecture of future vertical industry software applications will generally present a "+ large language model" structure. Large language models will not directly replace industry applications, but by taking in more industry data and knowledge, it can deliver high-quality results. From a regulatory perspective, this industry data cannot be directly fed back into proprietary large language models for model iteration so that coexistence will be a healthier, more sustainable structure.

2022 is also the first full fiscal year after merging with Reyun Data. Affected by the domestic mobile internet macro-environment, our focus throughout the year has concentrated on team integration and overseas targeted product development. From the second quarter of 2023 and on, we expect to officially launch the overseas expansion of new products, making them the core growth driver for the marketing technology sector in the next 12 months.

Since Apple implemented its privacy policy targeting IDFA, market fragmentation has intensified, with the market share of giant overseas advertising platforms showing a trend of dispersion year by year. For app or game developers, the threshold for user growth, monetization, and data analysis of user behavior and events continues to rise, as the number and complexity of advertising platforms increase. Although mainstream advertising platforms offer tools to improve developers' user experience, teams still need to consider how to reduce complexity and lower barriers across platforms from the developers' perspective.

Developers may establish in-house teams to tackle this problem. But from what we've seen in recent years, it is hard for them to consistently invest in R&D expenses and keep in line with the updates of all major advertising platforms to develop internal tools, even for top developers who possess rich financial and technical resources. This demanding and time-consuming endeavor calls for a great deal of patience and determination, paving the way for extended growth prospects for third-party marketing technology firms.

Since 2019, we have aimed to be a one-stop tool platform for developers, using products and technologies to make it easier for them to enter the global market, and allowing them to focus on users and creation. With the advent of large language models, we foresee these tools can be made full use of and even some jobs in data analysis and creative design will be replaced, i.e., from helping data analysts, creative designers, and advertising optimizers improve efficiency to replacing these roles to some extent. When data is directly input into the model, the model can generate analysis results, guide the generation of high-quality creatives in bulk, select appropriate channels to create advertising plans, and then self-iterate and continuously optimize based on delivery performance.

We have recently seen that some game developers have successfully used large language models based on text generation for images to replace 40% of their creative advertising capacity. The savings in internal operational costs can either directly increase the profit margin of the game or further increase the advertising budget, thereby expanding the revenue scale. However, it is inefficient to only generate creatives by manually prompting large models in the creative design stage, and the preceding data analysis work may become a new bottleneck. Just as the hallmark of the first industrial revolution was the transition from manual production to mechanized production, using machines for manufacturing machines allowed for large-scale mechanized production, significantly increasing social productivity. Similarly, using models to optimize models is the scalable path in the era of large models. This is a long-term opportunity for third-party marketing technology companies; optimized labor costs will measure the market size.

In 2022, we began optimizing our R&D team management system, breaking down larger teams into smaller ones, simplifying complex systems, reducing management positions and controlling vertical management levels within three levels, maintaining a single team size between 5–10 people (following the "3510" management principle), reducing management positions, and encouraging senior engineers to participate in frontline code contributions directly. We have also started using large models to improve R&D efficiency throughout the software system lifecycle, including development, testing, deployment, and operation monitoring. We found that under the support of large models, the existing internal development processes, methods, and tools are all worth re-examining, defining, and optimizing, and the software industry is about to usher in a fundamental productivity revolution.

March 7th 2023, as Mobvista celebrates its tenth anniversary, our theme is "Root & Grow." We are committed to nurturing talent and addressing developer needs, continuously introducing suitable talents at different stages of development, and focusing on solving problems rather than chasing short-term gains. We anticipate many vertical categories will be reshaped with a "+ large language model" architecture, providing opportunities for emerging small and medium developers. This has become Mintegral's core market, especially in the overseas hyper-casual game category, which has become the largest advertising platform for many small and medium developers. This will be our primary focus for promoting SaaS products overseas in 2023: to help a large group of small and medium developers achieve healthy and sustainable growth, thereby expanding the overall market size.

In the early days of entrepreneurship, we were a fast company riding on global mobile traffic growth. Ten years later, we move toward the deep waters of enterprise services. We are grateful to every shareholder who has accompanied Mobvista into the second decade!

Regards,

Cao Xiaohuan
Co-founder and Chief Executive Officer of Mobvista

BUSINESS REVIEW

I. Company Overview

We are a technology service company based in China, committed to providing global customers (particularly Chinese customers aiming for global expansion) with advertising technology service and marketing technology services required to develop the mobile internet ecosystem.

Through our one-stop advertising platforms and Software-as-a-Service ("**SaaS**") tooling matrix, mobile application ("**App(s)**") developers can easily, quickly, and efficiently undertake full spectrum marketing activities to promote and monetize their Apps. Our platform and technology can significantly improve our customers' marketing return on investment ("**ROI**").

Mobvista has made smooth progress in multiple businesses, and its strength has continued to grow stronger since 2022. According to the 15th edition of the "Performance Index" released by AppsFlyer, the world's largest third-party app analytics and attribution platform, Mintegral (revenue accounted for 92.3% of total revenue), a subsidiary of Mobvista, ranks among the top three global companies in both iOS and Android retention index.

II. Industry Overview

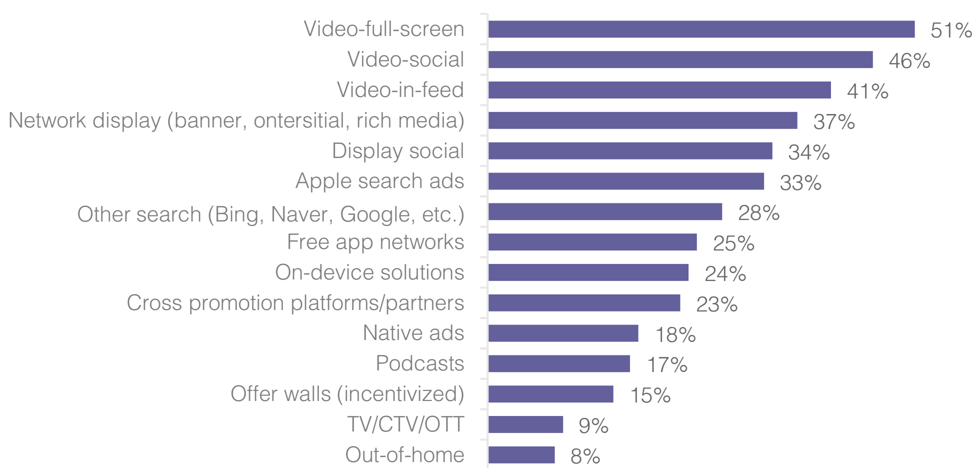
2.1. Demand for user acquisition and monetization soars as the mobile application market flourishes

Competition within the mobile application ecosystem is becoming fierce while the in-App advertising market is booming. App developers are constantly challenged with their Apps' *development, user acquisition, and monetization*. User acquisition complexity is surging as the supply of Apps continues to grow. According to Statista, the total number of mobile applications on iOS and Google Play have reached over 11 million in the first ten months of 2022. The demand for advertising from App developers continues to rise with the increased supply of Apps. Moreover, demand for monetization has ballooned, which in turn drives the growth of the in-App advertising market. Research data has shown that video ads or display ads are the most effective digital advertising formats for mobile app user acquisition according to App developers worldwide. The ways of ads displayed in-App are increasingly diverse, which provides end-users with more engaging ad content, boosts user engagement and experience. According to information from data.ai, it is predicted that global spending on mobile advertising will reach $362 billion in 2023, with an 18.5%

compound annual growth rate ("**CAGR**") over five years. While online user activity may decline in the post-epidemic era, regions like Southeast Asia, Latin America, and India are still experiencing growth in mobile internet usage as user penetration rates continue to rise. In the six major Southeast Asian countries, smartphone usage keeps growing, with over 300 million users. Countries from Southeast Asia and Latin America (including India, Indonesia, Brazil, Nigeria, Mexico, and the Philippines) make up a significant portion of the top 10 countries with the largest digital populations in the world.

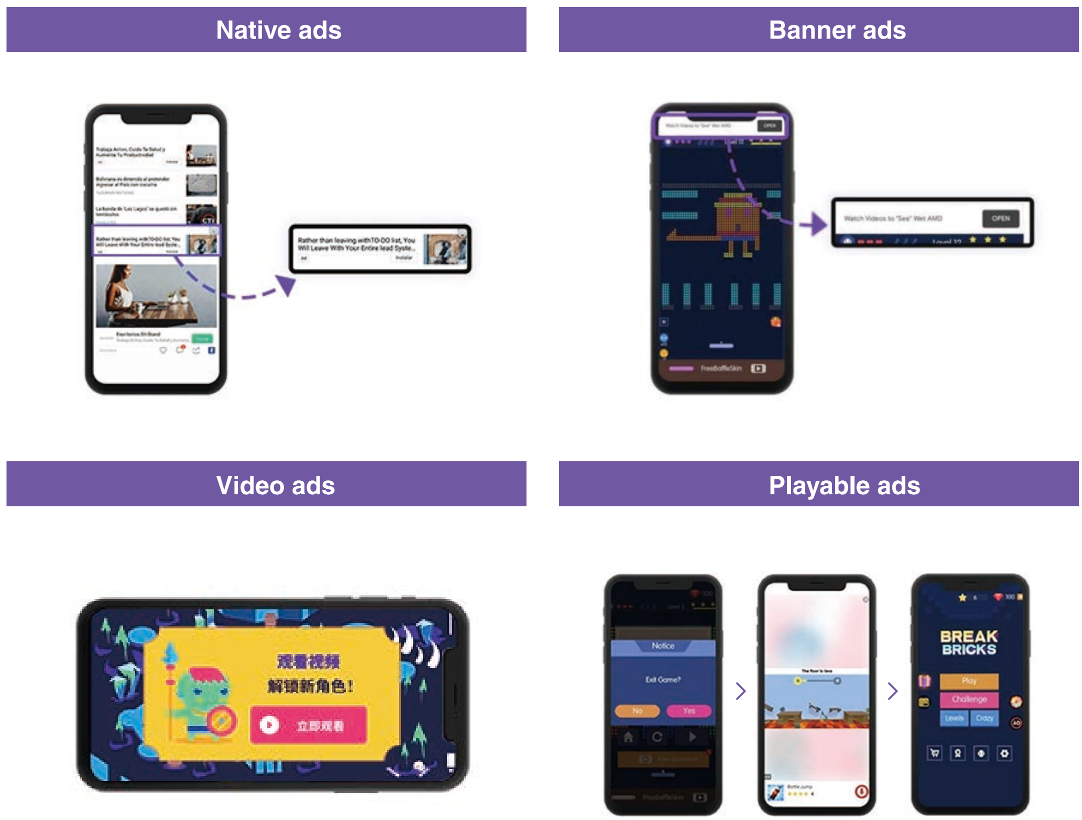
Figure 1: Most effective ad formats for mobile App user acquisition worldwide as of 2nd quarter 2022

% of respondents



Data Source: Statista

Figure 2: Ad Formats



Data Source: Mobvista Inc.

2.2. *As Chinese Apps go global, programmatic advertising platforms have ushered in an era of dramatic growth*

Global advertising service providers provide the tools for Chinese Apps to expand globally. China-to-Global's digital advertising market size is expected to exceed US$50 billion. With the disappearance of the demographic dividend in the domestic market, globalization has become necessary for Chinese companies to reach their next growth phase. As shown from the "Copy From China" model adopted by traditional internet companies to the "Born Global" trend, globalization is vital for the new emerging technology companies. As Chinese Apps go global, advertising service providers will benefit most from the transition. According to data from iResearch Consulting Group, the size of digital advertising for the China-to-Global market is expected to exceed US$50 billion, and the CAGR will reach 22.4% from 2020 to 2025.

China has been optimizing its policies responding to COVID-19 since the end of 2022, together with more transparent regulations on the mobile internet industry. These factors have embarked the China-to-Global strategy on a new journey, and programmatic advertising platforms will usher in a historic era of development. Programmatic advertising platforms based in China have established strong business relationships with App developers seeking global expansion and a sound reputation in the industry due to their insightful outlook in the Chinese market and rich experience working with Chinese App developers. Furthermore, there is a growing consensus in the advertising industry that programmatic advertising is the future. With a more mature and large-scale traffic network built in overseas markets, as well as the continuous accumulation of algorithms, data and industry insights, top programmatic advertising platforms based in China that aims to link the world, represented by Mintegral, will continue to benefit from the dramatic growth of the industry and their economies of scale, laying the foundation of their global expansion.

2.3. While global macro-economic challenges remain, performance-based advertising platforms are better equipped to respond to the economic conditions

In western countries, the inflation has been soaring since 2022, and most of them increased their interest rates to fight against the inflation. Together with the uncertainty brought by the Russia-Ukraine war, macro-economics are facing greater downtrend pressure, corporate and consumer expenditures are generally slowing down. Thus, advertisers generally have higher and stricter requirements on the ROI of their advertising spending. While the market is relatively cautious about digital advertising in 2023, performance-based advertising is generally considered more resilient and can withstand the macro environment's impact better. With the performance-based advertising, advertisers only pay for the metrics they care about, which protect their interests and empower them to manage their ROI with efficiency. Advertising platforms will be more favoured of advertisers in the challenging macro environment.

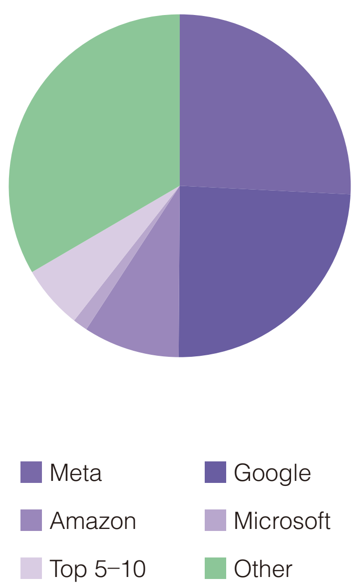
2.4. *Tightened anti-trust measures and privacy protection laws in Europe and the US deepens the trend of decentralization of European and American traffic*

On 19 May 2022, in response to competition in the digital advertising market, the U.S. Senate proposed the Competition and Transparency in Digital Advertising Act ("**CTDA**"). The CTDA focuses on the digital advertising businesses of large technology companies. The Act would prohibit large digital advertising companies from owning more than one part of the digital ad ecosystem if they process more than $20 billion in digital ad transactions. Regulators in Europe and the United States recently filed lawsuits against certain industry giants for harming competition. It is foreseeable that European and American regulators, as third-party regulatory forces, will continuously strive for a fair and competitive internet economic ecosystem, which is a good news for the digital advertising market. It will incentivize small to medium companies to develop new technologies and take over advertising budget share outflowing from the top media.

In addition, data security and privacy protection requirements are becoming increasingly stringent. On the one hand, Europe and the United States are accelerating legislative policy on data security and privacy protection; on the other hand, under the Apple ecology, the identifier for advertisers ("**IDFA**") reform has made the top media, whose original advantages in terms of depth and breadth of data are narrowing. The more companies rely on privacy data as ad targeting, the greater the impact they receive while the Android ecology is also gradually promoting a similar privacy protection strategy. For third-party advertising platforms, the negative impact of enhanced privacy protection trends is limited. Mintegral's user interest modeling algorithm did not rely on IDFA, unlike the technology commonly used in the industry that entirely depended on the IDFA to obtain long-term interest portraits of users. Instead, Mintegral focused on behavioral interest modeling technology that does not violate users' privacy. Our algorithm relies heavily on a modeling system of real-time contextual information rather than private customer data. As a result of this technology landscape, Mintegral is limited influenced by IDFA, and the strength of third-party advertising technology platform is becoming apparent. Against the backdrop of tightening of global data privacy and protection policies, advertisers' ROI in top media has been negatively affected and therefore need to test more third-party platforms in search of growth, thus representing an opportunity for our development.

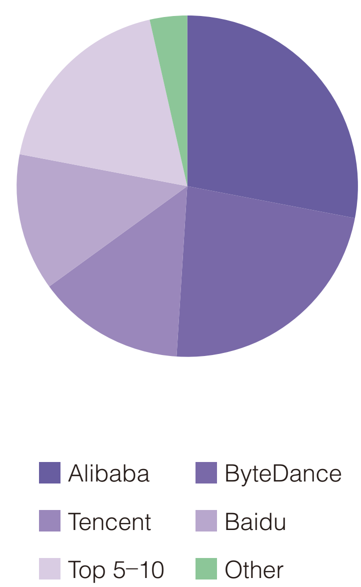
There are differences between the Chinese and overseas market traffic structures; for example, medium and long-tail traffic has a high value in overseas markets, anti monopoly and privacy protection have further strengthened the trend of traffic decentralization. Overseas advertising channels are mainly classified into top media advertising (represented by Google and Meta) and third-party advertising technology platforms targeting medium and long-tail traffic. While Chinese media has strong leading effects (CR10 (concentration rate) = 95%), overseas marketing channels (take the US market as an example) only have a CR10 of 66.6%, their medium and long-tail traffic entail a relatively high value for advertising. In recent years, the share of top media has continued to decline, third-party Ad-tech platforms have greatly benefited significantly from the surge in supply from medium and long-tail Apps, and the trend of decentralisation of overseas traffic has further strengthened.

Figure 3: Share of the United States digital advertising market in 2022



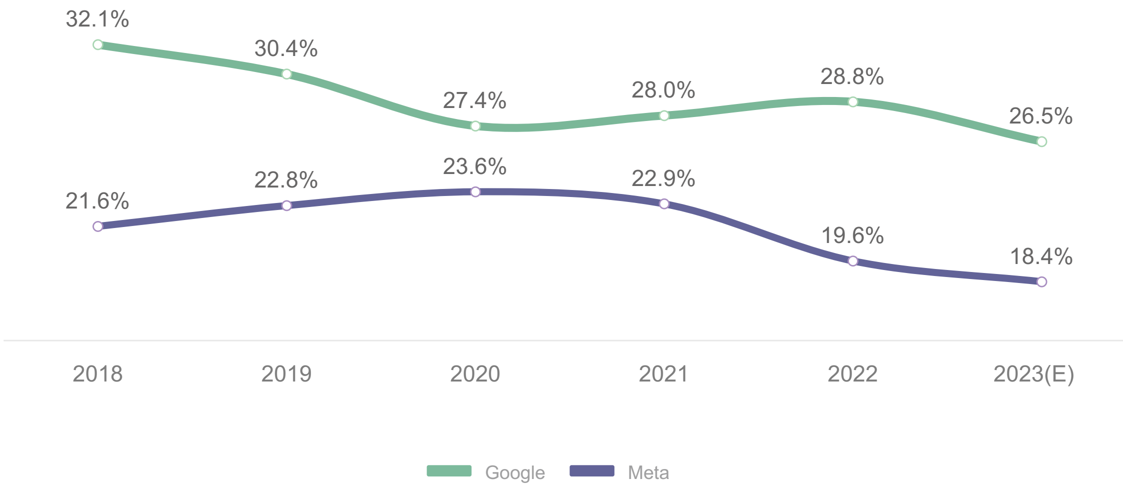
Data Source: eMarketer

Figure 4: Share of Chinese online advertising market in 2022



Data Source: Interactive Marketing Laboratory in Zhongguancun

Figure 5: Changes in Share of Top Media Advertising Revenue



Data Source: eMarketer

III. The Ad-tech industry ecosystem and the Company's strategic structure

Generally, Ad-tech is categorized as programmatic advertising and non-programmatic advertising. Programmatic advertising platforms rely on machine learning and algorithm iteration to improve their transaction efficiency, such technology will be the future of the Ad-tech industry. Nativex is the cornerstone of the Company's non-programmatic advertising business, while Mintegral is the foundation of the Company's programmatic advertising business. After years of development, Mintegral has become one of the top third-party programmatic advertising platforms in the world and the main revenue contributor of Mobvista.

3.1. The programmatic advertising platform ecosystem

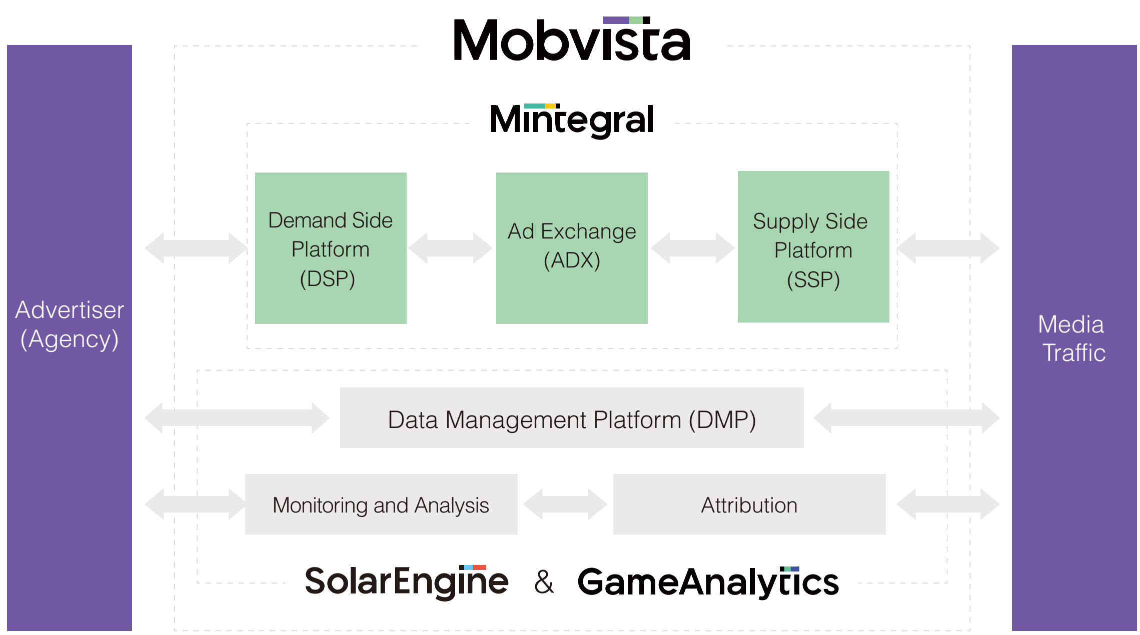
Platforms in the programmatic advertising ecosystem can be categorized into upstream, midstream, and downstream: 1) upstream participants are advertisers (agencies); 2) midstream participants are Ad-tech service providers, including Demand Side Platform ("**DSP**"), Ad Exchange ("**ADX**") and Supply Side Platform ("**SSP**"), data management services providers, monitoring and analytics service providers, and attribution service providers; 3) downstream participants are media traffic providers, behind whom are end-users. The Ad-tech providers, with their industry insights, take advantage of their competitiveness in the ecosystem to plan strategically in one or even more segments of the ecosystem.

3.2. The programmatic advertising platform of the Company

As the leading third-party advertising technology platform based in China, the Company has established footing within the DSP, ADX, and SSP segments through its core Mintegral platform. Through complete coverage of the midstream ecosystem, Mintegral works directly with both advertisers and traffic publishers. Some of our customers are also our traffic publishers; this cooperation deepens our relationship with our client base. Closed-loop data optimizes our algorithm, resulting in a higher customer retention rate and more bargaining power in the ecosystem.

In addition, the Company conducts statistical analysis of user behavior through the GameAnalytics ("**GA**") platform while providing attribution services and monitoring the analytics of performance-based ads through SolarEngine. The Company provides multiple marketing tools to upstream advertisers and mines its data assets to optimize and iterate its algorithms.

Figure 6: The strategic placement of Mobvista in the programmatic advertising industry

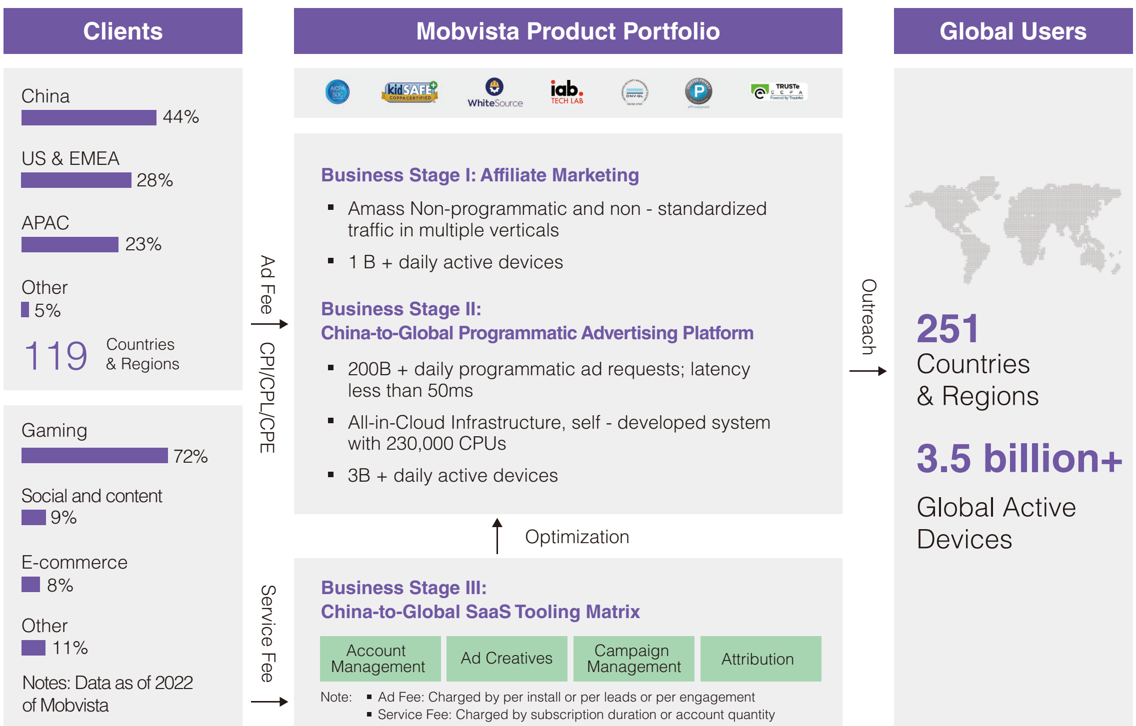


Source: Mobvista Inc.

IV. Stages of the Company development

From the Company's initial formation in 2013 until now, the global mobile internet has undergone evolutionary change and iteration. We started our affiliate marketing business in the early stage of our development. Afterward, we launched our programmatic advertising platform and commenced our strategic investment in our SaaS tooling ecosystem. These three stages are fundamental steps of the Company's growth, each with a different strategic goal that connects and deepens our businesses.

Figure 7: Three stages of Mobvista's development



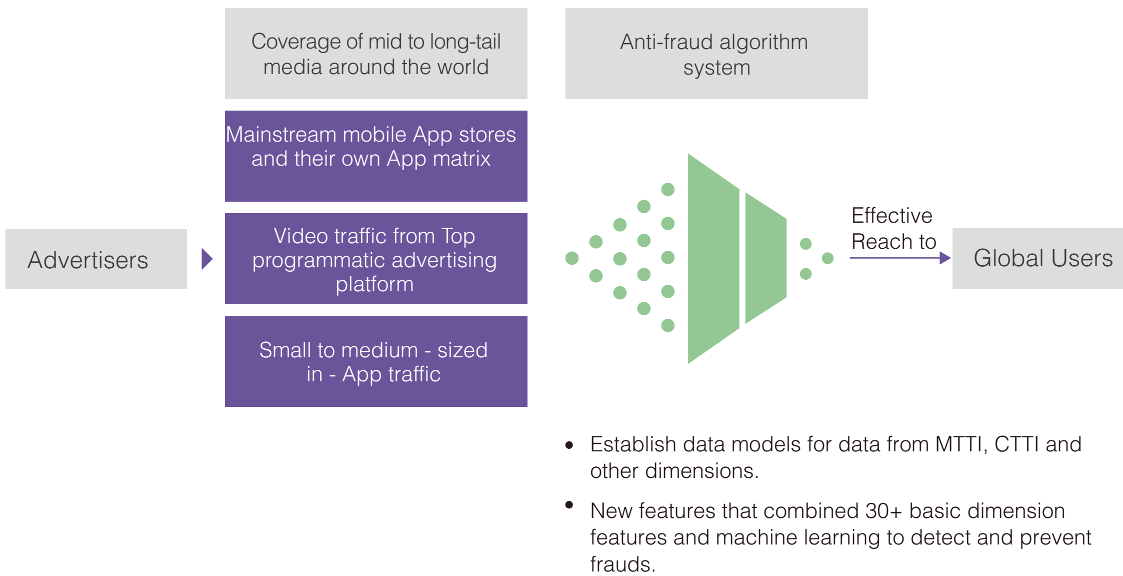
Data Source: Mobvista Inc.

4.1. *First stage: Affiliate marketing that focuses on the globalization of Chinese Apps*

When we started our business in 2013, we aspired to become a promoter and connector of globalization. We built one of the very first ad networks in China for the globalization of Chinese Apps, helping our clients acquire users globally. The Company has branded its non-programmatic advertising business as Nativex, which is performance-based and covers both Chinese and overseas traffic across all channels, to provide intelligent advertising, creative materials, and Key Opinion Leader ("**KOL**") marketing services to our customers. We established our business network in the European & American market, which marked the first stage of growth of the Company.

Affiliate marketing is the original business of Mobvista, which still maintains its leading role in the industry today. During the Reporting Period, to focus on our programmatic advertising business, we divested our top media agency business (also known as the media planning and procurement business), which occupies significant operating capital, and reserved our small-to-medium-sized media ad network business.

Figure 8: Nativex Business Profile



Source: Mobvista Inc.

4.2. *Second stage: Programmatic advertising platform — "Global strategy" to expand to overseas markets*

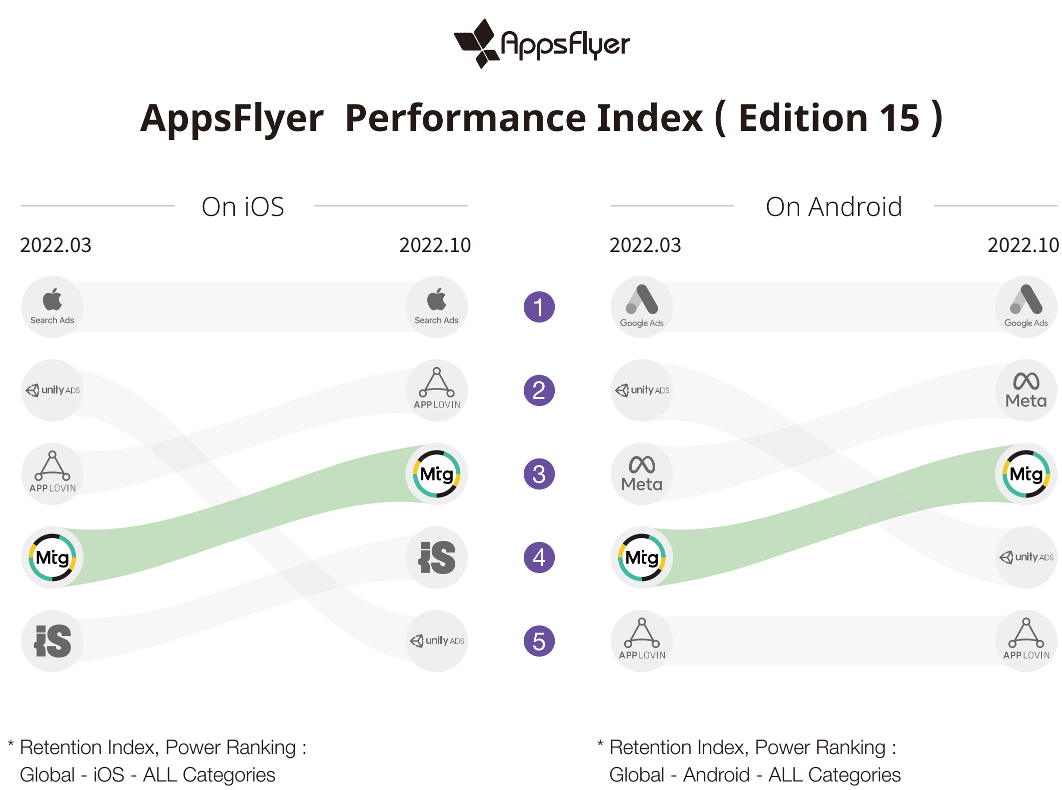
With the rapid growth of the mobile internet, the overseas mobile applications ecosystem has become increasingly fragmented. App developers are facing challenges with user acquisition and traffic monetization. They need a platform aggregating global traffic, especially medium and long-tail traffic, to help them reach global users at scale, growing both users and revenues. On the mean time, because of its transparency and high efficiency, and intelligence, programmatic advertising is popular among top App developers.

We launched Mintegral, our AI-driven programmatic advertising platform, in 2015 to facilitate clients to connect to global users in an automated and scalable manner. While helping Chinese clients expand their business to overseas markets, we also help overseas clients to grow their businesses in the Chinese market. Our programmatic advertising platform covering global traffic and customers marked the second stage of growth of the Company.

The Mintegral platform is our Ad-tech business's core platform, which has been the centerpiece of our strategic development since its inception. Unlike how Nativex operates its non-programmatic advertising business, Mintegral provides programmatic advertising that improves user experience in advertising services, platform connections, real-time bidding, and traffic conversions. Under the programmatic advertising model, advertisers utilize digital platforms to select the parameters for user matching. The platform will automatically purchase traffic and launch campaigns, calculating ROI from real-time feedback through clickthrough rate and user personas to achieve workflow automation from ad content creation, advertising campaigns, and attribution, significantly improving advertising efficiency. Long-tail App traffic amassed by Mintegral can also reach advertisers quickly and efficiently to monetize their traffic. We are proud to announce that some of our traffic providers are also our customers, which helps Mintegral to leverage closed-loop data.

Along with business growth, Mintegral has become one of the top global advertising platforms. For the two years ended 31 December 2022, the CAGR of Mintegral's revenue is 64.2%. In the recently published AppsFlyer Performance Index, Mintegral also achieved its best ranking to date: it became one of the top three platforms across all categories in the global market on both the iOS and Android platforms, and the only platform from China ranked in the top five.

Figure 9: Mintegral's Ranking in AppsFlyer's Performance Index



Data Source: AppsFlyer

At present, Mintegral has helped more than 5,000 top advertisers and 50,000 top Apps worldwide to acquire quality users in European, American, and Asia-Pacific markets, with more than 200 billion daily advertising requests.

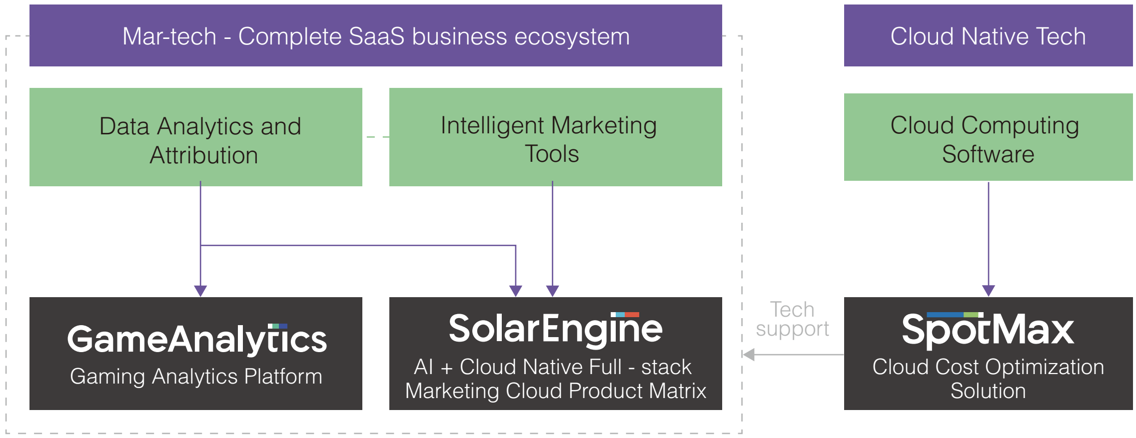
4.3. Third stage: SaaS Tooling Matrix — integrate "Ad-tech + Mar-tech" as dual-engines of business growth

After advertising technology ("**Ad-tech**") platforms help clients achieve their user acquisition and monetization goals, they also need marketing technology ("**Mar-tech**") to understand their data and optimize their marketing strategies to achieve high-quality growth. We acquired GameAnalytics to strengthen our competitiveness in gaming App advertising in 2016. GameAnalytics is a platform that focuses on players' analytics and provides real-time data analysis of players from all mainstream gaming engines and operating systems, enhancing our competitiveness within gaming App advertising.

Starting from 2019, we put forth our "SaaS Tooling Matrix" strategy: We will create a complete tooling matrix by integrating our Ad-tech and Mar-tech capabilities. This matrix will cover the different stages of growth for developers, from statistical analysis, user growth, monetization, and operating efficiency refinement to cloud infrastructure cost optimization. SolarEngine is generated by this process. Through upgrades of the product portfolios of the acquired Beijing Reyun Technology Co., Ltd. ("**Reyun Data**"), we defined SolarEngine as an intelligent marketing solution to house all of the aforementioned features. SolarEngine can provide material, creative, and comparative analysis of the ROI of different channels and private traffic operations. It can help App developers perform full-stack marketing effortlessly, efficiently, and quickly optimizing big data computing efficiencies and reducing cloud-computing resource costs to increase their marketing and campaign effectiveness. We regard SolarEngine as the pivotal component of the third stage of growth of the Company.

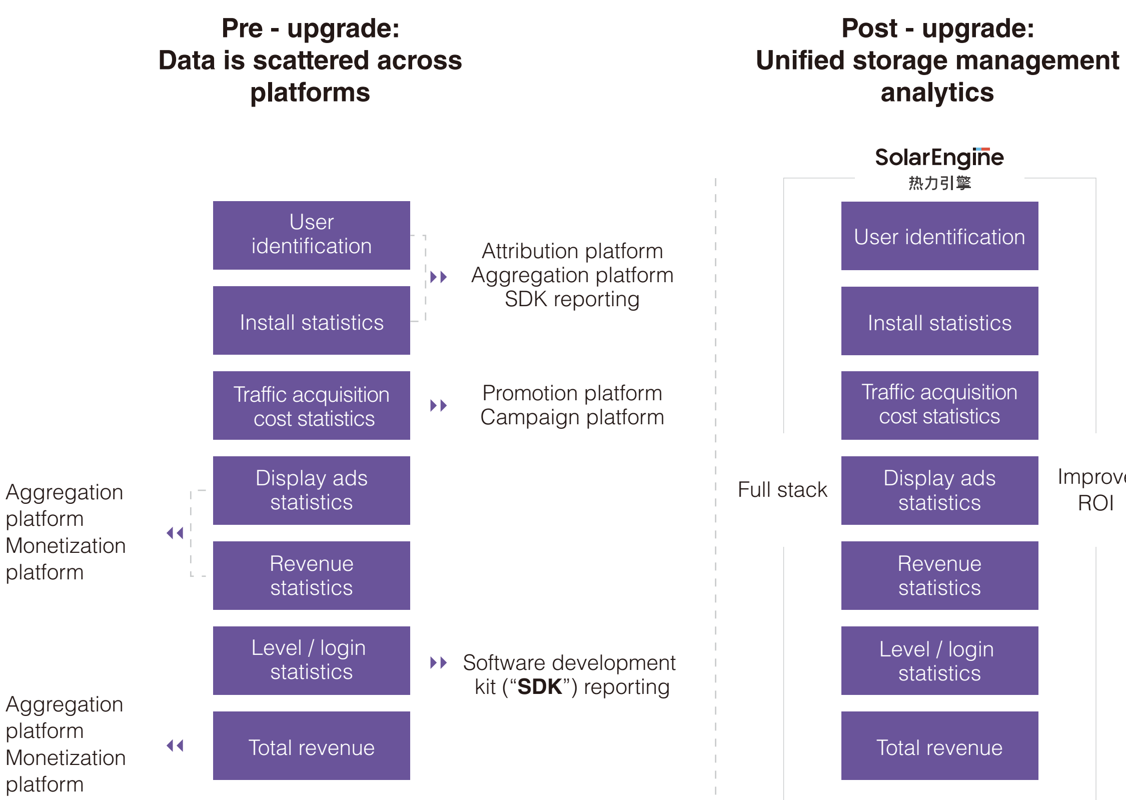
As the SolarEngine ecosystem matures, we will further strengthen our traffic expansion and technological competitiveness in China. While helping overseas clients expand their business into the Chinese market, we will launch SolarEngine to the overseas market to drive the globalization of Chinese companies. Through this, we will become the first company in the world that can provide complete solutions covering both the Chinese and overseas markets.

Figure 10: SaaS tools included under SolarEngine



Source: Mobvista Inc.

Figure 11: Comparison of Reyun Data before and after its upgrades to SolarEngine

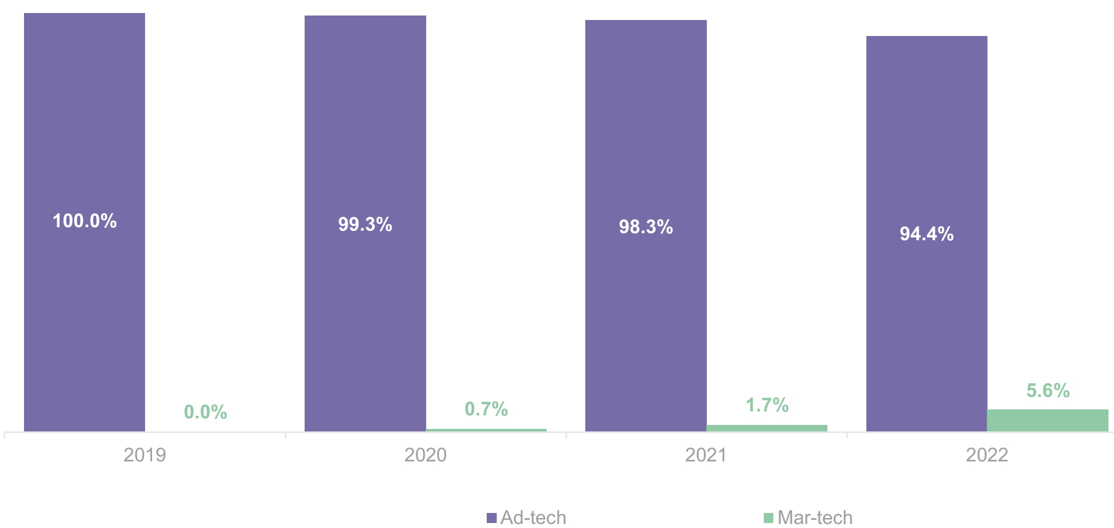


Source: Mobvista Inc.

V. Business Modules

Our revenue comes from Ad-tech centered around Nativex and Mintegral, and Mar-tech centered around SolarEngine (cloud business also integrated into SolarEngine) and GameAnalytics. Among these, the Ad-tech business is structured based on gross advertising revenue (including the cost paid to traffic publishers). Considering that the net revenue (i.e. gross revenue minus the cost paid to the traffic publisher) adopted by Ad-tech is more comparable to that of Mar-tech, the following figure shows the revenue proportion of the two in terms of net revenue. The net revenue of Ad-tech accounts for more than 90% of the total net revenue, and the proportion of net revenue of Mar-tech is gradually rising.

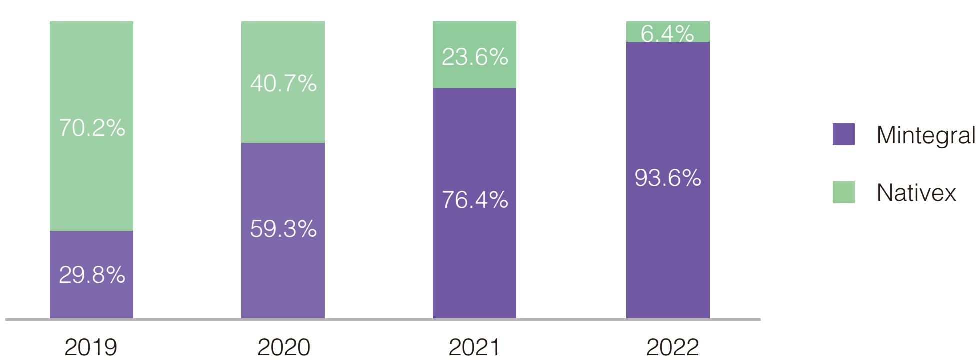
Figure 12: Net revenue share of Ad-tech vs. Mar-tech (from 2019 to 2022)



Note: Reyun Data in 2021 only consolidated for a month's revenue.

Data Source: Mobvista Inc.

Figure 13: Revenue share of Mintegral vs. Nativex (from 2019 to 2022)



Data Source: Mobvista Inc.

5.1. *Ad-tech: Mintegral*

5.1.1 Business Review

The Mintegral platform is a world-leading programmatic advertising technology platform that aggregates traffic from a large number of fragmented Apps. It provides advertisers with programmatic advertising and traffic monetization services.

5.1.2 Business Model

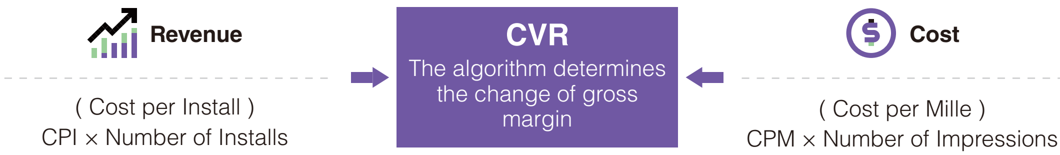
From the perspective of revenue, we charge customers performance-based advertising fees; that is, fees based on negotiated performance KPIs such as the number of users that download the App, the number of installs or registrations of an App followed by certain actions by users, such as ensuring users will be retained for three days, etc.

From the perspective of cost, we purchase advertising resources from traffic owners or administrators to display ads for our customers. The fee is usually settled with traffic publishers by the number of impressions. It is worth noting that the acquisition of advertising resources is in real-time, so we do not assume resources risk of advertising.

Our costs also include cloud computing resources costs, namely, server costs.

We settle with our customers and traffic owners or administrators with bank transfer within one month after we confirm the transaction amount. For relatively small-sized new customers, prepayment is required. We may extend the standard payment terms by one to two more weeks for a small number of large customers. In terms of cloud computing costs, all the terms of our contracts exceed three months. Unlike an advertising agency, Mintegral does not need to pay in advance. As its business continues to grow, Mintegral will enjoy even better terms with its customers and vendors.

Figure 14: Business model diagram



Data Source: Mobvista Inc.

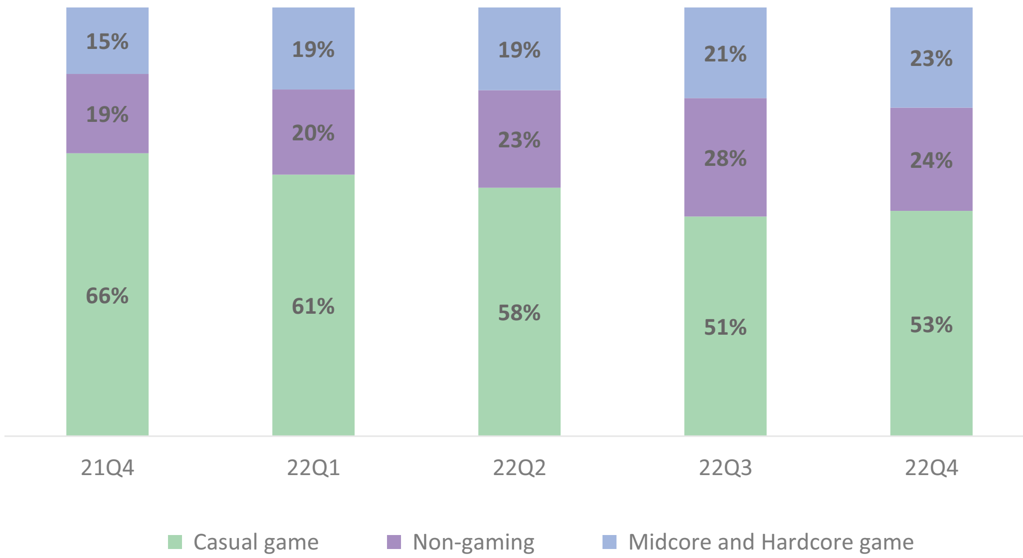
From the perspective of gross profit, our gross profit depends on the cost of servers and resources associated with the platform algorithm. With increasing scale and optimizing cloud resources and unit price, we can continue reducing our server costs. Regarding the algorithm of the platform, we expect to see improving efficiency as data throughput increases which could improve our gross margins in the future.

5.1.3 Customer Distribution

From the perspective of customer region distribution, Mintegral's customers are located in Europe, the Middle East and Africa ("**EMEA**"), China, Asia-Pacific (including Australia, New Zealand, and other major Asian countries excluding China), the Americas and other regions, distributed in 119 countries and regions around the world. China had the largest number of customers, accounting for 43.8% of the total number of customers, followed by the major regions in Asia-Pacific which accounts for 23.3% of the total. In contrast, the number of customers in major regions of EMEA, major regions of the Americas, and other regions accounted for 21.0%, 7.1%, and 4.8% respectively.

In terms of the types of customers, during the Reporting Period, Mintegral's main customers were casual game customers, whose revenue accounted for 55.7% of Mintegral's platform revenue. In recent years, the Group is actively expanding customers of hardcore games, e-commerce, and other categories and the proportion of non-casual game customers has continued to increase.

Figure 15: Mintegral revenue share by vertical category, 2021Q4-2022Q4



Source: Mobvista Inc.

5.1.4 Traffic Distribution

From the perspective of traffic region distribution, the traffic reached by the Mintegral platform spreads across EMEA, China, Asia-Pacific (including Australia, New Zealand, and other major Asian countries excluding China), the Americas, and other regions, distributed in 251 countries and regions around the world, and primarily distributed outside of China in the overseas areas.

From the perspective of cumulative number of devices reached during the Reporting Period, 96.1% were from overseas regions outside of China, and 3.9% were from China; from the perspective of accumulated impressions, 94.7% were from overseas regions outside of China, and 5.3% were from China.

From the perspective of traffic types, during the Reporting Period, Mintegral's main traffic category was casual game. It also had traffic in utility, social and content, and lifestyle categories.

5.1.5 Competitive Landscape

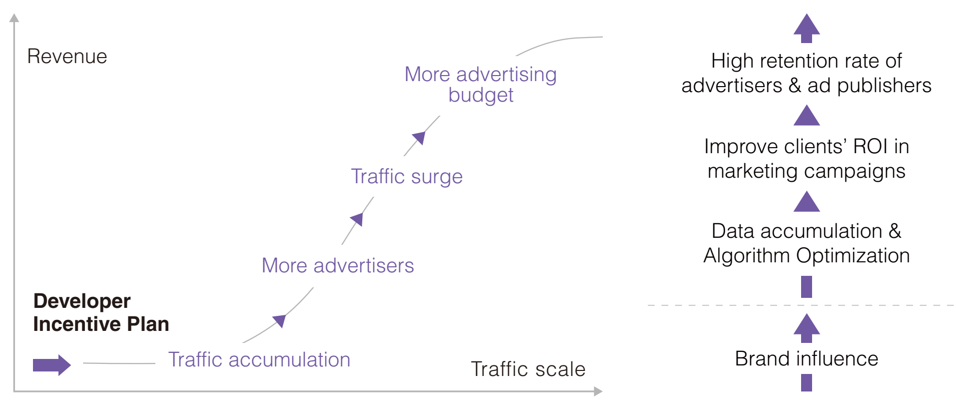
Suppose we divide mobile device traffic into top media traffic represented by Meta/Google and medium and long-tail traffic represented by medium and long-tail Apps. In that case, the third-party advertising technology platform segment where Mintegral resides primarily connects to the fragmented medium and long-tail traffic through its programmatic trading platform. The programmatic advertising transaction method can create a strong platform effect and scale effect. It will become the dominant participant in monetizing medium and long-tail traffic in the future. Therefore, Mintegral's primary competitors include third-party programmatic advertising platforms represented by AppLovin, ironSource, and Unity Ads and the advertising network platforms of leading internet companies represented by Google AdMob, Pangle, and Meta Audience Network. Overall, Mintegral has a unique competitive advantage despite a large number of players in the industry.

5.1.5.1 Reinforced first-mover advantages

Benefiting from the Company's initial non-programmatic advertising business, the Mintegral platform has rapidly accumulated a large number of customers, especially China-to-Global customers. On the traffic side, it attracted a large amount of high-quality traffic through its developer incentive plan and quickly entered the European and American game developer ecosystem by acquiring GameAnalytics, forming a scaled traffic ecosystem.

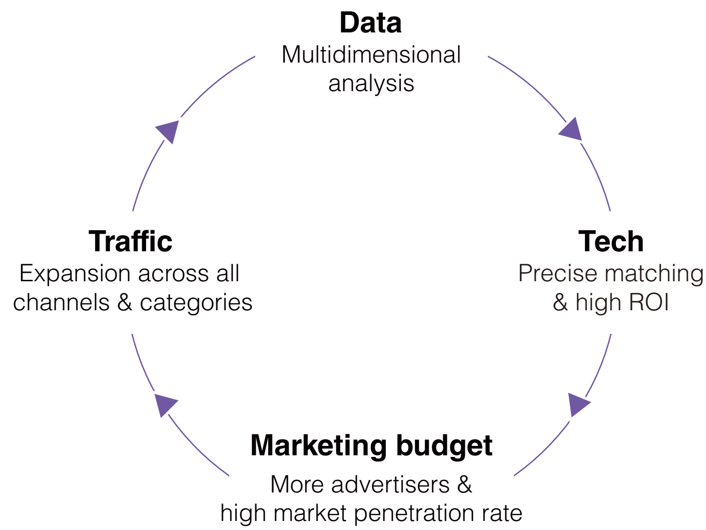
Typically, mobile application developers will only choose limited (generally 5–8) SDK plug-ins from advertising platforms to integrate into their mobile applications. Since the compliance and stability of SDK can affect the stability and user experience of mobile applications, replacing an SDK requires re-coding and updating the version of mobile applications on the user side. Therefore, replacement cost is relatively high after integrating a certain SDK. At the same time, after accumulating certain supply-side traffic as a cumulative advantage, the first-mover platform has advantages in algorithm iteration, model training, industry insight, etc., which can effectively improve the ROI of advertisers. Higher ROI encourages more advertising budget, thus forming a positive flywheel effect and a competitive advantage over new entrants.

Figure 16: The reinforced first-mover advantage



Source: Mobvista Inc.

Figure 17: The flywheel effect of Mintegral's Ad-tech business



Source: Mobvista Inc.

Currently, the Mintegral platform reaches traffic and customers all over the world. As of 31 December 2022, Mintegral platform customers' dollar-based net expansion rate is up to 125.1%. The exceptional performance of both the traffic and customer sides proves that the Mintegral platform continues growing rapidly under the flywheel effect's influence.

5.1.5.2 Chinese roots, differentiated positioning

Since its establishment, the Company has served Chinese App developers to expand the overseas market and has gradually established a mature traffic network in overseas markets. The huge demand for expanding business into overseas markets brings massive advertising budgets, allowing Mintegral to attract more traffic aggregation. Unlike its overseas competitors, Mintegral, with its roots in China, has considerable advantages in serving Chinese customers. In addition, with a mature traffic network and sales network, the Company also helps overseas App developers' products to enter China to build a bridge between the East and the West.

As business grows, with its massive traffic ecosystem, the Company has built its ability to serve global customers step by step, aligning with its European and American counterparts. However, as the only leading programmatic platform from China, the Company will continue to take advantage of the opportunities emerging in the China-to-Global wave and form a competitive advantage different to its European and American competitors.

5.1.5.3 Continuously strengthened technical strength

The Company's R&D team consists of personnel specializing in data science, algorithm, architecture engineering and cloud computing. Team members are mainly graduates from Cornell University, Illinois Institute of Technology, Tsinghua University, Peking University, Zhejiang University, Huazhong University of Science and Technology, Beihang University, Xi'an Jiaotong University, Sun Yat-sen University, Beijing University of Posts and Telecommunications, with doctoral and masters degrees and rich experience in related fields.

It is well-known that China is at the forefront of the global mobile internet industry and has mature experience and forward-looking judgment concerning mobile internet development. China is in a leading position compared with its European and American counterparts. In addition, leveraging Chinese engineers makes the Company's operating and management costs lower than its European and American competitors.

Benefiting from the huge supply of engineers from the Chinese mobile internet industry, we have formed a leading R&D team in the industry, consisting of data scientists, AI algorithm experts, engineering architects, and cloud experts with work experience in leading technology giants such as Amazon, Alibaba, Baidu, etc. The talent pool and technical strength enable the Company to continue to iterate in the technical fields, thereby further enhancing the Company's position and reputation in the industry. In certain fields, such as casual game, the Company has become the favourable platform for developers to promote and monetize their Apps.

5.1.5.4 Scale effect and operating leverage

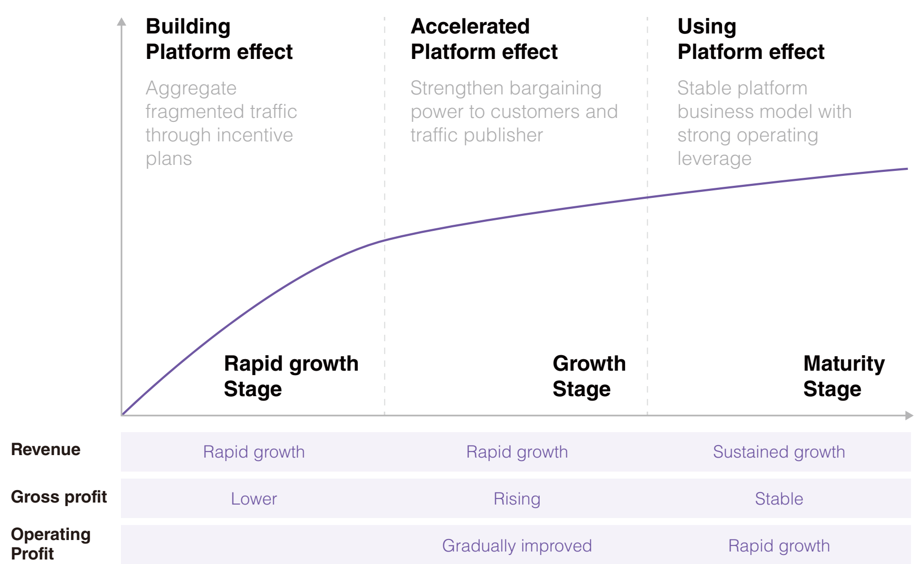
From the operational and financial perspective, the flywheel effect of the Mintegral platform means:

(1) With the industry's growing popularity, the number of new customers and the size of advertising budgets continue to rise. Existing customers' retention and net expansion rates continue to rise, and the revenue scale grows sustainably;

(2) As we continue to attract new traffic developers to access the Mintegral platform, the size of the traffic pool keeps growing, and the bargaining power of the platform continues to be strengthened with respect to App developers. Consequently, the unit traffic cost is reduced;

(3) The growth of the size of the platform and the improvement of its algorithm efficiency drive the growth of the gross profit margin of the platform;

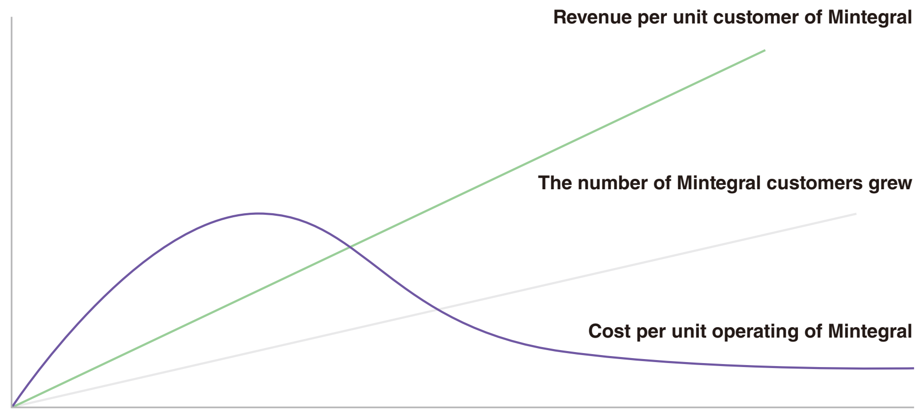
Figure 18: The monetization model of Mintegral



Source: Mobvista Inc.

(4) As the unit cost driving the revenue growth reduces, the transaction size supported by the unit R&D expense keeps growing. The sales-to-expense ratio, management expense ratio, and R&D-to-sales ratio also continue to improve. All these forms obvious operating leverage.

Figure 19: Mintegral's operating leverage



Source: Mobvista Inc.

5.1.6 Competitive/Cooperative Relationship With Top Media Publishers

With the development of advertising technology, customers will typically advertise initially through top media traffic and medium and long-tail traffic, then reallocate the budget based on the actual advertising performance. Even though the allocation of the budget of advertisers varies, medium and long-tail traffic still account for more than 30% of the budget in the industry, and the proportion is increasing under the influence of privacy protection and anti-trust , with the industry as a whole showing a trend of decentralization. Due to the differences in technical specialties and data sources between medium and long-tail traffic platforms and top media, developers need to constantly look for more traffic with high ROI other than top media traffic. Although Mintegral focuses on medium and long-tail traffic in the advertising campaigns to meet customers' needs for one-step delivery, it will also participate in real-time bidding of traffic managed by top media. Therefore, Mintegral also has a cooperative relationship with top media publishers.

5.2. Ad-tech: Nativex

Nativex is the non-programmatic advertising business platform of Mobvista. This performance-based business covers global medium and long-tail media through affiliates, which can quickly and massively acquire users for global advertisers. The revenue model of Nativex is to help advertisers seek high-quality and low-cost traffic non-programmatically. Hence, it can profit from the price difference between purchasing and selling traffic.

Nativex is the original business of Mobvista and continues to maintain its leading role in the industry, providing customers with programmatic and non-programmatic advertising services, thereby creating a strong synergy with Mintegral.

As the company's strategic focus gradually shifts to Mintegral, the programmatic advertising platform, Nativex's revenue growth is affected by the macro environment since 2022, but it remains an important profit contributor for Mobvista.

5.3. *Mar-tech: GameAnalytics*

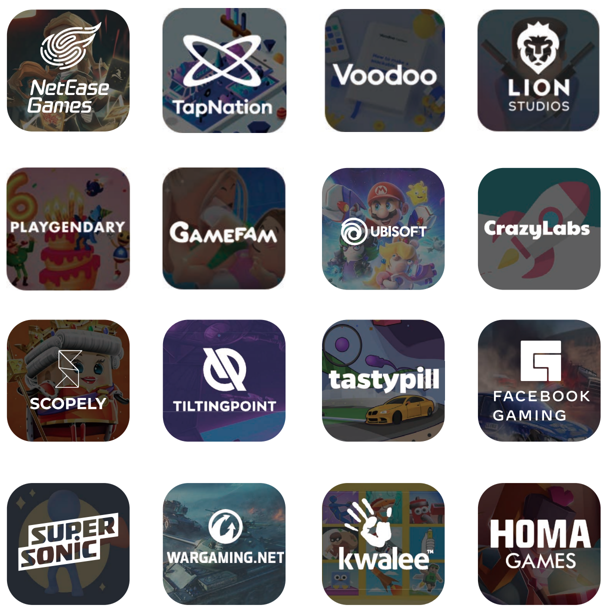
GameAnalytics ("**GA**") is our SaaS-based in-App data statistical analysis tool. It is one of the world's largest casual and hyper-casual game data statistical analysis platforms. GA can provide game developers with in-depth analysis and insights about their products. It enables them to understand business operations in real-time, track key in-App performance indicators, and improve user engagement.

The product charges monthly subscription fees based on different automation features and data analytics dimensions. Subscription fees range from US$350 to US$3,000 per month.

Figure 20: Major customers of GA

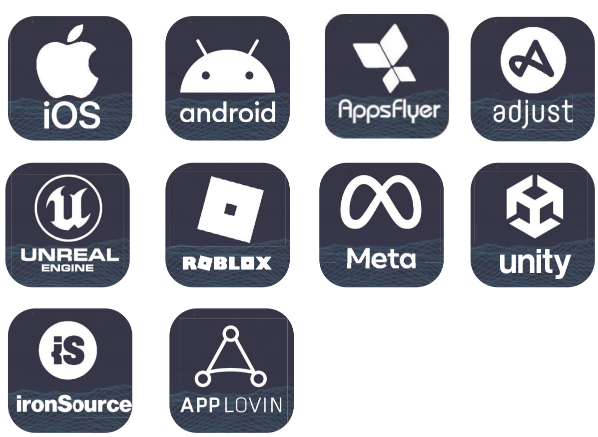
GameAnalytics's cooperative partners

Developer



Integration partners

GA offers 30+ different integrations covering most major game engines and services.



Source: Mobvista Inc.

During the Reporting Period, GA revenue increased 68.8% to US$1.4 million on a year-on-year basis.

GA is strategically significant to consolidate the Group's core competitiveness in game advertising, helping the Group to reach potential game developer customers and high-quality advertising resources and improve the profile granularity of the advertising audience.

During the Reporting Period, among GA customers, there were 1,430 game developers with MAU greater than 100,000, of which 113 were Mintegral customers, contributing 23.7% of the Mintegral platform's revenue.

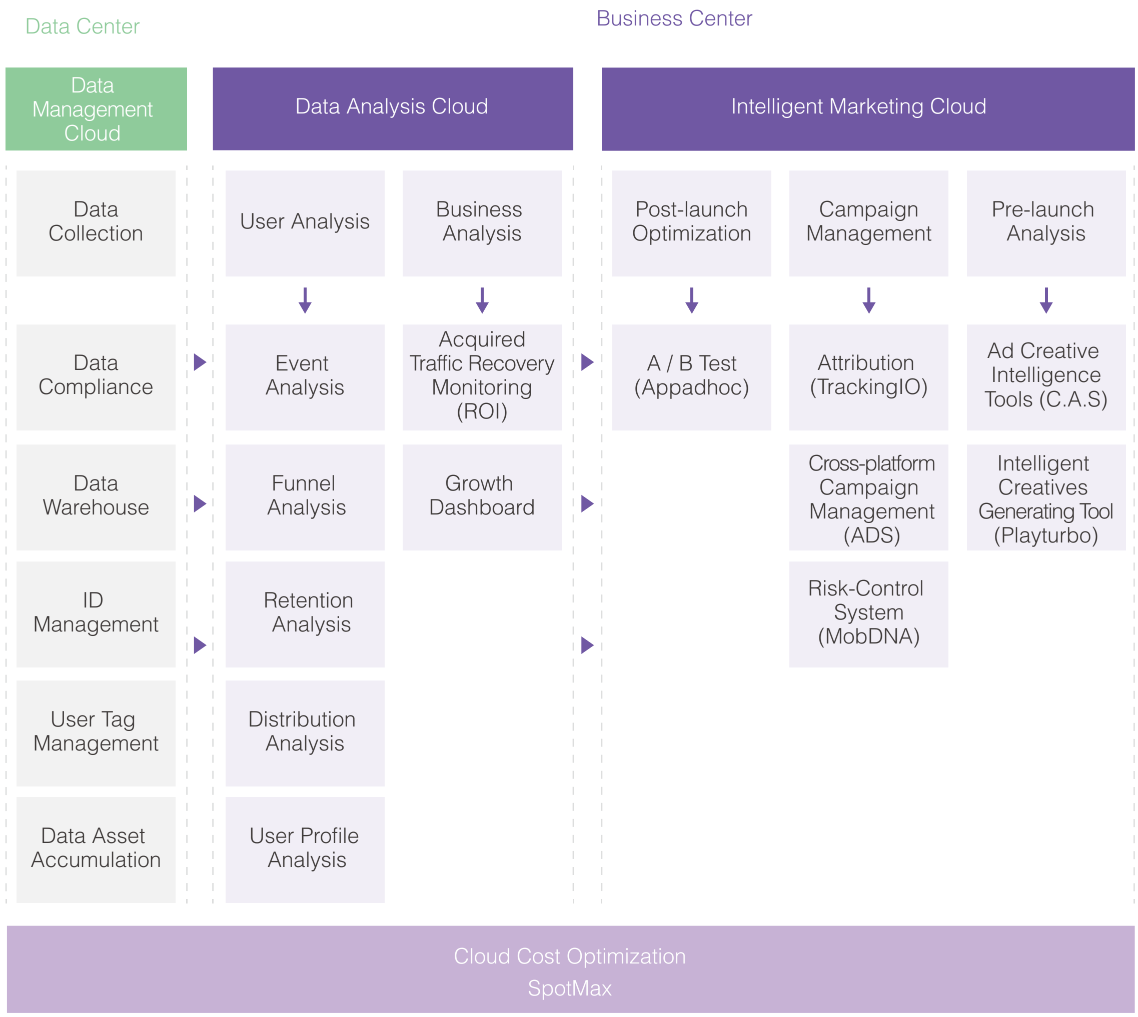
As of the end of the Reporting Period, among the customers who spent more than US$100,000 on the Mintegral platform for the trailing twelve months, 56 used GA services.

5.4. Mar-tech: SolarEngine

SolarEngine has made comprehensive product and service upgrades based on Reyun Data, a third-party platform that focuses on monitoring mobile advertising delivery and data analysis. It leverages mobile advertising monitoring as the entry point to the platform. Also, it offers data collection and mining to help customers conduct advertising delivery data analysis, data management, intelligent material analysis, cloud computing resource optimization, etc., to optimize customers' marketing activities.

SolarEngine primarily offers SaaS tools, that is, cloud-hosted software, and charges fees based on pay-per-use and subscriptions.

Figure 21: SolarEngine Product Matrix



Source: Mobvista Inc.

Figure 22: Major customers of SolarEngine and Reyun Data

Source: Reyun Data

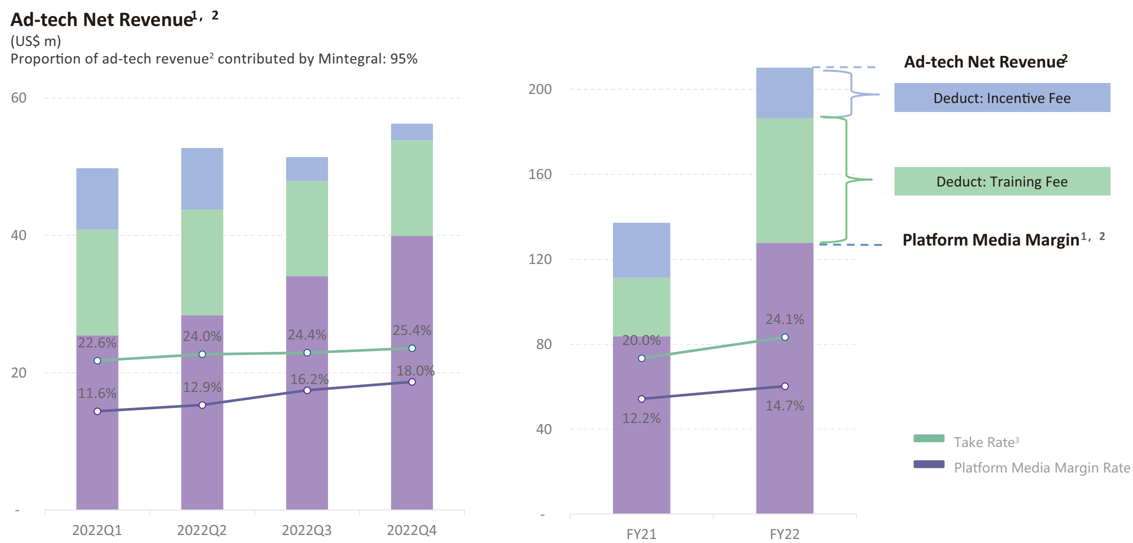
During the Reporting Period, SolarEngine recorded revenue of US$11.2 million.

5.5. 2022 Summary: Focus on building our alpha capabilities

5.5.1 Full iterative upgrade of algorithm platform

2022 was the most significant infrastructure year ever of Mintegral, with a large number of talented algorithm scientists, big data engineers and senior technical architects joining us. Mintegral didn't stop evolving despite the economic uncertainty. In 2022, Mintegral launched a major restructured platform, with a new pricing bidding strategy. On the one hand, we fundamentally reduce the system bugs with simplified processes, and it brings down the cost to manual troubleshooting. Also it enable us to test out different bidding strategies quickly which bring us better efficiency on R&D; On the other hand, the launch gives us a more granular and clear view of the system, we have great control on the overall profitability of different vertical product lines, which makes it possible for us to scale continuously under the premise of controllable profits. With the successful launch of the new infrastructure and the continued optimisation of the bidding strategy model, all the efforts were validated on the financial data. Mintegral's revenue increased in Q4 2022, additionally, cost structure and expense items continued to be optimized, and profits reached an all-time high, with scale effects and operating leverage further highlighted.

Figure 23: Ad-tech net revenue
(US$ million)



Notes:

1. We define platform media margin as Ad-tech net revenue minus incentive fee and training Fee;

2. Exclude the impact of top media agency business;

3. Take Rate=Ad-tech Net Revenue/Ad-tech Revenue.

Source: Mobvista Inc.

5.5.2 Focus on more profitable business to improve revenue quality

With a more volatile macro economy in the second half of 2022, we adopted ourselves to a prudent business strategy, by prioritizing profit over scale, hence we stopped delivering some of the loss-making verticals. In the second half of the year, Mintegral recorded a flatten revenue growth, however our cost structure has been significantly optimized.

5.5.3 R&D team continuous evolving with cost reduction for better efficiency

In 2022, we took an aggressive approach to optimize our expenses. On the one hand, we cut off some of the R&D projects with high business uncertainty. On the other hand, we invested in the informatization and automation of our back office systems to improve the efficiency of our back office functions significantly, thereby streamlining our staffing investment, with the number of people in our middle and back office functions falling by 14.7% compared to the beginning of the year. At the same time, Mobvista remains committed to being R&D driven. In Mintegral, our core business segment,we continued to bring in outstanding industry talent and grow the R&D team.

5.5.4 Stronger cash flow control, by a prudent investment and financing strategy under a high interest rate environment. Continuous stocks repurchase demonstrated the company's confidence in long term prospects.

With US's skyrocketing interest rate since 2022, we have implemented stricter control in collection and leverage high-yield interests from deploying a variety of deposits, resulting in a significant increase in our interest income compared to previous period. On the other hand, we maintained a more prudent financial strategy and a strengthened cash flow control, we are cautious in the use of liquidity loans, reducing ourselves from the stress of high cost of financing. At the same time, with the Group's healthy cash flow, we have continued to repurchase company shares, demonstrating our management's long-term confidence in the Company.

5.6. Business Outlook for 2023

Since 2023, the company has experienced smooth progress across its various business ventures, with the groundwork laid in 2022 providing a solid foundation for continued success in 2023. The growing influence and competitive edge of the Mintegral platform have led to a steady increase in both the number of advertisers and their budgets. Despite macro-level uncertainties, Mintegral's revenue has maintained a year-on-year double-digit growth rate since the start of the year, and profit margins have improved significantly compared to 2022 due to the effects of scaling, reduced incentive, and lower model training costs. The company will also continue to pursue initiatives aimed at fostering rapid business growth.

5.6.1 Progress on Accessing Mintegral Traffic (Mediation)

As of now, Mintegral has integrated with multiple mainstream aggregation platforms such as AppLovin Max, DT FairBid, and Unity, among others. Additionally, in the fourth quarter of 2022, we resumed our partnership with ironSource and actively promoted cooperation with other mainstream aggregation platforms. This will further enrich our traffic pool, providing advertisers with more traffic options and boosting their ROI. We expect continuous access to high-quality traffic to become a significant driving force for our revenue growth in 2023.

5.6.2 Expansion of Non-Casual Game Categories

In 2022, the casual game category generated a revenue of $459.4 million, contributing to the majority of Mintegral's income. The compound annual growth rate of the past two years reached 53%, and in 2023, we will continue to maintain Mintegral's leading position in the casual gaming industry. With the strengthening of Mintegral's platform capabilities, we are gradually expanding into other verticals such as midcore and hardcore games, e-commerce, utility, and others, increasing the proportion of non-casual game. It is worth emphasizing that the current Mintegral platform can firmly control the profit margins of each vertical, and we believe that in the future, the entire Mintegral programmatic trading platform will be able to achieve synchronized growth in revenue and profit.

5.6.3 Further Refining the Intelligent Bidding System

Due to macro-economic challenges, advertisers are increasingly focusing on the effectiveness of their ad investments and demanding better ROI. We are encouraging the shift towards a ROAS (return on advertising spend) model, where ad budgets are determined by target return rates rather than unit prices. The system evaluates each ad placement opportunity and automatically bids as closely as possible to the advertiser's target return.

We analyze the user behavior trajectory, starting with their initial access and request generation for the ad system, followed by the ad platform's bidding and winning process, which leads to exposure, user clicks, ad installation, potential retention, ad browsing (ad revenue generation), and in-App purchases. The system's bidding requirements are relatively low for shallow-level user behavior (from initial access to download), making it suitable for casual games and utility advertising. However, midcore and hardcore games and other vertical categories require an intelligent bidding product based on deep events (post-installation behavior). Since the second half of 2021, we have heavily invested in developing an intelligent bidding system, achieving positive results in the fourth quarter of 2022. We will continue to refine this system to raise the revenue and profit potential of various vertical categories.

5.6.4 Cloud Computing Infrastructure Construction: Personalized Computing Power Technology

Our cloud computing costs primarily stem from the Mintegral platform. When accounting for both the capitalization and expenses of cloud computing, Mintegral's total cloud computing costs comprised around 12% of its revenue at the beginning of 2021 and approximately 7% in 2022. In the latter half of 2021, we used more costly GPU computing power to train new algorithm models, conduct system testing, and perform complex model training. This led to a growth of over 100% in AI and big data-related expenses.

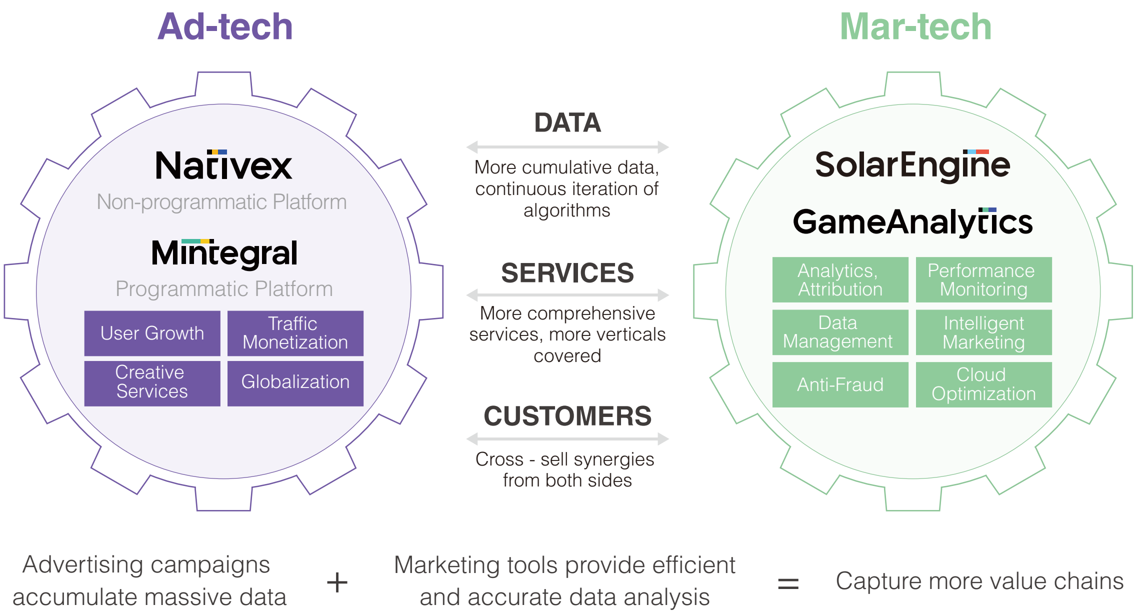
However, in 2022, thanks to the broader implementation of cloud-native technology (such as the MaxCloud-based cloud-native platform) and algorithm optimization, the cost of unit server consumption decreased significantly, reaching around 6% in December 2022. Our short-term goal is to optimize unit server further costs to 5% by the end of 2023. Moving forward, we will continue to focus on the following:1） Optimizing the underlying cloud-native platform by implementing multi-cloud scheduling and introducing new types of computing power (such as ARM) to reduce resource usage costs ； and 2） Personalized computing power technology first identifies effective traffic, evaluates its value, and then allocates computing power based on the traffic's value hierarchy. This approach will help us further reduce cloud computing expenses, ensuring that the growth rate of our cloud computing costs is lower than that of our revenue growth and that the marginal cost steadily declines.

VI. Medium and Long-term Development Strategy and Outlook of the Company

Future strategy: Building an ecosystem driven by dual-flywheel of Ad-tech and Mar-tech

Following our vision of "Be the Bridge", we hope to build a bridge between the East and West markets by creating an ecosystem driven by the dual-flywheel of Ad-tech and Mar-tech and be a global connector and promoter. Ad-tech leverages the Mintegral platform at its core, linking advertisers and traffic publishers through its programmatic platform and accumulating a large amount of advertising campaign data. Mar-tech utilizes SolarEngine at its core, providing various value-added services, including creative optimization, comparative analysis of ROI among channels, data insight, marketing automation, cloud cost optimization, etc., in the form of SaaS tools. Ad-tech and Mar-tech not only jointly cover the entire digital marketing chain of customers but also have a strong synergy effect through data.

Figure 24: Future strategy of Mobvista



Source: Mobvista Inc.

In the wave of globalization and digitalization, the "dual-flywheel driven ecosystem" we are building is the "new digital infrastructure" in the mobile internet era, which will help more companies, especially small and medium-sized companies, to overcome the bottleneck of digital growth. We work with companies to reach a broader global market, from promotion, monetization, and data insights to cloud architecture and cost optimization, achieving exceptional growth for our customers and Mobvista.

6.1. Continuously strengthen the competitive advantage of the Mintegral platform in the Ad-tech field

Algorithms and creativity are combined to improve product and technical strength continuously. As a programmatic platform, algorithm technology is the core driving force of Mintegral's long-term growth, especially at the intersection of algorithm and creativity, which will lead to qualitative changes in marketing performance. To better help developers achieve global growth, Mintegral combines creativity with algorithms and continuously invests in dynamic creative optimization. As each ad request filters ads, the algorithm will automatically optimize creative elements that meet the needs of different users according to the user's behavior preference. Dynamic creative optimization significantly improves user interaction and helps advertisers enhance the efficiency and quality of acquisition.

Data flywheel effects began to work, promoting business expansion across categories. Mintegral initially entered the programmatic advertising market from the field of casual games. With years of hard work, we are already the leader in this field. During this process, Mintegral has gained extensive access to the global programmatic advertising market and accumulated massive data sets on both sides of "traffic-user". This bilateral accumulation has promoted the flywheel effect of Mintegral's business. Our business has expanded into more vertical categories, including new categories such as midcore and hardcore games, e-commerce, and tools. The large amount of data samples accumulated can help our algorithm to learn faster and more efficiently, contributing to Mintegral's cross-category expansion strategy.

6.2. Comprehensively upgrade the product portfolio of SolarEngine, and enhance the service capabilities of Mobvista in Mar-tech

Enrich the product matrix, strengthen the capability to monitor advertising performance, and deliver closed-loop service of purchasing traffic. After acquiring Reyun Data, we quickly built a more complete product matrix to achieve full-spectrum advertising services. With the help of SolarEngine, we are building a full-spectrum marketing technology business that will increase customer value and customer loyalty. These products include pre-launch market insight, multi-channel management, advertising transaction, creative production, performance tracking, channel analysis, creative analysis, and user data management in post-launch. The Mar-tech system data will help Mintegral form a closed cycle with our advertising business, providing feedback for optimization iterations.

We will also open up the domestic purchase traffic market and further implement the global strategy. The Company has been deeply engaged in overseas markets for many years. Currently, 44% of the customers come from China, and 96% of the traffic come from overseas. The acquisition of Reyun Data will help us further expand domestic traffic, realize the globalization strategy, and become one of the few third-party service platforms worldwide to build a multi-regional traffic network at home and abroad. SolarEngine was upgraded based on Reyun and will also launch overseas to provide Chinese and overseas customers with better, more cost-effective SaaS products and services.

6.3. Adhere to the globalization strategy based on the China-to-Global market

As a third-party mobile advertising platform connecting the East and West markets, we are in the current wave of the China-to-Global market and invest greater energy and resources to help enterprises preparing to go overseas to enter overseas markets at a lower cost. The solutions include supporting the introduction of corresponding overseas accelerator plans; making an overseas strategy tour with industry partners to help customers understand the key points of going overseas; integrating the overseas toolkit to empower the growth and commercialization of overseas users and optimizing ROI.

At the same time, we will adhere to the globalization platform strategy, so that platform technology can better serve all markets worldwide (including China). Over the years, the Group has continuously strengthened its brand image in the Asia-Pacific region and its cooperative relationship with customers and potential customers. We are also implementing localization strategies in EMEA and the Americas to expand our market share actively. Currently, the proportion of revenue between overseas and Chinese customers is balanced, which shows our system and ability to serve global customers.

6.4. Adhere to data and privacy protections

Data and privacy protections are crucial to business development and partner relationship management in the mobile advertising industry. As a market-leading mobile advertising platform, the Group always prioritizes date security and privacy protection in our business strategies.

As opposed to using the technology commonly leveraged in the industry that completely relies on IDFA to obtain long-term interest profiles of users, our algorithms for collecting and analyzing the data of mobile internet user behavior rely primarily on contextual information rather than private customer data. We will not identify specific individuals through the collected data, nor do we associate data and information with specific individuals.

At the same time, the core business of the Group, Mintegral open-sourced its SDK and obtained authoritative privacy certificates such as SOC2 Type1 and Type2, SOC3, ISO27001, kidSAFE + COPPA, etc., to continuously verify the effectiveness of products and technologies, build a moat for user data privacy, and protect user rights and interests.

We always insist on being a leader in practising data and privacy protections. We believe that protecting customer data is the backbone of the Company's sound corporate governance and long-term mutual trust with customers. This measure will benefit the Group in the long run.

VII. Testimonials

After years of development, Mobvista has won high praise from customers for its excellent products and services:

SHIMMER
STUDIO

Mobile game

Domestic overseas enterprises

Shimmer Games is a Chinese game developer dedicated to creating innovative games for overseas markets.

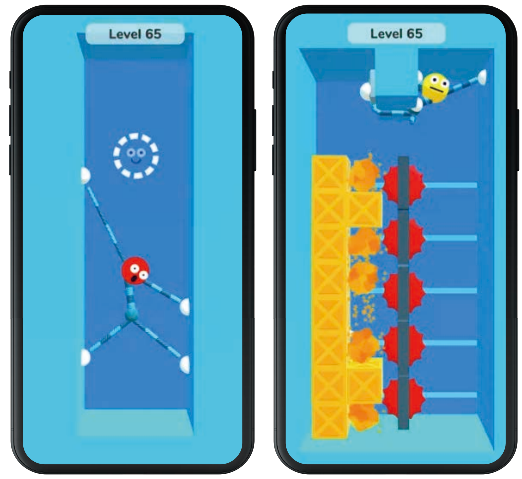
Shimmer Games Testimonial:

Mintegral is a trusted and valued partner of ours. Their efforts in promoting our App "I Want to Be a Landlord" in Hong Kong and Taiwan have brought in high-quality users, enhancing our game's value and generating substantial revenue for our business. Working with such a professional platform has been a pleasure, and we eagerly anticipate future opportunities for collaboration.

—— Mixing
Game Producer at Shimmer Games

Hyper–casual games | Overseas developers

YSO Corp is a French hyper-casual game publisher and developer.
600+ million downloads
50+ million MAUs



YSO Corp Testimonial:

Mintegral is a very strong user acquisition partner, and we have reached our ROAS goals through their high-quality traffic. They also help us deal with any issues quickly and professionally. We look forward to growing our future partnership with this platform and look forward to future growth. We were surprised to see how much Mintegral helped us boost our monetization efforts for our games, and Mintegral has become one of the most valuable partners worldwide.

—— Jean-Claude Yalap
Co-founder of YSO Corp

Hyper–casual games | Overseas developers

Supercent is a mobile game publishing studio based in Seoul, South Korea.
A fast-paced, tight-knit team of game enthusiasts. Supercent creates and publishes hyper-casual games inspired by short-form content.

Supercent Testimonial:

With the help of XMP, we have built a robust advertising optimization system that utilizes XMP features such as Creative Reporting, data analysis, and batch creation to break down the barriers between departments and make media buying easier.

—— Seyoung Yoon
Head of Growth of Supercent

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

1. Revenue by Type of Services

Our business model consists of providing advertising services and a complementary SaaS marketing tool matrix. It is common that customers begin cooperation by leveraging one tool in our matrix, and typically engage with others over time.

For the year ended 31 December 2022, we recorded revenue of US$894.4 million (corresponding period in 2021: US$755.4 million), 18.4% higher on a YoY basis. Our revenue comes from the Ad-tech (advertising technology) segment which is centered around Nativex and Mintegral, and the Mar-tech (marketing technology) segment which is centered around SolarEngine (cloud business also integrated into SolarEngine) and GameAnalytics.

1.1. Revenue Model

1) Ad-tech (advertising technology) segment

Our advertising technology business revenue typically comes from mobile internet customers, especially mobile App developers which use our platform to promote their products (Apps). Typically, we charge a fee based on the performance of the promotion, that is, an agreed fee per install or download delivered.

2) Mar-tech (marketing technology) segment

i. GameAnalytics

The product charges monthly subscription fees based on which automation features and data analytics dimensions are unlocked. Subscription fees range from US$350 to US$3,000 per month.

ii. SolarEngine

SolarEngine primarily offers SaaS tools, which is a cloud-hosted software that charge fees based on usage as well as subscriptions.

1.2. Principles of Revenue Recognition

1) Ad-tech (advertising technology) segment:

Generally, we charge customers based on the performance of the services provided to them, and are responsible for fulfilling the obligation of advertising performance delivered. Therefore, our advertising technology business revenue recognition principle is generally the gross method;

2) Mar-tech (marketing technology) segment:

Our Mar-tech business is usually subscription-based or pay-per-use software business. During the contract period, revenue is generally recognized on a pro rata/usage basis. SpotMax business is a consumption-based business model, and we will recognize revenue from the fee charged based on the number of cloud computing resources managed by the customer through the platform.

1.3. The following table sets forth a breakdown of revenue by type of service for the periods indicated:

	For the Twelve Months ended 31 December				
	2022		2021		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	**YoY Change**
Ad-tech revenue	**881,813**	**98.6%**	752,673	99.6%	**17.2%**
Mar-tech revenue	**12,592**	**1.4%**	2,739	0.4%	**359.7%**
Total	**894,405**	**100.0%**	755,412	100.0%	**18.4%**

2. Ad-tech (advertising technology) net revenue

The following table sets forth the net revenue from the advertising technology business during the periods indicated:

		2022			2021	
	2022	**2022H2**	**2022H1**	2021	2021H2	2021H1
	US$'000	***US$'000***	***US$'000***	*US$'000*	*US$'000*	*US$'000*
Advertising technology business revenue	**881,813**	**432,656**	**449,157**	752,673	445,386	307,287
— Advertising technology business net revenue(1)	**212,125**	**107,666**	**104,459**	146,212	90,984	55,228

Note:

(1) Net revenue is defined as revenue adjusted by deducting cost distributed to the traffic publishers.

As of 31 December 2022, the Group recorded advertising technology business revenue of US$881.8 million and advertising technology business net revenue of US$212.1 million.

3. Revenue from Advertising Technology by Software Platform Business Department

The following table sets forth a breakdown of revenue from advertising technology business by business department for the periods indicated:

	For the Twelve Months Ended 31 December				
	2022		2021		
	US$'000	**% of Advertising Technology Business Revenue**	*US$'000*	% of Advertising Technology Business Revenue	**YoY Change**
Mintegral business revenue	**825,168**	**93.6%**	575,059	76.4%	**43.5%**
Nativex business revenue	**56,645**	**6.4%**	177,614	23.6%	**–68.1%**
Total advertising technology business revenue	**881,813**	**100.0%**	752,673	100.0%	**17.2%**

As of 31 December 2022, we recorded advertising technology business revenue of US$881.8 million (corresponding period in 2021: US$752.7 million), 17.2% higher on a YoY basis. Our advertising technology business revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from Mintegral platform was US$825.2 million, accounting for 93.6% of the advertising technology business revenue. Revenue from the Nativex platform was US$56.6 million, accounting for 6.4% of advertising technology business revenue.

During the Reporting Period, the revenue of Nativex platform decreased by 68.1% to US$56.6 million (corresponding period in 2021: US$177.6 million). The decrease is primarily due to our top media agency business being divested during the Reporting Period.

At the same time, benefiting from the Group's transformation strategy, 2022 Mintegral's scale-priority development strategy, and various factors such as the intensified scale effect and platform effect of the Mintegral platform, Mintegral platform revenue achieved an increase of 43.5% on a YoY basis to US$825.2 million (corresponding period in 2021: US$575.1 million).

Although the Group withdrew from the top media agency business from March 2022, the affiliates marketing business in Nativex has a good cash flow and is a stable source of profit for the Group; Therefore the Group will continue to develop this business. In addition, the industry in which our programmatic business centered around Mintegral lies in, has grown rapidly with a relatively large addressable market. And we have leading technology in the industry, Mintegral's business grows fast and maintain healthy cash flow, which will become the key business of the Group.

3.1. Main Operation and Financial Data of Mintegral

3.1.1. Main financial data

During the Reporting Period, the Mintegral platform recorded revenue of US$825.2 million (corresponding period in 2021: US$575.1 million), a YoY increase of 43.5% compared to 2021. The first, second, third and fourth quarters of 2022, recorded revenue of US$200.1 million, US$210.6 million, US$199.3 million and US$215.2 million with a change of 5.1%, 5.2%, -5.4% and 8.0% from the prior period, respectively.

In addition, in order to further capture market share, establish first-mover advantages and strengthen the economics of scale, the Group regards the growth of platform scale and the expansion of multiple vertical categories as medium-term strategic goals. During the Reporting Period, the results of these strategic objectives have gradually emerged.

	Mintegral Platform Business Revenue *(US$'000)*	**Chain Growth Rate**	**YoY Growth Rate**
2022H2	414,468	0.9%	18.3%
2022Q4	215,166	8.0%	13.0%
2022Q3	199,302	-5.4%	24.6%
2022H1	410,700	17.2%	82.8%
2022Q2	210,595	5.2%	64.1%
2022Q1	200,105	5.1%	107.7%

1) Further information on customers whose Mintegral platform revenue contribution more than US$100,000[(1)].

   We define customers as the subjects that generate revenue in a specific period of time.

   We have counted the number of scaled enterprise customers that contributed more than US$100,000[(1)] in revenue in the past twelve months. These scaled enterprise customers generally contribute majority of the revenue of the Mintegral platform. They have consistent spend and platform stickiness, which promotes the expansion of the platform scale and improves the economic leverage of the platform.

As of the trailing twelve months ended 31 December of 2021 and 2022, there were 267 and 390 scaled enterprise customers respectively that had a trailing twelve-month revenue contribution of more than US$100,000[1].

	31 December 2022[2]	30 September 2022[2]	30 June 2022[2]	31 March 2022[2]	31 December 2021[2]
The number of customers whose revenue contribution exceeded US$100,000[1]	390	361	320	288	267
Total revenue of customers whose revenue contribution exceeded US$100,000[1] *(US$'000)*	771,082.7	761,307.8	735,980.2	663,882.9	561,838.5
Average revenue contribution of customers whose revenue contribution exceeded US$100,000[1] *(US$'000)*	1,977.1	2,108.9	2,299.9	2,305.1	2,104.3
Proportion of Mintegral platform revenue of the customers that contributed more than US$100,000[1]	93.4%	95.1%	96.7%	97.8%	97.7%
YOY change in average revenue contribution of customers whose revenue contribution exceeded US$100,000[1]	-6.0%	19.0%	50.6%	64.9%	50.8%

Notes:

(1) In the table and above, "more than US$100,000" means US$100,000 or more.

(2) A date indicated in the table refers to the trailing twelve-month ended the indicated date.

2) Retention of customers whose Mintegral platform revenue contribution exceeded US$100,000[(1)]

Our customer retention rate is calculated by comparing the data of two consecutive twelve-month statistical periods to show the number of customers in the previous statistical period which are still active customers in the current period. In addition, the number of our customers may be adjusted based on acquisitions, mergers, spin-offs and other market activities.

Compared to the twelve-month as of 31 December 2021, the retention rate of customers with revenue contributions of more than US$100,000[(1)] for the twelve-month as of 31 December 2022 was 96.3%, and the dollar-based net expansion rate[(2)] was 125.1%. The details are as follows:

	Overall retention
The number of retained customers[(5)] for the current period[(3)] with revenue contribution of more than US$100,000	343
The number[(5)] of customers for the base period[(4)] with revenue contribution of more than US$100,000	356
Customer retention rate with revenue contribution of more than US$100,000	96.3%
Dollar-based net expansion rate[(2)]	125.1%

Notes:

(1) In the table and above, "more than US$100,000" means US$100,000 or more.

(2) Dollar-based net expansion rate: (Average revenue contribution of current retained customers in the current period/Average revenue contribution of the current retained customers in the base period) * 100%.

(3) Current period: twelve-month as of 31 December 2022.

(4) Base period: twelve-month as of 31 December 2021.

(5) The number of customers includes the customers whose base period was micro-sized customer, but revenue contribution in the current period exceeds US$100,000.

3) Customers whose Mintegral platform revenue contribution exceeded US$100,000, divided by revenue scale

We have calculated the number and revenue contribution of scaled enterprise customers whose revenue contribution was between US$100,000 and US$1 million (i.e. US$1 million > revenue contribution ≥ US$100,000), between US$1 million and US$10 million (i.e. US$10 million > revenue contribution ≥ US$1 million), and US$10 million or more (i.e. revenue contribution ≥ US$10 million) in the past twelve months. According to the scale of revenue contribution, we define them as small-sized enterprise customer, medium-sized enterprise customer and large-sized enterprise customer. In addition, we define customers whose revenue contribution is less than US$100,000 (i.e. US$100,000 > revenue contribution > US$0) as micro-sized enterprise customer.

For the twelve months ended 31 December 2022, the number of customers including small-sized enterprise customers (i.e. US$1 million > revenue contribution ≥ US$100,000), medium-sized enterprise customers (i.e. US$10 million > revenue contribution ≥ US$1 million) and large-sized enterprise customers (i.e. revenue contribution ≥ US$10 million) and their revenue contribution are as follows:

	Small-sized enterprise customer	**Medium-sized enterprise customer**	**Large-sized enterprise customer**
Number of customers	251	114	18
Total customer revenue *(US$'000)*	81,865	289,650	388,230
Average revenue contribution of customers *(US$'000)*	326	2,541	21,568
Percentage of Mintegral revenue	9.9%	35.1%	47.0%

4) Retention of customers whose Mintegral platform revenue contribution exceeded US$100,000, divided by revenue scale

We have calculated the retention rates of customers of different revenue scale. By comparing the two consecutive twelve-month statistical periods, we have calculated the number of enterprise customers of different revenue scale in the previous statistical period that were considered as active customers during the current period. The increase in revenue contribution of the customer group over time is driven by the increase in customer retention and dollar-based net expansion rate. Through the analysis of the retention of enterprise customer groups of different revenue scale and dollar-based net expansion rate, we can understand the internal growth of the business. In addition, the number of our customers in each group may be adjusted based on acquisitions, mergers, spin-offs and other market activities.

		Data for the 12 months period as of 31 December 2022 and 31 December 2021
Small-sized enterprise customer (US$1 million > Revenue contribution ≥ US$100,000)	Number of customers retained in the current period(2)	173
	Number of customers in the base period(3)	185
	Customer retention rate	93.5%
	Dollar-based net expansion rate(1)	154.8%
Medium-sized enterprise customer (US$10 million > Revenue contribution ≥ US$1 million)	Number of customers retained in the current period(2)	71
	Number of customers in the base period(3)	72
	Customer retention rate	98.6%
	Dollar-based net expansion rate(1)	138.4%
Large-sized enterprise customer (Revenue contribution ≥ US$10 million)	Number of customers retained in the current period(2)	10
	Number of customers in the base period(3)	10
	Customer retention rate	100.0%
	Dollar-based net expansion rate(1)	87.0%

Notes:

(1) Dollar-based net expansion rate: (Average revenue contribution of current retained customers in the current period/Average revenue contribution of the current retained customers in the base period) * 100%.

(2) Current period: twelve-month as of 31 December 2022.

(3) Base period: twelve-month as of 31 December 2021.

3.1.2. Main operational data

Quarter-to-quarter change	2022Q4	2022Q3	2022Q2	2022Q1
Cooperating traffic publishers[1] retention rate	94.9%	95.2%	92.2%	93.5%
Changes in the number of new cooperating traffic publishers	16.6%	15.8%	19.0%	16.7%
Changes in the number of new cooperating traffic Apps	23.5%	23.6%	28.2%	26.2%

Note:

(1) Cooperating traffic publishers: defined as the traffic publishers who send ad requests to the platform within a certain period of time. It may be a traffic provider that we need to pay, or it may be a traffic provider that we may pay in the future.

At the end of the Reporting Period, the publishers that Mintegral worked with were well retained and continued to grow. The quarter-on-quarter retention rates of cooperative publishers in 2022Q4 and 2022Q3 are 94.9% and 95.2% respectively, and the quarter-on-quarter growth of new cooperative publishers is 16.6% and 15.8% respectively; and the number of cooperative Apps increased by 23.5% and 23.6% quarter-on-quarter.

4. *Revenue from Mintegral's Business by Mobile App Category*

The following table sets forth a breakdown of revenue from Mintegral platform business by mobile App category[1] for the periods indicated:

	For the Twelve Months Ended 31 December				
	2022		2021		
	US$'000	**% of Mintegral platform business revenue**	*US$'000*	% of Mintegral platform business revenue	**YoY Change**
Game	**630,704**	**76.4%**	444,238	77.3%	**42.0%**
E-commerce	**48,777**	**5.9%**	49,462	8.6%	**-1.4%**
Social and content	**66,419**	**8.0%**	54,736	9.5%	**21.3%**
Lifestyle	**19,050**	**2.3%**	12,131	2.1%	**57.0%**
Utility	**34,449**	**4.2%**	8,457	1.5%	**307.3%**
Others	**25,769**	**3.2%**	6,035	1.0%	**327.0%**
Total revenue from Mintegral platform business	**825,168**	**100.0%**	575,059	100.0%	**43.5%**

Note:

(1) The application category division shown in the figure is based on the application type that uses our applications (customers).

During the Reporting Period, the game category recorded revenue of US$630.7 million (corresponding period in 2021: US$444.2 million), a YoY increase of 42.0%, accounting for 76.4% of Mintegral's revenue. During the Reporting Period, the Group continued to strengthen the synergies between GA and the advertising technology businesses, and continued to strengthen its long-term advantages in the field of casual/hyper-casual games, attracting many enterprise customers of casual games to cooperate with the platform. At the same time, the casual games that have already cooperated with us continued to increase their activity on the Mintegral platform, led to a steady climb in revenue from casual/hyper-casual games. In addition, the Group continued to grow the midcore and hardcore game segments. During the Reporting Period, the revenue contribution from medium and heavy game enterprise customers had a big breakthrough, up 132.0% in 2022 compared with 2021, which has accelerated the rapid growth of Mintegral's game category revenue.

The e-commerce recorded revenue of US$48.8 million (corresponding period in 2021: US$49.5 million), a YoY decrease of 1.4%, accounting for 5.9% of Mintegral's business revenue.

The social and content category has grown substantially by 21.3% to US$66.4 million (corresponding period in 2021: US$54.7 million), this increase is primarily due to the increasing demand of some medium to large scale enterprise customers in China and the Asia-Pacific within the social and content category to go overseas, which resulted in accelerating growth of their budget allocated to the Mintegral platform.

The utility category recorded revenue of US$34.4 million (corresponding period of 2021: US$8.5 million), a YoY increase of 307.3%. The increase was primarily driven by the strong demand from Chinese customers in the small and medium-sized utility category aiming for global expansion of their business.

During the Reporting Period, the Group continued to improve the vertical coverage, actively expanded sub-categories, refined operations of mature application services, and deepened competitive barriers while gaining market share thereby laying a foundation for long-term development.

5. *Revenue from our Advertising Technology Business by Geography*

The following table sets forth a breakdown of revenue from our advertising technology business by geography[1] for the periods indicated:

	For the Twelve Months Ended 31 December				
	2022		2021		
	US$'000	**% of Advertising Technology Business Revenue**	*US$'000*	% of Advertising Technology Business Revenue	**YoY Change**
China[2]	**296,837**	**33.7%**	265,749	35.3%	**11.7%**
EMEA[3] and Americas[4]	**380,062**	**43.1%**	328,966	43.7%	**15.5%**
Asia-Pacific[5]	**191,382**	**21.7%**	145,746	19.4%	**31.3%**
Other regions[6]	**13,532**	**1.5%**	12,212	1.6%	**10.8%**
Total advertising technology business revenue	**881,813**	**100.0%**	752,673	100.0%	**17.2%**

Notes:

(1) The regions classified in the table refer to the location of our advertisers' main business departments.

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

(3) Includes the United Kingdom, France, Switzerland, Germany, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Israel and Turkey.

(4) Mainly includes the United States, Canada, Mexico, Brazil, Argentina, Chile and Colombia.

(5) Other major Asian countries excluding China.

(6) Countries and regions other than the above countries and regions.

The division of regions in the table refers to the location of our advertisers' main business departments.

During the Reporting Period, the regional structure of our advertising technology revenue was diversified. Among these, EMEA and the Americas accounted for a large proportion, China remained stable, and the rest of the world accounted for a relatively small proportion.

Among these, EMEA and the Americas are the largest sources of income, with a total revenue of US$380.1 million (corresponding period of 2021: US$329.0 million), accounting for 43.1% of advertising technology business revenue (among them, the Americas and the Middle East contributed to the revenue of advertising technology business 8% and 14% respectively). The share of revenue of the Ad-tech business remained basically stable. The revenue growth in EMEA and Americas is primarily due to the gradual enhancement of the Group's technology and the scale of traffic delivered in the casual game category, and casual game enterprise customers in the EMEA region continue to increase activity in the Mintegral platform leading to an increase of the number of large enterprise customers in the EMEA region. Moreover, the increase in the activity of large enterprise customers has fostered the growth of revenue in the EMEA region.

China is the second largest source of income, with revenue of US$296.8 million (the same period in 2021: US$265.7 million), an increase of 11.7% on a YoY basis, and the proportion of its contribution to the advertising technology business revenue has decreased to 33.7%. The revenue growth in China during the Reporting Period primarily stemmed from the lift in demand from Apps of the Chinese social and content category to advertise in overseas markets, which in turn attracted more small and medium-sized customers to use our services. This trend has fostered the rapid growth of the business of Mintegral in China as well.

In addition, revenue in Asia-Pacific has grown significantly to US$191.4 million (corresponding period of 2021: US$145.7 million), a YoY increase of 31.3%, and its contribution to advertising technology business revenue has increased slightly. The growth in revenue from Asia-Pacific was primarily due to: 1) during the Reporting Period, the revenue of Mintegral business from customers in Asia-Pacific increased rapidly due to the gradual enhancement of the platform's technical capabilities and scale of traffic in the casual game category, and the continuous increase in the number of customers and the size of game enterprises in Asia-Pacific; 2) due to the Group's continuous expansion in the e-commerce field in Asia-Pacific, medium and large-scale e-commerce enterprise customers in Southeast Asia have been increasing their budgets for Mintegral and Nativex, driving the overall revenue growth in Asia-Pacific.

6. *Revenue from our Marketing Technology Business by type*

We divided our marketing technology business in 2022 into four revenue categories: statistics and analysis, creative, advertising, and cloud computing optimization. Among them, statistics and analysis have the highest proportion, accounting for 54.4% of the total revenue of marketing technology.

	Statistics and Analysis	**Creative**	**Advertising**	**Cloud Computing Optimization**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	6,848	2,993	2,405	346	12,592
% of marketing technology business revenue	54.4%	23.8%	19.1%	2.7%	100%

Cost of Sales

During the Reporting Period, our cost of sales increased by 13.2% YoY to US$717.4 million (corresponding period in 2021: US$633.5 million). The increase primarily comes from the advertising technology business, and is mostly due to the cost associated with increasing the scale of traffic.

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

	For the Twelve Months Ended 31 December				
	2022		2021		
	US$'000	**% of respective business revenue**	*US$'000*	% of respective business revenue	**YoY Change**
Ad-tech	**713,311**	**80.9%**	632,955	84.1%	**12.7%**
Traffic cost	**669,688**	**75.9%**	606,461	80.6%	**10.4%**
Other business cost	**43,623**	**4.9%**	26,494	3.5%	**64.7%**
Mar-tech	**4,065**	**32.3%**	535	19.5%	**659.8%**
Mar-tech business cost	**4,065**	**32.3%**	535	19.5%	**659.8%**
Total	**717,376**	**80.2%**	633,490	83.9%	**13.2%**

The main costs of advertising technology business include traffic costs and other business costs, with server costs being the primary component of the latter. The increase in server costs and traffic costs is primarily due to the expansion of the advertising technology platform.

The increase in marketing technology business costs is primarily due to: 1) data analytics business revenue increases, resulting in the corresponding increase in operation and maintenance costs; 2) Reyun Data began to be consolidated from December 2021.

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 Twelve Months Ended 31 December				
	2022		2021		
	Gross profit *US$'000*	**Gross profit margin**	Gross profit *US$'000*	Gross profit margin	**YoY Change**
Ad-tech (Advertising technology)	**168,502**	**19.1%**	119,718	15.9%	**40.7%**
Mar-tech (Marketing technology)	**8,527**	**67.7%**	2,204	80.5%	**286.9%**
Total	**177,029**	**19.8%**	121,922	16.1%	**45.2%**

During the Reporting Period, the Group recorded a gross profit of US$177.0 million (corresponding period in 2021: US$121.9 million), a YoY increase of 45.2%. Gross profit margin increased to 19.8% (corresponding period in 2021: 16.1%).

Among these, the gross profit of the advertising technology business increased by 40.7% to US$168.5 million on a YoY basis, with a gross profit margin of 19.1%, which is a significant increase compared to the same period last year. Changes in the gross profit margin of the advertising technology business are primarily caused by: 1) in the first half of 2021, Mintegral's business was affected by the short-term impact of 2020. It adopted an active recovery and expansion strategy in the first half of 2021, resulting in a low gross margin (13.7%). As we began to recover the gradual results in the second half of 2021, and overall, a lower gross margin for the full year 2021 (15.9%); 2) during the Reporting Period, with the rapid growth of the Mintegral business and the enhancement of its algorithm capabilities, the gross profit margin of the platform increased significantly.

The gross profit of the marketing technology business was US$8.5 million, and the gross profit margin was 67.7%. The primary reason for the change in the gross profit margin of the marketing technology business was due to the acquisition of Reyun Data, which led to changes in the business structure of other marketing technology business.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses increased by 40.3% YoY to US$66.1 million (corresponding period in 2021: US$47.1 million). The primary reasons for this increase are: 1) the expansion of new vertical categories of the programmatic advertising business which generates incentive costs and lays the foundation for the long-term rapid growth of the platform's transaction scale; 2) the development of SaaS business which prompted more sales investment.

During the Reporting Period, the share-based compensation included in selling and marketing expenses amounted to US$0.5 million.

R&D Expenditure

During the Reporting Period, our R&D expenses increased by 55.4% YoY to US$106.9 million (corresponding period in 2021: US$68.8 million). The increase in R&D expenditures primarily comes from: 1) upgrading our R&D team strength, increasing investment in the scientist, Algorithm Engineer and Cloud Architect teams, and accelerating our high-end R&D talent pool; 2) accelerated investment in R&D during the process of actively expanding into new vertical categories.

In addition, if we combine capitalized R&D expenses with expensed R&D expenditures, total R&D expenditures will be US$186.1 million, an increase of 64.2% over the same period last year.

The Group continues to firmly believe that R&D and technological advancement are the core drivers of business growth. Therefore, share grants are given to R&D personnel as incentives. During the Reporting Period, the share-based compensation included in research and development expenditure amounted to US$7.7 million.

General and Administrative Expenses

During the Reporting Period, our general administrative expenses have increased by 76.7% YoY to US$48.8 million (corresponding period in 2021: US$27.6 million). The increase primarily stems from; 1) an increase in labor costs (including the share-based compensation) by US$6.1 million to US$25.7 million; 2) general and administrative expenses were at a lower level in 2021 as the Group continued to strengthen its accounts management, resulting in the reversal of bad debt accruals in the previous reporting period. There is no such events in the current year.

Operating expenses

We classify operating expenses into fixed expenses (excluding share-based compensation), variable expenses and share-based compensation. Fixed expenses mainly consist of labour costs (cash), rental expenses, business travel expenses, agency fees, welfare expenses and other daily operating expenses, and we merge the capitalized R&D expenditure and expensed R&D expenditure of labor costs in the current period. In 2022, the fixed expenses fluctuated slightly between quarters due to team restructuring, etc. and reached the lowest level in the fourth quarter of 2022. We expect future quarterly fixed expenses to continue at the same level as the fourth quarter of 2022 and remain relatively stable. Variable expenses are incentive fee directly related to advertising, training cost of advertising platform, asset impairment gains and losses, etc. The variable expenses in 2022 showed a significant decline between quarters, with a 18.5% decrease in the fourth quarter of 2022 compared to the first quarter of 2022. The part of variable expense is expected to decrease further as our advertising platform capabilities progress.

US$'000	2022Q1	2022Q2	2022Q3	2022Q4	**2022**
Variable expenses	39,951	39,933	33,632	32,565	**146,081**
Fixed expenses (excluding share-based compensation)	24,117	22,004	22,115	20,651	**88,887**
Share-based compensation	2,435	2,434	3,654	3,958	**12,481**

Profit/(loss) from Operations

During the Reporting Period, our operating profit was US$2.2 million (corresponding period in 2021: loss of US$12.4 million). If we exclude the effects of share-based compensation expenses, depreciation and amortization, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and the media planning and procurement business during the Reporting Period, our operating profit increased by 53.6% YoY to US$36.1 million (corresponding period in 2021: US$23.5 million).

We split the 2022 profit profile between quarters, with Adjusted EBITDA rising significantly from quarter to quarter as platform capacity improved. Adjusted EBITDA of the fourth quarter of 2022 accounting for 52.2% of the full year.

Quarterly net profit, adjusted EBITDA

US$'000	2022Q1	2022Q2	2022Q3	2022Q4	**2022**
Adjusted EBITDA	1,137	4,687	11,462	18,849	**36,135**
Net Profit	30,940	-9,290	-13,266	1,806	**10,190**

Trade receivable turnover days

During the Reporting Period, the Group's overall trade receivable turnover days was 52, which has decreased compared to the previous year without considering assets held for sale. During the Reporting Period, the Group has always held a high value in trade receivable management, and most of the trade receivables of the Group's business could basically be collected within agreed upon terms.

(Unit: Days)	**Total trade receivable turnover days**
2022[1]	52
2021 (including assets held for sale)	102
2020	124

Note:

(1) Turnover days after the disposal of subsidiaries and top media agency business.

Trade payables turnover days

During the Reporting Period, the Group's overall trade payables turnover days was 90 days. A relatively stable level was also maintained over the past three years.

(Unit: Days)	**Total trade payables turnover days**
2022[(1)]	90
2021 (including assets held for sale)	84
2020	82

Note:

(1) Turnover days after the disposal of subsidiaries and top media agency business.

Net Cash Flow from the Operating Activities

During the Reporting Period, as the share of Mintegral business revenue continued to increase, the Group strategically divested the Nativex business which occupies more operating cash flow. At the same time, management of accounts receivable continued to be strengthened. In the second half of 2022, we launched a credit system to unified review and management of credit lines (credit lines refer to the maximum amount that a customer can postpay). We replaced manual controls with the system's capability to manage our customers by group, approve customers' credit lines, monitor the use of the credit lines, automate the collection and also raise alerts when new risks are found. We have greatly enhanced the control of our account receivables with a better company cash flow. During the Reporting Period, the amount of cash flow generated by the Group's operating activities was US$97.9 million, a year-on-year increase of 130.4% when compared with the previous reporting period. The net cash flow generated by operating activities increased significantly.

	For the Twelve Months Ended 31 December		
	2022	2021	
	US$'000	*US$'000*	**YoY Change**
Net cash flow from the operating activities	**97,889**	42,479	**130.4%**

Finance Costs

During the Reporting Period, our financial costs increased by 20.8% to US$5.3 million on a YoY basis (corresponding period in 2021: US$4.4 million).

Income Tax

During the Reporting Period, we received tax expense of US$1.0 million (corresponding period in 2021: tax benefits of US$6.0 million).

Profit/(loss) Attributable to Equity Holder of the Company

During the Reporting Period, the profit attributable to equity shareholders of the Company was US$15.0 million (corresponding period in 2021: loss of US$25.0 million), after taking in account the gain on disposal of subsidiaries and the media planning and procurement business of US$48.8 million (corresponding period in 2021: nil)

Other Financial Information (Non-IFRS measures)

To supplement our consolidated financial statements presented in accordance with IFRS, we also use non-IFRS measures, namely EBITDA, adjusted EBITDA and adjusted net profit/(loss), 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 and adjusted net profit/(loss) 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 Twelve Months Ended 31 December				
	2022		2021		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	**YoY Change**
Profit/(loss) from operations	**2,245**	**0.3%**	(12,356)	–1.6%	**118.2%**
Add back:					
Depreciation and amortization	**61,561**	**6.9%**	29,049	3.9%	**111.9%**

	For the Twelve Months Ended 31 December				
	2022		2021		
		% of Total		% of Total	
	US$'000	**Revenue**	*US$'000*	Revenue	**YoY Change**
EBITDA	**63,806**	**7.1%**	16,693	2.2%	**282.2%**
Add back:					
Share-based compensation[1]	**12,481**	**1.4%**	5,836	0.8%	**113.9%**
Restructuring expenses of R&D team[2]	**1,347**	**0.2%**	—	—	**—**
Attorney expenses of acquisition of Reyun Data[3]	**619**	**0.1%**	—	—	**—**
Foreign exchange loss[4]	**5,449**	**0.6%**	—	—	**—**
Investment loss from financial assets at fair value through profit or loss[5]	**1,211**	**0.1%**	1,004	0.1%	**20.6%**
Gain on disposal of subsidiaries and top media agency business[6]	**(48,778)**	**-5.5%**	—	—	**—**
Adjusted EBITDA[7]	**36,135**	**4.0%**	23,533	3.1%	**53.6%**
Profit/(loss) for the period	**10,190**	**1.1%**	(24,764)	-3.3%	**141.1%**
Add back:					
Share-based compensation[1]	**12,481**	**1.4%**	5,836	0.8%	**113.9%**
Investment loss from financial assets at fair value through profit or loss[5]	**1,211**	**0.1%**	1,004	0.1%	**20.6%**
(Gain)/loss from change in fair value of derivative financial liabilities[8]	**(14,183)**	**-1.6%**	13,979	1.9%	**201.5%**
Adjusted net profit/(loss)[9]	**9,699**	**1.1%**	(3,945)	-0.5%	**345.8%**

Notes:

(1) Share-based compensation are expenses arising from granting RSU and share options to selected executives and employees, the amount of which are non-cash in nature and commonly excluded in similar non-IFRS measures adopted by other companies in our industry.

(2) Restructuring expenses of R&D team are employee termination costs for upgrading our research and development team strength, which are one-off expenses and may not directly correlate with the underlying performance of our business operations.

(3) Attorney expenses of acquisition of Reyun Data are service fees paid to lawyers relating to our acquisition of Reyun Data, which are one-off expenses and may not directly correlate with the underlying performance of our business operations.

(4) Foreign exchange loss is loss arising from exchange differences on translation of foreign currency monetary accounts. Foreign exchange loss may not directly correlate with the underlying performance of our business operations.

(5) Investment loss from financial assets at fair value through profit or loss arises from fair value change of certain investments held by the Group, which was recognized at fair value change through profit or loss. Such investment loss is not directly related to our principal operating activities.

(6) Gain on disposal of subsidiaries and top media agency business is the disposal gain arising from the business restructuring of the Group, which is an one-off gain and may not directly correlate with the underlying performance of our business operations.

(7) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and top media agency business.

(8) (Gain)/loss from change in fair value of derivative financial liabilities is (gain)/loss arising from the fair value remeasurement of the derivative component of convertible bonds. Such changes are not directly related to our principal operating activities.

(9) Adjusted net profit/(loss) is not an IFRS measure. We define adjusted net profit/(loss) as profit/(loss) for the Reporting Period adjusted by adding back share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and (gain)/loss from change in fair value of derivative financial liabilities.

During the Reporting Period, the adjusted EBITDA of the Group was US$36.1 million (corresponding period in 2021: US$23.5 million), which has increased by 53.6% YoY, and the adjusted net profit was US$9.7 million (corresponding period in 2021: loss of US$3.9 million).

Capital Structure and Gearing Ratio

The Company was incorporated in the Cayman Islands. As of 31 December 2022, the Company's authorized share capital US$100,000,000 was divided into 10,000,000,000 ordinary shares of US$0.01 each. As of 31 December 2022, the number of issued Shares of the Company was 1,636,620,164, which have 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 of 31 December 2022, our total assets were US$602.1 million (31 December 2021: US$747.0 million), while our total liabilities were US$354.0 million (31 December 2021: US$387.6 million). The gearing ratio (total liabilities divided by total assets) has risen to 58.8% (31 December 2021: 51.9%).

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 2022 is 1.2%–7.3% (corresponding period in 2021: 1.20%–4.35%).

Liquidity and Financial Resources

Our Company's cash flow is principally sourced from capital contribution from shareholders, cash generated from our operations and bank loans. As of 31 December 2022, our cash and cash equivalents amounted to US$105.7 million (31 December 2021: US$160.3 million).

Capital Expenditure

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

	For the Twelve Months Ended 31 December	
	2022	2021
	US$'000	*US$'000*
Property, plant and equipment	**738**	564
Intangible assets and development costs	**79,571**	54,755
Total	**80,309**	55,319

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

1. ***The acquisition of Reyun Data***

   On 27 April 2021, the Company and the founders ("**Vendors B**") and the financial investors ("**Vendors A**") of Reyun Data entered into the acquisition agreements, respectively, pursuant to which the Company has conditionally agreed to acquire and the Vendors A and Vendors B have conditionally agreed to sell in aggregate 100% equity interest in Reyun Data. As of 31 December 2022, the Company and all Vendors B (who own approximately about 52.13% equity in Reyun Data) and part of Vendors A (who own a total of about 14.01% equity in Reyun Data) entered into certain supplemental agreements to adjust the acquisition consideration.

   As of 31 December 2022, the acquisition of approximately 66.14% equity interest of Reyun Data has been completed by the Group. The Company is still under negotiation with the remaining Vendors A to adjust and agree on the remaining portion of the acquisition consideration.

   For further details, please refer to the Company's announcement dated 28 April 2021, 11 May 2021, 17 September 2021, 27 October 2021, 29 November 2021, 26 January 2022 and 6 June 2022, respectively.

2. ***Restructuring of the top media agency business (the media planning and procurement business)***

   On 17 November 2021, nine subsidiaries of the Company, as transferors, entered into the business restructuring agreement with Zhuhai Huiliang Investment Holdings Company Limited and Marketlogic Technology Limited, as transferees, Seamless Technology Limited ("**Seamless**") and Guangzhou Huiliang Marketing Technology Company Limited ("**Guangzhou Huiliang Marketing**"), pursuant to which, the transferors conditionally agreed to transfer, and the transferees conditionally agreed to receive, the entire issued share capital of Guangzhou Huiliang Marketing and certain business contracts and employment contracts relating to the media planning and procurement business of the Group (the "**Target Business**"), for the consideration of US$100,352,000.

   The consideration was satisfied by Seamless by way of transfer a total of 102,453,613 issued Shares to the RSU Schemes, which have been added to the share pools under the RSU Schemes.

   Completion of the restructuring took place on 3 March 2022, and Guangzhou Huiliang Marketing ceased to be a subsidiary of the Company.

As disclosed in the circular of the Company dated 31 January 2022, the transferees agreed to return to the Company other payables as at completion on a dollar-for-dollar basis by cash. During the Reporting Period, the Group received receivables of US$21,395,000 returned from the transferees.

Furthermore, pursuant to the business restructuring agreement, the transferors shall transfer all relevant business contracts under the media planning and procurement business to the transferees in the manner set out therein and to the satisfaction of the transferees. Subsequent to the completion of the disposal of the Target Business on 3 March 2022, the Group continued collecting receivables and settling payables arising from certain legacy business contracts with third parties customers or suppliers on behalf of the transferees due to the unwillingness of some third parties customers or suppliers to cooperate with the transfer of relevant business contracts in a timely manner.

As the receivables and payables mentioned above were incurred from contractual obligations before the business restructuring, and will continually be incurred before the completion of transfer or contractual obligations of the relevant contracts, the transferees and the Group agreed to settle the amounts aforesaid and subsequent amounts on a net basis after all the contractual obligations have been completed.

For further details, please refer to the Company's announcements dated 17 November 2021, 5 January 2022 and 3 March 2022, respectively, and the Company's circular dated 31 January 2022.

Save as the above disclosure, there were no significant investments held by the Group, nor any, material acquisitions and disposal of subsidiaries, associates and joint ventures by the Group, during the Reporting Period.

Charges on Group's Assets

As at 31 December 2022, except for the restricted cash of US$4.8 million pledged for the bank loan, a facility of US$75 million from Hongkong and Shanghai Banking Corporation Limited were secured by charged cash in bank accounts of certain subsidiaries of the Group, by charged shares of certain oversea subsidiaries of the Group, by pledged shares in certain domestic subsidiaries of the Group, and by charged intellectual properties held by a subsidiary of the Group.

Save as the above disclosure, none of the Group's assets were charged to any parties or financial institutions.

Specific Performance Obligation on Mr. Duan Wei as a Controlling Shareholder

On 10 March 2022, the Company, as borrower, and Hongkong and Shanghai Banking Corporation Limited, as lender, entered into a facility agreement, pursuant to which the lender agreed to provide the Company non-revolving loan facilities of up to US$75 million.

Under the facility agreement, if Mr. Duan Wei and Mr. Cao Xiaohuan cease to hold (directly or indirectly) beneficially more than 23% of the issued share capital of the Company in aggregate (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), the facilities will be canceled and all outstanding amounts accrued under the facilities shall become immediately due and payable.

According to the facility agreement, the final repayment date is the date falling 364 days from the date of the facility agreement, except that the term of US$40 million of the facilities is extendable for further two years. For further details, please refer to the Company's announcement dated 10 March 2022.

Material Investments or Future Plans for Major Investment

As of 31 December 2022, the Group did not hold any material investment and had no specific plan for material investments or capital assets, except for the acquisition of the non-controlling interest of Reyun Data mentioned above.

Contingent Liabilities and Financial Guarantees

As of 31 December 2022, there was no contingent liability or financial guarantee granted to third parties of the Group.

Employee and Remuneration Policies

As of 31 December 2022, after the acquisition of Reyun Data, the Group had 17 offices around the world, with 777 full-time employees (31 December 2021: 925 employees (833 if exclude employees in the top media agency business)), primarily based in the headquarter in Guangzhou, China. We had 491 employees engaged in R&D activities, accounting for 63.2% of total fulltime employees. The number of employees employed by the Group is subject to change from time to time based on needs, and employee salaries are determined with reference to market conditions and the performance, qualification and experience of individual employees.

In order to nurture and retain talent, the Group has formulated systematic recruitment procedures and offers competitive benefits and training opportunities. The remuneration policy and packages are reviewed on a regular basis. Employees will be evaluated according to their appraisals, which in turn determine their performance bonus and share awards.

Foreign Exchange Risk Management

We operate our business internationally and the major currencies of receipt of our payments and the payments we make are denominated in US dollars. We are exposed to non-US dollar currency 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 exposure.

OTHER INFORMATION

Major Customers and Suppliers

During the year ended 31 December 2022, the Group's five largest customers in aggregate accounted for approximately 19.1% of the Group's total revenue. The Group's largest customer accounted for 6.1% of the Group's total revenue.

During the year ended 31 December 2022, the Group's five largest suppliers in aggregate accounted for approximately 22.9% of the Group's total purchase. The Group's largest supplier accounted for 6.4% of the Group's total purchase.

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

Use of Net Proceeds from the Placing

On 13 April 2021, the Company and Seamless entered into a placing and subscription agreement (the "**Placing and Subscription Agreement**") with CMB International Capital Limited (the "**Placing Agent**"). Pursuant to the Placing and Subscription Agreement, the Placing Agent agreed to procure one purchaser to purchase, on a best effort basis, an aggregate of 72,481,000 existing Shares (the "**Sale Shares**") at the placing price of HK$5.9 per Share (the "**Placing Price**") (the "**Placing**"); at the same time, Seamless agreed to subscribe for, and the Company agreed to issue to Seamless, an aggregate of 72,481,000 new Shares (the "**Subscription Shares**") at HK$5.9 per Share (the "**Subscription Price**") (being the same as the Placing Price).

On 15 April 2021, upon the completion of the Placing, as a result of which a total of 72,481,000 Sale Shares were successfully placed by the Placing Agent to the placee, being GIC Private Limited, at the Placing Price. A total of 72,481,000 new Subscription Shares (being the same number as the Sale Shares) were allotted and issued to the Seamless at the Subscription Price on 21 April 2021. The net proceeds, after deducting all related fees and expenses from the Subscription, amounted to approximately US$54.6 million.

The following table sets out the breakdown of the use of net proceeds from the Placing as at 31 December 2022:

Use of Net Proceeds	**Amount Allocated** *(US$' million)*	**Amount Utilized** *(US$' million)*	**Balance** *(US$' million)*
The development and expansion of Cloud Business Unit	13.6	11.5	2.1
The development and expansion of SaaS tooling matrix	41.0	36.3	4.7
Total	**54.6**	**47.8**	**6.8**

During the Reporting Period, the Group had followed the proposed use of proceeds as set out in the announcement of the Company dated 13 April 2021 and expects to utilize the balance of the net proceeds of approximately US$6.8 million by April 2023.

Purchase, Sale and Redemption of the Company's Listed Securities

During the Reporting Period, the Company has purchased a total of 27,415,000 Shares (the "**Shares Repurchased**") of the Company on the Stock Exchange at an aggregate consideration (excluding transaction costs) of approximately HK$140.25 million. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per Share Highest *(HK$)*	Price paid per Share Lowest *(HK$)*	Aggregate consideration *HK$'000*
January 2022	3,564,000	7.04	6.65	24,519.10
February 2022	984,000	6.25	6.04	6,061.84
April 2022	8,760,000	5.70	5.04	47,590.59
July 2022	3,208,000	5.00	4.72	15,648.53
September 2022	4,390,000	4.88	3.91	19,799.61
October 2022	2,571,000	4.29	3.84	10,410.68
November 2022	2,287,000	4.50	3.89	9,530.34
December 2022	1,651,000	4.25	3.94	6,684.78
Total	**27,415,000**			**140,245.47**

The Shares Repurchased were canceled by 27 February 2023.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange 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 of the Listing Rules as its own corporate governance code.

During the year ended 31 December 2022, the Company had complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

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 2022.

Dividend Policy and Final Dividend

No final dividend was recommended by the Board for the year ended 31 December 2022.

Subsequent Events

On 12 January 2023, an indirect wholly-owned subsidiary of the Company, Guangzhou Huiliang Cloud Computing Technology Co., Ltd (the "**WFOE**"), entered into certain contractual arrangements with, inter alia, Mobvista Cloud (Beijing) Technology Company Limited (the "**OPCO**", and together with its subsidiaries, the "**OPCO Group**") and its registered shareholders Mr. Cao Xiaohuan and Mr. Song Xiaofei (who are both executive Directors), to enable the Company to control and enjoy substantially all economic benefits of the visual development and operations (DevOps) service platform business operated by the OPCO Group (the "**VIE Structure**"). Such business falls within the "B11 internet data center" business scope which is prohibited from foreign investment under the PRC laws. Under the VIE Structure, the financial results of the OPCO Group will be accounted for and consolidated into the accounts of the Group. The OPCO will therefore be accounted for as if it is a wholly-owned subsidiary of the Company. For further details, please refer to the Company's announcement dated 12 January 2023.

Review of Financial Statements

The Audit Committee has reviewed the audited consolidated financial statements of the Group during the Reporting Period. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

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 no 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 Thursday, 15 June 2023. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders in April 2023.

Closure of Register of Members

The registers of members of the Company will be closed from Monday, 12 June 2023 to Thursday, 15 June 2023, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at AGM to be held on 15 June 2023, 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 Friday, 9 June 2023.

Publication of 2022 Annual Results and Annual Report

This annual results announcement of the Group for 2022 is published on the websites of the Stock Exchanges (www.hkexnews.hk) and the Company (www.mobvista.com). The 2022 Annual Report containing all applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in April 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2022
(Expressed in United States dollar)

	Note	**2022** **US$'000**	2021 US$'000
Revenue	2	**894,405**	755,412
Cost of sales		**(717,376)**	(633,490)
Gross profit		**177,029**	121,922
Selling and marketing expenses		**(66,131)**	(47,146)
Research and development expenses		**(106,890)**	(68,771)
General and administrative expenses		**(48,827)**	(27,633)
Other net income		**47,064**	9,272
Profit/(loss) from operations		**2,245**	(12,356)
Change in fair value of derivative financial liabilities		**14,183**	(13,979)
Finance costs		**(5,288)**	(4,379)
Profit/(loss) before taxation		**11,140**	(30,714)
Income tax	3	**(950)**	5,950
Profit/(loss) for the year		**10,190**	(24,764)
Attributable to:			
Equity shareholders of the Company		**14,994**	(24,958)
Non-controlling interests		**(4,804)**	194
Profit/(loss) for the year		**10,190**	(24,764)
Earnings/(loss) per share	4		
Basic (United States dollar cents)		**0.97**	(1.59)
Diluted (United States dollar cents)		**0.20**	(1.59)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022
(Expressed in United States dollar)

	2022	2021
	US$'000	*US$'000*
Profit/(loss) for the year	**10,190**	(24,764)
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(498)**	824
Total comprehensive income for the year	**9,692**	(23,940)
Attributable to:		
Equity shareholders of the Company	**14,496**	(24,134)
Non-controlling interests	**(4,804)**	194
Total comprehensive income for the year	**9,692**	(23,940)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022
(Expressed in United States dollar)

	Note	**31 December 2022 US$'000**	31 December 2021 US$'000
Non-current assets			
Property, plant and equipment		**11,679**	7,613
Intangible assets		**137,587**	117,668
Goodwill		**115,342**	115,342
Deferred tax assets		**20,357**	22,040
Financial assets measured at fair value through profit or loss (FVPL)		**1,235**	1,663
		286,200	264,326
Current assets			
Financial assets measured at FVPL		**31,564**	12,199
Contract costs		**—**	552
Trade and other receivables	*5(a)*	**141,104**	170,158
Prepayments	*5(b)*	**32,179**	12,668
Restricted cash		**4,783**	6,320
Cash and cash equivalents		**105,716**	160,322
Current tax recoverable		**528**	1,226
Assets held for sale		**—**	119,197
		315,874	482,642
Current liabilities			
Trade and other payables	*6*	**251,164**	214,846
Current tax payable		**7,331**	8,040
Bank loans and overdrafts	*7*	**45,555**	59,269
Lease liabilities		**4,991**	3,992
Derivative financial liabilities		**2,194**	16,377
Liabilities held for sale		**—**	47,007
		311,235	349,531
Net current assets		**4,639**	133,111
Total assets less current liabilities		**290,839**	397,437

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continue)*

at 31 December 2022

(Expressed in United States dollar)

	Note	**31 December 2022** **US$'000**	31 December 2021 US$'000
Non-current liabilities			
Convertible bonds		**29,980**	27,509
Deferred tax liabilities		**5,867**	7,558
Lease liabilities		**6,932**	2,854
Other non-current liabilities		**21**	158
		42,800	38,079
NET ASSETS		**248,039**	359,358
CAPITAL AND RESERVES			
Share capital	*8*	**16,366**	16,640
Reserves		**219,037**	320,164
Total equity attributable to equity shareholders of the Company		**235,403**	336,804
Non-controlling interests		**12,636**	22,554
TOTAL EQUITY		**248,039**	359,358

NOTES TO THE CONSOLIDATED 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 (IASs) 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 amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as "**the Group**").

The financial statements are presented in United States dollar ("**US$**"), rounded to the nearest thousand, which is the functional currency of the subsidiaries carrying out the principal activities of the Group. The functional currency of the Company is US$.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— the investments in debt and equity securities are stated at fair value.

— share-based payments.

— derivative financial liabilities.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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 IAS 16, Property, plant and equipment: *Proceeds before intended use*

- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. 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.

2 Revenue and Segment Reporting

(a) Revenue

The principal services of the Group are the provisions of advertising technology related services and marketing technology related 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:

	2022	2021
	US$'000	*US$'000*
Revenue from advertising technology related services	**881,813**	752,673
Revenue from marketing technology related services	**12,592**	2,739
	894,405	755,412

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 2022, no (2021: one) single customer contributed to 10% or more of the Group's revenue.

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

As at 31 December 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is US$32,106,000 (2021: US$19,389,000). This amount represents revenue expected to be recognised in the future upon expiration of the subscription periods to the Group's data analytics platform or the provision of advertising technology service. The Group will recognise the expected revenue in future as the expiring of subscription periods or the provision of advertising technology service, which is expected to occur over the next 1 to 12 months (2021: 1 to 12 months).

(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 and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Advertising technology business: this segment provides its customers globally with mobile advertising services through a programmatic advertising platform and affiliate ad-serving platform.

- Marketing technology business: this segment provides its customers globally with mobile application data analytics service through SaaS platforms of the Group and Cloud-native technology services; develops and sells customised data analytics software; and authorises customers to use the Group's SaaS platforms.

(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 2022 and 2021 is set out below:

	Advertising technology business		Marketing technology business		Total	
	2022	2021	**2022**	2021	**2022**	2021
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Disaggregated by timing of revenue recognition						
Point in time	**881,813**	752,673	**10,830**	1,888	**892,643**	754,561
Over time	**—**	—	**1,762**	851	**1,762**	851
Reportable segment revenue	**881,813**	752,673	**12,592**	2,739	**894,405**	755,412
Reportable segment costs	**(713,311)**	(632,955)	**(4,065)**	(535)	**(717,376)**	(633,490)
Gross profit	**168,502**	119,718	**8,527**	2,204	**177,029**	121,922

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	
	2022	2021
	US$'000	*US$'000*
China *(note (i))*	**305,543**	266,276
EMEA *(note (ii))* and Americas *(note (iii))*	**383,379**	330,492
Asia-Pacific *(note (iv))*	**191,714**	146,236
Other regions	**13,769**	12,408
	894,405	755,412

Notes:

(i) Includes Mainland China, the Hong Kong Special Administrative Region of the People's Republic of China (the "**PRC**"), the Macau Special Administrative Region of the PRC and Chinese Taiwan.

(ii) Primarily includes the United Kingdom, France, Switzerland, Germany, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Israel and Turkey.

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

(iv) Primarily includes other Asian countries or regions excluding China.

3 Income tax in the consolidated statements of profit or loss

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

	2022	2021
	US$'000	*US$'000*
Current tax	**1,446**	855
Deferred tax	**(496)**	(6,805)
	950	(5,950)

Notes:

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

(ii) Adlogic Technology Pte. Ltd., a subsidiary in Singapore, is subject to the prevailing corporate income tax rate of 17% in Singapore. The provision for Singapore Profit Tax for 2022 is taken into account a reduction granted by the Inland Revenue Authority of Singapore of 75% of the tax payable subject to a maximum reduction of Singapore Dollar ("**S$**") 10,000 (2021: S$10,000 for the year of assessment 2022–2023) and 50% of the tax payable subject to a maximum reduction of S$190,000 (2021: S$190,000 for the year of assessment 2022–2023) for the year of assessment 2023–2024.

(iii) USCore, Inc. and Mintegral North America Inc., subsidiaries in the United States, are subject to federal income tax rate of 21% in the United States for the years ended 31 December 2022 and 31 December 2021, 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 and Adeer, LLC, wholly-owned subsidiaries of USCore, Inc., are treated as disregarded entities for income tax purpose and their income or loss are included in the income tax calculation of USCore, Inc..

(iv) The Enterprise Income Tax ("**EIT**") rate applicable to the subsidiaries registered in the PRC is 25% for the year, except for (1) Guangzhou Huiliang Information Technology Company Limited, Beijing Huiliang Shanhe Information Technology Company Limited, Beijing Reyun Technology Co., Ltd. ("**Beijing Reyun**") and Beijing Qiuqiu Quwan Technology Co., Ltd., which are accredited as a "high and new technology enterprise" and applicable for a preferential enterprise income tax rate of 15% during the year ended 31 December 2022; and (2) Hainan Huiliang Information Technology Company Limited and Hainan Juyi Information Technology Co., Ltd, which are applicable to Preferential Policies of Corporate Income Tax in Hainan Free Trade Port and applicable for a preferential enterprise income tax rate of 15% during the year ended 31 December 2022.

(v) The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

The provision for Hong Kong Profits Tax for 2022 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021/22 subject to a maximum reduction of HK$10,000 for each business (2021: a maximum reduction of HK$10,000 was granted for the year of assessment 2020/21 and was taken into account in calculating the provision for 2021).

(vi) 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 2022 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.

(vii) 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 and accounting profit/(loss) at applicable tax rates:

	2022	2021
	US$'000	*US$'000*
Profit/(loss) before taxation	**11,140**	(30,714)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to loss in the countries concerned	**948**	(4,600)
Tax effect of non-deductible expenses	**496**	82
Tax effect of non-taxable income	**(1,127)**	(27)
Tax effect of unrecognised tax loss in current year	**4,747**	667
Utilisation of previously unrecognised tax loss	**(11)**	(229)
Tax concession	**(1,156)**	(11)
Super Deduction of research and development expenses	**(1,709)**	(1,593)
Over-provision in prior years	**(1,238)**	(239)
Actual tax credit	**950**	(5,950)

4 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of US$14,994,000 (2021: loss of US$24,958,000) and the weighted average of 1,549,970,313 shares (2021: 1,568,526,930 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2022	2021
At 1 January *(note)*	**1,633,671,546**	1,503,437,750
Effect of vested RSUs	**17,491,022**	19,821,162
Effect of share repurchase for RSUs	**—**	(12,746,964)
Effect of share repurchase for cancellation	**(14,176,858)**	(347,748)
Effect of shares transferred from Seamless as a consideration of business restructuring	**(87,015,397)**	—
Effect of Issuance of ordinary share upon subscription	**—**	52,226,036
Effect of Issuance of ordinary share related to business combination	**—**	6,136,694
Weighted average number of ordinary shares at 31 December	**1,549,970,313**	1,568,526,930

Note:

The number of ordinary shares as at 1 January 2022 represents 1,664,118,164 (2021: 1,534,204,000) outstanding ordinary shares as of the date netting of 30,446,618 (2021: 30,766,250) treasure shares held by RSU trustees as at 1 January 2022.

(b) Diluted earnings/(loss) per share

For the year ended 31 December 2022, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of US$3,282,000 and the weighted average number of ordinary shares of 1,617,298,596 shares in issue adjusted for the potential dilutive effect caused by convertible bonds and the shares granted under the share award scheme.

For the year ended 31 December 2021, as the Group incurred losses, the potential ordinary shares of RSUs, contingent consideration, share options and convertible bonds were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2021 are the same as basic loss per share.

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2022
	US$'000
Profit attributable to ordinary equity shareholders	**14,994**
After tax effect of effective interest on the liability component of convertible bonds	**2,471**
After tax effect of gains recognised on the derivative component of convertible bonds	**(14,183)**
Profit attributable to ordinary equity shareholders (diluted)	**3,282**

(ii) Weighted average number of ordinary shares (diluted)

	2022
Weighted average number of ordinary shares as at 31 December	**1,549,970,313**
Effect of convertible bonds	**41,978,339**
Effect of unvested shares under the Company's share-based compensation scheme	**25,349,944**
Weighted average number of ordinary shares (diluted) as at 31 December	**1,617,298,596**

5 Trade receivables, other receivables and prepayments

(a) Trade and other receivables

	2022	2021
	US$'000	*US$'000*
Trade receivables	**116,321**	153,127
Less: Allowance for doubtful debts	**(6,305)**	(3,963)
	110,016	149,164
Deposits	**—**	769
Amounts due from related parties	**17,212**	—
Other receivables	**13,876**	20,225
	141,104	170,158

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

Ageing analysis

As at 31 December 2022, the ageing analysis of trade receivables, based on the revenue recognition date and net of allowance for doubtful debts, is as follows:

	2022	2021
	US$'000	*US$'000*
Within 3 months	**83,422**	129,930
3 to 6 months	**5,603**	2,946
6 to 12 months	**7,791**	4,772
Over 12 months	**13,200**	11,516
	110,016	149,164

Trade receivables are due within 30 to 90 days from the date of revenue recognition.

(b) Prepayments

	2022	2021
	US$'000	*US$'000*
Prepayments for:		
— Media traffic sources	**27,168**	8,347
— Others	**5,011**	4,321
	32,179	12,668

6 Trade and other payables

	2022	2021
	US$'000	*US$'000*
Trade payables *(note (a))*	**206,639**	176,576
Bills payable *(note (a))*	**—**	4,706
Amounts due to related parties	**—**	192
Other payables	**2,391**	4,356
Contract liabilities	**32,106**	19,389
Staff costs payables	**4,960**	6,294
Contingent consideration	**—**	346
Value added tax ("**VAT**") and other tax payables	**5,068**	2,987
	251,164	214,846

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 2021, the amounts due to related parties were non-trade related, unsecured and interest-free.

Bills payable as at 31 December 2021 were secured by pledged bank deposits of US$1,176,000, which was fully settled during the year ended 31 December 2022.

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

	2022	2021
	US$'000	*US$'000*
Within 1 month	**47,499**	65,311
1 to 2 months	**53,929**	44,478
2 to 3 months	**31,211**	21,768
Over 3 months	**74,000**	49,725
	206,639	181,282

(b) Contract liabilities

	2022	2021
	US$'000	*US$'000*
Advertising technology business contracts		
— Billings in advance of performance	**25,108**	12,905
Marketing technology business contracts		
— Billings in advance of performance	**6,998**	6,484
	32,106	19,389

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

— *Advertising technology business and marketing technology business contracts*

When the Group receives a deposit before the advertising technology and marketing technology services commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the contracts exceeds the amount of the deposit. The amount of the deposit, if any, was negotiated on a case by case basis with customers.

Movements in contract liabilities

	2022	2021
	US$'000	*US$'000*
Balance at 1 January	**19,389**	11,198
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(19,389)**	(11,198)
Increase in contract liabilities as a result of billing in advance of advertising technology business	**25,108**	12,905
Increase in contract liabilities as a result of billing in advance of marketing technology business	**6,998**	6,484
Balance at 31 December	**32,106**	19,389

7 Bank loans and overdrafts

The analysis of the repayment schedule of bank loans and overdrafts is as follows:

	2022	2021
	US$'000	*US$'000*
Within 1 year or on demand	**45,555**	59,269

As at 31 December 2022 and 2021, the bank loans and overdrafts were secured as follows:

	2022	2021
	US$'000	*US$'000*
Secured bank overdrafts *(note (b)/(c))*	**2,117**	—
Unsecured bank loans *(note (a))*	**1,433**	16,817
Secured bank loans *(note (b)/(c))*	**42,005**	42,452
	45,555	59,269

Notes:

(a) At 31 December 2022, unsecured banking facilities of the Group amounted to US$52,976,000 (2021: US$52,548,000). The facilities were utilised to the extent of US$1,433,000 (2021: US$16,817,000).

(b) At 31 December 2022, secured banking facilities of the Group amounted to US$140,000,000 (31 December 2021: US$62,000,000), among which, (1) US$65,000,000 (31 December 2021: US$62,000,000) were secured by restricted cash of US$4,151,000 (31 December 2021: US$4,151,000) and guaranteed by Mobvista Inc.; and (2) US$75,000,000 (31 December 2021: Nil) were secured by charged cash in bank accounts of certain subsidiaries of the Group, by charged shares of certain oversea subsidiaries of the Group, by pledged shares of certain domestic subsidiaries of the Group, and by charged intellectual properties held by a subsidiary of the Group. The facilities were utilised to the extent of US$44,122,000 as at 31 December 2022 (31 December 2021: US$42,452,000).

After the end of the reporting period, the Group reached an agreement with its banker to extend the loan facility of US$40,000,000 originally due within 12 months (part of the bank facility amounting to US$75,000,000 mentioned above) of the end of the reporting period. The extended loan facility is now due on 9 March 2025.

(c) The Group's banking facilities of US$140,000,000 (31 December 2021: US$130,000,000) are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions, and at the same time, of which US$75,000,000 further requires the controlling shareholder and one of the directors to maintain their equity interest and voting rights in the Company at certain level. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2022, none of the covenants relating to drawn down facilities had been breached (2021: none).

8 Share capital

(a) Authorised

	2022		2021	
	Number of shares	**Nominal value of shares** ***US$'000***	Number of shares	Nominal value of shares *US$'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

		Ordinary shares	
	Note	**Number of ordinary shares**	**Nominal value of fully paid ordinary shares** ***US$'000***
As at 1 January 2021		1,534,204,000	15,341
Issuance of ordinary shares upon subscription	*i*	72,481,000	725
Issuance of ordinary shares related to business combination	*ii*	57,433,164	574
As at 31 December 2021		1,664,118,164	16,640
Cancellation of ordinary shares	*iii*	(27,498,000)	(274)
As at 31 December 2022		1,636,620,164	16,366

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) On 13 April 2021, the Company, Seamless, and GIC Private Limited entered into a Placing and Subscription Agreement ("**the Agreement**"). Pursuant to the terms and conditions of the Agreement, an aggregate of 72,481,000 new shares of per value US$0.01 each was issued at the subscription price of HK$5.9 per share to Seamless. The transaction was completed on 21 April 2021 and as a result, an amount of HK$427,637,900 (equivalent to US$54,994,000) was received by the Company, in which US$725,000 was recorded in share capital and the remaining amount of US$53,912,000 was recorded in share premium after deduction of relevant transaction cost of HK$2,740,794 (equivalent to US$357,000) in the consolidated statement of financial position.

(ii) On 30 November 2021, the Group completed the acquisition of 54.46% equity interests of Beijing Reyun. Part of the consideration was settled by the allotment and issue of 57,433,164 shares of the Company at a price of HK$6.83 per share. The shares were issued on 23 November 2021 and the aggregate fair value of the shares issued, based on the quoted price of the shares on that date, amounted to HK$392,269,000 (equivalent to US$50,288,000), in which US$574,000 was recorded in share capital and the remaining amount of US$49,714,000 was recorded in share premium in the consolidated statement of financial position.

(iii) Repurchase and cancellation of own shares

On 6 December 2021, the Board of the Company formally resolved to use up to HK$150,000,000 to repurchase shares in the open market from time to time under the general mandate (the "**Share Repurchase Mandate**") for cancellation purpose.

On 29 August 2022, the Board of the Company has approved a share repurchase plan pursuant to which the Company will further use up to HK$150,000,000 to repurchase shares in the open market from time to time under the Share Repurchase Mandate for cancellation purpose.

During the year, the Company repurchased its own shares on the Stock Exchange as follows:

31 December 2022

Month/year	Number of shares repurchased	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate price paid *HK$'000*
January 2022	**3,564,000**	**7.04**	**6.65**	**24,519**
February 2022	**984,000**	**6.25**	**6.04**	**6,062**
April 2022	**8,760,000**	**5.70**	**5.04**	**47,591**
July 2022	**3,208,000**	**5.00**	**4.72**	**15,649**
September 2022	**4,390,000**	**4.88**	**3.91**	**19,800**
October 2022	**2,571,000**	**4.29**	**3.84**	**10,411**
November 2022	**2,287,000**	**4.50**	**3.89**	**9,531**
December 2022	**1,651,000**	**4.25**	**3.94**	**6,685**
	27,415,000			**140,248**

31 December 2021

Month/year	Number of shares repurchased	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate price paid *HK$'000*
December 2021	8,055,000	6.78	6.04	51,536

During the year ended 31 December 2022, the Company repurchased a total of 27,415,000 (2021: 8,055,000) shares of the Company on the Stock Exchange at an aggregate consideration excluding transaction costs of approximately HK$140,248,000 equivalent to US$17,959,000 (2021: HK$51,536,000 (equivalent to US$6,634,000)).

During the year ended 31 December 2022, the Company cancelled 27,498,000 (2021: nil) shares of the Company. The total carrying amount of these treasury shares were US$20,420,000. Consequently, US$274,000 was debited to share capital, US$20,146,000 was debited to share premium.

9 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 US$'000 (note 8(b))	Capital reserve US$'000 (note 9(a))	Share premium US$'000 (note 9(b))	Reserve for treasury shares US$'000 (note 9(f))	Share-based payments reserve US$'000 (note 9(e))	Retained profits/ (accumulated loss) US$'000	Total equity US$'000
At 1 January 2021	15,341	60,207	154,822	(4,613)	14,206	5,499	245,462
Loss for the year	–	–	–	–	–	(13,425)	(13,425)
Total comprehensive income	–	–	–	–	–	(13,425)	(13,425)
Issuance of ordinary share upon subscription, net of issuance cost	725	–	53,912	–	–	–	54,637
Issuance of ordinary share related to business combinations, net of issuance cost	574	–	49,714	–	–	–	50,288
Vested RSUs	–	–	9,941	3,130	(13,071)	–	–
Share-based payments	–	–	–	–	5,836	–	5,836
Share purchased for RSUs	–	–	–	(10,991)	–	–	(10,991)
Share purchased for cancellation	–	–	–	(6,634)	–	–	(6,634)
At 31 December 2021 and 1 January 2022	16,640	60,207	268,389	(19,108)	6,971	(7,926)	325,173
Profit for the year	–	–	–	–	–	6,470	6,470
Total comprehensive income	–	–	–	–	–	6,470	6,470
Vested RSUs	–	–	(665)	13,997	(13,332)	–	–
Share-based compensation	–	–	–	–	12,481	–	12,481
Share repurchased for cancellation	–	–	–	(17,959)	–	–	(17,959)
Share transferred from Seamless as a consideration of business restructuring	–	–	–	(100,352)	–	–	(100,352)
Cancellation of ordinary shares	(274)	–	(20,146)	20,420	–	–	–
At 31 December 2022	16,366	60,207	247,578	(103,002)	6,120	(1,456)	225,813

(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 which are dealt with in accordance with the accounting policies.

(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 in accordance with the accounting policy adopted for share-based payments.

(f) Treasury shares

The Company's treasury shares comprise the cost of the Company's shares held by the RSU trustees and shares repurchased in the open market under the Share Repurchase Mandate.

Movements in the number of treasury shares for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
Outstanding as of 1 January	**30,446,618**	30,766,250
Purchased from the market for RSUs during the year	**—**	14,972,000
Purchased from the market for cancellation during the year *(note 8(b)(iii))*	**27,415,000**	8,055,000
Transferred from Seamless as a consideration of business restructuring during the year	**102,453,613**	—
Cancellation of ordinary shares *(note 8(b)(iii))*	**(27,498,000)**	—
Decrease due to RSU vested during the year	**(23,953,542)**	(23,346,632)
Outstanding as of 31 December	**108,863,689**	30,446,618

(g) Distributability of reserves

At 31 December 2022, the aggregate amount of reserves available for distribution to equity shareholders of the Company was US$312,449,000 (2021: US$327,641,000).

(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.

There is no dividend declared and paid by the Company in 2022 and 2021. There is no final dividend proposed after the end of the reporting period.

(i) Capital management

The Group's primary objectives when managing capital 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 2022 and 2021 was 59% and 52%, respectively.

The Group's debt to asset ratio at 31 December 2022 and 2021 was as follows:

	31 December 2022	31 December 2021
	US$'000	*US$'000*
Current liabilities:		
Trade and other payables	**251,164**	214,846
Current tax payable	**7,331**	8,040
Bank loans and overdrafts	**45,555**	59,269
Lease liabilities	**4,991**	3,992
Derivative financial liabilities	**2,194**	16,377
Liabilities held for sale	**—**	47,007
Non-current liabilities:		
Convertible bonds	**29,980**	27,509
Deferred tax liabilities	**5,867**	7,558
Lease liabilities	**6,932**	2,854
Other non-current liabilities	**21**	158
Total debt	**354,035**	387,610
Total Asset	**602,074**	746,968
Debt to asset ratio	**59%**	52%

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 Reporting Period. 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, 30 March 2023

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. HU Jie, Mr. SUN Hongbin and Ms. CHEUNG Ho Ling Honnus 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.