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# Mobvista

## Mobvista Inc.

### 匯量科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1860)

## ANNOUNCEMENT OF QUARTERLY RESULTS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023

### FINANCIAL HIGHLIGHTS

	For the Three Months Ended			YoY Change	QoQ Change
	30 September 2023 US\$'000 (Unaudited)	30 June 2023 US\$'000 (Unaudited)	30 September 2022 US\$'000 (Unaudited)		
<b>Revenue</b>	<b>269,370</b>	261,579	213,932	25.9%	<b>3.0%</b>
Net Revenue <sup>(1)</sup>	<b>73,320</b>	72,002	54,384	34.8%	<b>1.8%</b>
<b>Gross Profit</b>	<b>55,502</b>	56,048	41,096	35.1%	<b>(1.0%)</b>
<b>Profit/(Loss) for the Period</b>	<b>3,261</b>	5,321	(13,266)	—	<b>(38.7%)</b>
Adjusted Net Profit/(Loss) <sup>(2)</sup>	<b>4,065</b>	4,431	(9,335)	—	<b>(8.3%)</b>
<b>Adjusted EBITDA<sup>(3)</sup></b>	<b>23,577</b>	25,731	11,462	105.7%	<b>(8.4%)</b>

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 net profit/(loss) for the Reporting Period (defined below) adjusted by adding back or deducting share-based compensation expenses, investment gain/(loss) from financial assets at fair value through profit or loss and gain 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 gain/(loss) from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Beijing Reyun Technology Co., Ltd. (“**Reyun Data**”), foreign exchange gain/(loss) and gain on disposal of subsidiaries and top media agency business.

The Board (the “**Board**”) of Directors (the “**Director(s)**”) of Mobvista Inc. (the “**Company**”) hereby announces the unaudited quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three and nine months ended 30 September 2023 (the “**Reporting Period**”). Such quarterly results have been reviewed by the audit committee of the Company.

## SEGMENT FINANCIAL INFORMATION

The following table sets forth the data for reportable segments by business type for the periods indicated:

	For the Three Months Ended 30 September					
	Ad-tech		Mar-tech		Total	
	2023	2022	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	<b>265,409</b>	210,956	<b>3,961</b>	2,976	<b>269,370</b>	213,932
Traffic cost	(196,050)	(159,548)	—	—	(196,050)	(159,548)
<b>Net Revenue</b>	<b>69,359</b>	51,408	<b>3,961</b>	2,976	<b>73,320</b>	54,384
<b>Other cost and expenses</b>	<b>(59,832)</b>	(52,942)	<b>(7,391)</b>	(10,196)	<b>(67,223)</b>	(63,138)
Cloud computing expenditure	(8,714)	(5,764)	(892)	(1,202)	(9,606)	(6,966)
Model training fee <sup>(1)</sup>	(19,850)	(13,860)	—	—	(19,850)	(13,860)
Incentive fee <sup>(2)</sup>	(815)	(3,474)	—	—	(815)	(3,474)
Bidding fee <sup>(3)</sup>	(7,914)	(5,100)	—	—	(7,914)	(5,100)
Interest income	273	293	14	15	287	308
Interest expense	(48)	(193)	(906)	(772)	(954)	(965)
Asset impairment loss	(203)	(513)	—	—	(203)	(513)
Depreciation and amortization	(14,722)	(13,495)	(3,341)	(3,440)	(18,063)	(16,935)
Other operating expenses	(7,839)	(10,836)	(2,266)	(4,797)	(10,105)	(15,633)
<b>Reportable segment profit/(loss)</b>	<b>9,527</b>	(1,534)	<b>(3,430)</b>	(7,220)	<b>6,097</b>	(8,754)
<b>Reportable segment profit/(loss) (adjusted EBITDA)<sup>(4)</sup></b>	<b>24,297</b>	12,154	<b>817</b>	(3,008)	<b>25,114</b>	9,146

For the Nine Months Ended 30 September

	Ad-tech		Mar-tech		Total	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
<b>Revenue</b>	<b>764,218</b>	660,113	<b>11,285</b>	9,615	<b>775,503</b>	669,728
Traffic cost	(565,818)	(504,246)	—	—	(565,818)	(504,246)
<b>Net Revenue</b>	<b>198,400</b>	155,867	<b>11,285</b>	9,615	<b>209,685</b>	165,482
<b>Other cost and expenses</b>	<b>(161,378)</b>	(164,685)	<b>(26,925)</b>	(31,775)	<b>(188,303)</b>	(196,460)
Cloud computing expenditure	(24,236)	(18,778)	(2,973)	(3,525)	(27,209)	(22,303)
Model training fee <sup>(1)</sup>	(38,641)	(44,617)	—	—	(38,641)	(44,617)
Incentive fee <sup>(2)</sup>	(4,676)	(21,430)	—	—	(4,676)	(21,430)
Bidding fee <sup>(3)</sup>	(20,993)	(15,913)	—	—	(20,993)	(15,913)
Interest income	947	481	50	25	997	506
Interest expense	(147)	(615)	(2,785)	(1,304)	(2,932)	(1,919)
Asset impairment loss	(2,606)	(922)	—	—	(2,606)	(922)
Depreciation and amortization	(43,695)	(34,305)	(10,069)	(10,320)	(53,764)	(44,625)
Other operating expenses	(27,331)	(28,586)	(11,148)	(16,651)	(38,479)	(45,237)
<b>Reportable segment profit/(loss)</b>	<b>37,022</b>	(8,818)	<b>(15,640)</b>	(22,160)	<b>21,382</b>	(30,978)
<b>Reportable segment profit/(loss) (adjusted EBITDA)<sup>(4)</sup></b>	<b>80,864</b>	26,102	<b>(2,786)</b>	(10,536)	<b>78,078</b>	15,566

*Notes:*

- (1) Model training fee refers to the additional expenses we may pay to developers. These expenses are higher than the targeted cost of displaying ads and are used to increase revenue and expand into specific verticals. These costs are incurred for ad campaigns targeting specific advertisers or verticals, allowing us to accumulate more data for the purpose of model training purposes.
- (2) Incentive fee refers to the integration fee or subsidies we pay to specific developers to better allocate traffic-side resources and strengthen our relationship with high-quality developers, thus enhancing their loyalty to our platform.
- (3) Bidding fee refers to the costs incurred by the Mintegral platform for the use of bidding services provided by mediation platforms.
- (4) Reportable segment profit/(loss) (adjusted EBITDA) is not an IFRS measure. We define reportable segment profit/(loss) (adjusted EBITDA) as reportable segment profit/(loss) adjusted by adding back depreciation, amortization, and interest expenses.

The following table sets forth the reconciliation of reportable segment profit/(loss) for the periods indicated:

	<b>For the Three Months Ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
<b>Reportable segment profit/(loss) (adjusted EBITDA)</b>	<b>25,114</b>	9,146
Other net income	<b>1,027</b>	782
Gain from change in fair value of derivative financial liabilities	—	—
Depreciation and amortization	<b>(18,063)</b>	(16,935)
Finance costs	<b>(1,620)</b>	(1,565)
Undistributed to head office and company expense <sup>(1)</sup>	<b>(2,857)</b>	(3,742)
	<u><b>3,601</b></u>	<u>(12,314)</u>
<b>Profit/(loss) before taxation</b>	<b>3,601</b>	(12,314)
	<u><b>3,601</b></u>	<u>(12,314)</u>
	<b>For the Nine Months Ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
<b>Reportable segment profit/(loss) (adjusted EBITDA)</b>	<b>78,078</b>	15,566
Other net income	<b>5,059</b>	45,470
Gain from change in fair value of derivative financial liabilities	<b>1,907</b>	6,193
Depreciation and amortization	<b>(53,764)</b>	(44,625)
Finance costs	<b>(4,865)</b>	(3,724)
Undistributed to head office and company expense <sup>(1)</sup>	<b>(11,481)</b>	(10,499)
	<u><b>14,934</b></u>	<u>8,381</u>
<b>Profit/(loss) before taxation</b>	<b>14,934</b>	8,381
	<u><b>14,934</b></u>	<u>8,381</u>

*Note:*

- (1) This refers to the expenses related to back-office functional departments that cannot be allocated to individual business units.

## BUSINESS REVIEW

Since 2023, the Company's business has continued to perform well. During the third quarter, Mintegral achieved a year-on-year (“YoY”) revenue growth of 28.2% and a quarter-on-quarter (“QoQ”) growth of 5.6%. Revenue has reached a new high once again. Due to Mintegral's extensive experience and expertise in the field of machine learning cultivated over the years, our Target ROAS intelligent bidding feature received market validation during the third quarter, serving as a significant catalyst for Mintegral's revenue and profit growth throughout the third quarter. Nativex's business revenue saw a decline on a QoQ basis, mainly due to advertisers' preference for programmatic delivery methods over non-programmatic methods amidst uncertain macroeconomic conditions. In terms of marketing technology, we actively promote the overseas market expansion of new products while continuously refining our product matrix. During the third quarter, revenue for the marketing technology business increased by 33.1% YoY, and losses further narrowed.

During the third quarter, we made significant progress in optimizing our cloud computing resources. With the continued application of cloud-native technologies and ongoing algorithm enhancements, Mintegral's unit server cost<sup>(1)</sup> experienced a notable decrease. We anticipate that by the end of 2023, Mintegral's unit server costs will be optimized to approximately 5%.

*Note:*

- (1) Unit server cost = Total capitalized and expensed server expenses for the current period/Revenue for the current period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

#### 1. Revenue by Type of Services

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

	For the Three Months Ended 30 September				
	2023		2022		YoY Change
	US\$'000 (Unaudited)	% of Total Revenue	US\$'000 (Unaudited)	% of Total Revenue	
Ad-tech revenue	265,409	98.5%	210,956	98.6%	25.8%
Mar-tech revenue	3,961	1.5%	2,976	1.4%	33.1%
<b>Total</b>	<b>269,370</b>	<b>100.0%</b>	<b>213,932</b>	<b>100.0%</b>	<b>25.9%</b>

## 2. *Ad-tech (advertising technology) net revenue*

The following table sets forth the net revenue<sup>(1)</sup> from the advertising technology business during the periods indicated:

	<b>For the Three Months Ended</b>				
	<b>30 September 2023</b>	30 June 2023	31 March 2023	31 December 2022	30 September 2022
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Ad-tech revenue</b>	<b>265,409</b>	257,814	240,995	221,700	210,956
— Ad-tech net revenue <sup>(1)</sup>	<b>69,359</b>	68,237	60,804	56,258	51,408

*Note:*

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

## 3. *Revenue from Advertising Technology by Software Platform Business Department*

The following table sets forth the revenue of advertising technology business segmented by software platform department for the periods indicated:

	<b>For the Three Months Ended 30 September</b>				
	<b>2023</b>		<b>2022</b>		<b>YoY Change</b>
	<i>US\$'000</i>	<b>% of Total Ad-tech Revenue</b>	<i>US\$'000</i>	<b>% of Total Ad-tech Revenue</b>	
	(Unaudited)		(Unaudited)		
Mintegral revenue	<b>255,417</b>	<b>96.2%</b>	199,302	94.5%	<b>28.2%</b>
Nativex revenue	<b>9,992</b>	<b>3.8%</b>	11,654	5.5%	<b>(14.3%)</b>
<b>Total Ad-tech revenue</b>	<b><u>265,409</u></b>	<b><u>100.0%</u></b>	<b><u>210,956</u></b>	<b><u>100.0%</u></b>	<b><u>25.8%</u></b>

For the three months ended 30 September 2023, we recorded advertising technology business revenue of US\$265.4 million (corresponding period in 2022: US\$211.0 million), representing an increase of 25.8% on a YoY basis. Our advertising technology business revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from Mintegral was US\$255.4 million, accounting for 96.2% of the advertising technology business revenue. Revenue from the Nativex was US\$10.0 million, accounting for 3.8% of the advertising technology business revenue.

During the third quarter, the revenue of Nativex decreased by 14.3% to US\$10.0 million (corresponding period in 2022: US\$11.7 million).

### 3.1. Main Operation and Financial Data of Mintegral

#### 3.1.1. Main financial data

During the third quarter, the Mintegral platform recorded revenue of US\$255.4 million (corresponding period in 2022: US\$199.3 million), a YoY increase of 28.2% compared to the third quarter of 2022.

The following table sets forth the revenue of Mintegral platform for the periods indicated:

	<b>Mintegral Platform Business Revenue</b> <i>US\$'000</i> (Unaudited)	<b>QoQ Change</b>	<b>YoY Change</b>
2023Q3	255,417	5.6%	28.2%
2023Q2	241,769	7.0%	14.8%
2023Q1	226,057	5.1%	13.0%
2022Q4	215,166	8.0%	13.0%

In addition, in order to further capture market share, establish first-mover advantages and strengthen the economies of scale, the Group has set medium-term strategic goals to grow platform scale and expand multiple verticals. During the Reporting Period, the results of these strategic objectives have gradually emerged.

- 1) Further information on enterprise customers whose Mintegral platform revenue contribution were more than US\$100,000<sup>(1)</sup>

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<sup>(1)</sup> in revenue in the past twelve months. These scaled enterprise customers generally contribute the 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 rolling twelve months ended 30 September 2022 and 2023, there were 361 and 493 scaled enterprise customers respectively that had a revenue contribution of more than US\$100,000<sup>(1)</sup>.

	30 September 2023 <sup>(2)</sup>	30 June 2023 <sup>(2)</sup>	31 March 2023 <sup>(2)</sup>	31 December 2022 <sup>(2)</sup>	30 September 2022 <sup>(2)</sup>
The number of customers with revenue contributions of more than US\$100,000 <sup>(1)</sup>	493	462	421	390	361
Total revenue of customers that contributed more than US\$100,000 <sup>(1)</sup> (US\$'000)	774,091	767,134	775,564	771,083	761,308
Average revenue contribution of customers that contributed more than US\$100,000 <sup>(1)</sup> (US\$'000)	1,570	1,661	1,842	1,977	2,109
Proportion of Mintegral platform revenue of the customers that contributed more than US\$100,000 <sup>(1)</sup>	82.5%	86.9%	91.1%	93.4%	95.1%
YOY change in average revenue contribution of customers with revenue contributions of more than US\$100,000 <sup>(1)</sup>	(25.5%)	(27.8%)	(20.1%)	(6.0%)	19.0%

*Notes:*

(1) In the table and above, “more than US\$100,000” means US\$100,000 (including 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 enterprise customers whose Mintegral platform revenue contribution were more than US\$100,000<sup>(1)</sup>

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 30 September 2022, the retention rate of enterprise customers with revenue contributions of more than US\$100,000<sup>(1)</sup> for the twelve-month as of 30 September 2023 was 94.7%, and the dollar-based net expansion rate<sup>(2)</sup> was 111.0%. The details are as follows:

	<b>Overall Retention</b>
The number of retained customers <sup>(5)</sup> for the current period <sup>(3)</sup> with revenue contribution of more than US\$100,000 <sup>(1)</sup>	430
The number of customers <sup>(5)</sup> for the base period <sup>(4)</sup> with revenue contribution of more than US\$100,000 <sup>(1)</sup>	454
Customer retention rate with revenue contribution of more than US\$100,000 <sup>(1)</sup>	94.7%
Dollar-based net expansion rate <sup>(2)</sup>	111.0%

*Notes:*

- (1) In the table and above, “more than US\$100,000” means US\$100,000 (including US\$100,000) or more.
- (2) Dollar-based net expansion rate: (Average revenue contribution of current retained enterprise customers in the current period/Average revenue contribution of the current retained enterprise customers in the base period) \* 100%.
- (3) Current period: twelve-month ended 30 September 2023.
- (4) Base period: twelve-month ended 30 September 2022.
- (5) The number of customers includes the customers who were micro-sized customers during the base period, but whose revenue contribution in the current period exceeded US\$100,000.

### 3.1.2. Main operational data

The following table sets forth the changes in key operational data for the periods indicated:

Quarter-on-quarter change	For the Three Months Ended			
	30 September 2023	30 June 2023	31 March 2023	31 December 2022
Cooperating traffic publishers <sup>(1)</sup> retention rate	93.5%	95.4%	93.4%	94.9%
Changes in the number of new cooperating traffic publishers <sup>(1)</sup>	15.7%	18.0%	15.1%	16.6%
Changes in the number of new cooperating traffic Apps	23.6%	23.8%	19.3%	23.5%

*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.

As at the end of the third quarter, the publishers that Mintegral worked with were well retained and continued to grow. The retention rate of cooperating traffic publishers was 93.5%, and the number of new cooperating traffic publishers increased by 15.7% QoQ, and the number of new cooperating traffic Apps increased by 23.6% QoQ.

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

We define casual games as those with IAP<sup>(1)</sup> (In-App Purchase) revenue accounting for less than or equal to 30% of the game's total revenue, and midcore and hardcore games as those with IAP<sup>(1)</sup> (In-App Purchase) revenue making up more than 30% of the game's total revenue. In gaming revenue, the proportion of IAP<sup>(1)</sup> (In-App Purchase) is generally provided by advertisers. In Q3 2023, Mintegral made significant breakthroughs in expanding into midcore and hardcore games. Revenue from these games accounts for 31.8% of Mintegral's revenue.

The following table sets forth the revenue proportion of Mintegral business segmented by application category<sup>(2)</sup> for the periods indicated:

	30 September 2023	For the Three Months Ended			30 September 2022
		30 June 2023	31 March 2023	31 December 2022	
Casual games	46.9%	48.9%	52.0%	52.6%	51.2%
Midcore and hardcore games	31.8%	30.9%	28.5%	23.4%	21.1%
Non-games	21.3%	20.2%	19.5%	24.0%	27.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Notes:*

- (1) IAP (In-App Purchase) is a common monetization method for game developers, referring to the income obtained by developers through users' in-game purchases. Another common monetization method is IAA (In-App Advertising), which refers to developers monetizing through in-app ads. These two methods can be combined to better achieve the purpose of increasing developers' revenue.
- (2) The application category division shown in the figure is based on the application type that uses our applications (customers).

## Cost of Sales

During the third quarter, our cost of sales increased by 23.7% YoY to US\$213.9 million (corresponding period in 2022: US\$172.8 million). The increase comes primarily from the advertising technology business. The main costs of the advertising technology business include traffic costs and other business costs, with the majority of the latter consisting of server costs and intangible asset amortization formed through capitalization. On the one hand, traffic costs and server costs have increased as the scale of our advertising technology business expands. On the other hand, intangible assets formed by the advertising technology platform at different periods are gradually amortized over time, thus resulting in increasing expenses for the current period's amortization.

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

	For the Three Months Ended 30 September				
	2023		2022		
	<i>US\$'000</i>	<i>% of</i>	<i>US\$'000</i>	<i>% of</i>	<b>YoY Change</b>
	<b>(Unaudited)</b>	<b>respective</b>	<b>(Unaudited)</b>	<b>respective</b>	
		<b>business</b>		<b>business</b>	
		<b>revenue</b>		<b>revenue</b>	
<b>Ad-tech</b>	<b>213,095</b>	<b>80.3%</b>	171,761	81.4%	<b>24.1%</b>
Traffic cost	<b>196,050</b>	<b>73.9%</b>	159,548	75.6%	<b>22.9%</b>
Other business cost	<b>17,045</b>	<b>6.4%</b>	12,213	5.8%	<b>39.6%</b>
<b>Mar-tech</b>	<b>773</b>	<b>19.5%</b>	1,075	36.1%	<b>(28.1%)</b>
Mar-tech business cost	<b>773</b>	<b>19.5%</b>	1,075	36.1%	<b>(28.1%)</b>
<b>Total</b>	<b><u>213,868</u></b>	<b><u>79.4%</u></b>	<b><u>172,836</u></b>	<b><u>80.8%</u></b>	<b><u>23.7%</u></b>

### Gross Profit and Gross Profit Margin

During the third quarter, the Group recorded a gross profit of US\$55.5 million (corresponding period in 2022: US\$41.1 million), a YoY increase of 35.1%.

Among them, the gross profit of the advertising technology business increased by 33.5% to US\$52.3 million on a YoY basis, with a gross profit margin of 19.7%, which is slightly higher than the same period in 2022 (corresponding period in 2022: 18.6%). The gross profit of the marketing technology business was US\$3.2 million, and the gross profit margin was 80.5%, which is a significant increase compared to the same period in 2022.

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 Three Months Ended 30 September				
	2023		2022		YoY Change
	Gross Profit	Gross Profit	Gross Profit	Gross Profit	
	Margin	Margin	Margin	Margin	
	US\$'000	US\$'000	US\$'000	US\$'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Ad-tech business	52,314	19.7%	39,195	18.6%	33.5%
Mar-tech business	3,188	80.5%	1,901	63.9%	67.7%
<b>Total</b>	<b>55,502</b>	<b>20.6%</b>	<b>41,096</b>	<b>19.2%</b>	<b>35.1%</b>

### Selling and Marketing Expenses

During the third quarter, our selling and marketing expenses decreased by 6.7% YoY to US\$12.6 million (corresponding period in 2022: US\$13.5 million). The primary reason for this decrease is the reduction in incentive fee.

### R&D Expenditures

During the third quarter, our expensed R&D expenditures increased by 5.0% YoY to US\$28.7 million (corresponding period in 2022: US\$27.3 million). The increase in expensed R&D expenditures is primarily attributed to the significant development of our intelligent bidding system, which has led to an increase in model training costs.

### General and Administrative Expenses

During the third quarter, our general and administrative expenses have decreased by 14.8% YoY to US\$10.3 million (corresponding period in 2022: US\$12.1 million).

### 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 expenditures and expensed R&D expenditures of labor costs in the current period. Overall, fixed costs remain stable.

Variable expenses include subsidies directly related to advertising delivery, model training costs for the advertising platform, and gain/(loss) from asset impairments. Since the second quarter of 2023, the Company has been vigorously developing its intelligent bidding system and officially launched the Target ROAS intelligent bidding feature in May 2023. This resulted in a rebound in model training costs and contributed to an overall increase in variable expenses.

The following table sets forth the expense for the periods indicated:

	<b>For the Three Months Ended</b>				
	<b>30 September 2023</b>	30 June 2023	31 March 2023	31 December 2022	30 September 2022
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Variable expenses	<b>37,403</b>	32,796	25,914	32,565	33,632
Fixed expenses (excluding share-based compensation)	<b>19,902</b>	22,252	20,906	20,651	22,115
Share-based compensation	<b>750</b>	4,702	1,382	3,958	3,654
<b>Total</b>	<b><u>58,055</u></b>	<b><u>59,750</u></b>	<b><u>48,202</u></b>	<b><u>57,174</u></b>	<b><u>59,401</u></b>

### **Profit/(loss) from Operations**

During the third quarter, our operating profit was US\$5.2 million (corresponding period in 2022: loss US\$10.7 million). If we exclude the effects of share-based compensation expenses, depreciation and amortization, investment gain/(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 gain/(loss) and gain on disposal of subsidiaries and top media agency business, our operating profit increased to US\$23.6 million (corresponding period in 2022: US\$11.5 million). The scale effects are gradually being released.

The following table sets forth the net profit/(loss) and adjusted EBITDA for the periods indicated:

	<b>For the Three Months Ended</b>				
	<b>30 September</b>	30 June	31 March	31 December	30 September
	<b>2023</b>	2023	2023	2022	2022
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit/(loss)	<b>3,261</b>	5,321	3,201	1,806	(13,266)
Adjusted EBITDA	<b>23,577</b>	25,731	26,071	18,849	11,462

### **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 Three Months Ended 30 September				
	2023		2022		
	US\$'000	% of Total	US\$'000	% of Total	YoY Change
	(Unaudited)	Revenue	(Unaudited)	Revenue	
Profit/(loss) from operations	5,221	1.9%	(10,749)	(5.0%)	—
Add back:					
Depreciation and amortization	18,063	6.7%	16,935	7.9%	6.7%
<b>EBITDA</b>	<b>23,284</b>	<b>8.6%</b>	<b>6,186</b>	<b>2.9%</b>	<b>276.4%</b>
Add back:					
Share-based compensation <sup>(1)</sup>	750	0.3%	3,654	1.7%	(79.5%)
Restructuring expenses of R&D Team <sup>(2)</sup>	—	—	479	0.2%	—
Attorney expenses of acquisition of Reyun Data <sup>(3)</sup>	—	—	—	—	—
Foreign exchange (gain)/loss <sup>(4)</sup>	(511)	(0.2%)	866	0.4%	—
Investment (gain)/loss from financial assets at fair value through profit or loss <sup>(5)</sup>	54	0.0%	277	0.1%	(80.5%)
Gain on disposal of subsidiaries and top media agency business <sup>(6)</sup>	—	—	—	—	—
<b>Adjusted EBITDA<sup>(7)</sup></b>	<b>23,577</b>	<b>8.8%</b>	<b>11,462</b>	<b>5.4%</b>	<b>105.7%</b>
Profit/(loss) for the period	3,261	1.2%	(13,266)	(6.2%)	—
Add back:					
Share-based compensation <sup>(1)</sup>	750	0.3%	3,654	1.7%	(79.5%)
Investment (gain)/loss from financial assets at fair value through profit or loss <sup>(5)</sup>	54	0.0%	277	0.1%	(80.5%)
Gain from change in fair value of derivative financial liabilities <sup>(8)</sup>	—	—	—	—	—
<b>Adjusted net profit/(loss)<sup>(9)</sup></b>	<b>4,065</b>	<b>1.5%</b>	<b>(9,335)</b>	<b>(4.4%)</b>	<b>—</b>



	For the Nine Months Ended 30 September				
	2023		2022		
	US\$'000	% of Total	US\$'000	% of Total	YoY Change
	(Unaudited)	Revenue	(Unaudited)	Revenue	
Profit/(loss) from operations	17,892	2.3%	5,912	0.9%	202.6%
Add back:					
Depreciation and amortization	53,764	6.9%	44,625	20.9%	20.5%
<b>EBITDA</b>	<b>71,656</b>	<b>9.2%</b>	<b>50,537</b>	<b>23.6%</b>	<b>41.8%</b>
Add back:					
Share-based compensation <sup>(1)</sup>	6,834	0.9%	8,523	4.0%	(19.8%)
Restructuring expenses of R&D Team <sup>(2)</sup>	—	—	903	0.4%	—
Attorney expenses of acquisition of Reyun Data <sup>(3)</sup>	—	—	619	0.3%	—
Foreign exchange (gain)/loss <sup>(4)</sup>	593	0.1%	4,462	2.1%	(86.7%)
Investment (gain)/loss from financial assets at fair value through profit or loss <sup>(5)</sup>	(3,704)	(0.5%)	1,020	0.5%	—
Gain on disposal of subsidiaries and top media agency business <sup>(6)</sup>	—	—	(48,778)	(22.8%)	—
<b>Adjusted EBITDA<sup>(7)</sup></b>	<b>75,379</b>	<b>9.7%</b>	<b>17,286</b>	<b>8.1%</b>	<b>336.1%</b>
Profit/(loss) for the period	11,783	1.5%	8,384	3.9%	40.5%
Add back:					
Share-based compensation <sup>(1)</sup>	6,834	0.9%	8,523	4.0%	(19.8%)
Investment (gain)/loss from financial assets at fair value through profit or loss <sup>(5)</sup>	(3,704)	(0.5%)	1,020	0.5%	—
Gain from change in fair value of derivative financial liabilities <sup>(8)</sup>	(1,907)	(0.2%)	(6,193)	(2.9%)	(69.2%)
<b>Adjusted net profit/(loss)<sup>(9)</sup></b>	<b>13,006</b>	<b>1.7%</b>	<b>11,734</b>	<b>5.5%</b>	<b>10.8%</b>

*Notes:*

- (1) Share-based compensation are expenses arising from granting restricted share units (“**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 (gain)/loss is (gain)/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 (gain)/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 (gain)/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 (gain)/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 (gain)/loss and gain on disposal of subsidiaries and top media agency business.
- (8) Gain from change in fair value of derivative financial liabilities is gain 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 or deducting share-based compensation expenses, investment (gain)/loss from financial assets at fair value through profit or loss and gain from change in fair value of derivative financial liabilities.

## Other Significant Events

Reference is made to the announcement of the Company dated 28 April 2021 in respect of the discloseable transaction relating to the acquisition (the “**Acquisition**”) of the entire equity interest in Reyun Data (the “**Announcement**”). During the third quarter, the Company received arbitral awards (the “**Awards**”) dated 4 September 2023 and 8 September 2023 respectively issued by the Guangzhou Arbitration Commission in relation to the arbitration petition filed by certain of Vendors A (as defined in the Announcement), which in aggregate own approximately 34% of the equity interest in Reyun Data, against Reyun Technology Co., Limited\* (熱雲科技(香港)有限公司) (“**Reyun Technology**”, an indirect wholly-owned subsidiary of the Company which currently holds approximately 66% of the equity interest in Reyun Data) and the Company to claim for their respective portions of the Acquisition A Consideration (as defined in the Announcement), plus accrued interest and other ancillary costs and fees. On 15 September 2023 and 19 September 2023, the Company and Reyun Technology filed applications to the Guangzhou Intermediate People’s Court to set aside the Awards. In addition, Reyun Technology has made an application to the National Development and Reform Commission (“**NDRC**”) for security review of the Acquisition, and the NDRC has accepted and is currently reviewing such application. Pursuant to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法), until the NDRC returns with a decision with respect to the security review, the Company should not further proceed with completion of the equity transfer and payment pursuant to the relevant acquisition agreement or the Awards. In light of the setting aside applications in relation to the arbitral award dated 4 September 2023, the Company and Reyun Technology have applied for, and the Beijing No. 1 Intermediate People’s Court has granted, a stay of enforcement of the award, pending the outcomes of the said setting aside applications.

For details, please refer to the Company’s announcements dated 8 September 2023, 13 September 2023, 17 September 2023, 19 September 2023, 9 November 2023 and 13 November 2023 respectively.

The Company will continue to take all necessary legal actions in response to the Awards to further protect the legitimate rights and interests of the Company and its shareholders.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and nine months ended 30 September 2023 — unaudited

(Expressed in United States dollar)

	Three Months Ended 30 September		Nine Months Ended 30 September	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Revenue</b>	<b>269,370</b>	213,932	<b>775,503</b>	669,728
Cost of sales	<u>(213,868)</u>	<u>(172,836)</u>	<u>(617,041)</u>	<u>(538,652)</u>
<b>Gross profit</b>	<b>55,502</b>	41,096	<b>158,462</b>	131,076
Selling and marketing expenses	(12,555)	(13,461)	(38,519)	(53,349)
Research and development expenses	(28,707)	(27,347)	(70,738)	(80,615)
General and administrative expenses	(10,333)	(12,127)	(37,369)	(37,176)
Other net income	<u>1,314</u>	<u>1,090</u>	<u>6,056</u>	<u>45,976</u>
<b>Profit/(loss) from operations</b>	<b>5,221</b>	(10,749)	<b>17,892</b>	5,912
Change in fair value of derivative financial liabilities	—	—	1,907	6,193
Finance costs	<u>(1,620)</u>	<u>(1,565)</u>	<u>(4,865)</u>	<u>(3,724)</u>
<b>Profit/(loss) before taxation</b>	<b>3,601</b>	(12,314)	<b>14,934</b>	8,381
Income tax	<u>(340)</u>	<u>(952)</u>	<u>(3,151)</u>	<u>3</u>
<b>Profit/(loss) for the period</b>	<b><u>3,261</u></b>	<b><u>(13,266)</u></b>	<b><u>11,783</u></b>	<b><u>8,384</u></b>
<b>Attributable to:</b>				
Equity shareholders of the Company	<b>3,783</b>	(12,167)	<b>13,943</b>	12,514
Non-controlling interests	<u>(522)</u>	<u>(1,099)</u>	<u>(2,160)</u>	<u>(4,130)</u>
<b>Profit/(loss) for the period</b>	<b><u>3,261</u></b>	<b><u>(13,266)</u></b>	<b><u>11,783</u></b>	<b><u>8,384</u></b>
<b>Earnings/(loss) per share</b>				
Basic ( <i>United States dollar cents</i> )	<b>0.25</b>	(0.78)	<b>0.91</b>	0.80
Diluted ( <i>United States dollar cents</i> )	<b><u>0.28</u></b>	<b><u>(0.71)</u></b>	<b><u>0.88</u></b>	<b><u>0.50</u></b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2023 — unaudited

(Expressed in United States dollar)

	Three Months Ended		Nine Months Ended	
	30 September		30 September	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Profit/(loss) for the period</b>	<b>3,261</b>	(13,266)	<b>11,783</b>	8,384
<b>Other comprehensive income for the period</b>				
Item that are or may be reclassified subsequently to profit/(loss):				
Exchange differences on translation of financial statements of overseas subsidiaries	<u>269</u>	<u>(133)</u>	<u>50</u>	<u>(1,298)</u>
<b>Total comprehensive income for the period</b>	<b><u>3,530</u></b>	<b><u>(13,399)</u></b>	<b><u>11,833</u></b>	<b><u>7,086</u></b>
<b>Attributable to:</b>				
Equity shareholders of the Company	<u>4,052</u>	<u>(12,300)</u>	<u>13,993</u>	11,216
Non-controlling interests	<u>(522)</u>	<u>(1,099)</u>	<u>(2,160)</u>	<u>(4,130)</u>
<b>Total comprehensive income for the period</b>	<b><u>3,530</u></b>	<b><u>(13,399)</u></b>	<b><u>11,833</u></b>	<b><u>7,086</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023 and 31 December 2022

(Expressed in United States dollar)

	At 30 September 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
<b>Non-current assets</b>		
Property, plant and equipment	8,385	11,679
Intangible assets	145,084	137,587
Goodwill	115,432	115,342
Deferred tax assets	17,190	20,357
Financial assets measured at fair value through profit or loss (FVPL)	2,335	1,235
	<u>289,056</u>	<u>286,200</u>
<b>Current assets</b>		
Financial assets measured at FVPL	35,473	31,564
Contract costs	—	—
Trade and other receivables	183,061	141,104
Prepayments	34,352	32,179
Restricted cash	4,917	4,783
Cash and cash equivalents	83,275	105,716
Current tax recoverable	—	528
	<u>341,078</u>	<u>315,874</u>
<b>Current liabilities</b>		
Trade and other payables	256,734	251,164
Current tax payable	9,805	7,331
Bank loans and overdrafts	23,349	45,555
Lease liabilities	2,338	4,991
Derivative financial liabilities	287	2,194
Convertible bonds	—	—
	<u>292,513</u>	<u>311,235</u>
<b>Net current assets</b>	<u>48,565</u>	<u>4,639</u>
<b>Total assets less current liabilities</b>	<u>337,621</u>	<u>290,839</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023 and 31 December 2022

(Expressed in United States dollar)

	At 30 September 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
<b>Non-current liabilities</b>		
Bank loans and overdrafts	40,000	—
Convertible bonds	31,913	29,980
Deferred tax liabilities	4,042	5,867
Lease liabilities	5,615	6,932
Other non-current liabilities	—	21
	<u>81,570</u>	<u>42,800</u>
<b>NET ASSETS</b>	<b><u>256,051</u></b>	<b><u>248,039</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	16,277	16,366
Reserves	<u>228,775</u>	<u>219,037</u>
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>	<b>245,575</b>	235,403
<b>Non-controlling interests</b>	<b><u>10,476</u></b>	<u>12,636</u>
<b>TOTAL EQUITY</b>	<b><u>256,051</u></b>	<b><u>248,039</u></b>

## 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, 15 November 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. SUN Hongbin, Ms. CHEUNG Ho Ling Honnus and Mr. WONG Ka Fai Jimmy 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.*