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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	For the Six Months Ended 30 June		YoY Change
	2024	2023	
	US\$'000	US\$'000	
	(Unaudited)	(Unaudited)	
Revenue	638,287	506,133	26.1%
Net Revenue⁽¹⁾	166,536	136,365	22.1%
Gross Profit	131,201	102,960	27.4%
Operating Profit	13,243	12,671	4.5%
Profit for the Period	7,337	8,522	(13.9%)
Adjusted EBITDA⁽²⁾	62,881	51,802	21.4%

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 EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit from operations plus depreciation and amortization expenses, which is not an IFRS measure) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, one-time loss from the closing down of certain non-programmatic business, arbitration-related expenses of Beijing Reyun Technology Co., Ltd. (“**Reyun Data**”), foreign exchange gain/(loss) and investment gain/(loss) from financial assets at fair value through profit or loss.

The board (the “**Board**”) of directors (the “**Directors**”) of Mobvista Inc. (the “**Company**” or “**Mobvista**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) prepared under International Financial Reporting Standards (“**IFRS**”) for the six months ended 30 June 2024 (the “**Reporting Period**” or “**2024 H1**”). The consolidated interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

BUSINESS REVIEW

I. Company Overview

We are a technology service company committed to providing global customers with advertising technology services and marketing technology services required to develop the mobile internet ecosystem.

We provide developers and marketers with a comprehensive suite of advertising and analytics tools, including user acquisition, monetization, analytics, creative automation, and intelligent media buying. This suite significantly enhances the return on investment (ROI) for advertising campaigns and effectively helps mobile applications (“**App(s)**”) break through growth plateaus.

II. Industry overview

Since the beginning of 2024, the advertising market has gradually rebounded, setting a positive tone. Major economies in Europe and the United States have exhibited significant resilience, the global advertising market has shown overall stability and growth, surpassing market expectations. Top media platforms such as Google and Meta have performed impressively, with their high year-on-year growth. Meanwhile, advertisers within the app install market, are pressing for expedited product return cycles and enhanced efficacy from performance advertising. Consequently, this has placed greater demands on advertising algorithms to perform more precisely and efficiently.

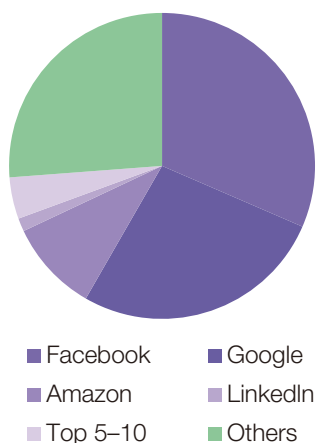
2.1. The overall advertising market in Europe and America is stable with a slight upward trend, and privacy protection and anti-trust measures have become the new normal in the industry

In Europe and the United States, strict anti-trust and privacy legislation underpin fairness and transparency within the advertising industry. On 6 March 2024, the European Union’s Digital Markets Act (DMA) came into full effect, imposing regulatory requirements on the first batch of designated “gatekeepers”. The DMA targets the reduction of large technology companies’ dominance in the EU’s digital market, striving to ensure a balanced and open

competitive arena. It focuses on major platforms that exercise considerable control over crucial market entry points, such as app stores, impacting a vast number of consumers and advertisers. These entities are now mandated to modify their practices regarding data management and ad placements. For advertisers, the DMA looks to foster innovation and expand options for more effective and compliant engagement with target audiences through emerging advertising technologies and platforms. Furthermore, the trial implementation of Google’s “Cookieless” policy and the enforcement phase of the Data Broker Law in the United States signify that we are entering a new era of increasingly strict compliance requirements. As third-party regulatory authorities, regulators in Europe and the United States are inevitably adopting stricter attitudes and measures to balance and regulate the internet economy ecosystem. In the long run, these anti-monopoly measures are beneficial for fostering a healthy competitive environment in the entire advertising market and stimulating technological advancements among smaller platforms.

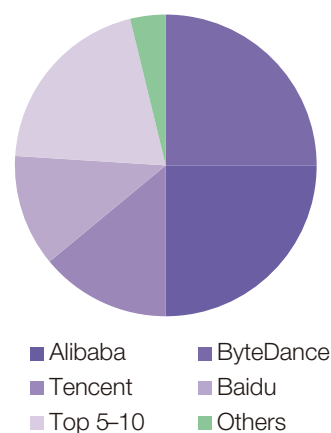
The composition of traffic varies between global regions, with European and American markets valuing medium and long-tail traffic more highly. Overseas advertising channels are mainly classified into top media advertising (represented by Google and Meta) and third-party advertising technology platforms targeting medium and long-tail traffic. While Chinese medias have strong leading effects (CR10 (concentration rate) = 96.2%), overseas marketing channels (take the US market as an example) only have a CR10 of 73.8%, their medium and long-tail traffic entail a relatively high value for advertising. Therefore, Mobvista’s traffic side is primarily focused on overseas markets.

Figure 1: Market Share of the United States mobile advertising operators in 2023



Data Source: eMarketer

Figure 2: Market share of Chinese online advertising operators in 2023



Data Source: Interactive Marketing Laboratory in Zhongguancun

2.2. The resilient mobile application market has driven an increase in customer acquisition and monetization demands

The competition in the mobile application ecosystem has intensified, while the in-app advertising market remains resilient. In 2023, global app downloads on iOS and Google Play reached 257 billion, a year-on-year growth of 1%. The entertainment and social networking app categories experienced strong growth, indicating overall stability and growth in the industry. The “Apps development, user acquisition and monetization” of mobile applications has always been a challenge for mobile app developers, especially with the increasing difficulty of acquiring users amidst the continuous growth in mobile app supply. As of 26 July 2024, there were over 4.33 million available applications on iOS and Google Play combined. Faced with such a massive supply, developers’ demand for advertising placements continues to rise. Furthermore, the growing focus on commercial monetization drives the rapid development of the in-app advertising market. According to the “2024 Mobile Market Report” released by Data.ai, as users spend more time on mobile apps, global mobile user spending increased by 3% in 2023. Emerging markets like South Korea, Brazil, Mexico, and Turkey saw a 25% year-on-year growth, coinciding with Mobvista’s strategic focus and rapid growth in these regions. Mobile ad spending reached US\$362 billion in 2023, an 8% year-on-year growth, and it is expected to surpass US\$400 billion in 2024. The compound annual growth rate (CAGR) of the industry for the five-year period from 2019 to 2024 is projected to be 16.2%.

2.3. The trend of Chinese Apps going global shows no signs of diminishing

International advertising service providers offer the necessary tools for Chinese Apps to achieve global expansion, it is anticipated that by 2025, overseas marketing of Chinese companies going global will exceed US\$50 billion. In response to the thriving overseas marketing market, Chinese companies going global are consistently increasing their investment in overseas marketing, globalization is vital for the majority of internet companies. As Chinese Apps go global, advertising service providers will benefit most from the transition, the global expansion trend exhibited by Chinese companies in sectors such as gaming and e-commerce remains robust. In the gaming sector, although competition among overseas developers is increasingly fierce, the difficulty and operational costs of international expansion are increasing, however, from a long-term perspective, the gaming industry is moving towards a direction of refinement and scalability, the positive trend of Chinese games expanding their global footprint remains unchanged.

Mintegral has established strong business relationships with Chinese 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 that aim 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.

2.4. The rising trend of adopting hybrid monetization strategies has led to heightened demand for sophisticated advertising algorithms

According to the reports issued by Sensor Tower, a hybrid monetization strategy has become the mainstream trend for some top mobile games worldwide, enabling revenue growth and long-term profitability. Game developers have become more cautious in their operations and expansion due to macroeconomic factors, emphasizing the importance of maintaining stable cash flows. The single-model monetization approach gradually fails to meet developers' revenue goals. Under the traditional business model, casual games with simple gameplay and small installation package size have limited in-app purchase (“**IAP**”) scenarios, making in-app advertising (“**IAA**”) the prevailing monetization method. On the other hand, midcore and hardcore games focus more on long-term operations, requiring a balance between monetization efficiency and user experience, players would have a higher level of game immersion, making IAP more suitable for these types of games. Within hybrid monetization, developers strategically incorporate both IAA and IAP, thereby maximizing each method's unique advantages. There is a gradual introduction of IAP monetization tactics into casual games with straightforward gameplay and an expansion in the range of IAA in the more intricate midcore and hardcore games.

For Mintegral, casual games that primarily rely on IAA have been foundational to its business and it has established a strong competitive advantage in this category. As hybrid monetization trends evolve, we are witnessing an escalating demand for our advanced algorithmic solutions. This trend requires advertising platforms to have intelligent bidding products that are based on deep events (post-download installation behavior). Additionally, there is an increased demand for advertising platforms to acquire high LTV (Lifetime Value) users. Commencing in the latter half of 2021, we have made considerable investments in constructing an intelligent bidding system. Ongoing investment to date, while sustaining our industry-leading position in casual games, we are simultaneously expanding our reach into both midcore and hardcore games genres, where the proportion of IAP revenue is more substantial, adapting to the evolving landscape of hybrid monetization models.

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. The Company focuses on programmatic advertising transactions through the Mintegral platform. After years of development, Mintegral has become one of the top third-party programmatic advertising platforms in the world and the main revenue and profit contributor of Mobvista.

3.1. The programmatic advertising platform ecosystem

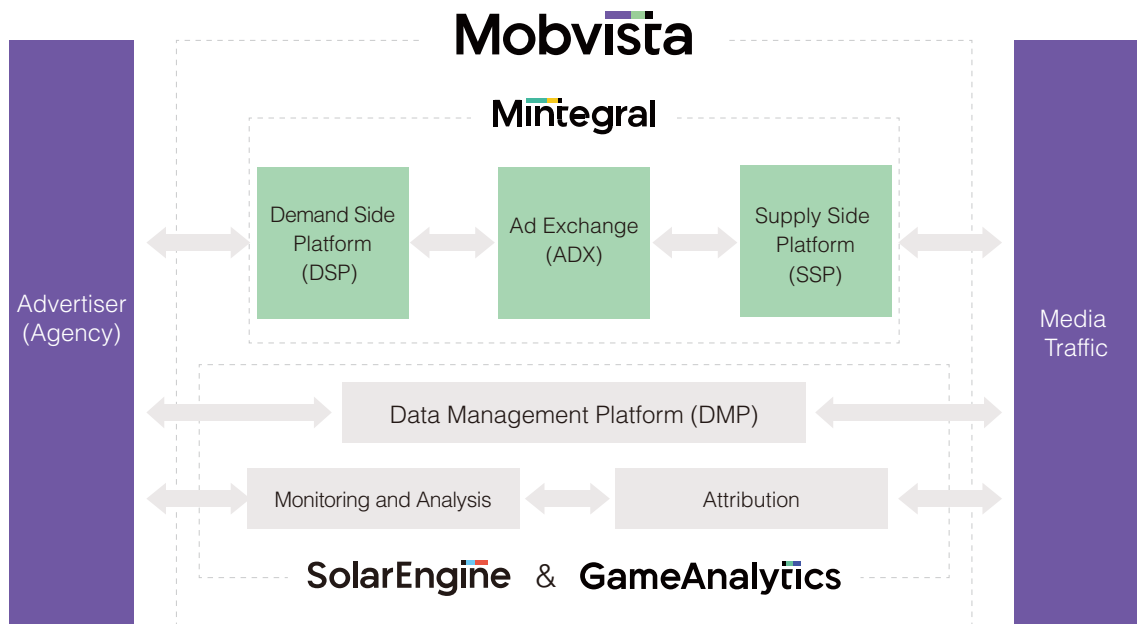
Platforms in the programmatic advertising ecosystem can be categorized into upstream, midstream, and downstream: 1) upstream participants are advertisers (agencies); 2) midstream participants are Ad-tech service providers, including Demand Side Platform (“**DSP**”), Ad Exchange (“**ADX**”) and Supply 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, 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 3: The strategic planning of Mobvista in the programmatic advertising industry chain

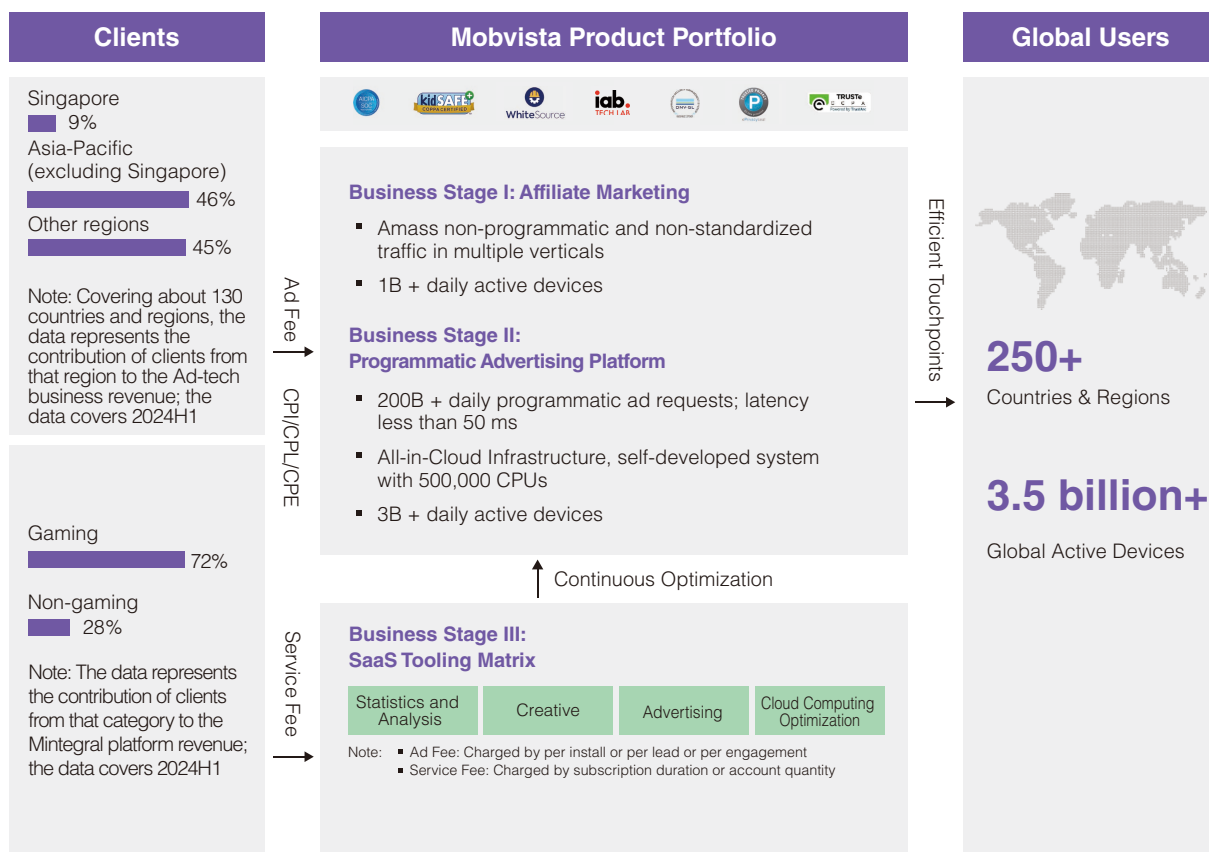


Source: Mobvista Inc.

IV. Stages of the Company's 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 4: 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, 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, and after years of development, it still maintains a leading position in the industry.

4.2. Second stage: Programmatic advertising platform — “Glocal 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. In the meantime, because of its transparency and high efficiency, and intelligence, programmatic advertising is popular among top App developers.

We launched Mintegral, our artificial intelligence (“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 the operational approach of non-programmatic advertising, 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 click through 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.

At present, Mintegral has helped more than 10,000 top advertisers and 100,000 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 — achieve business growth with “Ad-tech + Mar-tech” integration*

After 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.

V. Business Overviews

Our revenue comes from Ad-tech segment centered around Mintegral, as well as the Mar-tech segment. Among these, the Ad-tech business is structured based on gross advertising revenue (including the cost paid to traffic publishers). The net revenue of Ad-tech accounts for more than 90% of the total net revenue, and Mar-tech is still in the early stages of refining its products, and we anticipate a sustained increase in the proportion of net revenue from Mar-tech in the future.

5.1. *Ad-tech: Mintegral, the programmatic advertising platform*

5.1.1 Business Overviews

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 one-stop programmatic advertising and traffic monetization services.

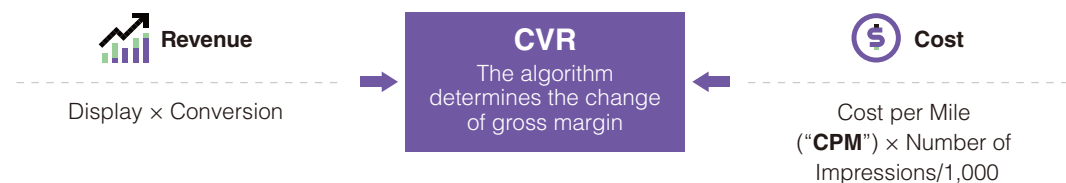
5.1.2 Business Model

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 5: Business model diagram



Source: Mobvista Inc.

From the perspective of gross profit, our gross profit primarily 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 the proportion of server costs in relation to revenue. 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 distributed in about 130 countries and regions around the world.

In terms of the types of customers, during the Reporting Period, Mintegral's main customers were gaming customers, whose revenue accounted for 72.2% of Mintegral's platform revenue. In recent years, the Group is actively expanding customers of other verticals, like e-commerce vertical and tools vertical. The revenue contribution from non-gaming verticals in Mintegral increased from 19.9% in the first half of 2023 to 27.8% during the Reporting Period.

5.1.4 Traffic Distribution

From the perspective of traffic region distribution, Mintegral platform reaches traffic across more than 250+ countries and regions around the world.

From the perspective of cumulative number of devices reached during the Reporting Period, more than 97% devices were from overseas regions outside of 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

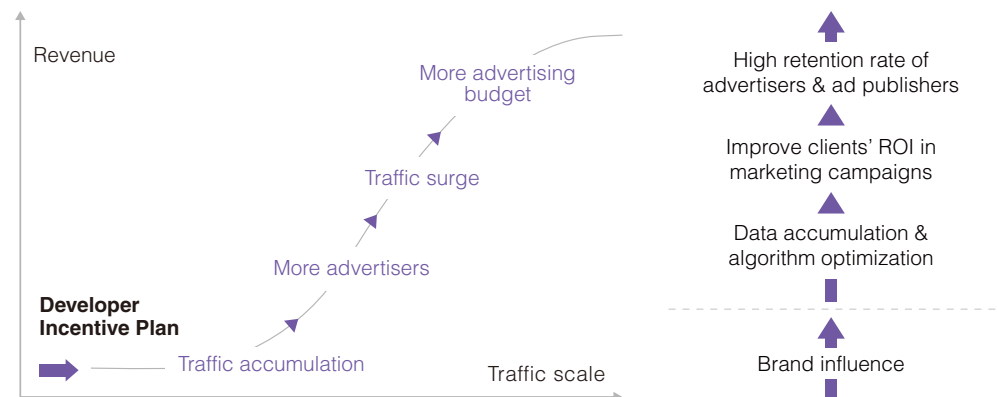
If we categorize mobile device traffic into two types — top media traffic from sources like Meta/Google and more dispersed traffic from medium to long-tail apps — then a third-party Ad-tech platform such as Mintegral primarily serves to bridge these segmented medium and long-tail channels through its 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, 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 Consistently enhancing our core strengths

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.

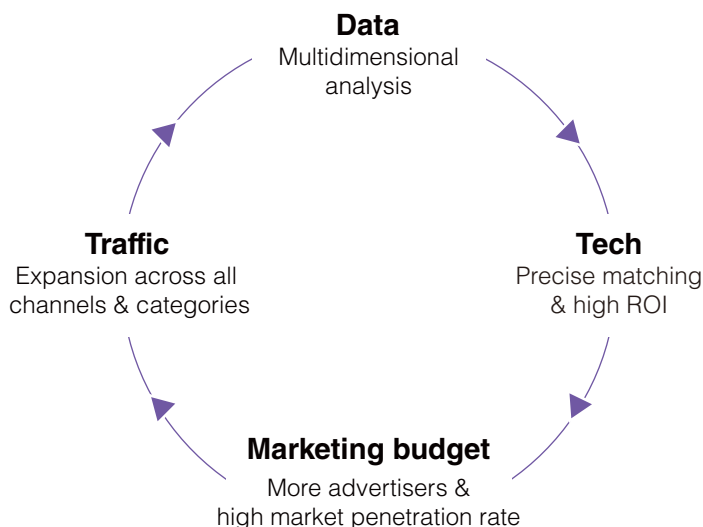
Typically, mobile application developers will only choose limited (generally 5–8) SDK plug-ins from advertising platforms to integrate into their mobile applications. Since the compliance and stability of SDK can affect the stability and user experience of mobile applications, replacing an SDK requires 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, Mintegral 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 certain competitive advantage over new entrants.

Figure 6: Consistently enhancing our core strengths



Source: Mobvista Inc.

Figure 7: The flywheel effect of Mintegral's Ad tech business



Source: Mobvista Inc.

Currently, the Mintegral platform reaches traffic and customers all over the world. 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 Continuously strengthened technical strength

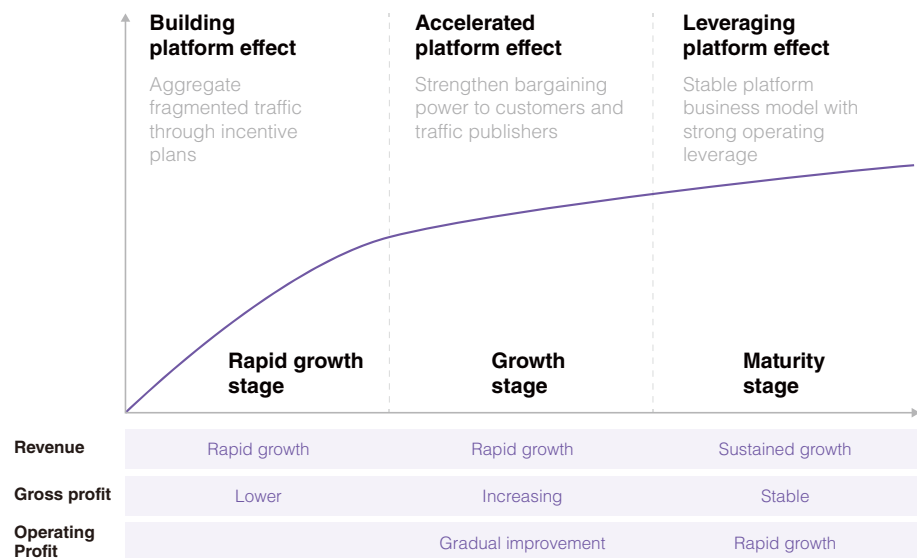
The Company's R&D team consists of personnel specializing in data science, algorithm, architecture engineering and cloud computing. Team members are mainly graduates from Cornell University, Illinois Institute of Technology, Tsinghua University, Peking University, Zhejiang University, Huazhong University 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. 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 strengthenable 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.

5.1.5.3 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;

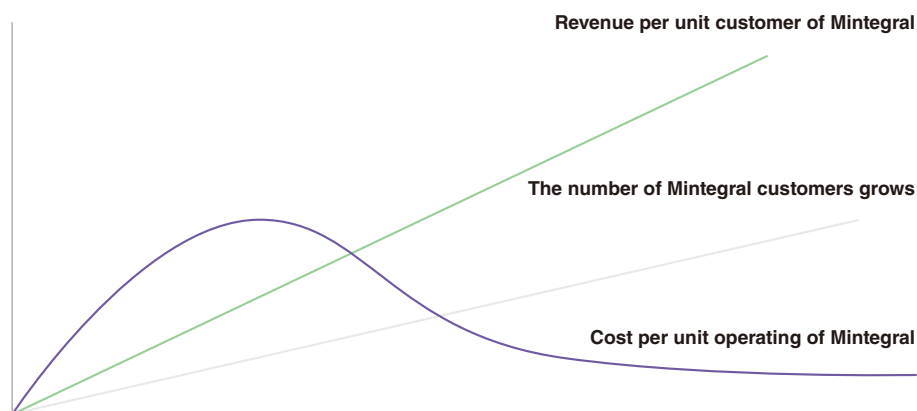
Figure 8: The monetization model of Mintegral



Source: Mobvista Inc.

- (4) As the unit cost of 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 9: Mintegral operating leverage



Source: Mobvista Inc.

5.1.6 Competitive/Cooperative Relationship With Top Media

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. 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-stop 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.

5.2. Ad-tech: Non-programmatic advertising platform

The non-programmatic advertising business platform is performance-oriented and covers global medium and long-tail media in the form of an advertising network, which can quickly and massively acquire users for global advertisers. The revenue model of it 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.

The non-programmatic advertising business is the original business of Mobvista and continues to maintain its leading role in the industry, serving as a significant source of profit for the Company. It works synergistically with Mintegral and provides customers with programmatic and non-programmatic advertising services for traffic delivery.

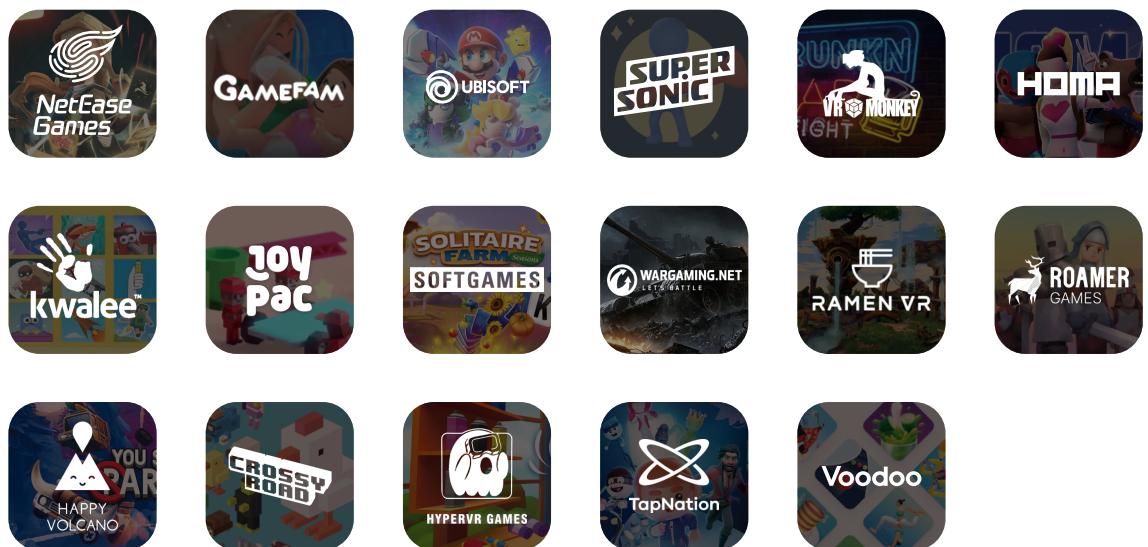
5.3. *Mar-tech: GameAnalytics*

GameAnalytics is our SaaS-based in-app data analysis tool. It is one of the world’s largest analytics platforms for mobile, Roblox, PC and VR games. GA provides game developers, studios and publishers with in-depth analysis, insights about their products and market intelligence. 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 features and data analytics dimensions, and subscription fees range from US\$299 to US\$499 per month — with additional usage charges based on monthly active users (MAU).

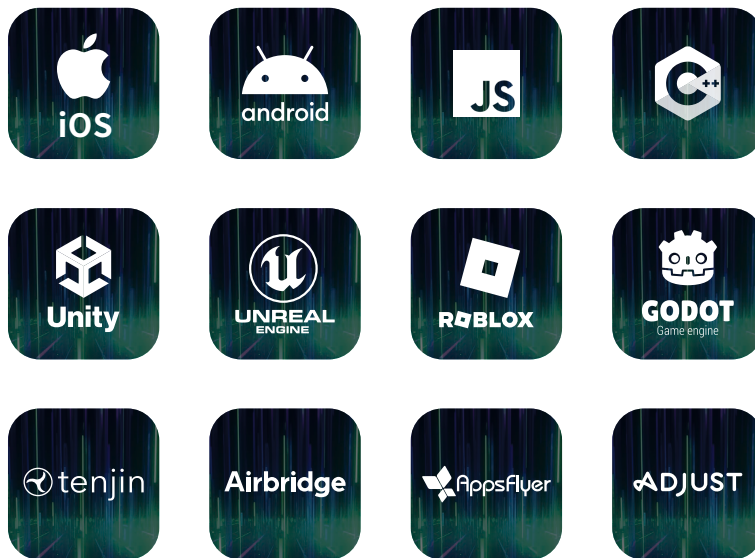
Figure 10: Major cooperative partners of GA

Developers



Integration partners

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



Source: Mobvista Inc.

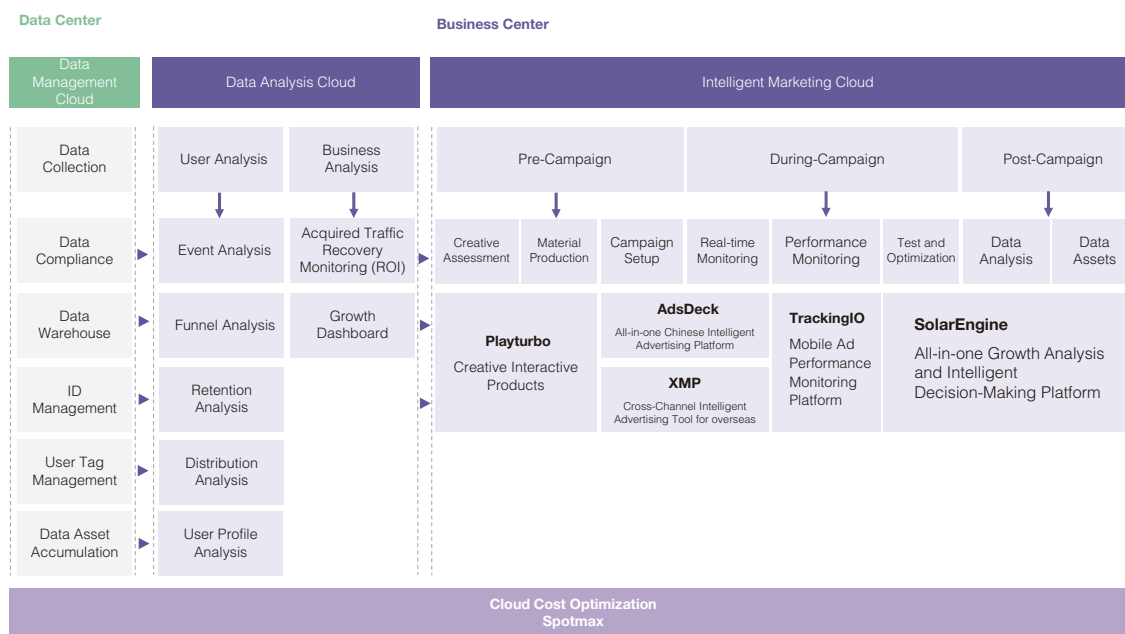
GA plays a pivotal role in reinforcing the Group's core competitive edge in game advertising. It helps the Group to reach potential game developer customers and high-quality advertising resources and improve the profile granularity of the advertising audience.

5.4. *Mar-tech: SolarEngine*

SolarEngine has made comprehensive product and service upgrades based on Reyun Data. As a third-party platform that focuses on monitoring mobile advertising delivery and data analysis, 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.

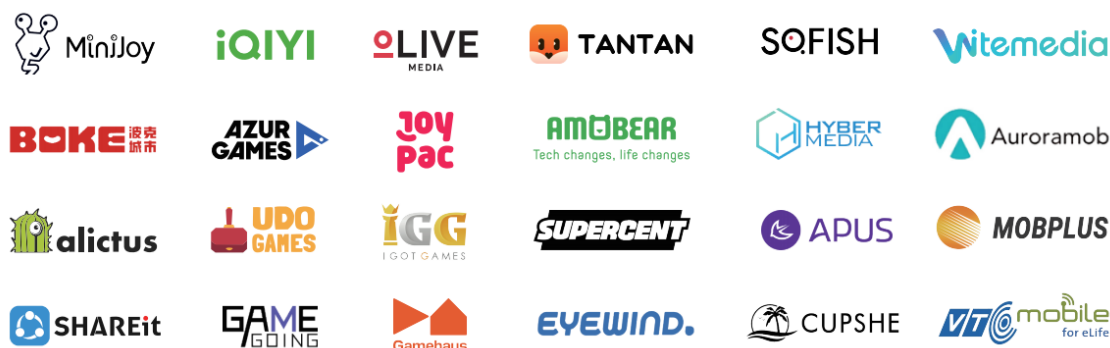
SolarEngine primarily offers SaaS tools, that is, cloud-hosted software, and charges fees based on pay-per-use and subscriptions.

Figure 11: SolarEngine Product Matrix



Source: Mobvista Inc.

Figure 12: Major customers of SolarEngine



5.5. Business Review and Outlook

Since the beginning of 2024, the fundamentals have continued to improve. Our Group has achieved seven consecutive quarters of profitability since turning the corner from loss to profit in the fourth quarter of 2022. This success can be attributed to the upgraded infrastructure of Mintegral in 2022 and the ongoing improvement in efficiency through enhanced model training and iteration. The financial performance for the full year of 2023 and the first half of 2024 confirms the optimization of the fundamentals, with the Group’s revenue showing a quarterly upward trend.

Since 2023, the tide of AI has spread throughout the globe, and all enterprises are aggressively embracing AI to improve the efficiency of their operations. Mintegral has extensive experience in machine learning and an in-depth understanding of AI. In May 2023, we unveiled the Target ROAS smart bidding feature, which upgrades the buying model from a manual low-level installation to an advertiser ROI-focused automated bidding system, which means that the advertising budget no longer set a fixed price but target a desired return rate; our system dynamically adjusts bids with each ad display, aiming to meet the advertiser's specified return goals. In addition, in July 2024, we launched the Target CPE (Cost per Engagement) feature (Currently, it primarily focuses on optimizing engagements related to paid events), which is designed to optimize ad delivery for engagements. This feature aims to assist advertisers in effectively controlling event costs and optimizing advertising performance. Since its launch, the smart bidding product has steadily increased the Group's revenue, in the first half of 2024, the contributed revenue accounted for over 60% of Mintegral's total revenue. During the Reporting Period, Mintegral's overall revenue increased by 29.0% year-on-year. Non-programmatic advertising business revenue declined by 16.4% year-on-year but continued to contribute to the profitability of the Ad-tech business. The net revenue of the Ad-tech business increased by 22.3% year-on-year. In regard to cloud computing, we have continuously optimized the underlying cloud-native platform, reduced resource utilization costs by leveraging multi-cloud scheduling and introducing more advanced computing power (ARM, etc.), and applied personalized computing power technology, in the first half of 2024, the unit server costs remained at around 5% (compared to 9% in early 2022). We believe that our Ad-tech business will continue to grow healthily as Mintegral's competitive advantages are enhanced and the benefits of scale are realized.

Regarding Mar-tech, we still focused on optimizing our team and the development of new products targeting overseas markets. Starting from the second quarter of 2023, we officially initiated the overseas expansion of new products and formed a dedicated overseas sales team to achieve better localization operations. Overall, Mar-tech is still in the early stages of product refinement, with revenue-side growth of 18.8% compared to the corresponding period of the last year, and overall losses further narrowing.

5.5.1 Committed to Being a Growth Hub for Small and Medium-sized Developers

In 2023, we officially upgraded our company's mission with the aim of becoming a Growth Hub for small and medium-sized developers. Rooted in customer needs through a SaaS toolkit, we strive to help developers in different regions and stages overcome challenges in their global journey, bridging the gap in global market resources, experiences, and capabilities, and achieving growth in more diverse scenarios. This mission is also reflected in our operations. From the perspective of integrating Mintegral's Ads SDK, the number of developers increased by over 370% from early 2022 to the end of June 2024, surpassing 80,000 apps from less than 20,000. Our penetration rate among developers has significantly improved.

5.5.2 Further Refining the Intelligent Bidding System

Due to macro-economic challenges, advertisers have become more demanding and stringent in their requirements for ROI. If 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. In May 2023, Mintegral officially launched the Target ROAS intelligent bidding feature. Advertisers only need to enable comprehensive data feedback to Mintegral across all channels. They can then set their IAA ROAS goals on the Mintegral self-serve platform and achieve automated delivery with the support of Mintegral's intelligent algorithm. In July 2024, Mintegral introduced the Target CPE (Cost per Engagement) feature, which optimized ad delivery based on engagements. Currently, intelligent bidding has become the mainstream choice for advertisers on the Mintegral platform. This is an important prerequisite for Mintegral to break into the midcore and hardcore games and non-gaming verticals. At the same time, beyond the hyper-casual games, there is a larger market space, which is a crucial precondition to unlocking Mintegral's growth potential. Mintegral will continue to focus on enhancing the IAP (In-App Purchase) ROAS delivery system to better accommodate the intelligent delivery needs of advertisers pursuing hybrid monetization strategies.

5.5.3 Stable and Slight Growth in Revenue in Gaming Categories, Rapid Growth in Non-Gaming Categories

During the Reporting Period, the gaming category generated a revenue of US\$436.2 million, 16.4% higher on a year-over-year (“YoY”) basis (corresponding period in 2023: US\$374.9 million), and contributed 72.2% of Mintegral’s total revenue. During the Reporting Period, revenue growth in the gaming category is lower than the overall growth of Mintegral, primarily due to the industry’s gradual shift towards the trend of hybrid monetization involving IAA and IAP. This trend has had some impact on the growth rate of our revenue in the hyper-casual gaming category. The non-gaming category recorded revenue of US\$167.5 million, a YoY increase of 80.2% (corresponding period in 2023: US\$92.9 million). Due to the development of intelligent bidding system, we have also achieved new breakthroughs in midcore and hardcore games, e-commerce, and utility verticals among others. It is worth noting that the current Mintegral platform ensures strong control over profit margins across different verticals. During the Reporting Period, the entire Mintegral programmatic trading platform achieved simultaneous growth in revenue and profit.

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

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

Following our vision of being the “Growth Hub” of publishers, we hope to shift our perspective from the market to our core value as a third-party advertising technology platform, and focus on assisting resource-limited small and medium-sized developers with growth. Mobvista’s business is divided into Ad-tech and Mar-tech, 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 provides various value-adding services in the form of SaaS tools, 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.

In the wave of globalization and digitalization, we are committed to becoming the ‘Growth Hub’ for developers, and 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.

Continuously enhance algorithm capabilities and build a deep learning-based intelligent bidding system. Mintegral initially entered the programmatic advertising market from the field of casual games, and has gained an absolute advantage in the casual gaming sector after years of cultivation. As the industry trend increasingly moves towards blended monetization, Mintegral is also actively optimizing algorithmic strategies to better meet advertisers’ dual monetization needs for IAA and IAP. Furthermore, Mintegral are continuously refining our intelligent bidding system to become a more certain and efficient advertising channel for advertisers. In addition to gaming, Mintegral has gradually expanded into various verticals, including e-commerce and utilities. The large amount of data samples accumulated and our rapid iteration in algorithms enable Mintegral to achieve cross-category expansion.

6.2. *Comprehensively upgrade the product portfolio of Mar-tech, 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 traffic acquisition services. After acquiring Reyun Data, the Company quickly built a more complete product matrix to achieve full-spectrum advertising services. The data from the Mar-tech system will in turn support the Mintegral platform, forming a closed loop with the internal advertising delivery business of the Company, providing feedback and facilitating optimization iterations.

Promote the expansion of SaaS products into overseas markets and further implement the global strategy. The Company has been deeply engaged in overseas markets for many years. Currently, 40% of the customers come from China, and 97% of the traffic (device reach) come from overseas. Our SaaS products will also expand to overseas markets, providing both Chinese and overseas customers with high-quality and cost-effective SaaS product services.

6.3. *Adhere to the globalization strategy*

As a third-party mobile advertising platform connecting the East and West markets, we benefit from 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 always adhere to the globalization platform strategy, so that platform technology can better serve all markets worldwide. 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 system and capabilities of Mintegral in serving global customers have been validated by the market.

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 data security and privacy protection in our business strategies.

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 Typel 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 implementing 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.

6.5. *Embracing AI*

With the advent of the big data era, the combination of programmatic advertising and machine learning has become a significant trend in the digital advertising field. This trend not only provides advertisers with more precise advertising delivery tools but also introduces new strategies for optimizing advertising ROI. Programmatic advertising empowers advertisers with more accurate and real-time ad delivery capabilities through technologies like automated buying and real-time bidding. Meanwhile, machine learning can process and analyze large-scale advertising data to provide advertisers with more intelligent and precise ad delivery solutions. Mintegral capitalizes on advanced machine learning algorithms, utilizing deep analysis of user behavior and predictive modeling to deliver personalized, intelligent ad recommendations. This approach not only augments ad targeting efficiency but also enriches the advertising experience for advertisers.

Since late 2022, the groundbreaking developments in generative AI, spurred by advancements amongst Silicon Valley tech companies, have presented an array of opportunities for the advertising industry. We have actively seized this trend and embraced the transformative power of AI. Regarding our daily research and development as well as operations, we have integrated large model technology into our existing cloud-native platform, MaxCloud, creating the DevOps Copilot system. This advanced system streamlines and even automates various tasks in the DevOps process, Copilot's application encompasses the entire software development lifecycle (design, coding, testing, deployment, and maintenance), empowering our engineering teams to deliver high-quality products with increased speed and efficiency. This innovation truly positions the underlying platform as a pivotal catalyst for business growth. As part of our Mar-tech product suite, we are utilizing LLM/AIGC to reconstruct the relevant services. The reconstructed services will assist customers in rapidly creating engaging ad creatives and launching efficient advertising campaigns. It uses historical data and performance analytics to enhance and optimize these campaigns. Looking at the entire development cycle, we have chosen assisted/automated production of ad materials as the starting point. We have introduced advanced image generation and image processing models (such as Stable Diffusion, Meta Segment Anything, etc.) into the system. Currently, we have successfully incorporated several of these features into our Playturbo ad creative production platform. Regarding advertising technology, with the support of AI, Mintegral has successfully

introduced a more sophisticated traffic cost-effectiveness model. To this end, acquiring traffic has evolved from manual bidding to intelligent bidding based on advertiser ROI.

VII. Testimonials

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



Chinese Developer

Video Application

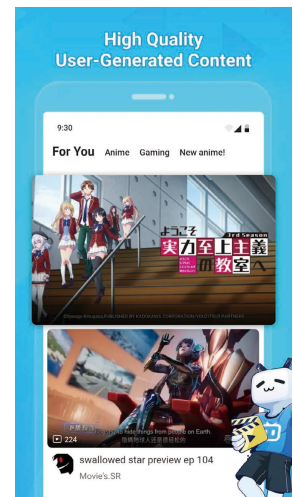
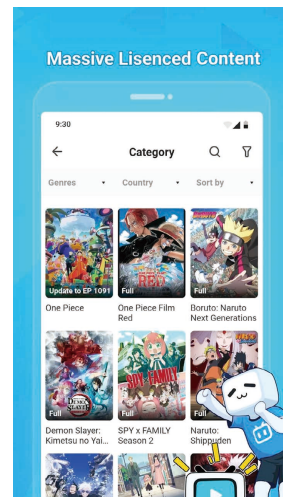
Bilibili is a video-sharing platform that hosts user-generated content for anyone to watch and it is also one of China's hottest emerging video platforms. It creates a high-quality content ecosystem around content, creators, and users and its content encompasses various cultures, which earns it widespread popularity among young users.

Testimonial from Bilibili:

Mintegral is our top monetization partner. During our journey of expanding globally, Mintegral helps us a lot in revenue growth and user retention. We will continue to maintain our deep and friendly cooperation in the future.

—— Youwei

Director of User Growth at Bilibili



HOMA

Overseas
Developer

Casual
Games

Hypercasual
Games

HOMA Games is a French casual game company founded in 2018. It focuses on publishing casual and hypercasual games with different gaming developers and companies. Now, HOMA Games has released more than 80 mobile games worldwide, with total global downloads surpassing 1 billion.

Testimonial from HOMA Games:

Mintegral has always been one of our strongest partners. With the launch of the Target ROAS campaign, which is maturing and improving daily, we have noticed significant incremental results on the network. With Mintegral's ongoing technological advancements in their products, we believe we'll reach even more visibility in the future.

— SAMRAT SINGH

UA & Monetization Associate at HOMA



alictus

Overseas
Developer

Hypercasual
Games

Alictus is a Turkey-based studio acquired by Scplay in March 2022. The studio has made waves with viral titles such as 'Fade Master', 'Rob Master', and 'Deep Clean'. Now, the total number of downloads for products under Alictus has exceeded 300 million, with nearly 20 million downloads per month.

Testimonial from Alictus:

XMP's ability to assimilate with our creative process has been transformative. Integrating with multiple formats and platforms allowed us to push boundaries and test new creative strategies efficiently. It's thrilling to see our creatives come to life through data-backed decisions, reaching audiences at scale and with impact.

— Talha Alver

Alictus Growth Team Lead



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 six months ended 30 June 2024, the Group recorded revenue of US\$638.3 million (corresponding period in 2023: US\$506.1 million), 26.1% higher on a YoY basis. Our revenue comes from the Ad-tech (advertising technology) segment which is centered around Mintegral, and the Mar-tech (marketing technology) segment.

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, or specific user actions thereafter.

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\$299 to US\$499 per month, with additional usage fees based on MAU.

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 Six Months ended 30 June				YoY Change
	2024		2023		
	US\$'000	% of Total Revenue	US\$'000	% of Total Revenue	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Ad-tech Revenue	629,588	98.6%	498,809	98.5%	26.2%
Mar-tech Revenue	8,699	1.4%	7,324	1.5%	18.8%
Total	638,287	100.0%	506,133	100.0%	26.1%

During the Reporting Period, the Group recorded advertising technology business revenue of US\$629.6 million, a YoY increase of 26.2% (corresponding period in 2023: US\$498.8 million), accounting for 98.6% of the Group's total revenue; marketing technology business revenue was recorded at US\$8.7 million, a YoY increase of 18.8%, accounting for 1.4% of the Group's total revenue. The Group's revenue is primarily driven by the advertising technology business.

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

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

	2024H1 <i>US\$'000</i> (Unaudited)	2023H2 <i>US\$'000</i> (Unaudited)	2023H1 <i>US\$'000</i> (Unaudited)	2022H2 <i>US\$'000</i> (Unaudited)
Advertising technology business revenue	629,588	539,682	498,809	432,656
— Advertising technology business net revenue ⁽¹⁾	157,837	139,562	129,041	107,666

Note:

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

During the Reporting Period, the Group recorded advertising technology business revenue of US\$629.6 million and advertising technology business net revenue of US\$157.8 million.

3. Revenue from Advertising Technology by Business Department

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

	For the Six Months ended 30 June				YoY Change
	2024		2023		
	<i>US\$'000</i>	<i>% of</i>	<i>US\$'000</i>	<i>% of</i>	
	(Unaudited)	Advertising Technology Business Revenue (Unaudited)	(Unaudited)	Advertising Technology Business Revenue (Unaudited)	
Programmatic advertising business	603,672	95.9%	467,826	93.8%	29.0%
Non-programmatic advertising business	25,916	4.1%	30,983	6.2%	(16.4%)
Total advertising technology business revenue	629,588	100.0%	498,809	100.0%	26.2%

During the Reporting Period, we recorded advertising technology business revenue of US\$629.6 million (corresponding period in 2023: US\$498.8 million), 26.2% higher on a YoY basis. Among them, the programmatic advertising business revenue from Mintegral platform was US\$603.7 million, accounting for 95.9% of the advertising technology business revenue. Revenue from the non-programmatic advertising business was US\$25.9 million, accounting for 4.1% of advertising technology business revenue.

Benefiting from the Group's transformation strategy, Mintegral platform revenue continued to grow. Our programmatic business centered around Mintegral lies in an industry that is growing rapidly with a relatively large addressable market. Moreover, as we have leading technology in the industry, this business is growing rapidly and brings in healthy cash flow, and is an important source of profits for the Group. As such, the Group will continue to focus on developing this business.

During the Reporting Period, the non-programmatic advertising business revenue decreased YoY by 16.4% to US\$25.9 million (corresponding period in 2023: US\$31.0 million). Mainly due to the uncertainty of macro factors, advertisers are more inclined to allocate their budgets to the more certain programmatic advertising business. As a result, the Group's non-programmatic advertising revenue has declined. The non-programmatic advertising business has a good cash flow and is also a stable source of profit for the Group, therefore, the Group will also continue to develop this business.

3.1. Main Financial Data of the Programmatic Advertising Business Platform Mintegral

During the Reporting Period, the Mintegral platform recorded revenue of US\$603.7 million (corresponding period in 2023: US\$467.8 million), a YoY increase of 29.0% compared to 2023. Among them, the revenue recorded in the second quarter, first quarter of 2024, the fourth quarter and third quarter of 2023 were US\$320.1 million, US\$283.6 million, US\$257.2 million, US\$255.4 million, respectively, representing a YoY increase of 32.4%, 25.4%, 19.5% and 28.2%, respectively.

	Mintegral Platform Business Revenue (US\$'000) (Unaudited)	Chain Growth Rate	YoY Growth Rate
2024H1	603,672	17.8%	29.0%
2024Q2	320,091	12.9%	32.4%
2024Q1	283,581	10.3%	25.4%
2023H2	512,587	9.6%	23.7%
2023Q4	257,170	0.7%	19.5%
2023Q3	255,417	5.6%	28.2%

In addition, in order to further capture market share, establish first-mover advantages and strengthen the economies 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.

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:

	2024		For the Six Months Ended 30 June 2023		YoY change
	US\$'000 (Unaudited)	% of Mintegral Platform Business Revenue (Unaudited)	US\$'000 (Unaudited)	% of Mintegral Platform Business Revenue (Unaudited)	
Gaming	436,208	72.2%	374,899	80.1%	16.4%
Non-gaming	167,464	27.8%	92,927	19.9%	80.2%
Total revenue from Mintegral platform business	603,672	100.0%	467,826	100.0%	29.0%

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 gaming category recorded revenue of US\$436.2 million (corresponding period in 2023: US\$374.9 million), a YoY increase of 16.4%, accounting for 72.2% of Mintegral's business revenue.

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 for the periods indicated:

	For the Six Months Ended on 30 June				YoY change
	2024		2023		
	US\$'000 (Unaudited)	% of Advertising Technology Business Revenue (Unaudited)	US\$'000 (Unaudited)	% of Advertising Technology Business Revenue (Unaudited)	
Singapore ⁽¹⁾	53,693	8.5%	31,997	6.4%	67.8%
Asia-Pacific (excluding Singapore) ⁽²⁾	287,642	45.7%	234,017	46.9%	22.9%
Other regions	288,253	45.8%	232,795	46.7%	23.8%
Total advertising technology business revenue	629,588	100.0%	498,809	100.0%	26.2%

Notes:

- (1) Singapore is the Group's global headquarter and key operating region.
- (2) Primarily includes other major Asian and Pacific countries and regions excluding Singapore.

During the Reporting Period, the regional structure of our advertising technology revenue was diversified, spanning across about 130 countries and regions worldwide. Additionally, we adjusted the regional distribution of our revenue, with Singapore being disclosed separately as the Group's global headquarter and key operating region.

6. Revenue from our Marketing Technology Business by Categories

We divided our marketing technology business during the Reporting Period into four revenue categories: statistics and analysis, creative, advertising, and cloud computing optimization. Among them, statistics and analysis have the highest proportion, accounting for 53.9% of the total revenue of marketing technology business.

	Statistics and Analysis <i>US\$'000</i> (Unaudited)	Creative <i>US\$'000</i> (Unaudited)	Advertising <i>US\$'000</i> (Unaudited)	Cloud Computing Optimization <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
Revenue	4,693	1,966	1,713	327	8,699
% of marketing technology business revenue	53.9%	22.6%	19.7%	3.8%	100.0%

Cost of Sales

During the Reporting Period, our cost of sales increased by 25.8% YoY to US\$507.1 million (corresponding period in 2023: US\$403.2 million). The increase primarily comes from the advertising technology business. The main costs of advertising technology business include traffic costs and other business costs, with the other business costs mainly consisting of server costs and the amortization of intangible assets capitalized. On the one hand, as the scale of the advertising technology business expands, there is an increase in both traffic costs and server costs. On the other hand, over time, the intangible assets formed by the advertising technology platform during different periods gradually amortize. Therefore, there is an increase in the amortization expenses for the Reporting Period.

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

	For the Six Months Ended 30 June		2023		YoY Change
	2024	% of	2023	% of	
	US\$'000	Respective	US\$'000	Respective	
	(Unaudited)	Business	(Unaudited)	Business	
		Revenue		Revenue	
		(Unaudited)		(Unaudited)	
Ad-tech business	505,248	80.2%	401,333	80.4%	25.9%
Traffic cost	471,751	74.9%	369,768	74.1%	27.6%
Other business cost	33,497	5.3%	31,565	6.3%	6.1%
Mar-tech business	1,838	21.1%	1,840	25.1%	(0.1%)
Mar-tech business cost	1,838	21.1%	1,840	25.1%	(0.1%)
Total	507,086	79.4%	403,173	79.7%	25.8%

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 Six Months Ended 30 June		2023		YoY change
	2024	Gross Profit	2023	Gross Profit	
	Gross Profit	Margin	Gross Profit	Margin	
	US\$'000	(Unaudited)	US\$'000	(Unaudited)	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Ad-tech business	124,340	19.7%	97,476	19.5%	27.6%
Mar-tech business	6,861	78.9%	5,484	74.9%	25.1%
Total	131,201	20.6%	102,960	20.3%	27.4%

During the Reporting Period, the Group recorded a gross profit of US\$131.2 million (corresponding period in 2023: US\$103.0 million), a YoY increase of 27.4%. Gross profit margin increased to 20.6%, remaining relatively consistent with the corresponding period in 2023 (corresponding period in 2023: 20.3%).

The gross profit of the advertising technology business increased by 27.6% to US\$124.3 million on a YoY basis, with a gross profit margin of 19.7%.

The gross profit of the marketing technology business was US\$6.9 million, and the gross profit margin was 78.9%, which is an increase compared to the same period in 2023.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses increased by 10.1% YoY to US\$28.6 million (corresponding period in 2023: US\$26.0 million). The primary reason for this increase is the expansion of Mintegral platform's revenue scale, leading to an increase in bidding fees⁽¹⁾.

Note:

- (1) Bidding fee refers to the costs incurred by the Mintegral platform for the use of bidding services provided by mediation platforms.

During the Reporting Period, the share-based compensation included in selling and marketing expenses amounted to US\$0.2 million.

R&D Expenditures

During the Reporting Period, our expensed R&D expenditures increased by 49.4% YoY to US\$62.8 million (corresponding period in 2023: US\$42.0 million). The increase in R&D expenditures is primarily attributed to the vigorous development of the intelligent bidding system, leading to an increase in model training costs.

In addition, if we combine capitalized R&D expenditures with expensed R&D expenditures, total R&D expenditures will be US\$96.7 million, an increase of 21.2% compared to 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 R&D expenditures amounted to US\$2.3 million.

General and Administrative Expenses

During the Reporting Period, our general and administrative expenses have increased by 9.1% YoY to US\$29.5 million (corresponding period in 2023: US\$27.0 million), the increase is primarily due to the payment of arbitration-related expenses of Reyun Data.

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. Fixed expenses remained relatively stable during the semi-annual period. Variable expenses include subsidies directly related to advertising delivery, model training costs for the advertising platform, and loss from asset impairments.

	For the Six Months Ended on the Following Date			
	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Unaudited)	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Unaudited)
Variable expenses	84,549	73,392	58,710	66,197
Fixed expenses (excluding share-based compensation)	43,888	41,003	43,158	42,766
Share-based compensation	4,239	3,256	6,084	7,612
Total	132,676	117,651	107,952	116,575

Operating Profit

During the Reporting Period, our operating profit was US\$13.2 million (corresponding period in 2023: US\$12.7 million). If we exclude the effects of depreciation and amortization, share-based compensation expenses, one-time loss from the closing down of certain non-programmatic business, arbitration-related expenses of Reyun Data, foreign exchange gain/(loss), investment gain/(loss) from financial assets at fair value through profit or loss, our operating profit increased by 21.4% YoY to US\$62.9 million (corresponding period in 2023: US\$51.8 million).

Quarterly net profit, adjusted EBITDA

	For the Three Months Ended on the Following Date					
	30 June	31 March	31 December	30 September	30 June	31 March
	2024	2024	2023	2023	2023	2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net Profit	183	7,154	6,805	3,261	5,321	3,201
Adjusted EBITDA ⁽¹⁾	32,184	30,697	29,891	23,577	25,731	26,071

Note:

(1) Adjusted EBITDA is not an IFRS measure.

Trade receivable turnover days

During the Reporting Period, the Group's overall trade receivable turnover days was 44 days, the Group has always highly valued 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
2024H1	44
2023	51
2022 ⁽¹⁾	52

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 86 days. A relatively stable level was also maintained over the past three years.

(Unit: Days)	Total trade payables turnover days
2024H1	86
2023	86
2022 ⁽¹⁾	90

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, management of accounts receivable continued to be strengthened. In the second half of 2022, we launched a credit system to unify the review and management of credit lines (credit lines refer to the maximum amount that a customer can postpay). We utilize systems instead of manual processes to control potential financial risks. We have implemented systematic management for client groups, including approving credit limits, monitoring credit utilization comprehensively, automating the supervision of customer payment cycles, implementing early warning mechanisms for risk points, and further enhancing the quality of accounts receivable. Our operational cash flow continues to improve. During the Reporting Period, the amount of cash flow generated by the Group's operating activities was US\$118.7 million, a year-on-year increase of 147.4% when compared with the previous reporting period. The net cash flow generated by operating activities increased significantly. The main reason for the significant increase is that we had US\$60.5 million in costs paid through supply chain financing, and the funds disbursed by the bank on behalf of suppliers were not reflected as cash outflows in the financial statements.

	For the Six Months Ended 30 June		
	2024	2023	
	<i>US\$'000</i>	<i>US\$'000</i>	YoY Change
	(Unaudited)	(Unaudited)	

Net cash flow from the operating activities	118,734	47,997	147.4%
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Finance Costs

During the Reporting Period, our financial costs increased by 22.5% to US\$4.0 million on a YoY basis (corresponding period in 2023: US\$3.2 million).

Income Tax

During the Reporting Period, we recorded tax expenses of US\$2.0 million (corresponding period in 2023: tax expenses of US\$2.8 million).

Profit Attributable to Equity Holder of the Company

During the Reporting Period, the profit attributable to equity shareholders of the Company was US\$9.3 million (corresponding period in 2023: US\$10.2 million).

Other Financial Information (Non-IFRS measures)

To supplement our consolidated financial statements presented in accordance with IFRS, we also use non-IFRS measures, namely net revenue, EBITDA, adjusted EBITDA and adjusted net profit, 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 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 Six Months Ended 30 June				
	2024		2023		YoY Change
	US\$'000 (Unaudited)	% of Total Revenue (Unaudited)	US\$'000 (Unaudited)	% of Total Revenue (Unaudited)	
Revenue	638,287	100.0%	506,133	100.0%	26.1%
Traffic cost	(471,751)	(73.9%)	(369,768)	(73.1%)	27.6%
Net Revenue	166,536	26.1%	136,365	26.9%	22.1%
Profit from operations	13,243	2.1%	12,671	2.5%	4.5%
Add back:					
Depreciation and amortization	37,822	5.9%	35,701	7.1%	5.9%
EBITDA	51,065	8.0%	48,372	9.6%	5.6%
Add back:					
Share-based compensation ⁽¹⁾	4,239	0.7%	6,084	1.2%	(30.3%)
One-time loss from the closing down of certain non-programmatic business ⁽²⁾	2,300	0.4%	—	—	—
Arbitration-related expenses of Reyun Data ⁽³⁾	5,205	0.8%	—	—	—
Foreign exchange (gain)/loss ⁽⁴⁾	(295)	0.0%	1,104	0.2%	—
Investment loss/(gain) from financial assets at fair value through profit or loss ⁽⁵⁾	367	0.1%	(3,758)	(0.7%)	—
Adjusted EBITDA⁽⁶⁾	62,881	9.9%	51,802	10.2%	21.4%
Profit for the period	7,337	1.1%	8,522	1.7%	(13.9%)
Add back:					
Share-based compensation ⁽¹⁾	4,239	0.7%	6,084	1.2%	(30.3%)
Investment loss/(gain) from financial assets at fair value through profit or loss ⁽⁵⁾	367	0.1%	(3,758)	(0.7%)	—
Gain from change in fair value of derivative financial liabilities ⁽⁷⁾	(101)	0.0%	(1,907)	(0.4%)	(94.7%)
Adjusted net profit⁽⁸⁾	11,842	1.9%	8,941	1.8%	32.4%

Notes:

- (1) Share-based compensation are expenses arising from granting restricted share units (“RSU(s)”) 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) One-time loss from the closing down of certain non-programmatic business is a one-time loss from the closing down of certain non-programmatic business with traffic originating from China.
- (3) Arbitration-related expenses of Reyun Data are service expenses paid to lawyers relating to arbitration of Reyun Data, which are one-off expenses and not directly correlated with the underlying performance of our business operations.
- (4) Foreign exchange (gain)/loss is gain or loss arising from exchange differences on translation of foreign currency monetary accounts. Foreign exchange (gain)/loss is not directly correlated with the underlying performance of our business operations.
- (5) Investment loss/(gain) 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/(gain) is not directly related to our principal operating activities.
- (6) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit from operations plus depreciation and amortization expenses, which is not an IFRS measure) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, one-time loss from the closing down of certain non-programmatic business, arbitration-related expenses of Reyun Data, foreign exchange (gain)/loss and investment loss/(gain) from financial assets at fair value through profit or loss.
- (7) 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.
- (8) Adjusted net profit is not an IFRS measure. We define adjusted net profit as profit for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment loss/(gain) from financial assets at fair value through profit or loss and gain from change in fair value of derivative financial liabilities.

During the Reporting Period, the adjusted EBITDA of the Group was US\$62.9 million (corresponding period in 2023: US\$51.8 million), which has increased by 21.4% YoY, and the adjusted net profit was US\$11.8 million (corresponding period in 2023: US\$8.9 million).

Capital Structure and Gearing Ratio

The Company was incorporated in the Cayman Islands. As of 30 June 2024, 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 30 June 2024, the number of issued Shares of the Company was 1,590,857,164, 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 30 June 2024, our total assets were US\$745.0 million (31 December 2023: US\$691.6 million), while our total liabilities were US\$505.8 million (31 December 2023: US\$432.4 million). The gearing ratio was hence 67.9%, higher than the ratio in 2023 (31 December 2023: 62.5%).

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 which during the Reporting Period is 3.5%–7.9% (corresponding period in 2023: 4.7%–7.8%).

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 30 June 2024, our cash and cash equivalents amounted to US\$84.0 million (31 December 2023: US\$146.3 million).

Capital Expenditures

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

	For the Six Months Ended	
	30 June	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Property, plant and equipment	102	917
Intangible assets and development costs	33,907	37,774
Total	<u>34,009</u>	<u>38,691</u>

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

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

Charges on Group's Assets

As at 30 June 2024, except for the restricted cash of US\$37.5 million pledged for the bank loans and other bank deposits, 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. For further details, please refer to the Company's announcement dated 10 March 2022.

The facilities have been fully repaid by the Company in May 2024 upon its maturity.

Material Investments or Future Plans for Major Investment

As of 30 June 2024, the Group did not hold any material investment and had no specific plan for material investments or capital assets.

Contingent Liabilities and Financial Guarantees

As of 30 June 2024, save as disclosed in note 11 of interim results below, there was no contingent liability or financial guarantee granted to third parties of the Group.

Employee and Remuneration Policies

As of 30 June 2024, the Group had 18 offices around the world, with 715 full-time employees (31 December 2023: 739 employees), primarily based in Guangzhou, China. We had 418 employees engaged in R&D activities, accounting for 58.5% of total full-time 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. The Group manages foreign exchange risk by performing regular reviews of our foreign exchange exposure.

OTHER INFORMATION

Major Customers and Suppliers

During the six months ended 30 June 2024, the Group's five largest customers in aggregate accounted for approximately 12.9% of the Group's total revenue. The Group's largest customer accounted for 4.0% of the Group's total revenue.

During the six months ended 30 June 2024, the Group's five largest suppliers in aggregate accounted for approximately 15.6% of the Group's total purchase. The Group's largest supplier accounted for 3.5% of the Group's total purchase.

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

Interim Dividends

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (corresponding period in 2023: nil).

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 C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as its own corporate governance code.

During the Reporting Period, the Company had complied with the applicable code provisions of the CG Code as set out in Appendix C1 to the Listing Rules. Furthermore, the Company voluntarily adopted some recommended best practices, such as disclosing quarterly financial results and conducting regular assessments of the Board’s performance, with the aim of continuously improving the Company’s governance.

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 C3 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, are also subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

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

During the Reporting Period, the Company has purchased a total of 16,703,000 Shares (the “**Shares Repurchased**”) of the Company on the Stock Exchange at an aggregate consideration (excluding transaction costs) of approximately HK\$48.69 million. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per Share		Aggregate Consideration (HK\$’000)
		Highest (HK\$)	Lowest (HK\$)	
January 2024	12,442,000	3.00	2.83	35,931.71
February 2024	2,707,000	3.05	2.66	7,728.83
March 2024	1,554,000	3.30	3.15	5,029.33
Total	16,703,000			48,689.87

As of 10 July 2024, all the Shares Repurchased have been cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including treasure shares (as defined in the Listing Rules)) listed on the Stock Exchange during the Reporting Period. As at the end of the Reporting Period, the Company did not hold any treasure shares.

Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters and internal control systems, as well as reviewed and approved the Group's unaudited interim results for the six months ended 30 June 2024.

Subsequent Events

No important events affecting the Group occurred since the end of the Reporting Period.

Publication of 2024 Interim Results and Interim Report

This interim results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mobvista.com). The interim report of the Company for the Reporting Period will be dispatched to the shareholders of the Company, if shareholders request, and published on the above websites in September 2024.

INTERIM RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2024 — unaudited

(Expressed in United States dollar)

	Note	Six Months Ended 30 June	
		2024 US\$'000	2023 US\$'000
Revenue	3	638,287	506,133
Cost of sales		(507,086)	(403,173)
Gross Profit		131,201	102,960
Selling and marketing expenses		(28,585)	(25,964)
Research and development expenses		(62,782)	(42,031)
General and administrative expenses		(29,489)	(27,036)
Other net income		2,898	4,742
Profit from operations		13,243	12,671
Change in fair value of derivative financial liabilities		101	1,907
Finance costs	4(a)	(3,976)	(3,245)
Profit before taxation	4	9,368	11,333
Income tax	5	(2,031)	(2,811)
Profit for the period		7,337	8,522
Attributable to:			
Equity shareholders of the Company		9,267	10,160
Non-controlling interests		(1,930)	(1,638)
Profit for the period		7,337	8,522
Earnings per share	6		
Basic (United States dollar per cents)		0.61	0.66
Diluted (United States dollar per cents)		0.61	0.60

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

*for the six months ended 30 June 2024 — unaudited
(Expressed in United States dollar)*

	Six Months Ended 30 June	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Profit for the period	7,337	8,522
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries	<u>443</u>	<u>(219)</u>
Total comprehensive income for the period	<u>7,780</u>	<u>8,303</u>
Attributable to:		
Equity shareholders of the Company	9,724	9,941
Non-controlling interests	<u>(1,944)</u>	<u>(1,638)</u>
Total comprehensive income for the period	<u>7,780</u>	<u>8,303</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 — unaudited

(Expressed in United States dollar)

	<i>Note</i>	At 30 June 2024 US\$'000	At 31 December 2023 US\$'000
Non-current assets			
Property, plant and equipment		12,891	15,459
Intangible assets		145,303	146,408
Goodwill		115,342	115,342
Deferred tax assets		12,592	12,924
Financial assets measured at fair value through profit or loss (FVPL)		38,429	1,214
		<u>324,557</u>	<u>291,347</u>
Current assets			
Financial assets measured at FVPL		40,621	39,026
Trade and other receivables	7	196,008	164,294
Prepayments		62,133	44,969
Restricted cash		37,509	5,281
Cash and cash equivalents		84,034	146,348
Current tax recoverable		147	286
		<u>420,452</u>	<u>400,204</u>
Current liabilities			
Trade and other payables	8	344,422	292,452
Current tax payable		8,572	10,441
Bank loans and overdrafts		100,970	49,542
Lease liabilities		4,380	4,027
Convertible bonds	9	33,284	—
Derivative financial liabilities	9	—	101
		<u>491,628</u>	<u>356,563</u>
Net current (liabilities)/assets		<u>(71,176)</u>	<u>43,641</u>
Total assets less current liabilities		<u>253,381</u>	<u>334,988</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*at 30 June 2024 — unaudited (continued)**(Expressed in United States dollar)*

	<i>Note</i>	At 30 June 2024 <i>US\$'000</i>	At 31 December 2023 <i>US\$'000</i>
Non-current liabilities			
Bank loans		—	32,000
Convertible bonds	9	—	32,762
Deferred tax liabilities		5,968	1,786
Lease liabilities		8,205	9,330
		<u>14,173</u>	<u>75,878</u>
NET ASSETS		<u>239,208</u>	<u>259,110</u>
CAPITAL AND RESERVES			
	<i>10</i>		
Share capital		15,908	16,010
Reserves		216,226	234,082
		<u>15,908</u>	<u>16,010</u>
		<u>216,226</u>	<u>234,082</u>
Total equity attributable to equity shareholders of the Company		232,134	250,092
Non-controlling interests		7,074	9,018
		<u>7,074</u>	<u>9,018</u>
TOTAL EQUITY		<u>239,208</u>	<u>259,110</u>

Approved and authorised for issue by the Board of Directors on 23 August 2024.

NOTES TO THE UNAUDITED INTERIM RESULTS

(Expressed in United States dollars unless otherwise indicated)

1 Basis of preparation

This interim results has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 23 August 2024.

The interim results has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2(a).

The preparation of an interim results in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim results contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Mobvista Inc. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

As at 30 June 2024, the Group had net current liabilities of US\$71,176,000. These conditions may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have reviewed the Group’s cash flow projections, which cover a period of twelve months from 30 June 2024. The directors have prepared the consolidated financial statements on a going concern basis on the assumptions and measures that:

- (a) As of the reporting date, the Group had unutilised banking facilities of US\$66,921,000, the directors expect that the Group is able to renew all the banking facilities when they expire;
- (b) It is expected that the operations will keep improving the liquidity and profitability of the Group; and
- (c) The executive director of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring operating costs and general administrative expenses.

After taking into consideration of the above factors, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis because there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

The interim results is unaudited but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

2 Changes in accounting policies

(a) New and amended IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB to this interim results for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

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

3 Revenue and segment reporting

(a) Revenue

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

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

	Six Months Ended 30 June	
	2024	2023
	US\$'000	US\$'000
Revenue from advertising technology related services	629,588	498,809
Revenue from marketing technology related services	8,699	7,324
	<u>638,287</u>	<u>506,133</u>

Disaggregation of revenue from contracts with external customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(c) respectively.

The Group's customer base is diversified. During the six months ended 30 June 2024, no (six months ended 30 June 2023: nil) single customer contributed to 10% or more of the Group's revenue.

(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 identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) *Segment results*

Disaggregation of revenue from contracts with external customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the six months ended	Advertising technology business		Marketing technology business		Total	
	2024	2023	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Disaggregated by timing of external revenue recognition						
Point in time	629,588	498,809	327	171	629,915	498,980
Over time	—	—	8,372	7,153	8,372	7,153
Reportable segment external revenue	629,588	498,809	8,699	7,324	638,287	506,133
Reportable segment costs	(503,979)	(401,333)	(3,107)	(1,840)	(507,086)	(403,173)
Gross profit	<u>125,609</u>	<u>97,476</u>	<u>5,592</u>	<u>5,484</u>	<u>131,201</u>	<u>102,960</u>

(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' main business departments.

	Revenue from external customers for Six Months Ended 30 June	
	2024	2023
	US\$'000	US\$'000
Singapore (note (i))	53,794	32,028
Asia-Pacific (excluding Singapore) (note (ii))	294,752	240,489
Other regions	289,741	233,616
	<u>638,287</u>	<u>506,133</u>

Notes:

- (i) Singapore is the Group's global headquarter and key operating region.
- (ii) Primarily includes other major Asian and Pacific countries and regions excluding Singapore.

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six Months Ended 30 June	
	2024	2023
	US\$'000	US\$'000
(a) Finance costs		
Interest on bank loans	3,072	1,758
Interest on lease liabilities	382	220
Interest on convertible bonds	522	1,267
	<u>3,976</u>	<u>3,245</u>
(b) Staff costs		
Contributions to defined contribution retirement plans	1,884	1,935
Share-based compensation expenses	4,239	6,084
Salaries, wages and other benefits	19,983	20,419
	<u>26,106</u>	<u>28,438</u>
(c) Other items		
Net foreign exchange (gain)/loss	(295)	1,104
Net fair value loss/(gain) on financial assets at fair value through profit or loss	367	(3,758)
Government grants (note)	(556)	(467)
Interest income	(2,244)	(710)
Gain on disposal of property, plant and equipment	(6)	(42)
Depreciation charge		
— owned property, plant and equipment	350	281
— right-of-use assets	2,597	2,386
Amortisation	34,875	33,034
Operating lease charges in respect of properties	237	358

Note: Government grant represented unconditional cash subsidies received by certain PRC subsidiaries from local government for the Group's achievement during the six months ended 30 June 2024 and 2023. There are no unfulfilled conditions or contingencies relating to such government grants income recognised.

5 Income tax

	Six Months Ended 30 June	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Current tax	(2,570)	2,212
Deferred tax	4,601	599
	<u>2,031</u>	<u>2,811</u>

6 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US\$9,267,000 (six months ended 30 June 2023: US\$10,160,000) and the weighted average of 1,507,629,054 ordinary shares (2023: 1,539,431,888 shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six Months Ended 30 June	
	2024	2023
As at 1 January (<i>note</i>)	1,512,557,622	1,527,756,475
Effect of vested RSUs	9,519,074	14,625,938
Effect of share repurchase for cancellation	(14,447,642)	(2,950,525)
Weighted average number of ordinary shares as at 30 June	<u>1,507,629,054</u>	<u>1,539,431,888</u>

Note: The number of ordinary shares as at 1 January 2024 represents 1,601,073,164 (2023: 1,636,620,164) outstanding ordinary shares as of the date netting of 88,515,542 (2023: 108,863,689) treasury shares held by RSU trustees as at 1 January 2024.

(b) *Diluted earnings per share*

For the six months ended 30 June 2024, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company (diluted) of US\$9,267,000 (note 6(b)(i)) and the weighted average number of 1,517,356,951 ordinary shares (note 6(b)(ii)) in issue adjusted for the potential dilutive effect caused by the shares granted under the share award scheme. The convertible bonds were not included in the calculation of diluted earnings per share, as their inclusion would be anti-dilutive.

For the six months ended 30 June 2023, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company (diluted) of US\$9,520,000 (note 6(b)(i)) and the weighted average number of 1,593,514,946 ordinary shares (note 6(b)(ii)) in issue adjusted for the potential dilutive effect caused by convertible bonds and the shares granted under the share award scheme.

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

	Six Months Ended 30 June	
	2024	2023
	US\$'000	US\$'000
Profit attributable to ordinary equity shareholders	9,267	10,160
After tax effect of effective interest on the liability component of convertible bonds	—	1,267
After tax effect of gains recognised on the derivative component of convertible bonds	—	(1,907)
	<hr/>	<hr/>
Profit attributable to ordinary equity shareholders (diluted)	<u>9,267</u>	<u>9,520</u>

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

	2024	2023
Weighted average number of ordinary shares as at 30 June	1,507,629,054	1,539,431,888
Effect of convertible bonds	—	41,978,339
Effect of unvested shares under the Company's share-based compensation scheme	<u>9,727,897</u>	<u>12,104,719</u>
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) as at 30 June	<u>1,517,356,951</u>	<u>1,593,514,946</u>

7 Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2024 US\$'000	At 31 December 2023 US\$'000
Within 3 months	154,284	117,160
3 to 6 months	5,225	6,337
6 to 12 months	8,108	3,405
Over 12 months	8,379	8,414
	<hr/>	<hr/>
Trade receivables, net of allowance for doubtful accounts	175,996	135,316
Amounts due from related parties	4,316	15,849
Other receivables	15,696	13,129
	<hr/>	<hr/>
	196,008	164,294
	<hr/> <hr/>	<hr/> <hr/>

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

8 Trade and other payables

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows.

	At 30 June 2024 US\$'000	At 31 December 2023 US\$'000
Within 1 month	96,770	76,818
1 to 2 months	81,757	63,676
2 to 3 months	46,778	46,494
Over 3 months	67,322	56,889
	<hr/>	<hr/>
Trade payables	292,627	243,877
Other payables	3,340	3,581
Contract liabilities	40,102	36,545
Staff costs payable	4,528	5,093
VAT and other tax payables	3,825	3,356
	<hr/>	<hr/>
	344,422	292,452
	<hr/> <hr/>	<hr/> <hr/>

9 Convertible bonds and derivative financial liabilities

	Debt component <i>US\$'000</i>	Derivative component <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2023	29,980	2,194	32,174
Changes for the period ended 30 June 2023:			
Gain arising on changes of fair value	—	(1,907)	(1,907)
Interest charge	1,267	—	1,267
At 30 June 2023 and 1 July 2023	<u>31,247</u>	<u>287</u>	<u>31,534</u>
Changes for the period ended 31 December 2023:			
Gain arising on changes of fair value	—	(186)	(186)
Interest charge	1,515	—	1,515
At 31 December 2023	<u>32,762</u>	<u>101</u>	<u>32,863</u>
Changes for the period ended 30 June 2024:			
Gain arising on changes of fair value	—	(101)	(101)
Interest charge	522	—	522
At 30 June 2024	<u>33,284</u>	<u>—</u>	<u>33,284</u>

On 22 January 2021, the Company issued convertible bonds to an independent third party (“**the Holder**”) with principal amount of US\$30,000,000 with a maturity period of three years to 21 January 2024, while the Company has the right to extend the repayment date to 21 January 2025. During the six months ended 30 June 2024, the Company exercised the above-mentioned right and extended repayment date of the convertible bonds to 21 January 2025.

The convertible bonds bear interest at a coupon rate of 3.5% per annum on a compounded basis payable every twelve months.

The convertible bonds can be converted into ordinary shares of the Company at the Holder’s option, at any time from the issue date to the close of business of the applicable repayment date at an initial conversion price of HK\$5.54 per share subject to adjustment for, among other matters, sub-division, consolidation of shares, issue of shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, issue of convertible securities, issue of new shares in discount, consideration issues and other dilutive events.

There was no conversion or redemption of the convertible bonds during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

10 Capital, reserves and dividends

Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

11 Contingent liabilities

Disputes in relation to acquisition of Beijing Reyun Technology Co., Ltd. (“Beijing Reyun”)

The Group entered into acquisition agreements with the original equity owners of Beijing Reyun and completed the acquisition of 66.14% of equity interests from certain equity owners in previous years. The Group had disputes with the remaining equity owners, which are described as follows:

- (i) Dispute with equity owners which in aggregate own approximately 18.56% of the equity interests in Beijing Reyun (the “**Parties A**”)

During the reporting period, the Group and the Parties A have entered into a settlement agreement regarding the acquisition of approximately 18.56% equity interests in Beijing Reyun. Pursuant to this settlement arrangement, the Group and Parties A have mutually agreed to terminate and discharge the rights and obligations arising from previous acquisition agreements and any related disputes. The Group agreed to pay a total amount of US\$25,684,000 (including settlement amount of US\$23,512,000 and other direct related costs of US\$2,172,000) and, subject to the security review of National Development and Reform Commission (中華人民共和國發展和改革委員會) (“**NDRC**”), the Parties A will transfer the 18.56% equity interests in Beijing Reyun to the Group. The payment was therefore debited to other reserve.

- (ii) Dispute with equity owners which in aggregate own approximately 15.30% of the equity interests in Beijing Reyun (the “**Parties B**”)

The Parties B filed arbitration with the Guangzhou Arbitration Commission (廣州仲裁委員會), with case registered on 9 May 2022 (“**Arbitration Case**”). On 4 September 2023, the Guangzhou Arbitration Commission issued an arbitral award (the “**Award**”) in favour of the Parties B regarding the Arbitration Case. According to the Award, the Group was required to pay a total of RMB229,854,000 (equivalent to US\$32,249,000) as the consideration for the equity interests of Beijing Reyun held by the Parties B, along with an additional amount of RMB38,983,000 (equivalent to US\$5,469,000) as delayed interests, RMB1,545,000 (equivalent to US\$217,000) as arbitration fees and costs, and RMB530,000 (equivalent to US\$74,000) as attorney fees.

On 15 September 2023, the Group filed an application with the Guangzhou Intermediate People’s Court (廣州市中級人民法院) to set aside the Award. In addition, the Group has made an application to the NDRC for security review of the acquisition of Beijing Reyun, 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) (the “**Measures**”), until the NDRC returns with a decision with respect to the security review, the Group should not further proceed with completion of the equity transfer and payment pursuant to the relevant acquisition agreement or the Award. In light of the setting aside applications in relation to the Award, the Group have applied for, and the Beijing No. 1 Intermediate People’s Court (北京市第一中級人民法院) has granted, a stay of enforcement of the Award, pending the outcomes of the said setting aside applications.

As of the reporting date, the dispute in relation to the Parties B is still ongoing as the Guangzhou Intermediate People’s Court and the NDRC are still reviewing the process of setting aside the Award and matters in relation to national security respectively. Based on the advices from the internal and external legal advisors and the analysis of the above facts and circumstances, the Group believes that the final court ruling is more likely to be favourable to the Group, and therefore, no provision has been made regarding this legal dispute in respect of the 15.30% equity interests held by the Parties 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 continuing support from our shareholders and customers.

By order of the Board
Mobvista Inc.
DUAN Wei
Chairman

Guangzhou, PRC, 23 August 2024

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.